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_Race-ing to a Budget Hole?_

Predicting what tomorrow’s job market will look like is complicated to say the least, especially if we try and look ten or more years out.

But, there are some things we know for certain. Without question, our labor force will look drastically different years from now than it does today. The United States public school student population - our future labor force - is already approximately evenly divided between white and minority students, and will be majority-minority by a ten point margin in just seven years. In North Carolina, our current public school population is 50.7% white and 49.3% minority.

Based on all available data, this trend toward a diversifying labor force is only going to continue.

The research on the impact of diversity as it relates to a company’s bottom line is solid, and encouraging: “For every percentage point increase in the rate of racial or gender diversity up to the rate represented in the relevant population, there [is] an increase in sales revenues of approximately 9 and 3 percent, respectively.”

Given the big demographic shift and recognizing that enhanced workforce diversity can boost bottom lines, North Carolinians must take steps to ensure the best...
possible workforce outcomes in the years ahead. Non-white citizens of North Carolina have historically enjoyed less educational and employment opportunity, and as a result their incomes have lagged those of whites. If we don’t address this problem, we can anticipate a future decline in state tax revenue because a larger proportion of our population will be earning lower incomes. This is the result of the combined effect of a higher minority population and the fact that the fastest growing sector in the North Carolina economy is the low wage sector, which is disproportionately filled by minorities.

(Graphic by IEI)

Should our population come to include more families earning lower wages and fewer families enjoying middle class incomes, North Carolina’s personal income tax receipts would decline. In such a scenario, we would also expect greater demand on human services programs, both private and public. That potentially means higher demands on tax dollars at the state and local level.

North Carolina has proven its ability to respond successfully to the demands of changing times. In 1912, Governor Locke Craig laid out a plan to make North Carolina “the good roads state,” literally paving the way for growth and development that, in time, helped North Carolina outshine other southern states. Today, North Carolinians can work together to explore whether a new program of investment, this time focused on expanded educational and workforce development opportunities for an increasingly diverse population, could yield a similarly positive long-term return on investment for our state.

How best to create good jobs and a bright economic future for North Carolinians? That’s the central theme of the 2016 Emerging Issues Forum. You’re invited, and we’ll need your very best ideas.
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