



Commerce Resilience Strategy Report

February 23, 2021

The North Carolina Department of Commerce (Commerce) is the state agency that connects businesses with workforce, sites, infrastructure and funds. Strong relationships with communities and business are necessary for Commerce to do its work in the state. These relationships lead to jobs, income, and tax revenue to make a community a good place to live, work, and play. Natural disasters can exacerbate and strain these relationships. Commerce can help these communities and businesses bounce back from upsets and reduce business interruptions.

Critical Vulnerabilities and Impacts

The COVID-19 pandemic has had a resounding negative impact on the economy in North Carolina and continues to affect the lives of citizens in the state. Since March 2020, nearly every division in Commerce has directed its attention to the pandemic statewide because of Commerce's mission to improve the economic well-being and quality of life for all North Carolinians. COVID-19 has shown how adept Commerce is at addressing sudden disasters, natural and epidemiologic, and improving the resiliency for communities and businesses. The pandemic has revealed many of the same vulnerabilities that a natural disaster does. Specifically, because of COVID, the Department of Commerce is more aware of the need to support communities around the state when any disaster strikes. These programs and services can be adapted to meet those needs and can move quickly with its staff and resources to meet those challenges.

NC Commerce is the lead agency for the Business and Workforce Recovery Support Function (RSF), as outlined in the state's Disaster Recovery Framework. As part of this role, the Department coordinated a series of periodic check-ins with partner organizations to ensure communication and collaboration on disaster relief for North Carolina small businesses. With the onset of the pandemic, several organizations that are part of the RSF have been involved in significant programs to assist businesses and workforce, including:

- The Golden LEAF/Rural Center *Rapid Recovery Loan Program*, as of the 10/15 deadline, received 9,935 applications requesting \$350 million. As of 11/30, 1,615 loans have been approved for over \$94 million with an average loan amount of \$58,336. At this time, all available funds have been utilized and the program expects a waitlist. 78% of loans have gone to businesses with less than 10 employees, and

66% of borrowers are minority or female-owned. Program borrowers report 10,740 jobs retained representing \$280 million in annual wages.

- The Small Business Technology Development Center (SBTDC) provided 5,400 clients with 40,000 hours of business counseling and technical assistance. Clients obtained 497 loans totaling over \$78 million. SBTDC assisted with 421 new business starts and hired 20 Business Resiliency counselors to expand capacity.
- The NC Community Colleges' Small Business Center Network (SBCN), initiated a new program for enhanced counseling – *Reboot, Recover, Rebuild (R3)*. Since March, through all of its programs, the SBCN has provided more than 3,500 clients with 17,300 counseling hours, and offered 2,690 training programs for 24,993 training attendees to support business survival and sustainability
- The US Small Business Administration, through the *Economic Injury Disaster Loan (EIDL) Advance* program supported 140,000 NC business representing \$469.98 million, through the full *EIDL* supported more than 90,000 businesses with \$4.3 billion and through the *Paycheck Protection Program* supported 129,282 businesses and nonprofits representing \$12.2 billion.
- The Economic Development Partnership of North Carolina's (EDPNC) Business Link North Carolina team has served as a starting point for many businesses seeking support resources during the pandemic with more than 1,600 calls specific to funding for COVID relief.
- The EDPNC existing industry and international trade teams have shifted focus to helping existing companies with an interest in transitioning to manufacturing of PPE and to assisting businesses with expanding their global markets through virtual trade shows and support for improving their websites to attract international customers.
- The NC Department of Administration Historically Underutilized Business office received \$12 million in CARES Act funding to provide grants to minority and women-owned businesses through the *RETOOLNC* grant program.
- The Institute for Economic Development administered a portion of the *RETOOLNC* program and approved and funded more than 200 applicants representing more than \$4.2 million in funds dispersed.
- The NC Department of Commerce Division of Employment Security, as of 12/3, has paid more than 925,000 claimants more than \$8.8 billion in unemployment insurance since March through seven different federal and state programs.
- The NC Department of Commerce Division of Workforce Solutions utilized the Business Edge and Rapid Response teams to assist more than 1,000 manufacturing businesses and 630 hospitality/food and beverage businesses between May and October, either providing hiring or layoff aversion assistance.
- The NC Department of Commerce is administering three programs providing support to small businesses and/or non-profit organizations through limited CARES Act funding – the Job Retention Grant (JRG) program; the Mortgage, Utility and Rent Relief (MURR) program, and the One NC Small Business Program. In 2020, the

Department processed 3,909 total applications for these funds and paid out more than \$81.5 million to 1,817 approved grantees.

NC Department of Commerce Rural Economic Development Division (REDD) has also been a major player during the pandemic. This division has Main Street and Rural Planning Center (MSRP) as well as CDBG and Rural Infrastructure grant programs. These sections have developed and promoted programs and services around the state.

- The Main Street and Rural Planning website has been Commerce's nucleus of up to date COVID information for towns and cities across the state (<https://www.ncmainstreetandplanning.com/covid-19resources>). This website can be updated when needed to provide education and resources after natural disasters. The vast network across the state through the Main Street program, the Prosperity Zones, and business contacts allow a broad reach that provides necessary information.
- Partnerships between MSRP, NC League of Municipalities, NC Downtown Development Association and NC State Historic Preservation Office were developed to create LeverageNC (<https://www.leveragenc.org>). LeverageNC offers education and expert resources to show towns and cities across the state how to strengthen local economies and support business opportunities within their own communities. All webinars are focused on small business recovery from the pandemic. This partnership can potentially offer additional outreach and education for communities to build resiliency.
- MSRP also connected communities with resources for disaster recovery in 2020. SBP (<https://sbpusa.org/>) conducted an interactive webinar covered how to rebuild, repair, advise, and advocate to build more resilient communities. Several communities in the Sandhills, Northeast, and Southeast Prosperity Zones are still recovering from hurricanes. When the pandemic struck, many towns and cities were just finishing up FEMA work for Hurricane Matthew (2016) and still had to work to do from Hurricane Florence (2019). In 2020, hurricanes Isisa and Eta affected the state with tornados and flooding. MSRP used its relationships with organizations, such as South East Economic Development Commission and regional COGs, to guide communities to funds and resources needed for recovery.
- The Rural Planning Center developed the Communities Economic Recovery and Resiliency Initiative (CERRI). This initiative works with local governments to assist small businesses' recovery from the pandemic. The focus of this program lays the framework for resiliency after disasters. With the network that is being built now with CERRI, other communities can participate to make sure local governments support small businesses' abilities to bounce back after a crisis.
- REDD also houses several grant programs that have been the conduit of federal and state funds to help with the pandemic. The Community Development Block Grant and the Rural Grants program have been key distributors of the federal CARES Act

money and the state Mortgage Utilities Rent Relief Initiative (MURR). The programs are also used to distribute funds during natural disasters and can continue to perform those functions when needed.

Commerce's Office of Science, Technology and Innovation works to improve the lives and quality of life for North Carolinians through new opportunities in these fields. The office identifies emerging opportunities and outlines North Carolina's competitive position with business and research in these areas.

- In summer 2020, Commerce's Office of Science, Technology & Innovation identified and hired an experienced, international consulting company, BVG Associates (BVGA), to help the agency assess North Carolina's potential as an Offshore Wind (OSW) industry hub. The project team also included representatives from Lloyds Register Energy Americas, Timmons Group, and NC State University and its NC Clean Energy Technology Center. The assessment's final report—*Building North Carolina's Offshore Wind Supply Chain: The roadmap for leveraging manufacturing and infrastructure advantages*—was released during the week of March 1, 2021. The publication of the report marks the latest step in Governor Cooper's far-reaching commitment to build a clean energy economy to fight climate change and grow clean-energy jobs in North Carolina.

Prioritization, Challenges, and Timeline

As mentioned throughout this section, COVID-19 has brought change to Commerce and its ability to focus quickly on crisis. Some of Commerce's main priorities have been keeping businesses open, providing new jobs skills trainings, developing community networks to support local businesses, and funding. These principle actions can be replicated during natural disasters. After disasters, businesses need support to keep doors open and workers employed. Local communities need resources and funds to rebuild smarter. With Commerce's programs and services, the department is able to provide such support.

Climate and Environmental Justice

At the least, businesses should represent and serve the different populations in a community. MSRP initiated discussions around diversity and inclusion in towns and cities through regional Main Street Managers' trainings offered in the fall of 2020. This conversation can certainly continue since diversity and inclusion can also address environmental justice. A diversity community provides the strong social fabric needed to rebound from disasters when they occur.

Nature-Based Solutions to Resiliency

Since 2019, Commerce has been researching and reviewing alternative energy as avenues to promote for workforce development and investments.

Next Steps

Commerce realizes that crises and disasters happen. If anything, 2020 proved to be the year that demanded swift and immediate action. Commerce has demonstrated that its programs and staff are able to address emergency situations with the resources it has. The Department has been creative in its work around the state and with the resources it has offered.