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Public Service Employment in the Rural South: The Prospects
for Job Transition*

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I. Introduction

With respect to human resource policy, one of the most important developments of the decade of the 1970's has been the revival and expansion of job creation programs. As an instrument of policy intervention into local labor markets, public service employment (PSE) embraces three objectives that are potentially of vital importance to the people and region of the rural South. These are the ability of such endeavors to increase the number of available job opportunities; to enhance the income levels of program participants; and to produce useful output which benefits the general community. Regardless of priorities, virtually any ordering of these objectives will be of more benefit to the economy of the rural South than to any other region of the nation.¹

As innovative and as important as job creation policy was during the depression years, it was not until 1971 that it was revived as a conscientious policy instrument. In that year, the Emergency Employment Act (EEA) became the first purposeful job creation law to be enacted since the Works Progress Administration was created in 1935. EEA was specifically intended to be a temporary countercyclical use of PSE with emphasis given to the rapid

*The study from which the findings in this paper are taken was conducted under Grant No. 21-36-78-37 from the Employment and Training Administration of the U. S. Department of Labor. The authors alone, however, are responsible for views expressed.

placement of participants into non-subsidized employment. The real momentum for an expanded PSE program, however, came with the enactment of the Comprehensive Employment and Training Act (CETA) of 1973 and its subsequent amendments in 1974 (i.e., the Emergency Jobs and Unemployment Assistance Act) and 1976 (i.e., the Emergency Jobs Program Extension Act) as well as the doubling of the number of PSE participants enrolled in these existing programs in 1977-8 as the result of the Economic Stimulus Appropriations Act of 1977.

EEA was developed to respond to national unemployment problems. It manifested a perception of the problem that equated unemployment with urban needs. No real thought was given to the specific needs of rural areas in the design of the Act or in its subsequent operations.² The same pattern of neglect has continued under CETA. Funding formulas, legislative requirements, and the administrative rules and regulations have been based upon criteria that primarily benefit urban areas.³ The applicability of PSE to the specific employment needs of rural areas has remained largely a policy afterthought. The CETA Amendments of 1978 have continued in this same mold.

II. The Issue of Job Transition

One of the most important dimensions of job creation policy pertains to the movement of PSE participants into non-subsidized employment. This process is more commonly referred to as transition. Transition was a major goal of PSE under EEA and under the Title II PSE provisions of the original CETA of 1973. But transition was submerged as a primary objective with rapid expansion of PSE as a countercyclical tool of fiscal policy under the aforementioned CETA amendments of 1974 and 1976 and the PSE "build-up" in 1977-8.⁴ The administrative capacity of the CETA prime sponsor delivery system was greatly overloaded by the increased scale and the more intricate provisions of the

PSE expansion during these years.⁴ Transition was a stated objective of the legislation but it was simply shoved aside as a practical expediency. One comprehensive study found that while some prime sponsors did encourage individual participants to seek non-subsidized employment on their own, transition itself was definitely not considered to be an important local objective.⁵

Although a pragmatic assessment of the capabilities of prime sponsors may have had much to do with the decline of transition as a goal, there was a second factor which was surely as important. If PSE was indeed a countercyclical weapon, then to a large extent transition should take care of itself. This, of course, assumes that the average unemployed person would find an unsubsidized job preferable to a subsidized one. The presumed motivation would be that wage differentials would exist that would favor non-subsidized employment as the economy recovered.

The CETA Amendments of 1978 have again made transition an important concern. This is in part due to the fact that the emphasis of PSE under this legislation has shifted markedly from being a countercyclical device to being a counterstructural weapon. More importantly, the tenure of any individual in any PSE title is limited to a maximum of 18 months. This provision which should bring the transition issue to the fore, will be a particular problem for the rural South. Regardless of national economic conditions, the scarcity of job openings at any time in the rural South means that there is only a limited potential for transition of persons from PSE programs to permanent public jobs and even less potential for transition of persons from PSE programs to permanent public jobs and even less potential for transition into the private sector. A surplus labor situation is normal throughout most of the rural South. Low labor force participation rates also indicate that "hidden" unemployment is widespread.⁶ More over, many of the "best jobs" in the rural South are to be

found in the public sector. Thus, any assumption that a participant will desire transition to the private sector can be considered dubious at best.

Not only are jobs, public or private, difficult to obtain in the rural South, but the population which is to be served contains a disproportionately high percentage of economically disadvantaged, poorly educated, and minority persons relative to other regions.⁷ PSE, like all CETA programs, is targeted toward a population that is poorly prepared for the labor market and for whom transition to a non-subsidized job will be very difficult. The eighteen month rule as well as renewed emphasis on transition could be detrimental to the best interests of this population. In particular, heavy emphasis on transition might encourage "creaming" of participants to an even greater extent than now exists. The universal application of the eighteen month rule neglects recognition of the differentials in the potential for transition among individuals.

This paper examines the results of a study of PSE in the rural South with respect to efforts to facilitate transition and to factors which influence the probability of successful transition.

III. Data Sources

Rural PSE developments were studied at both the state and county levels. Out of the eight southern states that were reviewed, eight counties were selected from two of the states, Georgia and Mississippi, for intensive study.⁸ In these counties, personal interviews were conducted with the program delivery agents (i.e., public employment service in both states) all local PSE employers (e.g., local town and county governments, independent schools, and community action agencies); and a random sample of all PSE participants. The participant sample was chosen randomly from a total of the 1400 persons who

had held a PSE job in the eight counties during Fiscal Years 1977 and 1978. A total of 247 participants composed the study sample.

IV. Local Efforts to Facilitate Transition

In general, formal transition services were not a part of the PSE program in any of the study counties. Little pressure was exerted at the state prime sponsor level and the program delivery agents generally did not even consider it to be part of the program. Many staff members indicated that there were few if any jobs locally available and, even if there were, most PSE participants would have little chance of obtaining them.

Interestingly, the attitude of PSE employers did not encourage transition. PSE employers often developed a proprietary attitude not only toward the job slot but toward the people in them. In one case, when a local employment service staff member arranged a job interview for a PSE participant, the PSE employer brought political pressure to stop "interfering with my employees until their time runs out."

There was some evidence that the local delivery staff would, from time to time, suggest to participating employers that the PSE employees should be given preference when regular slots became vacant in their organizations. There was some success. In fact, several public agencies appeared to utilize PSE as a screening method for identifying potential employees for their non-subsidized positions. However, there was no evidence that any effort was made to move participants to jobs into the private sector or that such an effort was ever seriously contemplated. Most of the transition to the private sector which did occur was at the initiative of and due to the efforts of the individual PSE participants themselves.

V. Factors Influencing the Probability of Transition

The ability of a given participant to move from a PSE job to a non-subsidized job will depend not only upon the experience gained on the job but on personal characteristics and local job opportunities. To investigate which factors were important, a regression model was developed and applied to the data obtained from the 247 participants included in the sample. Less than half of the PSE participants (46 percent) were successful in securing non-subsidized employment. Since transition is a two dimensional event--it occurs or it does not--the model employed a dichotomous dependent variable.⁹ Transition was assumed to have occurred if the person interviewed was employed at the time of the interview or had been employed more than 50 percent of the time since the person was terminated from the PSE job. This meant that persons not employed at the time of the interview had to be employed at least five months out of the past ten. The probability of transition was assumed to vary with the race, sex, age and education level of the individual; with the employment status of other family members; with the economic situation in the county in which the individual was living; and with the experience gained on the PSE job. Experience gained was assumed to have two dimensions: the type of job and the length of time which the job was held. The results of the analysis are shown in Table I.

VI. Findings

The results, in general, conform to standard labor market analysis in that males were more likely to be employed than women; older workers were less likely to be employed; and the presence of another wage earner in the family reduced the probability of being employed. Interestingly, race does not appear to be a factor in transition despite the fact that in two of the

Table I. Transition Regression
Equation Results

| Variables | Coefficient | t-statistic |
|----------------|-------------|-------------|
| Race | -.03533 | 0.142 |
| Sex | .20853 | 2.569* |
| Age | -.00517 | 2.310* |
| Others | -.13826 | 3.768* |
| Dis | -.12094 | 1.564 |
| Time | -.00196 | 4.927* |
| Educ | .07468 | 1.229 |
| Clerical | -.02477 | 0.055 |
| Service | -.12313 | 1.507 |
| Const | -.17397 | 1.738 |
| Cty 1 | -.16218 | 2.512* |
| Cty 2 | -.61928 | 2.581* |
| Cty 3 | -.26997 | 2.580* |
| Cty 4 | -.02502 | 0.034 |
| Cty 5 | -.33388 | 0.028 |
| Cty 6 | -.55915 | 0.784 |
| Cty 7 | -.10084 | 3.954* |
| Constant | 1.12546 | |
| R ² | .21441 | |
| F | 2.45638* | |

Level of Significance: * Significant at .05 level

Definition of Variables: Age (Age) and Time on PSE (Time) are continuous variables; all others are dummies as follows: Race, Black = 1; Sex, Male = 1; Dis, Disadvantaged = 1; Other, other family members employed = 1; Educ, High School or more = 1; Clerical, PSE clerical job = 1; Service, PSE service job = 1; Const, PSE construction job = 1; Cty 1 through Cty 7 = 1 if in county 1 through 7.

counties a previous study had revealed significant racial discrimination in employment.¹⁰ The lack of significance of the race variable holds important implications for PSE in the rural South. Blacks accounted for slightly over half the sample and a similar portion of those who had successfully experienced transition but blacks were more likely to still be employed in the public sector. In general, PSE in the rural South appears to be increasing the number of blacks employed by local governments where their numbers had been historically low.¹¹

The type of PSE job held (occupation) does not appear to affect the probability of transition. Although there are several possible interpretations, the most likely is that few of the PSE jobs that were studied during the period required or imparted a substantial degree of skill. There were, of course, some skilled occupations among those jobs held by the 247 participants in the sample. But, in each instance, they all required the individual to possess the skill prior to obtaining the PSE job. Only twelve percent of those persons interviewed stated that they received any formal training while on the PSE job other than instructions required to do aspects of their job as situations arose.

The second variable intended to measure the benefit of PSE experience was the only unexpected finding. Namely, the probability of transition declined with the length of time the PSE job was held rather than the reverse as had been anticipated. Considerable reflection led to the conclusion that in the rural South such a finding was not implausible if, in fact, those with the smallest chance of moving to non-subsidized employment tried to hold their PSE job as long as possible. Two factors tend to support this. First, while almost 80 percent of the participants in the sample were disadvantaged, less than 65 percent of those who found non-subsidized employment came from this group. The economically disadvantaged (being the least likely to find a job

in the absence of a subsidy) are always the most difficult to transition in any type of human resource program. Secondly, more than half of those who found non-subsidized employment spent less than six months on a PSE job. This lends credence to the view that for some PSE is a form of "unemployment insurance" to be used until a better job can be found. This, of course, is exactly what would be expected in a countercyclical program.

VII. Implications

Generally speaking, the most significant factor, other than personal characteristics of the participant, which influences the probability of transition is local economic conditions. Although this is not surprising, the implications for the rural South are vitally important. For many, if not most, counties in the rural South the prospects of economic development and growth are not bright. Poverty is high and employment opportunities are few. For example, in the sample counties the overall poverty rates ranged from 25 percent to 60 percent while for black families the range was 54 percent to 80 percent. In this environment, job transition is essentially a meaningless concept for most PSE participants. The 18 month rule will assure that more people can be rotated through PSE. But if there are any persons who believe that such a rule will increase transition in the rural South, they are only deceiving themselves.

Preliminary findings from this study of PSE in the rural South reveal that 80 percent of the participants were economically disadvantaged before the 1978 Amendments became effective; that displacement of regular employees is quite low; and that for many small rural towns and rural counties PSE funds allowed services to be provided for the first time that are often taken for granted in urban areas. In this type of environment, emphasis on job

transition would appear misguided if not totally unrealistic and incorrect. This conclusion should not be interpreted as a recommendation that the goal of transition be abandoned. Rather, a realistic assessment of both the nature of the PSE job and the probability of transition of the individual participant should be considered. The existence of an inflexible 18 month rule is of little benefit either to the participant or to the employing agency in the rural South.

Many, if not most, local governments cannot provide the infrastructure nor the quality public services needed for economic growth--growth which is the ultimate key to solving the long run employment problems of the rural South. Not only can PSE provide needed jobs but it can be used to help meet these community needs. As a corollary, the out-migration of rural southerners to urban areas of the North and the South is rapidly becoming an undesirable alternative both for the individual and for the receiving urban area. PSE can and should be a major part of any long run strategy to slow the out-migration and to improve the quality of life in rural areas. But PSE has little to offer to either the participants or the economy of the rural South if it is designed to be only a temporary policy. It has previously been observed that to be of maximum benefit both to the individual and to the rural areas such jobs cannot be considered as transitional--especially with respect to placement to the private sector. The emphasis on short term PSE jobs and rapid job transition contained in the CETA Amendments of 1978 is a move in the wrong direction for the rural South.

A final and important implication of the findings is that the probability of transition will vary from county to county depending upon local economic conditions and upon the characteristics of the local eligible population. In the eight states included in this study, there are 615 rural counties. What

has been stated as the general case of all human resource programs in all rural areas is especially true for PSE in the rural South. Programs will have to be more closely tailored to the specific problems of each rural area.¹² This, and the other factors discussed, means that PSE in the rural South must be innovative and adaptive if it is to be useful and effective. This is not presently the case.

Footnotes

1. Brian Rungeling, Lewis H. Smith, Vernon M. Briggs, Jr., and John Adams, Employment, Income, and Welfare in the Rural South, New York: Praeger Publishers, Inc., 1977.
2. E.g., see Gerald G. Somers, "Public Service Employment and Manpower Policies in Rural Areas: Limitations of the EEA," Essays on the Public Employment Program in Rural Areas, (East Lansing: Center for Rural Manpower Policy, Michigan State University, 1973), p. 2 [distributed by National Technical Information Service PB-226 488]; also see Vernon M. Briggs, Jr., "Texas," Case Studies of the Emergency Employment Act in Operation, Senate Committee on Labor and Public Welfare (Washington, D.C.: U.S. Government Printing Office, 1973), pp. 1081-1087.
3. Phillip L. Martin, "Public Service Employment and Rural America," American Journal of Agricultural Economics, (May 1977), p. 277; see also National Governors' Association, CETA and Rural Areas (Washington: National Governors' Association, Center for Policy Research, 1979), pp. 76-89; and Gene Leonardson and David M. Nelson, Rural Oriented Research and Development Projects: A Review and Synthesis, U.S. Department of Labor R & D Monograph 50, (Washington, D.C.: U.S. Government Printing Office, 1977), pp. 93-122; also see Ray Marshall, "Manpower and the Urban-Rural Balance," A Collection of Policy Papers, Special Report No. 14 of the National Commission on Manpower Policy (Washington, D.C.: National Commission on Manpower Policy, 1978), pp. 43-64.
4. William Mirengoff and Lester Rindler, CETA: Manpower Programs Under Local Control, (Washington: National Academy of Sciences, 1978), pp. 160-161.
5. Richard P. Nathan, Robert Cook, V. Lane Rawlins, and Janet Galchick, Monitoring the Public Service Employment Programs: The Second Round, Special Report No. 32 (Washington: National Commission for Manpower Policy: 1979) pp. 97-100.
6. Rungeling, et al., op. cit., Chapter 4.
7. Vernon M. Briggs, Jr., Brian Rungeling and Lewis H. Smith, Human Needs and Income Supplement Programs in the Rural South, (University, Mississippi: Center for Manpower Studies, 1978).
8. The eight states were placed in one of two classifications according to the percentage of population which was rural. One state was selected from each group. Since PSE prior to 1978 has been primarily designed as a countercyclical tool, aspects of the program, including transition, should vary with the economic situation in a given county. In the absence of any easily definable measure which was superior, population growth from 1970-1977 was used as a proxy for economic growth and, thereby, the economic health of a county. Counties in the states (which were rural by the U.S. Department of Labor definition) were stratified into groups according to population growth between 1970 and 1977. Four counties were selected from each state.

9. The problems with using a dichotomous dependent variable are well known [see Arthur Goldberger, Econometric Theory (New York: John Wiley and Sons, 1964), pp. 248-255]. In this case, using Goldberger's suggested adjustments on a subsample revealed that the revised standard errors were generally smaller meaning estimates obtained are generally conservative. Since it has been shown that the results of alternative techniques differ from those of ordinary least squares by a trivial amount it was decided to use the latter technique [Morley Gunderson, "Statistical Models for Dichotomous Dependent Variables," Working Paper, Center for Industrial Relations, University of Toronto, 1973].

10. Rungeling et al., op. cit., pp. 130-5.

11. The benefit of this depends upon whether or not blacks are finding employment in all parts of local government or just in the lowest level jobs. At this stage of the study, the data on this point is inconclusive.

12. Philip L. Martin, "Rural Labor Markets and Rural Manpower Policy," Proceedings of the Thirtieth Annual Winter Meeting of the Industrial Relations Research Association, (Madison, Wisconsin: Industrial Relations Research Association, 1978), pp. 217-225.