

A North Carolina That Works For Everyone



I grew up in Nash County, North Carolina. My parents taught me the value of hard work, and they put my brother and me to work on the farm at an early age. I learned an appreciation for the good job you could get if you studied hard, and the fair shake you deserved if you did your part.

After college, I came back home and became a small-town lawyer like my dad. We worked to help people in the community, and oftentimes that meant helping small businesses in town. Because of this experience, I have a deep appreciation for the challenges and risks our business owners face.

As Attorney General, I helped level the playing field by stopping companies that cheated and brought back hundreds of millions of dollars to help North Carolina.

North Carolina has been a state moving forward – booming with new jobs and new technologies, and anchored by a world-class university system and solid public schools. But in the last few years, wages have been stagnant, the cost of college is skyrocketing, and we are not creating enough high-paying jobs to support families and save for college. Our current economic and fiscal priorities are starving schools for resources. And making things worse, we have lost thousands of jobs and hundreds of millions of dollars because of Governor McCrory's partisan political agenda, with HB2 at the top.

However, the long-term damage that has been done by Governor McCrory is equally troubling. He has failed to invest in early childhood education and our K-12 system, and has shown disregard for our university system.

There are troubling long-term signs on the horizon. We have seen a 30 percent decline in enrollment at UNC's education schools.¹ This means we will lack the great teachers we need to build a better education system. We have companies refusing to locate here and entrepreneurs we have probably never known taking North Carolina out of consideration for their first or next venture. Our rural communities have unique struggles with access to capital and out-migration while those in state government ignore their real and important concerns.

North Carolina needs a more balanced, forward-looking approach to economic development. We need an economic plan that's able to quickly respond to the challenges of a 21st century workplace and keep pace with advances in technology that are propelling the Information Age. We need to diversify our economy and build on our assets to create new opportunities and jobs for North Carolinians in all parts of the state.

I will be a governor who works to create economic opportunity for all. I believe we can create better paying jobs and raise incomes here in North Carolina.

I am running for governor because it is time that North Carolina works for everyone.

I believe that economic development requires thoughtful leadership, comprehensive planning, and real action. Most of what can and needs to be done are not quick fixes, but long-term investments that build a strong foundation and provide for a 21st century workforce where entrepreneurs can thrive.



How Do We Measure Success?

North Carolina needs an economy that works for everyone. Right now that's not the case. Although Governor McCrory touts his "Carolina Comeback," middle-class workers have been left behind.

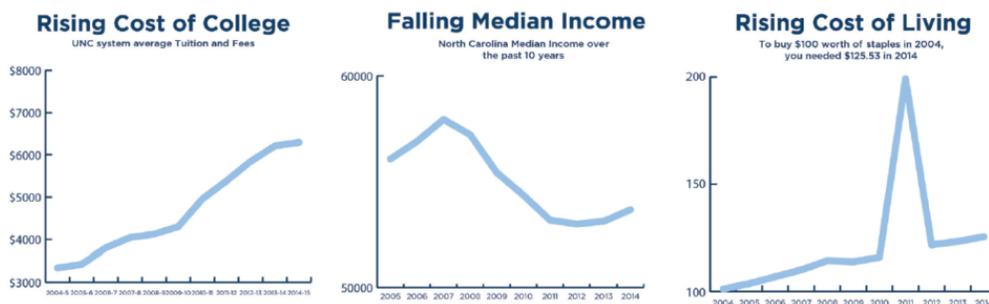
The "Carolina Comeback" is uneven and unequal across the state. Everyone should be able to experience the rewards of an improving economy.

N.C. Personal Income Growth Lowest in the Southeast ²



Today, in North Carolina, 55 counties have fewer jobs than before the Great Recession and nearly 75 counties have more people looking for work than they did during the Great Recession. Median income is 41st in the nation.

A different way of looking at it:



As you can see, income is not keeping up with the cost of living and the cost of college. These are the problems we must address.

Governor McCrory hangs his hat on North Carolina's unemployment rate as a measure of his success on economic policies. Yet the unemployment rate fails to capture the folks who have dropped out of the workforce and are not looking for work. A better measure of success is whether incomes are rising for the middle class. By this measure, his policies have failed.

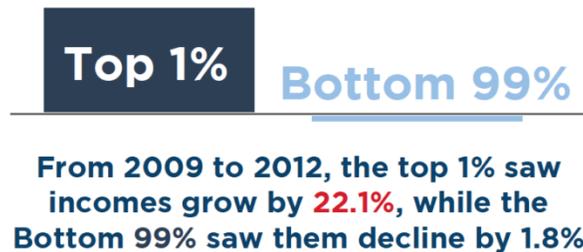
Over the last six years, North Carolina workers have seen their wages and incomes decrease by 3 percent even though they have become 5 percent more productive.³

It requires more than a job to have financial security. Many of the jobs we are adding are in low-wage industries, and more than 10 percent of workers are employed in part-time jobs because full-time employment is unavailable.⁴ Another issue impacting employment is the skills gap – workers who lack the skills that businesses need. We need to focus on the change in employment, not the employment rate, if we are to create meaningful employment gains.

We need policies that create more “quality jobs” in North Carolina – jobs that pay a living wage and allow middle class workers to make ends meet without having to work two or three jobs.



How we measure success: The measurement of success should be how hard working families are doing, not how those at the top are doing. Is income growth keeping up with inflation? Can an average family afford to send their kids to college? Are North Carolinians working harder for less? These are the metrics that really matter.



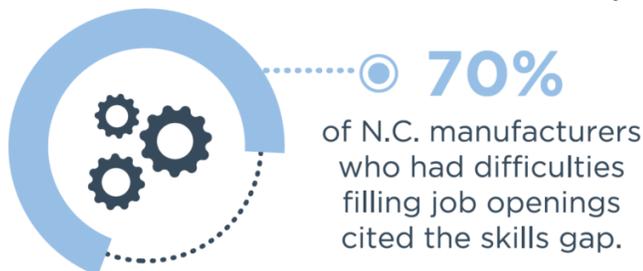
We need a new set of priorities: a focus on helping incomes rise, putting more money back in the pockets of middle-class families, and encouraging small businesses to start up and grow. When our economy grows, your paycheck should grow.

Long-Term Structural Changes

Governor McCrory’s economic strategy hurts more people than it helps. Corporate giveaways and tax cuts for the wealthiest come at a high cost for middle-class families. What Governor McCrory fails to understand is that increasing productivity will ultimately propel our economy forward. This requires creating a world-class workforce through better education – ensuring we have workforce training programs that are aligned to the needs of businesses, and by making college more affordable and accessible. This also means upgrading our infrastructure and making advances in technology that lead to innovation. Focusing on each of these things will not only grow the economy, but also increase income and wages. This is how we will create positive, sustainable economic growth.

Closing The Skills Gap

Manufacturing is not dead, but it has changed. The struggle is that manufacturing requires workers with a different set of skills. It’s largely the state’s responsibility to help eliminate this skills gap and connect workers to meaningful jobs.



⁶ **Build The Best Workforce.** Investing in education is key not only to raising wages and growing our economy, but also to creating a more durable economy and a better standard of living. We have too many people with only a high school education or less – and success can require more than a high school education. Someone with a college degree typically makes more than someone with a high school diploma working in the same or a similar profession. Today, only 38 percent⁷ of the state’s workforce holds at least an associate’s degree. This lack of education past high school contributes to the state’s skills gap – North Carolina’s businesses cannot find enough skilled labor to fill job openings. We need to create a culture of lifelong learning that makes better use of the University of North Carolina

system and our community colleges. As governor, I will:

- Ensure better collaboration across our entire public education system to focus resources on addressing the skills gap without having to duplicate programs and create needless redundancy. We must ensure resources are maximized.
- Streamline the workforce development system and ensure that programs match the needs of the industries targeted for future growth.
- Increase the number of apprenticeship programs in high-need industry areas, like construction trades and advanced manufacturing. The best way to ensure a company has the employees they want is to identify them early and invest in their development.
- Ensure our workforce development system is receiving its full federal allotment to deliver workforce development programs to improve our state's economic competitiveness and worker productivity. One area where this holds true is with entrepreneurship training. It's now recognized as a legitimate area for states to invest federal workforce development dollars.
- Collaborate with our community colleges and businesses to standardize the criteria for a work readiness certificate so that employers can easily assess a job seeker's skill level prior to hiring.
- Harness the full capacity of our university system by increasing state investment, finding ways to promote greater partnership between our businesses and university system campuses and providing greater and more flexible access to lifelong learning programs for individuals wanting to retool and upgrade their skills.
- Reduce the cost of college to make it more accessible by increasing state investment in education and helping student loan borrowers pay off their loans.

These are just a part of my education plan which can be found at: www.roycooper.com/education/

Our state's economic future depends on the quality of its workforce. We must ensure that our public education system is world-class and our students receive the best education possible. North Carolina cannot afford to fall behind other states in education.

Infrastructure And Economic Development

We need a long-term commitment to infrastructure that is modern, facilitates commerce, and creates jobs. Renewing and replacing our aging roads, bridges, and other infrastructure is one of our state's most important issues. But the deterioration of existing assets may have gone beyond practical means to resolve them.⁸ We need to have a serious discussion and a legitimate plan of action for how we fund our critical infrastructure that does not include raising taxes on the middle class. We must also continue to ensure transparency in the transportation planning process in order to prioritize projects with the greatest need. More needs to be done to support transportation priorities, including alternative forms of transportation and public school construction.

Additionally, we need to allow local communities to govern themselves in the way they see fit. Under Governor McCrory, we have seen unprecedented meddling from state government that has upended local governance across the state. The leadership in Raleigh that said 'local government knows best' apparently only meant local government it controlled. Overreach into local government issues—city council and county commissioner elections, anti-discrimination protections, water systems, airport management, zoning, unfunded mandates—has been unprecedented and unnecessary.

Supporting Population Growth With A Transportation Bond. We know that North Carolina's population will continue to grow. We need infrastructure investment now, not just in improving our roads and bridges, but in upgrading our water and sewer infrastructure, modernizing our energy grid, and investing in public transit. With low interest rates and low construction costs, now is a better time than ever to invest in our infrastructure.

A Modern Economy Depends On High-Speed Broadband Access. We must ensure everyone in North Carolina has access to affordable, high-speed broadband Internet service. Although we have come a long way in bridging the digital divide over the years, residents in some of our rural areas are still among the least connected. Today 13 percent of the population remains underserved - 235,000 residents do not have any wired Internet providers available in their community and 895,000 residents lack access to a wired connection with fast download speeds.⁹ As Governor, I will work to leverage the existing middle mile network of MCNC to reach more unserved and underserved areas. Additionally, and just as important, I will also continue to emphasize the use of fiber optic connections to anchor institutions, particularly our public libraries and public hospitals, to ensure they have access to advanced telecommunications and information services.

A Shot In The Arm For Our Economy

While real growth requires long-term investments to prepare for our future, there are a number of things we can do to give our economy an immediate boost.

Five Things We Can Do To Give Our Economy A Boost

1. **Cut Taxes For The Middle Class:** Governor McCrory is giving huge breaks to the wealthy, while working families foot the bill. This is wrong - and only exacerbates the growing income inequality gap in this state. If anyone deserves a break, it's working families who now must pay more for education, more for childcare, more to repair their car and more to fix their home all while their incomes stagnate. Instead, I will use a portion of any future gains in state revenue to reinstate the childcare tax credit for working families, with the potential to increase the credit amount as revenues grow over time.
2. **Pass A Transportation Bond:** Passing a transportation bond will not only help us make long-term investments, but will also provide a short-term economic boost with immediate hiring and spending in construction and other related fields.

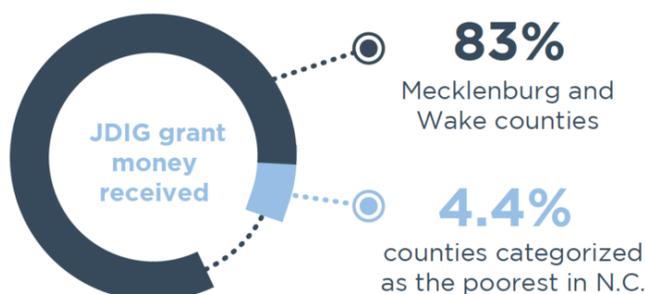
3. **Expand Medicaid:** One of the first things I will tackle as governor is accepting Medicaid expansion, which would provide an important source of funding for family caregivers. Governor McCrory's failure to expand Medicaid to our neediest residents is simply appalling. Many Republican governors nationwide have said yes to health care for the working poor, but families in North Carolina are being left without a safety net. Medicaid expansion will not only support essential services, it will create tens of thousands of good-paying jobs, help keep rural hospitals open, and help private employers keep their premiums lower.
4. **Fight To Restore The Film Tax Credit:** Targeted tax incentives for industries that are growing and creating jobs can be a powerful tool to boost our economy. Unfortunately, Republican leaders put political ideology ahead of job creation and let an important program expire: the film tax credit. In 2014, film projects brought \$316 million to the state – but since lawmakers let the film tax credit expire, spending has declined.
5. **Repeal House Bill 2:** In just 12 hours House Bill 2 was passed by the legislature and signed by Governor McCrory in the dark of night. It's clear why they were in such a rush – because they didn't want to face the vocal opposition to this discriminatory law. Already HB2 has cost our state thousands of jobs and hundreds of millions of dollars. And that's just the tip of the iceberg – we'll never know how many businesses, conventions, or tourists took North Carolina off of their list. As governor, I will work to bring back those jobs lost because of HB2.

Enacting these policies in the short run is a vital first step towards building an economy where ALL succeed.

Regional Focus

We need a governor who understands that such a large and diverse state requires a regional approach to creating jobs and growing our economy. We also need a leader who is driven by data, not a rigid political agenda. JDIG incentives are an important tool to lure jobs to Raleigh and Charlotte, but do little to help bring jobs to our rural communities. Eastern N.C. can harness the emergence of solar to create new jobs and make new strides in agriculture to bring goods to new and emerging markets, while coastal and mountain regions can harness their natural beauty to be hubs of tourism.

Rural Counties Saw Few Jobs Lured By JDIG Program Compared to Urban Areas ¹⁰



News & Observer 2/14/15

We also cannot ignore the rural/urban divide. We do have two North Carolinas. If you travel in the rural parts of the state, you know the deep economic despair that we have in many of our counties. Unemployment is still far too high. And while our two largest cities, Raleigh and Charlotte, are growing, we must address the fact that both still have double-digit poverty rates. We must have a strategy to lift our rural areas up, but we can't do it by tearing down the urban areas, or pitting communities against each other. We need to be growing the pie, not spending a whole lot of time figuring out how to divide it.

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One of the most important things we can do for our rural communities is invest in workforce training and improve our K-12 schools. Education is opportunity. While creating paths for students to attend a four-year college is important, there are many trades and professions with well-paying jobs for plumbers, electricians, welders, or other high-demand fields that are hiring now and provide opportunities.

We need a coordinated effort to make sure that workforce training is there to prepare North Carolinians for the jobs of the future, better-paying jobs that will still be in demand years from now. We need to make sure our community colleges have the funding to support these programs, and that we are working to coordinate with K-12 schools to create a pipeline for the industries that are hiring. That requires strong leadership, long-term thinking, and collaborative efforts to plan and execute.

The Innovation Economy: Helping Small Businesses Start Up And Grow

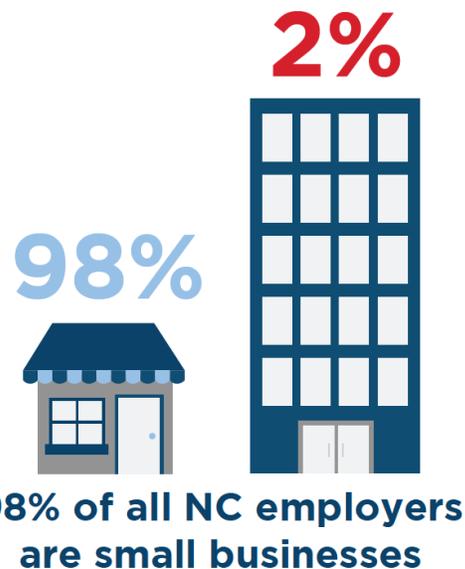
While announcing the arrival of a big manufacturing company makes for a good press release, the truth is that most of our better-paying jobs are created by small businesses. It's important we recognize this fact and work to create an environment that encourages entrepreneurship and that ensures state government is a partner in helping to create capital and grow small business.

Cultivating Entrepreneurs And Small Businesses

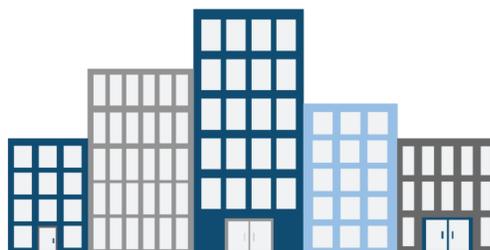
Entrepreneurs and small businesses are vital components of our economy. Today there are more than 833,000 small businesses in North Carolina and small businesses employ approximately 1.6 million people in our state.¹¹

Despite the positive impact small businesses have on our economy, Governor McCrory has provided giant tax giveaways to some of the biggest companies, including out-of-state corporations, while many of our small businesses and working families have seen tax increases, often disguised as fees. This is the wrong strategy to grow our economy and create jobs. We need a new approach that shifts economic development resources to our biggest job creators – small businesses.

- Boost Credit Access and Capital.** The best way to support our entrepreneurs and small businesses is by helping them obtain financing they need. Although credit is becoming more available, the capital market is competitive and many entrepreneurs and small businesses still struggle to obtain financing. We need to seek solutions. The N.C. Rural Center operates a small business lending service that has been highly successful. Its loans and investments have created or sustained more than 10,700 North Carolina jobs from 2011 to 2015 and should be considered as models for possible expansion or replication.¹² As governor, I will look to spur more private lending, with the help of federal funds, to provide greater credit access for entrepreneurs and small businesses.



- Micro-Loan Program.** Virginia and Montana are two states that have had a successful micro-loan program providing banks collateral support to make short-term loans to small businesses that can demonstrate the ability to repay the loan.¹³ These programs have shown success in providing small dollar loans of less than \$100,000 to small businesses that otherwise would be unable to get them. As governor, I will seek up to one million dollars in private investment to seed a collateral support micro-loan program.



- Small Business Mentorship Portal.** I will work to create a statewide mentorship program to support small businesses. We can connect business professionals with entrepreneurs and small businesses through a web portal where they can collaborate, provide leadership, and offer coaching. This peer-to-peer coaching platform, similar to Business Mentor NY, could benefit North Carolina businesses and provide them with the training and resources they need to be successful.
- "NC Business Made Easier."** We should make it easier for businesses to operate in North Carolina and stop burdening them with regulations that are no longer effective and eat up time and money. Additionally, we have a lot of programs for small businesses, but it can be time consuming for employers to find the best resources for them. We could change this by simply having a customer service mindset of helping businesses do the right thing in the right way with minimal burden. As governor, I will launch "NC Business Made Easier," a streamlining initiative that will root out inefficiencies and redundancies with our business services in order to provide better customer service to small businesses, an effective strategy employed by Maryland.

Making Smart Investments

While supporting small business is essential to job growth, we shouldn't give up on trying to lure mega sites and large manufacturers, or expand businesses and industries already in the state.

North Carolina is one of the last Southern states without a major automotive manufacturer. Unfortunately, our neighbors to the south have eaten our lunch in this area – too many times they have succeeded in drawing advanced manufacturing companies to their state where we have failed. To succeed, North Carolina needs a strong leader and a coordinated effort. Our state has struggled to make clear what incentives will be available. Businesses want consistency – and Governor McCrory’s failure to provide that is costing us jobs and opportunity. We need to have a data-driven approach to incentives – we shouldn’t be in the business of offering corporate handouts, but we shouldn’t walk away from programs that are proven to succeed.

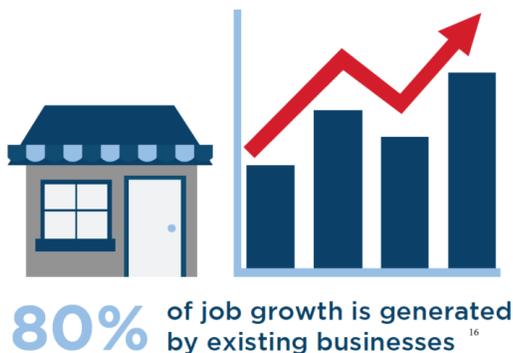
We need a strong leader who will work with the General Assembly to make the case for these programs. We also need to do more to support our Department of Commerce and improve coordination. We’ve spent a lot of time reorganizing and establishing this public/private partnership, and we should be getting more from it. Economic developers throughout North Carolina have been seeking help from Raleigh, but they haven’t gotten it. We need better coordination and better support to ensure we aren’t missing out on opportunities.

Companies that are considering North Carolina are looking for a strong leader with a team who understands all parts of North Carolina. We haven’t had that. We don’t need to have more incentives than South Carolina, but we need to have enough to get in the game. We need better leadership in the governor’s office to get that done.

Strengthen Existing Businesses

Economic successes happen more often when North Carolina focuses its resources on attracting and growing businesses in target industries with the greatest opportunity to create jobs. There are several areas poised for growth that should be our state’s focus: value-added manufacturing (food processing); aerospace and aviation manufacturing; professional and business services; technology, healthcare and life sciences; social assistance and educational services; and tourism, construction and trade. Each of these will provide us economic opportunities going forward.¹⁵

As governor, I will work with the business community to develop a new state economic plan for North Carolina that focuses on identifying our economic targets and developing pathways and policies to foster their growth. This will include working closely with each of our unique regions to cultivate local assets that could be further developed in order to create opportunities for growth.



- **Homegrown Businesses First.** We need to be doing more to help our existing businesses expand and add jobs. Focusing on recruitment over retention will not necessarily create more jobs, and focusing too heavily on recruitment means we risk ignoring industries that are already here. State government needs to strengthen its relationship with the business community. Right now, positive things happening at the local level are spearheaded by our local economic development offices. We should do a better job identifying these successes and promoting them throughout the state so that we provide greater, more consistent support to businesses. As governor, I will work with our state and local chambers of commerce, and our regional leaders to identify ways state government could be a better partner to our businesses.
- **Processing And Manufacturing.** Our rich agricultural base provides an excellent opportunity to catalyze the development of value-added food processing and manufacturing. We could create as many as 38,000 jobs and increase economic output by processing and manufacturing products already grown in the state.¹⁷

Making Incentives Count

Incentive programs are important for bringing jobs to our state, but we need to be smart with our money and make sure we are investing in businesses that have real potential for growth. The JDIG program, one of the state’s largest incentive funds, canceled 60 percent of projects because they did not honor investment, job creation, or wage agreements. We need our incentive programs to target industries with real growth potential.

- **Strengthen Performance Standards Of Incentive Programs.** We need a thorough review of our two largest incentive programs, JDIG and the One NC Fund, to enhance their performance and increase the bandwidth of projects in more remote and economically distressed rural areas. This includes ensuring better safeguards are in place to provide the state greater confidence that a project is viable and deserving of state investment before an agreement is made. As governor, I will request a full assessment of incentive programs to be completed within my first year in office.



60% of JDIG Projects were cancelled for not honoring investment, job creation or wage agreements.

- 18 • **Win More: Direct Incentives Toward Target Industries.** One reason why projects fail is because the state granted awards to businesses in declining industries, some of which had a 70 percent failure rate.¹⁹ As Governor, I will put measures in place to direct more incentives to projects in target industries with legitimate growth potential, so we invest in more winners and create more jobs.

In 2013, more than half of our state's JDIG grant money went to one business: MetLife. Since Governor McCrory took office, we have spent more money, but we haven't gotten more jobs or higher pay.

- **Incentives For Small Businesses.** Right now, the lion's share of incentive awards go to large businesses, even though small businesses are responsible for generating more jobs. As governor, I will shift a greater percentage of incentive dollars to small businesses with 200 or fewer employees. We should always strive to get the best benefit for taxpayer dollars or less.

A Welcoming Environment

First and foremost, we must create a welcoming, inclusive business environment or employers will not come. But it's not just employers we need to welcome, we also need to win the war for talent. Unfortunately, our governor has been driving both away with a divisive, partisan political agenda.

Governor McCrory signed House Bill 2 into law in the dark of night without giving the public, or even legislators, time to review or debate the legislation. The impact on our economy has been devastating and it's clear that the damage will continue as he criticizes and belittles businesses that express concern. As governor, I will work to repeal HB 2 and restore the worker protections that were taken away by Governor McCrory.

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Economic Impact of HB2 in Charlotte

Economic Development Prospects



Client Visits



existing antidiscrimination protections and tarnished our reputation as a welcoming state. This kind of discrimination is wrong - period. As governor, I will work to repeal HB2.

Conclusion

North Carolina is a state with unlimited potential. We have amazing opportunities for tourism on our beaches and mountains, a growing tech sector in the Research Triangle, rich agricultural communities, and a highly educated workforce throughout the state. The main ingredient we are lacking is a leader in Raleigh who is ready and willing to harness these opportunities.

North Carolina has traditionally been a beacon for progress and economic success in the south, but because of Governor McCrory's misguided priorities, we have become a punchline instead.

It's clear we need a change in leadership. North Carolina desperately needs leaders who understand the problems we face and who will take responsibility and work to fix them instead of pretending that they don't exist. We need leaders who will lift all of us up, not just the select few.

I'm running for governor of this state because I know we can do better. We need a governor who will actually prioritize education instead of just talking about it. We need a governor who understands that our community colleges and our universities are our economic engines that can put money back in the pockets of everyday working people. We need a governor who will fight for middle class tax cuts, not tax cuts for those at the

top. And we need a governor who will work to attract good-paying jobs to our state, not run them away with extreme pieces of legislation like House Bill 2. We need a governor who has a vision for this state, not who is beholden to a partisan social agenda.

I am positive about where North Carolina can go if we make the right choices. It is time for us to stop moving backward and start moving forward. I look forward to working with you to build a better North Carolina.



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