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Basic Facts on Concentrated Poverty

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What Is Concentrated Poverty?

Concentrated poverty describes areas where a high proportion of residents are poor. Researchers study this phenomenon by examining the share of people in a given geographic area (usually a Census tract) living in poverty; they often consider poverty “concentrated” if it is in a Census tract where the poverty rate is 40 percent or more — meaning at least four in ten people fall below the poverty line.¹ They label such areas “extreme-poverty neighborhoods.”² The “concentrated poverty rate” is the share of poor Americans who live in these extreme-poverty tracts.³

The topic of concentrated poverty has received increased attention over the past year. Media coverage of the turmoil in Ferguson and Baltimore has focused on tension between communities and the police, but it has also brought attention to the underlying economic circumstances that contribute to those tensions. In addition, high-profile new research by Raj Chetty and others⁴ provides strong evidence that children who experience the disadvantages of growing up in and surrounded by poverty will continue to bear the burden of those disadvantages into adulthood.

Current Estimates

The most current estimates of concentrated poverty reflect combined data from the 2009-2013 American Community Survey. They pool five years of data to provide a large enough sample size to

¹ This 40 percent threshold “has become the standard in the literature and has even been incorporated into federal data analysis and program rules.” See Paul Jargowsky, “Stunning Progress, Hidden Problems: The Dramatic Decline of Concentrated Poverty in the 1990s,” The Brookings Institution, May 2003.

² While not a perfect proxy for neighborhoods, Census tracts are small and relatively stable geographic units and thus are the best choice for a national study. According to [Census](#), these tracts “generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people.”

³ Researchers typically measure trends in concentrated poverty using the official federal poverty rate. This choice is largely dictated by the nature of the data available at the Census tract level. But it is worth noting that the federal poverty rate is a pre-tax cash income measure that omits two key components of the safety net, non-cash benefits and refundable tax credits.

⁴ Raj Chetty *et al.*, “Where Is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States,” *NBER Working Paper No. 19843*, June 2014; Raj Chetty and Nathaniel Hendren, “The Impacts of Neighborhoods on Intergenerational Mobility: Childhood Exposure Effects and County-Level Estimates,” *NBER*, May 2015.

yield useful information at the tract level. The information here is from a report by Paul Jargowsky for the Century Foundation.⁵

Those data for 2009-2013 show that 14.4 percent of poor Americans live in extreme-poverty neighborhoods and 6.1 percent of all Census tracts have a poverty rate of 40 percent or higher. Altogether, 13.8 million people (poor and non-poor) live in these extreme-poverty neighborhoods.

Troublingly, poor children under age 6 — the group whose long-term prospects could be affected the most by living in areas of concentrated poverty — are especially likely to live in extreme-poverty neighborhoods. The concentrated poverty rate for poor children under age 6 is 16.5 percent, compared to 13.8 percent for poor adults.

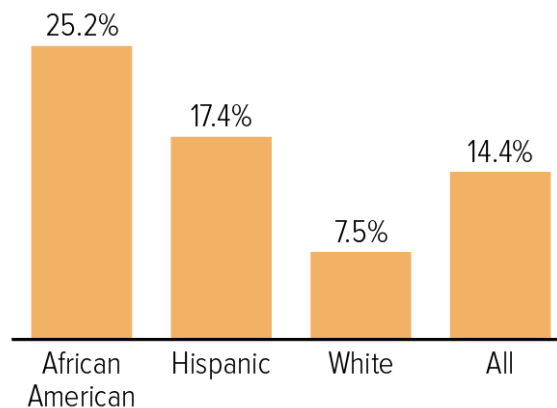
The picture is worse for minorities than for whites: the concentrated poverty rate is 25.2 percent among African Americans and 17.4 percent among Hispanics, compared to 7.5 percent for whites (see Figure 1). Because these figures reflect the *share* of poor individuals living in areas of concentrated poverty, this disparity cannot be attributed to the fact that African American and Hispanic households are more likely to be poor. That is, minorities are more likely to be poor, *and* poor minorities are also more likely to live in extreme-poverty neighborhoods.

These patterns particularly affect young, minority children (see Figure 2). Among poor children under age 6, 28.0 percent of African Americans and 18.1 percent of Hispanics live in extreme-poverty neighborhoods, compared with 24.2 percent of poor African American adults and 16.9 percent of poor Hispanic adults. In contrast, white poor children under age 6 are *less* likely than white poor adults to live in extreme-poverty neighborhoods, with concentrated poverty rates of 6.2 percent and 8.2 percent, respectively.

FIGURE 1

Poor Minorities More Likely to Live in Extreme-Poverty Neighborhoods

Percentage of poor population living in Census tracts with poverty rate of 40 percent or more



Source: Paul Jargowsky, "Architecture of Segregation," The Century Foundation, August 9, 2015, based on American Community Survey 2009-2013.

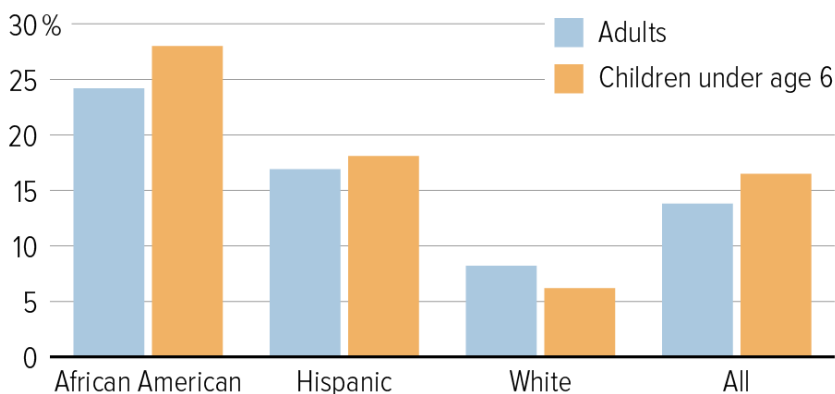
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⁵ Paul Jargowsky, "Architecture of Segregation," The Century Foundation, August 9, 2015, <http://apps.tcf.org/architecture-of-segregation>.

FIGURE 2

Poor Minority Children Especially Likely to Live in Extreme-Poverty Neighborhoods

Percent of poor residents living in Census tracts with poverty rate of at least 40 percent



Source: Paul Jargowsky, "Architecture of Segregation," The Century Foundation, August 9, 2015, based on American Community Survey 2009-2013

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Concentrated poverty is overwhelmingly an urban and suburban phenomenon: 90 percent of extreme-poverty tracts are in metropolitan areas.⁶ Concentrated poverty rates also vary by region. In 2009-2013 the estimated concentrated poverty rate was significantly higher in the Midwest (16.9 percent) and Northeast (16.3 percent) than in the South (13.7 percent) or West (12.3 percent).⁷

⁶ "Metropolitan" is defined as a central city with a population of at least 50,000 and its suburbs, determined by commuting patterns.

⁷ CBPP calculated these percentages by combining data for 2000 from a 2013 Jargowsky paper with data on changes over time in his 2015 paper. See Paul Jargowsky, "Concentration of Poverty in the New Millennium," The Century Foundation, December 17, 2013, http://www.tcf.org/assets/downloads/Concentration_of_Poverty_in_the_New_Millennium.pdf; "Architecture of Segregation."