



The Enduring Challenge of Concentrated Poverty in America

Case Studies from Communities Across the U.S.

**A Joint Project of the Community Affairs Offices
of the Federal Reserve System
and the Metropolitan Policy Program
at the Brookings Institution**

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Federal Reserve Bank of Cleveland Applied Research Seminar
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Presentation Overview

I About the report

II Common challenges in Appalachian and other high-poverty communities

III Unique aspects of high-poverty Appalachian communities

Report Methodology

- Combined quantitative and qualitative data to add texture to our understanding of concentrated poverty
- Key questions
 - What factors are associated with the development and persistence of concentrated poverty?
 - What challenges does concentrated poverty pose for affected families and communities?
 - What strategies are the public and private sectors employing to ameliorate concentrated poverty and its effects?
- Goal for Fed: identify new ways to collaborate with government, nonprofit, and for-profit partners to help address challenges in high-poverty communities
- Goal for Brookings: inform policymakers on changing character of concentrated poverty, strategies to assist very low-income areas and their residents

Why Concentrated Poverty Matters

Research points to several byproducts of concentrated poverty that further disadvantage poor people that live in its midst, and wider society

Reduced job opportunities

Higher local prices

Limited job networks

Diminished educational quality

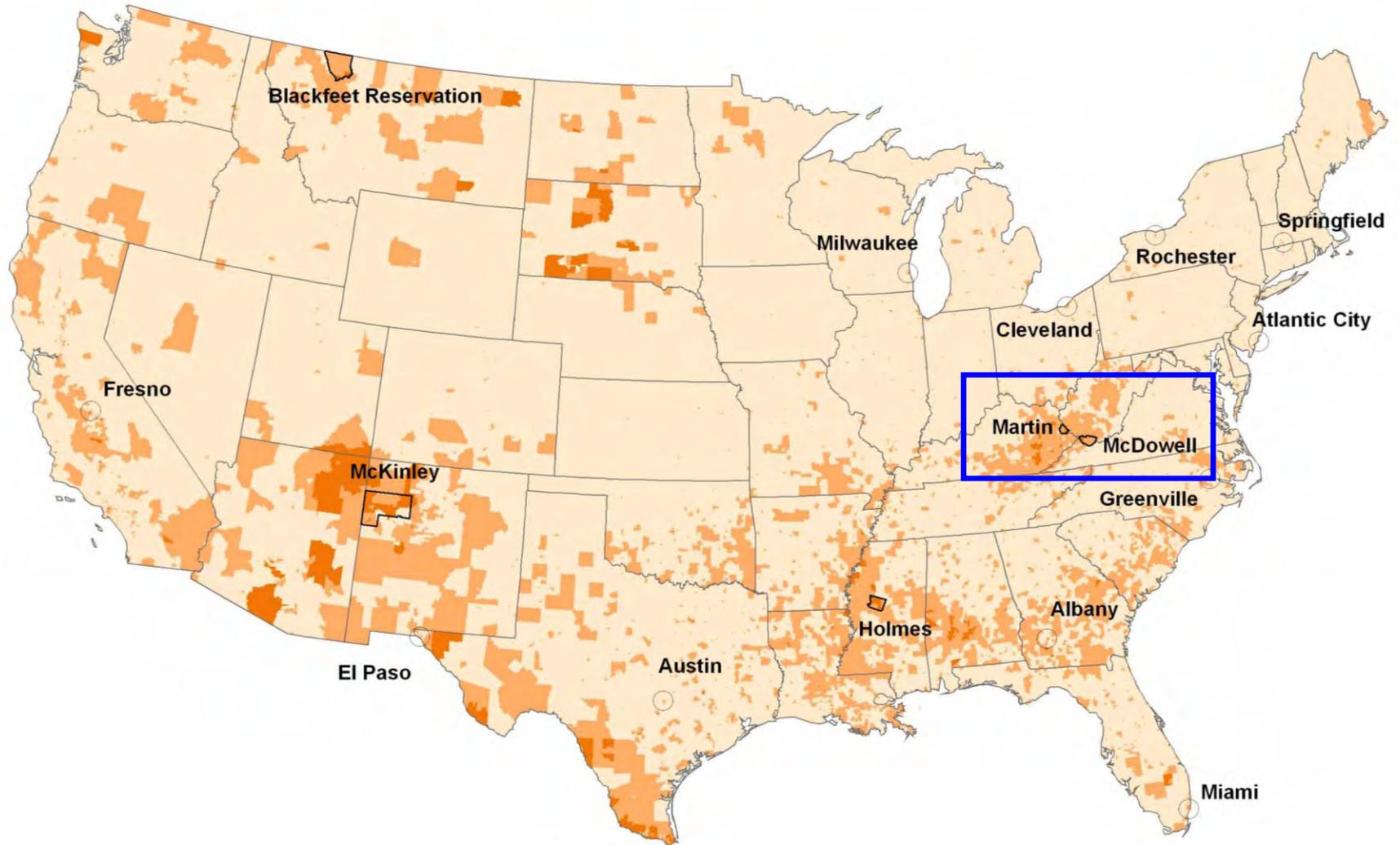
Higher crime

Poor health

Inhibited wealth creation

Burdened local government

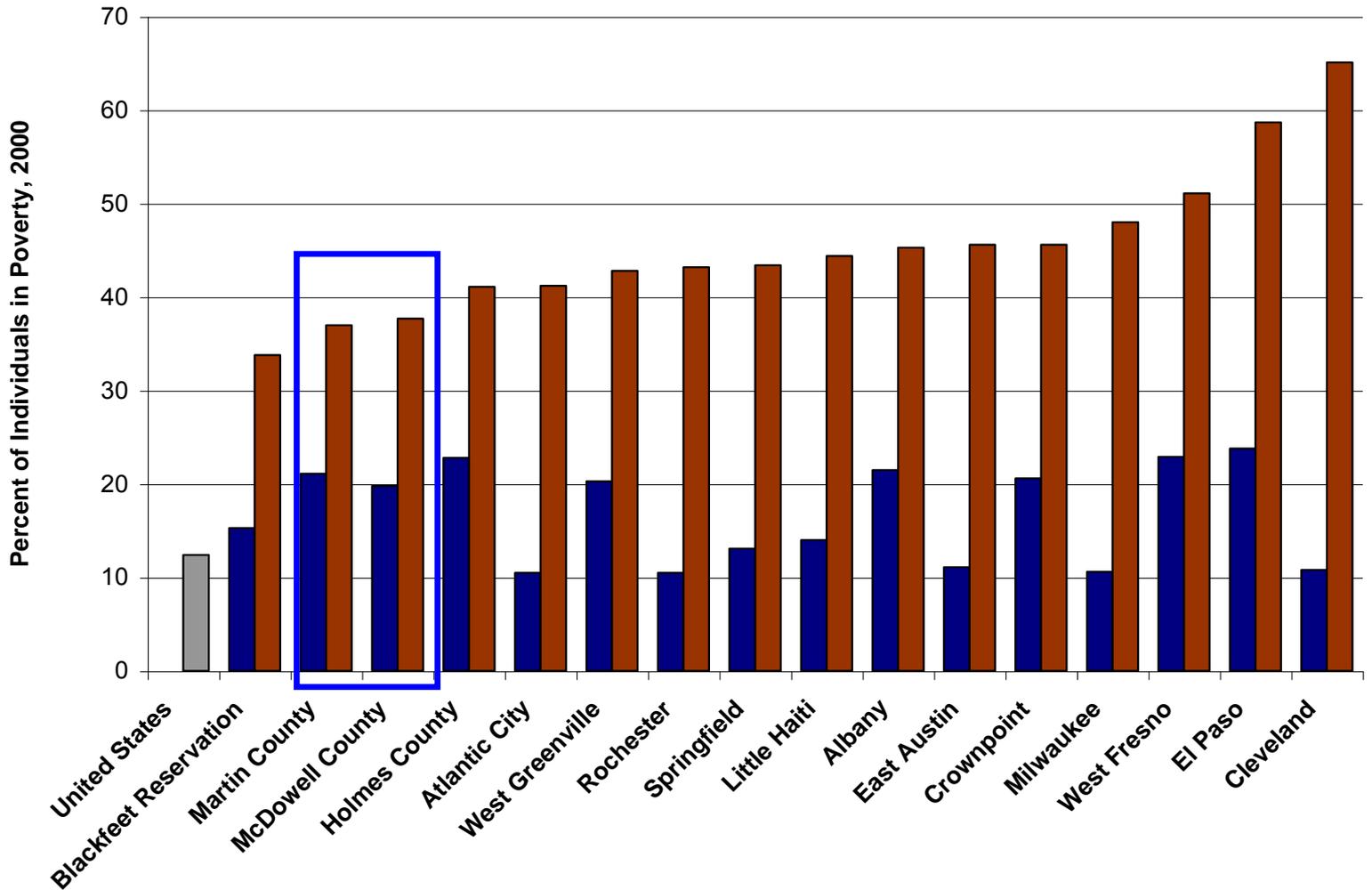
The Case Study Communities



As in President Johnson's day, Martin County remains one of the poorest areas in Appalachia and one of the poorest counties in the nation.

– Martin County, KY case study

Poverty rate, case-study communities vs. comparison areas, 2000 (Appalachian communities highlighted)



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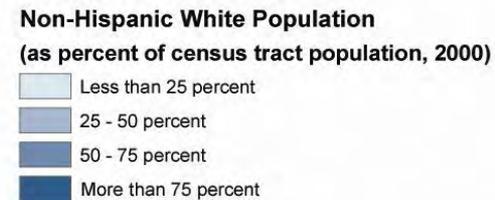
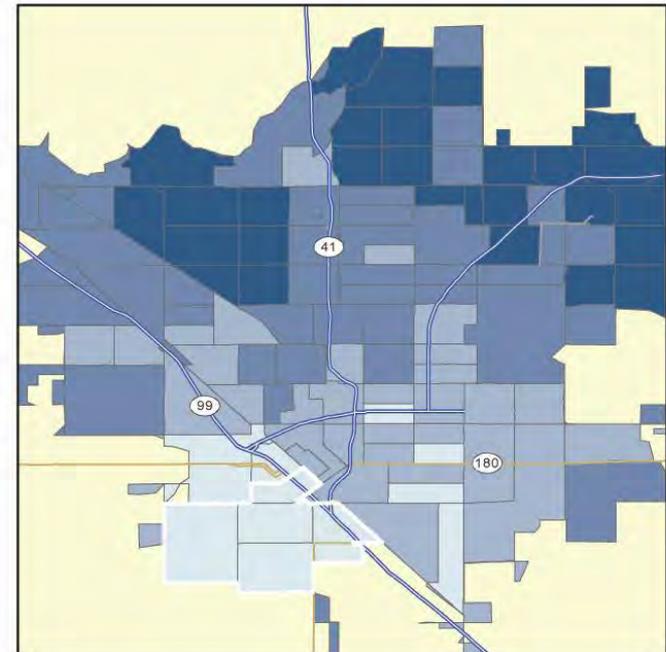
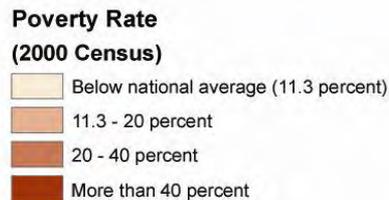
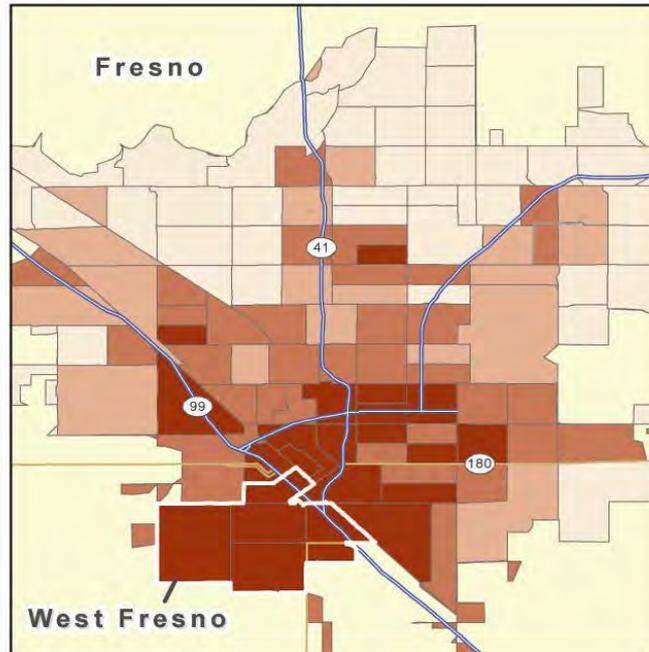
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“Most [from the east side] don’t feel comfortable on the west side of the city.”
– Albany, GA city commissioner

Poverty concentration and racial segregation in Fresno, CA, 2000



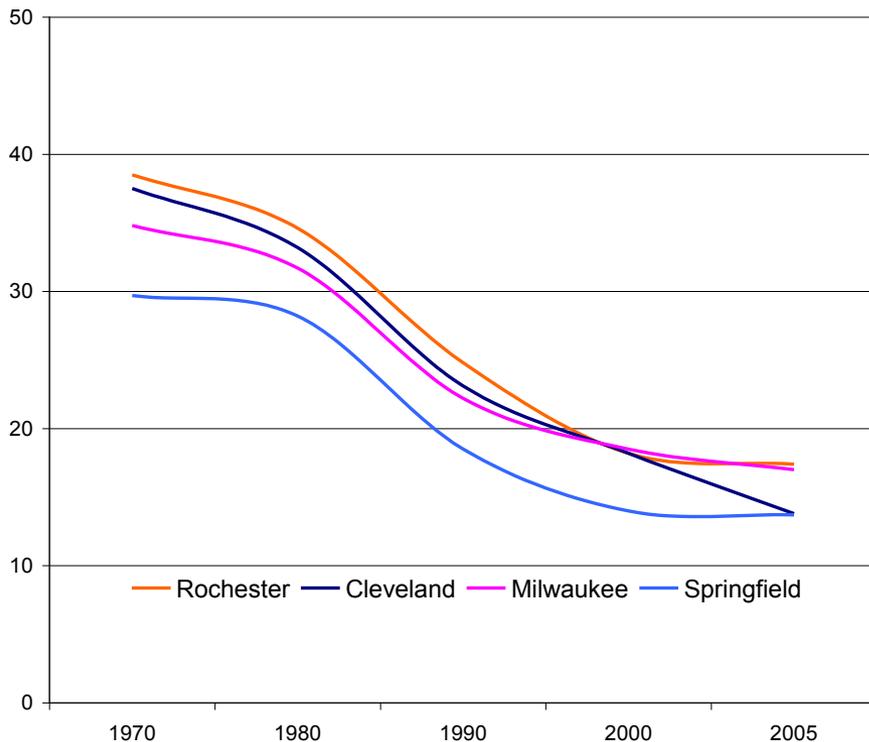
“Kids grow up and they have not been out of Martin County to see what life is like.”
– Martin County, KY Community Services Coordinator



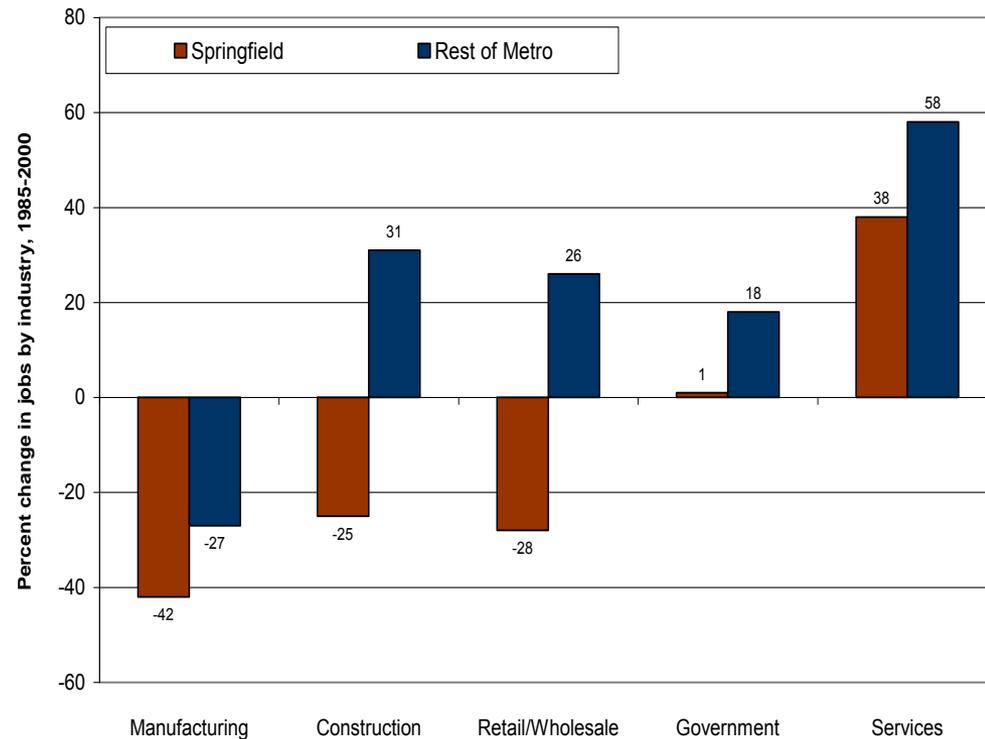
Aerial view of Tug Fork, Eastern KY/Southwest WV

“Residents tend to have multiple jobs to survive because the service industry does not pay well.”

–Springfield case study



Source: BEA Regional Economic Statistics



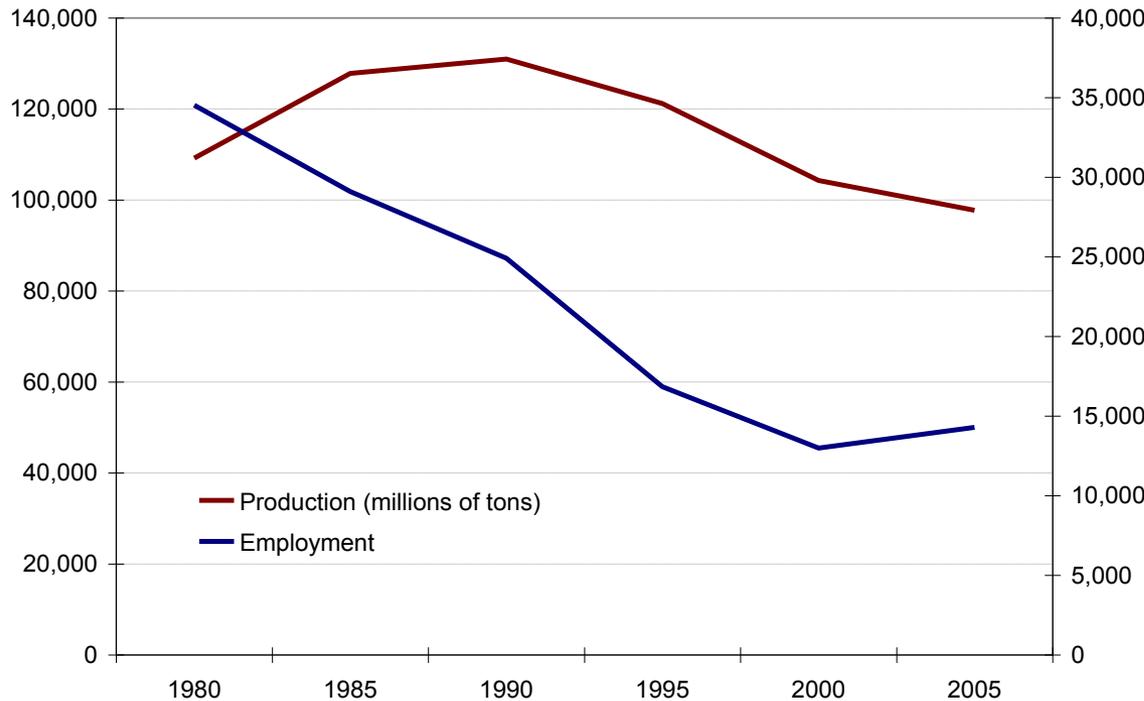
Source: Bureau of Labor Statistics

Loss of manufacturing jobs in northern cities, 1970-2005

Job change by industry in Springfield, MA, 1985-2000

“Today, Wal-Mart offers more jobs than any other single private-sector employer in McDowell.”

–McDowell County case study



Source: *Kentucky Coal Facts*

Mining	\$63,500
Transport	\$50,355
Local government	\$42,800
Health care	\$21,730
Retail	\$19,000
Other services	\$16,100

Source: BEA Regional Economic Statistics

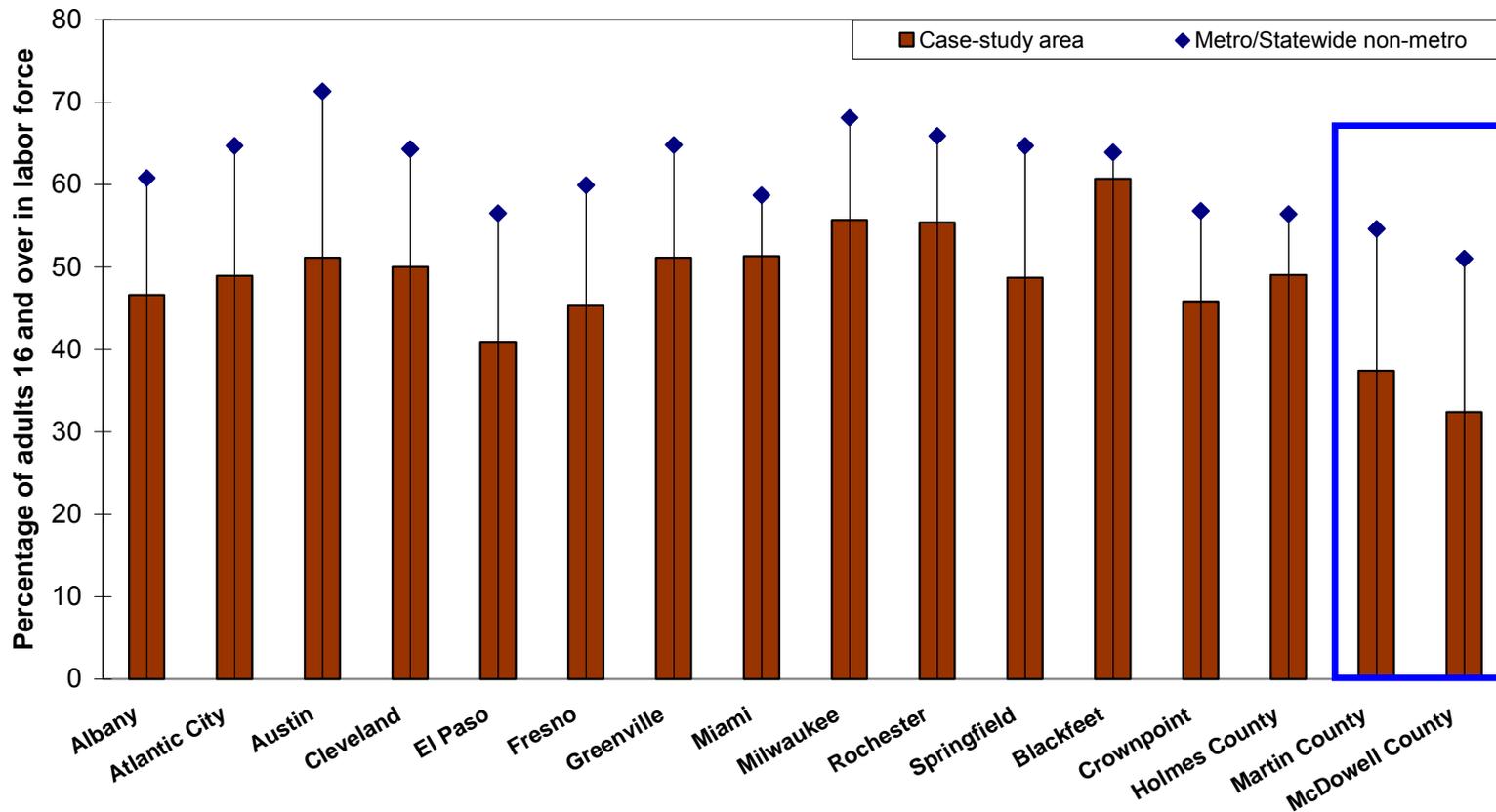
Coal production and employment in Eastern KY, 1980-2005

Average annual earnings by industry McDowell County, WV (2006)

“The major issue for parents of my Head Start students is the lack of education and the need for a GED.”

–Keisha Davis, Head Start coordinator, Albany, GA

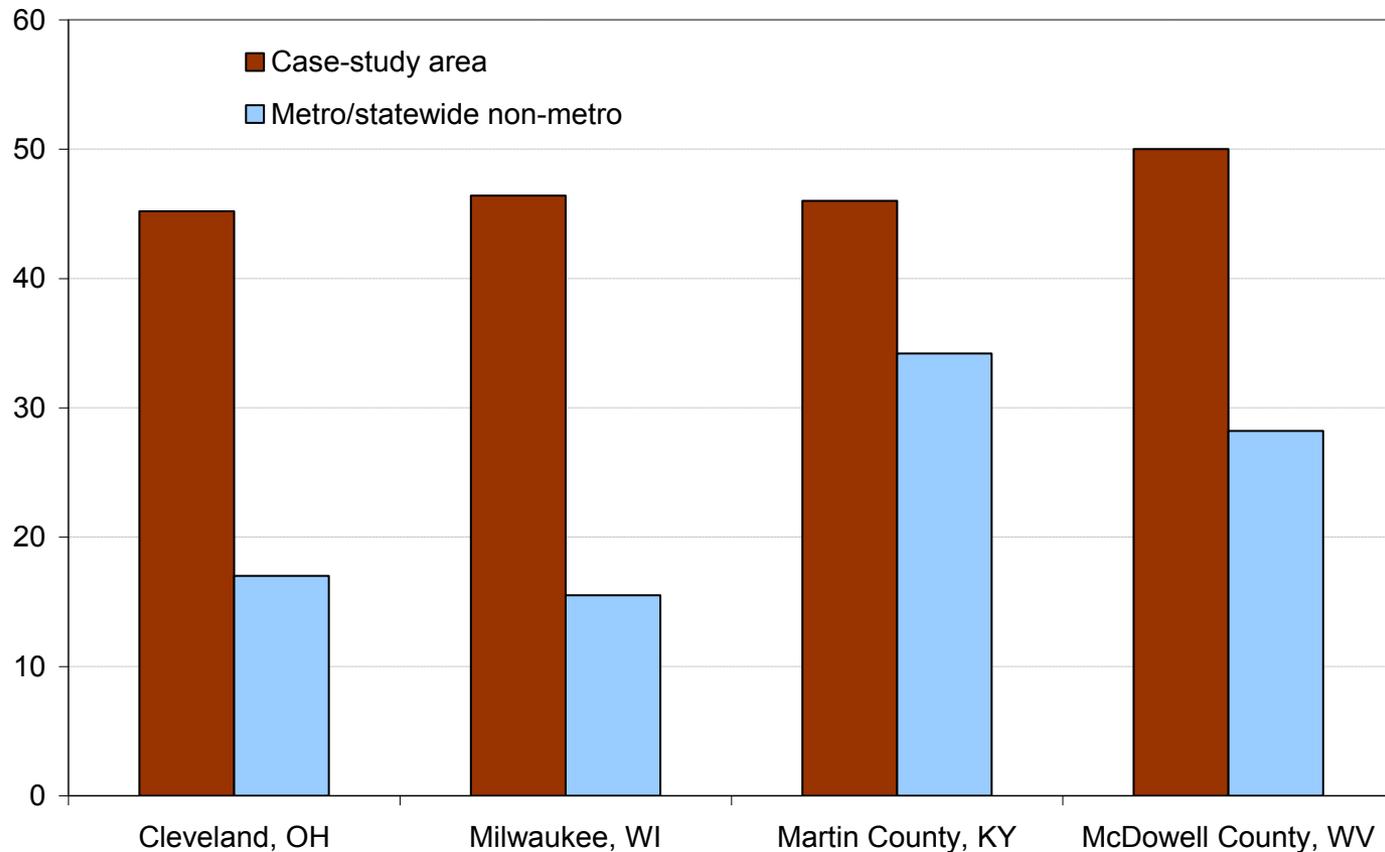
Labor Force Participation Among Adults is Extremely Low



Adult labor force participation, case-study communities vs. comparison areas, 2000 (Appalachian communities highlighted)

“Positions with government and social services providers often require specialized skills and advanced education...these positions are usually filled by candidates recruited from outside the community.”

–McDowell County case study

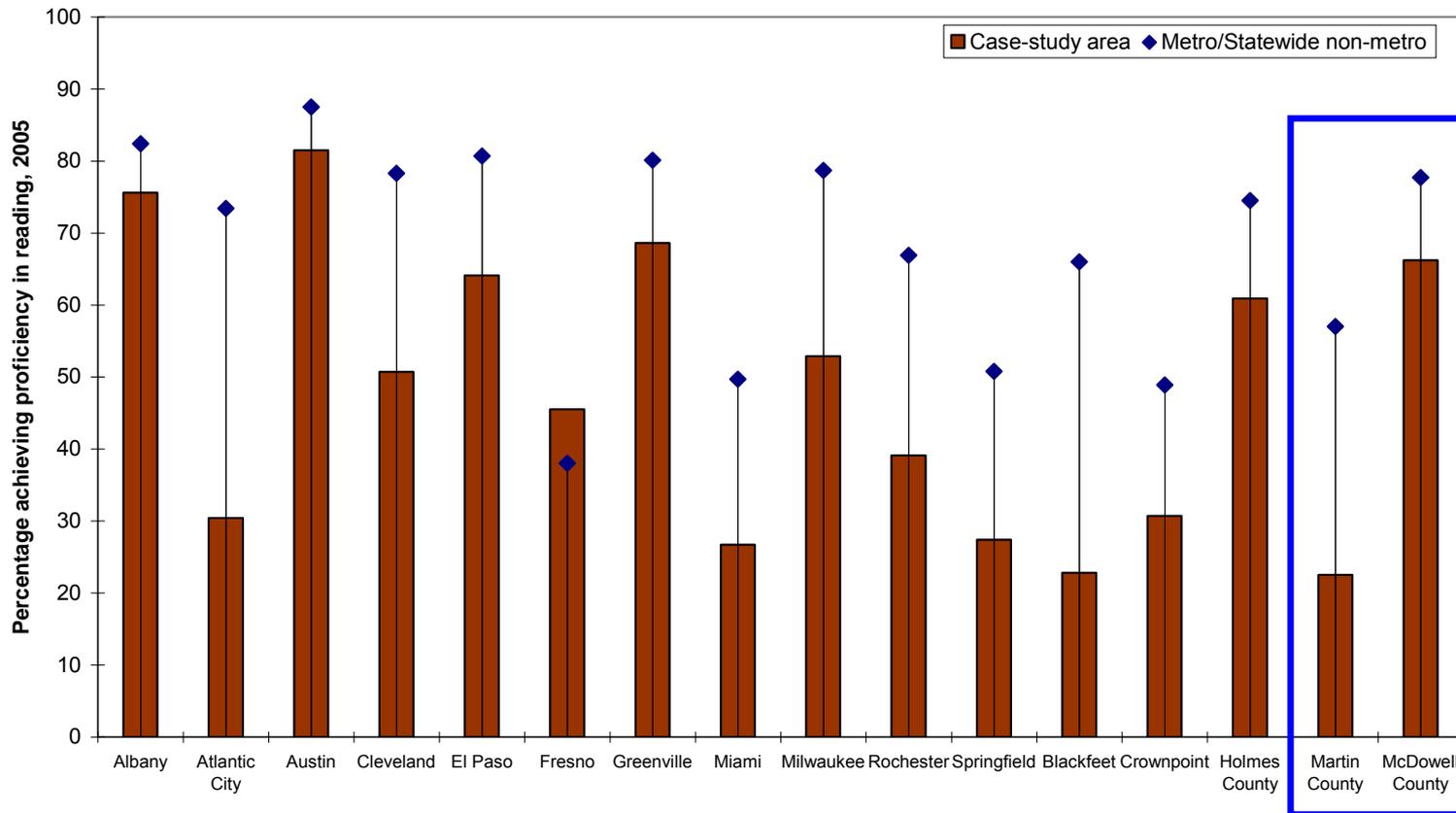


Share of adults without a high school diploma, case-study vs. comparison areas, 2000

“Kids aren’t trying and parents aren’t reinforcing that education is important, that you need to learn...to compete in this flat world.”

—Phyllis Cleveland, Councilwoman, Cleveland, OH
 Schools in case-study communities under-perform those in comparison areas on state exams

READING



Share of students scoring “proficient” on state reading exams, case-study area schools vs. statewide, 2005 (Appalachian communities highlighted)

Parents of families in multigenerational poverty tend to think, “It didn’t work for me, why would it work for my child?”

– Jeff Nash, Interim Superintendent, McDowell County Public Schools

- 82% students eligible for free/reduced price lunch
- WV State Board of Education executed takeover of McDowell County schools in 2001; situation “egregious to the point that education could not be provided”



Berwind Elementary, McDowell County, WV

“It’s a tough market to work in, especially since we need to overturn decades of disinvestment...the price tag to effect comprehensive and lasting change in this community is extremely high.”

-West Greenville urban planner

Abandoned tobacco
warehouse, West
Greenville, NC



Corporations own 75 percent of McDowell's surface acreage....a tenant company [often] invests only within the life of its lease, rather than for the long-term in its community.

-McDowell County, WV case study

Mountaintop
removal coal
mining, Martin
County, KY



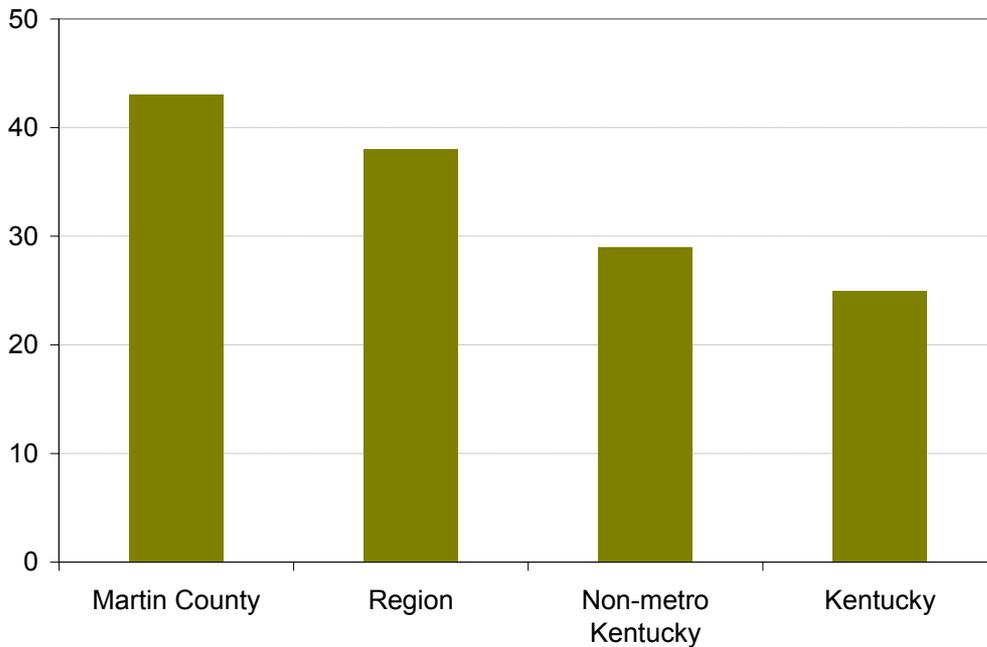
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“In many ways here, economic depression causes physical depression.”
 -McDowell County, WV health care provider



Fair or poor health	1
No health insurance	2
Diabetes	1
Obesity	11
Cigarette smoking	5
Asthma	2
Heart attack or stroke	4

Share of working-age males with a disability, Martin County, KY, 2000

Ranking of McDowell County among WV counties and county groups (36) on health risk factors, 2006

Representatives from the McDowell County Redevelopment Authority estimate that roughly two-thirds of all homes in the county are substandard.
-McDowell County, WV case study

- Roughly 80% of Martin County, KY and McDowell County, WV residents own their homes, exceeding national and state averages
- Median value of owned homes in McDowell County in 2005-2007: \$32,000
- 45% of Martin County home owners in 2000 inhabited mobile homes; median value \$24,000

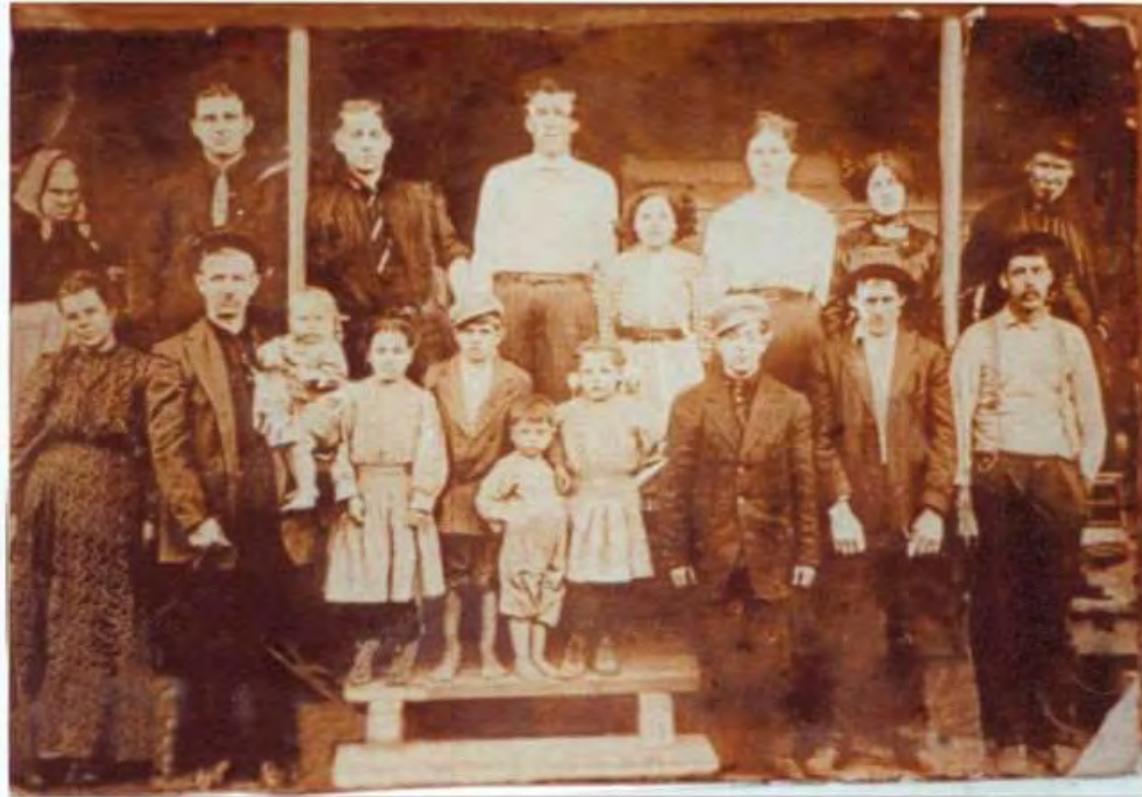


House in Jenkinjones, WV (McDowell County)

“They just grow up and follow in their parents’ footsteps. I see a lot of [families with] three generations coming in here for the same thing....”

-Community services coordinator, Martin County, KY

- About 80% of residents are natives of KY/WV
- Martin County suffered 17%, and McDowell County 40%, loss of young cohort (age 25 to 34 in 2000) over 1990s
- From Mil Duncan’s *Worlds Apart*: “A lot of times you can hear somebody’s last name, and before you even meet, you’ve already got the idea that they’re either a good person or they’re sorry as can be.”



Mullins Family, McDowell County, WV, 1915-1920

Conclusion

- There is a significant basis for shared dialogue between urban and rural communities struggling with concentrated poverty
 - Combating social isolation; expanding young people’s horizons
 - “High road” economic development
 - Delivering quality education in high-poverty context
 - Public/private/nonprofit partnerships to overcome capacity limitations
- But poor Appalachian communities have unique characteristics/challenges not as evident in urban communities
 - Extreme geographic isolation from economic opportunity
 - Severely high rates of disability and poor health
 - Limited physical base for asset development
 - Social boundaries confined to families; deep-seated stigma

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