

FORCES DRIVING CHANGE IN RURAL NORTH CAROLINA



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IN RURAL
NORTH CAROLINA



THE DRIVERS: OUR PEOPLE, OUR COMMUNITIES, OUR BUSINESSES



The North Carolina Rural Center builds economic strength in rural North Carolina. To continue that mission today and to continue to refine our work, we've identified major drivers of modern rural life. These drivers influence our **people**, our **communities**, and our **businesses**. They challenge growth in rural North Carolina, even as our rural communities now thankfully have unprecedented assets and opportunities to address longstanding problems.

Drivers of our **people** include the education levels of rural North Carolinians, the health care of our residents, the growing diversity of our communities, and a reticence to always embrace everyone.

Our **communities** are driven by the quality, cost, and availability of infrastructure; the increased exposure to the effects of natural disasters; and informed leadership with the capacity to handle new realities.

Rural **businesses** tend to be smaller than those in urban and suburban markets. They need more access to capital and markets, and connections to small business resources.

Underlying all of this in all of our communities are changes - positive and negative - resulting from the COVID-19 pandemic. We are all rebuilding in some way right now, putting us at a critical point in the effort to revive sometimes forgotten places. Understanding these drivers will help all of us focus on the work ahead in rural North Carolina.





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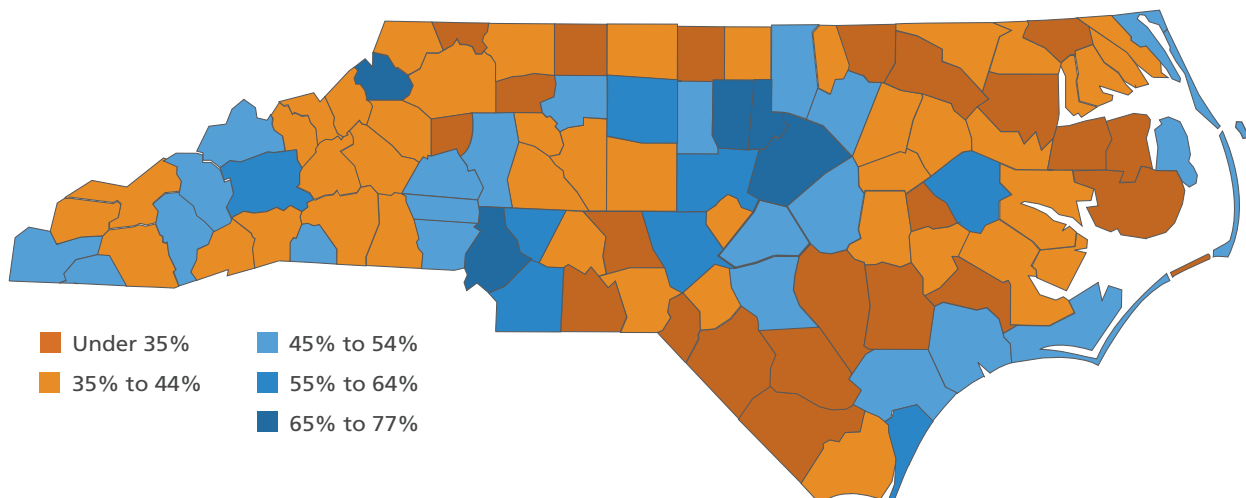
EDUCATION FOR TOMORROW'S LABOR MARKET

This driver addresses education and training for rural workers of all ages to move them into and retain them in the rural workforce through a commitment to continuous learning.

North Carolina's attractiveness to business continues to generate a growing economy overall. But as the demand for workers grows, especially those with higher levels of formal education attainment, employers struggle to find enough talent to fill their jobs and rural communities struggle to retain and attract employers with these needs. Not only this, but rural North Carolina has a smaller proportion of working-age population compared to suburban and urban communities, meaning educating the existing workforce is all the more important.

POSTSECONDARY ATTAINMENT: 2020

Percentage of Adults (25-44 Years) with a Postsecondary Degree or Credential





FUNDAMENTAL FACTS:

- Only 41 percent of North Carolina rural county adults (25-44 years old) have a postsecondary degree or credential. This is compared to 51 percent of suburban and 66 percent of urban county adults (map at left).¹
- Workers with a bachelor's degree earn 65 percent more per week than workers with a high school education level. Workers with a bachelor's degree are 77 percent less likely to be unemployed than those with only a high-school education.²
- North Carolina spends on average \$9,958 per K-12 student, approximately \$3,500 less than the national average.³
- 74 percent of rural small business owners in the U.S. reported struggling to find job candidates with the right education, skills, or training for the job.⁴

NORTH CAROLINA ADULTS WITH A POSTSECONDARY DEGREE OR CREDENTIAL

41%

IN RURAL
COUNTIES

51%

IN SUBURBAN
COUNTIES

66%

IN URBAN
COUNTIES

74%

OF RURAL SMALL BUSINESS OWNERS
REPORTED STRUGGLING TO FIND JOB CANDIDATES
WITH THE RIGHT EDUCATION, SKILLS, OR TRAINING
FOR THE JOB.

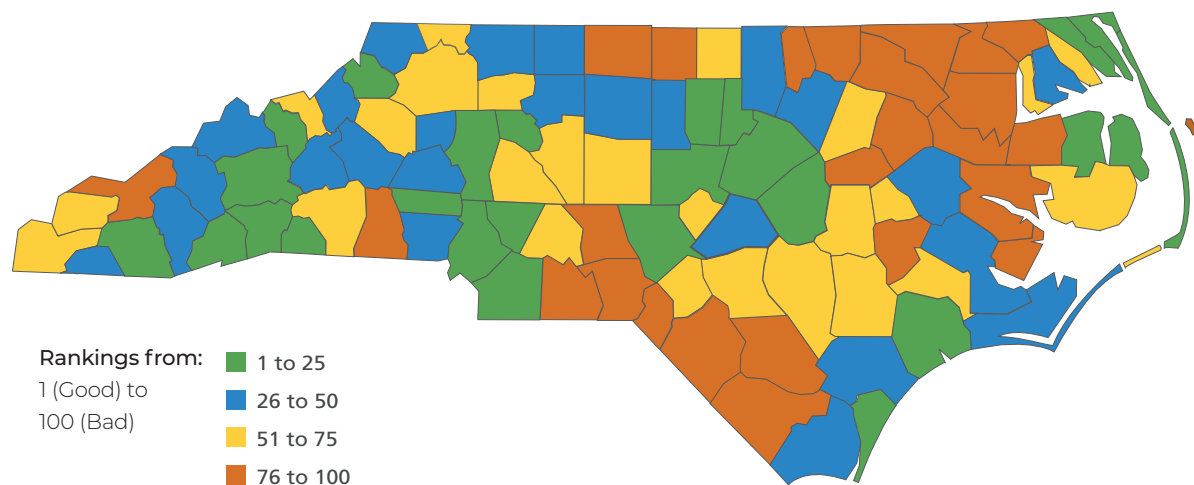


RURAL HEALTHCARE INEQUITIES & SOCIAL DETERMINANTS OF HEALTH

This driver focuses not only on healthcare access and the healthcare workforce, but also social determinants of health including substance use, food insecurity, housing insecurity, and more.

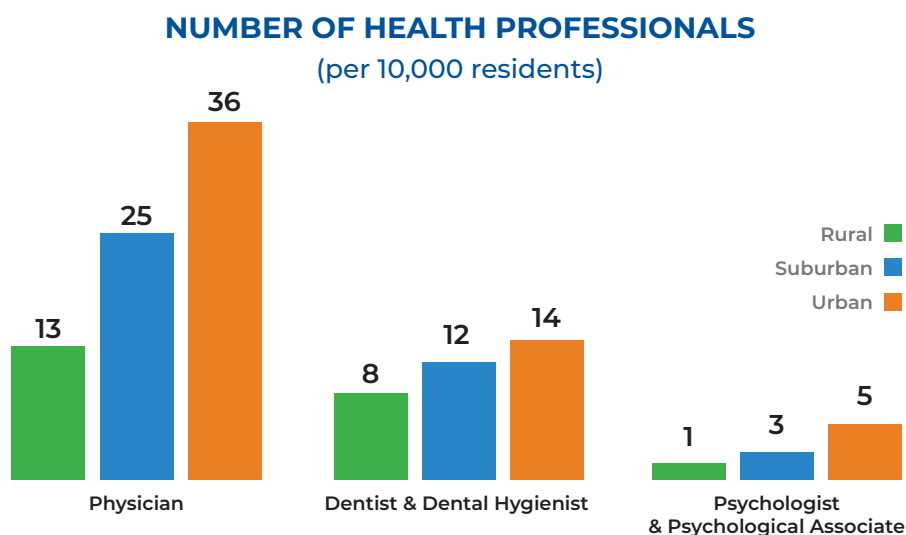
Nationwide, rural communities struggle with the health of their residents, and North Carolina is no exception. Consistently, our rural counties have worse health outcomes, such as length and quality of life, when compared to urban counties. Disparities in rural North Carolina regarding healthcare, such as fewer healthcare providers and less access to affordable health insurance, contribute to the negative health outcomes in rural counties. Other social determinants of health - housing, food insecurity, social isolation, substance use - present additional barriers to positive health outcomes.

COUNTY HEALTH OUTCOMES RANKINGS: 2022



FUNDAMENTAL FACTS:

- When North Carolina counties are ranked on health outcomes for their residents (length and quality of life), rural counties disproportionately receive lower rankings (map at left).⁵
- 11 rural hospitals in North Carolina have closed since 2005.⁶ Nine are at risk of closing in the near future.⁷
- There are substantially fewer health professionals practicing in North Carolina's rural counties than others (chart below).⁸
- Rural residents are 40 percent more likely to fall into the health insurance coverage gap than other state residents. There are 14 counties with uninsured rates over 20 percent. All are rural.⁹
- Nationally, 87 percent of food insecure counties are rural, despite rural counties only making up 63 percent of all counties in the US.¹⁰
- In 2021, the drug overdose death rate per 100,000 people was substantially higher in rural North Carolina counties (47 people) than in suburban (41 people) and urban counties (29 people).¹¹
- The top five counties with the highest rates of gun-related homicides and gun-related suicides in North Carolina are all rural.¹²



11 RURAL HOSPITAL CLOSURES
IN NORTH CAROLINA
SINCE 2005

9 RURAL HOSPITALS
AT RISK OF CLOSING
IN THE NEAR FUTURE

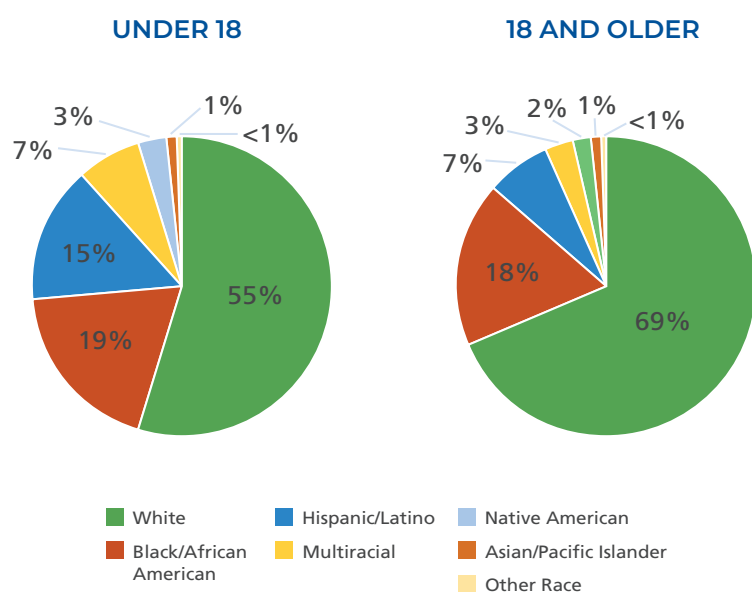


A RURAL NORTH CAROLINA FOR EVERYONE

This driver speaks to the demographic changes and growing diversity in our communities, and the need to produce communities where all rural people can thrive.

Just like the rest of North Carolina, rural communities are rapidly changing. Recent trends suggest that our rural counties are becoming more diverse places racially, ethnically, and culturally. While our communities are becoming more diverse, data shows that people of color, and other groups, often face challenges in rural places that keep them from thriving. Additionally, data trends suggest rural areas are aging, and providing adequate care, services, and opportunities to an aging population produces its own challenges.

RURAL RACE/ETHNICITY: 2020



RURAL
NORTH CAROLINA
RESIDENTS

UNDER 18
ARE INCREASINGLY
DIVERSE.

THE GREATEST
INCREASE:

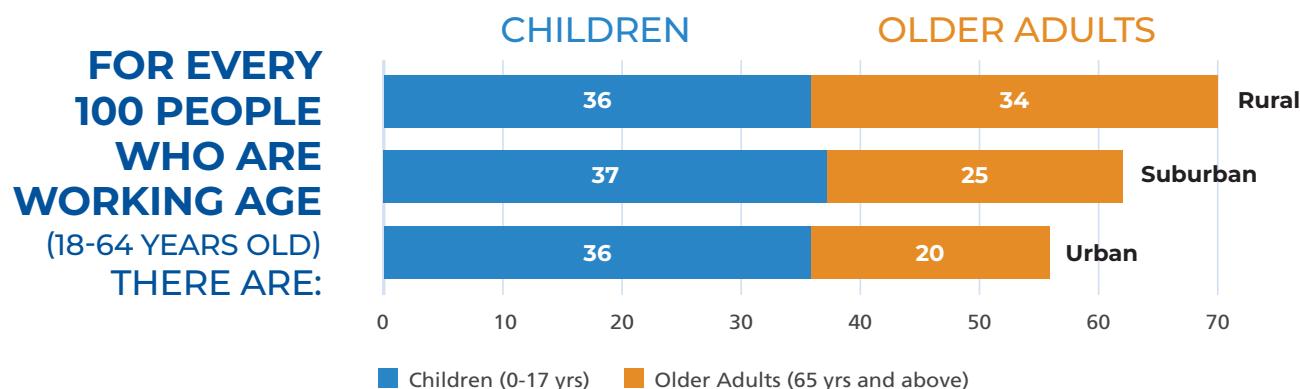
HISPANIC/LATINO
UP 8%

MULTIRACIAL
UP 4%

FUNDAMENTAL FACTS:

- Rural North Carolina residents under 18 years old are increasingly diverse, indicating rural communities will continue to become more racially and ethnically diverse in the future (charts left and below).¹³
- The greatest growth in the rural under 18 population is found in the Hispanic/Latino (from 7 percent to 15 percent) and Multiracial (from 3 percent to 7 percent) categories.¹⁴
- Of the 25 most economically distressed counties in North Carolina (all rural), as measured by the N.C. Department of Commerce annual tier rankings, 16 are majority people of color. People of color make up more than 40 percent of the population of an additional eight counties in the lowest tier.¹⁵
- The poverty rate for people of color in rural North Carolina is consistently higher than that for white rural residents.¹⁶
- In rural counties, there are 34 older adults (65 years and older) to every 100 working age adults (18-64 years old). The number is only 25 in suburban and 20 in urban counties (chart below).¹⁷
- The gender wage gap in the U.S. is highest in rural areas, with rural women overall earning 76 cents to every dollar rural men earn. The wage gap is highest among rural women of color, especially Black and Hispanic women, who earn only 56 cents to every dollar rural white men earn.¹⁸

NON-WORKING AGE TO WORKING AGE POPULATION RATIO: 2020



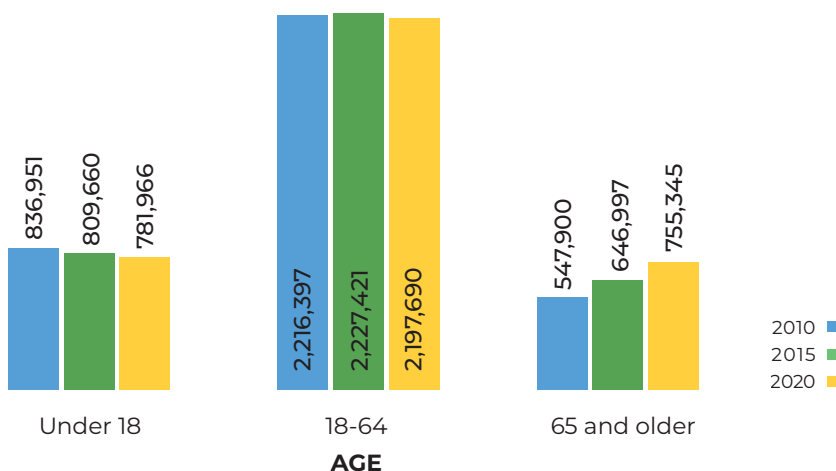


SUSTAINABLE LEADERSHIP AND COMMUNITY COLLABORATION

This driver addresses leadership development and the importance of bridging differences in civic priorities in our communities.

Every community needs effective leadership to identify needs and propose solutions. Rural North Carolina is filled with people who have had great success in advocating for their communities. However, recent trends suggest that leadership in rural communities may be aging as large swaths of young adults leave and the older adult population grows. Retaining young rural people in their communities and building them up as leaders is vital. Tomorrow's leaders will need to leverage community resources and advocate for community collaboration with both rural and urban partners, which has been shown to be successful in growing rural economies and populations.

RURAL POPULATION CHANGE: 2010-2020



RURAL NORTH CAROLINA POPULATION

65 YEARS AND
OLDER

GROWING

UNDER 18 YEARS

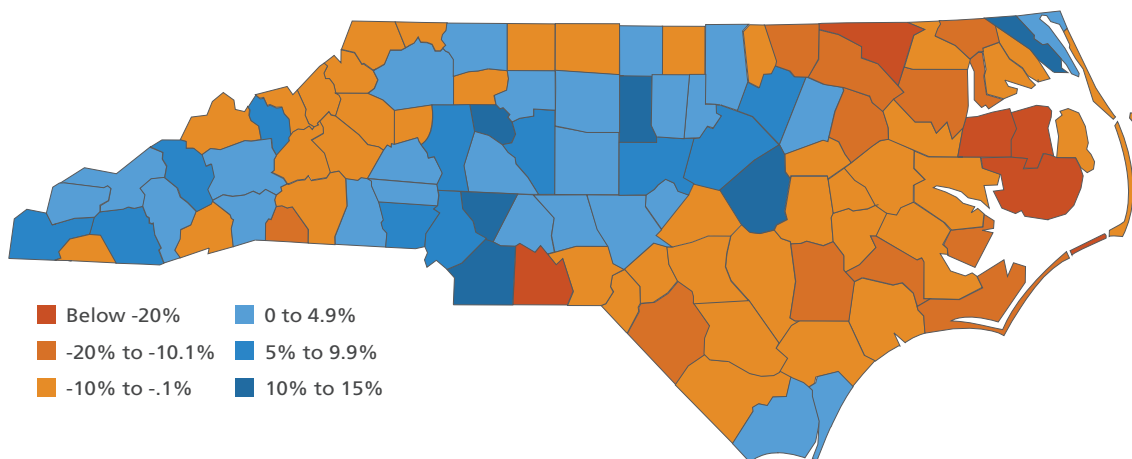
DECLINING



FUNDAMENTAL FACTS:

- The rural North Carolina population is aging due to a growing number of older people (65 years and older) and a declining number of children (under 18 years old) (graph at left).¹⁹
- Recent population trends show that the number of young adults (18-29 years old) are falling in rural North Carolina counties and growing in urban and suburban counties (map below).²⁰
- Research shows that rural counties connected to a specialized regional industry (life sciences, banking, finance, etc.) experience greater economic and population growth than non-connected rural counties.²¹
- Economic improvement is commonly observed in both urban and rural counties when they collaborate in specialized regional industries.²²

POPULATION CHANGE FOR YOUNG ADULTS (18-29 YEARS OLD): 2017-2021

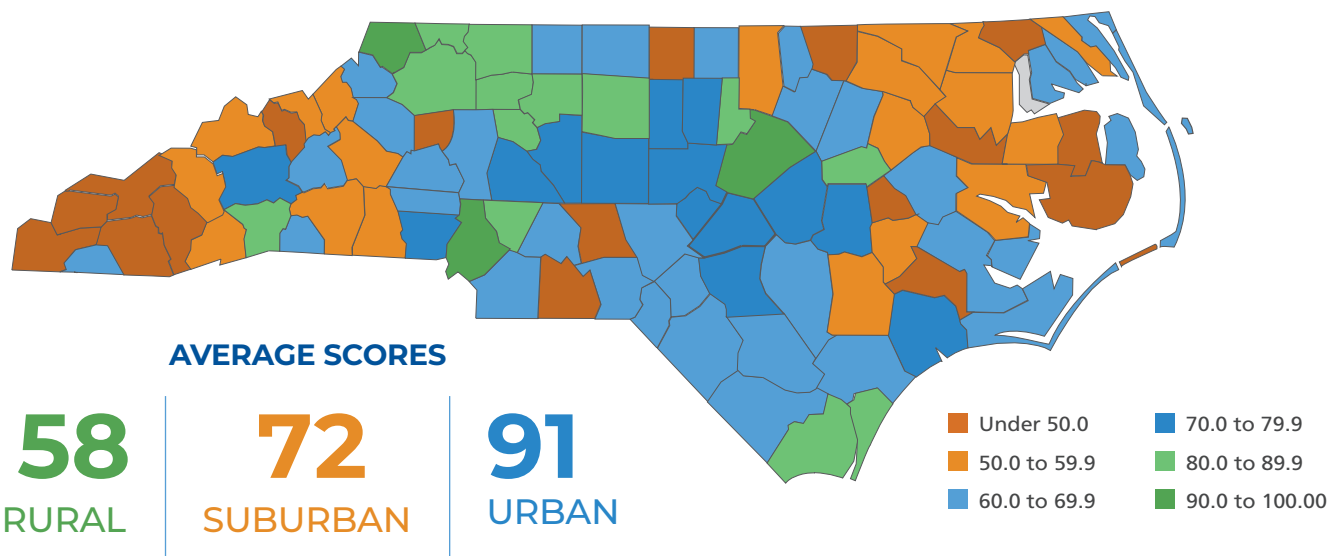


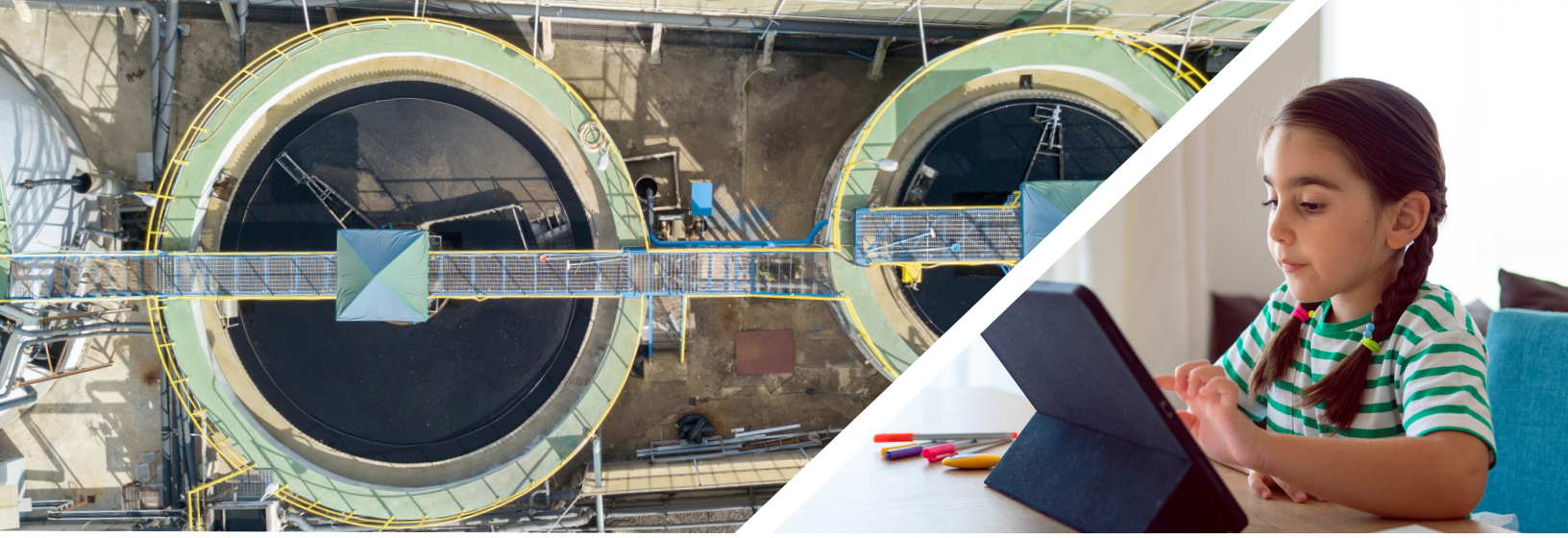
SAFE, MODERN, AND AFFORDABLE INFRASTRUCTURE

This driver addresses infrastructure issues in our rural communities, including broadband access, aging water and wastewater systems, lack of affordable housing, and many others.

Thriving communities must be connected to the outside world, both physically and digitally. Unfortunately, the infrastructure systems in many of our rural communities desperately need investment. These communities lack quality affordable housing; reliable, affordable high-speed internet service; and dependable water and wastewater systems. Infrastructure limitations slow economic growth and development, and strong communities require safe, modern, and affordable infrastructure. Despite needing the most when it comes to infrastructure, rural communities often lack the capacity to fund and sustain infrastructure development and/or repair projects.

BROADBAND AVAILABILITY AND QUALITY INDEX: 2019





FUNDAMENTAL FACTS:

- Compared to urban communities, rural communities across the nation tend to have less capacity to apply for infrastructure funding and manage long-term infrastructure projects.²³
- The availability and quality of high-speed broadband is lower in rural North Carolina communities (map at left).²⁴
- In rural counties, 47 percent of renters and 20 percent of homeowners are cost-burdened, meaning they spend 30 percent or more of their income on housing costs.²⁵
- In 2017, it was estimated that statewide water system repairs would cost \$10-\$15 billion and wastewater system repairs would cost \$7-\$11 billion over the next 20 years.²⁶

47% OF RENTERS
20% OF HOMEOWNERS
in rural North Carolina are
cost-burdened with housing.

\$10-15 BILLION

ESTIMATED COST OF WATER SYSTEM
REPAIRS FOR THE NEXT 20 YEARS.

\$7-11 BILLION

ESTIMATED COST OF WASTEWATER
SYSTEM REPAIRS FOR THE NEXT 20 YEARS.

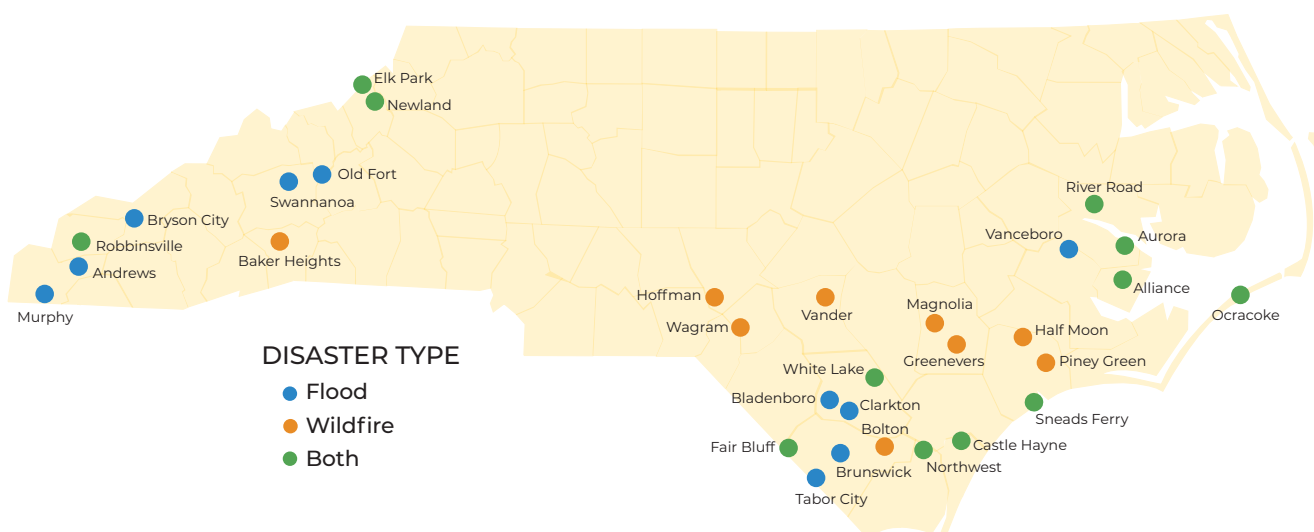


WEATHER AND CLIMATE RESILIENCY

This driver speaks to the urgency of addressing vulnerability to adverse weather events in our communities, including disaster recovery and resiliency from hurricanes and other natural disasters, the erosion of the North Carolina coastline, and the impact of coastal changes on tourism-based economies.

In North Carolina, some of our most rural locations are susceptible to extreme weather and natural disasters, putting these communities at risk. Rural areas often lack disaster-resilient infrastructure and when natural disasters strike they can struggle to recover - sometimes even forcing people to abandon their homes and migrate elsewhere. This puts stress on the people who live there, stress on our rural communities, and stress on the tourism industry vital to many of our rural economies.

SMALL COMMUNITIES WITH THE GREATEST RESILIENCY CHALLENGES





FUNDAMENTAL FACTS:

- 31 communities in North Carolina, all with less than 15,000 people, are at extreme risk of flood or wildfire (top 25 percent nationally) while also ranking in the bottom 25 percent nationally in ability to build resilient infrastructure (map at left).²⁷
- In 2015, 122,000 North Carolinians were at risk of coastal flooding. An additional 44,000 people could be at risk of coastal flooding in 2050 due to rising sea levels.²⁸
- Severe weather such as hurricanes and floods disproportionately harm rural areas due to limited capacity and resources to recover quickly and prepare for future storms.²⁹
- Beach erosion is associated with declines in tourism and tourist satisfaction.³⁰
- In 2021, 45 million people visited North Carolina and spent \$28.9 billion.³¹
- While most tourists surveyed in the Outer Banks were unlikely to change their trips due to possible climate change effects, 13 percent were likely to change their trips and 32 percent were undecided.³²

IN 2020

1,300

RESIDENTIAL AND COMMERCIAL
PROPERTIES ON OUR COASTS WERE
AT RISK OF CHRONIC FLOODING.

BY 2045,

15,600

PROPERTIES, VALUED AT
APPROXIMATELY \$4 BILLION,
WILL BE AT RISK.³³

SPENDING BY
NON-LOCAL TOURISTS IS
EXPECTED TO DECREASE

16% PER YEAR
UP TO 2030

DUE TO SEA-LEVEL RISE ON
OUR COASTS.³⁴

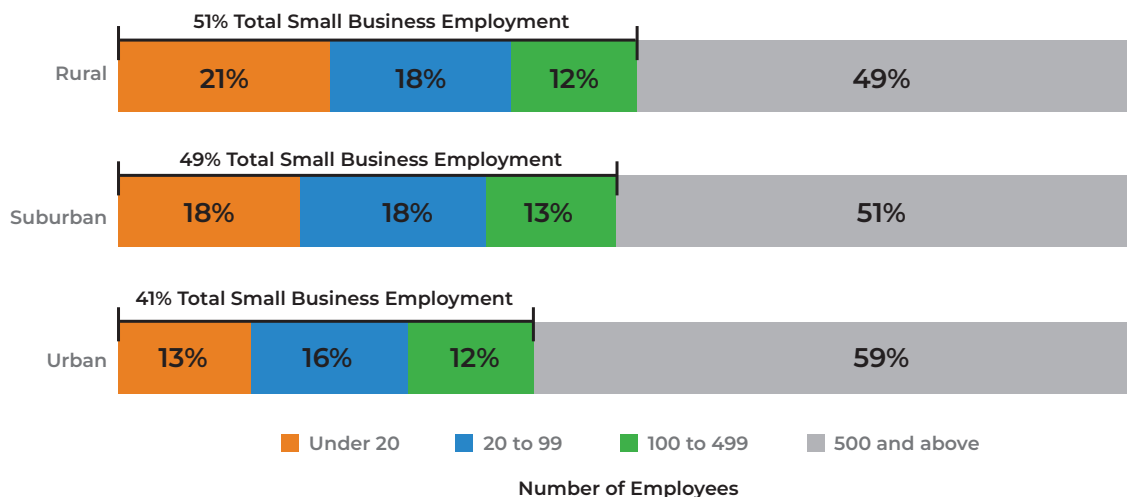


SMALL BUSINESS SUPPORT

This driver speaks to the importance of small businesses in our rural communities and the need to channel resources to support them.

Small businesses (fewer than 500 employees) are a vital part of the North Carolina economy, but especially to the economy of our rural communities. In our rural places, small businesses create vital jobs and provide economic anchors, attracting and retaining revenue for the community. The importance of small businesses to our rural communities cannot be overstated, as small businesses account for a greater share of employment and employment growth in rural North Carolina than the rest of the state. Unfortunately, many small businesses struggle in rural communities due to challenges in obtaining financing, finding qualified workers, and connecting to the digital environment.

PERCENTAGE OF TOTAL EMPLOYMENT BY BUSINESS SIZE



99.6%
OF BUSINESSES IN
NORTH CAROLINA
HAVE FEWER THAN
500 EMPLOYEES

98%
OF NORTH CAROLINA **NET JOBS CREATED
FROM 2019 TO 2020 WERE ADDED BY
SMALL BUSINESSES.**
(38,572 NET NEW JOBS)

FUNDAMENTAL FACTS:

- In rural North Carolina counties, 51 percent of all workers are employed by businesses with fewer than 500 employees, compared to 49 percent in suburban counties and 41 percent in urban counties (graph at left).³⁵
- 38,572 North Carolina jobs were created from 2019 to 2020, and 98 percent of these jobs were created by small businesses.³⁶
- 99.6 percent of businesses in North Carolina have fewer than 500 employees.³⁷
- 74 percent of all businesses in rural counties have 50 employees or fewer, compared to 72 percent in suburban counties and 70 percent in urban counties.³⁸
- North Carolina's small business growth rate (27 percent) outpaced the national small business growth rate (20 percent) from 1994 to 2018.³⁹
- In 2019, small businesses exported \$6.1 billion worth of goods, or about 20 percent of North Carolina's total global exports.⁴⁰
- 40 percent of rural small business owners in the U.S. report struggling to access capital and instead use personal savings for their business.⁴¹
- 56 percent of national rural small businesses do not have good access to digital technology and almost 21 percent do not have high-speed broadband connections.⁴²

Small businesses
accounted for

20%

of all North Carolina global exports
in 2019, exporting goods worth

**\$6
BILLION.**



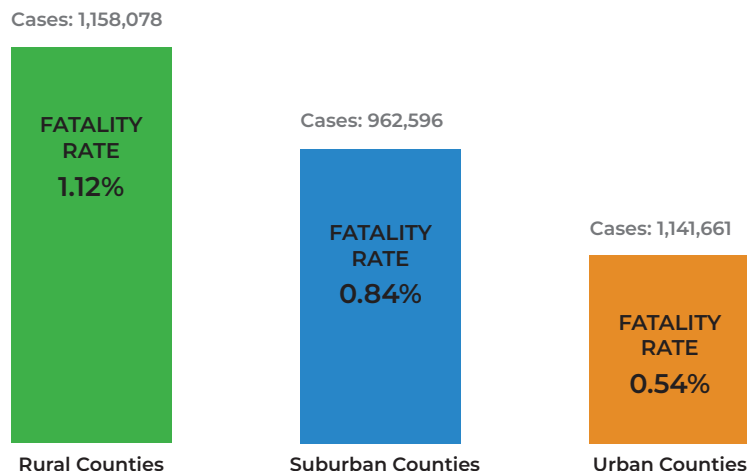


LONG-TERM IMPACT OF THE COVID-19 PANDEMIC ON RURAL PEOPLE

This driver addresses the impact of the COVID-19 pandemic on rural people and places.

COVID-19 has affected all communities and people in some way or another. Rural communities, as is often the case, were hit hardest by the challenges resulting from COVID-19. An already strained healthcare system was pushed, education suffered, and small businesses struggled to remain open. Rural communities across North Carolina have banded together to counteract these challenges, and progress has been made. Employment has started to rebound, taxable sales have increased and some communities have even started to see population growth. Still, the long-term impact of COVID-19 is evolving, and there will continue to be new challenges and opportunities for our rural communities.

CASE FATALITY RATE: 2022



**NATIONAL SMALL BUSINESS
EARNINGS DROPPED**

16% TO 19%

EARNINGS DECREASE WAS ESPECIALLY
PRONOUNCED FOR SMALL BUSINESSES
OWNED BY PEOPLE OF COLOR

FUNDAMENTAL FACTS:

- As of November 2022, the COVID-19 case fatality rate for rural North Carolina counties (1.12 percent) was twice as high as the rate in urban counties (0.54 percent) (chart at left).⁴³
- Statewide, almost all reading and math standardized test scores are worse than pre-pandemic scores, but they have started to improve.⁴⁴
- College undergraduate enrollment nationally was declining pre-pandemic, but an accelerated decline in enrollment occurred from 2020 to 2021 due to COVID-19.⁴⁵
- National small business earnings dropped between 16 percent and 19 percent, but the earnings decrease was especially pronounced for small businesses owned by people of color.⁴⁶
- Across the U.S., the cost of some infrastructure projects has increased to between 20 percent and 30 percent in just a year due to increased inflation brought about in part by COVID-19, along with other factors.⁴⁷
- For the first time in a decade, rural America saw a population increase from 2020 to 2021, at least partially due to relocations brought about by COVID-19.⁴⁸
- COVID-19 had a strong negative impact on rural employment, but employment numbers have largely recovered to pre-pandemic levels in rural North Carolina.⁴⁹

FOR THE FIRST TIME IN A DECADE

RURAL AMERICA SAW A POPULATION
INCREASE FROM 2020 TO 2021,

AT LEAST PARTIALLY DUE TO RELOCATIONS
BROUGHT ABOUT BY COVID-19.



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