



# The Continuing Evolution of American Poverty and Its Implications for Community Development

By Alan Berube, Brookings Institution<sup>1</sup>

**T**he Gospel according to Matthew quotes Jesus as saying to his disciples, “For you have the poor always with you.” That may well indeed be true. But just like other groups, the poor change over time. Mass distribution of loaves and fishes was arguably an appropriate antipoverty strategy in 30 AD. Today, the needs of the poor, and our expectations for what antipoverty policy should achieve, are radically different.

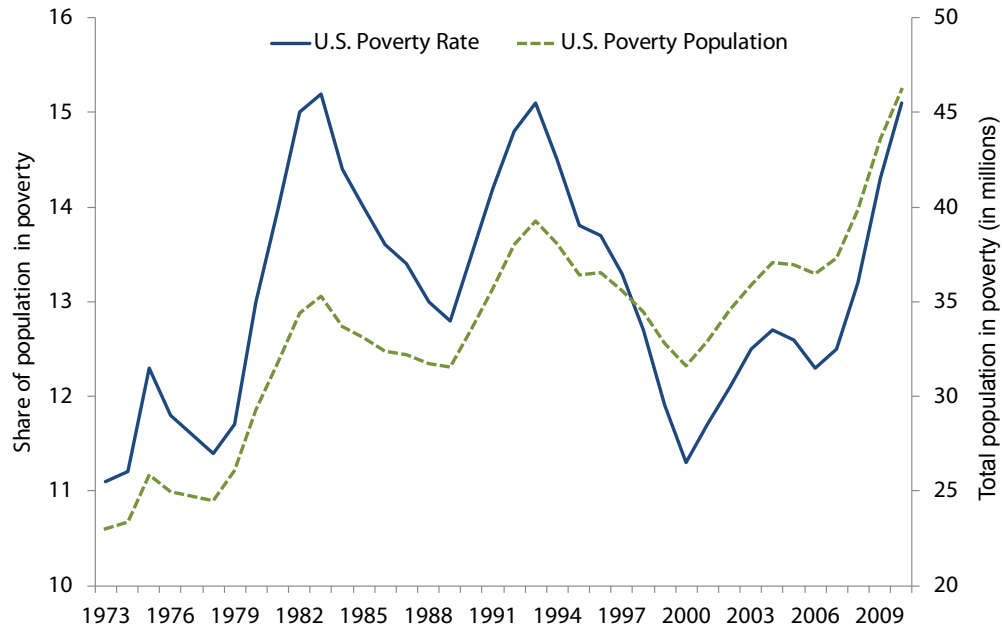
Today’s poverty differs in several fundamental ways from the poverty that reformers set out to address more than four decades ago. Community development has evolved significantly, too, but perhaps not at the same pace as the underlying problems it set out to address. The incidence, location, and socioeconomic characteristics

of poverty have shifted dramatically in some cases. These changes highlight a series of challenges for the future of place-based initiatives that aim to alleviate poverty, enhance economic mobility, and ultimately ensure that no one is severely disadvantaged by where they live.

## **Trends in the U.S. Poverty Rate and Population**

Despite its shortcomings, the official poverty measure remains the best source of historical perspective on the changing population and profile of low-income individuals and families in the United States.<sup>2</sup> The share of the U.S. population living in poverty has largely risen and fallen in line with the overall business cycle.<sup>3</sup> At the

**Figure 1. U.S. Poor Population and Poverty Rate, 1973–2010**



Source: U.S. Census Bureau, Current Population Survey Annual Social and Economic Supplements

economy’s peak in 1973, the U.S. poverty rate was 11.1 percent (Figure 1).<sup>4</sup> This was well below the rates that prevailed a decade earlier, which fell rapidly in response to strong economic growth and increases in the generosity of welfare benefits.<sup>5</sup> Over the succeeding decades, the U.S. poverty rate rose to more than 15 percent following recessions in the early 1980s and 1990s, and approached its previous low in 2000, at the height of the economic boom that prevailed in the late 1990s. By 2007, the U.S. poverty rate reached 12.5 percent, before ballooning to 15.1 percent in 2010 in the wake of the Great Recession. Notably, the number of people below the poverty line dropped only marginally during the 2000s expansion, compared to steeper declines experienced in prior periods of economic growth. This reflected the relative weakness of labor demand during the recovery, especially for disadvantaged workers.

In this way, poverty reflects income inequality in the United States. Average living standards have improved greatly over the past few decades; from 1973 to 2007, inflation-adjusted per capita income rose from \$18,164 to \$28,186, a 55 percent jump. Yet the share of individuals with very low incomes has remained stagnant, between 11 and 15 percent. Indeed, the lack of progress in reducing the U.S. poverty rate exemplifies the relatively small gains that have accrued to families in the bottom parts of the income distribution over the past few decades.<sup>6</sup>

Incomes among the poor themselves have also shifted in troubling ways since the early 1970s. In 2007, the overall poverty rate (12.5 percent) was quite close to its

1975 level (12.3 percent). But in 2007, 5.2 percent of U.S. individuals were living in families with incomes under half the poverty threshold (equivalent that year to a family of three earning just \$8,265), versus 3.7 percent in 1973. The Great Recession sent that rate of extreme poverty up to 6.7 percent by 2010, but even its heightened level at the previous business cycle peak represented cause for concern. This growth in deep poverty may partly reflect declines over time in the generosity of means-tested cash transfers such as Aid to Families with Dependent Children / Temporary Assistance for Needy Families (AFDC/TANF), Supplemental Security Income (SSI), and General Assistance, as well as in the earnings of poor families themselves.<sup>7</sup> Some research finds that welfare spending has become less effective in reducing the poverty rate since the 1970s, although this partly reflects that increases have been concentrated in programs like nutrition assistance and subsidized medical insurance, which do not factor into the poverty rate calculation.<sup>8</sup> Nonetheless, one of the chief problems that the community development movement set out to solve long ago remains very much with us today, and seems in many ways as permanent as the business cycle itself.

### The Changing Demography of U.S. Poverty

Dramatic changes in the makeup of the U.S. population have transpired since the dawn of the community development movement, influencing the incidence and the profile of U.S. poverty along the way.

Perhaps the single largest demographic shift affecting

the United States since 1970 is a rapid increase in the Latino population. In 1970, U.S. residents of Hispanic or Latino origin stood at 9.6 million, less than 5 percent of total U.S. population.<sup>9</sup> By 2010, their numbers had multiplied to 50.5 million, more than 16 percent of the population.<sup>10</sup> Over the same period, African Americans increased slightly from 11.1 to 12.6 percent of U.S. population, while Asian Americans' population share expanded from 0.8 to 4.8 percent.<sup>11</sup>

As a result, the U.S. poor population has become much more Latino in character over time, and consequently less white and black. In fact, Latinos now represent a larger share of the poor than African Americans (Figure 2). In 1973, 56 percent of poor Americans were white, 32 percent were black, and 10 percent were Hispanic. Today, 42 percent of the poor are white, 23 percent are black, and 29 percent are Hispanic. While poor Hispanics have overtaken poor blacks in number, members of these two groups were about equally likely to be poor in 2010 (27 percent), much more so than whites (10 percent). The Latino poor remain somewhat more regionally concentrated than their black counterparts, but nonetheless represent a much larger part of the poverty picture today than four decades ago.

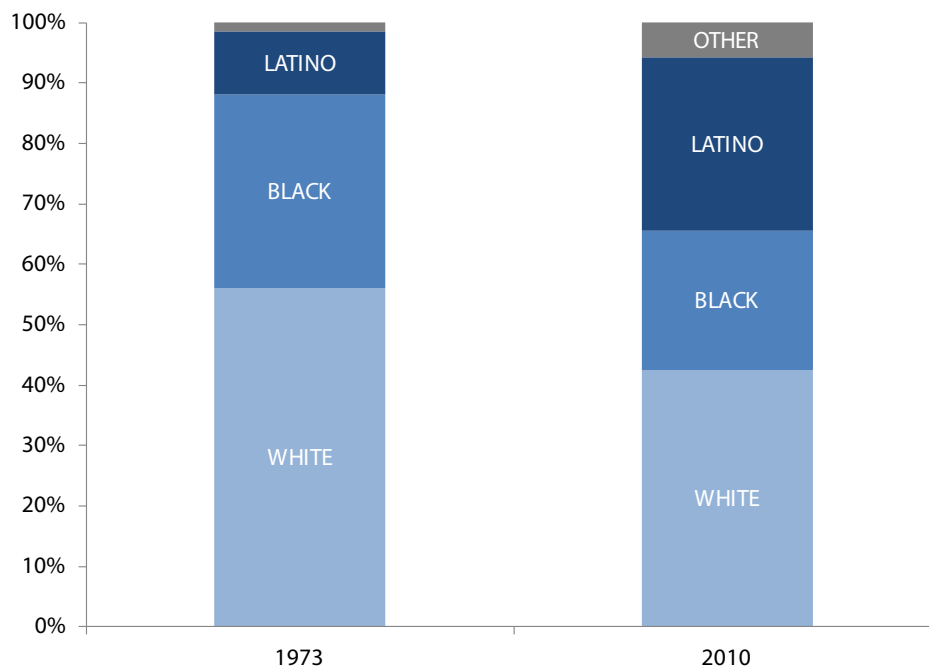
Amid this diversifying population, the foreign born are more likely to live in poverty today than in 1970, although their poverty rates have stabilized and fallen somewhat since the early 1990s.<sup>12</sup> Immigrants represented about 16

percent of the nation's poor in 2010, up slightly from 13 percent in 1993.

A second demographic shift, one associated with aging, has also altered the nation's poverty profile. Poor people today are much more likely to be of working age than those in 1970. Fully 57 percent of individuals below the poverty line in 2010 were between the ages of 18 and 64, up from 43 percent in 1970. Meanwhile, the under-18 share of the poor increased from 36 to 42 percent. As the boomers enter retirement age, the elderly share of the poor will undoubtedly increase once again, but working-age adults and their children seem likely to account for the vast majority of the poor in years to come.

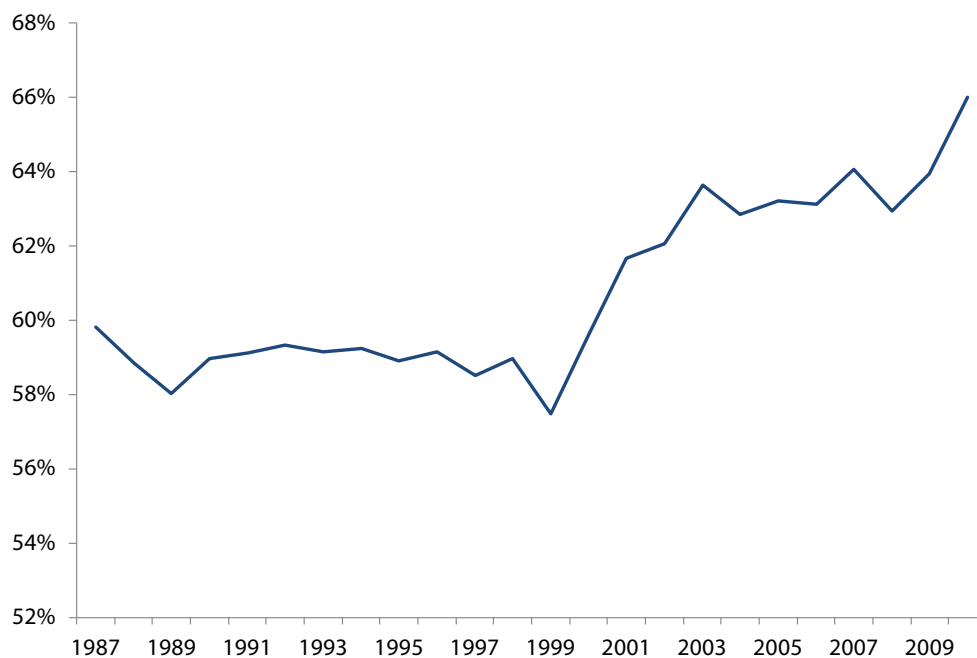
A third demographic trend, the rise of single-parent households, also altered the picture of poverty in America during the past four decades. In 1970, 86 percent of children lived in married couple families, a share that dropped to 61 percent by 2010.<sup>13</sup> Single-parent families have always represented a disproportionate share of the nation's poor; poverty rates for female-headed households were 38 percent in 1973 and 34 percent in 2010.<sup>14</sup> But the increasing share of all individuals, especially children, living in this type of household contributed to the long-term increase in the poverty rate. That increase was partially offset by the movement of single mothers into the labor force, which increased their earnings and reduced their poverty rate, especially in the mid- to late 1990s.<sup>15</sup> Still, the increasing prevalence of single-parent house-

**Figure 2.** Racial/Ethnic Makeup of U.S. Poor Population, 1973 vs. 2010



Source: U.S. Census Bureau, Current Population Survey Annual Social and Economic Supplements

**Figure 3.** Share of Poor U.S. Adults Not in Work, 1987–2010



Source: U.S. Census Bureau, Current Population Survey Annual Social and Economic Supplements

holds over the past several decades has posed a series of new challenges for community development and related antipoverty efforts.

### Poverty and the Labor Market

Poverty is often associated with unemployment and long-run detachment from the labor market. Many poor people (46 percent in 2010) do live in households where the head of household works. In only a little more than one-third of those families, however, did that person work fulltime, year-round. The poor also tend to cluster in industries that pay low wages or provide largely part-time or seasonal work, especially retail and personal/administrative services.<sup>16</sup>

In recent years, poverty in the United States has become more strongly associated with a lack of work. The share of poor adults who worked at least a portion of the year held steady through the 1990s at a little over 40 percent, declined during and after the 2001 recession, and never rose again during the recovery of the 2000s (Figure 3). Post Great Recession in 2010, about one-third of poor adults worked at any time during the year. A lack of stable employment is especially evident in extremely poor neighborhoods, where at least 40 percent of individuals live below the poverty line. From 2006 to 2010, only 47 percent of all working-age individuals (both poor and non-poor) in those extreme-poverty neighborhoods worked full-time, year-round, versus 63 percent nationally.<sup>17</sup>

These labor market trends among the poor mask important differences by gender that can be viewed through the lens of worker skills. In 2010, about two-thirds of poor adults held no more than a high school diploma. Poverty scholar Rebecca Blank finds that among these individuals, the share of women in the labor force rose from 1979 to 2007, while the share of men declined. These trends coincided with policy changes that encouraged low-income single mothers to work and with long-run economic changes (primarily technological changes and globalization) that reduced the availability of jobs for less-skilled men in fields such as manufacturing. Less-educated men also faced declining economic incentives to work; adjusted for inflation, today's wages for men without some postsecondary education remain below their level in the 1970s.<sup>18</sup>

Labor market trends have been especially worrisome for young, less-educated black men. In 2010, 28 percent of black males aged 18 to 24 lived below the poverty line, up from just 20 percent in 2003. Georgetown economist Harry Holzer finds that the employment and labor force activity of 16-to-24-year-old black males deteriorated significantly after 1980. Even as young black females entered the labor force at record rates in the late 1990s, young black males continued to pour out.<sup>19</sup> High rates of incarceration, criminal records, and child support orders further complicate pathways to the labor market for these individuals.



The Great Recession and its aftermath plunged many more Americans below the poverty line and made stable work even less available to individuals and families already living in poverty. According to the Bureau of Labor Statistics, the number of “working poor” individuals—those whose incomes fell below the poverty line, but who worked for at least 27 weeks out of the year—increased by 1.5 million from 2008 to 2009. Meanwhile, unemployment rates in 2011 remained about 5 to 6 percentage points higher than their prerecession levels for workers with a high school diploma or less, versus only two percentage points higher for college graduates. Much of the growth in unemployment during the Great Recession was thus concentrated among less-skilled, lower-income, disproportionately minority individuals.<sup>20</sup>

### Shifting Geography of Poverty

What defines community development as an antipov-erty tool, above all else, is its focus on place. During the past four decades, however, the geography of poverty in America has shifted dramatically, challenging traditional place-based approaches for alleviating poverty and promoting growth. These changes are evident between urban and rural areas, across broad regions of the country, and within metropolitan areas themselves.

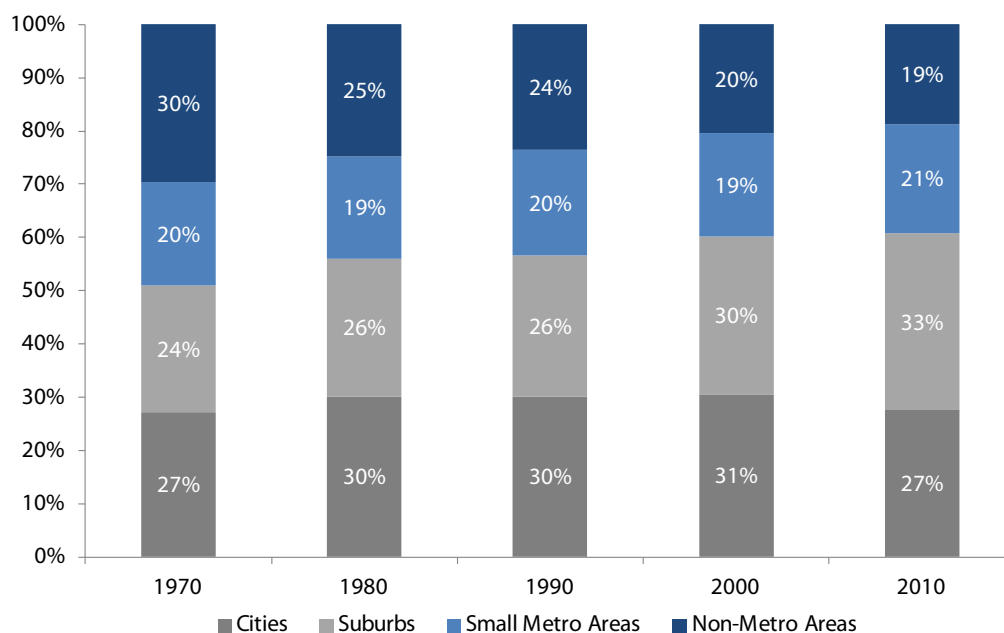
As metropolitan areas have grown in population and expanded in their geographic reach, they have accounted

for an increasing share of the nation’s poor population. In 1970, there were slightly more individuals below the poverty line living inside (13.3 million) than outside (12.1 million) metropolitan areas. By 2010, the metropolitan poor population dwarfed the nonmetropolitan poor population, with four in five poor individuals living in metro areas. This reflected not only the reclassification of formerly rural places as part of metro areas but also the faster growth of poor populations within existing metropolitan territory.<sup>21</sup>

Much of the growth in metropolitan poverty over the last four decades occurred, not surprisingly, in the parts of the country that grew fastest overall. Most notably, the South and West, especially their fast-growing Sun Belt metropolitan areas, absorbed a growing share of America’s poor. In 2010, those regions accounted for 66 percent of the U.S. poor population, up from 59 percent in 1969. Seven of the 10 metropolitan areas that added the most poor residents from 1970 to 2010 were in the South and West—Los Angeles, Houston, Dallas, Miami, Riverside, Phoenix, and Atlanta.<sup>22</sup> These increases reflected the immigration of low-income residents from other parts of the country and the world, as well as economic and demographic changes occurring in these regions and metro areas that increased poverty among existing populations.

Suburbs, once bastions of the American middle class, are home to a large and growing share of America’s poor.

**Figure 4.** Share of U.S. Poor Population by Community/Metro Type, 1970–2010



Source: Brookings analysis of U.S. Census Bureau decennial census data

In 1970, major metro suburbs accounted for less than one-fourth of the nation's poor population. By 2010, they housed one-third of that population, a larger share than lived in big cities, smaller metro areas, or non-metro areas (Figure 4). The pace of suburban poverty growth was particularly rapid in the 2000s, when the size of their poor population rose 53 percent, versus 23 percent in the large cities of these metro areas.<sup>23</sup>

The rapid growth of poor populations in suburbs largely mirrored their faster overall population growth. The poverty rate of suburban dwellers was higher in 2010 (11.4 percent) than in 1970 (8.7 percent), but this was also the case for city dwellers, and by an even greater margin (20.9 percent in 2010 versus 14.7 percent in 1970). Concentrated poverty, however, is still very much an inner-city phenomenon. Roughly four in five residents of extremely poor major metropolitan neighborhoods live in cities. Nonetheless, growing shares of the suburban poor reside in communities of moderate to high poverty, where at least 20 or 30 percent of individuals live below the poverty line.<sup>24</sup>

Within suburban communities, poverty has grown unevenly. In many metro areas, it has spread along an axis that emerges from the traditionally segregated and impoverished communities in the urban core. Thus, poorer suburbs locate to the south of cities like Atlanta, Phoenix, and Seattle or to the east of cities like Cleveland, Pittsburgh, and Washington, DC. These communities are often located farther from jobs than neighborhoods in the urban core, or in other parts of the region, and lack convenient public transportation options to move workers to nodes of employment.<sup>25</sup> At the same time, so-called mature suburban communities built largely in the 1960s and 1970s are also home to a growing share of the suburban poor, even though their poverty rates remain lower than those affecting many older, inner metropolitan suburbs.

## Conclusion

Community development didn't end poverty. As Jesus' quote suggests, that's probably an unfair yardstick for success. Many of the fundamental problems that community development set out to address in the late 1960s are still present today. In this sense, the continued presence of community development primarily in historically disadvantaged locales, and serving historically disadvantaged populations, is neither unreasonable given the continued

challenges they face nor altogether promising given the lack of progress against those challenges. In light of the massive changes that roiled the American and global economies over the last four decades, community development arguably brought a knife to what was always a gunfight.

The larger issue raised by this article, however, is whether community development—and place-based anti-poverty policy more generally—can remain relevant to the national agenda if it is perceived as fighting the last war:


Can it serve the needs of diverse communities in an ever-more pluralistic American society, where immigration and Latino growth are continuously transforming low-income populations and the issues they face?

Can it shift its focus toward helping populations increasingly characterized by a lack of work in the post-recession economy, broadening activities well beyond housing and economic development to link people to much higher-quality skills than community-based job training has historically provided?

Can it move well beyond inner-city communities in a world of majority-suburban poverty, where traditional place-based strategies may bump up against radically different physical, economic, and social environments?

With such substantial changes in the profile of U.S. poverty over the past four decades, does community development still have a role in addressing it? Brookings Institution scholars Isabel Sawhill and Ron Haskins find that adults who do three things—finish high school, work full-time, and wait until marriage to have children—have a poverty rate equivalent to one-sixth of the national average.<sup>26</sup> To be sure, these outcomes depend on one another significantly (i.e., obtaining a high school diploma makes it much easier to find full-time work) and probably mask important differences between those who have achieved them and those who have not.

Nonetheless, the future success of community development as an antipoverty strategy may depend on whether it can help meaningfully increase the likelihood that children—black or brown, in working and nonworking families, in cities and in suburbs—achieve, at a minimum, those fundamental outcomes. The changing and challenging long-run picture of poverty in America surely demands a flexible, multipronged public policy response to fulfill the promise of economic opportunity for all.

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# Endnotes

## The Continuing Evolution of American Poverty and Its Implications for Community Development

1. This article is an excerpt from Alan Berube, "The Continuing Evolution of American Poverty and Its Implications for Community Development." *Investing in What Works for America's Communities*. Eds. Nancy Andrews, et al. San Francisco: Federal Reserve Bank of San Francisco and Low Income Investment Fund, 2012.
2. For more information on the official poverty measure and the Supplemental Poverty Measure developed to correct its deficiencies, see Kathleen Short, "The Research Supplemental Poverty Measure: 2010" (Washington, DC: U.S. Census Bureau, 2011)
3. Rebecca M. Blank, "Fighting Poverty: Lessons from Recent U.S. History," *Journal of Economic Perspectives* 14 (2) (2000): 3–19. For this reason, many of the comparisons over time in this chapter sensitive to business cycle conditions are made from "peak to peak," or between the years of 1973, 1980, 1990, 2001, and 2007.
4. Unless otherwise noted, all statistics in this section derive from the author's analysis of Census Bureau data from the Current Population Survey, decennial censuses, and the American Community Survey.
5. Robert D. Plotnick et al., "The Twentieth Century Record of Inequality and Poverty in the United States" (Madison, WI: Institute for Research on Poverty, 1998).
6. From 1973 to 2007, average inflation-adjusted family income for the bottom 20 percent of families rose 2.7 percent, and it rose 13.0 percent for the second quintile of families. By contrast, families in the fourth and top quintiles enjoyed average gains of 35.0 and 60.0 percent, respectively. Economic Policy Institute, *The State of Working America* (Washington, DC: EPI), available at <http://stateofworkingamerica.org>.
7. John Karl Scholz, Robert Moffitt, and Benjamin Cowan, "Trends in Income Support," *Focus* 26 (2) (2009): 43–49; James P. Ziliak, "Filling the Poverty Gap: Then and Now." In *Frontiers of Family Economics*, vol. 1, edited by P. Rupert (Bingley, UK: Emerald Group, 2008).
8. Richard C. Fording and William D. Berry, "The Historical Impact of Welfare Programs on Poverty: Evidence from the American States," *Policy Studies Journal* 35 (1) (2007): 37–60.
9. U.S. Census Bureau, "Hispanics in the United States" (Washington, DC: U.S. Census Bureau., 2007). Numbers include those of any race who indicate Hispanic or Latino origin.
10. Sharon R. Ennis, Merays Ríos-Vargas, and Nora G. Albert, "The Hispanic Population: 2010" (Washington, DC: U.S. Census Bureau, 2011).
11. Karen R. Humes, Nicholas A. Jones, and Roberto Ramirez, "Overview of Race and Hispanic Origin: 2010" (Washington, DC: U.S. Census Bureau, 2011). Numbers include those of single-race groups, not of Hispanic or Latino ethnicity.
12. Steven Raphael and Eugene Smolensky, "Immigration and Poverty in the United States." In *Changing Poverty, Changing Policies*, edited by Maria Cancian and Sheldon Danziger (New York: Russell Sage Foundation, 2009).
13. Maria Cancian and Deborah Reed, "Family Structure, Childbearing, and Parental Employment: Implications for the Level and Trend in Poverty," *Focus* 26 (2) (2009): 21–26.
14. The share of the poor who were related children in female-headed households was roughly the same in 2010 as in 1970, at 18 percent.
15. Cancian and Reed, "Family Structure, Childbearing, and Parental Employment."
16. Marlene Kim, "Problems Facing the Working Poor" (Washington, DC: Bureau of Labor Statistics, 1999).
17. Alemayehu Bishaw, "Areas with Concentrated Poverty: 2006–2010" (Washington, DC: U.S. Census Bureau, 2011).
18. Rebecca M. Blank, "Economic Change and the Structure of Opportunity for Less-Skilled Workers," *Focus* 26 (2) (2009): 14–20.
19. Harry J. Holzer, "The Labor Market and Young Black Men: Updating Moynihan's Perspective" (Washington, DC: Urban Institute, 2007).
20. In 2011, blacks and Hispanics accounted for 47 percent of unemployed individuals with a high school diploma or less, versus 17 percent of the civilian labor force overall.
21. Counties classified as metropolitan in 1970 increased their share of the nation's poor population from 56 percent to 65 percent over the succeeding 40-year period. Counties that became metropolitan since 1970 contained an additional 14 percent of the poor in both 1970 and 2010.
22. Notably, among all four regions, only the South registered a long-run secular decline in poverty rate (from 15.3 percent in 1973 to 14.2 percent in 2007).
23. These shares are calculated consistently across time using metropolitan area definitions effective in 2010.
24. Elizabeth Kneebone, Carey Nadeau, and Alan Berube, "The Re-Emergence of Concentrated Poverty: Metropolitan Trends in the 2000s" (Washington, DC: Brookings Institution, 2011).
25. Michael Stoll and Steven Raphael, "Job Sprawl and the Suburbanization of Poverty" (Washington, DC: Brookings Institution, 2010); Adie Tomer et al., "Missed Opportunity: Transit and Jobs in Metropolitan America" (Washington, DC: Brookings Institution, 2011).
26. Isabel Sawhill and Ron Haskins, *Creating an Opportunity Society* (Washington, DC: Brookings Institution Press, 2009).

## Our History with Concentrated Poverty

1. This article is an excerpt from Peter Edelman, "Our History with Concentrated Poverty." *Investing in What Works for America's Communities*. Eds. Nancy Andrews, et al. San Francisco: Federal Reserve Bank of San Francisco and Low Income Investment Fund, 2012.

## America's Tomorrow: Race, Place, and the Equity Agenda

1. This article is an excerpt from: Angela Glover Blackwell, "America's Tomorrow: Race, Place, and the Equity Agenda." *Investing in What Works for America's Communities*. Eds. Nancy Andrews, et al. San Francisco: Federal Reserve Bank of San Francisco and Low Income Investment Fund, 2012.