779

94th Congress } 2d Session } JOINT COMMITTEE PRINT

ACHIEVING THE GOALS OF THE EMPLOYMENT ACT OF 1946—THIRTIETH ANNIVERSARY REVIEW

Volume 1—Employment

PAPER NO. 3

JOB CREATION: THE PROJECT APPROACH IN NEW ENGLAND

A STUDY

PREPARED FOR THE USE OF THE

JOINT ECONOMIC COMMITTEE
CONGRESS OF THE UNITED STATES

AUGUST 20, 1976

Printed for the use of the Joint Economic Committee

U.S. GOVERNMENT PRINTING OFFICE
69-735 WASHINGTON : 1976

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402 - Price 45 cents
There is a minimum charge of $1.00 for each mail order

JOINT ECONOMIC COMMITTEE

(Created pursuant to sec. 5(a) of Public Law 304, 79th Cong.)

HUBERT H. HUMPHREY, Minnesota, *Chairman*
RICHARD BOLLING, Missouri, *Vice Chairman*

SENATE

JOHN SPARKMAN, Alabama
WILLIAM PROXMIRE, Wisconsin
ABRAHAM RIBICOFF, Connecticut
LLOYD M. BENTSEN, JR., Texas
EDWARD M. KENNEDY, Massachusetts
JACOB K. JAVITS, New York
CHARLES H. PERCY, Illinois
ROBERT TAFT, JR., Ohio
PAUL J. FANNIN, Arizona

HOUSE OF REPRESENTATIVES

HENRY S. REUSS, Wisconsin
WILLIAM S. MOORHEAD, Pennsylvania
LEE H. HAMILTON, Indiana
GILLIS W. LONG, Louisiana
OTIS G. PIKE, New York
CLARENCE J. BROWN, Ohio
GARRY BROWN, Michigan
MARGARET M. HECKLER, Massachusetts
JOHN H. ROUSSELOT, California

JOHN R. STARK, *Executive Director*

RICHARD F. KAUFMAN, *General Counsel*

ECONOMISTS

WILLIAM R. BUECHNER
G. THOMAS CATOR
WILLIAM A. COX
LUCY A. FALCONE
ROBERT D. HAMRIN
SARAH JACKSON
JOHN R. KARLIK
L. DOUGLAS LEE
PHILIP MCMARTIN
RALPH L. SCHLOSSTEIN
COURTENAY M. SLATER
GEORGE R. TYLER

MINORITY

CHARLES H. BRADFORD
GEORGE D. KRUMBHAAR, JR.
M. CATHERINE MILLER

LETTER OF TRANSMITTAL

AUGUST 17, 1976.

To the Members of the Joint Economic Committee:

Transmitted herewith is a study entitled "Job Creation: The Project Approach in New England" by William Spring, Director, Boston University Regional Institute on Employment Policy. This study is the third in a series dealing with economic growth and employment opportunities. These studies form part of the Joint Economic Committee's 30th anniversary study series.

Mr. Spring's study describes the problems which can be created when workers hired with Federal funds made available under the Comprehensive Employment and Training Act (CETA) are placed in existing local government job slots at a time when regular city workers are being laid off due to budget constraints. This dilemma is illustrated by describing the experience of Bridgeport, Connecticut. The study then goes on to describe the success which communities in the Boston area and elsewhere in New England have had with the "project approach" to public service employment, that is, the placing of CETA-funded employees on special temporary work projects rather than in existing State or local job slots. Mr. Spring argues that this approach can often be a more successful and efficient use of CETA funds and that this approach is amenable to the major expansion of a public jobs program which he feel is needed during this period of continuing high unemployment.

I would like to take this opportunity to thank Mr. Spring for the work he has done to assist the Committee. I believe this study will be of great value to Members of Congress and to others who are interested in designing practical and successful approaches to dealing with the current problem of high unemployment.

The views expressed in the study are those of the author and do not necessarily represent the views of the Members of the Joint Economic Committee or of the committee staff.

HUBERT H. HUMPHREY,
Chairman, Joint Economic Committee.

CONTENTS

JOB CREATION: THE PROJECT APPROACH IN NEW ENGLAND

By **William Spring***

INTRODUCTION

Project-oriented public job creation increasingly has become a focus of economic policy. The Comprehensive Employment and Training Act (CETA) Title II and VI job creation effort—small scale though it is in the context of current high unemployment—has encountered the kind of difficulties inevitable when a major counter-cyclical effort is attempted through a legislative, regulatory and administrative structure designed primarily to help the disadvantaged in times of general prosperity.

This paper is an attempt to examine the experience in New England with job creation programs which differ from the usual CETA pattern of hiring individuals to work at regular tasks in existing line agencies.

This study is based on a conference held in Boston in 1975 at which discussions of a number of relevant issues took place. First, I will discuss the legislative background of job creation efforts in recent years, then survey the experience of a city where curtailed payrolls forced CETA workers into direct confrontation with regular employees. The paper will then take a detailed look at housing-oriented projects in the Boston area, comparing programs by funding, objective, wage scales and administrative arrangements across the metropolitan area. Next a program in rural Vermont is considered.

Many believe that private sector organizations not associated with government bureaucracy can play a vital role in job creation and ultimately pay for themselves by supplying a product for which the public, public agencies, or private firms will pay. In thirteen locations around the nation demonstration programs of this type are in place. This paper will look at the program in Massachusetts.

Other variants will also be considered. In most parts of the region, the Title X public jobs project is providing employment resources through the Economic Development Administration rather than the Labor Department. The Maine legislature has established a Joint Committee on Jobs and the recommendations of that committee are summarized in Appendix A of this paper. Appendix B describes the recently introduced Massachusetts Local Initiative Program.

High unemployment and falling tax revenues place extraordinary pressures on State and local governments as well as on their citizens. One response has been a series of creative efforts to stretch meager

---

*William Spring is the director, Boston University Regional Institute on Employment Policy; others contributing to this study are Hugh Smith of the Regional Institute and Margaret Dewar of the Massachusetts Institute of Technology, Department of Urban Studies and Planning.

Federal assistance as far as possible to create as many jobs as practical. Two conclusions are clear: There is at least as much work which needs doing as there are citizens who need work. Federal law, regulations and administration should be redesigned to encourage imaginative job creation with minimum red tape.

THE ORIGINS OF THE PROJECT APPROACH: THE POLICY AND POLITICS OF PUBLIC JOB CREATION

Even if a steady economic recovery can be sustained, unemployment will remain well above normal levels for the remainder of this decade. In the face of such a grim prospect, pressure for some form of public job creation on a massive scale will continue to mount.

The Emergency Employment Act of 1971 (EEA), which established a program triggered by an unemployment rate of 4.5 percent, assumed that periods of high unemployment would be brief and that the public and private sector job markets would steadily expand. Therefore it concentrated on providing a "transition" for people from E.E.A. jobs into the private sector or onto regular civil service payrolls. To make it easier to obtain regular public payroll jobs, the E.E.A. provided that people be hired for regular municipal positions. Now, when many localities are cutting regular civil service employment levels and all face stringent budget constraints, the premises of the E.E.A. are inappropriate.

However, the assumptions and even the language of the E.E.A. were incorporated into Titles I, II, and VI of the Comprehensive Employment and Training Act of 1973, as amended, in December, 1974. Most CETA public service employment workers have been hired onto State and municipal payrolls. While "transition" goals remain the stated objective, under current circumstances of recession, the immediate imperative is to create the most jobs from limited funding; in short, to obtain maximum returns from minimal resources. One way to effectively utilize available funds is to develop project approaches to public job creation, in contrast to the usual civil service "job slot" approach.

Our current public jobs programs present sharp contrasts to the Works Progress Administration (WPA) during the Great Depression. Yet the New Deal experience can help to illumine our present opportunities.

Where the W.P.A. was a Federal program, CETA is administered locally. Where W.P.A. paid a "security wage"—about 90 percent of prevailing wages—CETA pays "prevailing wages." Where W.P.A. usually required an income test, CETA does not, requiring instead that a proportion of the jobs go to the disadvantaged.

The W.P.A. was conceived at a time when national unemployment was at catastrophic levels, perhaps a quarter of the entire work force. The basic structure of the Emergency Employment Act was shaped when unemployment was at 6 percent and was expected by public officials to decline soon and sharply.

The W.P.A. operated on a "project" basis. Local jurisdictions—93 percent of the projects were initiated at the local level—would decide what they wanted done and then apply to the State director of the W.P.A. for a project grant. Once approved, the project itself was carried out by Federal officials without the management participation of local government or private contractors. There was no question of

69-735—76——2

maintenance of effort because there was no hiring on local payrolls. Local governments, however, did provide 10 to 20 percent of the costs of the projects. The results of the W.P.A. project approach are impressive: La Guardia Airport in New York, the Huntington Avenue Subway in Boston and tens of thousands of similar projects across the country. The program's purpose was limited largely to providing jobs and constructing things. There was little or no formal skill training until World War II called for a growing supply of skilled workers.

The current public jobs program came out of a different tradition, the job training efforts of the 1960's.

The first manpower bill in 1962, the Manpower Development and Training Act, was aimed primarily at workers who had lost their jobs through automation—for example, in the coal fields of Southern Illinois and the packing houses of Kansas City. However, people also were aware that the employment situation of unskilled workers in poor rural and inner city areas was desperate. Senator Gaylord Nelson, now Chairman of the Senate Subcommittee on Employment, Poverty and Migratory Labor, introduced legislation in 1964 to provide a billion dollar fund for conservation-related jobs for the unemployed, to be financed by increased cigarette taxes.

When the White House was making decisions on the 1964 War on Poverty, the idea of federal spending for job creation was considered, then rejected. Instead emphasis was placed on expanded training opportunities for the poor.[1] Senator Nelson's concept survived as the small Mainstream Program, a 1965 amendment to the Economic Opportunity Act. Through the decade the idea of a major federal job creation program was raised repeatedly in the recommendations of Presidential Commissions on automation, on welfare, and on civil disorder. In a five year projection of the Office of Economic Opportunity budget, Director Sargent Shriver estimated expenditures of nearly $3 billion for public service jobs by 1971.

After those terrifying weeks in the summer of 1967 when seventy-two people were killed in riots in Newark and Detroit, Senator Joseph Clark of Pennsylvania and Senator Robert Kennedy of New York proposed a $5 billion public jobs program. *Newsweek* published a poll reporting overwhelming citizen support for the idea. However, with unemployment under 4 percent, and a $25 billion fiscal year 1968 Federal deficit on the way—due to the Vietnam war—the administration insisted that a job shortage was not the problem and the amendment was easily defeated on the Senate floor.

The concept of job creation was revived by the Congress in 1969 and 1970. It was, in effect, the price Congress demanded for agreeing to the new administration's decentralized structure for manpower administration. All agreed that the red tape of administering 10,000 manpower contracts, for which the Secretary of Labor was nominally responsible, had become a serious problem. It was also agreed that the general performance of manpower programs was disappointing, although no one had a really convincing explanation.

The administration argued that State and local jurisdictions could judge local labor market needs better and therefore could design and

---

[1] It was assumed that expansionary overall fiscal and monetary policy could better provide an adequate supply of jobs.

operate more appropriate programs than the more distant Federal government. For example, in the administration's view, a model for Neighborhood Youth Corps activity—with a heavy emphasis on training—might seem sensible in Washington but senseless in rural Vermont, where the problem was simply the absence of jobs. Similarly, the way the Department of Labor and Congress chose to divide money among programs serving different age groups might or might not make sense in each specific community.

Members of Congress insisted that a direct Federal role could provide greater responsiveness, to the needs of the poor and powerless. At the local level, community groups who were administering Department of Labor contracts often seemed more knowledgeable and more concerned with the problems of the poor than State and local officials. Interested Senators and Representatives had developed links over the years between themselves and local agencies and regional and Federal bureaucracies. They were reluctant to see these ties cut, but they also felt very strongly that despite the general prosperity—3.4 percent unemployment in January, 1969—there were not enough jobs at decent pay in poverty neighborhoods. Manpower training programs were meaningless where there were no jobs at decent pay at the end of the training.

Compromise legislation cleared the Congress in 1970. It granted the administration request for a decentralized system in a somewhat altered form, and authorized at least $1 billion a year for public job creation.

It is important to recognize that the public jobs provisions of the 1970 bill were written during a time of generally high employment in order to provide job opportunities for the disadvantaged. With the Administration strongly opposed to a major job creation program, it was no surprise that the Congress provided for a decentralized system with local elected officials in control. The support of the League of Cities and Conference of Mayors was crucial. The hope was that by tying the jobs directly to existing public service structures, the program would provide an opening to careers in public service for the disadvantaged.

There was language in the bill mandating local jurisdictions to "overcome civil service barriers" to advancement, to provide training to people in public service employment, and finally to make every effort to find non-subsidized jobs in the public or private sector so program participants could make the "transition" to unsubsidized jobs. Entry level public jobs generally paid at least as well as comparable jobs in the private sector. They also provided steady work and were in the public service sector of the economy, which was growing more rapidly than any other. Finally, the Congress believed that the public sector ought to do its share in providing jobs for the disadvantaged.

The compromise provided enough of what the Congress then wanted, but more than the Administration would accept. The bill was vetoed. Understanding its background is important, however, because it formed the basis of the bill which was signed into law seven months later, the Emergency Employment Act of 1971.

Unemployment rose steadily in 1970, the result of restrictive economic policies intended to control inflation. The effort to fight inflation by slowing down the economy was only half "successful". The economy slowed down, but inflation continued. Unemployment reached 6.1 percent by December 1970. Inflation approached a similar rate. It was increased unemployment—especially when the level reached 6 percent—that stirred Congress to action. Also influential was the serious effect of cutbacks in space and defense spending on unionized workers and engineers. Returned war veterans without jobs were a particular concern of the Congress.

The E.E.A. was introduced in January with a bipartisan cosponsorship of thirty-six Senators. This bill provided for what had been vetoed shortly before: public service jobs tied closely to regular public service positions. It included a process by which better prepared participants might well move on to private sector jobs quickly when prosperity returned, or sooner, while more disadvantaged workers would have an improved chance at entry level jobs in the civil service. Inherent in the title of the bill was the assumption that unemployment rates of 4.5 percent or above were high and that the crisis would soon be over. After all, from 1963 to January 1970, unemployment had declined from 5.7 to 3.4 percent.

Some early warning signs of trouble developed during the administration of the E.E.A. Detroit for instance, had an expanding number of E.E.A. jobs and at the same time it was laying off regular workers due to declining local revenues. For the nation as a whole, however, public sector employment continued to expand.

The E.E.A. legislation expired at the end of June 1973, but funds were still available for expenditure through the rest of the calendar year. The language of the act was preserved by reference in both Titles I and II of the Comprehensive Employment and Training Act of 1973. In fact, the Act, which President Nixon hailed as one of the finest pieces of legislation to pass the Congress and the first of his special revenue sharing bills, looked very much like the bill he had vetoed two years before. The public jobs sections provided public service employment (PSE) as an "eligible activity" under Title I and continued P.S.E. in areas having unemployment rates above 6.5 percent in Title II.

Instead of falling, unemployment nearly doubled in the years after the E.E.A., and still is well above 7 percent. In response to deepening recession, the Congress added Title VI public service jobs to CETA and Title X public works jobs to the Public Works and Economic Development Act in December, 1974. Title VI authorized $2.5 billion in additional funds through the CETA prime sponsorship system. Congress also loosened the requirements which tied Title II jobs to the regular public service system.

The new language recognized some of the problems of local governments in attempting to find non-subsidized jobs for CETA workers during a recession. But the difficulties of using CETA, which had been designed to help the disadvantaged during generally prosperous times, as a major counter-cyclical job creation vehicle have proved to be substantial. In a recession, demands for services rise while revenues fall. Local governments are under pressure to use CETA funds simply to replace lost local revenue and CETA workers for regular civil servants. Such use of the program can generate labor disputes without adding significantly to the national employment totals.

One alternative is to fund specific projects outside the scope of normal civil service functions, where the need can be documented and the results of the efforts are visible and worthwhile.

Since funds available for supplies and equipment are sharply limited under the CETA legislation, it is necessary to find sources of additional funding for major projects. One possible source of funding is other Federal grant programs.

Of course, co-ordinating CETA dollars with other sources of Federal support—whether transfer payments or Community Development Revenue sharing funds—does not magically create more resources overall. But such co-ordination can make possible an expanded public jobs program.

BRIDGEPORT: CETA AND PAYROLL CUTBACKS[1]

The dilemma faced by jurisdictions attempting to use CETA workers wisely as they simultaneously face sharp declines in revenue due to the recession is well illustrated by events in Bridgeport, Conn.

In January, 1975, it became clear that Bridgeport was in serious financial trouble. The city's rates of collection of property tax payments, the principal instrument for financing local services, indicated that Bridgeport could run a deficit of as much as $2.3 million by the end of the fiscal year. More alarming still were projections developed for the fiscal year 1976 budget which showed a revenue shortfall of $4 million and an increase of city expenditures of $5 million.

The city had signed recent collective bargaining agreements which called for a seven percent wage increase for municipal employees and full retirement benefits for police and firemen after twenty years service. The mayor met in February 1975 with the leadership of the unions, explained the magnitude of impending financial difficulties, and attempted to negotiate a rollback in wages to the levels before the conclusion of the recent contracts. He argued to union leaders that in the absence of a rollback, the city might be compelled to lay off a significant number of municipal employees. He could not persuade them even to submit the question to a referendum of the union membership.

The mayor then announced a series of austerity measures, among them a freeze of hiring, denial of all grant applications requiring a matching share of city funds, postponement of all capital projects not already begun, disposal of excess city vehicles and a curtailment of all official travel outside the city. These first steps were not enough to bring the budget back into balance.

The mayor had two remaining alternatives—to raise taxes or to reduce the size of the municipal budget. Since approximately 80 percent of the budget was for personnel-related expenditures such as wages and salaries, and retirement, the second alternative necessarily meant the discharge of city workers. Both alternatives presented serious difficulties.

Bridgeport is a city of 156,000 inhabitants, of whom nearly 30 percent are black and Spanish-speaking (1970 Census data). The local economy is based on recession-sensitive capital goods manufacturing, with a number of firms involved in the production of primary metals, fabricated metals, machinery and electrical equipment. There had been high unemployment since the early 1970's, when decreased American involvement in the war in Vietnam resulted in a reduction of military expenditures. (A large local employer is Sikorsky Helicopter.) The recession of 1974–75 had put additional blue-collar workers out of work. The Connecticut Employment Service reported the unemployment rate to be in excess of 11 percent in early 1975.

[1] Hugh Smith of the Regional Institute made a substantial contribution to this section.

An analysis of the reasons for the falling rate of tax collections in Bridgeport spotlighted two factors. First, many unemployed workers were unable to make their municipal payments as they fell due. Second, the penalty for delinquent payment, set at 9 percent by the State of Connecticut, was so much lower than current bank interest rates that some hard-pressed businesses were in essence taking unauthorized "loans" from the municipal treasury. It was cheaper to withhold tax payments and pay the penalties than to borrow commercially.

The city did take immediate steps to begin legal proceedings against firms which had been withholding taxes. The question of raising taxes was more difficult. Local advisors to the mayor warned that because taxes in Bridgeport had doubled in the last ten years and the local economy was weak, a further sharp increase in local taxes might make the situation worse. The rate of collections might fall even further with larger numbers of homeowners finding it impossible to make the payments. Foreclosing on the homes of unemployed workers was politically unacceptable and obviously not a sound solution to the revenue shortfall. Moreover, higher taxes might prompt some employers to move their operations elsewhere, compounding an already serious unemployment problem.

A proposed tax increase also posed certain political and administrative uncertainties which might stymie prompt action to balance the budget. A tax proposal would have to be submitted to a 20-member Common Council, evenly divided between Republicans and Democrats, for approval. Even if it was passed promptly, it could not be implemented under Connecticut law without first being submitted to the State Tax Commission for approval.

The alternative of laying off city workers was also unacceptable. Bridgeport is the leader of a CETA consortium for several smaller surrounding communities. The consortium had received over $5 million under all titles of CETA. Bridgeport's share was about $2.5 million. Under Titles II and VI of fiscal year 1974 and 1975 allocations, the city had hired nearly 500 CETA workers. Because of the identity of the target groups under Federal regulations—veterans, youth, disadvantaged, and welfare recipients, for example—and because of the special needs of various subgroups of the local population, CETA workers differed in important ways from their regular civil service counterparts. Forty-four percent were women and 34 percent were veterans. While CETA workers were scattered throughout the municipal government and a number of non-profit agencies, due to their educational backgrounds and previous work experiences, the majority of them were employed as laborers and maintenance workers. Nearly half of all CETA participants worked in the Parks and Public Works Departments. There had already been friction, some of it of a racial nature. Rumors of impending layoffs exacerbated the situation.

The Department of Labor was drawn in. Provision had been made in the Federal regulations for "maintenance of effort" on the part of CETA prime sponsors. However, these regulations were designed to prevent a municipality from laying off regular city employees and then rehiring them with CETA funds. No case had arisen before where a prime sponsor was compelled to consider a *bona fide* layoff of regular civil servants. The Region I Manpower Administration staff had to formulate new policy, which was later adopted nationwide by the Department of Labor. Basically, this policy was that any CETA participant doing the same or comparable work as a regular city worker in the same department who was laid off had to be either transferred or laid off. The Department of Labor retained sole authority for final determinations in cases where maintenance of effort was at issue.

The city ultimately laid off 300 workers in fiscal year 1975. This produced a great deal of local acrimony. Bridgeport had a Civil Service Commission staffed by five commissioners, appointed by the mayor and serving fixed terms. The civil service system had been adopted in the 1930's as part of a reform measure to insulate municipal employment from patronage politics. Normally city workers must pass a written examination to qualify for their jobs. Provision is made, however, for "appointed employees" who are hired outside the civil service structure. CETA workers technically had been hired as "appointed employees", and were not involved directly in the layoff. The Civil Service Commission, like the municipal unions, had been uneasy with the CETA program from the start, fearing that it at least potentially threatened the civil service system.

The municipal administration cooperated with the Department of Labor to minimize the impact of the layoffs on the CETA program. Especially given the magnitude of the cuts in the regular civil service, CETA workers were all the more important to the city for the maintenance of essential services.

To balance the fiscal year 1976 budget, however, it was necessary to go even further. The city laid off an additional 200 workers, but felt it could proceed no further. The alternative was to increase the local property tax by 8.5 mills, or nearly 16 percent.

After July 1, 1975, the city requested permission from the Department of Labor to rehire laid-off city workers using CETA funds, since they had been out of work long enough to qualify. The Manpower administration ruled that this was permissible, but only if the laid-off workers were not hired for positions which they had formerly held, and were not paid wages in excess of the CETA guidelines.

The period of fiscal crisis and municipal layoffs generated a perhaps inevitable backlash against CETA. The CETA program became the object of attacks from laid-off workers, who charged that they were being replaced by CETA workers. The Federal ruling permitting the re-hiring of laid-off workers under CETA improved the situation somewhat. The mayor, however, had anticipated the controversy months before and had submitted testimony to the Labor and Education Committee of the U.S. House of Representatives requesting that municipalities be permitted to use a portion of CETA money to avoid layoffs and an aggravation of local unemployment.

BOSTON AREA CETA HOUSING PROGRAMS [1]

In the greater Boston area a number of cities and towns have moved toward the project approach, particularly in the area of housing rehabilitation.

The following case histories of Boston, Cambridge, Arlington, Somerville and Watertown differ widely in funding sources, administrative arrangements, hiring practices and wages paid. Each, however, illustrates an effort made to stitch together a coherent project approach to public service employment out of legislative authority designed with other purposes.

Of particular interest is the ingenuity with which local CETA officials and local housing agency officials co-operate in mixing funds from CETA and other sources, especially Community Development Revenue Sharing funds, in order to produce effective programs.

Two prime sponsors in Massachusetts, Boston and the Cambridge consortium, have used CETA workers in projects to deal with housing problems. In both, prime sponsor's community development revenue-sharing funds complemented CETA's labor money to provide for needed equipment and materials. In every city and town involved, CETA staff consider the housing work among the most successful projects that have involved CETA workers.

In Boston CETA employees have worked on rehabilitation of public housing and have been part of a program offering financial assistance to homeowners for housing rehabilitation. In Cambridge and Somerville, the programs aimed at solving a range of social service and administrative problems as well as at improving the physical condition of housing and grounds. In two of the towns in the Cambridge CETA Consortium, Watertown and Arlington, programs were, like Boston's effort, aimed only at rehabilitation of housing in the projects. Housing rehabilitation needs in those two towns were far less than in the cities. The program descriptions that follow tell about how each effort was organized, what CETA workers did, and how funds were provided.

Boston Housing Authority

Boston CETA office staff consider the use of CETA employees to rehabilitate public housing under the Boston Housing Authority (BHA) one of the most successful projects involving CETA workers. About 77 CETA workers are organized into work crews separate from regular Boston Housing Authority workers to rehabilitate vacant apartments, to secure elevator and ventilation shafts and repair doors and basement windows, and to clean up buildings and grounds. Many of the housing units have been vacant for as long as three years for lack of maintenance. By the end of July 1975 about 270 units had been

[1] This section is largely the work of Margaret Dewar of the Massachusetts Institute of Technology's Department of Urban Studies and Planning.

69-735—76——3

rehabilitated in eight housing projects. As a result, many families on the BHA waiting list have been provided with apartments, and the BHA's rental income is considerably higher. By relieving the regular crews of responsibility for major rehabilitation, the CETA work crews make it possible for regular maintenance crews to keep up with smaller problems better and, therefore, to avoid the more serious problems that develop when repairs are neglected or apartments are vacant for long periods. For example, in two projects in the same neighborhood, Franklin Field and Franklin Hill, where work by CETA crews had been most extensive, regular BHA maintenance crews have been able to improve several hundred other apartment units by painting, replacing windows, and repairing light fixtures.

Organization of the Rehabilitation Project

The CETA workers assigned to the Boston Housing Authority were divided into three types of work crews: vacancy crews made up of an area maintenance supervisor and skilled craftsmen, labor crews under the supervision of BHA maintenance employees, and security crews. There are three crews of each type; one of each is assigned to each BHA maintenance district.

The BHA management department obtains information from housing project managers about which units are vacant and, with the project managers, decides the order in which apartments should be rehabilitated. Emphasis is on large units.

The maintenance department schedules the crews' jobs so that materials are at the site when the work crews need them. Labor crews move in ahead of vacancy and security crews to clean up.

Vacancy crews do whatever work is required to make the apartments habitable. That can be replacement of plumbing and electrical systems or less extensive work such as replacement of bathroom tiles and repair of floors. Craftsmen on the crews include carpenters, electricians, glazers, plasterers, plumbers, spray painters, and tile setters.

Security crews work on the same sites as the vacancy crews. These crews are made up of welders who secure elevator and ventilation shafts, put bars on basement windows, repair basement and roof doors. To prevent immediate vandalism of rehabilitated units families are scheduled to move into apartments as soon as the glazier puts in the last pane of glass.

The CETA workers' progress is checked by a BHA data system. The system keeps records of where work should be done, the type of work, the personnel and supervisors on each project, materials requested to complete the work. The information allows for better management by BHA coordinators and also provides records of the work accomplished.

Time required to rehabilitate units varies widely depending on the condition of the apartments, but results show that the CETA vacancy teams are rehabilitating apartments at an average rate of one unit per day.

The CETA workers are all unemployed, card-carrying union members. The BHA personnel department interviewed the applicants sent to them by the Public Facilities Department, the city department responsible for placement of Title VI workers outside regular city departments. BHA chose workers with construction experience for members of the crews and with supervisory experience in construction for area maintenance supervisors. Some area maintenance supervisors had run their own businesses.

The Boston CETA office hopes that skilled but non-union minority group and disadvantaged workers can be hired in the future and obtain construction union membership over time.

Financial Arrangements

The CETA workers earn wages comparable to those the BHA pays to union workers on regular projects. State law requires that these salaries be 80 percent of the salaries of union tradesmen in non-housing authority work as determined by the State Commission of Labor and Industries. The base on which the 80 percent is calculated is the hourly wage for a union worker on construction work. Since all the workers' salaries are over the $10,000 CETA limit, the Boston Housing Authority makes up the difference with Community Development Revenue Sharing (CDRS) funds. The workers' salaries are:

Position:	*Salary* [1]
Area maintenance supervisor	$18,000
Carpenter	16,500
Common laborer	12,300
Electrician	18,500
Glazier	15,600
Labor supervisor	13,800
Plasterer	16,300
Plumber	18,000
Spray painter	17,500
Tilesetter	16,500
Welder	18,500

[1] See the table on p. 20 for comparable weekly and hourly wages.

The BHA is using CDRS money to pay for the equipment and supplies for the CETA workers. The allocation for labor and materials from CDRS for the CETA workers is about $300,000 for the year, which is part of a total grant of over $3 million. The community development money was allocated to the BHA before CETA began, and the funding was independent of the assignment of CETA workers. Representatives from the mayor's office who were responsible for allocating CDRS money considered rehabilitation of public housing a high priority after meetings with community groups.

Rehabilitation work by CETA employees is also being coordinated with a community development block grant of $1 million for replacement of windows in one of the projects with the worst vandalism, Mission Hill. The CETA workers may be involved in the future on a HUD target program for modernization of apartments at Columbia Point, one of the city's projects.

Cambridge Housing Authority

The Cambridge Housing Authority (CHA) has thirty Title VI CETA employees working in crews to rehabilitate apartments, working as part of CHA maintenance staff to supplement regular maintenance teams, and providing additional social services in the housing projects. The CETA office staff feel that this use of CETA workers has been particularly effective.

The rehabilitation crews have reduced the number of CHA vacancies by 30% in about six months of work. Rehabilitation has reduced the length of time apartments are vacant between tenants. Shorter vacancy periods means less vandalism and less costly repairs.

The director of the Cambridge Housing Authority points out that the program has made it possible for families to move into clean, painted apartments instead of dirty units in very poor condition. The improvement in morale has been important to improving the conditions of life in the housing projects.

Organization of the Rehabilitation and Maintenance Work

The CETA workers involved in the housing rehabilitation were organized into teams of five workers each. All the workers are skilled or semi-skilled in construction related work. Crew chiefs also hired under CETA are responsible for supervision of the CETA teams.

In most units the crews clean, paint, put new tiles in bathrooms, repair flooring, replace window sashes and frames. Some apartments require minor electrical and plumbing work. The workers also rehabilitate burned out apartments, and some apartments which had been long vacant or vandalized required more extensive work.

CETA crews have been efficient. Worker discipline has been enforced. Three workers were fired soon after the program began when they did not report for work on time and left work early. The possibility of promotion to permanent CHA laborer positions served as an incentive.

Some CETA workers were assigned to regular CHA maintenance teams rather than to rehabilitation crews. The director of CHA does not believe that this is as effective a use of CETA workers. It is not possible to see the CETA work separate from that of other workers. And their presence may have the effect of reducing the work load of permanent CHA workers without increasing overall productivity.

Regular workers in the housing authority were concerned about the hiring of CETA workers for the CHA. They feared skilled and semi-skilled CETA workers would mean that regular CHA laborers would lose chances of promotion. The CHA director assured the workers that the union contract would be honored, that higher positions would be filled on the basis of the seniority and skill of regular CHA workers.

Financial Arrangements

CETA workers are hired under the city's Department of Public Works for the CHA, and salaries are comparable to the DPW wages. Crew chiefs for the CETA work teams earn $182.07 per week. Laborers who are part of the CETA crews and the regular CHA maintenance teams earn $152.19 per week. The assistant to the housing manager earns $182.07 per week.

Materials for the rehabilitation have been paid for out of CHA funds. In fiscal year 1976, however, CHA has a grant of $198,000 from

Community Development Revenue-Sharing, part of which will pay for materials.

The use of CETA workers and Community Development Revenue-Sharing (CDRS) funds on the same projects was coordinated through many meetings between CETA directors and the planners supervising CDRS in the city's Community Development Department. For the Community Development planners CETA funds offered substantial advantages. Citizens identified public housing rehabilitation as a high priority for use of CDRS funds. With the CDRS restrictions on use of funds for labor costs, CETA workers provided a solution.

In the future Title VI money will be used for work experience programs under Title I so that funds will be available for paying training staff and more money can be used for materials if necessary.

One completely vacant 18 unit housing project's structure could be used as an on-the-job training center for workers who have been doing regular maintenance with CHA teams and for unskilled workers who could be hired under CETA in the future. All workers hired so far have been skilled or semi-skilled. The Massachusetts Association of Housing Authority Maintenance Superintendents, hired in the past by the Massachusetts Department of Community Affairs to train housing authority maintenance superintendents, may receive a subcontract from CETA under Title I to train CETA workers in CHA for superintendent positions.

The CHA hopes to receive money to convert small apartments into large units by breaking through the walls between units. CETA workers would be trained to do the work.

Somerville Housing Authority

In Somerville the CETA director assigned 70 workers under Title II and VI to the regular housing authority maintenance teams, to service positions, and to the housing authority maintenance office. As a result of the additional staff, it was possible to replace much of the plumbing systems in several projects, and rehabilitate apartments. The workers did some jobs that the housing authority could not have afforded to contract out. On plumbing projects, for instance, the housing authority would have spent about $900,000 more if the work had been contracted out. The cost of supplies used by CETA workers was about $70,000. Of course, the Federal government covered the wage costs with CETA funds.

According to one tenant, the work of CETA employees made residents proud of the project and happier to live there. In one project where over 50 percent of rents had been unpaid, payments increased to about 86 percent when many maintenance problems were corrected. Months after the work was done, flower beds, trash cans, and sandblasted walls remained unvandalized. The cost of vandalism to maintenance equipment went down 40 percent.

Organization of the Work

The housing authority's director and assistant director made a proposal to the CETA office to have workers assigned to the housing authority. They talked with maintenance work crews to find out how workers could be added to solve some of the difficulties and requested workers from the CETA office on that basis.

Approximately 60 workers were assigned to maintenance work, tripling the original permanent staff of 32. Five permanent workers became supervisors to oversee the extra workers. CETA employees were usually part of teams that also included regular workers.

Some teams did regular maintenance. They were made up of 25 workers with the least skills, and were responsible for cleaning grounds, repairing windows, and routine maintenance. Other workers were assigned to painting, plumbing, and electrical crews (14, 7, and 3 workers respectively) under the supervision of a regular employee, a skilled craftsman. Some of the workers had apprenticeship hours in these trades, and a handful had licenses, but most were unskilled. Teams began work on simpler tasks, then moved to more complicated ones as workers became more experienced. The plumbing crew, for instance, learned to replace faucets first; eventually learned welding for repairing boilers.

Another group of eight CETA workers were hired as general troubleshooters. They were skilled workers and worked alone or with a few workers under them or "floated" to other crews. They responded to particular maintenance problems or worked on special projects. One employee was a metal worker who had learned wrought-iron work in Portugal. He set up a shop for metal work and supervised other workers in making the new fences for one housing project and for other public buildings in the city. Another skilled worker was a general contractor; another was a mason who put new sidewalks in a small park.

Three other workers were assigned to the superintendent's office to improve the response to tenants' maintenance complaints. One worker received calls for maintenance service at night.

The CETA workers were hired in January. During the winter and spring months, shops were set up in basements of project buildings for each trade group. Materials were ordered and organized so that for the first time it was possible to control the use of materials and to be certain that needed supplies were on hand. Control systems to conserve materials were set up, and team supervisors arranged for saving old materials to be repaired for reuse.

Workers concentrated on a number of major projects. Plumbers replaced drainage pipes leading from a large number of the projects' buildings. The original two inch pipe could not handle the volume of water from modern appliances like washing machines, and, in addition, had become clogged with deposits so that water frequently backed up to third floor apartments flooding the units on lower levels. The old pipe was replaced with three inch pipe, and the water backup problem ended. Plumbers, tilesetters, and painters replaced or repaired fixtures and painted, tiled, and put in new flooring in a large number of badly damaged bathrooms. Hallways were painted. Apartments which tenants vacated were rehabilitated. New floors were laid, rooms painted, windows repaired, and any necessary electrical work completed. The vacancy period between tenants extended from the usual two weeks to three weeks or a month so that work crews could do repairs, but, as a result, the assistant director of the housing authority said, the apartments were in better condition for new tenants than most units on the private market.

When warm weather came, plumbers put new controls on boilers so that heat could be regulated. The assistant housing authority director estimated that the improvements would reduce heating costs by a third for those buildings where the improvements were made, which meant savings of $68,000 in the first winter alone.

Some work crews were assigned to outdoor projects planned by the directors of the housing authority and managed by maintenance supervisors. Substantial improvements were made in one housing project in particular. A baseball diamond was constructed in a littered, empty field. An old wading pool was repaired and painted. Grass was planted and benches built in open areas. Flowers were planted in large boxes about three feet from the ground for protection from children and dogs. Wrought-iron fences replaced wooden and chain link ones. A small park was landscaped. A large number of buildings were sandblasted to remove graffiti and then painted with silicone up to the second floor so that any new graffiti could be washed off. Covered trash containers were placed through the project. The result was a very striking improvement in the appearance of the housing project even when the work was still incomplete.

The assistant director of the housing authority said there were virtually no problems in assimilating the CETA workers into the regular staff. There were no early management problems in spite of the large numbers of new workers. The regular employees' union initially objected to the new workers because they were afraid the CETA employees would be used for jobs that would have provided overtime rather than for new projects. Some workers who had not been performing were worried they would lose their jobs. .The union's objections were resolved with arrangements that would keep CETA workers from interfering with overtime. In addition, the directors met with the union to see if any workers wanted different jobs that would overwise be available for the new CETA workers.

The second problem was more serious. The Somerville CETA Office had hired workers quickly, as the Department of Labor directed, and, therefore, when funds for Titles II and VI were reduced, had to plan for layoffs and for the phasing down of the public service employment program after six months of fiscal year 1976. The housing authority faced the prospect of the loss of many of their CETA workers leaving many partially completed jobs and enough supplies to last the regular staff ten years, according to one plumbing crew supervisor.

Financial Arrangements

The housing authority paid for most materials and supplies for the CETA work with a $50,000 modernization grant from the State's Department of Community Affairs and a $55,000 grant from HUD. The authority received no money for supplies from CETA although the arrangement the CETA office used to hire Title VI workers under a Title I work experience program did allow for the use of 20 percent of funds for materials. The CETA director pointed out that using these funds for supplies would mean fewer workers could be hired. CETA expenditures for supplies were kept down to three or four percent. The work experience arrangement made it possible to hire less skilled workers and offer more training.

Community development revenue-sharing funds were not used for public housing rehabilitation because Somerville received only $300,-000 in CDRS funds in fiscal year 1976.

All CETA workers were hired for the Somerville Housing Authority, but they were paid salaries that were less than those paid to regular maintenance employees under agreement with the union. The assistant director of the housing authority and the director of the CETA office said it was possible to pay the CETA workers a salary that differed from the regular employees because they did not do the same work. They had different job descriptions and had time off for classes and training. All the workers were hired under Title II. A few maintenance workers were paid the Title II limit, $10,000 per year. All others earned $140 per week, except for the housing inspectors and a plumber's aide who received $160 per week as of July 1975.

Arlington Housing Authority

In Arlington workers under Title VI have been organized into rehabilitation crews to work on all public buildings. Public housing is included in the category, but little of the work has been done on public housing because there is great demand for CETA workers' services in painting and repairing municipal buildings and schools.

Organization of the Program

The CETA workers are organized into teams each of which is under the supervision of a skilled tradesman who gives the workers on-the-job training. There are four CETA worker-trainees assigned to each skilled tradesman. A coordinator of the team holds a staff position under the director of the CETA public employment program. The coordinator finds the jobs for the teams. He receives requests for workers from the town offices and from the Arlington Housing Authority and decides which projects to do.

Although the Arlington Housing Authority schedules repainting for every five years, maintenance crews are far behind; CETA employees have taken care of some of the backlog. The housing authority received new stoves for a large number of units, but maintenance workers did not have time to install them. A CETA team supervised by a plumber put the stove in. CETA employees have also done electrical work in the apartments occasionally.

The Arlington CETA office has used Title VI money for work experience programs under Title I. This arrangement allows a larger proportion of funds to be used for materials (20 percent of total rather than the 10 percent under Titles II and VI) and provides for salaries over $10,000 for training staff. For the rehabilitation of public housing, the training staff are the skilled craftsmen who supervise the teams of workers. In addition, under this arrangement it is possible for the CETA office to hire unskilled workers for jobs that require skills because the workers can be trained on-the-job.

In hiring workers for the rehabilitation jobs the CETA director looked for tradesmen who were also good teachers. For the trainees, the CETA staff hired people without skills who thought they would be interested in continuing in rehabilitation work after the CETA job ended.

Financial Arrangements

The 20 percent CETA Title I administrative allowance paid for supplies and tools for the rehabilitation of the public buildings and public housing until a community development revenue-sharing grant was voted by the town selectmen.

Salaries for the skilled craftsmen/teachers are comparable to what the Town of Arlington pays on non-CETA projects. Not counting fringe benefits, these salaries are:

Position:	*Annual salary*
Electrician foreman/teacher	$10,932
Plumber foreman/teacher	10,932
Carpenter foreman/teacher	10,476
Painter foreman/teacher	10,476

The CETA workers are paid trainee wages, $3.50 per hour, or about $140 per week, not counting fringe benefits.

While the rehabilitation project has been very successful if one considers all the work accomplished, the CETA director feels that if a major goal of rehabilitation work is to improve the condition of public housing, workers should be placed under the housing authority rather than made available for general town projects as well.

Watertown Housing Authority

CETA workers hired under Title VI for the housing authority in Watertown have made possible extensive improvements in the condition of housing units and grounds in the housing projects. The director of the Watertown CETA program considers their work and the rehabilitation of public buildings by other workers the most successful use of CETA workers in Watertown.

Organization of the Project

Ten CETA workers are assigned to the Watertown Housing Authority. They are not separated from regular housing authority employees although they are often on teams composed only of CETA workers. The CETA workers, like the other housing authority workers, are supervised by the superintendant for maintenance of the housing authority who finds out which apartments will be vacant and decides which apartments should be repaired and which grounds improved.

Skilled journeymen supervise the teams of workers on the jobs. The journeymen include a skilled painter, carpenter, electrician, and plumber. The CETA workers assigned to teams supervised by skilled craftsmen are learning a trade. Some will have their licenses by the time they leave the housing authority.

The work CETA employees have done includes painting, replacing gutters and windows, repairing roofs, rewiring, putting in new sidewalks and railings, landscaping, and constructing a basketball court. They remodeled one apartment into a teen center. Before the CETA workers' year of employment is over, they will have remodeled another apartment into a day care center. An asphalt area outside the apartment will be made into a grassy area with playground equipment.

Financial Arrangements

All funds for equipment and supplies for the housing authority work have come from housing authority money. The housing authority has asked the CETA office to help pay for materials next year, but this may not be possible. The Watertown CETA office decided to use Title VI money for a Title I work experience program.[2] Title I allows for 20 percent of funds for administrative purposes, including supplies, rather than the 10 percent under Titles II and VI. In the first year of the program, this money, about $22,000, was spent largely for equipment and supplies for the rehabilitation work by CETA employees outside the housing projects.

Officials at the housing authority are applying for special funds for rehabilitation in the housing projects from the Federal government and from the State Department of Community Affairs. Before CETA workers were available, the housing authority did not have enough employees to be able to take advantage of these funds.

CETA workers under the housing authority are paid the beginning maintenance labor wage for the town of Watertown, $4.41 per hour, or about $176 per week. If a worker supervises a crew on a job, he is paid slightly more, $4.66 per hour, or about $186 per week.

CETA WORKERS' SALARIES AT ANNUAL, WEEKLY, AND HOURLY RATES IN ORDER OF MENTION IN THE DESCRIPTIONS OF THE PROGRAMS

Annual	Weekly	Hourly	Annual	Weekly	Hourly
Boston Housing Authority:			Cambridge Housing Authority:		
$18,000	$346.15	$8.65	$9,105	$182.07	$4.55
$16,500	317.30	7.95	$7,610	152.19	3.80
$12,300	236.55	5.90	$6,700	134.00	3.35
$18,500	355.75	8.90	Somerville Housing Authority:		
$15,600	300.00	7.50	$10,000	192.30	4.80–5.50
$13,800	265.40	6.65	$7,280	140.00	3.50
$16,300	313.45	7.85	$8,320	160.00	4.00
$18,000	346.15	8.65	Arlington Housing Authority:		
$17,500	336.55	8.40	$10,932	210.20	5.25
Housing improvement program:			$10,476	201.40	5.05
$12,400	238.42	6.80	$7,280	140.00	3.50
$9,960	191.57	5.45	Watertown Housing Authority:		
$11,990	230.62	6.60	$9,152	176.00	4.41
$11,025	212.00	6.05	$9,672	186.00	4.66
$10,445	200.90	5.75			

[2] Under CETA funds may be transferred from Title VI to Title I at the discretion of prime sponsors.

COMMUNITY DEVELOPMENT AND EMPLOYMENT PROJECTS ELSEWHERE IN NEW ENGLAND

Vermont Housing Programs

The Northeast Kingdom of Vermont, a triangular area formed by the Connecticut River running from its headwaters south to St. Johnsbury on one side, the Vermont-Canadian border from New Hampshire to Lake Memphramagog on the second side, and a line drawn from Newport to St. Johnsbury on the third side, is one of the poorest areas in America. The tourist and summer home owner boom of southern Vermont, has not reached in the Northeast Kingdom.

The area does, however, boast one of the most active Community Action organizations in the nation, the Orleans County Council for Social Agencies (OCCSA). It has organized an extraordinary amalgam of manpower and housing dollars to shape an effective program which provides a model for larger scale public service employment efforts.

A 1972 survey conducted by OCCSA determined that 70 percent of those who lived in the Northeast Kingdom could not afford to purchase even standard housing, let alone new homes. To meet that need and with the help of low cost housing loans for low income rural families, OCCSA built and sold 21 homes through June 1, 1975.

It is critical for any small enterprise, profit or non-profit, to secure funding which does not require immediate interest payment; otherwise, it is nearly impossible to attain the rapid growth essential for survival. Cash that ought to be invested in expansion must go instead into debt service. In the case of OCCSA, the Office of Economic Opportunity (OEO) provided $100,000 in 1973 to serve as a revolving fund to purchase supplies and equipment. The OEO money was a grant, not a loan. It provided the equivalent of equity capital. With the OEO grant money as a start, OCCSA purchased its own trucks and tools and a small sawmill and planing operation.

This base grant was linked to two other important sources of financial support:

1. Farmer's Home Administration 30 year loans at one percent interest with no down payment for low income rural families buying homes;
2. New England Non-Profit Housing Development Corporation Housing Assistance Council construction loans based on the availability of the FHS financing.

There is employment in the project for 23 workers. Building housing for rural poor does not take jobs away from anybody else. Wages and training have been paid partially from Titles I and II CETA funds.

In an area of abundant timber and cold winters, a second OCCSA effort, the winterization program, has been of assistance both to the previously unemployed and the rural and elderly poor. Twenty-four public service employees and two co-ordinators were employed last winter in projects such as providing fire wood, improving timber stands, and instructing home owners about heat conservation. Beyond these ameliorative steps, OEO's housing program provided some funds for winterization material last winter, including the cost of tools. Additional material was purchased at cost by those whose homes were winterized.

Though successful in its own terms, and an important benefit to families who thereby have obtained more decent housing, the OCCSA program is small in scale, even by the standards of need in the Northeast Kingdom. Fifty homes could be built each year without exhausting the need for many years. OCCSA's success does establish, however, that the opportunities for useful employment in the construction and rehabilization of rural housing for the poor are substantial, if sufficient funds for tools, equipment, and especially long term low cost financing or mortgages are made available. But the full application of such a model nationally requires that Congress explicitly link major public service and public works job creation programs with other existing Federal programs such as the Farmer's Home Administration low cost housing subsidies. Public employment in the construction of private homes for low-income purchases should be authorized by Federal law.

Transition Employment Enterprises, Inc.: A Not-For-Profit Supported Work Demonstration Project

Our reluctance to recognize that under current economic conditions there are just not enough jobs at decent pay to employ all available workers has generated a confusion of program purposes and inspired economic doublethink. The distinction between programs for those who are hard to employ due to personal characteristics and those who simply have a hard time finding a job is a case in point. For most of the unemployed a job is answer enough.

For some individuals however—ex-addicts for instance—private or regular public payroll employment is unrealistic, at least in the short run, because of personal problems. Such individuals now are condemned for the most part to transfer payment support. Is there a better solution?

In 1972, the Vera Institute of Justice in New York City initiated an experiment to combine the traditional sheltered workshop idea previously used almost exclusively for the physically handicapped and the project-based public service employment. For funding VERA proposed combining welfare or other transfer payments with earned income.

In New York City the program has provided employment for 3,400 individuals in projects such as refinishing the facade of the City Municipal Building; cleaning, plastering, and painting police stations; renovating a firehouse; acting as interpreters for Spanish-speaking hospital patients; acting as drivers for the elderly (to and from hospitals and stores); renovating burned-out tenements; and operating a messenger service for city agencies.

Income support for each employee is composed of: $2,400 a year from the Supplemental Social Security an ex-addict would receive anyway, $1,600 from federal training funds and grants and $2,000 from charges to customers—largely city agencies—which utilize program services. The project is called "Wildcat." It is supported by the Department of Labor, the Law Enforcement Assistance Administration, the National Institute of Drug Abuse, and the New York City Department of Employment.

Now an effort is underway to establish similar programs in a number of areas, under the sponsorship of the Ford Foundation, the Department of Labor and a number of other Federal agencies. They have formed the Manpower Demonstration Research Corporation (MDRC) to fund and oversee the effort.

In Massachusetts the program is operated by an organization called Transition Employment Enterprises, Inc. In October 1975, four separate supported work business ventures employed a total of 45 clients. The services include renovation and remodeling, lead-based paint removal, and a printing and graphics operation. An automotive repair business, started on a pilot basis, has been closed, since an anticipated State contract for truck maintenance was not granted.

The key to the success of the operation is securing welfare department support for the concept of voluntary diversion of transfer payment income. Securing such agreements is a long and frustrating process, but progress is being made.

More than half of those employed in the Transition Employment Enterprise, Inc. program are ex-offenders, as one might expect in a program that initially was established for the rehabilitation of prisoners and drug addicts.

It is difficult to determine the long-term viability of such small-scale enterprises. They produce needed goods and services and provide employment to recipients of transfer payments who cannot secure or sustain employment in the conventional market. If the economy were close to full employment and employers were under economic pressure to hire such individuals, these programs might offer work experience which would help workers to move from dependency to regular employment.

Packaging transfer payments with other sources of support to fund a jobs program is one possible and promising response to mass unemployment and massive unemployment insurance transfer payments. As with all sheltered workshops, the wage level is a critical question. Lower wage, government-supported jobs can be justified only if there are substantial training and supportive services which offer recipients a fair chance at self-sufficiency or where recipients, due to personal disabilities, have few realistic prospects for conventional employment. Otherwise, the program could have the unfortunate effect of simply expanding the stock of poorly paid, substandard jobs in the "secondary" labor market.

Small Scale Public Works: Title X in New England

The CETA amendments of December, 1974, included funds for new projects at the local level to be carried out under Title X of the Public Works and Economic Development Act. In the latest round of fund distribution, this has meant another $381 million in Federal funds.

With local contributions, in cash or in kind, the projects will be worth $583 million, according to Department of Commerce officials.

These jobs were developed outside the CETA system, often by State and local governments. Jurisdictional conflicts between Congressional committees and Federal agencies impede a co-ordinated job creation approach. However, the proposal development process does cast interesting light on the potential for a substantial public job creation program.

First, the sheer volume of applications evidences the potential of public service jobs. Although the application process was conducted in haste (applications had to be submitted by many agencies virtually overnight), approximately 15,000 projects were proposed at a cost of $3.3 billion, including 70,415 job opportunities.

The public works approach in the past has been primarily a construction approach. So the costs of supplies and equipment under the Title X program may provide some indication of the needs for a large job creation program. Of $583 million in projects, 84 percent is to be spent for wages and salaries, leaving 16 percent for supplies and equipment. That figure includes local contributions to total project cost of $222 million.

Under the provisions of the Commerce Department program, the jobs will last only 8 to 12 months, the designated length of approved projects. The average labor cost per job on an annual basis is $9,000, or $4.50 an hour.

Maine State Legislature Jobs Committee

Unemployment in Maine, as in the New England area generally, is at catastrophic levels. One response has been a new committee of the State legislature, which after extensive hearings has developed innovative proposals for job creation in Maine.

Maine is paying unemployed workers over $2 million a year in unemployment compensation. Forty thousand individuals officially are listed as unemployed in the State. Why not, the Maine Jobs Committee asked in effect, put those being paid for not working back to work? The hearings and subsequent analysis resulted in a compilation of thousands of jobs which needed to be done. Maine officials are confident that the unemployed in Maine would much rather work than receive transfer payments.

The Maine report also argues that despite all the talk of efficiency and cooperation among relevant Federal agencies, Comprehensive Employment and Training Act Title II and VI funds, Commerce Department Title X funds, Community Development Revenue Sharing and General Revenue Sharing funds are distributed as separate, categorical programs, rather than being co-ordinated to re-inforce one another.

The Maine legislators suggest that if Unemployment Insurance—at least after the 39 week, when all but the appearance of "insurance" has disappeared and the payments are clearly another Federal transfer payment—could be combined with other Federal grants to States and localities, much of the money now used to sustain people in enforced idleness could be put to constructive, productive use.

Among the products suggested in the Maine Legislature's report are:

Hydro-electric dam restoration.

Elderly home repair.

Lead-based paint removal.

Municipal park, bridge, and building repair.

The proposal would require a quantum leap in local coordination of planning and spending. It would also require at least an administrative clarification of Federal regulations limiting the uses of Unemployment Insurance funds.

Under an amendment to the Soical Security Act approved last June, after the thirty-ninth week, those drawing unemployment insurance can be required to take training. Two questions are unresolved: Whether recipients can receive additional compensation beyond their unemployment insurance check, for participating in a training program, and whether work-training is an acceptable form of training.

APPENDIX A. SUMMARY OF THE MAINE LEGISLATURE JOBS COMMITTEE PROPOSAL

A DEMONSTRATION PROGRAM FOR PROJECT ORIENTED PUBLIC WORK TRAINING

An emergency problem exists in the State of Maine and has the prospects of remaining with us for at least the rest of this decade. Over 40,000 persons are unemployed, with the actual unemployment rate being appraised by many experts as several points higher than reported. Another 80,000 persons are in an underemployed status—those who are working part-time because a full-time job is not available, or working full-time but making less than a poverty level wage. As a response to this problem and as a first and immediate step toward a solution this proposal calls for the non-inflationary use of existing governmental programs and funds in a comprehensive and innovative manner to promote re-employment.

The proposal's approach takes into account several facets of the severe unemployment situation. Having assessed the problem, there is an awareness that prolonged unemployment is having a detrimental sociological impact on the individuals and families affected. This is above and beyond the obvious economic impact.

Furthermore, while the unemployed citizens of Maine prefer to work rather than to take an unemployment subsistence allowance, nevertheless more than $2,000,000 per month is being paid out of the Federal Unemployment Trust Fund to maintain in an unemployed status those who want to work. Of even greater concern is the certainty that an ever increasing amount will be paid out of the Fund in the future as more of the unemployed exhaust their State Unemployment Benefits. Clearly, therefore, the nature of the unemployment problem in Maine is such as to defy immediate solution without governmental action.

Accordingly, the proposal recommends that the present federally funded job creation program (CETA) shift its focus from civil service slots to specific projects selected by community determination and capable of implementation within six weeks of funding. Furthermore, that available resources of the Federal CETA program, the Unemployment Insurance Trust Fund and Community Development/Revenue Sharing Funds be combined in an effort to maximize impact efficiency and minimize piecemeal approaches to the unemployment situation.

In this regard several points warrant emphasis:

1. Since we talked of existing programs and anticipated allocations, there is no reason to believe that an inflationary result would occur;
2. Since we intend to house the program in the State Office of Manpower Planning and Coordination; as well as to focus attention on projects previously determined to be of a priority status; there is the prospect for immediate impact on the unemployment picture;
3. Since we are combining several existing sources of money in an effort to produce a concerted impact on unemployment, there is the likelihood of minimizing bureaucratic overlap and maximizing comprehensive results.

While assuredly a high degree of flexibility must be provided to promote rapid implementation, the process of implementation would be guided by the Canadian Local Initiatives Plan. In addition, the parameters for selection would require that the projects be labor intensive, immediately implementable, short term in nature, and geared to structural and visible community betterment that would complement existing development efforts.

Possible projects include:

A home repair for the elderly program,
Improving the Bangor Bass Park,
The development of Fryeburg Municipal Park,
The construction of a community building for Georgetown,
The construction of a community building for Mercer,
A hydroelectric dam restoration project,
Removal of lead-based paint from residences,
The construction of a recreational center for Dexter,
The maintenance of ocean beaches in Scarborough, Old Orchard Beach, and the City of Saco;
A program to provide human service jobs for women;
The construction of a fire station in Holden,
The development of a park in Southwest Harbor;
The development of State owned land in Rogue Bluffs,
The construction of a municipal garage in Enfield,
The creation of a public green belt in Augusta,
The construction of a fishway at Sherman Lake,
The repair of bridges at Baxter State Park,
The establishment of a State Veterans Home,
The repair of a dam at Anabessacook Lake,
The construction of site and facilities for a Casco Bay Island Ferry,
The installation of flood warning devices in Hallowell and Gardiner,
The repair of Dead River Dam and the rebuilding of the dam at Lake Wesserunsett.

These are just a few of the labor-intensive projects that can provide jobs to the presently unemployed.

The time appears right for a program that benefits the individual, the State of Maine and the Federal Government. We seek approval to demonstrate its viability.

Summary of Maine Legislative Jobs Committee Proposal

GENERAL PURPOSE

The program would use existing MESC fund payments to unemployed plus CETA and other currently available federal funds to put people to work on constructive WPA/CCC type projects originated by local communities and meeting local needs.

"PAY TO WORK"

The basic intent is to substitute a "pay to work" philosophy for a "pay to stay home" philosophy. "The unemployment fund was not created to be what in fact it has become: a system that maintains unemployment."

NO NEW FUNDS

Basically this does not involve new funds but a redirection of present funds including $2 million a month in unemployment, CETA, community services and revenue sharing.

NO NEW AGENCIES

The program would make use of existing agencies, offices and staff such as MESC to administer the program.

HARM OF NOT WORKING

The report stresses the permanent psychological damage to a person, particularly to a middle aged person, of a prolonged period of unemployment. ". . . citizens who were using unemployment benefits preferred to work rather than taking an unemployment subsistance allowance."

COOPERATIVE EFFORT

The program would call for a cooperative effort at all levels of government and would involve both local communities and private business.

Federal—CETA—Community Dev.—Revenue Sharing.
State—MESC unemployment funds—administration.
Local—Project Determination—cost materials.
Private—Project Direction—use of equipment.

TYPICAL PROJECTS

Elderly Home Repair
Municipal Parks
Community Buildings
Hydro-Dam Restoration
Lead Based Paint Removal
Beach Maintenance
Fire Station Construction
State Land Development
Municipal Garage
Bridge Repair
Fishway-Sherman Lake
State Veterans Home
Flood Warning Devices

APPENDIX B. THE MASSACHUSETTS LOCAL INITIATIVE PROGRAM

The Massachusetts Local Initiative Program (MLIP), based upon the well publicized Canadian Job Creation Model, was developed by the Commonwealth's State Manpower Services Council during the early part of 1976. The overall objectives of the program were (1) to provide a community with a good or service, which in some way improves the quality of life and is presently needed but unavailable and (2) to offer productive employment to CETA-eligible unemployed individuals, groups of individuals, community groups, non-profit organizations, or governmental units. Thus, the program was sufficiently flexible to allow consideration of various innovative and experimental proposals.

Nearly 500 proposals were submitted for funding under this program, while only 27 projects were actually funded. Approximately $1,000,000 has been set aside by the State Manpower Services Council for these four-to-six month projects. These MLIP projects will create more than 280 jobs, while servicing the physical and cultural needs of neighborhoods throughout the Commonwealth. Examples of funded MLIP projects include those dealing with cultural activities, conservation and beautification, day care and food co-op services, and home improvements for the elderly.