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INFORMATION/EDUCATION SHEET

Impact of Proposed Constitutional Amendment Banning Recognition of Same Sex Relationship Benefits or Same Sex Marriage in North Carolina – Impact on Community and Business Development

One of the most important issues to consider in banning same sex relationship recognition is what effect that would have on business and community development, particularly in a time of high unemployment and state efforts to attract business. In this case, we are dealing with two possible amendments: 1 is very broad, seeking to ban all state recognition of relationships between same sex partners, and the other merely defining that marriage is between a man and a woman (which is currently in North Carolina statutory law.)

The direct legal effects of each is uncertain, with the broad one being more uncertain than the narrower one, and possibly affecting private business and insurance contracts, etc...Other parties will be specifically analyzing the legal effects. This is an information/education sheets on possible economic effects.

Although it is not clear whether the broad Constitutional Amendment would affect the ability to enforce domestic partner benefit contracts solely within the private sector, this potential and its impact must be considered. Whatever the direct legal effect of either provision, however, the larger economic impact may be based on the perception of what the policy means about the state of North Carolina as a place to live and do business. In this way, even the Constitutional amendment that apparently would only codify state law could have an effect on business as it changes the perception of the state.

This fact sheet tries to examine the information we have regarding the impact of passing this on the business climate perception in the state.

a) General discussion and perception

The work of Richard Florida on the Rise of the Creative Class provides the general outline about the importance of tolerance and appearing welcoming to GLBT persons for business.

http://www.creativeclass.com/richard_florida/books/the_rise_of_the_creative_class/

According to Florida, those cities and regions that have economically succeeded have done so because they appeal to an “educated class.” This class provides many benefits from purchasing power to creativity which make a location a better place to live as well as more attractive to potential employers and employees. Examples include cities such as Austin, Texas, and Seattle Washington. With respect to North Carolina, Florida

identified the Triangle Region as benefiting from this trend. Within North Carolina, five of the seven geographic entities that offer domestic partnership benefits are within the Triangle: Durham County, Durham City, Chapel Hill, Orange County, and the City of Carrboro. Mecklenberg County and the City of Greensboro are the two others.

b) Information from controlled studies:

- 1) statistical studies: Very little statistical work has been done on what impacts same sex recognition or withdrawal of recognition have on economic development of a state. There is one reviewed white paper, prepared by Gary Gates at the Williams Institute at the University of California Los Angeles (UCLA) that finds that same sex couples in the so-called “creative class” which can contribute disproportionately to economic development, were more likely to relocate to a state (in this case Massachusetts) after the extension of marriage rights. The sample size was not large enough to find other statistical correlations on state policy on same sex relationships and relocation of other persons not part of same sex couples. The paper’s main findings were:

*Overall, from 2002 to 2004 Massachusetts saw a net loss of 603 individuals in same-sex couples. After marriage equality, it gained 119 individuals in same-sex couples.

*Creative class individuals in same-sex couples were 2.5 times more likely to move to Massachusetts in the three years after marriage equality than in the three years before. Among all states, Massachusetts ranked 3rd in this statistic. Among New England and Northeastern states, Massachusetts ranked 1st.

*Individuals in same-sex couples who moved to Massachusetts after marriage equality were younger than individuals who moved before—the average age fell from 41 to 29.

*Nearly seven in ten (69%) individuals in same-sex couples who moved to Massachusetts after marriage equality were female, compared to only 27% among those who moved before. This is consistent with data showing that approximately two-thirds of marriages in the state are among female couples.

* The proportion in the creative class among individuals in same-sex couples who moved to Massachusetts after marriage equality (86%) was nearly double the proportion among those who moved before marriage equality (45%).

* The Health and Marriage Equality in Massachusetts survey of 559 individuals who are part of a married same-sex couple in Massachusetts found that 8% had moved to the state. More than half (51%) of these said that marriage equality or the state’s LGBT rights climate was a factor in their decision to move there—20% cited this as the only factor for their move.

2) Other empirical work:

In a survey conducted in 2005 by Robert Half Management, “recruiting and retaining qualified staff” was the most important human resources issue they faced.

An article in AccountingWeb in 2005 cited Duke Energy as offering domestic partnership benefits at that time in order to maximize recruiting and retaining qualified staff.

A 2005 Hewitt Associates study found the number one reason for offering DP benefits was for the attraction and retention of employees. This response was received from 71 percent of organizations offering same-sex benefits and 69 percent offering opposite-sex benefits. (*Total number surveyed was not noted.*)¹

c) information specific to North Carolina

There have been no studies directly examining North Carolina's attitudes towards same sex partner benefits and the attractiveness of the state to private sector employers and companies. However, there are several important specific facts, which may bear on the question:

- 1) Over fifty major private companies in North Carolina offer same sex domestic partner benefits, including Bank of America, the 5th largest Fortune 500 Corporation in America.
- 2) When then Nations Bank (based in Charlotte) merged with then Bank of America (based in San Francisco) to create the new Bank of America in 1998, one of the pivotal questions in corporate headquarters and the merging of the companies was whether then Nations Bank would offer same sex domestic partner benefits as then Bank of America did. Hugh C. McColl announced that the new Bank of America would offer such benefits before the merger in 1998, in order to assist in the process and satisfy potential critics and shareholders. While it is not certain either way whether Bank of America's failure to offer such benefits would have derailed a merger or made the company less productive, it appears that the company's management at the time believed that it was important to have such benefits.
- 3) Duke Energy in the aforementioned article in the Charlotte Observer cited domestic partner benefits as an important recruiting tool for all employees.

¹ Hewitt Associates, source: EBRI, September 2009 Update. Found online: <http://www.ebri.org/pdf/publications/facts/0209fact.pdf>