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BY THE U.S. GENERAL ACCOUNTING OFFICE

**Report To The Chairman
Subcommittee On Employment And Productivity
Committee On Labor And Human Resources
United States Senate**

**Projects Funded In Northeast Texas
By The Emergency Jobs
Appropriations Act Of 1983**

To meet economic problems facing the nation, the Congress enacted the Emergency Jobs Appropriations Act of 1983, which made over \$9 billion available for fiscal year 1983 and beyond. Title I of the act made funds available to provide, among other things, essential and productive jobs. GAO analyzed available data on projects that were awarded these funds in six geographical areas throughout the United States. This report discusses a seven-county area in northeast Texas.

GAO found that about \$830,000, or nearly 25 percent of \$3.4 million awarded to projects identified in northeast Texas, had been spent by March 31, 1984--about 1 year after passage of the act. Of an estimated 159 people who were employed, at least 102 had been previously unemployed. In addition to the short-term employment opportunities resulting from these funds, other benefits--such as improvements to park facilities, home weatherization, and newly constructed facilities--had been and are expected to be provided to the seven-county area.



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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

B-205627

The Honorable Dan Quayle
Chairman, Subcommittee on
Employment and Productivity
Committee on Labor and
Human Resources
United States Senate

Dear Mr. Chairman:

On April 6, 1983, you requested that we monitor and report on the implementation of the Emergency Jobs Appropriations Act (Public Law 98-8), enacted on March 24, 1983. The act provided emergency supplemental appropriations for use in fiscal year 1983 and subsequent years to provide productive employment; hasten or initiate federal projects and construction, such as construction and modernization of housing units for military families; and provide humanitarian assistance, including an emergency food and shelter program. Title I of the act made funds available to provide, among other things, essential and productive jobs and humanitarian assistance. Two other titles provided appropriations for other purposes, including the creation of a temporary emergency food assistance program for the needy.

As agreed with your office, we focused our review on title I, which made over \$9 billion available to federal departments and agencies administering 77 programs and activities. As part of our response to your request, we reported to you in April 1984 on the allocation of Public Law 98-8 funds among the 50 states, the District of Columbia, and the territories. Also, as agreed with your office, we initiated reviews of projects funded by the act in six geographic areas of the United States.

This is the first of six reports we will issue on these geographic areas. It provides information on the status of projects funded by the act in seven adjacent rural counties of northeast Texas as of March 31, 1984--about 1 year following enactment of the act. The seven counties are Bowie, Camp, Cass, Marion, Morris, Titus, and Upshur. Because there are no comprehensive requirements in the act for federal, state, and local agencies to maintain detailed records on the use of Public Law 98-8 funds, the report presents information on only those projects that we were able to identify in these counties.

The following sections summarize the results of our review. Appendixes I and II provide further details on the methodology of our review and our findings. The other appendixes contain detailed statistics relative to Public Law 98-8 funds spent in the seven counties.

\$3.4 MILLION AWARDED TO 23 PROJECTS
IN SEVEN COUNTIES OF NORTHEAST TEXAS

As of March 31, 1984, about \$3.4 million of Public Law 98-8 funds were awarded to 23 projects in the seven-county area of northeast Texas. These funds include about \$3.3 million for 15 public works projects, such as renovating community parks, and about \$65,000 for 8 public service projects, such as providing alcohol counseling services. The economy in these counties, which cover 3,666 square miles, includes agriculture; manufacturing; timber, paper, and steel mills; and tourism. When the act was enacted in March 1983, 12,344 people in these seven counties, or 14.7 percent of the 83,774 people in the labor force, were unemployed. At that time the unemployment rates ranged from 9.5 percent in Titus County to 28.3 percent in Morris County. Statewide and national unemployment rates during this same period were 8.7 percent and 10.3 percent, respectively. In March 1984, about 1 year after passage of the act, the unemployment rates for the nation, the state, and the seven-county area were 7.8, 6.5, and 9.1 percent, respectively.

TWENTY-FIVE PERCENT OF AWARDED FUNDS
SPENT WITHIN FIRST YEAR OF THE ACT

As of March 31, 1984, about \$830,000, or 25 percent of the \$3.4 million awarded, had been spent on 15 of the 23 projects. These expenditures were made on eight projects (\$579,648) that were completed and seven projects (\$250,360) that were awarded about \$1.6 million and were partially completed by that date. Seven other projects, allocated about \$1.2 million, had not started at that time. Two of these projects, which were allocated about \$1 million in Farmers Home Administration loans, had not met the conditions for loan closings as of March 31, 1984. We were not able to determine the expenditures on one other project because Public Law 98-8 funds were commingled with other funds and were not accounted for separately.

AN ESTIMATED 159 PEOPLE
EMPLOYED BY MARCH 31, 1984

Data obtained from project officials indicate that an estimated 159 people were employed on 11 of the 15 projects that had

begun and spent about \$815,800 by March 31, 1984. On 8 of these 11 projects for which detailed employment information was available, 112 people had been employed for an average of over 5 weeks per person. Of the 112 people employed, 102 were previously unemployed; however, information was not readily available to determine how long they had been unemployed. As of March 31, 1984, about \$305,700 had been spent on these eight projects. Data were not readily available for us to determine the prior employment status of the 47 people employed on the other three projects which had spent \$510,100. Finally, no new employment opportunities had been provided as of March 31, 1984, on the remaining four projects, because either the projects had just begun or funds were used to expand services using existing staff.

Because uniform comprehensive reporting is not required on the use of Public Law 98-8 funds, detailed employment information, such as race, gender, and prior employment status data, was not readily available from federal, state, or local agencies for all the projects. Most of the detailed employment data we did obtain for the projects discussed in this report were on projects in which the act or federal departments or agencies required that such information be maintained. For example, detailed employment data were available on projects that received Department of Housing and Urban Development (HUD)-Community Development Block Grant (CDBG) funds because the act required only HUD to submit detailed quarterly reports to the appropriate congressional committees on the use of these funds.

VARYING EFFORTS MADE TO
EMPLOY THE UNEMPLOYED

The act required federal agencies, states, and political subdivisions of the states to use funds, to the extent practicable, "in a manner which maximizes immediate creation of new employment opportunities to individuals who were unemployed at least fifteen of the twenty-six weeks immediately preceding the date of enactment of this Act"--March 24, 1983. Efforts by federal, state, and local officials and project managers to fulfill this provision varied among the 15 projects that had started before March 31, 1984. Examples of these efforts include the following.

- Grantees that received Small Business Administration funds for rehabilitating and developing public parks and recreational areas attempted to locate unemployed individuals by disseminating information relating to employment opportunities through the state employment

commission, newspaper and radio announcements, or word of mouth of current employees. All 62 individuals employed on four projects that received these funds were previously unemployed.

--The state agency administering a HUD-CDBG Small Cities grant stipulated that grantees should target jobs to persons who have been unemployed at least 15 of the previous 26 weeks. For two projects that were funded by this program and had started before March 31, 1984, all 32 individuals hired had been previously unemployed.

BENEFITS, OTHER THAN SHORT-TERM
EMPLOYMENT, ACHIEVED AND EXPECTED

In addition to the short-term employment opportunities resulting from the projects, other benefits have been and are expected to be achieved in the seven northeast Texas counties. These other benefits include (1) improvements to community recreation facilities, such as the paving of roads; (2) construction of permanent facilities, including a public library; (3) humanitarian assistance to communities, such as weatherizing homes of low-income and elderly persons and providing additional health care services; and (4) potential long-term employment opportunities stemming from employment training provided to eight people for jobs within a community action agency.

- - - -

We will be issuing similar reports on the high unemployment urban areas of Montgomery, Alabama; Fresno, California; and Cleveland, Ohio; the low unemployment urban area of Lawrence-Haverhill, Massachusetts; and a low unemployment rural area consisting of five counties surrounding Valdosta, Georgia. The information provided in these reports should not be considered representative of all projects funded by the act or of the programs and activities that awarded funds to the projects reviewed.

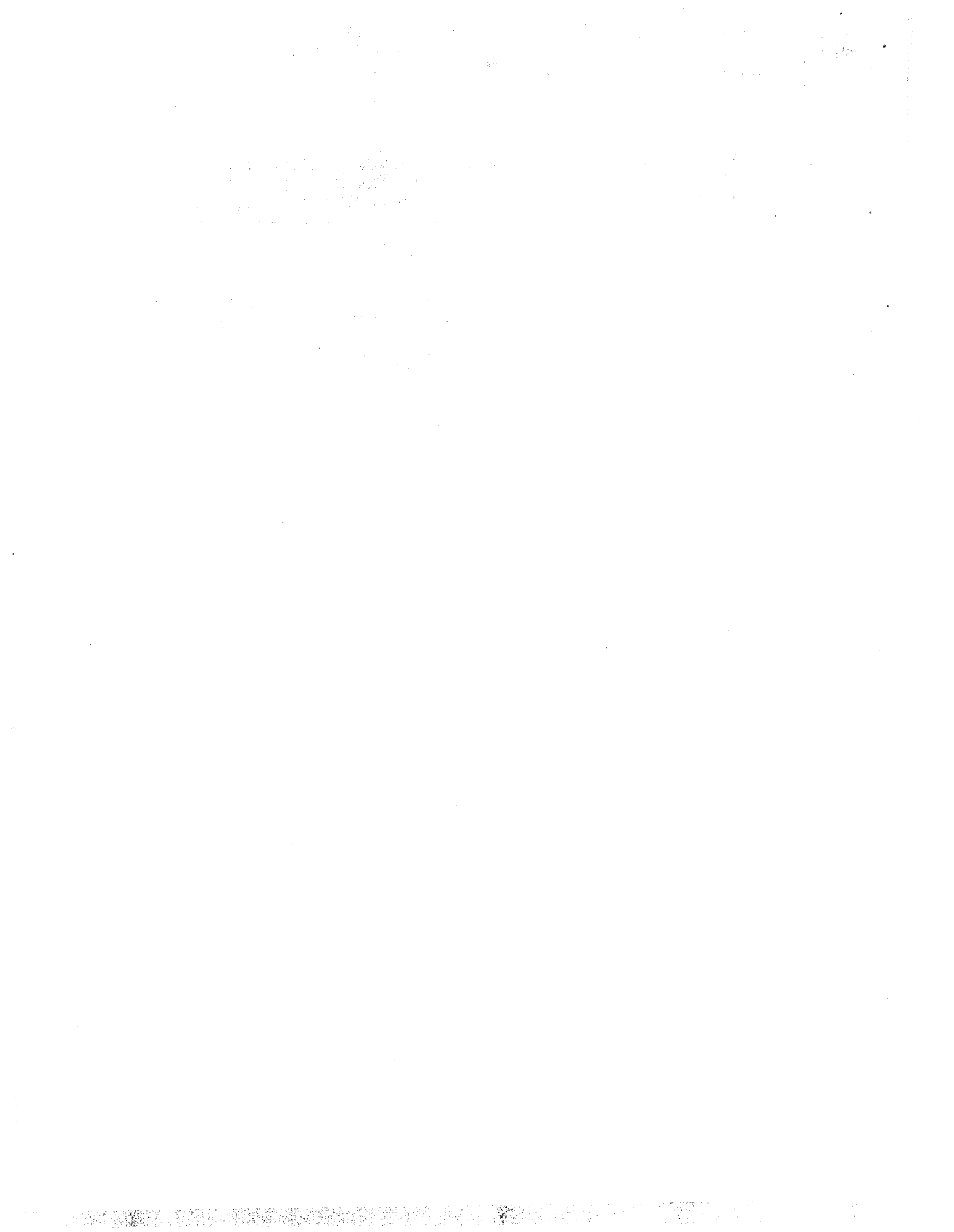
As agreed with your office, we plan to review, through the use of a questionnaire, a random sample of projects from 10 of the 77 federal programs and activities that received funds from the act. We will provide information on these projects similar to that obtained on projects reviewed in the six geographic areas. Using the information from the questionnaire and the reports on the six geographic areas, we will issue a final report summarizing the results of our review of Public Law 98-8.

As arranged with your office, we are sending copies of this report to the House and Senate Committees on Appropriations and other interested congressional parties. Copies will also be made available to other interested parties who request them.

Sincerely yours,

A handwritten signature in cursive script that reads "Richard L. Fogel". The signature is written in black ink and is positioned above the typed name.

Richard L. Fogel
Director



C o n t e n t s

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ABBREVIATIONS

CDBG Community Development Block Grant
EPA Environmental Protection Agency
HUD Department of Housing and Urban Development
SBA Small Business Administration

OBJECTIVES, SCOPE, AND METHODOLOGY

In response to a request from the Chairman, Subcommittee on Employment and Productivity, Senate Committee on Labor and Human Resources, we reviewed the implementation of the Emergency Jobs Appropriations Act (Public Law 98-8). As part of this review, we obtained available information on projects that were awarded Public Law 98-8 funds in a seven-county rural area in northeast Texas. The seven counties included in our review are Bowie, Camp, Cass, Marion, Morris, Titus, and Upshur. The information we attempted to obtain for each project included the

- project's nature and status;
- funds awarded and expended as of March 31, 1984, about 1 year after the act's enactment;
- number and characteristics of people employed, such as ethnic background and gender;
- efforts made by federal, state, and local government officials and project managers to provide employment to unemployed persons; and
- benefits, other than short-term employment, achieved and expected.

Because uniform comprehensive reporting is not required on the use of Public Law 98-8 funds, we were not able to obtain complete information for every project.

Our review of projects was limited to those that were allocated funds from 61 of the 77 federal programs and activities that had funds made available by the act. These programs and activities consisted of 48 in which federal agencies selected projects and 13 in which state agencies, administering federally funded programs, selected projects to be funded. We did not include 16 programs and activities (1) whose funds were made available by the Congress disapproving the administration's proposed deferral of prior appropriations, as well as earmarking existing appropriations for other purposes; (2) that were strictly humanitarian assistance and income support, such as an emergency food and shelter program, thus providing limited employment opportunities; and (3) whose funds were consolidated with existing funds, thus precluding projects from being separately identified.

Our fieldwork was done between June and August 1984. We did the review in accordance with generally accepted government auditing standards.

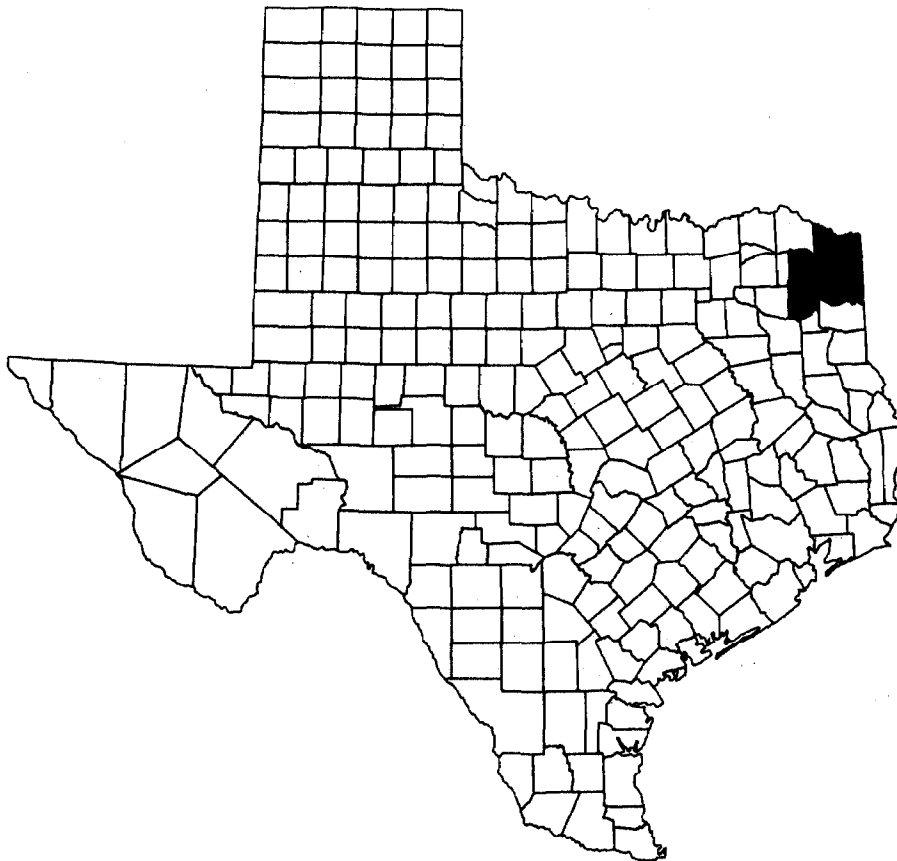
SELECTING NORTHEAST TEXAS FOR
REVIEW AND IDENTIFYING PROJECTS



We judgmentally selected the northeast Texas area as one of six areas to review based on criteria developed with the Subcommittee Chairman's office. These criteria were to select (1) a range of geographic areas, (2) areas of high and low unemployment as of March 1983, (3) rural and urban areas, and (4) different types of projects funded by the act, such as public service and public works activities.

To obtain a range of geographic areas, we selected six states with varying unemployment rates in different parts of the United States. We obtained from federal agencies project listings as of the February-March 1984 time frame for the 48 programs and activities in which federal agencies selected projects to receive Public Law 98-8 funding within these states. We did not include four of these programs and activities because the project listings did not contain enough details and a significant amount of time would have been necessary to identify specific project locations. Based on the other criteria agreed to with the Chairman's office and the projects identified within the six states, we selected the seven-county northeast Texas area--a high unemployment rural area--as one of six geographical areas to review.¹ This area is shown in the following chart as the darkened area superimposed on a map of Texas.

¹The other areas selected for review are the high unemployment urban areas of Montgomery, Alabama; Fresno, California; and Cleveland, Ohio; the low unemployment urban area of Lawrence-Haverhill, Massachusetts; and a low unemployment rural area consisting of five counties surrounding Valdosta, Georgia.

CHART 1
GEOGRAPHIC LOCATION OF THE SEVEN TEXAS
COUNTIES EXAMINED IN THE GAO STUDY



LEGEND: COUNTIES  NOT IN SAMPLE  IN SAMPLE

In addition to the programs and activities in which federal agencies selected projects, there were 13 programs and activities in which states were responsible for selecting projects to be funded with funds made available by the act. We interviewed state officials administering these federally sponsored programs and activities to identify and obtain information on other projects in the seven-county area in order to include them in our

review. We did not include projects identified in the seven-county area in which (1) other funds were awarded to the projects and information on Public Law 98-8 funds was not separately identifiable and (2) other areas also were served and those funds benefiting only the seven-county area were not separately identifiable.

PROJECT REVIEW METHODOLOGY

Having identified the projects awarded Public Law 98-8 funds in the seven-county area, we obtained information about each project as of March 31, 1984. To obtain the project information, we interviewed state and local government officials and project managers, reviewed their records on the projects, and visited the projects.

Projects' status

We established three categories to reflect the status of each project as of March 31, 1984--completed, partially completed, and not started. We classified projects as completed if work on the project site was finished or funds were reported as fully expended as of March 31, 1984. A project was classified as partially completed if any work had begun or project funds were spent before March 31, 1984, and funds remained to be spent on the project. We classified a project as not started if work on the project site had not begun or no funds had been spent as of March 31, 1984. The allocation and expenditure information obtained is as reported by federal, state, or local government officials or project managers.

Employment data

We obtained employment data on each project from project managers. We asked for information on the number, ethnic background, gender, hours worked, employment duration, and prior employment status of persons employed. Because there were no uniform comprehensive requirements to report on the use of Public Law 98-8 funds for most programs and activities, detailed employment information was not readily available for all the projects and would have required considerable time to obtain or develop. Most of the detailed employment data we did obtain were on projects in which the act or federal departments or agencies required that such information be maintained. For example, detailed employment data were available on projects that received Department of Housing and Urban Development (HUD)-Community Development Block Grant (CDBG) funds, because the act

required HUD to submit detailed quarterly reports to the appropriate congressional committees on the use of these funds. In cases in which data were not readily available, we asked project officials to estimate the employment information.

Efforts to provide employment opportunities

Because one objective of the act was to provide employment opportunities to the unemployed, we discussed with federal, state, and local officials and the project managers the efforts made to hire such individuals. Because of the limited employment information available, we did not assess the degree to which these efforts were successful.

Projects' benefits

To determine project benefits achieved and expected, we interviewed project managers and federal, state, and local officials; visited and observed projects; and reviewed project documentation. We were interested in identifying benefits other than the short-term employment opportunities created with Public Law 98-8 funds, such as construction, humanitarian assistance, and permanent employment opportunities.

EMERGENCY JOBS APPROPRIATIONS ACT OF 1983AND PROJECTS FUNDED IN NORTHEAST TEXASBY THE ACT AS OF MARCH 31, 1984

Twenty-three projects in seven counties of northeast Texas were awarded about \$3.4 million in funds made available by the Emergency Jobs Appropriations Act of 1983.

EMERGENCY JOBS APPROPRIATIONS ACT OF 1983

To meet economic problems facing the nation, the Congress passed the Emergency Jobs Appropriations Act, providing emergency supplemental appropriations for fiscal year 1983 and subsequent years. The act's primary objectives were to (1) provide productive employment for jobless Americans, (2) hasten or initiate federal projects and construction of lasting value to the nation and its citizens, and (3) provide humanitarian assistance in fiscal year 1983 to the indigent. Title I of the act made funds available to provide, among other things, essential and productive jobs and humanitarian assistance. Two other titles provided appropriations for other purposes, including the creation of a temporary emergency food assistance program for the needy.

Congressional concerns

In 1982, the Congress found that a severe economic recession had resulted in nearly 14 million unemployed Americans, including those no longer searching for work. Millions of other Americans were working part-time because they could not find full-time jobs. The annual cost of unemployment compensation had reached \$32 billion. Compared with previous recessions, hardships were much more severe; people were out of work longer, and fewer were receiving unemployment benefits. Business failures were 49 percent higher than the previous year. The Congress passed the Emergency Jobs Appropriations Act to help alleviate some of the hardships of the unemployed.

Objectives of title I

Title I of the Emergency Jobs Appropriations Act is entitled "Meeting Our Economic Problems With Essential and Productive Jobs." It made over \$9 billion available to 77 federal programs and activities, including public service, public works,

and employment and training programs.¹ Among these were programs and activities administered by the Department of Commerce's Economic Development Administration, the Department of Health and Human Services' Health Resources and Services Administration, and the Department of Labor's Employment and Training Administration.

Title I contains a number of provisions concerning the targeting, use, and administration of Public Law 98-8 funds. Sections 101(a) and (b) provide specific formulas based on unemployment information for federal agencies to use in allocating funds. To the extent practicable, states receiving funds were to spend them in areas of high, long-term unemployment and for purposes that would have the greatest immediate employment impact.

Section 101(c) specified that, to the extent practicable, federal agencies, states, and political subdivisions of the states were to use the funds in a manner that quickly provided new employment opportunities for individuals who were unemployed at least 15 of the 26 weeks before the act's enactment. This section also specified that the funds be obligated and disbursed as rapidly as possible to quickly assist the unemployed and the needy, as well as to minimize future budgetary outlays.

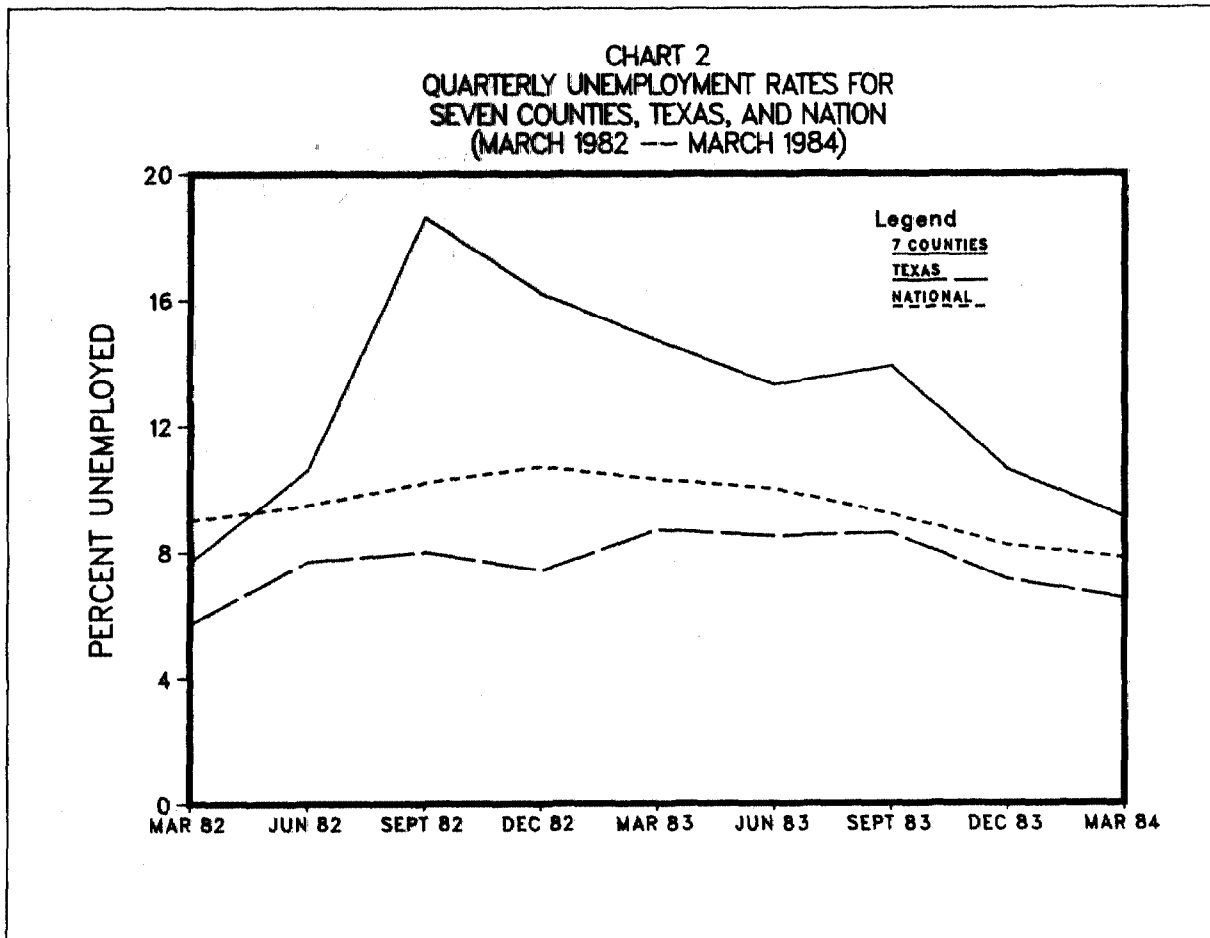
The act did not establish uniform, comprehensive reporting requirements on the use of Public Law 98-8 funds. HUD was the only federal department or agency that was required by the act to submit detailed quarterly reports to the appropriate congressional committees on the use of CDBG funds.

OVERVIEW OF FUNDS ALLOCATED TO NORTHEAST TEXAS AREA

The seven-county northeast Texas area selected for review had a 1980 population of 189,032 compared with the state population of over 14 million, covers 3,666 square miles, and had a labor force of 83,774 in March 1983. The area economy includes agriculture; manufacturing; timber, paper, and steel mills; and tourism. When the act was enacted in March 1983, 12,344 people, or 14.7 percent of this rural area's labor force, were unemployed. At that time the unemployment rates in these seven

¹A list of these programs and activities and the amounts made available to each is included in enclosure II of our report on federal agencies' implementation of the act (GAO/OACG-84-1), issued in November 1983.

counties ranged from 9.5 percent in Titus County to 28.3 percent in Morris County. Statewide and national unemployment rates during this same period were 8.7 percent and 10.3 percent, respectively. In March 1984, about 1 year after passage of the act, the unemployment rates for the nation, the state, and the seven-county area were 7.8, 6.5, and 9.1 percent, respectively. The following chart illustrates the unemployment trends for these areas 1 year before and after passage of Public Law 98-8.



Texas was allocated over \$219 million² of the funds made available by Public Law 98-8 as new budget authority--that is, direct appropriations and obligation authority increases. Twenty-three projects in the seven-county northeast Texas area were awarded \$3.37 million from nine federal programs and activities that were appropriated funds under the act. Fifteen of these projects were allocated \$3.3 million for public works activities, such as construction; road, street, and drainage improvements; and park renovation. The other eight projects received \$64,536 for public service projects, such as providing humanitarian assistance, alcohol counseling, weatherization of homes, and employment training. Appendix III provides general background information on the 23 projects funded.

Twenty-five percent of
allocated funds expended

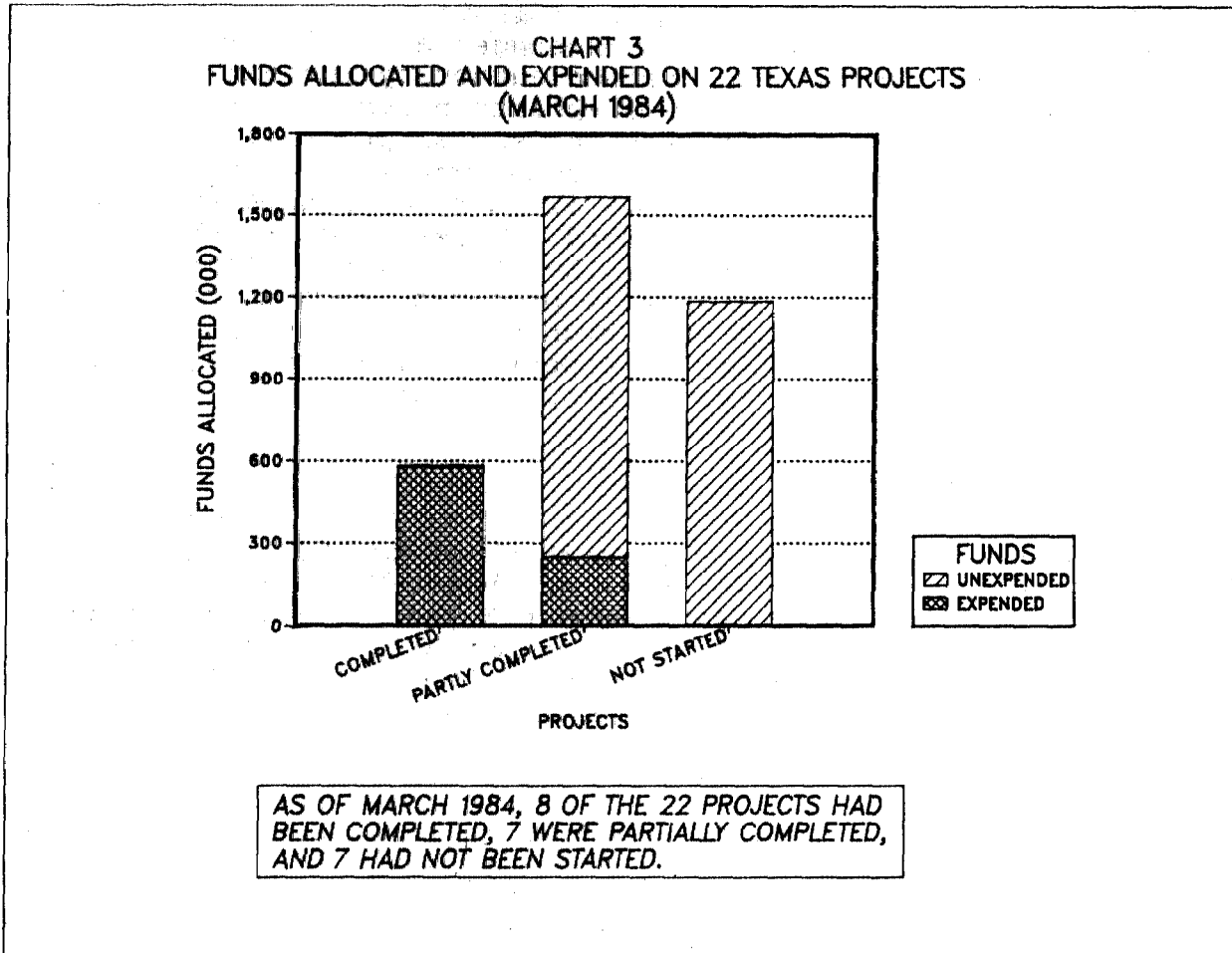
About \$830,000, or about 25 percent of the \$3.37 million allocated to projects in the seven northeast Texas counties, had been spent as of March 31, 1984--about 1 year following enactment of the Emergency Jobs Appropriations Act.³ As illustrated in the following chart, our analysis of 22 of the 23⁴ projects allocated funds disclosed the following.

- Eight projects allocated \$584,345 were completed.
- Seven projects allocated \$1,566,717 were partially completed. Expenditures totaled \$250,360.
- Seven projects allocated \$1,185,187 were not started.

²The amount allocated to Texas is based on data reported to us by federal departments and agencies in February and March 1984, as reported in our April 10, 1984, letter to the Chairman of the Subcommittee on Employment and Productivity, Senate Committee on Labor and Human Resources, on the allocation of the act's funds.

³Appendix IV shows the expenditure status of the funds awarded to the 23 projects as of March 31, 1984.

⁴Not included in the analysis is one low-income energy conservation project, funded by the Department of Energy, which commingled \$31,208 of Public Law 98-8 funds with other money. We could not determine the Public Law 98-8 funds expended as of March 31, 1984.



Expenditures for eight completed projects

Eight projects awarded \$584,345 were completed as of March 31, 1984. Seven of these projects were for public works, and the other provided \$14,740 for humanitarian assistance to the unemployed and disadvantaged.

The Small Business Administration (SBA) provided \$92,805 for four projects for rehabilitating and developing public parks and recreational areas and required that these funds be spent by September 30, 1983. These four projects were started in August 1983 and completed by September 1983. All funds were spent, except for \$4,697 of \$38,090 allocated to two projects. Officials responsible for these two projects said that the entire award could have been spent had the grant period been longer.

Another project completed by March 31, 1984, was a street improvement project in Texarkana, Texas. Under its CDBG-Entitlement Cities Program, HUD authorized a grant of \$161,000 to Texarkana for street improvements in July 1983. The project was started in October 1983 and was substantially completed in December 1983.

The Corps of Engineers funded two projects that began in August 1983 at Wright Patman Lake in Bowie County. One was a road paving project for \$220,200, and the other involved constructing a new sanitation facility for \$95,600. The road paving project was completed in November 1983; the sanitation facility was completed in February 1984. The Corps' deputy district engineer said that these funds enabled the Corps to accelerate these projects, which had already been planned.

The final project, completed by March 31, 1984, received \$14,740 to provide employment training conducted by a community action agency. These funds were made available by a Department of Health and Human Services' Community Services Block Grant and were allocated among five of the seven counties reviewed. Eight unemployed individuals were provided 40 hours of training in administrative skills for 16 weeks between September and December 1983.

Expenditures for seven partially completed projects

Seven of the 23 projects funded in the northeast Texas area were partially completed as of March 31, 1984. These seven projects were allocated \$1,566,717, of which \$250,360 had been spent. Six of the seven projects had expended less than 20 percent of their allocations. One project had spent 31 percent of its funds.

The largest partially completed project was a Corps of Engineers project that was initially allocated \$620,200 to pave roads at the Lake O' the Pines recreation facility in Marion County. After March 31, 1984, the initial amount was increased to \$621,100. The project, which began in October 1983, had spent \$194,300 (31 percent) as of March 31, 1984. Inclement weather delayed progress on this project, according to a Corps official in Fort Worth, Texas.

The state agency administering the HUD CDBG-Small Cities Program allocated \$738,016 to fund three projects in northeast Texas. As of March 31, 1984, \$51,607 (7 percent) had been spent.

- Camp County had spent \$41,192, or 17 percent, of its \$238,488 allocation to clear easements on county roads. The project began in February 1984, 1 month after the county received an executed copy of the contract.
- The city of Naples in Morris County had spent \$9,748, or 3 percent of its \$368,000 allocation for "community revitalization," consisting of housing rehabilitation and demolition and street and drainage improvements. The expenditures were for construction design, structural surveys, and administration. Construction on the project began in May 1984.
- The city of Gilmer in Upshur County had spent \$667 of its \$131,528 allocation to help fund the cost of renovating a public swimming pool. Two unemployed people were hired with these funds to prepare the old pool for renovation. Because the city was not awarded the entire \$250,000 it requested, the city manager said that work on this project was suspended while commitments were sought for additional funding to ensure that sufficient funds would be available to complete the project. In June 1984, another state agency approved an additional \$131,000, which was not Public Law 98-8 funds, to complete the pool renovation. However, in February 1985, the city manager said that, instead of renovating the old pool, Gilmer began constructing a new pool in September 1984.

Gilmer also was awarded \$200,000 of Public Law 98-8 money through the Department of Education's public library construction program to build a new library. Total project costs are estimated at \$500,000. Gilmer will provide \$300,000 in local matching funds. As of March 31, 1984, Gilmer had spent \$4,150 for architect fees. According to the city manager, construction of the library began in January 1985.

The remaining two projects partially completed as of March 31, 1984, were awards to two county adult probation departments for screening, referring, and purchasing services for adults with multiple driving-while-intoxicated offenses. The grants were made in January 1984 and stipulated that the funds, provided from the Alcohol, Drug Abuse, and Mental Health Services Block Grant, be spent by August 31, 1984. The Marion-Upshur County Adult Probation Department's initial award of \$4,475 was made in January 1984 and was increased to \$8,950 in May 1984. As of March 31, 1984, \$78 had been spent. In July 1984, the chief probation officer said that \$8,392 would be

returned to the state agency responsible for administering the grant because the need for the funds did not materialize. The Bowie County Adult Probation Department, which was awarded \$4,026 to help probationers who had alcohol problems, had spent \$225 as of March 31, 1984.

No funds expended
on seven projects

We identified seven projects in the seven-county area that had not spent any of the \$1,185,187 allocated as of March 31, 1984. Three public works projects were awarded \$1,175,100, and four public service projects were awarded \$10,087.

Two of the public works projects were Farmers Home Administration loans made under the Administration's Rural Development Insurance Fund Program. These loans totaled \$1,014,000 and were authorized in July 1983 to the cities of Gilmer (\$477,000) and Linden (\$537,000). Gilmer will use the loan to improve its water system. Linden will use the money to help fund a \$1,786,500 project to improve its sewage treatment plant to comply with Environmental Protection Agency (EPA) standards. In addition to the Public Law 98-8 funds, a \$1,250,000 grant was awarded to Linden by EPA. Gilmer and Linden have sought financial assistance for these projects for about 5 years. As of March 31, 1984, neither city had met the conditions for loan closing, and the projects had not started.

The third public works project involved \$161,100 from HUD's CDBG-Small Cities Program funds. This money was awarded to Morris County to improve roads and rehabilitate housing. Work on this project was scheduled to start in March 1984 but did not begin until May 1984 because the state administering agency did not notify the grantee that funds were available until then.

Between January and March 31, 1984, \$10,087 of an Alcohol, Drug Abuse, and Mental Health Services Block Grant was allocated to four public service projects. The money was awarded to one school district to purchase alcohol education material and to three county probation departments to provide counseling to probationers with drinking problems.

Employment data

Data obtained from project officials indicated that 11 of the 15 projects that had expended funds as of March 31, 1984, provided employment to about 159 people during the 1-year period following passage of the act. About \$815,800 had been spent on

these 11 projects. On 8 of these 11 projects for which data were available to determine the prior employment status, 102 of 112 people employed were unemployed before being hired. Information was not available, however, to determine how long these individuals had been unemployed. As of March 31, 1984, \$305,707 had been spent on these eight projects. Data were not readily available for us to determine the prior employment status of the 47 people employed on the other three projects which had spent \$510,100. No new employment opportunities had been provided on the remaining four projects that had expended funds as of March 31, 1984, either because the projects had just begun in March 1984 or the funds were used to expand services using existing staff.

Other analysis of the data disclosed the following for the 15 completed and partially completed projects as of March 31, 1984.

- Records available for eight projects showed that 112 persons were employed for a total of 601 staff weeks, or an average of over 5 weeks per person.
- Records for two other projects showed that 37 persons were employed as of March 31, 1984, but data were not readily available regarding length of employment.
- Another project employed an estimated 10 persons through March 31, 1984.
- No new employment opportunities had been provided on two projects that had just begun in March 1984.
- Two public service projects provided counseling services without hiring additional personnel.

Characteristic data on those employed were available for 11 projects. Of the 159 people who were employed on these projects, 92 were white, 65 were black, 1 was Hispanic, and 1 was American Indian; 150 were male and 9 were female.

Appendix V summarizes employment data for the 15 projects completed and partially completed in the seven-county area as of March 31, 1984. We did not obtain employment data for the seven projects that were not started by March 31, 1984, and the low-income energy project that commingled Public Law 98-8 funds with other money.

Other benefits

In addition to the short-term employment opportunities resulting from the projects, other benefits have been and are expected to be provided to communities. Projects in the north-east Texas area have provided and are expected to provide (1) potential long-term employment opportunities; (2) permanent facilities; (3) improved recreational facilities; (4) improved roads, streets, and drainage systems; (5) rehabilitated housing; and (6) humanitarian assistance.

Six projects provided potential long-term employment opportunities. One, a Community Services Block Grant, provided employment training to eight persons for jobs within a community action agency that provided the training. Six of these individuals were still employed in July 1984. Five other projects that received loans for business expansion were expected to provide employment opportunities to 49 people. These loans, totaling \$726,000, were guaranteed by SBA's Certified Development Company Loan Program.

Two communities in northeast Texas will enjoy long-term benefits from construction projects financed in part with Public Law 98-8 funds. A waste water treatment system will be constructed in Linden. A new swimming pool, public library, and water distribution system will be built in Gilmer.

Eight recreation facilities were improved. In Cass County, improvements were made at the Atlanta State Park and Moore's Landing. In Morris County, improvements were made at Irvin City Park, Lone Star City Park, and Daingerfield State Park. Bowie County received improvements to Wright Patman Lake roads and a new sanitary facility. Road paving also occurred at Lake O' the Pines Park in Marion County.

Streets and roads were improved in Morris, Camp, and Bowie Counties. Housing rehabilitation took place in Naples, along with streets and drainage system improvements. Homes of low-income and elderly persons were weatherized in five counties. Also, additional health care services were provided to citizens in six of the seven counties we visited.

EFFORTS TO PROVIDE EMPLOYMENT OPPORTUNITIES TO THE UNEMPLOYED

The act required federal agencies, states, and political subdivisions of the states to use funds, to the extent practicable, "in a manner which maximizes immediate creation of new

employment opportunities to individuals who were unemployed at least fifteen of the twenty-six weeks immediately preceding the date of enactment of this Act"--March 24, 1983. In implementing the act, federal, state, and local efforts to provide employment opportunities to the long-term unemployed varied.

Following are some examples of the efforts made:

- In awarding funds for renovating and developing public parks and recreational areas, SBA instructed the administering state agency to assure that expenditures resulted in employment of the maximum number of unemployed persons. Grantees that were awarded these funds attempted to locate unemployed individuals by disseminating information relating to employment opportunities through the state employment commission, newspaper and radio announcements, or word of mouth of current employees. All 62 individuals employed on the four projects receiving these funds were previously unemployed.
- HUD incorporated the specific provision to maximize employment opportunities in its CDBG-Small Cities grant to the state. The state agency administering this grant stipulated in its contracts with grantees that efforts should be made to target jobs to persons who had been unemployed at least 15 of the previous 26 weeks. For two projects that were started before March 31, 1984, all 32 individuals hired had been previously unemployed.
- The Corps of Engineers funded three projects located in two areas having unemployment rates of 10.6 and 16.6 percent. Although there were no specific requirements to focus hiring on individuals that were unemployed 15 of 26 weeks before March 24, 1983, a general reference was included in amendments to contracts for these projects that the individuals employed would be underemployed or unemployed. Data were not readily available to identify the prior employment status of the 47 people employed on these projects.

PUBLIC LAW 98-8 FUNDED PROJECTS IN

SEVEN COUNTIES OF NORTHEAST TEXAS^a

Federal department/agency	Program/activity	Number of projects	Project(s) description	Location (county)	Public Law 98-8 funds		Percent of allocations expended
					Allocated	Expended as of 3-31-84	
Public Works:							
Department of Agriculture: Farmers Home Administration	Rural Development Insurance Fund	2	Provide loans for water distribution system and sewer construction	Upshur and Cass	\$1,014,000 ^b	\$ 0	0
Department of Defense: Corps of Engineers	Operation and maintenance	3	Pave park roads and construct a sanitation facility	Marion and Bowie	936,000 ^b	510,100	55
Department of Education: Office of Educational Research and Improvement	Libraries-public library construction	1	Construct a library	Upshur	200,000 ^b	4,150	2
HUD: Community Planning and Development	Community Development Block Grant/ Small Cities	4	Clear 240 miles of vegetation from county roads, renovate a swimming pool, improve roads, rehabilitate housing	Camp, Morris, and Upshur	899,116 ^b	51,607	6
	Entitlement Cities	1	Improve streets	Bowie	161,000	161,000	100
SBA:	Salaries and expenses/ Small Business Development Center (21a grants)	4	Renovate parks, clear undergrowth, rebuild fencing, build camp sites, improve tent pads	Cass and Morris	92,805	88,108	95
Total		<u>15</u>			<u>\$3,302,921</u>	<u>\$814,965</u>	25

<u>Federal department/agency</u>	<u>Program/activity</u>	<u>Number of projects</u>	<u>Project(s) description</u>	<u>Location (county)</u>	<u>Public Law 98-8 funds</u>		<u>Percent of allocations expended</u>
					<u>Allocated</u>	<u>Expended as of 3-31-84</u>	
Public Service:							
Department of Energy: Office of the Assistant Secretary for Conservation and Renewable Energy	Energy conservation/ low-income energy conservation	1	Weatherize homes of low-income and elderly persons	Bowie, Camp, Cass, Marion, and Morris	\$ 31,208	Cannot be determined; funds were commingled.	
Department of Health and Human Services: Alcohol, Drug Abuse, and Mental Health Administration	Alcohol, Drug Abuse, and Mental Health Services Block Grant	6	Purchase alcohol education curricula and provide counseling services to juvenile offenders and adult probationers with alcoholism problems	Bowie, Cass, Marion, Morris, Titus, and Upshur	18,588	\$ 303	2
Office of Community Services	Community Services Block Grants	1	Provide employment training	Camp, Cass, Marion, Morris, and Bowie	14,740	14,740	100
	Total	8			64,536	15,043	23
	TOTAL	23			\$3,367,457	\$830,008	25

^aNot included among these projects are loans of \$726,000 made to five small businesses in Bowie and Morris Counties and guaranteed by SBA's Certified Development Company Loan program. Unless the small businesses default on these loans, no Public Law 98-8 funds will be spent.

^bIn some cases, funds in addition to Public Law 98-8 funds have been or will be allocated to these projects.

EXPENDITURE STATUS OF PUBLIC LAW 98-8 FUNDSALLOCATED TO PROJECTS IN SEVEN COUNTIES OFNORTHEAST TEXAS AS OF MARCH 31, 1984^a

<u>Program/activity^b</u>	<u>Number of projects</u>	<u>Public Law 98-8 funds</u>		<u>Percent of allocation expended</u>
		<u>Allocated</u>	<u>Expended</u>	
Projects completed:				
Community Development Block Grant-Entitlement Cities	1	\$ 161,000	\$161,000	100
Community Services Block Grant	1	14,740	14,740	100
Corps of Engineers/operation and maintenance Salaries and expenses/Small Business Development Center	2	315,800	315,800	100
	4	<u>92,805</u>	<u>88,108</u>	95 ^c
Total	<u>8</u>	<u>584,345</u>	<u>579,648</u>	99
Projects partially completed:				
Alcohol, Drug Abuse, and Mental Health Services Block Grant	2	8,501	303	4
Community Development Block Grant-Small Cities	3	738,016 ^d	51,607	7
Corps of Engineers/operation and maintenance	1	620,200 ^d	194,300	31
Libraries/public library construction	<u>1</u>	<u>200,000^d</u>	<u>4,150</u>	2
Total	<u>7</u>	<u>1,566,717</u>	<u>250,360</u>	16
Projects not started: ^e				
Alcohol, Drug Abuse, and Mental Health Services Block Grant	4	10,087	0	0
Community Development Block Grant-Small Cities	1	161,100	0	0
Rural Development Insurance Fund	<u>2</u>	<u>1,014,000^d</u>	<u>0</u>	0
Total	<u>7</u>	<u>1,185,187</u>	<u>0</u>	0

<u>Program/activity</u>	<u>Number of projects</u>	<u>Public Law 98-8 funds</u>		<u>Percent of allocation expended</u>
		<u>Allocated</u>	<u>Expended</u>	
Other:				
Energy Conservation/Low Income Energy Conservation	<u>1</u>	<u>\$ 31,208</u>	<u>f</u>	<u>f</u>
TOTAL	<u>23</u>	<u>\$3,367,457</u>	<u>\$830,008</u>	<u>25</u>

^aNot included among these funds are \$726,000 in loans made to five small businesses in Bowie and Morris Counties which were guaranteed by SBA's Certified Development Company Loan Program. Unless the small businesses default on these loans, no Public Law 98-8 funds will be expended.

^bSee appendix III for the federal department/agency responsible for each program/activity.

^cAll of the funds allocated to two projects were not expended because the projects could not be completed within the time constraints established by SBA. A state official informed us that any excess funds were returned to SBA.

^dIn some cases, funds in addition to Public Law 98-8 funds have been or will be allocated to projects.

^eThe status of these projects at the time of our visits in July and August 1984 was:

Alcohol, Drug Abuse, and Mental Health Services Block Grant - After March 1984, an additional \$5,598 was awarded among two of these projects and one new project. As of July 1984, two school districts had ordered \$3,491 worth of alcohol education material, one county probation department had spent \$1,074, and two county probation departments had not expended any funds.

Community Development Block Grant - Small Cities - The project started in May 1984, and about \$82,000 had been expended as of July 1984.

Rural Development Insurance Fund - Neither grantee had met the conditions for loan closing.

^fPublic Law 98-8 funds were commingled with other funds, and information regarding expenditure of the Public Law 98-8 funds was not available.

EMPLOYMENT-RELATED DATA FOR PROJECTS
FUNDED BY PUBLIC LAW 98-8 IN SEVEN COUNTIES
OF NORTHEAST TEXAS AS OF MARCH 31, 1984^a

<u>Program/activity^b</u>	<u>Projects with employment data</u>	<u>Number employed</u>	<u>Number previously unemployed</u>	<u>Weeks of employment</u>
Alcohol, Drug Abuse, and Mental Health Services Block Grant	2	0 ^c	0 ^c	0 ^c
Community Development Block Grant: Small Cities ^d	2	32	32	107
Entitlement Cities	1	0 ^e	0 ^e	0 ^e
Community Services Block Grant	1	10	f	80
Corps of Engineers ^d	1	8	8	128
Libraries/public library construction ^d	2	37	g	g
Small Business Development Center Grants	1	0 ^e	0 ^e	0 ^e
	<u>4</u>	<u>62</u>	<u>62</u>	<u>286</u>
Total (actual)	<u>14</u>	<u>149</u>	<u>h</u>	<u>h</u>
Corps of Engineers (estimated)	<u>1</u>	<u>10</u>	<u>g</u>	<u>g</u>
TOTAL	<u>15</u>	<u>159</u>	<u>h</u>	<u>h</u>

^aIncludes data for projects that (1) had expended Public Law 98-8 funds as of March 31, 1984, and (2) had data or estimates readily available regarding employment as of March 31, 1984.

^bSee appendix III for the federal department/agency responsible for each program/activity.

^cProjects provided increased counseling services without hiring additional staff.

^dIn some cases, funds in addition to Public Law 98-8 funds have been or will be allocated to projects.

^eNo employees were hired as of March 31, 1984—only initial design work was started in March 1984.

^fThe contractor asserted that the supplemental funding extended jobs for five of his employees whose employment would have been terminated.

^gData not available.

^hTotals have not been provided because data were not available for each project.

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