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U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR
WASHINGTON, D.C.

WR - Public Jobs
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MEMORANDUM FOR THE PRESIDENT

FROM: LABOR SECRETARY ROBERT B. REICH BS
SUBJECT: Public Jobs for the Disadvantaged

I thought you would be interested in this discussion paper which was prepared by my staff. It proposes a public jobs program for the disadvantaged, modeled after the CCC, and offers several alternative models, at different levels of funding. I think the idea is worth pursuing. Let me know if you wish to discuss.

cc: Bob Rubin

Mark / Bor

cc: GS

This is a
great piece
and worth the admin
on own merits to be a part
of long term welfare reform

BS

→ Make ref. that have to finish HS do
fathering children in order to get public job.

**ALLEVIATING UNEMPLOYMENT AMONG THE DISADVANTAGED:
USING THE CCC AND OTHER PUBLIC JOBS PROGRAMS OF THE
NEW DEAL AS A MODEL FOR A NEW JOBS INITIATIVE**

The sheer lack of suitable job opportunities appears to be an enduring obstacle to employment for many Americans. The overall official unemployment rate is much higher, on average, than it was several decades ago, as is the rate of long-term unemployment. Moreover, double-digit unemployment can be found in many pockets of the country and is endemic in our nation's inner cities.

Joblessness among U.S. males has increased particularly dramatically over the past quarter century. The nonemployment rate for prime age males was almost twice as high during the expansion of the late 1980s as it was during the expansion of the late 1960s. Virtually all of the trend toward rising male joblessness is accounted for by rising unemployment and nonparticipation among less-educated and low-wage individuals.

Increases in persistent joblessness have been most pronounced among young black males living in America's inner cities. Approximately 40 percent of out-of-school black males aged 16-24 are currently out of work. In some inner cities, 60 percent or more of less-educated, young black males are nonemployed. William Julius Wilson and others have hypothesized that increased joblessness among black males is a driving force behind the decline in two-parent families among inner city blacks and accompanying high rates of poverty, welfare dependency, violence, crime, and drug abuse in urban America.

The employment problems of disadvantaged individuals in today's inner cities are similar in scope to the employment problem faced by the nation as a whole during the Great Depression. As part of the New Deal, President Roosevelt started a number of public jobs programs aimed at getting money into the hands of desperately poor families. Collectively, these programs were quite substantial both in terms of the number of persons served and the proportion of GNP and the federal budget spent on them. Many buildings, bridges, roads, airports, and national and State parks still exist today that were constructed by these public jobs programs. Over the years, there has been an enduring appeal to the concept of putting unemployed persons to work in useful public works projects.

This paper describes the New Deal public jobs programs and options for developing analogous policies to address the problems of persistent joblessness, particularly among disadvantaged groups. The paper begins with a brief summary of the nature of the problem. It then discusses the design and operation of the New Deal programs; efforts over the years to re-establish these programs; current public employment efforts at the federal and state level; the potential role of a new public jobs programs in relation to the joblessness of disadvantaged Americans; and issues and options related to re-establishing national public employment programs.

I. The Problem of Persistent Joblessness among the Disadvantaged

The absence of job opportunities is more than a transitory phenomenon for many workers. Overall, the national unemployment rate has averaged 6.6 percent in the 1990s, which is lower than its 1980s average, but is about 2 percentage points higher than its average in the 1950s and the 1960s. Much of the increase in unemployment is accounted for by a rise in the amount of long-term unemployment (i.e., individuals experiencing unemployment for 27 weeks or more).

Concern about the enduring lack of employment opportunities is especially concentrated among particular regions of the country or particular groups of workers. West Virginia stands out as an entire state where unemployment consistently stands at double-digit levels, but double-digit unemployment is common throughout the Appalachian region and in many of the nation's inner cities as well. While Americans are quite geographically mobile and migration from declining to expanding areas is a hallmark of U.S. labor market adjustment, many find it difficult to escape the inner city, and less-educated workers face diminished earnings prospects throughout the nation.

Among particular groups of workers, there has been a marked deterioration in the labor market faced by less-educated and less-skilled males over the past 25 years.¹ This deterioration has been true for white and Hispanic males, but it has been concentrated among black males. It has shown up in terms of both increased unemployment and decreased labor force participation. Much of this decline involves persistent joblessness—individuals are essentially jobless 52 weeks out of the year. We have a growing class of persistently non-employed individuals. These same groups with substantial declines in employment rates have also experienced dramatic declines in real hourly wages over the last twenty years.

Table 1 illustrates the declining rates of employment of black males. As the table shows, employment for black males has fallen sharply since the late 1960s. Employment rates for white males have also dropped during this period, but much less markedly. Large declines in employment are also apparent over the same time period for out-of-school black teenagers.

¹Although white collar unemployment became a larger problem in the United States during the early 1990s, more educated and skilled workers are better able to adjust to labor market changes than are the less skilled who lack the education, training, and connections to take advantage of emerging labor market opportunities. Despite continued corporate downsizing, managerial and professional employment is coming back and has expanded at a moderately brisk pace over the past year.

Table 1

Employment Rates among Black and White Males, 1954-92

Age	Blacks and Other Non-Whites					Whites				
	1954	1964	1977	1981	1992	1954	1964	1977	1981	1992
20-24	.76	.78	.61	.58	.58	.78	.79	.81	.77	.76
25-54	.86	.88	.82	.79	.78	.94	.94	.91	.91	.88

There are a number of factors that may have contributed to this decline in the employment as well as the real and relative wages of black men, particularly young black men, since the late 1960s:

- o There has been a shift in relative labor demand against blue-collar work and against less-educated workers; these shifts had a disproportionately adverse effect on blacks, and especially on black males. The decline in manufacturing hit young, black males in the midwest hardest of all.
- o Slow economic growth and weak labor markets throughout much of the last twenty years have limited the opportunities in the labor market for young black males.
- o The large influx of women into the labor force in the last 30 years may have decreased the competitive position of young black males in the labor market. Robert Topel of the University of Chicago has presented some suggestive but far from conclusive evidence indicating that the problems of less-skilled males appear to have been greater in regions with a more rapid increase in female labor force participation. But many potential omitted factors could drive this correlation.
- o There has been a shift in employment opportunities out of central cities and into the suburbs.
- o Inner-city public schools have not responded adequately to the changing economic structure of our country. Not enough success has been made on preventing youths from dropping out of school despite the large decline in the number of low-skilled manufacturing jobs that previously provided decent earnings to male high school dropouts.
- o Many successful professional and working class blacks have moved out of inner cities, leaving behind high concentrations of the poor--a process which

may have removed the influence of many positive role models and "enforcers" from the inner city and, inadvertently, assisted the erosion of social norms concerning work and family responsibilities.

- o There has been a decline in Federally funded employment and training programs for disadvantaged workers and youth in the 1980s, thus taking away a buffer to the lack of job opportunities for disadvantaged individuals in America's inner cities.
- o There was a decline in the intensity of affirmative action pressure and anti-discrimination activities during the 1980s --and this may have eroded to some degree the labor market position of young black college graduates.
- o The end of the Cold War and the downsizing of the military has also reduced a major avenue for upward mobility, education, and training for black males.

Economic changes (especially labor demand shifts away from manufacturing and weak labor markets) may have started the downward cycle for black males, but persistent joblessness has in turn contributed to social changes in urban communities (increases in crime, violence, and drug abuse, and breakdowns in the traditional family) that now make it very difficult to deal with the labor market problems in inner cities. This problem is not unique to U.S. urban areas. Persistent joblessness associated with industrial decline in the North of England appears to be connected to increased crime, drug use, and violence and a rapidly expanding "underclass" in formerly stable working class areas. Similar phenomena have been observed in high unemployment parts of southern Spain and Italy.

A stronger economy, rapid private sector employment growth, and tighter labor markets are a necessary condition for improving job prospects for young black men and other disadvantaged groups in America's inner cities, but the extent of the problems and the experience of the boom of the late 1980s suggest economic growth by itself unassisted by policies designed to specifically deal with the problems of high poverty areas may not be sufficient to reverse recent trends. Extremely tight labor markets in the late 1980s in places such as Boston and New Jersey temporarily improved employment prospects for disadvantaged workers, but did not make a substantial dent into reversing trends towards increasing violence, neighborhood disintegration, and persistent poverty.

Besides a strong economy, sound policies of investments in communities, education, and training are also needed to improve economic and social conditions in high poverty areas. The Administration has started this process with the Empowerment Zone initiative, the Youth Fair Chance initiative, and an expansion of the Job Corps. Furthermore, broader policies concerning life-long learning such as the school-to-work initiative, reform of student loans, National Service, and the comprehensive worker adjustment program can

potentially play an important role in improving labor market prospects for disadvantaged individuals. Welfare reform is another important component of the agenda.

Two key policy issues remain regarding the persistent joblessness of many disadvantaged Americans:

1. Is direct job creation (either through public works or public service employment) a necessary supplement to training and education programs? Can it raise demand for disadvantaged individuals and thereby reduce overall joblessness and increase incomes in high-poverty communities in a manner consistent with promoting work and responsibility? Such programs can also produce socially beneficial outcomes such as more and improved parks, reforestation, and other public works and social services.
2. What other broad initiatives aimed at disadvantaged youth are necessary to raise their aspirations, increase their educational attainment, and make them competitive for jobs that pay enough to support a family? Do we need large new federal investments in inner-city elementary schools and secondary schools? In helping disadvantaged youth learn about, apply for, and enroll in college? In expanding sports and recreation programs in inner-city neighborhoods? In reforming job training programs (especially JTPA Title II) to provide more comprehensive services to youth?

Even with the Administration's other initiatives, some direct job creation may be necessary to make sure that jobs exist at the end of training programs. Direct job creation--particularly if targeted towards high poverty communities--may be able to keep joblessness down and also get money into poor neighborhoods. If progress can be made to reduce persistent joblessness and maintain tighter labor markets in high poverty areas, other social problems will be much easier to handle. The combination of private sector oriented policies such as Empowerment Zones and Community Development Banks can be combined with jobs programs to make a truly comprehensive approach at improving the situation for the disadvantaged.

II. Public Jobs Programs of the New Deal

While there were several federal work relief programs in operation during the Great Depression, the most notable programs were the Civilian Conservation Corps (CCC), the Works Progress Administration (WPA), the Public Works Administration (PWA), and the National Youth Administration (NYA). Of these, the CCC is generally regarded as the most popular and successful, while the WPA was by far the largest.

1. The CCC put young men from poor families to work in conservation projects on our country's public lands. Work projects included reforestation, fighting forest

fires, building national and state parks, fighting floods, and soil conservation. Many national and state parks now in existence were originally built by the CCC, and many buildings and cabins constructed by the CCC in these parks still exist today. The National Arboretum here in Washington D.C. was developed in large part by the CCC.

The CCC was in operation between 1933 and 1942. It was an entirely residential program operated out of work camps. The Army was responsible for food, shelter, and discipline at the work camps, while agencies such as the Forest Service, Interior Department, and Soil Conservation Service were responsible for the work projects. The Department of Labor was responsible for recruitment.

The CCC had a peak enrollment of 500,000, but an enrollment of between 250,000 and 300,000 was more typical. This was quite a large program. By contrast, the current Job Corps program has an enrollment of 40,000.

For the first five years of the program, enrollment was limited to young men ages 18 to 25 living in families on relief rolls. In 1937, legislation changed the age group to 17 to 24 and allowed unemployed men from non-relief families to enter the program. Initially, local woodsmen and carpenters were opposed to the creation of the CCC, thinking it would cost them work. But this opposition was muted by hiring them as work supervisors in the program. Five percent of work slots in the program were reserved for hiring adult men as work supervisors.

While the main purpose of the CCC was to get money to poor families, the program also aimed at conducting useful work. Thus, large proportions of the program funds went towards maintaining residential camps necessary for conducting work in wilderness areas, skilled supervision, and materials and supplies. Roughly 45 percent of program funds went to enrollee wages. By contrast, over 80 percent of funds in the Public Service Employment (PSE) programs of the 1970s went to employee wages. But the 1970s programs are remembered as being much less successful than the CCC.

2. The WPA was the New Deal's largest work relief program. It provided federal funds for work projects operated by State and local governments. Unlike the CCC, the WPA was a non-residential program. Persons had to be at least 18 years-old to enter, but there was no upper age limit. Eligibility for the program was based on family need, but persons did not have to be on direct relief to participate. However, at one point, the WPA's deputy director reported that 95 percent of enrollees came from relief rolls. Enrollment was limited to one person per poor family. The program peak enrollment was 3.3 million, and typically had an enrollment of over 2 million.

The WPA conducted a wide variety of work projects, but it put most people to work doing manual labor on construction projects. Work projects included building sidewalks, street curbs, school athletic fields and stadiums, parks, playgrounds, swimming pools, water lines, and landing fields. Non-construction WPA projects included sewing clothes, serving school lunches, teaching literacy, and canning food. The WPA also sponsored projects for writers and artists, as well as local orchestras. Eighty-eight percent of federal WPA funds were spent on wages, although State and local governments could supplement the federal funds with their own money for materials and supplies. These State and local funds enabled the WPA to conduct construction projects, and meant that for many WPA projects much less than 88 percent of funds went towards wages. Over its existence, the WPA built or reconstructed 617,000 miles of new roads, 124,000 bridges and viaducts, and 35,000 buildings. Notable projects included the construction of New York's Central Park Zoo, the Philadelphia Art Museum, and La Guardia Airport.

During most of the WPA's life, there were no restrictions on how long a person could remain in the program. Enrollees did, however, have to accept private sector jobs if they were available. Legislation in 1939 required that anyone in the WPA for over 18 months had to leave the program for 30 days. At that time, it was estimated that 17 percent of all enrollees had been in the program 3 years or more. In New York City, 42 percent of enrollees had been in the program for over three years. ✓

3. The PWA differed from the WPA in that it funded federal, State, and local construction projects conducted through private contractors. Due to the use of private contractors, funds were not directed at the poor but rather more generally at increasing employment. Thus, the PWA was a public works program rather than a public jobs program. The PWA preceded the WPA, and once the WPA was established a division of responsibility was established whereby the WPA would concentrate on light construction and service projects and the PWA would conduct heavy construction through private contractors. The Grand Coulee dam was built by the PWA. The PWA's peak enrollment was 540,000.

4. The NYA included work programs for both in-school and out-of-school youth. These were relatively cheap, non-residential projects. Most jobs were part-time. The NYA can be seen as the antecedent of the Neighborhood Youth Corps of the 1960s and the current Summer Youth Employment Program, although it is unclear whether these latter programs were designed in any way based on the NYA experience. Peak enrollment was 808,000.

Some observations on these depression-era programs include the following:

- o President Roosevelt and Congress understood that direct income support was cheaper than work relief. Estimates were that work relief was 37 percent more expensive than direct relief. Nonetheless, the President and Congress decided to go with work relief because of a general loathing for simply paying out cash welfare to persons. There were people at the time who argued that direct relief could serve more people.
- o Besides providing income support, public jobs programs can also produce useful work. There was within the Roosevelt Administration a recognized trade-off between these two goals. The conflict between these goals was evident in decisions on how selective to be in hiring workers, what projects to conduct, whether to use private contractors, how much funds would be spent on supervision, and how much funds could be spent on equipment, materials, and supplies. Within the Administration, there were advocates of both the income support and the useful work goals. The different work relief programs varied in the emphasis placed towards each goal. The WPA was aimed mainly at income support, and a high proportion of its funds went to wages for the participants. By contrast, the PWA and CCC spent a much greater proportion of their funds than the WPA on supervision, equipment, and materials.
- o Combined, the New Deal work relief programs employed about 4 million people a year out of a total population of less than 130 million. This would be the equivalent of employing 8 million people today in public service employment. The WPA's \$1.36 billion annual budget made up over 10 percent of the federal government's budget and over 1 percent of the country's GNP. An equivalent expenditure relative to GNP today would amount to a public works program costing more than \$60 billion a year.

III. Previous Efforts to Re-Create Public Jobs Programs

The New Deal public jobs programs were discontinued with the need to mobilize the armed forces for World War II. As the end of World War II approached, President Roosevelt spoke in his 1945 State of the Union address about an American Economic Bill of Rights and his plan for continued public works projects. However, no major public jobs programs were enacted at the end of the war.

As part of the War on Poverty, the Neighborhood Youth Corps was established in 1964. The program included year-round components for both in-school and out-of-school youth, as well as a summer component. The focus of all three components was to provide work experience for economically disadvantaged youth ages 16 to 21. The in-school program provided part-time jobs for 15 hours a week, while the out-of-school program provided

full-time jobs. Like the Job Corps, the program originated in the Office of Economic opportunity, and then was switched the Department of Labor.

The Neighborhood Youth Corps was a fairly large program. In FY 1968, for example, the in-school component had an enrollment of 135,000 youth; the out-of-school component had an enrollment of 63,000 youth; and the summer program employed 340,000 youth. The Department of Labor continues to run both year-round and summer programs aimed at disadvantaged youth, but the focus of the year-round programs has shifted away from employment to job training for out-of-school youth and preparing in-school youth for the labor market.

Also during the War on Poverty in the 1960s, large-scale public employment was proposed to address the high levels of unemployment among inner-city adult males. Secretary of Labor Willard Wirtz argued strongly for a major public jobs program, and the Kerner Commission on the 1967 Riots recommended a program that would create 1 million public sector jobs in three years. In 1971, a public jobs program was established by Congress, and operated under various designs and at varying funding levels for the remainder of the 1970s.

In the meantime, there were several attempts in Congress to re-create the CCC. Bills to re-create the CCC were introduced in 1947, 1950, 1957, 1959, and 1963. In 1964, Congress established the Job Corps, in large part based on the CCC concept. The legislative history of the Job Corps suggests that Congress intended to establish a training program in the Job Corps contract centers, and to establish a work program like the CCC in the Job Corps conservation centers. But the conservation centers developed into construction training programs rather than work programs.

In 1970, Congress established the Youth Conservation Corps (YCC) as a summer program for 16-19 year-olds operated by the Interior Department and the Forest Service. In 1975, a state component was added to the YCC. In 1977, Congress enacted the Young Adult Conservation Corps (YACC) as a year-round program for 16-23 year-olds as part of the Carter Administration's Youth Employment and Demonstration Projects Act (YEDPA).

Like the summer YCC program, YACC had separate components operated by Interior, the Forest Service, and the States. Unlike YCC, funds for YACC were allocated through the Department of Labor and DOL retained an administrative function over the program. The program was funded at roughly \$225 million a year, with an enrollment of about 20,000.

In many respects YACC replicated the CCC. However, it was a much smaller program than the CCC, and was designed and operated much more cheaply than the original CCC. While the CCC was entirely residential, YACC was required by legislation to be 25 percent residential--but it never quite reached that figure. While the CCC spent only

45 percent of its funds on enrollee wages, DOL first required YACC to spend 60 percent--and later 70 percent--of its funds on enrollee wages. This sharply curtailed the supervision, materials, supplies, and equipment that could be used by the program--and thus the scope of the work projects.

Both YCC and YACC fell victim to the budget cuts started by President Carter and carried through by President Reagan.

IV. Public Service Employment in the 1970s

The Public Employment Program (PEP) was signed into law in 1971, and was funded at roughly \$1 billion a year. At its peak, it provided employment for about 185,000 persons. Most jobs were created in local and State government agencies. Eligibility was open to anyone unemployed for a week or more, was working less than full-time involuntarily, or working full-time at wages that provided less than a poverty-level income. Sixty-four percent of participants were white, 72 percent were male, only 26 percent were high school dropouts, 31 percent had some post-secondary training or education, and only 12 percent were welfare recipients. The average wage was \$2.87 an hour, when the minimum was \$1.60 an hour.

In 1973, the Comprehensive Employment and Training Act (CETA) was passed, and PEP was replaced by a public service employment (PSE) program aimed at structural unemployment. Funds were to be disbursed to areas of unemployment of 6.5 percent or more. In late 1974, Congress added to CETA a countercyclical PSE program. The legislation for both of these programs specified that at least 90 percent of funds be used only for wages and employee benefits of participants. In June of 1975, enrollments stood at 280,000 for both of these programs combined. The jobs in these PSE programs were mainly in State and local government agencies, and participants were mainly white, male, and high school graduates. Only 36 percent were economically disadvantaged.

Amendments to these PSE programs in 1976 were aimed at reducing the fiscal substitution of locally paid workers with federally subsidized workers. These amendments restricted eligibility to persons who had been unemployed 15 of the previous 20 weeks, and required that in the countercyclical program all newly hired workers beyond the number needed to sustain State and local governments at their existing PSE level be assigned to special projects that would last no more than one year. During the spring of President Carter's first year in office, Congress authorized another \$4 billion for PSE programs. Enrollment in these programs increased from 300,000 in May 1977 to 755,000 in April 1978. Also during this period, the proportion of job slots going to community based organizations increased greatly to 25 percent of the program.

There was a large difference in the types of people hired for the State and local government "sustainment" slots and those hired for the one year special projects in local

governments and CBOs. Enrollees in special projects were more likely to be minority, high school dropouts, and welfare recipients.

Job slots in the sustainment component of PSE tended to be in the areas of property maintenance, public works, street repair, aides in police and fire departments, and park maintenance. Special project slots also included work in park and street maintenance, but more generally were in social service positions such as teacher's aide, health aide, child care, social work, drug counseling, recreation aide, school lunchroom aides, library assistants, hospital attendants, and clerks in social welfare agencies. In 1977, the average wage paid in sustainment positions was \$4.50 and the average wage in project jobs was \$4.32. The minimum wage at that time was \$2.30. In 1978, slightly less than 10 percent of PSE participants were AFDC recipients.

In 1978, amendments to CETA further tightened eligibility requirements, lowered the limits on what PSE workers could be paid, and required job training to be provided to participants. Also during this period, the Carter Administration planned to use public service employment as a key part of its welfare reform initiative. The idea was to provide heads of AFDC households with minimum-wage PSE jobs, but the Carter welfare reform initiative did not become law.

Funding for PSE declined sharply in 1979 and 1980, and in 1981 the Reagan Administration terminated the program. In FY 1980, 85 percent of PSE participants had incomes below the poverty line at intake, and 17 percent were welfare recipients. As more disadvantaged persons were served by PSE, the wages paid in real terms declined. While in 1977 jobs in the sustainment component of PSE paid almost double the minimum wage, the average PSE wage in 1980 was only 26 percent higher than the minimum wage of \$3.10 an hour.

It is difficult to derive a cost per slot figure for PSE programs under CETA--the programs fluctuated so much from year to year that a steady state was never achieved. Based on restrictions on how much could be used for purposes other than wages and employee benefits, a rough estimate is that the cost per slot was around \$10,000 in 1980. Adjusting for inflation, this would amount to about \$17,250 today. However, pegged instead to changes in the minimum wage--which has not kept up with inflation, this would amount to about \$13,200 per slot. If we paid only the minimum wage, the equivalent PSE job today would cost \$10,600 a slot (\$8,840 of which would be in wages).

Observations about the CETA PSE programs that are relevant today are as follows:

- It is feasible to mount a large public service employment program in a short period of time, and potential PSE slots do exist in State and local governments and community based organizations. The \$4 billion (the equivalent of \$9 billion today) PSE program operated in 1977 had over 700,000 enrollees.

- The CETA PSE program differed fundamentally from the depression-era CCC and WPA programs in that CETA simply incrementally added workers to existing programs. CETA was a public service employment program, not a work projects program. CETA did not build new parks or roads as the CCC or WPA did. This explains why the CETA PSE programs were so relatively cheap. They involved minimal extra supervision, equipment, and materials. Re-creating the CCC today, with some of the light and medium construction that it did in building State parks, would probably cost about \$20,000 per slot (assuming \$8,840 in wages would constitute roughly 45 percent of expenditures per slot). WPA projects varied greatly, and would probably range in costs today from \$10,000 to \$25,000 per slot. CETA PSE programs were much cheaper. The lack of explicit and visible projects created by CETA also made it more difficult to defend than the WPA or CCC in the face of anecdotes concerning make-work jobs, fraud, and abuse.

V. Current Programs

State and local Conservation Corps. While federal funding for YCC and YACC ended during the 1980s, interest in conservation and service corps continued in State and local governments. The premier State conservation program is the California Conservation Corps. The California CCC is the closest thing going to replicating the old CCC. The California program has 18 residential centers spread across the State, plus non-residential satellites to these centers. The program has an enrollment of 2,000 youth and a budget of over \$50 million. Work projects include reforestation, stream clearance, fighting forest fires, fighting floods, and trail development. The California CCC would likely be the model for any efforts to re-create the original CCC. Evaluations of the residential component of the California CCC have found that it has been successful at producing in-program earnings gains for out-of-school youth, but it does not appear as successful in terms of long-term gains as the Job Corps, a residential work-experience program with a much stronger educational component.

Overall, there currently are 75 year-round or summer service and conservation corps operated at the State or local level. The combined budgets of these programs are \$180 million, and roughly 20,000 youth participate in them each year. (These programs on average are cheaper than the California CCC because they are almost exclusively non-residential and many are summer-only programs).

Summer Youth Employment and Training Program. The Department of Labor continues to operate a large summer youth employment program each year. This past summer approximately \$1 billion was spent on the program, and 656,000 youth ages 16-21 were served. This represents the largest existing public service employment program operated by the federal government. Funds are distributed on a formula basis to local

areas, which then administer the program. Places of work include public schools, government agencies, hospitals, and non-profit organizations.

An evaluation of the 1993 program conducted by Westsat found that enrollees were conducting real and productive work, and learning the work ethic. There was little evidence of "make-work" projects. Both employers and youths were enthusiastic about the program.

The study also found that there was a shortfall in available job slots in almost all local areas, and that more youth could have been served if more funding had been available--indicating that disadvantaged youth do want to work if given the chance. Expanding the summer youth employment program--and extending its educational component year-round--could be a useful complement to a new public service employment initiative.

National Service. The President's new National Service initiative will provide for a modest expansion of State and local service and conservation corps programs. The expansion will not be all that great, as the National Service initiative will have a budget of only \$500 million a year, and much of this will go towards the educational trust and to a variety of programs other than the service and conservation corps.

Re-establishing the CCC could fit in exactly with what the Administration's goal of expanding the national service concept. Conservation corps programs provide youth and young adults with an opportunity to work towards improving the environment. The California Conservation Corps, for example, pushes the notion that corps members are there to serve the State of California. Conservation corps programs also allow youth who have not gone on to college a chance to do national service--a good balance to many service programs aimed mainly at college graduates. A public jobs program for adults based on the WPA could similarly be tied to national service themes.

VI. A New Public Jobs Program in Relation to the Joblessness of the Disadvantaged

A new jobs program aimed at disadvantaged individuals could be targeted specifically on high-poverty areas. Targeting a public jobs program on high-poverty neighborhoods would keep the costs of the program manageable, while at the same time allowing us to serve a sufficient proportion of the area's population to have a potential impact on community values regarding work and the family. A program targeted on high-poverty communities could reach a significant proportion of both the black and the Hispanic poor. Overall, 58 percent of the black poor and 43 percent of the Hispanic live in 20 percent or higher poverty areas, and perhaps 25 percent of the black poor live in 40 percent or higher poverty areas.

Such a program could make a significant dent in nonemployment among youths in depressed areas, potentially having a positive effect on social mores about work.

Assuming that 75 percent of enrollees in a public jobs program would be males and that almost all enrollees in these programs would be between 18 and 34 years-old, a public jobs program of 240,000 slots would serve slightly more than an estimated 10 percent of non-employed males in this age group in these geographic areas.

Restricting the public jobs programs to 30 percent or 40 percent poverty areas would much more sharply focus them on minority groups. For example, in 20 percent poverty areas, roughly 41 percent of the population is non-Hispanic white, 38 percent is non-Hispanic black, and 19 percent is Hispanic. In 40 percent poverty areas, 26 percent of the population is non-Hispanic white, 47 percent of the population is non-Hispanic black, and 22 percent is Hispanic. A public jobs program of 240,000 slots targeted on 40 percent or higher poverty areas could serve over a third of non-employed males ages 18-34 in these areas.

An issue regarding the use of public jobs to fight joblessness in high poverty areas is that a large proportion of enrollees may need to stay in public jobs over several years. Evaluations suggest that most existing job training programs have only a marginal impact on the long-term employment levels of enrollees.² There is little reason to believe that public employment programs would have a larger impact than job training on subsequent employment rates. But a large scale jobs program in high poverty areas can potentially keep labor markets tighter and improve employment prospects for other residents and for those leaving the programs.

It may be possible to design a public jobs program that provides for natural transitions to private sector jobs by focusing on jobs involving skills that may be in demand in the private sector. If we targeted public jobs to such occupations, enrollees could over time make a transition to the private sector. Nevertheless, it should be kept in mind that it is very difficult to make accurate projections of this type.

VII. Design Issues Regarding Re-Creating Public Jobs Programs

1. **Scale.** Should the Administration be interested in developing jobs programs analogous to the CCC and/or the WPA? At what funding levels? Each has its comparative advantages. A CCC-type program would give youth and young adults a more intensive residential experience, which is more likely to have a long-term impact on their lives. A WPA-type program would be relatively less expensive and thus able to serve more people. It is more appropriate for persons over 25 than the CCC.

²The gains from traditional training programs, such as JTPA Title II, appear to be more substantial for disadvantaged adults than for disadvantaged youths. More intensive programs with a variety of services appear more effective for youth.

The CCC would be a complement, rather than a substitute, for the Job Corps. Even with its proposed expansion over the next several years, the Job Corps will serve each year less than 4 percent of the 2.4 million economically disadvantaged youth between the ages of 16 and 21. The Job Corps and the CCC would attract slightly different populations of youth--the Job Corps being more appealing to youth interested in training, the CCC more appealing to youth who want to work outdoors and perform national service.

It would cost about \$5 billion a year to replicate the CCC at its 1930s level; \$800 million a year to replicate it at the 40,000 enrollment level of the Job Corps; and \$400 million a year to replicate it at the 20,000 enrollment level of the 1970s YACC program. It would take \$6 billion a year to replicate the WPA at an enrollment level of 500,000; and \$1 billion to replicate it at an enrollment level of 80,000.

2. Cost versus Quality of Work Projects. Non-residential CCC could be operated as cheaply as \$12,000 per slot and WPA programs could be operated as cheaply as \$10,000 per slot. To do so, however, would require sacrificing any attempt to make these quality programs with quality work projects.

3. Public Works versus Public Jobs. This is the distinction between the depression-era PWA and WPA programs. It is possible to increase employment by investing in public works projects, and then letting private contractors bid to do the work. This is aimed at increasing employment levels generally. Public jobs programs directly target the work to particular groups, such as youth, the unemployed, or the poor. Both types of programs can have a role in public policy.

4. Eligibility. There are several options for deciding who should be eligible for CCC and WPA programs. They could be restricted to the economically disadvantaged, to high school dropouts, to AFDC recipients and the fathers attached to these families, or left untargeted. Modern-day CCC programs--including the YCC, YACC, the California CCC, and most current State and local conservation corps--are left untargeted. This enables these programs to avoid placing any stigma on enrollees and to stress to enrollees that they are there to serve the public good. At the same time, these programs tend to attract a population that is comprised of 50 to 60 percent high school dropouts.

5. Geographic Targeting. A possible way to target CCC and WPA programs to the poor but to avoid stigmatizing enrollees would be to geographically target these programs to residents of 20 percent or 40 percent poverty areas. Applicants would then not have to show proof of poverty-level income, yet we would still be reaching the population in greatest need in both urban and rural areas.

6. **Youth versus Adults.** We would need separate programs for youth and adults. We cannot just shove youth into a program designed for adults. Research strongly suggests that programs designed for adults are not effective for youth. A CCC-type program makes sense for youth, possibly with a residential component and an urban non-residential component. Experience with YACC suggests that residential programs work best when dealing with a fairly narrow age range of participants--say the 18 to 23 year-old age range served by the California CCC. Non-residential WPA programs could be aimed at adults.

7. **Residential versus Non-residential.** CCC programs can be operated more cheaply in a non-residential setting, but much of the appeal of the old CCC was its residential setting. Most likely, residential programs such as the Job Corps and the CCC have a much greater chance of turning around a young person's life than non-residential programs. The difference in cost between residential and non-residential programs are not as great as one would suspect, in that typically room and board is taken out of the paycheck of residential enrollees. This is true in the California CCC and was true in YACC. Evaluations have also shown that non-residential CCC-type programs appear less successful for youth than residential CCC-type programs.

8. **How Long Enrollees Can Stay in the Program.** At first thought, it would appear to make the most sense to limit the length-of-stay in CCC and WPA programs to perhaps a year. However, many inner-city and rural males may have very dim prospects of finding private sector employment, and limiting the length-of-stay in these programs will only result in giving these persons a one-year reprieve out of poverty. The programs may be more effective if persons have the possibility of staying in these programs somewhat longer. Long stays in a WPA program could be avoided by restricting the jobs funded by the program to occupations with large projected job growth, thus making for a natural progression to private sector jobs. The program could also require that enrollees rotate into a two-week job search assistance program every six months as a way of moving people into private sector jobs.

9. **Possible Role of The Army.** The Army had a significant role in the original CCC in being in charge of the discipline and logistics of the work camps. The Army has not had a role in modern-day CCC programs, but perhaps with the end of the Cold War it does now make sense to involve the Army in these programs. The Army could take on the same role in residential CCC camps as it did in the 1930s, and surplus Army Corps of Engineers equipment could be used to enable the program to conduct larger construction projects than were done under YACC in the 1970s.

10. **Availability of Work Projects.** The Interior Department and the Forest Service have a backlog of work projects more than sufficient to provide jobs for a

CCC program at any level at which we could afford to fund it. Reforestation has many ecological benefits, and for all practical purposes, there is an almost unlimited number of jobs that could be created in this area. There is much rehabilitation work that needs to be done in our National Parks. New State Parks could be developed, trails could be built and maintained, and cabins and shelters constructed. There will also be much conservation work as a result of the great floods this year in the Midwest.

WPA projects could most appropriately be designed around putting enrollees to work in high-growth occupations which can directly lead to private sector placements. Gardening and landscaping is a high growth occupation, and there is much need in our cities for tree planting and park development. The construction trades are high-growth occupations, and there is substantial need in inner cities for housing rehabilitation and the construction of moderate-income homes. As was done in the 1930s, opposition by skilled workers can be countered by hiring these workers as foremen.

11. Avoiding Claims of Waste and Abuse. How can we make sure that a new jobs program is not hit with claims of waste and abuse? Such claims--for the most part, exaggerated--eventually came to define the CETA PSE programs. Avoiding such claims was a major concern of the National Service staff in designing their program. To maintain political support for a public works or public service employment program, we will need to keep close track of concrete accomplishments by such a program (e.g. trees planted, miles of road constructed, major projects completed, elderly served, etc.). This will be necessary to counteract anecdotes of fraud and abuse that will inevitably occur.

12. Relation to Welfare Reform. Public jobs programs can address welfare dependency both by employing welfare recipients and by attempting to get at one of the main causes of long-term welfare dependency--male joblessness. It is likely that under the Administration's proposed plan to limit AFDC receipt to two years, a public jobs program will be developed for recipients who reach their time limit on AFDC and still cannot find work. There will remain a need to deal with the conditions of inner-city poverty and male joblessness that many believe are strongly linked to much long-term welfare dependency.

13. Political Interest. There currently is some political interest in re-establishing public jobs programs. In January, Senators Boren, Daschle, Inouye, Levin, Pryor, Reid, and Simon introduced a bill to establish a jobs program similar in design to the WPA. In the last Congress, Senator Simon introduced a large guaranteed public jobs program. Senator Wofford was instrumental in starting the Pennsylvania Conservation Corps when he served as Secretary of Labor and Industry prior to becoming Senator, and he has promoted re-establishing the CCC. Congressman Wendell Ford has advocated for a large public works programs. In

1983, the House passed legislation to create an American Conservation Corps funded at \$300 million a year. The Senate subsequently passed a much toned-down version, but it was vetoed by President Reagan. Mickey Kaus, the journalist and social critic, has also proposed a large public works program as a way of dealing with inner-city poverty. Re-establishing the CCC could be tied to the clean-up of the Mississippi River flood. The California CCC is an impressive program, and Administration officials may want to visit it to see what a national CCC could look like.

14. Example Proposals. Re-establish the CCC at a 40,000 enrollment level (making it an equivalent program in size to the Job Corps) and the WPA at an enrollment level of 200,000, and restrict these programs to residents of 20 percent or higher poverty areas. Assuming that 75 percent of enrollees would be males and that almost all enrollees of these programs would be between 18 and 34 years-old, we would be serving slightly more than 10 percent of the non-employed males in this age group in these geographic areas. The cost would be \$800 million a year for the CCC and \$3 billion for the WPA. If the programs were operated at the same scale but restricted to residents of 40 percent or higher poverty areas, over a third of the non-employed males between 18 and 34 years-old in these areas would be served. This would be approaching a scale large enough to dramatically change social and economic conditions in these target areas.

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