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"STUNNING PROGRESS, HIDDEN PROBLEMS:
DECLINES IN CONCENTRATED POVERTY IN THE 1990s"

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MR. BRUCE KATZ: My name is Bruce Katz and I'm director of the Center on Urban and Metropolitan Policy and welcome to Brookings. Before we start the festivities today, we would like to, as the television says, get a word from our sponsor. Reese Fayde is the CEO of Living cities and as many of you know Living Cities is a consortium of major philanthropic foundations and financial institutions that has more than a 10 year history in investing in community development corporations in 23 cities around the country and about 2 years ago Living Cities made a contribution to Brookings to focus on the impact and the implications of the census for American cities and metropolitan areas, so Reese Fayde to welcome us for the day.

MS. REESE FAYDE: I've always wanted to be a commercial, gosh, such a rare opportunity. Good morning and thank you very much Bruce, and thank you all for being here. As Bruce described, Living Cities is a consortium of foundations and corporations in the federal government and what we really are dedicated to is looking at neighborhoods, looking at the work that is going on in neighborhoods and really connecting the people and business activities in those neighborhoods to the larger regional and national economy. We are very fortunate to be able to draw in very specific and tangible ways from the work that is done in neighborhoods to really inform what we hope to be a policy agenda that really has some impact – and today, all of you sitting here is a delightful testament to this being the right direction to move in.

What we want to see are more conversations, more gatherings like today, where people come together, truly, to talk about what are the implications of what is going on in our cities and what we can do in a proactive way to make the lives of the people who are living in urban areas better, as well as to improve our overall economy. So, I thank you very much for joining us today, and further, we are looking forward to this continued relationship. I see this as just one of many conversations that should be picked up both here and across the country, so thank you very much.

MR. KATZ: Before introducing our first presenter, and allowing the session to proceed, I would like to add some thoughts on the Living Cities Census Series, and place what we're doing today in context.

As I mentioned before, Brookings has received support from Living Cities to assess the meaning of the 2000 census for major urban areas in the United States. To date, some of you may have received some of the reports that we have released on population growth, decentralization, racial and income change, ethnic change, poverty and aging, and the top 100 cities and metropolitan areas in the United States. In the coming months we'll be releasing separate reports on change in metropolitan income, educational achievement, immigration and housing. And the reasons for doing, our reasons for focusing on the census are really quite simple: we strongly believe that the 2000 census presents a special challenge and opportunity for urban leaders in our country.

The United States is going through a period of dynamic, volatile change that we have really not seen since the latter part of the 19th century. Our population is growing older – affecting settlement patterns, lifestyle choices and consumption trends. We're becoming a more diverse nation – the past decade witnessed the most significant wave of immigration in the past 100 years. Our economy is continuing its transition from a manufacturing to a knowledge and service based economy, placing new demands on educational and workplace systems. For cities, understanding the census is more than an academic exercise, though that's the kind of thing Brookings likes to do at times, it is an exercise in setting the agenda for the next decade. The census will have a profound impact, we believe, on political, policy, and economic choices, as well as the social context in which those choices will be made. Now, information about the residential patterns about the poor and working poor, including today's findings, will shape debates on issues as diverse as federal public housing and welfare reform, school financing reform, and suburban jobs, housing, and transportation access. Information about population and economic decentralization will fuel new concerns of sprawling development patterns at the exurban fringe and help, perhaps, support the nation's smart growth efforts. Information about the changing compositions of city populations will effect and inform local debates over the appropriate mix of city services. To understand the census, essentially, is to understand and help set the policy framework for cities and neighborhoods. This is particularly important for cities given the social and economic diversity. We already know that city performance over the past decade has been highly uneven – for every booming Phoenix there is a faltering Philadelphia, for every Boston, a Baltimore.

That brings me to today's session on concentrated poverty. I think one of the most troubling trends to come out the last census, the 1990 census, was the extensive growth in concentrated poverty in our major cities. To some extent this wasn't a surprise – I think most folks in this room have probably read William Julius Wilson's work in the late 1980s, his path-breaking research on work and employment and poverty in Chicago and elsewhere – but the extent of the increase in concentrated poverty in the 1970s and 1980s was truly extraordinary, and many scholars in the 1990s, including some who will present today, spent an enormous amount of time and energy trying to discern what this trend meant for families, for neighborhoods, for cities, and for regions. Today, we're going to hear some extraordinary news – as the poster says, Stunning Progress – on the concentrated poverty front.

First, we're going to hear from two scholars, Paul Jargowsky and Tom Kingsley, who have conducted separate, but complimentary and reinforcing, research on concentrated poverty trends in the 1990s. Both Paul and Tom will describe what happened to concentrated poverty both generally and with regard to particular places and regions – they'll be doing powerpoint presentations, just want to warn you if anyone is allergic to powerpoint. We're not trying to be sadistic here, just trying to impart information. Tom will be joined by his colleague Marge Turner, who has also done some targeted research on concentrated poverty in Washington, D.C., which was the subject of a *Washington Post* article yesterday.

Then we'll hear from two respondents, Angela Glover Blackwell and Ron Haskins, who will discuss what the decline in concentrated poverty means for policies and places.

Then we'll have a panel discussion of all the presenters, during which you will have ample time to ask questions. So first, let's go to Paul Jargowsky – all of you, hopefully, have a copy of the presenters' bio's, so I will be very brief in my introductions. Paul is an Associate Professor of the University of Texas at Dallas; he is the author of, perhaps the seminal book on concentrated poverty, *Poverty and Place: Ghettos, Barrios in the American City*, published in 1997.

Just one more ground rule as Paul comes up – both he and Tom are gong to present for about 20 minutes with these powerpoints, then we'll have a little time, very little time for clarifying questions, but we want to leave most of the substantive questions until after the pwerpoint presentation and the respondents; so, Paul Jargowsky.

[Applause.]

MR. PAUL JARGOWSKY: All right – well, hope it's not too annoying to have poweroint, but I think you'll enjoy some of the maps that I'll be able to show you about what's going on in different cities.

I just want to start by talking about poverty itself – and clarify what we're talking about here today. The official government definition of poverty, essentially, looks at a family's income and compares it to a fixed dollar amount which is meant to represent the cost of basic necessities. And that is certainly sensible because being poor means you don't have enough money to afford basic necessities. But when we really talk about what it means to be poor you get a lot of different issues that come up: fear of crime, gangs, dilapidated housing, rats, lead paint, and a climate of despair and a sense of social and economic isolation. All of these factors are not based solely on a family's income but also on the conditions in the neighborhood in which the family lives. And, if you read a book like *Amazing Grace* by Jonathan Kozol, you'll really get a sense that what it means to be poor has a lot to do with the spatial context in which you live. So what I'm looking at today is essentially the tendency of poor persons to be clustered in high-poverty neighborhoods. And we really need to focus on high-poverty neighs for a variety of reasons.

The first is that when poor families are clustered in neighborhoods, then that means their poor children are clustered in schools – because schools are based on geography. And when that happens, the social problems and the lack of resources in the home tend to spill over into the schools and the schools don't function effectively. It makes it difficult for the teachers and principals to do what they need to do.

Secondly, children and teens, especially, in high-poverty neighborhoods are subject to negative influences, temptations of the street as Elijah Anderson would put it, that can really have a profound effect on their lives. And they also lack positive role models, and positive influences and examples of how to succeed in life. And even for adults living in these high-poverty neighs there are a series of problems – one of which would be a lack of connection to people who are working, and tied into broader opportunities. Many people get their jobs through word-of-mouth, or contacts, through knowing people who are employed somewhere else, and when none of your neighbors or a few of your neighbors involved in that kind of activity it's hard for you to get hooked up to it. So there are a lot of important reasons we should care about the spatial distribution of poverty. It effects all of our public policies, everything from public health, education, and a variety of other areas.

I think first I need to say a few words about methodology so that the numbers that follow will be understandable. The data we're using today is from the long-form of the census. That's about a 1 in 7 sample of the United States – so there are a hundred-million households – from 1990 and 2000. And then, we're looking at neighborhood poverty – for neighborhoods I used census tracts which are small divisions created by the census bureau for administrative purposes that have about 4000 people on average and roughly correspond to a small neighborhood. Then we look at the family poverty rate – family poverty, I'm actually using the standard federal definition that I mentioned earlier that was developed back in the 60s. Then, a high-poverty neighborhood is defined as a census tract where at least 40 percent of the residents are poor. Now, this number is somewhat arbitrary, why 40 percent, why not 39 percent? But if you go to a neighborhood that is 40 percent, and I've been to many of them, these are very economically devastated areas. They have the look and the feel of places that are really suffering. And so, if we get down to 20 percent and 30 percent, those neighborhoods also have more poverty than the average neighborhood but still have the sense of some vibrancy and some possibility and so on – it's the 40 percent neighborhoods and above that really, I think, are the ones we were most concerned about. But again, you could look at this different ways, and certainly 30 percent poverty in a neighborhood is not a good thing in a neighborhood either. So, then the other thing is, I looked at metropolitan areas as the my key unit of analysis because metropolitan areas are sort-of a social and economic unit, that's somewhat comparable across the country whereas central cities, per se, are drawn but have arbitrary boundaries done by politics and history, so I go with metropolitan areas.

Bruce mentioned my book – thank you for the kind word you said about it – in the previous research we did find these huge increases in the size of ghettos and barrios, the large increase in the percent of poor that live in them and we also found, essentially a doubling of the population in these high-poverty neighborhoods. The economy obviously had a huge effect on that because cities where the economy was weak had much larger increases. But, on average over the country and over the 70 to 90 period the economy did not get much worse, in fact it got better by some measures. And yet, we saw a doubling of population in high-poverty neighborhoods.

Racial segregation also serves to concentrate poverty because African Americans are poorer than whites, and so are Hispanics, so the more racial or ethnic segregation that you have it would concentrate poverty naturally. But over this period of time, racial segregation was actually declining slightly, so that wasn't causing this big increase that we saw. So there must be something else going on.

And that something else, I think, we can think about it as suburban development patterns. Or, maybe just development patterns overall, so suburbs are just part of a larger development dynamic. But this dynamic involves outer-suburbs growing very rapidly, much more rapidly than the population growth rate of the metropolitan area as a whole, and not just that it is growing rapidly but that they're growing in a particular way with high-income developments, sort of single-income style developments, the highest income families are being drawn to the outer-suburbs, the next level of families in terms of income moves into the suburbs behind that, and there's a filtering process that reaches all the way into the central cities. And the poor are left behind in the poorest neighborhoods. That's essentially the pattern that we observed in the 70 to 90 period – poor left behind in the central cities. So I've argued, and David Rusk has argued and a lot of people have argued that suburbs and slums are the most visible manifestations of this development dynamic that favors the rapid, highly-exclusionary patterns of housing development. So that's where we are. And then the question, what about 2000?

Lot's of things have happened. First of all, there's a very strong economy, that, by my measure peaked in April 2000—that's the value of my retirement account—and so that's when the Census was taken, and so, very strong economy during that period of time and how much impact did it have on concentrated poverty. We also have policies that may have helped de-concentrate poverty: HOPE IV, more reliance on section 8, we weren't building the kind of projects that we used to build decades ago and even welfare reform could have an influence on this. Even if you have a very dim view of welfare reform, of turning the welfare reform into the working poor, if they are working poor they still need more sensitivity to their location to be near jobs. So that could have had an impact on concentration of poverty.

So I expected to see declines in the percentage of the poor living in high poverty neighborhoods. I didn't expect to see much change though, in the number of Census tracts that were about 40 percent, because I hadn't seen that any time that I looked at other cities, even cities that had improved; typically the neighborhoods did not improve—people just moved out. And so I didn't expect to see that much improvement.

Maybe some gentrification, I certainly saw evidence of gentrification, had heard stories about it, but to use Brian Berry's phrase, "I thought that would be islands of renewal and seas of decay." It's an old phrase but quite memorable. But I was wrong and sometimes it is very good to be wrong.

Poverty became substantially less concentrated over the 1990s. Nationwide, the number of high poverty census tracts, high-poverty neighborhoods, declined by 27 percent. It was over about 60,000 census tracts, it declined from 3,400 to about 2,500, and that's a substantial decline. Also the population declined by 24 percent, over ten million people living in high poverty zones to just over eight million. And this is nationwide including metropolitan areas and non-metropolitan areas.

In order to compare the trend over a longer period of time, to see how this all fits in, I can't compare non-metropolitan areas back to 1990. The Census Bureau at that time did not divide those areas into census tracts. So now just looking at metropolitan areas, we can fit it into the longer looking trend. You see here the growth between 1970 and 1990 and the number of high poverty tracts nearly doubles as does the population and then substantial reversal of that trend going into the 2000 Census.

OK. Going to the next page. Most residents of these high poverty areas are members of minority groups. So about one-fourth of the membership here are whites, non-Hispanics, and then we have about 40 percent African-American, and 30 percent Hispanics. That is similar to the figures observed in 1990, except that in 1990 it was closer to half African-American and more like a quarter Hispanic. So we've seen some change in the make-up of the residents of high poverty neighborhoods, in those few years. The report shows in 1990 data as well.

There is uneven trend, regional. Regionally, we see that the Northeast had essentially no change. That's pretty amazing given the economy over that period of time. No change in the number of residents of high poverty neighborhoods. The Midwest had a substantial improvement and that improvement was driven essentially by a decline of a million persons living in high poverty neighborhoods, about 77 percent of that decline were African-Americans. We look at the South, and again a substantial decline of 1.6 million and that is, this change here is, largely is made up of half African-American and the rest Hispanic and non-Hispanic whites. The difference is the story of the West where we see an increase in the residents in high-poverty zones, and that increase is essentially 100 percent Hispanic.

States, when we look at states, we see that red states have increases and the green states have decreases in concentrated poverty populations. Thirty-nine states had decreases and eleven states, with the District of Columbia, had increases. The states with increases in concentrated poverty include states that essentially had zero in 1990, so I wouldn't take that very seriously. Mainly, the largest source of the increase is California. Of all the states that had increases in the concentrated poverty population, about 80 percent of those increases are in California.

Now I'd like to show you some maps and we were just talking earlier about how when we just started doing this business we had xeroxed copies of census tract maps filled in with colored pencils. Now we have better tools and it really enables us to do a lot more a lot more quickly. I will essentially show you an animation of the high poverty zones in Detroit from 1970 to 2000, using the census tract data. Red tones in these maps indicate high poverty areas, and the deeper the color the higher the poverty rate. But if they are red at all, that means that their poverty rates are at least 40 percent. The green zones are low or no poverty zones. After decades, you'll see Detroit they had a fairly dramatic reduction in size and population of the area. Here is 1970, this yellow line is the central city boundary, this is Dearborn over here, and you see the high poverty zone in Detroit in 1970. This area that is in lighter green is 20-40 percent poverty, the reddish area is forty percent poverty or more.

Then you go to 1980 and you see a pretty substantial expansion of the area of high poverty zones. That was a rather dramatic increase in Detroit. And then between 1980 and 1990, this is what happened to Detroit. This is really an amazing story. I visited Detroit during this period of time and it was just an astonishing time. There were houses that were just falling down into piles of rubble and nobody was removing it. It was really quite amazing. And it's a substantial proportion of the total area of the city. If you are the mayor of the city, this is a big problem. OK. You can't say your people with income moved to the suburbs and they are doing just fine, if you are the mayor of Detroit, you have this to deal with.

Now what happened to the year 2000? Well, here is the map. First time I saw that I didn't believe it. I thought there is a problem in my data and I spent another week working on it. I decided no, there is no problem in the data. That is what happened. Now, part of this is that some housing projects were torn down, part of this is that some of those census tracts in 1990 were already virtually empty, and so just a few families moved back. But no matter how you slice it, this is a big change and a lot more work has to be done to figure out exactly what was driving this change but it is a dramatic improvement.

So, Detroit is not the only city where we observe this but it is one of the more dramatic ones. Here is one of my favorite cities, Milwaukee, and it has again a small area in 1970, an expansion between 1970 and 1980, going to 1990 was a dramatic expansion. The '80s were a bad decade in the Midwest, as you can see. And then, we go to 2000, and it's not as dramatic as the Detroit story, but there is a change; there's also a shift north. And another thing to notice about it is, to go back to 1990 for a minute, the moderate income poverty neighborhoods also expanded. So there was some general diffusion of the poor to somewhat lower poverty neighborhoods.

Okay, Los Angeles was a different story. 1990 to 2000, there are more high poverty census tracts and a rather large increase in the population; I think it doubled in Los Angeles -- had a 109 percent increase. Los Angeles had a lot of things going on, not least of which was a fairly devastating riot in 1992.

Part of what you think about going on in these areas is that there are push factors and pull factors -- push factors like crime and racial tension that make people want to leave the area, move further out towards the suburbs. And then, there are pull factors. The suburbs have new houses, bigger bathrooms, you know, they have grass, and so on, and it attracts people to move out.

I think, you know, in the '60s and '70s, particularly, the push factors were very strong, because you had riots, you had high crime, and a lot of racial tension. People were moving out. And in most of the country, crime is down, racial tensions have really come down, I think, people are more willing to live in mixed neighborhoods than they were before. You know, the census doesn't tell us that, but this is my impression.

But in Los Angeles, we had a series of events that really kept the fire on and kept those push factors in place. Washington, D.C., another city that experiences a rather dramatic increase in the proportion of the population living in high poverty areas. I was always interested, in my prior work, that D.C. didn't seem to have very much concentrated poverty relative to other places.

By 2000, we have a general spreading out towards the South and West, and not only more high poverty neighborhoods, but more mixed poverty neighborhoods as well, with 20 to 40 percent areas that are in light green. I believe Marge's going to talk more about Washington, so I'll leave it there.

Now, I've been talking so far about the number of high poverty neighborhoods and also about the population, total population of those neighborhoods. But there's also a concern, a particular concern about the spatial effects of the concentration of poverty on poor people, that by being poor and also living with no resources in your own home, but also living in a neighborhood where you don't have resources among your friends and neighbors, that you develop what Bill Wilson called concentration effects.

And so to measure that, I looked at something called the concentration of poverty, which is defined as the percent of the total poor from, say, the total poor in a metropolitan area, who reside in a high poverty neighborhood. In theory, you could have lots of poor people, none of whom resided in a high poverty neighborhood if they were scattered around. So this concentration of poverty is the figure I'm looking at.

Between 1990, the blue bars and the sort of reddish bars, 2000, we see substantial declines among every group that I looked at. Among whites, the figure is a small decline, but they were small to begin with. It goes down from 7.1 percent of the poor to 5.9 percent of the poor. But the real story is, of course, minority groups. About 30 percent of the -- this is nationwide -- 30 percent of the poor lived in high poverty areas by 1998. By 2000, it was 18.6 percent.

That's a substantial decline. Same thing, Hispanics experienced a large decline. Indians, Asians, whatever group I looked at this is what I found: declines in the concentration of poverty. Now, I look at concentration of poverty, dividing it up into different zones: central cities, suburbs, and non-metropolitan areas. And one interesting thing that I found is that the suburbs had a low concentration of poverty, as you might expect, and yet, they also had the smallest percentage point declines among both African-Americans and Hispanics.

And also, the total number of persons residing in high poverty neighborhoods didn't really go down in the suburban areas. So that caused me to want to look some more at suburbs and what was going on there. This is a map of Detroit again, which we looked at before -- poverty in 2000. And we now can see that here, the central city is now a smaller area, because I've zoomed out a little bit, pushed the satellite up a little higher.

And what I'm going to do now is show you the change in poverty rates rather than the level of poverty in 2000. When I look at the change in the poverty rate from 1990 to 2000, here's what I find. The central city has green zones; these indicate decreases in poverty. Well, that's consistent with what we saw, but the area improved. But all around the central city, there are these inner ring suburbs that haven't experienced any increases in poverty.

This is during a time when we had 4 percent unemployment. You know, I find this pretty interesting. And so I thought, well, this could be an aberration, so I started looking at other cities. And what I found is that in city after city, I see the same kind of bull's eye sort of pattern. Here's Chicago; again, here are areas that had decreases in poverty in the central city areas that were formerly high poverty neighborhoods, or still are in some cases.

But the poverty rates were going down. Around the central city, poverty rates were going up. St. Louis. Here, I'm going to compare '70 to '90. In St. Louis, every place had increases in poverty between '70 and '90, okay, and here would be the downtown area there. In 1990 to 2000, we see this area had a dramatic improvement in central city St. Louis, and yet around the city, increases in poverty here and here.

Cleveland: again, '70 to '90. Cleveland was having a very difficult time. But between '90 and 2000, decreases in poverty here, but all around the central city, right outside the central city boundary, actually we see increases in poverty rate. These are all inner ring suburbs around Cleveland. It's a fairly ubiquitous pattern.

Dallas. Again, Dallas, over '70 to '90, had increases in poverty just about everywhere, but improvements '90 to 2000. But outside the central city, right around the edges of the central city, we still see increases in poverty. I live up here in a suburb called Richardson, and it's just north of the city, and I think I could probably go to the city council there, and they'd probably offer me a few dollars to burn this map, because they're very busy denying that they're now subject to some of these same pressures that were once considered to be just central city's.

So, in conclusion, I think you could say that a strong economy with low unemployment is incredibly powerful, and it's done a lot of good, because both the size and the population in these high poverty neighborhoods has declined substantially in most of the country. But we also have to do a lot more work. I have just described what happened so far; I have not really figured out, lately, what's been causing it.

And we need to do a lot of work in the next few years on the relative contributions of the economy, but also public policies, things like gentrification, things like immigration. We have a lot of different factors to look at and tease apart, what's going on in these neighborhoods. So I, by no means, think that we're done with this yet.

Central cities have the infrastructure and they have the amenities to really come back. They can really survive, they can really prosper under the right economic conditions and with some sensible policies. Entering suburbs, on the other hand, I think are substantially more at risk. They don't have the amenities or the attractions that the central city has. Even in this really good time, they were experiencing a great deal of decline.

The last thing that I'd like to show you is a little different. I'd like to actually demonstrate, just very briefly, if I have a couple of minutes left, I think, this website that was developed with the funding that I received through Brookings. And what I really wanted to be able to do is to make these kinds of maps available to citizens' groups, local people, city planners in smaller cities that don't have a GIS specialist, don't have fancy hardware.

So I've developed this interactive website, and it's actually all of the maps that you saw here today, except for the first one. I made it on this website and cut and paste them into my power point. You can do the same thing. So I'm going to show you this website -- let's see if it fires it up here. And what, essentially, it does is it has every census track in the United States, with data from '70 to 2000.

And this is the first page that you come to. There's some discussion of documentation, but I think that -- there we go. You get a map that looks like this. And from this map, you can zoom in on any area of the country that you're interested in. So, for example, we could go to Boston or, let's say, Baltimore, anywhere you want. This is very powerful. After this loads up, you see, once you're getting closer, it starts to show you the census tracks.

Here we are with, up here is Washington, D.C., so I'm going to zoom in one more time. Once you get into the area that you want to see, you now can look at a variety of variables. Here's percent poverty in 1970. You can come over to the area on the side and take a different tack. Let's look at poverty areas in 2000 and click "change," and you'll get another map with exactly the same aspect, and you will see the poverty zones in 2000.

And again, now, this image, you could print it; this image, you could cut and paste into your power point presentation, take it to a local city council meeting and say, "Look what's happening in my neighborhood." So it's fairly simple. The number of options you have are limited, but that was on purpose, because I wanted to make it easy to use, and I was also not sure we could get it to work.

[Laughter.]

And the other thing here, now we go to the changes, and I want to show this because I want to find out from Margery why it's happening. Here's the change in poverty rates, and the computer doesn't want to do it. You have a variety of other options you can turn on or off the streets, the major highways. You can also, if you have GIS and you like this map and you want to use it, there's an option for saving the map file and the data that underlie the map for, you know, the current map.

You notice that the red zones are the increases in poverty rates, and it's very strongly concentrated on the eastern side of the city, and also on the suburbs. This is a very dramatic spatial pattern. So what a map does -- a map is not usually the answer to a question; it's usually the question. The map presents the question. It takes a lot more work on the ground, people who know what's happening to really understand it.

By making this website available to the general public, I think the people on the ground now will be able to go and get the map to see what the questions are that they have the answers to and that they can try to get their policymakers to respond to them. So that's the website. I'm happy to demonstrate it more later on.

Questions?

Q: Does rural poverty follow the same map? I don't know if you studied that, but maybe you know that. And secondly, does governance, competence, non-competence, [inaudible] in terms of a correlation between poverty and -- ?

MR. JARGOWSKY: Okay, the second question first. No, I didn't look at governance. At this point, I'm really just working with the census data itself, so I've been looking at population shifts and movements and poverty shifts. Looking at the effectiveness of metropolitan governance is high on my agenda, though. And the second thing, you asked about rural poverty. 1990 was the first year that they had divided up those areas in census tracks, so for the first time, we can really look at concentration of poverty in rural areas.

And in fact, it declined very substantially as well. Non-metropolitan, it's not exactly the same as rural. I mean, non-metropolitan includes a lot of smaller cities. But in those non-metropolitan areas, smaller cities and rural areas, there were dramatic declines in the concentration of poverty. But it's something of a different phenomenon there, because the economy is so different. It needs a serious study all by itself, I think.

Q: A few more questions. Was [inaudible] -- ?

MR. JARGOWSKY: Excuse me.

Q: Total decline of -- ?

MR. JARGOWSKY: Oh, actually, that's a very good question. The poverty rate declined during this period, but because there was population growth that was also going on at the same time, the number of poor people in the country, as measured by the census -- it's a little different than the CPS, as Robert Pair (ph) pointed out to me -- but the number of poor people in the country actually increased slightly over the 1990 to 2000 period. But as I said earlier, the number of poor people who reside in poor neighborhoods declined by 24 percent. So that was one of the first things that I looked at.

I said, oh, well, maybe this just reflects the decline of poverty overall. But it wasn't that. It was, in fact, a spatial change. That's a very good question.

Q: [Inaudible.]

MR. JARGOWSKY: I absolutely think that's right, and I think not just housing stock changes in the central city, but housing stock changes throughout. And one of the things that I think is disturbing about the way we're now currently building our metropolitan areas is that once you build that housing stock, it has a long lifespan. So if you build highly economically segregated housing stock, you're stuck with that for a long time. And, you know, that's going to affect education policy, transportation policy, everything else.

MR. KATZ: We're now going to move onto the next power point presentation, which will begin with a presentation by Tom Kingsley. And out on the desk in front of this room, you saw that there are really two, actually, three reports that are coming out today, one from Paul Jargowsky and Brookings, one from Tom Kingsley at the Urban Institute, which, as you'll see, looks at this particular issue with a slightly different cut than one from Marge Turner, which looks at the Washington, D.C. metropolitan area, in particular.

Tom is a senior researcher at the Urban Institute. He currently directs the National Neighborhood Indicators Partnership, which is an initiative for the development of information that is transparent and accessible to neighborhoods throughout the United States. So we'll hear from Tom first, who will discuss his study, and then Marge will come up at the end of that and talk about this particular area, what's happening in Washington, D.C.

Marge directs the Metropolitan Housing and Community Center at the Urban Institute. From 1993 to 1996, she was deputy assistant secretary for research at HUD, which is where we got to know each other very well. So first, Tome Kingsley.

MR. TOM KINGSLEY: Thanks a lot. I'm delighted to be able to present the results of our research, done by myself and my colleague, Kathryn Pettit at the Urban Institute. We're looking at the same phenomenon, but as Bruce said, with some somewhat different cuts. The major differences methodologically, while we're still dealing with tracks and looking at similar changes measured in a number of the same ways, is that we focused first on metropolitan areas; we didn't look at the non-metropolitan areas.

Secondly, we developed a method of holding census track boundaries to be comparable over time -- developed a new database called the Neighborhood Change Database that allows that to take place, and it's going to, in future work, let us do a lot more to see how things have changed and compared over time.

The most important change, I think, for us to talk about today, or difference, is that we're trying to look over the pattern of poverty across the broader spectrum, the full range of levels of poverty in different parts of our metropolitan areas. And specifically, in this presentation, I'm going to focus on a different threshold than Paul used, 30 percent or more in poverty.

What would happen if all of the improvements that were talked about moved the share in poverty down from 40 percent, just below that threshold? Folks would still be in fairly high poverty areas. So we wanted to find out the extent that that was true. And, in fact, areas between 30 and 40 percent poverty also have some pretty serious problems. For example, female-headed households, as a percentage of all households with children, were only 24 percent, on average, for all metropolitan areas. But 54 percent in the 40-plus areas, but 44 percent, still pretty high, in the 30 to 40 areas.

So this is not arguing that -- I agree with Paul, that the 40-plus areas are the places where the really serious problems exist. But I think we need to learn more about how to deal with poverty in a whole variety of different contexts, so it's good to look at some of those as well. The answer is the same and, I think, in a way, even better news in the aggregate.

The bars on the right show the 40-plus category, and the black bar is 1980, the white bar is 1990, and the hatch bar is 2000. And by our calculations, in metropolitan areas, the share of poverty -- this is the concentration ratio -- the share of poverty in 40-plus areas went from 13 percent in 1990, or '80, all the way up to 17 percent in 1990, and then way back to 12 percent in 2000.

Now, what did not happen is all of those, that share being moved down to the next category, which is 30 to 40 percent. That share stayed level at about 14 percent. But what was really going on there is that many of the tracks that were previously in the highest category moved down to 30 percent, in the lower categories, and a number in the 30 to 40 percent range also moved down. So what we had going on in this decade is an increase in the middle categories, in the 20 to 30 percent range, a share of all poor in those areas grew from 18 percent to 21 percent, and 27 to 29 in the 20 percent range -- so this is not spread into the low poverty areas as much as it is into the middle ranges, and I think we have a lot to learn about that.

A number of other characteristics as we look at this totally, we see together that the 30s, 30 to 40 and 40-plus, the percentage of the poor population went from 25 up to 31 in 1990, and down again, almost all the way back to 26 percent -- a stunning reversal at this level that compares with the one Paul talked about. 7.1 million people in those areas, in 1990, down to 6.7 million in 2000. And you'll notice this is about twice as many poor people we're talking about in these areas as exist in the 40-plus areas.

Compositionally, similar things were going on. In 1980, going back to 1980 to get this change over two decades, two-thirds of all of the tracks -- this is the share of the tracks in our high poverty definition of 30-plus -- two-thirds of them were in the central cities of the largest 100 metropolitan areas. By 2000, that was down to 62 percent. And the only areas where growth is corroborating -- Paul's finding at 40 percent, the same thing with 30 percent.

The area where that growth in share of tracks took place was in the suburbs, and particularly in the 100 largest metropolitan areas, going up from 11 percent to 15 percent. Also, similar findings -- this has been measured in slightly a different way. We're talking about the share of tracks that were predominantly, meaning 60 percent or more of the population, in one racial group or another, almost half of all the tracks in the high poverty categories, in 1980, were predominantly African-American in 1980.

That's all the way down to 39 percent by 2000. The share white declined somewhat, and obviously, the shares that really increased were those, predominantly, Hispanic, going up from 13 to 20 percent. And actually, that's a type there. The other and mixed group went up from 21 to 26 percent. So big changes.

And now, I'd like to talk to you a little bit more in depth about where the changes took place by region. The story by region in the aggregate is the same as that that Paul told. But using some categories developed by demographer Bill Frey, there are some very interesting contrasts, I think, within regions. Regions don't explain everything we're looking at.

Frey divides metropolitan areas up into three categories; one is melting pots. These are the places that heavy immigration has taken place. Specifically, he defines them as places, or metropolitan areas, where minorities represent 30 percent or more of the total population. And 18 percent or more of the total population is a non-black minority. Of all those cities remaining, he defines places that have 16 percent or more of their population African-American as largely white/black, and all the rest he defines as largely white.

So the Northeast is a fascinating area. We haven't thought about in quite these terms. The melting pot metropolitan areas are all around metropolitan New York. And you can see that their share in high poverty was extremely high at the beginning, or all through this period, really. But it's been diminishing gradually, going from 47 percent down to 44 to 41.

The largely white areas are the places where strong reversals took place. These are largely, or generally, smaller metropolitan areas and places where, in the aggregate, the share in high poverty areas remained the same. But there were specific places that had some sizable increase -- Albany, Allentown, Providence, Syracuse, Worcester. And there's only one in the largely white/black category, which is Philadelphia, and concentrated poverty went up in Philadelphia as well by this measure.

In the Midwest, generally, as Paul said, things got a lot better. This is the region that the most severe increases in concentrated poverty in the '80s. It had the sharpest reversals. The melting pot areas are Chicago and Minneapolis, and a dramatic decrease in concentrated poverty, from 38 percent to 27. The largely white there are 13 metropolitan areas, in that category, including Indianapolis and a number of other fairly prosperous Midwestern areas in this last decade, and the concentrated poverty ratio went down from 33 to 23.

The largely white/black areas -- look at the 46 percent in 1990. These were the places, the images of the “Rust Belt” cities in that decade. They included Cleveland, Detroit, Gary, Milwaukee, St. Louis. And look at the drop from 46 percent to 33 percent. A lot of people would never have thought that that was possible in those areas, at that time.

In the South, things improved almost everywhere; there are only two exceptions to talk about. One, by our measure, Wilmington got worse. Wilmington is outside of Philadelphia and doesn’t really belong to this general category. The other one is Washington, D.C., which, by our measures, stayed pretty much the same. There was not a great jump in the 30-plus poverty category. But as Mark’s going to explain in a few minutes, in the serious extreme poverty category, things got a lot worse.

And then probably the most interesting region, I think, is the West. Paul talked a lot about this. But, again, it’s a region we don’t understand or think about a lot. The melting pot areas, there’re 18 of them that meet Frey’s category, and they went up in terms of our concentrated poverty ratio from 24 to 27 percent over this decade. They are contrasted with those that are in the largely white category, where it started off with very low concentrated poverty -- 14 percent in 1990, going down to 7 percent in 2000.

Those include Denver, Portland, Seattle, Tacoma, and Salt Lake City. But among those, 8 out of the 18 in the melting pot category saw increases in concentrated poverty. And they include the ones that Paul talked about: Los Angeles, Riverside. But the other group is the concentration of large metropolitan areas now in the Central Valley in California. Bakersfield, Stockton, Sacramento, Fresno have some of the highest rates of concentrated poverty in the country. And the interesting part of that story, in many ways, is the places with the lowest concentrated poverty in the country are also in California: Vallejo, San Jose, San Francisco, on the Coast, not that far away. The extremes in this country all take place in California. We’ve also started -- and this is an indication -- people want to know not just if concentrated poverty go up or down, but what about other measures of conditions in these areas?

And this is our first cut at a few of these indicators. And the story is that generally, yes, things did improve in high poverty neighborhoods. In high poverty tracks, the percentage of adults without a high school degree dropped from 48 percent to 43 percent over the decade. The percent of families with children that were female-headed dropped from 63 to 49 percent. Percent of females 16 or over that were employed went up from 40 to 42 percent.

Again, this is in these 30-plus tracks that we’re talking about. But note that the contrast between what’s going on in those tracks and the average is still, for the metropolitan areas, still remains dramatic. There are huge gaps in most conditions still, even though improvements have been occurring.

From this national review, just quickly over implications that are similar. Obviously, I think a booming economy is probably the major reason for the difference. But we have to think very seriously about the polices that supported the economy in achieving its objective in connecting people in these areas to a better way of life, and that seems to me a strong indication.

If we think back to what the conventional wisdom was in 1980, it was that cities are hopeless and there's nothing we can do. And I think simply overcoming that viewpoint may be the most important thing that this research can help to contribute to. But again, no reason for complacency; the game is not over. We found that, as Paul said, 2000 was the peak of the boom. We don't know what's happened since.

Things are not as good as they were in April 2000. But the last slide showed that even in 2000, conditions in these high poverty areas are still much, much more serious than they are in the metropolitan areas on average.

Finally, echoing again Paul's remark, there's a lot we don't understand. Why were there the contrasts in California? What happened to these tracks? Gentrification is the first thing that people seem to think about when we talk about these results, but these changes took place in all those Midwestern cities I mentioned that are not exactly what you'd call hot markets.

They are not the subjects now of a lot of gentrification. There are other things going on; we need to know more about what they are. But to understand in more depth, I'd like to ask Marge Turner to come up and talk a little bit more about what happened in Washington.

MS. MARGERY TURNER: Thanks a lot, Tom. As both Tome and Paul have said, the trends in the District are not nearly as rosy as the national story. And the Fannie Mae Foundation publishes an annual report on housing in the nation's capital, focusing on the District and its region. And as part of this year's report, the Urban Institute analyzed trends in concentrated poverty for the District and the region. And concentrated poverty in the Washington metropolitan region is totally a D.C. phenomenon. It is not occurring anywhere else in the region.

So I'm just going to give you a couple of slides and a little information about this sort of discouraging story for the District of Columbia. First, if we look at this slide and focus on neighborhoods in the high poverty category that Tom was talking about, more than 30 percent, that's the total height of these bars.

And what we're seeing is that there are more tracks in the over 30 categories, more people living in tracks in the over 30 category, and more poor people living in tracks in the over 30 category, from 1990 to 2000. But the story is even more discouraging if you focus on the extreme poverty category, the more than 40 percent, which is the black portion at the top of each of those bars.

In fact, there are more than twice as many tracks in that over 40 percent poverty in 2000 as in 1990. The population in those tracks more than tripled. And now, as of 2000, almost 1 in 4, who are residents of the District of Columbia, lives in a census track with a poverty rate over 40 percent.

Now, most, but not all, of those high poverty tracks are located east of the Anacostia River. And essentially the process that we saw happening was a process of many of the poorest neighborhoods getting poorer. So if you look at this map, the darkest reddish tracks are the ones that shifted from the below 30 percent category into the above 30 percent category. Is that right? No, they're the ones that stayed more than 30 percent.

The light ones are the ones that shifted from below 30 percent into the above 30 percent category during the 1990s. And the pale blue ones, of which there are not very many, dropped down from the above 30 percent category to below it. In effect, we've got 14 tracks shifting up from under 30 to over 30, 30 staying in the more than 30 percent category, and 11 of those went from over 30 percent to over 40 percent, and only six dropped down from over the 30 percent threshold to below it.

And most of those that shifted up are east of the Anacostia River. And we end up seeing, essentially, a filling in of the picture east of the Anacostia, especially in the neighborhood clusters that are called Sheridan, Douglass and Congress Heights, all areas that were profoundly poor and troubled at the beginning of the decade, but are becoming more solidly poor over the course of the decade.

Now, we think there are two major forces working together that are producing this result. One is that non-poor people are moving out of these poorest neighborhoods, a continuation of a trend of the '70s and '80s. But at the same time, it looks as if poor people may be moving into these neighborhoods, largely from other parts of the District of Columbia.

So what we're seeing is that these tracks, the tracks that are shifting into the higher poverty category, lost population even faster than the rest of the District of Columbia. But the share of the 2000 residents who moved into them within the last five years is higher than the rest of the District of Columbia. So they've got a net loss of population that's dramatic, but they also have a disproportionate number of recent in-movers.

Now, so far, we can't say for sure, but I think there are good reasons, given what we know about what's happening in the District's housing market, to think that the rising prices, rising rents, dropping vacancy rates, loss of affordable stock that's happening in some other neighborhoods, mostly west of the Anacostia, is pushing poor people out. And poor people are concentrating, even more than they were before, in the most distressed neighborhoods of Anacostia, where, in addition, a disproportionate share of the city's HUD subsidized housing stock is located.

So I think, for me, this was a surprising story. I have to say that given the help of this region during the 1990s and the vitality of the District's housing market, I expected to see improvements in the District's concentration of poverty during the 1990s. I think it's a very discouraging result that, in the face of a revitalization that we've all been looking forward to, the poorest neighborhoods do appear to be being left farther behind. I think it calls for some renewed creativity in policy here, not only in the District, but in our region as a whole.

[Applause.]

MR. KATZ: A couple of clarifying of clarifying questions for Tom and Paul.

Q: Marge, did the number of poor people in the District increase in this period?

MS. TURNER: No, the number dropped. The rate increased slightly, but the population dropped.

Q: For those policy wonks, concentrated poverty is pretty well understood. But when you get out to the layman, it's still a relatively new phenomenon. You gave us a few statistics on single fathers, employment levels, women 15 and older that were employed. Is there a chart that gets to the new statistics of health, crime, schools that could actually take zero to 30 percent areas and say "Got that; this is the laundry list," and then it goes 40 percent, this is what it normally means on average. And then there're many neighborhoods in poorer cities where it's 80 percent, and what does that mean, so that we could actually get the word out on those exciting statistics, to be able to react to this phenomenon?

MR. KINGSLEY: Well, the answer is partially yes, or can be. Those are some numbers we're going to run in the next phase of what we do, those exact comparisons for those numbers, where the census has data. But unfortunately, a lot of the data, like crime rates and teen pregnancy, and some of the other indicators you're likely to see, we know they've been going up in the aggregate, but we don't have them across the country by census track.

This is a part of our interest in neighborhood indicators to try to stimulate people to produce those numbers locally. So we will have more information of the kind you're talking about. And I agree that would be very helpful.

Q: Schools would be really important to what's happening.

MR. KINGSLEY: Absolutely.

[Inaudible.]

MR. KINGSLEY: Not directly in the census data. We'll be able to look a little bit more at that when more detailed individual data are available, but we can't do this across the board.

Q: Any more clarifying questions?

MS. TURNER: The high poverty and increasing poverty neighborhoods in the District are all predominantly black, 80 percent or more. The Hispanic representation increased slightly; Asian representation increased slightly. But it appears that the neighborhoods that are major locations for immigrants in the District, though they're poor, though they have faced a lot of distress, they are not in this highest poverty category, and they're not moving up in those poverty categories.

MR. KATZ: Okay. Thanks Tom and Marge. I want to ask all the presenters and the panelists to come on up and take a seat. We're still trying to figure out what that noise is. I think they're collecting our garbage, or something like that, outside. So hopefully, that will calm down in a minute or so.

By the way, if there's a fire alarm that goes on in the middle of everything, don't worry, there's not a fire; they're just checking our sprinkler system. So we could just stay here and sort of continue. What we're going to do here is hear from two respondents, initially, and then we'll open it up for a more facilitated conversation and interaction with the audience. And I'm going to introduce both of them right now, and then they'll come up in seriatim.

First, we're going to hear from Angela Blackwell, and she is the founder and president of Policy Link, which is a national non-profit organization that is dedicated to advancing policies that achieve economic and social equity. And I really urge a lot of folks in the audience, if you haven't done so, to go to their website, policylink.org, because they're doing, really, some excellent work on changes in low income communities in the United States and polices that dramatically improve the opportunities of those places and the people who live there.

And then, we're going to hear from Ron Haskins. And Ron Haskins is fairly well known to the Washington audience. He's a senior fellow in economic studies at Brookings. From February to December of 2002, he was the senior advisor to President Bush for welfare policy at the White House. And he spent 14 years on the House Ways and Means Committee, and really was the principal staff person on the House Ways and Means Committee who worked on welfare reform during not only the 1990s, but the latter part of the 1980s.

So we'll hear from Angela first, and at some point, we may have to load up a small power point for Ron, but I think we can do that after Angela speaks.

MS. ANGELA BLACKWELL: Thank you, Bruce. Good morning. I'm very happy to be here. I'm happy to be here and really pleased to be part of the discussion that suggests that there are reasons to be hopeful. The fact-based information that we've heard here is striking, and it is encouraging. The optimism that I feel, however, is tinged with caution, tinged with caution for several reasons.

One is because, having worked in neighborhoods with concentrated poverty, it troubles me that it still is a reality for so many. Those are terrible conditions. Those neighborhoods are full of hopelessness and despair, and the fact that they are still there, we're not quite sure why -- that's reason to remain concerned.

I'm also cautious about the economy. It is good to see that when the economy improves, we can begin to see some improvements in concentrated poverty. But we all know that a lot has changed from the time of the census to today. The economy has taken a downturn, and we don't know what impact that's had on what we've seen, and we have to be concerned about that.

I'm extremely concerned, though, about the poverty in the suburbs. Shuffleboard poverty will not solve the problem for anybody. And this notion that as we are seeing a reduction in concentrated poverty in urban areas, we're seeing poverty begin to increase in suburbs. And the suburbs are not all the same; they're not a monolith. There are differences within the suburbs.

We have areas that are almost devoid of poverty, and then we have the older inner ring suburbs, where I think there's lots of reason for concern. The story of development in America has paralleled the story of race in America. And if we continue to run away from the racial problem, leaving communities without the support that they need in order to prosper, the nation, the region will never realize its full potential.

So I'm concerned about what's happening in these older inner ring suburbs. I want to emphasize, though, how gratifying to see that concentrated poverty, that persistent poverty that had us so stumped through the '80s and through the '90s, can be addressed. It can be addressed when the economy improves. It can be addressed when we have policies that focus directly on how to improve the quality of life and opportunities for people, when those national policies combine with state and local policies, and combine with the efforts of people who are working to change in local communities. We can see progress.

We need to apply those lessons to the continuing challenge. And here are the continuing challenges. First of all, we need to start paying attention to the West. It is the future, in many ways. I'm from the West Coast, and it was very interesting to watch what's going on on the West Coast and think about what the implications are going forward. We need to apply what we've learned about concentrated poverty as we look at this concentrating of poverty in places like Los Angeles, and see what we learned through the '80s and the '90s, see what of that can be applied.

We also need to think about how to build the kind of infrastructure of response in these inner ring and older suburbs. Some of the policy areas that we have to pay particular attention to are those having to do with housing. We need to make sure that we are advancing policies like inclusionary housing, fair share housing, housing trust funds; try to do something about the zoning and land use that allows for these large lots that make housing unaffordable there.

We need to pay attention to developing strategies that spread the opportunities for people to live in decent, affordable housing throughout the region, so that we can produce the kind of mixed income communities that, when we have them, produce the results that we want for people. We need policies that move in that direction.

We also need to think about transportation policies. How do we make sure that we're connecting people with jobs, and how do we make sure that investments that are coming into inner cities product benefits for all? We, and lots of our partners, have been really trying to advance equitable development in regions that ensures that individuals and families have full access to, and can benefit from, regional economic growth and activities.

These strategies get at the problem of regions that are in equity, where disparities are the definition of what is going on through that area. So I am pleased with these data, glad to see we could do something about concentrated poverty, but see a lot of work ahead of us for those that are continuing to be left behind, for those that are in very delicate circumstances.

And let's not do anything that allows us to repeat the past. The suburbs could be a moment of promise. The policies that we pursue will determine whether or not they turn out to be.

MR. KATZ: We're now going to try something really tricky, try to load a power point. Don't try this at your house.

[PowerPoint Setup.]

MR. RON HASKINS: Okay, we're going to begin.

[Tape Change]

MR. HASKINS: First of all, I want you to know that Bruce has asked me to tell you that I accept full responsibility. You can't hear? I accept full responsibility for this fiasco with the PowerPoint. At least, we learn it takes three people to load the PowerPoint and one person to give a mediocre speech.

[Laughter.]

The second thing, though, is I want the members of the audience to realize that you got a break and a chance to talk to the people sitting next to you, and so forth, just because Haskins didn't bring in his PowerPoint until late. So I apologize for the first, but not the second.

I was actually conflict about coming and talking today because when I read what the program was about, I have to confess that I'm not very familiar with this literature. I had read some of Paul Jargowsky's original papers I think back in the 1940s or so. But I thought finally, well, you know, it's good to expand your horizons. I'll read these papers and see what I think. And, plus, this is D.C. Most people here don't know what they're talking about any way. So even if I don't, no one will notice. So I decided to accept.

So, as befits a person who might not be a great scholar on this literature, I just want to make a single point. And I want to suggest it, not assert it. And the point that I want to make is Paul referred in his remarks to welfare reform as, I believe he said, "No matter what else you might think of it….," indicating some hesitation. I would at least argue that the main cause of the effects that we're seeing here is employment. I don't know what else it could be. There are some changes in family structure that I'm going to talk about for just a minute. But I believe employment was the key, and employment was changed very dramatically, as I'm going to show you, and that's my goal for the next couple of minutes.

These are the welfare reforms that were made in 1996, and all of them are focused on employment. Ending entitlement was intended to send the message that people must do something reciprocal. They can no longer just qualify for welfare. So it's not an entitlement anymore; it's bi-directional. You have to do something. There's reciprocity involved. The contract between the individual and the state is not a one-way deal.

And then, block grant funding was intended to give the states motivation to help people get off welfare, because they, in effect, get to keep the change. When people leave welfare, they get to pocket the difference. Very strong work requirements for the first time, percentage standards that states had to meet, and if they didn't, there were sanctions on the states, cash sanctions on the states if they did not make the participation standards.

And in addition, there were cash penalties for individuals. And for any of you who know this literature, there is no question that the states have not hesitated to use these cash sanctions. So people who do not meet the work requirements have their benefits reduced. And in well over half the states, 30-some states, they actually can lose the entire benefit if they don't meet their work responsibilities.

And then, finally, the five-year time limit, which probably has not had a huge impact so far, but nonetheless set the characteristic of the system. I think it's a very crisp, clear message to people that sign up for welfare that you have five years; society expects you to have temporary help. And this program is called Temporary Assistance for Needy Families. It's temporary help, not permanent.

There are exceptions, and states have some leeway, but the message is very clear that it's five years. Now, as a result of this, the rolls declined quite a bit, of course. But I would like to draw your attention to employment. These are married mothers -- this is actually the end of the huge change since the end of World War II, with big increases in employment among married mothers.

In all single mothers, you can see quite a substantial increase. And, of course, 90 percent of the people on welfare are single mothers. And then, look at the never-married mothers, and look at this increase right during this period that we're talking about during the 1990s -- about a 40 percent increase over a three-year period. And these, of course, are exactly the mothers that were the most destitute, that cause, in many ways, the kind of prognosis that Paul Jargowsky talked about, in the 1990s, that it was hopeless, the inner city, you couldn't do anything about it. How could you expect people like this to work productively?

And yet, you see that the least qualified, the ones most likely to have dropped out of high school, most likely to be on welfare, most likely to be on long welfare spells, increased their work participation very dramatically during this period. Now, as a result of that, primarily the work increases, this chart shows changes in income from 1993 to 2001, and two components of income. This census bureau data is for all mothers in the bottom 40 percent, so that's below about $21,000 of income in 2001, and all of this is in constant dollars.

So what you can see here is that earnings plus their earned income tax credit increased very dramatically until 2000, and welfare income actually declined. So this, I think, is something that people that study these concentrated poverty areas ought to bring to mind that government programs, in the sense of welfare programs, that are given without expectation of anything in return, if this is correct, logically, could not have played a role, because the amount of money from welfare programs -- this is primarily cash and food stamps -- was actually declining, from welfare programs -- and I'm not going to say government didn't play a role -- but welfare programs of the old style that existed before welfare reform probably did not play a role in this.

So here you have this story of dramatically increased earnings and decrease in welfare income, and net of the two trends, single parent families are roughly 20 percent better off in constant dollars. So they actually improved their status. And as a result of that, as you would expect, we see the first sustained decline in poverty among kids from female-headed families.

And you can see here, from '74 to 2000, we've never had much of a problem with poverty among married couple families. The problem has been female-headed families. That has been the national problem with poverty since we first noticed this problem back in the 1960s. And as you can see, there's uneven progress. But then starting roughly in the early ‘90s, a dramatic sustained decline until 2001 in the rate of poverty among female-headed families. And we reached the lowest rate of poverty among female-headed families that we’ve ever had.

And I’m going to come back to this in just a minute, but we also saw very substantial progress against deep poverty, which is poverty at half the poverty level, which would be roughly 7,000 for a family of three. So very substantial declines, even in deep poverty, but then an increase in the recession year of 2001.

Now, the last point I want to make is that the full story here is one that should satisfy both the left and the right. There’s no question that employment played a big role here, and I think there’s no question -- there’s more question, but I think there’s still a lot of evidence that welfare reform accounted for increases in employment. People left the rolls, got jobs, their income went up, their earnings went up, their earned income tax credit went up, and poverty went down.

And that’s probably what happened in these concentrated poverty areas, as well as what happened throughout the nation. But the side that the left would like is that during this period, and before, there were huge changes in government policy regarding something that I’m going to call the work support system. These are programs that, in the old days, many of them were just welfare programs, and you got the benefit for just sitting around, but they have been changed so that if people go to work, they still get at least part of the benefit.

And some programs have been created that you get the benefit only if you work, and other programs that the benefit actually goes up when you work. And so I’ve selected here the most important programs, childcare -- and spending on childcare, by the way, doubled. Remember, I made the comment that the states could pocket the different if they could get people off welfare, which they did.

They spent the majority of that money, no question, on childcare. And our spending on childcare has probably, approximately, doubled since about 1995. The new state Child Health Insurance Program, which was created in 1997, specifically to help families who were above the poverty level. The Child Tax Credit was created in 1997, and it’s been expanded.

Medicaid, which has had a whole series of changes thanks to the legislative genius of Mr. Waxman, who figured out ways to change Medicaid so that, whereas, in the old days, the only way you could get Medicaid was to be on welfare. Now, there are lots of other ways to get Medicaid, including low income working families and their kids are qualified for Medicaid, well above the poverty level.

And then, above all, the earned income tax credit, which was created in the ‘70s and has been expanded many times since then, and now will provide a low income working mother with two children with $4,000 in cash. Now, what this chart shows you -- it’s done by the Congressional Budget Office -- is that if Congress had not changed the laws governing any of these programs, since 1984, then in 1999, in the midst of this explosion in the decline of concentrated poverty, and so forth, we would have spent $5.6 billion.

But because of these changes, and because of the expansion of these programs, and the creation of whole new programs, in fact, CBO estimated we would spend $52 billion supporting low income families, and I think there's every reason to think the estimate is actually wrong. It's actually more than that that we spend, because this was before the full impact of employment became clear. And the earned income tax credit was shooting up dramatically; it's now about 30 billion a year.

So I think that the broad picture here is that we should go back and look at these data, and we should look at trends in employment in these areas. And, in turn, I think that those trends in employment are due, in major part -- the economy played a role, no question -- but major part to changes in government policy, which I think makes things even more hopeful.

We can change welfare to make it more demanding, and we can change work support programs to make them more supportive of work. And in the end, according to this, everybody's better off. There's only one issue here that I would also draw your attention to, and here's what it is. As suggested, in several of the charts, were 2001 -- the data went in the wrong direction: less employment, more poverty, more deep poverty. And we know for sure -- Wendell Primus and I have reached kind of an agreement on this -- that throughout this period, there was actually an increase.

If you go far enough down into the distribution, beyond where deep poverty begins at 7,000, that in every year, there's an increase in families that are really truly at the bottom, maybe at 3,000 or so forth. And there might be 300,000, or 400,000, or 500,000 of these families, and there's some evidence, at least, that the number of those families has increased quite a bit since the recession started.

So I think the overall strategy works well. There's a lot of evidence that poverty will decline and that families will be better off in many other ways, probably, because they're earning their own money. But we do have a serious problem, even during a hot economy, but especially during a difficult economy, and that is that there are families at the bottom that do not benefit from this new system, and indeed, they may be worse off.

And the reason is absolutely transparent, I believe. It's because in the old days they could go on welfare and stay forever, which they did, and they didn't have a kingly existence, or queenly, as the case might be, but at least they had a reliable source of income. And now, they can't do that. They may get sanctioned, they may hit the five-year time limit; they go off welfare. And if they don't then get a job, they don't have either earnings or welfare cash income, and as a result, they're worse off.

So I think the overall picture is positive. I think part of the explanation for these declines in concentrated poverty is because of increases in employment, even or precisely in these inner city areas. But nonetheless, there is a serious problem that remains, which is the families and the children at the very bottom of the income distribution.

Thank you very much.

MR. KATZ: We're going to get everyone back up here. Here's what we're going to do. I'll ask a couple questions just to start this off, then we'll open it up to the audience. But I really wanted to start off where I left, which is I think, first, we're going to try to respond a little to what Angela brought up, with regard to the inner suburbs. I think then, I think we want to respond to what Ron brought up.

And just so everyone in the audience understands, all these power points will be put up on our website, www.brookings.edu/urban. Just go to brookings.edu and you'll find them. So all the power points will be put up on the website so you can draw that down. So that's how I want to sort of focus our conversation for the next bunch of minutes. Maybe one or more questions after that, but then we'll open it up.

So, first, Paul, Tom, Marge, in particular, how do you respond to Angela's thoughts about the inner suburbs? What's the empirical information that you have? Does it differ by regions? How should we think about this?

MR. JARGOWSKY: I'll start. I think the experience of the inner ring suburbs indicates that you still have to be concerned with these development patterns that are going on in the metropolitan regions. It's great when the economy's strong. If you offered me a choice of 4 percent unemployment forever or putting an end to suburban sprawl, the way it's currently being done, I would not hesitate for a minute to choose that 4 percent unemployment.

But in the long run, the economy's going to be average, and that's almost by definition. And so, in the long run, the economy's going to go up and down, and we're going to have ups and downs that correspond to that. We also have public policies, which we will probably get to later. But right now, the force that's really providing the most -- that's undermining neighborhoods the most is the way we are doing our highly exclusionary developing in the outer ring suburbs, very rapid, drawing off high income households from inner ring suburbs, and so on, down the line.

So I think it does indicate -- I mean, that's why I said I have stunning progress, but I also put in the hidden problems subtitle there, because I think that this news is not all good, and I think that Angela's very correct to call our attention to that. And I think it says that we can't forget about this problem just because we've seen what we saw in the inner cities.

MR. KINGSLEY: I agree. I think this is a really frightening trend that's beginning. And especially, I think Paul said this, we've started to think about the fact that support systems in those inner ring suburbs are just not there in the way that they are in these inner cities. There're a whole lot of aspects of that that people may well wind up being more isolated from the connections that can help them do better if they're living out even in concentrated poverty, but in a suburb than if they are in this inner city. So I think it really deserves a lot of focus in terms of our policy understanding and thinking those things through. You have to remember it's still comparatively small. I think our numbers were about 15 percent of the tracks are in the suburbs and still 62 percent in the inner cities. That is where the bulk of it lies. But we need to do a lot more to understand these dynamics and how the changes are going out there. We haven't looked at it by region, but that's one of the things we plan to do next.

MS. TURNER: I'm going to, again, give a D.C. perspective. And when I started this work, I didn't just expect the situation in the District of Columbia to be better. I actually predicted that we'd see a high poverty neighborhood in inner ring Prince George's County, enlarging between 1990 and 2000, and we didn't. We saw a rising poverty rate in the inner ring suburbs, but we don't see concentration poverty.

And it's not just that tracks have gotten to the 29 percent mark and just haven't flipped over into the new category. So I would agree that we need to be concerned about poverty in the suburbs and what it means, and how well equipped suburban jurisdictions are to deal with it. But I'm not so sure that, you know, by the next decade, we're going to see these highly concentrated clusters of poverty, even in the inner ring suburbs.

MR. KATZ: Ron's presentation, very provocative. And again, I think one of the reasons why we invited Ron here was not just because he worked on the welfare reform bill in '96 or worked in the White House, but also because he's part of this Welfare Reform and Beyond effort at Brookings, which is headed up by Bel Sawhill. And I think it's so critical to try to bring together researchers and policy thinkers who focus on poverty, on one hand, and place on the other, and really try to pull these things together.

How do you respond -- and Angela and Reese, I'll add you into the mix here -- how do you respond to his thoughts about employment really being the major reason, and is it possible to separate out the good economy, welfare reform, earned income credit, some of these disparate polices that are obviously complementing the good economy?

So anyone that wants to start.

MS. BLACKWELL: I'll start. I happen to think that employment obviously had a lot to do with it. Because one of the things that we often don't give poor people credit for is taking employment opportunities when they are available and using the information and the opportunities that they have to improve the quality of life for families.

And as we who were dealing with policy and activism and change strategies in low-income communities were lamenting the impact of concentrated poverty, people who were living there were experiencing it. They were seeing what was happening in terms of crime. They were experiencing schools that were failing. They were living in housing that was not adequate.

And so with the opportunity to work and with the opportunity to make choices, people tried to get into a better situation. They wanted to do that for their families. There's no question in my mind that that is a big contributor. I also think that in the down economy, we have to worry about those who have been stuck and those who may get thrust into that same situation.

We also need to make sure that we allow people to get the benefit of resources. People are choosing to move into communities where they think there are more opportunities. If we allow those communities to re-concentrate, or for poverty to get to very high levels, people will have made the choice and will turn out not to get the returns. So the strategies to be able to keep people moving out, getting into mixed income communities, revitalizing the areas where they live becomes absolutely important, even building on the progress that's been made through employment.

MR. KINGSLEY: Well, I agree. I'd put employment first, without any doubt. [Inaudible] I mean, the strengthening of the economy has got to come first. But I'd like to, I guess the challenge is, remember my slides that showed there are still huge gaps. Progress, yes; important progress, yes. But there are still huge performance gaps between what's going on in the concentrated poverty areas and others.

And I'm one of those people who believes that we wasted a lot of time on people versus place. I think we should have seen a lot earlier that, boy, you've got to work in both areas. And I think the people policies, the new context is the right one to work in. We've got to think more about some things that happen in places and how to do a better job with them, education being a very important one on that list for these areas. But there are a lot of other things, I think, that we need to think through to make that gap shrink.

MR. JARGOWSKY: I think Ron's argument was in a sense that employment was the main cause, and that a big part of employment change was welfare reform. Both of those things, I think, are probably true. I'm not sure how much of the employment change was welfare versus the economy, but the welfare reform has worked out very well in the context of the strong economy.

Some of the more draconian aspects of the welfare reform have not been binding constraints. We haven't seen a lot of people hitting their time limits and being kicked off; they're leaving before the time limits, in many cases. And we haven't seen any cases where states have had to say, sorry, we're full up, it's no longer an entitlement, the slots are gone, get on the waiting list, because, again, a strong economy has meant that there's more than enough money under the level of funding that was approved back in the early '90s.

So it's been a very good experience. What I said was, even if you took it into the program, it still would at least encouraged people to move to where jobs were. And, in fact, I think that you could take a more positive view than that. We'll see what happens if the economy stays in a slump, and for how long, what happens when those constraints start to bind a little more. Does it actually result in increases in poverty?

And as you noted, at the lowest end of the scale, there does seem to be some of that effect going on. But my question is, I loved the slide that you had about support for work -- my question is, are those policies going to remain in place with the current budget constraints, or are we going to see retrenchment in that area? And if so, then I think that the positive effects you alluded to will end up being negative effects as we move back.

MR. HASKINS: I'll make a brief comment about these policies staying in place, and I do think, to me, that's the most important question of the moment. The child tax credit's going to go up no matter what happens, so that's good. The earned income tax credit, though, is under pressure now not so much by budget cuts as it is because of fraud and -- I probably shouldn't say fraud -- fraud, and mistakes, and misunderstandings, and complexity in the ITC forms, and so forth.

And there are studies now that estimate that, you know, a huge percentage, maybe $8 billion or $9 billion of that $30 billion are actually paid in error, at least. If it's not fraud, it's error. And so, IRS is now embarking on a course of action that will require lots more information from people, and because of that, our experience is the same thing in any government program: when you have to provide a lot more information, fewer people get the benefit.

So I think that, to me, that's the biggest single threat to these. Now, the second biggest one would be Medicaid, not because it changes in federal policy, per se, but because the states, of course, are desperate. In almost every state, the second biggest item in their state budget is Medicaid. And Medicaid is under tremendous pressure; there have already been some cuts in Medicaid.

I don't think any state, or if any state has, they've made relatively small cuts, and most states have made no cuts in Medicaid as it applies to families with children. Most of Medicaid changes, so far, I think, have been not in the case of families with children. They've been to the elderly, and to the disabled, and to families that do not have children. That may not turn out to be true in the long run, and I have not seen persuasive data on this. I've just heard people who know Medicaid very well say it at meetings, and so forth.

So I think EITC, there is an issue. I think Medicaid is definitely something to watch out for, at least in the short run. But in the long run, I think most of the pressure will be up.

MR. KATZ: Marge, did you want to --

MS. TURNER: Well, there's just, again, a couple of facts from the District, I think, confirmed that employment is a big part of the story. In the high poverty neighborhoods of the District, employment did not go up during the '90s. And this is a very strong economy during the ‘90s. Employment, overall, went up, sucked more people out of the not looking for work category.

But in the high poverty neighborhoods, employment did not go up. Welfare recipiencey, though, went down pretty dramatically, faster than in the city as a whole. So if you think that the good news story is partly driven by employment going up, I think that’s consistent with it didn’t in the place where the good news story doesn’t exist, or the people who got the jobs went elsewhere.

Q: Hearing the very persuasive, and sometimes exciting, sometimes devastating, analysis that you’ve done of the census, this, for me, I now go to the website, I draw down the gorgeous pictures, I walk into somewhere carrying them, and now what? I appreciate a lot of the analysis in terms of why this has happened -- is still work to be done. And I particularly appreciate the point with respect to employment being a big factor.

But if I’m a big city mayor of one of those spots, what does this say to me now? What are my next steps? I think it’s something more than wait until the next census to see what happens.

MR. JARGOWSKY: Well, for one thing, when I draw the maps, what really strikes me time and time again is how the patterns have changed -- do not respect the political boundaries of the central city or any particular suburb. The patterns are metropolitan level patterns. And so, if you’re working in a smaller inner ring suburb and you notice a change going on, what you need to realize is that the solution is not necessarily going to be doing something in this neighborhood, because this neighborhood is being undermined by a much larger tide.

Now, that doesn’t mean that you shouldn’t do positive things in your neighborhood, but that if you’re not communicating with other suburbs, with the central city, with some sort of metropolitan level, if not governance, at least metropolitan level planning effort, that what you’re doing in the local community will be possibly undermined, because the forces are very large and very powerful, and take place at a larger scale than a small place.

So you need to connect to the larger debate. You need to make sure that the costs that you’re experiencing in your community are known to the people who are part of a larger process and that you add your voice to those for change. For example, state governments need to look at these issues of zoning. And the state governments have total authority, in a sense, to step in and begin to bring some more order to the local zoning process.

The federal government doesn’t really have that authority; it’s not a federal issue. It’s really the state government. So that means that you have to get to the policymakers at the state level and show them these cities are being undermined, these areas are being undermined. You're creating problems that are going to be a cost down the road. Let's try to address them now, and address them now by looking at the development.

MR. KATZ: Angela.

MS. BLACKWELL: One of the first things I would do if I were a mayor in one of these places where concentrated poverty is going down, is I would use this to try to attract more investment, to try to show that this is an area that really is right for investment, and then try to develop strategies to allow that investment to keep the momentum downward going, so that investment comes in in ways benefits everybody in the community in terms of jobs, opportunities to build wealth, and those kinds of strategies.

If I'm a mayor in an inner ring suburb where I see that poverty's going up, I'm going to do just what Paul said. I'm going to have an analysis that says I can't just work in this neighborhood; I have to think about the whole region and begin to create more cooperation regions. And if I'm a governor of a state and I see these strategies, I'm going to try to look to see what kind of strategies we could do at the state level to open up opportunities -- opportunities for people to move to opportunities, opportunities for people to be able to get affordable housing, and opportunities to use transportation and other dollars in ways that promote development and bring benefits to people.

MR. KATZ: Any other thoughts?

Tom.

MR. KINGSLEY: Well, I certainly agree with the latter point. I think that probably the greatest challenge we have now in cities is how to attract investment, and to do so in a way that benefits the people who are residents there now, and doesn't result in wholesale turnover. I think that we still need to learn a lot about how to do that.

Policy links contribution with your equitable development tools -- I think, is a very important one toward that end. But I still think it's the greatest challenge in areas where market forces are rejuvenated. I think the message of these briefings, though, is that even in some places like Midwestern cities that are not the so-called hot markets, it's time to sort of shake up some of the mayors a little bit and say, let's look more carefully at how we can attract reinvestment back into central city, because I think there's more potential there, and a lot of the mayors are really taking advantage of it.

MR. KATZ: Yeah, I think Angela's challenge, if all this research told us, in the '90s, that there were neighborhood effects to concentrated poverty, and those effects might include a decline in schools, or a lack of investment, or a lack of job opportunities, or anemic job networks, or whatever, then the lack of concentrated poverty might mean the opposites, right? That's the hope.

The question is whether the perception is keeping pace with the reality and whether, as you said, some of the local leaders understand that there's a change afoot here. Now, that's giving you enough time to think of questions here, okay. I mean, that was basically what I was doing here.

Jonathan?

Q: Thank you. Jonathan Rausch (ph) at Brookings.

For Mr. Jargowsky. When you look at a city like Detroit, can you distinguish the effects on economic mobility from the effects of physical mobility? That is, to what extent are people simply moving around, wealthier people moving into inner cities, poorer people moving out? And to what extent is it people who are existing and staying there?

MR. JARGOWSKY: We're somewhat limited in what you can do in that area, because the census is not longitudinal. Perhaps, you have a poor person in neighborhood three, in 1990, and a I see a poor person in neighborhood three in 2000: I don't know if it's the same person; I don't know whether one person moved out and someone moved in, and so on, and so forth.

So you have to make some sort of suppositions and look at the net changes. And so, you can make educated guesses, I think, more than actually tracking individual people. But I think there are opportunities to combine the census information with other data sets, such as the panel study of Income Dynamics, which does now some neighborhood identifiers.

So you can form hypotheses based on the census data and try to test them in these other truly longitudinal data sets that allow you to track movements in individual people. And also, I've been hoping that we could actually start a new national survey that would really focus on people, neighborhoods, and movements. I call this the panel study of opportunity dynamics, and I'm trying to get some people interested in starting a new longitudinal survey that would be ideal for these very questions that you raise.

MR. KATZ: We'll go to Bell, and then move over here.

MS. BEL SAWHILL: I've got four questions.

[Laughter.]

The first one is, there were -- and everybody up there, I think, has earlier work done at the Urban Institute to develop a broader measure of neighborhood distress that included things like male joblessness, dropping out of school, welfare dependency, and proportion of children living in female-headed families. I talked to Paul a little bit about this, and he told me he was doing some preliminary work on that before this meeting.

So I just welcome any comments on what we know about trends in that broader indicator of neighborhood distress. The second point is on this business cycle issue. We were in a recession in 1990, and we were at the peak in 2000, as all of you have alluded to. And I'm just worried that that is a major factor in what looks like very good news, and that if you adjusted for that in some ways, you wouldn't see such good news.

Consider, for example, that if the poverty rate, nationally, has declined by, let's say, 20 percent between 1990 and 2000 -- I don't know if that's the right number, but it's easy to look up -- then maybe the measure of concentrated poverty that you use in 2000 should be 20 percent lower than what you use in 1990. So if you're looking at high poverty neighborhoods in 1990 as 40 percent or higher, then maybe you should be looking at 32 percent and higher in 2000 to adjust for that.

Because obviously, if the overall national poverty rate is going to go down, there are going to be, probably, less, you know, 40 percent and higher neighborhoods. So I would suggest it might be interesting to do some sort of adjustment of that sort. Third point is lots of talk about employment, which I agree with Ron -- emphasized the very dramatic increases in employment rates amongst single parents.

Not much talk of or distinction between male and female employment, Marge, when you talked about D.C. I'd be interested to know, what did the male joblessness rates look like in these neighborhoods that are not improving. What even do the male to female ratios look like in those neighborhoods? Maybe interesting connections to be drawn between the work the Urban Center put out on this issue, from Harry Holzer and Paul Offner and what we're hearing about today.

Fourth point on solutions, I couldn't agree more with Paul's comment that keeping these runs of policy menu work supports alive and well in a period of fiscal distress is going to be a major challenge. But I also think that we need to be talking about moving to opportunities policies, that some of the research on moving to opportunity experiments has suggested that that's one of the best ways to improve the lives of these families, particularly the children in these families. And you all haven't said very much about that strategy.

Because I think if you don't talk about that, otherwise, the natural gravitation is to say, well, we have to do more to invest in those very high poverty neighborhoods. It's not clear to me that that's the right solution.

MR. KATZ: Well, Paul, do you want -- that was excellent -- do you want to try a stab at the first two?

MR. JARGOWSKY: Okay.

MR. KATZ: And then, Tom may want to add also on the first two. I'm saving Marge for some of the moving to opportunity, because she's going to jump in anyway.

MR. JARGOWSKY: Yeah, I did look at this measure that Isabel Sawhill and others developed here on the so-called underclass measure of Census tracks that are simultaneously one standard deviation above the national mean on four indicators of distress. And yesterday, I actually got a printout from a graduate student, Rebecca Yang, who is working on this for me, and we discovered that the number of underclass census tracks, by that definition, is virtually unchanged between 1990 and 2000.

Now, this is very preliminary; I'd look to double check it five times before I start presenting it. But since you asked, here it is. And that's interesting, and I think, perhaps, possibly, a cause for concern that these neighborhoods that truly have these troubling indicators are not declining in the same way that the poverty measure declines. I don't understand that, and so I'd like to try to figure that out.

On the second one, there were a couple of points in there. Obviously, the business cycle is a major factor. I think it might be possible now with four census, in many metropolitan areas, to develop a regression model that would allow us to make predictions about places in between census years. And one of the things I'm going to do is take the regression models I presented in my book and then predict what I would have seen in 2000, given the strong economy, and see how close I came.

And I'm very frightened about the possibility of that exercise, but hopefully, if it works out well, then that model can be applied to inter-censal years, using other metropolitan level indicators that are available more frequently.

MR. KATZ: Paul, can I just interject for a second? I just want to clarify one thing. The poverty rate in the United States declined during the '90s, but the number of people living in poverty went up.

MR. JARGOWSKY: People living in poverty, basically, was slightly increased between 1990 and 2000, but its population growth was roughly 30 percent, and the decline in the poverty rate wasn't enough to offset that. But the population of the high poverty neighborhoods did decline.

One other point that was a part of your second point was whether we should adjust the standard. That's an interesting question. Absolute versus relative measures, it goes to the whole poverty literature. Certainly, there's a distinction between the level of economic segregation. You could look at a country that consisted entirely of wealthy people, but the wealthier could be segregated from the less wealthy, and there could be economic segregation.

So we could look at economic segregation as a pure phenomenon. But part of the motivation of this research is this idea of there being a threshold level, and when things get above that threshold level, you have concentration effects. And, you know, this is following, essentially, from William Joyce Wilson's initial observations in Chicago.

So to the extent that the threshold is about 40 percent, or something like that, if we have such reductions in poverty that nobody is any longer above that threshold, that's a good thing, unambiguously, in its own right. And then, we could take a second line of research to look at economic segregation in a relative sense.

MR. KINGSLEY: Just a couple of points. We haven't yet looked at these same underclass measures. Although, I think it was interesting, as I recall, that that measure did not change very much after going up in the '70s. It didn't change very much in the '90s, where the concentrated poverty measure did go up dramatically in the '80s.

And so, they don't track each other, and I don't think we understand why they don't. The measures that I looked at, which included a few of those measures individually in the aggregate, weren't changing as dramatically as the poverty rate was. So clearly, I think that's something we don't understand fully.

I'd also say, though, I agree with Paul about keeping some fixed thresholds and looking at those thresholds and trying to understand what's within them. I just think the poverty rate itself, nationally, in most of these metropolitan areas, the change in the overall rate in the '90s was very small in relation to these bigger changes in concentration levels. So the two are not tracking each other very closely, although I agree in principle that there were big changes in the rate, the meaning of different poverty levels would change.

MS. SAWHILL: But could someone just remind us, maybe you, Bruce, what – my recollection is that poverty rates over this decade did decline quite a bit –

MR. KATZ: In the cities?

MS. SAWHILL: In the cities.

MR. KATZ: It's modest progress, and, again, it obviously differs across the country, but it wasn't that substantial. There was a piece by Alan Baruby (ph) that was put out about six months ago, but, again, it doesn't seem to explain these kinds of reductions.

Now, Marge, you get to do three and four, by the way. You can start with four if you want, moving opportunity, but I'm going to stick you with the male joblessness question as well.

MS. TURNER: Well, in the District, we did look at joblessness in these high poverty neighborhoods for both men and women. And we looked at employment rates, and they were at about 44 percent for men and 41 percent for women, in '90. They went down during the '90s, and especially for men. So again, I think the employment story being part of the positive story is reinforced by that.

And in addition, in the District's high poverty neighborhoods -- and I think this is probably pretty typical -- women substantially outnumber men. These are at least the documented residents of the neighborhood. Women substantially outnumber men.

MR. HASKINS: I'd like to make a brief comment about the males. I think Bel referred to Offner's and Holzer's work on this, and there's been work by others as well. But it's an astounding thing, that if you look at the '90s and this huge increase in employment among low income mothers, or never married mothers, or whatever demographic group you want to look at, and if you do the same thing for males, especially young minority males, in some cases, employment actually declines.

So the problem, male employment among young minority men is a huge issue here. So we need to focus on this area. One thing that has been shown to work for males as well as females is Job Corps. And if you think about the two elements of the Job Corps, one is you take them out of their neighborhood and take them to another place, and two is that they're very substantial investments. They typically last seven months and cost something on the order of $17,000.

So I don't think that the government is about to be tripling the number of young males in Job Corps, but that's something that we ought to keep in mind. And people who like to lobby, I think that's one solution. The second one is, the public schools, as everybody has said here, are not great, and especially not great in the inner city. Nonetheless, research that Bell and I heard about on Friday that will be released soon about career academies in cities across the country are showing that it doesn't have an impact on overall educational achievement.

But it has very substantial long-term impacts on employment and on earnings, including for males. So career academies, there are several things, but the key is connecting males during high school to the job market and helping them get that first job, and helping them get jobs if they lose that first job -- appears to have lasting impacts. So there are things that we can do about young males, but we do have to do more than we're doing now, because young males are a huge part of this problem.

MR. KATZ: I'm going to go to Mark in a second, but I just want to make sure that either Angela or Marge have an opportunity to answer the question about housing mobility.

MS. TURNER: Well, I think almost everybody in this room knows that I'm a strong advocate for policies that help poor people move to non-poor neighborhoods. And there's a considerable amount of evidence that that kind of help can yield real benefits, not just getting to a better neighborhood, but real benefits, especially for kids. So I would second Tom's notion that strategies for neighborhoods that remain or are becoming poor shouldn't just focus on those neighborhoods.

It should include investment in those neighborhoods, but also, real meaningful help to families to get out of those neighborhoods. And that means that those neighborhoods can't be the only place in the city or the only place in the metropolitan area where affordable housing is located, where subsidized housing is located. But I just want to caution that dispersing the subsidized housing or handing out a bunch of vouchers, all by themselves, probably doesn't do the trick for most families.

Families need help overcoming the market barriers, particularly barriers of race that trap them in a limited set of neighborhood opportunities. And the most vulnerable families, the families whose incomes are way below the poverty line, who have all kinds of problems that have prevented from getting off welfare and into the workforce, even in these most encouraging circumstances, those families might need a lot more help making it in the private market or making it in a non-corps sort of market-like environment.

And finally, if we were, at some point in the future, to significantly expand a mobility promoting assisted housing approach, we would need to pay real attention to what are the destination neighborhoods. It's all too easy to help people move just one neighborhood further or two percentage points poverty lower, getting them no real improvement and potentially re-concentrating poverty.

MR. KATZ: Mark.

Q: There are two things that you have to keep in mind when you're working with census data. One is that the Census Bureau changes its methods, and the second is that there are people that the census doesn't count. And Marge has touched slightly on the first, because she was asked about it. But the two questions that I'm concerned about is, first, the census very significantly improved its coverage of immigrants, and second, the Census Bureau isn't counting people in prison, and there was a very substantial increase in the prison population.

And I wanted to see if anyone has any comments on the degree to which that affects your results.

MR. JARGOWSKY: Obviously, if the census didn't count them, I didn't count them either, because that's the data that I'm using. So the question is, there was a several million reduction in high poverty neighborhoods, if we're assuming that all people in prison came from high poverty neighborhoods, we could look at the increase in the prison population and make some estimate about it. I haven't done that, but that's an interesting point.

In terms of increasing the coverage of immigrants, I guess you're arguing that between '90 and 2000, we captured more of the immigrants in the census count. That might explain why California showed such a dramatic increase of, you know, 109 percent statewide. So perhaps, essentially, the degree to which California is bucking that trend is at least somewhat accounted for by the fact that we underestimated the problem, in 1990, in California.

And I'm prepared to accept that, but I'm not sure how to put a number on it, because they didn't count them. Did that just go through your point?

MR. KATZ: Angela.

MS. BLACKWELL: The prison question is a good one, and it would be good to find out. I just wanted to comment on the immigrant issue, that in California, we really are seeing a change in terms of the people are who live in the poorest neighborhoods. And I don't think that we know nearly enough about what the implications are of immigrant groups having moved into those neighborhoods.

I don't know whether we know whether the patterns of concentrated poverty and the impact that they had on African Americans will be repeated on the Hispanics who moved into those neighborhoods. We don't know whether or not the cultural vibrancy, the strong sense of community, and the engagement with the labor market in the ways that these groups have engaged in terms of multiple family members working multiple jobs, what impact that will have.

We also don't know whether what we have been searching for in terms of low-income communities for people who are African American, in terms of really bringing in mixed income and diversity will be captured, because of the immigrants coming in. So I think this is an area in which we need to spend a lot of time looking in California, the Los Angeles area in particular, to get a sense of what's happening there.

Because we are seeing these changing demographics all over the South and in other places, we might be able to get in front of an issue and do something positive to build on strengths that are there and avoid bad results if we can identify them.

Q: There's a regional puzzle that we haven't talked about, and I would nominate it for your growing list of what's driving what questions. I think I can tell myself a story about the Midwest in your numbers, both of you, something about bottoming out, or whatnot, and sort of bouncing back from it.

I'm utterly perplexed by the fact that the two booming regions, the West and the South, seem to be moving in precisely opposite directions. I can't figure that out, and I think that's worth figuring out. The second point, suburban poverty, I want to remind everybody, Bill Wilson's original concern was a loss of economic diversity in central cities, and you could read these results to say that we're seeing an increase in economic diversity in suburbs.

That can be a very good thing. It's certainly something that needs to be acknowledged and addressed. It's premature to worry about, it seems to me, the emergence of an inner city type, chronically jobless ghetto. Maybe folks who moved in and are working poor are experiencing new spells of poverty and/or joblessness. It's a little early to worry about huge new ghettos, except in the old built-up suburbs in areas that have had distressed suburbs for a long time. And again, Chicago and other "Rust Belt" cities come to mind.

Number three, I think you could think of policies as affecting three things in this picture. One is location patterns where people live; the second is income levels, whether gains or losses, income transfers, all those things; the third -- and it's a big old category, and it's the trickiest -- is the connection between people and place, policies that seek to protect households from negative concentration effects, and to help households benefit from positive ones, such as they are, to be enriched.

Would that policies moved together on all three of these things -- and you could sort of say here's the slate, and if we move on them, they'll shove all three in the right direction, I'm not sure that's the case. But I think the threesome kind of helps us think about choices that lie ahead.

MR. KATZ: Why don't we start with the first of these big regional differences and what we think might be going on.

MR. KINGSLEY: I agree, I was most surprised, especially, when you see the melting pot metropolitan areas in the South -- and that's Texas, Florida, for the most part -- had reductions in concentrated poverty, but with all these increases in California. And I, just emphasizing your point, I think I remain perplexed by it.

But it does seem to be clear that especially before the Central Valley in California, that these are labor market areas that seem, out of social tradition, to be drawing in more migrants than the economies can absorb. Their unemployment rates stood out, you know, in the late '70s, which, we should have known about that earlier.

So there are big differences between metropolitan economies and their ability to absorb labor and bring people in. And I think that's an avenue that we've got to start looking at more, because the differences are so pronounced.

MR. JARGOWSKY: The question of whether the suburban changes are just actually, maybe, even a good thing, because we see a reduction in the highest poverty neighborhoods, and they move to suburbs, so isn't that what we want? It's a complicated issue because I'm reminded of the old joke about the student who transferred from Harvard to Yale and increased the average score in both schools.

It could happen that people could leave out of suburban neighborhoods -- this is a theoretical point -- could leave out of suburban neighborhoods, who are the same as the people in those neighborhoods, so it wouldn't change those neighborhoods to leave. And they could move into other neighborhoods and increase the poverty rates in inner ring suburbs and central city neighborhoods without decreasing poverty rates anywhere.

So I mean, it's a sort of complicated story. So when I look and I see these changes going on in the inner ring suburbs, is that a good or a bad thing? I think it's possibly a good thing if it keeps diffusing. But if it doesn't keep diffusing, and if the influx into those neighborhoods, and the changing pattern of those neighborhoods lead us to put the entire burden of poverty in a metropolitan area in those kinds of cities, then we're going to replicate the bad experience that we had in central cities in the early '80s and '90s.

So I think it's a cause for concern. I think we should look at it. I think we should try to understand what phenomenon is it. Is it a diffusion pattern that's positive, or is it a collection pattern that is going to move us in a negative direction?

MR. KATZ: But does your research, both of the researches, does it make a distinction between these older built up suburbs, you know, southern Cook County or eastern Cuyahoga, you know, basically, the Midwestern inner suburb phenomenon that Myron Orfield and others have spelled out, and older suburbs that might be part of larger counties in the South, where you're not talking about small municipalities?

I mean, do you pick up any of that distinction either in terms of the level of concentration or the extent to which we need to be very concerned about it?

MR. JARGOWSKY: I have not done that yet.

MR. KATZ: Okay. Well, it sounds like a research project, if nothing else. Any other thoughts on this policy question and the sort of interplay of different policies? I mean, I think what's interesting, obviously, just in the '90s is how conscious certain policy efforts were at heart, you know, with Hope Six, and vouchers and moving to opportunity, and then, I think, the growing notion of how those place based policies interplay with employment policies, and so forth.

MS. BLACKWELL: I'm not sure that this answers your question, but I just wanted to comment on the people and place issues that you brought up, because there have been so many organizations across the country, many of them identified with the National Community Building Network, who have characterized their work as integrating people and place.

And it is interesting that the National Community Building Network grows in the context of concentrated persistent poverty. That people decided that because poverty was not the problem in and of itself, but that what it was doing to families and communities, that people who were working for change had to get more savvy about how to be able to take the people strategies, those focused on teenage pregnancy, and jobs, and those kinds of issues, and look at place strategy, looking at transportation, looking at housing, and begin to blend the two, so that our investments in places could begin to produce the results for people that we want.

And we could take advantage of investment in places and apply what we --

[Tape Change.]

MS. BLACKWELL: -- as to exactly what's going on there. What we do see is there are people there who have needs, and we need to focus on them and develop strategies that will allow people's efforts to get the results that they're looking for. It is so frustrating to see people trying, going to work, trying to locate themselves near good schools, and then have policies and assistance or neglect cause them to go three steps backwards when they were trying to take four steps forward.

And so, I think integrating people and place on the ground is the way to get at that.

MR. KATZ: We're into the 10-miute round up here, so I would ask that everyone keep questions short and answers short, and then we'll get through this. One back here, and then we'll move around.

Q: On the policy question, that is [inaudible], a couple of questions.

The distress factor that you talked about, underclass measure. Is it possible that – and you said that hadn't changed since 1990 to 2000. Is it possible that those particular Census tracks are much higher than 40% that are not actually changing? And if so, does the elimination of the Hope 6 strategy, because as many as 90% of the poverty neighborhoods are public housing – does the elimination now in the President's budget of the Hope 6 make any sense, or does that remove, albeit, a very difficult program? Does that need to be kept on the table.

The other point I would make is that if we're going to look at land use and dispersal, the new dividend elimination that was passed by the House and Senate, now going into conference committee, puts the whole affordable housing tax credit business at risk. The federal government is not building any more public housing. [Inaudible.]

The final point I would make, on school issues, which seem to be in everybody's vocabulary today and are distressed about inner city schools and why they're doing so badly, David Rusk's research would show that it's not class size, it's not teacher certification. Four to one, the largest indicator was concentrated poverty. How do we play all of these into policy programs, vouchers….?

MR. KATZ: Good questions. So Hope Six, the tax credit, and schools. Anyone want to --

MR. JARGOWSKY: Well, the underclass point, the first point, I have not yet been able to look at that. But I think that's a really fascinating point. And I think there are only about 930 of these underclass tracks compared to, you know, 2,500 concentrated poverty tracks. So it's not nearly as many at the smaller more disadvantaged set of tracks. So that's a topic I'd like to investigate.

On the issue of the policies, I absolutely agree. We had, essentially, I can't tell you how much of the change that I observed from 1990 to 2000 was the economy and how much of it was Hope Six, welfare reform, and all of the good policies that we've been talking about. But both are moving in the wrong direction at the moment, so the prognosis is not particularly good.

MR. KINGSLEY: Just one point on Hope Six. I think there's no doubt that Hope Six is contributing to the de-concentration. But given where it was, there are only 165 projects nationwide, and not that many of them had gone that far by the year 2000. So I don't think it's absolutely making a contribution to de-concentration, but it doesn't explain a very large share.

MR. KATZ: The only thing, Tom, about that, having been at HUD during this period, was that a lot of people, a lot of PHAs began emptying out their projects in anticipation of getting a Hope Six grant. So actually, even before you went to demolition -- I'm just thinking of a bunch of cities like Chicago -- you might have actually seen some of this.

MR. KINGSLEY: Yeah, we're going to try to measure that, and I think there are ways to do that.

MR. KATZ: I've got two more questions, and then we'll go. John?

Q: -- How much would you rewrite the analysis or the policy prescriptions of Kerner based upon your research?

MR. JARGOWSKY: Of the Kerner Commission?

Q: Kerner –

MR. JARGOWSKY: Well, the Kerner Commission, which is very good -- I think we should read it again every couple of years. It also bespeaks a time when we really had more ambitious notions of what public policy could achieve. And to some extent, we spent a couple of decades feeling very pessimistic about whether government could really make a difference, so on and so forth, to the extent that policy played a role.

And I think both sides of the table agree that some policies, our favorite ones probably, played a role in this reduction as well as the economy. And we also recognize that under the right conditions and with the right policies that these cities can rebound and improve. I think that is a hopeful message, and so maybe that will press us to take up some of that agenda again.

But one difference about the Kerner Commission report, in the current period, is that the Kerner Commission report was really focused, I think, on the black/white division, and now we have a much broader and more diverse picture that involves

Hispanics, Asians, and so on, and also that was very central city versus suburb oriented, whereas now we have this more complicated mosaic that involves older inner ring suburbs.

And so, with some extensions, though, I do think the Kerner Commission report is still very relevant to our current problems.

MR. KATZ: We've got a question over here.

Q: This is a question on -- the federal agencies who are sort of trying to target our programs in the most effective manner. One of the things that my own agency has been working on is how to most effectively target our programs, which are aimed at building the capacity of community development finance institutions. Do we use spatial targeting, targeting the most economically distressed communities, or do we use a-spatial targeting?

Do we target economically distressed populations? Do we use a combination of the two? If we are doing spatial targeting, what indicators do we look at? Should they be different from metro versus non-metro areas? And since this is for building the capacity of lending institutions, in particular, Angela Blackwell mentioned that encouraging lending in inner cities, where these de-concentration rates are going up, would be a good idea, is this something that we should look at?

MS. BLACKWELL: I definitely think that we need to look at integrating the people and the place. So I think that focusing on a place is appropriate, but focusing on the place needs to take into account exactly what's happening with the people there. So there are some areas where you really want to encourage a lot of economic investment, because it's clear that this community is ready for that investment, that people are ready to take the jobs, that there are people who can join with investors and everybody can benefit.

And that, to me, is some of these inner city communities where we're seeing the change. But it's suburban areas where we also need to get very active around these issues, that in some of these suburban areas where we're starting to see poverty increase, we need to bring economic activity there and really make sure that people who are there can begin to invest in small businesses, that they can begin to build their wealth, and that we're keeping the economic engine going and not pulling it away at the very time when people are there, hoping it's going to take off.

So I think that it is a complicated issue. It is not just an either/or. It's got to be a combination. It needs to be informed and nuanced, and grab the momentum while it's there, and create some where it's not.

MR. KATZ: It is now noon. So folks who were not able to ask questions, I think people will be milling around after to answer your questions. First of all, I just want to thank Paul, Tom, and Marge for really excellent research, and the ability to articulate it very fully. I think I want to also thank Ron and Angela for being very provocative.

[End of event.]