

ARKANSAS 2020

*A report on the
changing demographics
and related challenges
facing Arkansas' state
government in 2020.*

Produced in 2007 for Senator Shane Broadway and the
86th General Assembly of the State of Arkansas

FOREWORD, *ARKANSAS 2020*

To Governor Mike Beebe, Senate and House Members of the 86th General Assembly, and Concerned Citizens:

The following *Arkansas 2020* report provides a comprehensive analysis of the anticipated demographics changes and related challenges that Arkansas' state government will face in 2020.

I would like to express my sincere appreciation to the University of Arkansas for Medical Sciences, University of Arkansas at Little Rock, University of Arkansas-Fayetteville, Arkansas Tech University, and Arkansas State University who encouraged their faculty to assist in organizing and writing this comprehensive report. The report's breadth and quality has exceeded my expectations. I would like to particularly thank Dr. Ty Borders, Associate Professor, UAMS College of Public Health, for coordinating this effort.

It is critical that our state consider the anticipated challenges highlighted in the *Arkansas 2020* report before we are in the midst of them. I encourage our state government to use the findings contained in the report to more effectively and efficiently plan and allocate resources to meet the future needs of Arkansans.

Shane Broadway
State Senator, District 22

Introduction and Summary, *Arkansas 2020*

Arkansas 2020 was initiated by Senator Shane Broadway in December, 2005. Its objective is to describe projected changes in the demographic composition of the state of Arkansas between 2006 and 2020 and examine state agencies' preparations and plans to respond to those changes. Of particular concern was the aging of the state's population, but other demographic shifts, including expanding numbers of children and Hispanics, were also addressed.

The University of Arkansas for Medical Sciences (UAMS) agreed to coordinate the *Arkansas 2020* report effort and developed a working plan to gather the necessary information and research assistance that included faculty members from other willing public universities in the state. Senator Broadway approved the working plan, solicited assistance from all public universities in the state, and ultimately organized a team of professors from UAMS, University of Arkansas at Little Rock, University of Arkansas-Fayetteville, Arkansas Tech University, and Arkansas State University. Professors from these universities volunteered their time to coordinate subcommittees related to health and human services, state resources, education, public safety, and economics. The names of the faculty "coordinators" are listed at the beginning of this report.

The faculty coordinators requested that state agency directors or their designees provide descriptions of how the core populations that they serve would change from 2006 to 2020, perform internal scans to assess each agency's capacity to respond to changing population demographics, and prioritize issues of concern. Faculty coordinators then compiled and edited the information provided by the state agencies.

The following report describes the major findings of the *Arkansas 2020* project. Each chapter begins with an executive summary and follows with more detailed findings. Chapter 1 provides a description of changes in the demographic make-up of Arkansas, including projected changes in the age, gender, race, ethnic, and rural/urban composition of the state. Chapter 2 describes implications of Arkansas' changing demographics for the Department of Health and Human Services' divisions, beginning with sophisticated epidemiological projections of Arkansas' health status in 2020 and related implications for the Division of Health, and follows with descriptions of priority concerns pertaining to divisions serving the health and social service needs of children, persons with physical and mental disabilities, and older adults. Chapter 3 provides a range of information and analyses of the concerns and strategies for addressing projected demographic changes in the broad area of resources ranging from the Social Security Disability Determination Division to colleges within the University of Arkansas for Medical Sciences. Chapter 4 describes a number of issues and concerns related to the effects of demographic shifts on public education within the state. Chapter 5 addresses public safety issues and concerns, particularly for senior citizens. Finally, Chapter 6 provides a summary of how changing the demographic mix will impact economic and finance related agencies.

While it is impossible to succinctly summarize the findings of this broad report, we have identified several themes of concern common across many state agencies, which are highlighted below.

- Common causes of concern are the increasing number of older persons who will require new or expanded social services and the increasing number of Hispanics, many of whom do not speak English, which will necessitate the hiring or training of bilingual workers.
- The majority of Arkansas' departments and divisions are preparing for these anticipated demographic changes.
- Most state agencies have identified a current need for additional resources, which could be further exacerbated by the state's expanding population. However, population growth will also likely generate additional tax revenues to meet those demands.
- Many state agencies have inadequate technological infrastructures, including computer databases and trained personnel, to monitor and project future needs.
- State-mandated salary scales limit the agencies' abilities to compete with the private sector to hire a sufficient number of personnel with expertise in strategic planning. Beyond the department/division directors, some state agencies have no staff members who can assist with these functions.

- Many state agencies are forced to allocate resources and services according to the availability of state and federal funds. The available funds do not always match the agencies' priority needs. Reliance on federal funds, which have been dwindling, restricts state agencies' abilities to plan for the future.

Again, these are just a few of the issues and concerns identified in this report, which we urge you to read in its entirety.

-Arkansas 2020 Faculty Coordinators

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David Underwood, Ph.D. Dr. David Underwood coordinated the Education chapter. He is Professor of Education and Associate Vice President of Academic Affairs at Arkansas Tech University. Dr. Underwood may be contacted via e-mail at david.underwood@atu.edu.

Ashvin Vibhakar, Ph.D. Dr. Vibhakar coordinated the Economic and Finance chapter. He was formerly Director of the Institute for Economic Advancement and Professor of Finance at the University of Arkansas at Little Rock.

Chapter 1. The Changing Demographics of Arkansas

Highlights / Executive Summary

INTRODUCTION

This chapter describes the populations in Arkansas in 2000 and in 2020. Estimates are derived from U.S. Census Bureau data, with projections and analyses prepared by the Demographic Research group at the Institute for Economic Advancement, University of Arkansas at Little Rock. Four basic demographic characteristics of a population are included in the analysis: gender, age, race, and ethnic origin. Methodologies and terminology used in the study conform to U.S. Census Bureau and professional demographic research standards.

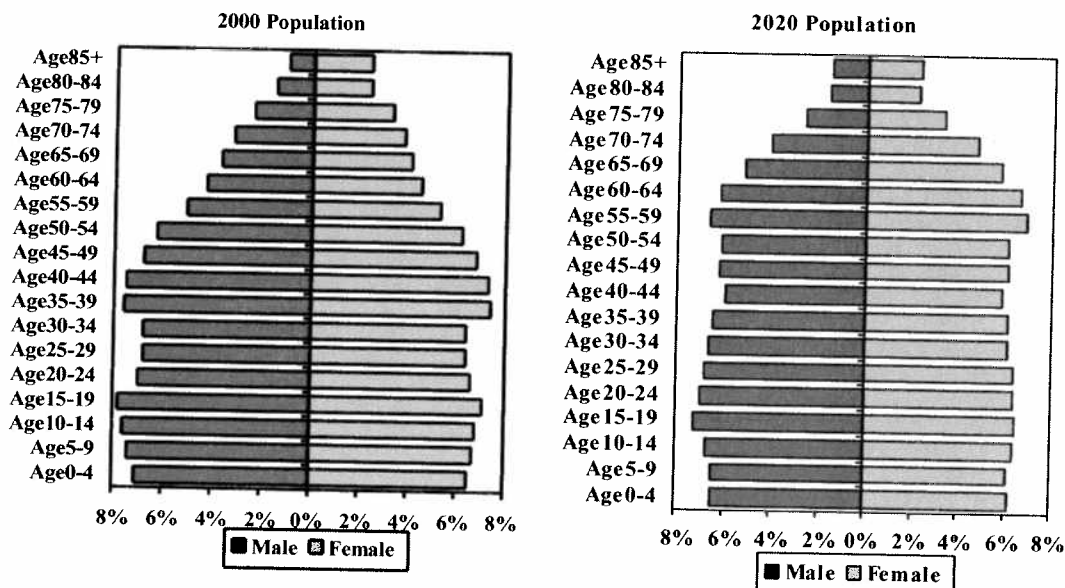
As described in more detail here, the demographic profile of Arkansas is changing. Projections show that there will be substantial increases in the number of older persons over the next 14 years, as well as other modest changes in the racial and ethnic makeup of the state of Arkansas.

Substate classifications used for this report include Metropolitan Statistical Areas (MSAs), a combination of MSAs and micropolitan statistical areas, and non-metropolitan or rural areas. The report provides projections of the number and percent of Arkansans by age, race, and gender; their growth rates; their changes relative to the U.S.; the state as a whole; and the substate areas. Demographic statistics regarding economic dependency (ratio of the elderly to the working age population) and other ratios are also included in the report.

Age Distribution, 2000 and 2020

In 2000, the median age for Arkansas' population was 36.0 years, compared to 35.3 years for the nation as a whole. Population pyramids in Charts 1 and 2 portray the age distribution of males and females for Arkansas in 2000 and 2020.

Charts 1 and 2. Population Pyramids for Arkansas



Source: U.S. Census Bureau, Population Division, Interim State Population Projections, 2005.

Table 1 shows the actual and percentage growth in population as forecasted within each age category from 2000 to 2020. The largest growth is expected to occur among the groups highlighted in yellow. The population ages 55-74 will experience the most growth.

Table 1. Age Distributions for Arkansas, 2000 and 2020

Age Group	Census 2000		Projection 2020		2000 - 2020 Change	
	Number Total	Percent Total	Number Total	Percent Total	Number Total	Percent
Total	2,673,400	100.0	3,060,219	100.0	386,819	14.5
0 - 4	181,585	6.8	201,970	6.6	20,385	11.2
5 - 9	187,224	7.0	203,460	6.6	16,236	8.7
10 - 14	192,935	7.2	207,306	6.8	14,371	7.4
15 - 19	198,765	7.4	205,031	6.7	6,266	3.2
20 - 24	181,598	6.8	185,737	6.1	4,139	2.3
25 - 29	176,674	6.6	178,659	5.8	1,985	1.1
30 - 34	176,171	6.6	180,776	5.9	4,605	2.6
35 - 39	200,340	7.5	191,138	6.2	-9,202	-4.6
40 - 44	197,787	7.4	189,333	6.2	-8,454	-4.3
45 - 49	181,913	6.8	186,860	6.1	4,947	2.7
50 - 54	167,606	6.3	186,277	6.1	18,671	11.1
55 - 59	139,393	5.2	208,558	6.8	69,165	49.6
60 - 64	117,390	4.4	204,086	6.7	86,696	73.9
65 - 69	105,175	3.9	174,655	5.7	69,480	66.1
70 - 74	93,159	3.5	140,081	4.6	46,922	50.4
75 - 79	76,517	2.9	93,516	3.1	16,999	22.2
80 - 84	52,676	2.0	58,047	1.9	5,371	10.2
85+	46,492	1.7	64,729	2.1	18,237	39.2

Source: U.S. Census Bureau, Population Division, Interim State Population Projections, 2005.

Ethnic Composition

The Hispanic population in Arkansas increased substantially between 1990 and 2000. (Hispanics are, by definition not a racial group, but an ethnic group that may include blacks, whites, and other races). From 1990-2000, Arkansas' Hispanic population grew by 337%, the second highest growth rate in the nation. The number of Hispanics is projected to increase to 240,404 by 2020 (see Table 2) or to approximately 7% of the total population. We note that these numbers do not include illegal residents/undocumented Hispanics.

Table 2. Arkansas Hispanic Population Counts, 1990-2020

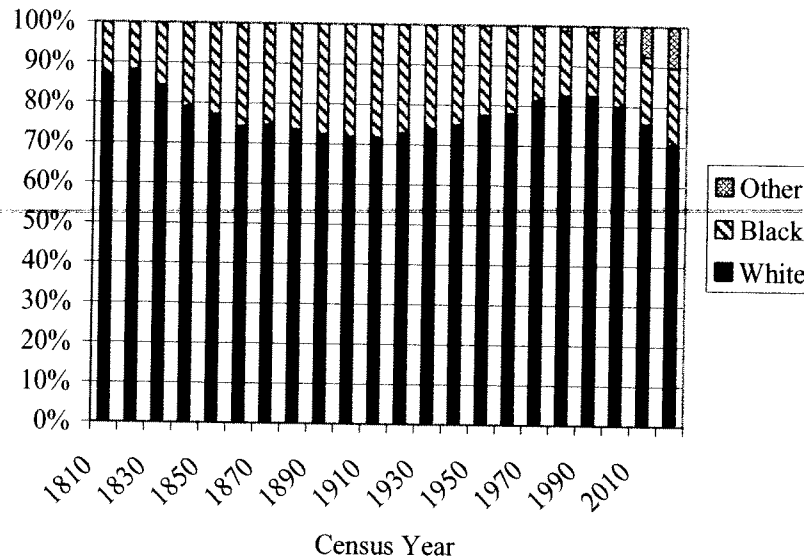
	1990	2000	2010	2020
Hispanic	19,876	86,866	162,182	240,404
Non-Hispanic	2,330,849	2,586,534	2,926,299	3,336,843
Total	2,350,725	2,673,400	3,088,481	3,577,247

Source: IEA estimates and projections based upon U.S. Census Bureau data and projections from Regional Economic Modeling INC.

Racial Composition

The population of Arkansas has historically been predominantly white (see Chart 3). The percentage of the population that is Black is expected to increase slightly from 2000 to 2020.

Chart 3. Racial Composition in Arkansas, 1810 to 2020



Urban vs. Rural Demographic Changes

By definition, urban refers to Metropolitan Statistical Areas (MSAs) and rural refers to all areas outside of MSAs. Table 3 displays growth rates and percent changes for urban and rural populations. The urban areas of the state are growing in their total share of Arkansas' population compared with the rural areas. In 2000, 56.7% of the total Arkansas population lived in urban areas. By 2020, that percentage is projected to increase to 61%.

Table 3. Population Growth Rates and Percent Change, Arkansas' Urban and Rural Areas

	2000	2020	% Change	Annualized Growth Rate
Urban	1,516,451	2,181,005	44%	1.83%
Rural	1,156,949	1,396,242	21%	0.94%

Chapter 2. Health and Human Services

Highlights / Executive Summary

Chapter 2 provides further information about the potential impact of Arkansas' changing demographics on the following divisions within the Department of Health and Human Services (DHHS):¹ Division of Health, Division of Children and Family Services, Division of Developmental Disabilities Services, Division of Youth Services, Division of Aging and Adult Services, Division of Volunteerism, and Division of County Operations. Each division's director or his/her designee(s) was asked to provide the following information: a brief description of the division's core mission, a summary profile of the population subgroups that the division currently serves, projections of changes in the makeup of the population subgroups that the division will serve in 2020 as a result of Arkansas' anticipated demographic changes, a list of priority concerns which the division will need to address by 2020, and potential strategies to address priority concerns. Major findings for each participating division are highlighted below:

Division of Health: The Division of Health produced sophisticated projections of the prevalence rates for common diseases/conditions and risky health behaviors. The findings illustrate that Arkansas' changing demographic make-up will contribute to substantial increases in the proportion of the population that has serious chronic health conditions, including diabetes, hypertension, and obesity. The Center for Health Advancement, within the Division of Health, stresses a need for expanded prevention and health promotion programs to slow the expansion of chronic diseases and unhealthy behaviors. The Center for Health Protection, within the Division of Health, expects that the growing number of older persons will necessitate more TB screenings. An increase in the number of older persons will also likely contribute to the expansion of health care systems, including hospitals and nursing homes. The Center for Health Protection anticipates a need for additional resources to regulate these and other health care organizations.

Division of Children and Family Services (DCFS): The division cites that it currently has inadequate resources which will only be exacerbated by modest growth in the number of children in Arkansas over the next 14 years. The division also stresses a need to address substance abuse from a systems/societal standpoint to prevent and treat addictions that are forcing children out of their homes and into the child welfare system.

Division of Youth Services: Like DCFS, the Division of Youth Services is concerned about modest growth in the population of children. Also, the division cites a need for additional Spanish-speaking personnel to deal with the expanding population of Hispanic children, many of whom do not speak English.

Division of Developmental Disabilities Services: As they age, many parents will be unable to care for their developmentally disabled children, which will place a substantial burden on the division. The division also cites concerns about reliance on federal funding and state policies restricting their abilities to hire competent workers.

Division of Aging and Adult Services: As expected, the growing number of older persons in Arkansas will impact the Division of Aging and Adult Services. The division cites a need for additional resources, a reorganization of the long-term care system, and expansion of other services, including transportation assistance.

Division of Volunteerism: The growing number of older persons, many of whom will be retired from paid employment, will create new opportunities for volunteerism. In particular, the division cites a need to develop volunteer programs that interest older males.

Division of County Operations: The Division of County Operations is the gateway to Arkansas' health and human services programs. Thus, any demographic shifts will affect the division. The division anticipates that it will need to expand and simplify program access by investing in internet applications and an electronic

¹ Similar information was requested from the Division of Medical Services, Division of Behavioral Health Services, and Division of Child Care and Early Childhood Education. At the time of production of this report, these divisions had only submitted summary statistics and/or brief descriptions of the populations that they currently serve and had not submitted requested information regarding projected needs, priority concerns, and related strategies. Therefore, these divisions are not included in the *Arkansas 2020* report.

records system. It also cites a need for additional personnel who can speak Spanish to assist the growing number of Hispanics in the state.

In addition to these division-specific concerns, several common themes cutting across divisions were identified. Most divisions stressed workforce concerns, including potential difficulties in replacing retired workers and state policies restricting their abilities to offer competitive salaries. As one can deduce from reading this report, the divisions differ widely in their capabilities to monitor and interpret data which could better enable them to plan for anticipated demographic shifts. Many divisions do not have sufficient investment in technology and personnel to appropriately plan for future service needs. Finally, many divisions have cited concerns about the growing number of Hispanics residing in the state. Much of this concern pertains to a potential need for Spanish-speaking personnel and materials to communicate with those Hispanics who do not speak or understand English well.

Chapter 3. Resources

Highlights/Executive Summary

UAMS – College of Health Related Professions

MAJOR ISSUES AND CONCERNS

- Continuing need to educate allied health professionals for Arkansas.
- Need to expand programs to meet workforce needs including those in the laboratory and imaging sciences, health information management (medical records), and respiratory care.
- Additional and expanded UAMS College of Health Related Professions programs in Northwest Arkansas needed.
- Need to increase the number of minority faculty members.
- More space will be required at UAMS and at other locations where existing programs will need to be expanded and/or new ones will be added.
- Due to the aging of the professoriate and the lure of high clinical salaries, there will likely be a continuing or worsening shortage of allied health educational program faculty.

STRATEGIES TO ADDRESS CONCERNS

- Continue to develop new and innovative ways of achieving its mission and serving the needs of the people of Arkansas (for example, distance education).
- Increase number of minority employees.
- Increase number and diversity of students.
- Expand current offerings to additional underserved areas of the state.
- Consider the addition of new programs, including programs to prepare health professions faculty.
- Further develop research and related activities to optimize patient outcomes and provide for evidence-based practice.

UAMS – College of Pharmacy

MAJOR ISSUES AND CONCERNS

- There are limited dedicated educational facilities with the necessary technology to meet the needs of the increasing class size and a satellite campus.
- We are experiencing a decreasing pool of qualified in-state COP student applicants with limited numbers of qualified underrepresented minority applicants.

STRATEGIES TO ADDRESS CONCERNS

- Adequate fiscal (both state and endowments) and physical resources to recruit and retain excellent faculty members in adequate numbers at the rank of Associate and Full Professor to build a diverse and stable core faculty committed to achieving the College's mission.
- Increased physical facilities and technology to meet the needs of an expanded student body on separate geographic campuses.
- Enhance K-12 public education across the state as well as incentivize undergraduate higher education institutions that promote entry into professional degree programs. This will allow for the recruitment of a highly qualified and diverse COP student body leading to improved healthcare of Arkansans.

UAMS – College of Nursing

MAJOR ISSUES AND CONCERNS

- Number of employees (number, age, gender, race, ethnicity) – need to have more part-time employees as the national nursing faculty shortage continues.
- Need more employees fluent in Spanish.
- Not being able to meet the demand of students wishing to become nurses
- Inadequate supply of qualified nursing faculty

STRATEGIES TO ADDRESS CONCERNS

- Creative ways to recruit and retain qualified nursing faculty to help alleviate the nursing shortage in Arkansas and provide the highest caliber care to our aging population of residents

- Need additional funding sources to support accepting more nursing students
- Funding for students to attend school
- Increasing the number underrepresented groups among faculty, staff, and students
- Replacing aging nursing faculty.
- Improving technological mechanisms for managing and delivering nursing education (for example, distance education, on-line learning)

UAMS – College of Public Health

MAJOR ISSUES AND CONCERNS

- Significant space constraints without a clear plan to meet inevitable acute and chronic needs
- A small college that inherently must focus and develop priorities rather than cover the broad scope of public health
- Limited ethnic and racial diversity (Latino) among faculty
- Constraints on foundation development opportunities
- Insufficient classroom space in COPH-allocated space
- No space for students in doctoral programs
- Need for a centralized UAMS plan for newer distance-learning technologies and sufficient resources
- Need to increase ethnic (Latino) diversity of students

STRATEGIES TO ADDRESS CONCERNS

- Research projects are relative to the needs of Arkansans.
- Existing projects at the COPH are targeting the Hispanic populations. As the Latino population increases, services and research should increase accordingly.

Arkansas Department of Finance and Administration – Office of Motor Vehicles

MAJOR ISSUES AND CONCERNS

- Additional Spanish speaking staff
- Documents translated and printed in Spanish
- Health care and retirement costs resulting from aging employees

STRATEGIES TO ADDRESS CONCERNS

- The Arkansas Department of Finance & Administration is currently doing extensive study and planning for the aging and increasing Hispanic population in Arkansas.

Office of Child Support Enforcement

MAJOR ISSUES AND CONCERNS

- Currently no efforts are being made to plan for demographic changes as we feel changes projected to occur through 2020 will have an insignificant impact on OCSE based on its current mission and activity and the population served.

Arkansas Disability Determination for Social Security Administration

MAJOR ISSUES AND CONCERNS

- Increasing numbers of persons retiring
- Increasing numbers of persons reaching regular age for Social Security benefits
- Impact of increased numbers on agency's internal workforce
- Impact of increased numbers on types of claims that will need to be processed
- Increasing numbers of cases moving from the Social Security Disability Program to the regular Social Security Program

STRATEGIES TO ADDRESS CONCERNS

- It will continue to be essential for DDSSA to maintain a trained work force.
- One of the greatest strengths/assets is the move of the Federal Social Security Administration and DDSSA to a paperless, electronic work/case environment.

Chapter 4. Education

Highlights/Executive Summary

There appear to be five overriding issues that cut across the educational areas included in this report. Each area, including recommendations, is discussed in greater detail within the report, along with additional issues that are more specific to the participating agencies. The central issues of concern related to the demographic changes that are projected to take place in Arkansas between now and the year 2020 are:

Funding – A mandate for funding public education, while no such mandate exists for funding higher education, has increased teacher salaries to the point that higher education and workforce education are beginning to compete with public education for professional staff. Salaries for beginning teachers have risen due to increases in public school funding, but the number of students choosing teaching as a career is decreasing with many new teachers leaving after five years. Close to 50% of newcomers leave the profession during the first five years (Darling, Hammond, & Schlan, 1996). Impending retirements are expected to exacerbate the need for additional teachers entering the profession. The state-funded portion of the cost of a college education has been decreasing for several years. If the observed rate of decline continues, the state will only be funding about 13% of the cost of a college education by 2020.

Retirements – Retirements will cause difficulties in terms of filling positions, many of which are already difficult to fill, by 2020. Forty-four public school districts in Arkansas could lose between 40% and 64% of their teaching staff to retirement by 2020. Forty-one school districts could lose between 40% and 100% of their administrators by 2020. Twenty-six higher education institutions could lose between 33% and 53% of their faculty by 2020. By 2020, there will be approximately 1.23 individuals working and contributing to the Arkansas Teacher Retirement System for each member who is retired.

Accessibility – The national and local focus on merit-based, rather than need-based, scholarships has increasingly made college attendance more difficult for lower income students who are less likely to score well on standardized tests. There is currently a lack of minority participation in teaching and other professions. Although the minority population is expected to grow significantly in the next few years, minorities are less likely to attend college and are disproportionately affected by increases in the cost of higher education. Based on the rate of increase in the cost of college attendance, the average cost of tuition and fees in Arkansas (\$4,010 in the 2005-2006 year) could be nearly \$8,000 by 2020.

Diversity – Neither high school nor college faculty reflect the diversity of the Arkansas population. Although both careers require a college degree, the Arkansas Hispanic population, one of the fastest growing population segments in Arkansas, has a college-attendance rate that is 20% lower than the national Hispanic college-attendance average. Nationally, about 4 out of every 10 students is a minority, yet the teaching profession is overwhelmingly white (90% white according to the National Education Association, 2003).

Skill Shortages – There are already shortages in critical areas such as nursing, teaching, and health care. As the baby boomer generation begins to retire at an increasingly rapid rate, these shortages, particularly in health care professions, are likely to increase significantly. Arkansas higher education could lose as much as 35.5% of the faculty in health fields and 38.7% of the faculty in science fields to retirement by 2020, areas that are already critical and difficult to fill.

Chapter 5

Public Safety - Executive Summary

“Today, more and more companies are realizing that they can’t compete successfully in the 21st century with organizations based on 19th-century designs. In the development of architectural design there are four contributing factors: purpose, structural materials, architectural style, and collateral technology.”² A similar approach is needed when addressing public policy formulation and implementation. When applied to public policy, the architectural design model implies that as society moves toward the future, policy-makers must rely on new knowledge and applications, rather than previously accepted knowledge and applications, in order to address new issues. The need for new knowledge and applications is very relevant to the issue of public safety in Arkansas and was the basis for the mandate of the Arkansas Legislature to conduct research to identify needed resources and issues that will arise as the population of Arkansas changes.

This research specifically addressed public safety in Arkansas and provides specific findings on central research questions designed to promote discussion about current and future issues. This public safety study is divided into four major parts. The first part provides information on the study itself and on the methods used to collect and analyze response data on 1) crime, 2) fire and emergency medical services (EMS), 3) homeland security, and 4) other public safety issues. The second part provides an understanding of public safety in general within Arkansas. The third part provides an understanding of specific public safety problems for Arkansas’ senior citizens in the period 2006–2020. The final part provides overall findings and their implications for public safety in Arkansas in terms of similarities and dissimilarities on the issues and perceptions identified by state agencies.

In short, this study found that agencies charged with implementation of public safety in Arkansas are cognizant of the broad scope of this research. Several current factors (e.g., funding priorities and authority) impact the ability to serve the target group(s). Unless resource and public safety organizational cultural issues are addressed soon, the drastic population and technological changes in Arkansas will negatively impact those agencies attempting to deal with future demands; especially public safety needs of senior citizens. The findings of this research indicate that 40 percent of similarities centered on funding to directly impact programs and retention of high-caliber employees to address current and future mission issues. Twenty-five percent of similarities centered on respondents recognizing demographic issues but not feeling that public safety policy should be changed. Thirty-five percent of similarities centered on the belief that more agency employee training is needed. Eighteen percent of the dissimilarities centered on beliefs about the impact of the Hispanic population growth in terms of perceptions identified, with some agency representatives indicating that Hispanics and their needs can surpass the ability of agencies to incorporate programs effectively. Nine percent of the dissimilarities noted by the research team were related to funding inadequacies and concern about the ability to realistically prepare short- and long-term budgets based on the respondents’ beliefs that future funding priorities from the legislature might shift in order to address the “hot topic” of the time (e.g., terror). Seventy-three percent of the dissimilarities centered on priorities; mostly due to the agencies’ differing responsibilities and resources connected to public safety. The theoretical framework included in this report (Chart 37) was confirmed when the agencies charged with public safety services in Arkansas explicitly indicated their understanding of the role of other agencies (in terms of addressing their agency missions) and advocacy groups in more effectively addressing public safety issues. Agency representatives included within this study indicated that inclusion of additional advocacy groups should be made a priority in legislative policy-making, agency policy-making, and implementation of services; especially underrepresented groups for which there is a broad lack of understanding (e.g., elderly, disabled, and minorities).

² Nadler, David A. and Michael L. Tushman, *Competing by Design: The Power of Organizational Architecture* (New York/Oxford: Oxford University Press 1997); pp.7-8.

Chapter 6. Economics

Highlights/Executive Summary

This section includes the study findings, survey responses, and most important issues of concern for the state departments, divisions, and agencies falling under the Economic Impact Subcommittee. The agencies participating in this report are: (1) Department of Finance and Administration (DFA), (2) Department of Workforce Services, (3) Department of Labor, (4) Department of Parks and Tourism, (5) Arkansas Public Retirement System (APERS), (6) Department of Economic Development, (7) Arkansas Development Finance Authority (ADFA), and (8) Arkansas Teacher Retirement System. This study focused on two demographic shifts: the increasing population of older people and the increasing population of Hispanics.

Several offices within the Department of Finance and Administration (DFA) expressed concerns about the ~~adequacy of office size, location, hours, staffing, employee training, and the need for large-print~~ publications in order to provide a good level of service to the aging population. The Employee Benefits Division of DFA provided a report by Milliman Consultants and Actuaries. This report addressed the significant impact of the aging population on cost and utilization of healthcare services. Additionally, many other offices within the Department of Finance and Administration showed concern about the expected increase in the Hispanic population in terms of staffing necessary to provide the services. Offices addressed the need for bilingual employees and additional training for existing employees, and whether forms should be revised to include both Spanish and English. It is also critical to examine the effect the aging (retired) population will have in terms of income tax revenues that the state will receive.

The survey responses of the Department of Workforce as well as the Department of Labor demonstrate that these particular departments do not expect to be significantly influenced by the changing demographics. However, these agencies are willing to increase their ability to provide services to the changing customer base. In addition, the Department of Labor pointed out that the cost of providing Spanish language services might become a major concern. Thus, personnel and financial resources will be needed to accommodate this change. The potential for a shortage of workforce is a greater concern of the Department of Labor. The Department may have to encourage older workers to return to the workforce and may need materials to convince employers that they should hire older employees.

The Department of Parks and Tourism's survey responses suggest that changing demographics are not a major concern with respect to the services provided. Changing demographics only make the agency refocus regularly. However, some of the major priority concerns for the Department of Parks and Tourism are the costs of construction, supplies, and work force. The Department of Parks and Tourism explains that as Arkansas is growing and its economy is becoming more robust, the cost of doing business is going up due to the increased competition for resources its cost of doing business is going up as well. The Department is also concerned that its aging employees will retire soon and the cost of replacement will be substantially higher than what the state salary system allows. This will hinder the Department's ability to hire a qualified workforce.

According to the Arkansas Public Employees Retirement System (APERS), the impact of the aging Arkansas population for this agency is minor. APERS is only concerned about the increase in the "tech savvy" population, which demands more electronic access to both general and personal information. In addition, APERS suggested that the increase in Hispanic population will have minor or no impact on this agency.

Findings from the Department of Economic Development (ADED) demonstrate that the major concerns facing the agency as a result of changing demographics are: (1) adverse effects on the scope of services as labor, energy, and material costs increase faster than the agency's budget; (2) the need for more intensive training necessitated by age and ethnicity changes; (3) the need for recruitment of workers from outside the traditional sources of employment; and (4) the need for more extensive corporate training for workers.

In a few words, ADED is concerned about the need for more funding for training, infrastructure, recruitment, and community development planning activities.

The Arkansas Development Finance Authority's survey responses' explain that there are no major concerns due to the change in demographics. However, ADFA's major challenges are the lack of participation by state financial institutions and poor interest rates. In addition, ADFA has already identified and prioritized essential areas. For instance, it needs to develop a marketing program/service that is easily implemented and provides readily available demographic data.

Study findings related to the Arkansas Teacher Retirement System suggest that it does not anticipate any major impact on the services provided nor the cost of service based on changes in the ethnicity of the individuals served. On the other hand, the services provided and the cost of those services will be impacted by the change in ages of the individuals served. The System expects a substantial increase in the membership of the organization as well as an increase in the life expectancy of its members, leading to an increase in the services demanded. In addition, there are issues associated with teacher shortage that may lead to teachers returning to work which would also increase the System's workload. ATRS indicates the need for an increase in staff in order to provide the quality of service necessary. Also, if changing demographics have a significant impact, ATRS would consider the staffing needs of three main service areas as priority: (1) data processing, (2) counseling, and (3) payroll.

In summary, all agencies indicated the need for increased staffing to serve either the aging population or the Hispanic community. Most agencies have not examined what the exact costs of these additional staffing needs will be. Many agencies are also concerned with retirement of their own aging workforce compounded by potential higher costs of replacements. The state salary system makes it very difficult to hire qualified individuals in a competitive market.