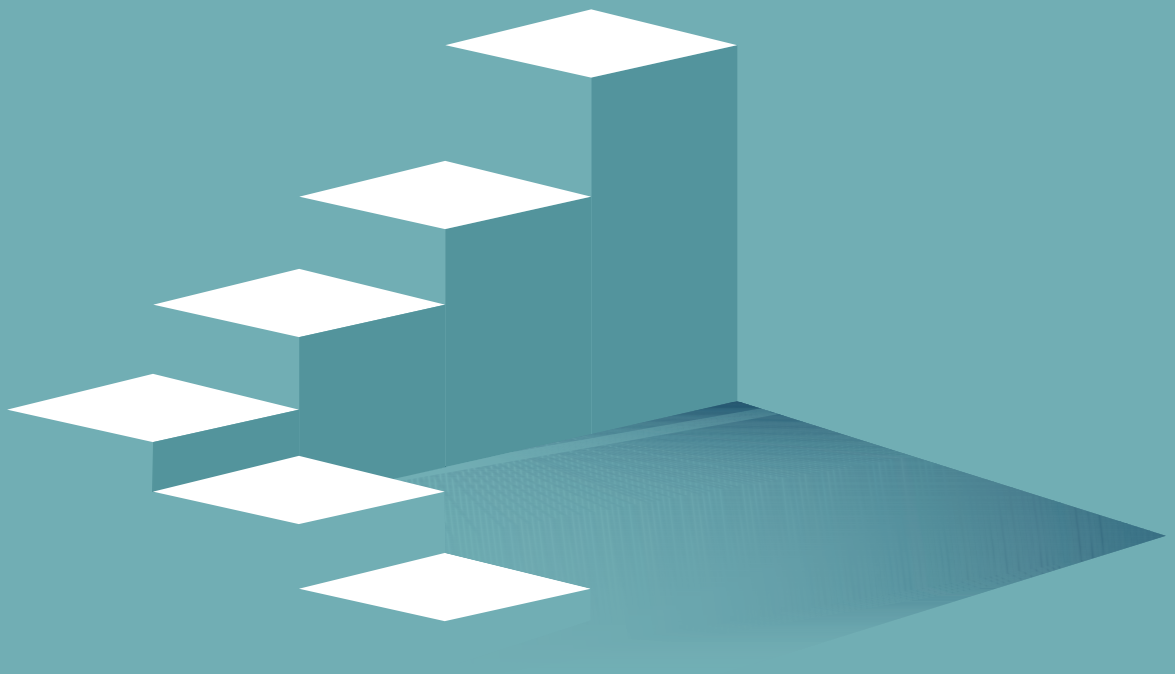
STATE *of the* SOUTH

# RECOVERING OUR COURAGE

MDC
FIFTY YEARS



*Today the South is simultaneously moving forward and falling back, drawing together and drifting apart. As leaders of a city that is leading the South forward, how can you once again summon the courage to face and change the barriers to equity and opportunity as you did 50 years ago?*

MDC
FIFTY YEARS

*About MDC*

MDC, a nonprofit based in Durham, N.C., brings together foundations, nonprofits, and leaders from government, business and the grassroots to illuminate data that highlight deeply rooted Southern challenges and help them find systemic, community solutions. Our approach, developed over 50 years, uses research, consensus-building, and programs that connect education, employment, and economic security to help communities foster prosperity by creating an **"Infrastructure of Opportunity"**—the aligned systems and supports that can boost everyone, particularly those who've been left behind, to higher rungs on the economic ladder. MDC has published *State of the South* reports featuring region-specific data and insights since 1996 to further our mission of helping Southern communities, organizations, and leaders close the gaps that separate people from opportunity.

**As MDC marks** its 50th year as a catalyst for a South where all people thrive, the moment is ripe to look backward and forward, to examine how we have progressed and what we must do to be a region that is inclusive, equitable, and capable of sustaining its forward momentum.

We found that 50 years after the Civil Rights Movement and MDC's founding, Southern outcomes in education, employment, and income are better—but they aren't nearly good enough. The vision of an inclusive and thriving South is still elusive. We have substituted a culture of withdrawal for a culture of investment. Today, we see the re-segregation of schools and the persistence of racial disparities in housing and employment, some enabled by state and federal legislation, some perpetuated by structural inequities that laws didn't remove or relieve. Few Southern cities are achieving growth, prosperity, and inclusive economic outcomes that improve conditions across the socioeconomic spectrum; regional growth and prosperity, matched with limited inclusion of historically disadvantaged populations, will likely exacerbate social fissures produced by shifting demographics and increased income inequality.

Can the levers of progress that helped us move forward before be elevated and reinvigorated to do so again? This report looks at our aspirations and ways we can lay the foundation for a South that is inclusive, equitable, resilient, and committed to propelling all its people forward.

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# SHAPING A SOUTH WHERE ALL PEOPLE THRIVE

**As MDC marks our 50th year** as a catalyst for a South where all people thrive, the moment is ripe to look backward and forward, to examine how we have progressed and what we must do to be a region that is inclusive, equitable, and capable of sustaining its forward momentum. Fifty years ago, the South summoned the courage to transform its self-limiting approaches to economic and human development and move toward a different future. Today, we enjoy the legacy of those of visionary and courageous actions. The seeds planted decades ago and nurtured by deliberate public and private investment have allowed the South to shed some, though by no means not all, of its self-limiting "also-ran" status.

- Fifty years after MDC's founding, Southern outcomes in education, employment, and income are better—but they aren't good enough. As a whole, Southern schools, colleges, and universities perform better than ever, though in constant need of improvement to meet the demands of both democracy and a changing economy. However, most states still lag the national average in K–12 achievement, and blacks and Latinos lag white students in both K-12 achhievement and postsecondary degree attainment—the latter a threshold that is increasingly necessary to attain family-sustaining wages.
- The South has hubs of excellence and innovation in medicine, health, and science, providing the benefits of modern medicine and hospitals, networks of well-trained providers, and improved public health programs. And yet, millions of Southerners still lack adequate health insurance. The failure to expand Medicaid in states across the South not only has made it difficult for patients to receive and afford care, but for hospitals to keep their doors open. The number of rural hospital closings is rising, often in areas with the poorest health, signaling the creation of health care deserts.[1]

[1] National Rural Health Association

- Charleston, Biloxi, and New Orleans have largely recovered from devastating storms of a decade or more ago, even as several Texas and Florida cities were hit hard by hurricanes in 2017. Yet the South's vast coast, enjoyed by residents and vacationers, is increasingly vulnerable to intense storms and sea-level rise, threatening both trade and tourism.

Though educational attainment beyond high school has increased, and median income has grown, there are still staggering disparities across racial lines, and children born into low-income households have little chance of doing better than their parents. In MDC's early years, Jim Crow laws and school segregation were finally being dismantled because of federal action, spurred by local and national activism. This progress was not the result of widespread good will, but rather occurred *despite* a large constituency in the South that wanted to preserve exclusion. Some factors that made progress possible were:

- Beneficial social and economic expansion at the national level that lifted the South as well
- Federal laws and regulations that forced changes in voting rights and school segregation
- Federal investments in infrastructure and economic development
- Grassroots activism, unconventional leaders, and relentless legal advocacy to begin dismantling racial and gender exclusion

But looking toward the future, the vision of an inclusive and thriving South is still elusive. Our systems of governance, education, and employment result in disparate outcomes. Race, gender, and place of birth intersect in myriad combinations of barriers or preference, with increased vulnerability for some and a safety net for others. Concentrated poverty often exists side-by-side with concentrated affluence, and educational and economic opportunity often reflect those disparities in their resource allocation and quality.

We have substituted a culture of withdrawal for a culture of investment. Today, we see the re-segregation of schools and the persistence of racial disparities in housing and employment, some enabled by state and federal legislation, some perpetuated by structural inequities that laws didn't remove or relieve. The social and economic consequences of these inequities affect generations of families, particularly communities of color, and families across the region are less financially secure. The anemic economic recovery from the Great Recession is not conferring benefits to those in middle- and lower-income brackets, leaving low- and middle-income families more vulnerable to rising housing and education costs and increasing uncertainty in everything from retirement benefits to weather patterns.

Few Southern cities are achieving growth, prosperity, and inclusive economic outcomes that improve conditions across the socioeconomic spectrum; regional growth and prosperity, matched with limited inclusion of historically disadvantaged populations, will likely exacerbate social fissures produced by shifting demographics and increased income inequality. **Can the levers of progress that helped us move forward before be elevated and reinvigorated to do so again?**

## BELONG • THRIVE • CONTRIBUTE

James Baldwin wrote in 1962, **"Not everything that is faced can be changed, but nothing can be changed until it is faced."**[2] As a region, we continue to grapple with the push and pull of history, the getting better but not improving enough. Progress toward a more inclusive society will require facing our history and seeing our current situation clearly. This report looks backward and forward through three lenses:

**Belonging:** Creating a more inclusive society in the South first requires answering the question "who belongs?" Fifty years ago, we wrestled with that question and answered—first reluctantly and then more emphatically—"black and white together and equally." We must ask this question again in a multi-racial South where the fault lines of race, ethnicity, gender, and identity inequities separate and divide us. The South needs a more accepting and affirming notion of *belonging*—one that allows individuals to be full and equal members of the larger whole and to participate in community institutions and activities without constraint.

**Thriving:** Creating a more economically dynamic South is impossible without addressing the structural inequities that fail to cultivate and deploy the full range of talents that Southerners possess. To create conditions for *thriving* Southern communities, we must support individual mobility that rests on a combination of deliberately supportive institutional practices, community supports, personal drive, and the eradication of structural barriers. Central to thriving are two pillars: education that equips all our people for value-adding, family-supporting work, and the engagement of "demand-side" investors and employers at the other end of the talent development pipeline.

**Contributing:** Fifty years ago, Southerners began to build the foundations of future prosperity even as they tried to correct the accumulated deficits of the past. By dismantling barriers to the full social, political, and economic participation of once-marginalized minorities, the region enabled more of its people to join in shaping a collective future. We now must invest again in education and employment, physical infrastructure, and health in ways that

[2] "As Much Truth as One Can Bear" in *The New York Times Book Review* (14 January 1962); republished in *The Cross of Redemption: Uncollected Writings* (2011), edited by Randall Kenan

*We have substituted a culture of withdrawal for a culture of investment.*

## That Was Then, This Is Now

*The significant political and social shifts of this time period are also reflected in the reshaping of the daily experiences of Southerners. How we vote, go to school, and get to work are different, too. Here's a snapshot of how some those experiences have changed over the last five decades.*

| | Then | Now |
|---|---|---|
| Electoral votes in the South | 144 | 173 |
| Number of Walmart locations | 18 | 2,479 |
| Number of farms | 1,258,845 | 764,300 |
| Acres of farm | 291,253,155 | 238,360,000 |
| % of population adhering to religious group | 49.87% | 50.55% |
| Homeownership rate | 65.40% | 65.80% |
| Use public transportation to get to work | 3.70% | 1.70% |
| Number of children enrolled in Pre-K (Nursery school) | 201,856 | 1,679,320 |
| Number of children enrolled in Kindergarten | 537,854 | 1,426,609 |

*Sources:*
*The availability of data as well as collection methods for some of these indicators have changed over the this time period. The notes below indicates the source year for each "then" and "now" category.*

*· Electoral Votes: Source: National Archives and Records Administration, U.S. Electoral College. "Then" represents 1968 election data and "Now" represents 2016 election data.*

*· Incarceration Rate: Vera Institute of Justice. "Then" represents 1978 data and "Now" represents 2015 data.*

*· Walmart: Available at http://corporate.walmart.com/our-story/locations. "Then" represents 1967 data and "Now" represents 2017 data.*

*· Number of farms and acres: United States Department of Agriculture, Center of Agriculture Historic Archive. "Then" represents 1967 data and "Now" represents 2017 data. Note: values for both sets are unadjusted for coverage, nonresponse, and misclassification.*

*· % of population adhering to a religion: Association of Religion Data Archives. "Then" represents 1971 data and "Now" represents 2010 data.*

*· Homeownership Rate: United States Census Bureau Housing Vacancies and Homeownership. "Then" represents 1967 data and "Now" represents 2017 data. Note: Data includes Delaware, District of Columbia and Oklahoma.*

*· Use of public transportation to get to work: United States Census Bureau, Census of Population and Housing. "Then" represents 1970 data and "Now" represents 2016 data.*

*· Number of children enrolled in Pre-K (Nursery school) and Kindergarten: United States Census Bureau, Census of Population and Housing. "Then" represents 1970 data and "Now" represents 2016 data.*

secure a more prosperous future. An infrastructure of opportunity that serves all Southerners will require bold public and private investment.

Looking backward through the lenses of belonging, thriving, and contributing can illuminate the choices we once made, the results we have achieved, and the hurdles that will test our leadership, our ingenuity, and our resolve—challenges that must be overcome to move the South forward equitably.

For most Southerners there is a pride in how far we have come even if we do not fully recall or understand what was required to get here. Many of the people in the South today were not alive in 1968 to see the turmoil and transitions of the ensuing decades; and in-migration to the region has brought people who, though alive during that time, do not share the history of place and people. There is much to learn, then, from examining that history and putting today's experiences in the context of where we have come from.

MDC holds a vision of the South as a region that is inclusive, equitable, resilient and committed to propelling all its people forward. To realize that vision requires acknowledging our history and facing our unfinished business. If we want to see different outcomes, we must embrace inclusive narratives about what it means to be Southern; we must build institutions and systems that enable resilience and inclusive well-being. Laying the foundations of our future will require that we:

- acknowledge the shifting demographics of increasing racial and ethnic diversity in the region
- imagine and enact civic engagement and economic development that address local needs and encourage cooperation of urban and rural areas
- create a strong, dual customer talent development system that enables both workers and employers to be competitive in the marketplace

*Looking backward through the lenses of belonging, thriving, and contributing can illuminate the choices we once made, the results we have achieved, and the hurdles that will test our leadership, our ingenuity, and our resolve—challenges that must be overcome to move the South forward equitably.*

- actively invest for the future, building an infrastructure of opportunity that secures prosperity for generations to come
- enlist and engage Southerners to bridge the fault lines of fear and suspicion to become co-creators of an equitable future

Acknowledging our history and co-creating a better present for a better future will require cultivating participation in civic life and decision-making from people who are now on the sidelines. Broader participation will require overcoming the myriad ways we divide ourselves by sharing power and position in ways formal and informal. With more prosperity and less vulnerability, we will be better able to face whatever lies before us, including the uncertainty of economic and political change. This report looks at our region's history and our current situation and proposes a way forward. Historically, MDC has written *State of the South* reports to inform the "leaders" of the South. This report is directed to the people of the South to inspire reflection and action to build the region we all deserve.

# FACING HISTORY, CHANGING THE FUTURE

## TUMULTUOUS TRANSITIONS

**The tumultuous late 1960s,** followed by the disruptions of the early 1970s, put the American South on edge—and on the move. It was a time of transition, of economic progress mixed with social backlash, of new opportunities arising alongside ancient anxieties.

For more than half of the 20th century, powerful white Southerners had imposed—and persistently defended—systematized racial separation known as Jim Crow. In addition to legalized segregation, the region was defined by rampant poverty, one-party politics, and an abiding ruralness. A stultifying stratification—economic, cultural, racial—defined how Southerners would "belong" and whether they could thrive. Efforts to sustain the fault line of race dominated the governance of otherwise diverse Southern states and communities.

What the historian C. Vann Woodward termed "shocks of discontinuity" at last brought about racial, economic, and political change. Black Southerners organized the Civil Rights Movement. Jim Crow structures crumbled under the weight of both court rulings and federal laws through the '50s and '60s. The movement bore fruit in laws expanding political participation and educational opportunities.

As the 1960s waned, those stark old signs demarking "white" and "colored" came down. Racist attitudes, of course, remained, but the South then turned several pages to write new chapters in its history. By late 1967, when MDC was founded, the South was exiting the era as the out-of-sync, isolated region of the United States. It had entered a period of disruptions of its old, ingrained ways of living and working.

Progress also resulted from newly elected black office-holders, ministers, and grassroots organizers who engaged in the democratic process—and continued to protest. They used the levers of the political parties and of Congress, state legislatures, and local school boards to push politicians to respond to the needs and aspirations of Southerners who had been left behind. For employment, the South grew less dependent on agriculture and more on manufacturing. The dismantling of legalized racial discrimination helped position the South for a quarter-century of robust population and job growth—growth that, in turn, had political and cultural ramifications.

But forces of resistance and retrenchment were still at work. Lingering racial resentments found a political voice that limited public investment in public institutions. What's more, an era of economic shifts made life more vulnerable for one-industry small towns and adults without education beyond high school.

Southerners saw their public lives shaped, and personal attitudes tested, not only by regional change, but also by events across the United States and the globe. The fraught 1960-70 transition period was marked by the escalation of fighting in Vietnam, the Six-Day War in the Middle East, the landing of men

on the moon, the women's rights movement, the emergence of counter-cultural communes, and advocates of black power. In the summer of 1967, civil strife broke out in major cities, North and South, while the assassinations of Martin Luther King, Jr. and Robert F. Kennedy in 1968 shook the nation.

*A stultifying stratification—economic, cultural, racial—defined how Southerners would "belong" and whether they could thrive.*

Amid the civic tumult, MDC was established as the North Carolina Manpower Development Corporation, a spin-off from the North Carolina Fund, a pioneering anti-poverty effort of the mid-1960s. MDC's original mandate was to assist its home state in making the transition from agriculture to industry, and from a segregated to an integrated workforce.

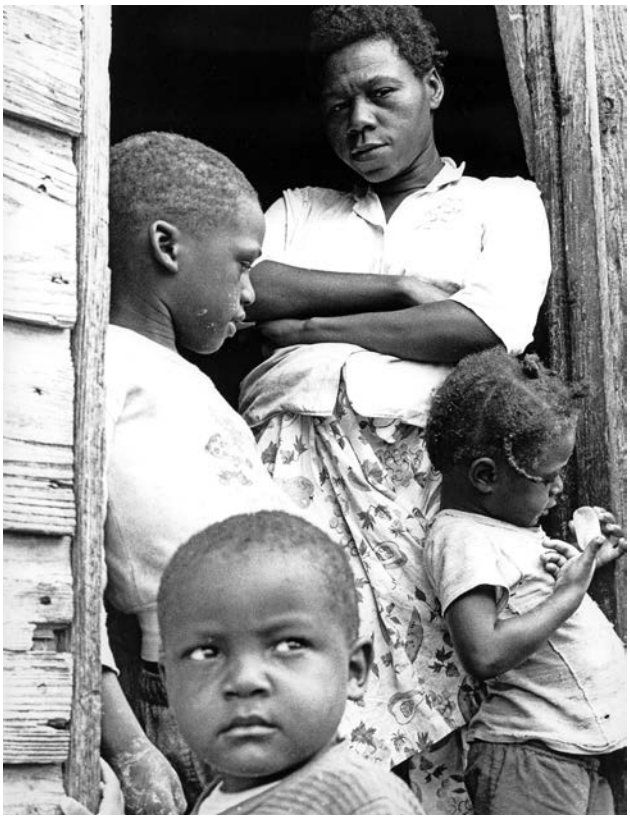
MDC was founded during a period in which the South was changing, in part under the duress of federal power and, in part, potent economic forces. But change also came about through the efforts of black and white residents who stepped up to exert leadership in their states and communities. In both real and symbolic terms, the establishment of MDC as a nonprofit research organization focused on workforce and communities serves as an expression of a strong impulse in the South during those years to shape change, not resist it, to bring about a better region through expanding the opportunity for participation and prosperity.

## UNEVEN PROGRESS

Nearly 50 years later, looked at from the perspective of Southerners who knew their region as the home of segregation, poverty, and injustice, the South appears better off, having made progress in reducing poverty, diversifying the economy, and improving educational attainment. Some advances resulted from civic leaders who sought to chart a post-Jim Crow future of inclusion and economic advancement by turning their attention to eliminating illiteracy, recruiting industry, and managing government to solve problems.

The South of today is a different place than the South of five decades ago. Through the last quarter of the 20th century, Southern commentators often remarked on the Americanization of the South—and the Southernization of America. Today, even with its enduring distinctiveness in music and food, as well as cultural attitudes, the South is more like the rest of the United States than ever. The region has more affluence, a more diverse economy with a potent corporate sector, a stronger middle class (blacks and Latinos as well as whites), better schools, health care, and transportation than it did 50 years ago.

And yet its greater-than-ever prosperity is not widely or evenly shared. Though the gap has narrowed, poverty rates still exceed



that of the nation. Too many Southern people and places fail to flourish. Sharp racial disparities in poverty, wealth accumulation, and education remain. There are widening gaps between those who are able to climb the ladder of economic mobility and those who aren't. From the perspective of where we want to be, **we are not moving ahead fast enough, and in some ways, we're moving backward**. And new challenges demand responses: immigration, climate vulnerability, mass incarceration, and *de facto* forms of Jim Crow.

For many Southerners and their communities, economic disruptions intensified stress as the old, stratified society gave way to a more fluid and dynamic world. The disappearance of middle-skill jobs and the erosion of middle-class earnings spread anxiety. Income inequality widened, and even major metropolitan areas failed to propel upward mobility among young, low-income people.

Social and demographic change exacerbated anxiety and the fault line of race that may have narrowed but didn't vanish, even as more Hispanics and Asians made their homes in the region. Many African Americans were still disenfranchised. And many white Southerners felt that their world had eroded under them; as Arlie Russell Hochschild writes in capturing the theme of her book about South Louisiana, *Strangers in Their Own Land*, "the shifting moral qualifications for the American Dream had turned them into strangers in their own land, afraid, resentful, displaced, and dismissed by the very people who were, they felt, cutting in line." The South's history, and current state of economic inequality, environmental devastation, and racism have contributed to the

entrenchment of deeply held attitudes, beliefs, and assumptions about who deserves which socioeconomic position, and who deserves support along the path to success.

The South's public life suffers, as does the nation's, from polarization between political partisans, between big cities and small towns, between class and racial segregation of nearby neighborhoods. A survey released in fall 2017 by PRRI, a nonprofit research organization that focuses on religion and public life, took a special look at the Southeast and Southwest. Its findings point to dramatic differences in perceptions across racial lines during the 2016 election year and afterwards.

"Close to half (48%) of Americans living in the Southeast and Southwest regions say they feel like a stranger in their own country," says the PRRI report, echoing Hochschild. "A slim majority (51%) disagree... A majority (54%) of black residents and close to half of Hispanic (45%) and white residents (49%) report feeling this way."

Civic discourse has coarsened, leaving us inadequate mechanisms to bridge the fault lines of race, class, and ideology. With the rise of social media and instant communications, people left behind have been able to speak up, be heard, and mobilize in a way not seen since movements of the 1960s. But so have the successors to those who opposed the South envisioned by those movements.

"The issue is not whether hate is back," says James A. Joseph, former U.S. Ambassador to South Africa and President Emeritus of the Council on Foundations. "It is whether we have allowed a few loud and angry voices to assume that it is socially acceptable to use hostile and demeaning public rhetoric to destroy the dignity, deny the humanity, and de-legitimize those with whom they differ. Those of us who worked in the Civil Rights Movement and the public life of our nation in the 1960s learned that violent rhetoric can lead to violent consequences."

Developments over the past decade seem to have sapped the wherewithal to continue advancing and the will to extend to all Southerners the benefits that some allow some—but not all—to belong, thrive, and contribute in our region. We need to examine formulas for progress and equity that apply to today's conditions. By asking why progress has stalled, Southerners can begin to apply their civic energy and entrepreneurial spirit to rebuilding state and local capacity to address inequities and economic distress.

*The South's history, and current state of economic inequality, environmental devastation, and racism have contributed to the entrenchment of deeply held attitudes, beliefs, and assumptions about who deserves which socioeconomic position, and who deserves support along the path to success.*

# BELONGING: A HALF-CENTURY OF SEISMIC CHANGE

## DEMOGRAPHIC DESTINY

*Creating a more inclusive South requires committing to a more spacious definition of who "we" are.*

**Disruptions to the status quo aren't** easy to live through—they weren't easy 50 years ago and they certainly aren't today. Our country, and the South in particular, are again redefining belonging. Demographic shifts and migration patterns (into the South and from rural-to-metro), along with changing concepts about identity, are demanding a different conversation. The bi-modal racial narrative of black/white is not sufficient to describe the region. The demographic momentum that predicts a "majority minority" population has fueled backlash narratives that tap into anxiety about "losing a place in line," a scarcity mentality that has been at the black heart of discriminatory policy and practice since our beginnings. Tracing the last 50 years of population and migration can help us understand where we might go next.

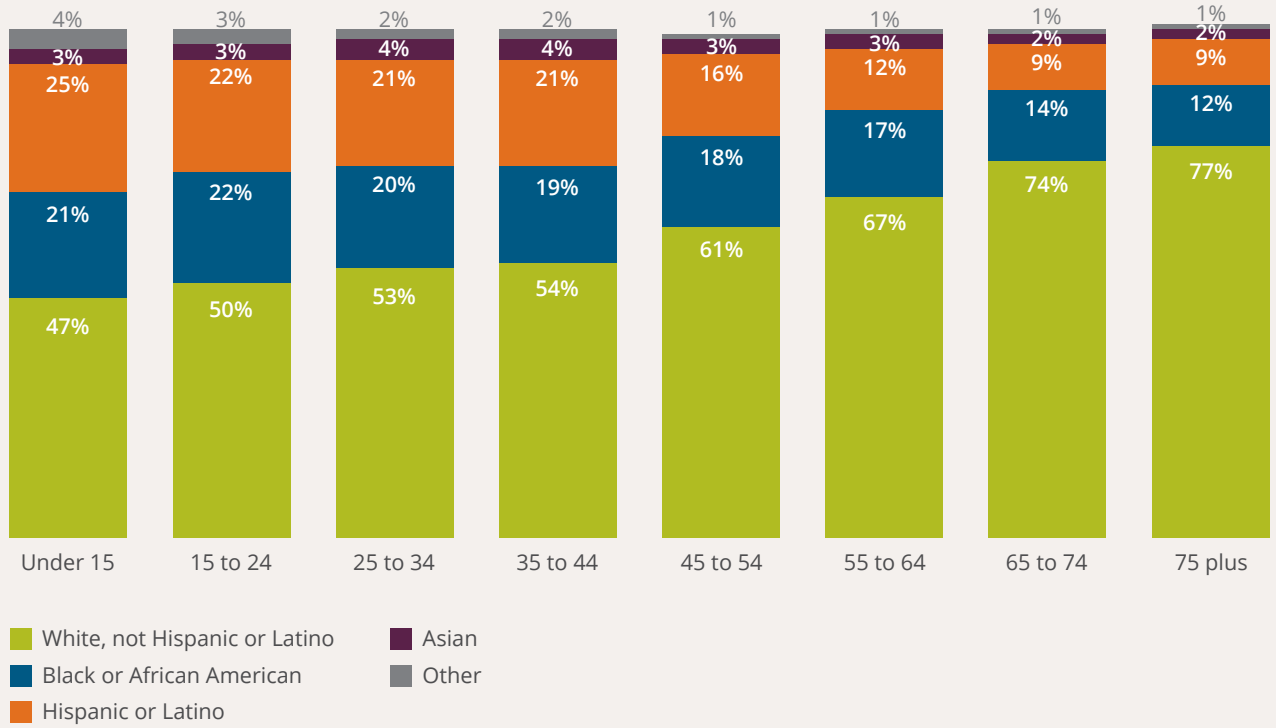
Instead of African Americans leaving the South as they did in the 1960s, they have since moved to the South more than to any other region. "Thus, a half-century after the civil rights legislation of the 1960s," demographer William Frey wrote in his 2015 book, *Diversity Explosion*, "new generations of blacks, particularly those with a college education, are moving away from their earlier predominant destinations. Although the initial 'reverse' migrants may have been fleeing from deteriorating economic and social conditions in the North, recent younger and privileged migrants are moving to a more prosperous, post-civil rights South that was unknown to their forebears."

Frey identified Atlanta, Charlotte, Miami, Houston, and Dallas as major "metropolitan magnets" for blacks in-migrating to the South. And he has pointed out that more than half of African Americans in large metropolitan areas now reside in suburbs, rather than the center of cities.

The South has shifted from a bi-racial to a multi-ethnic region. The arrival of immigrants from Mexico, Central America, and Asia, as well as the births of children to immigrants, has contributed to population growth and mitigated the overall aging of the region. The younger, more diverse South of today starkly contrasts with the older generation of the region. While 77 percent of Southern adults over 75 identify as white, only 47 percent of Southern children under 15 identify similarly.

## An Increasingly Diverse South

*Rising generation is more racially and ethnically diverse*




*Source: MDC calculation of 2016 data using Economic Modeling Specialists International (Q1.2017)*

## 1960

"The heaviest concentration of departing Negroes occurred among those who were between 10 and 24 years old." *Charlotte Observer*, analyzing 1970 Census data. In the ensuing decade, more than 1.4 million black people left the South, mostly resettling in the urban North.

## 1967, JUNE

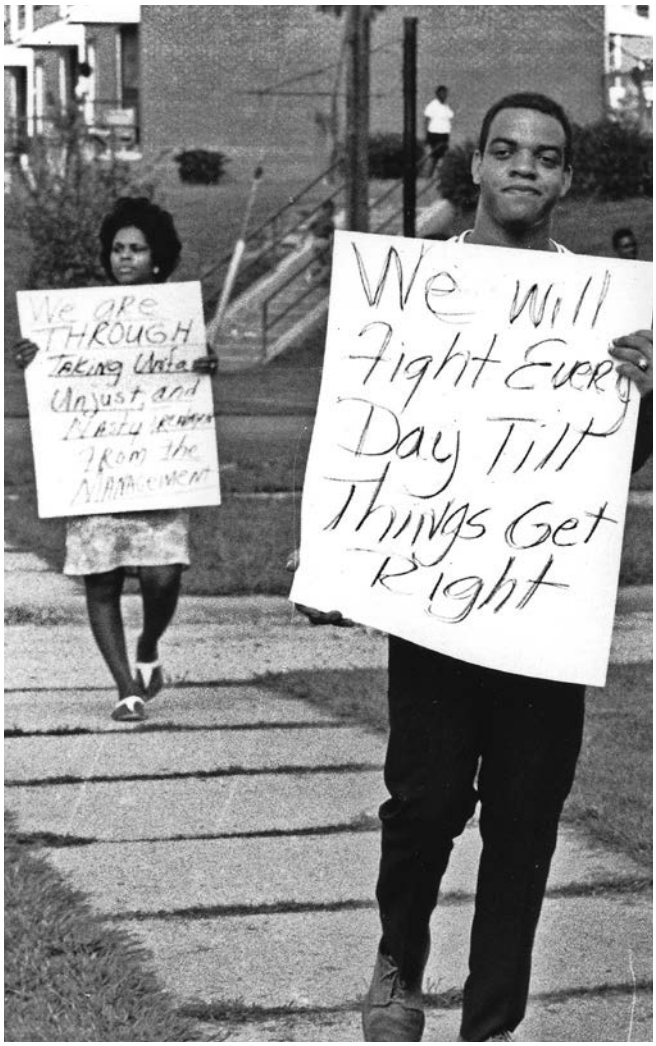
Supreme Court makes its landmark ruling in the Loving case, striking down Virginia's prohibition of interracial marriage. On the next day, President Lyndon B. Johnson nominated Thurgood Marshall to be the first black Supreme Court justice.

## MID-1960S

Historian James Silver describes Mississippi as a "closed society," echoing earlier descriptions from V.O. Key, who had labeled Virginia a "political museum piece," and characterized Georgia as "the rule of the rustics."

## 1967, FEBRUARY

19 whites indicted for the 1964 killing of three civil rights workers in Philadelphia, Miss.




Further diversity appears to be in store. Among Southern children and teenagers, now about half are white. Blacks, Latinos and Asians together add up to nearly half. Currently, only Texas among Southern states has a majority-minority population. Recent demography projections from the Center for American Progress have Florida and Georgia becoming majority-minority in the 2020s, Louisiana in the 2030s, Mississippi and Virginia in the 2040s, and North Carolina in 2050.[3]

## SOUTHERN IN-MIGRATION AND METROPOLITANIZATION

The American South has 54 million more residents today than five decades ago and accounted for 49 percent of total U.S. population growth since 1970.[4] States along the Atlantic seaboard, as well as Texas, have grown more robustly than states of the inner-South. Texas, Florida, Georgia, and North Carolina all have more than doubled in size and account for three-fourths of the region's population growth during this period. The scale of population growth suggests a sweeping regional transformation—while the details of that growth tell an even more dramatic story.

Of course, some growth comes naturally, with births exceeding deaths as people live longer lives. In terms of the South's development, even more important are the shifts that arise from the mobility of American society, as people move from one state to another, from a small town to a city, from a city to a retirement community.

[3] The "States of Change" Center for American Progress 2015
[4] Growth in the 13 states MDC defines as the South: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, Virginia, and West Virginia

**1968, APRIL** Martin Luther King, Jr., is assassinated while supporting a sanitation workers' strike in Memphis.

**2003** The Latino population surpasses the African-American population to become the largest minority group in the U.S.

**1973** Maynard Jackson, Jr., elected first African-American mayor of Atlanta, GA

**1991** W.W. Herenton elected as the first African-American mayor of Memphis and re-elected to five terms.

**2014** #BlackLivesMatter emerges on Twitter as a call to action for black people following the innocence verdict for George Zimmerman in the death of 17-year-old Trayvon Martin in Florida.

The population surge of fastest-growing Southern states has largely been driven by in-migration from other states and immigration from other nations. As its supply of jobs expanded, the South became an importer of talent. College-educated Americans moved in. The South's strong-growth states have out-paced the slower-growth states. In 2015, 64 percent of Florida's population was born in another state, while slower-growth states like Kentucky and Mississippi's out-of-state population hover around 30 percent.

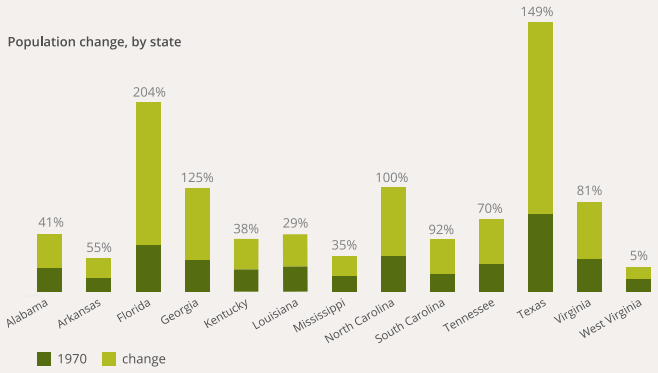
For example, in North Carolina, four out of 10 current residents were born outside the state. Today, 7.7 percent of North Carolina's population of 10 million were foreign-born, up from .6 percent of its 5.2 million population in 1970. According to UNC-Chapel Hill demographer Rebecca Tippett, 17 North Carolina counties have more residents born elsewhere than native-born; similar shifts are seen across the region.

In 1970, only two states had sizable foreign-born populations—Florida at 8 percent and Texas at 2.8 percent of their total; all other Southern states had well below 100,000 foreign-born residents. Now all states, except West Virginia and Mississippi, have more than 100,000 foreign-born residents. And the fast-growing states have become the most robustly multi-ethnic—Florida nearly 20 percent foreign-born, Texas about 17 percent, Virginia more than 11 percent, Georgia nearly 10 percent, and North Carolina about 8 percent.

Born-elsewhere Southerners have been attracted by jobs, educational opportunities, and quality-of-life factors. The region faces challenges in building and sustaining a sense of belonging to communities filled with highly mobile people. To elevate their economies and spread prosperity, Southern states have to rely on—and educate more of—their own, at-home citizens to meet the talent deficits that immigration is not erasing.

**Southern Growth: The Big Get Bigger**

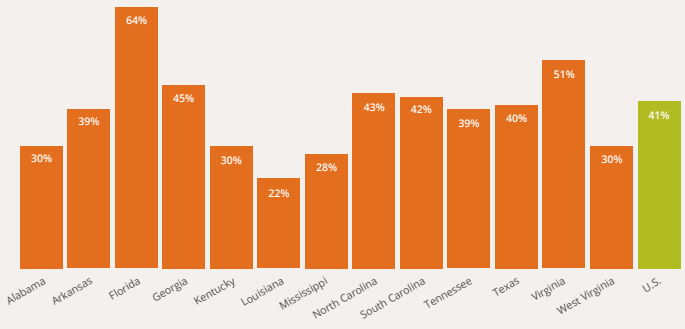
*FL, GA, NC, and TX lead population growth*




*Sources: 1970 U.S. Decennial Census, 2016 U.S. Census Population Estimates*

**New Neighbors**

*Fastest growing states have largest share of residents born out-of-state*




*Source: 2016 American Community Survey 5-year estimates*

# 1960s

Two-thirds of Americans nationwide lived in metropolitan areas, but the South's populace remained roughly half-urban, half-rural—even in the wake of the post-World War II economic expansion and spur to urbanization.

## 1960–1969

The number of black Southerners living in the region's central cities rose from 25 percent to 28 percent. There were more black people living in poverty in Southern cities than in Northern ones.

## 1967

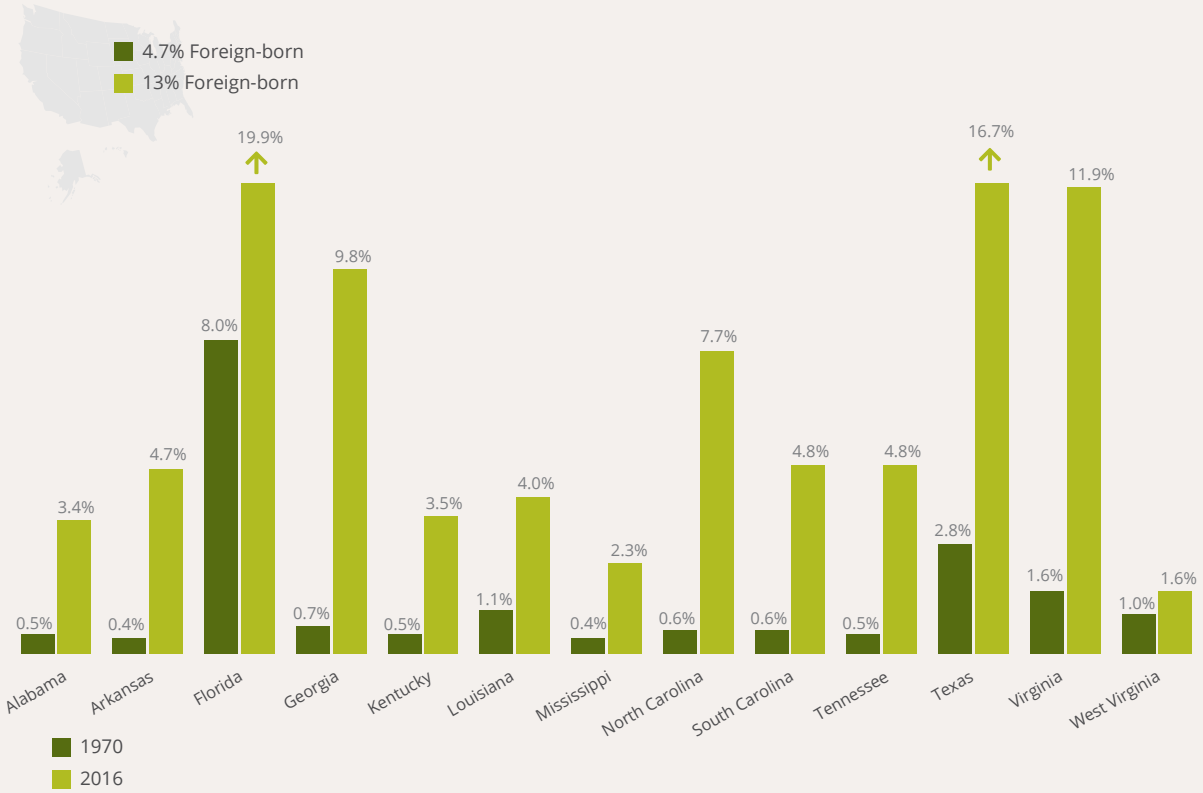
A year before his death, Robert Kennedy, then a senator from New York, visits Mississippians along U.S. 61, the north-south highway that runs parallel to the big river. His tour, with national media in tow, introduces Americans to the scandal of hunger in the Delta. In the same year, a National Advisory Commission on Rural Poverty issues its landmark report.

## 1970

61 percent of Southerners live in a metro county

## Immigrant Population Growth

*Share of foreign-born residents has increased across the South, especially in the fastest growing states.*




*Source: 1970 Decennial Census; 2016 American Community Survey 5-year estimates.*

## 1972

"Not only has urbanization now caught on in the South, but in the fashion of all late converts, the South is zealously leading the nation into the last third of this urbanizing century... These national trends of suburbanization of population and jobs, migration of blacks to metropolitan areas, concentration of blacks in central cities, and the exodus of whites to urban fringes are beginning to shape Southern metropolitan areas decisively." Joel Fleishman, You Can't Eat Magnolias, essays assembled by the LQC Lamar Society

**1990**

NC is most rural state in US

**2015**

75 percent of Southerners live in a metro county

## SOUTH RELIES MORE ON METRO-POWER

Southern population growth has not been evenly distributed; rather, it is more pronounced in metro areas, a trend that was just beginning as the movement from a rural to a metropolitan-dominant region had just picked up steam in the early 1970s. Through the last quarter of the 20th century, that dynamic accelerated to change the face of the region. Today's South contains one-third of the nation's 100 most populous metro areas, and five of the top 10: Dallas, Houston, Washington, D.C. (includes Virginia suburbs), Miami, and Atlanta. Since 1970, the South's metropolitan population has increased by nearly 50 percent; 75 percent of Southerners now live in a metropolitan setting.

Especially since the Great Recession, a collection of expanding metro areas has served as the South's most potent economic drivers. Repositories of entertainment, art, and culture, cities and their surrounding suburbs attract people with ideas and money to invest in them. As they have attracted the "creative class," Southern metro areas also have exerted a magnetic pull on people needed to fill burgeoning retail, service, and maintenance jobs. The double-edge of this growth—economic development that generates vitality for some and low-wage work and economic insecurity for others—is the paradox of today's South.

Thus, the region's metro areas find themselves divided among the affluent, a stressed middle class, and the struggling poor and near-poor. In 1986, MDC published "Shadows in the Sunbelt," highlighting pockets of economic distress amid the "Sunbelt" surge. It described those areas mostly as rural communities left behind by the shift of people and jobs to the cities. Now the South has "shadows" of fragility and disparity just a few city blocks away from high-rise office and condo towers.

Simultaneously, Southern states face excruciatingly difficult choices in addressing human needs in rural communities, some holding on, some dwindling. The 1980s farm crisis, characterized by drastic declines in commodity sales and record farm foreclosures, brought a nationwide awakening. The economic dislocation of rural America brought rural policy to the forefront of concerns and rang in two decades of focused legislation surrounding rural economic development. This rejuvenation halted a collapse of rural America decades ago, but today, we continue to witness a decline of Southern rural populations.

To what extent should state governments try to "save" small towns or manage decline? Rural places have varying characteristics—some are amenity-rich and some have extractive economies; some are near vibrant regions, some are isolated. Some, to be sure, have shown remarkable resilience, especially those near metro areas, along major highways, and those blessed with natural beauty that attracts retirees and visitors.

And yet, across the South, many small towns have lost their economic bases in manufacturing and mining and struggle with discouragement at best, and opioid addiction and suicide at worst.

An increase in metropolitanization has made it increasingly difficult to thrive in rural counties that lack a sufficient number of good jobs and the postsecondary institutions that would equip the local labor force with the skills needed to attract employers.

In more populous regions, regional workforce development strategies have relied on recruiting talent from other states rather than developing talent among local residents by investing in public, postsecondary institutions. Finally, the Great Recession and technological advances have created rapid and, often, unpredictable shifts in the labor market that make it difficult for communities to adjust quickly enough to meet the changing needs of employers.

## THE WAY FORWARD: PRACTICE RADICAL INCLUSION

Growing racial diversity, immigration-driven population growth, increasing metropolitanization, and a stark political divide challenge notions of who belongs. In an increasingly heterogeneous society, we have communities that are separating themselves by affluence, race, and even ideology, rather than finding similarities in how people live, work, and play to create a shared identity as Southerners. Without more cooperation across these differences, the region risks continued isolation, polarization, and increasing segregation by race and socioeconomic status.

There are narratives celebrating the region's increasing diversity, heralding the U.S. as a place where people from myriad backgrounds can find the "American Dream." And there are other, perhaps louder, narratives that demonstrate resentment and anxiety concerning demographic change. That anxiety has

resulted in increased concern about immigration, particularly immigration from Mexico. Our leaders struggle to agree on policies, such as Deferred Action for Childhood Arrivals (DACA), that have significance for young people and their access to civic and economic institutions that contribute to upward economic mobility.

Diversity is different from inclusion. Although we are more racially diverse as a region, this does not mean that access to power and resources is diversified, nor equitable across race. For far too long, black, brown, and low-income people have had fewer opportunities to pursue leadership and decision-making positions, and public and private investments have been in the most affluent communities. Systems were designed to benefit some and leave others behind. Youth and young adults in these communities are the South's present and future students, parents, workers, voters, and leaders. Improving prospects for them improves prospects for our prosperity as a region and nation. Such improvement requires a refusal to leave anyone on the outside.

*Although we are more racially diverse as a region, this does not mean that access to power and resources is diversified, nor equitable across race.*

What inclusion looks like will be different in individual communities. Metro areas are struggling with how to equitably distribute the rewards of an economy that is better able to provide support for essential components of the talent development pipeline (i.e., education and employment). Growth both follows and attracts talent, but when talent recruitment is the priority, traditional talent supply lines atrophy, creating yet another desert—this time of talent and access to development opportunities. Given historic disparities and discrimination, such atrophy leaves room for socioeconomic and racial inequities to increase.

According to the Brookings Institution, only 30 of the 100 largest metro areas in the U.S. grew as a result of becoming more prosperous (i.e., increasing productivity, average wages, and standard of living). Only 11 of those 30 have inclusively managed that growth (improving the employment rate, median earnings, and poverty rates). Only eight of those produced better outcomes for *both* whites and people of color–and only three of those are in the South (Austin, TX, Charleston, SC, and Houston, TX).[5]

As governments, policy-makers, and community organizers work toward designing inclusive economies, the role of business cannot be understated. The bid for a second Amazon headquarters presented a unique opportunity to invest in a city with the political will and infrastructure to support its operations. The Brookings Metro Monitor ranked the 20 cities in the running for the new headquarters according to their level of inclusivity with Austin, TX, Nashville, TN, and Miami, FL all scoring high.[6] Being selected would mean significant economic gains for any one of these cities, but selection of one of these inclusive cities would likely mean a more equitable distribution of the rewards associated with a large business setting up shop in a community.

Increased competition among global cities has, perhaps, overshadowed a focus on equity and inclusion.[7] Across the U.S., large cities like New York and Boston have become less dependent on nearby mid-sized cities and more dependent on other large cities across the world. The cumulative effect of this makes it increasingly difficult for these smaller metro areas to remain economically prosperous. Ignoring the need for inclusion would be a mistake. There are important fiscal and social costs of exclusion that require significant redistribution of tax dollars to alleviate child poverty, poor health, and higher incarceration rates. The option to ignore equity is not free and, in fact, would likely cost more in the long-term.[8]

*Rural communities are not without sources of strength.*

For rural areas, the definition of immediate success or improved economic well-being is different from their urban counterparts. Rural areas have a smaller employer base, less robust public infrastructure, an aging workforce, and fewer four-year colleges or universities. Short-term, front-end investments are not enough to address these challenges and elicit sustainable growth in rural areas. Investment must go beyond front-end capital and incorporate process-oriented models, ones that involve continued technical assistance, strategies for scale, and leadership development in order to fulfill a vision of sustainable growth. The N.C. Rural Center has put this framework into practice with their Small Business Recovery Program, aimed to revitalize local economies following Hurricane Matthew. Local leaders of participating towns strategize to guide investment decisions for local small business loans administered through the program. Alongside capital, the Rural Center also provides long-term planning and technical assistance to each of the towns, promoting a continued culture of entrepreneurship and small business development in each community. A declining, but diversifying, population characterizes a new rural South with a new set of obstacles and remnants of decades' old ones.

Rural communities are not without sources of strength. Community colleges in these areas, for example, often serve a more central function than those in metro areas. These institutions are generally more integrated with other community-based organizations, often serving students along both the secondary and postsecondary continuum, creating closer partnerships with industry to train new and incumbent workers whose jobs increasingly require a postsecondary credential.[9] They are neutral conveners for multiple stakeholders, and act as a hub for improving

[5] https://www.brookings.edu/blog/the-avenue/2017/04/27/the-surprisingly-short-list-of-u-s-metro-areas-achieving-inclusive-economic-growth/
[6] https://www.brookings.edu/blog/the-avenue/2018/01/18/jeff-bezos-will-value-inclusion-amazon-hq2/
[7] https://www.nytimes.com/2017/12/22/upshot/the-great-disconnect-megacities-go-global-but-lose-local-links.html?nytapp=true
[8] https://www.brookings.edu/research/opportunity-for-growth-how-reducing-barriers-to-economic-inclusion-can-benefit-workers-firms-and-local-economies/
[9] Anthony P. Carnevale, Tamara Jayasundera, and Artem Gulish (2016). America's divided recovery: college haves and have-nots. Georgetown University Center on Education and the Workforce

residents' fiscal well-being and health. Through the Healthy Places NC initiatives, rural North Carolina community colleges have acted as champions of social change, specifically addressing the health challenges of their region. By collaborating with schools, hospitals, nonprofits, and churches, colleges have revamped nutrition programs, developed comprehensive exercise programs, constructed sustainable community gardens, and encouraged an overarching culture of healthy living in their communities.

Providing opportunities for upward economic mobility in rural communities also may mean that we need to connect young people to jobs outside their hometown. Connecting rural areas to nearby metropolitan hubs creates a symbiotic relationship between urban and rural areas that can provide a supply of labor for metro areas and new pathways for rural youth. The long-term vision of the rural South requires an economic environment that clears pathways to success in both the local rural community as well as the distant urban ones. This vision not only allows rural community members to stay closer to home, but also encourages those who have left rural areas to have an economic incentive to return. This autonomy and self-determination is critical to the success of the South as it allows individuals to decide where they belong, what it means to thrive, and how they want to contribute. Managing the declining population of rural communities and making intentional investments can preserve what is, for some, a staple of their identity as a Southerner. It reaffirms what it means to belong in the South, and ensures that metropolitanization doesn't the leave rural communities behind. Southern history is full of rivalry between city and countryside, as well as mutual dependence. In recent years, several Southern states have implemented rural development policies and programs, often overwhelmed by the powerful forces of globalization and technology. Now the challenge for the South is not to set city against countryside anew, but rather to assure that its most powerful economic engines remain in tune and powerful. There is an opportunity for the region to deploy metropolitan "hubs" as catalysts for regional economic advancement—that is, to connect rural people and communities to the metropolitan economies in ways that serve both. The South must find its way to a new narrative—one that recognizes that more inequity means less development and that talent has many faces. A expanded definition of belonging is critical to expanding the conditions that lead to thriving communities.

# THRIVING: EQUITY IS ESSENTIAL FOR COMPETITIVENESS

*Creating a thriving South requires policies and systems that advance competitiveness with equity.*

## MORE EDUCATIONAL ATTAINMENT; SAME DISPARITIES

**Fifty years ago,** the forces that spurred improvements in economic well-being in the region included investments in the education system, shifting the development paradigm from agriculture to industry, and acknowledgement that the destiny of the region was tied to a global economy. In many ways, these forces have morphed and continued to modernize, but they are still crucial. However, state and local efforts are not forward-looking enough to anticipate and adapt in ways to take advantage of new opportunities.

For the last third of the 20th century, the South played catch-up in education. The school segregation of the previous era was a purposeful public policy to provide an inadequate education to a large segment of the region's young people. Through the 1960s, and in subsequent decades, the South got pulled along in the national momentum to forge a more educated nation.

Before the 1970s, Southerners still thought in terms of a high school diploma as the end of education for most and the prevailing economic development formula demanded nothing more. But then, governors and legislators were confronted with the parallel needs of responding to desegregation orders and to industries and technological enterprises with jobs that demanded thinking and technical skills beyond a conventional 12th-grade diploma.

As their leaders came to understand that diversifying their states' economies would require a workforce of better educated people, Southern states invested to expand vocational-technical institutions or develop systems of community colleges. In some states, such as North Carolina and Texas, bolstering universities emerged as central to the modernization strategy. Some governors stepped up to national leadership in school reform, expanding kindergartens and raising standards in public schools.

*Today, Southern states face major issues in determining the future of schooling, particularly from pre-Kindergarten through high school.*

Improvements in K–12 education, at the beginning of the education pipeline, resulted from federal judges who issued desegregation orders, federal financing for schools with high enrollment of students from low-income families, a business community persistently concerned about a skills-gap, the expansion of jobs attracting residents from elsewhere, and "New South" governors and state legislators who adopted school reform and accountability measures.

Today, Southern states face major issues in determining the future of schooling, particularly from pre-Kindergarten through high school. Most states now have a mixed system of traditional public schools, government-funded charter schools, secular and religious private schools, and home schooling. Still, the public schools continue to educate eight out of 10 Southern young people. As states have expanded school choices, a decade of budgetary austerity has left most states with a lower relative level of public investment in public schools and higher education than before the Great Recession.

In addition to a slackening of investment, the gains made in school desegregation have largely slipped away as a consequence of the lifting of court mandates, population shifts, residential segregation, and a lessening of public will for maintaining racial and socio-economic diversity. In its recent report documenting the resegregation of Southern education, the Civil Rights Project of the University of California at Los Angeles noted, "Fifty years ago, the South was in the midst of a rapid and radical transformation of its public schools, going from complete segregation to the most desegregated region of the country for black and white students. Several generations of students were educated in the region's diverse schools, but much of the progress is eroding as the South undergoes another shift toward a tri-racial region where no one group comprises a majority of students."

An analysis of National Assessment of Education Progress (NAEP) scores provides an example of the erosion of progress. While fourth-grade scores in math and reading in several

# 1960s

"All the marching and court rulings did little to change some southerners' hearts. A 1968 survey found that eighty-three percent of whites said they preferred a system with no integration. And they acted on those preferences. By 1970, 158 new white private schools had opened up in Mississippi. By 1971, a quarter of the white students were in private schools, the white families paying tuition many could scarcely afford."
Isabel Wilkerson, *The Warmth of Other Suns*

## 1971

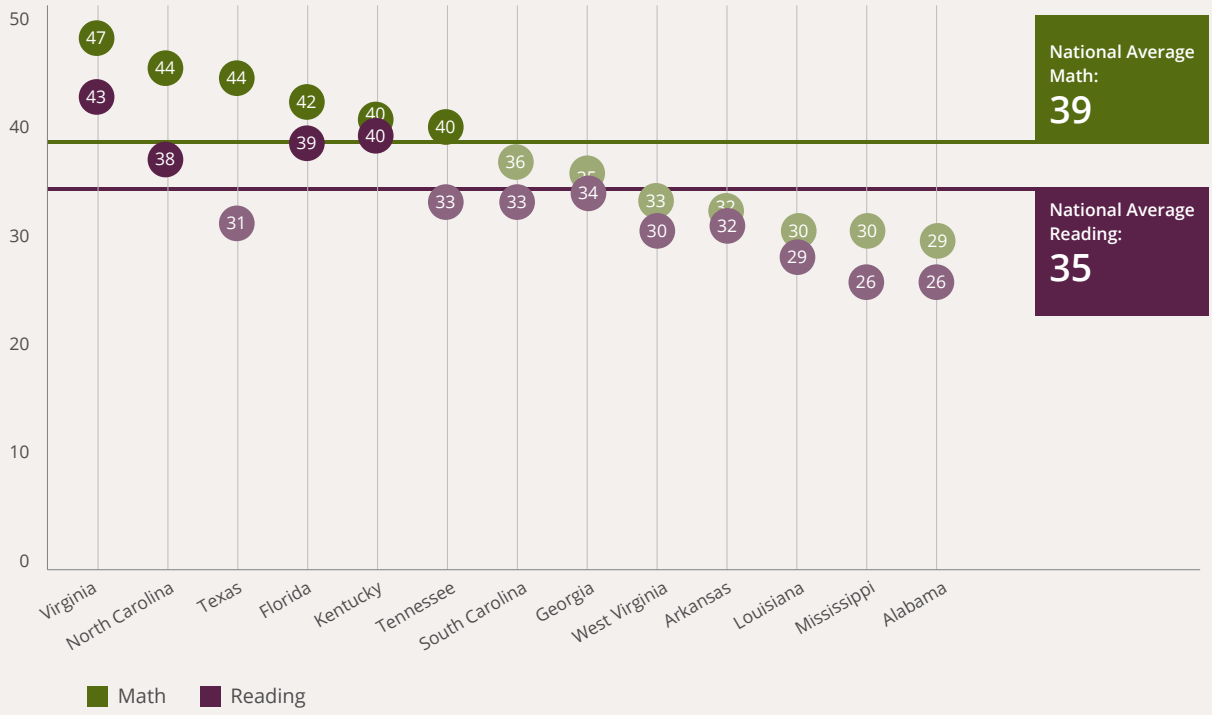
U.S. Supreme Court's Swann decision ruling that Charlotte, N.C., should use busing as a desegregation tool. Charlotte's business leaders enthusiastically backed the decision.

## 1974

Equal Education Opportunity Act passed by Congress to make bilingual education more widely available in schools.

## Fastest growing states lead in K-12 achievement

*Percentage of students at or above proficiency in reading and math*




*Source: U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, National Assessment of Educational Progress (NAEP), 2015.*

## Thriving: Fifty Years Ago

### *What did we face?*

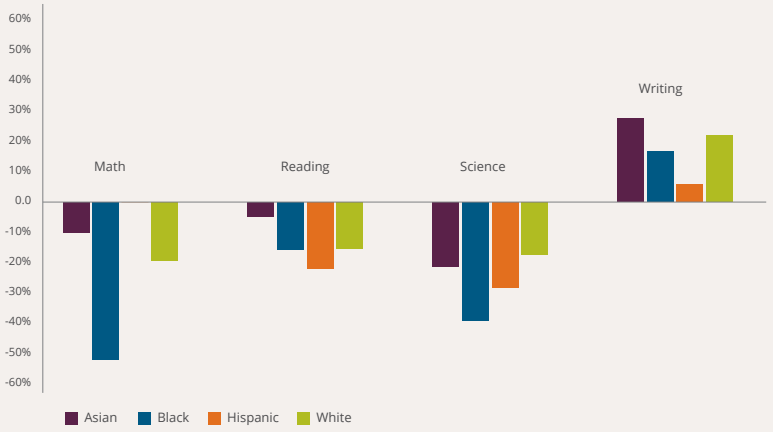
- Economic model rooted in low wages/limited taxation led to poverty and justified low social investment
- Regional isolation in a globalizing economy

### *What drove change?*

- "Modernizing" political and business leaders
- Beneficial federal investments
- Purpose-built regional institutions to model progressive policy and practice

## Virginia: Gaps in K-12 achievement grow largest for black & Latino students

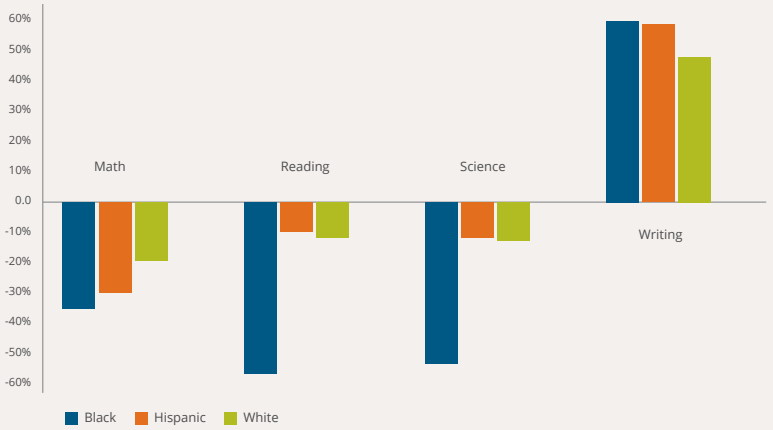
*Percent change in students' scoring at or above proficiency between grades 4-8, by race*




*Source: U.S. Department of Education via The Nation's Report Card*
*Note: data on Hispanic math scores are included (0%)*

## Arkansas: Gaps in K-12 achievement grow largest for black & Latino students

*Percent change in students' scoring at or above proficiency between grades 4-8, by race*




*Source: U.S. Department of Education via The Nation's Report Card*

Southern states on the 2015 (NAEP) exceeded the national average—North Carolina, Florida, Texas, Virginia and Kentucky—several of the inner-South states consistently scored below the national average.

White students generally perform better than Black and Latino students on all NAEP tests across grades and states with few exceptions. While NAEP scores of students of all races typically improve from grades 4 to 8 (with the exception of writing), black and Latino students saw smaller gains. Even in states with the highest postsecondary attainment rates (e.g., Virginia) and those with the lowest (e.g., Arkansas), blacks and Latinos aren't catching up to their white counterparts.

At the other end of the education pipeline, in the Southern states, adults who have completed high school range between 88 percent and 82 percent, and the number of Southern adults with a bachelor's degree rose from a mere 5 percent during World War II to more than 33 percent today. The region's turn-around resulted from an array of forces: the post-war GI Bill, the National Defense Loan program, and later Pell Grants fostered a dramatic increase in college-going. Federal research grants strengthened universities in the South as elsewhere—though African Americans were often excluded from these programs.

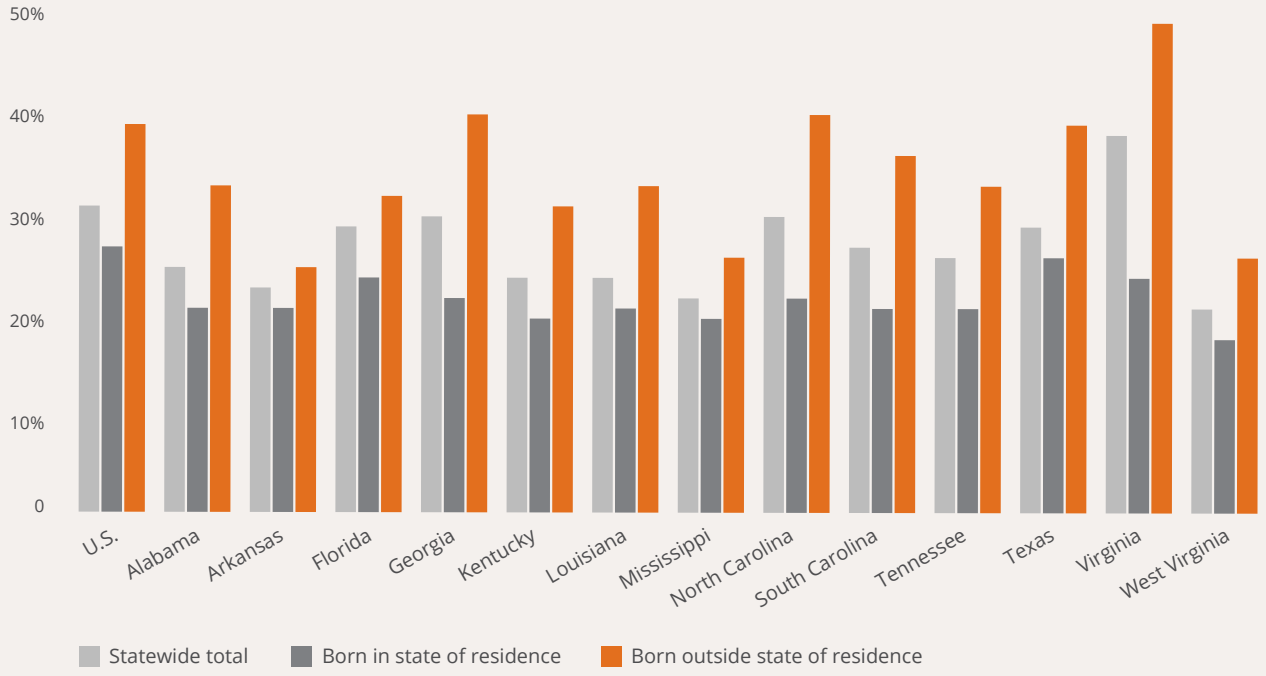
The significant increase in Southern adults with a BA degree and above also has resulted from in-migration along with the region's own output of college degrees. In every state in the region, born-elsewhere residents exceed born-in-state residents in the percentage with a bachelor's degree or higher. In Virginia, for example, 45 percent of its born-out-of-state population had a bachelor's degree or higher in 2015, compared with just 22 percent of the born-in-state population. To see overall increases in educational attainment, states must increase attainment rates for in-state adults.[10]

While a larger percentage of whites and African Americans now receive postsecondary credentials, the disparities among whites and African Americans has grown in most Southern states. The number of white Southerners who earn bachelor's degrees has more than tripled since 1970 in every state except Mississippi and West Virginia (which have more than doubled). The percentage increase for African Americans is similar—but the percentage of African Americans with a BA is still significantly lower than white attainment levels because of a much lower starting point. The disparities are larger when disaggregated by gender. According to the Postsecondary National Policy Institute, college enrollment among African-

[10] Western Interstate Commission for Higher Education (2010). Non-traditional No More: Policy Solutions for Adult Learners.

## Importing Talent Has Boosted the South's Education Profile

*Share of residents with a bachelor's or advanced degree*



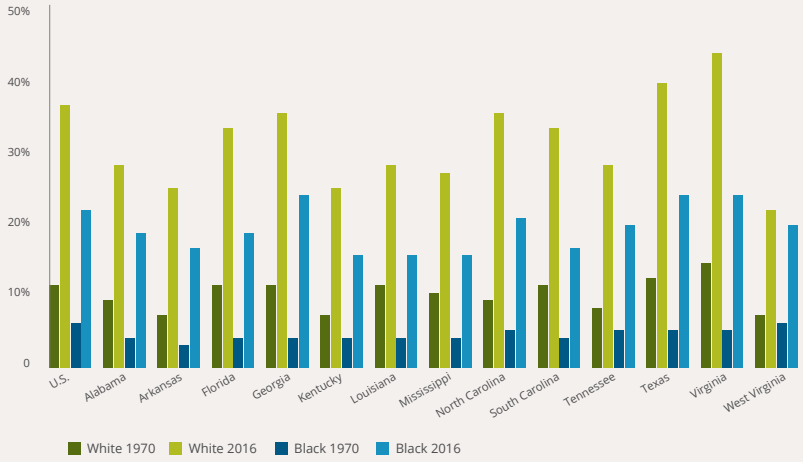

*Source 2016 American Community Survey 5-year estimates*

American males grew at less than half the rate of their female counterparts between 1990 and 2008. Among Latino males, the rate was about two-thirds that of their female counterparts.

*The significant increase in Southern adults with a BA degree and above also has resulted from in-migration along with the region's own output of college degrees.*

## Turning Up the Degrees

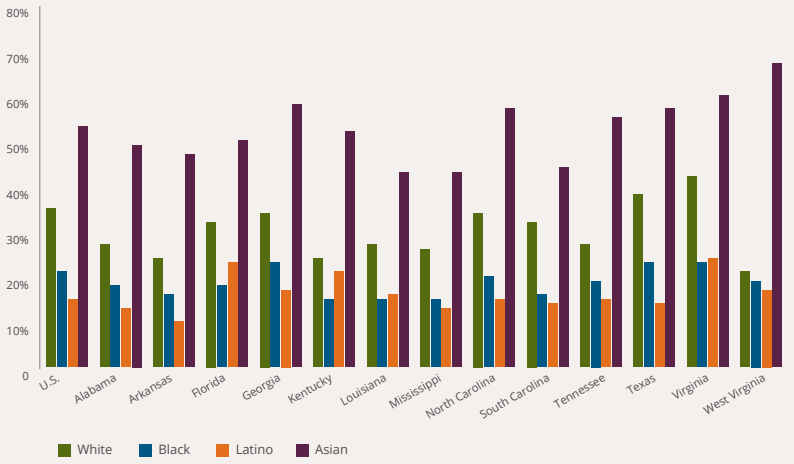
*Despite increases in bachelor's attainment, racial disparities persist*




*Sources: 1970 U.S. Decennial Census, 2016 American Community Survey 1-year estimates; These data include bachelor's and advanced degrees*

## The Color of Credentials

*Blacks and Latinos lag in bachelor's and advanced degree attainment*




*Source: 2016 American Community Survey 1-year estimates; These data include bachelor's and advanced degrees*

## MORE INDUSTRIES; SAME DISPARITIES

Disruption of the Old South did not come only from the Civil Rights Movement, laws, and court rulings. For much of the 20th century, the South sought investment from afar by selling itself as a region of low wages, low taxes, cheap land, and plentiful non-union labor. Its economy rested heavily on natural resources: oil drilled from beneath soil and water, coal dug out of mountains, timber cut from vast forests, cotton and tobacco pulled off low plants. Once the taint of Jim Crow laws was reduced, the South found itself increasingly aligned with national economic trends and changes. In came fresh assets in manufacturing, banking, research and development, and budding high-tech enterprises.

While extraction and farming remained major economic drivers, Southern states developed and diversified through the early 1970s to emerge as part of the rising Sunbelt, in contrast to the declining Rustbelt. Governors became super-salespersons for their states, often traveling abroad in search of new businesses. As with education, public support played a key role with investments from both state and federal government. Consider, for instance, the space race, with mission control in Houston, a rocket-test facility in Hancock County, Miss., the rocket-design center in Huntsville, Ala., and the lift-off facility at Cape Canaveral, Fla.

Once the South got past the petroleum squeeze and "stag-flation" of the mid-1970s, the region entered what an earlier *State of the South* report called its "gilded age." In the 1980s and '90s, the South outpaced the nation in population growth and jobs. Between 1987 and 2007, the South added more than 20 million jobs.

Through the '80s and '90s, the South's per capita income rose from just above $20,000 to nearly $29,000 (in inflation-adjusted dollars). Simultaneously, its aggregate poverty rate (including whites, blacks, and Latinos) fell from 18 percent to below 14 percent. And yet, through its two decades of economic expansion, the South remained below the nation in income and above the nation in poverty, with rural areas more resistant to uplift and with

# 1960–75

"All indicators of economic growth showed dramatic progress in the Sunbelt South. For example, gross regional product nearly doubled between 1960 and 1975, while industrial output more than doubled." James Cobb, Industrialization and Southern Society 1877–1984

### 1967

IBM builds a facility in North Carolina's Research Triangle Park. Almost simultaneously, the National Institute of Environmental Health Sciences established a major laboratory there

### 1968–71

MDC's initial three-year plan focuses on preparing the South and Southerners for higher-skill work and, by extension, the large challenges facing North Carolina and the South at that time. A successful effort would require confronting two interrelated problems: "how to employ the unemployed and upgrade the underemployed, thus reducing out-migration and holding the state's manpower supply; and how to stimulate industrial expansion that will not only provide more jobs but better jobs."

a higher concentration of persistent poverty.[11]

And then came the national recession of 2000–01 and, even more damaging, the Great Recession of 2008–09, which, in retrospect, hit the region harder than it may have seemed at the time. The South lost more than two million jobs between January 2008 and September 2009, many in old-line, lower-wage manufacturing. During what was termed the "lost decade," the South's per capita income declined and poverty rose until 2015, when the long, slow recovery produced a modest comeback in income and poverty alleviation. Still, in states across the South, black and Latino populations have higher rates of poverty than their white counterparts, frequently as much as 20 percentage points higher.[12]

The employment opportunities that have the potential to lift people out of poverty also have shifted over time. As is the case in the rest of the U.S., Southerners are working in a larger variety of industries. It's difficult to track shifts in smaller or emerging industries (e.g., information or leisure and hospitality) or those who have been reclassified or combined over time, but the significant decline in manufacturing employment in the South over the last 50 years is undeniable.

This increased variety in industries has not translated into better jobs for all Southerners. We define a "good job" as one that pays a family-sustaining wage, provides benefits, and offers the opportunity for career advancement. In all states, the median household income was higher for whites than it was for African Americans in both 1970 and 2015. More disappointing is that, in all but Texas, the 1970 median income for white households exceeded even the 2015 income for African-American households. While the percent increase in median household income was much larger for African Americans than whites, they would have needed a far larger increase to catch up to white families by 2015. For example, the percent increase in the median household income increased by 46 percent for black Alabaman households, but by just 13 percent for white households. Given these numbers, it may appear that white households are not doing as well or that they are falling behind. However, this disparity in favor of black households isn't enough to close the racial gap in income; African-American households would have needed a 154 percent increase in their 1970 income to catch up to white families in 2015.

## THE WAY FORWARD: MARSHALLING TALENT TO DRIVE COMPETITIVENESS

Local talent development systems that are equitable and intentionally designed are vital to ensuring sustainable prosperity and security in the South. According to Jamie Merisotis, president of Lumina Foundation and an expert in education policy and philanthropy, "The outcome that we need is new knowledge, [and] the transmission of knowledge ultimately results in talent. Talent that we can apply in the work force. Talent that we can apply in our personal lives. And frankly, we have a shortage of talent. The problem that we have in American society today is that we don't have enough talent to meet our economic and social goals." Merisotis also notes that, though there is still a wage premium in the labor market for higher degrees, "we don't actually know what they mean" and "the labor market is signaling increasing dissatisfaction with what it's getting."[13] A functioning talent development system progresses from foundational education

[11] Persistent poverty counties, 2015 edition. USDA, Economic Research Service using data from U. S. Census Bureau. Persistent poverty counties are those where 20 percent or more of county residents were poor, measured by the 1980, 1990, 2000, censuses, and the 2007-11 American Community Survey
[12] http://www.pewsocialtrends.org/2011/07/26/wealth-gaps-rise-to-record-highs-between-whites-blacks-hispanics
[13] https://www.chronicle.com/article/Talking-About-Talent-Jamie/233279

**1970–75**

The Southern Growth Policies Board (SGPB) reports that the region's population grew by 8.8 percent between 1970 and 1975, compared to U.S. growth of 4.8 percent. "Net in-migration to the South exceeded 2.5 million during the 1970-75 period, while the Northeast and Midwest experienced net out-migration," then-Florida Gov. Reubin Askew wrote in an SGPB essay.

**1971**

Disney World opens near Orlando

**1996**

Bill Clinton signs Temporary Aid for Needy Families into law, replacing Aid for Families with Dependent (AFDC) and emphasizing work and personal responsibility.

**2007**

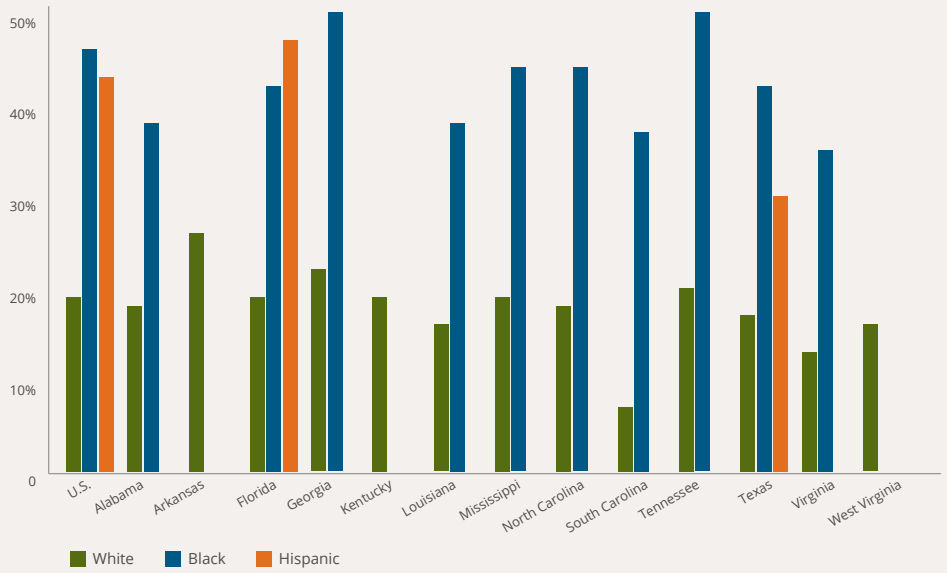
Housing and banking crisis results in major economic downturn, characterized as the Great Recession, lasting until mid-2009.

**2015**

Durham, N.C., launches the Living Wage project to encourage more local business to pay a living wage

## Black & Latino Southerners less prepared to weather economic hardship

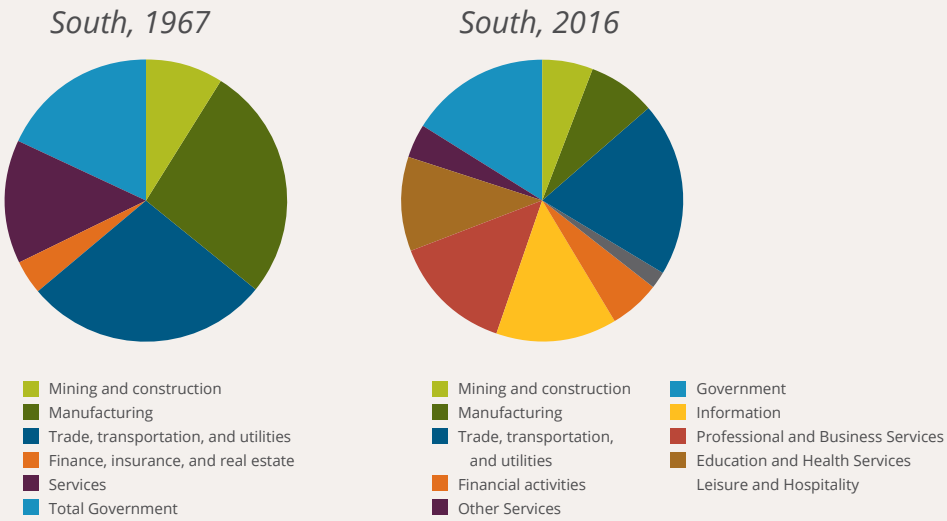
*Percent of households in asset poverty*




*Source: Prosperity Now Scorecard. Data calculated by Haveman Economic Consulting using Survey of Income and Program Participation, 2008 Panel, Wave 10. Washington, DC: U.S. Department of Commerce, Census Bureau, 2013.*

## Industries employing Southerners have become more diverse

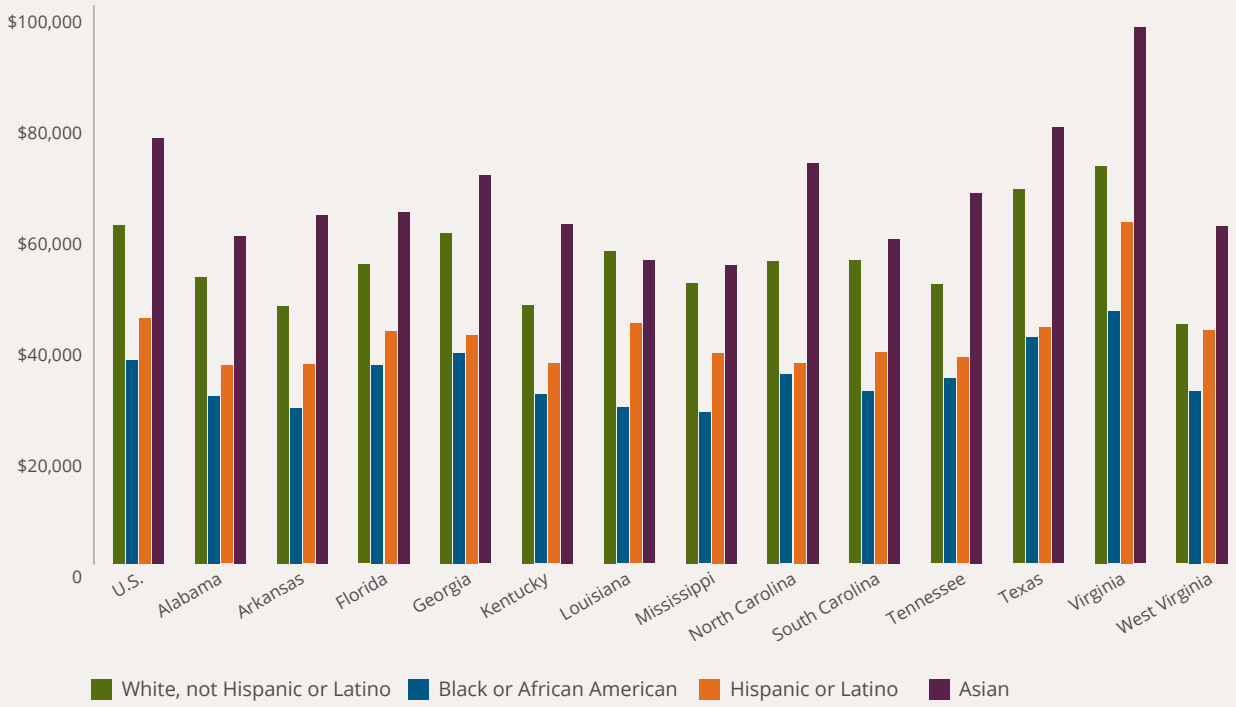
*Jobs in industries 1967, 2016*




*Source: Bureau of Labor Statistics. Current Employment Statistics Survey, 1967 & 2016.*

## Median household income significantly lower for black and Latino Southerners

*Median Household Income, by Race 2016*




*Source: 2016 American Community Survey 5-year estimates*

# 2016

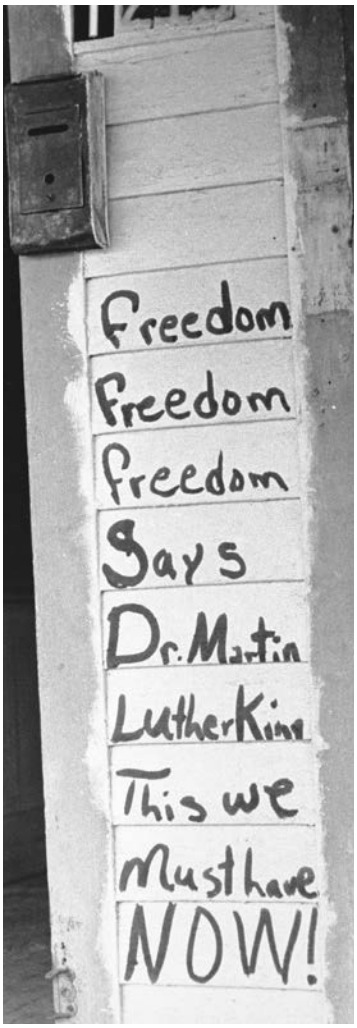
Birmingham, Ala., raises the city's minimum wage to $10.10 an hour in February; the state repeals the action two days later.

## 2017

Charleston, S.C., is highest ranked Southern city on Brookings Inclusive Economies index

## 2017

Lumina Foundation designates 17 cities as Talent Hubs. Southern cities include: Austin, TX; Nashville, TN; Richmond, VA; Louisville, KY




*The South needs:*

- *A 21st century Infrastructure of Opportunity focused on talent development, innovation, and social mobility*
- *Strong place-based policies for communities excluded from economic uplift*
- *Human development policies that address structural vulnerabilities (health, education, welfare)*

to a postsecondary, industry-recognized credential or degree, and, finally, to a job that pays a family-sustaining wage and has potential for career advancement.

Talent development systems can advance or weaken inclusive economies and societies, depending on institutions' accessibility, affordability, and intentional connection with living-wage employers and local emerging industries. Local public schools, community colleges, and universities can be a cornerstone of educational opportunity in a community, but the pattern of increasing divestment in public institutions could affect long-term upward economic mobility prospects in the region.

Constrained by limited resources, institutions are hard-pressed to find the time and the personnel to effectively connect with other educational partners and local employers to create a strong talent development system, stretching from K-12 all the way to living-wage work. Racial gaps in K-12 test scores grow into even larger gaps in postsecondary attainment due, in part, to fewer resources in non-white, low-income communities. Changes in our economy have favored metropolitan areas and residents with postsecondary credentials, while rural areas and adults with lower levels of education feel increasingly left behind by workforce changes.

The inequities that threaten a thriving talent development system are readily apparent in the racial, income, and geographic disparities along each point on the pathway. The very people who have been historically devalued in our education and employment systems will soon make up a significant portion of our workforce. Shifting demographics demand that we ensure a strong, coherent alignment between economic and civic institutions and equity all along the pathway from education to career.

The inequities that threaten a thriving talent development system are readily apparent in the racial, income, and geographic disparities along each point on the pathway. The very people who have been historically devalued in our education and employment systems will soon make up a significant portion of our workforce. Shifting demographics demand that we ensure a strong, coherent alignment between economic and civic institutions and equity all along the pathway from education to career.

If disadvantage weren't so concentrated among low-income, non-white, rural communities, families would be able to shoulder the burden of economic shocks and better prepare for opportunities to thrive, and our communities would be ready to welcome new and emerging businesses looking to invest in the region. Instead, local governments are forced to cobble together a complex, difficult-to-navigate, imperfect social safety net. If opportunities to build financial security were more readily available to all, tax dollars could be spent on developing a better postsecondary infrastructure and workforce development strategy. Though it is difficult to predict which jobs will be needed and available in any given community, if the population is undereducated, overly incarcerated, and without sufficient means to develop home-grown talent, municipalities are left with few prospects for long-term prosperity for anyone, let alone everyone. Without better alignment of education, training, and labor market needs, our talent development systems will continue to miss the mark, wasting precious time and resources of both institutions and students, employees, and employers.

There is no competitiveness in a global economy without equity in the preconditions required for people and communities to thrive; a strong infrastructure of opportunity that links education and training with quality jobs and the related supportive networks that buttress development of professional skills and connections is key. Building that infrastructure in Southern communities will require a different kind of investment and engagement than what we have in the region today.

# CONTRIBUTING: REMOVING BARRIERS, BUILDING BRIDGES

**A more inclusive narrative about** who "belongs" and more inclusive systems that allow more people to thrive are the foundation for the investment and engagement necessary to build communities where more people are able to make meaningful contributions to the civic and economic life of the region. Our polarized political process presents challenges to acknowledging trade-offs and making compromises for stronger public systems that enable personal and private investment. There also are structural barriers that hinder the ability of large portions of our population to invest in the future—their own or that of the region. These barriers must be addressed to realize a South where everyone has the opportunity to be a co-creator.

*Expanding and sustaining shared wellbeing requires enlisting all Southerners to shape and invest in our common future.*

## DUELING STRAINS OF SOUTHERN POLITICS

Once the Voting Rights Act went into effect in the six Southern states and 40 North Carolina counties covered by the law, black Southerners flocked to register to vote—wanting both the power that flows from the ballot and the sense of belonging to the electorate of their communities and the nation. Most black voters and elected officials aligned with the Democratic Party. President Lyndon B. Johnson, a Democrat from Texas, had championed and signed the civil rights and voting rights laws.

Once the party of white supremacy in the South, the Democratic Party became a biracial coalition; the next 25 years saw a wave of conservative, white voters propel the Republican Party in the South. In this transitional period in regional politics, there arose a generation of state leaders who came to be known as "New South" governors. Both Democrats and Republicans, the New South governors advocated improving public education and modernizing their states' economies.

The "dueling strains" of politics continued to shape the political and policy landscape of the region over the succeeding four decades and into 2017-18. The Republican "Southern strategy" initiated by Richard Nixon's 1968 campaign—appealing to white voters by tapping into racial resentment—became so embedded

*The South needs:*

- *Mechanisms that enable marginalized voices to join in shaping our common future*
- *New social contract for investing in future generations*
- *Removal of barriers to participation in the democratic process*

# 1966–72

The Voter Education Project estimates more than a million and a half blacks registered in this period. In 1965, the South has fewer than 100 black elected officials; by 1972, the region has 873 black officeholders

## 1968

Running as a third-party candidate, George Wallace carries five states—Georgia, Alabama, Mississippi, Louisiana, and Arkansas—in the presidential election (five years after he declared "segregation forever" in his inaugural address as Alabama's governor)

## 1968

Republican Richard Nixon wins the presidency by a margin of less than a percentage point over Democrat Hubert Humphrey after campaigning as a law-and-order candidate and signaling a go-slow approach to school desegregation. Nixon and the Republican party implement the racialized "Southern strategy" (that still influences not only regional but also national politics)

that the South now serves as the essential, regional base of the Republican Party. With the candidacy of Jimmy Carter, a farmer from a Deep South state who became a sensation in 1976, the South grew accustomed to subsequent candidates from the region:

- Ronald Reagan of California and George H.W. Bush of Texas both ran on a strong Southern base
- The Democratic Party rebounded in 1992 with the so-called "Bubba-Bubba ticket" of Bill Clinton of Arkansas and Al Gore Jr. of Tennessee.
- Subsequently, George W. Bush of Texas won the presidency in 2000, when the U.S. Supreme Court ruled in his favor over Gore in the disputed count in Florida.

Eight years later, Democrat Barack Obama of Illinois swept to victory as the nation's first black president. In 2008, Obama carried three states of the former Confederacy—Virginia, North Carolina, and Florida. In 2016, Republican Donald Trump of New York drew on abiding white voters' discontent with the first black president and his agenda to implement nationalist policies that emphasized "law and order"; in the South, he carried every state except Virginia.

While the South is awash in Republican red on political maps, the region exemplifies the fractures, contentiousness, and uncertainties of American politics:

- Florida, North Carolina, and Virginia have emerged as swing-state battlegrounds in presidential elections, and their elections for governor, U.S. Senator, and other statewide offices remain competitive for Democrats and Republicans. With their growth and diversity of population, Georgia and possibly Texas may join the ranks of swing-states in the near term.
- A distinct racial divide in Southern politics exists, with the Republican electorate consisting of 90 percent or more white voters, and the Democratic Party featuring a more racially diverse coalition.
- There also is a geographic divide, with Republicans stronger in rural places and suburbia, and Democrats ascendant in most of the region's major cities.
- Potential voters in the Millennial generation appear only loosely connected to a political party.

In 2017, Republicans held 10 of the governors' offices in the region, and Democrats held three—Louisiana, Virginia, and North Carolina. Significantly, Republicans controlled the legislatures in every Southern state. The GOP's power in the South since the Great Recession has made its long-held agenda—emphasizing tax cuts to stimulate the economy, tight budgets that have limited investment in public schools, colleges and universities, rejection of Medicaid expansion, and retrenchment on environmental regulations—dominant across the region.

The upcoming 2020 U.S. Census will likely have major implications for the South's influence on national politics. Through a process known as apportionment, 435 seats in the House of Representative will be allocated across 50 states in time for the 2024 presidential and congressional elections. The factors influencing the potential shakeup of congressional apportionment are complicated and include recent natural disasters (e.g. Hurricanes Harvey, Irma, and Maria); immigration and migration patterns; the lingering effects of the Great Recession and the housing crisis; the role or state legislatures in drawing Congressional districts; and, increasingly, the availability of jobs.

With the region's substantial population growth since 1970, Georgia, Florida, North Carolina, Texas, and Virginia have accounted for a net increase of 26 House seats since the 1913

## 1976

Jimmy Carter of Georgia brings into the national government several veterans of the Civil Rights Movement and the new biracial Democratic politics of the South.

## 1967-2001

"New South" governors advocate for public education and modernization of state economies: They included Republican Winthrop Rockefeller (1967–1971) and Democrat Dale Bumpers (1971–1975 ) of Arkansas; Democrats John West (1971–1975) and Richard Riley (1979–1987) of South Carolina; Republican Linwood Holton (1970–1974) of Virginia; Democrats Reubin Askew (1971–1979) and Bob Graham (1979–1987) of Florida; Democrat Jim Hunt (1977-1985 and 1993 –2001) of North Carolina; and Democrat William Winter (1980 –1984) of Mississippi (who subsequently served as chair of MDC's Board of Directors).

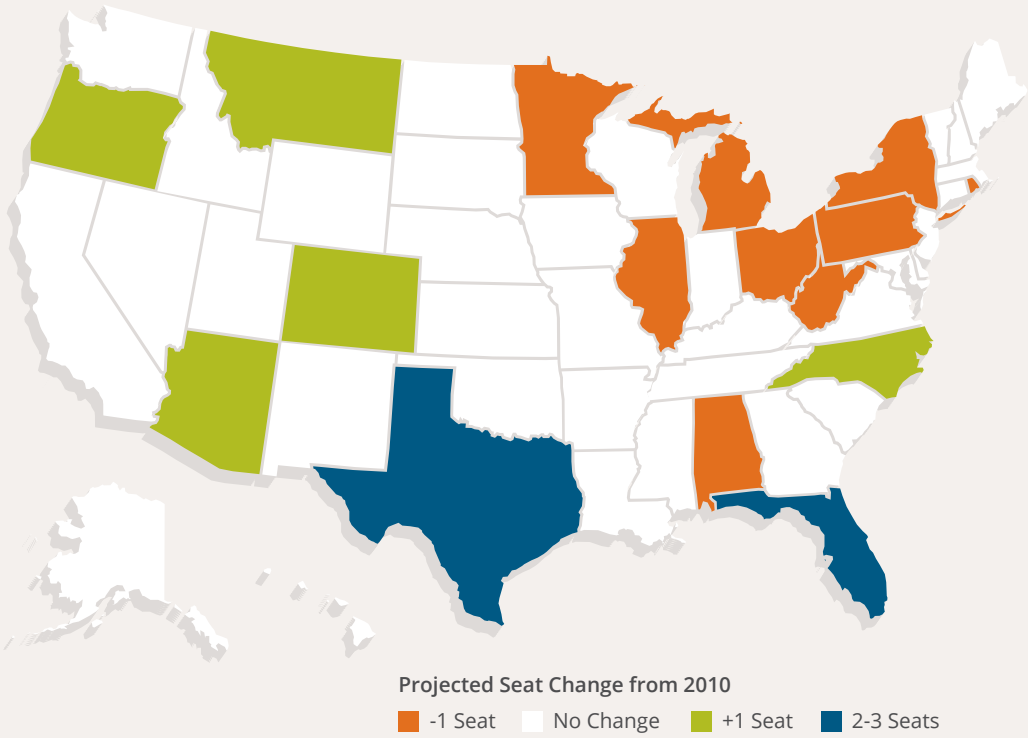
## 2016

Ava DuVernay argues in her documentary *13th* that the scene for mass incarceration was set in 1865 with the passing of the 13th amendment, which abolished slavery in the U.S. "except as punishment for crime."

## 2017

Chicago Mayor Rahm Emanuel and more than 50 mayors from around the world sign the Chicago Climate Charter at the North American Climate Summit, committing to achieving emissions reductions and move forward with climate action. Seven Southern cities are signatories: Austin, TX, Knoxville, TN, Louisville, KY, New Orleans, LA, North Bay Village, FL, Pittsboro, NC, and St. Petersburg, FL

## Potential Winners and Losers of Congressional Apportionment
*2020 Census*




*Source: Election Data Services 2020 Projections*

reapportionment. (Tennessee, Louisiana, Alabama, Arkansas, West Virginia, Mississippi, and Kentucky accounted for a loss of 21 seats during the same period. South Carolina held constant at seven seats). A recent analysis from Election Data Services predicts that the South and West are estimated to add a net of four congressional seats in the next reapportionment; Florida, North Carolina, and Texas are all expected to gain seats.

While unforeseen circumstances (legal challenges, natural disasters, and unreliable or suppressed counts) may still affect the outcome of the final Census count and the state-by-state tallying of congressional seats following the 2020 Census, the South will likely add seats to its congressional delegation, and that means new congressional maps. As recent gerrymandering challenges show, redrawing congressional districts can work to strengthen or harm the region's ability to embody a place where all people are able to make their voices heard. The 2013 Supreme Court Decision, Shelby County v Holder, which struck down important voting rights protections, has reintroduced voter suppression efforts across the region, with laws reducing early voting periods, identification requirements that disproportionately affect communities of color and low-income people, and the widespread disenfranchisement of the formerly incarcerated in many states.[14] Efforts to restore protections and expand the franchise are critical to sustaining a more inclusive society where all people are able to contribute to decision-making and determine local, state, and federal representation and priorities.

For Democrats and Republicans, as well as Southerners who remain independent, the question is whether the region's politics can be transformed, as it was in the late 1960s. Neither party has appealed to Southerners with a fresh agenda aligned with the 21st century need to build thriving, participatory communities amid the turbulence of technological advances, to address the

[14] https://medium.com/brepairers/fifty-three-years-later-we-have-less-voting-rights-7ba348cfa92e

continuous creation and destruction of jobs in a globalized economy, and to face the threats arising from environmental pressures. The larger challenge for the South's leaders and citizens is to create a narrative that invites full participation in creating shared and sustainable wellbeing that will serve us today and in the future.

## VULNERABILITIES AND DISRUPTORS

Belonging and thriving in the South are interconnected; our systems, designed to privilege some experiences and disadvantage others, result in disparate outcomes. Race and gender and place of birth intersect in myriad combinations of barriers or preference, with increased vulnerability for some and a safety net for others. Concentrated poverty often exists side-by-side with concentrated affluence, and our systems of educational and economic opportunity often reflect those disparities in their resource allocation and quality. Disparate outcomes related to incarceration, health care access, and environmental vulnerability are three factors that seriously disrupt some Southerners' ability to thrive in our region.

### *Incarceration rates*

The intergenerational, crippling effects of slavery are echoed in the South's current incarceration practices, which often function to limit employment, education, civic participation, and housing options, as well as physical and mental well-being. Though the South is increasingly racially and ethnically diverse, institutional practices like those found in federal and state criminal justice systems limit the reality of diverse inclusion in the growth and pockets of prosperity present in the South.

Though the South's population is increasingly nonwhite, disproportionately large numbers of black Southerners are missing from their communities due to the scope and severity of mass incarceration. From the 1970s through the 1990s, the U.S. incarceration rate doubled each decade, and mass incarceration and other forms of correctional control, such as parole and probation, are particularly pronounced in the South. Despite recent efforts to decrease the prison population due to budgetary and legal challenges, the number of people under correctional control or supervision in the South is stunning.

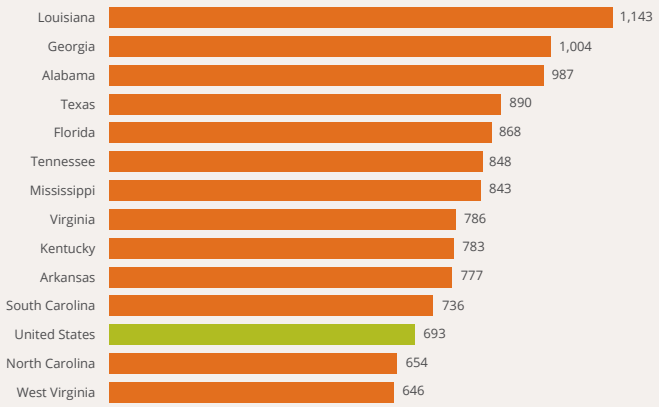
According to 2016 data from the Prison Policy Initiative, 11 out of 13 Southern states incarcerate their residents at a higher rate than the U.S. average (693 people per 100,000), with seven

### Population in Correctional Control, By State

| State | Total correctional population, 2015 | Number on probation or parole, 2015 | Number in prison or local jail, 2015 | Local jails only (2013) |
|---|---|---|---|---|
| Alabama | 107,500 | 64,600 | 42,900 | 15,580 |
| Arkansas | 73,200 | 51,500 | 24,000 | 8,610 |
| Florida | 375,800 | 225,400 | 153,000 | 52,430 |
| Georgia | 540,000 | 451,800 | 88,500 | 41,750 |
| Kentucky | 103,700 | 70,600 | 33,800 | 19,200 |
| Louisiana | 114,600 | 71,900 | 49,000 | 30,950 |
| Mississippi | 71,900 | 44,800 | 28,000 | 13,390 |
| North Carolina | 151,200 | 97,400 | 53,800 | 18,520 |
| South Carolina | 70,100 | 38,500 | 31,600 | 10,880 |
| Tennessee | 119,900 | 75,400 | 48,000 | 26,630 |
| Texas | 687,300 | 488,800 | 214,800 | 66,210 |
| Virginia | 114,400 | 57,000 | 57,300 | 28,690 |
| West Virginia | 20,100 | 10,100 | 10,100 | 4,030 |
| Total Southern | 2,549,700 | 1,747,800 | 834,800 | 336,870 |
| Pct in South | 38% | 38% | 39% | 46% |
| U.S. total | 6,712,600 | 4,650,900 | 2,145,100 | 731,570 |

*Source: Danielle Kaeble and Lauren Glaze (2016). Bulletin: Correctional Populations in the United States, 2015. Bureau of Justice Statistics. Office of Justice Programs. U.S. Department of Justice.*

### Southern states lead the nation in incarceration rates
*Incarceration rates per 100,000 people*




*Source: Prison Policy Initiative. States of Incarceration: The Global Context. 2016.*

of those 11 incarcerating more than 800 people per 100,000. As of 2016, Louisiana incarcerated residents at the highest rate across the South, putting 1,143 people per 100,000 behind bars, despite recent statewide attempts to lower prison populations by decreasing jail and prison time for nonviolent crimes. Widening the lens to consider parole and probation as well as those in jails and prisons, seven of 13 Southern states exceed the U.S. average rate of correction control (2,111 people per 100,000.) Georgia far outpaces this rate, with 5,828 people per 100,000 under some form of correctional control as of 2016.

When examined by race rather than in total, the inequities present in the South's systems of correctional control are alarming. According to 2016 data from the U.S. Department of Justice, black populations across Southern states—and in the U.S. overall—are incarcerated at disproportionately high rates relative to their white counterparts. For example, in Texas, as many as over 1,800 black people per 100,000 of the total population are incarcerated, as opposed to about 450 white people and 550 Hispanic/Latino individuals. In Louisiana, over 1,700 black people per 100,000 of the total population are incarcerated, compared to about 400 of white people and 50 Hispanic/Latino individuals.

Peter Edelman, in his 2018 book, *Not a Crime to be Poor: The Criminalization of Poverty in America*, argues that one of the biggest drivers is a two-tiered system of justice—one for those with financial and other resources, and a separate and wholly unequal one for those in poverty. Combined with racial biases (conscious and subconscious) we have created a system that produces extraordinary racial disparities in the incarceration, probation, and parole rates that harken to much darker days of the South's past.

## Access Denied: Court Fees & License Suspension

| States | Mandatory Driver's License Revocation for non-payment? |
|---|---|
| Alabama | No |
| Arkansas | No |
| Florida | **Yes** |
| Georgia | No |
| Kentucky | No |
| Louisiana | **Yes** |
| Mississippi | **Yes** |
| North Carolina | **Yes** |
| South Carolina | No |
| Tennessee | **Yes** |
| Texas | No |
| Virginia | **Yes** |
| West Virginia | **Yes** |
| Southern count | **7** |

*The building blocks of this unequal system start to reveal themselves as early as elementary school, where the racial disparities in out-of-school suspensions for African-American students occur at rates three to four time higher than the state average for all students.*

The building blocks of this unequal system start to reveal themselves as early as elementary school, where the racial disparities in out-of-school suspensions for African-American students occur at rates three to four time higher than the state average for all students.[15] In later grades, these disparities become even more striking when evaluated by gender, with African-American boys and girls receiving suspensions at three to six times higher rates than their white counterparts. Suspension rates for African-American students is most pronounced in schools where at least 89 percent of students are enrolled in the school lunch program.

Edelman's research, along with the influential work by Michelle Alexander, *The New Jim Crow: Mass Incarceration in the Age of Colorblindness*, reveals equally pernicious challenges in the adult criminal justice system that compounds problems for people in poverty who become justice-involved. Edelman argues that use of pre-trial detention, fines and fees, money-bail, and the suspension of driver's licenses are the foundation of a modern-day debtor's prison.

Perhaps the most stunning revelation he uncovers is related to the jailing of defendants who are unable to pay associated court costs and fines—even though federal case law [via a U.S. Supreme Court ruling in Bearden v. Georgia, 461 U.S. 660 (1983)] outlaws the practice. Yet, in municipalities across the country, municipalities routinely finance their court system by imposing various fines and fees—often without inquiring (though often legally mandated by state constitutions) whether the accused have the ability to pay. When people in poverty are unable to pay, local police forces are then tasked with arresting and jailing defendants with outstanding debts until their trial. Recent data point to a significant increase in the percent of the local jail population that

[15] https://www.brookings.edu/blog/brown-center-chalkboard/2017/03/24/racial-disparities-in-school-suspensions/

## Contributing: Fifty Years Ago

### *What did we face?*

- Disregard and disinvestment in marginalized people and places
- Deliberate barriers to civic participation
- Race/gender exclusion from ranks of leadership

### *How did we change?*

- Social agitation
- Fear of perpetual "also ran" status
- Dismantling barriers to full participation
- Investing for the "seventh generation"
- Adding to the "wood pile"

is being held pre-trial (commonly because of an inability to pay).[16]

One of the most troublesome tools currently used by our courts includes the suspension of driver's licenses—often for infractions that are non-driving related.[17] While no comprehensive state-by-state data exist, one recent report reveals just four Southern states (North Carolina, Tennessee, Texas, and Virginia) account for more than 4.1 million people with suspended or revoked licenses. In communities across the South, the lack of a reliable public transportation infrastructure and large rural landscape still mean that most people travel to their daily activities using a car.

The collateral consequences of jailing, incarcerating, and indebting far too many of the South's poor and black and brown people under our criminal justice system are far-reaching—a criminal record often leads to limited education, employment, and housing options, as well as restrictions on civic participation like voting, not to mention negative effects on physical and mental well-being.

These rates of incarceration and correctional control—the sheer magnitude of the numbers and the racial inequities—also matter when we take stock of progress in the South because incarcerated individuals are not counted among the total population in many datasets examining employment and education. As Ta-Nehisi Coates explains, "The illusion of wage and employment progress among African-American males was made possible only through the erasure of the most vulnerable among them from the official statistics," noting that "among all black males born since the late 1970s, one in four went to prison by their mid-30s; among those who dropped out of high school, seven in 10 did."[18] When such a significant portion of our communities aren't counted, how can they belong in a way that enables them to thrive or contribute to personal or community prosperity? Such erasure is evidence of how the persistence of racism across our systems and institutions limits the progress of our entire region.

### *Health Disparities*

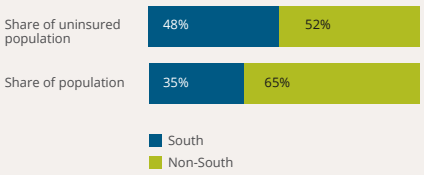
The passage of Medicare and Medicaid as 1965 amendments to Social Security had an especially profound effect in expanding health insurance to elderly and impoverished Southerners. Medicaid provides health insurance to lower-income people, especially women and children, and is means-tested for income, unlike Medicare; that difference in design has made it politically

[16] https://www.prisonpolicy.org/graphs/NC_Convicted_Status_1978-2013.html

[17] The most common court-imposed reasons for suspension/revocation of a driver's license in the South include: failure to appear in court (parking tickets and moving violations); failure to pay a motor vehicle fine, surcharge or fee; failure to pay court fines; failure to comply with a child support order

[18] Ta-Nahesi Coates (2015). "The Black Family in the Age of Mass Incarceration." *The Atlantic.*

**Southerners overrepresented among the uninsured**
*Share of uninsured population*




*Sources: 2016 U.S. Census Population Estimates*

contentious across the South over the past five decades. State-administered and requiring a match for federal funds, the program consumed a steadily increasing share of states' budget as health care costs rose. Since Congress adopted the Affordable Care Act in 2010, nine of 13 Southern states declined to expand Medicaid under the law. Thus, a disproportionate share of U.S. residents lacking health insurance comes from the South: 48 percent of the uninsured.

In places where education, employment, and accessibility are falling behind national averages, health outcomes are trailing along with them. Southern states have some of the highest rates of heart disease, infant mortality, cancer deaths, and other poor health outcomes.[19] The daily economic, educational, and social challenges facing those in poverty also can lead to poorer health outcomes, a phenomenon defined by the World Health Organizations as the "social determinants of health." People in high poverty communities are:

- more susceptible to certain illnesses
- have less access to health care providers
- are frequently forced to delay care or medicine for financial reasons.
- more likely to be far from clinics and quality food vendors

Formal education often provides foundational principles of nutrition, healthy behaviors, and general health literacy, and employment is an avenue for insurance benefits; when Southern communities have higher poverty rates, lower educational attainment rates, and low-wage economies, they are more susceptible to poor health outcomes, driven by policies that marginalize low-income communities. The provisions of the Affordable Care Act made strides in addressing issues of healthcare access, but to holistically address health equity, communities must also consider the underlying environmental, social, and economic factors that enable good health.

### *Environmental vulnerability*

We sometimes think about climate change affecting endangered species or making snow a little less likely here in the South. While scientists warn of the likelihood of both scenarios, it's worth considering the economic dangers of climate change, especially as the frequency and intensity of weather events and storms increase. Many Southern communities are vulnerable due to proximity to water and low-lying land. Paired with higher rates of poverty and lower levels of educational attainment that make bouncing back from economic setbacks, like damaged homes or lost jobs, more difficult, and policies that don't adequately support recovery, environmental events can have long-term economic effects on individuals, families, and communities. In 2017 alone, hurricanes hit Southern communities with devastating effects—in

[19] Samantha Artiga and Anthony Damico (2016). Health and health coverage in the South: a data update. Henry J. Kaiser Family Foundation.

## 1967

Donald Gatch, South Carolina country doctor, testifies at a hearing in Columbia, sponsored by the National Citizens Board of Inquiry into Hunger, describing the serious malnutrition and high incidence of intestinal parasites among Negro children that he found in everyday observation: "Dr. Gatch tells of eight Negro children, three in one family, who died from worms and other parasites, before he stopped counting. 'If eight white children in Beaufort County had died of parasites, something would have been done eons ago,' Dr. Gatch said." Joe Bass, *You Can't Eat Magnolias*

## 1969

As a U.S. Senator, Ernest F. Hollings, tours his own state of South Carolina to call attention to hunger and advocate for an expansion of the food stamps program. He is told by a state health officer that 300,000 South Carolinians were going hungry, 11 percent of the state's population at that time.

## 2010

In an effort to lower cost and expand healthcare coverage, the Affordable Care Act is passed, marking the most significant regulatory overhaul of the US healthcare system since the passage of Medicare and Medicaid in 1965.

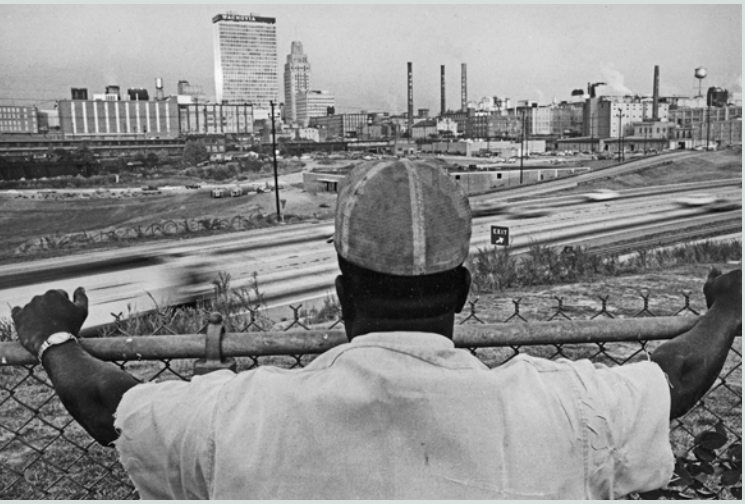
rural communities like Princeville, N.C., and metro communities like Houston. Current global practices, such as relying heavily on fossil fuels, contribute to increasing atmospheric temperatures, which may explain in part why we're seeing an uptick in these intense storms. Scientists predict that, as temperatures and sea levels rise, we should expect to see increasing energy costs, risk of cardiac and pulmonary disease, agricultural failures, and threats to coastal real estate and housing.[20]

Supporting economic *and* environmental resiliency is crucial to shared well-being in the region. Resiliency can be built at the local or state level by creating recovery policies that more accurately reflect the realities of flooding and by ensuring that local manufacturers and other industries don't contribute to the degradation of natural resources. Forward-thinking leaders in education and employment also can help build community resiliency by providing education and employment opportunities that lead to credentials and living-wage employment, so residents can acquire the savings and safety net needed to "weather" life's storms.

## THE WAY FORWARD: INVESTING MORE THAN WE WITHDRAW

The shift in state-level investment in higher education is perhaps one of the starkest indicators of the shift from making deposits in our future infrastructure of opportunity to making withdrawals from its fundamental institutions. In a five-year period from 2011-2016, almost every state reduced fiscal support for higher education. These institutions are critical pieces of an infrastructure essential to the development of people and economies, providing not only the educated workforce, but new social and professional connections for people and innovative technologies and businesses that spark economic growth in the region.

[20] Robison Meyer (2017). "The American south will bear the worst of climate change's costs." *The Atlantic.*



**2016**

In nine states, 12 percent to 16 percent of adults have diabetes—all nine are in the South.

**2016**

Five Southern states—West Virginia, Louisiana, Alabama, Mississippi, and Arkansas—have the highest rates of adult obesity in the nation, at 35 percent or above.

But it's not just schools and jobs that make places prosperous; it's also the foresight to have civic and physical infrastructure in place that makes it possible for communities and economies to respond and adapt when the unpredictable happens. This requires public and philanthropic investment that is forward-looking, pro-active, and not just reactive. Erskine Bowles, recalling his father, called this "adding to the community woodpile";[21] both individuals and institutions have the ability to support this kind of preparation and investment.

Government support isn't the only source of investment; philanthropy has a role to play, too. One example of an emerging kind of philanthropic support is direct investment by foundations in Community Development Financial Institutions such as credit unions, banks, revolving loan funds and venture capital funds. The North Carolina-based Mary Reynolds Babcock Foundation, for example, which works in 11 Southern states, has set a goal of spending 5.5 percent of its endowment's market value in investments that align with its values. It makes program-related investments that support social change and may earn a rate of return that's below market value, but the principal is repaid and can be recycled for additional grants or investments. One example of its investments is the South Carolina Community Loan Fund, which went from a small, housing loan fund with $250,000 in capital to a statewide lending intermediary with over $24 million in assets.

As we look at the South today, poverty rates have decreased overall, but racial disparities in poverty remain; postsecondary credentials are more essential than ever to achieving upward economic mobility, but postsecondary access and affordability are threatened; our country's demographics are increasingly diverse, but race-based resentments, mass incarceration, and nationalist policy proposals threaten people's sense of "belonging," make it difficult to "thrive," and limit the ability—in time, taxes, or tithes—to "contribute." The data tell us that the state of the South in 2018 is a blurred picture of progress: *better than it was 50 years ago, but not nearly good enough for the 21st century*.

Like the 1960s, we find ourselves on the precipice of economic and demographic change, and **we can choose to be active participants in collectively shaping the future of our region**.

## Disinvestment in Higher Education

*State and local fiscal support for higher education, Southern states*

| State | FY (2016) FTE ($) | 5-Year % change, FY11-FY16 |
|---|---|---|
| Alabama | $5,483 | -8.4% |
| Arkansas | $7,138 | -5.2% |
| Florida | $5,693 | 0.9% |
| Georgia | $7,319 | 4.9% |
| Kentucky | $6,775 | -7.6% |
| Louisiana | $4,945 | -33.1% |
| Mississippi | $6,878 | 1.7% |
| North Carolina | $8,750 | 5.7% |
| South Carolina | $4,836 | 1.5% |
| Tennessee | $7,001 | -3.1% |
| Texas | $7,159 | -2.8% |
| Virginia | $4,574 | -10.2% |
| West Virginia | $4,780 | -11.6% |
| U.S. | $7,116 | 3.3% |

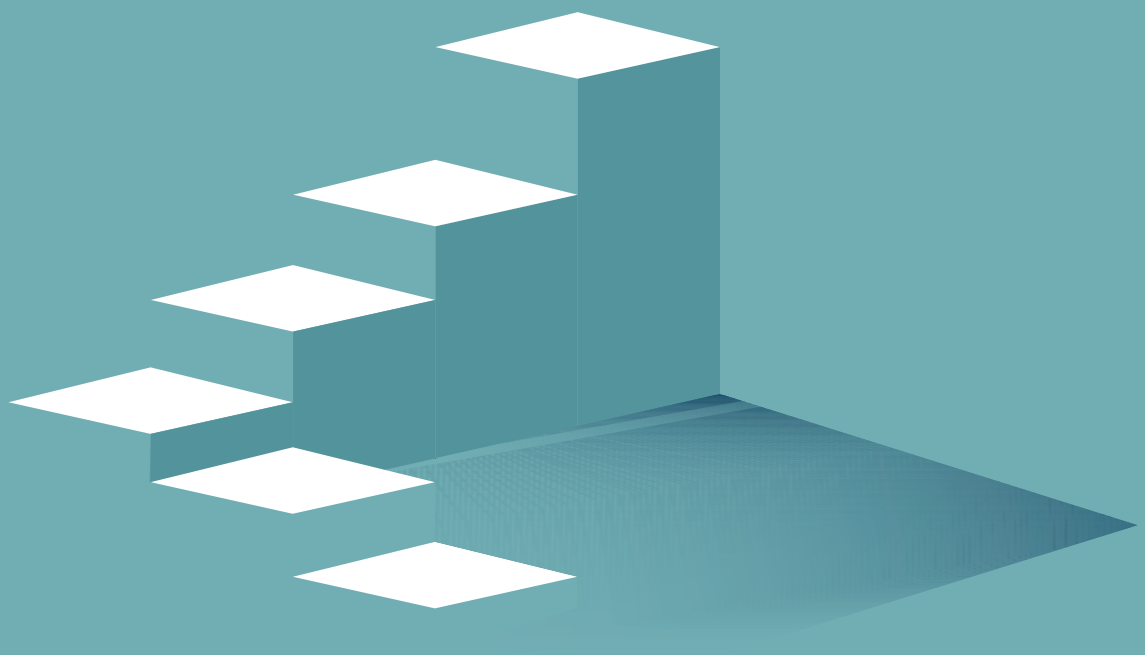
*Source: State Higher Education Executive Officers Assocation. "SHEF: FY 2016. State Higher Education Finance." Notes: figures are in 2016 inflation-adjusted dollars*

We did this before and we can do it again. To effectively shape our future, though, we not only must examine the uneven arc of the past that led us to this mixed progress and disparity, but also confront the challenges that threaten to define our future differently as systemic practices, narratives, and ideology converge to create inequitable conditions. To hearken back to James Baldwin, **we must be willing to face our history if we hope to change our region** and see widespread progress.

[21] Rick Rothacker (2015). "Erskine Bowles on deficits, Hillary Clinton, and the removal of Tom Ross." News and Observer. Available at: http://www.newsobserver.com/news/politics-government/article46759620.html#storylink=cpy

*As we look at the South today, poverty rates have decreased overall, but racial disparities in poverty remain; postsecondary credentials are more essential than ever to achieving upward economic mobility, but postsecondary access and affordability are threatened; our country's demographics are increasingly diverse, but race-based resentments, mass incarceration, and nationalist policy proposals threaten people's sense of "belonging," make it difficult to "thrive," and limit the ability—in time, taxes, or tithes—to "contribute."*

## AN INVITATION TO A CONVERSATION



*What should worthy competition with our ancestors inspire in us today?*

*What must we face?*

*What must we change?*

## FACE AND CHANGE

**In the introduction,** we named the following as forces that shifted attitudes and initiated progress in the 1960s:

- Beneficial social and economic change at the national level
- Federal regulations that forced compliance
- Federal investments in infrastructure and economic development
- Grassroots activism, unconventional leaders, and courageous action

**Now is the time to adapt to the challenges of our time by:**

- acknowledging the shifting demographics of increasing racial and ethnic diversity in the region
- imagining and enacting civic engagement and economic development that address local needs and encourage cooperation of urban and rural areas
- creating a strong, dual-customer talent development system that enables both workers and employers to compete
- actively investing for the future, building an infrastructure of opportunity that secures prosperity for generations to come
- enlisting and engaging Southerners to bridge the fault line of fear and suspicion to become co-creators of an equitable future

In order to increase public investment across all communities equitably, we need the support of local leaders, alignment of systems and institutions in the talent development system, and inclusive community narratives about who belongs. This combination of investment and support across more communities in the South will be necessary to transform us from a region characterized by low mobility, limited access to opportunity, racially and economically segregated communities, and vulnerability to economic and environmental shocks, to one that is more broadly inclusive, prosperous, and prepared to compete. As we commit to becoming a more broadly inclusive region, we will see fewer disparities, a more prepared workforce ready to welcome emerging industries and businesses, and be equipped to weather literal and figurative storms. A more broadly inclusive economy will make us all more resilient.

When you don't know what the challenge will be, how do you prepare? How can we recognize who's being left behind *before* inequities are entrenched? The key capabilities lie at the intersection of systems, leadership, and culture. Improved outcomes now and more resilience in the future require changing *systems* that are inequitable and inefficient. Systems-change requires *leaders* who act to close the gap between the current reality and the desired future. Action requires creating community habits, attitudes, and values—a community *culture*—that can influence the appetite for working differently and shape the behavior of both individuals and institutions (and the systems they comprise).

## LET'S TALK

We offer three aspirations for Southern communities that envision a region where more of our neighbors feel connected, secure, and able to invest—together—in a more inclusive present and future. With each one, we suggest some questions to spark discussion and action that can move communities toward realizing these aspirations. We encourage communities to think about their own "woodpiles":

- What are you investing in now locally that could inform state-level action and influence regional improvement?
- What needs to be restocked? What support from state and federal action or advocacy could help you gain traction locally?

*Aspiration 1: Our community narrative about aspirations and priorities for success is grounded in equity and inclusion, affirming that where you start in life should not limit opportunities for educational attainment and economic security.*

A first step toward a more inclusive community is changing how community members think and talk about who "deserves" to be successful. The goal is to get to common values about shared well-being and supportive systems—and undoing myths about boot-straps. The path to possibility for an individual depends on the circumstances of birth, the dynamism of the economy, the quality of the education and workforce systems, and public and private commitments to equity. An inclusive community narrative is one that acknowledges how all of these factors can be addressed for everyone, regardless of where they start.

*Questions for Your Community to Consider*

1. What is the community narrative today about who deserves to be successful? What do you want that narrative to be?

2. Consider events from your community's history that illuminate how your community and economy have developed over time: events that describe shifts in demographics, development or loss of major industry sectors, or critical junctures in local governance, politics, or civil rights:

- What patterns do you see about equity and inclusion and the systems that advance or impede them?
- Whose interests have been served well? Whose interests haven't?

- What conclusions do you draw about the ways in which your community's culture does and does not support equity and inclusion?
- How will a region that never mastered bi-racial inclusion and equity learn to thrive as a multi-racial society?

3. Has your community ever undertaken a systems-change effort to improve equity and inclusion or increase access to resources, particularly for historically disadvantaged groups? What happened?

- What did you learn about the systems and how they respond to change efforts?
- What would you do differently next time?

4. In your view, what significant change in how systems work or how funds are spent would be required to improve equity and inclusion in your community?

*Aspiration 2: The institutions in the talent development system have a shared agenda that is demonstrated by logical links between all their goals, reflected in the interventions and policies they support and promote, and uses agreed-upon measures to track progress so everyone in the community can gain access, make progress, and find the support they need along the pathway to upward economic mobility.*

The talent development system is made up of institutions in the education and employment sectors and surrounded by an "ecosystem" of interrelated forces, influencers, and even other systems (e.g., transportation, criminal justice). Aligning these sectors around a common agenda and goals will require modifying the structures, policies, processes, and the allocation of resources within the institutions. Similar to changing the community narrative, improving this system will likely mean evaluating and changing the values, power dynamics, and mindsets of the

people who carry out the work of these institutions and the people who are trying to participate in them—especially since the region cannot continue to rely on imported talent. Our talent development systems need to prepare the South's people for the South's jobs—and the South's future. Improved alignment in these systems is evident when resources—human and financial—are committed to monitoring progress, data sharing, accountability, and a shared agenda that is supported by formal and informal relationships across institutions.

*Questions for Your Community to Consider*

1. Consider the make-up of the talent development system in your community:

- What institutions and sectors are present?
- What are the gaps in education? Training? Employment or career advancement opportunities?
- Is the talent development system aligned with the needs of employers (or desired employers)?

2. Consider who is participating in your community's formal talent development system:

- Who is connected to this system?
- Who is not progressing in this system?
- Who is disconnected from the system?
- What are the economic outcomes of people in each of these groups: connected, not progressing, disconnected?

3. What occupations in growing industries offer the best potential employment and economic security in your community or region? What are the educational needs for these jobs?

4. What role do local employers play in efforts to improve the local talent development system, from education to training to career advancement?

5. From an employer's perspective

- What are the most important business drivers for recruiting talent in your community: to fill critical skill gaps? Reduce costs? Reduce turnover? Increase diversity for greater customer connection?
- What skills and attributes are most important for a new employee to have?

*Aspiration 3: Leadership across the community—grassroots to grasstops—has a multi-generational vision of shared well-being, co-creating communities that are adaptable and resilient in the face of unpredictable political, economic, and environmental conditions.*

In the equitable and inclusive communities we envision, there are habits and civic structures in place for a variety of individuals to provide input into community strategy and planning—whether it's the school system, recreation, or preparing for natural disasters. People problem-solve together, considering unintended consequences and trade-offs, investing in the long-term health and well-being of the whole community, not just short-term gains. Leadership reflects credibility within varied communities, networks, and institutions and includes people with a variety of lived experiences so analyses and priorities are grounded in current reality. Community conversations should include people who have a perspective from which to critique the current system and those with positional authority to move ideas onto official agendas, execute implementation, and secure support—financial and otherwise—within key institutions.

*Questions for Your Community to Consider*

1. Consider your community's experience in working across sectors or political differences:

- Where does your community perform well when it comes to ambitious efforts to change existing policy, practice, and systems?
- Where have you been bold? Where have you struggled?

2. How does your community seek authentic input from residents? What has been challenging about this? What has worked?

3. How well-prepared are your residents to weather natural disasters or economic downtowns? How does preparation compare by neighborhood or demographics?

## THE WAY FORWARD

When individuals are confident in their standing in a community and when they have the time and resources to participate, they are able to invest in actionable, future-oriented ways that affect their own families and the broader society for generations. With the enabling power of an inclusive economy, more people are able, in effect, to "add to the wood pile." It's not just about money, or financial capital, because everyone has other kinds of "capital"—the social capital we gain through our friends, neighbors, and religious institutions; the moral capital that comes from our most deeply held beliefs; the intellectual capital that comes from our knowledge and lived experience; and the reputational capital that comes from the respect we gain through the other three. These all can be brought to bear when working to strengthen our communities and civic structures.

"Our destiny, our wellbeing as a people, are now tied together," wrote Ambassador Jim Joseph, "and if we do not act now, generations of youth will be under-prepared, our capacity to thrive in a national and international economy will suffer, the progress we have made will be unraveled, and the values we have affirmed will be eroded."

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*“Patriotism is a praiseworthy competition with one’s ancestors.”*
*— Tacitus*

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*We call on Southerners to reaffirm the values that have supported our progress, to weave again what has unraveled and commit to realizing—together—a South where we all belong, where we all thrive, and where we all contribute to the place we call home.*