

Expand North Carolina’s Workforce

Recommendation

Provides over \$120 million to address North Carolina’s labor shortage, with an emphasis on supporting priority populations, investing in successful workforce development programs and pilots, recruiting and retaining early childhood educators so parents can stay in the workforce, and increasing the number of healthcare workers statewide.

Table 1: Allocation of Funds to Expand North Carolina’s Workforce

	Recurring	Nonrecurring
Workforce Development	\$55,100,000	\$20,300,000
Healthcare Workers	\$15,000,000	\$30,000,000
Grand Total	\$70,100,000	\$50,300,000

Statement of Need

Over the coming decades, North Carolina must navigate shifting demographics that will impact the state’s workforce. Impacts of some of these changes, such as an increasing number of retirees and fewer working-age adults, are already being felt. The most immediate issues include:

- North Carolina’s 2021 women’s labor force participation rate remains 1.9% below its pre-pandemic high in 2019, and childcare issues were cited by almost half of workers with children younger than 18 as a reason for leaving a job, according to a 2021 Pew survey.^{1,2}
- According to the NC Business Pulse Survey, 65% of employers had concerns about adequate staffing levels at their business in March 2022.³
- Marginalized populations face a much higher unemployment rate than average and thus need greater support. In March 2022, the national unemployment rate was 3.6% while the African American unemployment rate was 6.2%.⁴
- In North Carolina, and nationwide, there are longstanding concerns about the shortage of healthcare professionals, especially in the nursing professions. The Cecil G. Sheps Center for Health Services Research forecasts that, by 2033, North Carolina will face a shortage of 12,500 Registered Nurses and over 5,000 Licensed Practical Nurses.⁵ Burnout from the pandemic, an aging workforce, and challenging working environments all exacerbate the shortage of bedside nurses.⁶

¹ U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, 2021 and 2019 annual averages

² <https://www.pewresearch.org/fact-tank/2022/03/09/majority-of-workers-who-quit-a-job-in-2021-cite-low-pay-no-opportunities-for-advancement-feeling-disrespected/>

³ NC Department of Commerce, Labor & Economic Analysis Division. North Carolina Business Pulse Survey, March 2022. <https://analytics.nccommerce.com/pulse-survey/>

⁴ U.S. Bureau of Labor Statistics, Unemployment Rate [UNRATE], <https://fred.stlouisfed.org/series/UNRATE>, April 27, 2022. U.S. Bureau of Labor Statistics, Unemployment Rate - Black or African American [LNU04000006], <https://fred.stlouisfed.org/series/LNU04000006>, April 28, 2022.

⁵ NC Nursecast – North Carolina Nursing Supply & Demand Model. Available at: <https://ncnursecast.unc.edu/key-findings/>.

⁶ <https://www.northcarolinahealthnews.org/2022/03/02/within-a-decade-nc-could-see-nursing-shortage-of-more-than-21000/>.

Tackling these issues will help North Carolinians return to work and secure good-paying jobs and ensure employers can find the skilled workers they need to succeed.

Recommendation Detail

Workforce Development

Provides \$75 million to the Department of Commerce (DOC), Division of Health and Human Services (DHHS), NC Business Committee for Education (NCBCE), NC Community College System (NCCCS), and Department for Agriculture and Consumer Services (DACS) for both new and existing workforce development programs to bolster services provided and better target priority populations.

- **Job Ready & Other Support Services for Priority Populations:** Provides nearly \$10 million recurring to expand work-based learning grants and increase staffing resources to better support priority populations, including reentry and justice-involved individuals, seasoned workers, people of color, and rural and underserved communities.
- **Workforce Development Outreach and Awareness and Data Enhancements:** Invests \$2.3 million nonrecurring to offer communications and outreach grants for the state's workforce development boards and to encourage usage of one of the existing state workforce portals, e.g., NCcareers.org. This package also provides \$450,000 recurring for technology to better share information, manage projects, and align with DOC's grants management platform.
- **Child Care Subsidy Rate Floor and Increased Supply of Childcare for Working Parents:** Includes \$18.5 million recurring to provide a statewide rate floor in the childcare subsidy program for childcare centers and family childcare homes in lower wealth counties. In addition, \$26 million is invested in the NC Child Care WAGE\$ program to ensure the program is available statewide and raises average pay, helping attract early childhood educators, minimize turnover, and increase continuity of care in the classroom.⁷ Lastly, this package invests \$10 million nonrecurring to develop or assess the feasibility of expanding early childhood development centers (CDCs) on community college campuses and to enhance existing campus-based CDCs. Community college-based CDCs will increase professional development opportunities for the childcare workforce while also providing additional childcare options to support students completing their degree programs.⁸
- **Rural Works Program Pilot:** Provides \$8 million nonrecurring to NCBCE to implement the three-year Rural Works program pilot, an expanded version of the successful Surry-Yadkin Works program that helps provide work-based learning opportunities, including internships and pre-apprenticeships from middle school through high schools, across ten counties.
- **Small Farms – Agribusiness Internship:** Provides \$200,000 recurring to DACS's Small Farm Division for ten annual internships that provide an opportunity to work directly on farms or within the agricultural industry.

Healthcare Workers

Invests \$45 million to address shortages in North Carolina's healthcare workforce by expanding training capacity in the UNC System, community colleges, and private colleges and universities. System Presidents and their associated boards will allocate funds based on requests from Chancellors/Presidents and campuses. The North Carolina Independent Colleges and Universities will

⁷ The NC Childcare WAGE\$ program is shown in the Ensuring a Sound Basic Education and Living Wage justification narratives.

⁸ The Hope Center, #RealCollege 2021: Basic Needs Insecurity during the ongoing pandemic, March 2021. <https://hope4college.com/wp-content/uploads/2021/03/RCReport2021.pdf>

allocate the funds for private colleges and universities. Funds can be customized by constituent institutions (e.g., bolstering facility capacity for trainees, increasing the numbers of health faculty and staff, providing student support, investing in equipment and lab space, etc.). Table 2 provides the allocation of funds.

Table 2: Allocation of Funds for Healthcare Workforce

	Recurring	Nonrecurring
Community Colleges	\$5,000,000	\$10,000,000
Private Colleges and Universities	\$5,000,000	\$10,000,000
UNC System	\$5,000,000	\$10,000,000
Total	\$15,000,000	\$30,000,000

Expected Impact

These proposals aid the state’s new and existing businesses by equipping North Carolinians for high-quality, well-paid jobs, and provide the support needed for a labor pool that includes parents and seasoned workers. Expected impacts include:

- Enhanced services to an additional 10,800 jobseekers each year through expansion of services for priority populations.
- Decreased turnover of the childcare workforce by up to 9%. Statewide Early Childhood Education turnover in 2019 was 21% compared to WAGE\$ participants’ rate of 12%.
- Expansion of the successful Surry-Yadkin Works program to ten counties with the potential to impact over 500 students per year through work-based learning opportunities benefiting both employers and students.
- Increased capacity for training healthcare professionals across North Carolina’s institutions of higher education, helping to tackle the projected shortage of 17,500 nurses statewide by 2033.