



JOBS FOR THE FUTURE

Building Regional Capacity to Stimulate Economic Growth and Workforce Productivity

Charlotte Case Study

Summary

In summary, the Charlotte region is unlike the regions surrounding older industrial cities in the Northeast and Midwest. The city is a vibrant and growing economic center, whose economy is expanding at a faster pace than the surrounding counties, and whose residents have a higher education level and a higher standard of living than the surrounding counties. As one interviewee put it, the city of Charlotte is the economic engine of the region, while the interstates are the drive shafts for growth in the surrounding counties.

In the past, growth has mainly been fueled by attracting new business and talent to the region. But the pipeline for attracting new businesses is beginning to dry up, requiring greater emphasis on growing existing businesses and starting new ones. And more will need to be done to prepare the local workforce for productive employment. In the past, leadership for these efforts has come mainly from the business community, but that has begun to change, and nonprofits are increasingly stepping up to forge a common agenda and organize collective action to sustain growth in the region.

Background

In 1960, Charlotte was a relatively small, blue-collar city in a region dominated by agriculture, textile manufacturing, and furniture making, which attracted distribution and financial services. Today, most of the furniture and textile jobs are gone, but the city remains a center for distribution and financial services, and has become the second largest banking center in the US.

Manufacturing is still the leading industry in the region, responsible for around 15 percent of all jobs. But most manufacturing jobs are outside Charlotte in the surrounding counties. Because of their greater dependence on manufacturing, the

surrounding counties have experienced more layoffs and plant closings than Mecklenburg County, where the city of Charlotte is located. As a result, they have higher unemployment rates.

The region has experienced rapid growth over the past two decades. After growing by 15 percent each decade from the 1960s to 1990, the population grew by 26 percent during the 1990s, and has continued to grow at nearly that rate since 2000. Job growth has been higher in Mecklenburg County than in the surrounding counties, and Mecklenburg County currently accounts for three out of five jobs in the region. Average pay has also grown faster in Mecklenburg County than in the surrounding counties, widening the gap in per capita income.

Most of the population growth can be attributed to the increasing number of young professionals moving into the area. Between 2000 and 2005, nearly 68 percent of the population growth was the result of in migration, rather than higher birth rates.

The migration of people to the region to fill professional jobs has increased the educational level of the workforce. The percentage of working adults in the region with a bachelor's degree or higher rose 6 percent from 1990 to 2000, moving the region close to the national average of 24 percent. However, a disproportionate share of that group live in Mecklenburg County, where 36 percent of residents have a bachelor's or higher degree. In contrast, only 6 percent of the adult residents in Anson County hold a bachelor's degree, and nearly 30 percent have not completed high school.

The high-school graduation rate has been declining in the region as a whole, with wide variation across school districts. And even those who graduate from high school often need remediation. At Central Piedmont Community College, three-fourths of recent high-school graduates have to take remedial coursework in math and English.

Because most of the job growth has been in Charlotte, while most of the residential development has been in the surrounding counties, the number of people commuting into Charlotte to work has grown by 43 percent since 1990. Currently, one-third of the jobs in Mecklenburg County are filled by people who commute to work from surrounding counties. That has led to an increase in traffic congestion, and commute times have grown by 23 percent over the past decade. Air quality has deteriorated, mainly due to pollution from motor vehicles, leading the American Lung Association to declare Charlotte the 10th most ozone-polluted area in the US in 2003.

Charlotte's disproportionate job growth has also made the surrounding counties wary of the city's influence in the region. So, although the surrounding counties work together with Charlotte to grow the region's economy over all, they are also working to become employment centers themselves, rather than just bedroom communities. While Charlotte is developing its downtown to support an urban lifestyle, the surrounding towns are actively revitalizing their main street centers to support small-town lifestyles.

Is there a regional strategy to promote economic growth?

Up until the last five years, the economic growth strategy for the region focused almost exclusively on business attraction. Strategically located in the center of the East Coast, with a mild climate, and a low cost of living, the region has had great success with this strategy.

Traditionally, the focus was mainly on the city of Charlotte, but with the formation of the Charlotte Regional Partnership (CRP) in 1991, business attraction efforts began to focus more on the region as a whole. As the state-designated regional partnership for the Charlotte area, the CRP brings together business and government leaders from 16 counties – 12 in North Carolina and 4 in South Carolina – to work together to plan the growth and promote the prosperity of the entire region. Its stated purpose is to “allocate and leverage regional economic development resources to sustain and enhance the economic growth, vitality, and global competitiveness of the Charlotte region as a superior business location.”

The CRP is supported and funded by a diverse set of regional business and community leaders. As a nonprofit, public/private economic development organization, the governance structure is broad and inclusive. The Board of Directors is comprised of top executives representing the full diversity of business and industry within the Charlotte region (71 percent), public officials from across the Charlotte region (26 percent), and leadership from the region's various colleges, universities, and technical institutions (3 percent).

Since its inception, the main focus of the CRP has been to brand and market the region to help with business recruitment. However, the CRP also supports the efforts of county economic development agencies to grow and retain existing businesses.

While the private-sector led CRP has been pursuing its strategy for growing the region, the public-sector led Centralina Council of Governments (CCOG) has developed a growth strategy of its own. The CCOG serves as a forum for local governments to address current problems and future needs. It was formed in 1968 and is one of seventeen North Carolina councils of governments. Funding comes from member dues, state and federal grants, and fees for services. Its board is made up of elected officials from the counties, cities, and towns in the nine counties it covers.

The CCOG developed a growth strategy in 2004 to meet requirements established by the US Department of Commerce Economic Development Administration (EDA) that regions have a Comprehensive Economic Development Strategy (CEDS) in place to obtain funding from some EDA programs and to qualify for a lower local match for others. A regional CEDS committee met over a period of four months, building on background work that had already been done by member counties as part of their own CEDS processes, which up to that point had not included Charlotte or taken into account its role in the region.

The CCOG strategy (called “No Boundaries”) targeted six industry clusters, and called on communities to think and act regionally and to leverage assets unique to the region. The strategy also called for more focus on growing small businesses, existing businesses, and entrepreneurial ventures as the main source of job growth in the region – a shift away from relying mainly on business attraction.

In 2005, the CCOG established the Centralina Economic Development Commission (CEDC) to oversee the implementation of its No Boundaries report. The Commission is composed of representatives from the nine Centralina counties, the City of Charlotte, the City of Concord, the City of Gastonia, the Town of Mooresville, business and industry, and the community colleges. It has sponsored projects that implement the recommendations in their original report, and produced two follow-up reports updating their analysis and reviewing progress on their recommendations.

There are organized efforts currently under way in several of the targeted industry clusters. In the advanced manufacturing cluster, the focus has been narrowed to the automotive supply chain to make it easier to take action. There is currently an effort under way to map that sector to delineate the size and scope of the automotive and motor sports supply chain in the region, identify possible development opportunities, and suggest measures to enhance the region’s competitive advantage. In addition, an advisory group has been formed to oversee

growth in the logistics and distribution cluster, with support from many different public and private organizations across the region.

Although both the CRP and the CCOG have targeted certain industries for growth in the region, the surrounding counties don't necessarily focus their economic development efforts on those targeted industries. They consider that approach to be too risky, because it could be a disaster for their local economies if something happened to those industries. Instead, they prefer to diversify.

However, they do believe that the CRP adds a lot of value by attracting business to the region, since they don't have the resources to do that on their own. And they think it makes sense for the CRP to target certain industries at a regional level, because the support can be beneficial to the firms in those industries. They also believe that emerging industries need to be nurtured from the regional level, so that resources can be pooled that are essential to their growth.

Currently, there is not much infrastructure in place to support the growth of new businesses in the region, probably due to the success that the region has had with business attraction. However, the North Carolina Research Campus (NCRC) in Kannapolis could be a catalyst for new ventures. Formerly the home of Cannon Mills, which closed its last mill there in 2003, displacing 4,000 textile workers, NCRC's vision is to create a world class research hub where collaborative science will lead to discoveries in nutrition, health and biotechnology research.

Duke University plans to locate its Translational Medicine Institute there, along with UNC Charlotte's Bioinformatics Research Institute, UNC Chapel Hill's Nutrition Research Institute, and NC State's Fruit and Vegetable Science Institute. A growing number of companies are also planning to locate operations there including the Carolinas Medical Center, the Dole Food Research and Development Group, Lab Corp, and PepsiCo.

What structures are in place to promote/support the necessary collaboration for this effort to be successful?

During the 1970s and 1980s, growth in the region was mainly guided by "The Group," an elite group of downtown business executives from Charlotte's two biggest banks, the biggest power company, the biggest retailer, and the biggest developer. Elected officials deferred to this group, which worked closely with and through a powerful downtown Chamber of Commerce. However, the influence of

this elite group began to wane in 1990s, as the region grew well beyond the group's traditional domain in downtown Charlotte.

Since then, leadership in the region has been fragmented. Currently, there is no single organization in the region that everyone recognizes as the main forum for addressing regional issues. Policy discussions tend to be ad hoc, and groups in the region tend to operate within their own separate spheres of influence. Individuals and organizations come together from across the region to address specific challenges, but there are not structures in place to sustain their engagement.

Although policy leadership has traditionally come from the business community, corporate leaders are becoming less tied to or focused on Charlotte and have less time to work on regional issues. Until recently, Charlotte has had a city manager/council form of government, and still has only a part-time mayor. And local elected officials from the surrounding towns and counties tend to have too many different agendas to provide leadership to the region as a whole.

Nonprofit groups like the Lee Institute, the Urban Institute, and the Foundation for the Carolinas have been stepping up to fill the gap. The leadership program conducted by the Lee Institute is designed to address the need for stronger and more collaborative leadership in the region. And the Urban Institute at UNCC is getting organized to provide objective data and analysis about what is happening in the region with its Regional Indicators Project. In the past, decision makers have had only ad hoc studies on particular issues to guide them, but tracking a comprehensive set of indicators will make it possible to see trends and patterns, help identify priorities, and forge a common action agenda for the region.

The Foundation for the Carolinas has launched a Center for Civic Leadership to strengthen its role as a coalition builder and community catalyst. Its goal is to address key challenges in the community and design initiatives that bring together diverse groups around critical problems and issues. Based on meetings with community leaders, the Center has identified Charlotte's housing crisis as the first issue it will take on.

The Foundation is one of the largest community foundations in the Southeast and among the top 10 in the United States. It is increasingly identified as a "civic hub" and center for bringing together people and information, exploring ideas, identifying levers for change, and developing common agendas for the future in partnership with organizations representing the private, public, and independent sectors.

The CRP has also begun to provide more policy leadership in the region, but has had to tread carefully. The previous leadership at the CRP swung too far too fast in that direction, and provoked a backlash from members representing local economic development authorities, who led a successful campaign for new leadership. Since then, the leadership of the organization has tried to strike a more careful balance between business recruitment/retention and policy leadership on regional issues that affect economic growth, such as housing and transportation.

The CRP must also contend with a perception in the surrounding counties that it is mainly concerned with the needs of Charlotte, not the region as a whole. To help overcome that, the CRP has organized a Regional Leadership Forum that brings together public and private sector leaders from across the region to build consensus on high-priority regional policy issues, leaving implementation to local governments.

The Centralina Council of Governments has also organized a process to overcome the fragmentation among regional institutions and to develop a common regional agenda. In 2006, the CCOG pulled together a group of 37 non-elected community leaders from 15 counties in the Charlotte region. They distilled the common elements of existing local plans, vision statements, and public policies into a single regional vision that focuses on sustainable growth, increased collaboration among jurisdictions, a strong and diverse economy, a safe and healthy environment, high-quality educational opportunities available to all residents, and enhanced social equity.

A Connect Council, composed of local elected officials and representatives from local chambers of commerce, economic development organizations, and nonprofits, is responsible for implementing the vision and its action agenda. However, it's unclear whether this group has the support necessary to pull this off, because the public sector has traditionally been viewed as a service provider, and leadership has traditionally come from the private sector.

How does workforce development fit into those efforts?

The community colleges have played the most visible leadership role in workforce development in the region. That is particularly true of Central Piedmont Community College (CPCC), the largest community college in the 58-college North Carolina system and recognized by many as one of the top community colleges in the US. Since 1992, CPCC has grown from a small college with a

dozen programs serving 1,600 students to one with over 100 degree, diploma, and certificate programs serving approximately 70,000 people in an array of credit and noncredit offerings.

CPCC is now the leading provider of customized training and workforce development in the region. In 2005, CPCC was awarded a grant from the President's High Growth Job Training Initiative for Advanced Manufacturing, which was matched locally by grants from Duke Power and the N.C. Department of Commerce. In 2008, CPCC and the region's other community colleges were awarded a grant from the President's Community-Based Job Training Grants to fund a partnership with the Electric Power Research Institute, Duke Energy, Charlotte-Mecklenburg Schools, and the local Workforce Development Boards.

Through the Charlotte Regional Workforce Development Partnership, CPCC and the eight other community colleges in the region work with the Charlotte Regional Partnership to provide customized training to new companies coming into the region, and have a formal agreement to share instructors and other specialized resources. The community colleges have also taken the lead in helping grow new businesses in the region.

In 2006, the Charlotte Regional Workforce Development Partnership received a \$58,000 planning grant from the NC Community College System to develop the Charlotte Region BioBusiness Service Hub to support the growth of the biotech industry in the region. Subsequent state grants in 2007 and 2008 have supported community college efforts to go beyond traditional workforce training to set up small business centers in each institution capable of directly helping entrepreneurs and small business owners to develop and deliver new biotech products to markets. The small business center at CPCC has expanded to become the Institute for Entrepreneurship, providing a growing number of services to an expanding range of industries.

The growth of new businesses could get a big boost from the development of the North Carolina Research Campus (NCRC) in Kannapolis. The Rowan Cabarrus Community College will have its own location at the NCRC to train the workforce for the NCRC community.

The seven workforce development boards in the region are less visible than the community colleges, but have banded together to have a stronger presence. They have also been reaching out to employers to help train incumbent workers, and they have been building a stronger relationship with the CRP.

That process got started in 2005, when three workforce development boards in the region joined together to qualify for state funds intended to promote regional collaboration between workforce and economic development through the development of state of the workforce reports. They formed the Competitive Workforce Alliance (CWA) and commissioned the report. Following the issuance of the report, the original members of the alliance reached out to other workforce boards in the region to join them, so that they could speak with one voice on workforce issues in the region and partner more effectively with the CRP. The seven workforce boards now meet quarterly and hold an annual Workforce and Economic Development Alliance Summit, in partnership with the CRP.

The CWA competed unsuccessfully for a WIRED grant. However, they were successful in securing a \$55,000 planning grant from the NC Commission on Workforce Development in 2008 to promote regional collaboration. The grant was designed to get consortia of local workforce development boards to partner with economic development organizations and other workforce development organizations to jointly develop and implement strategies in targeted industries, and to create a sustainable infrastructure for ongoing cooperation.

The first industry sector the Competitive Workforce Alliance decided to target was Allied Health, as part of a statewide sector strategy initiative. They have formed the Allied Health Regional Skills Partnership, a consortium comprised of representatives from the healthcare industry, community colleges, workforce development and economic development organizations. The Partnership convened a meeting of health care employers to identify their workforce needs, and as a result of that meeting, narrowed their focus to a few key occupations. They are now applying for additional funds to move the process forward.

In addition to the allied health initiative, the workforce boards are also partnering with CPCC, other community colleges, Duke Energy, and other area employers to launch a task force to support growth in the energy industry. That effort has now broadened to include green jobs.

What is being done to promote equitable growth in the region?

Charlotte has a tradition of business-led civic involvement, which is reinforced by strong religious values that actively promote community service. In the early 1970s, when the Supreme Court ruled that busing was both acceptable and necessary to desegregate Charlotte's schools, enlightened business and civic

leaders were concerned that racial conflict would tarnish the city's image and impede growth, so they actively supported busing. They were determined that Charlotte not "become another Atlanta."

A series of Supreme Court decisions in the 1990s limiting the ability of schools to assign students based on race has led to some re-segregation of Charlotte's schools. This time, however, the segregation appears to be based more on class than race, reflecting longstanding differences in income among neighborhoods and the flight of the Black middle class from poor neighborhoods.

Overall, the poverty rate in the Charlotte metro area is low, but concentrated pockets of poverty still exist, primarily north and west of the downtown area. Minority populations tend to be concentrated in those areas.

There have been, and continue to be, numerous programs designed to address the needs of the low-income population in Charlotte, run by a variety of public, private, and nonprofit organizations. However, as noted earlier, they tend to be fragmented and narrowly focused.

The more inclusive, strategic and systemic approach being taken by the Center for Civic Leadership to address housing issues represents a promising trend, building on previous community-wide efforts to overcome mistrust based on race and protect the environment. However, these efforts have primarily focused on the city of Charlotte.

There have been fewer efforts to promote equity across the entire region. One of those, however, has been the construction of a light rail system. The first line of that system opened in 2007, connecting uptown Charlotte with the South End, a working class neighborhood, which is being revitalized as a result. There are plans in place to put in five additional lines. Once complete, the 2030 Transit Corridor System Plan will consist of 25 miles of commuter rail, 21 miles of light rail, 16 miles of streetcar, 14 miles of bus rapid transit and an expanded network of buses and other transit services.

The light rail system is funded by a ½ cent sales tax, which was supported by the business community. An effort to repeal the sales tax was overwhelmingly defeated in 2007, with strong support for continued expansion of mass transit coming from the mayor, the Charlotte Chamber of Commerce and many prominent local businesses.