

North Carolina Economy and Income: **Growth vs Gain**

February 4 2016

Brent Lane, Director

UNC Center for Competitive Economies (C³E)

2009 Incentives Study Committee

- ☒ Eliminate most tax credits effective 2010
- ☒ Reduce corporate tax rate to competitive rate
- ☒ Address systemic economic policy factors
- ☒ Institute legislative oversight function
- ☐ Expand JDIG and One NC programs targeted to high impact firms in distressed counties

NC's Economy is Big

- NC Population = 10 million (9th)
- NC GDP = \$482 billion (9th)
- NC = 28th largest national economy (Norway/Austria)
- Workforce of 4.8 million people
- 350,000+ businesses of many types



Big can be hard to measure.



North Carolina
“Best Business
Climate”
15 of last 20 years

Site Selection's 2015 Top State Business Climate Rankings									
Overall Ranking Rank	Executive Survey Rank	Competitiveness Rank	2014 New Plant Rank	2014 New Plant Rank Per Capita	2015 New Plant Rank (Jan. - Aug.)	2015 New Plant Rank Per Capita (Jan. - Aug.)	Mature Firm Tax Index Rank	New Firm Tax Index Rank	Final Total Points
1 Georgia	2	10	5	7	2	6	3	6	637
2 North Carolina	2	1	4	6	1	4	7	13	615
3 Kentucky	8	6	6	1	7	1	18	7	585
4 Louisiana	13	2	9	3	8	2	10	2	576
5 Ohio	11	9	2	2	5	12	5	3	573
6 Texas	1	3	1	14	18	41	12	42	553
7 Tennessee	6	5	10	9	10	10	29	29	531
8 Utah	9	17	28	19	30	26	6	10	528
9 Indiana	7	8	12	13	3	3	43	15	525
10 South Carolina	5	4	17	11	11	9	32	34	517

North Carolina Tar Heels

STARTERS	MIN	FGM-A	3PM-A	FTM-A	OREB	DREB	REB	AST	STL	BLK	TO	PF	PTS
<u>Brice Johnson</u> , F	27	4-6	0-0	7-9	4	7	11	1	0	1	3	2	15
<u>Kennedy Meeks</u> , F	18	2-4	0-0	0-1	1	5	6	1	0	0	2	4	4
<u>Justin Jackson</u> , F	26	6-9	0-2	4-5	1	1	2	1	1	0	2	2	16
<u>Marcus Paige</u> , G	34	3-13	1-6	2-3	2	0	2	4	3	1	2	2	9
<u>Joel Berry II</u> , G	34	1-10	1-5	4-4	2	1	3	1	2	1	1	1	7
BENCH	MIN	FGM-A	3PM-A	FTM-A	OREB	DREB	REB	AST	STL	BLK	TO	PF	PTS
<u>Isaiah Hicks</u> , F	17	2-8	0-0	4-5	5	3	8	0	0	0	1	4	8
<u>Theo Pinson</u> , F	19	0-3	0-2	1-2	0	2	2	3	1	0	2	3	1
<u>Joel James</u> , F	7	0-0	0-0	0-0	0	2	2	0	0	0	0	1	0
<u>Luke Maye</u> , F	3	1-2	0-0	0-0	0	1	1	0	0	0	2	1	2
<u>Kenny Williams</u> , G	3	0-0	0-0	0-0	0	0	0	0	0	0	0	0	0
<u>Nate Britt</u> , G	12	1-3	1-2	0-0	0	1	1	0	0	0	0	1	3
TOTALS		FGM-A	3PM-A	FTM-A	OREB	DREB	REB	AST	STL	BLK	TO	PF	PTS
		20-58	3-17	22-29	16	23	39	11	7	3	16	21	65
		34.5%	17.6%	75.9%									

Louisville Cardinals

STARTERS	MIN	FGM-A	3PM-A	FTM-A	OREB	DREB	REB	AST	STL	BLK	TO	PF	PTS
<u>Chinanu Onuaku</u> , C	23	5-8	0-0	2-3	3	7	10	2	0	0	3	4	12
<u>Damion Lee</u> , F	40	8-12	4-7	4-4	0	5	5	1	1	0	3	3	24
<u>Jaylen Johnson</u> , F	9	0-2	0-0	0-0	2	1	3	0	1	1	1	3	0
<u>Quentin Snider</u> , G	36	2-11	0-1	2-3	2	2	4	7	0	0	1	1	6
<u>Trey Lewis</u> , G	26	3-7	0-2	3-4	2	2	4	0	2	0	3	2	9
BENCH	MIN	FGM-A	3PM-A	FTM-A	OREB	DREB	REB	AST	STL	BLK	TO	PF	PTS
<u>Anas Mahmoud</u> , F	17	2-5	0-0	0-3	1	3	4	1	1	3	0	0	4
<u>Raymond Spalding</u> , F	28	2-7	0-0	0-0	3	2	5	0	2	1	2	4	4
<u>Deng Adel</u> , F	3	1-2	0-1	0-0	0	0	0	0	0	0	0	1	2
<u>Donovan Mitchell</u> , G	18	3-6	1-3	3-4	1	4	5	1	0	0	1	2	10
TOTALS		FGM-A	3PM-A	FTM-A	OREB	DREB	REB	AST	STL	BLK	TO	PF	PTS
		26-60	5-14	14-21	15	26	41	12	7	5	15	20	71
		43.3%	35.7%	66.7%									

North Carolina Tar Heels

STARTERS	MIN	FGM-A	3PM-A	FTM-A	OREB	DREB	REB	AST	STL	BLK	TO	PF	PTS
<u>Brice Johnson, F</u>	27	4-6	0-0	7-9	4	7	11	1	0	1	3	2	15
<u>Kennedy Meeks, F</u>	18	2-4	0-0	0-1	1	5	6	1	0	0	2	4	4
<u>Justin Jackson, F</u>	26	6-9	0-2	4-5	1	1	2	1	1	0	2	2	16
<u>Marcus Paige, G</u>	34	3-13	1-6	2-3	2	0	2	4	3	1	2	2	9
<u>Joel Berry II, G</u>	34	1-10	1-5	4-4	2	1	3	1	2	1	1	1	7
BENCH	MIN	FGM-A	3PM-A	FTM-A	OREB	DREB	REB	AST	STL				
<u>Isaiah Hicks, F</u>	17	2-8	0-0	4-5	5	3	8	0	0				
<u>Theo Pinson, F</u>	19	0-3	0-2	1-2	0	2	2	3	1				
<u>Joel James, F</u>	7	0-0	0-0	0-0	0	2	2	0	0				
<u>Luke Maye, F</u>	3	1-2	0-0	0-0	0	1	1	0	0				
<u>Kenny Williams, G</u>	3	0-0	0-0	0-0	0	0	0	0	0				
<u>Nate Britt, G</u>	12	1-3	1-2	0-0	0	1	1	0	0				
TOTALS		FGM-A	3PM-A	FTM-A	OREB	DREB	REB	AST	STL				
		20-58	3-17	22-29	16	23	39	11	7				
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PTS

65

Louisville Cardinals

STARTERS	MIN	FGM-A	3PM-A	FTM-A	OREB	DREB	REB	AST	STL	BLK	TO	PF	PTS
<u>Chinanu Oluoku, C</u>	23	5-8	0-0	2-3	3	7	10	2	0	0	3	4	12
<u>Demion Lee, F</u>	40	8-12	4-7	4-4	0	5	5	1	1	0	3	3	24
<u>Jaylen Johnson, F</u>	9	0-2	0-0	0-0	2	1	3	0	1				
<u>Quentin Snider, G</u>	36	2-11	0-1	2-3	2	2	4	7	0				
<u>Trey Lewis, G</u>	26	3-7	0-2	3-4	2	2	4	0	2				
BENCH	MIN	FGM-A	3PM-A	FTM-A	OREB	DREB	REB	AST	STL				
<u>Anas Mahmoud, F</u>	17	2-5	0-0	0-3	1	3	4	1	1				
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<u>Deng Adel, F</u>	3	1-2	0-1	0-0	0	0	0	0	0				
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TOTALS		FGM-A	3PM-A	FTM-A	OREB	DREB	REB	AST	STL				
		26-60	5-14	14-21	15	26	41	12	7				
		43.3%	35.7%	66.7%									

10

PTS

71

Income





Per Capita Income in NC

In 2014, North Carolina had a per capita income (PCI) of \$39,171

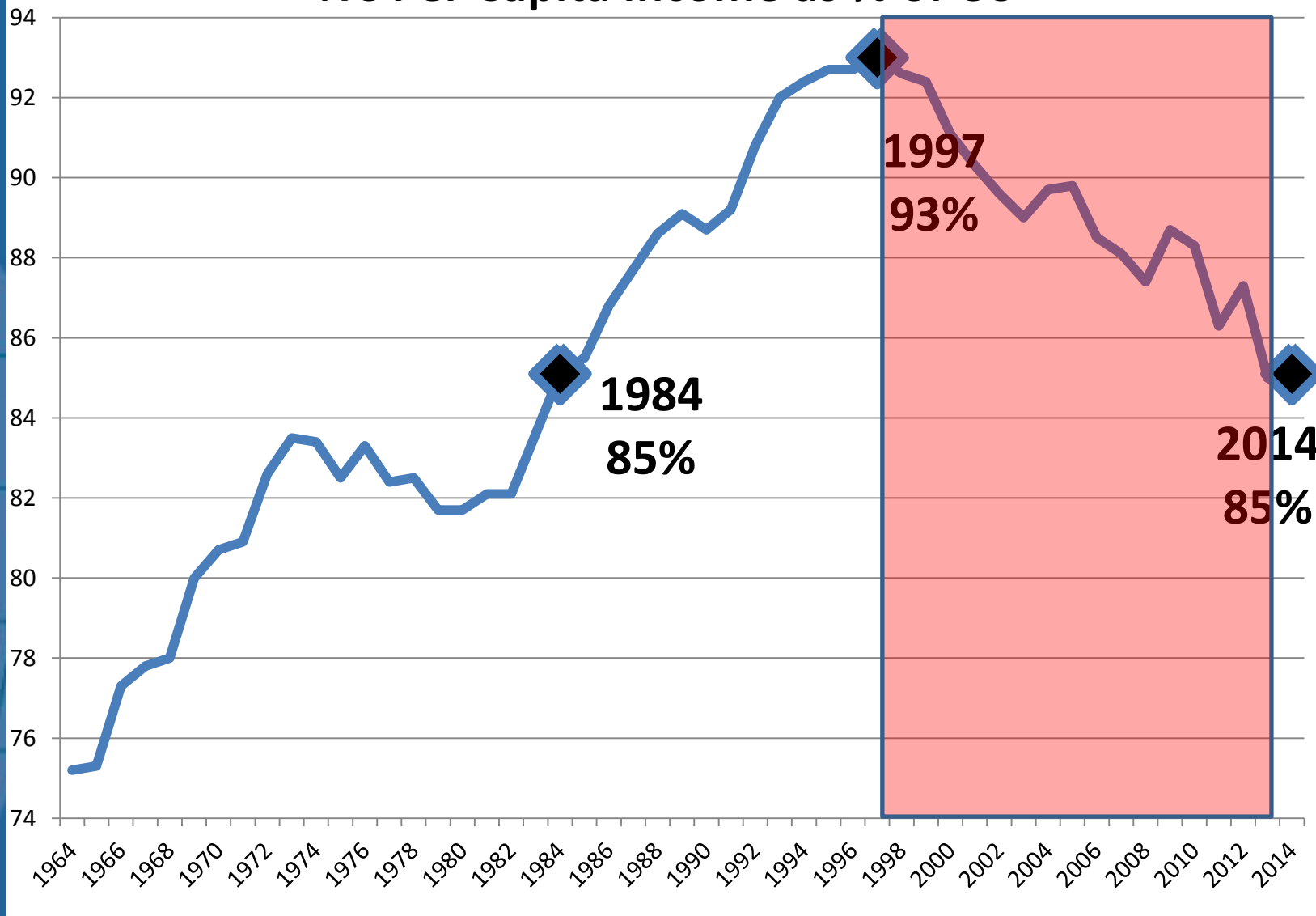
- PCI counts all forms of income
- NC PCI ranked 39th in the United States
- 85% of the national average (US PCI) of \$46,049

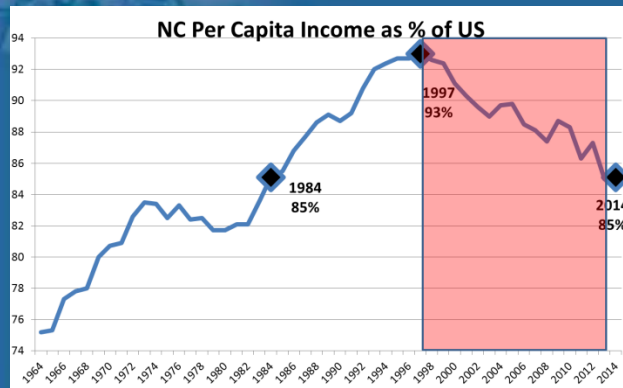
North Carolina Tar Heels																
STARTERS	W	L	PF	PA	3P	3A	FT	FA	OR	DR	REB	AST	STL	BLK	TO	PTS
John Williams	17	4-6	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0
John Williams	18	3-4	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0
John Williams	20	6-9	0-2	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0
John Williams	34	3-13	1-4	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0
John Williams	35	1-13	1-5	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0
John Williams	36	1-13	1-5	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0
John Williams	37	2-9	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0
John Williams	38	0-3	0-2	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0
John Williams	39	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0
John Williams	40	3-12	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0
John Williams	41	3-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0
John Williams	42	1-2	1-2	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0	0-0
TOTALS	10-58	3-17	12-29	18	23	38	11	7								
	34.3%	17.6%	75.9%													

NC Economy 1997 to 2014

- JOBS: NC = US annual job growth (1.1%)
- GDP: NC grew (4.4%) faster than US (4.2%)
- PCI: Annual growth (2.9%) lagged US (3.4%)
- Ga (2.8%), SC (3.2), TN (3.3%)
 - NC PCI declined vs. US PCI since 1997 peak of 93% to 85% in 2014

NC Per Capita Income as % of US





NC PCI Decline

2014 NC per capita income (PCI) = \$39,171

- 39th in the US
- 85% of US PCI of \$46,049

Decline from 1997 (93%) to 1984 level (85%)

Loss of \$30 Billion in annual income

30 years of progress gone

Recent NCGA Policy

Pivot from industry targeting to systemic economic and public policy reform

Goals

- Broad private sector employment and wage growth in response to market forces
- Long term gradual improvement across NC

2014-15 Positive Income Trend

Growth in NC's PCI has exceeded the US rate for the past 8 quarters – best since 1994-5

- Higher growth than GA, SC and TN
- Best growth in earnings, low in property income
- Broad statewide effect with NC metro and non-metro growth higher than US peers

Per Capita Personal Income



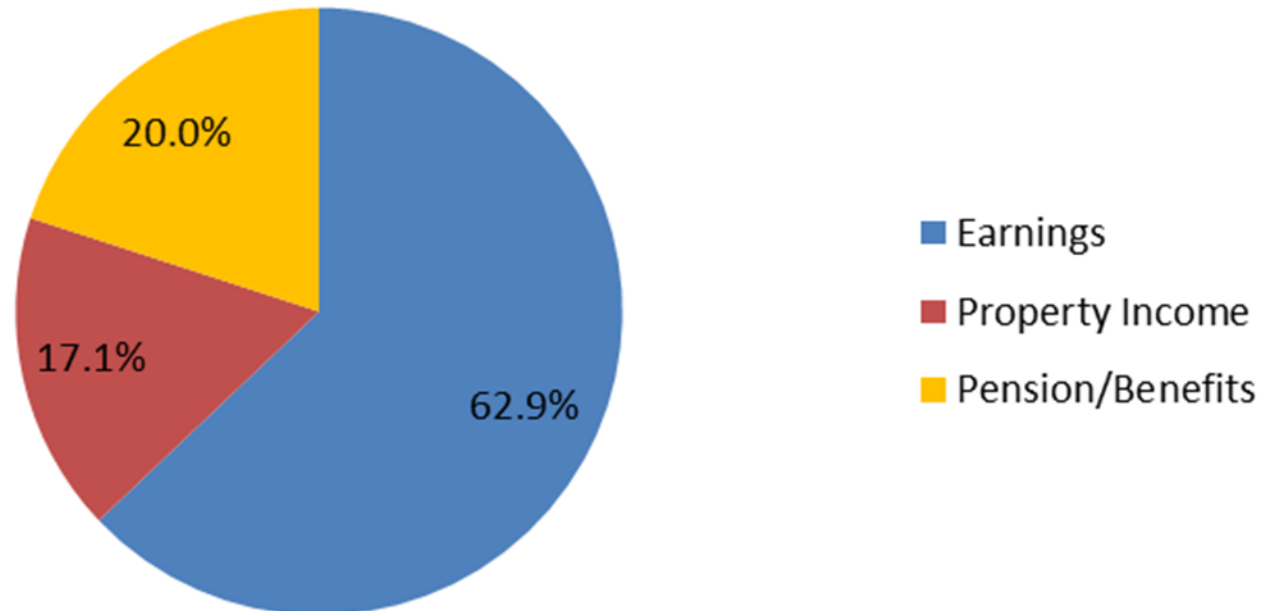
Source: U.S. Bureau of Economic Analysis

North Carolina

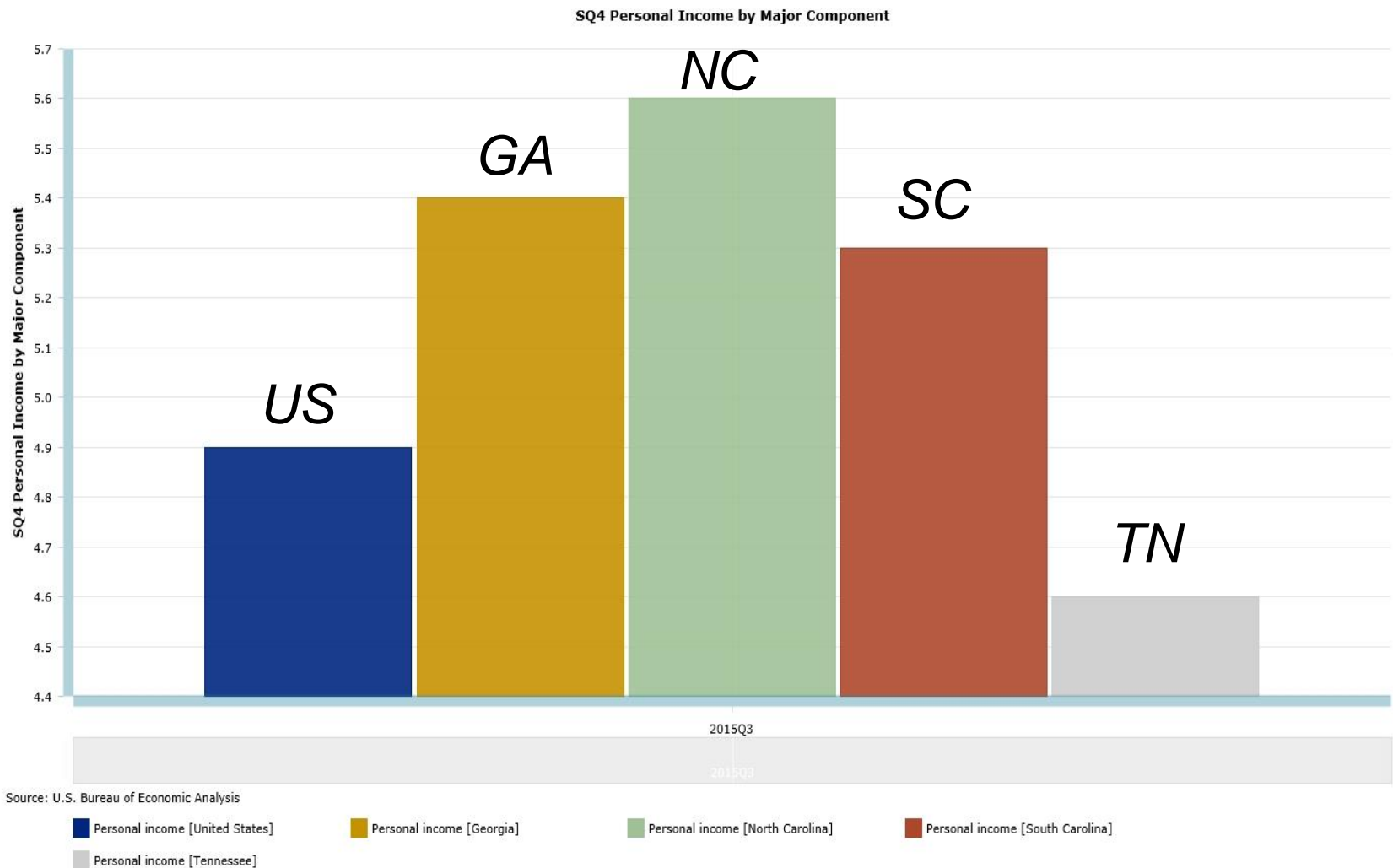
United States

Income More than Wages

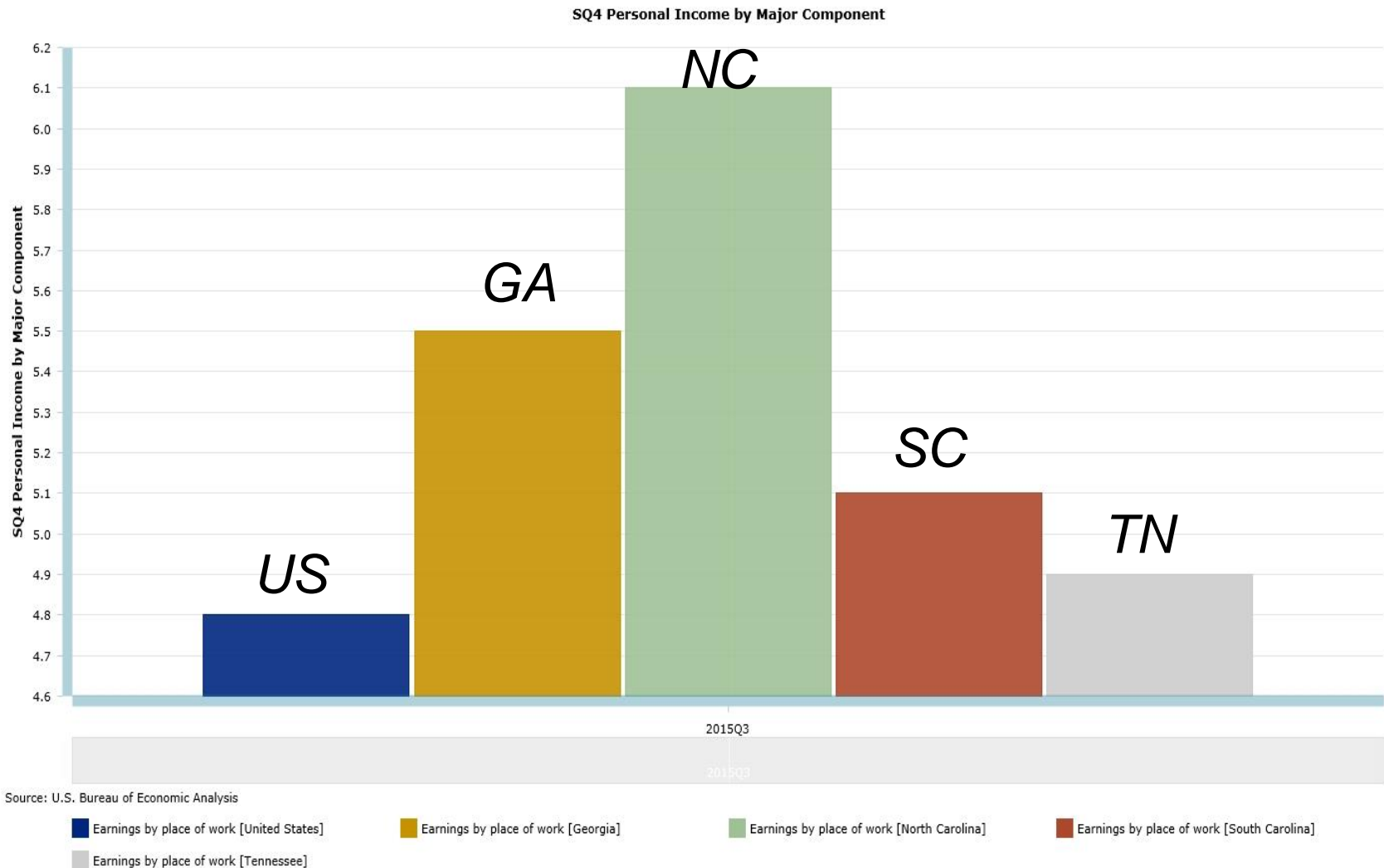
NC Income Composition - 2014



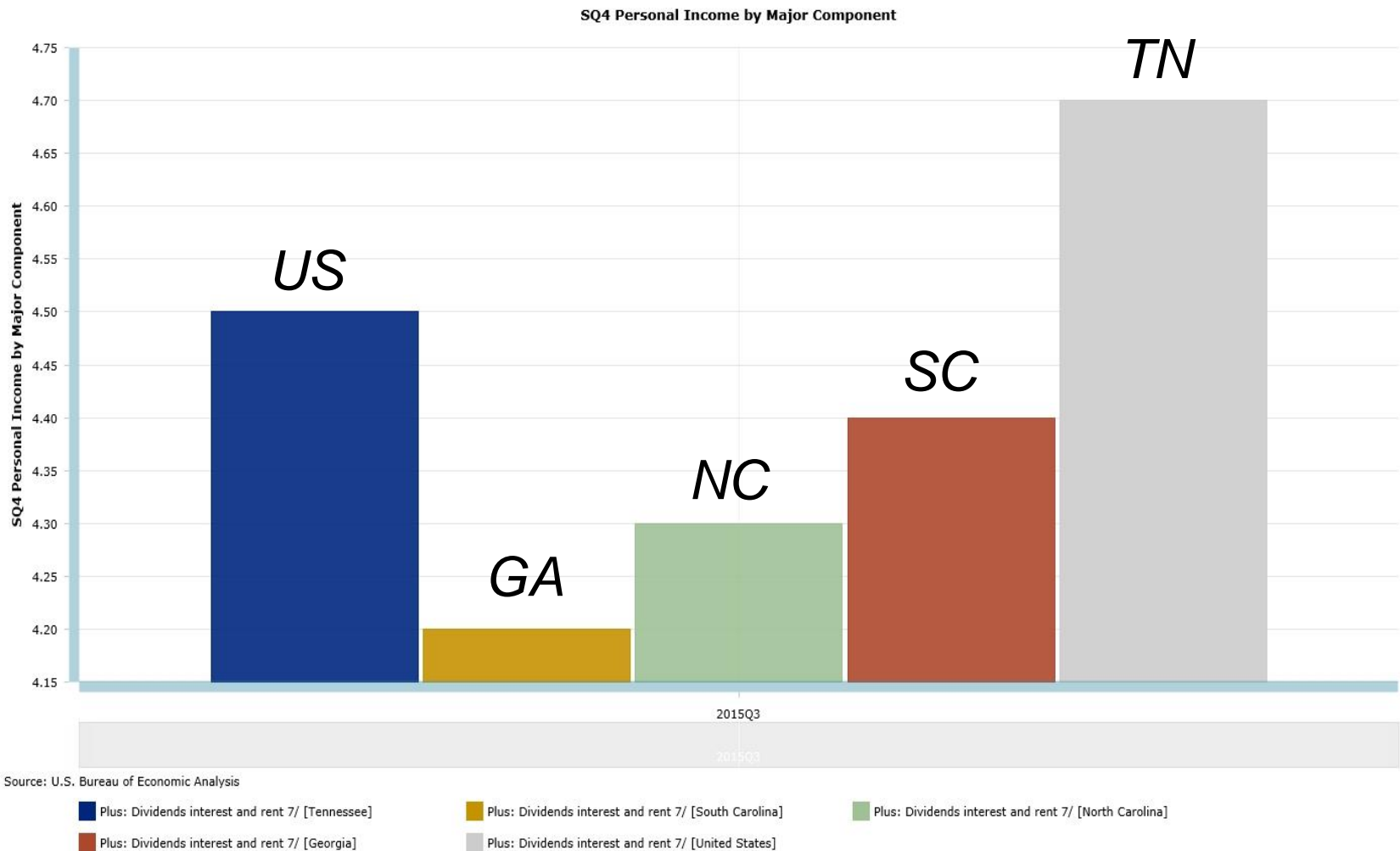
Total Income Growth



Earnings Income Growth



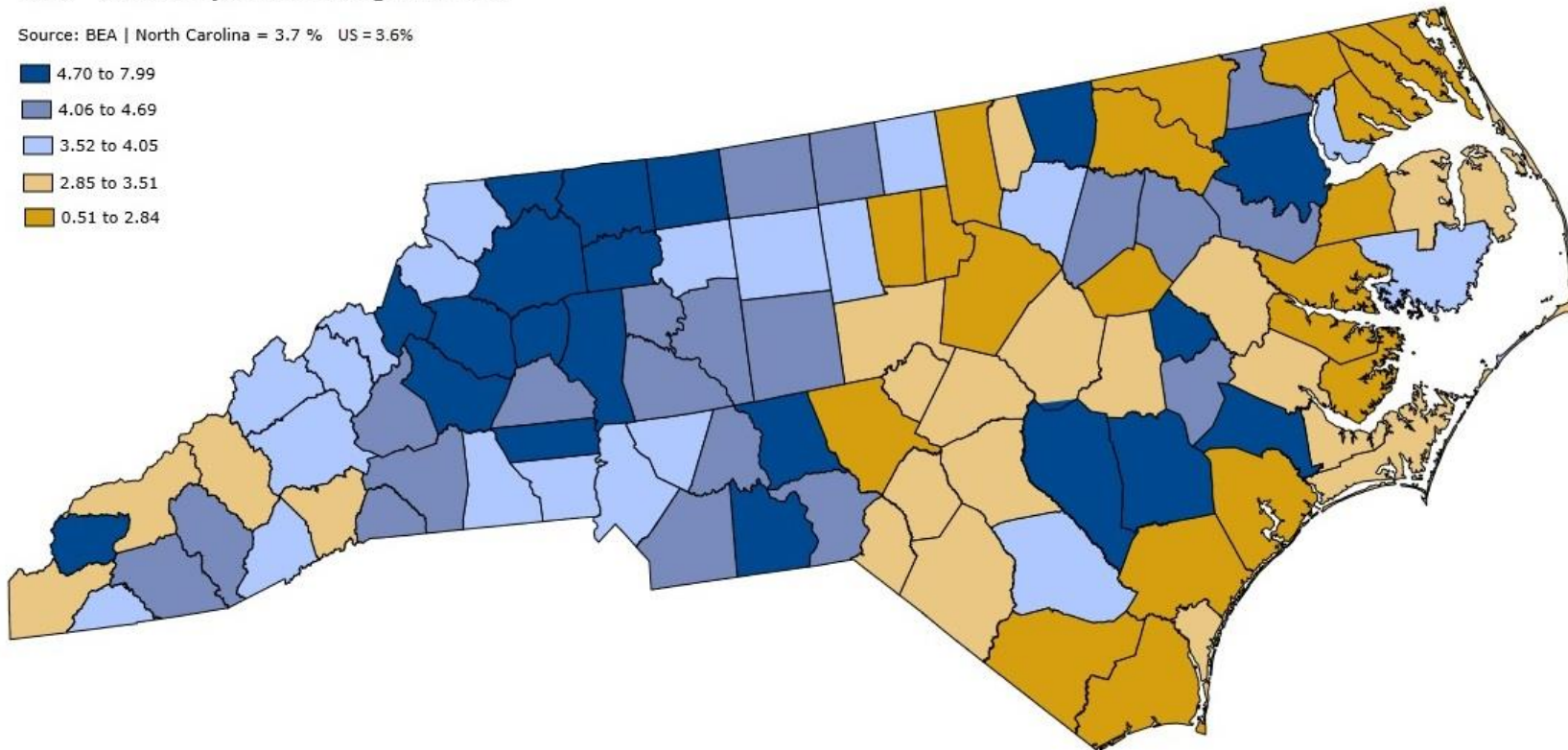
Property Income Growth



2013-14 PCI Growth NC Counties

**North Carolina, Per capita personal income
2013 - 2014 Compound annual growth rate**

Source: BEA | North Carolina = 3.7 % US = 3.6%



2013-14 PCI Growth NC Micropolitans

- North Wilkesboro
- Mount Airy
- Marion
- Rockingham
- Cullowhee
- Albemarle
- Kinston
- Forest City
- Shelby
- Boone
- Brevard
- Dunn
- Sanford
- Laurinburg
- Lumberton
- Henderson
- Oxford
- Wilson
- Pinehurst-Southern Pines
- Roanoke Rapids
- Washington
- Elizabeth City

Make Income Growth a NCGA Priority

- Set long-term income growth goals at state and county levels
- Identify and implement a diversified “Income Growth Policy” portfolio
- Monitor and analyze income growth trends
- Assess progress and revise policies

NC Income Goals

Meet cost-adjusted US PCI in 10 years

NC PCI from \$39,171 to \$42,227 (+\$3,056)

- Metro cty. from \$40,944 to \$42,780 (+\$1,836)
- Non-metro cty. from \$32,951 to \$39,464 (+\$6,513)

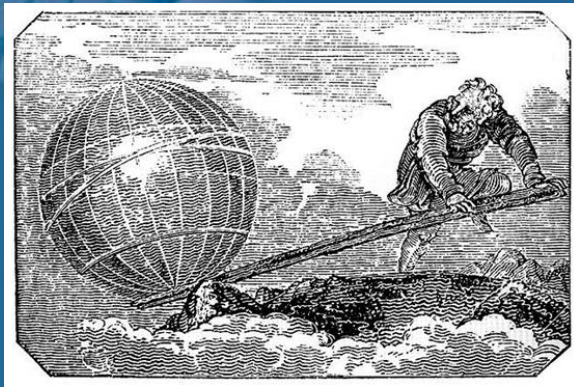
Nine counties already meet goals

- Carteret, Chatham, Dare, Durham, Mecklenburg, Moore, Onslow, Orange, and Wake

PCI Portfolio Options

Research-supported based, actionable state policy options

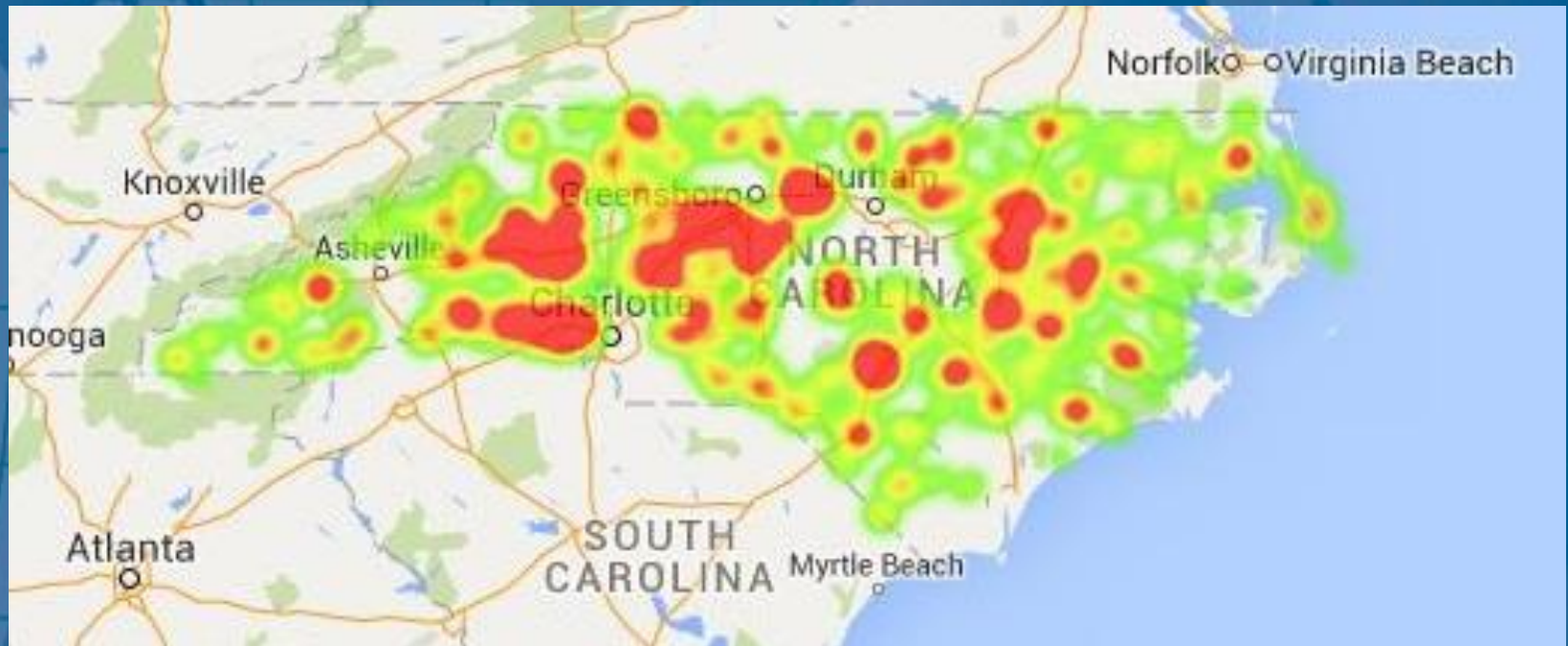
- Equitable policies for state-wide growth
- Educational attainment market rewards
- State purchasing and siting impacts
- Enable citizen investment in NC growth
- Emphasize incentive use for high impact firms in distressed counties

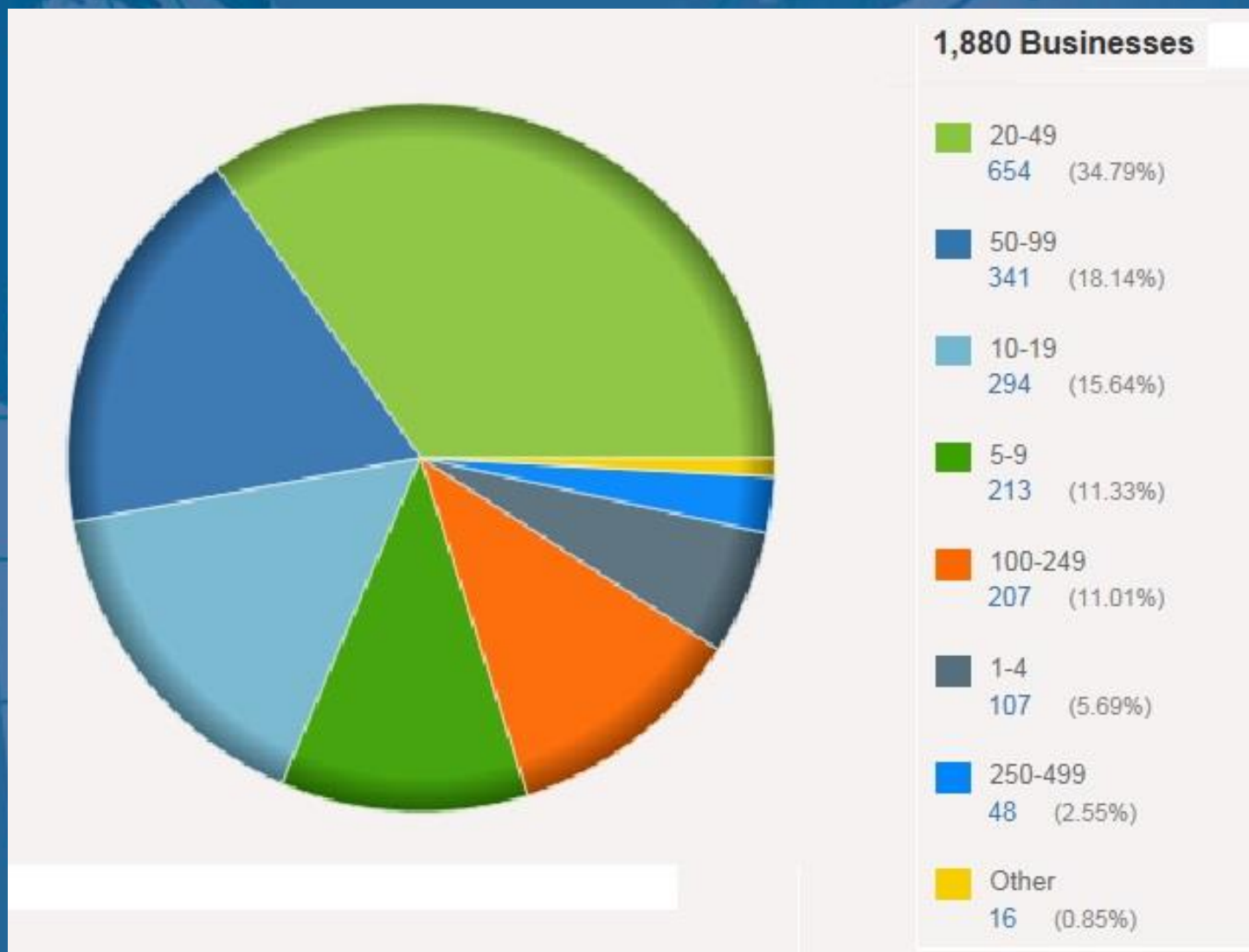


High Impact Firms

- Value-added products for export
- Headquarters/local ownership
- Growth-oriented : younger, smaller
- Employs local residents, minimizing new public service cost
- Affinity for location factors and workforce of distressed regions

1,880 Tier 1&2 High Impact Firms >\$5mm, NC based, mfg.





446 Tier 1 High Impact Firms >\$5mm, NC based, mfg.



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