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North Carolina
Economic Performance
Factbook

JUNE 2018

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Thirty years ago, Ronald Reagan made a powerful call...

“ **Mr. Gorbachev, tear down this wall.**

He was calling for an end to the barriers that keep citizens trapped in communist tyranny. And it worked. Soon the Berlin Wall fell, and the world rejoiced.

Today the barriers we fight are the ones erected by government that squelch innovation, limit opportunity, and prevent true flourishing.

The mission of the Civitas Institute is to fight to eliminate those barriers to freedom so that North Carolinians can live a better life.

We believe North Carolina can and should lead the nation to a future of unfettered opportunity without political favoritism. A future in which government barriers to the pursuit of happiness are hard to find.

Our vision is to be your indispensable ally in the pursuit of happiness free from government interference, and we fight to eliminate those barriers every day.

The Civitas Institute

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Letter from the President

Dear Friends,

I'm happy to present the inaugural edition of the North Carolina Economic Performance Factbook (NCEPF).

We all know that great policy depends on valuable information. Business, government and everyday citizens all need timely, accurate information to make informed decisions. Quality information is a necessity for business success, for efficient delivery of government services and for taxpayers to make sound decisions about their finances and families.

NCEPF fulfills that need for North Carolina. NCEPF not only collects information in key areas like demographics, the economy, taxes, business climate, state government and education, it also tells the story of North Carolina and the challenges we face.

NCEPF strengthens the Civitas Institute's commitment toward building a future where all North Carolinians have the opportunity to prosper and flourish.

We hope you find our factbook to be informative and share its content with others.

Donald Bryson

President, The Civitas Institute

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North Carolina: Our People

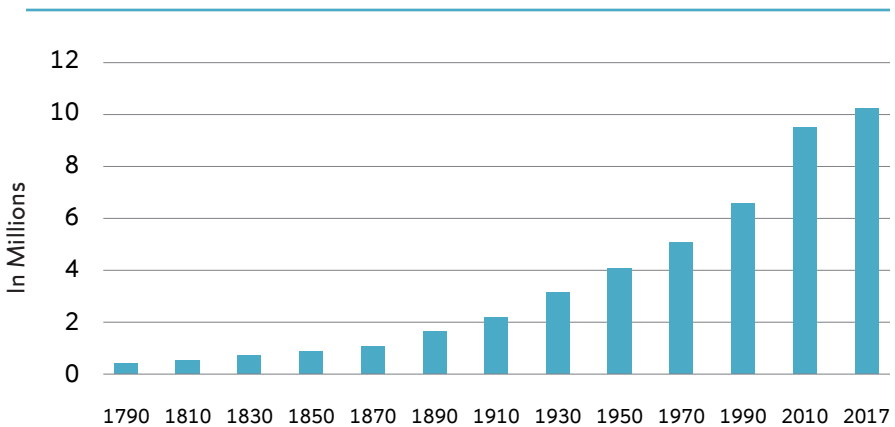
A growing state continues to attract newcomers



10.3 million

The North Carolina population reached 10.3 million in 2017.

North Carolina Population (1790-2017)



Source: U.S. Census Bureau and State population estimates.

By the Numbers

- 117,000 new residents since 2016 and 737,000 since 2010
- 5th largest population growth among states since 2016



64%

**of population growth since 2010
was due to net in-migration.**

Among the states, North Carolina had the 5th largest numeric increase since 2016. Only Texas (400,000), Florida (328,000), California (240,000), and Washington (125,000) gained more residents over the past year. With a growth rate of 1.1% since 2016, North Carolina continues to grow faster than the national average (0.7%), although it is not among the fastest-growing states. Between 2016 and 2017, North Carolina had the 12th highest growth rate.ⁱ

Source: Rebecca Tippett, UNC Carolina Demography Blog.

9th most populous

North Carolina is the 9th most populous state in the U.S.ⁱⁱ

10 Most Populous States

Rank	Name	2010	2017
1	California	37,254,518	39,536,653
2	Texas	25,146,100	28,304,596
3	Florida	18,804,594	20,984,400
4	New York	19,378,110	19,849,399
5	Pennsylvania	12,702,857	12,805,537
6	Illinois	12,831,565	12,802,023
7	Ohio	11,536,730	11,658,609
8	Georgia	9,688,690	10,429,379
9	North Carolina	9,535,721	10,273,419
10	Michigan	9,884,129	9,962,311

States with the Largest Numeric Population Growth Since 2016

Rank	Name	2016	2017	Numeric Growth Since 2016
1	Texas	27,904,862	28,304,596	399,734
2	Florida	20,656,589	20,984,400	327,811
3	California	39,296,476	39,536,653	240,177
4	Washington	7,280,934	7,405,743	124,809
5	North Carolina	10,156,689	10,273,419	116,730

The Faces of North Carolinaⁱⁱⁱ



71%
White



22.2%
African
American



1.6%
American
Indian



2.9%
Asian



0.1%
Hawaiian/
Pacific
Islander



9.2%
Hispanic or
Latino



7.7%
Foreign
Born



15.4%
Persons
Living in
Poverty

North Carolina Income



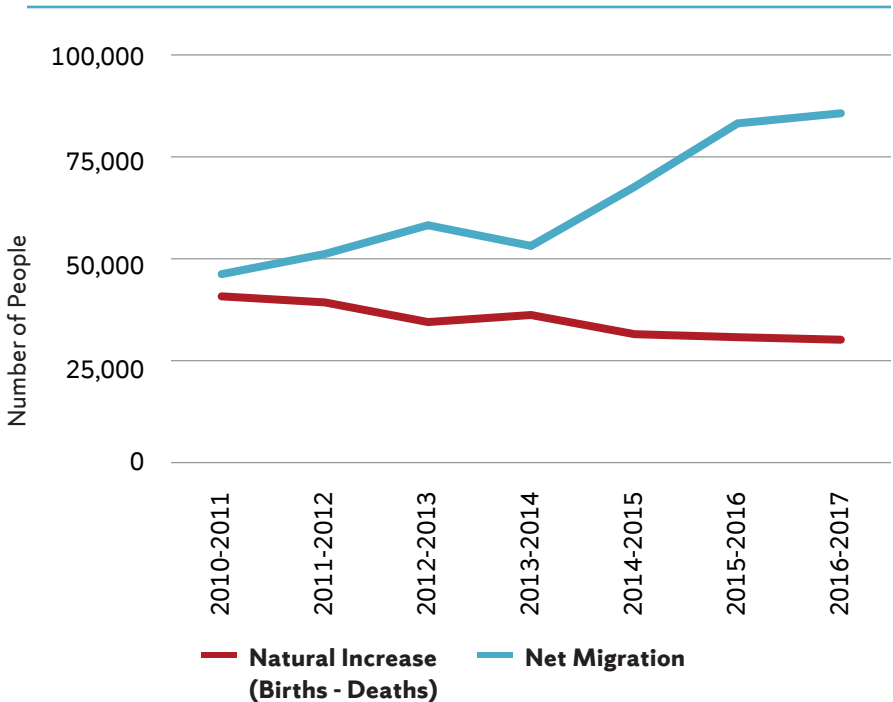
Median Household Income (2016)



Per Capita Personal Income (2016)

Source: 2012-2016 American Community Survey 5-year Estimates and Bureau of Economic Analysis, U.S. Department of Commerce. 2016 is latest figure available for median household income.

Annual Estimates of Components of Population Change (2010-2017)



Source: U.S. Census Bureau.

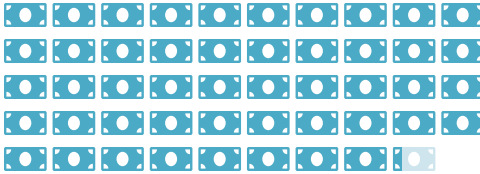
Since 2010, North Carolina's population has grown by more than 737,000 residents, an increase of 7.7%. 64% of this growth was due to net in-migration. In the most recent year, North Carolina received an estimated 86,200 net in-migrants (74% of total population growth). This was the largest year of in-migration for the state since the 2010 Census and was more in-migrants than received by any other state except for Florida, Texas, or Washington. Most of these in-migrants were domestic migrants (66,000), meaning that they moved to North Carolina from other states.

Source: Rebecca Tippet, UNC Carolina Demography Blog, December 20, 2017.



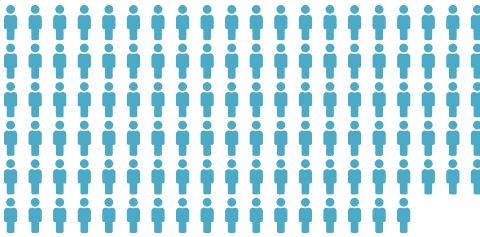
5th

North Carolina has the 5th largest population growth in the U.S.



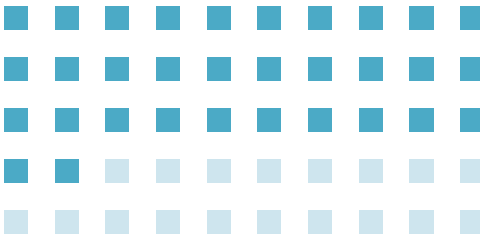
\$48,256

The North Carolina median household income is \$48,256.



117,000

North Carolina has 117,000 new residents since 2016.



64%

In North Carolina, 64% of new population growth since 2010 is due to in-migration.

The North Carolina Economy

America's 10th largest economy is diverse and expanding

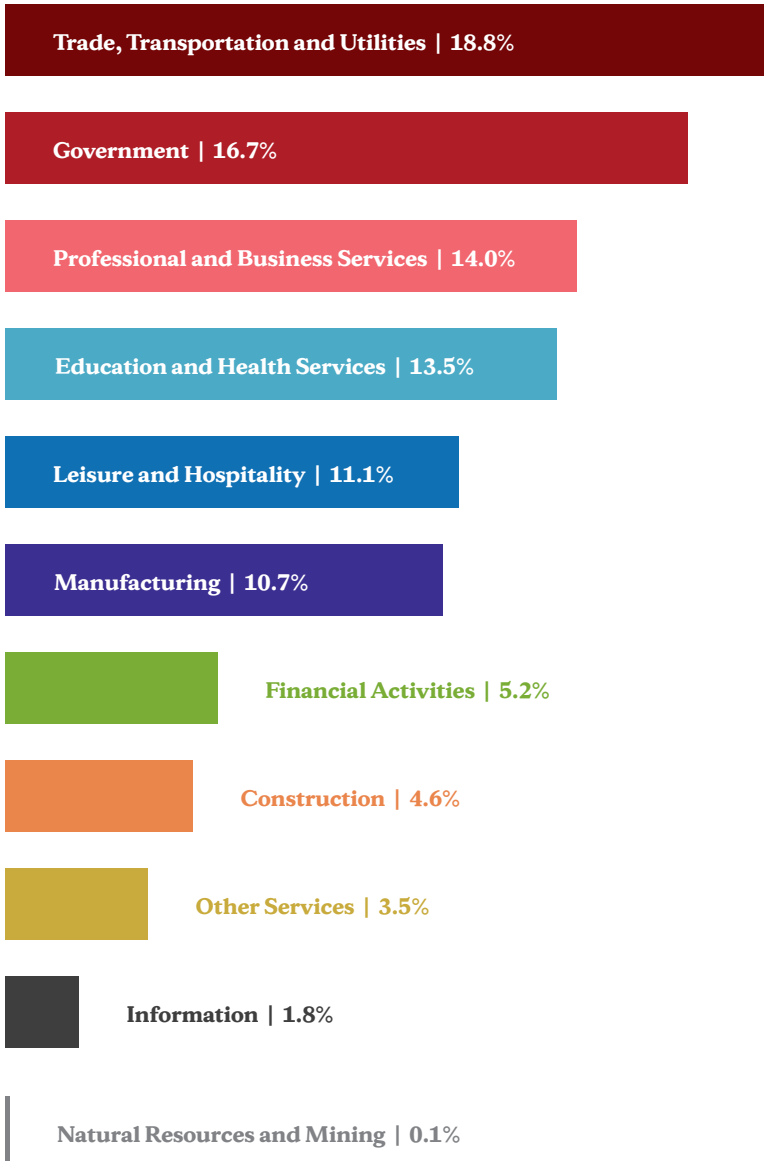


North Carolina has the 10th largest state economy

The North Carolina Economy

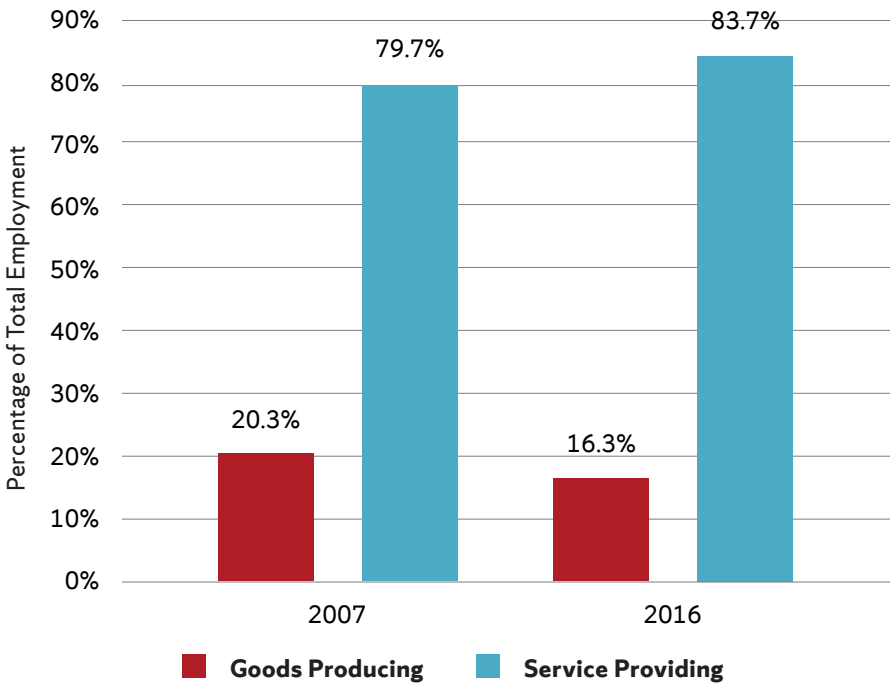
- In 2017, North Carolina's current dollar GDP was \$538.2 billion and ranked 10th in the U.S.^{iv}
- North Carolina's GDP is 24th largest in the world, between Sweden and Poland.^v
- North Carolina Workforce: 4,977,000^{vi}

North Carolina Economy: Employment Share by Industry^{vii}



North Carolina service sector continues to expand

Growth of Service Providing Industries in North Carolina (2007-2016)

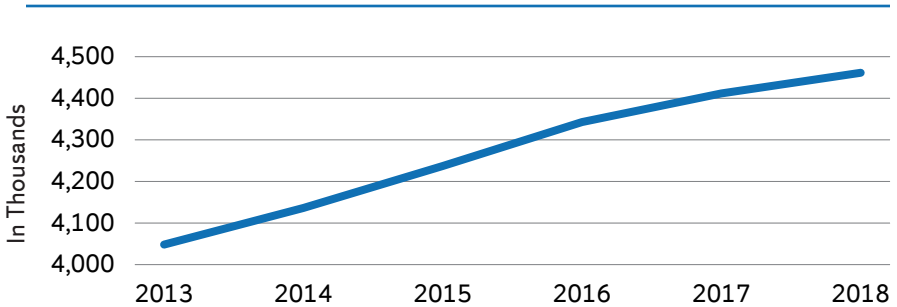


Source: North Carolina Annual Economic Report, 2016, published by the North Carolina Department of Commerce.

Nonfarm jobs continue to grow

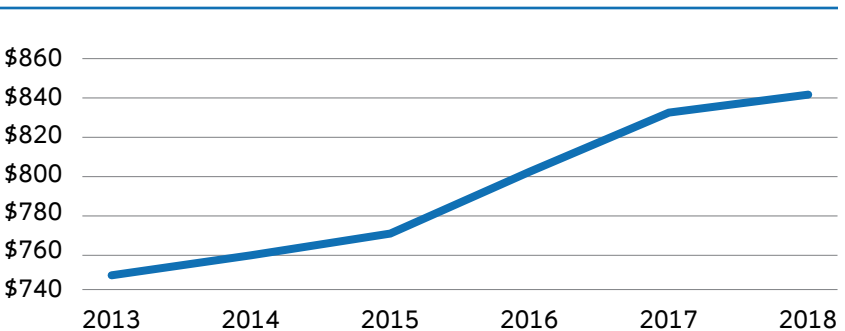
U.S. nonfarm jobs continue to grow. Average real weekly earnings grew to more than \$840 in 2018.

Total Nonfarm Jobs



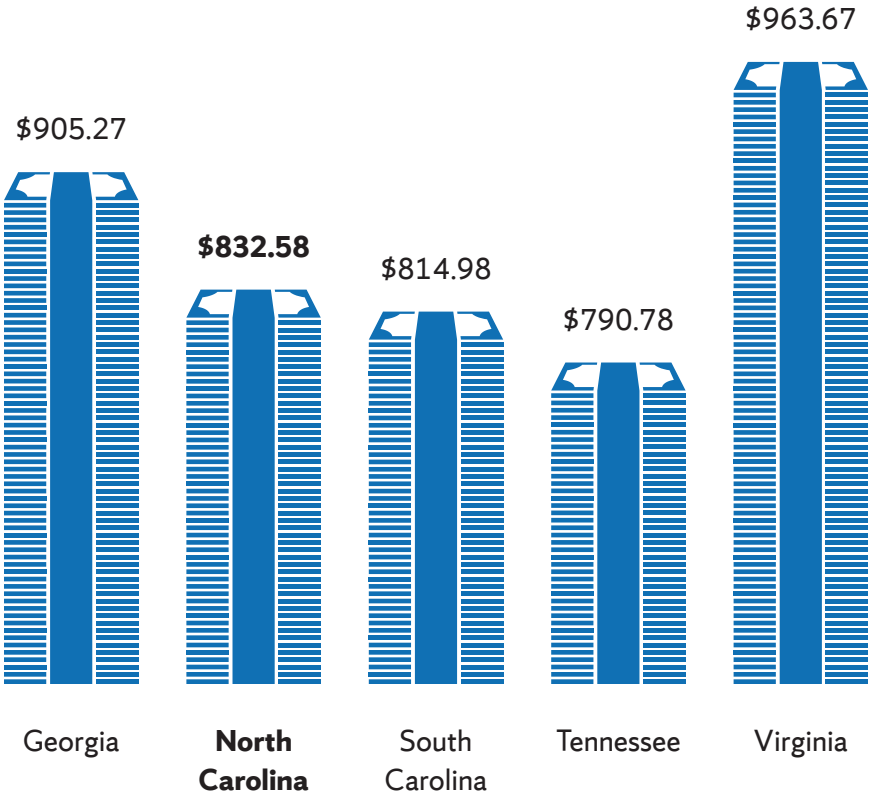
Source: Bureau of Labor Statistics, U.S. Department of Labor. 2018 figure is annualized estimate.

Average Weekly Earnings in North Carolina, Private Nonfarm Sector (2013-2018)



Source: Bureau of Labor Statistics, U.S. Department of Labor. 2018 figure is annualized estimate.

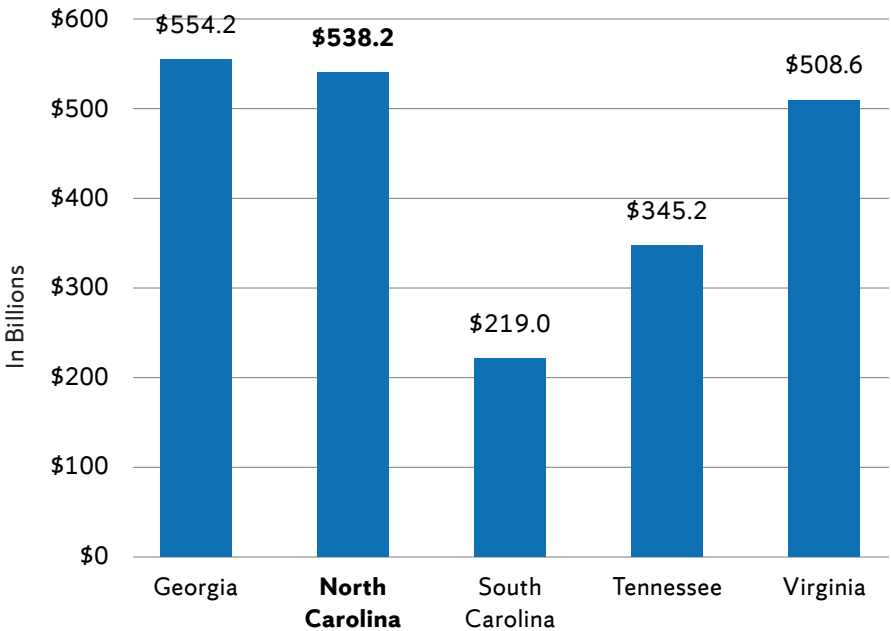
Average Weekly Earnings of Employees on Private Nonfarm Payrolls in North Carolina and Neighboring States (January 2018)



Source: Bureau of Labor Statistics. Table D-6, Average hours and earnings of all employees on private farm payrolls, by state and metropolitan area, not seasonally adjusted.

North Carolina has 2nd largest GDP when compared to neighboring states

GDP of North Carolina and Neighboring States (2017)

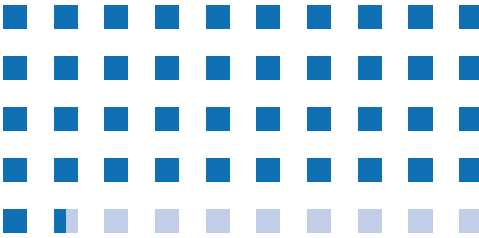


Source: Gross Domestic Product by State (in billions of current dollars). Bureau of Economic Analysis, U.S. Department of Commerce.



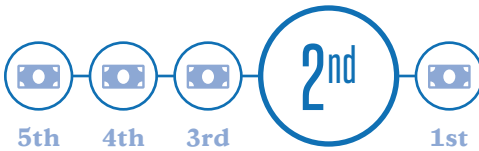
10th

North Carolina has the 10th largest state economy in the U.S.



83%

83% of workers are employed in the service sector.



2nd

North Carolina has 2nd largest GDP when compared with neighboring states.



3rd

North Carolina average weekly earnings are the 3rd highest when compared with neighboring states, behind Virginia and Georgia.

North Carolina Economic Performance

460,000 new jobs since 2012 have reduced unemployment and boosted GDP



North Carolina Economic Performance

- In 2017, North Carolina real GDP grew 2.3%, while real GDP for the nation grew at a rate of 2.1%.
- The 2007-2017 average annual growth rate for North Carolina's real GDP is 1.1%; the average annual growth rate for the nation is 1.3%.

Since 2012...



More than 460,000 net new jobs were created.

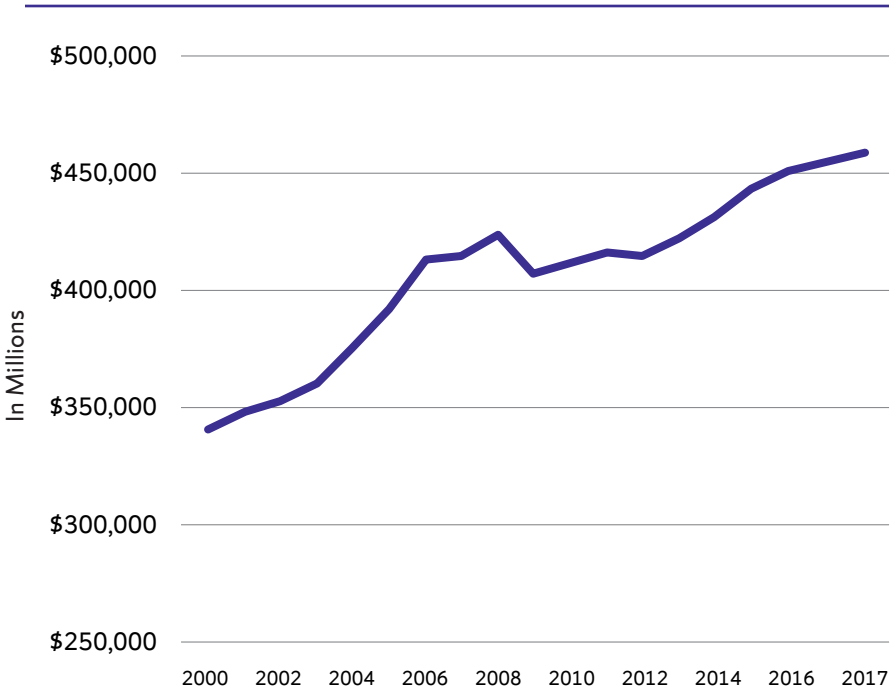


Unemployment rate declined from 9.2% to 4.5%.



Real GDP grew 10.5% or 2.1% annually, adjusted for inflation.

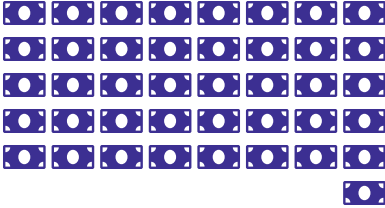
North Carolina Real GDP (2000-2017)*



Source: Real Gross Domestic Product, North Carolina, 2000-2017, Bureau of Economic Analysis, U.S. Department of Commerce. *In chained 2009 dollars. For an explanation of chained dollars see Endnotes.^{viii}

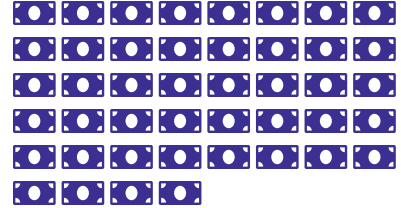
North Carolina Real Per Capita Personal Income (2015)

\$41,532*



U.S. Real Per Capita Personal Income (2015)

\$44,255



Source: Bureau of Economic Analysis, U.S. Department of Commerce.

*North Carolina and U.S. figures for 2015 Real Per Capita Personal Income represent inflation-adjusted dollars. 2015 latest available figure from Bureau of Economic Analysis.

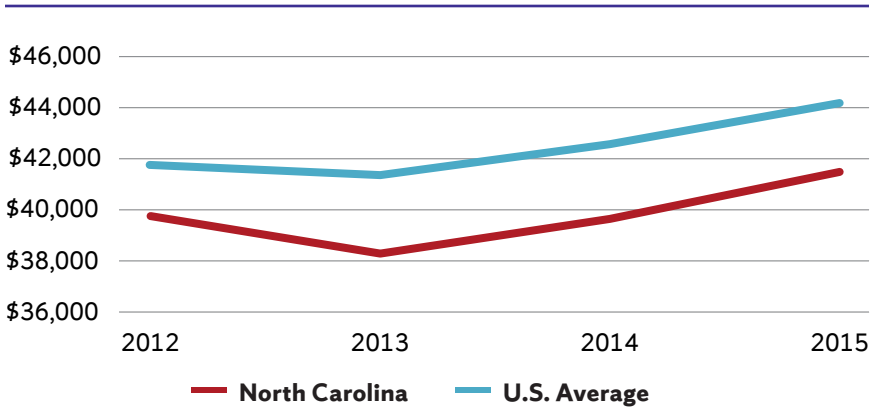
North Carolina and Neighboring States Per Capita Real GDP (2012-2017)*

	2011	2012	2013	2014	2015	2016	2017	Change
U.S. Average	\$47,595	\$48,173	\$48,538	\$49,339	\$50,323	\$50,708	\$51,337	6.6%
North Carolina	\$43,223	\$42,659	\$42,945	\$43,442	\$44,172	\$44,511	\$44,706	4.9%
Georgia	\$42,140	\$42,191	\$42,500	\$43,465	\$44,299	\$45,140	\$45,925	8.8%
South Carolina	\$35,609	\$35,346	\$35,701	\$36,301	\$36,917	\$37,075	\$37,637	6.4%
Tennessee	\$40,193	\$41,091	\$41,187	\$41,875	\$42,803	\$43,688	\$44,348	7.9%
Virginia	\$51,754	\$51,546	\$51,106	\$50,879	\$51,667	\$51,643	\$52,124	1.1%

Source: Bureau of Economic Analysis, U.S. Department of Commerce.

*In chained 2009 dollars. For an explanation of chained dollars see Endnotes.^{viii}

North Carolina Real Per Capita Personal Income (2012-2015)*



Source: Bureau of Economic Analysis, U.S. Department of Commerce.

*In chained 2009 dollars.

\$43,303*

In 2017, the North Carolina per capita personal income is \$43,303.

Source: Bureau of Economic Analysis, U.S. Department of Commerce.

*In current dollars.

North Carolina and Neighboring States Per Capita Personal Income (2017)*

U.S. Average	\$50,392	North Carolina	\$43,303	Georgia	\$43,270
South Carolina	\$40,421	Tennessee	\$44,266	Virginia	\$54,244

Source: Bureau of Economic Analysis, U.S. Department of Commerce.

*In current dollars.

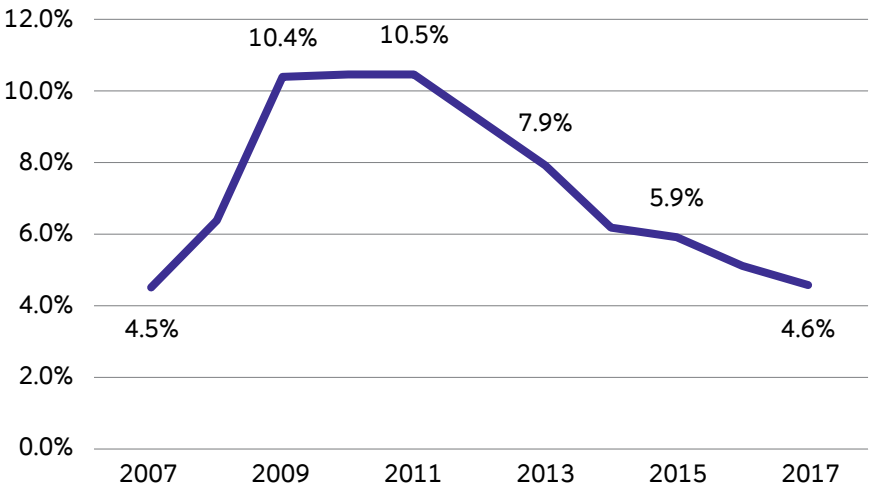
North Carolina and Neighboring States Percentage Change in Real Per Capita Personal Income (2012-2015)

U.S. Average	6.1%	North Carolina	4.5%	Georgia	7.4%
South Carolina	7.3%	Tennessee	6.4%	Virginia	3.1%

Source: Bureau of Economic Analysis, U.S. Department of Commerce.

The North Carolina unemployment rate has been cut in half since 2012

North Carolina Unemployment Rate (2007-2017)

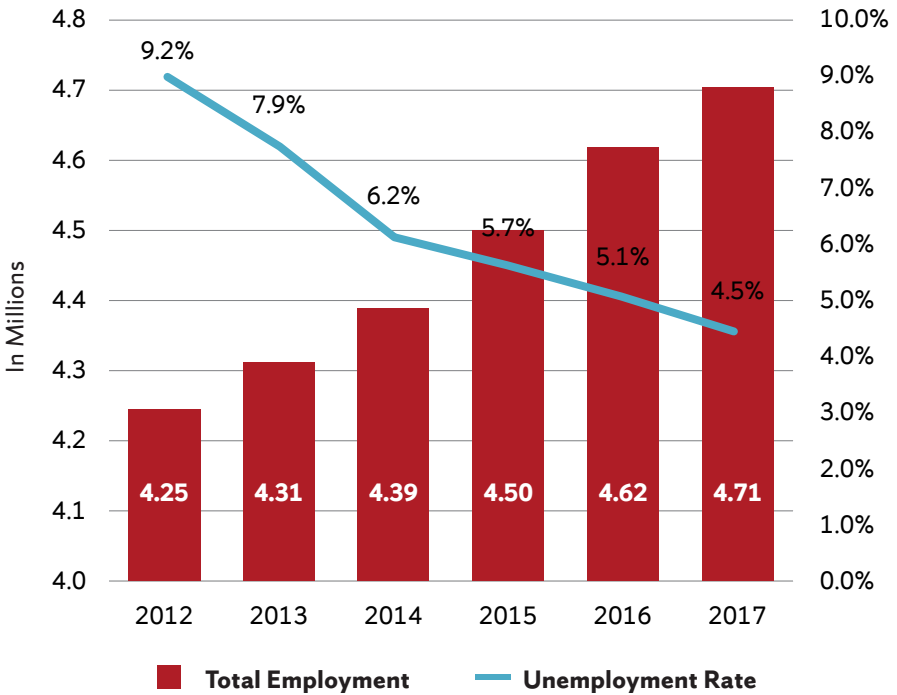


Source: Bureau of Economic Analysis, U.S. Department of Commerce.

460,000

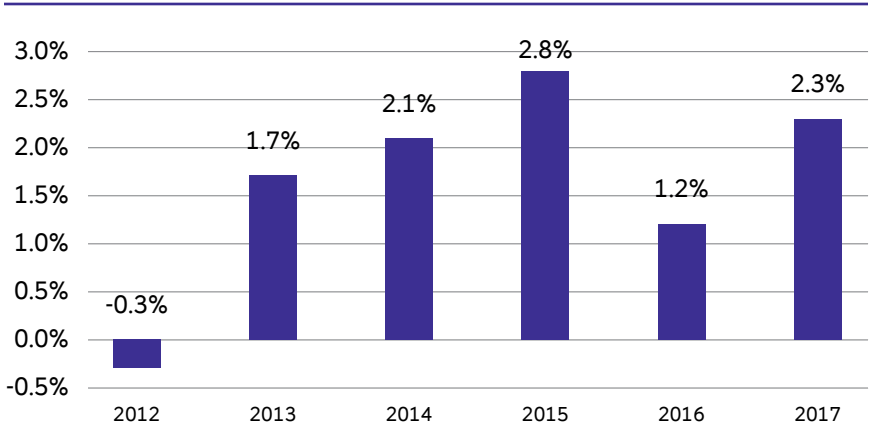
More than 460,000 jobs have been added since 2012 in North Carolina. The unemployment rate declined to 4.5%.

North Carolina Total Employment and Unemployment Rate (2012-2017)



Source: Bureau of Labor Statistics, U.S. Department of Labor.

North Carolina Percentage Change in Real GDP (2012-2017)



Source: Bureau of Economic Analysis, U.S. Department of Commerce.

North Carolina and Neighboring States Percentage Change in Real GDP (2012-2017)

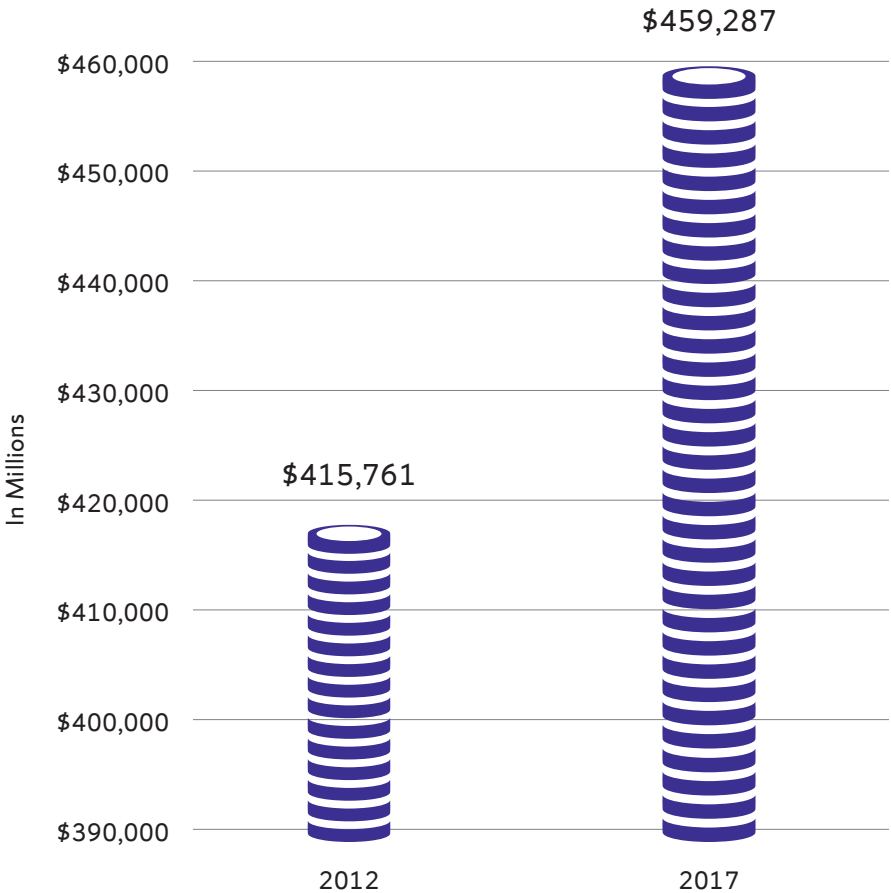
State	Average Percentage Change Since 2012	Average Percentage Change Since 2014
U.S. Average	2.0%	2.2%
North Carolina	1.6%	2.1%
Georgia	2.5%	3.1%
S. Carolina	2.2%	2.7%
Tennessee	2.5%	2.6%
Virginia	0.9%	1.1%

- Since 2014, average North Carolina real GDP growth has been 2.1% annually.

Source: Bureau of Economic Analysis, U.S. Department of Commerce.

North Carolina real GDP is up 10.4% since 2012

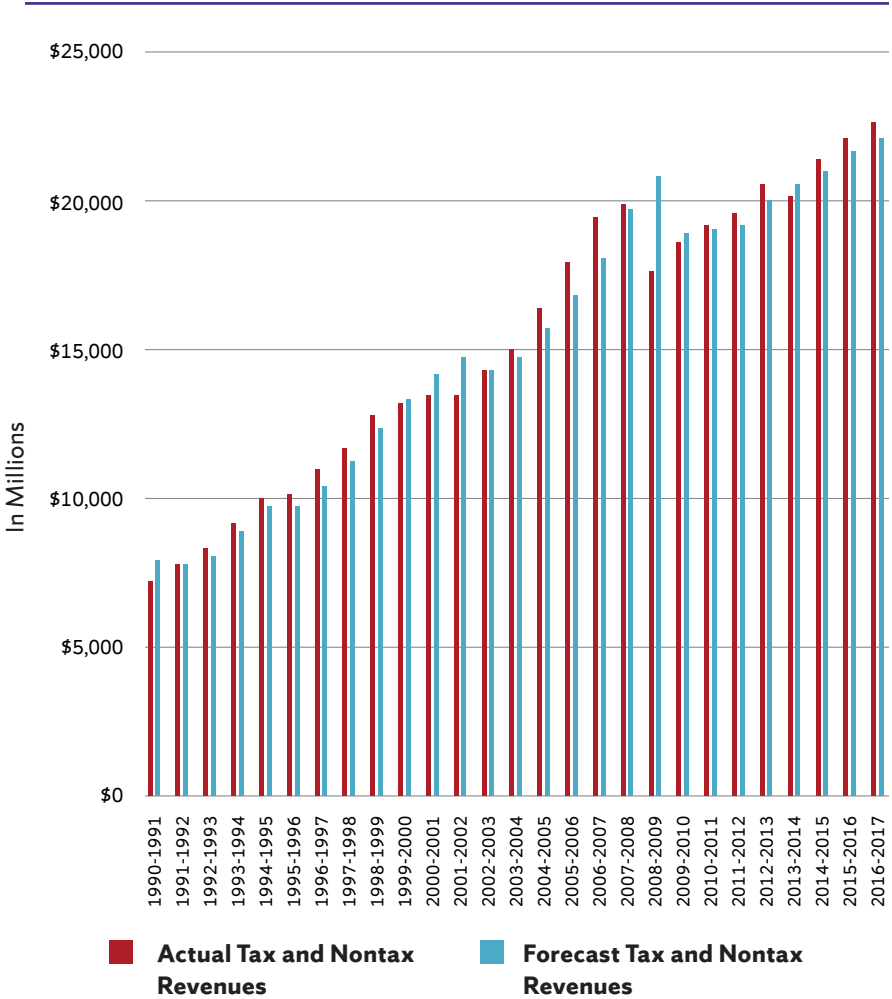
North Carolina Real GDP (2012-2017)*



Source: Bureau of Economic Analysis, U.S. Department of Commerce.

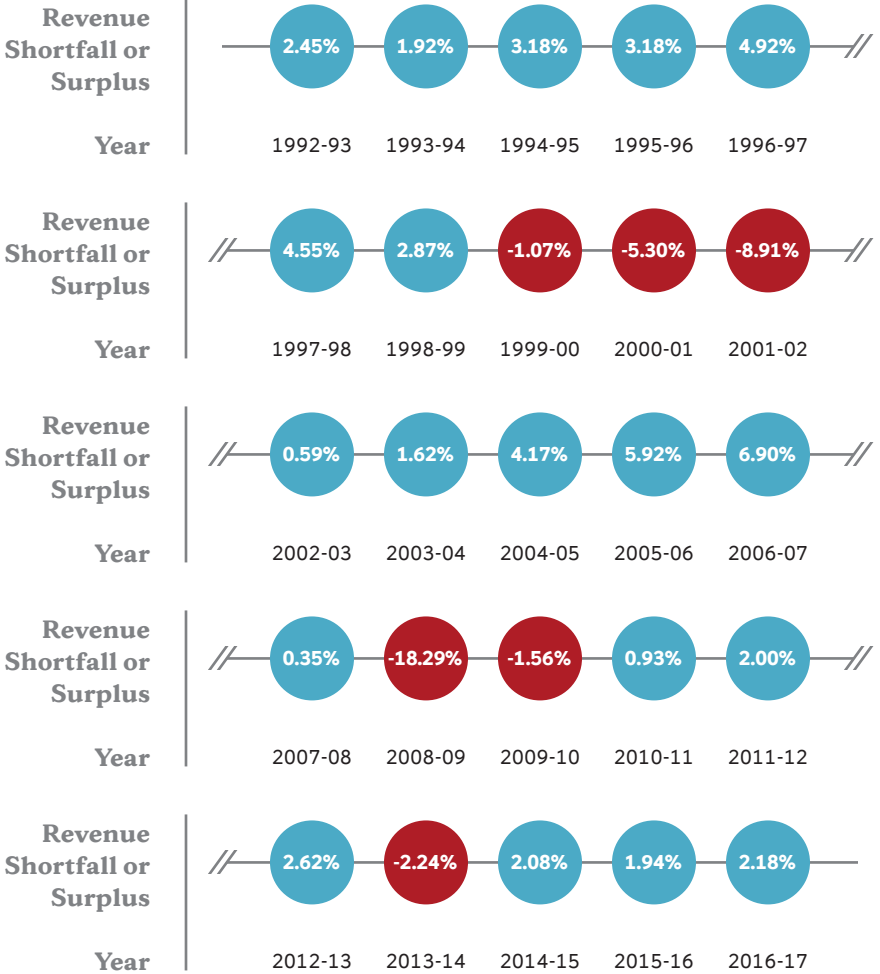
*In chained 2009 dollars.

North Carolina Actual Tax Revenue vs. Forecasted Revenue (1990-1991 to 2016-2017)

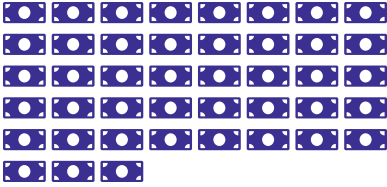


Source: North Carolina State Budget, Post Legislative Summary, 2013-15, Appendix Table 3D and General Fund Monthly Financial Report for June 2015 and 2014 and Fiscal Year-to-Date, June 2017 and 2016 and Fiscal Year-to-Date.

Percentage Difference Between Actual Year End and Forecasted Year End Revenue (1990-1991 to 2016-2017)



Source: North Carolina State Budget, Post Legislative Summary, 2013-15, Appendix Table 3D and General Fund Monthly Financial Report for June 2015 and 2014 and Fiscal Year To-Date, June 2017 and 2016 and Fiscal Year-to-Date.



\$43,303

In 2017, North Carolina's per capita personal income was \$43,303.



2.1%

North Carolina has had an average real GDP growth of 2.1% since 2014.



460,000

More than 460,000 jobs have been added since 2012 in North Carolina.



4.5%

Since 2012 the unemployment rate declined from 9.2% to 4.5% in North Carolina.



6 of the last 7

6 of the last 7 fiscal years ended with a revenue surplus.

North Carolina Taxes

Tax reductions put money in taxpayers' pockets and attract businesses



Income and corporate taxes account for 58% of all General Fund revenue ^{ix}

State General Fund: Tax Revenue by Source (2015-2016) ^x

Tax	Revenue Raised	Percentage of All Revenue
Individual Income Taxes	11,905,157,743	53.8%
Sales and Use Taxes	6,559,483,149	29.6%
Corporate Income Taxes	1,058,215,438	4.8%
Franchise Taxes	524,268,294	2.4%
Insurance Taxes	485,088,157	2.2%
Alcohol Beverage Taxes	340,096,582	1.5%
Tobacco Taxes	257,433,563	1.1%
All Other Taxes	162,058,957	4.6%
Total Tax Revenue	21,291,801,883	100.0%

\$26 billion

In 2016, North Carolina collected over \$26 billion in tax revenue. This figure includes total General Fund taxes and transportation taxes. ^{xi}

North Carolina State Tax Revenue by Year ^{xii}



North Carolina lowers top income tax rate

Over the period 2012-2018, the top individual income tax rate in North Carolina declined from 7.75% (2012) to 5.499% (2018). Over the time period 2012-2016 (latest data available) revenue from the individual income tax increased 15.8%.

Top Marginal Income Tax Rates for Individuals in North Carolina (2012-2019)*



Source: Marginal Income Tax Rates, Tax Foundation for selected years.

*2019 rate decline passed as part of 2017 -18 budget legislation. Rate will decline if revenue requirements are met.

2nd lowest

North Carolina has the 2nd lowest income taxes in when compared with neighboring states.

Individual Income Tax Rates of Neighboring States (2012 and 2017) ^{xiii}

State	Top Marginal Income Tax Rate (2012)	Ranking	North Carolina and Neighboring States Ranking
Georgia	6.00%	40	4
North Carolina	7.75%	43	5
South Carolina	7.00%	39	3
Tennessee	0.00%*	8	1
Virginia	5.75%	37	2

Source: Tax Foundation State Individual Income Tax Rates, Tax Foundation (for various years).

State	Top Marginal Tax Rate on Personal Income (2017)	Ranking	North Carolina and Neighboring States Ranking
Georgia	6.00%	42	5
North Carolina	5.49%	13	2
South Carolina	7.00%	41	4
Tennessee	0.00%	8	1
Virginia	5.75%	40	3

Source: Tax Foundation State Individual Income Tax Rates, Tax Foundation (for various years).

\$11.9 billion

North Carolina collects \$11.9 billion from individual income taxes.

North Carolina Income Tax Revenue (2012-2016)

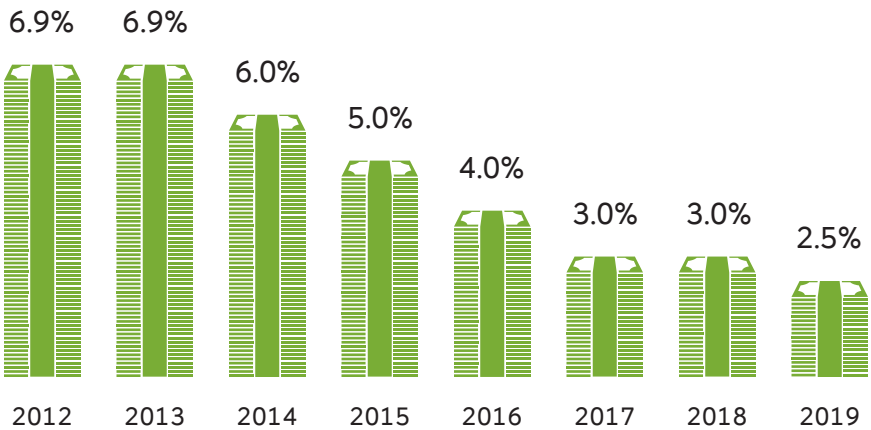


Source: North Carolina Department of Revenue.

North Carolina Corporate Income Taxes

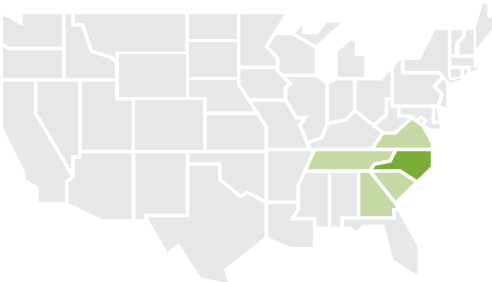
- Since 2012 North Carolina corporate taxes declined from 6.9% (2012) to 3.0% (2018). Revenue collected from the corporate tax declined 6.0%.

North Carolina Top Marginal Corporate Tax Rates (2012-2019)*



Source: Corporate Income Tax Rates, Tax Foundation for selected years.

*2019 tax rate reduction approved as part of 2017 budget legislation and dependent upon general revenue requirements being met.



North Carolina has the lowest corporate tax rate when compared with neighboring states

Corporate Tax Rates in North Carolina and Neighboring States (2012 and 2017) ^{xiv}

State	Top Corp Tax Rate (2012)	U.S. Ranking	North Carolina and Neighboring States Ranking
Georgia	6.00%	9	2
North Carolina	6.90%	29	5
South Carolina	5.00%	10	3
Tennessee	6.50%	13	4
Virginia	6.00%	6	1

Source: State Corporate Income Tax Rates (for specific years), published by Tax Foundation.

State	Top Corp Tax Rate (2017)	U.S. Ranking	North Carolina and Neighboring States Ranking
Georgia	6.00%	10	3
North Carolina	3.00%	4	1
South Carolina	5.00%	15	4
Tennessee	6.50%	22	5
Virginia	6.00%	6	2

Source: State Corporate Income Tax Rates (for specific years), published by Tax Foundation.

North Carolina Corporate Tax Revenue by Year

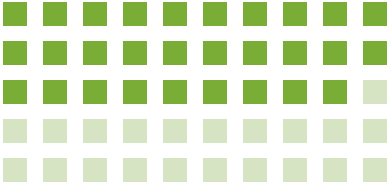


Source: North Carolina Department of Revenue.



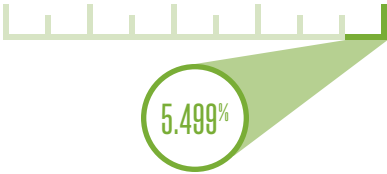
\$26 billion

The total tax revenue collected in North Carolina in 2016 was \$26 billion.



58.0%

Income and corporate taxes account for 58% of all General Fund revenue.



5.499%

The top marginal rate for individual income taxes in North Carolina is 5.499%.



15.8%

Since passage of tax legislation, revenue from income tax has increased 15.8%.



3.0%

The top corporate tax rate is 3.0%, which is the lowest when compared with neighboring states and the lowest of any state that taxes corporate income.

North Carolina Business Climate

Tax changes improve business climate and commerce takes notice



North Carolina Corporate Income Taxes

- Lowest State and Business Tax Burden
Source: 2016 Ernest and Young.
- 5th Lowest Effective Tax Rate for Mature Corporate Headquarters
Source: Tax Foundation and KPMG 2015.
- Lowest Tax Rate among states that tax corporate income

**11th
overall**

North Carolina is the 11th overall most competitive business tax climate by Tax Foundation, up from 44th in 2012

**3rd
overall**

North Carolina is the 3rd overall most competitive business tax climate by Corporate Income Tax

**13th
overall**

North Carolina is the 13th overall most competitive business tax climate by Personal Income Tax

Source: 2018 State Business Tax Climate Index, Tax Foundation.

What Do Others Say?



North Carolina Best State for Business

North Carolina has built one of the country's strongest business climates over the past two decades, fueled by low business costs, incentives and a young, educated workforce, many of whom have been trained at the strong universities in the state and Research Triangle Park. Migration rates into the state are among the highest in the U.S. annually. The Tar Heel State is the only one to rank among the top five on FORBES' Best States for Business for 12 straight years, but it never reached the top rung until now.

Forbes, November 18, 2017



Study: North Carolina Is Best State for Starting a Business

North Carolina came out on top in a new study of the best states to start a business. The study, conducted by Fit Small Business, cited the state's labor market and taxes as driving an ideal environment for business owners.

Triangle Business Journal, July 7, 2017



North Carolina 3rd State for Business, Chief Executive Magazine

North Carolina was ranked among the best states for business in Chief Executive magazine's 13th annual Best and Worst States for Business Survey, which was released today...North Carolina ranked No. 6 for workforce quality and No.7 for living environment. Additionally, states were ranked by industry. North Carolina ranked No.3 for tech and No. 4 for manufacturing.

Orlando Business Journal, May 10, 2017

“

North Carolina 15th in Fiscal Condition Rank

On the basis of its fiscal solvency in five separate categories, North Carolina is ranked 15th among the U.S. states for fiscal health... North Carolina's long-run position is stronger than the average for the states. On a long-run basis, North Carolina's fiscal position is significantly improved.

Mercatus Center and George Mason University: Ranking of States by Fiscal Condition, 2017 Edition

“

North Carolina Rises from 9th to 5th in 2016 CNBC Business Ranking

Commerce Secretary John Skvarla III considered the overall higher ranking as another sign that “business leaders consistently recognize that North Carolina is an outstanding place to do business.

The CNBC ranking is just the latest example of our strength, highlighting the many competitive factors North Carolina offers companies so they can be successful.”

Winston-Salem Journal, July 14, 2016

“

North Carolina Gets Top Ten Ranking for Positive Economic Outlook

North Carolina was seventh-best among states for its economic outlook, says the 2018 edition of the American Legislative Exchange Council's Rich States, Poor States. North Carolina didn't reach the top 10 for economic performance, but it was close at 11th. The economic performance index looks at a state's ranking in state gross domestic product, absolute domestic migration, and nonfarm payroll employment. While the economic performance index looks to the past, the economic outlook index looks to the potential impact of tax rates, regulatory burden, and labor policies.

Carolina Journal, April 24, 2018

North Carolina State Government

Where does the money come from and how is it spent?



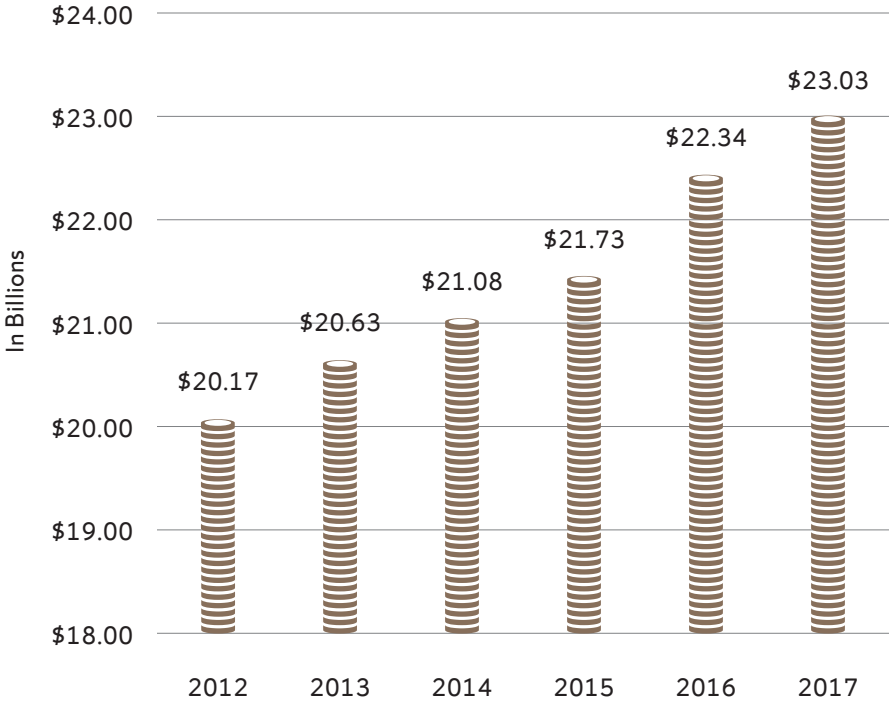
\$23.03 billion

North Carolina has a \$23.03 billion state budget.

83,820 state employees

North Carolina has 83,820 state employees.^{xv}

North Carolina State Budget ^{xvi}



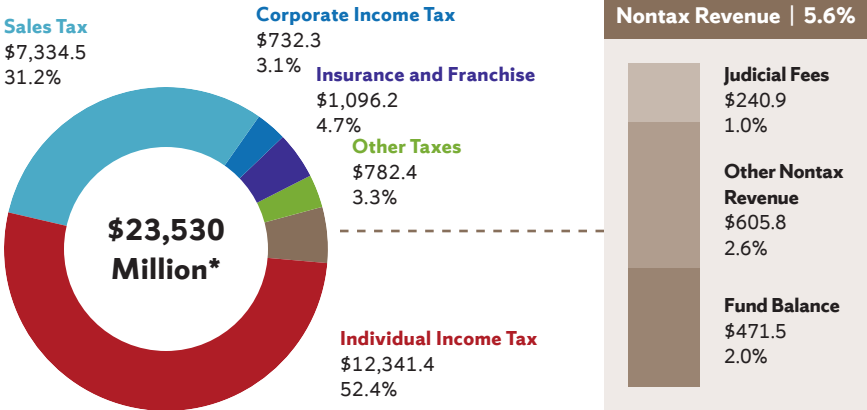
Source: Joint Conference Committee Report on the Base, Capital and Expansion Budget, for specific years.

2.3%

Since 2012, the North Carolina state budget grew at an average annual rate of 2.3%.

Source: Joint Conference Committee Report on the Base, Capital and Expansion Budgets, for selected years. Fiscal Research Division of North Carolina General Assembly.

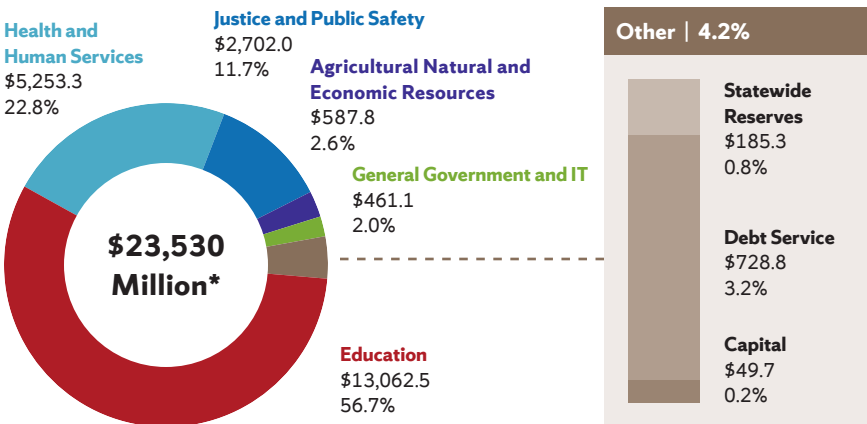
State Budget: Where Does the Money Come From? (Fiscal Year 2017-18 Budget)



Source: Fiscal Research Division, North Carolina General Assembly.

*Net of \$75 million transfer to Medicaid Transformation Fund; reflects general purpose revenue and does not include agency receipts.

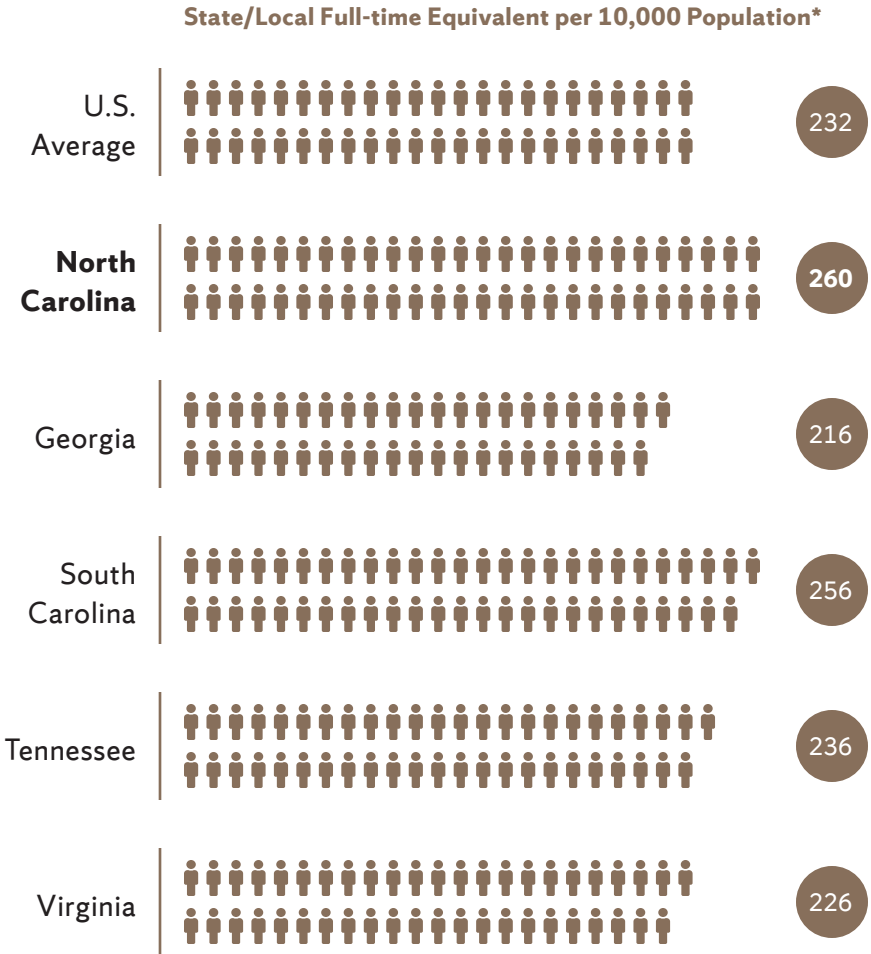
State Budget: Where Does the Money Go? (Fiscal Year 2017-18 Budget)



Source: Fiscal Research Division, North Carolina General Assembly.

*General Fund appropriations made from general purpose revenue; does not include appropriations made from agency receipts.

Number of Government Employees (2014)



Source: Governing calculations of U.S. Census Bureau 2014 Annual Survey of Public Employment and Payroll data.

*Figures represent aggregate totals for noneducation public employees.

State and Local Government Gross Public Debt, Ranked by Percentage of GDP ^{xvii}



New York State
HIGHEST DEBT
22.26%
 8.92% State Debt
 13.34% Local Debt



Wyoming
LOWEST DEBT
5.16%
 1.85% State Debt
 3.30% Local Debt



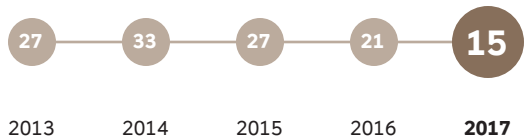
North Carolina
2ND LOWEST DEBT
9.23%
 3.06% State Debt
 6.17% Local Debt

State Fiscal Condition

- Mercatus Center Ranking North Carolina's Fiscal Condition
- 50 states and Puerto Rico ranked in terms of the state's fiscal condition

Mercatus State Fiscal Condition Ranking

Year



North Carolina Fiscal Rankings (2017) ^{xviii}

 **29th**
Cash Solvency

 **5th**
Budget Solvency

 **8th**
Long-Run Solvency

 **17th**
Service Level Solvency

 **7th**
Trust Fund Solvency

Source: Mercatus Center: Ranking the Fiscal Condition of the 50 States (for specific years).

Assessing State Government: Administration



North Carolina ranked 23rd of Best and Worst Run States in America (2017) ^{xix}

North Carolina Administration Rankings (2017)



5.1%

Unemployment
(16th Highest)



95.5%

Pension Funded Ratio
(4th Highest)



AAA

Credit Rating and
Outlook (Stable)



15.4%

Poverty
(13th Highest)

Best and Worst Run States in America

North Carolina
Ranking

Year

27

29

19

24

23

23

2012

2013

2014

2015

2016

2017

Source: 24/7 Wall Street, for specific years

North Carolina State Budget Highlights (2012-2017)

- Over the past five years, North Carolina state budget has grown at an annual rate of 2.3%, generally lower than the rate of population growth plus inflation.
- North Carolina has a budget surplus of \$450 million due to tax reductions; its projected 2018 surplus is \$252 million.
- There were four consecutive revenue surpluses, including \$357.6 million in 2017-18.

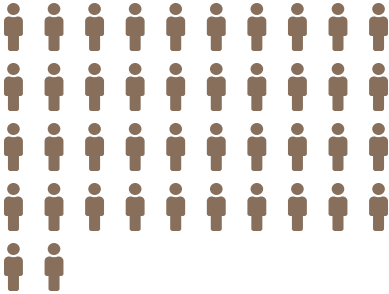
North Carolina State Budget Highlights (2012-2017)

- Paid off \$2.75 billion in Federal Unemployment loans.
- Added \$364 million to rainy day fund. Balance at record \$1.8 billion.
- 2017: Businesses saving \$700 million in unemployment taxes per year thanks to early repayment of federal debt.
- Lowered the individual and corporate tax rates and increased the standard deduction for individual income taxes. When reforms are fully implemented by 2017-18 they will have saved taxpayers \$4.7 billion.
- Raised the average teacher salary -- from all fund sources -- to over \$50,000. When the value of health and retirement benefits is included for full-time teachers, value of compensation is more than \$67,000.
- Provided \$35 million for performance-based raises for principals and assistant principals.
- Established pay-as-you-go Capital and Infrastructure Fund effective July 1, 2019.
- Added \$100 million to hurricane disaster recovery, supplementing \$200 million already appropriated by the legislature.
- Creation of a Needs-based Public-School Capital Fund with \$30 million from Education Lottery funds.
- Froze undergraduate tuition for students at all UNC schools who graduate in four years. Capped increases in student fees at 3%. Reduced tuition to \$500 per semester for in-state students at ECSU, UNC-Pembroke and WCU.
- Tripled funding for digital resources and textbooks to \$71 million.



2.3%

The average annual growth rate of the North Carolina state budget since 2012 is 2.3%.



83,820

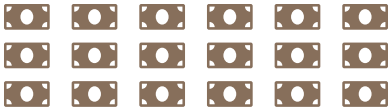
North Carolina has 83,820 state employees.



15th

North Carolina ranks 15th in the U.S. for fiscal condition.

Source: Mercatus Center at George Mason University, 2017.



\$1.8 billion

The balance in North Carolina's "Rainy Day" fund is \$1.8 billion as of Spring, 2018.

Source: Fiscal Survey of the States, (See Table 31), National Association of State Budget Officers, Spring 2018.

North Carolina Education

The state focuses on better teacher pay, better outcomes and expanding parental choice



\$13.1 billion

North Carolina public schools spent \$13.1 billion on education in 2016-17.

\$8.93 billion | **State Funding (2017-18)**

\$9,172 | **Average Per Pupil Expenditure (2016-17)**

Source: Statistical Profile, Public Schools of North Carolina.

By the Numbers: North Carolina Public Schools (2017-18)

Traditional Public Schools

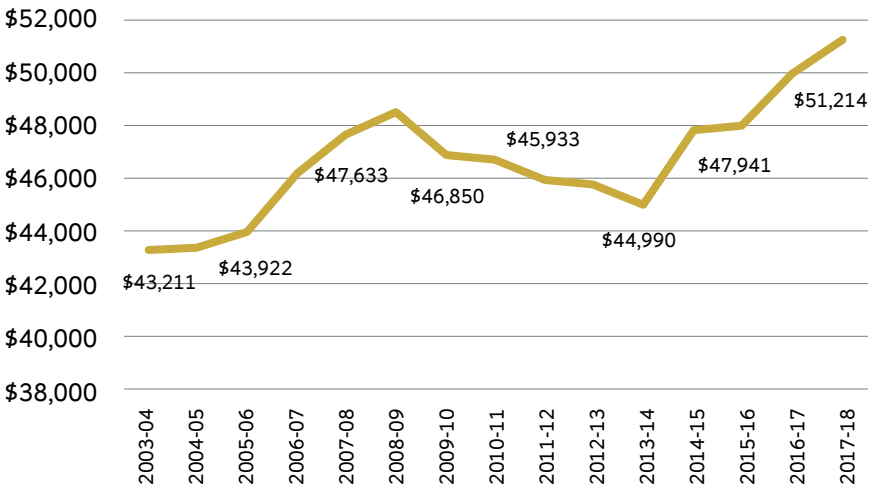
Total Number	2,463
Student Enrollment	1,450,949
Teachers	94,117
Total Staff	173,598

Charter Schools

173	Total Number
101,689	Student Enrollment
6,358	Teachers
9,719	Total Staff
\$580.7 million	State Funds

Source: Highlights of the North Carolina Public School Budget, February 2018.

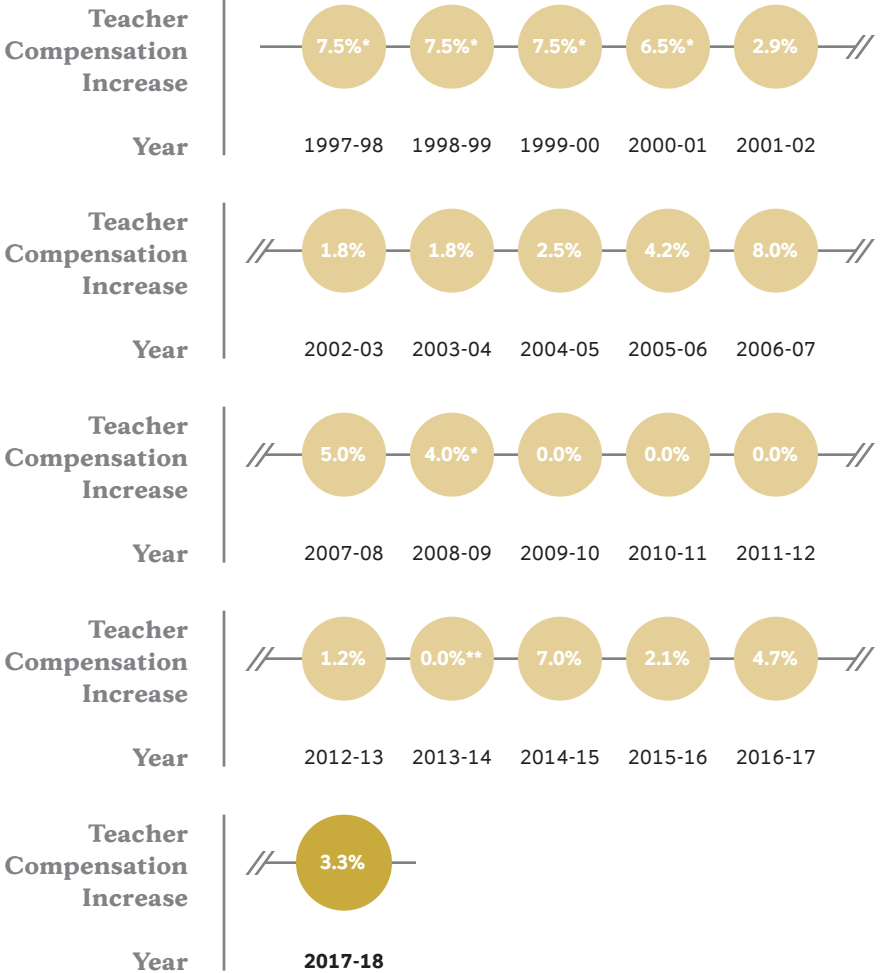
North Carolina Average Teacher Salary



- The North Carolina average teacher salary in 2017-18 was \$51,214.

Source: Highlights of the North Carolina Public School Budget, February 2018.

North Carolina Average Teacher Compensation Increase (1997-98 to 2017-18)

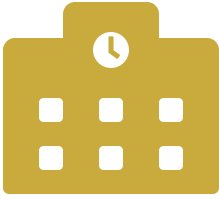


Source: Highlights of the North Carolina Public School Budget, 2018. Published by the North Carolina Department of Public Instruction.

*Teachers received varying raises depending on years of experience.

**Full-time state employees received an additional 5 days vacation.

Public School Funding



63.1%

State Funding



11.1%

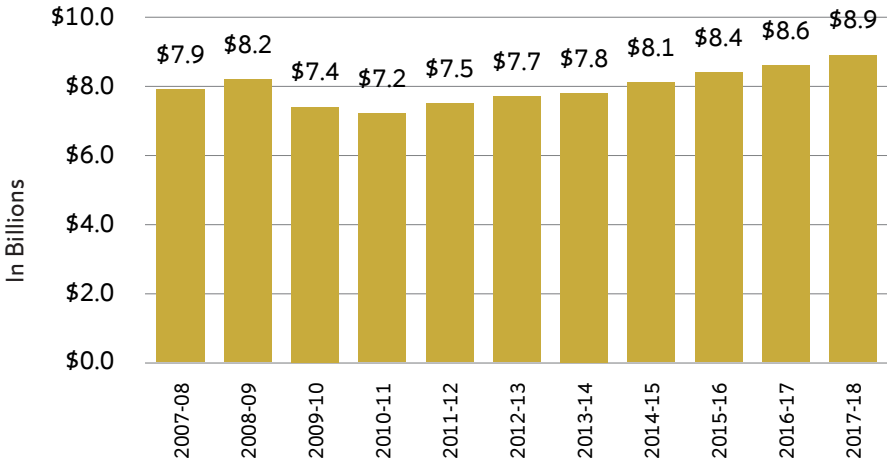
Federal Funding



25.8%

Local Funding

North Carolina General Fund Appropriations for K-12 Public Education



Source: Highlights of the North Carolina Public School Budget, 2018, published by North Carolina Department of Public Instruction.

Public School Funding (2017-18)



\$9.6 billion

Total State Funding
Requirements for Education

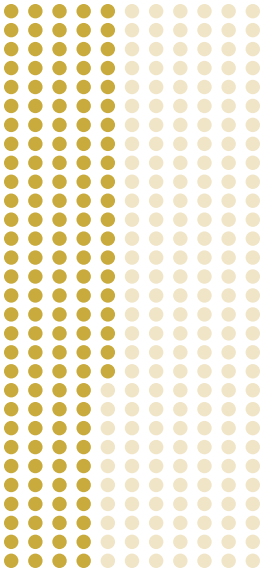


\$8.9 billion

State Funding

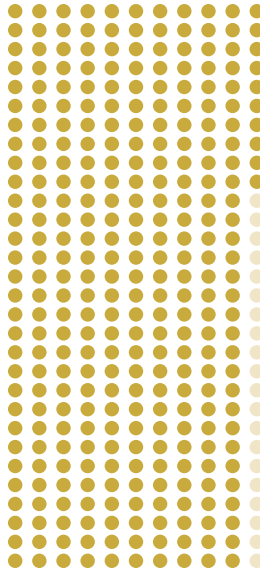
- Difference of \$670 million funded by revenue receipts (e.g. North Carolina Education Lottery, civil penalties, sales tax refunds and surplus sales)

Source: *Highlights of the North Carolina Public School Budget, 2018*, published by North Carolina Department of Public Instruction.



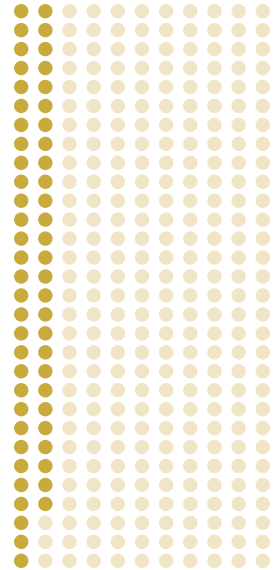
\$1.4 billion

Federal Funding



\$3.1 billion

Local Funding



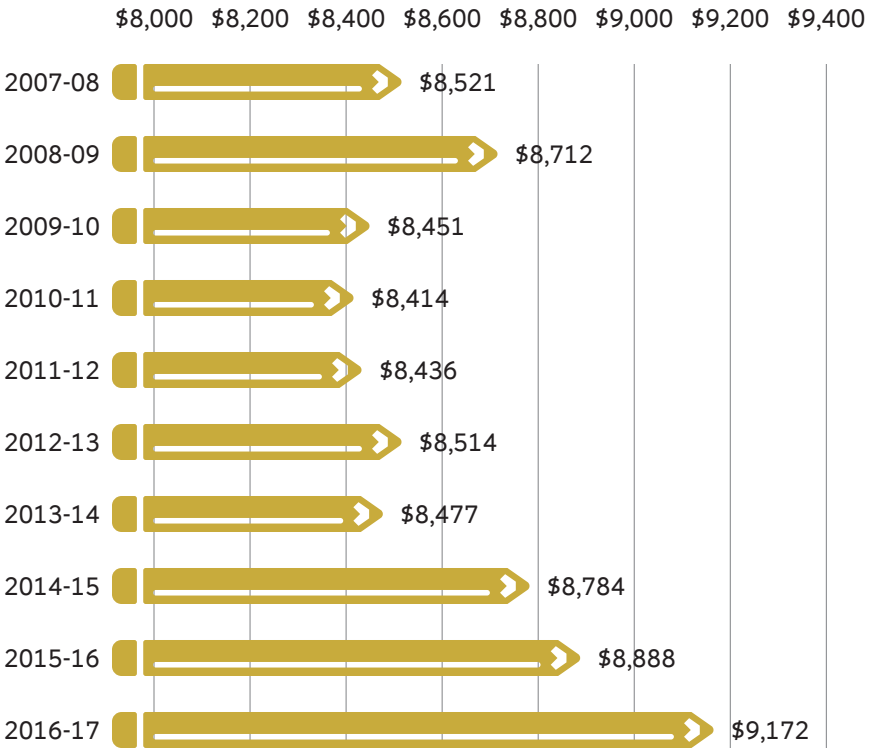
\$568 million

Revenue from
North Carolina
Education Lottery

\$9,172

North Carolina spends \$9,172 per pupil.

North Carolina Per Pupil Expenditures for K-12 Public Schools



Source: Statistical Profile Online, North Carolina Public Schools.

ACT Academic Performance (2017)

North Carolina		U.S.	
Composite Mean	19.1	21.0	Composite Mean
English Mean	17.8	20.3	English Mean
Percentage Met English Benchmark	46%	61%	Percentage Met English Benchmark
Math Mean	19.3	20.7	Math Mean
Percentage Met Math Benchmark	30%	41%	Percentage Met Math Benchmark
Reading Mean	19.6	21.4	Reading Mean
Percentage Met Reading Benchmark	36%	47%	Percentage Met Reading Benchmark
Science Mean	19.3	21.0	Science Mean
Percentage Met Science Benchmark	27%	37%	Percentage Met Science Benchmark

Source: ACT Profile Report.

State	Percentage of Graduates Tested	Average Composite Score	Average English Score	Average Math Score	Average Reading Score	Average Science Score
U.S. Average	60%	21.0	20.3	20.7	21.4	21.0
North Carolina	100%	19.1	17.8	19.3	19.6	19.3
Georgia	55%	21.4	21.0	20.9	22.0	21.3
South Carolina	100%	18.7	17.5	18.6	19.1	18.9
Tennessee	100%	19.8	19.5	19.2	20.1	19.9
Virginia	29%	23.8	23.5	23.3	24.6	23.5

Source: ACT Profile Report.

SAT Academic Performance

North Carolina		U.S.	
Verbal Mean	542	527	Verbal Mean
Math Mean	532	517	Math Mean
Total Mean	1074	1044	Total Mean
Test Takers	44,325	1,426,258	Test Takers

Source: North Carolina Department of Public Instruction.

For school year 2016-17....



86.5%

4-Year High School
Graduate Rate



2.3%

Dropout Rate



11,097

Number of Dropouts

Source: North Carolina Department of Public Instruction.

North Carolina Graduation Rates by Category (2016-17)

Subgroups	Graduated	Total	Percentage
All Students	100,164	115,730	86.5%
Male	49,167	58,885	83.5%
Female	50,997	56,844	89.7%
American Indian	1,376	1,633	84.3%
Asian	2,904	3,905	93.8%
Black	25,893	30,855	83.9%
Hispanic	12,307	15,279	80.5%
Two or More Races	3,464	4,110	84.3%
White	54,114	60,630	89.3%
Economically Disadvantaged	38,029	46,465	81.8%
Limited English Proficiency	1,674	2,884	58.0%
Students with Disabilities	8,600	12,229	70.3%
Academically Gifted	-	19,561	>95.0%

Source: North Carolina Department of Public Instruction.

Changes in North Carolina School Enrollment (2006-07 to 2016-17) ^{xx}

	2016-17	2006-07
Total Enrollment	1,771,950	1,598,117
Change	173,833	-
Percentage Change	+10.8%	-
Traditional Public Schools	1,454,290	1,405,455
Change	48,835	-
Percentage Change	+3.4%	-
Percentage of Total Enrollment	82.0%	88.0%
Charter Schools	89,228	29,170
Change	60,058	-
Percentage Change	+205.8%	-
Percentage of Total Enrollment	5.0%	2.0%
Private Schools	100,585	94,785
Change	5,800	-
Percentage Change	+6.1%	-
Percentage of Total Enrollment	5.0%	6.0%
Home Schools	127,847	68,707
Change	59,140	-
Percentage Change	+86.0%	-
Percentage of Total Enrollment	7.0%	4.0%

Source: North Carolina Department of Public Instruction and Office of Non-Public Education, North Carolina Department of Administration.

Private School Choice Programs^{xxi}

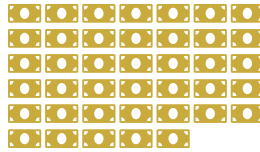
Opportunity Scholarship Program

Started in 2014, the Opportunity Scholarship Program provides low and middle-income students up to \$4,200 per academic year, for private school tuition.



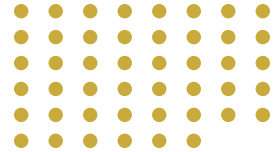
6,452

Students Participating



\$4,042

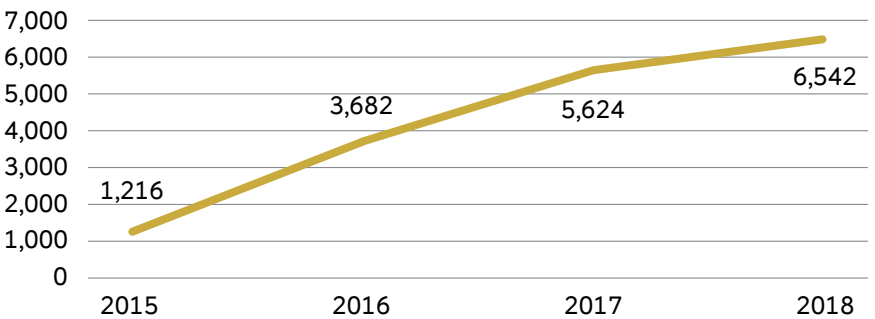
Average Annual Award



457

Schools Participating

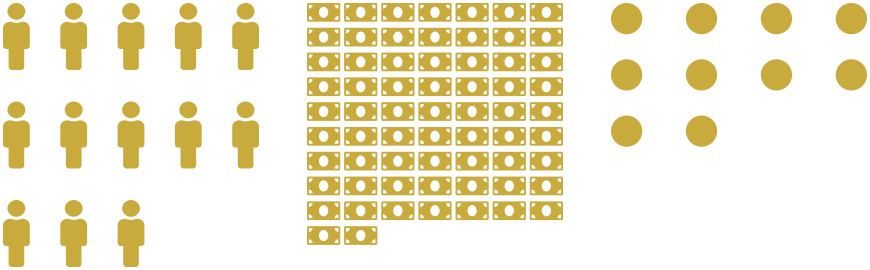
North Carolina Opportunity Scholarship Recipients (2015-18)



Source: ABCs of School Choice, 2018 Edition, published by edchoice.org.

Special Needs Scholarship

Started in 2014, the Special Needs Scholarship provides vouchers of up to \$4,000 per semester for private school tuition.



1,323

Students Participating

\$6,508

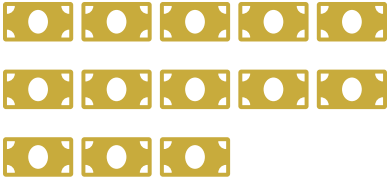
Average Annual Award

102

Schools Participating

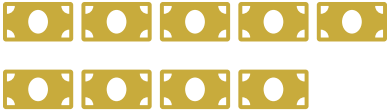
Personal Education Savings Account

Started in 2018, the Personal Education Savings Account Provides parents of special needs students accounts of up to \$9,000 to use for tuition, other educational expenses or therapies. The program will begin operating in Fall of 2018.



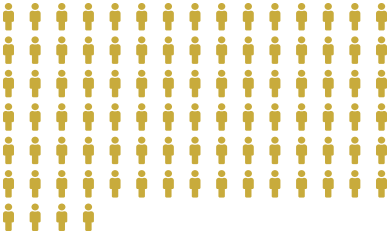
\$13.1 billion

The total amount North Carolina public schools spent to educate students in 2016-17 was \$13.1 billion.



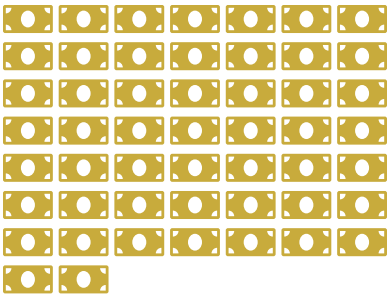
\$9,172

The North Carolina per pupil spending in 2016-17 was \$9,172.



94,000

There are 94,000 North Carolina public school teachers.



\$51,214

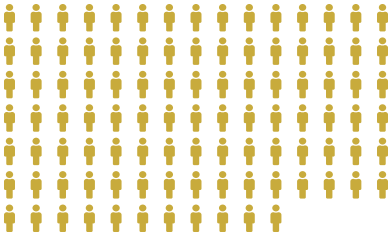
The average North Carolina teacher salary is \$51,214.

Source: Statistical Profile, Public Schools of North Carolina, Highlights of the North Carolina Public School Budget, 2018, published by the North Carolina Department of Public Instruction.



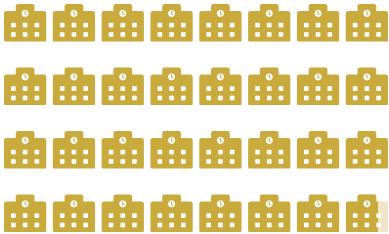
6%

There was a 6% decline in students attending traditional public schools over the last decade.



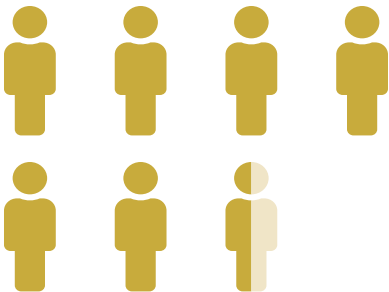
101,689

There were 101,689 students in charter schools in 2016-17.



316,000

There were 316,00 students attending charter, private and home schools in North Carolina.



6,452

There were 6,452 recipients of the North Carolina Opportunity Scholarship .

Source: Highlights of North Carolina Public School Budget (for various years); Office of Non-Public Schools, Statistical Reports for Home School and Private Schools (for various years), North Carolina Department of Administration.

- ⁱ Carolina Demography Blog, December 20, 2017, Rebecca Tippet, Director, Carolina Population Center, UNC-Chapel Hill.
- ⁱⁱ Annual Estimates of the Resident Population for the United States, Regions, States, and Puerto Rico: April 1, 2010 to July 1, 2017, U.S. Census Bureau, Population Division. December 2017. Available online at: <https://www.census.gov/data/datasets/2017/demo/popest/state-total.html>.
- ⁱⁱⁱ U.S. Bureau of Census Quick Facts North Carolina. Available online: <https://www.census.gov/quickfacts/fact/table/NC/RHI525216>.
Note: 2016 population estimates are used. Also, since Hispanics may be of any race, figures will add to more than 100%.
- ^{iv} Bureau of Economic Analysis, U.S. Department of Commerce, Gross Domestic Product by State (millions in current dollars).
- ^v List of countries by GDP (nominal), International Monetary Fund (2017).
- ^{vi} Bureau of Labor Statistics, U.S. Department of Labor.
- ^{vii} Federal Reserve Bank of Richmond, Regional Profiles, Economic Profile - North Carolina, July 2017.
- ^{viii} Chained dollars is a method of adjusting real dollar amounts for inflation over time, to allow comparison of figures from different years. The U.S. Department of Commerce introduced the chained-dollar measure in 1996. Chained dollars generally reflect dollar figures computed with 2009 as the base year.
- ^{ix} Statistical Abstract 2016, Part II Summary of State General Fund Revenue Collections, Table II, North Carolina Department of Revenue. Available online at: <https://www.ncdor.gov/statistical-abstract-2016-part-ii-summary-state-general-fund-revenue-collections>.
- ^x Statistical Abstract 2016: Table II: Tax Revenue by Source. Available online at: https://files.nc.gov/ncdor/documents/reports/table2_2016.pdf.

- ^{xi} State imposed taxes include all taxes imposed under Chapter 105 of the Revenue Laws of North Carolina including the 3% highway use tax, 3% motor vehicle lease tax, motor fuels taxes (including gasoline and oil inspection fees), related taxes imposed under other statutes, and payroll (unemployment insurance) taxes imposed under Chapter 96 of the North Carolina General Statutes. Motor vehicle registrations, driver licenses, and various other state licenses and fees are excluded. Tax amounts are net collections before deduction of local shares, certain reimbursements to local governments, and transfers to special funds. Sources: Bureau of Economic Analysis, GDP by State, Regional Economic Accounts, November 21, 2017.
- ^{xii} Statistical Abstract 2016: Taxes and North Carolina Gross Domestic Product, Table I, North Carolina Department of Revenue Available online at: <https://www.ncdor.gov/documents/statistical-abstract-2016-taxes-and-north-carolina-gross-domestic-product>.
- ^{xiii} State Individual Income Tax Rates, Tax Foundation (for selected years). Available online at: <https://taxfoundation.org/>.
Note: Tennessee has no individual income tax but does tax income earned from interest and dividends at 6%. For ranking purposes, Tennessee has 0% tax on individual income.
- ^{xiv} State Corporate Income Tax Rates (for specific years), published by Tax Foundation.
- ^{xv} North Carolina State Government Employee Statistics, Office of State Human Resources. Available online at: <https://oshr.nc.gov/work-for-nc/north-carolina-state-government-employee-statistics>.
- ^{xvi} Fiscal Research Division of the North Carolina General Assembly, Budget Legislation. Available online at: https://www.ncleg.net/FiscalResearch/Budget_Legislation/budget_legislation.html.
- ^{xvii} Figures from: https://www.usgovernmentspending.com/spending_by_state.
- ^{xviii} Mercatus Center: Ranking the Fiscal Condition of the Fifty States (for specific years). Access online at: <https://www.mercatus.org/statefiscalrankings>.

- ^{xix} “Best and Worst Run States in America: A Survey of All 50 States” by 24/7 Wall Street based on financial health, standard of living and government services. Access online at: <https://247wallst.com/special-report/2017/12/06/the-best-and-worst-run-states-in-america-a-survey-of-all-50-5/2/>.
- ^{xx} North Carolina Department of Public Instruction and Office of Non-Public Education, North Carolina Department of Administration.
- ^{xxi} For additional factual and statistical information about school choice programs in North Carolina see Office of Non-Public Education, North Carolina Department of Administration and ABCs of School Choice 2018 Edition, published by Edchoice.org. Available online at: <https://www.edchoice.org/wp-content/uploads/2018/01/ABCs-of-School-Choice-2018-Edition-1.pdf#page=7>.



CIVITAS

INSTITUTE

The Civitas Institute

Founded in 2005, the Civitas Institute is a Raleigh, North Carolina-based, 501(c)(3) policy organization. The Civitas Institute fights to remove barriers to freedom so that all North Carolinians can enjoy a better life.

How do we do this? By exposing the truth about state government, the mainstream media won't tell you; by holding elected officials accountable when they support policies to expand government, and by persistently fighting to give voice to those who feel they're not being heard.

The Civitas Institute

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