



COOPERATIVE EXTENSION

Department of Agricultural & Resource Economics

COMMUNITY DEVELOPMENT ISSUES

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KEEPING CURRENT IN COMMUNITY AND RURAL DEVELOPMENT

In this edition of the Community Development Issues newsletter, we will share information gathered as part of a survey of cooperative extension specialists in community resource development from universities around the country. In particular, this survey helped pinpoint a number of organizations and publications that provide information and ideas for those of us working on community development issues.

The first article is a directory divided into three sections. The first section is based on the survey mentioned above, the second includes organizations not mentioned in the survey and a final section identifies useful sources of state level information.

I. Sources Identified in Survey

The organizations and publications in this section were mentioned in response to the question: Are there periodic publications (journals, magazines, newsletters) that you have found to be a useful source of ideas and information for your extension (educational outreach) programs? The order of these organizations follows the frequency with which they were listed in the survey. State cooperative extension newsletters have not been included in the list because they are primarily intended for in-state audiences. The two most frequently mentioned of these newsletters was "Community Economics" published at University of Wisconsin and "Perspectives," published at Oregon State University.

- **Community Development Society.** Administrative Office, 1123 North Water St. Milwaukee, WI 53202. 414-276-8788. Membership cost: \$35.00. Publishes twice a year "The Journal of the Community Development Society" as well as a newsletter. Also sponsors a national conference each summer and provides other training and certification. It's claim to fame: President Clinton is a current member.
- **U.S. Department of Agriculture, Economic Research Service,** 1-800-999-6779 or write to ERS-NASS, 341 Victory Drive, Herndon, VA 22070. Publishes periodic reports on community and rural development issues and has two journals: "Rural Development Perspectives" a one year subscription costs \$14 (a three year subscription is \$38.00), for four issues a year. The articles are short and based on the

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latest ERS research, but the magazine does not usually come out on a very regular basis. The other journal is "Rural Conditions and Trends" which also comes out quarterly and costs \$14.00 per year (\$38.00 for three years).

- **American Economic Development Council.** 9801 W. Higgins, Suite 540, Rosemont, IL 60018-0426. 708-692-9944 (fax 708-696-2990) Membership cost in the council ranges from \$280 for an active voting member to \$155 for an associate, non-voting member (there must already be an active member in your organization). The Council offers a wide array of services including a quarterly journal, a monthly newsletter, other publications, training and certification in economic development and career referrals. If the cost doesn't fit your budget, it is still possible to subscribe to their journal, "Economic Development Review" for \$50.00 for one year or \$90.00 for two years.

Two other rural development centers also publish educational materials:

- **North Central Regional Center for Rural Development.** 216 East Hall, Iowa State University. Ames, IA 50011-1070. 515-294-8322 (fax 515-294-2303).
- **Northeast Regional Center for Rural Development.** 104 Weaver Building. The Pennsylvania State University, University Park, PA 16802-5500. 814-863-4656. (fax 814-863-0586).

- **Economic Development Quarterly.** The Journal of American Economic Revitalization. Sage Periodicals Press. 2455 Teller Road. Thousand Oaks, California, 91320. Yearly rates are \$49.00 but some discounts may be available for multiple year subscriptions. The journal is "designed to bridge the gap between practitioners, academics and informed citizens in the field of economic development."

- **Western Rural Development Center.** Oregon State University. Corvallis, OR 97331. 503-754-3621 (fax 503-737-1579). Publishes "The Western Wire" three times a year and also has numerous educational materials available for sale and conducts regional workshops. Subscriptions to "The Western Wire" are free. Recent workshop topics have included: "Business Retention and Expansion", "Conflict Resolution", and "Strategic Management of Change".
- **Southern Rural Development Center.** Box 5446-6 Montgomery Drive. Mississippi State University. Mississippi State, MS 39762-5446. 601-325-8207 (fax 601-325-8407). Publishes "Capsules" monthly and also has educational materials and sponsors workshops. Subscriptions to "Capsules" are free.

- **Growth and Change.** A Journal of Urban and Regional Policy. 301 Mathews Building. University of Kentucky, Lexington, KY 40506-0047. 606-257-1588. An academic journal that presents research results community and economic development related issues. Subscriptions cost \$29 per year or \$53 for two years. The journal comes out quarterly.
- **Small Town.** Small Town Institute, Box 517, Ellensburg, WA 98926-0517. 509-925-1830. This magazine comes out every two months. Yearly subscriptions are \$35 for individuals and \$40 for institutions. The magazine focuses on how to enhance the quality of life in small towns and how to maintain a sense of place and community. Many of the articles highlight community leaders and success stories in small towns around the country.

- **Governing.** P.O. Box 420092, Palm Coast, FL 32142-0092. Governing is a monthly magazine devoted to looking at cutting edge practices and emerging issues in local and state government. Subscriptions are \$39.95 a year, but some discounts may be available for first time subscribers and for multiple year subscriptions.
- **Government Finance Review.** Government Finance Officers Association, 180 N. Michigan Ave., Chicago, IL 60601-7401. 312-977-9700 (fax 312-977-9806). Subscriptions are \$30 per year for the review, or \$50 per year if you also want to receive their biweekly newsletter.
- **National Association of Development Organizations Research Foundation.** 444 N. Capitol Street, NW, Suite 630, Washington, DC 20001. 202-624-7806 (fax 202-624-8813). Publish "Economic Development Digest" a free monthly report for economic development organizations. Organizations can join the National Association of Development Organizations for \$1,000 - \$2,000 a year. Provides a weekly newsletter, information on national legislation, represents small metropolitan and rural concerns before Congress and federal agencies. Provides conferences and training and gives awards for successful development programs.

II. Other Non-Profit Organizations

- **Heartland Center for Leadership Development.** 941 O Street, Suite 920, Lincoln, NE, 68508. 402-474-7667 or 1-800-927-1115. Has a free newsletter, and also puts out other publications and provides training.
- **Lincoln Institute of Land Policy.** 113 Brattle Street, Cambridge, MA 02138-3400. Publish a free newsletter called "LandLines." The newsletter deals primarily with issues related to land use and development including land economics and taxation. The newsletter comes out six times each year and the Institute also has a publications catalog and offers courses.
- **National Association of Counties (NACo).** 440 First St. NW, Washington, DC 20001. 202-393-6226 (fax 202-393-2630). Publishes "County News" bi-weekly through the National Association of Counties Research Foundation, Inc. at the same address and phone as NACo. Subscriptions are \$82.50 per year for nonmembers with some discounts if you are purchasing multiple copies. The educational institution rate is \$41.25 per year. Member county supplemental subscriptions are \$16.50 each.

III. Arizona based publications

- **Arizona Association for Economic Development (AAED).** 4620 East Elwood St., Suite 13, Phoenix, AZ 85040. Membership cost is \$175 per year. AAED publishes a newsletter twice a year, holds spring and fall conferences, interactive luncheons and provides other seminars and services. There is a rural committee in AAED.
- **Arizona Department of Commerce.** 3800 N. Central Ave., Suite 1400, Phoenix, AZ 85012. 602-280-1321. Produces Arizona "Community Profile" Series. Two page description and current data on all incorporated places and most census-designated places in Arizona. Individual profiles are free, but bulk orders and complete sets of all profiles are available on a fee basis. A complete set for Arizona is \$18 with a binder or \$15 without. The most recent set is dated 1992.

"Arizona Economic Development Directory," A widely used source for providing economic development contact information. Printed semi-annually, a one year subscription fee is \$3.50.

The Department of Commerce Energy Office also produces a free newsletter, "Arizona Energy News" which comes out on an irregular basis. Call 602-280-1402 or use the above address, changing the Suite to 1200.

- **Arizona Department of Economic Security.** Publish several newsletters, including the "State Data Center Newsletter" with news regarding Census and other data on Arizona. The newsletter is free and available from the Population Statistics Unit, DES, Site Code 045z, P.O. Box 6123, Phoenix, AZ 85005. The State Data Center can offer data from the 1990 Census in detailed profiles (roughly 30 pages) for virtually any community in Arizona for \$5.00 per area. Shorter profiles are available for free. Call 602-542-5984 for more information or write to the data center address above.

The "Arizona Labor Market Information Newsletter" and "Arizona Economic Trends" can be obtained from Labor Market Information Publications, Site Code 733A, P.O. Box 6123, Phoenix AZ 85005. Labor Market Information presents employment statistics and forecasts and related articles. Arizona Economic Trends presents analysis of state and county employment and economic data.

"Arizona's Workforce" is a free monthly news release that provides preliminary and revised labor force, employment by sector, and unemployment data for the state and each county. It is available through ADES, Research Administration, P.O. Box 6123, Phoenix, AZ 85005. ADES also puts out periodic lists of other publications available.

- **Economics and Business Research Program.** College of Business and Public Administration, McClelland Hall, University of Arizona, Tucson, AZ 85721. 602-621-2155. Publish several excellent sources of statistics on Arizona and a free quarterly newsletter, "Arizona's Economy" with

topical analysis of economic issues and projections for Arizona. They have recently released "Arizona Statistical Abstract 1993". This 613 page compilation of statistical tables contains historical data and data from the 1990 Census. It is available for \$27.95 (which includes postage and handling). Much of the data are broken out by county as well as by state and for neighboring states and the U.S. as a whole. "Arizona Economic Indicators" is a statistics bulletin published twice yearly with data broken out by major sector. It costs \$15.00 for a year's subscription.

- **Center for Business Research, L. Seidman Research Institute.** College of Business, Arizona State College, Tempe, AZ 85287-4406. 602-965-3961. Publishes "Arizona Business" which is available for \$18 per year to Arizona residents and \$24 per year out-of-state. It is a monthly publication with short articles and current data on Arizona businesses.
- **Morrison Institute for Public Policy.** School of Public Affairs, Arizona State University, Box 874405, Tempe, AZ 85287-4405. Publish the "Morrison Institute Report" newsletter which focuses on critical public policy issues many of which are related to economic and community development. The Institute also publishes studies on public policy in Arizona and conducts training.
- **The League of Arizona Cities and Towns.** 1820 W. Washington Street, Phoenix, AZ 85007. Publishes "Local Government Directory." It is a directory of local, county and state government agencies; bi-annual, \$15.
- **Arizona Academy of Town Halls.** Arizona Title Bldg., 111 W. Monroe, Phoenix, AZ 85003. 602-252-9600. This organization brings together leaders in the state fields relevant to the topic of concern at each Arizona town hall. The town halls are held twice a year and participation is by invita-

tion. The Academy publishes a background report for each town hall. Several recent town halls have dealt with issues of concern in community economic development, including Economic Development, NAFTA, Environmental Issues and State Fiscal Issues. The background reports cost \$10.00 plus shipping and handling.

Who's Creating Jobs? A Look at Arizona

In the last newsletter on Business Retention and Expansion, a recent study on employment growth in the U.S. was mentioned.¹ Birch and associates determined that firms with fewer than 20 employees created 78% of the 3.5 million net jobs gained in the U.S. between 1987 and 1992.² In fact, small firms with less than 100 employees accounted for virtually all net job growth. While service sector firms represent less than 40% of all jobs, they created over 70% of the new jobs. Trade sector firms created about 20% of all new jobs.

Birch et al. point out that during recessionary periods, small firms account for most of the job growth and during expansionary periods, large firms play a larger role in job creation. What seems to happen is that as a group, small businesses tend to create jobs at a steady pace regardless of recessions or expansions. Large firms tend to reduce employment during recessions and increase employment during expansions.

One of the most interesting parts of this study divided small firms into groups according to how fast they grew. Four percent of the fastest growing small firms created 70% of all new jobs. These fast growing small firms existed in all sectors in fairly equal proportions. Birch et al. interpret this to mean that innovation is occurring everywhere in the U.S. economy.

A final interesting result from this study is that small firms do not create predominantly low wage jobs. In fact, they created as many high wage jobs (about 2.3 million paying more than \$28,000 per year) as large firms lost. Ninety six percent of all jobs eliminated by large firms were high wage, whereas almost 40% of all jobs created by small firms were high wage. Another 46% were average wage (paying more than \$15,485 per year). Overall, firms with 100 employees or more eliminated a net 2.32 million jobs while firms with less than 100 employees created a net 5.864 million jobs.

The table that follows compares job growth in Arizona, the Mountain region and the U.S.. Arizona's overall job growth rate was below the U.S. and the Mountain region average for the 1987-1992 period. The employment growth performance of firms with

more than 20 employees; manufacturers, particularly those with more than 99 employees; finance, insurance and real estate firms; firms in existence for 5 years or more; locally headquartered firms, especially large firms; and large service sector firms were particularly poor relative to the U.S. and the Mountain region. However, the employment growth among small nonlocal headquarter firms; trade firms, especially large ones; and small service firms were all above the national and regional averages. Arizona is unlike the nation or the region in that locally based firms did not outperform nonlocal headquartered firms.

The very poor performance of manufacturing firms in Arizona is distressing. There is some hope, as small manufacturers had a job growth rate of 15.7% compared to the 13.4% U.S. average. Manufacturing job loss in Arizona was among large manufacturers. Since the Arizona manufacturing sector is dominated by larger firms, their growth heavily influences total growth in the sector.

In conclusion, jobs created by small firms (less than 100 employees) accounted for virtually all net job growth in the U.S. and in Arizona during the slow growth years of 1987-1992. Birch et al. predict a better performance by large firms in the near future. However, massive reductions in employment in some of the nation's largest companies due to corporate restructuring casts doubt on the job creation performance of large firms in the years ahead.

Birch's previous research on small firms has proven controversial. A recent article in *The Economic Development Quarterly*³ questions the role of small business in job generation on the basis of studies indicating that very few small businesses grow rapidly or create substantial numbers at jobs. Criticism of small businesses as being more likely to fail, providing lower levels of wages and benefits are also raised.

Harrison observes that some small business creation may actually be the result of spin-offs and contracting out caused by industrial reorganization at large corporations. Many small businesses created in this way are in essence satellites or factory branches of large firms. However, the average size of factories, offices and stores has declined from 1,100 people in 1967 to 665 in 1985, yet no substantiated theory explains this change.

- 1 Birch, David, Anne Haggerty and William Parsons. 1993. "Who's Creating Jobs." Cognetics, Inc., Cambridge, MA.
- 2 The data used in this study are from the Dun and Bradstreet DMI file for December 31, 1987; December 31, 1989 and June 30, 1992.
- 3 Harrison, Bennett. 1993. "The Myth of Small Firms as the Predominant Job Generators." *Economic Development Quarterly* 8(1):3-18.

**Comparisons of Percentage Employment Growth in Arizona,
the Mountain Region and the U.S.,
1987-1992**

**% EMPLOYMENT
GROWTH BY :****CATEGORY :**

Firm Size	1-19 Employees	20-99	100-4999	5000+		
Arizona	11.7	1.2	- 4.0	- 1.5		
Mountain Region ¹	11.8	3.4	.8	.4		
U.S. Average	12.3	4.6	.9	- 1.7		
Industry	Manufctrng	Trade	FIRE²	Services	Other³	
Arizona	- 2.7	5.8	- 1.8	8.5	- .6	
Mountain Region	3.2	4.8	- 1.0	10.1	1.8	
U.S. Average	.3	4.1	3.0	11.3	1.6	
Age	0-4 years	5-14	15-29	30+		
Arizona	5.4	2.2	1.0	- 2.5		
Mountain Region	7.1	5.5	4.1	.7		
U.S. Average	7.5	6.6	2.7	- .3		
Firm Status	Independent	Local Hdqrtr/Multi - location	Nonlocal Hdqrtr/Multi - location			
Arizona	2.0	2.1	2.3			
Mountain Region	4.0	7.4	3.6			
U.S. Average	5.0	5.1	2.2			
Age & Size⁴	Young/small	Young/large	Old/small	Old/large		
Arizona	8.9	- 4.1	.1	- 2.1		
Mountain Region	10.7	- .9	3.0	1.1		
U.S. Average	11.9	.9	3.6	- .6		
Status & Size	Local head/ small	Local head/ large	Nonlocal/ small	Nonlocal/ large		
Arizona	6.7	- 5.2	20.1	.1		
Mountain Region	8.2	- .4	12.9	1.8		
U.S. Average	8.8	- .7	13.9	.7		
Size & Industry	Mnfg/ small	Mnfg/ large	Trade/ small	Trade/ large	Srvc/ small	Srvc/ large
Arizona	15.7	- 9.5	4.8	7.4	14.0	- .2
Mountain Region	18.3	- 2.3	5.3	4.2	12.7	3.8
U.S. Average	13.4	- 3.4	5.2	2.5	13.8	4.7

Source: Birch, David, Anne Haggerty and William Parsons. 1993. "Who's Creating Jobs?" Cognetics, Inc., Cambridge, MA.

¹ Mountain Region includes Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming.

² FIRE stands for finance, insurance and real estate.

³ Other includes agriculture, forestry & fisheries, mining, construction, transportation, communication & utilities.

⁴ Young is less than 15 years and old is 15 years or more. Small is less than 100 employees while large is 100 employees or more.

REINVENTING GOVERNMENT: BY THE BOOK

The phrase 'reinventing government' has become a familiar phrase. Vice President Gore is leading the campaign to reinvent government at the federal level. The term 'reinventing government' is the title of a book written by David Osborne and Ted Gaebler.¹ Unfortunately, many people using the phrase haven't read this book. If they did, it might change the way they talked about and reported on efforts to reinvent government.

What we heard about reinventing government through the press had to do with ferreting out and eliminating government waste. As reporters point out, numerous commissions have been formed during the last half century to identify and eliminate government waste. What we didn't hear is that reinventing government is fundamentally about changing the institutions in government that lead to waste. Reinventing government is about **creating a new incentive structure** and changing how governments operate to encourage efficiency.

Osborne and Gaebler argue that the way government agencies are organized has not changed with the times and the new demands of citizens. They present a new model of how governments should be structured to be efficient. They use 10 phrases to describe this type of "entrepreneurial" government.

1. Entrepreneurial government is catalytic (steering rather than rowing). Or as Mario Cuomo has says: "It is not government's obligation to provide services, but to see that they're provided." For example, for some services, it may be more efficient for the government to contract with the private sector.
2. Entrepreneurial government is community-owned (empowering rather than serving). One effective means of law enforcement may be "neighborhood oriented policing". A police officer in this kind of program is a community organizer and activist. He works with communities to deal with their crime problems, but the community is empowered to find the solutions.
3. Entrepreneurial government is competitive (injecting competition into service delivery). An example of this is that when the City of Phoenix puts garbage collection contracts out for bid, the Phoenix Public Works Department bids for them along with private firms and often wins those bids. But to become competitive, they had to bring their costs in line with those of private collection companies. School choice is another way to create competition.
4. Entrepreneurial governments are mission driven rather than rule driven. Bureaucracies are notorious for their rules and regulations. Some of these rules, especially in the budget arena create incentives to waste. An example of reform, is Visalia, California's "Expenditure Control Budget". It allows spending across line items and allows agencies to retain money they save for future projects as long as the agencies are achieving their goals.
5. Entrepreneurial government is results-oriented (funding outcomes, not inputs). The Illinois Department of Public Aid discovered that by paying more money for the care of bed ridden elderly patients, the number of such patients was rising. Yet the goal of the department was to keep the elderly as independent as possible. To its credit, it changed the system to eliminate this counter productive incentive. It now rates nursing homes based on a set of performance measures and pays them according to how they rate.

¹ Osborne, David and Ted Gaebler. **Reinventing Government** . Plume Book, New York, NY, 1993.

6. Entrepreneurial government is customer driven (meeting the needs of the customer, not the bureaucracy). This should sound familiar to anyone from the private sector who deals with Total Quality Management. One example in Osborne and Gaebler's book is of Fox Valley Technical College in Wisconsin. This college regularly surveys both students and the businesses that hire them to evaluate their programs and courses.
7. Entrepreneurial governments are enterprising (earning rather than spending). Sometimes this requires charging fees of the users of a particular government service, rather than subsidizing these users. It may also resemble what the private sector does in creating enterprise funds and profit centers.
8. Entrepreneurial government is anticipatory (preventing rather than curing). Sometimes a good maintenance program that requires spending a little now will prevent huge future costs. To anticipate this, however, government managers need to be consulting budgets that examine not just this year's expense, or the next 5 years' expenses, but the expenses 10 and 20 years down the road. Anticipatory governments create these budgets and consider them in decision making.
9. Entrepreneurial governments are decentralized (using participation and teamwork rather than hierarchy). Government organizations can achieve this in ways similar to those used in private enterprises: through participatory management, labor-management cooperation, and flattening the organizational hierarchy.
10. Finally, entrepreneurial government is market-oriented (using the market to leverage change). The government can often bring about greater change through restructuring the market place than by creating new government run "programs". Environmental protection using tax credits for energy conservation and emissions trading are just two examples.

Entrepreneurial government may seem quite a leap away from where many of our government organizations are today. This model of government may sound idealistic and unattainable, but Osborne and Gaebler give example after example of how these changes are already taking place. Their examples are primarily from local governments. Phoenix, recently recognized by a German organization as one of the most efficiently run city governments in the world, is cited in several examples.

Henry David Thoreau once said "For every person chopping at the root of evil, there are a thousand hacking at its branches." Reinventing government is about getting to the root of government waste by changing the rules that define how government agencies and employees operate, not about just cutting visible, wasteful `branches' or programs. As Osborne and Gaebler say: "Most of our leaders still tell us that there are only two ways out of our repeated public crises: we can raise taxes, or we can cut spending. For almost two decades, we have asked for a third choice. We do not want less education, fewer roads, less health care. Nor do we want higher taxes. We want better education, better roads, and better health care for the same tax dollar."

If you know of cases where government has 'reinvented' itself in your community, I hope that you will share them with us. If we get a good response, we will publish these responses in a future newsletter.

Sincerely,

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