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THE RURAL SOUTH: STILL A SHADOW IN THE SUNBELT?

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The rural South continues to face disadvantages that have remained persistent parts of the fabric of this region. These include dependence on low-wage jobs, entrenched pockets of poverty, low human capital endowments, and an agricultural/rural economy that finds itself, as a result of global and technological forces, in transition. At the same time, several trends point to optimism among the region's rural areas. Increasingly, jobs paying decent wages are coming to some parts of the rural South. Moreover, several communities are implementing creative strategies to further strengthen the economic health of existing agricultural and non-agricultural firms in their localities. Young people are graduating from high school in increasing numbers, touching all racial and ethnic populations. And, people are re-discovering the amenities that rural life brings, as witnessed by the increasing number of people migrating to the rural South.

Indeed, the rural South finds itself at a critical junction in the year 2000. In this brief paper, I attempt to outline a subset of forces currently impacting the Southern region. In addition, I seek to outline key policy considerations that might position the rural South to become a full partner in the progress being realized in many parts of America today and in the years ahead.

The South's Rural Population: Not Only Growing, But Diversifying

It is not unusual when popular presses speak of the "new South," that their orientation tends to be devoted to major transformations that are taking place in the landscape of urban areas, such as Atlanta, Nashville, Charlotte, San Antonio, or Tampa. While it is true that a sizable number of Southerners are living in major urban and suburban areas of the region, it is important to remember that the number of individuals who reside in the rural South is not inconsequential. As of March 1998, nearly 25 percent of the region's population were classified as nonmetro residents, numbering some 23.2 million persons. The South continues to be the region of the U.S. with the largest number of people living in rural areas.

In essence, the rural South represents a significant component of the region's population. And, if recent figures are any indication, the rural South is experiencing a healthy expansion of its population. For example,

- Between 1990-96, the nonmetro South realized an increase of 733,000 residents through migration exchange with the urban South and with other regions of the country. In addition, it gained more than 97,000 international immigrants (Nord and Cromartie, 1999b).

- And, recent data point to a continuation in this trend. Between March 1997 and March 1998, nonmetro areas of the South grew by 227,000 people. Most of these gains were the result of net exchange with the urban South (Nord and Cromartie, 1999b), a unique feature in the history of the rural South.

Coupled with the growth in population is the increasing diversification of the region's rural population. To those having some familiarity with the rural South, it should come as no surprise that nearly 9 of every 10 nonmetro-based African Americans are living in the rural South. What may be more startling however, is how the diversity of the rural South has accelerated in recent years.

- Nearly 52 percent of the population growth experienced during the 1990-98 period in the nonmetro South was due to growth of minority populations (Murdock et al., forthcoming).
- In contrast to the 4.7 percent rate of growth of the white non-Hispanic population in the rural South from 1990-98, the rate of expansion has been far more rapid among blacks (13.2 percent), Hispanics (34.4 percent), and other racial/ethnic minorities (16.7 percent) (Murdock et al., forthcoming).
- The migration pattern of Blacks is changing. The in-migration of Blacks into the rural South is outpacing their out-migration rates. And, the lion's share of Blacks moving into the nonmetro South are doing so from urban localities of the South, not from urban centers situated outside of the region (Nord and Cromartie, 1999a), as has been the case in the past.

The Economic Health of the Rural South: An Area in Decline?

The period of the 1990s has been one of significant economic expansion in our nation and the rural South has been a full partner in this economic growth. In fact, over the 1991-96 period, employment growth in the nonmetro areas of the South actually increased at a faster pace than the nation as a whole (10.2 percent vs. 9.7 percent). However, the wages secured for these jobs was on average lower in the nonmetro South than that of the U.S. (Barkley, 1999).

Some key economic figures:

- Manufacturing, the sector which served as the rural South's economic base for much of the 1970s and 1980s, realized little growth during the 1990s (1.1 % increase in employment growth). However, 19 percent of the South's nonmetro labor force is still employed in this sector and thus, manufacturing remains a vital part of the economy of the rural South.
- The South's rural economy is being significantly reshaped vis a vis the trends just two or three decades ago. Approximately 84 percent of the new jobs created in the rural South in the 1990s were generated by service-sector related industries; only 16 percent were accounted for by expansion in the goods-producing industries (Barkley, 1999).

- Despite expansion of the region's rural economy, wages per job in the rural South are only 74 percent of the national average (Rowley and Freshwater, 1999). In many Southern states, nonmetro wages are actually losing ground relative to the nation as a whole (Barkley, 1999).

Why the increasing gap in wages? The answer may not be a simple one. David McGranahan (1999), from the Economic Research Service/USDA, suggests that the rural South's manufacturing sector has historically paid higher wages than those provided in other sectors. Service sector jobs, the most rapidly growing segment of the rural South's economy, generally provide lower wage compensation and less than full-time employment relative to manufacturing jobs. As such, the shift in the economic complexion of the rural South may be a contributing factor to the lower earnings being garnered by members of the South's rural labor force.

But, there is no doubt that the region's legacy of recruiting industry to the rural South that were in search of cheap labor continues to rear its ugly head today. The rate of pay provided by the rural South's manufacturing sector is only 68 percent of the U.S. average, the very same as it was over three decades ago. And, nearly 50 percent of all the working poor in the rural U.S. now live in the rural South (Rowley and Freshwater, 1999).

At the same time, it is a well-known fact that earnings are closely tied to education. The higher one's education, the greater earnings one is able to garner. So, a question we can ask ourselves is this: "Is the educational status of rural Southerners a barrier to the economic health of the rural South?" Let's turn to this issue at this point. In particular, we wish to examine the general educational progress being realized by adult rural Southerners.

The Educational Endowments of Rural Southerners: The Good and the Bad

In comparison to past trends, the nonmetro South has made significant gains with regard to the educational status of its adult residents. What we have witnessed in recent years is a shrinking in the gap in high completion rates between metro and nonmetro residents of this region. But, the education gap still does persist.

- As recent as March 1997, the proportion of rural residents 18 years of age or older with a high school education or more stood at 70.8 percent, a figure that was about 10 ½ percentage points lower than that found in the metro South.
- The nonmetro South continues to seriously lag behind the metro South in terms of its college-educated population. Over 22 percent of metro Southerners now hold a bachelor's degree or more; the figure for the nonmetro South stands at 12.1 percent.
- The South continues to outpace the nation with regard to the number of high school graduates

not seeking any post-secondary education, and the largest share of these individuals are located in South's rural localities.

At the same time, there are encouraging signs that suggest that the rural South is expanding its base of better-educated persons.

- For the first time in decades, the rural South is attracting a larger proportion of people with college degrees than it is losing. Thus, the rural South is making small gains in terms of the educational credentials of its populace (Nord and Cromartie, 1999).
- In addition, some manufacturing firms, once in search of low cost labor in the rural South, are now relocating in greater numbers to rural localities having a labor force with a high school education or better (McGranahan, 1999). If this trend persists, the flow of better educated persons to the urban/suburban South may continue to erode.

Demand for Better Skilled Workers: Is it Accelerating in the South?

Approximately three years ago, the Hudson Institute released a report which it titled, *Workforce 2020* (Judy and D'Amico, 1997). This document, along with its predecessor, *Workforce 2000*, have helped stimulate an active debate among scholars, policymakers, and business leaders regarding the state of America's workforce. What these two reports have suggested is that the U.S. labor force is poorly positioned for the jobs of the future — jobs that called for better skilled and educated workers having the capacity to effectively compete in a complex global economy (Johnston and Packer, 1987).

In studying the Southern landscape, there appears to be little evidence of an acceleration in the human capital endowments required to compete for most new jobs (Barfield and Beaulieu, 1999). For example,

- A sizable number of new jobs slots (over 58 percent) being created over the course of the 1996-2005 will require no formal education beyond high school. Rather, short-term on-the-job training -- training that can be acquired in less than a month -- are projected to be in greatest demand.
- A majority (52.3 percent) of new jobs will be in occupations that provide less than \$25,000 in wage compensation.
- Many of these jobs will offer only part-time employment, and will be subject to higher rates of unemployment.

On the other hand, a different picture emerges when one shifts from jobs that are expected to realize the largest numerical growth, to those that are expected to grow at the fastest pace.

- Many of the South's fastest growing occupations require associate or bachelor's degrees, or moderate levels of on-the-job training (lasting up to a year).
- These jobs are likely to be stable and offer decent wage compensation.

But, the number of slots being created in the fastest growing occupations will pale in comparison to the number of jobs that created in less-skilled occupations. If past trends are any indication, the rural South will capture many of the jobs paying lower wages, while the best jobs that are accelerating at the fastest pace will likely flow to the region's urban and suburban areas.

The Challenges of Devolution: TANF and WIA as Cases in Point

Increasingly, the federal government is transferring the responsibility of shaping and managing a wide array of programs to state and local jurisdictions. The welfare reform legislation of 1996 (Temporary Assistance to Needy Families -- TANF), as well as the Workforce Investment Act of 1998, represent two important federal legislative activities that demand greater state and local involvement in carrying the these policies. How are these programs currently faring in the South?

- C Since 1993, the South has outpaced the rest of the nation in terms of the number of people who have left the welfare rolls. While the U.S. realized a 48 percent decline in welfare caseloads between 1993 and 1999, this figure neared the 60 percent in the South.
- C What these figures fail to reveal, however, is the tremendous difficulties that former TANF recipients are facing in the working world. In many Southern states, nearly one-half of the people who have transitioned off of welfare have no documented job.
- C Where the problem is especially acute is in the more remote rural localities where the number of TANF recipients facing their time limits far exceeds the number of job slots that are available for these individuals to move into.

In the minds of some people, the Workforce Investment Act of 1998 offers a mechanism for assisting low-income people to secure the education and training needed to succeed in today's workforce. Most Southern states are gearing up for full implementation of this program in July 2000. There are a least four elements of the WIA that prove challenging to rural areas of the South.

1. Most local workforce investment areas being created in each Southern state are composed of several counties. As such, it is uncertain whether the unique work-related challenges facing more rural counties will be given any significant attention.
2. Each local workforce investment area must physically establish a one-stop center. It is expected that these one-stop centers will be set-up on the more populous counties, making access much more difficult for rural residents living in the more remote counties.
3. The most ambitious aspect of the WIA involves making training services available to adults and

dislocated workers who are greatest need of skills-upgrading. But, these training activities must be linked directly to job opportunities available in the local workforce investment area. A concern is whether many rural areas of the South will have a sufficient number of jobs available that demand the type of training services that WIA can provide.

4. WIA does focus on the workforce preparation needs of youth, but it is restricted to youth who are of low income and have one or more additional risk factors (for example, high school dropout, teen parent, homeless, youth offender). This leaves many rural Southern youth without access to any systematic program to facilitate their school-to-work transition.

The Policy Challenges

In light of the features that I have noted in this brief overview, there are some important policy issues that deserve continued attention. They include the following:

Making “rural” a priority concern in federal, regional and state policy activities

While I know this statement sounds like a broken record to many who have been concerned about the plight of rural America, I find that a relative indifference to the needs of rural America, and the rural South persists. I offer two cases in point:

- C OMB is currently considering a revision in the nation’s metro/nonmetro classification system (Office of Management and Budget, 1999). In order to more effectively capture the distribution of our nation’s population and economic activities, OMB is proposing a new typology: megapolitan, macropolitan, and micropolitan. Each area would contain one or more population cores of at least 10,000 persons. Census-defined urban areas and a new geographic entity, census defined settlement clusters -- would constitute these cores. What would happen to the nonmetro or rural designation that we commonly use in our policy discussions? It would be relegated to a new category that OMB has ingeniously labeled “outside CBSAs.” Is this really how we want to refer to rural America?
- C In its much heralded report on the South titled, *The State of the South*, MDC Inc. of Chapel Hill, NC offered substantial evidence of the progress being realized in the South. Specifically, they noted that “The modern South is a dynamic, growing, changing region, galloping into the 21st century” (MDC. Inc., 1998). Indeed, one must admit that on many fronts, the South has made significant strides over the course of the last two decades. But, in very few cases were the successes and challenges of the rural South given much consideration in this report. In the instances in which rural was indeed addressed, the tenor of the comments appeared to be superficial, demonstrating but fleeting interest in the welfare of the rural South. The following are a sampling of comments that made me arrive at such a conclusion:

, *Increasingly, the South’s prosperity will depend upon its cities and suburbs*

working together and remaining healthy.

A region once distinguished by small towns and farms, the South is now far more urban and especially suburban than rural.

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

While these comments may be grounded in factual data, they tend to paint an image of a region whose current and future well-being is clearly rooted in what is happening in urban and suburban areas of our region. Such a slant tends to mask the progress being realized, as well as the challenges still confronting, the rural people and communities in the South.

Federal and state investments in human capital must place priority attention on the needs of both rural workers and rural non-college bound youth

The Workforce Investment Act of 1998 has appropriately outlined key audiences to be targeted as part of this legislation, namely adults, dislocated workers, and "at risk youth." But, the danger I envision with the way this legislation will play out in the South is that the significant human capital needs of rural people will not emerge as a subject of high priority. As such, specific designation of rural adults as a priority target group for the WIA effort should be added to this important legislation.

In addition, far too many of the South's rural youth who are non-college bound find themselves embedded in low-wage jobs after high school, only to remain immersed in these dead-end jobs for years (Beaulieu and Barfield, 1998). Creative strategies must be developed to help these individuals acquire the job skills that can facilitate their successful transition into the workforce after high school. Expanding the WIA's youth focus to include those individuals who are non-college bound could prove vitally important in positioning these young adults to secure jobs that offer greater opportunities for long-term advancement.

TANF and WIA funds should be made available to support rural community capacity building activities

In many rural communities of the South, former TANF recipients are having a difficult time securing jobs. In some cases, the impediment is the limited education and/or work experiences that some may have. But in other instances, the barrier is lack of available jobs. Access to WIA training services offered through the local one-stop center won't be very helpful if there are no decent jobs in the area for which people are to be trained.

As such, redirecting TANF and WIA funds to support innovative economic development strategies in many rural communities makes sense, in my view. Given the number of Southern states who have left

millions of dollars of TANF funds unspent, these resources can be dedicated to helping rural communities engage in comprehensive economic development planning.

While many rural communities in the South are doing well during our nation's unprecedented economic expansion, when the economic downturn arrives, it will be the region's rural areas that will feel the pinch given its heavy dependence on low-skilled employment. That is why rural communities must start now to diversify their economies and to take the high road with regard to their labor force and economic development activities. But, they cannot do it alone. Federal and state partnerships are critical.

William F. Winter, former Governor of Mississippi, probably makes the case most eloquently in a recent Southern Rural Development Center publication. He states (Winter, 2000):

. . . too many folks have given up on waiting for a rising tide to lift all boats, given up hoping that trickle-down economics will trickle down to all of the people. But, we have to remember that programs aimed at moving the poor into the economic mainstream require that there be a mainstream for them to enter. The expansion of that mainstream is what we are really talking about.

There has to be a concentration on the process of community development — the creation of the bootstraps by which rural people can pull themselves up. That means building the capacity for local development. It means finding new and creative ways to get businesses to look at opportunities in places where they have been reluctant to go.

As Governor Winter further notes, rural communities that have gained success on the economic front have done so because their commitment to moving beyond the construction of physical facilities. Their triumphs are rooted in the attention that they have given to the development of human relationships, in the building of a true sense of community. As a result, those exemplary rural communities are made up of people who have dedicated themselves to working together rather than pulling in opposite directions. It is this vision that must serve as the underpinning of any policy that seeks to improve the well-being of rural America and the rural South. It is also the type of policy that will help the rural South move from the shadows of its past to the full sunshine that awaits it tomorrow.

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