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## **“Concentrated Working Poverty” Rates Climb After Decline in 1990’s**

### **Very Poor Neighborhoods Grow in Midwest, Northeast; Shrink in West**

(Washington, D.C.) – After dramatic declines in concentrated poverty in the 1990’s, the number of low-income workers and families living in high-working-poverty neighborhoods rose by a striking 41% in the first half of this decade, according to a report released today by the Brookings Institution.

“Reversal of Fortune: A New Look at Concentrated Poverty in the 2000’s” draws on data from the IRS to measure the change in rates of “concentrated working poverty” nationally and in many of the largest metropolitan areas across the country. The study defines the concentrated working poverty rate as the share of low-income tax filers (those receiving the Earned Income Tax Credit, or EITC) living in communities where at least 40% of all filers receive the EITC.

The report shows that of the 58 large metropolitan areas studied, 34 experienced increased rates of concentrated working poverty between 1999 and 2005. Many of those metro areas, including Rochester, Detroit and Cleveland, are located in older industrial regions in the Midwest and Northeast. Western metropolitan areas, on the other hand, saw a steep drop of 42% in the number of EITC recipients living in high-working-poverty communities.

“The economic downturn and slow recovery in the first half of this decade caused an expansion of high-poverty neighborhoods in both central cities and suburbs,” commented Alan Berube, research director of the Metropolitan Policy Program at Brookings and a co-author of the report. “Robust economic growth, together with smart policies that help reduce economic segregation, remain critical for helping low-income people and places.”

The report contends that the spatial concentration of poverty has multiple impacts ranging from discouraging private sector investment, reducing local job opportunities, burdening public schools, and damaging the mental and physical well-being of residents who live in its midst.

“It’s clear that despite gains in the 1990s, we have not solved the problem of concentrated poverty,” stated Elizabeth Kneebone, lead author of the report and senior research analyst at the Metropolitan Policy Program. “As the economy stalled this decade, many of the poorest communities were left behind first and fastest. The weak economic forecast ahead makes it likely that we will finish this decade having ceded some of the stunning progress we achieved against concentrated poverty in the prior decade.”

Rates of concentrated working poverty among metro areas vary greatly. For example, 30% of Fresno’s EITC filers lived in areas of high working poverty in 2005, and 9 other metros, including New York and St. Louis, had concentrated working poverty rates of at least 20%. At the other end of the spectrum, several metro areas—including San Diego, Washington, D.C., Phoenix, and Minneapolis-St. Paul—had concentrated working poverty rates under 5%.

High-working-poverty neighborhoods increased in both cities and suburbs over the first half of the 2000s. By 2005, however, the working poor in cities were still 5 times as likely to live in a high-working-poverty community as their suburban counterparts. Yet many metro areas, such as Detroit, Los Angeles, and Chicago, showed increasing rates of working poverty in many of their suburban communities.

The report recommends strengthening policies that forge connections between the residents of high-poverty communities and their surrounding labor markets so that low-income workers are not “last in, first out” of the local economy. It also calls for policies that foster greater economic integration throughout metro areas, helping to make more places “neighborhoods of choice and connection” for residents at all income levels.

**Tables:**

[Top and Bottom Metro Areas by Concentrated Working Poverty Rate TY 2005](#)

[Top and Bottom Metro Areas by Change in Concentrated Working Poverty Rate TY 1999 to TY 2005](#)

**About the Metropolitan Policy Program at Brookings**

Created in 1996, the Metropolitan Policy Program provides decision makers with cutting-edge research and policy ideas for improving the health and prosperity of metropolitan areas including their component cities, suburbs, and rural areas. To learn more visit:

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