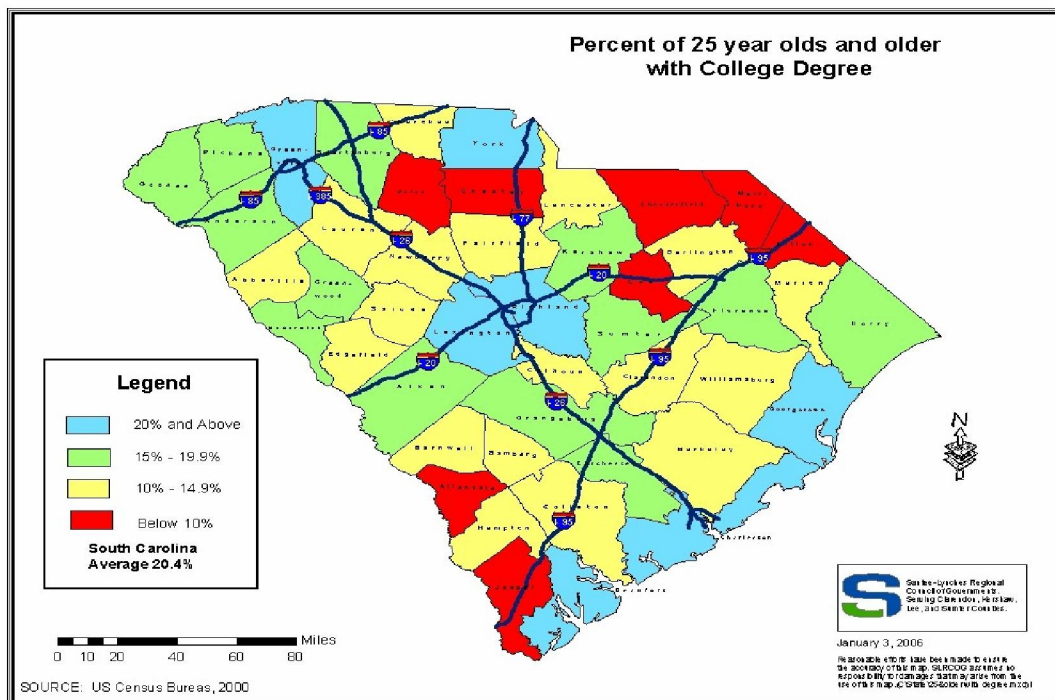


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Region's Economic Growth Linked to its Number of College Educated Twenty- Five Year Olds and Above

The growth of the national economy is, in large part, dependent on industries and businesses that require a highly skilled, educated workforce. Based on studies produced by the Economic Research Service of the U.S. Department of Agriculture, higher education levels contribute to both metro and non-metro counties' economic development, but urban areas benefit disproportionately. A local, 21st Century workforce with high levels of college graduates aids local economic development in several ways. A well-educated workforce facilitates changes in the process of producing goods and/or providing services; i.e. productivity. Potential employers may determine that a well-educated local labor force is the deciding factor when choosing among alternative locations for a new establishment. Finally, better schools and local amenities produce and attract a more educated population that may encourage prospective employers and workers to reside in the county selected for the establishment of the business.

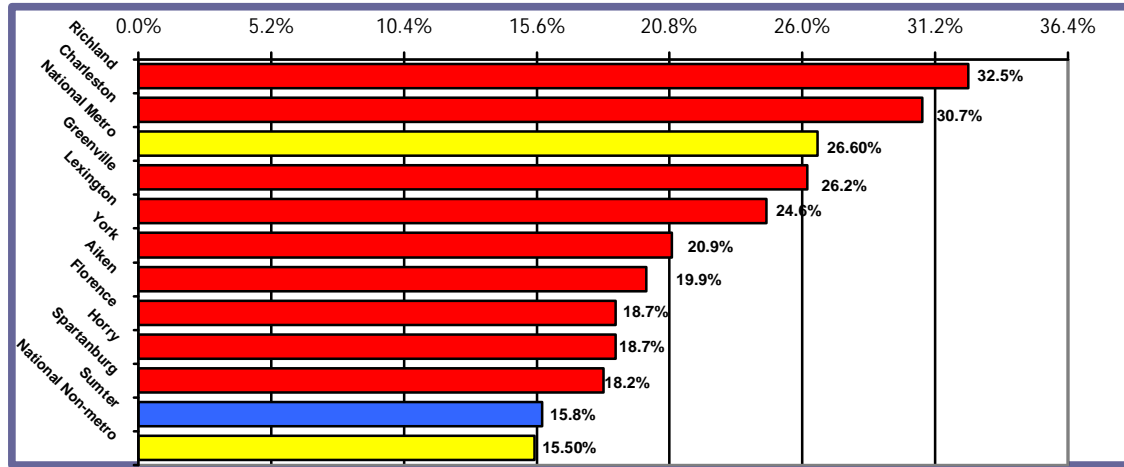
Counties with a high percentage of educated workers are not evenly distributed throughout the Nation, with a much higher concentration of college graduates being located in Metropolitan Statistical Area (MSA) or metro counties. Based on the 2000 Census, there is a large college completion rate gap between the country's metro counties and non-metro (rural) counties. The 25 years and over population with at least a college degree averaged 26.6% in the nation's metro counties. The percentage of non-metro counties' 25 years and above population with at least a Bachelor's degree was 15.5%. This eleven percent (11%) gap does much to explain why nationwide metro area economies are doing significantly better than those in the rural counties.



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Within South Carolina most of the major metro counties have at least one in five (1:5) twenty-five year olds and older with a college degree and these same counties have the lowest unemployment rate in the State.

25 Year Olds and Over with at Least a Bachelor's Degree in S.C. Metro Counties - 2000



Source: Census 2000, U.S. Census Bureau

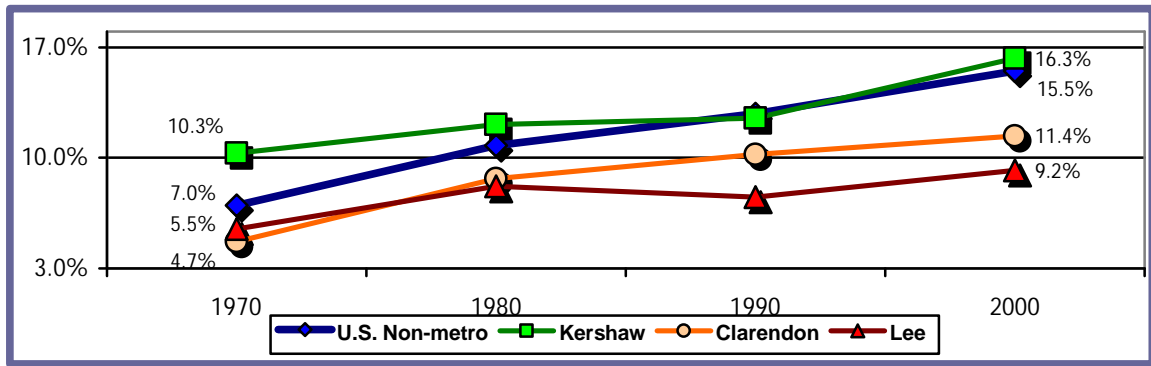
Two of the State's three largest city/county metro areas have a higher percentage of college graduates than the national metro county average. Four other S. C. metro counties have approximately a 20% or greater percentage of 25 year olds and over with at least a Bachelor's degree. The University of South Carolina's 2006 Economic Forecast identified the top five counties in South Carolina for job growth in the coming year. It is not a coincidence that these five counties - Charleston, Horry, Lexington, Greenville and York - have high levels of college graduates and according to the USC Forecast will account for 70% of all job growth in South Carolina in 2006.

In the Santee-Lynches Region, Sumter County is the only county categorized as metro, and it has the lowest percentage of college graduates of all the metro counties of South Carolina. Sumter County's percent of college graduates is just barely above the national average for non-metro (rural) counties. While Sumter ranks 13th in South Carolina metro population, the County ranks 21st in percentage of college graduates in the twenty-five and over age group Statewide. Since Sumter County is the metropolitan county in this Region, this low percentage of adult college graduates is a barrier to region-wide economic development. Without a significantly increased level of college graduates, economic development in Sumter and the entire Region is problematic.

The remaining three counties in the Region are all primarily rural. Kershaw County is adjacent to Richland County and situated on a major Interstate Corridor to the Capital City of South Carolina – Columbia. This location could place Kershaw County in the position of a suburban county, but with the exception of its southwestern and south central portions the County is basically rural. The remaining two counties, Clarendon and Lee, are two of the sixteen South Carolina rural counties categorized as persistently poor by the Economic Research Service (ERS) of the U.S. Department of Agriculture. The higher education trend over the last four decades in these three rural counties is mixed.

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Region's Non-Metro Counties, State, and Nation's Percent of College Graduates (1970 – 2000)



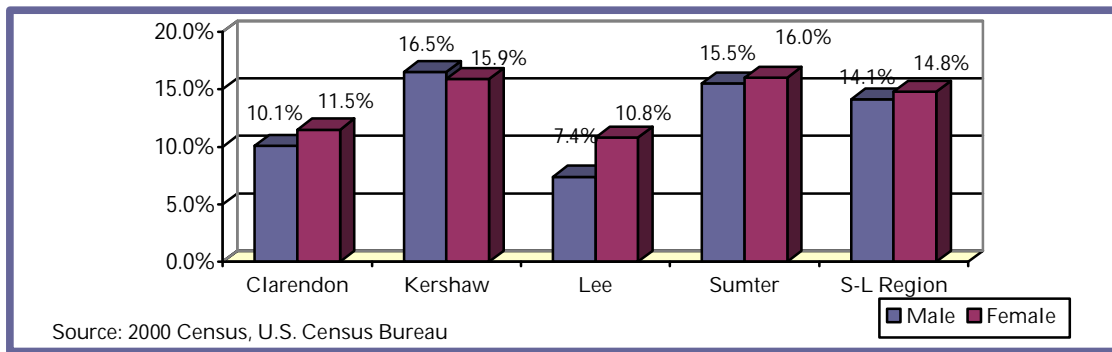
Source: U.S. Census 1970 - 2000

The percent of Kershaw County's college graduates exceeds the national average for non-metro counties and is even higher than the metro county of Sumter. This is, in most part, due to the high number of Kershaw residents over 25 years of age who commute to work in the larger metropolitan core city of Columbia. The two most rural counties of Clarendon and Lee are well below the national average for non-metro counties. Lee County's very low percentage of college graduates ranks it as tied for 43rd out of South Carolina's 46 counties.

Due to the very low percentage of 25 year olds and above with a college education in Clarendon and Lee Counties, the region's overall percentage of college graduates is 14.6%, almost a full percentage point below the national non-metro county average.

There is a socio-economic component to the number of county residents 25 years and over who possess at least a Bachelor's degree. The first factor to consider is the number of males versus females with at least a college degree.

The Region's 25 Years and over Age Group with at Least a College Degree by Sex



Source: 2000 Census, U.S. Census Bureau

The Santee-Lynches Region has over 1,500 more females than males with at least a college degree. This larger population of educated female residents runs counter to the national average for both metro and non-metro counties. The predominance of female degree holders in the Santee-Lynches Region is in some measure due to the number of teachers in the school districts, but the Region's teacher population is not significantly different than that which exists nationally, particularly in non-metro counties. The local

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situation appears to be more a factor of an inordinately low number of male degree holders.

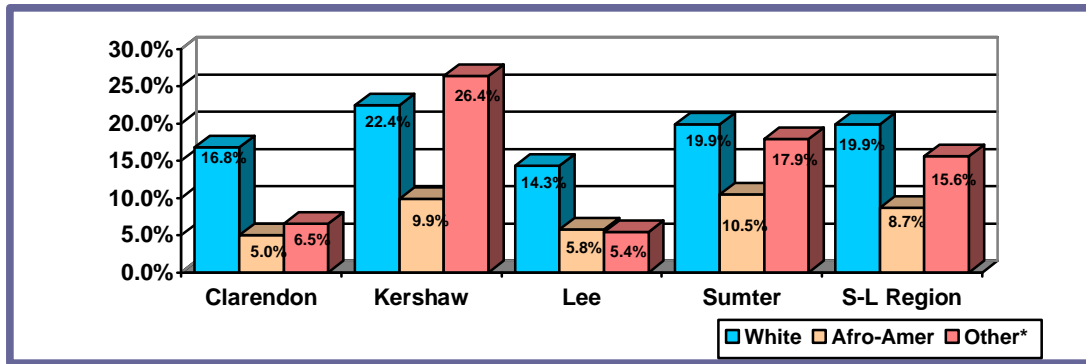
Percent of College Graduates by Sex for Metro and Non-Metro Counties, plus the S-L Region

	Metro Counties	Non-Metro Counties	S-L Region
Percent Male	30.9%	16.8%	14.1%
Percent Female	25.8%	15.6%	14.8%
Difference	+5.1% (Male)	+1.2% (Male)	+0.7% (Female)

Source: 2000 Census

Another socio-economic factor affecting the 25 years old and above population with a college degree is the distribution of the degree holders by race. Nationally, non-Hispanic Whites were at least twice as likely to have a college degree as either African-Americans or all other races. Within the Santee-Lynches Region, this disparity holds true, especially for the gap between the White non-Hispanic and the African-American populations. Region-wide, less than nine percent (9%) of African-American's 25 years olds and over have a college degree. While this percentage is slightly higher than the national average for non-metro counties, this overall low level of college educated African-Americans is more important in this Region because this racial group accounts for over forty percent (40%) of the Region's adult population.

The Region's Percent of 25 Year Olds and above with a College Degree by Race



Source: 2000 Census

Note: * Other includes all other racial and ethnic categories identified in the 2000 Census.

This situation is even more critical in the two most rural counties of the Region. In Lee and Clarendon Counties over fifty-three percent (53%) of the adult population are African-Americans, yet only 5.3% of this population or approximately one out of every twenty (1:20) adults has at least a Bachelor's degree. African-American males have a dramatically lower percentage of college graduates than the overall Black population. In Lee County the percentage of African-American males with a degree is 3.8%, while in Clarendon County the percentage is an even lower 3.5%. These percentages equate to a ratio of less than one out of every twenty-five (<1:25) African-American adult males in these two counties having a college degree.

In both Kershaw and Sumter Counties the ratio of African-American adults with at least a college degree is approximately one in ten, (1:10) which is somewhat better than the national non-metro county average of 7.9%, but significantly lower than the metro

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county average of 17.9%. Kershaw County is well above the African-American national average for non-metro counties, but Sumter trails the national metro county average for African-American adults by seven and one-half percent (7.5%).

While there are a very low percentage of African-American adult males with a college degree, the Region's African-American educated female population is significantly higher. A full ten percent of African-American females region-wide have at least a college degree. This percentage is well below the white female overall percentage of 18.2%, but much greater than the national percentage of African-Americans in non-metro counties.

Research at both Clemson and Penn State Universities (see footnotes 1 & 2) found that rural counties' local conditions (population density, Interstate access, social capital, etc.) have relatively little positive or negative affect on higher education levels of influence on income and employment. The factors that significantly impact higher levels of education in non-metro counties are infrastructure, a degree of urbanization, and a highly skilled employment base that has adapted to the county's/area's particular features. Recent studies show that improvements in a rural county educational system positively affect the county's economic development prospects, while higher levels of adult education increase the rate of income and employment growth. In addition, better rural schools not only produce a higher level of academic success, but enhance their students' long term economic prospects.

In Education as a Rural Development Strategy³ Robert Gibbs points out that rural school systems face a significant resource problem when attempting to achieve a dramatic improvement in educational output. Financially, these smaller school districts can not take advantage of the economies of scale that are available to larger urban school districts. Teachers in the rural areas usually make less income than their urban counterparts and are less likely to have an advanced degree or be certified in the subject they teach. Finally, non-metro schools usually lack the capability to offer advanced classes in mathematics and science.

If rural counties make the necessary investment to improve their schools, they face the real possibility of their students leaving the county to go to college and/or higher paying jobs in more urbanized areas. Therefore, the investment designed to improve the schools may not benefit the local community, because these higher educated students' future incomes and tax revenues may be transferred to urban counties. Local rural governments/school districts in economic or social distress find it especially difficult to manage school improvements without concurrent growth in their local economy.

Mr. Gibbs points out that "fifty-five percent of rural young adults who attend college no longer resided in their home county." More than one-half of young adults with a high school diploma and approximately three-quarters of those who did not complete high school do remain in their home counties. This emphasizes the potential loss of "social returns" on school improvements.

It is important to note that while rural counties experience an initial outflow of college educated adults, the long term loss is often substantially less. Many adults, who initially

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move to more urban areas, return to live in their home county for family and social reasons. If the rural county has invested in upgraded schools and improved social capital, it has a much better chance of attracting a larger share of educated returnees. Many of these returning adults will be parents who want to raise their children in their home county, but demand the best possible education for their young family members.

In summary, raising adult education levels with the corresponding necessary improvements to the rural schools are important parts of a successful strategy for the economic well-being in non-metro counties. The more rural counties of the Santee-Lynches Region have an extremely low level of college educated adults, especially in the Black population and Sumter County lags well behind the other metro counties in South Carolina in 25 year olds and older with a college degree. These facts indicate that this economic strategy may have some application in the Region. The investment in the Region's school districts, plus the upgrading of local higher education opportunities, can pay-off in increased economic development region-wide. It must be noted that this education upgrade is only one of several parallel strategies needed to build the Region's local economies.

Why is This Important?

1. Employers are increasingly attracted to areas offering a pool of well educated and skilled labor.
2. Counties with a low percentage of college educated and predominately low skilled adults find that changing production technologies and overseas competition severely limits the prospect for employment growth.
3. Metro counties (urban areas) have a disproportionate advantage in securing high tech employers in all categories of business and industry, but these metro counties must have at least 20 % of their adult population with a college degree to claim this advantage.
4. Counties with an institution of higher education, a large research facility, or a cluster of high tech industries fare better in income and employment.
5. Rural counties must determine the trade-off value of substantial investments to upgrade their counties human capital and the potential loss of a sizable percentage of young educated adults due to out-migration.

FOOTNOTES:

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1. Does Human Capital Affect Rural Economic Growth? Evidence from the South – David Barkley, Mark Henry and Haizhan Li, Clemson University January 2005
 2. How the Returns to Education in Rural Areas Vary Across the Nation – Stephan Goetz and Aril Rupasingha, Pennsylvania State University January 2005
 3. Education as a Rural Development Strategy – Robert Gibbs, USDA Economic Research Service, November 2005