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5

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Pathways

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2

Moving Out to Move Up

Do people in areas with little economic opportunity find it increasingly difficult to move away?

By Raven Molloy, A. Spencer Perry, and Christopher L. Smith





9 Destination Decisions The congregation of college graduates in cities with desirable amenities has amplified inequalities between low- and high-skill workers.

By Rebecca Diamond

14 Still Stuck in Place

Our life chances are becoming even more closely tied to our geographic origins than in the past. *By Patrick Sharkey*

22 Poverty Traps

Nearly 25 million Americans live in "persistently poor" places with little hope for mobility or economic improvement.

By Scott W. Allard





33 What Would a New Kerner Commission Conclude Today?

Poor minority households are segregated both from white residents and from better-off members of their own racial or ethnic group.

By Paul A. Jargowsky

Moving Out to Move Up Who Leaves and Where Do They Go?

RAVEN MOLLOY, A. SPENCER PERRY, AND CHRISTOPHER L. SMITH

Although the U.S. labor market is performing well overall, some areas of the country lag significantly on important economic indicators. In 2016, about 10 percent of major metropolitan areas had primeage employment rates that were 10 percentage points or more below the national rate. And there are a great many areas with declining employment: From 2014 to 2017, more than 60 metro areas experienced annual employment declines for at least two of the three years.¹

What is happening in these lagging places? Are people giving up on them and moving out to chase opportunity elsewhere? The United States has a long history of migration to opportunity, famously seen in episodes like the Gold Rush of the 1800s. Indeed, earlier research shows that internal migration played a key role in equalizing labor market outcomes across places.² However, the rate at which Americans move across counties, cities, or states has been on the decline since at least the 1980s,³ and migration may be less responsive to local economic shocks than it once was.⁴ Perhaps as a consequence, some key economic outcomes at the local level appear to have diverged or stopped converging across areas over the last few decades,5 and a narrative has emerged that people in areas with little economic opportunity are finding it increasingly difficult to move away. One particular source of concern is that high housing costs in prosperous areas, bolstered by constrained housing supply, have prevented more migration into places with better employment prospects.⁶

In this article, we approach these issues by examining migration out of metropolitan areas with little economic opportunity. Specifically, we take on four key questions. First, how does migration from struggling places compare with migration from prosperous areas? Second, who is most likely to leave areas with weak labor markets?

Figure 1. The relationship between migration and predicted annual employment growth is weak.



Note: The figure plots metros' average inflow and outflow rates (2001–2016) against metros' predicted employment growth (annualized, in percentage points). Line shows the fitted value from a regression of the inflow or outflow rate on a quadratic function of predicted employment.

Third, do migrants from those areas tend to move to places with more jobs? Finally, are constraints on housing supply an additional barrier to migration? By answering these questions, we can clarify the importance of different types of barriers to moving toward opportunity. Although the issues that we address are similar to those facing migration out of rural areas (since many rural areas have also experienced weak labor markets recently), our focus in this article is on urban areas.

Migration and job prospects

We start by asking whether migration within the United States depends much on the job opportunities available in different metropolitan areas.7 Our answer: There is only a weak connection between migration and labor market strength.8 Average migration rates into areas with the weakest job prospects are only about 0.75 percentage point lower than average migration rates into the strongest labor markets, and the relationship between employment and outflow rates is also weak and in fact in the "wrong" direction (see Figure 1). This relationship between migration and job opportunities has been fairly stable from the mid-1990s to the present, suggesting that barriers to leaving struggling areas have not intensified over the past 20 years.

Who leaves struggling areas?

Are the types of migrants who move out of struggling areas different than those who move out of more prosperous areas? To address this question, Figure 2 reports average migration rates from 2005 to 2016 by metro area labor market strength.⁹ The figure is based on an individuallevel model of the probability of moving that controls for the socioeconomic and demographic characteristics of individuals, such that each data point displays the migration rate for each group in each labor market level, net of all other characteristics in the model.¹⁰ The figure graphs migration rates for three labor market levels:

The orange marker pertains to struggling areas; the green marker pertains to middling areas; and the blue marker pertains to prosperous areas. If the orange marker is to the right of the blue marker, it means that the group in question is more likely to leave struggling areas than prosperous ones.

The figure reveals several interesting differences in migration rates across metropolitan areas. First, whereas younger people are especially likely to move out of all metropolitan areas, they are more likely to migrate away from struggling areas than prosperous ones, while the reverse is true for individuals over age 50. Older individuals are, in other words, more likely to migrate away from prosperous areas. Second, individuals with at least four years of college are more likely to leave areas with weak labor markets. In comparison, individuals with less education are less likely to leave home in general, and their migration rates do not depend much at all on the strength of their home labor market. These differences indicate that individuals with larger returns to moving are more likely to migrate out of struggling areas compared with their counterparts living in prosperous areas. This is not terribly surprising. However, if younger and more educated workers are more productive, this fact is potentially worrisome from the perspective of those who remain in struggling areas, since the greater propensity of younger and more educated people to leave could further reduce productivity in these places.

It is well documented that homeowners move less frequently than renters." The third block of Figure 2 shows that the differential in migration rates between homeowners and renters is much larger in areas with little economic opportunity, suggesting that the moving costs imposed by homeownership might be larger in struggling areas.

Figure 2 also shows migration rates by race. Latinx and white residents are just as likely to leave prosperous areas as they are to leave struggling areas. By contrast, Black residents are less likely to move out of struggling areas than prosperous areas. Because our analysis adjusts for the individual's relative income within the metropolitan area, this finding cannot be explained by racial differences in income. Rather, it could be that Black individuals have less financial wealth (conditional on income) or fewer nonmonetary resources that would help them move out of struggling areas. Meanwhile, Asian individuals are more likely to move out of areas with weak labor markets than to leave areas with strong employment opportunities.

Finally, we see no material differences in average migration rates across metropolitan areas according to an individual's relative income in the metropolitan area. Thus, monetary resources do not seem to play a big role in reducing migration out of struggling areas.

Where do migrants go?

Do migrants from struggling areas move to prosperous areas—and if not, why? In Table 1, we show the average share of migration outflows by the labor market strength of the origin and destination metro areas.¹² Migrants from struggling areas are about equally split between destinations that have weak, moderate, and strong labor markets. Twenty-six percent of migrants from areas with the weakest labor markets move to other weak labor markets, 42 percent move to moderate labor markets, and 32 percent move to prosperous areas. By contrast, about two-thirds (61 percent) of migration from prosperous areas is to other prosperous areas.

Why isn't migration from struggling areas targeted toward areas with more jobs? Part of the explanation appears to be that struggling areas are geographically separated from prosperous areas. The average distance between a struggling area and a prosperous area is about 1,100 miles,

Figure 2. Young adults, college graduates, renters, and Asian individuals are most likely to leave struggling metropolitan areas.



Note. Average migration rates by age are adjusted for other population characteristics by regressing the probability that someone moves out of a metropolitan area on metropolitan area indicators and all other characteristics reported in the figure. The first set of results reports the average residual from this regression for each age group plus the average migration rate of the entire sample. Average migration rates by other population characteristics are calculated similarly. Source: American Community Survey, 2005–2016.

compared with an average distance of 540 miles between struggling areas. In Panel B, we adjust outflows between metro areas for the distance between them.¹³ After conditioning on distance, migration from struggling areas does appear to be more targeted toward prosperous areas: When destinations with weak, moderate, and strong labor markets are equally distant from a struggling metro area, roughly 14 percent of migration outflows from struggling areas are to other weak labor markets, while 86 percent go to areas with moderate and strong labor markets. In contrast, distance is not a big consideration for those who leave prosperous areas. Even controlling for distance, the large majority of moves out of prosperous areas are to other prosperous areas.

What role does housing play?

As a descriptive matter, we don't find that constraints on housing supply serve as an additional barrier to migration. In Panel C of Table I, we show adjusted outflow shares after controlling for the strength of housing supply regulation and geographic barriers to new housing construction in the destination metropolitan area.¹⁴ These results are only slightly different from the distance-only adjustment (Panel B), suggesting that the correlations between housing supply constraints and labor market strength, while positive, are not extremely strong. Indeed, among metropolitan areas with relatively strong economic opportunities, roughly one-third do not have strong geographic or regulatory constraints on the

Table 1. Mobility from struggling to prosperous areas is suppressed because they are far apart.

	Labor market strength of origin						
	Low demand	Middle demand	High demand				
A. Labor market strength of destination							
Low demand	26	11	7				
Middle demand	42	41	32				
High demand	32	48	61				
B. Labor market strength of destination, adjusted for distance between origin and destination							
Low demand	14	8	9				
Middle demand	44	40	33				
High demand	43	52	58				
C. Labor market strength of destination, adjusted for distance between origin and destination, destination housing regulation, and geographic barriers to new construction in destination							
Low demand	15	12	13				
Middle demand	44	39	33				
High demand	41	49	55				

Note: Each panel displays outflows from metros in the listed third of the labor demand distribution (columns) to metros in the listed third of the demand distribution (rows). Outflows are calculated as a share of all outflows to metros in our sample, so each column in each panel sums to 100. Panel A displays average outflow shares over 2001–2016 (excluding 2015 due to data quality issues) for the 71 or 72 metros in each quintile of the labor demand distribution. Panel B displays average outflow shares over this period after adjusting for the distance between originating and receiving metros. Panel C displays average outflow shares after adjusting for distance, as well as for a measure of the receiving metro's level of housing regulation and geographic constraints to construction relative to other metros. The regression specifications used to adjust outflow shares are described in the text. Source: IRS migration data from county to county, 2001–2016 (excluding 2015).

housing supply. To be clear, we are not claiming that housing supply constraints do not deter migration—indeed, in unreported results we do see lower migration flows into more-constrained metropolitan areas. It's just that migrants have a number of prosperous destinations with few housing supply constraints to choose from.

Conclusions

We find surprisingly little evidence that substantial barriers, such as educational attainment and housing costs, prevent people from moving out of metropolitan areas with relatively weak employment opportunities to more prosperous areas, or that any such barriers have become stronger over time. In support of this conclusion, out-migration from struggling areas is no less common than out-migration from areas with stronger labor market opportunities, and over the past 20 years out-migration from struggling areas has not fallen relative to migration out of other areas. The types of people with larger gains to moving are more likely to move out, and among those who do move, flows from struggling to prosperous areas do not seem to be impeded by housing supply constraints in prosperous areas. It is worth noting that all of our analysis on the types of people who move out of struggling areas and the destinations they choose is similar when we examine the prerecession, recession, and postrecession time periods separately, indicating that any factors influencing

these decisions have not changed materially over the past 20 years.

That said, we find that distance appears to be an important factor in limiting migration from struggling areas, since struggling areas are more likely to be near other struggling areas and farther from more prosperous ones. This suggests that policies intended to encourage workers stuck in poor labor markets to move elsewhere may be most effective if they focus on barriers related to distance, including the financial costs of moving, the lack of formal or informal networks in distant labor markets, and lack of information about distant areas where jobs are plentiful. Place-based policies that are directly intended to boost the economies of struggling areas may also be effective given the geographic concentration of strong and weak labor markets.15

Homeownership also seems to be an additional impediment—homeowners in struggling areas are less likely to leave compared with homeowners in prosperous areas—and so researchers and policymakers who want to understand why more people don't move out of struggling areas should also focus on the factors that reduce homeowners' ability to move to locations with greater opportunity.

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The Winter 2019 edition of Pathways was delayed in publication and is based on articles written in 2018.

Notes

1. These results pertain to non-farm payroll employment.

2. Blanchard, Olivier Jean, and Lawrence F. Katz. 1992. "Regional Evolutions." Brookings Papers on Economic Activity 1, 1–61.

3. Molloy, Raven, Christopher L. Smith, and Abigail Wozniak. 2011. "Internal Migration in the United States." *Journal of Economic Perspectives* 25(3), 173–196.

4. Dao, Mai, Davide Furceri, and Prakash Loungani. 2017. "Regional Labor Market Adjustment in the United States: Trend and Cycle." *Review of Economics and Statistics* 99(2), 243–257.

5. Ganong, Peter, and Daniel Shoag. 2017. "Why Has Regional Income Convergence in the U.S. Declined?" *Journal of Urban Economics* 102, 76–90; Austin, Benjamin, Edward Glaeser, and Lawrence Summers. 2018. "Saving the Heartland: Place-Based Policies in 21st Century America." *Brookings Papers on Economic Activity.*

6. Hsieh, Chang-Tai, and Enrico Moretti. 2017. "Housing Constraints and Spatial Misallocation." NBER Working Paper 21154; Glaeser, Edward, and Joseph Gyourko. 2018. "The Economic Implications of Housing Supply." *Journal of Economic Perspectives* 32(1), 3–30.

7. To measure labor demand, we follow a commonly used strategy in labor and urban economics that was developed by Timothy Bartik. We predict the change in employment from 2001 to 2016 that would have occurred in each area if employment for each industry in the area grew at the same rate as national employment in that industry. See Bartik, Timothy J. 1991. Who Benefits from State and Local Economic Development Policies? Kalamazoo, MI: W.E. Upjohn Institute for Employment Research. We obtain data on employment by industry and county from the Bureau of Economic Analysis's Local Area Personal Income and Employment tables. We use 21 categories of nonfarm civilian employment. See https:// www.bea.gov/itable/iTable.cfm?ReqID=70&step=1#reqid=70&step=1&isuri=1.

8. Migration data are obtained from the Internal Revenue Service's Statistics of Income data. See https://www.irs.gov/ statistics/soi-tax-stats-migration-data. We omit migration data from 2015 because communication with IRS staff indicated that the data from that year are not reliable. Migration rates are first calculated for each metro and then averaged over all metros in that quintile.

9. Data are from the 2005–2016 annual surveys of the American Community Survey. We downloaded the data from Ruggles, Steven, Katie Genadek, Ronald Goeken, Josiah Grover, and Matthew Sobek. 2017. *Integrated Public Use Microdata Series: Version 7.0* (dataset). Minneapolis: University of Minnesota. https://doi.org/10.18128/D010.V7.0.

10. For example, consider the first three rows, which show adjusted average migration rates by age. We regress an indicator for whether an individual migrated out of a metropolitan area on metropolitan area indicators and all of the characteristics reported in the table except age. Then we average the residuals from these regressions by age group and add the average migration rate across all people in all metropolitan areas.

11. Molloy et al., 2011; Zabel, Jeffrey E. 2012. "Migration, Housing Market, and Labor Market Responses to Employment Shocks." *Journal of Urban Economics* 72(2–3), 267–284.

12. Data are from the Internal Revenue Service's Statistics of Income data.

13. To arrive at these estimates, we regress flows between every pair of metropolitan areas on an indicator for whether the metros are 200 miles apart or more and indicators for whether the receiving metro is a middle- or high-labor-demand metro. We use this measure of distance because we found a significant drop-off in average migration flows between metropolitan areas around 200 miles apart, suggesting a nonlinear relationship between migration flows and distance. We estimate regressions separately for originating metros in each quintile of the labor demand distribution. We convert the regression results into average outflows to prosperous areas by adding the coefficient on the indicator for being in a prosperous metro, the constant, and the coefficient on distance multiplied by the share of metro pairs that are 200 or more miles apart; then we multiply the resulting sum by the number of receiving metros in the top third of the demand distribution. We follow a similar strategy to calculate outflows to middle and struggling areas.

14. We measure regulatory constraints on housing supply using the Wharton Residential Land Use Regulation Index. See Gyourko, Joseph, Albert Saiz, and Anita Summers. 2008. "A New Measure of the Local Regulatory Environment for Housing Markets: The Wharton Residential Land Use Regulatory Index." *Urban Studies* 45(3), 693–729. We measure geographic constraints on land availability using estimates from Saiz, Albert. 2010. "The Geographic Determinants of Housing Supply." *Quarterly Journal of Economics* 125(3), 1253–1296. For Panel C, we follow a similar approach as described for Panel B but add to the regression whether the receiving metro has low, middle, or high housing regulation and low, middle, or high geographic constraints.

15. See, for example, Austin, Glaeser, and Summers, 2018.

Destination Decisions

REBECCA DIAMOND

s young adults complete their schooling or training and begin to think about entering the labor force, they have to make an important decision about *where* to work. Should they work in a high-amenity city—like New York or San Francisco—where there are lots of jobs, a concentration of other young workers, and a wide array of cultural offerings? Or should they seek a job in a small city, perhaps one close to home, where housing is more affordable and other costs are lower?

Trade-offs inevitably arise when deciding upon the best mix of wages, expenses, and quality of life. The purpose of this article is to examine how these trade-offs are being resolved. I examine two key questions: Where do college graduates and non–college graduates choose to live? And what are the implications of this decision for economic inequality?

Where to live?

The decision about where to live has implications not only for (a) the extent to which highly educated and less educated workers cluster in different cities (i.e., "skill-level segregation") but also for (b) the extent to which high-income and low-income workers cluster in different cities (i.e., "income segregation"). These two types of segregation are





Note: Cities in blue had the largest share of college graduates in the workforce in 2000; cities in red had the smallest share. The size of the dot indicates the size of the change in college share from 1980 to 2000. Source: Moretti, 2013. related because workers with a college degree earn substantially more than their peers with less education, a gap that has grown substantially over the past three decades. In 1980, college graduates made 38 percent more than high school graduates; by 2011, they earned 73 percent more.

Because the benefits of earning a college degree are higher than they once were, we would see a growing income gap between high-education and low-education cities even if there weren't any change in the tendency of well-educated workers to cluster in certain cities. But in fact, there has been a change in that tendency. At the same time that education-based wage inequality started to accelerate, college graduates began congregating in cities where other college graduates live.

Cities such as Atlanta and Boston—which were already home to high percentages of college graduates—attracted a disproportionate share of additional college graduates between 1980 and 2000. Meanwhile, in cities where a relatively small share of the 1980 population were college graduates, cities like Albany or Harrisburg, there was virtually no post-1980 growth in the share of college graduates. The upshot: The advantaged cities became even more advantaged (in degrees *and* income), while the disadvantaged cities remained just as disadvantaged as they always had been.

This increase in both skill-level and income segregation had spillover wage effects for the less educated workforce. There was a wage payoff, in other words, to opting for a high-skill city even if you were a low-skill worker. For every I percent increase in the ratio of college graduates to non– college graduates, college graduates experienced a 0.2 percent wage increase, and non–college graduates experienced a 0.6 percent wage increase.

What drove this trend? The sources of the rising returns to a college degree are well known and can be attributed, in part, to labor market changes that affected demand for college graduates, including the widespread adoption of computers, the rise of automation, and the associated export of many lower-skill jobs (i.e., "globalization"). At the same time, the share of workers protected by unions declined, while the federal minimum wage decreased in real value.

These demand-side changes, which are typically represented as national forces, in fact played out differently in different cities. In particular, cities that were historically home to high-tech and R&D saw larger growth in the demand for highereducated workers. San Jose, for example, had one of the highest shares of college graduates in 2000, at 48 percent, up from 33 percent in 1980. By contrast, cities that did not have a large preexisting investment in skill-demanding industries, like high-tech, did not experience much of an increase in demand for skilled labor.

Yet labor market changes are not the whole story. These changes lead to rising wages, but do they also lead to a takeoff in amenities? How, in other words, did the high-wage city also become the high-amenity city?

These two changes are in fact closely linked: As college graduates moved into skill-demanding cities, the quality and variety of available goods and services improved in those cities, reflecting the higher wages and disposable income. The per capita number of clothing stores, bars, restaurants, movie theaters, and grocery stores thus increased. Per capita spending on K–12 education grew, while property crime rates fell and pollution declined. The high-wage city thus gradually became the high-amenity city.

The benefits of high-skill cities disproportionately accrue to collegeeducated workers, while less educated workers concentrate in cities with lower wages and less desirable amenities.

Why doesn't *everyone* move into a high-wage, high-amenity city? It should be recalled, after all, that even less educated workers earn more in high-wage cities. And it's not just wages that are at stake. Because high-wage cities are also highamenity cities, those who move into them will both earn more *and* benefit from an amenity-rich environment. If given the choice, most workers regardless of education—would prefer to live in cities with high wages and good amenities. This leads one to expect that workers of all skill and income levels would desire to move to these cities.

It might be thought that one reason why this doesn't happen is that in fact not everyone wants the types of amenities available in amenity-rich cities. Aren't some amenities, like the ready availability of a Starbucks Cinnamon Dolce Latte, more suited to the tastes of the young college-educated worker? Although some amenities surely have this niche character, for the most part everyone—no matter how educated—wants low crime rates, less pollution, nicely paved streets, and all the perks of living in a high-wage, high-amenity city.

The main reason, then, why we don't see an across-the-board influx into these cities is housing costs. Increasingly high-skill, high-amenity cities experienced sharp increases in housing costs. Cities that increased their ratio of college graduates to non–college graduates by I percent also experienced rent increases of 0.7 percent. While college graduates do, to some extent, place particular importance on the quality of amenities, non-college workers are more deterred by high housing costs.

High housing costs thus work to maintain the "education divide" among cities. The benefits of high-skill cities—high-wage labor markets and desirable amenities—disproportionately accrue to college-educated workers, while less educated workers concentrate in cities with lower wages

Figure 2. Access to high-quality amenities widens the wage gaps between college and non–college graduates.



Source: Diamond, 2016.

and less desirable amenities. The consequence has been a "Great Divergence," a phrase coined by Enrico Moretti, between the cities that appeal to highly skilled workers and the cities that are less expensive with fewer amenities that attract less skilled workers.

What are the consequences for economic inequality?

I have shown to this point that workers are increasingly segregated by their education level, wages, and access to amenities. What does this trend mean for inequality? In making this assessment, we have to take into account that workers in high-skill cities get (a) "less house for the money" but also (b) an extra dose of amenities. It's useful to consider each of these complications in turn.

The first point is the straightforward one that college workers tend to live in cities with high rents and big mortgages. This leads to a simple question: If these extra housing expenses are subtracted out, do college graduates in New York still have more money available to spend than non–college graduates living in Cleveland? To what extent, in other words, do differences in income overstate the real amount of inequality between a New Yorker and a Clevelander?

Between 1980 and 2000, the wage gap between college graduates and high school graduates grew by 50 percent. But when the additional housing costs in high-skill cities are taken into account, this wage premium actually rose by only 40 percent. Thus, when accounting for housing costs, economic inequality is actually lower than it appears when wages alone are considered.

But of course it's not quite that simple because the higher housing costs in New York reflect, in part, the many amenities that New York delivers. The college graduate in New York, even though she is paying more for housing, is also enjoying all the culture, restaurants, fashion, and recreation of New York City. It's likely that college graduates are willing to shoulder higher housing costs in part because they want the desirable amenities offered by expensive cities. The second part of the calculation, then, is to adjust for this complication.

Because standard measures of wage inequality don't account for public amenities that are common in high-productivity cities, I have constructed a measure of economic well-being that measures the level of utility derived from the consumption of goods and services. This measure incorporates factors such as infrastructure, crime, retail environment, environmental quality, school quality, and job quality. To determine the effect on overall well-being, I study the willingness to pay to live in a given city as revealed through migration decisions. Using this measure, I then separate the overall change in well-being inequality into local wage effects, local rent effects, and local amenity effects.

The key result from my research: This is a nontrivial adjustment. When accounting for both housing costs and local amenities, I find that the 50 percent increase in the wage premium between college graduates and non–college graduates understates by at least 30 percent the true increases in economic well-being inequality. The benefits from high-quality amenities outweigh high housing costs for college graduates, meaning that economic inequality is in fact higher than it appears when looking at wages alone. Instead of a 50 percent increase in the wage premium, the economic benefit of a college degree is really closer to 65 percent.

Conclusions

In summary, changes in labor market demand led to the clustering of college graduates in certain cities, like San Francisco, New York, and Boston. Although many of those cities were already college-graduate havens, these changes in demand accentuated this education-based clustering. As more college graduates streamed in, wages in these cities rose and amenities improved, leading to a higher quality of life for residents. But these cities also grew more expensive, and non-college workers-who were unable to afford the high costs-became concentrated in less expensive cities with fewer amenities and lower wages, which in turn amplified the inequalities between low- and high-skill workers. If we just look at income gaps between cities, we are in fact misled into thinking that inequality is less extreme than it really is.

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Notes

I. Estimates refer to workers employed at least 35 hours per week and 50 weeks per year within the ages of 25–55. Controls include race, Hispanic origin, sex, and experience. Data are from the 1980 U.S. Census and the 2011 American Community Survey.

2. Moretti, Enrico. 2013. "Real Wage Inequality." American Economic Journal: Applied Economics 5(1), 65-103.

3. Diamond, Rebecca. 2016. "The Determinants and Welfare Implications of U.S. Workers' Diverging Location Choices by Skill: 1980–2000." *American Economic Review* 106(3), 479–524.

4. Autor, David H., Lawrence F. Katz, and Alan B. Krueger. 1998. "Computing Inequality: Have Computers Changed the Labor Market?" *Quarterly Journal of Economics* 113(4), 1169–1213. Goldin, Claudia, and Lawrence F. Katz. 2007. "Long-Run Changes in the Wage Structure: Narrowing, Widening, Polarizing." *Brookings Papers on Economic Activity* 2, 135–165.

5. Shambaugh, Jay, Ryan Nunn, Patrick Liu, and Greg Nantz. 2017. "Thirteen Facts About Wage Growth." Hamilton Project.

6. Moretti, 2013.

7. Diamond, 2016.

8. Ibid.

9. See Diamond, 2016, for a detailed explanation.



PATRICK SHARKEY

ver the past few decades, there has been a renaissance of U.S. research on the effects of the "birth lottery" on economic fortunes. This line of research, which is now booming again, asks how much it matters whether the stork drops you into a poor household or a well-off one. As data and methods have improved, something close to a consensus has emerged: The United States is not the land of opportunity often imagined in political debates and Horatio Alger stories.¹

But just as this new understanding of economic mobility has filtered into the public consciousness, another strand of research has emerged that challenges the very idea that it is worthwhile to try to measure the level of income mobility in the country as a whole. Three recent studies have shown that economic mobility varies sharply both across and within regions, suggesting that there is no single, national measure that accurately characterizes economic mobility in the United States.² Instead, we now know that moving up depends a lot on where one grows up. Most notably, research from Raj Chetty and Opportunity Insights finds that in some places, children from low-income families have a reasonable chance of rising out of poverty by early adulthood. However, in other places, including a wide swath of the Southeast, children from poor backgrounds are much more likely to remain poor as adults.³ There is as much variability in opportunity *within* the United States as there is *across* many of the welloff countries in the world.⁴

These findings reflect an observation about American inequality that has frequently been dismissed or overlooked in the academic literature: Inequality in the United States is organized, to a large degree, along spatial lines.⁵ Labor market opportunities, social networks, environmental hazards, and institutions like schools, governments, banks, and police departments vary dramatically depending on where one lives, creating a rigid geography of opportunity. And a growing body of evidence suggests that our life chances are becoming even more closely tied to our geographic origins than in the past.

The intergenerational persistence of place

Why does geography matter more now? The starting point in answering this question is to recognize that neighborhood disadvantage has



Figure 1. Almost half of Black Americans live in poor neighborhoods for consecutive generations.

compounding negative effects across generations. We have long known that there are consequences of growing up in a disadvantaged residential environment, but the literature on "neighborhood effects" has understated the full impact of spatial inequality. Most of the empirical work on the topic treats the neighborhood environment as something that is experienced at a single point in time or over a few years of a child's life. However, evidence suggests that neighborhood inequality can be understood only if we take a multigenerational perspective, because families living in disadvantaged neighborhoods usually have lived in those neighborhoods for a long time. The vast majority of children who currently reside in poor neighborhoods come from families that have lived in similarly poor neighborhoods for multiple generations. It might be said, then, that residential advantages and disadvantages are passed down in the same way as wealth, genes, and culture.⁶

This intergenerational persistence of place matters because the consequences of living in highly disadvantaged neighborhoods are cumulative.⁷ Using a national sample that followed families over two generations, I estimated the degree to which adults live in a neighborhood of similar economic status to that of their childhood neighborhood.⁸ The main takeaway here is that one's neighborhood is frequently quite similar in childhood and in adulthood. The overall correlation between childhood and adulthood neighborhood economic status is 0.67.

This intergenerational persistence is particularly strong for Black Americans. Using the same national sample, I found that almost half of African-American families live in poor neighborhoods for consecutive generations, while this is true for just 7 percent of white families (see Figure 1).⁹ This happens for many reasons. Most obviously, exclusionary zoning and the cost of housing limit who can live where, thus increasing segregation by economic standing and race. And of course there is explicit discrimination by race, ethnicity, and income in the housing and lending markets as well as informal hostility (or the perception of hostility) that restricts the range of communities that families consider.¹⁰

All these forces act as constraints on residential mobility, leading people to remain in place over time. These constraints are stronger for some—such as Black residents—than others. And when families remain in place, neighborhood advantages and disadvantages are transmitted from one generation to the next.

The role of geographic mobility

The second result of interest pertains to the *sources* of this intergenerational persistence of place. The bars in Figure 2 show how our measure of neighborhood status persistence varies with geographic mobility. A bar height of 1 means that childhood neighborhood status perfectly predicts neighborhood status in adulthood, while a bar height of 0 means that the relationship between childhood and adulthood neighborhood status is as good as random—in other words, that childhood neighborhood redighborhood conditions are not predictive of adult neighborhood conditions.

Figure 2 shows that the degree of continuity in neighborhood economic conditions is more pronounced for people who remained in the same county from childhood to adulthood. Notably, this finding holds even among those who remained in the same county but moved to a different neighborhood, and even when controlling for individual economic and family circumstances in each generation. Indeed, it seems that people are often "confined" to certain types of neighborhoods, and short-distance moves typically don't bring individuals into residential environments that are markedly different-in terms of the income, race, and ethnicity of neighbors-from their childhood neighborhoods. The upshot: To disrupt the cycle of intergenerational exposure to neighborhood disadvantage, families generally need to move long distances.

And here's the bad news: Families are becoming less likely to make the kinds of long-distance moves that lead them into entirely new residential settings. In almost every year from the late 1940s through the 1970s, about 20 percent of Americans moved residences each year. About half of these moves were within the same county, but each year over 6 percent of Americans moved to a different county, and between 3 and 4 percent moved to a different state. Since the 1970s, however, migration has declined steadily. Roughly 11 percent of Americans now move each year, fewer than 4 percent make longer-range moves across county lines, and fewer than 2 percent move to a different state (see Figure 3).

Although this commonly used measure of year-to-year migration shows a worrisome trend, Scott Winship has argued persuasively that what really matters for economic mobility is leaving one's childhood home and moving elsewhere, across county and state lines, to a different part of the country that offers greater opportunity." Individuals who leave their home state do better on almost every measure of economic status than their peers who remain in the state in which they

Figure 2. Neighborhood economic status persists through adulthood, especially among those who remain in the same county.



Note: The right-hand bars include individual-level demographic and economic controls. Source: Sharkey, 2013.

Figure 3. Americans are moving less often.



Note: Some years have missing data because the Current Population Survey did not always ask the question about mobility.

Source: Current Population Survey

were born. Winship finds there has been little change over time in the prevalence of long-range migration from adolescence to adulthood, a reassuring finding indicating that the decline of year-to-year mobility may not reflect a general slowdown of long-range migration (but presumably, rather, a reduction in churn).

It might be said, then, that residential advantages and disadvantages are passed down in the same way as wealth, genes, and culture.

> However, Winship also shows that this form of migration is less common for more disadvantaged groups, like racial and ethnic minorities and less-educated segments of the population. In my own research, I have shown that Black Americans were substantially more likely than whites to make long-range moves that crossed state lines throughout most of the 20th century, but this changed in the most recent generation. Since the 1970s, Black Americans have been much less likely than whites to make the types of long-distance moves that are associated with upward mobility.¹²

Long-distance migration has always been a mechanism for economic mobility, suggesting that recent declines in these types of moves may be exacerbating economic and racial and ethnic inequality.

The rise in geographic inequality

The third result of interest is that geographic inequalities are on the rise. It would matter less that geographic mobility is declining for some groups if geographic inequalities were slowly dissipating. And many have assumed or predicted that geography should matter less than it ever has before. For decades, observers of the shifting economy have predicted that the rise of globalism and the emergence of networks loosened from the bounds of physical space would lead to the "death of distance." But a new set of urbanists has overturned this view. Bringing attention to the crucial importance of "clustering" in the new urban economy, they make the case that being in close proximity to new ideas and innovation has become more important to one's life chances than ever before.13

Coastal and Sunbelt cities like New York, Los Angeles, San Diego, Washington, D.C., and Phoenix have attracted newcomers who have higher incomes and more education than those who are leaving the same cities, while Rust Belt cities like Detroit, Columbus, Pittsburgh, and Cleveland have seen higher-income, better-educated residents leave and lower-income residents move in.¹⁴ As a result, cities have begun to look more and more different from each other, some with bustling economies offering relatively highpaid jobs, others depressed and isolated from economic opportunity. Gerard Torrats-Espinosa has shown that over the past few decades there has been more growth in income segregation between cities than there has been within cities, and this is especially true at the top of the income distribution.15

This development means that as income and wealth inequality have continued to rise, opportunity has come to be concentrated in some clusters of cities and is increasingly absent in others. Entire sections of the country, and all the residents within them, are increasingly separated from areas of economic opportunity.

Confronting geographic inequality

It is now time to put the story together. The first point I have made is that living in disadvantaged places reduces opportunity, especially when the experience of neighborhood disadvantage is passed down across generations. Although any amount of exposure can reduce opportunity, more exposure is worse. The second point is that the American Dream has long been one of escaping one's neighborhood of origin and searching for economic opportunity. The worrisome reality is that the key motor behind the dream-long-range geographic mobility-has become less common for some segments of the population, especially Black Americans. And the third point is that it's an especially inopportune time to lose this motor because place matters more than ever, with some cities more and more isolated from economic opportunities and others reaping the benefits of growth and attracting more advantaged populations. If you put these three points together, it means that geography is increasingly the source of inequality.

This leaves us with a dilemma for public policy. A growing body of evidence now makes it very clear that gaining access to high-opportunity places is crucial to economic and social mobility. And yet gaining that access is becoming increasingly difficult for disadvantaged segments of the population.

Three approaches would help to resolve this dilemma.¹⁶ The first is to encourage families to make residential moves that lead them into areas with greater opportunity. Results from the many housing mobility programs that have been implemented and evaluated offer clear hints as to which types of programs have the greatest capacity to generate sustained changes in families' lives. My reading of the literature suggests that the most promising approaches are programs that target families with young children and those who live in the most disadvantaged and violent neighborhoods; programs with administrators committed to identifying housing units with responsible landlords, rather than leaving families to navigate the low-rent housing market on their own; and programs that have the resources to provide extensive supports to families to help with transportation, school searches, child care, and employment, giving families a better chance to successfully integrate into new communities.17 Additionally, I argue for policy reforms that reduce the barriers families face in making long-range moves, such as scaling back occupational licensing regulations and working to make all forms of housing assistance portable across states.¹⁸

The second approach is to make sustainable investments in local communities in an effort to mitigate the consequences of growing up in a highly disadvantaged neighborhood or low-opportunity city. Although place-conscious investment is often met with skepticism, there is now a substantial body of rigorous evidence indicating that investments that give children access to high-quality schools; provide work and transportation supports to caregivers; offer incentives for employers to hire low-income residents; and provide mentors, after-school programming, or summer jobs to young people can have large impacts on parental outcomes in the labor force and on important youth outcomes such as arrests and academic achievement.¹⁹ The challenge is that these types of investments most often come in the form of small-scale, temporary "initiatives" that are implemented in specific places for short periods of time. In the decades that have passed since the late 1960s, the federal government has never developed an urban agenda designed to generate sustained investment in urban neighborhoods. This type of investment is taken for granted in most communities across the country, but it is long overdue in low-income communities of color.

The third approach is to dismantle or scale back policies that have reinforced and exacerbated geographic inequality and limited the chances for all Americans to gain access to high-opportunity communities. Several options are available, including: scaling back zoning restrictions that limit housing development; implementing mandatory inclusionary zoning policies that require developers to set aside units for affordable housing; ending the mortgage interest deduction and reinvesting government revenue lost to this regressive tax policy into affordable housing development and rental vouchers; providing incentives for coordinated metropolitan-wide plans for transportation, housing, education, and economic development; and taking aggressive steps to end discrimination in the housing and lending markets.20

This last approach begins with the recognition that social policy has long been used, sometimes unintentionally and sometimes intentionally, to reinforce racial, ethnic, and economic segregation. New policies and programs are needed to improve the chances for all Americans to experience upward mobility, but working to change existing housing and land use policies may be the most straightforward way to confront geographic inequality.

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Poverty Taps Scott W. Allard

THE UNITED STATES is dotted with communities and neighborhoods that share a long legacy of poverty. From the easternmost reaches of New England through the industrial heartland and Appalachian coal country, across the rural South with its legacy of slavery, and westward into the plains and coastal states, nearly 25 million Americans live in what are termed "persistently poor" places. It is commonplace to worry about individuals in families that remain in poverty year after year. U.S. poverty policy is mainly family-based, with tax credits and other income support delivered on the basis of family size, family income, and other family-level attributes. The emphasis of anti-poverty policy on the family unit leads us to ignore, for the most part, the simple fact that many places have persistently high poverty rates.¹ Individuals can experience poverty both within a family with limited resources and within a community with limited resources.

Community- or place-based poverty is much less frequently discussed than the poverty that individuals or families experience. Just as there is substantial evidence that living in a poor family or household has enduring effects on individuals, so too does living in a poor place or neighborhood.² Families and individuals exposed to life in a persistently poor neighborhood will experience detrimental long-run effects of that exposure even after exiting that place. By contrast, an identical family living in a neighborhood without a legacy of poverty will be less exposed to those same disadvantages and may experience positive downstream benefits of living in a community with more resources.

High-poverty places thus often operate as "poverty traps." Although this term has typically been used by development economists to describe countries mired in poverty, it can be repurposed to describe the experiences of high-poverty communities in the American context. Poverty traps in the United States take the form of regions, counties, or neighborhoods with ongoing economic and institutional problems that lead to persistently high rates of poverty. These conditions tend to trap residents in places with little hope for mobility or economic improvement. Even if individuals and families are able to move out of these places ultimately, the reach of neighborhood-based poverty traps will continue to affect the later-life health, networks, and human capital of former residents.

The purpose of this article is to examine why persistently poor places exist in an affluent society, to consider the impact of those places on the individuals and families living in them, and to ask whether persistently poor places can be transformed.

Identifying poverty traps in the United States

What is a "persistently poor" place? How might we identify places trapped in poverty? Scholars of rural poverty typically define persistently poor counties as those where the poverty rate has been over 20 percent for at least three decades.³ Scholars who study concentrated poverty in central cities often use a similar poverty rate threshold when identifying high-poverty neighborhoods or census tracts.⁴

There are three primary processes that can generate or maintain persistently poor places: (I) few good-paying jobs, declining industry, and low-quality schools may raise the chances of poverty for everyone living in that place (a "structural effect"); (2) the lack of opportunities or amenities in a persistently poor place may lead higher-income households to exit the community at a higher rate than lower-income households (an "outflow effect"); and (3) opportunities for low-wage workers may lead lower-income households to enter a community at a higher rate than higher-income households (an "inflow effect"). While the particular mix of these three factors varies from place to place and over time, persistently poor places tend to be characterized by low or no economic and population growth.

Using the standard three-decade definition, the number of rural counties identified as persistently poor increased between 1979 and 1990 but fell after 1990. Of the 2,043 counties we would define as rural today, 208 were defined as persistently poor in 1979 (10.2%), rising to a recent high-water mark of 479 counties (23.4%) in 1990 before falling to 302 counties in 2017 (14.8%).⁵ If we apply this same definition to census tracts in the top 100 metropolitan areas in America, there are more than 5,000 tracts today that would be labeled as persistently poor since 1990 (see Figure 1).⁶ The vast majority of these persistently poor tracts are within cities-about 75 percent-but nearly 1,300 suburban tracts in the largest metro areas in the United States have experienced poverty rates over 20 percent since 1990.

How many Americans live in persistently poor places? More than many might assume. Approximately 7 million people live in persistently poor rural counties; another 5.5 million people live in persistently poor suburban neighborhoods; and the largest share, yet another 14.2 million

Figure 1a. More than 300 rural counties and 5,000 urban or suburban tracts have been persistently poor since 1990.



Figure 1b. About 7 million people in rural counties and 20 million people in urban or suburban tracts live in places that have been persistently poor since 1990.



Sources: USDA-ERS; 1990 Census; 2013–17 American Community Survey. Note: Tract-level data reflect the largest 100 metropolitan areas in the United States, which account for roughly 70 percent of the total metropolitan population.

people, live in persistently poor urban neighborhoods. Although a slight majority of all people in persistently poor places are living in cities (53.7%), it's also quite clear that there's a nontrivial rural and suburban population living in persistently poor settings.⁷

In 2017, it was estimated that 39.7 million people lived in poverty.⁸ As Figure 1b shows, there were nearly 9 million poor people, roughly 1 in 4 of all poor people, living in persistently poor places in 2017. Approximately 5 million poor people in persistently poor places live in cities, with another 1.84 million poor people living in persistently poor suburban counties and 1.75 million poor people in persistently poor rural tracts.

Of the 26.5 million people living in persistently poor places in 2017, therefore, about one-third were people in poor families.⁹ This means that nearly 17.9 million people living in *persistently* poor places or neighborhoods were in families with income above the poverty line. Even more striking, there are close to 60 million people experiencing poverty and/or experiencing the disadvantages of living in a persistently poor place—a number much larger than that reported by the official poverty measure. While we should seek to help poor families wherever they live, we should expect that poor families in persistently poor places require unique attention. At the same time, given what we know about the long-term effects of being exposed to life in a poor place, we should ensure that proper investments and supports are made to assist all families living in poor places.

Core features of poor places

Do places trapped in poverty share common structural features? Indeed they do. Most persistently poor counties or neighborhoods face two types of challenges: (1) unemployment is chronically high, and wages and mobility are consistently low; and (2) key local institutions and communitybased organizations—like schools, nonprofits, and government agencies—are underfunded and lack capacity to even minimally address economic issues.

Unemployment and wages: Persistently poor places do not provide enough opportunities for employment or economic mobility. The unemployment rate in persistently poor counties is 59 percent higher than in other counties (10.2 percent versus 5.9 percent in 2017), while the average median income in persistently poor counties is 30 percent lower than in other counties (\$34,214 versus \$49,077 in 2017). Gaps in unemployment and income are even greater when comparing persistently poor tracts with other tracts in metropolitan areas.¹⁰ What accounts for such gaps? Most important, manufacturing shifts over the past 50 years have reduced the number of well-paying low-skill jobs available in metropolitan and rural communities alike. At the same time, wages for many workers without advanced education or training have remained constant or fallen in real dollars for more than 30 years.¹¹ These economic forces combine to limit options for generations of job-seekers. The inability of workers to advance meaningfully up wage ladders effectively traps entire communities in low-wage work, unemployment, and underemployment.

Local institutions and organizations: In addition to dealing with low-growth economies, places mired in poverty often lack capacity in key institutions. Because of weak professionalization among local and county government offices and limited public revenue, public services and infrastructure can be of very low quality in persistently poor places. Poor places often have, for example, lowerquality educational and after-school opportunities for children.12 This limited governmental capacity is compounded, in many instances, by the limited capacity of charitable nonprofit organizations.¹³ Without strong local government and nonprofit institutions, efforts to address economic issues, tackle persistent poverty, or foster increased mobility rarely get off the ground.

This combination of deep economic and infrastructural problems is common across virtually all poverty traps, regardless of geographic location. Such conditions in turn generate higher exposure to violence, homelessness, eviction, and other environmental harm.¹⁴ The psychological response to such forces—increased stress, hopelessness, and compromised bandwidth—also cuts across all persistently poor neighborhoods. Finally, prolonged exposure of children to poverty traps is increasingly understood to have immediate and long-term consequences for cognitive development, health, and economic well-being.¹⁵

Not all poor places are the same

Despite the presence of *some* common factors behind poverty traps, it's important to recognize that these factors come together in unique ways in different places. There also are a great many idiosyncratic features of places that matter as well, thus making the task of taking on poverty traps more complicated.¹⁶ Moreover, even when the underlying structural features *are* the same, they can have different effects on mobility depending on the demographic composition of the communities and other community features.¹⁷ Recent research points to three dimensions that are especially important in understanding why the impact of and prospects for some persistently poor places may be different than others.

Proximity to zones of economic growth: The likely trajectory of a poor place depends on its proximity to new centers of economic growth. Consider, for example, remote rural communities that emerged around the extraction of natural resources. Such places used to offer good jobs in industries like mining, logging, and manufacturing without any requirement of a high school education. Schools in such declining areas have suffered from decades of underinvestment relative to today's educational standard.¹⁸ In many of these remote areas, there just aren't any obviously feasible options for creating meaningful local growth opportunities.¹⁹ By contrast, high-poverty rural areas near regional economic and population centers enjoy easier access to job opportunities, which can facilitate upward mobility.20 Likewise, some metropolitan areas are seeing rapid growth as the technology sector demands highly skilled and college-educated workers, while others-older industrial hubs in particular-struggle to compete in a new economy with a reduced manufacturing base.21

Transportation: It matters fundamentally whether low-income people can travel to take advantage of opportunities and services.²² If you live in a neighborhood with few opportunities, it's obviously important to be able to access such opportunities wherever and whenever they present themselves. But some neighborhoods are just not set up to allow for movement to opportunities. For example, people living in high-poverty places often must navigate great distances without a reliable automobile or good public transportation, thus making it difficult to access the limited job opportunities, commercial or retail areas, and available human services.²³

Critical intersectionalities: Not everyone living in a poor place is exposed to these types of negative consequences to the same extent. The impact of place varies most obviously by gender and race.²⁴ For example, all youth fare better when they move to low-poverty neighborhoods, but Black male youth benefit less on average.²⁵ It follows that racial discrimination can amplify place-based disadvantages or mute the impact of communitybased resources and opportunities.

The upshot is that poverty traps take many forms and affect different people differently, thus

making it no easy task to develop a comprehensive place-based strategy for reducing poverty. If we were to nonetheless attempt to build such a strategy, how might it look? The next section takes on this question.

Policy and safety net response

The United States provides various types of income support and social assistance to individuals and families near and below the poverty line. Although our policies and interventions tend to be family-focused, it's worth asking how they might change if we treated places—as well as the family—as a fundamental "poverty unit" when targeting resources and supports.

It's not as if neighborhoods don't at all enter into existing anti-poverty policy. Some of the best-known experiments with place-based policy strategies to reduce poverty are the Enterprise and Empowerment Zone programs. Over the last several decades, these provided a mix of subsidies and tax incentives to induce new business and job creation in depressed urban centers. While it might be thought that incentivizing economic development would work, such approaches do not appear to have had, to date, much of a direct economic impact.²⁶

Other types of place-based investments have emerged in recent years. For example, the Harlem Children's Zone Project seeks to break the intergenerational transmission of poverty in a historically high-poverty, racially segregated community by providing high-quality education and support services to children from conception to cradle to college.²⁷ The Promise Neighborhoods Initiative was an effort to replicate portions of the Harlem Children's Zone by supporting local efforts in a selected set of high-poverty urban and rural communities to coordinate a continuum of educational services and care for children and their parents.²⁸

There also is renewed thinking about how to connect young adults in poor or low-mobility places to advanced training and education that can help them access better opportunities.²⁹ And finally, many local places and regions are experimenting with housing programs that promote greater residential mobility.³⁰

These are important efforts, yet place-based initiatives remain limited compared with the more substantial anti-poverty programs and support services targeted at individuals and families. It is thus Figure 2. EITC refunds are higher in persistently poor counties.



Sources: Brookings Institution, Metropolitan Policy Program EITC Interactive; 2006–10 American Community Survey; U.S. Department of Agriculture, Economic Research Service, "County Typology Codes."

Note: County determination of persistent poverty is based on 2011 data and reflects the persistence of poverty rates over 20 percent since 1980. Urban, suburban, and rural county figures include persistently poor counties, as well as those not persistently poor.

Figure 3. SNAP benefits are nearly identical across urban, suburban, and rural counties.



Sources: Small Area Income and Poverty Estimates 2015; 2006–10 American Community Survey; U.S. Department of Agriculture, Economic Research Service, "County Typology Codes." Note: County determination of persistent poverty is based on 2011 data and reflects the persistence of poverty rates over 20 percent since 1980. Urban, suburban, and rural county figures include persistently poor counties, as well as those not persistently poor.

important to ask how well conventional individual and family services are working in persistently poor places. How, in other words, does the effectiveness of person-based aid vary across place?

Certain federal safety net programs, such as the federal Earned Income Tax Credit (EITC) and the Supplemental Nutrition Assistance Program (SNAP), are seemingly "place-blind" in the sense that they're intended to reduce poverty across the board without any reference to where the family or individual lives. This feature of the EITC and SNAP is due to the role the federal government plays in funding and regulating program administration in a manner that cuts across state, county, and municipal boundaries.

But even policies that are seemingly place-blind in this sense may have a "place-leveling" side to them. This is because, even though the rules underlying the programs are formally place-blind, they may indirectly target greater levels of assistance to persistently poor places or places where a high proportion of families are in poverty.³¹ A place-leveling effect may arise, for example, when program resources or benefits increase in places where many people are poor.

Are the EITC and SNAP place-blind or placeleveling? Because the EITC credit or refund is based on the tax filer's income and household composition regardless of where the tax filer lives, it turns out that the median EITC refund is nearly identical for tax filers in urban, suburban, and rural counties (see Figure 2).

At the same time, tax filers in persistently poor counties have a higher median refund than tax filers in other counties, which no doubt reflects the lower income levels in persistently poor counties (and thus a higher overall credit or refund). This feature of the EITC is place-leveling, then, in the sense that it works to raise benefits in counties that are poorer and with more acute need. We should be cautious, however, as poorer counties also typically have lower rates of employment and labor force attachment. For those who are not working or who are not able to find work, the EITC provides no relief. In this respect, the EITC may not be as place-blind as we might think because people in poorer places with fewer employment options may not be able to find enough work to be eligible or receive substantial refunds.

Figure 3 shows the median annual SNAP benefit per program participant across geography. As with the EITC, we see that median SNAP benefits are nearly identical across urban, suburban, and rural counties (almost \$1,700 a year per participant). We also see that median SNAP benefits are negligibly different in persistently poor counties. Although this result suggests little place-leveling effect, the more important point is that the vast majority of SNAP participants are not subject to work requirements, thus allowing places with nonworking poverty to disproportionately benefit.32 Also, whereas the EITC reaches households well above the poverty line, SNAP program benefits are targeted mostly at those with low levels of income. This means that SNAP benefits are critical for people living in places where jobs pay less or where full-time work is hard to come by. Some of these place-leveling effects may be offset by differential take-up rates, however, as SNAP enrollment among eligible households does vary from place to place due to state and/or county administrative policies.33

We would also like our anti-poverty programs to ramp up when needs increase. Thus, another test of whether a program is place-blind relates to whether the program responds similarly across all types of places when times get bad and needs increase. Although not shown here, both the EITC and SNAP do indeed expand as need rises in all types of counties, both those that are persistently poor and those that are not. Therefore, to the extent that they are place-leveling to begin with, this impact may be enhanced when greater need arises.

Although the EITC and SNAP have limited place-leveling features, many of the country's other safety net programs may be more problematic. Because most of our other programs depend fundamentally on the locality's capacity to deliver them, high-poverty localities are precisely the ones that lack the capacity to address the needs. Most notably, this problem arises for human service programs, which provide more than \$100 billion in emergency assistance, employment services, behavioral health programs, and housing assistance to low-income populations each year. These programs rely heavily on the capacity of local nonprofit organizations.³⁴ High-poverty communities, typically those most in need of human service programming, often lack the local public funds, private philanthropy, and nonprofit capacity to develop adequate programming in many service areas. Such challenges are particularly present in suburban and rural counties where, as shown in Figure 4, per capita human service expenditures lag far behind those in urban counties.

Figure 5 shows how nonprofit human service expenditures are only weakly responsive—if at all—to rising numbers of low-income families. We see not only that persistently poor counties have less capacity to provide services, but when needs in these counties increase, the provision of services does not increase in turn and may actually *decline*. By contrast, well-off counties are more able to ramp up services when needs increase, precisely as one would want. In sum, poor Americans living in persistently poor areas are receiving less in services despite increased need, a seemingly topsy-turvy result.

Apart from human services, there is evidence that other major social assistance programs, far from being place-leveling, may in fact contribute to increasing spatial inequality. Early childhood education and child care programs can vary widely in accessibility and quality by geography.35 The availability of health and behavioral health providers accepting Medicaid or other public insurance programs is not always spatially matched to need.³⁶ Temporary Assistance for Needy Families (TANF) also has become less responsive to spatial trends in poverty and persistent poverty over time.37 Because many key features of the safety net are less available in places with limited resources, they are not equipped to address the country's poverty trap problems. The implication, then, is that greater effort should be made to ensure that safety net programs are at least place-blind and, ideally, place-leveling.

The safety net also fails to address poverty traps because of the marginal tax rates present in many social assistance programs. Marginal tax rates are a feature of many cash and in-kind assistance programs like the EITC and SNAP, where benefits and program eligibility can be reduced as household earnings increase. Under these circumstances, workers encounter "benefit cliffs," where additional income from work is offset partially or totally through reductions in benefits. In extreme instances, the cliffs may be so severe Figure 4. Human service expenditures in suburban and rural counties lag far behind those in urban counties.



Sources: National Center for Charitable Statistics, 2010; 2006–10 American Community Survey; U.S. Department of Agriculture, Economic Research Service, "County Typology Codes."

Note: County determination of persistent poverty is based on 2011 data and reflects the persistence of poverty rates over 20 percent since 1980. Urban, suburban, and rural county figures include persistently poor counties, as well as those not persistently poor. Figures reflect median nonprofit social service expenditures per person with income at or below 150 percent of the federal poverty line.

Figure 5. The provision of services in persistently poor counties does not increase as need increases.



Sources: National Center for Charitable Statistics, 2010; 2000 Census, 2006–10 American Community Survey; U.S. Department of Agriculture, Economic Research Service, "County Typology Codes."

Note: Figure is in 2010 dollars. County determination of persistent poverty is based on 2011 data and reflects the persistence of poverty rates over 20 percent since 1980. Urban, suburban, and rural county figures include persistently poor counties, as well as those not persistently poor.

that reductions in benefits exceed the increase in wages and make workers worse off for their effort to advance in the labor market.³⁸ Marginal tax rates operate consistently across place, reinforcing the poverty traps that families experience and effectively capping mobility in low-income communities. It is important, therefore, to consider policies that smooth or flatten marginal tax rates in order to offer better pathways out of poverty traps.³⁹

We are left with the unfortunate conclusion that many social welfare policies do not really address the country's poverty traps—and in some perverse instances they may even reinforce spatial inequalities. How could this be? Much of the popular discussion about poverty traps portrays high-poverty places as distant communities full of people who are not seen as "us." This is so even though there are communities trapped in poverty all around us, and even though almost one in 10 Americans lives in a persistently poor place. It is unlikely that we can make progress on poverty if we aren't willing to forge policies that recognize that all places are *our places*.

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Work on this piece began over three years ago. My thinking around issues of place and poverty has evolved in that time. This piece should more clearly state that any future policy intended to strengthen our poorest communities must directly confront the roles that structural racism and safety net policy informed by such racism play in perpetuating concentrated poverty. It is to these challenges we must turn as scholars, practitioners, and policymakers.

Notes

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Lincoln Park

West Capitol Drive

What Would a New Kerner Commission Conclude Today?

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PAUL A. JARGOWSKY

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Image Copyright, 2013, Weldon Cooper Center for Public Service, Rector and Visitors of the University of Virginia (Dustin A. Cable, creator)

est Bluemound Road

In the aftermath of deadly race riots in 1968, the Kerner Commission famously warned that the United States was "moving toward two societies, one Black, one white—separate and unequal."¹ Was the Kerner Commission warning prophetic? Or should we be more impressed by the progress made over the half century since the report?

> The policy response to the race riots, the Kerner Commission, and the activism of the civil rights movement *might* be characterized as robust. In the 50 years since the Kerner Commission report was released, many policies have been implemented and many laws have been passedmost notably the Fair Housing Act-to address racial segregation and inner-city poverty. While civil rights laws have been unevenly enforced and anti-poverty initiatives have been underfunded, we have arguably avoided the bleakest version of the commission's prediction. Residential segregation between Black and non-Hispanic white individuals has declined in most metropolitan areas, and neighborhoods with zero African-American residents have become a rarity. Gains in employment and income have resulted in a substantial Black middle class.²

> That said, a half century is a very long time in our country's history, and it's hard to be impressed by these successes, especially given the new and powerful threats in play. The purpose of this article is to show that the decline in racial segregation-while real-is not as large as some scholars have argued. I will also show that economic segregation is rising and that the concentration of poverty, which lies at the intersection of race and class segregation, has returned to levels not seen since the 1990s. And I will show that Black residents, even those who are affluent, are still profoundly segregated from affluent white individuals. Taken together, these spatial patterns of neighborhood differentiation have troubling implications for equality of opportunity and social mobility. The key conclusion: The decline in segregation between Black and white residents, while not trivial, is essentially undermined by these countervailing trends.

How has racial segregation changed over time?

Should we be impressed by the well-known declines in racial segregation? The short answer: It depends on how you look at it. Edward Glaeser and Jacob Vigdor³ calculated the dissimilarity index⁴ for Black individuals compared with everyone else and found declines in segregation so large that they declared the United States had reached "the end of the segregated century."

This conclusion is too strong. The reason for studying segregation in the first place is that the spatial isolation of a disadvantaged minority group from an advantaged majority group has implications for the ability of the disadvantaged group to access the neighborhood amenities, resources, and opportunities available to the advantaged group. The simple dissimilarity index, as presented by Glaeser and Vigdor, treats non-Hispanic whites, Hispanics, Asians, and others as if they had access to the same resources, which they clearly do not. If we want to understand minority group access to the especially abundant opportunities that typically obtain in non-Hispanic white neighborhoods, we need to focus on the segregation of each minority group from non-Hispanic white residents.

This is the purpose of Figure 1. The approach taken here is to compare the average segregation score for all 384 metropolitan areas in the United States using two approaches: a Black–non-Black approach (which lumps together a very diverse non-Black population), and a Black-white approach (which speaks more directly to access to opportunity). The results are weighted by total metropolitan population in each year.⁵

What do we find? The headline result is that Black residential segregation from non-Hispanic white individuals has declined much less than Black segregation from other non-Black groups. The starting point for both types of segregation is about the same: Black-white segregation (64.4) and Black-non-Black segregation (62.2) are not that different in 1990. Thereafter, both types of segregation decline over time, but the decline in Black-non-Black segregation is much faster (-10.2 percentage points compared with -6.3).

Why are there different rates of decline? During this period, the proportion of metropolitan area residents who were neither non-Hispanic white nor Black nearly tripled, from 9.9 percent in 1970 to 28.3 percent by 2015.⁶ These new residents, many of them Asian or Hispanic immigrants, often settled in neighborhoods with more affordable housing in proximity to existing African-American communities. The decrease in the Black–non-Black index has been driven in large part by these changes. While the decline in segregation between African-Americans and Hispanics, particularly recently arrived immigrants, is an interesting phenomenon, it does not address the issue of Black access to the opportunities found in predominantly white neighborhoods. Did Black residents secure more opportunities, in other words, when immigrants moved into the relatively inexpensive neighborhoods near them? Probably not.

Another important aspect of the racial segregation of white and Black residents is that it is highest in those metropolitan areas where Black individuals tend to live. Figure 2 shows this relationship by graphing the dissimilarity index against the log of Black population in 2015. While the lower levels of segregation in smaller metropolitan areas are notable, it remains the case that most Black residents still live in highly segregated metropolitan areas. In the most recent data (2013– 2017), about one-fourth of Black residents lived in metropolitan areas with segregation levels of 70 or higher, and nearly half lived in areas where levels were 60 or higher.

How has economic segregation changed over time?

Race is not the only dividing line in metropolitan neighborhoods. If the Kerner Commission reconvened now, it would no doubt emphasize that metropolitan neighborhoods are becoming ever more segregated by income, a development that countervails some of the (modest) declines in racial segregation. In understanding this development, the first point to be made is the obvious one that neighborhoods differ dramatically in such amenities as housing quality, schools, parks, shopping, and related services. The well-off neighborhoods of course tend to have the best amenities. When the poor increasingly live with the poor and the affluent increasingly live with the affluent, it thus means that access to neighborhood amenities comes to depend more on family income.

In a given metropolitan area, the potential for neighborhoods to be differentiated in this way depends, in part, on the overall amount of household inequality within the area. The more inequality there is in the household income distribution in a metropolitan area, the greater the potential for neighborhoods within that area to be unequal. So household inequality is a useful place to start our analysis.





Note: Average of 384 metropolitan areas, weighted by metropolitan population in each year.

Sources: 1990: Census; 2000: Census; 2010: American Community Survey (ACS) 2008–2012; 2015: ACS 2013–2017. Figure 2. Black residents are most segregated from non-Hispanic white residents in metropolitan areas with large Black populations.



Source: ACS 2013-2017; calculations by author.

Because much research has documented the national rise in household income inequality,7 it would be expected that metropolitan areas have grown more unequal as well.8 This is indeed what has been found: Two key indicators of inequalitythe Gini coefficient and the Theil index-suggest that household inequality grew by 13 percent (Gini) to 17 percent (Thiel) within metropolitan areas since 1970.9

How is this increased household inequality affecting the extent to which neighborhoods are unequal? The extent of economic segregation depends on how much of this (growing) household inequality is found between rather than within neighborhoods. If neighborhoods are very unequal, it means that households are living near others of similar economic levels and thus economic residential segregation is high. As shown in Figure 3, not only have neighborhoods become more unequal over the past four decades, they have become more unequal at a faster rate than households have.

Partly, neighborhoods became more unequal because there is now more household inequality to go around. But the fact that neighborhoods became more unequal faster than households implies that there was also a higher degree of sorting of households into neighborhoods by income level. In other words, residential economic segregation increased.¹⁰

The key implication is that, during the period since the Kerner Commission report, there's been a dramatic rise in two types of economic inequality: household inequality and neighborhood

Households

2000

2010

1.25 1.20 Gini, relative to 1970 Neighborhoods 1.15 1.10

1990

Figure 3. Neighborhood inequality grew at a faster rate than household

inequality since 1970.

1.05

1.00

1970

Note: Weighted average of 264 metropolitan areas (all available counties).

1980

inequality. It useful to examine next how these new developments intersect with racial inequality.

The intersection of two forms of segregation

Some economic segregation comes about just because lower-income minority groups are segregated from more affluent non-Hispanic white individuals." However, there is also a great deal of economic segregation within racial and ethnic groups.¹² As a result, poor Black and Hispanic households are segregated not only from white households, but also from higherincome members of their own race or ethnicity. To demonstrate the combined effect of these two forms of segregation, I calculate the dissimilarity index for households with different income levels. For this analysis, households are divided into four groups by total household income: (1) less than \$25,000; (2) \$25,000 to \$49,999; (3) \$50,000 to \$99,999; and (4) more than \$100,000. For ease of presentation, I refer to the first group as "poor households," the second group as "working class," the third group as "middle class," and the last group as "affluent."13

As shown in the first three columns of Table 1, the amount of segregation increases as the income gap increases. Poor white households are least segregated from white working-class households (0.22) and most segregated from white affluent households (0.36). This pattern is found in all groups, but it's superimposed on a higher overall amount of segregation for minority groups. In fact, the *lowest* levels of segregation between Black income classes (poor versus working class, 0.33) is almost as high as the *most* segregated white income group pairing (poor versus affluent, 0.36). Poor Black households are quite segregated from affluent Black households, with an index of dissimilarity of 0.50. William Julius Wilson argued that middle- and higher-income households in a community constitute a "social buffer" that helps lower-income households weather economic downturns.¹⁴ Table 1 shows that poor minority households are less likely than poor white households to benefit from the presence of wealthier households of their own group.

The economic isolation of minority poor households reduces their access to high-quality education. Higher-income families, with higher than average social capital and more flexible employment hours, are more likely to take an active role in neighborhood schools via volunteering, raising funds, and participating in the

parent-teacher association.¹⁵ The most advantaged neighborhoods are those with large numbers of affluent white households. Whether these are in outer suburbs or advantaged sections of central cities, such neighborhoods often have high-performing schools, high-quality housing stock, and low levels of crime and violence. It follows that, insofar as we care about access to opportunities, it's important to measure the amount of coresidence with affluent white households.

The far-right column of Table I thus reports the segregation of other racial and ethnic groups of various income levels from affluent non-Hispanic white households. Poor Black households, not surprisingly, are highly segregated from affluent white households (0.79). But the income difference is not what drives this result: the segregation of affluent Black from affluent white households is 0.64, meaning that nearly two-thirds of all

affluent Black households would have to move to achieve an even distribution with affluent white households. To the extent that better-off Black families are integrating neighborhoods, they tend to move to older inner-ring suburbs with working-class white families, not wealthier white neighborhoods.¹⁶ The persistence and enduring strength of the color line cannot be denied when white households earning less than \$25,000 share neighborhoods with affluent white families far more often than do Black families making over \$100,000.

Poor Hispanic and Asian households are also highly segregated from *affluent* white households (0.71 and 0.68, respectively). The segregation of these groups from affluent white households diminishes somewhat as their income level rises, falling to 0.49 for affluent Hispanic households and 0.47 for affluent Asian households.

Table 1. Poor minority households are segregated both from white households and from better-off members of their own racial or ethnic group.

		Same racial group			
	Poor	Working class	Middle class	Affluent	Hispanic white
Non-Hispanic white					
Poor	0.00	0.22	0.26	0.36	0.36
Working class		0.00	0.20	0.30	0.30
Middle class			0.00	0.25	0.25
Affluent				0.00	0.00
Black					
Poor	0.00	0.33	0.42	0.50	0.79
Working class		0.00	0.35	0.42	0.76
Middle class			0.00	0.38	0.73
Affluent				0.00	0.64
Hispanic					
Poor	0.00	0.34	0.41	0.50	0.71
Working class		0.00	0.35	0.43	0.67
Middle class			0.00	0.39	0.64
Affluent				0.00	0.49
Asian					
Poor	0.00	0.48	0.52	0.57	0.68
Working class		0.00	0.47	0.51	0.65
Middle class			0.00	0.46	0.62
Affluent				0.00	0.47

Note: Includes all metropolitan areas, weighted by metropolitan population. Source: ACS 2013–2017.

Nevertheless, affluent Hispanic and Asian households are still much less likely than poor white households to live with affluent whites.

Concentration of poverty

Poor minority households, segregated both from white residents and from better-off members of their own racial or ethnic group, may end up isolated in very high-poverty neighborhoodsinner-city ghettos, barrios, and emerging pockets of poverty in older inner-ring suburbs. The term "concentration of poverty" refers to the extent to which poor persons in a given metropolitan area reside in high-poverty neighborhoods. Such individuals suffer the double burden of inadequate family resources and neighborhoods that are disproportionately characterized by disinvestment, underperforming schools, and other social ills.¹⁷

Between 1990 and 2000, the population living in high-poverty neighborhoods in the United States declined substantially, from 9.6 million to 7.2 million (see Figure 4).¹⁸ The decrease likely reflected many factors, including the strong economy of the 1990s, changes in housing policy toward decentralized public housing and vouchers, expansion of the Earned Income Tax Credit, and other policy changes. But by 2007, the population of high-poverty neighborhoods had increased substantially, nearly returning to the 1990 level. In the 2010–2014 data, fully reflecting post-recession years, the population of high-poverty ghettos, barrios, and slums reached 14.5 million, doubling

15

Figure 4. There are 11.2 million Americans living in high-poverty neighborhoods.

Sources: Census 1990, 2000; ACS 2005-2009 through 2013-2017.

the 2000 level. More recently, as the national economy has recovered, the total population living in concentrated poverty fell to 11.2 million in the latest available data, still substantially higher than the 2000 level.

Implications: Permanent inequality

Recent research has only strengthened the case that social and economic isolation caused by racial and economic segregation harms the residents of those neighborhoods.¹⁹ While race is still the most conspicuous dividing line, the story of metropolitan neighborhoods is no longer a simple story of Black and white. Neighborhoods are more unequal than ever because growing income inequality and increasing economic segregation are playing out against the backdrop of racially segregated neighborhoods. The decline in segregation between Black and white residents, while not trivial, is effectively rendered irrelevant by these countervailing trends. Segregation has always meant exclusion from the dominant group's neighborhoods and therefore high-performing schools and other public resources. But given the increase in economic segregation, the stakes are even higher for those groups that find themselves segregated by race or ethnicity. A Kerner Commission writing today would not focus on race alone, but on the vastly different worlds inhabited by low-income minorities and virtually everyone else, including the white poor.

The failure to address these disparities, especially given the consequences for children, is tantamount to accepting permanent inequality. Chetty et al. conclude that "blacks and whites are now in a steady-state where the black-white income gap is due almost entirely to differences in rates of intergenerational mobility."20 The vastly unequal neighborhoods that many Black children experience impede social mobility through many channels, while white children-even when poor-rarely experience similar levels of neighborhood disadvantage. The inequality of neighborhood contexts therefore serves to sustain and replicate racial inequality.

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Notes

I. National Advisory Commission on Civil Disorders. 1968. *Report of the National Advisory Commission on Civil Disorders* ("The Kerner Report"). New York: Bantam Books.

2. Lacy, Karyn. 2007. Blue-Chip Black: Race, Class, and Status in the New Black Middle Class. Berkeley, CA: University of California Press.

3. Glaeser, Edward L., and Jacob L. Vigdor. 2012. "The End of the Segregated Century: Racial Separation in America's Neighborhoods, 1890–2010." Civic Report 66. New York, NY: Manhattan Institute for Policy Research. See also Cutler, David M., Edward L. Glaeser, and Jacob L. Vigdor. 1999. "The Rise and Decline of the American Ghetto." *Journal of Political Economy* 107(3), 455–506.

4. The Index of Dissimilarity (D), the most commonly used measure of segregation, assesses the evenness of the distribution of two groups across neighborhoods. A value of 0 means the two groups are present in equal proportions in every neighborhood, and 100 means the two groups live in entirely separate neighborhoods. Values in between reflect the percentage of one (or the other) that would have to move to achieve perfect integration. See Duncan, Otis Dudley, and Beverly Duncan. 1955. "A Methodological Analysis of Segregation Indexes." *American Sociological Review* 20(2), 210–217. In general, segregation levels of 30 or below are considered low, 30 to 60 are considered moderate, and values above 60 are considered high. See Kantrowitz, Nathan. 1973. *Ethnic and Racial Segregation in the New York Metropolis*. New York: Prager.

5. All metropolitan areas and metropolitan divisions, with boundaries defined as of 2010, are included. For a detailed discussion of the data, metropolitan area definitions, and other methodological issues, see Jargowsky, Paul A. 2018. "The Persistence of Segregation in the 21st Century." Social Science Research Network Scholarly Paper ID 3184538.

6. After 2000, data at the neighborhood level are available only in the American Community Survey (ACS). Each year, a file is released summarizing 60 monthly surveys covering a five-year window. For each release, there is a four-year overlap with the previous file, so the values calculated are a type of moving average. For more recent years, the figure includes the data from the 2008–2012 and 2013–2017 ACS files; these values are plotted at the midpoints of the periods covered. For example, "2015" in the text and figure refers to data from ACS 2013–2017.

7. Piketty, Thomas. 2014. *Capital in the Twenty-First Century*. Translated by Arthur Goldhammer. Cambridge, MA: Belknap Press: An Imprint of Harvard University Press. See also Piketty, Thomas, and Emmanuel Saez. 2003. "Income Inequality in the United States, 1913–1998." *Quarterly Journal of Economics* 118(1), 1–41.

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9. The figures are averages for 264 metropolitan areas that could be tracked over time. See Jargowsky, Paul A., and Christopher A. Wheeler. 2017. "Economic Segregation in US Metropolitan Areas, 1970–2010." 21st Century Cities Initiative, Johns Hopkins University.

10. Other approaches to measuring economic segregation support the same conclusion. See Owens, 2016 and Reardon, Sean F., and Kendra Bischoff. 2011. "Income Inequality and Income Segregation." *American Journal of Sociology* 116(4), 1092–1153. See also Watson, Tara. 2009. "Inequality and the Measurement of Residential Segregation by Income in American Neighborhoods." *Review of Income and Wealth* 55(3), 820–844.

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13. The figures are calculated for all metropolitan areas using the ACS 2013–2017 file, then averaged across metropolitan areas after weighting by the total number of households (all races and incomes).

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