



ANNUAL REPORT 2015

Competitive Business Climate



Entrepreneurship & Innovation



Securing
North Carolina's
Future

Letter from President



Since the launch of *North Carolina Vision 2030* in 2013, the NC Chamber Foundation has been leading initiatives to provide solutions-oriented policy recommendations and to track North

Carolina's progress on the four Pillars of a Secure Future – Education and Talent Supply, Competitive Business Climate, Entrepreneurship and Innovation, and Infrastructure and Growth Leadership. Our efforts remain focused on three priorities: 1) studying North Carolina's most pressing challenges related to the Pillars of a Secure Future; 2) hiring policy expertise where needed; 3) keeping score via NC Dashboard 2030 and the Competitiveness Redbook.

When the North Carolina Chamber board of directors adopted *North Carolina Vision 2030* in 2013, it was with the expectation that it would be a living document. This year, the North Carolina Chamber Foundation dove into each pillar and outlined a road map for realizing the business community's vision. Key economic advisors, business leaders and issue experts were consulted to establish realistic steps that need to be taken, year by year, to achieve the vision's long-term plan for success.

In addition to the important work of crafting *North Carolina Vision 2030 2.0*, the North Carolina Chamber Foundation continued its efforts to provide solutions for closing our states skills gap by certifying communities across the state as NCWorks Certified Work Ready Communities. The release of our study on transportation funding reform was used to inform a debate that ultimately led to generational reforms and the study we commissioned on our state's tax reform showcases crucial progress toward the goals outlined in *North Carolina Vision 2030*.

This has been a busy year for the North Carolina Chamber Foundation as we study, evaluate and recommend solutions on many of the most pressing challenges employers face today. The success of our foundation is dependent entirely upon the involvement, guidance and investment of companies and organizations across the state. We look forward to building on our momentum and working together to secure North Carolina's future.

Sincerely,

James T. Simpson, CAE
President
North Carolina Chamber Foundation

Informing Discussions with Realistic Solutions Paving the Way for Long-Term Transportation Funding Reform

North Carolina is one of the fastest growing states in the nation, with our population projected to reach 12 million by 2030. For a number of years now, the business community and other pro-growth leaders have recognized the daunting challenge that an underfunded transportation network poses to a competitive future for North Carolina.

With that in mind, the NC Chamber Foundation commissioned the Institute for Transportation Research and Education at NC State University to conduct a study to find a solution that provides a diversified, stable and economically efficient revenue model that will meet North Carolina's long-term transportation needs, as well as address current challenges. *Diversifying Revenues to Improve Commerce and Economic Prosperity* identified 16 recommendations for alternative funding methods and demonstrated the tremendous economic benefit that would be generated if we right-sized our investments.

When the North Carolina Chamber Foundation released the study, the North

Carolina Chamber team used it to educate leaders from across the state on the reality North Carolina is facing. Once informed, North Carolina's elected officials passed generational reform – the first such policy implemented in North Carolina since 1989.

Transportation funding reform priorities passed in the budget will end the annual \$216-million transfer from the Highway Fund to the General Fund, adding \$708 million in new, recurring transportation revenue every two years.

The budget also gives the NC Ports Authority \$70 million to support modernization efforts – the first state appropriation ever awarded to this important program. We are encouraged by this signal from our elected leaders, as North Carolina will need to continue to modernize these important outlets connecting us to overseas markets if we hope to transition from a regional competitor to a global innovator.

Also of significance, after a hard-fought victory, Senate Bill 20 was signed into law in March. The measures in S20 established a

\$.34 floor to the motor fuels tax and created a new formula so that this transportation revenue option is more sustainable for growth. This effort saved \$450 million in transportation revenues that, without action, would have come out of the underfunded network. In conjunction with the transportation funding reforms, this translates to \$1.2 billion in additional revenue availability over the biennium and helps secure the transportation network over the next few years.

This process is a clear example of the way the North Carolina Chamber Foundation is putting policy over politics and driving important discussions by providing timely, realistic solutions.

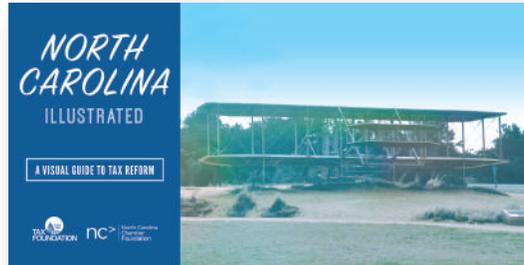
Driving Solutions to Increase Transportation Funding

Pavement Preservation increased by \$40 Million	Contract Resurfacing increased by \$149 Million
Port Modernization increased to \$70 Million	Bridge Program increased to \$445 Million
Secondary Road Maintenance increased by \$36 Million	

Studying the Impact of Recent Successes

In 2013, North Carolina lawmakers adopted legislation that fundamentally restructured the state's tax code. The package included tax cuts for individuals and businesses, a simplified and more neutral tax system, and a stabilized revenue stream that better reflects North Carolina's modern economy. The tax climate is an integral component of our state's competitive business climate. With such major reforms implemented, the North Carolina Chamber Foundation saw value in an analysis of how taxpayers can contextualize the dramatic changes that took place and what the overall impact has been. Has North Carolina truly become a more competitive state as a result of the reforms?

The North Carolina Chamber Foundation commissioned the nonpartisan Tax Foundation to release *North Carolina Illustrated: A Visual Guide to Tax Reform*. This interactive report examines North Carolina's tax system before and after the 2013 tax reforms, and illustrates how the reforms have repositioned North Carolina's standing among competitor states.



"North Carolina's efforts in 2013 resulted in one of the most meaningful state tax reforms in the last twenty years," said Tax Foundation Economist and Director of State Projects Scott Drenkard. "Our new report accomplishes the difficult task of reviewing exactly what happened and what the impact has been, which hopefully provides state policymakers and taxpayers with the knowledge needed to continue improving their fiscal system."

The report is filled with nearly 40 different charts, graphs and maps, each with its own important story. Together, the data and analysis combines to hold up a mirror and provide a holistic view of North Carolina's tax reform efforts.

Protecting HIRE Standards

The North Carolina Chamber Foundation leads the Hire Standards, NC coalition to educate North Carolinians on the importance of high academic standards - joining the voices of our state's military, teachers, business leaders, police chiefs, parents and local chambers of commerce.

Throughout 2015, the Hire Standards, NC team has monitored the work of the Academic Standards Review Commission and kept coalition members informed. At various points in the standards review process, both the Hire Standards, NC

coalition and the NC Chamber have submitted recommendations to the commission. In addition, the Hire Standards, NC team has worked with other education groups, especially educators, to produce additional emails, calls, position papers and testimony for submission to the commission.

As the commission wraps up its work at the end of 2015, the coalition is well positioned to inform both the State Board of Education, and ultimately legislators, in how the commission's recommendations are

implemented. The Hire Standards, NC coalition is also working with others to build on the results of the State Board of Education Task Force on Summative Assessment to ensure that our state's tests are aligned with the standards.



Closing the Skills Gap

In 2005, the North Carolina Community College System, in partnership with the Department of Commerce, began a pilot program to assist individuals in achieving the National Career Readiness Certificate (NCRC). The awareness and popularity of this work laid a foundation for the North Carolina East Alliance (formerly the North Carolina Eastern Region) to pilot a process to certify counties as Work Ready Communities, beginning in 2011, in partnership with the North Carolina Rural Center. The announcement of NCWorks as the state's framework for workforce development initiatives in 2013 allows the previous pilot work to be scaled throughout the state to all counties that wish to earn the

NCWorks Certified Work Ready Community designation.

The NC Works Certified Work Ready Community initiative is a collaborative effort between workforce development partners, including the Office of the Governor, the North Carolina Chamber Foundation, the

North Carolina Department of Public Instruction, the North Carolina Community College System Office and the North Carolina Department of Commerce, aimed at leveraging data and analysis tools to continue economic growth in North Carolina. The North Carolina Chamber Foundation serves as the final certifying body to designate an NC Works Certified Work Ready Community.



Powered by a grant from Verizon, the North Carolina Chamber Foundation team has traveled the state certifying communities in 2015. As of November, certifications have been awarded in Craven, Gaston, Greene, Lenoir, Jones, Pamlico and Wayne counties. An additional 21 counties are working to achieve certification.

Gathering Thought Leaders

Future of North Carolina Forum

In order to expand the reach of *North Carolina Vision 2030*, three years ago the NC Chamber Foundation launched The Future of North Carolina Forum. The Future Forum is an exclusive, invitation-only event for C-level executives that is designed to help find ways to use their collective influence to shape our future by leading on a number of initiatives critical to our state's prosperity.

The 2015 event again boasts a terrific lineup of speakers including General Hugh Shelton; Bob Ingram, former CEO of GlaxoSmithKline; Ricky Brown, president of BB&T and Dr. Larry Sabato from the University of Virginia Center for Politics, among others. Like the previous two years, this event has sold out.



Keeping Score

When we launched a long-term vision for our state, we promised to keep score and provide an honest picture of where North Carolina stands as it relates to the Pillars of a Secure Future. NC Dashboard 2030 (ncdashboard.net) continues to be available online with real-time measurement of progress on key metrics of success in North Carolina. Powered by RTI International, Dashboard 2030 is keeping score and providing transparency to our state's leaders for consistent progress and continuous improvement in North Carolina.

At the end of 2014, we launched the 2015 Competitiveness Redbook and again this year we are releasing this index. As with Dashboard 2030, integral to the success of the statewide business community's long-term vision is measurement along the way. The Competitiveness Redbook provides readers with a data-driven guide to North Carolina's economic health by comparing the state to the rest of the country in a variety of key indicators.



An Economic Strategy for Rural Communities

As our state continues to grow, it is clear that urban and rural communities require different economic development strategies that align to attract and retain jobs in North Carolina. With that in mind, the North Carolina Chamber Foundation has joined with the North Carolina Chamber to form a Rural Economic Development Committee to study this issue. In 2016, we look forward to bringing solutions for consideration by our state's business and elected leaders.



To review the North Carolina Chamber Foundation studies, Competitiveness Redbook and more, visit nccchamber.net/foundation.

Honor Roll of Investors

Founders Division Investors



Platinum Division Investors

\$500,000 - \$999,999

- Achieve, Inc. / Helmsley Foundation
- Martin Marietta
- Red Hat, Inc.

Gold Division Investors

\$100,000 - \$499,999

- Blue Cross Blue Shield of North Carolina
- First Citizens Bank
- GlaxoSmithKline
- Lenovo
- Medical Mutual Insurance Company of NC
- PNC Financial Services Group
- Rockefeller Philanthropy Advisors
- Stephen Zelnak Jr.
- O. Temple Sloan, Jr. / Trail Creek Investments
- Vidant Health

Silver Division Investors

\$50,000 - \$99,999

- Alex Lee, Inc.
- The Biltmore Company
- Biogen
- Cisco Systems
- The Roberts Company
- Vulcan Materials Company

Bronze Division Investors

\$10,000 - \$49,999

- Barnhardt Foundation
- Bissell Companies
- Coastal AgroBusiness
- Columbia Forest Products
- Cook Medical Inc.
- DuPont Electronics & Communications
- Fifth Third Bank
- Grady-White Boats, Inc.
- Hanesbrands, Inc.
- Investors Management Corporation / Golden Corral Corporation
- McGladrey
- McKim & Creed, Inc.
- Mechanics and Farmers Bank
- Mount Olive Pickle Company, Inc.
- National Spinning Co., Inc.
- PSNC Energy
- Rex HealthCare
- SEPI Engineering & Construction
- Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, LLP
- Steel Fab, Inc. (Charlotte & Raleigh)
- SunTrust Bank
- Time Warner Cable
- U.S. Chamber of Commerce Foundation
- Verizon

