

Changes to County Development Tiers in 2019

From 2007 through 2018, the Department of Commerce's county development tiers have been determined through a formula based on four "development factors," as well as several "adjustment factors." The 2018 Appropriations Act ([S.L. 2018-5](#), Section 15.2.a) eliminates these "adjustment factors," and as of January 2019 only the economic distress rank based on the four development factors will be used to determine county development tiers. This will likely precipitate a significant initial movement of counties between Tiers for 2019.

The Tiers has, and will continue to rely on, four development factors for its county distress ranking: 1) unemployment rate, 2) median household income, 3) population growth, and 4) assessed property value per capita. After determining a ranking of counties' economic distress through these four development factors, several adjustments were legislatively required for small counties (under 12,000) and mid-size counties (less than 50,000) with high poverty rates (greater than 19%). There was also a stipulation that a Tier 1 county remain designated as such for at least two years. Following these adjustments, the counties which did not receive adjustments were assigned to the remaining slots based on their economic distress ranking, with the requirement that 40 counties be designated Tier 1, 40 counties Tier 2, and 20 counties Tier 3.

These automatic adjustments affected large numbers of counties and therefore the final tier designations. In 2018, for example, the adjustments resulted in 13 counties receiving a Tier 1 designation despite not being in the highest 40 counties by distress rank. This shifted 13 counties with a high distress ranking into Tier 2. In addition, 3 counties with rankings among the least distressed 20 counties were assigned to Tier 2, which shifted 3 less distressed counties to Tier 3.

The Department of Commerce will release the 2019 county development tiers on or before November 30, 2018 as required by General Statute [143B-437.08](#), using the most timely available data at that time. However, in anticipation of several counties changing tiers, this memo details the potential impacts using the 2018 tiers as an example.

If the adjustment factors had not been used when calculating the 2018 tiers, 32 counties would be in different tiers:

Tier 1 → Tier 2

13 Counties

Tier 2 → Tier 1 (most distressed)

13 Counties

Tier 2 → Tier 3

3 Counties

Tier 3 (least distressed) → Tier 2

3 Counties

The following spreadsheet provides the 2018 tier calculations as well as a scenario showing the impacts of removing the adjustment factors on the final county development tiers. The Department of Commerce is available to assist counties with understanding the changes to their tier designation as well as any other economic development needs going forward.

2018 Tiers & Impact New Rules Would Have Had on 2018 Designations

County	2018 Distress Rank (1=most distressed)	Official 2018 Tier	2018 Tier Under New Rules	County	2018 Distress Rank (1=most distressed)	Official 2018 Tier	2018 Tier Under New Rules
Alamance	64	2	2	Johnston	86	3	3
Alexander	60	2	2	Jones	31	1	1
Alleghany	47	1	2	Lee	44	2	2
Anson	11	1	1	Lenoir	14	1	1
Ashe	56	1	2	Lincoln	85	3	3
Avery	68	2	2	Macon	73	1	2
Beaufort	43	2	2	Madison	61	2	2
Bertie	4	1	1	Martin	15	1	1
Bladen	11	1	1	McDowell	51	1	2
Brunswick	80	3	2	Mecklenburg	92	3	3
Buncombe	90	3	3	Mitchell	32	1	1
Burke	52	2	2	Montgomery	46	1	2
Cabarrus	94	3	3	Moore	87	3	3
Caldwell	41	2	2	Nash	30	2	1
Camden	77	1	2	New Hanover	96	3	3
Carteret	78	3	2	Northampton	11	1	1
Caswell	22	1	1	Onslow	36	2	1
Catawba	62	2	2	Orange	89	3	3
Chatham	100	3	3	Pamlico	63	2	2
Cherokee	54	1	2	Pasquotank	37	1	1
Chowan	27	1	1	Pender	83	3	3
Clay	66	1	2	Perquimans	38	1	1
Cleveland	38	2	1	Person	64	1	2
Columbus	10	1	1	Pitt	33	2	1
Craven	49	2	2	Polk	82	2	3
Cumberland	20	2	1	Randolph	53	2	2
Currituck	98	2	3	Richmond	6	1	1
Dare	76	2	2	Robeson	3	1	1
Davidson	68	2	2	Rockingham	27	2	1
Davie	79	2	2	Rowan	59	2	2
Duplin	23	2	1	Rutherford	25	2	1
Durham	92	3	3	Sampson	17	2	1
Edgecombe	1	1	1	Scotland	5	1	1
Forsyth	72	2	2	Stanly	67	2	2
Franklin	70	2	2	Stokes	54	2	2
Gaston	58	2	2	Surry	34	2	1
Gates	42	1	2	Swain	40	1	1
Graham	25	1	1	Transylvania	84	2	3
Granville	74	3	2	Tyrrell	24	1	1
Greene	15	1	1	Union	97	3	3
Guilford	70	2	2	Vance	7	1	1
Halifax	2	1	1	Wake	99	3	3
Harnett	50	2	2	Warren	19	1	1
Haywood	81	3	3	Washington	8	1	1
Henderson	91	3	3	Watauga	88	3	3
Hertford	9	1	1	Wayne	18	2	1
Hoke	34	2	1	Wilkes	47	2	2
Hyde	21	1	1	Wilson	29	2	1
Iredell	95	3	3	Yadkin	45	1	2
Jackson	75	1	2	Yancey	57	1	2