



# COOPERATIVE EXTENSION

## Department of Agricultural & Resource Economics

# COMMUNITY DEVELOPMENT ISSUES

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### ***ECONOMIC DEVELOPMENT AND YOUTH AT RISK***

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#### **The Two Sides of Economic Development**

In any working economic system two basic activities take place: consumption and production. They are interdependent, without consumption, there is no reason to produce. Without production it is not possible to consume. Consumption and production create the two sides of the economic shears we call demand and supply. On the production side we have firms in industries. On the consumption side we have consumers, most of whom provide labor to industry as a means of earning enough income to support their level of consumption. These are ideas many of us first learned in introductory economics. Yet they are ideas that are sometimes neglected in economic development circles.

The most popular economic development strategies focus on the supply side, on firms and industries. Resources are used to recruit, to assist with retention and expansion, to assist with start up and incubation. Some demand side or consumption oriented economic develop-

ment strategies are emerging including tourism development and retirement community development. There are other programs that deal with issues like worker training and education, but they are often not viewed as 'economic development' programs but as social service programs. In this newsletter, we present the case for recognizing programs that assist consumers, particularly those in the labor force, by providing them with the skills necessary to earn more income as critical components of an economic development program. We will focus primarily on youth who will constitute an important source of new skills or new human capital in our future labor force.

The importance of investments in human capital is supported in the Arizona Strategic Plan for Economic Development (ASPED) which in its current implementation stage is known as the Governor's Strategic Partnership for Economic Development (GSPED). The ASPED explains that for the Arizona economy to thrive it is necessary not only to address the needs of specific strategic groups or



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clusters of industries, but to maintain a strong foundation on which to build industry. This foundation included human resources, capital resources, accessible technology, advanced physical infrastructure, information and communications, tax and regulatory support and a high quality of life. All of the initiatives that came out of ASPED cut across industry groups and were related to specific foundations. Some of the priority initiatives under human resources, technology and quality of life include the following:

Create a statewide work-force (human resource) development strategic plan, broaden statewide access to education and training, develop a coordinated early childhood development system, improve K-12 math and science education, and improve wellness by emphasizing preventive health care.



Demand side economic development programs involve long term investments in human capital, investments to protect the health of that capital and investments in the infrastructure that supports the mobility of human capital (for example, its ability to commute be it by interstate or by internet). Supporting programs to assist groups such as youth at risk is not simply a social responsibility, it is essential to insure that the U.S., Arizona and our local economies continue to develop. As the gap between the U.S. and the Arizona average per capita income continues to grow, it is apparent that not all is well on the demand side of the Arizona economy.

In the following two articles, we present a picture of the new human capital we are raising to add to the Arizona labor pool and snapshots of some of the programs that are being tried around the state to help bolster the supply of skilled, well educated young workers.

### **The Present Condition of Our Future Labor Force**

There are slightly more than 1 million residents of Arizona who are under the age of 18. They represent 27% of Arizona's population. Almost three quarters of them live in the metropolitan counties of Maricopa and Pima. Of these one million youth, 22% live in poverty in Arizona. Poverty is most severe in rural areas of Arizona where 36% of all youth live below the poverty level.

Poverty is most pronounced in the homes of the 19% of all Arizona households that consist of a female householder with no husband present. Female headed families represent 38% of Black families and 30% of American Indian families. The median income of female headed families was \$13,570 in 1989 compared to the median income of married couple households of \$37,287. Female headed households have not only less money to spend on child rearing, they have less available time to devote to raising children.

The rich diversity of cultures in Arizona carries some cost. Nine percent of all youth in Arizona do not speak English very well and 6% live in households where English is not the primary language spoken in the home. Eighteen percent of all Asian children, 22% of Hispanic and 28% of all American Indian youth do not speak English very well. This creates a serious challenge for these children in school.

Households in Arizona are like the rest of the nation in being very mobile. According to the 1990 Census, 29% of all Arizona households had moved in the last 15 months. Such moves can disrupt children's education.

The rate of child abuse reports in Arizona increased dramatically, from 26 reports per 1,000 children in 1984-85 to 37 reports per 1,000 children in 1989-90. Phoenix has the worst rate of child-abuse deaths of any metropolitan area in the United States.

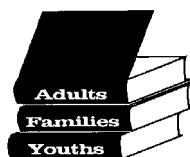
Arizona's children have serious needs, yet Arizona's spending on state and local welfare programs is 25% below the national average and places Arizona 39th among states. Head Start is recognized nationally as an effective program to provide education to preschool children in poverty. Yet, 82% of eligible children are not in Head Start in Arizona.

Given these statistics, it may come as little surprise that Arizona is doing much worse than the national average in terms of three of the most serious problems facing youth: 1) dropping out of high school, 2) teen pregnancies, 3) violent crimes committed by minors.

All three of these problems have serious implications for economic development because each represents either the loss of potential workers or workers who are not educated and trained enough to earn incomes sufficient to support themselves above the poverty level. Each represents groups of individuals whose ability to earn income has been seriously reduced. They each represent individuals who are likely to place heavy demands on social welfare programs and thus affect the government's ability to make other investments.



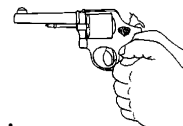
The high school drop out rate in Arizona in 1991-92 was 9.1% Only 68.5% of Arizona's youth who entered high school in 1986 graduated in 1990, ranking Arizona as 35th (where 1st is the state with the lowest dropout rate and 50th is the state with the highest dropout rate). The failure to graduate from high school has significant economic consequences for the individual and for society as a whole. For example, 83% of the inmates in the Arizona prison system have not graduated from high school. High school dropouts earn less



than two thirds what high school graduates earn. The mean annual income of all individuals in the U.S. who have not completed high school is \$10,272, compared to \$16,284 for high school graduates and \$29,868 for all individuals with bachelors degrees (Statistical Abstract of the United States).

The proportion of all births in Arizona to single teens was 10.2% in 1990 compared to the national average of 8.7% (both of these averages increased significantly from 1985). Arizona is ranked as 39th by this measure. Fifty-three percent or 5,398 births to teenagers in Arizona during 1991 were to mothers who were in high school but had not graduated and 15% were to mothers who had not yet entered high school.

In 1991, the violent crime arrest rate in Arizona for youths 10 to 17 was 516 per 100,000 youths as compared to 466 nationally. This ranked Arizona as 40th by this measure. During that same year, the violent death rate in Arizona for youths 15 to 19 was 75.1 per 100,000 youth as compared to 70.9 nationally. This ranked Arizona as 32nd by that measure. Between 1982 and 1991, the rate of juvenile involvement in homicide increased 138%, rape 166%, robbery 70%, and aggravated assault 94% in Arizona.



These statistics are sobering and reason for concern over the quality of life, particularly for children, in Arizona and over the loss of human capital and its effect on future economic development in the state.

**Addressing the Problems:  
Programs That Work**

The academic work on human capital suggests that time and money spent on education and training are investments. By learning new skills and knowledge, individuals are enhancing their ability to work productively. Human capital takes a

long time to acquire and is cumulative, that is, new capital builds on what has been learned before. For this reason, programs that target infants and preschool children, grade school students, high school students and even college students are all important. Programs for these different age groups address different needs, but each program builds on what has been done at the previous age level.

There is mounting evidence that prevention is much more cost effective than intervention. For example, the Children's Defense Fund (CDF) reports that Head Start saves \$4.75 for every one dollar invested in preschool children by increasing their future school and work successes and avoiding costs for special education, public assistance and crime. Every \$1.00 spent on immunizations to prevent childhood disease and birth defects saves \$10.00 in later medical costs. Programs such as Job Corps that provide youth employment and training programs yield \$1.45 in benefits for every \$1.00 spent from increased earning power and lower crime rates.

There are many different effective programs to assist the young making it difficult to focus on just a few. Experience with these programs have led to special insights into components of successful programs. For the very young, programs that stabilize families and increase their child rearing capacity are critical. Large scale home visitation programs have been used successfully to help accomplish this. In addition, basic family needs for food, shelter and health care must be met. Successful programs must be of high quality, they must be comprehensive and they must be sustained over time. In a study of successful programs for adolescents, Dryfoos indicates that early childhood success is a strong deterrent to high risk behavior by teenagers. Dryfoos identifies ten important components of successful programs: 1) intensive individual attention, 2) early intervention, 3) positive focus on schools, 4) services are provided in schools by outside organizations, 5) comprehensive multi-agency community wide programs, 6)

parents have a defined role and are active participants, 7) peers have a defined role as mentors and tutors, 8) social skills training, 9) staff and volunteers are well trained, 10) links to the world of work.

Programs targeted at infants and toddlers deal primarily with the health and social development of the child. Targeted nutrition programs such as WIC (Women, Infants and Children) have been particularly popular at the federal level because of evidence that they are effective and efficient programs. As children become older, programs such as Headstart have been successful in preparing young children to learn. There are fewer programs at the federal level targeted at school age children. It is at this point that a number of local and state programs have been especially important. In the boxes, we describe a few programs for older children that are effective.

*The Phoenix Coalition for Youth and Families*

The Phoenix coalition was formed with assistance from Maricopa County Cooperative Extension to provide experiential prevention and intervention programs for high risk 9 to 12 year olds living in public housing in central Phoenix. The coalition consists of local residents, 15 community agencies, volunteers, the private sector, schools, public housing and tenant councils. It works to respond to the despair felt by youth growing up in the most poverty stricken neighborhood of Phoenix where the high school dropout rate is 73%, 91% of all families are headed by a single parent and 99% of the households live in poverty. The coalitions provides education a support through in- and after-school programs, workshops, clubs, recreational activities, and parent and peer helper programs. The coalition relies on local trained volunteers, parent involvement and youth who are taught to take responsibility for themselves.

*Pinal County Cooperative Extension*

Pinal County Cooperative Extension has implemented three programs, all funded in part by DES aimed at youth at risk: the School-Aged Child Care Program, the Parenting Skills Training Program, and the Parent Aide Program.

The School-Age Child Care Program mobilizes communities to establish self-supporting childcare programs for youth in well supervised secure environments. The emphasis in these programs is on affordability, accessibility, and educational and recreational content.

Cooperative Extension provides leadership and coordination, but local individuals are responsible for administering each child care program. Local task teams receive training and conduct needs assessment and DHS provides licensing workshops. Cooperative Extension then assists in marketing the program and training the site employees. Businesses are solicited to provide scholarship funds for families that do not qualify for state subsidies but cannot afford the full weekly program cost. Thirteen programs have been established.

The Parenting Skills Training Program recruits and trains volunteers to work with parents to develop parenting skills. This free, voluntary program seeks to prevent future incidences of child abuse and neglect through parenting skills training with parents and parents-to-be. Some training includes total family participation so that children also learn to understand parents and learn some of the same communication skills that their parents are learning. The program uses four types of volunteers: one volunteer matched with one family, one volunteer working directly with a small group of parents, one volunteer matched with a pregnant teenager, and volunteers who recruit the other volunteers.



The Parent Aide Program provides assistance to CPS families in Pinal and Gila Counties through in-home education, resource referral and role modeling. The goal is to help families stay intact or be reunited as quickly as possible. Arizona Cooperative Extension trains all the Parent Aides who are employed by DES. The parent aide helps assess the needs of the family, assist in the development of a case plan, teach parenting skills and home management and provides appropriate transportation services to the family. During the first year of the program, 1992-93, a total of 264 families with 718 children were referred to the program. Eighty-three percent or 597 children were able to remain in their own homes, thus avoiding the foster care system. Since it costs approximately \$5,000 per year to maintain one child in foster care, this program saved Arizona taxpayers almost \$3 million in one year.

***Teen Pregnancy***

Teen pregnancy is one outcome for young people who experience multiple risk factors. Communities have responded with two types of programs: prevention and intervention. The following paragraphs describe successful programs in both areas.

**Tucson Association for Child Care Teen Pregnancy Intervention**

The Tucson Association for Child Care (TACC) has responded to another community need regarding teen pregnancy. Several years ago, TACC stepped forward to develop a program for young parents who had not completed high school and needed GEDs in addition to parenting education, child care, life skills training and career preparation. The



goals of the program include increased reading and math literacy, self sufficiency for young parents through education and work, and healthy well cared for children. TACC's Center for Adolescent Parents has served approximately 50 young parents each year since 1987 with a 75 percent success rate.

### **Mohave County Teen Pregnancy Prevention**

Mohave County Cooperative Extension faculty responded to community concerns about the number and plight of pregnant teens by forming a Teen Pregnancy Prevention Coalition. This Coalition of educators, health providers, religious leaders, concerned citizens, probation officers, elected officials, and other service providers has accomplished a great deal in a few short years. They have garnered support from local businesses, the 4-H Youth Development Program, government, and the Children's Defense Fund. The funds and other kinds of support have been used to produce a community education program designed to reduce risk factors and increase protective factors among Kingman youth.

Some of the coalition's activities have been the production of brochures and community education materials, participation in a national training, and a survey of youth behavior, attitudes, needs and assets. Parent newsletters on teen sexuality, parent-teen relationships, alcohol and drug use, and teen assets were written based upon information gathered from teens in the survey. The key to Mohave County's success is involvement of youth, parents, schools, businesses, government, religious community and all other sectors of the community. Teen pregnancy prevention is everyone's business, concern and responsibility.

**Editor's Note:**

The articles in this newsletter are based primarily on the briefing document for the Sixty Fourth Arizona Town Hall held May 15-18, 1994. The title of that town hall was "Youth at Risk: Preparing Arizona's Children for Success in the 21st Century." Marshall Worden, who is now with the University of Arizona Office of Economic Development, played a key role in producing the briefing document and urged me to base a newsletter on it. He unfortunately left our program before that newsletter could be completed, but I hope that what we have produced captures some of the important ideas and information in that document. If you are interested in ordering a copy of the Town Hall report you can contact: Arizona Town Hall, 111 West Monroe, Suite 1216, Phoenix, Arizona 85003.

Sincerely,

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