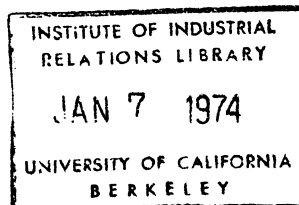


California. University. Institute of
Industrial Relations (Berkeley)

An expanded public service employment
program: some supply and demand
considerations,

by

Frank Levy and Michael Wiseman.



AN EXPANDED PUBLIC SERVICE EMPLOYMENT PROGRAM:
SOME SUPPLY AND DEMAND CONSIDERATIONS,

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INTRODUCTION

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"An Expanded Public Service Employment Program: Some Demand and Supply Considerations," by Frank Levy and Michael Wiseman is one of the reports submitted to the Manpower Administration of the U. S. Department of Labor by members of a research group at Berkeley concerned with the design and impact of public service employment programs. We use the term "public service employment program" to refer to any policy designed to combat urban poverty through use of federal subsidies to increase employment of disadvantaged workers in state and local government.

In this paper the authors consider the capability of local government to expand employment of low-skilled workers. They present a profile of workers in large American metropolitan areas who earned less than \$4,500 in 1966 and then describe jobs provided by city government in Oakland and San Francisco, California which could be held by such people. The problem of defining and estimating feasible expansions of "useful" city employment is discussed. Their results indicate that city employment could be expanded 10-15% in low-skilled categories without severe disruption, costly additional inputs, and obvious "makework". A complete summary of the results is included at the beginning of the paper.

Readers interested in other aspects of public employment programs may wish to consult some or all of the other project reports. These include:

"The Effect of Legitimate Opportunities on
the Probability of Parolee Recidivism,"
by Philip Cook

"The Inflationary Effects of Public Service
Employment,"
by Philip Cook and Robert Frank

"Public Service Employment and the Supply of
Labor to the Private Sector,"
by Robert Frank

"A Proposal to Improve the Design of the Public
Employment Program,"
by Laurence Seidman

"The Public Employment Program in San Francisco,"
by Michael Wiseman

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AN EXPANDED PUBLIC SERVICE EMPLOYMENT PROGRAM:
SOME DEMAND AND SUPPLY CONSIDERATIONS

Frank Levy and Michael Wiseman

Summary and Conclusions

Since the 1930's, interest in policies designed to employ low-income persons in jobs in local government has been periodically revived, usually during times of above-average unemployment. Recently "public service employment" (PSE) has been proposed also as a remedy for the "hard-core" urban poverty and unemployment which persists even during periods of low aggregate unemployment rates. Such programs, it is argued, can both provide services needed by cities and increase the earnings of workers who would otherwise be poor. The compatibility of these two objectives is the subject of this paper.

In section one the characteristics of a set of men residing in large metropolitan areas who were unable to earn more than \$4,500 in 1966 are described using data from the 1967 Survey of Economic Opportunity. The men are young, have a mean education of about 10 years, and report an approximate job turnover rate of 114 separations per 100 man-years. This is more than twice the rate for jobs in all U.S. manufacturing for 1966 and more than three times the rate calculated for a comparison sample drawn from the SEO to which the earnings restriction was not applied. Men who reported being heads of households had just as high a turnover rate as those who did not. For both heads of households and other men, however, most of the turnover was accounted for by a small proportion of the workers. Two thirds reported no unemployment at all. These people appear simply unable to find good jobs.

In section two jobs provided by the City of Oakland, the City and County of San Francisco, and several other public and quasi-public agencies are surveyed. Jobs requiring twelve years' education or less and no more than one and one-half years of experience are identified as likely candidates for employment of low-skill workers like those in the SEO sample. When jobs within this group which have special additional requirements or are traditionally held by women are excluded, 822 jobs in Oakland city government and 3,965 in San Francisco city government are found which could potentially be held by workers with few skills. This represents about 21% of Oakland's city jobs and 16% of the jobs in San Francisco's city and county government which are not ^{already} federally-funded. These estimates are considered conservative, since they are based on acceptance of the technical validity of the cities' assessment of the education requirements of the jobs and the presumption that no reorganization of city employment to accommodate more low-skilled persons occurs. Low-skill jobs in the school districts, public transit, and garbage collection systems are also discussed. The jobs all pay well (\$6,000 - \$10,000 per year), compare favorably in socio-economic status with those currently held by low-earners, and are probably much more stable than many of the jobs held by low-earners in the private market.

The best available evidence on operation of a public service employment policy is provided by the Public Employment Program funded by the Emergency Employment Act of 1971. The implementation of PEP in both San Francisco and Oakland is discussed in detail in the paper. Although the Congress specified a number of objectives for PEP in addition to employment of the disadvantaged, both cities concentrated EEA employment in low-skilled categories. This was not true for the Oakland School District. At the time EEA funds were made available, the school district was faced with much greater budgetary stringency than either of

the city governments or San Francisco's school district. As a result, EEA monies were spent on rehiring persons in skilled capacities, especially teachers, who had previously been laid off due to lack of funds. It is argued that if a public service employment program is truly to produce an increase in employment of the low-skilled rather than to substitute for other funding sources it must go to jurisdictions which are in relatively good financial condition. In a very tight financial environment, the possibilities and pressures for funding substitution are too great to make "targeting" a public service employment program on the disadvantaged meaningful. Under such circumstances a public service employment program may end up being little more than general revenue sharing under a different name.

In section four the final question of the study is raised: Suppose a Public Service Employment Program, directed at the low-skilled, were initiated in San Francisco-Oakland. How many useful jobs could be provided? How large would the applicant pool be? Based on discussions with department heads, examination of departmental employment expansion requests, and other sources, it is estimated that about 680 new jobs could be created in San Francisco city government and 170 in Oakland city government without extensive administrative reorganization and without involving people in "make-work" capacities. The cost of such a program is dependent upon whether the new employees are paid minimum wages or wage rates typical of other government job holders. The latter is, we believe, preferable, since it will minimize resentment of other regular employees toward new jobholders under the program and will also clearly effect the movement of the families of PSEP jobholders from poverty to non-poverty status.

The number of male workers with earnings less than \$6,000 in 1970 in both cities vastly exceeds the number of new jobs available under the feasible employment expansions for the two cities. It is proposed that the applicant pool be restricted to

household heads or to household heads with dependents under 18 years of age. This restricts the pool of eligibles to approximately the number of jobs available. The cost of such a program, under the "going wage" model, is estimated to be considerably less than the amounts received by the two cities under General Revenue Sharing.

Although an employment program of the type proposed here would hire only a fraction of the cities' low-income workforce, it is possible that earnings by other workers would still be increased through the labor-market tightening effects of increased municipal employment. The actual magnitude of such secondary impacts on wages in low-income labor markets is dependent upon demand and supply elasticities for such labor, but any such effect will be minimized if PSE jobs simply substitute for employment that would occur anyway. An essential part of a PSE program administration is verification of maintenance of effort. Monitoring of effort maintenance requires two types of data: (1) An output measure on which calculations can be based, and (2) information on the way in which the agency would provide the service over time in the absence of additional Federal slots. Ways in which such information could be obtained are discussed.

AN EXPANDED PUBLIC SERVICE EMPLOYMENT PROGRAM:
SOME DEMAND AND SUPPLY CONSIDERATIONS

Frank Levy and Michael Wiseman¹

When a program is in the talking stage, its sponsors can attribute to it many different goals. In practice two or more of these goals may conflict. Public Service Employment (PSE) is potentially a case in point. By "public service employment" we refer to a policy whereby low-income persons are hired for jobs in local government which are created through federal subsidy. Such a program is expected to provide needed services. At the same time, the program is supposed to improve the welfare of the cities' "hard-core" poor. As Professor Bennett Harrison writes:

These two areas of national concern -- the expanding need for important public services and the requirements of the disadvantaged for more and better work opportunities -- may each carry the solution to the other. This is the rationale for a program to stimulate public employment of the disadvantaged. (Harrison, 1971, p. 5)

Can these goals be pursued at the same time? When we look at the kinds of jobs held by municipal employees, do we find they require skills which the urban poor possess? In this paper we present a partial answer to these questions. We begin by selecting a sample of low income, urban males from the Office of Economic Opportunity's Survey of Economic Opportunity (SEO). We next describe the structure of public jobs in the city of Oakland, California, and the city and county of San Francisco, California. Public jobs in both cities are classified on the basis of education and experience required for entrance, and we discuss the particular jobs for which our sample might be eligible. We then turn to implementation of the Emergency Employment Act (EEA), a program which provides an approximation to public service employment. We describe the individuals hired under the act from two perspectives: their characteristics compared to the characteris-

tics of individuals normally hired by the two cities; and their characteristics compared to those of our low income sample. Finally, we discuss the possibilities for expanding the number of public job slots for which our low income sample would be eligible. We compare these possibilities to some tentative estimates of the potential number of persons eligible for jobs in such a program. We conclude the paper with some observations on problems of implementation of public employment schemes.

1. The Low Income Sample

Sample Definition. Suppose a public service employment program were aimed primarily at those persons who, without assistance through public service employment, expected to earn incomes close to or below official poverty criterion levels. For what kinds of people would jobs have to be provided? To answer this question, we selected a sample of low income, urban males from the Office of Economic Opportunity's Survey of Economic Opportunity for 1967.

To limit the scope of our study, we focused on individuals who fit a number of criteria. Each member of our sample was a male between the ages of 18-50. He lived in one of the twelve large SMSA's for which residence is specifically identified in the SEO.² He was in the labor force in 1966. If he did not work, it was because he could not find work. Men who did not work because they were ill, caring for home or family, going to school (most of the year), or were in the armed forces were specifically excluded. All occupations were included except farmers, farm managers, and the self-employed. Finally, in 1966 each member had to have earned less than \$4,500. To assure comparability of the cutoff in terms of purchasing power for each of the twelve cities considered, the income criterion applied was adjusted by an index of consumer prices to reflect intercity differentials in the cost of living.³

We can place this income figure in perspective by making

reference to other wage rates. The minimum wage in 1966 was \$1.25/hr. The average hourly wage in nondurable manufacturing was \$2.45/hr. while the average hourly wage in durable manufacturing was \$2.90 per hour. For a 50 week work year at 40 hours a week, these wages translate into annual incomes of \$2,500, \$4,900 and \$5,800 respectively. Our cutoff represents about 10% less than the average income in nondurable manufacturing and 80% more than an income based on the minimum wage.

Application of all the restrictions to the Survey of Economic Opportunity file produced a subsample of 1,279 men. Adjusted for variations in sampling probability, these observations represent about one and one-half million males. About half of this group is estimated, on the basis of the sample, to be household heads. Therefore, if only household heads were to be considered, the sample would be significantly reduced. We shall return to this point again later.

For purposes of comparison, we also prepared a set of SEO observations which fit all the criteria except the \$4,500 earnings restriction. The low-income sample is, therefore, a subset of the comparison group. The comparison sample contained 4,443 observations, representing slightly over eight million males. Of these, more than six and one-half million had at least one dependent.

Examining the Observations. Table 1 contains the location and racial composition of the low-income and comparison samples. Both are predominantly white, although blacks make up a much larger share of the low-income sample than of the sampled population as a whole.

We are interested in the sample for the information it gives us about the characteristics of low-income males. These are the characteristics for which any public service employment program will have to be designed. The SEO provides information on four characteristics which affect employability. age,

TABLE 1
Location and Racial Composition of Sample

	Proportion of			
	<u>Low income sample</u>		<u>Comparison sample</u>	
	(Estimated proportion of males satisfying all restriction criteria, including income)		(Males satisfying non-income restriction criteria. The low-income sample is a subset of this group)	
	All ^a	Household heads	All ^a	Household heads
<u>Race</u>				
White	65.5	65.1	83.8	85.4
Black	33.7	33.9	15.1	13.5
Other	.9	1.0	1.0	1.0
<u>Location</u>				
Baltimore	3.1	1.9	2.6	2.5
Chicago	10.6	11.8	11.7	11.9
Cleveland	4.9	4.1	4.1	4.2
Detroit	5.1	2.8	7.6	7.4
Houston	3.6	4.8	2.9	3.3
Los Angeles	19.3	20.1	16.2	15.6
New York	31.0	30.9	28.6	27.8
Philadelphia	5.1	4.9	7.9	8.2
Pittsburgh	3.4	3.0	3.8	3.7
St. Louis	3.5	4.6	3.1	3.4
San Francisco	5.2	4.8	6.5	6.7
Washington	5.0	6.2	4.9	5.2

Source: Office of Economic Opportunity, 1967 Survey of Economic Opportunity, tabulations by the authors.

^aBecause of rounding, totals may not sum to 100.

education, the presence of serious physical disabilities, and recent unemployment history. The first three measures are self-explanatory. The fourth requires a word of comment.

For a man in the labor force, the number of weeks spent unemployed can be thought of as the product of (1) the average duration of a spell of unemployment, frequently referred to as search time, and turnover, the frequency of unemployment. Traditionally, duration has received the greatest amount of attention, but recently it has been argued that high unemployment rates among low-income workers are the result more of frequent job turnover and work instability among many men than long periods of joblessness among a few. (Frank and Cook, 1972; Doeringer and Piore, 1969; Perry, 1972) Several writers have suggested that in the low wage or "secondary labor markets" this job instability results from supply as well as demand factors. As Doeringer and Piore write:

But whatever the initial source (of employment instability), the instability is now perpetuated by the interaction between supply and demand. The instability of the labor force deters employers from attempting to stabilize employment opportunities. Because the jobs are unstable, unstable life styles are encouraged and these act to reinforce behavioral patterns antagonistic to stable employment. These patterns are then passed on to succeeding generations. (1969, p. 9. Material in parentheses added.)

This potential for instability is important to our study. If all low-income workers are predisposed to leaving a job after a short period of time, no public service employment program short of an instant, guaranteed job can be expected to substantially improve their employment experience. We need to probe the sample's recent work history as best we can to see if this instability is present.

Age and Education. The age and educational attainment for the low-income sample and all males with similar characteristics appear in Tables 2 and 3. The data indicate that low income wage earners are both younger and less educated than the comparable

TABLE 2
Age Distribution

Age	Proportion of			
	<u>Low income sample</u>		<u>Comparison sample</u>	
	All ^a	Household heads	All ^a	Household heads
Less than 25	35.1	17.1	12.0	6.2
25-29	17.4	19.0	16.8	16.2
30-34	11.4	15.3	15.8	16.9
35-44	22.0	28.7	34.4	36.9
45-50	14.0	19.9	21.0	23.6
Mean Age (years)	31.0	34.5	35.8	37.1

Source: See Table 1.

^a Because of rounding, totals may not sum to 100.

TABLE 3
Educational Attainment

Education	Proportion of			
	Low-income sample		Comparison sample	
	All ^a	Household heads	All ^a	Household heads
None	0.8	1.5	.0	.0
1-8 years	29.1	34.1	14.0	13.5
9-11	28.1	28.8	21.0	20.7
12	31.6	25.6	36.4	36.5
13-15	5.6	5.5	12.8	13.0
16 or more	4.7	4.3	15.5	16.0
Mean education (years)	10.0	9.6	11.8	11.9

Source: See Table 1.

^a Because of rounding, totals may not sum to 100.

labor force as a whole. The concentration of our sample in the 18-25 year old range is triple the comparable concentration of all males with similar demographic characteristics and residence in 1966.

Table 3 shows that the mean education of our sample is 10 years. 32% of the low-income sample has completed high school (and no more), while another 58% of the sample has not. For the comparison sample, the corresponding figures are 36% and 35%. These figures suggest that our discussion of potential public service jobs be confined to those city jobs with an entrance requirement of high school or less except in cases where higher educational requirements can be shown to be unnecessarily restrictive.

Health and Disabilities. People whose disabilities forced them to drop out of the labor force entirely were excluded from our sample. About 9% of the men remaining reported health problems which limited the type of work they could do; 1% reported that health problems limited the amount of work for which they were capable. Of course, a man "healthy enough to work" is not necessarily healthy enough to pass a police or fire department physical. But he is probably healthy enough to be a semi-skilled laborer or to drive a delivery truck. On average, physical disabilities are not a serious problem among this group.⁴

Recent Employment Experience. The employment experience of members of our sample in 1966 provides some information on the instability of these workers and the jobs they hold. 1966 was a year of tight labor markets. While the unemployment rate for males less than 20 years old was 12%, for older men the overall employment rate was 2.5% (U.S. President, 1972). In such a market, a person should have neither long nor frequent spells of unemployment. Frequent spells of unemployment, if they occur, suggest worker instability -- a problem that provision of public service jobs alone will not necessarily solve.

The distributions of weeks worked, weeks in the labor force,

weeks looking for work, and the number of spells of weeks looking for work for men in the sample are contained in Tables 4, 5, 6 and 7. Clearly, the labor market experience of the low-income subsample is much less favorable than that of other men with similar characteristics. For example, Table 4 indicates that while overall, 80% of the men in the sample worked 50-52 weeks, only about 45% of the men in the low-income subset are estimated to have done so. As shown in Table 6, about 11% of all men with the characteristics we selected spent some time in 1966 looking for a job. However, 35% of the low-income group did so.

Despite this difference, the figures in these tables present a slightly optimistic picture. Half of the low-income sample worked 48 weeks or more; 70% are estimated to have been in the labor force all year. Only 12% of the sample was in the labor force for half of the year or less.

Table 7 contains information on the distribution of the number of periods of job search for those who reported unemployment at some time in 1966. Because we are interested in worker instability, we would have preferred data on the distribution of stretches of unemployment, per se. The figures in Table 7 include this information, but presumably they also include some workers who looked for work, stopped looking (even though they did not find a job), and began looking again. This could cause one period of unemployment to be counted as two periods of job search. To the extent this occurs, the figures slightly exaggerate the presence of the rapid job turnover.

It is possible to compute crude turnover rates from these data by assuming that each observed spell of unemployment constitutes a job separation and using as a turnover rate the number of separations per man-year in the labor force. However, the data discussed above on incidence and frequency of spells of unemployment do not give a completely reliable picture of the number of times a worker actually leaves a job. For example, if a member

TABLE 4
Distribution of Weeks Worked, 1966

Weeks worked	Proportion of			
	<u>Low income sample</u>		<u>Comparison sample</u>	
	All	Household heads	All	Household heads
50-52 (full time)	43.4	46.6	79.6	84.0
48-49	4.9	4.8	3.8	3.4
40-47	11.0	10.2	6.9	6.1
27-39	15.4	19.4	4.3	3.6
14-26	16.9	15.6	3.7	2.4
1-13	6.0	3.1	1.2	.4
0	2.4	.3	.4	.0

Source: See Table 1.

TABLE 5

Distribution of Weeks Looking for Work of Those
in Sample who were Employed Less than 50 Weeks in 1966

Weeks looking for work	Proportion ^a of			
	<u>Low income sample</u>		<u>Comparison sample</u>	
	All	Household heads	All	Household heads
None	21.5	20.7	8.7	7.1
1-4	6.3	5.4	2.9	2.2
5-10	6.5	5.0	3.4	3.0
11-14	4.9	6.4	1.4	1.2
15-26	10.8	10.9	2.5	1.8
27-39	3.8	4.2	.9	.5
40 or more	2.8	.7	.2	.1
Proportion of sample working less than 50 weeks	56.7	53.3	20.0	15.9

Source: See Table 1.

^a Note: These percentages refer to the entire sample. Thus, in the third column (all workers in the general sample), the percentages sum (with some rounding error) to the 20.0% of the general sample who worked less than 50 weeks in 1966.

TABLE 6

Distribution of Weeks in the Labor Force
Working or Looking for Work in 1966

Weeks in labor force	Proportion of			
	<u>Low income sample</u>		<u>Comparison sample</u>	
	All	Household heads	All	Household heads
50-52	68.8	72.9	89.0	91.9
48-49	1.4	1.3	1.9	1.6
40-47	8.5	7.6	4.0	3.3
27-39	9.3	11.1	2.5	2.0
14-26	7.8	5.6	1.8	1.0
1-13	4.1	1.4	.8	.2
None	.1	.0	.0	.0

Source: See Table 1.

TABLE 7

Distribution of Number of Periods of Looking for Work
for Those in the Sample Who Looked for Work in 1966^a

Periods of job search	Proportion of			
	<u>Low income sample</u>		<u>Comparison sample</u>	
	All	Household heads	All	Household heads
One	16.6	13.1	6.0	4.3
Two	4.8	5.5	1.7	1.6
Three or more	11.3	13.7	3.5	3.0

Source: See Table 1.

^aThe base for these percentages is the entire sample. Therefore, in the third column the numbers sum (again, except for rounding error) to the 11.0% in Table 6 who looked for work at least one week.

of our sample left one job and immediately started another, his turnover would not be recorded, and as a consequence turnover rates for the sample will be understated. This bias may be partially compensated for by our assumption that all unemployment periods are produced by job separations. Some unemployment spells, particularly for younger age groups, result from labor force entry. To the extent this is important, our estimated separations rates for the SEO samples are overstated.⁵ With these qualifications we calculate an approximate annual turnover rate (quits plus fires) for the general sample of 32/100 men in 1966.⁶ For the low-income sample, turnover was substantially greater, about 114/100 men. Our calculations indicate that turnover among household heads in the low-income sample is about identical to that for non-household heads. The turnover rate calculated for the general sample is considerably smaller than the annual turnover rate in all U.S. manufacturing of 55/100 in 1966 (U. S. President, 1972, p. 225). This difference probably reflects both the special character of the general sample and the biases mentioned above.

Despite the problems inherent in our technique the low-income sample exhibits to some extent the rapid turnover uncovered in other research on low-skill workers.⁷ However, our figures do suggest that this turnover is concentrated in only a subset of the low-earning population. No more than 11% of our sample experienced three or more separate spells of unemployment in 1966. Over 67% reported no unemployment at all.

No significant differences appear between the employment experience of household heads and that of the low-income sample as a whole. Table 7 suggests that frequent job turnover is not a phenomenon associated with being single. If anything, the data imply that men with dependents are slightly more likely to experience multiple spells of unemployment than

are those who are single.

These results are for a "full employment" year. They may not provide reliable inferences about what experience would have been had the overall unemployment rate been $5\frac{1}{2}$ or 6%. However, taken together, Tables 4 through 7 suggest our sample is primarily (though not entirely) comprised of workers with a stable attachment to the labor force. Their stability suggests that they are in a position to benefit from public service jobs if such jobs can be provided.

2. The Structure of Municipal Public Employment

The average member of our sample is slightly over thirty years old. He has a tenth-grade education. He has no work-limiting disability. He has a relatively stable attachment to the labor force. What kind of public service job might such a person hold?

To begin to answer this question, we surveyed public jobs in Oakland and San Francisco, California. Oakland is as close as California cities get to being a "big city." In 1970 its population was 362,000, of which Negroes, Chicanos, and Asians comprise slightly more than half. It has a high unemployment rate, relatively high taxes, and some of the other ills associated with the nation's central cities.

San Francisco is a city of extremes. It simultaneously possesses sizable populations of both the extremely well-to-do and the very poor. Like Oakland, San Francisco has high unemployment and tax rates. Its 1970 population was 716,000, a little more than twice that of Oakland. 204,000 San Franciscans were nonwhite; about half of this group was black. While Oakland is "poorer" than San Francisco, the financial situation of both cities is far better than that of the most impoverished of the older eastern cities -- Newark, New Jersey, for example. But wealthy or not, both cities have sizable low-income populations

and therefore many potential applicants for PSE jobs.

For convenience we shall refer to San Francisco "city" government, but the important distinction between "city" government as practiced in Oakland and as practiced in San Francisco should be kept in mind. Oakland is the largest of several municipalities in Alameda County. In California, county governments provide a number of services which are potential sources of PSE jobs. Alameda County government was not investigated in this study, and therefore for Oakland we are surveying only those government jobs provided by the city itself. However, city and county governments are combined in one structure in San Francisco. Our analysis for that city as a result includes jobs provided elsewhere in the state by county government.

For both cities the main public employers are the city government and the school district. In both cases city government includes a port authority. In addition to the city governments, the port authorities, and the school districts, our analysis also includes quasi-independent housing and redevelopment agencies, transportation, and garbage collection systems. In San Francisco municipal transit is run by the city. In Oakland, buses are operated by the Alameda-Contra Costa Transit District. Since transportation is potentially a source of job expansion, the employment associated with Oakland's share of the transit system is also considered. Finally, in both cities the jobs provided by the private scavenger firms which handle garbage collection were investigated. These firms are also sources of employment for unskilled labor. In Oakland and San Francisco they are privately operated, but in many cities garbage collection is a publicly-provided service.

The Jobs Considered. We are interested in those jobs which our sample can perform and which cities judge to be useful work. Any attempt to define "useful work" is vulnerable on a number of grounds. The issue must be raised, however, since it

will be a central point in any political debate of public service employment.

We can describe a spectrum of definitions of useful work ranging from conservative to liberal. A very conservative estimate would begin from the premise that a city, because it sets its own tax rate, already can purchase any service which it thinks is sufficiently useful to justify the cost. It follows that any service which the city is not now performing cannot be considered useful and thus there is no place for public service employment to expand. Moreover, this standard would exclude existing municipal jobs paid for from federal funds unless the city would finance the jobs if federal funds were discontinued.

A very liberal estimate would include a large expansion of employment in existing city jobs as well as many new functions which the city is not now performing: teacher aides for every classroom and more frequent repainting of public buildings, but also publically-supplied aides for the elderly and a network of block watchmen to help deter crime.

There is no easy answer to this debate. In our estimates we will remain closer to the conservative side by focusing on jobs which the cities now finance themselves and discussing how the quantity of these jobs could be expanded in a moderate way. We generally will refrain from talking about new kinds of services not now performed. We confine our discussion in this way to keep it on firm ground and to allow our figures to be used as a minimum estimate of possibilities. Nonetheless, when we talk about moderate employment expansion we reject the most conservative interpretation of the problem. We do this for several reasons.

One reason comes from recent employment experience. Over the last decade budgets in Oakland and San Francisco have become progressively tighter. The effect is most pronounced for the Oakland School District which must obtain direct voter approval

for a tax increase, an approval which has not been granted since 1958. As budgets have become tighter, employees have been laid off at all levels but often the lowest skilled employees are the first to go because the jobs they perform are less visible and politically sensitive than other jobs. In the schools it is easier to reduce custodial functions and postpone maintenance work than it is to cut back on teachers. In the city it is easier to cut back gardening than it is to reduce the number of firemen. We do not deny that these cuts reflect relative usefulness of the work performed. Yet the larger staffing levels of the early 1960's suggest that low-skilled employment can be increased over some range without engaging people in obvious make work.

On a more theoretical level, we recognize that the existing array of municipal and school jobs is the product of a particular political arrangement: city-wide governments and city-wide school boards all elected at large. Coalitions of other sizes might produce additional jobs. The Oakland School District is a case in point. Oakland has a relatively old population and parents of public school children make up a small proportion of the electorate. If parents could form a coalition by themselves, they might approve additional school expenditures even if the expenditures were to be financed totally from their own pockets. These expenditures would be "useful" by even the most conservative standard. Yet parents do not have that option. School revenues must be raised through a uniform tax on all property owners, parents and non-parents alike. If enough non-parents do not want an additional expenditure, it will not be undertaken.

A parallel situation exists for projects which benefit only a single neighborhood. Waterfront neighborhoods in San Francisco have a serious health problem because of rats living in homes and other buildings. Since only a few neighborhoods are affected, the city has not mounted an effective rodent eradication program. Yet the problem is sufficiently serious that

affected neighborhood residents might be willing to finance the program themselves if a coalition could be formed.

In other cities, such neighborhood demands are frequently accommodated by logrolling. A city council constructs a package of projects which in combination will benefit all neighborhoods and a uniform tax is levied to pay for the package. But Oakland and San Francisco have reform style city governments where city councilmen are elected at large specifically to avoid such log rolling. Thus many projects which individual neighborhoods consider useful -- in the sense that neighborhood residents would be willing to assume the total cost -- are left undone. Restructuring municipal government is beyond the scope of this paper, but the structural difficulties should be kept in mind when a list of useful jobs is being drawn up.

Finally, a different kind of structural problem arises when national policies are considered. A public service job has two products: the service which the worker performs and a redistributive payment to the worker. The payment may help stabilize and motivate the worker and his family in a way which other policies (e.g., welfare, social counseling) may not. People may regard this stabilization and motivation as a useful outcome if its cost is sufficiently low. But the cost depends upon how the project is financed. If the project is regarded as a national responsibility, it will be financed through the national tax system. The cost will be shared among all citizens whether or not job recipients live in their local areas. If the project is regarded as a local responsibility, the cost of redistribution will be shared only among the residents of each city which supplies jobs. In some cases, particularly central cities, these costs may be too high to win taxpayer approval. They may reject the redistribution even though they would support it if it were funded on a national basis.⁸

While our analysis of useful work will be a rather conser-

vative one, these points indicate that other more liberal analyses may be justified.

Jobs in Oakland City Government. The City Government and the Port of Oakland together have 3,974 budgeted positions which are not federally funded (May, 1972). The City Government consists of a number of individual departments including Building and Housing, the City Attorney's Office, the Police Department, the Fire Department, the Library Department, the Office of General Services, and so on. The Port of Oakland includes the management of the port facilities themselves, the management of Oakland International Airport, and other functions.

Almost all jobs in the City Government and the Port are covered by civil service. (The exceptions are a few positions associated with projects like Model Cities and Community Action.) Each civil service job description has both an education criterion and an experience criterion for entrance. A general classification of jobs by these criteria appears in Table 8.

Suppose that the federal government were to offer a subsidy for employment of additional persons like those in our sample. In which of these jobs might such men be hired? We will assume that the federal subsidy will be used as a substitute for experience, but not for education. Education criteria refer to reading, writing, mathematics and other general skills which are not efficiently taught on the job. Experience criteria refer to skills which are learned on the job. We can argue that the role of federal subsidies can be to compensate an agency for an individual's lack of experience and the cost involved in "breaking him in," a cost which would be much smaller in the case of an individual with prior experience.

In this discussion we will limit our attention to those jobs which require no more than 18 months of previous experience and no more than a high school education, and are not currently federally-funded. Here, too, we have adopted a conservative set of criteria.

TABLE 8
Breakdown of Oakland City and Port Jobs by
Education and Experience Requirements^a

Years of education	Experience requirements			
	0 to 18 months	19 months to 2 years	3 years	4 years or more
8 or less	477 .12	156 .04	1 .00	5 .00
9 - 11	5 .00	0 0	0 0	0 0
12	1650 .42	381 .10	242 .06	493 .12
13 - 15	40 .01	9 .00	3 .00	7 .00
16	142 .04	101 .03	40 .01	83 .02
17 or more	44 .01	48 .01	19 .00	25 .01
Total = 3,971				

^aIn each cell the integer refers to number of jobs in the designated category. The fraction is the number of jobs in the cell divided by the total number of jobs.

We are accepting the technical validity of the cities' assessment of the education requirements of the jobs. Many critics of city hiring practices argue that these entrance requirements are unduly restrictive and that one object of a public service employment program should be the reduction of such barriers to the employment of low-skilled persons (Harrison, 1971). To the extent that jobs currently calling for more education could be filled by PSE applicants, our estimates understate the potential for expansion of city employment of low-skilled persons. Jobs calling for greater experience than those considered here are typically supervisory in nature and are not entry-level positions.

In this discussion we do not include jobs in Model Cities, the Community Action Program, the Public Employment Program, and so on, which are federally funded. Typically, these did not exist before the federal programs were initiated. These are not, from the standpoint of city government, jobs which Oakland "really needs doing" -- jobs which are useful enough to spend locally-raised taxes on.

Of the 3,971 budgeted civil service positions in the Oakland City Government and the Port, 2,132 fit our education and experience criteria. About 44% of these jobs are patrolmen or hosemen (entering firemen). Both of these positions, while nominally possessing our entrance requirements, also have numerous other entrance qualifications which make them doubtful prospects. This is particularly true of patrolmen who, despite the high school requirement, typically have two or more years of college.⁹ Another 2% of the jobs require special licenses or apprenticeships and were also considered unlikely candidates for expansion under a PSEP. About 28% of the low-skill jobs are held by women. In practice, if not in theory, these are not available for our sample. When patrolmen, hosemen, "special requirements" and "women's" positions are excluded, 822 positions are left for public service employment. The derivation of this total and the major job sub-

classifications appear in Table 9.

Almost a quarter of the 822 acceptable positions are classed as "semi-skilled laborer" and include street and routine city maintenance workers. The city hires a large number of janitors and custodians; the custodial positions accessible to our sample account for about 19% of all the low-skill jobs identified. Jobs in the third largest group -- equipment aides, etc. -- are mechanical in nature, including lower-level automobile repair work. The remainder of the jobs are in a variety of capacities, including security guards, watchmen, truck drivers, library aides, data clerks, and so forth.

To summarize, over half of the regularly budgeted City and Port jobs have formal requirements of no more than a high school education and no more than 18 months of experience for applicants. When we exclude patrolmen, hosemen, jobs with special requirements, and jobs usually held by women, we are left with 822 jobs potentially open to our sample. This figure represents 21% of the two agencies' jobs. Even using our conservative criteria for job consideration, these results indicate that a variety of jobs which could be held by members of the sample we are considering are offered by Oakland.

Jobs in San Francisco City and County Government. There are several important differences between the structure of jobs offered by the City and County of San Francisco and those provided by the City of Oakland. First, San Francisco hires people for county as well as city services, while Oakland hires for city services only. Oakland, for example, has no welfare department, while San Francisco does. Second, almost all Oakland city jobs are covered by civil service (the exceptions are a few federally-funded positions). In contrast, at the time of this research almost a fifth of all jobs offered in San Francisco City Government, over 4,000 positions, were outside the civil service system. Moreover, San Francisco hires a substantial number of

TABLE 9
Jobs in Oakland City Government

All jobs in the City of Oakland and Port of Oakland, excluding those which are federally funded:	3,971
All jobs with entrance requirements of high school education or less and 18 months or less prior experience:	2,132
Jobs with "special requirements, e.g. licenses or apprenticeships	51
Patrolmen	547
Hosemen	399
"Women's" jobs (165 typist clerks, 85 other clerical personnel, 20 telephone operators, 12 janitresses, 14 library personnel, and 17 meter maids)	313

Total Jobs Accessible to Sample	822
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MAJOR SUBCLASSIFICATIONS:

Clerical positions	64
Semi-skilled laborers	196
Equipment aides, servicemen, operators, trainees, etc.	141
Telephone operators (including teletype operators)	6
Parking meter checkers, collectors	14
Data processors	24
Security guards, watchmen, jailers	74
Janitors, janitresses, streetsweepers, etc.	155
Storekeepers, deliverymen	18
Library and museum aides, preparators, utility men	28
Gardeners, caretakers, animal controlmen, park and zoo personnel	102
	<hr/> 822

part-time city employees, while Oakland has virtually none. Finally, San Francisco pays more on average than does Oakland for government jobs with similar content.

In 1972 San Francisco's budget provided for 20,390 full-time jobs with civil service status. Of these, 117 were wholly federally-funded.¹⁰ About 25%, or 5,037, of the jobs meet the criterion that only 18 months of experience and twelve years or less education are required. Of these jobs, 1,287 were entry or near-entry police positions, which we again exclude. San Francisco's fire department requires that entering firemen -- hosemen -- have a high school education and three years of work experience. Hosemen were excluded on this basis plus the reasons cited for not considering them in Oakland. Another 91 of the 5,037 low-skill jobs have special requirements unlikely to be met by members of our sample, such as ability to play an organ or to operate a braille typewriter. Elimination of the traditionally women's jobs reduces the total number of jobs potentially accessible for members of our sample to 3,291 or about 16% of all budgeted positions.

This figure understates the number of San Francisco city jobs which satisfy our requirements. With only a few exceptions, the budgeted positions described above are all filled, as in Oakland, by civil service specification and examination. But a substantial number of San Francisco city jobs are budgeted on a temporary basis. This means one of two things: Either funds for the position are viewed as "short term" only, or no civil service examination has been prepared or administered for the position and therefore no list exists from which to fill it. Despite the "temporary" designation, these jobs can last a very long time -- in some cases in excess of eight years.

The longevity of San Francisco's temporary jobs is accounted for by a number of factors. From the employee's standpoint these jobs appear attractive because

most of the usual retirement and health insurance payments collected from the pay checks of civil service employees are not deducted from the paychecks of those on temporary rolls. From the city's standpoint use of temporary status for employees increases flexibility in hiring and firing. In addition, the temporary jobs play an important role in city politics. Some are filled through patronage, others are filled by accepting the recommendations of community organizations. An attempt is currently being made by the Mayor's office to reduce the number of temporary positions by converting them to regular budgeted status. To obtain the number of jobs likely to be provided by the city following the completion of this civil service conversion, it was necessary to count temporary jobs currently filled.

As of September, 1972, the city employed approximately 3,764 persons in full-time positions with temporary status. Of these jobs 834 met our education and experience restrictions. When "women's jobs" and jobs with special requirements were deleted, 557 jobs remained which were eligible for our sample. As indicated in Table 10, when this number is combined with permanent jobs satisfying our requirements, 3,965, or 16% of all of San Francisco's non-federally funded "temporary" and "permanent" full-time jobs are potentially accessible to members of our sample.

The major classifications for these jobs are listed in Table 11. About 45% of these jobs are in the Department of Public Health, and of this number nearly half -- 783 -- are hospital orderlies. These are "county"-type jobs not found in the low-skill jobs listed for Oakland. The remaining employees work in miscellaneous capacities such as watchman, storekeeper, machine operator, rodent controlman, rehabilitation worker, and building and grounds patrolman.

In addition to these full-time jobs, San Francisco provides 1,200 part-time jobs in both permanent and temporary categories which are not federally funded. Assessment of these part-time jobs was complicated because no readily accessible

TABLE 10

Jobs Provided by the City and County of San Francisco

Type of position	Number	Number meeting requirements
Permanent full-time (excluding those which are federally funded)	20,273	
All permanent full-time jobs with entrance requirements of high school education or less and 18 months or less other experience	5,037	
Minus: "Women's" jobs	-251	
Firemen	-1,287	
Other special requirements	<u>-91</u>	= 3,408
Temporary full-time	3,764	
All temporary full-time jobs meeting requirements	834	
Minus: "Women's" jobs	-188	
Special re-quirements	<u>-89</u>	= <u>557</u>
Permanent and temporary full time	24,037	3,965

TABLE 11

Low-Skill Jobs, San Francisco City and County Government

Job classification	"Permanent" ^a	"Temporary"
Clerical, clerical machine operator	84	90
General and semi-skilled laborers, utility men	432	91
Equipment operators	82	42
Porters, janitors, streetcleaners, maintenance workers	910	172
Gardeners, caretakers, park personnel	243	78
Orderlies, psychiatric orderlies, and other medical technicians, helpers, and aides	773	285
Cafeteria and kitchen helpers, food preparation	222	53
Miscellaneous laborers, Port of San Francisco	75	7
Security guards, watchmen, checkers, dispatchers and miscellaneous other occupations	239	87
Total	3,060	905
Total jobs accessible to sample	3,965	

^aSee text for distinction between "permanent" and "temporary" jobs.

records are maintained by the city from which the number and content of such jobs could be determined. In some departments part-time employment is generated when what is essentially one job -- gardener, for example, is filled by hiring part-time a succession of persons.

The number of part-time jobholders was estimated by searching through the city's biweekly salary rolls and recording by job classification the number of persons in part-time positions. Whenever possible, in departments in which multiple short-duration jobs with the same classification existed they were combined to create "part-time equivalent" jobs of approximately 20 hours duration per week. Jobs clearly seasonal in character, such as lifeguard or summer recreation director, were dropped. In this manner 154 part-time jobs, both "real" and "created," were tabulated which meet the requirements specified above. We argue in section 4 below that under suitable incentives San Francisco could consolidate many of these part-time positions to produce full-time employment for workers of the type found in our sample.

The Public School District. The Oakland Public School District serves an enrollment of about 70,000 students including 7,500 in adult education classes. The most recent complete personnel breakdown available to us was for the year 1970-71. In that year the system had a total staff of 5,745, of whom about 950 were part-time employees.¹¹

School District personnel can be divided into two main groups: certificated employees and classified employees. The 3,221 certificated personnel -- teachers, librarians, counselors, principals and so forth -- are credentialed in some manner. In almost all cases, the credential requires four years of college and at least one extra year of graduate work (the exceptions are a few nurse positions). Since very few of our low-income sample have completed college, we can exclude these certificated positions from our analysis.

The School District employs 2,524 classified employees such as maintenance personnel, clerks and secretaries, teachers aides, and cafeteria staff. 1,719 of the classified positions require a high school education or less and 18 months or less experience at entrance. These are identified in Table 12.

Additional refinement is required. The 129 typist clerk jobs, the 57 office aide jobs, and the six matron positions are typically held by women, and so in practice are not potential job openings for our sample. Women also hold most of the instructional aide, cafeteria helper and noon supervisor positions. These three categories present a special problem because they are all part-time positions. A noon supervisor works for only one hour a day watching the school yard during lunch recess. A cafeteria helper works for three hours a day, as does a teacher's aide. In theory, the aide jobs could be made full-time by having an aide work in one classroom in the morning and another classroom in the afternoon. With this exception, these jobs are suitable only for people who are looking for part-time work.

Campus control supervisors (daytime security people) are also largely part-time, but the position appears to be one easily filled by members of our sample. To assess the "full-time equivalent" positions represented by the actual control positions provided, the 83 part-time slots were converted to full-time (eight hour) positions by multiplying the total number of jobs by the average time each job holder now works and dividing by eight. The result, 55, is included in the total number of jobs judged to be accessible to members of our sample.

As indicated in Table 13, these adjustments reduce the number of acceptable jobs to 544. Most of these jobs are full-time (or could be made so), and most can be held by men. They include such positions as custodians, campus control supervisors (daytime security people), gardeners, truck drivers and stock clerks.

TABLE 12

All Oakland School District Classified Jobs Meeting
Education and Experience Restrictions

Typist clerk	129
Other clerical (microfilm clerks, attendance clerks, student locators, duplicating machine operators, etc.)	101
Office aides (jobs average 3 hours a day)	57
Telephone operator	3
Campus control supervisors (jobs average 5.3 hours a day)	83
Security patrolmen, watchmen (jobs average 1 hour a day)	13
Noon supervisors	252
Instructional aides (federally funded) (jobs average 3 hours a day)	357
Human relations assistants	7
Aide for handicapped children	28
Custodians	263
Matrons	6
Cafeteria helpers (jobs average 3 hours per day)	347
Gardeners	35
Laborers	12
Truckdrivers	15
Stock clerk	9
Working foreman (warehouse)	2

TABLE 13

Jobs in the Oakland Public School District

All employees (approximate) (includes part-time personnel)	5,745
Certificated employees (includes part-time personnel)	3,221
Classified employees (includes part-time personnel)	2,524
All classified jobs with entrance requirements of high school education or less and 18 months or less of prior experience at entrance (includes federally funded positions)	1,720
Minus: Typist clerks, matrons	192
Noon supervisors	252
Instructional aides	357
Cafeteria helpers	347
Adjust of campus control supervisors to full- time equivalent	28
	<hr/> 1,176
Equals:	
Total positions accessible to sample	544

How many of these jobs "really need doing?" An answer to the question is clouded by the School District's tight financial picture. The District has become increasingly dependent on funding sources like Title 1 of the Elementary and Secondary Education Act (E.S.E.A.), but these outside sources typically carry their own funding restrictions. The resulting School District "priorities" are full of anomalies.

Currently there are 357 instructional and community aide positions, all of them financed by E.S.E.A. Given the District's tight finances, it is hard to imagine the retention of many of these positions if E.S.E.A. funds were to be cut. In one sense, then, these positions are low priority.

At the other extreme, campus control positions have increased sharply over the last five years, and these positions have been funded from tight local revenues. They represent a response to parental demands for greater security in the schools. The priority on these positions is high.

Maintenance workers and warehouse staff are an intermediate case. The number of these positions has decreased over the last five years. They are funded primarily from local revenues. In recent years the tightness of these revenues has forced a number of budget cuts. Maintenance and warehouse staffs can be cut first because they are "softer," less visible than are, say, reductions in teachers. The District does not want to cut these positions, and observers agree that the cuts have inflicted serious costs in the form of building deterioration and delays in getting books and supplies to students. The priority of these positions falls somewhere between campus control personnel and aides. Thus if E.S.E.A. funds were given as an unrestricted block grant, some of the money now going to teacher's aides would be shifted to maintenance personnel.

Enrollment in San Francisco's schools is about the same

as in Oakland. There are about 80,000 students in primary and secondary schools plus slightly over 500 enrolled in adult education classes. San Francisco schools are in a considerably better financial position than are Oakland's. A steadily-declining enrollment, a rapid increase in assessed valuation in the district, and school board unwillingness to lower tax rates has produced in San Francisco the highest level of per student school expenditures for school districts of comparable size in the state. During the 1971-1972 school year, San Francisco spent \$1,617.20 per child on its schools, compared to \$1,183.02 in Oakland. This money does not go for increased hiring of low-skilled non-certificated personnel. Rather, it is used to assure small class sizes and one of the highest administrator/student ratios in the state. The administrative bureaucracy has not been cut back as enrollments have fallen. As a result, the per-child cost of administration in San Francisco is \$129.23. In San Diego, which has a school population of comparable size and composition, the per pupil cost of administration is only about \$50.00. Clearly the budgetary stringency faced in Oakland has yet to be experienced in San Francisco's schools.

The San Francisco School District provides 1,980 full-time and 1,519 part-time non-certificated jobs. Of the full time jobs, 506 meet our requirements and are not typically held by women. Three quarters of these positions are custodial. The remaining 134 employees work in such capacities as furniture servicemen, elevator operator, lunchroom worker, and assistant gardener. Eleven EEA jobs meeting our standards were excluded on the grounds that the jobs probably would not exist without federal financing (see section 3).

In addition to the full-time positions, the District employs 800 people in part-time jobs which meet the minimum

education and experience requirements of our sample and do not require unusual talents. Of these, 82 are custodians. But by far the largest proportion of the part-time employees are "school aides" who perform a variety of jobs, including teacher assistance. Most are financed with ESEA funds. We exclude them with the caveat that if carefully investigated some of these part-time jobs could probably be made accessible to members of our sample. The remaining 69 part-time positions are scattered among several miscellaneous classifications.

We assume the 82 part-time custodial positions represent about 41 full-time jobs. Therefore the School District provides at best $506 + 41 = 547$ full-time jobs which could conceivably be held by members of our sample. Considered as a proportion of total jobs in the School District, this number appears considerably smaller than that for Oakland. This discrepancy is created by a District policy of granting pay increases to its non-certificated employees by graduating them to nominally supervisory positions which officially require more than 18 months of experience. Since little new hiring is going on because of declining enrollments, few lower-rung positions are created. The school labor force slowly graduates up the job ladder while continuing to do essentially the same jobs. Therefore, a more detailed analysis might locate a number of jobs nominally failing our acceptance criteria which in fact could be held by low-skilled workers like those in the SEO sample.

Carting and Garbage Collection. Unlike most city services, garbage collection is sometimes contracted out to private firms rather than done by city employees. This is the case in both Oakland and San Francisco. In Oakland, all of the city's garbage collection, public and private, is contracted out to the Oakland Scavenger Company. San Francisco's trash collection is divided by the city's charter between the Golden Gate and

Sunset Scavenger Companies. Each of the three companies employs four kinds of personnel: managerial personnel, clerical personnel, garbage truck drivers and collectors, and truck mechanics. Truckmen -- drivers and collectors -- make up the bulk of these jobs, and the only entry requirement is a valid California driver's license. A breakdown of these jobs is given in Table 14.

Some refinements must be made in these figures. Again, the clerical positions in all these companies are held primarily by women and so they are not relevant for our sample. For the Oakland Scavenger Company, the other 600 positions are the staff which the company requires to serve Albany, Hayward, Livermore, Fremont, and Piedmont as well as Oakland. Together, these cities contain a population of 638,000 of which Oakland makes up 56%. If Oakland were to collect its own garbage, if no significant

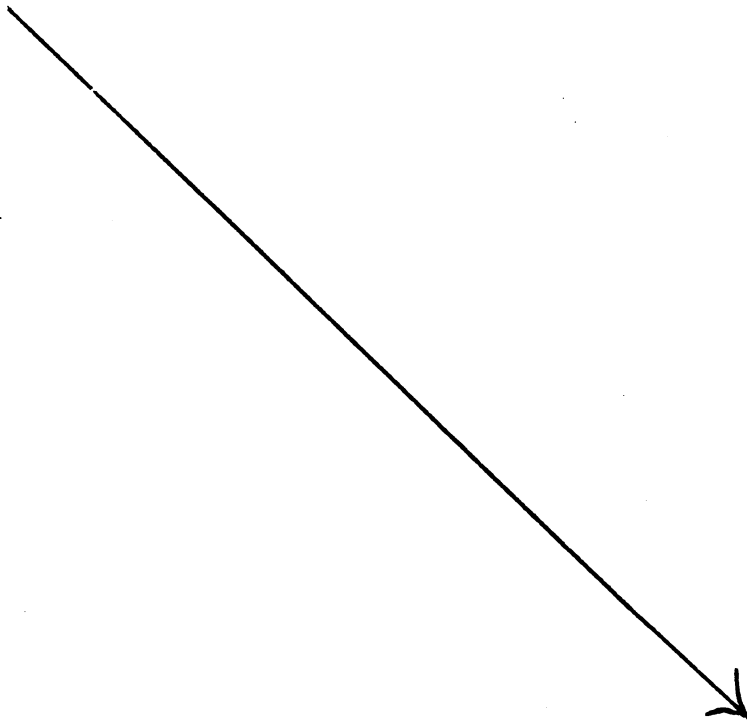


TABLE 14

Jobs in Oakland-San Francisco Scavenger Companies
with Low Entrance Criteria

Job	Oakland Scavenger Company	Golden Gate Scavenger Company (S.F.)	Sunset Scavenger Company (S.F.)
Truck drivers and collectors	596	197	330
Clerical positions	63	14	23
Apprentice mechanics ^a	<u>4</u>	<u>2</u>	<u>3</u>
Totals	663	213	356
Adjusted for service area, excluding clerical ^b	336	199	333

^a Number fluctuates frequently

^b See text.

scale economies or diseconomies exist for such collection, and if technology does not alter much with variations in scale, the number of positions available as a result of activities within the city would be approximately $600 \times .56 = 336$. This is the assumption we will use.

San Francisco's Scavenger Companies serve only San Francisco, so no job allocation problem is encountered. As indicated by Table 14, 532 jobs in rubbish collection are potentially open to members of our sample.¹²

Public Transit. Transportation jobs in San Francisco are provided by the San Francisco Municipal Railway, the "Muni". Muni jobs appear in the employment figures already cited for San Francisco. One hundred eighty-nine Muni jobs satisfied our criteria, including various guard, laborer, cleaner and trackman positions. Transit operators -- bus and streetcar drivers and conductors -- must in San Francisco be 23 years old, have a driver's license, and, upon entry, have three years of full-time work experience in some other occupation. This experience requirement excludes the 1,830 city conductor and operator positions from consideration under our criteria.¹³ The entrance criteria for drivers in Oakland are not, however, so rigorous.

Public transit in Oakland is provided by a special two-county transit authority, "AC Transit." As with garbage collection, special assumptions were necessary in order to estimate Oakland's share of public transit employment. We based our allocation on survey results provided by the transit authority on the percentage of bus trips by individuals on AC Transit buses originating in Oakland.

Considering again only positions meeting our criteria, about 680 jobs potentially open to our sample and attributable to Oakland public transit traffic are provided by AC Transit. Of these, 31 are entrance-level maintenance positions, and five

are miscellaneous clerical jobs. The largest pro-rated Oakland share of transit jobs, 644, is in the "operator" or driver category, which includes trainees. The entrance criteria are low: a man seeking this position must have only a high school education or its equivalent, be 23 years old, have a good driving record, and meet certain non-stringent standards for height and weight. The transit authority provides extensive training for men and women it decides to hire.

While our objective has been to see what can be done without a frontal assault on the civil service system, several anomalies turned up during analysis of jobs in Oakland and San Francisco which reveal the way in which civil service restrictions act to prevent employment of low-skilled workers in city jobs. San Francisco's transit conductor and driver jobs provide a good example. Reduction of the entrance criteria for these jobs to the same level as those employed in Oakland would increase the number of low-skilled city jobs accessible to our sample (using our criteria of accessibility) in San Francisco by almost 40%. If AC Transit can successfully train drivers without "three years of full-time job experience," it is not clear why San Francisco cannot do so also.

The Housing and Redevelopment Authorities. Finally, the housing and redevelopment authorities were analyzed in both cities. Both ~~public~~ redevelopment and housing are attractive sources of PSE jobs because funds for both programs are largely derived from federal sources. While this funding make the "usefulness" of the ~~jobs~~ questionable on the grounds outlined above, it does ~~increase the~~ leverage exercisable by federal authorities in affecting ~~local~~ employment policies. In neither city do the jobs provided by the redevelopment and housing authorities fall under the civil service job classification-examination system. While job entrance criteria do exist, they are usually viewed as very flexible.

Unfortunately, few jobs satisfying our criteria are provided by the redevelopment agencies in either city. Only 14 of the 128 regular redevelopment positions in Oakland were acceptable, and out of 250 jobs in redevelopment in San Francisco, just 4 met our requirements. Most redevelopment work is done by contractors. Without significantly altering the role of the city in redevelopment no meaningful new jobs for low-skilled people could be created in this area.

More jobs are available in housing. An interesting example of the way in which hiring practices by federally-funded agencies could be manipulated to affect employment of low-income persons is provided by comparison of the San Francisco and Oakland Housing authorities. While neither authority provides many office jobs which meet our criteria, both provide a number of acceptable jobs in maintenance and groundwork. Much of the maintenance work falls within the province of the traditional craft unions, and it is unlikely that many PSE candidates could be easily hired as plumbers, painters, or carpenters. In addition to these jobs, however, there are a number of lower-level maintenance and groundskeeping positions that could be used. For example, the San Francisco Housing Authority hires 99 laborers for miscellaneous low-skilled jobs. Laborers earn union scale for their job classification; currently this amounts to over \$900 per month. No particular requirements are specified for persons hired for such jobs aside, apparently, from luck.

In contrast to the procedure in San Francisco, in Oakland the 59 non-craft maintenance positions are filled only from tenants of the Housing Authority's projects at the entry level of groundsman-cleaner, a position with no minimum education or experience requirements. Since rather stringent income standards are applied for admission to public housing in Oakland, men who receive the maintenance jobs are guaranteed to be low-earners.

In fact, the tenant who is employed as one of the 39 groundsman-cleaners, unless he has a very large family to support, will typically so upgrade his income that he will eventually become ineligible to live in Authority housing.

Since most of the funds for public housing come from the federal government, we shall not include these workers in our assessment of the overall city job supply below. But our rather cursory examination suggests that federal guidelines for hiring on federally-funded housing projects could conceivably increase the number of jobs available to men such as those in our sample.

What Kinds of Jobs Are These? Above we have identified municipal jobs which require no more than a high school education and no more than eighteen months of experience. When the list is refined to obtain those jobs for which members of our sample were clearly eligible, the result is Table 15. It is useful to compare these jobs with the kinds of jobs held by members of the sample in 1966. We have three bases for comparison: (1) pay, (2) socio-economic status, and (3) turnover.

Wage information is contained in Table 16. In the Survey of Economic Opportunity each respondent was asked to state the hourly wage of household labor force participants in the week before the interview. The distribution of hourly wages for men in our low-income sample who were working at the time the survey was conducted is contained in columns two (for the entire low income sample) and three (for household heads only). Column four contains the 1972 monthly equivalent of these hourly wages. In Table 17 the monthly salaries of selected municipal jobs with low entry criteria are reported. The municipal jobs generally pay more than the low income sample was earning. Three quarters of the portion of our sample for which we had wage information were working at hourly wages which translate into 1972 monthly salaries of \$472 or less.¹⁴ Only a few of the school district jobs and

TABLE 15
Low-Skill Jobs in City Government

Agency	Oakland	San Francisco
City government ^a	822	3,776
School district ^b	544	547
Private carting and garbage	336	532
Transit ^c	680	189
	<hr/> 2,382	<hr/> 5,044

^aIncludes Port Authorities and, in San Francisco, county jobs.

^bIncludes some federally-funded positions.

^cAvailable transit jobs in San Francisco are restricted by special requirements for bus drivers. For a discussion of this point see the text.

TABLE 16
Distribution of Wages and Equivalent Incomes
of Low Income Sample

Actual wage, 1966	Percent of		
	Total low-income sample	Heads of households only	Monthly equivalent ^a 1972
Less than \$1.00	3.3	1.2	\$ 104.83
\$1.01 - 1.50	9.2	7.4	262.08
\$1.51 - 2.00	20.6	22.7	366.91
\$2.01 - 2.50	19.7	24.0	471.74
\$2.51 - 3.00	8.6	11.8	576.58
\$3.01 - 3.50	4.5	5.1	786.24
\$3.51 and over	4.9	6.0	
No information	29.1	21.9	

^aThe computations of monthly 1972 equivalents are based on the assumptions of 8 hours work per day, 21 days per month, and inflation of 24.8% since 1966. Each equivalent is based on the mean wage in the class except for the class of "\$3.51 and over" for which \$3.75 is used.

TABLE 17
Monthly Wages of Selected Municipal Jobs^a

A. Oakland

<u>City</u>		<u>School district</u>	
Semi-skilled laborer	\$ 785/mo.	Attendance clerk 1	\$ 454/mo.
Truck driver	\$ 847/mo.	Microfilm clerk 1	\$ 473/mo.
Gardener I	\$ 629/mo.	Campus control supervisor	\$ 405/mo.
Engineering aid	\$ 757/mo.	Custodian	\$ 618/mo.
Auto serviceman	\$ 730/mo.	Aide to handicapped children	\$ 593/mo.
Jailer	\$ 815/mo.	Truck driver	\$ 1,008/mo.
Parking meter checker	\$ 629/mo.	Stock clerk	\$ 828/mo.
Janitor	\$ 624/mo.		

B. San Francisco

<u>City</u>		<u>School District</u>	
Semi-skilled laborer	\$ 942/mo.	Assistant store-keeper	\$ 665/mo.
Truck driver	\$ 1,112/mo.	School patrol	\$ 715/mo.
Gardener I	\$ 770/mo.	Custodian	\$ 587/mo.
Janitor	\$ 587/mo.	Furniture service-man	\$ 715/mo.
Orderly	\$ 574/mo.	Film serviceman	\$ 495/mo.
Watchman	\$ 561/mo.		

^aIf a job classification has a range of possible wages, the lowest monthly wage is reported.

virtually none of the city jobs in the two cities pay less than this. Most of the jobs pay much more. A city janitor's job in Oakland pays \$629 a month, an Oakland school stock clerk's job pays \$828 a month, general laborers in San Francisco are making \$942, and so on.

The status of jobs can be compared by use of the 1960 Census Socio-Economic Status Score.¹⁵ The SEO contains this score for each respondent's most recent job at the time of interview. The weighted mean SES score for jobs held by members of our sample is 50. This corresponds to such jobs as auto service and parking attendants, operatives and kindred workers in public administration, laborers in aircraft manufacturing, and upholsterers. This figure is roughly in line with the scores of low entry criteria municipal jobs. Scores for selected jobs are contained in Table 18. The scores for clerical jobs -- file clerk, telephone operator -- are high than the low income sample mean score. The scores for physical jobs -- semi-skilled laborer, gardener -- are lower. This suggests that public service employment has no clear status advantage for potential applicants.

This observation must be qualified because the census technique for computing socio-economic status is controversial. The score essentially provides a ranking of jobs on the basis of educational attainment and incomes of persons nationwide who hold them. Within a particular job classification, area differentials in incomes and subjectively-evaluated social "status" are undoubtedly substantial. Streetsweeper, for example, has a census socio-economic status score of around 30 (the actual score depends on whether such a person is labeled a "cleaner" or a "laborer in public administration"). Yet in San Francisco streetsweepers make over \$10,000 per year, approximately the national median family income. Such city jobs may have more status than is indicated by the census technique. It seems to be widely understood

TABLE 18

Approximate Socio-Economic Status Score
of Selected Municipal Jobs

Deliveryman	60	Campus control supervisor (read as guard, doorman)	36
File clerk	72		
Police communications dispatcher	73	Stock clerks and storekeeper	73
Library assistants	53	Warehouseman	28
Semi-skilled laborer	31	Telephone operator	73
Gardener, caretaker	22		
Auto servicemen (i.e., greasemen)	27		

among city labor market participants in San Francisco and Oakland that city jobs in some classifications -- custodian, for example -- are much better than their private market counterparts when compared in terms of salary, fringe benefits, and security.

The turnover of city jobs should reveal something of their social status as perceived by city job holders. If such jobs are demeaning and suitable only for holding until something better comes along, turnover should be higher than for jobs available in the private sector with the same skill and education requirements. If such jobs are "good" jobs, representing better employment than is available elsewhere, turnover should be lower.

Of course, turnover can be caused by both labor demand and supply factors. On the demand side, it reflects the stability of the job slot itself. On the supply side, it reflects both worker characteristics and worker satisfaction with the job. Because private market turnover is in part dependent upon aggregate demand conditions, it is important to compare turnover figures for the public and private sectors drawn from the same year. Fortunately we are able to obtain an Employee Turnover Report for Oakland municipal jobs during the period July 1, 1965 - June 30, 1966, a period sufficiently close to that covered by the 1967 SEO to be comparable. No turnover data for San Francisco jobs are available.

As indicated in Table 19, calculated turnover rates for Oakland public jobs accessible to our sample are much lower than the rates calculated for both the low-income and comparison samples in section 1. Some jobs, of course, appear to be more stable than others. Janitors and laborers are rarely laid off, nor do they quit. Jailers and police communications dispatchers are apparently different. These positions are both subject to stress and neither is part of any career ladder. Other large employment positions including janitor, gardener, semi-skilled laborer and truck driver all have turnover below the national

TABLE 19

Turnover Rates for Selected Oakland City Government Jobs
(July 1, 1965 - June 30, 1966)

Job	Budgeted positions	Quits plus fires
Airport serviceman	25	0
Animal control man (dogcatcher)	7	4
Jailer	42	13
Automotive serviceman	10	2
Caretaker	24	1
Key punch operator	13	4
Duplicating machine operator	5	1
Gardeners	112	4
Janitor	78	1
Parking meter collector	6	0
Police communications dispatcher	31	12
Reservation clerk	10	3
Semi-skilled laborer	218	4
Street sweeper	26	2
Truck driver	62	2
Totals	669	53

Turnover rate for jobs listed = 8/100

Turnover rate for general SEO sample (approximately; see
section 1) = 32/100

Turnover rate for low-income subsample = 114/100

Turnover rate for all U.S. manufacturing, 1966 = 55/100

(All figures are for annual quits and fires per 100 positions.)

manufacturing average and the turnover rates exhibited by our sample.

Why should turnover among low skilled municipal employees be so low? We have several explanations. One is the greater stability of the municipal job slots themselves; a firing comes only as the result of a bad job performance, not because the job has evaporated. A second is greater employee satisfaction with municipal jobs. This satisfaction can come because of higher pay, greater employment security or perhaps higher status. A third reason could be the greater psychological stability of members of the municipal workforce.

To the extent that members of the municipal workforce are inherently more stable than our low-income sample, public service employment can do little to increase the incomes of the poor. But to the extent that the other two factors are operating, they suggest that public service jobs compare favorably to employment in the private sector. Correspondingly, for many low-income workers, public service employment would represent a substantial improvement over jobs available elsewhere.

3. Implementation of the Emergency Employment Act in San Francisco and Oakland

In July 1971, the President signed into law the Emergency Employment Act (EEA). The most important part of EEA was the Public Employment Program (PEP), a program designed to expand employment by allotting state and local governments federal funds for the creation of additional public job slots.

EEA differed on a number of counts from a public service employment program aimed at the low-skilled. The PEP hiring target was much broader and included a number of different groups: the economically disadvantaged and the low-skilled were mentioned, but jobs were also to go to Vietnam veterans of all skill

levels and unemployed aerospace workers. The breadth of the PEP target is implicit in the maximum PEP salary of \$12,000 per year, a figure which state and local governments could supplement at their option. The program included a distributional constraint requiring that not more than 1/3 of those hired were to be professionals, but there was still room for conflict to develop between the hiring of one group and another.

EEA was also supposed to be a financial aid program, passed in response to requests from states and cities whose revenues had been curtailed during the recession. In this function it was a kind of revenue sharing program with funds restricted to personnel salaries. But the revenue sharing aspect of PEP conflicted with the goal of additional employment. When governments were hard pressed for funds it was a great temptation to let PEP-financed personnel substitute for, rather than supplement, normal local hirings.

The EEA legislation contained elaborate provisions for checking the maintenance of local effort. In practice, these provisions were hard to enforce. In good times when municipal government is stable or expanding at a uniform rate, it is at least theoretically possible to derive maintenance of effort standards. But in 1971 some cities were being forced to cut back employment. In these circumstances, using PEP personnel to maintain existing staffing levels might really be more than a city otherwise would have done. It was usually impossible to tell.

Finally, EEA placed heavy emphasis on the temporary nature of PEP jobs. Employees were to be moved into regularly budgeted public jobs or private sector jobs as soon as possible. Each agency was informed that EEA funds would be cut off if unemployment dropped below a trigger rate in its region. Moreover, the act was funded only for a two year period. These constraints

make sense for a program aimed at a general population in a period of recession. But they are not relevant for the men in our low-income sample who had difficulty even in the tight labor market of 1966.

Despite these dissimilarities, the implementation of EEA is still the best evidence we have to date on the operation of a public service employment program.

How did San Francisco and Oakland implement EEA? We must give one answer for the Oakland Public Schools and another for the other agencies we are examining.

When the Emergency Employment Act was signed, the Oakland schools were operating under extremely tight financial constraints. The pressures of rising costs and a constant tax rate had forced the school administration to make significant staff cuts including, in April 1971, the refusal to rehire a number of teachers for 1971-72. When EEA funds became available the district's first priority was to rehire the teachers they had let go three months before.¹⁶ They were also interested in providing jobs for the low skilled by increasing the teacher and community aide programs, but these positions were considered part-time and EEA legislation prohibited the funding of part-time employment. Thus the request for aide positions was denied. The resulting list of Oakland School District PEP slots included 139 teachers, 6 clerical positions (high school education required), 7 custodian positions, and 6 building and grounds positions.

The slots developed by the Oakland and San Francisco city governments were more diverse in both required education and required experience. At the high end, Oakland created a position for an accoustical engineer for the airport. The engineer previously had been employed in the aerospace industry. He was paid the maximum EEA salary of \$12,000 plus a \$7,000 supplement from Port of Oakland funds. San Francisco hired an attorney for

the Public Defender's office under a similar arrangement. At the low end, both cities created additional positions for animal control men, janitors, airport fuelers, office aides (full time), community health aides (full time), and clerks. As a whole the PEP job slots in both city governments favored the low-skilled far more than the slots in the Oakland Public Schools.¹⁷

In evaluating San Francisco and Oakland's EEA implementation we have three useful standards of comparison. The first is the distribution of education of our low-income sample. Comparison with this standard indicates the extent to which EEA approximated a public service employment program. The second standard is the distribution of education of all California PEP participants. This comparison shows how well San Francisco and Oakland were targeting their hiring on the low-skilled in comparison to other California jurisdictions. A final standard is the distribution of all San Francisco and Oakland municipal jobs. This comparison shows the extent to which the two cities deviated from their normal procedures in creating PEP slots. As suggested earlier, these comparisons are made more meaningful if the Oakland Public Schools are treated separately.

A summary of this information is contained in Table 20. Column 3 of Table 20 shows the distribution of minimum educational requirements for all of San Francisco and Oakland's PEP positions. Column 4 shows the distribution of PEP jobs in the Oakland city government alone excluding Oakland school district positions. Column 5 summarizes the educational requirements for existing city government jobs in each city.

When we compare Column 4 with Columns 5, 1, and 2, several conclusions emerge.

- a) Compared to their normal behavior, both city governments skewed the distribution of PEP jobs toward the low-skilled. In both cities about 19% of all existing jobs require less than a high school education (column 5) but 39% of San

TABLE 20
Educational Requirements of Municipal and PEP Jobs

(1)	(2)	(3)		(4)		(5)	
		Entrance criteria for PEP jobs		Entrance criteria for Oakland Municipal PEP Jobs (excludes PEP School District jobs)		Entrance criteria for Municipal Jobs (i.e., all locally funded ^c City and Port jobs)	
		Low income sample	All California PEP participants ^a	San Francisco	Oakland	San Francisco	Oakland
Education							
8 years or less	31.1%	3%	39.2	27.4%	39.8%	12.0	18.5%
9-11 years	28.4%	13%	0.0	8.6%	14.2%	7.9	.5%
12 years	31.3%	43%	40.6	18.1%	27.2%	55.7	67.3%
13-15 years	5.6%	23%	7.5	4.2%	6.9%	3.0	3.7%
16 years and over	4.6%	18%	12.7	41.5%	11.8%	21.4	10.0%

^aSource: "State of California Public Employment Program Progress Report; June 1972," published by the Advisory Coordinating Council on Public Personnel Management, Sacramento, California. Figures are for May, 1972.

^bSource: San Francisco and Oakland EEA Employment Reports.

^cTabulations by the authors.

Francisco's PEP jobs and 54% of Oakland's PEP jobs have entrance requirements this low (column 4).

- b) San Francisco and Oakland targeted their jobs far more heavily on the low-skilled than did other jurisdictions in the state. Only 16% of all California PEP jobs required less than a high school education (column 2; note the state figures include San Francisco and Oakland)
- c) The 54% low-skilled figure quoted for Oakland and, to a lesser extent, the 39% figure for San Francisco compare favorably with the 59% of the low income sample who have less than a high school education (column 1).
- d) If discussion is expanded to include the Oakland School PEP slots, the conclusions for Oakland change sharply (column 4). When the large complement of teachers is included, the distribution of Oakland PEP slots favors the well-educated even more than does the all-California distribution.

These conclusions suggest a simple policy lesson: If a public service employment program is actually to reach the low-skilled, the money must go to jurisdictions which are in relatively good financial condition and are willing to expand public services.

The case in point is the contrast between the Oakland Public Schools and the other agencies under consideration. Both Oakland and San Francisco have substantial low-skilled populations. In normal times, using "free federal money" to hire low-skilled people in either city (in any agency) would have been regarded as a good and popular policy. Nonetheless the financial pressures on the Oakland School District in 1971 were great enough to produce a set of PEP slots which ignored the low-skilled almost entirely.

The reasons are obvious. When a public organization finds its funds becoming tight, it first lays off low-skilled, less-

visible jobs. But eventually, people will be laid off at all skill levels. By April, 1971, the Oakland schools had reached this more serious condition. Under these circumstances the use of EEA money to hire large numbers of low-skilled workers was out of the question. The district had to spend the money on its highest priority, the refinancing of the recently-eliminated teacher positions.

In contrast, the City and Port of Oakland did not yet have shortages at high skill levels. As a result, they could use EEA funds to create positions for painter trainees, office aides, police service technicians and other low-skilled lots. San Francisco, in a similar financial position, could use its EEA funds to undertake new public health programs and pay for greatly expanded teacher aide services in the San Francisco Community College.

It can be argued that this conclusion is overdrawn: EEA funds were not targeted on the low-skilled, but presumably a public service employment program would be. Yet in a very tight financial environment, the possibilities and pressures for funding substitution are too great to make such targeting meaningful. Under such circumstances, a public service employment program may end up being little more than general revenue sharing under a different name.

4. Some Demand and Supply Considerations

We turn now to the final questions of this study: Suppose a Public Service Employment Program, directed at the low-skilled, were initiated in San Francisco-Oakland. How many useful jobs could be provided? How large would the applicant pool be? How much would the program cost?

The program we discuss would in essence be an Emergency Employment Act PEP program more carefully targeted on the low-

skilled unemployed. The purpose of the program would be to raise the earnings of the workers by providing them with jobs. This simple description contains several implicit policy choices. One choice is between restricting jobs to unemployed workers or accepting applications from any worker. If the jobs were sufficiently attractive, a program open to all would obtain some of its employees by bidding them away from existing jobs.

Another choice is between direct creation of new jobs for the target population in government and provision of subsidies to existing employers. Such a subsidy plan is discussed by Seidman (1973). It, too, would have the impact of raising the earnings of the low-skilled and, to some extent, increasing their employment.

These alternatives produce three possible programs: public service employment for the unemployed low-skilled worker, public service employment for any low-skilled worker, and universal wage subsidies for the low-skilled worker. Of the three, the first plan has the greatest political appeal. Any plan which threatens substantial disruption of the low-wage labor market will draw heavy criticism from low wage employers.¹⁸ A universal wage subsidy will be opposed, particularly by organized labor, as a subsidy for the "worst employers" in the market. By contrast, providing jobs to the unemployed has a substantial amount of political appeal.¹⁹

For such a program to be feasible, at least some low-skilled workers must actually experience unemployment during the year. The results from the SEO tabulations indicate that about one third of the low-income workers we considered are unemployed for at least part of the year, and these figures are for a year of relatively full employment.

How many additional jobs can be created for this population? Throughout this paper, we have chosen conservative or

minimum estimates and we will continue that practice here. City officials in both San Francisco and Oakland point to the early 1960's as a period when city budgets were less stringent and services were financed at the "level they should be." In Oakland, custodial and street-cleaning services were significantly higher then than they are today. In the Oakland Public Schools, gardeners have been cut back from 292 to 261 over the same period. Total school maintenance expenditures, corrected for inflation, have decreased by 20%. Custodial work and certain street jobs in San Francisco have been cut back in a similar pattern. Re-expansion to these early 1960 levels provide one estimate of what a Public Service Employment Program might do.

Another estimate is provided by EEA itself. In San Francisco, EEA funds currently permit the operation of a broad range of public health programs which draw on the low-skilled but which will be dropped or severely curtailed when the EEA funds expire. Public health employees can cite other programs with apparently impressive benefits that are not now undertaken because funding is unavailable. This, too, is a possible area for public service employment.

Finally, in the course of our discussions with public officials in San Francisco, we examined all current departmental requests to the Mayor's office for additional employees. Of the 422 requests to which we had access, 168 (50%) meet the low-skilled education and experience requirements we have specified. These primarily are positions which appear in the city's 1972-73 budget but which have not been filled due to budgetary stringency. (The jobs do not appear in the tabulations of San Francisco jobs in Table 3; only filled positions are counted there.)

These discussion necessarily are impressionistic, but they suggest that total city and school district low-skilled employment in each city could be increased from 10-15% without

creating any "useless" or "make-work" jobs. For San Francisco, a 15% expansion means about 680 new jobs; for Oakland, 170.²⁰

How many applicants will there be for these jobs? The answer to the question depends upon who the program permits, and encourages, to apply. We have already talked about one restriction upon applicants -- that they be unemployed. Two other restrictions are also feasible. First, new PEP jobs could be given only to household heads (possibly only those with dependents under 18). Second, the wage paid to PSEP employees could be restricted. The wage rate exerts an implicit restriction since it determines the number of people who might find the job worthwhile.

All of these restrictions arise from the same problem: the fact that under general assumptions, the number of useful jobs will fall short of the applicant pool and so the applicant pool must be reduced in some way. While some of the restrictions are arbitrary, some make good economic sense. The unemployment restriction is a case in point. Perry (1972), Hall (1972), Kaitz (1970) and others have emphasized that many workers experience some unemployment in the course of a year. Most often this unemployment leads to a relatively brief search period which ends in finding a new job. In an imperfect world, a reasonably short search process can be considered as the normal workings of the market rather than the indication of a serious problem. If a Public Service Employment Program can provide only a limited number of jobs, it is inefficient to give these jobs to people who have a high probability of finding alternative employment on their own. For this reason, the program should require that a person experience a substantial period of unemployment before he becomes an applicant. Such a restriction would produce a sizeable reduction in the number of workers eligible for PSEP. Perry, for example, cites 1969 figures showing that only 13% who go into unemployment experience 15 consecutive weeks or more.²¹ (Perry, 1972, p. 261.)

The restriction to applicants who are married, or to heads of households with children under eighteen, is more arbitrary. There is, of course, the argument that the unemployment of a father with children has a greater economic welfare impact than the unemployment of an unrelated individual. There is a second argument which says that such a restriction would provide positive incentives for a family to remain intact (unlike, for example, the current AFDC program). Nonetheless, the restriction is basically similar to the restriction of the proposed Family Assistance Plan to families with children with limited resources. The size of the eligible population must be limited and exclusion of unrelated individuals is as reasonable a restriction as any other.

The proper program wage is a complex issue. The relationship between the program wage and the size of the applicant pool is straightforward: the higher the wage, the more men who will prefer the program to their opportunities in private market. But who is worthy of help? In 1968, most people agreed that a man had a right to earn \$3,200 per year.²² But does a man have a right to earn \$4,000 or \$6,000 per year? While a number of possible wages can be considered, we will emphasize the choice between a "minimum wage" program and a "customary wage" program. A minimum wage program is one in which additional public employees are hired at the federal minimum wage -- \$1.60 per hour in 1972. This is the wage level generally discussed in Senator Long's 1970 welfare reform bill²³ and presumably, only persons earning less than about \$3,200 per year would be interested in such jobs. A customary wage program would pay applicants the going municipal wage for the work they do. This wage the approach taken by EEA.

As Table 17 indicates, the lowest-skilled municipal jobs in San Francisco and Oakland paid about \$6,000 per year, and for simplicity this is the figure we will use in our analysis.

To estimate the size of the applicant pool under alternative restrictions, we have employed data from the Census Employment Survey (CES) conducted in 1970 by the Bureau of the Census.²⁴ In San Francisco and Oakland as elsewhere, the CES covered only "selected low-income areas" but analysis of the included census tracts indicates that most permanently low-income households probably live within the CES boundaries. At this writing, the survey data are available only in tabulated form so our applicant pool estimates are not based upon as refined a stratification as we would desire or as will be possible when the data on individual observations become available.

The data appear in Table 21. Column 1 tabulates for San Francisco and Oakland the number of males with earnings of less than \$3,200 and \$6,000. Column 2 tabulates the number in each earnings group who experienced more than 14 weeks of unemployment in 1969. Published CES tabulations make it impossible to separate men who have experienced at least 14 continuous weeks of unemployment (our criterion) from men who have experienced a total of at least 14 weeks in several shorter stretches. Thus the figures in column 2 overstate the number of people actually meeting our unemployment criterion. In both columns 1 and 2, the figures for the \$3,200 earnings class are derived by interpolation between the \$3,000 and \$4,000 earnings categories in the source.²⁵

Even when we allow for column 2's overestimation the numbers still present a substantial policy dilemma. The number of eligible men under the unemployment criterion alone is up to 14 times larger than our estimate of the number of new jobs. In fairness, the largest ratio of eligibles to jobs -- the

TABLE 21
Potential PSEP Applicant Pool Under Alternative Applicant Restrictions

	(1)	(2)	(3)	(4)	(5)
	Total full-time, full-year and part-year workers	Part-year workers reporting more than 14 weeks of unemployment	Household heads reporting more than 14 weeks of unemployment ^b	Household heads with children less than 18 reporting 14 weeks of unemployment ^b	Potential new public service jobs available ^c
1969 Earnings					
San Francisco	\$3,200 ^a	24,701	3,958	871	444)
	\$6,000	46,215	5,949	1,309	668)
Oakland	\$3,200	9,717	1,993	618	334)
	\$6,000	17,803	2,863	916	495)

Source: U. S. Bureau of the Census (1972a) and (1972b).

^aDerived by interpolation from figures in the source.

^bMethod of derivation is described in the text.

^cMethod of estimation discussed in text.

\$6,000 earnings class in Oakland -- is overstated. Our estimate of new Oakland jobs does not include potential expansion of county jobs through Alameda County government. The San Francisco estimates do include these jobs, however, and even at the \$3,200 level, the number of potential applicants is roughly five times the available new jobs. This is the problem that creates the need for further applicant restrictions.

Column 3 reports the number of members in each earnings group who reported more than 14 weeks of unemployment and who were heads of households. The figures are only approximate since the published CES tabulations do not separately enumerate household heads by earnings and unemployment experience. The estimates are made by assuming that the proportion of household heads in each earnings-unemployment class is the same as the overall proportion of household heads in each unemployment class. Thus of the 3,231 males in Oakland experiencing more than 14 weeks of unemployment in 1969, 48% were household heads. This 48% figure was used in deriving the Oakland figures in column 3 from the figures in column 2.

Similarly, the figures in column 4 were obtained by adjusting the estimated number of household heads (column 3) by the fraction of all household heads with earnings less than \$10,000 in 1969 who had children less than 18 years old.

The numbers in Table 21 can be faulted on a number of points. Column 2 overstates the number of men experiencing 14 continuous weeks of unemployment. The derivation of column 4 assumes that the proportion of households with children under 18 is equal for families making less than \$3,200 and families making less than \$10,000. In fact, the proportion for the \$3,200 families is probably lower. Finally, a person who earns \$6,000 despite more than 14 weeks of unemployment would probably not be interested in a job paying \$6,000 for a full year's work.

All of these assumptions, then, tend to overstate the size of the applicant pool. Nonetheless, we shall retain these estimates in line with our conservative statement of the problem.

When we compare the potential supply of public service jobs to the most restricted applicant pool, the numbers look relatively promising. We suggested that San Francisco reasonably could create 680 new public service jobs. This compares with an estimated 668 males who are heads of households with children less than 18, who have earned less than \$6,000 or less and who were unemployed more than 14 weeks in 1969. In Oakland, the comparable numbers for \$6,000 earners are 170 jobs and 495 applicants though, as mentioned earlier, the Oakland job estimate is understated since it excludes potential positions from Alameda County.

If the jobs are to pay \$3,200 rather than \$6,000, the comparisons with the most restricted group are even more favorable (in San Francisco, 680 jobs for 444 applicants). But as soon as one or more demographic requirements are relaxed, the applicant pool rises rapidly and becomes much larger than the number of available jobs.

Suppose such a program were instituted. How much would it cost? The cost would depend upon the wage model accepted. In Table 22 cost figures are summarized under the assumption that (1) both cities provide for a 15% increase in low-skilled positions, (2) "minimum wage" employment is at \$2.00 per hour or \$4,000 per year, and (3) "customary wage" positions average about \$8,000 per year (these figures are expectations for the minimum wage and municipal salaries in the near future). The costs were estimated simply as the product of the number of jobs and the wage rate with no allowance made for overhead. We assume that local governments would be expected to match full federal funding of salaries by covering all additional expenditures, including increases in management and other facilities.

TABLE 22

Costs of Public Service Employment Program
Under Alternative Wage Assumptions

	San Francisco (669 jobs)	Oakland (168 jobs)
"Minimum wage" model:	\$2,676,000	\$672,000
Job pays \$4,000/year (\$2.00/hour)		
"Customary wage" model:	\$5,352,000	\$1,344,000
Job pays \$8,000/year (\$4.00/hour)		

To place these figures in perspective, the City and County of San Francisco received \$5.5 million in the PEP portion of EEA during fiscal 1972. San Francisco's share of General Revenue Sharing is \$19.3 million. Oakland received \$2.5 in fiscal 1972 for its PEP program; its revenue sharing allocation is \$5.8 million. Given these figures, even the more ambitious of the two programs seems financially possible.

The choice between the two wage models must be based on more than cost considerations since low-wage program may be difficult to implement. Regular municipal employees may strongly resist the program because they feel they are being undercut by cheap federal labor. The job recipients, too, may feel they are second-class citizens if they receive lower wages for equal work. These two problems can be alleviated to a limited extent by insisting that the federal jobs be training slots -- that the city government use the federally-funded low-wage jobs as a first source of recruitment when regular job slots become

vacant.²⁶ In large part, however, the problems will remain if the program contains dual wage levels.

A related problem may arise because the public service job program increases the number of entry-level jobs without increasing the number of jobs at higher steps on the ladder. A number of the jobs discussed here are ladder jobs: truck drivers in the Oakland Public Schools are recruited from warehouse stockmen; supervisory custodians are recruited from regular custodians. We do not know, even in general terms, how much the possibility of job promotion weighs in the job's value. But to the extent that promotion does carry weight, the effect of a public service job program may be to decrease the possibility that any employee, federal or regular, obtains a promotion, a situation which may cause regular employee resistance. In response to the federal subsidization of lower-rung jobs through a PSEP, cities may increase the number of supervisory positions. If this were to occur, the possibilities for advancement would not decrease as much and the problem might not arise.

A final implementation problem concerns maintenance of effort: how does the federal government know that its funds are actually creating additional jobs?

Maintenance of effort begins at the federal level. A public service employment program can be financed by an increase in federal expenditures or by a reallocation of existing expenditures. Standard Keynesian macro-economic analysis suggests that a constant level of government expenditure leads to a constant level of gross output. Simply shifting money from one area to another will have little net impact on employment. At best, it will cause the existing amount of employment to be redistributed from one group to another.²⁷

At the local level, maintenance of effort means that municipal agencies use federally-funded slots as a supplement to

rather than a substitute for local jobs.²⁸ Verification of maintenance of effort over time requires two kinds of data:

- (1) An output measure on which calculations can be based: garbage collections per block per week, secretarial hours per population per week, etc.
- (2) Information on the way in which the agency would provide the service over time in the absence of additional federal slots.

Obtaining an output measure is straightforward. To separate changes in city size from changes in the city's financial condition or taste for services, the measures should be expressed in units per person: garbage collections per block per week, teacher aide services per student per year, secretarial days per city resident per year, and so on.

Predicting an agency's behavior (with or without federally-funded slots) is far more difficult. The prediction forms the standard by which maintenance of effort is judged and by which a city is rewarded or penalized. A city will not accept a public service employment program unless it finds the standard reasonable. In certain cases this should pose no problem. Many cities now collect garbage once per week in each neighborhood. A city may be willing to accept this pattern as a reasonable standard, since municipal revenues are too tight to permit increased collections, and political realities preclude collecting garbage less frequently. If the federal government provides public service employment slots for garbage collection, the city must demonstrate that garbage is collected more frequently in some areas. Failure to demonstrate this can stand as proof of no maintenance of effort. Garbage collection has the additional advantage of being easy to monitor. Residents can be informed that they are to have twice a week collections. If collections are not made twice a week, the residents can complain to the

federal administrator. Mail, with its current once a day delivery schedule, offers a similar situation.²⁹

Other cases are far more difficult. In many of these cases it may be possible for the city itself to set standards. These standards would have to reflect current staffing levels (corrected for population). The city would have to agree to maintain these levels over, say, four years as a condition for receiving federal slots. This would, in effect, impose a matching condition upon municipal employment.

Matching ratios do not rule out substitution entirely. Suppose, for example, a city currently has an abnormally low number of secretaries, a number which they intend to increase in the near future. If they choose the current low level of secretarial services as their standard, they can use federally-funded positions as substitutes for the increases they would have made. At this time, however, more cities are considering personnel reductions than are considering personnel increases. Consequently, this kind of substitution seems more a theoretical than a practical problem.

One final matter should be mentioned. If a worker has been earning \$3,200 and is hired for a job paying \$8,000, he will undoubtedly be made better off. But hopefully a public service employment program could affect the earnings of other low-skill workers who do not get jobs in the program by tightening the labor markets in which they compete. While the number of municipal jobs accessible to low-skill persons is significant, it is small when compared to the total number of low-earnings workers. The success of a policy of attempting to increase earnings of all low-skill workers by tightening labor markets through public service employment is dependent upon a number of factors about which information is difficult to obtain. In particular, more information about the wage-elasticity of the demand

for such workers is needed. The labor supply equations estimates by Bob Frank (1973) suggest that reduction in the supply of workers to low-skill jobs through PSE need not result in disruptive labor shortages, since labor supply is relatively wage-elastic. To the extent that increase in labor supply is provided by a fixed number of workers, however, incomes will go up.³⁰

5. Summary and Conclusions

Discussion of use of Public Service Employment as a tool for increasing incomes of low-skilled workers is complicated by a shortage of reliable information on the jobs cities are now providing and the jobs with tangible, useful product which are available but undone. In this paper we have attempted to count such jobs. Several conclusions emerge from our analysis:

(1) Low-income workers in major metropolitan areas are not necessarily unstable. Most appear to be committed to labor force participation. If Public Service Employment is designed to stabilize employment patterns as well as increase incomes more than income criteria must be applied in choosing new municipal jobholders.

(2) Aside from age, there is little discernable difference between the characteristics and employment experience of low-income household heads and low-income single males. If, for welfare reasons, PSE is to be restricted to household heads, new applicants will have the same education and unemployment experience as would have been the case if all low-income workers were considered eligible.

(3) To the extent city employment elsewhere resembles that in Oakland and San Francisco, cities provide a substantial number of jobs which could be held by people with the skills possessed by low-earners in the large metropolitan areas covered

by the Survey of Economic Opportunity. As a result, natural employee turnover should create each year a number of job openings which could be filled by low-skilled workers, even when allowance is made for the low turnover rates typical of city jobs. What is missing is the incentive to fill such slots with disadvantaged workers.

(4) In every metropolitan area a variety of governmental and quasi-governmental agencies provide public services. Efficient use of Public Service Employment for raising worker incomes requires that these jobs in city and county and, if possible, in agencies providing municipal services under contract, be utilized.

(5) If federal housing and redevelopment programs are continued, specific guidelines could be initiated to assure that persons in PSE target groups are hired wherever possible. If the employment policies of Oakland's housing authority are not typical of such authorities elsewhere, federal incentives should be created to assure that they are duplicated.

(6) Our criterion of job usefulness is much more stringent than the criteria proposed by persons who write about Public Service Employment as a means of meeting "...unmet needs for public services in such fields as environmental quality, health care, housing and neighborhood improvements, recreation, education, public safety, maintenance of streets, parks and other public facilities, rural development, transportation, beautification, conservation, crime prevention and control, prison rehabilitation, and other fields of human betterment and public improvement." (U. S. Congress, 1971) Even with this criterion, a significant number of jobs were found with tangible output that in no sense could be classified as "makework". Such employment could, we believe, be undertaken without serious concern for the efficiency problems discussed by Larry Seidman in his critique of employment programs which hire in only one

sector of the economy (Seidman, 1973). But employment beyond these jobs can be seriously criticized on grounds of lack of real social utility.

(7) If a public service employment program is to create long-run improvement in the earnings capabilities of the poor without causing substantial friction within the city labor force, jobholders will probably have to be paid customary municipal wage rates. This provision substantially increases the cost of such a program compared to estimated expense for creation of jobs paying only the minimum wage.

(8) Two essential attributes of an expanded public service employment program are that (a) the target population be well defined, and (b) carefully planned standards for maintenance of effort be enunciated. We have suggested in section four ways in which such standards could be formulated.

Finally, the literature on public service employment is filled with references to civil service barriers to employment of the poor. Our experience indicates that such problems may not be a significant obstacle for a public service employment program of the type we are considering, at least in the cities we have discussed. The civil service qualifying procedure serves in part to reduce the number of job applicants which must be examined before municipal jobs slots are filled. Evaluation of job applicants and selection of those to be hired is a psychologically demanding process. No one likes it. But the queues for most city jobs are quite long. Use of examination permits the bureaucrat to insert an "objective" job screening criterion between himself and the ultimate hiring decision. For this reason the test need not reflect what job holders are expected to do. Rather, it simply serves to reduce the applicant pool to manageable proportions.

A federal job subsidy program underwriting the wages of some subset of low-skill workers will also provide a screening

criterion for admission of people into city jobs. When such subsidies are offered, it is likely that civil service barriers will be circumvented, especially if the subsidy includes a bonus for eventual placement in regular civil service jobs. In both Oakland and San Francisco this occurred with implementation of the EEA public employment program. The barriers are substantial, but money is a powerful weapon.

FOOTNOTES

1. The authors are respectively associate and assistant professor of economics at the University of California, Berkeley. In addition to the people cited in the text, we are grateful to Bennett Harrison, Paul Taubman, and members of the Public Service Employment Seminar at Berkeley for helpful comments and to Catherine Moose for research assistance. This paper could not have been completed without the generous aid of a great number of people in city government and school administration in both Oakland and San Francisco, California. The research was done for the Manpower Administration, U. S. Department of Labor, under Research and Development Contract No. 81-06-72-01. Since contractors conducting research and development projects under Government sponsorship are encouraged to express their own judgment freely, this report does not necessarily represent the official opinion or policy of the Department of Labor. The authors are solely responsible for the contents of this report.

2. The cities included are Baltimore, Chicago, Cleveland, Detroit, Houston, Los Angeles, New York, Philadelphia, Pittsburgh, St. Louis, San Francisco, and Washington, D. C.

3. The price indices, based on consumption patterns by low-income households are:

<u>City</u>	<u>Cost of Living Index</u>	<u>City</u>	<u>Cost of Living Index</u>
Baltimore	97	New York	100
Chicago	101	Philadelphia	99
Cleveland	99	Pittsburgh	98
Detroit	98	St. Louis	100
Houston	93	San Francisco	109
Los Angeles	105	Washington, D.C.	102

Source: U. S. Bureau of Labor Statistics (1967), p. 35. The statistics are for Spring, 1967.

4. A detailed analysis of those who were disabled produced no clear pattern. A fifth of those whose work was limited by health (or 2% of the low-income sample) reported some heart disease. Another 6% of health-limited workers reported crippled or deformed limbs. Both of these disabilities would preclude many physical jobs. Another 6% of disabilities were reported by smaller percentages.

5. We are indebted to Robert J. Flanagan for this point.

6. Turnover figures are computed from the data in Tables 4, 5, and 7, using the following assumptions: In Table 5, all men who worked less than 50 weeks but reported no periods of looking for work were counted as having quit or having been fired one time. In Table 7 one stretch of looking for work was counted as one quit or fire, two stretches of looking for work were counted as two quits or fires and three or more stretches of looking for work were counted as 3.3 quits or fires. Midpoints of the class intervals in Table 4 were employed to estimate actual weeks worked.

7. See, for example, Liebow (1967).

8. The concept of a redistributive payment helps clarify the relationship between "usefulness," in a conservative sense of the term, and economic efficiency. Economic theory requires that resources be used until the point where their marginal revenue product equals their cost. In the case of public service employment, the resource in question is the unemployed labor. The marginal revenue product is the taxpayer's valuation of the marginal output which the worker would produce. The cost of acquiring the worker is the lowest wage for which he will work or the lowest wage which political conditions (i.e., municipal employee contracts) will permit, whichever is higher. If the cost of acquisition is higher than the marginal revenue product, the difference will represent a redistributive payment and the

project will have to be judged on grounds broader than pure economic efficiency if it is to be undertaken.

9. Bennett Harrison (1971) has argued that most of the entrance requirements for both firemen and policemen are unnecessarily restrictive and that such positions offer important sources of jobs for improving the incomes of poor persons. This may be the case; however, in both San Francisco and Oakland it is likely that some of the most significant resistance to alteration of standards will occur in the police and fire departments. The positions are excluded here therefore both because of uncertainty about actual job requirements and the likelihood that hiring additional persons in positions of this type will require substantial institutional changes, the success of which cannot be reliably forecast. Other jobs present fewer difficulties.

10. In practice it proved extremely difficult to isolate jobs that were federally-funded from the city's budget. The 117 jobs identified here are the most obvious cases. Undoubtedly federal resources account for a substantially larger number than this.

11. These figures represent employees hired from state and local funds as well as employees in Federal-State Special Projects such as ESEA Title 1.

12. These numbers are included primarily to provide an idea of how many people are required to collect a city's trash. In reality, providing employment for substantial numbers of our sample in the San Francisco scavenger companies could be difficult. Both companies hire primarily Italian-Americans and have been, since the 1920's, worker-owned.

13. Strictly speaking, it could be argued that since this experience requirement is not for a specific skill, some of our sample might fulfill it.

14. Expected monthly salaries for most of these workers

will be less than those estimated on the basis of reported wages rates because of the high frequency of unemployment among this group.

15. For a description, see Gordon (1967).

16. In April, 1971, the prospects for the President signing EEA looked very bad. This fact together with conversations with Oakland administrative staff convinces us that the teacher firings were real; not paper firings to justify receiving federal funds.

17. For reasons discussed earlier, San Francisco" schools were in generally good financial condition. As a result, they did not receive many of San Francisco's PEP slots. As of November 30, 1972, only 75 (5.4%) of the city's 1,379 EEA positions were in the school district. By contrast, in Oakland the corresponding numbers were 158 out of 311 (October 31, 1972). (The school figures do not include EEA positions in the community colleges. The numbers include positions made available through the use of "lapse" funds.)

18. Consider the comment of former Georgia Governor Lester Maddox that if the Family Assistance Plan passed, "You're not going to be able to find anyone willing to work as maids or janitors or housekeepers" (Wall Street Journal, December 15, 1970, as cited by Henry Aaron (1973).) A public service employment program directed at drawing men away from these "worst jobs" would come under similar criticism.

19. Hiring men who are currently unemployed will over time have an impact on other workers. For a general argument on the externalities of unemployment, see Robert Hall (1972) especially pp. 739-742. Little more can be added to this general argument here because very little is known about the demand for low-skilled labor in central cities.

20. We emphasize that these estimates assume no reorganization of civil service, no new jobs in carting and garbage

collection, no new transit jobs in Oakland (and no new driver's jobs in San Francisco). They do not allow for the possibility of expanding the number of full-time low-skill slots in San Francisco through consolidation of existing part-time jobs. Federal subsidization of such slots would provide important incentive for changes to occur. Also, no allowance is made in Table 22 for jobs opened to low-skilled people through the normal process of job turnover within existing positions. To the extent that such jobs are now filled by workers who would otherwise be low-earners, these jobs should not be considered. If, however, they are going to workers who would have little trouble finding jobs elsewhere -- and the civil service examination system may assure that this is the case -- diversion of the jobs to workers like those in our sample could be useful.

21. Too low an unemployment criterion has two perverse effects. First, it interrupts a search process which may normally lead to a job. Second, if the period is short enough, people may become unemployed simply to qualify for the job. There is substantial anecdotal evidence suggesting that EEA generated this kind of intentional unemployment since it required that applicants be unemployed for only a week before they applied.

22. See the Gallup Poll, of June 1968. In that poll, the sample rejected a guaranteed income of \$3,200 ("the government would make up the difference between what a person made and \$3,200") by about 2:1 but they supported the idea that the government should guarantee anybody enough work to earn \$3,200 by about 3:1.

23. See Aaron (1973) and Haveman (1972) for discussions.

24. U. S. Bureau of the Census, 1972a and 1972b.

25. On the basis of the CES tabulations, low income workers in San Francisco and Oakland appear to be quite similar to the low income sample from the SEO described in section 1 of this paper.

26. Rapid transfer of people from subsidized public service to regular municipal employment will occur only if public service job slots are funded on a long-term basis. In order to assure that all EEA funds budgeted for the first year of the program were spent, the Manpower Administration permitted some cities to hire additional persons in fiscal 1972 beyond those approved in the initial PEP grants. "Lapse" funds were used for this purpose -- monies not spent in the beginning of the fiscal year because of delays in recruitment, program approval, and so forth. The existence of these excess slots created a dilemma during early fiscal 1973, since adequate funds did not exist to continue the original number of PEP slots plus those created with lapse funds. The Manpower Administration ordered all agencies to cut back employment to originally-budgeted levels. Both San Francisco and Oakland accomplished this by ordering a freeze on EEA hires until natural attrition, promotion, and so forth reduced the number of such positions to that originally budgeted. For department heads within the two governments, this destroyed all incentive to promote EEA employees to regular municipal jobs. To do so meant an overall reduction in manpower, since the EEA department job would not be refilled. The number of EEA employees being promoted, at first quite high in both cities, dropped precipitously.

27. We are indebted to Orley Ashenfelter for making this point. It may be, however, that a one percent drop in the unemployment rate in low income labor markets may cause less inflationary pressure than a 1% drop in skilled worker unemployment. In this case, direct federal hiring of the low-skilled may permit a lower overall unemployment rate without creating the inflationary pressures which in the past have hampered attempts to reduce unemployment through expansion of aggregate demand.

28. See Seidman (1973) for a detailed discussion of the problems posed by such substitution.

29. But as L. Seidman has suggested, the lack of dispute over current standards of garbage pickup and mail delivery frequency suggests their expansion above current levels is a very low priority item.

30. If the supply of laborers from outside the city is responsive to improved job opportunities created by PSE, the effect of the program on the incomes of individual workers will be eroded. The migration problem has not been considered in this paper, but if PSE is to be located only in a restricted number of cities, some consideration must be given the possibility that such a program will only serve to further increase the pool of low-skill workers.

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