

The State of the South 2010

Chapter 2: Talent and Skill: Antidotes to Uncertainty



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Talent and skill: antidotes to uncertainty

Back in the day, a day not so long ago, many Southerners would lose their jobs two, three, four times in a working lifetime. A recession would settle in, demand for paper or cloth, lumber or furniture, would decline, and companies would lay off production employees.

Workers and families—and the towns where they lived—would tighten their belts and hunker down for a spell. When the economy turned the corner, the factory whistle would blow to return them to their jobs.

Back in that day, Southerners made a career out of jobs that required hard work, though not necessarily much education. They cut timber and made tables and chairs. They ran machines that spun cotton into thread, and they sewed thread into garments. Thousands of family farmers grew tobacco, and thousands of factory workers rolled cured leaf into cigarettes.

The sun has not entirely set on that day. High-country Southerners extract coal from mountains, and low-land Southerners drill for oil beneath arid soil and the choppy waters of the Gulf of Mexico. Tragic incidents in mid-2010 that cost the lives of coal miners and oil-rig hands served to remind Americans that blue-collar Southerners continue to engage in the gritty muscle-labor that keeps the lights on across the land.

For much of its history, the South depended heavily on a natural-resource-based economy. And yet, in today's South, such an economy, in neither the farming nor the manufacturing sector, provides enough jobs to sustain the region's economy. The era of small farms and low-wage, low-skill, small-town manufacturing has been winding down over the past two decades. Even as the nation and the South slowly recover from the deep recession of

2008-09, the factory whistle will no longer summon workers back to jobs that companies have shed by exporting them overseas, replacing them with high-tech machinery, or simply downsizing and consolidating.

The South today has the most diversified economy in its history. As a result, it has a stronger-than-ever core of middle- and upper-middle-income families. The region continues, to be sure, to make things. Its diversified economy includes factories that process food, assemble automobiles, and produce pharmaceuticals. Still, the modern, metropolitan South features entrepreneurs, scientists, researchers, artists, educators, and all manner of professionals and service workers.

And yet, amid its diversification, the South is a region replete with gaps—gaps in income and in educational attainment, gaps between racial and ethnic groups, and gaps between its traditional rural communities and its burgeoning metropolitan areas. This chapter—the second installment of *The State of the South 2010*—examines the inextricable link between better education, better jobs, and a better economy, and points to ways to strengthen the region's ability to recover from the downturns of the decade just passed. In our first installment we documented how the two recessions of the 2000-09 decade had rubbed the luster off the South's "gilded age," and had knocked the region off its trajectory of progress. In this and the final installment, we plan to offer analyses and strategies for regional transformation.

For a while now, Southern civic, business, and government leaders have been telling each other that a crisis is too important to waste. Yes, it's a time-worn warning, easy to voice, hard to heed. Indeed, it's daunting to plan ahead and to think outside the box when an economic downturn forces you into the tight box of having to cut budgets, shed jobs, and down-size a private company, a nonprofit organization, or a government agency. But time's a-wastin'.

The South need not wait to advance transformational strategies to address both the demand side and supply side in the rebuilding of its employment base. We need to develop higher-wage, higher-skill jobs likely to expand in the near future, and we need to prepare more young Southerners for those jobs by assuring that they complete a post-high school regimen of study or training. The region can't simply wait for factory whistles to blow.

What we know

While we can't predict with any certainty the pace and scale of the recovery from the deep, distressful recession of 2007-09, a stubbornly slow recovery appears in store, with job growth unlikely to rebound robustly enough in the next three, four or even five years to put all those laid-off back to work, as well as provide jobs for new entrants into the workforce.

The Southern Job Gap

State	Job Gap Nov. 2007 v. May 2010	Total Labor Force in May 2010	Job Gap as % of May 2010 Labor Force
Alabama	266,919	2,097,502	12.7%
Arkansas	71,445	1,361,077	5.2%
Florida	699,719	9,270,770	7.5%
Georgia	513,096	4,716,711	10.9%
Kentucky	96,633	2,080,911	4.6%
Louisiana	69,493	2,095,870	3.3%
Mississippi	86,444	1,299,952	6.6%
North Carolina	398,936	4,570,061	8.7%
South Carolina	156,105	2,159,223	7.2%
Tennessee	225,487	3,038,103	7.4%
Texas	294,583	12,223,836	2.4%
Virginia	182,556	4,194,400	4.4%
West Virginia	73,133	787,953	9.3%
South Total	3,134,549	49,896,369	6.3%
U.S. Total	9,769,991	153,866,000	6.3%

Source: *The Brookings Institution and the Bureau of Labor Statistics, Current Population Survey*
 Note: The job gap is the number of jobs a state will need to reach its pre-recession (November 2007) employment to population ratio. This ratio measures the fraction of the working-age population that is either unemployed or out of the labor force.

In early July, The Hamilton Project of the Brookings Institution issued an analysis of the “job gap” that contained a troubling outlook for the South. Its analysis is based on the ratio of the working-age population that is either unemployed or out of the labor force—and indicates how many jobs each state would have to gain to return to pre-recession levels.

The South's job gap, according to the Brookings calculation, amounts to 3.1 million jobs—in a national job gap of 9.8 million. If the nation added 321,000 jobs per month—the best average monthly growth in the 1990s—it would take nearly five years to erase the job gap. Florida, Georgia, North Carolina, and Texas rank in the nation's top 10 job-gap states.

It is hardly surprising, therefore, that states and communities have redoubled efforts, including the use of public-financed incentives, to attract job-creating investment. In addition to recruiting and offering tax credits to businesses, state and local governments also can look for opportunities to put new jobs on the ground through projects that would become lasting public assets: developing new parks, cleaning rivers and restoring coastal marshes, and upgrading basic infrastructure. Still, the region can only go so far in stimulating jobs; it is dependent

on federal policies, private-sector decisions, and global conditions. But if the South can't completely control its destiny, its public policy makers and private sector leaders know—or should know—a lot about the shape of things to come:

- ▶ The South can't rely on traditional cyclical forces to bring back jobs and to revive hard-hit communities.
- ▶ The recent recession has not reversed the dynamics of globalization; thus, the future will require the South's people and its communities to prepare themselves for continued world-wide competition.
- ▶ The South will continue to “make things,” but the manufacturing that survives in the region will seek gains in productivity through advances in technology and by hiring people who are skilled in operating complex machinery, who mesh into culturally diverse teams, and who are creative in developing products and positioning a company in the marketplace. Factories will require fewer workers and higher skills, especially compared to the Southern mills of old.
- ▶ While the recession has reinforced the longstanding Southern impulse to recruit business and industry through offering incentives, the recession also has exposed limits to state-by-state, community-by-community competition for scarce relocations. The future requires build-from-within strategies that leverage indigenous assets, including a competitive workforce and amenable quality of life.
- ▶ The region will continue to diversify, as old-economy jobs vanish and the still-emerging economy creates jobs that do not currently exist.
- ▶ A demographic shift will intensify, as aging, largely white baby-boomers move into retirement and a younger cohort of blacks and Latinos constitute a larger share of the working-age population.
- ▶ A bifurcated economy will persist, with big-box and high-demand retail stores, as well as basic services, producing a large number of low-wage jobs to respond to the demand generated by more affluent consumers earning high wages in fast-growing occupations.

Despite the setbacks suffered in the recessions of the past decade, the South faces the future with perhaps the strongest array of assets in its history. The region no longer bears the burden of legalized racial segregation, and its economy is no longer dependent on investment from elsewhere. The region now features homegrown businesses that compete across the globe. Southern states and communities have embraced public school reforms, have strengthened systems of community colleges and universities, and have invested in highways and airports. At issue now is whether the South's citizens and their leaders will see in the advances of the past three decades a reason for hope and confidence that the region can rise to the challenges of the recovery and beyond.

From entry to completion

Since the mid-1990s, MDC has argued that the modern economy makes education beyond the 12th grade essential—and that postsecondary education should be universal in the South. “In economic terms, a high school diploma these days does as much good as rabbit ears on a computer,” we declared, in language that now seems so quaint, in the first State of the South report in 1996.

“A worker armed only with a high school diploma today has fewer prospects than a dropout a generation ago. The South’s business and civic leadership can change a culture that encourages too many students to quit pursuing education after prom night.”

Now, as the South must look ahead to rebounding from a debilitating recession, we make a further argument. Merely attaining “some college” is not enough. For reasons of both equity and economic self-interest, the region’s future wellbeing depends on educating a rising generation to qualify for the high-skill, creative-thinking jobs likely to expand as the economy recovers. In fact, the region’s ability to generate these jobs may hinge on a steady supply of well-credentialed workers.

The bottom-line argument of this paper is: ***It is imperative that the South dramatically increase the number of its citizens who obtain a bachelor’s degree, an associate’s degree, a certification, or a job-ready credential. Just as it is urgent that the South attack the too-high drop-out rate in high schools, so it is crucial that the region raise its completion rates in postsecondary education.***

In many places across the region, the pathways from high school to a good job have cracks here, barriers there, sometimes leading nowhere but to a dead-end. Straightening and smoothing those pathways requires institutional transformation and policy reform across systems of education, from public schools to community colleges to universities.

Significant gaps exist in educational attainment in the South along the lines of race and ethnicity. If the South is to increase overall educational attainment to lift its economy, it must place a particular focus on completion of degrees and job certification by blacks and Hispanics, who will represent a larger segment of the workforce in the near future.

Most Southern states fall below the level of the U.S., as well as more than a dozen foreign nations, in young adults with postsecondary degrees.

In 2008, the United States ranked 12th among nations in the percentage of 25- to 34-year-olds with a two-year degree or more. At 42 percent, the U.S. fell below Canada (56 percent), and Japan (55 percent).

The chart on the next page combines data from the multi-national Organization of Economic Co-operation and Development

Degrees of degrees

Percentage of Population 25 and Over with an Associate Degree or Higher by Race/Ethnicity, 2009

State	White	African American	Hispanic
Alabama	31.5%	21.6%	15.6%
Arkansas	26.7%	17.6%	10.6%
Florida	36.6%	23.6%	28.4%
Georgia	38.3%	25.8%	17.4%
Kentucky	27.9%	21.5%	14.6%
Louisiana	30.2%	16.9%	22.3%
Mississippi	31.3%	18.4%	15.8%
North Carolina	39.0%	25.5%	15.9%
South Carolina	37.7%	20.4%	18.3%
Tennessee	30.5%	21.9%	16.8%
Texas	40.9%	25.5%	15.3%
Virginia	44.2%	24.7%	26.9%
West Virginia	23.1%	19.7%	23.7%
U.S.	39.1%	24.9%	17.9%

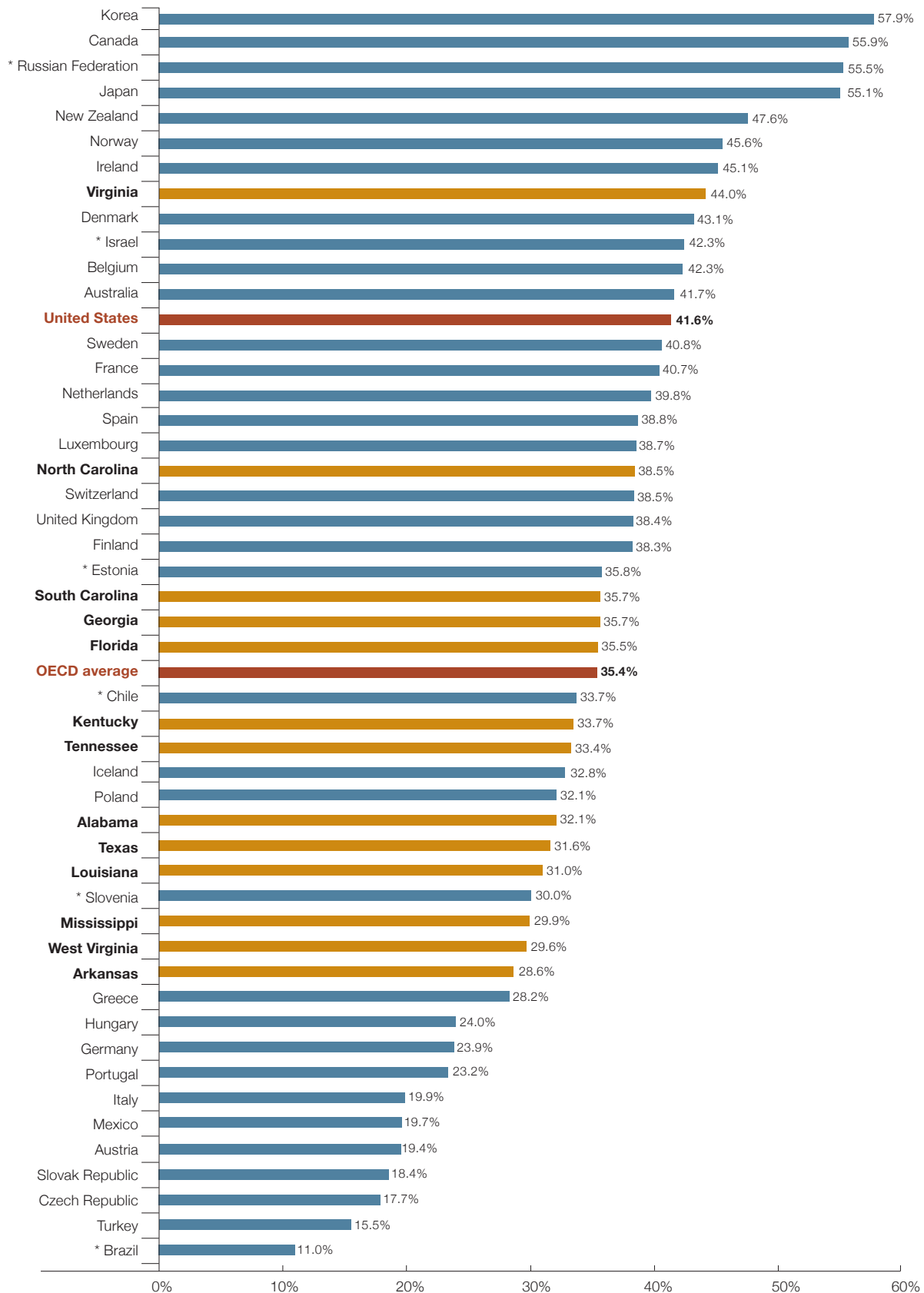
Source: U.S. Census Bureau, American Community Survey

(OECD) and the U.S. Census Bureau to show how states of the South rank internationally in terms of 25- to 34-year-olds with at least a two-year degree in 2009. Of the Southern states, only Virginia, at 44 percent, exceeded the U.S. level—and the U.S. itself ranked 12th. Next came North Carolina, Florida, South Carolina, and Georgia above the OECD average.

Eight Southern states fell below the OECD average of 35.4. And eleven of the region's states were 20 percentages points or more below the top two in this international ranking, Korea and Canada.

The South in the postsecondary world

Percentage of Young Adult Degree Attainment (ages 25-34 with at least a two-year degree)



* These countries are OECD partners, not members. They are not counted in the OECD average.

Note: OECD country-level data is for 2008, while ACS state-level data is for 2009. Sources: OECD and U.S. Census Bureau, American Community Survey

Regional economy: diversified but battered

In the political economy of yesteryear, the South didn't need—or didn't think it needed—higher education for more than an elite slice of its population. After all, jobs on the farm, in a mine, or in a mill required no more than a high school diploma; in fact, you could get a steady job even without a diploma.

Moreover, dual school systems denied most black citizens access to well-funded, up-to-date classrooms in both public schools and colleges. In the low-skill, racially segregated South, school drop-outs hardly rated as a major issue.

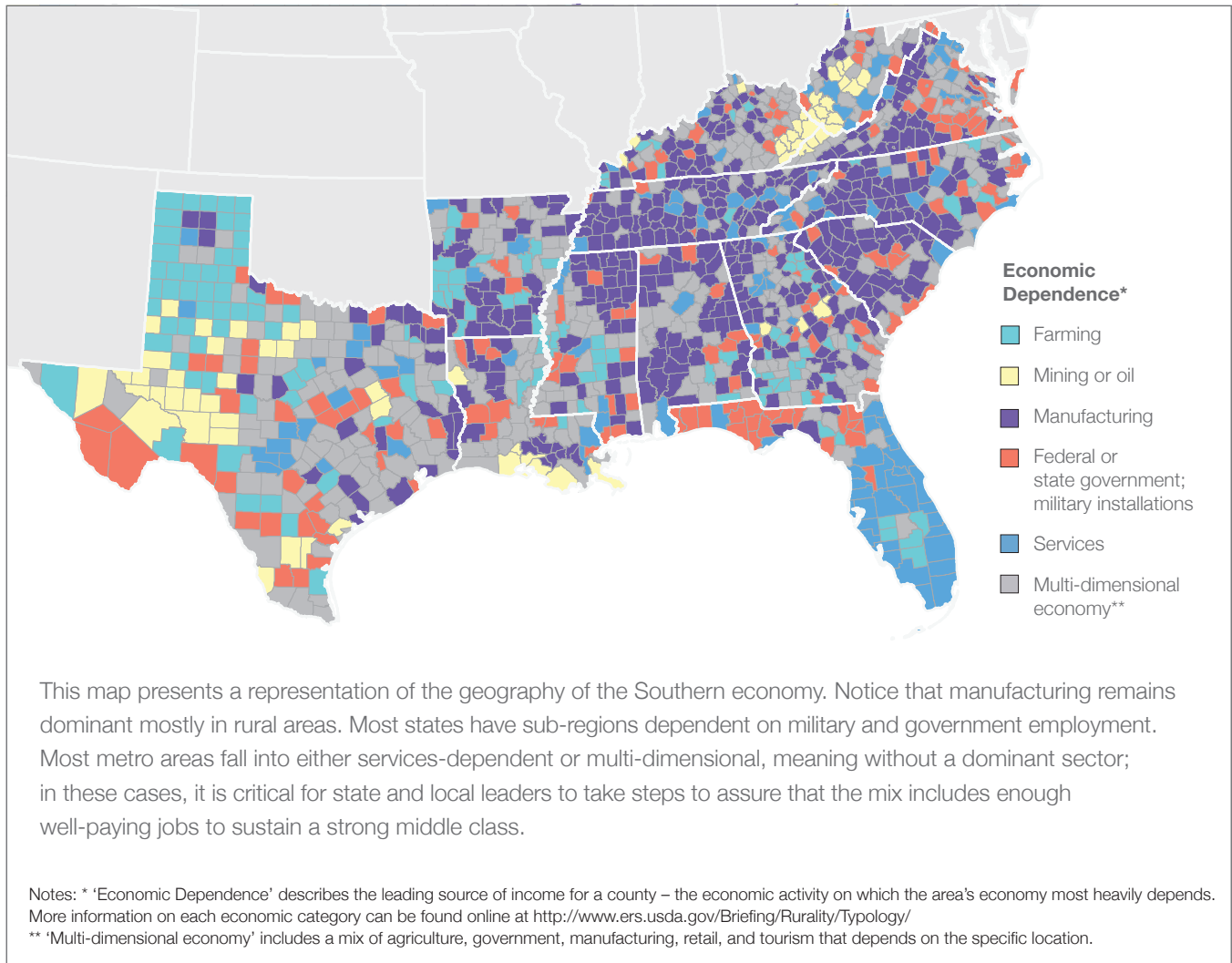
Not anymore. The rationale for an intensified effort to increase the pool of Southerners with credentials that have labor-market value, credentials that help people connect to and advance in the workforce, flows out of the state of the South's economy—what it is now, and what it could be in the near future. Of course, there is not a

single, uniform Southern economy, but rather a collection of sub-regional clusters, some rooted in history, some recently emerged out of states' efforts to modernize and diversify. Some states and communities may have certain distinctive industries and enterprises—oil in Texas and Louisiana, banking in Charlotte and Atlanta, auto-assembly in Kentucky and Alabama, tourism and entertainment in Florida, research in Northern Virginia and the Research Triangle of North Carolina—but even those generalizations do not fully capture how much Southerners work in a well-diversified array of occupations.

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Economics and geography

Economic Dependence of Southern Counties



Source: *USDA Economic Research Service, based on US Census Data*
Map by Tim Stallman

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The chart on the next page depicts shifts in the regional economy from 1990 to 2008, a period of substantial job-growth until the steep downturn that began in late 2007. Even before the recession, farms and factories had declined as sources of work for Southerners. Now farming employs fewer than two in 100 Southerners, dropping from 1.1 million to 925,000. Manufacturing employs slightly more than seven in 100, down from more than 13 in 100 in 1990—from 5.4 million to 4.3 million.

Governments added jobs, but at a relatively modest pace, so public employment represents a somewhat smaller share of total work in the South than two decades ago. Construction work ballooned from 1990 to 2007 but then declined as the recession cut into the building of new housing, office facilities, and public infrastructure.

The South's shift into a more services-oriented economy is made dramatic by the job-growth figures. Twenty years ago, services provided jobs for 28 out of 100 Southerners. Now, services account for 37 out of 100 jobs in the region—fully 21.7 million.

And the category of “services” covers a diverse set of occupations—from professionals to managers to educators to nurses and other health- and home-care providers to the cooks

in restaurants and the check-in crew in hotels.

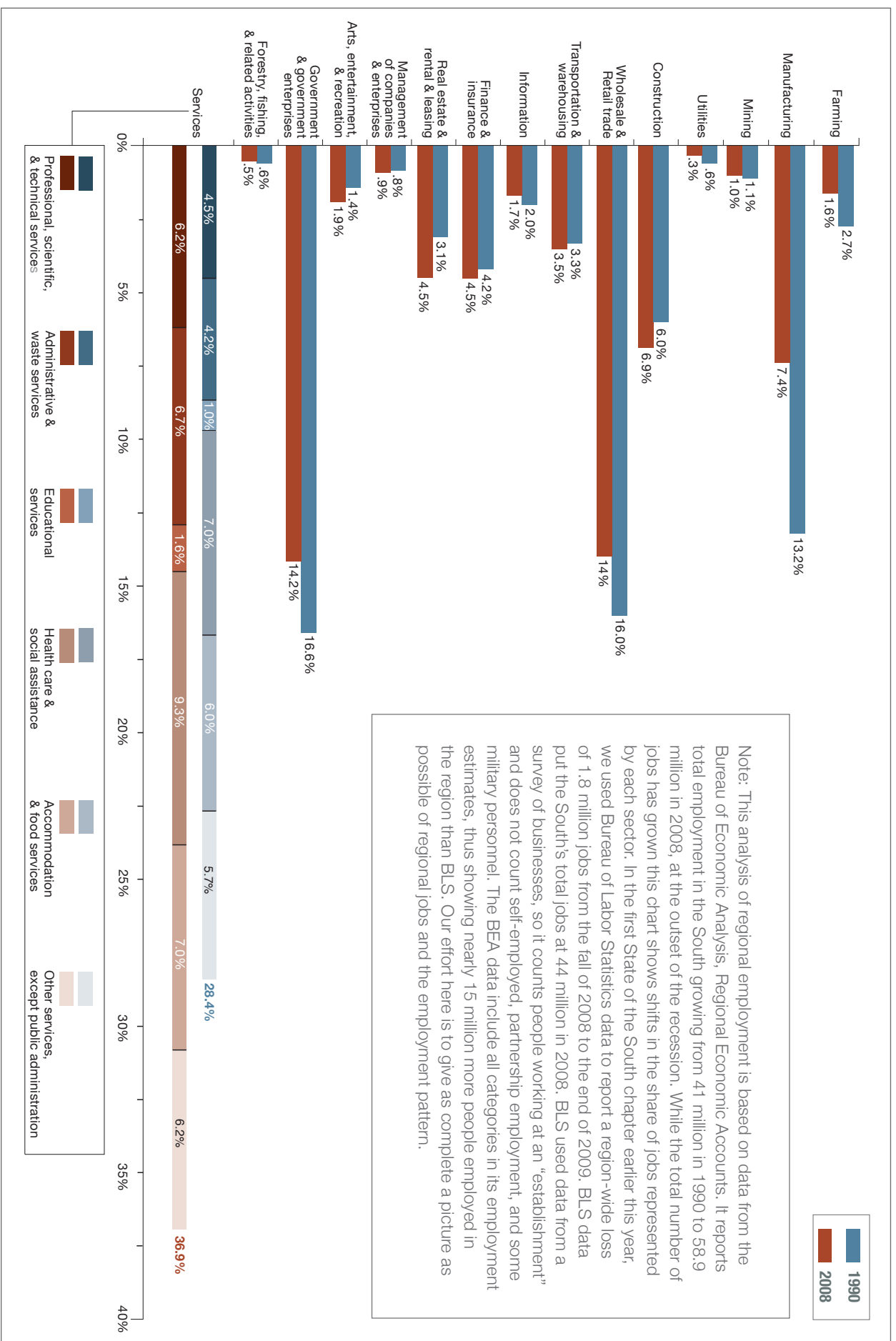
In its diversified occupational structure, the South continues to experience growth in low-wage, low-skill jobs. Simultaneously, certain occupations that require higher skill and provide higher wages have grown at a more rapid rate. This two-pronged dynamic has contributed to a widening of income inequality across the region.

As seen in the chart on page 12, in most Southern states, the median income of the richest fifth of families went up between 20 percent and 49 percent from 1987-88 to 2004-07. The poorest fifth of families made more modest income gains of 20 percent or less—in several states below 10 percent—in that 20-year period. The middle fifth—the middle of the middle class—made rather moderate gains.

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Service jobs on the rise

Southern Employment by Industry, 1990 and 2008



Note: This analysis of regional employment is based on data from the Bureau of Economic Analysis, Regional Economic Accounts. It reports total employment in the South growing from 41 million in 1990 to 58.9 million in 2008, at the outset of the recession. While the total number of jobs has grown this chart shows shifts in the share of jobs represented by each sector. In the first State of the South chapter earlier this year, we used Bureau of Labor Statistics data to report a region-wide loss of 1.8 million jobs from the fall of 2008 to the end of 2009. BLS data put the South's total jobs at 44 million in 2008. BLS used data from a survey of businesses, so it counts people working at an "establishment" and does not count self-employed, partnership employment, and some military personnel. The BEA data include all categories in its employment estimates, thus showing nearly 15 million more people employed in the region than BLS. Our effort here is to give as complete a picture as possible of regional jobs and the employment pattern.

Source: Bureau of Economic Analysis, Regional Economic Accounts

The Rich get...

Income Trends by State and Quintile

State		1987-89 Income	2004-07 Income	\$ Change	% Change
Alabama					
	Poorest Fifth	\$12,574	\$13,280	\$706	5.60%
	Middle Fifth	\$34,668	\$43,445	\$8,777	25.30%
	Richest Fifth	\$79,043	\$112,804	\$33,760	42.70%
Arkansas					
	Poorest Fifth	\$12,005	\$15,628	\$3,624	30.2%
	Middle Fifth	\$31,925	\$40,533	\$8,607	27.0%
	Richest Fifth	\$74,346	\$100,280	\$25,935	34.9%
Florida					
	Poorest Fifth	\$15,102	\$17,436	\$2,335	15.5%
	Middle Fifth	\$40,236	\$47,062	\$6,825	17.0%
	Richest Fifth	\$94,887	\$130,840	\$35,953	37.90%
Georgia					
	Poorest Fifth	\$14,821	\$17,188	\$2,367	16.0%
	Middle Fifth	\$43,643	\$47,782	\$4,139	9.5%
	Richest Fifth	\$96,262	\$115,071	\$18,808	19.5%
Kentucky					
	Poorest Fifth	\$13,388	\$14,318	\$930	6.9%
	Middle Fifth	\$36,186	\$42,064	\$5,877	16.2%
	Richest Fifth	\$78,025	\$110,353	\$32,329	41.4%
Louisiana					
	Poorest Fifth	\$11,687	\$15,555	\$3,868	33.1%
	Middle Fifth	\$36,644	\$41,755	\$5,111	13.9%
	Richest Fifth	\$92,381	\$113,499	\$21,119	22.9%
Mississippi					
	Poorest Fifth	\$11,540	\$14,205	\$2,665	23.1%
	Middle Fifth	\$32,453	\$39,924	\$7,471	23.0%
	Richest Fifth	\$78,595	\$117,454	\$38,859	49.4%

Note: The income data in this chart are adjusted for inflation to reflect 1997 dollars.

Source: Center on Budget and Policy Priorities and Economic Policy Institute;
 Pulling Apart: A State By State Analysis of Income Trends

Chart continued on page 13

The Rich get...

Income Trends by State and Quintile (continued from page 12)

State		1987-89 Income	2004-07 Income	\$ Change	% Change
North Carolina					
	Poorest Fifth	\$14,961	\$16,436	\$1,474	9.9%
	Middle Fifth	\$41,453	\$45,432	\$3,979	9.6%
	Richest Fifth	\$88,104	\$118,259	\$30,154	34.2%
South Carolina					
	Poorest Fifth	\$15,094	\$15,932	\$839	5.6%
	Middle Fifth	\$40,126	\$44,252	\$4,126	10.3%
	Richest Fifth	\$90,321	\$107,378	\$17,058	10.3%
Tennessee					
	Poorest Fifth	\$13,263	\$14,129	\$867	6.5%
	Middle Fifth	\$37,054	\$43,667	\$6,613	17.8%
	Richest Fifth	\$86,758	\$114,396	\$27,638	31.9%
Texas					
	Poorest Fifth	\$13,430	\$16,088	\$2,657	19.8%
	Middle Fifth	\$40,046	\$44,574	\$4,528	11.3%
	Richest Fifth	\$93,846	\$126,658	\$32,813	35.0%
Virginia					
	Poorest Fifth	\$17,060	\$20,401	\$3,341	19.6%
	Middle Fifth	\$50,531	\$57,233	\$6,703	13.3%
	Richest Fifth	\$109,942	\$154,259	\$44,317	40.3%
West Virginia					
	Poorest Fifth	\$12,476	\$13,941	\$1,466	11.7%
	Middle Fifth	\$33,232	\$40,976	\$7,744	23.3%
	Richest Fifth	\$73,378	\$103,911	\$30,533	41.6%

Note: The income data in this chart are adjusted for inflation to reflect 1997 dollars.

Source: Center on Budget and Policy Priorities and Economic Policy Institute; *Pulling Apart: A State By State Analysis of Income Trends*

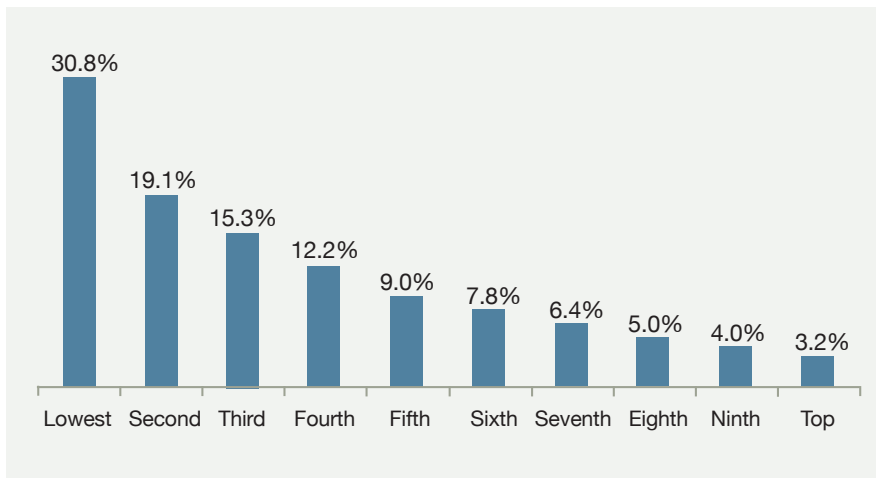
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During the recession of 2008-09, the higher your income, the less likely you were to be unemployed or underemployed. In the fourth quarter of 2009, the unemployment rates ranged from 12 percent to 30 percent for workers in the bottom 40 percent of households ranked by income. Unemployment ranged from 6.4 percent to only 3.2 percent for the top 40 percent of households in income.

The recent analysis by Anthony P. Carnevale and his colleagues at the Georgetown University Center on Education and the Workforce suggests the persistence of a bifurcated structure in the South, with an increasing tilt toward jobs that require education beyond high school. The Carnavale report argues that the BLS job-growth projections, often relied on to provide a picture of the near-term workforce, overstate the growth in lower-wage jobs, many of them part-time or high turnover employment for people who move on to other jobs. The point here is not to choose between different

...to keep their jobs

Unemployment Rate by Income Decile, 4th Quarter 2009



Source: Center for Labor Market Studies at Northeastern University

methodologies, but rather to point to important messages for the South in the trends detected in the Carnevale report.

An examination of its state-by-state projections through 2018 offer two crucial findings for Southern public and private-sector decision makers: 1) The South is likely to remain the region with the broadest share of jobs requiring a high school diploma or less; and yet

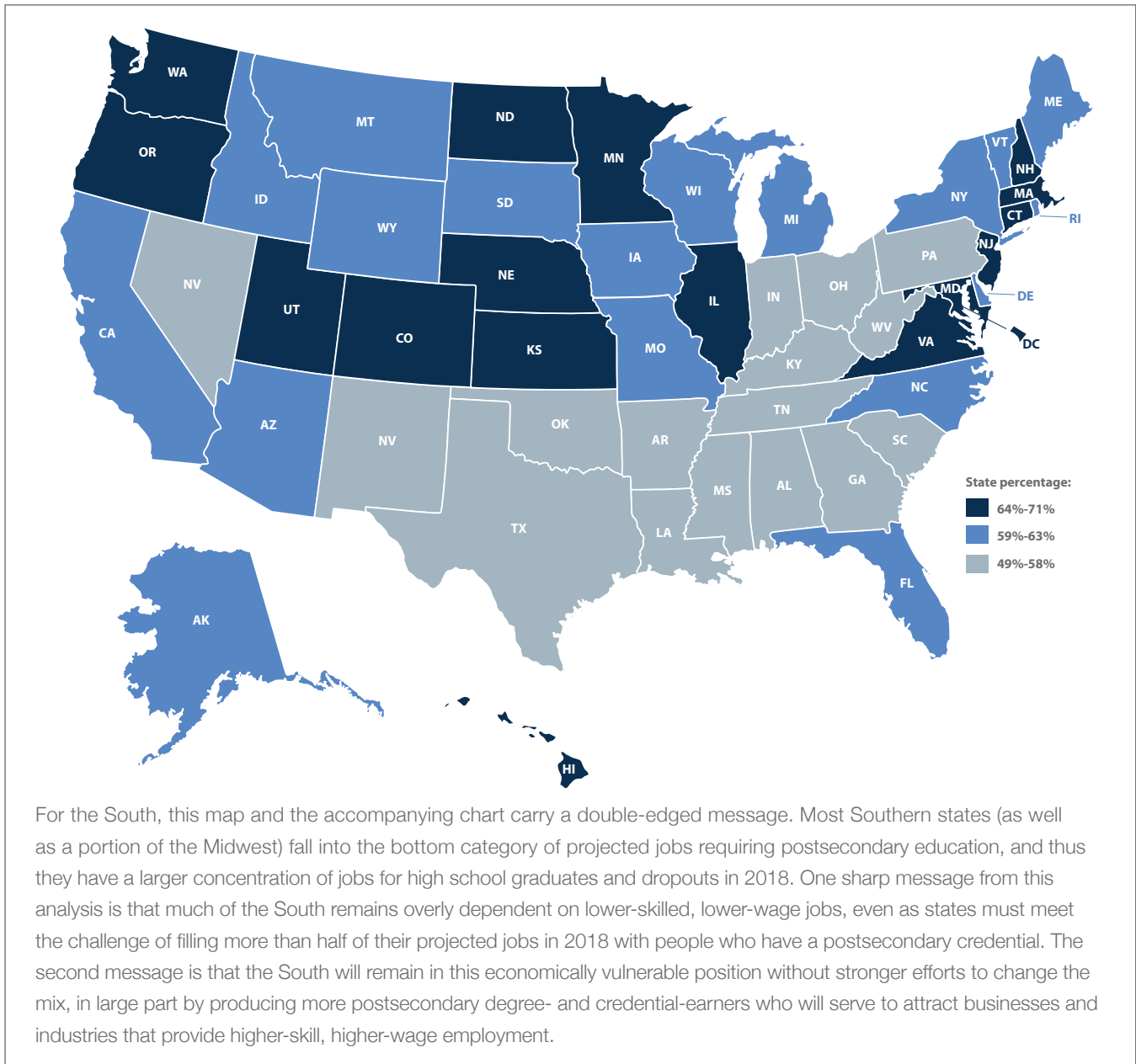
2) even in the South, half or more of all jobs in every state will require education beyond the 12th grade.

There arises, then, a double-duty challenge: how to fill the projected job growth with people who have the postsecondary education required, and how to change the economic dynamics, and thus the occupational mix, so that the South does not lag behind the rest of the nation in moving into the next new economy.

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A postsecondary peek at 2018

Share of Total Jobs within State Requiring Postsecondary Education in 2018



Source: Georgetown University's Center on Education and the Workforce

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In the recession that began in December 2007, unemployment hit especially hard on people who did not go beyond high school. Across racial and ethnic lines, people without a high school diploma had an unemployment rate of 15.2 percent in 2009.

In addition, the 2009 unemployment rates, at all levels of education, for African-Americans (13.9 percent) and Hispanics (11.3 percent) were higher than for whites (7.2 percent). In terms of both recovering from the recession and preparing for a healthier society in the future, the South must give special attention to increasing the flow of blacks and Hispanics through the education pipeline to postsecondary completion.

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The postsecondary gap

State	% of jobs requiring at least some college by 2018 (projected)	% of 25-34 year olds with an Associate's Degree or higher in 2008
Alabama	55%	32.1%
Arkansas	52%	28.6%
Florida	59%	35.5%
Georgia	58%	35.7%
Kentucky	54%	33.7%
Louisiana	51%	31.0%
Mississippi	54%	29.9%
North Carolina	59%	38.5%
South Carolina	56%	35.7%
Tennessee	54%	33.4%
Texas	56%	31.6%
Virginia	64%	44.0%
West Virginia	49%	29.6%
U.S.	63%	39.0%

Source: Georgetown University's Center on Education and the Workforce; U.S. Census Bureau, American Community Survey; OECD Education at a Glance

The more education, the less unemployment

Unemployment Rate by Educational Attainment Level, 25-64 Years Old

State	Less than High School	High School Graduate	Some college or associate's degree	Bachelor's degree or higher
Alabama	20.8%	10.6%	8.1%	3.6%
Arkansas	12.6%	8.9%	7.6%	3.0%
Florida	18.3%	13.4%	9.7%	6.0%
Georgia	17.5%	11.5%	9.4%	5.2%
Kentucky	16.2%	10.5%	8.2%	3.8%
Louisiana	13.8%	7.9%	5.6%	3.2%
Mississippi	18.2%	9.4%	7.1%	3.4%
North Carolina	17.5%	12.0%	9.4%	4.2%
South Carolina	22.4%	12.0%	9.1%	4.9%
Tennessee	19.6%	12.2%	8.4%	3.6%
Texas	10.0%	8.5%	6.5%	3.8%
Virginia	13.0%	7.5%	5.4%	3.2%
West Virginia	13.4%	6.3%	6.0%	3.2%
United States	15.2%	10.6%	8.3%	4.5%

In every Southern state, the higher your education level, the less likely you are to be unemployed. The 2009 data are the most recent available to show state-by-state patterns. We present the national figures by race and gender; state-by-state data not yet available for 2009.

Source: U.S. Census Bureau, 2009 American Community Survey

Race and gender, education and unemployment

National Unemployment by Education Level, Race, and Gender, 12-month average for period ending September 2009

		All Education Levels	Not a High School Graduate	High School Graduate	College Graduate
All Races		8.6%	17.5%	9.1%	4.5%
	Men	9.5%	17.7%	10.3%	4.6%
	15-24	19.1%	28.4%	17.0%	9.2%
	25-44	9.0%	15.2%	10.2%	4.3%
	45 and older	7.0%	11.9%	7.7%	4.5%
	Women	7.6%	17.1%	7.8%	4.4%
	15-24	14.2%	24.3%	12.2%	7.8%
	25-44	7.3%	16.6%	8.1%	4.2%
	45 and older	5.6%	10.2%	5.9%	4.1%
White		7.2%	17.5%	8.0%	4.0%
	Men	8.1%	18.4%	9.1%	4.2%
	15-24	17.0%	25.6%	15.5%	8.4%
	25-44	7.5%	17.5%	8.9%	3.9%
	45 and older	6.2%	11.1%	7.1%	4.1%
	Women	6.2%	16.1%	6.7%	3.8%
	15-24	11.4%	20.1%	9.8%	6.6%
	25-44	5.9%	17.5%	7.1%	3.6%
	45 and older	5.0%	8.5%	5.5%	3.7%
Black		13.9%	27.2%	13.7%	7.4%
	Men	16.3%	30.9%	16.2%	7.8%
	15-24	30.5%	48.5%	25.8%	12.7%
	25-44	16.1%	29.8%	17.0%	8.3%
	45 and older	10.5%	17.1%	10.5%	6.8%
	Women	11.7%	23.4%	11.5%	7.0%
	15-24	23.5%	36.8%	20.6%	13.8%
	25-44	11.0%	24.2%	11.2%	6.7%
	45 and older	7.7%	11.0%	7.6%	6.5%
Hispanic		11.3%	15.1%	10.4%	5.6%
	Men	11.7%	14.6%	10.9%	5.9%
	15-24	19.7%	25.8%	16.4%	9.9%
	25-44	10.2%	12.6%	9.9%	4.8%
	45 and older	9.7%	11.8%	9.1%	7.1%
	Women	10.8%	16.4%	9.7%	5.4%
	15-24	17.6%	29.9%	13.8%	10.1%
	25-44	9.7%	14.3%	9.2%	5.0%
	45 and older	8.6%	12.5%	7.6%	5.1%

Note: Colleges graduates include those with bachelor's degree or higher.
 Source: NY Times—BLS Data

A leaky pipeline

As the South's economy has diversified, its government, business, and education leaders have become increasingly concerned over a pipeline with leaks all along the way from 9th grade through higher education.

This concern stems from a realization that it no longer suffices for states and communities to assure easy access to education. Rather, economic progress requires more Southerners to attain postsecondary degrees and certification for jobs.

An accompanying chart, based on the cohort of young people who were 9th graders in 1996 and graduates of a college by 2006, gives a statistical portrait of the leaky educational pipeline. The extent and the "location" of the leaks vary from state to state. In Florida and Georgia, for example, more than four out of ten students did not graduate from high school on time. In Arkansas only 20 percent and in West Virginia 27 percent of students did not finish high school on time, and yet in both states three out of ten high school graduates did not enroll in college.

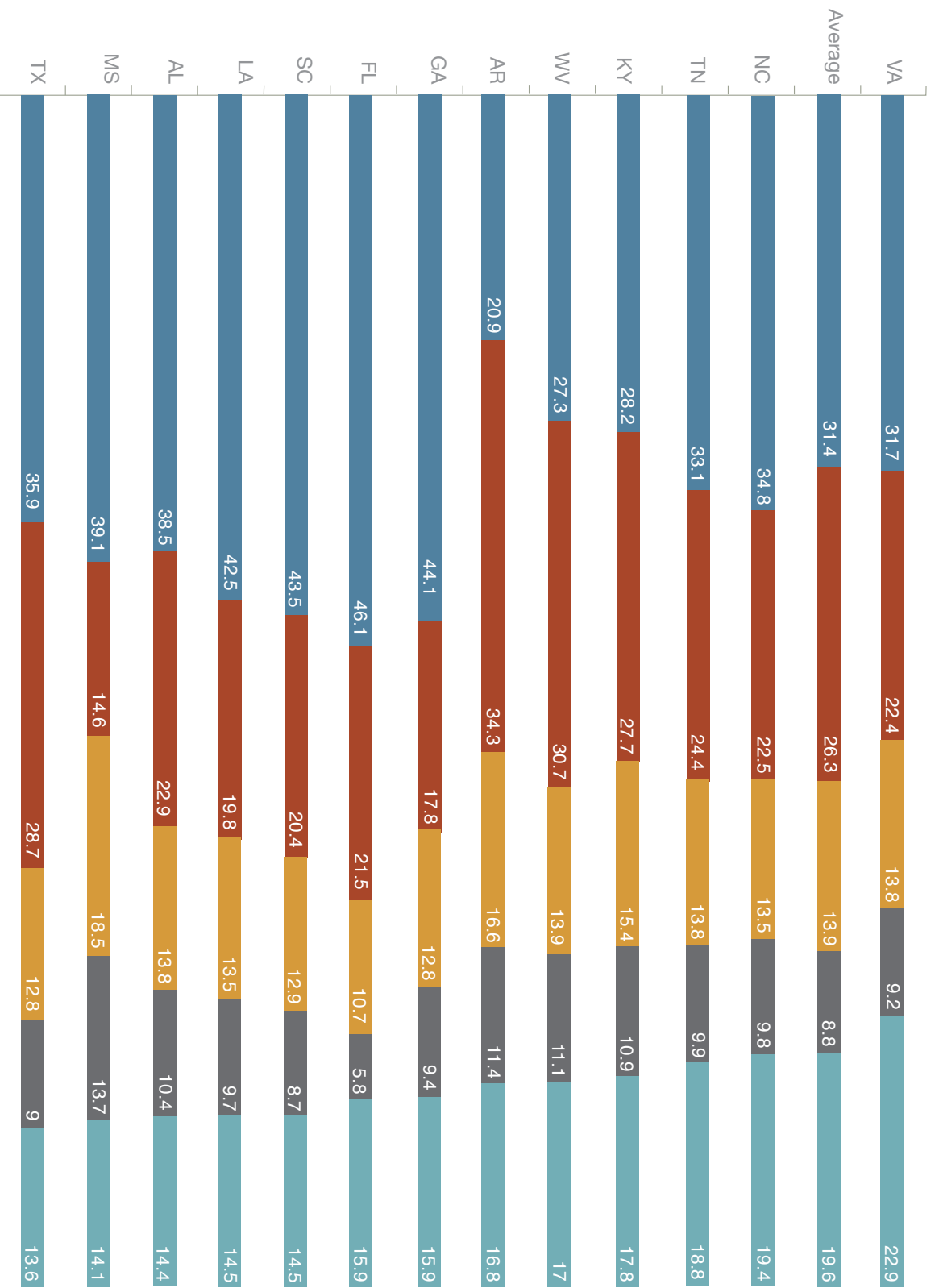
In general, about 30 out of 100 once-9th graders in the South would not graduate from high school in four years. Roughly 26 out of 100 would graduate from high school but not go directly to college, and 14 out of 100 would enroll in college but not make it through their second year. Ultimately, only 20 out of those 100 once-9th graders would end up with a degree in four to six years of college.

In addition to variations of leakage along the pipeline, South states exhibit differences in completion rates among whites, blacks, and Hispanics. Still, every state has gaps in attainment that have to be closed to assure a healthy economy in the future. According to the Southern Regional Education Board, about 56 percent of white Southerners who entered a four-year public university in 2001 graduated with a degree in four to six years—but only about 44 percent of Hispanics and 40 percent of African-Americans. Virginia, North Carolina, South Carolina, and Georgia had significantly higher rates than the Southern average, while Louisiana, West Virginia, and Arkansas had distinctly lower rates of graduation among whites, blacks, and Hispanics.

A similar trend emerges from an examination of the graduation rates of students who enrolled in public two-year, or community, colleges in 2004. In general across the region, fewer than 20 out of 100 whites, barely 15 out of 100 Hispanics and 12 out of 100 blacks graduated after three years. The Florida community college system stands out with substantially higher rates of graduates among blacks, whites, and Hispanics, and North Carolina, Arkansas, Mississippi, Arkansas, and Kentucky perform somewhat better than average. But in every Southern state, the rates of community college completion of blacks and Hispanics fall short of the relatively anemic completion rates of whites.

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For every 100 9th graders



Source: NCEMIS Information Center, Student Success: Progress and Completion: Student Pipeline - Transition and Completion Rates

Who's graduating—and who's not

	Four-Year Colleges and Universities Six-Year Graduation Rate 2008 Graduates (2002 Cohort)			Two-Year Colleges Three-Year Graduation Rate 2008 Graduates (2005 Cohort)		
	Black	Hispanic	White	Black	Hispanic	White
U.S.	39.3	46.2	57.4	11.3	15.4	22.8
SREB	39	43.7	56.2	12.7	14.5	18.9
AL	30.6	42.4	54.5	17.7	12	17.8
AR	24.2	33.3	43.4	11.1	30.8	25.4
FL	50.9	57.1	62.6	20.1	29.8	36.9
GA	39.6	52.8	51.8	4.7	10.3	12.3
KY	32.8	38.3	46.7	10	13.4	22.8
LA	27.6	37.3	44.4	7.4	8.2	7
MS	40.1	37.8	56.1	22.4	16.4	25.4
NC	47.3	54	63.2	15.6	21.7	21.9
SC	53	60.8	62.5	8.9	11.7	12.9
TN	38	36.7	48.3	3.3	9.3	13.1
TX	30.3	36.2	54.1	7.8	11.3	11.8
VA	49.4	65.1	71.5	8.2	13.1	16.5
WV	34.2	41.1	46.6	9.8	11.1	16.3

Source: SREB includes DE, OK, MD

Good for individuals, good for communities

Postsecondary education matters both to communities and to individuals. Without a pool of talent certified by educational achievements, communities cannot expect to attract the kinds of investment that lead to widening the circle of prosperity.

Without educational certification, most individuals can no longer expect to bring in wages for a middle-class standard of living.

As the deep recession has made manifest, having a bachelor's degree, an associate's degree, or a job-skill credential does not guarantee the job you want where you want it. And yet, having completed a course of study or a job-training regime gives you greater strength in a marketplace in which employers increasingly seek higher-level skills. In addition, educational attainment beyond high school provides the wherewithal and confidence to navigate the currents of modern life—as a parent, consumer, citizen.

In general, the higher your educational attainment, the more you are likely to earn in annual income. Across the South, people with an associate's degree can expect to earn from \$6,700 to nearly \$13,000 more than people in their own state with only a high school diploma. In Texas, the so-called “wage premium” for an associate's degree is \$12,800, in South Carolina \$9,900, in Tennessee \$9,400, and in Mississippi, the lowest in the region, \$6,700. The premium for a bachelor's degree compared to a high school diploma is even greater—from more than \$24,000 in Virginia, to \$21,500 in Georgia, to \$16,500 in Kentucky and to \$13,300 in West Virginia.

Of course, such broad-gauge comparisons do not capture all of the nuances in a complex economy and occupational landscape. Georgetown's Anthony P. Carnavale points

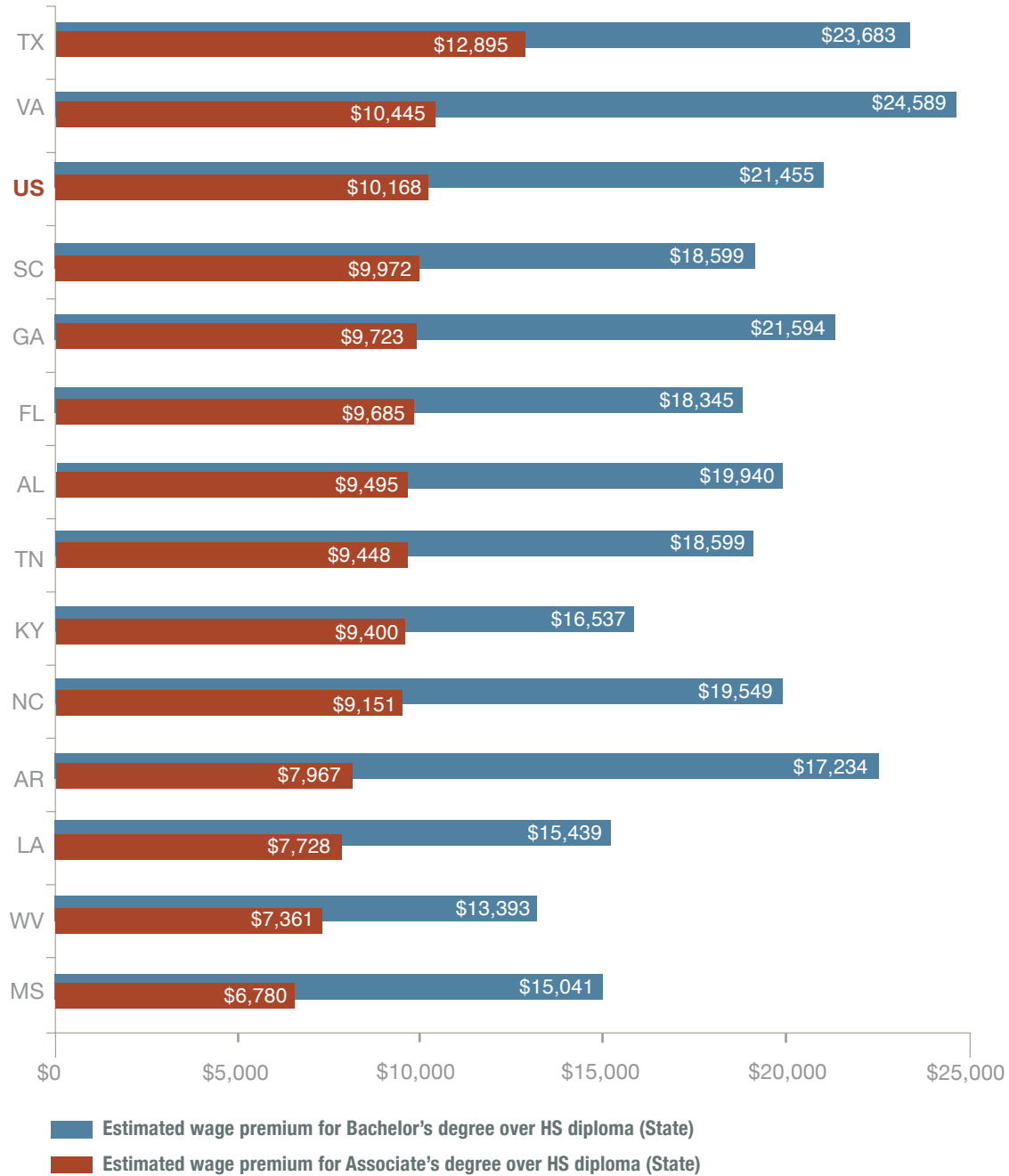
out, for example, that 31 percent of young workers with an associate's degree from a community college earn more than young workers with a bachelor's degree. And 27 percent of young workers with licenses or certificates in a particular field earn more than their peers with a BA.

Too often, public discussion of these issues descends to a simplistic—and distorted—level: Is college for everyone? Should the South point everyone toward a college education? And by “college,” the conventional discourse means a four-year university. It's past time to get beyond the simplistic go, don't-go dichotomy. It isn't necessary, or practical, for every young Southerner to obtain a bachelor's degree, a professional degree or a doctorate in an academic field. And yet, it is necessary, even imperative, that the South commit to policies and practices that would result in substantially more of its people with post-high school degrees and credentials with value in the labor market.

For states and communities, a citizenry with a higher level of educational achievement has multiple pay-offs. For one thing, people who go beyond high school have a habit of avoiding poverty; people with some college education or better tend to figure out how to sustain themselves in the middle class. What's more, the more parents are educated, the less likely their families and their children will fall into poverty; an aggressive offensive to increase the numbers of young people with degrees or credentials amounts to a frontal assault on intergenerational poverty.

The wage premium

Estimated Wage Premium for Bachelor's and Associate's Degrees over a High School Diploma by State



Source: NCHEMS Information Center: Income and Earnings, 2007.

In the days of two, three, four layoffs in a career, the South—its states and communities—held out low-cost labor, low land prices, and low taxes as inducements to industry. The South got jobs, but wealth went elsewhere. Still, the impulse to “import” job-producing industries remains strong. But, in the days ahead—during the recovery and beyond—talent and skill, rather than cheap labor, will drive the Southern economy. Today’s watchwords are innovation, entrepreneurship, and green growth, and the South will take its place in that post-recession economy to the extent that it affords people education and technical training that does not stop at the 12th grade.

At a ministerial meeting in May, the OECD issued a report that captures a broad consensus about what is needed for economic advancement. Titled “The OECD Innovation Strategy, Getting a Head Start on Tomorrow,” the report called on governments to adopt policies and practices that favor entrepreneurship and innovation. It pointed out, for example, that firms less than five years old accounted for nearly two-thirds of net new jobs in the United States in 2007.

“Human capital is the essence of innovation,” declares the OECD report. “Empowering people to innovate relies on broad and relevant education as well as on the development of wide-ranging skills that complement formal education.

“Curricula and pedagogies need to be adapted to equip students with the capacity to learn and apply new skills throughout their lives.... Universities, colleges, and vocational training centers are essential nodes in the innovation system, both producing and attracting the human capital needed for innovation.” For Southern states and cities, the message is clear: Dramatically increasing the number of Southerners with degrees and job-ready credentials is a key to regional and community development.

Spotlight on community colleges

Postsecondary education is an enterprise of many moving parts: comprehensive public research universities; public liberal arts, urban, and regional universities; private universities, some with large endowments, some heavily dependent on tuition income; historically black universities, both public and private; for-profit colleges; community colleges and technical institutes. In addition, businesses have their own on-the-job and mid-career training.

No state in the South can hope to stride briskly into the post-recession economy without aligning and harnessing the potential of its own matrix of educational institutions. Our states and communities will need the human products of these institutions to become entrepreneurs and innovators; to work in modern factories, financial and service agencies, hospitals and school rooms; to assume leadership roles in government and civic life; and to accept their responsibilities as citizens in our democracy. What's more, our states and communities need higher education, especially its public institution, to offer ideas and serve as catalysts for keeping our economy robust and our public life vibrant.

Over the past two years, a dramatic shift has taken place in the national conversation over what is required for sustaining communities, bolstering the middle class, fighting poverty, and meeting the demands of the post-recovery economy. In his first address to Congress, President Obama set as a goal that America will have the highest proportion of college graduates in the world by 2020. More recently, the Commission on Access, Admissions and Success in Higher Education, convened by the College Board, called for a goal of 55 percent of 24- to 35-year-olds with an associate's degree or higher by 2025—up from 41.6 percent in 2008.

Meanwhile, several major foundations have joined in partnerships to finance research, pilot projects, and initiatives. Lumina Foundation for Education stirred attention to the completion agenda and launched the Achieving the Dream initiative. For its part, the Bill & Melinda Gates Foundation set about investing in an array of efforts directed toward the goal of making the United States No. 1 in postsecondary completion, with a special focus on low-income and minority youth.

The current conversation has thrown a special spotlight on the role of community colleges, which are themselves a complex mix of enterprises. In the South as across the country, community colleges enroll a significant proportion of students going beyond the 12th grade.

For many Southerners, community colleges provide a pathway to a job by granting associate's degrees and certification for a trade, craft, or a particular field of work. Some community colleges collaborate with nearby industries to train potential employees. In times of downturns and layoffs, most offer retraining for adults thrown out of work. Community colleges provide remedial instruction and, for former high school drop-outs, often serve as "second-chance" institutions.

Community Colleges Profiles in Diversity

- ▶ Two-year college students account for 43 percent of all undergraduate students in the South.
- ▶ Black students make up 21.2 percent of all undergraduate enrollment in the South, and 40.9 percent of all black undergraduates in the South are enrolled at two-year colleges, compared with 13.7 percent and 41.2 percent nationally.
- ▶ Hispanic students make up 11.7 percent of all undergraduate enrollment in the South, and 47.4 percent of all Hispanic undergraduates in the South are enrolled at two-year colleges, compared with 12.5 percent and 54 percent nationally.
- ▶ White students make up 62.5 percent of all undergraduate enrollment in the South, and 36.8 percent of all white undergraduates in the South are enrolled at two-year colleges, compared with 65.8 percent and 34.8 nationally.
- ▶ Of students in two-year colleges in the South, 57.6 percent are enrolled part-time. Of students in four-year colleges in the South, 26.7 percent are enrolled part-time.

Source: SREB Factbook 2009. Data from the Southern Regional Education Board includes Delaware, Maryland and Oklahoma in addition to the 13 states considered in the State of the South 2010.

Unfortunately, however, the United States—and the South as well—fell into a problem that they didn't seem to know they had. Federal and state governments worked at making it easy to get into community colleges; and yet, as time went on, it became increasingly apparent that easy access didn't translate into easy completion. Many young and not-so-young adults who needed remedial instruction, especially in math, got assigned to developmental (remedial) education that did not propel them toward a job-ready credential. Because community colleges attract students who are part-time, who may have jobs, and who commute from home or the workplace, successful completion of class often depends on child-care arrangements, local bus schedules, and other barriers not faced on residential university campuses.

Policy and practice: lessons from the field

In its more than 40 years, MDC has had a special relationship with community colleges: It developed the early Human Resource Development program for the North Carolina Community College system; it served as staff to North Carolina's community college study commission of 20 years ago; it has worked with community colleges and community-college governance systems in states ranging from Virginia to Mississippi, from Alabama to New Mexico, and onto Native American reservations.

Most recently, MDC has served for six years as the managing partner of Achieving the Dream: Community Colleges Count, a national initiative focused on using data and creating a culture of evidence on community college campuses with a central imperative to raise completion rates, particularly for low-income students and students of color. Now, Achieving the Dream has become a national nonprofit organization working with more than 130 institutions.

To its benefit, the South has an array of strong community colleges. But the region lacks a similarly strong network of community workforce partnerships. While community colleges naturally put their emphasis on degrees, credentials, academics, and collaboration with businesses, community workforce partnerships

Achieving the Dream Community Colleges Count

Achieving the Dream: Community Colleges Count is the largest non-governmental initiative in community college history. Begun in 2004 with 27 community colleges in five states—including three in the South—the initiative seeks to identify and remove barriers that have kept so many community college students from pursuing completion of degrees and certificates with value in the job market. More than 1 million students attend the more than 130 colleges in 24 states and the District of Columbia where Achieving the Dream has taken root. Since its inception, Achieving the Dream has focused on helping institutions make systemic change: getting the institution's leadership, staff, and faculty to commit to improved student outcomes; creating a culture of evidence that uses data to identify achievement gaps; engaging the campus and the community at large in understanding the importance of improving student success rates; implementing, evaluating, and improving campus strategies; and establishing a culture of continuous improvement. Achieving the Dream also works to influence local, state, and federal policy to instill student success at community colleges a top priority. State policy teams promote data-driven accountability systems, alignment of K-12 and higher education curricula and standards, incentives for improving services to underprepared students, and financial aid policies that help students finish what they start.

Achieving the Dream works to increase the percentage of students who accomplish the following:

- ▶ Successfully complete the courses they take;
- ▶ Advance from developmental to credit-bearing courses;
- ▶ Enroll in and successfully complete gatekeeper courses;
- ▶ Enroll from one semester to the next;
- ▶ Earn degrees and/or certificates.

ATD was co-designed six years ago by the Lumina Foundation for Education and eight national partners. MDC served as ATD's managing partner from 2004 to 2010 and is currently incubating its transition into a stand-alone, national nonprofit. For more information, visit www.achievingthedream.org.

tend to focus on people already in the workforce and ways to build a local workforce to meet immediate needs. Both are critical to the region's aspirations for building an economy that brings more people into the middle class and widens the circle of success for households and families.

Drawing on MDC's experience in working with community colleges and community-based organizations across the South, the following segment of this chapter presents lessons from the field to help guide state and community policy makers and opinion leaders.

Alabama: The state absorbed blow after blow in the decade just passed. It was hit by Hurricane Katrina in 2005. Then the 2007-09 recession cost Alabama one out every five jobs in manufacturing. And then, the oil gusher in the Gulf of Mexico posed a threat to its fishing and tourism industries. By the reckoning of the Brookings Institution, Alabama ranked first among states in the decline in employment-to-population from November 2007 to May 2010.

So it was with excitement and relief that Mobile and surrounding counties welcomed the opening of the \$4 billion ThyssenKrupp steel mill. Construction of the plant has provided jobs to 5,000 workers. The German steel producer has hired 1,000 people to operate it, with a goal of hiring up to 1,700 more. Mobile and environs also are home to ST Aerospace, which provides major aircraft maintenance and modifications; Austal, the Australian ship-builder; and the Alabama State Docks, one of the nation's largest ports. Earlier this year, Forbes.com ranked Mobile among the top five metropolitan areas for projected job growth. But many workers didn't have the skills those industries required.

"In 2007, if a person could fog a mirror and pass a drug test, companies would hire him or her," said Al Etheridge, field director for Southwest Alabama Workforce Development Council Region 9. "We got to a point in this region where there were very few qualified people to hire."

Local leaders realized that government, businesses, and nonprofits needed to work together to develop a pipeline of skilled workers for those businesses and for economic advancement in general. They also were facing the reality of an aging workforce.

"In many companies in this region, about 56% [of the current workforce] could retire in the next five years," Etheridge said. "We are losing the cream of the crop. We are losing the experience and knowledge about how to run the companies, and if these younger people don't know how to do the work, we will lose companies."

A public-private coalition emerged to figure out how to connect people with employers, education, and training. Mobile Mayor Samuel Jones brought together community leaders and enlisted the Community Foundation of South Alabama to act as a neutral broker in the process. The foundation and its partners, in turn, activated in 2008 the Southwest Alabama Workforce Development Council to serve as a clearinghouse for workforce grant requests from six nearby community colleges and to organize those requests for decisions by state government. Gov. Bob Riley played a role by placing eight counties in the development council's jurisdiction and thus empowered the council to implement a workforce development system across the region.

A partner in that process was Mobile Works. The community-led organization partners with local industry to identify careers that are in high demand and offers two-year scholarships to local colleges for workers returning to school to pursue a certificate or degree in one of those fields. As of June 2010, the organization had 223 scholarship recipients in regional colleges and universities; 139 of those were in two-year colleges, in programs such as air conditioning and refrigeration repair, civil engineering, electrical technology, and nursing—all high-demand careers in the region. The program is open to any adult Mobile or Mobile County resident, but special priority is given to dislocated workers who have been laid off through no fault of their own.

“For the community to thrive,” said Sydney Raine, president of Mobile Works, “we have to work together. And that just doesn’t happen overnight.”

Mobile provides evidence that the manufacturing sector, while diminished as a source of jobs, is not going away in the American South. While the region faces a daunting employment gap, Mobile illustrates that, even where new jobs are coming online, a mismatch can exist between skills needed and skills available in the local workforce. State and community leadership is required to assure that citizens have the education and training to fill jobs requiring technical know-how and to act as entrepreneurs in setting up the businesses that revolve around a major manufacturing operation.

Tennessee: On Jan. 26, 2010, Gov. Phil Bredesen signed into law two education measures adopted by a special session of the Tennessee General Assembly. One bill provided for a series of public school measures that resulted in Tennessee being one of the first two states to receive Race to the Top grants from the federal government. The second bill, known as the Complete College Tennessee Act, has placed the state at the forefront of the movement to shift emphasis from college access to success in obtaining degrees and job-ready credentials.

The new Tennessee law, of course, has just entered its implementation stage. Still, it serves as Exhibit A for the kinds of state-level policy change that could lead to a dramatic increase in the number of young adult Southerners prepared for the post-recovery economy. The Complete College Tennessee Act, as outlined by the governor’s office, would:

- ▶ Fund higher education institutions based in part on success and outcomes, including higher rates of degree completion.
- ▶ In the community college system, expand common programs and courses to promote consistency among the two-year institutions.
- ▶ Install a statewide transfer policy that would allow any student who earns a two-year degree at a community college to enter a four-year university at the level of junior.
- ▶ Establish dual-admission and dual-enrollment policies at all two-year and four-year colleges and universities.

Florida: Valencia Community College, a multi-campus institution centered in Orlando, serves as a model of a college working diligently—and effectively—to raise its completion rates. Valencia has more than 50,000 students enrolled in credit-bearing courses (more than 26,000 calculated in full-time equivalent), about 40 percent of them white, 26 percent Hispanic, 15 percent black, and the remainder Asian, native American and other ethnicities. Valencia awarded more associate degrees in 2008-09 than any other two-year college in the nation; of the 5,128 associate degrees it awarded, 1,956 went to students of color.

An Achieving the Dream college, Valencia engaged in a purposeful use of data to identify where and how students struggle, and then to deploy administrative personnel and faculty, as well as to align its budget, in implementing efforts to bring more students to completion. Its success story is not so much attributed to a specific silver-bullet strategy but rather to a comprehensive process that included data-informed decisions supported by continuous evaluation and alignment of resources. The college's leaders have identified an "equity gap" as a critical focus and, in doing so, they have helped more students of color succeed. The college has implemented targeted interventions—supplemental instruction, learning communities, life-skill courses, and the like—to raise the success rate in gateway courses for both white students and students of color.

Along with three other community colleges, Valencia has joined in a partnership with the University of Central Florida designed to propel more students to succeed in obtaining a bachelor's degree. The agreement, known as DirectConnect, gives students who graduate with an Associate in Arts (A.A.) or an Associate in Science (A.S.) degree guaranteed admission to UCF. Students who apply with the intent of seeking a four-year degree get advising, admissions, and financial aid services to assist in keeping them on track. As a recent initiative, DirectConnect has not had time to produce evidence of success, but it is the type of initiative that higher education institutions should undertake.

Virginia: For the Southside Virginia region centered in Danville, the decline in traditional manufacturing began well before the 2007-09 recession. The decline had persisted for two decades when finally, in 2008, Dan River Inc., the textile-maker that had routinely hired high-school dropouts to fill low-wage, low-skill jobs, liquidated after more than 120 years in business. The looming prospect of long-term economic devastation and population loss drove regional leaders, as well as institutions of higher education, into counter-action.

The Future of the Piedmont Foundation, composed of business executives, called on MDC to assist in drafting a plan to deal with the region's economic crisis. The plan, issued 10 years ago, called for "bold action" to shift the region from a traditional manufacturing and agriculture base to an information/high technology base. The foundation then created the Institute for Advanced Learning and Research, which involved a collaboration of Virginia Tech, Averett University, and Danville Community College.

The Danville Regional Foundation weighed in with efforts to change behavior through forging an inclusive civic culture. To assess the community's and region's progress, the foundation plans to track such outcomes as: the number of 25- to 30-year-olds with degrees; the creation of living-wage jobs; and the closing of racial and class gaps in health and education.

Danville Community College joined Achieving the Dream, which in turn caught the attention of the Chronicle of Higher Education. As the newspaper reported, the college has exceeded its goal of having at least 20 percent of low-income students and students of color advancing from remedial to college-level math. The college also offers a course on the transition to college life, which grew from six sections to 26.

Efforts to reinvent an economy and change a civic culture can't be sustained in the absence of new jobs. The region's prospects brightened shortly before the recession hit when Swedwood North America, an IKEA subsidiary, announced in 2007 that Danville would be the site of its first U.S. factory, expected to employ more than 700 people over the next decade. EBI, LLC, another IKEA subsidiary, also plans to locate a plant in the Danville area. These companies require employees to repair the machinery they use to produce furniture and products for the home—evidence that regions like Southside Virginia have to prepare for an economy that demands workers with talent and skills.

Texas: Ten years ago, the Texas Higher Education Coordinating Board issued a 15-year plan entitled "Closing the Gaps," with 18 targets by which to measure the state's progress in postsecondary education. For its major universities, the board proposed measurements of research as well as national rankings and reputation. But, to its credit, the 10-member coordinating board also gave an emphasis to completion of bachelor's and associate's degrees and credentials. In addition, the board's plan measures the progress of whites, Hispanics and African Americans.

Every summer since the release of "Closing the Gaps," the Texas board has issued an update report. This year, in addition to releasing its measurements, the board proposed a list of strategies and actions to accelerate progress in four areas in which the board found the state falling so short as to be in jeopardy of failing to hit the 2015 targets.

The board's 2010 update reported that Texas had an overall increase in higher education participation, and that undergraduate degrees and certifications had increased by 42 percent in the 2000-09 period, putting the state on pace to meet the 2015 targets. In particular, the board reported that black females had made "extraordinary progress," having a higher participation rate in 2009 than African-American and Hispanic males, and white males and females.

Despite such signs of progress, the board identified four key areas in which the state must improve dramatically in order to meet the 2015 goals: black male and Hispanic college-going students; completion of degrees and certificates by Hispanics and African Americans; degrees in science, technology, math, and engineering; and teaching certificates. “Undergraduate awards in STEM (science-technology-engineering-math) fields and math and science teacher certificates have had such dismal growth rates that the state must more than double both of them in six years to reach 2015 targets,” the board’s 2010 report put it bluntly.

As a coordinating entity, the Texas board has to rely on partnerships with both public and private sectors to advance toward its proclaimed goals. Even short of enacting policy, the board demonstrates, through its “Closing the Gaps” process, that there is power in data, in persistence, and in attention to postsecondary completion as a key factor in a state’s advancement.

North Carolina: Step-by-step over the past decade, North Carolina has emerged as an exemplar of how to put students on pathways to success by blending and fusing high schools with community colleges. The state’s efforts have focused on reforming high schools as a preparation for completion of postsecondary education.

The North Carolina New Schools Project was established in 2003 by then-Gov. Mike Easley and the Education Cabinet as an independent nonprofit organization with a mission of developing innovative high schools. It has served as a catalyst for organizing schools around such themes as Science-Technology-Math, health sciences, and international studies. The Easley administration subsequently introduced Early College High Schools, which are relatively small schools serving students in grades 9 through 12, or 9 through 13, most often located on a college campus. In these “learn-and-earn” schools, students graduate with a high school diploma and two years of college credits. The current governor, Beverly Perdue, has enunciated as a goal increasing the number of North Carolina students taking college-credit courses in high school and completing a degree in a community college or university.

The first systematic assessment of student outcomes indicates that Early College High Schools have begun closing the gap between white students and students of color, that their students are less likely to be absent or suspended, and that they have achieved greater self-efficacy in math. As the 2007-09 recession decimated its textile and furniture industries, North Carolina experienced a steep rise in unemployment. As a result, its community colleges have filled to capacity with students seeking to regain their footing in the job market. It's a challenging time, even for a state with an extensive community college system and reputation as a leading state in education initiatives. Still, by blending high schools and community colleges, North Carolina has given more young people a chance to propel themselves to a degree or a job-ready credential.

In its commission's report, the College Board emphasizes that for the nation to reach goals for postsecondary achievement will require "strengthening the educational pipeline at every stage throughout a student's trajectory from pre-school through college completion."

Assets to Support Completion

According to a recent Public Agenda survey, two-thirds of community college students who did not complete their programs cited financial obstacles and the difficulty of balancing work and school. Many students who enroll in community colleges work long hours in entry-level jobs, contribute financially to their families, or raise children and attempt to secure education at the same time. These students include an influx of displaced workers who seek to rework their skills and capabilities for a new, knowledge-based economy. Nearly 60 percent of community college students in Southern states are enrolled part-time. Often such students are forced to abandon their education because they cannot afford to continue.

Here are two initiatives that, if expanded, could undergird students whose life-pressures serve as barriers to completion of a postsecondary course of study:

The Work Supports Initiative—Known widely by its copyrighted name, The Benefit Bank®, this initiative creates a simple internet-based point of entry for students and their families to gain access to free income tax assistance, tax credits, student financial aid, veterans' education benefits, food and nutrition programs, and home energy assistance. Connecting students with these assets not only helps them afford a community college education, but helps them proceed to graduate with a degree or certificate. When claimed, these supports make college more affordable, improve student retention, and encourage and sustain employment.

The Center for Working Families—Pioneered by the Annie E. Casey Foundation, the Center for Working Families approach integrates services to low-income families in three areas: employment, benefits and work supports, and financial services. MDC coordinates the national learning network of the ten participating community colleges. By acknowledging that family economic security can have an influence on student retention and completion, community colleges are pushing the boundaries of their traditional roles. The Center for Working Families approach bundles existing college and community services to form a comprehensive and manageable support system for low-income students and their families.

An agenda for hard times and beyond

Despite the lingering effects of its history of racial segregation and of poorly funded schools, the South has led the nation in many respects over the past quarter of a century in bolstering and redesigning educational institutions. With the severe recession having sapped state and local revenues, the challenge now is to sustain and even upgrade efforts to strengthen systems to assure that more Southerners obtain degrees and credentials with value in the labor market.

As governments face another round of hard decisions in the remainder of this year and next, MDC's experiences in managing the Achieving the Dream project offer guidance on policies that would promote postsecondary student success.

- 1. Provide institutions with incentives to promote student persistence and achievement.** Of course, all systems want more funding than available in hard times, but, as Tennessee and Texas have shown, states can move now to put in place policies and funding formulas that impel colleges to increase their rates of completion.
- 2. Align community colleges with both the PreK-12 system and with universities.** Some states have implemented more coherent statewide placement and assessment policies in the intersection of high schools and community colleges. Some states have worked at articulation and transfer agreements between community colleges and universities. All states should have—and should strengthen—a P-through-16 pipeline.
- 3. Strengthen data systems.** The gathering of student-outcome data within individual community colleges has proved a powerful driver of institutional practice and decisions regarding the allocation of resources. A culture of evidence can elevate best practices, foster innovation, and measure progress.
- 4. Reform delivery and content of developmental education in community colleges.** Too many students, needing remediation, especially in math, begin and end their college education in developmental education classes. Policy across the South should make it possible to get such students through developmental courses quickly so that they can advance towards a credential or degree.
- 5. Provide vulnerable students with supports that help them surmount barriers to completion.** For many part-time students and/or students going to college to upgrade skills while holding a job, household and family conditions have an influence on completion. It's important that low- and moderate-income families see that they get access not only to available student financial assistance, but also child care, transportation, and other supports necessary to keep them on an education track.

Higher education—in the form of two-year and four-year colleges and universities—has special roles to play in shaping the South’s future, its economy, and its society. Our states and communities need universities, especially public research institutions, not only to graduate young people of high and specialized talent, but also to create and transfer knowledge, to enrich the economic marketplace and democratic governance. For their part, community colleges should serve as the hub of a system for sustained training of young people and adults for productive, family-supporting careers. The 2007-09 recession has not repealed the requirement of life-long learning.

Now more than ever, it is imperative that Southerners continue their educations beyond high school—and indeed to obtain postsecondary degrees and credentials.

Of course, college isn’t compulsory, as are elementary and secondary schools. As a result, society has often looked at high school drop-outs and college drop-outs in a different light. We call on public school systems to work toward eliminating drop-outs, but we see it as an individual choice to stay in college or not. The South has to shift its vision—and hold systems of higher education more accountable for removing barriers and smoothing the pathways (even while upholding academic rigor) to college completion.

For Southern states anticipating even more budgetary woes in the months ahead, continuing to redesign education from Pre-K to the BA can seem a heavy burden. Just running in place seems difficult enough. And yet, the diverse and changing needs of the wave of students entering our educational institutions in this decade—and the rising demand for skills in the broad economy—make it urgent that our states and communities continue to provide high-quality education to satisfy anyone’s aspirations.

For the purposes of this report, MDC has defined the South as comprising 13 states: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, Virginia and West Virginia. There are many different definitions of the South. The Census Bureau, from which much of the data in this report is drawn, includes several additional states in its three Southern regional divisions. Regional policy organizations have different mixes of states. We have chosen the 11 states that seceded to form the Confederacy at the outset of the Civil War, as well as two additional states that share the cultural, geographic, and economic characteristics of their neighbors.

This report does not purport to “rank” states and localities. Even as we identify social and economic characteristics common to the South as a region, the report points out differences among sub-sections of the South to call attention to people and places in distress and emphasize issues that will face the region—and the nation as a whole—in the future.

About MDC

MDC is a nonprofit organization that has been publishing research and developing programs focused on expanding opportunity, reducing poverty, and addressing structural inequity for more than 40 years. MDC's focus is on: defining gaps and mobilizing leaders at all levels to create a will for change; demonstrating sustainable solutions and developing them into effective models; and then incubating them so they can be replicated at scale for maximum impact.

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For more information, visit www.mdcinc.org.

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