

## Living Wage

### Recommendation

Increasing wages for all North Carolinians is vital to the state’s economic growth as well as quality of life for residents. The Governor’s Recommended Budget includes recommendations aimed at increasing wages for essential caretakers, including those who work in Skilled Nursing Facilities and the early childhood educator workforce. In addition, the budget extends the \$15 per hour minimum wage for permanent state employees to temporary and seasonal workers and to employees paid through state contracts. The total cost of these proposals is \$113.3 million.

**Table 1: Living Wage Allocation of Funds**

	Recurring
Nursing Home Rate Increases	\$60,000,000
Child Care WAGES Program <sup>1</sup>	\$26,000,000
Temporary and Seasonal Employees	\$2,250,000
Employees Paid by State Contract Reserve	\$25,000,000
<b>Grand Total</b>	<b>\$113,250,000</b>

### Statement of Need

During the COVID-19 pandemic, the country has gone through a childcare and elder care workforce crisis:

- Nationally, childcare providers made an average of \$13.22 per hour in 2021, while the median wage for all workers was \$22 per hour.<sup>2</sup>
- In North Carolina, a starting assistant teacher in a childcare facility made an average of \$10 per hour in 2019.<sup>3</sup>
- In North Carolina, employment in childcare centers fell by 3,276 between February 2020 and February 2022, a decline of 8.7%.<sup>4</sup>
- Nationally, nursing assistants at Skilled Nursing Facilities made an average of \$15.99 per hour in 2021, while the median wage for all workers was \$22 per hour.<sup>5</sup>
- Nationally, approximately 420,000 employees at residential care facilities left the workforce between February 2020 and January 2022, a decline of 12.2%.<sup>6</sup>
- Only about one of every five North Carolina nursing homes meet the recommended staffing threshold, compared to one out of every four homes nationally.

North Carolina has more than 1.3 million workers making less than \$15 per hour, including some state employees. In FY 2018-19, the state committed to a statewide minimum salary for full-time permanent state employees of \$31,200, which is equivalent to \$15 per hour. In FY 2021-22, the state extended the

<sup>1</sup> The NC Child Care WAGES program is shown in the Ensuring a Sound Basic Education and Workforce justification narratives. The \$26 million recurring in funding is accounted for as part of the Comprehensive Remedial Plan.

<sup>2</sup> [U.S. Bureau of Labor Statistics](#)

<sup>3</sup> [2019 North Carolina Early Care and Education Workforce Study](#)

<sup>4</sup> [NCDHHS Dashboard](#)

<sup>5</sup> [U.S. Bureau of Labor Statistics](#)

<sup>6</sup> [Federal Reserve Economic Data](#)

\$15 per hour minimum wage to all local public school and community college employees effective in FY 2022-23. However, some temporary and seasonal state workers are still paid less than \$15 per hour.

### Recommendation Detail

- **Nursing Home Rate Increases:** Increases the reimbursement rate paid to Skilled Nursing Facilities, making a portion of the temporary COVID-19 increase permanent. A minimum of 80% of the funding should be used to increase the rate of pay to direct care workers. The total cost of this program is \$60 million.
- **NC Child Care WAGE\$ Program:** Provides educational attainment-based salary supplements for early childhood educators, to better attract and retain highly qualified staff who are essential to early childhood programs. These funds will allow this successful program to expand statewide to provide wage supplements to early childhood teachers in all 100 counties.
- **Temporary and Seasonal Workers Employees:** Brings temporary and seasonal employees up to \$15/hour. Data provided by Temporary Solutions and other state agencies shows that there are about 900 employees paid by the state that are currently making less than \$15 per hour. The total cost to bring state agency and University of North Carolina employees to \$15 per hour is approximately \$2.25 million.
- **Employees Paid by State Contracts:** Establishes a Living Wage for Contracts Reserve with an initial balance of \$25 million. Agencies may access the reserve when renewing contracts that directly fund employees. When contracts are renewed, agencies would require that all employees paid with state funds be paid at least \$15 per hour. The rollout of a living wage for state contractors will necessarily be in stages, as any change in compensation will occur as contracts come up for renewal.

### Expected Impact

Funds will help increase wages for those making less than a living wage. Expected impacts include:

- Increasing wages in nursing homes and childcare facilities to support quality care for the elderly and young children.
- Raising minimum pay for over 900 temporary and seasonal state agency and University of North Carolina employees.
- Raising minimum pay for workers paid by state contract funds.