AN ACTION AGENDA TO SPUR ECONOMIC SUCCESS

A REPORT TO THE DISTRESSED AREAS TASK FORCE OF THE SOUTH CAROLINA COUNCIL ON COMPETITIVENESS

August 2009

MDC
Expanding Opportunity, Advancing Equity

EXECUTIVE SUMMARY

IN 2003, THE PALMETTO INSTITUTE hired Harvard Professor Michael Porter to do a study of the South Carolina's economy. His findings were grim, and he made eight recommendations for improving the state's economy. One of those recommendations was to: "Create an explicit economic development program for distressed areas."

To implement that recommendation, the S.C. Council on Competitiveness formed a Distressed Areas Task Force chaired by the Rev. Charles Jackson. The Task Force in turn asked MDC, a Chapel Hill-based nonprofit specializing in research and innovative programs in education, workplace training, and economic development, to study both urban and rural areas and to create an action agenda around their findings.

The enclosed report summarizes MDC's findings as well as providing a Framework for Action to address both people and places in distress. MDC recommends a strategy agenda that focuses on three levers to move people and places to higher levels of economic participation and well-being: Education, Work, and Assets. Or to put it more colloquially, helping create the supports, incentives, and conditions that allow people to **Learn, Earn, and Save** their way from poverty to security.

> ***This three-strand strategy has as its key the driving premise that a broad, strong middle class forms the essential base of a thriving, cohesive society. South Carolina's assault on distress should focus on moving an ever-increasing share of its people out of poverty and near-poverty into the middle-class mainstream.***

Given the persistence and scale of the issues facing South Carolina, effective change cannot take place unless there is fundamental change on three levels:

- The state must be willing to embrace **bold ideas** with a high promise of social and economic return on investment.
- Leaders with influence at all levels must make **reducing distress** a priority for public policy and public and private investment.
- Institutional and community **capacity** must be expanded so organizations can execute skillfully, always maintaining public accountability and measurable results.

PEOPLE-BASED STRATEGIES

EDUCATION

- Create high performing public schools that prepare all youth for postsecondary and workforce success
  1. Advocate a "new norm" for South Carolina's youth: preK-14 success.
  2. Placed renewed emphasis on raising functional literacy and breaking the intergenerational cycle of low literacy that keeps families poor.

3. Eliminate high-poverty schools.

- Increase student success rates at the state's technical colleges
  1. Advocate and support participation of all technical colleges in Achieving the Dream: Community Colleges Count.
  2. Look closely at planting the Gateway to College model at technical colleges.

- Engage universities in connecting underrepresented populations to opportunities in growth sectors in the emerging economy.

WORK

- Build pathways that connect people to jobs in critical sectors
  1. The state should consider expanding the "pipeline" program developed in Marlboro County to provide trained workers for the Mohawk Corporation and apply its principles to other training programs for disconnected youth.
  2. Adequately fund and expand the technical colleges' apprenticeships and "quick jobs" initiatives.
  3. Create an intermediary infrastructure to design and deliver sector-based workforce development and career ladder programs and leverage public resources.

ASSETS

- Ensure that low- and moderate-income South Carolinians draw down the public benefits for which they are eligible.
  1. Implement the Benefit Bank.
  2. Increase the number of working families who receive the Earned Income Tax Credit.
- Ensure that low-wealth people can conserve and grow the assets they have.

PLACE-BASED STRATEGIES

- Make better use of tools and institutions designed to spur development in distressed communities
  1. Rationalize and strengthen South Carolina's network of community development corporations.
  2. Make more creative us of the federal New Markets Tax Credit program.
  3. Make distressed rural area prototypes in the green economy.
  4. Invigorate the State Housing Finance Agency

STRUCTURE FOR ACTION

South Carolina's services delivery system, as shown in Appendix 3 in the report, is badly fragmented. A more centralized structure is needed for implementing the recommendations, spurring community development innovation and attracting venture capital from national and regional foundations, resources that now largely bypass the state.

MDC recommends that the Task Force consider two models that have proved effective in other states at leveraging public, private, and philanthropic resources for poverty reduction and regional development, and a third option being developed by the federal government.

Enterprise Corporation of the Delta (ECD): The ECD seeks to stimulate the creation of jobs by aggressively financing the creation and expansion of businesses in 58 counties in the Mississippi Delta region of Arkansas, Louisiana and Mississippi. The organization provides technical assistance, as well as financing, to small businesses and collaborates with banks, corporations, public agencies, and community organizations to raise and deploy community development investments. (See www.ecd.org)

North Carolina Rural Economic Development Center: The N.C. Rural Center was designed to be an aggressive nonprofit organization to develop and implement an action agenda for rural economic advancement when it was created 20 years ago. It has a 50-member board of directors that gives it influence and linkages across the state. While its core mission originally was the development of demonstration projects, leadership training, and research on economic conditions, over the last two decades it has taken on additional roles such as managing water and sewer grants for rural areas, operation of a microenterprise loan program, and administration of a program to provide Internet access for rural residents. (See www.ncruralcenter.org)

Southeast Crescent Regional Commission: Congress has authorized creation of a new federal agency, the Southeast Crescent Regional Commission (SCRC), to address chronic underdevelopment in the coastal plain of the American South. Modeled on the Appalachian Regional Commission, the SCRC was established through the 2008 Farm Bill, although it has not yet received a congressional appropriation. For South Carolina, the new commission may serve as an important vehicle for investing in distressed communities in the I-95 corridor. The Task Force should prepare to inform the commission, once it is funded, as to its initial focus in South Carolina.

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I. INTRODUCTION

THE DISTRESSED COMMUNITIES TASK FORCE of the South Carolina Council on Competitiveness has shown a keen desire to build a better South Carolina by responding creatively and compassionately to people and places left behind. In pursuit of its mandate, the Task Force commissioned MDC to analyze indicators of economic distress and to recommend policies and programs that hold promise of effective action.

It is the purpose of this report to offer South Carolina policymakers both a framework and specific suggestions for a multi-faceted process designed to renew distressed communities and to connect their residents to economic opportunities.

> ***The forces that drive a rural-to-urban migration will persist. Now there are more people living on the economic margins in South Carolina's metropolitan regions than in its rural towns and counties. Thus, the state needs to develop strategies that help vulnerable and unprepared people connect to the mainstream economy wherever they live while also developing place-specific strategies that create the preconditions for prosperity in chronically distressed areas.***

Here are the key findings that drive the recommended action agenda:

- Isolated, thinly populated, chronically poor rural places will remain resistant to conventional development. In a shrinking industrial era, too few plant-recruiting targets exist to supply rural South Carolina with sufficient jobs that pay family-sustaining wages. Wherever possible, therefore, rural communities should diversity their economic development approaches, moving beyond reliance on industry recruitment to a more balanced portfolio of job-creating strategies. The emerging "green economy" may offer remove rural areas important opportunities to build upon their natural resource assets.

- For people who cannot adapt and who genuinely want to live in a rural setting, the state needs a "subsistence" strategy to help them rise above poverty. Such a strategy would involve bolstering schools, offering quick-turnaround job training, and assisting people to pull in all of the governmental benefits to which they are entitled.

- MDC's own experience affirms what much research has concluded: economic development and community development go hand-in-hand. Addressing such issues as education, health care, recreation, and physical infrastructure are necessary components of economic advancement. We recognize that the Department of Commerce has spent nearly $10 million over six years through its opportunity grants to local communities. We also recognize that no community applied for a $3 million major impact grant when offered. Thus, the state must

strengthen its efforts to promote stronger civic engagement and community problem-solving within rural communities to bridge enduring racial and class divides and to impel the development of entrepreneurial community leadership. Following the example of other states, notably Mississippi and North Carolina, South Carolina should offer distressed areas challenge grants as an incentive to spur civic creativity and innovative community development activity focused on reducing poverty.

- Transformation of South Carolina's distressed communities requires structural and behavioral change at multiple levels. Leaders must recognize that chronic poverty and under-education are the enemies of long-term competitiveness in a global economy where human capital is the ultimate strategic asset. State government should consider focusing its investments in distressed areas on proven innovations such as Ready SC, Quick Jobs, and apprenticeships that transform under-skilled residents of distressed areas into the workers that business and industry need. And leaders must help citizens embrace the fact that the presence of high-poverty schools is detrimental to progress for the entire state, not just the children who attend them.

Such transformation involves more than a set of policy and programmatic adjustments; it requires a change in mindsets, both within communities themselves and among people who hold power. South Carolina needs leadership that communicates the costs of ignoring distress, advocacy for adequate funding of transformative initiatives and partnerships with national and regional foundations, and investors that can provide the social venture capital the state sorely lacks.

Given the persistence and scale of these issues—the changing rural-to-urban landscape, the disconnection of rural areas from opportunity, the connection between economic and community development, and the scale of changes required at the structural and behavioral levels—effective change cannot take place unless there is fundamental change on three levels:

- The state must be willing to embrace **bold ideas** with a high promise of social and economic return on investment.
- Leaders with influence at all levels must make **reducing distress** a priority for public policy and public and private investment.
- Institutional and community **capacity** must be expanded so organizations can execute skillfully, always maintaining public accountability and measurable results.

A NOTE ON MDC'S APPROACH

In its initial report to the Task Force, MDC delineated demographic shifts, economic dynamics and social stresses that contribute to distress (see appendix). MDC also offered a strategic framework for policymaking and provided a listing of model programs and projects in other states. In response, members of the Task Force engaged MDC staff in conversations that led to its request that MDC develop an action agenda for the near- and long-term.

In developing this final report, MDC staff traveled to South Carolina to explore potential courses of action and interviewed a wide range of thinkers across the South and the nation familiar with rural and state economic development in the American South. MDC also reviewed and found useful such reports as the Palmetto Institute's study of the workforce delivery system and the strategic plan of the Commission on Minority Affairs.

The resulting report is an action agenda for South Carolina that distills the best current thinking and practice on poverty reduction and economic renewal within and beyond the state and reflects an understanding of the cultural and political hurdles involved in tackling chronic distress in the South, drawn from MDC's 40-year history of research and field activity.

II. CONTEXT FOR ACTION

In the year since MDC delivered its initial response to the Task Force, the U.S. economy has absorbed significant shocks to its credit, stock and housing markets. Along with the rest of the nation, South Carolina entered a period of recession and economic turbulence of uncertain duration. State and local government will almost certainly see their tax-revenue streams diminish, yet South Carolina also has a great opportunity to use federal stimulus dollars to mitigate the distress.

Over the previous two decades, South Carolina has demonstrated a capacity to remake its economy and society. It has welcomed foreign direct investment, recovered from a massive hurricane, and gained tens of thousands of jobs. South Carolina has an array of governmental programs useful to community development, though they tend to be under-funded and not linked together into a systematic strategy.

Still, the powerful forces of globalization and technological change have destroyed old-economy jobs. The modern economy favors the educated over the undereducated and cities over small towns. The aging of the baby-boom generation, widening income inequality, and lingering racial disparities combine to place severe strains on the state's social as well as economic fabric.

Let us review some key data that provide evidence of social and economic strain and that complicate progress for South Carolina's distressed people and places:

- Of South Carolina's 46 counties, 13 suffered population loss between 2000 and 2006, a period when the overall state population rose by 6 percent.

- In 2006, every South Carolina county had an unemployment rate higher than the national rate of 4.6 percent. As of April 2009, the last month for which complete data are available from the Bureau of Labor Statistics, only four South Carolina counties (Beaufort, Richland, Charleston and Lexington) had unemployment rates lower than the national rate of 8.9 percent.

- 12 South Carolina counties fit the U.S. Department of Agriculture's definition of places of persistent poverty—that is, 20 percent or more of their populations below the official poverty line for 30 years, as measured by the decennial Census counts of 1970, 1980, 1990 and 2000. The 12 persistently poor counties in South Carolina are Allendale, Bamberg, Clarendon, Hampton, Lee, Marion, Williamsburg, Colleton, Dillon, Jasper, Marlboro and Orangeburg.

The stubborn presence of severe poverty during a period of strong national and state economic expansion suggests that a rising tide alone will not lift the fortunes of South Carolina's distressed places. Strong, strategically focused supplemental approaches are required to complement broad, statewide efforts at increasing competitiveness and economic vitality.

- All together, more than half a million South Carolinians live below the official poverty line—now roughly $20,000 for a family of four. Of the people in poverty statewide, according to the Census Bureau's most recent estimates, about 267,000 are whites, 330,000 are blacks, and 37,000 are Hispanics.

- While the poverty rate is a stark indicator, economic distress ripples beyond the people with incomes below the poverty line. As do other Southern states, South Carolina has an "underclass" of people in long-term poverty, in both cities and towns. But many of the poor are below the poverty line for only a short period of time—that is, many people fall in and out of poverty as they get a job, or lose a job, or suffer an injury or illness.

- Fully 37 of the 46 counties have fewer than 45 jobs per 100 residents, and 21 counties have fewer than 35 jobs per 100 residents, indicating that nine of the state's counties effectively drive employment and economic vitality for the entire state. An instructive way to examine the rise in the unemployment rate is to determine how much of the change is due to a shrinking base of jobs and how much is due to an increase in the labor force that outstrips the current supply of jobs. According to data gathered by the S.C. Department of Commerce, between June 2007 and June 2009, 22 of South Carolina's 46 counties experienced an increase in their unemployment rate primarily due to a drop in the number of available jobs, while the remaining 24 counties saw a rise due primarily to an increase in the labor force that outstripped the number of jobs. Thus, the absence of an adequate number of jobs remains a burden for both high-growth and low-growth counties in the state.

- South Carolina, which has made significant advances in public education, is a leader in the South in providing advanced placement programs in high schools and in adopting performance standards. Still, as a legacy of its history of educational deficits, only 75 percent of South Carolina adults have completed high school, only 20 percent have completed four years of college, trailing the nation in both measurements. Only one out of four eighth-graders scored proficient or higher in reading in the 2003 National Assessment of Educational Progress, while three out of ten fell below the basic level. Of South Carolina's 185 high schools, 96 were found to have weak promoting power in the Johns Hopkins University scan of senior enrollment data in 2004, 2005, and 2006—weak promoting power translates into too many dropouts.

- Whether measured by infant mortality, by obesity, or by lack of insurance, South Carolina suffers from health-related stresses that make it more difficult for both people and communities to perform well in the modern economy. While the state's infant mortality rate has dropped to 9.3 per 1000, it remains at a too-high 15 per 1,000 among African-Americans. More than four out of 10 births in South Carolina are to unmarried parents, up from just above three out of 10 in 1990. Nearly three out of 10 South Carolina adults are classified as obese, five percentage points above the national rate.

III. FRAMEWORK FOR ACTION: ADDRESS BOTH PEOPLE AND PLACES IN DISTRESS

MDC recommends a strategy agenda that focuses on three levers to move people and places to higher levels of economic participation and well-being: Education, Work, and Assets. Or to put it more colloquially, helping create the supports, incentives, and conditions that allow people to **Learn, Earn, and Save** their way from poverty to security.

> ***This three-strand strategy has as its key the driving premise that a broad, strong middle class forms the essential base of a thriving, cohesive society. South Carolina's assault on distress should focus on moving an ever-increasing share of its people out of poverty and near-poverty into the middle-class mainstream.***

MDC recognizes that "social factors," including family structure, contribute to distress. It is clear, as MDC's State of the South reports have explained, that single-parent, single-earner households with an undereducated adult and dependent children are especially vulnerable to falling into poverty in an economy that almost always requires two earners to assure a family a middle-class standard of living. This report urges that South Carolina find ways to equip single-parents with skills and supports so they can participate in the labor market.

In this analysis, MDC looks at how the tools of education, economic development, and community enhancement can be used to address distressed regions and localities, as well as people in economic straits. This report, therefore, does not touch on social policy but focuses more directly on policies to foster competitiveness and economic advancement.

Work—employment that generates family-supporting wages and benefits—stands at the center of MDC's analysis of the dynamics of moving from poverty and near-poverty into the middle class. The road out of distress is paved with education that leads to work that pays well and supports the accumulation of assets.

> ***For South Carolina, a primary focus ought to be stimulating work that generates livable wages, that contributes to accumulating a home and other assets, and that allows for career advancement***

At the center of MDC's place-based analysis are competitive, adaptive communities that allow businesses to thrive. In suggesting strategies for making South Carolina communities more competitive and adaptive, we recommend that the Task Force consider such factors as connections to both regional hubs and the global economy, a training infrastructure to elevate the workforce, supportive government policies and adequate funding of government programs, and enhancing community capacity to act by developing leadership and by empowering participatory democracy.

IV. PEOPLE-FOCUSED STRATEGIES: HELPING PEOPLE IN DISTRESS LEARN, EARN, AND SAVE

EDUCATION

Thomas Jefferson, who once wrote to John Adams that "I cannot live without books," knew that a nation of self-governing free people could not live or thrive without education. "Light and liberty go together," he said. Just as Jefferson turned to education to sustain the values of an infant nation, now his heirs in the governance of our democracy must turn to education as an essential component of sustaining national economic strength and of widening the circle of prosperity among the American people in a competitive global marketplace.

The days in which Southern states could sustain small towns with work that required no more than a high school diploma are gone. In the near term, of course, many South Carolinians will continue to work in manufacturing and in tourism, as well as in retail, accommodations, and food services. But, along with the rest of the South, South Carolina must prepare more of its citizens for new-economy enterprises— "brain work" in business services, in accounting and financial management, in research, and in the professions—as the state looks to the future.

Education lifts people up. Educated people work their way above poverty. But education doesn't merely serve individuals as individuals. Education also serves communities. A high level of education among the adult population of a town or county positions that community as an attractive prospect for investment.

Strategy: Create High Performing Public Schools that Prepare All Youth for Post-Secondary and Workforce Success

Nearly nine out of 10 South Carolina students in kindergarten through twelfth grade attend a public school, making public education the critical support structure of efforts to alleviate economic distress. We recognize that education policy flows from a mixture of state and local decisions. In addressing both state and local policy makers, we recommend the following agenda:

1. **Create a "New Norm" for South Carolina's Youth: PreK-14 Success.** First grade is no longer the entry point, and high school graduation no longer the exit. Research on children's brain development makes clear the importance of education and health enrichment to assure readiness to learn in kindergarten and first grade. And economic data make clear that employers offering jobs at middle-class wages increasingly require some education and training beyond the twelfth grade. It is estimated that more than six of ten of the 18.9 million new jobs projected by 2014 will require some post-secondary education. South Carolina should take aggressive action

to ensure that distressed areas, especially rural and low-income school districts, have a strong concentration of schools based on models that create and promote deliberate connections to post-secondary education, particularly **Early College High Schools** and **KIPP schools**. The Competitiveness Commission, or the new entity recommended at the end of this report, should approach major national philanthropies—notably the Bill & Melinda Gates Foundation—to invest in partnership with South Carolina to implant these models in distressed corners of South Carolina. Early College High Schools developed in partnership with the state's outstanding system of technical colleges could be a particularly attractive model for reform, along the lines of North Carolina's **"Learn and Earn" schools** (www.newschoolsproject.org and www.gatesfoundation.org). South Carolina currently has three early colleges, all in the upstate. The model should be adopted elsewhere, especially in highly distressed areas.

The state should consider a bi-modal implementation approach that focuses investment simultaneously on 0-5 and 16-24 age groups. Dual focus would give those entering adulthood and the workforce sound skills for earning incomes and sustaining families while simultaneously ensuring that the next generation of youth get a strong start. The false choice between early childhood and youth development can be dispelled by a bi-modal approach.

In persistent poverty counties, rural schools often benefit from using a school-improvement framework to guide strategic reform. The Southern Regional Education Board has a framework called High Schools that Work that several dozen South Carolina schools already have adopted with impressive results. The Gates Foundation has supported efforts to break up large, impersonal high schools into smaller schools that allow for more interaction between adults and adolescents. There are other useful models devised by national education reform organizations. The Task Force could play a catalytic role in working to connect rural schools to a larger network of technical assistance, educational research, and innovative practice.

2. **Raise functional literacy and break the intergenerational cycle of low literacy that keeps families poor**. The teaching of reading cannot end at mid-elementary school, but should continue through the middle and high school curricula. For adults who need literacy enrichment, the **National Center for Family Literacy** has developed an effective model that combines teaching mothers to read at the same time that their children receive child-care services in the same school setting. NCFL lists 68 family literacy programs in South Carolina—there is room for more. The Commission or the proposed new intermediary organization should negotiate a partnership with the National Center for Family Literacy to expand and improve family literacy efforts in the state's distressed areas (www.famlit.org).

3. **Eliminate high-poverty schools**. Students from low-income families score higher on tests when they go to school with middle-class students. In some communities, of course, there is no alternative to high-poverty schools, but

such schools require extraordinary educational leadership and professional support beyond that available to most schools in distressed areas. South Carolina should work with private philanthropy, corporate leaders, and the federal government to reduce and eliminate high poverty schools, beginning in communities and counties where students have limited educational options other than inadequately supported public schools. The Washington-based **Education Trust** (www.edtrust.org) is an important resource.

Thus an action agenda would include: expanding early childhood, pre-kindergarten opportunities for 3- and 4-year-olds; incentives for well-qualified young teachers and principals to work in rural communities; special efforts to link learning with knowledge of careers and the working world, especially in seventh, eighth and ninth grade; forging a seamless transition for rural students between high school and technical colleges.

Strategy: Increase Student Success Rates at Technical Colleges

People need skills and knowledge that the modern economy values. For hundreds of thousands of mature South Carolinians—a "lost generation" of people without a high school or GED diploma—reform of public schools, as necessary as that may be, will do nothing to advance their economic well-being. Thus, there is an essential role for adult education and workforce development.

South Carolina's sixteen technical colleges represent a major state asset in addressing both short-term and long-term workforce needs. As a result of the current recession, enrollments have soared at community and technical colleges as people who have lost employment or can't find a job use a period of economic downturn to try to acquire or improve a skill. But in a recession or not, technical colleges should serve as the centerpiece of a South Carolina strategy to alleviate economic distress. The Task Force has rightly recognized that technical colleges should play a central role in building a stronger economy for South Carolina. It is critical that the Task Force collaborate with the Technical College System in targeting training to people in distressed communities.

A key issue is success**:** the movement of students from entry into a technical college to an exit with a certificate or a degree. Nationally, only slightly more than four out of ten community and technical college students complete what they set out to achieve. The Task Force can help focus South Carolina on assuring that more young adults not only enter technical colleges but complete the course-work for either a job-ready credential or a transfer to a four-year university. For instance, only 10.8 percent of degree-seeking, first-time technical college freshmen entering the system in Fall 2005 graduated with a certificate, diploma, or associates or equivalent degree within three years. While this rate is higher than in some other states, it suggests that a high bar remains for turning students into graduates. If technical college student "success" is measured by the percentage of students who earn a credential, transfer to further higher education, or persist toward a degree after three years of study, the rate rises to 40.9—still short of ideal.

1. **Advocate and support participation of all technical colleges in Achieving the Dream: Community Colleges Count.** Achieving the Dream, a nationwide initiative funded by the Lumina Foundation for Education and managed by MDC, seeks to diminish the number of students

who leave without reaching their educational goals—and to close achievement gaps for low-income students. Over 100 institutions in 22 states participate in the initiative, including four of South Carolina's sixteen technical colleges. These colleges have committed to work purposefully to increase the percentage of first-time students who complete developmental and credential-bearing courses and go on to earn certificates or degrees. College-level reforms resulting from Achieving the Dream will be sustained and reinforced by changes in public policy at the state level, including a rigorous commitment to data-driven assessment and accountability. The Commission should ensure that the four colleges now participating in Achieving the Dream have the resources to sustain their involvement and that the state makes it possible for the remaining 12 colleges to participate. Texas has already taken bold steps to spread Achieving the Dream beyond its demonstration colleges to the rest of the state through public and philanthropic support. South Carolina should consider following this approach.

2. **Adopt the Gateway to College model at all South Carolina's technical colleges.** Now in place at Tri-County Technical College in Pendleton, **Gateway to College** enrolls high school dropouts aged 17 to 20 and allows them to complete a high school diploma while also earning credits that lead to an AA degree. The program has achieved impressive results at its mature sites.

Strategy: Engage Universities in Connecting Underrepresented Populations to Opportunities in Growth Sectors in the Emerging Economy.

The Competitiveness Council has advocated building South Carolina's economic future on key sectors that promise to create value-adding, high-wage economic activity. A parallel educational strategy should be to ensure that a full range of South Carolina's citizens have access to the higher education opportunities required to qualify for these important jobs. A "fill from within" strategy is essential if South Carolinians, particularly those from low-wealth and historically less educated populations, are to benefit from the sectoral investments the state intends to make.

Necessarily, of course, a pre-K-through-fourteenth grade continuum assumes building upon the capacity of South Carolina's institutions of higher education. In the modern economy, universities have become engines of economic advancement, and distressed communities should build connections to them. And public universities should be connected to distressed communities in keeping with their public service mission. Universities can also serve as sources of leadership development.

A key issue is access—the financial ability of qualified young adults to attend. There are models for South Carolina leaders, in the public and private sectors, to consider. While all universities have an array of scholarship programs, several of the nation's major public and private universities have established special programs to cover tuition and related costs for low-income students through a combination of grants, scholarships and work-study (http://www.unc.edu/carolinacovenant).

Through philanthropic grants, a few communities have afforded high school graduates an opportunity to pursue a bachelor's degree at a university or an associate's degree at community college. In El Dorado, Arkansas, for example, the Murphy Oil Company provides complete funding for scholarships to local high school graduates to any accredited Arkansas university or community college. A group of anonymous donors set up a similar program in Kalamazoo, Michigan (http://www.eldoradopromise.com, https://www.kalamazoopromise.com).

University scholarships and other types of financial incentives—such as home-ownership assistance—also can be deployed to increase the supply of teachers in South Carolina schools who can teach effectively. Particular attention should be paid to teachers in science, math and technology—teaching that shows students the application of learning to real life can help propel adolescents toward higher education. Initiatives such as Early College High Schools that blend the end of high school with the beginning of community college education can also put young people on a pathway to a good job or to a bachelor's degree at a university.

WORK

Adults in distressed communities, both urban and rural, need connections to robust labor markets. For some, this means access to work that pays well. For others, it means opportunities to engage in entrepreneurship with a decent chance of making a profit.

The private sector is unlikely to create job-producing investments in areas where the workforce lacks applicable skills. Fortunately, South Carolina has in place the building blocks for lowering the high concentration of underprepared adults who live in distressed areas.

Strategy: Build Pathways that Connect People to Jobs in Critical Sectors

1. **The Ready SC program of the Technical College System is a national model for customized worker training, and it is well-designed to foster stable, living-wage employment for South Carolina residents.** Another attractive model, the "pipeline" program, helps underprepared adults gain basic and workplace skills that qualify them for private-sector jobs. The program developed out of collaboration among the Commerce Department, the adult education division of the state education department, and the nearby technical college. The "pipeline" gave disconnected adults a route into a GED program and through to job training. As many as seven counties have replicated the program, and the state could make it a flagship enterprise for addressing workforce deficits in distressed areas.

2. **Adequately fund and expand the technical colleges' apprenticeships and "quick jobs" initiatives.** This is an instance in which South Carolina has appropriate programs, but they need adequate funding and a systems approach, aligning the technical training with needed workforce development.

Apprenticeships offer career mobility and wage progression. The president of the technical college system has proposed making apprenticeship courses credit-bearing so that apprentices can reach beyond journeyman status to get associate's degrees or even move ultimately to bachelor's degrees. The technical college system is also moving to help employers understand the advantages of on-the-job training. In addition, it has put special emphasis on filling documented needs in allied health occupations, such as ambulance drivers, physical therapists and emergency medical technicians. In 2006, the Department of Commerce made a concerted effort to provide wider opportunities for training and educational improvement. **Quick Jobs Training Centers** were designed to make education and workforce development more accessible to adults and youth who lived in counties where there were no technical colleges or where satellite facilities were inadequate to meet documented needs. By 2009, the department had spent nearly $12 million to establish Quick Jobs Centers in Allendale, Calhoun, Colleton, Dorchester, Fairfield, Hampton, Kershaw, Lancaster, Oconee, Pickets, Saluda and Union counties. This encouraging effort should be sustained and exported.

"Quick jobs" is particularly attractive because it is fast, effective, and relatively inexpensive. Using federal as well as state funding, South Carolina can spread the "quick jobs" process, developed in Greenville, across the state. The technical college system has proposed an accelerated job-readiness program called "competeSC," with an initial priority on meeting workforce needs in the nuclear energy industry. "Quick jobs" uses a six-week to six-month training regimen to get adults ready for existing jobs. "Quick jobs" could be aligned with apprenticeships to create a career ladder program for adults not currently connected to the labor market. These ideas merit deep support and, in the case of "competeSC," venture funding to capture a promising opportunity.

3. **Create an intermediary infrastructure to design and deliver sectorially based workforce development and career ladder programs and leverage public resources.** Ultimately, South Carolina should create a robust workforce development system that is highly responsive to the sectors that are expected to drive the economy and that works explicitly to connect undereducated and disconnected youth and adults to living wage jobs. It is likely that such a system will require a type of workforce development infrastructure not present in South Carolina today—one that has the capacity to collaborate with industry to develop customized training. South Carolina would do well to find ways to become involved with the **National Fund for Workforce Solutions**, a promising national model that is an attempt to generate local "Funder Collaboratives" that provide ongoing support for workforce partnerships. The Funder Collaboratives are usually led by local or regional philanthropies, but may also involve Workforce Investment Boards and state agencies (http://www.nfwsolutions.org/).

ASSETS

For many South Carolinians living on the economic margins, poverty is more than just the absence of adequate income to sustain a family. Poverty is the absence of assets that can

provide a financial cushion in the event of distress, a nest egg to underwrite higher education, or operating funds for a business start-up. For many low-wealth groups, particularly African Americans and Latinos, asset poverty is more severe than income poverty. The emerging field of asset development has devised powerful strategies to help low-wealth individuals and families draw down public benefits, save for the future, and protect the assets they accumulate from predatory practices. South Carolina should make sure it has a vibrant and pervasive asset-building infrastructure to promote financial security for the people who are poor and struggling.

Strategy: Ensure that low- and moderate-income South Carolinians draw down the public benefits for which they are eligible.

1. **Implement the Benefit Bank.** Income and work supports—in the form of the federal Earned Income Tax Credit, child-care assistance, fuel assistance, Veterans Benefits, and other transfer payments—move the working poor out of poverty and stimulate the economy when households claim and spend transfer income to buy goods and services. And yet, every year as much as $35 billion in federal support goes unclaimed by eligible Americans. Ohio has pioneered a method for states to pull in unclaimed work-support funding through its establishment of a "Benefit Bank." The **Ohio Benefit Bank** is a public-private partnership that has bipartisan support and funding from the General Assembly, federal, state, and county governmental agencies; national and local foundations; and the lead nonprofit implementing the program, the Ohio Association of Second Harvest Foodbanks (www.OBB.Ohio.Gov). Cash in the hands of low- and moderate-income people tends to be spent in the near-term, thus not only benefitting the initial recipient but also rippling through the local economy. U.S. Representative James Clyburn has shown strong interest in bringing the Benefit Bank to the state, and South Carolina should capitalize on this interest to replicate the Ohio project.

2. **Increase the number of working families who receive the Earned Income Tax Credit (EITC).** The federal EITC is the country's most effective program to support low- and moderate-income working families because it rewards work. Each year, approximately 5 million people—more than half of them children—leave poverty due to the combined benefit of work and the EITC. In addition to the support the EITC can provide to low-income households, the credit also benefits local economies in which workers spend their refunds.

Strategy: Ensure that low-wealth people can conserve and grow the assets they have.

1. **Low-income people need financial institutions that work in their best interest.** South Carolina should discourage the use of predatory businesses that strip people of income and assets by charging high interest rates for products such as payday loans and instant tax refunds. Instead, an infrastructure that encourages and nurtures community savings, such as local credit unions, should be created.

V. PLACE-BASED STRATEGIES: ESTABLISH THE PRECONDITIONS FOR SUCCESSFUL DEVELOPMENT IN DISTRESSED PLACES

South Carolina has a wide swath of rural, economically distressed counties, many concentrated in the Pee Dee and Savannah River basins and along I-95. These places have long resisted the upward pull of development that has blessed the state's metro and metro-adjacent areas. The challenge of persistent rural poverty is a challenge South Carolina shares with much of the South, as well as with remote parts of New England and the Southwest. Like its Southern counterparts, South Carolina's poor, rural areas continue to struggle with the self-defeating dynamics of low levels of trust between the races and a heritage of often deliberate underinvestment in minority institutions and communities.

> ***No community development strategies, however inspired or well-executed, can take root and flower in a culture that is divided. Trust and collaboration rooted in a keen appreciation of shared interests are the lubricants of economic progress. South Carolina's distressed areas need a critical mass of indigenous leaders ready to roll up their sleeves and collaborate for the common good across the divides of race, class, and history.***

In addition, the state should consider the following strategies:

Strategy: Make Better Use of Tools and Institutions Designed to Spur Development in Distressed Communities

1. **Engage public universities and the state Department of Commerce in applying knowledge to distressed communities.** In terms of public policy, an action agenda would also call for state incentives to public universities and their faculty to engage in applied research. The Strom Thurmond Institute at Clemson University provides a wide array of analyses of the condition of South Carolina at both the state and local level. Faculty members at Francis Marion University have documented conditions along the distressed I-95 corridor, and the university's business students are encouraged to collaborate with local companies. South Carolina can build upon these and other examples to aggregate and deploy university assets in cooperation with distressed communities. Universities can serve as catalysts to innovation, can help stimulate business development, and can offer technical assistance to help local governing bodies manage existing resources and programs for maximum impact. The Research Division of the S.C. Department of Commerce also has the capacity to collect, analyze, and disseminate data relevant to economic and community development, integrating workforce and economic development research with federally funded labor market information directives.

2. **Rationalize and strengthen South Carolina's network of community development corporations.** Community development corporations are an important, unduplicated resource in South Carolina's efforts to address distress at the community level. They compliment private investment and government programs by developing affordable housing, spurring commercial renewal in low-wealth neighborhoods, and providing lending and asset-building programs focused on reducing poverty and economic decline. Over the past 10 years, South Carolina's CDCs have developed 1,205 units of housing, 184,000 square feet of commercial space, $850,000 in loans, and 3,590 jobs, producing projects valued at $96.6 million with $156 million in economic impact—creating a return on investment of $7 for every dollar appropriated by the state, much of it in the state's most distressed communities. Certification and recertification standards for South Carolina's CDC are now tied to their ability to execute projects and maintain financial viability—both important steps in strengthening the field. These achievements aside, South Carolina has yet to make the most of the CDC infrastructure it has. State, local, and philanthropic funding is inadequate for the number of CDCs in the state, and the level of production and performance in uneven across the field. South Carolina needs to wrestle with a set of challenging questions as it seeks to maximize the power of its CDC network:
   - What role do community development strategies in general and CDCs in particular have in the renewal of South Carolina's distressed areas?
   - What standards should define a "high-performing" CDC? How can high-performance be rewarded? How can more CDC's be supported to achieve and sustain high performance?
   - How can available resources be better applied in the field? If the number of CDCs outstrips available funding, how could merger and consolidation occur in a way that strengthens impact in communities?
   - How can CDCs be enlisted to foster entrepreneurship, asset-building, and other community development services in isolated, distressed areas where they may be the principal community development resource?

3. **Make more creative use of the federal New Markets Tax Credit program.** The U.S. Treasury Department's **New Markets Tax Credit Program** permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated Community Development Entities **(CDEs)**. Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities. South Carolina has made limited use of the New Markets Credit program for real estate developments on the periphery of distressed neighborhoods in Greenville and Columbia, but other states in the South, notably North Carolina and Mississippi, have used the tool far more effectively to entice private investment into low-wealth communities and business enterprises that create living-wage jobs, providing capital for everything from community health facilities to inner-city grocery stores. These states have built highly skilled community development financial institutions **(CDFIs)** capable of deploying capital successfully to produce community economic benefits in hard situations. New Carolina should import and implant the lessons of Self-Help in North Carolina and the

Enterprise Corporation of the Delta in Mississippi and seed similar capacity in the state. Portions of 29 South Carolina counties—the vast majority of them distressed—quality for New Markets Tax Credit investment.

4. **Make Distressed Rural Areas Prototypes in the Green Economy**. The burgeoning interest in green development opens windows of opportunity for South Carolina, which has precious natural assets both in its Low Country and in its Upstate mountain regions. Forest-dependent communities could be well-positioned to benefit from anticipated demand for cellulosic fuels, creating wealth and employment where it is now lacking. There is also an opportunity to expand jobs in the recreation sector, perhaps creating a "hunting trail" in the Low Country modeled on Alabama's successful "golf trail," which has brought welcome development to isolated rural areas. The Greenville-based **U.S. Endowment for Forestry and Communities** is a powerful resource for helping the state activate these strategies (www.usendowment.org).

5. **Invigorate the State Housing Finance Agency.** This agency has a role to play in alleviating distress in low-income communities, yet several knowledgeable people we interviewed said South Carolina's agency could do more. The agency can leverage federal tax credits, provide down-payment assistance, and help private developers plug financing gaps to bring affordable rental and ownership options in distressed areas where they are most needed. It is recommended that the Task Force advocate for a revamping of the Housing Finance Agency to make it more strategic and better able to attract and leverage federal and philanthropic dollars.

VI. A STRUCTURE FOR ACTION

MDC's conversations with South Carolina policy makers over the past year have reinforced the view that the state needs an enabling structure for establishing pilots of innovative activity and advocating systems and policy change to benefit distressed communities.

Such a structure would give South Carolina a vehicle for attracting social venture capital from national and regional foundations committed to reducing poverty and distress—resources that now largely bypass the state. It would give South Carolina a critical piece of social-economic infrastructure to assist local communities discover their assets, discover what works and to apply it, face squarely the threats to their future, and identify opportunities for economic and civic advancement.

Of course, South Carolina would have to develop an enabling structure in keeping with its own needs and adapted to the state's civic culture and governmental procedures. Its basic concept for a new, intermediary entity should be that of an "applied" research and development organization, tightly focused on uncovering and deploying ideas that work.

MDC recommends that the Task Force consider two models that have proved effective in other Southern states and a third federal option that may soon be available.

Enterprise Corporation of the Delta (ECD)

The ECD was founded in 1994 to spur market-oriented development in 58 counties and parishes in the Mississippi River delta region of Arkansas, Louisiana and Mississippi, historically one of the nation's poorest areas. As a central feature of its work, the ECD seeks to stimulate the creation of jobs by aggressively financing the creation and expansion of Delta-based businesses. Seed funding came from major national foundations, augmented by regional corporations and banks. To date ECD has generated over $1 billion in investment financing for homeowners, business formation, and community development projects.

The organization provides technical assistance, as well as financing, to small businesses. Its services also include mortgage lending and consumer financing. Mississippi state government recently turned to ECD to manage the housing program developed as part of the recovery effort from Hurricane Katrina.

The Enterprise Corporation of the Delta collaborates with banks, corporations, public agencies, and community organizations to raise and deploy community development investments. It has been highly effective at using such instruments as the New Markets Tax Credit. It reflects an approach to lifting up distressed communities and providing opportunities to low-income people that is deeply rooted in the capitalist way of doing business.

The ECD is organized as a community development financial institution (CDFI). It spawned the HOPE community credit union to build wealth and seed investment in low-wealth urban and rural areas. ECD also manages the Mississippi Economic Policy Center that provides research to policy makers. Thus it has evolved into a multi-purpose development

intermediary, providing capital, technical assistance, and management services to seed and expand business enterprise in distressed areas and foster asset development for poor people. ECD is governed by a small board of business and community leaders from Mississippi, Arkansas, and Louisiana (www.ecd.org.).

North Carolina Rural Economic Development Center

The North Carolina Rural Center got its start in 1986 as a result of a study by a state Commission on Jobs and Economic Growth and action by the General Assembly. It was designed to be an aggressive nonprofit organization to develop and implement an action agenda for rural economic advancement. It has a 50-member board of directors that gives it influence and linkages across the state (www.ncruralcenter.org).

At first, the Rural Center had as its core mission the development of demonstration projects, leadership training, and research on economic conditions. Over two decades of existence, the Rural Center has taken on additional roles. For example, the legislature has given it the responsibility of managing water and sewer grants for rural areas. The Rural Center operates a microenterprise loan program and houses North Carolina's E-NC Authority, which works to provide Internet access for rural residents.

The Rural Center received start-up funding from several foundations. Now, it has also been heavily financed by state government. While South Carolina could not match the 22-year-old Rural Center overnight, the state could set up an enabling structure that takes on the various roles of the North Carolina center:

1. Long-range vision and policy development for distressed (rural) areas
2. Research on economic distress and advocacy for action to alleviate distress
3. Demonstration projects to inform public policy
4. Technical Assistance
5. Leadership Development to create a critical mass of rural leaders able to innovate and collaborate across the fault lines of race and geography to change stubborn economic conditions.

Southeast Crescent Regional Commission

Congress has authorized creation of a new federal agency, the Southeast Crescent Regional Commission (SCRC), to address chronic underdevelopment in the coastal plain of the American South. Modeled on the Appalachian Regional Commission, the SCRC was established through the 2008 Farm Bill, although it has not yet received a congressional appropriation. For South Carolina, the new commission may serve as an important vehicle for investing in distressed communities in the I-95 corridor. The Task Force should prepare to inform the commission, once it is funded, as to its initial focus in South Carolina.

South Carolina may not be ready or able to create new, stand-alone institutions such as the ECD and the Rural Center, but it needs to emulate their disciplined, coordinated approach to applying innovation and resources to the problems of distressed places and people. South Carolina urgently needs an institutional center of gravity focused on the reduction of distress. Without that, good ideas and pilot programs will likely continue to fall short of their full potential for impact.

VII. CALL TO ACTION

Until such a coordinating entity can be developed, the Council on Competitiveness and its Task Force on Distressed Areas have an unduplicated leadership role. Central to such a role is communication—explaining persuasively why South Carolina cannot march confidently into the future with people and communities left behind without the tools to compete in a robust economy. The South Carolina Distressed Areas Task Force can and must convey an alternative future and stir action across boundaries, sectors, and ideology.

MDC recognizes that effective economic development of distressed communities is not easy, and will be made more difficult for a while by the national economic downturn. Economic development is a multi-faceted enterprise with a long time horizon, requiring not only the recruitment and seeding of new businesses but also the processes of genuine community-building. Economic development is not just a technical exercise, but also involves addressing lingering racial division and mental mind-sets that block people from seeing their long-term interests.

There is a self-limiting belief in South Carolina, as elsewhere in the American South, that distressed people and places are irretrievably consigned to also-ran status and that break-through progress is practically impossible to attain except by all but a few exceptional individuals and communities. When this debilitating attitude seeps into the minds of students, public officials, employees, investors, and policy makers, it can stunt aspirations and frustrate positive change.

The Task Force can spread hope during a difficult period by issuing a call to action and by advocating a strategic agenda that promises a better future for distressed communities and their residents. During a time of economic retrenchment, the Task Force can help policymakers avoid budgetary and policy decisions that would make matters worse in distressed communities. Long-term, it can stimulate the process of agency-reform and institution-creation that would set the stage for a stronger recovery than otherwise anticipated.

Strategy: Communicate the urgency of the strategic agenda and need to reduce distress in order to strengthen South Carolina's competitiveness

Out of MDC's experience across the South comes this recommendation: The Task Force and its members should become voices for communicating the needs of South Carolina's distressed communities and their residents. The Task Force can "change the conversation" across South Carolina.

The communication should go in three directions:

1. To South Carolina policy makers and state opinion leaders, the Task Force can communicate a conceptual framework for advancement—provide a framework for a viable future for distressed communities. It can spell out the critical investments required to promote economic vitality and equity.

2. When state and local governments are faced with reducing budgets, officials need to hear what not to cut and what to preserve so as to position communities for a strong

recovery. The task force can focus on what programs, systems, and policies South Carolina should adopt and sustain. Just as importantly, it can offer an analysis of why communities seem "stuck in place" economically, and it can articulate a vision for what needs to happen.

3. To the people in distressed communities, the Task Force can communicate the need for a shift in the cultural constructs and mental models that serve as barriers to individual achievement. It can work to dispel the "caboose mentality," the set of unspoken but powerful mindsets that often afflict distressed communities and that can, if left unaddressed, retard investment and limit the effectiveness of sound programs and policies.

As both statewide and community-based leaders, members of the Task Force have credibility to speak to South Carolinians as South Carolinians. They can introduce the **bold ideas** suggested in this report and reassure their constituencies that they have a high promise of social and economic return. They can influence the public to understand the importance of **reducing distress** and building a broad, strong middle class through education, work, and asset-building. They can help create the **institutional and community capacity** to skillfully implement innovative strategies, assuring their constituencies there will be attention to accountability and measurable results.

In short, members of the Task Force can communicate a sense of collective and individual responsibilities and possibilities—and give people confidence and hope for the future.

APPENDIX A

December 27, 2007

REPORT TO SC DISTRESSED COMMUNITIES TASK FORCE

The Distressed Communities Task Force of the South Carolina Council on Competitiveness commissioned MDC Inc. of Chapel Hill to analyze indicators of economic distress and to recommend policies and programs that hold promise of effective action. In seeking to respond to the task force's desire to build a better South Carolina for its people, MDC respectfully submits this report, which is divided into three main sections:

1) A data-based delineation of demographic shifts, economic dynamics, and social stresses that contribute to conditions of distress.
2) A strategic framework for policymaking across both rural and metropolitan South Carolina.
3) An index listing model programs and projects in other states for South Carolinians to draw upon and adapt to their own conditions and culture.

In developing this report, MDC has drawn on its 40 years of assisting states and communities to create pathways to economic opportunity and civic advancement as well as its experience in documenting regional trends through such publications as the biennial *State of the South* reports and the 1999 book, *The Carolinas: Yesterday, Today, Tomorrow*.[i] MDC's research contributed to the founding of the North Carolina Rural Economic Center and the Foundation for the Mid-South, based in Jackson, MS. MDC has provided strategic assistance in both large cities and small towns across the South, and has managed initiatives to bolster community colleges across the nation.

It is MDC's principal finding that South Carolina faces multiple challenges that require multiple, sustained approaches. To address people and places in distress will require dramatic departure from the old ways of public policy and economic development. Neither government nor business can do it alone, nor can individual communities "put it all together" without drawing on national and state sources of financial and technical support.

BACKDROP TO TODAY'S DISTRESS

The early years of the 21st Century have not treated South Carolina altogether kindly. A national recession combined with wide-spread industrial restructuring sapped economic energy from the state, as it did across much of the American South. South Carolina now finds people in distress in the shadows of glassy office towers as well as in the shade of age-old magnolias.

Over the previous two decades, South Carolina had experienced a surge in jobs and people. It had demonstrated a capacity to remake its economy and society. For example:

3. Greenville-Spartanburg shifted from a cotton-mill economy to become one of the South's automotive assembly centers and a hot spot of foreign direct investment.
4. Charleston recovered from a massive hurricane and retooled its economy following the downsizing of its military infrastructure.
5. The state gained 680,000 jobs, growing at a faster pace that the nation, as it aggressively sought foreign investment.[ii]

And yet, powerful forces present stiff challenges to South Carolina's ability to advance. Globalization and technological change have destroyed old-economy jobs, and have favored the educated over the undereducated and cities over small towns. Add to those factors the aging of the baby-boom generation, widening income inequality, and lingering racial disparities, and it becomes apparent that South Carolina faces severe strains to its social as well as economic fabric.

Evidence of social strain and shifting economic dynamics come in several dimensions:

6. Of South Carolina's 46 counties, 13 suffered population loss between 2000 and 2006, a period when the overall state population rose by 6 percent.[iii]
7. North Charleston, an expression of the modern, growing South Carolina, found itself ranked 7th "most dangerous" among cities of more than 75,000 in a crimes-statistics index published by Congressional Quarterly Press.[iv]
8. In 2006, every South Carolina county had an unemployment rate higher than the national rate of 4.6 percent.[v]

Of course, distress is not a recent phenomenon in South Carolina. Through much of the 20th Century, South Carolina was a predominantly rural state with rampant poverty, illiteracy, and ill health. The state had a black majority as recently as the 1920 Census, at a time when rigid racial segregation blocked black people from the voting booth and from economic and educational opportunities.[vi] A large swath of the state's territory falls into the Southern Black Belt, a region that still bears the scars from an era of scarcity and segregation.

Even now, 12 South Carolina counties fit the U.S. Department of Agriculture's definition of places of persistent poverty—that is, 20 percent or more of their populations

below the official poverty line for 30 years as measured by the decennial Census counts of 1970, 1980, 1990 and 2000. [vii]

Thus, addressing distress in South Carolina requires attention to both the long-standing legacies of history and the pressures of today's accelerated economic change. It requires recognition that the state's former attractiveness to industries seeking cheap land, low taxes, and a plentiful supply of low-cost, low-skill labor no longer provides a comparative advantage. Instead, it requires facing the reality that a state's economic vitality and quality of life depend increasingly on high-value, high-wage, high-skill enterprises, which in turn look to states to offer a robust workforce in robust communities. It requires an understanding that enhancing competitiveness fosters greater equity among people, and that equity will fuel competitiveness of both people and places. It requires persistence in pursuing short-term tactics and long-range strategies.

GEOGRAPHY OF DISTRESS

Some rural South Carolina communities remain locked in a complex interplay of social and economic adversity. At the same time, thousands of South Carolinians live in or near poverty within the fabric of relatively prosperous metropolitan areas.

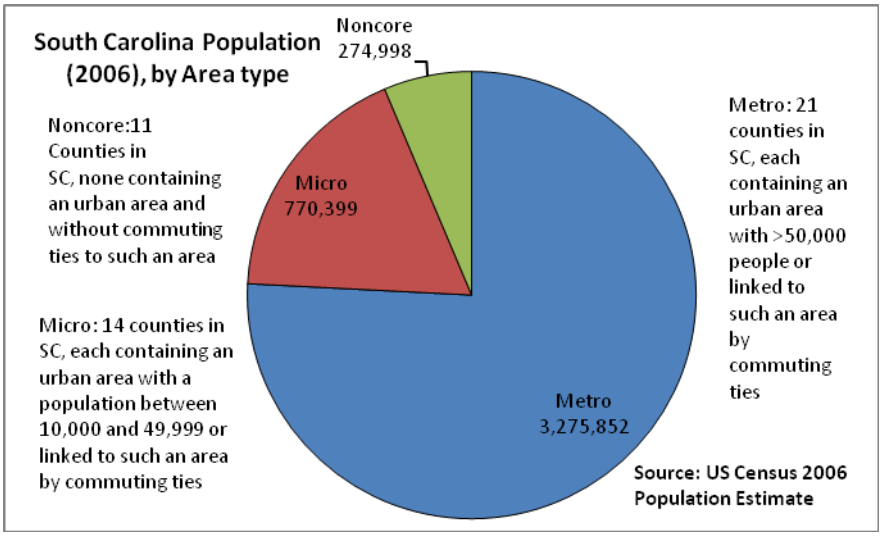
The U.S. Office of Management and Budget, using Census data, has developed a three-layer system of classifying communities that helps in locating both places and people in distress.[viii] As in all such constructs, you can point to overlaps and inconsistencies: Within metropolitan areas, you can find rural spots. Within rural areas, some people live in a relatively high-density municipality. Within each type, you can find communities of distinctly different economies and cultural styles.

Here are OMB's three segments of geography:

1) Metropolitan – defined as anchored in urban county with a population of 50,000 people or more plus surrounding counties linked through commuting ties. Under this definition, there are 21 metropolitan counties in South Carolina: Aiken, Anderson, Berkeley, Calhoun, Charleston, Darlington, Dorchester, Edgefield, Fairfield, Florence, Greenville, Horry, Kershaw, Laurens, Lexington, Pickens, Richland, Saluda, Spartanburg, Sumter, and York. Three out of four South Carolinians live in metro counties.

2) Micropolitan – defined as a region with a hub community of 10,000 to 50,000 people and surrounding counties linked through commuting ties. South Carolina has 14 such micropolitan counties: Beaufort, Cherokee, Chester, Colleton, Dillon, Georgetown, Greenwood, Jasper, Lancaster, Marlboro, Newberry, Oconee, Orangeburg, and Union. Micropolitan counties contain 18 percent of the state's people.

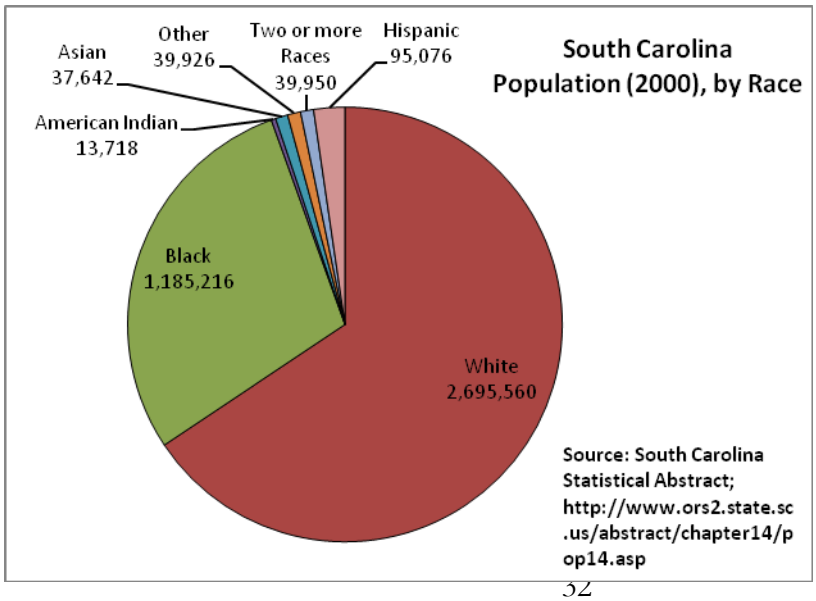
3) Non-core – an inelegantly named segment for pure rural communities, defined as a region without an urban area and without counties linked with an urban area. South Carolina has 11 non-core counties: Abbeville, Allendale, Bamberg, Barnwell, Chesterfield, Clarendon, Hampton, Lee, McCormick, Marion, and Williamsburg. Only 6.5 percent of the population lives in the purest rural counties.



Some analysts combine micro and non-core counties into a single non-metropolitan category. Doing so lends itself to the conventional urban-rural construct. Still, the OMB system permits analysis beyond the urban-rural divide—so using the OMB categories helps to bring a focus to people in need wherever they live and to facilitate cross-boundary thinking.

Population shifts:

At mid-decade, South Carolina's population stood at 4.26 million. Nearly seven out of 10 South Carolinians are whites.[ix] About three out of 10 are African-Americans, their share of the population well above the 13 percent that blacks comprise of the U.S. population as a whole. About 3 percent of South Carolina's population is Latino.



The state's population grew by 6.1 percent since the 2000 Census count. Metro counties grew by 7 percent, micro counties by 3 percent, while non-core counties declined by a half of a percent.

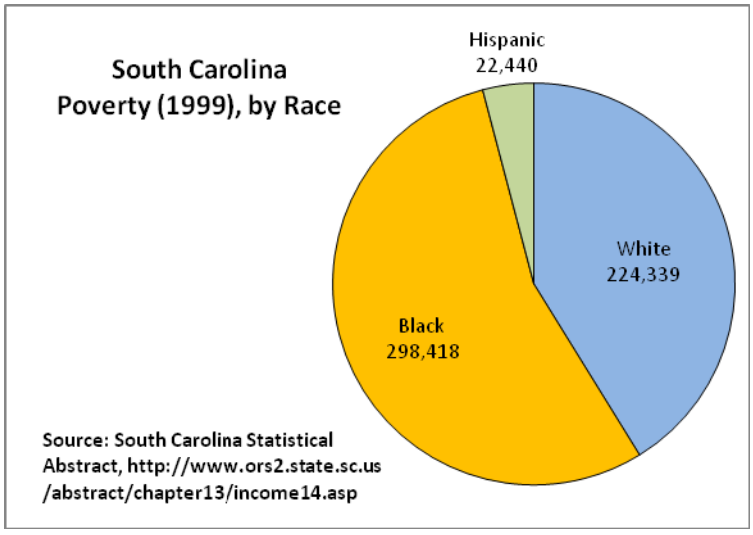
Of the 13 counties that experienced population loss from

2000 to 2006, seven are non-core counties; three are micro counties, and three metro counties.

Poverty:

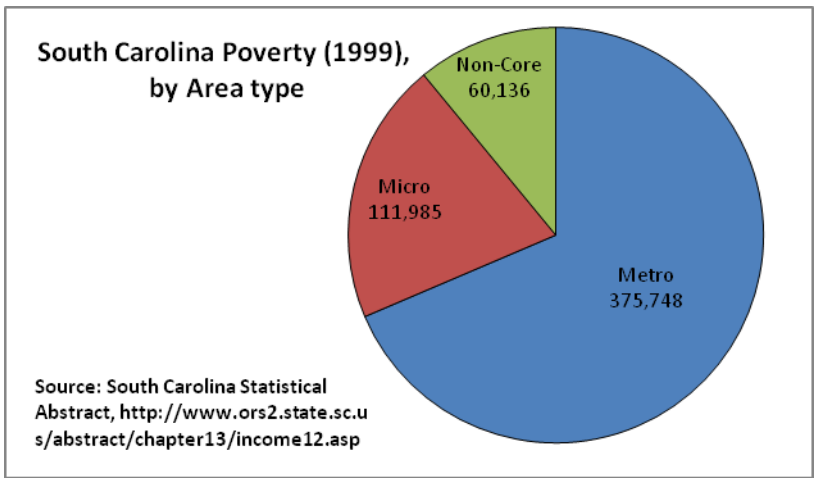
While the non-core counties, most of which are in the Black Belt, have fewer than one out of 10 state residents, they have a set of chronic, deeply-rooted distress factors. Distress arising from thin infrastructure, under-capitalized community institutions, and overall economic sluggishness resides in these counties, plus a few micro- and metro-adjacent counties. The 12 persistently poor counties in South Carolina include seven non-core counties (Allendale, Bamberg, Clarendon, Hampton, Lee, Marion and Williamsburg), as well as five micro counties (Colleton, Dillon, Jasper, Marlboro and Orangeburg).

All together, more than half a million South Carolinians live below the official poverty line—now roughly $20,000 for a family of four.[x] Of the people in poverty statewide, about 224,000 are whites, nearly 300,000 are blacks, and 22,500 are Hispanics.[xi]



The absolute number of poor people in the 21 metro counties far exceeds the number of poor people in the most distressed places. The 21 metro counties have 372,000 people in poverty (including more than 188,000 blacks and 168,000 whites). Nearly seven out of 10 South Carolina poor people live in metro counties.

In the 14 micropolitan counties, there are 65,000 poor blacks, 41,600 poor whites—about two out of 10 poor people. In contrast, about 60,000 poor people—including 44,000 blacks and 14,000 whites



–reside in the purest rural counties, which have one out of 10 poor people.

This poverty data provide one reason why South Carolina needs a mix of both place-based and people-focused economic transition approaches. To focus only on the persistently poor counties is to avoid addressing the large numbers of people in distress in metropolitan settings. And yet, to concentrate economic development efforts in expanding metropolitan areas is to ignore persistently poor places that the modern economy has largely left behind.

Children in Poverty in SC (2002-2006)

	2002	2003	2004	2005	2006
Number of SC children in Poverty	190,000	188,000	229,000	229,000	226,000
Percent of SC children in Poverty	20%	19%	23%	23%	22%

Source: Kids Count, http://www.kidscount.org/sld/profile_results.jsp?d=1&r=42

While the poverty rate is a stark indicator, economic distress ripples beyond the people with incomes below the poverty line. As do other Southern states, South Carolina has an "underclass" of people in long-term poverty, in both cities and towns. But many of the poor are below the poverty line for only a short period of time --many people fall in and out of poverty, as they get a job, or lose a job, or suffer an injury or illness.

Alleviating distress also means bolstering the lives of the working poor—people with jobs that do not pay above-poverty wages—and of the working near-poor. Using Census data, a 2006 study by the Economic Policy Institute and the Center on Budget and Policy Priorities gave a state-by-state analysis of the economic condition of families in broad income groups.[xii] This study found that bottom 20 percent of South Carolina families had an average income of $14,957 in the 2001-2003 period. The average income of families in the second 20 percent came to $29,581 in the same period.

A broad, strong middle class is an essential base of a thriving, cohesive society. A South Carolina assault on distress would move an ever-increasing share of its people out of poverty and near-poverty into the middle class mainstream.

ECONOMICS OF DISTRESS

As a legacy of its agrarian past, South Carolina shares more in common with the Mississippi River Delta states of Louisiana, Arkansas, and Mississippi than with its own Atlantic Coast neighbors. The Black Belt and the Mississippi Delta are two distinctive regions within the South of embedded poverty, of farm and small-town factory, long isolated from the mainstream economy, rich in culture but often resistant to change.

And yet, while the river-delta states have collaborated in creating asset-building and community development organizations to confront deep economic distress, no such cross-state institution building has taken place along the East Coast. Proposed legislation to create

a Black Belt regional authority akin to the Appalachian Regional Commission has not gained much traction in Washington. With North Carolina and Georgia having booming metro areas centered on Charlotte, the Research Triangle and Atlanta, South Carolina has to marshal its own resources for addressing its people and places in distress.

In addition to social and economic conditions rooted in its old economy of farm and low-skill factory work, South Carolina now confronts a new set of trends that bear on its future well-being:

1) Global competition for jobs and investment.
2) Restructuring of the domestic U.S. economy, with manufacturing jobs declining markedly as a share of the whole, many routine service jobs being off-shored and knowledge-based enterprises gaining in share of employment opportunities.
3) Widening income gaps, with earnings for highly educated workers rising and wages for less educated workers stagnating.
4) The aging of the large baby-boom heavily-white segment of the population, with the prospect that the economy will need more blacks and Latinos educated to fill high-skill jobs.

No longer can South Carolina citizens count on sustaining a stable life-style by working a farm or factory job requiring no more than a diploma. The earnings gap is growing between people with a high school education or less and those with some college – and especially with those with a four-year degree and more.

The *State of the Working America 2006/2007* report shows that average hourly wages actually declined—from $14.39 to $14.14 an hour, calculated in 2005 dollars—for U.S. workers with a high school diploma from 1973 to 2005. The decline was steeper—down fully $2 an hour—for those with less than a high school education.[xiii]

In that 1973-2005 period, according to the report, average wages rose modestly for workers with some college—from $15.50 to $15.89. The wage gains for workers with a bachelor's degree or an advanced degree were more robust—from $20 an hour to nearly $25 for a four-year degree, from $25 to more than $31 for education beyond the bachelor's.

As a labor market, South Carolina has starkly evident weaknesses. In 2006, seven counties had jobless rates between 10 percent and 12 percent, and another nine had unemployment rates between 9 percent and 10 percent.[xiv]

High Unemployment Rates (2006)

9-10 percent Unemployment	rate	10-12 percent Unemployment	rate
Williamsburg	9.9	Marion	12.2
Bamberg	9.9	Allendale	11.5
Lee	9.7	Marlboro	11.1
Chesterfield	9.7	McCormick	11.1
Dillon	9.5	Union	10.9
Orangeburg	9.5	Chester	10.3
Clarendon	9.4	Barnwell	10.2
Lancaster	9.1		
Oconee	9.0		

Source: Local Area Unemployment Statistics, US Department of Labor, Bureau of Labor Statistics, http://data.bls.gov/PDQ/outside.jsp?survey=la

Overall the state had 48.1 jobs per 100 residents in 2005—somewhat below the national rate of 50.8 jobs per 100 citizens.[xv] *(Please see endnote)* But the data show a dramatic imbalance, with only a few counties holding up the state rate. Fully 37 of the 46 counties have fewer than 45 jobs per 100 residents, and 21 counties have fewer than 35 jobs per 100 residents.

Toting the Load: Job Distribution in SC

SC Counties with jobs per 100 rate > 45	Jobs per 100 Rate	County Type	SC Counties with jobs per 100 rate <45	Jobs per 100 Rate	County Type	SC Counties with jobs per 100 < 35	Jobs per 100 Rate	County Type
Charleston	67.1	Metro	Lexington	43.7	Metro	Dillon	34.8	Micro
Richland	64.9	Metro	Aiken	42.3	Metro	Jasper	33.5	Micro
Greenville	60.9	Metro	Sumter	42.0	Metro	Allendale	33.4	NonCore
Horry	53.1	Metro	Orangeburg	40.3	Micro	Colleton	33.1	Micro
Florence	50.9	Metro	Newberry	40.2	Micro	Union	32.2	Micro
Beaufort	50.4	Micro	York	39.7	Metro	Lancaster	32.1	Micro
Greenwood	49.8	Micro	Cherokee	39.6	Micro	Calhoun	31.4	Metro
Spartanburg	48.3	Metro	Oconee	39.1	Micro	Abbeville	31.1	NonCore
Georgetown	45.7	Micro	Anderson	38.8	Metro	Marion	30.9	NonCore
			Chester	37.5	Micro	Dorchester	30.8	Metro
			Kershaw	37.2	Metro	Hampton	30.5	NonCore
			Pickens	36.9	Metro	Marlboro	30.5	Micro
			Bamberg	36.3	NonCore	Laurens	30.1	Metro
			Chesterfield	36.2	NonCore	Williamsburg	29.9	NonCore
			Darlington	36.1	Metro	Fairfield	29.3	Metro
			Barnwell	36.0	NonCore	Edgefield	29.2	Metro
						Berkeley	28.8	Metro
						Clarendon	28.1	NonCore
						Saluda	26.2	Metro
						McCormick	23.8	NonCore
						Lee	21.9	NonCore

*Sources: "Quarterly Census of Employment and Wages" (2005 Annual, SC by County) published by the US Bureau of Labor Statistics; US Census Bureau's "Non-Employer Statistics" (2005 Annual, SC by County) *Please see data qualifier at endnote xv.*

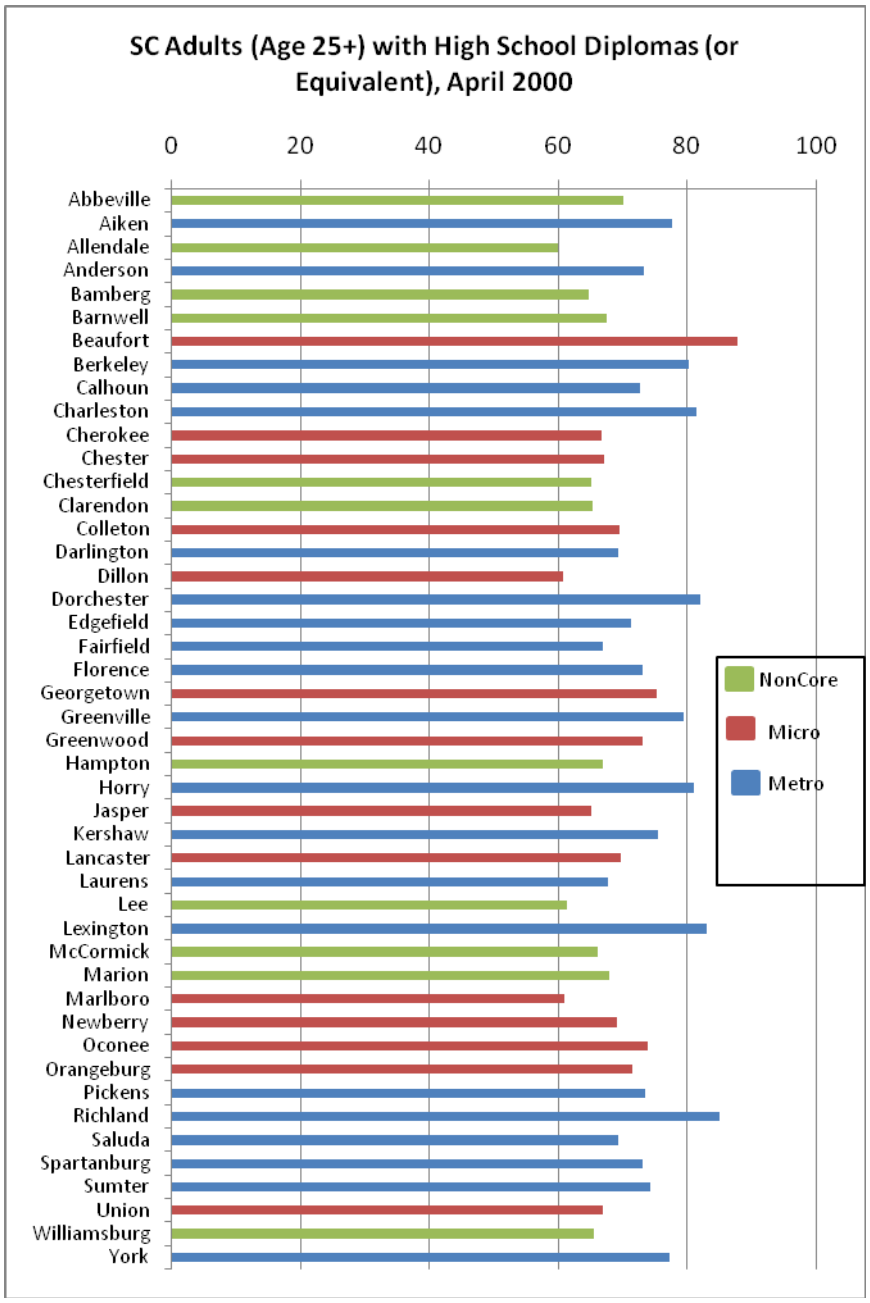
To look at the South Carolina economy is to see a distribution of work that has already departed dramatically from the South Carolina of just yesterday. Still, the state is more dependent on old-economy and low-wage employment than the nation as a whole. To address people and places in distress will require dramatic departure from the old ways of public policy and economic development.

In today's South Carolina, farming provides employment for fewer than two percent of the state's workers. Manufacturing accounts for just under 12 percent of jobs, and construction another 7 percent. There are more jobs in government (16 percent of total employment) and in retail (just above 12 percent) than in manufacturing.[xvi]

Compared to the nation as a whole, South Carolina has a higher share of jobs in government, manufacturing, retail, accommodation, and food services. The state has a smaller share of jobs than the national profile in health care and social assistance, finance, and insurance, and professional and technical services.

SOCIAL STRESSES

In a kind of push-and-pull process, economic distress fosters, and is exacerbated by, deficits in education and health—and in some cases sheer isolation from the mainstream economy. Education and health services are surely keys to individuals' well-being but are also building blocks of a civil society and healthy communities. Without a citizenry educated not only for today's jobs but for tomorrow's, too, a community cannot be competitive. Without a populace healthy enough for work, for volunteering, for caring for children, a community won't be attractive to new businesses. A community where citizens do not have connections to the wider economy will inevitably retreat into deeper isolation.



Education: South Carolina has made significant advances in public education. The state is one of the leaders in the South in providing advanced placement programs in high schools, with nine out of 10 schools offering AP courses. Still, as a legacy of its history of educational deficits, only 75 percent of South Carolina adults have completed high school, only 20 percent have completed four years of college.[xvii] The state trails the national rates in both measurements, a gap that needs to be closed for the state to improve its competitiveness in the modern economy.

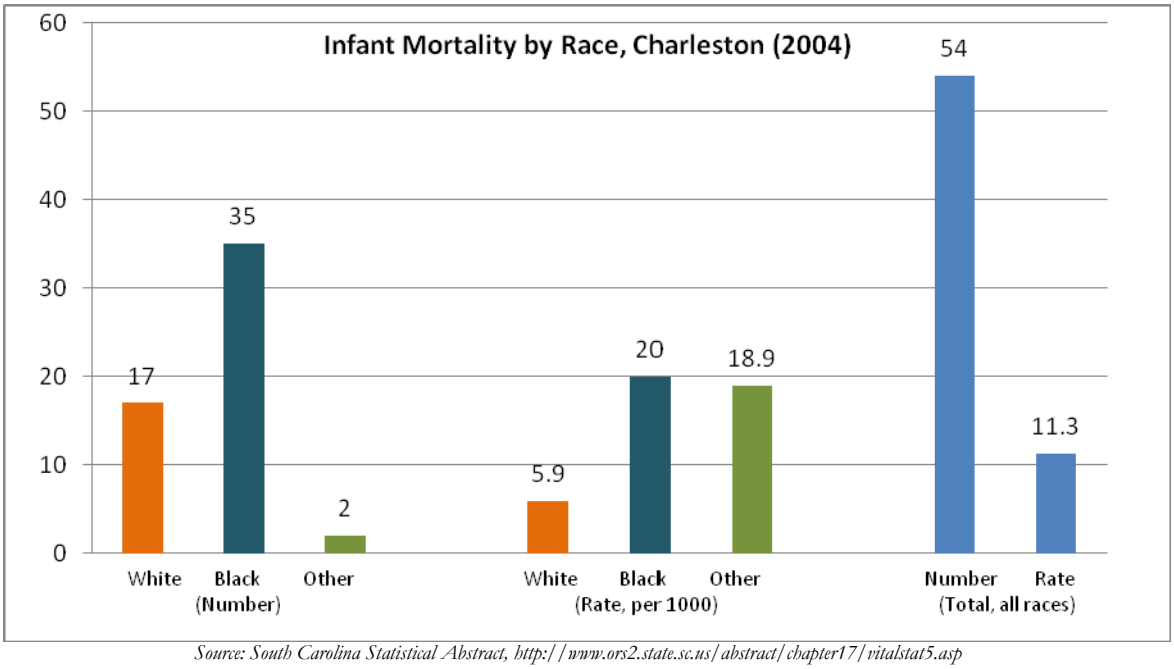
Only one out of four 8th graders scored proficient or higher in reading in the 2003 National Assessment of Educational Progress, while three out of 10 fell below the basic level.
In the NAEP's definition of achievement levels, "basic" is the lowest, defined as "partial mastery of

prerequisite knowledge and skills that are fundamental for proficient work at each grade level." Thus, the data suggest that a too-large segment of South Carolina young people do not reach even the lowest level of proficiency.

In their "Locating the Dropout Crisis" study, researchers at Johns Hopkins University identified high schools with "weak promoting power," meaning that 60 percent or fewer of students in the 9th earn a diploma in four years.[xviii] Such schools have been termed "dropout factories." Of South Carolina's 185 high schools, 96 were found to have weak promoting power in Hopkins scan of senior enrollment data in 2004, 2005, and 2006.

Health: Across the 20th Century, diseases and poor health outcomes fell one by one to advances in public health and in the delivery of medical services. For example, in the 1920s, South Carolina had an infant mortality rate of more than 100 per 1,000 births. Now the infant mortality rate has dropped to 9.3 per 100.[xix]

Still, whether measured by infant mortality, by obesity, by lack of insurance, South Carolina suffers from health-related stresses that make it more difficult for both people and communities to perform well in the modern economy. While the state's infant mortality rate has dropped to 9.3 per 1000, it remains at a too-high 15 per 1000 among African-Americans. More than four out of 10 births in South Carolina are to unmarried parents, up from just above three out of 10 in 1990. An increase in single-parent families means an increasing in families with only one wage-earner, and, thus, a rise in families facing special economic, child-care, and health care pressures. Nearly three out of 10 South Carolina adults are classified as obese, five percentage points above the national rate.[xx]



Source: South Carolina Statistical Abstract, http://www.ors2.state.sc.us/abstract/chapter17/vitalstat5.asp

Isolation: Technology affords connections to opportunities, but too many South Carolinians lack either an automobile or a telephone – not to mention a computer with

broad-band capability. Statewide, about four percent of households have no telephone – but more than 10 percent have no phone in Allendale, Marlboro, Lee and Dillon counties, and 10 other counties between 7 percent and 10 percent of households have no phone.[xxi] Nine percent of South Carolina households have no vehicle – but more than 20 percent have no vehicle in Allendale and Barnwell counties. In eight additional counties, between 15 percent and 18 percent of households do not have a vehicle. These data point to severe disadvantages for many people in an economy and a society that revolves around access and mobility.

APPENDIX B

MODEL PROGRAMS

The following is an index of model programs, sources of ideas and promising projects. Of course, no state can do everything at once, but South Carolina can – and should –draw upon the collective experiences of other states and communities. The following list is arranged by subject area, but not in order of priority.

Education

The Education Trust (http://www2.edtrust.org/edtrust/)

The Education Trust, established by the American Association for Higher Education, provides information and assistance to school districts, colleges, and community-based organizations to help their efforts at raising student achievement, especially among minority and poor students.

National Center for Family Literacy
(http://www.famlit.org/site/c.gtJWJdMQIsE/b.1204561/k.BD7C/Home.htm)

The National Center for Family Literacy has gained national recognition for innovatively harnessing the power of the family to increase child and adult literacy. The NCFL support local and state literacy initiatives through research, resources, and training and technical assistance.

Civil Rights Project at UCLA (http://www.civilrightsproject.ucla.edu/)

Established at Harvard University in 1996, the Civil Rights project is the nation's leading research center on issues of civil rights, particularly those relevant to school desegregation. It can be an important ally in addressing the challenge of high-poverty schools.

Southern Governors' Association
(http://www.southerngovernors.org/Home/tabid/37/Default.aspx)

Representing the common interests of southern states, the SGA utilizes the "power of connection, collaboration, and communications to solve regional problems, improve quality of life, and secure an economically vibrant and prosperous American South."

Bill and Melinda Gates Foundation
(http://www.gatesfoundation.org/UnitedStates/Education/TransformingHighSchools)

The Gates Foundation is the national leader at funding reinvented high-schools and blended high-school models. It has provided seed capital for North Carolina's dramatic efforts to reinvent high schools.

North Carolina New Schools Project (http://www.newschoolsproject.org/)

The NC New Schools Project, a private-public partnership backed by an $11 million grant from the Bill and Melinda Gates Foundation, provides grants and other support to create new and smaller high schools across the state in an effort to better prepare all students for work and college.

Equality and Education: A Century Foundation Project (http://www.equaleducation.org/)

The Equality & Education Project examines the causes of inequality in our schools, analyzes reform proposals, and offers new possibilities to policymakers concerned with the future of education in America.

KIPP: Knowledge is Power Program (http://www.kipp.org/)

KIPP, the Knowledge Is Power Program, is a national network of free, open-enrollment, college-preparatory public schools in under-resourced communities throughout the United States. KIPP schools have been widely recognized for putting underserved students on the path to college.

Achieving the Dream (http://www.achievingthedream.org/aboutatd/default.tp)

Achieving the Dream is a multi-year national initiative to help more community college students succeed, particularly those student groups that have traditionally faced significant barriers to success. The initiative provides planning and implementation grants to colleges, helps colleges development, and implement strategies to improve student success, and conducts research about effective practices and student achievement at community colleges.

Breaking Through (http://www.breakingthroughcc.org/)

The Breaking Through initiative strengthens post-secondary outcomes for low-income adults by facilitating innovation-sharing partnership between post-secondary institutions serving those individuals.

Washington State Board for Community and Technical Colleges, Student Achievement Initiative (http://www.sbctc.ctc.edu/college/e_studentachievement.aspx)

Under the innovative incentive initiative, each of the state's 34 community and technical colleges have an annual shot at part of $500,000 set aside for improved student performance as measured by completion of certificate, degree, or apprenticeship programs, and college level math courses.

The Rural School and Community Trust (http://www.ruraledu.org/site/c.beJMIZOCIrH/b.497215/)

The Rural Trust provides a variety of services--training, networking, technical assistance, coaching, mentoring, research--and materials to increase the capacity of rural schools, teachers, young people, and communities to develop and implement high quality place-based education.

Harlem Children's Zone (http://www.hcz.org/)

The Harlem Children's Zone, with 15 centers serving 13,000 children and adults, works to enhance the quality of life for children and families through education, social service, and recreation. It is among the nation's most promising, integrated efforts to break the grip of poverty on young people.

National League of Cities Institute for Youth, Education, and Families (http://www.nlc.org/IYEF/yefmission.aspx)

The YEF Institute is a national resource, providing guidance and assistance to municipal officials, compiling and disseminating information on promising strategies and best practices, building networks of local officials working on similar issues and concerns, and conducting research on the key challenges facing municipalities in these core program areas.

Work

Program for the Rural Carolinas (http://www.mdcinc.org/programs/work.aspx)

The Duke Endowment's Program for the Rural Carolinas is a five-year effort to help rural communities in North Carolina and South Carolina that are facing multiple challenges: flat or declining population growth, job losses, or high rates of poverty. The Program aims to bring together in each community the people and organizations that care about its future; to challenge them to develop a shared vision for economic and community improvement; to lead them in developing a concrete action plan to achieve their vision; and to support them as they implement the plan.

National Network of Sector Partners (http://www.nedlc.org/nnsp/index.htm)

In order to encourage the use and effectiveness of sector initiatives as valuable tools for enhancing employment and economic development opportunities for low-income individuals, families, and communities, NNSP—a membership based organization—provides valuable information and resources to the field including: training and networking opportunities at NNSP conferences and workshops; newsletters and publications sharing the latest research data, success stories, and industry-specific information; email policy and funding alerts regarding new opportunities and developing issues; participation in online learning circles with peers and professionals in the field; technical assistance to those implementing sector projects; and access to the field's best online clearinghouse for information in the field.

National Fund for Workforce Solutions (http://www.nfwsolutions.org/index.html)

Established by the Ford, Annie E. Casey, and Hitachi Foundations, the National Fund for Workforce Solutions attempts to aggregate human and financial capital from the private, philanthropic, and public sectors; expand the number and deepen the impact of funding collaborative that support workforce partnerships; document the impact of workforce partnerships; develop standards for high-performance workforce partnerships and increase support for efforts that meet those standards; demonstrate effective approaches to increasing the scale of effective workforce partnerships; and establish a basis for sustainable financing for workforce partnerships.

Connectinc (http://www.connectinc.org/)

Acting as a bridge between families and a network of support services and focusing on re-employment, job retention, career advancement, and asset accumulation, Connectinc—a call center serving citizens of North Carolina— creates job search plans, develops job readiness strategies, emphasizes family maintenance, reviews support systems, introduces customers to career paths and training and educational

opportunities, and informs customers of checking and savings account resources and home ownership opportunities.

Center for Law and Social Policy (http://www.clasp.org/)
In an effort to improve the economic security, education and workforce prospects, and family stability of low-income parents, children, and youth, CLASP conducts research, provides policy analysis, advocates at the federal and state levels, and offers information and technical assistance on a range of family policy and equal justice issues for its audience of federal, state, and local policymakers; advocates; researchers; and the media.

Assets

EITC Carolinas (http://www.eitc-carolinas.org/)
EITC improves the financial well-being of low-income working families by supporting community volunteer groups that provide no-cost or low-cost preparation services to working families and thereby enable families to reclaim and keep their income through federal Earned Income Tax Credit.

Coalition of Community Development Financial Institutions (http://www.cdfi.org/)
Nationwide, over 1000 CDFIs serve economically distressed communities by providing credit, capital and financial services that are often unavailable from mainstream financial institutions. The CDFI Coalition is a primary source of information and knowledge about the CDFI field for the general public, the media, public officials, private sector lenders, as well as CDFIs

Self-Help (http://www.self-help.org/)
Self-Help is a community development lender and real estate developer that works with qualified individuals, organizations and communities traditionally underserved by conventional markets. It is a lynchpin in North Carolina's impressive infrastructure for providing capital to low-wealth individuals and small businesses serving poor communities. Self-Help's low-wealth, "high-risk" commercial and real estate borrowers have default rates lower than corresponding borrowers from traditional banks.

Hope Community Credit Union (http://www.hopecu.org/index.aspx)
Started in 1995 as a small church project with big dreams, HOPE—now sponsored by the Enterprise Corporation of the Delta—is a community development credit union that provides affordable financial services, such as checking and savings accounts, loans, and financial literacy workshops, that help low-wealth individuals, families, and communities secure their futures.

Governance and Leadership

Rural Policy Research Institute (http://www.rupri.org/index.php)
The Rural Policy Research Institute (RUPRI) provides unbiased analysis and information on the challenges, needs, and opportunities facing rural America in order to spur public dialogue and help policymakers understand the rural impacts of

public policies and programs. Of particular note is RUPRI's publication, *Eight Principles of Effective Rural Governance.*

UNC School of Government (http://www.sog.unc.edu/about/)

The School of Government at the University of North Carolina at Chapel Hill works to improve the lives of North Carolinians by engaging in practical scholarship that helps public officials and citizens understand and strengthen state and local government.

NC Rural Economic Development Center (http://www.ncruralcenter.org/)

The Rural Center operates a multi-faceted program that includes conducting research into rural issues; advocating for policy and program innovations; and building the productive capacity of rural leaders, entrepreneurs, and community organizations.

Northwest Area Foundation (http://www.nwaf.org/)

To alleviate distress in rural, urban, American Indian, and Latino communities, the Northwest Area Foundation engages in long-term community partnerships, develops products and resources communities can use in their own initiatives to reduce poverty, and provides rural leadership development programs throughout the Northwestern United States.

NeighborWorks America (http://www.nw.org/network/home.asp)

NeighborWorks is a national nonprofit organization created by Congress to provide financial support, technical assistance, and training for community-based revitalization efforts.

APPENDIX C

USDA Rural Dev.
130 Emp., $10.4M

National Resource Conservation Service
Walt Douglas
37.5 Emp.
$30.5M

Council of State & Community Govt. Agencies

US Econ. Dev. Admin.
2 Emp., $6M

US HUD
65 Emp., $1.2B prog. In SC

US Small Business Admin.
8 Emp.

Americorps
Alta Mae Marvin
1.5 Emp., $216K

Santee Cooper

Palmetto Econ. Dev. Corp. PEDC
8 Emp., $2.1M O, $8.3M P

CDC's

30901 Dev. Corp.
4 Emp., $250K

Allendale County ALIVE!
5 Emp., $152K

Benedict-Allen CDC
7 Emp., $1.2M

Business Carolina (CDFI)
2 Emp., Can't Quantify Budget

Camden First CDC
2.5 Emp., $370K

Carolina Assistance Programs

CDC of Marlboro County
6 Emp., $250K

Charleston Area CDC
2 Emp., $387K

Clarendon County CDC
1 Emp.

Claflin University CDC
3 Emp., $135K

Comm. Assistance Provider, Inc.
3 Emp., $275K

Comm. Dev. & Improvement Corp.
13 Emp., $2.1M

Eastern Carolina CDC
1 Emp., $254K

Eau Claire Dev. Corp.
2 Emp., $225K

Jasper County Neighbors United
1 Emp., $26K

Lowcountry Comm. Dev. Corp.
1.75 Emp., $134K

Lowcountry Housing & Econ. Dev.
2 Emp., $1.5M

Macedonia CDC

Metanoia
3 Emp., $300K

Midlands CDC
9.5 Emp., $727K

Operation Restoration

Rembert Area Comm. Coalition

Santee-Lynches Housing & CDC

Southern Carolina Regional CDC
3 Emp., $300K

Sumter County CDC
2.5 Emp., $175K

TN Dev. Corp.

Williamsburg Enterprise Comm.
2 Emp., $681K

Soil & Water Conservation Districts
46 Reps for each district + 230 board members, 5 members per board
NRCS gave $20.4M to Soil & Water Conservation Districts

NRCS-Resource Cons. & Dev.
7 Emp., $887K, Main Comm. Dev. Focus, part of big picture

New Carolina Palmetto Agribusiness Council

SCDOC Comm & Rural Dev
9 Emp., 1.2M

Rural Crossroads Institute

COGs
61.5 Emp, $5.4M

Farm Bureau of SC
4 Emp., $500K

Foundations in SC
52 Foundations to benefit Comm. Dev.

State-Level Organizations

SCDSS

Institute for Poverty & Deprivation
2 Emp., $221K

SCDNR
Von Snelgrove
Assistance to:

SC Office of Rural Health 34 Emp., $3.5M O & P

SC Commission on Minority Affairs
2 Emp., $45K

SC State Archives-Historic Preservation

SC Primary Healthcare Assoc.
1,651 Emp., $123M

SC Assoc. of CDCs
6 Emp., $550K

SCESC

Municipal Assoc. of SC
3 Emp., $484K

SC Man. Ext. Partnership
2 Emp., $200K

SCPRT
3 Emp., $25K Prog.

SC Rural Water Assoc.
8 Emp., $800K

SC Office of Local Government
5 Emp., $2.9M

SC Vocational Rehab

SC Kids Count
Dr. Baron Holmes
$100K

SCDOT
11 Emp., $787K

SC Women's Business Center
Hadie Stith

SC Communities in School

SCDPS
27 Emp., $900K

SC Department of Education

SC After School Alliance
3 Emp., $380K

SC Association of Rural Education

SC Manufacturer's Alliance
6 Emp., $650K

SC Dept. of Agriculture
Fred Broughton
$7K Kellogg Grant

SC Forestry Comm./ US Forestry Svc.
Stephanie Neal Johnson

Higher Education

Benedict University
Dr. Jabari Simama
25 Emp., $2M

SC State University

Clemson University

State TECH
35 Emp.,
$713M in total system

1890 Extension
42 Emp., $3.3M

Jim Clyburn's Transportation Center

Palmetto Dev. Group
2 Emp.

Institute for Community & Econ. Dev.
8 Emp.

Agriculture
Fran Wolak

Rural Development Council 1 Emp.,
$14K F, $70K S

Research in Comm. Dev. – David Barkley
4 Emp., $730K

Chambers of Commerce (Rural)

Abbeville – 1 Emp., $64K
Aiken – 1 Emp., $35K
Bamberg – 1 Emp., $10K
Barnwell – 1 Emp., $25K
Batesburg/Leesville – 2 Emp., $80K
Beaufort – 6 Emp., $450K
Berkeley – 4 Emp., $500K
Calhoun – 1 Emp., $26K
Charleston – 9 Emp., $825K
Cheraw
Cherokee – 2.5 Emp., $150K
Chester – 1 Emp., $130K
Chesterfield
Clarendon – 1 Emp., $210K
Clemson – 5 Emp., $300K
Columbia – 1 Emp.
Conway
Colleton – 3.5 Emp., $260K
Darlington – 1 Emp., $75K

Dillon – 2 Emp.,
Dorchester – 6 Emp., $475K
Edgefield
Fairfield – 3 Emp., $135K
Florence
Georgetown – 5 Emp., $500K
Greenville – 15 Emp., $2.4M
Greenwood – 2 Emp., $240K
Greer – 1 Emp., $65K
Hampton – 1 Emp., $15K
Hartsville – 2 Emp., $175K
Inman – 1 Emp.
Jasper – 2 Emp., 165K
Kershaw – 3.5 Emp., $250K
Lake City – 1 Emp., $20K
Lake Wylie
Lancaster – 2 Emp., $200K
Laurens – 2 Emp., $260K
Lee
Lexington – 1 Emp., $70K

Little River – 1.5 Emp., $75K
Loris
Marion – 1 Emp., $50K
Marlboro
Mauldin – 2 Emp., $100K
McCormick – 1 Emp., $39K
Mullins – 1 Emp., $50K
Newberry
North Augusta – 4 Emp., $250K
Orangeburg – 5 Emp., $220K
Pageland – 1 Emp., $80K
Pickens
Saluda
Seneca – 2 Emp.
Simpsonville – 2 Emp., $116K
Spartanburg – 1 Emp., $141K
Sumter – 2.5 Emp., $350K
Union – 2.5 Emp., $90K
Walhalla
West Metro – 2.5 Emp., $140K
Westminster – 1 Emp., $30K
Williamsburg – 1 Emp., $63K
York Reg. – 8 Emp., $800K
York – 2 Emp., $140K

Legend
Green – Federal
Red – State
Blue – Higher Education
Purple – CDCs
Pink – COGs
Brown – Utilities
Black – Misc.

Totals: As of 1/3/07
2,466.25 Employees
Over $1,339,035 Billion in Operating and Program Funds

Footnotes

[i] State of the South publications (including 2007, 2004, 2002, 2000, and 1998) can be downloaded free of charge at http://mdcinc.org/knowledge/index.aspx. These publications plus the 1996 State of the South can be provided by mail for a nominal fee.

[ii]

[iii] "Annual Population Estimates for South Carolina Counties: April 1, 2000 to July 1, 2006," SC Budget and Control Board Office of Research and Statistics, http://www.ors2.state.sc.us/population/estimates/county1_06.php .

[iv] "2007 City Crime Rankings: Crime in Metropolitan America," CQ Press, http://www.cqpress.com/media/citycrime2007.html .

[v] Local Area Unemployment Statistics, US Department of Labor, Bureau of Labor Statistics, http://data.bls.gov/PDQ/outside.jsp?survey=la . 2006 US unemployment rate http://www.bls.gov/cps/prev_yrs.htm .

[vi] Historical Decennial Censuses (including 1920 and 1930) are here http://www.census.gov/prod/www/abs/decennial/index.htm .

[vii] Economic Research Service, US Department of Agriculture, http://www.ers.usda.gov/Search/?qt=persistent+poverty

[viii] Office of Management and Budget, Statistical Programs and Standards, http://www.whitehouse.gov/omb/inforeg/statpolicy.html#ms . Also see Isserman, Andrew, "Getting State Rural Policy Right: Definitions, Growth, and Program Eligibility," The Regional Journal of Analysis and Poverty, 2007, http://www.ace.uiuc.edu/Reap/Isserman_JRAP.pdf .

[ix] "South Carolina Population Estimates (2000-2006)," South Carolina Statistical Abstract, http://www.ors2.state.sc.us/abstract/chapter14/pop7.php .

[x] "Population with Income Below Poverty by County (1999)," South Carolina Statistical Abstract, http://www.ors2.state.sc.us/abstract/chapter13/income12.asp .

[xi] "Persons Below Poverty Level by Race and Hispanic Origin by County (1999)," South Carolina Statistical Abstract, http://www.ors2.state.sc.us/abstract/chapter13/income14.asp .

[xii] Bernstein, Jared and Elizabeth McNichol, "Pulling Apart: A State-by-State Analysis of Income Trends (2006), Economic Policy Institute and the Center on Budget and Policy Priorities, http://www.epi.org/content.cfm/studies_pulling_apart_2006 .

[xiii] Mishel, Lawrence and Jared Bernstein, "The State of Working America 2006/2007," The Economic Policy Institute, Cornell University Press, http://www.stateofworkingamerica.org/ .

[xiv] Local Area Unemployment Statistics, US Department of Labor, Bureau of Labor Statistics, http://data.bls.gov/PDQ/outside.jsp?survey=la .

[xv] "Quarterly Census of Employment and Wages (2005 Annual, by County)," US Bureau of Labor Statistics, Accessed through the SC Employment Security Commission, http://www.sces.org/lmi/data/wages/cew/index.htm . Also, "2005 SC Non-Employer Statistics, by County," US Census Bureau, http://www.census.gov/epcd/nonemployer/2005/sc/SC000.HTM

NOTE Employment figures included in this report utilize, either directly or in the aggregate, two sources—the Quarterly Census of Employment and Wages, published by the US Bureau of Labor Statistics, and Non-Employer statistics published by the US Census

Bureau. It should be noted that county employment figures gained from the Quarterly Census of Employment and Wages do not include employment figures of "non-disclosed companies" at the county level pursuant to their confidentiality policy. In 2006, for example, approximately 66,000 jobs in South Carolina were "non-disclosed" at the county level (the figures were, however, disclosed at the state level). Accordingly, the reader should take this figure into account when interpreting all data reliant on employment figures, including jobs, job growth, and jobs per 100. It is the determination of MDC, inc., that this does not significantly re-shape or undermine the primary economic trends and patterns revealed by the data.

[xvi] "Demographic and Economic Profile: South Carolina," Rural Policy Research Institute, Updated October 2006, http://www.cdktest.com/rupri/Forms/SouthCarolina.pdf .

[xvii] "Educational Attainment for Persons 25 Years and Over on April 1, 2000" South Carolina Statistical Abstract, http://www.ors2.state.sc.us/abstract/chapter1/countyrank6.asp . Uses data from the 2000 US Census Population and Housing Survey.

[xviii] Balfanz, Robert and Nettie Legters, "Locating the Dropout Crisis: Which High Schools Produce the Nation's Dropouts, Where Are They Located, Who Attends Them?" Center for Social Organization of Schools John Hopkins University, June 2004, http://www.csos.jhu.edu/tdhs/rsch/Locating_Dropouts.pdf .

[xix] "South Carolina Infant Mortality by Race (2004)," South Carolina Statistical Abstract Vital Statistics, http://www.ors2.state.sc.us/abstract/chapter17/vitalstat5.asp . References its source as the Department of Health and Environmental Control, Office of Public Health Statistics and Information: Division of Biostatistics and Health GIS.

[xx] "The State of Your Health: South Carolina," Trust for America's Health, http://healthyamericans.org/state/index.php?StateID=SC . Obesity Rate, % Adults (2004-2006 Average) = 27.8% (+/- 0.7). South Carolina has the 5th highest rate in the nation.

[xxi] "Housing Barrier Rankings: Occupied Housing Units, April 2000," South Carolina Statistical Abstract, http://www.ors2.state.sc.us/abstract/chapter1/countyrank7.asp .