



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
H. Martin Lancaster, President

March 27, 2007

MEMORANDUM

TO: Community College Presidents

FROM: Stephanie Deese, Director
Workforce Initiatives

SUBJECT: *“State of the North Carolina Workforce” Report and Brochure*

On February 28, the NC Commission on Workforce Development and the NC Department of Commerce released the *State of the North Carolina Workforce: An Assessment of the State’s Labor Force Demand and Supply, 2007-2017*. The report is a detailed analysis of the patterns and trends in state and regional economic and workforce development. The goal of the report is to identify the most critical policy challenges and opportunities for our state to compete successfully and to meet the continued challenges of our economic transformation.

As a synopsis, listed below are the six major policy issues identified as a result of the supply and demand analysis

1. Many mature, traditional industries continue to shed jobs

- Many of the industries that long supported North Carolina’s economy have been in decline as a result of the twin forces of globalization and technological advancement.
- Four key industries that have been traditionally aligned with the state’s identity – tobacco processing, textiles, apparel and furniture – still employ more than one-third of the state’s manufacturing workers.
- Job declines continue in many of these manufacturing industries.
- Textiles and apparel, which have already suffered substantial losses, are expected to lose another 42,400 of the industries’ remaining 110,000 jobs during the next decade.
- These losses have substantial consequences on small metropolitan and rural communities that were traditionally reliant on one or two large employers from these industries.

2. Low-skill service jobs represent a large share of projected growth

- More than 40 percent of the net new jobs created in North Carolina during the next decade will require only short-term on-the-job training.
- These jobs pay 60 percent of the state average and many do not require a high school diploma or equivalent. Unfortunately, they are also less likely to offer full-time employment or job-related health insurance, pension, or other benefits.

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- North Carolinians who currently fill these positions are more likely to represent the working poor and encounter significant barriers to accessing opportunities for education, training, or support services that would help them to move into higher skilled, higher wage jobs.
- Many companies in these industries rely on low-cost labor and are more susceptible either to the negative consequences of global competition, modest market shifts, or minimal upward pressures on wages.

3. North Carolina produces too many high school dropouts and too few post-secondary grads

- During the 2004-05 academic year, the student dropout rate for North Carolina's grades 9 to 12 was 4.7 percent.
- Each year, more than 20,000 students leave the state's high schools without a diploma.
- In a previous age, people without high school degrees could make a sustainable living. Post-secondary training and education are critical to economic prosperity in today's increasingly knowledge-driven economy.
- At the same time, the universities and colleges enroll many more students than complete degrees.
- Most quality, well-paying jobs being newly created require a basic set of communication, math, IT and interpersonal skills.
- The projections also suggest that the state needs more workers with higher levels of educational attainment, especially in science, technology, engineering, and math (STEM), allied health, education, and business administration and management occupations (to name but a few key areas).
- The study estimates that the state needs about 34,000 *more* graduates annually from two-year, four-year degree, and advanced degree programs than the University of North Carolina and the North Carolina Community College System are currently providing.

4. Baby-boom retirements will contribute to key talent shortages

- During the next ten years, North Carolina's workforce is projected to lose about 61,000 workers annually to retirement.
- These retirements will lead to many skilled and experienced workers leaving the workforce, exacerbating the state's current talent shortage.
- For the most skilled workers, the rationale for continuing to work beyond a planned retirement age will likely center more on the individual seeking opportunities that provide personal enjoyment or challenge rather than on individual needing to meet an economic need.

5. Low-skill in-migrants create special challenges for North Carolina's education and training systems

- North Carolina has seen a large influx of low-skill in-migrants. Among the largest group of in-migrants are Hispanics.
- About 50 percent of this newest cohort of North Carolinians does not have a high school diploma, and about 60 percent is male.
- One of 11 North Carolinians speaks a language other than English at home.
- By 2007, North Carolina's population will include 600,000 Hispanics, and at the current rate of growth, Hispanics will be the state's largest minority group in 25 years.

6. Some North Carolina regions successfully attract and retain skilled workers while others cannot generate demand

- Of the 26,000 net annual in-migrants, an estimated 2,000 net new young, single, and college educated people move into the state's metropolitan areas.
- Overall, talent is mobile, but Charlotte, Raleigh-Durham, and Asheville are attracting young skilled workers, while other parts of the state (e.g., Greenville, the Triad, Fayetteville, and Wilmington) are unable to generate the demand and are losing skilled workers to outside the state.
- In the state's fastest growing areas, there is a virtuous circle in which in-coming talent helps to support the key amenities required to attract more new talent.
- For areas experiencing out-migration, their young talent is finding opportunities not only in Charlotte and the Research Triangle, but also in Atlanta, Washington, and New York.

The executive summary, full report, policy questions, and supporting data are available online at www.nccommerce.com/workforce/swr or in a print version.

If you should have any questions, please feel free to contact me at 919-807-7159 or e-mail deeses@nccommunitycolleges.edu

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