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As North Carolina continues to recover from the Great Recession, the modest improvement the state has experienced has not been equally distributed across the state. Job growth has largely occurred in the state's metropolitan areas while rural communities continue to lag. Poverty and unemployment rates in rural areas and communities of color are much higher than in urban and white communities. The uneven economic recovery highlights that many North Carolinians are being left behind.

QUICK BY THE NUMBERS:

- **\$38 million – Funding cut in state aid for economic and community development initiatives**
- **10 – Number of nonprofits no longer receiving state funding**
- **\$16.6 million – Elimination of state funding for Rural Economic Development Center**

MORE DETAIL:

The new 2014 fiscal year budget reduces and eliminates state funding for a number of programs within the Department of Commerce that promote economic and community development in rural, minority, and underserved communities across the state. Such efforts include small business development, job training, and leadership development in economically distressed communities. The budget cuts funding for such initiatives by \$38 million, which impacts important assistance for community and economic development in the poorest regions of the state.¹

- Eliminates state funding to 10 nonprofits that promote economic development in the state's economically lagging and distressed communities over the next two years. These non-profits include the Association of Community Development Initiative, the Indian Economic Development Initiative, and the Institute of Minority Economic Development – which provides entrepreneurs with technical and financial assistance that helps build their enterprises.
- Cuts funding in half for the Support Center, a community development credit union that makes loans and provides critical access to capital for small businesses—often those in distressed communities—that are unable to secure financing from large commercial banks. In turn, these loans support small business job creation in the state's poorest regions.
- Eliminates all state funding to the NC Rural Economic Development Center, which has traditionally worked to help address economic development issues in the state's most distressed rural areas. Some of the Center's activities have been shifted to the Department of Commerce, although with 32 percent less funding for the 2014 budget.
- Eliminates funding for Land Loss Prevention Project, which assists financially distressed and limited-resource North Carolina farmers in maintaining ownership of their land and adopting sustainable agriculture and environmental practices.

Increasing economic opportunity is vital to revitalizing impoverished urban and rural communities across North Carolina. For 2012, the poverty rate was 13.1 percent—or 2.2 percentage points—higher in rural counties than in urban counties and the average unemployment rate was nearly 24 percent higher in rural counties compared to urban counties.² The poverty rate for African Americans was more than double the poverty rate for whites while the poverty rates for Latinos and American Indians were nearly three times the rate for whites.³ Cutting funding for efforts that promote economic development in communities most devastated by the economic downturn fails to promote economic opportunity for all North Carolinians.

¹ Tazra Mitchell, [The 2013-15 Fiscal Year Final Budget: Putting North Carolina on a Path to Mediocrity](#), NC Budget & Tax Center, Raleigh, NC, August 2013.

² Based on 2012 American Community Survey U.S. Census data.

³ Ibid