

LGBTQ+ Business Climate Score

North Carolina

55.48

out of a possible 100 points

Out Leadership's Business Climate Index for the 50 United States is an assessment of states' performance on LGBTQ+ inclusion. It measures the impact government policies and prevalent attitudes have on the LGBTQ+ people residing in each state, quantifying the economic imperatives for inclusion and the costs of discrimination. It equips business leaders and policy makers with a clear sense of the most impactful steps states can take to make themselves more hospitable to forward-thinking, innovative, inclusive businesses.

Color Coding

NO RISK	LOW RISK	MODERATE RISK	NOTABLE RISK	HIGH RISK
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For more context around these scores, and to learn more about the criteria we used to assess how state laws, actions and attitudes toward LGBTQ+ people create business and talent risks, please visit www.outleadership.com/staterisk

North Carolina



Legal & Nondiscrimination Protection

Sexual orientation and gender identity discrimination protections exist only for state employees (by executive order). Localities were preempted from passing non-discrimination laws in private employment and public accommodations until December 2020. Since it expired, six municipalities have passed protections. Gender confirmation surgery is required to change gender markers on a birth certificate, and a form signed by a healthcare or social services provider is required to change gender markers on a state driver's license.

9.75_{/20}



Youth & Family Support

There is no ban on conversion therapy in North Carolina. Second parent adoption is allowed only if the couple is married. In the case of assisted reproduction, the state only recognizes non-gestational parents if married. There is no statewide protection against discrimination in education, but anti-bullying provisions explicitly enumerate sexual orientation and gender identity.

14.03_{/20}



Political & Religious Attitudes

Governor Roy Cooper has pro-LGBTQ+ record, while the state's two US Senators have a negative LGBTQ+ rights voting record. There's no RFRA in the state, but officials are permitted to decline to register same-sex marriages if their religious beliefs conflict.

14.2_{/20}



Health Access & Safety

North Carolina's current hate crimes protections do not cover sexual orientation or gender identity. Transgender healthcare coverage is not covered by state Medicaid, and private insurers are permitted to exclude it from their plans. People with HIV must disclose their status to potential partners unless their viral load has been suppressed for six months, and violations of this law are classified as misdemeanors.

7.5_{/20}



Work Environment & Employment

16% of transgender employees in North Carolina report being harassed in the past year due to their gender identity, and 32% report mistreatment such as having someone at work share private information about their gender. 29% of LGBTQ+ North Carolinians report food insecurity, compared to 16% of non-LGBTQ+ North Carolinians. LGBTQ+ unemployment (8%) is slightly greater than the general rate (6%).

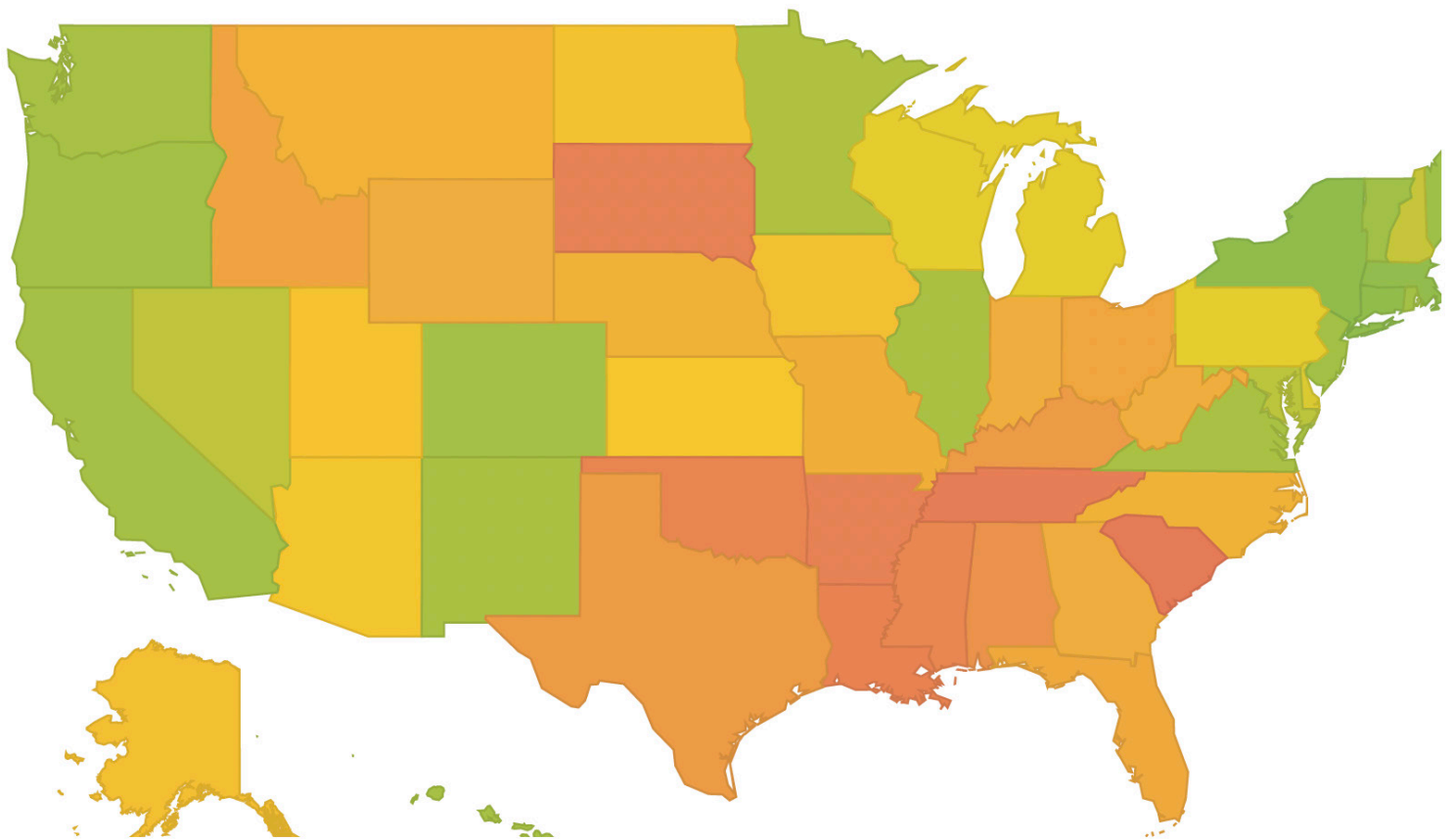
10_{/20}

A Note on Methodology

Download this report to learn how and why Out Leadership created the LGBTQ+ Business Climate Index for the 50 U.S. States, with important details about our methodology, including our data standards and practices. NOTE: *HIV criminalization laws are discriminatory and ineffective. These laws fail to account for advances made in treating and controlling HIV, may deter people from getting tested and seeking treatment, and can exacerbate the stigma targeting people living with HIV and LGBTQ+ people.

United States Heat Map

The legal and cultural situation for LGBTQ+ people varies widely across the country. This map, based on each state's total Business Climate Score, illustrates the states where LGBTQ+ people are empowered to participate more fully and openly in the economy, and the states that are lagging behind.





North Carolina Talking Points

4% of North Carolina residents identify as LGBTQ+. Conservatively, that's LGBTQ+ personal income of \$19 billion – it's a market my business can't afford to ignore.

When LGBTQ+ employees don't feel welcome at work, they're less likely to stay, and employee turnover is a drag on the state economy and business competitiveness. It costs companies an average of

\$9,216 to replace an employee in North Carolina, and it can cost up to \$447,406 to replace senior executives. North Carolina and the businesses operating there have strong incentives to create inclusive workplaces in the interest of keeping these costs down.

Nondiscrimination policies allow LGBTQ+ people to participate more fully in the economy.

Millennial and Gen Z consumers prefer to do business with companies with LGBTQ+ friendly advertising and policies – 54% say they're more likely to choose an LGBTQ+ inclusive brand over a competitor – which is why it's important that North Carolina continue to foster a business environment where being inclusive is supported.

North Carolina has a regressive attitude towards trans people in insurance coverage, gender marker changes, hate crimes protections and, notoriously, bathroom laws. Treating trans people as unequal makes us look complicit if we choose to do business in North Carolina – equality is good for everyone's bottom line.



Regional Context

The Southeast

Out Leadership and FCB partnered on original market research into the attitudes of American workers on LGBTQ+ inclusion, which fielded in 2019 and 2020. These briefs as a whole will be updated on an ongoing basis by Out Leadership because we recognize the ever-changing nature of policy on the local, state, and national level.

LGBTQ+ workers in the Southeast are the most likely to be out at work (54.4%), but they are also 25% more likely to feel that covering behaviors are important for work place success. More broadly, non LGBTQ+ workers in this region preferred for businesses to demonstrate their support for the LGBTQ+ community using internal initiatives (like hiring more LGBTQ+ employees and creating more inclusive HR policies). However, this group was 57% less likely to approve of more public demonstrations of support (like withdrawing sponsorship from sporting events in less inclusive areas). LGBTQ+ workers in this region are 39% more likely to support inclusive businesses and 17% more likely to consider LGBTQ+ friendliness in making spending decisions compared to the non-LGBT workers nationwide. However, there is a perception that state leadership speaks about the LGBTQ+ community in a more negative way (39% more likely than nationwide), which could partially explain why LGBTQ+ workers in the Southeast are 19% more likely to say that they would be open to moving to a state with better LGBTQ+ support.

Unless otherwise noted, all comparisons for more or less likely are compared to the National results. Regional results are based off of 1,500 respondents (LGBTQ+ and Non-LGBTQ+ responses have been weighted to be age-representative for each audience in each region). National results are based off of 600 respondents representative of each audience (LGBTQ+ vs Non-LGBTQ+).

States in the Southeast region included: Alabama, Arkansas, Kentucky, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia.

Current Legal Status of LGBTQ+ People in North Carolina

Legal status of the Lesbian, Gay and Bisexual Community

North Carolina lacks state-wide nondiscrimination protections with respect to sexual orientation or gender identity in the areas of housing, public accommodations, private employment, and credit and lending.

North Carolina does prohibit discrimination on the basis of sexual orientation or gender identity in public employment and public contracts – which was accomplished by executive order.

Same-sex couples may adopt a child together as a married couple or, if one partner has a child from a previous relationship or via assisted reproduction, their spouse may adopt that child through a stepparent adoption. A “second-parent” adoption, which permits adoption of a child without terminating any of the “first” parent’s parental rights, is not valid in North Carolina.

North Carolina has no laws banning or restricting the practice of conversion therapy, but the state is not allowed to fund it in any way.

Legal Status of the Transgender Community

In order to update the gender marker on a North Carolina driver’s license or ID, an individual may submit any one of the following: a gender designation form with certifications about the applicant’s gender identity, signed by the applicant and a physician or mental health professional; a passport or birth certificate with the proper gender marker; or a court order recognizing the gender.

The North Carolina state registrar will issue a new birth certificate with a written request by an individual to change gender markers after gender confirmation surgery. The request must be accompanied by a notarized statement from the physician who performed the surgery or from a physician licensed to practice medicine who has examined the individual and can certify that the person has undergone it. A gender marker on a birth certificate will not be updated in the absence of gender confirmation surgery.

North Carolina does not currently provide transgender-inclusive health benefits for state employees. Since 2018, the North Carolina State Health Plan for state employees and teachers has refused to provide coverage for the treatment of gender dysphoria. There is a lawsuit challenging the exclusion making its way through the court systems after a bid to dismiss it was shot down in 2020.

North Carolina does not prohibit transgender exclusions in health insurance coverage.

The North Carolina Medicaid program has no explicit policy regarding transgender-inclusive health benefits.

Government Statements and Actions

Bills to ban trans women from women's sports and to deprive trans minors from accessing gender-affirming treatment were both introduced in the state legislature in 2021, but lawmakers declined to move them forward.

Multiple bills to strengthen LGBTQ protections and equality were introduced in the 2021 session, but they all languished in committee.

In March 2016, North Carolina enacted the Public Facilities Privacy & Security Act, commonly known as HB2. The bill was enacted in response to a Charlotte ordinance that specifically prohibited discrimination towards gay or transgender people, including in public restrooms. HB2 amended state law to preempt any local anti-discrimination ordinances and compelled schools and public facilities containing single-gender washrooms to only allow people of the corresponding biological sex, as defined by their birth certificate, to use them.

In March 2017, North Carolina enacted HB142, which repealed the portion of HB2 regarding bathroom use. But HB142 also prevents any municipality from passing any protections for LGBTQ+ discrimination until at least December 2020, and it barred any protections for transgender people using restrooms or other facilities in schools or other state or local government buildings.

North Carolina does not currently have other specific religious freedom laws or exemptions for religious beliefs related to LGBTQ+ issues. A Religious Freedom Restoration Act was proposed by the North Carolina legislature in 2015 but was not enacted.



North Carolina's hate crime laws do not specifically enumerate sexual orientation or gender identity as protected classes. Legislation has previously been proposed in the state senate that would add sexual orientation, gender identity, gender expression, ethnicity, disability and gender to the scope of the state's existing hate crime laws, but it has not become law.

On October 18, 2017 Governor Roy Cooper signed Executive Order No. 24, to promote diversity and prohibit discrimination in government agencies and government contracts in an effort to make North Carolina a welcoming place to all. The order prohibits discrimination in his administration on the grounds of race, color, ethnicity, sex, National Guard or veteran status, sexual orientation, and gender identity or expression in employment, and it requires those doing business with the state to do the same.

On June 5, 2018 in honor of LGBTQ+ identifying communities, Governor Roy Cooper proclaimed June as NC LGBT Pride Month. Governor Cooper also proclaimed October 2018 as NC LGBTQ+ History Month.

Impact of LGBTQ+ Discrimination on Business Talent

1 NO RISK

2 LOW RISK

3 MODERATE RISK

4 NOTABLE RISK

5 HIGH RISK

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Brand Risk

4 NOTABLE RISK

Companies incur notable risk to their brands by operating in North Carolina, where there are no statewide LGBTQ+ inclusive nondiscrimination protections and localities are preempted from passing non-discrimination laws in private employment and public accommodations until December 2020.

Client Risk

3 MODERATE RISK

There is moderate risk of LGBTQ+ or strong ally clients pulling their business from companies operating in North Carolina in light of the state's business climate and reputation.

Talent Risk

4 NOTABLE RISK

LGBTQ+ professionals are likely to consider North Carolina's legal and social environment unfriendly. There is no statewide LGBTQ+ inclusive nondiscrimination law, and North Carolina is the only state where someone in a same-sex dating couple can't file a domestic violence order, both of which make working in North Carolina unattractive to LGBTQ+ talent.

Marketing Risk

4 NOTABLE RISK

There is notable risk involved in marketing to the LGBTQ+ community in North Carolina, where there is no state wide LGBTQ+ inclusive nondiscrimination law, no statewide restrictions exist on the practice of conversion therapy, and sexual orientation and gender identity are not protected under hate crimes legislation.

Future Risk

3 MODERATE RISK

The state is still suffering some negative brand impacts from its major, headline-making "bathroom bill" event in 2016. While appetite for similar policies appears to have diminished, a statewide nondiscrimination preemption law remains in place through 2020, and there remains moderate risk of future negative events.



Socio-cultural Environment of LGBTQ+ People in North Carolina

Status of LGBTQ+ Organizing and Community

The bathroom portion of HB2 generated significant nationwide criticism, particularly among the LGBTQ+ community, and litigation spearheaded by the ACLU and Lambda Legal challenging the law ensued.

The ACLU and Lambda Legal subsequently expanded their legal challenge to include HB142. On September 30, 2018, a federal district court ruled that nothing in HB142 prevents transgender people from using public restrooms and other facilities that match their gender identity. The court also permitted a challenge to go forward to the law's ban on local nondiscrimination policies.

A North Carolina statute enacted in 2015 permits magistrates or their assistants to recuse themselves from performing marriages that conflict with their religious beliefs. In 2016, a group of taxpayers challenged the law as a violation of the Establishment Clause of the First Amendment to the US Constitution. The US Court of Appeals for the Fourth Circuit dismissed the case, saying that the defendants lacked standing to file it.

State employees are suing because state health insurance doesn't include coverage of gender dysphoria. A state attempt to get the suit dismissed was denied in 2020.

Cultural Views of the LGBTQ+ Community

HB2 made national news in 2016. Though subsequently walked back, the state lost several high-profile business opportunities. As late as January 2019, news broke that Netflix wouldn't film *Outer Banks* in the state because of the anti-LGBTQ+ legislation.

North Carolina's passage of HB2 was viewed as the precursor to a huge glut of anti-trans bills introduced in statehouses throughout the nation in 2021.



Partners

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