



NC Up Minimum Wages/No Subminimum or Exemptions (HB 620/SB447)

The Issue

North Carolina needs an economy that works for all and ensures broadly shared prosperity. That means creating good jobs that pay workers enough to afford the basics for themselves and their families—enough to buy groceries, pay the rent, put gas in the car, and send their children to day care. Unfortunately, jobs that pay decent wages are largely vanishing, as low-wage service jobs replace the manufacturing positions that once provided generations of North Carolinians with vital pathways to the middle class. Now hundreds of thousands of working North Carolinians don't earn enough to make ends meet, which in turn hurts business sales, hiring, and long-term economic prosperity.

Raising the Minimum Wage would raise the standard of living for hundreds of thousands of essential workers; for more than 4 in 10 workers of color; and for a vast majority of North Carolinians living below the poverty line. The minimum wage of \$7.25 per hour provides less buying power every year; the Consumer Price Index has increased by almost 75 percent since the last minimum wage increase in 2009¹. A higher wage standard would level the playing field for businesses of all sizes, helping to stabilize a labor market rife with high turnover and vacancy levels that have persisted since the early days of the COVID-19 pandemic.

What the Bill Does

The Up Minimum Wages/No Subminimum or Exemptions (HB 620/SB 447), introduced in the North Carolina General Assembly in April 2023, would:

- ✓ Raise the state minimum wage to \$15/hour by the year 2025.
- ✓ Index the state minimum wage to the cost of living.
- ✓ End the subminimum wage for workers with disabilities and incarcerated workers.



- ✓ Phase out the tipped minimum wage (currently \$2.13/hour)
- ✓ Repeal exemptions for agricultural and domestic workers

Who Benefits from Raising the Minimum Wage?

- ➔ **1.3 million North Carolinians** – Raising the minimum wage to \$15 an hour will give an average \$3,264 raise per year to 1.3 million working people in North Carolina by 2025—for a total statewide wage boost of \$4 billionⁱⁱ.
- ➔ **Working Adults and Parents** – More than 88 percent of working people in the state who would benefit from the raise are older than 20, and nearly one-third are age 40 or older. Nearly 1 in 4 parents, including more than 4 in 10 single parents in the state would benefit, seeing an average increase in wages of \$2,903 annuallyⁱⁱⁱ.
- ➔ **Essential Workers** – As of 2018, nearly half of all U.S. workers making less than \$15 an hour were in positions classified as essential^{iv}. Low-pay in essential positions furthers gender- and race-based disparities in wages, since women workers and workers of color are overrepresented in these positions. In North Carolina, average hourly wages for all workers in Food preparation and serving, Personal care, and Healthcare support occupations were below \$15/hour, and women in these positions earned less than their male counterparts^v. The Bill would raise wages for roughly 1 in 4 workers in Healthcare and Social Assistance by 2025, as well as more than 6 in 10 workers in the Hospitality industry and 8 in 10 Restaurant workers^{vi}.
- ➔ **Workers living in or near poverty** – More than 278,000 workers living below the federal poverty line would benefit, seeing an average wage increase of \$4,508. This accounts for 83 percent of the North Carolina workforce living below the federal poverty line. Out of the 678,000 workers living just one to two times the federal poverty limit, more than 397,000 (59 percent) would see a raise averaging \$2,985^{vii}.



- **Black and Latino workers** – More than 580,000 Black and Hispanic or Latino workers will see their paychecks go up by an average of \$3,159 by 2025. Families of color have disproportionately suffered from wage inequality. Thirty-two percent of Black workers and 41 percent of Hispanic or Latino workers earn less than \$15 per hour, compared to just 16 percent of White workers^{viii}.
- **North Carolina's economy** – Several U.S. states and cities have set their minimum wage on a path to \$15/hour. Studies show that low-wage workers who benefit from a minimum wage increase spend a large proportion of their new wages on goods and services, stimulating the economy and benefiting both their communities and local businesses^{ix}. Businesses also see benefits like decreased turnover, especially small businesses and businesses in low wage industries^x.