

STATE OFFICE FOR
PLANNING AND PROGRAMMING



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FROM THE DIRECTOR'S DESK...

Every corporation recognizes the importance of an annual statement. Even individuals are often required by their banker to submit an annual financial statement. Such statements or reports have various purposes and vary in sophistication and detail as the purpose requires.

When the Legislature created the State Office for Planning and Programming (Chapter 7A Code of Iowa 1971) and outlined its duties, one of the specific mandates was to "prepare and submit economic reports appraising the economic situation of the state, economic growth and development of the state as it pertains to employment and income, and any other economic factors, as directed by the governor."

The guidelines were not specific as to how the report should be prepared nor as to how sophisticated and detailed it ought to be. The first report was prepared by economic faculty members of Iowa State University and the University of Iowa, and contained an appraisal and inventory of the various sectors of economic activity in the State. This year's Economic Report to the Governor has been prepared by members of our own staff, Mr. Ronald Sgraves, Staff Economist, who was assisted by Mr. Ben Barberio, Planning Intern from Drake University. It reflects the emphasis that most citizens have in not only appraising economic activity in terms of units of goods produced or number of jobs created, but also in the context of both positive and negative effects of such production and employment upon the quality of life enjoyed by the citizens of the State.

Perhaps as important as the report itself, is the fact that we are developing a staff capability in OPP to analyze and evaluate for the Governor and Legislature some of the probable economic impacts of the ever-changing State and National economic activity.

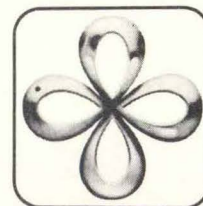
We are indeed proud to have a qualified professional staff member, Mr. Ronald Sgraves, who can work on a regular basis with the proper officials in other State agencies and departments who are also concerned with this area of special activity. He has developed an ongoing exchange of information with our universities and with federal officials in the proper agencies, and, as time permits, he would like to be more in touch with representatives of the private sector in our State. These responsibilities are consistent with the legislation which established our office and which stated that we are to "analyze the quality and quantity of services

required for the orderly growth of the state, taking into consideration the relationship of activities, capabilities, and future plans of local governments, private enterprise, the state and federal government, and regional units established under any state or federal legislation, and make recommendations to the governor and the general assembly for the establishment and improvement of such services".

This assignment is indeed a difficult one to accomplish, but we have made a start. We will not have really approached our maximum effectiveness as a resource for the Governor, Legislature, and other State agencies until we have reached a point where our activities, information and data can be effectively used in developing the State budget and in the appropriation process. This is particularly true in a time of fiscal constraint and governmental change when new concepts such as revenue sharing and block grants must be anticipated and accommodated.

We believe we could greatly enhance our usefulness to the Governor and Legislature if we could build an input-output model of economic activity. The formulation of an overall economic development policy for the State must be predicated on an understanding of the interrelationships of the various sectors of the economy. To this end, efforts are underway to secure funding for an intersector model, or input-output model, which will serve as a guide in developing the State's economic potential. With such a model, it will also be possible to determine the impact of government fiscal programs, labor disputes, and changes in other economic variables on the level of economic activity.

The newsletter, of course, can only make a brief reference to the major subject areas contained in the report. A limited number of copies will be available for those who request it on a "first come, first serve" basis and requests should be directed to this office. Please ask for *The Quality of Life in Iowa: An Economic and Social Report for 1970*.



Iowa
a place to grow

INTRODUCTION

The Economic Report to the Governor is a statutory report of the Office for Planning and Programming under Senate File 649, the legislation establishing OPP.

The Report for 1970 was prepared by Ronald Sagraves of the OPP staff with the assistance of Ben Barberio, a candidate for the Master of Business Administration Degree at Drake University.

The quality of life theme for the Report was chosen because of a growing awareness among government officials of the public's concern for the environment and other social problems.

The following is a summary of the major chapters in the Economic Report to the Governor for 1970 entitled *The Quality of Life in Iowa: An Economic and Social Report*.

A limited number of copies of the complete report will be available from this office in the near future.

LABOR FORCE AND EMPLOYMENT

Iowa's workforce averaged 1,250,000 workers for the year 1970 and registered an average unemployment rate of 3.5 percent. The 3.5 percent unemployment rate in Iowa compared favorably with the national rate of 5.75 percent.

An analysis of the composition of the Iowa workforce indicates that over one-half of total employment is in non-manufacturing industries which includes trade, government and services. Manufacturing employment averaged 17 percent of the total workforce and agriculture 15 percent.

The most rapidly growing sectors in the 1960's were services and government. The service industries, which increased 49 percent, include health, non-profit organizations, research organizations, and business services.

Government at the local, state, and federal levels advanced by 51 percent while state government employment remained steady at 23 percent between 1960 and 1970. Local government employment increased from 60 to 65 percent, while federal employment fell from 17 to 12 percent.

Agricultural employment declined 23 percent in the decade of the sixties from 247 thousand in 1960 to 189 thousand in 1970, as a result of technological change and changing demands by consumers.

PERSONAL INCOME

Personal income, the income earned by the owners of economic resources and services,

increased by 7.6 percent in 1970, down from the 8.7 percent rate of 1969. This slowing of the rate of growth was due to a sluggish national economy and reduced earnings in agriculture.

Total personal income earned by the factors of production amounted to \$10.7 billion and per capita income reached \$3,787 compared to \$3,549 for 1969.

The major form of personal income distributed was wages and salaries which comprised 55 percent of the total. Proprietors' income, property income, and transfer payments amounted to 20, 15, and 10 percent respectively.

Of major importance in disbursing wages and salaries were the manufacturing, trade, services, and government sectors.

Proprietors' income, which comprised 20 percent of total personal income, was divided 57-43 between farm and nonfarm proprietors.

On a regional basis, the Plains registered the slowest growth in personal income of any Region of the United States in the 1960's.

AGRICULTURE

Agriculture accounted for 15 percent of total employment of the workforce in 1970 and generated 11 percent of total personal income.

A combination of disease and weather worked to reduce crop production to its lowest level since 1965. Resultant high corn prices and low hog prices in the second half of 1970 reduced the profitability of hog production and created financial hardships for many farmers.

The parity ratio, the relationship between the prices paid and received by farmers, dropped during 1970 reaching a low of 67 in December. For the year, the parity ratio averaged 72, compared to 74 in 1969. The decline was due to a combination of rising prices for products purchased by farmers and falling agricultural prices.

Cash receipts from farm marketings were up 2.5 percent over 1969. However, livestock receipts were down .47 percent and government payments dropped 9.2 percent. Crop receipts increased 11.6 percent, thus compensating for the declines in livestock prices and government payments.

The number of farms continued its long-term decline, decreasing by 2,000 from 1969 to 139,000 farms on January 1, 1971. Correspondingly, the average farm size increased to 247 acres as the amount of land in farms held constant at 34,400

acres. The average price paid per acre was \$400 in 1970.

PUBLIC SECTOR

The role of government in the economic system has increased over the past thirty years due to a changed attitude toward government services and new theories in economics which emphasize the importance of government as an economic stabilizer.

Government provided employment for an average of 176,000 persons in 1970. Within the public sector, local government employment averaged 113,500; state employment 42,000 (including 21,000 employees of the state universities and University Hospital); and federal employment averaged 21,000 persons.

In percentage terms, government employment at all levels accounted for 20 percent of all non-agricultural employment. Local government employment totaled 13 percent, state government 4.7 percent, and federal government 2.3 percent of all non-agricultural employment.

An analysis of the major appropriations in the state budget for fiscal 1969-70 indicates that over one-half of the state's expenditures was for education, with 16 percent each going to social services and to aid to local communities.

Major sources of revenue for the state were the sales tax which accounted for 37 percent of the state's revenue and personal and corporate income taxes which yielded 35 percent of the total.

WHOLESALE AND RETAIL TRADE

Employment in wholesale and retail trade averaged 208,000 persons in 1970. Of these about 80 percent, or 164,000 persons were employed in retail trade, with the remainder in wholesale trade.

Retail trade employment grew by 29 percent between 1960 and 1970, while wholesale trade employment advanced only 2.5 percent.

Major retailers in terms of gross sales were food stores with 22 percent, general merchandise with 19 percent, and motor vehicles accounting for 17 percent of gross sales.

CARE OF THE AGED

Social indicators for the elderly are in the formative stage in Iowa through the efforts of

the Commission on the Aging and the United States Department of Health, Education and Welfare. These agencies are conducting studies which will serve as a basis for formulating a set of social indicators encompassing housing, social relations, health status, economic well-being, and others.

The care of the elderly is a major concern in Iowa because of the large percentage of the population over 65 years of age. In Iowa, 350,293 or 12.4 percent of the population is over 65, compared to 9.6 percent for the entire United States.

Geographically, the counties containing the largest percentage of elderly are in the southern section of the state. This is the same section which lags economically and is experiencing difficulty in providing adequate social services for the dependent segments of society.

HEALTH CARE

The major health problem in Iowa is the shortage of medical manpower. The number of doctors per 100,000 population decreased to 108.7 in 1970, well below the national average of 144 per 100,000. Dentists numbered 45 per 100,000 population, slightly below the national average of 47.

An examination of the geographical distribution of health manpower shows a much higher population-patient-care to physician ratio in the rural sections of the state.

The Iowa Legislature and the Governor have taken action to alleviate the health manpower shortage and its distribution through a comprehensive health program designed to encourage the output of the state's medical schools.

LEISURE TIME ACTIVITIES

The demand for leisure time activities has grown as a result of higher incomes, more leisure time, and an improved transportation system.

In an attempt to meet this increasing demand the State Conservation Commission has developed a comprehensive plan for the development of the outdoor resources of the state.

For those individuals interested in spending their leisure time in cultural activities the state has established the Iowa Arts Council. The Council sponsors a variety of programs for communities, schools, museums, and local organizations. These programs include works in music, dance, visual arts, literature, and lectures.

LAWFUL BEHAVIOR

Statistics compiled by the Federal Bureau of Investigation indicate that the overall rate of crime in Iowa is one-half that of the United States.

With regard to major crimes, Iowa ranks relatively high in larceny over \$50, with a rate of 71 percent of the national rate; burglary 51 percent of the national rate, and auto theft 41 percent. Murder and robbery statistics reveal Iowa experienced a rate of 19 and 15 percent respectively of the national average.

The Governor's Office for Planning and Programming has undertaken two programs to improve law enforcement in the state. The Traffic Records and Criminal Justice Information System, called TRACIS, is designed to aid local law enforcement agencies in obtaining information concerning traffic offenders and criminals.

The other program, the Highway Safety Program, is designed to improve the safety on Iowa's highways through a number of activities including training programs and equipment to detect drunken drivers.

EDUCATION

Quantitative and qualitative measures of educational quality in Iowa indicate the state is offering an above average education to its young people.

Measured in terms of inputs, per pupil expenditures for education by public schools amounted to \$890, the eighth highest in the United States. The student-teacher ratio for 1970 was 20.1 to 1, one of the lowest in the United States and below the national average of 22.7

Although these statistics may be interpreted as showing the inefficiency of the educational system due to a number of small districts, another interpretation is that they measure the willingness of the public to support education in the state.

The real test of the educational system is the quality of the product of the system as measured on standardized tests and by other output indicators.

Using the Armed Services Entrance Examination as a basis for comparison, Iowans traditionally have ranked at or near the top with less than 1 percent failing to meet the mental requirements for induction.

The stimulation and desire for learning instilled in part by the educational system has resulted in 63 percent of the high school

graduates pursuing further education or training at a college, vocational school, or other institutions.

A concern for education on the part of both young and old is indicated by a learning force (all persons involved in formal education or training) of almost 50 percent of the population.

ENVIRONMENTAL QUALITY

Air Quality

Air pollution is not a major problem in Iowa due to the nature of the state's industries and general atmospheric conditions which provide for the natural dissipation of air pollutants.

Because the quality of air resources is not threatened to any great extent, the thrust of Iowa's Air Pollution Control Law has been to maintain the purity of air resources. To this end the state has established monitoring stations and rules and regulations to prohibit the pollution of the atmosphere.

Water Quality

Water pollution is a more serious problem in Iowa than air pollution.

The pollution of the state's water resources flows from a number of sources. Of major importance is the siltation of Iowa's streams from agricultural runoff. This problem is compounded by the attachment of pesticides to the soil particles which flow into the streams, contaminating fish, and rendering them unfit for human consumption due to the magnification of the pesticides in the food chain.

Pollution also results from industrial operations, municipal sewage disposal units, solid waste sites, and feedlots.

The Iowa Water Pollution Control Commission has developed surveillance programs to stop the pollution of the state's water resources and improve their quality.

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WHAT ARE YOUR COMMUNITY'S OUTDOOR RECREATIONAL NEEDS?

The following statement was prepared by the Iowa Conservation Commission to ascertain the interest of local communities in more detailed information on outdoor recreation preferences. OPP has agreed to print the statement to assist the Commission in this project.

In 1966, the Iowa Conservation Commission contracted with Iowa State University to undertake

a study of outdoor recreation preferences by Iowans. The study was conducted on a limited sample of personal interviews and consequently was valid only at the state level. A liberal interpretation for the seven outdoor recreation regions of the state was provided by the University. The results of the study were utilized in the 1968 Outdoor Recreation Plan and were published by the Extension Service in the form of seven regional research papers. In 1970 the Conservation Commission contracted again with Iowa State University for an updating and elaboration of the earlier study.

The 1970 study is currently being analyzed and consequently there is an opportunity for special analysis by regional authorities and organizations of the larger communities. The 1970 study was similar to the earlier study in that its purpose was to identify current preferences and use patterns of Iowans for a wide variety of outdoor recreation activities and to identify trends in these preferences.

The study was carried out by a representative random sample of 2,200 Iowa residents twelve years and older. Statistically reliable information will be available on the seven region basis. In addition to the 2,200 personal interviews, approximately 300 telephone interviews were carried out in the central region in order to validate the use of telephone interviews. It is the Commission's intention to periodically (5 year intervals) update the survey and the use of telephone interviews could substantially reduce the cost of such an updating.

In addition to the possibility of obtaining special analysis of the 1970 survey, your suggestions for the design of the next updating would be sincerely appreciated and may, in fact,

be solicited. Any future surveys by the Conservation Commission may offer communities, counties, regional authorities and other state agencies the opportunity to contract for additional detail applicable to the area under concern. Results of the 1970 survey will be forwarded to all the major state and local agencies in the form of a segment of the State Outdoor Recreation Plan, and again in brief research paper form from the Extension Service.

Information that could be made available on a regional basis includes: participation in outdoor recreation activities, socio-economic characteristics of participants, types of trips-vacations, overnight trips, etc., size of party, means of transportation, travel distances, regional interchanges, out-of-state travel, leisure time available and ownership of recreation area visited.

If you have an interest in the current and proposed studies, please contact the Planning Section of the Iowa Conservation Commission or the State Office for Planning and Programming.

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