

Educated Workforce, Quality Jobs Still Elusive Goals in the Rural South

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Nearly 15 years ago, the Commission on the Future of the South released a much anticipated report titled, *Halfway Home and a Long Way to Go* (Southern Growth Policies Board), a document that offered a frank assessment of how Southern States were doing at the midpoint of the 1980's. The Commission, charged with the responsibility of setting forth an agenda for economic and social progress over the coming years in the region, concluded that the news was not all favorable. It stated:

"The sunshine on the Sunbelt has proved to be a narrow beam of light, brightening futures along the Atlantic Seaboard, and in large cities, but skipping over many small towns and rural areas. The decade's widely publicized new jobs at higher pay have been largely claimed by educated, urban, middle-class Southerners. Although their economic progress has lifted southern per capita income to 88 percent of the national average, millions of us – approximately the same number as in 1965 – still

Adult rural Southerners have made remarkable progress in improving their educational status over the past decade, but quality jobs requiring college-educated workers remain more a dream than a reality in the rural South. The most rapidly growing segments of the rural Southern economy are paying wages and salaries that are well below those paid to metro-based Southerners. Consequently, the gap in average earnings has widened between Southern metro and nonmetro workers during the 1990's. Projected job expansion over 1996-2005 offers little hope for improvement since the majority of such jobs will demand persons with no more than a terminal high school education and some on-the-job training.

struggle in poverty. While nine million new jobs are projected for the region by the year 2000, too many workers in obsolete jobs are not being retrained for the next century's technical and service careers. In the South's long, even commendable, journey of progress, too many are left behind . . ." (Southern Growth Policies Board, p. 5).

Certainly, the situation has improved markedly since the mid-1980's. Consider, for example, that the South has experienced healthy expansion of its economy during the 1990's, with more than 11 million new jobs created. Furthermore, the Southern adult population has improved remarkably in educational status. Surely, one could argue that a more accurate portrayal of the South is reflected in the 1998 report by MDC, Inc., which asserts, "The modern South is a dynamic, growing, and changing region, galloping into the 21st century."

Yet, to celebrate the successes that the South has enjoyed over the past decade would be to lull our-

selves into a false sense of security regarding the region's long-term vitality. The glowing profile outlined in the MDC report is largely a progress report on metropolitan areas, giving limited attention to the plight of rural people and communities. Despite concrete gains over the past decade or two, the underlying concerns in the *Halfway Home and a Long Way to Go* report persist in many parts of the rural South. In particular, the human capital resources of rural people—their education and work-relevant skills—remain woefully inadequate compared to those of urban residents. Furthermore, good jobs that require an educated workforce and offer excellent pay continue to bypass rural places for the richer pool of human, financial, and physical resources found in urban areas.

The caliber of the region's human capital resources will play a prominent role in determining the quality of life that rural Southerners will enjoy over the coming years. The notion of "human capital," as used here, extends beyond the edu-

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cational progress needed to compete effectively in a complex, global economy. It includes a thoughtful assessment of how we want the economies of rural communities to develop, and a recognition that families and communities are vital in developing the human capital of both children and adults.

Examining the Educational Status of Rural Southerners

One of the most widely accepted measures of an individual's human capital is educational attainment. Through education, a person's knowledge and skills are thought to improve, accelerating that individual's work-related productivity and earnings (Marshall and Briggs). A key issue for the South is whether the educational credentials of rural adults of prime working age (25-64 years old) have

improved relative to persons living in the region's metro areas.

Metro and nonmetro areas have both witnessed measurable declines since 1990 in the share of adults with less than a high school education (fig. 1). But even with these improvements, 6 of every 10 nonmetro adults either had terminal high school degrees (40 percent) or less (22 percent) in 1999. In contrast, less than 46 percent of metro residents had a high school education or less.

Growth in college-educated residents has been negligible in the nonmetro South, increasing only 1 percent from 1990 to 1999. On the other hand, metro adults with college degrees or more education increased from 24 percent to 28 percent. Today, more than one in four persons in the metro South are college educated, while just one in

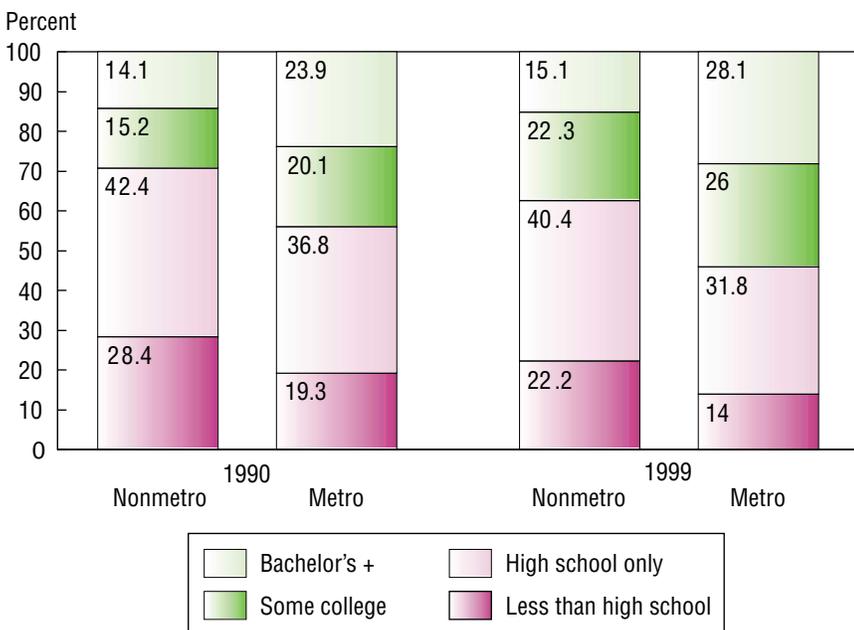
seven nonmetro adults can say the same.

Educational progress is more dramatic when examining historically disadvantaged groups over the past decade. The share of nonmetro White adults with less than a high school education has dropped from 25 to 18 percent since 1990, but is still twice the rate of metro Whites (table 1). The South's rural Blacks continue to show progress too. As of 1999, the share of rural Black adults with at most a terminal high school degree had dropped about eight percentage points since 1990. Hispanics remain entrenched in the lowest rungs of the educational attainment ladder, particularly in the South's nonmetro areas. As of 1999, over half of rural Hispanic adults had less than a high school education, about the same share as in 1990 (table 1).

The largest pool of educated Southerners, across all race and ethnic categories, remain in urban areas. The percentage of White, Black, and Hispanic residents with college degrees or better is two to three times greater in the metro South than in the nonmetro South as of 1999. Only 8 percent of rural Southern Blacks had a college education in 1999, while the figure for Hispanics was even lower—5 percent. More alarming, the metro/nonmetro gap has widened since 1990 in terms of college-educated adults. For example, the share of Blacks with college degrees in the metro South grew by 33 percent during 1990-99, while rural college-educated Blacks inched up by less than 4 percent. Metro areas are expanding their pool of educated adults of prime working age at a faster pace than are the region's nonmetro areas.

Figure 1
Educational status of metro/nonmetro residents (25-64 years old) in the South, 1990 and 1999

The best-educated Southerners continue to live in metro areas



Source: Current Population Survey, March 1990 and 1999.

Table 1

Educational attainment of metro and nonmetro adults (25-64 years old) in 1990 and 1999, by race and ethnicity

Few nonmetro Blacks and Hispanics have completed college degrees

Race/ethnicity	1990		1999	
	Metro	Nonmetro	Metro	Nonmetro
	<i>Percent</i>			
White:				
< High school	13.6	24.9	8.4	18.2
H.S. only	37.3	43.6	31.7	41.0
Some college	21.1	15.9	27.1	23.7
Bachelor's +	28.0	15.6	32.9	17.1
No. of cases	11,788	5,553	9,930	3,860
Black:				
< High school	26.6	41.1	16.7	28.3
H.S. only	40.0	38.3	36.8	43.1
Some college	15.7	13.1	27.9	20.7
Bachelor's +	14.0	7.6	18.6	7.9
No. of cases	2,756	1,108	2,584	696
Hispanic:				
< High school	39.1	50.7	33.2	51.8
H.S. only	31.9	35.2	28.4	30.3
Some college	16.4	8.7	21.3	12.7
Bachelor's +	12.7	5.5	17.2	5.2
No. of cases	2,414	219	2,571	363

Source: Current Population Survey, March 1990 and 1999.

tion and a nearly 85-percent growth in the Hispanic population by 2025. Two-thirds of the South's projected growth over the next 25 years will come from the region's minorities (Murdock et al.). As these are the very groups that have lagged in the educational upgrading of the last decade, the rural South will likely continue to face major challenges in its efforts to shore up the educational endowments of its residents (Murdock et al.).

The Changing Course of the Rural South's Economy

The rural South's economy is evolving from its historical dependence on goods-producing industries. Agriculture, for example, now employs (as of 1998) less than 7 percent of the rural South's labor force. Manufacturing, while still capturing 18 percent of the South's full- and part-time nonmetro work-

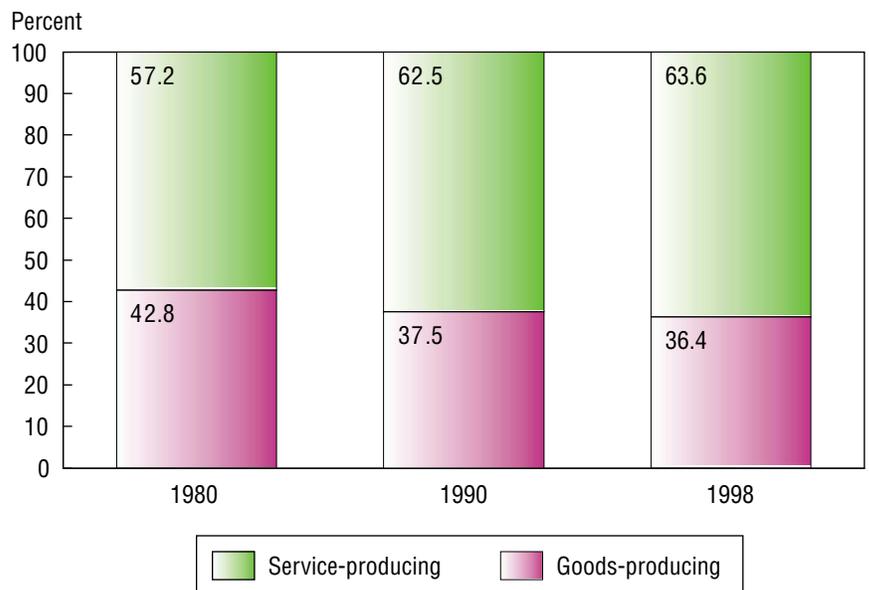
So while the South has enriched its human capital resources generally in the last decade, improvements are occurring much faster in its metro areas. As a result, rural areas remain at a distinct disadvantage in attracting high-quality jobs that demand well-educated workers. Perhaps even more problematic for the rural South, however, is the persistently low educational credentials of its minority populations. While Blacks are graduating from high school in increasing numbers, relatively few are moving on to college. And among Hispanics, the share pursuing post-secondary education remains woefully low.

These trends are especially troubling given the demographic shifts predicted for the South over the next several years—a 33-percent increase in the Black popula-

Figure 2

Persons employed full- or part-time in the goods- and service-producing sectors of the nonmetro South, 1980, 1990, and 1998

Employment in service-producing sector jobs has accelerated over the past two decades



Source: Bureau of Economic Analysis.

Table 2

Average salaries/wages of full and part-time workers (25-64 years old) in the metro/nonmetro areas of the South by industry, 1990 and 1999

The gap in average earnings among metro and nonmetro Southerners has increased during the 1990's

Industry	Metro			Nonmetro		
	1990	1999	Percent change	1990	1999	Percent change
	— Dollars —		Percent	— Dollars —		Percent
Agricultural services	14,434	20,173	39.8	12,392	21,842	76.2
Mining	35,589	52,134	46.5	39,059	32,233	10.9
Construction	22,165	33,355	50.5	18,155	24,897	37.1
Manufacturing	26,822	37,643	40.3	18,897	28,806	52.4
Transportation and utilities	27,429	38,948	42.0	24,669	32,012	29.8
Wholesale and retail trade	20,505	30,714	49.8	15,217	23,263	52.9
Finance, insurance, and real estate	21,270	37,471	76.2	15,498	26,926	73.7
Services	21,430	34,551	61.2	16,926	25,273	49.3
Government	28,636	42,319	47.8	20,256	29,425	49.3
Overall	23,150	34,906	50.8	18,020	26,314	46.0
No. of cases	12,213	11,249	-	4,490	3,180	-

Source: Current Population Survey, March 1999.

nearly 17 percent over 1990-98) has not narrowed the metro/nonmetro earnings gap. In 1990, full- and part-time workers in the rural South earned (on average) 78 percent of the region's metro workers' salaries or wages (table 2). By 1999, rural earnings were 75 percent of the region's metro earnings (\$34,906 for urban workers versus \$26,314 for rural workers). Hence, the wage gap between nonmetro and metro Southerners actually widened in the 1990's. While rural areas of the South have been successful in creating many new jobs over the past decade, the wages tied to these jobs have been an issue of considerable concern.

Why is the rural South losing ground to the metro South? No doubt, economic restructuring in the region is key. The manufacturing sector experienced employment declines between 1990 and 1998

force, employed fewer people in 1998 than 8 years earlier.

In 1980, goods-producing industries (farming, agricultural services, forestry, fishing, mining, construction, and manufacturing) in the nonmetro South employed 43 percent of the workforce. By 1998, 36 percent of jobs in the nonmetro South were connected to goods-producing sectors of the economy (fig. 2). Meanwhile, new jobs were being generated by the service-producing sectors in the rural South. Between 1990 and 1998, 7 of every 10 new jobs created in the nonmetro South were tied to service-sector industries, such as transportation and public utilities, wholesale and retail trade, finance, insurance and real estate services, and government.

The healthy economic expansion of the rural South during the 1990's (nonfarm employment grew

Table 3

Employment change in selected industries in the metro and nonmetro South, 1990-98

Explosive growth in services-related jobs has occurred in the South since 1990

Industry	Employees			
	1990	1998	Change, 1990-98	Change, 1990-98
	— Number —			Percent
Nonmetro:				
Manufacturing	2,073,402	2,064,102	-9,300	-0.4
Wholesale and retail trade	1,871,283	2,247,576	376,293	20.1
Finance, real estate, and insurance	419,068	491,051	71,983	17.2
Services	1,865,085	2,385,218	520,133	27.9
Metro:				
Manufacturing	4,238,930	4,323,355	84,425	2.0
Wholesale and retail trade	8,087,296	9,724,941	1,637,645	20.2
Finance, real estate, and insurance	2,808,169	3,324,890	516,721	18.4
Services	10,238,730	14,056,638	3,817,908	37.3

Source: Bureau of Economic Analysis.

(table 3), while over half of the jobs created in the nonmetro South over 1990-98 have been tied to services and retail/wholesale trade. Average earnings by nonmetro jobholders in these sectors were \$2,500-\$5,500 lower (in 1999) than those in manufacturing (table 2).

While metro areas of the South are also experiencing vigorous expansion in services and wholesale/retail trade, average wages/salaries earned by metro workers in these industries are \$7,400 to \$9,200 more than those of nonmetro workers. In a nutshell, the sectors of the rural economy that are expanding most rapidly are not providing the same level of earnings that the slower growing or declining goods-producing sectors (such as manufacturing) have been able to offer, nor are they compensating rural workers comparably to urban workers.

Education and Earnings: Location and Race Make a Difference

Also influencing the metro/nonmetro wage/salary gap is the lower educational status of rural workers. Earnings are strongly linked to educational attainment. Better educated workers are clearly able to capture the highest average earnings (fig. 3). For example, metro college graduates earned more than twice as much in 1999 as workers who failed to finish high school.

Not only does the rural South not have as many educated workers as metro areas, its comparably educated workers are not paid as much as their metro counterparts (fig. 3). And Blacks receive lower wages/salaries than Whites across all educational strata. (This disparity appears most pronounced among college-educated residents living in the metro South.)

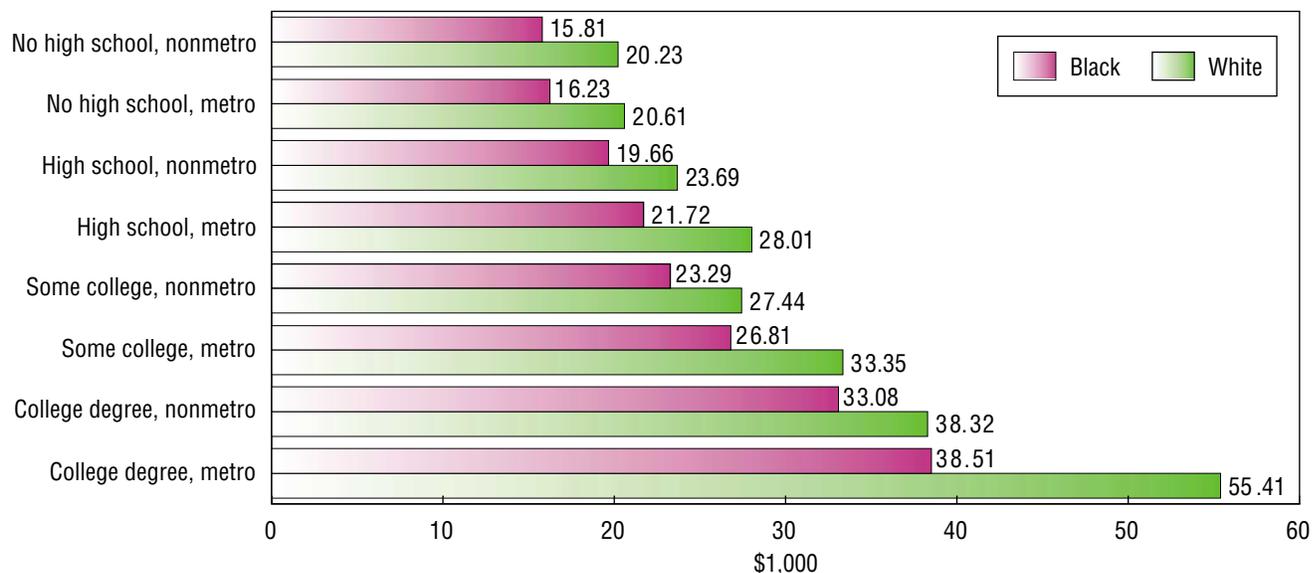
Projected Job Shifts in the South

In light of the economic shifts in recent years and the earnings gap between metro and nonmetro areas of the region, is there any hope that the future will be brighter for the rural South? Projections prepared by the Bureau of Labor Statistics and America's Labor Market Information System are discouraging news for the nonmetro South. Despite pronouncements regarding the increasing need for a highly educated and trained workforce (Johnston and Packer; Judy and D'Amico), occupational shifts expected over 1996-2005 in the South run counter to those warnings. The 20 occupations expected to create the most new jobs (such as cashiers, retail salespersons, waiters/waitresses, janitors/cleaners, truck drivers) will add over 3.24 million job slots to the South's economy (fig. 4). Many of these

Figure 3

Average earnings of full- and part-time workers (25-64 years old) in metro/nonmetro South by race, 1999

The better educated capture the best wages, but average earnings of Blacks lag behind those of Whites across all education levels



Source: Current Population Survey, March 1999.

jobs will pay low wages, offer less than full-time employment, and place workers at risk of frequent unemployment. Only 21 percent of these jobs will require persons with associate's or bachelor's degrees.

On the other hand, the 20 fastest growing occupations nationally (such as computer engineers, systems analysts, physical/occupational therapists, special education teachers, medical assistants) will contribute about 815,000 new jobs to the South's economy during this same 10-year period, and nearly half of these positions (49.5 percent) will require persons with degrees. Many of these positions will pay decent wages and offer job stability (Barfield and Beaulieu).

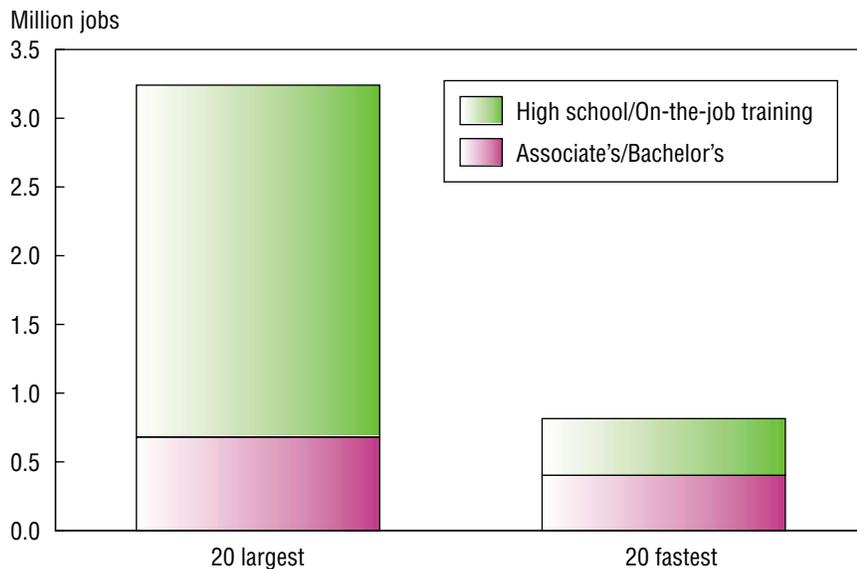
Of a projected 3.8 million jobs added to the South's economy by 2005, removing duplicates between lists of the top 20 occupations creating the most jobs and the top 20 growing the fastest, just a quarter (951,200 jobs) will require a formal education beyond high school. And if past trends are any indication (table 2), rural areas will capture more than their share of lower-wage jobs. The job prospects for those with a terminal high school education or limited post-secondary schooling will be good (although the wages associated with these jobs will not be very high).

Meanwhile, the best jobs growing at the fastest pace will most probably flow to the South's metro areas. Many of the best-educated nonmetro residents will continue to move to or commute to areas that provide decent jobs commensurate with their degrees. The prospects for rural Southern workers with no high school education will be grim, though. In tight labor markets, they will be able to secure entry-level jobs. But once the economy

Figure 4

Job projections for the top 20 occupations creating the most new jobs, and the top 20 occupations growing at the fastest pace in the South, by educational requirements, 1996-2005

Most new jobs will demand little education beyond high school



Source: Barfield and Beaulieu, July 1999

slows, this group will likely suffer high levels of unemployment.

Challenges Ahead for the Rural South

Many years after the 1986 Commission on the Future of the South warned of the emergence of a divided region—one vibrant and metropolitan, the other struggling and rural—disparities between these two geographic areas persist even today. Certainly, educational advancements have been realized in the nonmetro South. But, the educational credentials of the rural workforce still fall short of what is needed to capture the high-quality jobs being created as part of a complex, technology-sophisticated, and global economy. Jobs are growing at an impressive rate in the non-metro South, but whether these jobs offer rural workers meaningful opportunities for economic

advancement remains a subject of considerable debate.

Efforts to further advance the human capital resources of the rural South require long-term investment strategies. The 1998 Commission on the Future of the South emphasized building quality education in the region—quality courses, well-trained teachers, and state-of-the-art school facilities. This investment challenges schools to raise their expectations of student performance and set high aspirations regarding the educational and career plans of their youth.

At the same time, the burden of creating an educated and skilled pool of workers extends to families. Research investigations dealing with the long-term educational and occupational successes of youth share one consistent finding—families are crucial in



Houma, Louisiana. Photo courtesy John B. Cromartie.

shaping the academic and occupational aspirations and achievements of their children (Beaulieu and Israel; Lee). But families are nearly always excluded from strategies for strengthening the rural South's human capital resources. As such, efforts must be redoubled to promote strong parent-youth interactions, to help parents take a greater role in the educational development of their children, and to elevate parental aspirations for their children's long-term education and occupational choices.

Of more immediate concern is bringing economic diversification to the nonmetro South. Sound research might better profile the economic leakages that rural areas are experiencing, or assess which imported products—both agricultural and nonagricultural—can be produced locally. The skills of local people can be channeled into home-based microbusinesses, or other internally grown small business enterprises (for example, woodworking). Building on the

existing skills and talents of rural people constitutes a viable strategy for strengthening the local rural economy.

Rural communities and their leaders must analyze the economic shifts that are projected to occur in the next decade and position themselves to capture their fair share of the decent paying jobs in growing occupational categories. Certainly, many rural communities in the South will remain committed to the numbers game, in which any job is better than no job at all. Unfortunately, this type of strategy, while expanding local job opportunities in the short term, may further retard the region's effort to improve the human resource endowments of rural workers. People often respond to local labor market conditions when making human capital investment decisions (Stallmann et al.). Only when challenging and well-paying jobs are available in rural areas of the South will people invest their time and resources in training and improving their human capital.

The rural South must remain ever attuned to demographic changes. Black and Hispanic populations are growing rapidly, but these are the very groups that have had the least success in securing good jobs paying decent wages. Advancing the educational endowments and workforce skills of rural minorities must be an essential component of social and economic progress in the rural South.

A final challenge awaiting the rural South is best articulated by William Winter, a former Governor of Mississippi. He notes that communities that have secured the greatest success on the economic front have moved beyond a simple "bricks and mortar" approach to economic development. Their triumphs, he argues, have been rooted in the attention given to the development of human relationships, to the building of a true sense of community. Those exemplary communities have been made up of people dedicated to working together rather than pulling the community in opposite directions.

The strategy for building the human capital of the rural South will likely be multi-dimensional:

- Improve the educational status of rural residents, especially among the expanding group of minorities who have had the least success in securing decent education;
- Embrace the high road in terms of economic development activities—one that is far less interested in capturing any jobs and more concerned about securing quality jobs for rural workers;
- Equip families and schools with the tools to nurture the educational and occupational dreams of their children; and
- Get the various interests existing in rural areas to collaborate in shaping the future of the nonmetro South.

It is critical that rural Southerners have the resolve to move ahead on these efforts if they hope to truly ensure the future economic and social vitality of the nonmetro South. **RA**

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