



## Running in Reverse

Data show that the typical household is economically no better off than in 2000

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(RALEIGH) – The average North Carolina household was no better off economically in 2007 than in 2000. Over that period, the typical household saw no change in its annual income, after adjusting for inflation. At the same time, poverty rates rose, and the number and share of uninsured North Carolinians jumped sharply.

“The economic expansion that likely ended in 2007 failed to benefit most North Carolina families,” said John Quintero, Research Associate at the NC Budget & Tax Center. “For the first time on record, it appears that median household income is no different and poverty rates higher at the end of an economic expansion than at the beginning.”

These findings come from data released today by the U.S. Census Bureau. For the nation and state, the data show slight improvements in median household income, poverty rates, and health insurance coverage between 2006 and 2007. Relative to 2000, however, no progress has been made in these three critical areas of family well-being.

### **Median Household Income**

The newest version of the American Community Survey (ACS) found that median household income in North Carolina was \$44,670 in 2007, an amount statistically no different from the 2000 level, after adjusting for inflation. In other words, the typical household earns no more today than it did at the end of the previous economic cycle.

“Despite solid economic growth in recent years, most North Carolina households have seen their standard of living stagnate,” added Quintero. “The benefits of growth have been concentrated among a handful of households, resulting in a troubling rise in income inequality.”

Median household income varied greatly among the 37 North Carolina counties tracked in the ACS. The highest median income was reported in Wake County, where half of all households had incomes above \$61,554. In Robeson County, which had the lowest median income of any large county, half of all households earned less than \$30,882.

### **Poverty Rate**

The ACS recorded no significant change in the share of North Carolinians living in poverty between 2006 and 2007. The 2007 rate is 14.3 percent. However, the poverty rate is higher now than in 2000. The shares of persons and families with incomes below the federal poverty level have increased over the past eight years. During that time the overall poverty rate jumped to 14.3 percent from 13.1 percent, and the family poverty rate went to 10.6 percent from 9.6 percent. As was the case in 2000, nearly one out of every five children lives in poverty.

“Economic growth, though necessary, is insufficient to lift individuals out of poverty,” observed Quintero. “Smart public policies such as an adequate minimum wage, a robust Earned Income Tax Credit and strong social insurance systems are needed to help people move out of, and avoid falling into, poverty.”

### **Health Insurance Coverage**

New data from the Current Population Survey (CPS) data show that 17.2 percent of North Carolinians lacked health insurance in 2006-07, up from 15.1 percent in 2004-05. And the number of uninsured Tar Heels has risen to 1.5 million, up from one million in 2000-01.

“The recent health insurance numbers show we have – once again – a jump in the number of North Carolinians who can’t afford health coverage,” said Adam Searing, Director of the NC Health Access Coalition. “Much of this increase results from the decline in employer-sponsored health insurance plans. A private-sector worker now has little better than a 50-50 chance of receiving insurance coverage at work.”

“Alarmingly, the number of uninsured children has risen steadily since 2000, and today 12.1 percent of children under age 18 lack insurance,” added Searing. “Both the congressional delegation and state legislature must act to strengthen children’s health insurance coverage.”

### **Strategies for Change**

“The failure of the last economic expansion to benefit working households is troubling and leaves them ill-prepared to weather today’s downturn,” said Louisa Warren, policy advocate at the NC Justice Center. “Since January, more jobs have been lost than created, and unemployment has reached its highest levels in years. Absent federal and state help, we will see family economic hardships will intensify.”

To stimulate the economy in the short-term, federal lawmakers should extend unemployment benefits to help the jobless cope with a loss of income, enhance food stamp benefits to allow low-income families to meet rising food prices and provides states with aid to offset diminishing revenues and avoid harmful service reductions, especially in health care programs.

“These federal stimulus measures provide the biggest bang for the buck: they help working families and keep the economy from slipping into a deeper recession,” added Warren.

State leaders, meanwhile, must monitor carefully the serious budget situation that is developing. Early estimates suggest that revenues will not grow at the level needed to sustain current spending. Unless state leaders make the effort to enact meaningful, comprehensive tax reforms, they will be forced to reduce services that aid families and mitigate the severity of downturns.

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*The NC Health Access Coalition works to ensure that every North Carolinian has affordable, accessible and high-quality health-care services.*

*The NC Justice Center works to ensure that all North Carolinians have access to opportunity through a four-part strategy of research, policy advocacy, litigation and community education.*