

**AN ECONOMIC ANALYSIS OF  
JOHNSON COUNTY IN  
NORTHWEST ARKANSAS**



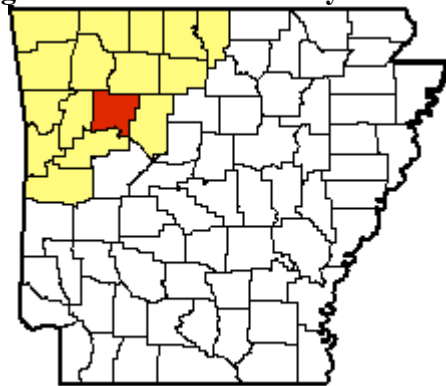
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August 30, 2002

# An Economic Analysis of Johnson County in Northwest Arkansas

## I. Geographic Description

Johnson County is comprised of 662 square miles and is located in the south-central portion of Northwest Arkansas in the physiological regions known as the Boston Mountains (in the northern portion of the county) and the Arkansas Valley (in the southern portion of the county). Figure 1 highlights the counties that comprise the Northwest Arkansas region, as defined by the Arkansas Department of Economic Development. Johnson County is shown in red; all other counties in the region are shown in yellow.

**Figure 1 – Johnson County’s Location**



The Ozark National Forest is located in the northern portion of the county, and the White Rock Wildlife Management Area is located in the extreme northwestern portion of the county. The headwaters of the Mulberry River are found in north-central Johnson County; the river flows west into Franklin County and then south into the Arkansas River. The Big Piney River flows south from Newton County through the extreme northeastern portion of Johnson County into Pope County, only to flow back into Johnson County in the extreme southeastern portion of the county, where it then flows into Lake Dardanelle and the Arkansas River. The Arkansas River forms the southern border of Franklin County with Logan County.

Sources:

United States Census Bureau. State and County QuickFacts.

<http://quickfacts.census.gov/qfd/states/05/05047.html>

Chart 2-5: Physiographic Regions. Arkansas Statistical Abstract – 2000. April 2000.

Census State Data Center, University of Arkansas at Little Rock. Page 72.

The Rand McNally Road Atlas, 2002 Edition. Page 10.

## **II. Demographic Characteristics**

### **Population**

In 1980, the population of Johnson County was 17,423 persons. The county ranked 41<sup>st</sup> in terms of population among Arkansas' 75 counties and ninth among the 16 counties in Northwest Arkansas. By 1990, the population of the county had increased 4.6 percent to 18,221 to rank 38<sup>th</sup> among Arkansas' counties and tenth among the counties in Northwest Arkansas. From 1980 to 1990, the population of the state of Arkansas increased 2.8 percent from 2,286,435 to 2,350,725; from 1990 to 2000, the state's population increased 13.7 percent to 2,673,400 persons. In 2000, the population of Johnson County stood at 22,781, an increase of 25.0 percent from 1990. The county was the 33<sup>rd</sup> most populous county in Arkansas and the ninth most populous county in Northwest Arkansas in 2000. The five most populous cities in Johnson County and their populations in the year 2000 were Clarksville (7,719), Lamar (1,415), Coal Hill (1,001), Hartman (596), and Knoxville (511). Clarksville is the county seat for Johnson County.

DRI-WEFA, an economic analysis consulting firm, projects the population of Johnson County will increase by 11.8 percent to 25,460 people in the year 2010. If the projections are realized, Johnson County will be the 26<sup>th</sup> most populous county in Arkansas and the ninth most populous county in Northwest Arkansas.

The gender makeup of Johnson County is similar to that of the state on the whole. In the year 2000, the proportions of males and females in the county were 49.7 percent and 50.3 percent, respectively, compared to 48.8 percent and 51.2 percent, respectively, for the state.

In the year 2000, Johnson County had the 16<sup>th</sup> youngest median age, the 18<sup>th</sup> lowest proportion of residents under age 18, and the 20<sup>th</sup> lowest proportion of residents age 65 and older among all Arkansas counties. In the year 2000, the median age of residents in Johnson County was 36.4 years, compared to 36.0 years for the state. From 1990 to 2000, the proportion of the county's population that was under 18 years of age increased from 24.7 percent to 25.2 percent; for the same period, the proportion of Arkansans under 18 years of age decreased from 26.4 percent to 25.4 percent. From 1990 to 2000, the proportion of the county's population that was 65 years of age or older decreased from 17.4 percent to 14.8 percent; for the same period, the proportion of Arkansans age 65 or older decreased from 14.9 percent in 1990 to 14.0 percent in 2000.

The racial composition of Johnson County is decidedly more Caucasian than the population for the state on the whole. In 2000, the proportions of Johnson County's population comprised of Caucasians, African Americans, American Indians and Native Alaskans, and Asians were 93.7 percent, 1.4 percent, 0.6 percent, and 0.3 percent, respectively. For the state, in 2000, the proportions of Caucasians, African Americans, American Indians and Native Alaskans, and Asians were 80.0 percent, 15.7 percent, 0.7 percent, and 0.8 percent, respectively. In 2000, the proportion of residents in Johnson

County who were Hispanic was 6.7 percent, compared to the state’s proportion of 3.2 percent.

Sources:

United States Census Bureau, Population of Counties by Decennial Census: 1900 to 1990. <http://www.census.gov/population/cencounts/ar190090.txt>

United States Census Bureau, Census 2000, Redistricting Data (Public Law 94-171) Summary File. [http://factfinder.census.gov/servlet/BasicFactsTable?\\_lang=en&\\_vt\\_name=DEC\\_2000\\_PL\\_U\\_GCTPL\\_ST7&\\_geo\\_id=04000US05](http://factfinder.census.gov/servlet/BasicFactsTable?_lang=en&_vt_name=DEC_2000_PL_U_GCTPL_ST7&_geo_id=04000US05)

The Rand McNally Road Atlas, 2002 Edition. Page 10.

DRI-WEFA, U.S. Regional Analysis. Data supplied by the Institute for Economic Advancement, University of Arkansas-Little Rock.

United States Census Bureau, Census 2000, Table DP-1. Profile of General Demographic Characteristics: 2000. <http://censtats.census.gov/data/AR/04005.pdf>

United States Census Bureau, 1990 Census, Table DP-1. Profile of General Demographic Characteristics: 1990. [http://factfinder.census.gov/servlet/BasicFactsTable?\\_lang=en&\\_vt\\_name=DEC\\_1990\\_STF1\\_DP1&\\_geo\\_id=04000US05](http://factfinder.census.gov/servlet/BasicFactsTable?_lang=en&_vt_name=DEC_1990_STF1_DP1&_geo_id=04000US05)

United States Census Bureau, Census 2000, Table DP-1. Profile of General Demographic Characteristics: 2000. <http://censtats.census.gov/data/AR/05005071.pdf>

United States Census Bureau, 1990 Census, Table DP-1. General Population and Housing Characteristics: 1990. [http://factfinder.census.gov/servlet/BasicFactsTable?\\_lang=en&\\_vt\\_name=DEC\\_1990\\_STF1\\_DP1&\\_geo\\_id=05000US05071](http://factfinder.census.gov/servlet/BasicFactsTable?_lang=en&_vt_name=DEC_1990_STF1_DP1&_geo_id=05000US05071)

**Income**

Table 1 presents median household income and median family income for the year 1999 and per capita personal income for the year 2000 for Johnson County. The table also ranks Johnson County in terms of these income statistics among the 75 counties in Arkansas and the 16 counties in Northwest Arkansas.

**Table 1 – Johnson County Income Statistics**

Income Statistic	Johnson County	Percent of State	Arkansas			Northwest Arkansas		
			Rank	Range		Rank	Range	
				Low	High		Low	High
1999 Median Household Income	\$27,910	86.7%	45	\$20,510	\$42,569	11	\$21,397	\$40,281
1999 Median Family Income	\$33,630	87.0%	43	\$25,846	\$48,717	10	\$27,580	\$45,235
2000 Per Capita Personal Income	\$17,691	80.4%	57	\$14,303	\$30,447	12	\$14,303	\$25,358

Table 2 presents poverty statistics for different resident groups in Johnson County and for the State of Arkansas in 1999. The table ranks the county among the 75 counties in Arkansas and among the 16 counties in Northwest Arkansas in terms of the three poverty

rates presented. For example, the county ranked 42<sup>nd</sup> among the counties in Arkansas and 5<sup>th</sup> among the counties in Northwest Arkansas in terms of the poverty rate for individuals in 1999.<sup>1</sup>

**Table 2 – Johnson County Poverty Rates, 1999**

Poverty Statistic	County Rate	Arkansas Rate	Arkansas			Northwest Arkansas		
			Rank	Range		Rank	Range	
				Low	High		Low	High
Individuals	16.4%	15.8%	42	7.2%	32.7%	5	10.1%	23.8%
Families with Related Children	16.9%	18.1%	52	7.8%	40.8%	7	11.2%	26.4%
Individuals 65 and Older	15.3%	13.8%	42	7.3%	27.6%	6	8.6%	26.6%

Table 3 presents average weekly earnings for covered employment in Johnson County in the year 2001. The table also displays average weekly earnings as a proportion of the state's figure and ranks Johnson County in terms of average weekly earnings relative to the counties in Arkansas and Northwest Arkansas for which data were available. For example, in terms of average weekly earnings in the manufacturing sector, Johnson County ranked 53<sup>rd</sup> among the 71 counties in Arkansas for which data were available and 11<sup>th</sup> among the 15 counties in Northwest Arkansas for which data were available.

**Table 3 – Johnson County Average Weekly Earnings, by Sector, Calendar Year 2001**

Sector	Average Weekly Earnings	Percent of State	Arkansas			Northwest Arkansas		
			Rank	Range		Rank	Range	
				Low	High		Low	High
Manufacturing	\$429.29	74.7%	53 / 71	\$260.75	\$894.22	11 / 15	\$312.98	\$587.60
Wholesale Trade	N/A	N/A	N/A	\$214.77	\$995.14	N/A	\$214.77	\$995.14
Retail Trade	N/A	N/A	N/A	\$215.61	\$439.32	N/A	\$244.32	\$358.05
Information	\$506.20	75.0%	33 / 56	\$306.77	\$869.54	10 / 12	\$348.10	\$832.62
Financial Activities	\$474.85	75.0%	33 / 73	\$282.76	\$829.55	9 / 14	\$282.76	\$622.20
Professional and Business Services	\$421.86	67.4%	38 / 68	\$218.14	\$955.05	9 / 15	\$256.91	\$955.05
Education and Health Services	\$457.65	84.4%	19 / 74	\$231.49	\$668.35	8 / 16	\$231.49	\$649.85
All Sectors	\$412.53	79.6%	50 / 75	\$316.63	\$681.93	10 / 16	\$316.63	\$631.34

Table 4 presents the share of personal income in Johnson County in 2000 attributable to different sectors of the economy. The table displays how this share compares to the proportion for the state in aggregate and ranks Johnson County in terms of the share of personal income attributed to the sectors relative to the counties in Arkansas and Northwest Arkansas for which data were available. For example, in terms of the share of personal income attributed to the manufacturing sector, Johnson County ranked 15<sup>th</sup> among the 73 counties in Arkansas for which data were available and 2<sup>nd</sup> among the 15 counties in Northwest Arkansas for which data were available.

<sup>1</sup> Note: Rankings are from highest poverty rate to lowest. Hence, a ranking of one indicates relatively high levels of poverty, and a ranking of 75 indicates relatively low levels of poverty.

**Table 4 – Disposition of Personal Income in Johnson County, by Sector, Year 2000**

Sector	Share of Personal Income	Greater or Less than State	Arkansas			Northwest Arkansas		
			Rank	Range		Rank	Range	
				Low	High		Low	High
Farm Earnings	5.8%	3.2%	32 / 75	0.1%	15.9%	6 / 16	0.4%	15.9%
Manufacturing	20.2%	5.9%	15 / 73	1.3%	77.9%	2 / 15	3.4%	27.1%
Transportation and Utilities	N/A	N/A	N/A	1.3%	14.5%	N/A	1.8%	14.5%
Wholesale Trade	0.5%	-3.0%	64 / 67	0.2%	11.4%	14 / 15	0.4%	5.9%
Retail Trade	10.2%	2.4%	3 / 75	1.4%	24.4%	2 / 16	2.4%	24.4%
Finance, Insurance, and Real Estate	1.8%	-1.6%	49 / 71	0.8%	8.0%	11 / 15	1.1%	3.5%
Services	10.0%	-4.9%	24 / 75	3.3%	29.0%	7 / 16	4.8%	29.0%
Business Services	0.6%	-2.0%	41 / 65	0.1%	10.5%	9 / 14	0.2%	5.5%
Health Services	4.2%	-2.0%	22 / 72	0.5%	14.4%	6 / 16	0.5%	14.4%
Hotel and Lodging	0.3%	0.0%	17 / 55	0.04%	1.9%	5 / 14	0.05%	1.9%
Amusement and Recreation Services	N/A	N/A	N/A	0.03%	1.0%	N/A	0.03%	1.0%

The sale of livestock accounted for 97.1 percent of Johnson County’s cash receipts from farm marketings in the year 2000. Livestock cash receipts and total cash receipts for Johnson County in the year 2000 were \$85.5 million and \$88.0 million, respectively; the county ranked 14<sup>th</sup> in terms of the former and 22<sup>nd</sup> in terms of the latter among Arkansas’ counties. Cash receipts for crops and government payments for Johnson County in the year 2000 totaled \$2.5 million and \$374,000, respectively; the county ranked 41<sup>st</sup> in terms of the former and 58<sup>th</sup> in terms of the latter among Arkansas’ counties. Johnson County produced 195,000 bushels of corn for grain, 75,000 bushels of wheat, and 108,000 bushels of soybeans in 2001; the county ranked 20<sup>th</sup>, 38<sup>th</sup>, and 38<sup>th</sup>, in terms of corn production, wheat production, and soybean production among Arkansas’ counties, respectively. The county ranked 35<sup>th</sup> among Arkansas’ counties in terms of total production expenses in the year 2000, \$69.3 million. As of January 1, 2002, Johnson County had a total of 30,000 cattle and calves and 16,000 beef cows; the county ranked 29<sup>th</sup> in terms of the former and 26<sup>th</sup> in terms of the latter among the counties in Arkansas.

Sources:

United States Census Bureau, Census 2000, Table DP-3. Profile of Selected Economic Characteristics: 2000. <http://censtats.census.gov/data/AR/04005.pdf>

United States Census Bureau, Census 2000, Table DP-3. Profile of Selected Economic Characteristics: 2000. <http://censtats.census.gov/data/AR/05005071.pdf>

U.S. Commerce Department, Bureau of Economic Analysis, Regional Accounts Data, Local Area Personal Income, Table CA1-3: Personal Income Summary Estimates. <http://www.bea.gov/bea/regional/reis/>

Arkansas Employment Security Department, Covered Employment and Earnings, Annual 2001. Table 6: County Summary Employment and Earnings, by Industry, Calendar Year 2001. <http://www.accessarkansas.org/esd/01antb6.htm>

Arkansas Employment Security Department, Covered Employment and Earnings, Annual 2001. Table 1: Average Covered Employment and Average Weekly Earnings, by Industry, 2001. <http://www.accessarkansas.org/esd/01antb1.htm>

U.S. Commerce Department, Bureau of Economic Analysis. Regional Accounts Data, Local Area Personal Income. Table CA05 – Personal Income by Major Source and Earnings by Industry. <http://www.bea.gov/beat/regional/reis/>

Arkansas Agricultural Statistics Service, National Agricultural Statistics Service, United States Department of Agriculture, 2001 County Profiles. <http://www.nass.usda.gov/ar/johnson.PDF>

## **Education**

Johnson County contains the following four school districts, with October 1, 2000 enrollment found in parentheses: Clarksville (2,044), Lamar (1,153), Oark (156), and Westside (1,610). Table 5 displays the average ACT composite score for high school seniors (which ranges from 1 to 36, with 36 being the best), the attendance rate, the dropout rate (percentage of students dropping out of school in Grades 7-12 from October of one school year to October of the next school year), the graduation rate (percentage of students enrolled in Grade 9 and completing Grade 12), and the college remediation rate (percentage of freshmen entering an *Arkansas* college or university who are required to take at least one remedial class) for the above school districts and for the state in aggregate.

**Table 5 – Educational Statistics for Johnson County Schools, 2000-2001 School Year**

School District	ACT Composite Score	Attendance Rate	Dropout Rate	Graduation Rate	College Remediation Rate
Clarksville	21.6	94.4%	1.7%	88.9%	43.0%
Lamar	19.6	93.1%	2.7%	89.5%	23.0%
Oark	24.0	90.9%	2.7%	84.6%	0.0%
Westside	20.4	91.8%	2.1%	89.0%	36.0%
<b>State Average</b>	<b>20.1</b>	<b>93.2%</b>	<b>3.0%</b>	<b>84.3%</b>	<b>41.0%</b>

Among the 301 school districts in Arkansas for which data were available, the ACT composite scores for the school districts in Johnson County ranked as follows: Clarksville (tied for 24<sup>th</sup>), Lamar (tied for 147<sup>th</sup>), Oark (1<sup>st</sup>), and Westside (tied for 94<sup>th</sup>); because of ties, the rankings ranged from 1 through 299. Among the 72 school districts in Northwest Arkansas, the ACT composite scores for the school districts in Johnson County ranked as follows: Clarksville (13<sup>th</sup>), Lamar (tied for 52<sup>nd</sup>), Oark (1<sup>st</sup>), and Westside (tied for 37<sup>th</sup>). District-wide average ACT composite scores for the 301 school districts in Arkansas for which data were available ranged from 24.0 to 14.0; for the school districts in Northwest Arkansas, the district-wide average ACT composite scores ranged from 24.0 to 15.8.

Among the 307 school districts in Arkansas for which data were available, the dropout rates for the school districts in Johnson County ranked as follows: Clarksville (tied for 181<sup>st</sup>), Lamar (tied for 103<sup>rd</sup>), Oark (tied for 103<sup>rd</sup>), and Westside (tied for 151<sup>st</sup>); because

of 27 districts' being tied for last place with a 0.0 percent dropout rate, the rankings ranged from 1 through 285.<sup>2</sup> Among the 72 school districts in Northwest Arkansas, the dropout rates for the school districts in Johnson County ranked as follows: Clarksville (tied for 38<sup>th</sup>), Lamar (tied for 20<sup>th</sup>), Oark (tied for 20<sup>th</sup>), and Westside (tied for 28<sup>th</sup>); because of four districts' being tied for last place with a 0.0 percent dropout rate, the rankings ranged from 1 through 69. For the state, dropout rates ranged from 15.4 percent to 0.0 percent; for the districts in Northwest Arkansas, dropout rates ranged from 12.5 percent to 0.0 percent.

Among the 307 school districts in Arkansas for which data were available, the graduation rates for the school districts in Johnson County ranked as follows: Clarksville (tied for 120<sup>th</sup>), Lamar (tied for 110<sup>th</sup>), Oark (tied for 173<sup>rd</sup>), and Westside (119<sup>th</sup>). Among the 72 school districts in Northwest Arkansas, the graduation rates for the school districts in Johnson County ranked as follows: Clarksville (37<sup>th</sup>), Lamar (tied for 32<sup>nd</sup>), Oark (tied for 48<sup>th</sup>), and Westside (36<sup>th</sup>). For the state, graduation rates ranged from 100.0 percent to 23.6 percent; for the districts in Northwest Arkansas, graduation rates ranged from 100.0 percent to 63.2 percent.

Among the 307 school districts in Arkansas for which there were data available, the college remediation rates for the school districts in Johnson County ranked as follows: Clarksville (tied for 179<sup>th</sup>), Lamar (tied for 267<sup>th</sup>), Oark (tied for 281<sup>st</sup>), and Westside (tied for 217<sup>th</sup>); because of 31 districts' being tied for last place with a 0.0 percent college remediation rate, the rankings ranged from one through 281.<sup>3</sup> Among the 72 school districts in Northwest Arkansas, the college remediation rate for the school districts in Johnson County ranked as follows: Clarksville (tied for 38<sup>th</sup>), Lamar (67<sup>th</sup>), Oark (tied for 70<sup>th</sup>), and Westside (tied for 50<sup>th</sup>); because of three districts' being tied for last place with a 0.0 percent college remediation rate, the rankings ranged from one through 70. For the state, college remediation rates ranged from 100.0 percent to 0.0 percent; for the districts in Northwest Arkansas, college remediation rates ranged from 80.0 percent to 0.0 percent.

In the Clarksville School District, the Clarksville Junior High School and Clarksville High School are accredited by the North Central Association of Secondary Schools and Colleges (NCASSC), but the Clarksville Primary School, Kraus Elementary School, and Pyron Elementary School are not. In the Lamar School District, neither of the district's schools is accredited by the NCASSC. In the Oark School District, neither of the district's schools is accredited by the NCASSC. In the Westside School District, neither of the district's schools is accredited by the NCASSC.

Table 6 displays the proportion of persons 25 years of age or older in Johnson County with various levels of education in the year 2000. The table also presents the proportions for the state in aggregate and ranks the county among the 75 counties in Arkansas and

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<sup>2</sup> Note: Rankings are from highest dropout rate to lowest. Hence, a ranking of one indicates a relatively high dropout rate, and a ranking of 285 indicates a relatively low dropout rate.

<sup>3</sup> Note: Rankings are from highest remediation rate to lowest. Hence, a ranking of one indicates a relatively high dropout rate, and a ranking of 281 indicates a relatively low remediation rate.



among the 16 counties in Northwest Arkansas in terms of the four levels of education presented. For example, Johnson County ranked 23<sup>rd</sup> among Arkansas' counties and 7<sup>th</sup> among the counties in Northwest Arkansas in terms of the proportion of the persons 25 years of age or older with a bachelor's degree in 2000.

**Table 6 – Educational Attainment in Johnson County, 2000**

Level of Education	County	Arkansas	Arkansas			Northwest Arkansas		
			Rank	Range		Rank	Range	
				Low	High		Low	High
Bachelor's Degree	8.6%	11.0%	23	4.2%	18.0%	7	5.4%	14.8%
Graduate or Professional Degree	4.5%	5.7%	19	1.8%	10.1%	6	2.8%	9.8%
Bachelor's Degree or Higher	13.1%	16.7%	20	6.3%	28.1%	6	8.4%	24.5%
High School Diploma or Higher	67.6%	75.3%	56	56.2%	84.4%	15	65.4%	80.4%

There are 17 Arkansas colleges and universities within 100 miles of Ozark, Arkansas. The institutions, the number and type of degree programs offered at the institutions, and their enrollment statistics are presented below.

Arkansas Baptist College (ABC), located in Little Rock, Arkansas in Pulaski County, is an historically black, four-year, private liberal arts college associated with the Arkansas Baptist Consolidated Convention and offers baccalaureate degrees in six program areas. Opening fall enrollment at ABC was 235 persons in 2001.

Arkansas State University – Beebe (ASUB) is a two-year public college in White County. The Arkansas Higher Education Coordinating Board (AHECB) of the Arkansas Department of Higher Education has approved the dissemination of the following academic degrees and certificate programs at ASUB: technical certificates in 14 program areas and associate degrees in 25 program areas. Opening fall enrollment at ASUB was 2,852 in 2001, 2.9 percent greater than fall 2000. Opening fall enrollment for the two-year public institutions in Arkansas stood at 43,387 in 2001, 6.3 percent greater than fall 2000. The school ranked fourth among the 23 two-year public institutions in Arkansas in terms of fall enrollment in 2001. Since 1997, fall enrollment at ASUB has increased 17.5 percent, compared to a 16.6 percent increase for two-year public institutions in Arkansas.

Arkansas Tech University (ATU), located in Russellville, Arkansas in Pope County, is a four-year public university. The AHECB has approved the dissemination of the following academic degrees and certificate programs at ATU: technical certificates in 3 program areas, associate degrees in 10 program areas, baccalaureate degrees in 54 program areas, master's degrees in 20 program areas, and a specialist degree in educational leadership. Opening fall enrollment for ATU was 5,576 in 2001, 7.8 percent greater than fall 2000. Opening fall enrollment for the four-year public universities in Arkansas stood at 65,704 in 2001, 2.4 percent greater than fall 2000. The school ranked fifth among the ten four-year public universities in terms of fall enrollment in 2001.

Since 1997, fall enrollment at ATU has increased 31.6 percent, compared to a 4.8 percent increase for four-year public universities in Arkansas.

Central Baptist College (CBC), located in Conway, Arkansas in Faulkner County, is a four-year private college and offers associate degrees in three program areas and baccalaureate degrees in nine program areas. Opening fall enrollment for CBC was 358 persons in 2001, 8.5 percent greater than fall 2000. Since 1997, fall enrollment at CBC has increased 7.5 percent.

Garland County Community College (GCCC), located in Hot Springs, Arkansas is a two-year public college. The AHECB has approved the dissemination of the following academic degrees and certificate programs at GCCC: technical certificates in 11 program areas and associate degrees in 9 program areas. Opening fall enrollment for GCCC was 2,422 persons in 2001, 9.1 percent greater than fall 2000. The school ranked fifth among the 23 two-year public institutions in Arkansas in terms of fall enrollment in 2001. Since 1997, fall enrollment at GCCC has increased 24.8 percent.

Hendrix College, located in Conway, Arkansas in Faulkner County, is a four-year private liberal arts college associated with the United Methodist Church and offers baccalaureate degrees in 27 program areas and a master's degree in accounting. Opening fall enrollment for Hendrix College was 1,085 persons in 2001, 4.6 percent less than fall 2000. Since 1997, fall enrollment at Hendrix College has increased 4.9 percent.

North Arkansas College (NAC), located in Harrison, Arkansas in Boone County, is a two-year public college. The AHECB has approved the dissemination of the following academic degrees and certificate programs at NAC: certificates of proficiency in 5 program areas, technical certificates in 25 program areas, an advanced certificate in electronics, and associate degrees in 26 program areas. Opening fall enrollment for NAC was 1,889 persons in 2001, 4.0 percent greater than fall 2000. The school ranked eighth among the 23 two-year public institutions in Arkansas in terms of fall enrollment in 2001. Since 1997, fall enrollment at NAC has decreased 14.6 percent.

Philander Smith College (PSC), located in Little Rock, Arkansas in Pulaski County, is an historically black, four-year, private liberal arts college associated with the United Methodist Church and offers baccalaureate degrees in 27 program areas and certification for secondary teachers in 4 program areas. Opening fall enrollment at PSC was 859 persons in 2001, 1.7 percent greater than in 2000. Since 1997, fall enrollment has increased 0.9 percent.

Pulaski Technical College (PTC), located in North Little Rock, Arkansas in Pulaski County, is a two-year public college. The AHECB has approved the dissemination of the following academic degrees and certificate programs at the PTC: certificates of proficiency in 3 program areas, technical certificates in 30 program areas, associate degrees in 24 program areas, and an advanced certificate in automotive service technology. Opening fall enrollment at PTC was 4,965 persons in 2001, 15.3 percent greater than fall 2000. The school ranked second behind Westark College among the 23

two-year public institutions in Arkansas in terms of fall enrollment in 2001 (Westark became the University of Arkansas at Fort Smith in January 2002). Since 1997, fall enrollment at PTC has increased 101.1 percent.

Shorter College, located in North Little Rock, Arkansas in Pulaski County, is a two-year private college associated with the African-Methodist Episcopal Church and offers certificate associate degrees in six program areas.

The University of Arkansas (UA), located in Fayetteville, Arkansas in Washington County, is the flagship institution of the University of Arkansas system. The AHECB has approved the dissemination of the following academic degrees and certificate programs at the UA: associate degrees in 2 program areas, baccalaureate degrees in 123 program areas, post-baccalaureate certificates in 2 program areas, master's degrees in 101 program areas, specialist degrees in 8 program areas, doctoral degrees in 42 program areas, and a professional degree in law. Opening fall enrollment for the UA was 15,752 in 2001, 2.6 percent greater than fall 2000. The school ranked first among the ten four-year public institutions in Arkansas in terms of fall enrollment in 2001. Since 1997, fall enrollment at the UA has increased 7.5 percent.

In January 2002, Westark College, located in Fort Smith, Arkansas in Sebastian County, joined the University of Arkansas system, changed its name to the University of Arkansas at Fort Smith (UAFS), and became a four-year institution. The AHECB has approved the dissemination of the following academic degrees and certificate programs at UAFS: certificates of proficiency in 28 program areas, technical certificates in 17 program areas, associate degrees in 34 program areas, an advanced certificate in industrial automation, and baccalaureate degrees in 8 program areas. Opening fall enrollment at UAFS was 5,673 in 2001, 8.3 percent greater than fall 2000. Since 1997, fall enrollment at UAFS has increased 0.7 percent.

The University of Arkansas at Little Rock (UALR), located in Pulaski County, is a four-year public institution in the University of Arkansas system. The AHECB has approved the dissemination of the following academic degrees and certificate programs at the UALR: a technical certificate in engineering technology (for health care facilities), associate degrees in 15 program areas, baccalaureate degrees in 61 program areas, post-baccalaureate certificates in 4 program areas, master's degrees in 39 program areas, specialist degrees in 4 program areas, doctoral degrees in 3 program areas, and a professional degree in law. Opening fall enrollment for at UALR was 11,318, 3.2 percent greater than fall 2000. UALR ranked second behind the University of Arkansas, Fayetteville among public four-year universities in Arkansas in terms of fall enrollment in 2001. Since 1997, fall enrollment at UALR has increased 3.8 percent.

The University of Arkansas Community College at Morrilton (UACCM), located in Morrilton, Arkansas in Conway County, is a two-year public college in the University of Arkansas system. The AHECB has approved the dissemination of the following academic degrees and certificate programs at the UACCM: certificates of proficiency in 3 program areas, technical certificates in 17 program areas, and associate degrees in 17

program areas. Opening fall enrollment for UACCM was 1,290 in 2001, 10.1 percent greater than fall 2000. The school ranked 12<sup>th</sup> among the 23 two-year public colleges in Arkansas in terms of fall enrollment in 2001. Since 1997, fall enrollment at UACCM has increased 43.8 percent.

The University of Arkansas for Medical Sciences (UAMS), located in Little Rock, Arkansas in Pulaski County, is the medical school for the University of Arkansas system. The AHECB has approved the dissemination of the following academic degrees and certificate programs at UAMS: technical certificates in 3 program areas, associate degrees in 11 program areas, baccalaureate degrees in 10 program areas, post-baccalaureate certificates in 3 program areas, master's degrees in 17 program areas, doctoral degrees in 7 program areas, professional degrees in medicine (M.D.) and pharmacy (Pharm. D.), and a post-M.D. certificate in house officer training. Opening fall enrollment at UAMS was 1,936 in 2001, 4.4 percent greater than fall 2000. The school ranked last among the ten four-year public institutions in Arkansas in terms of fall enrollment in 2001. Since 1997, fall enrollment at UAMS has increased 4.3 percent.

The University of Central Arkansas (UCA), located in Conway, Arkansas in Faulkner County, is a four-year public university. The AHECB has approved the dissemination of the following academic degrees and certificate programs at UCA: associate degrees in 6 program areas, baccalaureate degrees in 105 program areas, post-baccalaureate certificates in 2 program areas, master's degrees in 50 program areas, specialist degrees in 2 program areas, and doctoral degrees in 3 program areas. Opening fall enrollment for UCA was 8,486 in 2001, 0.1 percent greater than fall 2000. The school ranked fourth among the ten four-year public institutions in Arkansas in terms of fall enrollment in 2001. Since 1997, fall enrollment at UCA has decreased 6.0 percent.

The University of the Ozarks, located in Clarksville, Arkansas in Johnson County, is a four-year private liberal arts university and offers baccalaureate degrees in 25 program areas. Opening fall enrollment for the University of the Ozarks was 654 persons in 2001, 5.1 percent greater than fall 2000. Since 1997, fall enrollment at the University of the Ozarks has increased 22.5 percent.

Sources:

Arkansas Department of Education, Arkansas School Information Site, Performance Report, 2001. <http://www.as-is.org/reportcard/rc2001/>

North Central Association Commission on Accreditation and School Improvement. <http://www.ncacasi.org/>

United States Census Bureau, Census 2000, Table DP-2. Profile of Selected Social Characteristics: 2000. <http://censtats.census.gov/data/AR/05005071.pdf>

United States Census Bureau, Census 2000, Table DP-2. Profile of Selected Social Characteristics: 2000. <http://censtats.census.gov/data/AR/04005.pdf>

Arkansas Department of Higher Education, Arkansas State Colleges and Universities. <http://www.arkansashighered.com/colleges.html>

Arkansas Department of Higher Education, Approved Academic Degree and Certificate Programs. [http://www.arkansashighered.com/pdfs/RP/degrees\\_2003.pdf](http://www.arkansashighered.com/pdfs/RP/degrees_2003.pdf)

Arkansas Department of Higher Education, Opening Fall Enrollment at Public Colleges and Universities. October 29,2001.  
<http://www.arkansashighered.com/Research/Enrollment/Actual%20Enroll%20Fall%202001.xls>

Arkansas Baptist College, Registrar's Office.  
Central Baptist College, 2001-2003 Catalog of Studies. <http://www.cbc.edu/Catalog01-03V.htm#General%20Admission%20Requirements>

Hendrix College. <http://www.hendrix.edu/abouthendrix/glance.htm>  
Hendrix College, Registrar's Office.  
Philander Smith College. <http://www.philander.edu/academics/majors.asp>  
Philander Smith College, Registrar's Office.  
Development Information Network of Arkansas.  
<http://hotsprings.dina.org/education/sc.html>

Shorter College, Registrar's Office.  
University of the Ozarks. <http://www.ozarks.edu/academics/programs.html>

### **III. Infrastructure**

#### **Ports**

There are no public ports on the Arkansas River in Johnson County. The river travels along the Southern border of Johnson County, and is navigable on a year round basis offering a 9-foot ice-free channel. The 450-mile McClellan-Kerr Arkansas River Navigation System runs through the heart of the nation. The waterway not only connects all the public ports in Arkansas to the ports of the world, but also with America's entire inland waterway system, from Houston to New Orleans, to Pittsburgh and Minneapolis.

The Arkansas River provides navigation through Arkansas to Catoosa, Oklahoma, near Tulsa. Some 313 miles of channel are located in Arkansas. Public ports are located at Pine Bluff, Little Rock, and Fort Smith. An estimated \$3 billion in private investments have been made on the navigation system since it was opened in 1971.

Sources:

Fort Smith Chamber of Commerce. <http://www.fschamber.com/transportation.asp>

Arkansas Waterways Commission. <http://www.waterways.dina.org>

#### **Highways**

Figure 2 displays the major cities, highways, lakes, and rivers found in Johnson County. In 2003, a major widening of 0.4 miles of Arkansas Highway 103 in Clarksville is planned. Also, 3.7 miles of reconstruction will take place on Arkansas Highway 215.

**Figure 2 – Johnson County Cities, Highways, Lakes, and Rivers**



Sources:

Arkansas State Highway and Transportation Department. Statewide Transportation Improvement Program 2003-2005 Preliminary.

<http://www.ahtd.state.ar.us/contract/progcon/stip/stip%20by%20ffy%202003%2D2005%20prelim.xls>

MapQuest.com, Inc. <http://www.mapquest.com>

**Utilities**

Table 7 displays the surplus water capacity, the surplus wastewater capacity, the electricity provider, and the natural gas provider for the five most populous cities in Johnson County.<sup>4</sup>

<sup>4</sup> GPD = Gallons Per Day

**Table 7 – Utilities for the Five Most Populous Cities in Johnson County**

City	Water Surplus Capacity	Waste Water Surplus Capacity	Electricity Provider	Natural Gas Provider
Clarksville	3 million GPD	1 million GPD	Clarksville Light & Water	Arkansas Western Gas
Coal Hill	0.164 million GPD	Lagoon System	Clarksville Light & Water	Arkansas Western Gas
Knoxville	At Capacity	Septic System	REA	Arkansas Louisiana Gas

The City of Clarksville is increasing its water plant capacity from 8.0 million gallons per day to 12 million gallons per day; the project should be completed by May 2003. The City of Knoxville is increasing its water plant capacity from 340,000 gallons per day to 560,000 gallons per day; the project should be completed within 2003.

Sources:

Hugh Harrison, General Manager, Clarksville Light & Water Company.

City of Coal Hill Water Department.

James Raburn, City of Knoxville, Arkansas.

### **Railroads**

The Union Pacific Railroad has a line running from its hub in Little Rock along the Arkansas River through Russellville, Clarksville, Ozark, Van Buren, and Fort Smith to a mainline junction in Muskogee, Oklahoma.

Source:

Union Pacific Railroad. <http://www.uprr.com/aboutup/usguide/usa-ar.shtml>

### **Airports**

The Clarksville Municipal Airport is the only airport serving Johnson County. The airport, located three miles east of Clarksville, has two asphalt runways, each 4,508 feet in length, that can accommodate a 19,000-pound single-wheel aircraft. There is no control tower at this airport. Services offered at the Clarksville Municipal Airport include aviation fuel and aircraft parking (tie-downs).

The four major airports closest to Johnson County are Adams Field Airport in Little Rock, Arkansas (roughly 100 miles southeast of Clarksville), Northwest Arkansas Regional Airport in Bentonville, Arkansas (roughly 120 miles northwest of Clarksville), Springfield-Branson Regional Airport in Springfield, Missouri (roughly 160 miles north of Clarksville), and Tulsa International Airport in Tulsa, Oklahoma (roughly 170 miles northwest of Clarksville).

Source:

AirNav, LLC. Clarksville Municipal Airport: Clarksville, Arkansas.

<http://www.airnav.com/airport/H35>

#### IV. Labor Force

A breakdown of covered employment for Johnson County in 2001 is provided in Table 8 below.

**Table 8 – Covered Employment for Johnson County, 2001 Annual Averages**

<b>North American Industry Classification System Industry Group</b>	<b>Average Employing Units</b>	<b>Average Covered Employment</b>
Natural Resources & Mining	14	152
Construction	31	138
Manufacturing	37	3,221
Trade, Transportation & Utilities	113	1,674
Information	5	29
Financial Activities	40	215
Professional & Business Services	37	124
Education & Health Services	47	920
Leisure & Hospitality	44	509
Other Services	32	93
Local Government	14	787
State Government	11	152
<b>Johnson County - Total</b>	<b>424</b>	<b>8,014</b>

The manufacturing sector accounted for 40.2 percent of total covered employment in Johnson County in 2001, compared to the state's figure of 20.5 percent. In terms of the proportion of covered employment attributed to the manufacturing sector, the county ranked 9<sup>th</sup> among the 71 counties in Arkansas for which data were available and 3<sup>rd</sup> behind Marion County and Scott County among the 15 counties in Northwest Arkansas for which data were available. For the state, the proportions ranged from 62.4 percent (Calhoun County) to 5.1 percent (Perry County); for Northwest Arkansas, the proportions ranged from Marion County's 48.2 percent to Newton County's 8.3 percent.

The trade, transportation, and utilities sectors accounted for 20.9 percent of total covered employment in Johnson County in 2001, compared to the state's figure of 21.5 percent. In terms of the proportion of covered employment attributed to the trade, transportation, and utilities sectors, the county ranked 31<sup>st</sup> among the 75 counties in Arkansas and 7<sup>th</sup> among the 16 counties in Northwest Arkansas. For the state, the proportions ranged from 35.8 percent (Woodruff County) to 6.9 percent (Calhoun County); for Northwest



Arkansas, the proportions ranged from Crawford County's 32.2 percent to Marion County's 11.8 percent.

The information sector accounted for 0.4 percent of total covered employment in Johnson County in 2001, compared to the state's figure of 1.9 percent. In terms of the proportion of covered employment attributed to the information sector, the county ranked 54<sup>th</sup> ahead of Little River County and Bradley County among the 56 counties in Arkansas for which data were available and last among the 12 counties in Northwest Arkansas for which data were available. For the state, the proportions ranged from 3.6 percent (Pulaski County) to 0.3 percent (Little River County); for Northwest Arkansas, the proportions ranged from Boone County's 3.2 percent to Johnson County's 0.4 percent.

The financial activities sector accounted for 2.7 percent of total covered employment in Johnson County in 2001, compared to the state's figure of 4.3 percent. In terms of the proportion of covered employment attributed to the financial activities sector, the county ranked 66<sup>th</sup> among the 73 counties in Arkansas for which data were available and 12<sup>th</sup> ahead of Scott County and Crawford County among the 14 counties in Northwest Arkansas for which data were available. For the state, the proportions ranged from 7.5 percent (Pike County) to 1.9 percent (Nevada County); for Northwest Arkansas, the proportions ranged from Marion County's 5.0 percent to Scott County's 2.3 percent.

The professional and business services sector accounted for 1.5 percent of total covered employment in Johnson County in 2001, compared to the state's figure of 9.2 percent. In terms of the proportion of covered employment attributed to the professional and business services sector, the county ranked 58<sup>th</sup> among the 68 counties in Arkansas for which data were available and 12<sup>th</sup> among the 15 counties in Northwest Arkansas for which data were available. For the state, the proportions ranged from 23.3 percent (Benton County) to 0.5 percent (Woodruff County); for Northwest Arkansas, the proportions ranged from Benton County's 23.3 percent to Scott County's 0.6 percent.

The education and health services sector accounted for 11.5 percent of total covered employment in Johnson County in 2001, compared to the state's figure of 11.3 percent. In terms of the proportion of covered employment attributed to the education and health services sector, the county ranked 28<sup>th</sup> among the 74 counties in Arkansas for which data were available and 5<sup>th</sup> among the 16 counties in Northwest Arkansas. For the state, the proportions ranged from 19.9 percent (Baxter County) to 2.2 percent (Little River County); for Northwest Arkansas, the proportions ranged from Baxter County's 19.9 percent to Crawford County's 6.6 percent.

The leisure and hospitality sector accounted for 6.4 percent of total covered employment in Johnson County in 2001, compared to the state's figure of 7.8 percent. In terms of the proportion of covered employment attributed to the leisure and hospitality sector, the county ranked 43<sup>rd</sup> among the 73 counties in Arkansas for which data were available and 12<sup>th</sup> among the 16 counties in Northwest Arkansas. For the state, the proportions ranged from 16.7 percent (Carroll County) to 1.9 percent (Woodruff County); for Northwest

Arkansas, the proportions ranged from Carroll County’s 16.7 percent to Madison County’s 4.3 percent.

A summary of Johnson County’s largest employers is presented in Table 9 below.

**Table 9 – Johnson County’s Largest Employers**

Company Name	City	Product	Employees
Tyson Foods	Clarksville	Poultry	E
Wal-Mart	Clarksville	Retail and Distribution	D
Sara Lee Hosiery	Clarksville	Hosiery and Pantyhose	D
Johnson Regional Medical Center	Clarksville	Hospital	C
Clarksville Footwear	Clarksville	Footwear	B
University of the Ozarks	Clarksville	University	B
Baldor Electric	Clarksville	Electric Motors	B

Employee Codes – B: 100-250; C: 251-500; D: 501-1,000; E: 1,001-1,500

Figure 3 displays the annual unemployment rates for Johnson County, the State of Arkansas, and the United States for the period 1995 through 2001. For the period, Johnson County experienced unemployment rates below the state and national averages; the annual unemployment rate in Johnson County was between 0.6 percent below and 1.5 percent below the annual unemployment rate for the state and between 0.2 percent below and 1.5 percent below the annual unemployment rate for the U.S. for the period. In 2001, the unemployment rate in Johnson County was 4.3 percent, compared to the state and national figures of 5.1 percent and 4.8 percent, respectively. Johnson County had the 17<sup>th</sup> lowest unemployment rate among Arkansas’ 75 counties in 2001 and the 7<sup>th</sup> highest unemployment rate among the 16 counties in Northwest Arkansas. Unemployment rates in Arkansas ranged from 2.2 percent in Benton County to 13.9 percent in Mississippi County; unemployment rates in Northwest Arkansas ranged from Benton County’s 2.2 percent to Newton County’s 6.7 percent.

**Figure 3 – Historical Unemployment Rate Comparisons: 1995-2001**

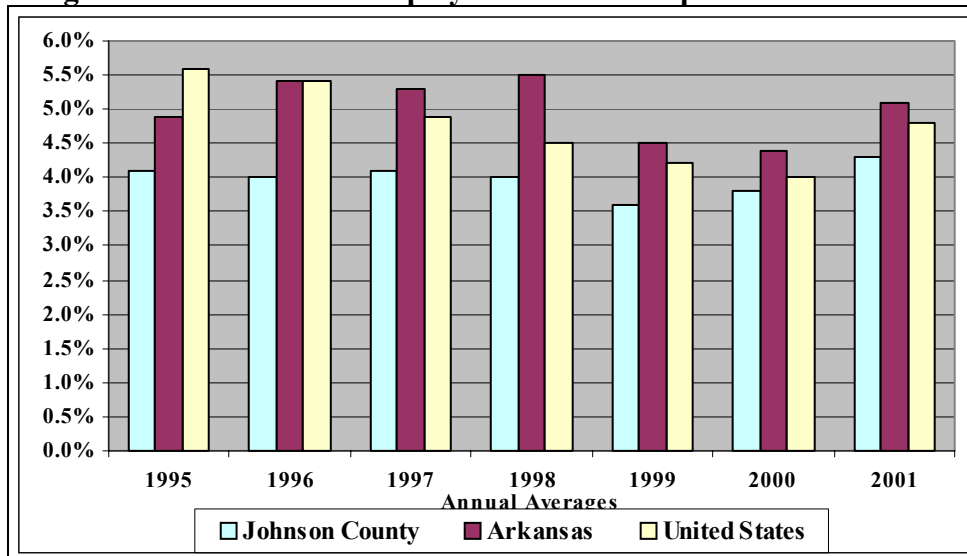
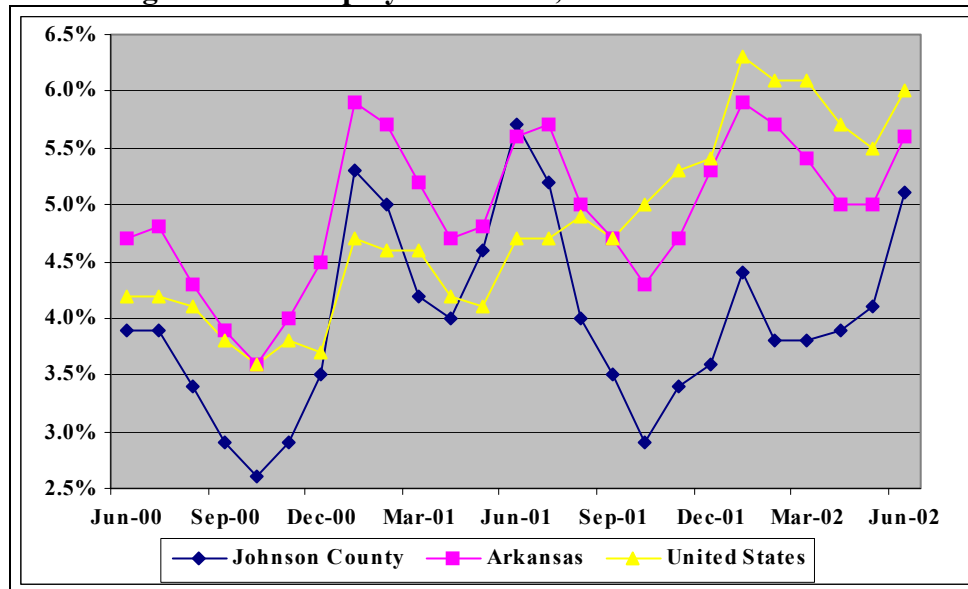


Figure 4 displays the monthly unemployment rates for Benton County, the State of Arkansas, and the United States from June 2000 to June 2002.<sup>5</sup>

**Figure 4 – Unemployment Rates, June 2000 – June 2002**



Sources:

Arkansas Employment Security Department, Covered Employment and Earnings, Annual 2001. Table 6: County Summary Employment and Earnings, by Industry, Calendar Year 2001. <http://www.accessarkansas.org/esd/01antb6.htm>

Arkansas Employment Security Department, Covered Employment and Earnings, Annual 2001. Table 1: Average Covered Employment and Weekly Earnings, by Industry, 2001. <http://www.accessarkansas.org/esd/01antb1.htm>

Largest Employers by County data from Arkansas Department of Economic Development.

Arkansas Economic Security Department, Arkansas Revised Labor Force Statistics, Annual Average, 2001. <http://www.accessarkansas.org/esd/lmiaa01.htm>

Arkansas Employment Security Department, Arkansas Labor Force Statistics. <http://www.accessarkansas.org/esd/lmilaborforcestats.htm>

## V. Available Industrial Sites and Buildings

There is currently one available industrial site in Johnson County. It is located within the city limits of Clarksville and is owned by the City of Clarksville. There are 108 acres of available land within the property priced at \$10,000 per acre. The site is 60 percent timberland and has a slope of four percent. Tyson Foods has a Protein Plant west of the site. Arkansas Highway 103 is 1 mile west of the site, and Interstate 40 is 1 mile north of the site. The Union Pacific Railroad has a line 8 miles east of the site. Port facilities are available at the Dardanelle Port on the Arkansas River located 35 miles southeast of the site. Commercial air service is available at the Little Rock National Airport 110 miles

<sup>5</sup> Note: Data not seasonally adjusted.

southeast of the site. Water services are provided by Clarksville Light & Water through a 12-inch main with a normal line pressure of 70 pounds per square inch (psi). The Clarksville Light & Water provides sewer services through an 8-inch sewer main. The Arkansas Western Gas Company (AWG) provides natural gas service to the site through a 4-inch main with a normal line pressure of 120 psi. Clarksville Light & Water provides electricity to the site with a voltage of 7.2 kilovolts.

There are two available industrial buildings in Johnson County. The first building, constructed in 1983, is located in Clarksville near the intersection of Arkansas Highways 164 and 21 and was previously occupied by Arkansas Technologies, machinery manufacturer. The metal facility has 30,950 square-feet of space (28,650 square-feet of manufacturing space and 500 square-feet of office space) on 7-inch concrete floors and is accompanied by 14.26 acres of land. Clearance under the beams ranges from 19 feet, seven inches to 38 feet, 0 inches; the span between the beams ranges from 21 feet, 10 inches to 43 feet, 0 inches. There is a rail line one mile from the site. The facility has 4 floor-level doors and 100 paved parking spaces. The Clarksville Light & Water provides the facility with water service and sewer service. AWG provides natural gas service to the site, and the Clarksville Light & Water provides the facility with electricity. The facility is for sale at a price of \$450,000 or for lease with a price of \$4,500 per month.

The second building, constructed in 1978, is located in Knoxville along Interstate 40 and was previously occupied by Gulf Master Boats. The metal facility has 14,090 square-feet of space (12,965 square-feet of manufacturing space and 430 square-feet of office space) on 4-inch concrete floors and is accompanied by 6 acres of land. Clearance under the beams ranges from 12 feet, 0 inches to 14 feet, 5 inches; the span between the beams ranges from 13 feet, 7 inches to 15 feet, 4 inches. The facility has four floor-level doors. There is a rail line one mile from the site. The City of Knoxville provides the facility with water services through a 10-inch main with normal line pressure of 72 psi. Sewer facilities for the site are run on a septic system. The Arkla Gas Company provides natural gas service to the site through a six-inch main. Arkansas Valley Electric Cooperative provides the facility with electricity. The facility is for sale with a price of \$210,000 or for lease with a price of \$1,200 per month or \$1.02 per square-foot per year.

Sources:

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

[http://www.1800arkansas.com/Buildings\\_Sites/Site.asp?SiteNumber=CLAR010](http://www.1800arkansas.com/Buildings_Sites/Site.asp?SiteNumber=CLAR010)

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

[http://www.1800arkansas.com/Buildings\\_Sites/Building.asp?BldNumber=232](http://www.1800arkansas.com/Buildings_Sites/Building.asp?BldNumber=232)

Available Building and Site Database for Arkansas Communities, Arkansas Department of Economic Development.

[http://www.1800arkansas.com/Buildings\\_Sites/Building.asp?BldNumber=695](http://www.1800arkansas.com/Buildings_Sites/Building.asp?BldNumber=695)

## **VI. Economic Goals**

Johnson County is fortunate to have Interstate 40, a major national east-west route, running through the middle of the county. Economic developers must exploit this infrastructure advantage to encourage the location of companies whose businesses depend on ease of transportation. Indeed the economic base in Johnson County is manufacturing and agriculture, both of which are dependent on the transportation of goods to market.

Another advantage that Johnson County possesses is the location of the University of the Ozarks within its borders. The postsecondary institution can serve as a place for both education and training of the local population. Leveraging the availability of the transfer of knowledge and skills is critical to be successful in the new economy. If Johnson County is to diversify its workforce away from the declining manufacturing and agriculture sectors, and thus improve low per capita personal income and high poverty numbers, it will be through partnership with educational institutions and local leadership.

## **VII. Opportunities for Future Business Development**

### **Hospitals**

One of the persistent trends in the hospital industry is the steady decline in the number of hospitals in the United States. According to data published by the American Hospital Association (AHA), the number of U.S. hospitals declined 1.4 percent to 5,810, and the number of licensed beds declined 1.0 percent to 984,000 in 2000. Although the number of hospitals fell, admissions are rising. According to the same AHA survey, admissions rose 2.1 percent to 34.9 million in 2000. These statistics indicate that as the total number of hospitals has declined, capacity utilization — the percentage of occupied beds to total beds — has risen.

While inpatient admissions moderated, the number of patients treated in outpatient settings, whether hospital-based or freestanding outpatient clinics, surgery centers, or physicians' offices, has grown dramatically due to the cost advantages of outpatient treatment. According to the most recent data available from the AHA, industry-wide outpatient visits reached 593 million in 2000, up more than 3.0 percent from 1999.

The growing role of information technology has become part of the marketing strategy utilized by hospitals. In general, hospitals are viewed as being in the early stages of general Internet use, with most of the sites currently providing basic information about a hospital and its services. It is less common for hospitals to utilize the Internet to provide information about disease management or doctor referrals, communicate with patients, or publish an online newsletter. Hospitals have also been increasing their use of information technology for administration and the storage of patient records, including images, such as those from x-rays, ultrasound, computed tomography (CAT), and positron emission tomography (PET). An area of increasing importance is the use of computer systems to make hospitals safer, particularly regarding medication errors.

With the restrictive pricing environment imposed by the realities of managed care organizations, hospitals' cost-cutting measures are expected to focus on reducing staffing levels and re-engineering to improve worker efficiency. The equipment categories that are likely to suffer the most include automated laboratory testing, cardiac catheterization, computed tomography, critical care, magnetic resonance imaging, nuclear medicine, radiation therapy, ultrasound, and x-rays. There are, however, some areas in which hospitals are expected to invest growing amounts in coming years. These include data processing equipment, telecommunications, energy-saving equipment (such as ventilation systems), and construction of new medical office buildings.

## **Retail**

Retailing is a mature business, and growth opportunities are limited, given the large number of retail outlets spread across the country. Demographic trends primarily affect retail sales. As demographic trends influence consumers' preferences and shopping patterns, they are important to retailers' understanding of target markets. For example, the Baby Boom Generation, comprising individuals born between 1946 and 1964, constitutes some 78 million Americans - about 30 percent of the U.S. population. As the Baby Boomers entered adulthood and formed households, they fueled much of the boom in retail sales in the 1970s and 1980s. Today, having swollen the ranks of Americans in their 40s and 50s, their priorities have shifted from youthful spending to tuition payments for children and to saving for retirement.

Shopping trends also affect all aspects of retailing, from store layout to merchandise assortment. Current shopping trends in the U.S retail market can be summarized as Price + Quality = Value, "cross shopping," "precision shopping," and "going casual."

Although the American retail landscape is saturated with stores, sales can be increased by developing new markets overseas. Discount stores, like Wal-Mart, are expanding overseas more rapidly than other types of retailers, such as department stores. This is because discount stores offer low prices to attract customers; merchandising and cultural differences have made it unattractive for department stores, whose mainstay is apparel, to allocate the capital for overseas expansion.

## **Apparel and Footwear**

In order to compete effectively, U.S. apparel and footwear manufacturers have increasingly moved their production facilities to lower-cost regions outside of the United States, including Mexico, the Caribbean, Central America, and Asia. In the mean time, the "buy now, wear now" phenomenon that dominates the retail market requires manufacturers to shorten design, development, production, and distribution cycles. Thus, some seasonal /specialty items may need to be produced domestically. If such demand increases, it would be beneficial to have a more local production base.

Diversification of product lines through licensing and acquisition is considered by major players in the industry as an important strategy to expand sales and earnings. Acquisitions eliminate current or potential competitors while adding to the acquirer's top line and

market share. Licensing can benefit both the licensor and the licensee, with the former seeing an extension of its mega-brand, and the latter gaining a new source of income.

Understanding the major market segments is key to the success of apparel and footwear. One of the more apparent trends in recent years has been apparel and footwear companies' focus on marketing to Generation Y — the 75 million individuals comprising people born between 1977 and 1994. According to a study conducted by Harris Interactive, a market research firm in Rochester, New York, on average, teenage girls spend 75% of their earnings from part-time work on clothing and related accessories, while boys spend 52% of theirs. Another group targeted by many traditional teen apparel manufacturers and retailers are so-called “tweens,” generally defined as preteens aged seven to twelve. There are currently about 27 million “tweens” in the United States. These children are already aware of fashion trends and influence more than \$150 million in annual family spending. Finally the market for large-sized fashion has become a big business. Two of the fastest-growing apparel industry segments have been the women's plus (sizes 16 and up) and men's big-and-tall (sizes XXL and larger) segments.

## **Poultry**

The domestic market for the U.S. agribusiness industry is relatively mature, with consistent but modest growth likely in the future. Demand for protein-rich foods is growing more rapidly in developing countries than in the United States, because of their higher population growth, rapid industrialization, and rising disposable income. Furthermore, agricultural output in such countries is growing less rapidly than consumption. Consequently, the U.S. agribusiness industry is strongly positioned to take advantage of future increases in worldwide food demand.

With the world's gross domestic product expected to rise to nearly \$10.1 trillion in 2009 (a 34 percent increase over the preceding 10 years), there is ample reason to expect ever-growing demands on the world's agriculture. Whenever incomes begin to rise, one of the first things people do is to upgrade their diets. With increasing prosperity, people consume more food grains, meat, sweeteners, and vegetable oils. Since 1990, worldwide consumption of beef, pork, and poultry has surged approximately 29 percent.

Another trend in the U.S. agribusiness industry is the number of market participants, ranging from farmers to processors, has steadily declined, as agriculture has moved toward vertical integration and consolidation. According to the Center for Rural Affairs, a private nonprofit group focused on rural development and agricultural policy, as of 2000, an estimated 80 percent of the U.S. beef market was controlled by four firms: Tyson Foods, ConAgra, Excel Corp., and Farmland National Beef Inc. These same firms, plus Smithfield Foods, controlled approximately 58 percent of the U.S. pork market. In 1999-2000, 24 percent of pork producers went out of business. Today, 35 producers account for 95 percent of the pork slaughter capacity, although they operate only about 5 percent of the estimated 800 pork slaughterhouses in the United States. According to the National Chicken Council, during 2000, the top 8 chicken producers raised 64 percent of the

broilers sold in the United States. Further consolidation in the poultry industry is expected to cut the number of broiler suppliers almost in half by 2010.

For the past three decades, much of the consolidation among meat processors occurred at the slaughter capacity level. Today, however, more and more companies are focusing on acquisitions that will expand their final offerings to include higher-margin processed and prepackaged meat that is ready for the consumer to heat and eat. These can include freshly cooked and frozen meats that have been marinated or seasoned. Advocates of consolidation believe that the process will lead agricultural producers toward more efficiency, less dependence on government assistance, and greater global competitiveness. Furthermore, as larger and more specialized producers realize lower production costs through economies of scale, these savings can be passed through to consumers in the form of lower commodity and processed food prices.

In the mean time, agribusiness is being transformed by modern technology. Technological developments have changed the way things are done on the farm, in assembly, in processing, and in distribution. An increasing number of farmers and ranchers are doing business over the Internet. According to the U.S. Department of Agriculture, 55 percent of all farms were using computers in 2001, up from 38 percent in 1997. In 2000, 24 percent of farms used the Internet as a management tool in their farming operations, including \$665 million in online buying and selling. Use of this technology allows farmers to receive and manage timely information in rural locations. In addition, nearly all farms that used the Internet in 2000 to purchase inputs indicated that they are likely to maintain or increase purchases in the future. Thus, with decreasing costs of computers and Internet access, growth in Internet use is likely to continue.

In April 2000, the world's leading meat and poultry processors took the next step toward realizing "seamless" trade — the transacting of wholesale business without intermediaries, and the streamlining of the purchase and sales process to facilitate higher volumes. Tyson Foods Inc., Cargill, Smithfield Foods, Gold Kist Inc., and Farmland Industries Inc. launched an online marketplace, or portal, for meat and poultry products called Provision X; the venture is headquartered in Chicago. Provision X agreed to be acquired by iTradeNetwork (ITN) in February 2002. ITN provides online e-business solutions for 38 percent of the U.S. retail grocery and food service industries, including seven of the top fifteen food retailers in the nation.

## **Capital Goods**

The capital goods industry has a number of trends and themes: consolidation; customers' ever-growing demands for improved value and service; e-commerce initiatives; and the cyclical nature of the overall capital goods industry.

Consolidation remains a long-term trend in many capital goods sectors. Service companies, such as those in engineering and construction, can expand their geographic range or acquire specialty firms that extend their capabilities. Acquisitions are considered by these companies as a mean to add to a business' portfolio. Through acquisition, the



operating subsidiaries may optimize the use of the parent company's capital and to provide the most favorable returns to investors.

To meet customers' demand, capital goods makers have applied sophisticated electronics to mechanical systems in order to enhance productivity, increase precision, facilitate maintenance, and provide operators with more complete information on the equipment's operating status. Reducing the complexity of the capital equipment is another tactic used by manufactures to improve the equipment's quality and reliability, while cutting the cost to buy and operate it.

The Internet is revolutionizing the way many capital goods manufacturers conduct business. The Internet will affect capital goods manufacturers positively or negatively, and to different degrees, based largely on whether a manufacturer produces price-sensitive, commodity-like products, or proprietary, hard-to-duplicate products. Makers of commodity products, such as nuts and bolts for the auto- and aircraft-manufacturing industries, are probably most vulnerable to the profit-squeezing potential of the Internet. While companies that make sophisticated, hard-to-duplicate industrial goods probably will not be affected much by the Internet.

The cyclical pattern for industrial machinery and equipment demand generally follows the strength of the economy. Growth in industrial equipment sales cooled dramatically over the past few years. Based on U.S. Census statistics, non-military, nonaircraft industrial equipment sales grew at only a 0.25 percent annual rate from 1999 through 2001. The slowing global economy, as well as global industrial overcapacity, forced many manufacturing businesses to reduce production rates dramatically.

Source: Standard and Poor's NetAdvantage.

<http://0-www.netadvantage.standardpoor.com.library.uark.edu/>