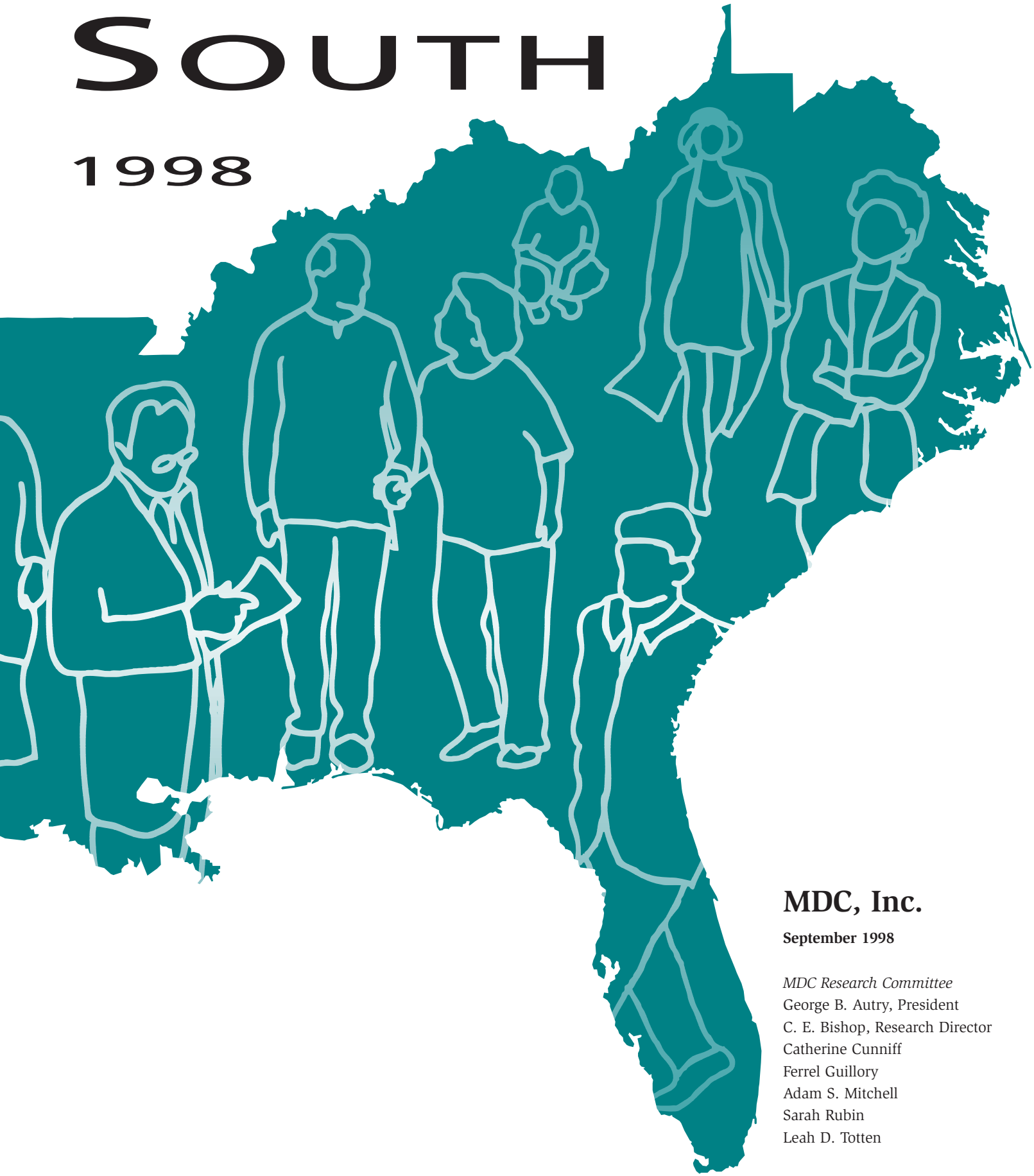
The State of the South

1998



MDC, Inc.

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Dedication

Charles Edwin Bishop

This report is dedicated with respect, affection, and appreciation — but without his permission or knowledge — to Charles Edwin Bishop.

Ed Bishop has twice blessed us. An incorporator and founding board member of MDC in 1967, Ed is now senior fellow and director of research at MDC. In between, he was an economic adviser to four U.S. Presidents, president of two Southern universities (Arkansas and Houston), and chancellor of a third (Maryland).

At the founding of MDC, Dr. Bishop had just left as department chair and William Neal Reynolds Professor of Economics at N.C. State University to become Vice President for Research at the University of North Carolina. He also served at that time as executive director of President Johnson's National Advisory Commission on Rural Poverty.

Since joining the MDC staff in 1991, he has improved the quality and rigor of our research and expanded our intellectual capacity.

Ed is a graduate of Berea College and the University of Chicago where he received his Ph.D. in economics. As one might therefore surmise, he has the heart of Mother Teresa and the mind of Milton Friedman, one of his professors.

A self-described "free-market economist," Dr. Bishop recently said on the release of our report, *Income and Wealth in the South*, "In a democratic society that considers itself a free market economy, the widening gap between the rich and poor should be a matter of deep concern."

Dr. Bishop has served his country as a bomber pilot in World War II, an educator, a research economist, and a special friend of rural America and *The People Left Behind*, the title of his report in 1967.

A grateful board and staff salute him with the hope that he continues to postpone retirement for many years to come.

Acknowledgments

In researching and writing this report, we drew on the talents of many noted scholars specializing in demography, economics, and the labor force.

Donald Tomaskovic-Devey of the Department of Sociology and Anthropology at North Carolina State University provided us with the special tabulations of the Current Population Survey that formed the basis of the report. He also helped us analyze that data, and we are grateful for his generous assistance.

We would also like to thank the others who served as our *State of the South* technical advisors, who along with Tomaskovic-Devey met with us to help sharpen and refine our analysis. They include John Cromartie of the Economic Research Service, United States Department of Agriculture; William J. Darity, Cary C. Boshamer Professor in the Department of Economics, University of North Carolina at Chapel Hill; Lucy Gorham, economist, of Chapel Hill; James Johnson, E. Maynard Adams Distinguished Professor and Director of the Urban Investment Strategies Center - Kenan Institute for Private Enterprise, University of North Carolina at Chapel Hill; and Juanita Kreps, James B. Duke Professor Emeritus of Economics, Duke University.

A special thanks to William Frey of the Population Studies Center at the University of Michigan, who shared his extensive research on migration, provided us with much of the migration-related data that appears in the *Changing places, changing faces* chapter of the report, and assisted us with our analysis and conclusions.

In addition, four valued friends of MDC — Bill Friday, president of the William R. Kenan, Jr. Fund; Joe Grimsley, president of Richmond Community College; E.K. Fretwell, acting president of the University of North Florida; and Leslie Takahashi, director of the Wildacres Leadership Initiative — read portions of the manuscript and offered constructive suggestions that improved our work. MDC's own David Dodson also repeatedly reviewed the manuscript and provided helpful feedback and guidance.

Any errors or oversights that the report contains are, of course, solely the responsibility of MDC, Inc.

A Note on Data and Analysis

This report refers to the "South" as defined in the 1996 *State of the South* report: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. The exception is the migration data from William Frey, which refer to the Census South including Maryland, Delaware, and Washington D.C.

The data in *State of the South 1998* refer to the region as a whole rather than to individual states because the most current data are available only in that form. We have analyzed the data in terms of gender, race, and ethnicity.

Most of the data presented here come from special tabulations of the March Current Population Survey by the Bureau of the Census. The Current Population Survey counts only civilian, noninstitutionalized persons; therefore, those in the military or in prison are not included except where noted. In addition, most of our data tables indicate race and/or ethnicity. Unless otherwise specified, the "white" population includes only non-Hispanic whites, and the "black" population includes only non-Hispanic blacks. In addition, the Current Population Survey defines "Hispanic" as including people "of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish culture or origin, regardless of race."

The full text and charts of this report, along with those of the 1996 *State of the South* report, are available on the MDC Web site at *http://www.mdcinc.org*.

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Foreword

It was exactly fifty years ago in the campaign of 1948 that I listened on the radio as Harry Truman, Strom Thurmond, and Hubert Humphrey raised to a new level an issue that would define public discourse in our region for years to come. The subject was — and still often is — race.

We have come a long way from the harsh and haunting legal discrimination that afflicted the South for so many years. Nevertheless, the old black/white divisions are still stuck in the core and craw of the region even as new immigrants are rapidly creating a multiracial, multiethnic South. Below the surface of the region's booming economy and rapid job creation are lingering tensions centered around race and ethnicity.

Many white Southerners assume that because we have eliminated the visible vestiges of segregation, we don't need to be concerned about race relations anymore. On the other hand, many African Americans in the South, dismayed after centuries of prejudice and injustice, believe that all of their problems still revolve around race.

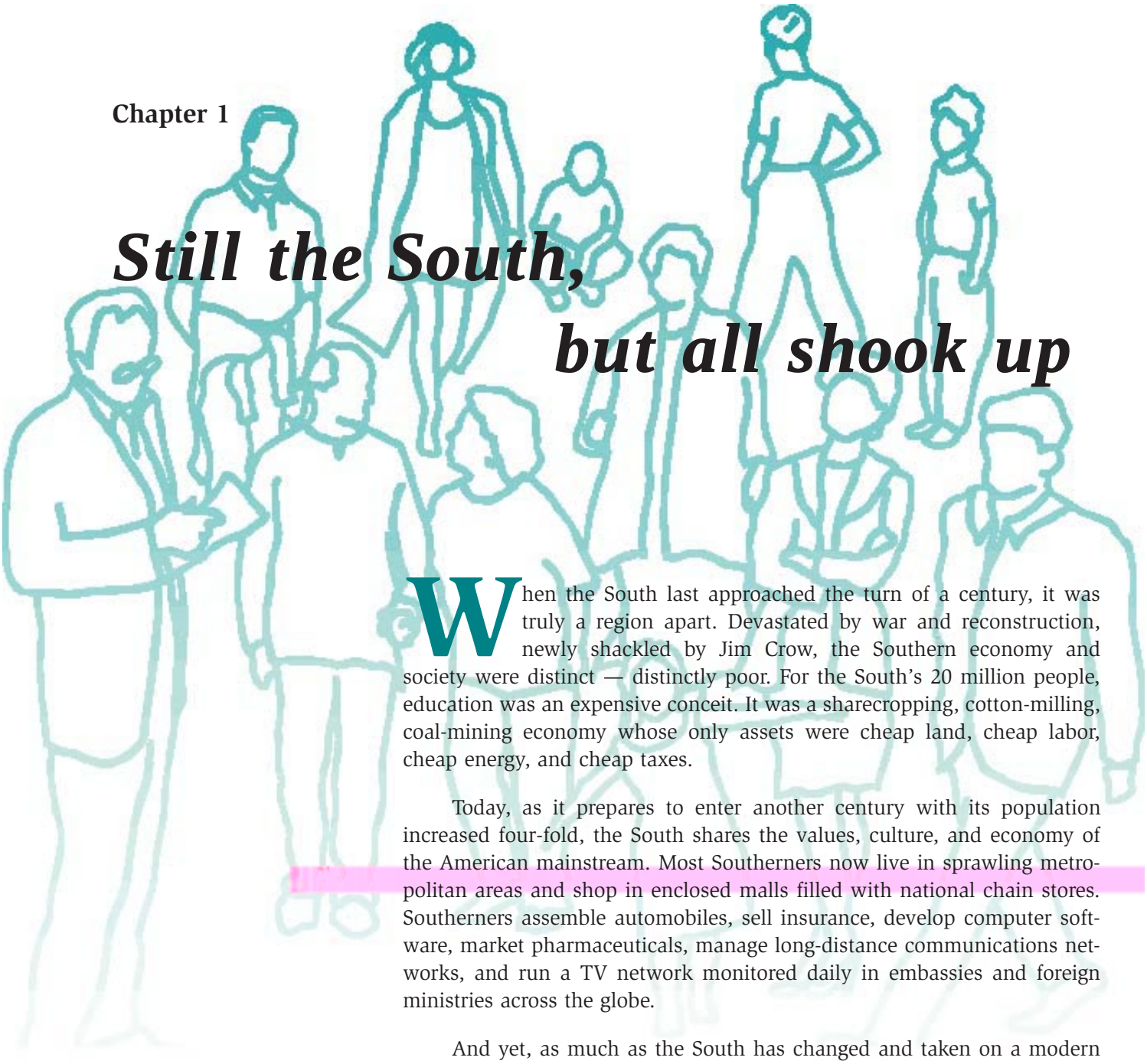
Even so, black/white relations in the South today appear to me to be better than black/white relations in some other parts of the country. But as the number of Hispanic and Asian Southerners continues to rise, progress made in black/white relations is threatened as these new communities establish their permanent presence in the region.

In 1996, MDC looked at race in the South — the region's oldest, thorniest, most explosive problem — and found that a shifting economy was providing new opportunities for the educated, irrespective of skin color. This year MDC takes a look at race, gender, and ethnicity in more detail.

It finds that shifting demographics and changing gender roles are providing a new dynamic to the economy. The infusion of new people with high skills and others with weak skills is shaking up the South. That only makes it more critical than ever that Southerners collaborate and educate each other and our new neighbors on the common responsibility to treat every person with dignity and respect — and to inform all about a new economy that imposes harsh economic penalties on undereducated Southerners, whatever their gender or race.

As chairman of the board of MDC and a member of the Advisory Board to the President's Initiative on Race, I commend to you this report for its insights on the South's demographic, educational, and economic conditions — and what the region must do to march confidently into the 21st century.

— William F. Winter
Jackson, Mississippi



Chapter 1

Still the South, but all shook up

When the South last approached the turn of a century, it was truly a region apart. Devastated by war and reconstruction, newly shackled by Jim Crow, the Southern economy and society were distinct — distinctly poor. For the South's 20 million people, education was an expensive conceit. It was a sharecropping, cotton-milling, coal-mining economy whose only assets were cheap land, cheap labor, cheap energy, and cheap taxes.

Today, as it prepares to enter another century with its population increased four-fold, the South shares the values, culture, and economy of the American mainstream. Most Southerners now live in sprawling metropolitan areas and shop in enclosed malls filled with national chain stores. Southerners assemble automobiles, sell insurance, develop computer software, market pharmaceuticals, manage long-distance communications networks, and run a TV network monitored daily in embassies and foreign ministries across the globe.

And yet, as much as the South has changed and taken on a modern identity, it's not the North. You still know when you're in the South — and not only because of the kudzu or the steam rising off the road after a thunderstorm or waitresses who call their customers, male and female, "honey." When you get outside the airport terminal in Atlanta, Charlotte, or Nashville, you know you're not in Boston, Cleveland, or Milwaukee.

Even as it grows in people and jobs, even as it develops its own mega-metros and mega-banks, even as it competes in a global economy, the South holds onto a fascinating distinctiveness. Southerners still look around to see how other Southerners in neighboring communities and states are doing, and the Southern accent, in all its variety, endures.

Two years ago, when MDC issued its first *State of the South* report, we invoked a modern folk saying: "The South's not what it ought to be; it's not what it can be; but thank God it ain't what it used to be." That remains a

theme of this report, as an undereducated workforce still threatens the region's continued progress. But as we go into more depth about both the enduring and the brand-new Southern stories of race, income, and education, a more apt description might be the song title "All Shook Up."

This volume departs from, and builds upon, our first *State of the South* in several significant ways. In the pages that follow, you will not find an array of state-by-state data tables. Rather, we focus more intently on how various segments of the Southern population are faring in the modern economy. While MDC retains its long-standing concern for the rural "shadows in the Sun Belt," this report pays attention to the historically significant shift of the Southern population to cities and suburbs. And it notes that there are significant slices of the population, native Southerners of both races and newcomers to the region, native and foreign, who are not prospering from these changes.

The modern South is a dynamic, growing, changing region, galloping into the 21st century. Our purpose here is to help the region keep galloping — and to ensure that many more Southerners share in the ride.

Chapter 2

Changing places, changing faces

Major Findings

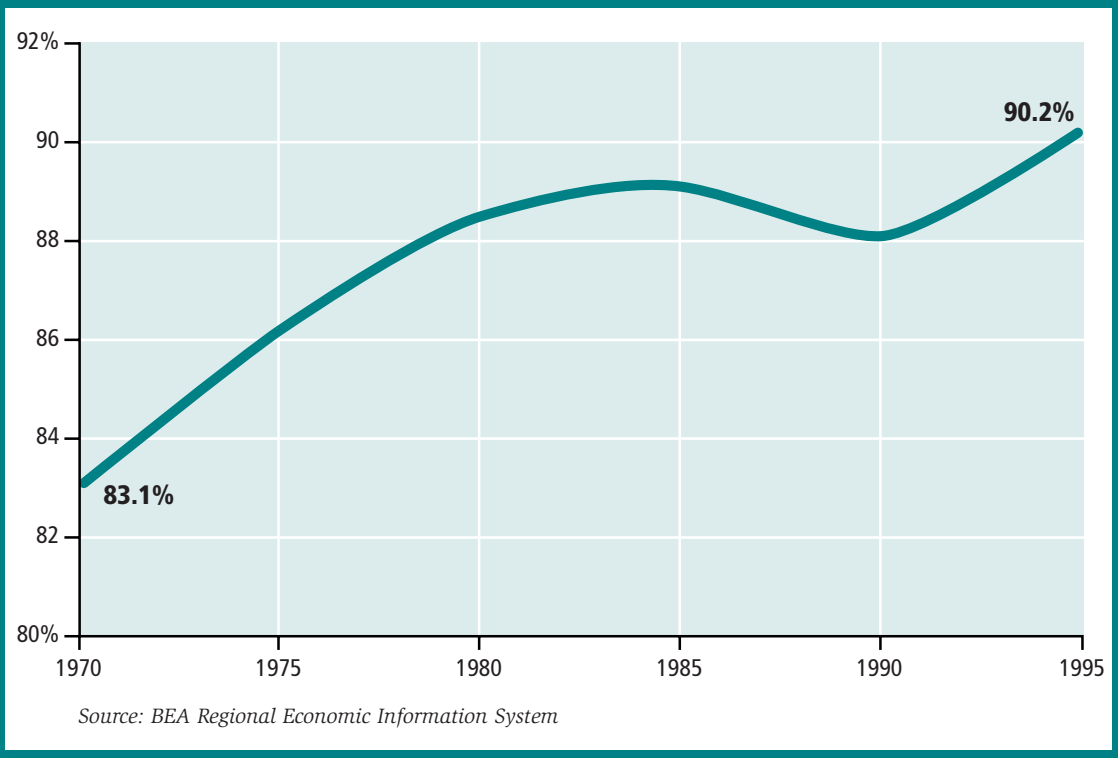
- ***The historically black/white, mostly Protestant, and native-born South is fast becoming a multiethnic society.***
- ***After a century of black out-migration, African Americans are now headed South from every corner of the United States, and they are joined by millions of other newcomers from this country and from abroad.***
- ***A region once distinguished by small towns and farms, the South is now far more urban and especially suburban than rural.***

As the South leaves this century, no longer is it isolated from the rest of the country and the world. No longer is it characterized by its pathologies of 1900 — defeat, disease, and destitution. The South is now a dynamic region through which people and jobs flow, both in and out.

This economic dynamism is the payoff of several decades of hard work, an entrepreneurial spirit, and enlightened public policies that resulted in the integration of the labor market and in investments in schools, colleges, roads, and hospitals. Today, millions of Southerners are educated well enough to compete in the global marketplace; they enjoy prosperity and a hopeful future.

South narrows per capita income gap with U.S.

Per capita personal income: South as a percentage of the U.S., 1970-1995



Source: BEA Regional Economic Information System

Since 1970, the South has been catching up with the nation in per capita personal income, but it still has a way to go.

For other Southerners, however, the region's changing demographic and economic landscape is more ominous. They see traditional factory jobs moving to other parts of the world, and they see newly arrived workers picking up the low-skill jobs that remain. Some see their towns decaying, others watch as familiar city centers deteriorate, and still others see farmland paved over for shopping centers and suburban subdivisions.

As the 20th century comes to a close, the South has moved decisively into the national economic mainstream. Indeed, it often grabs the reins of leadership. But the South still carries the residual burdens of poverty, undereducation, and racial division and discrimination. As it deals with those legacies, it is faced with new challenges from economic and demographic shifts that are transforming the region and its communities.

More people, more diversity

After an especially sharp increase in the first half of the 1970s, the region's population has grown steadily over the past quarter of a century. With 87 million people living in the region, the South is home to one out of every three Americans.

Whites and blacks have increased in population in the South since the mid-'70s. Hispanics,* too, have increased, dramatically so in the 1980s and even more so in this decade as they have migrated beyond Florida and Texas throughout the region. Amid overall growth, the South's population mix has shifted: whites down from 76 percent in the mid-1970s to 68 percent, blacks gaining from 18 percent to 19 percent, and Hispanics jumping from five percent to 11 percent over a 20-year period. The number of American Indians living in the South has been increasing and is now 570,000, about .7 percent of the region's population. In addition, the population of Asians increased by 42 percent — from 1.2 to 1.7 million — between 1990 and 1997.

From 1990 to 1997, more than five million American adults, 25 years old and older, have moved into the South — including 573,000 blacks and 442,000 Hispanics. When out-migrants are taken into consideration, the South has had a net domestic in-migration of 1.2 million adults.[1]

During the same time, 1.6 million adults from other nations moved to the region. The South is now capturing a larger share of total foreign immigration to the United States than at any time in its history. From 1990 to 1997, Hispanic and Asian immigrants, combined, slightly outnumbered white and black immigrants.

Since the South's job growth offers work at both the high end and low end of the wage scale, the region now attracts not only more of the well-educated but also more of the undereducated from elsewhere. More than 20 percent of all foreign immigrants over the age of 25 to the South had less than a high school diploma, three percentage points more than the 1997 Southern population age 25 to 64. But at the same time, 33 percent of foreign immigrants to the South had at least a bachelor's degree. This is significantly higher than the 23 percent of Southerners who have a bachelor's degree.

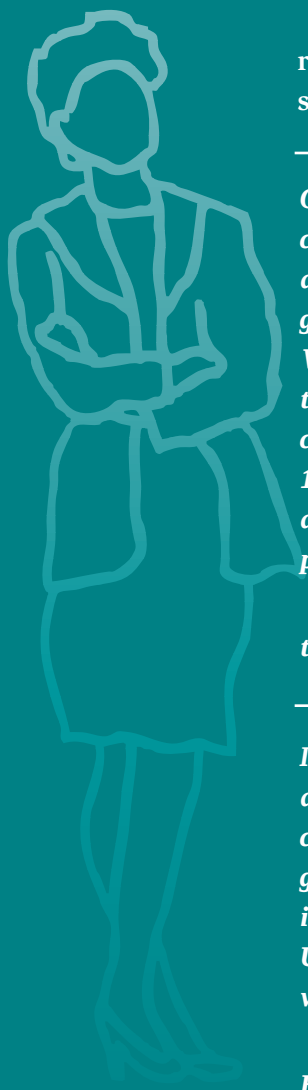
Especially in the major metropolitan areas, the expansion of jobs at both ends of the wage-and-skill spectrum has pulled in new residents. While the overall level of annual domestic in-migration has remained rather steady for the past 10 years or so, the better health of the Sun Belt economy in the late 1980s and early 1990s brought a steady stream of experienced workers from downsized and closed-down factories of the Rust Belt. The improvement in the national economy since 1993, however, has meant

* *Unless otherwise specified, the "white" population includes only non-Hispanic whites, and the "black" population includes only non-Hispanic blacks. In addition, the Current Population Survey defines "Hispanic" as including people "of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race."*

fewer skilled workers have had to move to find jobs; now a greater portion of the in-migration to the South is composed of unskilled workers.

Hispanic migration has contributed to this bipolar trend. From 1990 to 1997, 40 percent of adult Hispanics who moved into the South from within the U.S. had less than a high school education, while nearly 20 percent had some college experience and 16 percent had one or more college degrees. Among all adult domestic in-migrants, the South attracted 31 percent with just a high school diploma and 14 percent with less than a high school education. (See *Chart 1*.)

Workers from farther south



Part of the migration of workers to the South, both low- and high-skill, results from the organized recruitment of workers by companies needing specialized labor:

Opryland USA is a unique mix of Southern culture and American commerce, shopping, and conventioneering built upon a musical genre rooted in the South's soil and psyche. When the Opryland Hotel began an ambitious expansion project in 1995, the company faced a problem: where to find 1,500 workers in a Nashville metropolitan area with unemployment at less than three percent.

Opryland turned south, but beyond the traditional American South. Its human resources staff decided to recruit in Puerto Rico, where unemployment was 12 percent and many workers already had experience in the hospitality industry. In January 1996, Opryland held a job fair in Puerto Rico and by March of 1996 had already hired 250 Puerto Ricans to work in Nashville.

From front-office staff to cooks to electricians, Puerto Ricans now help run a Southern entertainment institution.[2]

Information Management Resources Inc. is a Clearwater, Florida firm that works with companies to fix the Year 2000 computer glitch. Last year, IMR found itself recruiting in Brazil after it could not hire enough U.S. computer specialists to handle its workload.

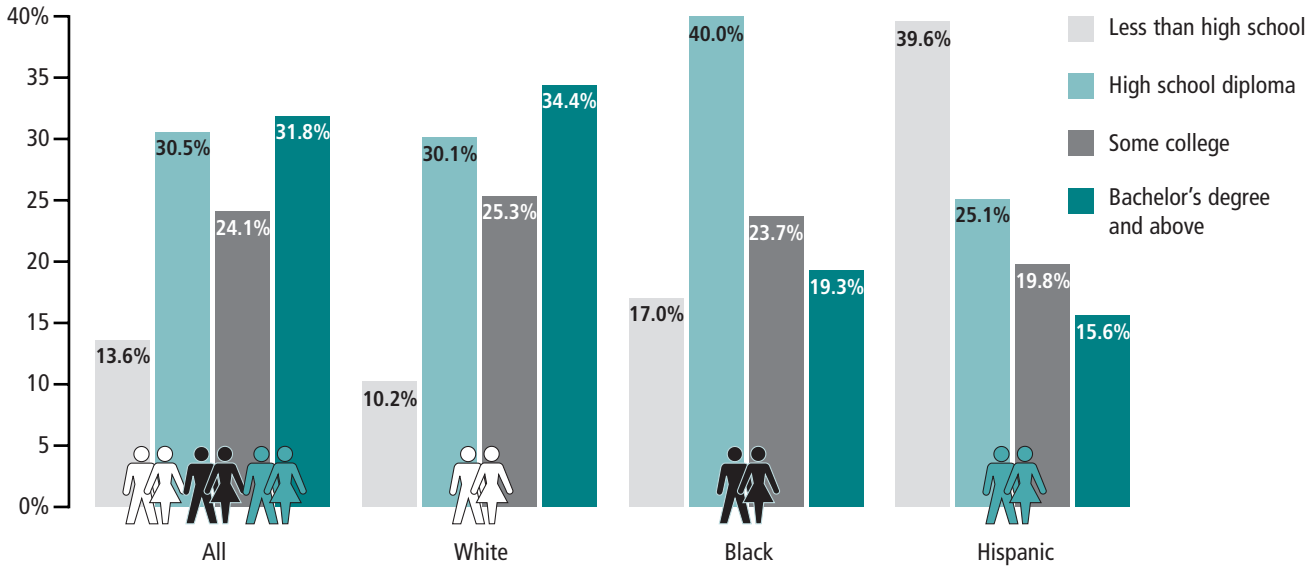
IMR began looking for programmers in Brazil when it hired a 26-year-old Brazilian then living in Canada. When asked if he knew anyone who wanted to follow him to the U.S., he produced 25 names. On IMR's first recruiting trip to Brazil, it hired 10 programmers; a second trip produced another seven.

According to a 1997 survey conducted by the Information Technology Association of America, more than 190,000 programming and related computer jobs are unfilled. The number of foreign-born computer scientists, not surprisingly, nearly tripled between 1992 and 1997.[3]

Chart 1

New Southerners: Some educated, some not

Educational attainment of gross domestic in-migrants by race/ethnicity, Census South, 1990-97, age 25 +



Source: William Frey

New residents, new workers

The story of the United States is largely a story of migration — of waves of people coming into the country and of people moving from one place to another within the country. The South's story for much of the mid-20th century was the out-migration documented in fiction and nonfiction books such as *The Grapes of Wrath* and *The Chickenbone Special*. Those migration streams took Southerners from Oklahoma to California, from the Delta to Chicago, from the Appalachians to Ohio and Michigan, and from the Carolinas' coastal plain to the cities of the Northeast. It was the story of exporting our poor; it was also the story of exporting top graduates from the region's finest universities.

There are other threads in the South's story, including the transformation of Texas and Florida — now the two most populous states of the region that also largely serve as portals of immigration. South Florida has been transformed not only by U.S. migrants who moved to retire in the sun but also by immigrants from Cuba and other Caribbean nations. Texas has become the country's second most populous state in large part due to the influx of blue-collar workers from Mexico and high-tech workers from the West Coast.

Until recently in the rest of the South, the presence of Hispanics had been a temporary phenomenon: Spanish-speaking migrant workers followed the calendar of harvests; stayed in Southern states long enough to bring in the crops of apples, tobacco, beans, and sweet potatoes; and then they were gone. But now, Hispanics who intend to settle, work, and raise their families have dispersed in increasing numbers beyond Texas and Florida. Some Hispanics move to the South directly from Mexico and countries in Central America, but many also come from Texas, Florida, and California to North Carolina, Tennessee, Georgia, and Arkansas.

The arrival of Hispanics to work in poultry and fish-processing plants, in furniture factories and construction has changed the character of many small towns and the labor forces of those rural economies. But even more

Table 1

The South's changing complexion: Hispanics

Counties with the greatest percent change in Hispanic population: 1990-1996
(among counties with more than 2,000 Hispanics in 1990)

	County and State	1990-96 % Change	1996 Hispanic Population	1996 % Hispanic
1	***Gwinnett County, GA***	***118.8%***	***18,915***	***4.0%***
2	***Wake County, NC***	***102.8%***	***11,227***	***2.1%***
3	***Cobb County, GA***	***90.7%***	***18,264***	***3.4%***
4	***Loudoun County, VA***	***90.4%***	***4,205***	***3.4%***
5	***Pulaski County, AR***	***88.9%***	***6,114***	***1.7%***
6	***Mecklenburg County, NC***	***87.3%***	***12,844***	***2.1%***
7	Sarpy County, NE	87.2%	6,397	5.5%
8	Clark County, NV	86.4%	158,837	15.1%
9	***Hall County, GA***	***78.2%***	***8,246***	***7.3%***
10	Lancaster County, NE	75.3%	6,973	3.0%
11	***Forsyth County, NC***	***74.5%***	***3,717***	***1.3%***
12	***Whitfield County, GA***	***74.3%***	***4,092***	***5.1%***
13	Douglas County, NE	73.1%	19,889	4.5%
14	Fremont County, CO	72.0%	4,757	11.4%
15	Clark County, WA	71.6%	10,300	3.4%
16	***Guilford County, NC***	***71.2%***	***5,022***	***1.3%***
17	***Clayton County, GA***	***70.0%***	***6,468***	***3.2%***
18	Elko County, NV	69.7%	7,555	17.3%
19	Hall County, NE	68.1%	3,589	7.0%
20	***Montgomery County, TN***	***67.9%***	***5,523***	***4.6%***
21	Humboldt County, NV	66.9%	3,952	24.0%
22	Ada County, ID	66.8%	9,460	3.6%
23	***Williamson County, TX***	***66.7%***	***33,831***	***17.1%***
24	***Collin County, TX***	***66.2%***	***30,702***	***8.2%***
25	***Durham County, NC***	***66.1%***	***3,466***	***1.8%***
26	***Liberty County, TX***	***65.5%***	***4,792***	***7.6%***
27	Washington County, OR	65.1%	24,230	6.3%
28	***Liberty County, GA***	***62.4%***	***5,295***	***9.0%***
29	Thurston County, WA	61.8%	8,036	4.1%
30	Monroe County, PA	61.4%	3,358	2.8%

Southern Counties in ***Italics***

Source: William Frey

remarkable is the growth in the Hispanic population of the South's metropolitan areas. *Table 1* lists the nation's counties — those that began the decade with at least 2,000 Hispanic residents — with the fastest growth in Hispanic population from 1990 to 1996. The top six Hispanic-growth counties are in the South — two in the Atlanta metro area, two in North Carolina (the counties containing Raleigh and Charlotte), one in the Virginia suburbs of Washington, D.C., and one in Arkansas (the county containing Little Rock). Four additional Georgia counties appear on the list of the top 30 counties, as do three others in North Carolina, three in Texas, and one in Tennessee. (See *Table 1*.)

A similar ranking of counties by growth rates of Asian residents shows that the top five are Southern, and 16 Southern counties rank among the top 20. (See *Table 2*.)

Table 2

The South's changing complexion: Asians

Counties with the greatest percent change in Asian population: 1990-1996
(among counties with more than 2,000 Asians in 1990)

	County and State	1990-96 % Change	1996 Asian Population	1996 % Asian
1	***Gwinnett County, GA***	***103.0%***	***21,326***	***4.5%***
2	***Collin County, TX***	***89.0%***	***14,575***	***3.9%***
3	***Loudoun County, VA***	***81.8%***	***3,956***	***3.2%***
4	***Cobb County, GA***	***80.3%***	***14,644***	***2.7%***
5	***Wake County, NC***	***77.7%***	***15,066***	***2.8%***
6	Clark County, NV	75.9%	48,899	4.7%
7	***Fort Bend County, TX***	***74.9%***	***25,943***	***8.5%***
8	***Denton County, TX***	***71.7%***	***12,235***	***3.5%***
9	Sarpy County, NE	67.7%	3,450	3.0%
10	***Seminole County, FL***	***65.4%***	***8,299***	***2.5%***
11	***Mecklenburg County, NC***	***65.3%***	***14,348***	***2.4%***
12	***Okaloosa County, FL***	***64.9%***	***6,248***	***3.8%***
13	***Clayton County, GA***	***63.3%***	***8,490***	***4.2%***
14	***Bay County, FL***	***62.6%***	***3,714***	***2.6%***
15	Dakota County, MN	62.4%	7,779	2.4%
16	***Brevard County, FL***	***62.3%***	***9,022***	***2.0%***
17	***Orange County, NC***	***61.4%***	***3,895***	***3.6%***
18	***Palm Beach County, FL***	***60.7%***	***14,936***	***1.5%***
19	Anoka County, MN	59.3%	4,807	1.7%
20	***Broward County, FL***	***59.2%***	***28,006***	***1.9%***
21	***Bell County, TX***	***59.1%***	***9,240***	***4.2%***
22	Somerset County, NJ	58.5%	17,113	6.3%
23	Clark County, WA	58.3%	9,292	3.0%
24	Ocean County, NJ	57.8%	6,271	1.3%
25	Placer County, CA	57.0%	6,221	2.9%
26	***Polk County, FL***	***56.8%***	***4,037***	***0.9%***
27	***Orange County, FL***	***56.6%***	***22,878***	***3.0%***
28	***Volusia County, FL***	***56.5%***	***4,671***	***1.1%***
29	***Brazoria County, TX***	***56.3%***	***3,245***	***1.5%***
30	***Leon County, FL***	***55.5%***	***4,289***	***2.0%***

Southern Counties in ***Italics***

Source: William Frey

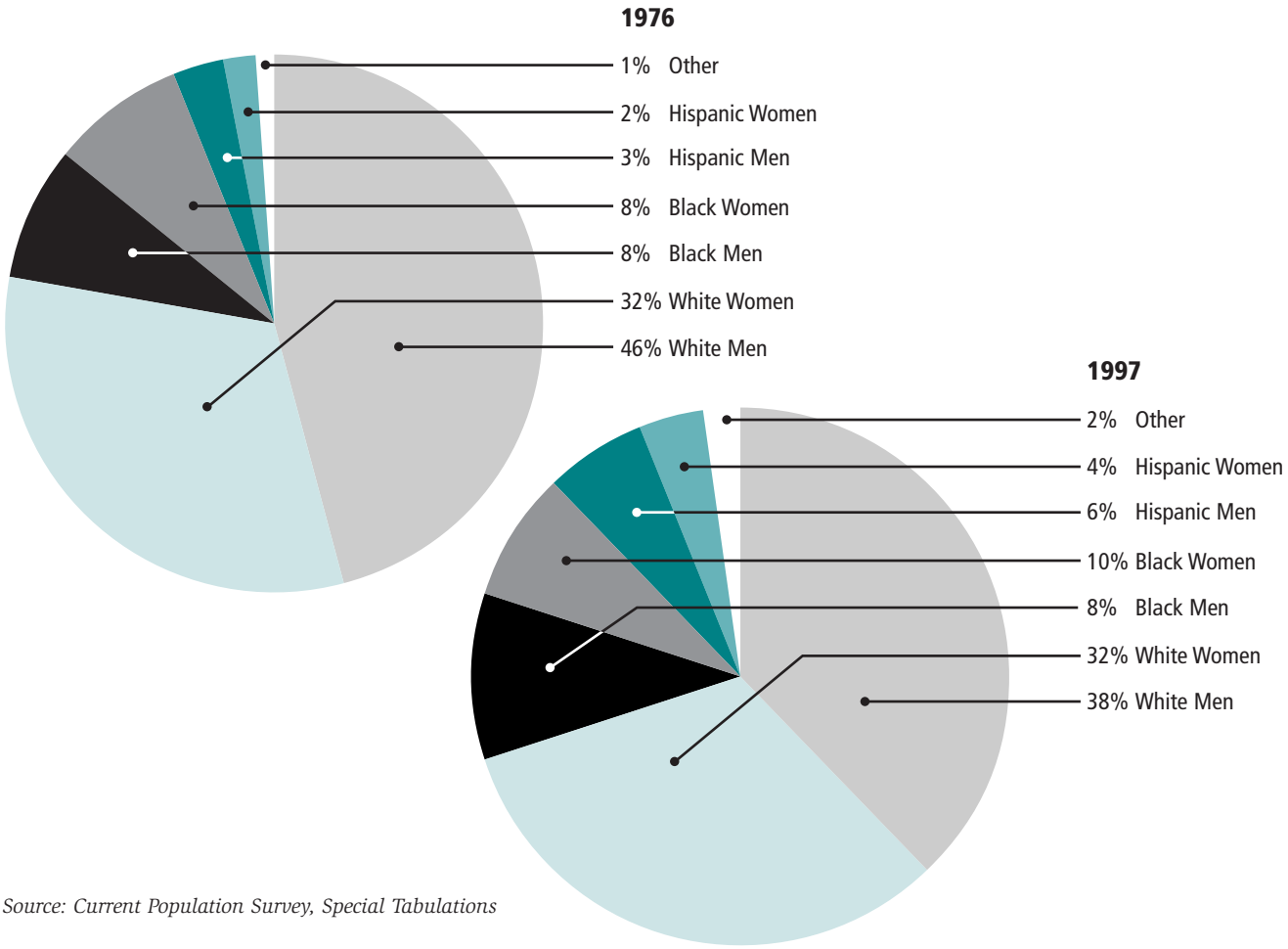
Outside of Texas and Florida, the proportion of Hispanics and Asians in Southern metropolitan areas remains below 10 percent, but the rates of change are significant — and point to a continued surge of Hispanics and Asians so long as Southern metropolitan areas are creating jobs to sustain them.

Not surprisingly, the region's changing population has caused significant shifts in the Southern workforce. Hispanics in the workforce have risen from five percent of the total in 1976 to 10 percent today, with both men and women doubling their presence. White men, who constituted 46 percent of the Southern workforce in the mid-1970s, now make up 38 percent. White women have held constant at 32 percent, although the mix of jobs they hold has shifted dramatically. Black men have held constant at eight percent while black women have increased their share of the region's workforce from eight percent to 10 percent. (See *Chart 2*.)

Chart 2

Changing face of the labor force

Southerners in the labor force, by race/ethnicity and gender



Source: Current Population Survey, Special Tabulations

Blacks return home as the tide comes in

As World War II broke out, more than three out of four black Americans lived in the South. But for the next three decades, five million blacks left the South as cotton farming became mechanized and factories of the North sought labor. The great out-migration that began in 1940 ended around 1970. The past two decades have seen a steady migration into the South of around 100,000 blacks a year.

Black migration to the South reached record highs between 1990 and 1996, when the South had net gains of African Americans from the Northeast, Midwest, and the West. Sixty-five percent of the nation's black population growth occurred in the South, while the region had 46 percent of the nation's total population growth.

Some black in-migrants move to the South to retire, some to care for elderly parents, and many simply to return to the region they call home. Most black in-migrants, however, are of working age and have moved South for the jobs the region offers. Both a cause and an effect of the black in-migration into the South, median black family income increased in the region between 1970 and 1996 while it declined in the Northeast and Midwest.

Most black in-migrants to the South do not return to their former family homes in the countryside, where jobs are few and well-paying jobs even fewer. More than eight out of 10 move to metro areas — and of those, more than half settle in suburbs.

From 1990 to 1996, greater Atlanta had a net gain of 160,000 blacks, leading the nation in growth of African-American population. Of the top 20 U.S. metropolitan areas ranked according to black population gain, 12 are in the South. (See *Table 3*.)

The black migration pattern is part of a larger story of the reversal of the brain drain. The South is now attracting, rather than losing, the most highly educated.

The educational attainment of black in-migrants exceeds that of Southern black adults residing in the South. One in four blacks age 25 and older moving south since 1990 has at least some college, and nearly one in five has a bachelor's degree or above. While 23 percent of Southern black adults residing in the South do not have a high school diploma, only 17 percent of adult blacks who moved to the South in 1990-97 period lacked a high school education. (See *Chart 1*.)

The black migration pattern is part of a larger story of the reversal of the brain drain. The South is now attracting, rather than losing, the most highly educated. As the South has increasingly become home for knowledge-based industries and advanced services, the region has grown more attractive to people in search of quality jobs and a higher quality of living.

In the 1990-97 period, nearly 32 percent of all domestic migrants age 25 and above who came to the South had a bachelor's degree or an advanced degree, and an additional 24 percent had some college experience, reflecting higher levels of educational attainment than the existing Southern population. (See *Chart 1*.)

Up the education ladder

Data on the educational attainment of the Southern populace serve as a guide to what has been accomplished in the South, and what more needs to be done, to keep the region thriving in the 21st century economy.

The South has nearly caught up to the U.S. in high school completion. In the South, 83 percent of adults of working age have a high school diploma, compared to 86 percent nationally. For young adults — age 25 to 34 — the historic gap between black and white Southerners is disappearing,

Table 3

Blacks stream into metro South

Top black population gains by metro area, 1990-1996

	MSA and State(s)	1990-96 Gain	1996 Black Population	1990-96 % Change
1	***Atlanta, GA***	***159,830***	***913,943***	***21.2%***
2	New York-Northern NJ-Long Island, NY-NJ-CT-PA	154,446	3,838,950	4.2%
3	Washington-Baltimore, DC-MD-VA-WV	129,909	1,839,778	7.6%
4	***Houston-Galveston-Brazoria, TX***	***97,163***	***777,628***	***14.3%***
5	***Miami-Fort Lauderdale, FL***	***86,812***	***688,225***	***14.4%***
6	Chicago-Gary-Kenosha, IL-IN-WI	75,390	1,655,501	4.8%
7	***Dallas-Fort Worth, TX***	***75,344***	***650,691***	***13.1%***
8	Philadelphia-Wilmington-Atlantic City, PA-NJ-DE-MD	56,493	1,159,594	5.1%
9	***Norfolk-Virginia Beach-Newport News, VA-NC***	***44,933***	***458,209***	***10.9%***
10	***Orlando, FL***	***43,188***	***195,005***	***28.4%***
11	Boston-Worcester-Lawrence, MA-NH-ME-CT	43,017	330,651	15.0%
12	Detroit-Ann Arbor-Flint, MI	40,535	1,107,856	3.8%
13	***Memphis, TN-AR-MS***	***39,753***	***452,067***	***9.6%***
14	***Raleigh-Durham-Chapel Hill, NC***	***38,767***	***248,388***	***18.5%***
15	***Jacksonville, FL***	***38,607***	***222,712***	***21.0%***
16	***Charlotte-Gastonia-Rock Hill, NC-SC***	***35,974***	***269,929***	***15.4%***
17	***Tampa-St. Petersburg-Clearwater, FL***	***35,913***	***224,393***	***19.1%***
18	Las Vegas, NV-AZ	34,892	108,709	47.3%
19	Cleveland-Akron, OH	33,179	480,887	7.4%
20	***West Palm Beach-Boca Raton, FL***	***31,960***	***142,583***	***28.9%***

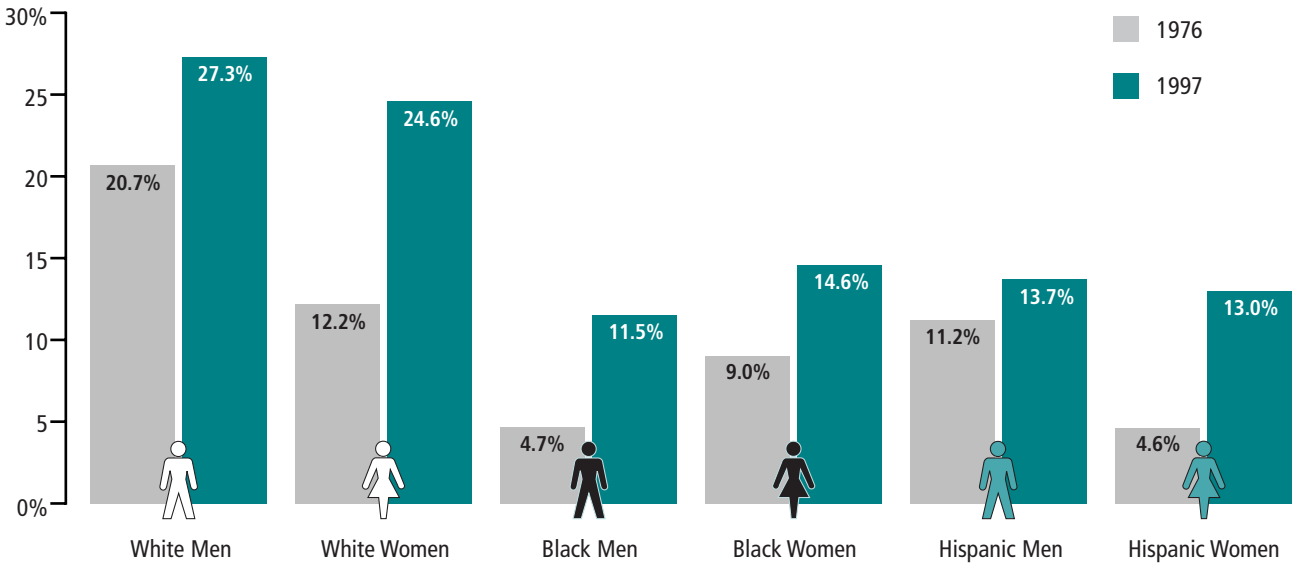
Southern MSAs in ***Italics***

Source: William Frey

Chart 3

Education: Gains and gaps

Bachelor's degree completion by gender and race/ethnicity in the South, age 25-64



Source: Current Population Survey, Special Tabulations

with nearly nine out of 10 of both races having completed the 12th grade. Hispanic Southerners age 25 to 34, meanwhile, lag in high school attainment — only two-thirds have diplomas.

In college attainment, Southerners have made substantial improvements over the past two decades, but the rest of the country improved even faster. The South is now further behind the nation in college attainment than it was in 1976. From 1976 to 1997, the percentage of Southerners with one or more university degrees went up from 15 percent to 23 percent, while the national bachelor's-and-above attainment rate increased from 16 percent to 26 percent. This is a confounding statistic coming at a point in our history when a high school diploma has become economically irrelevant except as a ticket to more education.

In the South, as in the nation, there is a large racial gap in college attainment. Among Southerners 25 to 64 years old, 26 percent of whites have completed a bachelor's degree, but only 15 percent of black women and 12 percent of black men have done so. Over the past two decades, there has been a significant gain in the percentage of Hispanic women with a bachelor's degree while the gain among Hispanic men has been slight. (See *Chart 3*.)

Baby Boomers not yet retired

The new South is growing old. In 1971, young people less than 20 years old represented almost 40 percent of the region's population; now this segment has dropped to 30 percent. The aging trend is especially true among whites: Nearly 40 percent of the Southern white population is 45 years old and older.

Blacks and Hispanics, meanwhile, have a population profile that is younger. About three-fourths of the blacks and Hispanics in the South are less than 45 years old. More than 35 percent of blacks and Hispanics are less than 20 years old. By contrast, only 25 percent of Southern whites are below age 20. (See *Chart 4*.)

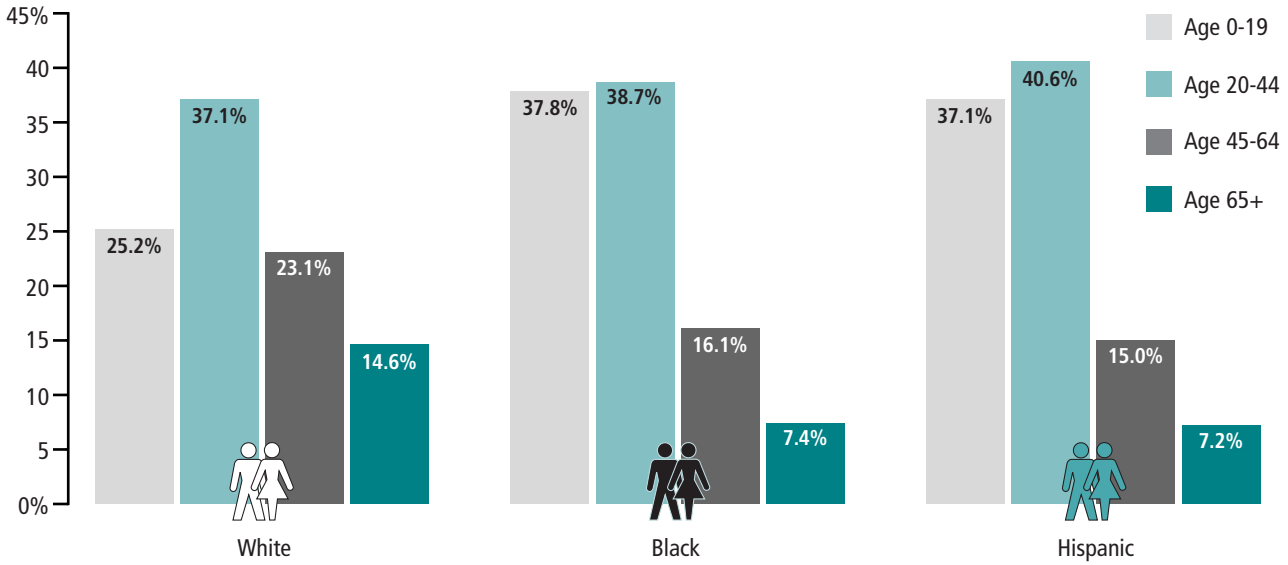
The shifting age characteristics of the Southern population have major economic consequences. In 1996, *The State of the South* threw a spotlight on a projected demographic bubble that represents an especially heavy burden for the region. For this report, that projection is extended from 2010 to 2015. (See *Chart 5*.)

In a decade and a half, the South will have 11.1 million more people in the 45-64 age bracket than it does now. During the same period, the South's 20-44 age group will increase by just fewer than a half-million.

Chart 4

Who's older, who's younger

Southern population by age and race/ethnicity, 1997

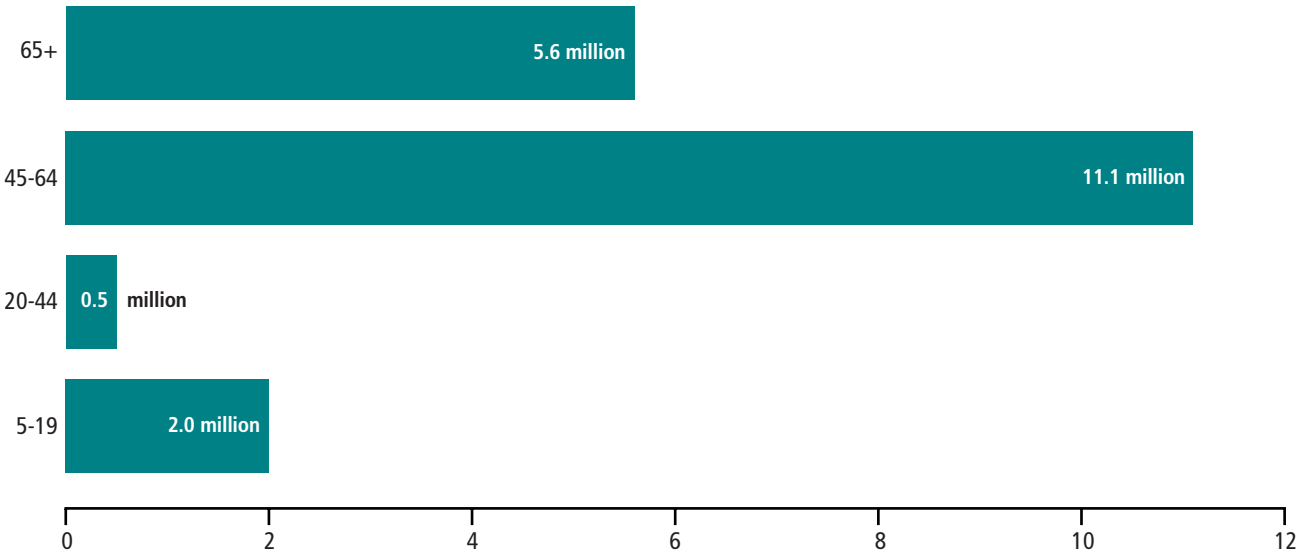


Source: Current Population Survey, Special Tabulations

Chart 5

Aging of the workforce

Projected population change in millions — South, 1995-2015



Source: U.S. Census Population Projections, October 1996

Meanwhile, the number of Southerners 65 years old and older will increase by 5.6 million, and Southerners five to 19 years old will rise by nearly two million.

The Southern economy, therefore, will remain heavily dependent on the skills of Baby Boomers, most of whom will not have retired and will still hold jobs in the years between now and 2015. The South will need its 45- to 64-year-old workers to form as strong a backbone as possible — for they will have to provide the economic support for a growing elderly population as well as a burgeoning school-age population.

In confronting the Baby Boom bubble, the South resembles the nation — but with a hidden difference. The South's older workers grew up in an era when the region lagged far behind the U.S. in educational attainment. Consequently, many of the South's older workers need to upgrade their skills to remain productive members of the economy.

Younger Southern workers, by contrast, have had the benefit of improvements in public schools and access to quality higher education. With almost as much education as young people anywhere in the U.S., they have enriched the skills of the workforce and undergirded the South's recent economic advancement. But the number of young workers in the South will not grow substantially over the next 10 to 15 years.

The projected 11.1-million-person bubble suggests that a central message of our 1996 report remains relevant: The South enters a 21st century economy with an aging workforce, which, along with a growing population of non-English-speaking immigrants, heightens the region's need for education and training to continue to enhance skills.

Meanwhile, the region has already begun feeling the effects from a burgeoning college-age segment of the population. From 1981 to 1997, the American college-age population of 18- to 24-year-olds declined. Now, that age bracket is expanding again.

At current college-going rates, the United States will have one million more college students in 2005 than it does now. But, in all likelihood, the nation will experience an even larger enrollment growth — an increase of two million or more. Not only will there be more 18- to 24-year-olds showing up at the registrar's office, but more older workers will seek additional training and education. These trends, along with the imperative to raise college-going rates especially for blacks and Hispanics, present special challenges to the South, a region historically behind the nation in educational and economic measurements.

Bigger cities, getting bigger

The extent of the South's metropolitanization is neither well-known nor fully appreciated. In movies and on television, the South is often portrayed as still rural. But in their daily lives, Southerners understand what demographers see in their data tables: a dramatic shift in living patterns since World War II. Southerners understand it as they sit in twice-a-day traffic jams during so-called rush hours — commutes that last an hour or more in the largest metros like Atlanta and Houston and 45 minutes in places like North Carolina's Research Triangle.

In movies and on television, the South is often portrayed as still rural. But in their daily lives, Southerners understand what demographers see in their data tables: A dramatic shift…

Fully seven out of 10 Southerners live in a metropolitan area. Only four Southern states — Arkansas, Kentucky, Mississippi, and West Virginia — still have more people residing in rural than metropolitan places. And even in Kentucky and Arkansas, a majority of the jobs are in metro areas.

The South, to be sure, has its dividing lines between core city and outer suburb. Just as there are disparities between the urban and rural South, so are there disparities among cities and between the older inner core and the sprawling suburbs.

But Southerners, many of whom have roots in small towns and rural counties, have not simply copied the urban patterns of the Northeast and Midwest. They have built their own characteristically sprawling population centers,[4] many of which have the look and feel of suburbs.

In 1995, five of the South's metropolitan areas could be classified as "mega-metros" — those with populations above two million. The region also had 12 metropolitan areas of one million-plus, and another seven between 800,000 and one million.

With the exception of Miami, the mega-metros have grown at an average rate well above three percent annually since 1970. Some of the large metro areas in Texas and Florida have grown between five percent and seven percent annually, while most large metro areas have grown at a somewhat lower rate.

Since 1970, the South's mega-metros, as well as its large metropolitan areas, have grown at nearly twice the rate of its medium and smaller cities. All in all, the South has produced major metropolitan areas that are setting the pace in growth. (See *Table 4*.)

Look at the metropolitan areas, and that's where you'll find more than three-quarters of Southern jobs — 37 million out of 48 million. Metropolitan areas have become the centers of Southern economic advancement.

The South heads into the 21st century with the look and feel of prosperity, but also with a sense of having been all shook up.

Jobs exert a magnetic pull. Metropolitan areas have attracted affluent, educated people from the non-South, but also, increasingly, ill-educated, low-skill people from the rural South. Simultaneously, the South's largest cities are serving as the entry points to the U.S. for immigrants from other countries.

Atlanta, the mega-metro that serves as the unofficial capital of the Southeast, led the nation in domestic in-migration from 1990 to 1997, drawing in 371,000 residents from elsewhere in the country. Meanwhile, Atlanta also attracted 53,000 immigrants from other nations.

The Dallas/Fort Worth metropolitan area gained nearly 155,000 domestic migrants in that period and an almost equal number of foreign immigrants. Houston, on the other hand, had 55,000 domestic in-migrants, and three times as many foreign immigrants. The Austin, Orlando, Raleigh/Durham, Tampa/St. Petersburg, and Charlotte metropolitan areas all gained more than 100,000 domestic in-migrants in the 1990s.

Table 4

Fastest growth in largest metros

Population and growth rates of Southern metropolitan statistical areas and nonmetropolitan areas

	Total Population		Average Yearly Growth Rate
	1970	1995	1970-1995
Mega-Metros (over 2 million people in 1995)			
Houston, TX	1,913,936	3,723,790	3.8%
Atlanta, GA	1,772,991	3,440,738	3.8%
Dallas, TX	1,635,293	2,974,960	3.3%
Tampa-St. Petersburg-Clearwater, FL	1,117,227	2,180,939	3.8%
Miami, FL	1,274,947	2,046,078	2.4%
Average			*3.4%*
Large Metros (500,000 – 2 million people in 1995)			
Norfolk-Virginia Beach-Newport News, VA-NC	1,091,465	1,535,383	1.6%
Fort Worth-Arlington, TX	803,053	1,495,523	3.4%
San Antonio, TX	906,984	1,463,187	2.5%
Fort Lauderdale, FL	627,868	1,412,942	5.0%
Orlando, FL	528,201	1,385,611	6.5%
New Orleans, LA	1,146,894	1,314,167	0.6%
Charlotte-Gastonia-Rock Hill, NC-SC	842,726	1,290,017	2.1%
Greensboro-Winston-Salem-High Point, NC	842,201	1,124,992	1.3%
Nashville, TN	700,150	1,094,786	2.3%
Memphis, TN-AR-MS	858,143	1,066,952	1.0%
Oklahoma City, OK	722,346	1,016,650	1.6%
Austin-San Marcos, TX	401,871	1,006,892	6.0%
Raleigh-Durham-Chapel Hill, NC	539,680	996,770	3.4%
Louisville, KY-IN	906,870	986,431	0.4%
Jacksonville, FL	614,084	981,943	2.4%
West Palm Beach-Boca Raton, FL	352,387	976,358	7.1%
Richmond-Petersburg, VA	676,875	926,103	1.5%
Birmingham, AL	738,632	888,448	0.8%
Greenville-Spartanburg-Anderson, SC	618,096	884,123	1.7%
Tulsa, OK	526,396	746,895	1.7%
El Paso, TX	360,462	678,629	3.5%
Baton Rouge, LA	376,050	563,303	2.0%
Little Rock-North Little Rock, AR	383,397	542,782	1.7%
Sarasota-Bradenton, FL	219,936	524,847	5.5%
Mobile, AL	377,785	513,793	1.4%
Charleston-North Charleston, SC	336,669	501,454	2.0%
Average			*2.3%*
Medium-Large Metros (200,000 – 500,000 people in 1995)			**2.0%**
Medium-Small Metros (100,000 – 200,000 people in 1995)			**1.6%**
Small Metros (under 100,000 people in 1995)			**0.8%**
Non-Metropolitan Areas			**1.0%**

Source: BEA Regional Economic Information System

All shook up

Elvis Presley had something other than demography in mind when he recorded "All Shook Up" in 1957. Still, the title of the Otis Blackwell song that Presley popularized seems a fitting description of the region these days. The South heads into the 21st century with the look and feel of prosperity, but also with a sense of having been all shook up. The cultural foundations of a society that long held rural-rooted values and operated under Faulkner's universal truths now seem shaken.

Still, however much the region has changed, the South remains home to a lot of, well, Southerners. In spring 1998, 63 percent of the residents of the South questioned for the Southern Focus Poll responded that they have lived in the region all their life, except perhaps for time away at school or in the military.[5]

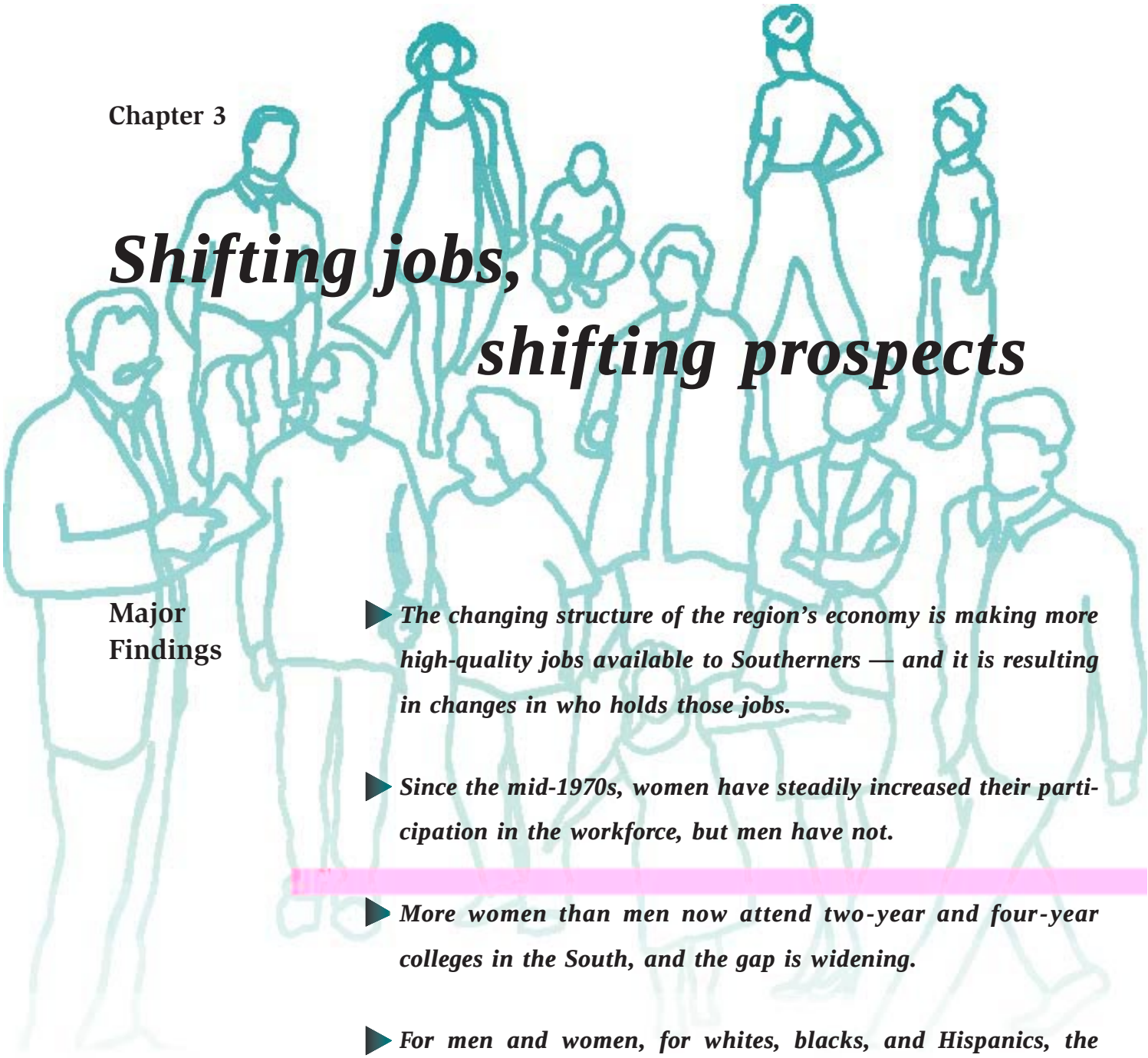
That finding points to a significant reality: The South has many people, whites and blacks, who grew up amid racial segregation (or just after its dissolution) and who entered the workforce amid the old economy of high-muscle but low-wage jobs. Many have adjusted, some have not. Adding to their sense of anxiety and uncertainty are crime, environmental degradation, and family breakup.

A dynamic South won't stand still or return to isolation. A burgeoning multiethnic society will mean fresh energy and ideas, but it will also lead to new social tensions. It will surely require Southerners to rid themselves of stereotyping and to reevaluate long-held attitudes about each other.

The global economy brings capital and goods to the South, but it also challenges the region's workers, schools, and policymakers to adapt. In an all-shook-up South, many undoubtedly will thrive while others, including many longtime residents, will fall back unless they acquire the capacity to compete.

Chapter 3

Shifting jobs, shifting prospects



Major Findings

- ***The changing structure of the region's economy is making more high-quality jobs available to Southerners — and it is resulting in changes in who holds those jobs.***

- ***Since the mid-1970s, women have steadily increased their participation in the workforce, but men have not.***

- ***More women than men now attend two-year and four-year colleges in the South, and the gap is widening.***

- ***For men and women, for whites, blacks, and Hispanics, the financial payoff from education beyond high school grew over two decades and remains large, while the less educated are increasingly left out of the job market.***

The South has become a leading force in the U.S. economy. Since the 1970s, job growth, especially on the Atlantic seaboard, has been prodigious. The South has climbed into the nation's mainstream economy and its own golden age — better off economically than at any time in its history.

The aging of the Southern workforce, the metropolitanization of the South, and the region's growing ethnic diversity are all dramatic developments. What is happening in the workplaces of the South — part of the global restructuring of the economy — is dramatic as well.

The United States is the world's largest importer of foreign capital, and part of the transformation of the South is due to investment from abroad. The roster of investors is impressive: BMW, Daimler Benz, Toyota, Glaxo Wellcome, Michelin, Sumitomo, and on and on.

Global capital flows are changing the nature of jobs available to Southerners, just as migration is changing the composition of the workforce.

Much of the capital invested from abroad, as well as new domestic capital investment, has gone into enterprises that are different from the South's traditional industries and that require a more skilled workforce. At the same time, U.S. corporations have shifted capital and jobs — especially lower-skilled manufacturing jobs — to locations around the world. Thus, global capital flows are changing the nature of jobs available to Southerners, just as migration is changing the composition of the workforce.

The South is in stronger shape than ever to adapt to globalization and to technology-driven shifts in the economy. It has benefited from the people it has educated and those it has imported, from an economic base that has diversified, from the colleges and universities it has built, and from cities that have grown and prospered. But the South also bears a burden that is a legacy of its history — its existing economic mix remains somewhat over-weighted with industries that pay low wages and have slow-growth or declining employment, and it is even more over-weighted with people who have historically filled those jobs.

More jobs, different jobs

Over the past quarter of a century, agriculture, mining, and manufacturing have declined in the proportion of Southerners they employ. While the number of factory jobs rose from just less than six million in 1970 to more than seven million in 1996, the types of products manufactured in the South shifted greatly. As automobile assembly, steelmaking, and pharmaceutical production spread across the region, the share of the South's workforce in older, more labor-intensive industries like textiles, tobacco, and apparel plummeted. Today, the South has a larger proportion of its

workforce in retail trade, services, transportation, communications, and utilities than 25 years ago, and in each of those sectors, the South is at or near the national level.

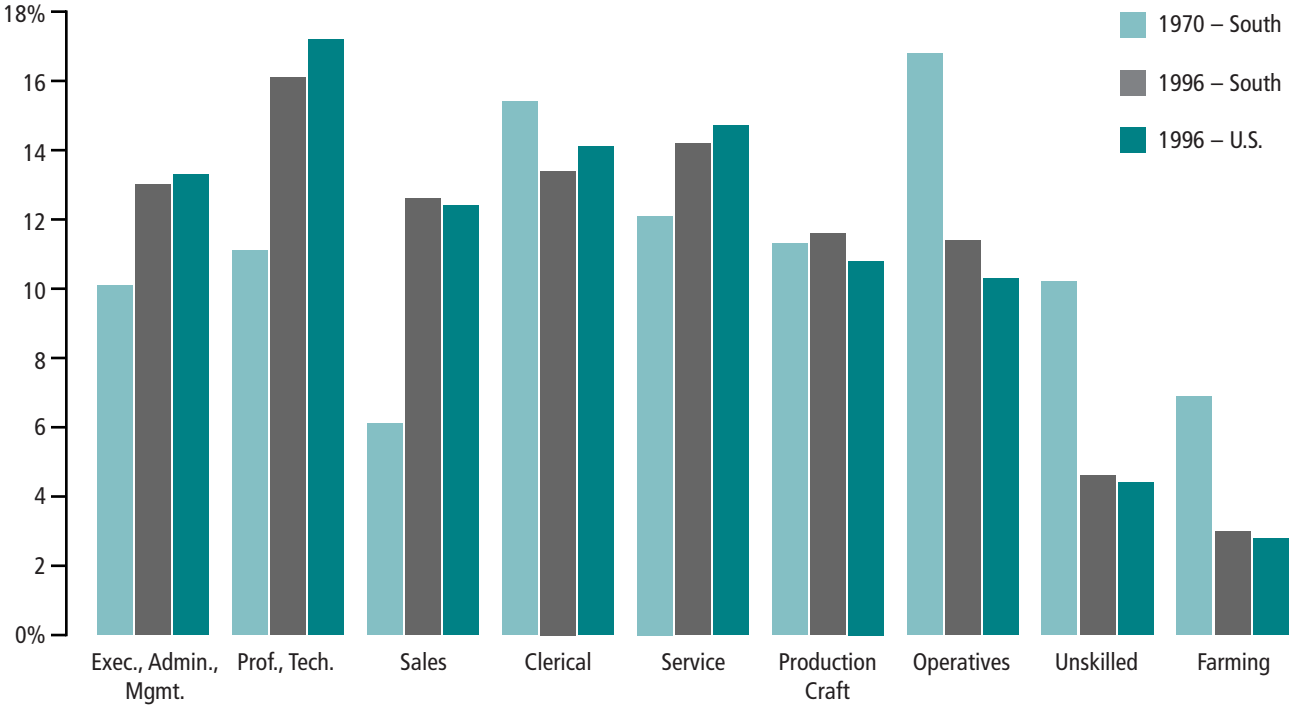
The region has experienced rapid growth in high-wage, high-skill occupations, while low-wage, low-skill occupations have grown more slowly. Much higher percentages of Southerners are employed today in executive, sales, professional, and service jobs than in 1970, and lower percentages are employed as factory operatives, unskilled laborers, and farmers. Despite these changes, the South still falls somewhat below the nation in white-collar employment, and it still exceeds the nation in blue-collar jobs. (See *Chart 6*.)

Especially in the South's large metropolitan areas, the "new office economy" flourishes. The region, like the nation, is replete with managers and professionals, supervisors and technicians, making a middle-income-or-above standard of living with earnings from high-skilled services.[6]

Chart 6

South's shift in jobs

Percent distribution of employment by occupation — South and the U.S.



Source: Current Population Survey, Special Tabulations

More school, more pay

In the burgeoning knowledge-based economy, education has become an increasingly valuable asset. While most jobs do not require a four-year college degree, according to the Bureau of Labor Statistics, 18 of the 25 occupations with the largest projected national employment growth — and high pay — do. Increasingly, it takes education beyond high school to gain the competencies necessary for jobs that pay middle-income wages.

Employers' rising demand for more highly educated and skilled workers has resulted in higher earnings for people with more education: The premium in earnings for education beyond high school has risen sharply over the past two decades. For those with only a high school diploma, median earnings have declined since 1976. Meanwhile, the median earnings of those with a bachelor's degree have increased since 1976. This divergence has caused the growth in the earnings premium.

Despite the recent stagnation in earnings of male college graduates, the difference in pay for high school graduates versus two-year or four-year college graduates remains large. This provides a powerful incentive to the South's young people to continue their education beyond the 12th grade.

Chart 7

Know more, earn more

Median earnings by educational attainment, full-time, year-round workers — South, 1996

A comparison of the median earnings of full-time workers shows that for every race and gender group, earnings rise consistently as the level of education increases. For men and women — whether white, black, or Hispanic — workers with some college or a bachelor's degree earn much more than those with only a high school diploma. (See *Chart 7*.)

Black and Hispanic women with a bachelor's degree earn nearly twice as much as those with only a high school diploma, while white women with a bachelor's degree earn $10,000 more annually than those with no college. White and Hispanic men derive the largest premium for a bachelor's degree — $15,000 and $14,000, respectively — while the premium for black men is $11,400.

Gaps — and gains

As Southern women have adapted to the changing economy and responded to the market's demand for higher education, their earnings have risen faster than men's.

The same data make another point just as clearly: There are distinct racial and gender gaps in earnings.

It is at this juncture that the analysis of the earnings patterns of Southern workers turns more complex, characterized by crosscutting and interwoven findings with respect to race, gender, and education. Sometimes one angle of a situation emerges from a snapshot of current conditions, and another angle emerges from examining a trend in progress.

The earnings gap between men and women is one such situation. At every education level, men in the South earn more than women — and this is so despite three decades of women's integration into the labor force. But this gender gap is also diminishing. As Southern women have adapted to the changing economy and responded to the market's demand for higher education, their earnings have risen faster than men's.

Much of the persistent male/female earnings gap results from men's and women's concentrations in different occupations — even if they have the same level of educational attainment. For instance, women with a high school education or some college are more concentrated in service, sales, and clerical jobs while the dominant occupations for men with high school or some college training are in the higher-wage, blue-collar trades. But differences remain in earnings between men and women employed even in the same occupation, at least partly due to seniority resulting from the long head start that men have had in the labor market.

It is important news that the earnings gap between men and women is narrowing for those with education beyond high school. The earnings of men and women with a bachelor's degree who work full-time have converged since 1976. This is the result of several factors including a decline in the earnings of white men and a substantial increase in the earnings for women of each racial and ethnic group. (See *Chart 8*.)

In today's South, white, black, and Hispanic women have similar earnings at any given education level. The same is true for black and Hispanic men.

But the same cannot be said for white men relative to minority men. Not only do men earn more than women, but white men also earn substantially more than black and Hispanic men.

Once again, a look at both a snapshot and a trend is required. The earnings gaps between white and minority men have diminished over the past two decades. Still, the gaps remain large. In 1976, white men working full-time with a bachelor's degree earned nearly $14,000 (in 1996 dollars) a year more than black men with a bachelor's degree. Twenty years later in 1996, the white/black gap was $9,000. The white/Hispanic gap narrowed from $10,900 to $7,000. (See *Chart 9*.)

The lower educational attainment of black and Hispanic men is a factor in the overall earnings gap, and a multiple-regression analysis gives us a way to measure the difference that education makes. Looking at full-time workers and taking into account age and residence in rural versus urban areas, black men earn 27 percent less than white men, and Hispanic men earn 37 percent less than white men. If Southern white, black, and Hispanic men finished high school and college at equal rates, this analysis shows that the earnings gap between white and black men would decline to 17 percent.

Chart 8

Women college grads gain

Percent change in median real earnings for full-time, year-round workers with a bachelor's degree — South, 1976-1996

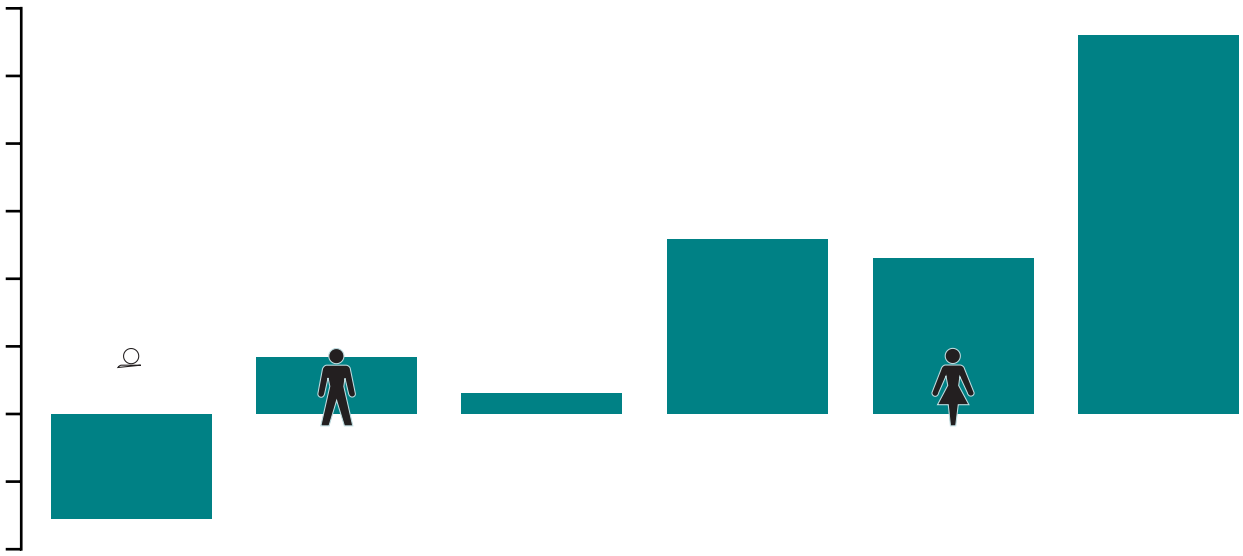
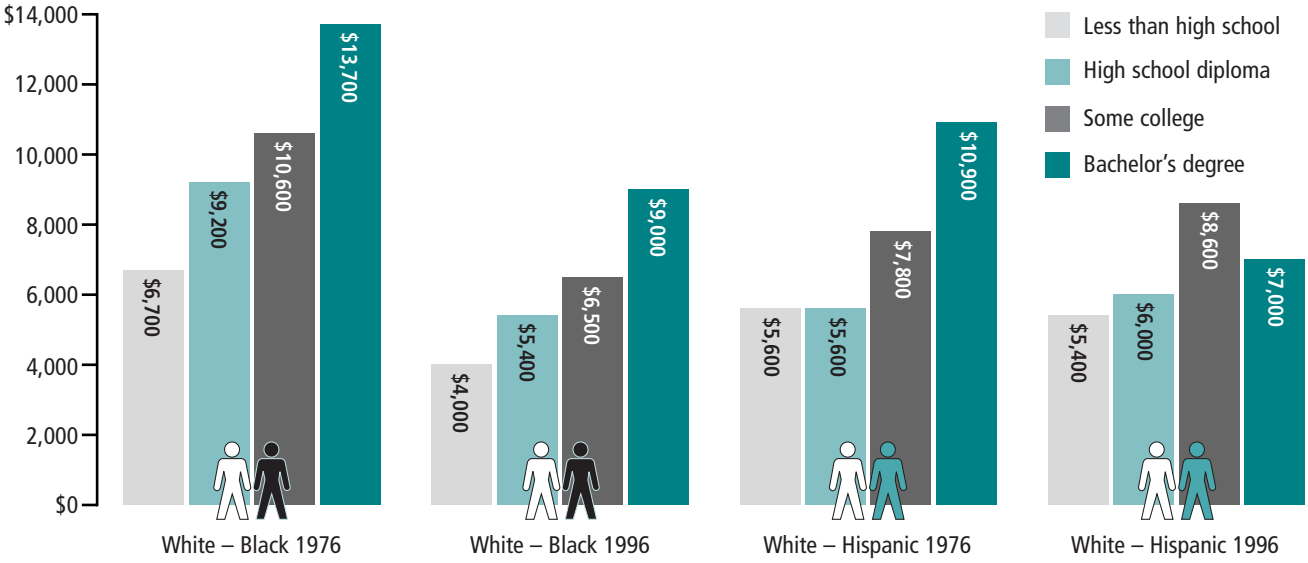


Chart 9

Gaps shrink, but persist

Gap in median earnings by race/ethnicity for Southern male full-time workers, constant 1996 dollars



Source: Current Population Survey, Special Tabulations

Similarly, the difference in earnings between white men and Hispanic men would decrease to 25 percent. In other words, eliminating differences in educational attainment would narrow — though not completely close — earnings gaps among men of different racial and ethnic groups.*

The remaining differences in earnings are due to many factors, most of which cannot be quantified. For one thing, educational attainment says nothing about the quality of that education. The graduate of a poor, inner-city or rural high school, for example, may lack the computer skills of a graduate of a wealthier suburban school. Similarly, college attainment says nothing about the particular degree a person holds, and different degrees prepare people for different careers with different earnings potential. There are also differences in the occupational profiles of blacks, whites, and Hispanics, in part because of differences in seniority. Finally, discrimination in the labor market is clearly a factor in minority men's lower earnings.

Whatever the mix of factors, two overriding realities stand out: The earnings of white and minority women have converged; at the same time, a large earnings gap persists between white men and minority men.

* *What about the gaps between white men and women? Our multiple-regression analysis shows that none of the difference in earnings between white men and white women can be attributed to differences in educational attainment. This is consistent with our data showing white women equalling if not surpassing white men in educational attainment, although lagging far behind in earnings for other reasons.*

Working but still poor

A consequence of the South's longtime dependency on low-wage, slow-growth industries is a persistently large population of working poor. There are more than seven million Southerners who worked full-time in 1997 but earned less than $12,500 a year, the official poverty line for a family of three.

Among white men who worked full-time, year-round in the South, 14 percent earned $12,500 or less. One in four white women and black men who worked full-time were low earners, along with three out of ten black women and Hispanic men, and nearly four out of 10 Hispanic women.

Unemployed, unemployable

The levels of labor force participation and unemployment vary widely across racial/ethnic and gender groups. Over the past 20 years, unemployment among Southern blacks and Hispanics has been consistently higher than among whites, and black men have usually had the highest unemployment rate of any race/gender group.[7]

Unemployment rises and falls, from month to month, as the economy expands and contracts. As a region with a dramatically increasing supply of jobs, the South has enjoyed relatively low unemployment recently, even to the point of labor shortages in many areas. And yet, the trend toward declining male labor force participation — men who are not even looking for jobs — persists.

It is striking — and disturbing — that so many Southern men, and particularly black men, are not working. When looking at those who can't find a job combined with those who are not seeking a job, 26 percent of Southern black men, age 25-64, were not working in 1997, along with 15 percent of white men and 17 percent of Hispanic men.

Compounding this picture is the fact that the South's male prison population — counted neither as "unemployed" nor "not the labor force" — is majority black. In 1995, the South's male inmate population in state and federal facilities was 57 percent black, 29 percent white, and nine percent Hispanic. The U.S. Bureau of Justice Statistics estimates that 28 percent of black males nationally will enter the penal system during their lifetime, contrasted with 16 percent of Hispanic men, four percent of white men, and

fewer than four percent of all women. As they return to civil society, the typical former inmate carries two impediments to finding a good job: a criminal record in addition to no education beyond high school.

Time and again, the importance of education beyond high school surfaces. As educational attainment increases, so does labor force participation. As education goes up, unemployment goes down.

And yet, the Southern condition is further defined by a particularly notable — and disturbing — statistic concerning educated black men. Clearly, some differences in employment status can be attributed to differences in education. But even when comparing Southerners with similar education, black men have low rates of labor force participation and high unemployment. Among black men who have gone beyond high school and attained a college education, a high unemployment rate persists relative to whites. Over the past two decades, the unemployment rate of black men with a bachelor's degree has averaged more than three times that of white men with a bachelor's degree. This evidence strongly suggests that black men, even with a college degree in hand, encounter severe racial barriers in the South's job market.

The South has enjoyed relatively low unemployment recently, and yet the trend toward declining male labor force participation persists.

You've come a long way, ma'am

The last decades of the 20th century have been marked by a growing feminization of the Southern workforce and of the region's institutions of higher education. The changing economy increasingly requires and rewards adaptability and people-skills, areas in which women usually excel. It seeks people to work on a part-time, temporary, or contingent basis, which — though not ideal — many women are willing to do. And it has produced an explosion of work in traditionally female-dominated caregiving fields.

Southern women still get paid less on average than men. But, as more and more women have taken advantage of doors that have opened wider in both education and employment, their economic prospects are growing and growing. Many women have finished college and moved into high-wage professional and administrative jobs. As a result, women's earnings have risen faster than men's over the past 20 years.

By 1996, women represented 46 percent of the Southern labor force. Clerical occupations remain the top source of jobs for Southern women. But since 1970, there has been much greater growth in the number of Southern women in executive and administrative, professional and technical, sales, and service occupations. From 1970 to 1996, the number of women in each of those occupational groups rose by two million or more. The number of

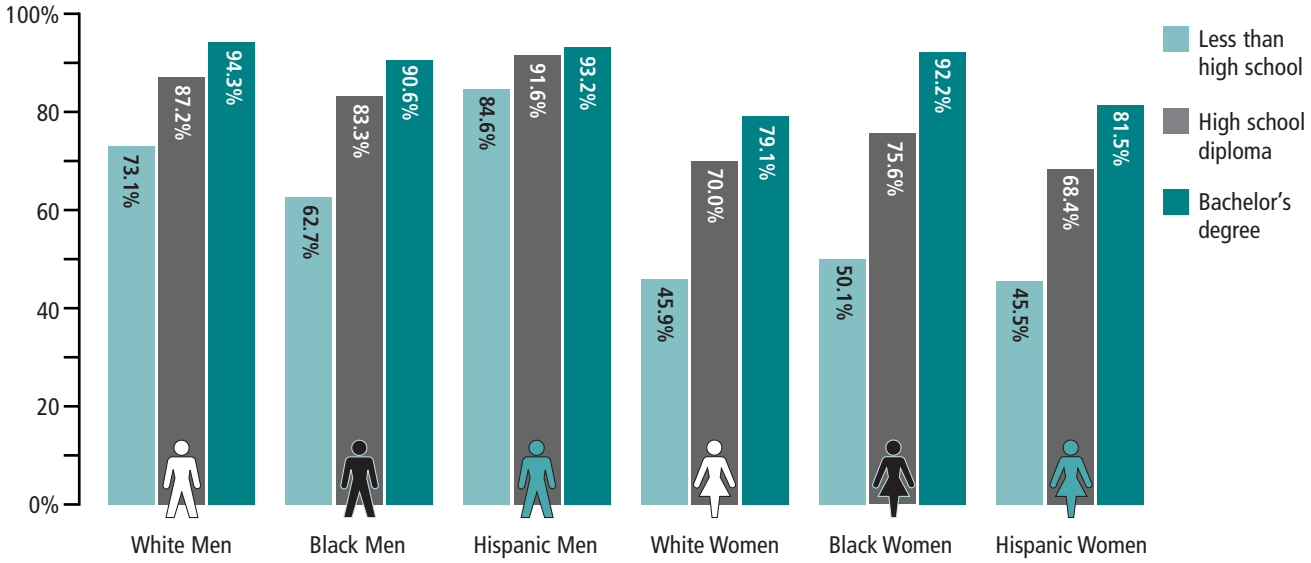
women in executive, administrative, and managerial jobs jumped from only about half a million in 1970 to more than 2.5 million in 1996. And by 1996, Southern women outnumbered men by nearly one million in professional and technical jobs. (See *Chart 10*.)

As new opportunities and occupations opened to them and as families found it inmilies

Chart 11

Education works

Southern labor force participation rate by race/ethnicity, gender, and education, age 25-64, 1997



Source: Current Population Survey, Special Tabulations

Son, you're in a world of trouble

While women's labor force participation has risen steadily, men's labor force participation has declined slowly but steadily since 1980. Although there is a drop among men at all education levels, the falloff is especially dramatic for those with no more than a high school diploma.

This is a phenomenon of the industrialized Western World, the subject of sociological studies and film tragicomedies. But the trend is exacerbated in the South. Although men still outnumber women in executive and managerial jobs and in the production crafts, they are also more dependent on the occupations that are growing slowly or declining — factory operatives, unskilled laborers, and farmworkers. Women, meanwhile, are becoming dominant in such high-growth fields as accounting and communications while increasing their employment in male-dominated fields from computer science to precision trades.

Until the recent past, Southern men with high school education or less had stable, low-skill, blue-collar jobs with relatively decent pay, and they had the military. But now, low-skill jobs are drying up, and the military is not only downsizing but also closing slots for young men with little education or with prison records. Instead of being a viable career option for

men with limited prospects, the armed services are now competing with colleges and universities for the most elite young men.

While women's college-going rate is rising, men's enrollment in college is lagging. (See *Chart 12*.) Once they enroll in college, men are less likely than women to graduate, and that gap is widening. As a result, a smaller percentage of Southern men in the 25-to-44 age bracket have bachelor's degrees than older Southern men, while women 25 to 44 years old have a higher college attainment rate than their elders.

Men who do get educated put that education to work. For men of all races with a bachelor's degree, labor force participation remains above 90 percent. (See *Chart 11*.)

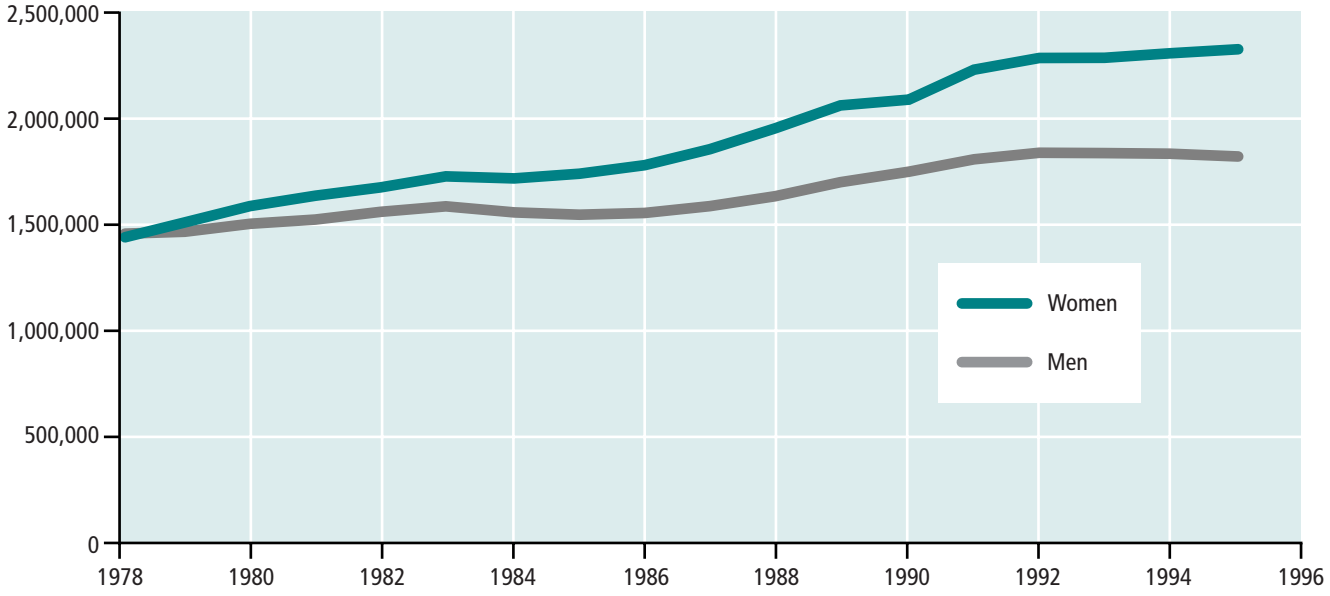
Those, however, with a high school education or less are increasingly left out of the job market. Since 1970, the labor force participation rate among men without a high school diploma has dropped seven percentage points; for those with only a high school diploma, it has dropped six points. (See *Chart 13*.)

Where are these men who are no longer participating in the workforce? Many are landing in prison. From 1985 to 1995, the number of men behind bars more than doubled nationally, and the South has a disproportionate share of the nation's state and federal inmates. The number of Southerners

Chart 12

Women pass men in college going

Enrollment by gender, all institutions of higher education in the South

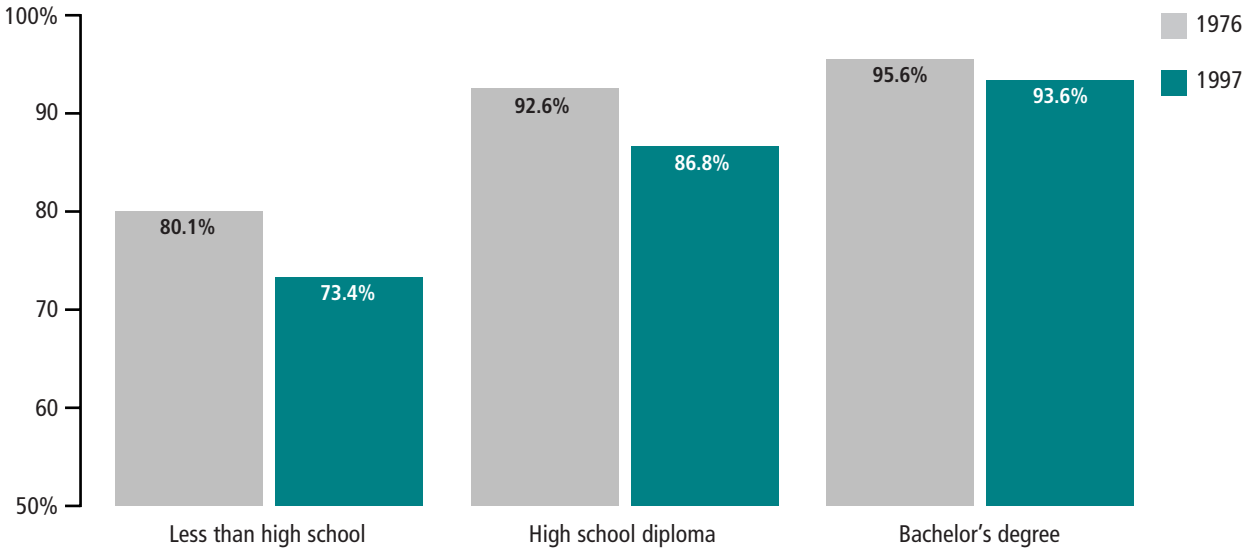


Source: Digest of Education Statistics

Chart 13

Men leaving the labor force

Southern men's labor force participation rates by education, age 25-64



Source: Current Population Survey, Special Tabulations

in prison continues to rise rapidly. From 1990 to 1995, the South's inmate population increased 63 percent, a gain that exceeded the next highest region (the West) by 25 percentage points.

In 1996, the British journal *The Economist* observed: "Apart from being more violent, more prone to disease, more likely to succumb to drugs, bad diet or suicide — more socially undesirable from almost every point of view, men, it seems, are also slightly more stupid than women."[9] Perhaps. But if men don't get educated, they certainly will be.

Anomie amid opportunity

The South's economy is changing faster than Southern customs and attitudes.

There is a pervasive anomie among many young men. Too many, whether in the inner cities or Appalachia, see education as uncool, not macho — or they don't see a compelling connection between education and realistic job prospects. Too many Southern men see their careers based on their ability to do specific things: make things, drive things, dig things, lift

things, or pick things. The economy, meanwhile, is rewarding those — regardless of race, gender, and ethnicity — who have the ability to think things.

First, the South must continue to increase opportunities for women while encouraging more men to face the realities of this dynamic economy. Men are not getting themselves educated at the same rate as women; and this trend is worsening.

Too many Southern men see their careers based on their ability to do specific things: make things, drive things, dig things, lift things, or pick things. The economy, meanwhile, is rewarding those — regardless of race, gender, and ethnicity — who have the ability to think things.

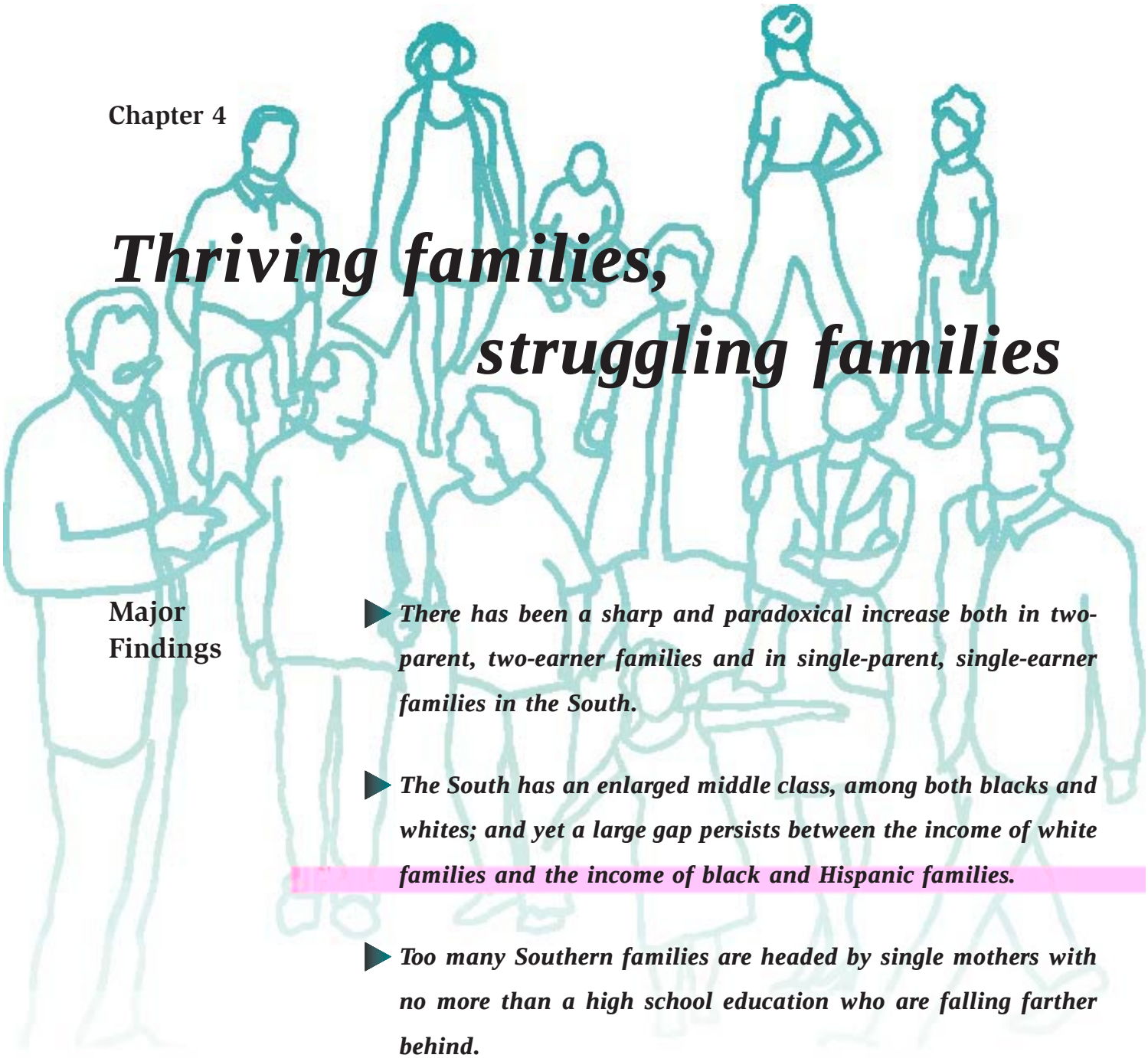
Second, stereotyping — preconceived notions about the capacities of people based on the irrelevancies of color, class, and gender — continues to plague the South. This practice costs us both economically and socially. Stereotyping interferes with the functioning of the market, with education, and with individual opportunity. The fact that there is now no more prejudice in the South than in the rest of the nation offers little comfort.

Finally, a weaker education ethic in the South than in the rest of the country is increasingly dangerous when more people — from recent high school graduates to older adults — need education, reeducation, and training.

It is imperative that the South dispel the attitudes and knock down the barriers that stand in the way of opportunity and progress.

Chapter 4

Thriving families, struggling families



Major Findings

- ***There has been a sharp and paradoxical increase both in two-parent, two-earner families and in single-parent, single-earner families in the South.***
- ***The South has an enlarged middle class, among both blacks and whites; and yet a large gap persists between the income of white families and the income of black and Hispanic families.***
- ***Too many Southern families are headed by single mothers with no more than a high school education who are falling farther behind.***

As more and more women have gone off to work, effects have rippled through the economy, ranging from demands for more family-friendly workplaces to the rapid growth of child-care enterprises and convenience services. Perhaps the most significant ripple has been the rise in family income due to the proliferation of two-earner families.

Coincident with the rise in two-earner families, the South has also experienced growth in families with only one parent, most of them female-headed, but with a recent doubling in the percentage of male-headed families, as well.

While the previous chapter looked at individuals in the labor market, this chapter focuses on Southern families in order to paint the canvas more completely.*

Profile of Southern families

The mix of Southern families is changing. The proportion of married couples has gone down from 84 percent in 1976 to 75 percent today. At the same time, married couples with two earners have grown from 31 percent to 38 percent of all families.

The proportion of single-parent families has risen substantially during the same time period. Female-headed families have increased from 13.5 percent to 19 percent of all families, while male-headed families have grown from 2.4 percent to 5.4 percent of all families.

While those trends — an increase in single-parent families and a corresponding decrease in married couples — apply to all racial and ethnic groups, a 1997 snapshot of Southern families shows different patterns for whites, blacks, and Hispanics. Among Southern whites and Hispanics, married couples are the dominant family type. Among black Southerners, married-couple families represent a minority. (See *Chart 14*.)

Family income, family wealth

Amid this backdrop of shifting family patterns, the South has seen substantial progress in the standard of living of its people over the past quarter-century. Family income has risen, and the middle class has grown.

Over the past three decades, the South has substantially raised its median family income relative to the nation, from 80 percent in 1965 to 92 percent in 1995. Black Southern families have reached 96 percent of the median for U.S. blacks, while the median income of white Southern families has risen to 94 percent of the median for U.S. whites. Southern Hispanics have a median income slightly above Hispanics in the U.S.

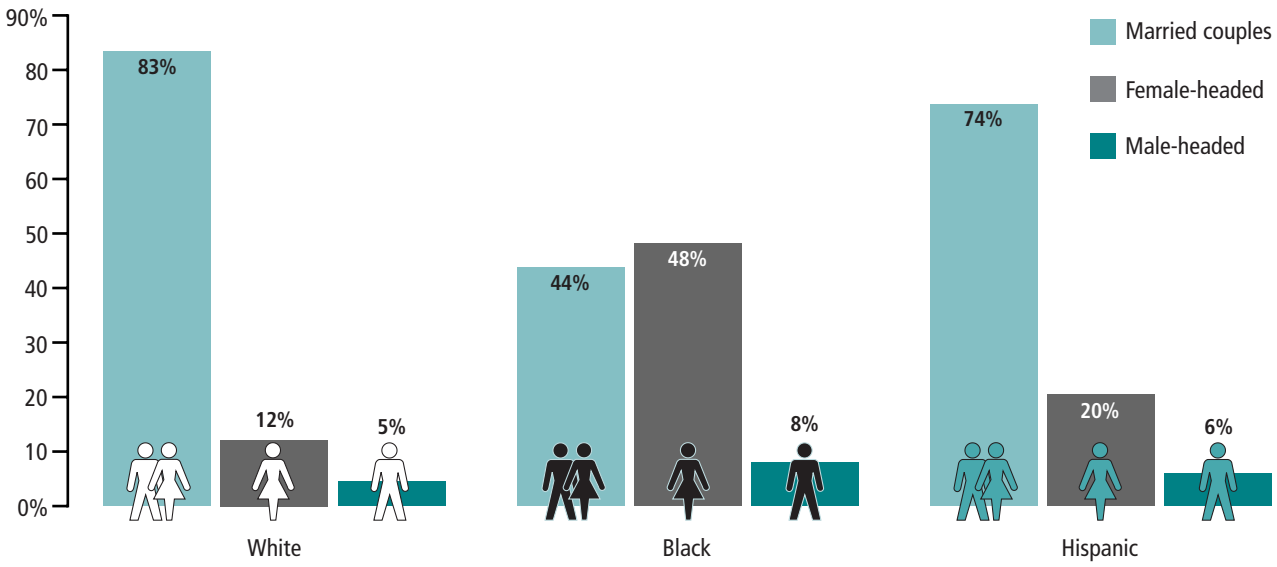
However, in the South as in the nation, a large gap remains between the incomes of white families on the one hand and black and Hispanic families on the other. Median family income for Southern blacks stands at 55 percent of the median for whites, and median family income for Southern Hispanics is 59 percent of the median for whites.

* *"Families," defined as related individuals living together, comprise 72 percent of all households in the South, a slightly higher percent than in the United States. "Households" are defined more broadly to include unrelated people domiciled together and individuals living alone.*

Chart 14

Southern families

Southern families by type and race/ethnicity, 1997



Source: Current Population Survey, Special Tabulations

These gaps in median family income are due in part to differences in family structure. While 42 percent of all white Southern families are married couples with both adults employed (the family type with the highest median income), only 25 percent of black Southern families are married couples with two earners. Hispanic families fall in between — 34 percent are married couples with both adults working.

The income gap narrows substantially when comparing similar types of black and white families. In 1996, the median income of all black married couples was $38,800, which was 82 percent of the median of all white married couples. For married couples with both spouses working, the black median rose to $48,795.

However, family structure does not account for much of the income gap between Hispanic and white families. Median income for Hispanic married-couple families was $30,000, or 63 percent of the median for white married-couple families — barely above the 59 percent that represents the median for all Hispanic families relative to all white families.

The economic well-being of families depends not only on income but also on wealth, or net worth. For some families, investments or business ownership generate income that provides a significant addition to wages and salaries. For many, home ownership is a source of savings and a

cushion against hard times. Yet one in five Southern families has essentially no wealth. That group includes 16 percent of white Southern families, 42 percent of black Southern families, and about half of the region's Hispanic families.*

Income and wealth are inextricably linked, for it is higher income that gives a family the opportunity to own a house, start a business, invest in education, save for retirement, and otherwise increase its net worth.

Top fifth, bottom fifth

It's not news that families with two earners are typically better off than those with one earner. But just how much better off are they in the South? In 1996, the median income for all Southern families was $38,000. Families headed by single women had a median income less than half that, at $18,000. Married couples had a median income of $45,000, while the median income for married couples with both adults working was $56,000. Families headed by a single father were better off than single-mother families but well below the median for all families.

A technique for exploring the economic condition of families is to divide them into five equal groups, called quintiles, based on their income. The bottom quintile includes the 20 percent of families with lowest income, and the top quintile includes the 20 percent with highest income.

In 1996, the top quintile nationally included all families with incomes above $68,400 — a proxy for upper middle income and above. Nearly four million Southern families fell into that group, including 20 percent of all white Southern families but only eight percent of the South's Hispanic families and seven percent of black families.

Most Southern families in the top quintile — about two-thirds — were married couples with both adults working. Another 28 percent were married couples with one or no adult employed. Single-parent families represented only five percent of the families in the top quintile. (See *Chart 15*.)

Families in the top quintile are characterized by high education levels. Three out of four families in this quintile had a family head with at least some college education, and 52 percent had at least a bachelor's degree.

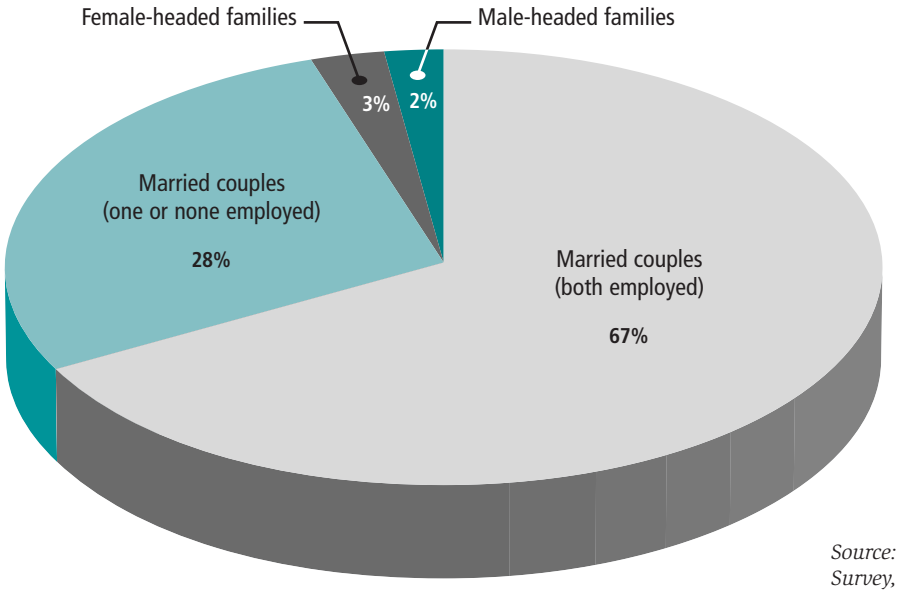
The bottom quintile in 1996 included all U.S. families with incomes below $17,300 — a proxy for the poor and near-poor. About one in four Southern families, or 5.6 million families, fell into this category. The group

* *As discussed in MDC's 1998 report,* Income and Wealth in the South, *these families have net worth below $6,700. Many have negative net worth — their debts exceed their assets. The data refer to the Census South.*

Chart 15

Families at the top

Southern families in the top U.S. income quintile, 1996 (income above $68,400)

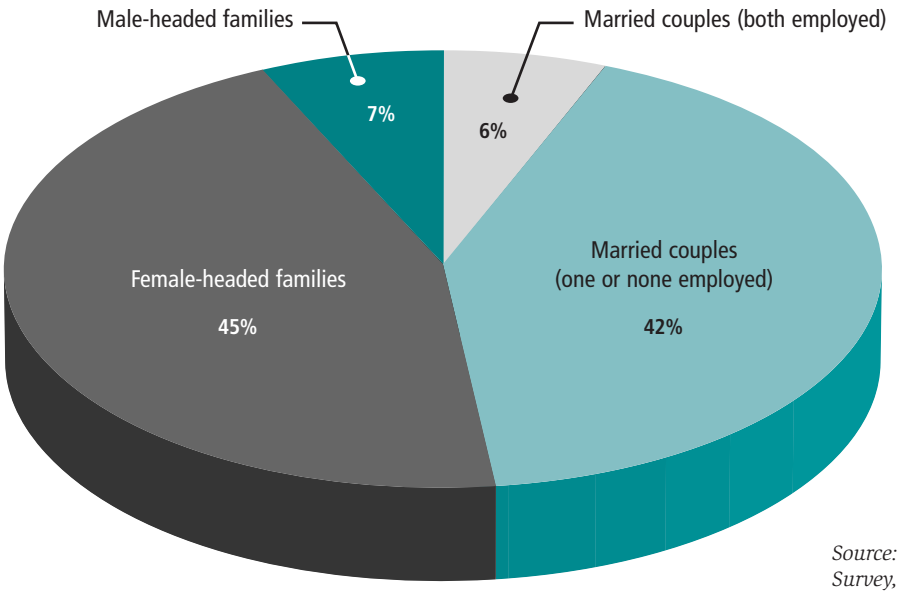


Source: Current Population Survey, Special Tabulations

Chart 16

Families at the bottom

Southern families in the bottom U.S. income quintile, 1996 (income below $17,300)



Source: Current Population Survey, Special Tabulations

included 17 percent of all Southern white families, 36 percent of Southern Hispanics, and 42 percent of Southern black families.

Nearly half of all Southern families in the bottom income quintile are female-headed families. The other family type that is common in the bottom quintile is married couples with just one or no adult employed. (See *Chart 16*.)

Adults whose families fall into the bottom quintile are generally poorly educated: Forty percent have a family head without a high school diploma, and another 35 percent ended their education with high school.

Triple whammy for single mothers

Too often, single mothers are thrice cursed. Women's median earnings are less than men's. As single parents, they support a family on one income. And many single mothers have low educational attainment. More than one in four single mothers in the South has not completed high school.

Chart 17

Single moms lag in education

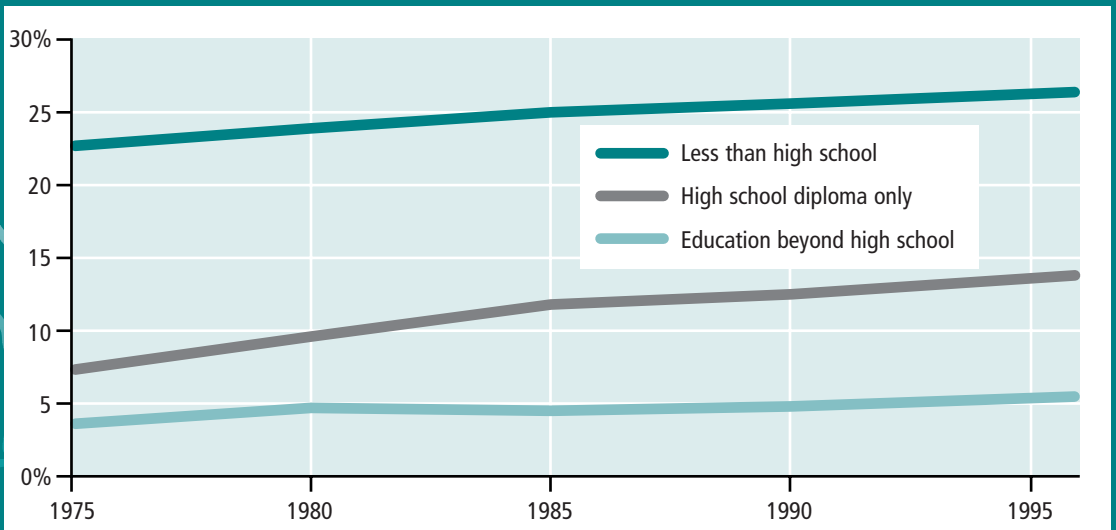
Women with less than a high school education, female family heads vs. all women ages 18-34 — South, 1997

Some of the South's single mothers overcome these disadvantages and maintain their families in the middle class or above. Twenty-one percent have incomes of $30,500 or more, placing them in one of the top three U.S. income quintiles. Most, however, are struggling. In 1997, 55 percent of the South's female-headed families fell into the bottom U.S. income quintile. The remaining 24 percent were in the second quintile, with incomes between $17,300 and $30,500.

For every race and ethnic group, single mothers are less likely to have a high school diploma than other women in their age group. The picture is particularly bleak for Hispanic single mothers — 44 percent lack a high school diploma. Among black single mothers, 29 percent did not complete high school, and among whites, 21 percent. (See *Chart 17.*) When an under-educated single parent can find a job, it is likely to pay a wage that is hardly enough to cover the added cost of child care.

Family poverty rates high for the undereducated

Southern family poverty rates by education of family head, 1975 – 1996



Source: Current Population Survey, Special Tabulations

Of all Southern families whose head lacks a high school diploma, 26 percent have incomes below the poverty line. Among families whose head completed only high school, 14 percent are below poverty and the rate is rising steadily.

Since 1975, overall family poverty in the South has held constant at about 13 percent, while the rate for all single-mother families has remained constant at 36 percent. The extra hardship faced by undereducated single mothers is even more evident. For single mothers with less than high school education, the poverty rate has risen from 49 percent to 53 percent over the past two decades. The poverty rate for single mothers with a high school diploma but no college has risen the fastest of all, from 26 percent in 1975 to nearly 40 percent today.

Prosperity, unevenly shared

A wide gulf between rich and poor has long characterized Southern, as well as American, life. But now the gulf is widening, even as the South becomes more prosperous than ever.

For much of this century, only a few Southerners stood on the rich side of the gulf, while most stood on the poor side. The booming South of today has many more families on the affluent side of the divide. Franklin Roosevelt, the president who saw the South 60 years ago as the nation's number-one economic problem, would be shocked at what Southerners have accomplished with their post-war investments in education, transportation, and economic development.

The size of the Southern middle class has grown substantially since World War II days, and the region's middle class is growing among all races and ethnic groups. But, as in the U.S., income inequality is also growing. As family income rises, dollars are becoming more concentrated in the hands of the South's highest income white, black, and Hispanic families.

A more economically powerful South now faces a test: Can it give more families the capacity to improve their prospects in life, especially the millions of Southern families headed by single-parents and families of newly arrived immigrants? Such capacity comes primarily through education, an asset that leads to increased economic well-being and strengthens the civic bonds necessary for healthy communities.

Chapter 5

Responding to trends

Once black and white, the South is now Technicolor. Muslim and Montagnard, Catholic and Caribbean, German and Mexican, the South looks more like the old "I'd Like To Teach the World To Sing" commercial by native daughter Coca Cola than it does any scene from *God's Little Acre* or *The Grapes of Wrath*. This transformation has enriched the region culturally and economically.

The South's economy has changed as dramatically as its ethnicity, and technological progress is changing the jobs in that economy and the skills required to perform them. Our first *State of the South* report documented the large earnings premium for education within this cauldron of change. It also noted the need to deliver more and better education to more Southerners — the older worker, the high school dropout, and the single mother, as well as the traditional high school graduate. Otherwise, we risk their social and economic isolation.

Since *State of the South* documented those trends in 1996, their rate has only accelerated. Based upon our review of the data in this report, as well as our observations and discussions with specialists, *State of the South 1998* points to additional accelerating trends:

- **The labor market is becoming as global as the rest of the economy**. America has always been the world's most mobile society and a magnet for immigrants. For most of this century, however, the South was a net exporter of both its poverty and brains. Today, in contrast, the Southern economy is attracting workers — of all education and skill levels — from around the nation and the world.

- **Most women, while still trailing men in earnings, are responding extraordinarily well** to this new economy and its demand for education and the ability to communicate and cooperate. But men are lagging, and their lag is increasing.

- **The earnings gap** has virtually disappeared among white, black, and Hispanic Southern women of comparable eduction, while the earnings gaps between white men and minority men persist.

- **The mushrooming of the metropolitan South** has wrought sweeping changes in the region's cultural fabric as well as in the geography of economic and political power. While cities are powerful engines of economic progress, sprawling metropolises also raise intense environmental, transportation, and quality-of-life issues. Increasingly, the South's prosperity will depend upon its cities and suburbs working together and remaining healthy.

- The end of legal segregation spurred the South's progress. But after steady integration in the labor market and in the political process, the **prospect of increasing tensions arises** among Hispanics, Asians, blacks, and whites as the complexion of the region changes. To an alarming extent, certain jobs are the province of one ethnic group or another.

- In the decade ahead there will be **a tightening strain on higher education** for more space, faculty, and technology. This increased demand will come from the combination of the natural increase in the numbers of young people of college age, the demand for the reeducation of older workers, and society's need to salvage its adult undereducated poor, especially those who are single mothers.

Fortunately, the South is now in a strong position to respond to these economic and social forces. Sixty years ago we were the nation's charity case. Today, we are the muscle in much of the nation's economic growth. It is time to bring our assets to bear on the region's most enduring challenges.

Among those assets are a thriving business sector and a workforce that, despite low educational attainment among many older workers, is proving its adaptability to the new economy. The region has strong research universities that expand knowledge and regional universities that expand the ranks of the knowledgeable. The South's community colleges prepare young people, uneducated adults, and college graduates with up-to-date skills — they are, in fact, the workforce's repair shop and its finishing school. And the South has a philanthropic base with the potential to drive research and innovation in public policies and programs, particularly if Southern philanthropic assets grow.

Notes on higher education

For much of this century, the South honored the concept of universal education more in rhetoric than in reality. Book-learning was a luxury for those destined for a life in the fields, mines, and factories. The legacy of those days and attitudes still weighs on the South, the home to 40 percent of Americans without a high school diploma.

But we are working our way out of that hole. Today's young Southerners, both black and white, graduate from high school at the same rate as young people across the nation. Although they trail in college completion, the trend is up, and the South now boasts some of the nation's finest research and regional universities, as well as strong community colleges.

Higher education today encompasses a wide spectrum of education and training activities, and educational institutions play myriad roles in our society. In addition to upgrading the skills of the workforce and expanding our knowledge and technology base, they enable individuals to be active participants in a lively democracy, enhance tolerance, and add to the richness of our diverse culture. Colleges and universities also expand economic opportunity and serve as catalysts for civic and economic development.

We call on the South to expand its discussion of education beyond elementary and secondary schools to include:

1. increasing the number of people who continue education beyond high school,
2. bolstering the region's higher education institutions, and
3. creating links among all educational institutions to increase their impact on society and the economy.

Traditional students

Middle and high schools must steer all students toward postsecondary education and at the same time give them exposure to a variety of careers. Special efforts must be made to increase the high school completion and college-going rates of black, Hispanic, American Indian, and low-income students — groups whose educational attainment remains low. These gaps in educational attainment threaten a society that will increasingly reward and classify people by the level of their education.

Exposing students to postsecondary and career options ought to be no less than a comprehensive community effort — a task not just for guidance counselors, who are stretched thin helping the poorest students through school and the brightest ones into college. The neglected majority of

students who fall in between are often overlooked. Given the small number of guidance counselors and their array of responsibilities, guidance must move beyond the walls of the counselor's office and involve teachers, business leaders, and other community members.

Educational institutions play myriad roles in our society. Colleges and universities serve as catalysts for civic and economic development.

Community colleges and universities must also play a role in raising young people's horizons, helping especially those potential first-generation college students understand and negotiate the pathways that lead to higher education. Colleges and universities should work with middle and high schools, and particularly with those students most at risk of dropping out, to ensure that students take a college prep or rigorous tech prep curriculum. They should also lead community-wide campaigns to raise the college-going rate among low-income youth — initiatives that go beyond traditional recruiting — and bring young people to campus for enrichment, tours, and summer programs.

In addition, state policy should encourage dual enrollment among qualified high school students. Academic overachievers as well as those wishing to explore technical careers should have the option of taking courses — whether in person or via distance learning — at community colleges and universities while still in high school. Dual enrollment rewards achievement and promotes academic and career exploration while challenging students and keeping them engaged in the education system. At the same time, it gives high school students their first taste of postsecondary education.

While the financial burden is all too often a barrier to entering or staying in college and particularly four-year universities, resources are increasingly available to students who want to continue their education beyond high school. It is essential that community colleges and universities increase students' awareness of financial aid opportunities and actively assist students in taking advantage of those opportunities. Financial aid offices need increased resources and capacity to identify and assist students who qualify for financial aid and educate them about their options and the process.

Nontraditional students

There are many adults who desperately need education but are unlikely to enroll in college — including older workers, single mothers, non-English-speakers, and high school dropouts. States should fund their community colleges to reach out to those who need their services the most and provide them with the instruction and skills required for success in the workplace.

But the funding imperative goes beyond outreach and recruiting: Community colleges also face a financial barrier to *serving* large numbers of economically and educationally disadvantaged students. Because these students — who are concentrated in inner-city and rural areas — require more support services, they are more expensive to educate. And in sparsely populated rural areas, colleges face additional high costs for transportation and telecommunications. State funding formulas should provide extra resources to colleges serving high-poverty and/or low-density areas.

One of the most important functions of community colleges is connecting students, both traditional and nontraditional, to high-quality training and jobs. States should recognize their community colleges as the first, best source of workforce training. One-stop centers housed on community college campuses are especially effective vehicles linking job-seekers to training opportunities and employers.

One-stop career centers

Northeast Mississippi Community College's One-Stop Career Center provides individuals and employers with a variety of education and training programs from basic literacy skills to advanced technology. It is is one of the Skill/Tech Career Centers now in operation at each of Mississippi's 15 community colleges. The Centers were created by the state's Workforce and Education Act of 1994, legislation that established community colleges as the state's presumptive deliverers of workforce training.

All of the college's workforce education and training programs are now organized under the Division for Community and Economic Development. The One-Stop Center works closely with other workforce development agencies in the region to reduce duplication, lower costs, and streamline services to the region's employers and individuals.

Over the first three quarters of program year 1997, the center provided training and education services to over 1,100 individuals. Keys to the center's success are support from the college president, employers, and local and state workforce development agencies; its recognition as an integral player in the region's economic development; the variety, capacity, and flexibility of its programming; and aggressive marketing of its services to new and existing employers.

Marketing to men

Men's declining college-going rate is a concern for both the Southern economy and our social fabric as undereducated men become less employable and less marriageable. There are many reasons men fail to attend college, not the least of which is how colleges market their programs.

Research has found that men and women have different orientations toward higher education. While many women understand the expanded opportunities and flexibility that come with education beyond high school, many men — especially those from blue-collar families with no prior connection to higher education — are attracted to college only when they see concrete and immediate economic gains such as a high-paying job or increased salary.

In their marketing efforts, colleges do not speak clearly to the concerns of job-minded men. Typically they advertise their facilities, classes, student life, and other qualities attractive to students choosing between different institutions. Community colleges, especially, should augment their marketing to inform prospective students that they are the affordable point of entry into a system that propels people to a higher standard of living. They should use the media and word of mouth to drive home this message in their communities. If a community college spreads the word about the financial payoff from its programs, it will speak directly to the concerns of potential male students, and men's enrollment will likely rise.

Success for all students

The recent outbreak of anti-remediation rhetoric is particularly unfortunate considering the South's legacy of under-education. Some see remediation as an unnecessary and wasteful expenditure of funds for students who should have been properly prepared for postsecondary education by the K-12 system. But without institutions that are willing and able to upgrade the reading, writing, and mathematical skills of both recent high school graduates and adults returning to college, the South would severely limit the employment horizons and earning potential of a significant proportion of its population.

Every community college should be committed to raising students to the point where they can succeed in the mainstream curriculum, and every university needs to accept the obligation of enhancing skills of any student it accepts who arrives with an academic deficiency.

As more of the South's four-year state institutions increase standards to limit enrollment and promote excellence, more should consider contracting with community colleges to provide remedial classes on the university

Changing the rules of the game

Alabama Southern Community College serves a rural region with high poverty and low educational attainment, and — like most two-year colleges — a high proportion of its freshmen are unprepared for college-level work. In the past, those students were assigned to developmental studies (or remedial) classes, and many dropped out before completing a college degree.

Alabama Southern decided to change the rules of the game to help more students succeed in college. It created a strong academic support system that enables many students with marginal academic skills to bypass developmental studies and move directly into college-level courses. At the same time, it began testing all students to identify how they learn best and to design individualized instructional programs suited to their needs.

Many students who in the past would have been placed in developmental courses are taking college-level classes today and doing well. They receive help with reading, writing, and math at the Learning Lab, where they work one-on-one with tutors who stay in touch with their classroom teachers. One-third of the college's incoming students receive this extra support, and it has paid off. In three years, the college's attrition rate has dropped by 15 percent and its graduation rate has risen by 25 percent.

campus. This practice has proved successful at UNC-Charlotte and UNC-Wilmington among others, and the South should build on these successful community college/university agreements. Not only is this solution cost-effective, but the faculty of community colleges have the training and experience needed to teach basic skills to those who need remedial instruction.

Surging enrollment

Higher education in the South is in a state of flux. Colleges and universities face a variety of pressures, from the projected surge in undergraduate enrollment to the demands for specialized training from high-tech industries. These increasing demands on higher education institutions make it imperative that collaboration, both intrastate and interstate, becomes common practice.

Most southern states have complex systems of higher education that include research universities, regional universities, and community and/or technical colleges. Each type of institution has a different mission; and

when the institutions operate as a coordinated system and are funded to do what they each do best, states, and their residents, benefit.

Even without the aggressive educational outreach the South needs, economic and demographic forces will swell college enrollment over the next two decades. To maintain high-quality instruction while enrollment pressures increase, states must think creatively about how best to array their educational resources.

Where four-year institutions face overcrowding, states will come under increasing pressure to use their community colleges to educate a larger share of freshmen and sophomore undergraduates. This, in turn, puts new pressures on two-year institutions. As community colleges accept more students for their first two years of a baccalaureate degree and allocate more resources for this function, however, states must keep them funded and committed to quality technical education and occupational extension services.

Distance learning can accommodate a portion of increased enrollment and provide a vehicle for increasing flexibility. At its best, distance learning can be a cost-effective way for colleges and universities to serve more students, especially those in rural areas and those whose schedules preclude attending classes on campus. Distance education is rapidly proliferating, and colleges must ensure high-quality instruction, especially if it is delivered over the Internet. This effort will require collaboration among educational institutions, suitable and responsive state funding systems, and investment in professional development for faculty.

As enrollment swells with more and more working adults attending college, both two-year and four-year institutions will have to become more flexible, more student-centered, and more innovative in their scheduling.

Flexibility has long been a strength of the best community colleges. They take their classes to the plant floor to accommodate shift workers; they offer short workshops as well as traditional quarter- or semester-long college courses; and they provide evening classes as well as traditional daytime programs.

Yet many colleges and universities continue to operate more at the convenience of the faculty than their students. As enrollment swells with more and more working adults attending college, both two-year and four-year institutions will have to become more flexible, more student-centered, and more innovative in their scheduling.

Beyond the bachelor's

Southern universities offer numerous doctoral programs, but relatively few are of world-class quality. Only four states — Georgia, North Carolina, Texas, and Virginia — have more than four doctoral programs that are ranked among the top 20 in the nation in their respective fields.[10] These are high-cost programs, but they are essential to expand the boundaries of our knowledge.

To meet the needs of the region, doctoral research universities must specialize in fields of study where they can excel. They must work collaboratively, across institutional and state lines, to create centers of excellence that serve multistate areas through research and world-class doctoral education.

Research universities should focus on advanced education and must take care not to be inundated by the pending deluge of undergraduate students. For research universities to be most effective, they must discipline themselves in determining the growth of their undergraduate enrollments, with greater emphasis placed upon recruiting and offering fellowships to graduate students.

Collaborating across state lines

Although state lines have enduring cultural and political significance, they are becoming economically and environmentally irrelevant. Today's reality calls for colleges and universities to replace competition with collaboration — at least off the athletic field.

Earlier this year, the University of North Carolina at Wilmington (UNCW) initiated a model effort. After a year of planning, UNCW and Coastal Carolina University in Conway, S.C. convened a conference of leaders from the two universities, six community colleges, and representatives of the public and private sectors in southeast North Carolina and northeast South Carolina.

Altogether 120 people attended the North Carolina/South Carolina Border Conference in April 1998. For two days they discussed ideas for regional collaboration and problem-solving. Among the ideas being implemented:

- ***Joint economic analysis and forecasts for the region by the business schools of UNCW and Coastal Carolina University.***
- ***Sharing of faculty and distance learning systems by community colleges in the two states.***
- ***Development of a cooperative program in aquaculture.***
- ***Promotion of environmentally sound regional tourism, with involvement by professionals, universities, and community colleges.***

All colleges and universities need to share the land-grant mission of broadly defined service to the community, state, or region. Research universities should work with the private sector to develop and apply new technology, help design new products, and increase productivity. Regional universities and community colleges should monitor economic and social conditions in their service areas, serve as regional clearinghouses for disseminating new technology, and offer programs of particular relevance to their areas. They also can act as sounding boards for what industry needs and as brokers for specialized technical services and instruction.

In addition to working with business and industry, colleges and universities can serve as catalysts to develop the community, its leadership, and its economy. Community service — from nursing students volunteering at a public health clinic to sociology students conducting a community survey — offers valuable applied learning opportunities for students and faculty. Engagement with the community must become a more integral characteristic of institutions of higher education. It deserves more recognition and funding as a core function of colleges and universities, and educational institutions should reward their faculty and staff for activities that make a contribution to the life of their communities and regions.

Notes on philanthropy

Southerners have a long history of lending a helping hand, the legacy of an agrarian, rural culture in which neighbors came to the aid of those in need. It is in keeping with that spirit that Habitat for Humanity and food banks flourish in the South. It is also in that spirit that responsive charitable assistance, as well as grants to educational institutions, continue to be mainstays of Southern philanthropy.

With a large share of the nation's poor and a small share of its assets, Southern philanthropy has most often sought to mitigate the effects of poverty. There are notable exceptions, with some corporate and family fortunes being employed to address the causes as well as symptoms of the region's ills. In North Carolina, for instance, the state's most revered and despised crop, tobacco, has produced large and enterprising foundations focused on expanding access to high-quality education, safeguarding public health, and fostering community development.

The trends outlined in this report point to the need for more such foundations that can fuel innovation in the nonprofit and public sectors. Philanthropy is rapidly emerging as society's source of social venture capital and nonprofit organizations as its testing ground for potential solutions. Endowed institutions have the benefit of the long-term view, with perpetual insulation from the distractions of ephemeral issues and fleeting popular opinion that beset elected officials.

In producing this report and in undertaking other projects, MDC has received grants from major foundations, both national and regional. Our organization has been called upon, from time to time, to provide information and analysis that would assist foundations in their decision-making. We offer these reflections on the role of philanthropy in the South in keeping with our 31-year partnership with the region's nonprofit sector.

What does the region most need from philanthropy?

First, the South needs more philanthropy — more homegrown philanthropy. While the South has approximately one-third of the nation's population and two-fifths of its poverty, it has less than one-fifth of the nation's philanthropic assets. This is not surprising, given the South's historic low-wealth status. But new wealth is being created in the thriving modern South, and the creation of new foundations should be a high priority for the civic and business leadership of the region.

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New opportunities are arising as community hospitals are purchased by for-profit companies — and thus making tens of millions of dollars in hospital assets available for converting to community foundations. But most new foundations will come from the voluntary decisions of Southerners who see the nonprofit sector as a necessary complement to government and business in the task of improving people's lives. It is important that voices be raised to say that the South particularly needs increased homegrown philanthropy that helps the region, its states, and communities to establish priorities and promote innovation.

Although foundation funding cannot replace government funding of social programs, philanthropy can relate usefully to government in two ways. First, it can help identify long-term social trends and needs and place them on the public agenda. In addition, larger foundations can sponsor research, demonstrations, and evaluations that test solutions to persistent problems. Family and community foundations, which typically address local or state-level concerns, can support and tailor innovations to local circumstances.

In addition, there is a special place for foundations in remedying the region's lingering racial divisions and the growing potential for ethnic tensions. Foundations are effective catalysts for dialogue and collaboration, bringing together government, business, education, nonprofits, and others in the search for common ground and solutions to common problems.

As a result of expanded economic and educational opportunity, black/white relations are better in much of the South than in many other parts of the United States. But the persistence of racial distrust in the midst of new immigration is unsettling; and the infusion of East Europeans, Asians, Hispanics, and others from the Caribbean basin spells new tensions for the community and the workplace, as well as new pressures on schools,

health clinics, and other societal institutions. Foundations have not only financial resources but also the civic force, augmented by a measure of moral suasion, to build bridges across lines of race, class, and ethnicity.

A final note

Along with its colorful characters and racial demagogues, the South has long featured strong civic leaders and political officeholders committed to building its economic and cultural strength.

In higher education, the press, foundations, and from time to time, in governor's offices, the South has had leaders of vision and energy who worked for racial progress, for expanded educational opportunities, and for public investments that have led to the prosperous society most of us now enjoy. Such strong leaders are not the products of polls or focus groups. Vigorous, public-spirited leaders get their bearings from education and ethics, and they are characterized by a driving commitment to service.

The South's economic energy does not seem matched these days by equal energy in civic and public service. In the South as in America at large, there is a pervasive cynicism about the political system and a turn from public to private pursuits. If democracy and the economy are to continue flourishing, the South needs a massive infusion of creative leadership in addressing the challenges, opportunities, and trends outlined in this report.

Endnotes

[1] All migration data was provided to us by William H. Frey.

[2] Sharon Peters Talbott, "Creative Staffing Drives Success," *Personnel Journal* (March 1996): p. S12-14.

[3] Jonathan Kaufman, "Foreign Legions: A U.S. Recruiter Goes Far Afield to Bring in High-Tech Workers," *Wall Street Journal* (June 8, 1998): p. A1.

[4] David R. Goldfield, "Urbanization in a Rural Culture," *The South for New Southerners*, eds. Paul D. Escott and David R. Goldfield (Chapel Hill, NC: The University of North Carolina Press, 1991).

[5] Center for the Study of the American South, University of North Carolina at Chapel Hill, "Southern Focus Poll, Spring 1998."

[6] For an extended discussion of this national trend, see Anthony P. Carnevale and Stephen J. Rose, *Education for What? The New Office Economy* (Educational Testing Service, 1998).

[7] Data from the March CPS surveys in 1976, 1981, 1986, 1991, and 1997.

[8] National Center for Education Statistics, *Digest of Education Statistics* 1997: p. 184.

[9] "The Trouble with Men," *The Economist* (September 28, 1996): pp. 19-20.

[10] National Research Council, *Research — Doctorate Programs in the United States, Continuity and Change* (1993).