

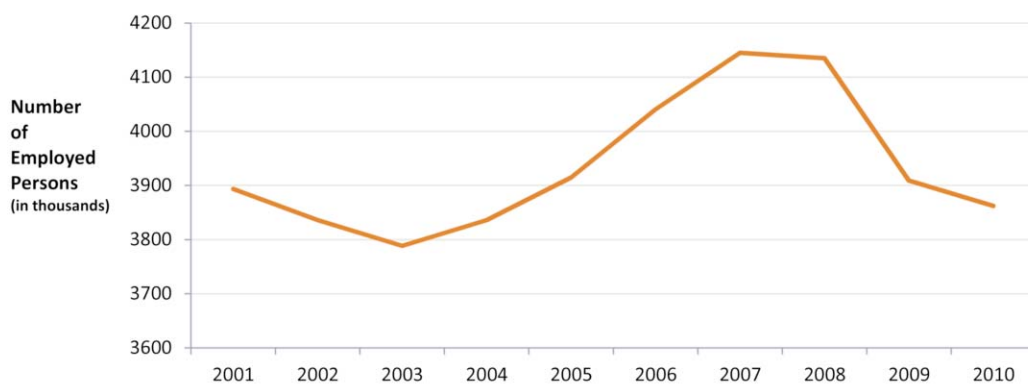
The 2000s: The Lost Decade for North Carolina's Working Families



September 2012

DURING THE FIRST DECADE OF THE 21ST CENTURY, North Carolina's working families experienced drastic declines in financial stability and economic opportunity. The 2000s were characterized by book-end recessions, the stagnation of wages for working families, lower employment, and economic hardship that grew over the course of the decade.

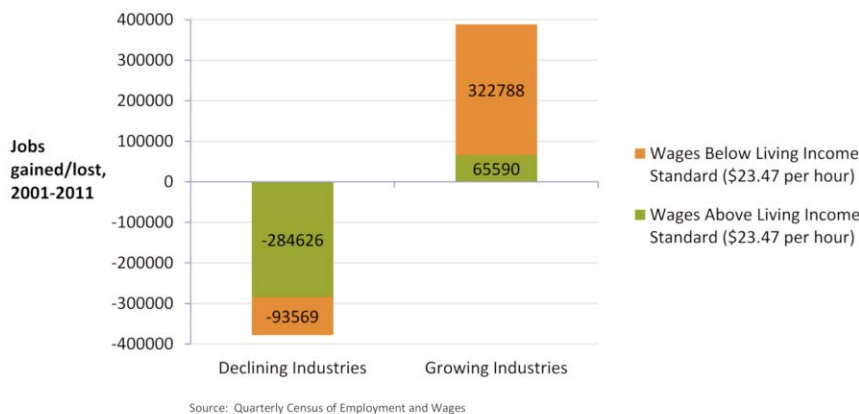
Employment lower in 2010 than at the beginning of the decade



Fewer Jobs at the End of the Decade than at the Beginning

Employment opportunities slowed during the last part of the 2000s, driving increased unemployment and forcing many families to get by on significantly decreased incomes. North

North Carolina loses high-wage jobs, gains low-wage jobs instead



Carolina's working-age population grew by more than 819,000 people over the decade, but by the end of the decade North Carolina had few jobs than at the beginning. There were approximately 356,600 more working-age adults employed in 2001 than in 2010.

Growing Employment in Low-Wage Work

Over the last decade, North Carolina's economy experienced an accelerated transition away from high-wage industries like manufacturing toward low-wage industries like accommodations

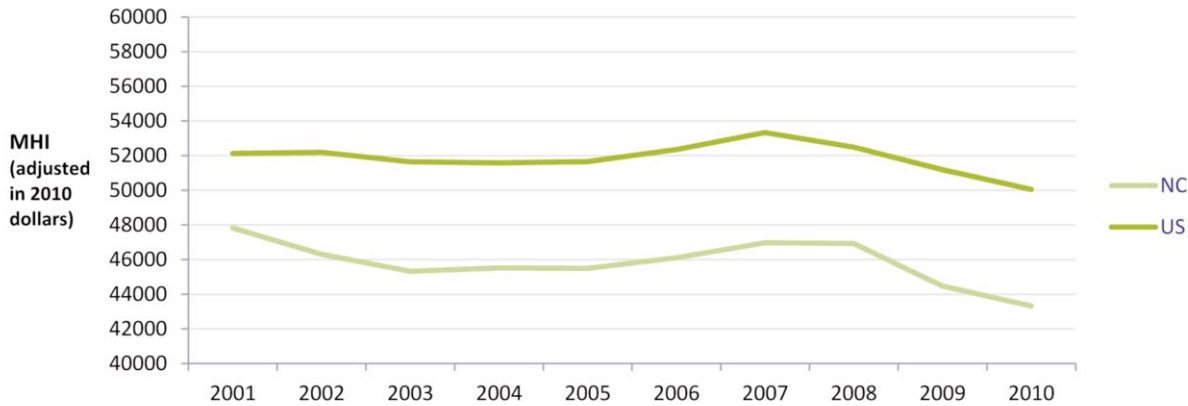
and food services. From 2001 to 2011, the state shed almost 380,000 jobs, almost 75 percent of which were concentrated in industries with average wages above the Living Income Standard, a market-based measure of how much a family must earn in order to meet basic expenses. In 2010, the North Carolina Living Income Standard for a family of four was \$23.47 an hour.

The state's manufacturing sector—which pays an average wage of \$25.30 an hour—shrank by more than 38 percent during the decade, accounting for 72 percent of the state's total job losses. The state's

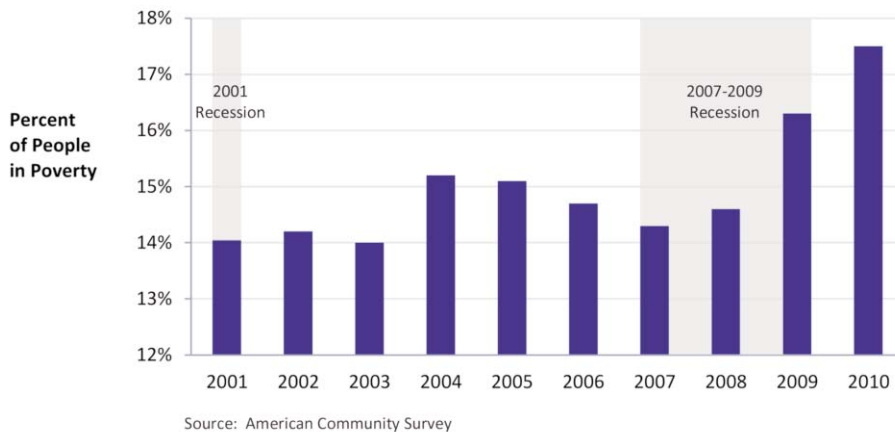
information sector (paying an average wage of \$30.70 an hour) shrank by 4 percent from 2001 to 2011.

North Carolina's job gains during that decade were almost entirely concentrated in low-wage industries. More than 83 percent of the state's job growth occurred in industries paying average wages below the Living Income Standard. For example, the administrative and waste services industry, which pays on average \$14.55 an hour, accounted for 10 percent of the state's job growth, and the accommodations and food services industry, which accounted for 15 percent of the state's job creation, pays just \$7.15 an hour.

A decade with no gains in median household income



Poverty rate climbs over the decade



Middle-Class Living Standards Stalled during the Last Ten Years

As a result in the decline of employment opportunities and the rise of low-wage industries, North Carolina households brought in less income at the end of the decade than they did at the beginning. The state's median household income peaked in 2001 at \$47,823, but by 2010 it had fallen 9.4% to \$43,326, adjusted for inflation. Median household incomes in 2010 fell to levels last seen in

1993—a sign that middle-class living standards were increasingly out of reach for many families.

Increased Economic Hardship

For those North Carolinians already near the bottom of the income scale, the economic trends of the 2000s pushed them even further down. The poverty rate in North Carolina increased by 24.1 percent over the course of the decade. That means an additional 517,000 people in North Carolina lived below the federal poverty line, which in 2012 was \$22,314 a year for a family of four.