Metropolitan Policy Program
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The Great Recession and Poverty in Metropolitan America

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Findings

An analysis of poverty in the nation's 100 largest metro areas, based on recently released data from the 2009 American Community Survey, indicates that:

- **The number of poor people in large metro areas grew by 5.5 million from 1999 to 2009, and more than two-thirds of that growth occurred in suburbs.** By 2009, 1.6 million more poor lived in the suburbs of the nation's largest metro areas compared to the cities.

- **Between 2007 and 2009, the poverty rate increased in 57 of the 100 largest metro areas, with the largest increases clustered in the Sun Belt.** Florida metro areas like Bradenton and Lakeland, and California metro areas like Bakersfield, Riverside-San Bernardino-Ontario, and Modesto, each experienced increases in their poverty rates of more than 3.5 percentage points.

- **Poverty increased by much greater margins in 2009 than 2008, with cities and suburbs experiencing comparable rates of growth in the recession's second year.** Between 2008 and 2009, cities and suburbs gained 1.2 million poor people, together accounting for about two-thirds of the national increase in the poor population that year.

- **Several metro areas saw city poverty rates increase by more than 5 percentage points, while many suburban areas experienced increases of 2 to 4 percentage points between 2007 and 2009.** The city of Allentown, PA saw a 10.2 percentage-point increase in its poverty rate, followed by Chattanooga, TN with an increase of 8.0 percentage points. Sun Belt metro areas were among those with the largest increases in suburban poverty, including Lakeland, FL and Riverside-San Bernardino-Ontario, CA.

The Great Recession exacerbated the trend toward rising and suburbanizing poverty apparent in the nation's largest metro areas since the start of the decade. Given the persistence of urban poverty and the growth of poor in the suburbs, policymakers and service providers alike will increasingly need to craft regional solutions to address the shared challenges of metropolitan poverty. At the federal level, policymakers can extend key provisions in the tax code—like the improvements made to the Earned Income Tax Credit and Child Tax Credit through the American Recovery and Reinvestment Act—to ensure they do not remove important work supports during a time of continued economic uncertainty.

Introduction

As expected, the latest data from the Census Bureau's 2009 American Community Survey (ACS) confirm that the worst U.S. economic downturn in decades exacerbated trends set in motion years before, by multiplying the ranks of America's poor.[1] Between 2007 and 2009, the national poverty rate rose from 13 percent to 14.3 percent, and the number of people below the poverty line jumped by 4.9 million. Yet because the economic impact of the Great Recession was highly uneven across the nation, the map of U.S. poverty shifted in important ways over the past couple of years, with implications for both national and local efforts to alleviate poverty.[2]

An analysis of poverty trends across and within the nation's 100 largest metro areas through 2009 finds that:

Findings

A. The number of poor people in large metro areas grew by 5.5 million from 1999 to 2009, and more than two-thirds of that growth occurred in suburbs.

Between 1999 and 2009, the number of people living below the federal poverty line ($21,954 for a family of four in 2009) swelled by 25.6 percent nationally. The rising number of poor pushed the national poverty rate—the share of people living in poverty—up two percentage points, from 12.4 percent in 1999 to 14.3 percent in 2009. In the aggregate, poverty in the nation's 100 largest metro areas—the regional centers that drive the nation's economy—mirrored the national trend (Table 1).

Table 1. Changes in City and Suburban Poverty Trends, 1999 to 2009, 95 Metro Areas*

	Poverty Rate (%)			Number of Poor		
	1999	2009	Percentage Point Change	2000	2009	Percent Change
Nation	**12.4**	**14.3**	**2.0**	**33,899,812**	**42,868,163**	**26.5%**
Metro	11.6	13.3	1.7	20,378,841	25,849,934	26.8%
Cities	18.0	19.5	1.5	10,387,549	12,121,247	16.7%
Suburbs	8.5	10.4	1.9	9,991,292	13,728,687	37.4%

*Five of the top 100 metro areas are excluded from this analysis due to data limitations.
Note: All change estimates are significant at the 90 percent confidence level.

Source: Brookings Institution analysis of Census 2000 and 2009 American Community Survey data

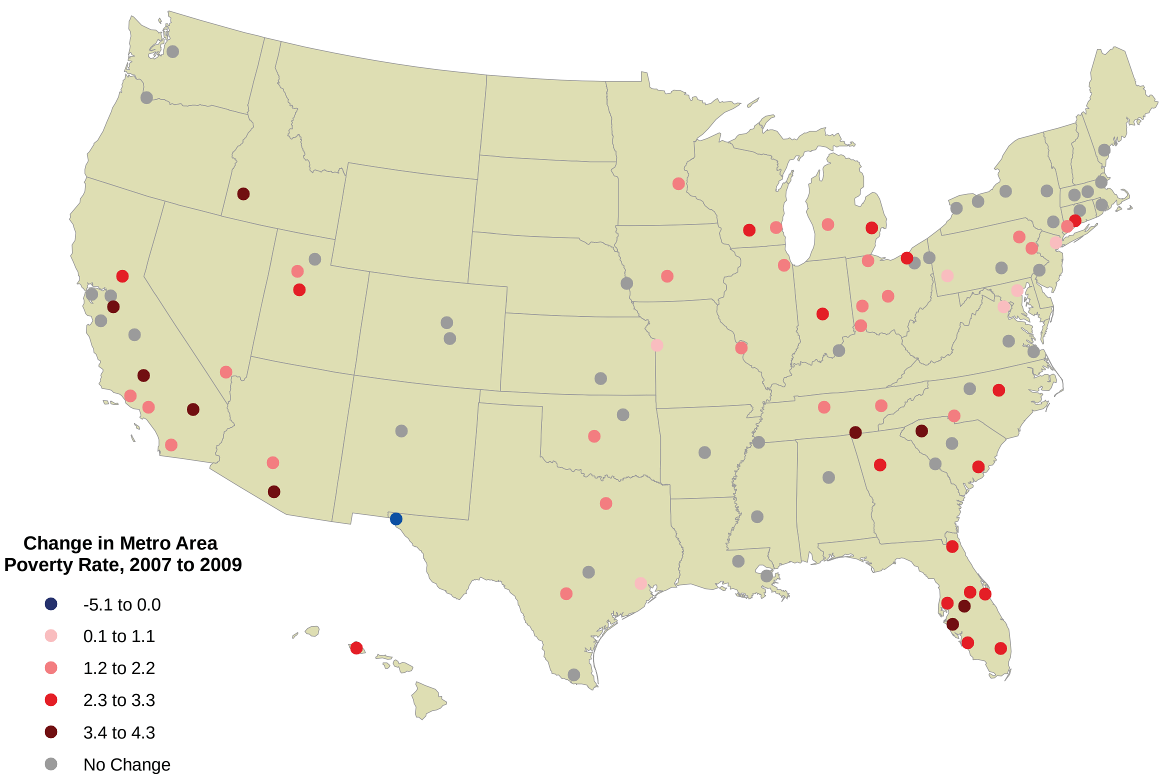
Within these large metro areas, however, suburban communities bore the brunt of increasing poverty.[3] Suburbs saw their poor population balloon by 37.4 percent in the 2000s, outstripping the national growth rate and more than doubling the rate of increase seen in cities (16.7 percent). More than two-thirds of the net growth in the poor population of metro areas occurred in suburbs. By 2009, 1.6 million more poor lived in suburbs than in cities, a dramatic departure from 2000 when city poor outnumbered their suburban counterparts by almost 400,000. And although the poverty rate in suburbs in 2009 (10.4 percent) was still considerably lower than in cities (19.4 percent), that suburban rate rose by a greater amount over the course of the decade than the rate in cities.

In many ways the 2009 data confirm patterns apparent earlier in the decade, that American poverty is on the rise and increasingly suburban.[4] However, taking a closer look at the changes in poverty over the course of the recession—from 2007 to 2009—reveals the extent to which the protracted and deep downturn accelerated and shaped these trends in the latter part of the decade.

B. Between 2007 and 2009, the poverty rate increased in 57 of the 100 largest metro areas, with the largest increases clustered in the Sun Belt.

More than half of the nation's 100 largest metro areas saw their poverty rates climb by a statistically significantly margin during the two years following the start of the Great Recession (Map 1 and Appendix A). Fully 57 experienced a significant increase, while only one metro area—El Paso—saw poverty decline. While these 57 metro areas are distributed throughout the country, the biggest two-year increases are clustered in the Sun Belt. In particular, Florida metro areas like Bradenton and Lakeland—which saw increases of 4.5 and 4.3 percentage points, respectively—and California metro areas like Bakersfield (4.2 percentage points), and Riverside-San Bernardino-Ontario and Modesto (3.6 percentage points each) led the list for rising poverty rates.

Map 1. Change in Poverty Rates During the Recession, 100 Largest Metro Areas



Note: All change estimates are significant at the 90 percent confidence level.
Source: Brookings Institution analysis of 2007 and 2009 American Community Survey data

Several manufacturing centers in the Midwest and South also saw considerable increases in their poverty rates between 2007 and 2009, including Indianapolis, Cleveland, and Detroit in the Midwest (3.0, 2.6, and 2.3 percentage points, respectively), and Greenville (4.2 percentage points) and Chattanooga (3.9 percentage points) in the South.

By and large these trends follow the trajectory of regional economies over this time period as the recession unfolded. Many auto manufacturing-related metro areas have faced job losses since the start of the decade, and therefore showed upticks in poverty even in advance of the recent downturn. As the map illustrates, many have continued to see poverty push upward in recent years, but the metro areas that have seen the sharpest short-term increases in poverty are those in the Sun Belt. These regions were at the front lines of the downturn when the housing market collapsed and continued to struggle with the economic fallout as the recession deepened and spread to other industries.

C. Poverty increased by much greater margins in 2009 than 2008, with cities and suburbs experiencing comparable rates of growth in the recession's second year.

In the first year of the recession, the nation's poor population grew by 1.1 million (Table 2).[5] Suburbs in the nation's largest metro areas accounted for more than half of that growth.[6] The suburban poverty rate overall increased by 0.3 percentage points from 2007 to 2008—on par with the national average—while that in cities rose by 0.2 percentage points.

Table 2. Changes in City and Suburban Poverty Trends During the Recession, 2007 to 2009, 95 Metro Areas*

	Poverty Rate (%)			Percentage Point Change		
	2007	**2008**	**2009**	**2007 to 2008**	**2008 to 2009**	**2007 to 2009**
Nation	**13.0**	**13.2**	**14.3**	**0.2**	**1.1**	**1.4**
Metro Areas	11.9	12.2	13.3	0.3	1.1	1.4
Primary Cities	18.0	18.2	19.5	0.2	1.2	1.4
Suburbs	9.1	9.5	10.4	0.3	0.9	1.2

	Number in Poverty			Percent Change		
	2007	**2008**	**2009**	**2007 to 2008**	**2008 to 2009**	**2007 to 2009**
Nation	**38,052,247**	**39,108,422**	**42,868,163**	**2.8%**	**9.6%**	**12.7%**
Metro Areas	22,690,341	23,460,729	25,849,934	3.4%	10.2%	13.9%
Primary Cities	10,748,398	10,969,243	12,121,247	2.1%	10.5%	12.8%
Suburbs	11,941,943	12,491,486	13,728,687	4.6%	9.9%	15.0%

*Five of the top 100 metro areas are excluded from this analysis due to data limitations.
Note: All change estimates are significant at the 90 percent confidence level.

Source: Brookings Institution analysis of 2007, 2008, and 2009 American Community Survey data

In line with the much larger job losses that occurred in the recession's second year, poverty trended upward much more steeply from 2008 to 2009 than in the year before. The poor population swelled by 3.8 million during that time, more than three times its increase during the recession's first year.

In the second year of the recession, large-metro cities and suburbs each experienced an increase of roughly 1.2 million poor people, together accounting for about two-thirds of the national increase in the poor population that year. This departed a bit from the 2007 to 2008 period, when the bulk of rising poverty in metro areas accrued to suburbs. Between 2008 and 2009, both cities and suburbs saw their poverty rates rise by greater margins as well (1.2 and 0.9 percentage points, respectively).

These trends mirror those seen in city and suburban unemployment over the course of the recession, with the second year eclipsing the first for increases in the unemployed population across both cities and suburbs, and cities and suburbs showing comparable rates of increase in that year.[7]

D. Several metro areas saw city poverty rates increase by more than 5 percentage points, while many suburban areas experienced increases of 2 to 4 percentage points between 2007 and 2009.

The metro areas experiencing the biggest upticks in city poverty are located largely in the Midwest and Sun Belt (Table 3 and Appendix B). Allentown saw the largest change in its city poverty rate among the top 95 metro areas, with a staggering increase of more than 10 percentage points in two years. By 2009, almost 30 percent of Allentown's residents lived in poverty. Chattanooga followed Allentown with an increase of 8.0 percentage points, and the Sun Belt metro areas of Riverside-San Bernardino-Ontario, Tucson, and Cape Coral all experienced upticks of 5 percentage points or more in their city poverty rates over the course of the recession. Three metro areas actually saw a decline in their city poverty rates over this two-year period, including Boston-Cambridge, El Paso, and Providence.

Table 3. Metro Areas with Largest Increases in City and Suburban Poverty Rates During the Recession, 2007 to 2009

Top 10 Metro Areas For Increases in City Poverty		***Top 10 Metro Areas For Increases in Suburban Poverty***	
Metro Area	Percentage Point Change	Metro Area	Percentage Point Change
Allentown, PA-NJ	10.2	Lakeland, FL	4.2
Chattanooga, TN-GA	8.0	Charleston, SC	3.5
Boise City, ID	5.8	Riverside-San Bernardino-Ontario, CA	3.4
Provo-Orem, UT	5.7	Orlando, FL	3.0
Cleveland, OH	5.4	Provo-Orem, UT	2.7
Lakeland, FL	5.1	Tampa-St. Petersburg-Clearwater, FL	2.6
Bakersfield, CA	5.1	Miami-Fort Lauderdale-Pompano Beach, FL	2.6
Cape Coral, FL	5.0	Scranton, PA	2.5
Tucson, AZ	5.0	Honolulu, HI	2.5
Riverside-San Bernardino-Ontario, CA	5.0	Atlanta, GA	2.1

Note: All change estimates are significant at the 90 percent confidence level. Metro area names reflect only the primary city or cities of the MSA.
Source: Brookings Institution analysis of 2007 and 2009 American Community Survey data

In contrast, no metro areas achieved decreases in suburban poverty over this two-year period. In particular, previously fast-growing Sun Belt suburbs with significant job losses in construction and real estate over this time period dominate the list of regions with the largest increases in suburban poverty rates. Lakeland saw the biggest increase (4.2 percentage points) between 2007 and 2009. Once again, Riverside-San Bernardino-Ontario makes the list with an uptick of 3.4 percentage points in its suburban poverty rate. Several other metro areas saw their suburban poverty rates increase by more than 2 percentage points, including the suburbs around Atlanta, Miami, and Tampa.

In all, 30 metro areas saw city poverty rates increase significantly between 2007 and 2009, and 47 saw their number of poor residents increase. At the same time, 23 metro areas saw suburban poverty rates rise and 28 saw their poor populations grow significantly. In general, metro areas that experienced a change in both city and suburban poverty (e.g. the Chicago, Dallas, Tampa, Los Angeles, Minneapolis, and St. Louis regions) saw those changes move in the same direction. This fact reinforces the extent to which cities and suburbs make up different parts of the same regional labor market, with the economic health of that labor market acting as a leading determinant of the region's poverty trends.

Discussion and Conclusion

The fact that poverty is up two years after the onset of the worst recession since the Great Depression does not come as a surprise. However, the extent to which poverty has spiked over those two years—in cities like Allentown and Chattanooga and suburbs like those around Lakeland and Charleston—should sound an alarm, especially given that changes in poverty tend to lag behind changes in unemployment, and unemployment remains stubbornly high for many of these metro areas.[8] Based on projections of a sluggish economic recovery, the United States may add another 10 million people to the poverty count by the middle of this decade.[9] Policymakers and practitioners must grapple with the damage already done and the long road ahead for efforts to alleviate and reduce poverty, both nationally and locally.

What can be done at the federal level?

Notwithstanding the difficult fiscal environment in Washington, and the variation in poverty increases at the regional level around the country, the federal government—by virtue of its size and scope—retains a unique responsibility to help working families everywhere meet their basic needs in an adverse economic climate.

In particular, the federal income tax code has become a critical source of income support for these families.[10] In 2009 and 2010, the American Recovery and Reinvestment Act (ARRA) expanded the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC), key provisions that benefit low-income filers. The EITC expansions increased the credit available to families with three or more children—families that are more likely to live in poverty—and married couples filing jointly. At the same time, the CTC expansion lowered the income threshold at which the credit becomes refundable, allowing working families who earn lower incomes to benefit from the credit.

As communities throughout the country saw poverty rise in 2009, these tax provisions alone boosted the take home pay for millions of low-income working families. Because of ARRA, married couples raising three or more children were eligible for an additional $1,075 on average through the EITC, while working families making between $10,000 and $20,000 were eligible to take home an additional $753 through the CTC on average.[11] These additional supports are significant benefits for low-income working families, especially at a time when more workers are facing bouts of unemployment, reduced hours, and lower earnings.

The Obama administration has proposed making these temporary expansions permanent, but absent congressional action they will expire at the end of the year. Moreover, the provision that first made the CTC available to lower-income families in 2001 is also set to expire in 2010. Working families thus stand to lose not only the benefit they received from the CTC under ARRA, but many could lose the benefits of the credit altogether. At a time when the economy has yet to find firm footing, policymakers should preserve these provisions as an effective means of providing support to families working to make ends meet.[12]

What can local policymakers and service providers do?

At the local level policymakers and service providers face dual challenges. Over the course of the decade, suburban communities have seen poverty increase at an unprecedented rate, and the Great Recession has only exacerbated those trends. New research by Scott Allard and Benjamin Roth shows that the social service infrastructure in suburban areas has not been as well developed historically as the safety nets that have evolved in urban centers.[13] The recent rise in suburban poverty has strained a social services sector that was already stretched thin and ill equipped for the marked increases in demand it has seen over the last few years.

At the same time, urban poverty has remained consistently high over the decade, with city residents in the top 100 metro areas almost twice as likely to be poor as their suburban neighbors. Not only have city poverty rates remained high, but the second year of the recession sent city poverty sharply upward. Rather than poverty being a primarily urban or suburban problem at the end of the 2000s, it has truly become a metropolitan issue.

Ultimately the trend toward rising and suburbanizing poverty was in place years before the Great Recession. Even if recovery brings some relief in the trajectory of these trends it will not turn back the clock completely. To address rising poverty in the nation's largest metro areas, both policymakers and service providers should consider how to implement regional approaches to shared problems, particularly at a time of severe local budget constraints. For service providers that may mean collaborating across municipal or county lines in order to align existing services—using limited resources in a way that eliminates redundancies and fills service gaps. For policymakers it means breaking down silos between policy areas and overcoming political fragmentation to craft regional strategies for effective transportation, housing, economic, and workforce development policies. These things are easier said than done, but true progress against poverty will not come without a serious commitment to addressing its increasingly regional nature.

[1] Elizabeth Kneebone and Emily Garr, "The Suburbanization of Poverty: Trends in Metropolitan America, 2000 to 2008" (Washington: Brookings Institution, 2010), and Elizabeth Kneebone and Emily Garr, "The Landscape of Recession: Unemployment and Safety Net Services Across Urban and Suburban America" (Washington: Brookings Institution, 2010).

[2] Howard Wial and Richard Shearer, "MetroMonitor: Tracking Economic Recession and Recovery in America's 100 Largest Metropolitan Areas" (Washington: Brookings Institution, 2010).

[3] The term *city* represents the 132 primary cities identified in 95 of the largest Metropolitan Statistical Areas (MSAs) for which there are comparable data. *Suburbs* represent the remainder of the MSA outside of the primary city or cities. For more detailed definitions, see Brookings Institution, "State of Metropolitan America: On the Front Lines of Demographic Transformation" (Washington: 2010, pp. 16-19).

[4] Kneebone and Garr, "The Suburbanization of Poverty".

[5] According to the National Bureau of Economic Research (Cambridge: NBER 2010), the 2007 recession began in December of that year and lasted 18 months until June 2009. Here, 2008 is referred to as the first year of the recession and 2009 as the second.

[6] Increases in suburban poverty between 2007 and 2008 were driven largely by the severity of the housing market collapse in Sun Belt metro areas such as Lakeland, Palm Bay, Riverside, Tampa, and Miami, each of which saw poverty rise by significant margins in the first year of the recession.

[7] Kneebone and Garr, "Landscape of Recession".

[8] Wial and Shearer, "MetroMonitor".

[9] Emily Monea and Isabel Sawhill, "An Update to 'Simulating the Effects of the "Great Recession" on Poverty'" (Washington: Brookings Institution, 2010).

[10] Note that because the federal poverty measure does not take into account income after taxes or the impact of in-kind supports on families' budgets, the numbers presented here do not reflect the increased flow of support to moderate- and low-income workers and families that ARRA provided. For more information on the definitions of the current and alternative measures of poverty, see U.S. Census Bureau, "Income, Poverty, and Health Insurance Coverage in the United States: 2009" (Washington, 2010).

[11] Elizabeth Kneebone, "Economic Recovery and the Earned Income Tax Credit" (Washington: Brookings Institution, 2009), and Elizabeth Kneebone, "The Child Tax Credit after ARRA: How Would Expiration Affect Metropolitan Families?" (Washington: Brookings Institution, 2010).

[12] Center on Budget and Policy Priorities, "Policy Basics" (Washington, 2009).

[13] Scott Allard and Benjamin Roth, "Strained Suburbs: The Social Service Challenges of Rising Suburban Poverty" (Washington: Brookings Institution, 2010).

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