



February 2007

The NC Justice Center is the state's leading research and policy advocacy organization **dedicated to securing opportunity and prosperity for all.**

The Justice Center is unique in North Carolina in its use of four integrated strategies – **litigation, research, policy advocacy, and community education.** Its dedicated staff works to ensure that all people in North Carolina have the resources and services they need to take part in the state's growing prosperity.

For more information on the Living Income Standard and workforce issues, contact:

John Quinterno
Research Associate
NC Budget & Tax Center
(919) 856-3185
john@ncjustice.org

NC Justice Center
224 S. Dawson St.
PO Box 28068
Raleigh, NC 27611
(919) 856-2570
www.ncjustice.org
info@ncjustice.org

North Carolina's Living Income Standard NC's working families confront failing jobs and falling wages

The wages of moderate- and low-income North Carolinians have grown little over the past decade, but the costs of basic expenses have risen significantly. As a result, half of all North Carolina families with children earn too little to meet their basic needs.

To determine how much income a family needs for a bare-bones lifestyle, the NC Budget & Tax Center regularly documents the market costs of seven basic family expenses—housing, food, child care, health care, transportation, taxes and credits, and miscellaneous expenses such as clothing.

The Budget & Tax Center found that North Carolina's Living Income Standard—the wage needed to achieve this bare-bones lifestyle—is **\$25,626**, or **\$12.32 an hour**. (The standard is higher for larger families and those living in metropolitan areas.) **More than 521,000 North Carolina families** make less than this wage, and **55.2% of North Carolina children** live in households that make less than this wage.

Why So Many NC Families Struggle

Many North Carolinians working in such essential jobs as janitors, nursing-home attendants, and child-care providers, cannot afford their basic expenses. Three factors contribute to this situation:

Stagnated growth in real wages—Between 1979 and 2003, the wages for NC's lowest-paid workers grew only \$0.88 per hour (adjusted for inflation) or 12% (compared to 21% for middle-income workers and 40% for the best-paid workers). At the same time, costs of life essentials such as housing grew much faster.

NC's shift from a manufacturing-based economy to a service-based one—The shift eliminated or exported many decent-paying jobs and replaced them primarily with low-wage and low-benefit service and retail jobs.

Increased taxes for low-wage workers—The poorest 20% of North Carolinians pay 10.9% of their income in state and local taxes, compared to only 6.3% for the richest 1% of taxpayers. Recent increases in the sales tax and various fees disproportionately hurt low-wage workers.

LEGISLATIVE ACTION: Helping Working Families Prosper

In recent years, the NC General Assembly helped the state's hard-working families by raising the minimum wage and creating a state Earned Income Tax Credit. Additional measures they can take to help working families include restoring fairness to the state's tax system, increasing the supply of affordable housing, expanding access to health care, improving education and training opportunities, and better funding worker supports such as child-care subsidies.