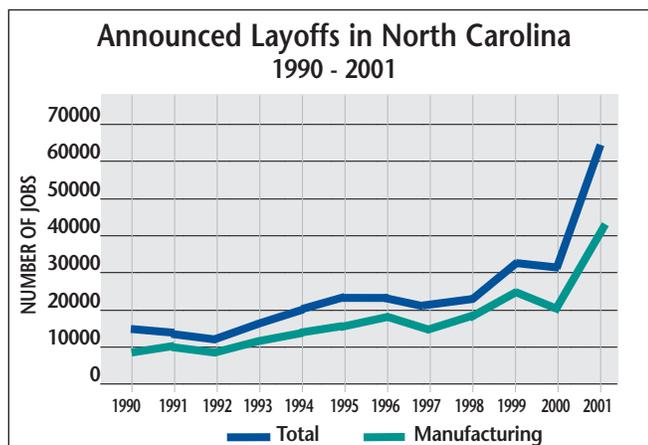


# Facing the Facts: The North Carolina Economy

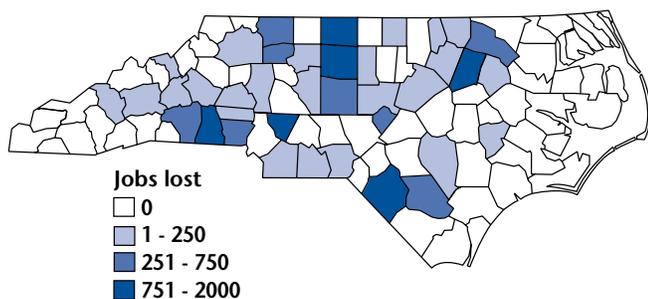
## North Carolina job losses mounting...

- In 2001, North Carolina companies announced 63,222 total layoffs.
  - 42,521 were in manufacturing
  - 11,695 were in textiles



- From January 1990 to December 2001, North Carolina lost more than 155,000 jobs in manufacturing (870,500 to 714,700). Nearly 100,000 layoffs occurred in the textile industry (220,500 to 122,400).
- During 2001 North Carolina lost more textile and apparel jobs than any other state in the nation.

## Textile Layoffs in North Carolina 2001

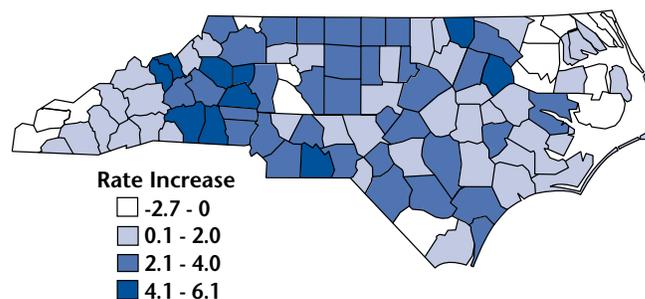


- In December 2001, for the first time since 1991, the number of people working in North Carolina declined for a one year period, with a loss of 11,000 jobs.

## Rising unemployment statewide...

- North Carolina, which had the 12th lowest unemployment rate in the United States in 1999, fell to 46th in December 2001.
- The unemployment rate increased by four percentage points or more in 10 counties from December 2000 to December 2001. Cleveland County had the greatest increase, rising from 6.4 percent to 12.5 percent.

## Unemployment Rate Increase in North Carolina December 2000 to December 2001

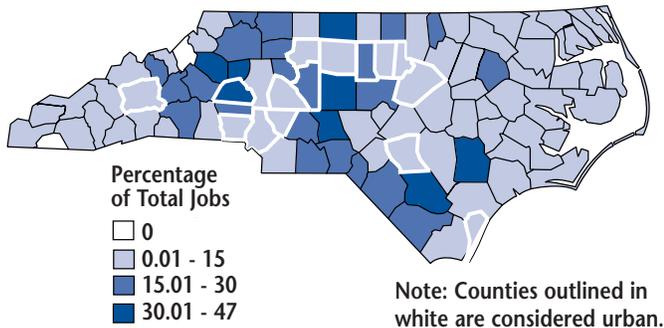


- Unemployment payments in January 2002 reached a record high of nearly \$136 million.
- Almost 25,000 North Carolinians exhausted their unemployment benefits in 4th quarter of 2001 – a 143 percent increase from the year before. This was the highest increase in the country.

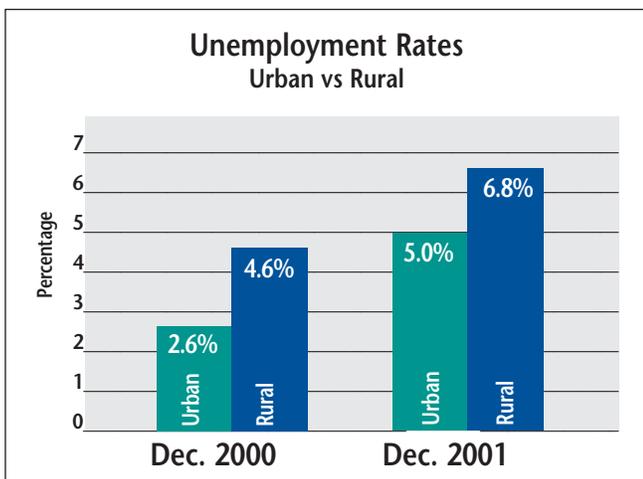
## Rural areas especially hard hit...

- North Carolina is the 5th most industrialized state in the nation with 19 percent of its non-farm employment in manufacturing.
- More than half of the state's manufacturing is located in rural areas concentrated in the traditional industries including textiles, apparel, furniture and paper.
- The textile industry alone accounts for more than 23 percent of employment in Rockingham County and more than 19 percent in Surry County (2002).
- The dependence of rural areas on traditional manufacturing has left many communities hurting from the high number of layoffs.
  - In 2001, manufacturing layoffs accounted for 87 percent of job losses in rural counties.

## Dependence on Traditional Manufacturing in North Carolina



- 69 percent of all announced textile layoffs in North Carolina occurred in rural counties.
- In the last two years, the unemployment rate in rural North Carolina has averaged 2 percentage points higher than in urban North Carolina.



- All counties (14) with unemployment rates over 10 percent are rural.
  - Swain County had an unemployment rate of 15.7 percent in December 2001, the highest in the state.
- Nearly 130,000 workers in rural counties were unemployed as of December 2001.
- In February 2002, the Employment Security Commission reported only 13,327 job openings in rural counties.
  - Edgecombe County currently has an unemployment rate of 12.1 percent, equaling 2,900 unemployed workers. Edgecombe County reports only 27 job openings.

## Whole communities are devastated...

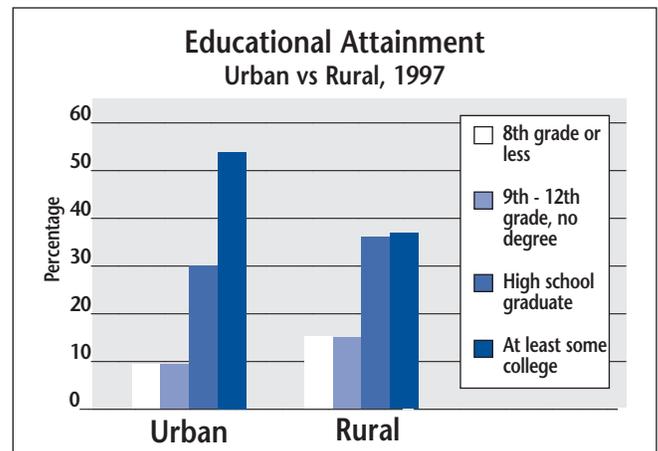
- In 2001, 8.4 percent of the labor force of Mitchell County was laid off.
  - All of the jobs lost were located in the town of Spruce Pine.
  - The layoffs equal 30 percent of the town's population.
  - 90 percent of the jobs lost were in textile and furniture manufacturing.

## The consequences are far-reaching...

- Closures and layoffs in Robeson County's textile industry in 2001 directly cost 1,056 jobs, \$23.1 million in wages and \$61.5 million in output.
- The loss of two major employers in this county has rippled through the economy with total economic losses equaling 2,112 jobs, \$46.7 million in wages and \$110.7 million in output.

## The workforce is struggling...

- According to a 1997-98 Employment Security Commission study, laid off manufacturing workers earned less when reemployed, especially when switching to retail trade jobs.
  - Only 74 percent were reemployed in the state after two years. The median wage of these workers was 88 percent of the median pre-layoff wage.
  - 20 percent earned less than half their pre-layoff wages.
- The educational attainment level of rural workers makes the transition to new and higher-skilled jobs more difficult. Twenty-seven percent of rural workers have less than a high school education.



- Older dislocated workers are significantly less likely to be reemployed within 1-2 years of being laid off, and their income levels are more likely to decline than their younger counterparts.
- Persons aged 45-64 years constitute the fastest growing segment of the rural population.