



We want

Unlocking Opportunities in the Poorest Communities: A Policy Brief

**PUTTING
FAMILIES
FIRST**

Good Jobs for All

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UNLOCKING OPPORTUNITY IN THE POOREST COMMUNITIES

Imagine a 21st-century jobs program that puts families first, makes extensive investments in America's most impoverished places and creates millions of good jobs to meet our most pressing needs and strengthen our communities. It would be a big first step in rebalancing our economy to reverse the flow of jobs, capital and talents out of America's poorest families and neighborhoods. This bold program would target communities where African-American families are trapped and subject to rampant racial profiling, incarceration and discrimination, stealing away opportunity and hope for the future. Where Latino families are grappling with air pollution, decrepit roads and vacant lots, but no good jobs. Where white families are living in forgotten rural areas and wondering how they are going to put food on the table. These families deserve more from our leaders.

For far too long, politicians have made empty promises to America's struggling families. Whether through empowerment zones, summer jobs programs, or trickle-down tax cuts, these solutions aren't big enough or targeted enough. Only bold, targeted and guaranteed investments over an extended period of time have a real chance of overcoming entrenched patterns of concentrated poverty. Poverty that has flourished in an economy where the wealthy few have rigged the rules to put themselves first and families last, and Wall Street is favored over everyday people who discriminated against on the basis of race, gender and region.

Poverty data for 2014 shows that millions of Americans remain mired in poverty, a stark reminder that the rules of the U.S. economy are rigged in favor of a privileged few. In 2014, the official poverty rate was 14.8 per-

cent, up slightly from 14.5 percent in 2013. An unconscionable 46.7 million people were living in poverty. More than one quarter of African-Americans, 24 percent of Latinos, 29 percent of Native Americans and more than 16 percent of women (as compared to 13.4 percent of men) were living in poverty.¹ When it comes to children, the news is particularly tragic: in 2014, the poverty rate for children under 18 was 21.1 percent, 38 percent for African-American children, 32 percent for Latino children and 36 percent for Native-American children, as compared to 13 percent for non-Hispanic white children.²

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However, the top-line report on the poverty rate fails to shed light on an even worse reality—that 24 million people living in poverty (about one-half of all of the poor in the U.S.)³ live in communities where the poverty rate is over 20 percent and where improvements in the national or statewide unemployment rate fail to dramatically alter their reality. Regardless of where they are located, high-poverty communities—which are most often communities of color—share a history of declining private investment and loss of economic activity and jobs. This private divestment has accompanied an inadequate investment of public resources in physical and social service infrastructure within these communities.

It's not rocket science—we know how to reduce the national poverty rate. Full employment; good wages, benefits and working conditions; a stronger safety net; and crucially strong counter-cyclical measures to minimize the impact of economic downturns are tested and effective prescriptions for making continuous progress on national poverty, but these measures alone will not resolve the issues facing neighborhoods of concentrated poverty and the people who live in them. In other words, while we should expect the national poverty rate to decline as employment and wages rises, history tells us that we should not expect significant changes in the economic trajectory in the communities where poverty is endemic.

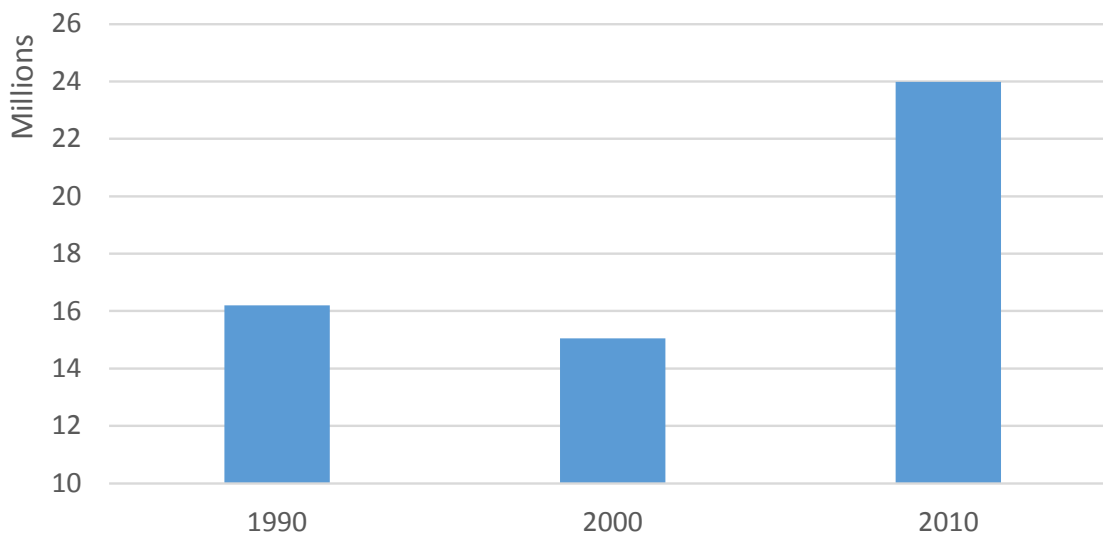
Macroeconomic Growth and Rising Minimum Wages Will Not Have Lasting Impact on Concentrated Poverty

The general improvements in the economy

that we are seeing today—modest growth in GDP accompanied by modestly rising wages and drops in unemployment—are not nearly where they should be at this stage of the recovery from the Great Recession. Even more robust national improvements, while necessary, will be inadequate for achieving significant—much less permanent—eradication of concentrated poverty. Recent history demonstrates this point.

In the 1990s, rising minimum wages buttressed by tax transfer programs (Earned Income Tax Credit) for low-income families, along with falling unemployment stemming from strong macroeconomic growth, reduced the number of people living in high-poverty areas by 7 percent (or 1.15 million people).⁴ Yet, the number of people living in high poverty areas rebounded in the 2000s, demonstrating the limited and temporary impact macroeconomic growth and rising median wages have on high poverty areas. The chart below shows the modest decline from 1990 to 2000 and the rapid acceleration in the number of poor people living in concentrated areas of

Number of Poor People Living in High Poverty Areas



poverty in 2010.

The creation, growth and persistence of high-poverty communities is strongly linked to structural racism. In 2010, one-half of all African-Americans in the U.S. and 72 percent of all African-Americans who were poor lived in high-poverty communities.⁵ For Latinos and Native Americans, the numbers are also alarming with 44 percent of all Latinos and 66 percent of all poor Latinos living in high-poverty communities, and 48 percent of all Native Americans and 66 percent of all poor Native Americans living in these high-poverty communities. In comparison, only 17 percent of all white Americans and 38 percent of all poor white Americans live in these areas.

The positive economic growth in the 1990s—largely responsible for the temporary observed reduction in concentrated poverty at the end of that decade—did not have a lasting effect because local, state and federal policy failed to address the root policy causes of racialized concentrated poverty.

Structural racism's effect over many generations is largely responsible for the geographic distribution of poverty—the disproportionate number of African-Americans with income below the poverty level residing in communities of highly segregated, racialized poverty.

Widespread housing discrimination, underwritten by federal policy, has limited the ability of African-Americans to own homes. Government-sponsored discrimination combined with predatory lending practices in everything from mortgages to car loans to payday lending have had significant, long-term and intergenerational impacts on African-Americans' ability to build wealth. Transportation policy, with its emphasis on road-building instead of on mass transit, has isolated poor communities from good jobs and undermined social cohesion. The failure to integrate our public school systems and the related failure to create and maintain high-quality public schools in high

poverty communities has worsened neighborhood segregation and academic outcomes among those living in high poverty areas.

Lastly, mass incarceration and over-policing are a modern and legal continuation of Jim Crow laws, which disproportionately affect people of color, particularly African-Americans and Latinos, and results in the criminalization of poverty. One recent study found that our nation's poverty rate would have dropped by 20 percent between 1980 and 2004 if not for mass incarceration and its impact on employment, earnings and economic mobility.⁶

Gender also plays a key role in the high levels of racialized poverty in these communities. High numbers of single-mother families are impoverished by the lower wages paid to women as compared to men, oppressive scheduling policies and other gender-based obstacles to advancement. All of these labor market problems have an even greater impact on women of color.

The high numbers are also due in part to a history of state failure to provide adequate reproductive health services, particularly access to contraceptives, which would help empower women, particularly young women, to make their own decisions on whether or not to become a parent. For those who are currently parenting, they face a series of barriers to effectively entering and remaining in the workforce or in school, including but not limited to a nationwide lack of affordable childcare, paid parental leave and paid sick days.

These conditions are all rooted in policies that have devalued care work and the role of women in the economy throughout time. These caregiving responsibilities combined with the gender wage gap explain the high levels of poverty among single-mother families and these impacts are concentrated in high poverty communities.

Ending Concentrated Poverty—Leading with Good Jobs⁷

We cannot resolve the job crisis in high-poverty communities and all of the related problems associated with concentrated poverty without direct intervention and a significant investment from all levels of government to create good jobs for all who seek them. History confirms that passively waiting for the macroeconomy to improve will have only, at best, temporary and marginal impacts on the nation's poorest communities.

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What we need is targeted and substantial investments in poor communities. The goal of these investments is to restart the economy in places where racial bias, exclusion and sustained disinvestment have produced communities of concentrated poverty. This call for re-investment is designed to channel significant federal investments to communities with high unemployment and low wages to help rebuild their local economies and provide access to jobs and wealth-building opportunities.

The idea of large-scale public investment in communities to end poverty is not a new one—there have been federally funded investments in both job creation and community-based solutions for many years. From the \$13.5 billion spent on Urban Renewal from 1953-1986, to the nearly \$20 billion spent during years of the Carter administration on the Comprehensive Employment and Training Act (CETA), we can see that large-scale

investments in communities and job training programs are not without precedent.

A total of \$200 billion should be made available annually to support these efforts in high-poverty communities—where at least 20 percent of residents have incomes below the federal poverty level. An investment of this magnitude would create 2 million jobs per year and reduce unemployment by over 60 percent among poor residents of these communities. Such funding would also provide communities with the resources and the flexibility to use a mix of strategies aimed at revitalizing local economies and helping residents prepare for and secure good jobs, whether within their communities or in the broader local labor market.

These investments would be available to rebuild local economies—including small businesses and worker and community cooperatives—and create opportunities for greater levels of community control. A critical element of this national initiative would include targeting a portion of these funds to directly create jobs for young people ages 16-24. A direct job creation program for young people would involve work that benefits their communities and provides them with access to quality education and training programs that give them tools to help ensure their longer-term security.

The emphasis on youth employment, and more broadly on job creation for working age adults, would be based on specific community opportunities and needs and integrated with efforts to support growing sectors of the local economy. For example, an initiative at the local level might be coordinated with ongoing work in the community to move toward clean energy and reduced reliance on fossil fuels. Jobs could involve retrofitting buildings using green infrastructure to reduce their energy consumption while increasing the use of energy from clean, renewable sources. Alternatively, a direct jobs program might be integrat-

ed with other strategies including leveraging jobs from taxpayer-supported infrastructure or development projects.

In addition, funds could be used to leverage private investment in the community. For example, a number of communities are engaged in work with so-called “anchor institutions” (large employers already rooted in or near the community such as medical and educational institutions) to encourage them to hire more people from the community and to do more business in their local communities. Further development of these relationships would support smaller, locally-owned businesses to grow and hire more residents, supporting new entrepreneurial activities and developing cooperative businesses in the community.

Using a range of strategies suited to local conditions, the broader goal of this national initiative will be to use a combination of new public and private investments to make labor market changes at scale for people living in high poverty communities. In addition, as part of broader approaches that address education reform, these investments will increase

the availability of affordable housing and transit to transform the economic infrastructure of the communities themselves.

We need a 21st-century, New Deal-inspired jobs program that invests at least \$200 billion a year in direct creation of millions of good jobs and cuts unemployment in the communities that need jobs the most. Reinvesting the resources from and redressing the reality of decade upon decade of people, talents and wealth being extracted from these communities would not just be good for families—it would be a critical step in building a stronger America. The economy-boosting jobs we create with this program will rebuild infrastructure that’s crucial for our country to remain competitive in the global market. Unleashing the talents of these millions of people would improve community health, provide badly needed care for children and the elderly and reduce pollution while increasing the use of clean, renewable energy sources.

ENDNOTES

1. <https://www.census.gov/content/dam/Census/library/publications/2015/demo/p60-252.pdf>
2. <http://datacenter.kidscount.org/data/tables/44-children-in-poverty-by-race-and-ethnicity#detailed/1/any/false/869,36,868,867,133/10,11,9,12,1,185,13/324,323>
3. <https://www.census.gov/content/dam/Census/library/publications/2014/acs/acs-27.pdf>
4. Authors’ calculations based on U.S. Census Bureau data found in <https://www.census.gov/population/socdemo/statbriefs/povarea.html> and <https://www.census.gov/content/dam/Census/library/publications/2014/acs/acs-27.pdf>
5. <https://www.census.gov/content/dam/Census/library/publications/2014/acs/acs-27.pdf>
6. Robert H. DeFina and Lance Hannon, “The Impact of Mass Incarceration on Poverty,” *Crime and Delinquency* 59 (4) (2013): 562–586, available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1348049
7. While our focus is on jobs and economic development, the work being done to improve public education, expand access to health services and improve health outcomes, reform our criminal justice system and sustain and improve a range of other social services are vitally important for addressing the root causes of concentrated poverty and require increased support and focus.