



NORTH CAROLINA MILITARY AFFAIRS COMMISSION

Minutes of the 3rd Quarter July 14, 2020 Economic Development Committee meeting
Microsoft Teams/Conference Call #: 984-204-1487 Conference ID: 218 033 881#

MEMBERS IN ATTENDANCE:

David Hayden, Chairman
Frank Bottorff
David "Crockett" Long
Arnold Gordon-Bray

MEMBERS ABSENT:

Rodney Anderson
Tim McClain
Mayor Will Lewis

ADDITIONAL ATTENDEES:

Will Best, Department of Commerce
Jamie Norment, ACT
Scott Dorney, NCMBC
Ron Massey, City of Jacksonville (by phone)
Larry Coleman, NC National Guard Association
Mike Scalise, MCI-East/NCCC
Bryan Ayers, MCI-East/NCCC
Denny Lewis, EDPNC
LTC David Baker
Keith Wheeler, ECU
Dr. Hiayong Liu, ECU
Dr. Meghan Milla, ECU
Jim Menke, ECU
Sean Cox, NC4ME
Kimberly Williams, NC4ME
B. Norris, DMVA
Paul Berry, DMVA
Kelly Jackson, DMVA

WELCOME/INTRODUCTORY REMARKS: CHAIRMAN DAVID HAYDEN

Chairman David Hayden called the meeting to order at 10:01 am. He welcomed everyone and had all the attendees introduce themselves. There were 4 of the 7 committee members in attendance for a quorum. This is our second virtual committee meeting this year and they have been very successful. We are on a tight schedule so we will get this meeting started. Please keep your devices on mute unless you need to speak or have a question.

CONSENT MINUTES: CHAIRMAN DAVID HAYDEN

Chairman Hayden requested a motion to approve the minutes from the 2nd Quarter meeting of the committee on April 14, 2020. Arnold Gordon-Bray made a motion to approve the minutes, which was seconded by Frank Bottorff and passed by unanimous vote.

OLD BUSINESS: CHAIRMAN DAVID HAYDEN

Chairman Hayden said that the committee had been talking about the strategic plan and that would be talked about later in the meeting.

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BUDGET UPDATE: FRANK BOTTORFF

Frank Bottorff gave an update on the budget and expenditures for the 2019-2020 year. The Commission's year end expenditures for FY 2019-2020 was \$773,633.87. The remaining balance was \$893,665.88. Kelly Jackson said that all of the expenditures had been posted prior to June 30, 2020. She had processed invoices for Economic Development Partnership for NC (EDPNC) and Cassidy & Associates for FY 2020-2021 which had been approved at the 2nd Quarter NCMAC meeting. Frank Bottorff commented on Senate Bill 801 which stated that the General Assembly had appropriated funds for the NCMAC of \$2,000,000 for 2 years. The funds were coming from the Department of Commerce by August 15, 2020. The NCMAC's beginning balance for FY 2020-2021 would be \$2,893,665.88. We are back on track and the NC Military Affairs Commission can re-evaluate their current expenditures for the future.

FY 2019-2020 Expenditures:

<u>Item:</u>	<u>Spent:</u>
Cassidy and Associates (Lobbying Service)	\$ 306,000
Dr. Kathy Sturgis (Facilitator Svc)	\$ 4,640
EDPNC	\$ 120,000
NC Military Foundation (Cluster Analysis)	\$ 140,000
Sentinel Landscapes	\$ 150,000
NC4ME	\$ 40,000
Temporary Solutions (Stipend)	\$ 689.70
Office Supplies	\$ 274.51
Travel	\$ 9,491.91
ADC Fees	\$ 2,096.50
Misc.	\$ 441.25
TOTAL	\$ 773,633.87

FY 2019-2020

Starting Balance: \$ 1,667,299.75
Expenditures: \$ 773,633.87
Remaining Balance: \$ 893,665.88

Senate Bill 801:

An Act to Appropriate Funds to the Military Presence Stabilization Fund:

Section 1: By August 15, 2020, the Department of Commerce shall transfer the sum of two million dollars (\$2,000,000) in nonrecurring funds from the cash balance in the Film and Entertainment Grant Fund (Budget Code: 24609; Fund Code: 2590) to the Department of Military and Veterans Affairs (Budget Code: 13050; Fund Code: 1400) for deposit in the Military Presence Stabilization Fund established in G.S. 143B-1217. The funds transferred in this act are appropriated for the 2020-2021 fiscal year and shall be used to sustain and maintain the State's military installations, updates to strategic planning, federal advocacy, and identification of measures to increase the military value of installations.

Chairman Hayden said that this is great news and we can consider other options to support what the NC Military Affairs Commission is charged to do for the state of North Carolina.

MARINE CORPS AIR STATION (MCAS) CHERRY POINT AND FLEET READINESS CENTER-EAST (FRC-EAST)
UPDATES: JAMIE NORMENT

Jamie Norment gave an update from MCAS and FRC-East. Even with COVID-19, they are trying to do work and the military marches on. The Senate and the House in Congress are working on their Defense Authorization and Defense Appropriation Bills. We watch those very closely since Cherry Point is going through a transformation with new construction. They are being rebuilt for the 21st Century. He is glad to report that they have received in the Senate version of the Authorization Bill, \$51.9 M for a new fitness center and pool for Cherry Point. Our professional warfighters and athletes are in dire need of this facility. The new construction at Cherry Point continues even with COVID-19. They have had some slow down but not much. They are tearing down buildings and hangers and building new hangers. This Friday, Congressman Murphy, and Congressman Hudson (Represents the Fort Bragg area) will be at FRC-East for a Congressional Delegation Briefing by the Commanding Officer and Senior Civilians. They will be talking about the future of FRC-East and hopefully the growth that we will see there in terms of jobs and additional work. On economic development specifically they are working with a Craven County Economic Developer and a New Bern Economic Developer on at least two opportunities of companies that are interested in leaving some sort of facility to the area and support Cherry Point. That is a big deal for us and has been a hard nut to crack. He cannot give the details on that yet. We have challenges before us, but we stand ready for them. Chairman Hayden thanked Jamie Norment for his comments and reminded the committee that Jamie Norment had also sent out a written document, the ACT GR Report that has a lot of great information on what is happening in Eastern North Carolina.

FORT BRAGG UPDATES: ARNOLD GORDON-BRAY

Arnold Gordon-Bray said that he had sent Chairman Hayden a detailed NC USDOT Build Grant application. A top priority for Fort Bragg is roads. They have prepared a detailed report on this matter and the impact on readiness. The information paper says that they have a signed agreement, that if they can get twenty-five roads up to minimal expectable standards, the NC Department of Transportation will bring them on to their books and sustain them from now on. That this topic is critical and the most important thing that the Garrison and the community has, and it needs to become the central topic of discussions that affect Fort Bragg. Chairman Hayden asked if there were any major units deployed from Fort Bragg at this time? Arnold Gordon-Bray said that there are not any Brigade size units deployed currently.

NORTH CAROLINA MILITARY BUSINESS CENTER (NCMBC): SCOTT DORNEY

Scott Dorney said that he appreciated the opportunity to speak today.

NCMBC Operations Progress and Service 14 JUL 2020

Key Points (JAN-JUN 2020)

- Executed rapid expansion to serve statewide – 7 new and 10 expanded offices
- Increased business development (BD) capacity in counties – 72% (W, NW, TRI, expansions)
- Shifted operations for COVID – 24 WEBCONS, 2,700 participants, PPE/textile focus, continue mission
- Doubled output: 2,648 opportunities distributed, 4.8 million connections to businesses
- Strategic Focus: Sustain and expand the defense industrial base in NC
 - Strategic industries (Textile/Soldier Systems, Subsistence, Medical)

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- Leverage Cluster Study and Supply Chain Study data – target BD operations
- Leverage major IDIQs, GWACs, MACCs and major primes
- Leverage I3C and resources in state to accelerate CMMC (cybersecurity) certification

Current Operations, COVID-19 Impact

- doubled the monthly distribution of the most lucrative federal contract opportunities, analyzed by NCMBC BD Professionals (**2,648 opportunities, 4,772,196 business connections**)
- automatically matched and distributed **98,512 federal contract opportunities** via MatchForce.org to 22,800 registered NC businesses
- distributed COVID-19 federal R&D opportunity notices to DEFTECH-registered entities
- conducted **12 federal agency web conferences (WEBCONS)** to directly connect agencies to 1,300 NC businesses and to distribute the agencies' FY20 3Q and 4Q requirements
- executed **12 federal contractor WEBCONS** with updates from the SBA and other State and federal resources for over 1,400 participating businesses
- Operationalized **Interagency Cybersecurity Coordinating Committee (I3C)** with State agencies and NGOs to identify CMMC requirements and resources for defense contractors in NC (**CyberNC.us**)
- connected North Carolina businesses with critical supply needs for FEMA, the State of New York, the GSA, and Defense Logistics Agency Troop Support
- established a personal protective equipment (PPE) registry to support NC suppliers, State agencies, academia, DOD, and federal customers
- maintained a repository of business assistance resources and opportunities from federal, State, local and non-governmental entities
- shared infrastructure opportunities for the US Army Corps of Engineers to “build out” spaces (arenas, convention centers, dormitories, hotels, and other facilities) into alternate care facilities
- dedicated a staff member to assist contractors with the US Small Business Administration (SBA) Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) program
- released surveys and requests for information from several federal agencies and professional organizations on COVID impact
- provided to federal contractors updated base access information for all military bases in NC
- conducted counseling and solicitation/proposal assistance by Zoom to federal contractors
- worked with prime contractors to conduct virtual teaming forums and to post sub requirements
- canceled on-site events (Textiles, Medical, Defense Trade Show, Contractor Academy)

Future Operations

- meet NC business demand for training (basic/intermediate/advanced training, Academy)
- continue federal agency WEBCON series (Food series w/DeCA, DLA TSC, Natick; medical; MICC)
- meet agency demand for follow on WEBCONS (DLA Aviation)
- coordinate and execute six-part Cybersecurity Series (DEFTECH, SEP-DEC 2020)
- operationalize I3C and CMMC training and certification process in NC
- leverage Hurricane Florence Recovery, sub opportunities with primes on 7 packages (\$1.7b)
- execute virtual SE Region Federal Construction, Infrastructure and Environmental Summit, including embedded Energy and Environmental Roundtable (21-22 OCT)

Detailed Information

Additional Positions

- BD Manager/NW BD Office Mark Mills, In place (Hickory, Catawba Valley CC) 15 MAY 2020
- Western BD Office Joe Tew, In place (Hendersonville, BRCC) 03 FEB 2020
- Triangle BD Office Laura Rodgers, In place (RTP, Wake Tech) 03 FEB 2020
- Carteret BD office Randy Chandler, In place, (Morehead City, CCC) 03 FEB 2020
- Wilmington BD Office Donna Warren, In place (Wilmington, CFCC) 17 FEB 2020
- Research Analyst Louise Zullo, In place (Huntersville, CPCC) 15 JAN 2020
- DEFTECH Senior Manager Bob Burton, In place (Durham, DTCC) 03 FEB 2020

Agency/Prime Contractor WEBCONS

- CMMC Accreditation Body Board of Directors, Briefing 21 JUL 2020
- DoD Retail Food Opportunities 22 JUL 2020
- DoD Troop Feeding Opportunities 29 JUL 2020
- Nutritional R&D and Human (Warfighter) Performance 05 AUG 2020
- DOD Medical Prime Vendor, Cardinal Health 05 AUG 2020
- DLA Aviation WEBCON Series (2-4) AUG-SEP 2020

Training Opportunities

- Bid estimating for federal contractors (Intermediate, Virtual) 14 JUL 2020
- Teaming Arrangements that Work (Intermediate, Virtual) 16 JUL 2020
- Introduction to Federal Contracting (Basic, Virtual) 23 JUL 2020
- Introduction to Federal Contracting (Basic, Virtual) 13 AUG 2020
- Introduction to Federal Contracting (Basic, Virtual) 17 SEP 2020
- Defense Contractor Academy (Intermediate, Charlotte) 17-19 NOV 2020
- Proposal Development Workshop (Virtual) TBD, 4-6 in Fall 2020

Events, 2020

- Southeast Region Federal & Defense Textile Summit (Charlotte) Canceled (APR)
- Medical, Biomedical & Biodefense: Support to the Warfighter Symposium Canceled (JUN)
- 19th Annual NC Defense and Economic Development Trade Show Cancel/virtual (AUG)
- SE Region Federal Construction, Infrastructure and Environmental Summit Virtual (OCT)
- Cybersecurity Series, six-part (DEFTECH) SEP-DEC 2020

Denny Lewis said that from DEFTECH he wanted to let the NCMAC know that since 2015, \$1 billion went through the Other Transactional Authority (OTA) where DEFTECH is focused. In 2018 \$7.8 million was spent on OTA. We continue to work that hard with the NC innovation eco-system. We have done several events and webinars. Since our last briefing we have put out over 250 opportunities and innovation notices to our network. The Defense Innovation unit contacted DEFTECH and they wanted to be added to the network because DEFTECH puts out things that they do not see. Chairman Hayden

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reminded the committee about the additional funding that NCMBC received and that they are putting that funding to good use. Scott Dorney said that they appreciated the support of the NCMAC.

DEPARTMENT OF COMMERCE (DOC): WILL BEST

Will Best briefed for the Department of Commerce and gave an update. He informed the committee that they were able to hire and employ the Matrix Design Group and move forward with the encroachment protections for the Dare County Bombing Range and maintain that station. More details to follow on that. Also, North Carolina State University Industry Expansion Solutions is going to be applying for the Defense Manufacturing Community Support Program grant from Office of Economic Adjustment (OEA). This is an anticipated 5 year and \$5 million grant if it is awarded. They will be working with Michael Mullins from NC State Industry Expansion Solutions. They will be taking the lead on that project. They are also partnering with RTI as well as the Board of Science, Technology and Innovation and Dr. John Hardin from Commerce. He did mention that group had requested the names of individuals to share information with them. The names of David Hayden and Frank Bottorff had been given to these gentlemen to go in front of this group to provide them with input and feedback on goals.

ECONOMIC DEVELOPMENT FOR NORTH CAROLINA (EDPNC): DENNY LEWIS

Chairman Hayden introduced Denny Lewis and reminded the committee that he is in the position at EDPNC that is funded by NCMAC for a couple of years.

SIGACTS since last report:

- Personal Protection Equipment (PPE) manufacturer's assistance
 - Researched, coordinated, published PPE registration sites in NC
 - Worked with NCMBC and DEFTECH to establish federal government linkage
 - Sent list of NC "vetted" companies to every NC military installation
- Added 3 Qualified Leads
- Coordinated NC's US Space Command Basing Nominations (ongoing)
 - Raleigh
 - Durham
 - Smithfield
 - Pittsboro
- Mission: Increase defense industry presence in North Carolina
 - Leads
 - Qualified Leads
 - Wins
- Situation:
 - COVID-19
 - Budget/Reprogramming
 - Election
- Significant Impacts on Mission:
 - Qualified Leads....decision delays
 - Lead Identification & Marketing ...networking opportunities minimized

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- Trade Show:
 - ✓ AERODEF March Fort Worth, TX (Cancelled)
 - ✓ Sea, Air Maritime Symposium April, National Harbor, MD (Cancelled)
 - ✓ AUSA in Huntsville, AL April (Cancelled)
 - ✓ Quad A, Nashville, TN April (Cancelled)
 - ✓ SOFIC Tampa, FL May (Cancelled)
 - ✓ Annual Air, Space and Cyber Symposium, Sep 14-16 National Harbor, MD (Cancelled)
 - ✓ Modern Day Marine (MDM) Date is Sep 20-24 at Quantico, VA (Cancelled)
 - ✓ Annual Army AUSA Conference, Oct 12-14 Washington, DC
 - ✓ Army Aviation, Joseph P. Cribbins Training, Equipping and Sustainment
 - ✓ Symposium, Nov 16-18; Huntsville, AL
- Revised Concept of Operations: July – December 2020
 - Husband resources in 2020, continue to evaluate the situation, and work to position North Carolina for Defense Industry Expansion in 2021
 - Redirect labor savings to:
 - ✓ Advertisements in major Defense publications
 - ✓ A study of NC Defense Industry attributes by an independent DC think tank, e.g. Center for Strategic and International Studies, Defense Industrial Initiatives Group, etc.
 - ✓ Trade show expenses if the events occur
 - ✓ Defense Industry Days...invitation, meetings with State Government, tours, “show & tell” including possible military bases participation
 - Defense Industry Manager will continue to serve as the EDPNC liaison to NCMBC, DEFTECH, CANC, NCTECH, NC RiOT, Advanced Mobility Collective, NCMAC, etc.
 - Defense Industry Manager will provide general defense knowledge and insight support to the Business Recruitment team as it develops and executes capture strategies for its projects.

Discussion: David Hayden said that he has had discussions with Denny Lewis and Chris Chung about the revised concept of operations and Denny Lewis’ responsibilities. They feel that this is the best way to support the overall mission of the NCMAC. He said that he commended EDPNC for letting this committee know that their hands were tied. They have taken the initiative to come back with another way to be affective and get us more bang for our buck especially during COVID-19. This change has not been approved but it has been discussed and David Hayden does support this change. He wants Chairman Martin and the NC Military Affairs Commission members to hear this proposal to be supportive or raise some red flags if necessary. David Hayden thinks that they are in the original mandate and he thinks that this is a much better way to use these funds and especially getting a study done by an outside source that is nationally recognized and a basis for pointing out that we have great things here in NC for the Defense Industry. David Hayden asked for any questions or comments on the Revised Concept of Operations?

Frank Bottorff said that this looks like to him that we might be trying to get around contracting rules by going direct for a potential study. He would like to table this until we get more information as to whether the NCMAC thinks this study is worth doing. Also, whether we can legally contract a study or doing something separately to bid the study. Also, that is there justification for Sole Source? David

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Hayden said that those are valid points. Our mandate to sending the money went to EDPNC to fund the position but there is some flexibility if you look at the language on how they use the money within EDPNC. That probably needs to be looked at so we are not breaking any procurement rules but he thinks there is some flexibility there. Kelly Jackson said that the funds go through the Department of Commerce to EDPNC and she recommends that she talks to Beth Friedrich about the changes. David Hayden said that sounded like a good idea. He said that he would like Kelly Jackson to check with Beth Friedman about this change.

Arnold Gordon-Bray said that the first question he would ask is that given the way we are now required to communicate does it suggest that some of our laws now need to be relooked? The second piece is since we cannot hit these mass targets, that you would normally work with, he thinks the leads need to be more targeted. He needs to look at the decision makers and develop a targeting board so that we are looking at what is in our priority list and strategy. Just like we have put together leads for you, now they need to be specific targets. Then we can solicit and/or give messages to those places that we are going after. The laws that would allow us to be able to do this may need to be looked at. This new normal is going to be with us, the Son of COVID. We are not going to come back after this the same as we were before. Denny Lewis said that he had targeted Chief Operating Officers (CEO's) and Presidents of large defense contractors. He is trying to go after major muscle movers. Governor Cooper just signed nine letters that Denny Lewis wrote for the Governor to CEO's for major defense contractors. The letter is talking about NC and hopefully get their attention. This was coordinated through his Government Affairs Staff and they said they are not making any decisions at this time. Arnold Gordon-Bray said that he would watch the language that is being used. He might use the words developed companies and exceptional entrepreneur. The moment you say large, it could have a huge political implication. By using the phrase significant entrepreneur, you could be looking at those small business that are using leap ahead approaches. The Special Operations Forces and Marine Corps still have people coming to their doors with stuff that is beyond just an idea.

David Hayden said that we have a due out for Kelly Jackson. What EDPNC is proposing and how we go forward. He also said that he thought the email from Larry Coleman about sharing a booth for the virtual National Guard Association of the United States (NGAUS) was a good idea. Also, when the NC National Guard hosts the NGAUS in Charlotte, NC in 2021 that would be a great opportunity for the NCMAC to have a presence and other NC organizations to have a presence. There will be a lot of people from across the United States attending this conference. Larry Coleman said that with the 2020 conference being virtual they could see a larger attendance at the 2021 conference in Charlotte.

Scott Dorney said that he had two comments about the EDPNC presentation. He said that there is not a loss in capability because we now have twenty people from the NC Military Business Center across the state that are working with existing businesses and many of them team with business outside of NC. We are getting better at this and serving as the eyes and ears for EDPNC. There are also EDPNC Regional people across the state and tuned into the defense economy. We are generating a lot of leads and continue to get better at this. EDPNC is not a one man show but a good team. You need to remember that we had a \$1 billion increase in defense contracting in NC in 2019. Most of it done by NC companies. There are out of state companies that do billions of dollars of business each year and execute contracts in NC.

Frank Bottorff said that reference the Revised Concept of Operations, we need to figure or get a plan on what we are talking about budget wise. What was recouped to the redirect labor savings and that how is broken down within the concept of operations. He thinks the advertisement in defense publications falls within the authority already within that position. That seems like a natural part of that position. Then how much of that money would go to the defense industry and the think tank for the study? He said the this was 2 separate things and probably different answers depending on the specific conditions. If we can get a breakdown on that and what scope and scale we are talking about financially. David Hayden said they may already have that information. David Hayden asked Denny Lewis to put that information together for us. Then David Hayden can share that information with Frank Bottorff and Kelly Jackson for feedback. Then we will be in a better position for the NCMAC meeting and a recommendation. Frank Bottorff said that information will be helpful for Kelly Jackson when she has her conversation with the Commerce Lawyer.

NC4ME: KIMBERLY WILLIAMS

David Hayden introduced Kimberly Williams from NC4ME. He reminded the committee that this organization is supported by the NCMAC with funding annually and that it is money well spent.

NCMAC Strategic Overview (2019-2020):

- **Vision:** North Carolina is the most military and veteran friendly state in the United States.
- **Mission:** Sustaining and enhancing the current military posture in the state while pursuing opportunities to expand the military missions and economic impact on North Carolina.
- **Strategic Goal:** **Economic Development - Military & Defense Industry**, Increase the economic viability and impact of the military and defense industry in North Carolina.

Why Hire Military Talent - A Value Proposition:

A competitive advantage for their business

- 70% – 80% of your organization's budget is spent on human resources
- Attract, select, and retain high performing employees
- Military talent is a proven success
 - Increased retention rates
 - Decreased recruitment cost
- **Change the employment culture**
- **Consider military personnel as a workforce**

High Performing Candidates:

Training & Development

- Project management
- Teamwork
- Valuing diversity
- Ethics and integrity
- Strategic planning & execution
- Effective communication
- Customer service
- Leadership
- Innovation

High Performing Candidates:

Experience

- ✓ Health Care
- ✓ Information Technology
- ✓ Accounting
- ✓ Human Resources Management
- ✓ Public Safety
- ✓ Facilities Maintenance

Attributes

- ✓ Increased Retention Rates
- ✓ Drug Free
- ✓ Physically Fit
- ✓ Diverse
- ✓ Results Focused
- ✓ Technology Proficient

80% of Military Occupational Specialties (MOS) have a civilian counterpart

The State of North Carolina: 20,000 military retirees from NC a year

Why aren't employer's hiring Veterans? NC4ME: North Carolina's Public-Private Partnership Supporting Military Employment

Employer Perspective:

- Challenges in translation are cited as the most significant barriers to employment.
- Many employers have preconceived notions about service members and Veterans.
- PTSD, TBI and other issues have been sensationalized by the press.

Transition Process:

- Many organizations.
- Little coordination between organizations.
- No clear path to find a job.
- No clear path to find military talent for open positions.

NC4ME:

- NC Works
- CISCO
- NC Veterans Foundation
- Onward to opportunity
- USO for NC
- Department of Military and Veterans Affairs
- Pike
- MetLife
- ESGR
- NC National Guard

Our Approach:

- We Trust them with our Country
- We can Trust them with our Business
 - Deliver Value Proposition: Educate Strategic Business Leaders
 - Engage HR Professionals: Provide accredited HR training.
 - Connect with Military Talent: Conduct NC4ME Hiring Events

Partnership in Action:

- You defend our Country
- Now Help us Build it
- Pike

Pike offers an Attractive Career Progression:

- Company-Wide Line worker (September 2017)
- In addition to salary, Pike Line workers have the opportunity for significant overtime pay from storm restoration duty
- No less than \$28K Annual Salary.

Pike has a Strong Partnership with NC4ME.

- NC4ME Partnership established **April 2017**
- Began attending NC4ME on-base career events
- Provided Hiring Managers visibility to applicants with armed forces background
- Expanded entry-level job descriptions to connect with transitioning veterans
- Developed veteran-centric marketing materials
- Hired Manager of Military Talent Acquisition
- In development of new veteran-specific website landing page
- Creating Pike veteran sponsorship team per area of hire
- Producing a transitioning military Path-to-Pike video

Pike Veteran Hiring Initiative Results:

- 2018 hired **294 veterans**
- 2019 hired **422 veterans**
- **Some of the role's veterans fill at Pike:**
 - Project Manager (6)
 - Assistant Project Manager (1)
 - Operations Vice President (1)
 - Vice President of Engineering (1)
 - Engineer (5)
 - Director of IT (3)
 - Area Supervisor (Construction) (6)
 - Quality Employee Performance Lead (4)
 - Fleet Supervisor (1)
 - Operations Manager (2)
 - Senior Director (Engineering)(1)

NC4ME Results:

- 3500 Leaders Hear Business Case for Veteran Hiring
- 900 HR Professionals Trained to Hire Military

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- 3400 Interviews Documented
- 50% receive job offers or second interviews.
- Summits, Accredited HR Training and Hiring Events.
- Changing the Military Employment Environment in NC
- Coordinated Network for Employment: Uniform message for why to stay in NC and how to find a job here.
- Changing the way employers hire military: Ex Cisco Veteran Talent Incubation Program.

Where Military Talent Meets Business Needs.

INCOME TAX EXEMPTION FOR RETIRED MILITARY: KEITH WHEELER, EAST CAROLINA UNIVERSITY (ECU)

David Hayden said that some of the commission members were part of the legal opinion that allowed military retirees who enlisted in the mid 1980's to have their retired pay not taxed by the State. The service members who enlisted after that time, their retired military pay is taxed by the State. There are approximately 31 states that do not tax military retired pay like NC does. This shoots a big hole in the assertion that we are the most military friendly state, when we are taxing military retirement pay at the state level. We are trying to see how we can support the legislature in pursuing legislation to grant that exemption again. There are some obstacles to this. One thing that he has heard from a couple legislators is that there is general support in the legislature but there is also some opposition due to the fact that some want this exemption for the retirement pay for state and federal employees. That is a hurdle that we need to know about. David Hayden has talked to these legislators about getting information, studies or analysis that has been completed on this topic. So, we can show that doing this would show the positive economic impact this would have on the state of NC in the long run. There has been some research on this topic. He received a copy of the study from Arnold Gordon-Bray that was completed by Fayetteville State University (FSU). We now have an opportunity to possibly fund further research by a more comprehensive research from staff at East Carolina University (ECU).

David Hayden introduced Keith Wheeler from ECU. Keith Wheeler is a retired Captain from the Navy and the Executive Direct, Office of National Security & Industry Initiative. Keith Wheeler said that he was a surface warfare officer and deployed all around the world for almost 28 years. He also worked at the Pentagon. He grew up at the Outer Banks of NC.

Agenda:

- Introductions
- Background
- Research Study Proposal
- Questions & Answer

Introductions:

- Dr. Haiyong Liu, Professor & Chair, Department of Economics, Thomas Harriott College of Arts & Sciences, ECU
- Dr. Meghan Millea, Professor of Economics, Thomas Harriott College of Arts & Sciences, ECU
- Jim Menke, Director, National Security Initiatives, ECU (Master Chief, USN(Ret))

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Background:

- Provided an ECU overview to the NCCC 25 Feb 2020
- Discussion at the NCCC about NC as a veteran friendly state, but not with respect to taxing of military retiree income
- Subsequent research revealed a dearth of data on the topic for NC
- Addressed this issue with the Economics Department at ECU - indicated great interest in pursuing
- Working level discussions over the past month led to the framing of a study proposal and potential follow-on research agenda to capture and analyze the factors involved in exempting taxes from military retirement pay

Research Study Proposal:

- A decision to exempt military retirement pay from taxation involves more complex economic interactions than simply calculating the reduction in tax revenue to NC.
- Accurately capturing the complexity in its entirety is necessary in order to better inform decision makers
- This study proposal provides the foundation upon which optional additional research agenda area can build.

Research Study Proposal:

- Net Income Taxes and Payoff Population Change
 - Estimate the state's net change in income tax revenues by estimating the direct transfer of disposable income from the public sector to the private sector (direct reduction in tax collections) and the tax collections based on the retirees' spending in the state.
 - Estimate the retiree population change necessary for revenue-neutral tax collections (the payoff of the retiree population change).
 - The final deliverable of this study will be a factsheet and report with executive summary.

Proposal Timeline & Funding:

- Timeline
 - July 15, 2020 Contract and start work.
 - August 14, 2020 Draft reports submitted for review.
 - August 28, 2020 Feedback provided.
 - September 1, 2020 Final Draft submitted.
 - (Dates adjustable based on revised start date)
- Funding: \$43,000

Questions:

Follow-On Research Agenda:

- Proposal 2 - Determinants of Location Decisions for Retired Military
- Proposal 3 - Estimating Retiree Impacts on the State Economy
- Proposal 4 - Economic Impacts of Post-Retirement Employment
- Proposal 5 - Workforce Skillset Assessment of Post-Retirement Employment
- Proposal 6 - Economic Impacts of Federal Healthcare Spending

Follow-On Research Agenda:

Proposal 2 - Determinants of Location Decisions for Retired Military

Knowing the payoff of military retiree population change begs the question, “is that required population change reasonable?” Can North Carolina attract enough new military retirees to offset the initial direct effect on state income tax revenue? Research Proposal 2 will evaluate the determinants of military retiree residential location decisions using econometric analysis. Using the results from the decision modeling and projected national military retiree population size, we will estimate the number of military retiree personnel choosing to locate in North Carolina. We will then compare these estimates to the revenue-neutral population estimate from Proposal 1. Combining a projected annualized estimate of military retiree population change with the tax multipliers from Proposal 1, we can estimate a multi-year tax revenue schedule and establish a timeline for the state’s return on investment.

Proposal 3 - Estimating Retiree Impacts on the State Economy

When new military retirees re-locate to North Carolina, they bring more than tax-generating expenditures. Using the results from Proposals 1 and 2, Proposal 3 will assess the broader economic impacts of new retirees on the state. The injection of the additional retirees’ spending in the state will have multiplier effects on the state’s economy and can be measured as increases in output, personal income, and employment.

Proposal 4 - Economic Impacts of Post-Retirement Employment

If any portion of the projected retired military personnel re-locating to North Carolina (estimated in Proposals 1 and 2) engage in active, high-skilled employment, the income earned in that employment will spark additional economic impacts on the state. Proposal 4 will estimate the proportion of the relocating retirees who will remain actively employed. The income earned in their retired employment is taxable, which further replenishes state coffers directly. In addition, household spending of income earned in retired employment sparks additional economic activity which can be quantified in terms of impacts on output, income, employment, and tax revenues. This proposal consists of two stages: the first stage is to estimate the proportion of the retiree population who remain active in the labor market and the income generated from their activity. The second stage is to estimate the economic impacts (output, income, employment, and tax revenues) associated with their employment income. This proposal can be expanded to include the economic impacts of household income more broadly, which would include income earned by other members of the relocating households.

Proposal 5 - Workforce Skill Set Assessment of Post-Retirement Employment

Retired military who engage in employment may have skill sets that augment the existing labor force. Proposal 5 builds on the estimated working retiree population estimates from Proposal 4 to assess the skill set attributes of the actively employed, retired military. This workforce assessment describes the contributions of the additional working military retirees to North Carolina’s labor force. Thus, Proposal 5 builds on previous work to quantify the workforce skill related contributions of working military retirees who are attracted to North Carolina due to income tax exemption policies. This proposal can be expanded to include the workforce contributions of the other members of the relocating households, which may capture workforce skill set changes more comprehensively.

Proposal 6 - Economic Impacts of Federal Healthcare Spending

All military retirees who locate in North Carolina attract Federal spending to the State beyond their pensions. Federal contributions to retiree health care represent additional injections of funding into North Carolina that support the State's health care sector. Proposal 6 combines retiree relocation estimates from Proposals 1 and 2 with estimates of Federal per capita health care expenditures to generate an additional round of economic impacts associated with relocating military retirees. This proposal will model the economic impacts (output, income, employment, and tax revenues) from Federally funded health care spending for the estimated new military retirees in North Carolina. Because the health care sector may be particularly interested in this aspect of the retiree impacts, we will specifically report the impacts (output, income, and employment) on that sector.

REGIONAL OR COMMUNITY LEVEL ANALYSIS (BEYOND INITIAL PROJECT SCOPE)

Proposal A: Distribution of location decisions within North Carolina

Additional studies beyond the scope of what is proposed here may include distributional effects of attracting retired military personnel to the state. Where, specifically, within the State will they tend to locate? This type of assessment can contribute to localized economic impact assessments of policy proposals. Conceivably, stakeholders and decision-makers in local areas could offer incentives to attract retired military to their communities.

Proposal B: Localized economic attributes

Additional retirees may alter the population profiles of local communities. Regional or local analyses could quantify community or regional level changes in broad economic metrics such as employment, income, and workforce skill sets if the population profiles are altered with relocating military retiree personnel and/or households.

Proposal C: Localized economic impacts

If we can identify where new retired military locate within the state (or establish location assumptions), we can estimate economic impacts on local and regional economies measured as changes in output, income, employment, and local tax revenues of retired military personnel and/or households.

Questions:

David Hayden said that he wants to let people know what is available for us and have research done to support this. We have the FSU study that we still need to look at in depth as well. But having options is something that we want to at least consider. We want to go further than just paying lip service to the simple points. We want to have good analysis or study behind this to strengthen our case that he thinks makes all of the sense in the world. Arnold Gordon-Bray said that one of the framework pieces that he heard was something about a Fort Bragg Study. That study began by looking at the idea of Fort Bragg. The FSU study really tries to look holistically across the state of NC because this is a NC issue. They have jumped out on this because of what we have asked them to do. He would encourage us at NCMAC that if we are going to commission a study, it should potentially be or possibly be a joint study with ECU and FSU. We need to see if that is possible because there has been a lot of work done. At a bare minimum to challenge the information and approach. There has been a lot of work done already. We would be

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remised if we did not allow a University who has already taken the problem on to be part of anything that we commission.

David Hayden asked if there were any other questions at this time. He is not looking for any type of vote at this time. He is just trying to share information with this committee and look at what has been developed and then have an intelligent discussion during the NCMAC. Then we can talk about the NCMAC possibly funding a study on this topic. We have a lot of options in front of us.

Keith Wheeler asked about the status of the FSU study. Is it still in the works or is it published? David Hayden said that that he saw an initial draft that Arnold Gordon-Bray had provided to him. He still has some questions as to what is next for that study. He thought that they had done the study and were just refining the study for the final report. David Hayden asked Arnold Gordon-Bray if that was correct. Arnold Gordon-Bray said that was correct. It pushes through looking at all of the impact of both the retirement paycheck and a complete flush of how long to get to your comment. You talked about when it breaks even from money lost to when it flips from the number of persons that retire and when it becomes a zero sum gain. It gives a break even analysis to that discussion. What it does not do is go to the secondary affects which is the wholistic design of people in NC. He thinks that could be expanded to make the argument stronger. From the economic perspective it does has a pretty strong argument across the State into what we will bring back into the economy overall. It does not consider the kind the gaps from the past 4-5 months. So, from that point it needs to be amended. It is a good base for research. If you want the study he will share it with David Hayden and Kelly Jackson. FSU has given him authority to do with it as we see fit and share it as we see fit.

David Hayden asked Arnold Gordon-Bray to link the 2 of them with someone from FSU so they can have a conversation with the FSU person about this study. David Hayden said that he thought the ECU study would go into the 2nd and 3rd order effects of granting the exemption. Not only what the retiree personally has an impact on the economy, but they also have family members that start businesses or get jobs. Those are also significant investments in NC. He appreciated that FSU has given us the authority to use this study. We are looking for a quality product that will give the legislature the push to get this across the finish line.

STRATEGIC PRIORITIES: DAVID HAYDEN

David Hayden want over the strategic priorities and intermediate steps for the Economic Development committees for the NCMAC. Kelly Jackson said that Paul Friday had made some recommended changes to both the priorities and steps. The committee needed to review the recommended changes and then if approved the changes would be made. David Hayden said that they had three goals. Now they need to develop recommendations on educating the full NCMAC on these strategic priorities. They need to engage between the meetings to move the ball forward. The committee has developed intermediate steps to achieve the goals and they also put timeframes for the steps. He is open to any further suggestions on implementation of the goals. The intermediate steps are important, and everyone should be thinking about between each meeting so they can have a positive impact on the defense economy in NC. David Hayden asked Kelly Jackson to put the recommended changes from Paul Friday on the document and they would review that for the next quarterly meeting. Kelly Jackson said that she would do that for the next meeting. Arnold Gordon-Bray said that he recommended strongly that we

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make this a dashboard. If we could add four columns to the right hand side and we would color code column C. Then column C would be where we see ourselves and then David Hayden could say were we are in the process. The colors would be Red, Yellow and Green. Then column D would be the comments associated with the dashboard. That would be the In-Progress Review (IPR) that occurred between meetings. Then we are showing something and being consistent. That would add from our perspective the marking piece which is basically giving anyone the talking points for economic development that need to be carried forward. He thinks the dashboard approach would be helpful. Chairman Hayden said that it was time to adjourn the meeting. He appreciated the great discussions today. He would be working with Kelly Jackson about the dashboard approach.

OPEN DISCUSSION:

Chairman Hayden asked if there was any further questions or comments from the group?

ADJOURNMENT:

Chairman David Hayden adjourned the meeting at 12:00 am.