

**The State of Metropolitan America: Metros on the
Front Lines of Demographic Transformation
Brookings Forum
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Introduction

Thanks Judy, for that introduction, your support of this initiative, and, most importantly, Rockefeller's strong, sustained investment, here and abroad, in healthy cities and metropolitan areas.

I also want to thank the U.S. Census Bureau which worked closely with us to provide data and expertise for this report.

Today, we want to give you a first public look at a major report and website—the *State of Metropolitan America*.

Our report examines the demographic trends that have affected the top 100 metropolitan areas so far this decade, covering the year 2000 through the year 2008.

We find a nation in demographic transformation along five dimensions of change.

We are a growing nation. Our population exceeded 300 million back in 2006 and we are now on our way to hit 350 million around 2025.

We are diversifying. An incredible 83 percent of our growth this decade was driven by racial and ethnic minorities.

We are aging. The number of seniors and boomers exceeded 100 million this decade.

We are selectively educating. Whites and Asians are now more than twice as likely to hold a bachelor's degree as blacks and Hispanics.

We are a nation divided by income. Low wage workers saw hourly earnings decline by 8 percent this decade; high wage workers saw an increase of 3 percent.

With this background, I will make three main points today.

First, America's top 100 metropolitan areas are on the front lines of our nation's demographic transformation. The trends I've identified—growth, diversity, aging, educational disparities, income inequities—are happening at a faster pace, a greater scale and a higher level of intensity in our major metropolitan areas.

Second, the shape and scale of demographic transformation is profoundly uneven across metropolitan America. This variation only partially reflects the traditional division of our country into regions like New England or the Middle Atlantic or the

Mountain West. Rather a new metro map of the nation is emerging that unites far flung communities by their demographic realities rather than their physical proximity.

Finally, demographic transformation requires action at both the macro and metro scale. The federal government and the states need to lead where they must to address the super-sized challenges wrought by fast change. Metropolitan areas must innovate where they should in ways that are tailored to their distinct challenges and opportunities. And the geography of transformation at the metro scale requires new institutions and ways of governing.

These policy and institutional changes will not be easy.

But let's remember one thing. In the global context, the United States is a demographically blessed nation. Established competitors like Japan, Britain, and Germany are either growing slowly or actually declining; rising nations like China remain relatively homogenous.

In a fiercely competitive world, our growth and diversity may be America's ace in the hole.

So lets start with our initial observation... America's metropolitan areas are on the front lines of demographic transformation.

First, metros are the vanguard of national growth.

The nation's population stood at 307 million in mid 2009, up from 282 million at the beginning of the decade. That's growth of 8.8 percent... slower than the 1990s but still on target to add 28 million people by decade's end.

Compared to national growth, the major metros grew by 10.5 percent or 19.1 million people between 2000 and 2009.

This continues the trend lines of the past 60 years. Decade after decade, our top 100 metros have steadily added people at a rate faster than the nation so that they now contain a full two-thirds of our national population. Growth in the 2000s has been particularly metro-centric; 77 percent of national population growth occurred in these metros, compared to 70 percent in the 1990s.

Growth brings opportunity, of course: greater demand for goods and services; greater demand for housing; the ability to replenish our workforce.

But growth also brings challenges, particularly in an era of constrained resources and global environmental concerns. This is particularly true in our nation... where growth occurs disproportionately at the exurban and even rural periphery of metropolitan areas

In the 100 largest metros, cities and high density suburbs grew a little under 5 percent while less developed counties grew at more than three times that rate. By 2008, more than 40 percent of metropolitan population lived in spread out areas, creating a distended “autoscape” where most residents are completely dependent on their car for transportation.

The sprawling growth of this decade raises stark challenges: How does the U.S. grow in both fiscally and environmentally sustainable ways? How do we finance new infrastructure in new communities when we are barely able to maintain the infrastructure in older communities? How do we develop metros that can both accommodate growth and lower greenhouse gas emissions?

Diversity is the second element of demographic change and metros are at the leading edge.

Racial and ethnic minorities accounted for an astonishing 83 percent of national population growth this decade.

As a result, Hispanics now make up roughly 15 percent of the nation’s population. Blacks comprise a little over 12 percent.

Racial and ethnic minorities make up an even larger share of the population in the top 100 metros: Nearly 19 percent of metro populations are Hispanic; nearly 14 percent Black.

We are well on the path to becoming a majority minority nation and metros are leading the way.

Today, 17 metros are majority minority, compared to 14 in 2000 and 5 in 1990. And a total of 31 metros have majority-minority child populations.

The growing diversity owes primarily to the natural increase in racial and ethnic populations that were already present in the U.S. in 2000. But new immigrants have accounted for roughly 30 percent of national population growth this decade. In metro America, the pace and volume of immigration was faster, with the share of growth approaching one third.

Thus, while one in every eight Americans is foreign born, the same is true for one in every six metropolitan residents. This share is larger than the share experienced during the other great wave of international migration in the early 20th century.

Like that earlier period, immigration is one of the most contentious issues in our nation, best illustrated by Arizona’s recent actions. Yet the benefits of immigration—and diversity more broadly—are immense: new markets; new ideas; new workers to replace those that retire; new connections to emerging markets outside the U.S.

So we have a central challenge: How do we embrace diversity and adapt to being a majority minority nation? How do we manage the cultural differences and the shift in political power that naturally flow from greater diversity? How do we assimilate and integrate tens of millions of new Americans?

The third demographic hallmark of this decade is aging.

The United States is experiencing an aging tsunami and metros are aging faster than the nation.

As the Beatles imagined, the first of the baby boomers turned 64 at the beginning of this year.

The combined populations of these boomers and people who are over 65 have already surpassed 117 million.

As a sign of things to come, the nation saw 40 percent growth in the near senior population, those between 55 and 64.

Metros are at the forefront of the aging wave. During the 2000s they experienced a 45 percent increase in this demographic.

As with growth, the aging phenomenon will largely be a suburban phenomenon. In the 100 largest metros, the boomer and senior population in cities grew by 17 percent; suburban growth was faster. Currently, 71 percent of the boomers and seniors that live in the largest metros reside in suburbia.

At the metro scale, aging is posing a vexing dilemma: How do we remake suburbs to fit the needs of an aging population?

Major metros are also challenged by simultaneously concentrating both aging and diversifying populations. By 2008, the combined child population in the top 100 metros was over 50 percent minority. By contrast, only 25 percent of the elderly population was minority. A cultural generation gap is emerging in metropolitan America.

To put it plainly, will the elderly population, who are primarily white, do what it takes to educate the most diverse generation of children in the history of the nation?

The fourth pillar of our demographic restructuring is education, the fuel for economic prosperity.

The U.S. got smarter this decade, with the share of adults holding four-year college degrees rising from 24 percent in 2000 to 28 percent in 2008.

Here again, metros lead the nation, seeing the share of residents with four-year degrees rise to 31 percent in 2008.

But all is not well at the metro scale; there are pronounced racial and ethnic disparities on educational attainment.

In 2008, only 14 percent of Hispanics and 20 percent of blacks had a bachelor's degree. That contrasted sharply with the educational attainment figures for whites and Asians. You can do the math: 86 percent of Hispanic adults and 80 percent of black adults in metros do not have a bachelor's degree.

These disparities pose a central challenge to the nation. How do we prepare our future workforce to compete globally for the jobs of this century?

The final element of America's changing demographics naturally follows education, namely income.

For the past several decades, our shifting, mostly de-industrializing economy has emphasized brain over brawn, rewarding those individuals with high levels of education and generally punishing those individuals without.

The 2000s continued this pernicious trend, exacerbating income inequities in the process.

At the national scale, low-wage workers lost ground, seeing their hourly earnings declining by 8 percent. Middle-wage workers were not insulated, suffering declines of more than 4 percent. Only high-wage workers saw hourly earnings rise more than 3 percent.

Metros stood at the vanguard of this unfortunate trend. Low-wage workers in the major metros suffered greater declines in their wages than the national average; by contrast, high-wage workers made greater gains.

To complicate matters, the geography of poverty is also shifting. Suburbs saw greater increases in poverty during this decade than did cities. As a result, the majority of poor people now live in suburbs for the first time.

The challenges to these income trends are real and immediate. How do low- and moderate-income Americans make ends meet, when wages are declining and the costs of daily life remain high? And how does the suburbanization of poverty alter the ability of people to move out of poverty?

This aggregate overview naturally leads to our second major finding: The shape and scale of demographic transformation is profoundly uneven across metropolitan America.

The 2000s witnessed immense metro variation across all five dimensions of change.

Provo, Utah grew the fastest, a torrid 42 percent. By contrast, New Orleans declined the most, losing 14 percent of its population—largely as a result of Hurricane Katrina.

McAllen is the nation's most non white metropolis, with racial and ethnic minorities making up 91 percent of its population. Portland, Maine is the nation's least diverse metro, with only 5 of its population so represented.

Bradenton is the nation's oldest metro, with boomers and seniors making up 53 percent of the population. Provo is the nation's youngest metro, with only 21 percent of its population age 45 and older.

Washington, D.C. is the nation's smartest metro, with adults that are more than three times as likely to hold a college degree as those in the lowest performing metros like Bakersfield.

And Worcester saw the greatest median household income increase, jumping 8 percent. By contrast, Detroit declined the most, with a 17 percent decrease.

Demographic transformation, in short, is not occurring uniformly across the metropolitan landscape.

But it also not conforming to the way the census organizes the country, along nine contiguous, traditional regional groupings like New England, the middle Atlantic or the Mountain West.

Rather a new Metro Map of the United States is emerging, that groups the nation's leading edge communities by their demographic similarities rather than their physical proximity.

At one end of the spectrum lies nine Next Frontier Metros, the demographic success stories of the 2000s. These places are fast growing, rapidly diversifying, and outperforming the nation in educational attainment. Eight of these nine metro areas lie west of the Mississippi River, Washington, D.C. being the only exception.

Nine metros are Diverse Giants, places that post above-average educational attainment and diversity, but below-average population growth, owing in part to their large sizes. This cluster includes the three largest metros in the country (New York, LA, and Chicago), as well as coastal anchors such as Miami, San Francisco, and San Diego.

The 19 metros in the New Heartland cluster span the nation geographically. These places are fast growing and highly educated, but have lower shares of Hispanic and Asian populations than the national average. They include many communities in the "New South" where blacks are the dominant minority group, such as Atlanta, Charlotte, and Richmond, as well as largely white metro areas throughout the Midwest and West, such as Indianapolis, Kansas City, and Portland (OR).

Eleven metros comprise a new Border Growth bloc, growing and diversifying fast but lagging substantially on educational attainment. This cluster stretches from Orlando through central Texas, through Arizona and Nevada, and up California's Central Valley and is marked by a significant and growing presence of Mexican and Latin American immigrants.

Mid-Sized Magnets, 15 strong, are growing fast but are distinguished by lagging education and lower shares of Hispanic and Asian minorities. Some of these communities got caught in the growth spiral of the 2000s that ended abruptly with the housing crash—particularly Boise and the six Florida metro areas.

Nineteen metros are Skilled Anchors, slow-growing, less diverse metro areas that boast higher-than-average levels of educational attainment. 17 of the 19 Skilled Anchors lie in the Northeast and Midwest, and include large regions such as Boston and Philadelphia, as well as smaller regions such as Akron and Albany.

Industrial Cores are the final, most demographically disadvantaged of the metropolitan types. These 18 older industrial centers of the Northeast, Midwest and Southeast are slower-growing, less diverse, and less educated than national averages.

The new metro map of the United States forces us to think outside the conventional regional boxes that have informed America's narrative for generations. The South, for instance, counts at least one member in each of the seven metropolitan categories. Very different demographic destinies confront Greensboro versus Charlotte, or Austin versus San Antonio. Likewise, the notion of a unified "Rust Belt" stretching across large portions of the Northeast and Midwest overlooks the factors that distinguish **populations** in Rochester, Cleveland, Indianapolis, and Chicago from one another.

Creating this set of metropolitan typologies is not an academic exercise. The distinct demographic starting points of different types of metros like these tell us not only which policy reforms should be emphasized in which places...but the nature and scope of those reforms.

This leads to my final point: Demographic transformation requires action at both the macro and metro scale.

The trends we have presented today affect if not drive some of the most difficult challenges facing the nation.

Climate change is shaped by the demographics of growth.

The backlash against immigration is driven by the demographics of diversity and immigration.

The fiscal crisis in Medicare and Social Security is determined by the demographics of aging.

Our ability to compete globally is dictated by the demographics of education.

And, building a resilient middle class is prescribed by the demographics of income.

U.S. prosperity, in short, depends on whether we can master demographic change and leverage its possibilities.

Across the nation, metros are on the case... forging imaginative solutions on issues as disparate as transit and transport, building and development, schools and skills.

Yet metros cannot go it alone. They have neither the power nor the resources to handle demographic transformation by themselves... nor should they.

Change of this magnitude requires a remaking of the partnership between the macro and the metro.

The federal and state governments, of course, *should lead where they must* given the need for uniform and scaled solutions to challenges that are ultimately national in scope.

At the same time, metropolitan areas *must innovate where they should* given their distinct demographic starting points and special devolved responsibilities in our federalist system.

The State of Metropolitan America report recommends a series of macro/metro responses across all 5 dimensions of change.

Today, let's look at how this federal partnership works for just one of these dimensions: growth.

At the macro scale, our past and current transportation and housing policies have subsidized the vast autoscape in the U.S.—a sprawling, congested, exit-ramp economy.

We have an opportunity—with the housing collapse, with the crumbling of older infrastructure, with the looming reauthorization of federal transport law—to change this and, in Rockefeller's language, “promote equitable and sustainable” transport and housing.

That means leveling the playing field, giving communities more flexibility to choose between roads and transit and rail.

That means fixing it first: emphasizing the recapitalization of older infrastructure in already-built communities.

That means integrating transport and housing, land use, and economic development.

And that means overhauling housing finance to facilitate the construction and preservation of rental housing, of mixed income and mixed use housing.

Progress is being made:

- In implementation of the American Recovery and Reinvestment Act
- In the Sustainable Communities Initiative and evolution of the HUD-DOT-EPA partnership
- In draft authorization legislation offered by Congressional leaders
- In the idea of a National Infrastructure Bank slowly gaining currency

But macro policies are not sufficient. Metros must tailor growth responses to their distinctive starting points, whether it's the depopulated urban centers of industrial core metros like Detroit and Buffalo; or the environmentally constrained and water constrained reality of border growth metros like Las Vegas and Phoenix.

The U.S. will need to look elsewhere for solutions: to European older industrial centers like Bilbao, which have transformed their urban landscape through strategic investments in brownfield remediation and land reclamation; or to other European and Asian metros which have gotten serious about water management and water efficiency at the metro scale.

Beyond macro and metro solutions, we have to act on governance as well. The wasteful growth patterns in metro America are partly a result of the spatial mismatch between the geography of government on one hand and the metropolitan geography of the economy on the other.

Cities and suburbs must play well together, particularly on issues like transport, housing and land use.

And metros should execute plans to consolidate fragmented governments, particularly administrative entities that oversee economic development, so that the physical development of metros can be more efficient.

Conclusion

Let me end where I began.

Like earlier times in our history, America is undergoing a massive demographic transformation.

Our metropolitan areas are on the front lines of that transformation. Every trend that is affecting the nation—growth, diversity, aging, educational disparities, income inequities—are affecting our major metropolitan areas first... at a speed and scale and complexity that is truly historic.

Grappling with demographic transformation will not come easy. Issues like growth and immigration and the gap between rich and poor confound our policymakers and roil our politics.

If we can manage our demographic transformation—culturally, environmentally, fiscally—the 21st century promises to be a positive, prosperous one for the United States. The stakes are very high to get this right.