

“Regional Economic Review Comments – June, 2002”

A reprint of an article prepared by Rusty Myers, Assistant Executive Director of the Western Arkansas Planning and Development District, for the Southwest Times Record and Northwest Arkansas Morning News, June, 2002.

The northwest Arkansas economy has had impressive gains over the past 30 years. Economic activity centers on the two metropolitan areas of Fayetteville-Springdale-Rogers (Washington and Benton counties) and Fort Smith (Sebastian, Crawford and Sequoyah counties). Growth is evident, brought on by business investments that have attracted new residents and generated construction activity.

Since 1990, more than 54,000 jobs were added in the region, an average of about 4,900 annually, about eight out of ten of which were in the Fayetteville-Springdale-Rogers area and two out of 10 in the Fort Smith area.

Also indicative of the healthy nature of the region are the currently low unemployment rates of 4.2 percent for the Fort Smith area and a remarkable 2.2 percent for the Fayetteville-Springdale-Rogers area. These rates are for April, 2002 and compare favorably to rates of 5.0 percent for Arkansas and 5.7 percent for the United States.

Over the past two decades, a significant effect on the economy of the northwest Arkansas region and the entire state has been the shift away from manufacturing as a major source of new jobs. Manufacturing nationwide employs fewer and fewer workers. No longer can the region or the state look to manufacturing as a principal source of new jobs. Manufacturing will, nevertheless, continue to be a huge and positive mainstay of the region’s business base.

Nine out of 10 of the new jobs added since the mid-nineties in the northwest Arkansas region were created by nonmanufacturing, service-producing businesses. Specifically, about seven out of 10 of all new jobs were in the five service producing sectors of retail trade, health services, local government (largely public school systems), transportation (largely trucking), and business services (mostly temporary employment services).

According to the U.S. Bureau of Labor Statistics, almost two-thirds of the country’s projected job openings over this decade will be in varied service producing occupations that require only on-the-job training, and arise mostly from replacement needs. Many of these jobs typically offer low pay and benefits. However, focusing on the top twenty highest growth occupations, eight are directly related to computer and information technology and others include legal assistants, human services, health care workers and medical assistants. These occupations offer higher-wage job opportunities but require educational attainment and specialized skills.

The challenge for the northwest Arkansas region is to maintain business expansion in the face of tight labor markets and, while doing so, improve the economic status of its residents through better-paying employment opportunities.