

# *Planning Strategically for Kentucky's Future*

Old State Capitol—House Chamber ❖ November 15, 1994

**Dr. Forrest Callico, Chairman, Kentucky Long-Term Policy Research Center—**

Dr. Callico opened the sessions with a balloon analogy to illustrate Kentucky's long-term planning dilemma. A filled balloon exhibits static pressure—the inner and outer pressures exert against each other. If the balloon is punctured, an “explosion” results; if one simply lets go of the end, the balloon flies off erratically. What's needed is “alignment”—controlled pressure-release from the balloon to produce a desired movement—basically by controlling the inward/outward pressures. If “aligned” — controlled through a “nozzle” — you get *controlled* movement. Likewise, “alignment” of creative energy and activity allows us to make progress—to be a “jet engine for progress.”

Our choices and actions today determine our future. We can't be ostriches; we must behave like *flamingos*. They have a terrible time getting off the ground, but they're beautiful and graceful when they're airborne.

Trends are malleable. We can influence them. So let's challenge our assumptions. The decisions we make will otherwise be only those assumptions we had going in.

## **“The Community of Tomorrow”**

**Background Report by Michal Smith-Mello—See handout (attachment) for added detail—page 14**

### **Kentucky Demographics:**

- Stagnant population growth: .7% versus 8.7% nationally
- 4.7% *out*-migration versus its 5.4% growth (Thus, .7% *net* growth 1980-90.)

### **Kentucky has:**

- A persistently homogeneous population—with minimal black growth (1.7%). This factor can affect Kentucky's business prospects—due to our lack of diversity!
- An enduring rural character. It had only a 2% increase in urban population 1980-90. 48% of Kentuckians live in rural areas/communities (cities of 2,500 population or less); Kentucky had a 28% loss of farm population 1980-90.
- Changing Family Structures: Kentuckians marry more—and divorce more. Fewer are married with children; this accounts for our declining birthrate—which is second only to West Virginia's—and our declining youth population.
- Changing Family Structures: There is a rise in single-parent families.
- Changing Households: The number of households in Kentucky is up 62% since 1960. This is three times faster than population increase. People are “pulling apart,” creating *separate* households.
- An Aging Population: Kentucky has 12.6% elderly population—versus the 3.6% that existed in 1900. The median age is now 33.9 years—with the “Baby Boomers” yet coming. So the youth population will certainly be declining even more.

- Poverty: 20.6% of the aged are in poverty;  $\frac{1}{3}$  of the population is aged in some 20 Kentucky counties. Some concerns:
  - As the population ages, the poverty deepens.
  - Expect rises in health care costs—and housing/workforce issues.
    - People will have to work longer! But we've been retiring earlier rather than working longer.*
  - “Generational equity” issues are real.

These pressures will lead to:

- “Increased democratization”—and more aged in leadership.
- Efforts to reform entitlements.

**A Panel on “The Community of Tomorrow” — Ron Carson, Deputy State Budget Director, Governor's Office for Policy and Management, Moderator—**

As we contemplate these demographic factors and trends, there are four issues to think about and react to:

- How should “community” position itself strategically?
- Are trends enunciated the key ones?
- Do other trends need to be articulated?
- Which trends can best be addressed by public policy?

**Bob Adams, Executive Director, Kentucky Housing Corporation—**

My topic is *housing as I see it now—and may be in 20 years*. Now, single-family homeownership is the preferred model. It may be modest—but it's home. We need rental housing now, especially for the working poor—and especially in rural areas.

We depend heavily on many federal support programs (HUD, FmHA). Most of the HUD 20-year contracts will start to run out in the next six years. KHC has 18,000 units; we need to preserve the subsidized housing stock built in the 1960s and 70s.

Outreach for special market groups is also needed. For example, single-parent households—with low interest loan needs, the elderly—a fast-growing population, the handicapped.

In 20 years we'll still see the single-family home. That's what people will want. But people will also need more condo-type housing.

*Kentucky housing needs:*

- To emphasize the preservation of housing.
- To develop the few youth we have.
- Now—and then too—greater development of our infrastructure.
- To “realign” entitlements and “revisit” housing subsidy programs.

FmHA has its “515” program. Congress decimated it this year—with a 75% cut. We'll have more rural elderly, not fewer, so more subsidized properties will be needed. The potential decline of the Section 8 program is also a threat.

**Dr. Michael Price, State Demographer, Center for Urban and Economic Research, U of L—**

Kentucky has stagnant population growth; no robust growth. Demography is a simple premise: *births and deaths*. But we have increasing mortality in Kentucky. Decades ago, Kentucky was ahead of area states in fertility; now it is the second lowest. And it's the Kentucky poorest counties that have the sharpest decrease. Some areas are “de-populating.”

Most significant is that the birthrate is declining; the decline is highest in the middle class—those

with \$30,000 incomes. Thus, we've stepped backwards in child poverty. It's increasing! There are also many fewer children. One-fourth of Kentucky's children live in poverty. One-third of the children with parents under age 30 are poor. Those who can best afford children do not have them! Thus, there is "a declining base of future vitality."

Migration (outward) has formerly acted as an "economic safety valve." But now, who's left behind? And who are we adding?

**Carol Straus, Center for Business and Economic Research, University of Kentucky—**

I want to deal with something more "abstract": "**community.**" Let's look at community as "a human need." People will band together in creating healthy, constructive, wholesome communities—or "destructive" ones. The key problems concern how people make their living. Manufacturing/agriculture/mining—all are down in Kentucky, and these bear on how people can make positive lives.

There are some positives:

- More formation of *teams* on jobs. "Communities:" these consist of common teams, etc.
- School reform/site-based management is a basis/group for community building.
- Teen centers with parental involvement—and constructive fun—at housing authority (as in Lexington).
- A "cradle school" in neighborhood/school—a child education/parent education program.

Teen pregnancies occur where it's a way to "get status." In some communities with child violence, breaking the law is "their bond." We need to teach people how to resolve conflicts. There is a need for structural diversity. We need same-ness, but also a sense of different-ness, other-ness. Any policy or trend we get will impact on all those informal "communities" people form.

Ron Carson interjected a comment on the significance of the "decline of civil organizations."

**Peggy Wallace, Commissioner, Department for Social Services, Cabinet for Human Resources—**

Demographic trends impact social service systems—usually adversely. But there are positives. For example, we're working to find ways to preserve and support *the family*. This is needed. There's a debate over what is a family. DSS defines it as a household—of whatever description.

**Family.** What can we do to help and support family? And what about child care? All are interrelated, interwoven, and work as a *whole*. We must address drug abuse—especially alcohol. Drug abuse is also a problem in rural areas—just like urban areas.

**Crime.** Criminal justice—including juvenile justice—in an increasing concern. Violent crimes are on the rise. We're just not reaching them early enough. Many are repeat offenders. Minorities are over-represented in criminal justice system.

**Children in Poverty.** What of their success later in life?

**Mental Illness.** Many clients are themselves victims—especially prevalent are the sexually abused. 95% of 42 residents in one female facility had been sexually abused.

**Education.** The "education" problems include under-education, lack of education, and dropouts. Dropping out is "acceptable" in some communities. We must support parents who don't see the value of education!

**Racism.** There is a resurgence of racism in Kentucky. How can we as communities address this? We must regain a sense of community/neighborhood! Blacks who've "made it" usually don't "return"! "Community" is related to our sense of self-worth.

**Dr. Stephen Wilson, Director, Research Center for Families and Children, University of Kentucky—**

The question "Where are we needed?" is key. There are some issues where we must broaden our thinking: diversity, poverty/equity; and families! We mean all forms of "family"—including single-, step-,

or whatever description. There are many emerging family forms.

We should think of ways to better support families—rather than so narrowly defining what one is.

Families are not disintegrating—they're just changing!

With our increasing life span, we delay first marriage, then parenting. There are increasing numbers of young families in poverty; there's a decline in birthrates; and we're experiencing life-long child deprivation—and less parental control.

In 1900, the “average marriage” also lasted only *eleven* years. Many women died young! Now there's a high divorce rate—but also many 50-year marriages.

“Singlehood” is also increasing—but not as high as it was in the 1880s. Single parenthood is also *not* as high as it was in 1890—but again due to many female deaths then.

The divorce rate rise began in the 1820s and has continued to rise ever since. 1979 was the peak on divorce—it's now declining. Kentucky has a one-third higher divorce rate than the U.S. average.

Beginning in 1988, the average American woman will spend more years caring for her ailing relatives than her own children!

Policy must go beyond simplistic assumptions and stereotypes—such as the “nuclear family ideology.” Family structure really doesn't tell us anything. There are more differences *within* groups than between the average groups. Single parents need programs—and help, not rhetoric on “family values.”

We need employer support for “job sharing,” “flex time,” and so forth in the workplace. We must place greater responsibility on fathers! We need:

- 1) programs to supplement the *able* “working poor”.
- 2) Life-long learning—actively supported. This era of rapid changes only promises to increase the rate of change.
- 3) Acceptance of the changing family forms and demographics.
- 4) Particular and immediate attention to poverty—especially as it relates to children.

All this only “promises poverty will be more problematic tomorrow than today.”

### Questions & Answers/Comment Session—

- *Other trends which need consideration are: our capitalist society. What's the cause-effect basis for many of these problems? What about the potential impact of manufacturing and export growth?*
- *What about the de-populating of certain rural counties? Is it inevitable? Is it good? Are some just no longer viable communities?*

Hickman and Fulton counties have had massive out-migrations. Deaths outnumber births; they have an aging population that's increasing. The problem is they can't remain self-sustaining except for transfer payments as source of economic activity.

**Dr. Price:** Where will new blood in Kentucky come from? Possibly from the Third World: *Asian/Hispanic population*. Migrant labor is already coming in.

There is a declining tax base in those counties already struggling.

**Adams:** Also, they're not a comfortable place for the aged to live. They—the elderly—need services and housing. Yet, there are nearby places such as Murray, Paducah, and other places where housing is more affordable.

**Straus:** It's inevitable; Some communities will “wane,” while others thrive. We don't know which. Some are being absorbed by other communities—due to their infrastructure. Accept that. “The only thing sadder than a ghost town is the last person living there.” Accept that as a part of change. Not all will be part of “the community of tomorrow.”

- *What about a unified policy/coordinated plan?*

The '96 General Assembly will have to deal with these issues. We need to focus beyond the two-year biennial budget. So, various entities have been created to provide a long-range focus.

- *Do we believe we need a Kentucky long-range plan?* This will be debated.

## **“The Foundation for Progress”**

**Background Report by Michal Smith-Mello**—See handout (attachment) for added detail—page 15

### **Physical Information...**

Kentucky's debt burden is 22nd in U.S. among the states. (It's about average.) Yet, there remains:

- a high level of concern regarding Kentucky's “tax competitiveness”
- fiscal/budget pressures—caused largely by Medicaid's 100% increase between 1987-93; the General Fund has increased 50% during this period.

Wastewater: \$1.5 billion is needed for wastewater treatment plants.

Drinking water: 20% have no access to treated drinking water. There are 377 small systems which need technical assistance/funding.

Highways: The number of vehicles is up 12%; miles driven are up 33% from 1980 to 1990; highway improvements are needed.

### **Environmental Integrity...**

This is not exclusive to economic growth.

Even with cleaner streams, contamination is widespread.

Waste: Kentucky has less generally, but less is also recycled.

### **Human Potential.**

**—Concerns are shifting from physical infrastructure to people. Infrastructure must include the development of human potential.**

**Health**—Concern is shifting to primary care/prevention. Kentucky has the second highest percentage among the states for hypertension.

**Poverty**—The state's 28% poverty index in 1990 was up from 23% in 1980.

Poverty claims one-fourth of Kentucky's children (versus one-fifth in the U.S.), and some say Kentucky's child poverty rate is 50%!

These all represent “costly outcomes.”

**Education**—28% graduated from high school in 1960; 65% in 1990.

5% of the population were college graduates in 1960. It was 14% in 1990.

35% of the adults age 25 and over now have no diploma—and the high school diploma is fast becoming inadequate—it's “yesterday's preparation.”

**Vocational Education**—Basically, this is education between high school and college. 52% will need post-secondary schooling, but not college.

**College**—College enrollment is up 22% at Kentucky colleges—and 105% at the community colleges. The state share of higher education is declining.

Even with its “declining affordability,” Kentucky's higher education is still a “good buy” nationally (just 81% of national average cost.)

Kentucky tuition increases in 1994: +11% at a “flagship” universities; +5% at regional colleges/universities; +14% at the community colleges. (The U.S. average increase for 1994 was 6%.)

**Crime**—Up 62% between 1982 and 1991 (mostly in violent crime).

Juvenile arrests are up by +60%.

Kentucky's prison population was 3,000 in 1973. It's expected to be 15,000 by 2000. Costs are up by 76%.

**Social**—“Community/civic engagement” is crucial. Club memberships are down; but the number of non-profits is up (14,500).

Social capital is the “key” to development.

**A Panel on “The Foundation for Progress” — Dr. Betty Griffin, Chair, Department of Education, Kentucky State University—**

Every thing hinges together. It’s “separate”—as with the fingers, but together—as in the hand. How do the social, human, and physical infrastructures affect progress for the future?

**Sherry K. Jelsma, Secretary, Cabinet for Education, Arts, and Humanities—**

My cabinet is a patchwork—like the approach we’ll have to take to correct problems.

“We’ve thrown money at problems” from Frankfort. It didn’t work. The cost of failure, crisis intervention, duplication, narrow focus of programs, and poor accountability in education: all must be examined and changed.

KERA has set world-class standards. We live in a *global* economy, not just within city/state/national boundaries. Our biggest project is KERA. Also, we must look at technology.

“It’s just as bad to drop out at 60 as 16.”

We’ll work in groups and *learn to listen*: we must work together! Every child, everyone, can learn more. Love learning! Without it, you’ll get nowhere.

The Kentucky Commission for Families and Children consists of the respective Cabinet Secretaries and appointed citizens. We’re looking at the way Kentucky delivers services. Only a collaborative approach is going to work. We must focus on children and families; we must improve service delivery!

Two tenants predominate:

- 1) a collaborative approach,
- 2) listening to the people served—the customer.

We must empower and engage communities. We must “connect” and “re-connect.”

Public engagement. Parental involvement. The Kentucky 2000 Initiative. “Cultural empowerment zones”/Enterprise zones (education, arts, humanities). All these are key to future success.

**William D. Huston, Secretary, Cabinet for Workforce Development—**

We see recurring themes. The National Governors Association six years ago said: Go back home and assemble the education/training elements in your state and create “workforce development” entities. Kentucky was the first, in 1990, to elevate these issues to the cabinet level. Previously these were in five separate cabinets, with no spokesperson.

Formerly, we thought once we graduated someone, our job was finished. Now, we know that the “crisis” of Kentucky’s workforce is dropouts. One-half of our workforce is functionally illiterate. Kentucky must have adult education/literacy/lifelong learning priorities.

It is no longer traditional to be trained at an education site—but in the workplace! There is where we primarily train now—and often it’s “on the clock” of those particular businesses.

**William H. Hintze Jr., Deputy State Budget Director—**

The physical infrastructure comes at a higher price tag than the human infrastructure—and it gets lots of attention from everyone. Not just “new” infrastructure items, but *re*-building what we have, which often is antiquated and needing overhaul. This includes our state hospitals, jails, prisons, roads, services, waterlines, etc.

There were 3,000 inmates in 1973; there will be 15,000 in 2000. And Kentucky builds fewer jails and has lower incarceration population than most states.

A new eight-bed IC/MFR facility costs \$800,000. *And no alternatives* are on the table!

Roads, bridges, schools get the most infrastructure dollars.

Tremendous new demands must now be allocated to meet the “Information Highway” age—at an estimated cost of \$100 million plus.

In the tremendous competition for public dollars, these needs crowd out other things.

With the recent trends in Washington, D.C., Kentucky will have to do more on its own. The federal pipelines are drying up.

Kentucky State Government and localities/special districts? We must realize there is going to be some changing there too. The state provides a disproportionate share of funding in Kentucky. Most states place a higher burden on local governments. But historically that's not the way in Kentucky! That probably won't change.

These represent profound implications on local community in terms of expecting help from Frankfort. Some jurisdictional boundaries and impediments need to be removed.

**Dr. Ronald D. Eller, Director, Appalachian Center, University of Kentucky**

Three things are critical (crisis problems) to Kentucky:

- 1) **Place**—There is a growing crisis (gap) between communities in resources with which to negotiate the future. The predominately rural/inner cities have limited prospects. The gap between the haves and have nots is wide! Disparities tend to accelerate.
- 2) **Distressed People**—Poverty levels are rising in the Eastern Kentucky counties—and per capita income rates are worsening.
- 3) **Sustainability**—The key to build sustainable communities/work environment is to educate for life-long learning, maximize the use of their natural resources, and create better civic environments.

The gap in distressed cities is getting worse; we have *a growing two-tiered society in Kentucky*, with a growing potential for conflict.

The manufacturing base has increased only in certain areas of Kentucky. In Eastern Kentucky, the manufacturing base has declined 6% overall (and it's even larger in "inner core" Appalachian counties.) The ten poorest Eastern Kentucky counties lost 1,500 jobs.

In 1990, their income level was 63% of the national average. It was 68% in 1980—so it's declined significantly. 42% of its people were poor—including 47% of its children.

- Female-headed households are increasing dramatically. Some census tracts in the area are 100% poor.
- In Appalachia, 49% have no high school diplomas; 56% of the age 3-4 children are not in any preschool. Thus, they are the least prepared for school, and after school, for jobs.
- Outdated and ineffective social structures complicate the problem. We must strengthen those parts weak in past. Progress must be for all!

On the third point—sustainability—the U. S. alone among the nations accepts birth, life *and death* of its communities. It's a comment on how we see life that some communities should die and others should live.

**Dr. Ronald G. Eaglin, President, Morehead State University—**

(The story was told of a man who was "lost.") No, not lost, just "*directionally challenged*," said Dr. Eaglin.

If you take Louisville/Jefferson County; Lexington/Fayette County; and Northern Kentucky out, you see a very different picture. We're a "family" of haves and have-nots. Newcomers would say: "We've used micro techniques, to solve macro problems for a long time."

What do Kentuckians want? Jobs! Quality of life!

But the thirty most impoverished counties are those furthest from the Interstates. They will remain poor if the *info*-structure eludes them as the roads—and other types of *infra*-structure—did.

"De-population" is not new. Vermont was de-populated! People follow opportunities. Many have

left; but many good people remain—there's just not enough of them. There are just too few leaders and especially few young ones!

There is a strong “sense of place” everywhere.

Higher education must quit being obsessed with *growth*. I want my university to be better, not bigger! We must “use our brain power—our gray power—to help! We’ll prosper if our community prospers!”

We need rewards for public service!

### Questions & Answers/Comment Session—

- **Commenter:** *The “Information Highway”? Take and use the libraries—where they are now, or people will remain have-nots.*
- **Commenter:** *The “Information Highway” specifications have always called for services to/in all 120 counties; so no one’s going to be passed over.*
- **Commenter:** *Barriers? There are all kinds. Trying to find ways around them is the key. But—resources (money!) are limited. That’s where the debate comes down. As we see trends/boundaries, so often we’re not able to carry out “sustainable” efforts with changing (political) courses, political vagaries, and primary programs like Medicaid. Sustaining KERA is the substantive requirement for the future! It’s more important than the physical infrastructure, but in the “political” debate that remains to be seen.*

**Eaglin:** Look at other states—when they were moving from rural to urban. It’s different working with rural poor versus urban poor. Look at *all* the factors to decide where dollars go, and where the long-term benefits are.

**Griffin:** If there was success pre-KERA, it had to do with partners and their attitude. “Give me money without accountability—and I’ll give you the system we now have.” I’ve yet to meet a mother who wants their child to fail, go to jail, etc.

“There was a time when Kentucky did educate all its children.” KERA was created for those children “falling through cracks.” Re-model, re-mould, and “fix” problems. But be careful with the people selected.

**Judge Larry Whittaker:** Engage. Empower. But add: *Energize* the people of Kentucky. At the local level we must define acceptable committee levels of services. Policy formulation? Yes, it’s needed, but we lack in *implementation!* “What is government going to do to help?” “Hard, fast implementation...that’s where we’re lacking.”

## “The Pursuit of Prosperity”

**Background Report by Michal Smith-Mello**—See handout (attachment) for added detail—page 16

### **New Paradigms:**

- Globalization of the economy—exports represent as much as 90% of economic growth.
- Changing workplace dynamics: *intellectual capital*, teamwork.
- Rapid-fire advances in technology.

### **A Shifting Economic Floor:**

- *Coal*. Rising environmentalism is having an impact. It’s been said there is a 300-year reserve, but *access* is said to be limited to 20-30 years. Also, there’s a waning focus on U.S. energy independence. Though there’s now record coal production, many jobs are being lost through layoffs, shut-downs.
- *Farming*. Farming is relatively undiversified in Kentucky: tobacco (27%), cattle (22%). Tobacco is affected by a variety of forces: imports, the fact that use is down, and that tobacco is a popular tax target.
- *Manufacturing*. Manufacturing represents 19% of Kentucky jobs; it represents 22-27% of the gross state product, which exceeds the national average. Kentucky’s “new strength” is its high-wage auto industry.

But there are many inherent weaknesses in Kentucky's manufacturing base.

- *Sustained Options*. Forest products are a good candidate. Kentucky produces 11% of the U.S. (raw) forest products, but Kentucky trails its surrounding states in forest industry establishments which use them. Thus, we produce the rough lumber, *not* the finished lumber products.

Kentucky’s prime hardwoods are fast being sold off.

- *Tourism Development*. Tourism represented \$1.9 billion in revenues in 1980, and \$5.7 billion in 1992. The industry is not an antidote to poverty; tourism is characterized by unemployment. These businesses are seasonal by nature.

There is a need to emphasize *local* ownership.

- *Technology*. Technology is “one of the over-arching forces” in Kentucky. Kentucky has 8.2% employed in “high-tech” industries; chemical, automotive, etc. Kentucky is in the mid-range among southern states in technology-related industry.

**Points of Opportunity:** The research and development-invested industry is one where we’re building a base. Kentucky’s “information highway” project is part of that effort. Bio-tech and pharmaceuticals are among our high-tech industries, as are “advanced materials,” and environmental remediation.

### **Liabilities:**

- Our under-educated, inadequately trained workforce.
- Undercapitalized firms.
- “Chasing the American Dream”.
- The employer-employee contract is changing:
  - jobs are more tenuous (due to downsizing).
  - benefits are declining (out-sourcing is becoming prevalent).
  - structural shifts to low-wage jobs are occurring.
  - ”stagnant inflation” (Kentucky has seen wages behind the national average since 1974).
  - more “working poor” (10% in Kentucky versus 6% in the U.S.—and in Kentucky, especially among black, urban, female populations).
  - increasing “time poverty” (i.e., working two jobs to get by).
  - rising income inequality in the U.S. and Kentucky—it’s the worst since 1947.
  - The shrinking middle class produces a broad-based impact on communities.

## A Panel on “The Pursuit of Prosperity” — *David Hawpe, Moderator*—

### **Darrell R. Gilliam, Kentucky Economic Partnership Board—**

We’re already dealing with *two* Kentuckys. In 1960, Paducah, Henderson, Owensboro, the I-64 corridor/county, Meade County, Ashland, and Northern Kentucky were set apart from the rest of Kentucky as the only higher-income areas of the state. In 1990, the rest of the state had “caught up” except Appalachia (in general)—and Ohio County alone in the western part of the state. By 1990, the same was true for all states. “Appalachia” in every one on the states had done well except for Eastern Kentucky’s portion of Appalachia. (*Maps were used to visually demonstrate these points.*)

We’re not doing well in terms of how income and employment is “done” in this state. We have:

- 1) Need to address the human infrastructure in Eastern Kentucky.
- 2) Great need for physical infrastructure development in same areas.

### **Kenneth H. Oilschlager, C.E.D., President, Kentucky Chamber of Commerce—**

We *economic development* people are sometimes thought of as “high paid migratory workers.” In essence, that’s what we economic development professionals are. For years we got by selling low taxes and cheap labor. Community development and quality of life issues were not important to industries then.

Education has had a great impact on us—in the positive *and* the negative! We must push forward on its importance—despite those other needs pressing in on us now: job losses, displacements, and many more. We must now expect “re-training” three to ten times in our lives!

We must continue all these. “None of these things is a destination anymore—just a great journey.”

When I started, “*community development*” was all those things that *didn’t relate* to the “economic development” I did. I was a “Great buffalo hunter”—seeking only those major industrial prospects.

Today, we have to be concerned about everything—every aspect of community. The keys are “*grassroots*” concerns. *We must create leadership from within—not top-down anymore. We must build capacity* in order to do that! We must help smaller, less prosperous communities deal with change! The bigger ones can largely take care of themselves.

Change will impact community in different ways. We’ve got a lot of assisting to do; we must address a lot of areas.

### **Jeffrey S. Hall, Executive Director, Ag Project 2000—**

“Ag Project 2000” is a project to link agricultural interests and consumers. There has been a declining number of farmers since 1900. But food costs have gone down as the number of farms have.

Sixty years ago, the U.S. Government got involved with farms—through commodity supports—and many farmers have *not* benefited. “We need to focus more on communities than commodities.”

But what do we want: farms or production? Farmers will produce for income, not for tradition! Tobacco provides money! Thus, the central problem of Kentucky farmers: *to diversify*. Show the market! They will.

We’ve been beaten to the draw so often. In Kentucky, every four years we change the Commissioner of Agriculture. North Carolinians has had the same one for thirty years! That’s stability! A program not *a new* program every four years is what’s needed!

Consumers don’t care where grocery products come from—*BUT* about availability, price, convenience. Farmers need to find out what needs to be produced. We need a leadership group within agriculture. Then if it doesn’t get done, someone is responsible! Who’s responsible now? A consortium is forming. It involves the Commissioner of Agriculture, Ag 2000, the universities, Farm Bureau, and others.

Most Kentucky communities are rural; that’s where our natural resources exist. Seventy-five percent

of Kentucky farmers rely on non-farm income. Of 90,000 farmers, just 10% produce 80% of the agriculture income. Many farmers' issues are the same as those you care about—they're community issues. Small business is the backbone of Kentucky commerce.

\$750 billion is spent annually on farm-related produce in the U.S. Only 20% goes to farmers, 80% goes to others in food production, processing, distribution and sales.

**Kenneth A. Current, President and Executive Director, Kentucky World Trade Center—**

*(Mr. Current had a key role in forming the Kentucky World Trade Center.)*

I once closed a 1,500-employee plant in a town of 8,000. That community had a crisis; they pulled together and the result was "a fabulous success story" for that community. The charts and statistics presented here today make me believe that Kentucky has a crisis, and Kentucky needs to pull together.

The "international scene." There's no greater force than economic involvement in the world scene. It's a tremendous way for Kentucky to emerge from these problems.

Foreign-made clothes, cars, appliances, food, etc. dominate our existence! Hardees. Porter Paint. Pinkerton. Makers Mark. Kentucky's old "standbys." These and many new businesses—all are "world" companies—and are foreign-owned.

Is Kentucky participating in this world market? Kentucky's exports are growing faster than the U.S. *BUT!* Put this in perspective: the U.S. since '75 has had a continuously growing trade deficit! It was \$15 billion in '93 alone. U.S. exports 8% of GNP. That percentage equals Bangladesh's.

Germany "exports" 30% of its GNP; France, 22%; Japan 19%.

We're *not* very "internationalized!" 14% of Kentucky businesses export; 80% *do not!* Why? Lack of knowledge, commitment, need.

We need to wake up. The world market is \$3.6 trillion. It's growing three times faster than the rest of world economy. The U.S. gets only 13% of that \$3.6 trillion. Kentucky's share is sixteen thousandths of 1%. We need policies, strategies to take advantage of the free trade agreements. Exports create jobs! In Kentucky, the 90,000 jobs are already directly related to exports.

It doesn't take complicated programs—just selling! It's *not* easy to "hold market share" or increase share of market! Everyone's competing hard!

The handwriting's on the wall. We're losing jobs in all our key economies—tobacco, mining, the horse industry. Yes, Brazil and others are competing hard to even take away even the horse industry! States must be aggressive, bold in their efforts. If we don't go after markets, some one else will—and after "our" markets. First, we saw emerging "national" economies. Now, we see emerging *international* economies.

**Karen Armstrong-Cummings, Deputy Secretary, Cabinet for Natural Resources and Environmental Protection—**

1) *Globalization.* It's not just the economy but our world views. These are expanding beyond the place we know. We must now think of "sustaining the global environment". We're advising the former Soviet nations, and Third World nations. They're all thinking of stronger environmental contracts. Kentucky is exporting "environmental measures."

2) *Changing Policy Options.* We must think leadership, community development, and infrastructure! We must harvest resources in a sustainable way. We must forge partnerships. "We must learn how to live in long-term measures." *Scientists* in Europe are in charge of environmental measures. Public relations people do it in Canada. "Lawyers do it in America." We *fight* about these issues; we litigate our way through it!

We must institutionalize a new way of thinking about this.

3) *Mechanisms That Are In Place.* Many opportunities are there for "sustainability" and "long-term

thinking.” Participation in local community efforts are crucial. We must learn to do that: *build our civic capital*—and not always look to Frankfort and Washington.

We must involve the young. They’re the people who’ll be dealing with this in the years to come. Programs like this should be included in KERA.

#### **David V. Hawpe, Vice President and Editor, *The Courier Journal*—**

The media can also participate, but—as a:

- 1) direct participant? or a
- 2) detached reporter/commentator?

These are now competing ideas in American journalism. Newspapers are the vehicle of public debate. They can serve either as:

- a) convener—and even implementer, or as a
- b) detached dissenter, independent reporter.

The media is “arguing” over their role. Should it focus on either of these two points:

- 1) The fact of economic/moral degradation ... or offer practical argument?  
“I doubt people will accept practical arguments. Rather, we have individualism and free-market hegemony—no public altruism.”
- 2) Where are we in Kentucky creating a critical mass of scholarship and research? Do we fear a system of education *not* characterized by excellence? We have “access,” but at enormous cost—at the price of excellence!

“Scouring the political monarchs of Kentucky” is self-aggrandizing—but not very helpful.

#### **Questions & Answers/Comment Session—**

- *Education. Is there a causal relationship? How do we harness this? Is it not just educate the people and the jobs will come?*

As in, “Build... and they will come”? Everything’s flattening out—due to automation. But regardless, jobs for the *un*-educated are gone!

It takes talent, education. Menial jobs are now done by machines—and the Third World.

Critical thinking skills, *no fear* to tackle problems, basic skills, a good work ethic. That’s what people hire for. We must think of education as a process, not a destination.

- *How do we provide the **leadership** we need in Kentucky?*

Training programs—teach people to become involved. But these need to be a component—a conscious effort to empower—in all we do.

- *The responsibility of the Press? First, get over the schizophrenia; it influences people in a powerful way. You should influence people in a positive way. You’re a major player, long-term. In Myrtle Beach, South Carolina, the newspaper was the impetus to help move the community forward. The media should be involved in **solutions!***

**Hawpe:** Yes, but journalists are trained to be *independent observers*—not embrace more active roles. But it’s worth discussing.

Conscious effort is required to *empower people*. Democracy is a painful, slow process—but we want quick, simple answers. Change takes time. Encourage people to *sustain gains*, hold on, build on existing gains.

- **Commenter:** *Kentucky needs to access and support its border states’ initiatives too.*

*Leadership? Leadership Louisville’s been going for fifteen years. At the state level, there’s Leadership Kentucky, which has just completed its tenth year.*

- **Commenter:** *We’ve got to think about “process.” Today, we’ve projected **trends**; we would also look at **extremes**—the best case and worst case scenarios we can devise. We’ve looked today in*

*the context of rather narrow confines. “We make a big mistake when we simply project past experience to the future.” We must envision:—both outrageous opportunities and atastrophes. Also in the “real world” of empowerment, think of resources—their limited nature—and how people can get their hands on them. They need media access for example.*

### **Wrap-up—Dr. Forrest Callico—**

The “givens” are these:

- 1 - Kentucky is *rural*—and it’s highly distressed
- 2 - The state’s demography is changing rapidly
- 3 - The stage on which we perform is a global one
- 4 - It’s clear that our needs are enormous!
- 5 - It’s clear that we’re talking about a process, not a destination

Many pluses have been noted:

- enterprize zones
- family
- life-long learning
- collaboration
- data/information highway
- KERA

Coupled with these is... “*a litany of problems*”:

- poverty
- a two-tiered society
- abuse/neglect
- waste
- limiting political bonds
- crisis orientation
- an unprepared work force
- needed leadership
- and many more: “*a litany of social pathology.*”

Solutions must be integrated, collaborative and interwoven. Effectiveness may be translated as *quality*: doing what we intend to do. Quality/effectiveness reduces cost.

Solutions arise from within communities of people which have effective leadership. Kentucky does not have a good track record on this. For effective community leaders, “systems thinking” is required. Our first priority is to help leaders learn applied systems thinking. For example, a great education system with no job opportunities at the end is bad. Today is a beginning. The real work comes as we seek to collaborate.

We must stop to build that bridge rather than just moving on as we always have. The future depends on what we decide.

*Notes by—*

**Ronald Lee Logsdon, Executive Director  
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Owensboro, Kentucky**

**DISCLAIMER:** Apologies in advance if there are any mis-quotes or statements out of context. Taking notes as rapidly as possible, the writer was sometimes well behind the pace of the speaker, so the notes may reflect what was thought to have been said rather than what was actually said. Still, every effort was made to faithfully reflect the proceedings.