

HB 175: State Minimum Wage/Inflation Increases

Requires the state minimum wage to be automatically adjusted each year based on increases in inflation. Ensures that the minimum wage retains its buying power over time.

Indexing the Minimum Wage Talking Points

- The current minimum wage is far lower than what it takes North Carolina working families to meet their basic needs. On top of this, the value of the minimum wage has eroded significantly over time.
- The minimum wage should be indexed to inflation so it increases annually to keep up with costs of living increases.
- It took advocates more than a decade to increase North Carolina's minimum wage from \$5.15 to \$6.15, still far too inadequate a wage. This would be unnecessary if the minimum wage increased each year nominally.
- For low-wage workers, a minimum wage that allows them to meet basic needs such as food, housing, and transportation is critical.
- Unfortunately, North Carolina's minimum wage has long lagged behind what it actually takes to get by and work has lost its promise of prosperity.
- The state minimum wage was increased from \$5.15 to \$6.15 in 2006 and Congress approved a 3-year phased increase of the federal minimum wage to \$7.25 by July 2009, the minimum wage is still insufficient and has lost value over time.
- The next minimum wage increase in July 2009, will come to an annual salary of \$15,080 per year. Yet the typical North Carolina family with children must earn \$41,184 per year to afford basic expenses. That amount requires adults in the average family to earn a total of \$19.80 per hour, more than triple the amount of the current minimum wage.
- The federal minimum wage has lost significant value over time—it would take a minimum wage of over \$10 per hour to match the buying power of the federal minimum wage 40 years ago.
- To prevent further erosion of the value of the wage floor, the minimum wage should be indexed to inflation.

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