



2015 Annual Evaluation of North Carolina Economic Development

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

BACKGROUND ON THE 2014-2024 STATEWIDE ECONOMIC DEVELOPMENT STRATEGIC PLAN

In July of 2013, Governor McCrory charged the newly-reorganized Economic Development Board with developing a comprehensive 10-year strategic growth plan for statewide economic development efforts. To formulate this new strategic plan, the Board created eight committees to discuss issues in their designated policy focus areas and make recommendations to the full Board for final action. Each committee was aided by staff from the Department of Commerce and by advisors from other state agencies, universities, private companies and non-profit organizations. The Board also received input from local economic development professionals, business leaders and citizens who participated in several Listening Tour events held across the state. The Board organized the committees to focus on eight major areas of economic development in North Carolina:

1. Targeted Growth Clusters and Branding;
2. Business Climate;
3. Innovation and Entrepreneurship;
4. Talent and Retiree Attraction;
5. Education and Workforce Development;
6. Rural Prosperity;
7. Community Development; and
8. Structure and Metrics.

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

Following the passage of [SL 2014-18](#), the Economic Development Board was dissolved and the Secretary of Commerce took over the responsibilities of implementation and updating the plan. An action matrix and implementation plan has been created that highlights accomplishments as well as ongoing and future activities. As a living document, the action plan matrix is under constant review and is updated on a regular basis as a result of new information, input from stakeholders, etc.

DATA AND ANALYSIS OF KEY ECONOMIC INDICATORS

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

- [AccessNC](#) is a web-based tool that enables users to retrieve community demographic reports, labor market and education data on communities in North Carolina¹.
- [Demand Driven Data Delivery System](#) (D4) makes available a plethora of employment and business data, all of which can be categorized by region.
- [NC Today](#) is a monthly review of labor market conditions in North Carolina with comparative data from the United States as a whole, and from selected Southern states on various aspects of the economy. Topics include employment and unemployment statistics, industry employment and wage measures, business closings and permanent layoffs, unemployment insurance benefits paid accompanied by trust fund activities, and quarterly updates on employer cost for employee compensation.
- [Research and Publications](#) by the Labor and Economic Analysis Division provide insights into the State's economy by highlighting current economic conditions in North Carolina as well as national trends.
- [NC Works Online](#) is a one-stop online resource for job seekers and employers in North Carolina. Job seekers can search for jobs, create resumes, and find education and training. Employers can find candidates, post jobs, and search labor market information.

NET JOB CHANGE

Net job change is the difference in employment level between two points in time. As noted in [February's edition of NC Today](#), as of January 2015, North Carolina's seasonally adjusted Total Nonfarm employment had increased 107,700 over the year².

Nine major industrial sectors reported seasonally adjusted job growth over the year. Professional & Business Services increased by 33,000, due to gains in Administrative & Support & Waste Management & Remediation Services (19,900), Professional, Scientific & Technical Services (10,300) and Management of Companies & Enterprises (2,800). Leisure & Hospitality Services gained 16,500 jobs due to increases in Accommodation & Food Services (12,700) and Arts, Entertainment & Recreation (3,800). Manufacturing grew by 13,900 jobs with gains in Durable Goods (11,700) and Nondurable Goods (2,200). Construction added 11,300 positions. Education & Health Services increased 10,600 with gains in Health Care & Social Assistance (8,400) and Educational Services (2,200). Trade, Transportation & Utilities rose 9,500 with gains in Wholesale Trade (4,700), Retail Trade (2,800) and Transportation & Utilities (2,000). Other Services gained 6,400 jobs. Financial Activities grew by 6,200 jobs with gains in Finance & Insurance (3,500) and Real Estate & Rental & Leasing (2,700). Information added 2,000 jobs.

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

² Data in NC Today and the following section is from the Current Employment Statistics, North Carolina Department of Commerce, available at <http://esesc23.esc.state.nc.us/d4/CesSelection.aspx>. January 2015 estimates are preliminary and subject to revision.

In the remaining two major industrial sectors, Government decreased by 1,700 jobs over the year due to losses in State Government (2,000) and Local Government (700) and a gain in Federal Government (1,000). Mining & Logging saw no change over the year.

REALIZED CAPITAL INVESTMENT

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

In 2014, a total of 563 unique Economic Development, Infrastructure and Other Project announcements were submitted to the CIR database. These project announcements accounted for approximately \$5.4 billion dollars in capital investment and 31,520 projected new jobs in the State of North Carolina. The largest manufacturing capital investment announcement in North Carolina during 2014 was made by DPx Holdings (Patheon) (\$159M in Pitt County), while the largest manufacturing job creation announcement was made by Alevo Inc. (2,500 jobs in Cabarrus County). The largest non-manufacturing capital investment project was Kings Mountain Energy Center (\$450M in Cleveland County) and the largest non-manufacturing job creation project was Sealed Air Corporation (1,262 jobs in Mecklenburg County).

Over half of the projects announced (53%) in 2014 were expansions and the remainder were new projects. Over the year, projects submitted to the CIR database included announcements for companies headquartered in 19 different countries. The countries with the highest number of projects were Germany (15), followed by the United Kingdom (9) and Japan (8). Approximately 70 percent of all the FDI projects announced were manufacturing projects.

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

MANUFACTURING CHANGES

Since the beginning of the 2007 national recession (December 2007), North Carolina has lost a net 79,500 Manufacturing jobs³. Although the recession officially ended in June 2009, North Carolina's Manufacturing employment bottomed out in February of 2010. Since then, Manufacturing experienced a gain of 28,500 jobs⁴.

Over the past year (January 2014 to January 2015), not seasonally adjusted Manufacturing employment grew by 14,700 jobs.

The following sectors in Manufacturing showed not seasonally adjusted over-the-year job increases:

³ Source: Current Employment Statistics, North Carolina Department of Commerce. January 2015 estimates are preliminary and are subject to revision.

⁴ Ibid.

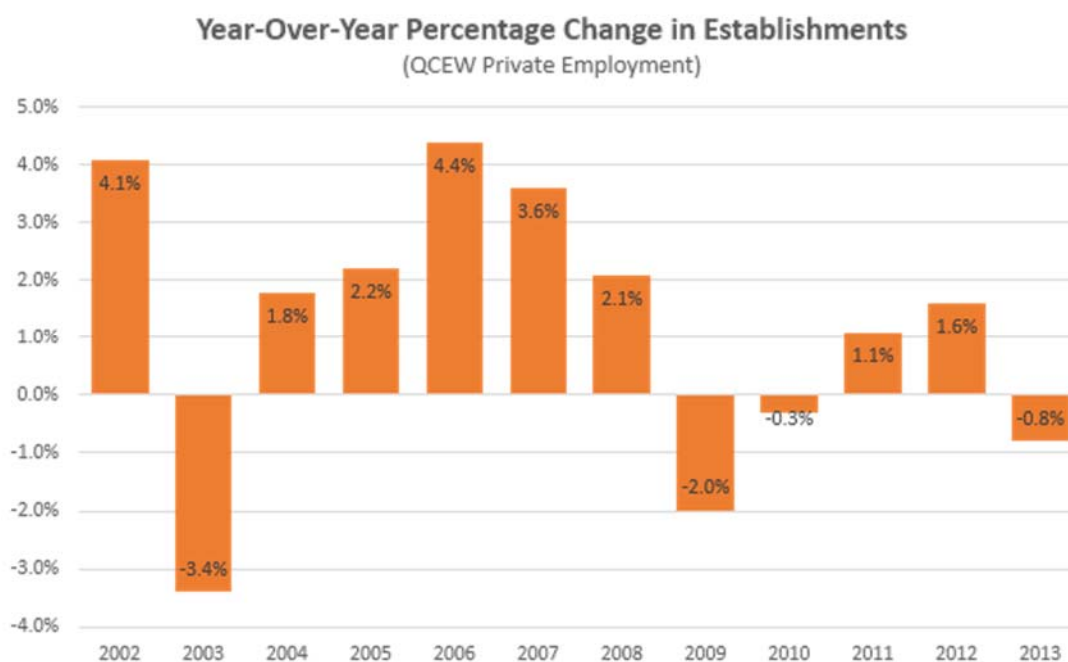
Transportation Equipment, 2,300; Fabricated Metal Product, 2,200; Plastics & Rubber Products, 1,500; Machinery, 1,200; Furniture & Related Product, 800; Wood Product, 800; Beverage & Tobacco Product, 700; Chemical, 700; Electrical Equipment, Appliance & Component, 500; Printing & Related Support Activities, 300; Computer & Electronic Product, 100; and Textile Product Mills, 100. Losses were reported in Food, 400; and Apparel, 200. Textile Mills reported no change.

Food remains North Carolina's leading sector in manufacturing employment at 50,900. Chemical follows with 42,500. (See [February's edition of NC Today](#) for additional analysis.)

NET FIRM CHANGE INDICATOR

A firm is a company that may have one or multiple work sites or establishments. In 2014, the [Information Technology and Innovation Foundation \(ITIF\)'s ranking of states](#) with the fastest growing firms ranked Massachusetts and California first and second in the nation, respectively. North Carolina ranked 21st in the nation, with 1.0 firms per 10,000 firms showing up on the Inc. 500 and Technology Fast 500 lists. The national average was 1.1 firms per 10,000.

The number of establishments in North Carolina grew from 246,400 to 248,400 from 2011 to 2013, an increase of 0.8 percent⁵. Establishment growth is generally a helpful indicator of business opportunities and macroeconomic conditions in the economy. The number of establishments tends to decline during recessionary periods, as indicated by the graph below. The average year-over-year change in establishments since 2002 is 1.2 percent, and North Carolina appears to be approaching that level based on the increases experienced in recent years.



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages

⁵ Bureau of Labor Statistics, Quarterly Census of Employment and Wages, available at <http://www.bls.gov/cew/>

The [U.S. Census Bureau's Statistics of U.S. Businesses \(SUSB\)](#) provides annual or static data including number of firms, number of establishments, employment, and annual payroll for most U.S. business establishments. The most recently available data is from 2012. 2011-2012 employment change (dynamic data) is also available, including the number of establishments and corresponding employment change for births, deaths, expansions, and contractions.

According to the Census, North Carolina had 167,077 firms, 217,404 establishments, and employment of 3,352,151 in 2012. In 2011, the state initially had 194,629 establishments and an employment of 3,284,096. During 2011 to 2012, there was a net change of 2,546 in establishments and 69,955 in employment; establishment births were 21,753 with an employment change of 152,380 while there were 19,207 establishment deaths and a -132,759 change in employment. There were 53,096 establishment expansions with an employment change of 317,246, and there were 50,174 establishment contractions with an employment change of -266,912.

STATUS AND PERFORMANCE OF KEY SECTORS

One of the most common ways to measure a state's overall economic performance or strength is to look at state gross domestic product (State GDP). In the years before the recession, the State experienced significant economic growth. In 2004, North Carolina's Real GDP was \$375.0 billion⁶. Real GDP grew to \$417.1 billion in 2007 before declining to \$409.5 billion in 2009. The state's economy has since recovered to pre-recessionary levels, totaling \$439.7 billion in 2013. Despite the decrease from 2007 to 2009 the State's Real GDP grew by 5.4 percent from 2007 to 2013, greater than the U.S. growth of 4.7 percent.

Real State GDP by Industrial Sector, 2012 –2013

(in millions of chained, 2009 dollars)

Industry	2012	2013	Change	% Change
All Industry Total	\$429,707	\$439,672	\$9,965	2.3%
Private Industries:				
Manufacturing	\$90,240	\$92,748	\$2,508	2.8%
Finance, insurance, real estate, rental, and leasing	\$79,264	\$82,138	\$2,874	3.6%
Professional and business services	\$47,312	\$47,240	-\$72	-0.2%
Educational services, health care, and social assistance	\$32,746	\$33,881	\$1,135	3.5%
Wholesale trade	\$22,973	\$23,586	\$613	2.7%
Retail trade	\$22,616	\$23,487	\$871	3.9%
Construction	\$15,337	\$15,264	-\$73	-0.5%
Arts, entertainment, recreation, accommodation, and food services	\$14,183	\$14,446	\$263	1.9%
Information	\$13,008	\$13,554	\$546	4.2%
Transportation and warehousing	\$9,525	\$9,736	\$211	2.2%
Utilities	\$7,347	\$8,028	\$681	9.3%
Agriculture, forestry, fishing, and hunting	\$3,888	\$4,493	\$605	15.6%
Mining	\$1,215	\$1,383	\$168	13.8%
Other services, except government	\$8,403	\$8,445	\$42	0.5%

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

⁶Bureau of Economic Analysis, available at <http://bea.gov/regional/index.htm>

From 2012 to 2013, State GDP grew by 2.3% in real terms as North Carolina continued recovering from the Great Recession and began a new period of economic expansion. The State's goods producers and service providers grew at comparable rates over the year. Goods production grew by 3.1% and was led by manufacturing—especially Durable goods (e.g. cars, appliances, etc.). Nondurable goods (e.g. chemicals, food, etc.) production also expanded over the year, partially rebounding from a 2012 decline. Private sector service providers grew by 2.8% over the year and were led by: Finance, insurance, and real estate; Educational services, health care, and social assistance; and Information. State GDP growth was constrained by a 1% decline in Government activities in 2013. Additional information on City, State and National GDP can be found on the BEA website at <http://bea.gov/regional/index.htm>.

RURAL BUSINESS DEVELOPMENT

The following table displays changes in employment and business establishments between North Carolina's urban and rural counties.⁷ 2014 third quarter employment grew slower in rural counties than in urban counties. Rural counties also experienced employment losses relative to 2008. A similar story is true of business establishments in rural counties, where they experienced establishment losses compared to gains in urban counties over the periods analyzed.

Private Employment and Establishments in Rural and Urban Counties

	Employment			Business Establishments		
	Employment in 2014 Q3	% Change Since 2013 Q3	% Change Since 2008 Q3	Establishments in 2014 Q3	% Change Since 2013 Q3	% Change Since 2008 Q3
Rural Counties	1,179,859	1.56%	-4.64%	94,935	-0.14%	-5.98%
Urban Counties	2,140,696	2.94%	2.87%	139,722	2.37%	0.50%
Total	3,320,555	2.44%	0.07%	234,657	1.34%	-2.23%

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

STATUS OF MINORITY OWNED BUSINESSES

The most recent data assessing statewide minority-owned business was made available by the Census Bureau's 2007 Survey of Business Owners (SBO), which is conducted every five years.⁸ Detailed findings are published on a rolling basis as statewide analyses are completed. In July 2010, North Carolina-specific information was released, indicating that over 130,000 firms are considered minority-owned; associated receipts amount to over \$16 million.⁹ Between 2002 and 2007, minority firms grew nearly three times faster than all North Carolina firms. Minority-owned firm receipts grew two times faster than all statewide firms.

⁷ For this report, rural counties are defined as the 85 non-urban counties (Alamance, Buncombe, Cabarrus, Catawba, Cumberland, Davidson, Durham, Forsyth, Gaston, Guilford, Mecklenburg, New Hanover, Orange, Rowan, and Wake).

⁸ 2012 Survey of Business Owners data releases are scheduled from June 2015 to December 2015.

⁹ <http://www.census.gov/econ/sbo/>

The N.C. Institute for Minority Economic Development also publishes relevant research, available at:
<http://www.ncimed.com/>

DEVELOPMENT CAPACITY

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

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

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

Action Item	Action Item Description	Status	Notes
I. TARGETED GROWTH CLUSTERS/BRANDING			
Goal: Identify key growth industries and develop brand strategy to maximize			
I. 1.	Identify and Target industries for jobs attraction and retention based on wage rate and projected growth statistics.		
I. 1.A	Identify at state and zone level, targeted industries within these ten clusters to attract, retain and expand.	In-Progress	Target cluster model has been revised to include new methodology and recent data. Target industries have been identified at the state level. A deeper dive on particular industries is underway.
I. 1.B	Develop a value proposition and a "Go to Market Plan" for each targeted cluster or area of emphasis.	In-Progress	EDPNC Board is working in conjunction with Business Recruitment, Marketing and Research divisions of EPDNC to develop value propositions and marketing plans. The Business Recruitment Committee meets monthly.
I. 2.	Develop a new statewide brand strategy for North Carolina.		
I. 2.A	Develop one specific overarching brand that serves as the main anchoring point on which all underlying products are based. Focus on "What North Carolina is known for."	In-Progress	BrandNC initiative underway. Case contest completed. RFP review complete.
I. 2.B	Develop another, complementary set of brands to differentiate the benefits or unique attributes of a particular industry, location, department or Prosperity Zone.	Planned Activities	Coordinate with existing agency for brand implementation into current marketing programs, to begin once state brand is finalized.
I. 2.C	Develop an integrated marketing plan to guide economic development plans and tactics.	Planned Activities	This rolls up under the marketing initiatives in I.1.B.
I. 3.	Maximize North Carolina's existing connections to global growth opportunities.		
I. 3.A	Expand export assistance to existing companies.	In-Progress	Identifying potential markets for new presence or increased presence.
I. 3.B	Aggressively attract foreign direct investment in targeted industries.	Planned Activities	Hire proactive business development team and continue to increase.
I. 3.C	Identify and leverage North Carolina's global corporate and educational connections to attract and grow jobs.	Planned Activities	Develop collateral to show to corporate and education leaders, then reach out to them for connections.
II. BUSINESS CLIMATE			
Goal: Create a competitive business climate that drives job growth, retention and			
II. 1.	Ensure that North Carolina's tax climate receives adequate and ongoing focus.		
II. 1. A.	Task the Department of Revenue to annually monitor, evaluate and report on North Carolina's tax climate and impact on taxpayers.	Planned Activities	NC DOR does not have capacity to complete on its own. Would need assistance with developing task force including multiple agencies.

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II. 1. B.	Pass legislation to require that future bills that propose material amendments to the North Carolina tax code include a fiscal note demonstrating how the change will affect North Carolina's national tax climate ranking.	Planned Activities	
II. 1. C.	Develop comprehensive marketing tools for economic developers that demonstrate the impact of North Carolina's tax climate on businesses relocating to North Carolina.	Planned Activities	
II. 2.	Continue to improve North Carolina's tax climate.		
II. 2. A.	Each legislative session, pass legislation to create additional competitive, pro-growth, fair reforms while maintaining adequate funding for state programs and not increasing the aggregate tax burden on the working poor and low-income individuals.	In-Progress	Aligns with NC Chamber's Vision 2030 Competitive Business Climate pillar which includes taxes, health care, workers' compensation, tort reform and the legal climate, regulatory environment, unemployment insurance, right-to-work status and government efficiency.
II. 3.	Continue to improve North Carolina's regulatory climate.		
II. 3. A.	Pass legislation to streamline redundant local, state and federal government regulations.	In-Progress	Aligns with NC Chamber's Vision 2030 Competitive Business Climate pillar which includes increasing regulator efficiency that balances job creation and environmental protection by creating a more streamlined and transparent rulemaking process.
II. 3. B.	Create a limited-duration, executive branch Office of Regulatory Reduction and Review, to be tasked with (i) analyzing and recommending the modification and repeal of redundant and outdated laws, regulations and bureaucracies and (ii) overseeing the execution of repeals passed by the state government.	Planned Activities	
II. 3. C.	Create and intergovernmental regulatory ombudsman that assists economic development projects with navigating all state and local regulations at the speed of business.	Planned Activities	Position is already statutorily created. NC DOC to evaluate and recommend ways to improve effectiveness in conjunction with EDPNC.

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II. 4.	Reduce the costs to North Carolina taxpayers for frivolous lawsuits brought against state infrastructure projects.		
II. 4. A.	Task the new Office of Regulatory Reduction and Review (or other appropriate position) to analyze the State Environmental Protection Act and provide recommendations to the General Assembly to mitigate frivolous lawsuits, enhance infrastructure development and reduce costs to North Carolina taxpayers.	Planned Activities	
II. 5.	Continue to improve North Carolina's legal climate.		
II. 5. A.	Reconvene the North Carolina Commission on Business Laws and the Economy to review the state's existing statutes and regulations related to the Business Corporation Act and Limited Liability Company Act and recommend amendments to the General Assembly.	Planned Activities	
II. 5. B.	Expand the North Carolina Business Courts: (i) Add Business Court judges and resources in Raleigh, Charlotte, Wilmington and Asheville, (ii) extend the term of appointments for Business Court judges, (iii) create the right to direct appeal of Business Court decisions to the NC Supreme Court and (iv) require shorter time for case disposition.	Complete	Senate Bill 853 (Business Court Modernization) was signed by the Governor. This bill modernizes the Business Court by making technical, clarifying, and administration changes to the procedures for complex business cases, to streamline the process of corporate reorganization utilizing holding companies, and to establish a Business Court Modernization Subcommittee of the Joint Legislative EDGE Oversight Committee.
II. 5. C.	To avoid effective lifetime appointments for judicial and quasijudicial positions, pass legislation to require that all such positions be classified as exempt employees, term appointments or popularly elected positions.	Planned Activities	
II. 6.	Enhance the state's discretionary economic development incentive programs.		
II. 6. A.	Enhance the "but for" requirement for the One North Carolina (One NC) and Job Development Investment Grant (JDIG) programs in order to maximize efficacy and utility.	Planned Activities	Review existing legislation as part of comprehensive review of internal incentives processes.
II. 6. B.	Expand funding availability for JDIG and One NC grant programs.	In-Progress	HB 117 passed; to be considered in Senate. SB 326 passed; to be considered in the

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II. 6. C.	Create a nimble "closing fund" for the executive branch to aggressively compete for critical, highly competitive projects.	In-Progress	Seek funding to use existing Site Infrastructure Development Fund (to be renamed Site Acceleration Fund) program to provide support for site acquisition and preparation for critical, highly competitive projects. HB 117 passed; to be considered in Senate.
II. 6. D.	Since the current tax credit model for the film industry sunsets on December 31, 2014, a new demand driven tax incentive model needs to be developed that focuses on positive return on investment for North Carolina.	In-Progress	Uncapped refundable tax credit sunset December 31, 2014. New \$10m grant program created and funded for six months through June 30, 2015. Governor's budget includes \$10m each year for next two years. Sec. Skvarla to convene LEAD to review analysis of economic impact of film.
III. INNOVATION AND ENTREPRENEURSHIP			
Goal: Promote innovation, attract early-stage investment and support entrepreneurs			
III. 1. Convert university innovation into jobs.			
III. 1. A.	To increase commercialization and collaboration, support a system for businesses and the external community to "look in" to university expertise, capabilities and technologies.	In-Progress	Recommendation of Governor's Innovation to Jobs (I2J) initiative: University Innovation Commercialization Program provides funding and process for technology proof of concept, validation, IP protection and early/mid-stage product development/production, commercialization and translation for technologies developed by NC universities and research not-for profits.
III. 1. B.	Evaluate the tech transfer and commercialization rewards at each public and private North Carolina University and provide legislative recommendations that incentivize long-term job creation over licensing.	In-Progress	Council for Commercializing University Innovations established to define best practices for innovation commercialization at NC universities, promote inter-university cooperation and standardization where possible and catalyze transformation in culture to encourage technology commercialization.
III. 1. C.	Incent/reward Universities for converting research to jobs.	In-Progress	Process to enable see III. 1. B. Resources to enable see III. 1. A.
III. 1. D.	Provide competitive proof-of-concept funding to assist campuses in moving promising technologies and strategies from theory into reality by facilitating proof-of-concept work.	In-Progress	See III. 1. A.

Action Item	Action Item Description	Status	Notes
III. 2. Create a new tax credit model to attract venture capital to North Carolina.			
III. 2. A.	Analyze a tax credit that will eliminate capital gains tax on founder's stock and angel investment.	Complete	OSTI worked with the OSBM to determine the fiscal impacts of an exemption from NC capital gains taxes on investments in NC-headquartered (i.e., sited) startups in NC
III. 2. B.	Review fiscal impact and legal implications of proposed credit and investigate the State of California's experience with a similar model.	Complete	In addition to the actionis outlined in III.2.A.,OSTI also investigated the experience of several other states that have smilar credits.
III. 3. Re-fund the One North Carolina Small Business Fund.			
III. 3. A.	Re-establish the One NC Small Business Fund to match federal awards for Phase 1 & II SBIR/STTRs.	In-Progress	Included in Governor's recommended budget to NC General Assembly. Proposes renaming to Small Business Innovation Commercialization Program.
III. 3. B.	Establish a quantitative assessment of impact of funds during a five-year period.	Planned Activities	Will evaluate after funding cycle complete.
III. 4. Streamline entrepreneurial resources.			
III. 4. A.	Conduct a thorough study of the state's small business development services that: (i) sets and compares economic impact across programs, (ii) identifies opportunities to consolidate services to reduce costs, competition, and customer confusion, and (iii) consolidates and increases promotion and awareness of business education programs that are proven effective.	Planned Activities	Determine how/who to conduct study.
III. 4. B.	Expand North Carolina's workforce development programs to include training for start-up and small business owners within all Prosperity Zones.	In-Progress	On March 2, 2015, the NCWorks Commission passed its final strategic plan that includes an action plan to accomplish the goals and objectives set out by the commission. One of these strategies is to better connect small business centers to NCWorks Career Centers.
III. 4. C.	Develop a customer-friendly, one-stop-shop of information and all state resources available that support entrepreneurship.	Planned Activities	
IV. TALENT AND RETIREE ATTRACTION			
Goal: Attract the creative class and retiree population to North Carolina.			
IV. 1. Establish North Carolina as the destination for creative talent.			
IV. 1. A.	Provide state-level economic development assistance/collaboration with urban centers to support talent attraction (e.g. Main Street program for urban regions).	Planned Activities	Part of the discussion leading up to the March 2015 NC Main Street Conference.

Action Item	Action Item Description	Status	Notes
IV. 1. B.	Require technology companies that receive state incentives for call centers/data center to open a local service/R&D office in-state.	Planned Activities	No legislation needed if included as part of recruitment/retention strategy instead of requirement associated with incentives.
IV. 1. C.	Align University and Community College curriculum offerings to meet the skills needs of the current market and of "next gen" businesses relevant to the strengths of each Prosperity Zone.	Planned Activities	
IV. 1. D.	Establish offices in key locations to market NC to talent and VC/PE firms.	Planned Activities	Allow EDPNC to determine best way to incorporate into business strategy -- may not include permanent office locations. Pending available funding.
IV. 1. E.	Build a best practice study for marketing NC regions to those cities.	Planned Activities	Pending available funding.
IV. 2.	Build a platform for retiree attraction and business creation.		
IV. 2. A.	Conduct an economic impact study to help inform policymakers about the costs and benefits of a vibrant senior population and identify talented segments.	Planned Activities	Conduct an economic impact study to help inform policymakers about the costs and benefits of a vibrant senior population and identify talented segments.
IV. 2. B.	Assign a responsible entity in state government for attracting, serving, and growing talent similarly to how NC serves businesses.	In-Progress	Use NCWorks to align resources and provide a common path.
IV. 2. C.	Develop a strategy for marketing NC to pre-retiree empty nesters and prodigal North Carolinians.	Planned Activities	Re-structure current Certified Retirement Communities legislation to be more inclusive of areas throughout the state. Implement marketing campaign tied in with other ED marketing efforts
IV. 2. D.	Identify existing communities with high potential to attract retirees and work with them to develop strategies for marketing and supporting their growth.	Planned Activities	Three new communities joined in 2014 and two in so far in 2015. Meeting between EDPNC and LEAD needed to identify communities that should be pitched to join new Certified Retirement Community program.
IV. 3.	Attract and retain highly skilled military retirees and returning veterans.		
IV. 3. A.	Identify and connect military occupations that meet existing skill demands with education programs to complete job training.	Complete	NCWorks Online provides this capability.
IV. 3. B.	Develop program to market and match job needs from employers across the state with existing military personnel with those skills.	In-Progress	Creating a new Veterans section within DWS to coordinate Veterans workforce programs and provide a single point of entry for employment. Using \$4.6M of de-obligated CDBG funds to provide support to targeted community colleges and local workforce development boards for enhanced training for at-risk Veterans.

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IV. 3. C.	Proactively attract retiring senior military officers that can bring defense-related military start-up and additional defense opportunities.	Planned Activities	Customize new retirement promotion materials for military audiences. Segment part of marketing efforts to that audience.
IV. 3. D.	Broker co-locating military workforce programs, especially those associated with the North Carolina National Guard, with existing workforce programs to expand opportunities and increase efficiencies.	In-Progress	Closely linked to Action Item IV. 3. B. With deobligated CDBG funds, Rural Division is working with DWS and NC Works towards paying for veteran training and programs at community colleges.

V. EDUCATION AND WORKFORCE DEVELOPMENT

Goal: Develop and retain a globally competitive workforce within the knowledge and Increase North Carolina's competitive advantage by further developing and enhancing

V. 1 Career and Technical Education (CTE) that provides students the skills to create, make and build things.

V. 1. A.	Target statewide resources to enhance programs and enrollment in critical career cluster areas that compliment key targeted growth industries including: STEM; Manufacturing; Information Technology; Health Science; Transportation, Distribution and Logistics; Agriculture; Food and Natural Resources; and Architecture and Engineering, and Construction.	Planned Activities	Aligned with Commission's Strategic Plan, Goal #3, Objective #2.
V. 1. B.	Increase the education pipeline, competency-based credentials, and work-based learning opportunities, including apprenticeships in the critical career cluster areas.	In-Progress	Aligned with Commission's Strategic Plan, Goal #3, Objective #4.
V. 1. C.	Recommend that the University of North Carolina, the North Carolina Community College System, the state's nonprofit postsecondary institutions and the State Board of Education work collaboratively to explore the pros/cons of a weighted quality point model that does not de incentivize high school students from taking CTE courses.	Planned Activities	
V. 1. D.	Incent more students to become career/college ready with both STEM general education competencies and CTE workplace competencies.	Planned Activities	

Action Item	Action Item Description	Status	Notes
V. 2.	Enhance, integrate and market North Carolina's education and workforce development programs, initiatives and resources to maximize economic development.		
V. 2. A.	Develop an integrated seamless system of education and workforce development programs, initiatives and resources. The system should be focused on the integration of business needs and worker preparation and include a comprehensive approach to career exploration, career development, education and job training that begins in middle school and continues through an individual's career path.	In-Progress	NC selected to participate in NGA Policy Academy on Aligning the Education and Training Pipeline to Meet the Needs of the Economy. NC will receive a grant of up to \$170,000 for ongoing technical assistance from the NGA Center for Best Practices, and will have the opportunity to meet with other states and national experts during the course of the two-year policy academy.
V. 2. B.	Create Regional Prosperity Councils in each of the eight Prosperity Zones. The Councils should be comprised of education, workforce development, economic development and business leaders. The Councils will focus on development of regional strategies that enhance services to individuals and employers through resource integration and collective planning.	Planned Activities	
V. 2. C.	Develop economic development strategies and effective marketing materials that emphasize North Carolina's education and workforce development programs and resources.	Planned Activities	Ties back to marketing initiatives in I. 1. B.
V. 3.	Invest in North Carolina's educational workforce.		
V. 3. A.	Recruit, retain and reward educators at all levels of education to maximize student outcomes.	Planned Activities	
V. 3. B.	Drive innovation in education through incentives that encourage continuous improvement and teamwork through job embedded professional development, career development and leadership training.	Planned Activities	
V. 3. C.	Align educational incentives with economic, workforce and educational targets and goals. Establish career pathways that reward teachers for teaching in critical need locations, servicing critical need student populations and teaching in targeted academic disciplines including high need STEM subject areas.	Planned Activities	

Action Item	Action Item Description	Status	Notes
V. 4.	Support appropriate policies that foster and enable the development and learning of children.		
V. 4. A.	Identify the costs associated with expanded access to public and private preschool education to eligible preschool-aged children at various levels of inclusion.	Planned Activities	
VI. RURAL PROSPERITY			
Goal: Spread prosperity, jobs and investment to the rural areas of the state.			
VI. 1.	Improve the infrastructure to rural communities.		
VI. 1. A.	Develop a long-term plan and incentives for "last mile" broadband connectivity.	In-Progress	Plan under development, but current activity contributing to action item is the BizConnect Broadband Grant Program which provides grants to cities, towns or villages to fund deployment of broadband connectivity to a business location unserved, or underserved, by necessary broadband connectivity. The purpose of this grant is to enable the business to create jobs. Grants in the amount of up to \$10,000 per job created will be offered. Deadline to submit an application is April 30, 2015. Awards will be made on May 15, 2015.
VI. 1. B.	Integrate rural needs including formulas, ports and rail competitiveness and highway market connectivity into the 25-year infrastructure plan.	In-Progress	Governor's 25-Year Transportation Plan specifically addresses connecting rural areas of the state, including ports and rail assets. NC DOC and NC DOT meeting monthly to discuss active economic development projects needing transportation support to provide comprehensive approach to infrastructure needs across the state.
VI. 2.	Realign Agriculture and Commerce efforts for rural job growth.		
VI. 2. A.	Realign state resources to incorporate and reprioritize agriculture economic development into statewide jobs initiatives.	In-Progress	Governor to issue Executive Order creating Food Processing Task Force to build on NC State study outlining feasibility of expanding the industry in the state.
VI. 2. B.	Develop a long-term growth strategy for domestic and international market development.	Planned Activities	
VI. 2. C.	Focus on recruitment and home grown development of food processing, seafood, energy and other agriculture value-added production.	In-Progress	Governor to issue Executive Order creating Food Processing Task Force to build on NC State study outlining feasibility of expanding the industry in the state.

Action Item	Action Item Description	Status	Notes
VI. 3.	Target rural-appropriate manufacturing for attraction and support.		
VI. 3. A.	Target manufacturing businesses and industries with higher-skilled, higher wage jobs and sustainable industries that can be successful in rural areas.	Planned Activities	Facilitated by EDPNC's completion of hiring for project management and business development positions.
VI. 3. B.	Develop strategies and outreach efforts to interest young people in careers in manufacturing.	Planned Activities	
VI. 4.	Support travel and tourism for rural communities.		
VI. 4. A.	Align travel and tourism strategies across all state resources.	In-Progress	Establish interagency marketing council that meets once per quarter.
VI. 4. B.	Create an inventory of rural tourism assets and a gap analysis of tourism infrastructure in rural communities and micropolitan regions.	Planned Activities	Nature-based tourism position (formerly funded by DENR) was cut. New funding for this position or some other positions needed.
VI. 4. C.	Market natural advantages and outdoor activity opportunities in rural areas.	Complete	Tourism now does this as part of its program.
VI. 5.	Create more capacity to assist rural development.		
VI. 5. A.	Expand the capacity to help rural communities, small towns and micropolitan regions to assess their economy, and to develop and implement strategies for growth.	Complete	Budget cuts necessitated eliminating 10 positions. Created the Economic Advancement & Planning program of the Rural Division to provide support to rural communities. Also provided \$750,000 in grants to local communities for local officials to participate in courses to build capacity.
VI. 5. B.	Develop rural community leadership programs to encourage local citizens to engage, invest and lead their communities to economic prosperity.	In-Progress	Supporting existing Rural Economic Development Institute (REDI) through providing instructional resources.
VII. COMMUNITY DEVELOPMENT			
Goal: Develop programs that provide local communities with the opportunity to			
VII. 1.	Develop tools that encourage local communities to invest in critical infrastructure for economic growth.		
VII. 1. A.	Develop a positive return, demand-driven Seed Capital Fund model for the purpose of providing loans to primarily rural/semi-rural communities for the development of business facility site that will assist in recruiting businesses.	Planned Activities	
VII. 1. B.	Realign the state's Community Development Block Grant programs with the state's other economic and community development grant programs in order to maximize resources and create one comprehensive strategic infrastructure investment strategy for the state.	In-Progress	NC General Assembly has divided CDBG resources and makes determination of where funding goes. NC DOC and NC DENR working on MOU regarding administration funds. NC DOC has implemented comprehensive approach to maximize effective and efficient use of limited infrastructure programs. Working to develop plan to prioritize strategic investments.

Action Item	Action Item Description	Status	Notes
VII. 1. C.	Provide communities with the opportunity to transform their natural assets into economic prosperity, create the appropriate legal framework to encourage safe and sustainable energy development, including the exploration and development of shale natural gas resources.	Planned Activities	
VII. 1. D.	Since the state historic rehabilitation tax credits are scheduled to sunset on December 31, 2014, a new demand-driven model for historic rehabilitation tax credits need to be developed that focuses on positive returns on investment for the State of North Carolina.	In-Progress	Governor announced support for Historic Rehabilitation Investment Program on April 23. See 2013-2022 State Historic Preservation Plan for more details.
VII. 1. E.	Recognize that quality of life is a vital component of economic and community development for North Carolina, continue to publicly invest and encourage local and private investment in the arts; museums; symphonies; historic downtowns, neighborhoods and sites; libraries; parks; green spaces; public spaces; clean air; clean water; the environment; adequate transportation; and diversity.	Planned Activities	
VII. 2.	Ensure that the state directs support to those communities most in need.		
VII. 2. A.	Develop and pass legislation to change the current county tier system to (i) maximize return on investment and (ii) make strategic county investments more streamlined and equitable, particularly for undeveloped areas located within a county that is overall ranked as a more prosperous county. Possible options should include an analysis of aligning the state's tier designations with HUD's entitlement designations.	In-Progress	Legislatively mandated study of tier system and appropriate measures of distress completed by NC DOC. Will present to NC General Assembly for further action.
VII. 3.	Ensure that communities have the technical expertise to take advantage of resources to maximize their effectiveness.		
VII. 3. A.	Initiate a programmatic review to determine the State's optimal programmatic support for the Main Street Program.	In-Progress	Program review will begin in October 2014, and will be part of the Community Planning offices review. Programs will collaborate. This conversation is continuing and is part of the conversation leading up to the NC Main Street Conference in March 2015.

Action Item	Action Item Description	Status	Notes
VII. 3. B.	Enhance successful programmatic sharing between the Prosperity Zones by reviewing programs to determine their effectiveness, return on investment and appropriateness for scaling to other communities.	Planned Activities	If Prosperity Zones are administrative, there would not be programs at this level.
VII. 3. C.	Continue to market the State's investment in arts, culture, and other creative industries and explore other ways to build North Carolina's creative economy.	Planned Activities	Initial conversations took place in 2014 about ways that DCR and Rural Division can work together.
VII. 3. D.	Develop community leadership programs that identify and train local individual leaders to grow and invest in the long-term success of their communities.	Planned Activities	
VIII. STRUCTURE (DELIVERY OF SERVICES) AND METRICS OF SUCCESS			
Goal: Streamline economic, workforce and community development functions and			
VIII. 1.	Develop a bold statewide approach to (i) coordinate the state's economic, workforce and community development efforts, (ii) maximize state resources, and (iii) provide high-quality customer service to citizens across the state.		
VIII. 1. A.	Clearly define the economic development roles and activities of the new Economic Development Partnership of North Carolina (EDPNC) and relevant state agencies.	Complete	Established in contract between EDPNC and NC DOC.
VIII. 1. B.	Utilize a TEAM concept between state agencies, EDPNC and local partners to deliver services to each Prosperity Zone in North Carolina.	In-Progress	See VIII. 1. C.
VIII. 1. C.	In each Prosperity Zone, co-locate, coordinate strategic planning and streamline customer service access to all state economic development resources, including business developers, tourism and marketing developers, community planners, DOT and other infrastructure planners, local DENR permitting officers, local government developers, community colleges, workforce officers, and veterans and National Guard workforce officers.	In-Progress	Prosperity Zone legislation requires DOT, DOC and DENR to have resources co-located in all 8 prosperity zones by January 2015. This is an unfunded mandate and geography and alignment complexities have presented challenges that are being reviewed by the agencies.
VIII. 1. D.	Recognize the uniqueness of each Prosperity Zone within the State of North Carolina and customize state services accordingly to avoid duplication of existing efforts.	Planned Activities	

Action Item	Action Item Description	Status	Notes
VIII. 1. E. Er	Enhance the relationships between state agencies, the EDPNC and local partners to take advantage of their strengths. Measure how the EDPNC activities produce outputs, and how their outputs produce meaningful economic outcomes.	Planned Activities	
VIII. 2.	Develop measures of success through conducting an annual review of metrics and a benchmarking of competitors.		
VIII. 2. A.	Focus on (i) greater emphasis on retaining and growing existing business; (ii) targeted recruiting of industry sectors; (iii) rural NC; (iv) net job growth; (v) average wage growth	Planned Activities	Facilitated by EDPNC's completion of hiring for project management and business development positions.
VIII. 2. B.	Measure outcomes that (i) result in more, better jobs where people live; (ii) monitor activities and outputs of public-private partnership; (iii) measure fiscal year expenditures and source of funds; (iv) measure outcomes meaningful to leadership and citizens; (v) measure net new jobs created	In-Progress	To be included in S127 or substitute.
VIII. 2. C.	Develop specific longitudinal and comparative metrics at the state, Prosperity Zone, county and industry level.	In-Progress	To be included in S127 or substitute.
VIII. 3.	Integrate Key Economic Indicators Dashboard and NC Today Report for the public to access.		