

Reversal of Fortune: A New Look at Concentrated Poverty in the 2000s

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Findings

An analysis of the changing geographic distribution of low-income workers and their families, measured by receipt of the federal Earned Income Tax Credit (EITC) in tax years 1999 and 2005, nationwide and in 58 major metropolitan areas across the country reveals that:

- **The number of tax filers nationwide living in areas with high rates of working poverty increased by 40 percent, or 1.6 million filers, between tax years 1999 and 2005.** By 2005, 12.3 percent of low-income working families lived in high-working-poverty communities—ZIP codes where more than 40 percent of taxpayers claimed the EITC—up from 10.4 percent in 1999.
- **Among 58 large metropolitan areas, rates of concentrated working poverty (the share of EITC filers living in high-working-poverty communities) rose in 34 over the first half of the decade, while 24 showed declines.** Older industrial metro areas including Detroit and Rochester exhibited the greatest increases in concentrated working poverty, while the Los Angeles and Phoenix metro areas experienced the largest declines.
- **Major metropolitan areas in the Midwest and Northeast experienced substantial increases in concentrated working poverty over the first half of the decade, but Western metro areas saw steep declines.** Metro areas in the Northeast and West had similar rates of concentrated working poverty in 1999 (13 percent), but by mid-decade, the rate had risen to 18 percent in the Northeast while it dropped to 7 percent in the West.
- **Both central cities and suburbs saw an increase in high-working-poverty communities between tax years 1999 and 2005.** The number of tax filers living in high-working-poverty areas in the central cities of major metropolitan areas across the country grew by 40 percent, while the surrounding suburbs experienced an increase of 36 percent. Still, central-city EITC recipients were five times as likely (25 percent) as suburban EITC recipients (5 percent) to live in high-working-poverty communities in 2005.

These trends suggest that the decline in concentrated poverty that occurred during the 1990s may be reversing over the course of this decade, particularly in regions hardest hit by the economic challenges of the early 2000s. Policies that foster stronger national and regional economic growth—together with targeted efforts to create and protect neighborhoods of choice and connection—may offer the best route to longer-term progress against concentrated poverty.

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I. Introduction

The study of concentrated poverty has evolved out of the recognition that poor individuals and families are not evenly distributed across communities or throughout the country. Instead, they tend to live near one another, clustering in certain neighborhoods and regions. Extremely poor neighborhoods are often home to higher crime rates, underperforming public schools, poor housing and health conditions, as well as limited access to private services and job opportunities. These conditions exacerbate the day-to-day challenges of individual poverty, in effect imposing a “double burden” on the poor population in these neighborhoods.¹

During the economic expansion of the 1990s, the country experienced a small decrease in the share of population living in poverty. But for many communities, declining poverty rates over this time period were accompanied by a significant spatial de-concentration of the poor population, including marked decreases in the number of very poor neighborhoods and a sharp reduction in the share of the poor population living in these areas. After doubling through the 1970s and 1980s, the poor population living in high-poverty neighborhoods fell by 27 percent during the 1990s.²

However, during the economic downturn and subsequent weakened economy of the early 2000s, poverty rates once again increased, both nationally and in a number of the major metropolitan areas throughout the country.³ This larger trend raises the question: is poverty re-concentrating as well?

This study seeks to answer this question by using a new approach to assess recent trends in the spatial distribution of the poor, tracking the changing concentrations of low-income working families and individuals, or the “working poor.” After reviewing the methodology, the paper assesses national trends in the number of communities with high rates of working poverty as well as the share of the total population and the low-income workers living in these areas. The study then goes on to explore these trends across major metropolitan areas throughout the country, considering both the regional implications and the differing distribution of the working poor across central cities and their surrounding suburbs.

II. Background and Methodology

Concentrated Poverty

Previous concentrated poverty research has used two primary measures to capture the intersections between poverty and place: the incidence of high-poverty neighborhoods within a larger community and the concentrated poverty rate. In his research on the role of very low-income neighborhoods in shaping the lives of the urban poor on Chicago’s South Side, Wilson defines high-poverty neighborhoods as community areas where at least 30 or 40 percent of the population lived in poverty.⁴ Jargowsky also employs the 40 percent threshold, using decennial census data to identify census tracts in which 40 percent or more of the population is poor, according to the federal poverty thresholds.⁵ Jargowsky further calculates a concentrated poverty rate, which expresses the percentage of poor people within the community (e.g., metropolitan area) that live in high-poverty neighborhoods. In effect, the concentrated poverty rate represents the proportion of the poor who must deal not only with the challenges that arise from their own poverty, but also from the poverty of those around them (Box 1).

Because these measures typically depend on tract-level data from the decennial census, the most recent research in this area uses Census 2000 data. More recent census tract data from the Census Bureau’s American Community Survey, which would enable analysis of trends in concentrated poverty during this decade, will not be available until 2010.⁶ In the absence of updated census tract data, this study employs local-level Internal Revenue Service (IRS) data on receipt of the Earned Income Tax Credit (EITC) to measure changes in the concentration of poverty over the first half of the decade. The study evaluates two years of tax data: 1999 and 2005. Tax year 1999 corresponds to the calendar year for which poverty status is determined in Census 2000. This allows the paper to compare and benchmark the EITC analysis to census-based concentrated poverty measures. The paper then moves the analysis forward to tax year 2005—the most recent year for which complete data are available.⁷

Box 1. The Spatial Effects of Poverty: Why Does Place Matter?

The concentration of poor people and families into economically segregated neighborhoods imposes additional costs and limitations on these residents and communities, above and beyond the challenges associated with individual poverty. Research has shown the wide-ranging social and economic effects of concentrated poverty, summarized in part below.^a Concentrated poverty may:

Discourage private-sector investment and raises prices for goods and services. High concentrations of low-income households in an area make the community less attractive to private investors and employers, which can lead to a lack of local job opportunities and may ultimately create a “spatial mismatch” between low-income residents and employment centers.^b Moreover, lack of business competition in poor neighborhoods can lead to residents paying more for basic goods and services—like food, car insurance, utilities, and financial services—than families in middle-income neighborhoods.^c

Hinder educational opportunity. Children in economically distressed communities generally attend neighborhood schools where nearly all the students are poor and at greater risk of failure, as measured by standardized tests.^d Their lower performance stems not just from family background but also from the negative effects high-poverty neighborhoods bring to bear on school processes and quality.^e

Contribute to higher crime rates and negative health outcomes. High-poverty inner-city neighborhoods exhibit higher crime rates, particularly for violent crimes.^f High crime rates, coupled with dilapidated housing stock and the stress and marginalization of poverty, contribute to poor physical and mental health outcomes, such as higher incidences of asthma, depression, diabetes, and heart ailments among residents of high-poverty communities.^g

Inhibit wealth building. While many residents of high-poverty neighborhoods own their home, neighborhood conditions in these areas can lead to the devaluation of those assets, denying them the ability to accumulate wealth through house-price appreciation.^h Recent research shows that the presence of high-poverty neighborhoods within metropolitan areas depresses values for owner-occupied properties in those areas by 13 percent.ⁱ

Generate higher costs for local government. The concentration of poverty—resulting in elevated welfare case loads, high rates of indigent patients at hospitals and clinics, and the need for extra policing—burdens the fiscal capacity of local governments and can divert resources from the provision of other public goods, which in turn, can lead to higher taxes for local businesses and non-poor residents.^j

a For a more detailed review of this literature, see “Concentrated Poverty: Observations from Communities Across the United States,” a new study from the Federal Reserve System and the Brookings Institution; and Alan Berube and Bruce Katz, “Katrina’s Window: Confronting Concentrated Poverty Across America” (Washington: Brookings Institution, 2005).

b Keith Ihlanfeldt and David Sjoquist, “The Spatial Mismatch Hypothesis: A Review of Recent Studies and Their Implications for Welfare Reform.” *Housing Policy Debate* 9 (4) (1998): 849-92.

c Matthew Fellowes, “From Poverty, Opportunity: Putting the Market to Work for Lower-Income Families” (Washington: Brookings Institution, 2006).

d Century Foundation Task Force on the Common School, *Divided We Fall: Coming Together Through Public School Choice* (New York: Century Foundation Press, 2002).

e Ruth Lupton, “Schools in Disadvantaged Areas: Recognising Context and Raising Quality” (London: Centre for the Analysis of Social Exclusion, 2004).

f Ingrid Gould Ellen and Margery Austin Turner, “Does Neighborhood Matter? Assessing Recent Evidence,” *Housing Policy Debate* 8 (4) (1997): 833-66.

g See, e.g., Deborah Cohen and others, “Neighborhood Physical Conditions and Health,” *Journal of American Public Health* 93 (3) (2003): 467-71.

h David Rusk, “The Segregation Tax: The Cost of Racial Segregation to Black Homeowners” (Washington: Brookings Institution, 2001).

i George Galster, Jackie Cutsinger, and Ron Malega, “The Costs of Concentrated Poverty: Neighborhood Property Markets and the Dynamics of Decline,” in N. Retsinas and E. Belsky, eds., *Revisiting Rental Housing: Policies, Programs, and Priorities* (Washington: Brookings Institution, 2008).

j Janet Rothenberg Pack, “Poverty and Urban Public Expenditures,” *Urban Studies* 35 (11) (1998): 1995-2019.

Table 1. Federal Poverty Thresholds and EITC Income Limits*, 1999 and 2005

1999	100% of Poverty		200% of Poverty		EITC	
	Single	Married	Single	Married	Single	Married
	No Children	8,667	11,156	17,334	22,312	10,200
One Child	11,483	13,410	22,966	26,820	26,928	26,928
Two Children	13,423	16,895	26,846	33,790	30,580	30,580

2005	100% of Poverty		200% of Poverty		EITC	
	Single	Married	Single	Married	Single	Married
	No Children	10,160	13,078	20,320	26,156	11,750
One Child	13,461	15,720	26,922	31,440	31,030	33,030
Two Children	15,735	19,806	31,470	39,612	35,263	37,263

*Income amounts are in nominal dollars
Sources: U.S. Census Bureau, Housing and Household Economic Statistics Division; IRS

Measuring the Low-Income Population: Poverty versus EITC Receipt

The EITC is a refundable tax credit for low-income workers, meaning that filers with little or no tax liability receive the credit in the form of a refund. The size of the credit a worker receives depends on a number of factors, including total earned income, marriage status, and whether the worker has children. The EITC phases in as earnings increase, levels off at the maximum credit amount, and eventually phases out as earnings continue to rise. Workers with children are subject to the highest income eligibility thresholds.

While many poor families benefit from the EITC, a number of factors distinguish the EITC eligibility parameters from the federal poverty measure.

Income Thresholds

Compared to the 1999 poverty thresholds—the year for which poverty is determined in Census 2000—EITC income parameters for tax year (TY) 1999 extend farther up the income scale (Table 1). In TY 1999, the maximum income at which tax filers were eligible for the EITC ranged from 91 percent of the federal poverty threshold (married couples without children) to roughly 230 percent of the federal poverty threshold (single filers with children). Though eligibility extends to some families with incomes above twice the poverty line, in practice the bulk of EITC recipients have incomes below 150 percent of the federal poverty level; more than 77 percent of EITC recipients in TY 1999 had incomes below \$20,000.⁸

Moreover, the fact that the EITC population includes families living somewhat above poverty may recommend it as a measure of the economically disadvantaged population, particularly for the major metropolitan areas included in this assessment. In light of the well-documented limitations of the current federal poverty measure, several recent studies in the poverty field have opted to use multiples of the federal poverty thresholds, such as 150 or 200 percent of poverty, as a more accurate reflection of the low-income population.⁹

Work Requirement

The EITC contains a built-in work requirement in that an individual must have *earned* income to claim the credit. This means that the EITC measure does not capture the segment of the poor population that does not work, including the extremely poor who face barriers to work or are hard to employ.¹⁰ At the same time, a greater share of the poor population works now than at the start of this decade, and these workers generally qualify for the EITC. In 2000, 59 percent of poor families had at least one par-

ent or spouse who worked, and 39 percent of unrelated poor individuals worked.¹¹ By the middle of the decade, those shares increased to 63 percent for poor families and 44 percent of poor individuals.¹² In addition, because this report focuses on the geographic distribution of those receiving the EITC, the EITC measure and census-based measures will reflect a broadly similar set of high-poverty areas to the extent that low-income working and low-income non-working families and individuals live in similar neighborhoods.

Nevertheless, recognizing that any EITC-based measure of economic disadvantage excludes the non-working poor, throughout this assessment we refer to the EITC population alternatively as the *low-income working population* and the *working poor*. Elsewhere in the literature, researchers have chosen to use a multiple of the federal poverty level and a minimum hours worked requirement to identify the “working poor.” While the EITC does not impose a requirement on minimum hours worked, the built-in general work requirement and income eligibility thresholds put our EITC-based measure of economic disadvantage in-line with these broader definitions of working poverty.¹³

Data Sources

The incidence of high-poverty neighborhoods is measured using decennial census data on the total population for whom poverty status has been determined.¹⁴ For 2000, these data come from the long-form census questionnaire, which surveys a roughly one-in-six sample of the U.S. population, the results of which are weighted to represent the entire U.S. population. Receipt of the EITC is measured using tax return data from the IRS’ Stakeholder Partnerships, Education, and Communications (SPEC) division. These annual administrative data are compiled from all federal individual income tax returns and include information on the number of filers receiving the EITC.

Tax filing units often comprise more than one individual, and most often contain members of the same family. For instance, a married couple with two children files one tax return to claim the EITC. Poverty, by contrast, is measured at the individual level; the poverty rate represents the percentage of all people living in families who have incomes below the applicable poverty threshold.¹⁵ To the extent that larger working families are more likely to have low incomes, the EITC-based measure may tend to understate the true incidence of economic disadvantage.¹⁶

Geographic Unit of Analysis

IRS’ SPEC division aggregates tax return information to the ZIP code-level—the smallest unit of geography for which the IRS releases data. ZIP codes tend to be larger than census tracts in both population and area.¹⁷

How closely do communities with high rates of EITC receipt correspond to neighborhoods with high rates of poverty? Comparisons of 1999 IRS and census data reveal that areas with high concentrations of EITC recipients largely coincide with areas of high poverty across the country. Nationally, the average poverty rate of census tracts that fell within ZIP codes experiencing high rates of EITC receipt—where at least 40 percent of tax filers receive the credit—was 34.2 percent in 1999.¹⁸ This implies that high-EITC-receipt ZIP codes slightly over-bound high-poverty neighborhoods, where at least 40 percent of the population lives below the poverty line. Yet in specific cities and metro areas, such ZIP codes may also under-bound areas of high poverty. For instance, a census tract with a very high poverty rate surrounded by neighborhoods of more moderate poverty may not exhibit a high rate of EITC receipt at the ZIP code level.

Changes in the EITC

While the 1999 high-EITC-receipt ZIP codes correspond closely to high-poverty neighborhoods in that year, certain adjustments were made to the EITC over the first half of the decade that should be noted. In 2001, the EITC eligibility thresholds were revised to relieve the so-called “marriage penalty” for couples filing jointly. Specifically, the phase-out thresholds for married couples were adjusted to begin and end \$1,000 after the thresholds for single filers, and that amount was increased to \$2,000 by TY 2005

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(Table 1). Married couples filing jointly accounted for 23.3 percent of EITC recipients in TY 1999, and they made up a similar percentage of EITC filers—23.7 percent—in TY 2005. Even with this expansion of the credit, by and large EITC recipients in TY 2005 still had incomes below 150 percent of the poverty level; more than 81 percent of EITC filers had incomes below \$25,000 in TY 2005.¹⁹

Over this time period the IRS also enacted several measures to improve the administration of the EITC and reduce erroneous claims. For instance, in 2004 the IRS more closely aligned the different definitions of qualifying child used in various parts of the tax code. In addition, the IRS has implemented a number of screening mechanisms to identify questionable EITC claims, whether the filer may be incorrectly claiming a child or under-reporting income.²⁰ Thus, the net effect of changes in law and administration regarding the EITC on the percentage of filers claiming the credit is ambiguous, and almost certainly smaller than the impact of larger economic and demographic trends that influence eligibility for the credit (Box 2).

Measuring Concentrated Working Poverty

As previously noted, the concentrated poverty literature generally identifies *high-poverty neighborhoods* as census tracts where at least 40 percent of residents are considered poor according to the federal poverty thresholds.²¹ In keeping with the established measure, this assessment adopts a 40-percent threshold to identify the incidence of *high-EITC-receipt* ZIP codes in tax years 1999 and 2005.²² These are ZIP codes in which 40 percent or more of all tax filers receive the EITC in the relevant tax year. High-EITC-receipt ZIP codes are also referred to as *high-working-poverty communities* or *areas* in this analysis.²³

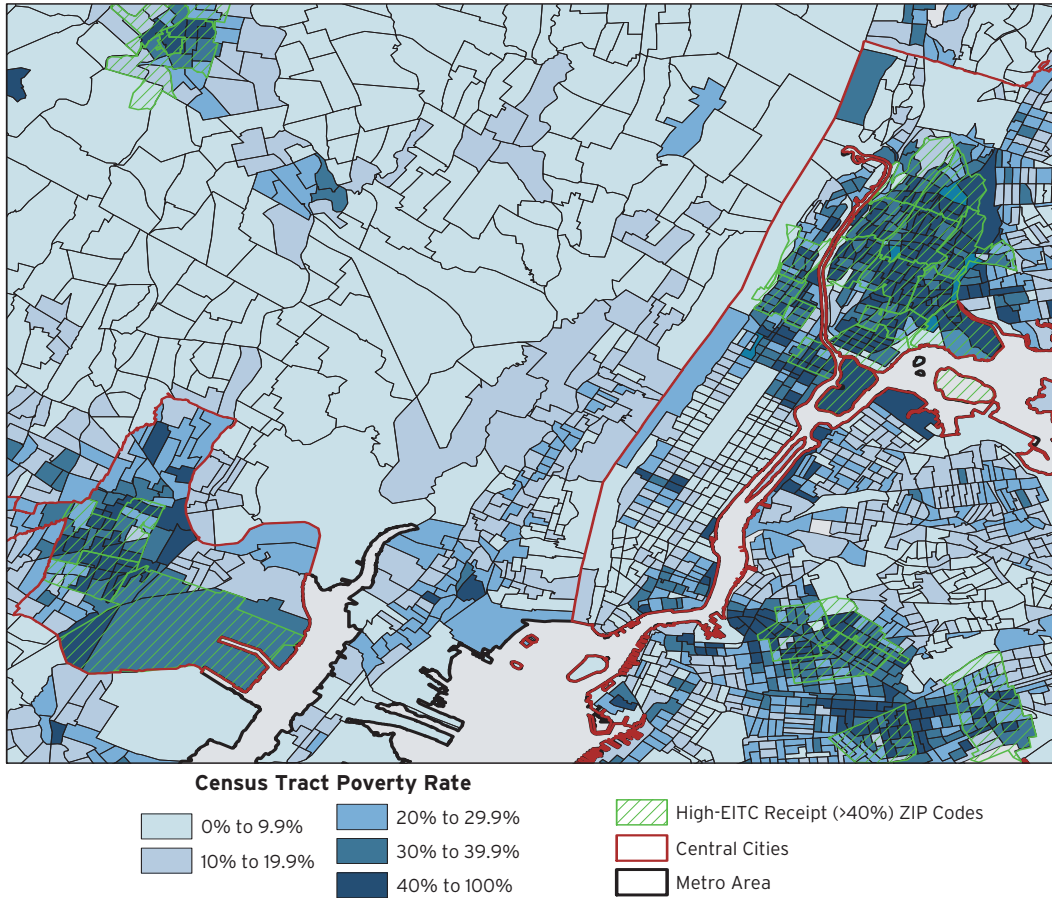
In addition to changes in the number of high-EITC-receipt ZIP codes and the total number of tax filers living in these areas, the paper also assesses trends in the *concentration of working poverty*—defined as the share of EITC recipients living in high-EITC-receipt ZIP codes.

To assess these trends across major metropolitan areas, ZIP code-level IRS data are aggregated to create metropolitan area totals.²⁴ Because ZIP code boundaries often do not align with metropolitan areas, this assessment uses a combination of GIS (Geographic Information Systems) mapping and statistical software to allocate ZIP codes that cross metro boundaries. Data for overlapping ZIP codes are apportioned, or “split”, based on the distribution of the ZIP code’s 2000 census block population. IRS data for ZIP codes and partial ZIP codes that fall within metropolitan area boundaries are aggregated to produce metro area totals.²⁵

The metropolitan areas included in this study exhibit a high degree of overlap between neighborhoods of high poverty (measured using decennial census data) and communities of high working poverty (measured using IRS data) in 2000. To that end, these metro areas meet three selection criteria. First, the metro area must be among the 100 largest metropolitan areas in the country, based on 2005 employment figures.²⁶ Second, the metro area’s high-poverty census tracts and high-EITC-receipt ZIP codes in 1999 must overlap to some extent. This analysis uses GIS mapping software to compare the geographic overlap of high-poverty census tracts in 2000 with high-EITC-receipt ZIP codes in TY 1999 (Map 1). Metro areas where identified tracts and ZIP codes do not overlap are excluded from the analysis.²⁷ Finally, this assessment compares the magnitudes of the concentrated poverty rate based on Census 2000 data and the TY 1999 concentrated working poverty rate. Because the EITC-based and census-based measures aim to identify similar phenomena, the metro area’s *concentrated working poverty* rate must fall within 10 percentage points of its *concentrated poverty rate* to be included in the analysis.

Based on the selection criteria, this analysis includes 58 major metropolitan areas (see Appendix A for the complete list of geographies). For these 58 metros, the census tracts that fall within TY 1999 high-EITC-receipt ZIP codes have an average poverty rate of 35.2 percent.²⁸ These 58 metro areas represented 50 percent of the total U.S. population, 46 percent of the population in poverty, and were home to half of all U.S. taxpayers and 48 percent of all EITC recipients in TY 2005.²⁹

Map 1. Comparison of High-Poverty Census Tracts and High-EITC Receipt ZIP Codes in the New York Metropolitan Area, 1999



Source: Brookings Institution analysis of IRS and Census 2000 data

Finally, within the 58 metro areas, the paper explores central city and suburban trends in high-EITC-receipt areas and concentrated working poverty.³⁰ Applying the ZIP code allocation methods described above, IRS data for ZIP codes that cross central city and suburban boundaries are allocated according to the ZIP code's distribution of 2000 census block population. This allocation does not alter the share of filers receiving the EITC in each portion of the split ZIP code; a high-EITC-receipt ZIP code that crosses geography types is counted in the both the central city and suburban analyses.³¹

Box 2. Changes in Working Poverty or Changes in Program Participation?

While the EITC exhibits a high rate of participation among eligible workers and families, particularly when compared to other means-tested federal programs, research has found that between 15 and 25 percent of eligible workers do not claim the credit.^a Both the number of eligible workers who fail to claim the EITC and the number of filers who claim the credit in error together affect the overall share of taxpayers who access the EITC.^b

Using data on EITC receipt to track changes in the spatial concentrations of the low-income population raises a methodological question: has the EITC's participation rate changed significantly between 1999 and 2005? The possibility that a significant shift in program participation could affect the results reported here raises a few questions that are addressed below.

Did a decrease in public assistance usage lead to an increase in EITC claims between 1999 and 2005? Declining welfare caseloads could have caused EITC receipt to increase as more people left welfare for work. Yet the data do not suggest a strong relationship between the changing rates of public assistance and EITC receipt. For the 58 metro areas included in this analysis, the change in the share of households claiming public assistance over this time period shows a relatively weak, positive correlation with changes in the rate of EITC receipt (0.3).^c

Compared to 1999, did low-income tax filers make up a larger share of the tax filing population in 2005? If EITC receipt rose largely as the result of new taxpayers eligible for the EITC filing income taxes for the first time, we might expect to see an increase in the share of income tax filers who had low adjusted gross incomes. As a percentage of total tax returns, low-income taxpayers remained a stable share of the tax filing population. In 1999, tax filers with AGIs below \$20,000 (\$23,445 in 2005 dollars) made up 40.3 percent of all returns. Filers with incomes below \$23,445 in 2005 made up 40.7 percent of all returns.^d

Is there a relationship between increased outreach efforts around the EITC and the concentrated working poverty measure? Over the first half of the 2000s, many communities around the country began concerted outreach efforts around the EITC to inform eligible low-income families of the tax benefits that were available to them, and to help them access free tax assistance to claim the EITC and other credits.^e Analysis suggests that any increases in EITC participation that may have occurred as a result of these efforts did not systematically influence the concentrated working poverty measure. For the 58 metro areas in this assessment, the correlation between the change in share of EITC returns prepared by volunteers at the metro level and the change in the concentrated working poverty rate between TY 1999 and TY 2005 was only 0.2.^f

These measures together suggest that the changes in EITC receipt shown in this report are largely attributable to changes in eligibility for the credit stemming from demographic and economic changes, rather than changes in the share of eligible filers who claimed the credit.

a. Government Accountability Office, "Means-Tested Programs: Information on Program Access Can Be an Important Management Tool" GAO-05-221 (Washington, 2005); Government Accountability Office, "Earned Income Tax Credit Eligibility and Parameters." GAO-02-290R (Washington, 2001); Internal Revenue Service, "Participation in the Earned Income Tax Credit Program for Tax Year 1996" (Washington, 2002).

b. For more information on challenges of determining an accurate EITC participation rate, see Alan Berube, "Earned Income Credit Participation—What We (Don't) Know" (Washington: Brookings Institution, 2005).

c. Brookings Institution analysis of American Community Survey and IRS data.

d. Brookings Institution analysis of IRS data. Proportion for 2005 derived through linear interpolation of categorical data between \$20,000 and \$25,000 of AGI.

e. For a description of these increased outreach efforts, see Alan Berube, "Background on EITC Campaigns." Presentation to EITC Funders Network, Chicago, IL, June 21, 2004.

f. Brookings Institution analysis of IRS data.

III. Findings

A. The number of tax filers nationwide living in areas with high rates of working poverty increased by 40 percent, or 1.6 million filers, between tax years 1999 and 2005.

The economic downturn at the beginning of this decade, coupled with a sluggish recovery, slowed, and in many cases, reversed the positive gains made by low-income families during the 1990s.³² By mid-decade, 38.8 million people lived in poverty—4.9 million more than in 1999, a 14.3 percent increase. The poverty rate climbed to 13.3 percent, exceeding both the 1999 and 1989 rates of 12.4 percent and 13.1 percent, respectively.³³

Over the same time period, working poverty—as measured by EITC receipt—followed similar upward trends. By TY 2005, 16.9 percent of tax filers claimed the EITC compared to 14.9 percent in TY 1999. The total number of EITC filers increased 18.7 percent from 18.6 million to 22.1 million over the first half of the decade.³⁴

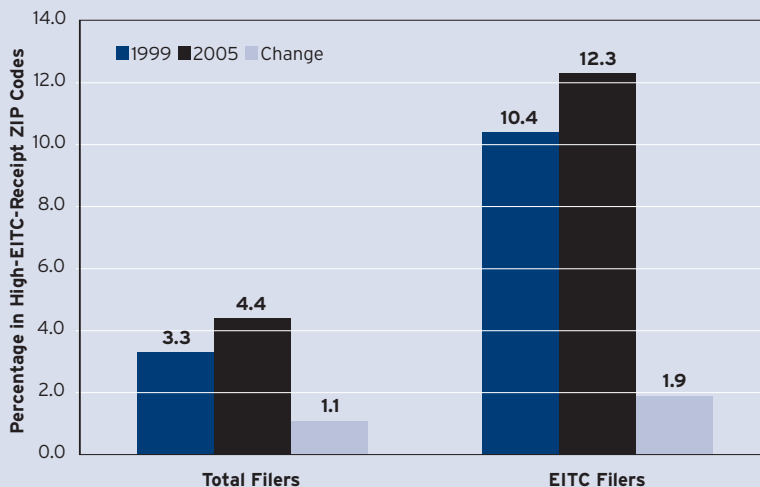
Accompanying the overall rise in working poverty, the total population living in high-working-poverty communities increased as well. Nationally, the number of areas with high rates of working poverty—defined as ZIP codes where at least 40 percent of tax filers claimed the EITC—increased 29 percent, from 980 in TY 1999 to 1,263 in TY 2005 (Table 2). At the same time, the total number of tax filers in high-EITC-receipt ZIP codes rose 40 percent to 5.6 million in TY 2005. The share of all tax filers living in these communities also increased from 3.3 percent in TY 1999 to 4.4 percent in TY 2005 (Figure 1).³⁵

Table 2. Total Filers and EITC Recipients in High-EITC-Receipt ZIP Codes, TY 1999 and TY 2005

High-EITC-Receipt ZIP Codes	1999	2005	Difference	% Change
Total Filers	4,006,328	5,610,704	1,604,376	40.0
EITC Filers	1,866,980	2,632,921	765,942	41.0
Number of ZIP Codes	980	1,263	283	28.9

*High-EITC-Receipt ZIP codes have at least 40 percent of tax filers receiving the EITC
Source: Brookings Institution analysis of IRS data*

Figure 1. Share of Total Filers and EITC Recipients in High-EITC-Receipt ZIP Codes, TY 1999 and TY 2005



*High-EITC-Receipt ZIP codes have at least 40 percent of tax filers receiving the EITC
Source: Brookings Institution analysis of IRS data*

The increases in the low-income working population over the first half of the decade also coincided with an increase in the spatial concentration of working poverty. In TY 2005, over 2.6 million EITC filers lived in high-working-poverty areas, up from less than 1.9 million in TY 1999. That 41 percent increase was more than double the percentage rise in the total number of EITC recipients over the first half of the decade. As a result, EITC filers became more concentrated in high-working-poverty communities between 1999 and 2005. In TY 2005, 12.3 percent of EITC filers lived in high-EITC-receipt ZIP codes, an increase of nearly 2 percentage points over TY 1999.³⁶

These changing concentrations suggest that, as rates of EITC receipt rose nationally between TY 1999 and TY 2005, the increases did not occur evenly or at the same rate across communities. While the overall rate of EITC receipt rose in most communities, it tended to rise faster in communities with already-high rates of working poverty.³⁷ Thus, the rise in concentrated working poverty over the first half of the 2000s does not necessarily reflect a large-scale re-clustering of low-income people into low-income communities. Rather, it mostly signals that already low-income areas were disproportionately affected by recent negative economic trends, just as they made disproportionate gains during the prior decade's economic boom.

B. Among 58 large metropolitan areas, rates of concentrated working poverty (the share of EITC filers living in high-working-poverty communities) rose in 34 over the first half of the decade, while 24 showed declines.

Jargowsky found that trends in the concentration of poverty over the 1970s and 1980s and the de-concentration of poverty over the 1990s varied widely across different regions of the country, with changes in neighborhood poverty appearing to correspond closely to broader economic conditions at the metropolitan level.³⁸ Trends since 2000 in 58 large metro areas suggest similar variation beneath the national trend of increasing concentrated working poverty.

In the aggregate, the 58 metro areas in this assessment followed national trends, with increases in the number of high-EITC-receipt ZIP codes, the total population living in these areas, and the number of low-income working families living there as well. Between TY 1999 and TY 2005, the number of filers receiving the EITC in the 58 metro areas increased by 21 percent to 10.3 million. As the EITC population grew, the number of ZIP codes with high rates of EITC receipt increased by 73.³⁹ Total tax filers and EITC recipients living in high-working-poverty areas increased by 39 percent; almost 3 million tax filers (4.6 percent) and 1.4 million EITC filers (13.3 percent) in these 58 metro areas lived in high-EITC-receipt ZIP codes in TY 2005.⁴⁰

Concentrated working poverty rates in 2005 varied widely among the 58 metro areas (Table 3). In 2005, fully 30 percent of Fresno's EITC filers lived in areas of high working poverty, and nine other metro areas, including New York, St. Louis, and Augusta-Richmond County, had concentrated poverty rates of at least 20 percent. At the other end of the spectrum, metro areas like Minneapolis-St. Paul and Hartford trailed 10 percentage points or more behind the 58-metro area average of 13.3 percent. Three metro areas—Sacramento, San Diego, and Washington D.C.—contained no high-EITC-receipt ZIP codes in 2005, and thus had concentrated working poverty rates of zero.

Wide variation exists among trends in the individual metro areas over this time period as well (Map 2). Between TY 1999 and TY 2005, 34 of the 58 metro areas saw increases in their concentrated working poverty rates, while 24 metros experienced decreases. Table 4 shows the metro areas experiencing the greatest increases and decreases in concentrated working poverty over the first half of the decade (results for all 58 metro areas are reported in Appendix A).

A range of factors may influence a metro area's concentrated working poverty rate over time, including changing population and economic dynamics. Where increases occur, they may result from one or more communities crossing the 40-percent threshold for EITC receipt, thereby increasing the number of EITC recipients living in high-working-poverty communities. Alternatively, if the number of EITC filers in an-already high-working-poverty area increases at a faster rate than the total filer population, or the total filer count decreases faster than the EITC population, this, too, may lead the concentrated working poverty rate to increase.

Each of the metro areas that experienced the largest increases in their concentrated working poverty rates added at least one high-EITC-receipt ZIP code. For the most part, these ZIP codes had

Table 3. Top and Bottom Metro Areas by Concentrated Working Poverty Rate, TY 2005

<i>Highest Rates of Concentrated Working Poverty</i>			
Metro Areas	EITC Filers	EITC Filers in High-EITC-Receipt ZIP Codes	Concentrated Working Poverty Rate
Fresno, CA	83,521	25,080	30.0%
Augusta-Richmond County, GA-SC	55,897	16,377	29.3%
Detroit-Warren-Livonia, MI	283,786	77,910	27.5%
Miami-Fort Lauderdale-Miami Beach, FL	540,922	144,651	26.7%
Philadelphia-Camden-Wilmington, PA-NJ-DE	361,121	92,029	25.5%
St. Louis, MO-IL	190,734	41,231	21.6%
Cleveland-Elyria-Mentor, OH	147,331	31,670	21.5%
Rochester, NY	68,080	14,280	21.0%
New York-Northern New Jersey-Long Island, NY-NJ-PA	1,350,427	271,281	20.1%
Allentown-Bethlehem-Easton, PA-NJ	45,106	8,827	19.6%
<i>Lowest Rates of Concentrated Working Poverty</i>			
Metro Areas	EITC Filers	EITC Filers in High-EITC-Receipt ZIP Codes	Concentrated Working Poverty Rate
Sacramento-Arden-Arcade-Roseville, CA	111,691	0	0.0%
San Diego-Carlsbad-San Marcos, CA	171,197	0	0.0%
Washington-Arlington-Alexandria, DC-VA-MD	261,486	0	0.0%
Trenton-Ewing, NJ	18,977	144	0.8%
Phoenix-Mesa-Scottsdale, AZ	219,620	2,101	1.0%
Raleigh-Cary, NC	57,798	985	1.7%
Knoxville, TN	47,299	923	2.0%
Nashville-Davidson-Murfreesboro, TN	107,676	2,687	2.5%
Hartford-West Hartford-East Hartford, CT	55,717	1,804	3.2%
Minneapolis-St. Paul-Bloomington, MN-WI	140,215	4,720	3.4%
58 Metro Area Total	10,280,398	1,364,262	13.3%

Concentrated working poverty rate reflects proportion of EITC recipients in high-EITC-receipt ZIP codes
Source: Brookings Institution analysis of IRS data

rates of EITC receipt above 35 percent in TY 1999, and they crossed the 40 percent threshold by TY 2005. The Miami metro area showed a net gain of six high-EITC-receipt ZIP codes between 1999 and 2005. Each of the ZIP codes that crossed the 40-percent threshold already had rates of EITC receipt above 35 percent in 1999. Together, these six ZIP codes accounted for more than 49,000 of the additional 59,000 EITC filers living in high-working-poverty areas in the Miami metro area in 2005.

In contrast, other metro areas experienced increases in concentrated working poverty amid declines in their total tax filers, either at a faster rate than the decline in EITC filers, or even as EITC recipients continued to increase. The Detroit, Rochester, and Cleveland metro areas each exhibited these trends. All are older industrial economies that were particularly hard hit by the economic difficulties over the first half of the decade.⁴¹ Each experienced metro-wide increases in poverty and working poverty in the early 2000s, and as certain parts of these metro areas lost population (particularly their central cities), the working poor that were left behind became more concentrated in high-working-poverty communities. Map 3 shows the changes in the rate of EITC receipt at the ZIP-code level in the Detroit region. Overall, the Detroit metro area showed a net gain of 11

Table 4. Top and Bottom Metro Areas by Change in Concentrated Working Poverty Rate, TY 1999 to TY 2005

<i>Greatest Increases in Concentrated Working Poverty</i>					
	2005	1999 to 2005 Change in			
Metro Areas	Concentrated Working Poverty Rate	Concentrated Working Poverty Rate	High-EITC-Receipt ZIP Codes	Total Filers in High-EITC ZIP Codes	EITC Recipients in High-EITC ZIP Codes
Allentown-Bethlehem-Easton, PA-NJ	19.6%	18.2%	1	18,943	8,387
Detroit-Warren-Livonia, MI	27.5%	16.1%	11	114,075	51,963
Augusta-Richmond County, GA-SC	29.3%	14.8%	4	23,896	9,821
Rochester, NY	21.0%	13.2%	3	21,259	9,894
Columbia, SC	11.9%	11.2%	3	17,165	7,211
Philadelphia-Camden-Wilmington, PA-NJ-DE	25.5%	10.4%	6	101,313	45,257
Little Rock-North Little Rock, AR	14.0%	8.4%	1	11,747	5,467
Toledo, OH	11.5%	7.7%	3	8,564	3,756
Cleveland-Elyria-Mentor, OH	21.5%	7.2%	3	29,048	13,742
Miami-Fort Lauderdale-Miami Beach, FL	26.7%	7.0%	6	136,026	59,059
<i>Greatest Decreases in Concentrated Working Poverty</i>					
	2005	1999 to 2005 Change in			
Metro Areas	Concentrated Working Poverty Rate	Concentrated Working Poverty Rate	High-EITC-Receipt ZIP Codes	Total Filers in High-EITC ZIP Codes	EITC Recipients in High-EITC ZIP Codes
Los Angeles-Long Beach-Santa Ana, CA	8.3%	-9.3%	-14	-176,841	-81,070
Phoenix-Mesa-Scottsdale, AZ	1.0%	-4.6%	-4	-16,943	-7,404
Fresno, CA	30.0%	-4.3%	-4	28	-2,230
San Diego-Carlsbad-San Marcos, CA	0%	-3.8%	-2	-14,532	-6,181
Cape Coral-Fort Myers, FL	9.7%	-3.1%	0	695	289
Jacksonville, FL	13.5%	-3.1%	1	-1,685	356
Charlotte-Gastonia-Concord, NC-SC	7.3%	-3.1%	0	-3,040	-176
Tulsa, OK	10.0%	-2.9%	0	-2,322	-499
Cincinnati-Middletown, OH-KY-IN	4.6%	-2.7%	0	-4,237	-1,958
Washington-Arlington-Alexandria, DC-VA-MD	0.0%	-2.3%	-1	-12,032	-5,253
58 Metro Area Total	13.3%	1.7%	73	831,568	382,454

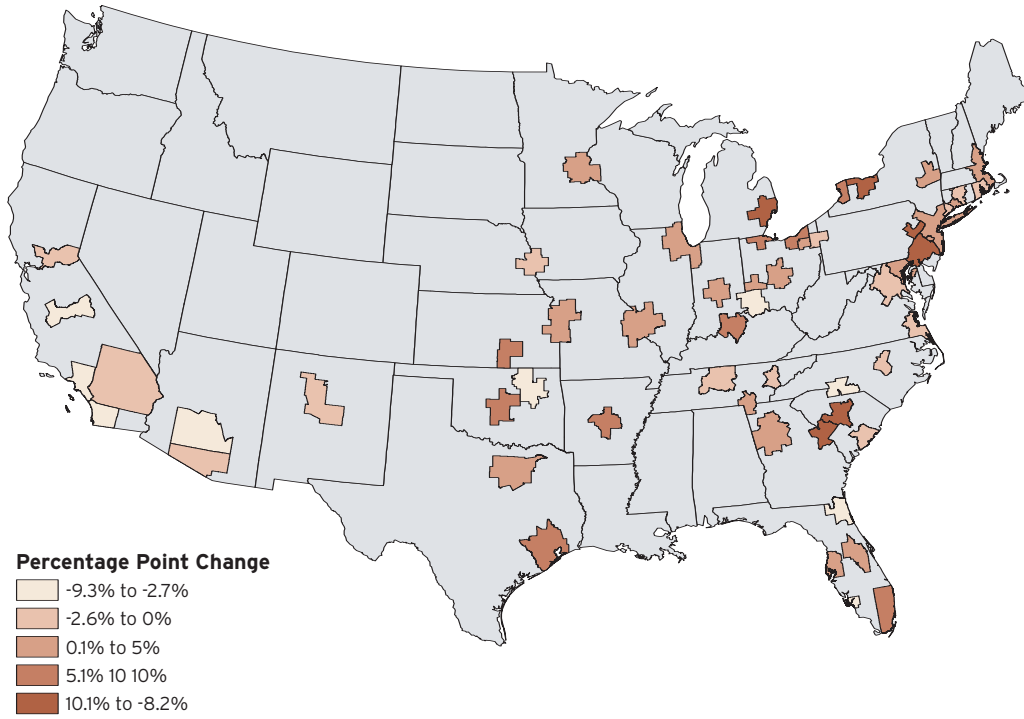
*Concentrated working poverty rate reflects proportion of EITC recipients in high-EITC-receipt ZIP codes
Source: Brookings Institution analysis of IRS data*

high-EITC-receipt ZIP codes in TY 2005, with 10 of those located in the city of Detroit alone. But as Map 3 illustrates, several other areas crossed the 10 percent, 20 percent, and even 30 percent thresholds over this time period, revealing a broader trend in the growth of working poverty throughout the region.

Economic and social conditions in a community where 35 percent of tax filers receive the EITC may not differ greatly from those in a community where 40 percent receive the credit. Yet the increasing incidence of high-working-poverty areas, and increases in working-poor individuals and families living within them, nonetheless signal that economic disadvantage appears to be concentrating—or re-concentrating—in many metro areas this decade. That trend may imply particular problems for communities experiencing wider population loss, such as those in Detroit, Rochester, and Cleveland. Many of these same communities are today buffeted by rising home foreclosures in the wake of a faltering subprime mortgage market.⁴²

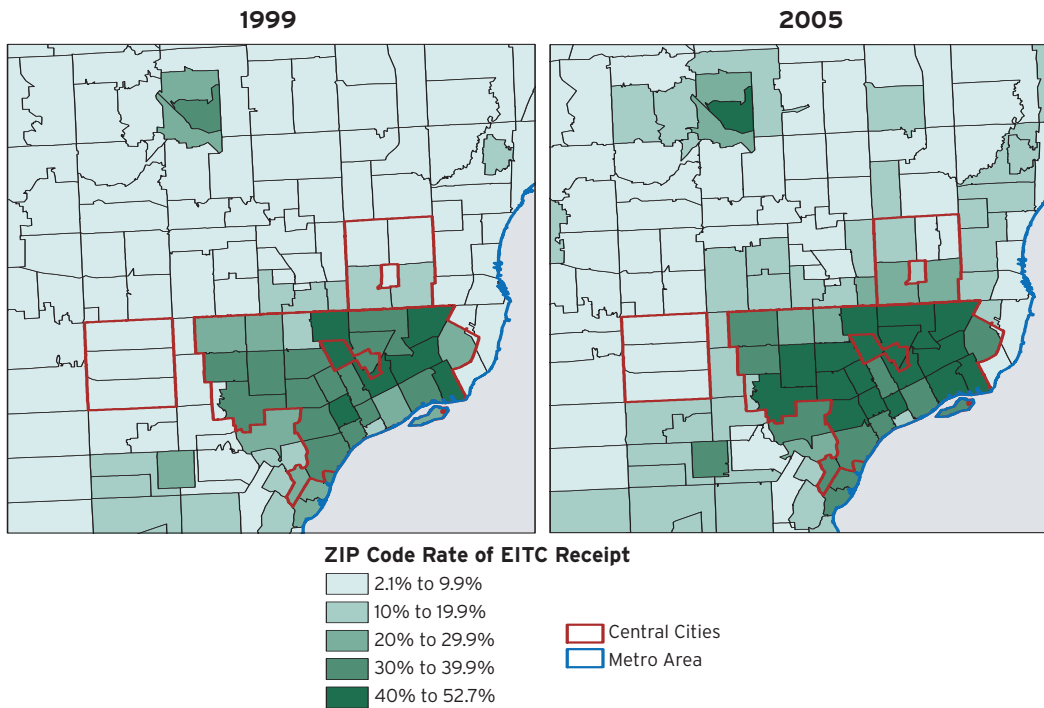
On the other side of the ledger, the metro areas experiencing declines in concentrated working poverty were of two types. Southern metros on the list such as Cape Coral, Tulsa, and Charlotte, as

Map 2. Change in Concentrated Working Poverty Rate, 58 Metros Areas, TY 1999 to TY 2005



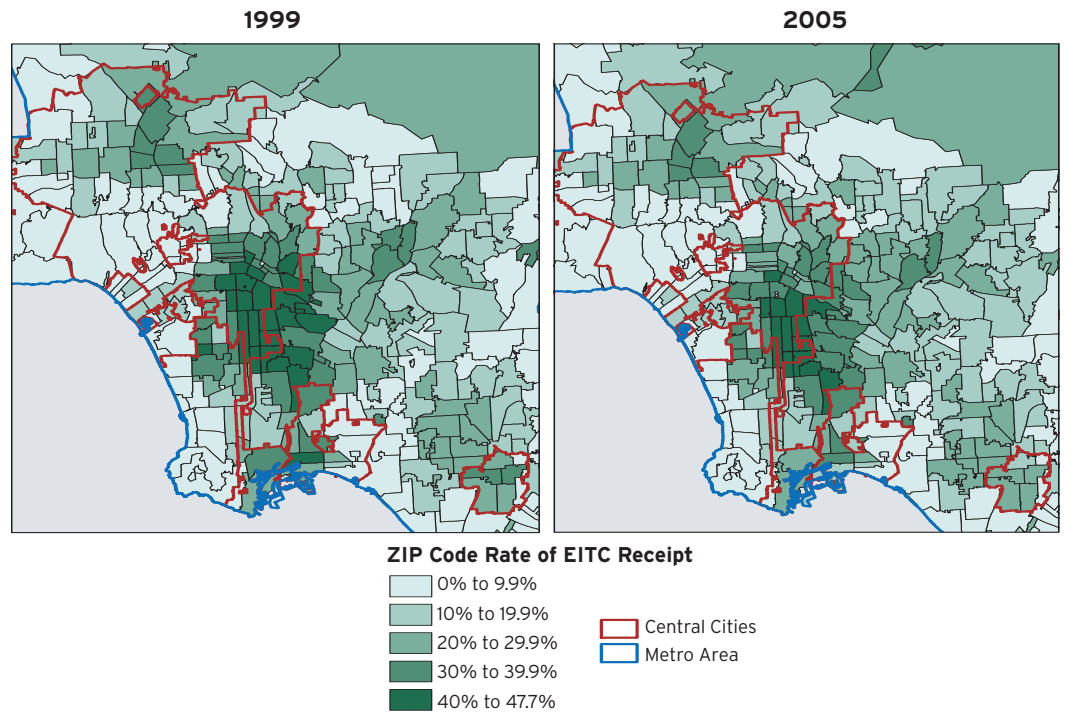
Source: Brookings Institution analysis of IRS data

Map 3. ZIP Code Rate of EITC Receipt, Metropolitan Detroit, Tax Years 1999 and 2005



Source: Brookings Institution analysis of IRS data

Map 4. ZIP Code Rate of EITC Receipt, Metropolitan Los Angeles, Tax Years 1999 and 2005



Source: Brookings Institution analysis of IRS data

well as Cincinnati in the Midwest, exemplify one type. Each of these metro areas experienced increases in the overall share of their taxpayers receiving the EITC. Unlike in Detroit, however, those increases were shared in communities across the metro area. While the number of high-working-poverty communities in these metro areas remained stable during the first half of the decade, the number of EITC recipients living in those communities either declined or rose at a slower rate than elsewhere in the metro area, leading to an overall decrease in the concentration of working poverty.

The Western metro areas on the decreasing list represent a second type of underlying trend. These areas experienced net declines in the incidence of high-working-poverty areas. In the Los Angeles metro area, for instance, total tax filers grew at a faster rate than EITC recipients (5.7 percent versus 3.0 percent), leading to a region-wide decrease in the rate of working poverty, and a net decrease of 14 high-working-poverty ZIP codes. As Map 4 illustrates, while the number of high-working-poverty communities declined, the number of ZIP codes above the 10 and 20 percent thresholds to the northeast of the city of Los Angeles increased, suggesting some shifting of the working poor population within the metro area. Communities that dropped below the 40 percent threshold continued to have rates of EITC receipt exceeding 30 percent. Phoenix, Fresno, and San Diego figured among the other Western metro areas that experienced significant declines in concentrated working poverty during this period.⁴³

Amid a nationwide increase in the incidence of high-working-poverty communities, and the concentration of low-income working families within these communities, these results suggest that different areas of the country fared quite differently on measures of concentrated working poverty over the first half of the 2000s. The divergence in these trends is evident in a selection of the case-study communities profiled in a new Federal Reserve/Brookings Institution study on concentrated poverty (Box 3). The next section turns to the patterns and possible sources of this regional variation.

Box 3. Case Studies in Concentrated Poverty

To better understand the challenges faced by people and communities experiencing concentrated poverty, the Federal Reserve Bank and the Brookings Institution partnered to profile a diverse selection of 16 high-poverty communities across the country in a joint study entitled “Concentrated Poverty: Observations from Communities Across the United States”. Four of the case-study communities are located in metro areas highlighted in this report for experiencing among the greatest increases and decreases in concentrated working poverty from TY 1999 to TY 2005. Exploring the trends within these neighborhoods helps shed light on the local dynamics that shape changes in the concentration of the working poor, and demonstrates that concentrated working poverty can rise even as total EITC recipients decline, or it can drop even as total EITC recipients increase.^a

Table A. Total Filers and EITC Receipt, Tax Years 1999 and 2005, Selected Case-Study Communities from Federal Reserve-Brookings report

Case-Study Community	Total Filers			EITC Filers			% EITC Recipients		
	TY 1999	TY 2005	% Change	TY 1999	TY 2005	% Change	TY 1999	TY 2005	Difference
Central–Cleveland, OH	21,229	17,767	-16.3%	10,601	9,836	-7.2%	49.9%	55.4%	5.4%
Northern Crescent–Rochester, NY	47,659	44,272	-7.1%	12,844	14,079	9.6%	26.9%	31.8%	4.9%
Little Haiti–Miami, FL	40,296	43,107	7.0%	16,888	17,897	6.0%	41.9%	41.5%	-0.4%
West Fresno–Fresno, CA	9,949	10,406	4.6%	4,484	4,623	3.1%	45.1%	44.4%	-0.6%

Both Rochester’s Northern Crescent region and Cleveland’s Central neighborhood follow the trends exhibited by many of the Rust Belt metro areas highlighted in this study. These case-study communities lost filers between 1999 and 2005 (Table A). While the Northern Crescent continued to gain EITC filers over this time period, the Central neighborhood experienced a decrease in EITC recipients, though at a much slower rate than the total tax filing population. By 2005, almost one-third of taxpayers around Rochester’s Northern Crescent claimed the EITC, as did 55 percent of Cleveland’s Central neighborhood filers.^b The rate of concentrated working poverty rose in both metro areas over this time period.

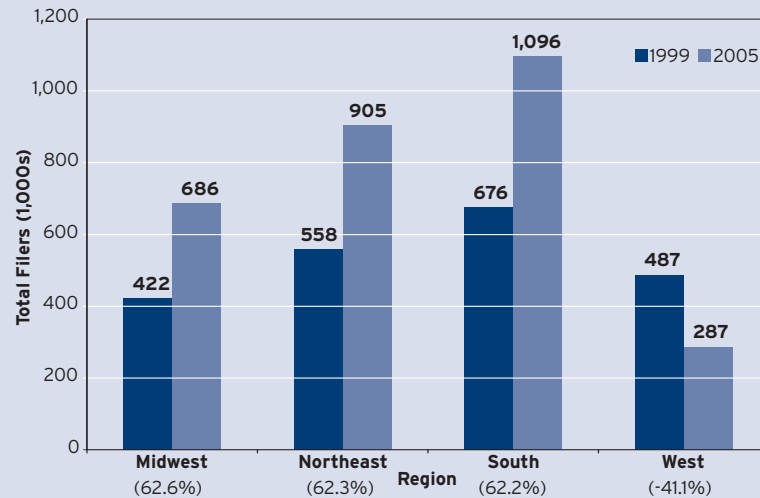
In contrast, the rate of EITC receipt in Miami’s Little Haiti neighborhood remained relatively stable between 1999 and 2005, as the number of tax filers and EITC recipients increased at similar rates. Within the neighborhood, both the total tax filing population and EITC recipients rose in the two ZIP codes on the west side of Little Haiti, where the rate of EITC receipt exceeded 50 percent by 2005. Conversely, the rate of EITC receipt declined in the neighborhood’s two easternmost ZIP codes, where under 30 percent of taxpayers claimed the credit in 2005. Nevertheless, the increased concentration of low-income working families in the neighborhoods high-EITC-receipt areas contributed to the rise in the Miami metro area’s concentrated working poverty rate.

Finally, like Little Haiti, West Fresno experienced a slight decrease between 1999 and 2005 in the share of its tax filers who received the EITC. Both total tax filers and EITC recipients increased in West Fresno during this period, and it remained a high-EITC-receipt area (44 percent) in 2005. However, because EITC receipt increased faster outside of West Fresno and other high-working-poverty communities in the region, the metro area’s rate of concentrated working poverty dropped significantly in the early 2000s.

a. Case study communities are composed of census tracts. In these four case studies, ZIP codes that overlap the selected tracts extend beyond the case study boundaries and in some cases (e.g., Rochester, Miami) capture neighboring lower-poverty tracts.

b. In 2005, all three of Cleveland’s Central neighborhood ZIP codes remained high-working-poverty areas, and three of Rochester’s Northern Crescent ZIPs had rates of EITC receipt over 40 percent, up from two in 1999.

Figure 2. Total Filers in High-EITC-Receipt ZIP Codes by Region, 58 Metro Areas, TY 1999 to TY 2005



Source: Brookings Institution analysis of IRS data

C. Major metropolitan areas in the Midwest and Northeast experienced substantial increases in concentrated working poverty over the first half of the decade, but Western metro areas saw steep declines.

As the individual metro-area results in the previous section indicate, analyzing the 58 major metro areas by region reveals marked geographic differences in concentrated working poverty trends over the first half of the decade.⁴⁴

Between TY 1999 and TY 2005, the 58 metro areas in three of the four U.S. regions (Midwest, Northeast, and South) experienced similar percentage increases in the total number of their tax filers living in high-working-poverty areas (Figure 2). In contrast, the West saw a dramatic 41 percent decline in total filers living in high-working-poverty communities.

These trends reflect larger regional changes in the size of the EITC population over the first half of the decade. In the Northeast, the low-income working population grew by 18 percent between TY 1999 and TY 2005, while the total filer count increased by only 2.9 percent. Over this time period, the region saw its number of high-EITC-receipt ZIP codes increase from 49 to 69, and the EITC filers living in these communities rise by 65 percent. As a result, the Northeast experienced the greatest increase in concentrated working poverty among the regions (Table 5). By TY 2005, 17.6 percent of all Northeastern EITC filers lived in high-EITC-receipt ZIP codes, compared to 12.6 percent in TY 1999.

Metro areas in the Midwest experienced similar growth in concentrated working poverty. Between TY 1999 and TY 2005, the Midwest's total filer population grew by less than one percent, while total EITC filers increased more than 22 percent. At the same time, the number of high-working-poverty communities in the region rose from 55 to 94, alongside a 64 percent increase in EITC filers living in high-working-poverty locations. This coincided with a 3.7 percentage point increase in the region's concentrated working poverty rate, to 14.8 percent in TY 2005.

Compared to the Northeast and Midwest, the South saw a greater growth rate in both total filers and the EITC population; the total filer population increased by 10 percent, compared to a 28 percent gain in EITC filers. The number of high-EITC-receipt ZIP codes in the South increased from 89 to 128, while EITC filers living in such communities increased by 62 percent. By TY 2005, the South had the third highest concentrated poverty rate among the four regions at 13.1 percent.

Table 5. Concentrated Working Poverty Rate and High-EITC-Receipt ZIP Codes by Region, 58 Metro Areas, TY 1999 to TY 2005

Metro areas		Region			
		Midwest	Northeast	South	West
		15	12	23	8
Total Metro Area Tax Filers (1000s)	1999	15,016	16,487	18,883	10,106
	2005	15,156	16,963	20,848	11,210
	Change	140	476	1,965	1,105
Total Metro Area EITC Filers (1000s)	1999	1,751	2,025	2,991	1,749
	2005	2,139	2,391	3,816	1,934
	Change	388	367	824	185
High-EITC Receipt ZIP Codes	1999	55	49	89	64
	2005	94	69	128	39
	Change	39	20	39	-25
EITC Filers in High-EITC Receipt ZIP Codes (1000s)	1999	193	255	308	226
	2005	316	420	498	130
	Change	123	165	190	-95
Concentrated Working Poverty Rate	1999	11.0	12.6	10.3	12.9
	2005	14.8	17.6	13.1	6.7
	Change	3.7	5.0	2.8	-6.2

*Concentrated working poverty rate reflects proportion of EITC recipients in high-EITC-receipt ZIP codes
Source: Brookings Institution analysis of IRS data*

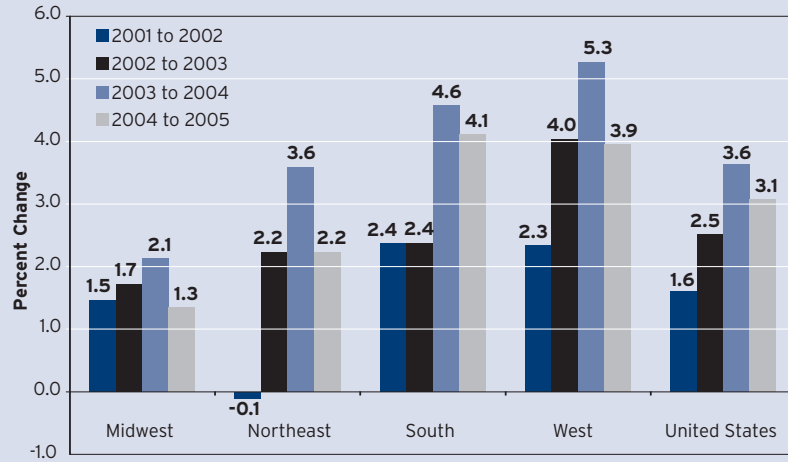
The West was the only region to see an overall decline in the number of tax filers and the number of EITC recipients living in high-working-poverty areas, as well as the number of those communities overall. High-working-poverty communities in the West dropped from 64 to 39 between TY 1999 and TY 2005, alongside a decline in the number of EITC filers living in such areas by 42 percent. With these changes, the concentrated working poverty rate across the Western metros decreased 6.2 percentage points, to about half that of the Southern metros.⁴⁵

Trends in individual metro areas shed further light on these regional patterns. Of the six metro areas that experienced a net decrease in the number of high-EITC-receipt ZIP codes—the Los Angeles, Phoenix, Fresno, San Diego, Sacramento, and Washington D.C. metro areas—all but one was located in the West. Indeed, seven of the eight Western metro areas analyzed saw decreases in the share of their EITC recipients living in high-working-poverty communities.⁴⁶

By contrast, 14 of the 15 metro areas in the Midwest showed a net gain in high-EITC-receipt ZIP codes, and all but three of the metros in the region experienced an increase in concentrated working poverty over the first half of the decade. Of the 12 Northeastern metro areas, four saw no change in the number of high-EITC-receipt ZIP codes while the rest showed net gains in high-working-poverty communities. The Hartford, Bridgeport, and Providence metro areas saw slight decreases in their concentrated working poverty rates, but, with the exception of Trenton, the rest of the Northeastern metros in the study showed increases of at least 3 percentage points. Trends were more mixed in the South, where 13 metro areas saw increased concentrated working poverty rates by TY 2005, while 10 showed declines. Because the increases in areas such as Atlanta, Dallas, Houston, and Miami were larger than the declines in other Southern metro areas, the overall concentration of working poverty in the region increased.

Regional economic trends over the first half of the decade help to explain regional patterns in concentrated working poverty. In the wake of the 2001 recession, the Midwest was slow to recover

Figure 3. Annual Real Percent Change in Gross Metropolitan Product by Region and in U.S. Gross Domestic Product, 58 Metro Areas, 2001 to 2005



Source: Brookings Institution analysis of U.S. Bureau of Economic Analysis data

economically, and by 2005 continued to lag behind the other regions and the nation in terms of economic growth (Figure 3). Metro areas in the Northeast were hit especially hard between 2001 and 2002. Those in the West, however, experienced economic growth that outpaced national averages each year from 2001 to 2005.

D. Both central cities and suburbs saw an increase in high-working-poverty communities between tax years 1999 and 2005.

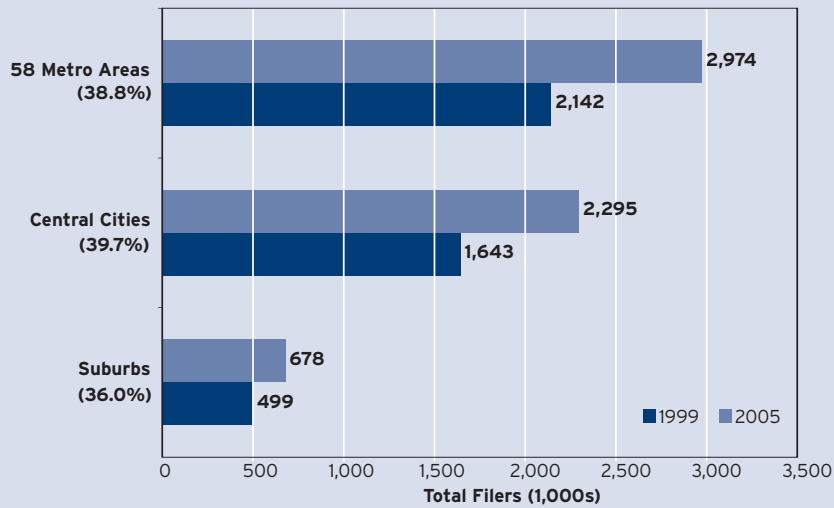
This analysis has considered metropolitan areas in their entirety, but research has shown that concentrations of poverty are more prevalent in central cities than their surrounding suburbs.⁴⁷ This section considers the changing concentrations of the working poor population *within* the 58 metropolitan areas over the first half of the decade.

Between tax years 1999 and 2005, the number of taxpayers living in high-working-poverty communities increased in both central cities and suburbs (Figure 4). By TY 2005, more than three-quarters of taxpayers in high-working-poverty areas in these 58 metro areas lived in central cities. Over the first half of the decade, the total number of central-city taxpayers living in high-working-poverty areas increased 40 percent, from 1.6 million to 2.3 million, while the number of suburban filers living in similar areas rose 36 percent, from about 500,000 to more than 678,000 filers. Despite their similar increases on this measure, tax filers in central cities remained much more likely to live in communities of high working poverty (12.3 percent) than their suburban counterparts (1.5 percent) (Table 6).

Jargowsky found that central cities reaped the biggest benefits from the declines in concentrated poverty in the 1990s.⁴⁸ Yet as poverty began to increase over the first half of the decade, central cities in the 58 metro areas showed the steepest increases in concentrations of the low-income working population. Between tax years 1999 and 2005, the share of central-city EITC filers living in high-EITC-receipt ZIP codes increased 5.3 percentage points, compared to a rise of just 0.2 percentage points for their suburban counterparts. With roughly one-quarter of all central-city EITC recipients living in high-working-poverty areas in TY 2005, the concentrated working poverty rate there was five times higher than in the suburbs.

Though central cities contain a larger number of high-working-poverty areas and, by extension, a more geographically concentrated low-income working population, changing population dynamics have led to an increasing presence of the poor and working poor in the suburbs. In contrast to many

Figure 4. Total Filers in High-EITC-Receipt ZIP Codes by Central City and Suburb, 58 Metro Areas, TY 1999 to TY 2005



Source: Brookings Institution analysis of IRS data

Table 6. Share of Total Filers and EITC Recipients in High-EITC Receipt ZIP Codes by Central City and Suburb, 58 Metro Areas, TY 1999 – TY 2005

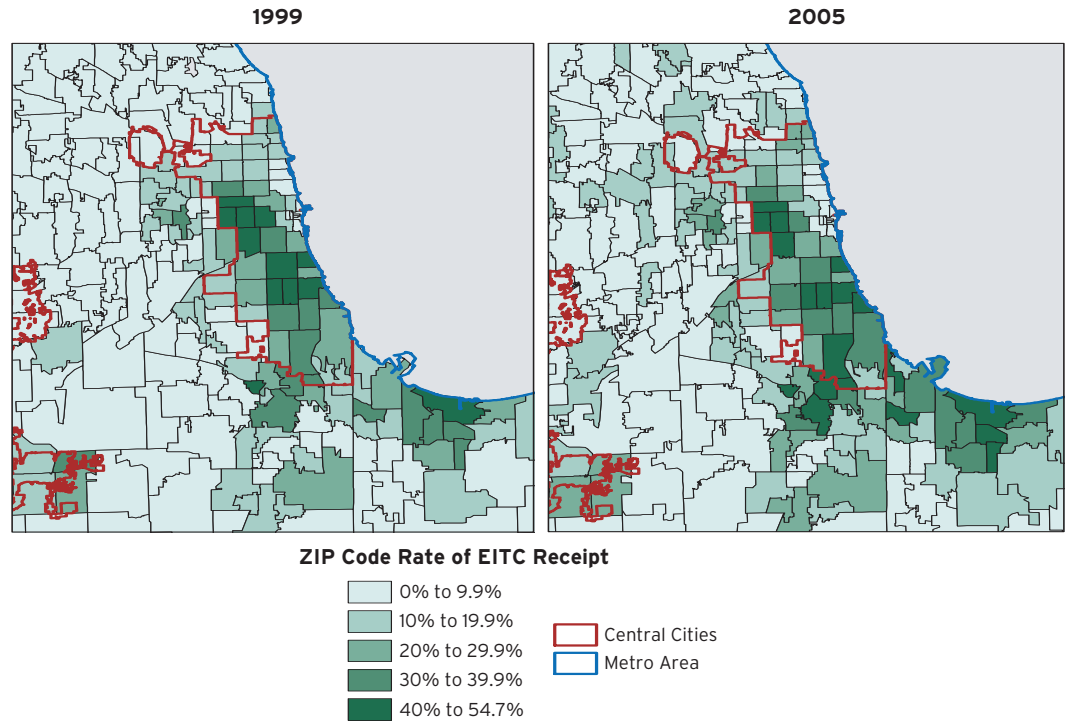
	Total Filers (%)			EITC Filers (%)		
	1999	2005	Change	1999	2005	Change
58 Metro Areas	3.5	4.6	1.1	11.5	13.3	1.8
Central City	8.9	12.3	3.4	19.9	25.3	5.4
Suburb	1.2	1.5	0.3	4.8	5.0	0.2
U.S. Total	3.3	4.4	1.1	10.4	12.3	1.9

Source: Brookings Institution analysis of IRS data

central cities, most suburbs are growing in population. Suburban tax filers in the top 58 metros increased by 8 percent between TY 1999 and TY 2005, while central city filers grew by only 1 percent. As the suburban population has continued to grow and diversify, the number of poor and low-income residents living in suburbs has also increased. By mid-decade, for the first time more poor people lived in the suburbs of the country's major metropolitan areas than in their central cities, and research has shown that the same holds true for the working poor in these regions.⁴⁹ Trends in the top 58 metro areas reaffirm these findings; the EITC population grew by 29 percent in the suburbs versus 11 percent in the central cities, and by TY 2005 the suburbs were home to 1.9 million more working poor than the central cities. The vast majority of suburban EITC recipients, however, live outside communities of high working poverty.

Though concentrated working poverty remains a predominantly central-city phenomenon, the growth of the suburban working poor population counsels further attention to the changing spatial distribution of that population. Consider the Chicago metropolitan area (Map 5). Metropolitan Chicago's total tax filer population grew by 2 percent over the first half of the decade, while EITC recipients rose by 19 percent. Over this time period, the share of total filers living in high-working-poverty areas increased by 0.9 percentage points, and its concentrated working poverty rate remained rela-

Map 5. ZIP Code Rate of EITC Receipt, Metropolitan Chicago, Tax Years 1999 and 2005



Source: Brookings Institution analysis of IRS data

tively stable. Yet the organization of this metro area’s high-working-poverty communities has changed over time, with five new high-EITC-receipt ZIP codes in suburbs like Riverdale, Harvey, and Hammond, compared to a net gain of one in the city of Chicago.⁵⁰

Moreover, several ZIP codes in the Chicago region crossed more intermediate thresholds of working poverty between TY 1999 and TY 2005, with 20 or 30 percent of their filers now receiving the EITC. Some of these areas are located in the city of Chicago, but several fall in the Western and Southern suburbs, like Melrose Park, East Chicago, and into the Gary, IN region.⁵¹ In addition, a number of suburban communities to the north of Chicago and in the area between Naperville and Joliet crossed the 10-percent threshold in TY 2005, demonstrating the presence of working poor households deeper into the surrounding suburbs. This same pattern can be seen clearly in the Oakland and Macomb county suburbs in the Detroit metro area (Map 3), and to a smaller degree in the suburbs northeast of Los Angeles (Map 4). These suburban communities may not have yet passed the 40-percent threshold, but the emerging presence of suburban working poor communities merits attention from policy makers and service providers in metropolitan areas throughout the country.

IV. Conclusion

Compared to the beginning of this decade, more people across the country now live in areas with high rates of working poverty. As high-working-poverty areas have become more prevalent over the first half of the decade, low-income workers and families have become relatively more geographically concentrated in these communities. These trends were particularly pronounced in older industrial metro areas throughout the Midwest and Northeast, such as Rochester, Detroit, Philadelphia, and Cleveland. While over half of the metro areas in this study saw increases in their concentrated working poverty rate, metropolitan areas in the West (e.g., Los Angeles) and in parts of the South (e.g., Cape Coral) showed declines in the spatial concentration of working-poor families and individuals within their regions.

Notably, the regional trends shown in this report augur a reversal of fortune from developments in the 1990s. During that decade, the Midwest and South saw especially sharp declines in the concentration of poverty in their metropolitan areas, while Western metro areas experienced increases.⁵² Indeed, the map of Detroit (Map 3) showing increasing concentrated of working poverty between tax years 1999 and 2005 is almost a mirror image of the city's decline in high-poverty neighborhoods from 1990 to 2000.⁵³ This suggests a possible reversion to longer-term patterns in the spatial organization of poverty in these cities and metro areas, as the booming economy of the late 1990s slowed soon after the decennial census was conducted on April 1, 2000. Given the backsliding evident by 2005, and the weak economic forecasts ahead, it seems likely that we will finish the current decade having ceded some of the "stunning progress" against concentrated poverty we achieved during the prior decade.

Over the first half of the 2000s, central cities experienced most of the growth in concentrated working poverty, and EITC recipients there are much likelier to live in high-working poverty communities than their suburban counterparts. But the suburbs also showed signs of an increasing geographic concentration of their growing low-income populations. On the one hand, an increased presence of low-income working families in the suburbs could be beneficial if they have access to safer neighborhoods, better schools, and more plentiful job opportunities than in the inner city. But these trends could prove problematic if they signal growing pockets of suburban poverty, where residents may find themselves eventually facing the double burden of concentrated poverty but without the safety net of services traditionally available in the inner city.

Two conclusions from this research stand out. First, the United States did not "solve" the problem of concentrated poverty in the 1990s. A decade of strong economic performance and new policy tools helped to produce gains in the poorest communities and a lessening of the severe poverty concentrations that the 1970s and 1980s produced. Trends in the current decade demonstrate, however, that many of these same communities suffered considerably from the economic downturn and slow growth that followed. With more low-income Americans depending on work to lift themselves and their families out of poverty, strong national and regional economic growth seems to remain the best recipe for achieving renewed gains against concentrated poverty.

Second, amid these inevitable economic ups and downs, the nation and its metropolitan areas must remain committed to longer-term policy strategies that mitigate the impacts of larger economic forces on the geographic concentration of poverty. This suggests the continued need for policies that forge stronger connections between the residents of high-poverty communities and opportunities in their surrounding labor markets so that workers are not "last in, first out" in the local economy. It also counsels renewed attention and commitment to policies that foster greater economic integration throughout metropolitan areas, and help to make more places "neighborhoods of choice and connection" for families at all levels of the income spectrum.⁵⁴

**Appendix A. Total Tax Filers, Number of High-EITC-Receipt ZIP Codes, and Concentrated Working Poverty Rates,
58 Metro Areas, TY 1999 and TY 2005**

Metropolitan Area	Tax Filers (2005)		High-EITC-Receipt ZIP Codes			Total Filers in High-EITC-Receipt ZIP Codes			Concentrated Working Poverty Rate		
	Total Filers	EITC Filers	1999	2005	Change	1999	2005	Change	1999	2005	Change
MIDWEST	15,155,866	2,139,073	55	94	39	422,146	686,202	264,056	11.0%	14.8%	3.7%
Akron, OH	329,949	44,245	1	2	1	3,642	5,514	1,872	4.2%	5.8%	1.6%
Chicago-Naperville-Joliet, IL-IN-WI	4,126,955	615,878	12	17	5	193,610	234,185	40,575	17.4%	17.9%	0.5%
Cincinnati-Middletown, OH-KY-IN	964,639	131,882	5	5	0	16,164	11,927	-4,237	7.3%	4.6%	-2.7%
Cleveland-Elyria-Mentor, OH	1,000,424	147,331	5	8	3	39,252	68,300	29,048	14.3%	21.5%	7.2%
Columbus, OH	818,311	117,760	2	4	2	5,989	13,837	7,848	2.9%	5.2%	2.4%
Dayton, OH	394,480	57,642	1	2	1	4,505	6,764	2,259	3.9%	5.1%	1.2%
Detroit-Warren-Livonia, MI	1,951,128	283,786	6	17	11	61,350	175,425	114,075	11.3%	27.5%	16.1%
Indianapolis, IN	755,041	114,559	0	1	1	0	12,553	12,553	0.0%	4.7%	4.7%
Kansas City, MO-KS	871,040	119,307	3	6	3	13,334	27,072	13,738	5.9%	9.9%	4.0%
Minneapolis-St. Paul-Bloomington, MN-WI	1,482,119	140,215	0	2	2	0	11,189	11,189	0.0%	3.4%	3.4%
Omaha-Council Bluffs, NE-IA	371,538	48,354	1	2	1	10,097	11,468	1,371	11.6%	11.3%	-0.3%
St. Louis, MO-IL	1,268,552	190,734	14	18	4	65,507	87,188	21,681	18.6%	21.6%	3.0%
Toledo, OH	298,793	45,221	2	5	3	2,917	11,481	8,564	3.7%	11.5%	7.7%
Wichita, KS	255,068	39,708	0	1	1	0	5,107	5,107	0.0%	5.3%	5.3%
Youngstown-Warren-Boardman, OH-PA	267,831	42,450	3	4	1	5,779	4,192	-1,587	6.8%	5.1%	-1.7%
NORTHEAST	16,962,709	2,391,459	49	69	20	557,585	904,809	347,224	12.6%	17.6%	5.0%
Albany-Schenectady-Troy, NY	399,689	48,619	2	3	1	3,018	6,974	3,956	3.4%	6.6%	3.2%
Allentown-Bethlehem-Easton, PA-NJ	372,968	45,106	1	2	1	1,054	19,997	18,943	1.4%	19.6%	18.2%
Boston-Cambridge-Quincy, MA-NH	2,075,990	192,502	0	2	2	0	19,442	19,442	0.0%	4.4%	4.4%
Bridgeport-Stamford-Norwalk, CT	409,515	35,988	1	1	0	4,852	4,971	119	6.4%	6.2%	-0.2%
Buffalo-Niagara Falls, NY	513,499	74,072	2	4	2	13,398	22,579	9,181	8.4%	13.5%	5.1%
Hartford-West Hartford-East Hartford, CT	555,582	55,717	1	1	0	4,053	3,637	-416	3.9%	3.2%	-0.6%
New Haven-Milford, CT	387,841	46,645	1	2	1	1,052	6,057	5,005	1.2%	5.8%	4.6%
New York-Northern New Jersey-Long Island, NY-NJ-PA	8,246,211	1,350,427	27	31	4	418,005	585,390	167,385	16.4%	20.1%	3.7%
Philadelphia-Camden-Wilmington, PA-NJ-DE	2,641,239	361,121	10	16	6	92,572	193,885	101,313	15.1%	25.5%	10.4%
Providence-New Bedford-Fall River, RI-MA	728,513	94,205	1	1	0	10,477	11,507	1,030	5.7%	5.6%	-0.1%
Rochester, NY	470,848	68,080	2	5	3	8,838	30,097	21,259	7.8%	21.0%	13.2%
Trenton-Ewing, NJ	160,815	18,977	1	1	0	266	273	7	0.7%	0.8%	0.1%
SOUTH	20,848,453	3,815,653	89	128	39	675,517	1,095,839	420,323	10.3%	13.1%	2.8%
Atlanta-Sandy Springs-Marietta, GA	2,110,149	395,927	6	11	5	48,249	92,569	44,320	8.0%	10.6%	2.6%
Augusta-Richmond County, GA-SC	213,060	55,897	4	8	4	13,822	37,718	23,896	14.5%	29.3%	14.8%
Baltimore-Towson, MD	1,200,493	167,810	4	5	1	46,699	52,751	6,052	13.6%	14.3%	0.8%
Cape Coral-Fort Myers, FL	238,853	36,123	1	1	0	7,153	7,848	695	12.8%	9.7%	-3.1%
Charleston-North Charleston, SC	264,227	53,028	3	4	1	11,802	11,071	-731	10.9%	9.0%	-1.8%

Appendix A. Total Tax Filers, Number of High-EITC-Receipt ZIP Codes, and Concentrated Working Poverty Rates, 58 Metro Areas, TY 1999 and TY 2005 (continued)

Metropolitan Area	Tax Filers (2005)		High-EITC-Receipt ZIP Codes			Total Filers in High-EITC-Receipt ZIP Codes			Concentrated Working Poverty Rate		
	Total Filers	EITC Filers	1999	2005	Change	1999	2005	Change	1999	2005	Change
	Charlotte-Gastonia-Concord, NC-SC	678,505	122,057	3	3	0	20,643	17,603	-3,040	10.4%	7.3%
Chattanooga, TN-GA	210,149	43,475	3	5	2	8,712	11,196	2,484	11.0%	12.6%	1.6%
Columbia, SC	299,405	63,386	1	4	3	729	17,894	17,165	0.7%	11.9%	11.2%
Dallas-Fort Worth-Arlington, TX	2,395,233	456,358	9	13	4	80,749	129,301	48,552	10.8%	13.0%	2.3%
Houston-Baytown-Sugar Land, TX	2,131,597	470,708	13	20	7	116,824	206,298	89,474	14.0%	19.3%	5.3%
Jacksonville, FL	576,180	108,665	3	4	1	30,475	28,790	-1,685	16.6%	13.5%	-3.1%
Knoxville, TN	284,502	47,299	1	1	0	2,022	1,627	-395	2.8%	2.0%	-0.9%
Little Rock-North Little Rock, AR	270,382	57,738	1	2	1	5,089	16,836	11,747	5.6%	14.0%	8.4%
Louisville, KY-IN	552,029	92,979	2	4	2	14,164	27,650	13,486	7.9%	13.8%	5.9%
Miami-Fort Lauderdale-Miami Beach, FL	2,287,002	540,922	19	25	6	183,257	319,283	136,026	19.8%	26.7%	7.0%
Nashville-Davidson-Murfreesboro, TN	647,531	107,676	2	2	0	6,236	5,578	-658	3.3%	2.5%	-0.8%
Oklahoma City, OK	477,438	92,059	3	5	2	7,059	22,131	15,072	4.3%	10.5%	6.3%
Orlando, FL	880,935	180,523	1	2	1	10,159	30,991	20,832	4.0%	8.0%	3.9%
Raleigh-Cary, NC	421,574	57,798	1	1	0	2,889	2,310	-579	3.4%	1.7%	-1.7%
Tampa-St. Petersburg-Clearwater, FL	1,178,680	202,015	2	2	0	8,738	21,423	12,685	2.5%	4.5%	2.0%
Tulsa, OK	360,649	69,160	3	3	0	16,701	14,379	-2,322	13.0%	10.0%	-2.9%
Virginia Beach-Norfolk-Newport News, VA-NC	725,043	132,561	3	3	0	21,314	20,593	-721	9.1%	7.8%	-1.4%
Washington-Arlington-Alexandria, DC-VA-MD	2,444,836	261,486	1	0	-1	12,032	0	-12,032	2.3%	0.0%	-2.3%
WEST	11,210,338	1,934,212	64	39	-25	486,887	286,853	-200,034	12.9%	6.7%	-6.2%
Albuquerque, NM	347,557	65,808	6	6	0	5,659	6,107	448	4.8%	4.5%	-0.4%
Fresno, CA	308,337	83,521	16	12	-4	52,012	52,039	28	34.3%	30.0%	-4.3%
Los Angeles-Long Beach-Santa Ana, CA	5,104,082	926,816	25	11	-14	351,576	174,735	-176,841	17.6%	8.3%	-9.3%
Phoenix-Mesa-Scottsdale, AZ	1,517,136	219,620	6	2	-4	21,614	4,671	-16,943	5.5%	1.0%	-4.6%
Riverside-San Bernardino-Ontario, CA	1,443,990	290,329	6	6	0	34,477	42,398	7,921	8.1%	6.9%	-1.2%
Sacramento-Arden-Arcade-Roseville, CA	848,303	111,691	1	0	-1	70	0	-70	0.0%	0.0%	0.0%
San Diego-Carlsbad-San Marcos, CA	1,267,002	171,197	2	0	-2	14,532	0	-14,532	3.8%	0.0%	-3.8%
Tucson, AZ	373,933	65,230	2	2	0	6,948	6,903	-45	5.2%	4.4%	-0.9%

Source: Brookings Institution analysis of IRS data

Endnotes

1. Alan Berube and Bruce Katz, "Katrina's Window: Confronting Concentrated Poverty Across America" (Washington: Brookings Institution, 2005). See also "Concentrated Poverty: Observations from Communities Across the United States," a forthcoming study from the Federal Reserve Bank and the Brookings Institution that explores the effects of concentrated poverty in detail through a series of in-depth case studies in 16 high-poverty communities throughout the country.
2. Paul Jargowsky, "Stunning Progress, Hidden Problems: The Dramatic Decline of Concentrated Poverty in the 1990s" (Washington: Brookings Institution, 2003).
3. Alan Berube and Elizabeth Kneebone, "Two Steps Back: City and Suburban Poverty Trends 1999-2005" (Washington: Brookings Institution, 2006).
4. "Community areas" are large neighborhoods within Chicago with established, identifiable boundaries. William Julius Wilson, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy*. (Chicago: University of Chicago Press, 1987).
5. Jargowsky and Bane used fieldwork to confirm that the 40 percent threshold identified census tracts that "correspond closely with the neighborhoods that city officials and local Census Bureau officials consider ghettos." Paul Jargowsky and Mary Jo Bane, "Ghetto Poverty in the United States" in C. Jenks and P. Peterson, eds., *The Urban Underclass*. (Washington: Brookings Institution, 1991, p. 239).
6. Those data will capture 5-year estimates of poverty levels at the census tract level (2005 to 2009), making them less comparable to previous "snapshot" estimates of neighborhood poverty at the time of the decennial census. "Census Bureau Plans for ACS Data Products and Releases for 1-Year, 3-Year, and 5-Year Periods" (U.S. Census Bureau, 2007).
7. This paper measures the difference between two points in time—tax years 1999 and 2005. It does not suggest that any changes identified occurred at a steady rate over the time period analyzed or that they occurred in each intervening year. Moreover, while 1999 represents a period near the peak of the last economic cycle, it is unclear what place 2005 holds in the current cycle. This paper would probably derive different conclusions if the analysis compared 1995 data to that in 2005—marking a similar amount of time pre- and post-recession. However, using 1999 as a starting point allows this study to benchmark the EITC analysis against census poverty data—a comparison that could not be made using 1995 IRS data.
8. Brookings analysis of IRS data. The weighted average poverty threshold for a family of three in 1999 was \$13,290 (\$19,935 at 150 percent of poverty), and the average threshold for a family of four was \$17,029 (\$25,544 at 150 percent of poverty). All EITC recipients without qualifying children had incomes below 150 percent of the poverty level in 1999.
9. For a discussion on reforming the federal poverty measure see, e.g., National Academy of Sciences, *Measuring Poverty: A New Approach* (Washington: National Academy Press, 1995). For research employing multiples of the federal poverty level see, e.g., Gregory Acs and Austin Nichols, "Working to Make Ends Meet: Understanding the Income and Expenses of America's Low-Income Families" (Washington: Urban Institute, 2005); Harry Holzer and others, "The Economic Costs of Poverty in the United States: Subsequent Effects of Children Growing up Poor." Working Paper 07-04 (Ann Arbor: National Poverty Center, 2007); NYC Center for Economic Opportunity, "An Alternative to the Federal Poverty Measure" (2008). Recent research also finds that based on a relative measure of poverty that differentiates among U.S. regions, concentrated poverty actually rose during the 1990s. Todd Swanstrom, Rob Ryan, and Katherine M. Stigers, "Measuring Concentrated Poverty: The Federal Standard vs. a Relative Standard." *Housing Policy Debate* 19(2): 295-321.
10. For recent research on single mothers who are disconnected from systems of support and face significant barriers to employment, see Rebecca Blank and Brian Kovak, "Helping Disconnected Single Mothers" (Ann Arbor: National Poverty Center, 2008).
11. Brookings analysis of Census 2000 long-form data.
12. Brookings analysis of 2006 American Community Survey data. Estimates have a related margin of error of +/-0.4 percentage points and +/-0.3 percentage points, respectively.
13. See, e.g., Gregory Acs, Katherine Ross Phillips, and Daniel McKenzie, "Playing by the Rules But Losing the Game: America's Working Poor" (Washington: Urban Institute Press, 2000). Acs and his colleagues explored various definitions of the "working poor" and identified the following definition as the preferred measure: share of individuals in families with incomes below 200 percent of the federal poverty level where average hours worked per adult is at least 1,000.
14. Poverty status is determined for all individuals except those who are institutionalized, living in military group quarters, living in college dormitories, or are unrelated individuals under 15 years of age (e.g., foster children). See "How the Census Bureau Measures Poverty" available at www.census.gov/hhes/www/poverty/povdef.html#5 [accessed May 2008].
15. For individuals who do not live in a family household, their individual income is compared to the appropriate threshold to determine poverty status.
16. Alan Berube, David Park, and Elizabeth Kneebone, "Metro Raise: Boosting the Earned Income Tax Credit to Help Metropolitan Workers and Families" (Washington: Brookings Institution, 2008).
17. In 2000, there were 66,172 census tracts with an average population of 4,252. Census tracts covered an average area of 54.4 square miles in 2000, while the median tract size was 2 square miles. In comparison, there were 30,009 ZIP codes in TY 1999 with an average population of 9,170. In that year, ZIP codes had an average area of 118.9 square miles, and a median size of 41 square miles. (Very large rural tracts and ZIP codes account for the significant differences between average and median sizes.) This analysis excludes "point" ZIP codes, or ZIP codes that correspond to P.O. boxes and individual businesses. Individual tax returns related to these point ZIP codes cannot be spatially allocated for the sake of the concentrated poverty analysis; therefore, only polygon ZIP codes (i.e., ZIP codes with a reported geographic area) are considered.
18. "High rates of EITC receipt" refers to ZIP codes where more than 40 percent of tax filers receive the EITC.
19. Brookings analysis of IRS data. The weighted average

poverty threshold for a family of three was \$15,577 in 2005 (\$23,366 at 150 percent of poverty), and the average poverty threshold for a family of four was \$19,971 (\$29,957 at 150 percent of poverty). All EITC recipients without qualifying children have incomes below 150 percent of the poverty level in 2005.

20. Nicholas Johnson, John Wancheck, and Robert Greenstein, "State Earned Income Tax Credits and the 'Overpayments' Issue" (Washington: Center on Budget and Policy Priorities, 2007).
21. For a discussion of the 40-percent threshold standard in the concentrated poverty literature, see Jargowsky, "Stunning Progress, Hidden Problems."
22. The high-EITC receipt proxy for concentrated poverty assumes all the advantages and disadvantages of the census-based concentrated poverty measure. See Paul Jargowsky, *Poverty and Place: Ghettos, Barrios, and the American City* (New York: Russell Sage Foundation, 1997). For instance, just as census poverty data are based on standard thresholds that do not take into account differences in the cost of living across the country, EITC eligibility is also based on a standard set of parameters. While these parameters may lead to higher EITC receipt in areas with lower costs of living and wage levels (just as the poverty thresholds might lead to higher poverty counts in these areas) they also provide a standard benchmark by which to measure the changing distribution of the low-income population across the country.
23. This analysis uses one additional parameter to identify high-poverty census tracts and high-EITC receipt ZIP codes. Census tracts where more than 40 percent of the population is poor but more than half of the residents are enrolled in a college or graduate school in 2000 are not counted as high-poverty neighborhoods in this analysis. In addition, any tract with a population less than 100 is not treated as a high-poverty tract. Similarly, ZIP codes that do not overlap high-poverty census tracts but do overlap census tracts where 50 percent of the residents are enrolled in a college or graduate school are not counted as high-EITC-receipt ZIP codes for the sake of this assessment.
24. Metropolitan area boundaries change over time. For the sake of comparability, this analysis use the U.S. Office of Management and Budget's 2003 metropolitan statistical area definitions in both the 1999 and 2005 analysis.
25. The geographic boundaries of ZIP codes shift from year to year as area population changes. Most ZIP codes—almost 98 percent—experienced some change in total area between tax years 1999 and 2005, though most changes were minor—0.3 square miles on average. As ZIP code boundaries change over time, the extent to which they overlap metro boundaries also changes. Thus the allocation process is carried out for both TY 1999 and TY 2005 using contemporaneous ZIP code boundaries in the mapping analysis.
26. Brookings analysis of U.S. Bureau of Economic Analysis 2005 Wage and Salary Employment data. By virtue of their size, these large metro areas are less subject to small changes in the distribution of EITC recipients that might produce a relatively large change in the incidence of high-working-poverty communities.
27. Four metro areas do not have high-EITC-receipt ZIP codes in TY 1999; however, they gain high-EITC-receipt ZIP codes in TY 2005 that overlap with the high-poverty census tracts identified in 2000. These metro areas—Boston-Cambridge-Quincy, MA-NH; Indianapolis, IN; Minneapolis-St. Paul-Bloomington, MN-WI; and Wichita, KS—are included in the assessment. In addition, two metro areas have high-EITC-receipt ZIP codes in TY 1999 that do not overlap with the high-poverty census tracts, but, in TY 2005, they gain high-EITC-receipt ZIP codes that do overlap with the high-poverty census tracts identified in 2000. These metro areas—Columbia, SC and Trenton-Ewing, NJ—are also included in the analysis.
28. Brookings analysis of Census 2000 tract-level poverty data.
29. Brookings analysis of data from the IRS, 2006 American Community Survey, and 2006 U.S. Census Bureau Population Estimates Program.
30. For purposes of this analysis, a central city is any city that: (1) appears first in the official metropolitan statistical area (MSA) name; or (2) appears second or third in the MSA name and had a population greater than 100,000 as of Census 2000. Suburbs comprise the remainder of the MSA outside of the central city (or cities). See Berube and Kneebone, "Two Steps Back."
31. For example, Tucson, AZ has two high-EITC-receipt ZIP codes in TY 1999—one ZIP code falls entirely in the suburbs and one ZIP code crosses into the central city. Therefore, the high-EITC-receipt ZIP code count for the central city is one, while the total for the suburbs is two. While an individual ZIP code may be counted more than once in this way, its residents are counted just once, in either the central city or the suburban portion.
32. Center on Budget and Policy Priorities, "Economic Recovery Failed to Benefit Much of the Population in 2004" (Washington, 2005).
33. Brookings analysis of 1990 and 2000 decennial data and 2006 American Community Survey data. The differences between the 2006 national poverty rate and the 1989 and 1999 estimates are statistically significant at the 90 percent confidence level.
34. Brookings analysis of IRS data.
35. Based on Census 2000 data, 2.4 percent of the total U.S. population lived in high-poverty census tracts in 1999.
36. In comparison, the concentrated poverty rate—or share of the poor population living in high-poverty census tracts—was 9.0 percent, according to Census 2000.
37. Most people living in high-working-poverty communities live in metropolitan areas. More than 85 percent of both total taxpayers and EITC recipients residing in high-working-poverty ZIP codes in TY 2005 lived in a metropolitan area, compared to 15 percent in non-metropolitan communities.
38. Jargowsky, "Stunning Progress, Hidden Problems"; Jargowsky, *Poverty and Place*.
39. In TY 2005, half of all high-working-poverty communities were located in the 58 metro areas.
40. For the 58 metro areas, the concentrated poverty rate and the concentrated working poverty rate exhibit a strong positive correlation, yielding a correlation coefficient of 0.7.
41. Jennifer Vey, "Restoring Prosperity: The State Role in Revitalizing America's Older Industrial Cities" (Washington: Brookings Institution, 2007).
42. Ben Rooney, "Rust and Sun Belt Cities Lead '07 Foreclosures." CNNMoney.com, February 13, 2008.
43. Note that because the EITC (like the official poverty thresholds) applies one set of eligibility standards to all

taxpayers nationwide, declines in the concentration of working poverty in metro areas such as Los Angeles, San Diego, and Washington may not fully reflect the extent of family needs in these areas due to high and rising costs of living. See Swanstrom, Ryan, and Stigers, "Measuring Concentrated Poverty."

44. This assessment uses U.S. Census Bureau-defined regions. For more information, see www.census.gov/geo/www/us_regdiv.pdf [accessed May 2008].
45. Several large Western metro areas—14 in all among the 100 largest—did not meet the criteria for analysis, including the San Francisco-Oakland, Denver, Seattle, and Las Vegas metro areas. Note, however, that these four areas, along with another seven of the excluded Western metros, did not contain any high-EITC-receipt ZIP codes in either 1999 or 2005.
46. The Sacramento metro area's concentrated working poverty rate remained unchanged at 0.0 percent between tax years 1999 and 2005.
47. Jargowsky, "Stunning Progress, Hidden Problems."
48. Ibid.
49. Berube and Kneebone, "Two Steps Back;" Elizabeth Kneebone, "Bridging the Gap: Refundable Tax Credits in Metropolitan and Rural America" (Washington: Brookings Institution, 2008).
50. Increased rates of EITC receipt in Chicago's southern suburbs could be interpreted as the result of working poor people being displaced from central city neighborhoods due to gentrification. See, e.g., David Mendell and Darnell Little, "Change hits many inner suburbs; More poor move to towns near city." *Chicago Tribune*, February 16, 2006, p. 1. However, most ZIP codes within the city of Chicago—especially on the South side—experienced an increase in the share of their tax filers receiving the EITC between tax years 1999 and 2005. Furthermore, it is not possible to determine whether the increase in EITC receipt in the city's southern suburbs was attributable to the in-migration of low-income workers and families from the city or from other parts of the region or nation, or to a decline in the economic circumstances of existing residents that made them eligible for the EITC.
51. Note that three high-EITC-receipt ZIP codes fall in the city of Gary, IN. According to this paper's classification of central city and suburb, Gary is classified as a suburb of the Chicago metro area.
52. Jargowsky, "Stunning Progress, Hidden Problems."
53. Ibid.
54. Bruce Katz, "Neighborhoods of Choice and Connection: The Evolution of American Neighborhood Policy and What It Means for the United Kingdom" (Washington: Brookings Institution, 2004).

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