



NORTH CAROLINA
the state of minds

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State of the North Carolina Workforce



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policy questions

Overview

The North Carolina State of the Workforce Report projects the state's labor market demand and supply during the next decade.

The report identifies several key issues that will likely arise given current trends and if there were no major economic shifts. While we cannot, by any means, control all of the factors that influence our economic future, we could make policy choices to influence our direction.



The report identifies several key facts about the industry's workforce needs and available talent that have potentially significant implications for the State's future economic prosperity.

Our policy choices can influence or mitigate these facts. Our discussion today will begin a process of delving into the most important of these policy challenges and identifying potential actions that may have the most significant impact on ensuring the state's workforce can compete in the global knowledge economy.

To view the full report, visit www.ncommerce.com/workforce/swr/



Workforce Policy Questions

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 micropolitan and rural communities that were traditionally reliant on one or two large employers from these industries.

1. How do we respond to the workforce needs of the current and future workers in traditional industries?
2. How do we balance the need for adopting new products and/or processes to help companies compete globally even if job losses may result?
3. How do we support people currently working in these industries pursuing education and training that would qualify them for 'new middle' jobs?



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. 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.

1. How do we ensure that fast-growing, low-wage industries identify career pathways that would allow workers to earn a family-sustaining wage?
2. How do we encourage marginally skilled workers who enter low-wage industries to pursue training and certification while they work with the goal of qualifying for better jobs?
3. How do we help low-wage service companies use technology to create greater numbers of higher wage, high-skilled occupations?

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. At the same time, 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.

1. How can we help students, parents, and state leaders fully understand the value of education?
2. How can we help more students to complete high school and post-secondary educational degree programs?
3. How do we create a more systemic education and training system that links all levels of education to more life-long learning opportunities?

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.

1. How can North Carolina better leverage its array of skilled and experienced workers (military, trades, technicians, executives, etc.) beyond retirement age?
2. What kind of incentives can the State offer to encourage experienced workers to remain in the workforce, either full-time or part-time, after retirement age?
3. What kinds of shifts in workplace culture and/or increases in entrepreneurial opportunities should the state consider to motivate older workers?
4. Should North Carolina advocate changes in the federal tax system relative to retirement income and in the social security system to provide incentives for older workers to continue in the workforce?

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.

1. How do we prepare our education, training and workforce systems for NC's growing number of workers that frequently don't have a high school degree and don't speak English?
2. How do we better assimilate a workforce from different cultures and leverage them as economic assets for the state?



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 Research Triangle, but also in Atlanta, Washington, and New York.

1. How do we help micropolitan and rural areas generate the demand for and attract skilled workers?
2. How do we retain our most skilled workers and college graduates, particularly those from disadvantaged regions?
3. How do we better connect skilled workers and recent graduates (from NC and elsewhere) to available job opportunities in North Carolina?

