Growing an Economy that Works for All: Toward a Genuine Economic Progress Agenda for North Carolina

Wilmington, NC
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Overview

• Time for a new policy conversation about economic development—and a new agenda.
  • Policy context
  • Economic transformation

• When economic growth is not enough to ensure broadly-shared prosperity

• Toward a framework for economic development that addresses these challenges
  • Goals
  • Strategies
  • Measures of success

• A role for universities
An old policy conversation

- Goal is statewide economic growth
- Focus on improving the business climate to attract business investment from outside the state
- Better business climate = low taxes, low govt spending
- A race to the bottom?
- Little emphasis on ensuring economic growth actually improves quality of life across all areas of the state
- Fails to meet challenges of economic transformation
Toward a new policy conversation?

- New “roadmap” for economic development
- Continues focus on improving the business climate by cutting taxes
- But sets new objectives for entrepreneurship, technology transfer, and rural development.
- Possible contradiction between these objectives?
State Spending as a Share of the Economy is Below the 40-Year Average

Total General Fund appropriations as a share of state personal income

40-year average = 6.16%

Final Budget = 5.36%
Spending is 8.3% below pre-recession levels.

Change from Base Budget (what is needed to maintain current service levels)

Change from Pre-Recession Investment (FY2008, adjusted)

PUBLIC EDUCATION
-6.4%
-1.5%

COMMUNITY COLLEGES
-1.6%
-0.05%

UNIVERSITY SYSTEM
-4.7%
-9.7%

HEALTH & HUMAN SERVICES
-1.0%

JUSTICE AND PUBLIC SAFETY
-0.2%

NATURAL & ECONOMIC RESOURCES
-8.3%

TOTAL GENERAL FUND BUDGET
-47.9%

1.9%

7.3%

8.2%
The Great Economic Transformation
Mid-wage goods-producing jobs replaced by low-wage service-providing jobs
Growth vs. prosperity

• In this economic reality, growth is not enough
• Lower wages, lower incomes
• Not enough jobs
• Too many lagging communities, regions
When economic growth fails to produce higher incomes for North Carolina families.
North Carolina workers’ wages failing to keep pace with productivity gains during current recovery
Current employment recovery taking longer than other recoveries
North Carolina’s workforce experiences collapse

Source: Local Area Unemployment Survey
Change in jobs lowest since recovery began

Source: Current Employment Statistics, US Department of Labor

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When economic growth fails

Rural areas lag behind in job creation
1.7 million+ in Poverty

$23,492

(poverty level for family of four)

Source: 2012 American Community Survey.
Nearly one in two children of color live in poverty.

Statewide average (26%)

Source: 2012 American Community Survey.
Economic Development for an Economy that Works for All
How does North Carolina grow an economy that works for all?

- Goals
- Strategies
- Metrics
Goals for economic development

• Higher household incomes
• More jobs
• More better jobs
• Economic mobility
• ....across all parts of NC
An all-of-the-above approach to economic development

Existing industry expansion

+ entrepreneurship

+ new business attraction

= an all-of-the-above approach
An all-of-the-above approach to economic development

- Targeting industry growth opportunities
- Targeting mid- and high-wage opportunities
- Building career pathways
- Helping lagging communities, regions
Targeting matters

Majority of North Carolina's Employment Concentrated in Poorly Performing Industries

- Industries with growth opportunity: 74%
- Poorly performing industries: 26%
Measuring success in economic development

- Household income
- Quality job creation
- Poverty
- Genuine Progress
Universities play a crucial role
A role for universities

• Universities can support recruitment, retention, and new business development through...

• Engaged teaching and scholarship

• Workforce development in targeted industries

• Technology transfer + entrepreneurship

• Shared research with targeted industries

• Community planning
• Time for a new policy conversation about economic development

• ...capable of rising to the challenge of 21st century economic reality in North Carolina

• ...and ensuring broadly-shared prosperity in all areas of the state.

• Time for a Genuine Progress Agenda

• Universities play a key role
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