

STATE OF THE SOUTH: *Recovering Our Courage*

EXECUTIVE SUMMARY

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“Not everything that is faced can be changed, but nothing can be changed until it is faced.”

— JAMES BALDWIN

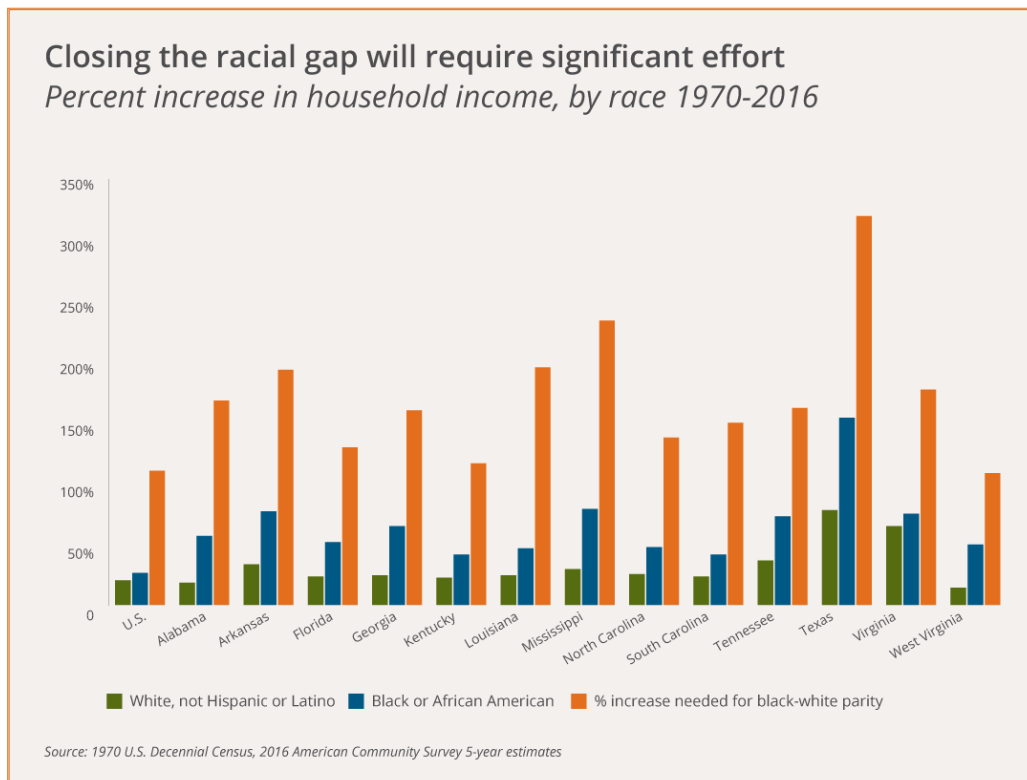


As MDC marks its 50th year as a catalyst for a South where all people thrive, the moment is ripe to look backward and forward, to examine how we have progressed and what we must do to be a region that is inclusive, equitable, and capable of sustaining its forward momentum.

Fifty years ago, the South summoned the courage to transform its self-limiting approaches to economic and human development and move toward a different future. Today, we enjoy the legacy of those visionary and courageous actions. The seeds planted decades ago and nurtured by deliberate public and private investment have allowed the South to shed some, though by no means not all, of its self-limiting “also-ran” status.

Fifty years after MDC’s founding, Southern outcomes in education, employment, and income are better—but they aren’t good enough:

- As a whole, Southern schools, colleges, and universities perform better than ever, though they are in constant need of improvement to meet the demands of both democracy and a changing economy. Most Southern states still lag the national average in K-12 achievement, and blacks and Latinos lag white students in both K-12 achievement and postsecondary degree attainment—the latter a threshold that is increasingly necessary to attain family-sustaining wages.
- Though median income has grown, there are still staggering disparities across racial lines, and children born into low-income households have little chance of doing better than their parents.



- The South has hubs of excellence and innovation in medicine, health, and science, providing the benefits of modern medicine and hospitals, networks of well-trained providers, and improved public health programs. Yet millions of Southerners still lack adequate health insurance. The failure to expand Medicaid in states across the South not only has made it difficult for patients to receive and afford care, but for hospitals to keep their doors open. The number of rural hospital closings is rising, often in areas with the poorest health, signaling the creation of health care deserts.
- Charleston, Biloxi, and New Orleans have largely recovered from devastating storms of a decade or more ago, even as several Texas and Florida cities were hit hard by hurricanes in 2017. Yet the South's vast coast, enjoyed by residents and vacationers, is increasingly vulnerable to intense storms and sea-level rise, threatening both trade and tourism.

Since Congress adopted the Affordable Care Act in 2010, nine of 13 Southern states declined to expand Medicaid under the law. Thus, a disproportionate share of U.S. residents lacking health insurance comes from the South: 48 percent of the uninsured.

Tumultuous Transitions

For more than half of the 20th century, powerful white Southerners had imposed—and persistently defended—systematized racial separation known as Jim Crow. In addition to legalized segregation, the region was defined by rampant poverty, one-party politics, and an abiding ruralness. A stultifying stratification—economic, cultural, racial—defined how Southerners would “belong” and whether they could thrive. Efforts to sustain the fault line of race dominated the governance of otherwise diverse Southern states and communities.

In MDC's early years, Jim Crow laws and school segregation were finally being dismantled because of federal action, spurred by local and national activism. This progress was not the result

of widespread good will, but rather occurred despite a large constituency in the South that wanted to preserve exclusion. Grassroots activism and unconventional leaders, along with national social and economic expansion, federal laws that forced changes in discriminatory practices, and federal investments in infrastructure and economic development helped us make progress at that critical time.

What the historian C. Vann Woodward termed “shocks of discontinuity” at last brought about racial, economic, and political change. Black Southerners organized the Civil Rights Movement. Jim Crow structures crumbled under the weight of both court rulings and federal laws through the '50s

and '60s. The movement bore fruit in laws expanding political participation and educational opportunities.

As the 1960s waned, those stark old signs demarking “white” and “colored” came down. Racist attitudes, of course, remained, but the South then turned several pages to write new chapters in its history. By late 1967, when MDC was founded, the South was exiting the era as the out-of-sync, isolated region of the United States. It had entered a period of disruptions of its old, ingrained ways of living and working.

Progress also resulted from newly elected black office-holders, ministers, and grassroots organizers who engaged in the democratic process—and

continued to protest. They used the levers of the political parties and of Congress, state legislatures, and local school boards to push politicians to respond to the needs and aspirations of Southerners who had been left behind. For employment, the South grew less dependent on agriculture

and more on manufacturing. The dismantling of legalized racial discrimination helped position the South for a quarter-century of robust population and job growth—growth that, in turn, had political and cultural ramifications.

But forces of resistance and retrenchment were still at work.

Lingering racial resentments found a political voice that limited public investment in public institutions. What’s more, an era of economic shifts made life more vulnerable for one-industry small towns, and adults without education beyond high school.

Uneven Progress

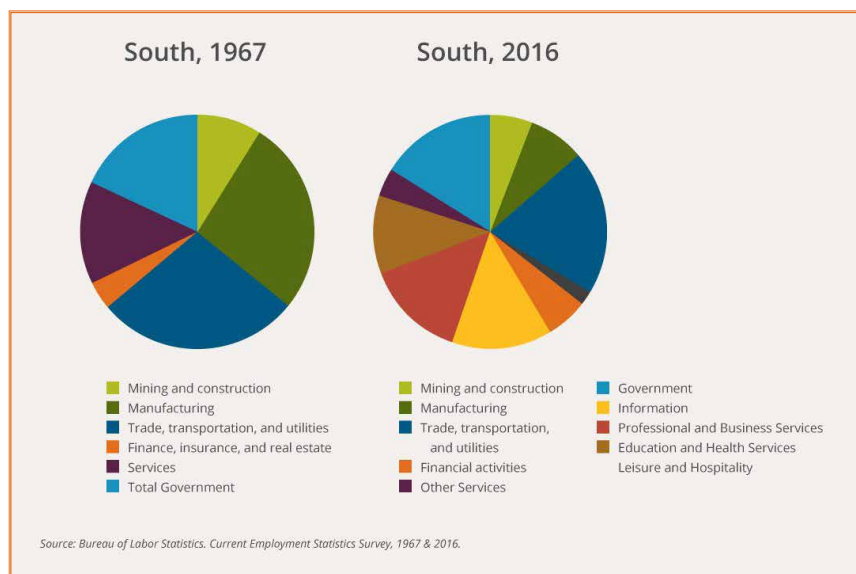
The South of today is a different place than the South of five decades ago. Through the last quarter of the 20th century, Southern commentators often remarked on the Americanization of the South—and the Southernization of America. Today, even with its enduring distinctiveness in music and food, as well as cultural attitudes, the South is more like the rest of the United States than ever. The region has more affluence, a more

diverse economy with a potent corporate sector, a stronger middle class (blacks and Latinos as well as whites), and better schools, health care, and transportation than it did 50 years ago.

And yet its greater-than-ever prosperity is not widely or evenly shared. Though the gap has narrowed, poverty rates still exceed that of the nation. Too many Southern people and places fail to flourish. Sharp racial

disparities in poverty, wealth accumulation, and education remain. There are widening gaps between those who are able to climb the ladder of economic mobility and those who aren’t. From the perspective of where we want to be, we are not moving ahead fast enough, and in some ways, we’re moving backward. And new challenges demand responses: immigration, climate vulnerability, mass incarceration, and de facto forms of Jim Crow.

For many Southerners and their communities, economic disruptions intensified stress as the old, stratified society gave way to a more fluid and dynamic world. The disappearance of middle-skill jobs and the erosion of middle-class earnings spread anxiety. Income inequality widened, and even major metropolitan areas failed to propel upward mobility among young, low-income people.

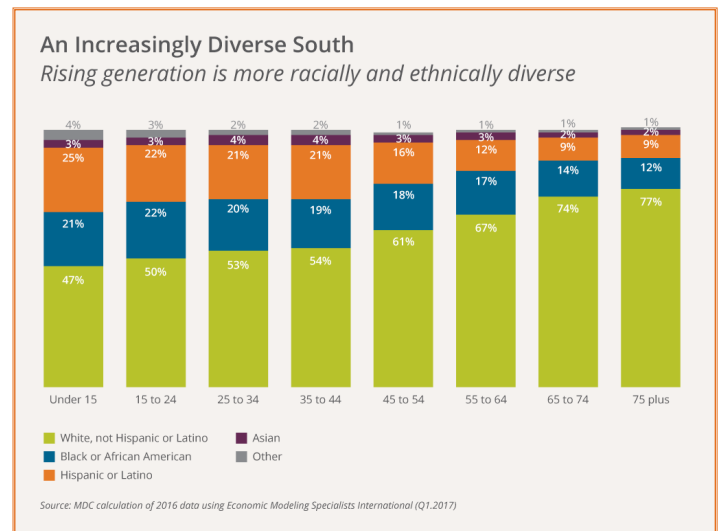


Looking to the future

The vision of an inclusive and thriving South is still elusive. We have substituted a culture of withdrawal for a culture of investment. Today, we see the re-segregation of schools and the persistence of racial disparities in housing and employment, some enabled by state and federal legislation, some perpetuated by structural inequities that laws didn't remove or relieve. Few Southern cities are achieving growth, prosperity, and inclusive economic outcomes that improve conditions across the socioeconomic spectrum; regional growth and prosperity, matched with limited inclusion of historically disadvantaged populations, will likely exacerbate social fissures produced by shifting demographics and increased income inequality. Can the levers of progress that helped us move forward before be elevated and reinvented to do so again?

Progress toward a more inclusive society will require facing our history and seeing our current situation clearly. We use three lenses:

1 BELONGING: Disruptions to the status quo aren't easy to live through—they weren't easy 50 years ago and they certainly aren't today. Our country, and the South in particular, are again redefining belonging. Demographic shifts and migration patterns (into the South and from rural-to-metro), along with changing concepts about identity are demanding a different conversation. The bi-modal racial narrative of black/white is not sufficient to describe the region. The demographic momentum that predicts a "majority minority" population has fueled backlash narratives that tap into anxiety about "losing a place in line," a scarcity mentality that has been at the black heart of discriminatory policy and practice since our beginnings. Tracing the last 50 years of population and migration can help us understand where we might go next.



2 THRIVING: Fifty years ago, the forces that spurred improvements in economic well-being in the region included investments in the education system, shifting the development paradigm from agriculture to industry, and acknowledgement that the destiny of the region was tied to a global economy. In many ways, these forces have morphed and continued to modernize, but each is still a crucial element to prosperity. However, state and local efforts are not forward-looking enough to anticipate and adapt in ways to take advantage of new opportunities, and disturbing racial disparities in income and wealth endure.

3 CONTRIBUTING: We now must invest again in education and employment, physical infrastructure, and health in ways that secure a more prosperous future. Building an infrastructure of opportunity will require the foresight to build civic and physical infrastructure that makes it possible for communities and economies to respond and adapt when the unpredictable happens. Our region needs public and philanthropic investment that is forward-looking and pro-active, not just reactive. To shape an inclusive future, the South must pioneer new avenues for deeper engagement of historically marginalized Southerners. We all have a stake in shaping the region where we will live.

Laying the foundation

MDC holds a vision of the South as a region that is inclusive, equitable, resilient, and committed to propelling all its people forward. To realize that vision requires acknowledging our history and facing our unfinished business. If we want to see different outcomes, we must embrace inclusive narratives about what it means to be Southern; we must build institutions and systems that enable resilience and inclusive well-being. Laying the foundations of our future will require that we:

- Acknowledge the shifting demographics of increasing racial and ethnic diversity in the region
- Imagine and enact civic engagement and economic development that addresses local needs and encourages cooperation of urban and rural areas
- Create a strong, dual customer talent development system that enables both workers and employers be competitive in the marketplace
- Actively invest for the future, building an infrastructure of opportunity that secures prosperity for generations to come
- Enlist and engage Southerners to bridge the fault lines of fear and suspicion to become co-creators of an equitable future

We offer three aspirations for Southern communities that envision a region where more of our neighbors feel connected, secure, and able to invest—together—in a more inclusive present and future.

ASPIRATION 1: EQUITY AND INCLUSION

Our community narrative about aspirations and priorities for success will be grounded in equity and inclusion, affirming that where you start in life should not limit opportunities for educational attainment and economic security.

A first step: Challenge restrictive civic narratives about who “belongs” and who “deserves to be successful.” Articulate the social return on investment of cultivating a wider talent pool to foster economic dynamism and competitiveness.

ASPIRATION 2: SHARED TALENT DEVELOPMENT AGENDA

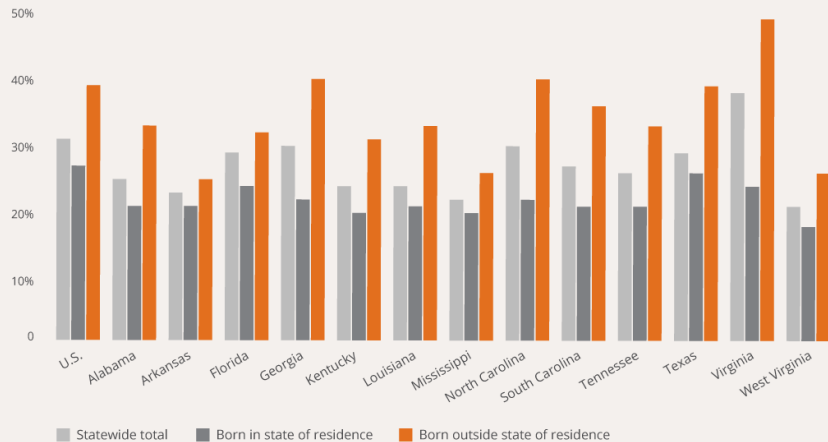
Our education and talent development systems will advance competitiveness and equity by preparing all our people to make the highest possible contribution to shared prosperity, and we will invest to attack the self-limiting barriers to health and economic security that keep too many families and children pinned to the floor of opportunity.

The talent development system is made up of institutions in the education and employment sectors and surrounded by an “ecosystem” of interrelated forces, influencers, and even other systems (e.g., transportation, criminal justice). A first step will require aligning these sectors around a common agenda and goals. They then will have to modify the structures, policies, processes, and allocation of resources that touch on youth

Black and Latino populations in many Southern states post poverty rates of 20 percentage points or have higher rates than whites — frequently as much as 20 percentage points higher.

In every state in the South, born-elsewhere residents exceed born-in-state residents in the percentage who hold a bachelor's degree or higher.

Importing Talent Has Boosted the South's Education Profile *Share of residents with a bachelor's or advanced degree*



Source 2016 American Community Survey 5-year estimates

unemployment and chronic poverty (rural and urban), and attack the barriers deeply associated with stalled inter-generational mobility such as residential segregation, high-poverty schools, and the social isolation of marginalized families and children.

ASPIRATION 3: ADAPTABLE, RESILIENT LEADERSHIP

Leadership across the community—grassroots to grass tops—has a multi-generational vision of shared well-being, co-creating communities that are adaptable and resilient in the face of unpredictable political, economic, and environmental conditions.

There are mechanisms in place to promote broad democratic engagement so that public policy reflects the voices of people who have not shared in our region's half-century of progress.

As first steps, communities can encourage voter engagement and youth and community service. When individuals are confident in their standing in a community and when they have the time and resources to participate, they are able to invest in actionable, future-oriented ways that affect their own families and the broader society for generations. With the enabling power of an inclusive economy, more people are able, in effect, to “add to the wood

pile.” It's not just about money or financial capital, because everyone has other kinds of “capital”—the social capital we gain through our friends, neighbors, and religious institutions; the moral capital that comes from our most deeply held beliefs; the intellectual capital that comes from our knowledge and lived experience; and the reputational capital that comes from the respect we gain through the other three. These all can be brought to bear when working to strengthen our communities and civic structures.

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MDC for more than 50 years has brought together foundations, nonprofits, and leaders from government, business, and the grassroots to illuminate data that highlight deeply rooted Southern challenges and help them find systemic, community solutions. Our approach uses research, consensus-building, and programs that connect education, employment, and economic security to help communities foster prosperity by creating an “infrastructure of opportunity”—the aligned systems and supports that can boost everyone, particularly those who’ve been left behind, to higher rungs on the economic ladder. MDC’s landmark State of the South reports since 1996 have shaped the economic agenda of the region, shining a spotlight on historic trends, deep-rooted inequities, and solutions that offer rural and urban communities a path forward.