BUSINESS IS BIG IN RURAL COMMUNITIES
Rural Counts
Policy Luncheon
Jacksonville
May 30, 2019
Our Time Together

- 11:45 – Introductions
- 12:00 - Rural Center / Rural Counts Intro
- 12:15 - NCGA Update & Policy Review Discussions
- 1:15 – Moving to Action
Our mission is to develop, promote and implement sound economic strategies to improve the quality of life of rural North Carolinians.

We serve the state’s 80 rural counties, with a special focus on individuals with low to moderate incomes and communities with limited resources.
What Is Rural?

- **Rural Counties**: 80 counties with an average population density of 250 people per square mile or less.
- **Regional City and Suburban Counties**: 14 counties with an average population density between 250 and 750 people per square mile.
- **Urban Counties**: 6 counties with an average population density that exceeds 750 people per square mile.

Densities as reported in the 2014 U.S. Census population estimates.
Rural Counts

• Reclaiming the rural narrative
• Uniting rural voices
• Providing information and resources
• Training advocates
• Developing policies
• Connecting with leaders
Rural/Urban Divide
Rural Counts

- Reclaiming the rural narrative
- Uniting rural voices
- Providing information and resources
- Training advocates
- Developing policies
-Connecting with leaders
Rural Counts Strategies

- Foundations
  - Education
  - Health Care
  - Broadband
  - Water & Sewer Infrastructure
  - Transportation
  - Natural Gas
Rural Counts Strategies

• Opportunities
  • Entrepreneurship & Small Business
  • Homegrown Manufacturing
  • Agriculture & Natural Resources

• Priorities
  • Regional Collaboration
  • Rural Development Technical Assistance & Capacity Building
Rural Road Trip

- 1 year
- 2 staff
- 80 counties
- 1,600 participants
- 8,457 miles
2019 Advocacy Priorities

1) Expand Accessible, Affordable High-Speed Broadband

2) Stabilize and Transform Rural Health

3) Invest in Stronger Entrepreneurship and Small Business Development Systems
Policy Roundtables

Robbinsville
Spruce Pine
Dobson
Troy
Henderson
Kenansville
Columbia
• **684** people from **89** counties

• **Speakers:**
  - Gov. Roy Cooper
  - Lt. Gov. Dan Forest
  - Sen. Phil Berger
  - AG Josh Stein

• **National Keynotes**
  - Gov. John Kasich
  - Mignon Clyburn (FCC)
  - Alan Morgan (NRHA)
Policy Luncheons

Laurinburg
Bryson City
Morganton
Wentworth
Rocky Mount
Jacksonville
2019 Advocacy Priorities

1) Expand Accessible, Affordable High-Speed Broadband

2) Stabilize and Transform Rural Health

3) Invest in Stronger Entrepreneurship and Small Business Development Systems
2019 Long Session (January - ???)
  • Major legislation
  • Biennial budget

2020 Short Session (May 2020 - ???)
  • Budget corrections
### NCGA at a Glance

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NCGA at a Glance

- Neither chamber has a veto-proof majority
- Changing demographics mean rural must speak with coherent, consistent voice
  - 19 Northeastern Counties = 17 members
  - Mecklenburg County = 17 members
Budget Process

Governor

House

Senate
NCGA Timeline

- Governor Budget – March
- House Budget – May 4
- Crossover – May 9
- Senate Budget – May 28
- Final NCGA Budget – June 15
- Budget Compromise – June 30
Broadband challenges fall into three large buckets:

• Availability
• Affordability
• Adoption
Broadband Availability

93% Broadband deployment is among the highest in the region.

Source: FCC 2016 Broadband Progress Report
Broadband Availability

www.ncbroadband.gov/map/
Broadband Adoption

Percentage Households without Internet Subscription

Data Source: U.S. Census Bureau American Community Survey 2013 - 2017 5-Year Estimates
Broadband Affordability

Figure 11. Primary Barriers to Broadband Adoption Across the Nation

- 43% Cost
- 12% Smartphone Does the Job
- 10% Options Outside the Home
- 5% Service Not Available or Insufficient
- 16% Other Reasons
- 14% No Answer Given or Don’t Know

Source: Pew Research Center, survey conducted June 10 - July 12, 2015. Sample size: 2,001
The Bottom Line...

...is competition.

Last-mile access is dependent upon a variety of providers utilizing various innovative technologies.

The state’s role should be to create a level playing field...

...and to spark competition in rural areas.
Broadband Priorities

• **Expand the GREAT Program**
  Implement a state-level grants program to spark competition and innovation in deploying broadband to the last mile.

• **Encourage Public-Private Partnerships**
  Clarify the ability of local governments to raise and spend funds for broadband infrastructure and to lease existing assets to private and non-profit partners.

• **Implement Dig Once Policy**
  Create a state-level “dig once” policy to cut costs and increase efficiency in laying broadband infrastructure.

• **Explore Adoption Initiative**
  Launch an internet adoption initiative that offers incentives for low-cost options in underserved areas, funds digital literacy programs, and explores a subsidy program for low-income households.
GREAT Program

Growing Rural Economies with Access to Technology

**Basics:** $10 million grants to deploy internet to unserved rural areas

**Champions:** Senator Harry Brown (R-Onslow); Representative Dean Arp (R-Union)

**Administered by:** Broadband Infrastructure Office (in DIT)

**Eligible recipients:** private broadband providers (including nonprofits, coops and partnerships)

**Eligible areas:** unserved areas of Tier 1 counties

**Speed standards:** at least 10 Mbps download, with 25:3 or greater encouraged

**Technologies:** wired infrastructure or fixed wireless

**Awards:** matching grants up to $2 million per project

**Timeline:** internet deployed within one year, serviced for five years
GREAT Program

Requests for 2019

**Recurring funds**: make the GREAT program a permanent program

**Increased funds**: raise annual funding to at least $30 million per year

**Expanded eligibility**: allow service to any unserved area in the state

**Raised speed standards**: mandatory 25:3 Mbps speed, with 1 Gbps preferred

**Previous grants**: allow projects in areas where providers have received grants for 10:1 speed threshold
GREAT Bills

- **H398** – Growing GREAT Rural Broadband Funding
  - Favorable report from Energy & Public Utilities; Referred to Appropriations, IT (4/9)

- **H381** – School Construction & Broadband Investment Act

- **S308** – Save the Internet Act

- **S627** – Expand the GREAT Grant Program

- **House Budget** - $15M for GREAT Program
Other Broadband Bills

• **H431** – FIBER NC Act

• **S310** – Electric Co-Op Rural Broadband Services
  • Passed Senate (49-0); Passed House (114-1)

• **Governor’s Budget** - $5M for Homework Gap Initiative
What You Can Do

• Tell your legislators your broadband stories

• Support, but suggest edits to the GREAT program
  • Raise the speed standards to 25:3 Mbps
  • Increase funding to $30M per year
  • Take away Tier 1 limit

• Express support for:
  • FIBER NC Act
  • Electric Co-Op Rural Broadband Services
Health Challenges

• **Rural Access**
  Need to recruit and retain health care providers in underserved rural areas of the state.

• **Coverage Gap**
  Health insurance coverage opens access to existing providers.

• **Substance Abuse Crisis**
  Solutions must be found for the opioid crisis that address both prevention and treatment.

• **Telemedicine**
  Health services accessed online are the future – but depend on broadband access.
Health Care Access

- 74 of 80 rural counties are designated “medical deserts” due to lack of primary care access.

North Carolina Counties Designated Health Professional Shortage Areas SFY 2019

*Shortage area may be whole county, or population group or geographical area within a county. Data as of January 3, 2019.
*Counties that are white are urban counties or rural counties without an official HPSA designation.
*The map is not reflective of counties that, if reviewed, would qualify for primary, dental or mental health HPSAs.
Health Care Access

Each physician contributes:

14 jobs
$1.1 million in wages & benefits
$90,449 in local & state tax revenues

Total economic output per physician: $2.2 million

Total economic output by NC physicians: $29.4 billion

Source: “The Economic Impact of Physicians: A Fact Sheet Examining the Economic Contribution Physicians Make to Their Communities and to Their Affiliated Hospitals,” Merritt Hawkins, 2014.
Health System Impact

For every 1 physician employed by a hospital:

- **11.2** nurses
- **4.3** aides and assistants
- **1.4** therapists
- **4.2** technologists, technicians, and EMTs
- **5.3** office & admin staff
- **1.3** management staff
- **1.1** building & grounds staff

44 Rural Counties – Health System (hospital, clinic, etc.) in Top 5 Employers

Health Systems generated **$37.8 billion** in state GDP in 2013
Health Systems at Risk

- 7 rural hospitals in North Carolina are at financial risk
- Washington County hospital in bankruptcy
- If these hospitals were to close:
  - 2,360 jobs lost
  - $2.7 billion loss in state GDP
Health Challenges

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Coverage Gap

Closing the insurance gap in NC, between 2016-2020, would:

Create **43,314** jobs

Add **$21.5 billion** in business activity

Add **$860 million** in state revenue

**$3.45 billion** in uncompensated care savings
Coverage Gap

• Rural Center Health Coverage Gap Database
  bit.ly/NCHealthGap
Health Challenges

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Opioid Crisis

• **800% increase** in opioid drug deaths from 1999-2016

• **12,590** deaths from 1999-2016

• In 2017 alone:
  • **1,683** deaths
  • **5,844** overdose ED visits
  • **522,933,000** opioid pills dispensed
  • **4,176** naloxone reversals

Source: Duke University, NCDHHS.
Statewide, the unintentional medication and drug overdose death rate is 15.9 per 100,000 residents from 2013-2017.
Health Challenges

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  Need to recruit and retain health care providers in underserved rural areas of the state.

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Telemedicine

• What is it?
• How to access it?
• Will people use it?
Telemedicine

- DHHS report to Joint Legislative Oversight Committing on Health and Human Services (October 2017) called for the state to more clearly define:
  - Definition & scope of “telemedicine”
  - Acceptable communication & data transfer speeds necessary to ensure information privacy
  - Informed consent standards
  - Provider licensing standards
  - Reimbursement standards

- Along with regulatory updates, the State of North Carolina must address lack of broadband access and affordability that prevent rural residents from taking advantage of telemedicine services
Telemedicine

- What is it?
- How to access it?
- Will people use it?
Telemedicine Access
Health Priorities

• Close the health insurance coverage gap in North Carolina.

• Expand efforts to recruit and retain rural health providers in underserved areas of the state.

• Implement telehealth recommendations made by DHHS to the Joint Legislative Oversight Committee on Health & Human Services.

• Explore broad-based solutions for the substance abuse crisis that address both prevention & treatment.
Health Access Bills

- **H358** – Community Paramedicine Program
  - $700,000 over two years in House budget

- **S143 / H185** – SAVE Act

- **H379** – Funds for Nurse-Family Partnership
  - $950,000 in House & Senate

- **House Budget** – Loan Repayment
H655
NC Health Care for Working Families

Who is eligible?

Persons who are ineligible for Medicaid, and:

• Committed to a healthy lifestyle
• Earn income up to 133% FPL
• 19-64 years of age
• Resident of North Carolina (as defined by DHHS)
• Employed or engaged in activities to promote employment
What does the program cost?

- Monthly premiums calculated based on 2% of household income
- Termination if payment not received within 90 days of due date
- Subscriber can re-enroll if all back premiums are paid

Example:

Family of 4 with monthly income of $31,319 = $53.86 / month
NC Health Care for Working Families

Are there exemptions?

**Premiums:**
- Income below 50% FPL
- Medical hardship
- Financial hardship
- Member of federal tribe
- Veteran in transition

**Work Requirements:**
- Caring for minors, disabled adult or parent
- Receiving treatment for substance abuse
- Medically frail
- Pregnant or post-partum women
- Indian Health Services beneficiaries
- Other exemptions by CMS
NC Health Care for Working Families

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- Pregnant or post-partum women
- Indian Health Services beneficiaries
- Other exemptions by CMS
How will the program be funded?

- Federal funds
- Participant contributions
- Health-related assessments by hospitals (but not limited to hospitals)

Conditions which will terminate the program:

- Not approved by CMS
- Loss of any funding source
- Funding sources become insufficient
Rural Access to Healthcare Grant Program

- Paid by prepaid health plan gross premiums tax
- Up to $1 million per grant award
- Eligible activities include:
  - Provider recruitment and retention
  - Expansion of telehealth
  - Expansion of substance abuse and mental health services
  - Infant mortality reduction efforts
Other Coverage Gap Bills

- **H5/S3** – Close the Medicaid Coverage Gap
- **H464/S86** – Small Business Healthcare Act
  - Passed Senate 38-8 (March 14)
- **S387** – Medicaid Work & Community Engagement
Telehealth Bills

• **H555** – Modernize Medicaid Telemedicine Policies
  • Passed House 108-2 (March 27)

• **H297** – PSYPACT
  • Passed House 109-0 (May 3)
What You Can Do

• Tell your legislators you support H655
  • Spread the word among colleagues and business leaders

• Express support to Senators for:
  • Telemedicine Bills (H555 & H297)
  • Loan repayment (from House Budget)

• Ask that they move to action on:
  • Opioid crisis prevention & treatment legislation
Small Business

- 75% of business establishments in rural NC have fewer than 10 employees

- Since 2005, rural counties have lost 4,289 very small firms (7% decline), compared to statewide growth of 2,393 (2% increase)

- Since 2005, loans to small businesses declined statewide by 26,299, for a loss of $3.5 billion

- In rural counties, there were 19,688 fewer loans in 2015 than in 2005, with a total reduction of $1.6 billion
Small Business Challenges

- Capital Access
- Regulatory Barriers
- Balanced Economic Development
- Small Business Ecosystem
- Disaster Recovery
Capital Access

Dollar Change in Loans to Businesses with Revenues less than $1MM, 2005-2015

- $0.1 Million to $2.1 Million (03)
- -$0.1 Million to -$9.9 Million (24)
- -$10 Million to -$24.9 Million (33)
- $25 Million to $99.9 Million (31)
- -$100 Million to -$234 Million (09)
Capital Access

Dollar Change in Loans to Businesses with Revenues less than $1MM, 2010-2015
Small Business Challenges

- Capital Access
- **Regulatory Barriers**
- Balanced Economic Development
- Small Business Ecosystem
- Disaster Recovery
Regulatory Barriers

- Remove barriers for small firms growing, producing, processing, and distributing local foods and value-added products
- Revise building code and inspections procedures
- Reduce barriers for community banks to lend to small businesses while maintaining transparency
Small Business Challenges

- Capital Access
- Regulatory Barriers
- **Balanced Economic Development**
- Small Business Ecosystem
- Disaster Recovery
Economic Development

Major Strategies:

• Recruitment

• Retention

• Entrepreneurship
Economic Development

• Increase emphasis on recruitment and retention

• Job creation (1995-2013):
  • Out-of-State Recruitment = 1 - 4%
  • In-State Businesses = 87%

• North Carolina offered Amazon $2.2 billion in incentives
Economic Development

- Reform the Tier system & definition of “rural”
- Increase funding and capacity for organizations focused on small business support
- Form statewide entity coordinating small business resources
- Adopt North Carolina supplement to federal Opportunity Zones program
- Support Community Development Financial Institutions (CDFIs)
Small Business Challenges

- Capital Access
- Regulatory Barriers
- Balanced Economic Development
- Small Business Ecosystem
- Disaster Recovery
Small Business Ecosystem

- Enhance entrepreneurship education at K-12 and community college levels.

- Invest in the infrastructure to support small business needs – broadband, housing, natural gas, roads, and health care.

- Increase funding & adjust guidelines for Building Reuse Program.

- Improve coordination of local, state and federal permitting, licensing, and inspections requirements.
Small Business Challenges

- Capital Access
- Regulatory Barriers
- Balanced Economic Development
- Small Business Ecosystem
- Disaster Recovery
Disaster Recovery

- Provide funding for technical assistance to improve small business disaster resiliency

- Provide funding to “close the gap” where excessive demolition costs could result in vacant or neglected buildings, brownfields

- Streamline application processes for Disaster Unemployment Assistance

- Prioritize Hazard Mitigation programs that minimize population loss

- Increase access for local and minority-owned contractors to bid for recovery projects
The Bottom Line

- Support for small business starts with, but goes beyond capital access and regulation reform

- Must create communities where entrepreneurship is encouraged and where small businesses - and the people who own and staff them – can thrive
Small Business Priorities

• Balance state economic development efforts with an added emphasis on supporting entrepreneurs and retaining existing firms.
• Address regulatory barriers that hinder entrepreneurs from starting and growing businesses
• Increase funding and coordination of technical assistance for rural communities nurturing small business development and downtown revitalization
• Support inclusive disaster recovery and resilience
Small Business

• Piecemeal proposals that lack strategic approach.

• Rather than spend resources on small-scale or niche programs, we need to spend the time and effort to make a real impact.

• Rural Center proposes a legislative study committee be formed at the end of session to examine policies that could be enacted next session.
What You Can Do

• Watch for opportunities from Rural Center to support small business.

• This summer, work with us to ask legislators to form a study committee.

• Attend & promote fall sessions digging into details of small business support.
Other Bills of Interest

Education
• H571/S670 – Changes to Advanced Teaching Roles Program
  • Part of House & Senate budget

Transportation
• House Budget – pedestrian/bicycle match changes
  • Not in Senate budget

Tier System
• S597 – Create an Additional 5 Tier System
Other Bills of Interest

Water & Sewer
• **H414/S320** – Regional Water Systems & State Grants
  • Passed Senate 27-20 (May 7)

Agriculture
• **S315** – Farm Act of 2019

Redistricting
• **H69** – Nonpartisan Redistricting Commission
• **H140** – FAIR Act
NCGA Overview

Positive
• Commitment to broadband & rural health
• DOT & water infrastructure have great structure, need more resources
• Genuine interest in small business, but lack of strategy

Negative
• Tier system & definition of rural need to change
• Local earmarks are bad public policy
• Partisanship can thwart obvious solutions
Regional Leaders

Senate

- Senator Brown  Appropriations (Chair); Rules (Vice Chair); EDGE (Chair)
- Senator Rabon  Rules (Chair); Legislative Research Commission (Chair); Transportation
- Senator Jackson  Appropriations (Chair); Agriculture
Regional Leaders

House

• Rep. Shepard  Transportation Approps (Chair); Commerce; Health; Transportation
• Rep. Cleveland  Appropriations (Vice Chair); Insurance; Transportation
• Rep. McElraft  Appropriations (Vice Chair); Agriculture (Chair)
• Rep. Dixon  Agriculture (Sr. Chair)
Moving to Action

• Follow our Legislative Tracker
• Read weekly update emails
• Keep in touch with your legislators
Contacting Legislators

Representative Robert T. Reives, II
Deputy Democratic Leader
2017-2018 Session
Democrat - District 54
Chatham, Lee
N.C. House of Representatives
16 W. Jones Street, Room 1323
Raleigh, NC 27613-2018

Office: 919-733-0557
Robert.Reives@ncleg.net

Term in House: 2.5
(0 in Senate)
Occupation: Attorney
Address: 1507 Woodland Ave, Sanford, NC 27330

Home: 919-352-3035
Legislative Assistant: Veronica Green
RULE NUMBER 1: ENJOY
Contacting Legislators

Your Representatives:

- They are your neighbors
- These are part-time jobs
- They are not experts on everything
- You are there as a collaborator
- **Keywords:** relaxed & respectful
Contacting Legislators

Your Role:

• You are an expert on your own experience
• Don’t have to be a policy expert
• Don’t have to have specific solutions
• Not a representative of the Rural Center
  • But please use the Rural Center as a resource!
What to Say?

• Stories
• Stories
• Stories

• STORIES over DATA
  • Bill numbers are nice…but aren’t necessary
  • Statistics are nice…but aren’t necessary
  • Specific policy suggestions are nice…but aren’t necessary
Contacting Legislators

Stay Focused

• Stick to the topic
• OK to not answer questions
• Offer to follow up on things you don’t know
Contacting Legislators

• Let Us Know How It Goes!
  • Submit your commitment form
  • We’ll be in touch to follow up and ask how it went
  • Reach out to John, Tiffany, or Miles at any time
Moving to Action...

- Broadband Map
  ncbroadband.gov/map
- Join Care4Carolina Coalition
- Sign Business Leaders Letter
- Complete Action Form
- Call/Write Your Representative
- Spread the Word!
Thank You!

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