

Hospitality Industry Business Assistance and Recovery Grants

Recommendation

Invests \$350 million to promote economic recovery in the hardest-hit industries across the state through two programs that target food services, accommodation, recreation and leisure, and personal services businesses. These funds will help these vital small businesses survive the COVID-19 pandemic and accelerate economic recovery in communities across the state.

Table 1: Allocation of Funds to Support Small Hospitality and Related Businesses

NC Hospitality Economic Loss Program (NC HELP)	\$ 300,000,000
Small Business Recovery Grants	\$ 50,000,000
Grand Total	\$ 350,000,000

Statement of Need

Small businesses in the leisure, hospitality, and personal services industries were among the hardest hit by the COVID-19 pandemic. Many of these businesses shut down entirely during the early months of the pandemic and faced limits on capacity and constrained consumer demand into early 2021.

- Consumers cut taxable spending at North Carolina restaurants, bars, and hotels/motels by an estimated \$5.05 billion between March 2020 and January 2021 compared to the same period one year prior.¹
- Jobs at leisure and hospitality businesses fell by almost half between February and April 2020. Even in March 2021, there were more than 80,000 fewer leisure and hospitality jobs than in February 2020, accounting for more than half of net statewide job losses across all industries.
- Between 20% and 45% of North Carolina small businesses in food services, drinking places, accommodation, leisure, and entertainment were closed or operating at severely reduced capacity as of March 2021.²
- A nationwide Yelp report from September 2020 showed more than 38,500 closures among restaurants, bars, and nightlife businesses, more than half of which were permanent. There were an additional 22,500 closures among beauty salons, spas, and fitness centers, of which more than two in five were permanent. More than 3,500 YELP-listed businesses in North Carolina were closed as of August 31, 2020.³

Recommendation Detail

NC Hospitality Economic Loss Program (NC HELP)

- Provides \$300 million in grants through the Department of Revenue (DOR) to help replace taxable sales revenue at eligible businesses, including restaurants, bars, and hotels. The application-based program would provide a grant equal to a specified percentage of the decline in taxable sales. The specified percentage would be equal to \$295 million divided by the total reduction in taxable sales⁴ among the pool of all eligible applicants. DOR will calculate the

¹ OSBM analysis of NC Department of Revenue data.

² [Homebase](#) and [Opportunity Insights](#) (Womply).

³ Yelp: Local Economic Impact Report. September 2020. <https://www.yelpeconomicaverage.com/business-closures-update-sep-2020>

⁴ With an adjustment to account for applicants who receive the maximum allowable grant amount.

specified percentage after receiving all grant applications. For example, if the total decline in qualifying taxable sales among the grant applicants is \$2.95 billion, the specified percentage would equal 10%. This method ensures that all \$295 million will be spent to help those in need.

- To qualify, restaurants and bars must have experienced at least a 15% reduction in taxable sales from April to December 2020, and hotels must have experienced at least a 25% reduction in taxable sales in the same time period.
- DOR may use up to \$5 million to administer the program.

Small Business Recovery Grants

- Provides \$50 million for grants of up to \$50,000 through the Department of Commerce to help businesses that have fully or partially closed and to help new businesses start in business locations that permanently closed during the pandemic.
 - The first round of applications will target businesses seeking to open in existing or former business locations. Eligible businesses include restaurants, bars, and other eating and drinking establishments; traveler accommodations (hotels/motels); recreation establishments (such as arcades, fitness centers, and bowling centers); personal services businesses (such as salons, spas, and dry cleaners); and entertainment businesses and attractions not eligible for the federal Shuttered Venue Operators Grant.
 - The second round of applications, if funds remain after the close of the first round, will target new businesses seeking to open in eligible business locations that closed permanently during the COVID-19 pandemic.

Expected Impact

Accelerating economic recovery in eligible industries will provide employment opportunities for out-of-work North Carolinians, avert small-business failures, and prevent blight caused by vacant business locations. Expected impacts include:

- Distribute \$295 million in financial support to more than 10,000 qualifying restaurants and bars and more than 1,500 hotels and motels across North Carolina.
- Provide support to between 1,000 and 2,000 small businesses across the state, helping to retain and create thousands of jobs.
- Prevent negative economic and social consequences associated with vacant storefronts, such as reduced property values, elevated crime rates, and adverse health outcomes.⁵
- Support job creation among hospitality, recreation, and personal services businesses.

⁵ Jorge Gonzalez-Hermoso and Jein Park. "Local Policies Can Protect Commercial Corridors as the Pandemic Continues," *Urban Wire*, Urban Institute, November 19, 2020. <https://www.urban.org/urban-wire/local-policies-can-protect-commercial-corridors-pandemic-continues>

Small Business and HUB Resiliency

Recommendation

Provides \$50 million to sustain small businesses and Historically Underutilized Businesses (HUBs) that were adversely impacted by COVID-19. Of these funds, \$40 million will be provided to the Department of Commerce (DOC) to administer a grant program in partnership with The Institute, the Carolina Small Business Development Fund (CSBDF), and the Economic Development Partnership of North Carolina (EDPNC) Small Business Advisors, to help businesses with fewer than 50 employees and less than \$5 million in annual revenue; \$4 million to EDPNC to develop an initiative that fosters businesses in their second stage of growth; and \$6 million between the Small Business and Technology Development Center (SBTDC) and the Small Business Center Network (SBCN) for business recovery counseling.

Table 1: Allocation of Funds to Ensure Small Business and HUB Resiliency

Small Business and HUB Resiliency Grants	\$ 40,000,000
Small Business and HUB Resiliency Grants	\$ 30,000,000
Resiliency Grants Management	\$ 3,200,000
The Institute and CSBF Program Costs	\$ 6,800,000
Second-Stage Growth Assistance	\$ 4,000,000
EDPNC Small Business Advisors	\$ 3,000,000
EDPNC Staff Capacity and Marketing	\$ 1,000,000
Business Recovery Counseling	\$ 6,000,000
Small Business and Technology Development Center	\$ 3,000,000
Small Business Center Network	\$ 3,000,000
Grand Total	\$ 50,000,000

Statement of Need

Supporting small business and HUB growth is important to North Carolina's economic and social pandemic recovery.

- North Carolina's small business revenue decreased by 26.7% from January 2020 to March 2021.¹
- While assistance was available, many small businesses did not receive it. Of small businesses surveyed in September 2020, 70% of those who applied for grant relief funds received no assistance.²
- National pandemic recovery efforts so far have provided less assistance to women-owned and minority-owned businesses across the country. From April 2020 to January 2021, women-owned businesses received lower average Paycheck Protection Program (PPP) loans than male-owned businesses.³ During the initial loan period, minority-owned businesses received only 17% of loans, even though they made up 31% of total businesses.⁴

¹ Opportunity Insights. "[Percent Change in Small Business Revenue.](#)"

² The Institute. "[Impact of COVID-19 on NC Small Businesses, September 2020.](#)"

³ The Institute. "[Disparities in PPP Lending by Gender.](#)"

⁴ The Institute. "[Disparities in PPP Lending by Race.](#)"

Recommendation Detail

Small Business and HUB Resiliency Grants

- Provides \$40 million for Small Business and HUB resiliency grants. DOC, in partnership with The Institute, CSBDF, and EDPNC Small Business Advisors, will build on the successful RETOOLNC program and provide approved applicants with resources, training, and grants to cover operating expenses incurred due to COVID-19. The program's efforts will be coordinated by DOC, and funds will be distributed by the department on a semi-annual basis, based on need.

The program's key components are as follows:

- DOC will fund grants and marketing to promote Small Business and HUB Resiliency Grants.
- EDPNC Small Business Advisors will proactively reach out to rural, hospitality, and HUBs to promote the grants and technical assistance services that CSBDF and The Institute will provide.
- CSBDF and The Institute will oversee grant administration and provide technical support services. Technical support services will include an assessment tool for participating businesses to identify needed training and support to help those businesses meet short- and long-term goals for success. CSBDF and The Institute will provide business training, match-make entrepreneurs and small businesses with business mentors, and offer incubation space, as well as provide other support services.

The \$40 million funding will be allocated as follows:

- \$30 million for grants of up to \$50,000 to support working capital to address capacity building and sustainability. Allowable expenses may include collateral enhancements, specialized training or certification expenses, technology and equipment purchases, plant investments, and funds to establish business incubators at nonprofits, such as the National Institute for Economic Development.
- \$3.2 million to cover the programmatic expenses to CSBDF and The Institute for operating the grant program.
- \$6.8 million split evenly between The Institute and CSBDF to develop a holistic small business support program, which will include:
 - Gathering baseline assessments data to better understand small business preparedness and recovery and resilience needs, which may include the need for financial infusions;
 - Launching the Small Business Resilience University to provide a holistic suite of training, technical assistance, capital, networks to brands and consumers, and supply chain connectivity;
 - Creating a dashboard to track positive movement on key baseline assessment indicators that measure both recovery and resilience, such as jobs created or sustained, new contracts and financing secured, revenue generation, and investments in plant and equipment;
 - Connecting to regional planning efforts of councils of government, local development districts, HMSIs and community colleges, and corporate supplier diversity efforts; and
 - Recruiting HUBs and rural small businesses to participate in the program through EDPNC Small Business Advisors.

Second-Stage Growth Assistance

- Provides \$4 million to EDPNC to focus on growing “second-stage growth firms” that have demonstrated proof of concept, revenues, and management ability but lack certain in-house expertise, which limits their growth trajectory. EDPNC’s Small Business Advisors will identify second-stage firms and resources that will help them grow.
- Provides \$1 million to EDPNC for staff capacity and marketing needs, including \$200,000 for three Small Business Advisors to conduct proactive campaigns for Second-Stage Growth Assistance and \$800,000 for a marketing campaign to promote small business resources.

Business Recovery Counseling

Funds \$6 million for services critical to sustaining and growing a business, including business planning, strategy development and implementation, financing and financial understanding, marketing, and performance improvement.

- Provides \$3 million to go to the Business Resiliency and Recovery Program at the SBTDC to advise small to mid-sized businesses, focusing on those with at least 10 or more employees. North Carolina State University would receive the grant funds on behalf of the SBTDC, with a limit of up to 3% facilities and administrative costs for the university.
- Provides \$3 million in counseling support at SBCN for small businesses with less than 100 employees in both rural and urban communities. The SBCN also works with many underserved populations and is positioned to help businesses with fewer than 10 employees.

Expected Impact

This proposal will support small business growth. Expected impacts include:

- Grants to small businesses and HUBs will serve about 750 businesses in building capacity for sustainable operations.
- The small business support program will engage at least 1,000 small businesses with fewer than 50 employees.
- The RETOOLNC program, which is similar to the program recommended, highlighted the need for this support, disbursing \$13 million in grant funds to more than 350 applicants across 48 counties.⁵ More funds would provide assistance to new applicants and for the more than 1,300 applicants who did not get funded.
- Second-stage Growth Assistance is expected to support the growth of 200 small businesses.
- Small Business and HUB Resiliency Grants will help underserved business communities in all 100 counties.

⁵ The Institute. “RETOOLNC.” <https://theinstitutenc.org/retoolnc/>.

Sites Development

Recommendation

Provides \$50 million to cultivate sites and related infrastructure to attract businesses to North Carolina. Of these funds, \$20 million will support the development of megasites in communities disproportionately impacted by the COVID-19 pandemic, \$10 million will be directed to certify and market sites in distressed communities, and \$20 million will strengthen green infrastructure sites available statewide.

Table 1: Allocation of Funds to Site Development

Megasite Development Grants	\$ 20,000,000
Certified Sites in Distressed Communities	\$ 10,000,000
Competitive Grants for Local Government	\$ 8,000,000
Marketing for Certified Sites	\$ 2,000,000
Green Infrastructure Site Certification	\$ 20,000,000
Competitive Grants for Local Government	\$ 5,000,000
NC Ports – Green Infrastructure	\$ 15,000,000
Grand Total	\$ 50,000,000

Statement of Need

Communities across our state, particularly rural and distressed communities, must have competitive, high-potential properties with desired infrastructure to attract companies. Competitive properties create significant economic opportunities to help local, regional, and state economies thrive.

- Businesses seek out prepared sites for an expedited process to opening new facilities.¹
- The COVID-19 crisis has exacerbated rural communities' existing challenges with significant impacts on local government revenues and businesses. For example, Tier 1 and 2 counties suffered a larger share of the state's job losses (60%) between February 2020 and March 2021 than their pre-pandemic share of jobs (56%).²
- Currently there are at least 10 megasites and 11 certified sites in Tier 1 or 2 counties. Sheetz cited the excellent location when selecting a certified site in Alamance County for its distribution and production center in 2012.³
- None of the currently certified sites are used to meet green economy needs. However, two tenants at Ferncliff in Henderson County, Sierra Nevada Brewing Company and GF Linamar, pursued LEED certification for their facilities.⁴ Businesses interested in sustainability and environmental stewardship would be more likely to select locations that provide the necessary infrastructure and align with their vision for preserving the environment.
- North Carolina can build upon the strong green energy sector already in place. The state has the highest concentration of smart grid companies in the world and ranks third nationally for

¹ Area Development. "[How Certified Sites Can Expedite the Site Selection Process for Expanding Companies.](#)"

² Department of Commerce. "[Current Employment Statistics \(CES\).](#)"

³ Triad Business Journal. "[Sheetz Chooses Burlington for Distribution Center, Creating 254 Jobs.](#)"

⁴ Henderson County Partnership for Economic Development. "[America's Most Beautiful Industrial Park: Ferncliff.](#)"

installed solar capacity. Almost 1,000 green energy companies currently generate over \$6.4 billion in annual revenue within the state.⁵

Recommendation Detail

Megasite Development Grants: \$20M

- Funds a \$20 million competitive grant program for local governments to develop megasites, defined as sites that are 1,000 contiguous acres or larger, in communities disproportionately impacted by the COVID-19 pandemic. These sites must have the potential to attract major employers that can bolster local, regional, and state economies through new jobs and capital investment.
 - Examples of currently available sites eligible for the program include, but are not limited to, the Greensboro-Randolph Megasite, Person County Mega Park, Chatham-Siler City Advanced Manufacturing Site, International Logistics Park of North Carolina between Brunswick and Columbus counties, and Kingsboro Business Park in Edgecombe County.
 - Grant funds may also support improvements to public infrastructure for, and on-site preparation of, the megasite, including clearing, grading, or other related expenses.

Certified Sites in Distressed Communities: \$10M

- Provides \$7 million for competitive grants to local governments to identify, evaluate, and complete the certification process for competitive sites in distressed communities. Priority will be given to sites that have already completed an initial evaluation process with a utility or site selection consultant. The program will also assist local government units in funding improvements to public infrastructure, such as publicly-owned water, gas, and sewer systems, transportation infrastructure, electrical utility lines, or installation of green infrastructure that improves resilience to the effects of climate change.
- Utilizes \$3 million to develop a statewide program to improve the competitiveness and marketability of all certified sites. These marketing funds may also be used to demonstrate an individual property's promise to prospective employers and to match local government funds to market certified sites.

Green Infrastructure Site Certification: \$20M

- Provides \$5 million for competitive grants to local governments to support green infrastructure in site development and to increase certified sites available for prospective green infrastructure investment.
- Supports the NC Ports with \$15 million for green infrastructure development to help attract businesses considering locating at, or needing access to, the state's ports.
- Provides 3% of funds for each grant program for administration.

Expected Impact

Sites Development will lead to increased economic activity in distressed and struggling communities and help grow the green economy in North Carolina.

⁵ NC Department of Environmental Quality. "[North Carolina Clean Energy Plan: Transitioning to a 21st Century Electricity System.](#)"

- Megasite development grants will support improvements at least five current megasites and help create up to five more megasites to attract major employers to distressed communities.
- The grants for certified sites in distressed communities are expected to help 10 new sites become certified, making them more attractive to prospective businesses and/or fit local community economic development strategies.
- Marketing funds for megasites and certified sites will successfully attract more than 10 employers to these locations.
- At least five major employers will locate at the state's certified green infrastructure sites and ports.

Strategic Industry Development

Recommendation

Provides \$50 million to develop and prepare North Carolinian communities for potential employers in industries that serve a public health need, suffered during the COVID-19 pandemic, or are green economy businesses. Grants will enable local governments to invest in public infrastructure, particularly green infrastructure, and workforce pipeline programs for specific economic development projects.

Statement of Need

- Businesses interested in locating in North Carolina seek both the physical resources to build and maintain a profitable facility and the talent pipelines to maintain long-term success. Locations lacking these crucial components garner less interest.
- Investments in public infrastructure have helped North Carolina attract and support businesses. Since 2006, the One North Carolina Small Business Program (OneNC), has helped 275 small businesses in 25 counties create and maintain more than 900 jobs and leverage more than \$500 million in funding from other sources. The program has also enabled more than 120 collaborations between small businesses and universities.¹
- Discretionary cash-grant programs like OneNC allow the state to respond quickly to the needs of competitive job-creation projects.
- North Carolina had 194,000 fewer jobs in January 2021 than in February 2020, and some industries have been disproportionately affected.² For example, the manufacturing sector lost 48,000 jobs between March and April 2020.³

Recommendation Detail

- Provides \$50 million to assist local governments and their partners attract potential employers through grants for public infrastructure and targeted workforce development programming.
- A commitment of resources will enhance the recruitment of potential employers to relocate or expand their facilities in North Carolina, which include but are not limited to:
 - Structural repairs, improvements, or renovations of existing buildings;
 - Installation or purchase of equipment;
 - Construction of or improvements to water, sewer, gas or electric utility distribution lines, or associated equipment for new and existing buildings;
 - Funds may also support targeted programming with community colleges, local workforce development boards, and public and private universities that are central to providing the talent pipeline that targeted businesses need.
- The program will accept applications from local governments in discussions with businesses involved in industries that address a public health need, industries that have incurred negative impacts due to COVID-19, and clean economy businesses that address climate change.
- Uses 3% of funds for administration.

¹ NC Department of Commerce, [“One North Carolina Small Business Program.”](#)

² US Bureau of Labor Statistics, NC Department of Commerce (Current Employment Statistics)

³ NC Department of Commerce. [“A Closer Look at NC’s Pandemic Job Losses.”](#)

Expected Impact

These investments will build capacity and infrastructure for businesses in targeted industries to locate in North Carolina and to develop the talent pipeline necessary to retain them.

- Similar to OneNC, this program will support at least five local governments, improving both infrastructure and workforce readiness in North Carolina communities.
- Businesses in eligible industries will have more incentives to locate their facilities in the state.
- Health supplies, jobs, and capital investment that these employers provide will help the state recover from the COVID-19 pandemic.

Motorsports and Outdoor Event Opportunities

Recommendation

Provides \$45 million to expand motorsports and outdoor event opportunities across the state. Of these funds, \$30 million will be allocated for infrastructure and repairs needed for The Rock Speedway and Entertainment Complex, the North Wilkesboro Speedway, and the Charlotte Motor Speedway. The Department of Commerce (DOC) will receive \$10 million for a grant program for other motorsport facilities. The Department of Natural and Cultural Resources (DNCR) will receive \$5 million to develop, connect, and market new and existing natural and cultural tourism trails, including a Motorsports and Moonshine Heritage Trail.

Table 1: Allocation of Funds to Motorsports and Outdoor Event Opportunities

Improvements to the State’s Motor Speedways	\$ 30,000,000
The Rock Speedway and Entertainment Complex	\$ 10,000,000
North Wilkesboro Speedway	\$ 10,000,000
Charlotte Motor Speedway	\$ 10,000,000
Motorsports and Outdoor Event Opportunities Grants	\$ 10,000,000
Natural and Cultural Tourism Trails	\$ 5,000,000
Grand Total	\$ 45,000,000

Statement of Need

North Carolina has been a motorsport industry and tourism destination, but the COVID-19 pandemic has hampered motorsports and the communities that host them.

- North Carolina is the birthplace of motorsports and NASCAR, which hosted the first NASCAR Cup Series race at the Charlotte fairgrounds in 1949.¹ North Carolina is home to NASCAR’s headquarters and Hall of Fame, and 90% of teams are based in North Carolina.
- Motorsports is a leading tourism generator in the state, representing a \$5 billion industry.²
- The Charlotte Motor Speedway alone brought 1.1 million visitors to its events in 2019, and pre-pandemic, the Speedway generated more than \$25 million in state and local tax revenue annually.³ However, between March and September 2020, Cabarrus County, home of the Charlotte Motor Speedway, lost over \$24 million in hotel revenue, equating to a loss of \$540,000 in local taxes.⁴

¹ NASCAR. “[NASCAR History.](#)”

² Belk College of Business Administration, University of North Carolina at Charlotte. “[The Economic Impacts of the Motorsports Industry on the North Carolina Economy.](#)”

³ Charlotte Motor Speedway proposal to NC Office of State Budget and Management.

⁴ Cabarrus County Convention and Visitors Bureau. “[County Spending by Domestic Visitors Increases to More than \\$478 Million.](#)”

- Hospitality executives nationwide expect leisure travel to occur closer to home because of the COVID-19 pandemic, which aligns with surveys of North Carolinians that indicate a desire to travel in-state and attend outdoor events.^{5,6}
- North Carolina has nearly 40 active tracks, such as drag strips, kart tracks, oval tracks, and road courses, that could benefit from refurbishment and be used for tourism and events.

Recommendation Detail

Improvements to the State’s Motor Speedways

- Invests \$10 million in each of the home counties of The Rock Speedway and Entertainment Complex, the North Wilkesboro Speedway, and the Charlotte Motor Speedway: Richmond County, Wilkes County, and Cabarrus County, respectively. A non-state match of at least \$1 for every \$4 from the state is required to receive funding. County governments will partner with venues to fund needed infrastructure, including, but not limited to, the following:
 - Water and wastewater extensions
 - Pedestrian walkway enhancements
 - Speedway repaving
 - Upgrades to facilities and dragways (if applicable)
 - Bathroom fixtures and maintenance
 - Grandstand repair
 - Erosion control

Motorsports and Outdoor Event Opportunities Grants

- Provides \$10 million to DOC to partner with the North Carolina Motorsports Association to administer a grant program that provides flexible grants of up to \$500,000 for local governments to work with racing venues to enhance amenities and increase opportunities for events. Motorsport venues can provide ideal venues for outdoor events as they are often considered “complete sites,” meaning venues with parking, fencing, power, and water. Venue renovation funding will benefit not only the racetrack and festival grounds but major area employers as well. DOC may use up to 3% of funds for program and grant administration.

Natural and Cultural Tourism Trails

- Funds \$5 million to DNCR to develop, connect, and market new and existing natural and cultural tourism trails across the state, including a Motorsports and Moonshine Heritage Trail. This trail will highlight the founding and history of both motorsports racing and moonshine production in North Carolina. Past experience suggests that even a small state investment in these trails would have a substantial impact on tourism.

Expected Impact

These investments in motorsports and natural and cultural tourism trails are expected to have the following impacts:

- The Rock Speedway and Entertainment Complex, the North Wilkesboro Speedway, and the Charlotte Motor Speedway will host at least five new outdoor events in the next three years.

⁵ Amadeus. [“Hospitality Recovery by the Numbers.”](#)

⁶ MMGY Global Travel Intelligence. [“North Carolina Resident Sentiment: Impact of COVID-19.”](#)

- Local hotels and hospitality businesses surrounding the supported tracks are expected to directly benefit from event tourism.
- The program can provide a minimum of 20 grants to transform underutilized racing assets.
- Marketing the state’s natural and cultural tourism trails is expected to drive in- and out-of-state tourism across North Carolina.

Recovery Grants for Arts, History, Libraries, Science, and Film

Recommendation

Provides \$60 million to ensure the continuation of arts, history, and science organizations, support libraries, and invest in the state’s burgeoning film industry. Of these funds, \$50 million will be provided to the Department of Natural and Cultural Resources (DNCR) to support arts, cultural and scientific organizations and \$10 million to the Department of Commerce to bolster the film industry through investment in the state’s film infrastructure.

Table 1: Allocation of Funds to Support Arts, History, Libraries, Science, and Film

Supporting Arts, Culture, and Science	\$ 50,000,000
Arts	\$ 20,000,000
History	\$ 8,500,000
Science	\$ 8,500,000
Libraries	\$ 8,500,000
NC Symphony Society	\$ 2,250,000
Museum of Art	\$ 2,250,000
Bolstering the Film Industry	\$10,000,000
Grand Total	\$ 60,000,000

Statement of Need

The creative economy is important to the economic and social recovery of North Carolina.

- The creative economy generates over \$2.1 billion in economic activity, employs over 72,000 full-time equivalent jobs, and generates \$201.5 million in local and state government revenue.¹
- Due to the pandemic, North Carolina’s creative industries lost over 81,000 jobs and approximately \$3.4 billion in sales between April and July 2020.²
- Many, if not all, cultural organizations, including arts, science, and history organizations as well as libraries, have been shuttered or operated at a limited capacity since March 2020.
- The Arts, Entertainment, and Recreation nonprofit sector is expected to take nearly 2.5 years to recover from the pandemic.³
- The estimated number of US films that entered production in 2020 was a mere 447, a 45% decrease relative to 2019. Of these films, 101 had an estimated budget over \$15 million, a 43% decline compared to 2019.⁴ For scripted series, production completely shut down in March 2020 and did not resume for several months.⁵ Despite the decline in production, the pipeline and

¹ Americans for the Arts. [“Arts & Economic Prosperity 5”](#)

² Brookings Institution. [“Lost Arts: Measuring COVID-19’s devastating impact on America’s creative economy.”](#)

³ Center for Civil Society Studies. [“COVID-19 JOBS UPDATE, JANUARY 2021: Nonprofit Jobs Still Down by Nearly 960,000 as of January, Time to Full Recovery Increases to 2 Years”](#)

⁴ Motion Picture Association. [“2020 THEME Report.”](#)

⁵ Shaw, Lucas, Smith, Gerry, and Gilblom, Kelly. Bloomberg News. [“Networks Are Prepping for the Craziest Fall Season in the History of Broadcast TV.”](#)

potential for the film industry in North Carolina is strong, with more direct in-state spending by productions through February 2021 than any annual spend since 2014.

Recommendation Detail

Supporting Arts, Culture, and Science Organizations

- Provides \$45.5 million to DNCR for “Recovery Grants” grants to revive arts, science, history, and library resources adversely affected by the pandemic. The grants will help address financial hardships, jump start programming, ensure events and facilities are safe for the public, and guarantee access to the resources with public Wi-Fi and enhanced educational content.
 - DNCR estimates that there are over 696 arts organizations, 216 science organizations, 306 history organizations, and 84 public library systems adversely impacted by the pandemic that would be eligible for Restart grants.
 - While federal Shuttered Venue grant funds might be available to some of these organizations, many will not qualify for that assistance.
 - DNCR will administer the grants on a competitive basis while ensuring funds reach all parts of the state. Grants would not require a match. Up to 2% of these funds may be used for administration, including temporary positions.
- Provides \$2.25 million for the North Carolina Symphony Society for its educational programs and a concert series in the western part of the state that builds on existing partnerships with Appalachian State and Western Carolina universities and the Eastern Band of the Cherokee Nation. The Symphony Society saw significant revenue decline due to the pandemic.
- Provides \$2.25 million in the Museum of Art Foundation to support programming such as concerts and community art fairs featuring local artisans and to ensure financial sustainability of the Foundation, which experienced substantial revenue loss due to the pandemic.

Bolstering the Film Industry

- Invests \$10 million to support the state’s film industry, including investments in film infrastructure and Film Office operations. Investing in the state’s film infrastructure includes both physical infrastructure (sound stages, studios) and workforce programs, leveraging programs at community colleges and universities across the state. The Film Office notes shortages of both available space and workforce as significant barriers to industry growth.

Expected Impact

This proposal will support the state’s creative economy, which, in turn, supports thriving communities.

Expected impacts include:

- Positively impacting over 1,000 organizations, supporting entities in all 100 counties.
- Ensuring all North Carolinians have access to the important resources and experiences that libraries and scientific, historical, and arts organizations provide and that this important sector of the state’s economy survives the COVID-19 pandemic.
- Addressing infrastructure and workforce shortages in the film industry through programs with at least three community colleges and universities.

UNC System Health Research Innovation

Recommendation

Provides a significant investment in advancing innovative research in health sciences across the UNC system. Includes \$50 million for the Rapidly Emerging Antiviral Drug Development Initiative (READDI) at the University of North Carolina at Chapel Hill (UNC-CH) to advance development of therapeutics for COVID-19 and other viruses that pose a pandemic threat. Another \$10 million is provided to Winston-Salem State University's Center for Excellence for Elimination of Health Disparities for research and infrastructure. Also includes \$15 million for the NC Policy Collaboratory to establish a research grant program for Historically Minority-Serving Institutions (HMSIs).

Statement of Need

The pandemic has highlighted limitations of the existing research system to adequately prepare and respond to emerging viral threats.

- Novel viruses are emerging more frequently and the response to COVID-19 has demonstrated multiple system weaknesses that hindered the country's ability to rapidly respond.
- University research is critical due to a lack of incentive for the pharmaceutical industry and others to invest in products with no obvious market. University-based research and development is uniquely able to assist with its project-based research and point solutions. Pandemic preparedness requires re-engineering antiviral therapeutic development and delivery by working across sectors.
- Multiple new viruses have emerged in the 21st century to cause widespread viral outbreaks, epidemics, and pandemics, posing a serious threat to human health, the economy, and our national security. No treatments or vaccines exist for the majority of these viruses, leaving the state and nation unprepared for when a virus emerges.¹
- The COVID-19 pandemic has highlighted disparities in health equity as COVID-19 has unequally affected racial and ethnic groups, putting them more at risk of getting sick and becoming seriously ill or dying from COVID-19.²

Recommendation Detail

Rapidly Emerging Antiviral Drug Development Initiative (READDI)

- Provides \$50 million for READDI, a nonprofit public-private partnership based at UNC-CH. READDI scientists are world leaders in COVID-19 research and have played critical roles in the development of existing therapeutics and vaccines, leading to UNC-CH's recognition as the highest ranked COVID-19 research university in the nation.
- Funds will enable READDI to accelerate new antiviral drug development, advance existing assets, and expedite availability of treatment for COVID-19, as well as other viruses that pose future pandemic threats.

¹ Nature Medicine. "[Developing therapeutic approaches for twenty-first-century emerging infectious viral diseases.](#)"

² Centers for Disease Control (CDC). "[COVID-19 Racial and Ethnic Disparities.](#)"

- The READDI Workforce Development Initiative will support the development of a diverse workforce trained in drug discovery and development in partnership with North Carolina community colleges and other UNC-system schools.
- As a highly visible start-up headquartered in North Carolina, READDI will stimulate economic development and provide global recognition for excellence in pandemic preparedness. A substantial state investment is critical to securing federal research investments that could be in the hundreds of millions of dollars.

Center of Excellence for Elimination of Health Disparities (CEEHD)

- Provides \$10 million for the CEEHD at Winston-Salem State University. CEEHD's mission is to promote equity and social justice in health care delivery, treatment, and outcomes by leading collaborative efforts to generate and disseminate evidence-based solutions, and to educate future leaders who incorporate equity and social justice in their professional practice.
- Funds will enable CEEHD to provide additional services to underserved communities, including enhanced learning opportunities for health sciences students, and collaborative research opportunities aimed at improving minority health and reducing health disparities.
- Expanded services will include telehealth, behavioral health, and a new child wellness program. The primary goals of the child wellness program are to improve the quality of life for children in underserved minority communities and to expand experiential learning opportunities related to child health and wellness for nursing and allied health students.
- In addition to health equity research initiatives, a portion of funds may be used for renovation and infrastructure to establish a physical location for the Center.

Expand Research Capacity at Historically Minority Serving Institutions

- Provides \$15 million to the North Carolina Policy Collaboratory to expand research capabilities in health-related areas through a research grant program for each of the following constituent institutions identified as Historically Minority-Serving Institutions (HMSIs): Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, the University of North Carolina at Pembroke, and Winston-Salem State University.
- Each institution will receive one or more research grants in an amount of at least one million dollars. Funds may be used to purchase needed equipment, upgrade classroom and laboratory space, and for items that will enhance their research and innovation efforts.

Expected Impact

These investments in innovative health sciences research are expected to have the following impacts:

- Ensure the United States is better prepared when the next virus emerges by developing effective antiviral therapies, designing clinical trials, and establishing manufacturing and distribution plans.
- Support READDI's goal to develop five new broad spectrum antiviral drugs effective against entire families of pandemic viruses in the next five years.
- Advance evidence-based solutions for eliminating health disparities through health equity research and community engagement and outreach.

- Provide additional access to health services for underserved populations and expand opportunity for experiential learning for health science students.
- Increase research activity based in North Carolina, encouraging the development of a diverse STEM-focused workforce and bringing high-paying research jobs.