



ATHENAEUM SOCIETY



SEPTEMBER 3, 1987

"WHERE ARE WE AND WHERE ARE WE GOING?"

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A majority of my papers to the Society have been humorous in nature so it is necessary to keep a balanced outlook that I periodically give a dull doomsday type paper. Unfortunately for you, the time has now arrived for another one of those papers. I do it not because I enjoy it, I do it because you deserve it.

Shortly after being elected Lieutenant Governor, Steve Beshear, created a blue ribbon commission called "Kentucky Tomorrow" to study the long range future of Kentucky and what actions need to be taken to meet Kentucky's future needs. This is similar to a program established in North Carolina which has been implemented with great success. Also in recent years, the Kentucky New Era, at considerable expense, has hired the firm of Barbour & Monroe to do market studies in the areas served by the Kentucky New Era to assist in planning for the market in the future as well as making this information available to local businesses and groups in order to assist them in planning and addressing the problem that appear to be facing us now and in the immediate future. I have attempted to combine the information obtained from these sources to try to relate the future of Kentucky and this area.

The Commission on Tomorrow found there were five major trends that will affect life in Kentucky dramatically. Understanding these trends is vital as they indicate the direction and the pace of

major changes molding our future. These trends are causing a rapid change especially when you consider the fact that it has been estimated that the amount of scientific knowledge available in the world, which has doubled at the rate of once every 500 years earlier in the century now doubles once every five to seven years. The five major trends are :

1. Toward a global economy;
2. The shift to a "new economy";
3. The continuing technological revolution;
4. Decentralization; and
5. Shifting population patterns.

1. Global Economy. I think we all here tonight realize the effect foreign imports are having on this country and the diminishing exports of this country has had on our economy. Every farmer in Christian County was affected by Jimmy Carter's grain embargo and we no longer have a shoe factory due to the low paid skilled labor from overseas which has begun to dominate the clothing, footwear and toy markets. Since 1963 the U. S. portion of the world automobile and machinery sales has declined by almost one-third and the sale of agricultural machinery has declined by forty percent. From 1970 to 1980, the imports from developing nations increased ten-fold from 3.6 billion to over 30 billion in constant dollars. By 1985, foreign investment in Kentucky had reached approximately one billion dollars and it is obviously increasing with the Toyota plant but at the same time, some of

Kentucky's products have made it into the foreign markets. In any event, the global economy is going to play a major role in our future.

2. The second trend is to a new economy. I think this trend is fueled by the explosive growth and technology and a shift from a labor extensive economy to an information based economy. While many of our jobs in Kentucky will be obsolete by the year 2000, many of our traditional industries like coal, agricultural and manufacturing will be permanently affected by technology which reduces the amount of labor required to perform these services. Service industries will continue to capture a growing portion of new jobs nationwide but many of the jobs will be low skill, low paying jobs that require no training beyond high school. Professional and technical employment will increase faster than the total employment with a companion increase in the number of jobs that require college education or training at specialized post-secondary technical schools; high tech firms will not employ people in large enough numbers to offset total employment declines in the other sectors. As a matter of fact, manufacturing positions in Kentucky declined by 50,000 jobs between 1979 and 1983 and while manufacturing will not completely disappear, it is expected to decline as a portion of the work force through the year 2000.

In agriculture we have seen these changes take place by having major increases in productivity having larger and fewer farms, fewer farmers, increased mechanization, and increases in cost of production at lower values of farm commodities. This trend must be addressed if we are to survive with an agricultural economy in this area. Mining, which affects Kentucky and particularly some of the

surrounding counties, is in fact expected to lose jobs in the next decade due to new technology while on the other hand, trade, finance and services are continuing to grow as an area of employment.

3. The third trend is continuing technological revolution. I realize these first three trends are closely related but you can readily see the difference that we are affected by a global economy and we are affected by new economy on demands based on the changing demands of the needs of our people. The explosive growth in scientific knowledge and technological application will continue to influence us on through the coming years well past the year 2000. By then computers are expected to be as common as telephones and many people can use that technology to have their own industries in their own homes. Communication technology will link people in networks allowing them to exchange their information and perhaps even daily health check-ups over the telephone monitoring devices and educational link-ups for home-bound students. They will profoundly change our life and probably create many ethical dilemmas in the area of health due to advances in genetic engineering and introvitro fertilization, organ transplants, and cloning represents many of the developments that raise significant ethical issues.

4. The fourth trend is decentralization. The trend at the present is away from centralized decision making by use of the federal government and whether that will continue, I would not know, but today the states rather than the federal government are becoming laboratories of innovation. A shift in the federal government's willingness and ability to support certain programs will force state and local

governments to assume more responsibility in operation and funding. States and communities are having to become more self reliant in order to obtain the services they need.

5. The fifth trend is a shift in population patterns that are already become evident. Kentucky's growth rate from 1980-85 was 1.8 percent as compared to the national rate of 5.4 percent. As recently as four years ago, the University of Louisville was predicting that Christian County would be one of the most rapidly growing counties in the state. That has not turned out to be the case. Not only has the county not grown, it has declined in population with the present population being near 64,000 people and it continues to decline.

An area of increasing population is with the elderly and women. From 1960 to 1982, the number of individuals over 65 in Kentucky increased by 54 percent. From 1980 to the year 2000, the population of those age 80 and over is expected to increase by 90 percent. In 1985, approximately 20 percent of the population in Christian County was over 65 and 54 percent were female. If the present trend continues, the Social Security Administration estimates that by 1993 Medicare would be in a deficit situation with its reserves totally depleted by 1998 and the Social Security Pension Security Fund depleted by the year 2050, if it lasts that long. This problem is aggravated in Kentucky by the fact that most of its elderly are poor without outside pension funds and relying entirely upon Social Security benefits to take care of them and their retirement. This is obviously going to affect the cost of health services, increase demand for public

retirement funds and will undoubtedly affect public issues since the elderly seem to be the strongest lobby in the country.

Christian County has more than its share of poor people not only among the elderly. In 1985, 46 percent of our population was receiving some sort of government aid. This does not include people who are drawing Social Security they earned, but would include SSI payments, subsidized housing, food stamps, aid to dependent children and similar programs. Fifty percent of the kids who attend the public schools either receive a free or reduced rate lunch.

The work force is also changed by the fact that by 1986, 44 percent of the nation's work force was female. Most of these women entered the marketplace for economic reasons and the policy issue surrounding the family such as maternity and maternity leave, provisions for child care, equal pay for women and support, and bringing integrity to the family unit will play an important role in the issues facing our society.

The Commission also developed five strategic principles to address the problems we are facing. The principles are:

1. Self-reliance;
2. Planning and policy development;
3. Diversification and innovation;
4. The creation of a learning society; and
5. The pursuit of equity and social justice.

Self-reliance begins with Kentucky's people and implies much more than simply creating jobs. Opportunities for jobs and economic expansion will quickly bypass Kentucky if we have not adequately

readied our state and its people. Prosperity will elude our state unless we concentrate on improving our social and economic life. Investing in education and training, health care and social programs is not an option to be perused if we have some extra funds. It is pre-conditioned to desirable development and great self-reliance.

Kentucky's image as a poor state is accurate. Kentucky has the highest percentage of adults over 25 who do not have high school credentials of all the states. It is estimated that 30 percent of our adult population has not progressed beyond the eighth grade. In Christian County, 33 percent of our adult population has not completed high school and it is believed that many who have are still functionally illiterate and we must keep in mind that our market agents tell us that people invariably inflate their education and income in these polls. Kentucky has the highest percentage of housing units without plumbing and the highest percentage of housing units without public sewers in the nation. Recent estimates place the number of Kentuckians who are in need of health care coverage to be between 500,000 and 750,000. The Commission recommended that self-reliance be addressed in the following ways.

1. Create a prepared citizenry through investments in health care work or retraining the social programs.
2. Continue to strive toward educational excellence.
3. Provide clear direction coordination within government and an adequate data base for sound decision making.
4. Maintain a clean productive natural environment.

5. Redirect the state's development efforts toward the support of Kentucky entrepreneurs, small and new businesses and the expansion of state's existing businesses.

Obviously, Hopkinsville's largest employer is not one that has been recruited here but is one that has developed here and that is Flynn Enterprises. Any plant that you can attract by offering incentives to move to your area can just as well be stolen away by another state offering better incentives. By promoting existing and developing local industries, we can create a more stable employment economy in our area.

The second principle is planning and policy development. At the present time Kentucky is proceeding toward the 21st century with no long term vision of where it is headed. We now have a situation where the leading nominee for Governor of Kentucky is threatening to scrap the new programs instituted to support education in favor of his own programs. It is interesting to note that the tenure of the Secretary of Transportation in Kentucky or its equivalent position for the past thirty years has been an average of fifteen months. I would suggest that very little planning could be done by an administrator in that period of time. The Commission recommended first that in order to improve planning that the state develop a comprehensive long range plan to be approved by the General Assembly that addresses broad policy areas that include agriculture, criminal justice, culture and the arts, economic development, education, energy, environment, health, information, interest structure of government, social services, science, technology, tax, and transportation. The second recommendation, in

order to do this, is undoubtedly a controversial one which calls for the rewriting of the Kentucky Constitution to make it a clear, meaningful, flexible, and dynamic document. The Constitution was believed to be one of the fundamental stumbling blocks of change in Kentucky. Its limitations and restrictions prohibits government from developing policies of continuity and adequately responding to contemporary issues. Substantial change could be affected by having a Constitutional convention and educating the public of the necessary changes. Some of the problems are readily apparent, that is the difficulty in amending the Constitution and the fact that it is written in such restrictive fashion that it requires constant amendments and makes any change a long and difficult process. Another problem area is the restriction on succession in office. All statewide officials and mayors of first and second class cities are limited to one four-year term. Amendments have been made to change some of these offices but Kentucky is only one of four states that have this provision. No Governor can accomplish meaningful change in one term. Another difficult problem is the 1891 ceiling of \$500,000 on a state indebtedness. The state is benefited by prohibiting deficit spending of the type of which has been disastrous in the federal government. However, it is a consequence of this limitation that the state continues to pay excessive interest rates because bonds have to be issued at high interest revenue bonds rather than general obligations of the state costing hundreds of thousands of dollars each year. A new Constitution could retain appropriate limitations but allow the state to take advantage of lower interest rates on its obligations.

Policy development would include established written, directed and concise public policies built on goals that are task orientated and measurable and tied to time frames. In other words, we could address a problem and set a goal for solving it and be able to tell at various intervals how we are progressing toward that goal. We also need to establish a private, non-profit, institution, whose mission should be to provide short and long policy research. One way to help achieve this is to make the data and information systems within state government compatible, integrated and transferable. The right hand needs to know what the left hand is doing.

The third strategy one would make is diversification and innovation. We would need to develop regional plans and development for regions of Kentucky instead of the haphazard way of trying to develop either the whole state or one county. We need to assist in the capital formation by creating non-profit corporations who raise private venture capital to help our economic development. We need to develop a comprehensive state policy and with science, technology, and education development and utilization establish research and development funds for universities and centers of excellence to coordinate the development of a comprehensive statewide communication network and work to keep our traditional industries competitive. To keep existing industries competitive, we will undoubtedly have to develop coal into a cleanly burning alternative fuel and encourage new and existing plants in the state to utilize coal as their primary energy source and help identify new markets for our farm products, including international markets.

Tourism is also one of our most important industries. Tourism is particularly important for regional development in Western Kentucky. Tourism is now the fourth largest revenue producer in the state and the second largest employer in the state. In 1984, long travel expenditures resulted in 228 million in tax revenues of which 122 million were paid directly by tourists and 106 million by the businesses and individuals who served them. In 1985, approximately two billion was spent in Kentucky by tourists and despite the growing importance of tourism to Kentucky since most of this money comes from out of state, Kentucky's tourism budget for 1985 was 12 percent lower than it was for 1983. In the same year, Illinois experienced a 355 percent increase in its tourism budget and Tennessee has increased its tourism budget by 87 percent.

In the area of helping existing manufacturers in Kentucky, the Commission suggests a clearing house be established in order to provide Kentucky businesses with up to date information on patents and advances important to their industry. Establish a problem resolution network for Kentucky businesses and encourage development of private and public cooperative partnerships to further expand the state's research and technology to transfer capabilities. The other recommendations on keeping Kentucky industry I have held to last in this section because they are important to Christian County. Agriculture has accounted for more than two billion of the state's income annually and of that, the greatest cash crop is tobacco. As late as 1985, 72 percent of Kentucky's farmers depend upon tobacco for at least 50 percent of their gross farm sales. No one can seriously deny that this industry is

in serious trouble and the seriousness of this problem is pointed out by the fact that for every one percent decline in Kentucky tobacco output approximately 550 jobs will be lost coupled with a 24 million dollar reduction in the value of the total state product. At the same time, we import 63 percent of our food in Kentucky. We import 10 million dollars worth of food each year for the Kentucky universities and parks. Transportation for Kentucky's imported food costs about 90 million a year. If Kentucky could set as a goal an effort to produce all of its own food that it needed to be independent, it would create an additional 100,000 jobs. It is not likely that we could become totally self sufficient in producing our own food but working toward that direction would certainly generate new jobs and hopefully change the direction of the farm economy. We must consider alternative crops that are not necessarily grain or foods such as Christmas trees, timber and other wood industries and consider aquaculture and the trend of programs for catfish and trout farming. Additionally, in all areas of our economy, worker training and retraining must be made available and it must be the type that will fit the need. Several years ago in working on the Committee of 100 and attempting to lure industries to Hopkinsville, we had a prospect that would require a high number of employees with electrical training to work in that industry. When we approached the Vocational School about setting up a program, we were informed they had their own program which basically was a course in wiring houses and putting in fuse boxes and that was all they taught. At that time the economy was such that we had no building going on, so we have a vocational system that will not train people for jobs we can get but will

train them for jobs we do not have. Although not addressed in the Commission's report as such, you will recall that Martha Layne Collins attempted to remove the vocational schools from the Department of Education whose primary interest is secondary and elementary schools and place it as a separate part of the government with the head of that department having only in mind the development of vocational education to meet the needs of the jobs that are available as opposed to the present situation where vocational education has the least priority of any agency in the Department of Education. That effort was unsuccessful.

The next strategy for change was creating a learning society. I have already given you some alarming statistics about the education in Kentucky. On national achievement tests, Kentucky students rank far below the national average. Unfortunately, students in the public schools in Christian County perform well below the state average. In fairness, there has been marked improvement in Christian County public schools rating on the tests in the past few years, but unfortunately, we are still below the state average and well below the national average. It is obvious that we must develop a comprehensive plan for education with goals and policies against which all educational activities and decisions are referenced. I think we have observed considerable progress in our sister state of Tennessee and while it has cost a significant amount of money to implement the improvements, it was done in such a way that the people felt assured of getting their money's worth. In Kentucky we do not have the assurance that we will get our money's worth and often feel that we see very little evidence that we are

getting our money's worth and consequently, the statement has been made by many politicians that you cannot solve all of education's problem by throwing money at the problem. That statement is undoubtedly true but neither will you improve education by spending the least amount being spent in the country. The leading candidate for Governor states that he will not increase taxes under any circumstances and it is fresh in our mind what happened when there was an effort to increase taxes in Christian County. Kentucky cannot spend the national average on education and expect to become average. It is going to take more for us to get to where we are average and in order to do that, we must try to become far better than average. One of our most significant problems is the uneducated work force and the school dropout problem.

As a member of the Commission pointed out, simply spending money will not improve the dropout rate. You have first got to convince the public, the parents and the illiterate adults the importance of education. So long as a parent does not think an education is important, we will continue to have our problems regardless of how good our schools are. It is my personal opinion that it has been proven in this country and particularly in this state, the way you sell candidates or ideas, is the same way you sell soap, and that is by hiring a slick ad agency, put alot of money into the program, particularly aim the program at television since your target audience does not read, and sell our citizens on the idea that it is important that they be able to read and write and it is important to complete their education. If that

program were to be successful, then the difficulty in supporting other educational reforms would be solved.

It is significant that our own data obtained here in Christian County which is broken down by postal mail routes shows that the route with the highest household average income is also the route with the highest average educational level, while at the same time the route with the lowest household income is also the route with the lowest average educational level. The only area of growth in Hopkinsville lies primarily north of Country Club Lane and east of 41-A. This is also the same area with the lowest household income and the lowest average education. Kentucky is near the top in dropout rates of high school students and Christian County is near the top in Kentucky. The average attained level of education in Clarksville and Montgomery County is a year and one-half above that in Christian County. That trend will not attract business.

The final strategy is the pursuit of equity and social justice. To be self sufficient, we need to make assessments of the unmet needs of people who are dependent by reason of age, health, mental or physical disability, establish data systems and guidelines to review social programs, encourage self sufficiency by incentives, review the possibility of encouraging flexed time and job sharing options and on-site health care facilities, develop incentives that would discourage continuing welfare where the recipients are able to work. We need to develop the screening of all young Kentucky children by the state of pre-school age to identify learning abilities and disabilities and health impairments. We need to encourage volunteerism. We have an awful lot of talent out

there that has nothing to do that could be of great service to the community as you can see by simple agencies like the various auxiliaries that aid the local hospital. In crime and justice, we must look at alternatives that include determinate sentencing, parole reform, judicial sentencing and guidelines, expanding work release and alternative community based monitoring programs for non-violent offenders, the possibility of private enterprise operating prisons and the elimination of the jury sentencing. In the area of health, we must develop and encourage planning to promote wellness in order to reduce health costs and develop new models of health care and service delivery. At the present time in Kentucky, we have a moratorium on nursing home beds. The reason for this is once a nursing home is opened, a substantial number if not a majority of those beds become occupied by people who are paid for by Medicaid. As this does not solve the problem with the increasing elderly population, I would challenge you today to find a single nursing home bed available in Hopkinsville on most any day of the week. Obviously with deaths, vacancies do occur. This means that nursing home beds are not available for those who can pay. A moratorium on beds does not address the problem. The Legislature and government must face up to the fact that if they are going to fund Medicaid, they are going to have to increase revenues. If they are not going to increase revenues, then they should face that and announce they are not and permit nursing homes to be built so at least those who have private funds available to pay can to do so. The moratorium at present is simply serving to inflate the price that a nursing home can charge a private paid patient due to the lack of availability of beds.

Even with long range planning, we will still be hit by surprises just like five years ago no one had heard of or even suspected AIDS to be a problem in this country and now it is considered to be its biggest health problem.

We can no longer rely on the resources we have been given in the past. It has been said, "The future is a foreign country: they do things differently there." We cannot continue to go with the flow the flow is away from us. If we do not plan for the future and address our problems, it is likely that our biggest export in the coming years will be our college graduates.