

# CAROLINA context

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**THE PROGRAM ON PUBLIC LIFE**

is a non-partisan organization devoted to serving the people of North Carolina and the South by informing the public agenda and nurturing leadership. The Program on Public Life is part of the School of Journalism and Mass Communication at the University of North Carolina at Chapel Hill.

**DIRECTOR'S NOTE**

Over the course of the past year, a veritable torrent of reports has poured out as part of a burgeoning national conversation over the country's need for more of its citizens to earn degrees and job-qualifying credentials to meet anticipated job-market demands in the near future. North Carolina, a state that pioneered public higher education and that has had a long commitment to worker training, has a vital stake in the outcome of the current policy discussions and initiatives.

This issue of Carolina Context takes a look at four national reports that provide data and analyses on economic change, job requirements and education beyond high school. The four were selected because each has state-by-state data, and the short essays that follow summarize the North Carolina material for our state's policymakers.

The picture that emerges from these reports is that of powerful economic, demographic and technological forces presenting an array of challenges to test North Carolina's mettle. The challenges arise even as the Governor, the General Assembly and all elements of state government confront an especially difficult budgetary outlook for the next fiscal year. Our purpose here is to

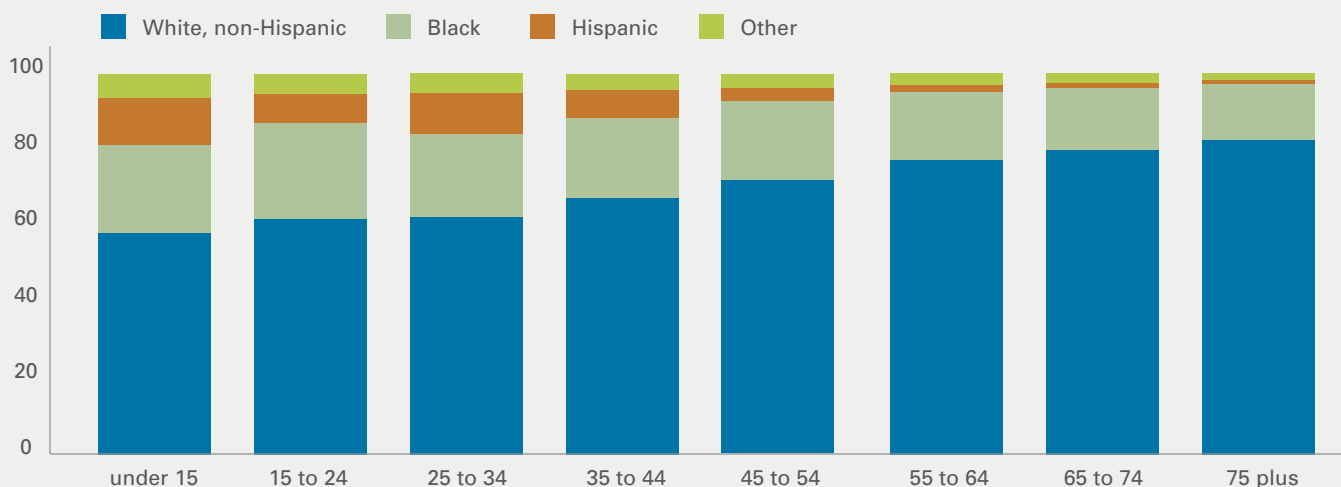
give policymakers information that helps frame the decisions they will make in 2011.

The synthesized message is that nearly six out of 10 jobs in North Carolina's near future are projected to require some higher education, principally in community colleges or universities. To meet that requirement, our higher education systems will have to elevate their completion rates substantially. Barely more than one in three North Carolina working-age adults holds an associate's degree or higher.

What's more, the state's demographic profile is undergoing a dramatic generational shift, a dual dynamic often referred to as the "graying" and the "browning" of the population. In the large baby-boom generation, consisting of people age 47 to 65, more than seven out of 10 current residents of North Carolina are whites. Among today's teenagers and young adults in North Carolina, slightly more than six out of 10 are whites, while nearly four out of 10 are blacks, Hispanics and other ethnicities. Among children 15 years and younger, whites make up less than 60 percent, while youngsters of other racial and ethnic groups add up to more than 40 percent. (See chart on race/ethnicity and age groupings.)

As baby-boomers age into retirement, the  
*continued on back page*

**POPULATION BY RACE/ETHNICITY AND AGE GROUP, NORTH CAROLINA, 2009**



Source: U.S. Census Bureau

## More Jobs, Higher Skills

By the end of this decade, North Carolina's new jobs requiring education and training beyond the 12<sup>th</sup> grade will double the growth in jobs requiring no more than a high school diploma. By 2018, North Carolina is projected to have 2.9 million jobs — 59 percent of all jobs — that require some postsecondary training.

These findings come from the Georgetown University Center on Education and the Workforce. Its June 2010 report, "Help Wanted: Projections of Jobs and Education Requirements Through 2018," has emerged as a principal source of data informing national discussion of the growing need to increase completion rates in community colleges and universities.

The authors of the Georgetown report — Anthony P. Carnevale, Nicole Smith and Jeff Strohl — contend that the forecast of the Bureau of Labor Statistics (BLS) has underestimated the demand for postsecondary education. The BLS, they argue, relies on a picture of the near-term workforce that overstates the growth in lower-wage jobs, many of them part-time, or high turn-over, employment for people who move on to other jobs.

So they have produced an extensive alternative model, using 2008 as a base year and projecting to 2018. In addition, they provide estimates for each state. People in the postsecondary education category in the Georgetown center's report include those who hold graduate and professional degrees, bachelor's degrees, associate's degrees, job-certification credentials and "some college" study beyond high school.

Here is a summary of the key findings for North Carolina:

- Over the decade, North Carolina will have 1.4 million job vacancies, from a combination of new jobs created and job openings resulting from retirements. Of those vacancies, 833,000 will require postsecondary education; 413,000 will be for high school graduates; and 172,000 will be jobs for which high school dropouts would qualify.
- Thus, jobs requiring postsecondary education will grow by 332,000, while jobs for high school grads and dropouts will grow by 157,000.
- North Carolina's projected growth in jobs requiring postsecondary training — 59 percent — falls somewhat below the national growth projection of 63 percent.

This report suggests, therefore, that North Carolina's economy will continue to have a markedly bifurcated labor market through this decade. It will remain a state with a broad share of jobs requiring no more than a high school

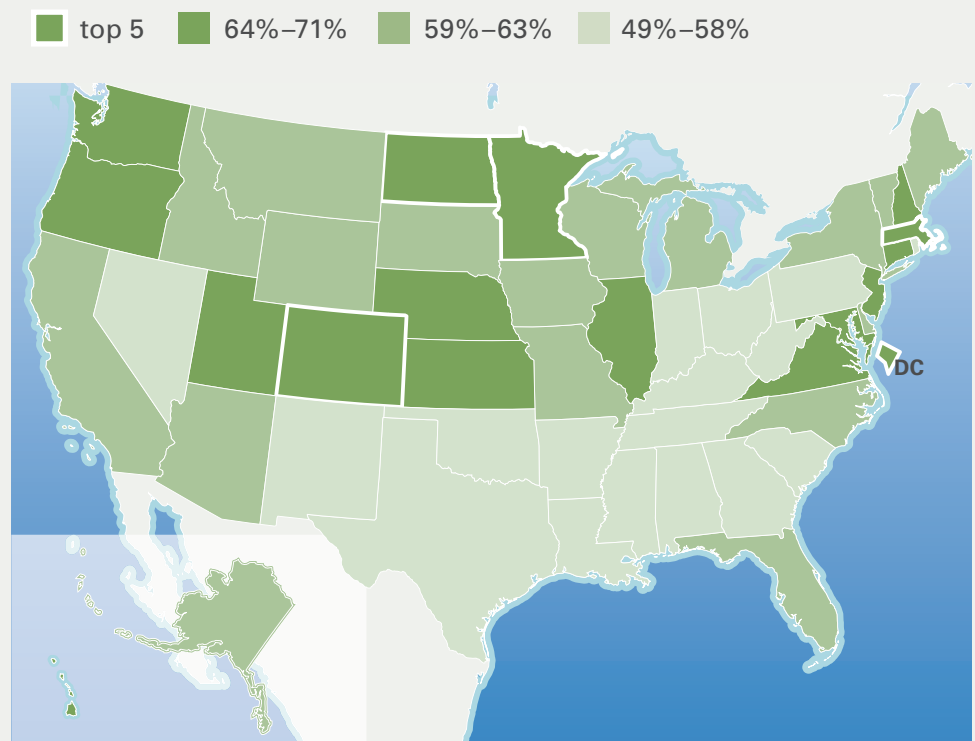
diploma, while the state's economy increasingly tilts toward jobs that require education beyond high school. The state faces a double challenge: how to enrich its occupational mix so that it does not remain overly dependent on lower-wage, lower-skill jobs, and how to fill the projected job growth with people who have completed their studies at community colleges and universities.

For the nation as a whole, says the Georgetown report, the recession-battered economy will not return to healthy job growth until 2015. By 2018, the report says, the U.S. economy will create 46.8 million job openings — 13.8 million new jobs and 33 million replacement positions. Of these jobs, about one-third will require a bachelor's degree and 30 percent some college or a two-year associate's degree. And yet, says the report, the nation's systems of colleges and universities are likely to produce 3 million graduates short of the labor-market demand.

This finding suggests an opportunity for North Carolina: The more that our state can produce graduates in response to that demand, the more attractive the state should be to business and industry featuring high-paid, higher-skill jobs. "Postsecondary education and training," says the report, "is quickly becoming the only viable path to the American middle class."

The center's report is online at <http://cew.georgetown.edu/jobs2018>.

### SHARE OF TOTAL JOBS WITHIN STATE REQUIRING POSTSECONDARY EDUCATION IN 2018



Source: Center on Education and the Workforce forecast of educational demand through 2018.

*“Today’s 21<sup>st</sup> Century students are far more diverse than at any time in history.*

They represent the **FULL RANGE** of **RACES** and **ETHNICITIES**, are of **ALL AGES**, and come from *all economic and social backgrounds.*”

— Lumina Foundation: *A Stronger Nation Through Higher Education.*

## North Carolina: How Far To ‘Big Goal’?

In September 2010, the Lumina Foundation for Education released the second version of its “A Stronger Nation” report, calling on the United States to reach a “big goal” of 60 percent of the adult population with postsecondary degrees or certificates by 2025. North Carolina has had some success in increasing completion rates over the past decade. But, Lumina says, the current rate of growth would yield only a 47.5 percent college-degree attainment rate among working-age adults in North Carolina by 2025.

To reach the 60 percent goal, the state would have to increase by 7 percent each year the number of its college students who receive associate’s or bachelor’s degrees — that is, 9,440 more graduates annually between now and 2025.

Currently, about 37 percent of North Carolina’s working-age adults hold at least an associate’s degree; the Lumina report does not give statistics on the level of job-qualifying certificates held. In terms of its educational attainment profile, North Carolina aligns closely with, though somewhat below, the national level:

- Adults with degrees, U.S. 37.9 percent, N.C. 36.9 percent.
- Adults with high school diplomas, U.S. 27.1, N.C. 26.6.
- Adults not completing high school, U.S. 12.8 percent; N.C. 13.7 percent.

And yet, current attainment rates do not meet the anticipated needs of the economy in this decade and next. The Lumina report draws on the work of the Georgetown Center on Education and the Workforce, which says that 63 percent of jobs — 59 percent in North Carolina — will require an education beyond high school by 2018.

Lumina also draws on international data showing that the U.S. has declined in the rankings of countries in degrees received by its young adults, age 25 to 34. Thus, says the Lumina report, “ours is one of the very few nations in the world in which young adults are not better educated than older adults.”

For North Carolina policymakers, the Lumina report proposes two distinct population groupings as ripe targets for an effort to raise attainment rates:

1) The 1.1 million North Carolinians who have completed “some college” but did not earn a degree. This grouping represents 23 percent of the adult working-age population. “If only a small portion of this group could be enticed to return to college to complete either a two- or a four-year degree, it would go a long way to helping North Carolina reach the goal of 60 percent higher education attainment,” says the report.

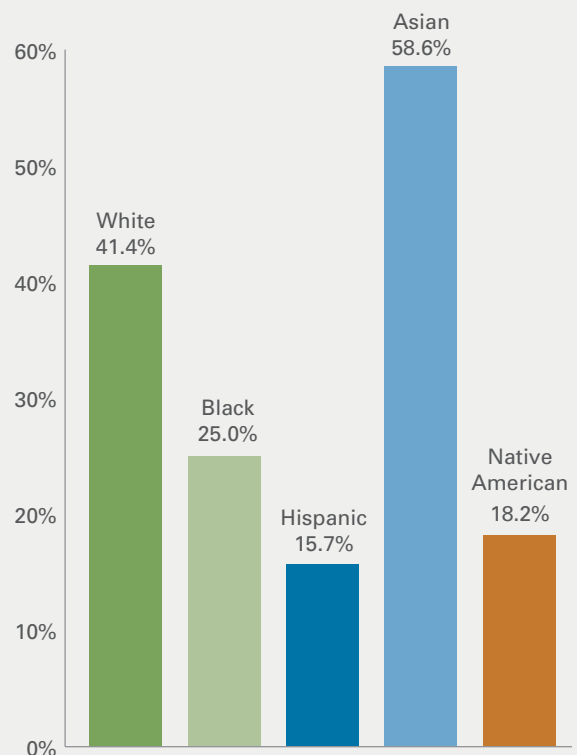
2) A disparate array of residents that Lumina classifies as “21st Century students.” These include working adults, first-

generation students, low-income adults and adolescents, and students of racial and ethnic minorities. Along with the nation as a whole, North Carolina has wide gaps in attainment levels among whites, blacks, Hispanics, Asians and American Indians. (See chart). As the largely white baby-boom generation moves into retirement over the next 10-15 years, the state’s economy will become increasingly dependent on younger cohorts of ethnically diverse residents.

“Attainment gaps among racial and ethnic groups have persisted in North Carolina for decades,” says the Lumina report, “and the more recent degree-attainment rates for the state continue to reflect such gaps. Closing the attainment gaps is clearly a challenge, but it is one that can and must be met.”

For the full Lumina report, visit [www.luminafoundation.org](http://www.luminafoundation.org). You will find

### DEGREE-ATTAINMENT RATES AMONG NORTH CAROLINA ADULTS (AGES 25–64), BY POPULATION GROUP



Source: U.S. Census Bureau, 2008 American Community Survey

## ‘Completion’ Means Starting Early

The College Board has its own completion goal similar to that of the Lumina Foundation for Education. While Lumina has its “big goal” of 60 percent of working-age adults with a two- or four-year degree, the College Board focuses on younger adults, calling for 55 percent of 25–34-year-olds with degrees by 2025. In its “The College Completion Agenda: 2010 Progress Report,” the College Board Advocacy and Policy Center does not focus only on issues related to community colleges, universities and adult training programs. Its 10-point agenda includes several recommendations on early childhood education, on counseling and drop-out prevention in middle and high schools, and on teacher quality and recruitment.

Two years ago, the College Board convened the Commission on Access, Admissions and Success in Higher Education. Three North Carolinians served on that national 28-member panel: former UNC President Molly Broad, former UNC-Chapel Hill Chancellor James Moeser, and Shirley Ort, associate provost and director of scholarships and student aid at UNC-Chapel Hill. The Advocacy

and Policy Center’s 2010 update contained three pages of educational rankings and data for all the states. Not surprisingly, certain data on college attainment overlaps with the data in the Lumina and Georgetown reports.

For North Carolina, the College Board data show that the state indeed has moved forward in certain key educational measurements:

- The commission called for aligning K–12 education with international standards and college admission expectations. The data show North Carolina ranked in the top 12 in public high schools offering Advanced Placement or International Baccalaureate courses in core subjects. According to the College Board report, 50.2 percent of North Carolina public high schools offered AP courses, well above the 33.9 percent national average.
- North Carolina ranked second in the nation in growth in fiscal support for higher education in recent years. North Carolina’s per capita fiscal support grew by 17.5 percent, according to the College Board, while the national average dropped by 2.8 percent.
- The commission called for voluntary pre-school universally available to low-income families. North Carolina ranks 17th in 4-year-olds enrolled in state-funded pre-K — 23 percent in N.C., just slightly below the national level of 24 percent.

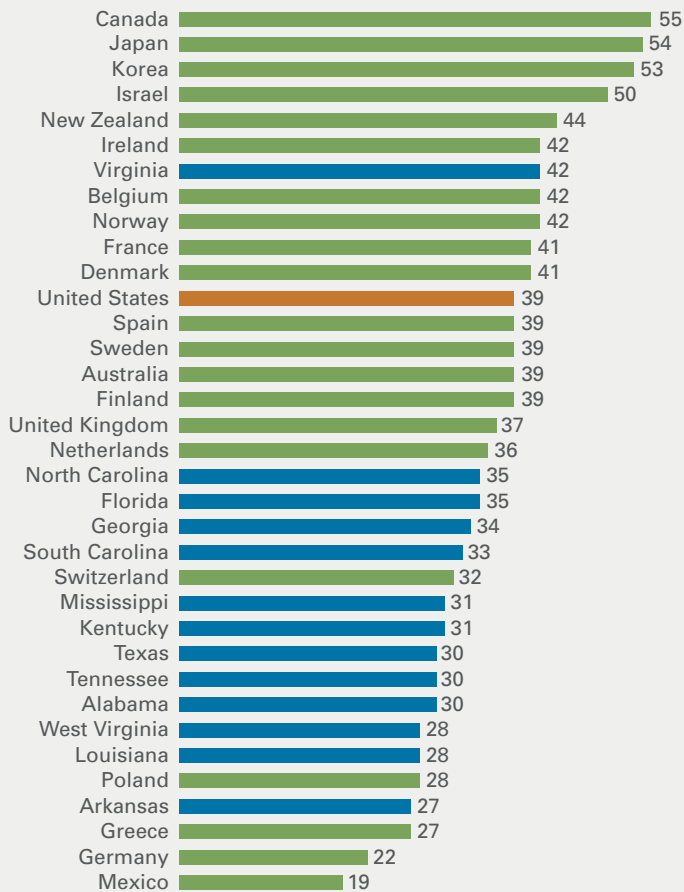
At the same time, the College Board data point out that North Carolina ranks 36<sup>th</sup> in student-to-counselor ratio and 38 in average graduation rate for public high school students — the N.C. graduation rate of 71.8 percent is somewhat below the national rate of 73.4 percent. The College Board’s commission called for implementing research-based dropout prevention efforts.

The College Board’s “completion agenda” also calls on states to clarify and simplify the admission process to higher education as well as provide postsecondary opportunities to participants in adult education programs. Moreover, the commission’s agenda urges states to increase degree-completion by reducing high school dropouts, easing transfer to higher education, and using data-based approaches to identify barriers on the campuses of both two- and four-year institutions.

The College Board report includes a lengthy analysis of tuition and state funding of higher education. In keeping with its historic tradition, North Carolina ranks among the five states with the lowest in-state tuition in both community colleges and universities. The report recognizes the “pressures on state budgets from declining revenues and increasingly costly competing demands.” Across the nation state appropriations have not kept pace with increasing enrollments. While recent North Carolina budgets have sought to fund enrollment growth, the 2011 session of the General Assembly appears certain to feature a critical debate over the level of funding for higher education. Says the report, “Only a strong commitment to affordable, high-quality public higher education on the part of state legislatures can assure the funding levels required to restrain tuition increases and provide adequate need-based aid.”

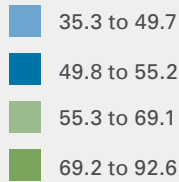
You can access the College Board’s data and analysis online at <http://completionagenda.collegeboard.org>.

**PERCENTAGE OF YOUNG-ADULT DEGREE ATTAINMENT (AGES 25–34 WITH AT LEAST A TWO-YEAR DEGREE IN 2006): OECD COUNTRIES AND U.S. SOUTHERN STATES**



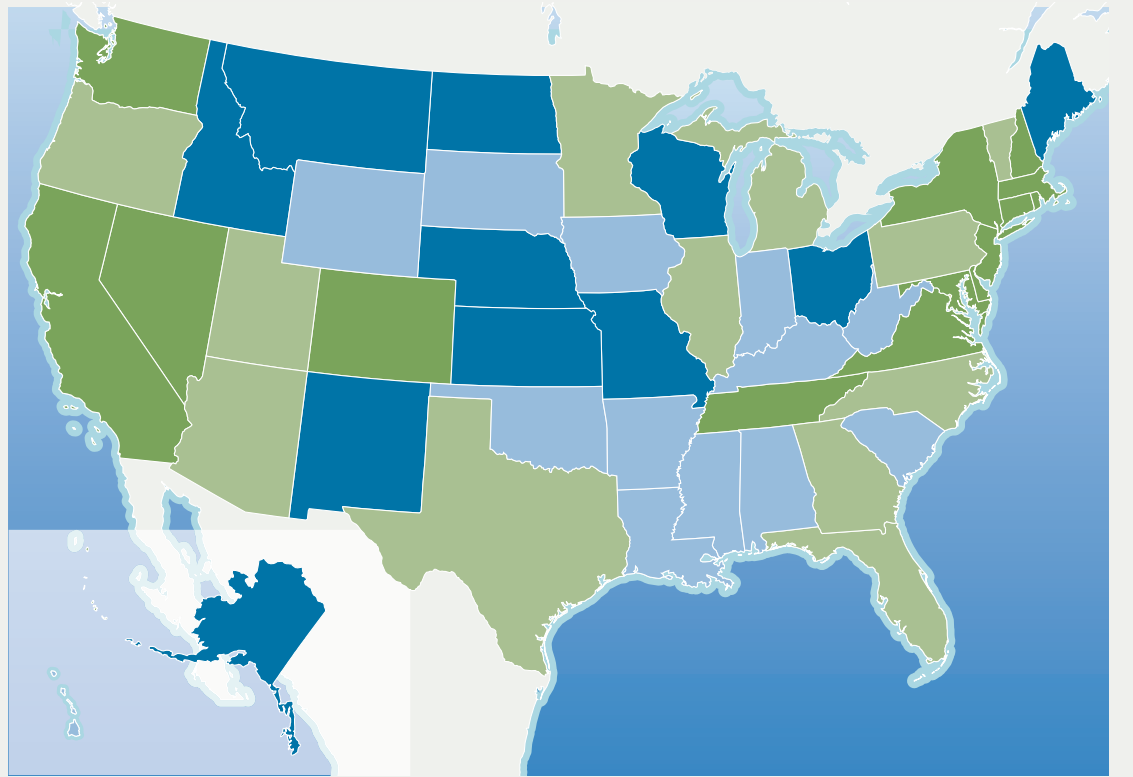
In its 2010 State of the South report, MDC Inc., the nonprofit economic-and-community development research firm in Chapel Hill, produced this chart to show how Southern states ranked internationally in its 25-to-34 year olds with two-year degrees or higher. The chart combines data from the multi-national Organization of Economic Co-operation and Development (OECD\_ and the U.S. Census Bureau. At 42 percent, the U.S. fell below Canada (56 percent), and Japan (55 percent). Of the Southern states, only Virginia, at 44 percent, exceeded the U.S. level — and the U.S. itself ranked 12th. Next came North Carolina, Florida, South Carolina, and Georgia.

## STATE NEW ECONOMY INDEX – 2010



US Average = 62.0

Source:  
Kauffman Foundation



## New Economy: Where N.C. Fits

The 2010 State New Economy Index places North Carolina in the middle-range of the 50 states in a multi-dimensional measurement of the extent to which their economies are knowledge-based, entrepreneurial, globalized and innovation-driven. Using 26 indicators, the Index ranks North Carolina 24<sup>th</sup> in its overall New Economy score.

Massachusetts ranks highest, largely on the strength of the major universities in Boston and the software, hardware and biotech firms along the Route 128 region. Among the Southern states, only Virginia, at 8<sup>th</sup>, is in the top 10.

At one point, the report takes special notice of North Carolina, offering insight into the mixed nature of the state's economy. "Given some states' reputations as technology-based, New Economy states, their scores seem surprising at first," says the report. "For example, North Carolina and New Mexico rank twenty-fourth and thirty-second, respectively, in spite of the fact that the region around Research Triangle Park boasts top universities, a highly educated workforce, cutting-edge technology companies, and global connections, while Albuquerque is home to leading national laboratories and an appealing quality of life. In both cases, however, many parts of the states outside these metropolitan regions are more rooted in the old economy—with more jobs in traditional manufacturing, agriculture, and lower-skilled services; a less-educated workforce; and a less-developed innovation infrastructure. As these examples reveal, most state economies are, in fact, a composite of many regional economies that differ in the degree to which they are structured in accordance to New Economy factors."

The 2010 index is the fifth in a series of such state-level measurements dating back to 1999. The principal author of the series is Robert D. Atkinson, now president of the Information Technology and Innovation Foundation in Washington, DC. (Atkinson received a Ph.D in city and regional planning from UNC-Chapel Hill.) The 2010 index was funded by the Ewing Marion Kauffman Foundation. Unlike the three other reports featured here, the index does not

speak directly to education beyond high school; it is included in an effort to provide broader context — that is, to make the point that raising completion rates could enhance North Carolina's strengths and address its shortcomings.

In the 1999 study, North Carolina ranked 30<sup>th</sup>, now it's 24<sup>th</sup>. The report points out that indicators have changed over time, cautioning against direct comparisons from one study to another. Still, the report seeks to prod states to focus its economic development efforts on long-term growth and innovation, more than on short-term "zero-sum incentives." The ITIF says that states are "on the front line" in strengthening the nation's global competitiveness.

"In this century, the U.S. economy is under challenge like never before," says the report. "...More jobs alone, while a critical step for recovery, will not be enough to get America's economy back onto the trajectory of the growth rates experienced in the 1990s. Instead, the economy will need to shift from low-skilled, low-wage jobs to more highly skilled and thus higher wage jobs... in high tech fields such as biotechnology, clean energy, information technology, nanotechnology and advanced manufacturing."

That observation seems clearly in line with North Carolina's current strategic positioning. The State New Economy Index provides an assessment of the state's economic transition, still a work in progress. The 26 indicators are grouped into five categories: knowledge jobs, globalization, economic dynamism, digital economy and innovation capacity. They offer insight into North Carolina's strengths in relation to other states, and point to new-economy factors that require further effort.

The New Economy Index ranked North Carolina in the top 20 on such indicators as foreign direct investment (7<sup>th</sup>), fastest-growing firms (17<sup>th</sup>), IT professionals (14<sup>th</sup>), non-industry research and development (16<sup>th</sup>) and venture capital (13<sup>th</sup>). The state ranked in the bottom 10 in entrepreneurial activity (41<sup>st</sup>) and inventor patents (44<sup>th</sup>), while it ranked 37<sup>th</sup> in workforce education.

For a complete set of North Carolina data, visit: <http://www.itif.org/files/2010-state-new-economy-index.pdf>



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state's economy appears destined to become more dependent on blacks and Latinos. To avoid a shortage of educated citizens qualified for new-economy jobs in the near future, North Carolina has before it the important task of closing the gaps in graduation and degree-attainment rates among whites, blacks and Latinos.

This Carolina Context flows out of a collaboration between the James B. Hunt Jr. Institute for Educational Leadership and Policy and the Program on Public Life, both units of the University of North Carolina at Chapel Hill. Several members of the Hunt Institute staff are engaged in this work, especially Dr. Judith Rizzo, executive director and CEO; Geoff Coltrane, director of program and policy; and Michael Gilligan, director of finance and development. The Institute and the Program plan to work together over 2011 on a series of publications to provide state legislators and other policymakers with information on the college-completion imperative as well as to offer opportunities for discussion of issues with university scholars and other experts.

— FERREL GUILLORY  
Director, Program on Public Life

*“The future of employment in the United States comes down to this: SUCCESS will require POSTSECONDARY EDUCATION, in one form or another.”*

— Georgetown University Center on Education and the Workforce.