

## 2016 Annual Evaluation of North Carolina Economic Development

Pursuant to [G.S. 143B-434.01\(k\)](#), the Department of Commerce annually evaluates North Carolina's economic performance based upon a variety of economic indicators and upon the goals and objectives of the Secretary's Comprehensive Strategic Economic Development Plan. This report overviews the Plan's background, provides a progress update, and outlines key economic indicators.

### BACKGROUND ON THE 2014-2024 STATEWIDE ECONOMIC DEVELOPMENT STRATEGIC PLAN

In July of 2013, Governor McCrory charged the newly-reorganized Economic Development Board with developing a comprehensive 10-year strategic growth plan for statewide economic development efforts.

To formulate this new strategic plan, the Board created eight committees to discuss issues in their designated policy focus areas and make recommendations to the full Board for final action. Each committee was aided by staff from the Department of Commerce and by advisors from other state agencies, universities, private companies and non-profit organizations. The Board also received input from local economic development professionals, business leaders and citizens who participated in several Listening Tour events held across the state. The Board organized the committees to focus on eight major areas of economic development in North Carolina:

- I. Targeted Growth Clusters and Branding;
- II. Business Climate;
- III. Innovation and Entrepreneurship;
- IV. Talent and Retiree Attraction;
- V. Education and Workforce Development;
- VI. Rural Prosperity;
- VII. Community Development; and
- VIII. Structure and Metrics.

The 2014-2024 North Carolina Jobs Plan, approved by the Economic Development Board at the January 2014 meeting, recommends a proactive, targeted and data-driven approach toward economic development that also emphasizes collaboration, partner engagement and accountability metrics.

Following the passage of [SL 2014-18](#), the Economic Development Board was dissolved and the Secretary of Commerce took over the responsibilities of implementation and updating the plan. In December 2015, the Department of Commerce carried out a thorough review of the plan's accomplishments to date and ongoing activities and defined future priorities as part of the annual refinement of the plan (see attached update). In addition, a series of engagement sessions and follow-up surveys have been carried out in several communities across the state in order to solicit public input on economic development activities from local stakeholders. The input received from the public will help guide the Department's subsequent implementation and refinement of the plan. See survey responses in the Development Capacity Section of this report.

## DATA AND ANALYSIS OF KEY ECONOMIC INDICATORS

[G.S. 143B-434.01\(k\)](#) calls for analysis of the eight data points listed below. Technical tools developed by the Agency, such as AccessNC and the Demand Driven Data Delivery System (D4), enable users to readily retrieve similar information at a city, county, region, and statewide level. In addition, Commerce produces numerous publications that provide more detailed analysis than is required by statute and have a wider readership than this report. These resources include:

- [AccessNC](#) is a web-based tool that enables users to retrieve community demographic reports, labor market and education data on communities in North Carolina<sup>1</sup>.
- [Demand Driven Data Delivery System](#) (D4) makes available a plethora of employment and business data, all of which can be categorized by region.
- [NC Today](#) is a monthly review of labor market conditions in North Carolina with comparative data from the United States as a whole, and from selected Southern states on various aspects of the economy. Topics include employment and unemployment statistics, unemployment insurance benefit claims, retail sales, residential building permits, manufacturing hours worked, and other economic indicators.
- [Research and Publications](#) by the Labor and Economic Analysis Division provide insights into the State's economy by highlighting current economic conditions in North Carolina as well as national trends.
- [NC Works Online](#) is a one-stop online resource for job seekers and employers in North Carolina. Job seekers can search for jobs, create resumes, and find education and training. Employers can find candidates, post jobs, and search labor market information.

## NET JOB CHANGE

Net job change is the difference in employment level between two points in time. As of January 2016, North Carolina's seasonally adjusted Total Nonfarm employment had increased 104,300 over the year.<sup>2</sup> Nine major industrial sectors reported seasonally adjusted job growth over the year (*Continued on next page*).

Industry	January 2015	January 2016	Change	% Change
Trade, Transportation and Utilities	786,500	808,800	22,300	2.8%
Wholesale Trade	177,100	180,400	3,300	1.9%
Retail Trade	477,800	491,800	14,000	2.9%
Transportation, Warehouse, and Utilities	131,600	136,600	5,000	3.8%
Government	719,200	723,600	4,400	0.6%
Federal Government	70,000	71,000	1,000	1.4%
State Government	209,000	207,000	(2,300)	(1.1%)
Local Government	441,000	446,000	5,700	1.3%

<sup>1</sup> AccessNC and D4 are scheduled to be merged into a single application over the next year.

<sup>2</sup> The following section is from the Current Employment Statistics, North Carolina Department of Commerce, January 2016, available at <http://d4.nccommerce.com/CesSelection.aspx>. January 2016 estimates are preliminary and subject to revision.



Industry	January 2015	January 2016	Change	% Change
Professional and Business Services	575,900	600,400	24,500	4.3%
Professional, Scientific and Technical	214,400	226,300	11,900	5.6%
Management of Companies	81,100	83,000	1,900	2.3%
Administrative and Waste Management	280,400	291,100	10,700	3.8%
Educational and Health Services	570,600	578,300	7,700	1.3%
Educational Services	76,100	79,000	2,900	3.8%
Health Care and Social Assistance	494,500	499,300	4,800	1.0%
Leisure and Hospitality Services	453,300	471,200	17,900	3.9%
Arts, Entertainment and Recreation	62,400	68,300	5,900	9.5%
Accommodation and Food Services	390,900	402,900	12,000	3.1%
Manufacturing	457,900	461,200	3,300	0.7%
Durable Goods	245,600	247,800	2,200	0.9%
Non Durable Goods	212,300	213,400	1,100	0.5%
Financial Activities	215,300	220,800	5,500	2.6%
Finance and Insurance	160,400	165,600	5,200	3.2%
Real Estate and Rental Leasing	54,900	55,200	300	0.5%
Construction	185,200	197,600	12,400	6.7%
Other Services	149,800	155,000	5,200	3.5%
Information	74,600	75,700	1,100	1.5%
Mining and Logging	5,600	5,600	0	0.0%

## REALIZED CAPITAL INVESTMENT

The [Community Investment Report \(CIR\)](#) is a tool that gathers key data on economic development project announcements across the state. While the CIR is the most comprehensive database currently available, it does not capture every announced project, job, and investment in North Carolina. In addition, the CIR only gathers data on announced economic development projects and does not track whether those announced projects were realized.

In 2015, a total of 671 unique Economic Development, Infrastructure and Other Project announcements were submitted to the CIR database (+19% vs. 2014). These project announcements accounted for approximately \$7.56 billion dollars in capital investment (+40% vs. 2014) and 27,567 projected new jobs (-13% vs. 2014) in the State of North Carolina. The largest manufacturing capital investment announcement in North Carolina during 2015 was made by Novo Nordisk (\$1.7 billion in Johnston County), while the largest manufacturing job creation announcement was made by Sanderson Farms (1,100 jobs in Robeson County). The largest non-manufacturing capital investment project was Apple, Inc.'s data center (\$432 million in Catawba County) and the largest non-manufacturing job creation project was Wal-Mart's call center (1,000 jobs in Mecklenburg County).

Nearly 60 percent of the reported projects were expansions and the remainder were new projects. Over the year, projects submitted to the CIR database included announcements for companies headquartered in 20 different countries. The countries with the highest number of projects were Germany (21), followed by Japan (8) and the United Kingdom (6). Approximately 62 percent of all the FDI projects announced were manufacturing projects.

The [Economic Development Grant Report](#) (§ 143B-437.07) is another source for understanding private investment as a result of Commerce-administered incentive programs.

## MANUFACTURING CHANGES

Since the beginning of the 2007 national recession (December 2007), North Carolina has lost a net 76,900 Manufacturing jobs<sup>3</sup>. Although the recession officially ended in June 2009, North Carolina's Manufacturing employment bottomed out in February of 2010. Since then, Manufacturing experienced a gain of 31,100 jobs<sup>4</sup>. Over the past year (January 2015 to January 2016), not seasonally adjusted Manufacturing employment grew by 3,500 jobs. Food remains North Carolina's leading sector in manufacturing employment at 52,700. Chemical follows with 41,900.

Industry	January 2015	January 2016	Change	% Change
<b>Manufacturing</b>	<b>455,400</b>	<b>458,900</b>	<b>3,500</b>	<b>0.8%</b>
Food	52,000	52,700	700	1.3%
Chemical	42,700	41,900	(800)	(1.9%)
Furniture & Related Product	34,800	36,200	1,400	4.0%
Fabricated Metal Product	36,900	36,100	(800)	(2.2%)
Transportation Equipment	33,400	35,300	1,900	5.7%
Plastics and Rubber Products	32,400	33,200	800	2.5%
Machinery	31,900	32,300	400	1.3%
Computer and Electronic Product	32,200	32,200	0	0.0%
Textile Mills	28,000	27,900	(100)	(0.4%)
Electrical Equipment, Appliance, & Component	21,300	21,500	200	0.9%
Wood Product	17,100	17,500	400	2.3%
Printing and Related Support Activities	11,600	11,500	(100)	(0.9%)
Beverage and Tobacco Product	11,400	11,300	(100)	(0.9%)
Apparel	8,600	8,200	(400)	(4.7%)
Textile Product Mills	6,100	6,000	(100)	(1.6%)

## FIRM AND ESTABLISHMENT CHANGES

A firm is defined as a business organization consisting of one or more establishments under common ownership or control. The most recently available data from the Census Bureau's Statistics of U.S. Businesses (SUSB) show that there were 167,548 firms in North Carolina in 2013 (a 0.28% increase over 2012).<sup>5</sup>

SUSB does not produce data on firm-level dynamics, but does provide dynamic establishment change data, including the number of establishment births, deaths, expansions, and contractions. According to the most recently available data, North Carolina experienced the following establishment changes between 2011 and 2012:

- 21,753 establishment births
- 19,207 establishment deaths
- 53,096 establishment expansions
- 50,174 establishment contractions

A more recent source for establishment data is the Quarterly Census of Employment and Wages (QCEW). According to QCEW, the number of private sector establishments in North Carolina reached its post-recession low in 2010, when there were 244,441 establishments across the state.<sup>6</sup> By 2014, the number of establishments in North

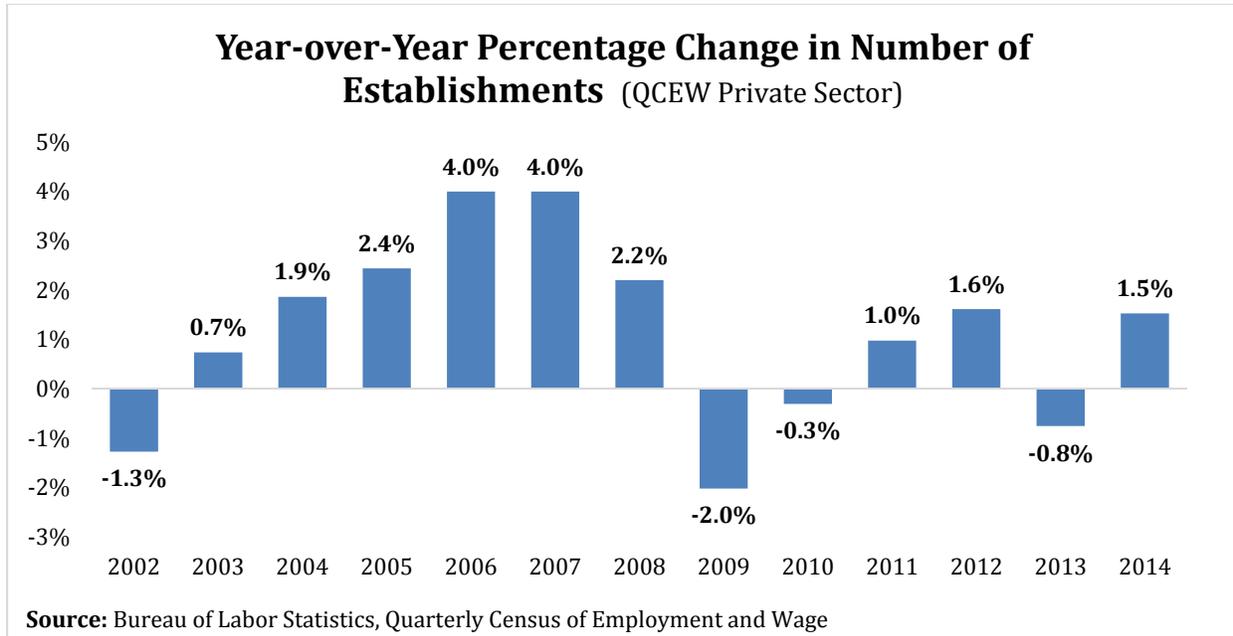
<sup>3</sup> Source: Current Employment Statistics, North Carolina Department of Commerce. January 2016 estimates are preliminary and are subject to revision.

<sup>4</sup> Ibid.

<sup>5</sup> U.S. Census Bureau, Statistics of U.S. Businesses, <http://www.census.gov/econ/susb/>

<sup>6</sup> NC Commerce, Quarterly Census of Employment and Wages, <http://d4.nccommerce.com/QCEWSelection.aspx>

Carolina had grown to 252,722, a 3.4% increase relative to 2010. Establishment growth is generally a helpful indicator of business opportunities and macroeconomic conditions in the economy. The number of establishments tends to decline during recessionary periods, as indicated by the graph below.



## STATUS AND PERFORMANCE OF KEY SECTORS

One of the most common ways to measure a state's overall economic performance or strength is to look at state gross domestic product (State GDP). In the years before the recession, the State experienced significant economic growth. In 2004, North Carolina's Real GDP was \$375.8 billion.<sup>7</sup> Real GDP grew to \$413.3 billion in 2007 before declining to \$410.0 billion in 2009. The state's economy has since recovered to pre-recessionary levels, totaling \$437.7 billion in 2014. Despite the decrease from 2007 to 2009 the State's Real GDP grew by 5.9 percent from 2007 to 2014, greater than the U.S. growth of 5.8 percent.

<sup>7</sup>Bureau of Economic Analysis, available at <http://bea.gov/regional/index.htm>



## Real State GDP by Industrial Sector, 2013 –2014

(in millions of chained, 2009 dollars)

Industry	2013	2014	Change	% Change
<b>All Industry Total</b>	<b>\$425,476</b>	<b>\$437,701</b>	<b>\$12,225</b>	<b>2.9%</b>
<b>Private Industries:</b>	<b>\$366,796</b>	<b>\$379,638</b>	<b>\$12,842</b>	<b>3.5%</b>
Manufacturing	\$88,097	\$88,821	\$724	0.8%
Finance, insurance, real estate, rental, and leasing	\$79,093	\$82,195	\$3,102	3.9%
Professional and business services	\$46,306	\$49,473	\$3,167	6.8%
Educational services, health care, and social assistance	\$33,185	\$34,249	\$1,064	3.2%
Wholesale trade	\$24,010	\$25,233	\$1,223	5.1%
Retail trade	\$22,890	\$23,555	\$665	2.9%
Construction	\$15,342	\$15,448	\$106	0.7%
Information	\$14,054	\$15,337	\$1,283	9.1%
Arts, entertainment, recreation, accommodation, and food services	\$14,120	\$14,627	\$507	3.6%
Transportation and warehousing	\$9,175	\$9,416	\$241	2.6%
Utilities	\$7,223	\$7,361	\$138	1.9%
Agriculture, forestry, fishing, and hunting	\$3,798	\$4,042	\$244	6.4%
Mining	\$1,243	\$1,516	\$273	22.0%
Other services, except government	\$8,293	\$8,482	\$189	2.3%

**Source:** *Gross Domestic Product by State, Bureau of Economic Analysis*

From 2013 to 2014, State GDP grew by 2.9% in real terms as North Carolina continued recovering from the Great Recession and began a new period of economic expansion. The State's goods producers and service providers grew over the year. Goods production grew by 1.3% and was led by Nondurable goods manufacturing (e.g. chemicals, food, etc.). Durable goods (e.g. cars, appliances, etc.) production was relatively flat (+0.2%) over the year. Private sector service providers grew by 4.4% over the year and were led by: Information; Professional and business services; Finance, insurance, and real estate; and Educational services, health care, and social assistance. State GDP growth was constrained by a 1% decline in Government activities in 2014. Additional information on City, State and National GDP can be found on the BEA website at <http://bea.gov/regional/index.htm>.

## RURAL BUSINESS DEVELOPMENT

The following table displays changes in employment and business establishments between North Carolina's urban and rural counties.<sup>8</sup> From the third quarter of 2014 through the third quarter of 2015, employment and business establishments both grew more slowly in rural counties than in urban counties. Looking back five years to 2010, rural counties have experienced much slower employment growth than their urban counterparts, while business establishments in rural counties have fallen in number since that time.

<sup>8</sup> For the purposes of this report, urban counties are designated as those with at least 70% of their populations living in urban areas, according to the 2010 U.S. Census. Under this definition urban counties include Alamance, Buncombe, Cabarrus, Craven, Cumberland, Dare, Durham, Forsyth, Gaston, Guilford, Mecklenburg, New Hanover, Onslow, Orange, Pitt, Union, and Wake. [http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=DEC\\_10\\_SF1\\_P2&prodType=table](http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=DEC_10_SF1_P2&prodType=table)



## Private Employment and Establishments in Rural and Urban Counties

	Employment			Business Establishments		
	Employment in 2015 Q3	% Change Since 2014 Q3	% Change Since 2010 Q3	Establishments in 2015 Q3	% Change Since 2014 Q3	% Change Since 2010 Q3
Rural Counties	1,165,394	1.9%	5.6%	90,572	1.5%	-1.3%
Urban Counties	2,247,978	3.3%	14.3%	150,773	3.6%	7.1%
<b>Total</b>	<b>3,413,372</b>	<b>2.8%</b>	<b>11.2%</b>	<b>241,345</b>	<b>2.9%</b>	<b>3.8%</b>

Source: North Carolina Department of Commerce, Quarterly Census of Employment and Wages

## STATUS OF MINORITY OWNED BUSINESSES

The most recent data assessing statewide minority-owned business was made available by the Census Bureau's 2012 Survey of Business Owners (SBO), which is conducted every five years.<sup>9</sup> Detailed findings are published on a rolling basis as statewide analyses are completed. North Carolina-specific information indicates that over 183,000 firms are considered minority-owned; associated receipts amount to over \$20.7 million.<sup>10</sup> Between 2007 and 2012, minority firms grew +39%, significantly faster than all North Carolina firms (+1%). Minority-owned firm receipts also grew significantly faster (+29%) than all statewide firms (+3.6%).

The Minority Business Development Agency also publishes relevant research, available at: <http://www.mbda.gov/pressroom/research-library/publications>

## DEVELOPMENT CAPACITY

The N.C. Department of Commerce annually ranks the state's 100 counties based on economic well-being and assigns each a Tier designation. The 40 most distressed counties are designated as Tier 1, the next 40 as Tier 2, and the 20 least distressed as Tier 3. This Tier system is incorporated into various state programs to encourage economic activity in the less prosperous areas of the state.

For more information about the Tier system, please refer to:

<http://www.nccommerce.com/research-publications/incentive-reports/county-tier-designations>

To engage with local community leaders and gather feedback regarding economic development challenges in rural areas, the Secretary of Commerce and the Governor's economic advisors are currently holding educational events across the state. The North Carolina Department of Commerce's *NC Competes For Jobs* tour brings senior Commerce officials to regions across the state for a series of economic development sessions. The recently passed NC Competes legislation refreshed the state's economic development tools and the tour aims to update communities about the available tools to help them better compete for business in today's global economy.

The meetings offer information on:

- Economic development grants and loans
- Opportunities to receive assistance and/or planning for infrastructure, water and sewer
- Leveraging the state's improved workforce development system, NCWorks at the local level
- Regulatory reforms and improvements to the state's business climate
- Changes in the state's tax rates
- NC Commerce team and how to find the right people who can help

<sup>9</sup> 2012 Survey of Business Owners data releases were scheduled from June 2015 to December 2015.

<sup>10</sup> <http://www.census.gov/econ/sbo/>



These sessions also offer local leaders the opportunity to continue to build strategic relationships with state economic development staff. Following the discussion, direct feedback is collected from local participants through a multiple-choice survey. As of March 24, 2016, more than 220 survey responses have been received from Alleghany, Anson, Ashe, Brunswick, Columbus, Davidson, Davie, Edgecombe, Franklin, Granville, Montgomery, Nash, New Hanover, Randolph, Richmond, Rowan, Vance, Warren, Wilkes and Wilson counties. The results have been summarized in the tables below, showing the top four responses to each question. The data below represents a portion of the total expected responses that will be collected in the next month.

**What is the biggest challenge to economic success your community faces?**

*(Respondents were able to choose more than 1 answer for this question)*

Rank	Answer	% Respondents
1	Quality and / or skills of workforce	33%
2	Low income growth / wealth	30%
3	Retaining young people in the community	30%
4	Lack of capital needed for businesses to start and grow	28%

**On a scale of 1-5, how important are the following issues to your community's economic health?**

Rank	Answer	Average Score
1	Attracting new businesses	4.5
2	Helping train / educate workers	4.4
3	Assisting local businesses	4.3
4	Building an economic development strategy	4.3

**Would you like additional information regarding an area where you need support?**

*(Respondents were able to choose more than 1 answer for this question)*

Rank	Answer	Average Score
1	New business attraction	45%
2	Assistance to local businesses	38%
3	Economic development planning	37%
4	Public infrastructure improvements	32%

Jonathan Q. Morgan, Ph.D., Associate Professor at UNC's School of Government, recently surveyed various municipalities and counties across North Carolina to compile feedback regarding local government economic development needs. His research summarizes findings from over 200 responses. The top four barriers to local economic development are listed in the table below.<sup>11</sup>

**Top Local Government Economic Development Barriers**

Rank	Answer	Average Score
1	Site / building availability	46%
2	Lack of capital / funding	45%
3	Inability to retain young people	40%
4	Limited number of major employers	37%

<sup>11</sup> J.Q. Morgan, Survey of Local Government Economic Development, 2016. UNC SOG



# Jobs Plan Update

## I. TARGETED GROWTH CLUSTERS/BRANDING

*Goal: Identify key growth industries and develop brand strategy to maximize statewide growth for high quality, sustainable jobs*

- I. 1. Identify and Target industries for jobs attraction and retention based on wage rate and projected growth statistics.** Jobs Plan identifies 10 target industries at the state level. A deeper dive on particular industries and subsectors is underway.

EDPNC Board is working in conjunction with Business Recruitment, Marketing and Research divisions of EPDNC to develop value propositions and marketing plans.
- I. 2. Develop a new statewide brand strategy for North Carolina.** Brand publicly unveiled in September 2015 through 75 billboards across the state and on Cabinet agency websites.

License plate campaign underway.

NC DOC Public Affairs working on brand extension and endorser terms of usage.
- I. 3. Maximize North Carolina's existing connections to global growth opportunities.** EDPNC has added investment office in Korea. Also exploring India for new presence.

Hired proactive business development team to focus on Asia and Europe.

Coalition for Global Competitiveness formed to help leverage state's corporate and educational connections.

## II. BUSINESS CLIMATE

*Goal: Create a competitive business climate that drives job growth, retention and attraction in every sector of the economy statewide*

- II. 1. Ensure that North Carolina's tax climate receives adequate and ongoing focus.** Legislation passed by NC General Assembly and signed by the Governor during last two legislative sessions demonstrates the ongoing focus on this issue.
- II. 2. Continue to improve North Carolina's tax climate.** As a result of 2015 legislation passed and signed by the Governor, further improvements to the state's tax climate include reductions in the state's personal and corporate income tax rates as well as franchise fees. Single sales factor apportionment will be phased in as well.

Also provided motorsports sales tax preferences for parts and fuel, data center sales tax exemption for electricity and eligible business property, and aviation sales tax refund for interstate passenger air carrier with a hub in the state.

- |               |   |   |
|---------------|---|---|
| <b>II. 3.</b> | <b>Continue to improve North Carolina's regulatory climate.</b>   | Aligns with NC Chamber's Vision 2030 Competitive Business Climate pillar which includes increasing regulatory efficiency that balances job creation and environmental protection by creating a more streamlined and transparent rulemaking process.   |
| <b>II. 4.</b> | <b>Reduce the costs to North Carolina taxpayers for frivolous lawsuits brought against state infrastructure projects.</b> | According to NC Chamber Report, <i>2014 Bridge to a Stronger Future</i> , frivolous lawsuits cost taxpayers millions of dollars in legal cost and increased project delivery cost. MAP-21, the federal transportation program, made significant progress to reduce regulatory impediments to project delivery, including means to streamline project review on existing rights-of-way.  |
| <b>II. 5.</b> | <b>Continue to improve North Carolina's legal climate.</b>  | Business Court Modernization Act (SB 853) signed by the Governor in August 2014. This bill modernizes the Business Court by making technical, clarifying, and administration changes to the procedures for complex business cases, to streamline the process of corporate reorganization utilizing holding companies, and to establish a Business Court Modernization Subcommittee of the Joint Legislative EDGE Oversight Committee.   |
| <b>II. 6.</b> | <b>Enhance the state's discretionary economic development incentive programs.</b>   | <p>As a result of NC Competes Act (HB 117) passed by NC General Assembly and signed by the Governor in September 2015, the Job Development Investment Grant program was extended through 2018 and the available cap for annual awards was raised to \$20 million. In addition, a high yield project designation was created to provide a higher cap for projects considering an investment of \$500 million and 1,750 people.</p> <p>Seeking support of existing Site Infrastructure Development Fund to provide assistance for site acquisition and preparation for critical, highly competitive projects.</p> <p>In September 2015, the North Carolina General Assembly, as part of the state's budget that was signed by the Governor, made modifications to the NC Film and Entertainment Grant's establishing statute increasing the amount of money available as well as making changes to the amount of in-state spending required by productions and maximum amount of funds that can be given per production. Funds from the grant will serve as a rebate of up to 25% on qualified expenses/purchases of productions.</p> |

### III. INNOVATION AND ENTREPRENEURSHIP

*Goal: Promote innovation, attract early-stage investment and support entrepreneurs*

- III. 1. Convert university innovation into jobs.** The Governor's Innovation to Jobs (I2J) initiative recommended the creation of the Council for Commercializing University Innovations to define best practices for innovation commercialization at NC universities, promote inter-university cooperation and standardization where possible and catalyze transformation in culture to encourage technology commercialization. The Council has been formed and has had an initial meeting.
- The Governor's I2J initiative recommended the creation of the University Innovation Commercialization Program to provide funding and process for technology proof of concept, validation, IP protection and early/mid-stage product development/production, commercialization and translation for technologies developed by NC universities and research not-for profits. This was proposed in the Governor's 15-16 budget and was also included in the House proposal, but was not included in the Senate's proposed budget.
- III. 2. Create a new tax credit model to attract venture capital to North Carolina.** OSTI worked with the OSBM to determine the fiscal impacts of an exemption from NC capital gains taxes on investments in NC-headquartered (i.e., sited) startups in NC.
- OSTI also investigated the experience of several other states that have similar credits. No further action to be taken.
- III. 3. Re-fund the One North Carolina Small Business Fund.** Included in Governor's recommended 15-16 budget to NC General Assembly and passed as part of HB 97. A total of \$5.25 million was appropriated for the 15-17 biennium.
- The FY 2016 solicitation runs from July 1, 2015 - June 30, 2016. Eligible applicants will be limited to those Phase I SBIR/STTR awardees that have, to date, received less than three matching awards under the One NC Small Business Program. Award amounts will be 50 percent of an applicant's Phase I award, not to exceed \$50,000
- A quantitative assessment of the funds will begin after FY 16-17 payments are completed.
- III. 4. Streamline entrepreneurial resources.** NC DOC has met with many of the statewide organizations providing statewide support for start-ups and is encouraging better integration of services.
- Secretary of Commerce exploring expansion of capital formation resources for start-up manufacturers and service operations to include "crowdfunding" legislation to facilitate intra-state capital.

Business Link North Carolina (BLNC) which is part of EDPNC operations, provides a one-stop shop of information for all state resources available to assist entrepreneurship.

One of the key strategies of the NCWorks Commission's strategic plan is to better connect small business centers to NCWorks Career Centers.

#### IV. TALENT AND RETIREE ATTRACTION

*Goal: Attract the creative class and retiree population to North Carolina.*

**IV. 1. Establish North Carolina as the destination for creative talent.**

Grassroots efforts across the state are expanding to develop and foster inclusive communities of entrepreneurs including HQ Raleigh, HQ Charlotte at Packard Place, HQ Greensboro, and American Underground's four locations in the Research Triangle region.

**IV. 2. Build a platform for retiree attraction and business creation.**

NC DOC's LEAD has completed literature review of economic impacts of senior population, researched other states' initiatives, developed methodology to carry out a cost/benefit analysis, and collected preliminary demographic, migration and spending data to assess costs and benefits to the state.

Continuing to build on Certified Retirement Communities program operated by EDPNC. Three new communities joined in 2014 and two in 2015.

**IV. 3. Attract and retain highly skilled military retirees and returning veterans.**

NCWorks Online provides platform to connect transitioning military personnel with existing job opportunities.

New Veterans section within DWS created to coordinate Veterans workforce programs and provide a single point of entry for employment.

NC4ME established as public-private partnership that takes and employer-centric approach to strengthening the flow of military talent into North Carolina's businesses.

## V. EDUCATION AND WORKFORCE DEVELOPMENT

*Goal: Develop and retain a globally competitive workforce within the knowledge and skills for high quality, sustainable North Carolina jobs.*

- |              |   |   |
|--------------|---|---|
| <b>V. 1</b>  | <b>Increase North Carolina's competitive advantage by further developing and enhancing Career and Technical Education (CTE) that provides students the skills to create, make and build things.</b> | <p>Career Pathway criteria developed and NC Works providing funding to develop pathways.</p> <p>NCWorks Career Coaches from community colleges will be placed in high school to work in tandem with counselors to explain to students the opportunities that exist outside the traditional four-year university option.</p>   |
| <b>V. 2.</b> | <b>Enhance, integrate and market North Carolina's education and workforce development programs, initiatives and resources to maximize economic development.</b>                                     | <p>North Carolina selected to participate in NGA Policy Academy on Aligning the Education and Training Pipeline to Meet the Needs of the Economy. Received a grant of up to \$170,000 for ongoing technical assistance from the NGA Center for Best Practices, and will have the opportunity to meet with other states and national experts during the course of the two-year policy academy.</p> |
| <b>V. 3.</b> | <b>Invest in North Carolina's educational workforce.</b>  | <p>K-12 funding has increased each year of Governor McCrory's administration, and North Carolina spends 57 percent of its state budget on education, far higher than the national state average of 46 percent.</p> <p>Governor McCrory has invested more than \$1 billion towards teacher pay increases since 2013, resulting in the largest increase in average pay in the nation in 2014.</p>   |
| <b>V. 4.</b> | <b>Support appropriate policies that foster and enable the development and learning of children.</b>  | <p>North Carolina is on track to be the first state in the country to connect every classroom to high speed wireless internet.</p> <p>Class size in first grade will be reduced to one teacher per 16 students by 2016-17. In addition, access to summer reading camps will be dramatically increased to ensure every student achieves the needed literacy by third grade.</p>                    |

## VI. RURAL PROSPERITY

*Goal: Spread prosperity, jobs and investment to the rural areas of the state.*

- |               |   |   |
|---------------|---|---|
| <b>VI. 1.</b> | <b>Improve the infrastructure to rural communities.</b>               | <p>Governor's 25-Year Transportation Plan specifically addresses connecting rural areas of the state, including ports and rail assets.</p> <p>Broadband Infrastructure Office working to develop statewide broadband strategy to serve as guiding document for policy makers. To be released in late spring 2016.</p> |
| <b>VI. 2.</b> | <b>Realign Agriculture and Commerce efforts for rural job growth.</b> | <p>Governor's Food Processing Task Force meeting to build on NC State University study outlining feasibility of expanding the industry in the state. Final recommendations to be released in April 2016.</p>  |

- |               |   |   |
|---------------|---|---|
| <b>VI. 3.</b> | <b>Target rural-appropriate manufacturing for attraction and support.</b> | Tobacco Trust Fund providing grant support for food manufacturing business development resources to EDPNC. Also facilitated by EDPNC's hiring for project management and business development positions.  |
| <b>VI. 4.</b> | <b>Support travel and tourism for rural communities.</b>                  | Established interagency marketing council that meets once per quarter. EPDNC's Tourism team also markets natural advantages and outdoor activities in rural areas.  |
| <b>VI. 5.</b> | <b>Create more capacity to assist rural development.</b>                  | <p>Secretary of Commerce exploring expansion of capital formation resources for start-up manufacturers and service operations to include "crowdfunding" legislation to facilitate intra-state capital.</p> <p>Project Phoenix initiative proposes modernizing management of government-owned real estate throughout the state in a way that stimulates job creation.</p> <p>Since December 2013, the Rural Infrastructure Authority has approved investments of more than \$80 million in public infrastructure and building reuse projects in rural counties throughout the state.</p> <p>Budget cuts necessitated eliminating more than 10 positions in the NC DOC Rural Division. Created the NC Main Street and Rural Planning Center to provide support to rural communities.</p> <p>Rural Division provided \$750,000 in grants to local communities for Commerce Fellows program for local officials to participate in courses to build capacity.</p> <p>Also supporting existing Rural Economic Development Institute (REDI) through providing instructional resources.</p> |

**VII. COMMUNITY DEVELOPMENT**  
*Goal: Develop programs that provide local communities with the opportunity to thrive.*

- |                |   |   |
|----------------|---|---|
| <b>VII. 1.</b> | <b>Develop tools that encourage local communities to invest in critical infrastructure for economic growth.</b> | <p>With passage of Connect NC bond, more than \$300 million now slated for investments in water and sewer infrastructure in the state.</p> <p>NC General Assembly divided CDBG resources and made determination of where funding goes. NC DOC and NC DEQ have developed MOU regarding administration of funds.</p> <p>NC DOC has implemented comprehensive approach to maximize effective and efficient use of limited infrastructure programs.</p> |
|----------------|---|---|

HB 97 signed by Governor restored Historic Preservation Tax Credits until 2021. Provides 15 percent tax credit for \$0-\$10M investment and provides 10 percent tax credit for \$10-\$20M investment.

**VII. 2. Ensure that the state directs support to those communities most in need.**

NC DOC has proposed an index to replace tiers to help prioritize infrastructure investments in rural communities.

**VII. 3. Ensure that communities have the technical expertise to take advantage of resources to maximize their effectiveness.**

NC DOC's *NC Competes For Jobs* tour brings senior Commerce officials to regions across the state for a series of economic development sessions. The meetings include information on economic development grants and loans and opportunities to receive assistance and/or planning for infrastructure, water and sewer. These sessions also offer local leaders the opportunity to continue to build strategic relationships with state economic development staff.

### VIII. STRUCTURE (DELIVERY OF SERVICES) AND METRICS OF SUCCESS

*Goal: Streamline economic, workforce and community development functions and measure the effectiveness of state development activities.*

**VIII. 1. Develop a bold statewide approach to (i) coordinate the state's economic, workforce and community development efforts, (ii) maximize state resources, and (iii) provide high-quality customer service to citizens across the state.**

Continuing effort of the NC DOC, EDPNC and partners.

**VIII. 2. Develop measures of success through conducting an annual review of metrics and a benchmarking of competitors.**

Included in contract between EDPNC and NC DOC and reviewed by Economic Development Accountability and Standards Committee.

**VIII. 3. Integrate Key Economic Indicators Dashboard and NC Today Report for the public to access.**

NC Today redesigned to be:  
Shorter – reduced the size from 21 pages down to just two.  
More Visual – more data visualization, charts, maps and graphs to show trends and the direction of key economic indicators.  
More Data – new data sets and additional data to help show current statistics in context with historical measures – most of which are displayed over five years.  
New Date – shifting the release date to the Substate Unemployment Release in an effort to have all data points reflect the same time frame. Data will be for the current month unless otherwise noted.

