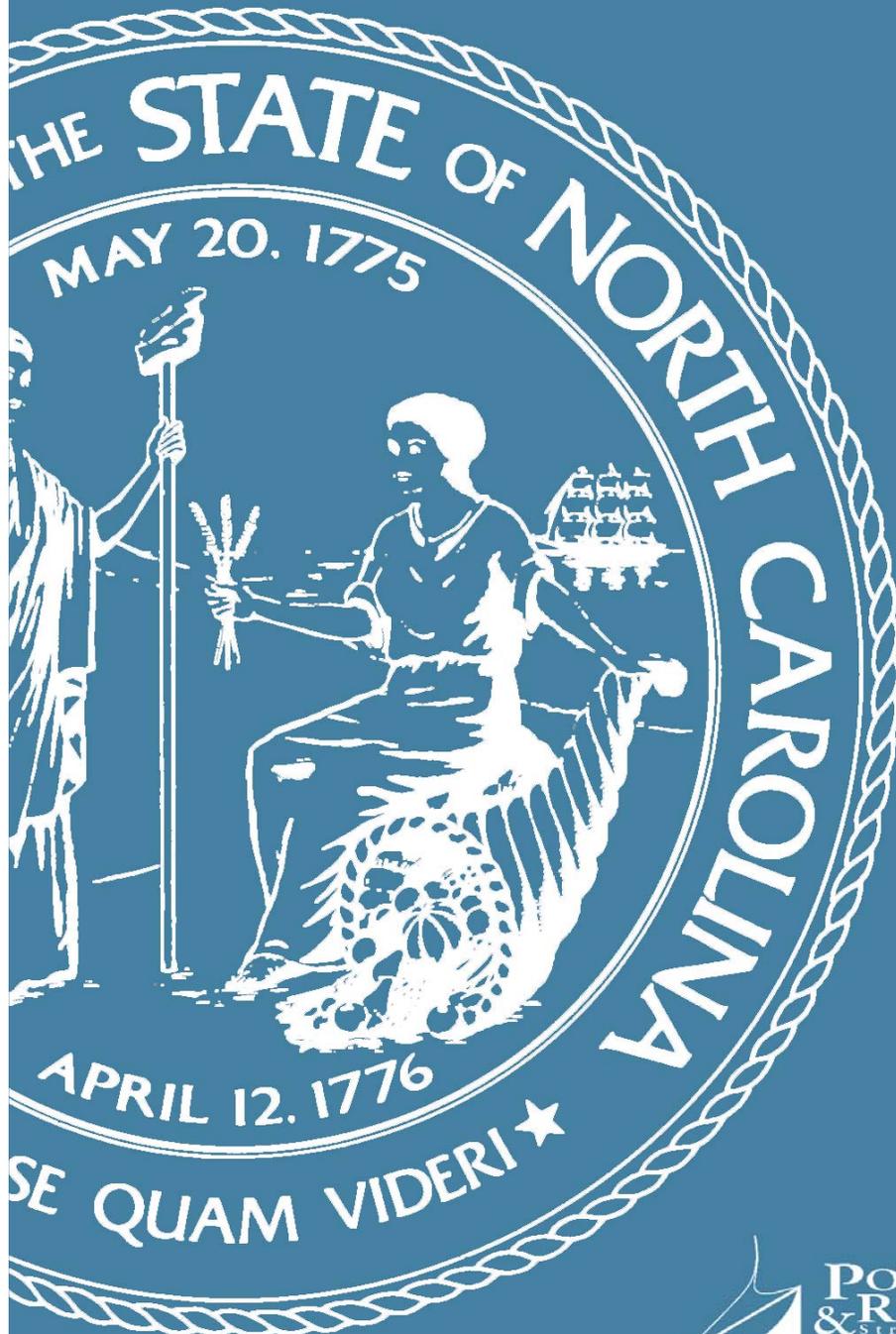


# N.C. Economic Development Board Strategic Plan 2008 Update

September 25, 2008

Prepared by the Interagency Economic Development Group



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# FORWARD

The Interagency Economic Development Group (IEDG) is a team composed of staff from state agencies and organizations charged with the duty of assisting the Economic Development Board (EDB) in implementing and annually updating the economic development strategic plan and providing policy recommendations for Board consideration. In accordance with General Statute 143B-434, as staff lead, the Department of Commerce convenes the IEDG as needed to collect updates from the organizations that are responsible for implementing the goals of the strategic plan and/or to provide information as needed by the Board for future planning considerations.

Since its first policy roundtable discussion, the IEDG has worked to assess the status of the plan's goals and to begin developing recommendations for future policy actions. In 2008, Policy Team staff in Commerce's Division of Policy, Research and Strategic Planning Division worked closely with the IEDG members in preparing the annual Strategic Plan Update Executive Summary for presentation at the September EDB meeting.

The following IEDG representatives offered their expertise and support in the preparation of this executive summary:

- **Department of Commerce** (*Gene Byrd, Meihui Bodane, Michael Haley, Chris Harder, Teresa Johnson, Beth Lucas, Vickie Miller, Lynn Minges, Gloria Nance-Sims, Jack Newman, Sara Nienow, Liz Parham, David Rhoades, Mark Roberts, Libby Smith, Rodney Swink, Aaron Syrett*)
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- **E-NC Authority** (*Angie Bailey, Ashley Crane, Cary Edgar, Jane Smith Patterson*)
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- **North Carolina Board of Science and Technology** (*John Hardin*)
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- **North Carolina Rural Center** (*Brett Altman, Julie Haigler Cubeta, Leslie Scott*)
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- **University of North Carolina System** (*Leslie Boney*)

# INTRODUCTION

In 2007, the North Carolina Economic Development Board and its partners continued to make substantial progress and realize successes through the implementation of action steps from the Economic Development Strategic Plan. This update highlights this progress and identifies the seventeen priority action steps the Board will focus on during 2008 – 2009.

The report consists of five sections. First, it provides a general overview of the state's economy and demographic and macroeconomic trends impacting North Carolina. The state's performance against a set of key economic indicators also is summarized. The Board's overall progress on the strategic plan over the last six years is outlined. Next, strategic plan priority action steps for 2008 – 2009 are identified. Each action step is described and accompanied by the Board's planned activity for accomplishing it. The majority of this update is dedicated to providing a summary of activities undertaken in 2007 related to the seven goals of the strategic plan. A conclusion regarding the Board's progress in 2007 and its direction in 2008 – 2009 is provided. Finally, two appendices, with further detailed information, are provided. The first appendix describes the priority action steps and the second provides detailed information on the progress of all the action steps.

In 2009, the State will see a change in Governor, Administration, and North Carolina Economic Development Board membership. To this end, efforts were made to identify ways to resolve outstanding action items within the current plan and to begin preparing for new leadership and a new Economic Development Strategic Plan, one that reflects the current needs of our 21st century economy and better positions the state to realize promising opportunities on the horizon.

# 2007 ECONOMIC OVERVIEW

Despite lackluster performance at the national level in 2007, North Carolina's economy is strong according to many measures. The state continues to attract people and businesses and the productivity of its labor force continues to grow. The state's economic strength is evident in the increase of Gross Domestic Product, its growing labor force and its expanding export market. The following is a summary of demographic and macroeconomic trends and North Carolina's performance on key economic indicators.

## Demographic and Macroeconomic Trends Affecting North Carolina

**Globalization:** Every region of the world has experienced the impacts of globalization. North Carolina experienced a steep decline of jobs in traditional manufacturing industries due in part to cheaper labor costs abroad. Economists anticipate that this trend will continue. However, globalization has had some positive impact on North Carolina's economy. In recent years, North Carolina has shown significant job growth in a number of knowledge-based industries such as biotechnology, information technology, pharmaceuticals, and advanced manufacturing.

**Demographic Changes:** North Carolina's population is growing rapidly. Currently, the state ranks 10th in the country, with a population of about 9.1 million. Between 2000 and 2007, the state experienced a 12.6 percent growth rate. Migrants from other states and countries contribute significantly to North Carolina's population growth. Migration from rural to urban areas (or at least to rural areas in close proximity to urban areas) is also a demographic trend. Urban and suburban areas are growth centers for jobs, especially those associated with high-growth knowledge-based industries. Finally, the nation as a whole is aging. As "baby-boomers" get older they will require more services, such as health care and social assistance.

**National Economy:** The United States as a whole is experiencing economic uncertainty. The pace of economic growth slowed in 2007 and there are strong indications that it will slacken further during 2008. The ongoing problems in the housing and financial markets and the high price of oil will trim the growth of GDP<sup>1</sup>. North Carolina shows signs of remaining competitive relative to comparison states and the United States as a whole.

## Summary of Key Economic Indicators

**Gross Domestic Product:** North Carolina's Gross Domestic Product (GDP) growth exceeds that of the United States and most comparison states. Despite the continued restructuring of the state's economic base away from labor-intensive industries toward knowledge-based industries, manufacturing in North Carolina is still the largest contributor to State GDP. In 2007, North Carolina's GDP was just under \$400 billion, an increase in real GDP of 2.2 percent from 2006. The growth in real GDP for the United States as a whole over the same period was 2 percent.

**Earnings:** Adjusted for inflation, earnings in North Carolina are below the national average. The median household income in North Carolina (using a three-year average: 2004-2006) was \$42,061, compared to \$47,790 nationally. The state's highest average weekly wages are in North Carolina's three urban economic development regions: Charlotte, Piedmont Triad and Research Triangle.

**Labor Force:** The state's expanding workforce and the availability of jobs are indicators of a healthy economy. In 2007, North Carolina's labor force exceeded 4.5 million, with employment slightly more than 4.3 million. North Carolina's labor force grew 9.5 percent from 2000 to 2007, faster than the national average (7.5 percent).

<sup>1</sup> Congressional Budget Office. The Budget and Economic Outlook: Fiscal Years 2008 to 2018. Washington, DC: Congress of the United States, January 2008.

## 2007 ECONOMIC OVERVIEW

**Exports:** An important indicator of a state's successful involvement in the global economy is the amount of goods and services it exports to foreign markets. A key driver of a state's GDP is the value of its exports. In 2007, the total value of exports leaving North Carolina ports was \$23.4 billion, an increase of 9.7 percent from 2006. North Carolina's 2007 exports represent 2 percent of all exports out of the United States. The five largest destination countries of North Carolina exports are: 1) Canada, 2) Japan, 3) China, 4) Mexico, and 5) France.

**Labor Productivity:** Productivity represents the amount of output (GDP) per unit of input (employment). Not only is labor productivity growth closely tied to earnings growth, educational attainment and standard of living, it also provides a measurement of a state's competitive position over time. In 2007, North Carolina's labor productivity (\$77,922) was below the national average of \$78,519. Both the United States and North Carolina experienced an increase in labor productivity of less than 1 percent between 2006 and 2007.

**Occupational Mix:** Popular occupations in North Carolina have relatively low wages. In 2007, the five occupations in North Carolina with the highest employment were: office and administrative support (699,087), sales (668,768), production (422,676), management (384,983), and food preparation (368,251). Of these five occupations, only management occupations earned more than \$30,000 annually.

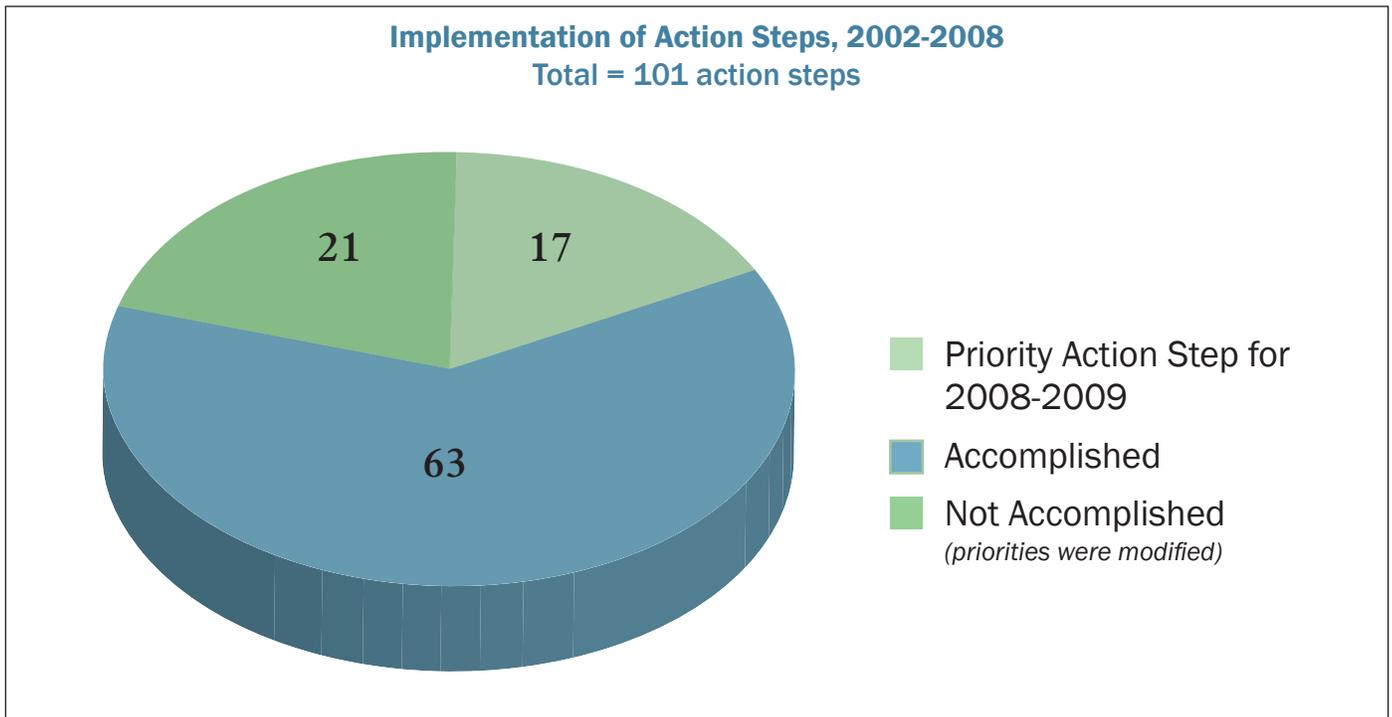
**Capital Investment:** Capital investment is key indicator of the state's economy. In 2007, North Carolina attracted \$547 million in venture capital funding, up from \$510 million in 2006. However, the state's share of venture capital investments to Gross Domestic Product was 0.14 percent, below the U.S. average of 0.22 percent. Investment by new and expanding business in North Carolina averaged \$5.8 billion annually between 2000 and 2007. However, the vast majority of this investment is concentrated in the Charlotte, Piedmont Triad and Research Triangle regions.

**Industry Mix:** In general, the manufacturing sector continues to lose jobs, but remains significant in terms of overall state employment. Knowledge-intensive industries such as financial services, professional and technical services and health care/social assistance are experiencing significant growth. North Carolina's largest industries were manufacturing, retail trade, and health care/social assistance. In 2007, these industries accounted for more than 42 percent of private sector employment in the state.

# STRATEGIC PLAN PROGRESS SUMMARY

During the past year, the state has made good progress in accomplishing a number of the action steps in the strategic plan. Since 2002, North Carolina agencies and organizations have worked hard to accomplish sixty-three of the one hundred and one original action steps and only seventeen are currently under way. Approximately twenty-one of the actions steps were not accomplished, in part, due to modifications in policy priorities.

The table below illustrates the success of the Economic Development Board's strategic plan.



## PRIORITY ACTION STEPS FOR 2008 – 2009

Of the one hundred and one (101) action steps in the North Carolina Economic Development Strategic Plan, there are seventeen (17) action steps that have not yet been accomplished. The following is a brief description of each remaining action step, and the corresponding recommended actions that the Board can take to help achieve each goal. (Note: Two of the actions steps, found in Goal 2 of the Strategic Plan, have been consolidated below due to their relationship to one another.) These remaining action steps will be the priorities for the Board during the next year.

For more detailed information please see the North Carolina Economic Development Board Strategic Plan Priority Action Steps 2008-2009 located in the Appendix.

- **Maintain support for enrollment growth for the University of North Carolina System, the North Carolina Community College System and the North Carolina Public School system.**

**Recommended Action:** In preparation for the 2009 legislative session, the N.C. Economic Development Board will send a letter supporting continued full funding for enrollment growth to the Chairs and Members of the House and Senate appropriations committees, other relevant committee chairs and members, and key legislators.

- **Advocate and support the North Carolina Community College System's recommendations to provide additional funding for equipment needs by crafting a letter to the Governor and the General Assembly, as well as, assembling the support of all stakeholders through the N.C. Economic Development Board.**

**Recommended Action:** In preparation for the 2009 legislative session, the N.C. Economic Development Board will send a letter supporting additional funding for equipment needs for the North Carolina Community Colleges to the Chairs and Members of the House and Senate appropriations committees, other relevant committee chairs and members, and key legislators.

- **Develop a mechanism within state government to provide coordination and assistance to existing public and private sector science and technology resources to make the best use of those resources for advancing economic development and job growth throughout the state by increased funding for the North Carolina Office of Science and Technology. Science, technology, and economic development, which are interrelated and vital to North Carolina's future economic success, and require coordinated attention at the state level.**

**Recommended Action:** In preparation for the 2009 legislative session, the N.C. Economic Development Board will send a letter supporting increased recurring state appropriations for the basic operations of the N.C. Office of Science and Technology and the Board of Science and Technology to the Chairs and Members of the House and Senate appropriations committees, other relevant committee chairs and members, and key legislators.

- **Catalyze and support expanded innovation activities from all of North Carolina's universities through appropriate follow-up to the University's economic development plan. This has been integrated into the strategic priorities of the UNC System, providing staffing to the function at a system level and on each campus.**

**Recommended Action:** The N.C. Economic Development Board will encourage the UNC System to re-examine technology transfer structures and staffing at all public universities, to determine how they will maximize technology transfer for creation of jobs in North Carolina, and to complete a comprehensive plan to increase university innovation and maximize job creation by technology transfer.

- **Taking into account mission studies mandated by the legislature in this area, complete regional resource analyses across the state to understand regional strengths and opportunities; align university initiatives and expertise with the needs of regional economic development clusters; and develop strategies and tactics to address knowledge-based job creation in each region.**

## PRIORITY ACTION STEPS FOR 2008 – 2009

**Recommended Action:** The N.C. Economic Development Board will encourage the North Carolina Department of Commerce (DOC) and The University System (UNC) to fully implement the 2007 UNC/DOC Memorandum of Agreement. The UNC/DOC MOA outlines the collaborative relationship between DOC and the universities at the state and regional levels. The MOA includes other key partners in economic development to be included in regular meetings and discussions in the regions and at the state level. The MOA implementation is currently underway in several of the regions.

- **Strengthen the overall R&D capacity of all North Carolina Universities and research institutions by enhancing key administrative support functions and processes that currently constrain their competitive R&D position.**

**Recommended Action:** The N.C. Economic Development Board should encourage broader flexibility under the State Personnel Act.

- **Fund an initiative to promote economic growth in North Carolina through the identification and development of emerging technologies. For example, nanotechnology—the science of the very small— will fundamentally transform science, technology, and society, from microscopic computer chips to cancer-fighting vaccines.**
- **As such, it holds tremendous potential for North Carolina and the nation. Nanotechnology will be the basis of manufacturing technology in the future. Developing a coordinated response to the challenges and opportunities presented by this and other emerging technologies will greatly expand the opportunity for all North Carolinians to obtain and retain challenging and economically rewarding employment.**

**Recommended Action:** In preparation for the 2009 legislative session, the N.C. Economic Development Board will send a letter supporting recurring funding to support implementation of components of the nanotechnology research efforts, to the Chairs and Members of the House and Senate appropriations committees, other relevant committee chairs and members, and key legislators.

- **Strengthen the overall R&D capacity of the 16-institution University of North Carolina by providing resources and incentives for faculty development.**

**Recommended Action:** In preparation for the 2009 legislative session, the N.C. Economic Development Board will send a letter supporting recurring sources of competitive research funding to support UNC faculty research in sectors deemed critical to North Carolina's long term economic future.

- **As part of a regional strategy, systematically promote the state's University Millennium Campuses and support the development of new ones as sites for growing and attracting new technology-based businesses.**

**Recommended Action:** The N.C. Economic Development Board will encourage the UNC System to undertake a significant, high profile ad campaign to promote industry/university research parks.

- **Increase knowledge of federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) awards throughout the state and strengthen application assistance for entrepreneurs to increase their success rate in receiving such awards.**

**Recommended Action:** Recurring state incentive funding for SBIR/STTR applicants and matching funding for SBIR/STTR recipients via the One North Carolina Small Business Program is needed. In preparation for the 2009 legislative session, the Economic Development Board will send a letter supporting recurring sources of funding for the One NC Small Business Program to the Chairs and Members of the House and Senate appropriations committees, other relevant committee chairs and members, and key legislators. The letter will also advocate increased funding for the Small Business and Technology Development Center (SBTDC) to expand its efforts to improve statewide knowledge of SBIR/STTR opportunities and strengthen application assistance.

## PRIORITY ACTION STEPS FOR 2008 – 2009

- **Identify a dedicated source of funding for the One North Carolina Fund.**

**Recommended Action:** In preparation for the 2009 legislative session, the N.C. Economic Development Board will send a letter to the Chairs and Members of the House and Senate appropriations committees supporting recurring funding for the One North Carolina Fund.

- **Identify development hubs with regional significance (beyond the three largest metropolitan areas) and develop strategies to strengthen them and make them more competitive.**

**Recommended Action:** Currently a development hubs study is underway through a joint effort between North Carolina State University and University of North Carolina-Chapel Hill to define development hubs, examine North Carolina's resources, and identify best practices around the nation. Upon the completion of the study, in January 2009, members from various divisions of Commerce will work with the N.C. Economic Development Board to formulate and implement policies to support this economic development concept.

- **Request new funding to recapitalize the Main Street Financial Incentive Fund with its 10:1 leverage to increase the number of buildings rehabilitated in downtowns.**

**Recommended Action:** In preparation for the 2009 legislative session, the N.C. Economic Development Board will send a letter to the Chairs and Members of the House and Senate appropriations committees supporting new funding to recapitalize the Main Street Financial Incentive Fund, which will increase the number of buildings rehabilitated in downtown and spur investment and create jobs.

- **Expand the Department of Commerce's successful Small Town Main Street Program statewide.**

**Recommended Action:** In preparation for the 2009 legislative session, the N.C. Economic Development Board will send a letter to the Chairs and Members of the House and Senate appropriations committees supporting expansion of the Small Town Mainstreet Program. Because there is growing interest in small towns and micropolitan areas, dedicated funding from the General Assembly is needed to successfully expand the program.

- **Continue promoting participative and comprehensive approaches to economic development by making a refined 21st Century Communities Initiative available to thirty-seven counties by 2010.**

**Recommended Action:** In preparation for the 2009 legislative session, the N.C. Economic Development Board will send a letter to the Chairs and Members of the House and Senate appropriations committees supporting the 21st Century Communities program and encourage dedicated funding for the successful expansion of the program.

- **Continue to develop and implement an e-agriculture strategy to increase the rate at which farm operators and employees utilize Internet resources.**

**Recommended Action:** The N.C. Economic Development Board will continue its support for e-NC Authority and encourage the 2009 General Assembly to provide additional funding for development of an agricultural portal that would focus on the needs and use of the Internet as it applies to the economics of agriculture.

# STATUS REPORT

This section of the report provides an update of actions undertaken and accomplishments realized during the past year.

## **GOAL 1:**

### **DEVELOP AN OUTSTANDING EDUCATION SYSTEM AND A HIGHLY QUALIFIED WORKFORCE.**

Providing support to industry and statewide economic development is a core mission of North Carolina's education and workforce development entities. North Carolina's workforce development organizations are recognized as national leaders in economic and workforce development. Continued support for North Carolina's education and workforce development system is necessary in order to build a workforce with the skills necessary for highly skilled occupations, to obtain livable wages, and to attract and retrain workers for high-growth industries in the new economy. To that end, much progress was made in 2007 in several workforce development- and education-related actions steps of the strategic plan.

The North Carolina Community College System (NCCCS) enrollment growth was fully funded (\$8.8 million) by the General Assembly in 2007, facilitating the accommodation of 2,296 additional full-time students. An additional \$2 million was appropriated to an enrollment growth reserve for colleges that experienced growth greater than 5 percent. The reserve was distributed, however, it was approximately \$10 million short of what was needed to accommodate new growth in 2007-2008.

In 2007-2008, the New and Expanding Industry Training (NEIT) program trained 17,087 workers and served 187 companies—92 existing North Carolina companies expanding and 95 new companies. The total expenditures for the program were over \$7.36 million or \$407.01 per trainee. The Focused Industry Training (FIT) program trained 6,729 workers and served 466 companies. The program convened 675 skill classes and workshops providing 20,002 hours of instructional training. The Customized Industry Training (CIT) program trained 1,498 workers and served 54 companies. The total expenditures for the program were \$723,000 or \$483 per trainee.

As part of the NCCCS Strategic Plan for 2007-2009, a process was undertaken to examine changing population trends and gaps that may exist in the ability to fill needs as a result of these changes in state demographics.

The NCCCS BioNetwork continues to connect community colleges across North Carolina, providing specialized training, curricula and equipment, to develop a world-class workforce for the biotechnology, pharmaceutical and life sciences industries. In June 2007, the BioNetwork released an economic impact study, "The Economic Contributions of the NCCCS BioNetwork Initiative". The purpose of the report was to determine the socioeconomic impact of the BioNetwork. The report concluded that "money invested in the community college system reaps a great return—in greater industry wages, tax benefit and return, and educational capital." In 2007, the BioNetwork funded 28 grants to twenty community colleges across the state worth \$2 million for a number of programs, curriculum development, and resources.

In 2007, the N.C. Department of Commerce's Division of Workforce Development and the Governor's Office announced a planning grant opportunity to support the development of Regional Skills Partnerships in the allied health sector. The planning grants were designed to address workforce issues of the allied health sector for the purpose of increasing the sector's competitiveness and creating employment and career advancement opportunities for workers. The partnerships promote system change through realignment of public and private resources, expanded integration of services, leadership through workforce intermediaries, and development of career pathways for low income / entry-level workers.

# STATUS REPORT

The allied health sector was selected because it is one of the fastest growing sectors in the state's economy. The category of allied health included healthcare professionals with a wide range of credentials—from high school graduates working as pharmacy technicians to physical therapists with doctoral training. The healthcare sector has been one of the key drivers in North Carolina's economic growth. As manufacturing employment in the state has declined, healthcare and social assistance occupations, as a percentage of the state's workforce, increased from 10% to 13% of the total workforce. Between 1999 and 2005, allied health employment in North Carolina grew by 46%. By contrast, total healthcare employment grew by 20% and total employment in the state grew by 0.2%. More than 69% of the total job growth in the healthcare sector during this time was due to allied health jobs.

The Economic Development Partnership Committee—a subcommittee of the North Carolina Commission on Workforce Development—provides oversight of the Allied Health Regional Skills Partnership grant program. A core team oversees direct guidance for the project. This team includes representatives from the Governor's Office, the N.C. Department of Commerce, the North Carolina Community College System, the Employment Security Commission, the UNC Cecil G. Sheps Center, and the North Carolina Hospital Association. Planning grants have been awarded to 7 partnerships across the state to address allied health employment and skills development related issues.

## **GOAL 2:** **INVEST IN SCIENCE, TECHNOLOGY, AND UNIVERSITY OUTREACH.**

In December 2007, a memorandum of agreement was signed between the University of North Carolina and the Department of Commerce, which aims to increase the connectivity of campuses to regional development infrastructures. Additional emphasis on these issues will come as campuses develop their responses to UNC Tomorrow, with the report's emphasis on assisting regional economic development and community engagement.

Technology transfer services have been strengthened over the past five years on less research-intensive campuses through contracts with university-based spin-off companies, and the University is currently developing a plan to strengthen technology transfer efforts on all campuses. These initiatives were implemented based on discussions with the Council of Research Administrators, a group comprised of representatives from the various university campuses, and convened by the Vice President of Research. These measures aim to increase the amount of university innovation through technology transfer and commercialization and to promote economic development activities.

The Small Business and Technology Development Center (SBTDC) has been designated by the Governor as the North Carolina Federal and State Technology Partnership (FAST) representative and plays a lead statewide role in promoting participation in the federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) R&D Award Program.

The SBTDC has taken the lead in supporting the creation of six structured early-stage angel capital funds located across the state. The funds will make investments of from \$50,000 to \$125,000 in early-stage technology and other high-growth potential businesses. Four of the six funds are now operational.

The SBTDC's success in this area has been noticeable, as it hosted the highly successful national 2007 SBIR/STTR conference held for the first time in North Carolina.

The University system has benefited from an expansion of funding for the Area Health Education Centers (AHEC) to help address critical needs for health care workers and other needs.

With support from the General Assembly and Golden LEAF Foundation, North Carolina State University and North Carolina Central University have continued to develop their programs to do research and train graduates in critical areas of biotechnology.

# STATUS REPORT

The University System's President's Advisory Committee on Efficiency and Effectiveness (PACE) Commission recommendations have aimed to reduce inefficiencies and redundancies.

The N.C. Biotechnology Center launched a Centers of Innovation initiative in 2007. Planning grant applications have been solicited and four awards have been made. Applicants will develop business plans and create and sustain Centers of Innovation in targeted areas of bio-science (Marine –Bio science, Medical Devices, Natural Products and Bio-nano). Approved plans will receive multi-year funding support.

Since the inception of the One North Carolina Small Business Incentive and Matching Fund Programs in early 2006, the Board of Science and Technology has issued more than 160 grants to North Carolina small businesses, totaling more than \$10 million. The North Carolina small businesses receiving the grants project to create more than 100 jobs in the state and to patent, license, and sell technologies and products worth more than \$1 billion.

## GOAL 3:

### ENSURE A COMPETITIVE ENVIRONMENT FOR THE RECRUITMENT AND RETENTION OF BUSINESS, CAPITAL INVESTMENT, AND JOBS CREATION.

In 2007 – and for the sixth time in seven years – North Carolina ranked first in Site Selection magazine's annual state business climate analysis. State and private agencies took significant steps in 2007 to maintain and enhance the competitive business environment for industries locating in North Carolina.

The General Assembly approved an extension of the Job Development Investment Grant (JDIG) program until 2010. In 2007, this discretionary grant program awarded 14 grants to new and existing companies. If performing as expected, these companies will create 5,574 new jobs, retain 3,653 existing jobs, and invest \$525 million in North Carolina. The General Assembly also approved the creation of the Job Maintenance and Capital Development (JMAC) grant program. This program assists expanding businesses with substantial capital improvements and maintenance of high-quality jobs.

There continues to be a groundswell of state support for developing the military and defense industries. Most recently, the N.C. Department of Commerce (DOC) estimated that the military and Coast Guard presence in the state have a \$23.4 billion impact on the state's economy each year. As a result of the 2005 Base Realignment and Closing (BRAC) decisions, this impact is anticipated to increase to over \$26 billion by 2013. Non-profit planning organizations are doing community needs assessments to prepare for the sudden influx of population in the Fayetteville and Jacksonville areas. Members of the armed services, state agencies, community leaders, and other organizations with military-related missions such as the North Carolina Military Foundation, the North Carolina Military Business Center, and the Defense and Security Technology Accelerator (DSTA) are assisting these planners.

The DOC launched its newly designed website in 2007. This comprehensive redesign provides a new platform to build the state's brand among business audiences, communicate news to relevant stakeholders, and explain in-depth the wide spectrum of economic development programs underway in the state. The website features the Economic Development Intelligence System (EDIS) as a method of collecting a wide variety of information about counties, Economic Development Partnerships, and the state as a whole.

Another significant undertaking by the DOC is the implementation of a Customer Relationship Management (CRM) system. This software will allow the department to keep track of and share information about new and expanding businesses internally, provide better customer service to existing business, and to customize and direct marketing activities.

# STATUS REPORT

## GOAL 4:

CREATE STRONG METROPOLITAN GROWTH CENTERS THAT GENERATE REGIONAL BUSINESS DEVELOPMENT, SHARED PROSPERITY, AND A HIGH QUALITY OF LIFE, IN PARTNERSHIP WITH SURROUNDING AREAS.

North Carolina continues to help its communities develop the infrastructure, cultural amenities, and social capacity that attract business and investment and ensure a high quality of life.

The Division of Community Assistance (DCA), within the N.C. Department of Commerce (DOC), continues to serve 57 communities designated as North Carolina Main Street communities and 22 NC Small Town Main Street communities. The North Carolina Main Street Program Annual Conference saw record attendance at the January 2008 conference that has held in Rocky Mount, N.C. Approximately 350 attendees represented Main Street, Small Town Main Street, and communities of all sizes that are interested in downtown revitalization attended the education sessions and annual awards ceremony. Sessions on municipal wiring, wayfinding, diversifying the main street budget, and real cost design solutions were among just a few of the lessons learned.

The Office of Urban Development in the DCA has successfully expanded the small town downtown revitalization initiative statewide. In 2007, the General Assembly funded a Small Town Main Street staff position for western North Carolina, enabling the program to provide downtown development assistance to smaller communities across the state. The Small Town Main Street program now has four staff positions – two in the west and two in the east – and continues to add new towns annually. In August 2007, six towns were selected to participate in the program, and an additional six communities were designated in September 2008.

In November 2007, the North Carolina Economic Development Board approved a development hubs study, proposed by the Division of Policy, Research, and Strategic Planning at in the DOC, be undertaken. Currently this study is underway through a joint effort between North Carolina State University and University of North Carolina-Chapel Hill to define development hubs, examine North Carolina's resources, and identify best practices around the nation. Upon the completion of the study, in January 2009, members from various divisions of DOC will work with the N.C. Economic Development Board to formulate and implement policies to support this economic development concept.

## GOAL 5:

DEVELOP THRIVING RURAL AREAS THAT MAINTAIN A HIGH QUALITY OF LIFE; ACHIEVE ONE NORTH CAROLINA BY MOBILIZING THE STATE'S RESOURCES TO CREATE STRONG REGIONAL PARTNERSHIPS AND PROGRAMS THAT FOSTER BROADER ECONOMIC DEVELOPMENT OPPORTUNITIES IN RURAL NORTH CAROLINA.

The state's economic development agenda places a large emphasis on improving the quality of life in rural areas of North Carolina. This goal encompasses improvements in physical infrastructure, technical assistance, and better access to state programs.

The North Carolina General Assembly took significant steps to support economic growth and quality of life in rural communities during its 2007 session. It authorized \$138.5 million to support rural development through infrastructure and job creation. The North Carolina Rural Economic Development Center, charged with administering the funds, has allocated \$100 million appropriation for Clean Water Partners Grants to meet the water and wastewater needs of rural communities. As of August 2008, more than \$62 million in grants has been awarded to the localities across the state to provide access to clean water or repair aging wastewater systems. Over the next several months, the Rural Center will continue to invest and address critical water and sewer problems in the rural areas. The expected result of the Clean Water Partners Grants will be to serve over 200 communities and leverage over \$200 million dollar.

# STATUS REPORT

In 2006, the General Assembly appropriated \$244,699 for the 21st Century Communities program to employ three full-time staff for the central, eastern, and western regions to provide planning and technical assistance to current and future program participants. In 2007, six counties were selected to participate in the program, and in 2008 another five new counties were chosen, raising the total to thirty-one. The program anticipates that with the refining of selection elements of the competitive process and an increase in capacity (staffing), that designation and participation of thirty-seven counties by 2010 is an attainable benchmark. Because of the growing interest in the 21st Century Communities program, continued legislative support and funding are encouraged to successfully expand the program.

The N.C. Department of Commerce's Small Cities Community Development Block Grant (CDGB) program set aside \$1,000,000 in funds for fiscal year 2007 and 2008 to help implement the Small Business Entrepreneurial Assistance Program to help create and retain jobs within the state's most distressed communities. It is anticipated that thirty new jobs will be created as a result. While the 2007 program was available to the state's most distressed communities (Tier 1 and 21st Century Communities), the 2008 program will be open to all local governments eligible under North Carolina CDBG program. Tier 1 counties and 21st Century Communities participants will receive extra points during application scoring for their designation as a distressed community.

The Infrastructure category under CDBG provides funds for public water and/or public sewer. In 2007, CDBG funds provided 54,504 linear feet of water and sewer improvements to eligible local governments and assisted 286 households in those communities.

Placed Based Economic Development (PBED) is a recognized economic development strategy that capitalizes on local assets – natural, cultural, historic, human community and built – to create jobs, economic development and entrepreneurial opportunities in communities. In early 2007 a group of interagency representatives began meeting in an effort to better define the state's role in supporting PBED and working on strategies for interagency collaboration. Currently this group is partnering with the N.C. Department of Commerce's 21st Century Communities Program in an effort to better identify viable PBED projects and align their agencies' collective resources more effectively.

## GOAL 6:

### DEVELOP A COMPETITIVE, REGIONALLY BASED INFRASTRUCTURE AND PROMOTE SUSTAINABLE ECONOMIC DEVELOPMENT.

As North Carolina competes in a competitive global market, the need for solid infrastructure and sustainable economic growth has increased. The N.C. General Assembly approved several pieces of legislation in 2007 to promote sustainable development and infrastructure maintenance and improvement.

The General Assembly established the Green Business Fund to attract and maintain sustainable businesses in the state. In 2008, the Green Business Fund allocated \$1 million for the first round of grants. A total of 85 small businesses filed applications seeking nearly \$7 million in funds. Thirteen businesses from across North Carolina received awards, totaling \$950,000. The N.C. Department of Commerce's Board of Science and Technology administers the program.

The e-NC Authority works to expand access to technology across the state. As of late 2006, 82 percent of North Carolina households have access to high-speed Internet service if they choose to subscribe. However, five counties still have less than 50 percent access and another 21 counties have less than 70 percent access. During the 2007 legislative session, the e-NC Authority received an appropriation of \$1.21 million for the expansion of high-speed Internet service in the four least-connected counties in the state - Gates, Greene, Jones and Warren counties, where less than 50 percent of households had access to high-speed Internet service. After this deployment, only 17 counties

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in North Carolina will have connectivity levels below 70 percent. The expected target is to eliminate the digital divide and increase the number of rural citizens who have access to high-speed Internet technology from 77 percent to 95 percent by Fall 2009.

The e-NC Authority also promotes technology access in the state through the development of community websites, technology training, and the operation of seven business Telecenters across the state. Since 2001, the Business & Technology Telecenter program has created 1,490 jobs, at a cost of \$4,049 per job. Collectively, the seven program sites have leveraged \$11.9 million in private financing.

## GOAL 7:

MAINTAIN AND STRENGTHEN TOURISM, FILM, AND SPORTS INDUSTRIES; PRESERVE, PROTECT, AND PROMOTE OUR STATE'S CULTURAL, NATURAL, AND HERITAGE ASSETS.

The North Carolina Division of Tourism, Film and Sports Development continued its mission to unify and lead the state in developing the State as a major destination for leisure travel, group tours, meetings and conventions, sports events and film production.

In 2007, the Tourism Division delivered several publications highlighting travel and sporting opportunities. The publications included: The Official 2007 North Carolina Travel Guide; The Official 2007 North Carolina Golf Guide; and the North Carolina Calendar of Events.

Through its Community Development and Heritage Tourism programs, the Tourism Division continued efforts to develop tourism across the state, particularly in rural, less advantaged areas.

The state's Film Office reported that spending by film, television and commercial production companies increased to \$160.2 million in North Carolina in 2007, a 61 percent increase from 2006. This figure includes wages, goods and services used by commercial production companies. North Carolina introduced a film incentive program in 2007 that provides a tax credit for productions filmed in the state. A minimum of \$250,000 in-state spending qualifies productions for a 15 percent tax credit.

The North Carolina Department of Cultural Resources (DCR), "Homegrown Handmade: Art Roads and Farm Trails" book, companion to the website of the same name, became available May 2008. The self-driving trails cover 76 counties. This publication is a partnership of the DCR, North Carolina Cooperative Extension, and Golden LEAF Foundation.

## CONCLUSION

Although the nation's economy faced many challenges during the past year, North Carolina continued its tenure as one of the best places to do business and demonstrated its resilience by continuing to grow its workforce and expand export markets in the global economy.

In 2007, many of the North Carolina Economic Development Strategic Plan objectives and action steps were achieved or continued to progress. This update provides a measurement of progress on existing objectives, summarizes new economic trends, and details recent events that have influenced the state's agencies ability to fulfill the action steps corresponding to the board's stated objectives.

During the past year, the North Carolina Economic Development Board made a committed effort to focus on the challenges of achieving greater shared prosperity across our state. To this end, the Board and Department of Commerce partnered to support a development hubs study, being conducted through a joint collaboration between North Carolina State University and the University of North Carolina – Chapel Hill.

During 2008 and 2009, The N.C. Economic Development Board, Department of Commerce and economic development partners will continue to work on those strategic objectives which have not yet been fully achieved.

## NORTH CAROLINA ECONOMIC DEVELOPMENT STRATEGIC PLAN PRIORITY ACTION STEPS FOR 2008-2009

### GOAL 1: DEVELOP AN OUTSTANDING EDUCATION SYSTEM AND A HIGHLY QUALIFIED WORKFORCE

#### OBJECTIVE 1.1: SUPPORT CONTINUED FULL FUNDING FOR ENROLLMENT GROWTH IN THE UNIVERSITY OF NORTH CAROLINA, THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM AND K-12 PUBLIC EDUCATION.

**Action Step 1.1.1:** Maintain support of the University of North Carolina, the North Carolina Community College System (NCCCS), and the North Carolina Public School system in regards to continued full funding for enrollment growth.

- a. **Responsibility:** N.C. Economic Development Board, the North Carolina Community College System, and the University of North Carolina
- b. **Deadline:** 2009 Legislative Session
- c. **Funding:** NA
- d. **Expected Outcome/Return on Investment:** Recommendations made by the Economic Development Board will result in the continued full funding of enrollment growth in all public education systems.

**What Has Been Accomplished:** A State Education Lottery was established in 2005 to provide funds for school construction, smaller class sizes, college scholarships, and pre-kindergarten programs.

Also in 2005, the legislature appropriated \$2 million for the Community College Enrollment Reserve fund, which will aid the community colleges in providing technical training for regional job development. During the 2006 legislative session, the General Assembly outlined the goals of the community college system in HB 583 - which identified the community college system as the lead state agency for workforce development training, literacy, and adult education.

One of the major efforts the N.C. Commission on Workforce Development is developing for 2008 is a valuing education campaign. The intent of this campaign is to underscore the importance of education in the 21st century economy. More jobs are requiring degrees and technical knowledge than in previous generations. This campaign in part recognizes that continued funding for higher education in North Carolina is critical for the success of the state's economy.

NCCCS enrollment growth was fully funded (\$8.8 million) by the North Carolina General Assembly in 2007 facilitating the accommodation of 2,296 additional full-time students. An additional \$2 million was also appropriated to an enrollment growth reserve for colleges that experienced growth greater than 5 percent. The reserve was distributed but was approximately \$10 million short of what was needed to accommodate new growth in 2007-2008.

**What Remains to be Done:** In preparation for the 2009 legislative session, the N.C. Economic Development Board will send a letter advocating its support for continued full funding for enrollment growth to the chairs and members of the House and Senate appropriations committees, other relevant committee chairs and members, and key legislators.

**Milestone Targets:** Letter will be sent prior to the convening of the 2009 session.

#### OBJECTIVE 1.4: FUND AN INCREASE IN STATE-OF-THE-ART TRAINING EQUIPMENT TO MEET THE NEEDS OF EMPLOYEES AND EMPLOYERS SEEKING TO THRIVE IN THE NEW ECONOMY.

**Action Step 1.4.1:** Advocate and support the NCCCS's recommendations to provide additional funding for equipment needs by crafting a letter to the Governor and the General Assembly, as well as, assembling the support of all stakeholders through the N.C. Economic Development Board.

- a. **Responsibility:** N.C. Economic Development Board Chair
- b. **Deadline:** 2009 Legislative Session
- c. **Funding:** General Fund
- d. **Expected Outcome/Return on Investment:** Clearly expressed support leading to passage of legislation that creates equity in funding for high-demand courses.

**What Remains to be Done:** In preparation for the 2009 legislative session, the N.C. Economic Development Board will send a letter advocating its support for additional funding for equipment needs for the state's community colleges to the chairs and members of the House and Senate appropriations committees, other relevant committee chairs and members, and key legislators.

**Milestone Targets:** Letter will be sent prior to the convening of the 2009 session.

## GOAL 2: INVEST IN SCIENCE, TECHNOLOGY, AND UNIVERSITY OUTREACH

**OBJECTIVE 2.1 ALLOCATE RESOURCES AND MAKE INVESTMENTS TO CREATE AN ENVIRONMENT THAT PROMOTES THE EFFECTIVE TRANSFER OF SCIENTIFIC AND TECHNOLOGICAL KNOWLEDGE AND RESOURCES TO PROMOTE THE ECONOMIC GROWTH AND DEVELOPMENT OF NORTH CAROLINA.**

**Action Steps 2.1.1 and 2.1.2:** Develop a mechanism within state government to provide coordination and assistance to existing public and private sector science and technology resources to make the best use of those resources for advancing economic development and job growth throughout the state by increased funding for the N.C. Board of Science and Technology. Science, technology, and economic development, which are interrelated and vital to North Carolina's future economic success, and require coordinated attention at the state level.

- a. **Responsibility:** N.C. Board of Science and Technology
- b. **Deadline:** June 30, 2009
- c. **Funding Source:** State appropriations (cf. 2.1.2)
- d. **Expected Outcome/Return on Investment:** The creation of opportunities for more efficient and effective leveraging of existing and new resources to support technology-based economic development to create jobs and turn innovative ideas into marketable products.

For example, it will work with partners across the state to facilitate and support:

- External research funding to North Carolina's colleges, community colleges, universities, and industry;
- The amount of federal SBIR/STTR research commercialization funding awarded to North Carolina organizations;
- Commercialization of intellectual property from universities and laboratories and growth of entrepreneurial companies;
- Growth and diversification of private and venture investment across North Carolina;
- Activities to attract and leverage private investment in North Carolina companies; and
- Economic development through the promotion of technology-based solutions to current and future business issues, serving both technology and non-technology firms in the state.

**What Has Been Accomplished:** The N.C. Board of Science and Technology continues to fulfill this function, as it has since its creation in 1963. However, the Board's funding level has remained constant for several years, thus severely limiting its ability to serve in an agenda-setting, coordinating, facilitating role.

**What Remains to Be Done:** The N.C. Board of Science and Technology should receive increased recurring state appropriations for basic operational purposes.

**Milestone Targets:** Letter will be sent prior to the convening of the 2009 session.

**Action Step 2.1.3:** Catalyze and support expanded innovation activities from all of North Carolina's universities through appropriate follow-up to the University System's economic development plan. This has been integrated into the strategic priorities of the UNC System, providing staffing to the function at a system level and on each campus. Incenting Universities to embrace a culture of innovation and entrepreneurship that transfers seamlessly to the State's economy by:

- i. Strengthening technology transfer services at all campuses;
- ii. Establishing a statewide, distributed support network of key technology transfer partners;
- iii. Providing additional resources to University technology-transfer organizations;
- iv. Developing new metrics for university innovation and economic development;
- v. Developing a consolidated database of UNC university research; and
- vi. Supporting the creation of multiple early-stage seed capital funds across the state.
  - a. **Responsibility:** University of North Carolina (Vice President for Research and Sponsored Programs; Small Business and Technology Development Center (SBTDC))
  - b. **Deadline:** June 2009
  - c. **Funding Source:** Accelerate NC SBTDC expansion budget requests and private investment funding
  - d. **Expected Outcome/Return on Investment:** Increase in level of technology transfer activities and value; statewide business creation and enhanced competitiveness

**What Has Been Accomplished:** North Carolina universities are emerging as centers of regional entrepreneurship. The University of North Carolina's Board of Governors added a seventh strategic directive to its long-range plan in 2006 to emphasize the university's role in transforming the state economy through "basic and applied research, innovation and creativity, transfer of knowledge, application of best practices, and high quality degree programs." In May 2006, the Board of Governors adopted a report by the Special Committee on 'Economic Development and the Role of The University'. This report provides a framework for economic and community development activities on university campuses.

Technology transfer services have been strengthened over the past five years on less research-intensive campuses through contracts with university-based spin-off companies, and the University is currently developing a plan to strengthen technology transfer efforts on all campuses. These initiatives were implemented based on discussions with the Council of Research Administrators, a group comprised of representatives from the various university campuses, and convened by the Vice President of Research. These measures aim to increase the amount of university innovation through technology transfer and commercialization and to promote economic development activities.

The Small Business Technology Development Center (SBTDC) has taken the lead in supporting the creation of six structured early-stage angel capital funds located across the state. The funds will make investments of from \$50,000 to \$125,000 in early-stage technology and other high-growth potential businesses.

**What Remains to Be Done:** The UNC System should systematically re-examine technology transfer structures and staffing at all public universities to determine how they will maximize technology transfer for creation of jobs in North Carolina.

**Milestone Targets:** UNC System should complete a comprehensive plan to increase university innovation and maximize job creation by technology transfer by June 2010.

**Action Step 2.1.4:** Taking into account mission studies mandated by the legislature in this area, complete regional resource analyses across the state to understand regional strengths and opportunities; align university initiatives and expertise with the needs of regional economic development clusters; and develop strategies and tactics to address knowledge-based job creation in each region by:

- i. Creating the best possible / most robust set of tax and incentive policies available to start, grow, and attract technology-based businesses;
- ii. Undertaking a comprehensive review of the Umstead Act, with the goals of proposing amendments to it to improve the ability of the University of North Carolina to commercialize its technologies while protecting the state's private enterprises from unfair competition; and
- iii. Building strong regionally focused partnerships between universities, economic development organizations and businesses.
  - a. **Responsibility:** N.C. Board of Science and Technology; North Carolina Chamber; University of North Carolina; N.C. Department of Commerce; N.C. Department of Revenue
  - b. **Deadline:** June 2009
  - c. **Funding Source:** Current resources
  - d. **Expected Outcomes/Return on Investment:** Increased commercialization of University technologies. Increase in the number of high-technology companies.

**What Has Been Accomplished:** Several proposals passed during the 2006 legislative session aimed to boost North Carolina's position in science and technology. Specifically, the 2006 General Assembly included a provision in its budget to reduce the sales tax on R&D equipment to promote technology-based growth in North Carolina.

During the 2005 legislative session the General Assembly voted to amend the Umstead Act with HB 1539. This bill authorized the Board of Governors of the University of North Carolina to establish a panel to determine whether the university system has the authority to undertake an activity in competition with a nongovernmental entity. This measure aims to improve the ability of the University of North Carolina to commercialize its technologies while protecting private enterprises from unfair competition.

The University System has benefited from an expansion of funding for the Area Health Education Centers (AHEC) to help address critical needs for health care workers and other needs.

With support from the General Assembly and Golden LEAF Foundation, North Carolina State University and North Carolina Central University have continued to develop their programs to do research and train graduates in critical areas of biotechnology.

**What Remains to Be Done:** The N.C. Department of Commerce (DOC) and the University System (UNC) need to fully implement the 2007 Memorandum of Agreement pursuant to which there will be more effective collaboration between these agencies and others at both the state and regional levels.

**Milestone Targets:** Each region convenes quarterly meetings of DOC and UNC regional representatives.

**OBJECTIVE 2.2 ALLOCATE RESOURCES AND MAKE INVESTMENTS TO SUPPORT THE CREATION OF NEW KNOWLEDGE AND TECHNOLOGY THAT WILL SUSTAIN AND ENHANCE NORTH CAROLINA'S COMPETITIVENESS AS A LEADING TECHNOLOGY STATE.**

**Action Step 2.2.1:** Strengthen the overall R&D capacity of all North Carolina Universities and research institutions by enhancing key administrative support functions and processes that currently constrain their competitive R&D position.

- i. Seeking opportunities to streamline internal operations and find ways to most effectively administer operations;
- ii. Continuing to allow the University to retain 100% of its indirect cost recovery;
- iii. Widening the flexibility of the University under the State Personnel System for UNC;
- iv. Modifying State purchasing regulations such that UNC can be empowered to use State purchasing contracts when advantageous from a cost, quality, and/or service perspective;
- v. Granting the University authority to choose alternative vendors when lower costs, higher quality, or superior service are available; and
- vi. Easing existing restrictions on construction and leasing arrangements for University buildings that are constructed or acquired through self-liquidating sources.
  - a. **Responsibility:** General Assembly; University President and Board of Governors; Institution Chancellors and Boards of Trustees
  - b. **Deadline:** June 2010
  - c. **Funding Source:** Current resources; required financial investment for this step would be minimal.
  - d. **Expected Outcome/Return on Investment:** Enhanced ability of UNC to construct research facilities to do research in areas of economic competitiveness, thus increasing the impact of University-based research on state economic recovery, growth, and development

**What Has Been Accomplished:** The University's President's Advisory Committee on Efficiency and Effectiveness (PACE) Commission recommendations have aimed to reduce inefficiencies and redundancies. The UNC system still retains 100% of its indirect cost recovery.

**What Remains to Be Done:** Broader flexibility under the State Personnel Act is still needed.

**Action Step 2.2.2:** Fund an initiative to promote economic growth in North Carolina through the identification and development of emerging technologies. For example, nanotechnology—the science of the very small—will fundamentally transform science, technology, and society, from microscopic computer chips to cancer-fighting vaccines. As such, it holds tremendous potential for North Carolina and the nation. Nanotechnology will be the basis of manufacturing technology in the future. Developing a coordinated response to the challenges and opportunities presented by this and other emerging technologies will greatly expand the opportunity for all North Carolinians to obtain and retain challenging and economically rewarding employment.

- a. **Responsibility:** N.C. Board of Science and Technology (coordinating); University of North Carolina (UNC); the North Carolina Chamber; N.C. Biotechnology Center; and Department of Commerce (DOC)
- b. **Deadline:** June 2010
- c. **Funding Source:** State appropriations Note: The UNC System is using current year non-recurring funding to pay for research in areas related to economic development priorities. In addition, NC State is using current year non-recurring funding to support 10 industry clusters ranging from value-added agriculture to medical technologies and devices. Recurring funding for both of these programs is a University priority budget request for FY2008/09

- d. **Expected Outcome/Return on Investment:** The creation of a strategic plan which assesses the states assets and ROI comparable to state investment in Biotechnology. Development of capabilities core to the retooling of existing manufacturing industries as well as the development of new generations of science and technology businesses and clusters statewide. Position North Carolina aggressively to secure federal research funding and technology leadership in these technologies

**What Has Been Accomplished:** In the spring of 2005, the N.C. Board of Science and Technology formed the Governor's Task Force on Nanotechnology and North Carolina's 21st Century Economy. The task force issued its first report in April 2006 and is working to implement a series action steps that will improve the environment for technological innovation and the application of nanotechnology in North Carolina. Also in 2005, the General Assembly authorized the Defense Technology Innovation Center in Fayetteville to create collaborations with the military, entrepreneurs, and innovators to produce technology solutions and business development. The NC Biotechnology Center launched a Centers of Innovation initiative in 2007. Planning grant applications have been solicited and four awards have been made. Applicants will develop business plans and create and sustain Centers of Innovation in targeted areas of bio-science (Marine-Bio science, Medical Devices, Natural Products and Bio-nano). Approved plan will receive multi-year funding support.

**What Remains to Be Done:** Find recurring funding to support implementation of components of the nanotechnology research efforts.

**Milestone Targets:** Increase university research funding levels in targeted economic development areas by \$30 million in recurring funds by June 2010.

**Action Step 2.2.3:** Strengthen the overall R&D capacity of the 16-institution University of North Carolina by providing resources and incentives for faculty development.

Priorities include:

- i. Investing in competitive faculty salaries, increasing them to the 80th percentile of peer institutions;
- ii. Investing in state-of-the art research and development facilities and equipment across all regions of the state;
- iii. Increasing opportunities and incentives for faculty collaboration with universities, industry, government, and non-profits; and
- iv. Reviewing and revising promotion and tenure guidelines to reflect the increasing importance of collaboration, entrepreneurship, and scholarly community assistance.
  - a. **Responsibility:** General Assembly; University President and UNC Board of Governors; Institution Chancellors and Boards of Trustees
  - b. **Deadline:** June 2010
  - c. **Funding Source:** State appropriations would fund salaries, incentives, facilities, and equipment
  - d. **Expected Outcome/Return on Investment:** Enhanced competitive advantage for the University System, thus increasing the impact of University-based research on State economic recovery, growth, and development

**What Has Been Accomplished:** In 2006, community college and university faculty received a 6 percent, with a one-time 2 percent bonus for community college faculty and staff. The higher pay raises, along with \$79 million for new professors and staff, are intended to attract high-quality faculty and meet projected enrollment increases at North Carolina universities. The new budget also invested in research initiatives at state universities. The University of North

Carolina at Chapel Hill medical school used/is using \$2.5 million to expand its translational medicine program, which connects basic research with applied pharmaceutical development. Biotechnology programs at North Carolina Central University and North Carolina State University will receive \$4.5 million, and the N.C. Biotechnology Center and its regional offices are getting a \$2.5 million budget increase. The new North Carolina Research Campus in Kannapolis will have \$6.7 million through UNC and Rowan-Cabarrus Community College Training Center and Greenhouse to fund its first year of operations, and Fayetteville State University will be able to begin capital planning on a new science and technology complex with a new allocation. The budget also provided \$20 million for a new competitive grant program for state universities to attract faculty, purchase equipment, and undertake allied health projects. In 2007 a memorandum of agreement was signed between the University of North Carolina and the Department of Commerce, which aims to increase the connectivity of campuses to regional development infrastructures.

**What Remains to Be Done:** The North Carolina Community College System and the University of North Carolina (UNC) System both face significant retention issues with their faculty over the next decade as more schools compete to hire their brightest faculty and retirements outstrip new faculty availability. Increased capital expenditures for research facilities will be pitted against increased space for teaching facilities, as overall student enrollment increases by an estimated 40% over the next decade. The Economic Development Board should send a letter advocating its support for recurring sources of competitive research funding to support UNC faculty research in sectors deemed critical to North Carolina's long term economic future.

**Milestone Targets:** Each region convenes quarterly meetings of the N.C. Department of Commerce (DOC), UNC regional representatives.

**Action Step 2.2.4:** As part of a regional strategy, systematically promote the state's University Millennium Campuses and support the development of new ones as sites for growing and attracting new technology-based businesses by allocating a portion of the state's marketing resources to heighten awareness of the state's science and technology initiatives, including its University research parks; also consider ways the State capital budget can serve as a strategic investment tool for creating new and enhancing existing industry-university research parks.

- a. **Responsibility:** DOC, University of North Carolina System
- b. **Deadline:** June 2010
- c. **Funding Source:** 20% of the state's marketing resources should be used to promote these critical research centers
- d. **Expected Outcome/Return on Investment:** Significant increase in inquiries by prospective tenant companies and measurable increase in company commitments to research park locations; increased collaboration among universities, industry, and non-profits; increase in number of research parks; strengthening of university-industry collaborations, enhanced opportunities for technology transfer and business creation

**What Has Been Accomplished:** This action step is in progress and the University of North Carolina continues to receive support for the millennium campus initiative.

**What Remains to Be Done:** A significant, high profile ad campaign should be launched to promote industry-university research parks.

**Milestone Targets:** By June 2010, 8 UNC campuses will have functional millennial campuses.

**Action Step 2.2.5:** Increase knowledge of SBIR and STTR awards throughout the state and strengthen application assistance for entrepreneurs to increase their success rate in receiving such awards.

- a. **Responsibility:** University of North Carolina (Small Business and Technology Development Center)
- b. **Deadline:** June 2009
- c. **Funding Source:** State appropriations and possible federal funding under the Federal and State Technology Partnership (FAST) Program
- d. **Expected Outcome/Return on Investment:** Enhanced awareness of funding opportunities; improved quality of funding proposals; increased success rate of proposals and businesses relying on these programs for early-stage funding; increase in the number of strategic linkages between businesses and research institutions

**What Has Been Accomplished:** The Small Business and Technology Development Center (SBTDC) has been designated by the Governor as the North Carolina Federal and State Technology Partnership (FAST) representative. The SBTDC is the state's lead organization for the promotion and support of small business access to SBIR and STTR programs. It provides a robust range of services to entrepreneurs and university researchers aimed at increasing awareness of these programs and boosting the number of successful applications for awards. Examples of the SBTDC's services include major statewide conferences, numerous workshops, and individualized proposal assistance. Combined, these steps have raised awareness of SBIR and STTR awards throughout the state and increased the application success of regional entrepreneurs. The SBTDC's success in this area has been noticeable, as it was selected to host the national 2007 SBIR/STTR conference held for the first time in North Carolina. To increase the number of these awards as well as the competitiveness of North Carolina businesses in receiving them, the One North Carolina Small Business Fund, initiated in 2006 by the Board of Science and Technology, has issued more than 160 grants to North Carolina small businesses, totaling more than \$10 million. The North Carolina small businesses receiving the grants project to create more than 100 jobs in the state and to patent, license, and sell technologies and products worth more than \$1 billion.

**What Remains to Be Done:** Recurring state matching funding for recipients of SBIR and STTR awards is needed. The SBTDC should seek federal funding under the FAST program as it becomes available.

**Milestone Targets:** Continue to monitor and report on SBIR and STTR activity in North Carolina.

### GOAL 3: ENSURE A COMPETITIVE ENVIRONMENT FOR THE RECRUITMENT AND RETENTION OF BUSINESSES, CAPITAL INVESTMENT, AND JOB CREATION

#### OBJECTIVE 3.1: DEVELOP AND MAINTAIN NORTH CAROLINA'S NATIONALLY SUPERIOR BUSINESS CLIMATE THAT CONSISTS OF AFFORDABLE BUSINESS COSTS, FAIR REGULATION, AND AN EQUITABLE TAX SYSTEM.

**Action Step 3.1.3:** Identify a dedicated source of funding for the One North Carolina Fund.

- a. **Responsibility:** Governor, Department of Commerce, Economic Development Board and General Assembly
- b. **Deadline:** December 31, 2009
- c. **Funding Source:** General Fund or other dedicated funding source
- d. **Expected Outcome/Return on Investment:** Recurring funds for the One North Carolina Fund

**What Has Been Accomplished:** While the North Carolina General Assembly often has given the N.C. Department of Commerce the authority to offer a higher level of support to companies, it has been unable to persuade the General Assembly of the need for a dedicated funding source.

**What Remains To Be Done:** Continue to inform members of the General Assembly of the programs successes and to encourage recurring funding.

**Milestone Targets:** The 2009 General Assembly will approve dedicated funding for the One North Carolina Fund. The N.C. Economic Development Board will work with the N.C. Department of Commerce and others to promote this legislation.

#### **GOAL 4: CREATE STRONG METROPOLITAN GROWTH CENTERS THAT GENERATE REGIONAL BUSINESS DEVELOPMENT**

##### **OBJECTIVE 4.1 - PROMOTE A STATE GROWTH FRAMEWORK THAT STIMULATES URBAN DEVELOPMENT WITH BENEFICIAL REGIONAL ECONOMIC INFLUENCES.**

**Action Step 4.1.2:** Identify development hubs with regional significance (beyond the three largest metropolitan areas) and develop strategies to strengthen them and make them more competitive.

- a. **Responsibility:** Department of Commerce Division of Policy, Research, and Strategic Planning, and the Office of Urban Development, and other government and non-profit development agencies. State agencies and legislature identify and allocate or reallocate resources to strengthen hubs
- b. **Deadline:** 2009
- c. **Funding Source:** State agencies reallocate existing resources and legislature appropriate new funds
- d. **Expected Outcome/Return on Investment:** Strengthened “economic engines” in mid-sized development areas that will generate more jobs for multi-county regions that they serve

**What Has Been Accomplished:** A presentation on development hubs was presented at the August 2004 board meeting and the idea of development hubs has been discussed at several occasions since then but has not been able to reach a consensus on what the key ingredients of a successful hub would be.

**What Remains To Be Done:** During the November 2007 Board meeting, Division of Policy, Research, and Strategic Planning staff proposed a development hubs study which the Board approved. The study is now underway by a joint effort of North Carolina State University and UNC-Chapel Hill to define development hubs, examine North Carolina’s resources, and identifies best practices around the nation.

**Milestone Targets:** Upon the completion of the study in January 2009, members from various divisions of Commerce will work with the N.C. Economic Development Board to formulate and implement policies to support this economic development concept.

##### **OBJECTIVE 4.3 - STRENGTHEN CENTRAL CITIES TO REESTABLISH THEIR ROLE AS THE ECONOMIC CORE AND ENGINE OF METROPOLITAN AREAS.**

**Action Step 4.3.2:** Request new funding to recapitalize the Main Street Financial Incentive Fund with its 10:1 leverage to increase the number of buildings rehabilitated in downtowns.

- a. **Responsibility:** Department of Commerce’s Division of Community Assistance (DCA)
- b. **Deadline:** May, 2009 (contingent upon General Assembly budget)
- c. **Funding:** 1.0 million from General Fund to leverage millions from private sources

- d. **Expected Outcome/Return on Investment:** Increased number of buildings being rehabilitated in Main Street community downtowns, increased job creation, business development. The Main Street Financial Incentive Fund used a \$1 million appropriation in 1989 to leverage \$22 million in private investment

**What Has Been Accomplished:** There is a proven track record of dramatically increasing number of buildings rehabilitated in downtowns to spur investment and create jobs. The economic impact of Main Street is evidenced by the reinvestment in its 57 designated communities. Since 1980, North Carolina Main Street downtowns have seen more than \$1.1 billion of new investment and experienced a net gain of more than 12,500 jobs. These central business districts have also benefitted from the renovation of 2,900 buildings and have seen a net gain of 3,000 businesses.

**What Remains To Be Done:** DCA has an interest in pushing for this program and has periodically put this item in their expansion budget request but it has not made it to the high priority list nor has it made it into the Governor's budget.

**Milestone Targets:** A self-help initiative, North Carolina Main Street provides services but no funding to local programs. As the North Carolina Main Street program continues to accept new communities, continued legislative support and funding are essential to maintaining and enhancing the current level of assistance, helping these communities return their downtowns to economic viability, while making them vibrant places to live, work and play and creating a better quality of life for all.

**Action Step 4.3.3:** Expand the N.C. Department of Commerce's successful Small Town Main Street Program statewide.

- a. **Responsibility:** Department of Commerce's Division of Community Assistance (DCA) and Office of Urban Development
- b. **Deadline:** Ongoing
- c. **Funding:** Legislative appropriation to maintain this program is needed. The initial pilot version of this program was funded with a grant from the Z. Smith Reynolds Foundation. That grant supported the implementation of the program in Eastern North Carolina, but is not intended to maintain or expand the program
- d. **Expected Outcome/Return on Investment:** The program will increase the number of small towns involved with downtown development and increased reinvestment within small town downtowns

**What Has Been Accomplished:** The 2006 session of the N.C. General Assembly granted the funding for creation of a position for Western North Carolina to reach western small towns in downtown development. The 2007 Governor's budget request for a second staff position in the Western Regional office was approved. The Small Town Main Street program now has four staff positions – two in the west and two in the east – and continues to add new towns annually. In September 2008, an additional six towns were designated N.C. Small Town Main Street communities.

**What Remains To Be Done:** DCA needs two positions in Central North Carolina to provide the same services as in the East and West, but in a more cost-effective manner. A Central office would cut travel time and expense. DCA received much interest in their assistance and has a growing number of Piedmont towns seeking help. A central office location would be critical to more efficiently serving these towns.

**Milestone Targets:** With the growing interest in Small Town Main Street Program from the many communities needing assistance, continued legislative support and funding are critical to providing services to all the communities seeking help.

## GOAL 5: RURAL DEVELOPMENT - DEVELOP THRIVING RURAL AREAS THAT MAINTAIN A HIGH QUALITY OF LIFE

### OBJECTIVE 5.3 - BUILD SOCIAL CAPACITY TO ENHANCE COMMUNITY LIVABILITY.

**Action Step 5.3.2:** Continue promoting participative and comprehensive approaches to economic development by making a refined 21st Century Communities Initiative available to 50 percent of rural communities.

- a. **Responsibility:** N.C. Department of Commerce
- b. **Deadline:** 2010
- c. **Funding Source:** General Assembly and the Department of Commerce
- d. **Expected Outcome/Return on Investment:** Begun in 2001, the 21st Century Communities initiative creates collaboration between DOC and selected counties affected by national economic slowdowns and by near- and long-term changes in the state's economic base. The initiative furthers the coordination among the public, private, and non-profit sectors engaging in economic, cultural, environmental, and community development planning and projects

**What Has Been Accomplished:** Through 2006, the N.C. Department of Commerce's successful 21st Century Communities Program has selected twenty counties. The N.C. General Assembly appropriated funds for the amount of \$244,699 to employ three full-time staff dedicated to the program providing collaborative planning and technical assistance to current and future communities of the program. During 2007, staff has been selected and is housed in three regional offices (Raleigh, Washington, and Asheville) of the Division of Community Assistance. In 2007, six counties were chosen to participate in the program, and in 2008 another five new counties were added, raising the total to thirty-one.

**What Remains To Be Done:** As there is a growing interest in the 21st Century Communities program, continued legislative support and funding are encouraged to successfully expand the program.

**Milestone Targets:** With continued legislative support and funding, the program anticipates that with the refining of selection elements of the competitive process and an increase in capacity (staffing), designation and participation of thirty-seven counties by 2010 is an attainable benchmark.

### OBJECTIVE 5.5 - UTILIZE AGRICULTURE AND NATURAL RESOURCES FOR ECONOMIC DEVELOPMENT.

**Action Step 5.5.5:** Continue to develop and implement an e-agriculture strategy to increase the rate at which farm operators and employees utilize Internet resources.

- I. Develop a web-based portal for channeling timely information to farm operators.
- II. Provide access to resources & information needed for value-added business development.
- III. Target innovative methods for increasing farm operator and employee Internet usage
  - a. **Responsibility:** e-NC, N.C. Department of Agriculture, N.C. Community College System, N.C. Cooperative Extension Service
  - b. **Deadline:** 2009
  - c. **Funding Source:** existing sources: e-NC, Ag Advancement Consortium, Rural Center, NCDA&CS

- d. **Expected Outcome/Return on Investment:** Increased rate of farm Internet usage, increased capacity to provide information to farm operators and producers via the Internet, increased capacity for producers to access federal programs on the web

**What Has Been Accomplished:** The e-NC Authority has made significant strides to ensure that people in rural areas have access to high-speed Internet services. Currently 80.02 percent of rural households in North Carolina have the ability to access high-speed Internet services. This is a considerable improvement over data from 2004. The e-NC Authority is in active communication with partner organizations on this project, and is considering the development of an agricultural portal that would focus on the needs and use of the Internet as it applies to the economics of farming.

**What Remains To Be Done:** The e-NC Authority is seeking funding support for the Business & Technology Telecenter program comprised of seven technology resource centers located in Tier 1 communities across the state – Alleghany, Anson, Cherokee, Martin, Northampton, Rockingham and Rutherford counties. These centers serve to build digital literacy, develop jobs through entrepreneurship training, and allow access to major technical resources. They build local wealth while providing resources to help rural communities in the transition to a 21st century, knowledge-based economy.

**Milestone Targets:** To continue to support these centers, the e-NC Authority would like to have legislative support for a sustaining fund of \$50,000 annually, for a total of \$350,000 across the seven sites.

#### **GOAL 6: DEVELOP COMPETITIVE, REGIONALLY-BASED INFRASTRUCTURE AND PROMOTE SUSTAINABLE ECONOMIC DEVELOPMENT**

All the action steps were either successfully accomplished or could not be due to changes in policy priorities. For more information, refer to the Strategic Plan Action Step Progress Sheet in the Appendices.

#### **GOAL 7: MAINTAIN AND STRENGTHEN TOURISM, FILM, AND SPORTS INDUSTRIES; PRESERVE, PROTECT, AND PROMOTE OUR STATE'S CULTURAL, NATURAL, AND HERITAGE ASSETS**

All the action steps were either successfully accomplished or could not be due to changes in policy priorities. For more information, refer to the Strategic Plan Action Step Progress Sheet in the Appendices.

**ECONOMIC DEVELOPMENT BOARD STRATEGIC PLAN — ACTION STEP PROGRESS**

Action Step	Action Status	Progress Update
<b>GOAL 1: DEVELOP AN OUTSTANDING EDUCATION SYSTEM AND A HIGHLY QUALIFIED WORKFORCE</b>		
<b>Objective 1.1 Support continued full funding for enrollment growth in the University of North Carolina, the North Carolina Community College System, and K-12 public education.</b>		
Action Step 1.1.1 Maintain support of the University of North Carolina, the North Carolina Community College System, and the North Carolina public school system in regards to continued full funding for enrollment growth.	Ongoing	Priority Action Steps for 2008-2009
<b>Objective 1.2 Coordinate and improve the quality of K-16 public education to prepare students for the further education and enhanced work opportunities.</b>		
Action Step 1.2.1 Support existing programs and create expanded choices for work-based learning opportunities for all students such as community service, job shadowing, internships, and apprenticeships that are tied to curriculum objectives.	Accomplished	This action step was previously accomplished, in part, by the continued implementation of the Learn and Earn program, the new position of the DPI Director of Joint High School / Community College Programs, and updates to DPI curriculum.
Action Step 1.2.2 Continue to implement the recommendations developed by the 2002 Commission On Closing the Minority Student Achievement Gap.	Accomplished	DPI created an implementation plan in 2006 for the recommendations of the Advisory Commission on Raising Achievement and Closing Gaps. To promote its objectives DPI hosts an annual conference for approximately 3,500 public school personnel. The conference continues to reflect the goals of the department in improving the quality of public education for all children in North Carolina.
Action Step 1.2.3 Implement the Subcommittee on the Workforce Delivery System's recommendations.	Accomplished	Several of the recommendations from the Subcommittee on Workforce Delivery System have been implemented: the Governor created an alliance; regional skills partnerships were undertaken by the Commission on Workforce Development; and the community college system is actively engaged with local workforce development boards.
<b>Objective 1.3 Support and advocate for an adjusted funding formula for occupational extension continuing education in the North Carolina Community College System.</b>		
Action Step 1.3.1 Provide \$4.2 million to a Customized Training program, based on combining the existing NEIT and FIT programs at the community college level that would implement strategic applied training programs and services that result in the recovery and retention of jobs and new investments in response to local market needs.	Accomplished	This was accomplished via continued recurring funding for these programs. The community college training programs were consolidated into the Customized Training Program to provide flexibility for the NCCCS to enhance training for the purpose of stimulating additional capital investment, creation of new jobs, and retention of existing jobs in North Carolina.

<p>Action Step 1.3.2 Contract with independent consultant to analyze and prioritize course offerings based on local industry needs and the level on demand for certain programs/degrees.</p>	<p>Accomplished</p>	<p>As part of an ongoing effort, the NCCCS continues to work with development consultants to analyze and prioritize course offerings and training programs based on local, regional, and statewide industry needs. As part of the NCCCS Strategic Plan for 2007-2009, a process was undertaken to examine changing population trends and gaps that may exist in the ability to fill needs as a result of these changes in state demographics.</p>
<p><b>Objective 1.4 Fund an increase in state-of-the-art training equipment to meet the needs of employees and employers seeking to thrive in the new economy.</b></p>		
<p>Action Step 1.4.1 Advocate and support the North Carolina Community College System's recommendations to provide additional funding for equipment needs by crafting a letter to the Governor and the General Assembly, as well as, assembling the support of all stakeholders through the Economic Development Board.</p>	<p>Ongoing</p>	<p>Priority Action Steps 2008-2009</p>
<p>Action Step 1.4.2 Provide adequate funding for the NCCCS equipment requests.</p>	<p>Accomplished</p>	<p>Additional funding for equipment was provided by the General Assembly for several community college programs, including: nursing; allied health; and biotechnology.</p>
<p><b>Objective 1.5 Position North Carolina as an international leader in science, math, and technology-based education and increase the number of scientists, engineers, and technicians produced through increased investment in North Carolina's public schools, the North Carolina Community College System, the University of North Carolina, and private universities.</b></p>		
<p>Action Step 1.5.1 Create a statewide Task Force organized by Education Cabinet, comprised of individuals from the Department of Commerce, the Department of Public Instruction, the North Carolina Community College System, the University System, private universities, the Commission on Workforce Development, and the business community to return recommendations to the Education Cabinet and the Economic Development Board.</p>	<p>Not Accomplished</p>	<p>Priorities were modified</p>
<p>Action Step 1.5.2 Make changes in the existing workforce training process to correct barriers to technology-oriented training (NC Community College System FTE limits and competitiveness) and fast track the development of critically needed technology-trained workers.</p>	<p>Accomplished</p>	<p>To accommodate technology-oriented training the NCCCS has taken significant measures to fast track the development of critically needed skilled workers. Funds were allocated for an online teaching and learning platform for distance education, an online helpdesk, an expansion of the NC Information highway and two new centers for the development of distance education centers.</p>

<p>Action Step 1.5.3 Support continued funding (\$7.1 million) for the NCCCS BioNetwork Program. The BioNetwork Program produces a continuous stream of trained high-tech workers and provides dislocated workers with skills needed in the new economy.</p>	<p>Accomplished</p>	<p>The General Assembly appropriated recurring funds to provide the program with dedicated resources. The NCCCS BioNetwork continues to connect community colleges across North Carolina, providing specialized training, curricula and equipment, to develop a world-class workforce for the biotechnology, pharmaceutical and life sciences industries.</p>
<p><b>Objective 1.6 Advocate and support the development of regional skills alliances that are public/private ventures to ensure workers have the training they need to meet the demands of the current and future workplace.</b></p>		
<p>Action Step 1.6.1 Under the direction of the Commission on Workforce Development, in cooperation with the state community college system, local community colleges, workforce development boards, and regional economic development partnerships will be the development of a regional skills alliance implementation plan. This plan will include an identification of best practices, an identification of system capacity building needs and strategies related to the development and management of skills alliances, an identification of the sector-based skills alliances to be developed in each region, and an implementation timeline.</p>	<p>Accomplished</p>	<p>In 2007, the Department of Commerce’s Workforce Division and the Governor’s Office announced a planning grant opportunity to support the development of Regional Skills Partnerships in the allied health sector. The planning grants were designed to address workforce issues of the allied health sector for the purpose of increasing the sector’s competitiveness and creating employment and career advancement opportunities for workers. Planning grants have been awarded to 7 partnerships across the state to address allied health employment and skills development related issues.</p>
<p>Action Step 1.6.2 The Commission on Workforce Development and the Workforce Development and Education Committee, along with the entire Economic Development Board, will reach agreement on a regional skills alliance implementation plan.</p>	<p>Accomplished</p>	<p>The Economic Development Partnership Committee—a subcommittee of the North Carolina Commission on Workforce Development—provides oversight of the Allied Health Regional Skills Partnership grant program. A core team has oversight for the project that includes representatives from the Governor’s Office, Commerce, North Carolina Community College System, Employment Security Commission, UNC Cecil G. Sheps Center, and the North Carolina Hospital Association.</p>
<p>Action Step 1.6.3 Implement the plan to develop industry-led regional skills alliances.</p>	<p>Accomplished</p>	<p>Planning grants have been awarded to 7 partnerships across the state to address allied health employment and skills development related issues.</p>
<p><b>GOAL 2: INVEST IN SCIENCE, TECHNOLOGY, AND UNIVERSITY OUTREACH</b></p>		
<p><b>Objective 2.1 Allocate resources and make investments to create an environment that promotes the effective transfer of scientific and technological knowledge and resources to promote the economic growth and development of North Carolina.</b></p>		
<p>Action Step 2.1.1 Develop a mechanism within state government to provide coordination and assistance to existing public and private sector science and technology resources to make the best use of those resources for advancing economic development and job growth throughout the state.</p>	<p>Ongoing</p>	<p>Priority Action Steps for 2008-2009</p>

<p>Action Step 2.1.2 Increase funding for the Board of Science and Technology. Science, technology, and economic development are interrelated and vital to North Carolina's future economic success, and they require coordinated attention at the state level. Increasing the resources of the Board will enable it to develop programs, identify opportunities, and strengthen science and technology as a foundation for North Carolina's economic development.</p>	<p>Ongoing</p>	<p>This action step has been combined with action step 2.1.1. (see 2008 ED Strategic Plan Update for specifics)</p>
<p>Action Step 2.1.3 Catalyze and support expanded innovation activities from all of North Carolina's universities through appropriate follow-up to the university system's recently completed Technology Development Initiative.</p>	<p>Ongoing</p>	<p>Priority Action Steps for 2008-2009</p>
<p>Action Step 2.1.4 Taking into account mission studies mandated by the legislature in this area, complete regional resource analyses across the state to understand regional strengths and opportunities; align university initiatives and expertise with the needs of regional economic development clusters; and develop strategies and tactics to address knowledge-based job creation in each region.</p>	<p>Ongoing</p>	<p>Priority Action Steps for 2008-2009</p>
<p>Action Step 2.1.5 Establish new, and refine existing, information technology platform, policy, and capacity priorities to enable the state and its businesses to remain competitive in a rapidly changing IT/ communications environment. Ensure that strategic IT infrastructures across the state have consistent ongoing funding appropriate to their mission and sufficient to leverage the strategic advantage of these assets.</p>	<p>Not Accomplished</p>	<p>Priorities were modified.</p>
<p>Action Step 2.1.6 Adopt and fund in sequence the strategies detailed in New Jobs Across North Carolina: A Strategic Plan for Growing the Economy Statewide through Biotechnology January 2004</p>	<p>Not Accomplished</p>	<p>Priorities were modified.</p>
<p>Action Step 2.1.7 Support legislation that would enable, on an ongoing basis, the allocation of funds (e.g. from the escheats fund) for the purpose of creating science and technology related jobs in NC.</p>	<p>Not Accomplished</p>	<p>Priorities were modified.</p>
<p><b>Objective 2.2 Allocate resources and make investments to support the creation of new knowledge and technology that will sustain and enhance North Carolina's competitiveness as a leading technology state.</b></p>		
<p>Action Step 2.2.1 Strengthen the overall R&amp;D capacity of all North Carolina universities and research institutions by enhancing key administrative support functions and processes that currently constrain their competitive R&amp;D position.</p>	<p>Ongoing</p>	<p>Priority Action Steps for 2008-2009</p>

<p>Action Step 2.2.2 Fund an initiative to promote economic growth in North Carolina through the identification and development of emerging technologies. For example, nanotechnology—the science of the very small— will fundamentally transform science, technology, and society, from microscopic computer chips to cancer-fighting vaccines. As such, it holds tremendous potential for North Carolina and the nation. Nanotechnology will be the basis of manufacturing technology in the future. Developing a coordinated response to the challenges and opportunities presented by emerging technologies will greatly expand the opportunity for all North Carolinians to obtain and retain challenging and economically rewarding employment.</p>	<p>Ongoing</p>	<p>Priority Action Steps for 2008-2009</p>
<p>Action Step 2.2.3 Strengthen the overall R&amp;D capacity of the 16-institution University of North Carolina by providing resources and incentives for faculty development.</p>	<p>Ongoing</p>	<p>Priority Action Steps for 2008-2009</p>
<p>Action Step 2.2.4 As part of a regional strategy, systematically promote the state's University Millennium Campuses and support the development of new ones as sites for growing and attracting new technology-based businesses.</p>	<p>Ongoing</p>	<p>Priority Action Steps for 2008-2009</p>
<p>Action Step 2.2.5 Increase knowledge of SBIR and STTR awards throughout the state and strengthen application assistance for entrepreneurs to increase their success rate in receiving such awards.</p>	<p>Ongoing</p>	<p>Priority Action Steps for 2008-2009</p>
<p><b>Objective 2.3 Allocate resources and make investments to increase public understanding of science and technology and their relationship to economic prosperity. Mobilize broad-based public leadership support for science, technology, and university outreach objectives and their role in economic prosperity.</b></p>		
<p>Action Step 2.3.1 Conduct and publish statewide assessments on public understanding of science and technology and their importance to the North Carolina economy.</p>	<p>Not Accomplished</p>	<p>Priorities were modified.</p>
<p>Action Step 2.3.2 Based upon the assessments of Action Step 2.3.1, develop recommendations for appropriate outreach programs targeted at educating the public and policy leaders (at the state level as well as in the seven Economic Development Regions) on technology-based economies, emphasizing best practices and key elements that produce the widest prosperity and economic benefit.</p>	<p>Not Accomplished</p>	<p>Priorities were modified.</p>

<b>GOAL 3: ENSURE A COMPETITIVE ENVIRONMENT FOR THE RECRUITMENT AND RETENTION OF BUSINESS, CAPITAL INVESTMENT, AND JOBS CREATION</b>		
<b>Objective 3.1 Develop and maintain North Carolina's nationally superior business climate that consists of affordable business costs, fair regulation, and an equitable tax system.</b>		
Action Step 3.1.1 Review the W.S. Lee Act to determine the effectiveness of the Act and to recommend changes.	Accomplished	2007 was the final year of the William S. Lee program which was replaced by the Article 3J Credits for Growing Businesses program. The Department of Commerce provided a program evaluation to the General Assembly and helped created the new 3J program which replaces WSL.
Action Step 3.1.2 Develop legislative proposals for effective incentives.	Accomplished	In 2007, the "Article 3J Tax Credits for Growing Businesses" legislation replaced the William S. Lee tax credit program. Changes in the tax credit program included converting to a three-tier approach; revising tax credit rates, thresholds, and qualification requirements; and abolishing certain provisions in the original act. These changes aim to enhance North Carolina's economic competitiveness by helping the state attract new businesses and continue the state's economic growth.
Action Step 3.1.3 Find a dedicated source of funding for the One North Carolina Fund.	Ongoing	Priority Action Steps for 2008-2009
Action Step 3.1.4 Extend North Carolina's new Job Development Incentive Grant (JDIG).	Accomplished	In the 2007 legislative session the sunset for the Job Development Incentive Grant (JDIG) program was extended to 2010.
Action Step 3.1.5 Continue to fund the Site Infrastructure Fund for infrastructure and workforce training of large, high-multiplier industrial projects that locate in North Carolina.	Not Accomplished	Priorities were modified
Action Step 3.1.6 Reduce the corporate income tax rates to five percent, phased in over the next six to eight years.	Not Accomplished	Priorities were modified
<b>Objective 3.2 Enable effective recruitment of both new economy and enduring traditional companies to North Carolina.</b>		
Action Step 3.2.1 Implement the Economic Development Intelligence System through phase 5 in order to establish an economic intelligence capability within the Department of Commerce.	Accomplished	This action step has been moved to Goal 6 of the strategic plan.
Action Step 3.2.2 Recognize, support and quantify the effect that the Military has on North Carolina's economy. Encourage the development of industry in North Carolina directly related to the needs of the Military community.	Accomplished	Several organizations recently have been created to facilitate more recruitment and retention of military and defense companies. These efforts are being aided by the changes as a result of the 2005 Base Realignment and Closures (BRAC) decisions. The Department of Commerce recently estimated the impact of the military in North Carolina at \$23.4 billion annually.

Action Step 3.2.3 Foster development of several mega-sites across the state.	Not Accomplished	Priorities were modified
<b>Objective 3.3 Develop a model program of existing industry services.</b>		
Action Step 3.3.1 Commission a benchmark study of other states' existing industry efforts, obtaining data to reveal the impact of various communication methodologies and their outcomes.	Accomplished	In 2004, the Economic Development Board and Duke Energy sponsored a comparative study of other states' growth strategies in order to develop recommendations for North Carolina economic development. Entitled the Ticknor Report, this study was endorsed by the Board through a formal resolution in February 2005. As a result of this study, the Department of Commerce received funding to finish the EDIS project, update the commerce website, and to hire additional staff.
Action Step 3.3.2 Help develop a marketing strategy for the Existing Industry ServiCenter, which may include tools like toll-free numbers, pro bono billboard advertising and public service announcements and other communications efforts with ServiCenter partners and their audiences.	Accomplished	The Business ServiCenter in the Department of Commerce received full funding in 2004 to implement a marketing strategy that would advertise its resources to business clients. By 2006 the Business ServiCenter was fully staffed and actively promoting its services to communities across the state. This service has continued to attract clients through regional trade shows, magazine ads, brochures, presentations to community development groups, and meetings with regional chambers of commerce. To increase its accessibility the Business ServiCenter allows anyone in North Carolina to make a toll-free call to a customer representative - including one Spanish speaking representative - who can address the needs of information startups and small business owners. Six business counselors make field visits and speak with economic development officials in local communities. As of 2006, the Business ServiCenter received 3,000 to 3,500 contacts from local businesses per month.
<b>Objective 3.4 Develop an effective, coordinated statewide marketing/branding program.</b>		
Action Step 3.4.1 Review the current marketing efforts by state agencies and the regional partnerships.	Accomplished	A marketing council has been created between the Marketing Division of the Department of Commerce and the regional partnerships. This group meets monthly to coordinate marketing efforts. Additionally, a marketing matrix has been developed to properly monitor the activities of each group.
Action Step 3.4.2 Integrate North Carolina's current brand strategy into a wider range of marketing products.	Accomplished	A branding campaign was developed by the N.C. Technology Association (NCTA) to provide a clear, unified message to the nation and world that positions or "brands" North Carolina in the eyes of business and industry leaders as a premier location for knowledge-driven, technology-based industrial development. DOC's Marketing Division is currently using the new logo "North Carolina - The State of Minds" in all advertisements, promotional materials, graphics and other signage.

Action Step 3.4.3 Identify new funding sources, as well as underutilized current funding sources, for marketing.	Accomplished	Recurring funds of \$500,000 are now available in the Department of Commerce Marketing Division budget to execute state-level marketing programs.
Action Step 3.4.4 Orchestrate a limited, low-cost outreach campaign to advertise North Carolina's recent efforts in economic development.	Accomplished	With the new Commerce website now online, the state can distribute more information to the site-selection community at a lower cost.
Action Step 3.4.5 Advocate for adequate levels of funding for the N.C. Department of Commerce so that the Department may fulfill its obligations as the state's lead economic development agency.	Accomplished	The Board has encouraged the General Assembly to provide financial support for Commerce activities such as the EDIS system, the new department website, and the business ServiCenter.
<b>GOAL 4: CREATE STRONG METROPOLITAN GROWTH CENTERS THAT GENERATE REGIONAL BUSINESS DEVELOPMENT, SHARED PROSPERITY, AND A HIGH QUALITY OF LIFE, IN PARTNERSHIP WITH SURROUNDING AREAS.</b>		
<b>Objective 4.1 Promote a state growth framework that stimulates urban development with beneficial regional economic influences.</b>		
Action Step 4.1.1 Coordinate state investments toward existing downtowns and promote sound urban and regional development.	Not Accomplished	Priorities were modified.
Action Step 4.1.2 Identify development hubs with regional significance (beyond the three largest metropolitan areas) and develop strategies to strengthen them and make them more competitive.	Ongoing	Priority Action Steps for 2008-2009
<b>Objective 4.2 Promote more efficient use of existing buildings, sites, facilities, and infrastructure.</b>		
Action Step 4.2.1 Provide additional State incentives and local options to promote Brownfield redevelopment under the Brownfield Property Reuse Act of 1997 [G.S. 130A-310.30], redevelopment of brown buildings, and productive reuse of "White Elephant" buildings.	Accomplished	Division of Community Assistance at Commerce has worked with Department of Environment and Natural Resources (DENR) on a joint Brownfield redevelopment program. As of September 2007, there are 121 active eligible projects and 40 pending eligible projects. Division of Waste Management at DENR is planning a statewide Brownfield workshop in Raleigh for October 2008 for developers and local governments.
<b>Objective 4.3 Strengthen central cities to reestablish their role as the economic core and engine of metropolitan areas.</b>		
Action Step 4.3.1 Expand and improve State Development Zone (SDZ) incentives.	Accomplished	During the 2006 legislative session the 3J tax credit program was approved which created Urban Progress Zones and Agrarian Zones to replace the existing State Development Zones. As part of North Carolina's Article 3J tax credits program, the Agrarian Growth Zone and the Urban Progress Zone programs provide economic incentives to stimulate new investment and job creation in economically distressed areas.
Action Step 4.3.2 Request new funding to recapitalize the Main Street Financial Incentive Fund with its 10:1 leverage to increase the number of buildings rehabilitated in downtowns.	Ongoing	Priority Action Steps for 2008-2009

Action Step 4.3.3 Expand the Department of Commerce's successful small towns improvement program statewide.	Ongoing	Priority Action Steps for 2008-2009
Action Step 4.3.4 Provide tax credits for homeowners that purchase and/or renovate downtown housing.	Accomplished	There are several programs providing tax credits for downtown housing. The Mill Rehabilitation Credit established in 2006 supports housing investment in downtown. As of February 2008, a total of 12 proposed projects are currently under review. North Carolina is one of the top four states in use of Historic Preservation Tax Credits to provide tax incentives to encourage rehabilitation of historic houses and buildings in large and small cities and towns across the state.
Action Step 4.3.5 Establish an Urban Development Incentive Fund within the North Carolina Department of Transportation, similar to the Industrial Access Fund, to provide money for parking, sidewalks, and other public improvements necessary to solidify private development commitments.	Not Accomplished	Priorities were modified.
Action Step 4.3.6 Promote school site standards to make it easier to build and rehabilitate public schools in central cities.	Accomplished	The Department of Public Instruction's School Planning Section has prepared numerous guide and reference publications on various aspects of K-12 school facility planning and design. These publications are updated periodically and new versions are placed on this web site. State educational planners, architects, engineers, and schools of education and architecture are partnered in the development of these publications. The staff of School Planning provides workshops and presentations on facility design, planning, and management to a wide variety of groups with interest in building and renovation of educational facilities in central cities.
<b>Objective 4.4 Provide local governments with a more complete set of development tools.</b>		
Action Step 4.4.1 Continue to develop legislative proposals that allow local governments to finance development projects through alternative revenue producing methods.	Accomplished	In 2004, North Carolina became the 49th state in the nation to approve the use of self-financing bonds for local development purposes. This amendment provides a significant finance tool for local governments.
Action Step 4.4.2 Develop a legislative proposal to give local governments broader authority to defer increases in tax value for redeveloped property beyond that currently available for Brownfield projects.	Not Accomplished	Priorities were modified.
Action Step 4.4.3 Develop a legislative proposal to give local governments explicit authority to use local funds for downtown housing.	Not Accomplished	Priorities were modified.

<p><b>GOAL 5: DEVELOP THRIVING RURAL AREAS THAT MAINTAIN A HIGH QUALITY OF LIFE; ACHIEVE ONE NORTH CAROLINA BY MOBILIZING THE STATE'S RESOURCES TO CREATE STRONG REGIONAL PARTNERSHIPS AND PROGRAMS THAT FOSTER BROADER ECONOMIC DEVELOPMENT OPPORTUNITIES IN RURAL NORTH CAROLINA</b></p>		
<p><b>Objective 5.1 Explore strategies that would increase localities' ability to pay for infrastructure and services.</b></p>		
<p>Action Step 5.1.1 Evaluate funding formulas that utilize ability to pay (ATP) measures and suggest how the General Assembly and local governments can streamline and alter programs with problematic funding formulas.</p>	<p>Not Accomplished</p>	<p>Priorities were modified.</p>
<p>Action Step 5.1.2 Encourage the Local Government Commission to provide outreach and technical assistance to municipal governments through cash management workshops, fiscal management assessments, and recommendations for strengthening accountability and fiscal controls.</p>	<p>Accomplished</p>	<p>The School of Government at UNC-Chapel Hill and the Local Government Commission work together on a regular basis to provide technical assistance via workshops and training programs</p>
<p>Action Step 5.1.3 Increase the capacity of local governments to effectively communicate with the General Assembly regarding needs and ability to pay, and increase awareness of existing funding programs such as CDBG and others.</p>	<p>Accomplished</p>	<p>NC Association of County Commissioners serves as the counties' advocate before the executive, legislative and judicial branches of state government and often holds regular district meetings across the state to update county officials on important issues and funding programs. In addition to the Annual Conference and Town Hall Day, NC League of Municipalities offers regular regional meetings across the state in the Spring and Fall covering legislative matters and dealing with risk management, as well as programs in conjunction with the UNC School of Government to educate local officials.</p>
<p>Action Step 5.1.4 Increase the capacity of major local investors to communicate with the League of Municipalities, Association of County Commissioners, the School of Government, and Local Government Commission about fiscal management difficulties that are encountered when working with local governments.</p>	<p>Not Accomplished</p>	<p>Priorities were modified.</p>
<p><b>Objective 5.2 Provide comparable infrastructure to make rural North Carolina competitive for economic development.</b></p>		
<p>Action Step 5.2.1 Increase rural competitiveness and sustainability by creating a dedicated source of funding for rural water and sewer improvements, updating and maintaining the existing rural water and sewer database to assist with local planning, and establishing an incentive program for rural local governments to support regional water and sewer initiatives. Designate a significant portion of the water and sewer funds for initiatives that are regional in scope and directly support the broader "economic development center."</p>	<p>Accomplished</p>	<p>During its 2007 session, the North Carolina General Assembly authorized \$138.5 million to aid rural development through infrastructure and job creation. The North Carolina Rural Center, charged with administering the funds, has allocated \$100 million appropriation for Clean Water Partners Grants for FY08-09 to meet the water and wastewater needs of rural communities. North Carolina communities will share a total of \$596,000 in Community Development Block Grants in 2008 to connect 208 families to public water and/or sewer lines. Grants ranged from \$35,000 to \$75,000, depending on the number of houses being connected, their location and the area's topography.</p>

Action Step 5.2.2 Provide natural gas service to four remaining unconnected counties in North Carolina.	Not Accomplished	Priorities were modified.
Action Step 5.2.3 Increase access to rural areas by funding and implementing the NC Department of Transportation's Strategic Highway Corridor Initiative. Prioritize the completion of interstate corridor projects that help connect communities in rural areas to regional economic centers.	Accomplished	The Strategic Highway Corridors Initiative, adopted by the N.C. Department of Transportation is a long term planning vision for the State to support and improve 55 critical highway facilities that move people and goods across regions and throughout the state. The Strategic Highway Corridors Initiative is being implemented in a project by project and incremental fashion within the DOT's ongoing planning and project development processes. DOT adopted a vision map of these corridors as part of the adoption of the 2004 Statewide Transportation Plan.
Action Step 5.2.4 Continue to ensure that rural communities have affordable access to information/Internet technology and other related advances.	Accomplished	The e-NC Authority continues to expand high-speed internet access to rural counties across the state.
<b>Objective 5.3 Build social capacity to enhance community livability.</b>		
Action Step 5.3.1 Continue promoting citizen involvement in the design and implementation of economic development projects by providing statewide access to programs that support broad-based collaboration.	Accomplished	An extensive effort has been made to include individuals and communities in state economic development initiatives. The Small Town Main Street Program, the 21st Century Community Program, CDBG Small Business and Entrepreneurial Assistance Program, and several Rural Center programs have intensified focus on local involvement in rural development.
Action Step 5.3.2 Continue promoting participative and comprehensive approaches to economic development by making a refined 21st Century Communities Initiative available to 50 percent of rural communities.	Ongoing	Priority Action Steps for 2008-2009
Action Step 5.3.3 Emphasize technical assistance to enhance the organizational capacity of rural local governments to engage in economic development. Programmatic efforts would include infrastructure, small town development (e.g. the Main Street Program and the Small Towns Development Program) and leadership development. Establish a training program that include a focus on defining the regional center concept and demonstrates the benefits of building the region, as opposed to the town or county.	Accomplished	The Department of Commerce's Community Planning Assistance help local governments to enhance the economic development capacity of small towns through three community development programs: Community Planning; NC Main Street program; and 21st Century Community Program.
Action Step 5.3.4 Develop a core set of community livability/readiness indicators that can be used to inventory and benchmark rural communities within the context of regional centers	Not Accomplished	Priorities were modified.

Objective 5.4 Stimulate and support entrepreneurial activities.		
<p>Action Step 5.4.1 Create and support a Micro enterprise State Association/Network that would enhance existing agencies' capacity to serve rural communities and conduct research on the impact of small business on the state's economy.</p>	<p>Accomplished</p>	<p>While the network has not been formally established yet, the New Opportunities for Workers (NOW) program from NC Rural Center has created a joint effort of the Rural Dislocated Worker Initiative and the Institute for Rural Entrepreneurship. It also involves collaboration with the Commission on Workforce Development, the N.C. Department of Commerce's Division of Employment and Training, the community college system's N.C. Small Business Center Network and N.C. REAL Enterprises. Together they devised a program of training and encouragement for dislocated workers who dream of starting and running a business.</p>
<p>Action Step 5.4.2 Utilize technology applications to make entrepreneurial training and assistance available on-line.</p>	<p>Accomplished</p>	<p>The e-NC Authority works with e-NC Business &amp; Technology Telecenters and e-Communities statewide to develop model programs and value-added products that enhance economies in their regions. This partnership also provides assistance with new technologies for citizens and businesses and conducts research to prototype programs that can support the sustainability of these Telecenters' efforts. Seed and matching funds will be made available through a competitive grants program to support the development of initiatives and their extension to other communities and Telecenters across the state.</p>
<p>Action Step 5.4.3 The Department of Public Instruction should continue promoting entrepreneurship as a viable career pathway across all 11 established pathways and make youth entrepreneurship training programs available to all students through on-site and on-line instruction. The Department of Public Instruction should explore the feasibility of providing seamless entrepreneurial training from K-12 to expose students at an early age to entrepreneurship as a potential career/life path.</p>	<p>Accomplished</p>	<p>In 2007 the N.C. Department of Public Instruction participated in a joint partnership with Jr. Achievement, 4-H Youth Organization, NC Rural Center and NC REAL to sponsor a statewide Business Plan competition called "Hop On the Bus" for North Carolina students (grade 9-12) to gain knowledge of entrepreneurship. There were 196 participants and the top five finalists were presented awards at the 2007 Entrepreneurship Summit. 2008 Hop on the BUS! will take place again during the 2008 fall semester. At the 2007 Entrepreneurship Summit, a joint venture among the Department of Public Instruction, community colleges, university system and private universities were announced. This group committed to working together in the newly originated North Carolina Consortium for Entrepreneurship Education. The consortium will develop and implement a curriculum that incorporates entrepreneurial skills beginning in kindergarten and continuing through adult education programs.</p>

<p>Action Step 5.4.4 Enlist entrepreneurial service providers to participate on Rapid Response Teams that work with displaced factory workers.</p>	<p>Accomplished</p>	<p>In its initial meetings with the employer management teams, the Rapid Response Teams include information on entrepreneurial resources. These meetings are held in advance of employee services and employee orientation sessions provided by the local Rapid Response teams. The local teams also include information on North Carolina Rural Entrepreneurship through Action Learning (NC Real), New Opportunities for Workers by Institute for Real Entrepreneurship (NOW) and the Community College's Small Business Centers in their employee presentations and handout materials.</p>
<p>Action Step 5.4.5 Continue providing financial institution lending for business start-ups, expansions and modernization through additional investments in the NC Rural Center's Capital Access Program and Department of Commerce programs.</p>	<p>Accomplished</p>	<p>Since its inception in October 2002 until the end of the Capital Access Program II in February 2008, the program allowed over \$70 million in loans to be made available that served more than 1,100 businesses. The Capital Access Program helped to create or retain almost 12,000 jobs in North Carolina. The \$6.8 million Rural Venture Fund was created in late 2007 as part of a broader effort to boost entrepreneurship in the state. It was capitalized by investments from the N.C. General Assembly, Golden LEAF and the Rural Center.</p>
<p><b>Objective 5.5 Utilize agriculture and natural resources for economic development.</b></p>		
<p>Action Step 5.5.1 Coordinate the utilization of existing public and private infrastructure and resources to assist entrepreneurs in the production of value-added agricultural commodities and products.</p>	<p>Accomplished</p>	<p>In 2006, the N.C. Department of Agriculture along with other state agencies hosted a series of entrepreneurial and business development training sessions for agribusiness service providers. A web site was developed as a training tool and resource guide for future agribusiness entrepreneurs. In collaboration with other agencies, the Department of Agriculture and the Department of Commerce continue to provide assistance to agricultural products processors in rural North Carolina.</p>
<p>Action Step 5.5.2 Continue to provide business, marketing and technical assistance to entrepreneurs in value-added agricultural commodities, natural resources and products.</p>	<p>Accomplished</p>	<p>As an emerging catalyst for rural economies, agri-product incubators continue to be developed and supported at North Carolina's community colleges. In 2006 the Department of Agriculture, working primarily with Advantage West, established a value-added food business incubator in Asheville. The N.C. Department of Commerce, through the Community Development Block Grant program, is supporting a kitchen incubator in Ashe County and another incubator in Pender County.</p>

<p>Action Step 5.5.3 Assist additional value-added agricultural products processors with expanding or locating in rural areas of North Carolina.</p>	<p>Accomplished</p>	<p>As an emerging catalyst for rural economies, agri-product incubators continue to be developed and supported at North Carolina's community colleges. In 2006 the Department of Agriculture, working primarily with Advantage West, established a value-added food business incubator in Asheville. The Department of Commerce, through the Community Development Block Grant program, is supporting a kitchen incubator in Ashe County and another incubator in Pender County.</p>
<p>Action Step 5.5.4 Continue to support the establishment of satellite agri-products incubators in rural areas of the state at existing facilities such as community colleges and county business incubators and continue to advocate for program funding.</p>	<p>Accomplished</p>	<p>As an emerging catalyst for rural economies, agri-product incubators continue to be developed and supported at North Carolina's community colleges. In 2006 the Department of Agriculture, working primarily with Advantage West, established a value-added food business incubator in Asheville. As a result of this project more small food business incubators are being planned and have opened throughout North Carolina. The Department of Commerce, through the Community Development Block Grant program, is supporting a kitchen incubator in Ashe County and another incubator in Pender County.</p>
<p>Action Step 5.5.5 Continue to develop and implement an e-agriculture strategy to increase the rate at which farm operators and employees utilize Internet resources.</p>	<p>Ongoing</p>	<p>Priority Action Steps for 2008-2009</p>
<p>Action Step 5.5.6 Continue to promote the diverse roles of agriculture in our economy, culture and environment and agriculture's contributions to improving the quality of life.</p>	<p>Accomplished</p>	<p>In an effort to promote environmental sustainability, the Department of Agriculture continues to offer a variety of programs that support alternatives for farm families who wish to practice farmland preservation. Agriculture Commissioner Steve Troxler has identified himself as an advocate of federal and state incentive programs targeted at farm operators who conserve and restore wildlife habitats, streams and rural landscapes. In recognition of the potential of agriculture-based tourism in rural areas of North Carolina, the Department of Agriculture has maintained an agritourism office in Raleigh since 2003.</p>
<p>Action Step 5.5.7 Encourage state economic development agencies to allocate significant additional points in funding formulas for projects that commit to the sustainable use and protection of critical natural resources. Give priority to proposals that address the needs of the broader region, and will impact multiple counties.</p>	<p>Not Accomplished</p>	<p>Priorities were modified</p>

GOAL 6: DEVELOP A COMPETITIVE REGIONALLY BASED INFRASTRUCTURE AND PROMOTE SUSTAINABLE ECONOMIC DEVELOPMENT		
<b>Objective 6.1 Streamline the environmental permitting process for economic development projects to ensure competitiveness with neighboring states.</b>		
Action Step 6.1.1 Implement statewide the Department of Environment and Natural Resource's streamlined process to coordinate environmental reviews and permitting for economic development projects.	Accomplished	The One-Stop Permit Program and the Express Permit Program are operating in each region designated by the Department of Environment and Natural Resources. One Stop Permit Coordinators serve as a single point of contact to help businesses, local governments, citizens and others identify potential environmental requirements and guide applicants through the permitting process. The Express Permit Program offers quicker permit decisions and certification than the standard program and provides consultation to help clients identify necessary environmental requirements. Over 1,500 permits have been issued through the Express Permit Program since the program was piloted in 2004.
Action Step 6.1.2 Implement the Economic Development Information System through phase 5, including a Geographic Information System (GIS) component to aid in the site selection process by identifying the optimum amalgamation of infrastructure needs and environmentally compatible buildings and sites.	Accomplished	In December 2007, EDIS was released to the public. The Policy, Research & Strategic Planning Division, along with the Business and Industry Division, are working to redesign the entire Buildings and Sites/ Certified Sites programs and systems.
Action Step 6.1.3 Develop an interagency leadership plan for North Carolina to balance successfully mobility, natural and cultural resource protection, community values and economic vitality at the confluence of our missions.	Accomplished	The Interagency Leadership Team (ILT), a consortium of state and federal agencies, has met quarterly since 2004 to discuss ways to align the goals of economic development and environmental sustainability. In 2005, the ILT issued a strategic plan, its mission statement stating that the state transportation system "should be planned hand-in-hand with economic development and the protection and enhancement of our State's cultural and natural resources".
<b>Objective 6.2 Support a system of regionally based inter-modal transportation that promotes economic development throughout North Carolina.</b>		
Action Step 6.2.1 Expand airports in order to promote increased commercial carrier service to enhance economic development in all regions of North Carolina.	Accomplished	In the fall of 2006, the Department of Transportation and North Carolina State University released a report which quantified the impact of airports on the state economy. The results of this report will affect future resource allocation.

<p>Action Step 6.2.2 Make improvements to ports in order to expand ocean carrier service to enhance economic development opportunities, including passenger service, and provide North Carolina's business and industry more cost efficient options for the import and export of their goods.</p>	<p>Accomplished</p>	<p>North Carolina's regional infrastructure has been strengthened by the growth of the state port system. Ongoing construction and redevelopment projects managed by the North Carolina Ports Authority promise to deliver a statewide economic impact of \$14.4 billion in jobs, taxes and industry over the span of ten years - beginning in 2006. These projects include the expansion and development of the Port of Wilmington and the Port of Morehead City Radio Island. Planning is also underway on the North Carolina International Port - a major international port container terminal.</p>
<p><b>Objective 6.3 Support policy initiatives to stimulate multi-county business/industrial parks supported by regional infrastructure with shared tax revenues.</b></p>		
<p>Action 6.3.1 Continue to develop legislative proposals that allow the creation of additional infrastructure financing sources for economic development projects through alternative revenue producing methods.</p>	<p>Accomplished</p>	<p>In 2004, North Carolina became the 49th state in the nation to approve the use of self-financing bonds for local development purposes. This amendment provides a significant finance tool for local governments.</p>
<p>Action Step 6.3.2 Encourage private investment in advanced telecommunications infrastructure and services through changes in state and local tax policies and regulations.</p>	<p>Accomplished</p>	<p>In August 2007, the General Assembly approved legislation to extend the e-NC Authority for five additional years. The Authority works to expand access to technology across the state. As of late 2006, 82 percent of North Carolina households have access to high-speed Internet service if they choose to subscribe. However, five counties still have less than 50 percent access and another 21 counties have less than 70 percent access. This progress has been achieved primarily through the use of grants to private companies to stimulate investment in small markets.</p>
<p><b>Objective 6.4 Foster sustainable economic development through maximum utilization of existing by-products and smart growth strategies.</b></p>		
<p>Action Step 6.4.1 Determine the best approach to recruit and support companies that utilize agriculture and industry-generated by-products in manufacturing.</p>	<p>Accomplished</p>	<p>The promotion of businesses that use industrially generated by-products in manufacturing is a successful effort run jointly by the N.C. Department of Commerce and the N.C. Department of Environmental and Natural Resources. Through the Recycling Business Assistance Center (RBAC), these two departments have actively recruited by-product recycling industries to the state. Since 2004, RBAC has awarded grant funding totaling \$1.06 million to recycling companies operating in North Carolina. This investment has leveraged an additional \$13.3 million in matching funds from private sector recycling companies.</p>

<b>GOAL 7: MAINTAIN AND STRENGTHEN TOURISM, FILM, AND SPORTS INDUSTRIES;                      PRESERVE, PROTECT, AND PROMOTE OUR STATE'S CULTURAL, NATURAL, AND HERITAGE ASSETS</b>		
<b>Objective 7.1 Ensure expansion and continued development of cultural                      and heritage tourism, craft, and film industries in North Carolina.</b>		
Action Step 7.1.1 Promote and increase marketing budget for all forms of leisure and business tourism to maintain and expand NC's national and regional tourism market share, to create jobs, and to encourage related economic development.	Accomplished	The N.C. Division of Tourism, Film, and Sports Development has realized only modest budget increases in recent years and those have not kept up with inflation and increased media rates and marketing costs. The division's current budget for tourism and film marketing is currently fixed at \$13.6 million. This budget ranks North Carolina 22nd among all state tourism and film budgets. Meanwhile, neighboring states which compete directly with North Carolina in targeting consumers to visit their states have realized budget increases.
Action Step 7.1.2 Implement incentives for tourism product development.	Not Accomplished	Priorities were modified.
Action Step 7.1.3 Implement incentives for filmmaking.	Accomplished	Sunset for Film Tax credit was extended during the 2008 Legislative Session.
Action Step 7.1.4 Integrate existing research data into decision-making processes for Tourism, Film, and Cultural Resources.	Accomplished	In early 2007, the updated Tourism Satellite Account was completed. Results show that travel and tourism in NC is a \$23 billion industry. The Division of Tourism plans to update the study again in 2009 (using 2007 data).
Action Step 7.1.5 Foster greater marketing collaboration and cross-promotion between activities in the Department of Transportation, the Department of Cultural Resources, and the Department of Commerce's Tourism, Film, and Sports Development Division.	Accomplished	In 2005 the NC Civil War Trails Program was created to promote the state's historical heritage and generate tourism revenues. This marketing collaboration between NCDOT, NCDCCR, and NCDOC is an ongoing project that takes advantage of the common goals and shared resources of several state agencies.
<b>Objective 7.2 Protect and promote our natural, cultural, artistic, and heritage assets.</b>		
Action Step 7.2.1 Maintain the state rehabilitation tax credit for historic preservation and increase county, municipal, and private understanding of preservation programs.	Accomplished	With increased state revenues, legislative funds have been applied toward the repair and renovation of state historic sites. Through supportive legislation from the General Assembly, the Historic Preservation Office now charges a fee to process applications for state rehabilitation tax credits and uses the additional revenue to hire extra staff, which will reduce backlogs and enable the office to work more efficiently. SB 352, a bill to offer income tax credits for the rehabilitation of historic mills, was approved in 2006.

<p>Action Step 7.2.2 Inventory and objectively compare North Carolina’s cultural resources as economic assets to those competitor states that are “Best in Class.”</p>	<p>Accomplished</p>	<p>The “Creative Economy: The Arts Industry in North Carolina” report identified that in 2006 arts industry wages alone infused more than \$3.9 billion into North Carolina’s economy, according to research by Regional Technology Strategies (RTS). Creative sector employment is estimated at more than four percent of total employment in North Carolina.</p>
<p>Action Step 7.2.3 Increase state funding for cultural sites so that they can remain in good physical condition, be adequately staffed, and promoted to the general public.</p>	<p>Accomplished</p>	<p>The N.C. Department of Cultural Resources received additional institutions during the 2008 session, the Graveyard of the Atlantic and Southeast Center for Contemporary Art, and funds for restoration of the CSS Neuse, construction of the North Carolina History Education Center at Tryon Palace and new Western Regional Records Center.</p>
<p>Action Step 7.2.4 Create a greater level of private support for cultural amenities by reinstating the Governor’s Business Council on the Arts and Humanities.</p>	<p>Not Accomplished</p>	<p>Priorities were modified.</p>
<p>Action Step 7.2.5 Increase per capita funding for the North Carolina Arts Council from the 2003 level of \$0.60 to \$1.50.</p>	<p>Accomplished</p>	<p>The North Carolina Arts Council received increased per capita funding from \$.60 to just over \$1.00.</p>
<p><b>Objective 7.3 Develop and utilize cultural resources to support broader economic development.</b></p>		
<p>Action Step 7.3.1 Develop a plan to strengthen existing, strategically, important state and other cultural organizations and demonstrate the link between cultural resources and economic development.</p>	<p>Accomplished</p>	<p>Increased collaboration between the N.C. Department of Cultural Resources and the N.C. Department of Commerce through both the 21st Century Communities Program and the Place-based Economic Development Initiative.</p>
<p>Action Step 7.3.2 Creation of a state program to underwrite bonds for the construction and development of cultural, heritage, and tourism destinations.</p>	<p>Not Accomplished</p>	<p>Priorities were modified.</p>
<p>Action Step 7.3.3 Fully develop North Carolina’s Heritage and Cultural Tourism Programs.</p>	<p>Accomplished</p>	<p>The N.C. Department of Cultural Resources has expanded its assets to include a contemporary arts center in Winston Salem and a shipwreck museum in Hatteras. The literary Trails of North Carolina Mountains travel guide and the Homegrown Handmade: Art Roads and Farm Trails travel guide, covering 76 counties with 1300 sites were published. A national Gullah-Geechee Commission was established by Congress and includes North Carolina representation. The General Assembly appropriated \$32,500 in FY 2008 to establish a North Carolina African American Heritage Commission to preserve African American history, arts and culture, to support African American heritage education in K-12 schools, to catalog, preserve, assess and interpret all aspects of African American history, arts and culture.</p>

