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Ensuring Financial Security for N.C. Workers

A Living Income Standard that addresses asset poverty among North Carolina's working families

By BRIAN KENNEDY II, PUBLIC POLICY FELLOW

Working families in North Carolina are the workhorses of our state's economy.

The promise of hard work should lead to financial stability and a path to the middle class for these families. But this promise is being broken for far too many working families, however, because of the growing prevalence of insufficient wages for hard work. Traditional wage measures, such as the minimum wage, fail to capture what a family truly needs to place food on the table. The Living Income Standard provides a more accurate picture of what families in North Carolina need to make ends meet.¹

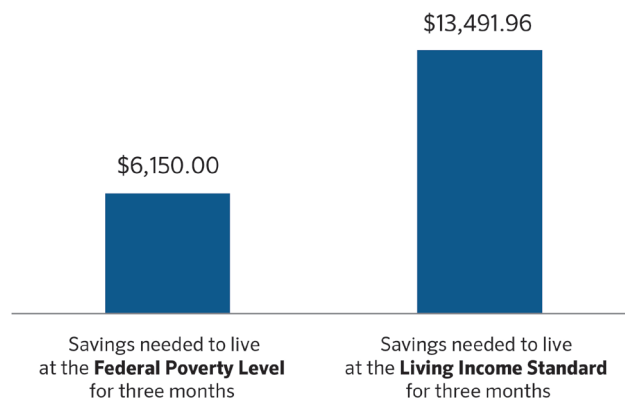
Income on its own, however, is not enough to guarantee families a path to the middle class. Savings are critical in equipping families with the tools they need to weather unexpected hardships such as an illness, loss of job, or even something as routine as car repair.² Additionally, savings are critical in providing families with the capital they need in order to pursue middle class investments such as homeownership, entrepreneurship, and education.

Asset poverty and threats to families and communities

While it makes sense that savings are important for economic security, very few North Carolina families have the assets necessary to weather an emergency, much less invest in their futures. A family that is "asset secure" typically means that family has enough savings and assets to be able to live at the federal poverty line, without income, for three months. Families that are "asset poor" do not have enough savings or assets, such as a home or business they could sell, to support themselves at the Federal Poverty Level for three months. For a family of four, this means a family with less than \$6,150 in savings.

While this definition of asset security is good to strive for, the reality is that families need much more than poverty

FIGURE 1. Savings and assets are critical in helping families weather hardships



level savings in order to pay for expenses such as rent, transportation, and child care. In order for a North Carolinian family of four to subsist off of \$6,150 during times of hardship, it is likely they would be unable to meet obligated expenses such as daycare for children, car payments, and would likely struggle to place food on the table. To put this number in context, for the same family to remain at the Living Income Standard for three months with a loss of income, they would actually require \$13,491 in savings and assets.

According to The Center for Enterprise and Development, more than 25 percent of North Carolinians are asset poor and more than half, 51.5 percent, of all North Carolinians are “liquid asset poor,” meaning they do not have enough *cash savings* for a safety net in case of a family emergency.³ This is compared to only 43.5 percent of families nationally.

Even families that make a living wage are not free from the threat of financial insecurity. Researchers have found that 34 percent of U.S. households experienced income volatility in 2015, meaning they saw a quarter or more of their income change throughout the year.⁴ Furthermore, low-income, younger, and households of color are more likely to experience these swings in income. Researchers also found that households with savings or access to liquid assets were less likely to experience income volatility than households without savings. In fact, financially stable households had a median savings of \$5,500 while households that experiences income loss throughout the year typically had savings of only \$1,550.⁵

Asset inequality is the result of policy choices

Even within North Carolina, asset poverty varies greatly by county. In Lenoir and Wilson counties, for example, 39.6 and 39.3 percent of residents are asset poor, respectively. In Davidson, Moore, and Randolph, however, asset poverty impacts closer to 20 percent of residents.⁶ In addition to location, asset inequality is deeply defined along lines of race. In 2013, the latest year where data is available, the median white household held \$13 worth of assets for every dollar held by the median Black family.⁷ The racial wealth gap, which cuts across lines of class, education, and income, demonstrates the impact of systemic exclusion from the tools that allow households to build wealth over time and the many ways in which systems have failed to allow North Carolinians to enjoy the fruits of their own labor.

As early as 1885, North Carolina passed laws limiting the citizenship and rights of members of the Lumbee Tribe who had lived in the state prior to European settlement. These laws, preventing native peoples from owning, farming, and utilizing land they had once owned, severely limited enterprise and growth among the indigenous Americans.⁸

Following the Emancipation Proclamation and the towards the end of the American Civil War, the Freedmen’s Bureau was authorized to reallocate 400,000 acres of federal land to former slaves and Black refugees in the south. After President Andrew Johnson rejected of the Freedmen’s Bureau Bill, however, the land was taken from the authority of the Freedman’s Bureau, and instead redistributed to former plantation owners.⁹ As a result, many freed Blacks remained on the land they had been enslaved on as sharecroppers, working for the individuals who had once owned them. This decision, to deny land from freed Blacks and instead give it to wealth white owners, excluded many Black Americans from the opportunity to own land and build wealth to leave to the next generations. Instead, the system of sharecropping created long lasting and intergenerational systems of debt and servitude.¹⁰

More recently, legally supported housing segregation through racial housing covenants and redlining (the practice of restricting home financing terms based on the race or ethnicity of residents in a place) excluded many Black families from home ownership throughout the first half of the 20th Century.¹¹ The impacts of exclusion from the housing market, one of the U.S.’s most utilized tools to achieving middle-class status, can still be seen in today’s stark racial wealth disparities.

The asset inequality we see in North Carolina is not the result of bad decisions, but rather the result

of generations of bad policies that have excluded groups from the opportunity to build assets, put assets at greater risk and blocked entry to asset-building pathways for many in our state.

Asset inequality persists across generations

More so than income, assets are passed to from one generation to the next. A parent may help a child by paying for their college education or by gifting them a down payment for a home. While these improve a child’s ability to achieve middle class, the result is the persistence of wealth inequality across generations. Research on economic mobility shows that nearly 75 percent of children born to parents with a white-collar occupation also grow up to have white-collar occupations.¹¹ However, only 53 percent of children born to parents with blue-collar occupations can expect to earn a white-collar wage.¹³ When broken down by race, the disparities are even starker. More than 76 percent of white children born to parents with white-collar jobs will also have white-collar occupations compared with only 61 percent of Black children born to parents with white-collar jobs.¹⁴ This lack of intergenerational mobility is due, in part, to the assets and wealth available to families with jobs that not only pay a livable wage, but also provide critical benefits such as health care and retirement benefits.

With a lack of restorative policies and practices that work to actively reverse the trends of wealth inequality, wealth disparities created throughout history have only accelerated. Today, the median white household with less than a high school diploma has \$18,800 of wealth compared with only \$11,100 of wealth for the median Black household with at least some level of college education. Additionally, the median white household with a single parent has 2.2 times more wealth than the median income of a Black two-parent household.¹⁵

Connecting income standards to savings goals for families

A Living Income Standard that seeks to meet the goal of setting aside savings in one year would require households to have incomes much higher than the Living Income Standard. Today, more than half of the households in 92 of North Carolina’s 100 counties have incomes below what a household needs to make ends meet and to escape asset poverty (See Appendix B). Understanding what families need to avoid asset poverty is critical in determining benchmarks for policies and programs that are designed to ensure economic security for families. Investing in North Carolina’s unemployment system, expanding access to medical insurance through Medicaid expansion, reinstating the state Earned Income Tax Credit, and removing or increasing the asset limitations on public benefit programs are all ways to help ensure North Carolina’s families are financially stable. A North Carolina that works for all is one that ensures that families not only survive, but thrive.

FIGURE 2. North Carolina Living Income Standard + Savings, by Family Type

	ONE ADULT, ONE CHILD	ONE ADULT, TWO CHILDREN	TWO ADULTS, TWO CHILDREN	TWO ADULTS, THREE CHILDREN
Living Income Standard	\$35,710	\$49,101	\$53,968	\$66,935
Living Income Standard + Savings*	\$39,770	\$54,206	\$60,118	\$74,130

* - Living Income Standard + Savings is calculated by adding savings needed to live at the Federal Poverty Line for three months to the existing Living Income Standard

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APPENDIX A

LIVING INCOME STANDARD AND LIVING INCOME STANDARD + SAVINGS BY FAMILY TYPE BY COUNTY

COUNTY	One Adult, One Child		One Adult, Two Children		Two Adults, Two Children		Two Adults, Three Children	
	LIS	LIS + Savings	LIS	LIS + Savings	LIS	LIS + Savings	LIS	LIS + Savings
ALAMANCE	\$33,390	\$37,450	\$47,625	\$52,730	\$50,354	\$56,504	\$63,843	\$71,038
ALEXANDER	\$31,525	\$35,585	\$43,878	\$48,983	\$50,260	\$56,410	\$61,226	\$68,421
ALLEGHANY	\$31,296	\$35,356	\$43,649	\$48,754	\$49,494	\$55,644	\$61,223	\$68,418
ANSON	\$31,404	\$35,464	\$43,757	\$48,862	\$49,791	\$55,941	\$62,025	\$69,220
ASHE	\$31,296	\$35,356	\$43,649	\$48,754	\$49,494	\$55,644	\$60,878	\$68,073
AVERY	\$33,340	\$37,400	\$45,809	\$50,914	\$51,761	\$57,911	\$64,523	\$71,718
BEAUFORT	\$31,768	\$35,828	\$44,550	\$49,655	\$50,409	\$56,559	\$63,114	\$70,309
BERTIE	\$31,376	\$35,436	\$43,750	\$48,855	\$50,114	\$56,264	\$61,238	\$68,433
BLADEN	\$31,296	\$35,356	\$44,499	\$49,604	\$49,845	\$55,995	\$61,000	\$68,195
BRUNSWICK	\$36,731	\$40,791	\$49,028	\$54,133	\$54,398	\$60,548	\$66,878	\$74,073
BUNCOMBE	\$33,985	\$38,045	\$46,427	\$51,532	\$52,206	\$58,356	\$64,675	\$71,870
BURKE	\$32,659	\$36,719	\$41,838	\$46,943	\$49,823	\$55,973	\$56,687	\$63,882
CABARRUS	\$35,599	\$39,659	\$48,310	\$53,415	\$52,845	\$58,995	\$65,451	\$72,646
CALDWELL	\$31,525	\$35,585	\$44,054	\$49,159	\$49,897	\$56,047	\$60,790	\$67,985
CAMDEN	\$38,036	\$42,096	\$50,848	\$55,953	\$54,841	\$60,991	\$65,936	\$73,131
CARTERET	\$35,284	\$39,344	\$47,831	\$52,936	\$53,269	\$59,419	\$65,653	\$72,848
CASWELL	\$32,443	\$36,503	\$46,578	\$51,683	\$50,709	\$56,859	\$63,930	\$71,125
CATAWBA	\$29,225	\$33,285	\$40,434	\$45,539	\$46,022	\$52,172	\$57,811	\$65,006
CHATHAM	\$39,610	\$43,670	\$53,234	\$58,339	\$58,907	\$65,057	\$75,364	\$82,559
CHEROKEE	\$31,390	\$35,450	\$43,743	\$48,848	\$49,762	\$55,912	\$61,837	\$69,032
CHOWAN	\$32,203	\$36,263	\$45,129	\$50,234	\$50,299	\$56,449	\$62,466	\$69,661
CLAY	\$31,525	\$35,585	\$44,337	\$49,442	\$49,924	\$56,074	\$61,408	\$68,603
CLEVELAND	\$31,930	\$35,990	\$44,499	\$49,604	\$50,182	\$56,332	\$61,177	\$68,372
COLUMBUS	\$31,296	\$35,356	\$43,676	\$48,781	\$50,104	\$56,254	\$60,846	\$68,041
CRAVEN	\$37,998	\$42,058	\$50,476	\$55,581	\$56,012	\$62,162	\$68,979	\$76,174
CUMBERLAND	\$34,658	\$38,718	\$48,364	\$53,469	\$52,270	\$58,420	\$65,186	\$72,381
CURRITUCK	\$44,101	\$48,161	\$55,010	\$60,115	\$61,095	\$67,245	\$76,792	\$83,987
DARE	\$40,616	\$44,676	\$54,065	\$59,170	\$58,283	\$64,433	\$74,271	\$81,466
DAVIDSON	\$31,820	\$35,880	\$45,038	\$50,143	\$49,261	\$55,411	\$62,047	\$69,242
DAVIE	\$32,825	\$36,885	\$45,705	\$50,810	\$51,749	\$57,899	\$65,311	\$72,506
DUPLIN	\$31,296	\$35,356	\$43,649	\$48,754	\$49,629	\$55,779	\$60,217	\$67,412
DURHAM	\$40,873	\$44,933	\$56,327	\$61,432	\$60,390	\$66,540	\$77,195	\$84,390
EDGECOMBE	\$32,428	\$36,488	\$44,867	\$49,972	\$50,752	\$56,902	\$61,726	\$68,921
FORSYTH	\$30,917	\$34,977	\$42,645	\$47,750	\$48,087	\$54,237	\$60,969	\$68,164
FRANKLIN	\$39,908	\$43,968	\$51,563	\$56,668	\$57,307	\$63,457	\$69,714	\$76,909
GASTON	\$35,683	\$39,743	\$49,800	\$54,905	\$52,651	\$58,801	\$65,546	\$72,741
GATES	\$31,557	\$35,617	\$44,395	\$49,500	\$49,754	\$55,904	\$62,139	\$69,334

APPENDIX A (cont.)

LIVING INCOME STANDARD AND LIVING INCOME STANDARD + SAVINGS BY FAMILY TYPE BY COUNTY

GRAHAM	\$31,428	\$35,488	\$44,002	\$49,107	\$50,017	\$56,167	\$62,311	\$69,506
GRANVILLE	\$36,185	\$40,245	\$50,797	\$55,902	\$53,866	\$60,016	\$64,902	\$72,097
GREENE	\$31,350	\$35,410	\$43,797	\$48,902	\$49,548	\$55,698	\$59,578	\$66,773
GUILFORD	\$33,930	\$37,990	\$49,275	\$54,380	\$52,643	\$58,793	\$66,151	\$73,346
HALIFAX	\$31,417	\$35,477	\$43,770	\$48,875	\$49,615	\$55,765	\$60,224	\$67,419
HARNETT	\$35,162	\$39,222	\$48,241	\$53,346	\$52,829	\$58,979	\$64,164	\$71,359
HAYWOOD	\$33,723	\$37,783	\$46,099	\$51,204	\$51,319	\$57,469	\$62,446	\$69,641
HENDERSON	\$34,451	\$38,511	\$46,783	\$51,888	\$51,724	\$57,874	\$64,225	\$71,420
HERTFORD	\$32,117	\$36,177	\$45,151	\$50,256	\$50,365	\$56,515	\$60,761	\$67,956
HOKE	\$32,089	\$36,149	\$45,060	\$50,165	\$50,591	\$56,741	\$63,576	\$70,771
HYDE	\$39,218	\$43,278	\$54,246	\$59,351	\$57,202	\$63,352	\$68,512	\$75,707
IREDELL	\$38,650	\$42,710	\$52,345	\$57,450	\$57,818	\$63,968	\$70,956	\$78,151
JACKSON	\$31,690	\$35,750	\$44,720	\$49,825	\$50,001	\$56,151	\$60,681	\$67,876
JOHNSTON	\$40,188	\$44,248	\$52,137	\$57,242	\$56,988	\$63,138	\$69,136	\$76,331
JONES	\$31,714	\$35,774	\$44,526	\$49,631	\$49,912	\$56,062	\$60,693	\$67,888
LEE	\$33,986	\$38,046	\$47,293	\$52,398	\$52,344	\$58,494	\$62,282	\$69,477
LENOIR	\$31,809	\$35,869	\$44,675	\$49,780	\$50,391	\$56,541	\$61,081	\$68,276
LINCOLN	\$33,442	\$37,502	\$46,354	\$51,459	\$52,186	\$58,336	\$64,688	\$71,883
MACON	\$34,200	\$38,260	\$47,140	\$52,245	\$52,943	\$59,093	\$63,556	\$70,751
MADISON	\$36,006	\$40,066	\$48,297	\$53,402	\$53,803	\$59,953	\$65,806	\$73,001
MARTIN	\$31,755	\$35,815	\$44,513	\$49,618	\$50,412	\$56,562	\$61,013	\$68,208
MCDOWELL	\$31,296	\$35,356	\$43,649	\$48,754	\$50,601	\$56,751	\$61,789	\$68,984
MECKLENBURG	\$38,453	\$42,513	\$53,073	\$58,178	\$57,436	\$63,586	\$72,858	\$80,053
MITCHELL	\$31,485	\$35,545	\$44,823	\$49,928	\$49,683	\$55,833	\$60,798	\$67,993
MONTGOMERY	\$31,890	\$35,950	\$44,256	\$49,361	\$50,088	\$56,238	\$60,834	\$68,029
MOORE	\$33,453	\$37,513	\$46,243	\$51,348	\$51,036	\$57,186	\$63,325	\$70,520
NASH	\$31,942	\$36,002	\$44,705	\$49,810	\$50,338	\$56,488	\$62,235	\$69,430
NEW HANOVER	\$35,664	\$39,724	\$49,291	\$54,396	\$53,392	\$59,542	\$68,504	\$75,699
NORTHAMPTON	\$32,781	\$36,841	\$46,551	\$51,656	\$51,153	\$57,303	\$62,614	\$69,809
ONSLow	\$37,641	\$41,701	\$50,420	\$55,525	\$55,088	\$61,238	\$68,925	\$76,120
ORANGE	\$43,279	\$47,339	\$58,357	\$63,462	\$60,496	\$66,646	\$72,777	\$79,972
PAMLICO	\$32,205	\$36,265	\$44,598	\$49,703	\$50,402	\$56,552	\$62,606	\$69,801
PASQUOTANK	\$35,470	\$39,530	\$47,815	\$52,920	\$53,131	\$59,281	\$65,967	\$73,162
PENDER	\$32,334	\$36,394	\$45,328	\$50,433	\$51,217	\$57,367	\$63,685	\$70,880

APPENDIX A (cont.)

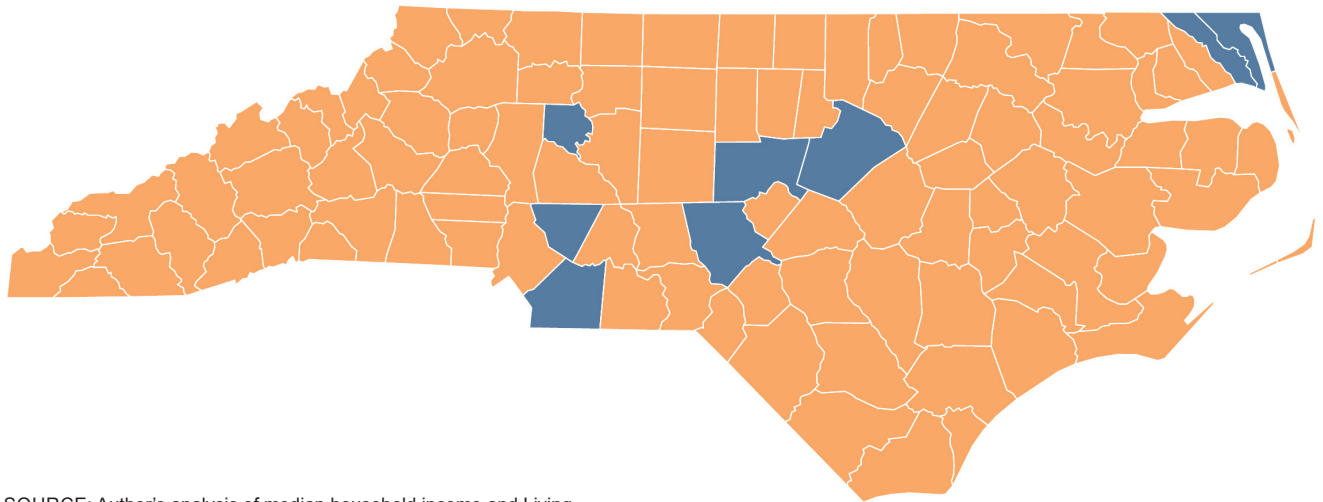
LIVING INCOME STANDARD AND LIVING INCOME STANDARD + SAVINGS BY FAMILY TYPE BY COUNTY

PERQUIMANS	\$33,240	\$37,300	\$45,593	\$50,698	\$51,438	\$57,588	\$64,194	\$71,389
PERSON	\$31,939	\$35,999	\$44,841	\$49,946	\$50,095	\$56,245	\$60,168	\$67,363
PITT	\$37,207	\$41,267	\$52,045	\$57,150	\$55,920	\$62,070	\$68,769	\$75,964
POLK	\$34,079	\$38,139	\$47,897	\$53,002	\$52,684	\$58,834	\$63,460	\$70,655
RANDOLPH	\$34,317	\$38,377	\$47,411	\$52,516	\$52,279	\$58,429	\$64,202	\$71,397
RICHMOND	\$31,296	\$35,356	\$43,649	\$48,754	\$49,521	\$55,671	\$60,693	\$67,888
ROBESON	\$31,606	\$35,666	\$44,487	\$49,592	\$50,087	\$56,237	\$60,536	\$67,731
ROCKINGHAM	\$31,307	\$35,367	\$43,731	\$48,836	\$49,707	\$55,857	\$60,236	\$67,431
ROWAN	\$31,663	\$35,723	\$43,451	\$48,556	\$49,591	\$55,741	\$61,578	\$68,773
RUTHERFORD	\$32,443	\$36,503	\$44,796	\$49,901	\$50,695	\$56,845	\$62,600	\$69,795
SAMPSON	\$31,336	\$35,396	\$44,270	\$49,375	\$49,561	\$55,711	\$61,639	\$68,834
SCOTLAND	\$31,573	\$35,633	\$44,123	\$49,228	\$49,781	\$55,931	\$60,494	\$67,689
STANLY	\$32,519	\$36,579	\$46,247	\$51,352	\$51,222	\$57,372	\$63,245	\$70,440
STOKES	\$34,041	\$38,101	\$46,718	\$51,823	\$52,380	\$58,530	\$64,166	\$71,361
SURRY	\$33,334	\$37,394	\$46,862	\$51,967	\$51,937	\$58,087	\$64,612	\$71,807
SWAIN	\$32,943	\$37,003	\$45,373	\$50,478	\$50,744	\$56,894	\$61,172	\$68,367
TRANSYLVANIA	\$33,917	\$37,977	\$47,789	\$52,894	\$52,365	\$58,515	\$63,688	\$70,883
TYRRELL	\$31,296	\$35,356	\$43,649	\$48,754	\$49,494	\$55,644	\$61,463	\$68,658
UNION	\$35,871	\$39,931	\$48,566	\$53,671	\$52,414	\$58,564	\$65,303	\$72,498
VANCE	\$32,067	\$36,127	\$44,658	\$49,763	\$50,246	\$56,396	\$60,632	\$67,827
WAKE	\$42,974	\$47,034	\$57,245	\$62,350	\$62,505	\$68,655	\$76,509	\$83,704
WARREN	\$31,296	\$35,356	\$43,649	\$48,754	\$49,548	\$55,698	\$62,277	\$69,472
WASHINGTON	\$31,876	\$35,936	\$44,486	\$49,591	\$50,169	\$56,319	\$60,872	\$68,067
WATAUGA	\$37,144	\$41,204	\$49,893	\$54,998	\$55,049	\$61,199	\$69,571	\$76,766
WAYNE	\$32,981	\$37,041	\$45,729	\$50,834	\$52,574	\$58,724	\$65,110	\$72,305
WILKES	\$32,592	\$36,652	\$46,227	\$51,332	\$51,073	\$57,223	\$61,877	\$69,072
WILSON	\$34,152	\$38,212	\$47,526	\$52,631	\$52,185	\$58,335	\$64,288	\$71,483
YADKIN	\$32,825	\$36,885	\$45,848	\$50,953	\$50,780	\$56,930	\$63,559	\$70,754
YANCEY	\$31,606	\$35,666	\$43,959	\$49,064	\$49,804	\$55,954	\$61,568	\$68,763
NORTH CAROLINA POPULATION-WEIGHTED AVERAGE	\$35,710	\$35,710	\$49,101	\$49,101	\$53,968	\$53,968	\$66,935	\$66,935

APPENDIX B

MORE THAN HALF OF THE HOUSEHOLDS IN 92 OF NORTH CAROLINA'S 100 COUNTIES ARE ASSET POOR

Median household income in the **orange counties** is below the LIS + savings required to stay above asset poverty.



SOURCE: Author's analysis of median household income and Living Income Standard + Savings.