

MAINE STATE LEGISLATURE

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FIRST REPORT
OF THE
JOINT SELECT COMMITTEE ON JOBS
107th MAINE STATE LEGISLATURE

June 6, 1975

Senate

Bruce M. Reeves, Chairman
John B. Roberts
Hayes E. Gahagan
Peter W. Danton

House

Laurence E. Connolly, Jr., Chairman
Harland C. Goodwin, Jr.
James E. Flanagan
Richard S. Davies
John R. McKernan, Jr.
Richard H. Pierce
Lena C. Durgin
Peter J. Curran

June 6, 1975

To the members of the 107th Legislature:

In accordance with Joint Legislative Order dated March 24, 1975 (Senate Paper 391) there is attached to this letter the first report of the Joint Select Committee on Jobs.

The report represents for the four Senators and eight Representatives an extensive effort over a short time to deal in a realistic manner with assessment of the jobs problem.

Long term unemployment unprecedented since the 1930's exists. The fact that the Administration in Washington economists anticipate an unemployment rate above 6 percent until the very end of this decade is grim news indeed for the people of Maine.

A theme developed throughout our hearings, work sessions, and individual activities: how to take the estimated \$8,000 a year it costs government to maintain an unemployed person and spend that \$8,000 for a productive job. While 50,000 are unemployed in Maine, needs for social services to the elderly go unmet, construction of roads and public works projects are slowed, and the potential of local community projects and employment ideas are not developed. The challenge is to take public programs that support the unemployed and turn those dollars into productive jobs that in turn spur the private economy back to health.

The Committee recommendations in this report have the potential to create as many as 8,100 jobs. We believe a concerted effort by Maine leaders at all levels -- spearheaded by the Governor, state and local officials, the Congressional delegation, and the Legislature -- can bring about needed changes to put Maine unemployed to work.

As a Committee we wish to thank the persons who testified before us, contributed their time and agency cooperation, mailed their ideas or suggestions and participated in the preparation of the Committee report.

Special appreciation is extended to Committee Administrative Assistant Roslyn Dansky, Commissioner Emilien A. Levesque, William Malloy, William Harris, and Stephen Bennett of the Maine Department of Manpower Affairs, Roger L. Mallar, Commissioner, Maine Department of Transportation, Hadley Atlass, Commissioner, Maine Department of Commerce and Industry, David E. Smith, Commissioner, Maine Department of Health and Welfare, Maine Department of Manpower Affairs Division of Economic Opportunity, Geoffrey Faux, Economist, Whitefield, Maine, James Feldsman, Manpower Specialist, Washington, D.C. and William Spring, Director of the Boston University Regional Institute on Employment, Training, and Labor Market Policy.

Sincerely,

Handwritten signature of Bruce M. Reeves and Laurence E. Connolly, Jr. in cursive script.

For the Committee

Sen. Bruce M. Reeves

Rep. Laurence E. Connolly, Jr.

I CHARTER OF THE COMMITTEE

A. JOINT ORDER OF March 24, 1975

This is the first report of the Joint Select Committee on Jobs as mandated in the Joint Order creating the Committee, Senate Paper 391, March 24, 1975.

The three specific areas of activity for the Committee stated in the Joint Order were: 1, "examine the effectiveness of the present employment programs for the State, including that conducted under the Comprehensive Employment Training Act of 1974;" 2, "to establish priorities for the use of public service jobs under the Comprehensive Employment Training Act (C.E.T.A.);" and, 3, "to consider new programs and methods in which the state can respond to the present unemployment problem."

B. COMMITTEE WORK PROGRAM

1. Public Hearings: A series of five public hearings structured around particular problem areas: (1) the national economy and severity of unemployment in Maine; (2) Maine's unemployment insurance program, its effectiveness and inadequacies; (3) public service jobs programs; (4) business and industry jobs; and, (5) citizens' recommendations for jobs. Three hearings were held in the evening in Augusta, a fourth in the afternoon at Augusta, and a fifth at Portland in the evening. All hearings lasted over four hours and all who desired were allowed to testify. Between 30 and 80 people attended any particular hearing. Expert witnesses testified in each area representing private and public views at the local, State, New England and national levels.

2. Public Participation: In addition to encouraging citizens to testify at public hearings, the Committee undertook a continuing effort to solicit private and public suggestions and information. Letters were received by the Committee suggesting public works programs and projects utilizing the public service employment approach. Also, information was submitted concerning improvements of the unemployment system and the current problems with the public service jobs programs.

2. First Committee Report: Preparation of an initial report to the Legislature included the efforts of not only Committee members but experts in various state agencies, those experienced in State and national jobs policy, and additional members of the Legislature itself.

C. SUMMARY OF FINDINGS

1. Unemployment in Maine: During the first four months of 1975, official unemployment in Maine reached over 12 percent.

As the Committee finished the first stage of its investigation into unemployment in Maine, the unemployment rate stood at 11.5 percent of the labor force, representing about 50,000 Maine workers. The Committee heard expert testimony that the real unemployment rate was several points higher. In addition, another twenty percent of the labor force was underemployed -- working part time because they could not get a full time job or working full time but making less than a poverty level wage.

These serious problems of unemployment and underemployment will remain with us in Maine for at least the rest of the 1970's.

Maine's economy is extremely dependent on national trends. Moreover, our unemployment rates have been persistently higher than the national averages. Since national unemployment rates are expected to remain high throughout the decade, even if general business conditions improve, private employment in Maine is very unlikely to generate enough jobs to bring down the unemployment rate to the levels of 1973 and the first half of 1974.

While unemployment and underemployment have always been a hardship, the persistence of inflation, which is also expected to remain for the rest of this decade, has turned the struggle for a livelihood into a nightmare for many working families. The result is an increase in crime, family breakdown, alcoholism, juvenile delinquency, and other social ills.

The Committee has heard suggestions as to how Maine can make itself more attractive to industry and generally to improve the business climate. The Committee supports any reasonable effort along these lines -- particularly those which involve training and upgrading the State's work force.

But we also must be realistic. Given the high unemployment rates, the number of states, cities, counties and towns that are trying to attract business vastly exceeds the small number of firms seeking to expand or relocate. The number of nonpolluting, light industrial firms looking for a new location is even smaller. Maine should do everything it can to attract compatible industrial development, but it is unlikely that such efforts alone can put Maine's jobless back to work.

Thus, for the immediate future, the solution to Maine's unemployment problem must lie in government action. At the Federal level, the Committee has been told that the present program of public service employment under the Comprehensive Employment and Training Act will probably continue as long as high rates of unemployment nationally persist. Even this program, however, will not absorb all of our joblessness.

Therefore, the Committee recommends that the State government take all practical steps to squeeze more jobs out of existing resources and to create more State-supported public service jobs to put Maine people to work on jobs that need doing in the public sector. Such steps will require reorganization of present manpower programs.

The Committee further recommends that the long range goal of State programming be a job opportunity in either the private or public sector for every Maine person willing and able to work.

2. Unemployment Compensation: Up to recent months unemployment insurance has been almost exclusively an insurance program with a certain percentage of wages of covered employees paid by the employer into the state fund. The federal insurance program acts as a backup to state systems. Now, however, the federal government is covering a large number of workers exclusively with no state involvement. And, more than 1,200 Maine unemployed a month are moving to extended benefits (after over 26 weeks) where the federal government picks up half the tab and finally after 39 weeks the entire amount until all benefits expire after the 65th week of unemployment. The effect of this is that about 25 percent of the weekly \$2 million in benefits paid to Maine's unemployed are straight federal tax dollars totally outside the structure of the insurance system. And, the percentage of federal tax dollar support is increasing.

When the unemployment insurance "fund" runs out at the state level late this summer (employer contributions are running far behind payouts), the state can obtain interest-free loans from the government to continue the program. In a real sense the insurance program is now more a maintenance program and no longer what it was originally intended for, a program to tide employees over between jobs.

When the fund runs dry there will still be no increase in the basic percentage the employer will have to pay. Some day when the unemployment recedes, the fund will begin to move above the deficit level and pay off any loans owed the federal government.

As of January 1975, Maine (43rd in per capita income) was the fourth lowest state nationwide in maximum unemployment insurance benefit amounts, \$68, and eleven states provided a weekly minimum benefit that was lower than Maine.

Among those familiar with the unemployment insurance area, it is generally agreed that some kind of increase should be made in the levels of insurance benefits paid to Maine's unemployed. Several states have passed legislation to increase benefits this year because of the recession.

The best alternative, according to testimony, is to increase the amount of money based on the dependents a claimant has, for example \$5 - \$7 a week additional for each dependent. Now the flat rate of \$74 (as of June 1) is constant for a single individual or head of a family. The question is then raised on how to fund such an increase and where the burden will fall.

The New England states have the following maximum unemployment benefit amounts (as of January 1, 1975): Vermont, \$86; New Hampshire, \$80; Massachusetts, \$143; Connecticut, \$156; Rhode Island, \$107; and Maine, \$68 (\$74 for those making a claim June 1 or later).

3. Effectiveness of CETA: The Committee has found that public service jobs provided under Labor Department (DOL) manpower programs have been developed without sufficient thought to whether people working in them are organized in project oriented activities. The fault for this is principally DOL's since DOL has imposed a number of bureaucratic requirements causing the State to concentrate on "slots," rather than on the quality or utility of public service employment assignments.

Despite some failure to assign public service employment participants to meaningful projects, the Committee was impressed with the repeated assertions that there is an endless stream of useful project areas to benefit both the State and local community. These project areas include:

- (1) Homemaker services to older citizens who might otherwise be forced into State institutions.
- (2) Land preparation and construction of industrial buildings in community industrial development parks in conjunction with State and federal guarantee programs and grants, such as those available through the Economic Development Administration.
- (3) Community clean-up campaigns and removal of rusted vehicles in rural areas, demolition of dilapidated and hazardous buildings.
- (4) Construction and repair of sewer, water, and other utility lines in towns and cities.
- (5) Food production projects for communities to set up community gardens, community canning centers, and marketing assistance.
- (6) Providing para-medical health care centers and outreach programs in urban and rural areas centering on the needs of children and the elderly.
- (7) Housing repair and rehabilitation for elderly and low income families.

- (8) Housing construction through Federal Housing Administration, the Farmers Home Administration, and Maine State Housing Authority to spur the lagging home construction market.
- (9) Construction of community recreation facilities including parks, trails, and roadside areas.
- (10) Home winterization projects and winterization of municipal and state buildings.
- (11) Highway construction and maintenance at the state and local level.
- (12) Rural and small community bus and other transportation services.
- (13) Repair, reconstruction, and other associated activities necessary for AMTRAK resumption of rail service in Maine.
- (14) Repair, upgrading, and development of small State parks and recreation areas.
- (15) Projects related to the arts--both instructional and supportive--for in-school and the public through the Maine State Commission on the Arts and Humanities.
- (16) Job placement programs for those segments of the workforce with particularly high unemployment rates, teenagers, those on parole, and other groups.
- (17) Establishment of rural resource coordinating centers that would include agricultural apprenticeship programs, regional workshops, and training programs.
- (18) Support services for young people to aid in prevention of juvenile delinquency, such as community youth centers, public recreation programs, camping programs, and additional personnel support for existing youth service programs.
- (19) Accelerated public works construction projects.
- (20) Setting up anti-pollution re-cycling systems.

Accordingly, the Committee believes public employment funded by DOL should be structured to be of substantial benefit to the State. This also requires closer study for setting priorities for needed public service employment projects, and establishing a mechanism for soliciting proposals for projects through local communities and counties.

4. Citizen Recommendations: Citizens who are on unemployment compensation and food stamps along with other support services testified often that they prefer jobs to life on unemployment. Others said they found the entire unemployment insurance program often impersonal, inattentive to their needs, and bureaucratic.

In terms of recommendations for change, several were mentioned. One major proposal suggested substantial tax reform and tax increases to put 4,000 unemployed to work at once at State government expense. Public and private cooperation was urged in the formation of local development corporations, creating funding mechanisms for small community corporations and formulation of W.P.A. and C.C.C. type projects at the local and state level. Examples of a cooperative shoe company and a re-cycling company were presented.

5. Business Recommendations: Officials of private industry and private business associations stressed the long-term solution to jobs in Maine must ultimately come from the private sector of the economy. While supporting public service jobs as part of the short term answer, private-public job training programs now operating were praised. The Alabama Plan for publicly-paid training of employees of new corporations was cited as a proven method for attracting new industry.

Also outlined were needs for foreign marketing development, state review of such policies as taxation and land use control to encourage industrial development, and the Canadian Plan of a \$5,000 grant to a private corporation for each new job it generates. Finally, the issue of state support for bonding to build industrial and commercial facilities should be a consideration in moving faster to the point where the private economy can provide sufficient jobs in the State.

II RECOMMENDATIONS

A. INTRODUCTION

For too long we have left economic management to those in Washington, contenting ourselves with efforts to lure industry to settle in Maine - or at least stay and expand operations here rather than elsewhere. It is cold comfort to know that such efforts have not been spectacularly successful elsewhere either.

For the long range, we must learn more about how the state economy operates in respect to jobs and employment stability and what our options are for expanding and improving its operation. The possibility of major state investment in the industrial infrastructure - in power, in transportation - must be explored. Also requiring close scrutiny is the availability of credit and venture capital to small and medium sized firms.

In other New England states there is growing concern that credit is simply not available in adequate quantity to promising smaller businesses and thus healthy native business growth is starved by lack of investment funds. Maine, working with other New England states, must think through what is necessary for its own future and take steps to achieve balanced growth.

But these are long range considerations. Unemployment and sky-rocketing welfare and unemployment insurance costs are draining our strength right now. We need to take steps to understand and to improve the situation immediately.

B. RECOMMENDED ACTIONS

1. Projects, Not Civil Service "Slots": The Committee recommends a shift of focus in the present federally funded job creation program, from civil service slots to specific projects, planned with a clear and visible product in mind and managed in a hard headed, responsible manner.

The public service employment provisions of the Comprehensive Employment and Training (CETA) of 1973 were designed at a time when civil service payrolls were expanding steadily, severe unemployment was restricted to poverty neighborhoods and individuals often frozen out of secure public sector employment. During the present extended recession, however, unemployment has exploded to the point that nearly 12 of every 100 workers are on the street, and public payrolls are stable or shrinking as tax revenues decline with economic activity.

There are examples from Maine and from other states of effective use of the project approach, similar to the effective techniques used by the W.P.A. of the 1930's. Maine, in addition to projects for the elderly, community facilities and industrial parks might also consider major conservation and woods management efforts like the Civilian Conservation Corps of the 1930's.

2. Community Involvement: The development of projects must be organized on the community as well as at the County and state-wide levels. In Maine a number of citizens groups are already mobilizing to press for adequate jobs. The planning of jobs projects ought to involve officials, private agencies and citizens at the local level in developing ideas and setting priorities.

The Committee has been impressed with the many innovative and thoughtful suggestions for worthwhile public service jobs that have come from ordinary citizens. People have been able to look about them in their communities and have identified community needs quickly, without the aid of "surveys" or "studies."

The Committee heard testimony that a program in Canada, the Local Initiative Program, under which any Canadian citizen or organization is eligible for a public service employment contract, has been successful in putting people to work at projects that the local citizens think important.

3. Maximum Impact From Federal Funds: In order to make the CETA dollars go as far as possible it would be wise wherever possible to combine the CETA salary dollars with other sources of federal funding for supplies and equipment. For instance, The City Council of Hartford recently decided to match \$500,000 of CETA dollars with funds from their Community Development Block Grant to make a major housing rehabilitation project possible.

In Vermont, CETA wages have been matched with mortgage money from the Farmers Home Administration to fund a house construction program for poor families. But in order to put such programs together in a sensible way and on a state-wide basis a very detailed survey must be made of precisely how much in federal dollars is available to Maine for job creation, through what agencies and committed to which projects.

Under normal circumstances it costs between \$30,000 and \$100,000 to create a single job, according to testimony received by the Committee. The Committee has been impressed with statistics tending to show that government aid to unemployed people, which includes not only unemployment compensation but also other forms of assistance, costs as much as \$8,000 per person. In the case of the unemployed worker the \$8,000 governmental cost may be sufficient to create a job. The Committee is convinced that this \$8,000 can be more fruitfully expended on providing people with meaningful jobs. There is a need for an imaginative and innovative program to put people who are not now working and receiving or eligible to receive unemployment compensation into useful and needed public jobs.

The use of CETA funds for on-the-job training in highway construction can provide an additional 500 jobs. And, an estimated additional 500 jobs can be created by re-organization of state programs to emphasize job intensiveness.

4. Prepare for Larger Appropriations for Public Jobs: The U.S. Congress has shown a willingness to appropriate billions of dollars for job creation during the current crisis. In December 1974 a new Title VI was added to the CETA legislation authorizing \$2.5 billion for jobs. And the Congress is considering a further \$5 billion expansion of the public jobs program. The civil service slot approach is incapable of effectively absorbing such volume. This approach has already led to accusations of "make work," substitution of federal dollars for local government payrolls and political patronage. All these charges can be avoided, and, a strong case made for even a substantial expansion of the program if we implement a plan for careful management and carrying out of locally designed projects.

5. Making Jobs Out of Unemployment Insurance: The current unemployment insurance laws make efforts to provide jobs for those on Unemployment Insurance using their U.I. checks as part of a salary package quite difficult. The nation is proposing to spend \$17 billion in the coming fiscal year on unemployment insurance, paying people not to work. Surely we can devise an imaginative alternative - on a voluntary basis - at least for those who have exhausted their benefits from the state Unemployment Insurance fund and are on Federal extended benefits paid out of the nation's general revenue. The possibility deserves careful exploration.

6. Job Bank: The Maine Job Bank is a daily listing of jobs available throughout the State. The list is available to those unemployed at all unemployment offices in Maine and some other locations. At any one time there are over 500 entry level positions placed by employers on the Job Bank. However, there is no concerted effort to match the entry level employment positions with high school graduates, drop-outs and others seeking employment. The Committee recommends that the effort be made to match these entry level positions with high school aged persons seeking employment. This could result in reducing unemployment by about 200 persons.

7. Governor's Annual Report on Jobs and the Economy: It is clear that the unemployment problem in the State will not be solved quickly. It is also clear that the legislative and executive branches of State government must give much more attention to the issue than they have up to now. Therefore, the Committee proposes that the Governor submit to the Legislature and the people, a yearly report on the unemployment situation in the State and on the state administration's plans for dealing with it.

The report should include:

- estimates of current employment by industry, and projections for the coming year and five year periods;
- estimates of the numbers and types of jobs that would be necessary in order to achieve full employment in the State;
- descriptions of the progress or lack of it towards full employment during the past year;
- description of the Governor's plan for progress towards full employment;
- recommendations for legislation.

The report should be submitted to the Legislature on the first working day in February and should be printed in sufficient copies to be available to interested citizens at cost.

III IMPLEMENTATION

A. FORMATION OF EMERGENCY COMMISSION ON MAINE JOBS

The Committee recommends that a high-level Emergency Commission on Maine Jobs be formed to set priorities and plan for "projects rather than slots." The Commission should have the responsibility for setting priorities for both State and Federal public jobs programs. A major task of the Commission would be to combine the variety of resources available to the State government with public service employment jobs in such a way as to support the ideas and priorities coming from citizens' organizations and local Jobs Sponsors.

The Committee suggests that the make-up of the Commission include representatives of the executive branch, the Maine business and labor communities, state and local officials, and concerned citizens; such state agencies as Manpower Affairs, Department of Transportation, and the Department of Environmental Protection; and, members of the House and Senate.

The Commission would be charged with carrying out the actions proposed in the previous sections of this report, namely:

Survey of all jobs created in Maine through federal expenditure;

Development of job projects ideas from the local level and from citizens groups as well as from the state level;

Development of procedures for matching CETA salary dollars with other federal funds to maximize the job impact in Maine of Federal assistance;

Prepare efforts to document needs for additional legislation to provide funds for Maine job creation projects, and for legislative authority for more effective use of existing programs.

Examine the unemployment compensation laws including: (1) an exploration of how unemployment compensation is funded and by what taxes; (2) a study of the lower limits of eligibility for unemployment compensation; and (3) a general analysis of Maine's unemployment compensation laws.

The Emergency Commission on Maine Jobs ought to be established by the Governor and paid for out of funds available to him for his discretionary use under CETA. The Commission should report to the Legislature at least by the Special Session in 1976 with findings and recommendations.

The Committee recommends the immediate establishment of the Emergency Commission on Maine Jobs.

B. LEGISLATIVE INITIATIVES

1. Jobs Impact Statement: Because of the acknowledged emergency nature of the present employment situation, the Committee believes that legislation is needed to make jobs a priority consideration in the way in which the Maine government does its business. Accordingly, the Committee proposes legislation modeled after the Federal National Environmental Policy Act, under which the creation and enhancement of jobs would become a priority matter for both State and local government. Under such legislation, State and local governments could not initiate any action or submit any funding proposal to the Federal government unless they had formally considered the impact on jobs and whether the impact could be enhanced by an alternative action.

All actions of State, county, or city government, which could affect jobs, would be subject to the issuance of a "Jobs Impact Statement," which would describe the impact an activity would have on unemployment, the alternatives considered, the employment impact of such alternatives and the reasons why the recommended approach was selected. Such a statement would have to be issued at least 30 days prior to the taking of the action so that interested persons could submit comments or additional alternatives. Through such a device, citizens will be able to monitor the actions of government at all levels to ensure that decisions are made which help fight unemployment to the maximum degree possible.

2. Other Legislation as Necessary: There are a number of legislative issues in the future that should be addressed. Some issues--such as increasing certain unemployment compensation benefits--are now before the Legislature. Other legislation concerning jobs generation including tax incentives, changes in unemployment compensation laws and local development funds will be developed and can be considered by the Legislature in the Special Session.

C. USING UNEMPLOYMENT COMPENSATION FOR JOBS

As mentioned previously in this report, every unemployed person in the State of Maine costs the Government approximately \$8,000. Such a situation is an anomalous one when there are useful public service jobs which such people could fill, particularly when many people are now unwilling to accept unemployment compensation because they would prefer to work. It is clearly essential that a program to put such people into needed jobs must be immediately implemented.

The Committee has accordingly investigated the utilization of available unemployment compensation to subsidize public service employment. Essentially, the approach would be to allow persons receiving unemployment compensation to voluntarily assign their compensation to a State fund. In turn, the fund would be supplemented by other manpower

monies and people who assigned their compensation to the fund would be provided jobs. Through such a plan, federal funds could be stretched and people now receiving money not to work could instead be gainfully employed. A well-designed and developed demonstration program should create about 6,500 jobs.

The Committee has been advised, however, that there are a number of legal problems associated with such a plan. The Committee believes that this plan is not only sound but essential for the State, and intends to take whatever action is necessary to amend legislation or to present legal or other arguments to the Department of Labor in support of the plan. Pending the outcome of such action, the Committee will also attempt to obtain experimental funds from the Labor Department to immediately launch the plan on a pilot or demonstration basis.

IV FURTHER ACTIVITIES OF THE JOINT SELECT COMMITTEE ON JOBS

A. HANDLE COMMISSION RECOMMENDATIONS

The high-level commission proposed above has a number of tasks assigned to it which will require new legislation and which will also demand legislative scrutiny. Accordingly, one of the principal continuing activities of the Maine Jobs Committee will be in monitoring the progress of the Emergency Commission and in developing appropriate reports and legislation emanating from the efforts of that Commission.

B. BONDED LABOR

The Committee remains concerned that the importation of Canadian labor into Maine at a time when unemployment is intolerably high is something that neither Maine nor the United States as a whole can afford. The Committee intends to inquire further into the reason for importation of such labor and why the Federal government has allowed it to occur. Unless it can be shown to the full satisfaction of the Committee that Maine workers could not fill jobs for which Canadian labor has been imported, the Committee intends to take whatever action is necessary to ensure that this situation is corrected. It appears reasonable to assume that there is an opportunity for at least 400 jobs to go to Maine citizens.

C. DEVELOPMENT FINANCING

In a number of instances, Maine people have begun to develop their own responses to local economic problems. Efforts to start cooperatives and new small businesses, and to develop new industries based on local skills and resources seem to have much promise. For

example, the Committee heard testimony from shoe industry workers who were determined to set up their own company now that the shoe firm in their town has closed down.

These efforts, although fragmentary at present, are in the best tradition of Maine self-help and independence. However, there is very little assistance available for these projects. The Committee intends to investigate the possibility of establishing a development bank or similar institution which would assist community-based businesses that employ Maine people and serve Maine needs.

D. TAX POLICIES TO CREATE JOBS

Taxation is a constant and critical factor in jobs creation because taxation policy impacts on the attraction of new industry as well as the retention and expansion of existing firms.

State government faces changes in taxing policies and laws in each legislative session. When changes in tax laws--new taxes or relief from old ones--is considered, there should be consideration of the impact of these changes on jobs generation. Now that jobs are a crucial factor in the economy, the consideration of any tax proposal should be first looked at in terms of potential impact on employment.

Several jobs generating tax proposals are possible ranging from outright tax incentives to create jobs, to rewarding an industry some flat amount for each new job creation, to providing job training funds to ease new or expanding business.

Tax changes to aid employment improvements should be carefully examined and proposals presented.

APPENDIX

Testimony was presented to the Joint Select Committee on Jobs at public hearings by the following people. Names are listed in the order of their appearance before the Committee.

David Vail, Assistant Professor of Economics, Bowdoin College

Raymond Fongiemie, Director, Manpower Research Division, Maine Department of Manpower Affairs

David E. Smith, Commissioner, Maine Department of Health & Welfare

Paul LeVecque, Manager, Income & Maintenance Unit, Maine Department of Health & Welfare

Robert Wyllie, Director of Bureau of Social Welfare, Maine Department of Health & Welfare

Harry Bedigan, Regional Director, Maine Department of Health & Welfare

David Bittenbender, Portland Department of Welfare

George Campbell, Town Manager, Dexter, Maine

Abe LaCasse, Welfare Director, Augusta, Maine

Christine Mank, Director, Mid-Coastal Human Resources Council

Thomas Kane, Executive Director, York County Counselling Service

Pamela Jay, Augusta, Maine, citizen

William Belanger, Assistant Regional Manpower Administrator for Unemployment Insurance, Boston Office of Unemployment Insurance

Emilien Levesque, Commissioner, Maine Department of Manpower Affairs

William Harris, Director, Unemployment Compensation Division, Maine Department of Manpower Affairs

Ben Dorsky, AFL-CIO

Bernard Estey, Associated Industries of Maine

Joseph Lupsha, Hallowell, Maine, citizen

Louis Sepulveda, Regional Director for Manpower, United States Department of Labor, Boston, Mass.

William Spring, Director, Boston University Regional Institute on
Employment, Training and Labor Market Policy

Stephen Bennett, Director of Public Service Employment for Maine,
Maine Department of Manpower Affairs

Martin Rissel, Engineer of Maintenance and Operations, Maine Depart-
ment of Transportation

Mary Morse, Executive Secretary, State Manpower Services Council

Jack Lyons, Manpower Planner, Maine County Commissioners Association

John Romanyshyn, Department of Social Welfare, University of Maine
at Portland-Gorham

Frank Piveronas, Director of International Trade and Marketing,
Maine Department of Commerce and Industry

Thomas Wardrop, Associated Industries of Maine

William Hammond, Economic Resources Council of Maine

Paul Akeley, Assistant Personnel Director, Bath Iron Works Corp.

John Resenbrink, Professor of Government, Bowdoin College

Geoffrey Faux, Citizens' Committee on Maine Economy

Albert Barden, Concerted Services in Training and Education

Francis Lyons, Shoe Worker, Fryeburg, Maine

Fred Hafford, Woodsman, St. Francis, Maine

Peter Haggerty, Woodsman, Keyser Falls, Maine

Steve Plumer, Hatch Hill Recycling, Hallowell, Maine

Maine Business Indicators



Volume XX, No. 3

May 1975

A NEW FORECAST OF MAINE'S ECONOMY

The latest forecast by the New England Economic Project* (NEEP) indicates that Maine's *total personal income* is likely to accelerate during the second and third quarters of 1975 and then rise more slowly thereafter. 1975 personal income is likely to be \$4,786 million or 4.7% more than in 1974. A 12.1% increase in 1976 will bring total personal income up to \$5,366 million.

The state's seasonally-adjusted *unemployment rate*, which approximated 11.3% of the entire labor force during the first quarter of this year, will fall to 9.8% by the third quarter and then climb once again to 11.5% during the first quarter of 1976. According to NEEP, this high level of unemployment will slacken to 8.7% by the third quarter of that year.

Total *non-agricultural employment* in Maine is expected to bottom out at 345,100 persons during the second quarter of 1975. Slow rises will follow until it

*Prepared by the Maine manager for NEEP, Edgar A. Miller, Economist, Department of Commerce and Industry.

reaches 356,200 in the second quarter of the following year. Another decline is anticipated by the end of 1976, however.

Demand deposits of Federal Reserve member banks in this state will increase sharply by the second quarter of 1975, and then continue to rise but at a decreasing rate through the end of 1976. NEEP also has forecast that *time deposits* in Maine's commercial banks, savings and loan associations, and savings banks will rise from a total of \$2,844 million in 1974 to \$3,195 million in 1975 (a 12.3% increase), and then rise 13.1% to \$3,614 million in 1976.

Housing authorized by building permits and public contracts in this state is expected to increase from the recent low of 4,688 units in 1974 to 4,814 in 1975 (a rise of 3.1%) and then advance faster (8.7%) to 5,232 units in 1976. Mobile home shipments to Maine are anticipated by NEEP to drop sharply (31%) from the 2,441 units in 1974 to only 1,483 in 1975, and then decline still further to 1,451 mobile homes in 1976.

FORECASTS OF QUARTERLY VARIABLES FOR MAINE

Item	Unit	1975				1976			
		I	II	III	IV	I	II	III	IV
Personal Income	(\$ millions) SAAR	4558	4690	4869	5027	5150	5285	5442	5586
	(% change)	(0.7)	(2.9)	(3.8)	(3.2)	(2.4)	(2.6)	(3.0)	(2.6)
Rate of unemployment	(% of labor force) SA	11.3	11.1	9.8	10.4	11.5	10.5	8.7	9.2
	(% change)	(43.0)	(-1.8)	(-11.7)	(6.1)	(10.6)	(-8.7)	(-17.1)	(5.7)
Nonagricultural employment	(thousands) SA	345.2	345.1	346.4	348.1	350.5	356.2	358.9	358.1
	(% change)	(-1.7)	(0.0)	(0.4)	(0.5)	(0.7)	(1.6)	(0.8)	(-0.2)
Demand deposits	(\$ millions) SAAR	416.8	441.7	459.7	475.9	493.4	505.9	520.7	531.4
	(% change)	(1.7)	(6.0)	(4.1)	(3.5)	(3.7)	(2.5)	(2.9)	(2.1)

SA — seasonally adjusted; SAAR — seasonally adjusted at annual rates
Source: New England Economic Project

Bangor Daily News

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Monday, June 2, 1975

**TOM
WICKER**

Default on jobs

*** NEW YORK** — The Commerce Department's composite index of leading economic indicators has turned sharply upward, which may mean that the recession — at least the worst of it — is just about over. But that does not mean that recession's devastating companion, unemployment, is anywhere near a reasonable level, or that it might not yet get worse before it gets better.

If President Ford's budgetary views prevail, unemployment will remain at 7.5 per cent or above through 1977. If the Democrats in Congress impose their slightly more stimulative budget figures, unemployment will nevertheless remain as high as 7.5 per cent at the end of 1976. Either way, the level of joblessness is expected to remain at the 6-7 per cent level for the best of this decade.

Those figures are bad enough; but they sound good beside the more specific facts these generalities tend to conceal — for instance, that black teenage unemployment is now at about 40 per cent officially, and at present estimates will remain well above 30 per cent for years to come.

Black teenage unemployment has persisted at such scandalous levels for so many years, moreover, that black teenagers and

young adults have dropped out of the labor force at an alarming rate. Only 47.4 per cent of teenaged black males participated in the labor force in 1973, as against 58.4 per cent in 1960; more than 35 per cent of teenaged black girls have not been in the labor force since 1950.

This led Bernard Anderson of the Wharton School of Economics to write recently that "if just one-half the non-participants among black teenagers were added to the unemployed, as measured by the standard definition, the black teenage unemployment rate in 1973 would have been 62.6 per cent instead of the reported 30.2 per cent." And 1973 was a relatively good year for unemployment.

White teenage unemployment is also chronic and severe, as is that of most inner city residents. The Department of Labor found, for instance, that when the national unemployment rate was only 3.8 per cent in 1966, jobless rates as high as 15.6 per cent obtained in the poverty areas of 13 cities. If under-employed, part-time and badly underpaid workers were included in the usual job surveys, the results would be shamefully worse than may be generally realized.

One reason is the prevailing official

mentality that ranks jobs lower than price stability on the scale of economic values. Jerome M. Rosow, who was assistant secretary of labor for policy development from 1969 to 1971, pointed out in a recent paper that the Council of Economic Advisers was specifically created in the Employment Act of 1946 to help the President achieve maximum employment. That issue is implicit in the Council's work, Rosow said, but added:

"Matters of taxes, budget deficits, and monetary and fiscal policy have dominated ... Full employment or unemployment seem to be secondary ... This act has been administered as though it were a price stability act rather than a full employment act."

Similarly, Anderson called for a "national commitment to a full employment policy that emphasizes the availability of jobs for all those willing and able to work, rather than a policy that attempts merely to achieve a rising full employment unemployment rate that is consistent with price stability."

A liberal Democratic Congress, with its new budget committees and staff, might have been expected to elevate the importance of jobs. But at a forum sponsored by the Committee for Economic

Development, the new Congressional budget director, Alice Rivlin, described Congress's budget deliberations, too, as having centered on the size of the deficit and on "appropriate fiscal policy." Congress hoped the recent tax cut would provide sufficient stimulus, she said — although she herself wondered whether a weak recovery might not leave the economy little better off next year than now.

All this means that little if anything has been done about providing work for people. Congress has not even voted funds requested by Ford to provide summer jobs. As for public service employment, only about 300,000 jobs now are being funded, only for 5 per cent of the total unemployed. Unemployment insurance — a substitute for income rather than productive jobs — covers only about 60 per cent of the jobless and provides on the national average only \$63 weekly, or \$33 a week less than the poverty level for a four-member, non-farm family. Yet, emergency unemployment insurance that had to be voted in 1964 has already added \$13 billion to the budget deficit.

Nor is either Congress or the Administration even proposing anything resembling a co-ordinated program of putting people back to work, either in public jobs or the private sector. The resulting policy, as Jerome Rosow puts it, "would appear to mean reducing inflation by slowing economic growth, and allowing unemployment to remain high." But that is not so much a policy as a default.

Tom Wicker is a columnist for the New York Times.

At first hearing

- Times-Record
4/25/75

Job panel hears gloom about state's economy

By BOB FORKEY

AUGUSTA — Maine's welfare rolls are swelling, alcoholism is on the rise, more men are beating their wives and children, and the trend seems to be worsening.

One reason for all of that: The state's unemployment rate that's been soaring steadily for months now.

More than 50,000 persons are out of work in Maine today, 12.1 per cent of the state's labor force. An estimated 130,000 have serious employment problems.

What's more, economic recovery is a long way off and things are likely to get worse before getting better. The expectations are that more jobless people will apply for welfare and food stamps. More will turn to drink. More will take their frustrations out on their children.

Listening to that and other gloomy testimony, the 107th Legislature's recently created Joint Select Committee on Jobs got through its first public hearing Tuesday night, a long way from its goal of grappling with the unemployment problem.

Witness after witness during the three-hour hearing sketched parts of the

overall unemployment problem for the new committee's members.

The committee heard from top officials in the state's health and welfare bureaucracy, an angry woman whose federally-funded job might end in July and a community action program worker who said, "General assistance (meaning welfare) is embarrassing at its best, and it's seldom at its best."

The committee heard the jobless-related welfare woes of Maine's largest city, Portland, with a population of more than 65,000, and the troubles of one of the smaller towns, Dexter, with 3,700.

It heard a warning to stay away from piecemeal solutions backed with little money, and a pitch for more state funds for things like community mental health centers.

Tuesday's was only the beginning of a series of hearings planned by the committee. The work will eventually end with some proposed legislation that's supposed to help with the jobless problem.

The committee's Senate chairman, Bruce M. Reeves, D-Dist. 20, said the group's aim is

(Continued on Page Twelve)

First Hearing, April 22, 1975

(Continued From Page One)

to get proposals into the legislature next fall. Right now, he said, "I hope at the very least that we're able to call attention to the unemployment problem."

The committee intends to make an initial report on the problem by May 30. "Our goal by the first reporting date," its House chairman, Rep. Laurence E. Connolly Jr., D-Portland, has said, "is to increase awareness of the problems and try to come up with a manpower program to meet the problems."

Economist testifies

David J. Vail, an assistant professor of economics at Bowdoin College, set the framework for the committee's discussion Tuesday night.

Vail talked about trends and cycles in the national economy and their effect on jobs in Maine, and he said there were three points underlying the committee's search for a full-employment strategy:

— There's a consensus that the national jobless rate will go higher before it begins to fall and it will be several years before the economy nears full employment again. President Ford's advisors, for example, set 1980 as the target year for full employment.

— Maine is an export economy. Its level of economic activity, and thus of employment, is highly dependent on the national economy's health. "Without extraordinary action on the part of the state government," Vail asserted, "unemployment rates in Maine will remain very high over the coming five years because of the bleak national employment outlook."

— The state's official unemployment rate, "bad as it is, is only the tip of the iceberg when one considers the total number of Maine people who have serious employment problems, such as involuntary part-time employment, full-time employment at poverty wages, or jobs far below the workers' skills and abilities."

Vail said Maine's dependence on the demand for its goods and services on the rest of the national economy and its chronic high unemployment rate (5.6 per cent even during the economic boom of 1972-73) are "critical features of the state economy that make its future employment picture look rather bleak ..."

Vail said, "If the U.S. economy is a dog, then Maine is the tail — and the tail cannot wag the dog. If the U.S. economy has high unemployment, Maine will have high unemployment." And, citing past trends, "If the U.S. has high unemployment, Maine will have even higher unemployment."

Short-term make-work schemes and even full economic recovery from the current depression won't solve Maine's chronic unemployment problem, Vail said.

In a reference back to his "tip of the iceberg" comment, Vail told the committee, "Putting together unemployment and underemployment, one-third of Maine workers, about 130,000 people have serious

employment problems."

He said, "These are obviously not the marginal problems of a few people that can continue to be kept out of the public view. They cannot be remedied through tinkering, piecemeal programs backed by paltry amounts of public funds."

Welfare needs increasing

Paul LeVecque, manager of the state Department of Health and Welfare's income maintenance unit, told the committee "... the poor economy is increasing needs in all welfare programs."

He said 18 per cent of the state's population, 175,000 persons, are now receiving food stamps and "as underemployment and unemployment increase these programs will grow in scope."

The General Assistance Program, a basic welfare program, is also adding more people to its rolls, and LeVecque said, "Any increase in unemployment is going to be reflected by increased costs in this program — to the extent 490-plus individual local municipalities are able and willing to grant assistance."

LeVecque also said there are a number of funding problems to be faced with the general assistance program and some decisions to be made on what kind of program it should be and on how it could be expanded.

Ray A. Fongemie, director of the Department of Manpower Affairs' manpower research division, told the committee many Maine workers don't earn enough money to qualify for the available

full 26 weeks of unemployment benefits, and are exhausting their benefits after only 16 weeks or so. Thus, he said, they can't benefit fully from the jobless compensation program.

Attractive to be jobless?

Health and Welfare Commissioner David Smith suggested the committee take a hard look at some of the jobless benefit and other state programs to determine whether they're not a cause for the rising jobless rate.

Unemployment compensation, food stamps and a low minimum wage "make more attractive to be jobless," he said.

Asked what his own department would do if the economy worsens, Smith told the committee, "We will maintain the same level of support as we're giving now. When it appears that there'll be a deficit, we'll bring it to the attention of the governor and legislature."

Dr. Thomas Kane, a formal state official now with the York County Mental Health Association, told the committee unemployment is having a serious emotional effect on families throughout the state.

Kane said admissions in the eight community health centers across the state have jumped from 10,000 in 1970 to more than 13,000; and he said one third of the new admissions can be attributed to alcohol- and drug-related problems.

Unemployment affects a family's well being in three ways, Kane said: It robs the family of its financial security; undermines the self-esteem of the breadwinner; and upsets the balance in marital and family relations.

Violence increasing

Violence within the family, wife and child beatings and cases of alcoholism have increased as a result, Kane and others at the hearing said.

Kane said the committee should look at helping supportive services, such as community mental health centers, so the state doesn't find itself "paying a big price in alcoholism and delinquency."

He told the committee to look at the human problems associated with unemployment and give "serious consideration of the need to provide and insure these kind of supportive services."

Harry Bedigan, a regional director with the health and welfare department, also talked about rising caseloads, saying the most indicative increase is in the food stamp program.

Bedigan said unemployment was putting some unusual stress on the department's regional offices. And he told the committee there is a noticeable increase in violence toward children and even in child abandonment because of the jobless situation.

The committee will listen to testimony next Thursday from federal and state experts on the effectiveness and inadequacies of unemployment benefits.

Reeves, said Thursday the public hearing will be in room 109 of the state office building beginning 7 p.m. He said persons representing labor and government are scheduled to speak.

"The public is invited to attend and testify," Reeves said, "particularly those who have something to say about how we can effect changes."

In the coming weeks, the committee will be conducting hearings on the public service jobs program in Maine, proposals from both business and labor concerning unemployment and how the state budget can generate new jobs, he said.

The committee was formed earlier this month to investigate Maine's troubled economy and attempt to find solutions to the problem.

Even 'Wild' Job Ideas May Work

PPH 4-29-75

By ERNIE STALLWORTH
Staff Writer.

AUGUSTA — The 107th Legislature's Joint Select Committee on Jobs is soliciting "all sorts of wild proposals" from citizens and state officials on useful ways to use federal and state money for jobs.

The proposals already include hiring 500 people to rebuild railroad beds for Amtrak from Kittery to Bangor, training people to work on rural roads, hiring homemakers to assist patients discharged from state institutions, and putting crews to work rehabilitating and insulating old houses.

Sen. Bruce M. Reeves, D-

Pittston, and Rep. Laurence E. Connolly Jr., D-Portland, the chairmen of the newly created committee, will even listen to proposals for cooperative ventures in food production, such as a community canning center.

"WE'RE LOOKING for ways to fulfill the social needs of communities that will also have spinoff economic and energy benefits," Reeves says. "We want to maximize jobs and reorient the state budget at the same time."

Homemaker services are cheaper than institutional care, Reeves says, and would meet human needs as well as cut state costs.

"The Amtrak proposal would affect energy," Reeves adds. "Rehabilitation of houses would have social benefits, economic impact and energy conservation effects, all at the same time."

The current use of public service job money involves too much "brush removal-type" jobs and not enough projects which would have dual benefits to the state, Reeves said.

"We want all sorts of wild proposals from citizen groups," Reeves says. "By the time we sit down to work out a plan, some of those proposals may not be so wild."

THE COMMITTEE has already learned, in a hearing last

week, that 32 per cent of Maine's work force has been affected by the recession. The unemployment rate is about 12 per cent, another four per cent have ceased looking for work, and still another 16 per cent are underemployed.

The committee will receive testimony on how unemployment compensation is working at 7 p.m. today in Room 109 of the State Office Building. A hearing on the public service job program is scheduled for Tuesday, May 6, in Portland's Public Safety Building.

Other hearings will be scheduled in coming weeks on state job creation efforts and citizen proposals. A committee report

is expected by May 30.

"We've written to all the state commissioners asking what they would propose as public service jobs," Reeves said. "What we haven't yet received are proposals from ordinary citizens."

State and college economists have already told the committee that high unemployment rates are likely to continue throughout this decade, and Reeves says the state must make plans to deal with that reality.

THE COMMITTEE is considering short-range proposals to increase the minimum wage, lengthen unemployment compensation pay periods and adjust state programs to handle the unemployed, he said.

Members of the jobs committee, in addition to Reeves and Connolly, are: Sens. John B. Roberts, R-Sanford; Peter Danton, D-Saco; Hayes Gahagan, R Caribou, Reps. Harland Goodwin Jr., D-South Berwick; James E. Flanagan, D-Portland; Peter Curran, D-South Portland; Richard Davies, D-Orono; Richard Pierce, R-Waterville; John McKernan, R-Bangor, and Lena Durgin, R-Kittery.

Jobless pay fund being drained

KJ 4/30/75
By SARA HERTER
KJ staff writer

Maine's unemployment compensation fund is being drained rapidly and the state may have to borrow, the legislature's Joint Select Committee on Jobs was told Tuesday night.

Witnesses from government, business and labor were unanimous in saying the high rate of unemployment in the state is likely to result in empty coffers by the end of the year.

It's not an unusual situation, according to J. William Belanger, assistant federal regional manpower administrator. Six states and Puerto Rico already are borrowing against federal reserves to pay claims.

"There is no real way by which Maine could avoid bor-

rowing additional funds," he said.

He explained that a July 1 increase in employer contributions will bring in \$5 million.

But he estimated Maine will need \$15 million to keep the fund going if the economy stays where it is.

"There's a great apprehension because when we look at our charts at this point, we're going on a straight line," Belanger said. "It's a little creeping paralysis. There's no drop in the unemployment rate."

He pointed out that the federal-state unemployment compensation system has been "40 years in the making and it's never gone through this crisis-type situation."

Belanger said he expects the system to hold up, but perhaps as many as 30 states could go into debt to the federal

government to order to continue payments.

Emilien A. Levesque, state Manpower Affairs Commissioner, compared the system to an insurance policy with employers paying the premiums as their contributions.

"There's nobody in this room feeling any worse tonight than the employers of Maine," he said. "They know sooner or later they'll have to repay (the debt)."

The feeling of Levesque and Unemployment Compensation Division Director William Harris was that the federal government would not "forgive" the states' jobless benefit debts.

Testifying on behalf of Associated Industries of Maine, Bernard Estey suggested it is the employer who is caught in the squeeze. Industry, trying to cope with depressed market conditions, also must prop up

the unemployment compensation system, he said.

He asked the committee to try to find ways "to remove the regulations, to relax the regulations to give them (industry) the incentive to reinvest and to remain competitive."

Estey said that "there are so many people with marginal attachment to the wage force who are collecting unemployment benefits."

Harris agreed there has been "a proliferation of special (benefit) programs" and advised a more comprehensive approach. With maximum benefits, an unemployed worker can collect compensation for 65 weeks.

But Ben Dorsky, president of the Maine Federated Labor Council, maintained the state shouldn't hesitate to borrow. "What is money? Money's to be used," he said.

"I believe in spending. I believe in borrowing from the federal government to have a worthwhile benefit program."

Dorsky was critical of Maine's compensation payments — the maximum is about \$68 a week, putting the state among the 10 lowest of the 50 states in benefits.

A bill now in the legislature would raise the maximum to about \$98 a week, but the average compensation check would be less than \$70 a week.

Levesque agreed that \$68 a week "is not a sufficient amount," adding that the average payment is about \$50 a week and most claimants have families.

But the question of how to create more jobs for Maine citizens — asked by several committee members during the three-and-a-half hour hearing — brought no concrete answers.

Dorsky suggested an expanded public service job program, and Estey said a healthy industrial climate would put more workers back in the factories.

"We must take the pressure off the unemployment compensation fund and we must take people living off benefits and make them taxpayers," committee chairman Sen. Bruce H. Reeves, D-Pittston, said. "There has to be a formula."

The public was invited to testify at the hearing, but the only person in the sparse audience to go before the committee was Steven Hanft, an unemployed writer from Portland.

He suggested ways to improve the method of making unemployment claims, particularly through using a caseworker-type approach.

Panel Told Federal, State Jobless Aid Bid Lacking

Federal, State Bids To Aid Jobless Scored

Sumnerfield 5/7/75

By ERNIE STALLWORTH
Staff Writer

Federal and state approaches to unemployment problems are totally inadequate, the 107th Legislature's Joint Select Committee on Jobs was told here Tuesday night.

About 2,200 public service jobs have been provided in Maine through federal programs, the committee was told, but 50,000 people remain unemployed and at least another 50,000 people are underemployed.

The jobs that have been provided, speakers said have simply added one or two workers in piecemeal fashion to existing governmental and nonprofit agencies.

THE COMMITTEE was told the whole approach has been to funnel jobs through agencies authorized to help the poor get training and job skills on their way to employment in the private economy.

"These may have been good concepts for a flush economy,

but not for a recession," William Spring, a Boston manpower specialist, told the committee. "You have been hearing testimony that the programs are doing well in Maine. How? By spending federal dollars and filling job slots. That's the definition. It is inadequate."

Rep. Harland Goodwin, D-South Berwick, asked Spring and every other witness in a three-hour hearing at Portland's public safety headquarters if the state could use its federal money to build something that lasts.

"Yes," Spring said. "The thing that's holding you back is the manpower people who think

in terms of job slots, spending money quickly and the poor. You gotta plan."

Spring suggested that a state manpower office could begin to put together "pots of federal money" in creative ways to do many kinds of things.

The Maine Housing Authority or the Farmers Home Administration could provide housing materials, he said, and people working under the Comprehensive Employment and Training Act (CETA) could use the materials to rehabilitate houses.

THE FUNCTION of a new state manpower office, according to John Rensenbrink, a Bowdoin College professor, would be to pool resources "scattered across the state bureaucracies."

The pooled resources should then be made available to local communities for specific proj-

ects proposed by local democratically-controlled job councils, Rensenbrink said.

The suggestions were welcomed by committee chairmen Sen. Bruce M. Reeves, D-Pitts- ton, and Rep. Laurence E. Connolly Jr., D-Portland, who told state and federal manpower administrators they have been doing a good job of distributing money and finding jobs.

"The job you are doing is excellent under the law," Reeves told state public jobs administrator Steven Bennett. "The problem is that we're cutting brush all over the state. The brush won't grow fast enough to provide enough jobs. We've got to have some new directions."

The new direction should in-

clude the massive creation of public service jobs on a permanent basis, according to John Romanyshyn, a UMPG professor, since the private market can't eliminate unemployment.

"These programs all assume the job training is temporary to help people who will then get decent jobs in the private economy," Romanyshyn said. "The fact is the jobs cannot be provided by our economic system, and we ought to recognize this fact."

Unemployment rates have been below 3.5 per cent annually for only four of the past 30 years since World War II, Romanyshyn added, and projections for the rest of this decade are above seven per cent.

Jobs, Not Benefit Hike, Called Maine Answer

PPHS-8-75
By ERNIE STALLWORTH
Staff Writer

Jobs, not increased unemployment benefits, will solve Maine's unemployment problems.

But implementing that simple solution requires a complete redirection of federal and state manpower efforts toward massive numbers of public service jobs applied to projects chosen by local communities.

It is an answer that appeals to the 107th Legislature's Joint Select Committee on Jobs.

"We're finally getting somewhere," Rep. Laurence E. Connolly Jr., D-Portland, said after Tuesday night's hearing in Portland: "This is the best committee I've ever served on and we're beginning to get to the heart of the matter."

The heart of the matter, according to the chairman, Sen. Bruce M. Reeves, D-Pittston, is that it cost nearly \$8,000 to support one unemployed worker with unemployment benefits, food stamps, medical care and pay the administrative costs of delivering those services.

"If we could pay \$8,000 for jobs in Maine people want to work. We're looking for a plan that will provide some answers."

THE COMMITTEE hopes to involve towns, state government, federal money and private industry in whatever plan it drafts and its members are struggling with the hard questions.

"I'm a liberal Democrat, I guess, but all this talk of government jobs worries me," Rep. Harland C. Goodwin Jr., D-Sen. Berwick, said.

"What I want to know is can we build something that lasts? Can we build a plant that will then be taken over by a private firm to employ people?"

William Spring, a Boston University manpower specialist, told Goodwin that plans were necessary for large projects, but that it could be done.

"What's holding you back is the manpower people who think in terms of job slots and spend-

ing quickly," Spring said, adding that all kinds of projects were done successfully during the depressions.

Another barrier to effective action, the committee was told, is the assumption of federal legislation that there will be jobs in private industry after unemployment compensation and job training funds have been spent.

THE ASSUMPTION isn't valid, UMPG's John Romanyshyn testified, adding that unemployment rates have been below 3.5 per cent annually for only four of the past 30 years.

of Americans that providing jobs shouldn't be left to the whims of an economics system that can't provide them, Romanyshyn said.

"The lack of decent jobs causes all sorts of social problems," Romanyshyn said. "The prevention of those problems hinges on full employment which is not possible without massive numbers of public service jobs."

The way to proceed on those assumptions, Bowdoin College's John Rensenbrink testified, is to start pooling resources on the state level and to begin soliciting projects from local job councils.

"We're talking about uniting resources in meaningful ways," Rensenbrink said. "We need a creative interaction between the state level and the local level. The aim is to have real people doing real things that are needed in the community."

BOWDOIN'S Rensenbrink, UMPG's Romanyshyn and Boston University's Spring provided perspectives to the unemployment problem which had been missing from previous hearings, committee members said after the three-hour session in Portland's Public Safety Headquarters.

Those problems are effecting one-third of Maine's people, leaving 50,000 workers unemployed and many others who have quit looking for work or who are underemployed.

Federal public service job programs have employed 2,211 in governmental and nonprofit

agencies in Maine, according to Louis Sepulevda, federal regional manpower director.

The manpower administration's position is that more public service jobs aren't the answer, Sepulevda said, since government unemployment is only three per cent and industrial unemployment is about 12 per cent.

"WE'RE NOT talking about hiring them as bureaucrats," Reeves told Sepulevda. "If we come up with a plan to put are you interested? Are you people to work at their trade, ding that 'we also must obey the law' which has certain reserve jobs administrator Steven Bennett for spending federal funds and creating his quota of jobs. The committee members added, however, that they were looking for new directions.

State government employees told the committee there were many projects and services in need of funding which had been cut out of Gov. James B. Longley's budget. More money for their departments, they testified, would result in more jobs.

Representatives of the Department of education, transportation and health and welfare also said that state money could be matched with federal money to bring in more funds for jobs within their departments.

"I don't know why you're appearing before this committee which has a very limited effect on the state budget," Rep. Goodwin told the state officials. "It seems to me it would do more good for your department heads to make their case to the governor."

The committee asked state manpower expert Bennett for a private meeting to discuss regulations of the federal public service jobs programs.

K.J. 5/14/75

Reeves jobs panel told state should aid business

By SARA HERTER
KJ staff writer

Jobs are created by the private sector, and it can't do that unless the public sector provides a healthy business climate, witnesses told the Joint Select Committee on Jobs Tuesday night.

Several business and industry representatives argued that the long arm of regulatory agencies hinder Maine industry from growing and expanding in ways that might provide more jobs.

The state has had "an image of not wishing to attract industry," according to William E. Hammond, a Cape Elizabeth Realtor and developer and member of the board of directors of the Economic Resources Council.

The attitude has prevailed "especially during recent years when Maine has embraced very rigid but necessary environmental protection laws," he said on behalf of the council.

Thomas Wardrop, representing the Associated Industries of Maine, explained it is up to the state to develop a framework to make it attractive for industry to locate here.

But he added he saw "a trend developing to the detriment of business" and suggested a re-examination of priorities. "The state government should be very aware of the pressure it has on business."

Expanding on Wardrop's remarks, Irving Faunce of the AIM staff said that, if the state would "lay aside the merits of social legislation," it might see those dollars are not going for efforts to create jobs.

"If the private sector is to create jobs, it has to be stimulated," he said.

Both Wardrop and Hammond spoke against some federal job programs. "We do not believe a make-work program" like those of Depression days is the answer to Maine's high unemployment, Hammond said.

Wardrop said some federally-funded jobs are "stop-gap measures" which "can't have any long-range effect on job problems."

But in an effort to find solutions for some of the 12.2 percent of the people in the state who are unemployed, Sen. Bruce Reeves, D-Pittston, chairman of the committee, asked both men if their organizations would work with the state to create meaningful programs.

Reeves did not receive a commitment from either man, but he was assured that the idea could be looked into.

In his questioning, Reeves stressed that the committee is seeking solid leads into programs or projects to put the unemployed back to work now.

He also questioned Paul Akeley, assistant personnel director of Bath Iron Works, about the possibility of using the shipbuilding firm's training facilities in a state teaching program.

Akeley pointed out that there had been more than 500 applicants for 33 slots in the iron works' apprentice program, and said that, at least, the firm might "share its experience" with the state.

Rep. Judy Kany, D-Waterville, said Maine could show its commitment to industrial growth by passing a bill she co-sponsored to train employees in new industries.

The measure has a \$400,000 price tag, but state money wouldn't be used unless no other funds were available. A specific agreement with an employer for the training also would be required.

She said no prospects are waiting in the wings, but maintained the measure shows that Maine is willing to do some selling to attract industry and jobs.

And an aggressive sales effort is essential in bringing in industry, according to Frank Piveronas, director of International Trade and Marketing for the state Department of Commerce and Industry.

But he termed "selling" Maine a long-range approach to employment problems.

K.J. 5/17/75

Citizen's panel has plan to create 4,000 jobs

By SARA HERTER
KJ staff writer

A citizen's group offered a \$24 million proposal they said could create 4,000 jobs in the state to the Joint Select Committee on Jobs Friday.

Three spokesmen of the Citizen's Committee on the Maine Economy described the over-all plan, which they called "a proposal for a self-reliant economy."

The detailed explanation of how to put some of Maine's 12.2 per cent unemployed back to work almost didn't get presented, since committee members were about an hour late in showing up.

Afternoon sessions of both houses kept the legislators in the chambers while those who come to testify at the "people's hearing," grew impatient. Some left, so the crowd had thinned considerably by the time the committee began to arrive.

Jeffrey Faux, an economist and CCME leader, chided the committee for its tardiness, saying some people had traveled long distances for the chance to testify.

Faux and two Bowdoin College professors, John Resenbrink and John Vail, presented the CCME plan which was also outlined in a four-page tabloid passed out in the committee room.

To finance the short-range goal of 4,000 jobs, the CCME plan calls for tax increases in corporate income taxes and upper-bracket personal income tax.

The plan would increase the Maine tree growth tax, which applies to parcels of forest land over 500 acres, and the room tax on lodgings. It would establish a land speculation tax.

According to CCME, that would raise \$30.5 million in new tax dollars. The \$6.5 million left over from the creation of 4,000 jobs would be used for equipment and materials, CCME said.

Resenbrink said the jobs would be project-oriented — "hard, actual programs." Jobs funded by the Comprehensive Employment and Training Act (CETA) have been created "basically to expand existing government agencies."

The plan also recommends the formation of community councils — which would represent a cross-section of the community — to define economic needs and available resources.

Vail explained the long-term aspects of the CCME plan designed to make the state economy self-reliant. He called creating overnight jobs "symptomatic remedies rather than a cure."

Maine has always had an unemployment problem, he said, charging that its economy is weak and dependent on the whims of large corporations.

Although conceding he did not have "a blueprint for the future," he said the goal is Maine-owned and Maine-operated industry based on the state's natural resources.

Several committee members appeared interested in the proposal, but Sen. Hayes E. Gahagan, R-Caribou, warned that long-range planning "is kind of academic and kind of unrealistic."

The Legislature is conditioned to work on "a short-term crisis basis," and he suggested CCME get busy convincing legislators that a tax increase in this session is necessary to create meaningful jobs.

Gahagan added that the committee, in its five weeks of hearings, has been looking for something definite — a plan that can be taken back to the constituents for their input.

In other testimony, Francis Lyons of Fryeburg said that, when a shoe factory closed in his town, he and other unemployed shoe workers got together to form a community development corporation.

He said various federal agencies have been working with the group and the eventual goal is reopening the factory and rehiring its 140 workers.

Rep. Harland C. Goodwin, D-Berwick, praised the group for "taking a serious local problem into their own hands and trying to do something about it."

Steve Plumer described an effort to establish an extensive recycling center at Augusta's Hatch Hill dump using federal funds.

The project has no funding at the moment — "we're in debt," Plumer said — but with federal money he estimated 20 persons could be hired in the first year.

The recycling operation could be self-sustaining in five years, he said.

Albert Barden of Skowhegan suggested a jobs program that would "specialize in Maine's unique resources, especially its human resources."

He has a federally funded job with Concerted Services in Training and Education, which deals mainly in rural programs. He said that, with additional funds the group could develop projects like a Maine directory, similar to the Whole Earth Catalog.

With income from its publishing ventures, the group would be able to support itself and then come up with additional ideas Barden said.

Portland, Me., Press Herald, Thursday, May 1, 1975

Editorials

Good Strategy

The Legislature's Joint Select Committee on Jobs is employing good strategy in encouraging citizen participation in planning projects which will create jobs.

The committee obviously is creating a great deal of work for itself. But the approach not only opens up a great new source of suggestions but it also serves to bring people closer to their government. Of course, many will be disappointed when their suggestions are not put into practice, but the basic approach remains sound.

Sen. Bruce M. Reeves, Pittston, and Rep. Laurence E. Connolly Jr., Portland, chairmen of the new committee, want to come up with projects which not only will provide jobs for unemployed Maine citizens but which will also serve

the state in a permanent way. As Reeves put it, too much public service money goes for brush removal type of undertakings and not enough is applied to projects which have the dual benefits for the state.

The committee expects to receive some wild and woolly proposals. But each suggestion will get proper attention.

Not long ago the City of Portland faced the challenge of assigning priorities for the use of federal funds. It adopted a similar pattern. It invited input from all citizens of the area. It got some wild ideas too, but it also got a consensus. We assume the City Council found the citizen input helpful. We think the legislative committee will too.

The Times Record

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job planning

The 107th Legislature's Joint Select Committee on Jobs set out a month ago to do something about the state's burdensome unemployment rate. As it began a series of weekly hearings on the problem, the word was it would have some kind of report put together by the end of May, but it wouldn't be until fall that some kind of positive action on the problem would be taken.

If the committee hasn't changed its mind after three hearings, it had better change it soon.

The unemployment problem could be outlined and detailed and studied forever. But the jobless situation needs to be dealt with now.

The committee had heard enough testimony so far in its hearings to make some basic decisions on how the unemployment problem should be handled.

It has heard from labor, industry, all levels of government, college professors and working people. And in everything it has heard there is a sense of urgency. That very urgency should be the dominant theme around the committee's task. And it should be the prod for some kind of legislative action before fall.

The federal Comprehensive Employment and Training Act (CETA) is the legislation Maine has been depending on during the current economic crisis, and it hasn't helped much. CETA can be compared to putting a bandaid on a gaping wound.

CETA was not meant to solve the unemployment problem. It is a so-called counter-cyclical measure aimed at taking the pressure off a troubled economy by providing job training and some public services jobs, meant to last about two years.

But there are a number of things wrong with CETA which cut into its effectiveness even as a counter-cyclical measure.

For one thing, the legislation consolidated most of the former federal Department of Labor employment and training programs. Funds for public service jobs are only a part of the CETA legislation.

So under CETA there are people being trained for jobs that don't yet exist. The trainees are off the welfare rolls and learning new skills, but the fact is they won't all have jobs to go to when their training is finished.

And what happens when CETA funds for public service jobs run out? Are all those people then thrown back into the unemployment line? That would be politically impossible, and it won't be allowed to happen. CETA will be refunded, and might even become a permanent fixture instead of a counter-cyclical thing.

But it's clear that something more than CETA is needed and soon. Massive numbers of public works projects, on the scale of those undertaken during the 1930s, are being discussed. Projects that are decided at the local level.

The sense of urgency seems to be missing during these discussions. And that sense of urgency will wane even more as the tax rebate checks start coming into the hands of the taxpayers, with government urging the money be spent to spur the economy.

There's really no time to wait for that theoretical spur to happen, if indeed it does.

The Joint Select Committee should, by month's end, have something concrete to present to the full legislature. It should come up with a bold plan, be it public works projects or something else, for the legislature to act on before it adjourns for the summer.

The rally cry is jobs

*KJ - editorial
5/13/75*

A job rally is scheduled for Friday at Capitol Park. An organizer from United Low Income hopes to see 2,000 people there to demonstrate the plight of the unemployed in Maine. Frank Schiller's point is that "there are 45,000 people who are unemployed or underemployed, and we have not seen that federal programs are doing all they could to help solve the problem."

We doubt if a Capitol Park rally will solve anything either. Such demonstrations tend to be counterproductive, especially when staged for the benefit of an essentially conservative, non-demonstrative audience. That must include the Maine Legislature and most Maine citizens.

Sen. Bruce Reeves of Pittston, has been opening the doors of his Joint Select Committee on Jobs to testimony of the unemployed and under-employed. That could be a valuable source of input for the committee as it certainly is an invaluable forum for those who come before it.

Reeves and Rep. Laurence E. Connolly Jr., Portland, his co-chairman, are looking for ideas

that will not only provide jobs for those without, but also serve the state in a permanent way. As Reeves puts it, too much public service money is going for busy-work, and not enough is being applied to projects that are more than incidentally beneficial to everyone.

Frank Schiller talks in terms of channeling federal funds into such efforts as cleaning up rivers, putting retired farm lands back into production. We'd opt for the CETA programs that offer positive job training in preference to a

latter-day WPA. CETA's mandate is to provide job training and employment services to the economically disadvantaged. Its limitation is only in money and imagination.

We can expand job training through public service in employment almost infinitely if we apply those. Reeves's idea of combining unemployment benefits with CETA funds is a practical one, but let's get after the Feds to think bigger than they have on CETA's role.

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BATH-BRUNSWICK TIMES-RECORD

work to do

Good weather and the regular vacation season are upon us and the 107th Legislature is eyeing a June or early July adjournment. Along with that there is a danger.

The peril is that the members of the 107th, feeling satisfied with the work they've done since January, will go their way after adjournment and think little, if any, about Maine's jobless people until the legislature is called into special session later this year or early next.

By the time it does adjourn, the legislature is supposed to have in hand an initial report on the findings of its Joint Select Committee on Jobs. From those findings are supposed to come solutions to the jobless situation.

But why must action on those solutions come, as is apparently intended, only next fall? The problem is now, and so must be the solution.

A rally for jobs last Friday in Augusta crystallized the issue and the need for immediate action.

The thousands of people going without jobs today in Maine do not have to be without work. There are plenty of vital things that can be done — now. And these things can be found in practically every community across the state.

An early flier from the Citizen's Committee on the Maine Economy announcing last week's job rally listed some of those things:

"Houses need to be built or insulated, waterways need to be cleaned up, the sick and elderly need to be cared for, idle land needs to be put back into production for food, railroad tracks and rural roads need to be improved, public buildings and parks need maintenance and improvement. These are not 'make work' jobs — they are as important as any jobs in the economy. They need to be done and can be done right now."

Every community in the Bath-Brunswick area could put people to work on any one of those suggestions, and lists could be compiled for even more jobs.

But those kinds of immediate solutions, for some reason, are never very popular. The safe course of action seems always to be study and more study, and thus inaction.

A possible way to force the issue: A citizens effort could be made to establish community planning councils of the kind suggested by the Citizens Committee on the Maine Economy in key communities across Maine's 16 counties.

Each planning council could pool and screen local ideas, finally proposing a project creating jobs in the council's area. The proposals and requests for state help could be forwarded to the Joint Select Committee on Jobs, if the state has not by then created a state jobs committee, another group suggested by the CCME.

The point is, something must be done now. The issue can be studied and argued about and studied again. But too many people are out of work and cannot afford the costly wait for government's machinery to mesh at its own speed.

The state need not wait for a potential forcing of the issue by its citizens. Nor should it wait for the federal government to engage and act. The state must grab onto the issue and provide what was found in the simple, eloquent and direct message of last Friday's citizens' rally: Jobs now.