

Economic supports for small businesses and unemployed disaster survivors

June 2025

There is a desperate need to stabilize small businesses in Western NC (WNC) so that they can re-open, employ Western North Carolinian workers, and deliver services that residents need and that contribute to the state's economic progress and development.

The initial shock of lost revenue, combined with continued sluggishness in demand for small businesses that provide essential public services — like caring for children and older North Carolinians, providing prepared meals, and anchoring main street commerce — means also that employees are laid off or have their hours reduced. In turn, this means less money is spent in the local economy and the problem compounds — less demand means less revenue, and less revenue means more layoffs and business closures.

As has been seen in the aftermath of other climate disasters, some people are forced to migrate out of the region to make ends meet, thus threatening the tax base and overall resiliency of the region for future disasters.

At this stage of the rebuilding process, the NC General Assembly should get serious about its plan for stabilizing the economic well-being of WNC by attacking the challenges facing small businesses and jobless workers.



The need for a public response is critical to private sector rebounding

Small businesses are the lifeblood of the WNC region, serving as the economic engine that normally generates \$168 billion in annual revenue and employs 1.1 million workers.

At this point in the recovery, there remain **too few jobs for those looking for work and too many small businesses struggling to re-open or stabilize** after the initial shock of Helene.

- Across disaster affected counties, more than half of businesses are still facing operational uncertainty, elevated risk, or are permanently or temporarily closed.
- The biggest challenge that business owners face is decreased consumer demand.
- The most urgent needs identified by businesses to stabilize or recover are financial support and increased consumer demand.

The public response to date has not been sufficient to address the financial losses and stabilize small businesses.

- All of the \$55 million available through the Western North Carolina Small Business Initiative grant program has been disbursed to just under 2,200 grantees, yet the program has received over 7,350 applications.
- \$42 million of the \$50 million available in bridge loans administered by Golden LEAF have been distributed in the form of 724 loans.
- Meanwhile, Helene is estimated to have caused \$12.4 billion in lost revenue in NC.

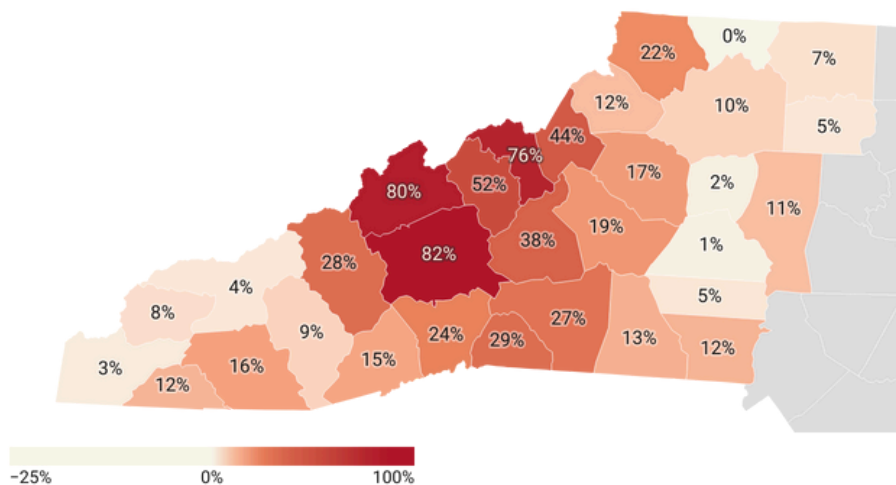


When small businesses aren't stabilized, it ripples through communities, impacting workers, local governments, and the broader state's economic progress.

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- Another 27 percent report that although they haven't laid off any employees, they have reduced their hours.
- These layoffs have meant that **unemployment has remained elevated** compared to the previous year.
- These layoffs and reduced hours further reduce consumer demand and business revenue, which creates a compounding threat as businesses close and workers are forced to leave the region to find work.
- Those areas that experience stunted population growth or even accelerated population decline will also face reduced tax revenue.

In counties hit hardest by Helene, there is more than a 75 percent year over year increase in people looking for work

Year over year percentage change in county residents looking for work, April 2024 - April 2025.



Data are not seasonally adjusted.

Map: NC Budget & Tax Center • Source: Bureau of Labor Statistics. Local Area Unemployment Statistics (LAUS). • Created with Datawrapper

To stabilize communities and the economy of WNC, maintain and grow the tax base, and achieve the state's broader economic goals, the General Assembly needs to support small businesses and unemployed workers.

- For small businesses, the General Assembly can provide additional grants or forgivable loans, revenue replacement for verifiable losses based on tax receipts, or employee retention credits.
- For unemployed workers, the General Assembly can subsidize employment opportunities related to disaster recovery, extend the benefit period for state Unemployment Insurance (UI) beyond 20 weeks (Helene hit WNC 36 weeks ago), or create a state-run disaster unemployment assistance program for disaster victims that draws from the robust surplus of the UI trust fund.