

Economic Development 101

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Different Definitions

“Economic well-being and quality of life of a nation, region or community are improved according to targeted goals or objectives” – Wikipedia

“The process by which the overall health, well-being, and academic level of the general population improves” – Market Business News

“The process in which an economy grows or changes or becomes more advanced, especially when economic and social conditions are improved” – Cambridge Dictionary (Lego video)

Growth v. Development

Growth is about change in economic factors – number of jobs, wage levels, property values

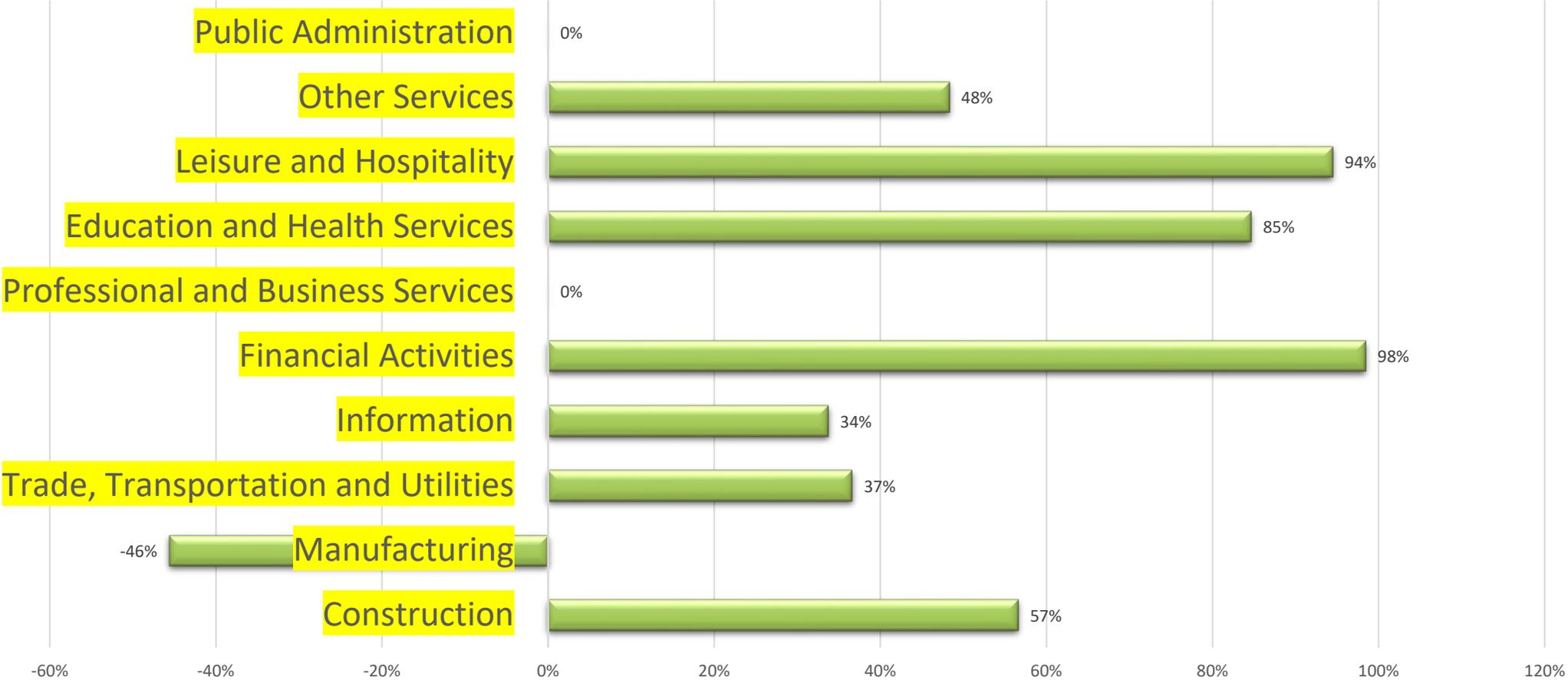
Development is more about the long term

Be Careful

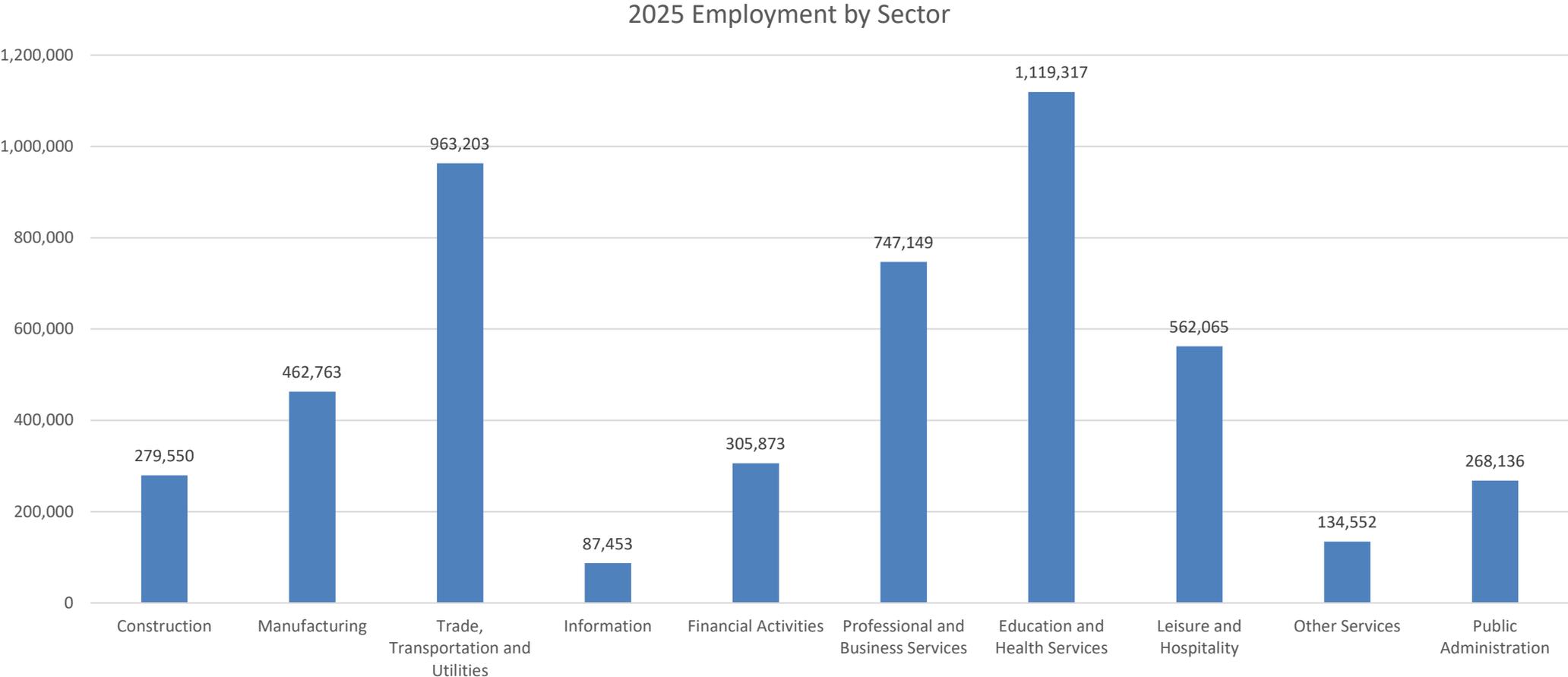
	1995 Manufacturing	1995 Total	1995 % Manufacturing	1995 % of State Total Jobs
Guilford	57,694	253,851	22.7%	7.4%
Wake	26,843	303,616	8.8%	8.9%
Total	850,197	3,430,501	24.8%	
	2025 Manufacturing	2025 Total	2025 % Manufacturing	2025 % of State Total
Guilford	31,599	293,024	10.8%	5.9%
Wake	24,054	666,672	3.6%	13.4%
Total	462,763	4,958,873	9.3%	

The Economy Has Changed

% Change in Jobs, 1995 to 2025, By Sector



And Guess Which Sector Employs Most?



What About Helene?

Economic Damage Was Concentrated & Deep

Hit the largest sectors

Latest numbers show overall stabilizing but sectoral issues (Asheville tourism off 2000 workers)

Economic Development Recruitment and Retention is Small Piece of Economy

Economic development recruitment projects are most commonly manufacturing projects (69 percent of 2023 total was manufacturing)

Economic development recruitment projects are a fraction of job creation: 190,000 jobs created in 2022 (28,690 Commerce/EDPNC projects)

Recruitment and Retention Projects

Are considering more than one state/nation

Have to meet certain job quality criteria

Generally make or sell a product or service that transcends community lines (traded sector)

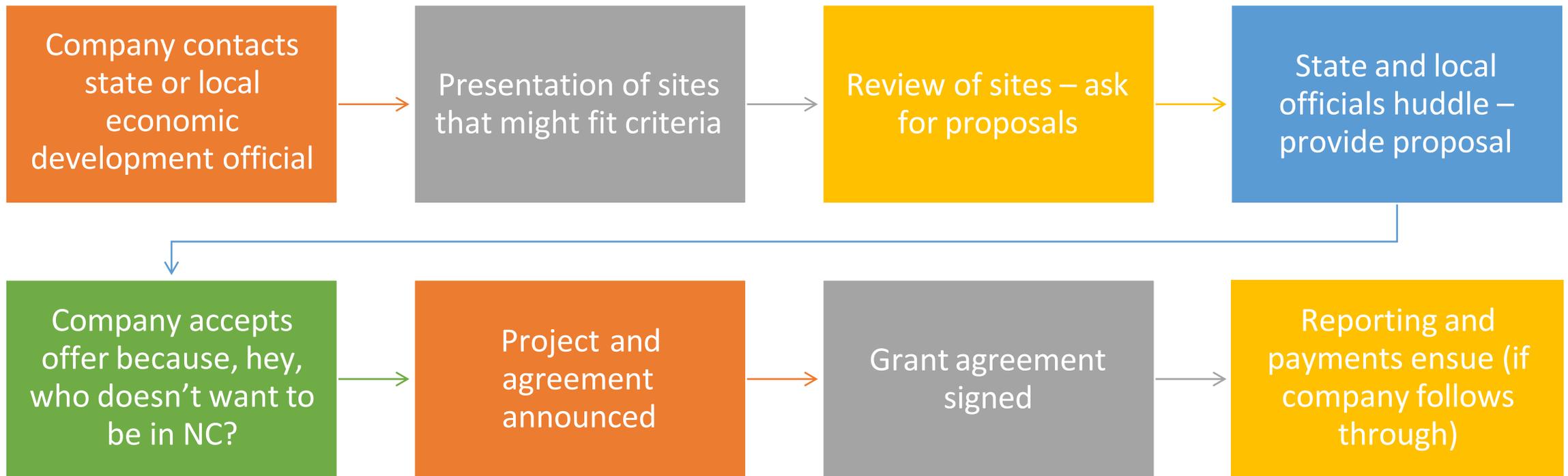
Recruiting/Retention Industry is New

- Loss of Mercedes Plant to Alabama Was a Trigger (early 1990s)
- Tension between meeting market failure & meeting market demands
- Advent of Tier System and Tax Incentives (late 1990s)
- Growth in cash grants (One NC to **Job Development Investment Grant (JDIG)** – 2003)
- Reduction in tax rates/elimination of tax credits (2011ish)
- Establishment of EDPNC (2014)
- Advance of larger and upfront grants for megaprojects (last few years)

Terms

- **Incentives** cash or near cash payments to companies
- **JDIG** state cash incentive program
- **Tiers** measure of relative economic health of the state's 100 counties
- **Megaprojects** projects over 1,000 new jobs and/or \$500 million in capital investment
- **Clawbacks** mechanism for govt to reclaim cash already paid if companies fail to meet goals
- **Performance-based** incentives only paid after company meets goals

Process



A Minute on the Tier System

100 counties ranked

- 40 most economically distressed (Tier 1)
- Next 40 most distressed (Tier 2)
- 20 least distressed (Tier 3)

Rankings based on four metrics –per capita property values, population change, median income, unemployment rate

Everyone wants to be in lower tier

Relative nature is a problem

Cutoff is a problem

Not as Big a Risk to the Taxpayer

North Carolina generally provides incentives only:

- - after jobs or other criteria have been met
- - after model has been used to prove cost-benefit

Grants called incentives actually have direct benefits beyond company

- - water, sewer infrastructure can be used for the next project
- - worker training (even customized) builds individual skill

Community Economic Development

- Downtown revitalization
- Local programs
- Building Reuse
- Equitable Economic Development





Not a Substitute for Solid
Fundamentals



What Are Fundamentals?

Labor

- Quality of Labor
- Quantity of Labor

Location

- Proximity to markets

Infrastructure

Taxes

Regulation

Quality of Life

Other Criticisms

Giving companies money for projects that would happen anyway

Bias for the new shiny object over the tried and true

Helps those who know how to “work the process”

Budget Takes: Some of Them Hot

Automatic Continuing Resolution is a Problem

Triggers could be a Problem

Property Tax focus could be a Problem



Wildcards

- Concentration of growth
 - Housing costs (81% of avg)
 - Traffic congestion
 - Grid demand
- Policy Shocks (clean energy)
- Other Shocks

- Casinos/Legalization of Marijuana
 - Not dead yet

The image features a dense field of 3D-rendered question marks. Most are a muted grey color and are slightly out of focus, creating a sense of depth. In the center, one question mark is highlighted in a bright yellow color and is in sharp focus. Overlaid on this yellow question mark is the word "Questions?" in a clean, white, sans-serif font.

Questions?

Sources of Data

- Slides 4-6, NC Department of Commerce QCEW data found here <https://d4.nccommerce.com/QCEWSelection.aspx>
- Slide 7 based on author's examination of NC Department of Commerce press releases
- Slide 20 author's calculations based on internal legislative documents and OSBM Update to Office of State Controller 2025 Financial Conference
<https://www.ncosc.gov/sites/default/files/2025-12/Presentation%20-%20Budget%20Update.pdf>