



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

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Improving Regional Economic Development through Structural Changes and Performance Measurement Incentives

Summary

The NC General Assembly directed the Program Evaluation Division to evaluate the structure and funding of the seven regional economic development organizations. The regions focus their efforts on local needs—an approach that is vital for North Carolina, especially in rural areas of the state.

However, the inconsistent structure, governance, and statutory authority of regional entities impede coordination of local efforts to improve North Carolina's economy. The NC Economic Development Board is not including contributions of the regional organizations in the board's statewide strategic plan.

Although the General Assembly's appropriation of recurring state funds to regional entities has provided regions leverage for attracting non-state funds, the General Assembly has not required regional entities to demonstrate performance and return on investment. There are no requirements for regions to maintain standardized performance measures for gauging regional services as well as results attributable to those services—client satisfaction, more and better jobs, and increased personal income.

The General Assembly should consider legislation to:

- provide statutory consistency for the three regional economic development commissions that are state agencies by making them all non-profit 501(c)3 organizations as a condition for receiving state funds;
- make statutory responsibilities identical for the commissions and partnerships;
- provide the Economic Development Board statutory authority to oversee regional entities and to develop a standardized and uniform performance measurement system for regions;
- give equal representation of regions on the Economic Development Board; and
- allocate recurring funding for the seven regions, with 15% of the existing state appropriation directed to performance-based funding and receipt conditional on certification of willingness to participate in the performance measurement system developed by the Economic Development Board. Future regional shares of performance funding would be conditional on complete and accurate performance reporting to the General Assembly.