North Carolina suffers the dubious distinction of being the state with the highest relative increase since 2000 in spatial poverty. That term specifies the share of a state’s total population living in census tracts with poverty rates of 20 percent or higher. But does the poverty measure the ranking is based on truly tell us anything?

Looking at a recent US Census Bureau report, we see that N.C.’s 17.9% increase in spatial poverty since 2000 is roughly comparable to increases for several neighbors and two other Southern states, but it is far higher than the increase in the nation’s five most populous states:

<table>
<thead>
<tr>
<th>TOP FIVE STATES</th>
<th>MOST POPULOUS STATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Carolina +17.9%</td>
<td>California +3.0%</td>
</tr>
<tr>
<td>Tennessee +16.0%</td>
<td>Texas +6.2%</td>
</tr>
<tr>
<td>Arkansas +15.7%</td>
<td>New York +1.0%</td>
</tr>
<tr>
<td>Georgia +14.6%</td>
<td>Florida +10.3%</td>
</tr>
<tr>
<td>South Carolina +14.4%</td>
<td>Illinois +7.2%</td>
</tr>
</tbody>
</table>

Surrounding the use of this and other poverty measures swirls an important debate. How exactly should we define poverty, given that the poor have...
gained some ground over time in certain important aspects of standard of living? This issue, long a focus of academics and policy wonks, has emerged lately as a core feature of the overall poverty debate between left and right.

The official poverty rate has always been about determining a family’s ability to meet basic needs. This measure is fraught with problems, however. It fails to account for cost of living variability by locale and for the value of a family’s government transfer benefits (food and housing assistance, health and other insurance benefits, etc.).

Recently, the federal government sought to correct for these shortcomings by developing the supplemental poverty measure. This rate corrects for geographic differences in the cost of living while also incorporating government transfer payments and other inputs into family resource estimates.

Critics of the new supplemental poverty measure point out that it defines the poverty threshold by indexing it against a moving benchmark (using a calculation based on a level of spending achieved by two-thirds of American families near the 33rd income percentile) rather than establishing a minimum floor. The supplemental poverty measure therefore is a relative rather than absolute indicator of poverty.

This critique underscores the central argument voiced by those on the right of the political spectrum. They point out that when you look at material circumstances, you see that the poor enjoy a considerably higher absolute standard of living today than in the 1960s, when President Johnson launched the War on Poverty. Refrigerators (now present in 99.6% of households), television (97.7%), microwaves (81.4%), air conditioning (78.3%), and cable television (63.7%) are key amenities enjoyed today by high percentages of those deemed officially poor (see the Heritage Foundation series on Poverty and Inequality).

Those on the left answer by saying that a focus on gains in absolute standard of living ignores key shortfalls that continue to hinder the poor, including lack of educational and employment opportunities, food insecurity, inadequate health care, and such other correlates of poverty as the burdens of living in high-crime neighborhoods, etc.

Notwithstanding the merits of the arguments on either
side, the question remains: What does this all mean for North Carolina? How does the state’s unfortunate top ranking in spatial poverty increase since 2000 matter? There is at least one central issue that I’m sure both sides can agree on:

- From an efficiency standpoint, is it possible for state and local economies to thrive at an optimum level with so many persons living in areas of concentrated poverty? Moreover, for North Carolina industries, are there externalities associated with this phenomenon? The recent [profit declines at Walmart](https://www.reuters.com/article/us-walmart-usa-profits-idUSKBN18C0OE) and [Family Dollar](https://www.reuters.com/article/us-walmart-usa-profits-idUSKBN18C0OE) have been linked to the sluggish economy and specifically to the rising numbers of low-wage workers in many communities. A critical question: are other North Carolina industries experiencing similar profit erosion and slow growth due to this phenomenon?

Focusing on the relative vs. absolute poverty debate misses these key points. Given the rather slow, uncertain economic recovery, we need to ask some hard questions about the current state of poverty in North Carolina and the prospects for our state’s future. North Carolina should embark on an in-depth exploration of poverty, its correlates, and its implications for the statewide economy. North Carolina’s [Metropolitan Mayors](https://www.nationalmetros.org/) are already leading the way in discussing how poverty negatively impacts the vibrancy of our urban centers. As a state, we would be wise to take heed.

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