

## LGBTQ+ Business Climate Score

out of a possible 100 points

53.05

NOTABLE RISK

# North Carolina

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 [outleadership.com/driving-equality/us-state-ceo-briefs/](https://outleadership.com/driving-equality/us-state-ceo-briefs/)

# North Carolina



### Legal & Nondiscrimination Protection

The Legal and Nondiscrimination Protections section includes two subsections: The **Personal Legal Scale** assesses the state's laws directly impacting LGBTQ+ individuals. This includes processes for transgender people to change their gender markers on birth certificates and driver's licenses, as well as protections for individuals in housing, the workplace, public spaces, foster care, and more. **Two Nondiscrimination Protections Scales** assess the extent to which LGBTQ+ people are protected under state law. One evaluates nondiscrimination laws related to employment and the other evaluates any nondiscrimination laws related to housing, public accommodations, credit and lending.

13.75<sub>/20</sub>



### Youth & Family Support

The Youth and Family Support section contains three subsections. The **Family Support Scale** measures how supportive the state is of LGBTQ+ people who are in or wish to start families. Elements of this scale include: the percentage of LGBTQ+ families raising children, and whether state family leave laws cover same-gender couples and allow workers to care for the children they are raising. The **Children and Youth Scale** assesses the resources available to LGBTQ+ children and youth in the state, including whether the state has non-discrimination laws and policies for LGBTQ+ students. The **Targeted Laws** section evaluates states on whether they ban discussion of same-gender marriage in schools, and whether they ban conversion therapy for minors.

8.2<sub>/20</sub>



## Political & Religious Attitudes

The Political and Religious Attitudes section contains two subsections. Taken together, these scales assess the tone of the state's conversation around LGBTQ+ rights. The **Religious Protections Scale** assesses the extent and impacts of a state's constitutional or statutory religious exemption laws, and whether state law provides for targeted religious exemption from laws governing child welfare services, private wedding services, and the provision of medical care. The **State Leadership Scores** are Out Leadership's unique measures evaluating the state's most senior elected officials – the Governor and the two U.S. Senators – and assessing how they've represented their views of LGBTQ+ people in speeches and in their political platforms, and in terms of how they've acted with regard to laws impacting LGBTQ+ equality.

13.6<sub>/20</sub>



## Health Access & Safety

The Health Access and Safety section contains two subsections. The **Health Scale** assesses LGBTQ+ people's access to insurance and medical care in each state, giving particular emphasis to the most economically precarious and vulnerable members of the community. The **Safety Scale** is based on two significant laws protecting or criminalizing behaviors affecting LGBTQ+ people. It asks whether the state protects LGBTQ+ people in its hate crime laws. It also assesses whether the state criminalizes exposure to or transmission of HIV.

7.5<sub>/20</sub>



## Work Environment & Employment

The Work Environment and Employment section contains two subsections. The **Work Environment Scale** assesses transgender individuals' experiences at work, including incidences of verbal harassment, sexual assault, and other mistreatment. The **Employment Scale** is based on assessments of LGBTQ+ employment in the state. This scale includes the percentage of LGBTQ+ people making less than \$24,000 annually (approximately the current Federal poverty line), and the differences in unemployment rates and food insecurity between LGBTQ+ and non-LGBTQ+ identified individuals.

10.0<sub>/20</sub>

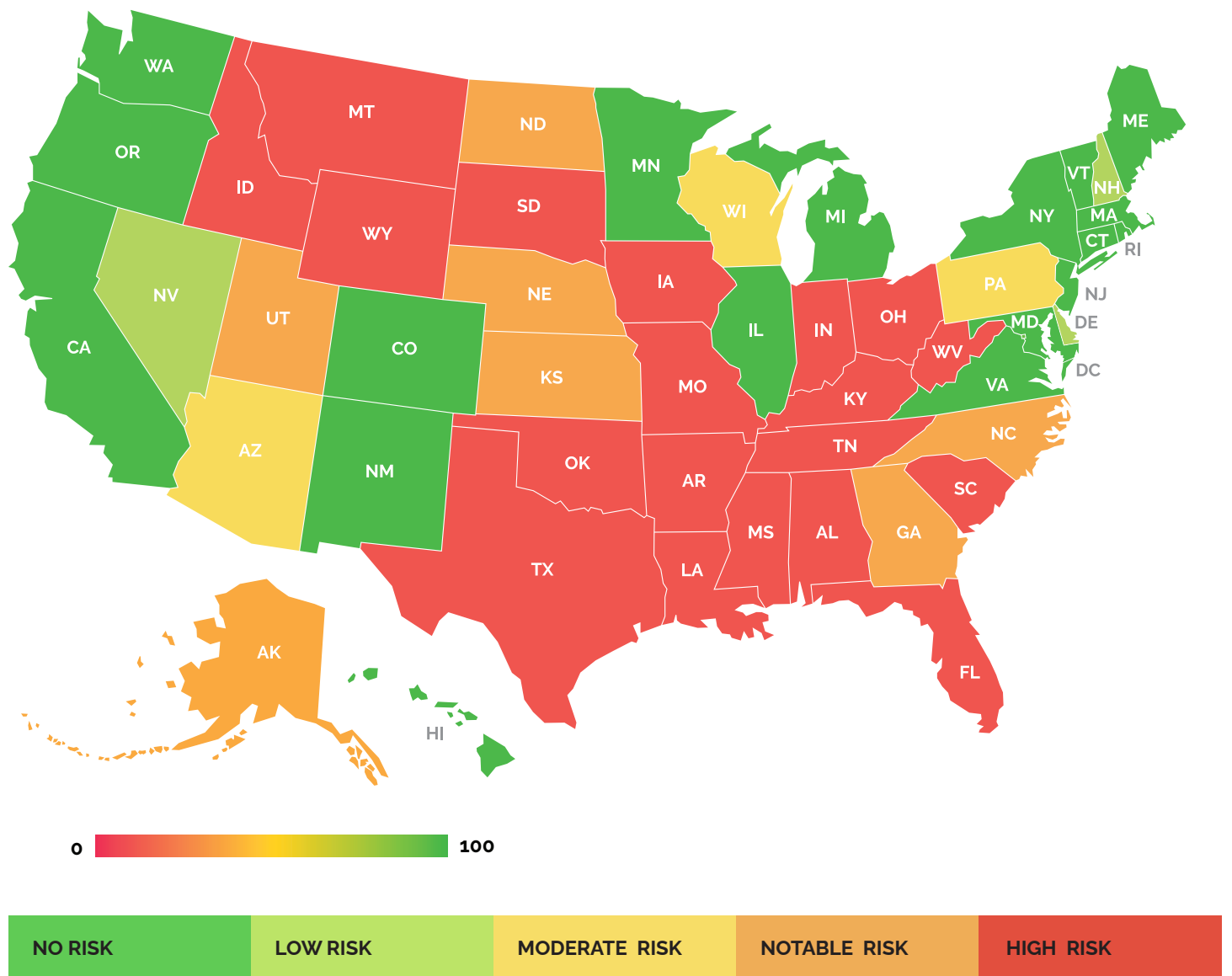
## A Note on Methodology

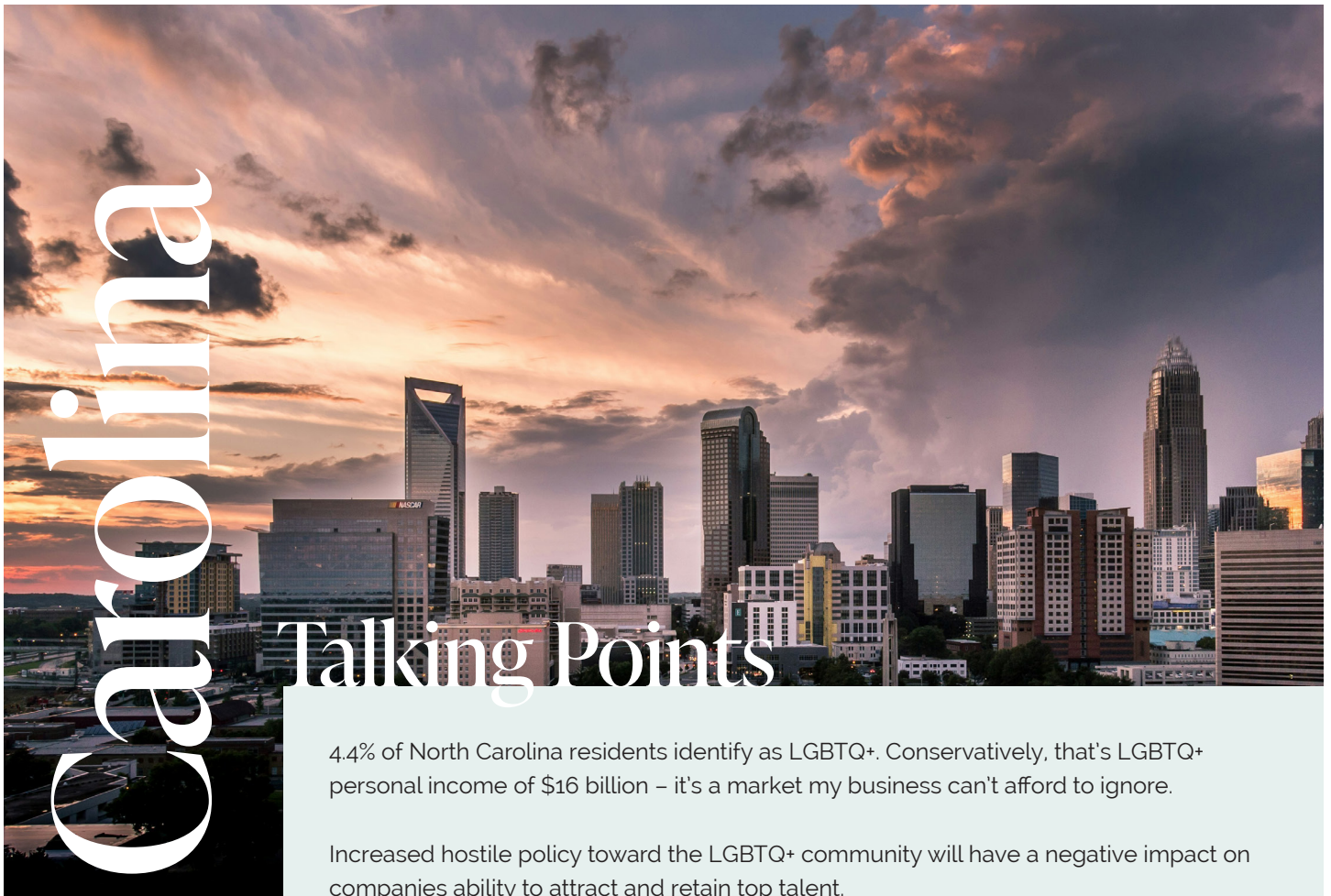
Download this report to learn how and why Out Leadership created the LGBTQ+ Business Climate Index for the 50 U.S. States, with important details about our methodology, including our data standards and practices. NOTE: \*HIV criminalization laws are discriminatory and ineffective. These laws fail to 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.





## Talking Points

4.4% of North Carolina residents identify as LGBTQ+. Conservatively, that's LGBTQ+ personal income of \$16 billion – it's a market my business can't afford to ignore.

Increased hostile policy toward the LGBTQ+ community will have a negative impact on companies ability to attract and retain top talent.

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.

# North Carolina: 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.



# 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.

According to a 2022 federal court ruling, the North Carolina state registrar will issue a new birth certificate with a written request by an individual to change gender markers, regardless of whether the individual has had gender-affirming surgery.



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Also as of 2022, North Carolina provides transgender-inclusive health benefits for state employees. A recent federal court ruling decided that transgender state employees must have access to gender affirming treatments, overturning the North Carolina State Health Plan's previous practice of excluding coverage for the treatment of gender dysphoria.

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.

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## Government Statements and Actions

In 2024, Josh Stein beat anti-LGBTQ candidate Mark Robinson and was elected governor of North Carolina. Stein was endorsed by the Human Rights Campaign PAC.

In 2023, the NC state legislature overrode former Governor Cooper's veto to enact three anti-LGBTQ+ bills that target LGBTQ+ youth in schools, ban medically necessary health care for trans youth, and prohibit trans students from participating in sports consistent with their gender identity. North Carolina has joined many states in implementing a "Don't Say Gay" bill, along with other bills that target LGBTQ+ youth, particularly trans youth.

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 June 5, 2018 in honor of LGBTQ+ identifying communities, former Governor Roy Cooper proclaimed June as NC LGBTQ+ Pride Month.

The ACLU is currently tracking 7 anti-LGBTQ bills in North Carolina.

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# 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 sued because state health insurance doesn't include coverage of gender dysphoria. A state attempt to get the suit dismissed was denied in 2020, and the state officially reinstated coverage of "medically necessary services" in compliance with a federal court ruling in favor of the state employees.

Additionally, North Carolina has an active LGBTQ+ community, with large pride festivals being held each year in Durham, Raleigh, Charlotte, and several other cities across the state.

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## Cultural Views of the LGBTQ+ Community

HB2 made national news in 2016. Though subsequently walked back on, 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

Our partnerships make our work possible. The first State LGBTQ+ Business Climate Index released in 2019 was funded by a grant from the Gill Foundation. The Index is based on data graciously shared by the Movement Advancement Project and the Williams Institute. Ropes & Gray is our pro bono legal partner for the CEO Business Briefs globally, and their research informs this Index. FCB partnered with us to conduct original market research into American attitudes toward LGBTQ+ workplace inclusion, informing the Regional Context section of the State CEO Briefs. America Competes supported the development of the scoring for the Risk Assessments, particularly for the Future Risk score.

