

Community Choices

Public Policy Education Program

Exploring the Human
Resources/Economic
Development Connection

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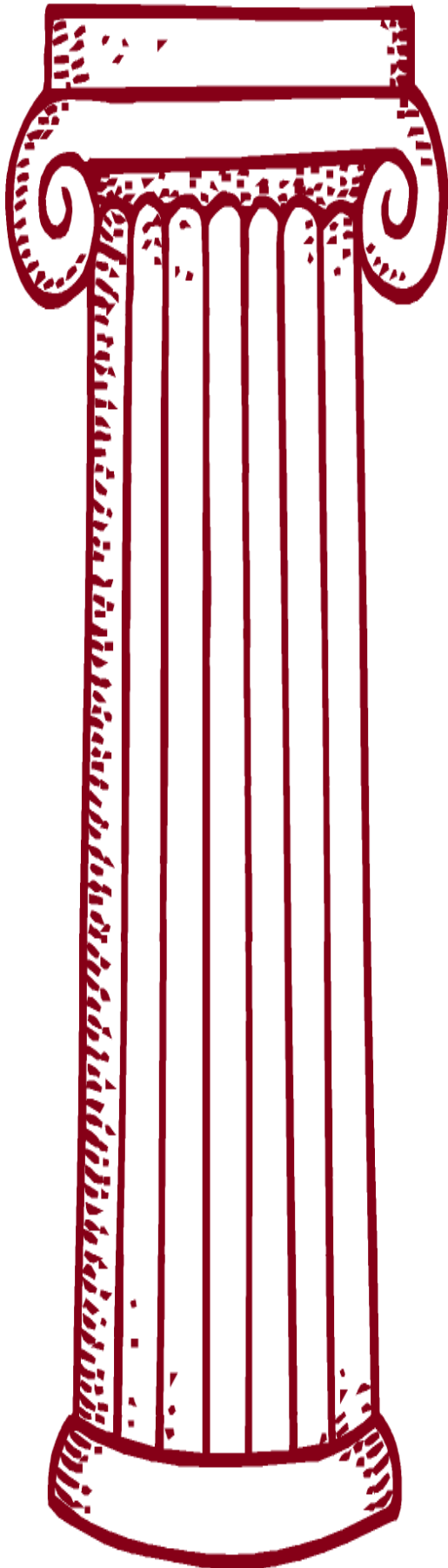
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Program Overview

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Program Overview

Introduction

The fundamental assumption of human capital theory is that individuals can “invest” in activities, such as education and job training, which will lead to an enhancement in their abilities (such as their thinking skills, knowledge and experiences). These strengthened abilities will make them more productive and result in increased earnings. The presence of such skilled individuals is an asset to a community because it helps contribute to its economic health. On the other hand, the absence of skilled individuals could limit a community’s economic development options.


The Community Choices program is designed to engage communities in a systematic assessment of the linkages between its human resource attributes and its economic development opportunities.

The Current Situation

Rural America accounts for more than 60 million people and several rural localities are confronted with human capital problems. As a general rule, rural America leads the nation in the number of families living in poverty, in the percent of labor force members who are unemployed or underemployed, and in the proportion of people who are functionally illiterate. Add to this the fact that only a small segment of the U.S. rural workforce has a college education or more, and you quickly begin to see how America’s rural human capital resources can potentially impede efforts to realize substantive enhancements in the economic and social climate of these areas. This is particularly true in the rural South, given that the rural South is the most poorly equipped region in the country on nearly all human resource measures.

Furthermore, a number of rural residents who do receive a college education or substantial job training often migrate to urban communities since these areas often offer these people superior job opportunities. This outward migration further depletes the human resource stock of rural communities. For example, a study by Lichter, McLaughlin, and Cornwel [5] offered strong evidence of the significant shifts that took place in the stock of human resources in rural areas from the 1970s to 1980s. Using the years 1975-76 and 1987-88 as reference points, the authors found that nonmetropolitan areas suffered serious declines in their human capital resources over these two time periods. Unlike the 1970s where the loss of rural America’s best and brightest were compensated by the influx

“This program has been designed to give members of rural communities the opportunity to examine the relationship between human capital investment and rural economic development.”



“Whether rural communities must seek to strengthen their human resources before they can expect to attract good jobs to the community can only be answered after a careful consideration of the community by its members.”

of well educated and talented individuals from metropolitan areas, the exchange of population between metro and nonmetro areas in 1987-88 was somewhat different. As in past decades, nonmetro areas continued to suffer sizable losses of its young, educated, and highly skilled people to the metropolitan areas. But, unlike the 1970s, metropolitan areas were far more likely to keep its best and brightest at home, while exporting to rural America individuals having the lowest levels of education and job skills.

Data examined over the course of the 1990s offer more encouraging information on the demographic changes occurring in rural America. For example, Beale [1] notes that the lion’s share of nonmetropolitan counties grew in population over the 1990-97 time period. And those counties that did gain in population did so as a result of the influx of former metro residents and/or foreign immigrants. Nord and Cromartie [9] further reveal that among the in-migrants to rural America during the 1990s were a sizable number of individuals with college education, a trend that helped to reverse the rural brain drain that was evident in prior decades.

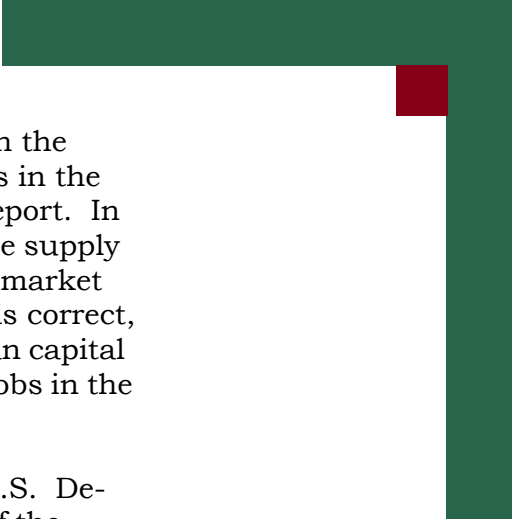
We believe it is essential for community members to explore what the local human resource conditions mean, if anything, to the economic health of rural areas. By better understanding the relationship between human capital investment opportunities and local economic development possibilities, program participants will be able to consider short and long-term policy strategies for promoting the economic health of the community and its members.

These are the issues that have helped give shape to this Community Choices public policy education program dealing with the “Human Resources/Economic Development Connection.”

The Human Resources/Economic Development Connection: Is There One in Rural Communities?

The answer to the question of whether a rural community’s human capital stock is likely to affect its economic development opportunities is not an easy one because the various sets of evidence tend to produce different conclusions. For example, a report prepared by the Hudson Institute titled *Workforce 2000* claims that America’s current workforce is ill equipped for the new jobs coming online in the country [4]. Now that the 21st century has begun, the U.S. is witnessing a classic mismatch between supply and demand resulting from rapid growth in high-skilled jobs and the limited amount of skills possessed by people in the workforce. Under this scenario, the supply/demand mismatch would be more severe in rural America given the poorer quality of its human capital resources.

But a second scenario, presented by Mishel and Teixeira [8] in their Economic Policy Institute report titled *The Myth of the Coming Labor Short-*



age, suggests that the shortage of qualified workers anticipated in the *Workforce 2000* report is faulty. The authors note that skill levels in the job structure are not accelerating at the pace suggested in this report. In fact, limited growth in job skills is taking place and as a result, the supply of workers is not likely to be at odds with the demands of the job market over the next decade or so. If the Mishel and Teixeira argument is correct, then it could be assumed that the supply of rural America's human capital stock is not likely to be a major impediment to the availability of jobs in the local economy.

In a report prepared by a team of social scientists with the U.S. Department of Agriculture's Economic Research Service, the issue of the human resources/economic development connection was addressed head-on. In general, the findings showed that economic growth in our nation's rural areas during the decade of the 1980s was not seriously impeded by the low educational status of rural workers. But, as these authors admit, these recent historical trends did not discount the possibility that in some rural communities, education may have stimulated job growth, or that future economic development opportunities in these areas would be directly tied to the availability of a better educated and trained workers.

In a more recent assessment of the "skills gap" debate, however, contributors to an edited volume by Gibbs et al. [3] noted that present day rural America is showing progress in its capacity to educate students, to equip workers with important cognitive skills, and to provide vocational education opportunities. In fact, rural workers are making important headway in becoming more actively engaged in the new economy of the world — one in which technology skills, interpersonal relationships, and group problem-solving capabilities are more a part of the talents that they bring to the work place. At the same time, challenges linger, particularly the need to shore up the academic and job training credentials, and "new economy-related skills," of a broader segment of the rural workforce [3].

These reports tend to leave the answer to the question about the human resources/economic development linkage unclear. It is because of this lack of clarity on this tie that we have opted to devote attention to this issue in this Community Choices public policy education program. We feel it is essential to create a forum in which participants can examine these issues and clarify this linkage in their community. Whether these human capital shortcomings serve as barriers to economic progress in their rural communities is a key issue to be debated by participants during the course of this public policy education program [6].

Purpose and Objectives

The public policy education framework deals with specialized issues that have distinct options and effects. The ultimate purpose of this type of program is the realization of seeable and touchable results at the local

"The purpose of the Community Choices public policy education program is to offer local citizens an opportunity to apply the public policy education framework to the study and resolution of problems in their community."

“The Public Policy Education Model is designed to walk you through a series of logical steps to arrive at solutions that hold promise in helping solve the policy issues under discussion.”

The specific objectives of the Community Choices Program are fourfold:

- ◆ To introduce the Community Choices public policy education framework to a representative group of community residents and to discuss its application in resolving local public issues and concerns.
- ◆ To strengthen local citizens’ knowledge of human resource and economic development issues at the national, state, and local levels.
- ◆ To create an environment for local citizens to explore linkages between the human resource attributes of a community and its economic development activities/opportunities; and
- ◆ Where needed, to actively participate in finding and implementing solutions for advancing the community’s economic health through the strengthening of its local human capital.

community level. In this particular educational effort, the focus is on those issues that relate specifically to the human resources/economic development connection in rural communities. The strength of this program is that it seeks to engage you, as local community residents, in a dialogue and assessment of the linkages between economic development opportunities and the human capital attributes of your community. The delivery of this program on a community-by-community basis is designed to give explicit recognition to the fact that the nature of these linkages will likely differ across communities given the unique histories and indigenous resources associated with each of these areas.

The ultimate goal of this program is to strengthen residents’ understanding of the complex set of policy issues associated with human capital resources and economic development options; to provide a forum for exploring alternative strategies for dealing with these issues; and to clarify potential impacts associated with these various policy alternatives. The guiding principle of this educational initiative is that better policy decisions are likely to be realized at the local level when an active and informed citizenry is involved in the process.

Program Content

The “Exploring the Human Resources/Economic Development Connection” component of the Community Choices public policy program is organized into three major sections. The first section lays the foundation for doing public policy education work. It begins by giving attention to the meaning of public policy education and introduces a useful model that can be applied to the analysis of issues of local importance. Further, this section offers a brief review of how local decisions are made in many communities and how to identify who the key policymakers often tend to be. The final subject of this section gives focus to the subject of multicultural

awareness. The intent of this third module is to sensitize program participants to the fact that local policy decisions must give attention to the variety of values and perspectives that exist along cultural lines.

The second phase of this program presents a clear discussion of economic development issues at the local level. It deals with export base theory as a model for understanding how a local economy works. Moreover, it presents a number of economic development options that communities can consider in an effort to encourage local economic development. Understanding how economic development works, and the alternative manner in which it can be achieved, offers the participants a better basis for determining the human resources that will be needed to bring these development opportunities to fruition.

The third and final section of this program explores human resource issues in the community. It begins with a treatment of the key items commonly used to assess the human resource attributes of a community. Among the areas given prominent attention are the linkages between level of education and the rate of unemployment, amount of earned income, and poverty status. Next, the program addresses migration streams into and out of the local community and how these streams affect the stock of human resources in the area. The final topic of this section is the family. The intent is to give explicit recognition to the significant role that the family plays in human resource development.

Program Format and Session Resources

It is not necessary that program participants use all eight modules outlined in Table 1 or utilize them in the order they are presented. Though we obviously feel that each one builds upon the others in providing a clearer understanding of the human capital/economic development connection, community participants should feel free to choose and explore those topics which they deem most relevant to their local situation. We do strongly encourage you, however, to include materials in Sections I and II since they are designed to provide citizens with valuable information on the public policy education process and what economic development options might exist for the community. Once these topics have been addressed, local citizens can proceed in a number of different directions, such as looking at their current human resource stock and how these resources facilitate or impede economic development (Modules 5 and 6) or what the family-related issues are in the community that impact the human resource development of their children (Module 7).

Target Audience

The Community Choices: Public Policy Education Program is designed for any group of local citizens who are interested in and concerned about the policy issues facing their community. Because the specific theme of

“As you think about policy, it is important to recognize that, in many cases, certain people are more successful in affecting policy decision than are others.”



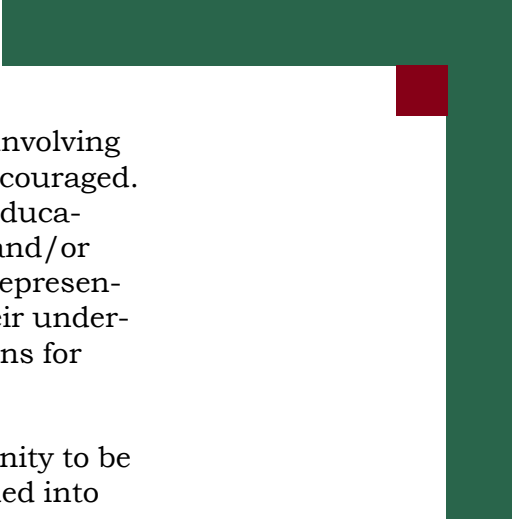
Table 1. Topics Covered in the Community Choices: Public Policy Education Program “Exploring the Human Resources/Economic Development Connection”

“Multicultural education is in the best American tradition of liberty and justice and can make available to our society a largely untapped reservoir of human talents and resources.”

Section I	
Module One	The Public Policy Education Model: A Framework for Addressing Local Issues
Module Two	Identifying Local Decision Makers
Module Three	Promoting Multicultural Awareness
Section II	
Module Four	Understanding the Local Economy
Section III	
Module Five	The Community’s Human Resource Attributes
Module Six	Migration’s Impact on the Community’s Human Resources
Module Seven	Human Resources and the Family

Each module has resources for presentation, including:

- ◆ *Instructor’s Guide* which offers recommendations on how the module might be delivered and the amount of time required to present this session;
- ◆ *Module Overview* that provides a brief overview of the subject being discussed in the session;
- ◆ *Activities* that are intended to offer participants the opportunity to take an active part in applying the information presented in the Module Overview to real live community issues;
- ◆ *Background Readings and References* that offer participants additional information related to the subject addressed in the module.



this program is on human resources and economic development, involving people who have some knowledge or interest in these topics is encouraged. Likely candidates for participation are local government officials, educational leaders, representatives of the local chamber of commerce and/or business community, social service agency personnel, civic club representatives, church officials, and others who may wish to enhance their understanding of these issues and are motivated to explore policy options for dealing with these matters.

It is recommended that participants be accorded the opportunity to be involved in the teaching of modules. The group could be subdivided into teams, with each team given the responsibility to teach one of the sessions. This helps the participants feel a sense of ownership with this public policy education initiative. Furthermore, it allows team members to feel more confident in their abilities to take a leadership role in delivering this public policy education program to other residents of their community.

Concluding Remarks

In many rural communities across the country, efforts to create new jobs for local residents place high on the list of priorities. Are these efforts likely to be affected by the quality of the human resources available in these communities? Evidence suggest that local employment growth in nonmetropolitan areas over the course of the 1980s was not influenced significantly by the educational credentials of residents. This may be changing. A recent study by McGranahan [8] indicates that the manufacturing sector, once a seeker of low-skilled rural workers, is now demanding that workers have good skills and ability to operate in a more technology-oriented workplace. Will this trend continue in the manufacturing sector? Will it spread to other key sectors of the rural economy? What will the situation be for rural areas during the coming decade? These are the very issues that leaders and local citizens must give careful attention to if they are to devise policies that are likely to contribute to the long-term economic and social health of the community. It is hoped that the focus of this Community Choices' program on the "Human Resources/Economic Development Connection" theme will serve as an effective vehicle for stimulating active discussion and debate among a broad spectrum of local people about this important subject.

References

- [1] Beale, Calvin. 1999. "Nonmetro Population Rebound: Still Real but Diminishing." *Rural Conditions and Trends* 9 (2):20-27
- [2] Economic Research Service. 1991. *Education and Rural Economic Development: Strategies for the 1990s*. Washington, DC: Agriculture and Rural Economy Division, USDA. ERS Staff Report No. AGES9153.

"The existence of 'multiplier' effects associated with basic industry often explains the emphasis of many economic development programs on attracting new, basic industry to the local community."



“The ultimate goal of this program is to strengthen residents’ understanding of the complex set of policy issues associated with human capital resources and economic development options; to provide a forum for exploring alternative strategies for dealing with these issues; and to clarify potential impacts associated with these various policy alternatives. ”

[3] Gibbs, Robert M., Paul L. Swaim, and Ruy Teixeira. 1998. *Rural Education and Training in the New Economy*. Ames, IA: Iowa State University Press.

[4] Johnston, William B. and Arnold E. Packer. 1987. *Workforce 2000: Work and Workers for the 21st Century*. Indianapolis, IN: Hudson Institute.

[5] Lichter, Daniel T., Diane K. McLaughlin, and Gretchen T. Cornwell. 1995. “Migration and the loss of human resources in rural America.” Chapter 11 in Lionel J. Beaulieu and David Mulkey (eds.), *Investing in People: The Human Capital Needs of Rural America*. Boulder, CO: Westview Press Rural Studies Series.

[6] McGranahan, David A. 1991. “Introduction.” Pp. 1-11 in *Education and Rural Economic Development: Strategies for the 1990’s*. Washington, DC: Agriculture and Rural Economy Division, Economic Research Service, USDA. ERS Staff Report No. AGES9153.

[7] McGranahan, David A. 1999. “Manufacturing Employers Report Widespread Problems with Labor Quality.” *Rural Conditions and Trends* 9(3): 22-27.

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