




# North Carolina's Next Chapter

*Harnessing Growth and  
Shared Prosperity*



**Carolina**  
**FORWARD**



Introduction **2**

Population Shifts **4**

Housing **6**

Transportation **9**

Healthcare **13**

Education **17**

Public Finance **21**

Urban-Rural Divide **24**

Cost of Inaction **28**

Conclusion **32**

About the Author **35**

Endnotes **36**

# Introduction



## **North Carolina is growing by leaps and bounds.**

As of mid-2025, our state recently surpassed 11 million residents, and added roughly 165,000 people from mid-2023 to mid-2024. This is the fourth-largest increase of any state, behind only Texas, Florida, and California.<sup>1</sup> North Carolina remains the 9th most populous state in the nation, and is poised to overtake Georgia and Ohio (currently 8th and 7th, respectively) by the early 2030s to become the 7th most populous, with estimates of adding 1 to 3 million more North Carolinians in the next two decades.<sup>2</sup>

This impressive growth is a testament to what so many of us already know: our state is an unparalleled place to live, work, raise a family, start a business, study or retire. The Old North State is blessed with a combination of geography, workforce, climate and strategic east coast location that creates the perfect ingredients for growth. That growth is a gift, and a tremendous opportunity that is the envy of most other states. But it is also a challenge to which North Carolina's infrastructure, environment, and institutions are now called to rise.

Managed properly, a growing population can mean not just a larger economy, with more opportunity and innovation, but also more choices, rising standards of living, and a better quality of life for all. From software developers in the Triangle, to finance professionals in Charlotte, to farmers down east and retirees on the coast and in our mountains, North Carolina has been a magnet for people seeking exactly that: opportunity and a higher quality of life.

# Introduction

Yet if not managed wisely, growth can also lead to the opposite: straining our housing supply, clogging roads, overcrowding schools and hospitals, while deepening the divide between the communities that are thriving and those that are left behind. The challenge is twofold:

**1. Can we make the investments now** to absorb the growth we know is coming so that we do not sacrifice our quality of life or affordability?

**2. Can we ensure that the benefits** from growth reach all North Carolinians – urban, rural and in between, long-time residents and newcomers – rather than worsening inequality and fostering resentment?

This report explores the demographics, infrastructure needs, and policy gaps that come together as our central challenge for the next decades of North Carolina's future. In each section, we focus on a specific facet of this challenge: population shifts, housing, transportation, education, healthcare, public finance, and our festering urban-rural divide. Knowing where we stand today, we can more clearly set out what can be done so that North Carolina meets this pivotal moment, as well as lay bare the costs of inaction. North Carolina stands at a crossroads – the choices we make now will determine whether we seize the opportunities of growth, or buckle under its weight.



# Population Shifts



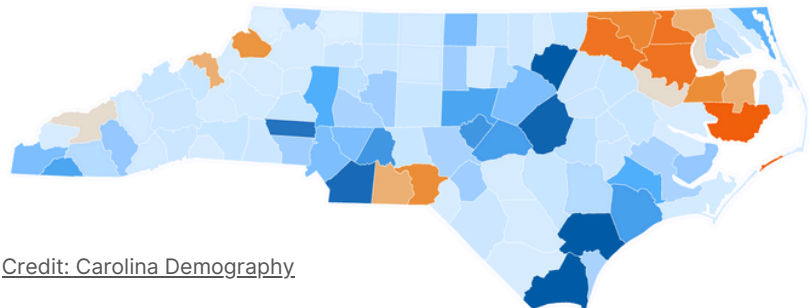
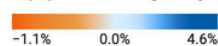
## The human geography of North Carolina

North Carolina's population boom has not been evenly spread. It is reshaping our state's demographic geography, with some regions burgeoning while others depopulate. Understanding these shifts is foundational to planning for housing, infrastructure, and services in the right places.

Consistent with broader trends in other Sunbelt states, North Carolina has drawn new residents at remarkable rates. The growth is heavily concentrated in urban and suburban counties, as well as a handful of attractive coastal areas and mountain areas.

### Fastest growth in coastal counties, Triangle and Charlotte Suburbs

% population change, July 1, 2022 to July 1, 2023



Credit: [Carolina Demography](#).

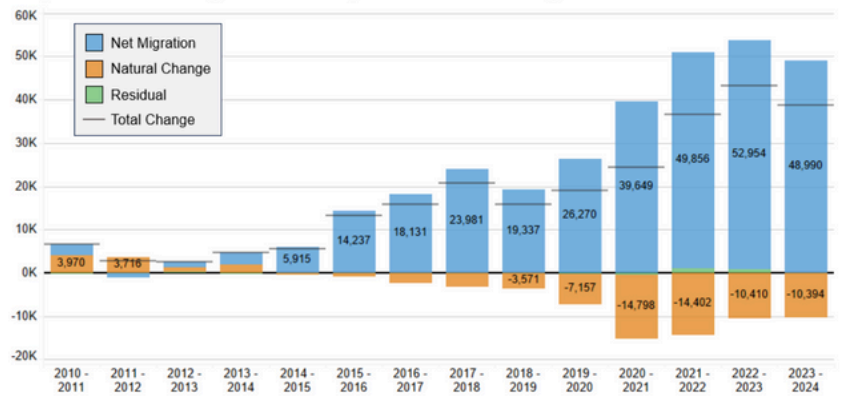
The 2020s have witnessed the steady expansion of virtually every metro area in the state, led by<sup>3</sup> the Charlotte and Triangle metros. Coastal communities like Wilmington and Brunswick County are also booming<sup>4</sup>, led by retirees flocking to the shore. In both instances, the drivers of growth are economic opportunity (jobs) and coastal amenities.

By contrast, many of North Carolina's expansive rural areas are stagnant or depopulating.<sup>5</sup> Of the counties that saw their populations shrink or barely grow in recent years, all are rural, with a heavy concentration in the Northeast, where counties like Martin, Halifax, and Gates have seen net losses. Many communities like these have not yet found a way to attract the jobs and opportunity that makes them a viable option in which for younger people to build a life. Out-migration of young adults and resulting falling birth rates mean that communities like these face a cycle of decline: fewer workers and an eroding tax base make it difficult to sustain existing services, let alone make new investments.

Even in rural areas that are not contracting, *virtually all growth* is coming from in-migration, often from out-of-state retirees. In this way, North Carolina's population story is one of two trajectories: fast-growing metros and hotspots along the coast and in the mountains, versus many rural regions struggling to hold together.

These shifts carry major implications. Booming metros are straining to keep up with demand for housing, roads, and schools. Wake County (Raleigh) and Mecklenburg County (Charlotte) each grew by roughly 20,000+ just last year,<sup>6</sup> akin to adding a whole new town annually. Expanding infrastructure in these places is necessary just to keep pace.

**Population Change and Components of Change: Rural North Carolina**



Credit: NC Rural Center

Meanwhile, rural areas in structural cycles of contraction face the opposite problem: how to maintain basic levels of services in schools, hospitals, and economies with a dwindling population to support them. The urban-rural population gap also feeds into political tensions (explored later) as some rural residents feel “left behind” by the prosperity in the Triangle or Charlotte. Clear-eyed planning is needed to manage booming growth in some regions while revitalizing others, so that all parts of North Carolina have a viable future, and all parts of the State can buy into that vision.

## Policy Recommendations

*To harness population growth and balance its distribution, North Carolina should:*

1

**Promote Balanced Regional Development:** Strongly encourage job creation and investment in rural and small-town regions through economic development incentives and infrastructure projects. Target industries that can more easily succeed in smaller communities, such as advanced manufacturing, agri-business, or remote-friendly tech hubs.

2

**Strengthen Regional Planning:** Empower metropolitan planning organizations and the regional councils of government to coordinate growth strategies across jurisdictional lines. A statewide framework for regional planning can ensure infrastructure and land use decisions align with where people are settling.

3

**Enhance Rural Quality of Life:** Invest in amenities that can attract and retain residents in rural areas, like broadband internet, healthcare facilities, community colleges, and recreation. Improving quality of life outside the big cities can help counterbalance the urban pull and distribute population more evenly.

4

**Plan for Aging and Migration Patterns:** Recognize that many rural counties will continue aging and depopulating. Expand services for seniors in those areas and consider rightsizing infrastructure (like consolidating schools or healthcare services) while targeting new development in growth areas. Welcome in-migrants by streamlining processes like professional licensing and expanding housing supply (see next) so newcomers can integrate and contribute quickly.

# Housing



## Affordability crises everywhere

Few issues illustrate the growing pains of North Carolina's boom like housing. Housing affordability has become a flashpoint in almost every community, from our biggest cities to our smallest towns. Steady population growth colliding with insufficient new construction has acted like a vise on housing supply, sending home prices and rents soaring. The result is housing costs outstripping incomes and strain on families everywhere.

Over 1 million North Carolinians are now "cost-burdened" by housing, meaning they spend at least a third of their income on housing.<sup>7</sup> This includes renters stretching their paychecks to cover rising rents, and homeowners facing higher mortgage payments and property taxes. In urban counties like Wake and Mecklenburg, median rents for a 2-bedroom apartment are now well above \$1,500, which is simply out of reach to many.

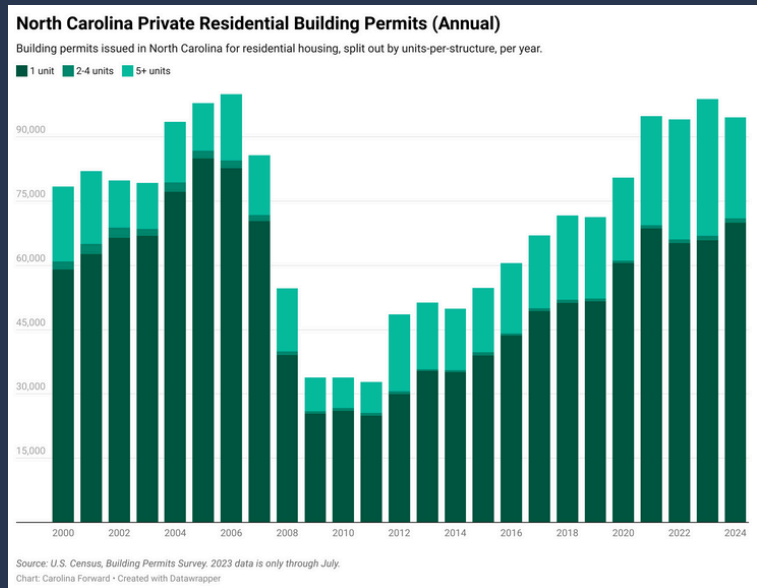
Since 2017, North Carolina's median home price has increased roughly 58%,<sup>8</sup> while incomes have risen only about 38% in that time.<sup>9</sup>

With housing costs eating 30%, 40% or more of many households' income, it means less money for food, healthcare, and savings, undermining overall economic security both individually and for the community as whole. High housing costs make it hard for businesses to attract workers and deter young families from settling in an area. The resulting financial strain hurts families, marriages, children and the communities of which they are a part.

The fundamental problem, like anywhere, is that North Carolina's supply of housing has not kept up with demand. By one estimate, North Carolina faces a housing unit shortfall of roughly 764,000 homes through 2029.<sup>10</sup> That is, we need hundreds of thousands more homes than are on track to be built, given population growth.



While both urban and rural areas suffer from the housing crisis, it often looks different in each type of area. In cities, we see bidding wars for modest starter homes, rising evictions, and sprawling new subdivisions stretching exurbs further out. Highly-paid newcomers can outbid locals, driving gentrification in some neighborhoods. But many rural areas face a dearth of quality housing stock, rather than high costs alone. Many small towns have aging homes, few new developments, and limited rental options, meaning those who



might move there (for a job or lower cost of living) still can't find suitable housing. Paradoxically, some rural communities have relatively low prices, but locals still face an affordability problem, because wages are also much lower and the available housing is very limited in supply.



Thus, “affordability crises everywhere” holds true: in booming counties it’s the price escalations; in struggling counties it’s an affordability crunch stemming from low income and inadequate housing quality.

If North Carolina doesn’t address housing affordability, it could become a victim of its own success. Without action, high housing costs can choke off the very growth and opportunity that created them in the first place. For example, companies might hesitate to relocate or expand in North Carolina if their employees can’t find affordable homes. In rural areas, any economic revival is impossible if there’s nowhere for workers to live.

# Policy Recommendations

*To tackle the housing affordability crisis, North Carolina should:*

1

**Dramatically Increase Housing Supply:** Encourage and incentivize the construction of “all of the above” new housing. This includes zoning reforms to allow higher-density development (e.g. duplexes, townhomes, accessory dwelling units) in urban and suburban areas, especially near job centers, and making more housing permitted “by right.” The state can offer grants or fast-track permitting for localities that expand zoning for multifamily housing. Launch programs to support modular and manufactured housing as quick, lower-cost supply – particularly in rural areas where construction is lagging.

2

**Invest in Affordable and Workforce Housing:** Expand state funding and tax credits for affordable housing development (e.g. through the North Carolina Housing Finance Agency). Public-private partnerships can build mixed-income developments that include units for low- and moderate-income families. Also consider a state housing infrastructure fund that subsidizes the cost of land, utilities or financing for projects that include lower-cost units. Target assistance to the areas with the worst cost burdens and to essential workers (teachers, first responders) who are being priced out.

3

**Keep Housing Markets Local and Empower Renters:** Place restrictions on institutional and out-of-state investors seeking to buy large volumes of housing stock on terms unavailable to individual buyers. Strengthen tenant protections like notice periods for rent increases or support for eviction diversion programs. Prohibit landlord discrimination on the basis of tenants’ source of income.

4

**Revitalize Housing in Rural and Declining Areas:** Address the other side of the coin by improving housing quality and availability in rural communities. Offer state grants or low-interest loans to renovate aging housing stock, remove blight, and build new housing where the private market isn’t delivering. Ensure that state broadband and infrastructure investments extend to new housing in rural towns, making those places more attractive to live. A focus on “mill village” revitalization or small-town downtown apartments could provide modern housing options that keep people local.

# Transportation



## Infrastructure lags behind growth

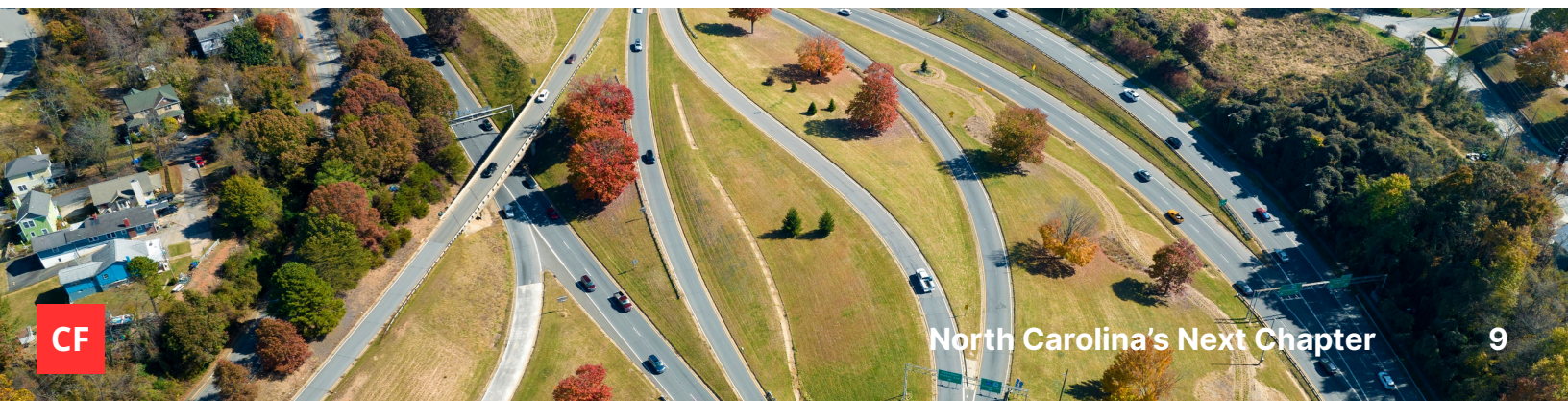
North Carolina's days as "The Good Roads State" are in our distant past. The strain on our state's transportation systems today are evident everywhere. From congested Charlotte traffic to crumbling rural roads, our state's infrastructure investments haven't kept up. Much of our state's road network is aging or over capacity and efforts to expand transit have been sluggish. As the population continues to grow, this lag threatens mobility and economic vitality.

Unusually for a state, North Carolina's state government maintains over 80,000 miles of roads, the second-most of any state after Texas. (North Carolina has no county-owned roads; almost all non-municipal roads fall under the purview of NCDOT.<sup>11</sup>) While this centralized system helped build the "Good Roads" of our state's old nickname, maintenance has become a tall order. Inspections find that one-third of North Carolina's major roads are now in poor or mediocre condition, and an additional ~23% are rated only fair, leaving only about 44% in

good shape.<sup>12</sup> Potholes, rough pavement, and aging bridges are common complaints from the mountains to the coast.

Driving on these deteriorated roads costs the average North Carolina motorist an extra \$484 per year in vehicle repairs, tire wear, and other operating costs.<sup>13</sup> The infrastructure built by past generations – much of it in the mid-century boom of highways – is now in need of renewal just as usage is reaching new highs.

In the metros, population growth has far outpaced road capacity, leading to severe congestion. Drivers in the Raleigh-Durham area lose about 36 hours each year sitting in traffic, and Charlotte commuters lose even more, around 47 hours annually. That's nearly a full workweek wasted in gridlock per driver. The economic cost of these delays and wasted fuel is estimated at \$4 billion statewide each year.<sup>14</sup> Despite these needs, major transportation projects have been slow to advance.

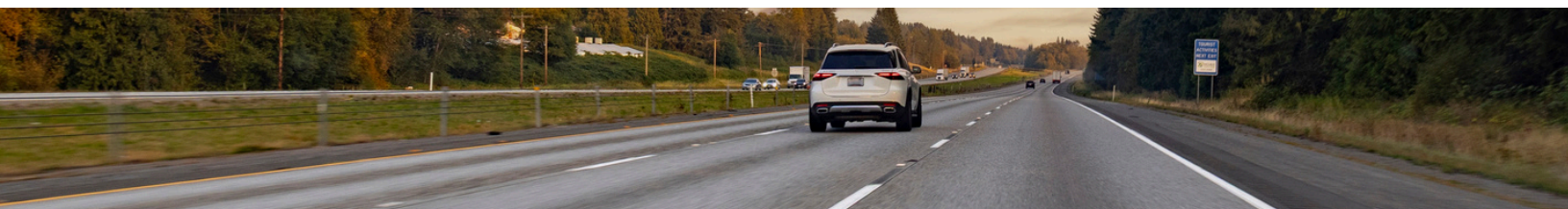


For example, Charlotte’s proposed Silver Line light rail and the Triangle commuter rail connecting Raleigh and Durham have been stuck in planning limbo waiting for state or federal funding which has never materialized. As of this writing, Mecklenburg county has passed a new one-cent sales tax increase to fund a relatively modest transit expansion (aiming to raise \$19.4 billion over 30 years for roads, rail, and buses) but political conflicts – including a 40% cap on funds going to fund rail, imposed by the state legislature – threaten to throttle the full potential.



In the Triangle, innumerable studies have demonstrated the clear potential benefits of a mass transit commuter rail system, but no such project has ever materialized. Such a system would cost at least \$3.2 billion and require significant state and federal aid.<sup>15</sup> As such, prospects remain dim. (An earlier plan for light rail across the Triangle collapsed in 2019 due to opposition by Duke University, leaving many deeply skeptical about future efforts.) The result is that alternatives to clogged highways, like rail and robust bus networks, are slow in coming. Many suburban developments lack sidewalks or safe biking routes, reflecting a pattern of sprawl without mobility options where residents have no other option but long, expensive car-dependent commutes.<sup>16</sup>

Transportation funding has struggled to keep up as well. North Carolina has historically relied on fuel taxes and car sales taxes for its Highway Fund. But with cars becoming more fuel-efficient and the rise of electric vehicles, gas tax revenues have stagnated, undermining the main source of road funding.<sup>17</sup>



Adjusted for inflation and population, North Carolina’s per-capita transportation spending has flatlined or even declined in recent years. The legislature did inject some new funding by allocating a portion of general sales tax to transportation (an extra \$7.2 billion through 2033), and the 2021 federal infrastructure law sent the state \$7.8 billion in federal dollars. These infusions have helped, but do not close the gap. Construction costs have risen,<sup>18</sup> so each dollar buys less pavement than before. Without new revenue tools, North Carolina risks falling further behind on everything from repaving to modern transit. Discussions are underway about mileage-based fees or EV registration surcharges to supplement the gas tax, but no sweeping solution has been enacted yet.

Outside the metros, many North Carolina communities face a different transportation challenge: isolation and lack of options. In dozens of rural counties, public transit is minimal or non-existent. If you don't have a personal vehicle, getting to a job, doctor's appointment, or grocery store can be extremely difficult.



Some counties operate on-demand van services or a limited bus for elderly and disabled residents, but these are rarely adequate. Rideshare services like Uber are also sparse in low-density areas. Additionally, some rural roads remain unsafe or poorly maintained. This lack of

transportation options limits economic mobility and quality of life for rural residents. Someone without a car in a county with no transit simply may not be able to hold a job, contributing to higher unemployment and poverty. Transportation, like housing and many other issues, is thus equally a challenge in rural communities as in urban and suburban ones.

The bottom line is that North Carolina's current trajectory on transportation is clearly unsustainable in the face of growth. If we do nothing, commutes in Raleigh or Charlotte could soon resemble the grinding traffic of Atlanta. Rural areas will remain cut off and struggle to attract development. But the right investments in transportation can yield huge returns: every dollar invested in highways or transit can boost economic productivity, improve safety, and enhance daily life for millions of North Carolinians. It will take political will and creative policy to catch up with infrastructure needs.



# Policy Recommendations

To bridge the transportation infrastructure gap, North Carolina should:

1

**Boost Funding and Embrace New Revenue:** Substantially increase investment in transportation by updating our funding model. This includes phasing in a vehicle-miles-traveled (VMT) fee or similar charge for electric and high-efficiency vehicles to ensure everyone pays their share for road upkeep. Consider moderate increases or indexing of existing gas taxes and fees to at least track inflation. The state could also enable local option transportation sales taxes more broadly, beyond just the largest counties, so communities can fund transit or road projects that meet local needs.

2

**Accelerate Highway Maintenance and Expansion:** Devote new funding first to maintenance – repaving deteriorated roads and repairing or replacing aging bridges (recall that 7% of North Carolina bridges are structurally deficient<sup>19</sup>). Adopt asset management best practices to prioritize critical fixes. Simultaneously, move forward on strategic highway expansions/bypasses in high-growth corridors (e.g. completing urban loop projects around Charlotte, the Triangle, Triad) to unclog major bottlenecks. Use smart technology (signal coordination, ramp metering) to squeeze more efficiency out of existing roads, and invest in safety improvements (better road markings, rural shoulder widening) to reduce accidents.

3

**Invest in Transit and Mobility Alternatives:** Make a serious state commitment to public transportation in metro areas and to rural mobility. For cities, lift the restrictive cap on state funding for rail projects and partner with municipalities to develop viable regional transit networks (from Charlotte’s light rail extensions to a re-scoped Triangle commuter rail or Bus Rapid Transit system). Allocate state matching funds to any county that approves a transit tax, to encourage local initiatives. For rural areas, increase grants to expand rural van services, dial-a-ride programs, and inter-county bus connectors (so people in small towns can reach regional centers). Support innovative solutions like on-demand microtransit or public-private ride-share partnerships to serve low-density areas.

4

**Encourage Smart Growth and Multi-Modal Transportation:** Integrate transportation planning with land use to avoid endless sprawl that strains roads. Incentivize development in areas with existing infrastructure and promote “complete streets” designs that accommodate pedestrians and cyclists, not just cars. Expand greenway and bike lane networks to offer alternatives for short trips. In cities, support transit-oriented development (housing and offices near transit stops) to reduce the need for car commutes. Such policies can over time reduce congestion and vehicle miles traveled, easing the load on infrastructure.

# Healthcare



## Metro markets, Rural deserts

North Carolina’s healthcare system presents a dual reality. In metro regions, large hospital systems dominate, providing world-class care but also raising concerns about consolidation, competition, and cost. In rural areas, by contrast, residents increasingly face “medical deserts” with few providers, hospital closures, and long drives for basic services. Overlaying both is a mental health care shortfall and the recent, tragically nascent expansion of Medicaid.

North Carolina’s cities and larger towns are served by major health systems (UNC Health, Atrium, Novant, Duke, etc.), which have been busy merging and acquiring smaller hospitals and practices. While such hospital consolidations may create efficiencies like shared resources and broader specialist networks, they also logically reduce competition in local markets, often leading to higher prices for patients and insurers.<sup>20</sup> When one or two systems control most hospitals and clinics in a region, patients have limited choices, and the usual market pressures (competition) that keep prices in check weaken. For example, in Charlotte, just two providers (Atrium Health and Novant Health) account for the vast majority of acute care.



### Atrium Health

Merged with Advocate Aurora in 2022, creating the third-largest health system chain in the U.S. Owns 40 hospitals across North Carolina



### HCA Healthcare

Largest for-profit hospital chain in the U.S. Owns Mission Health, based in Asheville, operating 7 hospitals and clinics



### Novant Health

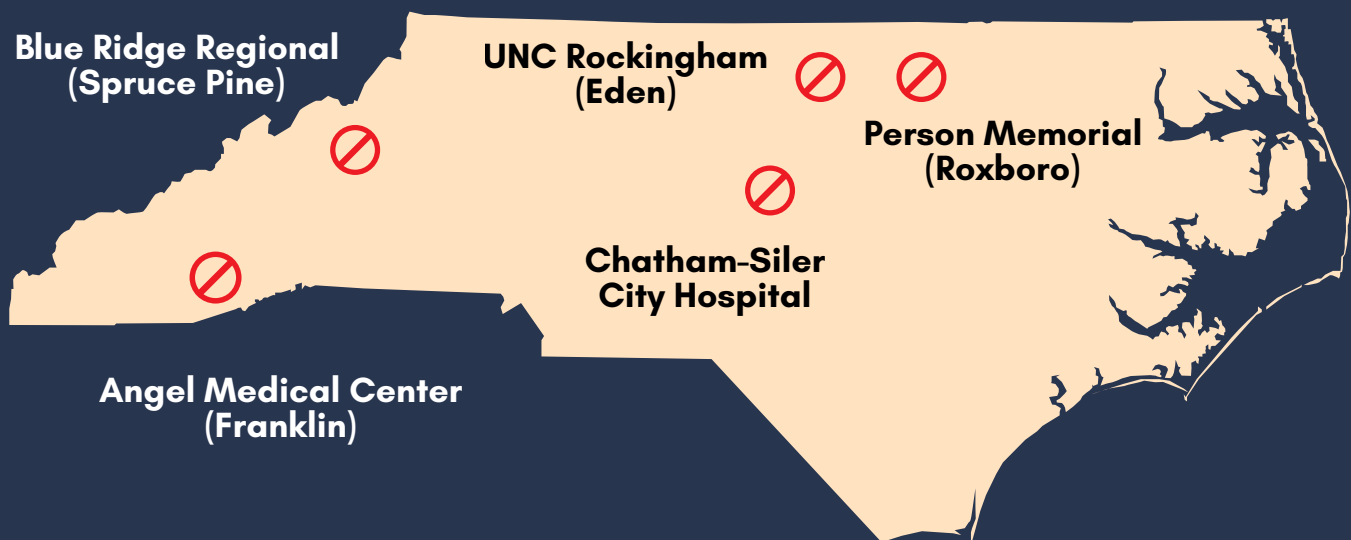
Owns 19 hospitals across North Carolina, still expanding across the Charlotte region

Studies by health economists have shown that after hospital mergers, negotiated prices with insurance tend to rise – sometimes dramatically (double-digit percentage increases are common). North Carolina has witnessed hospital prices well above national averages. One national comparison found that hospitals in our state charge private insurers around 280% of what Medicare pays for the same services, among the higher such ratios in the country. Mergers may help hospitals lower their own costs, but those savings are not being passed on. Instead, patients face rising bills.<sup>21</sup>

Overall, urban and suburban North Carolinians have access to advanced medical care, but affordability is a mounting worry.

By contrast, many rural communities are fighting just to keep basic healthcare services. Loss of population and economic base makes it difficult for hospitals to stay open, and in fact, several rural hospitals have closed in the past two decades. Since 2010, eight rural hospitals in North Carolina have closed completely<sup>22</sup> (in places like Belhaven, Yadkinville, and Louisburg), and several others have converted to scaled-down operations (emergency or outpatient only).<sup>23</sup> Each closure is a heavy blow, for it means residents must travel farther for emergency care – a life-or-death issue. Women must drive an hour or more for maternity care in some counties, and the local economy loses both one of its biggest employers as well as a major draw for retirees or industries considering the area.

## NC hospitals now at critical risk of closure from Medicaid cuts



These closures can trigger a vicious cycle: without local healthcare, it's harder to attract new residents or businesses, which leads to further economic stagnation and fewer insured patients, which in turn threatens remaining providers – a downward spiral. The state has tried to cushion the blow with initiatives like rural hospital stabilization funds and telehealth expansions, but it hasn't stopped the bleeding. Healthcare deserts are especially pronounced in the northeastern counties and parts of the far west. As of 2023, three rural NC counties (e.g. Tyrell, Northampton, Washington) had been designated primary care shortage areas for 40 years running,<sup>24</sup> meaning that for decades they've had fewer than 1 primary care doctor per 3,500 residents. Even where hospitals remain, recruiting doctors and nurses to rural areas is very difficult. Many rely on international medical graduates or rotating clinicians to fill the gap. Mental health services are even scarcer – many rural counties have zero psychiatrists or psychologists, contributing to unmet needs in addiction and counseling.

In 2023, North Carolina finally passed Medicaid expansion after years of debate, extending eligibility to low-income adults (up to 138% of poverty level).<sup>25</sup> This is a landmark, as within months of enrollment opening (late 2023), over 670,000 people had newly enrolled in Medicaid, many of them in rural areas or working low-wage jobs without insurance.<sup>26</sup> Expansion should significantly reduce the uncompensated care burden on hospitals.



But the story isn't over. The 2023 expansion measure contained a clause that if the federal government's match funding dropped, or new conditions like work requirements were imposed, the expansion could be automatically rescinded.<sup>27</sup> Unfortunately, in mid-2025, a major federal budget bill – dubbed the "One Big Beautiful Bill Act" – was signed, which included sweeping cuts and policy changes to Medicaid at the federal level.<sup>28</sup> This activates North Carolina's expansion trigger clause, and will very likely mean the cancellation of Medicaid expansion in the state when it goes into effect.

North Carolina's challenge now is to support its rural health infrastructure while ensuring urban markets serve patients' interests, and not just corporate ones. When rural hospitals close, response times for emergencies go up and mortality increases. When urban consolidation drives up prices, families skip care due to cost or employers might hesitate to invest in the area due to health costs. Public health concerns like opioid addiction or maternal and infant mortality cannot be addressed without robust local healthcare networks. Ultimately, a healthy North Carolina will require targeted strategies for both its high-density and low-density areas, recognizing their distinct needs.

# Policy Recommendations

To improve healthcare access and quality across North Carolina, policymakers should:

1

**Bolster Rural Healthcare Infrastructure:** Take aggressive steps to prevent further rural hospital closures and to expand basic services in underserved areas. This could include creating a state-funded grant program to help sustain key rural hospitals, tying funds to transformation plans that right-size these facilities as needed. Expand incentives for healthcare professionals to serve in rural areas: for example, offer enhanced loan repayment, bonuses, or tax credits for doctors, nurses, dentists, and mental health professionals who work in a Health Professional Shortage Area for a number of years.<sup>29</sup> Invest in telehealth by ensuring broadband in rural communities and reimbursing telemedicine at parity with in-person visits, so that rural patients can access specialty care remotely.

2

**Increase Competition and Transparency in Urban Health Markets:** To counter the effects of consolidation, the state should enforce strong antitrust oversight on hospital mergers and employ tools like rate-transparency rules. Scrutinize anti-competitive practices (ex. “all-or-nothing” insurance contracting that large systems sometimes use to force inclusion of all their facilities at high rates). Consider establishing a hospital rate-setting commission or expanding the role of the State Health Plan to negotiate better rates that could influence the wider market. Ensure that mergers don’t eliminate all competition in local healthcare markets, and preserve choices for patients.

3

**Secure Medicaid Expansion and Fill Coverage Gaps:** The state must safeguard the Medicaid expansion coverage gains and maintain coverage for all new enrollees. Beyond Medicaid, focus on covering remaining uninsured groups by investing in outreach and enrollment assistance to maximize uptake of Medicaid and ACA marketplace plans among those eligible. Consider a state subsidy to make marketplace insurance more affordable for working-class families just above the Medicaid cutoff.

4

**Improve Mental Health and Preventive Care Statewide:** Dedicate funding to bolster mental health and substance abuse services. This could mean more state-supported behavioral health urgent care centers, integrating mental health professionals into primary care clinics, and expanding school-based mental health programs. On preventive care, strengthen public health departments to provide services like immunizations, maternal health, and chronic disease management. Ensuring healthier communities will reduce costly hospitalizations and make the healthcare system more sustainable in the long run.

# Education



## Strained and uneven

A rapidly growing (and shifting) population is putting North Carolina's educational system under stress in different ways in different communities. Faster-growth school districts grapple with overcrowded classrooms and aging facilities, while rural districts face shrinking enrollment and funding shortfalls. Layered on these challenges is a precipitous collapse of the teacher training pipeline that places qualified instructors in our children's classrooms. The result is an uneven education landscape where a child's experience often varies dramatically depending on their ZIP code.

### **'It's a result of neglect' | Mold found in a fifth ABSS school**

<sup>30</sup>

In boom counties like Wake and Mecklenburg, public schools have been struggling to keep up with the sheer influx of students. Many schools are at or above capacity; trailers and mobile classrooms have become a fixture on dozens of campuses. Larger school districts with deep local tax bases have recently relied on record-setting school bonds (\$1.7 billion in 2022 for Guilford County, \$2.5 billion school bond in 2023 for Mecklenburg). But there has been no statewide school bond in nearly 30 years.<sup>32</sup>

Without significant funding from the state, fast-growing districts have relied instead on local bonds and property taxes to build up their schools. This has led to wealthier counties being able to manage change more easily than lower-income ones, creating large disparities.

### **West Rowan Middle closed after mold detected**

<sup>31</sup>

Overcrowded schools mean larger class sizes (despite state class size mandates), strain on cafeterias and gyms, and, in some cases, students attending class in makeshift spaces. For context, North Carolina has not invested at the state level in school construction since a \$1.8 billion bond in 1996.<sup>33</sup> In 2019, the total capital needs for North Carolina public schools were \$8.5 billion, and by 2023, they had grown to \$13.5 billion.<sup>34</sup> In short, bigger, wealthier counties have mostly kept up by raising local taxes, but lower-income and rural counties don't have this option, leading to stark contrasts in school facility quality that often shock those who have not seen them personally.

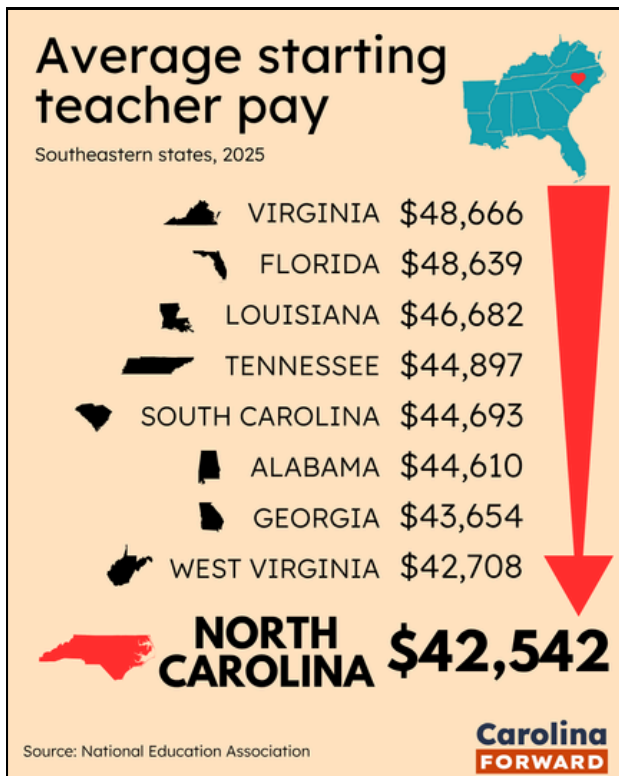
Meanwhile, many rural districts are seeing the exact opposite trend: declining or stagnant student enrollment. Counties in the east and west of the state, mirroring the larger population trends already discussed, are finding themselves with half-empty school buildings that must still be maintained. Yet because the state’s funding formulas provide money per pupil, a declining student count means less state funding, even though those counties’ fixed costs don’t drop proportionately. In other words, rural counties are facing dis-economies of scale, in which dropping student populations perversely increase their per-pupil cost burden.

Rural counties also have a weaker tax base to supplement schools. Not a single one of the lowest-income, “Tier I” counties passed any school bond in the last decade.<sup>35</sup>

This has widened the gap even further: students in affluent suburban districts benefit from shiny new STEM labs and athletic facilities paid for by deep local tax bases, while those in poorer, mainly rural districts attend schools with leaking roofs, outdated textbooks, and no modern science equipment. Small, rural districts moreover struggle to offer a broad curriculum (AP courses, electives, etc.) with their limited resources. This is the fundamental equity concern highlighted by the long-running *Leandro* court case on school funding.<sup>36</sup>

An equally pressing issue is who will teach North Carolina’s student population of the future? The state faces a severe and growing teacher pipeline problem. Enrollment in UNC system education programs – traditionally the state’s main source of new teachers – plummeted by 35% between 2012 and 2021.<sup>37</sup> Fewer young people are going into teaching overall, driven by low pay, high stress, and perceived lack of respect for the profession. Compounded by normal workforce attrition and a wave of retirements from COVID, school districts statewide now grapple with chronic teacher shortages every year, especially in subjects like math, science, and special education. In 2024 alone, 800 fewer people completed teacher prep programs than the year before, an 18% drop in a single year.<sup>38</sup>

The teacher training pipeline is not just weak - **it is buckling.**



Currently, about half of those who start an education degree in North Carolina never actually enter a NC classroom to teach. Many either don't finish their degree or take jobs out of state.<sup>39</sup> Meanwhile, many veteran teachers are retiring or leaving. For every four new teachers produced, North Carolina is losing seven teachers to attrition or retirement.<sup>40</sup> The shortages are most acute in rural and high-poverty schools which struggle to recruit and retain talent. Larger districts offer local salary supplements (Wake and Mecklenburg, for example, pay thousands on top of the state base pay), which rural districts cannot match, leading to a "brain drain" where teachers who start in a poor county often jump to a wealthier one as soon as possible. All of this results in more classrooms led by under-qualified substitutes, teachers teaching outside their certified subject, and higher class sizes. It also means innovative programs (like expanding pre-K or offering specialized career-tech classes) are harder to implement when basic teaching slots can't be filled.



In North Carolina's schools today, a student in booming Cary or Huntersville might have access to cutting-edge STEM academies, while a student in Halifax or Caldwell county might be in a school that hasn't been renovated since the 1970s, taught by a revolving door of lightly qualified substitutes. The contrast could not be more stark. Addressing

these imbalances is not just a moral obligation to North Carolina's children, but essential for the state's economic competitiveness and social cohesion. Families are reluctant to move to or stay in a place where schools are overcrowded or low-performing, and businesses are unlikely to grow in an area without a well-trained workforce. An under-resourced public education system is the classic example of eating one's seed corn: educational inequity now translates to even wider economic inequality later.

## Policy Recommendations

*To ensure a quality education for all North Carolina children, the state should:*

1

**Fund and Pass a Statewide School Construction Bond:** It's time for North Carolina to invest in school facilities at the state level again. Lawmakers should put a substantial K-12 school construction bond referendum before voters (e.g. on the order of \$4 billion or more). This infusion would help fast-growth districts build new schools and help rural districts renovate aging ones. The state can also increase the Needs-Based Public School Capital Fund for high-need counties. Modern, uncrowded school facilities are foundational to learning – we must close the \$13+ billion gap in capital needs.

**2**

**Boost Support for the Teacher Pipeline:** North Carolina must make teaching a more attractive career. First, increase state teacher pay significantly (aiming to reach the national average or higher) and specifically raise the starting salary to make teaching a more viable option for young professionals. Expand scholarships and loan forgiveness for education students who commit to teach in NC public schools (reinvigorating programs like the NC Teaching Fellows).<sup>41</sup> Provide funding for high-quality mentoring and induction programs for new teachers to improve retention.<sup>42</sup> The state can also look at alternative pipelines such as paraprofessional-to-teacher programs or accelerated certification for mid-career professionals, to widen the pool of potential educators.

**3**

**Rebalance Funding for Fairer Distribution Across Districts:** Take steps to narrow the gap between wealthy and poor districts. This could include revising the state funding formula to bolster funding for low-wealth and shrinking counties. Ensure that rural schools have access to the same technology and curricular resources as suburban schools via statewide purchasing programs or direct grants. Encourage regional cooperation – for instance, allow small districts to share specialized teachers (like a physics or foreign language teacher who rotates) with state incentives covering the cost. The state should also fully fund mandates it places on districts (like smaller class size requirements) so that poorer districts aren't forced to cut elsewhere to comply.

**4**

**Plan for Demographic Shifts in Enrollment:** The state Department of Public Instruction should work with districts on a comprehensive plan anticipating where enrollment will grow or decline over the next 10–20 years. Proactively facilitate the consolidation of schools or districts where it makes sense (offering financial support for merging admin functions or transporting students). And steer new school construction to areas where housing growth is occurring, perhaps by reserving land in fast-developing suburbs for future schools. Consider flexible school designs that can be expanded or contracted. By staying ahead of enrollment trends, we can avoid both overcrowded schools in booming areas and half-empty schools draining resources in depopulating ones.



# Public Finance



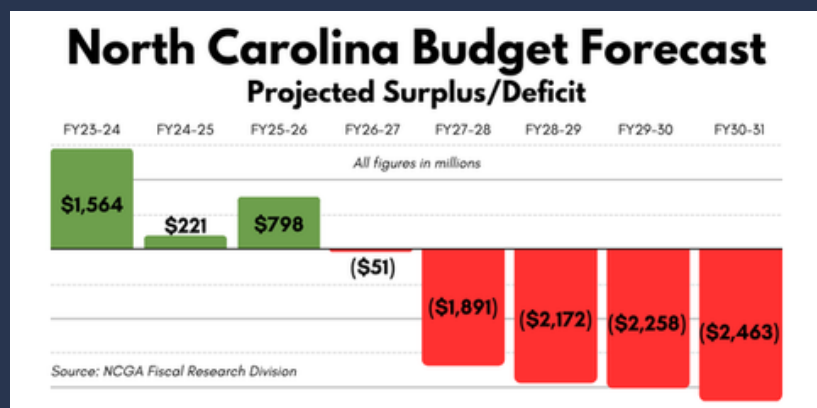
## Who pays for what

Over the past decade, North Carolina has seen a major shift in its tax landscape: one that reduced state-level taxes, especially for high earners and corporations, but often forced local governments to pick up the tab for services. Since 2013, North Carolina’s General Assembly has enacted a series of tax cuts: the state’s personal income tax rate was slashed from a graduated max of 7.75% to a flat 4.25% today, heading to 3.99% in 2026)<sup>43</sup>; the corporate income tax is on a path to zero by 2030; and various business taxes and fees were reduced. These tax cuts very disproportionately benefited higher-income earners and corporations.<sup>44</sup> At the same time, the state shifted more of the state’s financial burden to consumption taxes like the sales tax, which hit lower-income people harder.

Since these tax cuts were instituted, lawmakers have pointed to a growing economy and large nominal budget surpluses as proof of success. But that growth and those surpluses are misleading. While North Carolina’s economy has grown, it has only tracked the national average, and actually under-performed many other nearby states without the same tax changes. The surpluses have largely resulted from under-investment and a strong economy, not a sustainable tax structure. North Carolina now faces a looming “fiscal cliff” as the illusion of this success begins to fade.

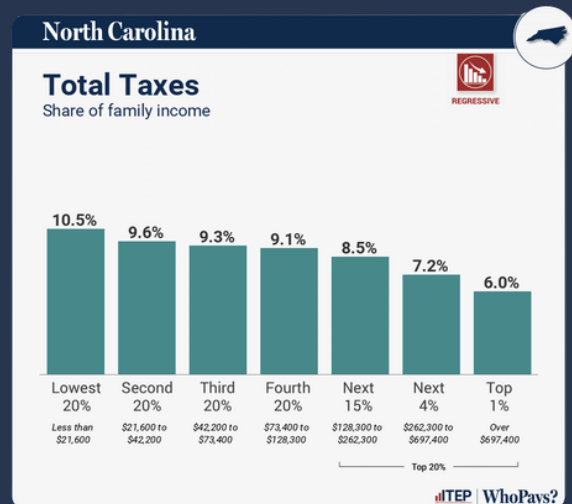
Crucially, though the state has cut taxes, outstanding costs have not disappeared, but merely been passed down to counties and cities.

For example, because the state has not supported school capital funding, county governments have been forced to raise property taxes to build schools.<sup>45</sup> Counties also shoulder growing portions of public safety and infrastructure costs.

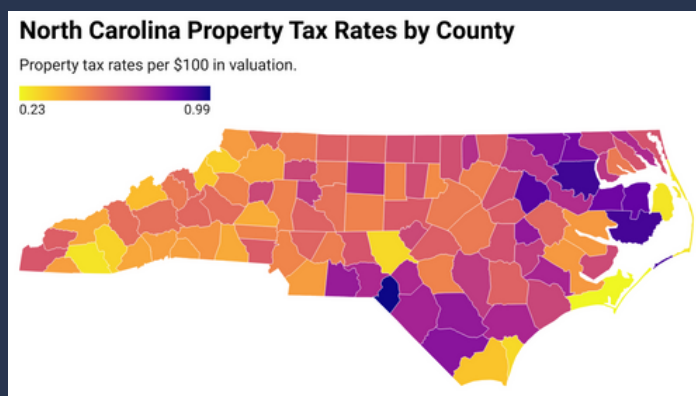


Indeed, nearly every one of North Carolina’s 100 counties raised property tax rates at least once in the past decade to cover local needs – often directly citing unfunded mandates or insufficient state support. Coupled with rising home values, property tax bills have climbed, placing stress especially on fixed-income homeowners.

Overall, North Carolina’s tax burden has become more regressive. Sales taxes and property taxes make up a larger share of public funding, while income taxes make up less. For instance, a family making \$40,000 might spend most of their income on taxable goods and rent (indirectly paying the landlord’s property tax), consuming perhaps 8-10% of their income in state/local taxes. Meanwhile, a millionaire whose income comes largely from investments might pay a lower percentage, especially with the lowered income tax and many services exempt from sales tax. Moreover, the cuts in corporate taxes mean businesses contribute less (and soon, nothing), shifting even more burden onto individual earners. This waives a revenue source that could have helped fund the very infrastructure and educational system those businesses benefit from.



Local governments have fewer “tax levers” than the state. County governments in North Carolina rely heavily on property taxes, and cities on property and sales taxes, to fund services: school capital costs, water systems, local roads, police/fire, etc. The state, by contrast, has much broader tools: income tax, corporate tax, sales tax, etc. When the state cuts its taxes and then doesn’t fully fund traditional state responsibilities, counties are compelled to raise revenue themselves or see services deteriorate. For example, many counties instituted supplemental teacher pay and even local teacher hiring with their own funds because the state pay was not sufficient to retain staff. Nearly every county increased its property tax rate at least once since 2010; some did multiple hikes.



Yet the capacity to raise local revenue varies. Wealthy counties with booming real estate and retail can generate a lot from a small tax increase, whereas poor rural counties cannot. In fact, data shows the poorer counties often have higher property tax rates than richer ones (because their base is small) yet still raise less money. This dynamic risks widening disparities: rich areas can afford good schools, parks, etc., by taxing

themselves, while poor areas fall further behind. Some local leaders have described it as the state “downshifting” costs to them without giving them new revenue options. When the state did allow an additional quarter-cent sales tax option for counties, subject to referendum, dozens of counties passed one - another sign that locals are taxing themselves more to fill gaps.

The shifting of “who pays” raises a fundamental policy question. Should the state government, with its broader tax tools and ability to redistribute, fund things like schools, roads, and healthcare more robustly? Or should local governments, which are closer to voters but with less financial capacity, bear more responsibility? Right now, North Carolina’s trend has been the latter. The downside of this is inequity and inefficiency. 100 different counties scrambling to fund what the state could more cost-effectively handle. There’s a growing sense that North Carolina needs a shift in the balance of state versus local taxing and spending responsibility, and how to make the system more fair, efficient and forward-looking. Without adjustment, we risk under-investing in growth and over-burdening those least able to pay.

## Policy Recommendations

*To create a fairer and more effective public finance system, North Carolina should:*

1

**Rebalance the Tax Code for Adequacy and Fairness:** Reevaluate recent and scheduled tax cuts in light of the state’s investment needs. This could mean pausing further income tax rate reductions or maintaining a reasonable corporate tax instead of eliminating it. Consider making the tax code more progressive – for instance, a higher income tax bracket for very high incomes – so that the wealthiest contribute a fairer share. Expand tax credits that help low- and middle-income families, such as an Earned Income Tax Credit at the state level, to offset regressive sales and property taxes. The goal should be a revenue system that grows with the economy and doesn’t unduly burden those with lower incomes.

2

**Increase State Investment in State-Level Responsibilities:** The legislature should accept that areas like K-12 education, public health, and major infrastructure are primarily state responsibilities under our constitution, history and tradition. This means allocating more state funds to these areas rather than leaving localities to cover gaps. Fully fund the Leandro education plan, which calls for greater state spending on high-poverty schools, teacher pay, pre-K, etc. Revive a robust cost-sharing for school construction to support counties.<sup>46</sup> Provide grants or matching funds for local infrastructure (like water/sewer grants). Ensure that the state budget at least keeps up with inflation plus population growth each year.

3

**Improve Fiscal Planning and Collaboration:** Establish a state-local government commission or task force to study the allocation of costs. This body could update the decades-old fiscal formulas and aid programs. For example, it might recommend the state cover a higher share of social services or school operating costs. Strengthen the Local Government Commission’s capacity to assist distressed counties and municipalities financially.

# The Urban-Rural Divide



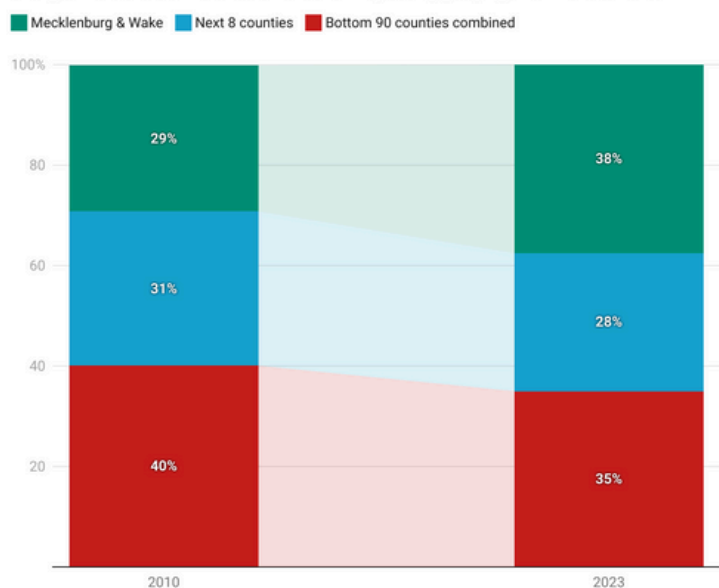
## Division and political backlash

North Carolina's evolution has not affected all communities in the same way, and this is increasingly reflected in the fraying of our social fabric and tenor of our politics. The growing urban-rural divide – in economic fortunes, population growth, political leanings, and faith in democracy itself – poses a daunting challenge to forging a unified vision for the state's future. If not addressed, this divide will worsen polarization, division, and resistance to the very investments needed to lift all boats, as some voters perceive the prosperity of booming metros as coming at their expense.

As previously discussed, most of the gains over the last few decades, in terms of jobs, growing populations, infrastructure and amenities, have accrued in and around metro areas, while many rural ones have stagnated or declined. Many rural counties actually have smaller economies, and less employment in them, than before the 2008-2009 Great Recession. Rural residents read about shiny new light rail plans in Charlotte, or elaborate tech company campuses in the Triangle, and naturally contrast them with the stagnant economy where they live. Many perceive their tax dollars helping to fund big highway interchanges for city commuters, while their own town struggles to get state funds to fix a crumbling bridge. Whether strictly accurate or not (and they often are not - in fact, metro counties actually significantly subsidize small rural ones), these perceptions are widespread, common, and utterly human.

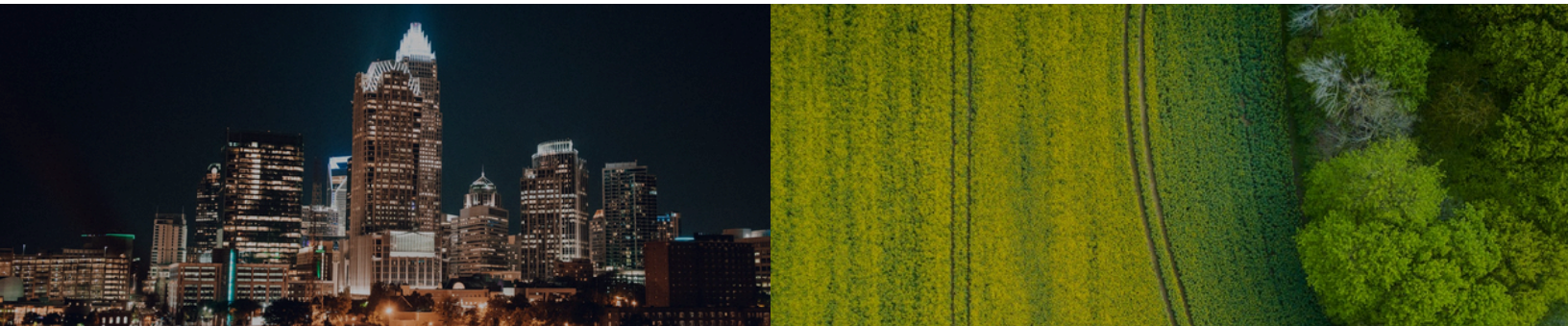
### Changes in Share of North Carolina GDP by County

Changes in the share of North Carolina real GDP by county groupings from 2010 to 2023.



Source: U.S. Bureau of Economic Analysis  
Chart: Carolina Forward • Created with Datawrapper

As noted earlier, North Carolina has about 3.5 million rural residents – the second-largest rural population of any state after Texas, comprising roughly one-third of the state.<sup>47</sup> Politically, rural and small-town voters wield significant influence. While urban centers also wield significant electoral influence, rural North Carolina is nevertheless a political juggernaut. This means statewide leaders cannot win elections without at least some rural support. However, in recent political campaign cycles, the pattern is stark: rural areas vote heavily Republican, urban heavily Democratic, and suburban areas increasingly lean Democratic as well.<sup>48</sup> That voter divide is symbiotic with a cultural narrative where some rural voters feel that “elite” urban interests (universities, big corporations, tech workers, etc.) don’t respect their values, lack authenticity, and consume too many resources.



We see this urban–rural tension manifest in policy fights. Proposals for major transit funding in Charlotte or the Triangle often face skepticism or opposition from legislators representing rural areas, who ask why their constituents’ tax dollars should subsidize big-city trains or buses. There have also been legislative moves that seem to stem from rural-vs-urban power struggle, such as attempts to cap light rail funding or redistribute more sales tax revenue toward rural counties. On the other side, urban leaders sometimes express frustration that rural-dominated legislatures block what cities need. The narrative of “Two Carolinas” is brewing: one progressive, growing, diverse, urban; the other conservative, stagnant or shrinking, rural. If this narrative continues to harden, it will lead to deeper, and likely even more toxic, political and cultural polarization.

North Carolina needs both its vibrant metros and its rural countryside to thrive, and that does not mean making one more like the other. Many of us genuinely adore life down a dirt road or in a small town where everyone knows not just each other’s name, but likely their grandparents, too. Others of us dream of city life, drawn not just by its dazzling amenities, but its economic opportunities and sophistication. Many fall somewhere between, fueling the burgeoning suburban landscape where millions of North Carolinians now build their American Dream.

These are all valid, healthy and beautiful lifestyles, each of them deserving of a place in the future of our state.

It is not only the state's identity and social cohesion that rely on not leaving any region behind, but its economic prosperity too.

Metro areas may be economic engines that power whole regional economies; but if surrounded by rural communities in crisis, costs and social problems will inevitably spill over. Rural communities need to tangibly feel new improvements: whether it's new industry in their county, broadband internet, a revitalized downtown, or simply



better support for their schools and hospitals. Politically, any big statewide initiative, be it infrastructure investment, school funding reform, healthcare, or more, must have tangible buy-in from rural lawmakers and voters to be sustainable.

The answer is to craft a strategy for our state's future growth that is truly inclusive of all its diverse people and regions. That means making investments in infrastructure, education, and healthcare that benefit all kinds of communities. One example might be a light rail transportation project that makes urban job centers more accessible to jobseekers in rural communities. This would not only meet business needs in the city, and rural residents' desire not to have to move in order to find better opportunities, but also reduce road congestion and save riders time and money. If we look carefully, there are many such win-win opportunities.



If rural North Carolinians feel heard and see concrete investments, they're more likely to "buy into" a statewide vision for growth. Without that, the state risks deeper entrenchment of resentment, which could lead to policy gridlock or, worse, populist backlashes that reject not only "elite" policies but also undermine the foundations of growth.

# Policy Recommendations

*To heal the urban–rural divide and ensure growth benefits all regions of North Carolina, the state should:*

1

**Deliberately Share the Benefits of Growth:** Enhance economic development initiatives to make rural areas more attractive for prospective firms considering relocation. While such incentives already advantage Tier 1 and Tier 2 counties, lawmakers could add additional infrastructure sweeteners. Expand programs like the Rural Economic Development Fund. Use transportation infrastructure investments to improve rural counties' access to urban job centers.

2

**Invest in Rural Infrastructure and Human Capital:** Close the infrastructure gaps that hold back rural communities. Promote rural broadband access so that every corner of NC has high-speed internet, enabling remote work and education. Improve rural roads and expand access to renewable energy where possible to attract new industry. Significantly increase funding for rural school systems and rural community colleges. Consider establishing rural scholarship programs that encourage young people from rural areas to attend NC colleges and universities and then return home to work. These investments signal that the state cares about rural quality of life as much as urban.

3

**Foster Urban-Rural Partnerships:** Create programs that encourage collaboration rather than competition between regions. For instance, a state grant could be designed for multi-county partnerships (pairing urban counties with neighboring rural ones) to develop common issues like transit connections, supply chain development, or tourism trails. Promote urban-rural exchanges, where urban-based state employees or university experts regularly engage with rural communities to offer technical assistance, and vice-versa. Politically, leadership from both urban and rural areas should be included in advisory councils for major state initiatives. By structurally bringing the two “Carolinas” together on projects, we break down misconceptions and build a sense of shared fate.

4

**Craft a Unifying Narrative:** State leaders – governors, legislators, community leaders – should intentionally frame policies in terms of One North Carolina, emphasizing how every region contributes to the state's success. Highlight success stories of rural resurgence and urban-rural cooperation. Culturally, support efforts that bridge communities, whether it's through state fairs, sports, or arts that celebrate the whole state. Building this diverse geographic coalition is not just feel-good rhetoric – it's the linchpin for sustainable policy support.

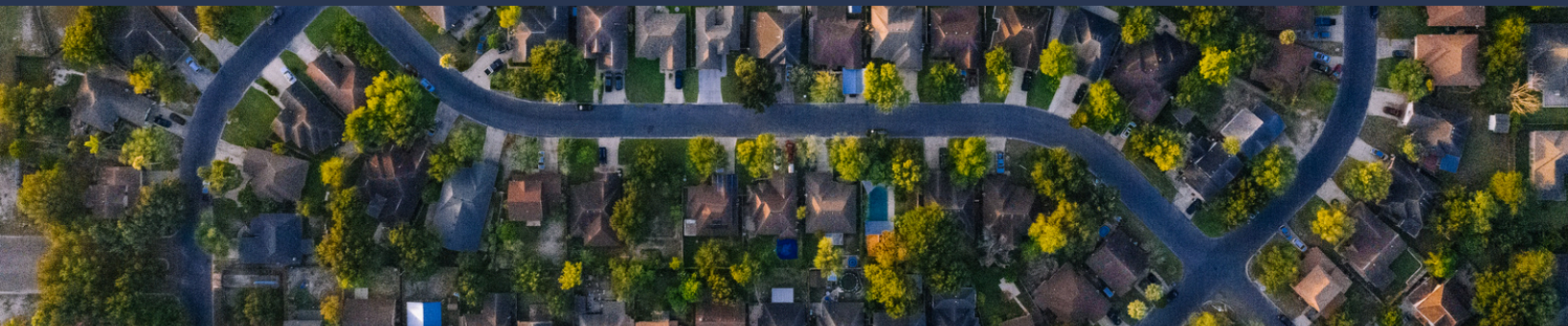
# The Cost of Not Acting



## Our choice to make

North Carolina stands at a pivotal juncture. Throughout this report, we've detailed the strains on housing, transportation, education, healthcare, and more – and offered solutions. But what if we fail to act?

It's worth considering the costs of doing nothing, because they are alarmingly high. If North Carolina's leaders and communities do not proactively address these challenges, the state could face a future that looks like some of the more cautionary tales in America today.



### HOUSING



**Californian Housing Prices Soaring Out of Reach:** If we don't build enough housing to meet demand, we risk resembling California-style affordability nightmares. Already, home prices in the Raleigh and Charlotte areas have jumped sharply; the median NC home (~\$370k) is still half of California's (~\$800k),<sup>49</sup> but the gap is moving in the wrong way. Failure to act means first-time buyers in 2030 could routinely be priced out, and renting a modest apartment might consume half a worker's income. We could see an exodus of young talent to cheaper states, and essential workers living in cars or crowded motels – scenarios not far-fetched looking at the west coast. Companies might avoid expanding here because their employees can't find housing. The social fabric suffers as only the well-off can afford homeownership, worsening inequality.

### Atlanta-Style Gridlock and Infrastructure Breakdowns:

Atlanta is often held up as a classic example of unbridled sprawl and inadequate transit leading to crippling traffic. If North Carolina's highway capacity continues to lag growth and transit remains underdeveloped, our metro areas could see daily gridlock that rivals Atlanta's infamous jams (Atlanta drivers waste 65 hours a year in traffic on average).<sup>50</sup> I-40 in the Triangle or I-77 and I-85 in Charlotte might become rush-hour parking lots. Long commutes will sap productivity and quality of life. While congestion already costs NC \$4 billion a year in lost time<sup>51</sup>, that could double. Meanwhile, underfunded maintenance will lead to more frequent incidents like bridge closures or road failures, like 2023's collapsed bridge on I-95 in Philadelphia. The cost of not acting can suddenly hit in catastrophic ways. The state could find itself scrambling, at great expense, to fix problems that could have been prevented.

## TRANSIT



## WATER



**Texas-Level Water Stress and Resource Crises:** North Carolina has historically been water-rich compared to arid states, but climate change, population growth, and a lack of infrastructure to manage water resources could change that. If we don't plan for water infrastructure (ex. reservoirs, conservation, inter-basin transfers) and climate resilience, parts of NC might face water shortages akin to those in drought-prone Texas. Texas's own state water plan warns of a 6.9 million acre-foot deficit in 50 years without action<sup>52</sup> – a scenario where communities literally run out of water. In North Carolina, we've had localized droughts, but with millions more people, a severe drought could force water restrictions, harm agriculture, and spark fights between regions. Additionally, consider the cautionary tale of Texas's lack of foresight in infrastructure: in recent years, the state has seen more than 2,800 boil-water notices each year due to aging pipes and ignored maintenance.<sup>53</sup> Not investing in water/sewer upgrades here could lead to similar public health scares – more frequent “do not drink” advisories or contaminated well water issues. The cost of inaction on infrastructure is often paid in emergencies and disasters.

**West Virginia-like Stagnation:** If we neglect education funding and our teacher pipeline, North Carolina could slide backwards in educational attainment. We will see an acceleration of our gap between affluent and low-income areas in educational attainment. States like West Virginia provide a cautionary tale, where chronic underinvestment led to poor school performance, teacher strikes, and employers avoiding the state due to an unskilled workforce. North Carolina was once a leader in the South on education, though that title has now faded. Continued inaction could further forfeit that edge and condemn a generation to subpar schooling. The long-run economic cost of a less-educated populace is enormous: lower incomes, less innovation, higher social service needs. In a worst-case scenario, failing to invest might turn North Carolina into a two-tier state with pockets of prosperity and large areas of decline, more resembling some of the struggling states rather than the dynamic state we aspire to be.

## STAGNATION



## HEALTHCARE



**Mississippi's Healthcare Crises:** If even more of NC's rural hospitals close, as many have in Mississippi, entire regions could be an hour or more from an ER – a difference that can literally be life or death. NC's maternal mortality rate, already perilously high, could climb if more women have to deliver without nearby OB-GYN care. If Medicaid expansion is rolled back or if we failed to shore up rural clinics, preventable diseases and untreated mental illness will sap communities. If hospital monopolies keep raising prices unchecked, healthcare could become a luxury good – some families forgoing treatments, businesses buckling under insurance costs, and overall health outcomes worsening, despite medical advances. A scenario where North Carolina's health outcomes slide to the bottom of national rankings (high diabetes, high infant mortality, etc.) is not one we want, but it could happen if we ignore the warning signs.

In short, the cost of not acting is a future North Carolina that is congested, unaffordable, inequitable, less competitive, and a worse place to live. It's a future where growth stalls out because we failed to lay the groundwork for sustainable expansion. The images of that future are easy to conjure by looking at places that took the wrong path or waited too long: gridlocked highways, \$800k starter homes, dried-up lakes, dilapidated schools, and communities divided against each other. That is not the North Carolina anyone wants.

Recognizing these potential costs is important because it underscores that inaction is far more expensive in the long run – economically and socially – than the investments we propose. Every problem deferred eventually comes due, usually with interest. On the other hand, by acting now, North Carolina can avoid these pitfalls and offer a counter-example: a state that managed explosive growth without losing its affordability, livability, or unity.



# Conclusion



## North Carolina's Path Forward

North Carolina's rapid growth presents a crossroads moment: a chance to carefully prepare for a new era of prosperity, or a risk of rolling the dice on unplanned expansion and simply hoping for the best. The analysis in this report has been clear on two points: first, the challenges we face are urgent. Housing affordability is stretched thin; infrastructure from roads to schools is straining under new loads; healthcare access is uneven; and divides between communities threaten our unity. Secondly, these challenges are solvable – North Carolina has the tools and resources to tackle them, provided we choose a proactive and inclusive path.

The path forward begins with a mindset: viewing growth not as a threat, but as an opportunity. Growth is a gift that many states and communities yearn for. This means shedding any complacency from our past successes and recognizing that yesterday's strategies won't measure up to tomorrow's demands. It calls for state and local leaders, businesses and communities coming together around a common goal: ensuring that North Carolina's growth is sustainable, equitable, and enriching for all its residents.

## Key themes for action:

**Strategic Investment:** At a time when borrowing costs are still moderate and the cost of inaction is high, North Carolina should not shy away from investing boldly in its future. Whether it's building hundreds of thousands of new housing units, expanding highways and transit, modernizing schools, or upgrading water systems, these are investments that pay dividends for decades. The state's strong fiscal position and growing economy provide a platform to finance these needs responsibly. As one business ranking noted, North Carolina has been lauded as a top state for business – to maintain that, we must invest in the foundations that businesses (and workers) depend on. In essence, to build for the next 50 years is right *now*.



**Unity and Inclusion:** Broadly shared growth is the only sustainable growth. If policies only cater to the booming metros or the affluent, they will foster backlash and social ills, undermining progress. North Carolina’s approach must be intentional in including rural communities, low-income families, and other stakeholders without easy access to the halls of power so that the rising tide truly lifts all boats. That could mean anything from targeted rural development grants to affordable housing in every community, to closing racial gaps in education and health. An inclusive North Carolina is not merely just a more just society – it’s also one with a larger, more talented workforce and a more stable social climate for growth. As we’ve argued, rural buy-in is critical; so is making sure new prosperity reaches African-American, Latino, and Native American communities that have historically been left behind. Inclusion and unity is the glue that can keep our diverse state together through rapid change.

**Innovation in Policy and Collaboration:** Meeting these challenges will require some new ways of doing things. North Carolina should continue to innovate in policy, taking pilot programs to scale if they work. For example, if on-demand microtransit proves effective in a few rural counties, expand it statewide. If inclusionary zoning or land trusts help one city’s housing, enable others to adopt them. The state can be a laboratory and learn from beyond its borders. Moreover, cooperation across government layers – state, federal, county, city – and public-private partnerships will amplify impact. The complex issues of growth do not fit neatly in one agency’s silo; they demand collaborative governance. We must break down barriers between transportation and housing planning, between education and economic development, and so on.

**Vision and Leadership:** Ultimately, charting the path forward comes down to leadership – leaders in government, business, and communities articulating a clear vision for North Carolina’s future and rallying people to it. The vision that emerges from this report is a North Carolina that is thriving yet livable: a state with vibrant cities and rejuvenated towns; with a range of housing that families can afford; with smooth mobility and modern infrastructure; with schools and healthcare accessible to all; and with a sense of common purpose bridging its regions. Achieving this won’t happen overnight, but the decisions we make in the next few years will set the trajectory. Strong leadership will embrace forward-thinking policies knowing that the long-term payoff is immense.



North Carolina's growth is a pathway to many opportunities: a younger, more diverse population, a dynamic economy, cultural vitality, and much more. But realizing those opportunities requires managing growth wisely and investing in the public good. The alternative – letting growth simply happen and reacting belatedly to it – could lead us down the road of congestion, high costs, and division as warned. The good news is, North Carolinians have a history of rising to meet big challenges, from building the Research Triangle Park to expanding our university system, from the Good Roads movement to pioneering early childhood education. At this crossroads, that spirit of ambition and cooperation must guide us again.

**The path forward is clear: invest boldly, plan inclusively, and act with urgency. By doing so, North Carolina can ensure that ten or twenty years from now, we are not lamenting problems we failed to fix, but rather celebrating a state that managed to grow better even as it grew bigger; a North Carolina that remains, in every sense, where the weak grow strong, and the strong grow great.**

# About the Author

Wesley Harris is a native North Carolinian from rural Alexander and Iredell Counties. Upon graduating from UNC-Chapel Hill with a degree in Economics, Harris went on to Clemson to earn his PhD in economics with a specialty in public finance and economic geography. After settling in Charlotte, he was elected to the state legislature in 2018. As the only PhD-level economist in the legislature, Harris became a leading voice on economic and finance issues, and was later the the 2024 Democratic nominee for State Treasurer. Harris currently serves as an adjunct professor of economics at UNC Charlotte.



# Endnotes

1. NC Office of State Management and Budget. "[North Carolina Now Home to Over 11 Million People.](#)" December 20, 2024.
2. Cline, Michael. "[NC to Become 7th Most Populated State in Early 2030s.](#)" Carolina Demography, January 23, 2024.
3. NC Office of State Management and Budget. "[Raleigh surpassed 500,000 people in 2024.](#)" October 1, 2025.
4. Carlson, Lisa. "[75 NC counties have grown in population since 2022.](#)" Carolina Demography, March 18, 2024.
5. Ibid.
6. Ibid.
7. Muraca, Frank. "[A Data-Driven Look at Local Housing Challenges in North Carolina.](#)" Carolina Across 100, September 24, 2024.
8. U.S. Bureau of Labor Statistics, [Housing Inventory: Median Listing Price in North Carolina \(MEDLISPRINC\)](#), retrieved from FRED, Federal Reserve Bank of St. Louis. September, 2025.
9. U.S. Bureau of Labor Statistics, [Median Household Income in North Carolina \(MEHOINUSNCA646N\)](#), retrieved from FRED, Federal Reserve Bank of St. Louis. September, 2025.
10. Crossfield, Erin Joy. "[New Research Shows North Carolina Has a 764,000 Unit Housing Gap.](#)" North Carolina Housing Finance Agency. March 20, 2025.
11. Tomae, Lucas. "[All roads lead to Raleigh. NC unusual in state's near monopoly on roads.](#)" Carolina Public Press, May 20, 2025.
12. TRIP. "[Additional State & Federal Funds Will Allow North Carolina to Address Road & Bridge Conditions.](#)" April 19, 2023.
13. Ibid.
14. Ibid.
15. Gallup, Jasmine. "[Could Funding and Logistical Challenges Derail Commuter Rail?](#)" INDY Week. January 11, 2023.
16. Sands, Alexandria. "[North Carolina could be wasting millions on widening roads without fixing traffic.](#)" Axios Charlotte, December 6, 2022.
17. TRIP. "[Additional State & Federal Funds Will Allow North Carolina to Address Road & Bridge Conditions.](#)" April 19, 2023.
18. Ibid.
19. Ibid.
20. Crouch, Michelle. "[The rise of mega-hospitals.](#)" North Carolina Health News, April 22, 2024.
21. Ibid.
22. Marshall, Emma. "[Rural hospital closures in North Carolina.](#)" Carolina Demography, April 30, 2024.
23. UNC Sheps Center for Health Services Research. "[195 Rural Hospital Closures and Conversions since January 2005.](#)" September 2025.
24. Marshall, Emma. "[Rural hospital closures in North Carolina.](#)" Carolina Demography, April 30, 2024.
25. Ibid.
26. Baxley, Jaymie. "['Big Beautiful Bill' could unravel NC's Medicaid expansion.](#)" North Carolina Health News, June 27, 2025.
27. Baxley, Jaymie and Blythe, Anne. "[The 'Big Beautiful Bill' has passed. Here's how it could affect health care in NC.](#)" North Carolina Health News, July 10, 2025.
28. Ibid.
29. Marshall, Emma. "[Rural hospital closures in North Carolina.](#)" Carolina Demography, April 30, 2024.
30. McMiller, Itinease. "[Mold found in a fifth ABSS school.](#)" WFMY, August 2023.
31. Blankenship, Carl. "[West Rowan Middle closed after mold detected.](#)" Salisbury Post, August 23, 2022.
32. Hall, J. Wendell. "[The time to build is now: The need for a school construction bond.](#)" EdNC, June 25, 2020.
33. Ibid.
34. North Carolina General Assembly Fiscal Staff, 2023.
35. NC School Boards Association. "[School Construction/Capital Issue Brief.](#)" July 2024.
36. Public Schools First NC. "[Facts on Rural Schools.](#)" September 2025.
37. House, Cate. "[Shoring up North Carolina's teacher pipeline.](#)" Chatham Education Foundation, September 7, 2023.
38. Walkenhorst, Emily. "[As NC's teacher pipeline dwindles, education colleges are getting creative.](#)" WRAL, March 7, 2025.

# Endnotes

39. Ibid.
40. Ibid.
41. House, Cate. "[Shoring up North Carolina's teacher pipeline.](#)" Chatham Education Foundation, September 7, 2023.
42. Ibid.
43. North Carolina Budget & Tax Center. "[Personal Income Tax Cuts Overwhelmingly Go to the Rich in NC.](#)" 2023.
44. Barnes, Barbara. "[Perspective | The Time to Build Is Now: The Need for a School Construction Bond.](#)" EducationNC, 24 Apr. 2023.
45. Ibid.
46. North Carolina Rural Center. "[How We Define Rural.](#)"
47. North Carolina State Board of Elections. "[Election Results Dashboard.](#)"
48. World Population Review. "[Median Home Price by State.](#)" WorldPopulationReview.com, 2025.
49. INRIX. "[INRIX Global Traffic Scorecard.](#)"
50. TRIP. "[Moving North Carolina Forward: Raleigh-Durham.](#)" TRIP, 19 Apr. 2023.
51. Texas 2036. "[Testimony: Texas Could Face Long-Term Water Supply Deficit.](#)" Texas2036.org, 2024.
52. Federal Reserve Bank of Dallas. "[Southwest Economy, Issue 5, 2025.](#)" DallasFed.org.
53. Ibid.



# Carolina FORWARD

**Carolina Forward** is a think tank and policy organization dedicated to building a more just, democratic, and prosperous North Carolina.

[CarolinaForward.org](https://CarolinaForward.org)

