

#### 4. HOUSTON, LAREDO, AND THE STATE OF TEXAS

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##### THE EMERGENCY EMPLOYMENT ACT OF 1971: THE TEXAS EXPERIENCE

###### *Introduction*

On August 30, 1971, Governor Preston Smith announced the initiation of the Emergency Employment Act (EEA) in Texas. Labeling it as "a meaningful program," the governor observed that EEA "can be a useful component to the State's manpower policy in dealing with problems of areas experiencing high unemployment and increasing welfare assistance."<sup>1</sup> Thus, in a spirit of optimism, a new era in modern public policy was launched. Job creation in the public sector "for unemployed and underemployed persons in Texas" became accepted doctrine.

The provisions of the EEA specify that certain non-Federal units of government shall administer the act. To be eligible, the state, county, or city government body must have a population of 75,000 or more. These units of government which are so described become "program agents." Of the funds allocated to each city and each county, a portion is set aside for the state government to administer within these localities. In such instances, the state's proportion is based upon the ratio of state government employment to total public 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. In Texas, there are 33 program agents: 18 are cities; 14 are counties; and one is the governor of Texas, who has a "balance of state" responsibility. Table 1 indicates the designated program agents.

As Texas is an immense state with 254 counties and over 1,000 incorporated cities, the number of political jurisdictions overshadows the geographical dimensions in terms of magnitude of program operations. The population of over 11.2 million people is culturally and racially diverse. In addition, there are extreme differences between poverty and plenty within and between Texas communities. Hence, a review of EEA in Texas affords an opportunity to observe its operations under a multiplicity of circumstances.

The present paper examines the start-up phase of EEA in Texas in three distinct settings: (1) a large urban city (Houston); (2) a small city of less than 75,000 population whose program is administered through a regional council of government (Laredo); and (3) the "balance of state" role of the governor's office (which is largely a rural

<sup>1</sup> "News Release," Office of Governor Preston Smith, August 30, 1971, p. 1 (mimeographed material).

responsibility). In some instances, the experience of Texas can be expected to resemble that of other states; in other respects, there are unique features to the Texas situation. This review will seek to highlight both.

TABLE 1.—LIST OF PROGRAM AGENTS FOR ADMINISTRATION OF EMERGENCY EMPLOYMENT PROGRAM IN TEXAS

Cities (18)	Counties (14)	States (1)
Abilene.....	Bell.....	Balance of State.
Amarillo.....	Bexar.....	
Arlington.....	Brazoria.....	
Austin.....	Cameron.....	
Beaumont.....	Dallas.....	
Corpus Christi.....	Denton.....	
Dallas.....	Galveston.....	
El Paso.....	Grayson.....	
Fort Worth.....	Gregg.....	
Garland.....	Harris.....	
Houston.....	Hidalgo.....	
Irving.....	Jefferson.....	
Lubbock.....	Smith.....	
Odessa.....	Tarrant.....	
Pasadena.....		
San Antonio.....		
Waco.....		
Wichita Falls.....		

Source: U.S. Department of Labor.

The Emergency Employment Act was touted at early meetings of state and federal 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 EEA. Moreover, the fact that the President declared that the first 1,000 jobs were to be filled by Labor Day added to the belief of Texas officials that federal stipulations and restrictions would be scant and local initiative encouraged. As will be shown, however, the use of EEA as a prototype for other forms of federal revenue sharing has proven to be a myth. EEA 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. In this sense, the opportunity to examine the viability of both revenue sharing and public service employment has been largely eclipsed. The test now is whether or not state and local governments can maintain any semblance of order in the light of the added complications of still another Federally imposed categorical aid program. As one Texas manpower official wryly commented:

It is strange that in an era of increasing talk about decentralization and decategorization that we get another program that is both a new category of program concern and which is highly centralized in Washington with respect to the most minute operational details.

#### *General Background of EEA in Texas*

From the outset, the effort of state officials to understand adequately and to implement in good faith the provisions of EEA has been betrayed by either confusion or indifference at the Federal level. Whether it has been the speed by which the program came into being or the widely known opposition of the Nixon Administration to the concept

of public service employment, what little success has occurred largely

The difficulty of the program is the distribution weight to the (rate) and the state allotment

(a) 50 percent of the number of unemployed persons (b) 50 percent of the employment service force to the total of 4½ percent

The two formulas. Under \$11.7 million (the paltry sum qualify for any for Section 5) below 4½ percent received was more in line one state spoke Reagan has a n but we refuse those in Texas while Texas retribution smell cretionary fund

As the sum is is inconceivable program agent the massive social public needs" department of Labor ment formula. it was impossible Texas allotment of district were "All we got back and the absolute the Texas figure program is guaranteed state officials. T own political n the program." applied to the \$ received by the no way in which

of public service employment, the result has been the same. Namely, what little success that EEA has attained to date in Texas has occurred largely in spite of, *not* because of, federal government actions.

The difficulties began almost concurrently with the public announcement of the program. The Section 5 allotment went to *all* states. 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. More specifically, the state allotments were determined as follows:

(a) 50 percent of the Section 5 allotment came from the ratio of the number of unemployed people in each state to the total number of unemployed people in the nation.

(b) 50 percent of the Section 5 allotment was based upon an unemployment severity factor as a ratio of the total number of unemployed people in each state in excess of 4½ percent of the state's labor force to the total number of unemployed people in the nation in excess of 4½ percent of the nation's labor force.

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 factor (b) above (i.e., the severity factor for Section 5) since the overall state unemployment rate was slightly below 4½ percent at the time of the calculation. The small apportionment received by Texas has raised strong feelings that the allocation was more in line with political considerations than economic needs. As one state spokesman caustically stated: "We all know that Governor Reagan has a more difficult situation in California than we do in Texas but we refuse to believe that his problems are eight times worse than those in Texas" (California received \$100,450,000 in Section 5 money while Texas received \$11,780,000). He added, "The EEA money distribution smells of politics." The distribution of the Secretary's discretionary funds for special projects has added to this impression.

As the sum is so small for the nation's fourth most populous state, it is inconceivable that once the money is divided among the numerous program agents, EEA could have any significant impact upon either the massive social needs of the citizenry of Texas or the vast "unmet public needs" of the state. Hence, inquiries from the state to the Department of Labor (DoL) began at once over the nature of the allotment formula. Despite repeated requests from state manpower officials, it was impossible to obtain the precise figures that were used for the Texas allotment or to find out how they were derived. Thus, the seeds of distrust were sowed from the outset. As one State spokesman said, "All we got back from our inquiries to DoL were hypothetical examples and the absolute dollar totals; we could never ascertain precisely how the Texas figure was computed." He added, "The failure of any program is guaranteed when Federal officials withhold information from state officials. They forget that we have to explain these figures to our own political mentors; when we can't do it, we look bad and so does the program." Eventually the formula was received but when it was applied to the \$600 million figure, it still did not give the total that was received by the state. More importantly, however, there was absolutely no way in which the state officials could verify the numbers used by the

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Department of Labor. That is to say, for factor (a) above (i.e., the absolute number of unemployed), unemployment numbers for the state are unavailable from the Household Survey. Thus, it is impossible for the state officials to know how the number of unemployed people in their state compares with that of the nation as a whole. In addition, the factor (b) above (i.e., the severity factor) does *not* appear in the legislation as a required consideration for the Section 5 apportionments. Hence, Texas was arbitrarily rendered ineligible for any funds under this factor which determined half of the dollar distribution. The feeling among state officials was that those localities in Texas that had unemployment rates in excess of 4½ percent were denied access to funds that cities in other states with a state unemployment rate in excess of 4½ percent received.

The money issue represents only the beginning of the difficulties that plagued the early life of EEA. A more serious problem was the rapid alteration in the character of the program as perceived from the local and state levels. One state official sarcastically commented :

The seeds of decay were built into the program. The haste at the Federal level meant that there was virtually no planning before EEA began. We were told, "if you are warm we will fund you." Hence, Section V was initiated in the absence of guidelines. We at the state level made a lot of decisions to our political units. Then, suddenly, all the rules of the game changed. EEA has become increasingly restrictive to the point wherein it is not revenue sharing at all now; rather it is simply another form of grant in aid. In the meantime, we have had to go back on our word and reverse many of the decisions that we made on our own initiative.

An official with long experience in the manpower policy area compared EEA with other program efforts :

Guidelines, rules, and regulations are designed to protect the bureaucracy. All programs have them but, in my experience, EEA seems to have more than most. The legislation itself is fairly simple. The rules and regulations are much more complex. But on top of all of these have come numerous "issuances" from the regional office all of which have tended to make EEA more rigid.

Thus, a climate of confusion and distrust has been the inevitable result. "We were told by the Feds in August [1971] to implement now, plan later, and don't get in the way," synthesized a state official. Much of what follows is the result.

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TABLE 2.—API

Program agent	
Cities:	
Abilene	.....
Amarillo	.....
Arlington	.....
Austin	.....
Beaumont	.....
Corpus Christi	.....
Dallas	.....
El Paso	.....
Fort Worth	.....
Garland	.....
Houston	.....
Irving	.....
Lubbock	.....
Odessa	.....
Pasadena	.....
San Antonio	.....
Waco	.....
Wichita Falls	.....
Counties:	
Bell	.....
Bexar	.....
Brazoria	.....
Cameron	.....
Dallas	.....
Denton	.....
Galveston	.....
Grayson	.....
Gregg	.....
Harris	.....
Hidalgo	.....
Jefferson	.....
Smith	.....
Tarrant	.....
Subtotal	.....
Balance of Texas	.....
Total	.....

Source: U.S. Department

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. Table 2 indicates the dollar allocation in Texas among the 33 program agents.

The governor 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. Table 3 indicates the proportion of state employment within the political jurisdictions of other program agents. It, therefore, indicates the division of Section 5 funds between the governor's office and the local mayors and county judges. 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.

TABLE 2.—APPORTIONMENT OF EEA TITLE V FUNDS TO PROGRAM AGENTS IN TEXAS, 1971  
[In thousands of dollars]

Program agent	Total funds for jurisdiction	Funds to program agent for local jobs	Funds to State government
<b>Cities:</b>			
Abilene.....	\$84.2	\$84.2	0
Amarillo.....	112.3	85.6	\$26.6
Arlington.....	67.4	67.4	0
Austin.....	185.2	64.7	120.5
Beaumont.....	207.8	168.1	39.7
Corpus Christi.....	256.4	229.4	27.0
Dallas.....	875.7	724.9	150.7
El Paso.....	357.9	292.9	64.9
Fort Worth.....	548.1	500.7	47.4
Garland.....	84.2	84.2	0
Houston.....	965.5	806.1	159.4
Irving.....	101.0	101.0	0
Lubbock.....	145.9	43.0	102.9
Odessa.....	78.6	78.6	0
Pasadena.....	56.1	56.1	0
San Antonio.....	1,033.6	974.7	58.9
Waco.....	143.0	117.0	26.0
Wichita Falls.....	73.0	73.0	0
<b>Counties:</b>			
Bell.....	50.5	50.5	0
Bexar.....	44.9	44.9	0
Brazoria.....	56.1	56.1	0
Cameron.....	313.1	278.7	34.4
Dallas.....	376.1	376.1	0
Denton.....	39.3	39.3	0
Galveston.....	190.1	99.8	90.2
Grayson.....	92.1	92.1	0
Gregg.....	89.8	89.8	0
Harris.....	404.2	404.2	0
Hidalgo.....	307.9	276.0	31.9
Jefferson.....	140.3	113.6	26.7
Smith.....	78.6	78.6	0
Tarrant.....	516.5	471.8	44.7
Subtotal.....	8,075.3	7,023.4	1,051.9
Balance of Texas.....	3,704.7		3,704.7
<b>Total.....</b>	<b>11,780.0</b>	<b>7,023.4</b>	<b>4,756.6</b>

Source: U.S. Department of Labor.

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TABLE 3.—PUBLIC EMPLOYMENT IN TEXAS COUNTIES<sup>1</sup> AND CITIES OVER 75,000, MAY 1971

	Local	State	Federal	Total	State as a percent of total
Abilene.....	2,725	680	1,175	4,580	14.8
Amarillo.....	5,510	2,090	1,215	8,815	23.7
Arlington.....	2,115	225	210	2,550	8.8
Austin.....	10,325	30,550	6,090	46,965	65.0
Beaumont.....	4,225	1,135	580	5,940	19.1
Corpus Christi.....	6,025	1,450	6,100	13,575	10.7
Dallas.....	27,975	8,250	11,700	47,925	17.2
El Paso.....	10,220	3,850	7,150	21,220	18.1
Fort Worth.....	13,040	2,110	9,250	24,400	8.6
Garland.....	1,935	400	225	2,560	15.6
Houston.....	49,695	12,045	11,230	72,970	16.5
Irving.....	2,155	445	250	2,850	15.6
Euboeck.....	4,457	7,018	1,890	13,365	53.0
Odessa.....	2,835	200	300	3,335	6.0
Pasadena.....	2,890	575	350	3,815	15.1
San Antonio.....	26,895	4,000	39,355	70,250	5.7
Waco.....	3,950	1,275	1,800	7,025	18.1
Wichita Falls.....	2,680	2,380	3,190	8,190	29.1
Bell.....	2,735	175	5,215	8,125	2.2
Bexar.....	1,480	270	3,515	5,265	5.1
Brazoria.....	4,850	895	170	5,915	15.1
Cameron.....	4,850	710	910	6,470	11.0
Dallas.....	11,635	175	405	12,215	1.4
Denton.....	6,055	1,155	200	7,410	15.6
Galveston.....	5,500	6,100	1,250	12,850	47.5
Grayson.....	2,200	290	1,000	3,490	8.3
Gregg.....	2,630	150	300	3,080	4.9
Harris.....	3,020	195	4,800	8,015	2.4
Hidalgo.....	7,000	950	1,220	9,170	10.4
Jefferson.....	2,820	880	920	4,620	19.0
Smith.....	2,760	820	370	3,950	20.8
Tarrant.....	6,565	630	90	7,285	8.6

<sup>1</sup> These are counties whose population equals or exceeds 75,000 excluding those cities in the county equal to or exceeding 75,000.

Source: Texas Employment Commission.

Since the \$1 million given to the governor for state jobs within the political jurisdiction of other program agents is so small when divided into so many pieces, it was suggested that the governor do as his counterparts in some other states have done. Namely, he should—as a goodwill gesture—give this money to the respective city mayors or county judges to add on to their own programs. But state politics dominated the decision-making process and the governor's staff rejected the suggestion. Instead the administration of all state aspects of EEA was given to a newly created state agency, the Texas Department of Community Affairs. Thus, the governor's office became responsible for \$4.7 million of Section 5 money in Texas (or about 40 percent of the total). One million dollars of this sum had to be spent upon the residents of the other political jurisdictions who were program agents. Although this money is tied to these residents, it is not tied to the jobs which can be located outside of the designated political areas. "But," said one program official, "the residency requirement is very hard to enforce in reality since we can only interpret residency as the address given on an application form."

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

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Total	State as a percent of total
580	14.8
815	23.7
550	8.8
965	65.0
940	19.1
575	10.7
925	17.2
720	18.1
400	8.6
560	15.6
970	16.5
850	15.6
365	53.0
335	6.0
815	15.1
250	5.7
7,025	18.1
3,190	29.1
8,125	2.2
5,265	5.1
5,915	15.1
5,470	11.0
2,215	1.4
7,410	15.6
2,850	47.5
3,490	8.3
3,080	4.9
8,015	2.4
9,170	10.4
4,620	19.0
3,950	20.8
7,285	8.6

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240 counties. Consequently, it was decided from the outset that the governor would implement his role through the 24 councils of government (COG's) that exist in Texas. The COG's 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 EEA, the COG's had experienced little involvement with human resource programs. Rather, their role had been almost exclusively centered upon land use planning, natural resource planning, and “bricks and mortar projects.”

Although the use of COG's was the *only* feasible way available for Texas to administer its immense “balance of state” role (it is believed that only one other state has adopted this approach), it has been a source of numerous difficulties between the state and the U.S. Department of Labor (DoL). One state official said “the DoL acts as if all of its program agents are cities and counties with respect to its written guidelines, rules, and regulations which means we have had a lack of guidance in this vital area of program administration.” As will be seen subsequently when the “balance of state” operations are reviewed, the uncertainty in federal regulations has caused numerous—often acute—problems for state officials with respect to their relations with the COG's. The governor's office sold the COG's on the idea of venturing into this new area of human resource activities on the basis that EEA would be extremely flexible, but as EEA rapidly mortified under the plethora of red tape and “a philosophy that changes by the hour,” numerous contradictions in interpretations and explanations have caused embarrassment and triggered dissatisfaction among and between the COG's and state officials. During the implementation phase of EEA, there should have been a freeze on red tape until the goals and procedures could have been clearly determined and understood. As it stands, a “credibility gap” has arisen between the state and the COG's which may hinder the long-term prospects for EEA in Texas.

Before proceeding with the specific discussion of EEA in Houston, Laredo, and with the COG's, mention should be made of the second source of funds from EEA. Section 6 of the act provided for a distribution of \$250 million nationally 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 exceeded 6 percent for three consecutive months prior to passage of the act. Of the \$200 million 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 may receive 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 jobs established have to be with city, county, and local institutions. The state government *cannot* be an employing agency. (Table 4)

TABLE 4.—APPORTIONMENT OF EEA SEC. 6 FUNDS TO PROGRAM AGENTS IN TEXAS, 1971

[Dollars in thousands]

Program agent	Funds assigned to target areas <sup>1</sup>	Funds assigned to program agents
Austin (part).....		\$61.1
Model neighborhoods.....	\$61.1	
Beaumont.....		101.2
Jefferson County (part).....		93.7
Port Arthur Westside.....	93.7	
Corpus Christi (parts).....		27.1
Moore, Austin.....	27.1	
Dallas (parts).....		210.6
West Dallas, Eagle Ford.....	38.8	
Jefferson, Trinity.....	70.0	
Central City.....	102.6	
El Paso (parts).....		238.4
West Central City.....	46.1	
South El Paso, East Central.....	52.5	
Piedros, Del Verde.....	33.0	
Five Points, San Juan Tigua.....	41.0	
East Side.....	40.2	
Paso, Del Ysleta.....	25.5	
Fort Worth (part).....		29.8
Highland Park-Morningside.....	29.8	
Tarrant County.....		344.4
Houston (part).....		432.6
Model neighborhood.....	432.6	
San Antonio.....		490.2
Waco (part).....		45.6
Model neighborhood.....	45.6	
Cameron County.....		238.2
Hidalgo County.....		167.8
Balance of Texas (parts).....		1,076.1
Bowie County.....	97.3	
Cass County.....	43.4	
Dimmit County.....	27.3	
Maverick County.....	119.9	
Medina County.....	48.2	
Orange County.....	112.1	
Star County.....	70.4	
Uvalde County.....	34.8	
Webb County.....	359.5	
Willacy County.....	41.0	
Zapata County.....	36.1	
Zavala County.....	86.2	

<sup>1</sup> By the Secretary of Labor.

Source: U.S. Department of Labor.

State officials in Texas protested strongly to DoL concerning the allocation of Section 6 funds. Basically, the criticisms were twofold: equity and competence. With respect to the equity issue, program agents with 6 percent or higher unemployment compete with other program agents in Texas for Section 5 funds (as discussed earlier) but are then eligible for the limited Section 6 funds. But in other states in which the state unemployment rate exceeded 6 percent, those program agents with a 6 percent or higher unemployment rate were eligible for severity factor funds from both Section 5 and Section 6. Thus, cities like Laredo, Texas (with an unemployment rate *at the time of the allocation* of 9 percent), had to compete with all other cities, counties, and COG's in Texas for Section 5 funds but received special funds only from Section 6. A comparable city with a 9 percent unemployment rate in a state with 6 percent or more unemployment had access to more funding opportunities since it would obtain money both from Section 5 and 6 on the basis of severity. The second criticism put forth by state officials dealt with an arbitrary decision by the Secretary that Section 6 funds would be distributed automatically to program agents if they had an unemployment rate in excess of 6 percent but by his office if their

rate was less than appropriate jurisdiction.

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Texas received (Table 6) When employment, especially in Texas, it engendered in ponder if all of and city officials Texas and the significant impact.

TABLE 5.—APPORTIONMENT

Program agent
Corpus Christi (part).....
Dallas (part): South Dallas.....
Bexar County.....
Balance of Texas (parts):
Val Verde.....
La Salle.....
Kerr.....
Jasper.....
Total.....

<sup>1</sup> By Secretary of Labor.

Source: Office of Government

TABLE 6.—A COMPARISON

Source of EEA funds
Formula distribution of sec. 5
Discretionary distribution of sec. 5
Formula distribution of sec. 6
Discretionary distribution of sec. 6
Total distribution of sec. 5 and 6
Percent received by Texas.....

Source: Various publications

TEXAS, 1971

Funds assigned to target areas <sup>1</sup>	Funds assigned to program agents
\$61.1	\$61.1
93.7	101.2
27.1	93.7
38.8	27.1
70.0	210.6
102.6	
46.1	238.4
52.5	
33.0	
41.0	
40.2	
25.5	29.8
29.8	
432.6	344.4
	432.6
45.6	490.2
	45.6
	238.2
	167.8
	1,076.1
97.3	
43.4	
27.3	
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48.2	
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36.1	
86.2	

concerning the issues were twofold: first, to compete with other states (as discussed earlier) but in other states where the unemployment rate was less than 6 percent, those provisions of Section 6. Thus, at the time of the EEA, major cities, counties, and special funds only had access to more money than was put forth by state program agents if they were approved by his office if their

rate was less than this but there were eligible areas within the appropriate jurisdiction. According to the memo sent to Washington,

Implicit in such a decision is that program agents having high unemployment rates are more capable of administering Section VI funds than those having less than 6 percent. Competence to administer and fund is *not* a function of the unemployment rate.

The equity argument certainly has merit; the competence argument is essentially a statement of disdain for the lack of good-faith trust between levels of government. In any event, the Secretary of Labor did alter slightly the amounts of Section 6 money coming to Texas. Using a portion of the \$50 million of Section 6 money that the DoL reserved for special contingencies, Texas received an additional \$435,100. (Table 5).

Texas received 1.5 percent of the total funds distributed nationally. (Table 6) When one considers the massive problems of poverty, underemployment, escalating welfare rolls, and pockets of severe unemployment in Texas, it is obvious that EEA is undeserving of the optimism it engendered in the state when it was launched. In fact one can but ponder if all of the time and effort expended on EEA by state county and city officials is justified in the light of the meager sums received by Texas and the recognized impossibility that the act could have any significant impact on the state's burgeoning social problems.

TABLE 5.—APPORTIONMENT OF ADDITIONAL SEC. 6 FUNDS IN TEXAS FROM THE SECRETARY OF LABOR'S RESERVE ACCOUNT, 1971

Program agent	Funds assigned to target areas <sup>1</sup>	Funds assigned to program agent
Corpus Christi (part).....	\$40,500	
Dallas (part): South Dallas.....	154,600	
Bexar County.....		\$97,000
Balance of Texas (parts):		
Val Verde.....	54,900	
La Salle.....	30,500	
Kerr.....	32,400	
Jasper.....	25,200	
Total.....	338,100	97,000

<sup>1</sup> By Secretary of Labor.

Source: Office of Governor, State of Texas.

TABLE 6.—A COMPARISON BETWEEN NATIONAL AND TEXAS DISTRIBUTION OF FUNDS UNDER EEA, 1971

Source of EEA funds	Total funds distributed nationally	Total funds received by Texas
Formula distribution of sec. 5 funds.....	\$600,000,000	\$11,700,000
Discretionary distribution by Secretary of Labor of sec. 5 funds.....	150,000,000	0
Formula distribution of sec. 6 funds.....	200,000,000	3,500,000
Discretionary distribution of Secretary of Labor of sec. 6 funds.....	50,000,000	4,000,000
Total distribution of funds.....	1,000,000,000	15,600,000
Percent received by Texas.....		1.5

Source: Various publications of the U.S. Department of Labor.

## THE HOUSTON EXPERIENCE

The city of Houston is the sixth largest population center in the nation and it is the largest labor market in the South. By national standards, the Houston labor market has been tight. (Table 7).<sup>2</sup>

The low unemployment rate, however, masks a multitude of social inequities. The incidence of poverty in Houston exceeds the national average and the unequal employment opportunities available for racial minorities in the city have been a constant issue.<sup>3</sup>

TABLE 7.—*The Houston SMSA Labor Market, November 1971*

Total civilian work force.....	929, 500
Unemployment—Total.....	31, 200
Percent unemployed.....	3.4
Idled by disputes.....	800
Employed—Total.....	897, 500
Agricultural.....	7, 000
Nonagricultural.....	890, 500
Manufacturing.....	148, 000
Mining.....	29, 800
Construction.....	79, 350
Transportation, communication, and utilities.....	65, 750
Wholesale and retail trade.....	218, 650
Finance, insurance, and real estate.....	48, 600
Service and miscellaneous.....	200, 000
Government.....	100, 350

Source: Texas Employment Commission.

Under the provisions of the EEA, the city of Houston was designated as a program agent. Under Section 5 of the act, the city received \$806,100 for the first year. (The Governor of Texas was allotted an additional \$159,400 to be spent on residents of Houston.) Under Section 6, the city received an additional \$432,600 which was designated by the Secretary of Labor to be spent exclusively on residents of the Model City Neighborhood in Houston.

Responsibility for the planning and administration of EEA in Houston rests with the mayor's Manpower Planning Staff. Funded under a mayor's manpower planning grant from DoL, Houston was fortunate to have an experienced, ongoing, and knowledgeable staff at the local level. The feeling in the city, however, is that this local planning expertise has been purposely bypassed by DoL with respect to EEA matters. "The historic relationship of DoL is with the state employment service—they never consider the capability of city and state manpower staffs," complained a Houston official. He added that:

If the Department of Labor truly desires that local and state manpower staffs have responsibility to plan then why not let us do it? The attitude of DoL, as manifested again with EEA, is that city manpower staffs are the agents for Federal policy decisions—we are not encouraged to make known our own policy views.

<sup>2</sup> The Houston Standard Metropolitan Statistical Area (SMSA) is composed of five counties—Brazoria, Fort Bend, Harris, Liberty, and Montgomery. Houston is located in Harris County. The city of Houston, however, dominates the Houston SMSA. In 1970, the Houston SMSA had a total population of 1.9 million of which Harris County contained 1.7 million and the city of Houston 1.2 million.

<sup>3</sup> For a more precise discussion of this issue, see Vernon M. Briggs, Jr., *Negro Employment in the South, Volume 1: The Houston Labor Market*, Manpower Research Monograph No. 23, Washington: U.S. Government Printing Office, 1971, and Vernon M. Briggs, Jr., *They Have the Power—We Have the People*, The Houston Hearings, Washington: U.S. Equal Employment Opportunity Commission, 1970.

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