



April 1, 2022

Dear Governor Cooper, Senator Berger, and Speaker Moore,

As the Secretary of the North Carolina Department of Commerce, it is my responsibility to develop the state's comprehensive strategic economic development plan, to review the plan on or before April 1 each year, and to evaluate the state's economic performance based on the key economic indicators outlined by statute.

The [First in Talent](#) plan, published on July 1, 2021, was the first strategic economic development plan released for the state since 2013. Over the course of the year, the Department unveiled the *First in Talent* plan to organizations statewide, soliciting partnership and action around the plan's three goals to prepare the state's workforce, businesses, and communities for economic success.

The Department's first actions were to prioritize the fourteen strategies in the plan and to establish tactics for implementing the objectives by convening partners, leading new initiatives, partnering with expert stakeholders, and advocating for policies to advance each priority. The attached First in Talent Annual Update highlights the prioritized tactics and new programs and initiatives established to deliver on our mission.

The 2022 Annual Evaluation of North Carolina's Economic Performance is enclosed for your review. The key indicators show that North Carolina's economy continues to improve with declining unemployment rates and a return of jobs once lost due to the pandemic. The Labor and Economic Analysis Division's [analytics site](#) includes dashboards with the state's current labor market information, unemployment insurance claim data, industry and occupation projections, and workforce service delivery data that support this analysis.

The *First in Talent* plan outlines the state's direction for the next three years, but it can only be accomplished through continued investments made by the General Assembly, partnership from public and private entities, and a shared vision for an economy that works for all people of this state.

Sincerely,

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

Secretary Machelle Baker Sanders
North Carolina Department of Commerce



First in Talent Annual Update

Moving forward together on the state economic development plan

On July 20, 2021, Secretary Sanders joined with state economic development leaders to announce the [First in Talent Plan](#). In the months to follow, Secretary Sanders and the Commerce Executive Leadership Team highlighted the state's plan, and its focus on talent, to audiences including the NC Economic Development Association, the NCWorks Commission, the NC Biotechnology Center, local chambers of commerce, economic development groups, universities and colleges, and businesses. In November 2021, *Site Selection* magazine ranked North Carolina first place in its annual [Business Climate Ranking for 2021](#), and pointed to the *First in Talent* plan as a differentiating factor that will likely contribute to North Carolina's 2022 ranking.

The First in Talent plan is organized around three key goals, one for each major audience: the workforce, businesses, and communities. Since the release of the state's new four-year plan, the NC Department of Commerce, in collaboration with partners, has identified year one priorities, sequenced the steps in the plan and organized around key tactics. Below is an update on that action.

Goals

1. Prepare North Carolina's **workforce** for career and entrepreneurial success.
2. Prepare North Carolina's **businesses** for success by growing and attracting a talented workforce.
3. Prepare **communities** across North Carolina to be more competitive in growing and attracting a talented workforce and businesses.

Leadership

Each of these goals and related audiences includes a series of strategies. To lead work within each group the NC Department of Commerce has delegated the following leadership.

1. Annie Izod, Executive Director, NC Works Commission, leading goal number 1, focused on the workforce
2. Susan Fleetwood, Executive Director of Economic Development, leading goal number 2, focused on businesses
3. Melody Adams, Director of Rural Grant Programs, leading goal number 3, focused on communities

Prioritization

Governor Cooper's mission statement is to create a North Carolina where people are better educated, where they're healthier, where they have more money in their pockets, and where they have the opportunity to live a more abundant and purposeful life. The First in Talent team prioritized strategies based on alignment to the Governor's mission statement, the impact on post pandemic recovery, feasibility of the strategy, and the Department's role in execution. Strategies that impact pandemic recovery were weighted more heavily and were identified as top priority.

Year One (FY21-22) Priorities

As a four-year plan, work will progress based on the priority level of the strategy or tactic. Over the course of the first year of the plan, the Department will lead, convene, partner, or advocate on initiatives aligned with the following summarized tactics.

1. Workforce-
 - a. Increase attainment of high-quality credentials. (Tactic 3.1 and 3.2)
 - b. Expand work-based learning. (Tactic 2.1, 2.2, 2.3, and 5.4)
 - c. Increase employment rates of those most impacted by the pandemic. (Tactic 3.4, 4.1)
2. Businesses-
 - a. Explore expanding business assistance services to focus on workplace and talent strategies, include key service industries and adopt technologies to enhance their operations. (Tactic 5.2, 5.3, 5.5)
 - b. Invest in key growth industries for expansion and job creation. (Tactic 8.2 and 8.3)
 - c. Improve support for women and minority owned businesses. (Tactic 7.1, 7.2, and 7.3)
3. Communities-
 - a. Invest in the infrastructure needed to attract and retain talent, including local building and site development and downtown revitalization. (Tactic 12.1, 12.2, 14.1)
 - b. Ensure digital inclusion for individuals and businesses. (Tactic 10.1, 10.2, 10.3)
 - c. Expand training and support of local leaders. (Tactic 13.1 and 13.2)

New Initiatives at Commerce

Partners across North Carolina are contributing to the talent development and strategic investments outlined in the *First in Talent* plan. The Department implemented several new programs that support the state's workforce, businesses, and communities. The list below is not

exhaustive. Rather, it highlights new initiatives underway that are aligned with the First in Talent plan goals and year one priorities that drive our path toward recovery and resiliency.

Workforce

- **Work-based Learning and the Navigator:** Businesses receiving state incentives are made aware of the state's work-based learning resources from the moment a project is announced. The Commerce communications team shares information about work-based learning resources, including the Navigator, to encourage businesses to access these resources to ensure a strong pipeline of talent. (Tactic 2.1)
- **NCcareers.org:** NCcareers was created to better inform and prepare NC's current and future workforce for high-skill, high-wage, in-demand jobs of today and the future. The comprehensive career information system provides data and resources in an engaging manner to help students and jobseekers make informed career decisions. Since inception, over 400,000 users have visited NCcareers.org. (Tactic 2.1)
- **NC Job Ready Workforce Investment Grants:** Grants were awarded to Local Area Workforce Development Boards to be used specifically for qualifying On-the-Job Training (OJT) or new employees and Incumbent Worker Training (IWT) for current employees of a relocating or expanding business as part of an economic development project seeking state incentives. (Tactic 3.1)
- **NC Workforce Credentials Council:** The Department, in collaboration with NC Community Colleges, NCDPI, the State Board of Education, and myFutureNC, formed the NC Workforce Credentials Council to determine and promote a list of non-degree credentials of value that are highly valued by employers. The next steps are to publicly announce the list and to consider the feasibility of enacting statewide policy that specifies which credentials count for high school credit. (Tactic 3.2)
- **COVID-19 Workforce Recovery, Reentry, and Substance Abuse Programming:** The Division of Workforce Solutions will leverage \$16 million in American Rescue Plan Act (ARPA) funding to develop work-based learning opportunities for populations experiencing barriers to employment due to covid-19, criminal history, or substance misuse. (Strategy 4)
- **Tight Labor Market Toolkit:** The Division of Workforce Solutions created a toolkit including business strategies to manage talent pool challenges during a tight labor market, including diversifying potential talent pools by hiring veterans, justice involved individuals, or workers with disabilities. (Tactic 4.1, 4.2, and 4.3)
- **National Governors' Association Workforce Innovation Grant:** North Carolina won a \$100,000 grant from NGA for technical assistance to help state teams ensure all individuals have the digital skills needed to participate in work, education, or training. This grant builds upon the Office of Digital Equity and Literacy's work to foster community partnerships. The state team includes representatives from Governors' offices, workforce development agencies, the state workforce board, and other state

agencies including the Department of Commerce. The team will work collaboratively toward a state vision for achieving digital equity and workforce achievement gaps by advancing digital skill development. (Tactic 4.1)

Businesses

- **Small Business Services Working Group:** The Department formed a business services working group, comprised of representatives from the EDPNC, the SBTDC, the NC Community College Small Business Center Network, the Office for Historically Underutilized Businesses, NCSU's Industry Expansion Solutions, and Family Forward NC. Members created an inventory of services currently provided to help small businesses improve their workplace environments, adopt internet-based technologies, and to assist key service industries. The next step is to promote best practices and to develop a toolkit. (5.2, 5.3 and 10.3)
- **Work-Based Learning Opportunities for North Carolina Small and Entrepreneurial Businesses:** The Division of Workforce Solutions will utilize \$10M from the American Rescue Plan to establish a three-year work-based learning program targeting small and micro businesses with fewer than 25 employees to bridge the gap for business retention and expansion with funding for work-based learning tools such as On-The-Job Training, Work Experience and Incumbent Worker Training. Currently, the state policy and most local board policies do not support work-based learning options for employers who: employ less than 20 employees; are of some industries; or are entrepreneurs. However, this represents the largest percentage of businesses in our state's economy – with manufacturing and hospitality being the most covid-impacted businesses. This initiative will specifically target gaps in service delivery. (Tactic 7.2)
- **HUB Vender Prioritization:** The Commerce Purchasing team launched a HUB training, awareness and utilization campaign that led to an increase in purchase orders issued to HUB vendors. For the fiscal year-to-date, more than 7% of the Department's eligible purchases were from HUB vendors, compared to just over 1% last year – an increase of 553%. (Tactic 7.3)
- **Semiconductor Policy Advocacy-** Secretary Sanders sent a letter to members of the North Carolina Congressional Delegation in support of fully funding the provisions authorized in the CHIPS Act by passing the U.S. Innovation and Competition Act (USICA). Passing the USICA or similar legislation would provide NC funds for research and development and offer federal incentives to semiconductor manufactures. Additionally, Governor Cooper joined 21 other bipartisan Governors in signing a letter to Congressional leadership supporting the CHIPS Act and the support provided in the Senate and House bill language to revitalize semiconductor production domestically. (Tactic 8.2)
- **Accelerating Life Science Manufacturing to Create Economic Resilience and Promote Equity in Distressed Communities:** A coalition led by the North Carolina Biotechnology Center (NCBiotech) submitted the grant proposal for the US EDA Build Back Better

Regional Challenge, aimed to further strengthen North Carolina's existing life science manufacturing cluster by expanding, connecting and promoting training and career opportunities to increase the proportion of workers in the industry from underrepresented communities and historically excluded populations, including racial minorities and women. These transformative efforts will accelerate the advancement of overall economic equity and resilience in our state in a growing and globally competitive industry. Additionally, the Department worked closely with two rural counties to support site readiness for two properties, preparing them for life science manufactures looking for places to grow or expand. (Tactic 8.2)

- **Clean Energy Investments:** The Department hired an Assistant Secretary for Clean Energy Economic Development to lead the state's clean energy economic development strategy. The position represents the state in the Southeast and Mid-Atlantic Regional Transformational Partnership for Offshore Wind Energy Resources (SMART-POWER), a partnership between the Governors of NC, VA and MD with the goal to advance offshore wind projects in the region and promote NC as the hub for offshore wind energy and industry. Per Governor Cooper's Executive Order 218, the Department established the NC Taskforce for Offshore Wind Economic Resource Strategies (NC TOWERS) to advance NC's offshore wind energy projects, economic development and job creation. (Tactic 8.3)
 - **Toyota selected North Carolina's Greensboro-Randolph Megasite in Randolph County for a major new manufacturing site to produce batteries for electric cars,** and will invest at least \$1.29 billion, creating at least 1,761 new jobs.

Communities

- **Rural Investments:** The Rural Economic Development Division (REDD) awarded over \$70 million to local communities, supporting more than 100 economic development projects throughout the state through the various grant programs it manages. REDD activities are firmly committed to delivering impactful programs that help transform rural communities, the very essence of the First in Talent strategy to foster local leadership and expertise needed to build vibrant communities that attract talented businesses and workers. (Tactic 13.1 and 13.2)
- **Reimagine North Carolina's Prosperity Zones:** On behalf of the Department, graduate students from Duke's Sanford School of Public Policy are researching the value of prosperity zones as a method for improving collaboration and cooperation across agencies and regions. (Tactic 14.2)



2022 Annual Evaluation of North Carolina Economic Performance

Pursuant to [G.S. 143B-434.01](#), the Department of Commerce annually reports on the state's Comprehensive Strategic Economic Development Plan and evaluates North Carolina's economic performance. This report evaluates key economic indicators as outlined by statute.

DATA TOOLS FOR ECONOMIC ANALYSIS

[G.S. 143B-434.01\(k\)](#) calls for analysis of the eight data points listed below. Technical tools developed by the agency, such as 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:

- [Demand Driven Data Delivery System](#) (D4) is North Carolina's official labor market data source and contains the most current and historical labor market information available at the statewide, regional, and local levels.
- [Analytics.nccommerce.com](#) is a repository of dashboards including labor supply and demand, industry and occupational projections, regional labor market overviews and other visualizations.
- [NCcareers.org](#) is an online resource for students, parents, educators, job seekers and career counselors looking for high quality job and career information. Within NCcareers.org, users can identify their skills/interests; explore occupations and local job/employer needs; identify education and training opportunities and prepare to enter/re-enter the job market.
- [Tools.nccareers.org](#) contains a wealth of labor market information related to careers and education including detailed information on occupational ratings, job duties, educational outcomes, wages, employment outlook, and more.
- [NC Today](#) is a monthly review of labor market conditions in North Carolina on various aspects of the economy. Topics include employment and unemployment statistics, unemployment insurance benefit claims, retail sales, residential building permits, manufacturing hours worked, and other economic indicators.
- [Labor Market 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.
- [NCWorks 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.

ANALYSIS OF KEY ECONOMIC INDICATORS

REALIZED CAPITAL INVESTMENT

The NC Community Investment Report (CIR) is a tool that collects and analyzes project-level data from across North Carolina to measure economic development activity. CIR relies on partners across the state to report projects and does not necessarily capture every announced job or dollar invested in the state.

In 2021, North Carolina's economic development community reported 249 economic development projects across the state. Reported projects contributed a total of 27,839 announced jobs and \$10.79 billion in announced investment. The state's largest manufacturing capital investment project in 2021 was undertaken by FUJIFILM Diosynth Biotechnologies (\$2 billion in Wake County). The state's largest manufacturing job creation project was Toyota (1,750 jobs in Randolph County). The largest non-manufacturing capital investment project was Apple (\$552 million in Wake County) and the largest non-manufacturing job creation announcements was also Apple (3,000 jobs in Wake County).

Consistent with past years, there were more manufacturing projects in 2021 than any other project type. Manufacturing projects accounted for 53 percent of total announced jobs and 81 percent of total announced investment.

In 2021, 51 Foreign Direct Investment (FDI) projects from 19 different countries announced 5,673 announced jobs and more than \$4.63 billion in investment in North Carolina. Companies from Japan announced the most jobs (2,519). Companies from Japan also announced the most investment (\$3.32 billion).

NET JOB CHANGE

Net job change is the difference in employment level between two points in time. According to the Current Employment Statistics (CES) program, North Carolina's seasonally adjusted total nonfarm employment increased by 166,500 (3.7%) from January 2021 to January 2022.

All major industry sectors reported seasonally adjusted job increases over the year, with Leisure and Hospitality (11.5%), Information (7.2%), Professional and Business Services (5.7%), Financial Activities (4.3%), Other Services (3.7%), and Government (2.9%) experiencing the largest percentage gains. The only industries with employment decreases were Management of Companies and Enterprises (-2.8%) and Nondurable Goods Manufacturing (-0.6%). Mining and Logging employment was flat.

Net Job Change by Industry <i>NC Dept. of Commerce, Current Employment Statistics, Seasonally Adjusted</i>				
Industry	January 2021	January 2022*	Change	% Change
Trade, Transportation, and Utilities	885,800	898,200	12,400	1.4%
Wholesale Trade	185,300	193,400	8,100	4.4%
Retail trade	510,800	513,400	2,600	0.5%
Transportation, Warehousing, and Utilities	189,700	191,400	1,700	0.9%
Government	694,500	714,800	20,300	2.9%
Federal	75,700	76,500	800	1.1%
State Government	192,400	200,000	7,600	4.0%
Local Government	426,400	438,300	11,900	2.8%
Professional and Business Services	657,100	694,400	37,300	5.7%
Professional, Scientific, and Technical	276,300	301,500	25,200	9.1%
Management of Companies and Enterprises	77,500	75,300	-2,200	-2.8%
Administrative and Waste Services	303,300	317,600	14,300	4.7%
Education and Health Services	625,200	635,600	10,400	1.7%
Educational Services	92,500	99,100	6,600	7.1%
Health Care and Social Assistance	532,700	536,500	3,800	0.7%
Leisure and Hospitality	433,000	482,600	49,600	11.5%
Arts, Entertainment, and Recreation	57,700	67,000	9,300	16.1%
Accommodation and Food Services	375,300	415,600	40,300	10.7%
Manufacturing	458,500	465,800	7,300	1.6%
Durable Goods	246,300	254,800	8,500	3.5%
Nondurable Goods	212,200	211,000	-1,200	-0.6%
Financial Activities	266,100	277,600	11,500	4.3%
Finance and Insurance	204,400	212,900	8,500	4.2%
Real Estate and Rental and Leasing	61,700	64,700	3,000	4.9%
Construction	235,400	241,900	6,500	2.8%
Other Services	158,100	163,900	5,800	3.7%
Information	74,500	79,900	5,400	7.2%
Mining and Logging	5,500	5,500	0	0.0%
TOTAL (Nonfarm)	4,493,700	4,660,200	166,500	3.7%
TOTAL (Private)	3,799,200	3,945,400	146,200	3.8%

*January 2022 data are preliminary and subject to revision.

MANUFACTURING CHANGES

Since the beginning of the 2007 national recession (Dec. 2007), North Carolina has lost a net 67,300 Manufacturing jobs. Although the recession officially ended in June 2009, the state's Manufacturing jobs bottomed out in February 2010. From February 2010 through 2019, Manufacturing jobs increased steadily in the state, before plummeting in April 2020. Since then, Manufacturing has regained 39,800 jobs.



Over the past year (January 2021 to January 2022), not seasonally adjusted Manufacturing jobs increased by 8,200 (1.8%). Most Manufacturing industries had net increases over the year with the exception of Apparel (-5.6%), Food (-5.5%), and Chemical Manufacturing (-0.5%). Printing and Related Support Activities as well as Textile Product Mills employment was flat.

Manufacturing Jobs by Industry NC Dept. of Commerce, Current Employment Statistics, Not Seasonally Adjusted				
Industry	January 2021	January 2022*	Change	% Change
Manufacturing	457,300	465,500	8,200	1.8%
Food	58,200	55,000	-3,200	-5.5%
Chemical	42,500	42,300	-200	-0.5%
Fabricated Metal Product	35,900	37,000	1,100	3.1%
Machinery	34,700	36,400	1,700	4.9%
Transportation Equipment	33,700	35,600	1,900	5.6%
Furniture and Related Product	33,700	34,500	800	2.4%
Plastics and Rubber Products	33,700	35,100	1,400	4.2%
Computer and Electronic Product	31,600	33,300	1,700	5.4%
Textile Mills	24,300	24,400	100	0.4%
Electrical Equipment, Appliance, and Component	21,400	22,600	1,200	5.6%
Wood Product	18,100	18,600	500	2.8%
Beverage and Tobacco Product	12,100	13,400	1,300	10.7%
Printing and Related Support Activities	11,300	11,300	0	0.0%
Apparel	5,400	5,100	-300	-5.6%
Textile Product Mills	5,300	5,300	0	0.0%

*January 2022 data are preliminary and subject to revision.

FIRM AND ESTABLISHMENT CHANGES

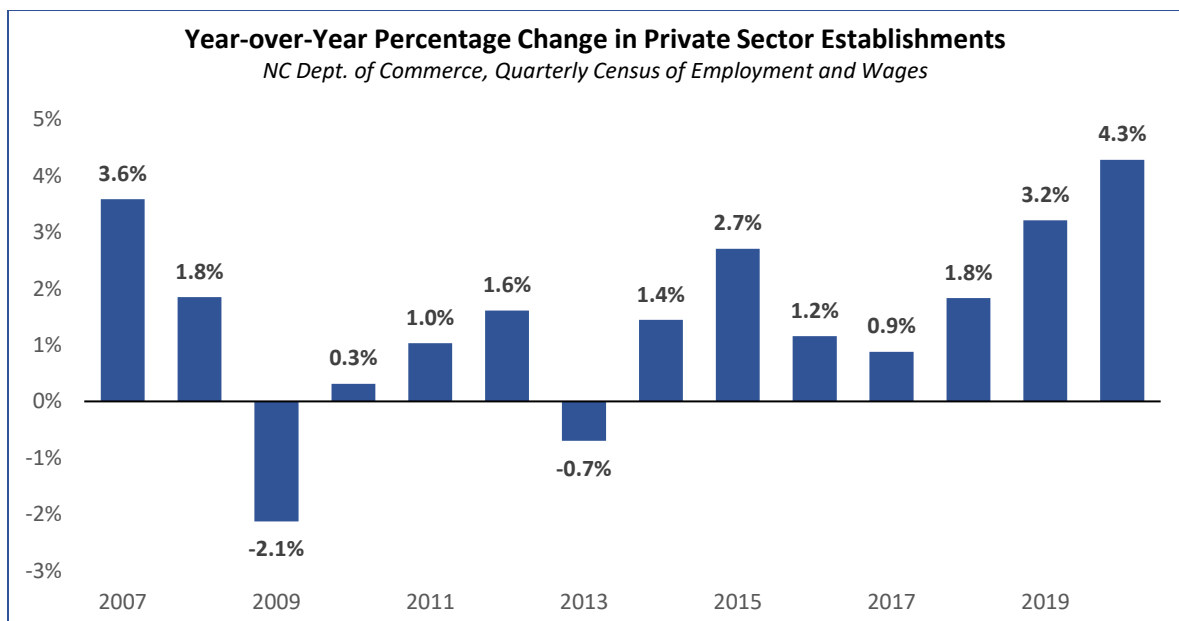
A **firm** is a business organization consisting of one or more **establishments** under common ownership or control. The most recently available data from the Census Bureau's Business Dynamic Statistics (BDS) show that there were 161,157 firms in North Carolina in 2019 (a 1.1% increase over 2018). While BDS does not produce data on firm-births, the data shows that North Carolina experienced about 12,800 firm deaths between 2018 and 2019.

BDS also provides dynamic establishment change data, including numbers of establishment births and deaths. These data show that North Carolina experienced 19,163 establishment births between 2018 and 2019. This works out to an establishment birth rate of 8.932 [= (establishment births / total establishments) * 100], the state's second-lowest establishment birth rate since 1978 (first year in the dataset). In general, the data show a gradually declining establishment birth rate from the late 1970s to the present. North Carolina fell below the nation's establishment birth rate of 9.232 in 2019, which has also been generally declining over recent decades.

North Carolina also experienced 16,804 establishment deaths between 2018 and 2019, which works out to an establishment death rate of 7.832 [= (establishment deaths / total establishments) * 100]. In general, the state's establishment death rate has also been declining since 1978, though not as quickly as the birth rate. North Carolina's establishment death rate is slightly lower than the nation's rate of 8.493, which has also been in decline over recent decades.

From 2018 to 2019, establishment births were associated with the creation of 139,198 jobs, while establishment deaths were associated with the loss of 137,974 jobs.

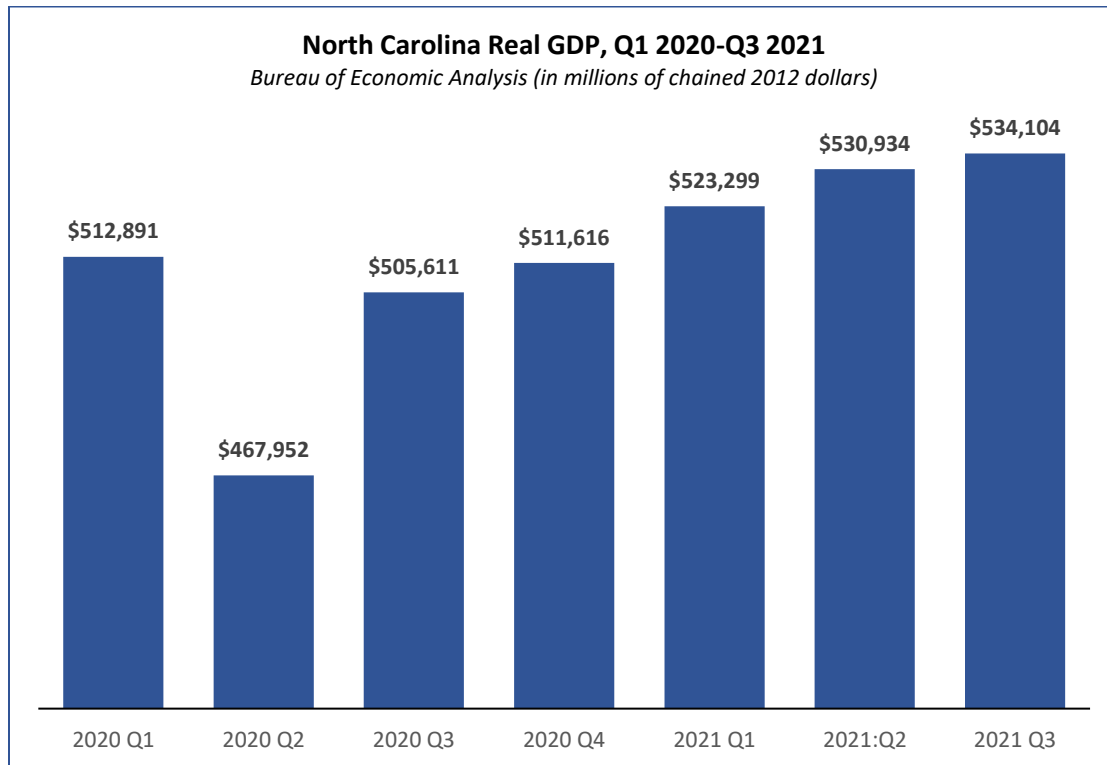
A more recent source for establishment data is the Quarterly Census of Employment and Wages (QCEW). According to QCEW, private sector establishments in North Carolina grew 4.3 percent from 2019 to 2020. Quarterly QCEW data show that private business establishment growth slowed during the worst of the COVID-19 pandemic but did not turn negative. In the most recently available quarters, establishment growth has recovered to strong levels (7.1% growth between Q3 of 2020 and Q3 2021).



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), the total market value of all goods and services produced in the state. According to the Bureau of Economic Analysis, in the ten years following the Great Recession, North Carolina's real GDP (in chained 2012 dollars) increased from \$438 billion in 2010 to \$500 billion in 2020 (the last full year available), an increase of 14.1 percent. During this same period, the nation's real GDP grew by 17.5 percent.

Quarterly data shows North Carolina's GDP fell dramatically between the first and second quarter of 2020 as a result of the COVID-19 pandemic. This decline was followed by a strong rebound in the third quarter of 2020 and slower but steady growth in the subsequent quarters.



A comparison of the third quarter of 2021 to the previous year provides additional details on the recovery from the pandemic. Only two industries had declines—Retail Trade (-2.8%) and Utilities (-7.9%), while Agriculture was basically flat. There were large increases in Finance and Insurance (10.9%) as well as Professional, Scientific and Technical Services (15.8%), Information (12.1%), Administrative and Support (17.9%), and Transportation and Warehousing (19.0%). Two industries that were hard hit during the pandemic, Accommodation and Food Services (5.9%) and Arts, Entertainment, and Recreation (38.9%) also had positive growth over the year.

The state's private service-providers grew by 6.9 percent over the year while goods-production was up by 4.9 percent. Within Manufacturing, durable goods (e.g. cars, appliances, etc.) production grew by 9.1 percent, while nondurables (e.g. chemicals, food, etc.) grew by 2.6 percent.

North Carolina Real GDP by Industrial Sector, Q3 2020-Q3 2021 <i>Bureau of Economic Analysis (in millions of chained 2012 dollars)</i>				
Description	2020 Q3	2021 Q3	Change	% Change
All industry total	\$505,611	\$534,104	\$28,493	5.6%
Private industries	\$441,249	\$469,249	\$28,000	6.3%
Manufacturing	\$87,251	\$92,024	\$4,774	5.5%
Real estate and rental and leasing	\$57,560	\$59,214	\$1,654	2.9%
Finance and insurance	\$37,301	\$41,360	\$4,059	10.9%
Professional, scientific, and technical services	\$37,258	\$43,145	\$5,887	15.8%
Health care and social assistance	\$34,907	\$36,339	\$1,432	4.1%
Wholesale trade	\$30,780	\$31,065	\$285	0.9%
Retail trade	\$30,280	\$29,430	-\$850	-2.8%
Information	\$24,532	\$27,503	\$2,971	12.1%
Construction	\$18,576	\$19,257	\$681	3.7%
Admin & support and waste mgmt. & remediation	\$16,742	\$19,733	\$2,991	17.9%
Management of companies and enterprises	\$14,856	\$15,672	\$816	5.5%
Transportation and warehousing	\$11,360	\$13,517	\$2,157	19.0%
Accommodation and food services	\$10,763	\$11,397	\$634	5.9%
Other services (except government)	\$9,152	\$9,496	\$344	3.8%
Utilities	\$8,009	\$7,375	-\$634	-7.9%
Educational services	\$5,947	\$6,107	\$160	2.7%
Agriculture, forestry, fishing and hunting	\$4,688	\$4,686	-\$1	0.0%
Arts, entertainment, and recreation	\$2,555	\$3,550	\$995	38.9%
Mining, quarrying, and oil and gas extraction	\$784	\$814	\$30	3.8%

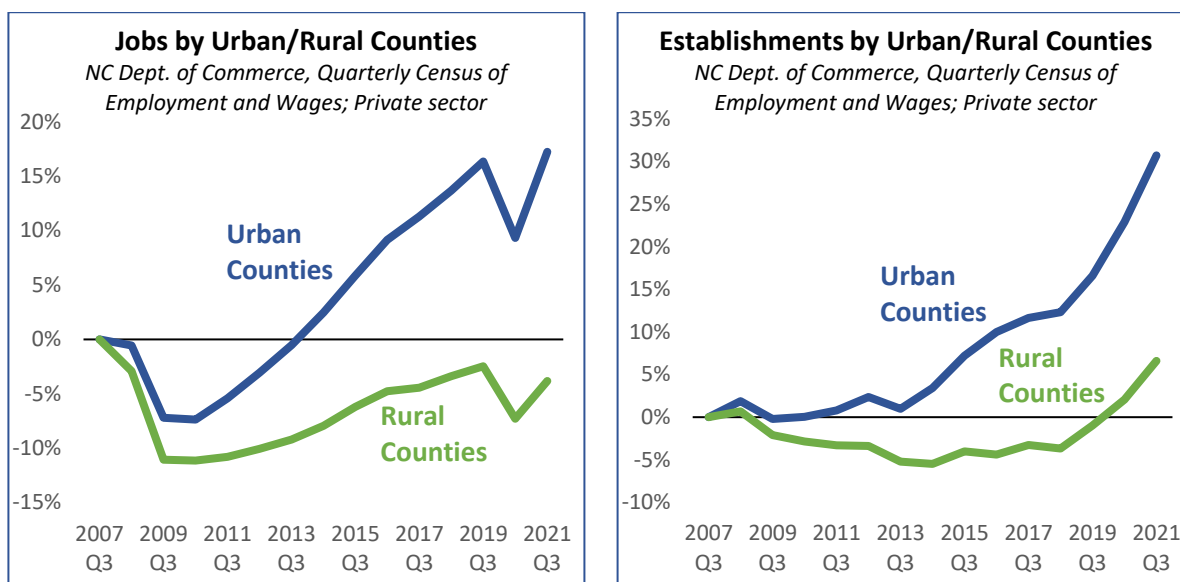
RURAL BUSINESS DEVELOPMENT

The following table provides North Carolina's most recent county-level Quarterly Census of Employment and Wages (QCEW) data on employment and business establishments, aggregated by counties' urban/rural status.¹ Like most places in the U.S., urban county job growth has outpaced rural county job growth over recent years in our state. But the coronavirus pandemic has had somewhat different impacts on the labor markets of rural and urban economies. Urban counties suffered more severe job losses than 2020 and more rapid jobs recovery in 2021. From 2020 Q3 to 2021 Q3, North Carolina's urban counties added 168,122 jobs (7.2% growth), while rural counties added 43,220 jobs (3.8% growth).

On the other hand, the number of private business establishments has risen through the pandemic in both rural and urban counties (though business establishments in rural counties have grown more slowly). From 2020 Q3 to 2021 Q3, North Carolina's urban counties added 11,009 establishments (6.4% growth), while rural counties added 4,297 establishments (4.5% growth).

¹ For the purposes of this report, urban counties are designated as those with at least 70 percent of their populations living in urban areas, according to the 2010 U.S. Census. Under this definition urban counties include Alamance, Buncombe, Cabarrus, Craven, Cumberland, Dare, Durham, Forsyth, Gaston, Guilford, Mecklenburg, New Hanover, Onslow, Orange, Pitt, Union, and Wake. Available at <https://www.census.gov/geo/reference/ua/urban-rural-2010.html>.

In 2019, prior to the COVID-19 pandemic, rural counties still had not recovered all their job losses from the Great Recession. While most of the jobs lost during the pandemic have returned to our rural counties, these local job markets still had 3.8 percent fewer jobs in the third quarter of 2021 than in 2007.



STATUS OF MINORITY-OWNED BUSINESSES

The timeliest data for assessing minority-owned businesses in North Carolina is available through the Census Bureau's Annual Business Survey (ABS), which is published annually and covers employer firms—those firms with paid employees. According to ABS, 12.9 percent (21,989) of North Carolina's employer firms were minority-owned in 2019 and an additional 1.0 percent of employer firms were equally minority/nonminority-owned. Minority-owned firms employed 5.9 percent (226,544) of employees in the state in that year. As a comparison, 18.7 percent of US employer firms were minority-owned, and an additional 1.6 percent were equally minority/nonminority-owned.

A separate Census product called the Nonemployer Statistics by Demographics series (NES-D) includes demographic information about nonemployer firms—those firms without paid employees. According to this source, 27.0 percent (213,000) nonemployer firms were minority-owned in 2018. At the national level, 32.7 percent of nonemployer firms were minority-owned in 2018.

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:

<https://www.nccommerce.com/grants-incentives/county-distress-rankings-tiers>