

# 2014 North Carolina Development Tier Designations



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North Carolina Department of Commerce  
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November 15, 2013

Since 2007 North Carolina has used a three-level system for designating development tiers. The designations, which are mandated by state law, determine a variety of state funding opportunities to assist in economic development. This 2014 report documents the process for calculating tiers and explains reasons that specific counties will change tiers. A North Carolina tier map and tier calculations are included for reference.

### **How Tier Rankings Are Calculated**

The Development Tier Designation statute (§[143B-437.08](#)) provides specific guidelines for calculating annual tier rankings. This process assigns each county to a designation of Tier 1 (most distressed), Tier 2, or Tier 3 (least distressed). Assuming no ties in rankings, North Carolina will have **40 Tier 1, 40 Tier 2, and 20 Tier 3** counties each year. In the event of a tie for the final position as a Tier 1 or Tier 2 county, both counties will be placed in the lower tier.

#### **Tier rankings take into account four factors:**

- **Adjusted property tax base per capita** for the most recent taxable year (2014-15)
- **Percentage growth in population** for the most recent 36 months for which data are available (July 2009 – July 2012)
- **Median household income** for the most recent twelve months for which data are available (2012)
- **Average unemployment rate** for the most recent twelve months for which data are available (September 2012 – August 2013)

The years in parentheses for each variable indicate the years that are used to rank counties for 2014 tier designations. Each county is ranked from 1 to 100 on each variable, making the highest possible **Distressed County Sum 400**, and the lowest **4**. After calculating the **Distressed County Sum**, counties are then ranked from most distressed (1) to least distressed (100) in order to determine their **Distressed County Rank**.

**Additional tier ranking criteria** based on the Development Tier Designation statute specifies the “automatically qualifying criteria” below for Tier 1 and Tier 2 status.

#### **Tier 1 “Automatic Qualifiers”**

- A county must be Tier 1 for at least two consecutive years
- A county with less than 12,000 people
- A county with a population between 12,000 and 49,999 **AND** a poverty rate of 19 percent or greater.

#### **Tier 2 “Automatic Qualifiers”**

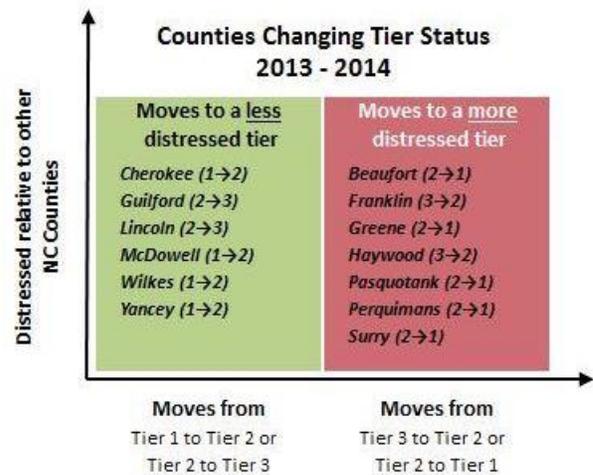
- A county with a population between 12,000 and 49,999

After taking these qualifiers into account, counties are ranked from 1 to 100 to determine Final Year Rank. All components of this process are consistent with the methodology designated in the general statutes.

## 2014 Development Tier Changes

In 2014 tier development rankings continue to shift as data reflect updated economic indicators and as the post-recession economy continues to heal. Each tier ranking is based on a summary of four development factors:

- Adjusted Property Tax Base Per Capita
- Population Growth
- Median Household Income
- Average Unemployment Rate



Despite broad ranges in values on each factor among counties, overall tier rankings for each county remained relatively stable.<sup>1</sup> Thirteen counties will change tiers in 2013: Beaufort, Cherokee, Franklin, Greene, Guilford, Haywood, Lincoln, McDowell, Pasquotank, Perquimans, Surry, Wilkes, and Yancey. Two counties tied for 40<sup>th</sup> rank this year, increasing the number of Tier 1 counties to 41, simultaneously reducing the number of Tier 2 counties to 39.

### Counties Moving to a Less Distressed Tier Designation

**Cherokee County** moves from its Tier 1 designation of the last three years into Tier 2. The county's Median Household Income and Average Unemployment Rate development factors changed little, and its Adjusted Property Tax Base Per Capita rank actually dropped from 25<sup>th</sup> place to 33<sup>rd</sup>. Nonetheless, the county's Population Growth soared from 79<sup>th</sup> to 52<sup>nd</sup> rank, propelling Cherokee County to an overall annual tier rank of 42.

**Guilford County** exchanges last year's overall tier rank of 79 for a rank of 81 in 2014, returning to its usual (2007-2012) Tier 3 designation after a brief foray into Tier 2 territory in 2013. The county's Adjusted Property Tax Base Per Capita rank did not change, and its Population Growth moved only four places to 20<sup>th</sup> position. While Guilford County's Average Unemployment Rate fell two places to 42<sup>nd</sup>, the primary reason for its move to Tier 3 is an increase in Median Household Income rank from 32<sup>nd</sup> to 23<sup>rd</sup>.

**Lincoln County** edges back into Tier 3 with a change in overall tier rank from 80<sup>th</sup> to 83<sup>rd</sup> place. While the county's Population Growth rank fell from 26<sup>th</sup> to 29<sup>th</sup> place, three of its four development factors improved. Adjusted Property Tax Base Per Capita changed little, moving from 43<sup>rd</sup> to 42<sup>nd</sup> place, and the county's Average Unemployment Rate progressed from a rank of 52 to 48. The largest contributor to Lincoln County's tier change was an increase in Median Household Income from \$45,332 to \$ 50,746, moving its rank from 18<sup>th</sup> to eighth position.

<sup>1</sup> Calculated values for each tier development factor show wide ranges among North Carolina's counties: Adjusted Property Tax Base Per Capita – \$426,375 to \$42,529; Population Growth – 8.83% to -2.44%; Median Household Income – \$62,436 to \$29,615; and Average Unemployment Rate – 5.91% to 16.24%.

**McDowell County** advances to an overall tier rank of 45 from 2013's 31<sup>st</sup> position, moving it to Tier 2. The county improved its rank in each development factor, especially in its Adjusted Property Tax Base Per Capita rank, which surged from 72<sup>nd</sup> to 56<sup>th</sup> place. Additionally, McDowell County's rank improved by 11 places in two factors: Median Household Income moved from 81<sup>st</sup> to 70<sup>th</sup> position, and its Average Unemployment Rate progressed from 80<sup>th</sup> to 69<sup>th</sup> place. Although it's a minimal change, the county's Population Growth rank was positive, moving from 58<sup>th</sup> to 57<sup>th</sup> place.

**Wilkes County** improves its overall tier rank from 38<sup>th</sup> to 43<sup>rd</sup> place, moving from Tier 1 to Tier 2 for the first time since 2010. Although three of its development factor ranks changed no more than two places, the county's slight increase in rank from 64<sup>th</sup> to 59<sup>th</sup> in Population Growth was enough to push it from a high level Tier 1 position to a low level Tier 2 rank.

**Yancey County** completed its mandatory second consecutive year as Tier 1 in 2013 and now moves to an overall rank of 47, Tier 2. Its tier development factor ranks are similar to last year's but show a downward trend on three of its factors. The county's Population Growth dropped from 75<sup>th</sup> to 78<sup>th</sup> rank while its Median Household Income slipped from 62<sup>nd</sup> to 65<sup>th</sup> place. Additionally, Yancey County's Average Unemployment Rate is improving at a slower pace than other counties', falling from 75<sup>th</sup> to 79<sup>th</sup> position. In contrast, its 14<sup>th</sup> rank in Adjusted Property Tax Base Per Capita continues to outpace most counties in the state.

#### **Counties Moving to a More Distressed Tier Designation**

**Beaufort County** returns to Tier 1 status as its population of 48,000 combined with a poverty rate of 19.1 percent meet legislative criteria for an automatic Tier 1 designation. While two of its factor rankings have changed by only one place since last year, Beaufort County's Average Unemployment Rate rank fell by eight places to 74<sup>th</sup>, and its poverty rate increased by almost two percentage points from 2013's 17.2 percent.

**Franklin County** reverts to its 2009-2012 Tier 2 designation after a 2013 shift to Tier 3. The primary reasons for this change are decreases in two development factors: A slow-down in Population Growth dropped the county's rank on this factor from 11<sup>th</sup> to 27<sup>th</sup>, and its Median Household Income rank fell by 14 positions. The county's Adjusted Property Tax Base Per Capita and Average Unemployment Rate rankings showed little change from its 2013 positions. Since Franklin County's overall annual tier rank of 81 in 2013 was the lowest Tier 3, the changes in Population Growth and Median Household Income were sufficient to move it to 76<sup>th</sup> position, a high Tier 2 rank.

**Greene County** moves from an overall tier rank of 45 in 2013 to a tie for 40<sup>th</sup> place in 2014, shifting to Tier 1 status. The county's small improvement from 99<sup>th</sup> to 98<sup>th</sup> place in Adjusted Property Tax Base Per Capita could not offset its 20-position fall to 76<sup>th</sup> place in Median Household Income, decrease from 39<sup>th</sup> to 47<sup>th</sup> rank in Population Growth, and four-position drop in Average Unemployment Rate.

**Haywood County** continues its shift between Tiers 2 and 3. Its overall tier rank in 2014 is 79, one of the highest level Tier 2 positions, but this change only represents a loss of four places from the county's 2013 rank. While its Adjusted Property Tax Base Per Capita rank increased from 28<sup>th</sup> to 25<sup>th</sup> and its Median Household Income rose from 48<sup>th</sup> to 47<sup>th</sup>, these small improvements could not compensate for the county's slowing Population Growth rate. Between 2013 and 2014 Haywood County's Population Growth slowed from a rate of 2.95 percent to 1.23 percent, dropping its rank 16 places to 54<sup>th</sup>.

**Pasquotank County** automatically qualifies for Tier 1 status because it has a population of slightly above 39,000 **AND** a poverty rate of 19.9 percent. While the county moved up five ranks in Median Household Income, its Average Unemployment Rate rank dropped 20 places from 55<sup>th</sup> to 75<sup>th</sup>. Its Population Growth rank decreased by eight positions, and the county's Adjusted Property Tax Base Per Capita fell slightly from 52<sup>nd</sup> to 53<sup>rd</sup> rank. Since 2010, Pasquotank County's rankings have steadily, dramatically decreased in two factors: Population Growth from 19<sup>th</sup> to 93<sup>rd</sup> place and Average Unemployment Rate from 28<sup>th</sup> to 75<sup>th</sup>.

**Perquimans County** is one of three counties that automatically change to Tier 1 this year as a result of having a population size between 12,000 and 49,999 **AND** a poverty rate of 19 percent or greater. While the county experienced a 16-place increase in Population Growth rank, it lost ground in each of its other development factors. Perquimans County's Average Unemployment Rate remained at exactly 9.93 percent this year, but the lack of progress in this factor during a time when many other counties' unemployment rates improved resulted in a drop in rank from 37<sup>th</sup> to 54<sup>th</sup>. Furthermore, the county's Median Household Income dropped from \$40,772 to \$39,112, resulting in a nine-position change in its rank on this factor.

**Surry County** moves from last year's overall annual tier rank of 41 to a tie for 40<sup>th</sup> place – Tier 1 – in 2014. After experiencing improved ranks in each tier development factor in 2013, two of the county's factors showed little change this year while two others fell. Its Adjusted Property Tax Base Per Capita decrease from \$73,738 to \$70,503 moved it from 69<sup>th</sup> to 76<sup>th</sup> place. The County also experienced a loss in Median Household Income from \$36,622 to \$35,269, lowering its rank on this factor from 66<sup>th</sup> to 73<sup>rd</sup>.





2014 COUNTY TIER RANKINGS - Calculations

COUNTY	ADJUSTED PROPERTY TAX BASE PER CAPITA FY: 2014-2015		POPULATION GROWTH July 2009-July 2012		MEDIAN HOUSEHOLD INCOME 2011		UNEMPLOYMENT 12 MTH AVG SEPT 12-AUG 13		DISTRESSED COUNTY SUM		DISTRESSED COUNTY RANK		Poverty Rate		2012 Tier		2013 Tier		If Pop. <50,000 then top 80 If pop. >19% poverty then top 40	If Pop. <2,000 then designated top 40	Must be Tier One for two conse. Years	Final 2014 Rank	FINAL 2014 Tiers	Tier Change
	VALUE	RANK	% CHANGE	RANK	INCOME	RANK	RATE	RANK	The higher the #, the more distressed	(#1 being the most distressed)	July 2012	Rate	2012	2013	Pop. <50,000 then top 80	>19% poverty then top 40								
JOHNSTON	\$ 75,581	66	5.97%	7	\$48,380	14	7.98%	12	99	83	174,295	15.2	3	3	83	83	83	83	83	83	83	85	3	
JONES	\$ 78,897	57	4.80%	13	\$38,230	56	9.27%	39	165	65	106,115	14.9	1	1	41	0	0	0	0	0	0	1	1	1
LEE	\$ 84,021	52	3.15%	28	\$41,506	37	11.37%	81	198	55	58,800	16.8	2	2	55	55	55	55	55	55	55	70	2	
LENOIR	\$ 64,738	87	0.22%	75	\$32,602	92	9.78%	52	306	14	59,498	24.4	1	1	14	14	14	14	14	14	14	34	1	
LINCOLN	\$103,135	42	3.11%	29	\$50,746	8	9.66%	48	127	77	79,289	13.7	3	2	77	77	77	77	77	77	77	83	3	LINCOLN
MACON	\$237,925	5	0.25%	74	\$36,953	61	10.42%	68	208	49	33,939	18.3	2	2	41	41	41	41	41	41	41	50	2	
MADISON	\$ 99,218	45	2.07%	40	\$36,724	63	8.05%	13	161	66	21,092	18.1	2	2	41	41	41	41	41	41	41	50	2	
MARTIN	\$ 78,044	59	-1.51%	95	\$33,305	82	10.90%	77	313	13	24,139	22.7	1	1	0	0	0	0	0	0	0	1	1	
MCDOWELL	\$ 79,017	56	0.98%	57	\$35,627	70	10.47%	69	252	33	44,491	18.5	1	1	33	33	33	33	33	33	33	45	2	MCDOWELL
MECKLENBURG	\$121,431	28	6.22%	6	\$52,111	7	9.02%	31	72	93	962,593	13.6	3	3	93	93	93	93	93	93	93	94	3	
MITCHELL	\$121,710	27	-1.31%	94	\$35,322	72	12.44%	92	285	18	15,397	17.4	1	1	18	18	18	18	18	18	18	37	1	
MONTGOMERY	\$110,207	34	0.52%	68	\$30,684	99	10.19%	61	262	27	27,172	25.9	1	1	0	0	0	0	0	0	0	1	1	
MOORE	\$134,466	18	3.68%	24	\$47,301	15	8.68%	25	82	90	90,414	13.0	3	3	90	90	90	90	90	90	90	91	3	
NASH	\$ 75,040	67	0.69%	64	\$43,151	27	11.87%	84	242	36	94,755	16.0	2	2	36	36	36	36	36	36	36	46	2	
NEW HANOVER	\$142,021	17	4.79%	14	\$45,890	19	8.92%	27	77	92	209,454	15.9	3	3	92	92	92	92	92	92	92	93	3	
NORTHAMPTON	\$ 89,408	50	-2.12%	99	\$31,668	94	10.63%	71	314	12	21,127	21.9	1	1	0	0	0	0	0	0	0	1	1	
ONSWLOW	\$ 70,154	77	4.19%	17	\$45,434	21	8.52%	23	138	73	190,187	13.8	2	2	73	73	73	73	73	73	73	80	2	
ORANGE	\$114,237	32	4.62%	16	\$56,792	4	5.91%	1	53	97	138,138	16.9	3	3	97	97	97	97	97	97	97	98	3	
PALMICO	\$123,954	24	0.73%	61	\$41,325	40	9.67%	49	174	63	12,650	12.2	2	2	41	41	41	41	41	41	41	50	2	
PASQUOTANK	\$ 83,623	53	-1.03%	93	\$40,261	46	10.74%	75	267	23	39,354	19.9	2	2	0	0	0	0	0	0	0	1	1	PASQUOTANK
PENDER	\$117,396	30	5.73%	8	\$44,171	24	10.16%	59	121	79	53,504	15.9	3	3	79	79	79	79	79	79	79	84	3	
PERQUIMANS	\$109,577	35	2.58%	35	\$39,112	51	9.93%	54	175	61	13,692	20.6	2	2	0	0	0	0	0	0	0	1	1	PERQUIMANS
PERSON	\$104,908	39	0.76%	60	\$42,303	30	9.52%	46	175	61	39,394	18.1	2	2	41	41	41	41	41	41	41	50	2	
PIIT	\$ 64,571	88	4.84%	12	\$39,713	49	9.09%	33	182	60	172,569	24.0	2	2	60	60	60	60	60	60	60	74	2	
POLK	\$142,371	15	0.73%	63	\$41,851	33	7.04%	6	117	81	20,422	11.8	2	2	41	41	41	41	41	41	41	50	2	
RANDOLPH	\$ 71,873	73	1.32%	48	\$40,749	43	9.34%	40	204	52	142,258	17.6	2	2	52	52	52	52	52	52	52	68	2	
RICHMOND	\$ 65,129	86	-0.36%	87	\$32,932	88	12.25%	89	350	6	45,738	24.9	1	1	0	0	0	0	0	0	0	1	1	
ROBESON	\$ 42,529	100	1.26%	51	\$30,931	98	12.65%	94	343	8	133,931	30.6	1	1	8	8	8	8	8	8	8	33	1	
ROCKINGHAM	\$ 72,251	70	-0.32%	86	\$36,746	62	10.65%	72	290	17	92,977	15.8	1	1	17	17	17	17	17	17	17	36	1	
ROWAN	\$ 84,908	51	0.40%	70	\$40,267	45	9.39%	41	207	50	137,290	16.9	2	2	50	50	50	50	50	50	50	67	2	
RUTHERFORD	\$ 81,125	54	1.24%	53	\$35,208	74	12.79%	95	276	20	67,822	20.5	1	1	20	20	20	20	20	20	20	38	1	
SAMPSON	\$ 63,635	89	1.29%	49	\$36,471	64	8.25%	16	218	43	63,669	21.0	2	2	43	43	43	43	43	43	43	63	2	
SCOTLAND	\$ 56,232	96	-1.55%	96	\$32,999	87	16.21%	99	378	1	34,832	29.7	1	1	0	0	0	0	0	0	0	1	1	
STANLY	\$ 76,687	64	0.73%	62	\$38,301	54	8.99%	29	209	47	59,791	14.1	2	2	47	47	47	47	47	47	47	66	2	
STOKES	\$ 77,310	62	-0.29%	83	\$42,147	32	8.12%	15	192	36	47,026	14.3	2	2	41	41	41	41	41	41	41	50	2	
SURRY	\$ 70,503	76	0.57%	66	\$35,269	73	9.75%	51	266	24	73,754	18.0	1	2	24	24	24	24	24	24	24	40	1	SURRY
SWAIN	\$106,653	36	3.82%	22	\$36,167	67	13.43%	97	222	41	14,393	22.5	1	1	0	0	0	0	0	0	0	1	1	
TRANSYLVANIA	\$181,736	9	1.22%	56	\$41,578	35	9.25%	38	138	73	33,189	13.1	2	2	41	41	41	41	41	41	41	50	2	
TYRRELL	\$131,115	20	-1.85%	98	\$33,430	80	9.56%	47	245	34	3,708	20.5	1	1	0	0	0	0	0	0	0	1	1	
UNION	\$101,102	43	5.38%	10	\$61,315	2	7.74%	10	65	96	207,896	8.7	3	3	96	96	96	96	96	96	96	97	3	
VANCE	\$ 33,352	99	0.61%	65	\$33,377	81	12.63%	93	338	9	45,541	27.6	1	1	0	0	0	0	0	0	0	1	1	
WAKE	\$121,973	26	7.15%	3	\$62,436	1	7.12%	7	37	99	942,526	10.1	3	3	99	99	99	99	99	99	99	99	3	
WARREN	\$127,350	21	-0.89%	90	\$33,218	84	11.68%	83	278	19	19,804	27.1	1	1	0	0	0	0	0	0	0	1	1	
WASHINGTON	\$ 65,307	85	-2.44%	100	\$33,278	83	11.94%	85	353	5	12,920	25.2	1	1	0	0	0	0	0	0	0	1	1	
WATAUGA	\$171,595	10	4.69%	15	\$39,168	50	8.10%	14	89	87	52,472	26.3	3	3	87	87	87	87	87	87	87	88	3	
WAYNE	\$ 63,350	90	2.19%	39	\$39,089	52	9.00%	30	211	46	123,257	20.2	2	2	46	46	46	46	46	46	46	65	2	
WILKES	\$ 80,346	55	0.86%	59	\$34,954	77	10.39%	65	256	29	69,439	21.7	1	1	29	29	29	29	29	29	29	43	2	WILKES
WILSON	\$ 76,720	63	1.66%	41	\$37,166	60	12.40%	91	255	30	82,020	21.9	2	2	30	30	30	30	30	30	30	41	1	
YADKIN	\$ 70,885	75	-0.15%	80	\$40,983	41	8.37%	20	216	44	38,204	16.3	2	2	41	41	41	41	41	41	41	50	2	
YANCEY	\$148,920	14	-0.08%	78	\$36,440	65	11.05%	79	236	37	17,857	17.9	1	1	37	37	37	37	37	37	37	47	2	YANCEY