

Swanstrom, Todd; Ryan, Rob; Stigers, Katherine M.

**Working Paper**

## Measuring concentrated poverty: Did it really decline in the 1990s

Working Paper, No. 2007,09

**Provided in Cooperation with:**

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*Suggested Citation:* Swanstrom, Todd; Ryan, Rob; Stigers, Katherine M. (2007) : Measuring concentrated poverty: Did it really decline in the 1990s, Working Paper, No. 2007,09, University of California, Institute of Urban and Regional Development (IURD), Berkeley, CA

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Working Paper 2007-09



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## **Measuring Concentrated Poverty:**

Did It Really Decline in the  
1990s?

Todd Swanstrom, Rob Ryan, and  
Katherine M. Stigers

December 2006

UNIVERSITY OF CALIFORNIA



**Measuring Concentrated Poverty:  
Did It Really Decline in the 1990s?**

**By**

**Todd Swanstrom,**

**Professor of Public Policy Studies, Saint Louis University (314-725-3691)**

**Rob Ryan, Graduate Student, Saint Louis University**

**Katherine M. Stigers, Graduate Student, Saint Louis University**

**December 19, 2006**

**Acknowledgement: We would like to thank John Bossert, Ann Robertson, and Mamoun Benmamoun for their assistance with data collection and analysis.**

## **Abstract**

Scholars In the United States have almost universally defined concentrated poverty as census tracts in which a high percentage of the population (usually 40% plus) falls below the official federal poverty line. Few studies have asked the question that we ask here: what is the underlying concept behind concentrated poverty and, therefore, what is the best method for measuring it?

The basic concept behind concentrated poverty is that people in such areas are unable to participate fully in the society around them. Based on a minimally acceptable diet, the federal poverty standard has become increasingly divorced from the realities of our affluent society and ignores differences in living standards across metropolitan areas. A definition of poverty based on 50 percent of median income in each region more accurately identifies people who are cut-off from mainstream society. Using such a relative poverty standard we show that concentrated poverty did not decline in the 1990s, as researchers using the federal standard concluded, but instead grew.

**Keywords:** Poverty; Concentrated poverty; Neighborhood effects

## Measuring Concentrated Poverty: Did It Really Decline in the 1990s?

Todd Swanstrom, Rob Ryan, and Katherine M. Stigers

In his 1987 book, *The Truly Disadvantaged*, William Julius Wilson argued that the number of people living in areas of concentrated poverty was increasing at an alarming rate and that concentrated poverty accentuated the burdens of being poor in powerful ways. Wilson's seminal book stimulated extensive research both on trends in concentrated poverty and on the contextual effects, controlling for individual characteristics, of living in high-poverty areas.<sup>1</sup> According to one literature review, "the study of neighborhood effects ... has become something of a cottage industry in the social sciences" with about 100 articles a year being published every year on the topic by the late 1990s (Sampson, Morenoff, and Gannon-Rowley 2002).<sup>2</sup> Scholarly research reinforced an emerging consensus on the need for policies to promote mixed-income housing and the federal government passed a pilot program in 1993, Moving to Opportunity (MTO), that included a research component to study the effects of moving out of concentrated poverty areas (Goering and Feins 2003; Orr, et al 2003).

The research on the negative contextual effects of living in high-poverty areas has supported the view that the extent of concentrated poverty is an important indicator of the health of metropolitan areas. Paul Jargowsky (1997) documented a 100 percent increase between 1970 and 1990 in the number of people living in census tracts with poverty rates of 40 or more. Following the 2000 census, however, Jargowsky (2003) reported "stunning progress" in

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<sup>1</sup> Wilson originally focused on neighborhoods with poverty rates of 30 percent or more but it has become common practice among researchers to use 40 percent as the cut-off for concentrated poverty. Jargowsky reports that the 40 percent cut-off came closest to identifying those neighborhoods identified by knowledgeable local individuals as ghettos, barrios, or slums (Jargowsky 1997, 11).

<sup>2</sup> The most common neighborhood characteristic studied was concentrated poverty but researchers also examined other characteristics such as racial composition and social networks.

concentrated poverty, with a 24 percent drop nationwide in the 1990s in the population of concentrated poverty areas. (See also Kingsley and Pettit 2003.) Jargowsky's research on declining concentrated poverty was featured in fifteen major newspapers, including *New York Times*, *Washington Post*, and *USA Today* and the decline in concentrated poverty was featured in a prominent article in *Business Week* (Bernstein 2003).

The burgeoning literature on the causes and consequences of concentrated poverty has relied almost totally on the official federal poverty standard.<sup>3</sup> We argue that the federal poverty line is deeply flawed and is especially poorly suited for studying the contextual effects of concentrated poverty. In place of the federal standard we recommend researchers use a *relative* definition of poverty, and we demonstrate that using a relative poverty cut-off results in startlingly different trends for concentrated poverty in American metropolitan areas during the 1990s. Finally, we hypothesize that if researchers used a relative poverty cut-off to identify areas of concentrated poverty, they would find more widespread and robust contextual effects.

### **The flawed federal poverty standard**

The idea of measuring poverty dates to the late 19<sup>th</sup> and early 20<sup>th</sup> century when early social reformers in the U.K. and U.S. sought to quantify the deprivation resulting from the economic upheaval of urbanization and industrialization. The standard method of determining poverty, pioneered in the late 19<sup>th</sup> century by Charles Booth and Seebohm Rowntree in the UK, was to measure the cost of a nutritionally adequate diet and determine if a household possessed the means to procure it (Townsend 1963). In the U.S. in the early 1960s, Mollie Orshansky, an

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<sup>3</sup> From 1990 to 2000 we have identified 33 scholarly articles that use the official federal poverty cut-offs to study concentrated poverty. We believe there are many more. The federal poverty line is also used to study concentrated affluence, which is defined by some researchers as families making four times the poverty level for a family of four. (Massey 1996; Massey and Fischer 2003). We have identified only one article that uses a relative approach to study trends in economic segregation at the census tract level in the United States (Booza, Cutsinger and Galster 2006).

economist with the Social Security Administration, used a similar method to determine poverty cut-offs. After identifying the cost of an “economy level” food plan for different sized families, Orshansky then multiplied that cost times three based on a 1955 survey that the average American family spent about one-third of its income on food (Orshansky 1965).

After President Lyndon Johnson announced his War on Poverty in January 1964, the Office of Economic Opportunity (OEO) began looking around for a way to measure progress. The President’s Council of Economic Advisers (CEA) sought a politically acceptable measurement of poverty that would not focus on inequality but would instead establish an absolute amount that would lend itself to the growth-centered policies of the administration. Influenced by CEA, OEO adopted Orshansky’s poverty thresholds. In 1969 the U.S. Bureau of the Budget (now Office of Management and Budget) adopted Orshansky’s thresholds as the official federal poverty definition and it has been used by the Census Bureau ever since to track poverty (Iceland 2003).

Orshansky described her original poverty thresholds as a “relatively absolute” approach to poverty (Fisher 1992, 6). Although based on a minimal diet that was rooted in the science of nutrition, the determination to multiply the cost of the food times three was based on consumption patterns for the United States *as a whole* and not on those of poor people, who typically spent 50 percent or more of their incomes on food. This meant that Orshansky’s poverty cut-offs were higher for a relatively wealthy country like the United States. Orshansky’s approach was essentially a compromise between a relative and an absolute approach. Her thresholds were relative to the affluence of American society, but were still rooted in absolute biological needs for nutrition that would presumably be the same in every society.<sup>4</sup>

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<sup>4</sup> Townsend (1962) argues that in fact the minimum acceptable diet varies significantly in different locales and situations, depending, for example, on climate, work, lifestyle, etc.



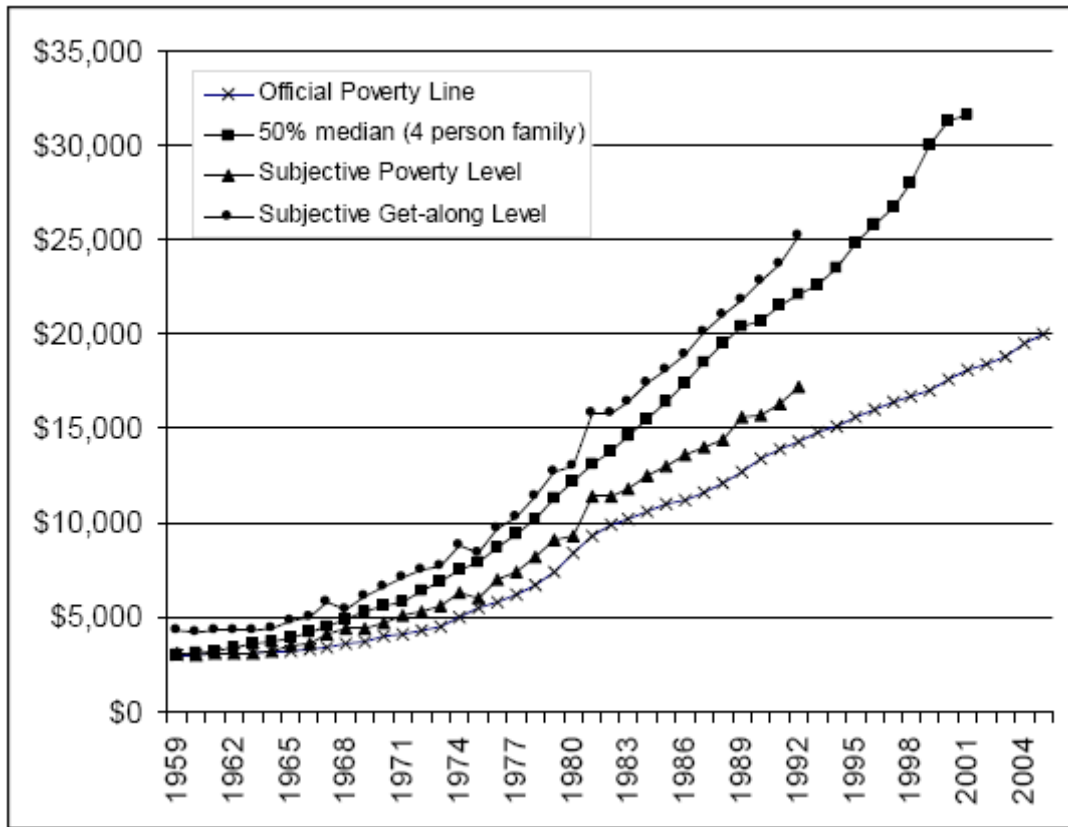
Over time, however, the relative dimension of the federal poverty thresholds has faded away. In 1969 the federal government decided to adjust the poverty thresholds using the Consumer Price Index (CPI) and not recalculate the cost of a minimal diet and determine how much the average family spent on food. This has meant that federal poverty thresholds have risen with the cost of living but not with incomes, which have grown faster than the CPI. As a result, federal poverty thresholds reflect the affluence of American society in 1955, not our present level of affluence. In 2000, the average consumer unit, or household, devoted 13.6 percent of its income to food (U.S. Bureau of the Census 2002). If the cost of a minimally acceptable diet were multiplied by seven instead of three, poverty thresholds would be much higher and many more people would be considered poor.<sup>5</sup> Figure 1 shows that the federal poverty standard, when it was adopted by the federal government in 1969, represented about 50 percent of median income for a four-person household. By 2005, however, it had fallen to only about 28 percent of median income.

Why have almost all studies of concentrated poverty in the United States used the federal poverty standard? The answer seems to be the same as that of George Mallory, who when asked “Why climb Everest?” replied: “Because it is there.” The federal poverty standard is convenient for researchers because every ten years the Census Bureau counts the number of poor people, and they can be attributed to small geographies like census tracts. There seems to be little, if any, scholarly justification for using the federal poverty standard to study concentrated poverty. Whatever the causal links between the context of concentrated poverty and individual outcomes, they are not rooted in poor diet.

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<sup>5</sup> It is worth noting that the Census excludes noncash income, such as food stamps, in its calculation of gross cash income. If noncash income were included, the poverty rate would fall. This criticism applies to our relative approach to poverty as well.

Figure 1.



Sources: Official Thresholds from U.S. Census Bureau Online, Historical Poverty Tables, available online: <http://www.census.gov/hhes/income/histinc/histpovtb.html>; Median Income for 4-Person Families from U.S. Census Bureau Online, Historical Income Tables- Families Table F-8, available online: <http://www.census.gov/hhes/income/histinc/f08.html>; Subjective Levels from Citro and Michael 1995, 138-39.  
Note: Missing years for data from Subjective Poverty and Get-along levels were estimated using linear interpolation based on data from adjacent years. Questions on subjective poverty thresholds were not asked after 1992.

In his original research on what he called “concentration effects” Wilson argued that the exodus of middle- and working-class families from ghetto neighborhoods removed the kind of role models that would help residents cope with increasing levels of joblessness. The result was a kind of culture of poverty. Wilson stressed, however, that this culture was driven by isolation from opportunity, especially the loss of industrial jobs in central cities. Researchers have identified a number of different causal pathways for explaining the contextual effects of concentrated poverty. (See, for example, Jencks and Mayer 1990; Briggs 1997; and Sampson, Morenoff and Gannon-Rowley 2002.) Ingrid Gould Ellen and Margery Austin Turner (2003)

identify six pathways: 1) Quality of Local Services and Institutions; 2) Norms and Collective Efficacy; 3) Peer Influences; 4) Social Networks; 5) Exposure to Crime; and 6) Physical Distance and Isolation. None of these pathways for understanding the negative effects of concentrated poverty is based on inadequate diet.

No matter what causal pathway is examined, the contextual effects of concentrated poverty are primarily based on social relations or distance from mainstream economic and social opportunities. No definition of poverty is perfect; no single metric is going to capture all aspects of deprivation. Indeed, we view the literature on concentrated poverty in the United States as an attempt to move beyond viewing poverty as simply the absence of income to understanding it as exclusion from full participation in society. In that sense, concentrated poverty resonates with the concept of “social exclusion” prevalent in Europe. The irony is that research on concentrated poverty has almost exclusively used a federal poverty standard that disengages the study of poverty from its geographical and social context.

### **A relative approach to poverty**

The absolute approach to poverty assumes that necessities are determined by biology, thus rooting the determination of poverty cut-offs in the hard science of nutrition. However, possessions that are considered luxuries in one society can become necessities in another. No less an authority than Adam Smith, the founder of classical economics, famously articulated the view that necessities are relative to the time and place in which we live:

By necessities I understand not only the commodities which are indispensably necessary for the support of life, but whatever the customs of the country renders it indecent for creditable people, even the lowest orders, to be without. A linen

shirt, for example, is, strictly speaking, not a necessary of life. The Greeks and Romans lived, I suppose, very comfortably, though they had no linen. But in the present times, through the greater part of Europe, a creditable day-laborer would be ashamed to appear in public without a linen shirt, the want of which would be supposed to denote that disgraceful degree of poverty which, it is presumed, nobody can well fall into, without extreme bad conduct (Quoted in Cassidy 2006, 45).

Under a relative approach to poverty, the poverty cut-off must go up as the general wealth of society increases, because the resources necessary to participate fully in society also increase.

Over the years, many scholars have advocated a relative approach to poverty. In 1962 Peter Townsend argued, “Poverty is a dynamic, not a static, concept. Man is not a Robinson Crusoe living on a desert island. He is a social animal entangled in a web of relationships -- at work and in family and community – which exert complex and changing pressures to which he must respond....” (Townsend 1962, 219) He recommended a poverty cut-off based on half or two-thirds of the average income. (See also Townsend 1979.) Michael Harrington’s influential *The Other America* (1962) is the fount of the relative approach to poverty in the U.S.: “Poverty should be defined in terms of those who are denied minimal levels of health, housing, food, and education that *our present stage of scientific knowledge specifies as necessary for life as it is now lived in the United States*” (p.179, emphasis added). Many other scholars have recommended a relative approach to studying poverty, often operationalized as 50 percent of median income (Fuchs 1965; Burtless and Smeeding 2001; Rainwater and Smeeding 2003).

The United States is one of the few countries in the world to establish an official poverty line. In response to criticisms like those outlined above, the U.S. Congress funded the National

Research Council of the National Academy of Sciences (NAS) in the early 1990s to conduct a thorough review of the official U.S. poverty measure. The NAS panel essentially recommended a relative approach to defining poverty, calling for poverty thresholds to be based on consumption expenditures for a bundle of goods that generally follow the growth of median income and for further adjusting the cut-off based on housing costs in different regions (Citro and Michael 1995). Congress ignored the recommendations.

To the extent that governments endorse an approach to studying poverty it is almost always multidimensional and relative. In 1997 the United Nations created the Human Poverty Index for developed countries. The index has four components with one being the population below 50 percent of median household income (United Nations 2004, 260). The European Union has developed a social exclusion index that was finalized at the Laeken European Council in 2001 and includes 18 indicators. The Council defined households living on less than 60 percent of the national median income as being at “poverty risk” (Guio 2005). In 2000 the United Kingdom followed the European practice by declaring the goal of reducing the number of children living in households with incomes below 60 percent of the median (Glennerster 2002). Eurostat, which grew out of the 2000 Lisbon European Council, regularly publishes cross-national comparisons of the risk-of-poverty using fixed percentages of national median income, as does the Luxembourg Income Study (LIS) (Smeeding, O’Higgins, and Rainwater, 1990; McFate, Smeeding, and Rainwater 1995).

A common criticism of a relative poverty standard is that poverty can never be cured because some people will always fall a certain level below the median. This criticism is false. It is possible for everyone’s income to exceed 50 percent of the median and therefore the poverty rate can be zero. Another criticism of the relative approach is that where to draw the cut-off

between poor and nonpoor is arbitrary. Why should the threshold be 50 percent of median income? Why not 30 percent or 70 percent? While there is some truth to this criticism, it is not true that the selection of the standard is completely arbitrary. If the goal of the relative approach to poverty is to determine what income level is necessary to become a fully functioning member of society, then one way to approximate an answer is to ask the general population what that income level is. For many years the Gallup Poll asked Americans what is the smallest amount of money needed to “get along” in their community and what amount of income would they use as a “poverty line” in their community? Figure 1 shows that at the time the Orshansky standard was adopted as the official line by the government in 1969 it was very close both to 50 percent of median income and to the subjective poverty line and the “get along” amount identified in surveys. Since then, however, the poverty line has fallen far behind the subjective poverty line and “get along” amount, which have more generally tracked the 50 percent of median income line. Using 50 percent of median income as a cut-off for poverty is thus supported by survey data.

## **Our methodology**

We estimate the number of people living in concentrated poverty in each of the metropolitan areas studied by Jargowsky in his 2003 Brookings study. Our 331 metropolitan areas represented 80.3 percent of the total U.S. population in 2000. Our goal was to compare and contrast the results using the official federal poverty standard with the results using our relative standard.

Our definition of metropolitan areas followed Jargowsky. For 2000 we used the Census-defined MSA and PMSA boundaries. For 1990 we used the same boundaries as 2000. This

required us to match the tract data to 2000 MSA and PMSA boundaries. For most metropolitan areas this involved simply pulling 1990 tract-level data by county for each county contained in the area in 2000. Metropolitan areas in New England, however, are comprised of townships rather than counties. In these cases counties and even tracts are often split. For our purposes, any tract wholly or partially contained in a metropolitan area was included in its entirety.<sup>6</sup>

We estimate the number of people living in concentrated poverty using a relative poverty standard based on 50 percent of median household income *in each metropolitan area*. We use a standard relative to incomes in each metropolitan area (and not the nation as a whole) because the region is the scale at which job and housing markets operate and incomes and the cost of living vary significantly across metropolitan areas in the United States. In 2000, for example, median household income in our sample of metropolitan areas varied from \$24,863 in McAllen, Texas, to \$76,554 in Stamford, Connecticut, a more than 3 to 1 difference.

We chose to use households instead of families as our unit of analysis. The Census Bureau uses families for its official poverty measure. The main problem with this is that the definition of families treats cohabitating couples as if they did not pool their resources at all. The rapid growth in nontraditional living arrangements has magnified the distorting effect of using the family as the unit of analysis. Married couples are now in the minority.<sup>7</sup> We believe that using households gives us a more realistic picture of people's effective incomes.<sup>8</sup> The primary weakness of our approach compared to using the federal poverty thresholds is that we are not able to adjust poverty cut-offs for different sized households. Therefore, we cannot calculate the

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<sup>6</sup> This involved the use of Arc Map GIS software. First population and household income data for all of New England were pulled from a Geolytics CD. This database was then joined to a shapefile of every 1990 census tract in New England. Next, 2000 MSA and PMSA boundaries were overlaid and one by one the tracts within each metropolitan area boundary were selected and exported to a new database file.

<sup>7</sup> Sam Roberts, "Its Official: To Be Married Means to Be Outnumbered", *The New York Times*, October 15, 2006.

<sup>8</sup> For a discussion of the advantages of using households, along with scholarly references on the "unit of analysis" issue, see Iceland 2003, 24-25.

number of *persons* who fall below 50 percent of median income; instead, we determine how many *households* in each census tract fall below our poverty cut-offs. Any census tract in which 40 percent or more of the households fall below 50 percent of the regional median household income was categorized as a concentrated poverty census tract.<sup>9</sup>

The Census Bureau publishes a median household income for each MSA/PMSA in 2000. Because the Census Bureau did not publish a 1990 median income for our newly constructed metropolitan areas (based on 2000 boundaries), we used a standard formula to calculate the median for grouped data. To estimate a Median Household Income for each metropolitan area for 1990, we began by finding the income range within which the median would be located by adding up the number of households within each income range and finding the income range in the middle. We then calculated the median income using the following formula for calculating median incomes for grouped data:

**Equation 1. Grouped Data Median Formula**

$$LLMR + \left[ \left( \frac{\frac{THH}{2} - CFPR}{HHMR} \right) \times SMR \right] = MHHI$$

*Where:*

- LLMR = Lower Limit of Range Containing Median
- THH = Total Number of Households in MSA
- CFPR = Cumulative Frequency of Preceding Ranges
- HHMR = Number of Households in Median Range
- SMR = Span of Median Range
- MHHI = Median Household Income

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<sup>9</sup> Our estimates of the number of households in poverty could be inaccurate if the composition of household sizes in concentrated poverty areas differed substantially from those in non-high-poverty areas. We examined this possibility for the St. Louis and Detroit metropolitan areas and found that the *average* household sizes were almost identical in concentrated poverty and non-concentrated poverty areas. In St. Louis in 2000, for example, non-high-poverty tracts had an average household size of 2.525 and high-poverty tracts had an average of 2.533 per household. We also examined the *distribution* of different household sizes in poverty and non-poverty tracts. High-poverty tracts did have a higher percentage of one-person households but they also had more large households, with six or more persons. These two extremes will tend to balance each other out in terms of the number of households improperly classified as “poor” using our relative method. Although our method does not enable us to identify particular households that are in poverty, our method is effective at measuring the relative deprivation of places across space and trends over time. (For a similar approach to measuring economic segregation, see Booza, Cutsinger and Galster 2006.)



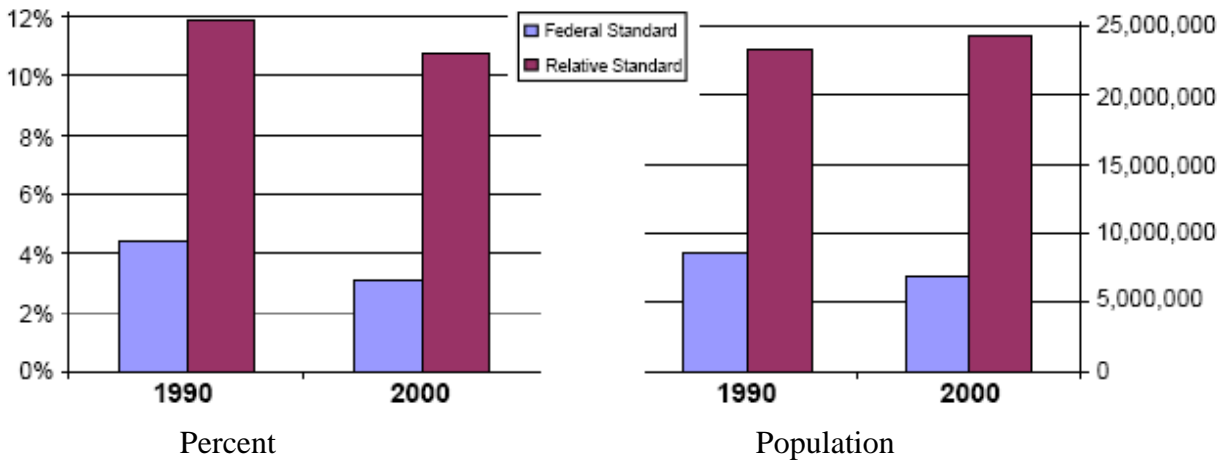
When tested with 2000 data on 15 metropolitan areas for which the median income was known, the formula produced results never more than one dollar off the published median.

## Findings

Using a relative definition of poverty paints a very different picture of trends in concentrated poverty in the 1990s (Figure 2). Most strikingly, for all 331 metropolitan areas in the U.S., using the federal poverty definition, the number of people living in areas of concentrated poverty *declined* 18.7 percent, but using our relative definition the number *increased* 4.5 percent. In absolute numbers, using the federal definition, the number of people living in concentrated poverty fell from 8.6 million in 1990 to 7 million in 2000. If the 50 percent standard is used, the population of high-poverty areas increased from 23.2 million people in 1990 to 24.2 million in 2000. Using the relative standard, three times as many people live in areas of concentrated poverty than are estimated using the official federal standard. It is important to note that because the nation's metropolitan area population grew by approximately 30 million, the proportion of the population in concentrated poverty fell in the 1990s under both methods, but the drop was much steeper under the federal definition.

The main interpretation of the dramatic differences between the results using our relative definition of poverty and the results using the federal definition is that the 1990s was a prosperous decade that pulled up the bottom of the income range but many of those at the bottom continued to fall further behind the middle (Wilson 2003). By the year 2000 the unemployment rate had fallen to 4 percent, one of the lowest in recent memory. Although tight regional job markets pulled up those at the bottom in the late 1990s, they did not advance as fast as those in the middle. A rising tide lifts all boats but it lifts some more than others.

**Figure 2. Percent and Number of United States Metropolitan Population Living in Concentrated Poverty**



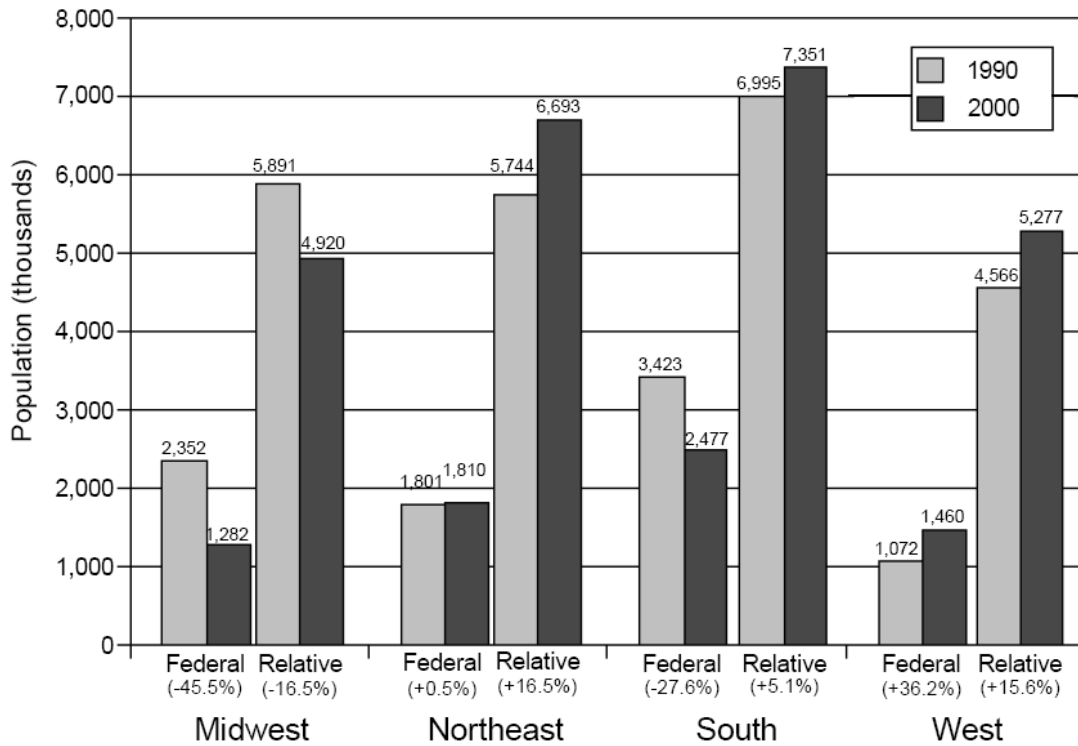
Source: U.S. Decennial censuses and authors' calculations.

The most likely interpretation of the reduction in concentrated poverty in the 1990s using the federal definition of poverty is not that the poor moved to mixed-income areas or that poor areas attracted middle class residents. Instead, the growing economy increased the incomes of enough poor families to reduce the official poverty rate in many census tracts below 40 percent. A study of all U.S. metropolitan areas found that the proportion of poor people living in census tracts with 30 to 40 percent poverty rates stayed the same in the 1990s and the proportion living in 20 to 30 percent poverty tracts increased from 18 to 21 percent (Kingsley and Pettit 2003). Arguably, census tracts with 20 percent plus poverty rates are high-poverty areas. The decline in concentrated poverty under the federal definition is largely a statistical artifact rather than an indicator of greater social inclusion for poor people. The relative definition of poverty, on the other hand, captures the degree to which those at the bottom are isolated from mainstream middle class society. The rise in concentrated poverty in the 1990s using the relative standard suggests that more people, not fewer, lived in areas socially distant from middle class society.

In addition to this nationwide difference, stark contrasts are seen regionally. The federal poverty standard is the same for all regions and thus does not take into account the wide differences in the cost of living, especially housing, in different regions of the country. In 2000 the cost of living in New York City was 235 percent higher than the average in all metropolitan areas (U.S. Bureau of the Census 2002). Most of this was due to housing costs. The rise in housing costs is mostly caused by growth in incomes and demographic pressures, primarily from migration within the U.S. as well as immigrants from abroad. The relative poverty standard, by defining poverty relative to the growth in regional median income, captures much of the difference in the cost of living in different regions. From the viewpoint of the relative approach, the federal poverty standard vastly understates the extent of poverty and concentrated poverty in booming regions like New York, Washington, D.C., Boston, and Las Vegas.

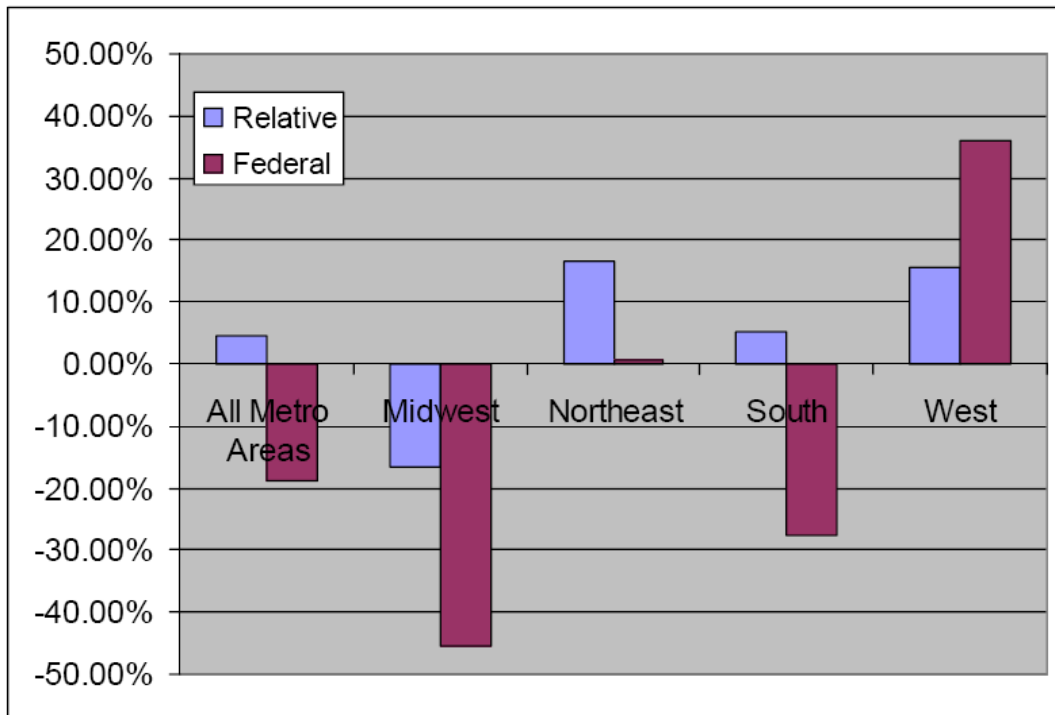
The contrasts between different regions of the country are quite stunning (Figures 3 and 4). In the South, concentrated poverty decreased by 27.6 percent using the federal poverty line whereas we found it increased by 5.1 percent. In the Midwest, the federal and relative standards both show a decrease (45.5 percent and 16.5 percent respectively), but the relative measure shows a more modest decline. The Northeast experienced almost no change using the federal standard (+ .5 percent), but using the relative standard concentrated poverty increased a healthy 16.5% in that region. The West appears to have suffered a very sharp increase in concentrated poverty using the federal standard (+36.2%). Under the relative standard concentrated poverty increased less than half that (+15.6%). However, this is primarily because the federal standard starts out with a very low percentage of the population in concentrated poverty in 1990 (2.4%), compared to 10% using our relative approach. In 2000, the West region had an additional

**Figure 3. Comparison of Metropolitan Area Population living in Concentrated Poverty by Region as Determined by Federal and Relative Poverty Standards, 1990 – 2000**



Source: Decennial censuses and authors' calculations.

**Figure 4. Change in Percent of Population Living in Concentrated Poverty by Region, 1990 – 2000**



Source: Decennial censuses and authors' calculations.

400,000 people living in concentrated poverty according to the federal standard, while using the relative standard the growth was almost twice as fast (increasing by over 700,000.)

For particular metropolitan areas, the difference between the extent of concentrated poverty using the two poverty cut-offs can be quite dramatic. For example, the relative measure shows much greater declines in population living in concentrated poverty in the 1990s in the Norfolk and Dayton-Springfield metropolitan areas than is reported using the federal standard (Figure 5).

**Figure 5. Top 15 Metropolitan Areas by Decrease in Population Living in High-Poverty Census Tracts by Relative and Federal Poverty Definitions, 1990 – 2000**

Rank	Metropolitan Area	Relative			Federal			Rank if by Federal Standard
		Decline in Population	Decline in Population	Decline in Census Tracts	Decline in Population	Decline in Population	Decline in Census Tracts	
1	Chicago, IL PMSA	-488,106	-45.11%	-145	-177,908	-43.09%	-73	2
2	Detroit, MI PMSA	-176,423	-20.76%	-43	-313,217	-74.44%	-97	1
3	Norfolk--Virginia Beach--Newport News, VA--NC MSA	-134,766	-89.58%	2	-15,730	-25.67%	-6	41
4	Houston, TX PMSA	-92,359	-18.77%	-33	-77,662	-47.80%	-27	4
5	Cleveland--Lorain--Elyria, OH PMSA	-48,520	-14.53%	-15	-26,348	-25.71%	-19	23
6	Miami, FL PMSA	-47,005	-13.52%	-7	-25,809	-17.43%	-2	24
7	Dayton--Springfield, OH MSA	-35,370	-24.18%	-7	-5,770	-49.56%	-1	97
8	Kansas City, MO--KS MSA	-34,998	-18.79%	-20	-15,320	-48.03%	-11	44
9	Pittsburgh, PA MSA	-25,444	-10.92%	-21	-26,822	-35.81%	-16	21
10	San Antonio, TX MSA	-24,739	-10.51%	0	-107,272	-70.14%	-18	3
11	Flint, MI PMSA	-23,067	-27.50%	-4	-31,631	-61.17%	-6	15
12	Kalamazoo--Battle Creek, MI MSA	-22,196	-13.62%	-9	-11,858	-38.04%	-5	49
13	Lafayette, LA MSA	-21,530	-27.49%	-6	-33,978	-54.78%	-10	76
14	Corpus Christi, TX MSA	-21,368	-33.16%	-3	-18,604	-45.30%	-3	36
15	Shreveport--Bossier City, LA MSA	-20,659	-23.21%	-4	-18,389	-31.10%	0	37

Source: Decennial censuses and authors' calculations.

**Figure 6. Top 15 Metropolitan Areas by Increase in Population Living in High-Poverty Census Tracts by Relative and Federal Poverty Definitions, 1990 – 2000**

Rank	Metropolitan Area	Relative			Federal			Rank if by Federal Standard
		Increase in Population	Increase in Population	Increase in Census Tracts	Increase in Population	Increase in Population	Increase in Census Tracts	
1	Newark, NJ PMSA	195,129	96.60%	46	6,795	13.81%	3	22
2	New York, NY PMSA	182,625	9.16%	14	-15,037	-1.57%	-26	287
3	Austin--San Marcos, TX MSA	159,830	104.55%	30	-366	-0.81%	-5	142
4	Washington, DC--MD--VA--WV PMSA	156,130	49.78%	36	56,954	276.35%	14	4
5	Boston, MA--NH PMSA	137,282	49.42%	14	886	2.79%	-2	70
6	Dallas, TX PMSA	118,603	37.67%	12	-41,805	-45.30%	-19	321
7	Phoenix--Mesa, AZ MSA	108,367	52.42%	22	-829	-0.89%	3	155
8	San Diego, CA MSA	84,701	30.64%	31	33,274	86.10%	10	6
9	Philadelphia, PA--NJ PMSA	80,048	9.89%	25	-937	-0.39%	-3	158
10	Fort Lauderdale, FL PMSA	71,354	96.30%	11	3,874	28.75%	0	40
11	Las Vegas, NV--AZ MSA	67,348	108.59%	13	-9,315	-72.48%	-3	271
12	Providence--Fall River--Warwick, RI--MA MSA	67,303	52.91%	10	22,186	235.40%	3	8
13	Orange County, CA PMSA	67,239	49.83%	12	2,879	3030.53%	1	48
14	Los Angeles--Long Beach, CA PMSA	64,873	4.59%	80	292,359	109.23%	81	1
15	Oakland, CA PMSA	55,561	18.37%	6	4,115	13.90%	3	38

Source: Decennial censuses and authors' calculations.

The most dramatic differences, however, show up in those areas that suffered increases in concentrated poverty in the 1990s using our relative definition (Figure 6.). For example, under the federal definition the New York and Dallas metro areas actually reduced the number of people living in concentrated poverty in the 1990s, whereas under the relative definition these two areas saw huge increases of 182,625 and 118,603, respectively, in their population living in concentrated poverty areas.

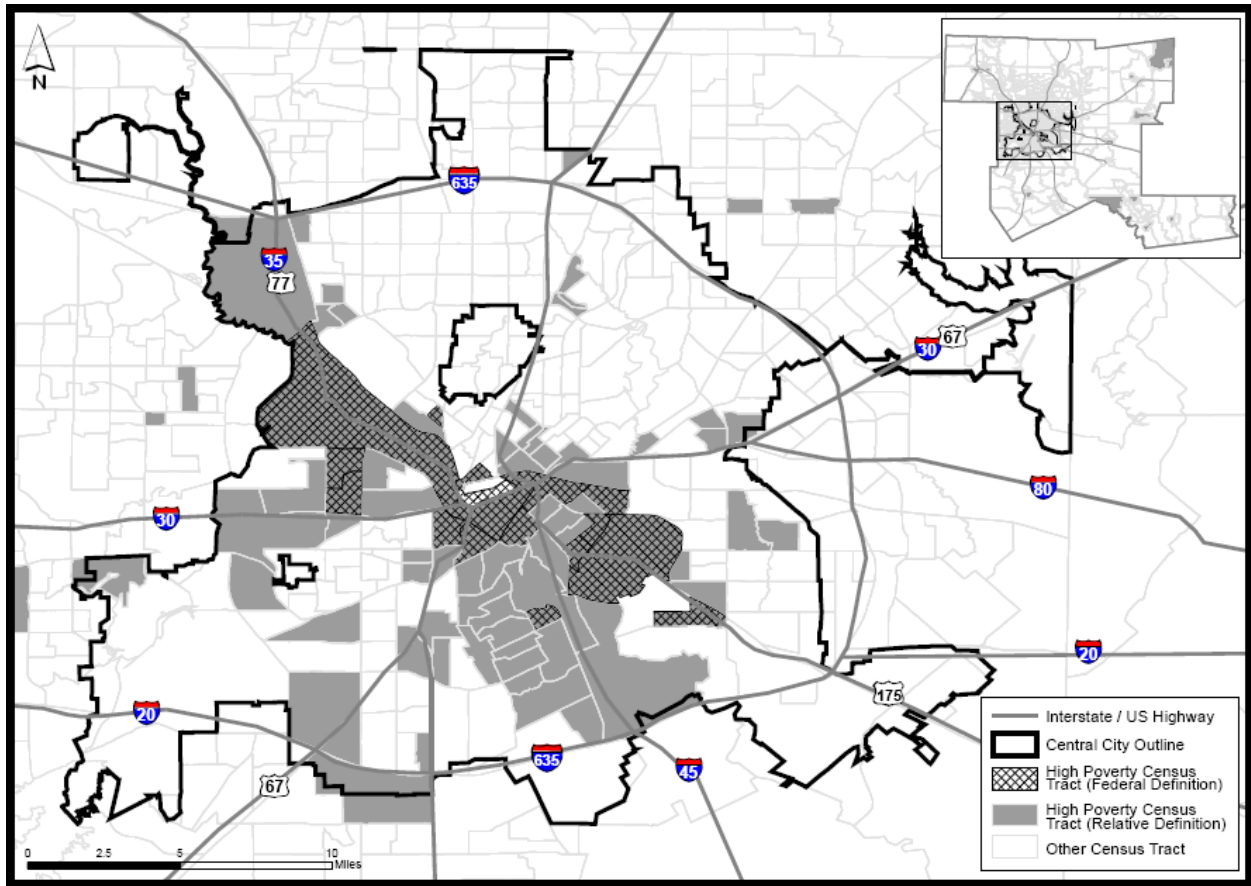
Booming metropolitan areas increase relative poverty as the middle class advances faster than those at the bottom. The gap between the poor and the middle class is not captured by the federal definition and therefore, it underestimates the number of people in concentrated poverty areas in booming, high cost-of-living regions. As Figure 7 shows, the federal approach misses whole swaths of Dallas, including areas in the suburbs, which are designated as high-poverty areas using the relative approach. The federal approach to measuring concentrated poverty ignores many neighborhoods whose incomes place them far from mainstream society.

## **Conclusion**

Our findings cast doubt on the optimistic finding that the United States enjoyed “stunning progress” in reducing concentrated poverty in the 1990s. Using a relative definition of poverty, we found that the number of people living in areas of concentrated poverty increased, not decreased, in the 1990s. Our results are consistent with other studies that have examined trends in economic segregation using relative definitions of economic strata (Booza, Cutsinger, and Galster 2006; Swanstrom, et al, 2004).

The federal poverty standard is so deeply flawed that researchers should consider alternative methods. As the research on poverty has become more sophisticated in the United

Figure 7: Concentrated Poverty in the Dallas, TX PMSA



Source: U.S. Census Bureau TIGER/Line Files, Decennial censuses, and authors' calculations.

States over the past twenty years, thanks largely to the research on the contextual effects of concentrated poverty, the measurement of poverty has been static, increasingly cut-off from the realities of time and place. The official federal poverty standard is especially poor at tracking trends because it “has been getting more and more mean as the years pass,” (Glennster 2002, 90), increasingly underestimating the amount of povety. The reasons why the federal poverty standard has not been changed are largely political, not scientific. It is time for American

researchers to join researchers in other developed countries where half of median income has become the “international yardstick” for measuring poverty (Glennerster 2002, 87).

If measuring concentrated poverty is designed to track the extent to which those at the bottom are excluded from full participation in mainstream society, then using a relative standard, we argue, makes more sense than using a standard based on a minimally acceptable diet, such as the official federal poverty line. Research on concentrated poverty does not need to rely upon the flawed federal standard. We show here that an alternative method exists for identifying areas of concentrated poverty.

Any method for measuring poverty is flawed. Amartya Sen (1983) argues that poverty is ultimately an absolute concept but it can only be completely understood by looking at relative dimensions. Thus, relative deprivation in terms of commodities, incomes, and resources may determine the capability of people to live a life without shame, for example. Poverty is a multidimensional concept and thus our concept, like other simple measures, is flawed. The debate on concentrated poverty has been productive because it has moved the study of poverty out of a focus on incomes to a broader focus on what Sen calls capabilities and functionings. The adoption of a relative approach to defining poverty will move American researchers in the direction of the European tradition of studying “social exclusion” instead of poverty. Social exclusion, we believe, is a broader and more sophisticated treatment of poverty than an incomes approach. Social exclusion highlights that deprivation is not just about inadequate income; it is a multifaceted condition that will require responses from a broad array of governmental agencies.

If the main purpose for tracking concentrated poverty is to identify those who are systematically excluded from full participation in society, then our relative standard, though better than the federal standard, is only a very indirect measurement. Our approach needs to be



supplemented with research on the contextual effects of concentrated poverty. Testing for the contextual effects requires that researchers control for individual characteristics and then determine if people who live in areas of concentrated poverty are more likely to be unemployed, school dropouts, nonvoters, and suffer from ill effects of stress, high crime, etc. than similar individuals living in mixed-income areas. The proof is in the pudding. The real test of the validity of our approach will be if researchers demonstrate that robust contextual effects extend well beyond the narrow band of areas identified using the federal standard into the broader areas we have identified using the relative approach. We urge research along these lines.

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