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AUTHOR	Bruno, A. Lee; Wright, L. M., Jr.
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ABSTRACT

This study examines how jobs are created in rural areas by or with the help of Comprehensive Employment and Training Act (CETA) programs involved with local economic development activities. It consists of five chapters. Chapter 1 reviews literature pertinent to the historical perspective and key elements of economic development, economic development in rural areas, and factors affecting CETA linkage with economic development programs. Next, an interpretive analysis of 20 cases of CETA-linked economic development programs researched during the course of the study is presented in chapter 2; emphasis of the analysis is on social/rural concepts in the community, program characteristics, interagency coordination, program outcomes, and program models. Chapter 3 offers program development guidelines in the following areas: researching options, formulating strategy, economic development strategy matrices, developing linkages, and funding strategies. Discussed in chapter 4 are a rationale for program evaluation, types of evaluation, and structuring an evaluation methodology. The final chapter discusses the need for more experimentation by CETA program operators. A bibliography and three appendixes containing tables of case study models, economic resources, and the text of CETA follow. (A related report containing the 20 case studies is available separately through ERIC--see note.) (MN)

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RURAL JOB CREATION--
A STUDY OF CETA LINKAGE WITH ECONOMIC DEVELOPMENT

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Prepared by:

CSR, INCORPORATED
Suite 500
805 15th Street, N.W.
Washington, D.C. 20005

A. Lee Bruno
L. M. Wright Jr.

Prepared for:

Office of Policy, Evaluation and Research
Employment and Training Administration
U.S. Department of Labor
Washington, D.C.

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RURAL JOB CREATION
A STUDY OF CETA LINKAGE WITH ECONOMIC DEVELOPMENT

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PREFACE

This monograph is a synopsis of what a team of researchers learned about how jobs are created in rural areas by or with the help of Comprehensive Employment and Training Act (CETA) (P.L. 95-524) programs involved with local economic development activities. The determination to focus this research on rural job creation efforts was derived from several concerns related to the implementation of employment and training programs in rural settings. First, there is a widely-held assumption that economic development and job creation are inherently more difficult in rural than in urban areas. Second, there are those who argue that CETA has a decided urban bias which results in rural programs receiving proportionately fewer resources to distribute among the rural poor. Third, widely dispersed rural populations coupled with limited physical and social services make the delivery of typical CETA training and supportive services difficult, if not altogether impossible. Finally, the lack of rural employment opportunities is not conducive to CETA success when the programmatic focus is limited to employability development of individual participants.

The 1978 amendments to CETA provide a programmatic option by which rural CETA operators, especially, might ameliorate these problems. (Appendix C offers relevant references in the Act and the ensuing regulations.) This option is to utilize CETA resources for assisting in economic development activities which result in the creation of new jobs. Active participation in economic development offers CETA the possibility of both direct and indirect benefits. CETA can benefit directly by securing all or some portion of newly created jobs for its clientele in return for CETA participation and support. In addition, so long as the newly created jobs are filled by local residents, the improved job climate and local economy should expand accordingly. As this occurs, CETA will be offered a greater diversity of employment opportunities around which to design its programs. The result, in turn, should be that CETA eligibles will have an easier time competing for the expanded numbers and types of jobs.

Given the job market limitations of most rural areas, it is possible that the use of CETA resources to increase the diversity of jobs and improve the employment climate may yield better results than to continue the traditional CETA training role. This research attempts to provide CETA prime sponsors and grantees the benefit of expert opinions, observations and insights gathered from the experience of CETA program operators who have undertaken such efforts.

This complete work is made up of two volumes. This monograph is Volume I and consists of five chapters. A series of twenty case studies comprise Volume II, Rural Job Creation--Case Studies of CETA Linkage with Economic Development. Both are organized so a busy reader can pick out particular subjects of interest by scanning the Table of Contents and the Index.

Chapter I reviews the literature. It is the longest chapter and covers written materials that are relevant to the topic. The vast number of footnotes reference the bibliography which follows at the conclusion of the monograph.

Chapter II is an integrative analysis of the twenty cases of CETA-linked economic development programs which were researched during the course of this study. This chapter synthesizes what was learned from the program operators.

Chapter III offers some guidance on how CETA program operators might avoid some of the mistakes of their predecessors and benefit from their advice. Included in this chapter is detailed and specific information about technical assistance resources available to CETA prime sponsors.

Chapter IV discusses evaluating an economic development program for the purpose of gaining better understanding and control over the processes used and the outcomes that result.

Chapter V is a non-technical closing that points out the limitations of this work and suggests how more experimentation by CETA program operators can advance the state of the art.

Before the reader proceeds with either volume of this report, some discussion is in order about what is meant by the terms used and how case studies were selected. For purposes of this monograph, economic development is defined as the expansion of productive capacity of an area through better management of resources by (a) improving the use of land, (b) improving the use of labor, (c) improving the use of capital, or (d) improving the use of technology. A program is defined as a systematic undertaking by one or more organizations in pursuit of a common goal. Job creation includes the generation of new and sustainable jobs or the increase of wages. Rural is defined as any jurisdiction served by a CETA balance of state prime sponsor, an Office of National Program grantee under Section 302 or 303 of CETA or a rural Concentrated Employment Program.

To be eligible for inclusion in this study, economic development programs had to meet the following criteria.

- funded, at least partially, by the Comprehensive Employment and Training Act

- generate new, sustainable, unsubsidized jobs, or increase wages

- involve collaboration with at least one other non-CETA organization or agency

- maintain sufficient records to enable an analysis of the process and outcomes

- benefit residents of the rural area

- be replicable by other CETA program operators.

A telephone survey of virtually all rural CETA programs resulted in a list of projects eligible for in-depth study. The most innovative were selected from the list of those eligible with consideration given to relative positive outcomes and difficulty levels. Positive outcomes included the number of jobs created, the number of agencies collaborating in the program, and the involvement of the private sector. Difficulty level concerned the degree of handicap represented by the beneficiaries of the program. The eligible programs were screened against the selection criteria to yield the twenty case studies contained in Volume II and summarized in Appendix A of Volume I.

Although some consideration was given to geographic distribution, greater emphasis was placed on the program's potential for replication by other rural CETA program operators.

Only one project included for in-depth study did not meet all these criteria. Harvard Design, Inc., located in Cambridge, Massachusetts, is not a rural program, although it does illustrate a state-wide development program for economically depressed areas. It has been included because it demonstrates an innovative mechanism for state governments to provide venture capital to such projects.

Without technical assistance resources or "encouraging special initiatives" from the Department of Labor, and despite resistance of some DOL officials who had not received the word that economic development was "O.K.", the CETA programs included in the twenty studies became significant contributors to economic development programs that actually created new jobs. Whether by chance or by design, these programs have had some measure of success in coordinating their efforts with local economic development activities to the benefit of their unemployed clientele.

The cases studied are testimonials to the possibilities of similar successes by all CETA sponsors. In an effort to point the way for others, this monograph synthesizes what those who succeeded learned from their efforts. By no means does this work provide the reader with sufficient knowledge to become an expert in economic development. It does, however, provide CETA program staff an understanding of the subject sufficient for meaningful discussion and coordination with other organizations. Thus, CETA is prepared to serve a useful role as a supporting partner of economic development.

REVIEW OF THE LITERATURE

CHAPTER I

INTRODUCTION

Creating workable linkages between Comprehensive Employment and Training Act (CETA) programs and economic development efforts for the purpose of gaining new and better jobs for CETA participants and others in a community is a difficult yet worthwhile task. It is the purpose of this Chapter and others that follow in this monograph to show how some of the difficulties have been overcome and how participation in economic development projects can be worthwhile to CETA program operators. As might be expected, some of these materials are more useful than others. This literature review was performed to identify books, publications and reports that can provide informative and well-written material in this subject area. This Chapter, however, is important for other reasons as well.

The literature review provides the reader, assumed to be a program operator, with a frame of reference for the materials that follow. A special knowledge base is necessary if the reader is to gain the greatest possible benefit from the entire monograph. Anecdotal references in this Chapter serve to stimulate the reader's thinking about economic development as a job creation strategy. Ideas generate other ideas, some of which will be worth pursuing. In addition, this Chapter documents the legitimacy of using CETA to support economic development by citing various authorities who recognize the wisdom of linking employment and training with other activities oriented toward economic development. Also, it distinguishes between those activities that are non-traditional and those that are non-allowable.

Understanding the factors that affect rural economic development and job creation is a prerequisite to the successful planning of job creation strategies. This Chapter is intended to provide that understanding by looking at the crucial theoretical components of economic development and examining how these components affect economic development in rural areas of the United States.

Beginning with a historical perspective of rural development, the Chapter moves on to discuss basic economic development principles, those factors affecting rural economic development and linkages between economic development and CETA. The Bibliography, which is referenced in this Chapter, is the reader's guide to a more detailed examination of any topic that piques his or her interst. Chapter III will offer assistance in gaining access to these and other resources, extending the Chapter's potential for learning.

HISTORICAL PERSPECTIVE OF RURAL ECONOMIES

Historically, rural economic development has occurred as a result of the use of resources located in particular rural areas. In the case of agriculture, the primary resource is farmland. Other activities tied to rural areas because of their natural resource requirements include ranching, logging and mining. Over the years, production technology has shifted toward greater capital intensity thereby reducing the demand for labor.

In 1820, farm employment represented 72 per cent of the economically active population in the U.S.; by 1975, this figure had declined to 3.6 per cent (122, p. 382).* Between 1940 and 1970 alone, the farm population declined from 30.5

*Footnotes are at the end of the monograph million to 10.3 million (44, p. 21). Over the 1970-75 period, the drop in the farm population was less than 100,000. Farm employment's share of the economically active population dropped 3.6 per cent in the decades that began in 1950 and in 1960, but in the five years from 1970 to 1975 it dropped only four-tenths of one per cent (122, p. 382). Today, 63.2 per cent of all nonmetropolitan counties have less than 10 per cent of their workers employed in agriculture and 87.6 per cent have less than 20 per cent of their workers in agriculture (103, p. 4).

Mining, which saw a loss of 14 per cent in rural employment between 1960 and 1970, has grown in employment 36.3 per cent between 1970 and 1977 (112, 113, 115, p. 8); the primary explanation for this reversal being the boom in coal production as a result of higher energy prices. If environmental problems can be worked out, the largely rural Rocky Mountain states should see significant economic development as the nation seeks to tap the abundant energy resources in this area. Thus, economic and employment development of rural areas today no longer hinge only on farming and agribusiness.

Rural areas lost nearly 8 million people from 1950 to 1970 largely because of the decline in agricultural labor requirements and a decrease in coal mining jobs. In the effort to stop outmigration from rural areas, an estimated 3.1 million jobs must be created in the next decade just to absorb the males who will be looking for work (72, p. 40).

For the U.S. as a whole, only 9 per cent of all rural workers are now in agriculture while 23 per cent are in manufacturing (103, p. 2). Between 1960 and 1970 both the absolute and the percentage increases in employment in nondurable goods, manufacturing, and wholesale and retail trade were greater in the rural U.S. than in the urban U.S. (112, 113). Between March of 1970 and March of 1977, nonfarm wages and salary employment increased 22.1 per cent in nonmetropolitan areas as opposed to 10.8 per cent in metropolitan areas. Percentage employment gains were greater in nonmetropolitan areas over a wide variety of industry groups including mining; construction; manufacturing; transportation, communications, and utilities; trade; finance, insurance, and real estate; services; and government.

Rural employment growth is not an urban fringe phenomenon. Data on nonfarm employment changes in 13 southern states, including counties 50 miles from SMSAs, show that nonfarm employment increased by 48.9 per cent in the distant nonmetropolitan counties between 1959 and 1969, or an absolute increase of 674,345 jobs. The increase in nonfarm employment in the SMSAs during this period was 49.7 per cent, or an absolute increase in jobs of 2,811,677. In manufacturing employment, the distant rural counties grew by 61.1 per cent and the SMSAs by 47.7 per cent; absolute increases of 308,972 and 701,916 jobs, respectively. In percentage terms, growth in nonfarm and manufacturing employment was relatively greater in the distant rural counties than in rural counties within 50 miles of an SMSA (95).

KEY ELEMENTS FOR ECONOMIC DEVELOPMENT

If economic development is to occur, the right ingredients must be present. Economic growth and development can be seen as analagous to plant growth and development, in that the key elements of heat, light, water, and other nutrients must be present in the proper amounts for a plant to grow. If one key element is missing, growth will not occur, even if other elements are present in abundance. Similarly, five key elements, termed the Five M's, must also be present for economic development to occur; these are: materials, manpower, markets, management and money. Each must be considered by those who direct employment and training programs in developing a rural job creation strategy. This section defines these elements and discusses their importance to economic development programs.

Materials may be thought of as all existing physical resources, including both natural resources and man-made facilities or infrastructure such as roads, ports, electric power distribution, telecommunication, and so on. Natural resources, of course, encompass all naturally existing materials and advantages in the form of soil, terrain, minerals, climate, water sources, plant and animal life, and geographic locations. It is important for a program operator to understand that, although these resources may be limited in quantity and availability, they may be combined in any number of ways to produce a wide variety of products and services. But, because absence of materials can restrict the types of products that may be produced in an area, the existence of these resources should be investigated before attention is given to potential products and methods of producing those products in the effort to provide jobs.

Manpower represents the labor used in the process that results in a product or service for sale. For example, such labor includes the person operating a machine or repairing the machine, or supervising the process, or delivering the final goods sold. Specific skills are needed for different stages of a process, skills which have been acquired through experience or training. These skills amount to an investment which has a clear "payoff" in the form of improved productivity. A trained and experienced person will be more disciplined, make fewer mistakes and produce more. Therefore, the skilled person is an asset and can be thought of as human capital within the economic development process.

The amount of human capital available for work in an area depends on the size of the working population, their willingness to work, and their ability to work. The number of people living in rural areas, in recent history, has been large relative to the jobs available, because rural workers have been displaced by changes in the technologies of agriculture and other natural resource based industries. Willingness to work depends on the cultural background of the individuals, the type of work that is available, and the prevailing wage rates. Ability to work depends on the health of the population and the level of education and training. Existing manpower in an area is a significant resource.

Markets are the places where there is a demand for certain products or services. Demand for a product depends on the number of people or organizations desiring the product, the qualities of the product itself, the price at which the product is offered and the ability to inform possible consumers of the product's quality, price and availability.

The market area for a product is not fixed. A change in population characteristics, the local economy, or simply a change in general social values and attitudes may create potential consumers of a product. Similarly, new methods of communicating price and product characteristics create new potential consumers. Also, new markets may be created by reducing the product price through lower transportation or production costs. The point to be made is that markets are normally quite flexible and can be expanded through imagination and hard work by identifying potential consumers, knowing what kind of product they want and at what price, and then informing potential consumers of the product's availability.

Management is a special type of human capital. The manager is the person who is able to combine materials, money and manpower in order to produce and market a product successfully. Effective management is the catalyst without which economic development cannot occur. The most effective managers also tend to be visionaries, risk takers, and innovators, as well as motivators, and coordinators.

Economic development is a multifaceted process, and for it to be successful there must be effective coordination between government and industry, and within and between various agencies and levels of government. Most importantly, the support and involvement of the local community must be present. Successful linkages among these diverse groups require top management talent in both the public and private sectors of the economy. Operators of employment and training programs serving residents of rural areas may have to be especially creative in finding ways to contribute to the availability and use of effective management talent.

Money is the funds directly involved in establishing and operating a proposed project. Money to initiate an economic development project is required to provide necessary additional facilities, to hire and train staff, to pay for materials if a product is to be manufactured and to transport and market the product or service produced.

When there is a need to provide missing elements or components required for a successful project, money must be found to purchase, hire, organize, or in some way make these elements available. For example, sources of funds may have to be found to build or rent buildings, to hire accountants or management consultants, to train workers in specific skills, and to extend sewers, roads, and the like. As is evident from these examples, funds for the necessary project components may come from private or public sources, and the components themselves may be provided by public or private agencies.

ECONOMIC DEVELOPMENT IN RURAL AREAS

Following the previous general discussion of key elements in economic development projects, it is appropriate to discuss in greater detail ways in which those concepts apply in rural areas, both historically and in present circumstances. In applying these concepts, attention is focused not only on the Five M's dealing directly with a project, but also on the social/cultural milieu which forms an important context for decision making when an economic development project is proposed.

<u>Materials</u>: Traditionally, rural economies have depended upon the availability of some resource located in the area--land for farming, timber for logging, minerals for mining. This situation poses several problems for rural communities. Since the demand for some products of resource-based firms is quite cyclical, the result is often a boom-or-bust situation for the economy of rural areas. Certain resource-based industries also have wide seasonal variations in their demand for labor. This situation creates severe manpower problems since unemployment caused by seasonal factors cannot be corrected by training programs. Furthermore, programs to stimulate alternative sources of demand in order to increase employment during the low months merely may cause a labor shortage during the peak months, thereby creating additional problems.

Solutions to the problem must reduce the seasonal variation in the total demand for labor. One possible strategy involves the diversification of the economic base to include some industries whose peak employment months coincide with the low employment months of other industries. This has been proposed for the Upper Peninsula of Michigan, where most seasonal industries have low employment months during the late fall and winter and high employment months during the summer and fall. Excessive seasonal unemployment could be avoided by expanding employment in lumber and wood products, which has an employment low in the spring and a high in the winter (63, p. 44-45). Similarly, in Northwestern Minnesota, which has suffered for many years from unemployment peaks during winter months (138, p. 6), CETA Public Service Employment (PSE) funds have supplied employees to a nonprofit organization engaged in increasing the area's winter tourism.

The demand for resource-based products and the location of those resources are often beyond the control of persons living in the immediate rural area. Therefore, long-term economic development and job creation strategies may involve changing the resource base of the local economy. It is possible to achieve such changes through the use of improved technologies and by increasing the economic and job potential of existing resources. In this manner, jobs can be created by supplementing and fully developing the rural region's resources.

In the five-county Satilla River area of Georgia, for example, a reforestation program is under way. This is an on-going effort to obtain low-interest, long-term loans and/or subsidies which make it possible for every interested small landowner to reforest denuded, nonproductive land. Provisions already have been made to reforest 3,000 of 343,000 acres available for planting. Conservative estimates indicate that within two decades the Federal government's original investment of $40 per acre will yield $400 per acre in taxes or a return on investment of approximately 12.25 per cent compounded annually. It is estimated that, for the entire project, the equivalent of more than 300 man years of labor will be required just for preparation and planting. Moreover, in excess of $300 million will be infused into the local economy from timber sales (55, p. 174-177).

Tourism is a potential resource-based industry in scenic rural areas. The hill country and Border South are quite beautiful and have considerable potential for tourism and accompanying service jobs. Tens of thousands of tourists visit Northwest Arkansas each year, creating numerous jobs in motels, restaurants, and retail craft and souvenir shops (95, p. 16). In both New England and Northeast Washington State, skiing has contributed to rural economic development. Retirement is popular in other rural areas, particularly those with warm winter climates. Retired individuals bring in many dollars for consumer spending and tax revenues without requiring corresponding increases in facilities (100, p. 45).

Because of spiraling land costs in many urban areas, relatively inexpensive rural land becomes an important resource for economic development purposes. Urban firms look increasingly to rural areas for expansion sites (120, p. 10). Computer parts and subassemblies are being made on the eastern plains of South Dakota and in remote areas of Utah and Wyoming. These locations would not have been acceptable a few years ago, when technology and production techniques did not allow the subassembly of highly sophisticated microelectronic components (100, p. 79).

The quality of rural life, a non-wage amenity, is likely to become an increasingly important natural resource in attracting investments that result in economic development. Communication and transportation improvements will enable more firms to take advantage of rural settings. Rural environmental amenities even can be used by profit-maximizing firms to attract and keep top people at reasonable wages. This has been proven by high technology firms in the calculator, computer and electronics industries which already have done this successfully to some extent. With smaller firms in which owners often work themselves, the owners are sometimes content to remain in a desirable rural setting even if it offers less than maximum profitability.

A majority of new immigrants to rural areas cite the quality of life as their main motivation for relocation (105 p. 8). Numerous studies consistently show that most people do not wish to live either in the largest cities or in small remote places. Rather, they strongly prefer rural areas close to a larger city or town. As a result, the long-term outflow of people from rural areas reversed during the period 1970-1975, and the result was a rural population gain of 1,841,000 through migration alone (8, p. 5).

Fully developing a region's resources often requires substantial social overhead capital for highways, rail lines, port facilities, power generation facilities, communications networks or airports. Adequate social overhead investments can make it more attractive for businesses to locate in a rural region. For example, empirical research suggests that transportation costs significantly influence regional wages. Relief to mature areas suffering declining wages, then, may be provided by policy decisions which reduce market access costs. In this way, wage levels could be maintained or raised while still permitting acceptable returns on capital. This approach might help to reverse unfavorable wage, employment and migration trends in rural regions.

Relief in terms of improved highways and shipping routes reduces the costs of getting products to market. In addition, rural workers can commute more easily on better highways with the result that rurally located firms can draw workers from a larger pool. In this regard, the most serious rural poverty problems occur in the more isolated areas. In the South, for example, bad roads, lack of cars or sheer distance prohibit workers from taking jobs in the main employment centers (95). In total, the evidence indicates that social overhead capital - particularly for highways - plays a significant role in a successful economic development strategy. However, adequate provision of social overhead capital by itself does not guarantee an increase in rural area jobs.

Manpower: Recent experience suggests that the human resources available in a rural area spur economic development, despite the traditionally held view that an adequate natural resource base is the primary determinant of successful economic development. Substitution of capital equipment for human labor has produced dramatic declines in the labor demand in resource based industries such as agriculture, forestry and mining. A large pool of surplus labor, therefore, is left to compete for a limited number of jobs, thereby keeping wage rates low. Some labor intensive industries have been attracted to rural areas for this reason.

As a result of this attractiveness of lower wages, some areas of the rural South have experienced two phases of industrial development, the first being low-wage and labor intensive, and the second being medium-wage and less labor intensive (95, p. 5-15). In the rural South, employment has been concentrated in the relatively low-paying, nondurable manufacturing sector (44, p. 73). In the industrialization process in nonmetropolitan Southern labor markets, the main attraction seems to have been an abundant labor supply at low wages and the absence or weakness of unions. At first, these characteristics attracted marginal, labor-intensive textile, apparel and shoe manufacturing operations from the high-wage, unionized North. The disciplined labor force developed during this first industrialization phase then became an important factor in attracting labor-oriented, medium-wage and more capital-intensive manufacturing activities into the region. This resulted in the location of large numbers of electrical and non-electrical machinery and transportation plants in the nonmetro-South for the first time in the 1960's.

A study in Alabama, the Carolinas and Virgina of whether educationally oriented worker training programs assist in attracting higher-wage industry provides no evidence that such programs influence industrial location (132). This finding should not be interpreted to mean that training programs are not important to job creation strategies. Rather, it suggests that although these programs may be necessary to an effective economic development program they are not sufficient, alone, to cause development. In this regard, a study of four rural counties in Georgia, Louisiana, Mississippi and Texas indicated the need to coordinate training with economic development efforts. When such training matched job opportunities, it resulted in employment placements and when training was not geared to local job requirements, the placement efforts failed (1, p. 328).

The fact that manufacturing is a major, growing employer of rural manpower has important implications for job creation strategies. Almost 32 per cent of the total white employment in the nonmetropolitan Midsouth is engaged in manufacturing. However, it should be remembered that this manufacturing employment in the rural South is concentrated in the low-paying nondurable goods sector (86, p. 98-99).

This suggests the need for a strategy of rural economic development that addresses wage levels in addition to the introduction of jobs. The growth in manufacturing is a promising development for creating jobs and reducing unemployment in rural areas. At the same time, although manufacturing employment growth has been significant in the rural South, it must be recognized that efforts to increase income levels have been limited severely by low levels of education, lack of training, and severe health problems. These problems are endemic to most rural areas and must be considered in developing an overall economic development plan.

Marketing: Rural areas suffer considerable disadvantages in marketing many types of products. Even assuming sufficient numbers of customers exist in rural areas, the problems of marketing would be exacerbated by increased transportation costs and inadequate information channels. As mentioned earlier, markets are the groups of buyers or places where there exists a demand for goods and services. Therefore, marketing means tailoring a product to the customers' needs (in terms of quality and price) and informing those potential customers of its availability.

There are many aspects to consider when reviewing transportation costs in regard to business operations. These include the source of materials and labor, the actual process used to create the product, the availability, quality and cost of transportation facilities, and the location of the market for the final product. Without oversimplifying the problems of determining the most economical business location, it is fair to say that rural areas generally exhibit greater costs in delivering a product to the market. This is most often due to distance, inadequate local transportation facilities, and to the fact that the national road, rail and air transportation systems are hierarchial in nature. That is, rural areas generally are served by minor transportation links which feed into regional distribution centers (usually big cities) from which major lines radiate to other such centers. This translates into a loss of time and reliability and increased costs for rural shippers, especially when transfers between carriers are required.

Another serious disadvantage suffered by rural areas is the quality of their information system. Even when the same absolute number of people live in a city as in a given rural area, the urban area's concentration of population makes it easier and less costly to communicate messages to larger number of people. Not only can one medium, such as radio for example, reach more people more easily, but there also are more kinds of media in cities which reach different segments of the buying population.

Moreover, inadequate information flows can be a major problem for rural producers when consumer tastes or technology change rapidly, as they do today. In such fast moving markets, innovative producers must be in constant touch with their markets and personal contact becomes important. It therefore becomes difficult for rural producers to shift from traditional market products with the rapidity required to remain competitive.

<u>Social/Cultural Context</u>: Community attitudes are critical factors to consider when planning economic development. For instance, a great deal of research indicates that the "American work ethic" is particularly strong in rural areas. Rural communities blame the unemployed poor for their condition and are opposed to any use of tax dollars to alleviate the conditions of their poverty. At the same time, other sources of discrimination are also present in these communities as elsewhere. As a consequence, the provision of PSE positions or other employment program services to the unemployed rather than to the working poor may be opposed by the community. If this is the case,

local economic developers may block the creation of ties with CETA because they would tend to discredit development efforts (34, p. 24; 66, p. 128-129). This problem may present the CETA program operator with the dilemma of having to ignore the poorest unemployed individuals in favor of the working poor or of having the CETA program play no part in development efforts.

Social tensions stemming from racial, income, religious or similar divisions in the community are important factors which must be considered in designing an effective economic development program. It is well known that not all rural areas have benefited alike from economic development. There is some evidence that the effect of discrimination on rural economic and employment development is most prevalent in areas of the South populated largely by blacks; the result has been that these areas have profited least by industrialization and economic development.

One study of economic development, black migration and black employment explored the extent to which blacks have participated in the expanding non-agricultural economy of the nonmetropolitan Deep South. This study examined employment and migration changes between 1960 and 1970 for 244 nonmetropolitan counties with large black populations in Alabama, Arkansas, Georgia, Louisiana, Mississippi and South Carolina. The research strongly supports the hypothesis that discrimination reduced employment opportunities for blacks in the nonmetropolitan Deep South.

As this study points out, blacks represented almost 40 per cent of the 1970 population in the South but captured only 16 per cent of the non-agricultural employment growth. By sector, manufacturing in the nondurable goods sector showed the greatest increase in black employment while Blacks did not share employment gains in mining, wholesale and retail trade, finance and public administration. Although the study does indicate that some of this discrepancy may have resulted from greater growth of those sectors requiring more highly skilled workers, racial discrimination in the workplace appears to remain a significant problem.

Similar conclusions have been drawn from studies focusing on other economic and social populations. For example, a study that examined the occupational mobility of farm workers found that, over the past ten years, this group has been unable to increase its penetration of the suburban and industrial labor markets (90). The result is that, even when areas of the country have experienced substantial economic growth, it has not been equally beneficial to all groups in the community.

Of particular interest, in this regard, are studies of the impact of ethnic traditions on economic development among Indian tribes. This work indicates that cultural factors play a role in decisions of firms about locating on a reservation. A study of rural Navajo and Papago youths reports that the value system learned by Indian Americans is diametrically opposed to that held by much of white American society. Fundamentally different values have been observed in the categories of time structure, personal attitudes, world view and cultural identity. The Indian cultures studied have a present-time orientation; not much time is spent planning for the future or adhering to rigid time schedules. Personal attitudes can be characterized as nonaggressive, noncompetitive, nonmaterialistic and not reward or goal oriented. These Indian cultures view the world and all of life as a comprehensive whole of which the person is a part. This philosophy runs counter to the specialization, division of labor and respect for scientific and technological mastery that characterizes so much of white American society. In short, there are radical cultural differences between much of white and at least some parts of Indian society that make it extremely difficult for Indians to participate in the labor force.

Leadership within the community frequently is composed of social, political or economic elites of a community or region.

In rural communities, these groups often coalesce into a single power structure which encompasses the communities' social political and economic fabric. These groups either may help or hinder economic development through their control over needed resources or markets.

A study of industrial development and nonmetropolitan labor markets in the South indicated that if a community's leadership has made its wealth from sources such as coal or farming, for example, and is satisfied with the status quo, manufacturing firms probably will be hesitant to locate there. Instead, they will select other locations where leadership is not tied to the existing economic system and encourages new industry (98, p. 17). Another study showed that farmers want low wages and an ample supply of seasonal labor; thus, economic development with its higher wages and stable employment is seen as a threat. In one southern county, the single financial institution specialized in consumer loans and provided no assist to economic development (1, p. 360-361). To the extent that persons in positions of power are intent on maintaining the status quo, a decentralized rural development strategy probably would be ineffective until its supporters also were part of the community's power structure.

A study of Anglo poverty in the rural South suggests that the power structure and "closed society" of portions of the region, rather than minority discrimination and exploitation, are largely responsible for its slow economic development. Although there has been considerable progress in economic and human resource development over the past 30 to 40 years, the rural South's economic, political and social infrastructure remains relatively rigid, reflecting a long history of opposition to diversified growth and development. In many Southern rural areas, the control of economic and political institutions has remained with a small but powerful group of corporate and agricultural interests. The study suggests that the solutions for problems of economic and human resource development depend on fundamental changes in the region's social, political and economic institutions. (6, p. 306-311).

There are a number of examples to demonstrate how outside efforts to encourage rural economic development have been most successful when local people have played a major role in the planning process. When the community as a whole mobilizes its efforts, significant development can occur. The shutdown of a large magnesite plant for example, threatened the small rural town of Chewelah, Washington, in the early 1960's. In this instance, the crisis acted as a catalyst to draw the town together in order to focus on what could be done in the way of economic development. USDA community resource development specialists provided assistance to the community's planning efforts. As a result, a garment manufacturing firm was attracted to Chewelah, a large ski area was developed within ten miles of the town, a golf course was built and a large manganese plant was opened creating a market for wood chips to make charcoal. These chips come from pre-commercial thinning of local forests. As a result, the community receives economic benefits from better forest management, and additional employment opportunities have been created in the forest industry. Instead of dying, the community was designated an All-American City. Through a mobilized planning effort, with some outside assistance, the community was able to develop its own human and natural resources.

A multi-county development program in northern Vermont also has had some success in job creation and in raising the quality of life for lower income persons. An entrepreneurial CETA program director started by buying dilapidated housing. Previously unemployed workers rehabilitated these houses and received training in the process. In 1975, over 70 per cent of these persons found private employment after completing their subsidized work experience.

A second part of this program involved the purchase of building lots and the construction, with subsidized labor, of new homes which sell for less than conventionally built homes. The Farmers Home Administration has helped low income people to buy these homes. The need for raw materials for home-building has spawned a sawmill and a logging operation. In time, a well-drilling concern and a garage for vehicle maintenance were added. While none of the projects undertaken by this program directly increased the supply of unsubsidized jobs in the area, the fuller use of the area's resources appears to have improved the quality of life for many low income people. At the same time, the project report suggests that some legal difficulties surround implementation of a program of this type and that compliance with the Davis-Bacon Act and OSHA regulations both presented problems (83).

Another example of local initiative is represented by the town of Leavenworth, Washington, in the Cascade Mountains. This community looked at its proximity to the mountains and its location along U.S. 2 as positive features that gave the town considerable potential as a tourist attraction. Townspeople pulled together and remodeled the exteriors of all buildings on Main Street to resemble a Bavarian village. Similarly, farther north, the town of Winthrop, Washington, developed its community into an old western town complete with boardwalks, saloons and stables. Both communities have experienced a boom in tourism and a concomitant improvement in their local economies.

The small community of Ashland in southern Oregon has received national attention for its Shakespeare Theatre and the plays performed there. The theatre draws people from throughout the region as well as from California and Washington. Funds from the Economic Development Administration have made it possible to enclose the theatre for year-round performances. In Spearfish, South Dakota, the Passion Play draws numerous summer visitors. In both Spearfish and Ashland, economic development has occurred not because of any great natural resource but because of creativity and planning.

Ideas for economic development might come from anywhere. For example, a resident of Lewiston, a rural community in Idaho, accidentally dropped glue on elk dung and discovered that the resulting product hardened and could be turned into jewelry. The Governor of Idaho took samples with him on a trip to Japan where they quickly were snapped up. The town is now a major exporter of elk dung jewelry to Japan. From driftwood products in Newport, Oregon, to balsam for Christmas wreaths in Mibridge, Maine, rural communities are discovering how local talent can develop the potential of their communities. Such development increases income and employment while enabling rural areas to retain the character, values and particular uniqueness that make them a desirable place to live. Rural employment program operators can develop linkages and participate in such development projects. When they receive the support of the local community, their success is greatly enhanced.

Many times the social/cultural context of a rural community is affected by laws not under the local community's control. It is not unusual for government policies and activities, designed to meet certain objectives, to have indirect effects not immediately seen. Some of these alter the rural development process and the demand for workers in rural areas.

Laws regulating shipping rates are one example. Raw materials move at lower costs per mile than do finished goods. This rate structure creates a bias toward locating production centers near the point of final sale, which is usually a metropolitan area or other area of high population concentration. Thus, rural areas are left with capital intensive, generally low skilled jobs related to extracting or producing raw materials (from mining, farming, logging) while urban areas provide higher skilled employment in processing those materials into final goods. Rate revisions could be designed to reduce rural market access costs while raising wage levels and still permitting normally required capital returns for final goods manufacturers.

Marshall has identified some U.S. agricultural policies which have had the effect of increasing farm production while simultaneously reducing the number of jobs on farms. The Agricultural Stabilization and Conservation Service, the direction of U.S. Department of Agriculture supported land grant college research, the Extension Service and the Agricultural Adjustment Act were among those cited (44, p. 33-41). One frequent result is the encouragement of farm mechanization which results in fewer farm jobs. The effects can be seen all the way from the concern among migrant workers over automated tomato grading and sorting machines in California to the near-common presence of harvesting machines among the rows of bright-leaf tobacco on the Coastal Plain of eastern North Carolina.

Methods of calculating the distribution of Federal funds under some laws are viewed by some to be biased against rural areas. The problem of understated rural unemployment distorts funding in favor of urban areas (1, p. 306-307). In Fiscal Year 1979, the fifth year of CETA, the formula for Title II A, B and C funds was weighted 50 per cent to the prior year funding level. This continues an urban-biased allocation procedure begun in pre-CETA days when Manpower Development and Training Act and Economic Opportunity Act funds for employment and training programs were allotted without formal formula among rural and urban areas. Whether the change for Fiscal Year 1980 (Section 202(a)(1)(B)(C)) which slightly reduces the importance of prior year funding in the formula, while increasing the weight given unemployment, will cause significant funding shifts between rural and urban areas is not yet apparent.

Labor is the single greatest variable cost in many production processes. Therefore, a firm's decision to locate in a rural area and hire local workers is influenced heavily by wages that must be paid to obtain the required work force, the productivity of that work force, and the relation between cost and productivity of any substitute (such as capital equipment or urban-based labor). To the extent that uniform wage rates (whether established by laws such as the Federal minimum wage or industry-wide collective bargaining) remove labor cost advantages rural areas might have over urban areas, rural economic development offers investors no inducements unless other attractions are introduced. Some researchers even suggest that rural residents would be willing to take jobs at less than prevailing wage rates, if permitted to do so (117, p. 26-27).

Pollution control laws have had some impact on rural employment in the pulp paper and smelting industries. In general, tougher environmental requirements merely have hastened planned shut downs (100, p. 44). It also should be noted that the availability of energy, especially gas or electricity, will influence plant locations. Federal laws affecting the sources, distribution and costs of energy will have considerable impact on the location and nature of future economic development in both rural and urban areas.

The Davis-Bacon Act requires payment of the local prevailing wage to those laborers and mechanics employed by contractors or subconstractors in construction, alteration or repair, including painting and decorating, of projects, buildings or works which are federally assisted (CETA, Section 125). When CETA participants are involved in work on such projects, the Davis-Bacon wage rules apply. Davis-Bacon was promulgated with public works and not economic development in mind. However, the multiplicity of Federal funding sources now often results in the two activities merging or overlapping. In turn, this can hamper CETA linkages to local economic development activities despite the desirability of having CETA participants gain construction or related skills on projects that aid economic development. CETA directors, confronted with a choice between the desirably higher Davis-Bacon wage rates and the pressure to serve as many participants as possible are without a happy choice (83, 88, p. 43).

FACTORS AFFECTING CETA LINKAGE WITH ECONOMIC DEVELOPMENT PROGRAMS

CETA's role in economic development is usually that of a partner working in conjunction with one or more other organizations to bring about common goals. The review of the literature identified a number of conditions that will determine the ease with which that partnership can be effected and will influence how CETA can establish the outcomes of the partnership. What follows is a brief discussion of how the principal actors' motives for supporting economic development, the level of government involved in the planning, and the relationship of the various organizations involved in the implementation will affect CETA's involvement in rural economic development.

Perceived Motives for Economic Development

An objective understanding of the various motives of those who support and participate in economic development is essential. The success of almost all such efforts depends on the cooperation of many individuals and organizations, the withdrawal of any one of which could threaten or thwart the work of others. While reasons for support may be mixed, there are three primary motives that seem to characterize the basis on which community support can be developed. These are profit, political and humanistic motives. The presence of one does not necessarily exclude the presence in a single community constituency of one or both of the others. And, more often than not, support from any single group will be generated by a combination of the three motives although the principal motive may differ among the various groups. Moreover, labels used here are not to be considered pejorative in any sense but rather are used only for purposes of discussion.

Profit motive: An effort to participate in an economic development venture may be motivated by the potential profit to be derived from an investment in a new or expanded rural industry. If the profit motive is dominant, the employer is not likely to be committed to the exclusive hiring of persons whose lack of skills or other disadvantages contribute to their poverty. In this situation, the creation of an effective CETA linkage may depend largely on the ability of the CETA staff to demonstrate benefits that can flow from CETA to a profit-oriented private employer; i.e., recruiting, assessing, motivating or training potential employees.

If should be noted that many public and quasi-public non-profit organizations can be motivated effectively by the profit motive. In such cases, profits are construed as residual funds which can be added to the organization's reserves to cover operational and programmatic expenses.

Political motives: Economic development efforts can be directly influenced, favorably and unfavorably, by the motives and attitudes of a community's political power structure which, in rural communities, is also often the economic power structure. Political leaders who see broad community progress as an opportunity and who interpret this to mean sufficient jobs for all who seek them, at wages adequate to provide economic self-sufficiency, can be among CETA's most powerful and effective allies. On the other hand, there may be persons within a community's political and economic power structure who see the status quo as the most desirable condition and view development as a threat to leadership, political power, or even their own personal economic well being.

Some of the more successful cases studied illustrate the skill of CETA directors in convincing political leaders of the wisdom of aggressive economic development efforts and, then, seeing to it that those leaders received full public credit. Opposition from political leaders or, indeed, the mere absence of their support can cause serious problems in attempting to engage in an effective economic development program. These range from the inability of new ventures to acquire needed land or building use permits to the failure to provide for water or sewer services that could make development possible. In this regard, it is important to note that some studies indicate that the local power structure sometimes directly opposes economic development it does not control (95, p. 17; 4, pp. 306-311; 39; 31).

The decentralization of CETA planning and program operations has opened the way for more direct influence to be exercised by local elected officials and other community leaders. Additionally, the private sector initiative in Title VII, as a part of the 1978 amendments, has as one of its stated purposes "the demonstration of the effectiveness of a variety of approaches to increase the involvement of the business community . . ." (CETA, Section 701). It has been argued that decentralization of CETA has strong potential for improving CETA's linkage with economic development. This argument rests on the fact that CETA planning now is intended to involve those most familar with development needs and other economic activities in the community (50, p. 1). It seems apparent that decentralization of CETA has the best chance of producing the presumed result where there are political leaders whose motives and programs encompass adequate jobs at adequate wages for all who seek them. It seems equally apparent that a CETA job creation program will have only marginal chances of success, at best, if it must somehow try to by-pass the community's established political and economic leaders.

Humanistic motives: In some communities, economic development act[illegible] be conducted under the auspices of individuals and organ[illegible] whose primary purpose is to improve the employment prospects of the community's disadvantaged population. Locally controlled community development corporations and community action agencies are examples of agencies, other than local governments, which may take the lead in development efforts motivated by humanistic concerns. In this case, the developer organization can be expected to need help of all kinds. As a result, they probably will be anxious to involve CETA and all other agencies which promise to provide additional resources and are committed to the goals of the development effort.

In general, then, the commitment and ability of the CETA staff to respond to opportunities are the primary factors affecting linkages between CETA and community economic development programs. As mentioned above, control of the CETA program by local political and economic power structures and the attitudes of those structures, in turn, can have considerable affect on the CETA staff's commitment and ability to respond to the economic needs of the CETA constituency. In general, the willingness and ability of those directing local development to insist that newly created jobs be filled with local residents, particularly persons who are poor and otherwise disadvantaged, is critical if local CETA program operators are to develop effective linkages with the development efforts.

Levels of Economic Development Planning

Economic development not only requires the cooperation of many organizations and agencies but also can be planned at many different levels of government. Moreover, different kinds of economic development programs are appropriate to different levels of government. CETA program operators should be aware of these levels and the types of programs related to economic development which have been attempted.

Regional: Efforts to stimulate economic development in a rural area require broad-based leadership that can be mobilized for problem solving and planning. However, a small diffused population makes mobilization of such leadership difficult in rural areas. Additionally, economic development efforts often are hindered by jurisdictional squabbling and a proliferation of agencies or groups trying to promote growth. Small towns only a few miles apart often have such intense rivalries that, instead of pooling resources, they work secretly to lure a firm to the area without letting a neighboring community know. Studies indicate that such industrial development strategies often cause local governments to pay too much for industry through tax concessions. This approach can reduce seriously the ability of governments to finance needed regional services (28, p. 39-40; 95, p. 13; 55, p. 104-109) which, in the long run, is detrimental to economic growth.

The dollar value that a new job adds to the community's economy is elusive. The smaller the area for which the economic impact is desired, the lower will be the perceived impact of the economic multiplier, since workers will have a greater tendency to live and work outside the area. This fact underlies the large mutual benefits that can be observed when several communities pool their efforts to develop new economic activity in their region (100).

In this regard, growth centers have been suggested as a means of fostering rural economic development. A growth center strategy is designed to encourage the development of rural areas by concentrating investment geographically in certain rural towns. In this way, it may be possible to obtain the scale and conglomeration economies of urban areas while avoiding many of the diseconomies of those areas.

There have been two major experiments using the growth center strategy in the United States involving two agencies: The Economic

Development Administration (EDA) and the Appalachian Regional Commission (ARC). Unfortunately, both agencies distributed their resources over wide areas. The ARC designated 125 areas as having "significant potential for growth." In each of the region's 60 districts at least one "growth" center was identified, thereby implying that nearly all of Appalachia was a promising growth area. Inconsistent with growth center strategy, ARC's approach represents a triumph of politics over economics (27, p. 65-68; 29, p. 150-152). In addition, the growth center strategy has been criticized severely for its implied willingness to abandon development efforts in areas not identified for growth. This is perceived by some to be an arbitrary use of public money to the apparent detriment of significant segments of society. (72, p. 41).

<u>State</u>: States represent an economic development planning level with the advantage of control, directly or indirectly, of considerable resources. Yet, state governments are close enough to their rural communities to have grassroot support. An examination of 18 states revealed that improvement of employment and training and development of vocational-technical training and adult education are the most frequent economic development strategies engaged in by state government. Diversifying the industrial base and attracting new industries account for the next most commonly employed measures states use to aid economic development (106).

<u>National</u>: The Rural Development Act (RDA) of 1972 was designed to increase the employment and income potential of rural areas. That act is an integration of programs to provide loans and grants for projects and to provide various essential services, such as fire protection, water, waste disposal, health facilities and others, which often are deficient in rural areas. Title V of the Act called upon land grant universities to help rural people attain their development goals by establishing linkages between them and research, and extension and other government agencies.

An evaluation of the 1974 to 1976 pilot phase of Title V concluded that generally it had been successful, although only $9 million was spent out of $45 million planned. More than 500 projects were completed under RDA in areas of health, housing, water and sewer facilities. Permanent job creation from new or expanded firms was reported to have resulted from many projects. Most projects reported their efforts created 12 or fewer jobs, but some created up to 200. Not all projects were judged to have been successful, but there was a high incidence of success. It was found that, in some projects, more involvement of local officials in problem identification would have been helpful. The evaluation found no one "best" rural development approach, kind of target area, or organizational strategy. The study suggests that a variety of developmental approaches can work well (41, p. 175-192).

Interagency Relationships

The development of linkages implies the building of cooperative relationships between and among various agencies. The more thorough and complex the development effort is, the greater number of agencies that are likely to be involved. The difficulty of building cooperative relationships between bureaucratic agencies has been documented and studied extensively. Examples of cooperation do exist, however, and some of those have involved economic development in rural areas (50). The thrust of this document is concerned with providing examples of successful linkages among agencies engaged in economic development efforts. It is apparent from this work and to all who have tried to develop such linkages that the climate of relations among agencies — conflict vs. cooperation, competition for resources and credit vs. joint action toward goal achievement — determines the possibilities for their creation. If protection of turf is more important to other agencies than stimulation of local economic development, a CETA program may be precluded from instigating or helping such an effort.

In this kind of protectionist environment, any and all actions by one agency usually are interpreted by other agencies and actors in the political realm as attempts to maximize the resources or goal achievement of that agency. Success by one agency may be seen as a potential loss by another agency, even if that success might contribute to the achievement of the second agency's goals. Thus, attempts by CETA to build linkages to the economic development efforts of another agency may be resisted no matter how advantageous to both parties, and their constituencies, such linkages might seem. In such cases, a third party — an intermediary perceived to be committed to development and not to the interest of any particular agency — may be able to build the necessary connections between agencies or groups that would not be possible if each interest were acting separately or initiating the development efforts.

In addition to the climate of relations between community groups are the willingness and ability of CETA staff to recognize and pursue opportunities for linkages. Their imagination and initiative are of crucial importance (50, p. 3) to the economic development effort. CETA job descriptions do not require involvement in economic development efforts, and such involvement requires the commitment of a great deal of time and energy. It is easier for CETA personnel not to become involved with economic development activities. If all of the other factors that affect linkages are favorable and the CETA staff lacks imagination and initiative, the linkages still will not occur. On the other hand, imaginative and innovative staff may be frustrated by other factors. But, as the cases included in this study of successful approaches to rural job creation suggest, there are ways to overcome negative factors in most environments if imagination and initiative are present and put to use.

The area in which CETA staff imagination and initiative are most important is in dealing with the major characteristics of CETA, as they relate to economic development. These include: (1) CETA cannot provide the large amounts of capital that may be required for development; (2) CETA cannot be of help for problems that are beyond the control of the local area, and (3) limits on the use of CETA funds handicap creative program development (88, p. 14).

Another factor internal to the CETA program, which is much easier to address, is the mesh between existing CETA program operations and local economic development needs and efforts. PSE positions obviously can be used to provide services which contribute nothing to economic development. At the same time, CETA positions might be funded with a nonprofit community development corporation involved in the creation of a local industrial park. The clients of this corporation would be under contract to hire the participants of local CETA training programs (26), who might be better suited for migration to urban labor markets than for jobs created by local development efforts. The relevance of CETA programs for those efforts obviously will affect the creation of linkages with the developers. The involvement of CETA staff in local development planning thus is an important factor in creating other linkages. In general, the quality of the CETA planning effort and the commitment and quality of the CETA staff and program are important factors affecting linkages between CETA and economic development efforts.

Federal and state laws may provide important leverage to CETA program operators seeking to create linkages with economic development efforts. Affirmative action requirements can be used in some areas where the rural poor are also members of minority groups, to secure the placement of CETA program participants in Federally supported development activities. An important precedent for this has been established by the Tennessee-Tombigbee Project in Mississippi and Alabama (24; 96). A new Federal law, the Community Reinvestment Act of 1977, may provide useful leverage to efforts to find capital for development in rural communities which have been effectively red-lined in the past. This availability of capital may facilitate local development efforts planned and directed by rural communities themselves. As already noted, such efforts are more likely to focus on placing local people in new jobs than are development efforts that create new industrial installations funded by large firms with headquarters elsewhere (26).

SUMMARY

The review of the literature reveals a need for economic development in rural areas where residents have suffered from shifts in the rural economy. Over the past 150 years, the nation has moved from an economy based on natural resources to an industrial economy. As a result, rural residents have been forced to adapt by relocating to urban centers and by changing life styles. This economically motivated migration has had a profound effect on American society. For this reason, social scientists are examining ways in which the rural environment may be managed to provide a livelihood for the remaining rural citizens and for those who, by choice, prefer a rural environment.

There are five key elements in economic development: materials, money, markets, manpower and management. Obviously two of the Five "M's" fall within CETA's bailiwick — manpower and management. The balance of the key elements needed usually must be obtained from non-CETA sources. This calls for collaboration with a variety of other organizations, including the private sector. The perceived purpose of the economic development program, the levels at which planning occurs, and the relationships among the various agencies involved all influence CETA linkages with economic development. The natural resource base, social overhead capital, human resources, legal constraints, cultural and community attitudes and leadership of rural communities combine to impact on a community's economic development program. These factors set the parameters within which CETA must operate to realize its own economic development objectives.

The many examples cited throughout this chapter establish a positive rationale for CETA involvement in economic development. Given that CETA's purpose is to increase the earning capacity of the unemployed and underemployed, there are practical reasons for CETA to be linked with economic development. The bottom line is that CETA contributions to economic development have the potential for increasing the participation of CETA clients in the local economy.

Operators of rural CETA programs continue to express considerable frustration at their inability to address the basic employment needs of the rural poor. Aiding migration to urban areas is unappealing for a number of reasons, including the desire of many rural residents to continue to live in rural areas and the compounding of problems in urban areas which result from the continuing influx of people. That more jobs are needed in rural areas before CETA's goals can be achieved perhaps is understood better by rural program operators than by anyone else. In the long term, the creation of jobs which accompany economic development is the only way to resolve this dilemma. CETA program operators can enhance their own success by actively pursuing effective linkages with other agencies engaged in community-wide economic development efforts. The remainder of this monograph will suggest ways in which the planners and operators of CETA programs can support these economic development activities in rural areas.

CHAPTER II

STUDYING THE CASE STUDIES

This chapter reflects upon trends, patterns, or commonalities that become apparent from an analysis of the case studies of innovative CETA linkages to economic development projects in rural areas. The chapter attempts to explain how some of the economic development principles worked when applied by local CETA program officials. Out of this integrated analysis come some interesting discoveries, including what are perceived to be four distinct models for CETA linked economic development programs.

SOCIAL/CULTURAL CONTEXT WITHIN THE COMMUNITY

The success of any CETA program hinges on the degree of "fit" the program has with its community or environment. This is particularly true of an economic development CETA linked program. Some distinct trends and commonalities emerged from an analysis of the environment of the 20 selected programs. The particular innovative aspect of each program reflects that program's attempt to maintain its fit with its environment. The environmental parameters that seem to influence the program designs and outcomes have to do with the characteristics of the population, the political environment, the community's cultural values, social overhead capital of the environment and the resource base. These factors are examined in detail in the following sections.

Population Characteristics

With the exception of the Harvard Design Project located in Cambridge, Massachusetts, all cases studied were distinctively rural in their settings. In each of the rural cases studied, farm employment was declining whereas employment in light manufacturing was rivaled only by employment in government services, dominated by public school employment. Unemployment rates in rural areas were usually high, although there were some notable exceptions, these being in Texas and Kentucky. A comparison of unemployment rates and per capita and family incomes suggested that compiling unemployment data in rural areas is subject to greater error than in urban centers. Only in Texas was the unemployment rate low (2.2%). There, a phenomenon existed whereby an economic development project was initiated in a community that was importing workers to supply needed manpower. The low unemployment rate affected the value of the technical services this program offered to small businessmen.

Out migration from rural areas was another characteristic of each of the study sites. Regardless of the unemployment rates, young workers between the ages of 24 and 44 either were commuting or relocating to where there were jobs. This drain of the most productive members of the work force alarmed many of the communities studied.

The most marked features of the populations in the study sites were the sparseness of the population and the incidence of poverty. Per capita incomes generally ranged from $1,200 per year to $3,400 per year with Rusk County, Wisconsin, being the only study site with an unusally high per capita income, $4,443, which still was lower than the national average of $4,572. The population at or below poverty level incomes averages 20 per cent across all study sites. Rural residents tend to produce more of their own food than do urban residents, a fact that may offset the poverty factor to some extent. With the exception of the Moapa Indian Reservation in Nevada, more disadvantaged populations studied were located in the rural South than in any other region. Unemployed people seemed to have higher living standards in the Midwest sites than in other regions. The census data standards reflecting per capita incomes and incidence of poverty support this observation.

Political Environment

In approximately half of the programs studied, local government posed resistance to the economic development effort. This was generally correlated with programs that aimed their services toward minority groups, such as Mexican-Americans and blacks. Those projects which had the support of local elected officials achieved more significant outcomes and reported fewer problems. Typical problems enumerated by projects facing resistance of the local power structure were:

- Inability to secure venture capital from local lending institutions
- Difficulty in overcoming zoning (land use, building use) restrictions and other regulatory requirements
- Difficulty in accessing markets for goods produced
- Difficulty in affecting good working relationships with agencies that could provide needed resources.

By contrast, in those projects in which the government played an active role in facilitating the economic development program, the programs in every instance resulted in expansion of business and industry in the community; e.g., a 100 acre industrial park, relocation of new industries to the area, an increase in social overhead capital and the generation of a substantial number of new jobs. Projects combating resistance from the local political structure generated fewer new jobs and did so with far greater investment of agency resources. It is clear that linkages with local government officials are important to successful economic development.

Cultural Values of the Community

Of the 20 cases studied, seven showed some form of prejudice to be a shaper of the programs' activities and a determinant of the programs' outcomes. In these seven cases, there was notably less support from the private sector, and there tended to be greater resistance from the elected officials. There was at least the suspicion on the part of many program operators that many problems encountered in reaching their economic objectives were related to their identification with a minority group. In the case of the CEP program in Michigan, the prejudice was originally directed to welfare recipients. Where racial prejudice had generated strong frictions between segments of the community, it proved to be a deterrent to economic development. Businesses refused to relocate in communities torn by racial strife. In the several examples where this was observed, both the economic development program and the community suffered. It is important to note that those in charge did not seem to be aware of the cause-effect relationship between the conflict and the local economy.

Nearly all the rural communities studied can be characterized as closed societies dominated by political and economic elites. A strict code of behavior prevailed, and outsiders were distrusted. Even among those communities totally supportive of the economic development program, there was resistance to outsiders whose behavior varied from established standards. The issue of local control over planning of such projects takes on greater significance in light of these findings.

Residents of rural areas are regarded by business managers interviewed as having a stronger work ethic especially in the Midwest and Northeast regions of the country. The pattern of low paying, routine production work industries preceding industries with requirements for a skilled labor force held true in these studies. In each example where businesses requiring a skilled labor force had located in the areas, firms employing sewing machine operators or other unskilled workers had located there first. This confirms the literature's suggestion that industry is attracted to rural areas that demonstrate a disciplined work force. Firms offering low paying semi-skilled jobs may serve a useful function in economically depressed communities by establishing the work force needed to attract more desirable employers.

Resources Available to the Community

Poor roads and little or no public transportation emphasize the isolation of rural communities. Many rural residents live miles from paved highways which limits their access to training and jobs. This isolation also impacts on economic development by limiting a potential employer's access to markets and raw materials. This was a particular impediment cited by the Farm Workers/Small Farmers Training Program in Epes, Alabama. It also was cited as a problem by the Greene-Hale Sewing Cooperative and East Carolina Industries. "Off the beaten path" may well be a phrase coined by a traveler passing through Hyde County, North Carolina.

These areas also are characterized by limited agency resources. Generally, community action programs and public schools were the only social/educational agencies that could be identified. The exceptions are the rural counties in Western Alabama where two of the projects were located. There, not even a community action agency existed. It is not unusual, however, for community action agencies that do operate in extremely rural areas to have limited political or economic clout. Therefore, they have little or no participation in economic development efforts which affect so many of these agencies' clients.

For the most part, social overhead capital was represented by tax supported institutions. In rural communities that are economically depresseed, the tax base often is not sufficient to provide those amenities that make the community an attractive environment for business. The best social overhead capital was observed in midwestern regions where an array of social service organizations seemed available to assist residents in rural areas. The Midwest also had the most extensive vocational-technical facilities available to train members of the labor force.

The limited rural tax base is offset in the Midwest by heavy capital investments from state governments. This results in sparsely populated rural communities with good highway systems, schools, and other support services. This may explain why projects in the Midwest appear to have fared better and produced more significant outcomes than did projects in other regions.

It is very common to find natural resources at the study sites limited to vast acreages of arable land. In some instances this is augmented by marketable timber, but none of the sites was located in an area with unusual natural beauty, mineral deposits, or other exceptional resources. Each program essentially built its economic development activity around whatever resource base was available.

Although none of the study sites reveals an abundance of natural resources, imagination and ingenuity were key to the conversion of some element of the natural resource base into a marketable product. For example, in Rutland, Vermont, the program took advantage of vacant buildings and converted them into business sites. In Selma, Alabama, the same approach was taken with an abandoned Air Force base. In Spring Lake, Utah, old apartments were converted into income-producing housing for migrant and seasonal farm workers. In Ladysmith, Wisconsin, trees were converted into baby furniture. In Pennsylvania, officials capitalized on the locality's history — a "natural" resource that is playing a more prominent role in economic ventures in many areas. In Nevada, the Paiute Indians took advantage of the desert sunshine's solar heat to grow tomatoes for the nearby Las Vegas market.

PROGRAM CHARACTERISTICS

How and why did these 20 economic development programs succeed? Could any CETA prime sponsor replicate these examples? The answers to these questions are revealed in an examination of the characteristics of the programs themselves. The programs' origins, the roles CETA played in the economic development activities, and the resources required by the economic development programs offer some clues to their success.

Origin of the Program

How did these programs get started? What were the motivations? An analysis of the origins of the 20 programs shows that half were motivated purely by economic concerns while the other half were motivated primarily by humanistic concerns. [illegible] the programs analyzed were organized by persons willing to take considerable risk in order to improve the economy of their communities. Generally, these people either were leaders of local government units who had the welfare of the community a[illegible] their charge or were business leaders grouped in organizations such as chambers of commerce and industrial development commissions.

The other ten projects were motivated primarily by humanistic concerns. These economic ventures were organized to meet the needs of a specific target group, unemployed or underemployed, usually poor and, in most instances, suffering additional artificial barriers to employment. Examples include: the "noncompetitive" workers program; poor blacks in the South who benefited from the programs sponsored by the Consortium for the Development of the Rural Southeast; the migrant and seasonal farm workers who because of religion and ethnic origins were not easily absorbed into the traditional Utah labor market; and the poor black farm workers in North Carolina who desperately needed opportunities for employment and jobs that would provide adequate sustenance for their families.

The Moapa Indian Reservation in Nevada characterized both qualities. The Tribal Council was the governing body responsible for the welfare of that comunity. At the same time, council members were very close to the people and saw their needs for jobs, additional revenues, and the essentials of a good life that are available to most other Americans.

Economic development programs motivated by human service needs exhibited a higher incidence of uncoordinated planning, and lack of support from the economic and political establishment. In these instances, economic development occurred by chance rather than by design. Planning was negligible and no deliberate research or analysis of factors affecting the economy took place. On the other hand, the programs pursuing purely economic goals appeared to be better planned, to utilize professional staff, to have the support of the business community and local elected officials, and to have fewer implementation problems.

In almost every case, deficient planning accounted for most of the problems encountered. The majority of these programs just happened as a consequence of one good idea leading to another with the expectation that somehow the results would be beneficial.

In most cases, a CETA-provided work force was a critical resource to an economic development effort. However, in only three or four cases could CETA take the credit as the initiator of the economic development activity. Overall, CETA usually did not play the major role in initiating economic development programs studied. The cause seems to be CETA's lack of orientation to economic development both at the national level and at the local program operation level.

Resources Required

"How" may be more interesting than "why". The key elements of economic development — money, management, materials, markets, and manpower — must come together if economic development is to occur. Yet, the cases studied, with the exception of Harvard Design in Cambridge, are located in rural areas with limited resource bases and usually lacking in social overhead capital. How these programs mustered the resources necessary for economic development is as exciting an example of human ingenuity as it is of perseverance.

MATERIALS: The source of materials is usually a local natural resource that is exploited by the CETA/economic development activity. North Carolina eels were found to be not so repulsive when they could be sold for a dollar a pound. Farmers in Alabama learned that the difference between just raising pigs and swine herd management shows up on the asset side of their ledgers. The land, the sun, a special climate, old buildings, eels, lumber--all of these materials were utilized by one or more of the 20 distinct economic development programs. It was in making the best use of available local resources that real entrepreneurship was demonstrated.

MANPOWER: CETA generally excelled as the provider of manpower for economic development activities through the public service employment (PSE) program, OJT or work experience projects. CETA also provided the skills and labor force needed for businesses to survive by training the new hires. Sometimes the training programs were designed so that skill development coincided with the production of goods and services required to further the local economic development program. This represented CETA's most substantial contribution to the economic development process. At the same time, the result of this contribution — jobs for CETA participants — provided the greatest incentive for CETA programs to participate in that process. Frequently, the trainees or the PSE participants benefited directly from the economic development program by gaining desirable unsubsidized new jobs. Remaining within CETA's regulatory requirements, while still meeting the objectives of productivity and service, sometimes stretched the ingenuity of CETA program operators. Nevertheless, it was done with amazing frequency which suggests that it is a reasonable alternative for every CETA program director to explore.

MARKETS: Markets were the one economic development element that remained beyond the direct control of the programs. The challenge is to identify a market where needs match the money, management, manpower and materials available for development. The Moapa Indian tomato project, the Clackamas County quilting project, Harvard Design, East Carolina Industries, the strawberry cooperative, and the Greene-Hale Sewing Cooperative are examples of projects that identified markets for specific products and then responded to those market needs by producing those products. On the other hand, the North Carolina day care centers offer an example of how the CETA program operator identified the need for day care for its program participants. The CETA program provided the mechanism by which the day care centers were established and then became a chief client, thereby providing a market for the services it generated.

The Gratiot County Overall Economic Development Plan called for the conversion of locally grown surplus corn into ethyl alcohol to be mixed with gas to form gasohol. The intention is to move into an emerging market by creating a product that is competitive with gasoline. At the same time, byproducts of the alcohol process are to be used as cattle feed, to meet an established need in Michigan for beef. Manipulating the market in one instance while simultaneously responding to an established market need is an astute approach to economic development.

Accessing an existing market can present problems in transportation costs when the economic development venture is some distance from that market. This problem may be so substantial as to preclude an otherwise financially viable economic development activity. A determination of the proper response to or manipulation of market needs is a major determinant in the relative success or failure of all economic development programs, including those in which CETA programs participate.

MANAGEMENT: It is true that if sufficient money is available, good management can be hired. However, it is also true that if "good management" is available money usually can be acquired. "Good management," in this sense, is defined as the capability to plan, organize, control, and evaluate a business or financial activity. These skills may be possessed by one individual or a group of individuals working in concert.

Some programs solved their management problems by the acquisition of needed expertise from various agencies. For instance, the community development corporations provided the control, evaluation, and organization of an economic development activity, but EDA provided the expertise for planning and securing funds.

The Moapa Indians used funds allotted as compensation for past Federal "misdeeds" to purchase the management capability needed to establish the tomato greenhouses as a viable business. Conversely, the Michigan CEP Program used its management expertise to acquire the funds to underwrite economic development.

Good management was the second most frequently cited element in terms of its importance to economic development. CETA programs, as a rule, do not normally include among their technical experts business economists or financiers or persons who can give advice in these areas. Consequently, staff members employed to manage social programs or provide employment and training services find themselves in roles for which their background, experience, and education have not prepared them. Learning as they go, some CETA managers are adept at acquiring the language and understanding of economic development. Others find this multi-faceted subject area foreign to their nature, their experience, or their primary interests. One solution to this problem is to acquire the expertise needed to conduct market studies or prepare loan applications through linkages with another community agency or government entity. The CEP program in Michigan is an example of how CETA program staff utilized the services of economic development specialists in the State Department of Commerce until they eventually were able to acquire similar expertise in-house.

There is no question that the technical know-how to plan and coordinate plans for the key elements in economic development is critical to a program's success. Dogged persistence and learning through trial and error eventually will succeed as is evidenced by a number of the cases studied. However, it is a time consuming, sometimes demoralizing process which is not cost effective. One of the most important learnings for CETA from this study is the need for technical and management capabilty focused on economic development. Too frequently, economic development programs were managed by staff with other responsibilities. Job developers, counselors, and agency directors had too many demands on their time to be effective economic development managers. Likewise, people who can serve well as counselors, social workers and administrators generally do not have the requisite skills for conducting market studies, writing EDA grant applications, negotiating bank loans, or planning a manufacturing process.

MONEY: Money, being that magical ingredient of which dreams and economic development projects are made, was, not surprisingly, the most difficult resource to acquire. On the other hand, if money was available, all the other elements could be purchased. While money seldom was available or, when available only in limited amounts, every case studied confronted the problem of acquiring capital.

A quick count of where the money came from shows the following: Is it a surprise to learn that the most frequent source of capital was the private sector? Eight of the 20 projects secured all or part of the required capital from private lending institutions or investors. The next most frequent source of venture capital was the U.S. Department of Commerce, Economic Development Administration (EDA). Seven projects were funded through EDA grants. Close behind EDA was the old Office of Economic Opportunity (OEO), now known as the Community Services Administration (CSA). Six of the economic development programs received funds from this source.

The Department of Housing and Urban Development (HUD) was a source of capital for two of the projects. However, HUD grants are in many instances larger than other Federal grants. Almost $1.5 million in HUD money is pledged to the Moapa Indian Project in contrast to an EDA grant of $68,000. Perhaps the distinctly rural nature of the sites made the projects less likely candidates for HUD funds.

On the other hand, the Farmers Home Administration (FmHA) provided venture capital to only two of the projects studied. The Small Business Administration (SBA) was cited only once as a source of venture capital.

Capital requirements also were satisfied through a variety of other sources. Most of these sources were local governments--states, cities or counties--chambers of commerce, or business people organized into economic development associations. Fourteen of the 20 programs studied had linked with one or more of these other organizations to gain some portion of their required capital.

A unique arrangement for financing economic ventures in depressed areas was found in Cambridge, Massachusetts (and included in this study despite its non-rural location). There, the State of Massachusetts provides funds to aid economic development in the depressed areas, rural or urban. The organization charged with the responsibility of administering these funds is the Community Development Finance Corporation (CDFC). CDFC examines applications for venture capital. Where risks are prudent, CDFC invests funds in the form of loans or stock purchases to aid private enterprise in economically depressed communities. A condition of this investment is that a community development corporation (CDC) have sufficient control of the enterprise to assure that it meets a "public purpose". A public purpose is defined as providing employment in an area of high unemployment. The requirements that a CDC must sponsor the private enterprise and that the end result must meet a public purpose assure that the $10 million appropriated by the State of Massachusetts to support this economic development program goes to the neediest areas in the state.

Other methods used by CETA programs to obtain money for economic development activity include bake sales and the actual soliciting of donations by non-profit ventures.

The major problems CETA programs encounter in obtaining money center upon the lengthy bureaucratic process characteristic of Federal grants. The Farmers Home Administration was criticized for having a lengthy application process that required diligence and persistence to impact. The Small Business Administration was characterized by some as fairly unsympathetic to small businesses which were high risk enterprises. Banks were not likely to provide loans if the "deal was not packaged" properly. It also was found that structures and equipment built or purchased with Federal grant funds could not be used as collateral for working capital loans.

Local governments raised money through appropriations from tax revenues or through low interest rate bonds, usually industrial revenue bonds. One of the easier procedures for obtaining capital involves a local government donation of land that then is used as collateral for bank loans for the needed physical plant.

The key to obtaining adequate financing seemed to be associated more with the skills of the program's management than with the nature of the project or even the financial risks involved. Management appeared to be the second most critical element in CETA economic development activities.

CETA's Roles

Since CETA funds cannot be used for venture capital, CETA's roles essentially are limited to the provision of manpower or training of manpower. This is not to say that CETA's roles are necessarily restrictive. Manpower can mean a work force able to manufacture a product, build the facilities that are needed, or manage and plan the activity. Since manpower is one of the principal resources needed for most economic ventures, this is a significant contribution.

In no fewer than 16 of the 20 cases studied, training was one of CETA's roles in the economic development project. Training seemed to be divided equally between classroom training and on-the-job training. Several innovative training activities were identified. One of these was vestibule training incorporated with on-the-job training in Hopkinsville, Kentucky. There, the state prime sponsor demonstrated considerable innovativeness in acquiring instructors from organized labor and securing construction equipment for training purposes from Federal government surplus. CEP, in Michigan, has developed considerable expertise in customizing training for particular employers. This program's consistent success in this endeavor has merited considerable acclaim among private businesses in Michigan.

The unusual mode of training for small farmers in Alabama is both effective and innovative. Classroom training there is coupled with on-the-job coaching by an instructor. This means the instructor visits individual farms to see that the classroom instructions are carried out and practiced with the requisite skill.

It is common among all these programs that the training employed was practical and, in many instances, productive. Many of the resources required for the economic development venture came about as a consequence of practical training that yielded some product — a renovated building, a cleared site for an industrial park, farm produce or baby furniture. Training was quick, skill-specific and generally taught by experienced craftsmen rather than educators, unlike the general skills training often provided by educational institutions. The focus was to develop workers with the specific skills required to further the overall economic development program with which CETA was engaged. There were numerous illustrations of how CETA's traditional role as trainer of unemployed people could be shaped by the needs of the economic development activity. This resulted in very profitable training—training that reportedly resulted in placements into unsubsidized employment at the remarkably high rate of 85 to 95 per cent.

INTERAGENCY COORDINATION

In every example of CETA linked with economic development studied, there was a minimum of three organizations working in concert to provide resources needed for success. The median was much higher -- generally five to six agencies would be involved as substantive contributors to the program. In nearly all cases, these interagency relationships were formalized through oral agreements rather than written ones. When written interagency agreements existed, they were in the form of grants, subgrants or contracts. The principal actor or sponsor of the economic development program would be the one managing, coordinating and controlling the activities. Many times the lead agency's relationships with helping agencies would fluctuate over the course of time. A helping agency might contribute what it felt was appropriate and have no subsequent involvement. It was observed, however, that early, positive involvement of all participants in the economic development program tended to aid in the creation of a helpful community atmosphere. The agency whose direct contribution was no longer needed still could offer moral support and give assistance merely by maintaining a continuing attitude of support and approval.

The ease with which resources can be tapped is enhanced when the sponsor of the economic development program is a community-based organization with multiple funding sources and greater flexibility as an agency. For instance, the Utah Migrant Council is a community-based organization serving migrant and seasonal farm workers. It receives funds from CSA, CETA, and other sources to provide various kinds of services to migrant and seasonal farm workers. The Utah Migrant Council was able to move much more effectively to promote economic development by having access to resources that normally would have to be obtained from separate agencies.

Successful interagency coordination seemed to result when agencies shared both common missions and common objectives. For instance, the expansion of the private sector is a desirable outcome for a chamber of commerce, a local government, and a CETA program. Therefore, they are natural allies in an economic development venture. Likewise, a community action agency which is concerned with the plight of disadvantaged people is generally willing to join forces with another agency generating jobs for the unemployed.

Political rivalries, too, at least of the traditional Democrat vs. Republican variety, often can be laid aside in the interest of community economic development. As was observed in one multi-county effort where Democratic and Republican differences had at times forestalled needed cooperation, "Getting credit for helping to create new jobs is good politics in anybody's party."

Rivalries among agencies did not seem to be a problem in the successful programs studied, although the literature suggested it would be. No project cited conflicts with agency partners which precluded reaching economic objectives. Basically, organizations with common missions and contributable resources seemed to work together with leadership provided by persons representing the greatest collection of management and technical know-how. It is noted that seldom did an agency act beyond its traditional role. An exception was CEP in Michigan, which, by becoming expert in community development, is moving beyond the traditional CETA roles of job training and public employment.

It is clear that economic development is a task sufficiently challenging to encourage interested parties to band together to gain strength from numbers and combined resources. Seldom does one organization or agency have control of all of the five elements required for economic development. It is mandatory, then, that a coalition be formed of which the private sector is frequently a significant member. In some instances, the private sector played a leadership role, as exemplified by the Harvard Design and Kors projects. Generally, however, the private sector is more likely to be a beneficiary of the process rather than a partner. Banks made loans to the projects because of expected profitability. Industry expanded because it was in its best business interest.

In summary, many possible relationships may evolve when an economic development program is undertaken. Agencies which participate most often do so because their mission (i.e., serve disadvantaged people or make a profit) will be best served by that participation. Therefore, it is prudent to establish clearly and precisely the possible benefits from an economic development program and to identify those agencies or organizations to which these benefits will accrue and how. In turn, determining the most likely beneficiaries identifies those agencies, organizations or individuals that are most likely contributors to the economic development program.

PROGRAM OUTCOMES

Outcomes from the programs studied have been varied and numerous. Some were planned or anticipated; others were totally unexpected.

An example of the latter is that very few of these programs expected to learn quite so much of what not to do in carrying out economic development as they did -- and perhaps some of the greatest benefits are from these learnings. For example, community support frequently depended upon the labels used to describe the participants. A program to help handicapped workers won favor only when the label was changed to "non-competitive job seekers." Apparently, the community felt that there were sufficient programs for the handicapped. Similarly, employers participated in training programs designed to help unemployed people after declining to participate in programs for "welfare recipients."

Another learning was that the preservation of the status quo in a closed society may be considered more important to the economic and political establishment than economic prosperity. Some rural communities shun economic development because it threatens the community with new people, new ideas and changes in a comfortable way of life for many community members.

On the more positive side, program operators have learned that the elderly, the alcoholic, handicapped, offenders and other "non-competitive" workers can be the backbone of a successful manufacturing firm; that by merely knowing how to package a loan properly, the small business owner can access capital for business expansion from private lending institutions; that local people sharing a common cause and a common concern can band together out of mutual need and pride in their community to overcome staggering odds to develop a thriving economy.

But there are many other more tangible outcomes of these programs. In the course of their history, collectively, the 20 projects reportedly have generated more than 7,000 new jobs. These projects have increased incomes which, in turn, have brought about increased spending on goods and services which has further increased community employment. More taxes were paid, which provided local government a more stable tax base and the funds for additional public services to expand the social overhead capital. Simultaneously, services needed in the community are provided by these projects: day care for children of seasonal farm workers, job training for elderly and other non-competitive workers, housing for migrants.

Outcomes of the programs studied often defied quantitative evaluation. Programs were not evaluated in formal ways; frequently, local persons were not familiar with exactly how many jobs were generated by a specific project. Nor had the indirect job creation benefits from the economic development activity been systematically evaluated.

What did stick in the minds of local persons was that the Federal government provided only money and did not always do that in a particularly gracious or timely manner. It was mostly through local people, working in concert, that substantial barriers to economic development were overcome. The clear message from the cases studied is that success is related to a community's willingness to help itself. Given the leadership and the belief that it was possible, successful turning about of a depressed economy was a function of substantial local effort and time.

PROGRAM MODELS

The integrative analysis of the 20 case studies reveals four distinct conceptual models for economic development-CETA linked programs. These models generally can be characterized by the function that CETA served as a member of the economic development coalition. These four functions are:

- Income Generation — provision of manpower for production of goods and services
- Infrastructure — provision of materials and resources
- Promotion — promotion of the locale for new business
- Economic Development Intermediary — provision of management or technical expertise.

With the possible exception of the promotion of the area, the models relate to functions that are identified as one of the key elements of economic development.

Each model has a distinct pattern in terms of agency linkages, private sector involvement, role of community leaders and elected officials, sources of venture capital, and the problems that typify its implementation. In the following sections, the four models are discussed. Examples of case studies that typify each model are provided as part of a summary chart at the conclusion of this chapter. These are generalizations from the case studies, and only further research can determine their relative strength and endurance as models.

Income Generation Model

This model may be the most interesting and is the most frequently demonstrated model in the case studies. Here, CETA activities generally are limited to public service employment and work experience. Although training is an outcome of this activity, it does not play as large a role as it does in other models.

For this model, CETA provides the manpower to produce salable goods and services which generate revenues. These revenues, in turn, enable the economic development program to become self-sustaining. At that time, the CETA participants are employed, and further CETA subsidy is unnecessary. The obvious advantage of this model is that CETA can choose to continue subsidizing the work force and use the revenue generated by the production of goods or services to expand its operations and to serve additional people. This is an especially useful model when the target groups are non-competitive workers and unemployment rates are high.

The need for venture capital is critical to the success of this model. Community leaders and elected officials are important as partners who provide venture capital or act as spokesmen to facilitate the acquisition of venture captial from private lending institutions or Federal sources. Without the support of community leaders and elected officials, CETA is more dependent on non-profit community development corporations or community-based organizations for venture capital.

Traditionally, CDCs have been effective in managing public for-profit enterprises as well as providing the grant writing necessary to tap Federal funds. Private investors have been secured through innovative state-supported programs such as that demonstrated in Massachusetts by the CDFC; however, the more likely sources of venture capital for these enterprises are EDA, CSA, and FmHA.

Although this model fits CETA's role, there are more problems identified with this model than with any of the others. Venture capital is needed to serve two purposes: (1) the purchase of the proper equipment needed, and (2) operating expenses. If Federal funds are used for physical plant and equipment, then these items cannot serve as collateral for bank loans for operating costs.

Accessing the fickle market is another problem that plagues this model and calls for expertise of the type and nature not normally found among CETA programs and sometimes absent from community agencies that might be willing to support the endeavor. Political resistance is more likely to be generated by this model if the activity uses public funds to compete with the private sector. The private sector usually has greater influence in the political community than do the social service programs. This is another reason why it is critical to secure the support of local government officials at the onset.

Finally, worker productivity may be a problem, especially if the target groups are physically or mentally handicapped or have other barriers to employment. If the work force is not substantially productive, CETA is forced to replace it or improve upon it. In either case, CETA will make a heavier investment of supervisory and managerial personnel in this model than in any other.

This model has the greatest impact on CETA as an employment and training program because it clearly shifts CETA's emphasis from unsubsidized employment to income generation. The present CETA legislation (Section 123(h)) endorses this goal and sets out the conditions for using the income generated; i.e., to perpetuate the program's human service objectives. Nevertheless, this leaves many prime sponsors and DOL officials uncomfortable since CETA takes on an entrepreneurial flavor as it enters the competitive market as a business. Additionally, new kinds of staff expertise are required, and there is concern that traditional program activities may be subjugated to the production demands characterized by this model.

Operating such a model is a round-about way of gaining unsubsidized employment for CETA participants and is most easily justified in those environments with severely depressed economies or where the CETA participants are more severely handicapped. However, gaining jobs for CETA participants by first establishing a new business generally means delays of one to two years before unsubsidized placements can be realized. As a result, it probably should not be the first option considered. On the other hand, it may be the only option available to prime sponsors who cannot link with other income generating activities either because of physical, political, or social isolation or because participants' needs require special work opportunities.

Caution is warranted, however, because this model can cause confrontation with the private sector if the goods and services produced by the prime sponsor with the aid of public funds compete in the open market with those produced by private for-profit firms. Resistance to the program and loss of community support can result, especially if such competition occurs locally. On the other hand, the private sector may provide a market for the goods and services produced or may be a supplier to the program. In such instances of mutually beneficial trade between the CETA program and private business, it may be possible for CETA to form a strong and vital linkage to the private sector.

Infrastructure Model

This model calls for CETA to apply employability development processes to achieve several different objectives, only one of which is employability development. The other objectives concern the provision of facilities or resources that are essential for the economic development activity. For this reason, the CETA activity most commonly employed in this model is public service employment or work experience. OJT is another common CETA activity that, to a lesser extent, is utilized to provide the manpower needed to construct and build industrial parks or to expand the social overhead and enhance an environment conducive to economic expansion.

Active involvement of community leaders and elected officials with CETA is not essential in this model. If they play a role, it will be as a partner to provide land or equipment. More likely, "brick and mortar" money will be made available through a community development corporation or a Federal grant. EDA and CSA are frequent sources of venture capital for this kind of economic development venture.

The private sector, as in the previous model, functions as the client or beneficiary, in that the construction of facilities serves private needs. The private sector seldom would be the initiator of this kind of economic development program. More significant agency linkages will be with either community development corporations or local governments, depending on which can contribute the capital for facilities and operating costs.

The greatest problem with this model is that its success frequently depends on acquiring materials that cannot be purchased with CETA funds. Timing is another problem. Facilities must be prepared and completed before the new business can take occupancy and begin operations. However, if occupancy is delayed, the facilities will remain dormant thereby jeopardizing the viability of the economic development program. Likewise, not completing the facility on time may risk the loss of the business enterprise to another location.

Another delicate problem in this model relates to accessing the private sector to determine which businesses would be interested in facilities within the range of possibilities governed by local resources and manpower. For this reason, this model often is contingent upon the existence of a local economic development group such as a chamber of commerce or a local government which is active in soliciting new business to the area and can identify the need for this kind of economic development approach.

The risk with this model is that the CETA participants who provide the labor for infrastructure development may not benefit from the jobs generated by the new economic enterprise. There just may be no way that the skills and experience acquired by the participants will match the new unsubsidized jobs which are generated. In that case, placement rates may suffer, and DOL officials may view such a project with some misgivings.

Such a problem is resolvable if the process of creating or expanding the infrastructure can incorporate a marketable skill in the training. Then, at the completion of the economic development activity, it may be possible to place the CETA participants in jobs unrelated to the project.

Because of the vast investment of manpower, this is the most expensive model to operate. In light of the placement problems, therefore, it may be the hardest to justify in terms of traditional CETA goals. Its unique advantage is the overwhelming popular acclaim it generates for the prime sponsor. Using CETA resources to landscape an industrial park or convert old buildings into desirable real estate that attracts new life to the community is a tangible and substantial monument to CETA. Elected officials particularly are fond of such projects and have been known to adjust their public stance on "give-away" programs with ease when CETA becomes a visible partner in such an economic development program. If community prestige for CETA is a consideration, this model has considerable appeal.

Promotion Model

In this model, CETA serves a prescribed purpose: to advertise its ability to serve employers by providing training, screening, or assessment services. Here, the private sector, i.e., employer, becomes a beneficiary of the economic development program. In fact, success with such a model depends upon the extent to which CETA can relate to employers as clients who have specific needs which CETA can address through traditional training and services. The type of training provided is usually classroom training or OJT.

In this model, community leaders and elected officials take on the role of a partner in the promotional campaign by offering other inducements for industry or business to locate in their area. These may be in the form of tax benefits, financial assistance through revenue bonds, or the provision of critical public services such as sewers, streets, and utilities. As the literature points out, the promise of free training by itself is seldom sufficient to cause an expanding or new business to choose a particular area. However, training coupled with some of the other benefits often can provide a package sufficiently attractive to interest firms planning major expansions.

In this case, agency linkages will occur with groups such as chambers of commerce, local development organizations, state departments of commerce, development districts, or organized labor. These groups can contribute information on contacts and ways to coordinate CETA efforts with their various promotional campaigns. Frequently, these organizations will have funds and staff available to visit distant locations, to make presentations and to advertise the availability of CETA training as well as other benefits offered by their communities. In this regard, one of the attractive features of this model is that it does not require venture capital, that is capital for investment in new business, although promotion itself entails some costs.

A problem that is likely to arise when implementing this model is the design of a training activity that truly will meet the specialized needs of a particular employer. This is not a traditional CETA activity and may require expertise in job training design that is different from that normally found in CETA programs.

Maintaining good linkages with organizations whose primary concern is not with the humanistic goals inherent in CETA can be another problem within this model. If the prime sponsor is unable to relate to organizations which do not share CETA's concern for the economically disadvantaged, minority groups, welfare recipients and other groups that typically comprise CETA's target groups, this model is difficult to implement. Using this model to link CETA with economic development calls for personnel who can relate to business and industry, determine the skills and knowledge needed by a company's work force, and convert that information into an effective training curriculum. Expertise in job training, however, must be combined with expertise as a location consultant.

A CETA project adopting this model will control new jobs for CETA participants, a feature not guaranteed by the other models. Such an increase in indirect placements should provide a real inducement for CETA prime sponsors who are plagued with unsatisfactory placement rates in areas beset by high unemployment rates.

Training for specific production jobs is usually short term and must be timed to coincide with the employer's needs. To do so requires close monitoring of training progress and the flexibility to adjust training schedules. Either over-dependence on outside contractors for training or a lengthy process for approving contracts will impose serious impediments to meeting the employer client's needs and will reduce the attractiveness of the training package.

In terms of the CETA program's requirements, this model is especially cost effective, calling for little in the way of administrative costs and offering a relatively low cost for each trainee placed. Highly skilled staff, streamlined administrative procedures and an orientation to the employer as client are the model's distinguishing characteristics and represent changes that most CETA prime sponsors would have to undergo in its implementation.

At the same time, this model is fairly simple and straight forward in its approach to economic development and is less likely to become bogged down with money problems. Moreover, it calls for CETA to apply a traditional activity, i.e., training, via a nontraditional approach, i.e., treating the employer as a client. This adjustment of focus or orientation must be made if the program is to be successful in promoting the area and expanding and developing its economy.

Economic Development Intermediary Model

This is a model in which CETA's activities are purely administrative and its function is to serve as a facilitating intermediary to organize and coordinate the economic development. It is among the least frequently used models in the cases studied, but offers the greatest potential as a self-contained CETA economic development activity. Here, CETA functions to provide one of the key elements of economic development, management. This is done through the hiring of staff selected for their entrepreneurial ability, management strengths, and ability to relate to the business world. The advent of the Private Sector Initiative Programs (PSIP) under CETA, Title VII, lends particular credence to this model.

In this model, community leaders and elected officials serve as partners. Managing and bringing about an economic development activity can be accomplished best if every possible beneficiary and contributor is involved. Both the literature and the cases studied suggest the need for planning to begin at the local level. Therefore, local government officials as well as other community leaders are essential to the success of this model.

Likewise, agency linkages will be strongest with local government and public interest groups in the private sector. The private sector plays a significant role in serving both as a partner and as a client to the overall economic development effort. Good planning includes grant expertise as well, because sources of venture capital for this model may include private investors and EDA, FmHA, or local or state government. Understanding the limits and access points to both public and private funding sources is critical to the success of this model.

The principal problem is primarily one of balancing and orchestrating all the diverse interests and agendas that are represented by the large conglomerate of partners. This calls for a staff that understands where each of the diverse groups is coming from and also possesses the tact and diplomacy required to arbitrate conflicts and maintain positive support from the principal actors.

This model can have several desirable impacts on other CETA programs. First, in terms of job development, it provides ready tie-ins with employers that allow CETA participants good access to jobs. Second, it can channel information on future jobs to CETA training units and, thus, can promote more relevant training and higher placement rates.

The cost to CETA in this model is minor compared to the others and probably can be justified by improved placements alone. However, the costs for the expensive technical support personnel required by this model must be charged to administration which has a

20% ceiling. For that reason, Title VII PSIP funds for employment-generating services should be considered for this purpose in order to avoid exceeding administrative cost limits.

It should be pointed out that this approach will not gain the degree of prestige for CETA that the Infrastructure Model will, since CETA functions more as an intermediary agency and has less public visibility. On the other hand, this model places CETA in the role of a highly valued assistant to the economic and political elites of the community. This may gain for CETA prime sponsors a large measure of influence and support with these groups. Because this model requires expertise in economic development, familiarity with resource materials such as the Handbook for Community Economic Development is advisable before a prime sponsor embarks upon such an effort.

SUMMARY

This chapter places in focus the twenty cases studied in terms of their relevance to economic development planning and implementation in general. Unquestionably, there are exceptions to the conclusions drawn from this integrative analysis, and in no instance should common sense be set aside for any of these findings. However, this analysis at least points out the scope of the knowledge base developed in the field at this time and the skills which appear to be required to undertake successful economic development programs in rural areas.

The chart on page 67 summarizes the models discussed in this chapter and their relation to CETA activities, agency linkages, private sector involvement, role of community leaders and elected officials, sources of venture capital, and the problems likely to develop in their implementation. This chart is a graphic representation of the learnings gathered from the twenty case studies. On the contention that being forewarned is forearmed, reading this chapter is intended to provide some insights into the problems and possibilities that offer themselves to the venturesome CETA prime sponsor.

TABLE OF MODELS

FUNCTION	EXAMPLES	PRINCIPAL CETA ACTIVITY	AGENCY LINKAGES (Local)	PRIVATE SECTOR INVOLVEMENT	ROLE OF COMMUNITY LEADERS & ELECTED OFFICIALS	SOURCE OF VENTURE CAPITAL	PROBLEMS
Provision of Manpower for Production of Goods and Services Income Generation Model	East Carolina Industries Green-Hale Sewing Co-op Cooperativa Campesina Multiple Products Farmworkers/Small Farmers Training Program Three Day Care Centers Possum Trot Corp. Molalla Mt. Community Project Outdoor Venture	Work Experience OJT PSE	Non-Profit Community Development Cooperatives CBO's Local	Market	Partner	Local Government	Securing capital for operating cost Political Resistance Accessing Markets Worker Productivity Technical/Business Acumen
Provision of Materials or Resources Infrastructure Model	Old Bedford Village Spring Lake Housing Hopkinsville Industrial Park Craig Field Airport Moapa Paiute	PSE Work Experience OJT	CDC Local Government	Client/Beneficiary Partner	Partner - Resource	Local Government EDA CDA HUD Lending Institutions	Securing capital Acquiring land and construction materials Timing Connecting with private sector
Promotion of the Locale for New Business Promotion Model	Michigan CBP Koru, Inc. Dieyor Industries	Classroom Training OJT	Chamber of Commerce CDC State Dept. of Commerce Organized Labor Development Districts	Client/Beneficiary	Critical Partner Coordinate private sector contacts	None Required	Maintaining agency linkages Accessing private sector Design special job training Recruitment
Provision of Management or Technical Expertise Economic Development Intermediary	Harvard Design Texas Loan Evaluation Gratiot OEDP	Administration	Community Leaders Public Interest Groups Local Government	Partner Client/Beneficiary	Partner - Resource	Local Government Revenue Bonds EDA HUD FmHA Private Lending Institutions	Orchestrating multiple partners Balancing adverse interests Maintaining technical proficiency

CHAPTER III

A PRACTICAL GUIDE FOR GETTING STARTED

This chapter presents some techniques which prime sponsors may find useful in initiating an economic development program. CETA prime sponsors lack the resources or the flexibility within the Comprehensive Employment and Training Act to concentrate program resources solely on economic development. For this reason, Chapter III sets as its objective a broad understanding of the process for planning economic development that will provide CETA prime sponsors sufficient familiarity with the subject to determine where, when, and how CETA linkage with economic development may occur. This is a technical guide for CETA cordination with economic development. For a more detailed guide to establishing a project for the purpose of economic development, the Handbook for Community Economic Development is highly recommended. Rather than being an introduction and overview to the process of small area economic development, as is this monograph, the Handbook is most useful for those clearly in charge of setting up a substantial economic development project. Those interested in pursuing the idea should obtain a copy of the Handbook from the Government Printing Office, Washington, D.C. 20402, (stock number 003-011-00086-1), or TELACU, Los Angeles, California.

The purpose of this discussion is to provide a structure within which the planning and organization of an economic development project can take place and to convert the abstract to the concrete within the context of planning, development and implementation methodology.

There are four sections in this chapter, each representing a sequential step in the process of economic development. These are:

- Researching the options;
- Formulating the strategy;
- Developing the linkages;
- Finalizing the strategy.

The principal persons involved in the twenty cases studied were asked for any special advice they might offer to other CETA program operators who were considering an economic development project. This chapter is a integration of that advice, of learnings from the research itself and of the review of the literature.

RESEARCHING THE OPTIONS

This discussion presents a systematic process from which it is possible to create a viable CETA/economic development effort. The objective here is to suggest a method to collect the data needed for a community-specific matrix of resources and market for goods and services. This matrix then can be utilized as the basis of an overall strategy for CETA participation in economic development.

Identifying Resources

The experiences of program operators interviewed for the case studies confirmed the review of the literature with respect to the fact that CETA prime sponsors will find it difficult to carry out successful economic development programs by themselves. Consequently, it is imperative for a rural CETA operator to identify resources that exist in a community that might aid an economic development effort. The easiest resources to identify, and probably the first ones that should be approached, are other organizations with common missions. Generally, those agencies can be expected to contribute willingly to an economic development effort. Community action agencies are prevalent among organizations which serve disadvantaged people and have demonstrated an interest in economic development. Vocational/technical schools and similar educational institutions may not have a special interest in the CETA target group; nevertheless, they do share a common mission with CETA, i.e., employment oriented training that results in job placements. If the rural area is served by a CETA Title II prime sponsor as well as a Title III, section 303 Farmworker Program, the two CETA programs, in combination, provide rich resources for economic development.

Chambers of commerce or similar organizations, such as industrial development commissions, likewise will be interested in economic development efforts and generally will have expertise to contribute. Any organization representing the private sector, such as the CETA Private Industry Council (PIC), or professional organizations of business persons, can be a good source of information on markets, transportation costs, finance, and other technical areas. At the same time, it is logical to assume that the local business community, which would benefit significantly from an economic development program, will be interested in making contributions to that end. "Contributions," it should be remembered, does not necessarily mean cash. In many instances, moral support can be an important factor in creating a climate of community approval.

Local government is also a possible resource for CETA to pursue in developing an economic development project. Local governments often have staff members with the expertise and contacts essential for good economic development planning. Government also may be a source of land, materials and even venture capital. Since local government has some responsibility for the overall welfare of the community, it is reasonable to believe that local officials will be interested in the local economy and its growth. Some caution is advised, however, since from the cases studied it is apparent that economic development is not viewed as desirable by all people.

Every state government has an agency that has responsibility for overall economic development of the state. These agencies vary in expertise but, at a minimum, can offer some technical assistance to a struggling economic development project. Other state agencies that proved to be helpful among the cases studied included the employment service, state agricultural agents and, in Massachusetts, the Community Development Finance Corporation.

The Federal government also has been a source of grants to help rural communities improve their economies. Included in this group are the Farmers Home Administration (FmHA), the Small Business Administration (SBA) and the Office of Minority Business Enterprises. Of course, an obvious Federal resource is the U.S. Department of Commerce's Economic Development Administration (EDA) district office.

Navigating a sea of complex Federal requirements and paperwork requires considerable grantsmanship. Much time and frustration can be saved if the procurement process begins with acquiring the services of a good grant writer. This can be done by borrowing from other agency staff, hiring a consultant, or persuading a Federal agency to make available a staff member to assist in the grant application process. The latter is preferred since the assistance is free, and not only will the necessary technical expertise be obtained, but support for the project also may evolve.

The Craig Field Airport and Industrial Authority case study in Alabama is an example of how Federal and other outside agencies (Department of Defense, EDA and the Alabama-Tombigbee Regional Planning Commission) provided a local community with the technical assistance needed to plan an economic development program and to apply for funds needed for its implementation. This aid facilitated the Selma and Dallas County leaders' search to obtain the necessary financial support and technical assistance that initially resulted in 300 new jobs with the prospect of even more in the future. The Moapa Indian case in Nevada is another example of how a Federal agency, the Department of Labor, facilitated the application process for CETA funds and HUD and EDA monies as well.

Federal officials, working in concert, can reduce greatly the number of crossed communications and ease the sometimes conflicting grant requirements. One episode in this regard involved an instance in which one Federal agency agreed to award a grant for a specific project if another Federal agency would make a similar contribution. However, neither agency would sign the contract with the prime sponsor until it could be proven that the other had lived up to its commitment. Quiet conversation between officals of these two Federal agencies involved might have saved the program operator much anguish and frustration.

Private lending institutions are a vital resource, since borrowed capital is a usual requirement of economic development programs. Banks are frequent providers of capital for new business enterprises as are venture capital corporations such as Kentucky Highlands Investment Corporation. The cases studied indicate clearly that the proper packaging of loan applications is critical to their approval. Therefore, careful consideration and preparation, supplemented by the knowledge and experience of financial advisers, should precede any approach to a bank for project funding.

Materials are one of the five M's of economic development and represent the resources that must exist in the rural community if development is to occur. What are the materials in the area? Certainly there are climate, land, probably water and flora and fauna that represent natural resources. Perhaps there are mineral deposits, strangely shaped rocks or, as one project found, other materials such as elk dung unlikely to be regarded as marketable. The danger is that many potentially valuable materials are too common to be perceived as marketable by a local person. This is where creativity comes into play. A played out coal mine still produces enough coal to supply artists with materials for creating sculptures. The common corn cob and corn husk have been made into a variety of clever toys. Bruised or overripe fruit, unsuitable for market, can be dried and preserved to provide an easily marketable product. Converting common and ordinary ideas and things into a desirable product has been the foil of the entrepreneur throughout history.

Perhaps the most important resource that must be identified at an early stage of the economic development process is manpower. The capabilities of the existing labor force must be determined as well as the extent to which these capabilities can be augmented or developed. It must be determined whether those who are unemployed are men, women, youth, senior citizens or handicapped persons, what their skills are, and what their cultural biases and attitudes are. Above all, it must be determined if manpower is available for the highly technical and managerial responsibilities that must be met if economic development is to occur.

In regard to the latter determination, if market analysts, economists, and Harvard MBA's are not readily available, then they must be recruited. Agencies suggested in the subsequent section, "Where to Turn for Help" may be a good source of borrowed staff to fill these needs. If not, those agencies should be able to recommend ways in which suitable personnel and staff may be found. The principals in each case studied during this research are unanimous in proclaiming the need for high quality management and technical ability. Projects without good management suffered from this deficiency while projects with skilled managers attributed their success more to this factor than to any other.

The most effective approach is to hire the required technical and management expertise outright. However, if this is not possible, many such people may be willing to work as consultants on a part-time basis, some even as volunteers. It needs to be stressed that an individual who is able to relate to and understand the business community with no other distracting responsibilities will have the best chance of planning and managing a successful economic development program. Overlooking this major consideration appears to have been the single greatest cause of problems for CETA economic development efforts. An economic development specialist just cannot have responsibilities for the CETA management information system, counseling of participants, job development, or other similar important tasks. Economic development is neither a part-time job nor a spare-time filler. The economic development specialist must be free to conduct research, plan, consult, and coordinate in order to put together a viable economic development project.

Where to Turn for Help

There are many agencies and individuals throughout the country concerned about economic development that will result in more jobs and better incomes. Few, if any, however, have the staff or the inclination that will cause them to call the local CETA program to ask: "How may we help?"

The first thing to remember when seeking information about economic development resources is that every program funded by the government is a public program. The information about how to use these programs and opportunities is free. So, ask away.

One way to start is merely to look around and become aware of what is going on in the local community, the county and the multi-county planning or development district. In several states, the multi-county planning or development agency or council of governments also is involved in CETA planning, operation, contracting or monitoring. Some of these agencies are involved in many activities simultaneously. Often, it is at this juncture that the multi-agency lines from Washington or Federal regional offices begin to come together and interact.

Even in the most rural areas, a multi-county planning or development agency is likely to have some tie to the Economic Development Administration of the Department of Commerce as a designated development agency or to the Department of Housing and Urban Development through what are called HUD 701 funds. The HUD Program provides planning money that often is given to a state planning office and then distributed to multi-county planning agency offices which serve areas not unlike CETA balance of state territories.

If the "looking around" produces little and a few phone calls to the state capitol provide no help, just turn the process around and write Washington. Virtually every Federal department and agency has some sort of public information office which can provide copies of laws, regulations, program summaries, and directories to the closet regional or local offices. It helps to be specific about the information needed, but the best quick help may be the directory to nearby offices where additional information is available. Despite all that is heard these days about zip codes and other proper ways to send mail, a letter to the secretary's office or the public information office of the proper department or agency will get through and elicit an answer. Obviously, a request for information is not going to be answered with a check or a grant. That is not going to happen until the necessary spade work is done on how, where, when, and for what to apply. But, the first step is to get the information necessary to begin the process.

At the same time, the old admonition, "Write your Congressman," should not be taken lightly here. Your representative or your senator is there for the purpose, among others, of responding to constituents--who are, after all, voters in private life. A request for information to a member of Congress often is sent directly to the proper department with a request for a copy of the department's response. Virtually all letters from Congressman to the executive departments are logged in, a reply date established and usually met. The member of Congress has everything to gain by being responsive and providing helpful information. The department involved has everything to gain by being promptly responsive to the Congressman's inquiry. This coalition of interests generally results in timely and useful replies to constituent inquiries for information. Although this route can be helpful while seeking information only, asking a reprsentative or senator to aid with a specific grant application is another matter, and results vary sharply in different political contexts. Congressional "support" can be interpreted as "poticial pressure" in some agencies and can produce undesired results.

Regional and local offices of Federal departments interested in economic development abound. The Economic Development Administration, for example, has major regional offices in Philadelphia, Atlanta, Chicago, Austin, Denver and Seattle. District or area offices of EDA are in virtually every state capitol and often in several other major cities in each state. EDA can provide grants for public works to aid in economic development and make loans or loan guarantees for industrial and commercial expansion and working capital.

The Small Business Administration has regional offices in the same cities where the Department of Labor's Employment and Training Administration has regional offices. SBA has district offices in major cities in each region as well. SBA makes loans and licenses Small Business Investment Corporations (SBIC). SBIC's are formed with private capital for the purpose of obtaining $3 in SBA loans for each $1 of private capital loaned to a new business venture.

The Farmers Home Administration, (FmHA), which is not limited to making loans for homes for farmers, is not as ubiquitous as county farm agents or the U.S. Department of Agriculture's extension service, but agents can be found easily. FmHA can provide assistance with farm production and industrial loans in rural areas.

Not every state has an industrial development commission that loans development money, either directly to businesses or through local development commissions. However, every state does have some agency, often in a department of commerce or an industrial relations department, that in some way is trying to locate new industries in the state. Industrial revenue bonds, bonds issued in the name of government but for the purpose of providing a building or equipment to private industry through long-term repayment, are fairly common tools used over most of the country now. Often, the decision to use this method of financing is made, within certain state-imposed legal restrictions, by local officials or an industrial board appointed by local elected officials.

It is important to keep in contact with the industrial developer for the area's Chamber of Commerce and the director and planner for the regional development agency. These local actors should receive frequent visits from CETA program operators who are on the alert for new job opportunities for their unemployed and economically disadvantaged clients. At the same time, it may be possible for CETA personnel to identify ways in which they can be helpful to these other organizations' quests for new industrial members of the community.

The need to keep the confidence of those who work to recruit industry cannot be overstressed. The farther this effort moves into private industry -- for example, where the recruiting is actually being done by a private utility or a major transport firm for the purpose of expanding its own market -- the stronger the custom of confidence and secrecy. On the other hand, applications for land use permit changes and building permits are public documents as are land deed transfer records; therefore, CETA personnel should become faimilar with these procedures and monitor them constantly. Industry's decision may well be made by the time these steps are taken, but the availability of CETA training could speed construction or result in an operation larger than originally planned or, at the least, provide a focus for CETA training activities.

The preceding discussion is not offered as a complete guide to all Federal programs aimed at aiding economic development. Appendix B provides a listing of additional resources and, at little expense, the Catalog of Federal Domestic Assistance can be obtained from the Government Printing Office. Instead, the purpose of this discussion is to encourage those CETA program operators who want more jobs for CETA participants to begin to be aware of the economic development process and how to use it to the advantage of their clients.

A well-run CETA program, after all, has a vital contribution to make to economic development as the cases studied repeatedly illustrate. The trick is to market the CETA program's resources — early, late, and thoroughly — so that no one in a position to influence economic development in the area will do so without knowing full-well that it is advantageous to include CETA in the planning and implementation of such programs.

Identifying Economic Development Alternatives

Having established those resources that may be used to pursue economic development, the CETA director should examine the needs for various goods and services that might be produced. The manner in which the nature and availability of markets is determined can range from a simple observation of a community need to elaborate and sophisticated market studies. The North Carolina day care centers are examples of the former. The CETA program needed day care facilities for its participants and knew that there were no public or private day care facilities in the rural counties they served. It was, therefore, a simple matter to determine the market for day care providers. On the other hand, East Carolina Industries needed a market study of considerable sophistication to determine the world supply and demand for eels.

A more complex market study can begin by consulting appropriate sources of information about the product or service. Many times this information is available through a trade association such as the National Forest Products Association. Useful guides to identify trade associations appropriate for particular products and services are the Encylopedia of Associations (published by Gale Research Corporation) and the National Trade and Professional Associations and Trade Unions of the U.S. and Canada. Frequently, trade associations can provide complete and detailed information on product supply and demand, location of the better markets for the product, the principal sources of the product, and the legal restrictions on the product's use and manufacture. The Federal government, through its Departments of Commerce, Interior and Agriculture provides studies on the production, trade and consumption of a wide array of goods and services.

On the local level, chambers of commerce and retail trade associations are good sources of information on needs for goods and services in that area. The Small Business Administration can provide useful information on the mortality rates of businesses associated with particular products. In addition, other lending institutions and others in the business community are sources of information on needed goods and services at the local level. This is especially true when the bank or business is affiliated with a state-wide or national concern. This kind of association provides ready access to information on market trends at the world or national level that are likely to impact on a particular business or industry. In addition to existing information, it is quite possible that the business community may be willing to provide assistance in securing the information required for a detailed and complete market study from other sources.

Finally, the state university system, through its business department and professors engaged in business consulting and research, often is an excellent resource that should not be overlooked. In some states, the university system includes a separately supported, autonomous business research organization which focuses on the development of just the kind of information required for the state's economic development effort.

Having identified a list of products and services for which there is an apparent need, certain economic market factors which affect the decision to produce that product or service must be considered. Paul E. Green and Donald S. Tull in Research for Marketing Decisions (25, p. 22) identified these factors:

- Types of consumers that comprise a potential market;
- Size and location of the market;
- Prospects for growth or contraction of the market over the planning period;
- Buying habits of consumers;
- Current competition of the product;
- The likelihood and timing of entry of new competitive products;
- Current and prospective competitive position with respect to price, quality, and reputation;
- Marketing and manufacturing capabilities of the company;
- Considerations related to patent, trademarks, and royalties; and

- Considerations related to codes, trade agreements, taxes and tariffs that might restrict sales.

Once this research is completed, particular products and services will emerge as possible options that would result in an expansion of the economy and, consequently, the creation of new jobs. What evolves from this process is a list of goods and services that are in demand and which may serve as a focus of an economic development effort that utilizes local resources. How to determine which of these are feasible and compatible with other community goals is the subject of the next section -- formulating strategy.

FORMULATING STRATEGY

By researching the options, it is possible to match community resources with the needs for goods and services. The latter has been analyzed in terms of the five "M's": material, manpower, money, management/technology, and market. There are likely to be many products or services that, at least on the surface, appear feasible to pursue in the interest of economic development. The next step is to determine which choices should be pursued and which should be pursued first as the most promising.

One way to reach this decision is to prepare a matrix of community specific resources along one axis and industry/market needs along the other axis. (This is also a useful chart for presentation purposes.) Along the vertical axis, community resources can be grouped according to the five "M's," making certain that all resources are included. Across the horizontal axis identify, in succession, those goods and services shown by research to be possible economic development alternatives. These now constitute headings for columns. Beneath each product or service heading, indicate the required materials, manpower, money, management and market considerations. Figure A is an example of such a matrix constructed for the mythical community of Camelot. In an effort to demonstrate

FIGURE A

ECONOMIC DEVELOPMENT STRATEGY MATRIX

Available local resources	Product or service / Resources required	Agricultural produce	Tourism	Aardvark cages
Perfect climate Rare trees, birds Plenty of game Small acreage Old factory Castle	Materals	Arable land Good climate Fertilizer Farming equipment	Hotels and attractions Restaurants	Willow wood Factory
Craftsman Inn Keepers Farmers Knights Livery/persons Musicians	Manpower	Farmers	Food service; Maids; shop-keepers; Entertainers	Craftworkers
Kings Treasure	Money	$250,000	$25,000 rehab. $10,000 promo.	$5,000 refit
King Wizard Chief Lords	Management	Agricultural specialist	Hotel & restaurant personnel	Overseer Quality control Contract negotiator
	Market	4 major cities 200 miles away	Interstate traffic 10 miles away	Australia

this method and the use of the matrix, it might be useful to review how a group concerned with community economic development in the mythical community of Camelot utilized this process when faced with the withdrawal from the community of a major employer. Situations comparable to the dilemma facing Camelot not infrequently face small communities in rural areas. The factory is shutting down—what is to be done to save the town?

Camelot had only a single major industry, the manufacture of myths and legends which usually revolved about the exploits of King Arthur and the Knights of the Round Table. With the advent of Hollywood writers and made-for-television movies, Camelot's principal industry had to close down. Farming was the remaining principal occupation. Without the money from the myth and legend factory, even services such as castle-keeping, moat dredging, and armor refinishing were discontinued. The unemployment affected all classes of the community. Lords and ladies, craftsmen and innkeepers were starting to move away from their beloved Camelot to seek employment in Detroit and Pittsburgh. Finally, in desperation, the townspeople met with King Arthur and his wizard to discuss their plight. It was then decided that the King's advisers and wisemen would research the options according to a book they had once read about rural economic development.

The results showed that there were three economic alternatives open to the people of Camelot. One was the growth and sale of agricultural produce to four major cities located within a radius of 200-miles. A second was to open the castle as a tourist attraction taking fullest advantage of the area's attractive setting and lovely climate. The third alternative was the manufacture of aardvark cages since high quality aardvark cages must be constructed from a rare type of willow tree plentiful in Camelot and aardvark fanciers would pay huge sums for these willow wood cages.

The King learned from his research that the community's resources in money, management, and markets were extremely limited.

However, both ample labor and resources (materials) were available. The community's resources included the old myth and legend factory, the castle, and the perfect climate (one in which the winters are never too cold, yet it always snows at Christmas). The available labor supply in the community consisted of farmers, craftsmen, innkeepers, and a few knights. Although most of the knights had left to take jobs with insurance companies, a few still remained.

All of this information was placed on a matrix under the supervision of the wizard. Then, the King, his wisemen, and the wizard reviewed the alternatives to formulate a strategy to develop the community's economy and create more jobs for all the people of Camelot. This review and discussion revealed that no single alternatives was perfect.

To provide produce to the commercial market, the farmers needed machinery which required heavy capital outlays. In addition, no one in Camelot knew how to operate the machinery, and Camelot's farmers were not familiar with the newest crop raising methods. They needed, therefore, an agricultural specialist to manage and direct the farming. Another disadvantage was that farming would be the least profitable of the alternatives and would involve the greatest risk. It was impossible to forecast the future market for agricultural produce or to determine Camelot's competitive status in relation to other suppliers.

Tourism appeared to offer the greatest number of jobs and the greatest possible return on capital investment. Attracting tourists would require only modest amounts of capital to refurbish the castle and to promote the attraction to those traveling the interstate highway ten miles from Camelot. It also would provide jobs in which the townspeople were skilled -- preparing food, cleaning rooms, shopkeeping and entertaining. One drawback seemed to be the unwillingness of the townspeople to share their town with strangers. Thoughts of exhaust fumes and visions of litter made the townspeople ambivalent about tourism.

The construction of aardvark cages, though less labor intensive than tourism, required the least capital ($5,000 to retrofit the myth and legend factory), required no outside management expertise (provided the wizard would handle the contract negotiations), was environmentally attractive and yielded high returns on the investment. The only drawback to this alternative was that the principal market for aardvark cages was in a place called Australia, of which the people of Camelot knew little.

In formulating the strategy for economic development, the King and his council wisely tested each alternative against reality — examining the political repercussions (trade relations with Australia), community acceptance, impact on organizations involved, and the interest of the private sector in supporting the economic development activity. Each problem identified in this exercise with the matrix pointed out the strategies that would be required to carry out each approach to economic development. For example, linkages would have to be established with the agriculture extension service to secure the farming expertise needed for the agriculture produce venture. The problem of equipment would have to be dealt with by limiting crop production to those produce items that could be grown using a tractor and the customary attachments. This could reduce the needed capital so that funding from either the King's limited treasury or, better yet, an FmHA loan would be adequate.

As work continued on problems associated with the tourism and aardvark cage ventures, a plan for rural economic development began to emerge. This plan called for linkages and coordination with a number of other organizations and agencies. In fact, it became apparent that success might hinge upon the support of the identified groups. At that point, the King's council decided it would be best to employ a planner to assist the King and the wizard to write up all that had been learned and to coordinate the economic development activities.

Since they did not have much money, they went to the Balance of State CETA program to see if CETA could assist by providing a planner from the public service employment program. Unfortunately, the new regulations governing CETA did not permit the prime sponsor to fund positions that paid higher than the average wage, and there was little hope of persuading a good planner to move even to Camelot for $7,200 a year. Nevertheless, the CETA prime sponsor was interested in Camelot's problems and suggested that the Private Industry Council (PIC) hire a community development planner with some Title VII money that can be used for job and economic development. Having secured the services of a professional planner, Camelot was able to negotiate the necessary linkages with a number of organizations and thus provide the missing resources critical to its economic development plan.

Although the cost of shipping aardvark cages to Australia made cage manufacturing a somewhat less attractive economic venture than first was projected, it could be initiated immediately. Tourism was abandoned as an economic alternative because of the effect the tourists would have on the ambience of Camelot. Camelot just would not be the same with all those tourists running about. With the coming spring, it was reasoned that an agricultural specialist could be procured with profits derived from the manufacture and sale of aardvark cages. This specialist would begin planning and directing the farmers to concentrate on the production of fancy produce. With the first profits from this agricultural activity, Camelot would build solar heated greenhouses to produce strawberries and flowers for the winter produce market.

The happy ending to the story of Camelot's economic development is the consequence of local people exercising value judgments while allowing experienced professionals to control technical decision making. (Of course, the wizard helped some, too.) An economic development strategy evolved by mobilizing the community's available professional resources in order to determine what action was required to close the gaps between the community's resource base and the market needs which were identified.

DEVELOPING LINKAGES

The literature review and the field research corroborated the fact that effective coordination among a number of agencies is essential to job creation through economic development programs. Coordination among organizations frequently is determined by the strategy that links the achievement of one organization's objectives to the achievement of another organization's objectives. That is, one organization cannot accomplish its goals unless its partner also accomplishes its goals. This greatly facilitates the organizations' mutual and reciprocal concern for each other's problems, difficulties and successes. Organizations linked by this kind of strategy will avoid the adversary roles that may have characterized relationships in the past.

This section is not intended to be a complete treatise on inter-agency coordination. That subject already is discussed in a number of monographs. Instead, this discussion will deal with two aspects of coordination that have particular relevance to rural economic development linked with CETA. These aspects of coordination are related to environmental conditions that impact on the type of approach used to effect coordination and the nurturing of the linkage once it has been realized.

Conditions for Coordination

Among the significant achievements of most of the cases studied are the effective linkages and coordination CETA developed with other agencies. For the most part, effective coordination grew out of the agencies' sharing either common objectives or divergent but complementary objectives.

Common objectives are those that two agencies share in common. Examples are services to a similar client group, a desire for enhanced prestige in the community, and placement of trained clients into unsubsidized jobs. Agencies with common objectives generally will have an easier time entering into and maintaining good linkages. Although disputes may arise over the methods used to accomplish the objectives, there is seldom any other real basis for conflict. It is also true that agencies with common objectives generally are known to one another and are reasonably familiar with each other's method of operation. For these reasons, linkages among agencies with common objectives come about more naturally and with less need for deliberate strategies.

Agencies with divergent but complementary goals require far greater preparatory research prior to the attempted development of the linkage. An example of two agencies with divergent but complementary goals is that of the community development corporation and a lending institution. A lending institution wants to profit from the investment of its capital. A community development corporation needs capital to achieve its goal of community development. If the CDC's investments are prudent ones, returns will be sufficient to repay loans with interest adequate to afford the lending institution its profit. Therefore, although the two organizations have divergent goals, i.e., making a profit and community service, these goals are complementary.

Organizations that do not share common objectives frequently will have a significant number of differences which include agency goals that are not complementary. The CDC, which disapproves of lending institution's policies toward small business loans, may have as its objective a change of that policy through public pressure. The two agencies may become adversaries over this one issue which will preclude their collaboration in other matters of mutual or complementary concern. When pursuing linkage with an organization that does not share common objectives, all of the other agency's objectives should be reviewed with the purpose of reducing the probability that they may oppose one another on one issue while attempting to coordinate on another.

An added difficulty arises out of the general unfamiliarity organizations of divergent types will have with each other's methods of operation, general philosophy and jargon. If linkages between two such organizations are to be effective, much more time must be devoted to becoming acquainted with the respective organizations' similarities and differences. This exploration is best accomplished by individuals who have some general understanding of both organizations and are familiar with the terminology which they both use.

It is cautioned that the opportunities for misunderstanding and poor communication in these cases will be numerous. Agreements, once made, may be understood differently by the parties involved merely because of the different perspectives each brings to the association. Therefore, careful examination by a knowledgeable intermediary often can establish more than one reason why two organizations will benefit from coordination and also can assist in times of misunderstandings. The more reasons that can be presented and the more positive interactions that are experienced, the stronger will be the ties and the longer they will last. Once a linkage has been established, extensive coordination and communication between the parties are necessary to maintain the strong linkage that will carry the economic development program to its fruition.

Nurturing the Linkage

Good linkages among agencies are like good marriages: they flourish best through hard work and realistic expectations of what each partner will contribute. To accomplish the latter, it is recommended that agreements among agencies, even the most amicable agencies, be put in writing (despite the fact that few cases studied involved extensive written agreements). This can be in the form of a memorandum of understanding, a letter of agreement, or a formal contract. When agreements are put in writing and shared, points of misunderstanding usually surface. When this occurs at the beginning of the relationship it affords opportunities for easy resolution. When these misunderstandings surface during the course of the economic development program, they often become the basis for disappointment or mistrust. Neither condition is conducive to effective coordination.

Once the conditions of the coordination effort are established in writing, they should be monitored regularly. Monitoring provides feedback to both agencies that lets them know how well they are are performing in accordance with their agreement. The sharing of objective feedback provides opportunities for change and growth, as well as a forum for problem resolution. Furthermore, sharing credit for accomplishments effected through the coordination is an excellent way of nurturing the linkages. Both public and private recognition reinforces continued coordination.

Although unpopular in some quarters, advisory boards often are useful to develop and maintain interagency linkages. Many organizations have an established governing body that is not subject to local intervention. That does not preclude the establishment of local advisory boards to review and critique the economic development program. The advisory board, although without any substantive power, can provide an objective viewpoint that helps maintain the perspectives of the participating agencies. The advisory board is especially useful for a rural economic development program if it represents influential segments of the community whose support and opinions are valuable to success. It may be possible, through a properly constituted advisory board, to reduce the resistance that sometimes develops when "outsiders" are involved in a local economic development strategy. In summary, then, an advisory board can serve two purposes: objective advice on the joint endeavor and linkages with the community at large. On the other hand, advisory boards create another bureauratic layer through which staff must work.

One important way linkages may be nurtured is through frequent, informal meetings. It is axiomatic that good communication is essential to good coordination. Informality is conducive to the openness that makes issues clear. Informal meetings can take place between two individuals or among groups. In such interchanges, participants can cross lines of organizational hierarchy which permits managers of one agency to confer informally with the line staff of another agency to learn more about problems or routine procedures.

Once the linkage has been forged among those agencies whose contributions are needed, the strategy then may be finalized. At that time, each agency can be afforded the opportunity for input and control over the final plan. This is exceedingly important in that it provides a strong sense of identification and responsibility for the economic development program's outcome. The greater the concern that can be generated during the planning phase, the greater the support and commitment to the outcomes these agencies will have.

FINALIZING STRATEGY

At this point, the principal actors, i.e., participating organizations, have been identified and have entered into agreements that reflect each agency's respective goals and resources. The economic alternatives identified earlier in the matrix now can be treated realistically as sources available in fact rather than in theory. At this point the technical expert enters the process and finalizes the economic alternatives by revising the matrix in accordance with more complete and detailed information. Now the plans are ready for presentations leading to the final decision on an economic development program. This section deals with presentation tips and the decision making process that precedes development of a final strategy.

Reviewing the Alternatives

Having the support of as many people as possible is very important to the successful implementation of an economic development activity. Therefore, the actors who review the plan and the manner in which they review it are important factors in determining whether it will receive a positive reception. The actors and procedures will fluctuate in according to the local situation and the nature of the economic development strategy. Protocol is also a factor in deciding the nature and sequence of presentations. In some instances, the group involved will be limited in number and a single presentation will be adequate. Although common sense should dictate, the following are some general rules that seem to work best.

The success of the economic development program will depend largely on the contributions of the coordinating agencies which generally are regarded as the first parties to whom a presentation is made. This allows the principal actors to view their participation in terms of the overall plan of action and their relationships with one another. It also provides the opportunity for any misunderstandings to be clarified and technical input from the agencies to be considered.

When the final strategy has been refined through presentations to the participating groups, it is ready then to be presented to the elected officials or others who speak for the participating agencies or organizations, the client group affected, or any other special segment of the community that is affected by the economic development activity. Sometimes this may be the business community, agencies serving unemployed people, or public interest groups who may have an interest in the economic development program. Each body may benefit from a presentation made to it as a single group, or it may be impractical to arrange schedules to permit a single presentation. The overriding consideration is that good public relations are better served when time is taken to extend every possible courtesy to all interested groups.

Protocol may demand presentations other than these; in fact, if one of the participating organizations is governed by an elected or appointed official, a public hearing may be in order. Although the temptation may be to avoid argument and dissent by curtailing the number of presentations, in the long run the objectives of good economic development are better served by good public relations. Again, common sense dictates the extent to which the general populous is made aware of the economic development program's objectives and methods. In this regard, it should be remembered that, as problems develop, others in the community may be needed for assistance. In addition, unexpected resources for a program may materialize as a result of the greater publicity.

Effective presentations generally are more visual than oral. Detailed information should be available if requested, but not offered. Too much detail often obliterates the overall concept and results in confusion on the part of persons not intimately involved with the program.

If the presentation is to be made before a more technically oriented group, a summary complete with projected budgets and other details may be submitted in writing beforehand. This allows the data to be absorbed at the convenience of the audience and should result in more pertinent, better thought-out questions. If the audience is not likely to understand or be interested in technical data, the general concept should be presented in as visual a manner as possible. The presenter then should be prepared to answer questions regarding details.

The resources market/matrix mentioned earlier may be transferred to a colorful chart and is in itself a good presentation medium. If numerical data or statistics must be included in the presentation, bar or pie graphs are preferable to tabular data presentations. The oral presentation can be dramatized and critical information transmitted to the audience more effectively if key words are highlighted on a flip chart. This also serves as a guide for the presenter in following a presentation outline. Complicated or overly slick presentations should be avoided since, rather than impressing the audience, they often tend to generate distrust. In summary, presentations are best when they are simple, brief, and when they relate directly to generally known facts and the interests and experiences of the audience.

Decision Making

In preparing the group to approach the decision making task, it is useful to remember that a desirable economic development strategy is determined by weighing the relative values of three basic considerations. These are:

- risk
- benefits
- need.

Brief descriptions of these considerations are provided below.

RISK: The risk associated with an economic development venture is determined by several factors. One of these is the ratio of knowns to unknowns. Obviously, research, planning and the collection of reliable data will decrease the level of unknowns. This reduces the probability of unpleasant surprises that require costly adjustments in the economic development strategy.

Another factor of risk is the ratio of investment to resources. An organization with $500,000 in capital to invest generally limits its risk when it commits only $10,000 for a particular project. However, an organization that has only $20,000 in assets obviously has considerable risk when it commits a similar sum of $10,000 to a single effort. Therefore, it is the ratio of investment to resources that impinges most on the risk indicator. It should be noted that sometimes the investment at risk is intangible. For example, the reputation of an organization that has based its credibility and acceptance in the community on the success of an economic development project it coordinates runs a sizable risk.

Risk indicators also are controlled by the flexibility of the strategy selected for implementation. A strategy that allows little variation from the original proposal locks all committed participants into a rigid course of action that may not accommodate the unexpected. This greatly increases the element of risk, for it does not provide for contingency actions.

BENEFITS: For sound decision making, risk must be compared to the benefits that are expected. Obviously, reason permits undertaking greater risks if possible benefits are commensurately greater. Benefits, like risks, can include tangibles and intangibles. Success in an economic development enterprise may result in the reelection of a local official as well as a healthy increase in the number of new jobs.

NEED: Risk and benefits finally are compared to need. As a community becomes increasingly more desperate for the possible benefits to be achieved through economic development, the greater will be the community's willingness to take risk. In most of the cases studied, an acute need for jobs was a primary motivator behind the economic development program.

When risk, benefits and need are considered, they are compared within the value systems and biases of the decision makers. There are no strict rules about how these factors will be treated. However, it is generally considered that the greater the need the fewer the benefits required to take a measured risk. Likewise, the greater the benefits, the greater the risk that will be tolerated. When these three factors do not add up to a viable alternative, it is time to drop the economic development strategy selected and consider another alternative. If, on the other hand, these factors are in balance, then the decision to implement is made and the planning phase is concluded.

The decision making process is greatly influenced by the characteristics of the decision maker. Although a number of organizations may coordinate their efforts to effect economic development that generates new jobs within the community, one organization or individual will assume the leadership role for the overall effort. This role generally will be assumed by that person or group who either has the most to contribute or has the most to risk. Decision making usually will begin with this lead organization.

Economic development generally is accomplished not by individuals but by individuals backed by organizations. Within these organizations, some individuals are more influential than others. In addition, the titular head of an organization may not be its most powerful member, though appearing to be the chief decision maker, the signer of contracts, and the speaker for the organization. It is common to find the initiation of decsion making at the technician level with recommendations for action forwarded to the organization's head or spokesperson for approval and implementation. The power obtained from special knowledge may enable technicians to be more influential members of the organization than its head. Understanding where power rests within an organization is necessary to determine where decisions will be made first. It must not be assumed that the decision-making proassumed that the decision-making process is complete, however, until the appropriate official for the organization has concurred.

Following the highly interactive process described here diminishes the likelihood of unexpected opposition sufacing later. The possibility of hidden agendas that may deter final approval of an economic development plan always must be considered. In that event, arguments based on logic are seldom effective, and the process leading to a new strategy acceptable to all parties must begin anew. In such cases, it might seem that all the time and effort invested up to that point have been wasted. This is not true. As the process is repeated, the participant group is better educated in the process and generally will function more efficiently and with better results.

CHAPTER IV

KNOWING IF IT WORKS

Once the economic development strategy is near completion, thought should be given to assessing the efficacy of the strategy. A framework for monitoring and evaluating the economic development program should be worked out before the planning phase has concluded. This allows any data collection procedures to be integrated into other activities as part of the standard operating procedures. This is preferable to layering on additional paperwork requirements later.

Planning and evaluation should be linked for other reasons as well. One of the primary purposes of evaluation is to permit adjustment of the plan to accommodate more accurate or more current data or to accommodate unexpected changes in the environment. Another purpose is to ensure that the planned goals and objectives of the economic development program are measurable and amenable to evaluation. This forces planners to convert high-sounding abstracts into concrete, measurable objectives. This magical process changes "an expansion of business and industry" into "an increase of at least three new businesses employing an average of 20 people." Therefore, by agreeing upon an evaluation methodology, planners rid themselves of the "fuzzy thoughts" and language that may cause problems later.

The following discussion examines reasons for evaluation, types of evaluations to consider, and ways to execute an evaluation methodology. CETA prime sponsors are presumed to be engaged already in both monitoring and program evaluation. If so, and if their current practices are satisfactory, then there is little reason for the reader to pursue details here. On the other hand, if monitoring and evaluation have seemed to be somewhat elusive and mystical processes, this chapter may be especially valuable, for the lessons here are equally applicable to CETA employment and training programs generally.

WHY EVALUATE?

The most obvious reason for any evaluation is to give the program manager a better understanding of: 1) what is happening, 2) why it is happening, and 3) what the logical outcomes will be if it continues to happen. The underlying assumption is that the plan is sound and, if properly implemented, will accomplish the expected results. Evaluation tests that assumption. A properly constructed evaluation will note why the plan was not implemented as prescribed, or if implemented, why it is not yielding the expected results. Some kinds of evaluations even will determine whether the outcomes are as desirable as expected. These kinds of information permit plans to be adjusted when, as is so frequently the case, the plans do not match reality (for the reality that is today is not necessarily the reality that existed or was expected when the plan was made).

It is especially true when implementing a new or innovative program for which there is little precedent, that evaluation is the beginning of real learning and understanding. Innovation in itself incurs risk, for the innovator is breaking new ground and cannot rely on past experience as a guide. Therefore, it is especially prudent for the operator of an innovative program to have the assistance of a strong evaluation component.

To summarize, evaluation is important because it permits adjustments in the program activities. Such adjustments increase the likelihood of success, test assumptions which contribute to the established body of knowledge, and provide the program operator with a margin of safety.

TYPES OF EVALUATIONS

In this discussion of program assessment tools, monitoring is considered separately from evaluation. In addition to monitoring, there are three basic types of evaluation that can be used for assessment purposes: effectiveness evaluations, outcome evaluations, and impact evaluations. All four approaches to project assessment and review have a role to play in an evaluation strategy. This section examines the relationships of the four to one another and their respective values to the program operator.

Managerial Monitoring

Monitoring and evaluation are linked so closely that they often become, in speech and thought, interchangeable. However, monitoring has a clearly defined role distinct from evaluation. In general, monitoring is defined as collecting data about the program's operation to permit tracking of activities. Evaluation is the study and appraisal of data that permits judgments to be made about the efficacy of those activities. In particular, managerial monitoring is the collection of data that permits regulation or control of the program's operation. Managerial monitoring occurs when periodical reports are completed that provide data on numbers of people served, numbers placed, and amounts of money spent. Other examples of managerial monitoring are the review of personnel travel vouchers or review of participants' 90-day employability development plans. In each case, those aspects of the program that reflect how it is operating in relation to the prescribed plan are monitored in order to provide feedback to the program's management.

The importance of managerial monitoring is that it should be the forerunner of good program evaluation. Without effective feedback mechanisms, management cannot determine whether activities are being implemented according to plan. Managerial monitoring has the capability of raising the first red flags that identify unexpected developments or variations from plan. Variations may be desirable ones, such as a higher placement rate than was expected, or undesirable ones, such as higher than planned expenditures. But, at a minimum, managerial monitoring should indicate points at which the underlying assumptions for the plan appear to be invalid.

Managerial monitoring has yet another value for the program operator. If properly designed, the monitoring process yields much of the data needed for effectiveness and outcome evaluation. Therefore, a single carefully thought out data collection process can meet the needs of a good managerial monitoring activity, as well as a good effectiveness and outcome evaluation. Integrating the three procedures eliminates repetitive data collection processes.

Effectiveness Evaluations

An effectiveness evaluation is an analysis of data yielding judgments or conclusions about the nature of the processes used to achieve particular objectives. In addition, an effectiveness evaluation examines the relationships between processes and outcomes. Many prime sponsors do not conduct effectiveness evaluations. Often, they do not because there is a high degree of confidence about the relationships between certain processes, such as classroom training, and outcomes, such as indirect placements. Even when this confidence is shaken by unexpected outcomes, program operators often merely substitute another set of assumptions for those assumptions seemingly in error. It is, in fact, only rarely that a prime sponsor conducts an assessment of program processes and their relationships to program outcomes.

An economic development program strategy is no more than a process employed for the purpose of achieving desirable outcomes. The process may be worker training, securing interagency coordination, preparing loan applications, or other similar activities related to the overall outcome of economic development. In each case, though, the process includes the behaviors of people who themselves relate to specific intermediate objectives, e.g., acquiring a skill, a non-financial agreement, a loan from a bank, etc. The effectiveness evaluation establishes the intermediate, measurable objectives, and determines how the processes are impacting on the possible outcomes. The more refined and detailed the intermediate objectives are, the more complete will be the effectiveness evaluation. The more complete the effectiveness evaluation, the more reliable will be the ensuing conclusions and judgments

Effectiveness evaluations for an economic development program require the monitoring of a great number of intermediate objectives. These will be associated with such diverse areas as interagency coordination, accessing a market, or training CETA participants in new job skills. This diversity introduces special aspects into an economic development effectiveness evaluation that may not be present in the "usual" CETA evaluation. As a result, it requires close attention in the planning phase to define exactly what processes and objectives are to be examined. Although the amount of time and effort required to conduct a good effectiveness evaluation represents a considerable investment for the program operator, it is through this type of evaluation that most of the program's assumptions will be tested and through which many timely and valuable learnings will evolve. A program operator can be assured that processes are worthy of continuation by having some clear objective findings that support positive correlations between processes and outcomes. When there appear to be negative correlations between processes and desired outcomes, the program operator is warned that the wrong processes may be in use and possibly should be changed. Having this knowledge during the early implementation phases of the economic development program can prevent the tragedy of learning, too late, that the processes have condemned the program to failure.

Outcome Evaluations

An outcome evaluation is a study resulting in conclusions and judgments about the economic developmnt program's ultimate outcomes or products. A program's desired outcomes may be the creation of new jobs or other desirable changes in the economy. The outcome evaluation monitors the outcomes to see if the expected results occur and if thev occur in the same quality and quantity as planned. If the outcomes are clearly designated in the plan, they will be measurable and the task of outcome evaluation greatly simplified. However, some outcomes may not have been projected, and these are also important to evaluate. For instance, an economic development program with the objective of creating 20 new jobs by offering a trained work force for a prospective new business also may have demonstrated that good training and selection procedures can reduce employee turnover significantly. Although the latter was not a planned objective of the program, its accomplishment, when revealed by the evaluation, is a new learning important to employers everywhere.

Part of any outcome evaluation of an employment and training program is to determine the extent to which the program benefited the target group. If the goal was to generate employment opportunities, it is necessary to assess how its accomplishment, in fact, did benefit CETA participants. Of major interest is whether participants were able to earn incomes sufficient to support themselves above the poverty level, or whether their incomes merely were enough to remove public subsidies, leaving their income levels basically unchanged. A careful study of actual program outcomes allows the program operator to determine if they were the desired outcomes, if other outcomes should be considered in their place and if additional outcomes should be established.

Impact Evaluations

Impact evaluations focus on determining the effect that interventions have on the focus of the intervention. In terms of economic development, the focus of the impact evaluation likely would be the program's impact on the local economy. That is, did the achievement of program's objectives benefit the community as expected? Corollaries to this question are whether another strategy would have achieved more desirable impacts or whether a less expensive stratgy might have resulted in similar economic benefits. Some impact evaluations of economic development programs have indicated that the generation of new jobs did not materially benefit community residents. In some instances, new jobs were filled by outsiders. In others, the economic development strategy provided much needed jobs and brought new money into the economy but at the expense of irreversible damage to the environment. An impact evaluation for purposes of CETA-linked economic development programs would examine the relationships between the intervention and changes in the environment.

Impact evaluations require the use of somewhat sophisticated research methodology to arrive at reliable conclusions. Being the most difficult type of evaluation to conduct impact evaluations generally are left to professionals in the field of research. The greatest problem in carrying out an impact evaluation is the need to hold constant the many environmental and other external factors that influence the program-intervention-outcome relationship. Although impact evaluations are difficult to undertake, program operators should not be discouraged in using them at least to examine some features of the environment that generally are equated with desirable changes in the economy. These are, for example, an increase in the tax base, an increase in the opening of new businesses, a decrease in the loss of established businesses, an increase in the opening of new businesses, an increase in retail trade, and and an increase in social overhead capital. Keeping in mind that it takes a relatively substantial economic development intervention to impact on any of these aspects of the local economy, a perceived lack of change does not necessarily indicate an ineffective program. Rather, it may mean only that the impact has been too slight to be measured. In such an instance, program operators will be forced to rely upon their effectiveness and outcome evaluations to confirm the value of the economic development program. Nevertheless, impact evaluations, can provide valuable data for future economic development planning and may be the only data that many communities have available for that purpose.

STRUCTURING AN EVALUATION METHODOLOGY

To structure an evaluation methodology appropriate to a particular economic development requires that the program operator first determine what is important to know. There is an unlimited amount of information that can be collected as part of an evaluation strategy. Obviously, there are some resource limitations that control the volume and variety of data that can be managed. Additionally, there always is the danger of collecting more information than the evaluator or manager has time to use. To avoid such waste, it is necessary during the planning stage to determine the kinds of information that have priority and the resources available for collecting that data. These constraints set the parameters for the evaluation methodology.

This section examines how evaluation priorities are established, what types of resources are needed to implement an evaluation strategy, and some of the more common evaluation techniques which are available.

Establishing Priorities

Evaluation priorities are determined principally by the program operator's information needs. Determinations need to be made regarding how the information is to be used in order to meet the program operator's chief concerns. If the program operator is comfortable with the program processes to be employed but is uncertain about the desirability of program outcomes, priority likely will be given to outcome evaluation. On the other hand, if there is concern that program processes may not result in the desired outcomes, an effectiveness evaluation would be in order. In the event that the program requires the development and implementation of skills and procedures, a strong monitoring component likely will be a primary requirement of the program operator. Evaluation priorities, then, are determined in large part by what program managers preceive as their weaknesses.

Establishing Resource Needs for Evaluation

Program monitoring generally can be performed by conducting desk reviews of reports with periodic validation of report data for added confidence. Monitoring entails carefully thought-out reporting processes that generate information on those program aspects most likely to reflect flaws in procedures and variations in productivity. Simply put, records of expenditures, staff performance, and objectives accomplished generally will encompass the critical areas of concern related to a program monitoring strategy.

Effectiveness evaluations, unlike monitoring, require observations by trained observers, as well as paper reviews of achieved process objectives. A process objective is a desired material change that can be attributed to the process employed. An example would be a CETA trainee who demonstrates improved competency in a skill as a result of training or improved attendance in training programs by CETA participants as a result of counseling. In the first instance, the teacher as a trained observer notes the process objective achieved; in the latter example, an examination of attendance records can determine the degree to which the process objective-good attendance-is achieved.

Effectiveness evaluations generally can be conducted with little more data generation than that required by a good managerial monitoring system. The number of process objectivess that are determined to be critical indicators is the primary determinant in deciding the amount and type of data to be collected.

Like effectiveness evaluations, outcome evaluations usually require trained observers to evaluate the quality of program outcomes and paper reports and structured data generation activities to determine the quantity of outcomes. The more skilled the observers or evalutors, the more likely it is that unexpected outcomes will be recognized and evaluated properly. In order to implement outcome evaluations, a proficient evaluation specialist is required to construct proper measures of program outcomes and the strategies by which the necessary data can be developed for their measurement.

Impact evaluations require the skills of highly trained research professionals. Impact evaluations entail extensive data collection because environmental changes require the close examination of many variables that possibly impinge upon that environment. If other than crude examinations of changes are desired, impact evaluations are best left to skilled researchers. It is not necessary, however, for program coordinators to employ the very expensive and highly skilled staff that impact evaluations require. Rather, consideration should be given to contracting for such work with an educational institution or contract research organization experienced in the conduct of program evaluation.

Tips on Techniques

The most important advice to program operators considering the implementation of a program evaluation strategy is to establish, early in the planning phase, the desired program objectives in measurable terms. If objectives cannot be identified and quantified in some manner, their evaluation is not possible. A common trap for many program oprators is to consider evaluation at the conclusion of program activities. At that poi , effectiveness evaluation is useless. It is too late to undertake programmatic modifications and too late to rectify the prior establishment of unmeasurable goals and objectives. Evaluation then becomes a matter of trying to interpret what was expected to occur and then attempting to develop some sense about whether it did or did not happen. Generally, such evaluations prove to be worthless and provide no clear learning or understanding. Therefore, the most important tip on structuring an evaluation strategy is to do it at the planning phase and to specify the program's objectives and the processes by which they are to be reached.

As mentioned previously, program evaluation calls for the application of special skills and knowledge. The selection of personnel to carry out this very important function should be undertaken with some consideration as to what programmatic areas are to be studied. If the evaluation will involve a study of the training processes used, then it is desirable that the evaluator have some experience in the subject area training. At the same time, it is possible for much of the required data to be gathered by less specialized persons. The massaging of that data, however, should be left to professionals who understand the relationships of various program components as well as the technical research areas involved. This requires the selection of a few highly skilled evaluation specialists whose capabilities are utilized for structuring the evaluation methodology and analyzing the data collected.

In designing the evaluation strategy, careful thought should be given to the types of data collected from monitoring and mandatory reporting activities, and every attempt should be made to consolidate these activities with evaluative needs. This reduces paper work and data generation requirements. Nothing contributes to destroying an evalution strategy more than to overburden the program's data collectors to the point that they sabotage the system or simply cannot respond to its demands on their time and energy.

In this regard, no more data should be collected than can be used. Therefore, it is imperative to maintain a reasonable ratio of data users to data collectors. Moreover, the same data should not be collected twice. Without proper planning, it is not uncommon to find that certain kinds of identifying data are collected numerous times although there is no particular reason for so doing. The principle to be followed is that data should not be collected out of force of habit but should be planned with a clear and precise purpose for its use.

Finally, even the method of evaluation needs to be evaluated occasionally. It is important to assess, periodically, whether the evaluation meets current information needs, or if the evaluation indicates that there is no need to give as high a priority to particular areas of study. These assessments will ensure that the evaluation effort is responsive to management needs without encumbering the system with excessive personnel costs and overly elaborate management information systems.

CHAPTER V

DEALING WITH SUCCESS OR FAILURE

The cases studied during this reasearch effort reflected experiences which could be characterized as uncontrolled experiments motivated primarily by economic desperation. Research conducted under such circumstances concludes with more questions raised than answered. This is the major caveat of this work: that conclusions drawn from this research have not, and could not due to its design parameters, take into account a number of unknowns. Chief among these are the experiences, characteristics and problems of all those CETA-linked economic development programs that failed. The research design does not allow for an assessment of how those programs that failed were different, if at all, from the twenty successful programs included in this study.

Even so, it is possible to draw some reasonable conclusions about the program operators that were interviewed. These people have boldly attempted to manage or change the labor market which, by tradition, always has dictated the nature of employment and training efforts and the extent to which success in those efforts would be realized. Their venture into entrepreneurship and finance required that they be neither traditonalists nor timid. The wise prime sponsor considering similar efforts should do so armed with an abundance of technical expertise coupled with considerable lead time for securing the necessary collaboration and program planning. It also must be recognized that with so many uncontrolled variables impacting on the economy, risk will be real and failure a definite possibility.

A prime sponsor prepares for that possibility by: (1) being in a position to recognize failure when it occurs by maintaining an ongoing evaluation of the economic development program; (2) spending the time and/or money to acquire whatever expertise is necessary to assess the extent of failures and to determine possible alternatives for correction; and (3) cutting losses with due speed and diplomacy when corrections are not feasible. Refusing to acknowledge the fact of failure, either out of ignorance or ego involvement, may result in the eventual achievement of some modest success. However, that success may come at a considerable investment of agency resources which could have been better and more effectively used if channeled into other projects.

Dealing with success is another matter. Successful projects should be continued and their results and experiences shared. By using information gained from monitoring and evaluation, the prime sponsor can develop important information about why programs succeed and how they can be refined and improved.

Unfortunately, even though such evaluative information may exist, most program operators are too busy operating programs to write about their experiences. The result is that many valuable learnings never are shared and the state of the art does not advance as rapidly as it should. Program operators should be aware that various public interest groups are equipped to disseminate well-written articles describing a successful CETA-linked economic development program. These groups provide a valuable formal communications network that allows such information to be given the broadest possible exposure.

When CETA is linked with economic development projects, it moves into an entirely different arena in which new skills and methods are required. Additionally, program operators must adjust their orientation so that it focuses on both social service and economic goals. This melding of two seemingly diverse goals and methodologies will not come without struggle as CETA program operators attempt to pursue economic objectivces without sacrificing their social service mission.

In the pursuit of economic goals, CETA must link with organizations from both the governmental and the private sector that often have no previous history of CETA coordination. Both Congress and the current U.S. Department of Labor administratión have sought closer coordination among CETA, the Department of Commerce's Economic Development Administration, and the private sector. CETA-linked economic development programs definitely hold the promise of accomplishing that objective.

For those rural local government officials and CETA program operators who wish to accomplish more with their CETA resources than merely training their people for urban jobs, the sensible alternative is to assist in the promotion of economic development by committing CETA resources to that end. To do so can give new life to CETA, enhance its prestige and, most importantly, achieve its human service objectives by providing jobs and the good life that accompanies gainful employment.

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RURAL JOB CREATION --
CASE STUDIES OF CETA LINKAGE WITH ECONOMIC DEVELOPMENT

INTRODUCTION

TABLE OF MODELS

EAST CAROLINA INDUSTRIES
MIGRANT AND SEASONAL FARMWORKERS ASSOCIATION, INC.
Fairfield, North Carolina

A migrant and seasonal farm worker program raised incomes in rural eastern North Carolina by teaching eel fishing and operating an eel packing plant. Problems kept the plant itself from being the success planned, but where $1,000 worth of eels were caught a decade ago, the value now is closer to $1 million per year, and many former seasonal farm workers share the new income.

GREENE-HALE SEWING COOPERATIVE
CONSORTIUM FOR THE DEVELOPMENT OF THE RURAL SOUTHEAST
Greensboro, Alabama

What started as a clothing room for children of the economically disadvantaged has become a sewing cooperative with more than 40 employees who produce lingerie. More than 3,000 women, many with dependent children, have learned skills and increased incomes that benefit entire families.

COOPERATIVA CAMPESINA
CENTRAL COAST COUNTIES DEVELOPMENT CORPORATION
Salinas, California

A ten-year effort to provide economic security for migrant Mexican-American farm workers has resulted in a cooperative that grows strawberries and provides steady income for many families who previously lacked permanent jobs or permanent homes.

RUSK COUNTY MULTIPLE PRODUCTS, INC.
NORTHWEST WISCONSIN CONCENTRATED EMPLOYMENT PROGRAM
Ladysmith, Wisconsin

CETA provides work experience wages and some supervisory funding so that handicapped individuals, including those with drug, alcohol, educational, physical and mental problems, can produce children's furniture. The project has a five-year plan to become self-sustaining and is on schedule in the third year.

FARM WORKERS/SMALL FARMERS TRAINING PROGRAM
CONSORTIUM FOR THE DEVELOPMENT OF THE RURAL SOUTHEAST
Epes, Alabama

Small farmers, accustomed to raising hogs by casual age-old methods, are learning the dollar value of scientific swine herd management and are reaping the economic benefits while using CETA training stipends to buy supplies and equipment.

THREE DAY CARE CENTERS
MIGRANT AND SEASONAL FARM WORKERS ASSOCIATION, INC.
Hyde, Tyrrell and Wilson Counties, North Carolina

Trying to solve a problem for its own participants, the lack of day care for children of parents in training, this farm worker program founded two day care centers and helped enlarge a third. The centers provide 33 permanent jobs and offer care for 174 children. Payrolls exceed $330,000 per year for three nonprofit operations.

POSSUM TROT CORPORATION
KENTUCKY HIGHLANDS INVESTMENT CORPORATION
McKee, Jackson County, Kentucky

Kentucky Highlands Investment Corporation is concerned about the well-being of residents of rural eastern Kentucky, but its solution to their job and income problems is not services to the unemployed or economically disadvantaged, it is promotion of industries through loans and business management assistance. The approach brings industries, and in McKee in Jackson County, Kentucky, making stylish, attractive stuffed toys provides jobs.

MOLALLA MOUNTAIN COMMUNITY PROJECT
CLACKAMAS COUNTY EMPLOYMENT AND TRAINING PROGRAM
Molalla, Clackamas County, Oregon

One CETA staff member set out to preserve one job for one lady, a work experience participant. In the process, he created a small craft industry, quilt making, that, with some patience, management and marketing, has promise of providing income for older handicapped residents of the Molalla community.

OUTDOOR VENTURE CORPORATION
KENTUCKY HIGHLANDS INVESTMENT CORPORATION
Stearns, McCreary County, Kentucky

Emphasizing the demand side of a rural labor market, Kentucky Highlands Investment Corporation spawns new businesses that hire the unemployed and economically disadvantaged, some after CETA training. KHIC's shining example is Outdoor Venture, which manufactures camping tents, employs 180 persons in unsubsidized jobs, and has its own subsidiary, American Bag Company, to make the sleeping bags to go with the camping tents.

OLD BEDFORD VILLAGE
SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION
Bedford, Pennsylvania

Bedford turned the bicentennial observance into a continuing source of jobs when a former county commissioner set out to create the atmosphere of a 200-year-old Pennsylvania village and create new jobs. There are more than 40 unsubsidized jobs, a permanent tourist attraction and promise of up to 120 jobs for years to come.

SPRING LAKE FARMWORKERS HOUSING AND DEVELOPMENT PROJECT
UTAH MIGRANT COUNCIL
Spring Lake, Utah County, Utah

The Utah Migrant Council is moving from providing temporary supportive services for migrant farm workers to providing jobs and housing. The council has a permanent housing project which provided construction training and is working on using solar heat for fruit and vegetable drying to increase farm workers' food supplies and to sell.

HOPKINSVILLE INDUSTRIAL PARK
KENTUCKY GOVERNOR'S SPECIAL CETA GRANT
Hopkinsville, Kentucky

Working with the Operating Engineers Union, the State Manpower Services Council funded training for 60 heavy equipment operators who opened roads into the Hopkinsville Industrial Park. The heavy equipment operators got jobs at $5 and $6 per hour, and the first new industry has more than 50 employees.

CRAIG FIELD AIRPORT AND INDUSTRIAL AUTHORITY
ALABAMA CETA BALANCE OF STATE
Selma, Alabama

2,800 jobs went with Craig Field Air Force Base when it closed after 38 years. Selma and Dallas County had the help of the President's Economic Adjustment Committee of the Department of Defense, but the local community did its share to begin to turn the air base into an industrial asset. So far, there are 300 new jobs.

MOAPA BAND OF PAIUTE INDIANS
Moapa River Indian Reservation
Moapa, Clark County, Nevada

Using money from a land claim settlement with the Federal government, the Paiutes have created several new economic ventures, including a tomato greenhouse project which supplies tables of the gambling houses in Las Vegas.

MICHIGAN COMPREHENSIVE EMPLOYMENT PROGRAM
MICHIGAN GOVERNOR'S SPECIAL CETA GRANT
Charlevoix, Michigan

The State of Michigan uses the Governor's Special CETA Grant to operate a Comprehensive Employment Program with the primary purpose of job creation. Closely allied with state industrial development efforts, this CETA group helps attract industry and offers training tailored to each new industry's needs

KORS, INC.
CHAMPLAIN VALLEY WORK AND TRAINING PROGRAMS
Rutland, Vermont

When a century-old foundry closed in Rutland, the local industrial development commission took over the buildings and used PSE participants to put them in shape to attract a new plastic bag making company. Kors started with more than 25 OJT participants and now provides more than 60 jobs.

BLEYER INDUSTRIES, INC.
SOUTHERN ALLEGHENIES PLANNING AND DEVELOPMENT COMMISSION
Mt. Union, Pennsylvania

An empty industrial building became home for a new plastics plant as the Southern Alleghenies Planning and Development Commission -- a CETA prime sponsor, an economic development agency, and an A-95 regional clearinghouse all in one -- pushed jobs for its region using CETA funds to hunt industry and provide training for jobs it attracts.

HARVARD DESIGN, INC.
MASSACHUSETTS COMMUNITY DEVELOPMENT FINANCE CORPORATION
CAMBRIDGE OFFICE OF MANPOWER AFFAIRS
Cambridge, Massachusetts

Massachusetts uses state funds to invest in job-generating development in areas having economic difficulty. CETA cooperated to get the local economic development corporation in business and to train workers for a reorganized furniture plant that was having financial trouble.

TEXAS LOAN EVALUATION PROGRAM
TEXAS GOVERNOR'S SPECIAL CETA GRANT
TEXAS DEPARTMENT OF COMMUNITY AFFAIRS
Schulenburg, Fayette County, Texas

CETA Special Grant funds helped pay for a business loan evaluation program designed to assist new and expanding industries which would provide jobs for unemployed Texans. CETA prime sponsors provided referrals and some training.

GRATIOT OVERALL ECONOMIC DEVELOPMENT PLAN AND ECONOMIC ADJUSTMENT STRATEGY
MICHIGAN COMPREHENSIVE EMPLOYMENT PROGRAM
MICHIGAN GOVERNOR'S SPECIAL CETA GRANT
Gratiot County, Michigan

Michigan's Comprehensive Employment Program turned out a full-fledged economic development plan to aid the economy of rural Gratiot County. Local officials, following the plan, are already attracting new businesses and jobs.

APPENDIX A

RURAL JOB CREATION --
A STUDY OF CETA LINKAGE WITH ECONOMIC DEVELOPMENT
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Arranged by geographic location, by target group served, and by type of CETA prime sponsor or program operator.

APPENDIX B

TABLE OF ECONOMIC DEVELOPMENT RESOURCES

Below are listed federal programs which can be used as a source for assistance to community economic development programs. The list is taken directly from the Handbook for Community Economic Development by S. T. Mahmood and A. K. Ghosh, though not all of the entries from the Handbook are included here. Any local organization pursuing an economic development program should be aware of the wide range of possible funding and technical assistance sources.

In addition to the list of public agencies, two private agencies can provide comprehensive assistance in the area of local economic development. These agencies seek to collect, analyze and disseminate information regarding the practice of economic development, expand skills needed to formulate and manage economic development strategies, and to promote awareness of the potential of urban economic development. These goals are achieved through programs of publications, legislative analysis, technical asistance, and research and policy analysis. The private agencies are:

National Center for Urban Economic Development
1730 K Street, N.W.
Washington, D.C. 20006
(202) 223-4735

National Congress for Community Economic Development
1828 L Street, N.W.
Suite 401
Washington, D.C. 20036
(202) 659-8411

BUSINESS DEVELOPMENT

Program Description		
SMALL BUSINESS ADMINISTRATION LOAN PROGRAM Guarantees bank loans and/or direct loans under SBA's 502 (Local Development Corporations) and 7a (regular business loans) given to assist small businesses in creating and maintaining jobs, provide necessary neighborhood business and professional services, and reinforce community stability and economic health.	Small Business Administration	Director, Office of Neighborhood Business Revitalization Small Business Administration 1441 L Street, N.W. Washington, D.C. 20416 202-653-6375
BUSINESS AND INDUSTRIAL LOANS Provides loans to any legal entity, including non-profit organizations and local governments, to support development or expansion of business, industry or other sources of employment. Loans can be applied to the acquisition and development of land and/or existing facilities within rural areas or cities with less than 50,000 population	Department of Agriculture	County Office of the Farmers Home Administration Department of Agriculture Washington, D.C. 20250 202-447-4323
BUSINESS DEVELOPMENT LOANS Provides long-term low-interest loans or loan guarantees to approved local development groups, individuals or State and local governments to help establish new businesses or expand existing firms in designated economic development centers.	Department of Commerce	Assistant Secretary for Economic Development Economic Development Administration Department of Commerce Washington, D.C. 20230 202-377-5113
SPECIAL PROJECTS PROGRAM Provides assistance to neighborhood-based organizations in designated areas for facility construction, business loan feasibility studies, and loans and guarantees. It also provides technical assistance funds to promote institution building at the local level in concert with local government plans. Also helps local groups develop proposals for other Economic Development Administration programs.	Economic Development Administration	Office of Special Projects Economic Development Administration Dept. of Commerce 14th & E Sts., N.W. Washington, D.C. 20230 202-377-5731
MINORITY BANK DEPOSIT PROGRAM Designed to increase federal government and private sector deposits in minority banks.	Department of Treasury	Banking Staff Bureau of Government Financial Operations Room 204, Annex 1 Dept. of Treasury Washington, D.C. 202-566-8487

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MINORITY BUSINESS DEVELOPMENT PROGRAM Designed to start and expand minority businesses in the United States. Organizations are funded currently to provide technical assistance to more than 22,000 minority firms, the majority of which are in cities.	Department of Commerce	Office of Minority Business Enterprise Dept. of Commerce 14th and Constitution Ave., N.W. Washington, D.C. 20230 202-377-3024
NATIONAL CONSUMER COOPERATIVE BANK Provides credit, equity, and technical assistance to consumer cooperatives. The Bank has received $300 million in start-up funds from the Treasury and is authorized to raise 10 times that amount through the sale of bonds and other obligations. The funds will be lent to non-profit cooperatives that experience difficulty in obtaining credit from traditional sources.	Chaired by Treasury Department	Cathy Dexter or John Cummerford HUD

EMPLOYMENT, LABOR AND JOB TRAINING

Program Description

YOUTH EMPLOYMENT AND TRAINING PROGRAM Provides job experience, training, occupational information and supportive services to youths 14-21 years of age.	Employment & Training Administration (Dept. of Labor)	Chief, Division of Program Review, Employment and Training Administration Dept. of Labor 601 D St., N.W. Washington, D.C. 20213 202-376-6704
PUBLIC WORKS & DEVELOPMENT FACILITIES - LONG TERM EMPLOYMENT PROGRAM Provides direct grants to public and private nonprofit organizations and state and local governments for public works projects intended to improve opportunities for new or expanding business or industry, or otherwise assist in job creation for the unemployed or underemployed.	Department of Commerce	Assistant Secretary for Economic Development Economic Development Administration Dept. of Commerce Washington, D.C. 20230 202-377-5113
YOUTH COMMUNITY CONSERVATION AND IMPROVEMENT PROJECTS Provides discretionary funds to employ 16-19 year olds in projects benefitting the community and makes grants to prime sponsors who in in turn allocate money to projects in communities.	Employment & Training Administration (Dept. of Labor)	Chief, Division of Program Review and Analysis Employment and Training Administration Dept. of Labor 601 D St., N.W. Washington, D.C. 20213 202-376-6704
YOUTH CONSERVATION CORPS Provides summer employment for youth in conservation projects on federal or other directly by agencies of the Departments of Interior and Agriculture, or operated by nonprofit organizations on a contractual basis with state governments which have received grants under the program. Non-profit organizations must have been in existence for 5 years.	Department of the Interior	Director, Office of Manpower Training & Youth Activities Department of the Interior Washington, D.C. 20240 202-343-6086

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COMPREHENSIVE EMPLOYMENT TRAINING ACT Under CETA Title II and VI, local governments (the prime sponsors) receive block grants to operate job training, job creation & other programs for unemployed disadvantaged persons. Neighborhood based and other organizations act as subgrantees to prime sponsors, to operate training and job development programs, or to receive funds for the creation of public service jobs that benefit neighborhoods.	Employment & Training Administration (Dept. of Labor)	Assistant Secretary for Employment Training Dept. of Labor, Room South- Dept. of Labor, Room South-2203 200 Constitution Ave., N.W. Washington, D.C. 20210 202-523-6050
SENIOR COMPANIONS PROGRAM Provides opportunities for low income older persons to serve as companions to other adults confined to their homes and in nursing homes or institutions, and provides the companions with a stipend to supplement their incomes.	ACTION	Director, Older Americans Volunteer Program - ACTION 806 Connecticut Ave., N.W. Washington, D.C. 20525 202-254-7310 (local DC area) 800-424-8580 (toll free number for outside DC area)
WORK INCENTIVE PROGRAM Aimed at moving adults and out of school youth from the aid to families with dependent children program into meaningful, permanent productive employment through appropriate training, social services, job placement and other services. State employment service agencies are prime grantees but they may issue contracts for the provision of day care, family planning, homemaking and other services.	Department of Labor	Local office of the state employment service or Director, Office of Work Incentive Programs Employment and Training Administration Department of Labor Washington, D.C. 20213 202-376-6694
YOUNG ADULT CONSERVATION CORPS Provides year round jobs for unemployed and out-of-school young adults ages 16-23 in conservation work on federal and other public lands. Jointly administered by the Departments of Labor, Agriculture & Interior, 30% of the funds are granted to the states, whose governors may subgrant to private nonprofit organizations to conduct YACC projects.	Department of Interior	Program Agent or Director Office of Manpower Training & Youth Activities Dept. of the Interior Washington, D.C. 20246 202-343-4148

GENERAL ECONOMIC DEVELOPMENT

Program Description

COMMUNITY DEVELOPMENT BLOCK GRANTS Allocated to State and local government to fund a wide range of community development activities. Priorities are determined by the localities. Many neighborhood projects have been funded and, as of 1977, block grants can be made available to private non-profit entities, neighborhood based nonprofit groups, local development corporations, and small business investment companies.	Department of Urban Development	Community Development Area or HUD Area Office Director

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URBAN DEVELOPMENT ACTION GRANTS Provides grants to encourage reinvestment in severely distressed cities and urban counties in order to revitalize local economies and reclaim deteriorated neighborhoods. Neighborhood projects are funded under this program through the cities. Two national technical assistance grants will be awarded to increase the capacities of neighborhoods.	Department of HUD	Community Development Area or HUD Area Office
NEIGHBORHOOD STRATEGY AREA PROGRAM Targets Section 8 substantial rehabilitation funds to neighborhoods chosen by local governments for comprehensive revitalization.	Department of HUD	Director, Rehabilitation Division HUD, Room 6260 451 7th St., S.W. Washington, D.C. 20410 202-755-5837
COMMUNITY ECONOMIC DEVELOPMENT PROGRAM Provides venture capital, funds for administrative costs, to Community Development Corporations, which are for profit and nonprofit private corporations formed by representatives of disadvantaged communities to engage in community business development.	Community Services Administration	Chief Administrative Services Division Office of Economic Development Community Services Administration 1200 19th St., N.W. Washington, D.C. 20506 202-254-6180
PLANNING GRANTS FOR ECONOMIC DEVELOPMENT Provides direct grants covering administrative expenses for the planning organizations of EDA-designated economic development districts, redevelopment areas and State agencies. Such organizations can use such funds to furnish technical assistance to community groups as well as to prepare area-wide economic development plans and specific economic development projects.	Department of Commerce	Assistant Secretary for Economic Development Economic Development Administration Department of Commerce Washington, D.C. 20236
TECHNICAL ASSISTANCE PROGRAM Furnishes services and grants to assist in the economic development planning of nonprofit organizations, individuals and state and local governments. Planning assistance may include resource surveys, feasibility studies, design plans, management and operations consultation, and the identification and planning of specific economic development projects. Not limited to specially designated areas as are most EDA programs.	Department of Commerce	Assistant Secretary for Economic Development Economic Development Administration Department of Commerce Washington, D.C. 20236 202-377-5113
APPALACHIAN REGIONAL DEVELOPMENT PROGRAM Open to nonprofit, limited dividend cooperative or public corporations, in the 13 member states of the Appalachian Regional Commission, the program seeks to stimulate housing and economic and community development. It provides technical assistance, non-matching grants to match funds from other government programs, research and demonstration grants and project planning loans.	Appalachian Regional Commission	Director of State Office, Appalachian Regional Commission 1666 Connecticut Ave., N.W. Washington, D.C. 20235 202-673-7845

COMMUNITY RESOURCE DEVELOPMENT PROGRAM Provides technical and planning assistance to local governments and community groups to carry out such projects as surveys to identify community needs, educational programs, organizing of development corporations and other commercial development projects. Extension Agents are assigned by the State land grant universities in response to community requests.	Department of Agriculture	Director of Cooperative Extension at the State land grant universities or County or district office of the Cooperative Extension Service Room 5044 Department of Agriculture Washington, D.C. 20250 202-447-6283
TECHNICAL ASSISTANCE GRANTS Gives grants to public and private nonprofit organizations and State and local governments to finance planning activities related to economic development (including research, feasibility studies, and other analyses and demonstration and training programs).	Department of Commerce	Director of Regional Economic Coordination Department of Commerce Washington, D.C. 20230

HOUSING

Program Description		
SECTION 312 HOUSING REHABILITATION PROGRAM Provides funds to expand the single- and multi-family housing rehabilitation program and strengthen the urban homesteading program.	Department of HUD	Community Development Area Director or HUD Area Office
URBAN HOMESTEADING PROGRAM Transfers vacant HUD-held properties to local governments which "sell" homes for token sums to homesteader families.	Department of HUD	Community Development Area Director or HUD Area Office
NEIGHBORHOOD SELF-HELP AND DEVELOPMENT Provides assistance to neighborhood and voluntary organizations for specific housing and neighborhood revitalization projects.	Department of HUD	Director, Neighborhood Relations Division HUD, Room 3174 451 7th St., S.W. Washington, D.C. 20410 202-755-7940
NEIGHBORHOOD HOUSING SERVICES PROGRAM This program is designed to reverse neighborhood decline by promoting reinvestment in neighborhoods. Each NHS program has a working partnership of neighborhood residents, representatives of local financial institutions, and [illegible] government.	National Neighborhood Reinvestment Corp. (formerly Urban Reinvestment Task Force)	Neighborhood Housing Services Program National Reinvestment Corp. 1120 19th St., N.W. Washington, D.C. 20036 202-634-1905

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NEIGHBORHOOD PRESERVATION DEVELOPMENT Replicates particularly successful strategies such as improving apartment buildings, increasing homeownership, and bringing neighborhood conservation tools to small cities. Trial replications are taking place in one city and will eventually expand to a large number of cities.	National Neighborhood Reinvestment Corp. (formerly Urban Reinvestment Task Force)	Neighborhood Preservation Program National Neighborhood Reinvestment Corp. 1120 19th St., N.W. Washington, D.C. 20036 202-377-6381
NEIGHBORHOOD PRESERVATION PROJECT Identifies and assists promising neighborhood preservation strategies which will supplement Neighborhood Housing Services efforts. These locally-created programs involve partnerships of financial institutions, community residents, and local government representatives in an effort to restore confidence in the neighborhood.	National Neighborhood Reinvestment Corp. (formerly Urban Reinvestment Task Force)	Neighborhood Preservation Program National Neighborhood Reinvestment Corp. 1120 19th ST., N.W. Washington, D.C. 20036 202-377-6381
COMMUNITY CONSERVATION RESEARCH Conducts demonstrations and research projects in converting abandoned multi-family buildings in blighted neighborhoods to sound housing, through the labor of previously unemployed community residents.	Department of HUD	Director, Division of Community Conservation Research HUD, Room 8146 451 7th St., S.W. Washington, D.C. 20410 202-755-7335
ENERGY AND WEATHERIZATION PROGRAM Through the network of Community Action Agencies, winterizes homes for poverty level households, using cooperatively purchased materials, CETA workers, job trainees, and labor from other Federal programs.	Community Services Administration	CSA Regional Office
HOUSING CONSUMER SERVICES Works through more than 550 HUD-approved counseling agencies, to offer information, skills, and advice to housing consumers who use HUD rental and homeownership programs and provides grants to fund services for 200 counseling agencies. Also furnishes assistance to local management of public and HUD-assisted housing, to improve community services for tenants, such as employment, recreation for the elderly, youth and children, tenant organizations and employment, and tenant and community services. Coordinates related programs with other Federal agencies.	Department of HUD	Director, Housing Consumer Programs Div. HUD, Room 3248 451 7th St., S.W. Washington, D.C. 20410 Washington, D.C. 202-755-6893

PUBLIC WORKS

Program Description

PUBLIC WORKS IMPACT PROGRAM Awards direct grants to State and local governments and nonprofit organizations for public works projects in designated areas of high unemployment (over 8%). The program, a subsidiary of the Public Works and Development Facilities program (see above) can make grants for up to 80% of the cost of acquiring and developing land and acquiring, constructing or renovating facilities.	Department of Commerce	Assistant Secretary for Economic Development Economic Development Admin. Department of Commerce Washington, D.C. 20230 202-377-5113

APPENDIX C

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT (Public Law 95-524) AND ECONOMIC DEVELOPMENT

Section 2
Statement of Purpose

SEC. 2. It is the purpose of this Act to provide job training and employment opportunities for economically disadvantaged, unemployed, or underemployed persons which will result in an increase in their earned income, and to assure that training and other services lead to maximum employment opportunities and enhance self-sufficiency by establishing a flexible, coordinated, and decentralized system of Federal, State, and local programs. It is further the purpose of this Act to provide for the maximum feasible coordination of plans, programs, and activities under this Act with economic development, community development, and related activities, such as vocational education, vocational rehabilitation, public assistance, self-employment training, and social service programs.

Section 103(a)(20)
Comprehensive Employment and Training Plan

SEC. 103. (a) In order to receive financial assistance under this Act, a prime sponsor designated under section 101(c) shall submit to the Secretary a comprehensive employment and training plan. Such plan shall

(20) include a description of plans and activities to coordinate, strengthen, and expand employment and training activities under this Act with economic development activities in the private sector.

Section 105(b)(5)(6)
Governor's Coordination and Special Services Plan

SEC. 105. (a) Any State seeking financial assistance under this Act shall submit a Governor's coordination and special services plan to the Secretary.

(b) Governor's coordination and special services activities shall include the following—

(5) assuring the promotion of prime sponsor planning that takes into account conditions prevailing in labor market areas covering more than one prime sponsor area, as well as related activities such as community development, economic development, vocational education, vocational rehabilitation, and social services;

(6) exchanging of information between States and prime sponsors with respect to State, interstate, and regional planning for economic development, human resource development, education, and other subjects relevant to employment and training planning.

Section 701
Statement of Purpose
Private Sector Opportunities for the Economically Disadvantaged

"SEC. 701. It is the purpose of this title to demonstrate the effectiveness of a variety of approaches to increase the involvement of the business community, including small business and minority business enterprises, in employment and training activities under this Act, and to increase private sector employment opportunities for unemployed or underemployed persons who are economically disadvantaged. Employment and training opportunities for such eligible participants shall be made available by prime sponsors on an equitable basis in accordance with the purposes of this title among significant segments of the eligible population giving consideration to the relative numbers of eligible persons in each such segment.

Section 704(a)(1)(c)
Private Industry Councils

SEC. 704. (a)(1) Any prime sponsor receiving financial assistance under this title shall establish a private industry council.

(c) Such council shall participate with the prime sponsor in the development and implementation of programs under this title, and shall consult with the prime sponsor with respect to other programs under this Act. In carrying out its responsibilities, such council shall utilize, to the extent appropriate, community-based organizations, labor organizations, educational agencies and institutions, and economic development programs.

Section 705(a)(4)
Program Activities

SEC. 705. (a) Prime sponsors receiving financial assistance under this title shall, consistent with section 702(b), carry out private sector initiatives to demonstrate the purposes of this title. Such activities shall augment private sector-related activities under title II, including arrangements for on-the-job training with private employers, and may include—

"(4) developing useful methods for collecting information about Federal Government procurement contracts with private employers, new and planned publicly supported projects such as public works, economic development and community development programs, transportation revitalization, alternative energy technology development, demonstration, and utilization projects, energy conservation projects, and rehabilitation of low income housing as part of a community revitalization or stabilization effort, which provide work through private sector contractors,

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§ 675.1 Scope and purpose of the Act.

(a) It is the purpose of this Act to:

(3) Provide for the coordination of programs under CETA with other social service, employment and training related programs, economic development, community development, and related activities, such as vocational education, vocational rehabilitation, public assistance, self-employment training, and social service programs.

§ 676.4 Planning process.

(a) Each prime sponsor shall have a planning process which shall involve a broad spectrum of groups and individuals, in the development of the Comprehensive Employment and Training Plan.

(b) Prime sponsors are specifically encouraged to join or initiate local public and private approaches to the coordinated planning and operation of economic, community and employment development activities to accomplish such objectives as reducing outmigration from an area and encouraging private sector investment in order to enhance existing employment opportunities (sec. 103(a)(20) and 105(b)(5)).

§ 676.13 Master Plan.

§ 676.13-4 Narrative description.

The narrative description shall include:

(e) Coordination.

(7) A description of plans and activities to coordinate, strengthen, and expand employment and training activities with economic development activities in the private sector (sec. 103(a)(20)).

§ 677.28 State Employment and Training Council.

(a) The Governor shall establish a State Employment and Training Council

(f) The Council shall:

(viii) No later than May 15, to the maximum extent feasible, the council shall share with prime sponsors information on economic development, vocational rehabilitation, SESA activities, occupational demands and labor market demands.

§ 677.37 Governor's coordination and special services.

(a) Funds provided under § 677.32(d) of these regulations shall be used for the following activities (sec. 105(b)):

(5) Promotion of prime sponsor planning that takes into account conditions prevailing in labor market areas covering more than one prime sponsor area, as well as related activities such as community development, economic development, vocational education, vocational rehabilitation, and social services (sec. 105(b)(5));

(6) Exchange of information between States and prime sponsors with respect to State, interstate and regional planning for economic development, human resources development, education and other subjects relevant to employment and training planning (sec. 105(b)(6));

(7) Development and provision to prime sponsors of information on a State and local area basis regarding economic, industrial and labor market conditions (sec. 105(b)(7)).

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§ 678.1 Scope and purpose.

This Part contains the regulations for activities under Title VII of the Act, known as the Private Sector Initiative Program.

(e) An important thrust of the Act is to provide for maximum feasible coordination of programs under the Act with related functions supported by the Department and by other Federal, State and local agencies. Accordingly, PIC's formed by prime sponsors to assist in Title VII implementation are encouraged to work with Job Service Improvement Program (JSIP) employer committees, the Bureau of Apprenticeship and Training, and State Apprenticeship Councils, as well as the Economic Development Administration, Small Business Administration, Community Services Administration, and U.S. Department of Housing and Urban Development, among others, in order to increase the effectiveness of programs under this Part and under the Act in securing employment for economically disadvantaged persons (sec. 701).

§ 678.3-7 Functions of the PIC.

The prime sponsor and the Private Industry Council shall determine those functions that the PIC will perform, based upon local conditions, the interests of the private sector, and the needs of the community. Those functions include the following, among others:

(b) *Planning and coordination.* (1) The PIC shall, in conjunction with the prime sponsor, design and develop the Title VII program and subpart to the prime sponsor's Annual Plan (sec. 703(b)).

(2) In designing the plan, and on a continuing basis, the PIC shall analyze private sector job opportunities, including estimates by occupation, industry, and location. The analysis should survey employment demands in the private sector and training possibilities, such as apprenticeship, in order to develop projections of short and long range labor needs, and to refine employment and training programing so that it becomes increasingly responsive to private sector labor needs. In undertaking such analysis, the PIC should assess and utilize information contained in economic development plans for the area and currently available labor market information from sources already in place, such as the SESA and appropriate apprenticeship agencies (sec. 703(b)(3)).

(6) In designing the plan, the PIC and prime sponsor should, to the extent possible, ensure that the plan is consistent with plans, funding applications and grants for programs related to private sector employment and training which are funded by other Federal agencies. For planning purposes and to coordinate with activities under other Federal programs, the PIC and prime sponsor should where possible review and comment on such plans and funding applications, especially regarding ways in which they affect employment and training, including apprenticeship, in the private sector (including those of the Economic Development Administration, Department of Housing and Urban Development, Small Business Administration and Community Services Administration) (secs. 103(a)(20), 704(c) and 705(a)(4)).

§ 679.7 Allowable activities.

Funds under this Part shall be used to augment private sector-related activities under Part 677, including on-the-job training with private employers (sec. 703(b)(2)). Funds shall be used to provide employment and training and related activities consistent with the purposes of Title VII including:

(a) Activities and services authorized in § 677.13, and

(b) The following:

(4) Developing useful methods for collecting information about Federal Government procurement contracts with private employers, new and planned publicly supported projects such as public works, economic development and community development programs, transportation revitalization, alternative energy technology development, demonstration, and utilization projects, energy conservation projects, and rehabilitation of low-income housing as part of a community revitalization or stabilization effort, which provide work through private sector contractors.

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