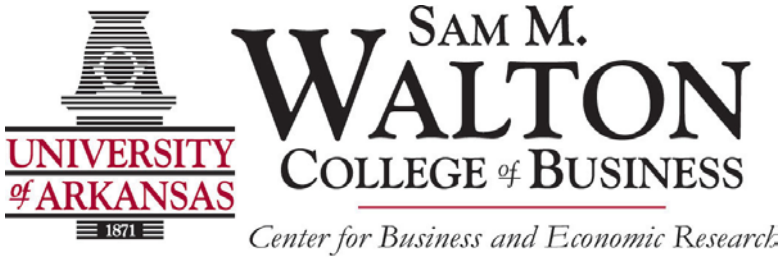
AN ECONOMIC ANALYSIS OF POPE COUNTY IN NORTHWEST ARKANSAS



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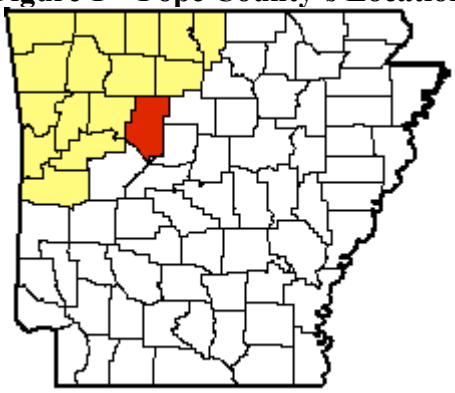
I. Geographic Description

Pope County is comprised of 812 square miles and is located in the eastern portion of Northwest Arkansas in the physiographic regions of 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. Pope County is shown in red; all other counties in the region are shown in yellow.

Figure 1 – Pope County's Location



The Ozark National Forest is located in the northern portion of the county. The Big Piney Creek runs south through the western portion of the county into Johnson County and eventually into Lake Dardanelle and the Arkansas River. The Arkansas River forms the southern border of Pope County with Yell County and Conway County.

Sources:
United States Census Bureau. State and County QuickFacts.
http://quickfacts.census.gov/qfd/states/05/05115.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 Pope County was 39,021 persons. The county ranked 14th in terms of population among Arkansas' 75 counties and fourth among the 16 counties in Northwest Arkansas. By 1990, the population of the county had increased 17.6 percent to 45,883 to rank 14th among Arkansas' counties and fourth 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 Pope

County stood at 54,469, an increase of 18.7 percent from 1990. The county was the 11th most populous county in Arkansas and the fourth most populous county in Northwest Arkansas in 2000. The five most populous cities in Pope County and their populations in the year 2000 were Russellville (23,682), Atkins (2,878), Dover (1,329), Pottsville (1,271), and London (925). Russellville is the county seat for Pope County.

DRI-WEFA, an economic analysis consulting firm, projects the population of Pope County will increase by 6.8 percent to 58,150 people in the year 2010. If the projections are realized, Pope County will be the 13th most populous county in Arkansas and the fifth most populous county in Northwest Arkansas.

The gender makeup of Pope 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 49.1 percent and 50.9 percent, respectively, compared to 48.8 percent and 51.2 percent, respectively, for the state.

In the year 2000, Pope County had the 14th youngest median age, the 35th highest proportion of residents under age 18, and the 13th lowest proportion of residents age 65 and older among all Arkansas counties. In the year 2000, the median age of residents in Pope County was 34.8 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 decreased from 26.3 percent to 25.5 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 increased from 12.4 percent to 12.7 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 Pope County is decidedly more Caucasian than the population for the state on the whole. In 2000, the proportions of Pope County's population comprised of Caucasians, African Americans, American Indians and Native Alaskans, and Asians were 93.7 percent, 2.6 percent, 0.7 percent, and 0.6 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 Pope County who were Hispanic was 2.1 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

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
United States Census Bureau, Census 2000, Table DP-1. Profile of General Demographic Characteristics: 2000. http://censtats.census.gov/data/AR/05005115.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=05000US05115

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 Pope County. The table also ranks Pope County in terms of these income statistics among the 75 counties in Arkansas and the 16 counties in Northwest Arkansas.

Table 1 – Pope County Income Statistics

Income Statistic	Pope County	Percent of State	Arkansas			Northwest Arkansas		
			Rank	Range		Rank	Range	
				Low	High		Low	High
1999 Median Household Income	$32,069	99.6%	13	$20,510	$42,569	5	$21,397	$40,281
1999 Median Family Income	$39,055	101.0%	10	$25,846	$48,717	4	$27,580	$45,235
2000 Per Capita Personal Income	$20,957	95.3%	20	$14,303	$30,447	6	$14,303	$25,358

Table 2 presents poverty statistics for different resident groups in Pope 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 54th among the counties in Arkansas and 8th among the counties in Northwest Arkansas in terms of the poverty rate for individuals in 1999.[1]

[1] 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 2 – Pope County Poverty Rates, 1999

Poverty Statistic	County Rate	Arkansas Rate	Arkansas			Northwest Arkansas		
				Range			Range	
			Rank	Low	High	Rank	Low	High
Individuals	15.2%	15.8%	54	7.2%	32.7%	8	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	14.0%	13.8%	51	7.3%	27.6%	9	8.6%	26.6%

Table 3 presents average weekly earnings for covered employment in Pope County in the year 2001. The table also displays average weekly earnings as a proportion of the state's figure and ranks Pope 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, Pope County ranked 28th among the 71 counties in Arkansas for which data were available and 4th among the 15 counties in Northwest Arkansas for which data were available.

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

Sector	Average Weekly Earnings	Percent of State	Arkansas			Northwest Arkansas		
				Range			Range	
			Rank	Low	High	Rank	Low	High
Manufacturing	$542.91	94.5%	28 / 71	$260.75	$894.22	4 / 15	$312.98	$587.60
Wholesale Trade	$583.57	81.4%	21 / 68	$214.77	$995.14	5 / 14	$214.77	$995.14
Retail Trade	$320.21	94.2%	21 / 73	$215.61	$439.32	7 / 15	$244.32	$358.05
Information	$550.02	81.5%	21 / 56	$306.77	$869.54	6 / 12	$348.10	$832.62
Financial Activities	$511.46	80.8%	18 / 73	$282.76	$829.55	6 / 14	$282.76	$622.20
Professional and Business Services	$391.92	62.7%	48 / 68	$218.14	$955.05	11 / 15	$256.91	$955.05
Education and Health Services	$491.14	90.6%	13 / 74	$231.49	$668.35	6 / 16	$231.49	$649.85
All Sectors	$492.16	95.0%	13 / 75	$316.63	$681.93	4 / 16	$316.63	$631.34

Table 4 presents the share of personal income in Pope 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 Pope 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, Pope County ranked 34th among the 73 counties in Arkansas for which data were available and 8th among the 15 counties in Northwest Arkansas for which data were available.

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

Sector	Share of Personal Income	Greater or Less than State	Arkansas			Northwest Arkansas		
				Range			Range	
			Rank	Low	High	Rank	Low	High
Farm Earnings	2.9%	0.3%	47 / 75	0.1%	15.9%	9 / 16	0.4%	15.9%
Manufacturing	13.6%	-0.7%	34 / 73	1.3%	77.9%	8 / 15	3.4%	27.1%
Transportation and Utilities	14.5%	8.8%	1 / 71	1.3%	14.5%	1 / 15	1.8%	14.5%
Wholesale Trade	3.0%	-0.5%	20 / 67	0.2%	11.4%	4 / 15	0.4%	5.9%
Retail Trade	7.2%	-0.6%	12 / 75	1.4%	24.4%	6 / 16	2.4%	24.4%
Finance, Insurance, and Real Estate	2.5%	-0.9%	18 / 71	0.8%	8.0%	7 / 15	1.1%	3.5%
Services	13.2%	-1.7%	12 / 75	3.3%	29.0%	4 / 16	4.8%	29.0%
Business Services	2.5%	-0.1%	7 / 65	0.1%	10.5%	3 / 14	0.2%	5.5%
Health Services	5.1%	-1.1%	13 / 72	0.5%	14.4%	4 / 16	0.5%	14.4%
Hotel and Lodging	0.2%	-0.1%	21 / 55	0.04%	1.9%	7 / 14	0.05%	1.9%
Amusement and Recreation Services	0.1%	-0.2%	30 / 48	0.03%	1.0%	8 / 10	0.03%	1.0%

The sale of livestock accounted for 98.2 percent of Pope County's cash receipts from farm marketings in the year 2000. Livestock cash receipts and total cash receipts for Pope County in the year 2000 were $109.0 million and $111.0 million, respectively; the county ranked ninth in terms of the former and 12th in terms of the latter among Arkansas' counties. Cash receipts for crops and government payments for Pope County in the year 2000 totaled $2.0 million and $1.2 million, respectively; the county ranked 43rd in terms of the former and 39th in terms of the latter among Arkansas' counties. Pope County produced 252,000 bushels of wheat and 262,000 bushels of soybeans in 2001; the county ranked 33rd in terms of wheat production and 32nd in terms of soybean production among Arkansas' counties. The county ranked 24th among Arkansas' counties in terms of total production expenses in the year 2000, $88.9 million. As of January 1, 2002, Pope County had a total of 40,000 cattle and calves and 20,000 beef cows; the county ranked 12th in terms of the former and 15th 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/05005115.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/bea/regional/reis/
Arkansas Agricultural Statistics Service, National Agricultural Statistics Service, United States Department of Agriculture, 2001 County Profiles. http://www.nass.usda.gov/ar/pope.PDF

Education

Pope County contains the following five school districts, with October 1, 2000 enrollment found in parentheses: Atkins (1,181), Dover (1,379), Hector (723), Pottsville (1,040), and Russellville (5,248). 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 Pope County Schools, 2000-2001 School Year

School District	ACT Composite Score	Attendance Rate	Dropout Rate	Graduation Rate	College Remediation Rate
Atkins	18.8	92.5%	1.5%	95.0%	47.0%
Dover	20.1	91.1%	4.0%	79.8%	34.0%
Hector	19.4	93.2%	1.1%	79.3%	33.0%
Pottsville	21.3	92.9%	1.8%	92.5%	68.0%
Russellville	21.8	92.8%	3.4%	82.7%	35.0%
State Average	**20.1**	**93.2%**	**3.0%**	**84.3%**	**41.0%**

Among the 301 school districts in Arkansas for which data were available, the ACT composite scores for the school districts in Pope County ranked as follows: Atkins (tied for 208th), Dover (tied for 110th), Hector (tied for 166th), Pottsville (tied for 34th), and Russellville (tied for 18th); 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 Pope County ranked as follows: Atkins (tied for 61st), Dover (tied for 44th), Hector (tied for 55th), Pottsville (tied for 17th), and Russellville (tied for 11th). 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 Pope County ranked as follows: Atkins (tied for 194th),

Dover (tied for 56th), Hector (tied for 223rd), Pottsville (tied for 171st), and Russellville (tied for 74th); because of 27 districts' being tied for last place with a 0.0 percent dropout rate, the rankings ranged from 1 through 285.[2] Among the 72 school districts in Northwest Arkansas, the dropout rates for the school districts in Pope County ranked as follows: Atkins (tied for 46th), Dover (tied for 9th), Hector (tied for 55th), Pottsville (tied for 34th), and Russellville (tied for 15th); 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 Pope County ranked as follows: Atkins (tied for 36th), Dover (239th), Hector (tied for 242nd), Pottsville (76th), and Russellville (209th). Among the 72 school districts in Northwest Arkansas, the graduation rates for the school districts in Pope County ranked as follows: Atkins (tied for 7th), Dover (60th), Hector (61st), Pottsville (18th), and Russellville (54th). 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 Pope County ranked as follows: Atkins (tied for 147th), Dover (230th), Hector (tied for 231st), Pottsville (44th), and Russellville (tied for 223rd); because of 31 districts' being tied for last place with a 0.0 percent college remediation rate, the rankings ranged from 1 through 281.[3] Among the 72 school districts in Northwest Arkansas, the college remediation rate for the school districts in Pope County ranked as follows: Atkins (tied for 26th), Dover (56th), Hector (tied for 57th), Pottsville (5th), and Russellville (tied for 52nd); because of three districts' being tied for last place with a 0.0 percent college remediation rate, the rankings ranged from 1 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 Atkins School District, all three of the district's schools are accredited by the North Central Association of Secondary Schools and Colleges (NCASSC). In the Dover School District, all four of the district's schools are accredited by the NCASSC. In the Hector School District, both of the district's schools are accredited by the NCASSC. In the Pottsville School District, all three of the district's schools are accredited by the NCASSC. In the Russellville School District, all ten of the district's schools are accredited by the NCASSC.

Table 6 displays the proportion of persons 25 years of age or older in Pope County with various levels of education in the year 2000. The table also presents the proportions for

[2] 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.
[3] 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.

the state in aggregate and ranks the county among the 75 counties in Arkansas and among the 16 counties in Northwest Arkansas in terms of the four levels of education presented. For example, Pope County ranked 6th among Arkansas' counties and 3rd 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 Pope County, 2000

			Arkansas			Northwest Arkansas		
				Range			Range	
Level of Education	County	Arkansas	Rank	Low	High	Rank	Low	High
Bachelor's Degree	12.8%	11.0%	6	4.2%	18.0%	3	5.4%	14.8%
Graduate or Professional Degree	6.2%	5.7%	7	1.8%	10.1%	2	2.8%	9.8%
Bachelor's Degree or Higher	19.0%	16.7%	7	6.3%	28.1%	3	8.4%	24.5%
High School Diploma or Higher	77.4%	75.3%	9	56.2%	84.4%	4	65.4%	80.4%

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

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 Arkansas 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.

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.

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, compared to 16.6 percent for two-year public institutions in Arkansas.

Harding University, located in Searcy, Arkansas in White County, is a four-year, private, liberal arts college associated with the Church of Christ and offers baccalaureate degrees in 77 program areas and 10 master's degrees. Opening fall enrollment for Harding University was 5,001 persons in 2001, 12.2 percent greater than fall 2000. Since 1997, fall enrollment at Harding University has increased 28.0 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 the 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 associate degrees in six program areas.

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 12th 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/

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

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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.
Harding University, Public Relations Office.
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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

The cities of Russellville and Dardanelle were built along the banks of the beautiful Arkansas River. The river is open to barge traffic from Tulsa, Oklahoma all the way to the Mississippi River. Therefore providing local shippers access to global markets year around. The US Army Corps of Engineers maintains a 9' deep channel and is currently studying the feasibility of dredging and maintaining a 12' channel.

The local Port of Dardanelle offers transfer and storage (both general warehouse and grain storage), and provides automatic loading and unloading capabilities. The port is served by fourteen barge lines carrying commodities such as bauxite, grain, chemicals, fertilizer, steel, rubber, newsprint, wood products and rock. The D&R Shortline Railroad provides rail service to the Port by connecting to the Union Pacific Railroad.

The recently formed River Valley Regional Intermodal Facilities Authority is working to develop a new multi-modal industrial facility in Russellville. This facility will consist of a slack water harbor, rail service, and a four lane truck by-pass connecting to Interstate 40. The facility will also contain over 700 acres of available industrial property with access roads and all utilities in place.

Source:
Russellville Economic Development Partnership, Inc.
http://www.russellville.org/enter/transportation.htm
Arkansas Waterways Commission. http://www.waterways.dina.org

Highways

Figure 2 displays the major cities, highways, lakes, and rivers found in Pope County. In 2004, an interchange is planned on U.S. Interstate 40 in Russellville. An interchange for U.S. Interstate 40 and Arkansas State Highway 326 in Russellville is scheduled to be constructed in 2004. Also in 2003, one mile of major widening will take place on Arkansas State Highway 7 and Arkansas State Highway 331.

Figure 2 – Pope 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 three most populous cities in Pope County.[4]

Table 7 – Utilities for the Three Most Populous Cities in Pope County

City	Water Surplus Capacity	Waste Water Surplus Capacity	Electricity Provider	Natural Gas Provider
Russellville	7 million GPD	2.7 million GPD	Entergy	Reliant-Entergy Arkla
Atkins	0.3 million GPD	N/A	Entergy	Reliant-Entergy Arkla
Dover	N/A	N/A	Entergy	Reliant-Entergy Arkla

Sources:
Larry Priebe, Russellville Water Treatment Plant, City of Russellville, Arkansas.
Terry Gardner, Atkins Water Treatment Plant, City of Atkins, Arkansas.
Danny Webb, Atkins Water Treatment Plant, City of Atkins, Arkansas.
City of Dover, Arkansas.

Railroads

The Union-Pacific Railroad passes through Russellville. Several companies have rail spurs connecting their plant directly to the Union Pacific line. Union-Pacific recently opened a large intermodal rail facility in Marion, Arkansas therefore providing more efficient service to its Arkansas customers. The Union Pacific system is recognized as one of the safest and most innovative railway companies in the country.

Russellville also has the added advantage of a short-line railroad. The D&R Railroad is a five-mile short-line providing direct access to the Port of Dardanelle, local industry, and the Union-Pacific Railroad Railroad's main line. The D&R Railroad also owns available industrial sites with rail access.

Source:
Russellville Economic Development Partnership, Inc.
http://www.russellville.org/enter/transportation.htm

Airports

The Russellville Regional Airport is the only airport serving Pope County. The airport, located two miles southeast of Russellville, has two asphalt runways, each 5,094 feet in length, that can accommodate a 32,000-pound single-wheel aircraft or a 46,000-pound double-wheel aircraft. There is no control tower at this airport. Services offered at the

[4] GPD = Gallons Per Day

Russellville Regional Airport include: aviation fuel, air freight, charter flights, flight instruction, aircraft rental, and aircraft sales.

The four major airports closest to Pope County are Adams Field Airport in Little Rock, Arkansas (roughly 80 miles southeast of Russellville), Northwest Arkansas Regional Airport in Bentonville, Arkansas (roughly 140 miles northwest of Russellville), Springfield-Branson Regional Airport in Springfield, Missouri (roughly 160 miles north of Russellville), and Tulsa International Airport in Tulsa, Oklahoma or Memphis International Airport in Memphis, Tennessee (both roughly 200 miles from Russellville).

Source:
AirNav, LLC. Russellville Regional Airport: Russellville, Arkansas.
http://www.airnav.com/airport/KRUE

IV. Labor Force

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

Table 8 – Covered Employment for Pope County, 2001 Annual Averages

North American Industry Classification System Industry Group	Average Employing Units	Average Covered Employment
Natural Resources & Mining	24	643
Construction	147	1,195
Manufacturing	93	4,691
Trade, Transportation & Utilities	464	6,603
Wholesale Trade	98	708
Retail Trade	287	3,306
Transportation, Warehousing & Utilities	78	2,590
Information	25	304
Financial Activities	145	671
Professional & Business Services	178	2,042
Education & Health Services	181	2,494
Leisure & Hospitality	127	2,326
Other Services	120	537
Local Government	40	1,938
State Government	17	1,037
Pope County - Total	**1,559**	**24,481**

The manufacturing sector accounted for 19.2 percent of total covered employment in Pope 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 50th among the 71 counties in Arkansas for which data were available and 12th 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 wholesale trade sector accounted for 2.9 percent of total covered employment in Pope County in 2001, compared to the state's figure of 4.1 percent. In terms of the proportion of covered employment attributed to the wholesale trade sector, the county ranked 34th among the 68 counties in Arkansas for which data were available and 5th among the 14 counties in Northwest Arkansas for which data were available. For the state, the proportions ranged from 23.0 percent (Woodruff County) to 0.3 percent (Marion County); for Northwest Arkansas, the proportions ranged from Boone County's 7.5 percent to Marion County's 0.3 percent.

The retail trade sector accounted for 13.5 percent of total covered employment in Pope County in 2001, compared to the state's figures of 11.9 percent. In terms of the proportion of covered employment attributed to the retail trade sector, the county ranked 22nd among the 74 counties in Arkansas for which data were available and 6th among the 15 counties in Northwest Arkansas for which data were available. For the state, the proportions ranged from 18.9 percent (Saline County) to 2.7 percent (Calhoun County); for Northwest Arkansas, the proportions ranged from Baxter County's 14.5 percent to Benton County's 8.6 percent.

The transportation, warehousing, and utilities sectors accounted for 10.6 percent of total covered employment in Pope County in 2001, compared to the state's figure of 5.5 percent. In terms of the proportion of covered employment attributed to the transportation, warehousing, and utilities sectors, the county ranked 5th among the 69 counties in Arkansas for which data were available and 2nd behind Crawford County among the 14 counties in Northwest Arkansas for which data were available. For the state, the proportions ranged from 18.4 percent (Little River County) to 0.8 percent (Marion County); for Northwest Arkansas, the proportions ranged from Crawford County's 17.7 percent to Marion County's 0.8 percent.

The information sector accounted for 1.2 percent of total covered employment in Pope 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 15th among the 56 counties in Arkansas for which data were available and 7th 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 Pope 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 64th among the 73 counties in Arkansas for which data were available and 11th 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 8.3 percent of total covered employment in Pope 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 7th among the 68 counties in Arkansas for which data were available and 4th 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 10.2 percent of total covered employment in Pope 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 43rd among the 74 counties in Arkansas for which data were available and 9th 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 9.5 percent of total covered employment in Pope 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 16th among the 73 counties in Arkansas for which data were available and 4th 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 Pope County's largest employers is presented in Table 9 below.

Table 9 – Pope County's Largest Employers

Company Name	City	Product	Employees
ConAgra, Inc.	Russellville/Atkins	Frozen Foods and Feed	E
Arkansas Nuclear One	Russellville	Utility	E
Tyson Foods	Russellville	Poultry	D
Arkansas Tech University	Russellville	University	D
Friendship Community Care	Russellville	Schools	C
Firestone Tube Company	Russellville	Innertubes	C
Wal-Mart	Russellville	Retail	C
Bibler Brothers	Russellville	Yellow Pine Lumber	B
Dana Corporation	Russellville	Camshafts	B
International Paper	Russellville	Corrugated Containers	B
Transco Leasing, Inc.	Russellville	Transportation	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 Pope County, the State of Arkansas, and the United States for the period 1995 through 2001. For the period, Pope County experienced unemployment rates below the state average; the annual unemployment rate in Pope County was between 0.1 percent below and 1.0 percent below the annual unemployment rate for the state and between 0.9 percent below and 0.6 percent above the annual unemployment rate for the U.S. for the period. In 2001, the unemployment rate in Pope County was 4.1 percent, compared to the state and national figures of 5.1 percent and 4.8 percent, respectively. Pope County had the 11th lowest unemployment rate among Arkansas' 75 counties in 2001 and the 7th lowest 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

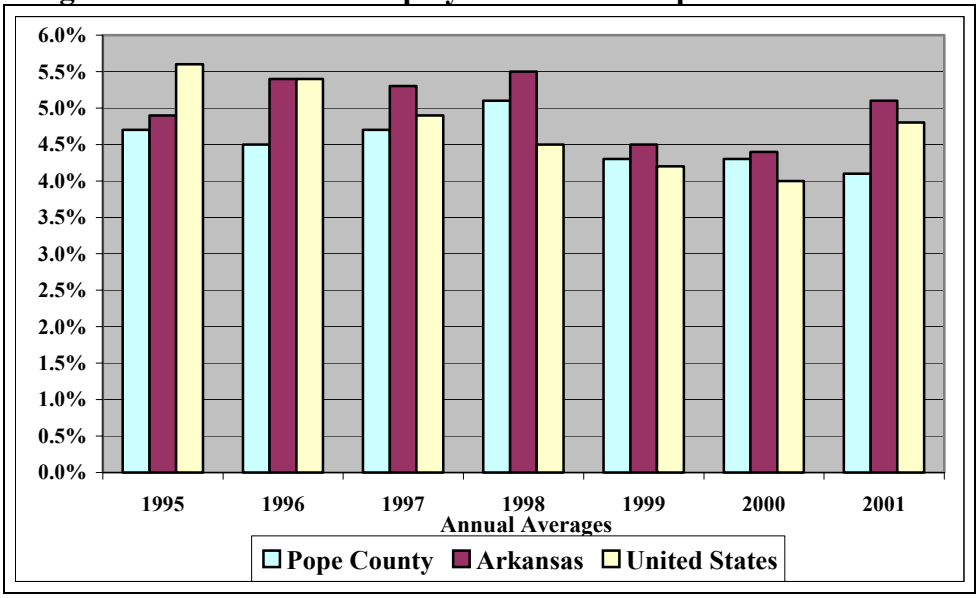
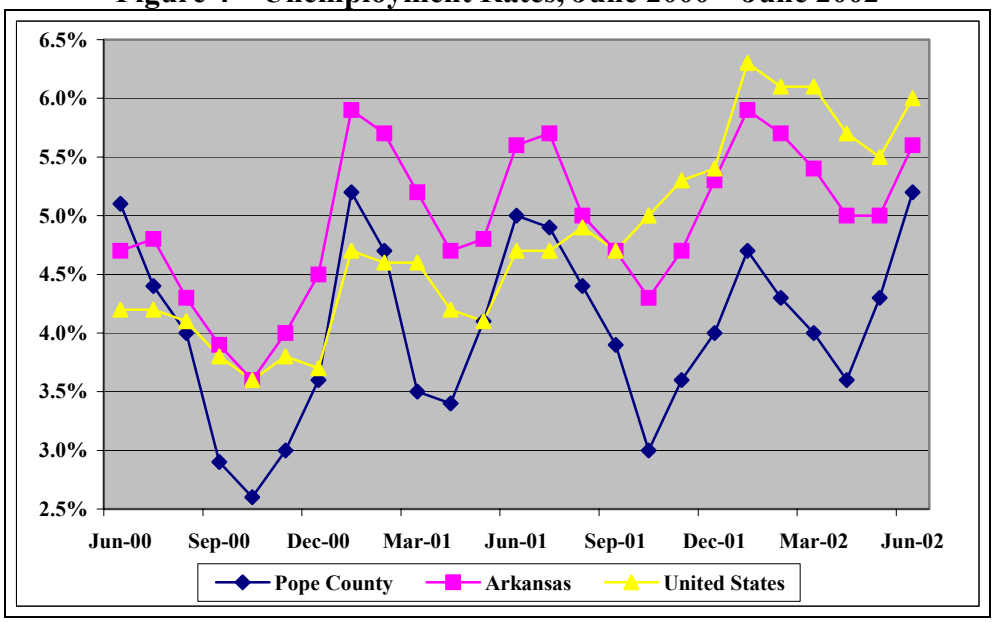


Figure 4 displays the monthly unemployment rates for Pope County, the State of Arkansas, and the United States from June 2000 to June 2002.[5]

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

[5] Note: Data are not seasonally adjusted.

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 are currently three available industrial sites in Pope County. The first property is located outside the city limits of Atkins and is privately owned. There are 380 acres of land available within the property priced at $4,000 per acre, price negotiable. The site is 80 percent cleared with a slope of less than 2 percent. Banquet Foods and a feed mill are currently located on the site. Interstate 40 and U.S. Highway 64 directly service the property. The Union Pacific railroad has a line south of the site across U.S. Highway 64. Commercial air service is available at the Little Rock Airport 70 miles southwest of the site. Port facilities with a barge-rail terminal are available at Port of Dardanelle 15 miles to the west of the site. The City of Atkins has a 4-inch water main with a normal line pressure of 45 pounds per square inch (psi) 500 feet west of the site; an extension will be required. The City of Atkins also has an 8-inch sewer main 3,000 feet to the west of the site; an extension will be required. The Arkansas Louisiana Gas Company (Arkla) has a line 25 psi 500 feet south of the site; and extension will be required. The Entergy Corporation provides electricity to the site with a voltage of 13.8 kilovolts.

The second property is located within the city limits of Russellville and is owned by the Economic Development Corporation. There are 147 acres of available land within the property priced between $12,500 and $25,000 per acre. The site is cleared with a slope of three percent. Tyson Foods and Car Mar Valley Corporation have a presence on the site. Interstate 40 is 2 miles north of the site. The Union Pacific Railroad has a line on the south boundary of the site. Commercial air services are available at Little Rock Regional Airport 72 miles southeast of the site. There are port facilities available at Port of Dardanelle six miles southwest of the site. Russellville Water and Sewer provides water services to the site through a 12-inch main with a normal line pressure of 90 psi. Russellville Water and Sewer also provides an eight-inch sewer main to the site. The Arkla Gas Company provides natural gas service to the site through a 6-inch main with a normal line pressure of 60 psi. Entergy Corporation provides electricity to the site with a voltage of 13.8 kilovolts.

The third property is located outside the city limits of Russellville and is owned by the D&R Railroad. There are 18 acres of available land within the property priced at $5,000 per acre. The site is covered with timber and has a slope of less than one percent. Cunningham Metals is the only firm that has a presence on the site. Interstate 40 is 4 miles north of the site. The D&R Railroad has a line on the site. Commercial air services

are available at Little Rock Regional Airport 80 miles southeast of the site. Port facilities are available at Port of Dardanelle 1.5 miles south of the site. The City Corporation provides water services to the site through an 8-inch main with a normal line pressure of 60 psi. A private company has a 10-inch sewer main 1,700 feet north of the site; an extension will be required. Reliant Energy has a 4-inch natural gas main with a normal line pressure of 60 psi 1,500 to 2,000 feet south of the site an extension will be required. Entergy Corporation provides electricity to the site with a voltage of 13.8 kilovolts.

There is currently only one available industrial building in Pope County. The building, constructed in 2002, is located in Russellville at East End Industrial Park and was a spec building. The facility has concrete block and metal exterior walls with a galvalum-seamlock roof. The building has 40,000 square-feet of manufacturing space and is accompanied with 10 acres of land, with an additional 9 acres available for purchase. Clearance under the beams ranges from 26 feet, 6 inches to 24 feet, 7 inches; the span between the beams ranges from 26 feet, 6 inches to 31 feet, 2 inches. The facility is serviced by the Union Pacific railroad 0.25 miles from the site. The facility has one floor-level door. The City of Russellville provides the facility with water service through a twelve-inch main with normal line pressure of 60 psi. The City of Russellville also provides sewer services through an eight-inch sewer main. Reliant Entergy provides natural gas services through a 4-inch main with normal line pressure of 60 psi. The Entergy Corporation provides the facility with electricity. The facility is for sale at a price of $675,000 or $750,000 with the additional nine acres. A lease is also negotiable.

VI. Economic Goals

Pope County has many characteristics that situate the county positively for future economic growth. With a relatively young population with more education at all levels than the state average, Pope County has significant advantages over many other Arkansas counties. Additionally, Pope County is fortunate to have a major national east-west corridor running through the county in Interstate 40. With easy access to many product markets, Pope County is attractive to industries that depend on transportation.

Despite these advantages, per capita personal income lags behind the state average. The industrial mix is heavily weighted toward manufacturing and transportation and lacks financial, educational, health, and professional job mass. Economic developers should strive to leverage their young, educated workforce into these good quality, high paying jobs. With Arkansas Tech University located in Russellville, the citizens of the county have easy access to education and training opportunities. Existing companies should make use of the facilities, and they should be advertised to attract new job sources.

VII. Opportunities for Future Business Development

Wood Products

As the wood industry faced a diminishing supply of old-growth timber, makers of lumber and plywood searched for alternative timber sources and manufacturing innovations. Because the southern United States offered less expensive labor and extensive private timberlands, the plywood industry moved rapidly to the South. Since 1964, more than 110 of the 140 panel-producing plants formerly located in the states of Oregon, California, and Washington have been closed.

The need for replacement wood sources has spurred the growth of engineered wood products, which include laminated veneer lumber, parallel strand lumber, I-beams, glued laminated timber, and oriented strand board (OSB). These engineered products are made from wood residue or small-diameter logs, which are readily available from forests not subject to severe environmental restrictions. On the demand side, engineered lumber has been gaining in popularity because of its ease of use.

OSB captured a growing proportion of the structural panel market over the past decade and is likely to gain more market share in upcoming years. By year-end 2001, it had captured close to 60 percent of the structural panel market. According to Resource Information Systems Inc., a private forecasting firm for the forest products industry, it should capture 65 percent of the structural panel market by 2006. Its popularity is further boosted by attractive pricing, as OSB is typically less expensive than plywood. The industry's growing concentration on OSB prompted the addition of a net total of 9.2 billion square feet of OSB capacity from 1996 through 2000, with just under 1.0 billion square feet of OSB capacity added in 2001. With OSB production costs typically falling well below those of plywood, which is more labor intensive, the industry has planned further major OSB increases in 2002 through 2004. According to the U.S. Department of Agriculture, five new plants had been slated to come on line from 2002 to 2004. The plants would add about 4.0 billion square feet of annual OSB capacity.

Other engineered wood products are gaining in market share and capturing new end uses. I-joists are typically used for roof truss applications, but are now capturing the flooring systems. At present, I-joists have captured 35 percent of the wood floor systems in the U.S. single-family housing market, and it is estimated that they can capture approximately 65 percent of the market in 10 years.

Paper Products

In recent years, paper companies have consolidated in order to increase market share and production capacity. Paper and forest companies have made acquisitions their primary growth strategy, as opposed to investing in new equipment. They have realized that greater profitability lies in leading in just a few product categories. They feel that strict attention to being a low-cost producer with a market-share presence in a few highlighted grades leads to a much better profit picture. In addition, paper and forest products

companies are taking dedicated steps toward developing and repositioning products into more differentiated, less volatile, and higher margin categories. For example, smaller paper companies in particular may focus on developing value-added specialty papers (e.g., carbonless or thermal papers) or premium packaging.

Prompted by the U.S. government's environmental protection efforts and by the reduced availability of virgin wood fiber, the domestic pulp and paper industry has dramatically increased its use of recycled fiber. Since 1991, the use of recovered fiber at domestic mills grew more than twice as fast as that of total fiber. The recycling rate of corrugated boxes is currently the highest of all paper products, with growing amounts of magazines and office paper joining the movement.

The growing influence of international markets is another major paper industry trend. On the positive side, export markets have been a significant source of growth for the U.S. paper industry, as domestic volume has moderated over the past decade. The signing of the North American Free Trade Agreement and the formation of the World Trade Organization (WTO) will continue to allow export shipments to account for a greater proportion of U.S. industry shipments in coming years. With trade barriers disappearing, the countries in Asia and Latin America are attractive foreign markets based on their favorable demographics and paper consumption figures. According to Pulp & Paper International (PPI) magazine, per capita consumption of paper and paperboard in 2000 was 28.3 kilograms (kg) in Asia and 35.8 kg in Latin America. By comparison, per capita paper and board consumption was 332 kg in the United States and 243 kg in Canada. Standard & Poor's also sees Asian and Latin American countries educating increasingly greater percentages of their populations in coming years and enjoying economic growth. These trends will play a part in raising employment levels and stimulating consumption of paper products.

Upon its recent entrance into the WTO, China reduced tariffs on imported paper and paperboard, making imported grades more attractive. Specifically, recovered paper is the largest grade of paper, pulp, or paperboard exported from the United States to China. About half of the recovered paper shipments to China are from the United States. The Department of Commerce estimates that China will import about 2.8 million tons in 2002, making China the biggest market for U.S. exports of recovered paper.

Food Production

Demographic changes in the U.S. are reshaping the American food industry. To achieve success in the highly competitive U.S. food industry, companies need a keen understanding of these trends.

The Baby Boom generation- now between the ages of 37 and 55 and accounts for 30 percent of the current U.S. population- creates significant new consumer needs. This generation is at a stage of life in which people usually focus more on nutrition and weight maintenance. Yet in many instances, Baby Boomers' increased work and family responsibilities reduce their time available for exercise. New products seeking to satisfy

these needs are "better-for-you" foods that are low-fat, low-sodium, and convenient to prepare. Studies show that average caloric needs for people aged 50 and older decline by about 10 percent every 10 years. At the same time, older adults tend to have a reduced ability to digest food and absorb nutrients. This factor has led to an expanded market for nutrient-enriched drinks in recent years.

In the over-65 group, nutrition and digestibility remain key dietary concerns. Packaging is also important for this group. Studies show that older consumers prefer packaged food products that are easy to open and have legible labels. Older consumers' demands for nutritionally enriched items may create a new era in processed food industry. Today's food makers say their next step may be to compete with the pharmaceutical industry by offering "nutraceuticals" — processed food products that would replace vitamin supplements and other dietary aids, and eventually release products that will help prevent or even reverse some diseases. Currently under investigation is the role that soy proteins play in inhibiting cancer and heart disease. Also of interest is the potential link between antioxidant compounds — vitamin C, vitamin E, and beta-carotene — and the prevention of cancer, cardiovascular disease, and cataracts.

The population of American children aged five to 17 is projected to total approximately 52.4 million by 2005, according to Census Bureau estimates. This group has significant clout in influencing their parents' purchases. Food manufacturers view these youngsters as important, and they hope to gain lifelong brand-loyal customers.

The increasing diversity of the minority segments of the U.S. population has and will continue to allow U.S. food companies to introduce ethnic cuisines more aggressively. Companies are now trying to make these products "more ethnic" by stressing traditional or "old country" recipes. Beside the established "big three" ethnic cuisines including Mexican, Italian, and Chinese, increasingly popular ethnic food groups will include Indian cuisine and various East Asian cuisines, such as Japanese, Thai, and Vietnamese.

Consumer lifestyles also impact the food industry. Modern consumers face considerable time constraints, raising the demand for foods that are easy to prepare and serve. Food marketers estimate that the average American is willing to spend no more than 15 minutes preparing an ordinary meal. In addition, today's shoppers increasingly want to purchase whole meals. Traditional categories such as frozen dinners have been expanded to include frozen breakfasts and lunches. Products specifically designed for microwave cooking have also proliferated.

As consumers' expenditures on eating out have increased year to year (45.2 percent of total consumer spending on food products in 2001, compared with 44.9 percent in 2000, 42.2 percent in 1990 and 36.5 percent in 1980), food companies have taken advantage of this trend by establishing food service divisions that cater to what were once nontraditional markets — restaurants, schools, airports, corporate cafeterias, and so on. As food companies more frequently distribute their packaged food products through the service outlets, the business lines between food companies and food service outlets are becoming less distinct.

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.

Automotive Parts

The aging of the U.S. automobile population, along with its growing size, should benefit firms producing replacement auto parts. The median age of U.S. passenger cars increased to 8.1 years as of June 30, 2001, up from 6.5 years as of June, 30, 1990, according to R.L. Polk & Co., a research firm based in Southfield, Michigan. All vehicles need maintenance. As they get older and out of warranty, they need general repairs. Typically, during the first three to five years of a vehicle's life, brake pads and batteries need to be replaced. At around seven years, spending rises as belts, hoses, alternators, and starters begin to need replacement. The value of repair spending peaks at around 11 years of age, as parts wear out, but even at that age a fixed-up vehicle could last long enough to make repairs financially worthwhile, versus buying a new vehicle. Given such favorable automobile demographics, demand for repairs and replacement parts is expected to continue to trend upward, which will benefit manufactures of auto accessories and components.

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 4 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.

Transportation

The evolution of electronic commerce has changed the way companies sell and ship their goods. The e-commerce segment that is radically altering the transportation industry is business-to-consumer. Traditionally, goods travel in a chain, from raw materials producer to manufacturer, distributor, retailer, and finally to consumer. But the Internet has shortened this process, essentially eliminating the middleman. This changing pattern will hurt full truckload carriers as shipments between manufacturers, distributors, and retailers are eliminated and as smaller lots prevail. On the other hand, package delivery, airfreight express, and less-than-truckload carriers will become beneficiaries of e-commerce. Currently, the first choice of Internet carriers is United Parcel Service (UPS) with a 55 percent share of all e-commerce transactions, according to Zona Research, a consulting firm based in Redwood City, California.

A shortage of qualified drivers has plagued the trucking industry's long-haul truckload segment since the early 1990s. As recently as 2001, an estimated 80,000 driver slots remained unfilled. Among many factors contributing to the shortage include low pay, long absences of truck drivers from their families, and disrespectful treatment by shippers and carriers. The high turnover rates and driver shortages in the truckload industry can push up carriers' costs. With industry turnover rates of about 100 percent, recruitment and training expenditures can cost some $3 billion annually. Further, the hiring of inexperienced drivers leads to an increase in accident rates, insurance costs, and claims paid out for damaged cargo, as the less experienced drivers tend to have more accidents than drivers with more tenure.

Trucking companies are coping with the driver shortage by avoiding long-haul freight or by routing such freight through intermodal rail service. Additionally, by harnessing sophisticated computer software, carriers can match drivers with loads moving in the direction of their domiciles. Many companies have installed on-board computers that link drivers to dispatchers and their families via satellite. Such devices steer drivers around congested roads, help them obtain faster road service, and let them communicate with their families and dispatchers without leaving the highway. These devices may become

mandatory equipment for all vehicles if the Department of Transportation implements its proposed hours of service regulations.

Intermodal traffic is the movement of general freight, such as consumer goods and light industrial products, in trailers or containers by means of two or more transport modes. Though intermodal rail service fell out of favor with shippers in 2000 and likely in 2001, Standard and Poor's believes this is temporary and that it will eventually become the preferred transport mode in certain markets. Some 35 percent of the intermodal market goes to truckload carriers, such as J.B. Hunt Transport and Schneider National (which together claim about 10 percent of the market), and to intermodal marketing companies, which are third-party intermediaries.

The future of the intermodal segment — the railroad industry's fastest-growing business — is tied directly to the level of world economic activity, not to heavy industry or mining. Between 1980 and 1999, intermodal railroad traffic soared 196 percent — a compound annual rate of 5.9 percent. In April 2000, the Association of American Railroads, a Washington, D.C.–based trade organization, projected that 3.08 million trailers and 7.80 million containers would be moved by intermodal rail in 2004. This total of 10.88 million units would be up 33.8 percent from the 8.13 million units moved in 1994 (4.38 million containers and 3.75 million trailers). In the longer term, intermodal's prospects are bright, as import/export business between the United States and the rest of the world grows and fuel prices and driver shortages push up truckload rates and force business onto the rails. Standard and Poor's projects that once intermodal's operations are smoothed out, with frequent departures and high on-time reliability, a large portion of e-commerce will be sent via intermodal transportation, since surveys demonstrate online purchasers' willingness to sacrifice time for low costs.

Utilities

The electric power industry is in the midst of radical change brought on by deregulation. The National Energy Policy Act of 1992 exposed the generation and wholesale power markets to competition. The industry restructuring has been focused on open-access transmission, pricing, and the recovery of stranded costs.

Despite the specter of increased competition, the U.S. electric industry is mature. Over the long term, utilities are facing the prospect of sluggish demand growth. Industry experts have projected long-term average annual growth in national demand at about 1.7 to 1.8 percent through 2010. On a regional level, however, growth can vary substantially due to differences in the composition of local businesses, industries, and economies.

Residential electric utility customers accounted for nearly 88 percent of the 126.7 million total final customers in the United States in 2000. The number of residential electric utility customers increased 1.2 percent to 111.1 million in 2000. This modest increase in the customer base will likely persist, reflecting the sluggish rate of new U.S. household formations and slow growth in the overall population, trends that are expected to continue for the foreseeable future. Thus, demand growth will remain mostly weather-related.

Long-term growth in sales to industrial customers is also expected to be modest. Standard and Poor's expects the volume of annual industrial sales growth to be relatively modest through 2006, with demand determined by the relative strength of the economy.

Over the next several years, Standard and Poor's expects to see increased demand from the commercial sector, with the pace dependent on the vigor of the economy. Demand should be boosted by the growing number of customers as well as the increasingly widespread use of computers and other office equipment.

Facing slow demand growth and regulatory constraints in their core business, many electric utilities are diversifying in an attempt to generate higher returns. In general, however, diversification strategies have been limited to the purchase of natural gas and water utilities, geographic expansion, and a focus on various electric services.

Another trend in the electric utility industry is that the investor-owned utilities have begun to consolidate with gas pipeline and/or distribution companies in order to become providers of "energy" rather than of just electricity. Numerous recent mergers have involved at least one partner with gas operations.

The advent of wholesale wheeling and non-utility generation created the opportunity — and the need — for companies to market and broker power. As of May 1, 2002, 534 independent power marketers and 171 affiliated power marketers were registered with the Federal Energy Regulatory Commission. However, the move toward developing an efficient power market has encountered serious problems that led to astronomical rise in power prices and pushed several utility companies into financial disaster.

Source: Standard and Poor's NetAdvantage.
http://0-www.netadvantage.standardpoor.com.library.uark.edu/