



SETTING 2024 GOALS

Although the year has just begun, the state's prominent industry groups and organizations have begun to strategize about their goals for 2024 and how they can accomplish them. Many of the things on their wish lists would require legislation from the N.C. General Assembly or Congress. In the following conversation with Chris Roush, executive editor at *Business North Carolina*, six industry leaders discussed what their industries, and the state in general, needs to accomplish in 2024.

Photography by Edde Burgess

PANELISTS



Chip Baggett

executive vice president and CEO,
North Carolina Medical Society



Andy Ellen

president and general counsel,
NC Retail Merchants Association



Shawn Harding

president,
N.C. Farm Bureau

The discussion was sponsored by:

- Moore & Van Allen
- NC Farm Bureau
- NC Medical Society
- NC Retail Merchants Association
- State Employees Association of North Carolina

Chris Roush, executive editor of *Business North Carolina*, moderated the discussion. It was edited for brevity and clarity.

PLEASE INTRODUCE YOURSELF AND YOUR ORGANIZATION, ALONG WITH ITS SIGNIFICANCE TO NORTH CAROLINA.

RAIFORD: I'm Brooks Raiford, president and CEO of the North Carolina Technology Association, or NC Tech as we call it. We are, as our name implies, the state's technology industry association, but I've stopped saying it quite that way. We're the tech sector association because you can be in the tech sector without working for a tech company. Our membership is open. So any company, organization or institution can be a member. It looks sort of like a chamber of commerce list when you read it with law firms and other organizations

as members. Everybody uses technology. We're approaching 700 member entities that employ about a quarter of a million North Carolinians. And a majority are small- and medium- sized businesses, which a lot of people are surprised to learn because the big names are what captures your attention. About two-thirds are headquartered here.

HARDING: I'm Shawn Harding, president, North Carolina Farm Bureau. The Farm Bureau started 1936 as an agriculture advocacy group, and we are still that. In 1953, we started an insurance company. We have 637,000 members across the state, and we sell a family membership. But at the core, we're farmers. I'm a farmer. And what I really work on mostly is advocating for agriculture. We call ourselves the voice of ag.

SNEEDEN: My name is Bradford Sneed and I'm director of public affairs for the Moore & Van Allen law firm. We're one of the biggest law firms in the Southeast. We have about 400 attorneys covering 90 areas of practice focus. I'm in the public affairs practice. We have a team of about 15 people. We represent individuals, corporations, Fortune 500 companies across the state and nation.

WATKINS: I'm Ardis Watkins. I'm executive director of the State Employees

Association of North Carolina. We have about 46,000 active and retired state employed members. It's a voluntary membership association. Our main job is advocacy. We do provide member benefits, like most organizations do. We've been around in some form for 77 years. And we don't just think of ourselves as advocates for state employees and retirees. We think of ourselves as advocates for taxpayers because the folks doing the work for the state know where we could save an awful lot of money. And we look at ourselves as providing infrastructure that is required for business to thrive.

BAGGETT: Chip Baggett, executive vice president and CEO of the North Carolina Medical Society. We were founded in 1849 by a group of seven doctors that rode on horseback to town and said, "We need to stand up and do something for our patients." And we've been doing that now for 175 years. It's a great legacy. We offer all kinds of benefits services. We live and die by our advocacy work, whether it's advocating on behalf of patients, both at the state and federal level. We have just dipped our toe in the last few years into serving Medicaid patients in partnership with Centene Corp. So we advocate in lots of different ways not just through the traditional manner, but sometimes by actually delivering services directly to patients.



Brooks Raiford
president and CEO,
NC Tech



Bradford Sneed
director of public affairs,
Moore & Van Allen



Ardis Watkins
executive director,
State Employees Association of North Carolina

ELLEN: I'm Andy Ellen, president and general counsel of the North Carolina Retail Merchants Association. We were founded in 1902. So we're coming up on our 125th anniversary soon. Our organization is a diverse group. It's one-store operators that you find on Main Street all the way to the largest major retailers in the country. We have about 2,500 members in North Carolina that represent about 25,000 store locations. Our organization includes grocery stores and pharmacies and drug and gas stations and bottle shops and furniture stores and home improvement, so we touch the customer every single day. Because of that we're very involved in advocacy because when you're customer facing you're going to be involved in a lot of different issues from healthcare to energy to taxes to workers' compensation

LET'S TALK ABOUT 2024 AND YOUR GOALS. WHAT WOULD YOU LIKE TO ACCOMPLISH IN 2024?

HARDING: We have got to figure out some way to help our farmers with labor. We're talking about a seasonal labor force that comes in here and leaves and does a fantastic job to help our farmers. Now, that's a federal issue. We've got immigration issues. And so what we're trying to figure out is what we can do on the state level. We've kicked some ideas around about how we have to house these migrant workers and our farmers have to pay for that. And so maybe there's some way that we can get some help from the General Assembly to just maintain some of that housing to help our farmers.

YOU ALL HAVE SOME GOALS ABOUT WORKERS. ARDIS, YOU HAVE TALKED ABOUT JUST THE NEED FOR MORE STATE EMPLOYEES.

WATKINS: It's dangerous. And it's not just dangerous, where you think, like prisons. It's dangerous that newborns aren't being tested properly. I've had nurses tell me that. And they're really



upset about it. It's things like Carowinds when the roller coaster incident happened. That's the kind of thing that shows you just how dangerous things are every day for some of these agencies and the work they do if it's not done. All of our agency heads have been clear. There's not any possibility of them keeping up with things like that. But then there's the other side that affects all businesses. I've heard from a lot of business leaders who are saying, we support you in trying to get these vacancies filled because it's slowing our processes down, whether it's with the Department of Insurance, Secretary of State's office, any of those things.

ELLEN: I hear people talk about our companies all the time, and why they have self-checkout, partially because of a labor shortage. I look at it sort of in a sports analogy way, when you have a kid that comes in as a freshman, regardless of the transfer portal, you're hoping to get him to be a senior. And what we saw during COVID was that we lost a whole class of kids whose first job was bagging groceries or working as a hostess or working at the boutique counter. Those kids didn't go to work. We lost that whole class of kids that would have matriculated through and would eventually become store managers or maybe going into the corporate world with some of our headquarter companies.

SNEEDEN: From the C-suite perspective, workforce development is what keeps these guys up at night. I was talking to a CEO of a major construction company here in North Carolina. And he was telling me that's one of his biggest concerns. And he was talking about the lack of the skilled workforce and specifically, lack of electricians. He said that on all the projects they've got going on across the state they just can find enough electricians to do the work.

RAIFORD: I get asked a lot about how we are going to meet the demand. And I always say we have sort of a triple threat of advantages. We do have a lot of great institutions, in community colleges, private colleges, the public system, and we have a really good existing workforce that can be upskilled and trained by the same partner institutions. And we are a real source of migration for higher-skilled talent.

LET'S TALK ABOUT LEGISLATION FOR 2024. WHAT ARE YOUR GOALS? AND HOW DO YOU MAKE THAT HAPPEN?

HARDING: Last year, we got money for some ag manufacturing in the budget. And I'd like to expand on that more. I think they just released the Tier 1 county

map. And it's just really stark, the quarter I'm talking about that is just really missing out. And I really think there are opportunities there for ag manufacturing. And I don't know that it's as sexy as Google and Apple and electric cars and all that. But I think it would really change those counties.

BAGGETT: We're looking at the same counties for healthcare recruitment because for you to have a strong ag industry, you've got to have healthcare. So we're looking at how we intentionally recruit our loan repayment program folks to go to that area. Our loan repayment is a five-year program that still pays \$100,000. Most of those physicians and nurse practitioners will stay right at five years. We need to figure out how to create those bonds early so that those doctors and those farmers are working closely together.

ELLEN: I think we're focusing on two specific areas. One is organized retail crime. And in North Carolina, we've done a very good job in a bipartisan manner to have some of the strongest penalties in the United States on organized retail crime. And if you look at some of the things that are happening in our state, Homeland Security is very involved because they see it's tied to the opioid crisis and fentanyl and to human trafficking. And then a couple of alcohol issues. We have a growing state and we need to modernize the permitting system to get the permits out the door because people are trying to open a restaurant or a grocery store or a hotel, and they can't get their ABC permit for a month or so.

The last one I would say that we're focused on is trying to get the ready-to-drink beverages that you may see that are spirit based, but lower in alcohol content in the grocery store. We think those products

should be in traditional retail, which will also open them up for more into the restaurants and other venues. If you go to a control state like Virginia, you can buy those products off the shelf at your local grocery store. We think you ought to be able to do that in North Carolina as well.

ARDIS, YOU MENTIONED GETTING THE LEGISLATURE TO FUND MORE STATE JOBS, WHICH I THINK EVERYBODY AGREES WE NEED, AND BIGGER PAY RAISES. HOW DO YOU GET THAT DONE?

WATKINS: We are funding the jobs. So taxpayers are paying for 100% of those jobs. And they're getting about 75%. So our argument is, according to consultants, the Office of State Human Resources estimates the cost of turnover to be far beyond what a big raise would be. Why do we keep paying that? And why do



we keep having taxpayers in the business community suffer with these vacancies and bottlenecks instead of investing to fix it?

The bottom line is sometimes we have to pay more. And the mental health crisis in this state is interwoven into so many things the state government does. I know that from the discussions we had last year, it certainly seemed to be on the mind of everybody in the business community as well. We've made big strides. Sen. Phil Berger made sure there was a considerable amount of money put toward addressing the mental health crisis this year. But we all know, we're not going to dig out from that overnight. That is absolutely, in my opinion, the single biggest suppressor of having a workforce because people are not well.

RAIFORD: Part of our annual report comparing the states shows we tend to do well as a state in net new establishments. And so when you're in an environment where there's the demand for new businesses, and tech is an area where that's very strong, and you can't get in process, you can't get the permitting you need, what a brake that is, in a bad way, on the economy. And that same report shows a 3.05 job multiplier to every tech job. Tech only accounts for 6% of employment, but 12% of all wages paid in North Carolina. So that's a lot of us, a lot of buying power.

I REMEMBER WHEN FUTURE FARMERS OF AMERICA WAS A STAPLE IN HIGH SCHOOLS. AND I SPOKE TO A FARMER IN OXFORD A COUPLE OF MONTHS AGO AND ALL OF HIS HIGH SCHOOL BUDDIES WERE SHOCKED HE WAS GOING TO BE A FARMER. HOW DO YOU CHANGE THAT PERCEPTION? AND HOW DO YOU INCENTIVIZE THAT, TO GET MORE PEOPLE TO GO INTO THE INDUSTRY?

HARDING: Future Farmers of America is still very strong. Obviously, that's a high school program. What we're wanting to do is get into the elementary schools.

We've had an ag in the classroom program for years. It's been successful. But what we're thinking about is sitting down with the Department of Public Instruction and saying, "There's something we could add in the curriculum." Because we all deal with food. And so we need education about how food is grown, where it comes from.

ELLEN: And I represent grocery stores, but we need to make sure the kids know that's not where it actually comes from. It comes from the field or from the hog farm or whoever else.

BROOKS, HOW DO WE CREATE A BETTER ECONOMIC INCENTIVE OR ECONOMIC CLIMATE FOR TECH JOB CREATION?

RAIFORD: With favorable tax policy, these sorts of things apply across the board. You may have seen that starting with the incoming class of ninth-graders next year, you'll have to have a computer science course to graduate high school. So that addresses the supply. The vast majority of courses taught in schools are taught by people who've been themselves certified or trained, but they probably teach something else or their pathway was different. So there are some things like this that they could do policy wise and funding wise to nurture our sector and help provide the workforce that's needed.

Looking ahead, I need to mention broadband. It ties in here. All this money came our way from the feds, and the state's done a good job of beginning to allocate those funds in various ways. North Carolina still is quite rural. And there are a lot of unserved or underserved areas for high-speed broadband. I remember years ago, the information highway was the term of the day, and just getting something other than dial up was important because it makes so much available to a person who's not in a metro area. Well fast forward, we're still fighting that fight. Think of the economic development that could come to some of the farther corners of our state if people

could live there and have good jobs. They have to have the connectivity they need to start those new businesses.

CHIP, I HAVE A DAUGHTER-IN-LAW WHO'S IN MEDICAL SCHOOL RIGHT NOW. AND SHE WANTS TO GO BACK TO THE OUTER BANKS, WHERE SHE GREW UP, TO BE A DOCTOR BECAUSE THERE ARE NOT ENOUGH DOCTORS IN THE OUTER BANKS AND A LOT OF OTHER PLACES IN NORTH CAROLINA. HOW DO YOU INCENTIVIZE DOCTORS TO DO THAT?

BAGGETT: There are dozens and dozens of places and not just on the coast that need doctors. I think about state employees being in all 100 counties, and some of them being 60 or 70 miles from tertiary care. So it's a major issue. It's going to have to be done at such a greater scale. And it's going to have to be done in some kind of greater economic partnership model. Education, healthcare and economic incentives all have to be aligned for business to thrive in a community. And I think that we have elements of a healthcare lag. They're just not distributed in such a way that we can really drive great education and great economic status.





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BRADFORD, ARE YOU HEARING SOME SIMILAR THEMES WHEN YOU TALK TO CLIENTS?

SNEEDEN: The themes from the C-suite perspective, and what we're going to be tracking and working on with the legislature, is continuing with economic development – what these companies need to come here to North Carolina. And then the companies that are actually here, when they want to expand their footprint with megasites that are available that have water and sewer already hooked up.

I think that the General Assembly has done a fantastic job of appropriating water and sewer dollars so that our sites are ready and kind of turnkey for these companies that want to expand. I think it was mentioned earlier about how important it is to have people moving to our state. That's an economic generator, but we've got to have the transportation infrastructure in place to accommodate them. And you know, we all know places across the nation where you say, "Man, I love visiting X city, but the roads are terrible." We don't want to be that here in North Carolina.

About 10 years ago, we created the STIP program, taking personalities out of transportation funding and putting it through a methodology. And that's resulted in billions of dollars going into places that need transportation infrastructure investments. And about two years ago, the state modified transportation funding by allocating 2% of the sales tax from the general fund to the Highway Trust Fund. We'd love to see that continue and even have that percentage increase. So that's something we would want to see the General Assembly touch on.

When I talk to CEOs about tax policy, they want more consistency, and they want predictability. And that's something that the General Assembly has been very committed to over the last 10 years, getting our flat tax down. They're trying to get to 3.9% by 2027, and then our corporate tax to 2.5% in 2025.

ELLEN: I think a major issue coming forward down the pike for the business community is how do we maintain that strong legal climate so that we may get to be the best state to do business in the country three years or five years in a row.

HARDING: We've got a lot of great things that are happening. It's good. That's what I tell my farmers – it's good that we have 11 million people in the state. That's a backyard market. But yes, those consumers don't understand agriculture. They don't understand why you're doing the things you're doing. Why are you on the roads? So there's friction, and we have to work through that friction.

I WANT TO END BY HAVING EACH OF YOU GIVE ME A PROJECT OR AN INITIATIVE THAT YOU WOULD LIKE TO SEE IN THE BUDGET FOR 2024.

ELLEN: Some funding was put in a couple years ago for a program called Rise Up, which is a retail credentialing program. It was a program that taught kids the basis of running a retail operation all the way up to the supply chain for distribution centers. We got some initial funding for that and we're also doing some charity work through the Boys and Girls Club. We'd like to see that program expanded similarly to the ag in the classroom project to give people an entryway into that as a career path going forward.

BAGGETT: More investment in rural residency slots. What we found is that we train a lot of doctors in the state of North Carolina. Out of medical school, we keep about one in three, but out of residency and fellowship we keep up to two out of three. So let's train them in those rural communities where they're putting hands on people on a regular basis and creating these deeper relationships.

WATKINS: We want to see the state focus – instead of spending that money on turnover costs and burning those dollar bills – on retaining their workforce.

We've got a lot of recruitment incentives out there for the state employees, but nothing to retain. And we wouldn't have the recruitment issues, obviously, if we could retain.

SNEEDEN: Continued investing in our road infrastructure. Continue to modify our tax policy so it's the most competitive in the nation. And then workforce development – investing in our existing workforce development programs across the state and investing in our community colleges so they can kind of get more in the weeds and develop that skilled workforce that our businesses need.

HARDING: The ag manufacturing piece. I need a large scale cheese plant in this state for our dairy farms. Nobody drinks dairy anymore. They want cheese. We just need things like that. That's an example. We need the sweet potatoes chips that come from the sweet potatoes grown in North Carolina to also be made in the state.

RAIFORD: Bradford touched on investing in the workforce development areas at community colleges, and the universities that are educating and training these existing and aspiring highly skilled workers is important. We need to continue to not just fund but effectively roll out the funding so it's being deployed around the broadband build out. You have to deploy it in the right ways and still be a good steward of taxpayer money. The key area for us is the physical infrastructure, not just roads, but tech infrastructure, and the talent development. ■



State Employees Association of North Carolina

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