



# POVERTY: BEYOND THE URBAN CORE

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## policy brief

University of Pittsburgh  
Institute of Politics  
Health and Human Services Committee

by Aaron Lauer with contributions from  
Moe Coleman and Karlie Haywood

September 2016

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# LETTER FROM THE COCHAIRS

## DEAR COLLEAGUES:

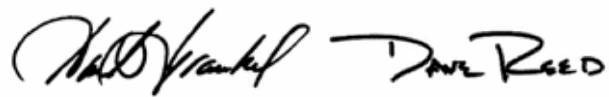
The face and geography of people living in poverty throughout the country and within our region continue to change. Increasingly, poverty is concentrated not only in our cities, but also in rural and suburban areas of our country and region. This change in the geography of poverty presents a new set of challenges for human service providers and policymakers. A growing body of academic research and practical assessment, in which we have had the opportunity to participate both in our home districts and as part of legislative committees, shows this movement of poverty into suburban and rural areas.

In the summer of 2015, the University of Pittsburgh Institute of Politics, recognizing our mutual interest in this critical public policy issue, called upon us to lead the Subcommittee on Poverty: Beyond the Urban Core composed of foundation and community leaders, nonprofit practitioners, and subject matter experts to explore the growing trend of suburban poverty, the continued growth in rural poverty, and ways to combat these challenges more effectively. The group convened regularly over eight months to deliberate the challenges and barriers to addressing poverty outside the urban core and to make state and local policy recommendations that would be appropriate for our region. After deliberation, the subcommittee made several recommendations in each of four areas: housing, transportation, economic inequality, and education. While engaging in this process, subcommittee members saw not only the challenges inherent in each of these four sectors but the ways in which all the sectors are interrelated.

Last September, the Institute's broader constituency benefited significantly from the introduction and robust discussion of this topic at the 2015 Elected Officials Retreat. It was clear that much of the information presented was new to many in the room. In our view, this underscores the need to keep the growth in suburban and rural poverty at the forefront of policy discussions.

Recognizing that this problem is not isolated but is regional in scope and impact, we hope that this report will help to increase awareness of this often-overlooked but growing problem. Additionally, recognizing that this report is a stepping-stone to future action, we look forward to hearing your thoughts, comments, and ideas for moving forward.

Sincerely,



**Dan Frankel**  
Member, Pennsylvania  
House of Representatives

**Dave Reed**  
Member, Pennsylvania  
House of Representatives

# EXECUTIVE SUMMARY

## POVERTY IN THE UNITED STATES

Since President Lyndon B. Johnson began the War on Poverty more than 50 years ago, public, private, and nonprofit entities have implemented a range of programs and policies to revitalize struggling communities. Through programs such as social security, millions of our country's seniors have escaped the grip of poverty. However, a countervailing trend has occurred in the number of children in poverty. Additionally, poverty has remained an intractable issue for American families and households headed by single, non-White mothers.

For the 10.6 million Americans constituting the working poor, hard work and employment do not provide a route out of poverty.<sup>1</sup> The working poor population can take many forms but is more likely to consist of individuals who are women, Hispanic or Black, work part-time, have low levels of education, and have children. The working poor population's transition into the middle class is difficult because of several factors, including stagnant wages, unavoidable periods of unemployment, and involuntary part-time employment.<sup>2</sup>

In recent decades, the United States has seen a structural shift in poverty in its geography. Although traditionally viewed as an urban issue, over the past decade poverty has been increasingly concentrated in the suburbs. Poverty grew 64 percent in American suburbs between 2000 and 2011.<sup>3</sup> In fact, more people in poverty now live in the suburbs (16.5 million) than live in cities (13.4 million), which means about 55 percent of the people living in poverty reside outside cities.<sup>4</sup>

Reasons behind this trend include:

- stagnant wages,
- faster population growth in suburbs than in cities,
- low-wage workers becoming increasingly suburban,
- more affordable housing options available in suburban communities,
- an increasing population of immigrants settling in the suburbs, and
- the suburbs being affected first and hardest by the Great Recession.

## POVERTY IN SOUTHWESTERN PENNSYLVANIA

Southwestern Pennsylvania is experiencing a shift of its more than 740,000 living in poverty and near poverty away from its urban core in Pittsburgh to the suburbs, a trend that is occurring

in suburban areas across the country.<sup>5</sup> Sixty-one percent of the people living in poverty in Allegheny County and 79 percent of those living in poverty in the entire Pittsburgh metropolitan statistical area reside in suburbs.<sup>6</sup> Between 2002 and 2013, Allegheny County experienced a 3 percent rise in poverty occurring outside the City of Pittsburgh.<sup>7</sup>

Even with this shift, the City of Pittsburgh has almost 23 percent of its residents living at the poverty level, and 43 percent of its residents are living in near poverty.<sup>8</sup> Poverty levels in the city are still well above the poverty levels in the Pittsburgh region (12.1 percent) and the commonwealth (13.3 percent).<sup>9,10</sup>

Between 2010 and 2014, more than 14 percent of all households in rural Pennsylvania still had incomes that fell below the poverty level.<sup>11</sup> Moreover, in 2008, 19 percent of individuals living in rural areas were classified as working poor.<sup>12</sup>

## CHALLENGES TO OVERCOMING POVERTY

### EDUCATION

The American public school system has provided a pathway out of poverty for countless Americans. However, students living in poverty are increasingly afforded fewer educational opportunities in childhood than their wealthy peers. Living in poverty has profound negative effects on children in a variety of educational indicators, including enrollment in rigorous courses, school engagement, GPA, test scores, and graduation rates. These outcomes cause long-term harm for both the children in poverty and their communities.

### HOUSING

The cost of housing is becoming an increasing burden for families living in poverty. Housing represents the greatest single household expense, and for families in the lowest income quintile, it can represent more than 40 percent of their household expenditures.<sup>13</sup> In light of this burden, when families lack affordable housing options or live in neighborhoods experiencing rising housing costs, it can often be difficult for them to maintain housing, forcing households living in poverty to relocate. Housing instability can have serious long-term consequences for children, including increased high school dropout rates and lower postsecondary educational attainment.<sup>14</sup> By stabilizing housing, regions can stabilize families and communities.

## ECONOMIC INEQUALITY

The American dream is based on the premise that all people, even if they are from the humblest of beginnings, can at least earn a comfortable living for themselves and their families if they are only willing to work hard. Although this may have been true for many families in postwar America, it is increasingly no longer the case for Americans living in poverty or often even for those in the middle class. Since the late 1980s, the American economy has experienced an increasing concentration of income and wealth at the very top of society, a shrinking middle class, a loss of economic mobility, and an increasing divergence in the economic success of White and Black individuals. Additionally, contributing to this problem has been a federal and Pennsylvania minimum wage that has been unchanged since 2009 and a gender pay gap that has served as a major barrier for women to lift their families out of poverty.

## TRANSPORTATION

Access to transportation is a fundamental component in escaping poverty. Without adequate transportation, individuals and families cannot access what is necessary to escape poverty, such as employment, education, health care, and human services. Transportation allows people to take advantage of opportunities not only in their own communities but in the broader regions in which they live.

## RECOMMENDATIONS

Although the issue of poverty can seem overwhelming and intractable, the reality is that there are simple, concrete steps that local governments, the Commonwealth, human service providers, community leaders, and other stakeholders can take to assist those who live in poverty in our region. By embracing these solutions, we will not only provide hope to those who live quiet lives of desperation but also enrich and expand our region's pool of human talent by unshackling our neighbors who otherwise would be bound to lives of poverty.

### EDUCATION

1. Support and invest in wraparound, full-service community school models for suburban areas with high poverty levels, where schools are not only sources of academic programming but also access points for comprehensive academic, social, and health services.
2. Examine and evaluate the varying and disparate costs to districts for students attending charter schools, especially special education students.

3. Make teacher education programs for higher education and continuing education more contextually and socially informed with regard to supporting high need populations.
4. Promote our region as a destination city for progressive educators and seek to attract the best and brightest teachers from across the country.

### HOUSING

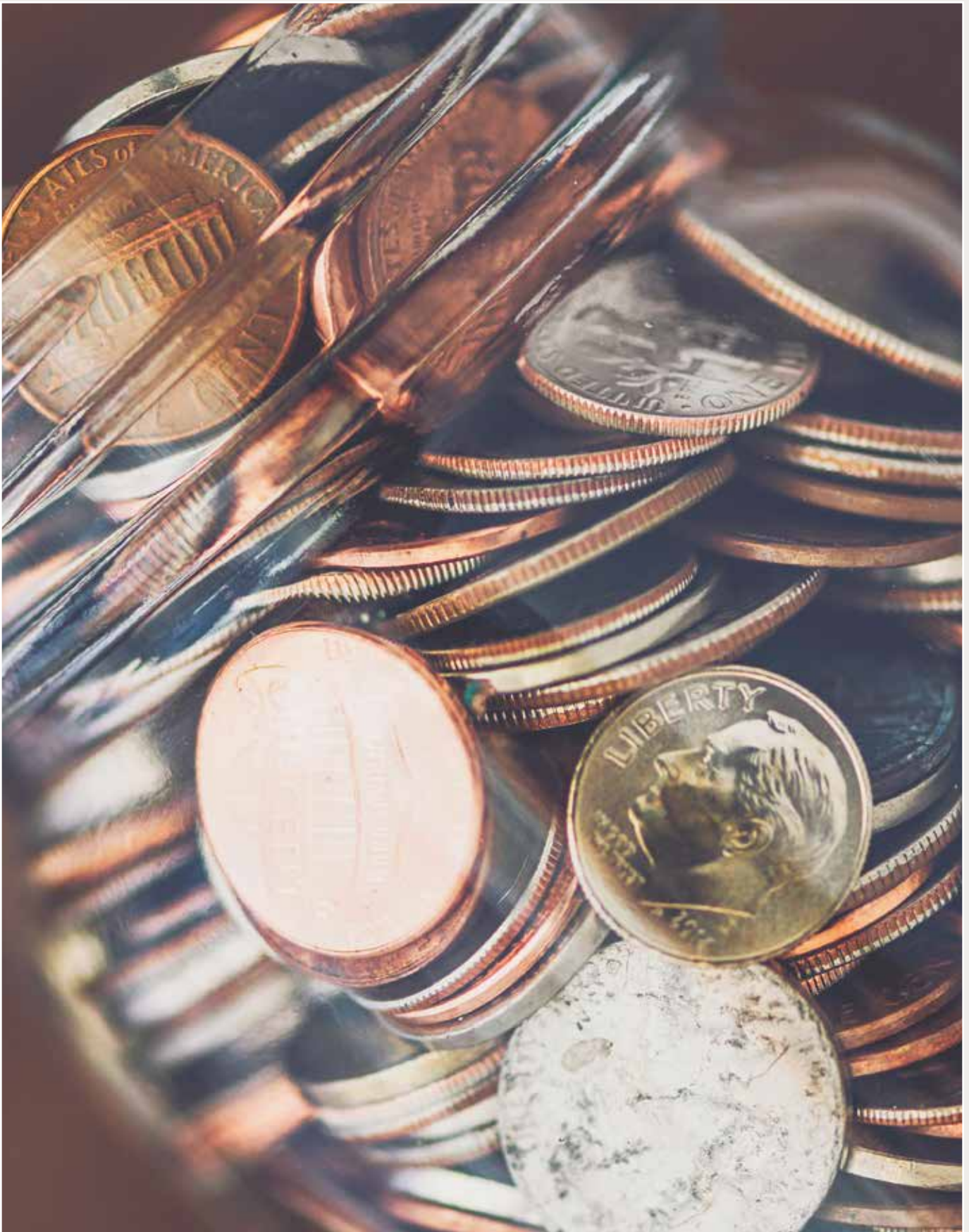
5. Improve data and information about housing markets, especially in Allegheny County, to shape strategies around housing development.
6. Establish better linkages among transportation, housing, and employment opportunities in Allegheny County and surrounding areas.
7. Develop better supportive housing options for residents with disabilities.
8. Work to better retain existing affordable housing options through the preservation and maintenance of existing affordable housing.

### ECONOMIC INEQUALITY

9. Improve opportunities for upward mobility by eliminating benefits cliffs.
10. Consider the positive impact of an increase to the minimum wage in Pennsylvania.
11. Establish a Pennsylvania Earned Income Tax Credit that would supplement the federal Earned Income Tax Credit.
12. Examine policies to address effectively the inequality in earnings between genders.
13. Increase communication and sharing of data between state level agencies and local governments and school districts to enable increased evaluation and accountability of human services programs.
14. Encourage the development of financial literacy programming in the education and nonprofit sectors for individuals at all income levels.

### TRANSPORTATION

15. Develop land use policies that promote transit-oriented development and active transportation.
16. Complement the Port Authority's system by expanding microtransit throughout the county using the Heritage Community Transportation model.
17. Expand suburban park and ride facilities in areas farther from the county's urban core.
18. Offer broader public transportation subsidies for riders living in poverty.



# POVERTY IN THE UNITED STATES

“What does this poverty mean to those who endure it? It means a daily struggle to secure the necessities for even a meager existence. It means that the abundance, the comforts, the opportunities they see all around them are beyond their grasp. Worst of all, it means hopelessness for the young.”<sup>15</sup> This is how President Lyndon B. Johnson characterized poverty in 1964. To this day, poverty not only tears at the social fabric that binds our society together, it fundamentally continues to represent a terrible waste of limited human resources.

## THE CHANGING FACE OF AMERICAN POVERTY

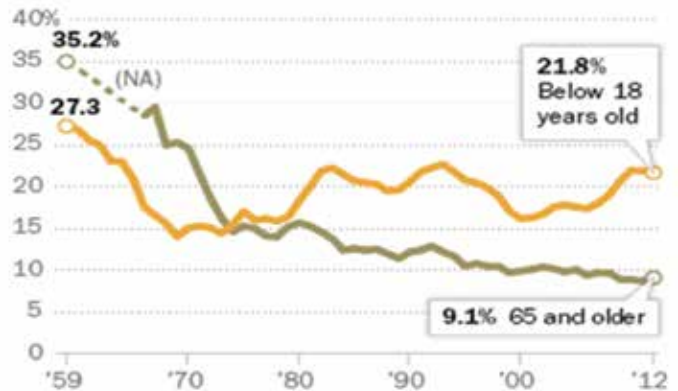
Since President Johnson began the War on Poverty more than 50 years ago, public, private, and nonprofit entities have implemented a wide range of programs and policies designed to revitalize struggling communities. Unfortunately, these initiatives have had limited success in changing the rate of individuals and families living in poverty. However, the United States has seen a change during this time frame in which particular demographic groups are living in poverty.

Since the 1960s, the United States has seen a structural shift in poverty away from the elderly population and to working-age Americans. Between 1959 and 2015, the United States has experienced a 16.5 percent increase in the number of individuals between ages 18 and 64 who are living in poverty.<sup>16,17</sup>

This shift resulted in large part from the implementation of government programs, particularly the expansion and inflation indexing of social security benefits during the 1970s. Following the inception of these programs, the rate of poverty for Americans age 65 and older dropped steadily from 28.5 percent in 1966 to 9.1 percent in 2012 (Figure 1).<sup>18,19</sup> Without the development of Social Security benefits, the Center for American Progress estimates that 44 percent of elderly would live in poverty today.<sup>20</sup>

In contrast to the relatively steady decline in the number of elderly living in poverty, poverty rates have fluctuated widely for children younger than 18 since 1959. The rate dropped from 27.3 percent in 1959 to 14 percent in 1969 and has risen and fallen several times since. The poverty rate for children younger than 18 rose to 21.8 percent in 2012 as a result of the Great Recession.<sup>21,22</sup> The consequences of this are significant, as children living at even 200 percent of the federal poverty level are far more likely to experience childhood

Figure 1: Poverty Rates for Children and Elderly (1959-2012)



Source: Census Bureau  
PEW RESEARCH CENTER

traumas such as parental death or imprisonment, physical abuse, neighborhood violence, and drug or alcohol addiction in the family.<sup>23</sup> All of these issues have long-term negative effects for children, including slower brain growth, impaired emotional regulation, and a smaller vocabulary.<sup>24</sup>

In 1966, nearly 42 percent of Black people lived in poverty and accounted for nearly a third of all poor Americans.<sup>25</sup> Today, the poverty rate for Black people has fallen to 27.1 percent, accounting for 21.7 percent of the American poor though the Black population is just 12.6 percent.<sup>26</sup> Even with a substantial drop in poverty within the Black community in recent years, there are still significant employment rate disparities between Black and White populations in the United States that contribute to a difference in poverty levels between the two groups. The Black/White unemployment ratio has remained at least 2 to 1 for the last 50 years, with brief exceptions in 1975, December 2009 to March 2010, and 2012, when the ratio was smaller.<sup>27</sup> The gap has generally widened over the last several decades, as the unemployment rate for Black people in the United States has been at least 115 percent greater than the unemployment rate for White people in the United States in roughly 55 percent of the months since 1972.<sup>28</sup>

Unlike in the Black community, poverty among Hispanics has grown since the 1970s. In 1972, 22.8 percent of Hispanics lived below the poverty level, compared to 24.7 percent today.<sup>29,30</sup> The Hispanic population within the United States has quintupled since the 1970s with little change in its poverty rate; as a result, Hispanics represent more than half of the 22 million person increase in the poor between 1972 and 2012.<sup>31</sup>

In the last five decades, the structure of families experiencing poverty has changed. In 1973, more than half (51.4 percent) of the families experiencing poverty were married-couple families.<sup>32</sup> Today, 50.3 percent of families experiencing poverty are female headed and only 38.9 percent are headed by a married couple.<sup>33</sup> The growth in births to unmarried parents since the 1970s is correlated with the educational backgrounds of the mothers, although unmarried, college-educated women have maintained a relatively low level of births. Women who have only a high school diploma or less have about 40 percent more unmarried births.<sup>34</sup>

## THE AMERICAN WORKING POOR

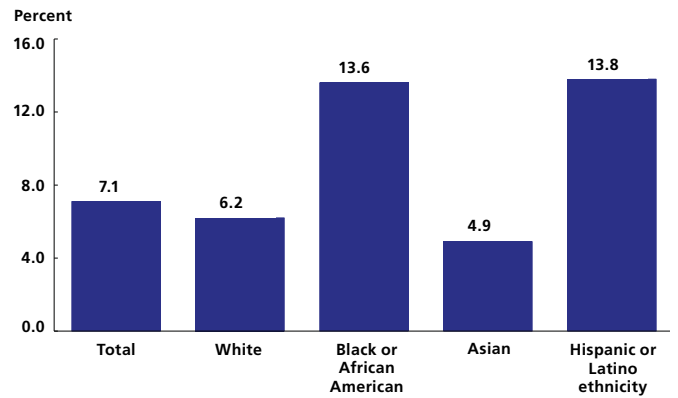
For many Americans, hard work and employment does not provide a route out of poverty. For the 10.6 million American working poor, who represent 7.1 percent of the labor force, full- and part-time work does not provide an income above the poverty level.<sup>35</sup> The U.S. Bureau of Labor Statistics defines the working poor as “individuals that spent at least 27 weeks in the labor force but had annual incomes that fell below the official poverty level.”<sup>36</sup>

There are several factors that increase the likelihood of an individual being among the working poor. These include the following:

- Being a part-time worker versus a full-time worker, as 15.5 percent of the former were classified working poor in 2012 compared to only 4.2 of the latter.<sup>37</sup>
- Being a woman.<sup>38</sup>
- Being Hispanic or Black, which makes an individual more than twice as likely to be among the working poor as those who are Asian or White.<sup>39</sup>
- Having a low level of education.<sup>40</sup>
- Working in the service industry.<sup>41</sup>
- Having children.<sup>42</sup>

Many external factors inhibit the working poor from transitioning into the middle class. The U.S. Bureau of Labor Statistics identified three major labor market-related issues preventing the working poor from escaping poverty: low earnings for the jobs that are available, unavoidable periods of unemployment, and involuntary part-time employment.<sup>44</sup> In 2012, 84 percent of the working poor who usually worked full time experienced at least one of these problems,<sup>45</sup> with 68 percent of the working poor experiencing low earnings and 37 percent experiencing unemployment for some period of time.<sup>46</sup> An additional 6 percent experienced all three problems during that year.<sup>47</sup> Other factors that may contribute to a worker’s inability to

**Figure 2: Working Poor Rates of People by Race, 2012<sup>43</sup>**



Note: People whose ethnicity is identified as Hispanic or Latino may be of any race.  
Source: U.S. Bureau of Labor Statistics Current Population Survey (CPS), Annual Social and Economic Supplement (ASEC)

escape poverty include the limited availability of long-term employment or some weeks of voluntary part-time work due to extenuating circumstances.<sup>48</sup>

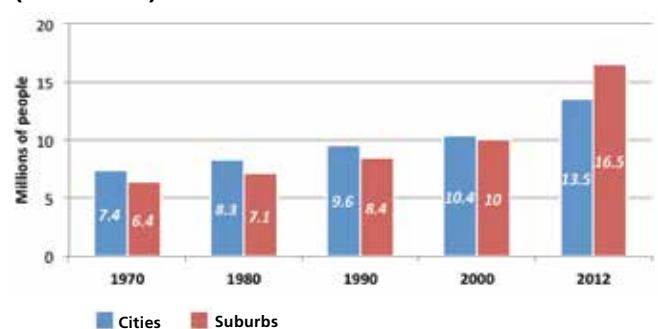
## SUBURBAN POVERTY

One of the most significant changes in poverty in recent decades has been the growth of suburban poverty. Between 2000 and 2011, the population in poverty in the United States increased by 39 percent.<sup>49, 50</sup> During the same period, the population of suburbs in metropolitan areas across the country grew by 64 percent.<sup>51</sup> In fact, more people in poverty now live in the suburbs (16.5 million) than live in the cities (13.5 million), which means about 55 percent of the population living in poverty resides outside the cities.<sup>52</sup>

There are many reasons why poverty has climbed much faster recently in the suburbs:

- **Population has traditionally grown faster in suburbs than in cities.** From 1970–2010, suburban population growth vastly outpaced urban population growth (Figure 3).<sup>53</sup> However, during the recovery from the Great Recession of 2008–09, a trend of greater urban population growth developed.<sup>54</sup> That trend has since diminished, with nearly equal growth in recent years.<sup>55</sup>

**Figure 3: Residents Living in Poverty in Cities and Suburbs (1970 – 2012)<sup>56</sup>**





- **Low-wage workers are increasingly suburban.** Sixty-seven percent of workers in low-wage occupations (where at least one-quarter of workers make less than \$10 per hour) live in the suburbs, as many low-wage occupations are far more likely to be based in suburban areas.<sup>57</sup> Sixty-three percent of workers employed in building and ground cleaning and maintenance occupations (2.3 million workers) and 71 percent of workers in sales and related occupations (largest low-wage occupational sector at 7.4 million workers) live in the suburbs.<sup>58</sup>
- **In many cases, housing has become relatively more affordable in suburban municipalities.** In 2008, nearly half of all households with housing choice vouchers (which subsidize housing for families, the elderly, and people with disabilities living in poverty) in major metro areas were living in suburban municipalities.<sup>59</sup> Additionally, a recent trend of Americans moving into the urban core has driven up housing prices there, pricing many existing residents out of urban areas and into the suburbs.
- **Immigrants are increasingly settling in the suburbs.** In the suburbs of 78 of the 97 largest metro areas, the foreign-born populations grew faster than the overall populations.<sup>60</sup> For many smaller Northeastern and Midwestern cities, the immigrant influx has helped to offset the economic decline resulting from both of those regions' aging populations.<sup>61</sup>
- **The Great Recession affected suburbs first and hardest.** The two industries most affected by the Great Recession—construction and manufacturing—are far more likely to be located in suburban rather than urban areas.<sup>62</sup>

## POVERTY IN SOUTHWESTERN PENNSYLVANIA

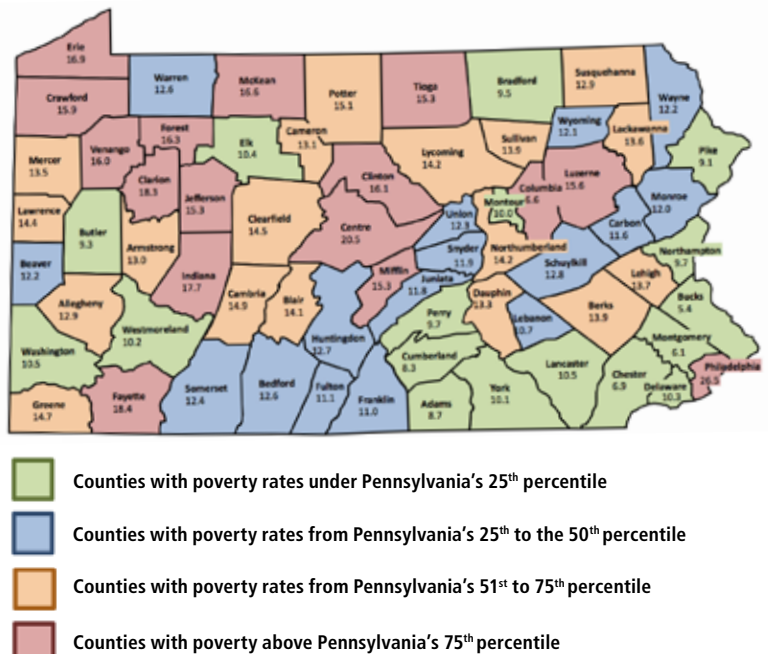
Southwestern Pennsylvania is experiencing many of the same poverty trends that are occurring in regions across the United States. The Pittsburgh region has persistent poverty in the urban core and rural areas and growing poverty within Pittsburgh's suburban communities. Poverty levels in the city are still well above poverty levels in the Pittsburgh region (12.1 percent) and the commonwealth (13.3 percent).<sup>63,64</sup>

However, in the Pittsburgh region, as elsewhere, a greater number of individuals in poverty live outside the urban core; 61 percent of poverty in Allegheny County occurs outside the city. Further, 79 percent of poverty in the seven-county Pittsburgh metropolitan statistical area exists outside the Pittsburgh city limits.<sup>65</sup> Pennsylvania's rural areas are home

to high levels of poverty and working poor compared to the commonwealth's urban centers.

As is true throughout the country, suburban poverty is a growing trend in Allegheny County. Between 2002 and 2013, Allegheny County experienced a 3 percent rise in poverty occurring outside the City of Pittsburgh.<sup>66</sup> The greatest concentration of suburban poverty is along the rivers, especially in the Steel Valley municipalities in Allegheny County and in several municipalities bordering Pittsburgh. Although Allegheny County's poverty rate is below the rate for the commonwealth as a whole, it is greater than the rate in nearly half of the counties in Pennsylvania (Figure 4).

**Figure 4: 5-Year (2009-2013) Estimates of Percent of Individuals below the Poverty Level**<sup>67</sup>



## POVERTY WITHIN THE CITY OF PITTSBURGH

While there is an emerging need to address poverty in the suburbs, poverty remains a concern within the City of Pittsburgh. The city has almost 23 percent of its residents living at the poverty level, and 43 percent of its residents are within 200 percent of the poverty level.<sup>68</sup> One reason for this is that many Pittsburgh neighborhoods are subject to similar issues and trends as those outlined for suburban municipalities, including the loss of traditional job centers, underperforming schools, and violence.

The map (Figure 5) on page 11 depicts levels of need within Pittsburgh neighborhoods.

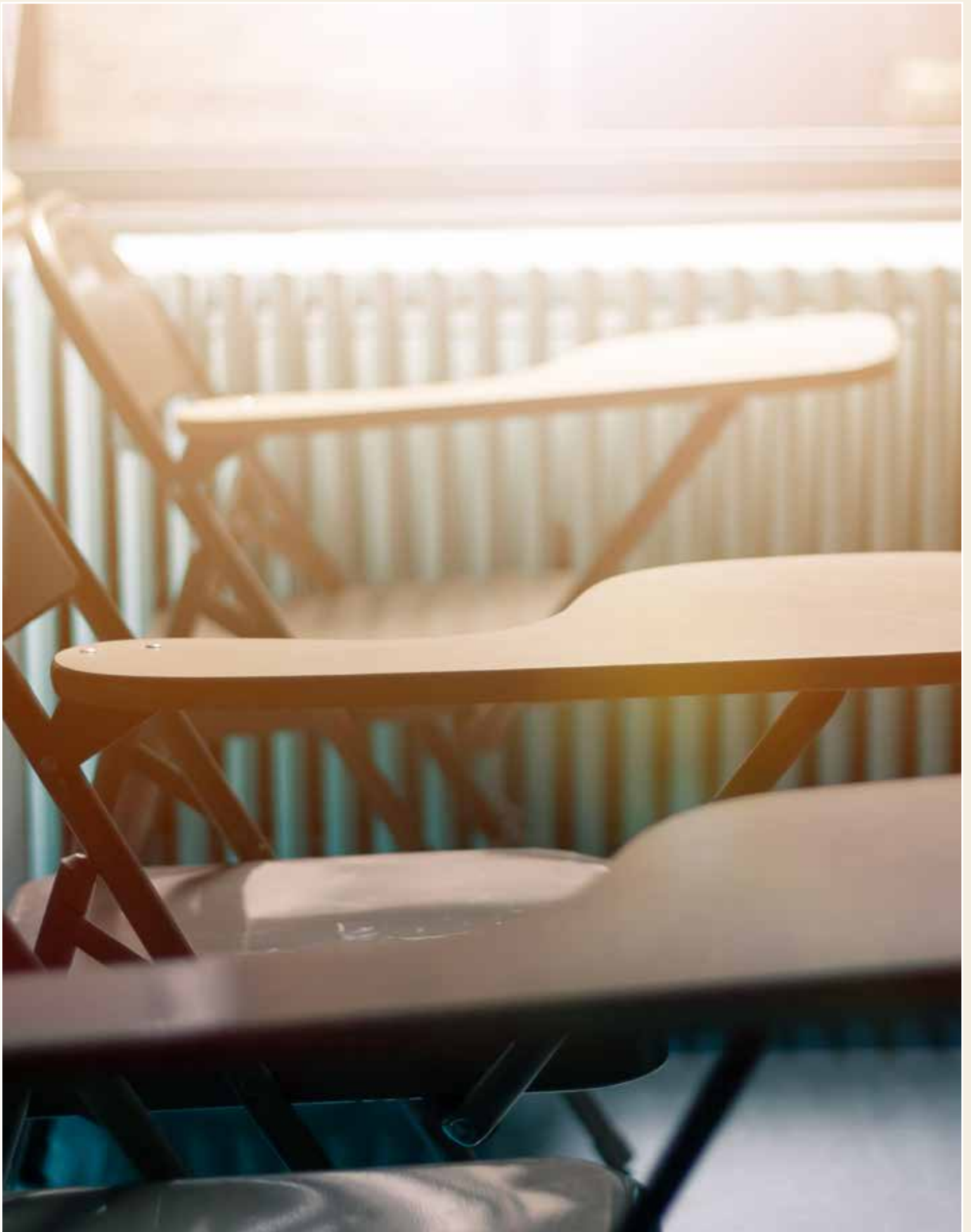
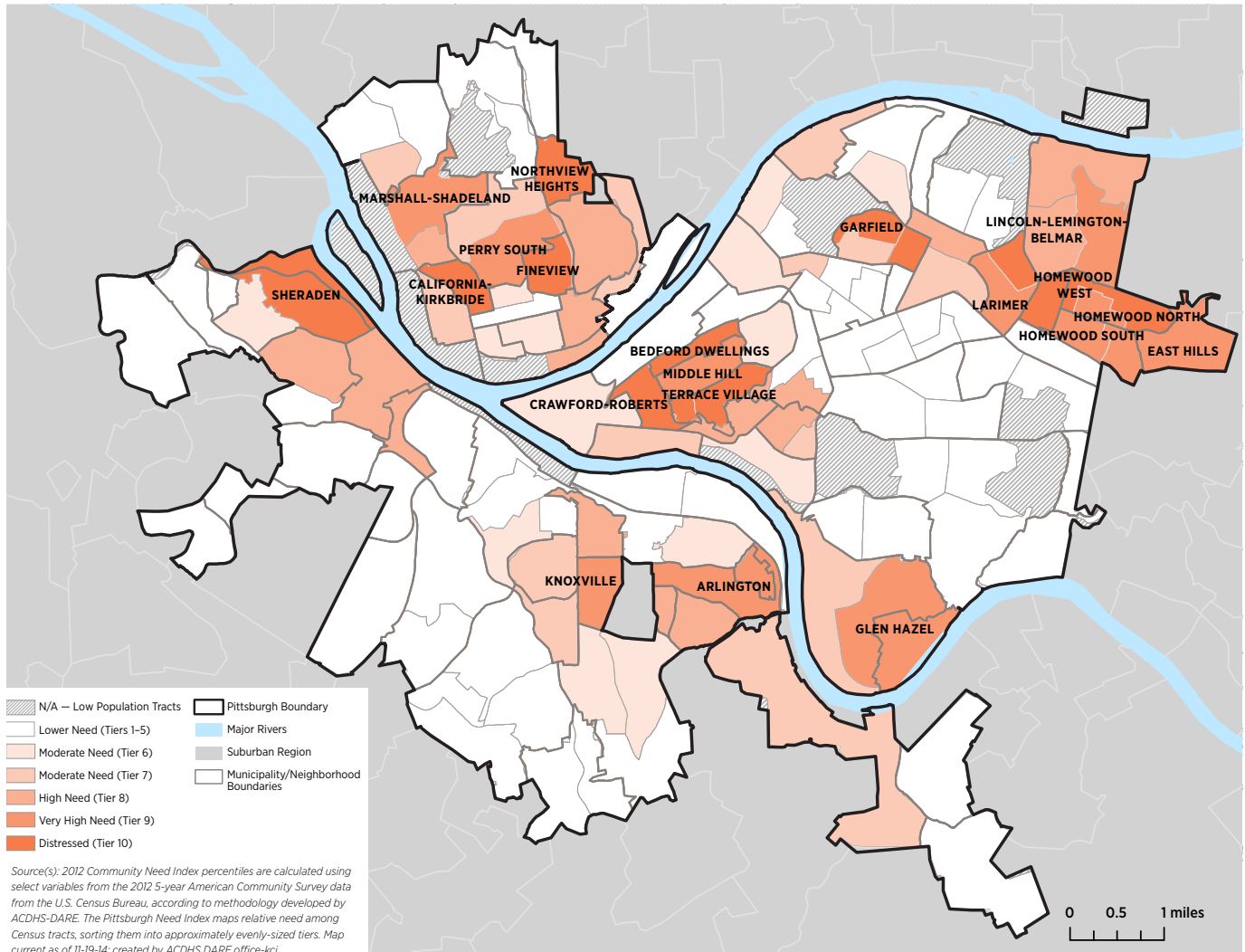


Figure 5: 2012 Pittsburgh Need Index: Pittsburgh City Census Tracts <sup>69</sup>



### Allegheny County Department of Human Services Community Needs Index

Figures 5 and 6 and Tables 1 and 2 are from the Community Needs Index developed by the Allegheny County Department of Human Services. The Community Needs Index is designed to capture conditions within communities on a census tract level and ranks each community into 10 equally sized tiers. The purpose of the Community Needs Index is to identify communities that are in the greatest need for social services and/or are at risk for further economic decline. The Community Needs Index is based on the following indicators:

- Percentage of population below 100 percent of the federal poverty line
- Percentage of population below 200 percent of the federal poverty line
- Percentage of families headed by single females
- Percentage of youth ages 16–19 without a high school diploma or equivalent and not enrolled in school
- Percentage of civilian males ages 16–64 who are unemployed or not in the labor force
- Percentage of houses vacant
- Percentage of households with no available vehicle

# SUBURBAN POVERTY IN ALLEGHENY COUNTY

In 2014, the Allegheny County Department of Human Services (DHS) report examining poverty in the county’s suburbs emphasized the dispersed nature of community need in the county. In applying the Community Needs Index to Allegheny County, DHS was able to identify areas of need throughout the county in municipalities with low and high overall poverty

rates. Below are communities classified as “moderate need” to “distressed” by the DHS’ Community Needs Index. For more information on the Community Needs Index, please read the call out box in the previous section.

The following municipalities (Table 1) contain census tracts listed next to each community with moderate to very high needs for services as indicated by their ranking on the Community Need Index.

**Table 1: Alphabetized Municipalities Containing Moderate Need to Distressed Communities** <sup>70</sup>

MODERATE NEED (TIER 6)	MODERATE NEED (TIER 7)	HIGH NEED (TIER 8)	VERY HIGH NEED (TIER 9)	DISTRESSED (TIER 10)
Aspinwall — 4230	Baldwin — 4804	Avalon — 4323	Baldwin — 4801.01	Avalon — 4324
Blawnox — 4200	Brentwood — 4781	Bellevue — 4311, 4314, 4315	Brackenridge — 4020	Braddock — 5138
Bridgeville — 4572	Carnegie — 4688	Braddock Hills — 5170	Brentwood — 4782	Clairton — 4928
Collier — 4580	Castle Shannon — 4761	Bridgeville — 4571	Clairton — 4927	Duquesne — 4867
Dormont — 4722	Dormont — 4721	Carnegie — 4689	Coraopolis — 4507, 4508	East Pittsburgh — 5100
East McKeesport — 5070	Dravosburg — 4870	Clairton — 4929	Dormont — 4723	Homestead — 4838
Edgewood — 5162	East Deer — 4040	Crafton — 4656	Duquesne — 4868, 4869	McKees Rocks — 4639, 4644
Elizabeth — 4961.02	Elizabeth — 4940	Etna — 4250	Glassport — 4994	McKeesport — 5509, 5519, 5521, 5523
Forward — 4950	Forest Hills — 5180.01	Forest Hills — 5180.02	Harrison — 4012	Millvale — 4270
Glassport — 4993	Heidelberg — 4710	Harrison — 4011	McKeesport — 5520, 5522	Mount Oliver — 4810
Harmar — 4190	Leetsdale — 4480	Kennedy - 4600.01	Munhall — 4843	North Braddock — 5120, 5128, 5129
Ingram — 4643	Liberty — 4980	Lincoln — 4970	Penn Hills — 5231	North Versailles — 5041
Monroeville — 5213.02	Monroeville — 5213.01	McCandless — 4135	Pitcairn - 5220	Rankin — 5140
Moon — 4511.03	Munhall — 4845, 4846	McKeesport — 5513, 5524	Stowe — 4626	Sharpsburg — 4240
North Versailles — 5044	Penn Hills — 5234, 5237.02	Neville — 4610	Swissvale — 5151, 5153	Tarentum — 4035
Oakmont — 5252	Port Vue — 5003	Penn Hills — 5232, 5236	Turtle Creek — 5094	West Mifflin — 4882
Penn Hills — 5233, 5235.01, 5237.01	Shaler — 4267, 4272	Scott — 4706	Versailles — 5010	White Oak — 5512
Richland — 4080.01	Swissvale — 5152	Springdale — 4172	Wall — 5060	Wilkinsburg — 5606, 5610, 5611, 5612
Ross — 4291, 4293, 4296, 4297	West Deer — 4070.01	Stowe — 4621	West Elizabeth — 4930	Wilmerding — 5080
Scott — 4704	West Mifflin — 4884, 4886	Verona — 5240	West Homestead — 4825	
Shaler — 4264	West View — 4302	Whitaker — 4850	West View — 4301	
South Park — 4900.02	White Oak — 5030.02	Whitehall — 4773	Wilkinsburg — 5604, 5614	
Swissvale — 5154	Wilkinsburg — 5605	Wilkins — 5200.02		
		Wilkinsburg — 5615		

Through this tiered system, the study identified three subsets of communities that were at particular risk: Communities with Emerging Need, Communities with Deepening Need, and Stabilizing Communities. These types of communities are defined as follows:

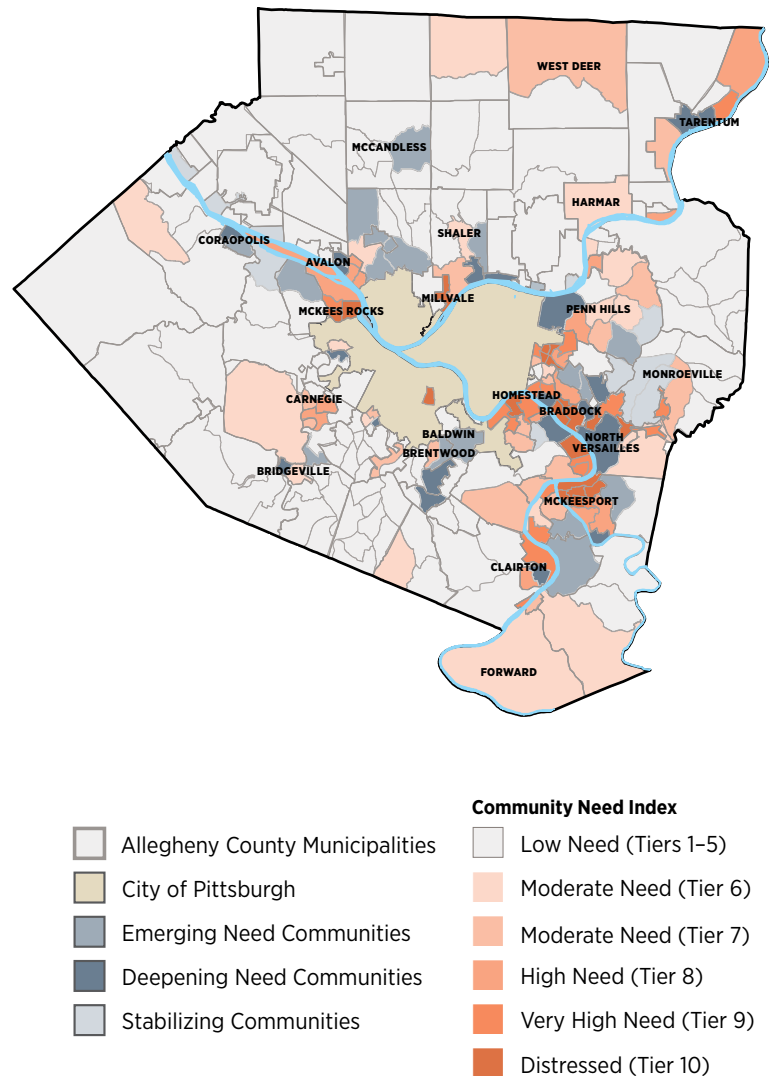
- **Communities with Emerging Need:** At least two tiers worse in 2009 compared to its 2000 tier, and in top 50 percent (tiers 6–10) in need in 2009
- **Communities with Deepening Need:** At least one tier worse in 2009 and in top 40 percent (tiers 7–9) in need in 2000
- **Stabilizing Communities:** Starting in top 40 percent in need in 2000 and at least two tiers better in 2009 (and outside top 30 percent in 2009)

Each of the Allegheny County communities identified by DHS that is experiencing a changing or stabilizing need is listed in Table 2 and Figure 6.

**Table 2: Communities with Changing Needs or Stabilizing, Alphabetized, by Census Tract** <sup>71</sup>

EMERGING NEEDS	DEEPENING NEEDS	STABILIZING
Baldwin — 4805	Avalon — 4323, 4324	Blawnox — 4200
Brentwood — 4782	Baldwin — 4801.01	Glenfield — 4420
Coraopolis — 4507	Brackenridge — 4020	Leetsdale — 4480
Forest Hills — 5180.01, 5180.02	Bridgeville — 4571	Monroeville — 5212, 5213.02
Harrison — 4011	Clairton — 4928	Penn Hills — 5235.02
Kennedy — 4600.01	Coraopolis — 4508	Robinson — 4591.01
Liberty — 4980	Crafton — 4656	Sewickley — 4455
Lincoln — 4970	Dormont — 4723	West Mifflin — 4881
McCandless — 4135	Etna — 4250	Wilkins — 5200.01
Penn Hills — 5236	North Braddock — 5120	
Ross — 4291, 4293, 4297	North Versailles — 5041	
Scott — 4704	Penn Hills — 5231	
Shaler — 4267	Rankin — 5140	
West View — 4301, 4302	Sharpsburg — 4240	
White Oak — 5020.02	Tarentum — 4035	
	Versailles — 5010	
	West Mifflin — 4882	
	Whitehall — 4773	
	Wilkins — 5200.02	

**Figure 6: Communities with Changing Needs and Community Need Index, 2009** <sup>72</sup>



## RURAL POVERTY

In addition to poverty occurring within Pittsburgh and its suburbs, rural poverty remains a persistent issue for both the region and Pennsylvania as a whole. Between the years 1970 and 1990, the rural population in Pennsylvania increased by 10 percent.<sup>73a</sup> This growth occurred unevenly across rural areas, with just five counties accountable for 73 percent of the growth; 14 experienced a loss in population.<sup>74b</sup> However, after 1990, even as Pennsylvania's total population continued to gradually increase, the population of rural areas began to decline, falling by more than 26 percent over the next 20 years.<sup>75</sup>

Around the time that both the United States' and Pennsylvania's rural populations began to decline, the number of well-paid industrial jobs available for low-skilled workers began to disappear, and poorly paid service jobs took their place.<sup>76</sup> With this change came challenges in individuals' ability to be promoted within a company; instead of moving up the ranks, low-skilled workers often move between different firms, commonly finding themselves stuck in low-wage, entry-level jobs with little opportunity to advance.<sup>77</sup>

Compounding these conditions in rural communities was the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, under which the federal government consolidated Aid to Families with Dependent Children (AFDC), Emergency Assistance, and Job Opportunity and Basic Training program, creating Temporary Aid for Needy Families (TANF).<sup>78</sup> On the surface, PRWORA and the shift from AFDC's entitlement program to TANF's time-limited, work-centered program seemed beneficial; caseloads in human service agencies across the country—and across Pennsylvania—declined.<sup>79</sup> However, looking past the number of caseloads and into the lives of the individuals involved brought to light a different story.

By the year 2000, three years after Pennsylvania implemented the new welfare policies, only 10 percent of rural residents in Pennsylvania receiving TANF were working full time, with a median wage of \$6 per hour.<sup>80</sup> As for those no longer receiving TANF by 2000, 74 percent were working and 80 percent had at some point held a paid position since they stopped receiving

TANF.<sup>81</sup> In fact, more than half of the individuals formerly receiving TANF reported that their lives were better since their TANF assistance stopped; however, only 43 percent of those former TANF recipients were working full-time jobs, with an average income of \$7.60 per hour.<sup>82</sup> For this group of rural-living workers, wages were stagnant, with half of the individuals making less than \$6.85 per hour, 55 percent of families still living in poverty, and only 15 percent living with an income of more than 150 percent of the poverty line.<sup>83</sup> More than half of those currently receiving TANF and those who had transitioned off of TANF reported having faced problems such as not being able to afford rent, adequate food, or basic utilities.<sup>84</sup> While the lives of those living in rural Pennsylvania who made the transition off of TANF seemed to have improved, they were still a ways off from true self-sufficiency.

Despite rural families' experiencing negative effects from welfare reform, these hardships demonstrate less the direct effects of reform and more the continuing challenges within rural communities. Inadequate transportation coupled with a lack of work experience, skills, training, and available jobs will bar anyone from achieving self-sufficiency,<sup>85</sup> but these barriers are even more prevalent and discouraging in rural areas. For example, in rural Pennsylvania, simply finding jobs for TANF recipients among the low-paying ones offered often does not lead to better lives. Even offering job training can come with mixed results if the companies within commuting distance aren't hiring people with those skills. Finding well-paying careers in rural areas for individuals with opportunities for advancement is difficult; partnering with local companies to offer training programs specific to jobs already in existence could help to alleviate these challenges.<sup>86</sup>

Because of the complexity of the challenges facing many rural communities, solutions to overcoming them can be difficult to come by. Between 2010 and 2014, 14.3 percent of all households in rural Pennsylvania still had incomes that fell below the poverty level; of their urban counterparts, 13.4 percent were in poverty.<sup>87</sup> Additionally, 19 percent of individuals living in rural areas were classified as working poor (employed individuals whose household income is less than 200 percent of poverty) compared to 14 percent of individuals living in urban areas.<sup>88</sup> In fact, between 2005 and 2008, the number of individuals in rural Pennsylvania who were working and earning incomes that still left them living in poverty increased from 29 to 32 percent.<sup>89</sup>

Addressing the needs of rural communities also can be difficult due to a lack of adequate funding for various support services, such as food banks or job training. Often the presence of even one philanthropic foundation can make a difference in a rural community's ability to assist its poorest residents,<sup>90</sup> and yet

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<sup>a</sup> The U.S. Census Bureau defines rural as all territory, population, and housing units located outside urbanized areas (50,000 people or more) and urban clusters (at least 2,500 people but fewer than 50,000).

<sup>b</sup> The Center for Rural Pennsylvania defines rural as counties with a population density at or below the statewide average. During the time of this data collection, Pennsylvania's statewide population density was 274 people per square mile.

foundations nationwide still tend to focus the vast majority of their donations on urban areas. From 2005 to 2010, only 5.5 percent of large foundation giving went to rural areas, despite the fact that 19 percent of the national population lives in these communities.<sup>91c</sup> In order to address this, the U.S. Department of Agriculture recently urged foundations not only to increase giving to rural areas but also to invest smartly in them and partner in a plan focused on developing jobs and addressing the root causes of hardship in rural American communities in innovative ways.<sup>92</sup>

As the late rural sociologist Daryl Hobbs once said, “When you’ve seen *one* rural community, you have seen *one* rural community.” As each rural community comes with its own unique history, people, and possibilities, rural poverty is not a one-dimensional problem; the route to more promising rural communities is more complex than a one-size-fits-all solution.

## SPOTLIGHT: INDIANA COUNTY

In Indiana County, Pa., human service providers identify challenges similar to those mentioned above facing their residents. For example, many jobs available to Indiana County residents are located within Indiana Borough, near Indiana University of Pennsylvania, where housing costs have risen due to the presence of the university. Additionally, many of the jobs currently available are not jobs paying living wages. Unable to afford the higher rents near the lower-wage jobs, employees are forced to look elsewhere for affordable housing, most of which is located in areas without public transportation. This means that any disruption in their usual transportation (e.g., a maintenance issue on their car) could result in missed days at work and all of the potential consequences that follow. Because many of these individuals have little to no savings, they are dependent on each paycheck

<sup>c</sup> The United States Department of Agriculture Economic Research Service (ERS) defines rural in several ways. Most commonly, the ERS researchers use a metro-nonmetro measurement of counties. Nonmetro counties can include open countryside, rural towns (population of 2,500 or fewer), and urban areas with populations anywhere from 2,500 to 49,999. Although this is the most common measurement used, ERS has different ways of classifying rural areas that are smaller in focus and are used to better understand economic and social diversity of nonmetro America as well as, at times, determine eligibility for federal programs in these areas. This discrepancy among respected institutions regarding how rural areas should be defined demonstrates the complexity of the situation and speaks to these ever-changing areas and the individuality of each community. As difficult as it is to find a single definition of rural, it can be argued that finding effective ways of remedying these areas’ hardships is more difficult still.

in order to survive, making any consequences—such as a loss of a shift, the decrease in future hours, or even the total loss of a job—disastrous.

The lack of transportation in Indiana County also affects the rising population of people seeking services for drug and alcohol addiction. This increase is not limited to Indiana County, specific geographic regions, or demographics and can be seen across Western Pennsylvania. While services like the Medical Assistance Transportation Program can transport people to appointments, not everyone who is willing to enter into treatment is eligible for this service. Ensuring access to the necessary services proves difficult in many areas, but in Indiana County and other rural communities, where large stretches of land span between many individuals and businesses, the issue is made even worse.

Service providers in the county also can face barriers as a result of state and federal government regulations. Many agencies report that mandates and standards decided at higher levels can cause unintended difficulties further down the line, as regulations fall on the local agencies without being accompanied by the funds necessary to make those changes. Strengthening relationships between state and local entities could assist in remedying this issue.

Pennsylvania State Representative Dave Reed, whose district includes part of Indiana County, in collaboration with the United Way of Indiana County, convened several meetings of all human service agencies serving the county. During these meetings, providers shared challenges and accomplishments from their agencies and the populations they serve. The United Way of Indiana County and Rep. Reed also collaborated on a transportation summit, attempting to identify realistic solutions to the transportations needs of the county.

The barriers in Indiana County, like many areas, are intricately connected, and service providers recognize the need for a more effective system aimed at assisting people in obtaining self-sufficiency. Indiana County, through its Department of Human Services, also initiated Project SHARE, a fast-growing initiative centered on the idea of coordinated services that includes numerous agencies and churches in Indiana County. Each of the providers involved in Project SHARE has access to a shared database, where basic information on the people it serves is regularly updated. The shared database has become a method for agencies to compile information and collaborate with one another, as a smaller agency may be trying to provide assistance to an individual, find it is unable to cover the entire cost of what is needed, and request another Project SHARE agency to make up the difference. The database also works to deter abuse of services, as the agencies in Project SHARE

can easily discover if an individual requesting assistance has been receiving aid from multiple providers for the same or similar issues.

Other initiatives by which Indiana County has demonstrated its commitment to partnership in the provision of services include the following:

- **The Prepared Renter Program** offers information to renters about their rights and responsibilities as tenants.
- **Landlord workshops** offer information on fair housing, the eviction process, lease details, renting to people with disabilities, pest infestations, illegal activity, section 8 housing, and student housing.
- **Financial literacy workshops** are offered on a rotating basis in partnership with five different banks. These workshops are open to the public but geared toward people in poverty.
- **Veterans Gardens** offers permanent housing for homeless veterans. During the process, a church parsonage provides transition housing.
- **Car maintenance workshops** provide education on basic car maintenance offered through tech centers.

Providing these services with the larger concerns of the county in mind demonstrates the desire the service providers in Indiana County to assist individuals in avoiding the snowball effects of one unfortunate circumstance and ultimately aid them in becoming self-sufficient.

## CHALLENGES IN ADDRESSING SUBURBAN POVERTY

The causes of poverty in the United States are complex, multifaceted, and intertwined. There exists a real opportunity to impact poverty regionally by addressing four underlying challenges that serve to perpetuate it: housing, transportation, and income inequality.

### EDUCATION

In advocating for the very first American public schools, Horace Mann stated in 1848 that “Education, then, beyond all other devices of human origin, is the great equalizer of the conditions of men—the balance-wheel of the social machinery.” The American public school system has provided

a pathway out of poverty for countless Americans. However, students living in poverty are often increasingly afforded fewer educational opportunities than their wealthy peers in childhood. Within Pennsylvania, 40 percent of public school students were classified as low income in 2013.<sup>93</sup> In 2009–10, a typical American low-income student attended a school in which only 45 percent of students met state proficiency standards, compared to 65 percent for middle-to-high-income students.<sup>94</sup>

### POVERTY AMONG STUDENTS

For the first time in modern history, the majority of students attending American public schools live in poverty.<sup>95</sup> In 2013, 40 states had at least 40 percent of students living in poverty.<sup>96</sup> Students living in poverty are especially prevalent in the South (Figure 7), where 13 of 16 states with the highest percentage of students living in poverty reside.<sup>97</sup> In Mississippi and Louisiana, at least nine of every 10 school districts have a majority of low-income students.<sup>98</sup> Across the country, students living in poverty are generally concentrated in urban public schools, especially in the Northeastern United States.<sup>99</sup>

Income disparities between students have profound impact on the outcomes of low-income students and in recent years, these outcomes have become more dramatic. Some of these disparities are outlined in the subsequent section.

### IMPACT OF POVERTY ON STUDENTS

In addition to growing in number, students living in poverty tend to have worse educational outcomes. This can have long-term implications for their careers and economic mobility. For instance, there is a 30–40 percent greater achievement gap between high- and low-income families for children born in 2001 than for children born 25 years ago.<sup>101</sup> Additionally, students in poverty are less likely to graduate from high school and enroll in postsecondary education.<sup>102</sup> Given the increasing level of skill needed to be successful in the American workforce, this can have long-term consequences for career opportunities and earning potential. In 2012, only 52 percent of children in the bottom fifth of the income distribution enrolled in postsecondary education right out of high school, compared to 82 percent of students from the upper fifth of the income distribution.<sup>103</sup> Even once enrolled in college, low-income students are less likely to graduate than their wealthier peers.<sup>104</sup>

Not only is failing to provide early educational opportunities to students living in poverty detrimental to those students’ individual opportunities, it also negatively impacts the level of human capital necessary to meet regional, state, and national workforce needs.





Figure 7: Percent of Low Income Students in U.S. Public Schools (2013) <sup>100</sup>

National Average: 51%

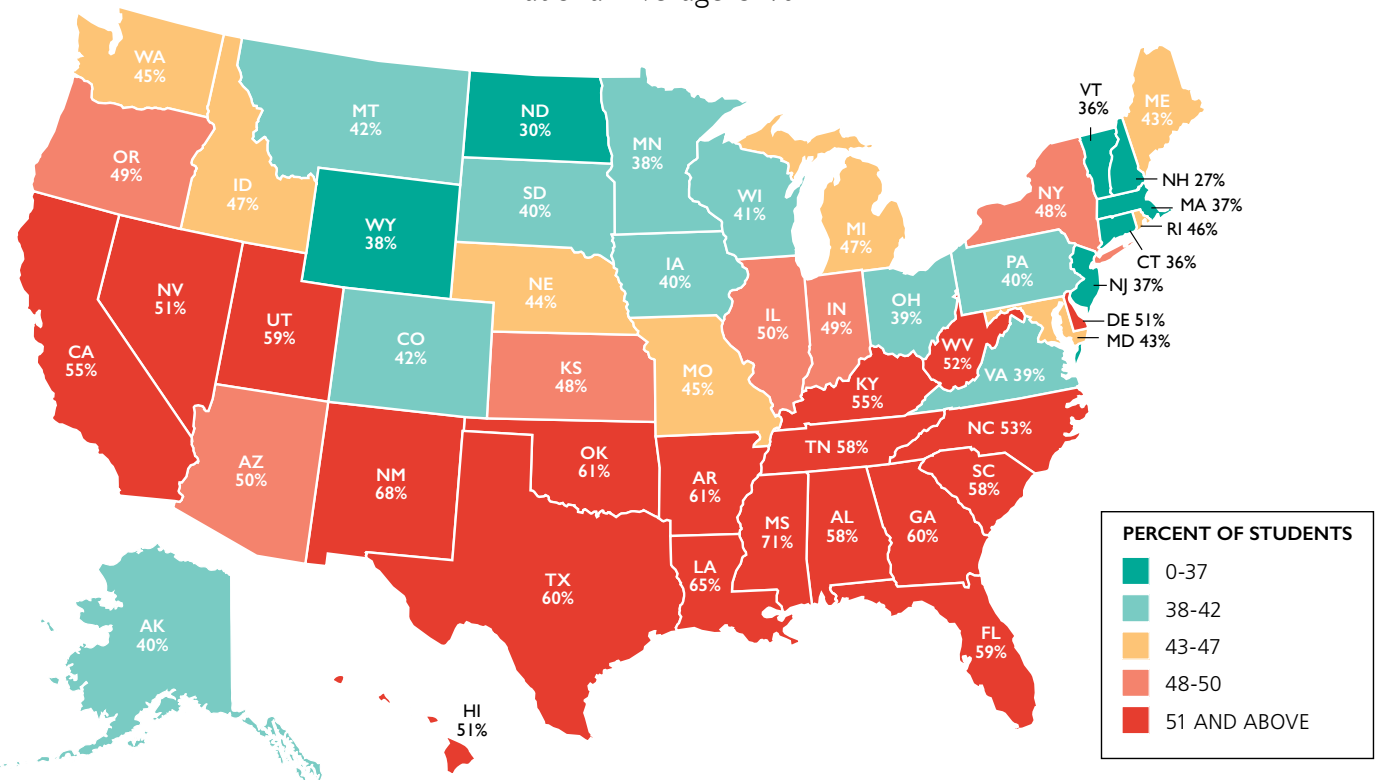
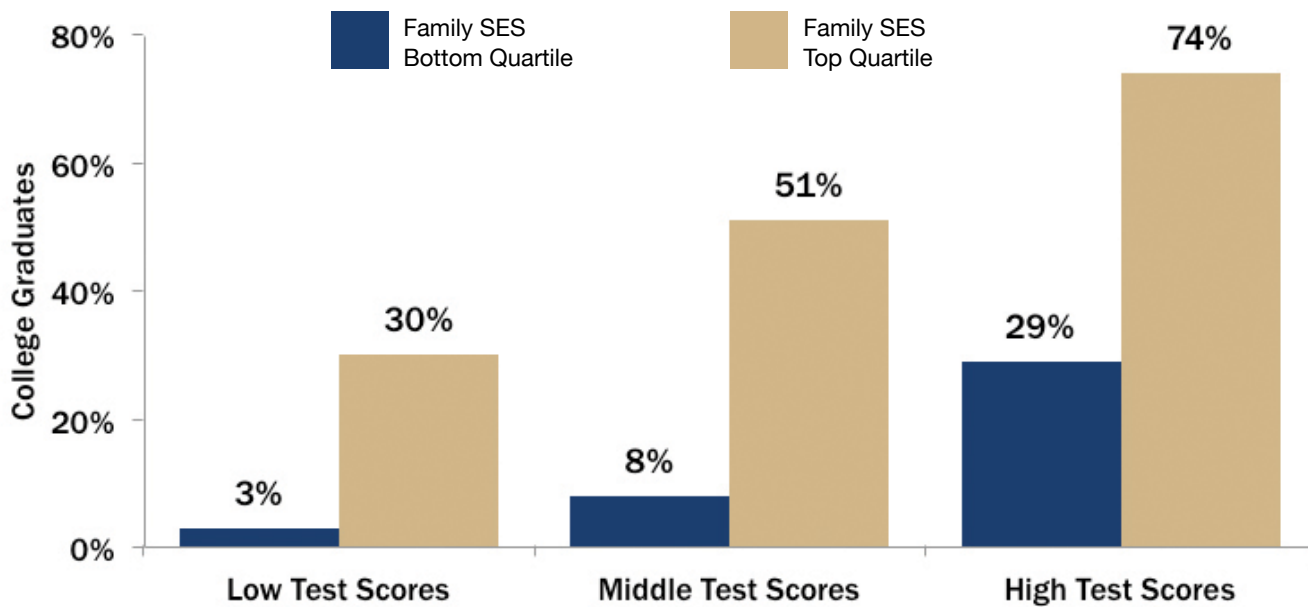


Figure 8: Family Background Matters More than Eighth-grade Test Scores for College Graduation <sup>105</sup>



## UNAFFORDABILITY OF CHILD CARE

Early child care does more than simply enable parents to work. Early professional child care has demonstrated long-term impacts for children and society. Children who attended preschool have higher levels of academic achievement, are more likely to attend postsecondary education, and are less likely to be involved in the criminal justice system.<sup>106</sup> Even in light of these benefits, the United States ranks 32nd among 39 countries in the Organisation for Economic Co-operation and Development (OECD) in terms of child care enrollment and has an enrollment rate 40 percent less than the average of the rest of the OECD countries.<sup>107</sup>

Child care is a significant cost burden for many families. Among single-parent, two-child families, child care costs can account for 11.7 percent (New Orleans, La.) to 33.7 percent (Buffalo, N.Y.) of the family budget.<sup>108</sup> It is especially burdensome for workers making the minimum wage, whose child care costs can range from 30.6 to 80.9 percent of yearly earnings.<sup>109</sup> A full-time minimum wage worker would require 62.9 percent (South Dakota) to 183.5 percent (Washington, D.C.) of his or her yearly salary to pay for two children in child care.<sup>110</sup> Based on the U.S. Department of Health and Human Services affordability threshold of 10 percent of a family's yearly income, only a handful of regions across the country, all of which are in Louisiana, offer affordable child care for families with two parents and two children on a modest living standard.<sup>111</sup>

## POVERTY AND EDUCATION IN ALLEGHENY COUNTY

Almost all underperforming schools in Allegheny County are associated with municipalities with high poverty concentrations. The Opportunity Scholarship Tax Credit Program provides students attending low-achieving schools with tuition assistance to attend another public or private school. The program defines low-achieving schools as ranking in the bottom 15 percent of combined math and reading scores on the Pennsylvania System of School Assessment (PSSA) exams. Nearly all of these schools in Allegheny County are located in municipalities with poverty rates above the county average, which is 28.8 percent of residents living at or below 200 percent of the poverty level. These school districts, listed with their component municipalities, for the 2012–13 school year are listed in Table 3.

This coupling of poor communities and low-performing school districts results in reduced opportunities for residents and eventually a functional separation from the labor force in general.<sup>142</sup> Neighborhoods with few employment opportunities and a weak labor force also are associated with a greater likelihood of people turning to illegal activities for income, further weakening the community.<sup>143</sup>

## FULL-SERVICE COMMUNITY SCHOOLS WORKING TO ADDRESS COMMUNITY POVERTY

For areas with pervasive and persistent poverty, full-service community schools, like the Harlem Children's Zone in New York, have demonstrated the ability to recognize and address the effects poverty has on a child's schooling. This community schooling model looks holistically at a child's life in poverty, acknowledges the importance of collaborative solutions, and organizes programs that serve both children in the classroom and their families in the community. These programs can include preparatory pre-K classes, tutoring support, and recreational activities for students as well as child development classes, financial literacy classes, and employment assistance for families. In our region, the Homewood Children's Village is a good example of the provision of these comprehensive services. It is important to recognize, however, the possible issue of stigma, especially when attempting to implement a community school model in a community with only a few pockets of poverty. If students or families feel stigmatized for using offered services, the likelihood of their continued use of those services is reduced.

## HOUSING

The cost of housing is becoming an increasing burden for people living in poverty. Housing represents the greatest single household expense, and for families in the lowest income quintile, it can represent more than 40 percent of their household expenditures.<sup>144</sup> In light of this burden, when families lack affordable housing options or live in neighborhoods experiencing rising housing prices, it often can be difficult for them to maintain stability in their housing circumstances, forcing households living in poverty to relocate in order to find affordable housing. Moving results in increased stress levels and the breakdown of neighborhood social networks, both of which can be especially hard on children. Children in unstable housing situations tend to have worse academic and social outcomes than their more stable peers.<sup>145</sup> Housing instability can have serious long-term consequences for children, such as increased high school dropout rates and lower postsecondary educational attainment.<sup>146</sup> By stabilizing housing, regions are able to stabilize families and communities.

## HOUSING AFFORDABILITY

The housing wage is the estimated full-time hourly wage needed to pay for a livable rental unit at U.S. Department of Housing and Urban Development's estimated Fair Market Rent rate while spending no more than 30 percent of the wage on housing.<sup>147,148</sup> In 2015, the housing wage is \$19.35 for a two-bedroom unit, more than 2.6 times the federal minimum wage.<sup>149</sup>

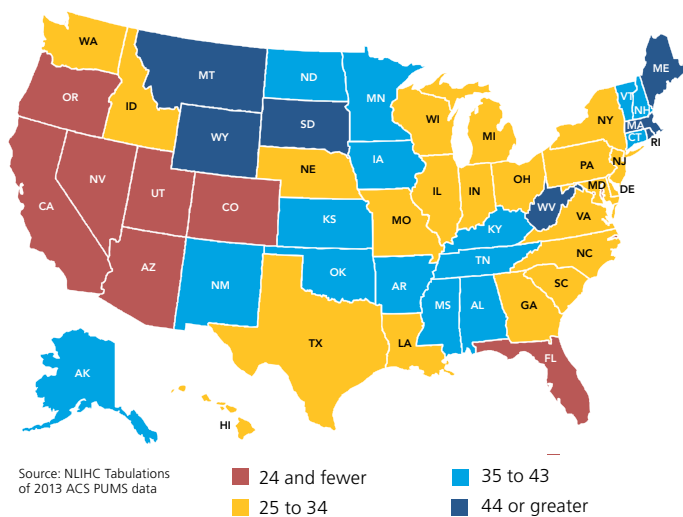
**Table 3: Poverty Rates of Low-Achieving School Districts in Allegheny County** <sup>112-141</sup>

School District	District Municipalities	Total Pop. of School District	Pop. of School District Below 200% Poverty	% of School District below 200% Poverty
Clairton City SD	City of Clairton	6,754	3,452	51.1
Duquesne City SD	City of Duquesne	5,575	3,587	64.3
East Allegheny SD	East McKeesport Wall Wilmerding North Versailles Township	14,910	5,910	39.6
McKeesport Area SD	Dravosburg McKeesport South Versailles Township Versailles White Oak	30,556	13,608	44.5
Penn Hills SD	Penn Hills	42,027	13,308	31.7
Steel Valley SD	Homestead Munhall West Homestead	16,232	5,513	34.0
Sto-Rox SD	McKees Rocks Stowe Township	12,364	6,464	52.3
Wilkinsburg Borough SD	City of Wilkinsburg	15,758	7,966	50.6
Woodland Hills SD	Braddock Braddock Hills Chalfant Churchill East Pittsburgh Edgewood Forest Hills North Braddock Rankin Swissvale Turtle Creek Wilkins Township	46,852	16,291	34.8

Source: Southwestern Pennsylvania Community Profiles

Accessing affordable housing is a challenge for many families living in poverty. More than 80 percent of households with incomes less than \$15,000 lacked access to affordable housing both as homeowners and renters.<sup>150</sup> Additionally, approximately 75 percent of renters earning less than \$29,999 do not meet the requirements of affordable housing.<sup>151</sup> In 2013, there was a need for an additional 7.1 million affordable housing units for extremely low-income households.<sup>152</sup>

**Figure 9: Affordable and Available Units per 100 Renter Households with Incomes <30% Area Median Income (2013)**<sup>153</sup>



Black and Hispanic households are far more likely to be severely burdened by housing costs than White households, often spending more than 30 percent of their income on housing.<sup>154</sup> Similarly, nearly 33 percent of single-parent families are severely burdened compared to 10 percent of married couples.<sup>155</sup>

Severely burdened households, as a result of having to spend more of their income on housing, reduce spending on other household needs. These households spend 70 percent less on health care and 40 percent less on food than unburdened families.<sup>156</sup>

### AFFORDABLE HOUSING IN ALLEGHENY COUNTY

In recent years, Allegheny County’s housing market has experienced several trends, including the loss of affordable housing units, an increase in the number of high-end units, and a saturation of affordable housing geared toward senior citizens.

In 2015, Pennsylvania had the 20th-highest Fair Market Rent of any state in the country. Pennsylvania has a housing wage of \$17.57 (\$36,545 annually), which is below the national

housing wage of \$19.35 (\$40,240 annually).<sup>157</sup> These costs can be overwhelming to minimum-wage workers, who have to work nearly 80 hours per week to afford a one-bedroom rental unit at Fair Market Rent.<sup>158</sup> Within Allegheny County, the housing wage is even lower at \$15.12 (\$31,440).<sup>159</sup> Even so, these housing prices within Allegheny County have resulted in almost a third of all households (153,545 households) spending more than 30 percent of their income on housing costs or rent.<sup>160</sup> In Allegheny County, about 75 percent of affordable housing is naturally occurring, and only about 25 percent is subsidized or regulated housing. This means that much of the affordable housing within the county is subject to changes in the market. For sections of the county, such as the East End of Pittsburgh, these market pressures have resulted in significant losses of affordable housing as market rent prices have far exceeded what someone with a subsidy might be able to pay.

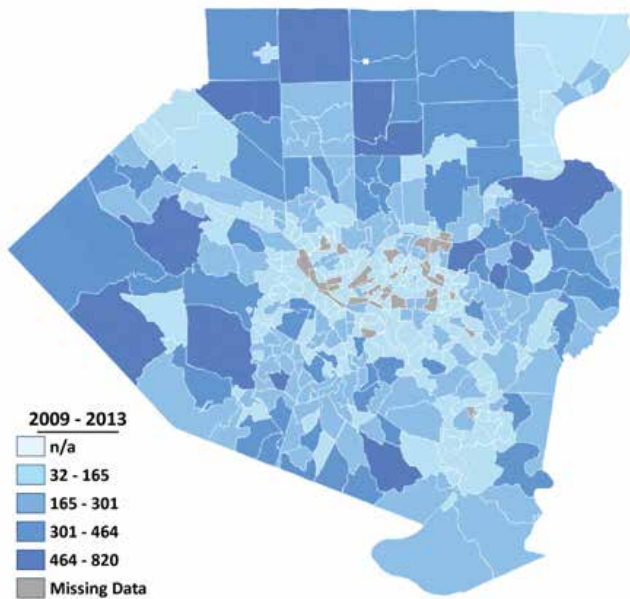
Additionally, much of the affordable rental housing within the region is found within the City of Pittsburgh, the Mon Valley, and eastern suburbs. This geographic distribution does not necessarily match up with low-income employment opportunities within the county.

### BLIGHT AND VACANT PROPERTY

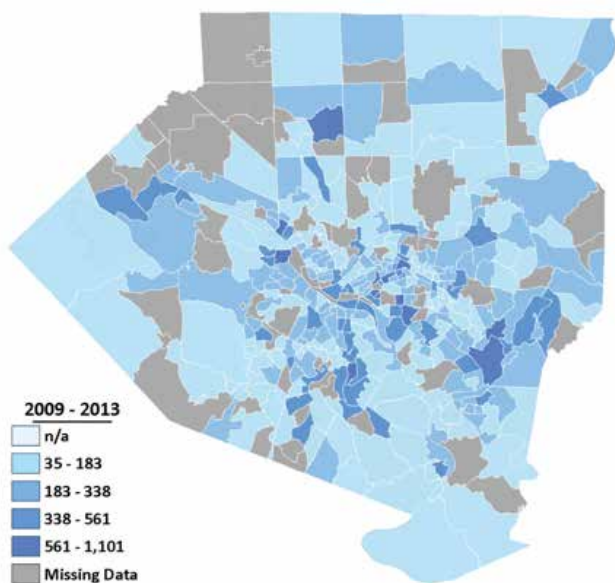
Blight has significant impacts on the communities in which it exists through increases in crime and decreases in both property values and associated revenue generated by properties for local governments. Because of their dilapidated condition, blighted properties impair the growth of a municipality, constitute an economic or social liability, and pose a threat to public safety.<sup>161</sup> Vacant or abandoned properties are one of the main causes of blight within communities. A study analyzing crime data in Austin, Texas, found that blocks with open abandoned buildings had crime rates twice as high as comparable blocks without abandoned buildings.<sup>162</sup> From 2010 to 2012, an estimated 25,000 vacant residential structure fires were reported annually within the United States.<sup>163</sup> Although accounting for only 7 percent of all residential building fires in those years, vacant building fires resulted in an estimated 60 deaths, 225 injuries, and \$777 million in property losses annually.<sup>164</sup>

Additionally, vacancy and abandonment are costly to local governments because they lead to diminished property values. Nationwide, the inability to collect property taxes on abandoned homes costs local governments and school districts \$3–6 billion in lost revenue annually.<sup>165</sup> Vacant properties also can depress property values for nearby homes within a community, again resulting in lost property taxes.<sup>166</sup>

**Figure 10: Count by Census Tract of Owner-Occupied Households That Spend 30% or More of Household Income on Housing Costs**



**Figure 11: Count by Census Tract of Renter-Occupied Households That Spend 30% or More of Household Income on Rental Costs**



## BLIGHT AND VACANT PROPERTY IN ALLEGHENY COUNTY

Communities throughout Pennsylvania and Allegheny County are working to reclaim blighted and abandoned properties. Through the reclamation of properties, community residents can expect to see increases in their property values, reductions in gun violence, and improved health outcomes.<sup>167</sup> However, these groups have a daunting task ahead of them, as Pennsylvania is home to roughly 300,000 vacant properties.<sup>168</sup>

A recent study from the Tri-COG Collaborative, a coalition of 41 municipalities in the Mon Valley and East Hills of Pittsburgh, found that blighted and vacant properties cost municipalities within its footprint \$11 million a year in direct costs for municipal services and \$9 million a year in lost tax revenue.<sup>169</sup> In total, the municipalities examined in the study incurred an estimated loss in property value between \$218 and \$247 million.<sup>170</sup>

## ECONOMIC INEQUALITY

The American dream is based on the premise that all people, even if they are from the humblest of beginnings, can at least earn a comfortable living for themselves and their families if they are only willing to work hard. Although this may have been true for many families in postwar America, it is increasingly no longer the case for Americans living in poverty or often even for those in the middle class. Since the late 1980s, the American economy has experienced an increasing concentration of income and wealth at the very top of society, a shrinking middle class, a loss of economic mobility, and an increasing divergence between White and non-White economic success. As is explained in more detail in the appendix, contention arises from what should be included in a household's income. Depending on what is included within the income calculation and the sharing unit, income inequality can appear to be significantly different.

In terms of income inequality, Pennsylvania ranks in the middle in comparison with other states. In a comparison of very high-income earners with average earners, Pennsylvania ranks 17th among the states, with taxpayers in the top 1 percent earning 24.4 times more than an average Pennsylvania resident in the bottom 99 percent of taxpayers.<sup>171</sup> From 1979 to 2007, the top 1 percent of earners in Pennsylvania captured 42.8 percent of total income growth, which is below both the Northeast region (52.9 percent) and the country as a whole (53.9 percent).<sup>172</sup> However, during the period following the recovery from the Great Recession, the top 1 percent of earners saw real income growth increase by 28.6 percent, while the bottom 99 percent actually lost 1.1 percent of real income.<sup>173</sup> Pennsylvania is one of only 16 states where the top 1 percent captured more than 100 percent of the overall increase in income.<sup>174</sup>

## INCREASING INCOME AND WEALTH INEQUALITY

During the economic boom that followed the end of World War II, all participants within the American economy, from the working poor to the wealthy, saw improvement in their economic conditions. From 1945 to 1975, income for the top fifth of earners increased by about 2.5 percent. Meanwhile, workers in the bottom fifth saw an even greater income increase of about 3 percent.<sup>175</sup> However, since that time, economic prosperity has not been as equally shared. Between 1979 and 2012, the top fifth of earners in the United States saw their average income increase by 42.6 percent.<sup>176</sup> However, the middle 60 percent of earners only grew their income by 9.5 percent, and the incomes of the bottom fifth of earners dropped by 2.7 percent.<sup>177</sup>

Income and wealth have only become more concentrated in the wake of the Great Recession. By 2013, the wealthiest and highest-earning 20 percent of American families owned almost 89 percent of all wealth and earned nearly 62 percent of all income.<sup>178</sup>

In 1963, households near the top (90th percentile) had nearly six times more wealth than middle-class households (50th percentile).<sup>179</sup> By 2013, this wealth disparity had increased so that the wealthiest Americans had nearly 12 times the wealth of middle-class Americans.<sup>180</sup>

## SHRINKING MIDDLE CLASS

Symptomatic of the shifts in wealth and income is the decline of the middle class. The middle class is made up of American

households whose incomes are between 25 percent higher and 25 percent lower than the median income in the United States. In 1979, middle-class working-age households represented more than half of all households. Since that time, the number of Americans considered to be in the middle class has steadily fallen, reaching 45.1 percent in 2012, with much of the loss attributable to the shift of individuals into the lower income and wealthier brackets.<sup>181</sup>

## LOSS OF ECONOMIC MOBILITY

Increasingly, Americans are unable to overcome economic challenges in childhood and increase their income and wealth as adults. The Pew Charitable Trusts found that, when dividing the American population by income and wealth, Americans raised at both the top and bottom quintiles were likely to remain there as adults. Forty-one percent of Americans raised in the bottom income quintile remained in that quintile as adults; only 35 percent were able to advance to at least the middle quintile.<sup>183</sup>

## INCOME AND WEALTH GAP IN BLACK AND HISPANIC POPULATIONS

Income and wealth issues have impacted Black and Hispanic populations more drastically than the general population throughout the last 30 years. As seen in Figure 14 on the next page, in 2013, the household wealth for White Americans was nearly 13 times greater than that of Black Americans.<sup>184</sup>

Figure 12: Percent of Households Ages 25–64 Earning within 50 Percent of the Median Income <sup>182</sup>



Note: Income measure includes both earned and unearned income.

Source: Authors' analysis is based on Current Population Survey March data extracts produced by the Center for Economic Policy Research, Center for Economic Policy Research, "March CPS Data," available at [ceprdata.org/cps-uniform-data-extracts/march-cps-supplement/march-cps-data/](http://ceprdata.org/cps-uniform-data-extracts/march-cps-supplement/march-cps-data/) (last accessed November 2014.)

Figure 13: Chances of moving up or down the family wealth ladder, by parents' quintile<sup>d</sup>

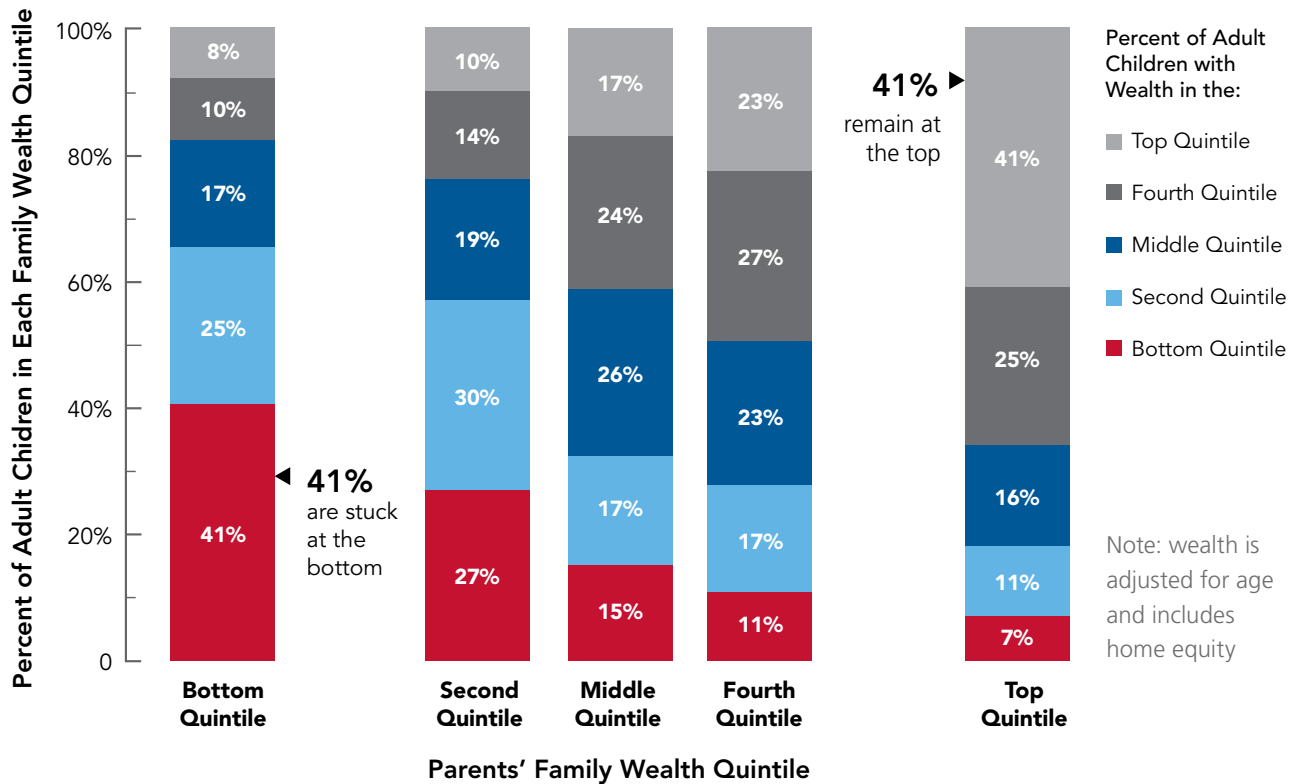
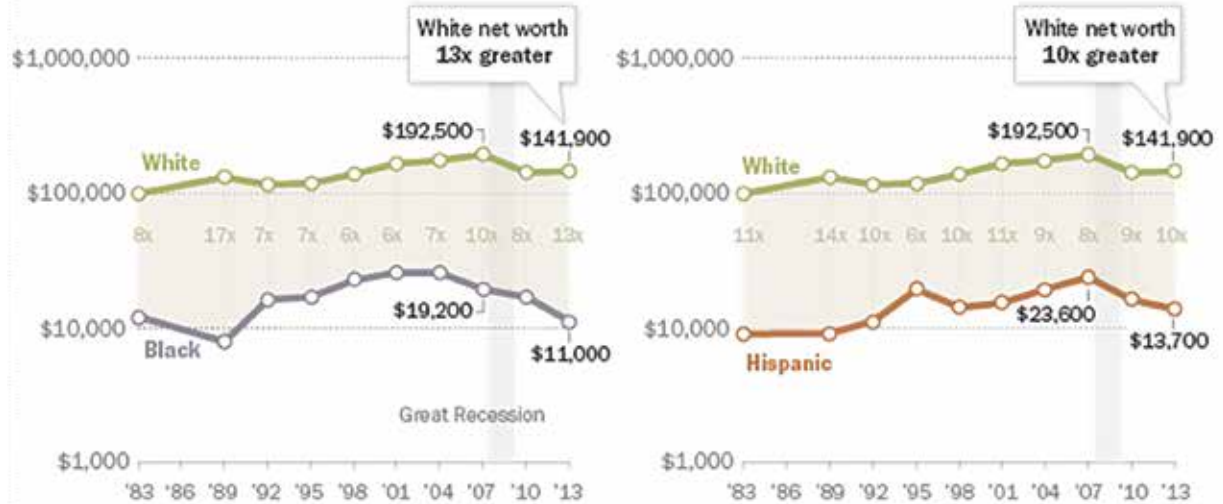


Figure 14: Racial Wealth Gaps (1983–2013)<sup>186</sup>

Median net worth of households, in 2013 dollars



Notes: Blacks and Whites include only non-Hispanics. Hispanics are of any race. Chart scale is logarithmic; each gridline is 10 times greater than the gridline below it. Great Recession began in December 2007 and ended in June 2009.

Source: Pew Research Center tabulations of Survey of Consumer Finances public-use data

<sup>d</sup> The Second Quintile in the above chart totals 101 percent. This is likely due to how the Pew Charitable Trusts rounded the percentages within their report.



Since the Great Recession, that wealth gap has grown, as White households, with more significant stock market investments, have seen modest increases in household wealth while Black and Hispanic households have seen continued decreases.<sup>185</sup>

The increasing lack of social mobility is even worse for the Black population. Black people are far more likely than White people to be raised at the bottom of the income and wealth ladder.<sup>187</sup> They also have a more difficult time exceeding their parents' income and wealth and are far more downwardly mobile.<sup>188</sup> Fifty-five percent of Black individuals raised in the middle range of the income distribution in the United States fall into the bottom end of the distribution as adults.<sup>189</sup> Similarly, more than half of Black people in the United States raised at the bottom of the wealth ladder remain there.<sup>190</sup> As seen in Figure 15 below, White individuals have far greater intergenerational upward mobility, high-income stickiness, and a lesser likelihood of downward mobility than their Black peers.

### MINIMUM WAGE

The minimum wage can be an important tool in increasing the income and wealth of people living in poverty. In 2015, 2.6 million workers received at or below the federal minimum wage, representing 3.3 percent of the hourly workforce.<sup>192</sup> Pennsylvania's 150,000 workers making at or below the federal minimum wage represent 4.3 percent of the hourly workforce.<sup>193</sup> According to the United States Bureau of Labor Statistics, there are no significant racial differences among

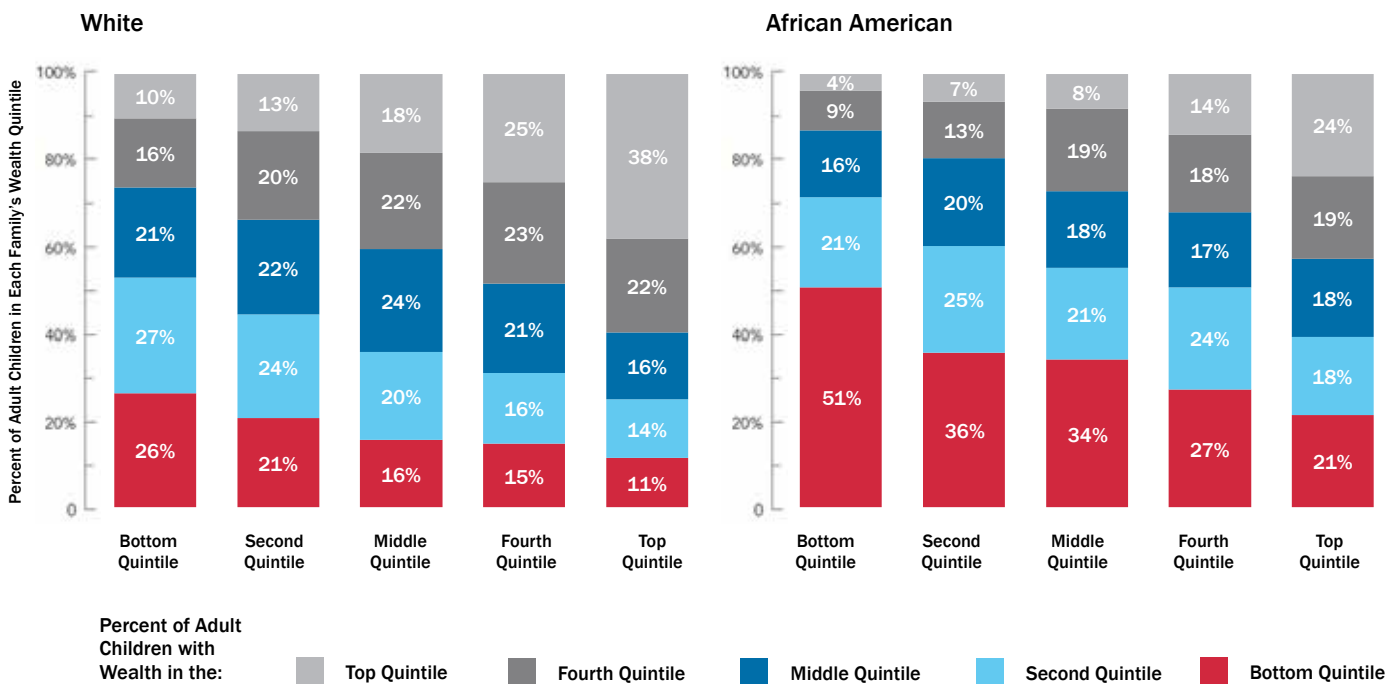
those paid the minimum wage; however, two-thirds of people making the minimum wage are women.<sup>194</sup>

The federal minimum wage has not increased since 2009. In response, 29 states and the District of Columbia implemented a minimum wage above the federal minimum wage of \$7.25 per hour.<sup>195</sup> When increasing the minimum wage, most states have done so for all workers within the state. However, Oregon's minimum wage increase in 2016 introduced a tiered minimum wage based on the cost of living in various counties across the state. The tiers include a high minimum wage in the Portland metro area, the region of the state with the highest cost of living, a moderate minimum wage for midsize counties, and a lower minimum wage for rural areas.<sup>196</sup> It is hoped that through this tiered approach, any job loss impacts of increasing the minimum wage will be reduced.

### GENDER PAY INEQUITY

According to the U.S. Census Bureau, the median yearly earnings for women working full-time year-round jobs is \$39,621 before deductions (e.g., taxes) and noncash benefits (e.g., food stamps), while for men, this earning is \$50,383.<sup>197</sup> In other words, women can expect to earn only 79 cents for every dollar earned by men. In Pennsylvania, women working full-time year-round jobs earn 78 cents for every dollar earned by men in a year.<sup>198</sup> For minorities in the United States, this inequality is even more pronounced, with black and Hispanic women working full-time, year-round jobs earning

**Figure 15: Intergenerational Economic Mobility by Race** <sup>191</sup>



only 67 and 60 cents, respectively, for every dollar earned by men in the workforce.<sup>199</sup> This dissonance in earnings can serve as a major barrier for women in lifting their families out of poverty. This is especially true in Pennsylvania, where female-headed households make up only 19.5 percent of the total family households<sup>200</sup> but 29.1 percent of the total family households in poverty.<sup>201</sup>

## ECONOMIC MOBILITY IN THE PITTSBURGH REGION

The Pittsburgh region has one of the lowest levels of economic segregation of any large metro area in the country, which is directly linked to increased economic mobility.<sup>202</sup> Low levels of economic segregation allow for private and public investment to be more evenly distributed across a region, and individuals often have more options for employment close to home.

Another factor linked with economic mobility within regions is low levels of education segregation. Where education segregation is low, children have easier access to better schools, and access to high-quality educational opportunities is key to future economic success. Once again the Pittsburgh region is well positioned, with the second lowest level of education segregation of any large metro area in the country.<sup>203</sup>

## TRANSPORTATION

Access to transportation is a fundamental component in escaping poverty. Without adequate access to transportation, individuals and families cannot access what is necessary to escape poverty, such as employment, education, health care, and human services. Transportation allows people to take advantage of opportunities not only in their own communities but also in the broader regions in which they live. Nationwide, a typical resident within a metro area only has access to 30 percent of employment opportunities within a 90 minute commute.<sup>204</sup> For households living in poverty, the expense of transportation often limits access to these opportunities.<sup>205</sup>

In 2009, 11 percent of households in Allegheny County did not have access to a vehicle.<sup>206</sup> Across 23 suburban census tracts, more than 30 percent of households did not have access to a vehicle.<sup>207</sup> The lack of transportation options in many areas of the county makes it difficult for individuals and families living in poverty to access needed social services like the food bank and Special Supplemental Nutrition Program for Women, Infants, and Children. Additionally, many communities experiencing poverty are less likely to be job-rich areas. This means that residents living in areas of poverty are less able to take advantage of employment opportunities found in other areas of the region because of an inability to get to the jobs.

## BENEFITS OF TRANSPORTATION MOBILITY

By improving transportation options, communities can become less isolated and community income stratification can be reduced. Metro areas that are compact with limited sprawl tend to be associated with increased transportation options, fewer household transportation expenses, and greater economic mobility.<sup>208</sup>

A recent Harvard University study found that access to reliable and efficient transportation has a greater influence on social mobility than crime, elementary school test scores, or the percentage of two-parent families in a community. Similar linkages have been found in New York, N.Y., where households lacking adequate access to public transportation and/or private cars had much lower household incomes and higher levels of unemployment.<sup>209</sup> Even a 10 percent increase in transit service has been linked to individuals' incomes in the service areas increasing by \$53–194 annually, a small but often meaningful increase for families living in poverty.<sup>210</sup>

## BURDEN OF TRANSPORTATION ON HOUSEHOLDS LIVING IN POVERTY

Transportation costs are a significant burden for low-income households and represent the second greatest expense after housing.<sup>211</sup> Individuals at or below the poverty level are about three times more likely to use public transit than higher income individuals.<sup>212</sup> However, for many Americans, especially those in suburban and rural areas, access to public transportation can be difficult or nonexistent. In fact, 45 percent of American households lack any access to public transportation, and millions more have inadequate service levels.<sup>213</sup>

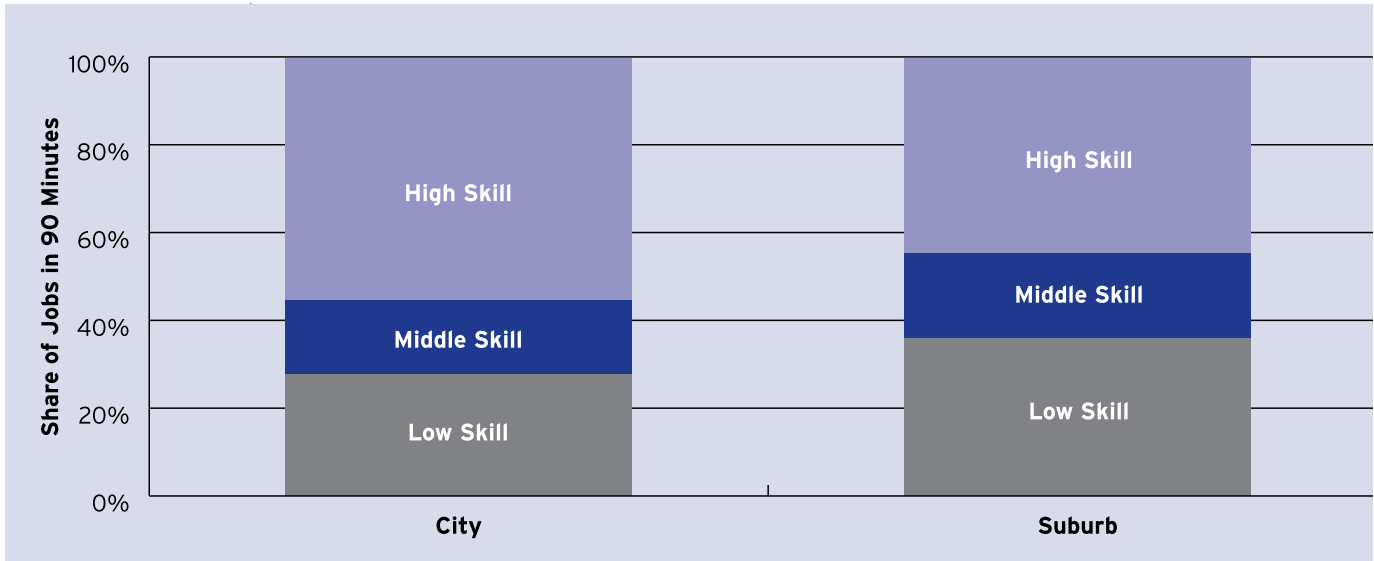
Furthermore, industries that require low- to middle-skilled employees, where low-income individuals typically work, are far less accessible within a 90-minute commute compared to high-skill industries. For many metro residents living in poverty, this can make finding work difficult.

Even residents living in suburban communities often have difficulty taking advantage of the available opportunities given the lack of public transportation in most suburban areas of the country.

## PUBLIC TRANSPORTATION IN ALLEGHENY COUNTY

Public transportation is an affordable option for connecting many low-income individuals to the education, employment, and human service opportunities in their communities and the region. The primary public transportation provider for the county is the Port Authority of Allegheny County. Additional public transportation, especially within suburban communities, is offered through several microtransit providers.

**Figure 16: Distribution of City and Suburban Jobs by Skill Type (Top 100 Metropolitan Areas)**



**PORT AUTHORITY**

For many county residents, the leading way to address transportation needs is through the Port Authority of Allegheny County. In 2015, the Port Authority provided nearly 65 million total rides with its bus, light rail, incline, and ACCESS para-transit services.<sup>214</sup>

However, in Allegheny County, the Port Authority is limited in its ability to expand its service area given the limitations of current state funding under Act 89 of 2013. Service areas can only be expanded through savings from increased efficiency in the Port Authority’s system. In recent years, the Port Authority has been successful in increasing efficiency to enable expanded service hours and a few route enhancements. However, even with these changes, only 36 percent of suburban communities have even limited access to public transportation.<sup>215</sup> For example, Penn Hills has access to only two bus lines, one of which is dedicated to servicing only downtown commuter traffic during the work week, and even the more robust bus line reduces its routes during the weekends.

**MICROTRANSIT IN ALLEGHENY COUNTY**

Microtransit agencies serve as an important supplement to major public transportation systems like the Port Authority. In Allegheny County, two such agencies fill this role: Heritage Community Transportation and Airport Corridor Transportation Association (ACTA). Heritage operates in 13 municipalities in the Mon Valley and southern East Hills of Pittsburgh. ACTA operates in five communities to the west

of Pittsburgh— Carnegie Borough, North Fayette Township, Robinson Township, Moon Township, and Findlay Township.

Both of these organizations expand public transportation options within suburban communities by using shuttles to access areas where the Port Authority’s large buses cannot financially or physically operate. Heritage and ACTA work in close partnership with the Port Authority to increase mobility for the communities they serve. The large majority of Heritage and ACTA’s ridership are poor or near poor, because of this, ride fares are kept low. ACTA and Heritage’s fares are 25 cents per rider. Additionally, Heritage’s fares for children and riders with disabilities are 10 cents per rider.

Heritage has provided its more than 3,000 registered riders with more than 820,000 rides from 2001 to 2013. To facilitate transfer to Port Authority routes, it operates a fixed service route with stops that intersect those of the Port Authority. Similar to the Port Authority, Heritage receives the bulk of its funding through Act 89. Heritage also serves as a feeder system to the Port Authority’s routes that extend into Heritage’s service area.

Rather than operating a fixed route with stops, ACTA supplements the Port Authority’s service as an on-demand, flex-route shuttle service. It transports riders to more than 250 work sites within its service area. In 2015, ACTA provided 87,879 rides. 85 percent of ACTA’s funding is through Act 89, with the remaining funding coming from Allegheny County, local businesses, and local municipalities.

## RECOMMENDATIONS

Although the issue of poverty can seem overwhelming and intractable, the reality is that there are simple, concrete steps that local governments, the Commonwealth, human service providers, community leaders, and other stakeholders can take to assist those who live in poverty in our region. By embracing these solutions, we will not only provide hope to those who live quiet lives of desperation but also enrich and expand our region's pool of human talent by unshackling our neighbors who otherwise would be bound to lives of poverty. Although each of the recommendations listed below pertains to a specific area, there needs to be greater recognition from policymakers and community leaders that all of these recommendation areas are interrelated. Together they form a pattern that needs to be addressed in order to alleviate poverty in the region.

### EDUCATION

**Support and invest in wraparound, full-service community school models for suburban areas with high poverty levels, where schools are not only sources of academic programming but also access points for comprehensive academic, social, and health services.** Given the central place schools serve within their communities, full-service community schools provide an opportunity for service providers to access children and families within their neighborhoods. This model provides the opportunity to address the causes of inhibited academic performance through counseling, health care delivery, nutrition support, and parent job training. These schools not only provide human services for the students, they also address the needs of parents and the community. Implementation of these types of initiatives may be more difficult in higher income communities with small pockets of poverty.

**Examine and evaluate the varying and disparate costs to districts for students attending charter schools, especially special education students.** These costs can be especially difficult for school districts in communities with lower property values and high levels of poverty. In already struggling schools, the cost of sending large numbers of students to charter schools can exacerbate already low funding and make it even more difficult to address the needs of the students remaining in the district. Baseline funding for charter schools from the state may help to alleviate the burden on the sending school districts.

**Make teacher education programs for higher education and continuing education more contextually and socially informed with regard to supporting high-need populations.** Social and contextual issues may require just as much attention as traditional pedagogy in teacher education, specifically in regard to the history of economic racial subordination in our

region and nationally, implicit biases and their implications for educators, the impacts of poverty and trauma on school readiness, and structural inequalities in high-need education systems.

**Promote our region as a destination city for progressive educators and seek to attract the best and brightest teachers from across the country.** This requires our region to be proactive in looking nationwide in our search and hiring practices, actively recruiting high-potential candidates, and further developing successful models like teaching residency programs. Higher quality teachers and administrators can increase student engagement and better prepare students for postsecondary education and their careers.

### HOUSING

**Improve data and information about housing markets, especially in Allegheny County, to shape strategies for housing development.** A key part of any policy assessment is developing the necessary data to inform the decision-making process. Unfortunately for many service organizations and local governments interested in affordable housing within the county, the available data lacks the timeliness and detail that is needed for informed decision making. Given the population stabilization and growth within the Pittsburgh region in recent years, many communities in the county have experienced housing demands not captured in data that is five years old. In order to improve the decision-making capacity of these organizations, an updated, accessible, and well-maintained data set, including mapping, needs to be developed on the Allegheny County housing market. This information should capture the diverse demands of the many discrete housing markets within the county and be made publicly available to service organizations and local governments.

**Establish better linkages among transportation, housing, and employment opportunities in Allegheny County and surrounding areas.** Both naturally occurring and subsidized affordable housing are concentrated within the City of Pittsburgh, eastern suburbs, and the Mon Valley. Low-income jobs are spread fairly evenly throughout Allegheny County in both the city and outlying municipalities. Given the mobility issues for many residents living in poverty in the county, especially those living in the suburbs, having access to employment opportunities can be difficult. In light of these geographic issues, local governments and organizations should work toward developing affordable housing and transportation options within communities north and west of the city so residents living in poverty can better access employment opportunities in those areas.

A key tool in developing these linkages will be multi-municipal planning, which allows local governments to work with neighboring communities to plan residential and commercial development and transportation projects with a regional mind-set. Multi-municipal planning also allows municipalities to better address issues that cross municipal boundaries, such as affordable housing and transportation, given the larger geographic scope of the planning process. This is especially important in Allegheny County because of its fragmented municipal structure.

**Develop better supportive housing options for residents with disabilities.** Within the county, recent affordable housing demands have oversaturated the senior housing market, leaving other vulnerable populations, such as those with disabilities, still in need of affordable housing options. One option to remedy this would be to repurpose existing subsidized housing stock currently designated for senior citizens to help meet the needs of disabled residents. Also, future affordable housing developments should be more geared toward disabled residents.

**Work to better retain existing affordable housing options through the preservation and maintenance of existing affordable housing.** During the Pittsburgh region's recent revitalization, increased demands for housing, especially within the City of Pittsburgh, has resulted in the disappearance of many affordable housing options. Given the significantly higher cost to construct new affordable housing as compared to preserving existing housing stock, this growth in demand will continue to put additional stresses on affordable housing service providers to keep pace with affordable housing demands in the county. As a result, local governments and service organizations should work together to incentivize the preservation and maintenance of existing affordable housing as a more efficient means of addressing housing needs in the county.

## ECONOMIC INEQUALITY

**Improve opportunities for upward mobility by eliminating benefits cliffs.** Currently, many state benefits programs dissuade individuals and families from progressing to greater levels of self-sufficiency because of what is known as the benefits cliff. The cliff occurs when benefits stop abruptly after what may be only a modest increase in the earnings of a program participant, resulting in a net loss of income. This perpetuates income inequality by limiting opportunities for lower- and middle-income families to accept higher wages and move forward in their careers. The commonwealth should work to eliminate benefits cliffs in current and future programs in an effort to encourage upward mobility.

**Consider the positive impact of an increase to the minimum wage in Pennsylvania.** The legislature should consider the issue of whether the minimum wage should be a living wage or a wage that reflects the economic worth of the labor in Pennsylvania. This examination should include impacts on employees receiving an increased wage, employees who may already be at or just above that wage, employers' costs, incentives for advancement, and job creation and stability. Additionally, this examination should include a careful analysis of the potential effects of an increased minimum wage on benefits programs as Pennsylvanians are moved past existing benefits thresholds.

**Establish a Pennsylvania Earned Income Tax Credit that would supplement the federal Earned Income Tax Credit.** In establishing an Earned Income Tax Credit in Pennsylvania, the legislature should balance the economic stimulus generated by the credit against the cost to the Pennsylvania budget. Additionally, the costs and benefits associated with a lump sum or periodic payment of the tax credit to individuals need to be addressed.

**Examine policies to address effectively the inequality in earnings between genders.** Reducing the pay gap between men and women is beneficial both to the economy as a whole and to women and their families. In 2012, if women had received equal pay, the U.S. economy would have produced an additional \$450 billion GDP.<sup>216</sup> Additionally, equal pay would cut the poverty rate for working women from 8.1 percent to 3.9 percent.<sup>217</sup> For single female-headed households this change would be even more dramatic, cutting the poverty rate from 28.7 percent to 15 percent if pay equity was achieved.<sup>218</sup>

**Increase communication and sharing of data between state-level agencies and local governments and school districts to enable increased evaluation and accountability of human service programs.** An important aspect of addressing poverty and economic inequality is the development and administration of effective and efficient government programs. Without sufficient communication and sharing of data between government agencies on all levels, programmatic decision making is hindered by insufficient information to gauge the outcomes of policy decisions. Through the development of better communication mechanisms, state and local agencies will be better able to diagnose issues facing the community and implement effective and efficient data-supported solutions to address community needs.

**Encourage the development of financial literacy programming in the education and nonprofit sectors for individuals at all income levels.** Financial literacy is important for individuals and families of all economic backgrounds.

Through a sound understanding of basic financial skills, such as balancing a checkbook, understanding interest rates, and household budgeting, individuals and families can make financial decisions that provide them with a better cushion during lean economic times or catastrophic life events. More robust financial literacy programming could help to reduce income inequality by preventing middle-class families from descending into poverty as a result of catastrophic events and helping families in poverty to develop greater financial stability.

## TRANSPORTATION

**Develop land use policies that promote transit-oriented development and active transportation.** As the Southwestern Pennsylvania region continues its revitalization, local governments need to better integrate development with the transportation systems within their communities for both public transportation and active transportation, like walking and biking. This type of development would be designed to encourage use of and be concentrated around public transportation and pedestrian and bike infrastructure. Future transit-oriented development needs to emphasize affordable housing options so that low-income public transportation users can utilize the new development hubs within the county.

**Complement the Port Authority of Allegheny County's system by expanding microtransit throughout the county using the Heritage Community Transportation model.** Heritage Community Transportation, in partnership with the Port Authority, provides an invaluable service to residents living in poverty in the Mon Valley and East Hills of Allegheny County. Similar microtransit transportation organizations could provide residents of other areas in the county with inexpensive access in their communities and links to Port Authority public transportation. This would enable Allegheny County residents living in poverty to have better access to employment, education, and human services.

**Expand suburban park and ride facilities in areas farther from the county's urban core.** Given the restrictions on Act 89 funding for capital projects, park and rides offer the Port Authority one option to increase public transportation access and ridership within the county. The park and ride facilities would provide low cost access for county residents to Downtown and Oakland employment centers.

**Offer broader public transportation subsidies for riders living in poverty.** Access to inexpensive, reliable transportation is critical for county residents to participate in the regional economy. Through targeted subsidies to the region's most vulnerable residents, more people will be able to participate in the economic revitalization of the region and gain access to county and local service providers.

# APPENDIX

## MEASURING INCOME

Contention arises from what should be included in a household's income. Depending on what is included within the income calculation and the sharing unit, income inequality can appear to be significantly different. Measuring income can typically be done in one of four ways:

- **Pretax, Pretransfer (Cash Market) Income** distribution of cash market income among tax units, demonstrating this is typically how middle-class Americans are compensated for their labor
- **Pretax, Posttransfer Income** includes cash market income and income from welfare transfer programs, social insurance programs, and other government-provided cash assistance. This measurement does not include transfers directly tied to the tax system and in-kind government transfers such as Earned Income Tax Credits (EITC) or Medicare/Medicaid insurance.
- **Posttax, Posttransfer Income** includes all of the income categories from pretax, posttransfer income as well as tax credits and liabilities.
- **Posttax, Posttransfer Income Plus Health Insurance** income measurement includes all of the income categories of posttax, posttransfer income and also incorporates the ex ante value of employer contributions to employee health premiums and Medicaid/Medicare. This income measurement attempts to better assess the overall economic resources available to individuals.

In addition to how income is measured, another important issue in determining income inequality is the size and type of the sharing unit being measured. A sharing unit is a group of people who share resources within a household. Depending on the situation, that could include a single individual, a family, or roommates. Ultimately, referring to a sharing unit could mean any of the following:

- **Tax Unit Sharing Unit:** This type of unit only includes single tax units. Typically, this consists of an adult, his or her spouse, and any dependent children.
- **Household Sharing Unit:** This unit incorporates nontraditional multiple tax units into one household sharing unit. These units can include cohabiters, roommates who share expenses, children who move back in with their parents, or older parents who live with their adult children.

- **Non-Size-adjusted Income of Sharing Units:** This unit measures income at the sharing unit level and treats sharing units of all sizes equally.
- **Size-adjusted Income of Persons:** This unit does not focus on the sharing unit at all and instead examines individuals. The reason for the individualized focus is to account for variable resource availability within a sharing unit.

The implications of the various income measurements and sharing units can be seen in the mean income growth rates below:

**Table 4: Mean Income Growth (Percent), by Income Quintile (1979–2007) as a Function of Which Government Subsidy Programs Are Included in the Calculation**

	<b>Tax Unit Pretax/ Pretransfer</b>	<b>Household Pretax/ Posttransfer</b>	<b>Household Size-Adjusted Pretax/ Posttransfer</b>	<b>Household Size-Adjusted Posttax/ Posttransfer</b>	<b>Household Size-Adjusted Posttax/ Posttransfer and Health Insurance</b>
<b>Bottom Quintile</b>	-33.0	9.5	9.9	15.0	26.4
<b>Second Quintile</b>	-5.5	4.3	8.6	15.0	25.0
<b>Middle Quintile</b>	2.2	15.3	22.8	29.5	36.9
<b>Fourth Quintile</b>	12.3	23.0	29.2	34.6	40.4
<b>Top Quintile</b>	32.7	34.6	42.0	29.4	52.6
<b>Top 10 percent</b>	36.7	37.3	34.6	46.1	56.0
<b>Top 5 percent</b>	37.9	38.0	39.1	48.7	63.0

As can be seen in Table 4 above, when tax, transfer payments, and health insurance are included in the income, inequality growth—although significant—is not as severe. This chart also shows the profound effect government programs and tax policies can have in alleviating poverty. ■

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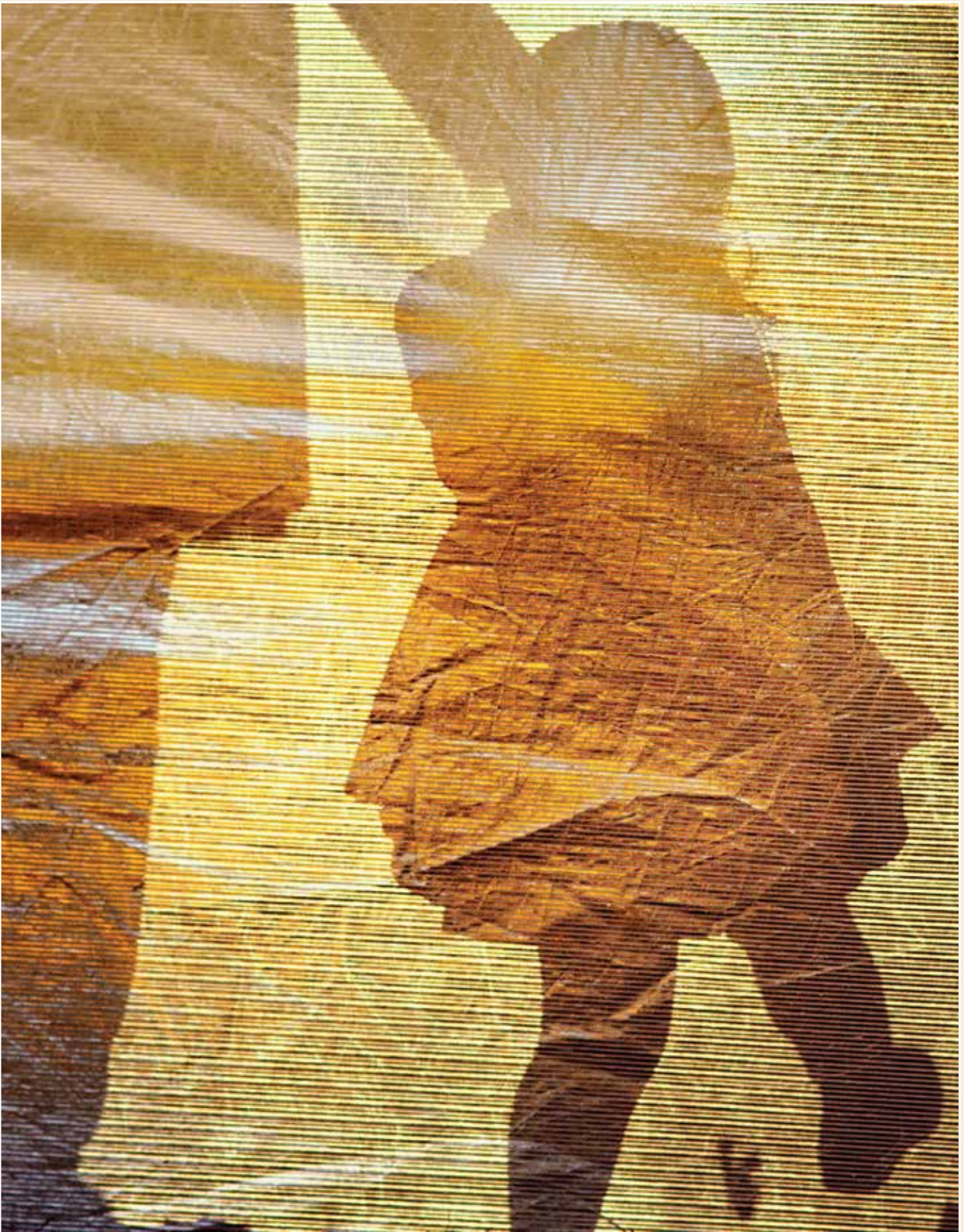
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