



METROPOLITAN POLICY PROGRAM

THE BROOKINGS INSTITUTION

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Geographic dynamics in income and poverty: Recent U.S. trends

Federal Reserve Bank of Chicago
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Basic storylines on geographic dynamics in income and poverty

Recent regional economic growth has been highly uneven

Regional poverty rate changes have been similarly uneven

Most metro areas have seen incomes polarize

Cities remain poorer than suburbs, but suburbs house bulk of poor

Many metro areas divide along income lines

Concentrated poverty declined in 1990s, but appears to be rising again



Geography can shape opportunity, as well as one's view of poverty



"The country grandpa came from was a stinking hellhole of unspeakable poverty where everyone was always happy."



Why focus on geography?

Efforts to help low-wage workers face variable regional economic contexts

States, localities, and regions bring different policy structures and capacities to bear on issues affecting low-wage workers

Families may contend with micro-barriers based on differential geographic access to jobs, public & private goods

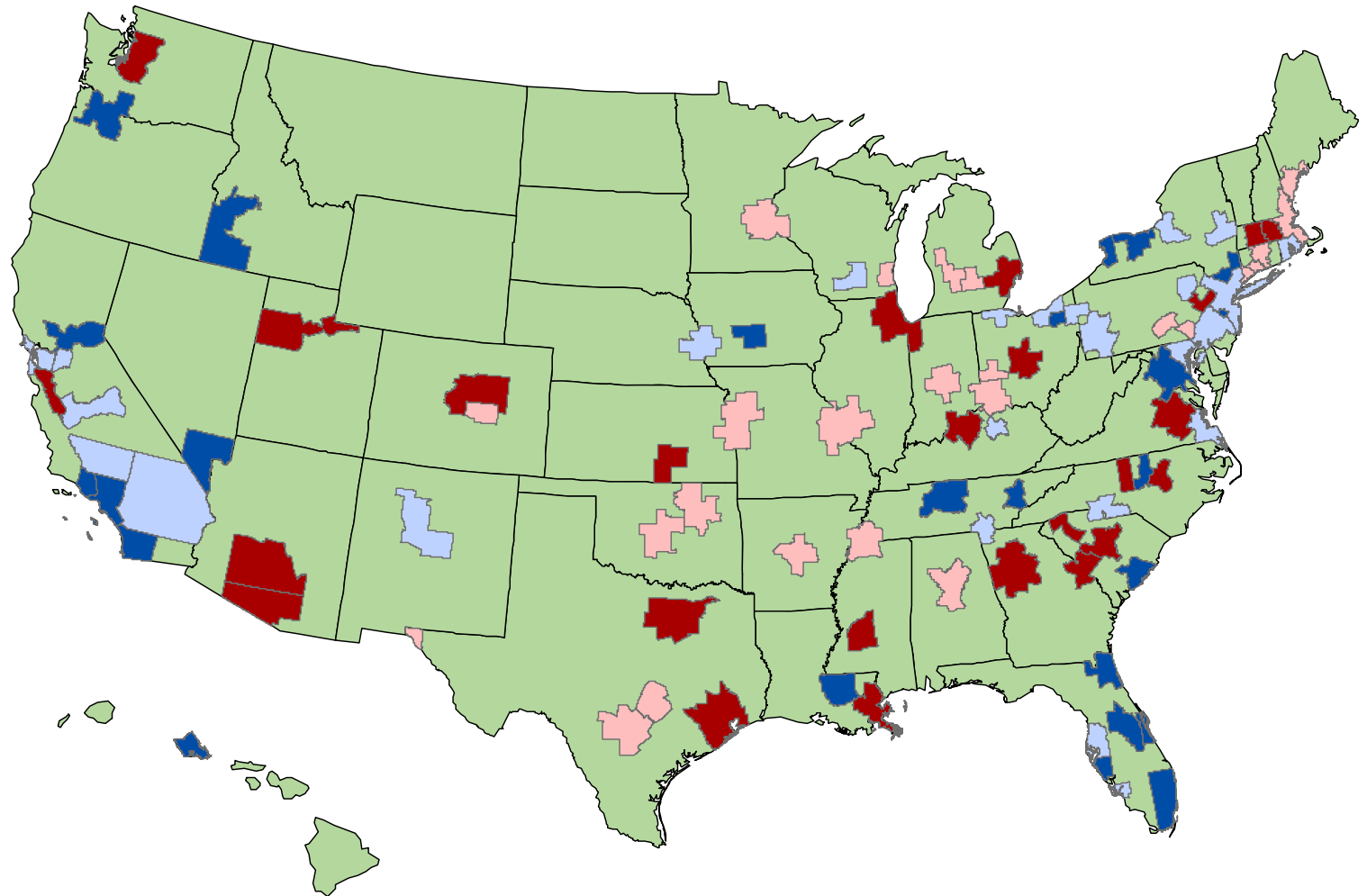
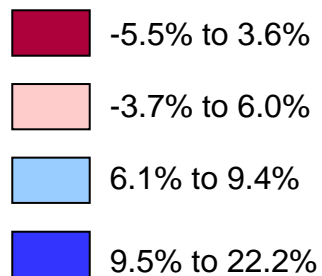
Yet more detailed geographic focus limits certain types of information, e.g., longitudinal analyses

Migration may also complicate the link between geography & poverty

Recent regional economic growth has been highly uneven— productivity

% change in real
GDP per job,
100 largest
metro areas,
2001-2005

Source: Brookings
analysis of BEA data

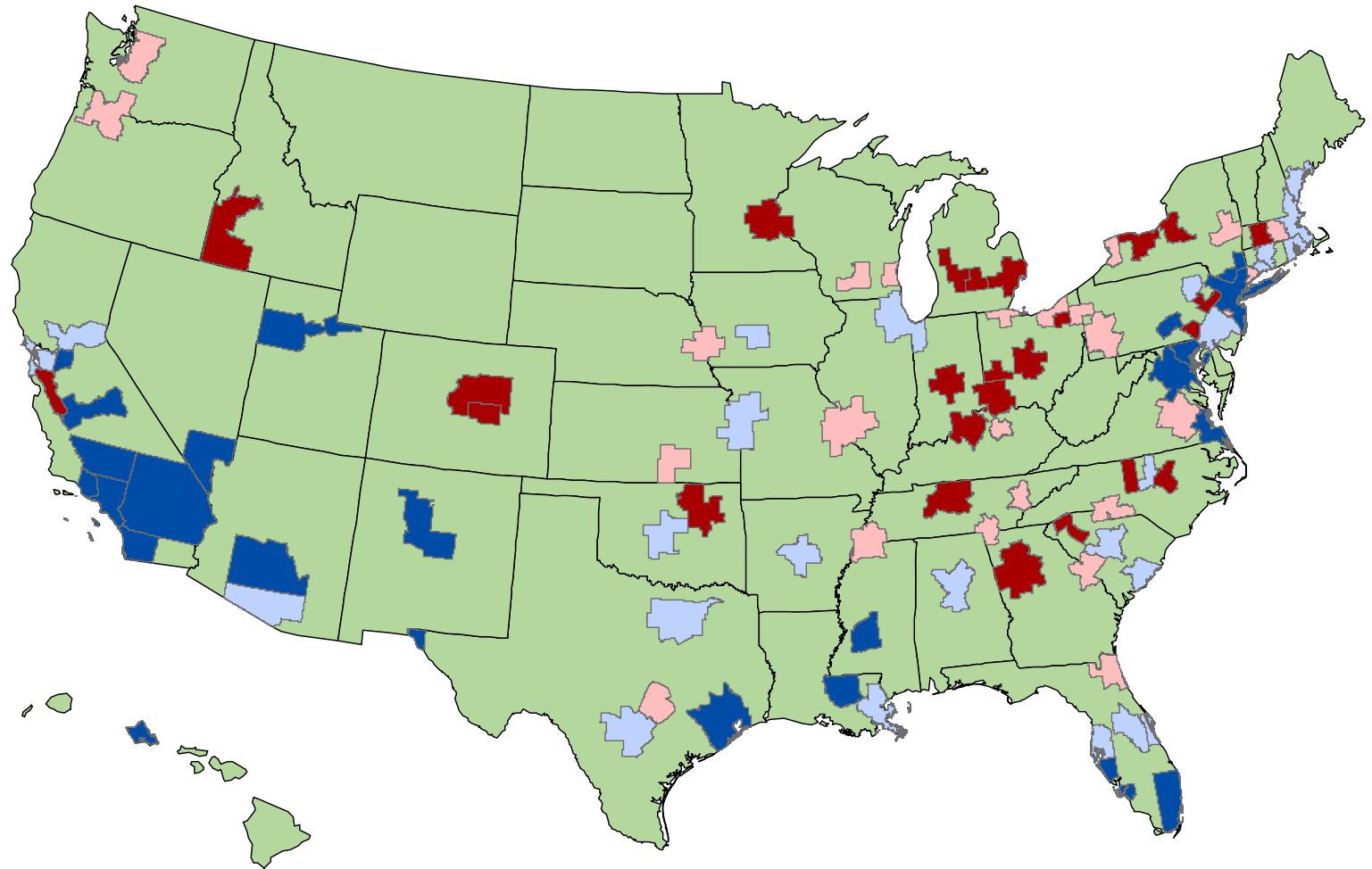
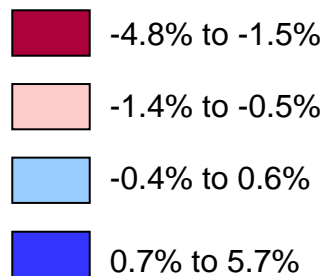




Recent regional economic growth has been highly uneven— employment rate

Employment
rate change, 100
largest metro
areas, 2000 to
2006

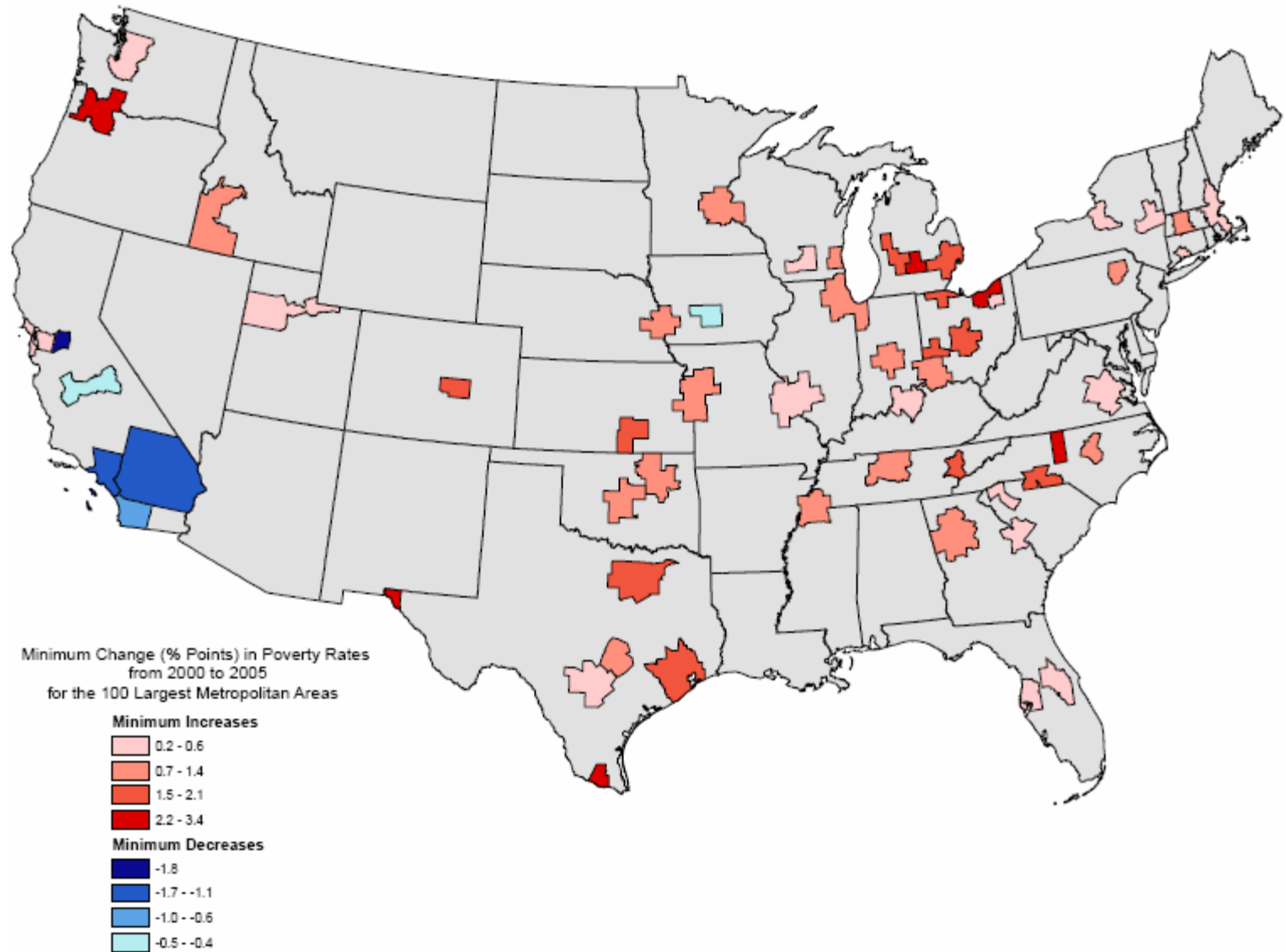
Source: Brookings
analysis of Census
Bureau data



Regional poverty rate changes have been similarly uneven

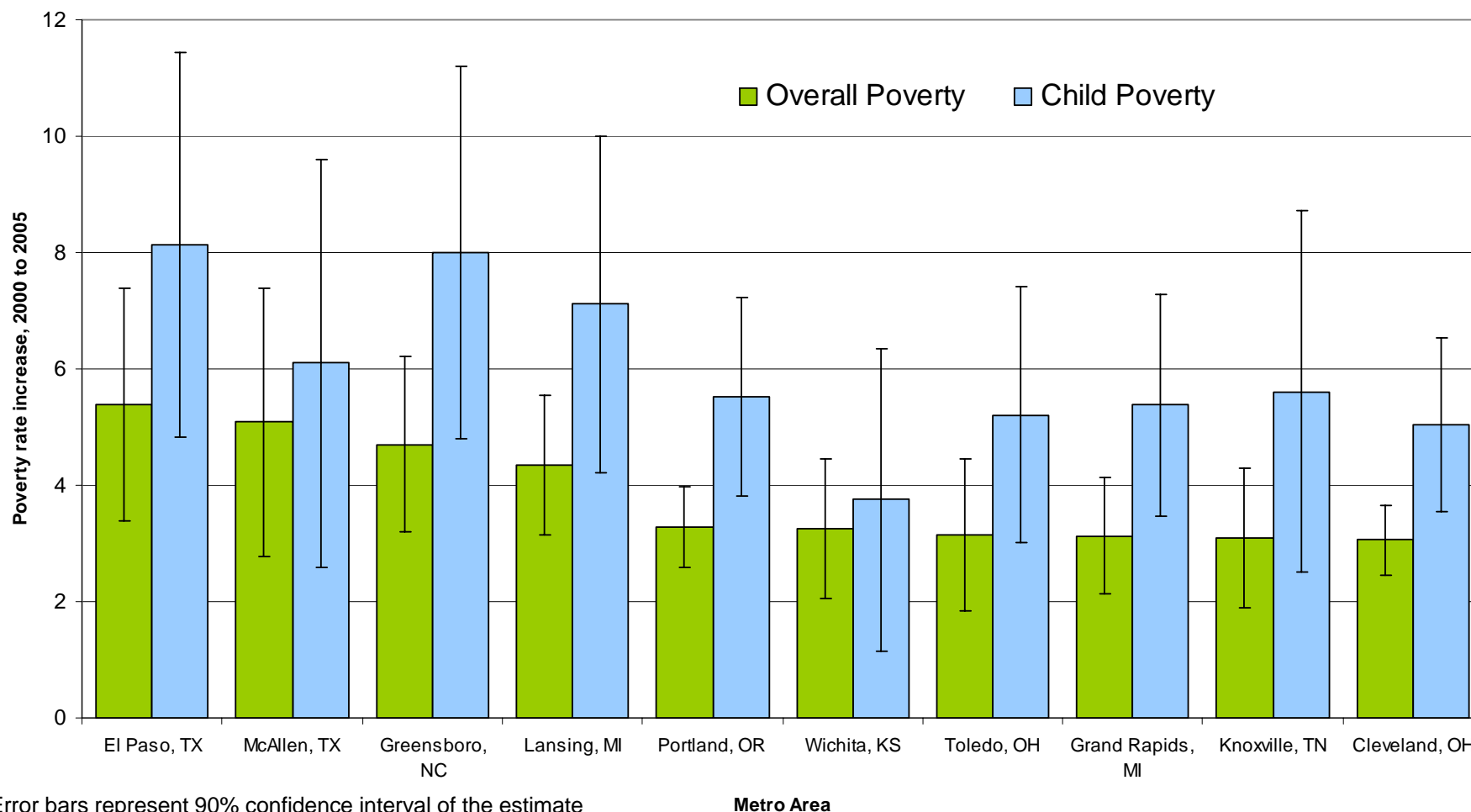
Poverty rate changes in 100 largest metro areas, 2000 to 2005

Source: Brookings analysis of Census Bureau data



In areas where poverty increased, it tended to increase more dramatically for children

Change in overall poverty rate and child poverty rate, 2000 to 2005, selected metro areas



Error bars represent 90% confidence interval of the estimate
 Source: Brookings analysis of Census Bureau data



Most metro areas have seen incomes polarize over the long term

Change in share of families by income class, top 10 metro areas, 1970-2005

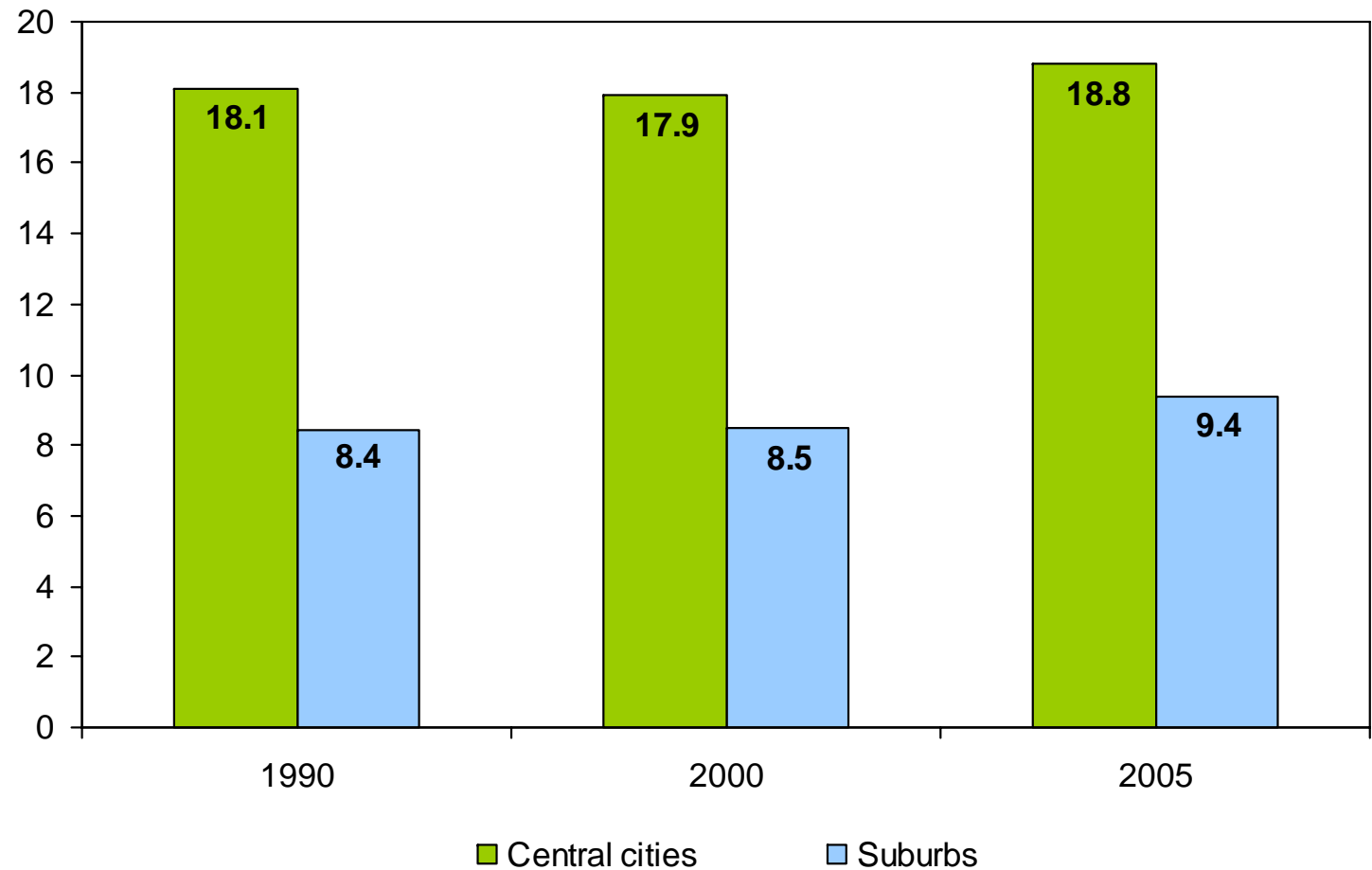
Source: Brookings analysis of Census Bureau data

Metro Area	Lower-income (<80% AMI)	Middle-income (80-150% AMI)	Upper-income (>150% AMI)
New York, NY	3.6	-12.3	8.7
Los Angeles, CA	4.3	-14.9	10.6
Chicago, IL	5.0	-14.2	9.2
Philadelphia, PA	4.6	-12.5	7.9
Dallas, TX	4.0	-12.5	8.5
Miami, FL	1.7	-8.0	6.3
Houston, TX	4.4	-15.2	10.8
Washington, DC	2.2	-7.7	5.5
Atlanta, GA	2.5	-8.0	5.5
Detroit, MI	5.0	-15.4	10.4
Total (100 metros)	3.8	-11.7	8.0

Today, cities continue to have higher poverty rates than suburbs...

Poverty rate,
cities vs.
suburbs, 100
largest metro
areas, 1990-2005

Source: Brookings
analysis of Census
Bureau data

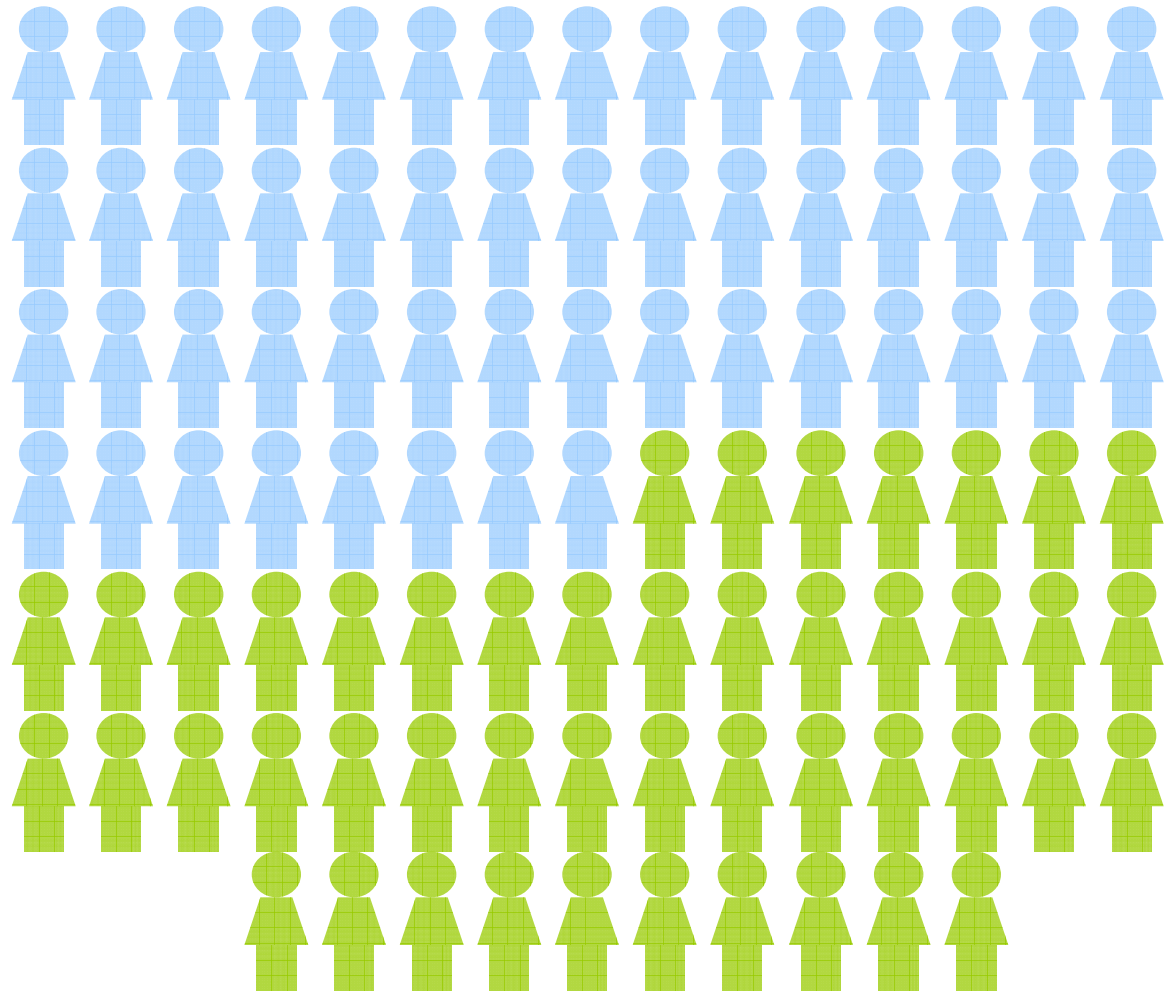
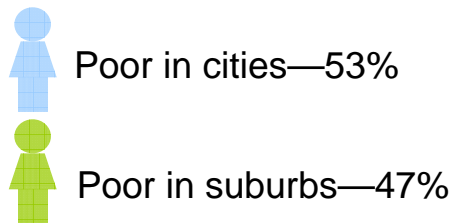


...but suburbs house a majority of the poor in major metro areas

Below-poverty population, central cities versus suburbs, 100 largest metros, 1990-2005

Source: Brookings analysis of Census Bureau data

1990

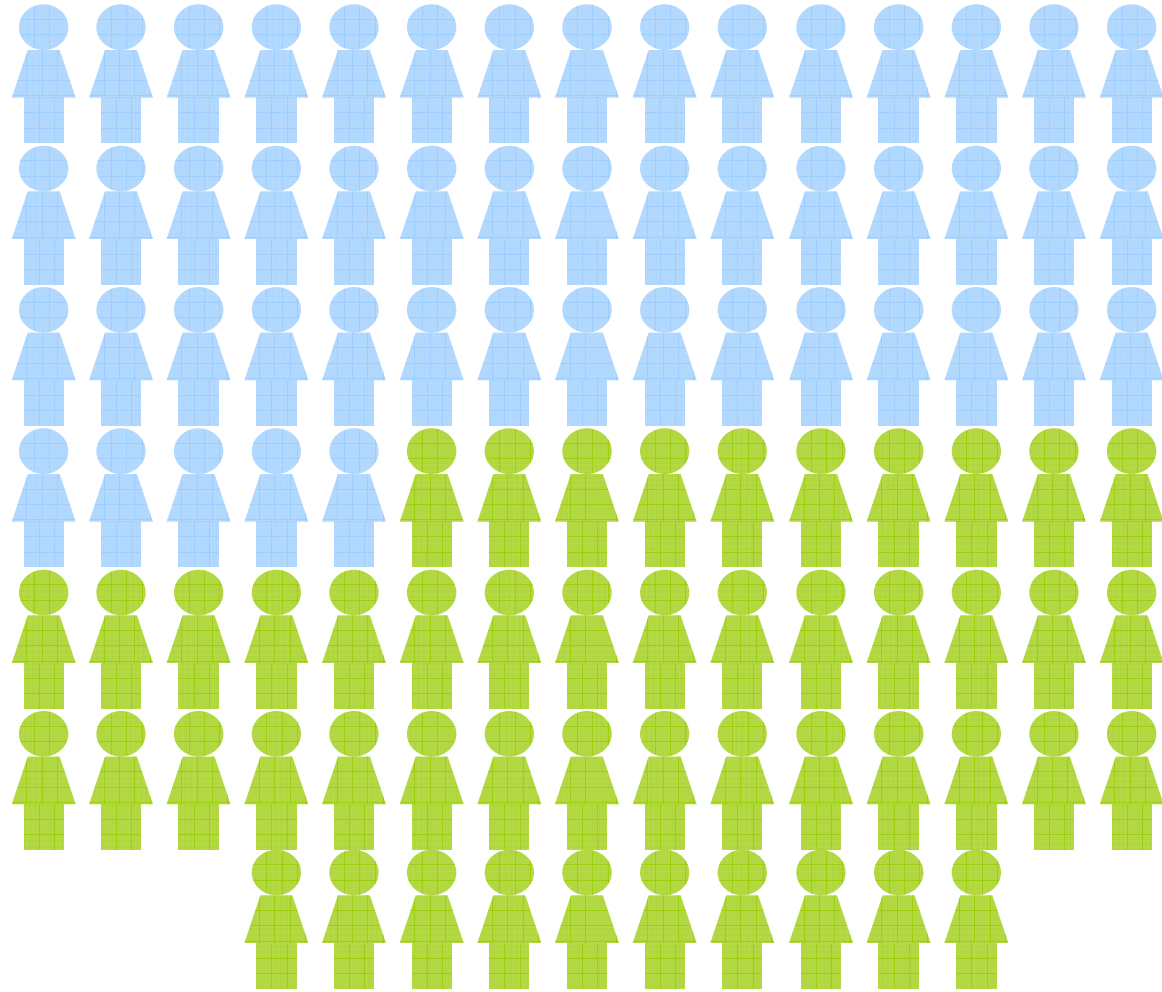
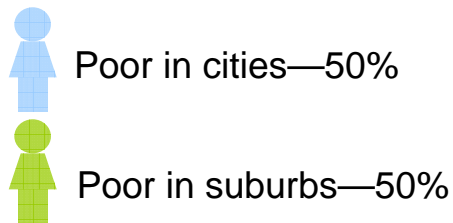


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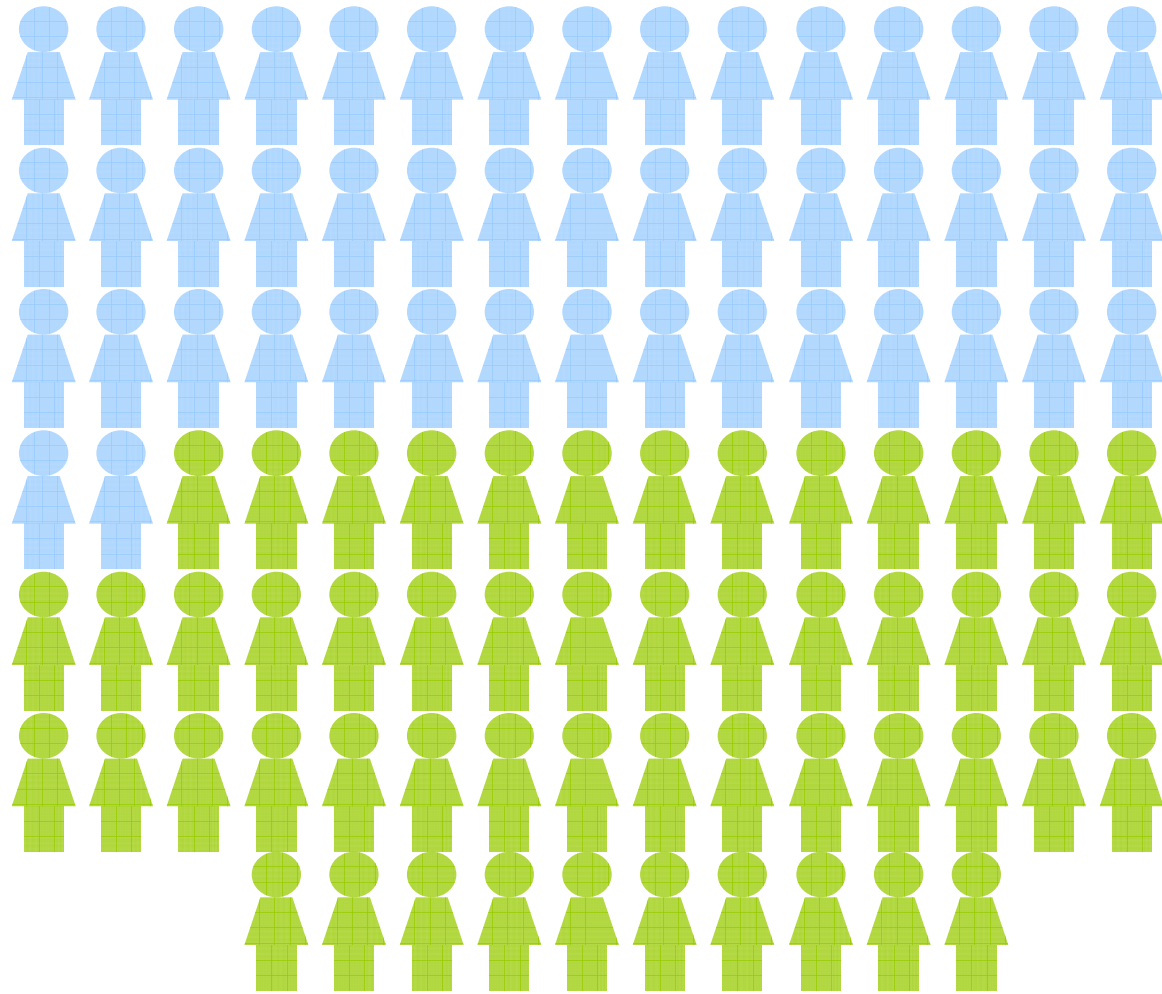
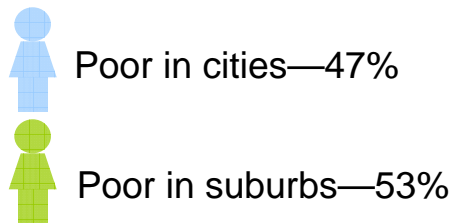


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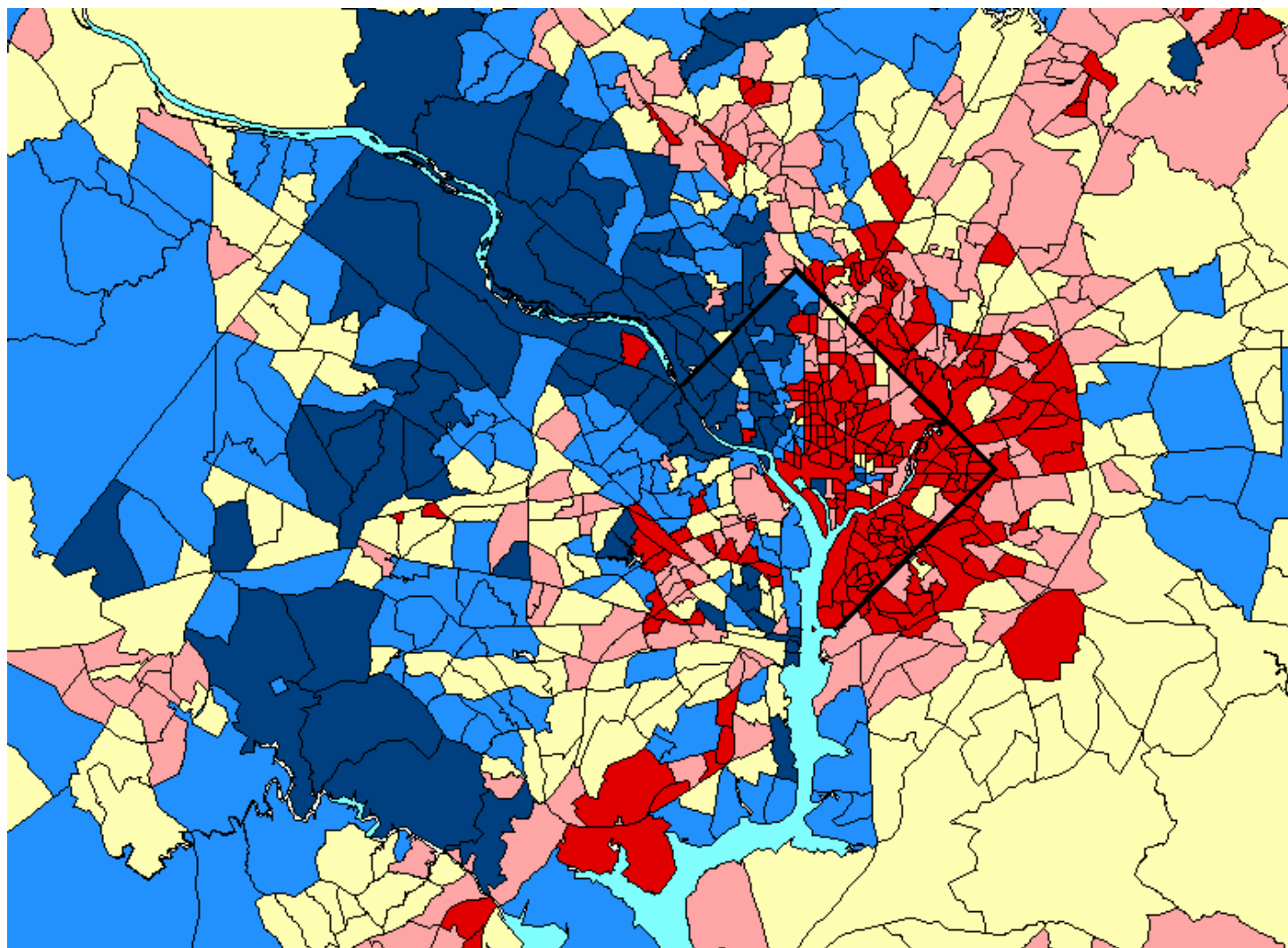
2005



Yet many metro areas divide along income lines

Neighborhoods by median family income, DC metro area, 2000

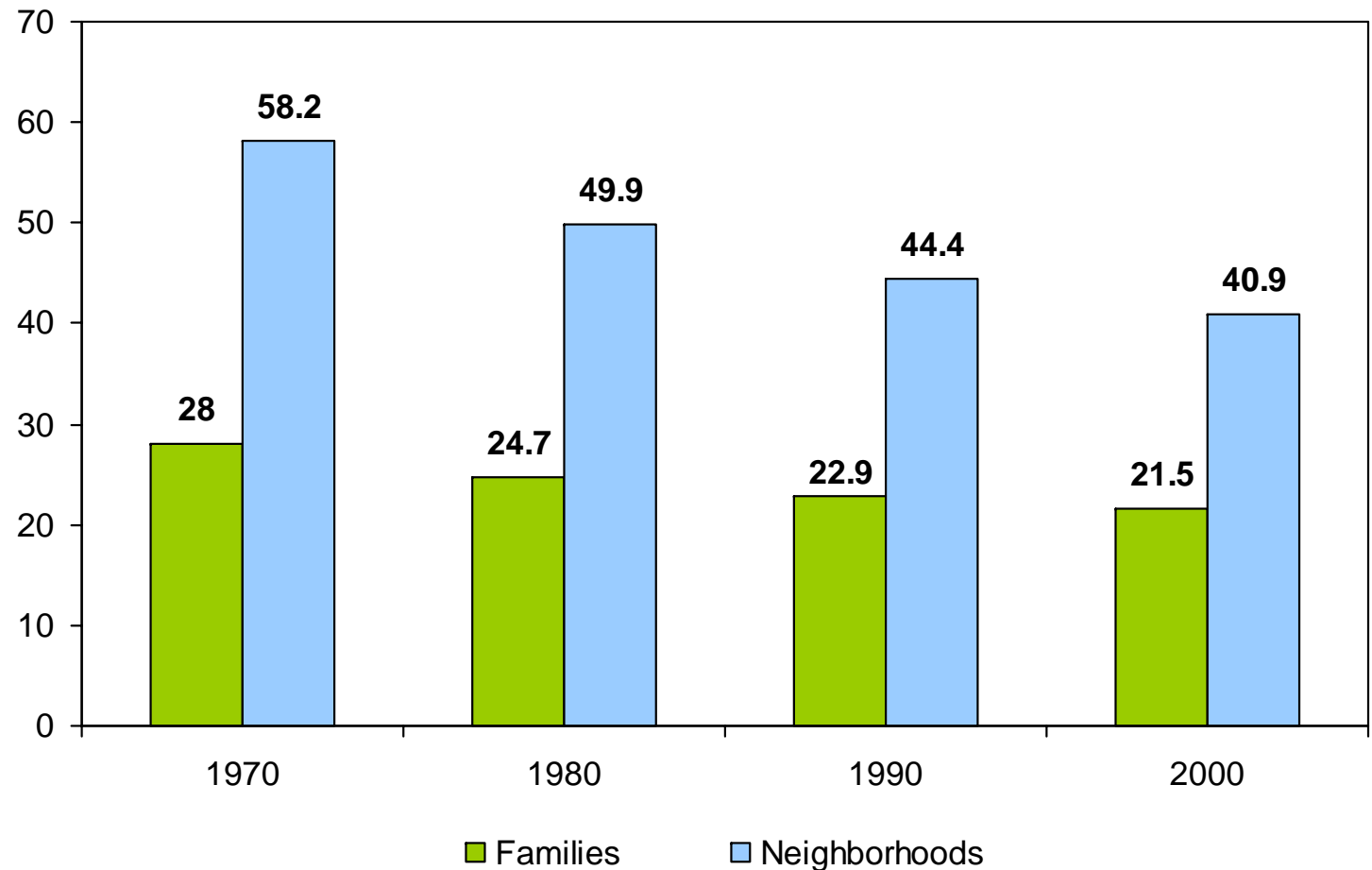
Source: Brookings analysis of Census Bureau data



The share of middle-income neighborhoods in metro areas has dropped faster than the share of middle-income families

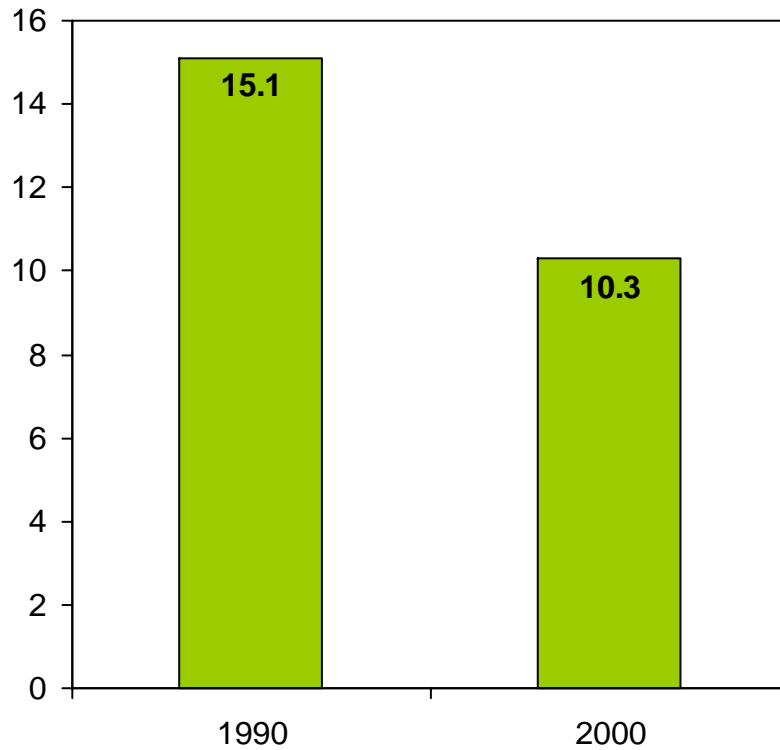
Share of families and neighborhoods classified as middle-income, 100 largest metro areas, 1970-2000

Source: Booza, Cutsinger, and Galster (2006)



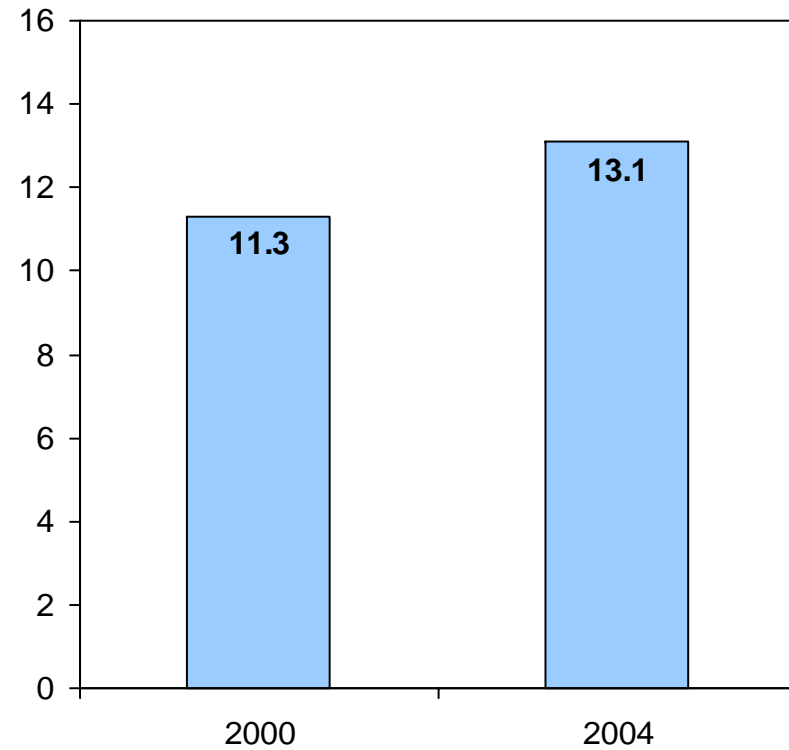
Concentrated poverty declined in 1990s, but appears to be rising again

% of poor living in high-poverty (>40%) census tracts, 1990 to 2000



Source: Jargowsky (2003)

% of EITC recipients living in high-EITC (>40%) ZIP codes, 2000 to 2004



Source: Brookings analysis of IRS data

Neighborhoods



Brookings and the Fed are studying 15 high-poverty areas across the nation



Case-study communities in Fed-Brookings Concentrated Poverty study

What does all of this suggest for strategies to improve economic mobility for low-income workers?

How low-wage workers do depends greatly on the state of the regional economies of which they're a part

Supports targeted to families with children (EITC, child care & preschool, subsidized health insurance) may benefit those at the economic margin

Suburbanizing poverty may hold new opportunities for families, mitigated by declining middle-class neighborhoods and emerging regional income divides

Progress during the 1990s toward reducing concentrated poverty may be threatened by recent dynamics