

Changes to County Development Tiers in 2019

From 2007 through 2018, the Department of Commerce's county development tiers have been determined through a formula based on four "development factors," as well as several "adjustment factors." The 2018 Appropriations Act (S.L. 2018-5, Section 15.2.a) eliminates these "adjustment factors," and as of January 2019 only the economic distress rank based on the four development factors will be used to determine county development tiers. This will likely precipitate a significant initial movement of counties between Tiers for 2019.

The Tiers has, and will continue to rely on, four development factors for its county distress ranking: 1) unemployment rate, 2) median household income, 3) population growth, and 4) assessed property value per capita. After determining a ranking of counties' economic distress through these four development factors, several adjustments were legislatively required for small counties (under 12,000) and mid-size counties (less than 50,000) with high poverty rates (greater than 19%). There was also a stipulation that a Tier 1 county remain designated as such for at least two years. Following these adjustments, the counties which did not receive adjustments were assigned to the remaining slots based on their economic distress ranking, with the requirement that 40 counties be designated Tier 1, 40 counties Tier 2, and 20 counties Tier 3.

These automatic adjustments affected large numbers of counties and therefore the final tier designations. In 2018, for example, the adjustments resulted in 13 counties receiving a Tier 1 designation despite not being in the highest 40 counties by distress rank. This shifted 13 counties with a high distress ranking into Tier 2. In addition, 3 counties with rankings among the least distressed 20 counties were assigned to Tier 2, which shifted 3 less distressed counties to Tier 3.

The Department of Commerce will release the 2019 county development tiers on or before November 30, 2018 as required by General Statute <u>143B-437.08</u>, using the most timely available data at that time. However, in anticipation of several counties changing tiers, this memo details the potential impacts using the 2018 tiers as an example.

If the adjustment factors had not been used when calculating the 2018 tiers, 32 counties would be in different tiers:

<u>Tier 1 \rightarrow Tier 2</u> <u>Tier 2 \rightarrow Tier 1 (most distressed)</u>

13 Counties 13 Counties

<u>Tier 2 \rightarrow Tier 3 (least distressed) \rightarrow Tier 2</u>

3 Counties 3 Counties

The following spreadsheet provides the 2018 tier calculations as well as a scenario showing the impacts of removing the adjustment factors on the final county development tiers. The Department of Commerce is available to assist counties with understanding the changes to their tier designation as well as any other economic development needs going forward.

2018 Tiers & Impact New Rules Would Have Had on 2018 Designations

| County distressed) 2018 Tier Rules Alamance 64 2 2 Alexander 60 2 2 Alleghany 47 1 1 1 Alleghany 47 1 1 2 Busing 80 3 2 2 Busing 80 3 2 2 2 Cabarit 90 3 3 3 3 3 2 | | 2018 Distress Rank (1=most | Official | 2018 Tier Under New |
|--|-----------|-------------------------------|----------|------------------------|
| Alexander 60 2 2 Alleghany 47 1 2 Anson 11 1 1 Ashe 56 1 2 Avery 68 2 2 Beaufort 43 2 2 Beaufort 43 2 2 Bertie 4 1 1 Bladen 11 1 1 Bruswick 80 3 2 Burke 52 2 2 Burke 52 2 2 Caburombe 90 3 3 Burke 52 2 2 Caburombe 90 3 3 Burke 52 2 2 Caburombe 90 3 3 Caldwell 41 2 2 Cardwell 41 2 2 Catawell 22 1 1 <t< th=""><th></th><th></th><th></th><th></th></t<> | | | | |
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| Bladen 11 1 1 Brunswick 80 3 2 Buncombe 90 3 3 Burke 52 2 2 Cabarrus 94 3 3 Caldwell 41 2 2 Camden 77 1 2 Caswell 22 1 1 Caswell 22 2 2 Chatham 100 3 3 3 Cherokee 54 1 2 2 Chowan 27 1 1 1 Clay 66 1 2 2 Cleveland 38 2 1 1 Craven 49 2 2 2 </td <td>Beaufort</td> <td>43</td> <td>2</td> <td>2</td> | Beaufort | 43 | 2 | 2 |
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| Caswell 22 1 1 Catawba 62 2 2 Chatham 100 3 3 Cherokee 54 1 2 Chowan 27 1 1 Clay 66 1 2 Cleveland 38 2 1 Columbus 10 1 1 Columbus 10 1 1 Craven 49 2 2 Cumberland 20 2 1 Currituck 98 2 3 Dare 76 2 2 Davidson 68 2 2 Davidson 68 2 2 Duplin 23 2 1 Duplin 23 2 1 Durham 92 3 3 Edgecombe 1 1 1 Forsyth 72 2 2 | Camden | 77 | 1 | 2 |
| Catawba 62 2 2 Chatham 100 3 3 Cherokee 54 1 2 Chowan 27 1 1 Clay 66 1 2 Cleveland 38 2 1 Columbus 10 1 1 Columbus 10 1 1 Craven 49 2 2 Cumberland 20 2 1 Currituck 98 2 3 Dare 76 2 2 Davidson 68 2 2 Davie 79 2 2 Duplin 23 2 1 Durham 92 3 3 Edgecombe 1 1 1 Forsyth 72 2 2 Franklin 70 2 2 Gates 42 1 2 | Carteret | 78 | 3 | 2 |
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| Halifax 2 1 1 | | | | |
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| Harnett 50 2 2 | | | | |
| Haywood 81 3 3 | | | | |
| Henderson 91 3 3 | | | | |
| Hertford 9 1 1 | | | | |
| Hoke 34 2 1 | | | | |
| Hyde 21 1 1 | | | | |
| Iredell 95 3 <i>3</i> | | | | |
| Jackson 75 1 2 | Jackson | 75 | 1 | 2 |

| | | | 2040 7 |
|--------------------|-------------------|-----------------------|--------------------|
| | 2018 Distress | Official | 2018 Tier |
| County | Rank (1=most | Official 2018 Tier | Under New Rules |
| County Johnston | distressed) 86 | 3 | 3 |
| Jonnston | 31 | 1 | 3 1 |
| Lee | 44 | 2 | 2 |
| Lenoir | 14 | 1 | 1 |
| Lincoln | 85 | 3 | 3 |
| Macon | 73 | 3 1 | 2 |
| Madison | 61 | 2 | 2 |
| Martin | 15 | 1 | 1 |
| McDowell | 51 | 1 | 2 |
| Mecklenburg | 92 | 3 | 3 |
| Mitchell | 32 | 1 | <u></u> |
| Montgomery | 46 | 1 | 2 |
| Moore | 87 | 3 | 3 |
| Nash | 30 | 2 | 3 1 |
| | 96 | 3 | 3 |
| New Hanover | 11 | 1 | 3 1 |
| Northampton | | | <u>1</u> 1 |
| Onslow | 36 | 3 | 3 |
| Orange | 89 | | |
| Pamlico | 63 | 2 | 2 |
| Pasquotank | 37 | 1 | 1 |
| Pender | 83 | 3 | 3 |
| Perquimans | 38 | 1 | 1 |
| Person | 64 | 1 | 2 |
| Pitt | 33 | 2 | 1 |
| Polk | 82 | 2 | 3 |
| Randolph | 53 | 2 | 2 |
| Richmond | 6 | 1 | 1 |
| Robeson | 3 | 1 | 1 |
| Rockingham | 27 | 2 | 1 |
| Rowan | 59 | 2 | 2 |
| Rutherford | 25 | 2 | 1 |
| Sampson | 17 | 2 | 1 |
| Scotland | 5 | 1 | 1 |
| Stanly | 67 | 2 | 2 |
| Stokes | 54 | 2 | 2 |
| Surry | 34 | 2 | 1 |
| Swain | 40 | 1 | 1 |
| Transylvania | 84 | 2 | 3 |
| Tyrrell | 24 | 1 | 1 |
| Union | 97 | 3 | 3 |
| Vance | 7 | 1 | 1 |
| Wake | 99 | 3 | 3 |
| Warren | 19 | 1 | 1 |
| Washington | 8 | 1 | 1 |
| Watauga | 88 | 3 | 3 |
| Wayne | 18 | 2 | 1 |
| Wilkes | 47 | 2 | 2 |
| Wilson | 29 | 2 | 1 |
| Yadkin | 45 | 1 | 2 |
| Yancey | 57 | 1 | 2 |