

20 YEARS OF TBJ

POORLY EDUCATED LABOR POOL DRAGS ON THE TRIAD

Reflecting on Triad workforce, 20 years later

What's changed in the Triad workforce in the 20 years since the Triad Business Journal was established? At first blush, not so much.

In September 1998, the Triad economy was surging as we neared the top of the business cycle. The next recession was more than two years away. Here in 2018, it appears that the economy is nearing the top of the business cycle once again, though of course we have no idea when the next recession will hit.

In keeping with the relatively good times, unemployment was low in the Greensboro-High Point and Winston-Salem metropolitan areas in July of this year (the most recent data available), with rates of 4.4 percent and 3.9 percent, respectively. Those rates were also low 20 years earlier, in July 1998: 3.1 percent and 2.7 percent.

But they were lower in 1998. In contrast, the national unemployment rate is lower now than back then. Something is different in the Triad after all.

The single biggest change in the Triad economy has been the decline of manufacturing as an employer. In 1998, North Carolina was still the



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fourth-most manufacturing-intensive state in the country, with 21.3 percent of all workers employed in manufacturing industries. Only Indiana, Wisconsin and Arkansas had higher percentages.

Since then, manufacturing intensity has fallen everywhere with the rise of automation and, to a lesser extent, outsourcing to other countries. Manufacturing's share of national employment fell from 14.8 percent in 1998 to 8.6 percent today. But that share fell even faster in North Carolina and is now only 10.7 percent. North Carolina is now

the 14th-most manufacturing-intensive state.

The Triad is still the most manufacturing-intensive region in North Carolina. In 1998, manufacturing's shares of total employment in the Greensboro-High Point and Winston-Salem metro areas were 23 percent and 23.5 percent, respectively. Those employment shares are now 15.8 percent and 12.2 percent.

The backdrop for these changes is the long-run structural transformation the Triad has undergone for decades. As in other regions around the country, manufacturing jobs are giving way to service jobs. In the Triad, the biggest growth since 1998 has been in health care, professional and business services, leisure and hospitality, and restaurants.

Moving to a more service-oriented economy isn't necessarily a bad thing, if a region's economy can generate high-wage service jobs to replace manufacturing work. Regions with well educated workers have done so.

Unfortunately, the Triad lags the rest of the country in educational attainment. This mattered less when we relied

more on manufacturing. But the Triad's relatively poorly educated workforce hinders our ability to adapt and grow.

In the Greensboro-High Point and Winston-Salem metropolitan areas, the most recent estimates of the percentage of the 25-and-over population with a bachelor's degree or higher are 28 percent and 26.3 percent, respectively. The comparable national figure is 32.1 percent, and that's dragged down by rural areas. A national average that included only the country's metropolitan areas (i.e. our competitors) would be even higher.

The fact that the Triad hasn't bounced back vigorously after the last recession is consistent with a relatively low-skilled workforce. The Greensboro-High Point metro area still has fewer jobs than it did 10½ years ago at the start of the last recession. The Winston-Salem metro area has more, but only barely.

The decline of manufacturing employment was an external event. It happened. The issue is how we adapt to it. And that's why the need for a better educated Triad workforce is more acute than it was 20 years ago.



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