The Geography of U.S. Poverty and its Implications

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Mr. Chairman and other members of the Committee, thank you for the invitation to testify today on the changing geography of poverty in the United States and its implications for economic mobility and well-being, the subject of recent research we have conducted at the Metropolitan Policy Program at the Brookings Institution.

In this testimony, I will make three points regarding poverty, geography, and mobility in the United States.

• A significant fraction of poor families in America live in environments of extreme, concentrated poverty.

• At the same time, the locus of U.S. poor and low-income populations is shifting toward the suburbs, along with Americans in general.

• Each geographic setting provides both challenges and opportunities for promoting the economic mobility of low-income families, with attendant implications for public policy.

The enduring challenge of concentrated poverty

The federal government’s definition of poverty measures a family’s resources against an assessment of its basic needs. For most Americans, though, the image of poverty entails more than these individual or family circumstances. It also elicits visions of inner cities, Appalachia, and American Indian reservations. That is, poverty describes places as well as people. What is more, poverty implies something about the local conditions faced by many poor individuals and families in these places: unsafe neighborhoods, failing schools, substandard housing, inadequate private services, and diminished community hope.

Concentrated poverty represents the confluence of these two ideas of poverty in America. It concerns the tendency, in many corners of our country, for poor populations to be clustered into very poor communities. While Hurricane Katrina and its aftermath in the city of New Orleans motivated much of the recent focus on concentrated poverty and its effects, many poor Americans face the double burden of family and community distress in a wide variety of places, both urban and rural.
As defined by Paul Jargowsky of the University of Texas-Dallas, the statistical measure of concentrated poverty expresses the proportion of poor people who live in neighborhoods where at least 40 percent of all individuals live below the poverty line. In his words, the measure identifies “the poor who not only have to cope with their own poverty, but also that of those around them.”

Nationwide, about one in ten individuals below the poverty line in 2000 lived in communities of such extreme poverty. That rate fell during the 1990s, after roughly doubling between 1970 and 1990. The strong economy in the latter half of the decade, coupled with policy reforms that broke up the most severe concentrations of distressed inner-city housing, appear to have weakened the link between poverty and place in most major metropolitan areas.

As the example of New Orleans made clear, however, a significant fraction of poor families—especially poor minorities—continue to live in areas of extreme poverty. Moreover, these pockets of distress can be found in every corner of the country. Indeed, 46 of the nation’s 50 largest cities contained at least one neighborhood that met the 40-percent concentrated poverty threshold. At the moment, my program at Brookings is collaborating with the Federal Reserve System to study the causes and effects of concentrated poverty across America, in communities as varied as Rochester, NY; Miami, FL; the Mississippi Delta; McKinley County, NM; and Fresno, CA. Fresno was the only U.S. city with a higher degree of concentrated poverty than New Orleans before the storm, with almost half of its poor residents living in extreme-poverty neighborhoods.

The forces that gave rise to these communities are numerous, diverse, and well-studied, including:

- The long-term economic decline of former urban manufacturing centers and rural areas that depended on agriculture and extraction industries;
- Suburbanization and out-migration of middle-class households from cities in the 1970s and 1980s;
- Housing, lending, and land-use policies that reinforced patterns of racial and ethnic segregation;
- New waves of lower-skilled immigrants and refugees to the U.S. in the latter part of the 20th century; and
- Secular trends in family formation that resulted in more children growing up in single-parent, single-earner households, especially in inner-city neighborhoods.

The consequences of growing up and living in environments of extreme poverty may vary as widely as the factors themselves that gave rise to these communities. Nonetheless, researchers have identified a series of problems evident in most areas of high poverty that result from their concentrated economic disadvantage, and that affect not only the inhabitants of these neighborhoods, but their surrounding areas as well:
Concentrations of lower-income households and less-skilled workers lead the private sector to disinvest in these communities. In turn, fewer mainstream businesses compete for their purchases, raising prices for some basic goods and services. The disinvestment may also widen the “spatial mismatch” between workers in these neighborhoods and growing employment centers.7

Low levels of labor force attachment may sever these areas from the informal networks that help workers find good jobs and advance in their careers. Some argue that these high levels of joblessness change community norms about work, so that children under-invest in the education and training necessary for labor market success.8

Even with the expanded school choice options available today, children who live in extremely poor urban neighborhoods generally attend neighborhood schools where nearly all the students are poor. This places students at greater risk for failure, as expressed by low standardized test results, grade retention, and high drop-out rates. These schools struggle to attract the best personnel, endure high rates of student mobility that frustrate classroom stability, and must operate additional systems to cope with disorder and the social welfare of their students.9

High-poverty areas generally exhibit higher crime rates, especially violent crime. In these neighborhoods, the social penalties for criminal activity may be lower, and reduced access to jobs and quality schools may lower the opportunity costs of crime.10

People in areas of extreme poverty experience negative health outcomes at much higher rates. This owes partly to the stress of being poor and marginalized, and partly to living in an environment with dilapidated housing and high crime. Researchers have associated the incidence of depression, asthma, diabetes, and heart ailments with living in these neighborhoods.11 Others have found that these neighborhoods may serve to increase the risk of premarital childbearing among young female residents, and decrease their rates of marriage.12

As research from municipal finance experts has shown, concentrations of poverty generate high costs for local governments. These higher costs appear in areas such as welfare, health, and public safety, and can divert resources from the provision of other public services and raise tax burdens on local businesses and non-poor residents.13

The suburbanization of poverty

In keeping with these statistics on concentrated poverty, urban and rural visions of poverty in America tend to dominate popular perceptions and media accounts. Such viewpoints were well-supported in 1970, when central cities and rural areas contained roughly four in five poor Americans.14
As described above, these areas remain a significant feature of the U.S. poverty landscape, especially the most distressed portions. Yet recent decades have seen a steady shift of the nation’s overall low-income population towards the dominant geography of American life today: suburbia.

The findings from a recent study we conducted at the Brookings Institution amplify this shift.15 Focused on the nation’s 100 largest metropolitan areas (home to two-thirds of U.S. population), the study found that between 1999 and 2005 the poverty rate in these areas rose overall, with similar increases in central cities and suburbs. In 2005, central-city residents remained about twice as likely as their suburban counterparts to live below the poverty line.

As to the location of the overall poor population, however, the study found that in 2005, 52 percent of metropolitan residents living below the poverty line were found in suburbs, versus 48 percent in central cities. This signaled a notable tipping of poor populations towards the suburbs since 1999, when a bare majority of the metropolitan poor lived in cities.

None of these findings discounts the continuing incidence of poverty in smaller cities, towns, and rural areas. But nationwide today, a plurality of poor Americans live in suburbs. And it certainly challenges conventional notions of poverty as solely an urban issue to find that cities like Detroit, Los Angeles, Miami, and Washington, D.C. all have fewer residents living below the poverty line than their suburbs do.

This “tipping” did not occur overnight, of course, and is rooted in several broader changes in American society and metropolitan economies. Among the chief factors are:

- **Population continues to suburbanize.** Over the past 15 years, suburbs of America’s major metropolitan areas have grown roughly twice as fast as their central cities.16 The sheer scale and pace of suburban growth has absorbed a broader economic cross-section of the nation’s population.

- **Employment is suburbanizing.** Not surprisingly, jobs—especially low-paying jobs—have followed people to the suburbs. In 2002, more than half of all employment in metropolitan areas was located at least 10 miles from the downtown. Lower-wage industries like retail, hospitality, and personal services account for the bulk of job growth in many fast-growing suburbs.

- **Immigrants are suburbanizing.** In longstanding immigrant gateways like Boston, Chicago, and New York, newcomers to the United States most often started in central-city neighborhoods with their compatriots, eventually graduating to suburbia as they achieved middle-class status. Today, immigrant populations are growing most rapidly in Sunbelt metro areas without a real history of immigration, like Atlanta, Charlotte, and Dallas. In these regions, lower-skilled newcomers are skipping the city altogether for jobs and residences in booming suburban areas.17
. **Municipal distress is suburbanizing.** Finally, in a number of older metropolitan areas, particularly those in the Northeast and Midwest, slow job growth, aging housing and infrastructure, and inner-city problems have produced growing low-income populations in their “first suburbs.” Along many dimensions, these places today look more urban than suburban.\(^{18}\)

As a newer phenomenon, suburban poverty and its effects have received much less attention from the research community. In some respects, the suburban poor might be considered to have “made it,” escaping or avoiding altogether the problems associated with inner-city or remote-rural poverty.

Nonetheless, initial evidence suggests a few unique challenges associated with having a low income in the suburbs.

First, a low-income family’s move from the city to the suburbs does not always involve moving up on indicators of neighborhood quality. Many major metropolitan areas today see high-income households and higher-wage employment concentrate on one side of the region, while lower-income housing, limited job opportunities, and fiscal distress gather on the other side. These axes—from north to south in regions like Atlanta and Chicago, and from east to west in regions like St. Louis and Washington, DC—do not respect city/suburban boundaries. In this way, suburban low-income families stuck on the wrong side of the region can face similar challenges as their inner-city counterparts finding quality housing, decent schools for their children, and competitively-priced local goods and services. In particular, limited access to public transportation in the suburbs, or even reliable private transportation, may constrain their employment and child-care opportunities.\(^{19}\)

Second, suburban locations may impede families’ access to the services and supports that help them weather temporary income losses. Research by Scott Allard at Brown University shows that social services providers remain concentrated in central-city neighborhoods, lagging the movement of important parts of their potential client base into the suburbs.\(^{20}\) Recent media coverage of suburban poverty increases has highlighted the stress placed on smaller, often faith-based providers in these communities from trying to serve burgeoning numbers of low-income families.\(^{21}\) These access issues loom especially large for suburban areas in the Midwest and South where recent job losses have created pressing needs among formerly middle-income workers and families.

Third, whereas employment opportunities may be more plentiful for the working poor in fast-growing suburbs, appropriate housing is often scarce. Though these communities employ large numbers of low-wage workers, single-family owner-occupied housing, mostly for middle- and upper-income families, predominates. Exclusionary zoning laws in many suburban communities have limited the development of affordable rental housing there.\(^{22}\) As a result, families are doubling and tripling up in order to afford single-family housing, and confronting community opposition in the process.\(^{23}\) Research suggests a link between such overcrowded housing conditions and negative health
outcomes for children and adults, and possibly children’s educational performance as well.\textsuperscript{24}

**Geography and efforts to promote economic mobility**

A key focus of this hearing, and indeed social policy in general, concerns the prospects for economic mobility among poor and low-income families in the United States. On this question, Americans continue to express their faith in ours as a society of opportunity, with 80 percent of those polled in a recent survey agreeing that: “…it’s still possible to start out poor in this country, work hard, and become rich.”\textsuperscript{25}

Yet recent research has called into question how well the United States lives up to this reputation. For instance, a recent study by researchers at the London School of Economics finds a far stronger relationship between fathers’ and sons’ earnings in the United States than in several northern European countries, Canada, and even stereotypically class-bound Britain.\textsuperscript{26} U.S. researchers’ findings generally suggest that over the past 25 years, a child born into a low-income family had about a 20- to 25-percent chance of earning above median income as an adult, and a less-than-5-percent chance of moving into the highest fifth of the income distribution.\textsuperscript{27}

Within generations as well, evidence points to low and possibly declining rates of upward mobility. One study finds that of families who started in the bottom fifth of the income distribution in 1988, more than half remained there in 1998, and fewer than one-quarter managed to achieve at least middle-income status by the end of the decade.\textsuperscript{28}

As one recent paper has argued, however, evidence of low economic mobility does not, in itself, establish a case for nor guide interventions to help low-income families proceed up the economic ladder.\textsuperscript{29} Indeed, evidence on why economic status is relatively fixed across and within generations is critical for designing effective policies to ensure more equitable opportunities, especially for the poor.

What role, then, might the *geography* of poverty and economic disadvantage play in shaping prospects for economic and social mobility? Few research studies examine this exact question.\textsuperscript{30} In general, most studies reinforce the conclusion of one seminal review of the “neighborhood effects” literature: “Although the effects of neighborhood environment are found to be significant in many studies, they are consistently much smaller than the effects of family characteristics.”\textsuperscript{31}

The Moving to Opportunity (MTO) program offers some recent research insights on the possible impacts of concentrated poverty. MTO was a five-city, federally-funded experiment to assist families living in high-poverty public housing to move to private rental housing in low-poverty neighborhoods, and to examine the effects on those families. Parents offered the opportunity to move to low-poverty neighborhoods experienced significant improvements in mental health, and teenage girls experienced health, educational, and behavioral benefits, compared to their counterparts who were not offered the opportunity to move (and who, for the most part, remained in public housing).
Conversely, the experiment did not produce significant employment and earnings gains for adults, or consistent educational performance gains for all children, versus what the comparison group experienced.\textsuperscript{32} The MTO findings highlight important negative influences that high-poverty environments may exert on their inhabitants, while bounding the economic gains that we might expect over the short- and medium-term from interventions to improve neighborhood conditions for the very poorest inner-city families.

The evidence thus implies that to improve economic and social mobility, public policy should first and foremost aim to provide incentives and supports that foster healthy family environments and more equitable opportunities for children regardless of where they live. In this respect, greater federal support for early education targeted to low-income children, policies designed to improve the labor market potential of disconnected young adults, and reforms to expand the reach and effectiveness of temporary supports like unemployment insurance, are well-founded and would have disproportionate benefits for low-income communities as well.

At the same time, I believe that existing and expanded efforts can support economic mobility by confronting particular issues of \textit{place} that could blunt the impact of more universal investments in low-income families. While many of these do not fall within the strict jurisdiction of the Subcommittee, they merit mention here as possible components of a broader anti-poverty strategy, and could include initiatives designed to:

1. \textit{Expand neighborhood choice}. The availability and cost of appropriate housing dictate the neighborhood opportunities available to lower-income families, and thus circumscribe in important ways their educational, employment, and health outcomes.\textsuperscript{33} According to the National Low Income Housing Coalition, a full-time worker needs to earn over $16 per hour in order to afford the average rent for a modest, two-bedroom house or apartment.\textsuperscript{34} Already, the federal Earned Income Tax Credit (EITC), by providing a substantial boost to the wages of low-income working families, reduces housing-cost burdens by an estimated 18 percent.\textsuperscript{35} Further targeted increases to the EITC, perhaps delivered throughout the year to help families meet monthly housing costs, could greatly expand quality neighborhood and housing options for families while maintaining the credit’s focus on work. To ensure that the growing suburban poor have access to appropriate housing in quality neighborhoods, the Low Income Housing Tax Credit (LIHTC)—the nation’s largest affordable housing production program—could be recalibrated to deliver more affordable units in opportunity-rich areas.\textsuperscript{36}

2. \textit{Serve families region-wide}. Existing programs to provide temporary support and training to low-income families, such as those funded under the TANF block grant and the Workforce Investment Act, must now serve a more geographically dispersed population than ever before. The growth of suburban poverty renders critical strategies that engage low-income families throughout metropolitan areas, and that link workers to employment opportunities on a region-wide basis. In some states, regional workforce intermediaries have mounted a successful track
record by identifying employer needs, often within selected industry growth sectors, and connecting less-skilled workers to the training needed to secure these jobs. Organizations like Project QUEST in San Antonio, WireNet in Cleveland, and the Wisconsin Regional Training Partnership work across jurisdictional lines to meet employer and worker needs, in recognition of the metropolitan nature of today’s economy.\textsuperscript{37} Congress might consider an expanded role for information and incentives within these existing programs to seed the creation of more high-performing regional workforce intermediaries.

- \textit{Promote participation in existing work supports}. Finally, expanded efforts to connect low-wage workers and their families to existing in-work benefits for which they are eligible may address place-specific barriers as well. The Earned Income and Child Tax Credits, Food Stamps and other nutritional supports, and subsidized health insurance all crucially help to narrow the gap between wages and costs of living for low-income families. Yet informational deficits and geographical barriers—the trip to a downtown welfare office, for instance—may depress participation in these programs, especially among the suburban working poor.\textsuperscript{38} A series of Congressional actions could help ensure that more eligible families access these programs. First, appropriate federal agencies could be required to more closely and frequently track participation rates in these programs, including variability across states and metropolitan areas. Second, federal incentives to achieve higher participation among eligible families could be strengthened, at a minimum, to achieve parity with incentives designed to reduce program error. Third, Congress could consider direct support for a growing nationwide network of nonprofit organizations that conduct outreach and assist families in applying for tax credits and a growing array of other work supports.\textsuperscript{39}

In closing, I would like to thank the Subcommittee for the opportunity to testify today and applaud its work to probe the role of federal policy in promoting greater economic and social mobility for low-income families. Keeping in mind the evolving relationship between poverty and place, particularly as it affects Americans who live in areas of extreme local poverty, as well as the growing number of suburban poor, provides critical context and guidance for policy strategies to ensure greater equality of opportunity. I look forward to assisting the Subcommittee in this regard, and to answering your questions.


14 U.S. Census Bureau, Historical Poverty Tables, Table 8: Poverty of People, by Residence.


19 About 20 percent of the poor, and 12 percent of the near-poor (with incomes between 100 and 200 percent of the poverty line) live in households without access to an automobile. Alan Berube and Steven Raphael, “Access to Cars in New Orleans” (Washington: Brookings Institution, 2005).


22 Pendall, Puentes, and Martin, “From Traditional to Reformed.”


25 See the “Class Matters” series at www.nytimes.com/classmatters. The Times also reports that of the 400 Americans identified as the country’s richest in 2005 by Forbes magazine, the majority—255—were not the inheritors of significant wealth. Nina Munk, “Don’t Blink. You’ll Miss the 258th-Richest American.” The New York Times, September 25, 2005.
Still, the researchers find a higher intergenerational partial earnings correlation in the U.S. (0.289) than in Britain (0.271).


National Low Income Housing Coalition, Out of Reach 2006. The “housing wage” in major metropolitan areas like San Francisco, Boston, and Washington was estimated to be far higher than the national average.


The National Community Tax Coalition acts as an umbrella organization for hundreds of organizations that conduct outreach and provide free tax assistance to low-income families each year. See www.tax-coalition.org