



## **NORTH CAROLINA ECONOMIC DEVELOPMENT BOARD**

### **2010 ANNUAL REPORT ON ECONOMIC DEVELOPMENT FOR THE STATE OF NORTH CAROLINA**

The North Carolina Economic Development Board oversees state economic development research and planning and makes policy recommendations to the Secretary of Commerce, the Governor and the General Assembly.

#### **BACKGROUND ON THE DEVELOPMENT OF THE 2009-2012 STATEWIDE ECONOMIC DEVELOPMENT STRATEGIC PLAN**

In 1994, the North Carolina Economic Development Board wrote its first state strategic plan, *Making North Carolina a High Performance State*. In July 1999, the Board released an updated strategic plan that:

- Highlighted the state's economic development accomplishments since 1994
- Reiterated ongoing needs outlined in the 1994 plan
- Introduced new strategies reflecting changes and trends in the North Carolina economy.

In 2001, the Board developed a new comprehensive strategic economic development plan that took innovative and strategic approaches to such issues as incentives, workforce development, and the development of science and future technologies. The Board unveiled its plan, *We Are Changing the Way We Do Business*, in October 2002 and worked to implement the plan, along with staff and advisors, through advocacy and accountability reviews with the state's economic development agencies. The 2002 strategic plan was updated in 2004, 2006, and again in 2007.

In 2009, Governor Perdue charged the Economic Development Board with creating a new strategic plan that built upon the work of the previous plans as well as new innovative economic development concepts. The most recent version of the plan, which covers 2009-2012, was approved by the Economic Development Board at the March 2010 meeting.

To formulate this new strategic plan, the Board created three 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 organized the committees to focus on three major areas of economic development in North Carolina, including:

- Global Economic Competitiveness
- Innovation, Technology, Education and Workforce
- Widely-Shared Prosperity

The 2009 – 2012 Statewide Economic Development Strategic Plan is focused on three overarching goals:

1. Create a world class, globally competitive economic and business development system that continually positions North Carolina for a sustainable and growing economy and creates a permanent competitive advantage.
2. Develop and promote North Carolina as a global leader in innovation and technology with a highly educated and qualified workforce.
3. Promote community and business development policies, programs, and services that seek to improve the prosperity of disadvantaged populations and communities across North Carolina.

## **2010 ANNUAL REPORT ON ECONOMIC DEVELOPMENT FOR THE STATE OF NORTH CAROLINA**

The Economic Development Board is required by G.S. 143B-434.01 to provide the General Assembly with an annual update on the implementation progress of the statewide strategic economic development plan and overview of the state's economic performance. The 2010 Annual Report on Economic Development for the State of North Carolina contains nine sections. The first outlines the implementation progress of the 2009 – 2012 Economic Development Strategic Plan.

The remaining eight sections provide data and analysis of key economic indicators.

- Net job change
- Realized capital investment
- Manufacturing changes
- Net firm change
- Status and performance of key sectors
- Demographic change and rural business development
- Status of minority-owned business
- Development capabilities

## 2009 – 2012 N.C. ECONOMIC DEVELOPMENT STRATEGIC PLAN & IMPLEMENTATION PLAN

The Implementation Plan outlines the specific actions, or plan of work, that the NC Economic Development Board intends to undertake in 2010 and 2011. These actions are necessary to implement the Board's statewide strategic plan for North Carolina's economic development.

The strategic plan consists of three long-term goals and fifteen objectives that outline the important components of these long-term goals. The implementation plan outlines specific actions that the Board and its staff will take in the next two years to accomplish these goals and objectives:

**Goal 1 – Global Economic Competitiveness:** Create a world class, globally competitive economic and business development system that continually positions North Carolina for a sustainable and growing economy and creates a permanent competitive advantage.

**Objective 1.1 - Business Competitiveness:** Establish an environment to enhance opportunities for measurable success and global competitiveness of established industries, entrepreneurs, small businesses, and relocated companies across the state in key emerging and existing industries to make North Carolina a premier business location.

**Objective 1.2 - Taxes and Incentives:** Establish and support a globally competitive tax policy and incentives portfolio that is fair and balanced and enhances North Carolina's economic development competitive advantages.

**Objective 1.3 - Targeted and Emerging Industries:** Identify, promote, and support key existing and emerging industry clusters to maximize North Carolina's globally competitive position.

**Objective 1.4 - Economic Development System and Structure:** Assess and capitalize on economic development infrastructure to foster better teamwork and ensure city, county, regional, state, and private sector organizations are properly aligned and coordinated to create a seamless delivery process.

**Objective 1.5 - Marketing and Branding:** Elevate North Carolina's global competitiveness and economic development position in the marketplace through the implementation of a coordinated marketing plan resulting in easy access to the economic development network.

**Goal 2 – Innovation, Technology, Education and Workforce:** Develop and promote North Carolina as a global leader in innovation and technology with a highly educated and qualified workforce.

**Objective 2.1 – Workforce Development:** Align workforce development and economic development resources and activities. Integrate planning and resource allocation among key education, workforce development, and economic development organizations aimed at making North Carolina's workforce globally competitive.

**Objective 2.2 - R&D and Innovation:** Increase the level of R&D and innovation, particularly by small businesses.

**Objective 2.3 – Capital:** Increase early-stage capital for innovation, particularly by small businesses.

**Objective 2.4 - Leadership:** Leverage North Carolina’s economic potential related to the green economy and position the State as a leader in green and other key industries where the State has a clear competitive advantage.

**Goal 3 - Widely Shared Prosperity:** Promote community and business development policies, programs, and services that seek to improve the prosperity of disadvantaged populations and communities across North Carolina.

**Objective 3.1 - Infrastructure Funding:** Support additional funding and identify flexible financing alternatives for broadband, water/sewer, and public transportation infrastructure in low resource communities.

**Objective 3.2 - Business & Community Development Capacity & Collaboration:** Improve the efficiency and effectiveness of business and community development service delivery in North Carolina through: 1) the promotion of knowledge-sharing and leadership capacity building at the local level; and 2) programmatic and statutory incentives designed to encourage regional collaboration and resource sharing.

**Objective 3.3 - Small Business Access to Capital & Technical Assistance:** Encourage the growth and development of small businesses by creating greater opportunities to access capital and technical assistance.

**Objective 3.4- Residential, Commercial & Industrial Development:** Improve the physical environment in disadvantaged communities by promoting: redevelopment of underused and vacant buildings; redevelopment of brownfield sites; new site development; and quality affordable housing.

**Objective 3.5 – Grow, Retain & Attract Skilled Workers:** Improve the ability of disadvantaged communities to retain and attract young, educated and skilled residents, and provide retraining for the existing workforce.

**Objective 3.6 - Business Incentives:** Establish and support community and economic development tools specifically designed to incent job creation and capital investment in disadvantaged communities through: new business startups; the expansion of existing companies; and the relocation of companies.

The implementation plan is a management tool. Its function is to:

- Drive a continuous strategic planning dynamic.
- Provide a snapshot of the Board’s progress and keep implementation of the plan on track.

Goal 1.0 Create a Globally-Competitive Business and Economic Development System							
Objective 1.1 <u>Business Competitiveness</u> : Establish an environment to enhance opportunities for measurable success and global competitiveness of established industries, entrepreneurs, small businesses, and relocated companies across the state in key emerging and existing industries to make North Carolina a premier business location.							
Actions		Lead/ Project Team	Expected Timeline	Status/ Correction	Required Resources	Results Measure	
1.1.	1	Develop a program to provide a purchasing matching program for NC companies	Commerce and Dept of Administration	1Q 2010	Complete	No fiscal impact	NC companies have more opportunities to receive state contracts
	2	Develop a legislative proposal to provide a purchasing preference for NC small businesses	Commerce and Dept of Administration	4Q 2010	Under Examination by DOA		
	3	Advocate for an alteration in the rules for businesses with minor environmental infractions that are eligible for tax credits in the 2010 Short Session.	Commerce, DENR, and Dept of Revenue	1Q and 2Q 2010	Complete; part of 2010 EDB legislative agenda		Statutory language was altered to better address major polluters & companies putting their employees & community at risk
	4	Improve the communication and services to NC’s businesses through improved coordination and access	EDB, Commerce, Small Business Commissioner				
	5	Develop a plan for NC’s economic development and international trade approach in Asia	Commerce and EDB	4Q 2010	Plan being drafted with input from China Council		
Objective 1.2 <u>Taxes and Incentives</u> : Establish and support a globally competitive tax policy and incentives portfolio that is fair and balanced and enhances North Carolina’s economic development competitive advantages.							
Actions		Lead/ Project Team	Expected Timeline	Status/ Correction	Required Resources	Results Measure	
1.2.	1	Develop a proposal to modify the film incentive in order to recruit more productions to NC	Commerce	1Q and 2Q 2010	Complete; Film credit was modified as part of Commerce’s 2010 legislative agenda		Credit was modified to make NC more competitive for film & TV productions
	2	Develop an incentive proposal to help get unemployed workers back to work for the 2010 Short Session.	Commerce, GO	1Q and 2Q 2010	Complete; Proposal was developed and included in the Governor’s budget		Small businesses allowed temporary 25% credit

3	Advocate for a one-year extension of the Article 3J tax credit in the 2010 Short Session.	EDB, Commerce, NCEDA	1Q and 2Q 2010	Complete; part of 2010 EDB legislative agenda		Credit was extended to 2013
4	Advocate for a \$10 million appropriation for the One NC Fund for the 2010 Short Session.	EDB, Commerce, NCEDA	1Q and 2Q 2010	Complete; part of 2010 EDB legislative agenda		\$12.5M was appropriated to enhance the ability of NC to support business expansion, recruitment, & job creation
5	Develop an incentive program to recruit and retain digital interactive media companies	Commerce, GO	1Q and 2Q 2010	Complete		NC has a tax credit program to help interactive digital media companies expand & relocate in the state
6	Review NC's incentive structure portfolio to determine if these policies are competitive regionally, nationally, and globally and make recommendations for any needed changes. <i>[To be completed in coordination with 1.2.7 and 3.6.1]</i>	EDB	2Q-4Q 2010	Underway; component of plan of work for Taxes and Incentives Task Force		
7	Develop recommendations to establish a tax structure that improves NC's competitiveness, lessens revenue volatility, balances individual, sales, and corporate taxes, reflect changes in the economic environment, and broadens the tax base and lowers rates to make NC more competitive with other tax structures regionally, nationally, and globally. <i>[To be completed in coordination with 1.2.6 and 3.6.1]</i>	EDB	2Q-4Q 2010	Underway; component of plan of work for Taxes and Incentives Task Force		
<b>Objective 1.3 Targeted and Emerging Industries: Identify, promote, and support key existing and emerging industry clusters to maximize North Carolina's globally competitive position.</b>						
<b>Actions</b>		<b>Lead/ Project Team</b>	<b>Expected Timeline</b>	<b>Status/ Correction</b>	<b>Required Resources</b>	<b>Results Measure</b>
1.3. 1	Identify current and emerging industry clusters to focus all facets of economic development to promote and support cluster development and growth and strengthen the supply chain in target industries. <i>[To be completed in coordination with 1.4.1 and 1.5.1]</i>	Commerce	2Q and 4Q 2010	Underway; component of plan of work for Targeting Task Force		
2	Develop a buyer-supplier database that identifies NC companies and the products they make to help match them with other NC companies	Commerce and UNC System		Development underway; buyer-supplier database was funded as part of Commerce		

				FY 10-11 budget		
<b>Objective 1.4 <u>Economic Development System and Structure:</u> Assess and capitalize on economic development infrastructure to foster better teamwork and ensure city, county, regional, state, and private sector organizations are properly aligned and coordinated to create a seamless delivery process.</b>						
<b>Actions</b>		<b>Lead/ Project Team</b>	<b>Expected Timeline</b>	<b>Status/ Correction</b>	<b>Required Resources</b>	<b>Results Measure</b>
1.4.	1	EDB		Component of plan of work for Targeting Task Force		
	2	Commerce, Partnerships, EDB	1Q and 2Q 2010	Complete; part of EDB 2010 legislative agenda		Partnerships appropriated \$5M (\$2.5M recurring) to support regional ED; \$875K for Commerce business recruiting & product marketing
<b>Objective 1.5 <u>Marketing and Branding:</u> Elevate North Carolina's global competitiveness and economic development position in the marketplace through the implementation of a coordinated marketing plan resulting in easy access to the economic development network.</b>						
<b>Actions</b>		<b>Lead/ Project Team</b>	<b>Expected Timeline</b>	<b>Status/ Correction</b>	<b>Required Resources</b>	<b>Results Measure</b>
1.5	1	EDB, Commerce		Component of plan of work for Targeting Task Force		
	2	EDB, Commerce	1Q and 2Q 2010	Complete; part of EDB 2010 legislative agenda		\$1M appropriated to market NC as a tourist destination
<b>Goal 2.0 Develop and promote North Carolina as a global leader in innovation and technology with a highly educated and qualified workforce</b>						
<b>Objective 2.1 <u>Workforce Development:</u> Align workforce development and economic development resources and activities. Integrate planning and resource allocation among key education, workforce development, and economic development organizations aimed at making North Carolina's workforce globally competitive.</b>						
<b>Actions</b>		<b>Lead/ Project Team</b>	<b>Expected Timeline</b>	<b>Status/ Correction</b>	<b>Required Resources</b>	<b>Results Measure</b>
2.1.	1	EDB, NCCCS, Commerce	1Q and 2Q 2011			

	workforce development. Capitalize the fund with multiple sources of funding.					
2	Establish a lead to promote seamless and efficient employment, education, and training opportunities to North Carolina citizens and employers. (This would include collaboration between boards and commissions responsible for planning, policy development and oversight of workforce development and economic development activities.)	EDB, Commerce	1Q and 2Q 2011			
3	Encourage the Department of Commerce to work with the Governor's Office to bring together all of the appropriate agencies that provide labor market and economic data sources to ensure that needs of citizens, employers and agencies are being met.	Commerce	1Q and 2Q 2011	Commerce to work with ESC		
<b>Objective 2.2 R&amp;D and Innovation: Increase the level of R&amp;D and innovation, particularly by small businesses.</b>						
<b>Actions</b>		<b>Lead/ Project Team</b>	<b>Expected Timeline</b>	<b>Status/ Correction</b>	<b>Required Resources</b>	<b>Results Measure</b>
2.2. 1	Advocate for a \$5 million appropriation for the NC Green Business Fund in the 2010 Short Session.	EDB, Commerce	1Q and 2Q 2010	Included in the EDB's recommendations but not included in final budget		ARRA funds used instead of state funds for GBF
2	Encourage the UNC system to expedite development of an electronic 'look-in' portal to enable companies and economic developers to review technology and determine faculty expertise for research and technology development.	EDB, UNC System	1Q 2011	Chairman Joines is taking the lead in discussion with President Bowles		
3	Study the effectiveness of the NC R&D tax credit and develop recommendations for changing the credit if necessary.	EDB and Innovation Council	2Q and 3Q 2010	Innovation Council studied credit and will make recommendations		Innovation Council reviewed the R&D tax credit as part of their recommendations
<b>Objective 2.3 Capital: Increase early-stage capital for innovation, particularly by small businesses.</b>						
<b>Actions</b>		<b>Lead/ Project Team</b>	<b>Expected Timeline</b>	<b>Status/ Correction</b>	<b>Required Resources</b>	<b>Results Measure</b>
2.3. 1	Advocate for (1) the sunset extension of the Qualified Business Venture tax credit; (2) the expansion of the credit for institutional investors, and (3) the extension or removal of the cap in the 2010 Short Session	EDB, Commerce	1Q-4Q 2010	Innovation Council is reviewing QBV and will make recommendations for further improvements		Credit was extended in 2010 session
2	Advocate for the creation of a Founder's Tax credit in the 2010 Short Session.	EDB, Commerce	1Q-4Q 2010	Innovation Council is reviewing the development of a Founder's Credit		

3	Advocate for a \$5 million appropriation for the One NC Small Business Fund in the 2010 Short Session.	EDB, Commerce	1Q and 2Q 2010	Complete; part of the EDB 2010 legislative agenda		\$1.5M to match federal grants to innovative/ competitive companies
4	Advocate for the creation of Life Sciences Development Corporation to assist life sciences companies in financing new manufacturing facilities, laboratories and other facilities in the 2010 Short Session.	EDB, Commerce				
5	Encourage study of creation of a seed investment fund to enable early stage development of university technology into commercially viable products.	EDB, Commerce	2011			
<b>Objective 2.4 Leadership: Leverage North Carolina's economic potential related to the green economy and position the State as a leader in green and other key industries where the State has a clear competitive advantage.</b>						
<b>Actions</b>		<b>Lead/ Project Team</b>	<b>Expected Timeline</b>	<b>Status/ Correction</b>	<b>Required Resources</b>	<b>Results Measure</b>
2.4. 1	Work with the Department of Commerce to increase markets for the export of green economy products and services based and manufactured in NC.	EDB, Commerce	2011			
2	Encourage the Department of Commerce, NGO, and universities to conduct supply chain research for key green economy industries that have been determined to have development potential and to identify existing industry that can be broadened to supply components to this supply chain.	EDB, Commerce, UNC System	2011			
3	Encourage focused support efforts to assist small start-up businesses within NC's six targeted 'green' energy sectors in capital formation, financial reporting, access to University R&D, workforce development. <i>[in coordination with 3.3.1]</i>	Commerce – Energy Office and Small Business	1Q and 2Q 2011			
<b>Goal 3.0 Improve the prosperity of disadvantaged populations and communities across North Carolina</b>						
<b>Objective 3.1 Infrastructure Funding: Support additional funding and identify flexible financing alternatives for broadband, water/sewer, and public transportation infrastructure in low resource communities</b>						
<b>Actions</b>		<b>Lead/ Project Team</b>	<b>Expected Timeline</b>	<b>Status/ Correction</b>	<b>Required Resources</b>	<b>Results Measure</b>
3.1. 1	Identify funding sources for infrastructure development in low resource communities. Project team will also focus on identifying strategies to incent regional infrastructure development.	EDB, IEI, NCACC, NCLM, Commerce	2Q-4Q 2010	Underway; component of plan of work for Infrastructure & Reg. Dev. Task Force		
2	Advocate for e-NC sunset extension or removal	EDB				

<b>Objective 3.2 <u>Business &amp; Community Development Capacity &amp; Collaboration:</u> Improve the efficiency and effectiveness of business and community development service delivery in North Carolina through: 1) the promotion of knowledge-sharing and leadership capacity building at the local level; and 2) programmatic and statutory incentives designed to encourage regional collaboration and resource sharing.</b>						
<b>Actions</b>		<b>Lead/ Project Team</b>	<b>Expected Timeline</b>	<b>Status/ Correction</b>	<b>Required Resources</b>	<b>Results Measure</b>
3.2. 1	Identify legislative or programmatic actions that can be taken to encourage regional and local cooperation, particularly around developing multi-jurisdictional industrial parks and infrastructure projects	EDB, Commerce, NCLM, NCACC	2011			
2	Evaluate the Regional Economic Development hub studies completed by NCSU and UNC-CH and develop recommendations that should be implemented in NC	EDB, Commerce, Logistics Task Force, NCACC, NCLM	2011			
3	Advocate for continued funding for NC Commerce community development programs	Commerce, EDB	1Q and 2Q 2010	Complete; \$1.5M was appropriated for the Main Street Solutions program		Funding was provided to support small business development and job creation in small, rural downtowns
4	Identify strategies to enhance leadership development and civic engagement in disadvantaged communities and identify any service gaps	EDB	2011			
<b>Objective 3.3 <u>Small Business Access to Capital &amp; Technical Assistance:</u> Encourage the growth and development of small businesses by creating greater opportunities to access capital and technical assistance.</b>						
<b>Actions</b>		<b>Lead/ Project Team</b>	<b>Expected Timeline</b>	<b>Status/ Correction</b>	<b>Required Resources</b>	<b>Results Measure</b>
3.3. 1	Commission a work group to analyze the feasibility and desirability of B-Corps and L3Cs as new corporate forms in North Carolina. If approved, develop implementation recommendations and draft legislation for the 2011 legislative session. <i>[To be completed in coordination with 2.4.3]</i>	EDB	2011			
<b>Objective 3.4 <u>Residential, Commercial &amp; Industrial Development:</u> Improve the physical environment in disadvantaged communities by promoting: redevelopment of underused and vacant buildings; redevelopment of brownfield sites; new site development; and quality affordable housing.</b>						
<b>Actions</b>		<b>Lead/ Project Team</b>	<b>Expected Timeline</b>	<b>Status/ Correction</b>	<b>Required Resources</b>	<b>Results Measure</b>
3.4. 1	Evaluate the effectiveness of existing physical environment tax credits (e.g. historic preservation, brownfields, affordable housing) and develop recommendations if applicable.	EDB, Commerce	2011			
2	Advocate for recurring funding for the Department of Commerce's and the NC Rural Center's building reuse programs.	EDB, Commerce	1Q and 2Q 2010	Complete; \$3.1M appropriated to		Strengthened the capacity of rural

				Rural Center		communities to compete for & attract new and expanding businesses
<b>Objective 3.5 <u>Grow, Retain &amp; Attract Skilled Workers</u>: Improve the ability of disadvantaged communities to retain and attract young, educated and skilled residents, and provide retraining for the existing workforce.</b>						
<b>Actions</b>		<b>Lead/ Project Team</b>	<b>Expected Timeline</b>	<b>Status/ Correction</b>	<b>Required Resources</b>	<b>Results Measure</b>
3.5. 1	Identify strategies to improve access to and the understanding of the state's various existing workforce development programs by disadvantaged communities.	EDB, Commerce	2010 and 2011			
2	Advocate for recurring funding for the NC Arts Council grant programs.	EDB	2011			
<b>Objective 3.6 <u>Business Incentives</u>: Establish and support community and economic development tools specifically designed to incent job creation and capital investment in disadvantaged communities through: new business startups; the expansion of existing companies; and the relocation of companies.</b>						
<b>Actions</b>		<b>Lead/ Project Team</b>	<b>Expected Timeline</b>	<b>Status/ Correction</b>	<b>Required Resources</b>	<b>Results Measure</b>
3.6. 1	Identify economic development tools that will incent job creation and capital investment in disadvantaged communities. Project team will also review the definition of "distressed" in North Carolina. <i>[To be completed in coordination with 1.2.6 and 1.2.7]</i>	EDB	3Q 2010	Underway; component of plan of work for Taxes and Incentives Task Force		
2	Advocate for recurring funding for the NC Community College System's customized training program.	EDB, Commerce	1Q and 2Q 2010	Complete		NCCCS got their funding at a recurring level with the EDB's support

## NET JOB CHANGE<sup>1</sup>

Net job change, also known as job flow, is the calculation of gross job losses subtracted from gross job gains that occur among all businesses. This section provides an overview of industry composition by sector<sup>2</sup> and region, according to the state, economic development partnership region, county, and micropolitan statistical area.

### NORTH CAROLINA LOST 1.5% OF WORKFORCE BETWEEN 2009 & 2010

Overall, North Carolina lost 1.5% of total employment between 2009 and 2010. Despite this loss, the overall composition of industry throughout the state remains. In 2010, the following sectors primarily account for North Carolina's industry:

- Health Care and Social Assistance (15%)
- Retail Trade (12%)
- Manufacturing (11%)
- Educational Services (11%)
- Accommodation and Food Services (9%)
- Public Administration (6%)
- Administrative and Support and Waste Management and Remediation Services (6%)
- Professional, Scientific, and Technical Services (5%)
- Construction (5%)
- Wholesale Trade (4%)
- Finance and Insurance (4%)
- Transportation and Warehousing (3%)

Sectors experiencing the most employment losses include Mining, Quarrying, and Oil and Gas Extraction (12% decrease), Construction (9% decrease), and Manufacturing (5% decrease).

### CHARLOTTE AND RESEARCH TRIANGLE REGIONS COMPRISE NEARLY HALF OF NORTH CAROLINA JOBS

Between 2009 and 2010, North Carolina's economic development partnership regions also maintained a similar employment ratio to the state. The Charlotte Partnership area comprises over a quarter of the state's employment, followed by the Research Triangle Regional Partnership region (23%), and the Piedmont Triad Partnership region (18%). AdvantageWest, North Carolina's Southeast, and North Carolina's Eastern Region each account for 10% of total state employment. North Carolina's Northeast accounts for 3% of the state's workforce. Among all the regions, the Northeast lost the greatest percentage of jobs between 2009 and 2010 (3% decrease). The Research Triangle and Eastern Region partnership regions lost the least amount of jobs (1% each).

### MECKLENBURG AND WAKE COUNTIES ACCOUNT FOR MORE THAN ONE-QUARTER OF NORTH CAROLINA JOBS

In both 2009 and 2010, the following counties had the highest number of jobs: Mecklenburg (14%), Wake (12%), Guilford (7%), Durham (5%), and Forsyth (5%). During the same time period, the following counties accounted for the fewest number of employees: Graham, Perquimans, Jones, Gates, and Tyrrell.

Mecklenburg's top employment industry, Health Care and Social Assistance, maintained relative stability between 2009 and 2010. However, the county's other top sectors (Retail Trade, Finance and Insurance,

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<sup>1</sup> Net Job Change Methodology: Workforce industry data was tabulated from the Employment Security Commission's (ESC) "Quarterly Census of Employment and Wages (QCEW)." At the time of this analysis, ESC had not yet published information for the fourth quarter of 2010. As a result, net job change analysis was accomplished by comparing the average of QCEW's average employment variable for the first three quarters of 2009 to the same time period for 2010. Appendices A through D outline specific industry sector changes according to various regions: state, economic development region, county, and micropolitan statistical area (MSA).

<sup>2</sup> According to the North American Industry Classification System, 2-Digit Code

Accommodation and Food Services) all experienced a 1% to 2% decrease. The region's fifth largest sector, Administrative and Support and Waste Management and Remediation Services, experienced a 6% increase.

Wake County's top industries experienced a mix of sector-specific workforce increases and decreases. Retail Trade, Public Administration, and Accommodation and Food Services experienced slight increases while Health Care and Social Assistance, Educational Services, and Professional, Scientific, and Technical Services experienced slight decreases. Durham County's second largest industry employer, Manufacturing, experienced a 4% decline in employment between 2009 and 2010.

### **THREE OF THE TOP METROPOLITAN STATISTICAL AREAS ACCOUNT FOR MORE THAN HALF OF NORTH CAROLINA JOBS**

The three metropolitan statistical areas (MSAs) that account for the greatest number of workforce positions are Charlotte-Gastonia-Rock Hill (26%), Raleigh-Cary (17%), and Greensboro-High Point (12%). Collectively, these particular areas experienced a 1% decrease in workforce between 2009 and 2010. The MSA of Charlotte-Gastonia-Rock Hill experienced a slight decrease to its primary industry of Health Care and Social Assistance, which makes up 12% of the region's overall workforce. At 12%, Retail Trade comprises the largest portion of the Raleigh-Cary MSA workforce. Greensboro's top industry is Manufacturing, which comprises 16% of the region's workforce; between 2009 and 2010, this area's industry declined by 3%.

Each of the following MSAs account for 2% of North Carolina's workforce: Rocky Mount, Burlington, Jacksonville, and Goldsboro. Between 2009 and 2010, Rock Mount and Burlington's industry positions decreased by 3%; Jacksonville increased 1%. The Professional, Scientific, and Technical Services workforce in Jacksonville grew 13% since 2009. Of all MSAs, Goldsboro experienced the greatest overall workforce decline (4% decrease). In 2010, Health Care and Social Assistance generated 20% of Goldsboro's jobs, but this sector has declined 11% since 2009.

## REALIZED CAPITAL INVESTMENT

The chart below contains job and investment announcements from January 1, 2010 to November 30, 2010. During this nearly two year period, over 56,000 jobs and over \$12.4 billion in investment were announced.\*\* The job creation figures are totals of *announced or planned jobs*, not actual hiring counts of workers.

2-1 North Carolina's Announced Jobs and Investment, 2009 - November 2010		
	Announced Jobs	Announced Investment
2009	31,210	\$6,589,968,120
2010	25,051	\$5,877,154,422
TOTAL	56,261	\$12,467,122,542

**Source:** The Community Investment Report (CIR) database of economic development announcement information for North Carolina measures capital investment and job creation by new and existing businesses in the state.

From January 2010 to November 2010, over 25,000 jobs and nearly \$6 billion in investment were announced [Table 2-2]. Most of the announced jobs in 2010 [through November] were concentrated in the Charlotte & RTP regions. These areas accounted for 59% (14,816) of the jobs announced. While the Piedmont Triad region accounted for 13% of jobs announced in 2010 [through November], the region accounted for 30% of the announced investment.

2-2 Announced Jobs and Investment by Region, January 2010 – November 2010		
Region	Announced Jobs	Announced Investment
Western Region	2,230	\$639,686,848
Charlotte Region	8,184	\$1,818,908,378
Eastern Region	1,988	\$42,947,500
Northeast Region	1,328	\$86,350,000
Southeast Region	1,505	\$150,811,000
Piedmont Triad Region	3,184	\$1,763,702,496
Research Triangle Region	6,632	\$1,374,748,200
North Carolina Total	25,051	\$5,877,154,422

**Source:** The Community Investment Report (CIR) database of economic development announcement information for North Carolina measures capital investment and job creation by new and existing businesses in the state.

\*\*The job creation figures are totals of announced or planned jobs, not actual hiring counts of workers. For reporting purposes, confidential data have been aggregated with publicly announced data to produce totals for capital investment and job creation. The Community Investment Report (CIR) database does not include every dollar of capital investment in North Carolina, but it is the most comprehensive source of announced economic development activity available. The data provide the Department of Commerce, as well as the entire economic development community, with a measure of the type and value of investment in the State.

## MANUFACTURING CHANGES

Manufacturing has long been a critical component of the state's economy. The state's manufacturing presence was once focused almost exclusively towards textiles, furniture, and tobacco. However, North Carolina's economy is transitioning from traditional labor-intensive industries to knowledge-based or service-related industries. Many of these knowledge-based industries such as aerospace and biotechnology are still reliant on manufacturing. These industries are now characterized as advanced manufacturing and require a workforce with additional skills and training. As such, manufacturing will continue to be a vital economic development target for North Carolina.

### MANUFACTURING SECTOR CONTINUES TO SHED JOBS; JOB LOSSES EXACERBATED BY THE RECESSION

Job loss in the manufacturing sector has garnered significant attention in recent years. However, the last five years have also negatively impacted much of the state's economy. Ten of the twenty industry sectors in the chart below have lost employment since 2005. Losing 137,154 jobs, manufacturing employment in North Carolina declined the most during the five year period; only construction experienced a larger percentage decline (-24% and -25%, respectively).

**3-1 North Carolina Employment by Industry Sector, 2005 & 2010**

Industry Sector	2005		2010		2005 - 2010	
	Employment	% of Total	Employment	% of Total	Total Change	% Change
Agriculture, forestry, fishing and hunting	29,289	0.91%	27,570	0.88%	-1,719	-6%
Mining	3,522	0.11%	3,577	0.11%	55	2%
Utilities	13,277	0.41%	12,379	0.40%	-898	-7%
Construction	233,351	7.22%	174,742	5.59%	-58,609	-25%
<b>Manufacturing</b>	<b>570,876</b>	<b>17.66%</b>	<b>433,722</b>	<b>13.87%</b>	<b>-137,154</b>	<b>-24%</b>
Wholesale trade	171,666	5.31%	166,656	5.33%	-5,010	-3%
Retail trade	447,271	13.84%	436,525	13.96%	-10,746	-2%
Transportation and warehousing	136,529	4.22%	121,453	3.88%	-15,076	-11%
Information	77,049	2.38%	69,736	2.23%	-7,313	-9%
Finance and insurance	143,012	4.42%	144,920	4.63%	1,908	1%
Real estate and rental and leasing	50,329	1.56%	49,895	1.60%	-434	-1%
Professional and technical services	160,809	4.98%	174,473	5.58%	13,664	8%
Management of companies and enterprises	63,594	1.97%	72,186	2.31%	8,592	14%
Administrative and waste services	225,571	6.98%	229,959	7.35%	4,388	2%
Educational services	51,235	1.59%	63,218	2.02%	11,983	23%
Health care and social assistance	397,468	12.30%	463,642	14.82%	66,174	17%
Arts, entertainment, and recreation	45,821	1.42%	54,124	1.73%	8,303	18%
Accommodation and food services	313,783	9.71%	338,232	10.81%	24,449	8%
Other services (except public administration)	97,609	3.02%	90,713	2.90%	-6,896	-7%
<b>Totals</b>	<b>3,232,061</b>	<b>100%</b>	<b>3,127,722</b>	<b>100%</b>	<b>-104,339</b>	<b>-3%</b>

Source: Economic Modeling Specialists, Inc. (EMSI)

While this time frame does include the Great Recession, some of the long standing trends related to manufacturing employment remain. Only three sectors lost employment between 2005 and 2007, and the manufacturing sector accounted for 87% of the state's gross employment loss during that time.

The recession has deeply impacted North Carolina's employment. From the start of the recession in December 2007 to December 2010, the state lost 272,800 nonfarm jobs or 6.5% of total nonfarm employment. Manufacturing continues to feel the effects of the recession. Between the start of the recession and December 2010, North Carolina lost 98,000 manufacturing jobs or 18.4% of the total nonfarm manufacturing employment. During this period manufacturing lost more jobs than any other industry [Table 3-2].<sup>3</sup> Although the losses experienced in the manufacturing sector have accelerated, the decline of the sector was occurring prior to the recession.

<b>3-2 North Carolina Nonfarm Employment Trends by Supersector, December 2007 - December 2010</b>		
<b>Sector</b>	<b>Start of Recession</b>	
	<b>Change</b>	<b>% Change</b>
Mining & Logging	-800	-11.6%
Construction	-85,300	-33.9%
<b>Manufacturing</b>	<b>-98,000</b>	<b>-18.4%</b>
Trade, Transportation, and Utilities	-69,600	-8.9%
Information	-800	-1.1%
Financial Activities	-12,200	-5.7%
Professional & Business Services	-21,400	-4.2%
Education & Health Services	18,400	3.5%
Leisure & Hospitality	-20,700	-5.1%
Other Services	-16,300	-9.3%
Government	33,900	4.9%
<b>TOTAL</b>	<b>-272,800</b>	<b>-6.5%</b>

Source: January 2011 Economic Overview, NC Department of Commerce, PRSP

#### **MANUFACTURING STILL CRITICAL PART OF STATE'S ECONOMY BUT EMPLOYMENT PROJECTED TO CONTINUE LONG TERM DECLINE**

While declining in employment, manufacturing in North Carolina is still a major component of the state's economy. In 2009, manufacturing accounted for \$65 billion of real state gross domestic product or 21% of all private industry GDP [Table 3-3].

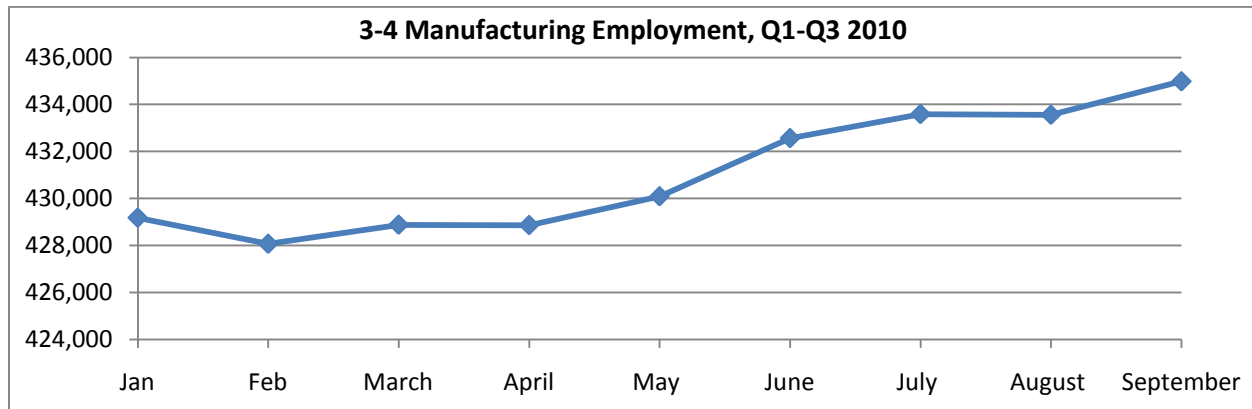
<b>3-3 Real State GDP, 2004, 2007, and 2009</b>			
<b>Industry</b>	<b>2004</b>	<b>2007</b>	<b>2009</b>
All industry total	\$335,997	\$377,636	\$360,573
Private industries	\$290,890	\$328,872	\$308,499
<b>Manufacturing</b>	<b>\$65,533</b>	<b>\$82,018</b>	<b>\$65,016</b>
Durable goods manufacturing	\$23,111	\$32,870	\$28,675
Nondurable goods manufacturing	\$42,422	\$49,136	\$36,558

Source: U.S. Department of Commerce, Bureau of Economic Analysis  
In millions of dollars (chained to 2005 dollars)

Manufacturing is the third largest private sector industry by employment size: Health care and social assistance (463,642), Retail trade (436,525), and Manufacturing (433,722) [See Table 3-1]. Through the first three quarters of 2010, manufacturing employment did see a slight increase with employment trending upward through the

<sup>3</sup> U.S. Bureau of Labor Statistics, Economy at a Glance, Nonfarm Wage and Salary Employment

year [Table 3-4]. While this growth is certainly encouraging—particularly given the weak recovery from the recession—it is not a signal of sustained increases in the manufacturing workforce into the future. Rather, projections of manufacturing employment in North Carolina for the next five years indicate that sector employment will likely decrease by approximately 25,000 jobs or 6% during this period.<sup>4</sup>



Source: N.C. Employment Security Commission, Labor Market Information

#### **MANUFACTURING WAGES HIGHER THAN AVERAGE PRIVATE SECTOR WAGES**

Manufacturing employment is widely considered a “quality job” primarily because of the associated wages. During the first three quarters of 2010, the average weekly wages for manufacturing were substantially higher than the average weekly wages for total private industry employment [Table 3-5].<sup>5</sup> This difference in wages points to another reason why manufacturing remains a viable economic development target.

<b>3-5 Average Weekly Wages, Quarters 1-3 2010</b>		
	Manufacturing	Total Private Industry
1 <sup>st</sup> Quarter	\$955	\$757
2 <sup>nd</sup> Quarter	\$949	\$756
3 <sup>rd</sup> Quarter	\$955	\$757

Source: NC ESC, Employment & Wages by NAICS

<sup>4</sup> Economic Modeling Specialists, Inc. (EMSI)

<sup>5</sup> NC Employment Security Commission, Employment and Wages by NAICS; only the first three quarters were available at time of publication.

## NET FIRM CHANGE<sup>6</sup>

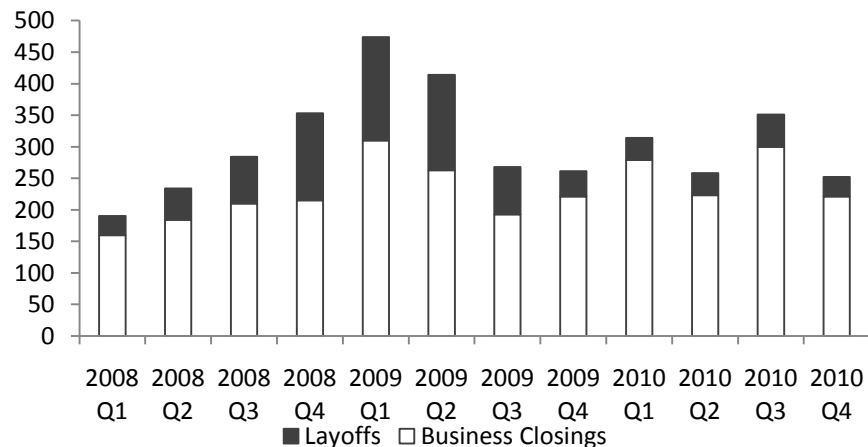
The data on net firm change suggest that the recession had a severe impact on firm growth. It is important to note, however, that the data sources “lag,” which means that the information presented in this section, though the latest available, is several years old. Data are compiled from disparate sources, depending on availability, which further leads to the incompleteness of the picture.

The data give a snapshot that indicates that the Great Recession, which started in December 2007, had a “peak” impact on firm closings and layoffs in early 2009; resulted in fewer business openings and more business closings in 2008 than 2007; and contributed to far less investment and job creation announcements across the economic development partnership regions in 2010 than 2009.

## FIRM CONTRACTIONS

The following table illustrates the dynamics of the change in the number of firms statewide including firm “deaths” or closings and layoffs or “contractions.” The first quarter of 2009 had the highest number of firm closings (310) and firms with layoffs (164) [Table 4-1]. First quarter 2010 had slightly fewer closings and layoffs than the same period in 2009, with 252 and 261 respectively.

**4-1 Announced Business Closings and Layoffs 2008-2010**



Source: NC Employment Security Commission, 2010

## FIRM OPENINGS AND CLOSINGS

The latest data available from the Small Business Administration on firm “births” (openings) and “deaths” (closings) is from 2008. Establishment openings and closings represented in the table below are calculated as annual business turnover for new and existing establishments, which can mean large or small firms. The data are seasonally adjusted which means they are not inflated by seasonal businesses.

<sup>6</sup> Net Firm Change Methodology: Announced investment and jobs tables were computed with data from the Community Investment Report. The change in number of firms by partnership region was calculated using 2008 U.S. Census Bureau, Statistics of U.S. Businesses, County Business Patterns data, <http://www.census.gov/econ/susb/>. Firm opening and closing data were computed from Small Business Administration, Office of Advocacy, Business Turnover by State, FY 2007-08, <http://www.sba.gov/advo/research/sbe.html>. Announced Business Closings and Layoffs data are from the NC Employment Security Commission, Labor Market Information, <http://eslmi23.esc.state.nc.us/masslayoff/>

#### 4-2 Quarterly Establishment Openings and Closings, FY 2006-FY 2008

Quarterly establishment openings			Quarterly establishment closings		
FY 2006	FY 2007	FY 2008	FY 2006	FY 2007	FY 2008
47,162	48,788	44,564	36,876	39,995	43,097

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Department of Labor

Table 4-2 shows the significant drop off in firm openings after the start of the recession in December 2007, with about 4,200 fewer firms established in 2008 than the previous year. The recession also brought along more firm closings: 3,100 more in 2008 than in 2007.

#### CHANGE IN THE NUMBER OF FIRMS<sup>7</sup>

The following table illustrates the change in the number of firms in North Carolina between 2007 and 2008, the last year data were available from the Census. Each region experienced losses due to the recession; the Southeast, Northeast and Western Region make up more of the losses relative to the total than other regions.

Change in the Number of Firms by Partnership Region, 2007-2008					
	2007	2008	Difference	2007 % of total	2008 % of total
Northeast Region	17,136	16,578	-558	4.29%	4.22%
RTP Region	84,258	83,466	-792	21.07%	21.24%
Eastern Region	37,930	37,112	-818	9.49%	9.45%
Charlotte Regional	99,704	98,680	-1024	24.93%	25.12%
Southeast Region	41,072	40,048	-1024	10.27%	10.19%
Western Region	52,618	51,440	-1178	13.16%	13.09%
Piedmont Triad Region	67,156	65,562	-1594	16.79%	16.69%
North Carolina Total	399,874	392,886	-6,988		

Source: County Business Patterns, 2008. U.S. Census Bureau, Statistics of U.S. Businesses

<sup>7</sup> Note: Relocation data is not included in this report because confidentiality issues are prohibitive.

## STATUS AND PERFORMANCE OF KEY SECTORS<sup>8</sup>

The recession that began in December 2007 took a toll on key sectors in the North Carolina economy. Especially hard hit were Construction; Manufacturing; and Trade, Transportation and Utilities. Federal Recovery Act spending created short term jobs in the Government sector, but in recent periods, this sector has contracted. Since the end of the recession, Professional and Business Services has been the largest contributor to growth.

### **DUE TO RECESSION, NORTH CAROLINA LOSES MORE NON FARM JOBS THAN IT GAINS**

Over the past twelve months the state gained 10,400 nonfarm payroll jobs. Professional and Business Services was the largest contributor to growth, accounting for over 60% of jobs added. But since the start of the recession, the state lost 272,800 non-farm jobs. Government and Education and Health Services were the only two sectors to have positive job growth for the period December 2007 to the present.

The recession negatively impacted almost every sector, indicating the breadth and depth of the crisis. Between December 2007 and December 2009, total nonfarm employment declined by 248,000 workers, or 5.9%. Manufacturing employment decreased by 95,500, or 17.9%.

The table below lists employment by industry as of January 2011. The percent change in employment by industry is listed next, showing severe contractions in Construction; Manufacturing; and Trade, Transportation and Utilities. The last column indicates the change in employment by industry for the period September 2010 through January 2011. With 7,600 jobs added, Professional and Business Services experienced the largest growth.

<b>5-1 Employment Trends by Industry January 2011</b> <i>Compared to Start of Recession and the Prior Four Month Period</i>					
Industry Sectors	Jan. 11 Employment	Since Start of Recession (12/07 - 01/11)		Last 4 Months (09/10 - 01/11)	
		Change	% Change	Change	% Change
Mining & Logging	5,700	(1,200)	-17.4%	(200)	-3.4%
Construction	165,800	(85,900)	-34.1%	(5,500)	-3.2%
Manufacturing	433,100	(99,300)	-18.7%	500	0.1%
Trade, Transportation, & Utilities	719,800	(60,300)	-7.7%	5,700	0.8%
Information	68,000	(4,200)	-5.8%	(3,200)	-4.5%
Financial Activities	202,100	(10,100)	-4.8%	2,800	1.4%
Professional & Business Services	489,000	(17,600)	-3.5%	7,600	1.6%
Education & Health Services	533,600	800	0.2%	(11,100)	-2.0%
Leisure & Hospitality	390,900	(14,200)	-3.5%	(3,000)	-0.8%
Other Services	156,900	(18,600)	-10.6%	(2,400)	-1.5%
Government	696,500	2,500	0.4%	(31,500)	-4.3%
<b>Total Nonfarm Employment</b>	<b>3,861,400</b>	<b>(308,100)</b>	<b>-7.4%</b>	<b>(40,300)</b>	<b>-1.0%</b>

Source: NC Employment Security Commission

<sup>8</sup> These data were compiled from the Department of Commerce *Monthly Economic Overview Reports*, December 2010 through February 2011. Data were sourced from the NC Employment Security Commission, Current Employment Statistics.

### **BUT EXPORTS ALSO LEAD GROWTH**

Despite the global recession and its impact on North Carolina's economy, exports continue to be one of the state's key drivers for economic growth. In 2010, North Carolina's exports grew in nearly every sector and export value surpassed the 2009 level.

North Carolina is currently the 17th largest state in the nation in value of exports. The total value of North Carolina's goods exported in 2010 was \$24.8 billion, a 14% increase over the previous year. U.S. exports rose 21% to \$1.28 trillion. The state's exports in 2010 have nearly returned to peak levels that were reached in 2008 (\$25.1 billion).

Most exported sectors grew, but the largest sector, Chemicals, did not. Chemical exports were down 14%, but remain approximately one-fifth of the state's overall exports. Machinery (except Electrical) exports grew 51% from 2009 and is the 2nd largest export sector in the state.

### **TRENDS IN THE STATUS AND PERFORMANCE OF KEY SECTORS**

Between February and March of 2010, the Manufacturing and Construction sectors grew -- an encouraging spurt of growth since the start of the recession in December 2007.

The departure of temporary Census 2010 workers from federal government payrolls led to significant job loss in the Government sector. In the early part of 2010, the Manufacturing sector experienced job growth for the third consecutive month -- even as this sector accounted for 35% of all job losses since the start of the recession.

In the later part of 2010, total non-farm employment increased and Professional and Business Services had the largest gains; of the 2,300 nonfarm payroll jobs gained, this sector accounted for nearly half of gross job growth. Construction and Leisure and Hospitality were the only sectors to lose jobs.

As of November 2010, the Construction sector had lost more than 81,000 jobs since the start of the recession. This amounts to 1 in 3 construction jobs that existed prior to the recession.

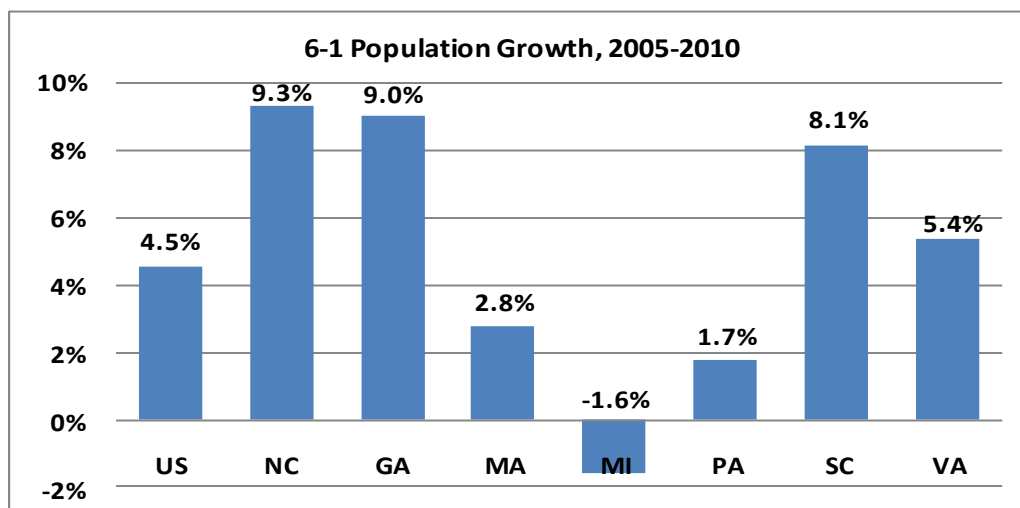
Additionally, as of November 2010, the year-to-date monthly average nonfarm employment was at 2001 levels.

## DEMOGRAPHIC CHANGES AND RURAL BUSINESS DEVELOPMENT

Changes in population have social and economic implications that influence business-location decisions, infrastructure demands, and service requirements. North Carolina's population experienced substantial growth over the past decade due to people moving to the state from other states or countries (positive net migration) but most of that growth has occurred in metropolitan areas of the state. Population growth is considered an indication of economic opportunity as people often move to regions where there are jobs.

### NORTH CAROLINA AMONG FASTEST GROWING STATES IN THE NATION

North Carolina is ranked as the 10th largest state in the country with a resident population total of 9,458,888. The state recorded the highest rate of growth (9.3%) among a set of comparison states during the five-year period ending in 2010 [Table 6-1]. During this period, the state's population growth rate was more than two times the national average.



Source: U.S. Census Bureau

Between 2000 and 2009, North Carolina's population increased by more than 817,000. Three components make up population growth: 1) natural growth - the excess of births over deaths; 2) in-migration - the movement of people from another state to North Carolina; and 3) immigration - the movement of people from outside the country to North Carolina.<sup>9</sup> The state's population growth during this time period is primarily (66%) due to net migration—50% of the growth is attributable to individuals moving to North Carolina from other states and 16% is attributable to immigration—meaning more people moved to North Carolina from outside than moved away from the state.

### POPULATION AND ECONOMIC GROWTH CONCENTRATED IN URBAN AREAS

From 2000 to 2009, most of the population growth was concentrated in more urban areas. The Charlotte and Research Triangle regions each experienced an increase in population of more than 445,000 people [Table 6-2]. These two regions accounted for 67% of the of the state's population growth (693,430 people). Net migration is the leading factor contributing to population growth in all regions except for the Eastern and Southeast Regions.

<sup>9</sup> Walden, Michael L. *North Carolina in the Connected Age: Challenges and Opportunities in a Globalizing Economy*. Chapel Hill, NC: University of North Carolina Press, 2008.

## 6-2 Population Change for NC Economic Development Regions, 2000-2009

Region	Population Change	% Natural Increase	% Net Migration
Advantage West	73,779	5.9%	94.1%
Charlotte Region	445,830	30.3%	69.7%
Eastern Region	71,443	78.9%	21.1%
Northeast Region	17,602	25.0%	75.0%
Southeast Region	117,745	51.6%	48.4%
Piedmont Triad Region	164,492	37.3%	62.7%
Research Triangle Region	456,625	29.7%	70.3%
North Carolina Total	1,347,516	34.0%	66.0%

Source: U.S. Census Bureau

The 2007 *State of the North Carolina Workforce* report noted that North Carolina's metropolitan areas attracted young, highly skilled workers while other areas of the state were unable to generate similar demand and were also losing skilled workers to areas outside of the state. This has led to geographic disparities where metropolitan regions experience significant increases in prosperity and economic growth while rural regions have often lagged behind their metropolitan counterparts. This condition is predicated on the industry mix, job supply, and cultural amenities concentrated in the more urban regions of the state.

The recession has furthered this trend and in some ways accelerated it. Rural areas have been hard hit by the economic recession. The long-term shift away from agriculture and the decline in manufacturing employment have provided the two greatest structural challenges facing rural economies. Urban counties outpace rural counties in measures of per capita income, educational attainment, and employment. Rural counties also have a higher percentage of their population over 65 years old, creating an age gap between metropolitan regions and rural areas.<sup>10</sup>

Recent Department of Commerce research supports the notion that job and industry growth is focused in metropolitan regions of the state. The Research Triangle and Charlotte Regions are projected to account for 53% of the state's projected employment growth over the next ten years. Metropolitan counties are expected to gain 674,000 jobs over the next ten years, whereas rural counties are only expected to gain 51,400 jobs.<sup>11</sup>

### METROPOLITAN AREAS EXPERIENCED THE MOST CLOSINGS AND LAYOFFS IN 2010

While industry and employment growth is concentrated in metropolitan areas of the state so too were closings and layoffs in 2010. In 2010, there were 1,024 closing and layoff events in North Carolina impacting over 24,800 workers.<sup>12</sup> Over 20,900 workers in metropolitan counties alone were impacted by closings and layoffs [Table 6-3].

<sup>10</sup> Morgan, Jonathan, William Lambe, and Allan Freyer. "Homegrown Responses to Economic Uncertainty in Rural America." Rural Sociological Society. 2009.

<sup>11</sup> A metro county is either a county that contains a Census defined urban area with a population of 50,000 or greater or is an adjacent county that is highly integrated with the urban area as measured by commuting data. A micro county is either a county that contains Census defined urban area with a population between 10,000 and 50,000 or is an adjacent county that is highly integrated with the urban area as measured by commuting data. Any county not defined as metropolitan or micropolitan is non-core/rural.

<sup>12</sup> These data are derived from a statewide survey of newspaper accounts of closings and layoffs, and from information supplied to the Employment Security Commission of North Carolina by the employing units experiencing the closings/layoffs. The data are not comprehensive and do not meet the Labor Market Information Division standards for accuracy. Staff in the Employment Security Commission neither analyze nor evaluate the accuracy of these reports. ESC does not have workers impacted data for every closing and layoff event.

<b>6-3 Closing and Layoff Events, 2010</b>		
	Workers Affected	Number of Events
Metropolitan Counties	20,962	917
Micropolitan Counties	3,088	217
Rural Noncore Counties	475	37

Source: N.C. Employment Security Commission, Announced Business Closings and Layoffs

## STATEWIDE 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 accomplished every five years. Detailed findings are published on a rolling basis as statewide analyses are accomplished. 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.<sup>13</sup> 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.

North Carolina								
Firm Type	Number of firms with or without paid employees, 2007 (number)	Receipts for firms with or without paid employees, 2007 (\$1,000)	Number of firms with or without paid employees, 2002 (number)	Receipts for firms with or without paid employees, 2002 (\$1,000)	Net change in number of firms with or without paid employees, 2002 to 2007 (number)	Net change in receipts for firms with or without paid employees, 2002 to 2007 (\$1,000)	Percent change in number of firms with or without paid employees, 2002 to 2007	Percent change in receipts for firms with or without paid employees, 2002 to 2007
<b>All Firms</b>	799,346	\$820,099,630	642,597	\$603,836,436	156,749	\$216,263,194	24.4%	35.8%
<b>Native American and Alaskan Natives</b>	8,047	\$1,089,381	5,971	\$589,918	2,076	\$499,463	34.8%	84.7%
<b>Asians</b>	20,280	\$6,173,785	13,695	\$3,505,641	6,585	\$2,668,144	48.1%	76.1%
<b>Black or African Americans</b>	83,880	\$5,422,371	52,122	\$3,549,176	31,758	\$1,873,195	60.9%	52.8%
<b>Hispanic</b>	21,277	\$4,183,273	9,043	\$1,789,068	12,234	\$2,394,205	135.3%	133.8%
<b>Native Hawaiian and Pacific Islanders</b>	451	\$35,122	191	\$13,073	260	\$22,049	136.1%	168.7%
<b>All Minority Firms</b>	131,826	\$16,371,562	79,303	\$9,363,646	52,523	\$7,007,916	66.2%	74.8%
<b>White</b>	659,433	\$293,263,193	552,072	\$223,598,568	107,361	\$69,664,625	19.4%	31.2%
<b>Women</b>	225,503	\$31,950,707	173,874	\$26,743,381	51,629	\$5,207,326	29.7%	19.5%
<b>Men</b>	421,534	\$242,301,114	377,276	\$188,356,601	44,258	\$53,944,513	11.7%	28.6%
Source: Census Bureau's 2007 Survey of Business Owners (SBO), available at <a href="http://www.ncimed.com/images/stories/docs/publications/2007_Preliminary_SBO_Survey_of_Business_Owners_by_Race_Gender_and_Ethnicity_-_State_of_North_Carolina.pdf">http://www.ncimed.com/images/stories/docs/publications/2007_Preliminary_SBO_Survey_of_Business_Owners_by_Race_Gender_and_Ethnicity_-_State_of_North_Carolina.pdf</a>								

<sup>13</sup> U.S. Census Bureau. "2007 Survey of Business Owners - Race, Gender, and Ethnicity - State of North Carolina." The Institute of Minority Economic Development, 13 July 2010. Web. [http://www.ncimed.com/images/stories/docs/publications/2007\\_Preliminary\\_SBO\\_Survey\\_of\\_Business\\_Owners\\_by\\_Race\\_Gender\\_and\\_Ethnicity\\_-\\_State\\_of\\_North\\_Carolina.pdf](http://www.ncimed.com/images/stories/docs/publications/2007_Preliminary_SBO_Survey_of_Business_Owners_by_Race_Gender_and_Ethnicity_-_State_of_North_Carolina.pdf).

## **DEVELOPMENT CAPABILITIES OF VARIOUS REGIONS**

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, including the Article 3J Tax Credits, to encourage economic activity in the less prosperous areas of the state.

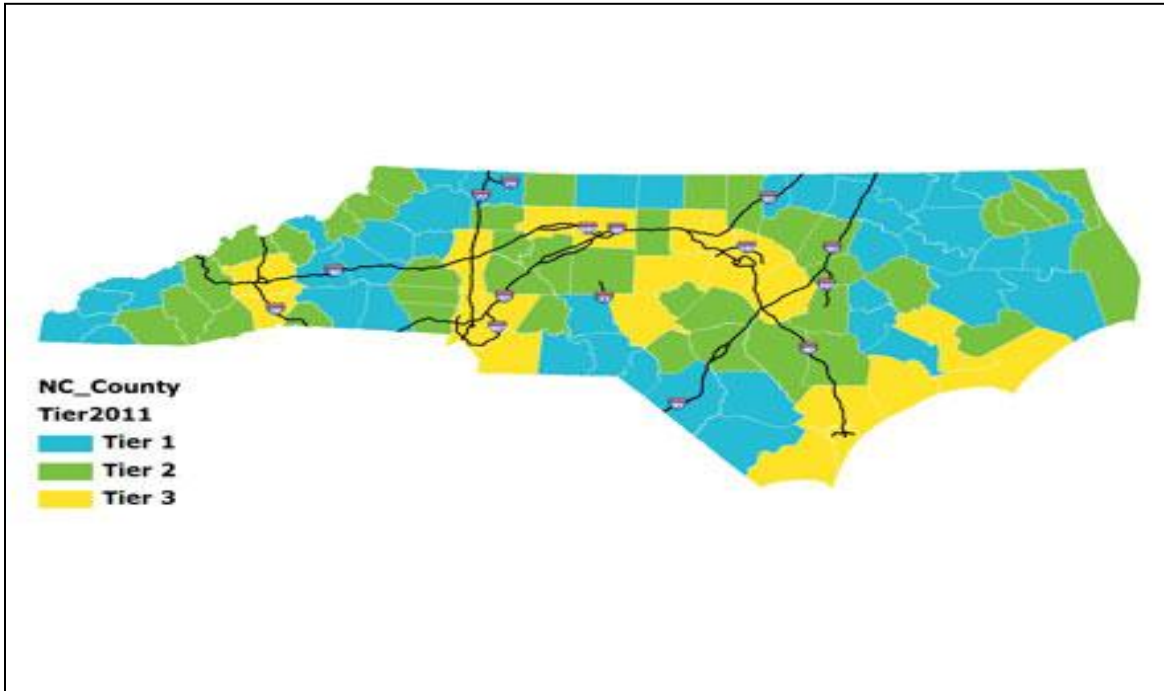
The tier rankings are based on economic criteria specifically required by statute (G.S. 143B-437.08) for the creation of a Development Factor. The Development Factor provides a methodology for including multiple criteria in quantifying and comparing the relative economic distress of counties. The statute defines the Development Factor as the sum of rankings across four economic criteria:

1. 12-Month Average Unemployment Rate – Counties are ranked by average rate of unemployment from lowest to highest, for the most recent 12 months for which data are available.
2. Median Household Income – Counties are ranked by median household income from highest to lowest, for the most recent 12 months for which data are available.
3. 36-Month Population Growth Rates – Counties are ranked by percentage growth in population from highest to lowest, for the most recent 36 months for which data are available. For the purposes of this section, population statistics do not include people incarcerated in federal or state prisons.
4. Per Capita Adjusted Assessed Property Value – Counties are ranked by adjusted assessed property value per capita as published by the Department of Public Instruction, from highest to lowest, for the most recent taxable year.

The 12-Month Average Unemployment Rate, Median Household Income, 36-Month Population Growth Rate, and Per Capita Adjusted Assessed Property Value are combined to create a county Development Factor. This measure uses equal weighting of all four criteria and represents the initial ordering of counties for tier designations. Then adjustments are made for low population counties as well as counties that have previously been designated as Tier 1.

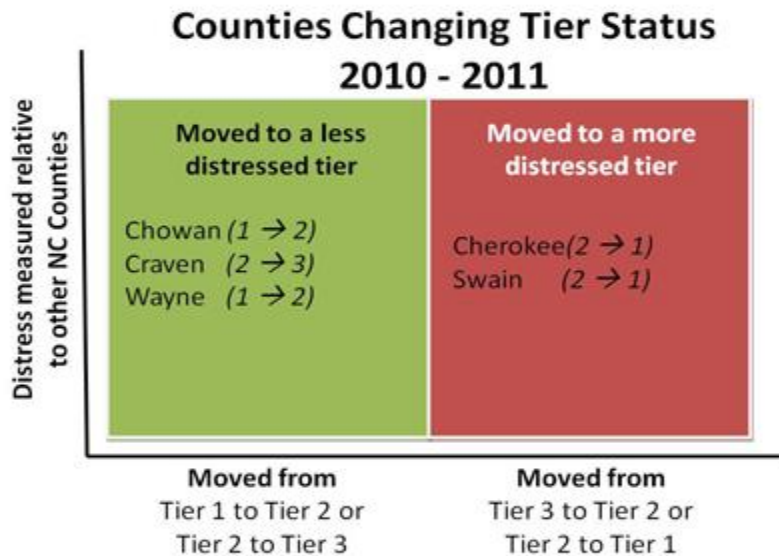
- Adjustments for Certain Small Counties—Regardless of the actual development factor, any county that has a population of less than 12,000 shall automatically be ranked one of the 40 highest counties, any county that has a population of less than 50,000 shall automatically be ranked one of the 80 highest counties, and any county that has a population of less than 50,000 and more than nineteen percent (19%) of its population below the federal poverty level according to the most recent federal decennial census shall automatically be ranked one of the 40 highest counties.
- Adjustment for Development Tier 1 Areas—Regardless of the actual development factor, a county designated as a development Tier 1 shall automatically be ranked one of the 40 highest counties until it has been a development Tier 1 area for at least two consecutive years.

## 2011 County Tier Designations



Source: N.C. Department of Commerce

Between 2010 and 2011, five counties changed tier designation status. Chowan, Craven, and Wayne counties moved to a less distressed status meaning their distressed level relative to other North Carolina counties improved. Conversely, Cherokee and Swain counties were identified as more distressed.



Source: N.C. Department of Commerce