

So, when are you leaving?

Every year, across Alabama, people move in and people move out. Their reasons differ, but many people move because of job opportunities. The decade of the 1990s was a period of great economic change in Alabama. Alabama employment in manufacturing, accounting for well over 20 percent of all jobs in the early 90s, fell to 15 percent by 2004. Conversely, jobs in service industries rose considerably. These structural changes in our economy have also had profound effects on our population.

Migration changes the character of our towns and counties, the tax base, the local amenities and services available, and the political climate. The most recent data come from Census 2000.

Between 1995 and 2000 Alabama lost quite a few of its young and well-educated people—the creative class—and with them, many of our high income households. We cannot continue to experience such losses if we are to enjoy a growing economy and resulting prosperity.

Newly released tables from Census 2000 describe the characteristics of the people who moved into and out of Alabama. For more information about migration definitions, methodology, and specific reports and tables please see the Census Bureau’s website at http://www.census.gov/population/www/cen2000/migration.html.

Migration Patterns by Age

Persons in every age group move into and out of Alabama. However, during the last decade of the 20th century, more people 25 to 29 moved out of Alabama than moved into the state, resulting in a net loss of people in their late 20s. The census does not tell us that every one of them had a college education or moved to find better employment opportunities elsewhere. However, we know that this age group is an important part of our creative class of knowledge workers, highly skilled manufacturing employees, and service professionals such as young doctors, lawyers, accountants, and management executives. Alabama also experienced a net loss of the young, single, and college-educated.

The economic health and vitality of businesses, government agencies, and the social fabric of our communities draw heavily from this age group. They are the future business leaders, scientists, engineers, and government officials. We need to work aggressively to create employment and educational opportunities for these individuals.

Where are these people going? The same census reports reveal that the top 10 destinations for persons leaving Alabama are Georgia, Florida, Tennessee, Texas, Mississippi, California, Louisiana, New York, Michigan, and North Carolina. Of course, other people who lived in those states moved into Alabama. The highways have lanes going both ways. But Alabama had a net loss of people to Florida, Texas, Mississippi, California, Louisiana, New York, and Michigan.

Migration Patterns by Educational Attainment

Most people who are 25 years old or older have finished their education. Education level categories range from Less than a 9th grade education to Graduate or professional degree. As one would expect, people with all levels of education moved into and out of Alabama over the period 1995 to 2000. However, it is most disturbing to note that Alabama experienced a net loss of 5,460 persons with a bachelor’s degree or higher—5,365 with a bachelor’s degree and 95 with a graduate or professional degrees.

The census does not tell us any more about these 5,460 people. However, it is reasonable to assume that many of them are recent graduates of our colleges and universities, seeking their future in other states of our nation. While there are many reasons for leaving Alabama following graduation from college, the one most often given is to pursue better job opportunities.

We find ourselves challenged once again. We are losing a significant number, over 5,000, of Alabama’s best and brightest—the current and future backbone of our new knowledge economy.

Migration Patterns by Industry and Occupation

What industries and occupations are losing these young Alabamians? Census 2000 reveals a total net loss of over 3,700 persons from two primary industries: information (1,500), and the broad category of professional, scientific, management, and administrative services (2,260). Loss of employment in these industries reduces our capacity to support the human capital needs of our knowledge driven economy.

The information industry includes publishing, broadcasting, telecommunications, Internet service providers, and Internet publishing and broadcasting. These are not major industries in Alabama, but they can be lucrative ones, and are at the heart of the knowledge economy of the 21st century. The professional, scientific, and technical services sector employs people with a high degree of expertise and training. Establishments in this group are engaged in processes where human capital is the major input. Businesses in this category include offices of lawyers, architects, and engineers. These are the companies that do industrial design, graphic design, computer systems design, management consulting, and marketing. Here are classified advertising agencies, photographic services, veterinary services, and research and development in many different fields. Between 1995 and 2000 Alabama had a net loss of residents with occupational titles such as accountant, auditor, analyst, engineer, manager, administrator, or specialist. These were people who are both young and mature professionals.

The loss between 1995 and 2000 of more than 3,700 people who are qualified to work in information and professional services businesses will hurt the state. Taken together, these data send a warning that we are losing people critical to the long-term economic health of our state.

Migration Patterns by Household Income

Not surprisingly, when these same data are summarized by household income, we find that we have lost some of our wealthiest families. Census 2000 reports a net loss of 3,210 households earning between $100,000 and $199,999. This represents an annual loss to the Alabama economy of between $320 to $640 million dollars a year. Taking into account the multiplier effects of these dollars circulating through our economy—home and auto payments, retail sales, entertainment, and all other typical family expenditures—we find that these migration losses conservatively have cost the Alabama economy over $1.0 billion dollars a year.

That Was Then, This Is Now

The data from the Census describe what happened between 1995 and 2000. Five years have passed since then. Maybe those trends have been reversed? Maybe economic conditions have flipped in Alabama in the last five years? While we have made some progress, we have a lot of work left to be done.

It takes a long time to turn around a supertanker—or a state. Economic indicators more recent than 2000 show that Alabama is making progress. In 2005 Alabama’s median family income was up—to 84 percent of the
national average. Per capita income is also up—to 83 percent of the national average. Up is the right direction, but we have to acknowledge that we’ve been losing some of our most valuable human resources and reverse that loss.

Regional infrastructure and competitive labor have worked to Alabama’s great advantage in attracting and growing new and existing industries. Examples include aerospace, science and technology, automotive, and logistics industries. Our research universities and network of 2- and 4-year regional colleges and trade schools have played major roles in growing existing and attracting new industries to our state.

However, wage and unemployment rates in our metros are now paradoxically signaling that skilled human capital is in increasingly short supply. If workers are needed, why then are skilled professionals leaving our state in relatively large numbers? For the reason of low expectations. Parents, school officials, government executives, and employers have got to convey in a united front that Alabama’s pastures are as green as anybody’s.

By not being willing to invest in our youth, we lower expectations for future economic growth and opportunity. Lowered state university funding, less-than-needed spending on high school facilities and programs, and higher-than-desired dropout rates combine to weaken our capacity to educate tomorrow’s workforce. There is nothing that will pay more dividends to Alabama’s economic well-being than the investments made in education resources.

A well-educated workforce, beginning with qualified high school graduates, greatly increases the likelihood of continuing to attract new industries that demand highly skilled workers, pay high wages, and create high value-added products. Equally important is increasing the number of graduates who choose to stay in—or come to—Alabama after they complete their education. These investments create a labor pool that will keep Alabama in the site locators’ playbook.

Business and government throughout Alabama understand the challenge. We intend to become a destination state for the creative class, not a supplier state. Time will judge how well we handle the test.

The Center for Business and Economic Research (CBER) turns 75 this year. Since its organization by the School of Business at The University of Alabama in November 1930, CBER has focused on collecting, analyzing, and disseminating socioeconomic and demographic data. While the Center’s mission still involves these activities, the fulfillment methods have certainly changed. We have gone from typewriters, carbon paper, and adding machines to personal computers, electronic data bases, and web-based products.

The Center established a web site in early 1995. Our site, cber.cba.ua.edu, now averages around 80,000 hits a month. The site contains news and announcements as well as articles that present and interpret socioeconomic data. To more efficiently handle information requests, we have posted our most requested data series. From the Data and Maps section, users can read, print, or download current and historical data on Alabama’s population, employment, and income, as well as view maps of various geographic, demographic, and socioeconomic constructs. Users can also register to receive notification when the site has been updated. The site was honored by the national Association for University Business and Economic Research (AUBER) as the “web site of the year for 2003.”

In addition to posting data to our web site, the Center has developed a web-based program, Alabama FactFinder, to make the state’s census information available in such a way that people who have not had special training in obtaining and using statistical information can easily find and use it.

The Center’s quarterly publication, Alabama Business (which has been ongoing since 1930), is available online in .pdf format in addition to its traditional printed version. In 2000 the Center formed a partnership with Compass Bank that led to the development of the quarterly online Alabama Business Leaders Confidence Index® survey. The survey results are published as an insert in Alabama Business.

The Center’s data resources are enhanced by its participation as Alabama’s lead agency in the U.S. Bureau of the Census Data Center Program, a role it has filled since 1978, and in the Federal-State Cooperative for Population Estimates and Projections. CBER is also a member of the U.S. Bureau of Economic Analysis’ State User Group.

In the late 1970s, the Center developed an econometric model for Alabama and in 1980 published its first Alabama Economic Outlook, a publication that continues to date. The Outlook, which contains short-term forecasts of output and employment in Alabama, has been honored by AUBER on three occasions. Forecasts are updated quarterly and a summary is published in Alabama Business and placed on our web site. In 1989 the forecasting program expanded to include an annual economic outlook conference. The 2005 conference was the largest to date with 178 participants. In addition to our conference, the Compass on Business partnership provides for four additional seminars around the state.

Over the years we have developed skills in a number of areas. We have focused on conducting economic impact studies, identifying socioeconomic characteristics of an area, analyzing and forecasting the course of the Alabama economy, and developing specialized population projections.

We have a diverse and dedicated staff and we are proud of our accomplishments. My own journey with the Center began in January 1977. I have gone from using keypunched cards, to magnetic tape and dedicated mainframe terminals, to personal computers and web-based services. What’s next? While I’m sure there will be more changes, I am also sure we will do our best to provide you with quality products and service.

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