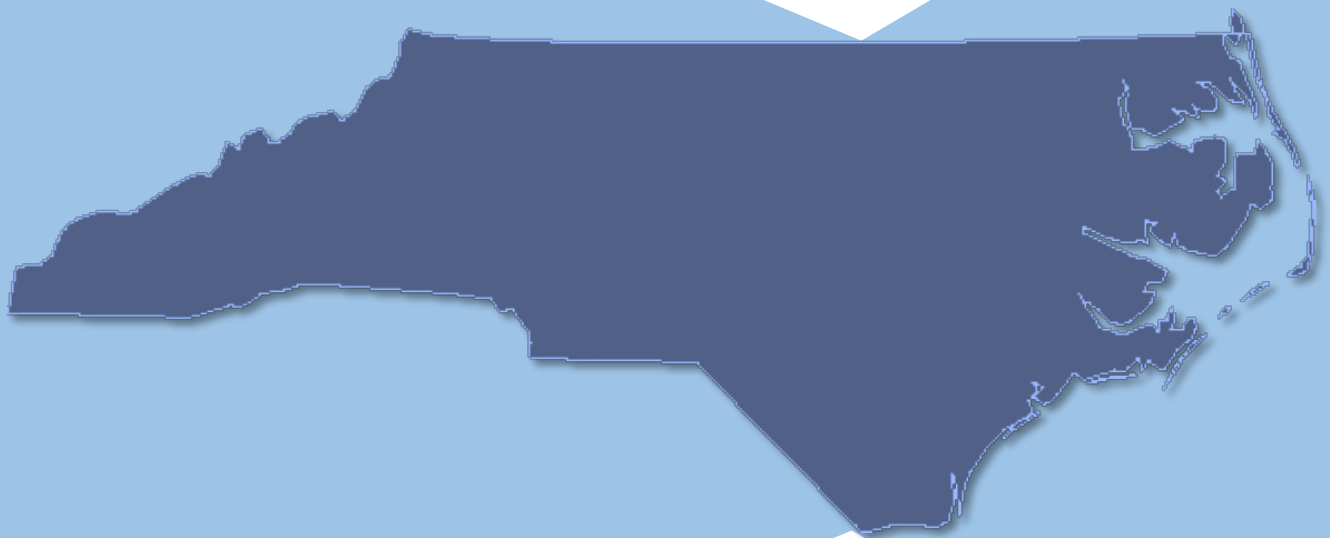


# 2020

## NORTH CAROLINA ECONOMIC REPORT



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December 2020

NC rowth

# NC growth

Founded in 2012, NCGrowth-SmartUp is an EDA University Center that helps businesses and communities create good jobs and equitable opportunities through applied research and technical assistance. Our work is focused in rural and economically distressed parts of North and South Carolina. With a passionate staff and a dynamic pool of graduate student analysts, we partner with businesses, local governments, other universities and colleges, and community organizations to tackle outcome-based economic development and entrepreneurship projects. Since 2012 NCGrowth-SmartUp has worked with over 70 businesses and 45 communities. NCGrowth-SmartUp is also part of CREATE, an economic development research center working to tackle the problem of severe and increasing wealth inequality by generating shared economic prosperity through a combination of research, data analytics, homegrown interventions and policy development. CREATE is also home to an economic development research lab, which examines the fundamental determinants of shared economic prosperity. CREATE hosts events that bring together policymakers, practitioners, investors, entrepreneurs and academics, such as the Black Communities Conference, North Carolina Investment Forum and Closing the Wealth Gap Conference.

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## Statistical Snapshot of North Carolina

North Carolina is more than 53,000 square miles that spans the mountains in the west, the piedmont region in the center, and the coastal plain region in the east. The state is home to rural communities, small towns, cities, and large metropolitan areas, each with their own industrial composition. North Carolina is also divided into eight “prosperity zones,” groupings that intend to ensure economic growth across the entire state.

### Population<sup>1</sup>

	2016-2017 Change	2017-2018 Change	2018-2019 Change	2019-2020 Change	2018-2020 Change	Projected Change, 2019-2021
North Carolina	1.12%	1.15%	1.15%	1.17%	2.32%	2.33%
United States	0.74%	0.73%	0.72%	0.72%	1.45%	1.43%

North Carolina’s population growth has exceeded that of the United States each year from 2016 through 2020. Projections show that North Carolina’s growth rates will outpace that of the nation through 2021 population projections.

### Per Capita Personal Income<sup>2</sup>

	2000	2005	2010	2015	2019
North Carolina	\$27,540	\$32,283	\$35,682	\$41,839	\$47,766
United States	\$30,640	\$35,806	\$40,518	\$48,998	\$56,469

Over the period of 2000 to 2019 North Carolina’s per capita personal income has risen by 73% but it has consistently remained below that of the US. Per capita personal income in the United States has grown by 84% over this time. The gap between North Carolina’s per capita personal income compared to the nation’s has widened over this time. In 2000, NC’s deficit was \$3,100, compared to \$8,703 in 2019.

2020 numbers for per capita personal income are not yet available. Due to the COVID-19 economic recession, however, we expect the numbers to be slightly lower next year.

<sup>1</sup> Data sources – U.S. Census Bureau, Annual Estimates of the Resident Population  
 US Projections: <https://www.census.gov/programs-surveys/popproj/data/datasets.All.html>  
 NC Projections: <https://www.osbm.nc.gov/demog/county-projections>

<sup>2</sup> Data sources – US: <https://fred.stlouisfed.org/series/A792RC0A052NBEA>  
 NC: <https://fred.stlouisfed.org/series/NCPCPI>



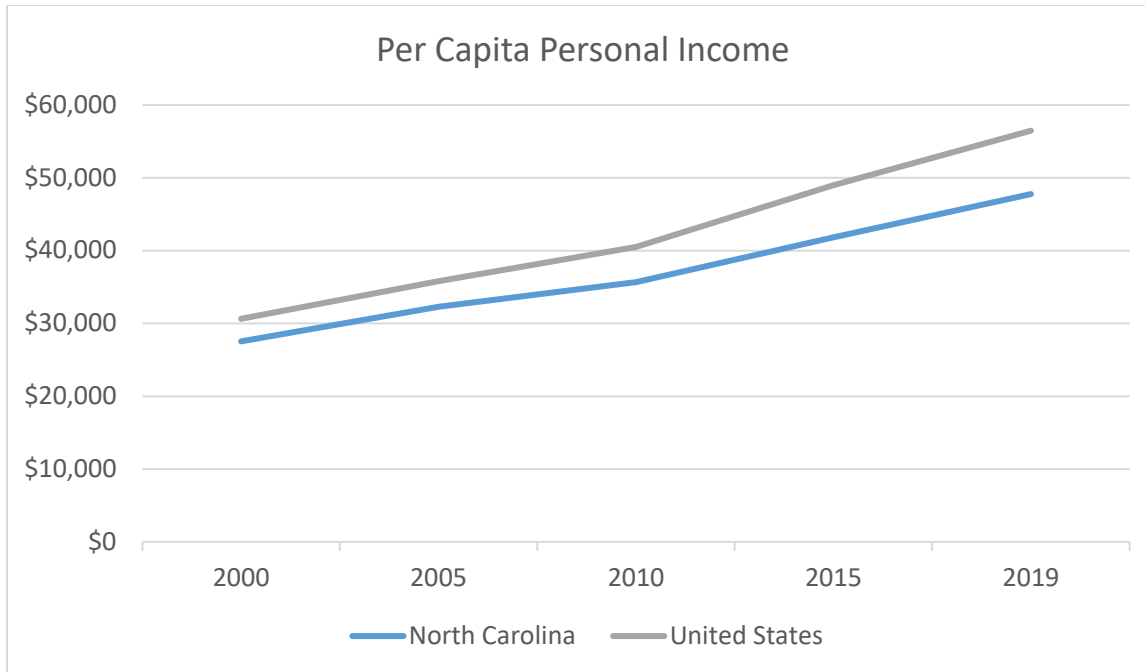


Figure 1: Per capita Income, 2000-2019

### 2020 Monthly Unemployment Rate<sup>3</sup>

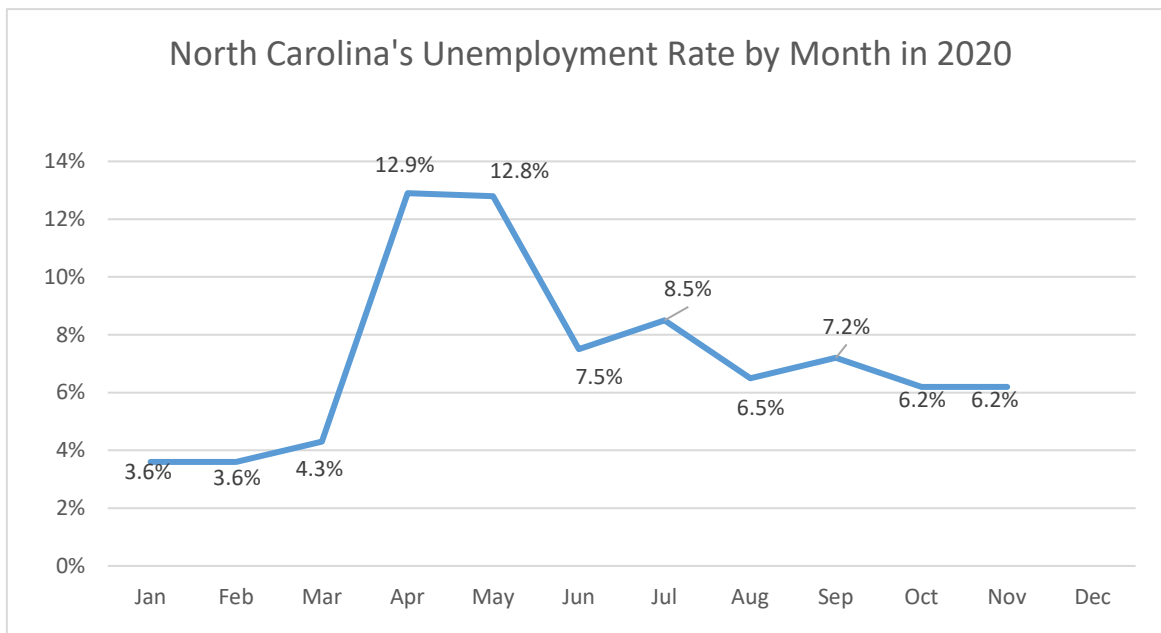


Figure 2: Unemployment Rate in North Carolina in 2020, by month

<sup>3</sup> Date sources – US Local Area Unemployment Statistics for North Carolina, statewide:  
[https://data.bls.gov/timeseries/LASST3700000000000003?amp%253bdata\\_tool=XGtable&output\\_view=data&include\\_graphs=true](https://data.bls.gov/timeseries/LASST3700000000000003?amp%253bdata_tool=XGtable&output_view=data&include_graphs=true)



In April and May of 2020, North Carolina’s unemployment rate rose to unprecedented levels because of the COVID-19 pandemic and resulting policies aimed at curbing infections. These local and state policies required residents to stay home and many businesses, especially those in the service and hospitality industry, to close or reduce operating hours for weeks or months at a time. At the height of the economic shutdown in April and May, the unemployment rate among North Carolina residents was at 12.9%, higher than it was at any point during the Great Recession. Although the unemployment rate has decreased to 6.2% as of November 2020, it remains higher than it was prior to the start of the pandemic when it was at a historically low rate of 3.6%.

Average Yearly Unemployment Rate 2013-2019<sup>4</sup>

	2013	2014	2015	2016	2017	2018	2019
North Carolina	8.0	6.3	5.7	5.1	4.5	4.0	3.9
United States	7.4	6.2	5.3	4.9	4.4	3.9	3.7

Prior to COVID-19, North Carolina’s unemployment rate dropped significantly between 2013 and 2019, from 8.0% to 3.9%. During this time North Carolina’s unemployment rate has been consistently above the US rate, however in 2018 it dropped to the similar level as the country.

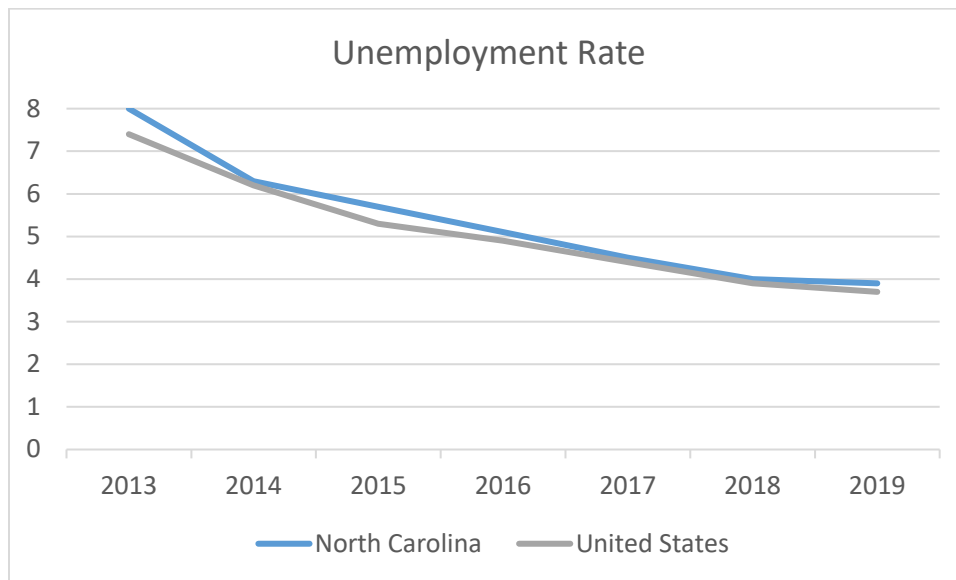


Figure 3: Unemployment Rate, 2013-2019

<sup>4</sup> Data sources – US: [https://data.bls.gov/timeseries/LNU04000000?periods=Annual+Data&periods\\_option=specific\\_periods&years\\_option=all\\_years](https://data.bls.gov/timeseries/LNU04000000?periods=Annual+Data&periods_option=specific_periods&years_option=all_years)  
 NC: <https://www.bls.gov/lau/#tables>



## Educational Attainment<sup>5</sup>

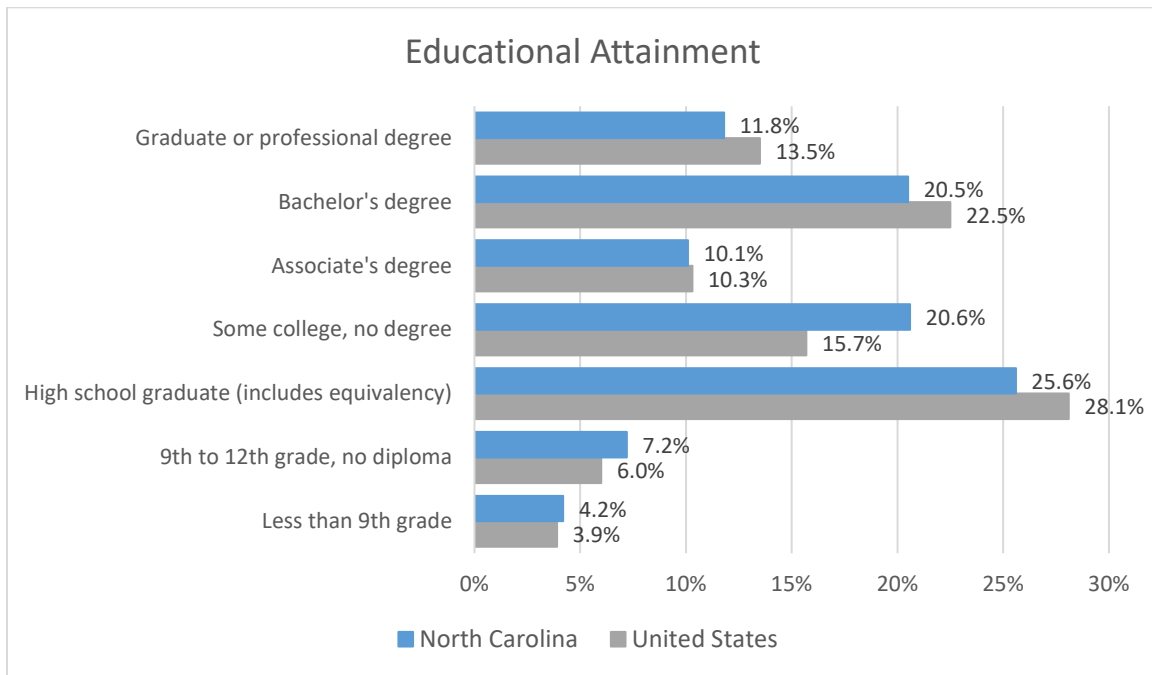


Figure 4: Educational Attainment, 2019

North Carolina lags behind the country in educational attainment with 11.8% of the population 25 years and older holding a graduate or professional degree and 20.5% holding a Bachelor's degree, compared to 13.5% and 22.5% nationally.

## Regional Disparity<sup>6</sup>

As a whole, North Carolina has seen growth and progress on the key metrics presented here over the last decade. However this growth is not evenly distributed across the state; many rural counties in the state are experience continued economic stagnation, and there are pockets of distress in urban areas as well.

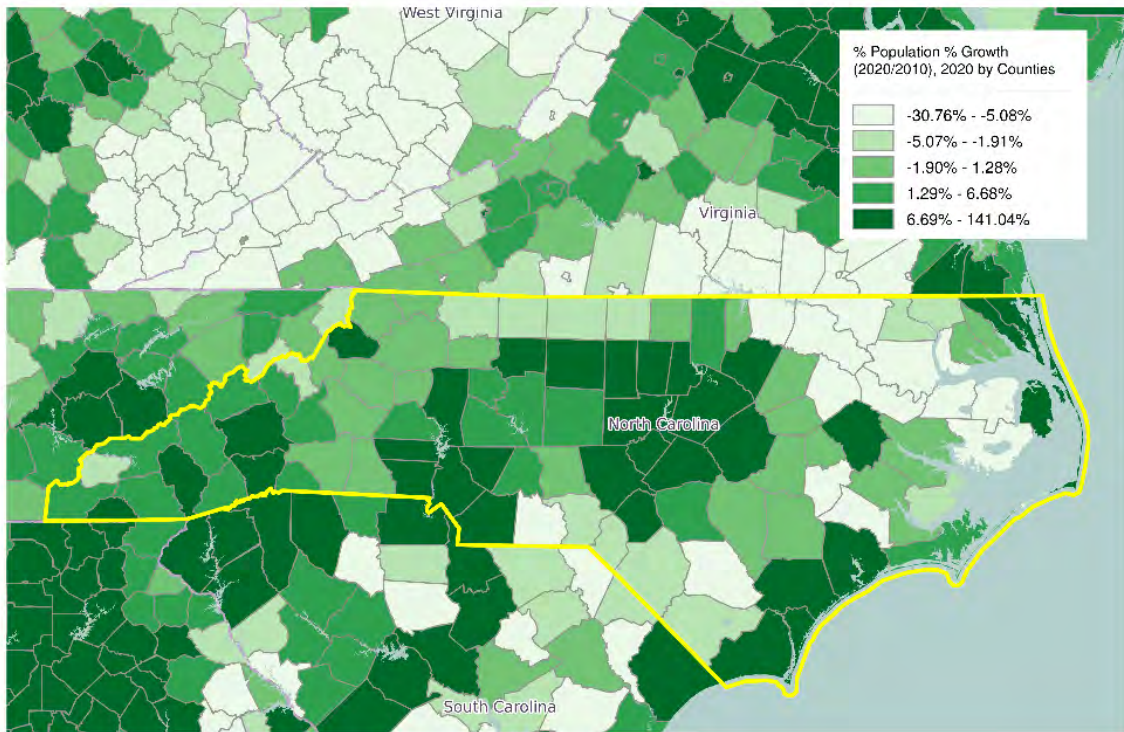
Emerging research on the economic effects of COVID-19 also describes a situation in which different regions of the state will feel the economic impacts of COVID-19 differently. We will examine these effects in a later section of this report.

The following maps demonstrate the variation in economic success across these states by county from 2010 to mid 2020.

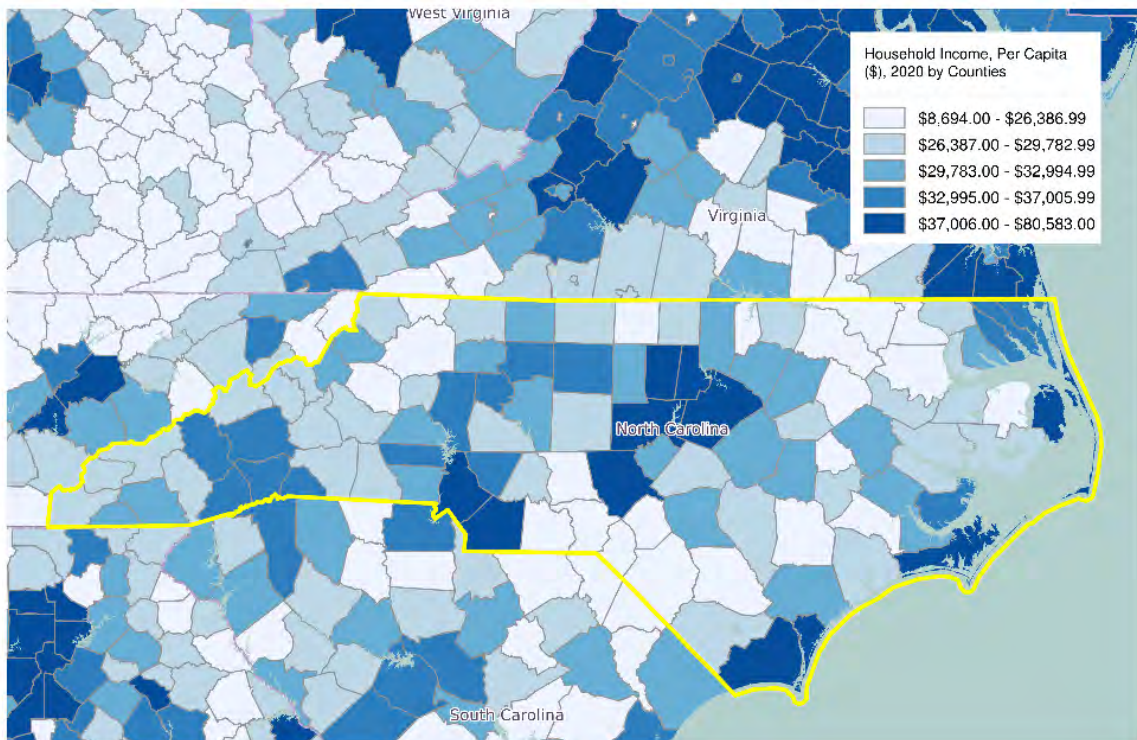
<sup>5</sup> Data sources – U.S. Census Bureau, Current Population Survey, 2019 Annual Social and Economic Supplement

<sup>6</sup> Map source – Simply Analytics





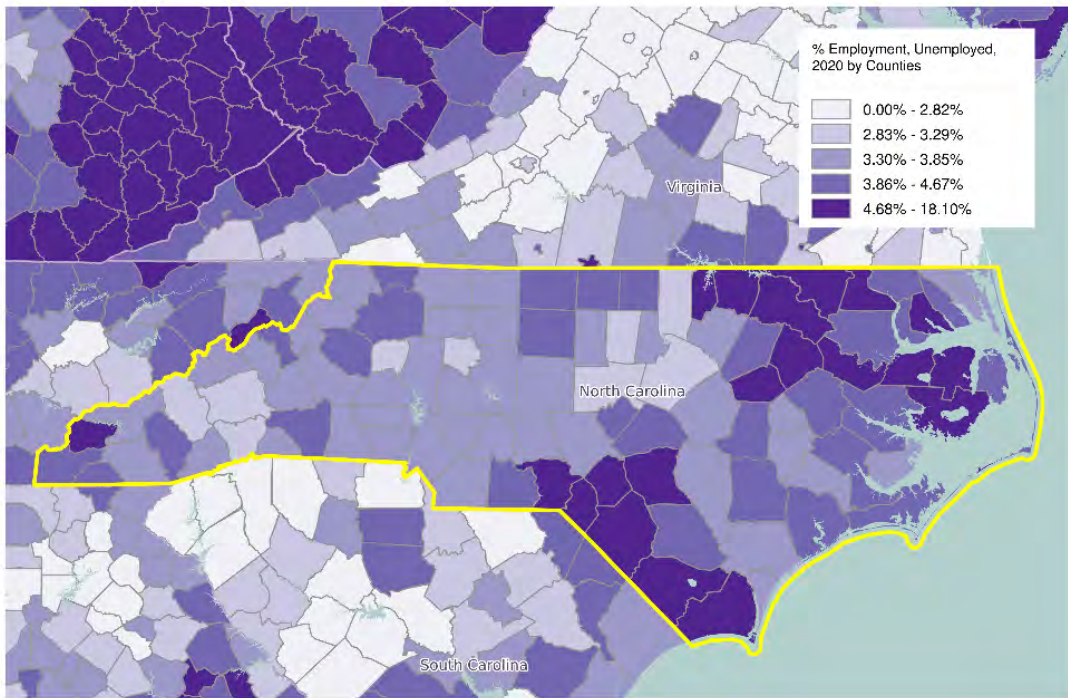
*Figure 5: 2010-2020 Population Change, by County*



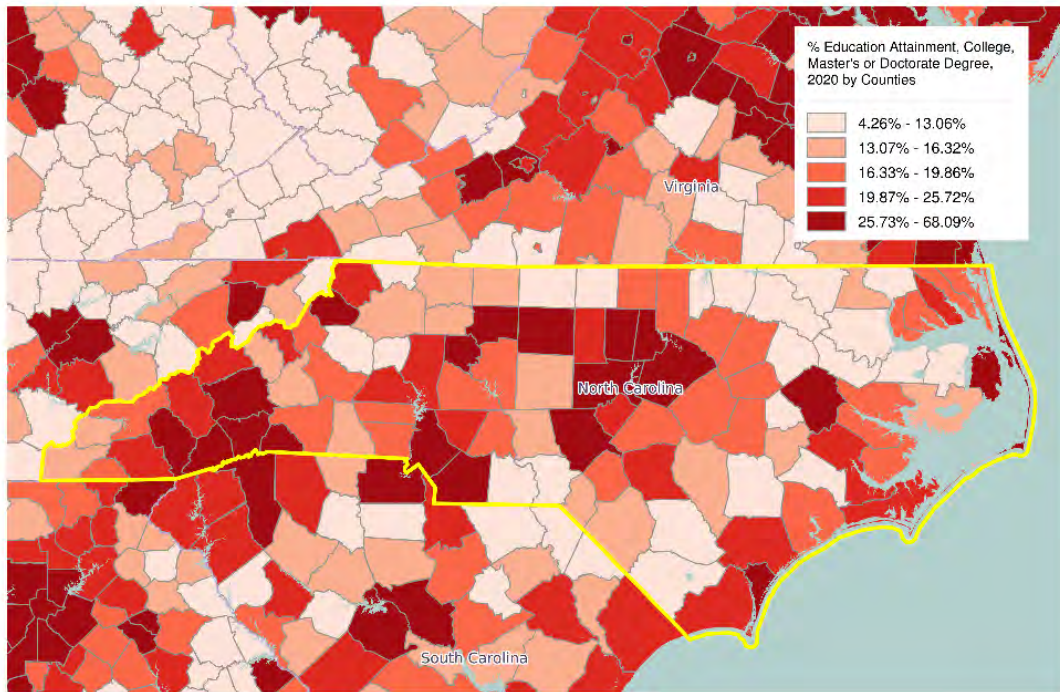
*Figure 6: 2020 Per Capita Income, by County*







*Figure 7: 2020 Unemployment Rate, by County*



*Figure 8: 2020 Educational Attainment beyond High School, by County*



## Strategies: North Carolina<sup>7</sup>

The economic impacts of COVID-19 are far-reaching and wide ranging. Stay-at-home orders imposed by local and state governments in order to mitigate the transmission of COVID-19 have led to unprecedented unemployment and closures of countless small businesses, ending a decade long economic expansion in North Carolina that began in 2010. Changes to business practices and consumer habits that economists predicted would take years, have happened overnight. As stay-at-home orders phase out, businesses and communities are navigating, with little guidance or research, how to reopen in ways that protect the health of their employees and customers.

Between February 2020 and April 2020, the number of people employed in the United States fell by more than 25 million. Real consumer spending dropped 7.3% in March 2020 because of reduced demand for goods and services as well as businesses' limited operations and closings. As such, there is no simple "how-to" guide for how governments should respond to the economic impacts of COVID-19 or how to strategize for a post COVID-19 future.

Prior to the onset of COVID-19, the NC Department of Commerce was in the process of developing an updated multi-year economic development strategy. Originally expected in April 2020, the Chamber's website now says it will "publish a new strategic plan for economic development later this year that will guide policymakers and practitioners in their work to bring more economic prosperity to the state."<sup>8</sup> The Department of Commerce website does not include an updated release date for the strategy. As the health and economic effects of the pandemic continue to play out in unprecedented ways, researchers and policy makers will find it difficult to offer long-term strategies for economic growth.

Despite the pandemic, in early 2020, North Carolina submitted an updated version of its Workforce Innovation and Opportunity Act (WIOA) Unified State Plan. The state submitted its first plan to the U.S. Department of Labor in 2016, as well as an updated version in 2018.

In 2017, the NC Association of Regional Councils of Governments produced NC Tomorrow, a strategic plan designed for the stakeholders in NC's economic and community development agencies.

The 2017 NC Tomorrow plan and the 2020 Workforce Innovation and Opportunity Act Unified State Plan hold the most up to date statewide economic development strategies. We describe the strategies below.

### Strategy I. Build on the Region's Competitive Advantages and Leverage the Marketplace

Several areas of the state are globally recognized for their business and industry clusters (e.g., Charlotte's Finance cluster and the Research Triangle's Information Technology cluster).

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<sup>7</sup> Quoted from NC Tomorrow, 2017, pages 5-7 <http://www.ncregions.org/wp-content/uploads/2017/05/2017-NCT-Update-Final.pdf?x24457>

<sup>8</sup> <https://www.nccommerce.com/news/current-initiatives>



Furthermore, different partners have focused on different clusters based on their own strategic priorities and capacity. However, the benefits emerging from these clusters are not felt equally across the state, as many regions do not have adequate assets to build these clusters or they do not have the capacity to maximize the potential of their economic development assets.

*Recommended Statewide Policy*

*To achieve true prosperity, North Carolina will successfully coordinate efforts to build, grow and maintain robust, competitive areas of proficiency and innovation throughout the state.*

This strategy supports the continued evolution of existing clusters within the state as employers. It is also aimed at supporting disruptive technologies and business models that could help North Carolina firms leapfrog their global competitors.

Targeting the State’s Growth Clusters

Industry clusters that have traditionally been the focus for growth and development include:

- A. Defense and homeland security/aerospace manufacturing,
- B. Tourism (e.g., art, entertainment, outdoor recreation and related industries),
- C. Transportation equipment, industrial machinery, and machining,
- D. Electronics and instruments manufacturing,
- E. Financial and information services,
- F. Energy,
- G. Life sciences (including pharmaceutical manufacturing) and related health informatics,
- H. Food processing and value-added agribusiness.

In addition to these targeted growth industries, North Carolina also is a national leader in furniture, textile, and plastics—industries that have struggled but are on the rebound.

The draft version of the 2019 Workforce Innovation and Opportunity Act Unified State Plan lists the following industries for recruitment, expansion, and development:

- A. Aerospace Manufacturing
- B. Automotive Manufacturing
- C. Information Technology
- D. Life Sciences/Biotechnology
- E. Clean Energy
- F. Food and Beverage Processing
- G. Defense- and Tourism-related industries<sup>9</sup>

Promoting Disruptive Advantages to Create Growth Opportunities “Beyond Clusters”

While the cluster targets provide a strong foundation on which to continue building the existing economy, North Carolina leaders recognize that many noteworthy growth opportunities will rely on emerging technologies or transformational business models rather than just continuing to

<sup>9</sup> [https://files.nc.gov/nccommerce/documents/NC-Workforce-Development/Workforce/Plans--Workforce/State-Unified-Plans--WF/NC\\_DRAFT\\_WIOA\\_PLAN\\_FINAL\\_comment.pdf](https://files.nc.gov/nccommerce/documents/NC-Workforce-Development/Workforce/Plans--Workforce/State-Unified-Plans--WF/NC_DRAFT_WIOA_PLAN_FINAL_comment.pdf)



build its existing industry clusters. Companies in almost any industry may gain a competitive advantage by developing new products or market niches in a wide variety of areas. For instance, state leaders have identified tremendous growth potential for companies capable of leveraging new technologies in emerging areas including:

- Video modeling and gaming,
- Nanomaterials,
- Pervasive computing,
- Digital design,
- Advanced materials and
- Rapid prototyping.

These technological shifts have the potential to create new business models for almost every industry, from construction and manufacturing to product distribution to business services and health care to a variety of other supporting services. Because the impacts of these disruptive technologies are not restricted to companies in any specific industry or cluster, it is vital that North Carolina (and its companies) gain a competitive edge in the commercial application of these technologies and the business model shifts they imply.

### Strategy II: Establish and Maintain a Robust Regional Infrastructure

North Carolina has many infrastructure assets on which to build, including several major airports, six interstate highways, and extensive broadband penetration. For these and other infrastructure assets to contribute to the state's overall economic competitiveness, strategic investments must be made to ensure that these assets are maintained and expanded.

#### Recommended Statewide Policy

*To remain competitive in a growing global economy, North Carolina should make the revitalization and improvement of state and local infrastructure a priority for policy change and funding.*

While North Carolina has many infrastructure assets, the full capacity of its infrastructure has not been fully realized. North Carolina will become more competitive when businesses, entrepreneurs and residents are able to make use of well-coordinated and robust regional transportation, water/sewer/gas, broadband, housing, energy and natural environment infrastructures such as national parks and forests.

North Carolina must focus on making strategically important investments in its infrastructure to ensure that it is best able to leverage its physical and talent assets. Providing productive workplaces—with state-of-the-art broadband, the most energy-efficient buildings, and high quality amenities—will ensure that North Carolina's people are the most dynamic in the world. Moving goods and information efficiently are vital to accessing markets, moving workers, and maintaining cost-competitive production of products or services.



### Strategy III. Create Revitalized, Healthy, Secure and Resilient Communities

Although North Carolina has many thriving cities and towns, there remain places throughout the state that are experiencing declining downtowns and outmigration of people.

Recommended Statewide Policy

*To meet the needs of employers and residents alike, North Carolina strives to increase the number of resilient communities.*

To thrive and prosper, both urban and rural communities must actively build on unique advantages to revitalize and/or maintain their city and town centers. The state has some key challenges in ensuring that every citizen has an opportunity to access affordable and safe housing, alternative transportation options to get to work, and health care to meet the needs of area workers. This will require not only creating environments where businesses want to locate, but also as places where people of all ages want to spend time personally and professionally.

North Carolina will need to identify main streets that offer potential as community centers, job centers, and residential centers. Targeting resources to these places is a smart investment. It builds on an existing infrastructure that is often underutilized. It recognizes the productivity improvements that can be achieved by encouraging companies to work near one another—through the opportunities for greater collaboration, through the amenity assets that can help workers be more prolific, as well as the shared learning that happens from close community ties. Finally, it recognizes changing consumer preferences as more workers and families continue to try to satisfy their preference for either urban amenities or small-town living.

### Strategy IV. Develop Talented and Innovative People

Despite historically high unemployment rates, many employers across the state have experienced difficulty in finding, recruiting, and hiring the kinds of skilled workers the companies need to be competitive. For some employers, the challenge is finding individuals with basic work readiness skills. For others, the challenge is finding individuals with applied technical skills to maintain a competitive edge. For others still, the challenge is finding workers with the ability to understand the company and its mission, adapt to a changing workplace, and anticipate customer demands even before the customer realizes they have a need. Companies increasingly turn to the higher education system to meet this workforce need, but not always successfully. Therefore, companies also search for the types of workers they need in a national and even global marketplace.

Recommended Statewide Policy

*The key competitive asset for businesses in the 21st century, North Carolina strives to prepare the flexible, entrepreneurial, globally oriented, and skilled workers with cross-cutting competencies sought by employers.*

North Carolina has an incredible asset base on which to build a globally competitive talent pipeline. The state has a tremendous university system, a nationally recognized community college system, and an improving public secondary school system. These systems



are becoming more “demand-driven” (meaning that the educational systems are recognizing that they are preparing the future generation of North Carolina workers, so they should become more focused on the needs of the state’s employers), but these institutions have far to go. The community colleges are probably furthest along in their efforts to be more industry-focused in their curriculum, but they have many public financial incentives to focus a large portion of their mission on articulating general college education and fewer incentives to provide the kinds of career and technical education companies increasingly demand. The state’s universities are also beginning to respond, but they have significant internal barriers to change that slow progress.

At the same time, North Carolina’s public workforce development and training system could lead the way since the focus is on helping jobseekers find employment. Like many other states, too many jobseekers lack the essential soft skills that employers require, and the training needed to ensure that everyone seeking work is employable. The workforce system has limited resources that are spread way too thinly across many different organizations. The federally legislated and state-designated Workforce Development Boards (WDBs) provide an opportunity for private sector leaders to help identify regional labor needs, guide workforce and education investments, and develop targeted training programs. The WDBs have a designated role as a funding pipeline, but limited resources and capacity means they are not always able to fulfill their role as a “go-to” regional workforce planning entity.

The Association also recommends the investment of financial resources into research and analytical tools that will enable all units of government to measure the effectiveness of their work in community and economic development. Tools that provide a “dashboard” for measuring quality of life and prosperity through performance analytics is critical for precious resource management from the local, regional and state levels. Otherwise, North Carolina could once again invest in “great ideas” that might not produce the necessary changes at the community level across the state.

## Economic Condition: North Carolina during COVID-19

The COVID-19 economic shutdown ended a decade long expansion starting in 2010. Figures 9 through 14 below show the labor force participation rate, employment to population ratio, labor force, employment, unemployment, and unemployment rate from 2007 and 2008 (the start of the Great Recession) to 2010 (the start of the decade long economic expansion) to 2020 (the start of the COVID-19 pandemic shutdown).<sup>10</sup>

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<sup>10</sup>

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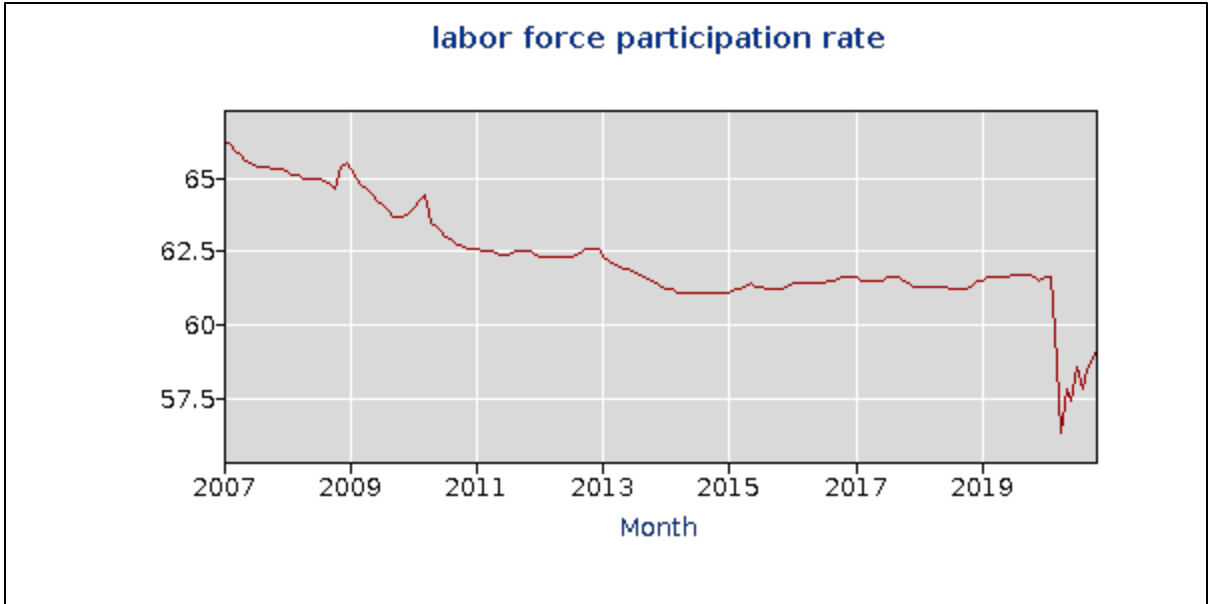


Figure 9: Labor Force Participation Rate in North Carolina from 2007 to 2020.<sup>11</sup>

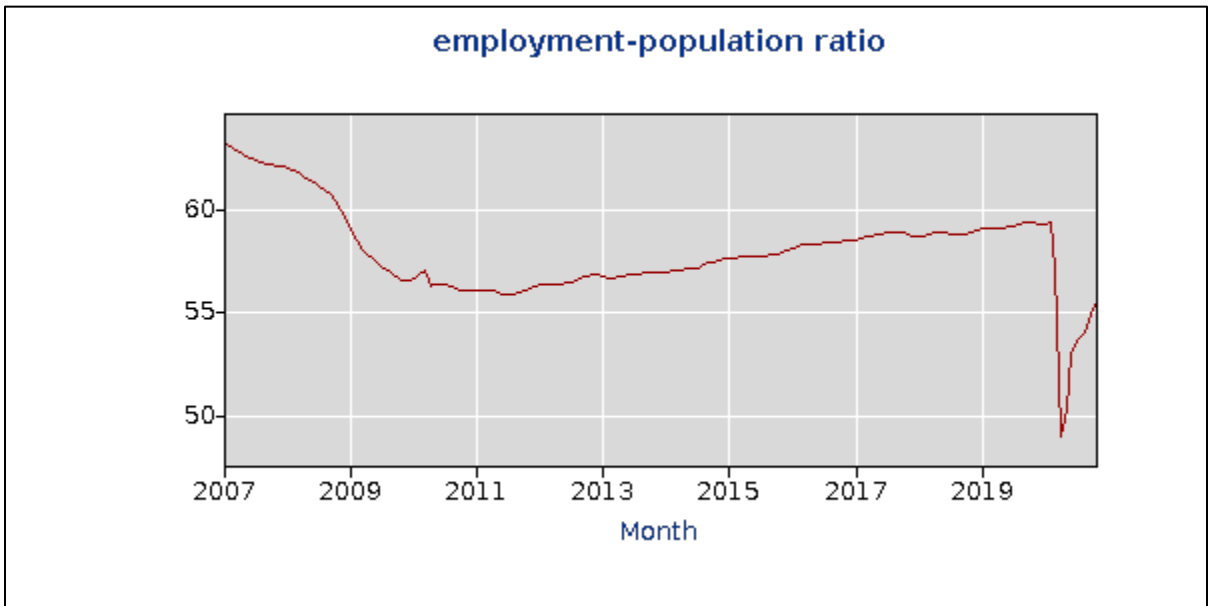


Figure 10: Employment to Population Ratio for North Carolina from 2007 to 2020.<sup>12</sup>

<sup>11</sup>

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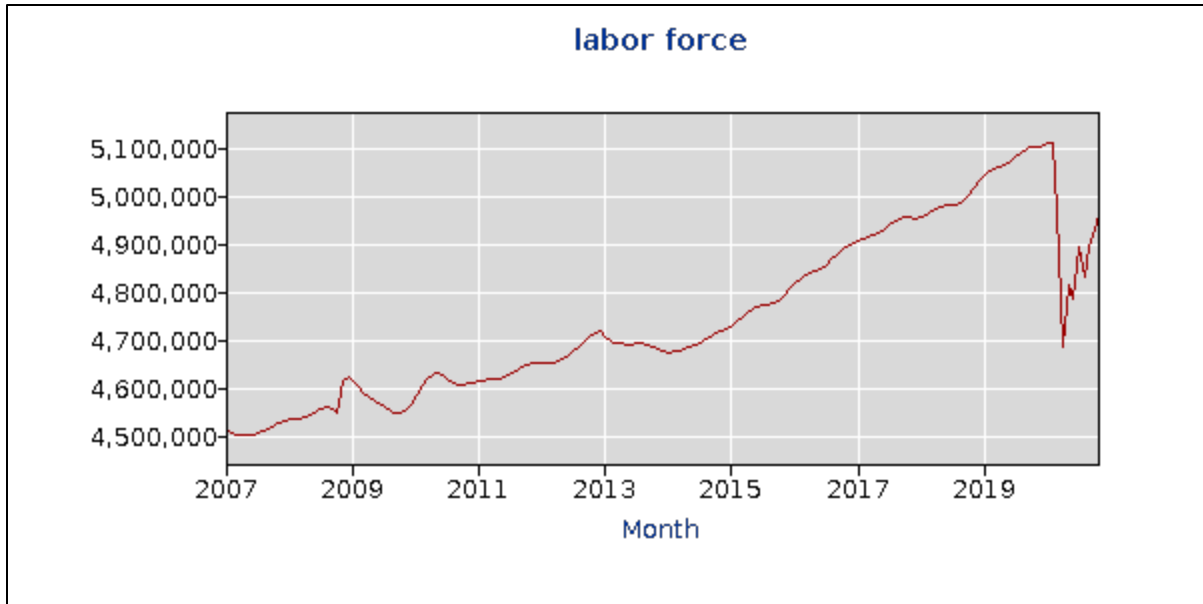


Figure 11: Number of North Carolina residents in Labor Force from 2007 to 2020.<sup>13</sup>

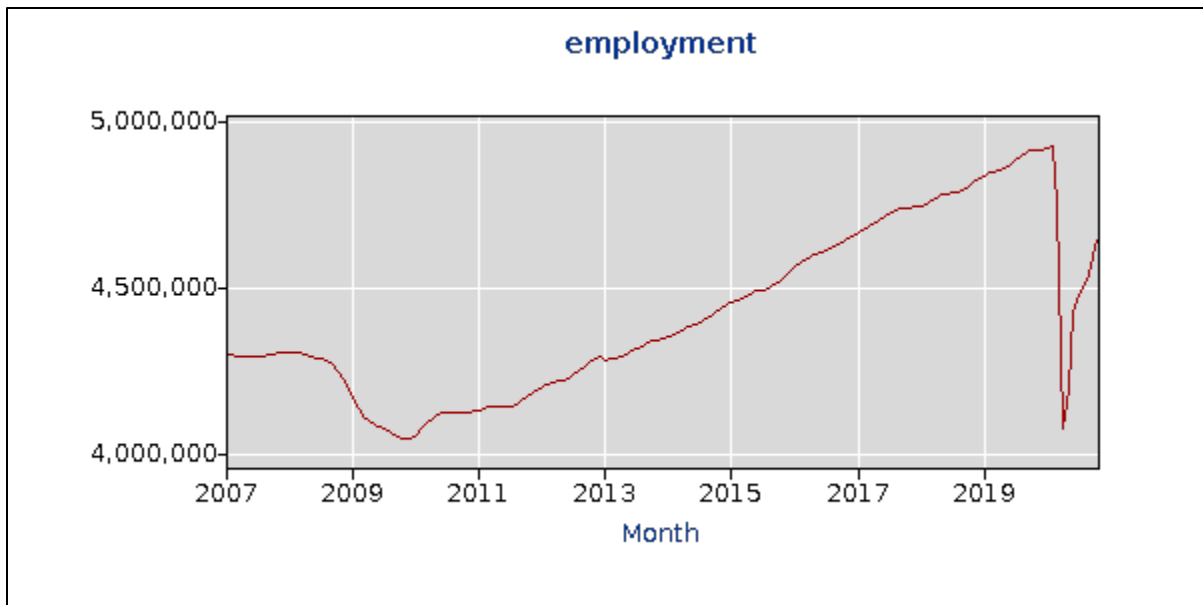


Figure 12: Number of North Carolina residents employed from 2007 to 2020.<sup>14</sup>

<sup>13</sup>

[https://data.bls.gov/timeseries/LASST370000000000006?amp%253bdata\\_tool=XGtable&output\\_view=data&include\\_graphs=true](https://data.bls.gov/timeseries/LASST370000000000006?amp%253bdata_tool=XGtable&output_view=data&include_graphs=true)

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Figure 13: Number of North Carolina residents unemployed from 2007 to 2020.<sup>15</sup>



Figure 14: Unemployment rate in North Carolina from 2007 to 2020.<sup>16</sup>

<sup>15</sup>

[https://data.bls.gov/timeseries/LASST370000000000006?amp%253bdata\\_tool=XGtable&output\\_view=data&include\\_graphs=true](https://data.bls.gov/timeseries/LASST370000000000006?amp%253bdata_tool=XGtable&output_view=data&include_graphs=true)

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The UNC College of Arts and Sciences Public Policy Department investigated the impact of COVID-19 on North Carolina's economy during the summer of 2020. Figures 15 through 18 are slides from a presentation given on July 23, 2020.<sup>17</sup>

Section 2

## The Economic Impacts of the COVID-19 Pandemic

- By May 2020, unemployment in N.C. was higher than at the height of the Great Recession
- Western N.C. suffered highest unemployment rates in April, with some recovery in May
- Long-term layoffs have soared and those 21,000+ jobs will not return to N.C. anytime soon

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Figure 15: Slide 8, The Impact of COVID-19 on North Carolina, July 23, 2020<sup>18</sup>

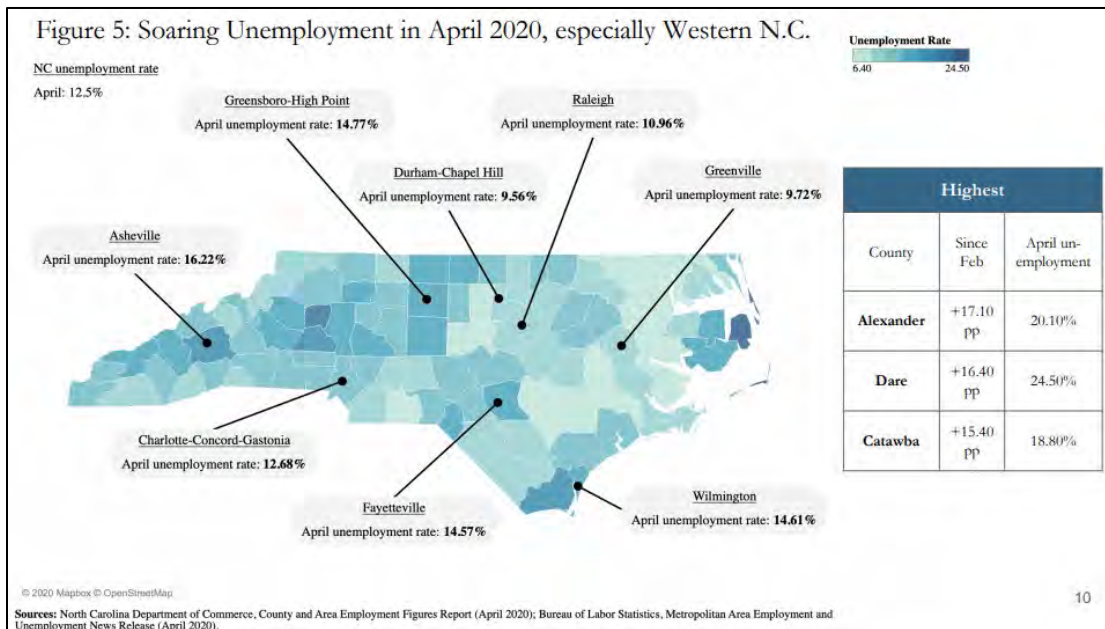


Figure 16: Slide 10, The Impact of COVID-19 on North Carolina, July 23, 2020<sup>19</sup>

<sup>17</sup> <https://publicpolicy.unc.edu/wp-content/uploads/sites/107/2020/07/COVID-Consolidated-Slide-Deck-Press-Conference-FINAL.pdf>

<sup>18</sup> <https://publicpolicy.unc.edu/wp-content/uploads/sites/107/2020/07/COVID-Consolidated-Slide-Deck-Press-Conference-FINAL.pdf>

<sup>19</sup> <https://publicpolicy.unc.edu/wp-content/uploads/sites/107/2020/07/COVID-Consolidated-Slide-Deck-Press-Conference-FINAL.pdf>



Recovery in May 2020 in some N.C. counties; Unemployment worsening in others

Table 1 IMPROVED Unemployment from April to May		
County	May Unemployment	Since April
Alexander	14.00%	6.4 percentage points DOWN
Dare	19.60%	4.9 percentage points DOWN
Catawba	16.00%	2.8 percentage points DOWN

Table 2 WORSENERD Unemployment from April to May		
County	May Unemployment	Since April
Swain	19.70%	5.0 percentage points UP
Hyde	15.00%	3.4 percentage points UP
Hertford	14.40%	2.6 percentage points UP

Figure 17: Slide 11, The Impact of COVID-19 on North Carolina, July 23, 2020<sup>20</sup>

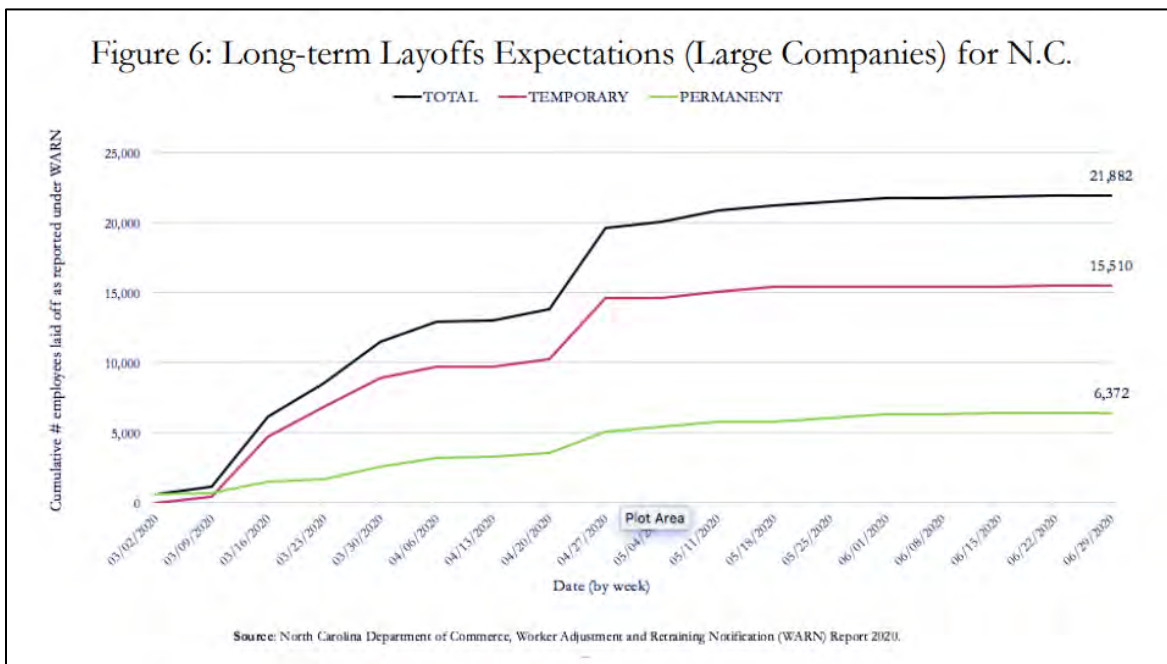


Figure 18: Slide 11, The Impact of COVID-19 on North Carolina, July 23, 2020<sup>21</sup>

<sup>20</sup> <https://publicpolicy.unc.edu/wp-content/uploads/sites/107/2020/07/COVID-Consolidated-Slide-Deck-Press-Conference-FINAL.pdf>

<sup>21</sup> <https://publicpolicy.unc.edu/wp-content/uploads/sites/107/2020/07/COVID-Consolidated-Slide-Deck-Press-Conference-FINAL.pdf>



## State and Local COVID-19 Recovery Programs

In response to the COVID-19 economic shutdown the state government, local governments, and private entities across North Carolina have offered support for workers and business owners in the forms of information, technical assistance, loans, and grants.

Although applications are now closed, the North Carolina Department of Commerce Job Retention and Grant (JRG) Program offered grants up to \$250,000 to eligible businesses and non-profits.<sup>22</sup>

Another closed program, the NC COVID-19 Rapid Recovery Loan Program funded by the Golden LEAF Foundation offered up to \$50,000 in loans to eligible businesses.<sup>23</sup>

Another closed program, the One North Carolina Small Business Program offered matching funds for North Carolina businesses who received a federal Phase 1 Small Business Innovation Research Program or Small Business Technology Transfer award.<sup>24</sup>

Other statewide efforts to curb the economic impacts of COVID-19 among workers and businesses included the North Carolina Department of Revenue's Tax Penalty Relief program, and the North Carolina Expanded Unemployment Insurance Program.

## Economic Condition: North Carolina prior to COVID-19<sup>25</sup>

From January 2017 to October 2019, North Carolina added about 205,000 net jobs, including 198,800 in the private sector. The state's rate of job growth is 4.7%, compared to 4.3% nationwide. The rate of private sector growth also outpaces that of the nation at 5.4% vs. 4.8%.

This growth has largely been driven by the addition of 185,100 service industry and 19,700 goods producing jobs. North Carolina currently has four industry "super-sectors." Together these sectors make up more than 58% of all jobs in North Carolina, and 72% of the state's job growth since January 2017:

- 1) Trade, Transportation and Utilities (859,000 jobs / 18.7% of total jobs);
- 2) Government (734,000 jobs / 16.0% of total jobs);
- 3) Professional and Business Services (649,400 jobs / 14.2% of total jobs);
- 4) Education and Health Services (626,100 jobs / 72% of total jobs).

In terms of economic diversity, North Carolina's occupational employment is made up largely of seven groups. These occupational groups make up about 63% of all jobs in the state:

- 1) Office and Administrative Support Occupations (14.4% of total jobs in the state)
- 2) Sales and Related Occupations (10.8%);
- 3) Food Preparation and Serving Related Occupations (9.7%);

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<sup>22</sup> <https://www.nccommerce.com/grants-incentives/disaster-recovery/job-retention-grant-jrg>

<sup>23</sup> <https://ncrapidrecovery.org/>

<sup>24</sup> <https://www.nccommerce.com/grants-incentives/technology-funds/one-north-carolina-small-business-program>

<sup>25</sup> [https://files.nc.gov/nccommerce/documents/NC-Workforce-Development/Workforce/Plans--Workforce/State-Unified-Plans--WF/NC\\_DRAFT\\_WIOA\\_PLAN\\_FINAL\\_comment.pdf](https://files.nc.gov/nccommerce/documents/NC-Workforce-Development/Workforce/Plans--Workforce/State-Unified-Plans--WF/NC_DRAFT_WIOA_PLAN_FINAL_comment.pdf)



- 4) Production Occupations (7.8%);
- 5) Transportation and Material Moving Occupations (7.4%);
- 6) Healthcare Practitioners and Technical Occupations and Education,
- 7) Training and Library Occupations (6.3%).

Based on industry projections, North Carolina's industry employment is expected to grow to over 5 million jobs by 2026. Growth is expected to occur in six major industries:

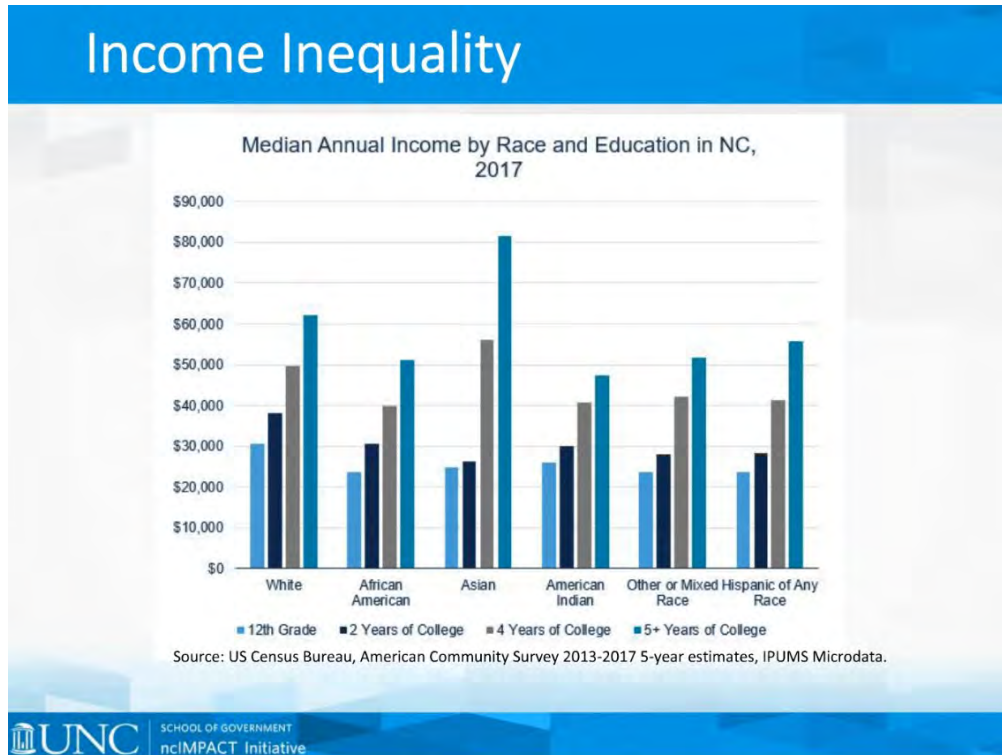
- 1) Health care and Social Assistance;
- 2) Accommodation and Food Services;
- 3) Professional, Science and Technical Services;
- 4) Administrative and Support & Waste Management and Remediation;
- 5) Retail Trade;
- 6) Construction.

While most major industry groups are expected to grow, Manufacturing and Mining jobs are expected to decrease. Agriculture and Utilities are expected to remain flat. By 2026, manufacturing jobs are expected to decline by 10,000 jobs compared to 2017. Although the state's share of manufacturing jobs are expected to decline, Manufacturing will likely still account for 450,000 jobs in 2026.

From November 2018 to October 2019, North Carolina's statewide unemployment rate averaged 4.0%, the lowest unemployment in the state since the 1990s. However, this unemployment rate is slightly higher than that of the nation and is not consistent among different social and ethnic groups. During the same time period, among non-Hispanic whites, the unemployment rate was 2.8%. Among Black workers, it was 5.5%. Among Latinx workers, it was 4.7%. The unemployment rate among youth was 7.3%.

Like unemployment rates, income differs significantly for different ethnic and racial groups in North Carolina.





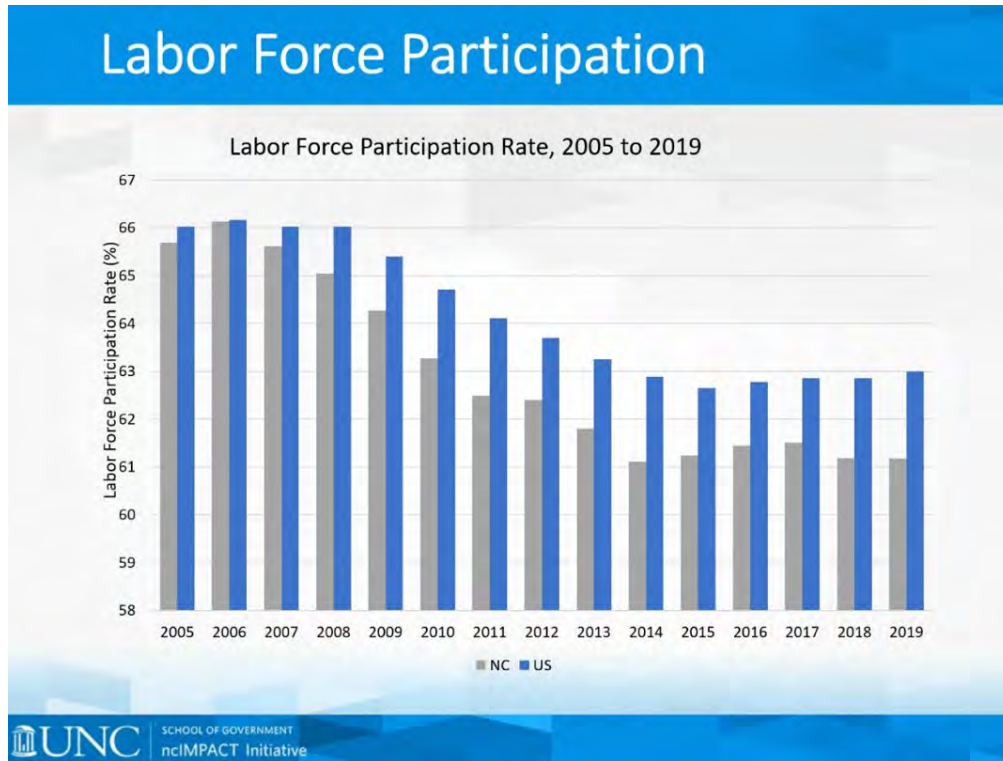
*Figure 19: 2017 median annual income differs by race and ethnicity despite education levels. (Jonathan Morgan / UNC School of Government)<sup>26</sup>*

Overall, North Carolina is experiencing a tight labor market. During the last year, employers received about 1.8 jobseekers per application, compared to 11.3 jobseekers during the peak of the Great Recession. As such, North Carolina’s employers experienced hiring difficulties in 2019. According to the North Carolina biannual Employer Needs Survey, 5 of 10 employers experienced hiring difficulties in 2016, with Manufacturing and STEM employers experiencing the most difficulty.

Largely due to an aging population, North Carolina’s labor force participation rate has declined in recent years, falling from 67.7% in 2000 to 61.2% in 2018. However, from September to October 2019, the labor force participation rate increased to 61.9%.

<sup>26</sup> <https://sog.adobeconnect.com/p63m31cr04zz>





*Figure 20: Labor force participation rates have declined in North Carolina and nationally since the Great Recession. (Jonathan Morgan | UNC School of Government)<sup>27</sup>*

## Regional Trends

Although projections show an 8.3% growth rate, not all regions of North Carolina are expected to grow at the same rate. Wilmington (14.4%) is expected to experience the largest job growth by 2026, followed by Charlotte (11.1%), Raleigh-Durham (9.0%), and Asheville (8.7%). Rocky Mount-Wilson is expected to grow the least at 0.1%.

<sup>27</sup> <https://sog.adobeconnect.com/p63m31cr04zz>



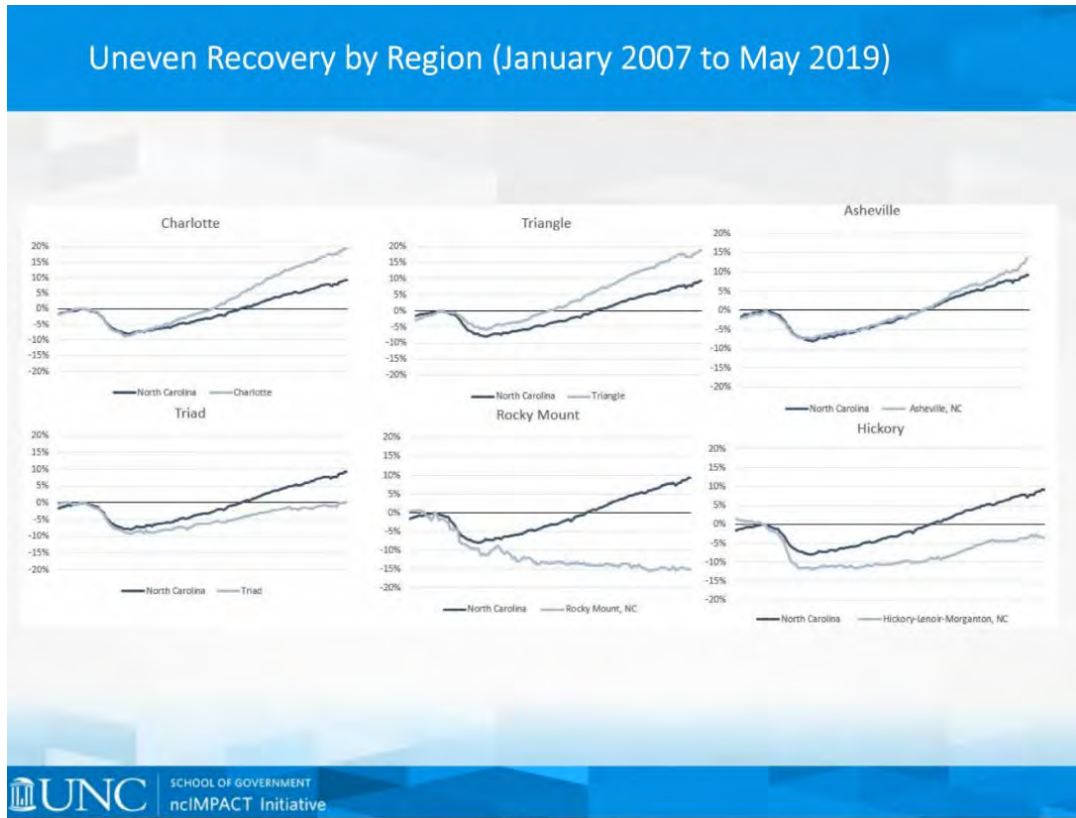


Figure 21: Economic recovery rates have differed by region in North Carolina since the Great Recession. (Jonathan Morgan | UNC School of Government)<sup>28</sup>

Greensboro (-1,880), Hickory (-1,629), and Raleigh-Durham (-1,101) are expected to lose the most manufacturing jobs by 2026 while Goldsboro-Kinston (646), Wilmington (556), and Jacksonville-New Bern (435) are expected to add manufacturing jobs.

Despite these disparities, employment in each prosperity zone is dominated by six industry groups:

- 1) Health Care and Social Assistance;
- 2) Educational Services;
- 3) Retail Trade;
- 4) Manufacturing;
- 5) Accommodation and Food Services;
- 6) Administrative Support and Waste Management.

In terms of hiring difficulty, employers in Charlotte and the Triangle experienced lower levels of difficulty, compared to medium-sized metropolitan areas.

In 2018, North Carolina had over 277,000 business establishments that paid \$244 billion in wages. Employment ranged from 1.1 million jobs in both the North Central and Southwest

<sup>28</sup> <https://sog.adobeconnect.com/p63m31cr04zz>





prosperity zones to below 200,000 in the Northeast prosperity zone. Three zones accounted for two-thirds of the state's total employment, 61% of all establishments, and 71% of all wages: North Central, Southwest, and Piedmont-Triad.

In terms of wages, these three regions also had the highest average weekly wages while the Northeast, Northwest, Western, and Sandhills zones together accounted for 17% of the state's total wages.

## 2020 Economic Headlines<sup>29</sup>



unemployment claims were comparable across rural and urban areas.

Another notable article comes from the NC Justice Center, "New labor market data: COVID-19 maintains its grip on North Carolina's economy through June."<sup>31</sup> According to the article, by June 2020, more than one million North Carolinians had filed for unemployment since March.

According to an October WRAL report, North Carolina's economy is recovering at an uneven pace. According to the article, a Lending Tree report, using consumer spending, small business

North Carolina, like other states, the nation, and countries across the globe, is still battling the economic effects of COVID-19.

Some notable headlines from this year include "COVID-19 affected NC's rural economies long before the first confirmed cases arrived there."<sup>30</sup> The article featured in North Carolina Health News describes how rural counties felt COVID-19's effect on unemployment sometimes months before they felt the health effects. As of March 16, 2020, COVID-19 cases were only in concentrated population centers, however,



<sup>29</sup> <https://edpnc.com/news-events/>

<sup>30</sup> <https://www.northcarolinahealthnews.org/2020/06/02/covid-19-affected-ncs-rural-economies-long-before-the-first-confirmed-cases-arrived-there/>

<sup>31</sup> <https://www.ncjustice.org/new-labor-market-data-covid-19-maintains-its-grip-on-north-carolinas-economy-through-june/>



revenue, job postings, and the unemployment rate, ranked North Carolina 10<sup>th</sup> among states in the rate of recovery from the pandemic. The North Carolina Department of Revenue reported that every sales tax category is up for August 2020 compared to August 2019. Some business owners speculate that the rise in spending comes from people spending money locally rather than on vacations and travel.

Government & Regulations

## Jobs pipeline remains 'really strong' for NC as hectic 2020 ends

Source: Bizjournals.com

In general, economic experts across the state are looking towards 2021

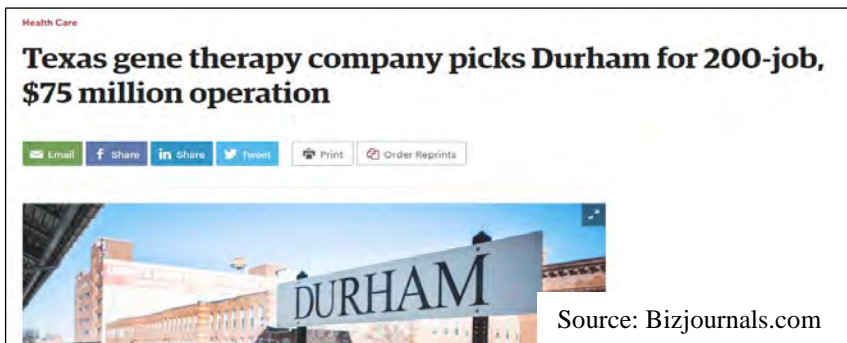
with optimism. In a December 2020 bizjournals.com article, Chris Chung, CEO of the Economic Development Partnership of North Carolina, noted that EDPNC is monitoring 180 active projects statewide, representing 39,000 new jobs and about \$11 billion in investment. December 2020 brought 24 new project proposals, ten more than last year. UNC Charlotte Belk College Economist John Connaughton expects that the economy will likely “bounce back” in 2021.<sup>32</sup>

In November 2020, Clorox announced that they plan to bring 158 “high paying jobs” to Durham, North Carolina.<sup>33</sup>

In the same month, Chick-fil-A announced their plans to open a large distribution center in Mebane, bringing 160 jobs to the town.<sup>34</sup> In mid-

December, Texas company

Taysha Gene Therapies announced that they will open a manufacturing operation in Durham. This investment represents \$75 million in capital investment and 201 “high paying jobs” with an average wage of \$119,751.<sup>35</sup>



Source: Bizjournals.com

In 2019, Forbes named North Carolina the “Best State for Business” for the third year in a row. In the article, Forbes cites the state’s regulatory environment, low business costs, labor supply, and a highly educated labor supply as the reasons for the ranking.<sup>36</sup>

Forbes did not release a “Best State for Businesses” list for 2020, likely because of the COVID-19 economic shutdown.

A significant number of businesses announced large investment plans for North Carolina in 2019. A few notable ones include:

<sup>32</sup> [https://www.newswise.com/coronavirus/north-carolina-s-economic-forecast-steady-growth-for-2021/?article\\_id=743182](https://www.newswise.com/coronavirus/north-carolina-s-economic-forecast-steady-growth-for-2021/?article_id=743182)

<sup>33</sup> <https://abc11.com/business/the-clorox-company-to-bring-158-high-paying-jobs-to-durham/8226629/>

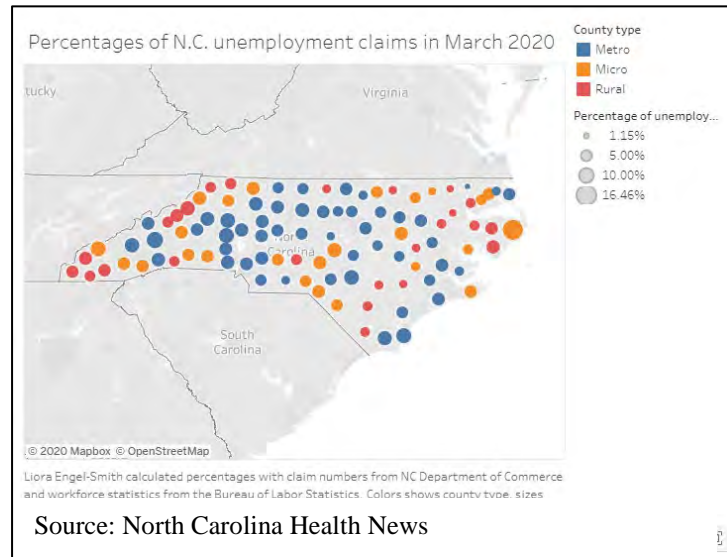
<sup>34</sup> <https://www.bizjournals.com/triad/news/2020/12/01/chick-fil-a-mebane-jobs-distribution-facility.html>

<sup>35</sup> <https://www.bizjournals.com/triangle/news/2020/12/17/taysha-gene-therapies-durham-expansion-jobs.html>

<sup>36</sup> <https://edpnc.com/north-carolina-named-best-state-for-business/>



- Microsoft announced plans to invest \$47.5 million and create 500 new jobs in Wake County,<sup>37</sup>
- Aircraft Solutions USA announced plans to invest \$100,000 and create 475 new jobs in Lenoir County for an aircraft parts and materials recycle center,<sup>38</sup>
- Q2 solutions announced a new establishment in Durham to develop precision medicines, creating 749 jobs with a \$73 million investment,<sup>39</sup>
- Little Leaf Farms, a producer of lettuce, will build a greenhouse complex in Yancy County, creating 100 jobs with an investment of \$86 million.<sup>40</sup>



In 2019, many of North Carolina's mountainous communities considered economic development strategies for tapping into the outdoor industry. To support these efforts and boost the state's outdoor recreation potential, in October the Economic Development Partnership of North Carolina (EDPNC) hired Amy Allison as the new director of the state's Outdoor Recreation Industry Office.<sup>41</sup>

## SWOT Analysis: North Carolina

### Strengths: Evidence of Growth, Improving Unemployment, Nationally Recognized Business Climate

- Economic experts predict job growth and lower unemployment in 2021.
- Historically, North Carolina is famous for having one of the best environments for business in the nation.
- Low tax climate compared to other states in the nation.
- Accessible and quality higher education, educated population centers for incoming businesses.

<sup>37</sup> <https://edpnc.com/microsoft-to-create-500-new-jobs-in-wake-county/>

<sup>38</sup> <https://edpnc.com/aircraft-solutions-usa-to-invest/>

<sup>39</sup> <https://edpnc.com/clinical-research-company-launches-749-job-expansion-in-durham/>

<sup>40</sup> <https://edpnc.com/little-leaf-farms-to-build-high-tech-greenhouse-complex/>

<sup>41</sup> <https://edpnc.com/edpnc-hires-point-person-to-promote-and-grow-nc-outdoor-recreation-industry/>



## Weaknesses: Hiring Challenges, Decline of high wage jobs and growth of low wage jobs, Rural/Urban divide

- Hiring challenges for employers: The most recent biannual Employer Needs Survey revealed that employers experienced hiring difficulties stemming from a mismatch between the needs of employers and the attributes of jobseekers, a tight labor market, and decreased labor force participation largely driven by retirements. Half of all employers cited having difficulty filling at least one position within the previous 12 months. Six of ten employers in Manufacturing and STEM reported hiring difficulties. In 2018, the labor force participation rate fell to 61.2% from 67.7% in 2000. Two-thirds of this decline is attributable to an aging population.
- Following national trends, job growth has largely been in relatively lower wage jobs compared to the past while the number of higher wage jobs like Manufacturing is decreasing. In North Carolina wages are higher in sectors that are losing jobs and lower in sectors that are gaining jobs.
- Rural/urban divide: The rural/urban divide may harden as North Carolina's population and metropolitan centers continue to grow, further drawing resources from and exacerbating inequities between them and the rural regions of the state. North Carolina has a deep and rich agricultural and rural history. Creating mutual understanding and respect between rural and metropolitan cultures will be a challenge that will take, at minimum, thoughtful and concerted policy efforts and campaigns.

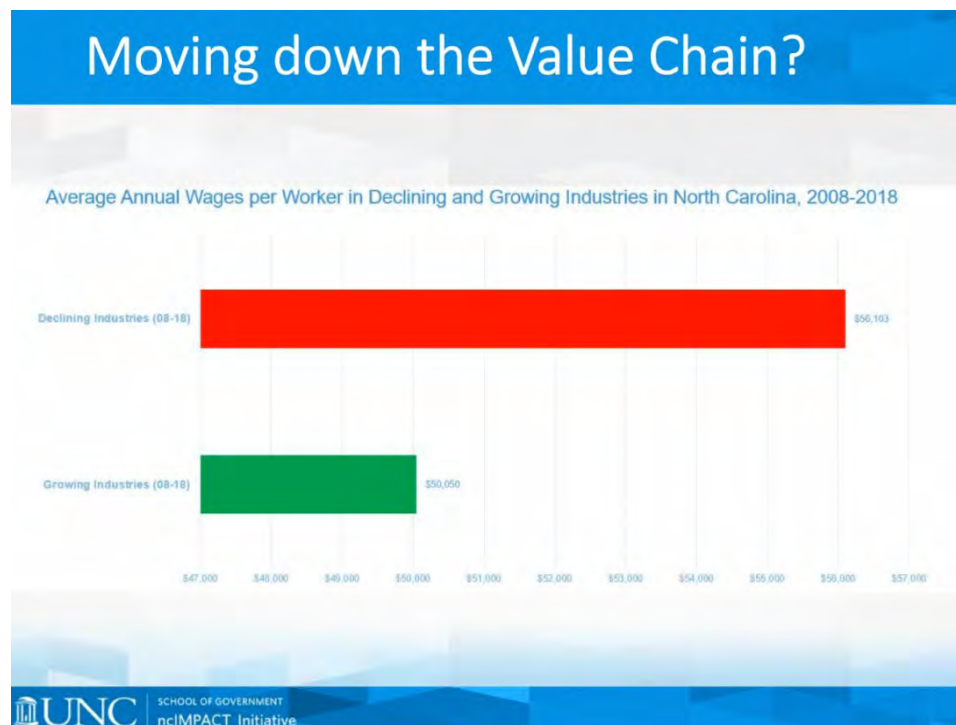


Figure 22: Wages are higher in declining industries compared to growing industries. (Jonathan Morgan | UNC School of Government)<sup>42</sup>

<sup>42</sup> <https://sog.adobeconnect.com/p63m31cr04zz>



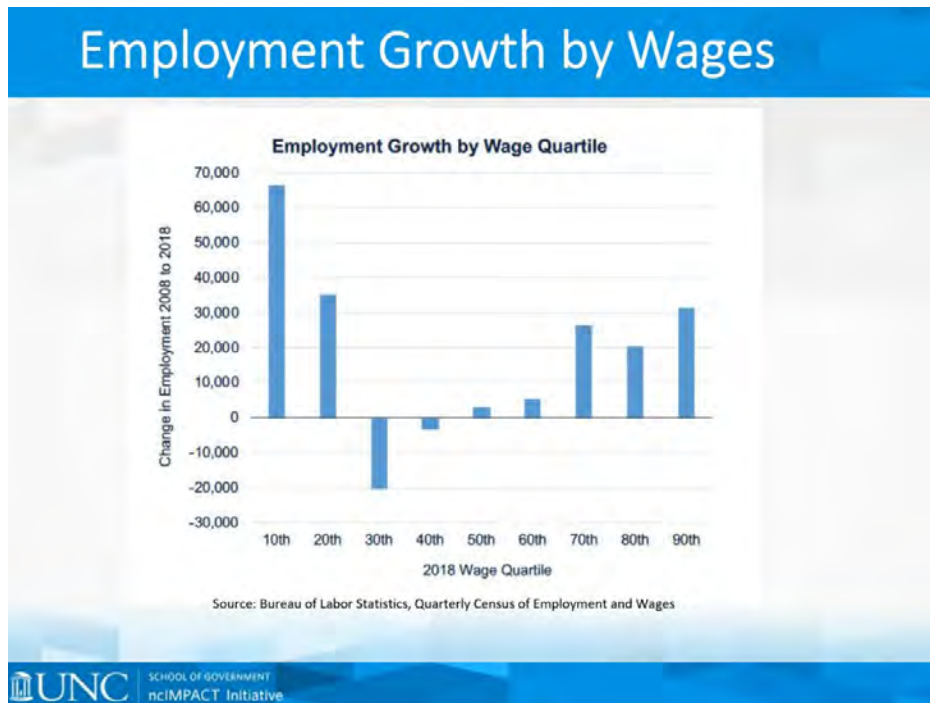


Figure 23: Employment growth in 2018 was largest among lowest wage jobs. (Jonathan Morgan / UNC School of Government)<sup>43</sup>

### Opportunities: Growing Population due to Normal Migration, the Pandemic, and the Draw to the Outdoors

- Although natural growth levels have declined to the lowest levels since 1970, North Carolina’s population is growing due to an increase in net migration. In 2018, migration accounted for 75% of new residents in the state. Although employers have noted hiring challenges, North Carolina’s growing population will buffer some of the negative effects to employers stemming from the state’s tight labor market.
- North Carolina may see increased in-migration to areas with outdoor recreation opportunities for new residents. Preliminary trends indicate that people who work from home are purchasing homes in areas with easy access to the outdoors. With mountains to the west, beaches to the east, and lakes and forests in the middle, many North Carolina communities can expect increased populations and growth.

### Threats: Hurricanes, Climate Change, Pandemics

- North Carolina is no stranger to hurricanes, and they remain a threat to the economy of the state. State leaders, community partners and universities continue efforts to prevent the impact of such storms in the future, while establishing an infrastructure that facilitates greater ease in rebuilding communities impacted by these natural disasters.
- Climate change poses a significant threat to North Carolina’s coastal and mountain communities whose economies depend on tourism and outdoor recreation. Climate change also poses a threat to North Carolina’s farmers and agricultural industry.

<sup>43</sup> <https://sog.adobeconnect.com/p63m31cr04zz>



- COVID-19 has wreaked havoc on the economies of North Carolina, the nation, and the globe. The economic impacts of a new, deadly, and contagious virus have been far reaching, wide-ranging, and will have long-term effects. It is not yet clear how COVID-19 will change the way we work, live, and play in the long-run. However, it's clear that pandemics are something communities of all sizes must now plan for and contend with.

## North Carolina: Economic Resilience in a Pandemic

In December 2020, the Economic Development Partnership of North Carolina (EDPNC) wrapped up eight virtual regional roundtables aimed at gathering and sharing stories of economic resilience across the state. The roundtables included business leaders, chamber representatives, local economic developers, and EDPNC leaders. One main theme of the roundtables was how the pandemic has changed consumer behavior, spurring growth in some industries and hampering it in others. The food processing industry has grown while travel, tourism, leisure, and hospitality continue to experience slowdowns. Despite changes to consumer behavior and policies that forced businesses to close or update procedures, many businesses have quickly pivoted to meet these demands.

At the onset of the COVID-19 economic shutdown, many municipalities quickly realized the importance of their ability to share information with the public and business owners. Mitchell County created the website [www.wearemitchell.org](http://www.wearemitchell.org) within 48 hours after the first statewide stay at home orders were announced. The website, like many others in the state, shared public health information, stay-at-home orders, updated business hours and business policies with residents and customers.

Local governments, organizations, and economic developers also worked to facilitate shifts in production caused by COVID-19 by serving a matchmaker role between producers and suppliers. In order to meet the increased need for medical supplies for COVID-19, the NC Department of Public Safety and Beaufort County economy developers worked together with local manufacturers to repurpose their businesses and produce healthcare products. The Institute created an online site called “Buyers and Sellers Connection” where sellers could register their businesses, goods, and services and buyers could search for the goods and services they needed.<sup>44</sup> Distilleries across the state pivoted overnight to produce hand sanitizer. Textile companies such as Kitsbow and Spoonflower quickly moved to sew personal protective equipment such as masks and gowns.

Many local governments created new policies and programs to support small businesses as COVID-19 kept customers at home and statewide and local policies prevented some businesses from operating like normal in order to curb infections. One way local governments did this was by creating emergency loan programs, or boosting existing revolving loan programs. These emergency loans provided local businesses with short-term immediate funds to pay for existing and new expenses as revenues decreased or health concerns required pivots.

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<sup>44</sup> <https://theinstitutenc.org/>



North Carolina also two statewide resiliency programs which aim to help communities actively thrive and adapt to natural disasters and climate change. The first program, ReBuild NC, brings together local governments, state agencies, and communities organizations to improve resiliency through supporting “1) social and financial systems that drive prosperity, 2) human-made and nature-based infrastructure, 3) ecosystems and natural habitats that provide critical services and assets, and 4) health and well-being of North Carolinians statewide.” ReBuild NC staff coordinate the State Disaster and Recovery Task Force, which convenes experts to advice state agencies and local government officials on recovery and resiliency.<sup>45</sup> Two large project examples include the Ocracoke microgrid and the Little Sugar Creek Restoration project in Charlotte.<sup>46</sup>

The second is the new “N.C. Resilient Communities Program” which will provide assistance to local governments in planning and implementing resiliency projects. The NC Office of Recovery and Resilience and the NC Rural Center will manage this program.<sup>47</sup>

UNC’s Department of City and Regional Planning convened a series called “Viewpoints on Resilient and Equitable Responses to the Pandemic.” In this series Meenu Tewari suggested a “connected and embedded regionalism” in which different local economies band together to pursue growth that focuses less on cities and more on “bridging spaces that are more decentralized, distributed, and capable of both connection and exchange, supported by localized and regional value chains.”<sup>48</sup>

### Economic Resilience and Vulnerability by County<sup>49</sup>

The UNC School of Government in conjunction with colleagues at the University of Missouri is conducting a research project on community and regional resilience. With funding from the National Science Foundation, a set of measurements have been developed for resilience and vulnerability for every county in the United States. These look at four dimensions: economic, social, infrastructure, and environmental. The map below shows how these play out in North Carolina for economic resilience and vulnerability (Figure 26).

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<sup>45</sup> <https://www.rebuild.nc.gov/resiliency>

<sup>46</sup> <https://www.nga.org/wp-content/uploads/2020/09/NC-Resilience-Slides.pdf>

<sup>47</sup> <https://www.coastalreview.org/2020/10/nc-begins-resilient-communities-program/>

<sup>48</sup> <https://planning.unc.edu/2020/06/responses-to-the-pandemic-economic-resiliency/>

<sup>49</sup> Quoted from <https://ced.sog.unc.edu/strengthening-resilience-in-north-carolinas-communities/>



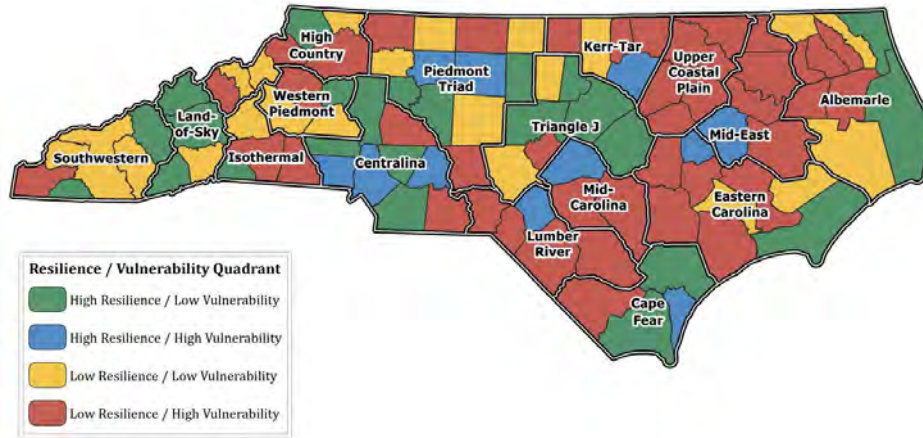


Figure 26: Economic Resilience/Vulnerability Quadrants, by Count

