

THE STATE OF WORKING NORTH CAROLINA: Policies to Support Workers and a Strong Recovery



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WISE PUBLIC POLICIES AND SOUND INVESTMENTS that support workers will strengthen North Carolina's economic recovery. During the last century, public investments played a critical role in promoting broadly shared prosperity, raising the incomes of all workers across the economic spectrum, and ensuring that an increasing number of Americans could join the middle class and share in the nation's unprecedented economic growth.

In the face of our current economic challenges, North Carolina and the nation need policymakers to recommit to these historic promises, to promote public investments that support workers, and in so doing, to support economic growth that benefits all.

In order to achieve these goals, policymakers must focus on three key policy areas.

Job Creation

Given the significant jobs deficit, North Carolina policymakers must focus on creating jobs in the immediate term as well as creating the long-term conditions that facilitate the expansion of employment opportunities. But more than that, they must ensure these jobs are good, quality jobs that can support families.

- **Minimize cuts to public-sector employment** – Government layoffs only increase the number of people out of work. Public-sector layoffs also hurt private-sector job growth because unemployed government workers no longer have paychecks to spend at local businesses, which in turn have less revenue to support their own payrolls. This requires taking a balanced approach to the state's budget challenges and minimizing cuts to public-sector employment.
- **Implement wage-subsidy programs** – Until consumer demand rebounds from the downturn, wage subsidies to employers who hire new workers can encourage businesses to add jobs. These wage-subsidy programs must incentivize the hiring of people facing long-term unemployment in order to give them the chance to get back to work, and these programs must require businesses to meet minimum standards of pay and labor conditions.
- **Ensure economic development dollars are well-spent** – The state's investment in economic development through business incentives or subsidies must generate returns for workers and communities alike. This means tightening the standards for subsidy programs to ensure that businesses receiving subsidies meet job-creation targets, provide family-sustaining wages, and face consequences if they fail to meet these provisions.
- **Establish work-sharing programs** – Ahead of the next recession, North Carolina should enact a work-sharing program that would allow employers to reduce workers' hours rather than lay them off. This would provide workers with the chance to stay up to date on their skills and maintain a significant share of their incomes, while employers would get a workforce they can quickly bring back online when demand returns.
- **Build career pathways in high-growth industries** – To ensure that North Carolina workers can get good-paying jobs in high-growth industries, the state should increase access to the industry-relevant credentials and training that will make workers competitive and support industry expansion. Career pathways, bridge programs and overall sectoral approaches—along with the state's continued investments in schools, research and development, and infrastructure—will support the growth of industry in the state.

Support for the Unemployed

The experience of long-term unemployment has a host of negative effects on families and the broader community. North Carolina's leaders need to strengthen the state's unemployment insurance system and look for innovative ways to support people facing long-term unemployment who are no longer eligible to receive benefits because of the duration of their unemployment.

- **Strengthen the Unemployment Insurance System** – An effective unemployment insurance system puts employer contributions in reserve during good economic times so that adequate funds are available to meet the demand for benefits during downturns, when workers lose their jobs through no fault of their own. Adopting such a forward-financing approach will ensure that the modest benefits provided by unemployment insurance will be available to help unemployed workers keep their families afloat and will make their job searches possible.
- **Support unemployed in job search and retraining** – North Carolina policymakers must look to innovative models that help people facing long-term unemployment connect to job-training opportunities that result in a credential or degree. To do this, it is critical that these jobless workers have the financial and case-management support to pursue these degrees and identify job-search opportunities that are a match to their skills. Enhancing the delivery of job-search services at JobLink centers and supporting the connection of this work to labor-market analysis will help achieve better employment outcomes for unemployed workers.
- **Connect people facing long-term unemployment to critical supports** – Long-term unemployment has the potential to lead to financial ruin, especially when workers who have been out of work for months are no longer eligible for the modest support of unemployment insurance. State policymakers should enhance cooperation across agencies and programs to establish referrals and efficient application processes that connect long-term unemployed workers to supports like the Supplemental Nutrition Assistance Program and housing subsidies.

Wage Standards and Work Supports

During the economic recovery, North Carolina has seen an increase in the number of low-wage jobs and a decline in occupations that pay a living wage. At the same time the prices of basic goods continue to increase. This means more North Carolinians are working for lower wages and cannot meet the most basic of needs of housing, food, childcare and transportation.

Creating and maintaining jobs that pay a living wage and providing supports that ensure job stability will promote shared economic prosperity and fuel much-needed economic growth for North Carolina.

- **Increase the Minimum Wage** –North Carolina's minimum wage of \$7.25 an hour translates to approximately \$15,000 per year for a full-time worker – roughly one-third of what it actually takes for a family of three to make ends meet in North Carolina.
- **Provide Adequate Work Supports** – Affordable, quality childcare is non-negotiable for working parents, but quality childcare remains unaffordable for many North Carolina's families. Increasing state investments in child-care subsidies can help parents earning low wages keep their jobs and better support their families. In addition, expanding Medicaid to low-income adults, as called for in the federal health reform law, would provide hundreds of thousands of currently uninsured adults with health care and create a healthier workforce.
- **Expand Access to Paid Leave** – All workers need to be able to rely on pay and job protections when caregiving responsibilities arise, when long- or short-term illnesses strike, or when welcoming a new child to the family. However, almost half of the state's private-sector workforce lacks access to paid sick days. A law enabling workers to earn paid leave would provide much-needed support for working families and help workers avoid financial ruin brought on by illness or injury.
- **Increase Protections against Wage Theft** – Wage theft includes unpaid wages, minimum-wage



violations, non-payment of overtime, denial of earned vacation time, and misappropriation of tips. Every year, North Carolina workers lose out on millions of dollars of pay that is improperly withheld from them by their employers. While North Carolina has laws on the books to ensure that workers are paid for all hours worked and to provide workers with access to basic wage protections, state leaders must ensure these laws are enforced and that all workers can access these protections.

Sound Fiscal Policy to Create Communities of Opportunity

It is critical that state investments support access to good jobs, affordable transportation options, small-business development, and quality schools throughout North Carolina. Policymakers need to consider how to ensure that state investments create greater equity of access and opportunity in communities across the state.

Some communities were hit harder than others by the Great Recession and the prior economic transformation in North Carolina. Policymakers have tools available to them that prioritize economically distressed areas. These include funds for low-wealth school districts and economic development dollars for Tier 1 counties.

But to truly create communities of opportunity in North Carolina, state policymakers must focus on the needs of low-income people with an eye on where they live and work. This vision requires policymakers to work across multiple policy silos in order to achieve integrated development. For example, increasing public transit options does not help low-income people if housing around bus stops or light-rail stops is unaffordable. The state can level the playing field through policies such as neighborhood incentives that support affordable housing and first-source or community benefit agreements that ensure residents in struggling areas see increased employment opportunities when businesses receiving taxpayer-funded subsidies move in. Such policies are fundamental to building an inclusive economy and communities of opportunity.