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BTC Brief

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POVERTY GROWS, OPPORTUNITY DECLINES:

North Carolina's poverty rate climbs as lawmakers fail to focus on job creation

*Timely,
accessible,
and credible
analysis of
state and local
budget and tax
issues*

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KEY FINDINGS:

- North Carolina's poverty rate jumped to 17.5 percent in 2010 from 16.3 percent the year before. The poverty rate increased 22 percent from 2007, the beginning of the Great Recession. Nearly 1.6 million North Carolinians were officially in poverty in 2010, and more than 728,000 were living in deep poverty.
- The poverty rate for children in North Carolina climbed to 24.9 percent from 19.5 percent in 2007, while the poverty rate for seniors fell slightly from 11 percent to 9.9 percent.
- People of color were also more likely to experience poverty in 2010. Approximately 1 in 4 African-Americans in the state were living in poverty while 1 in 3 Latinos lived in poverty.
- Median household income fell by 12.3 percent to \$43,326 in 2010.

Overview

The U.S. Census Bureau released the latest poverty numbers from its American Community Survey providing a glimpse into the official recovery of the Great Recession in North Carolina and the 39 largest counties in the state. The data demonstrate that the economic crisis continued in 2010 as more families were pushed into poverty by a lack of jobs, high unemployment and the financial hardship that results from lost earnings.

The poverty rate did not drop after the previous three recessions until one year after the annual unemployment rate began to fall.¹ Given this pattern, it is unlikely that the poverty rate will improve in 2011 as the unemployment rate continues to surge across North Carolina.

Poverty Increases Statewide, Certain Communities Harder Hit

The Census' American Community Survey recorded a large jump in poverty in North Carolina, from 14.3 percent in 2007 to 17.5 percent in 2010. That puts nearly 1.6 million North Carolinians living in poverty, or making at or below \$22,314 annually for a family of four. More than 728,000 North Carolinians were living in deep poverty, meaning they earn just half of the annual income threshold identified above as the federal poverty line.

Overall, the poverty rate in urban counties in the state was 19.1 percent, 3.7 percentage points higher than rural poverty. A more detailed look shows that many counties in more rural parts of the state had some of the highest poverty rates. Robeson County had nearly 1 in 3 residents living in poverty while Rutherford and Wilson Counties had more than 1 in 5 residents living in poverty — these statistics represent the highest county-level poverty rates for which data is available. Urban counties, like Wake and Mecklenburg, had some of the largest increases in poverty rates over the Great Recession with 44.6 and 43 percent increases respectively.

In addition to poverty disproportionately impacting certain geographic communities, particular demographic groups were also particularly hard hit. The 2010 poverty rate for children in North Carolina climbed from 19.5 percent in 2007 to 24.9 percent, which is significantly above the 2010 U.S. poverty rate for children at 21.2 percent. While the poverty rate for those above 65 years old fell 1.1 percentage points since 2007, the state rate still remains higher than the U.S. rate for the same population. Also, the poverty rate for people with disabilities in the state jumped from 22.4 percent in 2007 to 23.7 percent in 2010.

People of color were also more likely to experience poverty in 2010. Approximately 1 in 4 African Americans, or 27.7 percent, in the state were living in poverty while 1 in 3 Latinos, or 33.9 percent, lived in poverty. Although the poverty rate for Latinos decreased slightly from the prior year, there has been a significant increase in the rate since the beginning of the Great Recession when the poverty rate for Latinos was 25.8 percent.

Further, women continue to experience higher poverty than men in North Carolina. Female poverty increased from 16.1 percent in 2007 to 18.7 percent in 2010. Male poverty in the state increased from 12.4 percent in 2007 to 16.2 percent in 2010.

Unemployment Rate Surges and Median Household Income Falls

The average unemployment rate in North Carolina more than doubled from 5.1% in July 2007 to 10.4% in July 2011. In part due to rising unemployment rates, median household income in North Carolina dropped to \$43,326 in 2010, down from \$49,392 (2010 inflation-adjusted dollars) in 2007.

Median household income varied significantly across the state. Robeson County had the lowest (among those for which data is available) median household income at \$29,453, and Union County had the highest median household income with \$65,576.

Many of the counties with high unemployment also experienced low median household income: Wilson County's median household income was \$34,883, the third lowest median household income in the state.

For households of color, the median household income was considerably lower than the median household income for the state. African-American's median income was \$30,952, American Indian's median household income was \$30,558 and Latino's median income was \$32,262.

Conclusion

Following a sharp increase in poverty during the Great Recession, more families in North Carolina continued to experience poverty during the official recovery. This jump in poverty and the deterioration in the labor market underscores the need for more public investment in safety-net and job creation measures, not less.

1 Sherron, Arloc. "Making Sense of Next Week's Poverty Data." Center on Budget and Policy Priorities, September 9, 2011. <http://www.cbpp.org/cms/index.cfm?fa=view&id=3574>

Snapshot of Poverty, Income, and Unemployment in North Carolina's Counties

COUNTY*	Total Poverty			Median Household Income			Unemployment Rate		
	2007 (percent)	2010 (percent)	% Change 2007 to 2010	2007 (inflation-adjusted 2010 \$)	2010 (\$)	% Change 2007 to 2010	July 2007	July 2011	% Change July 2007- July 2011
Alamance	13.1%	18.9%	44.1%	\$ 43,642	\$ 41,058	-5.9%	5.4%	10.9%	101.9%
Brunswick	16.8%	16.9%	0.6%	\$ 41,713	\$ 43,884	5.2%	4.7%	10.3%	119.1%
Buncombe	14.1%	16.8%	19.1%	\$ 45,703	\$ 43,241	-5.4%	3.7%	8.0%	116.2%
Burke	16.6%	18.7%	12.7%	\$ 35,376	\$ 38,131	7.8%	6.7%	12.9%	92.5%
Cabarrus	12.5%	13.0%	4.0%	\$ 53,397	\$ 48,666	-8.9%	5.1%	10.4%	103.9%
Caldwell	13.0%	18.3%	40.8%	\$ 39,932	\$ 36,050	-9.7%	7.7%	12.9%	67.5%
Carteret	N/A	12.5%	N/A	N/A	\$ 40,614	N/A	3.7%	7.9%	113.5%
Catawba	10.4%	13.4%	28.8%	\$ 44,823	\$ 41,244	-8.0%	5.9%	12.1%	105.1%
Cleveland	22.1%	20.7%	-6.3%	\$ 37,903	\$ 38,282	1.0%	6.5%	11.9%	83.1%
Craven	14.2%	17.9%	26.1%	\$ 47,869	\$ 40,218	-16.0%	4.5%	10.3%	128.9%
Cumberland	16.8%	18.0%	7.1%	\$ 44,615	\$ 43,205	-3.2%	5.7%	10.3%	80.7%
Davidson	15.9%	17.5%	10.1%	\$ 45,555	\$ 39,660	-12.9%	5.9%	11.3%	91.5%
Durham	16.2%	18.8%	16.0%	\$ 49,619	\$ 47,401	-4.5%	4.2%	8.2%	95.2%
Forsyth	14.1%	16.4%	16.3%	\$ 47,989	\$ 43,537	-9.3%	4.8%	9.9%	106.3%
Gaston	15.0%	20.5%	36.7%	\$ 43,386	\$ 39,054	-10.0%	6.2%	11.6%	87.1%
Guilford	15.7%	17.7%	12.7%	\$ 48,290	\$ 42,090	-12.8%	5.2%	10.9%	109.6%
Harnett	17.6%	15.6%	-11.4%	\$ 40,650	\$ 39,584	-2.6%	5.3%	11.8%	122.6%
Henderson	10.2%	16.6%	62.7%	\$ 50,311	\$ 43,105	-14.3%	3.6%	7.6%	111.1%
Iredell	10.7%	13.8%	29.0%	\$ 53,104	\$ 45,714	-13.9%	5.1%	11.0%	115.7%
Johnston	12.2%	16.6%	36.1%	\$ 47,900	\$ 45,988	-4.0%	4.4%	9.4%	113.6%
Lincoln	9.0%	15.8%	75.6%	\$ 51,623	\$ 42,456	-17.8%	5.6%	11.7%	108.9%
Mecklenburg	10.7%	15.3%	43.0%	\$ 58,772	\$ 52,188	-11.2%	4.9%	11.1%	126.5%
Moore	7.7%	18.5%	140.3%	\$ 53,979	\$ 47,692	-11.6%	4.8%	9.0%	87.5%
Nash	14.0%	14.1%	0.7%	\$ 48,189	\$ 42,967	-10.8%	5.9%	12.6%	113.6%
New Hanover	13.6%	18.1%	33.1%	\$ 50,691	\$ 46,130	-9.0%	3.9%	9.9%	153.8%
Onslow	13.6%	14.6%	7.4%	\$ 44,316	\$ 41,787	-5.7%	4.8%	9.4%	95.8%
Orange	14.1%	20.1%	42.6%	\$ 57,563	\$ 48,207	-16.3%	3.6%	7.2%	100.0%
Pitt	23.2%	21.5%	-7.3%	\$ 39,129	\$ 39,222	0.2%	5.8%	10.8%	86.2%
Randolph	19.7%	19.3%	-2.0%	\$ 38,448	\$ 38,267	-0.5%	4.9%	10.3%	110.2%
Robeson	28.7%	31.1%	8.4%	\$ 32,474	\$ 29,453	-9.3%	6.7%	13.4%	100.0%
Rockingham	15.1%	18.6%	23.2%	\$ 41,342	\$ 37,818	-8.5%	7.0%	11.2%	60.0%
Rowan	11.4%	21.3%	86.8%	\$ 49,082	\$ 37,360	-23.9%	7.6%	11.8%	55.3%
Rutherford	N/A	26.4%	N/A	N/A	\$ 35,442	N/A	6.7%	14.8%	120.9%
Surry	20.0%	19.3%	-3.5%	\$ 37,465	\$ 35,928	-4.1%	5.2%	10.9%	109.6%
Union	7.4%	7.8%	5.4%	\$ 63,117	\$ 65,576	3.9%	4.3%	9.5%	120.9%
Wake	8.3%	12.0%	44.6%	\$ 64,728	\$ 61,426	-5.1%	3.7%	8.2%	121.6%
Wayne	17.4%	19.7%	13.2%	\$ 42,178	\$ 40,787	-3.3%	5.3%	9.2%	73.6%
Wilkes	15.4%	20.6%	33.8%	\$ 37,546	\$ 31,869	-15.1%	6.0%	12.2%	103.3%
Wilson	17.1%	23.7%	38.6%	\$ 38,811	\$ 34,883	-10.1%	7.0%	13.6%	94.3%

SOURCE: Poverty Data (American Community Survey, 2010); Median Income Data (American Community Survey, 2010); and Unemployment Data (Employment Security Commission North Carolina, July 2007 and July 2011).

*Census data available for the 39 NC counties with a population of 65,000 or more