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BTC Brief

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POVERTY IN NORTH CAROLINA DRAMATICALLY INCREASES: Great Recession hits poor hard and puts pressure on public systems

By: Alexandra Forter-Sirota and Louisa Warren

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

Editor:
Alexandra Forter Sirota
919/861-1468
alexandra@ncjustice.org

NC Justice Center
P.O. Box 28068
Raleigh, NC
27611-8068

www.ncjustice.org

KEY FINDINGS:

- **North Carolina's poverty rate jumped from 14.3 percent in 2007 to 16.3 percent in 2009. Nearly 1.5 million North Carolinians were officially in poverty in 2009, and more than half a million were living in deep poverty.**
- **North Carolina has the 14th highest overall poverty rate in the country, the 13th highest child poverty rate and the 38th lowest median household income.**
- **Urban counties experienced higher rates of poverty (17.6 percent) than rural counties (14.4 percent) overall.**
- **The poverty rate for children in North Carolina climbed to 22.2 percent from 19.2 percent in 2007.**
- **People of color were also more likely to experience poverty in 2009. 1 in 4 African-Americans in the state were living in poverty while 1 in 3 Latinos lived in poverty.**
- **Female and male poverty have both increased since 2007 but North Carolina females are still experiencing higher poverty than men. 1 in 5.6 females (17.7%) are in poverty in 2009 and 1 in 7 males (14.8%) are in poverty in 2009.**
- **Median household income fell by 5.6 percent to \$43, 674 from 2007 to 2009.**

OVERVIEW

The U.S. Census Bureau released the latest poverty numbers from its American Community Survey yesterday providing a glimpse into the impact of the Great Recession in North Carolina and the 37 largest counties in the state. The data demonstrate the significant hardship that families across the state are facing as jobs have been lost and wages have declined. The significant growth in the number of poor households represents a significant challenge as the state makes an effort to stage a strong recovery. Indeed, the economic fortunes of all North Carolinians are reflected in these sobering trends. Without a strong economy where all North Carolinians can benefit, our communities will continue to struggle and the long-term prospects for economic growth will be minimized.

North Carolina's families struggling in today's economy have benefited from the tremendous

support of the public structures that state and federal policymaker's have built over time. From food stamps to child care subsidies to unemployment insurance and post-secondary education, these have all provided poor families with the support in a tough economy to stay in a job, meet their household's needs, maintain their spending and upgrade their skills. Investments in these public systems not only provide critical supports in tough times but can build the middle class today as they have done in the past.

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 16.3 percent in 2009. That puts nearly 1.5 million North Carolinians officially in poverty, or making at or below \$22,050 annually for a family of four, and ranks the state 14th in highest overall poverty rates in the nation. More than half a million North Carolinians were living in deep poverty, meaning they earn just half of the annual income threshold identified above as the federal poverty line.

Urban counties of the state experienced higher rates of poverty in 2009 with 17.6 percent of their population living in poverty. 14.4 percent of the population in rural areas lived in poverty in 2009. A more detailed look shows that many counties in more rural parts of the state had some of the highest poverty rates. Wilson, Wayne, and Pitt Counties had nearly 1 in 5 residents living in poverty, while Robeson County had nearly 1 in 3 residents living in poverty. In addition, while Wake and Mecklenburg County had some of the lowest poverty rates among those reported (10.1 percent and 14 percent, respectively), other more rural counties had low poverty rates as well such as Union County (11.4 percent), Henderson County (11.7 percent), Cabarrus County (11.9 percent).

In addition to poverty disproportionately impacting certain geographic communities, particular demographic groups were also particularly hard hit. The poverty rate for children in North Carolina climbed to 22.2 percent from 19.2 percent in 2007, putting North Carolina at 13th for the highest child poverty rate in the nation.

People of color were also more likely to experience poverty in 2009. 1 in 4 African-Americans in the state were living in poverty while nearly 1 in 3 Latinos lived in poverty.

Women continue to experience higher poverty than men in North Carolina, although both groups' poverty rates have increased since 2007. Female poverty increased from 16.1 percent in 2007 to 17.5 percent in 2009. Male poverty in the state increased from 12.4 percent in 2007 to 14.8 percent in 2009.

Median Household Income Falls

As a result of rising unemployment rates and declining hours, median household income in North Carolina dropped to \$43,674 in 2009, down from \$46,210 in 2007.

Median household income varied across the state and the country. Robeson County had the lowest (among those for which data is available) median household income at \$24,788 and many of the counties with high unemployment additionally experienced low median household income: Surry County's median household income was \$33,159 while Burke County's median household income was \$35,004. Urban counties continued to experience the highest median household income: Wake County's median household income, the highest in the state, was at \$63,609 in 2009 and Mecklenburg County's median household income was at \$52,881.

North Carolina's median household income is the 12th lowest in the country and remained lower than some of its Southern neighbors. Virginia, Georgia, and Florida all had higher median household incomes in 2009.

Median household income for households of color was also significantly different in 2009 than 2008 for all groups. African-American's median income was \$30,845, American Indian's median household income was \$26,423 and Latino's median income was \$31,449.

Conclusion

At the state level, the jump in poverty comes amidst a recession that has caused dramatic declines in state revenues, threatening the public services that North Carolina's struggling families rely on. And yet, the demand for these public services has surged as is evidenced by the rise in food stamp enrollment, waiting lists for child care subsidies and growth in community college attendance. North Carolina's policymakers must continue to invest in these public structures and pursue revenue reform to ensure the adequacy of investments to build a middle class.

The US Census' American Community Survey can be found here: <http://factfinder.census.gov/home/saff/main.html?lang=en&ts=>