Racial Disparities Deepen in the Great Recession

Statewide Poverty Increased and Median Household Income Fell during the Great Recession

More families across the state are falling into poverty and facing hardship. Last year, North Carolina’s poverty rate—17.5 percent—was the highest it has been since 1981.

Poverty in North Carolina grew by 22 percent over the course of the Great Recession. Meanwhile, median household income in North Carolina dropped to $43,326 in 2010, down 7.8 percent from 2007.

How does North Carolina compare to other states? In 2010, North Carolina had the 12th highest poverty rate, 11th highest child poverty rate, and 12th lowest median household income among the 50 states.

Unemployment Remains Stubbornly High

One of the main drivers behind the rising poverty rate is high unemployment resulting from a shortfall of jobs. The state unemployment rate was 10 percent in November 2011.

- During the Great Recession, approximately 300,000 jobs were lost in North Carolina while the state’s workforce continued to grow. As of November 2011, the jobs deficit in North Carolina stood at more than half a million.
- Nationally, the African-American unemployment rate was 16.7 percent in 2010, the highest rate in the past twenty-five years. North Carolina’s unemployment rate for African-Americans was higher at 17.4 percent in 2010.

Communities and North Carolinians Already Struggling were Hit Hard in 2010

People of color in North Carolina are more likely to experience poverty, earn lower incomes, be unemployed, and not have graduated from high school compared to whites. The table below highlights several of these disparities that are driven by lack of access to jobs, including:

- Latinos and African-Americans earned more than $15,000 less, on average, than whites in 2010.
- Nearly 42.6 percent of Latino children and 40.2 percent of African-American children lived in poverty in 2010.
- African-Americans were 2 times as likely as white North Carolinians to be unemployed in 2010.
- Latino and African-American students were less likely to complete high school than white students in 2010.

<table>
<thead>
<tr>
<th>Community</th>
<th>Poverty Rate</th>
<th>Child Poverty Rate</th>
<th>Median Household Income</th>
<th>Average Annual Unemployment Rate</th>
<th>Graduation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>African-American</td>
<td>27.7%</td>
<td>40.2%</td>
<td>$30,952</td>
<td>17.4%</td>
<td>71.5%</td>
</tr>
<tr>
<td>Latino</td>
<td>33.9%</td>
<td>42.6%</td>
<td>$32,262</td>
<td>10.7%</td>
<td>68.8%</td>
</tr>
<tr>
<td>White</td>
<td>11.8%</td>
<td>14.0%</td>
<td>$49,383</td>
<td>8.7%</td>
<td>82.6%</td>
</tr>
<tr>
<td>State-level</td>
<td>17.5%</td>
<td>24.9%</td>
<td>$43,326</td>
<td>10.5%</td>
<td>77.9%</td>
</tr>
</tbody>
</table>

Eastern Counties Experience Persistent Poverty, Lack of Opportunity

Some eastern North Carolina counties are persistently poor and have high poverty rates. These areas are part of the nation’s Black Belt and as such have experienced economic exclusion and underinvestment.

In 2010, the eastern North Carolina counties that will be part of the Truth and Hope Bus Tour all experienced higher poverty rates than the state average. Halifax and Hertford counties had poverty rates nearly 9 percentage points higher than the statewide average.viii

The latest available data on poverty by race for these counties shows that African-Americans and Latinos are 2 to 3 times more likely to experience poverty in these communities than whites.ix

<table>
<thead>
<tr>
<th>Geography</th>
<th>African-American</th>
<th>Latino</th>
<th>White</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beaufort County</td>
<td>30.9%</td>
<td>51.4%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Edgecombe County</td>
<td>29.3%</td>
<td>35.9%</td>
<td>10.4%</td>
</tr>
<tr>
<td>Halifax County</td>
<td>33.5%</td>
<td>30.0%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Hertford County</td>
<td>30.9%</td>
<td>40.6%</td>
<td>13.3%</td>
</tr>
<tr>
<td>Pasquotank County</td>
<td>27.3%</td>
<td>40.3%</td>
<td>10.4%</td>
</tr>
<tr>
<td>Washington County</td>
<td>39.6%</td>
<td>25.4%</td>
<td>8.5%</td>
</tr>
</tbody>
</table>

In Hertford County, African-American households have a median income that is just two-thirds of the median income of white households in this community.x
In 2010, 1.6 million North Carolinians lived in poverty – that’s equivalent to the population of the city of Charlotte, NC.

Today’s poverty rate is roughly similar to the rate of poverty in 1969 when 1 in 5 North Carolinians lived in poverty.

As of 2004, the last time the U.S. Department of Agriculture calculated persistent poverty, 10 counties in North Carolina had more than 20 percent of their populations living in poverty for more than three decades. Among those counties are two that the Truth and Hope Bus Tour will visit: Halifax and Washington counties.¹¹

¹ The Great Recession began in December of 2007 and ended in June 2009.
⁶ North Carolina Budget and Tax Center analysis of United States Census American Community Survey.
⁷ The data reflect the 2010-2011 graduation rates for the four year cohort as reported by the North Carolina Department of Public Instruction.