



High Poverty Rates Hold Steady, Remain Resistant to Economic Recovery:

One in Five North Carolinians lives in poverty

BY TAZRA MITCHELL, PUBLIC POLICY ANALYST

The sluggish and uneven economic recovery has yet to produce significant gains for low- and moderate-income North Carolinians, according to the latest poverty figures from the United States Bureau of the Census.¹ The data indicate that the modest improvement in the economy has not been strong enough to reverse the state's ongoing job shortage, high unemployment rate, or rapid acceleration of low-wage work that fails to provide a pathway to the middle class.² The result is unshared economic growth and prolonged economic insecurity for millions of North Carolinians.

KEY FINDINGS

- North Carolina's poverty rate was 18 percent in 2012, statistically unchanged from the rate in 2011 but a 0.5 percent increase since 2010. The poverty rate jumped 26 percent since 2007, the beginning of the Great Recession.
- More than 1.7 million North Carolinians were officially in poverty in 2012, and more than 754,000 lived in deep poverty.
- The poverty rate for children in North Carolina was 26 percent in 2012, compared to 10 percent for older adults.
- People of color experienced higher rates of poverty. In 2012, 28.4 percent of African-Americans, 33.9 percent of Latinos, and 34.8 percent of American Indians in the state lived in poverty.
- Median household income held steady at \$45,150 in 2012, statistically unchanged from 2011 even though the economy grew by 1.7 percent since then.

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Poverty Stuck Above Pre-Recession Levels, Certain Communities Harder Hit

North Carolina's poverty rate held steady at 18 percent in 2012, with more than 1.7 million North Carolinians living on incomes below the federal poverty level—which was \$23,492 annually for a family of four. Poverty has climbed or stayed steady for each of the last six years in the state. Some 754,000 North Carolinians were living in deep poverty, meaning they earned half or less of the annual poverty-level income for their family size. North Carolina's poverty and deep poverty rates dropped to the 10th and 12th highest in the nation, respectively—down from the 13th highest in 2011.

Of the 40 counties in North Carolina for which 2012 data is available, 17 counties had poverty rates higher than the state average. Seven of the ten highest county-level poverty rates were in rural counties, which remain in the grips of the recession.³ The highest county-level poverty rate was in Robeson County, where more than 1 in 3 residents lived in poverty. Among urban counties, the highest poverty rate was in Forsyth County, where more than 1 in 5 residents lived in poverty. Overall, the average poverty rate in rural counties in the state was 18.5 percent, which is 2.2 percentage points higher than the average for urban counties.

In addition to poverty disproportionately impacting certain geographic communities, certain demographic groups were also particularly hard hit in 2012. The state's child poverty rate was 26 percent in 2012, which is above the national child poverty rate of 22.6 percent. Child poverty in the state grew more than 35 percent—or nearly 7 percentage points—since 2007. The poverty rate for North Carolinians aged 65 and older stood at 10 percent, while the poverty rate for those with disabilities was 24.9 percent. Also, 45.6 percent of female-headed households with children lived in poverty, compared to 21.8 percent of all families with children.

People of color were also more likely to experience poverty in 2012. Approximately 28.4 percent of African Americans, 33.9 percent of Latinos, and 34.8 percent American Indians in the state lived in poverty.⁴ These poverty rates are well above the rate of 12.2 percent for whites and 13.1 for Asians. The racial disparity is even more pronounced among children. The poverty rates for African American, Latino, or American Indian children are more than double the rate for white children.⁵

Women and people with lower levels of educational attainment continued to experience higher poverty compared to other groups. In 2012, 19.5 percent of females lived in poverty, compared to 16.5 percent of males. North Carolinians aged 25 or older with at least a bachelor's degree had a poverty rate well below the state average at 4.1 percent, compared to 30.9 percent of those without a high school diploma.

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Median Income Stagnant as Unemployment Remains High

North Carolina continued to face a shortage of jobs in 2012, remaining mired in persistently high unemployment three years after the official economy recovery began in mid-2009. To this day, the jobs that are being created in the state pay low wages and the increased productivity of workers is not being rewarded with higher pay.⁶ As such, median household income in North Carolina was stalled at \$45,150 in 2012, statistically unchanged from 2011 despite productivity gains among the state's workforce.⁷ As of 2012, North Carolina had the 13th lowest median household income in the nation.

Median household income varied considerably across the state. Of the 40 counties for which 2012 data is available, Robeson County had the lowest median household income at \$28,293, and Wake County had the highest median household income at \$63,791. Many of the counties with high unemployment had low median household incomes. For example, of the 40 counties, Caldwell County had the fourth highest average annual unemployment rate and the second lowest median household income in 2012.

For households of color, the median household income was considerably lower than the median household income for the state in 2012. African-Americans' median household income was \$31,650, Latinos' median household income was \$33,940, and American Indians' median household income was \$26,752. In contrast, the median household income for whites was \$51,306 and \$62,579 for Asians.

Income inequality is widespread in North Carolina, with the top and bottom fifth of the income distribution separated, on average, by an annual income of \$145,414. The top fifth of households held more than half of all income in the state in 2012, compared to the 14.6 percent and 3.3 percent held by the middle and bottom fifths, respectively.

Conclusion

High rates of poverty and prolonged deterioration in income come as no surprise given North Carolina's painfully slow and lagging recovery from the Great Recession. As job seekers continue to face a labor market with too few jobs and the share of workers earning low incomes increases, poverty persists and opportunities for robust and shared economic growth decline. Reversing these economic trends requires adequate and long-term investments in education and policies designed to ensure jobs pay living wages. Meanwhile, national and state policymakers should be careful not to further dismantle work supports that fight poverty, such as job training that supports career mobility and the Earned Income Tax Credit which has proven a powerful anti-poverty tool. Nor should policymakers reduce support for safety net programs, such as food, housing and energy assistance that help struggling North Carolinians to make ends meet.

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¹ The data reported in this brief are from the United States Bureau of the Census' American Community Survey, 2012.

² At the end of 2012, NC had 172,100 fewer jobs than it had before the Great Recession. For more information on these trends, see: North Carolina Budget and Tax Center. "State of Working North Carolina 2013." September 2013. Available here: <http://www.ncjustice.org/sites/default/files/2013%20-%20SOWNC-final.pdf>

³ North Carolina § 143B-437.45 (6) provides the historical definition of a rural county as a county with a density of fewer than 250 people per square mile based on the 2000 United States decennial census. Under current law, 85 of North Carolina's 100 counties are "rural."

⁴ The data cited in this brief for American Indians also includes Alaska Natives.

⁵ In 2012, the child poverty rate for African Americans was 40.9 percent, 43.6 percent for Latinos, 44.1 percent for American Indians, and 18.8 percent for whites in North Carolina.

⁶ North Carolina Budget and Tax Center. "State of Working North Carolina 2013." September 2013. Available here: <http://www.ncjustice.org/sites/default/files/2013%20-%20SOWNC-final.pdf>

⁷ To learn more about output per worker, see Ibid.

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