

Identifying Future Trends and Their Impact on Government: Implications for Auditors

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Trends in America

10 Emerging Trends
Implications
Models/Best Practices

Silver Society:

Aging of America



Emerging Trends:

- A steady increase in life expectancy/the number of older people (“**longevity revolution**” and anti-aging treatment)
- Retirement of 77 million **baby boomers** (the largest elder generation, brain drain?)
- **Older government workers**: median age – 45; half of workers , including many “knowledge workers,” retiring in 10 years
- **Postponed** retirement/reentering the workforce by older people in tougher times
- A smaller **worker/retiree ratio**: 3:1 (from 6:1 in 1935)

Implications:

- Changes in **life cycle**: non-traditional, “cycle life”

Implications: (cont.)

- **Education and training** for older/retired workers/workplace environment changes
- Rising health care costs for government (**Medicare, Medicaid**)
- Affordable **long-term care insurance** policies for elderly
- Increasing number of **health insurance claims** by older people
- **Elder abuse/protection** measurers
- **Skilled workforce** to meet the needs of older population (geriatricians, nurses, government workers, technology)
- **Family support** services/care-giving
- **Social Security** reform plans

Implications: (cont.)

- Government **retirement** plans
- Heavier financial burden for government due to **a smaller tax base/decline in tax revenues** from older people
- Greater needs/demands for **elderly-friendly communities** with neighborhood shops and services, including health care and transportation
- **Redevelopment** of traditional communities, as well as new elder-ready communities, with necessary infrastructure
- Redesigning of a “**senior market**” with new products to enhance the quality of life

Models and Approaches:

- New York’s “2015 Project”
- Vermont’s Commission on Healthy Aging

Lingering Debate on Immigrants: Changing Face of America



Emerging Trends:

- **Migration of immigrants** from “gateway states” to other, “non-traditional immigrant,” states
- More than half of recent immigrants coming from **Latin America**; 25 percent from Asia; the rest from other continents
- **Hispanics** as the largest racial/ethnic group, surpassing African-Americans, in more than half of the states
- **Illegal immigration**/strengthened border control (app. 12 million undocumented immigrants; 5 percent of the labor force)
- Continuous **debate** between immigration supporters and protesters

Implications:

- **Definitions** of “immigrants”
- A nation of immigrants with **more diverse languages and cultures** than other nations
- Immigrants’ **contribution to the economy**, esp. labor, tax and purchasing power
- **Societal costs**: education, job training, social services, affordable housing, healthcare/uninsured, language skills, public safety, etc.
- **Older immigrants**’ ineligibility for Medicare or Medicaid
- **Mass transit** systems for urban residents, including immigrant workers

Implications: (cont.)

- Growing “Hispanic power”: block voting, more representation at all levels of government
- Social, economic and political integration of immigrants and status of /undocumented illegal immigrants
- Continued debate on “melting-pot” v. “mixed salad-bowl” approaches
- Roles and responsibilities of the federal government and states

Models & Approaches:

- New Iowan Centers
- Illinois’ New Americans Initiative

Regional Hot Spots: Growth Dynamics



Emerging Trends:

- Continued **population/job shifts** to Southern and Western regions (California lost population in 1990-2004)
- Continuous location/relocation of **businesses/jobs** in Sunbelt regions
- A continuous decline in population in most **big cities**, esp. Eastern and Midwestern regions
- Suburbanization to “**exurbs**” (outer areas of suburbs)
- “**Gentrification**” (back to central cities)
- “**Smart growth**” plans by states and localities

Implications:

- Greater needs for **infrastructure improvement** (esp. transportation) in growing areas
- Rising costs of **housing** in growing areas
- Greater demands for **new schools, shopping and services**
- Greater demands for **government services**

Implications: (cont.)

- **Regulatory barriers** to infrastructure and affordable housing
- **Smaller tax base** for cities with declining populations and jobs
- **Urban education**: school funding, teachers and student performance
- Corporate-led **gentrification projects**
- Loss of **political clout** for “loser” states, esp. in Congress and presidential elections
- **Reapportionment**/redistricting election boundaries in 2010

Models & Approaches:

- Vermont's Housing and Conservation Board
- New Jersey's Rehabilitation Subcode

Knowledge-Based Economy:

Transformation of Jobs



Emerging Trends:

- Continuous **Internet** revolution
- Continuous development of **communication tools**
- A continuous **service-based economy** (manufacturing dwindled to 12 percent of GDP)
- International **trade imbalance**
- Continuous development of science/technology, esp. **biotechnology and nanotechnology**
- Continuous emergence of **entrepreneurial firms**

Implications:

- Disappearance of some existing jobs; emergence of new jobs (**mismatch of demands and supplies**)
- Greater demands for “**creative professions**” (engineers, computer programmers, arts, etc.)

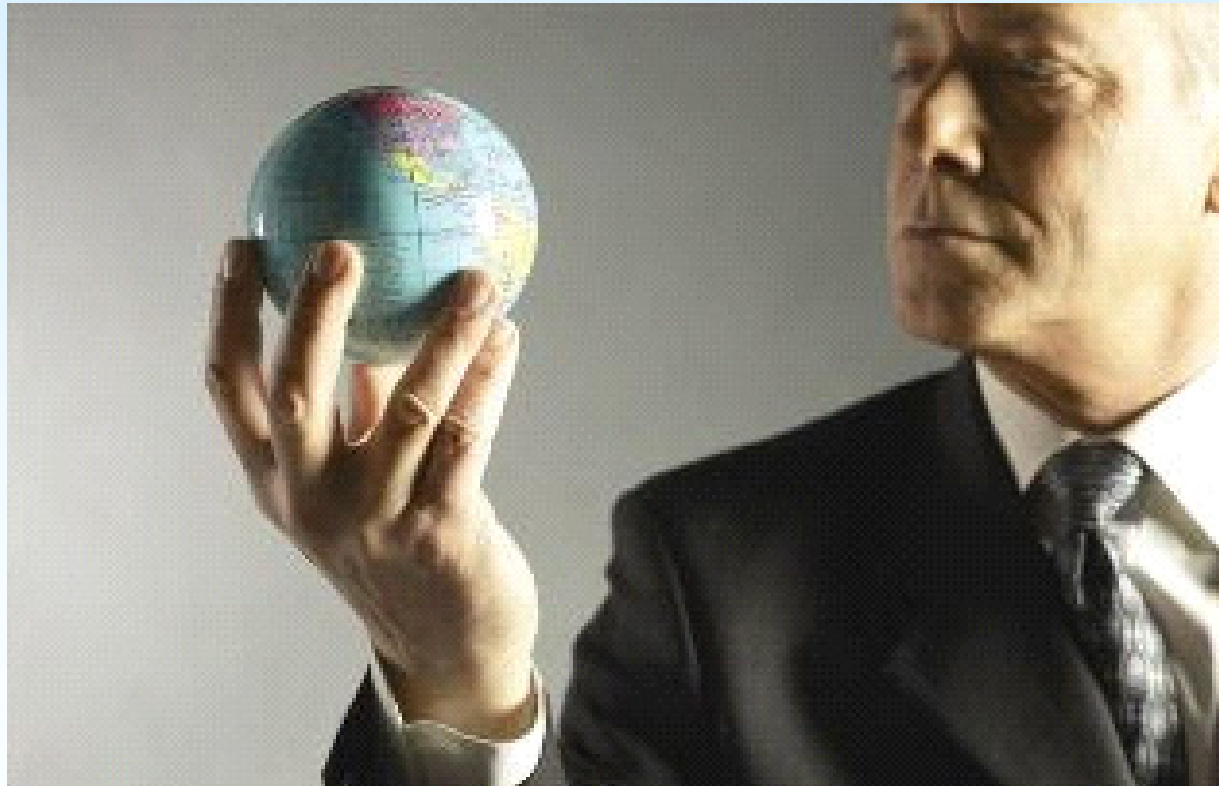
Implications (cont.)

- Needs for new state **economic development strategies** in a service/information-based economy
- Greater needs and demands for **research and development**
- Needs for new **venture capital** and other financial strategies
- Needs for **state tax code** reform
- E-commerce and streamlined **sales/user tax** collection systems
- More effective treatment of **electronic waste**

Models & Approaches:

- Delaware's New Economy Initiative
- Northeast Regional Electronics Management Project

Continuous Globalization: New Forces At Work



Emerging Trends:

- Continuous **integration** of businesses, governments and people in different nations
- Continuous increase in **tourism, trade, investment** across nation-states
- A larger role of **multi-national corporations** and other non-government actors
- Widespread use of **information technology**
- Challenges to **U.S. dominance** of the Internet and IT
- Rise of **Asian economic powers**, esp. China and India
- U.S. as the only “**net consumer**”; other countries becoming growing manufacturers and exporters

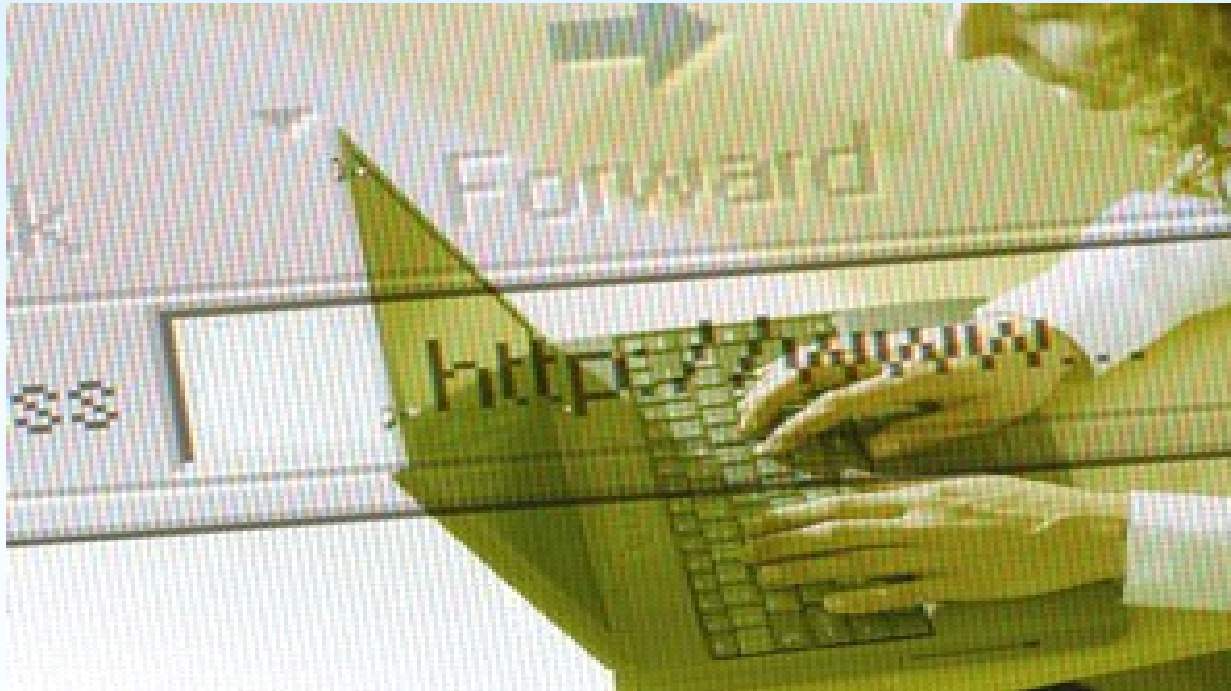
Implications:

- More active participation in globalization by **states**
- Regional **trading alliances** of states
- **State sovereignty** issues in international free trade agreements
- International terrorism and **homeland security**
- **Public health**/environmental projection
- **Backlash** against globalization
- Global “economic crises” and **G-8** summits

Models & Approaches:

- Nevada’s International Representatives Program
- Washington’s State Trade Representatives

Fragmented Information Sources: Sorting It Out



Emerging Trends:

- **Fragmented** information sources: print and electronic media, esp. Internet web sites
- **Instant access** to online information
- **Blogging**
- Development of other sophisticated **communication tools**
- Narrowing **digital divide**
- Technology **literate publics**
- E-government: **interactive** and citizen-friendly

Implications:

- Needs and demands for **sorting out** value-added knowledge
- The public's **greater demands** of businesses and governments
- Organizational and operational **efficiency**

Implications: (cont.)

- Concerns with **confidentiality**
- **Cyber security** programs
- **Broadband** services in underserved areas
- More **holistic** approach to decision-making
- Legislators' **personal Web sites**, direct communications with constituents, election campaigns

Models and Approaches:

- North Carolina's eNC Authority
- Illinois' Broadband Deployment Council

Eroding Privacy:

A Balancing Act



Emerging Trends:

- A continuous **war** on international terrorism and heightened security
- Continuous **technological innovations**
- Increased levels of **surveillance**/tracking of individuals by government agencies
- Personal **information security**: Identity theft, online privacy; and driver privacy

Implications:

- A larger role for **state governments** in homeland security
- **Cybercrimes**
- Personal **profiling**

Implications: (cont.)

- **Government's** role in data usage
- Access to **government records** (Freedom of Information Act)
- Information technology security in **state agencies**
- **Misuse** and misinterpretation of data

Models and Approaches:

- California's Anti-Phishing Act
- Virginia's Identity Theft Protection Act
- Multistate Anti-Terrorism Information Exchange Project

Dwindling Resources:

Sustaining Our Future



Emerging Trends:

- Increased **consumption**/greater demands for natural resources: esp. oil, gas, water, electricity
- Rising energy **costs** due to greater global demand
- Continuous research and development for **alternative energy sources**, esp. for clean energy, incorporating different technologies
- Limited environmental capacity to assimilate **waste**
- **Climate change**/global warming

Implications:

- End of **cheap** natural resources
- **Sustainable** growth of the economy

Implications: (cont.)

- A gas and/or water **war**?
- Environmental **health**
- Regulations on emission of **carbon dioxide**
- Greater needs for **alternative** energy sources/energy efficiency: coal gasification, liquid natural gas, nuclear fission
- Greater use of **clean diesel, hybrid diesel and gas, natural gas**
- A new generation of more energy-efficient **vehicles**
- Preparation for potential global **ecological threat**
- Impact of **climate change**, esp. on coastal states

Models and Approaches:

- New York's Appliance and Equipment Energy Efficiency Standards Act of 2005
- Maryland's Statewide Compute Recycling Pilot Program (2005)

Polarized Populace: Eroding Common Ground



Emerging Trends:

- **Diverse** population characteristics
- Divided **public opinion** on social issues: abortion, gay rights, capital punishment, religion, gun control, immigration, etc.
- **Divided** public opinion on war on terrorism and war in Iraq
- Economic **inequality**: widening gaps between haves and have-nots and between generations
- **Divisive** political environment: red states v. blue states

Implications:

- **Adversarial** political processes
- Partisan **bickering**/deadlock in state legislatures and Congress
- **Incivility**, distrust and lack of confidence
- Greater needs for **collaboration** and collegiality
- “**Consensus councils**”

Models & Approaches:

- Western Legislative Futures Forum

Ambiguous Authority:

Who's In Charge?



Emerging Trends:

- Shifting **balance of power** to the national government: (“Coercive regulatory federalism”)
- A continuous increase in **federal** mandates, preemptions and conditions for financial aid programs
- **Blurred** federal-state-local jurisdictions
- A continuous challenge to representative democracy: direct citizen control (**initiatives** and **referendums**)
- **Fragmented** governmental units, especially at the local level

Implications:

- **Rebalancing** power and responsibilities between the federal government and states
- Sharing power and intergovernmental **cooperation**
- Impact of national **debts** and federal **deficits** on states and localities
- Increased public demands and for state policymakers
- Needs and demands for consumer/**citizen-driven government**
- Greater needs for **transformation** of government

Models and Approaches:

- CSG's Center for Interstate Compacts
- "Federalism Summits"

Preferred 21st Century State Governance

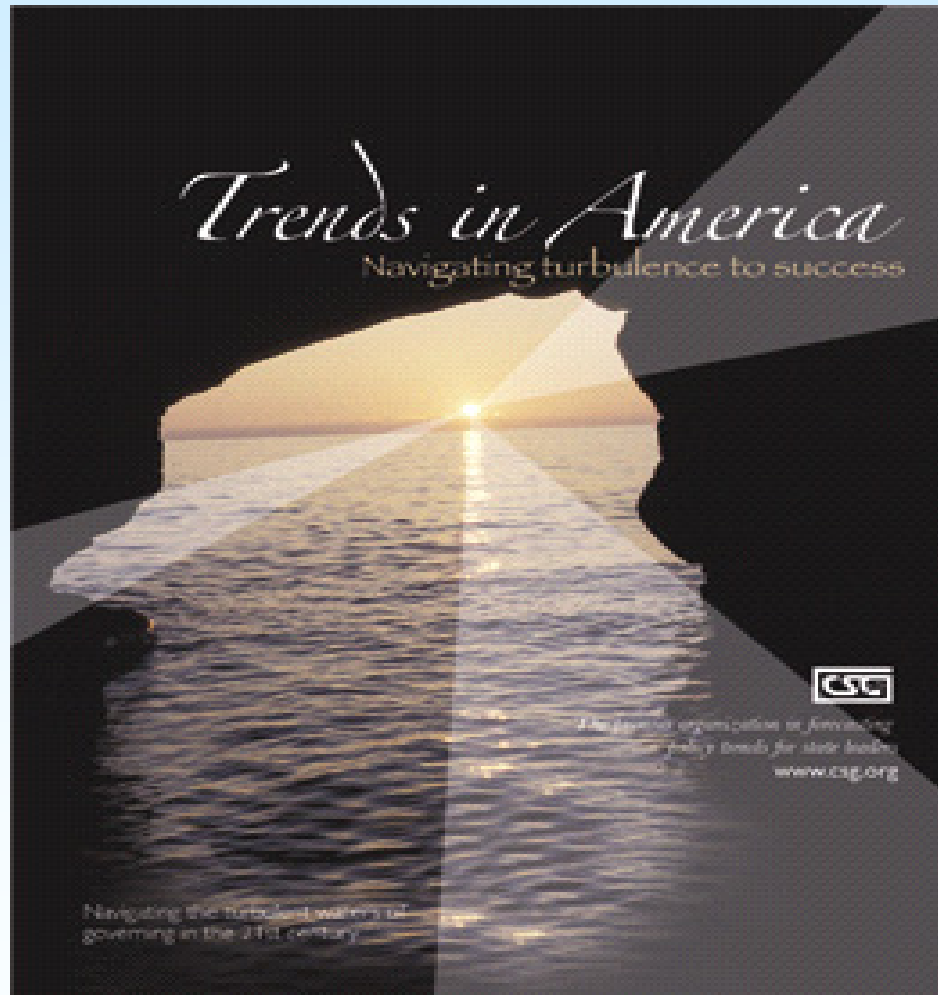
- **Anticipatory Governance**
 - Vision and foresight with citizen participation
- **Results-Focused Legislation/Management**
 - Legislating and budgeting for outcomes/public interests
- **Networked Government**
 - Partnerships with others/technology
- **Shared Leadership**
 - Collaborative managers with new skills

Thank you.

**For more information,
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Trends in America (1)



Trends in America (2)

