February 20, 2015

There is a storm brewing in North Carolina as we consider our long-term jobs outlook...

- Later this month, the FCC will hold hearings on the ability of municipalities to establish broadband internet services. Given that North Carolina is front and center on this issue, these hearings will undoubtedly highlight the fact that we have a ways to go. North Carolina ranks 21st out of 50 states in broadband adoption, network quality, and our economy’s orientation toward broadband. If we are indeed on the verge of a new economic era whose foundation rests on the exchange of data and information, what does that say about our readiness for the future?

- Earlier this month, the state released a report card for our schools. While we can argue about the grading method and what this one measure tells us, no one would disagree that North Carolina has a long way to go to establish itself as a leader in school preparedness (in both urban and rural systems).

- And, recently the NC Chamber of Commerce has gone on the offensive in advocating for infrastructure improvements across the state of NC. Ultimately, this issue will come down to a

Driving NC Innovation

Best ways to drive innovation in NC? See priorities from the 2015 Emerging Issues Forum here.

Featured Video

At the Forum, we released a powerful new video treatment of the innovation question, “NC’s Innovation Reconstruction Imperative.” Video and more here.

The Civic Health-Innovation Link

Civic health, innovation, and economic prosperity are linked. Check out IEI's new 2015 North Carolina Civil Health Index report.
question of how we pay for it, but we clearly have huge deficits to overcome in this area. Our reputation as a “good roads state” has been in jeopardy for quite some time now.

These three issues point to some serious challenges for our state, and it made me look at pertinent data. The question I’m concerned with is this: Given that each of these issues is related to our ability to grow, recruit, and maintain jobs, what does the future hold for North Carolina? I’ll share with you just a tidbit of what I found.

### ESTIMATED NC EMPLOYMENT GROWTH BY 2020

<table>
<thead>
<tr>
<th>ECONOMIC SECTOR</th>
<th>EMPLOYMENT GROWTH BY 2020</th>
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</thead>
<tbody>
<tr>
<td>1. Education &amp; Health Services</td>
<td>149,380</td>
</tr>
<tr>
<td>2. Professional &amp; Business Services</td>
<td>114,730</td>
</tr>
<tr>
<td>3. Health Care &amp; Social Assistance</td>
<td>82,060</td>
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*Source: NC Dept. of Commerce Industry Projections*

By 2020, the sectors projected to have added the most jobs are in services. To be sure, the services sector is quite varied. It houses high wage professional services which are synonymous with the new economy, and it also houses just as many low wage services like janitorial.

What’s also noteworthy is the growth (or lack thereof) in the *Manufacturing* sector. Despite all the hopeful promises, this sector is projected to grow less than 1 percent by 2020. And many manufacturing subsectors will actually see declines in employment.

Generally, these projections don’t depict a Technicolor picture with a gleaming yellow brick road paved with gold. They don’t bear out the promise of an economy buoyed by the advances of technological innovation—at least not for North Carolina. But these projections are not a blueprint. The underlying
assumption is that past performance predicts future outcomes. For our sake, let’s hope it doesn’t.

Last month, I wrote to you about the growing chorus of economists predicting a pain point for the nation’s economy. With each monumental economic shift, our nation has experienced one of these periods of decline. While I agree that there is huge potential in the promise of technology and humanity’s ability to innovate, I believe there is sufficient evidence to support the idea that we will experience significant discomfort as a nation and as a state.

That is, economic output will generally suffer, or be isolated to industries employing fewer and fewer employees. As a result, we’ll have to wrestle with the twin challenges of having huge swaths of our population unequipped to adapt to changing workplace demands, and the economy’s overall shift to higher-order information processing as opposed to manual labor inputs.

Avoiding those pain points depends entirely upon our ability to sow the seeds that will grow prosperity. But, can we honestly say that we have the sufficient infrastructure (e.g., broadband, roads, and rail) in place to ensure future job growth and industry recruitment? And, can we continue to rely on the importation of talent to the state without a plan to address the long-standing deficits in our native-born population? I had the opportunity to hear from some sharp minds in our recent Emerging Issues Forum, *Innovation Reconstructed*, who had a plan to begin addressing those deficits. You should definitely click on the Forum priorities on the sidebar to see what they recommend. If we don’t address these issues head-on with vigor and vision, the jobs of tomorrow won’t be destined for North Carolina. They will most certainly go where the necessary infrastructure and talent are already in place.

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