

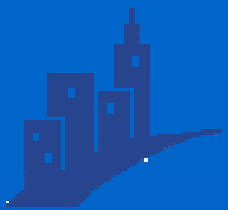
The Brookings Institution

Metropolitan Policy Program
Alan Berube, Research Director



Metropolitan Poverty in the United States

Poverty and Place Workshop
Cambridge—MIT Institute
Cambridge, UK
September 28, 2006



Metropolitan Poverty in the United States

I Who are America's metropolitan poor?

II Does "place matter" for them?

III What is the future of American policy towards the metropolitan poor?

Following the President's lead....

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"Get me everything we have on poor people."



First, recall that the “poor” in America have very low incomes compared to international standards

→ The 2005 federal poverty threshold for a family of three was **\$15,735**

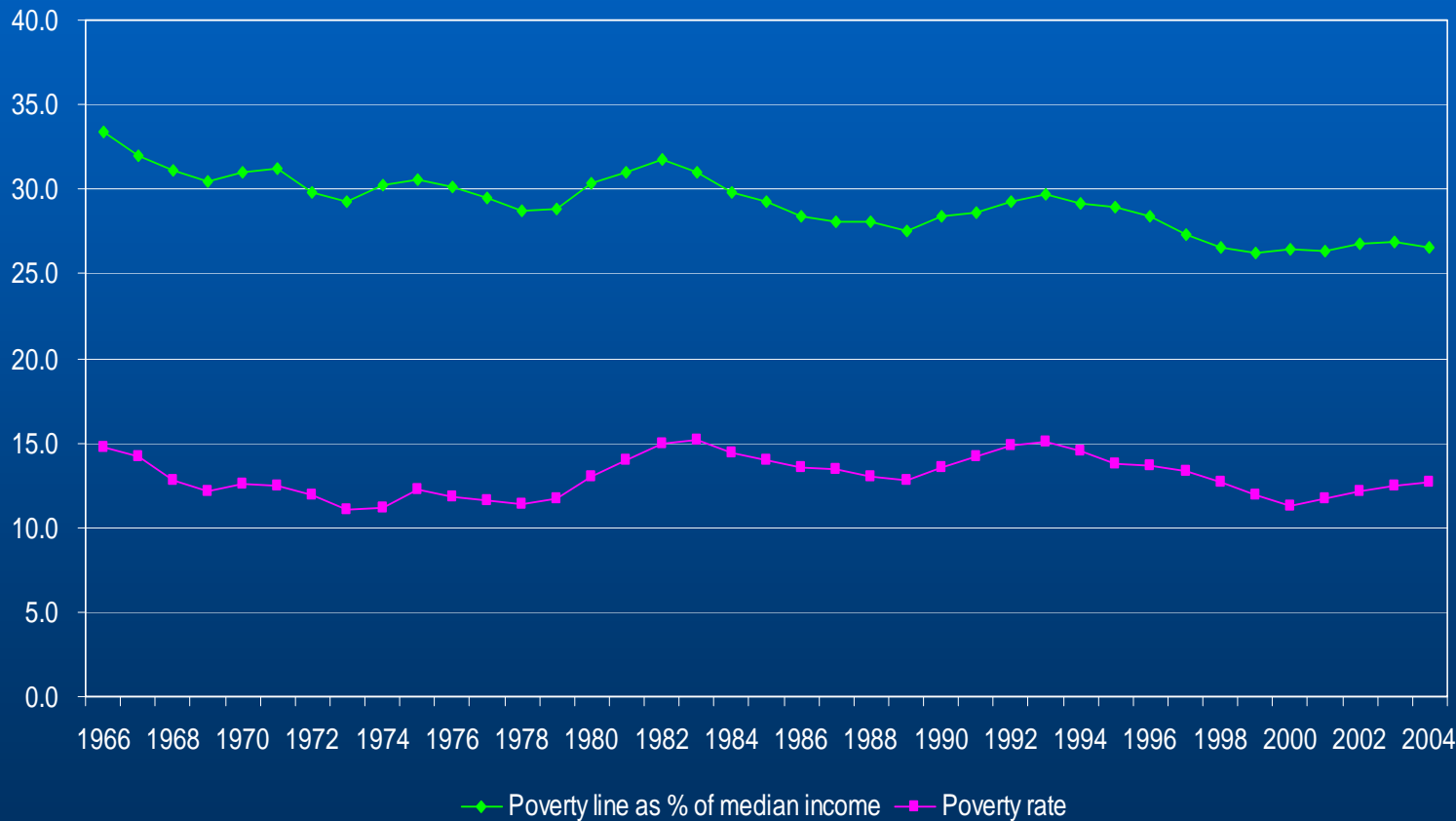
→ This is roughly **26% of median income** for a family of that size



The percentage of all U.S. residents under the poverty line has remained relatively stable, while the poor have fallen farther behind other U.S. families

Poverty line as a percentage of median family income, and percentage of U.S. residents in poverty, 1966-2004

Source:
U.S. Census Bureau

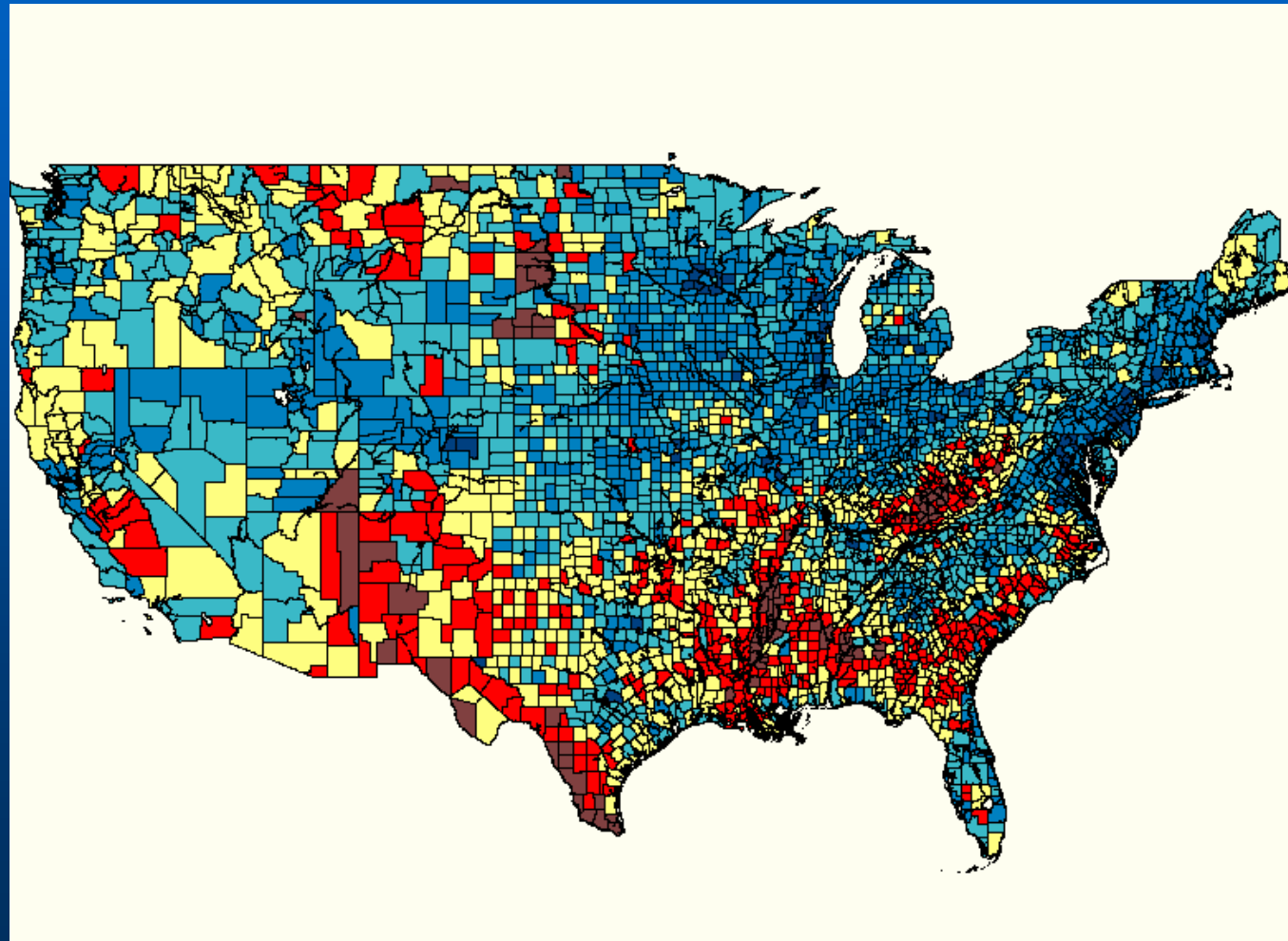
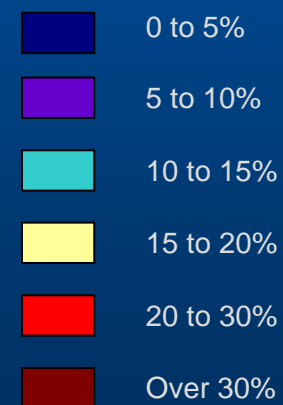




Mostly rural places show up as “red” on a map of U.S. poverty measured by traditional American standards

Percentage of people in poverty by county, United States, 2000

Source: analysis of Census Bureau data sources

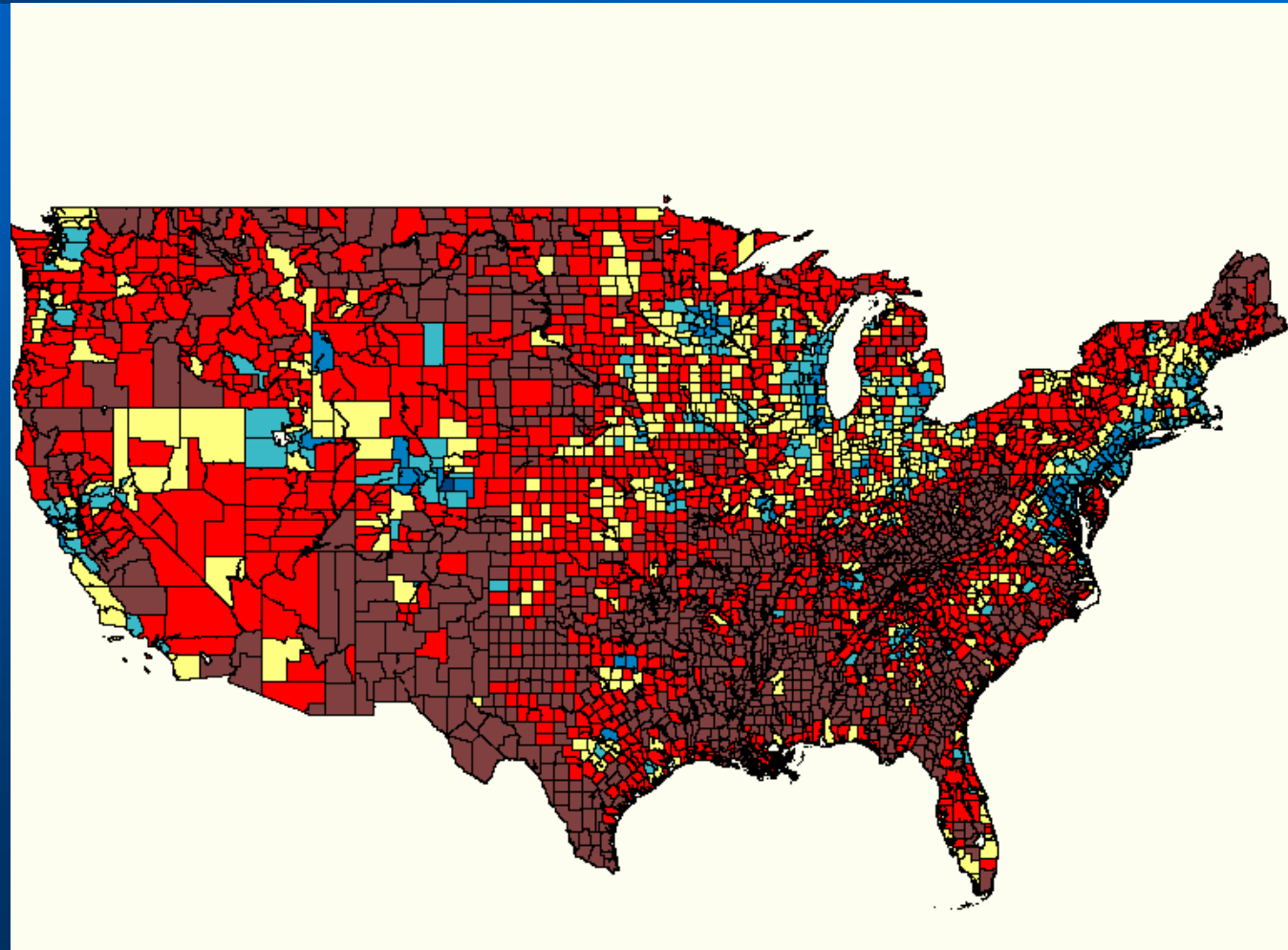
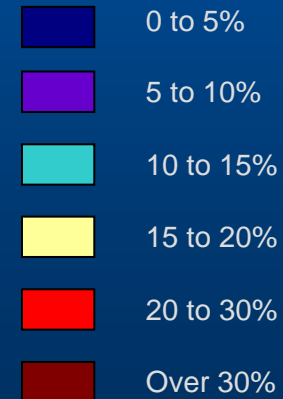




But very few places—mostly suburbs—remain “blue” if poverty is measured on a relative basis

Percentage of people under 50% of family median income, United States, 2000

Source: analysis of Census Bureau data sources

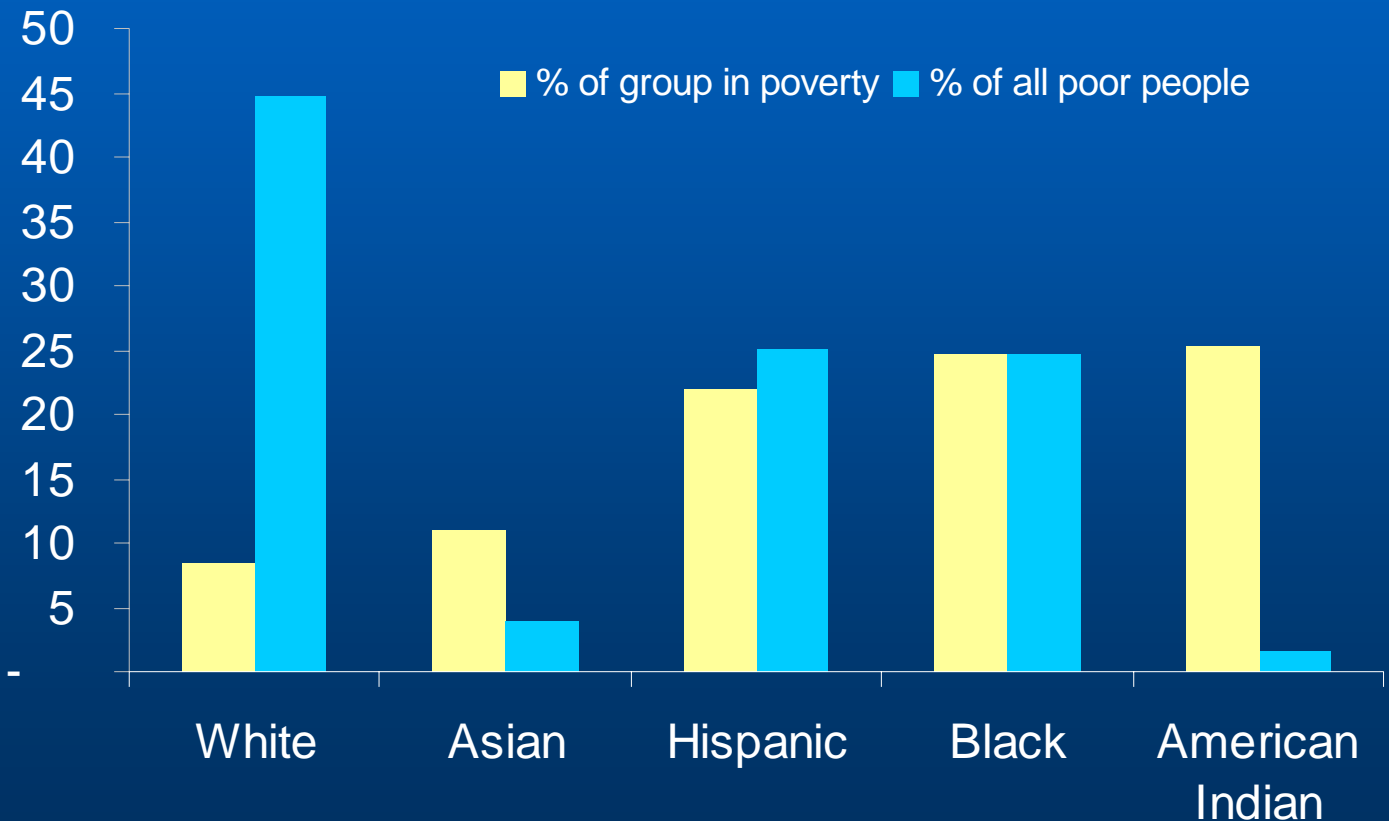




Poverty rates are considerably higher for African Americans and Hispanics (though nearly half of poor people are white)

Percentage of people in poverty, and composition of poor population, 2003-05

Source:
U.S. Census Bureau






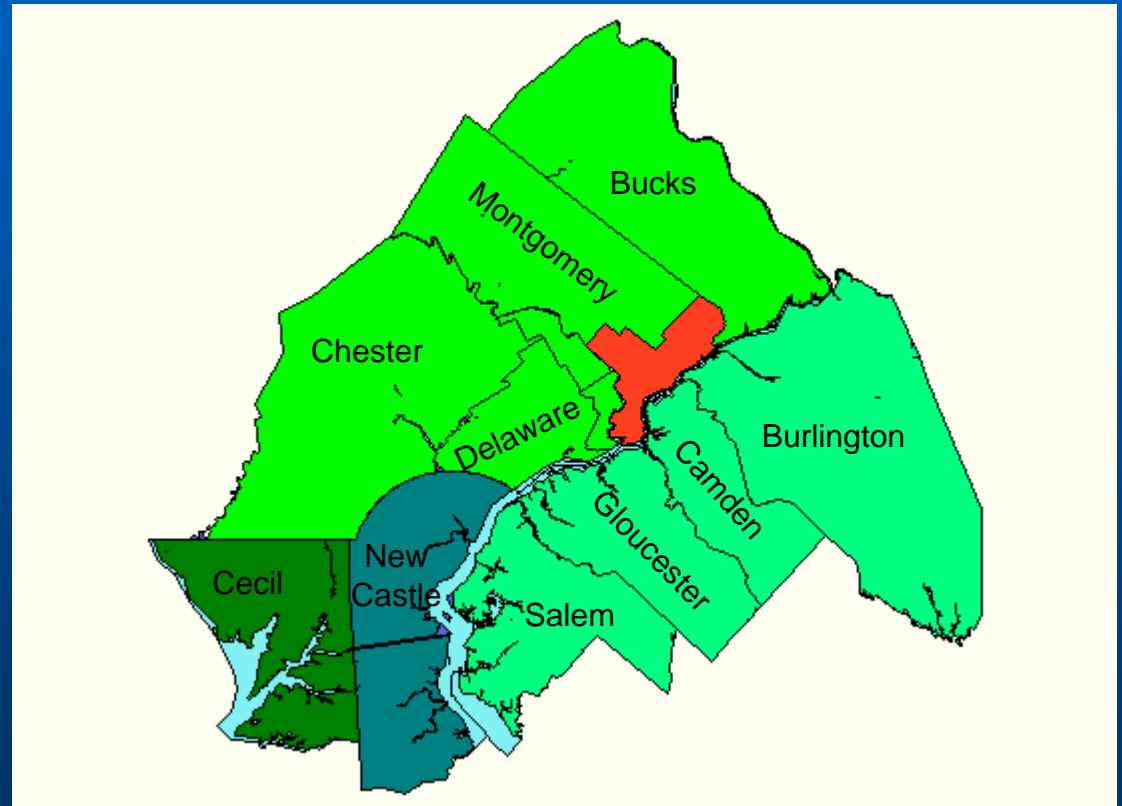


Metropolitan areas are statistical economic units composed of a city/cities (large 1st-order governments) plus surrounding counties (2nd-order governments); these may in turn cross state lines

Philadelphia region, 2003

Source:
U.S. Census Bureau

-  Pennsylvania counties
-  New Jersey counties
-  Delaware counties
-  Maryland counties
-  City of Philadelphia





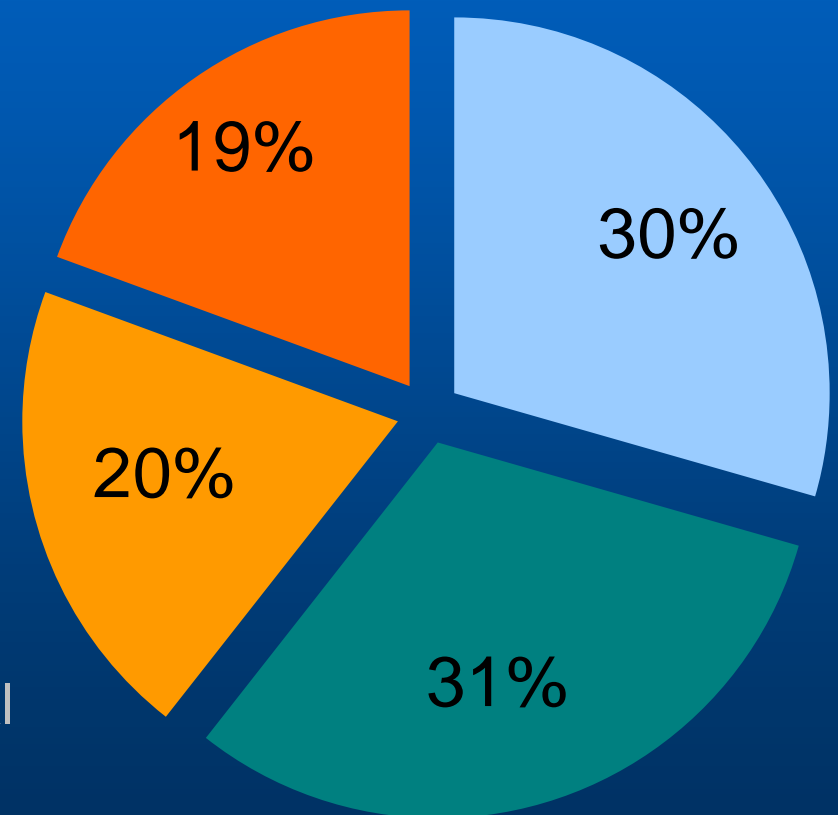
More of America's poor live in large metropolitan suburbs than live in big cities

Below-poverty population by location, 2005*

Source:
Analysis of 2005
American Community
Survey

* Estimates are roughly
+/- 0.5 % pts.

- Large Cities
- Large Suburbs
- Smaller Cities/Towns
- Micropolitan/Rural

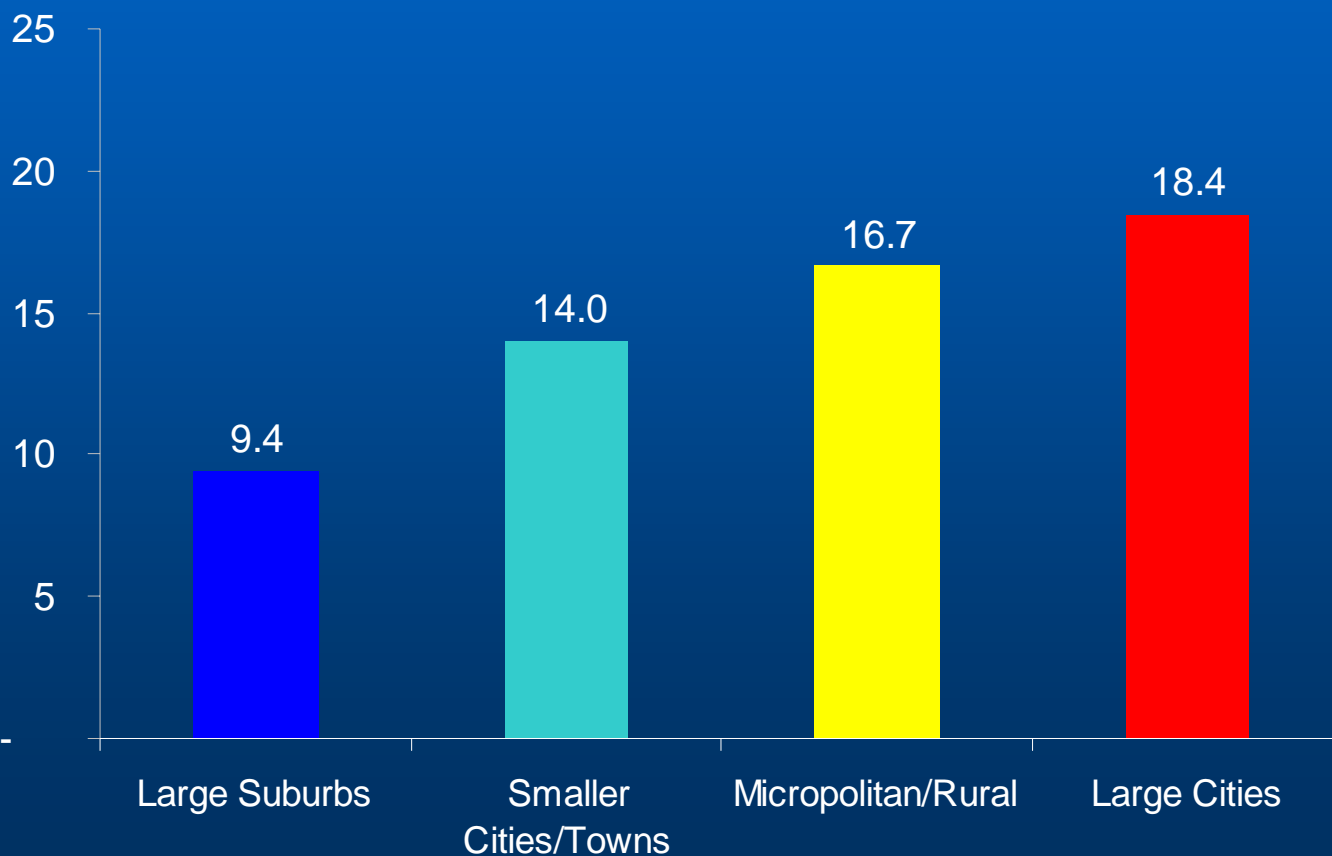




But residents of large cities are still almost twice as likely to be poor as residents of suburbs

Percentage of people in poverty, 2005

Source:
Analysis of American
Community Survey



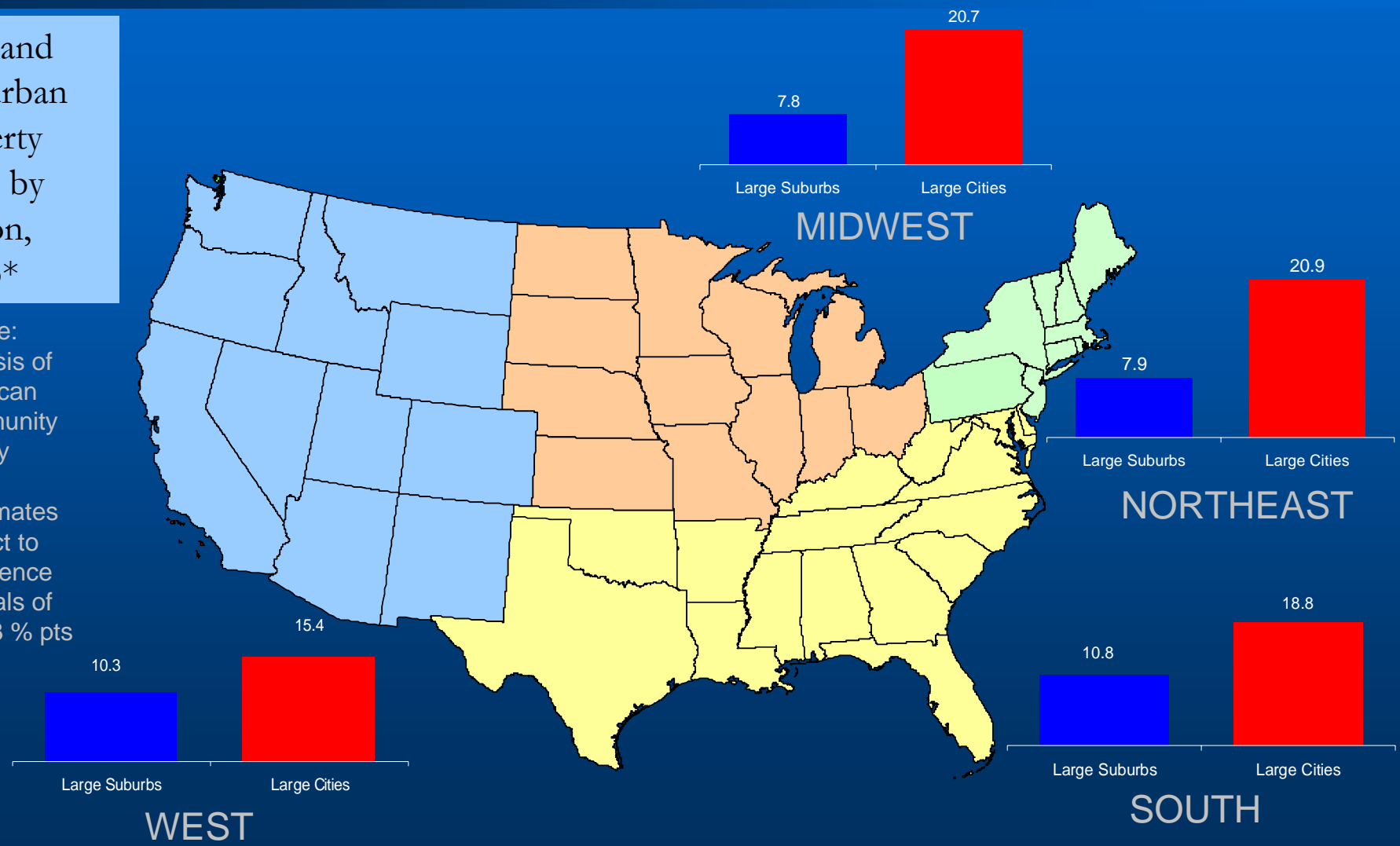


Disparities between cities and suburbs are much stronger in the U.S. Northeast and Midwest compared to the South and West

City and suburban poverty rates by region, 2005*

Source: Analysis of American Community Survey

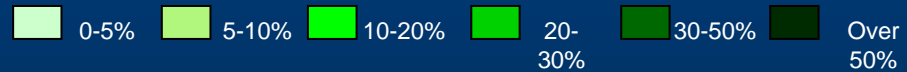
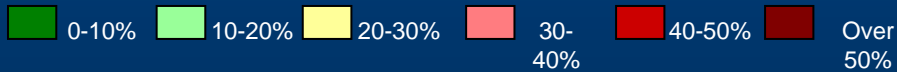
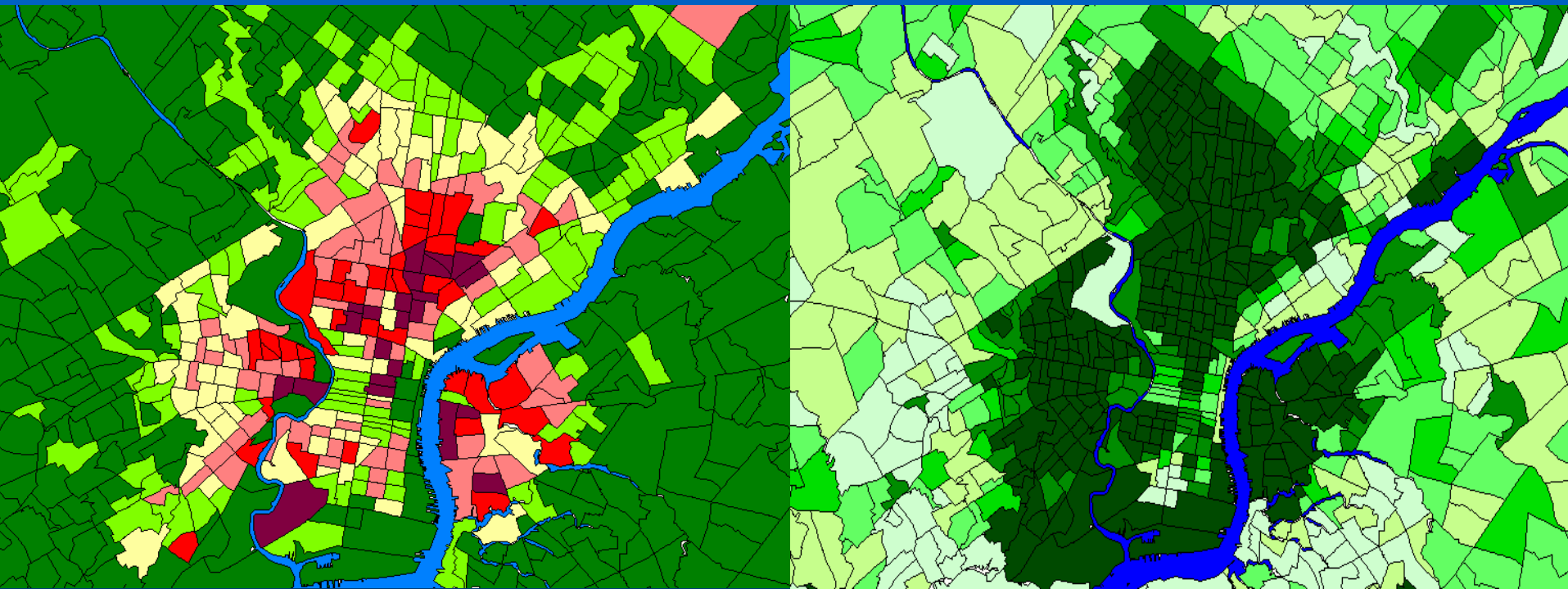
* Estimates subject to confidence intervals of +/- 0.3 % pts



Urban poverty, especially in the Northeast and Midwest, is a function of historical patterns of segregation and policies that reinforced it

Poverty rate, Philadelphia and environs, 2000

Share nonwhite, Philadelphia and environs, 2000

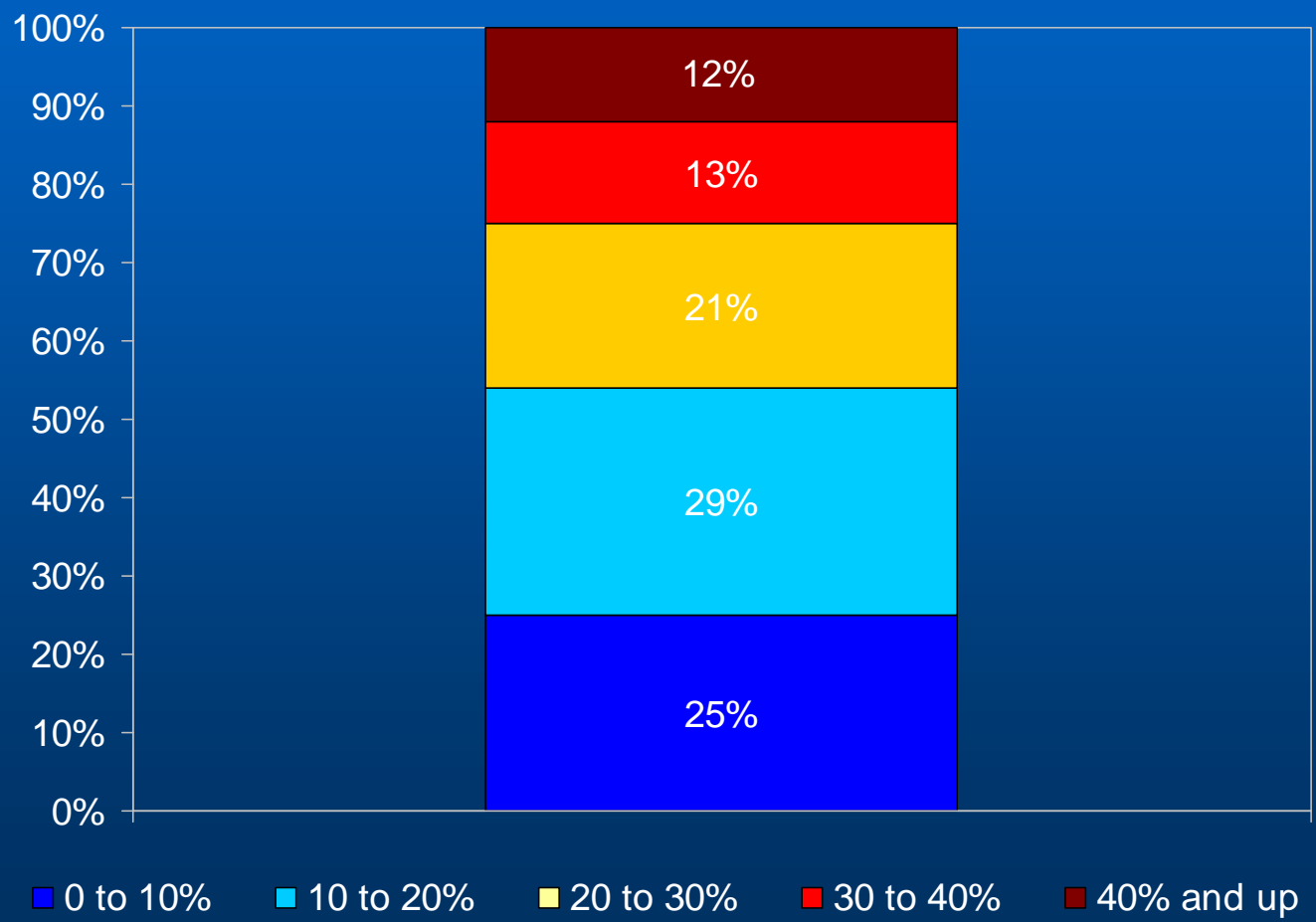




Most poor individuals in the U.S. live outside the deepest neighborhood concentrations of poverty

Distribution of below-poverty individuals by neighborhood poverty rate, 2000

Source: Kingsley and Pettit (2003)





But many big cities see at least 1 in 4 poor individuals—and even higher shares of blacks—living in extreme-poverty neighborhoods

Percentage of poor living in high-poverty (>40%) neighborhoods, by city and race/ethnicity, 2000

Source: Berube and Katz (2005)

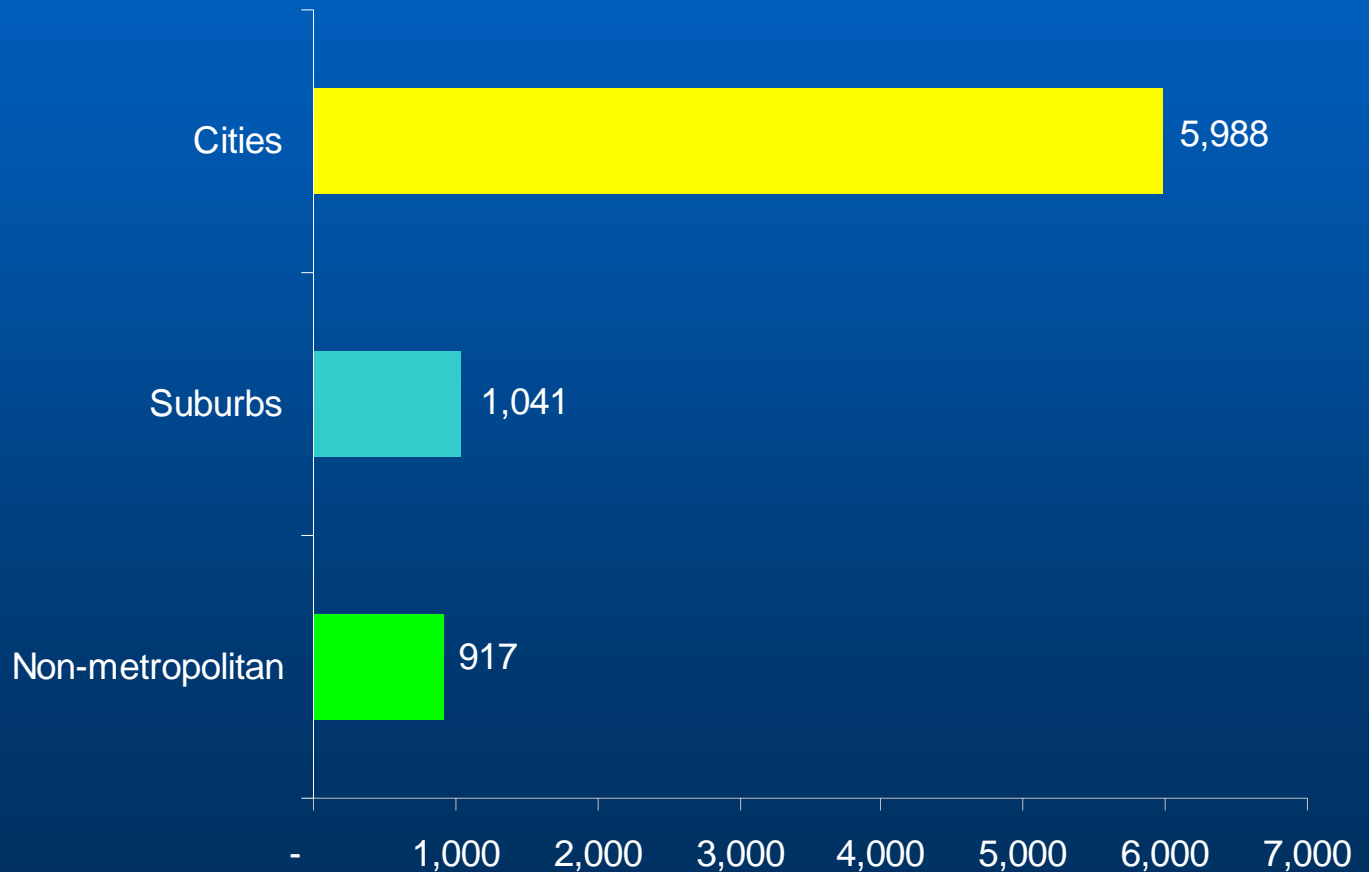
City	Concentrated Poverty Rate (%)		
	Total	Blacks	Latinos
1 Fresno, CA	43.5	44.9	49.6
2 New Orleans, LA	37.7	42.6	18.0
3 Louisville, KY	36.7	53.2	24.3
4 Miami, FL	36.4	67.6	18.0
5 Atlanta, GA	35.8	41.0	14.2
6 Long Beach, CA	30.7	26.8	36.8
7 Cleveland, OH	29.8	35.6	24.6
8 Philadelphia, PA	27.9	27.1	61.6
9 Milwaukee, WI	27.0	39.3	5.9
10 New York, NY	25.9	33.7	33.5



Indeed, these extreme-poverty areas are overwhelmingly located in central cities...

Distribution of extreme-poverty neighborhoods by location, 2000

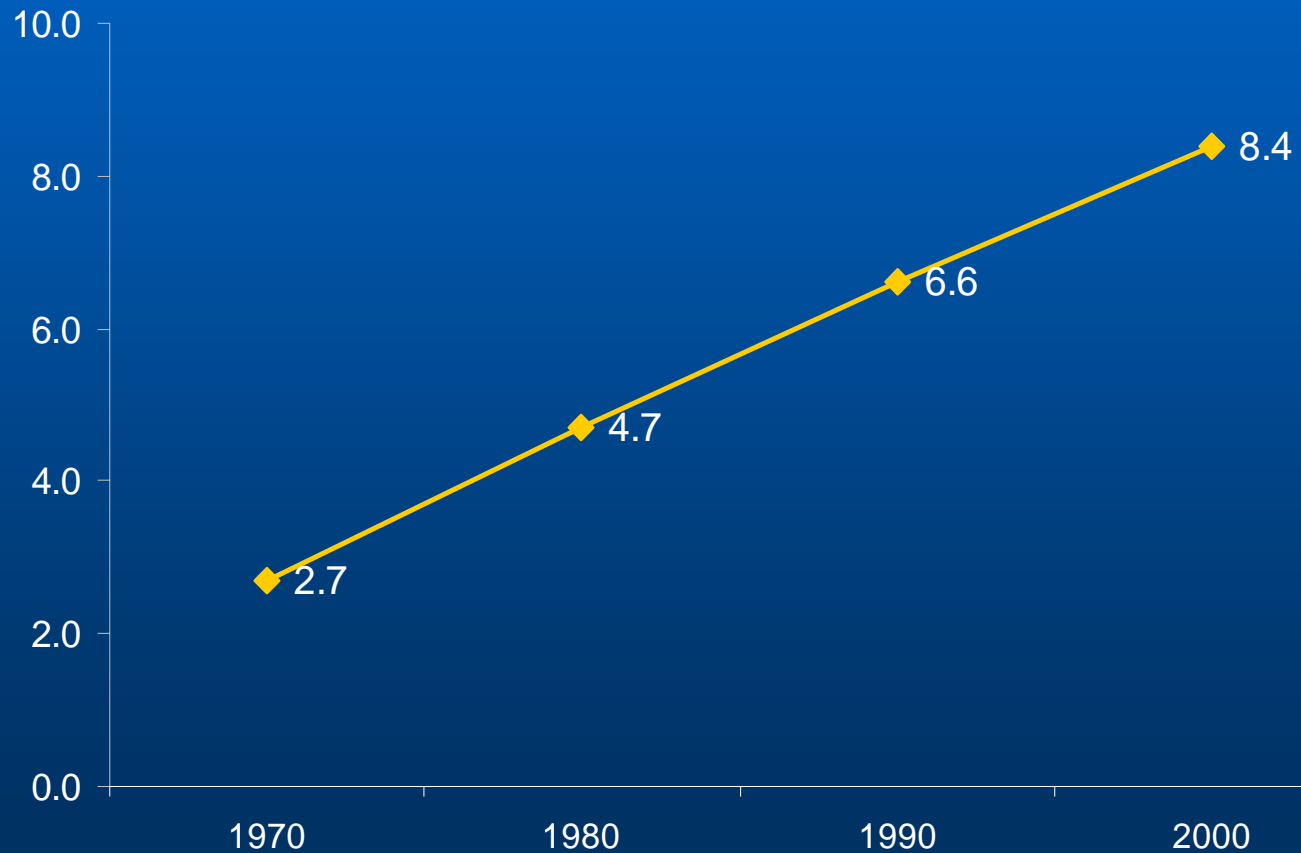
Source: Jargowsky (2003)



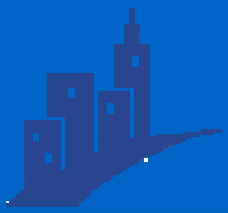


...though more moderate poverty concentrations are emerging in the “first suburbs” immediately outside cities

Percentage of first-suburban neighborhoods with poverty rates of at least 20%, 1970-2000



Source: Puentes and Warren (2006)



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First, concentrated poverty exacts significant costs on families and communities that are ultimately self-reinforcing

Reduced job opportunities

Higher crime

Limited job networks

Poor health

Higher local prices

Inhibited wealth creation

Diminished educational opportunity

Burdened local government

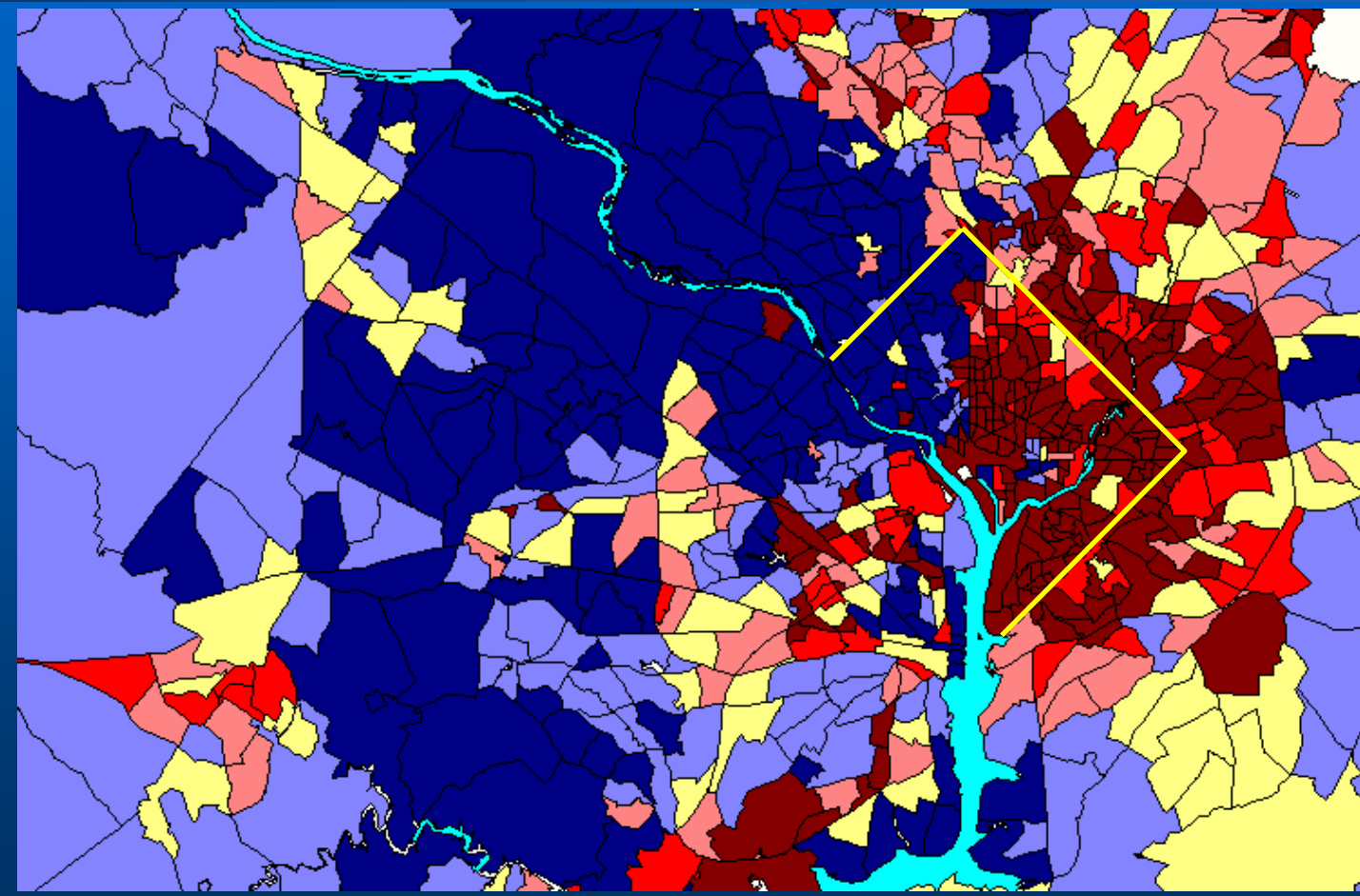


But even lower-income households who live outside the poorest neighborhoods often find themselves on the “wrong side” of the region

Neighborhoods by median income, Washington, D.C. region, 2000

Source: U.S. Census Bureau

- Under \$50,000
- \$50,000 to \$60,000
- \$60,000 to \$70,000
- \$70,000 to \$80,000
- \$80,000 to \$100,000
- Over \$100,000



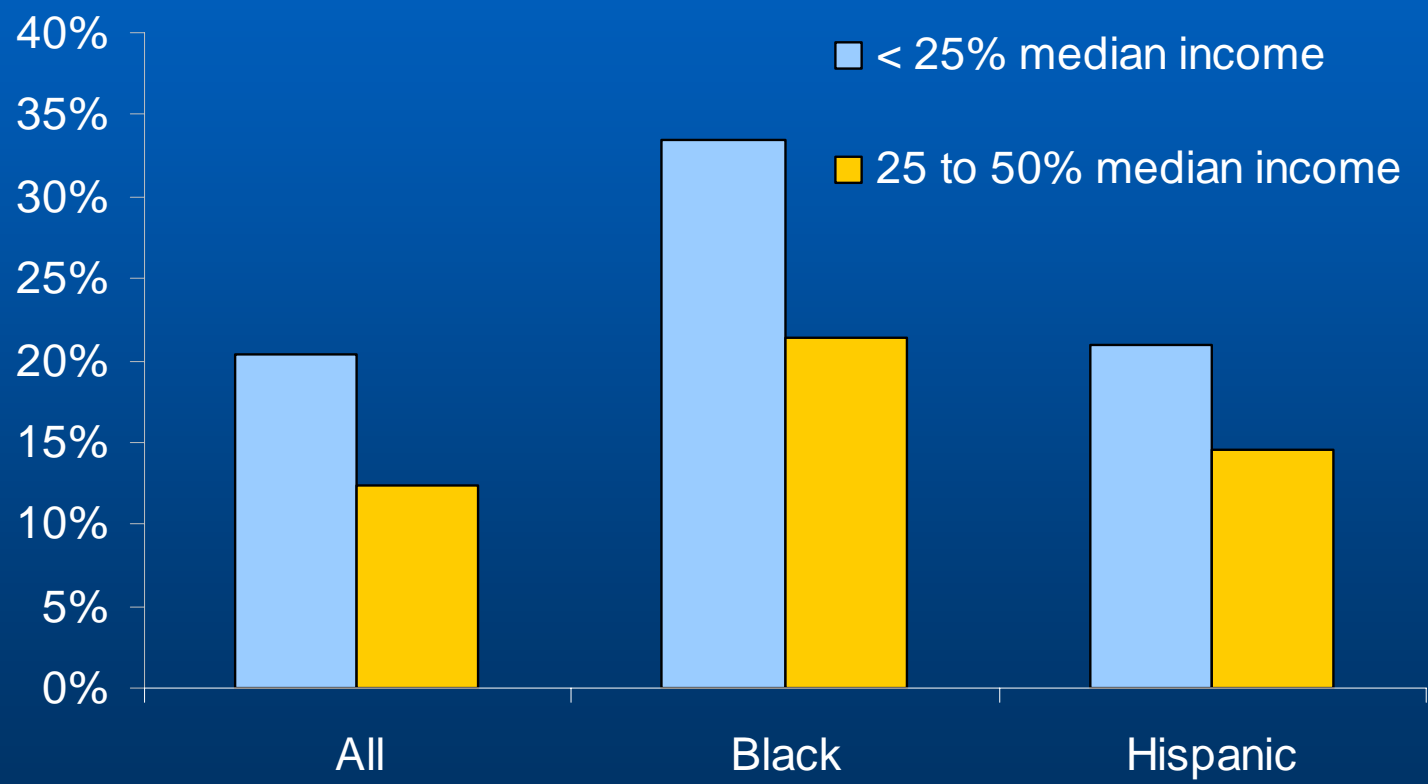
District of Columbia (central city)



This makes private transport essential for work, but a considerable number of low-income families lack access to private vehicles

Share of households without access to private vehicle by race and income, 2000

Source: Berube and Raphael (2005)

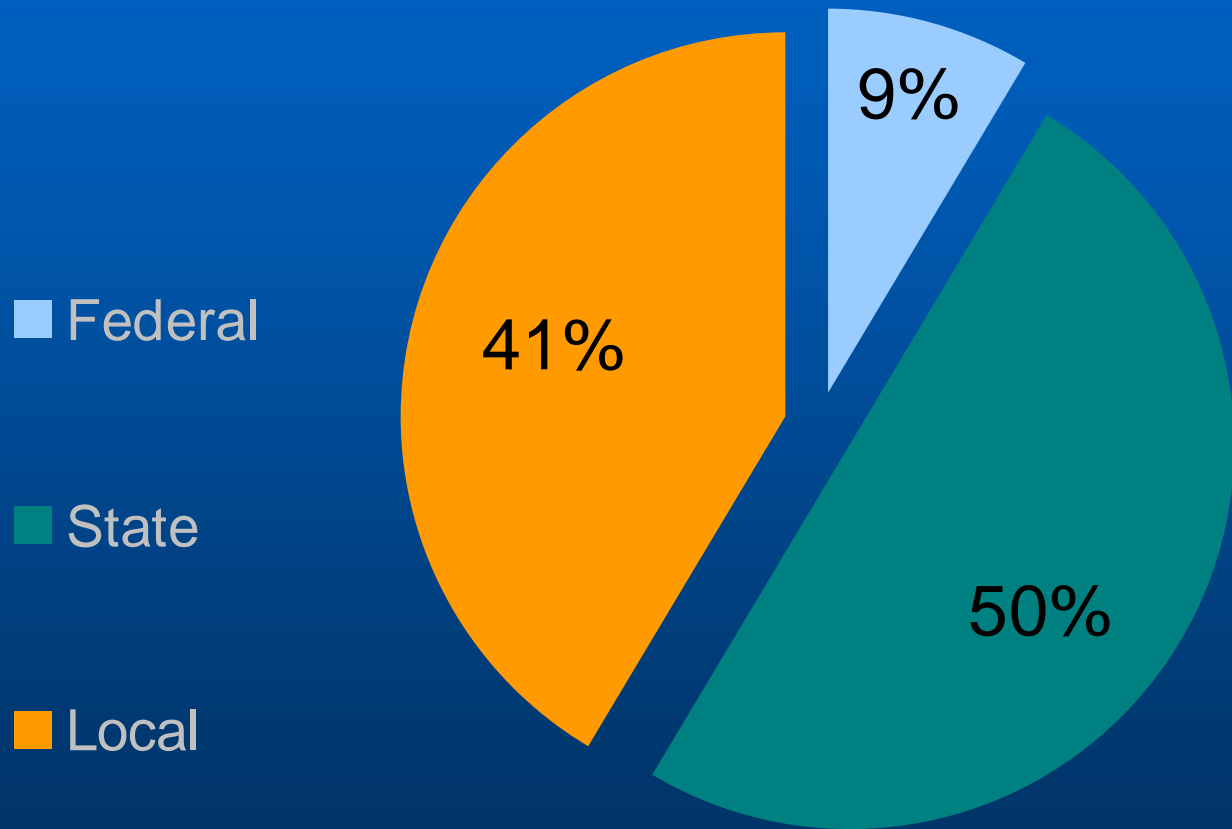


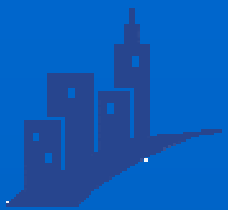


Meanwhile, local and state governments are responsible for funding the majority of key services like public education

Revenues for primary and secondary education by source, U.S., 2002-2003

Source:
National Center on
Education Statistics





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The U.S. federal government spends relatively small amounts on programs that assist poor (primarily) urban places

Federal program costs for selected “place-based” social programs

Sources:
HUD; Department of Education; Joint Tax Committee; GAO; Popkin et al

Program	Years	Amt per year (\$B)
Community Development Block Grant	1974-present	3.5
Title I concentration/targeted education grants	1965-present	3.5
Empowerment Zones	1993-present	1.0*
Welfare to Work block grant	1997-1999	1.0
Public housing transformation (HOPE VI)	1993-2005	0.5
New Markets Tax Credit	2001-present	0.4

* Estimate of combined tax and grant funding for Rounds I-III



The U.S. federal government spends considerably more on place-neutral programs for poor families with children

Federal program costs for selected “place-neutral” social programs

Sources:
Kaiser Commission;
IRS; Joint Tax
Committee; USDA

Program	Years	Amt per year (\$B)
Medicaid/State Children's Health Insurance Program	1966-present	49*
Earned Income Tax Credit	1976-present	40
Child Tax Credit**	2001-present	10
Food Stamp Program	1974-present	23*
Child care	1996-present	5

* Approximate program costs for families with children


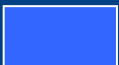


** Refundable portion of credit (for lower-income families)

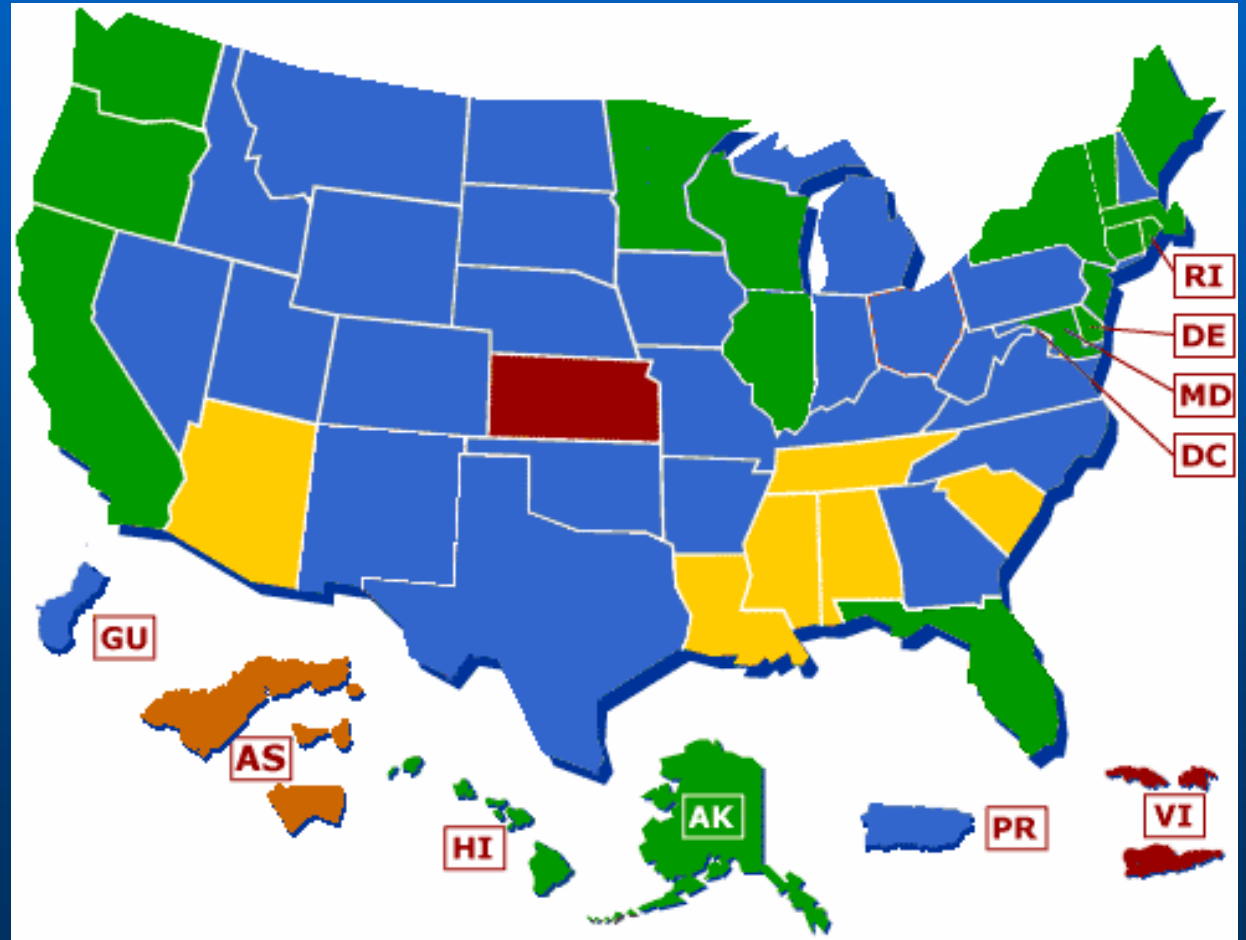


States and localities have done more in the past few years to help low-income families than the federal government—through state minimum wages...

State minimum wage laws, 2006

Source: Department of Labor

-  Higher than federal
-  Same as federal
-  No minimum wage law
-  Lower than federal

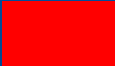

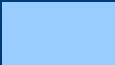



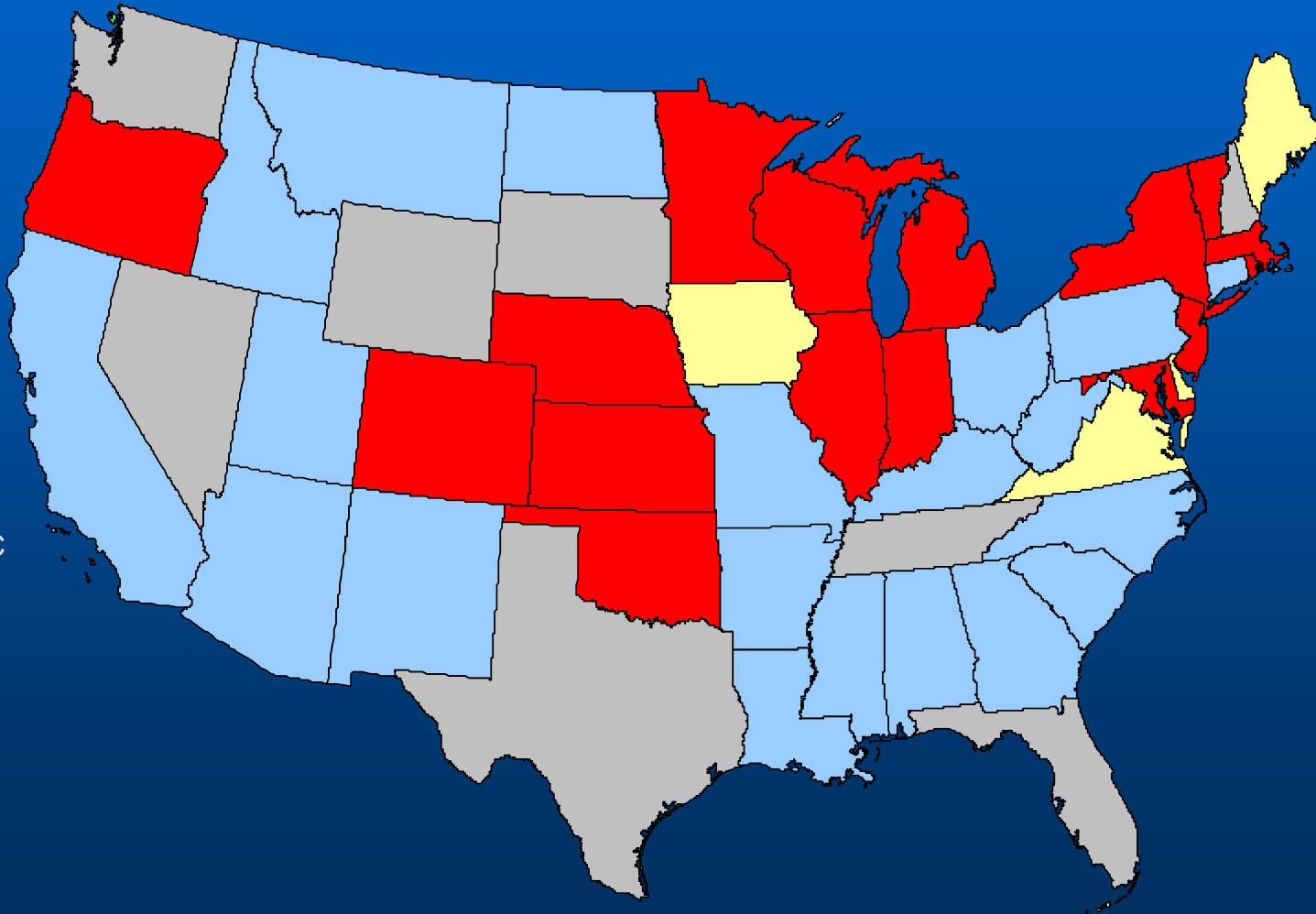


...through state and local earned income tax credits...

State earned income tax credits, 2006

Source: www.stateeitc.org

-  Refundable EITC
-  Nonrefundable EITC
-  No EITC
-  No state income tax





...and through “inclusionary zoning” laws and other mechanisms that facilitate mixed-income development

Selected localities that have adopted inclusionary zoning ordinances



134 localities, with 12.3 million residents, have a mandatory inclusionary zoning law on the books

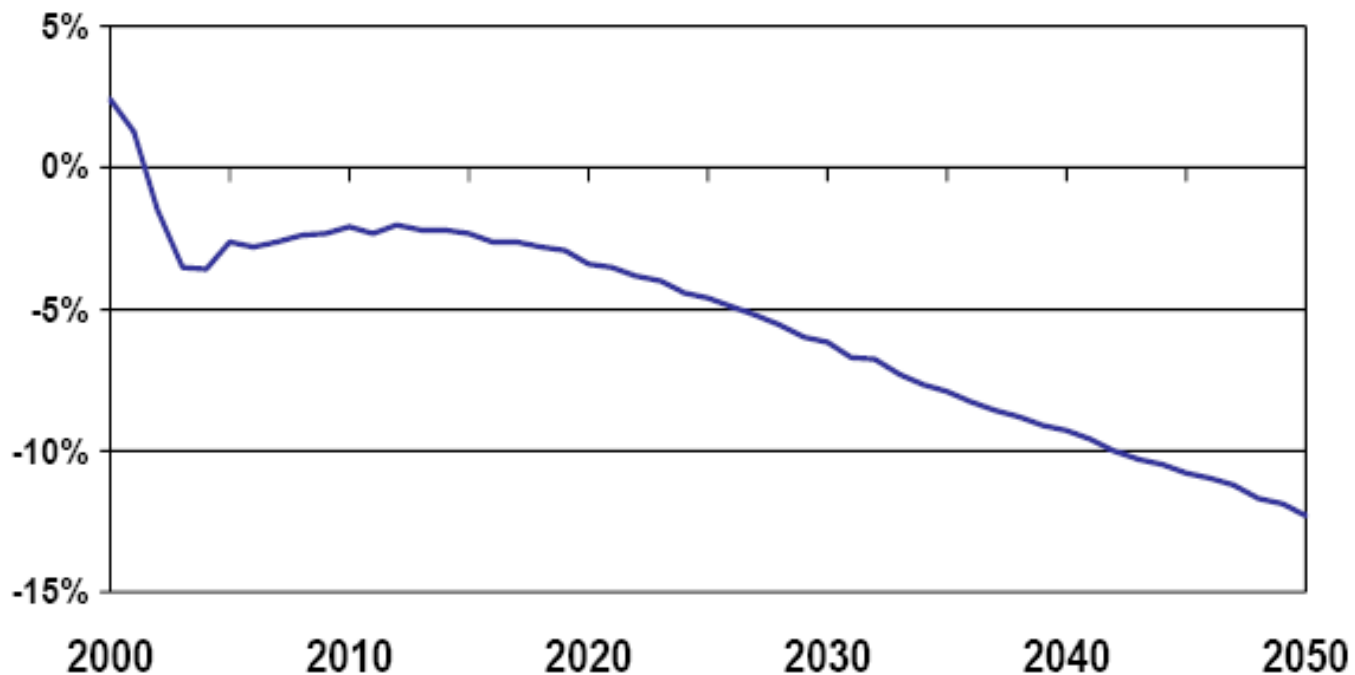
Source: Rusk (2005)



The federal budget picture doesn't augur a dramatically expanded role for central government in antipoverty policy

Under Current Policy, Deficits Will Grow Dramatically Deeper in Coming Decades

Surplus or Deficit as Share of GDP



Source:
Center on
Budget and
Policy
Priorities



So a reinvigorated U.S. “opportunity agenda” will need to adopt a federalist approach to “bend” existing and incremental spending towards poorer areas

Enhance federal **Earned Income Tax Credit**, with matching contributions to new/expanded state credits

Expand **Head Start** to provide intensive, high-quality early childhood education, focused on poorer areas, with shared federal/state funding

Tie **housing vouchers, production subsidies** to regional housing plans and family location near jobs, good schools

Devolve greater responsibility to **metropolitan planning organizations** for transportation decision making, and level the playing field between highway and transit funding

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ANNOUNCEMENT

Urban Center Becomes Metropolitan Program

In a major promotion, the Center on Urban and Metropolitan Policy this month became the Brookings Metropolitan Policy Program—and the first new Brookings department established since 1948. The new status reflects the rising importance of metropolitan issues to the domestic and global challenges Brookings seeks to address.

▶ read an open letter from Brookings President Strobe Talbott

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by Robert Puentes
The Washington Times
June 21, 2004

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