

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. North Carolina's education and workforce development system must be further strengthened in order to build a workforce with the skills necessary to train for highly skilled occupations, to obtain livable wages, and to attract and retrain workers for high-growth industries in the new economy.

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.

The period from job creation to job obsolescence is brief and continues to shrink. Emerging careers demand more skills, knowledge, and education than traditional careers that are in decline. Current funding is not adequate, nor does it provide enough flexibility to allow our educational institutions (K-12 through university) to support a highly trained workforce. Continued enrollment increases due to the need for upgrading the workforce and retraining dislocated workers from our traditional businesses and industries have placed a burden on the current faculty, staff and equipment of the colleges.

The North Carolina Community College System serves these populations of transitional workers year round and in a consistent effort to fulfill their needs for retraining and enhanced employability due to more marketable skills. The enrollment growth already generates funding needs during the academic year; funding needs during the summer must be addressed as well.

The Workforce Development and Education Committee recommends a commitment for continued full funding for enrollment growth in the University of North Carolina, the North Carolina Community College System, and K-12 public education to allow our educational systems to adjust course offerings to reflect actual demand.

Progress Measures for Objective 1.1:

1. The Economic Development Board, along with the North Carolina Community College System, the University of North Carolina and the Department of Public Education, will communicate their support of continued full funding for enrollment growth in the University of North Carolina, NCCCS, and K-12 public education to the Governor and the General Assembly.
2. The North Carolina General Assembly will continue to fund both community colleges and the University of North Carolina through the 2008 fiscal year for full enrollment growth.

Action Steps for Objective 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.

- a. Responsibility: Economic Development Board, the North Carolina Community College System, and the University of North Carolina
- b. Deadline: 2005-2008
- 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.

Objective 1.2 - Coordinate and improve the quality of K-16 public education to prepare students for further education and enhanced work opportunities.

New industries locate in communities that have an available workforce with needed skills. To develop a competitive workforce, North Carolina must provide the necessary education and training for its citizens. We must not only raise skill levels, but also assure that these skills are in high-demand occupations.

North Carolina must nurture and support a seamless K-16 public education system for all students to equip them for the opportunities and challenges of a knowledge-based economy. Specific recommendations include encouraging/requiring more students to take algebra and advanced mathematics in middle/high school, certifying more middle and high school math teachers, and improving financial literacy among students. Additionally, the Economic Development Board stresses the need for guidance counselors to educate students about vocational careers and vocations that are in high demand. Guidance counselors are best able to stress the link between specific careers and the classes required for such careers as early as possible with middle-and-high-school students.

The Workforce Development and Education Committee recommends the further development of a seamless K-16 system to assist students to transition efficiently through the educational system until they are prepared to enter the workforce.

Progress Measures for Objective 1.2:

1. The 2002-2003 annual dropout rate for North Carolina students in grades 9-12 is 5.25 percent. This rate has declined for four consecutive years, but this rate still indicates that more than 20 percent of all high school students will not obtain a high school diploma. By the end of the 2007-2008 school year, the annual high school dropout rate will decline by 30 percent over 2002-2003 levels.
2. Minority ethnic groups are over-represented among students who drop out of school. American Indians are the most likely ethnic group to drop out of school, followed by Hispanic students, and black students. By 2008, the dropout rates for minority students will be comparable to those of the student body in general.

3. By the end of the 2006-2007 school year, the percentage of high school students who register in a certified apprenticeship program will increase by 10 percent over 2002-2003 figures.
4. By 2007, every high school will have a career counselor to provide career guidance and to assess high school students for work-based learning opportunities.
5. By 2007, every middle school will have a career counselor to provide career guidance and to assess high school students for work-based learning opportunities.
6. By the end of the 2007-2008 school year, the percentage of high school students who finish Algebra I and go on to take Algebra II will increase to 70 percent.

Action Steps for Objective 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.

- a. Responsibility: Workforce Development Boards, Local School Boards, the North Carolina Community College System's Board of Trustees, Private Business and the Department of Commerce's Business and Industry Division
- b. Deadline: Ongoing
- c. Funding Source: Workforce Investment Act (WIA), local funds, business and industry
- d. Expected Outcome/Return on Investment: Resources devoted to education and training will be utilized more effectively as students have a more realistic view of careers prior to entry into a specific occupation. The current return on investment is \$4 tax dollars returned for every \$1 paid in student training.

2. Continue to implement the recommendations developed by the 2002 Commission On Closing the Minority Student Achievement Gap.

- a. Responsibility: Department of Public Instruction, local school districts, and the State Board of Education
- b. Deadline: Ongoing
- c. Funding Source: State and Federal Funds.
- d. Expected Outcome/Return on Investment: Higher student achievement for all students' results in lower dropout rates and a corresponding drop in costs associated with both underemployment and unemployment.

3. Implement the Subcommittee on the Workforce Delivery System's recommendations.

- a. Responsibility: Economic Development Board and recommended parties
- b. Deadline: Ongoing
- c. Funding Source: N/A or as recommended
- d. Expected Outcomes/Return on Investment: A more appropriately structured workforce development service delivery system better prepared to meet the needs of those seeking work and those seeking employees.

Objective 1.3 - Support and advocate for an adjusted funding formula for occupational extension continuing education in the North Carolina Community College System.

Industry and job demands increasingly call for more sophisticated training to be taught in shorter amounts of time. As North Carolina's economy restructures, the skill demands of the future grow increasingly complex and technology-based. Requirements by industry, as well as government programs such as Temporary Assistance for Needy Families (TANF) and the Workforce Investment Act (WIA), are pushing training providers to be more responsive to training time demands that are more compressed, concentrated, and flexible than typically allowed through community college curriculum. Due to the high level of unemployment and the needs of the state's business and industry community, the current job market requires employees who can exhibit enhanced skills in a wide variety of industry sectors that represent job retention and growth in North Carolina.

A number of high-technology skills training programs that can be delivered in short segments are currently in great demand by business and industry. These include, in particular, information technology, biotechnology, advanced manufacturing technologies, and allied health occupations among others. Programs with specific competencies leading toward industry or professional certifications are now in great demand and must be supported at higher levels due to their high cost of equipment and program delivery. This is applicable to industries in which we must compete in a global economy and require targeted training solutions that provide the workforce training and development necessary for North Carolina to maintain and enhance its economic standing with a competitive workforce, the lifeblood of high skill and high wage jobs.

In the past community colleges have been tempted to migrate Occupational Continuing Education courses into longer, less flexible and less responsive curriculum courses because curriculum courses are supported by the state at a higher FTE reimbursement rate. If we are to achieve greater flexibility, thus prove more responsive to business and industry needs and obtain more generous funding for more sophisticated infrastructure and instruction, the State Board of Community Colleges will have as a budget priority in the next biennium increasing funding in targeted courses and programs to the same level as curriculum funding. The targeted Occupational Continuing Education courses that will receive full funding will be determined based on the strategic workforce needs of the state.

The key challenge for North Carolina Community College System in responding to the needs of a changing economy is the cost of providing concentrated, short-term technical skills training in the areas demanded by business and industry.

Progress Measures for Objective 1.3:

1. In the 2005-06 school year, \$22.9 million in funding is needed to initiate funding parity between occupational continuing education and curriculum courses. In 2006-07 an additional \$24.4 million is required to finish the project. Occupational classes provide intense, efficient workforce training and certification. These courses are often more expensive to the community college and may take more in class instruction time than curriculum tracks. In recognition of the contribution of occupational courses to the training and retraining of North Carolina's workers, these programs should be valued and funded at the same rate as traditional curriculum classes. Courses eligible for full funding would be those that train individuals in preparation for recognized certifications or licensures, in

occupations of high demand for workforce development, in the following categories:

- i. Telecommunications, Information Technology and Biotechnology
- ii. Technical, Industrial and Trades Programs
- iii. Safety, Health and Emergency Training
- iv. Service, Managerial and Professional

Action Steps for Objective 1.3:

1. Provide \$4.2 million to a Customized Industry 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.

- a. Responsibility: Governor, General Assembly
- b. Deadline: Ongoing
- c. Funding Source: General Fund, Golden L.E.A.F.
- d. Expected Outcome/Return on Investment: More targeted training for existing and new industries.

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.

- a. Responsibility: North Carolina Community College System
- b. Deadline: December 2005
- c. Funding Source: NA
- d. Expected Outcome/Return on Investment: More efficient use of community college resources; better flexibility for the NCCCS to train people for existing jobs.

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.

In order for the community colleges to remain competitive and to provide the necessary training that is needed for the businesses and industries in the state and the new and expanding industries and employers, the North Carolina Community College System must be in a position to be able to respond to the employers needs for training. In order to provide the necessary training, as identified by business and industry, the community colleges must have current state-of-the-art equipment. Currently, NCCCS lacks sufficient equipment funding. The lack of sufficient funding for equipment has resulted in outdated information technology, worn-out training equipment, and the necessity to re-direct limited operating funds to equipment accounts, none of which are acceptable methods of operation for the community colleges.

Progress Measures for Objective 1.4:

1. During the 2005 legislative session, compose a letter in of support from the Economic Development Board to the Governor and the General Assembly and work to garner additional support for any legislation addressing the North Carolina Community College System's training equipment needs during the 2005-2007 biennium.

2. Starting in 2005, provide additional funding for equipment needs based on the following totals:
 - i. Computer Technology: \$89,500,000
 - ii. Equipping new and renovated instructional facilities: \$66,200,000
 - iii. Equipping the Five High Cost programs defined by the State Board: \$34,850,000
 - iv. Furnishings for Instructional Support and Administrative Functions: \$41,400,000

Total: \$ 232,000,000

Action Steps for Objective 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.

- a. Responsibility: Economic Development Board Chair Robert Stolz
- b. Deadline: July 2005 (during legislative session)
- c. Funding: NA
- d. Expected Outcome/Return on Investment: Clearly expressed support leading to passage of legislation that creates equity in funding for high-demand courses, regardless of the time of year.

2. Provide adequate funding for the NCCCS equipment requests.

- a. Responsibility: Governor and the General Assembly
- b. Deadline: July 2005
- c. Funding Source: General Fund
- d. Expected Outcome/Return on Investment: Colleges will be able to provide the necessary training to business and industry in order to retain and attract employers.

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.

At a time when technology is becoming an increasingly important driver of the economy, the number of science and engineering graduates is in decline. North Carolina’s future ability to compete as a technology leader will depend on the science, math and technology skills of its residents. Recognizing that states graduating high numbers of students with advanced degrees in science and technology also employ a high number of people in science and technology, North Carolina should work to increase the number of its residents enrolled in and successfully completing courses and programs with science and technology focused curriculum.

The Workforce Development and Education Committee recognizes that to position North Carolina as an international leader in science, math, and technology-based education requires the full engagement and coordination of all educational systems within the State, the continuation, and the expansion of incentives and programs that promote science, math, and technology careers.

Tuition paid internships with North Carolina based companies, and state-matched funding for private sponsorship of programs promoting science and technology

Progress Measures for Objective 1.5:

1. During 2005, the Education Cabinet will appoint a statewide Task Force to provide recommendations to the General Assembly on raising the number of people enrolling in and completing approved science and technology programs.
2. The Community College System will take measures to address programmatic, financial, and institutional barriers to expanding technological educational and workforce development.
3. The State of North Carolina will continue to be supportive of institutions such as the Biotechnology Centers, the BioNetwork, and other entities that are working to promote science and technology based knowledge and industry development.

Action Steps for Objective 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.

- a. Responsibility: Commission on Workforce Development, Department of Commerce, and Department of Public Instruction, Education Cabinet
- b. Deadline: December 2005
- c. Funding Source: N/A
- d. Expected Outcome/Return on Investment: Solid recommendations from the Task Force to the Economic Development Board to be developed further by appropriate Board committees and State agencies, such as the University of North Carolina, the North Carolina Community College System, and the Workforce Commission leading to an enhancement of Math, Science, and Technology education and increased numbers of individuals in these occupations produced in North Carolina.

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.

- a. Responsibility: The Economic Development Board, the North Carolina Community College System, the Biotechnology Center, NCEITA and the General Assembly
- b. Deadline: January 2006
- c. Funding Source: Increases in FTE rates for technology-based training at community colleges will be required.
- d. Expected Outcome/Return on Investment: Wage rates for trained technology. Trained workers will significantly exceed prevailing wage rates in the area; tech-

oriented firms will have access to trained employees critically needed to meet business growth opportunities.

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.

- a. Responsibility: the General Assembly
- b. Deadline: September 2006
- c. Funding Source: Legislative Appropriation
- d. Expected Outcome/Return on Investment: More workers with training in science, technology, and biotechnology who are able to fill the growing industry need for skilled labor.

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.

Regional economic development strategic planning in North Carolina has moved to more focused understanding of the needs and dynamics of key business and industrial sectors (or clusters) within a region, and developing strategies that support the recruitment, retention, and expansion of business and industry within these key sectors. The workforce development system within these regions must target resources and services in a way that compliments and supports sector-based economic development strategies. Regional Skills Alliances have proven to be an effective model in which employers within key sectors, public agencies, and schools share information and leverage resources to train workers for region-wide needs and opportunities.

Recognizing this fact, the Workforce Development and Education Committee recommends the development of regional skills alliances to foster more effective economic development through training.

Progress Measures for Objective 1.6:

1. By April 2005, construct an implementation plan outlining the development of regional skills alliances
2. By June 2005, finish plan and adopt an agreed upon implementation plan for the development of regional skills alliances.
3. By September 2006, develop Regional Skills Alliances for targeted regional business and industry clusters in each of the seven economic development partnership regions in the state.

Action Steps for Objective 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.

- a. Responsibility: Roger Shackleford, Executive Director for the Commission on Workforce Development
- b. Deadline: April 2005
- c. Funding Source: Existing/NA
- d. Expected Outcome/Return on Investment: A concise and well-crafted implementation plan outlining the ways in which North Carolina may establish regional skills alliances.

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.

- a. Responsibility: The Economic Development Board, the Commission on Workforce Development and the Workforce Development and Education Committee
- b. Deadline: June 2005
- c. Funding Source: NA
- d. Expected Outcome/Return on Investment: Adoption of a clear implementation plan for the establishment of industry-led regional skills alliances.

3. Implement the plan to develop industry-led regional skills alliances.

- a. Responsibility: The Economic Development Board and the Commission on Workforce Development
- b. Deadline: September 2006-2008
- c. Funding Source: TBA in Implementation Plan
- d. Expected Outcome/Return on Investment: Establishment of industry-led regional skills alliances in each of the seven economic development partnership regions.

Goal Two: Invest in Science, Technology, and University Outreach

Establish an aggressive and coordinated state agenda of investment in research and support for technology development, transfer, and University outreach while increasing the understanding among all North Carolinians of the importance of science and technology to the state's economic growth and prosperity.

Science and technology-based innovation fuels a knowledge-based economy; it creates new industries, makes existing ones globally competitive, and drives future economic growth. Over the coming decades, North Carolina can produce more new jobs for its citizens from the effective use of science and technology economic development policy than from any other source.

North Carolina is internationally recognized for a number of the visionary investments it has made in the past in support of its high-technology future. Increasingly, however, other states and nations are aggressively challenging North Carolina's science and technology leadership; continued directed action by the state is required to maintain its vanguard position in the innovation economy and produce the skilled workforce and jobs it must to remain competitive globally.

The recent findings of four highly regarded, national-level studies underscore this and paint a clear picture of North Carolina's science and technology resources, investments, and performance. Each of these analyses independently details North Carolina's strengths and weaknesses in the areas of science, technology, and university outreach.

1. The 2004 State Technology & Science Index, published by the Milken Institute, ranks North Carolina in the second tier of U.S. States in an assessment of their total technology and innovation capacity. Measured against seventy-five science and technology measures, North Carolina ranks twentieth overall. North Carolina ranked seventeenth in the 2002 index.

2. A similar pattern appears in the 2004 Science and Engineering Indicators report, published by the National Science Board of the Division of Science Resources Statistics of the National Science Foundation. The report presents state-by-state rankings across twenty-four science and technology indicators. Among the report's twenty-four indicators, North Carolina ranks in the first quartile on two, in the second or third quartile on twenty-one, and in the fourth quartile on one indicator.

3. In the 2004 State Science and Technology Indicators report, published by the Office of Technology Policy in the Executive Office of the President, North Carolina's performance ranks above the U.S. average on seven of the report's thirty-eight science and technology indicators; it ranks at or below the national average on the remaining thirty-one.

4. Tracking Innovation 2003, published by the North Carolina Board of Science and Technology, assesses North Carolina's performance on fifty-six measures. The report finds that, relative to the U.S. as a whole, North Carolina ranks above average on about half of the measures presented. Overall, among the seven comparison states featured in the study, North Carolina ranks sixth.

At the same time, the outstanding success of our state's investment in Biotechnology as an engine of prosperity and job creation has been validated by a number of other national and international studies, and it demonstrates clearly the returns possible from a deliberate and coordinated strategy of state investment in science and technology. Similar investments across a broad base of emerging technologies may be expected to achieve similar results.

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.

Progress Measures for Objective 2.1:

1. Total R&D spending as a function of GDP is an indicator of the intensity of R&D activity in an economy, adjusted to the size of the economy. These expenditures, reflecting the activities of scientists and engineers, drive innovation and sustained economic growth; they gauge the extent to which research and development play a role in a state's economy and are an input to economic growth. In 2002, they represented approximately two percent of North Carolina's gross state product.
 - In 2001, North Carolina ranked 23rd nationally in total performed R&D expenditures per \$1,000 of gross state product.
 - By 2007, it should rank within the top 15 states, representing a 20% increase in our performance nationally.
2. Technology Fast 500 Companies, as ranked by Deloitte & Touche, are North America's fastest-growing technology companies in terms of five-year revenue growth. Companies qualify as technology companies if they produce technology, manufacture a technology-related product, are technology intensive, or devote a high percentage of effort to R&D. The number of Fast 500 companies in a state is an indicator of the degree to which the state's economy is dynamic, innovative, and a positive environment for firm expansion and job creation.
 - In 2002, North Carolina ranked 12th nationally in the number of Technology Fast 500 Companies per 10,000 Business establishments.
 - By 2007, it should rank within the top 10 states, representing a 20% increase in our performance nationally.
3. The High-technology business establishment birthrate indicates the creation of high-technology establishments in the state. The number of such births indicates how supportive the state's business climate is to the formation of high-technology businesses. The percentage of births classified as high-technology is an indicator of the degree to which the state is making progress in shifting its business base toward the high-technology sector.
 - In 2000, North Carolina ranked 25th nationally in the percent of business establishment births classified as high technology.
 - By 2007, it should rank within the top 20 states, representing a 20% increase in our performance nationally.
4. The net high-technology business establishment formation rate reflects the number of high-technology establishments that began operations minus the number that ceased operations in a given year. A net positive result indicates that technology intensive establishments are being created faster than they are dying; it is an indicator of the state's ability to create and sustain new high-technology businesses.

- In 2000, North Carolina ranked 22nd nationally in the net number of formations in high technology business establishments per 10,000 business establishments.
 - By 2007, it should rank within the top 20 states, representing a 20% increase in our performance nationally.
5. **Venture Capital Fund Investment Rate.** Venture capital funds are equity investments made in private companies by the venture capital community. The amount of venture capital funding invested in a state is an indicator of the degree to which the state's economy is dynamic, innovative, and a positive environment for early-stage business creation and expansion.
 - In 2002, North Carolina ranked 7th nationally in venture capital funds invested per \$1,000 of gross state product.
 - By 2007, it should rank in the top 5 states, representing a 20% increase in our performance nationally.
 6. **IPO funding as a function of GDP.** An initial public offering (IPO) represents the first time a firm offers general stock to the public. An IPO raises significant investor capital, stimulates next-stage growth in a company, and reflects investor confidence that a company can generate increases in value, sustain growth, and produce satisfactory returns on investment. The value of IPOs in a state is an indicator of the degree to which the state's economy is a positive environment for the sustained growth of new business.
 - Between 2000 and 2002, North Carolina ranked 25th nationally in average annual amount of IPO funds raised per \$1,000 of gross state product.
 - By 2007, it should rank within the top 20 states, representing a 20% increase in our performance nationally.
 7. **Number of patent licenses granted by the University of North Carolina to business establishments within the state as a function of the number of total patents issued to the University.** A license for a patent is the grant of use of the intellectual property embodied in the patent to the licensee. License activity is a key indicator of innovations and their transfer to commercial use. Patent licenses are often the catalyst for future products, marketable commodities, and business creation. Patent licenses granted to North Carolina establishments specifically drive growth and job creation within the state as opposed to outside of it.
 - In 2003, for every 100 patents awarded to North Carolina universities, the universities licensed TBD patents to North Carolina businesses.
 - By 2007, that ratio should increase by 20 percent.
 8. **Number of businesses created in North Carolina as the direct result of University intellectual property and entrepreneurship activities, as a function of the number of total patents issued to the University.**
 - In 2003, for every 100 patents awarded to North Carolina universities, TBD businesses were created in North Carolina from university patents.
 - By 2007, the number of faculty-owned Small and Medium-sized Enterprises (SME's) will increase by TBD%.
 9. **Economic Development Partnership Region resource assessments and plans.** Each of North Carolina's seven Economic Development Partnership Regions has a unique competitive position in the knowledge-based economy. Enhancing the competitiveness of each of North Carolina's regions requires a detailed understanding of each region's

competitive advantages and a strategy for maximizing economic development activities around them.

- In 2004, one of North Carolina's seven Regional Partnerships completed a comprehensive resource assessment and strategic plan related to the knowledge-based economy, and the General Assembly approved funds for resource assessments and plans in the remaining six regions.
- By 2006, all seven Regional Partnerships should have completed a similar comprehensive resource assessment and strategic plan.

Action Steps for Objective 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.
 - a. Responsibility: NC Board of Science and Technology
 - b. Deadline: December 2005
 - 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:
 - 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 (IP) 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;
 - 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
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.
 - a. Responsibility: NC General Assembly; Office of the Governor, Department of Commerce
 - b. Deadline: June 2005
 - c. Funding Source: Recurring state appropriations of \$1,000,000/year

- d. Expected Outcome/Return on Investment: As listed in objectives 2.1.1, 2.1.5, 2.1.6, and 2.2.2

3. Catalyze and support expanded innovation activities from all of North Carolina's Universities through appropriate follow-up to the University's recently completed Technology Development Initiative. Priorities include:

- i. Incenting Universities to embrace a culture of innovation and entrepreneurship that transfers seamlessly to the State's economy;
- ii. Strengthening technology transfer services at all campuses;
- iii. Establishing a statewide, distributed support network of key technology transfer partners;
- iv. Providing additional resources to University technology-transfer organizations;
- vi. Developing new metrics for university innovation and economic development.

- a. Responsibility: University of North Carolina (Vice President for Research and Sponsored Programs; Small Business and Technology Development Center)
- b. Deadline: January 2007
- c. Funding Source: Accelerate NC and SBTDC expansion budget requests
- d. Expected Outcome/Return on Investment: Increase in level of technology transfer activities and value; statewide business creation and enhanced competitiveness

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.

Encourage / propose legislation in North Carolina that would:

- i. Facilitate the establishment of partnerships with entities in other states (e.g., federal labs, universities, government agencies) to leverage their strengths in mutually beneficial ways;
- ii. Create the best possible / most robust set of tax and incentive policies available to start, grow, and attract technology-based businesses;
- iii. Undertake 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.

- a. Responsibility: NC Board of Science and Technology; NCCBI; University of North Carolina; Department of Commerce; Department of Revenue
- b. Deadline: July 2008
- c. Funding Source: Current resources
- d. Expected Outcomes/Return on Investment: Increased commercialization of University technologies. Increase in the number of high-technology companies.

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.

Examples include expansion and enhancement of the NCREN network, grid-computing network, Web services, and e-rate.

- a. Responsibility: e-NC, MCNC, NC Biotechnology Center
 - b. Deadline: December 2008
 - c. Funding Source: Sufficient ongoing & expanded state appropriations
 - d. Expected Outcome/Return on Investment: Maintaining competitiveness in the IT/communications arena will lead to significant output, productivity, income, and employment gains to North Carolina's economy and is critical to realizing the full potential of innovation clusters within the state (e.g., biotechnology, informatics, nanoscale technologies)
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 (<http://www.ncbiotech.org/ncindustry/stratplan/strategicplan.cfm#stratplan>).
- a. Responsibility: As detailed in plan
 - b. Deadline: As detailed in plan
 - c. Funding Source: As detailed in plan
 - d. Expected Outcome/Return on Investment: As detailed in plan
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.
- a. Responsibility: State Treasurer, Governor's Office
 - b. Deadline: December 2007
 - c. Funding Source: As specified
 - d. Expected Outcome/Return on Investment: Increased success of businesses relying on early-stage funding; enhanced business creation through University technology transfer

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.

Progress Measures for Objective 2.2:

1. University R&D funding as a function of Gross State Product. Universities are responsible for approximately twenty percent of the R&D activity in North Carolina. University R&D is more

typically basic research that focuses on long-term, fundamental knowledge and discoveries. University faculty, facilities, and knowledge are a resource base for growing and attracting new businesses. The amount of university R&D indicates the importance of university research to the state's economy and directly reflects the R&D competitiveness the state's universities and their capacity to drive technology-based economic development.

- In 2001, North Carolina ranked 11th nationally in university-performed R&D expenditures per \$1,000 of gross state product.
 - By 2007, it should rank within the top 5 states, representing a 20% increase in our performance nationally.
2. Technology strategic plan. North Carolina organizations conduct a significant amount of technology research. An initiative to coordinate efforts within the state will link its strengths to grow new industries, educate our workforce, capture federal funding, and maintain North Carolina's technology leadership while revitalizing its traditional industries around these new technologies.
- By December 2006, North Carolina will produce a technology assessment and strategic plan.
3. Company commitments to research park locations; number of new research parks. Research parks are a primary means by which states foster university-government-industry partnerships. The parks promote university-government-industry partnership through physical proximity of participating organizations and through programs designed to foster collaboration between the three sectors. Partnering with industry and government strengthens the university's direct, practical, and applied education. These partnerships, in turn, impact surrounding communities by creating jobs on campus and in the community, attracting research funds, and facilitating innovation and commercialization of university research by local industry.
- In 2004, North Carolina Millennium campuses have TBD number of industry tenants.
 - By 2007, the number of industry commitments to these locations will increase by 50 percent over the 2004 baseline.
 - In 2004, North Carolina has 5 Millennium Campuses.
 - By 2007, it will establish one Campus, preferably in the eastern part of the state where none currently exist.
4. SBIR funding as a function of Gross State Product. The Small Business Innovation Research (SBIR) Program provides competitive grants to entrepreneurs to help finance R&D, start-up, and the commercialization of innovative business ideas. The amount of SBIR funding in a state is strongly correlated with successful Technology-Based Economic Development.
- During the 2000- 2003 period, North Carolina ranked 30th nationally in SBIR funding per \$1,000 of gross state product.
 - By 2007, it should rank within the top 10 states, representing a 20% increase in our performance nationally.

Number of SBIR award applications; success rate of SBIR applications. Increased awareness of the SBIR award program can be measured by the increase in the number of applications. The success rate of these applications is an indicator of the effectiveness of the application assistance process. It also serves to measure the state's success in attracting SBIR awards, adjusted for differences in award size for different areas of technology.

- During the 2000- 2003 period, 686 SBIR award applications were submitted by North Carolina businesses.
- By the 2004-2007 period, TBD SBIR award applications should be submitted by North Carolina businesses, representing all seven Economic Development Regions.
- During the 2000- 2003 period, 23% of the SBIR award applications submitted by North Carolina businesses were funded.
- By the 2004-2007 period, TBD% of the SBIR award applications submitted by North Carolina businesses should be funded, with successes reported in each of the seven Economic Development Regions.

5. STTR funding as a function of Gross State Product. The Small Business Technology Transfer (STTR) Program facilitates partnerships between small businesses and non-profit research institutions, including universities. The amount of STTR funding in a state reflects the degree to which partnerships of small companies and non-profit research institutions are participating in funded R&D, and it is an indirect measure of the willingness and ability of the universities and industry to form nationally competitive partnerships around emerging commercial technologies.

- In 2001, North Carolina ranked 19th nationally in STTR funding per \$1,000 of gross state product.
- By 2007, it should rank within the top 10 states, representing a 20% increase in our performance nationally.
- Number of STTR award applications; success rate of STTR applications. Increased awareness of the STTR award program can be measured by an increase in the number of applications. The success rate of these applications is an indicator of the effectiveness of the application assistance process. It also serves to measure the state's success in attracting STTR awards, adjusted for differences in award size for different areas of technology.
- During the 2000- 2003 period, 63 STTR award applications were submitted by North Carolina businesses.
- By the 2004-2007 period, TBD STTR award applications should be submitted by North Carolina businesses, representing all seven Economic Development Regions.
- During the 2000- 2003 period, 30% of the STTR award applications submitted by North Carolina businesses were funded.
- By the 2004-2007 period, TBD% of the STTR award applications submitted by North Carolina businesses should be funded, with successes reported in each of the seven Economic Development Regions.

Action Steps for Objective 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. Priorities include:

- 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 exemption of the University from 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;
- 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: July 1, 2006
- c. Funding Source: Current resources; required financial investment for this step would be minimal
- d. Expected Outcome/Return on Investment: Enhanced competitive advantage for the University, thus increasing the impact of University-based research on state economic recovery, growth, and development

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.

- a) Responsibility: NC Board of Science and Technology (coordinating); University of North Carolina; MCNC; NC Biotechnology Center; Department of Commerce
- b) Deadline: December 2005
- c) Funding Source: State appropriations
- 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.

8. 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;
 - 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.
 - 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 Board of Governors; Institution Chancellors and Boards of Trustees
 - b. Deadline: Ongoing
 - c. Funding Source: State appropriations would fund salaries, incentives, facilities, and equipment
 - d. Expected Outcome/Return on Investment: Enhanced competitive advantage for the University, thus increasing the impact of University-based research on State economic recovery, growth, and development.

9. 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.
 - a. Responsibility: University of North Carolina
 - b. Deadline: Ongoing
 - c. Funding Source: Allocate 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
 - 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.

10. 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: December 2007
 - c. Funding Source: State appropriations

- 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.

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.

Progress Measures for Objective 2.3:

1. Biennial Assessments. An understanding of science and technology is becoming increasingly important for both employment and civic decision-making. A 2004 study by the National Science Foundation, Science and Engineering Indicators, reports that a significant proportion of the US population lacks an understanding of even the most basic scientific facts.
 - As of 2004, North Carolina lacks baselines for comparing: (a.) the science and technology knowledge of its citizens against the national average as reported biennially by the National Science Foundation, and (b.) the linkages between technology-based regional economic development and economic prosperity across all seven economic development regions.
 - In 2006, baselines will be set for comparing North Carolinians' knowledge of science and technology and its importance to the state's economic prosperity against national norms and across North Carolina's seven Economic Development Regions. A mechanism will be established to communicate these evaluations and their policy implications to state leaders. A baseline report of factors linking technology-based economic development and prosperity in each of North Carolina's seven Economic Development Regions will be prepared.
2. Meetings of relevant media, science, and technology organizations.
 - In 2004, North Carolina lacks a coordinated and sustained outreach effort to improve the public's factual knowledge of science and technology and their role in the economy.
 - By 2006, North Carolina will have formulated and begun to implement options for such an effort.

Action Steps for Objective 2.3

1. Conduct and publish the following statewide assessments on public understanding of science and technology and their importance to the North Carolina economy:

- The popular understanding of the importance of science and technology to economic growth and prosperity, replicating the survey methodologies found in the 2004 National Science Foundation report Science and Engineering Indicators, and the survey conducted by the NC Board of Science and Technology found in Public Perceptions of the Importance of Science and Technology to the NC Economy.
- The needs of North Carolina's policy leaders for information related to science, technology, and technology-based economic development.
- The factors linking technology-based economic development and prosperity in each of North Carolina's seven Economic Development Regions.

- a. Responsibility: NC Board of Science and Technology
- b. Deadline: Initial 2006, then biennially
- c. Funding Source: Biennial state appropriations of \$250,000
- d. Expected Outcome/Return on Investment: Establish baselines for comparison of public science and technology knowledge against the national average as reported biennially by the National Science Foundation; provide benchmarks for setting future goals and monitoring the effectiveness of action steps to increase public understanding of science and technology within North Carolina. Understand public perceptions of the factors that successfully link technology-based economic development and widespread economic prosperity; understand how public perceptions reflect the conditions in their region. Meet the needs of state policy leaders for timely information on science and technology and its role in economic development.

2. Based upon the assessments of Action Step 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.

- a. Responsibility: NC Board of Science and Technology
- b. Deadline: Initial report by December 2005
- c. Funding Source: External program support; biennial state appropriations of \$250,000
- d. Expected Outcome/Return on Investment: The success of Goal 2 of this Strategic plan is ultimately contingent upon public understanding of the factors that link technology-based economic development with widespread prosperity.

Goal 3: Ensure a Competitive Environment for the Recruitment and Retention of Business, Capital Investment and Jobs Creation

Provide economic developers across North Carolina with the climate and the most effective tools possible to recruit and retain businesses in order to promote capital investment, job retention and creation, and to boost the per capita income of all North Carolinians while improving an overall quality of life.

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.

Progress Measures for Objective 3.1:

1. In 2005, the North Carolina Economic Developers Association, the North Carolina Partnerships for Economic Development and the North Carolina Department of Commerce will commission biennial reviews of North Carolina’s business climate as it compares to key competitive states, focusing on targeted industry sectors.
2. In 2006, North Carolina will remain in the top 3 states as outlined in the annual rankings by Site Selection’s Governor’s Cup.
3. In 2007, North Carolina’s marginal income tax rates will be more in line with its competitors. The state’s overall state-local tax burden will remain competitive in the Southeast and remain below the national average.

Action Steps for Objective 3.1:

1. Review the W.S. Lee Act to determine the effectiveness of the Act and to recommend changes.
 - a. Responsibility: Department of Commerce, Department of Revenue
 - b. Deadline: Changes recommended by January 2005 and evaluation ongoing
 - c. Funding Source: Existing resources
 - d. Expected Outcome/Return on Investment: Prepared synopsis and corresponding analysis on Lee study findings
2. Develop legislative proposals for effective incentives.
 - a. Responsibility: Department of Commerce, Department of Revenue, and the Economic Development Board
 - b. Deadline: Ongoing
 - c. Funding Source: Existing Resources
 - d. Expected Outcome/Return on Investment: Recommendations for incentives that will help North Carolina more effectively retain and recruit business.

3. Find 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: Ongoing
- c. Funding Source: General Fund or other dedicated funding source
- d. Expected Outcome/Return on Investment: The One NC Fund received a \$20 million appropriation from the General Assembly for FY 04/05 - funded from the state surplus (HB 1352). The intent of the most recent appropriation is to provide \$10 million annually for this fund. Continued efforts to secure a recurring/dedicated-funding source are needed.

4. Extend North Carolina's new Job Development Incentive Grant (JDIG).

- a. Responsibility: Governor, Department of Commerce, Economic Development Board and General Assembly
- b. Deadline: Ongoing
- c. Funding Source: not applicable
- d. Expected Outcome/Return on Investment: During the 2004 short session, the General Assembly extended the program one year (through 2005), increased the maximum number of JDIG grant awards per year from 15 to 25, and increased the maximum annual liability for grants awarded in any single year from \$10 million to \$15 million (HB 1414). An additional extension of the program should be advocated during the 2005 session.

5. Continue to fund the Site Infrastructure Fund for infrastructure and workforce training of large, high-multiplier industrial projects that locate in North Carolina.

- a. Responsibility: Governor, Department of Commerce, Economic Development Board and General Assembly
- b. Deadline: Ongoing
- c. Funding Source: General Fund or other dedicated funding source
- d. Expected Outcome/Return on Investment: In December 2003 legislation was enacted to fund infrastructure improvements and for the Merck project. As a result, the Site Infrastructure Fund was created and \$23 million was appropriated for the project. Now established, this program could serve as the conduit for similar large projects – subject to General Assembly appropriation of funds.

6. Reduce the corporate income tax rates to five percent, phased in over the next six to eight years.

- a. Responsibility: Governor, Department of Commerce, Economic Development Board and General Assembly
- b. Deadline: Phase-in complete by 2012
- c. Funding Source: General Fund or through streamlining sales taxes

- d. Expected Outcome/Return on Investment: A lower corporate income tax rate will make North Carolina's rate more comparable to its neighbors and competitors. A lower rate should benefit existing and new businesses.

Objective 3.2 – Enable effective recruitment of both new economy and enduring traditional companies to North Carolina

The Recruitment and Retention Committee recognizes the need for new methods to identify and target “right fit” industries for North Carolina and to optimize the marketing and recruitment efforts of Commerce, regional partnerships and local development agencies.

North Carolina's economy is undergoing a major transition from traditional industries to new economy companies. This transition is characterized by a shift in employment from the manufacturing to the services sector and from labor-intensive to, in many cases, knowledge-based jobs. Particularly in tough economic times, North Carolina's economic development agencies must be prepared to help North Carolinians make this transition by creating high-quality jobs that boost incomes and the quality of life for families. North Carolina must accelerate the growth of high-skilled jobs in advanced manufacturing and knowledge companies. The state must also help its agribusiness and traditional manufacturing companies use technology to become more competitive globally.

In response to this dramatic change in North Carolina's economy, DOC leadership and staff prepared cluster studies and related analysis to develop and refine the following list of target industries:

Growth Industries

§ Industrial Chemicals, Plastics and Rubbers

§ Transportation (including manufacturing of aircraft engines, boat building, automotive components)

§ IT/Telecommunications (including communications equipment, electronics, semiconductors, and software)

§ Industrial/electrical machinery

§ Biotechnology/Pharmaceuticals

§ Financial and Business Services

§ Health Care Services

Maintenance Industries

§ Textiles (for example, the manufacturing of non-woven textiles, fibers that are bio-sensors, or bed sheets that won't cause bed sores)

§ Forest Products/Agribusiness (for example, specialty crops and enhancement of products, which would include recycling industries)

§ Furniture (for example, higher-end furniture and other niches)

Progress Measures for Objective 3.2:

1. In 2006, North Carolina will achieve a 10% increase in the number of industries located annually, as compared with the 2001 baseline data.

Action Steps for Objective 3.2:

1. Implement the Economic Development Information System through phase 5 in order to establish an economic intelligence capability within the Department of Commerce.

- a. Responsibility: Department of Commerce's Policy, Research & Strategic Planning Division and Team EDIS, which includes representatives from the regional partnerships, SBTDC, and the NC Employment Security Commission
- b. Deadline: December 2005 for phase 3 and December 2006 for phase 5 Funding
- c. Source: \$375,000 from the General Fund was appropriated for FY 04-05 to fund most of the project through phase 3. Funding from the General Fund for two permanent positions to build and maintain EDIS are needed at a cost of \$165,000 per year
- d. Expected Outcome/Return on Investment: Establishment of state Economic Development Information System to house national, state, regional and local economic data for mapping, analyses and presentation for state, regional and local officials and organizations

3. 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.

- a. Responsibility: Economic Development Board with the NC Advisory Commission on Military Affairs, Department of Commerce, Lt. Governor's Office
- b. Deadline: Ongoing
- c. Funding Source: General Fund, Regional Partnerships, U.S. Department of Defense and East Carolina University
- d. Expected Outcome/Return on Investment: A report that quantifies the dollar impact that military bases have on North Carolina's economy has been completed by ECU, and North Carolina held a military summit at Fort Bragg in October 2003 to discuss issues that affect the state's military community. Additionally, North Carolina should continue to develop strategies to actively recruit and develop industry to support the needs of the military.

4. Foster development of several mega-sites across the state.

- a. Responsibility: Department of Commerce
- b. Deadline: Ongoing
- c. Funding Source: General Fund or other dedicated funding source
- d. Expected Outcome/Return on Investment: The Department of Commerce should continue to develop a strategy for acquisition of these sites. The Site Infrastructure Fund could serve as the conduit for mega-site projects – subject to a statutory amendment and General Assembly funding appropriation of funds. In the meantime, DOC has developed basic minimum standards for mega-sites, with the intention of developing more detailed standards in the future.

Objective 3.3 – Develop a Model Program of Existing Industry Services.

Progress Measures for Objective 3.3:

1. In 2006, North Carolina will increase by 20% the number of contacts currently made with existing industries.

Action Steps for Objective 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.

- a. Responsibility: Economic Development Board and Department of Commerce
- b. Deadline: December 2005
- c. Funding Source: Existing resources or funding from private source to hire contractor
- d. Expected Outcome/Return on Investment: Develop recommendation supporting requested ARC and other funding for full Board review and vote.

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.

- a. Responsibility: Department of Commerce
- b. Deadline: 2005
- c. Funding Source: Existing resources
- d. Expected Outcome/Return on Investment: A marketing/PR plan to implement statewide awareness of DOC, economic development services. A general statewide marketing strategy was developed for the ServiCenter prior to receiving funding from the General Assembly. Having secured funding, ServiCenter staff will develop a detailed marketing strategy.

Objective 3.4 – Develop an Effective, Coordinated Statewide Marketing/Branding Program.

The Recruitment and Retention Committee, possibly working with the Tourism, Film, Sports, Arts and Cultural Resources Committee of the Economic Development Board, will study, make recommendations and advocate for resources for an initiative to market and brand North Carolina more effectively to companies, to economic development consultants, to tourists, to retirees and to North Carolina's citizens. This program will seek to optimize and improve the marketing efforts both domestically and internationally.

Progress Measures for Objective 3.4:

1. In 2006, North Carolina will embark on the creation of a consistent and effective branding campaign, identifying and including all appropriate entities.

Action Steps for Objective 3.4:

1. Review the current marketing efforts by state agencies and the regional partnerships.

- a. Responsibility: Economic Development Board task force
 - b. Deadline: December 2005
 - c. Funding Source: Existing Resources
 - d. Expected Outcome/Return on Investment: Provide recommendation for coordinated marketing plan to improve upon the Department of Commerce and the Regional Partnerships' existing efforts. (NOTE: 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.)
2. Integrate North Carolina's current brand strategy into a wider range of marketing products.
- a. Responsibility: Department of Commerce
 - b. Deadline: December 2005
 - c. Funding Source: Existing Resources
 - d. Expected Outcome/Return on Investment: A branding campaign was developed by NCIETA 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. "North Carolina - The State of Minds" logo was approved earlier this Spring and the Marketing Division is currently using the new logo in all advertisements, promotional materials, graphics and other signage. DOC's Marketing and MIS Divisions are also working to develop a new Commerce website which will use the State of Minds brand and provide an updated appearance with a high-tech look and feel.
3. Identify new funding sources, as well as underutilized current funding sources, for marketing.
- a. Responsibility: Economic Development Board task force and Department of Commerce
 - b. Deadline: December 2005
 - c. Funding Source: Existing Resources
 - d. Expected Outcome/Return on Investment: Monitor and track ongoing participation and partnerships with current and new funding sources to fully appreciate the value available. NOTE: To date, attempts to obtain additional state funding for the Marketing Division have been unsuccessful. Private sources are needed to fund the implementation of the branding campaign, to include incorporating the brand into marketing materials, collaterals, and ad copy and ultimately, conducting a multi-media advertising campaign using print, television and radio. Although the Dept of Commerce currently has had no marketing budget, private sector contributions have been secured through the Friends of NC (a non-profit 501(c)(6)) to support a broad array of marketing activities. These activities include: Investment/Trade missions, targeted industry events, community development events, site consultant events, and economic development conferences.

4. Orchestrate a limited, low-cost outreach campaign to advertise North Carolina's recent efforts in economic development.

- a. Responsibility: Department of Commerce and the Economic Development Board
- b. Deadline: December 2005
- c. Funding Source: Existing Resources
- d. Expected Outcome/Return on Investment: North Carolina needs to let the national business and site-selection community know that the state is taking a number of specific steps in building upon its rich tradition of economic development leadership.

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.

- a. Responsibility: Economic Development Board and partners, including NCCBI, NCEDA and NCEITA
- b. Deadline: December 2005
- c. Funding Source: Existing Resources
- d. Expected Outcome/Return on Investment: To enhance its efforts, it is recommended that the Board schedule a quarterly board meeting during the legislative session and host a reception for members of the General Assembly. This will allow board members to personally articulate their support for DOC efforts and adequate funding. With the support of the board, DOC will continue to advocate for additional funding and resources.

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 will help its communities develop the infrastructure, cultural amenities, and social capacity that ensure a high quality of life and make them attractive to businesses.

Objective 4.1 - Promote a State growth framework that stimulates urban development with beneficial regional economic influences.

Progress Measures for Objective 4.1:

1. Maintain and expand a system to coordinate State investments to strengthen downtowns and promote sound urban and regional development.

Action Steps for Objective 4.1:

1. Coordinate State investments toward existing downtowns and promote sound urban and regional development.

- a. Responsibility: Department of Commerce's Office of Urban Development
- b. Deadline: 2006
- c. Funding: Additional appropriations for office administration and program implementation
- d. Expected Outcome/Return on Investment: robust downtowns with less blight and fewer brownfields more consistent investments

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: Ongoing
- 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

Objective 4.2 - Promote more efficient use of existing buildings, sites, facilities, and infrastructure.

Progress Measures for Objective 4.2:

1. The number of Brownfield active eligible projects will increase from 43 in 2004 to 65 by 2007.
2. By 2004 the number of communities qualifying to use the new rehabilitation sub-code will double and the number of buildings rehabilitated using this code will grow by forty percent.
3. Continue matching federal funds for the EPA's Brownfield redevelopment grants

Action Steps Objective 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.
 - a. Responsibility: Department of Commerce and the Department of Environment and Natural Resources (DENR)
 - b. Deadline: Ongoing
 - c. Funding: Depending on nature of new incentives, funding could come from tax credits, fees, insurance surcharges, or enhanced local property tax deferments
 - d. Expected Outcome/Return on Investment: Commerce and DENR staff will continue workshops on brownfields development to promote program. Higher numbers of rehabilitated buildings and reused sites than would be expected without the enhancements, thereby reducing public costs of developing infrastructure for "Greenfield sites."

Objective 4.3 - Strengthen central cities to reestablish their role as the economic core and engine of metropolitan areas.

Progress Measures for Objective 4.3:

1. By the end of the 2005 legislative session, State Development Zone incentives will be improved and the number of SDZ projects will increase by 20%.
2. By the end of the 2006 legislative session, the Main Street Financial Incentive Fund will be re-capitalized.
3. By 2006 the number of communities receiving downtown development assistance from the Department of Commerce will grow by twenty-five percent over 2004 numbers.
4. By 2008 the Department of Transportation will spend a minimum of \$5.0 million in central city (downtown) projects
5. By 2005, the Department of Public Instruction will begin to actively promote school site

guidelines, through workshops and other promotional tools, making it easier to build new schools in central city areas and to rehabilitate older schools.

Action Steps for Objective 4.3:

1. Expand and improve State Development Zone (SDZ) incentives.

i. Add central administrative offices to those eligible for tax credits

ii. Provide enhanced tax credits for high poverty portions of SDZ's

iii. Market incentives available in SDZ's more actively

a. Responsibility: Department of Commerce's Finance Center and Division of Community Assistance

b. Deadline: Propose legislative changes by November 2004 for consideration in 2005 session

c. Funding: Existing resources can be used to modify proposal generated in 2002

d. Expected Outcome/Return on Investment: More investment and jobs attracted to target areas

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

b. Deadline: July 1, 2005 (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

3. Expand the Department of Commerce's successful small towns improvement program statewide.

a. Responsibility: Department of Commerce's Division of Community Assistance and Office of Urban Development

b. Deadline: July 1, 2005

c. Funding: Two positions needed to provide added services, plus Legislative appropriation to maintain program. 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 NC, but is not intended to maintain or expand the program

d. Expected Outcome/Return on Investment: At least fourteen small towns have participated in the program to date, and more small towns could be served with funding and expansion of the small towns could be served with funding and expansion of the program. The program will increase the number of small towns involved with downtown development and increased reinvestment within small town downtowns.

4. Provide tax credits for homeowners that purchase and/or renovate downtown housing. (Note: The Division of Community Assistance met with staff of the Housing Finance Agency, committee members, developers and Department of Revenue staff and presented several ideas for discussion. The committee decided to put this idea on hold because of fiscal costs and legal issues as to how to define 'downtown' in statute.

- a. Responsibility: NCHFA and Housing Coordination and Policy Council
- b. Deadline: Introduce legislation for consideration in 2007 session
- c. Funding: fiscal note to be calculated
- d. Expected Outcome/Return on Investment: more housing investment in state's downtowns

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.

- a. Responsibility: Department of Commerce and Department of Transportation
- b. Deadline: January 1, 2007
- c. Funding: \$5.0 million available to leverage private investments from the North Carolina Department of Transportation
- d. Expected Outcome/Return on Investment: Increased number of private projects in urban areas.

6. Promote school site standards to make it easier to build and rehabilitate public schools in central cities.

- a. Responsibility: The Department of Public Instruction (DPI), the Department of Commerce's Office of Urban Development
- b. Deadline: January 1, 2007
- c. Funding: Underwriting for a series of workshops and support material to promote rehabilitation and new construction within central cities. [DPI publication, Making Current Trends in School Design Feasible, is a sound basis for workshops (DPI)]
- d. Expected Outcome/Return on Investment: More rehabilitation of older schools, more new construction in central cities, fewer new schools in 'greenfield' sites.

Objective 4.4 - Provide local governments with a more complete set of development tools.

Progress Measures for Objective 4.4:

1. By 2007, more redevelopment projects in central cities will be initiated.
2. By 2008, more cities will initiate downtown housing programs due to legislation giving them explicit authority to do so.

Action Steps for Objective 4.4:

1. Continue to Develop legislative proposals that allow local governments to finance development projects through alternative revenue producing methods.

- a. Responsibility: Association of County Commissioners and the League of Municipalities in conjunction with the Department of Commerce and other interested parties
- b. Deadline: Ongoing
- c. Funding: Existing
- d. Expected Outcome/Return on Investment: Legislative proposals, including self-financing bonds, that will improve North Carolina's competitiveness with neighboring states.

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 [S.L. 2000-158]. (Note: Meetings have been held with the committee, developers, the League of Municipalities and Association of County Commissioners staff to develop parameters for a bill. A bill was drafted last year but it was decided that with TIF already under consideration, a second bill of similar intent would be confusing. Plus the League of Municipalities had strong reservations that would need to be ironed out.)

- a. Responsibility: the Department of Commerce will develop recommendations in collaboration with League of Municipalities and Association of County Commissioners
- b. Deadline: January 2006 for recommendations. July 2006 for legislation
- c. Funding Source: None required
- d. Expected Outcome/Return on Investment: Greater number of redevelopment projects – both buildings and sites – in central cities. Greater tax base as enhanced tax value is phased in

3. Develop a legislative proposal to give local governments explicit authority to use local funds for downtown housing.

- a. Responsibility: Institute of Government to prepare brief, draft legislation
- b. Deadline: Committee to review the School of Government brief by October 2006; draft legislation by January 2007
- c. Funding: no state funds required
- d. Expected Outcome/Return on Investment: A few more cities may initiate housing programs in 2008

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.

Objective 5.1 – Explore Strategies that Would Increase Localities' Ability to Pay for Infrastructure and Services

Due to the uneven distribution of local economic development resources across North Carolina, many rural communities endure a diminished ability to bear the costs of needed improvements. Ability to pay recognizes that due to low population density, lack of industrial base, and other factors, some economically distressed communities are less able to finance seriously needed services and programs. These communities require assistance to increase their ability to pay. One solution is to work on improving the fiscal condition and management ability of each unit of municipal government “on the fiscal margin.” The Rural Development Issues Committee recommends training, technical assistance and enhanced communications between state government, local government, and non-governmental associations.

Progress Measures for Objective 5.1:

1. By 2006, North Carolina should complete an evaluation of ATP measures utilized in funding formulas and restructure problematic formulas as needed.
2. By 2006, North Carolina should provide coordinated means to deliver knowledge, technical assistance and increased outreach to local governments.
3. By 2006, North Carolina should establish a roundtable or forum to discuss high priority local financial needs with providers of knowledge and technical assistance.

Objective 5.1 Action Steps:

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.
 - a. Responsibility: Department of Commerce (lead agency), Rural Center, the School of Government and local and state economic developers
 - b. Deadline: April 2006
 - c. Funding Source: existing resources
 - d. Expected Outcome/Return on Investment: Revised funding formulas with enhanced ATP measures

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.

- a. Responsibility: Local Government Commission, the School of Government
- b. Deadline: June 2006
- c. Funding Source: existing resources
- d. Expected Outcome/Return on Investment: Delivery of technical assistance and knowledge to local governments

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.

- a. Responsibility: League of Municipalities, Association of County Commissioners, Department of Commerce
- b. Deadline: ongoing
- c. Funding Source: existing resources
- d. Expected Outcome/Return on Investment: Higher priority for need improvements in funding decisions

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.

- a. Responsibility: Department of Commerce, Rural Center, USDA Rural Development, local and state economic developers
- b. Deadline: April 2006
- c. Funding Source: existing resources
- d. Expected Outcome/Return on Investment: Roundtable for identifying difficulties and expediting training and technical assistance for local governments

Objective 5.2 – Provide comparable infrastructure to make rural North Carolina competitive for economic development

The need for a strong state commitment to building solid infrastructure is critical to the comprehensive and sustainable economic development in North Carolina's rural communities. Although tremendous strides have been made in recent years, many of the State's rural communities lack the basic infrastructure that is essential to supporting long-term economic prosperity. The Rural Issues committee believes that through direct intervention on specific issues relating to, water/sewer, natural gas, transportation, technology and electricity, the State can significantly enhance the competitiveness of rural North Carolina.

Progress Measures for Objective 5.2:

1. By 2007, North Carolina should have an updated inventory of rural water and sewer systems, and a dedicated funding source for system improvements.
2. By 2008, North Carolina should have extended natural gas service to all 100 counties. Currently there are four counties without service.
3. By 2007, North Carolina should have constructed four-lane highways within 10 miles of 96 percent of the State's population.
4. By 2005, North Carolina should have made information/internet technology accessible to all rural counties. In 2003, there were 17 counties in which 50 percent of the population had little or no access to high-speed Internet service.

Objective 5.2 Action Steps:

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."

- a. Responsibility: Utilities Commission
- b. Deadline: 2008
- c. Funding Source: Existing Natural Gas Bond funds
- d. Expected Outcome/Return on Investment: Natural gas access in all 100 counties

2. Provide natural gas service to 4 remaining unconnected counties in North Carolina.

- a. Responsibility: Department of Transportation
- b. Deadline: 2010
- c. Funding Source: Highway Trust Fund/Legislature/Dept. of Transportation
- d. Expected Outcome/Return on Investment: Increased access and more realistic opportunities for economic development.

3. Increase access to rural areas by funding and implementing the NC Department of Transportation's 25-year Statewide Transportation Plan. Prioritize the completion of interstate corridor projects that help connect communities in rural areas to regional economic centers.

- a. Responsibility: Department of Transportation
- b. Deadline: 2010
- c. Funding Source: Highway Trust Fund/Legislature/Dept. of Transportation
- d. Expected Outcome/Return on Investment: Increased access and more realistic opportunities for economic development

4. Continue to ensure that rural communities have affordable access to information/Internet technology and other related advances.

- a. Responsibility: RIAA and the Department of Commerce
- b. Deadline: Dec. 2007
- c. Funding Source: RIAA and the Department of Commerce
- d. Expected Outcome/Return on Investment: 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 2008

Objective 5.3 – Build Social Capacity to enhance community livability

Helping moderate-income people transcend closed networks to access material and informational resources remains a particular challenge for the development of rural areas. Yet increasing evidence shows that social capital – the civic value created by fostering civic connections among individuals and institutions – stimulates creative thinking, meaningful discussion and innovative action in communities. This civic “glue” is a critical precondition to economic prosperity.

Progress Measures for Objective 5.3:

1. By 2007, the General Assembly should provide \$2 million dollars to be available on a competitive basis to rural, community-based organizations statewide to promote citizen involvement in economic development project design and implementation.
2. By 2007, the General Assembly should appropriate \$2 million dollars to be made available to specifically fund technical assistance to rural, local governments.

Objective 5.3 Action Steps:

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. The Civic Ventures Fund, which is offered by the Rural Center, is an example of an existing program that facilitates forums in which different interest groups work together on specific projects aimed at overcoming a community’s economic challenges. The Fund is sponsored by the Appalachian Regional Commission, and thereby limited to communities within the Arc’s territory. Establishment of the South East Crescent Authority (SECA) could provide similar resources and support to North Carolina communities that are outside of the Appalachian region. Use these forums to establish a statewide dialogue that builds a vision of the “regional center” and how it fosters more comprehensive and sustainable economic development opportunities and prosperity.

- a. Responsibility: Department of Commerce and Rural Center
- b. Deadline: 2006
- c. Funding Source: General Assembly

- d. Expected Outcome/Return on Investment: Innovative approaches to economic development in rural areas.

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: Department of Commerce
- b. Deadline: 2007
- 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 counties affected both by the recent national economic slowdown and by long-term changes in the state's economic base. Improved coordination among the public, private and non-profit sectors in economic development planning projects

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.

- a. Responsibility: Department of Commerce and Rural Center
- b. Deadline: 2006
- c. Funding Source: Existing resources
- d. Expected Outcome/Return on Investment: More sustainable economic development in rural communities.

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

- a. Responsibility: Department of Commerce Division of Policy, Research, and Strategic Planning
- b. Deadline: June 2005
- c. Funding Source: Existing resources
- d. Expected Outcome/Return on Investment: a more consistent basis for internal and external assessment of rural development within a regional context.

Objective 5.4 – Stimulate and support entrepreneurial activities

Entrepreneurship education and small business development initiatives are vital components of economic development strategies. As rural communities struggle to replace jobs lost from industry closures and agricultural woes, small business and entrepreneurial development is

becoming a vital job creation strategy for rural communities in NC. Small business and entrepreneurial development programs do exist in the state, but they need improvement to make them more accessible to citizens in all communities. In order to transition from economies dependent on traditional manufacturing and tobacco production, rural communities across NC must increase the supply of entrepreneurial talent through education, training and support mechanisms that spur entrepreneurial and small business activity.

Progress Measures for Objective 5.4:

1. By 2007, North Carolina should establish a Micro-enterprise State Association/Network that enhances the capacity of existing agencies to serve rural communities and conduct research on the impact of small business on the State's economy.
2. Rural citizens of North Carolina will have an expanded range of technical, educational, and training opportunities to assist with small business development by 2008.

Objective 5.4 Action Steps:

Building Statewide Capacity

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.

- a. Responsibility: Department of Commerce, North Carolina Institute for Minority Economic Development and the University of North Carolina
- b. Deadline: Ongoing
- c. Funding Source: Public and Private Sector sources
- d. Expected Outcome/Return on Investment: Increased capacity at the local and state levels to spur entrepreneurial activity. Standardization for service delivery and continued data collection to monitor impact

2. Utilize technology applications to make entrepreneurial training and assistance available on-line.

- a. Responsibility: Community Colleges, the University of North Carolina, Rural Internet Access Authority, and the Department of Agriculture
- b. Deadline: 2005
- c. Funding Source: Foundations or Private Sector
- d. Expected Outcome/Return on Investment: Increase reach and options for education and technical assistance leading to increased entrepreneurial and small business activity.

Providing Training Opportunities

1. 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.

- a. Responsibility: Department of Public Instruction the University of North Carolina, and the Community College System
- b. Deadline: Ongoing
- c. Funding Source: Public and Private Sector Funding
- d. Expected Outcome/Return on Investment: Youth workforce prepared for jobs in rural North Carolina.

2. Enlist entrepreneurial service providers to participate on Rapid Response Teams that work with displaced factory workers.

- a. Responsibility: Department of Commerce, the University of North Carolina, and the NC Institute for Minority Economic Development
- b. Deadline: Ongoing
- c. Funding Source: Existing Resources
- d. Expected Outcome/Return on Investment: Increase the number of resources and choices that displaced workers have available for transitioning back into the work place

Providing Start-Up Assistance For New Entrepreneurs

1. 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.

- a. Responsibility: General Assembly, Rural Center, and Department of Commerce
- b. Deadline: Ongoing
- c. Funding Source: Public and Private Sector Funding
- d. Expected Outcome/Return on Investment: Increased entrepreneurial activity and business/job retention statewide

Objective 5.5 – Utilize agriculture and natural resources for economic development

North Carolina is wealthy in abundant agricultural and natural resources. The Rural Development Issues Committee recommends assisting rural businesses to optimal, rational use of these resources. New opportunities are developing for farm operators and agribusinesses to move into value-added production and non-traditional, on-farm activities, and capture a larger share of the consumer food dollar. Farm operations can become even more efficient by adapting the latest information technologies. Farm operations, agribusinesses, and all other rural business ventures have a stake in the sustainable use and protection of critical natural resources.

Progress Measures for Objective 5.5:

1. By mid-year 2005, establish the second group of incubators in a statewide network of local / regional agribusiness incubators, enabling new product development and providing additional levels of marketing assistance to small and medium-sized value-added producers.
2. By 2008, have provided farm operators and agribusinesses with (1) a variety of Internet based tools and (2) speedy, competitively priced Internet access to allow for greater efficiency in production and marketing.
3. By 2006, slow the rate of decrease in number of North Carolina farms and farm families by providing non-traditional production and marketing alternatives through value-added production, specialty crops, and non-traditional on-farm economic activities.

Objective 5.5 Action Steps:

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.
 - i. Identify existing public and private infrastructure and resources
 - ii. Develop a mechanism to assemble available resources
 - iii. Develop and pilot an information resource center in North Carolina
 - a. Responsibility: the Department of Agriculture, the Department of Commerce, Rural Center, Regional Partnerships, Community College System, the University of North Carolina, Cooperative Extension Service and SBTDC
 - b. Deadline: January 2006
 - c. Funding Source: existing sources: NCDA&CS, the Department of Commerce, Ag Advancement Consortium, Rural Center, USDA and other grants
 - d. Expected Outcome/Return on Investment: Enhanced ability to provide quality assistance to entrepreneurs establishing value-added agricultural and natural resources based businesses.
2. Continue to provide business, marketing and technical assistance to entrepreneurs in value-added agricultural commodities, natural resources and products.
 - i. Provide product development facilities, technology and regulatory compliance training
 - ii. Provide business development assistance and training
 - iii. Locate flexible debt financing for entrepreneurs after start-up
 - iv. Provide marketing promotions to create and expand markets
 - v. Develop a venture fund to assist in establishing or expanding businesses
 - a. Responsibility: the Department of Agriculture, the Department of Commerce, the Rural Center, the University of North Carolina and the Community College System, other non-profit and for-profit entities
 - b. Deadline: Ongoing
 - c. Funding Source: existing sources: NCDA&CS, NC Department of Commerce, Ag Advancement Consortium, Rural Center, USDA and other grants

- d. Expected Outcome/Return on Investment: Build new businesses to help diversify and increase agricultural and natural resource economic development and increase this business base
3. Assist additional value-added agricultural products processors with expanding or locating in rural areas of North Carolina.
- a. Responsibility: the Department of Agriculture, the Department of Commerce and the regional partnerships
 - b. Deadline: 2008
 - c. Funding Source: NCDA&CS, Department of Commerce, regional partnerships, Grants
 - d. Expected Outcome/Return on Investment: Create new jobs while increasing rural income and state revenues
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
- a. Responsibility: Department of Agriculture, the Department of Commerce, Regional Partnerships, the universities and the Community College System
 - b. Deadline: Ongoing
 - c. Funding Source: Existing Resources, Grants
 - d. Expected Outcome/Return on Investment: increased access to knowledge, business skills and business development assistance necessary for success for agricultural and natural resources economic development
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. Target innovative methods for increasing farm operator and employee Internet usage
- a. Responsibility: Rural Internet Access Authority, Department of Agriculture, Community College System, Cooperative Extension Service
 - b. Deadline: 2008
 - c. Funding Source: existing sources: RIAA, 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.
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.
- i. Promote to the consumer the farm operator's role as steward of the environment and the opportunities for natural resource-based tourism in rural settings.

Advocate for federal and state incentive programs targeted at farm operators to conserve, preserve and restore wildlife habitat, wild areas, streams and rural landscapes.

- a. Responsibility: Department of Agriculture, NCDOC Division of Tourism, Ag Advancement Consortium, Cooperative Extension Service, Wildlife Resources Commission
- b. Deadline: Ongoing
- c. Funding Source: existing sources: NCDA&CS, Ag Advancement Consortium, Wildlife Resources Commission
- d. Expected Outcome/Return on Investment: increase producers' margins through participation in federal conservation programs, increased incentive for farmland preservation and wildlife habitat resulting in maintenance of rural landscape, improved climate and increased opportunity for agri-tourism operations (including increased on-farm marketing), raised awareness of positive contribution of agriculture to North Carolina's economy, environment and culture.

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.

- a. Responsibility: Department of Commerce
- b. Deadline: Ongoing
- c. Funding Source: existing sources
- d. Expected Outcome/Return on Investment: projects that sustain the rational use of rural natural resources are encouraged, rural communities benefit from the wise use of natural resources

Goal 6: Develop a Competitive Regionally Based Infrastructure and Promote Sustainable Economic Development

Objective 6.1 - Streamline the environmental permitting process for economic development projects to ensure competitiveness with neighboring states.

The Infrastructure, Transportation, and Environment Committee strongly recognizes economic development requires that North Carolina's environmental permitting process be streamlined in order to effectively compete with neighboring states.

Progress Measures for Objective 6.1:

1. By 2006, the Department of Commerce will have developed and implemented an Economic Development Information System (EDIS), a world class web-based information system.
2. By 2006, North Carolina's environmental permitting process will be competitive with neighboring states.

Action Steps for Objective 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.
 - a. Responsibility: the Department of Environment and Natural Resources, the Department of Transportation, and the Department of Commerce
 - b. Deadline: January 2006
 - c. Funding Source: Existing
 - d. Expected Outcome/Return on Investment: A revised environmental permitting process that enhances North Carolina's competitive position in economic development without sacrificing environmental stewardship.
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.
 - a. Responsibility: The Department of Commerce's Division of Policy, Research and Strategic Planning with GIS support from the Department of Environment and Natural Resources' Center for Geographic Information and Analysis (CGIA) and the Department of Transportation
 - b. Deadline: December 2005

- c. Funding Source: The Department of Commerce received \$375,000 in one-time funding from the General Fund for phases 1-3 of EDIS for fiscal year 2004-05. The Department needs two additional positions, at an annual cost of \$162,200 (includes salaries and benefits), and an estimated \$254,000 annually to maintain the system
- d. Expected Outcome/Return on Investment: Essential web- based information system that includes national, state, regional and local economic data for use in mapping and making economic development decisions.

Objective 6.2 - Support a system of regionally based inter-modal transportation that promotes economic development throughout North Carolina.

The Infrastructure, Transportation, and Environment Committee strongly recognizes that for economic development to thrive in North Carolina, a process must be developed that port, air, rail, and highway based transportation systems work efficiently together to transport goods through all regions of North Carolina.

Progress Measures for Objective 6.2:

- 1. By 2004, the amount of tonnage shipped through the North Carolina Ports has increased and the State's competitive position in the Southeast United States has increased.
- 2. DOT included information from the EDB and Commerce in its Long Range Statewide Multimodal Transportation Plan released in 2004. By 2006, North Carolina will have increased the miles of rail, highway, and the number of air carriers serving the state to enhance economic development.

Action Steps for Goal 6.2:

- 1. Expand airports in order to promote increased commercial carrier service to enhance economic development in all regions of North Carolina.
 - a. Responsibility: the Department of Transportation's Aviation Division and the Department of Commerce
 - b. Deadline: Spring 2007
 - c. Funding Source: Existing and allocated State and Federal resources
 - d. Expected Outcome/Return on Investment: Expanded air carrier service to regional airports across North Carolina based on the economic development parameters defined by the Department of Commerce and implemented by DOT in its Airport Development Plan Initiative

- 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.
 - a. Responsibility: NC Port Authority
 - b. Deadline: 2008
 - c. Funding Source: Existing as well as allocated State resources

- d. Expected Outcome/Return on Investment: More ocean carriers serving North Carolina ports, particularly with service to European markets

Objective 6.3 - Support policy initiatives to stimulate multi-county business/industrial parks supported by regional infrastructure with shared tax revenues.

The Infrastructure, Transportation and Environment Committee strongly recognizes that economic development needs vary by region and therefore support where feasible the development of multi-county industrial parks served by regional infrastructure with revenue sharing by all participating local units of government.

Progress Measures for Objective 6.3:

1. By 2005, North Carolina will have investment financing options for local governments that are comparable to other Southeastern states.
2. By 2008, North Carolina will have a state of the art telecommunications infrastructure in all regions of the state.

Action Steps for Objective 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.
 - a. Responsibility: Association of County Commissioners and the League of Municipalities in conjunction with the Department of Commerce
 - b. Deadline: Ongoing
 - c. Funding Source: Existing
 - d. Expected Outcome/Return on Investment: Legislative proposals, including self-financing bonds, that will improve North Carolina's competitiveness with neighboring states
2. Encourage private investment in advanced telecommunications infrastructure and services through changes in state and local tax policies and regulations.
 - a. Responsibility: the Department of Commerce, telecommunication utility companies, and the Rural Internet Access Authority (RIAA)
 - b. Deadline: Ongoing
 - c. Funding Source: Existing and RIAA
 - d. Expected Outcome/Return on Investment: A regionally based high-speed telecommunications system and a plan for deployment that maximizes economic development opportunity

Objective 6.4 - Foster sustainable economic development through maximum utilization of existing by-products and smart growth strategies

The Infrastructure, Transportation, and Environment Committee recognizes that North Carolina's successful participation in the 21st Century economy requires that the transfer of technologies from universities to industry must take place for by-product utilization in marketable end products.

Progress Measures for Objective 6.4:

1. By 2006, North Carolina will be recognized as a national leader in by-product utilization.

Action Steps for Objective 6.4:

1. Determine the best approach to recruit and support companies that utilize agriculture and industry-generated by-products in manufacturing
 - a. Responsibility: the Department of Commerce, DENR and the Department of Agriculture
 - b. Deadline: Spring 2005
 - c. Funding Source: Existing
 - d. Expected Outcome/Return on Investment: Determine how agencies will work together to recruit and retain industry seeking to utilize by-products.

Goal 7: Maintain and Strengthen Tourism, Film, and Sports Industries; Preserve, Protect, and Promote Our State's Cultural, Natural, and Heritage Assets

The Economic Development Board will work in full partnership with North Carolina's business community to facilitate the retention and expansion of North Carolina's tourism, film, and sports industries and to encourage strategic new investment, to insure that these industries continue to flourish and contribute optimally to the statewide and local economy, and to develop and support arts and cultural resources as key economic assets of the State.

Objective 7.1 – Ensure Expansion and Continued Development of Cultural and Heritage Tourism, Craft, and Film Industries in North Carolina.

Progress Measures for Objective 7.1:

1. In 2003, tourists spent \$12.6 billion in North Carolina. Currently North Carolina ranks 12th in the nation for tourist spending. Throughout 2005-2008, North Carolina will increase visitor spending and trip duration to become one of the top ten travel revenue states in the U.S.
2. North Carolina ranks third in the nation for film-related expenditures. During 2005-2008, North Carolina will remain in the top three states for film-related expenditures.
3. In 2003, there were 183,220 persons directly employed full-time in the North Carolina tourism industry. By 2008, North Carolina will raise the number of full-time tourism and film jobs by ten percent.
4. North Carolina spends less on tourism promotions than any other state on the Eastern coast. By 2006, the budget for tourism promotion, which is currently \$3.85 million, will be increased by \$1 million.
5. In 2003, the North Carolina craft industry generated \$540 million in economy activity. By 2008, the craft industry will be a \$600 million industry.

Objective 7.1 Action Steps:

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.

- a. Responsibility: Travel and Tourism Board, the North Carolina Film Commission, the Department of Commerce's Division of Tourism, Film, and Sports Development, and the Department of Cultural Resources
- b. Deadline: 2008
- c. Funding Source: Legislative appropriations from the General Fund to Department of Commerce
- d. Expected Outcomes: Increased tourism sales derived from leisure and business tourism and corresponding increases in state and local tax revenues

2. Implement incentives for tourism product development.

- a. Responsibility: Economic Development Board, the North Carolina Travel and Tourism Board, Department of Commerce Division of Tourism, Film, and Sports Development
- b. Deadline: 2006
- c. Funding Source: Existing resources
- d. Expected Outcomes: Identify and recommend incentives that make North Carolina an attractive local for tourism and sports-related events and industries

3. Implement incentives for filmmaking.

- a. Responsibility: Economic Development Board, DOC Division of Tourism, Film, and Sports Development, and the North Carolina Film Council
- b. Deadline: 2006
- c. Funding Source: Existing resources
- d. Expected Outcomes: Identify and recommend incentives that make North Carolina an attractive location for the production of cable movies, medium and small feature films, episodic TV series, and related activities.

4. Integrate existing research data into decision-making processes for Tourism, Film, and Cultural Resources.

- a. Responsibility: Department of Commerce's Policy, Research and Strategic Planning Division, the Division of Tourism, Film, and Sports Development, and the Economic Development Board
- b. Deadline: May 2005
- c. Funding Source: Existing resources
- d. Expected Outcome: Utilize existing data upon to forecast, develop comparisons to other industries to make informed decisions about future strategies for development, using data derived from a North Carolina Tourism Satellite Account and other sources. Identify the impacts of arts and history tourism and the economic wellbeing of specific communities

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.

- a. Responsibility: The Department of Cultural Resources, the Department of Transportation, and the Division of Tourism, Film, and Sports Development
- b. Deadline: 2005
- c. Funding Source: Existing resources
- d. Expected Outcome: Collaboration between agencies to cross-promote cultural resources, tourism, and transportation infrastructure such as bicycle routes, events, and maps to increase economic activity associated with tourism using existing resources

Objective 7.2 – Protect and Promote Our Natural, Cultural, Artistic and Heritage Assets

Progress Measures for Objective 7.2:

1. Between 2005-2008 North Carolina will experience an increase in repaired and renovated historic structures and more structures will be listed on the National Historic Register.
2. Public awareness of local and state natural, cultural, and heritage assets will increase throughout 2005-2008.
3. Existing cultural resource sites will receive adequate funding for operation, staffing, and needed repairs by 2006.
4. North Carolina will be known nationally and internationally as a place where cultural resources are exceptional and are supported as a public policy imperative by 2008.
5. Increase the participation of the public sector and private companies in supporting cultural and artistic amenities.
6. A recent study by Appalachian State University (ASU) reveals that North Carolina's nonprofit arts industry has a powerful economic impact in the State- \$723 million annually and nearly 7,000 full-time jobs. Yet per capita funding for the North Carolina Arts Council, the organization responsible for distributing state funding for the arts, has fallen from \$1.00 in 1999 to \$0.60 in 2003. By 2008, per capita funding for the North Carolina Arts Council will be \$1.50.

Objective 7.2 Action Steps:

1. Maintain the state rehabilitation tax credit for historic preservation and increase county, municipal, and private understanding of preservation programs.
 - a. Responsibility: Economic Development Board, Department of Cultural Resource's Office of Historic Preservation
 - b. Deadline: Ongoing
 - c. Funding Source: Existing resources

- d. Expected Outcome: An increased supply of well-maintained historic structures and protected districts
2. Inventory and objectively compare North Carolina's cultural resources as economic assets to those competitor states that are "Best in Class."
- a. Responsibility: North Carolina Department of Cultural Resources, external firm
 - b. Deadline: May 2005
 - c. Funding Source: Existing resources
 - d. Expected Outcome: North Carolina will be able to objectively compare its cultural assets to those of other states in order to develop plans to make cultural options a competitive advantage in economic development. "Creative Clusters" of activity within the state will be identified
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.
- a. Responsibility: Economic Development Board, Department of Cultural Resources, and General Assembly
 - b. Deadline: 2006
 - c. Funding Source: Existing resources and additional appropriations
 - d. Expected Outcome: Greater state support for public cultural resources and greater awareness of cultural sites by the general public
4. Create a greater level of private support for cultural amenities by reinstating the Governor's Business Council on the Arts and Humanities.
- a. Responsibility: Department of Cultural Resources and Governor's Office
 - b. Deadline: 2006
 - c. Funding Source: Existing resources
 - d. Expected Outcome: Greater support for public cultural resources by private companies
5. Increase per capita funding for the North Carolina Arts Council from the 2003 level of \$0.60 to \$1.50.
- a. Responsibility: Economic Development Board and General Assembly
 - b. Deadline: 2008
 - c. Funding Source: Allocations from the General Assembly
 - d. Expected Outcome: Greater support for public art to be distributed by the North Carolina Arts Council

Objective 7.3 – Develop and Utilize Cultural Resources to Support Broader Economic Development.

Progress Measures for Objective 7.3:

1. Plan on increasing the number of cultural resources as the population and need for facilities grow.
2. Throughout 2005-2008, North Carolina will place emphasis on the physical development of cultural, tourist, and heritage sites.

Objective 7.3 Action Steps:

1. Develop a plan to strengthen existing, strategically, important state and other cultural organizations and demonstrate the link between cultural resources and economic development.
 - a. Responsibility: Department of Cultural Resources and Department of Commerce
 - b. Deadline: 2005
 - c. Funding Source: Existing resources
 - d. Expected Outcome: Board, Department of Commerce, and Department of Cultural Resources will be positioned to make the case for increased public investments in cultural assets in order to support economic development
2. Creation of a state program to underwrite bonds for the construction and development of cultural, heritage, and tourism destinations.
 - a. Responsibility: Department of Commerce, Economic Development Board, and Department of Cultural Resources
 - b. Deadline: 2007
 - c. Funding Source: Appropriations from the General Assembly
 - d. Expected Outcome: Increased state involvement and cooperation between county, municipal, non-profit, and private sectors in the development of tourism, cultural, and heritage site development
3. Fully develop North Carolina's Heritage and Cultural Tourism Programs.
 - a. Responsibility: Department of Commerce and Department of Cultural Resources, Department of Commerce Division of Tourism, Film, and Sports Development, Department of Transportation's Division of Bicycle and Pedestrian Transportation
 - b. Deadline: 2008
 - c. Funding Source: Existing resources and additional appropriations from the General Assembly
 - d. Expected Outcome: A statewide action plan that will maximize the impact of these assets as economic agents. This program could include the development of historical trails, scenic bicycle routes, the promotion of arts and crafts festivals and coordinated awareness programs

