

The Changing Face of Poverty in North Carolina

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North Carolina is widely recognized as a hub of international commerce and “transnational population movements” (movements of people from other countries, especially Mexico and other parts of Latin America).¹ Emblematic of its enlarged

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role in the world economy, the state’s aggressive efforts to recruit U.S.–based multinational corporations and to attract direct investment from foreign companies reportedly harnessed \$41 billion in new investment during the 1990s, including \$6.1 billion from foreign companies.² Moreover, during the same decade, large numbers of native- and foreign-born migrants flocked to the state to take advantage of the burgeoning employment opportunities.³

The state’s jobless rate hovered around 4 percent for most of the 1990s. That rate was indicative of a full-

employment economy, one that was creating far more jobs than there were people to fill them.⁴ Under such tight labor-market conditions, wage rates typically rise as employers compete for available workers. That appears to have happened in North Carolina in the 1990s. Real personal income per capita (in 2001 dollars) grew from \$23,600 at the beginning of the decade to \$27,935 at the end, an 18 percent increase.⁵

However, the 2000 Census revealed that the incidence of poverty in North Carolina also increased during the 1990s, by 15.5 percent (compared

with a 6.8 percent increase nationally), creating what some have called a “poverty paradox.”⁶ How could poverty increase so sharply amid such prosperity?

This article answers that question by analyzing post-1990 changes in the incidence of poverty and describing current manifestations of poverty in North Carolina. In this article, “poverty” is defined as insufficient family income to cover basic needs.⁷ The article assesses North Carolina’s contemporary poverty problem on three geographic scales (state, region, and place of residence) and on three demographic dimensions (age, family type, and race or ethnicity), using data compiled by the U.S. Census Bureau. As background, it begins with a brief review of the recent history of the poor in America.

Trends in Poverty in the United States

Concerns about America’s poor ebbed and flowed throughout the twentieth century, especially in the post-1960 period.⁸ Before World War II, the poverty problem received limited public policy attention, and that attention abated after the war. Poverty did not become a priority policy issue again until the early 1960s.⁹ Since then, public policies implemented to alleviate poverty in America have ranged from very liberal to extremely conservative.¹⁰ Reflecting this vacillation, the absolute and relative sizes of the U.S. poor population have fluctuated widely over the last forty years. (For data on the poverty status of the U.S. population for selected years between 1960 and 2001, see Table 1.)



BILLY E. BARNES

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The Poor in America, 1960–2001

During the 1960s the prevailing view in America, in both political and policy circles, was that poverty was a structural problem, characterized by racial discrimination and systematic exclusion in all walks of life.¹¹ This view led to the first major federal efforts after World War II to address poverty: the War on Poverty and the Great Society programs launched by President Lyndon B. Johnson.¹² As a consequence of these programs, the number of people living in poverty in the United States decreased

significantly, from 39.9 million people in 1960 to 25.3 million in 1970, or from 22.2 percent to 12.5 percent of the population.

But these antipoverty programs were short-lived. The Vietnam War assumed center stage in the early 1970s, resulting in a redirection of federal resources. Moreover, beginning with the election of Richard M. Nixon as president, poverty began to be seen as a function of human or personal failings rather than a structural problem. As a consequence of these developments, America’s assault on poverty was substantially curtailed. The result was an increase—absolute and relative—in the size of the poor population, from 25.3 million people in 1970 to 29.3 million in 1980, or from 12.5 percent to 13.0 percent of the population.

During the 1980s, political attitudes toward the poor swung even farther away from Johnson-era views.¹³ Both the Reagan and the (G. H. W.) Bush administration argued that the poverty problem, especially its resurgence

Table 1. **Poverty Status of the U.S. Population, Selected Years, 1960–2001**

Year	All People (in thous.)	Poor People (in thous.)	Percent Poor
1960	179,503	39,851	22.2
1970	202,183	25,272	12.5
1980	225,027	29,272	13.0
1990	248,644	33,585	13.5
2000	278,944	31,581	11.3
2001	281,475	32,907	11.7

Table 2. **Work Status of the U.S. Poor Age 16 and Up, Selected Years, 1980–2001**

Year	Total (in thous.)	Worked		Worked Year-Round Full-Time	
		Number (in thous.)	Percent	Number (in thous.)	Percent
1980	18,892	7,674	40.6	1,644	8.7
1985	21,243	9,008	42.4	1,972	9.3
1990	21,242	8,716	41.0	2,076	9.8
1995	23,077	9,484	41.1	2,418	10.5
2000	20,836	8,425	40.5	2,436	11.7
2001	22,245	8,530	38.3	2,567	11.5

Source for Tables 1 and 2: U.S. Bureau of the Census, Current Population Survey, Annual Demographic Supplements, Poverty and Health Statistics Branch/HHES Div., available at www.census.gov/hhes/poverty/histpov/ (last visited Mar. 8, 2003).

during the 1970s, was a product of 1960s-era liberal policy making.¹⁴ In their eyes the federal welfare program—Aid to Families with Dependent Children (AFDC), in particular—was the culprit.

AFDC, they contended, destroyed the work ethic, bred long-term dependency, and encouraged a range of other antisocial or dysfunctional behaviors,

including out-of-wedlock births, family disruption, and illegal activities revolving around gangs, drug dealing, and other criminal activities, especially in the nation's cities.¹⁵ The problem,

they asserted, was not material poverty but moral poverty.¹⁶ They also believed that the antipoverty programs of Johnson's Great Society had slowed the economy by sapping taxes from productive investments that would have spurred economic growth and job creation.¹⁷

To combat these problems and behaviors, the Reagan and Bush administrations severely cut federal spending on social programs (especially AFDC) and sought to eliminate government regulations viewed as crippling industry and private enterprise.¹⁸ Their policies, especially their efforts to deregulate the business environment, drastically altered economic opportunities for the nation's most disadvantaged citizens, especially those in U.S. cities.¹⁹

In particular, the business policies accelerated the decline of employment in highly unionized, high-wage, central-city manufacturing and accelerated the flight of capital away from U.S. cities, toward Third World countries, leaving behind a substantial population of jobless or underemployed poor.²⁰ In part as a function of these effects and in part as a consequence of cuts in a host of 1960s-era social programs, the poor population continued to increase during the 1980s, reaching 33.6 million, or 13.5 percent of the U.S. population, by 1990.

During the 1990s the poor population declined for the first time since the 1960s, from 33.6 million (13.5 percent of the population) at the beginning of

the decade to 31.6 million (11.3 percent of the population) at the end. This decline occurred despite prognostications that poverty would increase substantially after the enactment of the most sweeping welfare reform legislation since the War on Poverty—the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA).²¹

An effort to respond to past criticisms of the social welfare system, PRWORA was intended to reduce dependency on welfare by imposing time limits on receipt of welfare.²² However,

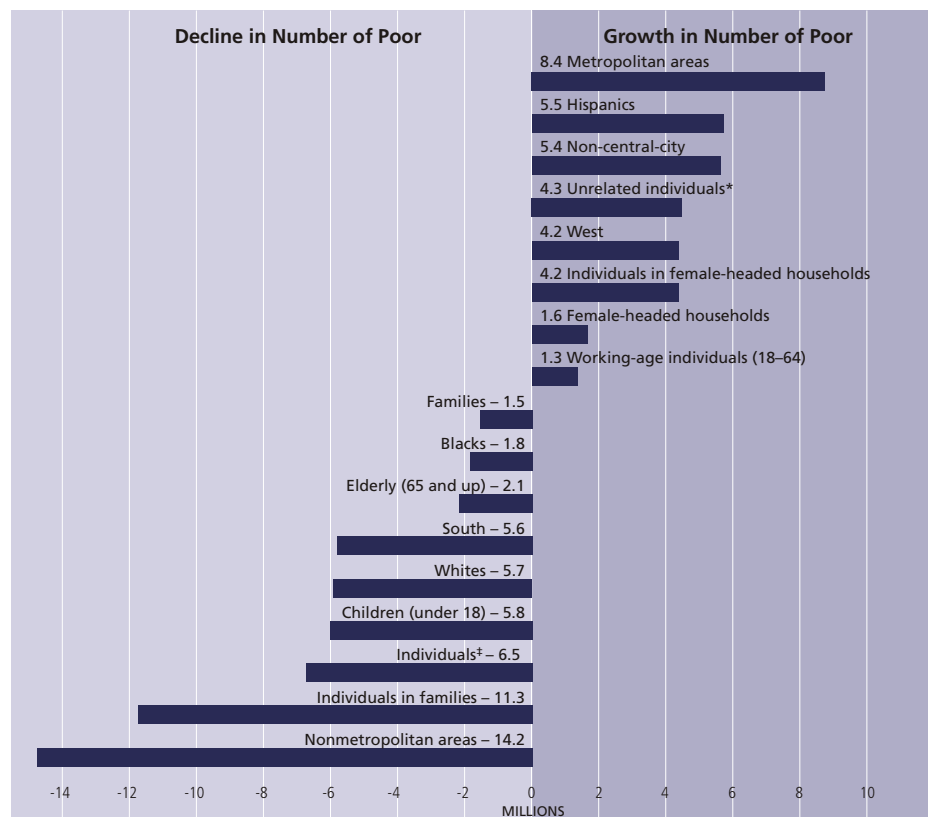
reflecting the structural view about the underlying causes of poverty, it also provided a range of supports designed to encourage and facilitate the transition to work for former welfare recipients. Thus, in contrast to the liberal policies of the 1960s and the conservative

policies of the 1980s, this legislation was decidedly centrist, representing a carrot-and-stick approach (welfare incentives and supports combined with welfare time limits) to alleviating poverty.²³

The successful implementation of the reforms in the 1996 legislation was aided tremendously by the decade-long economic boom, which created a large number of entry-level jobs that matched the skill levels of the long-term welfare-dependent population.²⁴ But the recent economic downturn has adversely affected the federal government's effort to move former welfare recipients to the world of work, as well as the structure of employment opportunities in the U.S. economy more generally, especially for workers with few skills.²⁵ Because of the massive layoffs spawned by corporate scandals and business failures, the U.S. poor population increased by 1.3 million in 2000, bringing the total to 32.9 million in 2001. As a result, the share of the U.S. population that was poor increased from 11.3 percent in 2000 to 11.7 percent in 2001.

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Figure 1. The Changing Profile of the U.S. Poor, 1960–2001



*The absolute number of poor people not in families.

†The absolute number of poor people.

Source: U.S. Bureau of the Census, Current Population Survey, Annual Demographic Supplements, Poverty and Health Statistics Branch/HHES Div., available at www.census.gov/hhes/poverty/histpov/ (last visited Mar. 8, 2003).

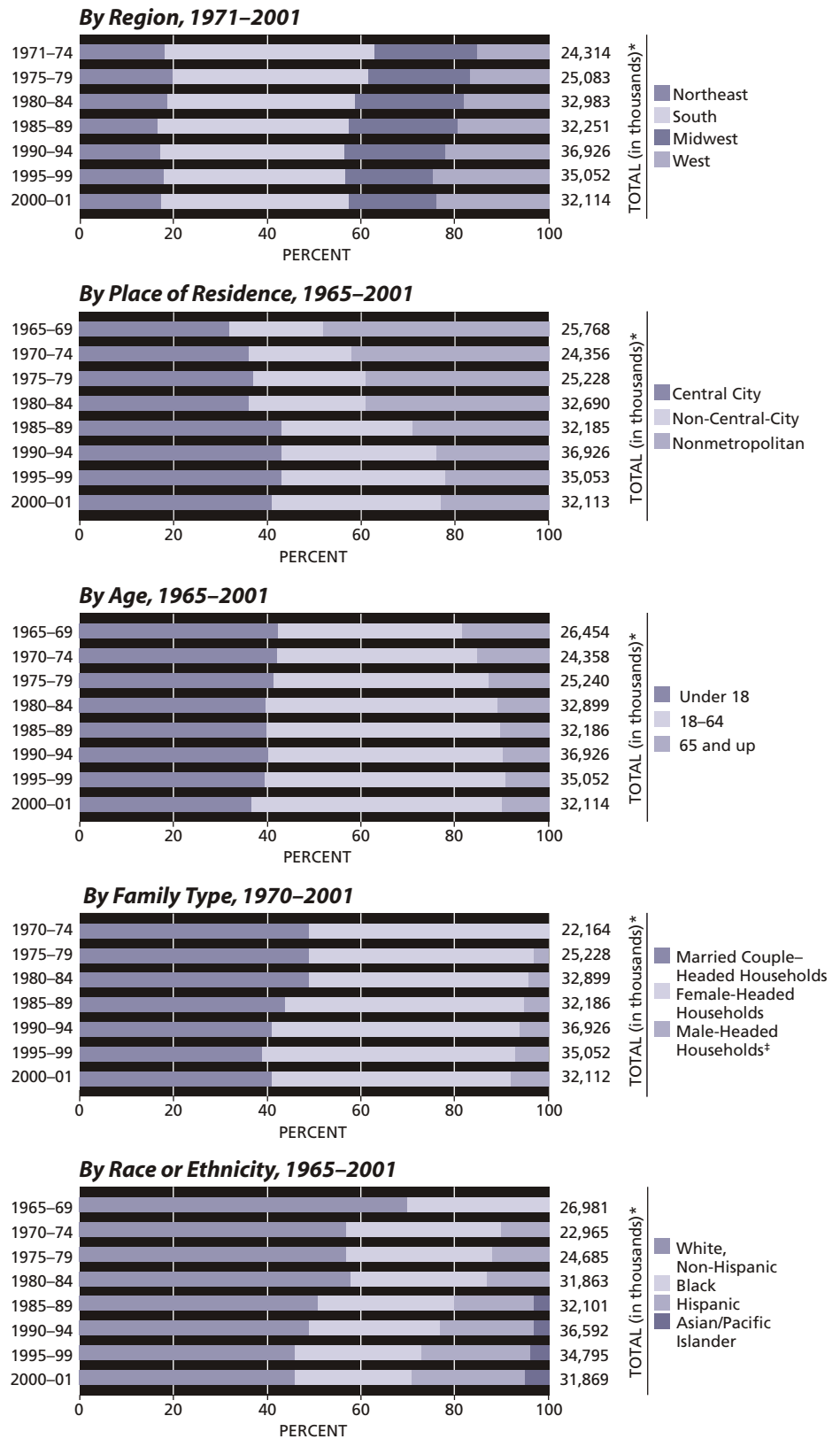
Uneven Effects of Past Efforts to Alleviate Poverty

Despite the fluctuations in the absolute and relative sizes of the U.S. poverty population over the last forty years, there were 6.9 million fewer poor people in the U.S. in 2001 than there were in 1960. This absolute decline occurred in the midst of a 56.8 percent increase in the total U.S. population—from 179.5 million in 1960 to 281.5 million in 2001.

But past efforts to alleviate poverty in the United States have been unevenly distributed, resulting in major shifts in both the demographic composition and the geographic distribution of the poor. Significant inroads have been made with some groups and in some areas, but major challenges remain with other groups and in other areas (see Figure 1, page 16).

In 2001 there were 11.3 million fewer poor people living in families, 1.5 million fewer poor families, 6.5 million fewer individual poor people (the absolute number), 5.7 million fewer poor whites, 1.8 million fewer poor blacks, 5.8 million fewer poor children (people younger than eighteen), 2.1 million fewer poor elderly (people sixty-five and older), 5.6 million fewer poor southerners, and 14.2 million fewer nonmetropolitan poor people in the United States than there were forty years earlier. (“Nonmetropolitan” includes “exurban,” referring to counties outside a metropolitan area but about to be annexed because of urban sprawl, and “rural,” referring to counties that are geographically removed from a metropolitan area). However, there were 4.2 million more poor people in female-headed households, 4.3 million more poor unrelated individuals (people not living in families), 1.6 million more poor female-headed families (as defined by the Census Bureau), 5.5 million more poor Hispanics, 1.3 million more poor people of working age (18–64 years old), 8.3 million more poor people living in metropolitan areas (including 2.9 million in central cities and 5.4 million in suburbs), and 4.2 million more poor people in the West than there were in 1960. (For profiles of two North Carolinians trying to alleviate poverty for selected

Figures 2–6. Distribution of the U.S. Poor



*Across Figures 2–6, totals vary because the statistics are for different poverty indicators and often data for one or more of the years in the time intervals are missing.

*Data on male-headed households were not available for 1970–74.

Source: U.S. Bureau of the Census, Current Population Survey, Annual Demographic Supplements, Poverty and Health Statistics Branch/HHS Div., available at www.census.gov/hhes/poverty/histpov/ (last visited Mar. 8, 2003).

David Moore: Man of the Affordable House

For the Reverend David Moore, head of the Metropolitan Housing Corporation (MHCDC) in Washington, North Carolina, affordable housing for low-income seniors is a no-brainer. Having worked and paid taxes most of their lives, many of these seniors now depend on monthly Social Security payments of less than \$1,000. A “decent” one-bedroom apartment, though—one with central heat and air conditioning, in a clean, safe neighborhood—can easily eat up half that.

In 1996, when MHCDC built Metro Arms, a twelve-unit development for seniors in Washington, “it filled overnight,” Moore recalls. Now MHCDC operates six developments—179 units in all—for elderly renters, who generally pay less than \$100 per month.

MHCDC’s developments are new and energy-efficient, so utility costs generally are lower than average. They offer laundry facilities, transportation services, a community of other seniors, and a management staff who can check on residents daily. In addition, Moore says, the apartments are well built, attractive, and designed “so you can get from the bedroom to the living room with the least amount of resistance.”

“If I can’t do all that, then I haven’t succeeded,” he says. Moore also is pastor of Metropolitan AME Zion Church in Washington, and it was under his leadership that the church formed MHCDC in 1990 to serve low-income residents of Beaufort, Pamlico, and Hyde counties. It has since expanded to much of eastern North Carolina and parts of Virginia and South Carolina and operates a small business center, a soup kitchen, and a homeless shelter.



AMBER VASQUEZ

Also, two incorporated agencies got their start under MHCDC’s leadership: Metropolitan Community Health Services, a rural health clinic, and Metropolitan Community Credit Union.

Of the five-hundred-plus units of special needs housing built by MHCDC, housing for seniors accounts for more than a third. Financing comes from Section 202 senior citizen housing funds, administered by the U.S. Department of Housing and Urban Development (HUD). The funds pay for land, construction, rent subsidies, maintenance, and management fees. Obtaining such financing is extremely competitive; each year HUD approves funding for only about a hundred units for all of North Carolina.

“If we had five thousand units, they’d be filled in less than a month. The need is crucial, and the problem will not be solved by HUD’s yearly allocations,” Moore says. “Affordable housing could and should be so much easier. Everyone realizes there’s a need. This is not rocket science. You don’t have to have a Ph.D. in houseology. All you’ve got to do is care.”

—Eleanor Howe

Hispanic immigrants into the United States over the last three decades, most of whom settled—at least initially—in the Southwest.²⁶ Throughout this period the Northeast’s and the Midwest’s shares of the nation’s poor remained relatively stable—in the 17–23 percent range in both regions.

Changes in the types of communities in which the nation’s poor reside constitute the second shift. As the United States has become more urbanized, so has the poor population. In the mid-1960s, almost half of the nation’s poor resided in nonmetropolitan areas (see Figure 3, page 17). By 2001, only 22 percent resided in such areas. Today a majority of the U.S. poor live in metropolitan areas, with significant concentrations both inside and outside central cities.

The third shift occurred in the age composition of the U.S. poor. In general, the shares of the U.S. poor under age eighteen and over age sixty-five decreased, while the share of the U.S. poor age eighteen to sixty-four increased sharply (see Figure 4, page 17). Historically, poverty among people of prime working age was primarily due to their not having jobs. However, as the U.S. economy has been structurally transformed from goods production to service provision, a growing contingent of the U.S. labor force constitutes the “working poor” (see Table 2, page 15).²⁷ Skill deficits or other constraints (for example, lack of affordable child care, inferior public school education, lack of economic opportunities in close proximity, and employer bias) have relegated these people to part-time jobs that are mainly in the service sector of the U.S. economy, or to full-time jobs that pay wages below the poverty level, provide few (if any) benefits, and offer no prospects for upward mobility.

The family types in which the poor find themselves reflect the fourth major shift. Poverty among all families declined by 18 percent over the last forty years, but poverty has become less concentrated in families headed by married couples and more concentrated in female-headed families. The latter type accounted for half of all family poverty in 2001 (see Figure 5, page 17). This

groups, see the sidebars on this page and page 22.)

Undergirding these statistics are five shifts that have transformed the face of poverty in the United States over the last forty years. The first shift is the decline of the South’s share of the U.S. poor and the concomitant increase in the West’s share (see Figure 2, page 17). In the

early 1970s, close to half of the nation’s poor was concentrated in the South. Thirty years later the South’s share of U.S. poverty had decreased to 40 percent. As the South’s share declined, though, the West’s share increased, from 16 percent in 1971 to 24 percent in 2001. As explained later, this shift was due in part to the influx of poor

shift has been termed the “feminization of poverty.”²⁸

Changes in the racial and ethnic complexion of the nation’s poor population constitute the fifth shift. Heightened immigration—legal and illegal—from Mexico, other parts of Latin America, and Southeast Asia is principally responsible for the increasing diversity of the nation’s poor.²⁹ The white share declined from 70 percent in the mid-1960s to 46 percent in 2000–01 (see Figure 6, page 17). During this period the black share declined from 30 percent to 25 percent. These declines have been offset by increases among immigrant groups, especially Hispanics. Since the early 1970s, the Hispanic share of the nation’s poor has grown from 11 percent to nearly 25 percent. This shift explains, at least in part, the growing concentration of the nation’s poor in the West.³⁰

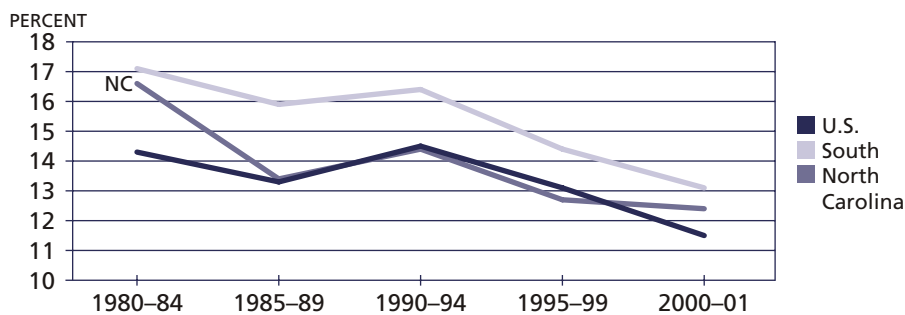
The Contemporary Face of Poverty in North Carolina

The contemporary face of poverty in North Carolina reflects, in many ways, the geographic and demographic changes that have occurred at the national level over the last forty years. Since the early 1980s, North Carolina poverty rates have roughly paralleled national rates (see Figure 7). The rates for the state and the nation have been consistently lower than those for the South. In 2000 the state’s poverty rate (12.3 percent) was not significantly different from the nation’s rate (12.4 percent), but it was much lower than the South’s rate (13.9 percent) (see Table 3, page 20). However, the incidence of poverty increased much more rapidly in North Carolina (15.5 percent) than it did nationally (7.4 percent) and in the South (3.9 percent) during the 1990s.

Three questions probe the sources of this rapid growth in North Carolina’s poor population:

1. In what regions of the state, and among which demographic subgroups, did the incidence of poverty increase most rapidly during the 1990s?
2. What accounts for or explains the

Figure 7. **Change in Poverty Rates of the U.S., the South, and North Carolina, 1980–2001**



Source: U.S. Bureau of the Census, Current Population Survey, Annual Demographic Supplements, Poverty and Health Statistics Branch/HSES Div., available at www.census.gov/hhes/poverty/histpov/ (last visited Mar. 8, 2003).

- net growth in North Carolina poverty during the 1990s?
3. What effect did absolute and net changes in the size of the poor population have on poverty rates in North Carolina?

To answer these questions, the next sections assess North Carolina poverty through the same lenses as in earlier sections regarding U.S. poverty: region, place of residence, age, family type, and race/ethnicity (see Table 3, page 20).

Changes in the Incidence of Poverty

With regard to region, the greatest increase in the incidence of poverty occurred in the Piedmont (25.2 percent), which had nearly 90,000 more poor people in 2000 than in 1990 (see Figure 8, page 21). Characterized as the technology zone and the higher education hub of North Carolina, this region experienced most of the state’s total population and employment growth during the 1990s. That suggests that some of the poverty was imported from outside the region.³¹

In terms of place of residence, poverty increased more rapidly in metropolitan areas (by nearly 105,000, or 22.5 percent) than in nonmetropolitan areas (by almost 24,000, or 6.6 percent; see Figure 9, page 21, and Table 3, page 20). Only one of the state’s metropolitan areas (Fayetteville) experienced an absolute decline in the incidence of poverty during the 1990s, and even there, the decline was very small (–104, or –0.3 percent) (see

Table 3, page 20). Among the remaining ten metropolitan areas, two experienced increases in the number of poor people in the 20–29 percent range (Jacksonville and Charlotte), two in the 30–39 percent range (Asheville and Greensboro), and three in the 60–80 percent range (Raleigh, Hickory, and Wilmington).³² Within the state’s metropolitan areas, the relative increases in the incidence of poverty were similar in central city (22.9 percent) and suburban (21.7 percent) counties, but the absolute increase was much greater in the former (about 68,000) than in the latter (nearly 37,000).

In terms of age, poverty increased most rapidly, on both an absolute and a relative basis, among 18–64 year olds—by nearly 120,000, or 29.5 percent (see Figure 10, page 21). By comparison, youth poverty increased by about 38,000, or 14.0 percent, while poverty among the state’s elderly actually decreased by about 26,000, or 17.6 percent.

With regard to family type, male-headed households with no spouse present experienced the greatest relative increase in the incidence of poverty during the 1990s (125.7 percent, or nearly 38,000) (see Table 3, page 20). However, the greatest absolute increase occurred among female-headed households with no spouse present (almost 42,000, or 13.8 percent). This is consistent with the feminization of poverty observed nationally.³³

In terms of race or ethnicity, the incidence of poverty grew most rapidly among Hispanics (see Figure 11, page

Table 3. **Profile of the North Carolina Poor, 1990–2000**

	All Income Levels, 2000	Below Poverty Level, 2000	Percent Below Poverty Level, 2000	Poverty Population Change, 1990–2000	Percent Change, 1990–2000
United States	273,882,232	34,087,251	12.4	2,344,387	7.4
South	97,437,335	13,569,265	13.9	503,971	3.9
North Carolina	7,805,328	958,667	12.3	128,809	15.5
By Region					
Tidewater	589,450	81,277	3.8	6,295	8.4
Coastal Plains	1,709,377	287,515	16.8	19,408	7.2
Piedmont	4,292,267	445,859	10.4	89,845	25.2
Mountain	1,214,234	144,016	11.9	13,261	10.1
By Place of Residence					
<i>Metropolitan</i>	5,268,243	572,340	10.9	104,979	22.5
Central City	3,358,845	365,407	10.9	68,102	22.9
Suburban	1,909,398	206,933	10.8	36,877	21.7
<i>Nonmetropolitan</i>	2,537,085	386,327	15.2	23,830	6.6
Exurban*	1,981,554	297,966	15.0	22,237	8.1
Rural	555,531	88,361	15.9	1,593	1.8
By Specific Metropolitan Statistical Area					
Asheville	219,147	25,800	11.8	6,437	33.2
Charlotte	1,468,447	137,215	9.3	28,117	25.8
Fayetteville	284,529	36,391	12.8	– 104	– 0.3
Goldensboro	109,083	15,097	13.8	N/A	N/A
Greensboro	1,220,586	127,104	10.4	35,575	38.9
Greenville	127,835	26,001	20.3	N/A	N/A
Hickory	334,747	32,802	9.8	14,475	79.0
Jacksonville	131,038	16,917	12.9	2,967	21.3
Raleigh	1,146,182	117,472	10.2	45,724	63.7
Rocky Mount	139,952	22,161	15.8	N/A	N/A
Wilmington	228,902	29,540	12.9	13,171	80.5
By Age					
Under 18	1,932,359	311,053	16.1	38,130	14.0
18–64	4,948,841	525,366	10.6	119,812	29.5
65 and up	924,128	122,248	13.2	– 26,133	– 17.6
By Family Type					
Married Couple– Headed Household	5,091,093	273,695	5.4	20,091	7.9
Male-Headed Household	369,095	68,025	18.4	37,886	125.7
Female-Headed Household	1,147,144	344,146	30.0	41,828	13.8
By Race and Ethnicity					
White	5,651,390	477,510	8.4	58,031	13.8
Black	1,657,228	379,349	22.9	2,240	0.6
Asian/Pacific Islander	111,101	11,403	10.3	4,190	58.1
Hispanic	361,827	91,076	25.2	79,034	656.3
White Non-Hispanic	5,501,865	444,465	8.1	N/A	N/A

N/A = Not available.

*“Exurban” refers to counties on the periphery of a metropolitan area.

Source: U.S. Bureau of the Census, Census 2002 Summary File 3 (SF 3), 1990 Summary Tape File 1 (STF 1), available at factfinder.census.gov/servlet/DatasetMainPageServlet?_lang=en (last visited Mar. 8, 2003).

21). Statistics from the 2000 Census reveal that the state's Hispanic population increased by nearly 400 percent, or 302,000, during the 1990s. Poverty among this group grew much more rapidly, increasing by 656.3 percent, or about 79,000. The state's Asian/Pacific Islander population experienced a 58.1 percent increase in poverty, but the absolute numbers were small (nearly 4,200). The relative increase in the incidence of poverty among both whites (13.8 percent) and blacks (0.6 percent) during the 1990s was below the statewide average (15.5 percent).

Net Growth in Poverty

In 2000, North Carolina had almost 129,000, or 16 percent, more poor people than it had in 1990. Geographically, large absolute increases in the state's Piedmont region (nearly 90,000), metropolitan areas (almost 105,000), and central-city areas (about 68,000) were responsible for 70 percent, 81 percent, and 53 percent of this net growth, respectively. (The numbers do not total 100 percent because the geographic categories overlap. For example, the Piedmont numbers include data on some of the metropolitan areas.)

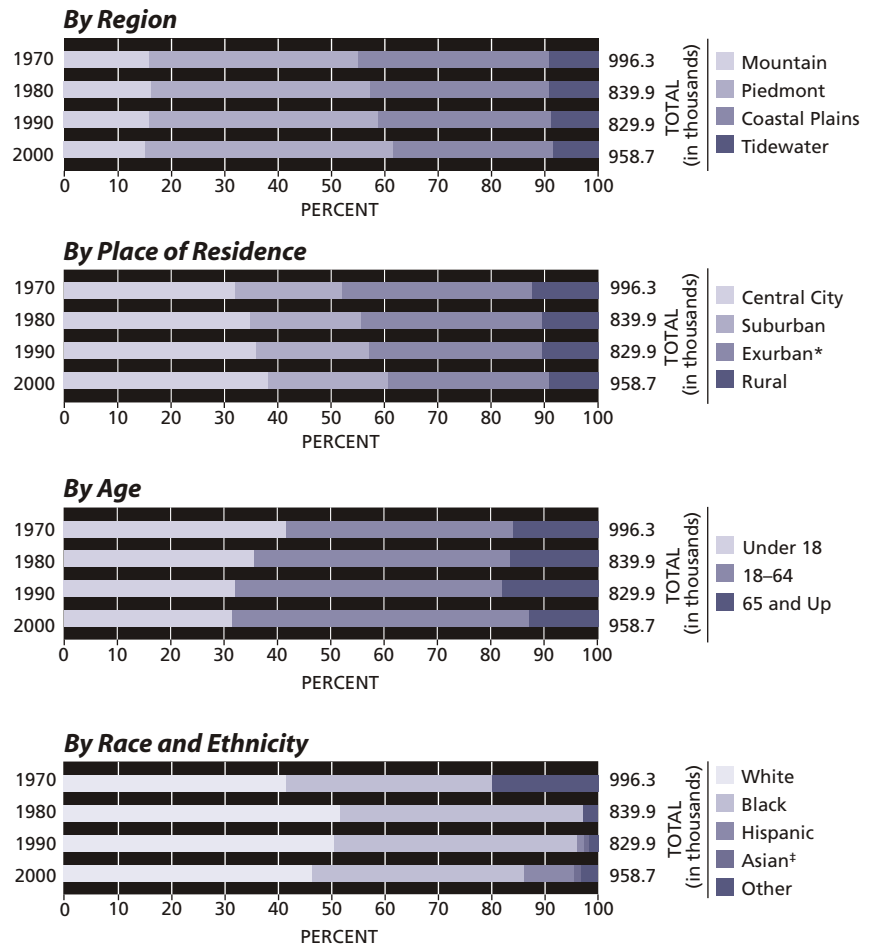
In terms of specific metropolitan areas, absolute increases in the poor populations in Raleigh–Durham–Chapel Hill, Greensboro–Winston-Salem–High Point, and Charlotte–Gastonia–Rock Hill (S.C.) together accounted for 86 percent of the state's net growth in poverty during the 1990s.

Demographically, Hispanics (61 percent) and individuals in male-headed (29 percent) and female-headed (33 percent) households accounted for a majority of North Carolina's net growth in poverty during the 1990s.

Effect on Poverty Rates

In general, the highest poverty rates in 2000 were not in the communities in which the greatest increases in the incidence of poverty were registered during the 1990s. For example, poverty rates were higher in the Tidewater (13.8 percent), Coastal Plains (16.8 percent), and Mountain (11.9 percent) regions than in the Piedmont (10.4 percent), the region experiencing the greatest absolute growth in poverty.

Figures 8–11. **Distribution of the North Carolina Poor, 1970–2000**



*"Exurban" refers to counties on the periphery of a metropolitan area.

†Data on Hispanics and Asians were not available for 1970 and 1980.

Source: North Carolina State Data Center, available at <http://sdc.state.nc.us> (last visited Mar. 8, 2003).

Poverty rates also were higher in nonmetropolitan areas (15.2 percent) than they were in metropolitan areas (10.9 percent). Demographically, poverty rates were higher for the under-eighteen (16.1 percent) and sixty-five-and-older (13.2 percent) age cohorts than for the eighteen-to-sixty-four cohort (10.6 percent), even though poverty grew most rapidly during the 1990s among the latter group.³⁴

Why is this the case? Because the areas (the Piedmont and the metropolitan areas) and the age cohort (18–64) that registered the greatest absolute increases in poverty also experienced rapid growth in their nonpoor populations during the 1990s. Statistically this influx had the effect of lowering their poverty rates.

Why is there a high poverty rate among North Carolina's population

under age eighteen? A substantial proportion of the state's youth live in single-parent households, which are more likely to be poor than married-couple households. In fact, female-headed households with children under age six had the highest poverty rate of any demographic subgroup in the state in 2000 (48.4 percent).³⁵ In some neighborhoods in the state's metropolitan areas, the poverty rate for this demographic subgroup exceeded 70 percent.

What accounts for the high poverty rate among the state's elderly? A significant percentage of this demographic subgroup may have no pension or other safety net for their retirement years. This situation is especially problematic for elderly widows and widowers.

In terms of race or ethnicity, the poverty rate was higher among blacks

Ivan Parra: An Asset to the Latino Community



When the Latino Community Credit Union opened in Durham, North Carolina, three years ago, Ivan Parra remembers, “it took us a long time to get people comfortable to use an ATM. Culturally we Latinos prefer to relate more to people than machines, so it was a process of educating people that it’s okay and safe.”

To Parra this cultural disconnect is one of the biggest barriers to building assets among the state’s growing Latino population, and he has worked hard to bridge that divide. For seven years he was director of El Centro Hispano, a Durham-based social service and advocacy agency for Latinos that helped found the credit union in partnership with the State Employees Credit Union, the North Carolina Minority Support Center, and Self-Help, a statewide community development lender.

In 1995 Parra immigrated from Bogota, Colombia, with his wife, a native of Dunn, North Carolina, to be closer to her family. With a degree in family therapy and experience working in a community nonprofit agency in one of Bogota’s poorest neighborhoods, Parra accepted an Americorps position with Catholic Social Ministries. Local Catholic and Episcopal churches had just started El Centro Hispano, and it needed some leadership. Parra’s supervisor in Americorps (a national service program) assigned Parra to the job.

Early this year he resigned to become director of the new Latino Community Development Center. A major goal of this statewide organization is to help the Latino Community Credit Union, which is based in Durham and has

branches in Charlotte and Raleigh, grow throughout North Carolina while strengthening grassroots Latino organizations across the state.

For its mostly low-income Latino members, the credit union provides “the tools they need to access the financial system,” Parra says. In Latin America, financial transactions often are based on cash or take place in *co-operativas* (similar to credit unions). Banks are seen as the preserve of the wealthy, or a high risk, given the region’s historically unstable governments and economies.

“This attitude is transferred when people come to the United States,” Parra says. “That’s why financial education is so important.” It is difficult to navigate a system one doesn’t understand. People used to living month to month don’t easily grasp the need for long-term planning, he adds, and many need to develop “a culture of savings.”

Because few credit union members have much formal education or are fluent in English, classes in personal finance—from writing a check to buying a house—are taught at a rudimentary level, using the English-as-a-second-language approach, with a lot of role-playing.

Members with no credit history may obtain loans of around \$500. When they repay the loan, that is reported to the credit bureau, and “then they can do things like rent apartments that would have been denied them, or buy a car at a lower interest rate, or even qualify for a mortgage,” Parra explains. “People don’t realize all the alternatives that are accessible to them.”

—Eleanor Howe

(22.9 percent) than among whites (8.4 percent). However, Hispanics—the state’s fastest-growing population—registered the highest poverty rate in 2000 (25.2 percent).³⁶ Given North Carolina’s booming economy for most of the 1990s, employers’ increasing aversion to hiring black workers is probably responsible for the persistently high poverty rate among blacks. (Research shows that employers perceive blacks, especially males, to be lazy, inarticulate, untrustworthy, and dangerous.)³⁷ For Hispanics, whom employers perceive to be far more reliable and trustworthy than black and other native workers, the poverty rate was high primarily because they filled many of the low-wage jobs in the North Carolina economy during the 1990s.³⁸

Conclusion

Contemporary poverty in North Carolina reflects trends occurring nationally over the past forty years: the urbanization of the poor, the feminization of poverty, and the growing diversity of the poor, which is driven by immigration, especially from Mexico and other parts of Latin America. Continuing their historical trend, poverty rates remain high in the state’s nonmetropolitan areas, but during the 1990s the greatest absolute gains occurred in the state’s metropolitan communities. Poverty rates remained relatively low in these areas, though, because the areas were magnets for both poor and nonpoor population growth.

The Piedmont region and the state’s metropolitan areas were magnets because of the state’s job growth, which also was concentrated in these areas during the 1990s. Despite overall poverty rates that were lower than the statewide rate, the poverty rates for Hispanics, blacks, and female heads of household in the Piedmont and metropolitan areas were much higher. Poverty grew among these demographic groups in part because many of the jobs created during the 1990s were temporary and part-time positions in the service sector. Many of these jobs were filled by Hispanic newcomers, who were specifically recruited by employers to fill jobs in the low-wage sector, and by former

welfare recipients (mainly female heads of household), who were forced into the world of work by the 1996 welfare reforms (explained earlier).³⁹ Although black poverty did not increase substantially in absolute terms, the rate remained high in part because of the negative stereotypical prism through which employers viewed the unskilled and semi-skilled, especially those with a prior brush with the law.⁴⁰

Notes

1. John W. McCurry, *Rival Carolinas Seek Industry Diversity*, 48 SITE SELECTION 98 (Jan. 2003); Karen Addy Rhodes, *RTP: Past, Present and Future*, TRIANGLE NEWCOMER MAGAZINE, Summer–Fall 2002, p. 22; James H. Johnson, Jr., et al., *A Profile of Hispanic Newcomers to North Carolina*, POPULAR GOVERNMENT, Fall 1999, p. 2; Robert Suro & Audrey Singer, *LATINO GROWTH IN METROPOLITAN AMERICA: CHANGING PATTERNS, NEW LOCATIONS* (The Brookings Institution Survey Series, Census 2000, Washington, D.C.: Center on Urban and Metropolitan Policy, Brookings Inst., July 2002).

2. Investments by foreign-owned firms are especially important because such firms typically pay wages that are 15 percent higher than those paid by domestic companies. Over the last twenty years, employment in foreign-owned companies with operations in North Carolina reportedly increased from 34,000 to 225,000. That is further evidence of the state's growing importance in the world economy. Partly as a consequence of these investments, the gross state product—defined as the value of goods and services produced in the North Carolina economy—increased by 72 percent between 1987 (\$149 billion) and 2000 (\$256 billion). Edward Martin, *The Great Divide*, BUSINESS NORTH CAROLINA, Feb. 2001, p. 18; Michael L. Walden, Trends in the North Carolina Economy, Presentation at the Orientation Session for New North Carolina Legislators, William and Ida Friday Center, The Univ. of N.C. at Chapel Hill (Jan. 16, 2003).

3. Johnson et al., *A Profile of Hispanic Newcomers*; KAREN D. JOHNSON-WEBB, *RECRUITING HISPANIC LABOR: IMMIGRANTS IN NON-TRADITIONAL AREAS* (New York: LFB Scholarly Publ'g, 2003). "Native-born migrants" are migrants who became U.S. citizens at birth. They include people (1) born in the United States, (2) born in Puerto Rico or a U.S. outlying area, or (3) born abroad of American parents. All other migrants are foreign born.

4. It has been estimated that "as many as 33,000 jobs a year were added to the local economy" in the late 1990s. Amy Martinex, *The Economy's Next Act . . .*, NEWS & OBSERVER (Raleigh, N.C.), Jan. 19, 2003, p. 1E;

Employment Security Comm'n of N.C., Labor Market Information, 2003, available at www.ncesc.com/lmi/laborStatsMain.asp (last visited Mar. 8, 2003).

5. Walden, Trends.

6. Paul Peterson, *The Urban Underclass and the Poverty Paradox*, in THE URBAN UNDERCLASS 3 (Christopher Jencks & Paul Peterson eds., Washington, D.C.: Brookings Inst., 1991); James H. Johnson, Jr., *The Real Issues for Reducing Poverty*, in REDUCING POVERTY IN AMERICA: VIEWS AND APPROACHES 337 (Michael Darby ed., Thousand Oaks, Cal.: Sage Publications, 1995); Editorial, *Poverty Is More than Being Poor*, HERALD-SUN (Durham, N.C.), Sept. 29, 2002, p. A14; C. D. Kirkpatrick, *The Other Durham: Despite Growing Wealth, County's Poverty Rate Rose During the 1990's*, HERALD-SUN (Durham, N.C.), Sept. 22, 2002, p. A1; Jonathan Kaufman, *Covering Race, Poverty and Class in the New Gilded Age*, 55 NIEMAN REPORTS 25 (2002).

7. Pursuant to the U.S. Office of Management and Budget's Statistical Policy Directive 14, the Census Bureau uses specific money income figures—termed "poverty thresholds"—to estimate the size of the U.S. poor population. The thresholds vary by family size and composition. In 2001, for example, the poverty threshold for a family of four consisting of two adults and two children under age eighteen was \$17,960. In the census this household and every one in it is considered poor. For a history of the official poverty measure, see Gordon Fisher, *The Development of the Orshansky Thresholds and Their Subsequent History as the Official U.S. Poverty Measures*, available at www.census.gov/hhes/poverty/povmeas/paper/orshansky.html (last visited Mar. 8, 2003). For a complete list of the most recent poverty thresholds, see BERNADETTE D. PROCTOR & JOSEPH DALAKER, *POVERTY IN THE UNITED STATES: 2001*, U.S. CENSUS BUREAU, CURRENT POPULATION REPORTS, P60-219 (Washington, D.C.: U.S. Gov't Printing Office, Sept. 2002).

8. JAMES T. PATTERSON, *AMERICA'S STRUGGLE AGAINST POVERTY: 1900–1985* (New York: Basic Books, 1986); ROBERT D. PLOTNICK & FELICITY SKIDMORE, *PROGRESS AGAINST POVERTY: A REVIEW OF THE 1964–74 DECADE* (New York: Academic Press, 1975); ROBERT H. HAVEMAN (ED.), *A DECADE OF FEDERAL ANTIPOVERTY PROGRAMS: ACHIEVEMENTS, FAILURES, AND LESSONS* (New York: Academic Press, 1977); MICHAEL KATZ, *IN THE SHADOW OF THE POOR HOUSE: A SOCIAL HISTORY OF WELFARE IN AMERICA* (New York: Basic Books, 1986); KEVIN PHILLIPS, *THE POLITICS OF RICH AND POOR: WEALTH AND THE AMERICAN ELECTORATE IN THE REAGAN AFTERMATH* (New York: Random House, 1990); John Charles Boger, *Race and the American City: The Kerner Commission Report in Retrospect*, in RACE, POVERTY AND AMERICAN CITIES 3 (John Charles Boger & Judith Welch Wegner eds., Chapel Hill:

University of N.C. Press, 1996); John Charles Boger, *Afterward: A Debate over the National Future*, in RACE, POVERTY AND AMERICAN CITIES 558 (John Charles Boger & Judith Welch Wegner eds., Chapel Hill: University of N.C. Press, 1996).

9. With the publication of his highly influential book, *THE OTHER AMERICA: POVERTY IN THE UNITED STATES* (New York: McMillan, 1962), Michael Harrington is generally credited for rekindling media, research, and public policy interest in the topic. Harrington's book stimulated a number of state-level analyses of America's poverty problem, including *THE DIMENSIONS OF POVERTY IN NORTH CAROLINA*, by Michael P. Brooks (Durham: North Carolina Fund, June 1964).

10. PHILLIPS, *THE POLITICS OF RICH AND POOR*; J. L. PALMER & I. V. SAWHILL (EDS.), *THE REAGAN RECORD* (Washington, D.C.: Urban Inst., 1984); LAWRENCE MEAD, *BEYOND ENTITLEMENT: THE SOCIAL OBLIGATIONS OF CITIZENSHIP* (Free Press, 1986); LAWRENCE MEAD, *THE NEW POLITICS OF POVERTY* (New York: Basic Books, 1992); CHARLES MURRAY, *LOSING GROUND* (New York: Basic Books, 1984); NICHOLAS LEMANN, *THE PROMISED LAND* (New York: Alfred A. Knopf, 1991); Mimi Abramovitz, *The New Paternalism*, 255 THE NATION 368 (1992); D. L. Bawden & J. L. Palmer, *Social Policy: Challenging the Welfare State*, in PALMER & SAWHILL, THE REAGAN RECORD, at 196; W. J. BENNETT ET AL., *BODY COUNT: MORAL POVERTY . . . AND HOW TO WIN AMERICA'S WAR AGAINST CRIME AND DRUGS* (New York: Simon & Schuster, 1996); WILLIAM JULIUS WILSON, *THE TRULY DISADVANTAGED* (Chicago: University of Chicago Press, 1987); CHRISTOPHER JENCKS & PAUL PETERSON (EDS.), *THE URBAN UNDERCLASS* (Washington, D.C.: Brookings Inst., 1991).

11. HAVEMAN, *A DECADE OF FEDERAL ANTIPOVERTY PROGRAMS*; PLOTNICK & SKIDMORE, *PROGRESS AGAINST POVERTY*; PATTERSON, *AMERICA'S STRUGGLE*; FRANCES FOX-POVER & RICHARD A. CLOWARD, *REGULATING THE POOR: THE FUNCTIONS OF SOCIAL WELFARE* (New York: Vintage Books–Random House, 1971).

12. PLOTNICK & SKIDMORE, *PROGRESS AGAINST POVERTY*; HAVEMAN, *A DECADE OF FEDERAL ANTIPOVERTY PROGRAMS*; PATTERSON, *AMERICA'S STRUGGLE*.

13. MURRAY, *LOSING GROUND*; MEAD, *BEYOND ENTITLEMENT*; PALMER & SAWHILL, *THE REAGAN RECORD*.

14. MURRAY, *LOSING GROUND*; MEAD, *BEYOND ENTITLEMENT*; LEMANN, *THE PROMISED LAND*.

15. MURRAY, *LOSING GROUND*; LEMANN, *THE PROMISED LAND*; MEAD, *BEYOND ENTITLEMENT*; MEAD, *THE NEW POLITICS OF POVERTY*.

16. BENNETT ET AL., *BODY COUNT*.

17. Bawden & Palmer, *Social Policy*.

18. David Grant & James H. Johnson, Jr., *Conservative Policymaking and Growing*

Urban Inequality in the 1980s, in RESEARCH IN POLITICS AND SOCIETY: THE POLITICS OF WEALTH AND INEQUALITY 127 (Richard E. Ratcliff et al. eds., Greenwich, Conn.: JAI Press, 1995).

19. James H. Johnson, Jr., & Melvin L. Oliver, *Economic Restructuring and Black Male Joblessness: A Reassessment*, in URBAN LABOR MARKETS AND JOB OPPORTUNITY 113 (George E. Peterson & Wayne Vroman eds., Washington, D.C.: Urban Inst. Press, 1992).

20. BARRY BLUESTONE & BENNETT HARRISON, *THE DEINDUSTRIALIZATION OF AMERICA* (New York: Basic Books, 1982); Johnson & Oliver, *Economic Restructuring*; Gregory D. Squires, *Runaway Plants, Capital Mobility, and Black Economic Rights*, in COMMUNITY AND CAPITAL IN CONFLICT: PLANT CLOSINGS AND JOB LOSS 62 (J. C. Raines et al. eds., Philadelphia: Temple Univ. Press, 1982).

21. Sheldon Danziger, *Welfare Reform: A Fix for All Seasons*, 4 MILKEN INSTITUTE REVIEW 24 (2002).

22. ED GILLESPIE & BOB SCHELLHAS (EDS.), *CONTRACT WITH AMERICA: THE BOLD PLAN BY REP. NEWT GINGRICH, REP. DICK ARMEY AND THE HOUSE REPUBLICANS TO CHANGE THE NATION* (New York: Times Books, 1994).

23. Critics contend, however, that the 1996 reforms focus more on reducing dependency

than on reducing poverty. Our Views, *Slippery Slope*, NEWS & OBSERVER (Raleigh, N.C.), Jan. 15, 2003, p. 14A; HHS FACT SHEET: THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996 (Washington, D.C.: U.S. Dep't of Health and Human Servs., Aug. 3, 1999).

24. Danziger, *Welfare Reform*.

25. Robert Pear, *Number of People Living in Poverty Increases in U.S.*, NEW YORK TIMES, Sept. 25, 2002, p. A1; C. D. Kirkpatrick, *Poverty's Grasp on Families Threatens Children's Futures*, HERALD-SUN (Durham, N.C.), Sept. 22, 2002, p. A1.

26. Johnson et al., *A Profile of Hispanic Newcomers*; James H. Johnson, Jr., et al., *Newly Emerging Hispanic Communities in the U.S.: A Spatial Analysis of Settlement Patterns, In-Migration Fields, and Social Receptivity*, in IMMIGRATION AND OPPORTUNITY: RACE, ETHNICITY, AND EMPLOYMENT IN THE UNITED STATES 263 (F. D. Bean & S. Bell-Rose eds., New York: Russell Sage Foundation, 1999).

27. James H. Johnson, Jr., & Walter C. Farrell, Jr., *Growing Income Inequality in American Society: A Political Economy Perspective*, in THE INEQUALITY PARADOX: GROWING INCOME DISPARITY 133 (J. A. Auerbach & R. S. Belos eds., Washington, D.C.: National Policy Ass'n, 1998).

28. IRWIN GARFINKEL & SARA S. McLANAHAN, *SINGLE MOTHERS AND THEIR CHILDREN: A NEW AMERICAN DILEMMA* (Washington, D.C.: Urban Inst. Press, 1986); James H. Johnson, Jr., et al., *Bridging Social Networks and Female Labor Force Participation in a Multi-Ethnic Metropolis*, 20 URBAN GEOGRAPHY 3 (1999); KATHERINE S. NEWMAN, *NO SHAME IN MY GAME* (New York: Russell Sage Foundation, 1999). Disparate opinions exist regarding the forces responsible for this shift in the family makeup of the poor. As noted previously, some policy analysts contend that the social welfare policies of the 1960s are principally responsible. In the eyes of these analysts, the anti-poverty programs of that decade sanctioned childbearing outside of marriage. MURRAY, *LOSING GROUND*; MEAD, *BEYOND ENTITLEMENT*; MEAD, *THE NEW POLITICS OF POVERTY*; W. J. BENNETT ET AL., *BODY COUNT*. Other policy analysts assert that the feminization of poverty is an outgrowth of 1980s policy making in three domains: education, employment and training, and crime and criminal justice. More specifically, they contend that 1980s policy makers' efforts to "get tough" on what they viewed as antisocial, dysfunctional, or "underclass" behavior in each of these domains systematically disenfranchised large numbers of prime-working-age males (particularly African-Americans), limiting their access to mainstream education and employment opportunities and making it difficult for them to form and maintain stable families. Charles Murray, *Reducing Poverty and Reducing the Underclass: Different Problems, Different Solutions*, in

REDUCING POVERTY IN AMERICA: VIEWS AND APPROACHES 82 (Michael Darby ed., Thousand Oaks, Cal.: Sage Publications, 1995); WILSON, *THE TRULY DISADVANTAGED*; Joan Fitzgerald & Allan McGregor, *Labor-Community Initiatives in Worker Training*, 7 ECONOMIC DEVELOPMENT QUARTERLY 160 (1993); James H. Johnson, Jr., et al., *An Empirical Assessment of Four Perspectives on the Declining Fortunes of the African American Male*, 35 URBAN AFFAIRS REVIEW 695 (2000).

29. Steven A. Camarota, *Immigrants in the United States—2002: A Snapshot of America's Foreign Born Population*, CIS BACKGROUNDER (Washington, D.C.: Center for Immigration Studies, Nov. 2002).

30. Johnson et al., *Newly Emerging Hispanic Communities*.

31. Rhodes, *RTP: Past, Present and Future*.

32. Data were not available for three of the state's metropolitan areas: Goldsboro, Greenville, and Rocky Mount.

33. GARFINKEL & McLANAHAN, *SINGLE MOTHERS*.

34. Kirkpatrick, *Poverty's Grasp*.

35. *Id.*

36. Bill Stagg, *Series Looks at Life in the "Other" Durham*, HERALD-SUN (DURHAM, N.C.), Sept. 20, 2002, p. A13; Claudia Assis & Julian Pecquet, *Hispanics' Search for a Better Life Pushes Durham Deeper into Poverty*, HERALD-SUN (DURHAM, N.C.), Sept. 25, 2002, p. A12.

37. Karen D. Johnson-Webb, *Employer Recruitment and Hispanic Migration: North Carolina Urban Areas at the End of the Millennium*, 54 PROFESSIONAL GEOGRAPHER 406 (2002); Joleen Kirschenman & Kathryn Neckerman, *We'd Love to Hire Them, But . . . : The Meaning of Race for Employers*, in THE URBAN UNDERCLASS 203 (Christopher Jencks & Paul Peterson eds., Washington, D.C.: Brookings Inst., 1991); Kathryn Neckerman & Joleen Kirschenman, *Hiring Strategies, Racial Bias, and Inner City Workers*, 38 SOCIAL PROBLEMS 433 (1990); Phil Moss & Chris Tilly, *Soft Skills and Race: An Investigation of Black Men's Employment Problems*, 23 WORK AND OCCUPATIONS 252 (1996); Margery A. Turner et al., *Opportunities Denied, Opportunities Diminished: Racial Discrimination in Hiring*, URBAN INSTITUTE REPORT 91-9 (Washington, D.C.: Urban Inst. Press, 1991).

38. Johnson et al., *An Empirical Assessment*; Sheryl Skaggs et al., *LATINO/A EMPLOYMENT GROWTH IN NORTH CAROLINA: ETHNIC DISPLACEMENT OR REPLACEMENT*, Report prepared with support from the Z. Smith Reynolds Foundation and the North Carolina Agricultural Research Service, 2001; Johnson et al., *A Profile of Hispanic Newcomers*.

39. Johnson-Webb, *Employer Recruitment*; Karen D. Johnson-Webb, "Workfare" in the Triangle: Local Context and Employer Biases against Welfare Recipients, 42 SOUTH-EASTERN GEOGRAPHER 1 (2002).

40. Johnson et al., *An Empirical Assessment*.

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