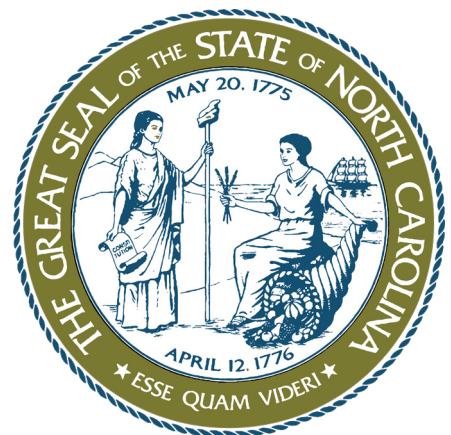


FIRST IN TALENT

Strategic Economic Development Plan for the State of North Carolina

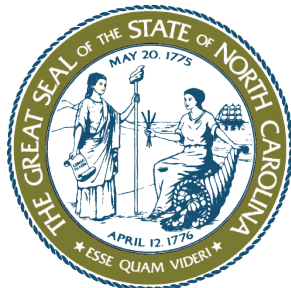
Goals, Strategies, and Tactics for the New Economic Landscape



FIRST IN TALENT

Strategic Economic Development Plan for the State of North Carolina

*Goals, Strategies, and Tactics for
the New Economic Landscape*



NORTH CAROLINA
**DEPARTMENT of
COMMERCE**



NORTH CAROLINA
**DEPARTMENT of
COMMERCE**

Roy Cooper
GOVERNOR

Machelle Baker Sanders
SECRETARY

July 1, 2021

Dear Fellow North Carolinians,

As the Secretary of the North Carolina Department of Commerce, it is my responsibility to develop the state's comprehensive strategic economic development plan. Upon my appointment to this position in February, one of my first actions was to ensure the release of a plan that incorporates strategies necessary to build a more resilient economy, by focusing on rural communities and equitable, inclusive practices.

With extensive research and feedback from regional stakeholder sessions completed, it was necessary to reimagine the state's strategy to reflect the long-term challenges and opportunities as well as the economic and social disruptions that took place during 2020.

North Carolina and the nation were on the cusp of significant technological and demographic change prior to the COVID-19 pandemic. And, like the rest of the country, North Carolina experienced an unprecedented disruption to its labor market as a result of the pandemic.

Unemployment soared as businesses struggled to survive and the world of work may have changed forever. Despite the recovering economy, significant challenges remain for our state's economy. If anything, trends in automation, e-commerce, telework, and retirements may be accelerating faster than earlier predicted.

Expanded strategies and new approaches are required to ensure an available, diverse, and skilled workforce. Fundamental issues throughout our state must be addressed, such as adequate and affordable housing, healthcare, broadband, mobility and transportation and childcare resources. This pivotal time in our state's history requires a bold vision for an equitable and inclusive recovery—and to ensure an economy that works for *all people* of this state.

This vision for North Carolina is embedded in the *First in Talent* plan, which recognizes the state's talent pipeline as our most valuable resource. These carefully crafted, data driven, strategies and tactics provide a roadmap to ensure North Carolina and its residents, companies and communities will be successful.

Sincerely,

A handwritten signature in cursive script that reads "Machelle Baker Sanders".

Secretary Machelle Baker Sanders
North Carolina Department of Commerce

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Executive Summary: Making North Carolina First in Talent

North Carolina has experienced many firsts in its history – from establishing the first public university, to launching the first manned flight. With this strategic plan, North Carolina aims for a different kind of first – first in talent. What does this mean? Being first in talent represents an unprecedented state investment in the North Carolinians who manage our businesses, lead our communities, and operate our workplaces.

Typical state economic development plans traditionally focus on issues such as industry recruitment strategies, incentives to encourage business expansion and relocation, support for the development of industrial properties, and state tax policies -- all very important activities.

North Carolina has successfully announced more than 73,000 new jobs since 2018 and attracted over \$19 billion in private business investment, \$6.3 billion of which was announced in 2020, despite the COVID-19 pandemic. In addition, the state has invested nearly \$200 million in rural communities by extending public infrastructure to industrial sites, renovating buildings for reuse, and revitalizing housing and neighborhoods.

These and other conventional economic development activities continue to be important to the state's economic development initiatives and have contributed to our success. North Carolina is now in a solid position to remain competitive for economic development opportunities in our key targeted industry sectors – aerospace, automotive, clean energy, information technology and life sciences.

“North Carolina is now in a solid position to remain competitive for economic development opportunities in our key targeted industry sectors – aerospace, automotive, clean energy, information technology and life sciences.”

“Every business survey conducted – nationally and in-state – identifies acquiring and growing the right talent as a crucial factor. The ability to find a skilled and available workforce is essential to a business's success. It is also what enables individuals and communities to drive economic success – making it the single most important issue to ensure North Carolina's competitiveness.”

However, as the Covid-19 pandemic taught us, conditions can change rapidly and North Carolina's businesses, workforce, and communities must be skilled enough to adapt and grow. Relying solely on what has made us successful in the past will not ensure success tomorrow.

North Carolina and the nation were on the cusp of significant technological and demographic change prior to the pandemic. Those conditions persist as we move toward a full recovery. If anything, trends in automation,

e-commerce, telework, and Baby Boom retirements may be accelerating faster than earlier predicted. Expanded strategies and new approaches are required to ensure an available and skilled workforce.

Every business survey conducted – nationally and in-state – identifies acquiring and growing the right talent as a crucial factor. The ability to find high-quality employees is essential to a business's success. It is also what enables individuals and communities to advance their economic situation – making it the single most important issue to ensure North Carolina's competitiveness.

For this reason, this economic development strategic plan is focused on the universally recognized importance that talent has for business growth, career success, and community preparedness. A location's talent pool remains its key competitive advantage; or when neglected, a glaring disadvantage. This truth applies to rural communities and in blue collar sectors as equally as it does to our largest metros and high-tech industries. In fact, talent is the key to returning our most challenged communities and traditional industries to prominence.

North Carolina's approach to talent and workforce development must expand to meet the new economic realities we face. Companies need people with more specialized skills beyond the knowledge absorbed in a classroom setting. Human resource managers are challenged to find enough skilled people to propel future growth but also struggle to develop broad-reaching in-house training. CEOs realize their ability to support an adaptive, diverse, and skilled workforce, stands as their best strategy to succeed in today's economic environment.

At the same time, many North Carolinians are not seizing the benefits of our state's growth and lack opportunities to move into quality jobs that reward advanced knowledge and skills. The hollowing out of middle-income jobs ultimately threatens the state's economy by failing to create opportunities for all North Carolinians to contribute to the tax base. Individuals must be given proper access to education, healthcare, and technology resources to enable life-long career success.

This plan outlines three goals to guide the state's strategy.

- **Prepare North Carolina's workforce for career and entrepreneurial success.** North Carolina must enhance its education systems and invest more in the state's youngest children, to ensure attainment and pathways for meaningful employment. Barriers to access must be overcome and movement across education systems improved. Robust investments in education and workforce training, including non-degree credentials, will help more North Carolinians contribute to a thriving and innovative economy.
- **Prepare North Carolina's businesses for success by growing and attracting a talented workforce.** North Carolina must enable businesses across all industries to create meaningful, opportunity-rich work experiences to attract and nurture the brightest talent. This can happen by encouraging and supporting businesses to create more productive, attractive, and prosperous workplaces; and by enhancing collaborations with North Carolina's education and workforce development systems to better meet their workforce skill needs.
- **Prepare communities across North Carolina to be more competitive in growing and attracting a talented workforce and businesses.** North Carolina must commit to developing and supporting vibrant, resilient, and connected communities. These efforts will require the state to expand and strategically coordinate its investments in critical place-based assets that communities need to compete for increasingly mobile companies and talent.

An economic development plan built around talent differentiates North Carolina from its peers in aggressively meeting the growing workforce challenges of our global economy. By refocusing on the people who run our workplaces, businesses, and communities as the drivers of economic development, this plan will produce a more dynamic and attractive environment for all; and North Carolina will become known as the premier state for talent.



“An economic development plan built around talent differentiates North Carolina from its peers in aggressively meeting the growing workforce challenges of our global economy.”

The Path Forward

Goal 1: Prepare North Carolina's workforce for career and entrepreneurial success.

1. Increase access to high-quality early childhood education and decrease childcare expenses for working families.
2. Lead the nation in work-based learning engagement.
3. Increase attainment of high-quality credentials to ensure that by 2030, two million North Carolinians have a high-quality postsecondary credential.
4. Increase labor force participation through workforce system enhancements to better support populations with barriers to employment.

Goal 2: Prepare North Carolina's businesses for success by growing and attracting a talented workforce.

1. Strengthen initiatives that foster high-quality, productive work environments, promote talent development, and enhance business growth.
2. Encourage and support wage growth across NC.
3. Bolster a robust small business recovery, inclusive of opportunities for new entrepreneurs and women- and minority-owned firms.
4. Invest in key production sectors that provide critical technologies and supply chains to fuel and safeguard our state and national economies.

Goal 3: Prepare communities across North Carolina to be more competitive in growing and attracting a talented workforce and businesses.

1. Improve regional access to quality, affordable housing and transportation to grow and retain a vibrant workforce and attractive local communities.
2. Maximize the benefits of improved broadband access by advancing high-speed internet adoption and digital skills of North Carolina's businesses and workforce.
3. Support initiatives that seek to build healthier communities.
4. Support local efforts to expand physical infrastructure needed to attract residents, workers, entrepreneurs, and businesses.
5. Foster the local leadership and expertise needed to build vibrant communities that attract talented businesses and workers.
6. Strategically identify investment and growth opportunities to maximize their regional reach.

Prepare North Carolina's workforce for career and entrepreneurial success.

North Carolina has a far-reaching, highly regarded workforce system that helps many residents succeed in their careers and launch promising business ventures. This plan aims to enhance that system, enabling more North Carolinians to reengage in the labor market, explore career options, and/or start new businesses. Employers throughout the state are seeking to hire more skilled workers, including those with non-degree certificates, and to support their talent development through work-based learning. According to research conducted to support the state's myFutureNC initiative, North Carolina will need an additional two million workers to have a high-quality credential or post-secondary degree by 2030. This creates the imperative to expand the delivery and acquisition of short-term education and training credentials – not only for those in the skilled trades, but for jobs in all industries and occupations. Greater education and training will ensure all North Carolinians have the opportunity for meaningful work experiences and lasting career success.

Input received from the regional sessions convened by the Department of Commerce throughout the state emphasized the significant employment barriers many in North Carolina face. Lack of access to affordable healthcare, housing, high-quality childcare, and reliable transportation prevent talented and promising individuals from applying for jobs or completing vocational training and education programs. North Carolina must enhance its education systems to minimize barriers and ensure attainment and pathways exist for all to obtain meaningful employment.

The Covid-19 pandemic has not reduced these needs but has further exposed inequities, accelerated some pre-existing trends and created new challenges and opportunities for the state's workforce. Challenges matching the workforce to available jobs is equally difficult. In addition, many jobs and industries have not returned to their pre-recession levels. Robust investments in a *First in Talent* education and workforce system will help more North Carolinians contribute to a thriving and innovative economy.

Strategy 1: Increase access to high-quality early childhood education and decrease childcare expenses for working families.

Tactic 1.1: Significantly increase the percentage of eligible children participating in the NC Pre-Kindergarten Program.

More than half of NC's eligible 4-year-old children (nearly 33,000) lack access to the state-funded NC Pre-Kindergarten Program. In some counties, demand far outstrips the "slots" available, while in others – where there are thousands of eligible but unserved children – expansion dollars have declined. Increasing enrollment will improve school readiness skills and support higher academic performance in the future. Employers also benefit because when parents know their children are receiving quality care in a healthy environment, they are more likely to stay in the workforce, and are more productive and focused at work. Specific actions to implement include: increasing the number of slots available in needed areas; increasing state reimbursement

rates; supporting startup and facility costs; and recruiting and adequately compensating qualified pre-K teachers. This tactic aligns with the [NC Early Childhood Action Plan](#) and the *Leandro* Comprehensive Remedial Plan.

Tactic 1.2: Increase funding for childcare subsidies for working families.

Childcare assistance is available for parents that are working or attempting to find work, are enrolled in education and training, or qualify as low-income working families. However, there are currently nearly 20,000 children across North Carolina on the waiting list for subsidized childcare services from families who already qualify for these critical supports. Adequate funding is needed to serve all currently eligible families in order to support expanded access to early childhood education programs and help parents enter and remain in the workforce. Childcare subsidy funds support families to be able to afford childcare during the day or provide care for children who need it beyond the 6.5-hour standard school day. A mixed delivery of services that includes

childcare centers as well as home-based care may provide parents more affordable choices. This tactic aligns with the [NC Early Childhood Action Plan](#) and the *Leandro* Comprehensive Remedial Plan.

Strategy 2: Lead the nation in work-based learning engagement.

Tactic 2.1: Greatly expand connections between students/educators and work-based learning resources and opportunities.

Work-based learning activities include hands-on learning that can range from guest speakers to apprenticeships. The NC Business Committee for Education's (NCBCE) Navigator system was launched in 2018 to better connect classrooms with employers and share existing opportunities. Enhancing this system and integrating it into existing educational resources and career/college explorations tools, such as [NCcareers.org](#) and [CFNC](#), will greatly expand work and career exposure and opportunities in North Carolina schools. In addition to integrating Navigator into every secondary school in North Carolina, the system should be promoted as a valued resource for all NC Community Colleges, UNC System, and NC Independent Colleges and Universities. Leveraging technology systems, like [NCcareers.org](#) and The Navigator, are critical to connecting underrepresented populations with opportunities and to growing the state's talent pipeline. This tactic aligns with the [2021-2023 NCWorks Commission Strategic Plan](#).

Tactic 2.2: Become the national leader in employer-engaged work-based learning opportunities - including apprenticeship.

Some employers expressed barriers to participating in work-based learning opportunities due to perceived costs, liability, and insurance concerns involved in hosting students in their facilities. Significant efforts need to be made promoting work-based learning widely - including through collaborations with the NC Chamber, NCWorks Commission, NC Community Colleges, and NC Department of Public Instruction. This tactic aligns with the [2021-23 NCWorks Commission Strategic Plan](#). Businesses obtaining state assistance or incentives to expand and grow are prime targets to receive information about the numerous work-based learning opportunities across the state. An aggressive marketing campaign should also be explored.

Tactic 2.3: Significantly grow student participation in work-based learning - including apprenticeships, internships, and cooperative learning.

A business-led task force, staffed by representatives of NCBCE, DWS, NC Department of Public Instruction, NC Community Colleges, UNC System, NC Independent Colleges and Universities and the state's workforce development boards (WDBs), will help implement a statewide system for promoting diverse student and business participation in high-quality work-based learning, accessible to all students, including those with disabilities. This includes: measuring students' participation in any form of work-based-learning; building the staffing infrastructure to support regional work-based learning networks, and targeting disconnected and opportunity youth, particularly in rural and underserved communities.

Strategy 3: Increase attainment of high-quality credentials to ensure that by 2030, two million North Carolinians have a high-quality postsecondary credential.

Tactic 3.1: Increase the proportion of education and job training provided for in-demand, high-potential fields as identified through existing labor market information.

The NCWorks Commission, DWS, and the WDBs will collaborate to devise a strategy to increase training for in-demand occupations across the state utilizing the regional [4- and 5-Star Jobs](#) published by the NC Department of Commerce and additional employer data. This tactic aligns with the [2021-2023 NCWorks Commission Strategic Plan](#).

Tactic 3.2: Increase the completion of non-degree credentials that are highly valued by employers.

Through a collaboration between NC Community Colleges, NC Department of Public Instruction, the State Board of Education, myFutureNC and the NC Department of Commerce, determine and promote a list of credentials of value. Assess and publish student program participation and credential achievement. Determine the feasibility of enacting statewide policy that specifies which credentials of value count for high school credit in order to incentivize completion of credentials. This tactic aligns with the [2021-2023 NCWorks Commission Strategic Plan](#).

Tactic 3.3: Increase the timely completion of post-secondary credentials.

The Covid-19 pandemic led to a decline in students enrolling in college and in disproportionate amounts from low-income families, students of color, and from rural communities. In collaboration with NC Department of Public Instruction, NC Community Colleges, UNC System and NC Independent Colleges and Universities, and MyFutureNC, develop a marketing strategy to promote the importance of completing higher education programs once started and the high costs of dropping out and extending the time to degree. Encourage participation in the Governor's Emergency Education Relief (GREER) fund, intended to expand postsecondary opportunity and accelerate equitable education recovery in light of the Covid-19 pandemic. Promote Finish Line Grants and other state financial aid sources that may be used to incentivize the completion of credentials for youth and adults beyond the limitations of federal financial aid for curriculum programs. Expand opportunities to assist students with completing their programs in consultation with the State Education Assistance Authority. This tactic aligns with the [2021-2023 NCWorks Commission Strategic Plan](#).

Tactic 3.4: Greatly increase awareness of high-demand occupations to overcome interest and knowledge gaps and build successful long-term careers – particularly in under-resourced and disadvantaged communities.

Invest heavily in new systems like NCcareers.org and NCBCE's Navigator to overcome the awareness and information gaps that exist between business, education, and students. Timely and accurate information is critical to ensuring that the evolving job market needs of employers are understood by students, career starters, and job changers and are aligned to the education and training opportunities available. While services and resources should be universally available and promoted across NC, greater emphasis should be made to low-income and historically disadvantaged communities as a mean over address income gaps affecting women and minorities. These tools should be thoroughly incorporated into NC's education and workforce systems – educating teachers, administrators, and service providers, as well as parents, students, and jobseekers, of the occupational needs and career paths that can lead to higher-paying sustainable jobs. Data should be collected to assess and grow their use across North Carolina and through all levels of education.

Strategy 4: Increase labor force participation through workforce system enhancements to better support populations with barriers to employment.

Tactic 4.1: Develop strategies for increasing employment rates among populations most disproportionately impacted by the COVID-19 pandemic.

The NCWorks Commission in partnership with DWS, NC Department of Public Safety, NC Community Colleges, and NC Department of Public Instruction, will develop a statewide strategy to increase labor force participation and postsecondary education attainment for populations most disproportionately impacted by the Covid-19 pandemic including women, people of color, low wealth individuals, and disconnected youth. This population represents a large source of potential talent for the workforce.

Tactic 4.2: Improve employment opportunities for jobs seekers with criminal records.

To increase labor force participation and expand its talent pipeline, the state must support individuals seeking to rebuild their lives through gainful employment once their incarceration ends. An evaluation of the Work Release Program will allow more selected inmates the opportunity to gain important work experiences before their release. In addition, efforts to make employers aware of opportunities to hire both work release inmates and those re-entering the workforce after release should be expanded. For example, educating employers about the benefits of Certificates of Relief and making policy changes regarding fair chance hiring practices can make a significant difference in the job opportunities available to those with a criminal record. This tactic aligns with the [State Reentry Council Collaborative \(SRCC\) Employment Workgroup](#) recommendations.

Tactic 4.3: Improve existing programs that assist unemployed veterans in acquiring gainful employment.

North Carolina should expand state support for additional Local Veterans Employment Representatives (LVER) to inform employers of the benefits of hiring a veteran and increase veteran hiring events. North Carolina is proud of its strong military workforce and boasts many policies and programs designed to assist military veterans in their transition to the civilian workforce. However, many struggle with physical disabilities, mental health challenges such as posttraumatic stress disorder, and homelessness that present barriers to civilian employment for them.

Currently, the US Department of Labor supports one LVER in each Prosperity Zone to encourage businesses to hire veterans. In addition, NC4ME is a public-private partnership that connects veterans with open job opportunities, mainly through hiring events. These highly successful events connect candidates with hiring managers for pre-arranged interviews based on candidate interest and company needs. Current funding allows for a limited number of hiring events, most concentrated in communities with a large population or military presence. By providing state support for additional NC4ME events, the organization can expand to more rural and underserved parts of the state where there is still ample opportunity to provide employment opportunities for veterans.

GOAL 2

Prepare North Carolina's businesses for success by growing and attracting a talented workforce.

According to a recent statewide survey of businesses, more than half experience difficulties filling at least one vacant position in their company.¹ North Carolina aims to help businesses across the state grow and recruit top talent while continuing to expand financial success. This means having an economic environment where businesses are competitive and provide opportunity-rich work experiences to attract the brightest talent. A strong, safe, inclusive, and healthy workplace is critical for businesses to become employers of choice.

Many businesses in North Carolina benefit from being good employers. Not only is turnover reduced, but good employers are better positioned to introduce new and improved products and services, leveraging their talented and dedicated workforce to spur innovation and push higher productivity. By creating more quality job opportunities, businesses throughout North Carolina will also help close the income gap by advancing economic mobility. Ensuring workers across the entire educational spectrum are well-positioned to contribute helps create long-lasting industry and business success.

Strategy 5: Strengthen initiatives that foster high-quality, productive work environments, promote talent development, and enhance business growth.

Tactic 5.1: Align the Governor's NCWorks Awards of Distinction with other organizations that incentivize businesses to offer family-friendly workplace practices and increase the profile of the awards.

Expanding the Governor's NCWorks Awards of Distinction to include recognition of a family-friendly business and increasing the overall profile of these awards, will provide an opportunity to celebrate and honor businesses that model family-friendly work environments. These businesses promote family-sustaining wages and benefits, offer predictable work hours, provide paid leave and sick time, support training opportunities, and help subsidize childcare, transportation, and/or housing expenses. Covid-19 has highlighted the importance paid leave, sick time, and flexible scheduling is to workers, families, and employers – particularly in times of personal and national crises. Each year the NCWorks Commission presents the Governor's NCWorks Awards of Distinction to businesses that excel in developing their workforce assets. Organizations such as the North Carolina Early Childhood Foundation's Family Forward NC initiative focus on efforts to help private sector employers compete by expanding their family-friendly policies. Leveraging the efforts of both organizations can provide enhanced attention and encouragement to businesses in their development of highly attractive workplaces.

Tactic 5.2: Identify policy solutions and expand business assistance services to focus on workplace and talent strategies – inclusive of recognizing and promoting equitable opportunities.

Expanding services and technical assistance provided by North Carolina's business assistance organizations will help small and mid-size businesses be more competitive in attracting and retaining high-skilled and diverse talent. The network of business assistance support organizations in North Carolina is extensive and reaches thousands of businesses annually. Organizations such as the Small Business Technology Development Center (SBTDC), the NC Community Colleges' Small Business Centers (SBCs) and Customized Training Directors, the Economic Development Partnership of North Carolina (EDPNC), NC State's Industry Expansion Solutions (IES), and others provide existing businesses with process, strategy, financial, and training assistance. Models from other states suggest that including supports to improve work environments, as well as talent management policies and practices (inclusive of engaging and supporting a diverse staff), can also lead to increased productivity and innovation for businesses in addition to improved recruitment and retention. Further policy research may identify barriers and potential incentives to creating more attractive and diverse workplace environments and talent development strategies. These should be documented and considered for adoption in NC.

¹ NC Department of Commerce 2018 Employer Survey Report

Tactic 5.3: Expand business assistance strategies to include key service industries.

With additional funding and capacity, North Carolina's state-funded business support organizations could extend support to employers in key service industries, especially in hospitality, tourism, healthcare and early childhood education, also the industries hit the hardest by the Covid-19 pandemic. Despite the impacts of the pandemic, these industries are projected to add large numbers of jobs over the next decade, but many also offer low-pay and limited career advancement opportunities. Specialized business assistance services to encourage these industries to improve wages, provide additional support for working parents and develop career paths through apprenticeship programs, improved customer service, technological advancements and improved efficiencies are needed to expand this workforce to meet its growing demand.

Tactic 5.4: Establish a business-directed fund to provide more work-based learning opportunities.

Seek a legislative appropriation to establish a competitive work-based learning fund, as part of the NC Job Ready Fund, to assist employers in addressing unique workforce training needs and employee skill gaps. Funds may be used to support work-based learning initiatives, including but not limited to the establishment or expansion of employer apprenticeship programs and paid internship or flexible, part-time employment opportunities for students. The NC Department of Commerce will collaborate with employers, Workforce Development Boards, the NC Community College System, the NC Department of Public Instruction and other entities to design and implement the grant program.

Tactic 5.5: Expand sector partnerships to more regions and industries in the state.

North Carolina is currently piloting four business-led sector partnerships. These business collaborations, comprised of businesses from the same industry and labor market, work with education, workforce development, economic development and other community organizations to address workforce and other competitive needs of their industry. By advocating for and supporting this preferred business engagement strategy, the state will grow sector partnerships in additional regions and industries. This state-supported model puts businesses in the lead of this collaboration. They set the agenda, allowing government and public partner organizations to listen and

learn how to best support businesses. By aligning support, we can better partner and serve employers more efficiently and effectively. Key leaders from the Governor's Office, the NC Community College System, the NC Department of Commerce, EDPNC, the NCWorks Commission, and the NC Association of Workforce Development Boards support the pilot program. Early successes include the development of a regional strategy to solve workforce shortages, creation of peer-to-peer business networking tours to exchange expertise and share best practices, and the development of a marketing campaign to increase community and student awareness of available careers. This tactic aligns with the [NCWorks Commission's 2021-2023 Strategic Plan](#).

Strategy 6: Encourage and support businesses in expanding wages beyond the federal minimum and improving recruitment and retention.

Tactic 6.1: Support raising the minimum wage at the state and federal level, along with identifying strategies to help impacted small businesses adjust.

Research shows businesses and organizations can benefit from the adoption of higher minimum wages by seeing a reduction in worker turnover along with a rise in labor productivity. In addition, Covid-19 has heightened our awareness of the disproportional impacts growing wage inequities can have on our workers, families, and businesses. The adoption of higher minimum wages by businesses and organizations has been proven to reduce worker turnover along with increase in labor productivity. By leading the Southeast in raising the state's minimum wage, North Carolina would become more competitive in attracting businesses and talented workers seeking locations that are both affordable and committed to growing quality jobs. States throughout the nation have shown it is possible to raise the wage floor without sacrificing overall employment—and their experience also suggests there is room to phase in differential higher minimum wages to account for cross regional differences in cost of living, while also giving smaller businesses a longer timeframe to adjust.

Tactic 6.2: Increase wages to a minimum of \$15 per hour for state workers and contractors.

North Carolina state government will lead by example and increase wages for the lowest paid workers and contractors to a minimum of \$15 per hour.

Tactic 6.3: Encourage policymakers to require state agencies and allow local jurisdictions to set higher wage standards for approved government vendors.

In the recent past, several jurisdictions in North Carolina set higher minimum wage standards for government contractors that were paid with local government funds. Legislation passed in 2016 interrupted these efforts, even though workers and businesses benefited from this requirement. Local governments spend roughly \$2.5 billion annually in North Carolina, with a sizeable portion from locally generated sources of revenue that could be further leveraged to help more businesses provide good jobs. Additional purchasing power exists within North Carolina's extensive public educational systems, including the University of North Carolina and North Carolina Community College systems.² Granting local governments and educational institutions similar authority to the State in setting higher wages would support all workers who provide essential public services. In combination with full and immediate reversal of restrictions on local anti-discrimination ordinances, communities across North Carolina will be able to support, contract with and attract businesses that offer good-paying jobs.

Strategy 7: Bolster a robust small business recovery, inclusive of opportunities for new entrepreneurs and women- and minority-owned firms.

Tactic 7.1: Support the recovery, growth, and development of small businesses across North Carolina, including in rural and disadvantaged communities.

In 2020, the North Carolina Rural Center launched a Small Business Policy Task Force with focus groups across the state. Their Small Business Policy Task Force Report provides a sound agenda for moving the state forward and should be supported. Recommendations focused on policy and programmatic solutions across four areas:

- Opportunity - an equitable, level playing field with less red tape.
- Funding - equal access to the right kind of capital everywhere.
- Knowledge - the knowhow to start a business.
- Support - the ability for all to take risks.

Tactic 7.2: Increase the number of women- and minority-owned businesses.

The NC Department of Commerce will designate responsibility within the Department to help coordinate and implement policies and strategies that encourage women- and minority entrepreneurship. Several organizations provide counseling services to small business owners across the state - including the Women's Business Center, the Small Business & Technology Development Center, NC Community College Small Business Center, and the NC Department of Administration Office for Historically Underutilized Businesses. Several others provide financing assistance outside of traditional banks. An additional service provider is not needed. However, assigning a point person within state government to focus on the issues of women- and minority-owned businesses would help ensure progress is being made to help these businesses grow. The Department would follow the success of public and private sector lenders, support agencies, and advocates and provide technical and political support where needed.

Tactic 7.3: Promote the success of North Carolina's women- and minority-owned businesses as exemplified by increased employment and revenue.

This is best supported through a multi-pronged approach addressing education, and equity opportunity. Increase funding to NC's Historically Black Colleges and Universities' (HBCU) Executive Education Programs expand educational resources available to minority business owners. Support the enhancements of NC's Historically Underutilized Business (HUB) Program as outlined in the Department of Administration's Disparity Study Report to correct inequities in state contracts. Promote supply-chain and vendor opportunities for minority- and women-owned businesses by informing recipients of NC's business incentives of the HUB Office's Vendor Search database.

² https://www.sog.unc.edu/sites/www.sog.unc.edu/files/full_text_books/lqnc-pdf.pdf

Strategy 8: Invest in Key Production Sectors that Provide Critical Technologies and Supply Chains to Fuel and Safeguard our State and National Economies.

Tactic 8.1: Develop a statewide comprehensive strategy that supports and enables North Carolina manufacturers to seize emerging opportunities utilizing automation and smart technologies.

The fourth industrial revolution has begun. Like the previous revolutions that focused on mechanization, mass production, and information technology, this will be equally disruptive and provide opportunities and threats to companies and labor markets. For North Carolina and its manufacturers to be among the most competitive, a strong, coordinated effort is needed. This strategy will be developed in partnership with businesses and organizations such as the Department of Commerce, the North Carolina Manufacturing Extension Partnership (MEP) at NC State, EDPNC, the North Carolina Chamber (the state affiliate for the National Association of Manufacturers), the Community College System, and others. Topics addressed will include: challenges integrating new technologies; building the appropriate infrastructure; enabling the development of new supply chains; building and enhancing the workforce; and supporting entrepreneurship and small business growth.

Tactic 8.2: Position North Carolina for growth in vital agricultural and industrial supply chains.

The pandemic highlighted the reliance our nation has on international trade and the need for homegrown manufacturing of products and production of food products so critical to our health and economic growth. The importance of sustained domestic production of specialized textiles and pharmaceuticals was obvious during Covid-19 and North Carolina's previous investments enabled those industries to expand and attract new companies. Supply chain challenges remain in several key sectors from lumber to semiconductors. To ensure these vital supply chains persist and to position North Carolina for future opportunities, the Department of Commerce will engage industry employers and trade organizations to identify and expand new agricultural crops and technologies such as hemp and stevia as well as industrial supply experts to develop strategies to grow jobs and investment in key areas and attract new companies to the state.

Tactic 8.3: Build on North Carolina's natural advantages and manufacturing strengths to become a leading state in the Offshore Wind (OSW) energy industry.

With the second-highest offshore wind net technical energy potential in the United States, North Carolina is well-positioned to participate in this rapidly growing global industry. Applying the best practices and lessons learned from the European Union, this industry is expected to create a \$140 billion supply chain and tens of thousands new jobs in the United States by 2035. A March 2021 study entitled *Building North Carolina's Offshore Wind Supply Chain* recommends a series of actions the state could implement, including growing and attracting "anchor company" suppliers to North Carolina, defining and accelerating an OSW project development strategy, supporting a multi-state regional supply chain cluster, growing the state's business opportunities through economic development, developing the workforce for the industry, and strengthening our existing port assets and key strategic properties. Implementing these actions would position North Carolina to leverage maximum benefit from the emerging OSW supply and maintenance opportunity and establish the state as an east coast OSW supply chain and service location of choice.

GOAL 3

Prepare communities across North Carolina to be more competitive in growing and attracting a talented workforce and businesses.

To become a First in Talent state, North Carolina must bolster its efforts to build healthy, resilient, and connected communities. Vibrant communities produce, attract, and retain top-quality workers and entrepreneurs. These efforts will require the state to expand and more strategically coordinate its investments in the critical place-based assets needed to compete for increasingly mobile companies and talent. These foundational assets are the building blocks of economic development and include the physical infrastructure necessary to expand broadband access, enhance regional transportation and transit options, and increase the supply of workforce housing. The state must also play a meaningful role in supporting local placemaking, such as downtown revitalization, building reuse, and industrial site development. In addition to creating great places, our communities need to be more resilient and better prepared to address and recover from inevitable natural disaster and climate change impacts.

Talent and businesses are interdependent, and communities need both to achieve economic prosperity. While it is certainly true that people tend to locate where they can find a job, many workers and companies are increasingly choosing to locate in places, first and foremost, that fit their preferences in terms of quality-of-life assets and amenities, including schools, housing, transportation, health care and childcare facilities, and family-friendly community amenities like parks, libraries, museums, and other cultural attractions. Analysts underscore the importance of place amenities in attracting the specialized talent so essential for many companies in a knowledge-based economy. This may be even more pronounced in the future, as the Covid pandemic produced greater opportunities for business and worker flexibility using new technologies and remote work capabilities. Workers may have greater ability to locate in what they view as more desirable places that offer them a higher and more affordable quality of life.

Strategy 9: Improve regional access to quality, affordable housing and transportation to grow and retain a vibrant workforce and attractive local communities.

Tactic 9.1: Create an office to coordinate disparate statewide housing agencies and policies.

Issues of housing quality and affordability existed prior to the arrival of Covid-19. However, these challenges have accelerated over the past year, with low inventories and rising prices affecting many communities. It is critical to implement effective strategies to address growing housing needs across the state, incorporating best practices, in cooperation among state and local government and other partners. North Carolina's challenge is that housing programs are scattered among many different departments and agencies which often leads to a fragmented approach to addressing affordable housing needs of communities across the state. The creation of a Housing and Community Development Office within the Department of Commerce will provide statewide housing

and community development policy coordination, capacity, and technical assistance. By looking holistically at housing and community development, the office will help North Carolina foster attractive communities to live and work.

Tactic 9.2: Conduct an assessment of the state's housing challenges to determine programmatic and funding gaps.

An assessment of the state's housing challenges will include housing affordability, housing availability, rental and home-ownership costs, and the current condition of housing units that specifically identifies the prevalence of substandard housing. The housing vulnerability and needs of families with children will also be considered in this review. From this assessment, programmatic and funding gaps will be identified and can better be addressed. Areas to be considered include increasing the supply of housing in local communities, preserving existing housing stock, providing tenant-based rental assistance, assisting first-time home buyers with low- to moderate-family incomes, and supporting rapid rehousing assistance to those at risk

of homelessness. The assessment will also examine the need for increased funding for existing programs such as the Housing Trust Fund and the Workforce Housing Loan Program, administered by the NC Housing Finance Agency.

Tactic 9.3: Examine the role and relationship NC's transportation system plays in affordable housing across the state and propose solutions for better connecting communities and employment centers.

A study should be led by NC Department of Transportation and supported by NC Department of Commerce, the NC Railroad Company and the NC Housing Finance Agency to examine new ways transportation investments can promote the development and maintenance of affordable housing and vibrant, attractive communities. The study should include a robust examination the role rail, transit and transit-oriented development can play in connecting rural communities with job centers and revitalizing small town downtowns.

Tactic 9.4: Address barriers to new transportation technologies to boost mobility of workers.

In response to rapid advancements in connected and autonomous vehicles, unmanned aerial systems (UAS), and electrification of vehicles, North Carolina must continue to prepare the state for the policy, regulatory and legislative changes required and prepare to position the State for potential economic opportunities. The NC Department of Transportation, supported by the NC Department of Commerce, should lead this effort to secure the changes needed to advance these transportation-related technologies.

Strategy 10: Maximize the benefits of improved broadband access by advancing high-speed internet adoption and digital skills of North Carolina's businesses and workforce.

Tactic 10.1: Support efforts to expand access and lower costs of at least 100:20 Mbps for more than 98 percent of North Carolina households.

The pandemic has underscored the critical need for high-speed internet connectivity. In North Carolina, at least 1.1 million households do not have access to this needed infrastructure. Efforts to utilize American Recovery Plan (ARP) funding for the GREAT 2.0 Grant Program should be supported. This will update and expand the existing last-mile grant program; target additional state investment through a competitive bidding process to address

additional underserved geographies; and provide targeted grants to address local infrastructure needs and connect underserved households with children and/or elderly not likely to get fiber for three to four years. Additionally, utilizing ARP funding to build enhanced affordability supports to lower internet cost barriers should be pursued. Nearly 30 percent of households lack access to a high-speed internet connection; and roughly half are priced out of internet access, required to spend at least 2 percent of monthly income on a \$60 per month subscription. Providing subsidies to 380,000 individuals at \$50 per month for four years and funding an awareness campaign will increase adoption rates.

Tactic 10.2: Improve awareness and enable North Carolinians to realize the benefits of high-speed internet through digital literacy and upskilling aimed at accessing the digital economy.

Too many citizens lack the digital skills to take advantage of telehealth opportunities; online education and training; online job boards to find work; and remote work opportunities. Funding will be provided for a broad-based awareness campaign with targeted community-based efforts and digital learning offerings through libraries, career centers, and other local partners.

Tactic 10.3: Assist small businesses with managerial, workforce, and technical barriers to adopting internet-based technologies to enhance their operations.

The pandemic not only revealed the imperative that small businesses be able to access internet and web-based technologies but also possess the knowledge and ability to use it them to enhance their operations – especially during a time of crisis. Unfortunately, many under-resourced and under-equipped businesses were unable to seize new opportunities presented with consumers' expanding use of the internet. Still, many who were able to adapt, are not maximizing their use of internet technologies. Additionally, increased broadband access will open new opportunities for North Carolina's small rural manufacturers to seize on emerging-commerce and e-manufacturing technologies. Utilizing the state's business counseling services – through the SBTDC, Small Business Network, Manufacturing Extension Partnership and EDPNC – a coordinated effort will be initiated to assist and educate small- and mid-size businesses to meet the managerial, workforce, and technological challenges and opportunities needed to compete in an expanding online world.

Strategy 11: Support initiatives that seek to build healthier communities.

Tactic 11.1: Expand Medicaid eligibility to more North Carolinians to increase access to health insurance.

Over 13,000 North Carolinians have died from COVID-19 to date, many of whom had underlying health conditions and lacked access to quality insurance. Uncertainties exist around the long-term health impacts of individuals who contracted Covid-19. Regardless of this potential, the Covid pandemic further highlighted the importance of access to quality healthcare to our state and our economy. One way to help ensure more people have access to needed medical care is to expand Medicaid. With the expansion of Medicaid, it is anticipated that more than 600,000 North Carolinians would become eligible for coverage that would help: care for chronic conditions; find treatment for substance abuse and opioid addiction; prevent illness and disease progression; and keep rural hospitals open and strong, allowing more people to live healthy, productive lives. In addition, such an expansion would create 83,000 new jobs and increase state economic output by \$58.7 billion over three years.³ The state of North Carolina has never had a single economic development recruitment that would produce that many jobs and that much economic output.

Tactic 11.2: Review incentives to encourage telehealth and more health providers to locate in rural communities.

Healthcare provider shortages impact community health, as rural residents may not be able to access the care they need in a timely manner. This can lead to reductions in preventive and maternity care, and difficulty accessing acute care when needed. The pandemic has allowed for an expansion of services available through telehealth. Existing flexibility should be maintained and other barriers to expanding these types of services should be explored. The Office of Rural Health (ORH) administers the North Carolina State Loan Repayment Program that works in concert with the National Health Service Corps Loan Repayment Program to provide educational repayment awards in exchange for a service commitment to rural communities with a shortage in health professions. ORH has completed a detailed evaluation of the program and following their recommendations, the program should be expanded to include allied health professionals and annual

funding should be increased on a recurring basis to ensure this innovative approach is maximized. Rural residency programs and services available through North Carolina Area Health Education Centers and the state's colleges and universities should be enhanced and expanded.

Strategy 12: Support local efforts to expand physical infrastructure needed to attract residents, workers, entrepreneurs, and businesses.

Tactic 12.1: Provide support to public utilities to ensure continuous and reliable water and sewer services.

In smaller communities where growth has slowed and populations and customers have declined, water utilities can face increasing costs, revenue shortfalls, noncompliance, moratoriums, loss of qualified staff and other challenges. In addition, utilities that are viable but still struggle to maintain affordable water rates for residents and businesses need support to make the necessary repairs to aging systems. Substantial funding for water and sewer infrastructure is available through the American Recovery Plan and can provide important support to the delivery of these critical infrastructure services. This tactic is consistent with the priorities identified in North Carolina's Statewide Water and Wastewater Infrastructure Master Plan: The Road to Viability.

Tactic 12.2: Direct additional funding for local building and site development and downtown revitalization through established, accountable programs.

The physical development of a community through infrastructure improvements and real estate investment is a crucial part of becoming a vibrant place attractive for businesses and talent. North Carolina offers a range of effective tools to assist communities in preparing for and executing economic development strategies. Programs such as REDD Building Reuse, Main Street Solutions Fund and NC ReadySites require targeted communities to meet established eligibility requirements, receive professional due diligence, and require documented follow up to ensure funds are spent properly and job creation, investment and/or other commitments are met. Recent budgets passed by the NC General Assembly have by-passed these established programs and provided direct appropriations to communities - some of which are unaware or unprepared for the windfall.

³ <https://www.commonwealthfund.org/publications/issue-briefs/2021/may/economic-employment-effects-medicare-expansion-under-arp>

At the same time, these budgets have provided limited or no funding to the existing programs. Encouraging these types of local improvements to be made through the state's existing programs is the best way to safeguard state tax dollars and ensure limited funds are spent in the most effective and accountable manner possible.

Strategy 13: Foster the local leadership and expertise needed to build vibrant communities that attract talented businesses and workers.

Tactic 13.1: Develop clearinghouse of available public sector training and technical assistance resources.

Among the lessons learned from 2020 is the need to rebuild our collective faith in government and responsible leadership at all levels. A growing distrust of our society's institutions has created a toxic and divisive environment that inhibits our growth and weakens our ability to lead through times of crises.

One solution lies in the development of a diversity of talented local leaders equipped with the knowledge and skills necessary to help their communities achieve economic prosperity. Several organizations in the state provide education, training, and technical assistance for local officials including: the NC League of Municipalities, NC Association of County Commissioners, UNC School of Government, Western Carolina Local Government Training Program, and the NC Rural Center.

There is no centralized clearinghouse for this type of training and assistance, which may hinder the ability of some communities to access the programs. Program costs are another possible barrier for local officials. The first step is to identify a central resource within state government to coordinate and facilitate the education and technical assistance of local governments and elected officials. This includes conducting an inventory of existing education, training, and technical assistance programs and developing a digital clearinghouse to connect local officials to valuable support.

New topics should be included to ensure local leadership is fully prepared to address issues within government that are critical to high-performing, attractive communities, such as: building capacity for day-to-day management and service delivery; financial management; succession planning due to aging leadership; and technological change.

Tactic 13.2 Expand access to downtown redevelopment and revitalization assistance.

The economic effects of Covid-19 were particularly acute for our downtowns – where many communities go to eat, shop, and gather – and their full recovery is essential to our state's community development. Small towns in particular need support to make up for lost revenue and maintain a positive business climate in the recovery ahead. Fortunately, North Carolina boasts one of the largest Main Street Programs in the country and is a national leader in providing technical assistance and design services – attracting more than \$3.2 billion in investment since its inception. Now in its 41st year, there are 64 official Main Street communities, 24 in the Small Town Main Street or Downtown Association Community programs, and another 60 communities clamoring for support. There are two distinct areas of expansion needed to support the nearly 150 communities engaged with the Main Street team at the NC Department of Commerce. First, more Main Street professionals were needed to provide entry-level services to communities before Covid. That need is even greater now. The Downtown Associate Community program is capped each year, due to limited resources, despite the interest of more communities to participate. Second, approximately 20 of the existing Main Street communities have been in the Program since the 1980's and are seeking higher-level support beyond the typical assistance provided. Expansion is necessary to include advanced mixed-use property development and financing expertise, as well as retail and professional services business recruitment and business development support.

Tactic 13.3: Develop capacity to assist local communities at risk for hospital closures.

Since 2010, six North Carolina hospitals and seven Labor and Delivery Departments in rural hospitals have closed. The failure to expand Medicaid has been identified as the number one factor that can lead to rural hospitals shutting down.⁴ However, the Office of Rural Health at the NC Department of Health and Human Services utilizes the Financial Distress Index (FDI) to better understand factors affecting rural hospital financial distress and to develop an early warning system to identify at risk. By utilizing this index and engaging communities early, there may be strategies that can be employed to prevent and/or reduce the risk of hospital closures or develop new models of care.

⁴ *North Carolina Rural Health Research Program*

Communities and/or hospitals often wait until it is too late to take such mitigating steps. In order to address this issue, the Office of Rural Health and the Rural Economic Development Division at the NC Department of Commerce will work together alongside other partners, to engage the leadership of at-risk communities and hospitals. This collaboration will identify and address challenges and seek solutions to prevent the further closure of these important community assets.

Tactic 13.4: Expand the capacity of water and sewer owners and operators as outlined in the State Water Infrastructure Master Plan.

North Carolina's Statewide Water and Wastewater Infrastructure Master Plan: The Road to Viability recommends that provider organizations across the state leverage and expand the resources available for smaller utility systems. The long-term viability of critical infrastructure, even if it is constructed in a resilient and sustainable manner, relies on the human and organizational stewardship it receives. The plan encourages utilities to establish financial plans that enable the utility to fund both operation and maintenance as well as long-term infrastructure renewal without long-term reliance on grant funds. Strong infrastructure management also encompasses best practices related to technology that can provide potential gains in system efficiency by capturing "lost" resources, reducing energy usage, and increasing revenue. Partnering organizations include the Councils of Government, the NC Rural Water Association, and the UNC-Chapel Hill Environmental Finance Center.

Tactic 13.5: Educate communities and businesses about the state's disaster recovery supports for small business.

As part of the NC Office of Recovery and Resiliency's Recovery Support Team (RST) for Business and Workforce Development, the Business Recovery Collaborative in a collection of partner agencies that have developed a process to deliver experienced business counseling resources to businesses impacted by a disaster in order to provide them with crucial information and resources. The RST will develop a training module to more widely share information on resources available to support downtown and small business recovery. The members of the Collaborative include the EDPNC, the NC Community

Colleges' Small Business Center Network, the NC Department of Commerce, the NC Rural Center, the NC Small Business and Technology Development Center and the U.S. Small Business Administration.

Strategy 14: Strategically identify investment and growth opportunities to maximize their regional reach.

Tactic 14.1: Prioritize and align economic efforts in small- and mid-size metros with the greatest potential for growth regionally.

According to NC's State Demographer's Office, 30 out of North Carolina's 100 counties are projected to lose population between 2020 and 2030 – and 26 are projected to continue to decline through 2050. Many of these are well beyond the reach of our large, sprawling metro areas. Cities have witnessed most of the private business and residential investment across the US for decades, but without a major city in these areas of the state, growth has been elusive. Boosting the economic and population growth of our mid-size cities can have a reach far beyond their county lines. Efforts should be made to identify investment opportunities in regional employment centers, or economic hubs, that can have the greatest positive impact on large numbers of slow-growth/declining and low-wealth counties and communities.

Tactic 14.2: Reimagine North Carolina's Prosperity Zones to enhance formal connections and communications between state officials and local representatives and expand regional success.

Session law §143B-28.1 established eight "Prosperity Zones" across NC in 2014 to enhance collaboration and cooperation across state agencies and between the state and local/regional governments, businesses, and citizens. The Zones were meant to serve as regional one-stop service centers for serving communities and communicating ideas and concerns to state government. While this has spurred some improved communications and relationships across agencies in some regions, the impacts have not been documented and are likely mixed across the state. The Department of Commerce will study the value of Prosperity Zones as a method for improving collaboration and cooperation across agencies and regions and make recommendations for enhancement as necessary.

Appendix: Development of the Plan

The First In Talent Plan was uniquely developed in two phases starting in the summer of 2019. Much of the work leading to the plan was derived prior to the Covid-19 pandemic. This work included an in-depth analysis of North Carolina's economy, regional input (surveys, interviews and facilitated public meetings), and a draft plan. The immediate health and economic needs of North Carolinians, businesses, and communities necessitated a pause in the plan's completion. Following the confirmation of new Department of Commerce Secretary, Machel Sanders, attention to the Strategic Plan and the state's long-term challenges and opportunities resumed in early 2021. A thorough evaluation of the work to-date, including an analysis of state's economy and vetting the recommended goals and strategies, was undertaken. New data and stakeholder input were considered and the plan was completed.

PLAN FACILITATORS

To facilitate the development of the comprehensive strategic economic development plan, the NC Department of Commerce contracted with a team of faculty and staff at The University of North Carolina at Chapel Hill (UNC) beginning in the summer of 2019 and concluding in early 2020.

The UNC team included:

- Anita Brown-Graham, JD, Professor & Director, ncIMPACT Initiative, School of Government
- Emily Williamson Gangi, MPA, Policy Engagement Director, ncIMPACT Initiative, School of Government
- T. William Lester, PhD, Associate Professor, Department of City and Regional Planning
- Nichola Lowe, PhD, Professor, Department of City and Regional Planning
- Brooklyn Mills, MS, Research Associate, ncIMPACT Initiative, School of Government
- Jonathan Morgan, PhD, Associate Professor, School of Government
- Austin Amandolia, Research Assistant, Department of City and Regional Planning
- Molly Gaskin, Research Assistant, ncIMPACT Initiative, School of Government
- Matt Hutton, Research Assistant, Department of City and Regional Planning

In addition, Tyler Mulligan, JD, Professor, School of Government provided a legal review of the plan.

RESEARCH AND ANALYSIS

Two in-depth analyses of North Carolina's economy were crafted to provide an unbiased, comprehensive understanding of the data and trends impacting the state's current situation and future potential. The first economic analysis was started during the fall of 2019 to inform the regional input sessions, as well as the goals, strategies, and tactics contained in the Strategic Plan. The initial analysis was expanded to respond to stakeholder questions and feedback and completed in the form of a formal report in early 2020.

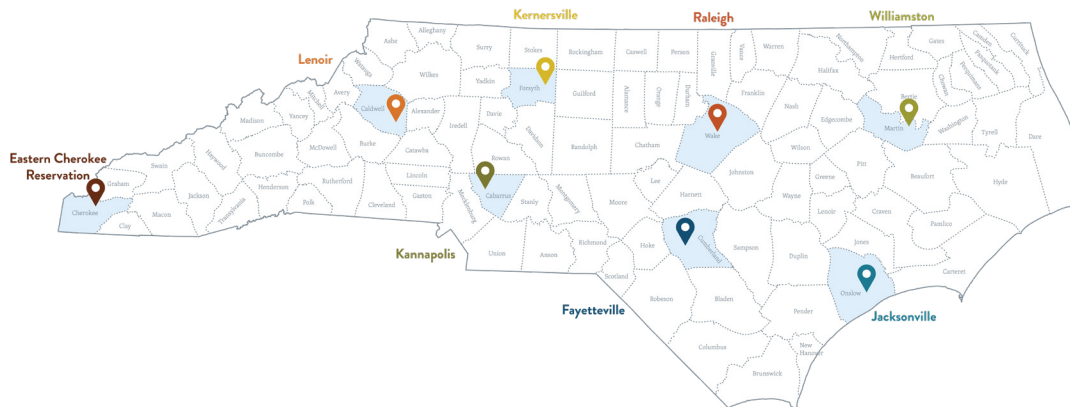
This generated a deep examination of the trends shaping the state and the nation. The economic overview included topics such as employment and wage trends, income inequality, and changes in occupational composition. Additional data were also examined on trends in household burdens such as housing and childcare, as well as infrastructure needs and transportation. Finally, best practices in state-level economic development were compiled from around the nation. This focused on innovative state efforts to promote sector-specific workforce and talent development, high-growth entrepreneurship, and local attraction, retention, revitalization, and place-making efforts.

Following the depths of the economic recession resulting from the Covid-19 pandemic, a second economic evaluation was conducted covering most of the same topics. Many of the long-term trends previously reported were confirmed or modified (e.g. the decline in labor force participation and employer hiring difficulties) and new issues (e.g. inequities in the pandemic's economic impact and recovery) were identified. This analysis, published separately, served to evaluate prior recommendations and uncover new opportunities and challenges to address.

STAKEHOLDER OUTREACH

UNC School of Government faculty and the ncIMPACT Initiative conducted a series of regional stakeholder engagement sessions and interviews in the fall of 2019 with representatives from economic development, workforce development, local government, relevant state government agencies, business, and education (all levels) to ensure broad input informed the plan.

The team conducted regional sessions in each of the eight prosperity zones, in which more than 250 people participated. The purpose of regional sessions was to gather input regarding the overall normative vision of the state's economic development plan, as well as to understand particular regional challenges not gleaned from the quantitative analysis.



During these sessions the team shared details on the conceptual framework and anchored discussion around a data profile for the region. These conversations were designed to:

- Share insights about, and hear feedback on, measures for each regional data profile and conceptual framework.
- Draw out additional, less visible dimensions of inequality for the region.
- Recognize critical connections between workforce and economic development activities.
- Identify unmet needs for institutional coordination and state policy; and
- Categorize high-impact and emergent strategies to highlight in support of cross-regional learning.

The team shared the process for developing the plan, early themes, and regional data indicators, and facilitated discussion among the participants about how the themes manifested in their region, invited participants to propose solutions for each theme in small groups, and then asked participants to prioritize potential solutions.

The team also administered a post-session survey for each region regarding priorities identified in the session to participants and other leaders in the region for input. The team received more than 280 responses to these post-session surveys and the resulting analysis enabled the research team to refine its findings for each regional session.

The team also conducted interviews with key economic and workforce development leaders. These interviews not only reinforced the understanding of the regional economy, they were used to tailor the session in each region to specific opportunities, challenges, and concerns. These leaders included representatives from private industry, local and regional development organizations, local and state government, educational institutions, workforce development organizations, non-profits, and utilities, among others.

In addition to the regional sessions and interviews, the team hosted a session for the UNC System Economic Transformation Council and a roundtable with NC Chamber members to solicit their input for the plan. The team supplemented these focus groups with a survey administered to the UNC Board of Governors and various business leaders who serve on statewide boards related to the state's economic development efforts. These boards include the NC Works Commission, NC Board of Science, Technology & Innovation, Rural Infrastructure Authority, Seafood Industrial Park Authority, the Economic Development Partnership of NC, and the NC Travel & Tourism Board.



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