

## Four Trends to Watch

**B**ased on her reading of 1990 Census data, and the results of her own exhaustive trends survey, *Insight* asked Sheron Morgan, director of the Office of State Planning, to reflect on four trends and their implications for state government. Those trends are: (1) the increase in the state's elderly population; (2) the so-called baby boomlet, or increase in the number of children, and its implications for school construction and other infrastructure needs; (3) the growing gap in prosperity between rural and urban portions of the state; and (4) the decrease in poverty. Here is part of what she had to say.

### North Carolina's Increasing Elderly Population

The proportion of the state's population over age 65 is increasing, and the population over age 85 is increasing even faster. Morgan says the state's share of health care costs—particularly costs of long-term care in the Medicaid program—may show a corresponding increase.

"Clearly the issue of long-term care and the financing of it is going to have to be solved," says Morgan. "The trend toward warehousing the elderly in nursing homes and very expensive retirement centers has some negative implications. These

are not most people's first choice, and they are very expensive. The state and federal government not only pay for health services but for everything. There's some discussion now that Medicaid should only pay for the health aspects."

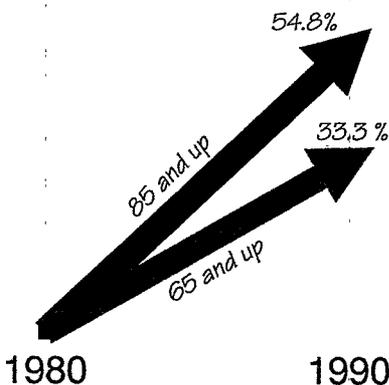
The rest of the expense of institutional care would fall on the elderly themselves or on family members. "I'm not sure how low and middle income people could pay," says Morgan. Still, she says the incentive now is for the elderly to transfer their resources to family members before they go into institutions so Medicaid will pick up the tab. She also isn't sure how long government can keep paying before there is outright taxpayer revolt.

But Morgan says she is sure the rising cost of institutional care will accelerate the trend toward community alternatives—like nursing aides who can help the elderly remain in their homes independently. Morgan says the state also must "re-think ways to integrate elderly people into communities" and move away from age-segregated neighborhoods. She believes that both because of the dispersal of the nuclear family and for economic reasons, more elderly are going to have to depend on the support of caring neighbors in communities structured to provide support.

Still, most frail elderly living outside institutions receive care from family members, and the primary caregiver usually is a woman. If more elderly citizens are to remain in their homes longer, there likely will be greater demands for *family leave* to encourage workers to provide care for an ailing parent and *adult day care* to free family members to work. "There are long-term economic implications for people giving care," says Morgan.

Aside from increasing expenses for long-term care and more reliance on alternatives, the state can expect more demands on the health care system as a whole. Patients receive their most expensive health care in the final months of life, so an increase in older citizens will mean higher expenses. This will lead to more debate about rationing health services. But Morgan says the question isn't whether rationing will occur. It's how. "The

**N.C.'s Elderly Population Growth**



question is, what mechanism are we going to use for rationing?" she says. "We're rationing now."

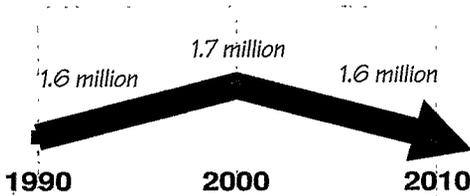
There also will be more minor adjustments. These include increasing the size of lettering on state highway signs and finding ways to accommodate elderly motorists who only want to drive 45 miles per hour.

And there will be political clashes as the state's resources get stretched between the needs of the elderly and those of children. Already, says Morgan, the tension is being felt as the Hunt administration pushes its children's agenda. Still, Morgan notes that with the indexing of Social Security to inflation, the distribution of income in the United States has been changing. "The number of elderly in poverty has declined, while the number of children in poverty has increased," she says.

### The Baby Boomlet

North Carolina's youth population is projected to increase from the present 1.6 million to 1.7 million by the year 2000, then decline to 1.6 million by 2010. Morgan says there is a faint echo of the baby boom in these numbers—actually an echo of the echo. "The baby boomers' children are now having children—but fewer of them," says Morgan. Also making a slight contribution is the number of women over 35 who had been postponing child-birth but are now bearing children. "It emerged as a phenomenon over a relatively short period of time," says Morgan, adding that the curve has since flattened out.

**N.C.'s Youth Population**



She says migration is mainly responsible for the projected surge in youth population—and the resulting increase in the need for new school construction to accommodate these youth. "A lot of school construction is due to people moving to urbanized areas or migrating to the state," says

Morgan. "It's really more migration than anything else. By the year 2005, the birth rate is projected to fall below replacement rate."

Morgan says this in-migration generally has been good for the North Carolina economy because it has raised the overall education level of the work force and helped fuel expansion and relocation of industry. This has meant higher income levels for North Carolina citizens and more dollars circulating in the economy. "We're one of the few states still experiencing in-migration," says Morgan. "We're forecasting it to continue. If it doesn't, the economic forecast may change for the worse."

For the next decade or so, the growth means more state and local spending for everything from schools to water and sewer projects to transportation. But Morgan says so far growth has come at about the right pace. "We haven't developed the kind of land-use problems that Florida has."

### The Rural-Urban Gap

But while some parts of the state plan for a more crowded future, others will be struggling to keep from falling further behind. That's because the 10 percent growth forecast for the next decade is not evenly spread. Some parts of the state are in for stagnation or decline.

North Carolina's 19 counties that were population losers in the 1980s all were rural counties. And the same should be true for the 1990s. Per capita income also was considerably lower in rural North Carolina during the 1980s, and the prosperity gap likely will continue as more rural residents

### N.C.'s Rural and Urban County Populations

N.C. Rural Counties  
Losing Population  
in the 1980s:

19

N.C. Urban Counties  
Losing Population  
in the 1980s:

0

migrate to urban areas for jobs and amenities. "I think it's going to complicate state policy considerably," says Morgan. "Instead of spreading things with a butter knife, we're going to have to start targeting our resources. When you do that, the level of conflict goes up because fewer people directly benefit."

Morgan says she foresees regions assuming increased importance as declining rural areas struggle to deliver such services as solid waste management, water and sewer, and even public education. The result could be restructuring of the state's political subdivisions—the 100 counties—into larger, more efficient units.

"We ought to commit ourselves to investing in people, not places," says Morgan. "Once we do that, I think we'll see local government reorganizing itself to become more efficient. We'll go from 100 counties to maybe 50 or 60. We'll have a lot more regionally organized services and districts. We might even have some multi-county school districts."

Still, Morgan says political boundaries like county lines will give way only grudgingly. "Consolidation requires giving up a certain number of elected offices and some local control," says Morgan. "The politics of doing that is difficult."

Morgan does not believe the state will be able to rebuild every rural economy to the point that it can compete with urban areas for the young people who are now leaving. Instead of swimming upstream against migration patterns, she believes the state should go with the flow and equip young people for good jobs—wherever they may be. "We should invest in education and job training and communications technology [for education]" to give rural youngsters the tools to compete in any job market, says Morgan.

That would mean accelerated population losses for some rural counties, which is one reason Morgan forecasts fewer counties at some point in the future. She does not believe the state indefinitely can afford the 100 county structure.

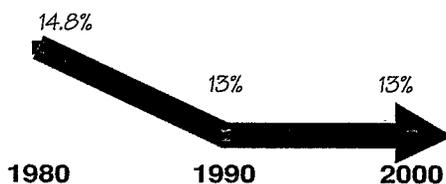
Already, some of the state's poorer counties are struggling to provide services. "They have a comparatively small tax base and proportionately more poor people, so a larger share of tax revenue goes to things like Medicaid and AFDC [Aid to Families with Dependent Children], particularly Medicaid,"

says Morgan. "Because of rising social program costs, they've deferred making investments in infrastructure—things like schools, water and sewer, courthouses, and county jails. They're pouring all their dollars into Medicaid, AFDC, and education." For the near term, there will be increasing pressure on the state to help bail these counties out.

## Poverty

The state's poverty rate declined from 14.8 percent to 13 percent over the course of the decade. That compares to a national rate of 13.1 percent. Morgan counts herself among those prognosticators who believe the rate essentially has bottomed out. "It's a broader issue than just poverty," says Morgan. "There are the working poor and the people who are on public assistance. President Clinton seems determined to limit dependence on public assistance through time limits and work requirements."

**N.C.'s Poverty Rate —  
Past, Present and Projected Future**



That will mean increased government and private sector spending on job training for the difficult to employ, although the results of these efforts have been mixed at best. (For more on this issue, see Bill Finger and Jack Betts, "Off the Dole and Onto the Payroll: Do Jobs Programs Get People Out of Poverty?" *North Carolina Insight*, Vol. 11, Nos. 2-3 (April 1989), pp. 64-93.)

And more of the *working* poor may become the poor seeking public assistance as the state's economy continues its shift from manufacturing to services. This may drive up spending on Aid to Families with Dependent Children, food stamps, subsidized housing, and Medicaid. "The working poor are very vulnerable to becoming the permanently unemployed due to changes in technology," says Morgan, "and we could have a lot more work-

ing poor because they have been pushed out of manufacturing jobs and into lower-paying service jobs like flipping hamburgers.”

Morgan expects that eventually, the chorus of voices calling for more resources for job training and work force preparedness will be heard by decisionmakers in Raleigh. “It’s going to take training and retraining, which means developing a whole culture around learning and skills and producing quality products and taking responsibility,” says Morgan.

Increasingly, Morgan says, the key to upward mobility is going to be the ability to think and solve problems on the job. She says some workers accustomed to letting their supervisors make all the decisions may not be comfortable in this role. Morgan mentions a North Carolina manufacturer that shifted to what is called a flat management style, in which workers were organized in teams and given both the authority to make production decisions and accountability for the results of those decisions. “After about two years, a large proportion of the older workers left because they couldn’t take the pressure,” says Morgan.

For uneducated workers, those who are unable or unwilling to retrain, Morgan says the future looks bleak. “Increasingly, the skills are discontinuous from the bottom,” she says. “There is no relationship or transferability to jobs on the other end of the spectrum.” That means entry into the middle class will be more difficult.

Indeed, Morgan says there is some thought that the broad middle class that has been the backbone of American democracy is in jeopardy. “A lot of experts think we’re going to a lot more bifurcated distribution of income, which means the underpinnings of democratic government will

be eroded,” says Morgan. “It’s always depended on the solidity of a large middle class.”

With these sort of societal forces at work, the state will have to guard against the kind of frustrations that could lead to higher dropout rates and even increased crime and violence. “The sense of being unreachable becomes more profound because the positive options are not open to them,” says Morgan.

One statistic that stands out in the census data is the number of women in poverty with children. More than a third with children under age 5 and nearly half of those with at least one child under 5 and older children are in poverty. But Morgan says these women can be helped if the state is willing to provide the support services to allow them to train. “The opportunities for training and allowing them to achieve economic independence are pretty great because the child is an incentive,” she says. “Reaching young men is much more difficult.”

In North Carolina, the military has been a sort of job corps for young men without much education. But with downsizing, even that option may be foreclosed, says Morgan. That means the state must work even harder to keep young people from getting discouraged and giving up. “‘Ain’t nothing out there for me to do. Might as well quit school,’” is how Morgan describes the attitude.

North Carolina’s economic future looks bright in many respects. Demographer Harold Hodgkinson of the Center for Demographic Policy in Washington, D.C., notes that the state has captured many high-paying service sector jobs, with high-tech research and development leading the way in the Research Triangle Park, and financial services setting the pace in Charlotte. People starting small businesses have an unusual level of success, he says, which means the climate for entrepreneurs is good, as are the prospects for future job creation.

Still, two clouds on the horizon for North Carolina are the education level of its work force and the decline of the rural economy. Education levels are hard to raise and rural declines are hard to reverse, which leads demographers to forecast a flat line for poverty in the state for the foreseeable future.

—Mike McLaughlin

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***A prophet is one who recognizes the birth of an idea in the collective mind and who defines and clarifies, with his life, its implications.***

—ALDO LEOPOLD, ECOLOGIST

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