

# HISTORY, PUBLIC POLICY, AND THE GEOGRAPHY OF POVERTY

UNDERSTANDING CHALLENGES FACING  
BALTIMORE CITY AND MARYLAND



DEPARTMENT OF LEGISLATIVE SERVICES 2016

---

# **History, Public Policy, and the Geography of Poverty**

## **Understanding Challenges Facing Baltimore City and Maryland**

---

**Department of Legislative Services  
Office of Policy Analysis  
Annapolis, Maryland**

**January 2016**

## **Primary Staff for This Report**

Jennifer Botts  
Hiram Burch  
Jason Kramer  
Eric Pierce  
Robert Rehrmann  
Heather Ruby  
Charity Scott  
Stanford Ward

## **Other Staff Who Contributed to This Report**

Karen Belton  
Mya Dempsey  
Mindy McConville  
Sandra Mueller  
John Rohrer  
David Romans

### **For further information concerning this document contact:**

Library and Information Services  
Office of Policy Analysis  
Department of Legislative Services  
90 State Circle  
Annapolis, Maryland 21401

Baltimore Area: 410-946-5400 • Washington Area: 301-970-5400

Other Areas: 1-800-492-7122, Extension 5400

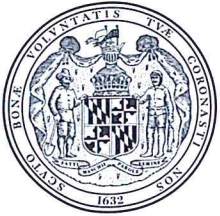
TTY: 410-946-5401 • 301-970-5401

TTY users may also use the Maryland Relay Service  
to contact the General Assembly.

Email: [libr@mlis.state.md.us](mailto:libr@mlis.state.md.us)

Home Page: <http://mgaleg.maryland.gov>

The Department of Legislative Services does not discriminate on the basis of age, ancestry, color, creed, marital status, national origin, race, religion, gender, gender identity, sexual orientation, or disability in the admission or access to its programs, services, or activities. The Department's Information Officer has been designated to coordinate compliance with the nondiscrimination requirements contained in Section 35.107 of the Department of Justice Regulations. Requests for assistance should be directed to the Information Officer at the telephone numbers shown above.



DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF THE EXECUTIVE DIRECTOR  
MARYLAND GENERAL ASSEMBLY

Warren G. Deschenaux  
Executive Director

January 15, 2016

The Honorable Thomas V. Mike Miller, Jr., President of the Senate  
The Honorable Michael E. Busch, Speaker of the House of Delegates  
Honorable Members of the Maryland General Assembly

Ladies and Gentlemen:

The issue of poverty has long been an important concern of policymakers. The unrest that occurred in Baltimore City this past year brought new urgency to the ongoing discussion concerning the causes of poverty, its consequences, and policy options to effectively alleviate the condition of those living in poverty.

This report is designed to provide policymakers with a comprehensive overview of the most current information and research regarding the following aspects of poverty:

- the conditions of poverty that exist in the State;
- the impact of poverty on individuals and communities;
- causes of poverty identified by researchers; and
- important programs and policies to address poverty that have been adopted or proposed at the federal, State, and local level.

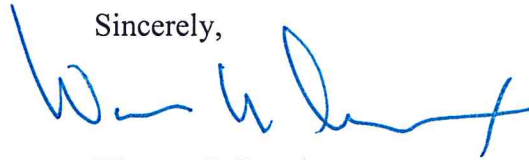
Throughout this report, there is a special emphasis on Baltimore City, where areas of concentrated and deep poverty persist despite the general affluence of the State and the Baltimore region. The report also emphasizes the issue of concentrated poverty, which research indicates has a particularly deleterious impact on the life prospects of people.

The report is divided into two sections. The first section presents data on the conditions of poverty that exist in the State and in Baltimore City and provides a comparison with poverty in other states and jurisdictions. The second section reviews research relevant to the poverty situation in Baltimore, touching on recent trends in poverty, housing segregation, and the evolution of public policy initiatives to address various aspects of poverty.

The Honorable Thomas V. Mike Miller, Jr.  
The Honorable Michael E. Busch  
Honorable Members of the Maryland General Assembly  
January 15, 2016  
Page 2

The report was prepared by Jennifer Botts, Jason Kramer, Eric Pierce, Robert Rehrmann, Heather Ruby, Charity Scott, and Stanford Ward. Research assistance was provided by Mindy McConville and Sandra Mueller. The report was reviewed by Hiram Burch, John Rohrer, and David Romans and the manuscript was prepared by Karen Belton and Mya Dempsey. The Department of Legislative Services trusts that this report will be useful to members of the General Assembly and others engaged in deliberations regarding appropriate policy responses to poverty in the State.

Sincerely,



Warren G. Deschenaux  
Executive Director

WGD/kmb

# Contents

---

<b>Letter of Transmittal</b> .....	iii
<b>Chapter 1. Overview</b> .....	1
Introduction.....	1
Scope.....	1
Summary of Findings.....	2
<b>Chapter 2. Poverty and Demographic Trends in Baltimore City</b> .....	9
Introduction.....	9
Maryland Poverty Compared to Other States and the United States .....	9
Supplemental Poverty Measure .....	9
The Changing Geography of Maryland Poverty.....	11
Poverty Areas in Maryland .....	14
Poverty Areas and Persistently Poor Neighborhoods .....	15
Maryland Has Fewer Poverty Areas than the Rest of the United States .....	15
High-poverty Areas and Persistently Poor Areas Are Concentrated within Baltimore City .....	16
Baltimore City – Long-term Socioeconomic Trends.....	19
Baltimore City Poverty by Population.....	27
Change in High-poverty and Persistent Poverty Neighborhoods .....	29
Long-term Trends and the Recession Have Changed the Geography of Baltimore City Poverty.....	34
Poverty, Health, and Public Safety .....	35
Education, Work Status, and Poverty .....	40
Barriers to Employment – Education and Work Skills.....	42
Change in Educational Attainment Rates and Poverty .....	45
Additional Barrier to Employment – Transportation Challenges .....	48
<b>Chapter 3. Recent Studies and Publications</b> .....	51
Introduction.....	51
Overview .....	51
Housing and Neighborhoods.....	62
Jobs and the Economy .....	68
Education .....	74
Health.....	81
Children and Families .....	86
Transportation .....	91
References.....	94
<b>Conclusion</b> .....	101



# Chapter 1. Overview

---

## Introduction

Maryland is among the most affluent states in the nation, and the Baltimore region shares in this general affluence. The metropolitan area has a large concentration of high-skilled jobs, a high level of educational attainment, and business vitality. However, in Baltimore City, significant numbers of people continue to live in areas of concentrated poverty. Living in poverty, especially in areas of concentrated poverty, has serious long-term consequences for the people affected and for society at large. For example, low-income children suffer from higher incidences of adverse health, behavioral, academic, and economic outcomes than nonpoor children. Areas of concentrated poverty also tend to suffer from higher levels of crime, lack of jobs, poor schools, dilapidated housing, and public health problems. Policymakers in Baltimore City and at the State level are challenged to identify effective strategies for alleviating poverty in the city and the social ills associated with it.

## Scope

This report provides an analysis of poverty in Maryland with a focus on Baltimore City. The report examines the extent and characteristics of poverty in Baltimore City and how poverty in the city compares with poverty elsewhere. To develop a broader understanding of the issues surrounding poverty, the Department of Legislative Services reached out to government agencies, academia, and several research institutions with noted expertise in this policy issue. These organizations include the Abell Foundation, Annie E. Casey Foundation, Goldseker Foundation, the Urban Institute, The Johns Hopkins University, Georgetown University Law Center, the University of Maryland School of Social Work, and the Maryland Department of Human Resources. With their assistance, the department developed an extensive listing of recent studies and research publications that shed considerable light on the issues surrounding poverty.

This study is divided into two sections. The first section focuses on the extent of poverty in Baltimore and utilizes data from the U.S. Census Bureau to analyze trends and linkages between poverty and various other economic and social factors. This section involves (1) comparing the level of poverty in Maryland with other states; (2) comparing the level of poverty in Baltimore City with other jurisdictions; (3) locating areas of concentrated and deep poverty in Maryland and Baltimore City; (4) identifying the major characteristics of poverty; and (5) identifying the linkages between poverty and major socioeconomic factors.

A key dimension of this analysis is the identification of areas (census tracts) where poverty is concentrated and persistent over time. The unique attributes for the population of these areas provide insights into the nature of poverty here. For this analysis, areas where 20% of the population is poor (as defined by the federal government) are deemed poverty areas. If the concentration of poverty exceeds 40%, the area is deemed an area of concentrated poverty. Areas that have consistently been classified as poverty areas or areas of concentrated poverty over a span of 30 years are regarded as persistently poor.



The second section of the report reviews research relevant to the poverty situation in Baltimore. The literature review is divided into six key issue areas: housing and neighborhoods, jobs and the economy, education, health, children and families, and transportation. The focus of this section includes (1) tracing trends in poverty in recent decades, including trends in concentrated poverty; (2) assessing the role of housing segregation in perpetuating concentrated poverty in Baltimore City; (3) outlining major policy initiatives to address poverty at the State and national level; (4) summarizing how such policy initiatives have evolved over time; (5) identifying major findings from recent studies and publications by issue area; (6) discussing the outcomes from various public initiatives to combat poverty; and (7) identifying the major insights that policymakers can gain by reviewing the recent studies and publications.

## **Summary of Findings**

Poverty is a longstanding problem in Baltimore that policymakers at all levels of government have sought to address for several decades. Public programs provide more assistance to some groups of needy people than others, with the elderly, the disabled, and the working poor receiving the most benefits. Collectively, public programs have a significant impact on the lives of low-income people and play an important role in reducing poverty overall. However, researchers have linked a recent increase in deep poverty to limitations on cash assistance to low-income families enacted in 1996. This is attributed to the inability of some parents to find jobs.

While the official poverty rate has declined significantly since the War on Poverty began in 1964, most of this progress occurred prior to the early 1970s. Since then, there has been little reduction in poverty. This is due in significant part to a lack of wage growth for lower income workers. To compound the situation, communities with larger numbers of poor people living together in a confined geographic area face unique problems and pose special challenges for policymakers.

While concentrated poverty in Baltimore City has declined since 1970, it still creates serious barriers to the economic and social progress for low-income individuals, particularly for African Americans. Racial discrimination and segregation in housing have contributed significantly to the creation and perpetuation of areas of concentrated poverty in Baltimore City and in other communities across the country. A detailed listing of key findings from the report is provided below.

### **Poverty and Demographic Trends in Baltimore City**

#### **Baltimore City Poverty More Persistent and Concentrated than In the Rest of Maryland**

- Baltimore City's poverty rate declined from 23% in 1960 to 18% in 1970 but returned to 23% by 1980 and has mostly remained at that level through 2014; collectively, Maryland's counties also experienced a significant decline in the poverty rate from 1960 to 1970 but

poverty rates remained lower and decreased from 14.9% in 1960 to 6.5% in 2000 before increasing in 2014.

- About one-quarter of the State's poor are concentrated within Baltimore City, even though it comprises only 11% of the State's population, and its 80.9 square miles are less than 1% of the State's geography.
- About 80% of Baltimore City's poor live in a poverty area, whereas across the rest of the State, 17% of the poor live in a poverty area.

### **Unlike the Rest of the State, Incomes Have Not Grown In Baltimore City, But the Trends Vary Significantly by Race/Ethnicity**

- Between 1970 and 2010 median household income in Maryland, adjusted for inflation, grew by 13.2% and was \$69,800 in constant 2015 dollars. In Baltimore City median household income in 2010 (\$42,800 in constant 2015 dollars) was 7.3% below the amount in 1970. Interestingly, between 2000 and 2010 median incomes increased 3.4% in the city while decreasing statewide.
- Although median incomes in the city changed little since 1990 after adjusting for inflation, between 1990 and 2014 the median income of White households in the city increased 30% whereas the incomes of Hispanics and African Americans decreased by about 10%.

### **Total Employment in Baltimore City Has Declined and There Has Been a Significant Change in the Mix of Jobs**

- The share of all jobs in the Baltimore Metropolitan Statistical Area that were located in Baltimore City decreased from 4 in 10 in 1990 to a little more than 2.5 in 10 in 2014.
- Private-sector jobs in low- and medium-skill intensity industries decreased 44% between 1990 and 2014 in Baltimore City. On the other hand, jobs in high-skill intensity industries increased slightly (1.9%) over this same period. As a result, 63% of private-sector employment in the city is in the high-skill job intensity sector in 2014 compared to 48% in 1990.

### **City's Overall Poverty Rate Has Changed Little, But Poverty Rates Vary Significantly by Race/Ethnicity and There Have Been Shifts in the Distribution of Poverty Within the City**

- Baltimore City's population in 2014 consists of 63% African American, 28% Non-Hispanic Whites, and 9% other ethnicity. The Hispanic/Latino population of any race accounts for almost 5% of the city's population. The poverty rate among African Americans (27.7%) is nearly double the rate for Non-Hispanic Whites (13.9%). The Hispanic poverty rate is 22.2%.

- The city's overall poverty rate in 2014 is similar to the poverty rate in 2000; however, the African American poverty rate had decreased significantly between 2000 and 2008 (27.3% to 22.0%) – a trend that was reversed by the recession.
- Although Baltimore City's poverty rate has remained relatively unchanged since 1960, due to long-term population and poverty trends and the 2008 recession, there have been significant shifts in the distribution of poverty within the city. Since 1990 there has been a decrease in concentrated poverty areas (poverty rate of 40% or more), an increase in poverty areas (poverty rate of 20% or more) and a decrease in persistently poor neighborhoods.
- In 1990 about one-third of the city's poor lived in a concentrated poverty area. This decreased to 22% in 2000, and the share of the poor living in a concentrated poverty area is currently 19%. This decrease, however, was almost offset by an increase in neighborhoods with poverty rates of 20% to 40%. In 1990 74% of the city's poor lived in a poverty area. This share was virtually unchanged in 2000, and due in part to the recession, increased to almost 80% by 2013.
- A major factor in the decline of concentrated poverty in Baltimore City has been the shift away from large, high-rise public housing developments that occurred with the HOPE VI program in the mid-1990s.
- Baltimore City neighborhoods fall into one of three groups, roughly equal in population.
  - *Low-poverty areas:* Areas that have had low-poverty rates for decades (below 20% at least since 1990) or are Inner Harbor neighborhoods that gentrified in the 1990s. About 17% of the city's poor live in these neighborhoods.
  - *Neighborhoods that are current or recent poverty areas:* About one-third of these neighborhoods became a poverty area due to the 2008 recession. Since 1990 poverty rates in these neighborhoods have increased from 16% to 25% in 2013. One-third of the city's poor live in these neighborhoods.
  - *Neighborhoods that have been persistently poor:* Poverty rates for these areas have been at least 20% for the last 25 years. The poverty rates for these neighborhoods have averaged 36% and about half of the city's poor live in these neighborhoods. All of the city's concentrated poverty areas (over 40% poverty rate) fall into this group.

### **Employment and Other Challenges More Difficult for Low-income Individuals Living in High-poverty Areas**

- Persistently poor and especially concentrated poverty communities generally have lower employment, lower educational attainments, higher crime, and poorer health outcomes than other areas.

- Baltimore City residents who are in poverty and live in a concentrated poverty area are less likely to be employed than residents in poverty living in an area with a poverty rate less than 40%.
- Employment in neighborhoods with poverty rates of less than 15% exceeds 80%, whereas employment drops to 62% in poverty areas and 45% in concentrated poverty areas. This difference is due to the lack of labor force participation in high-poverty areas as well as higher rates of unemployment among job seekers.
- In 2010 about 20% of the individuals 25 or older living in poverty areas of Baltimore City had at least a bachelor's degree. This compares to 37% of individuals living in low-poverty areas of Baltimore City. Educational attainments have improved overall, however, since 1990. The share of city residents 25 or older with at least a bachelor's degree has increased from 15% to 25%, but continues to lag the counties' share of 37%.
- Residents of high-poverty communities are more likely to live in poverty than similarly educated residents of lower poverty areas. For example, the poverty rate for individuals living in a low-poverty area with less than a high school education is 21%, whereas the poverty rate for individuals with the same education attainment living in a concentrated poverty area is 52%. Similarly, the poverty rate for individuals with at least a bachelor's degree is 5% in low-poverty areas but 24% in concentrated poverty areas.
- Transportation challenges and lack of vehicle ownership are additional barriers to employment for individuals living in poverty, especially for individuals living in high-poverty areas. For example, in Baltimore City only 31% of poor residents living in a concentrated poverty area drive to work and 54% rely on mass transit, versus 64% of poor residents living in a low-poverty area who drive and 19% who use mass transit.

## **Recent Studies and Publications**

### **Housing and Neighborhoods**

- A key measure of opportunity is having access to affordable housing in stable and safe neighborhoods. Availability of affordable housing allows households to avoid trade-offs between housing and other necessities such as food, clothing, transportation, and health care. Research also shows that families who are unable to cover their household budget after housing costs face worse educational and health outcomes and also face food insecurity.
- Health outcomes are also significantly improved by affordable housing. In children, housing instability is associated with asthma, low weight, developmental delays, and an increased lifetime risk of depression. In adults, housing instability is associated with reduced access to health care, postponing needed care and medications, mental distress, difficulty sleeping, and depression.

- Affordable housing also improves educational outcomes for low-income students by improving stability. Students who are homeless and constantly moving perform below other peers from households of similar incomes.
- Two affordable housing initiatives were viewed by researchers as successful: Moving to Opportunity and the Baltimore Mobility Program. Both programs enabled individuals to move to neighborhoods with lower poverty rates and less criminal activity. While participants realized improved health outcomes, no measurable improvements were realized for adult economic outcomes or children's educational outcomes.
- Another housing initiative, the HOPE VI program, resulted in the demolition of high-rise public housing developments that were replaced with high-quality housing for a wide range of income levels. This program may be a contributing factor in the decline of concentrated poverty in Baltimore City.
- Careful consideration is needed by policymakers when implementing neighborhood revitalization efforts. Without adequate planning, community involvement, and financial oversight provisions, public funds can be misspent and desired results can be elusive. For example, the Sandtown-Winchester redevelopment project was envisioned as a showcase for a comprehensive approach to neighborhood renewal that would address all community needs. It was funded with \$130 million in public and private funds, but two decades later, the results relative to the rest of the city largely disappoint.

### **Jobs and the Economy**

- Long-term economic trends over the past several decades have profoundly influenced poverty in the United States. In addition, the impact of wage stagnation at the lower end of the economic scale has been magnified by another recent trend: the rise in the number of single-parent families.
- Research indicates that low-income workers are concentrated in a few industries. Accordingly, increased emphasis must be placed not just on increasing employment in general, but in facilitating job opportunities in which individuals can access decent-paying jobs. While Baltimore City has significant assets on which it can build an opportunity-rich next economy, such as top-tier medical systems and universities and a large number of science, technology, engineering, and mathematics workers, according to research, the region has not fully leveraged these assets.
- Along with the potential to increase employment options by focusing on specific industries, an additional strategy to assist young adults in finding employment is the use of job-training and apprenticeship programs.

## **Education**

- Educational attainment of parents and community support/resources are key components of success in school and in life. Children in low-income families who live in high-poverty communities and whose parents have low educational attainment will most likely stay rooted in their socioeconomic status at birth.
- Early childhood education, intervention strategies, increased funding for struggling schools, and alternative schools have had some impact in improving student performance, but closing the achievement gap may not be attainable until policymakers can resolve the underlying crisis facing low-income students, which is the persistent and concentrated poverty within many communities.
- Given the disadvantages that low-income children face from the very moment they enter the classroom, policymakers need to implement programs designed to mitigate the disadvantages and possibly level the playing field.
- Early childhood education and housing mobility programs were viewed as successful in improving student performance and school readiness. In addition, community schools (schools serving as both an educational institution and a center of community life) improved student attendance, academic performance, behavior, and emotional development while lowering dropout rates.

## **Health**

- Most health disparities are linked to socioeconomic circumstances and where a person lives. Poor people who live in high-poverty neighborhoods are at higher risk for premature death, disease, and unhealthy behaviors.
- The health of infants and children is inextricably linked to the health of their parents. Infant mortality rates among the poor are higher than the national and statewide averages.
- The conditions of high-poverty neighborhoods, including the lack of or limited access to safe housing, health care resources, healthy foods, and opportunities to promote healthy behaviors, negatively impact residents' health.
- Food deserts significantly contribute to a range of health issues, including obesity, cardiovascular disease, smoking, and reduced life expectancy.
- Federal, State, and local efforts to combat health disparities among low-income residents have had some impact, but gaps persist. Increasing access to health services and healthy foods, targeted prevention and treatment efforts, and programs to improve neighborhood conditions are critical to narrowing the gap in health outcomes.

**Children and Families**

- Family structure plays an important role in poverty rates. Single-parent households account for the majority of families in poverty in Baltimore City. Employment barriers, including educational attainment, child care, job skills, and transportation, impact the ability of families to escape poverty.
- Child care expenses affect poor families disproportionately and can make the difference between welfare dependency and self-sufficiency, particularly for single mothers.
- Public assistance programs for children and families in need have had a positive impact, and caseloads are slowly trending downward since the Great Recession. However, poor families in Baltimore are still struggling due to the scarcity of living-wage jobs in the city.

**Transportation**

- Limited access to affordable transportation options poses a significant barrier to participation in the job market, as well as the local and regional community. Transportation costs make up a substantial portion of household expenses and are typically exceeded only by the cost of housing.
- Low-income workers face high commuting costs, with the working poor spending more on commuting expenses than all other workers. In addition, many employment centers are not accessible to mass transit services. Research indicates that a majority of low-income residents live in neighborhoods with a relatively low density of jobs and where public transportation is not always a viable option.
- Vehicle ownership is key to improved employment and family well-being. Research indicates that low-income families with access to automobiles found housing in communities with lower crime rates and more opportunities. Although access to both automobiles and public transportation had a positive effect on earnings, automobile ownership had a much more pronounced effect.

## **Chapter 2. Poverty and Demographic Trends in Baltimore City**

---

### **Introduction**

This chapter presents major findings relating to poverty and demographic trends in Baltimore City and Maryland. Data from the U.S. Census Bureau is used to analyze trends and linkages between poverty and various other economic and social factors. The primary focus of this chapter includes (1) comparing the level of poverty in Maryland with other states; (2) comparing the level of poverty in Baltimore City with other jurisdictions; (3) locating areas of concentrated and deep poverty in Maryland and Baltimore City; (4) identifying the major characteristics of poverty; and (5) identifying the linkages between poverty and major socioeconomic factors.

### **Maryland Poverty Compared to Other States and the United States**

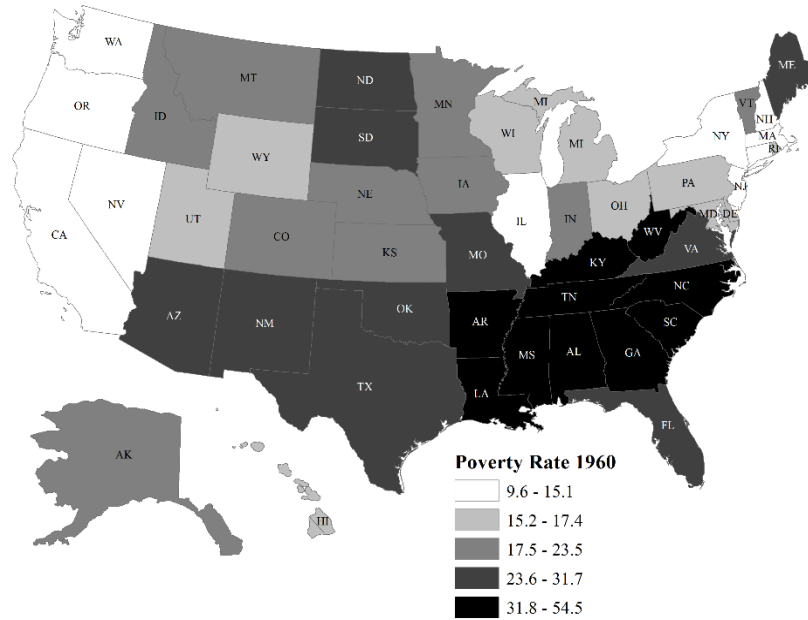
**Exhibit 2.1** illustrates the change in state poverty rates from 1960 to 2010. States located in the South and Appalachia continue to have the highest poverty rates. In 1960, the poverty rate of five states (Alabama, Arkansas, Mississippi, North Carolina, and South Carolina) exceeded 40%, but in 2010, Mississippi, with a poverty rate of 22.3%, was the only state with a poverty rate above 20%. In 2010, Maryland had the second lowest poverty rate in the United States. New Hampshire had the lowest poverty rate; other low-poverty states include several New England states, New Jersey, Virginia, Minnesota, and Wyoming.

### **Supplemental Poverty Measure**

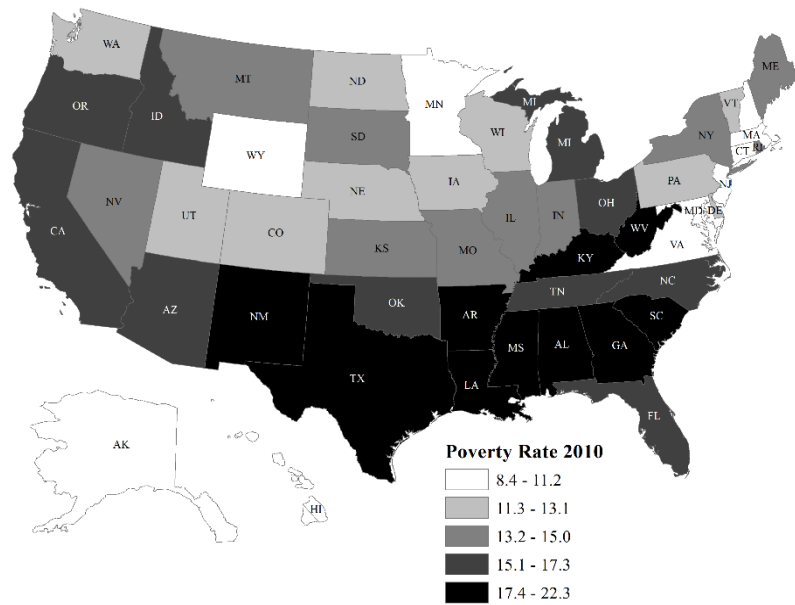
The poverty rates shown in Exhibit 2.1 are based on minimum food requirements and family size. This official measure of poverty has remained largely unchanged for decades. Researchers have raised concerns over the adequacy of this measure and the U.S. Census Bureau is developing a more comprehensive measure. The developing measure, called the Supplemental Poverty Measure (SPM), takes into account additional sources of income and the impact of certain expenses. The SPM suggests poverty in Maryland may be higher than the official estimate as most states in the relatively higher cost Northeast region have a higher poverty rate. Compared to the official poverty rate, Maryland's poverty rate increases by about one-third, which is the fifth largest increase in the United States. Accordingly, Maryland's poverty rate ranking increases from second lowest under the official method to twenty-fifth under the SPM, higher than the neighboring states of West Virginia and Pennsylvania.



**Exhibit 2.1**  
**State Poverty Rates**  
**1960**



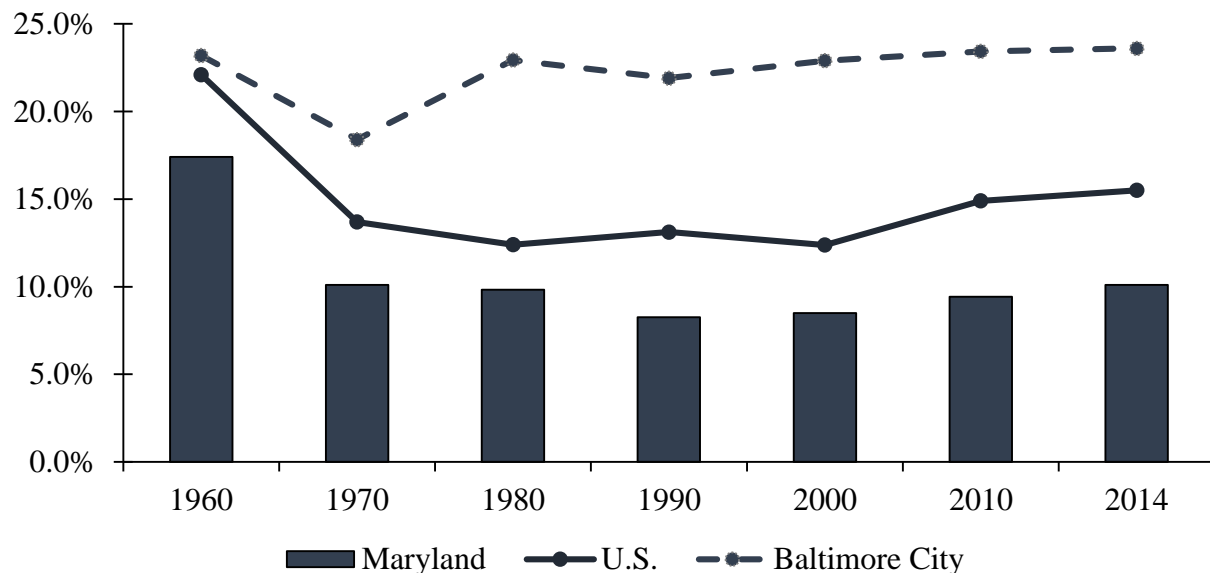
**2010**



Source: U.S. Census Bureau; Department of Legislative Services

**Exhibit 2.2** compares the change in U.S, Maryland, and Baltimore City poverty rates from 1960 to 2014. Maryland did not always have one of the lowest poverty rates – in 1960 it was the twentieth lowest. Maryland had a greater reduction in poverty than the United States over the period, and in 2014 the poverty rate of 10.1% was about one-third lower than the U.S. average. In contrast, Baltimore City’s poverty rate has not decreased. The city’s poverty rate increased from about 1 percentage point above the U.S. average in 1960 to about 8 percentage points above the U.S. average in 2014.

**Exhibit 2.2**  
**United States, Maryland, and Baltimore City Poverty Rates**  
**Calendar 1960-2014**



Source: U.S. Census Bureau; Department of Legislative Services

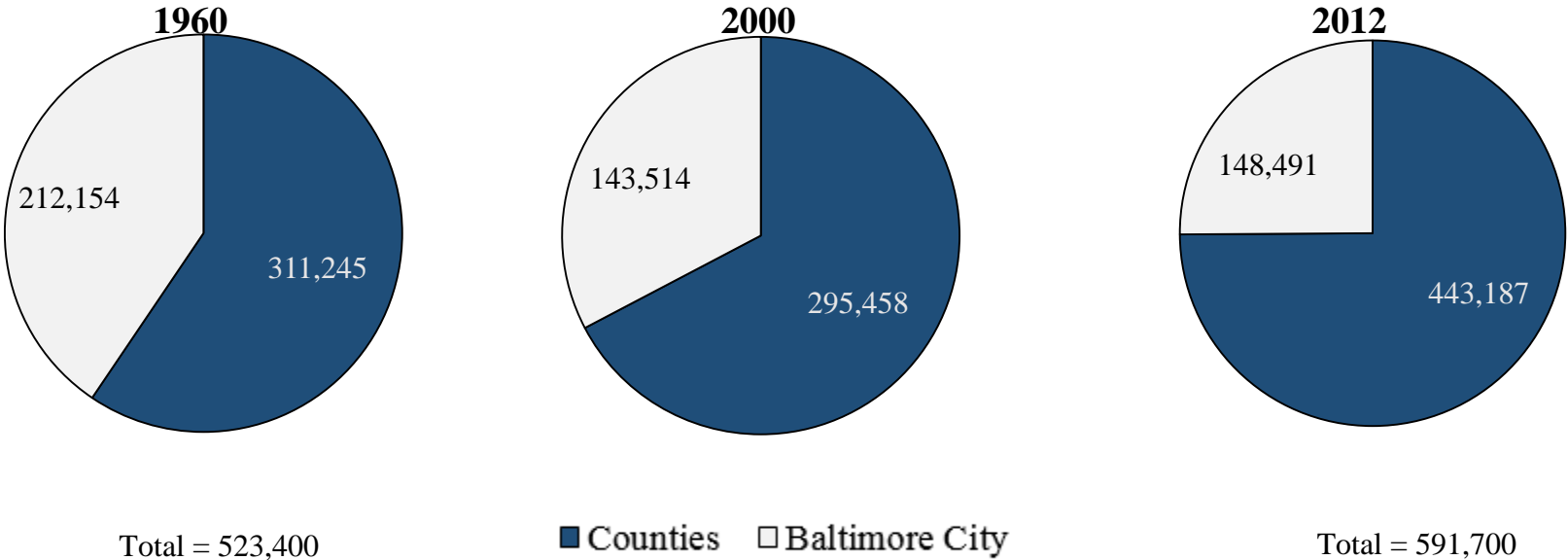
## The Changing Geography of Maryland Poverty

Significant reductions in poverty occurred in the State between 1960 and 2000 as the percentage of individuals in poverty fell by half, from 17.4% to 8.5%. There were 85,000 fewer individuals in poverty in 2000, a 16% reduction from 1960, even as Maryland’s population increased by 2 million. In 1960, 17 out of 24 local jurisdictions had a poverty rate in excess of 20%. By 2000, the overall poverty rate in all counties except for Baltimore City decreased from 14.9% to 6.5%. The population of Baltimore City also decreased significantly in contrast to rapid growth in the counties.

However, poverty has recently increased in both absolute and percentage terms, primarily due to the impact of the Great Recession and long-term trends predating the recession. The increase in poverty since 2000 has been broad in its reach – in calendar 2012 poverty rates were higher in all counties but three (Garrett, Kent, and St. Mary’s). The State poverty rate peaked at 10.3% in calendar 2012, resulting in an additional 152,700 individuals living in poverty. About 96% of this increase was due to an increase in poverty within Maryland counties.

These demographic and economic changes have altered the geographic distribution of poverty in Maryland. In 1960, 40% of the poor lived in Baltimore City, but by 2000, a little less than one-third of the poor were city residents. The percentage of the poor who reside in Baltimore City continues to decrease – about three out of every four individuals who are in poverty now (2012) live in the counties, as shown in **Exhibit 2.3**.

**Exhibit 2.3  
Poverty in Baltimore City and Maryland Counties**



**Poverty Rates**

	<u>1960</u>	<u>2000</u>	<u>2012</u>
Baltimore City	23.2%	22.9%	24.8%
Counties	14.9%	6.5%	8.6%
<b>Statewide</b>	<b>17.4%</b>	<b>8.5%</b>	<b>10.3%</b>

Source: U.S. Census Bureau; Department of Legislative Service

## Poverty Areas in Maryland

Poverty rates vary across the State's regions, counties, and communities. Several municipalities in Western Maryland and the Eastern Shore have higher rates of poverty or deep poverty than Baltimore City and have experienced long-term distress. Deep poverty includes individuals whose incomes are 50% or below the federal poverty level. These individuals are also more likely to be in poverty for longer periods of time. Hurlock, Federalsburg, Salisbury, Crisfield, and Princess Anne have deep poverty rates of between 12.5% and 17.8%, and poverty rates in Princess Anne, Crisfield, and Pocomoke City hover around 30%.

**Exhibit 2.4** illustrates poverty rates across Maryland, ranging from a low of 6.2% or less to a high of 40% or more. The incidence of poverty is lowest in most of Central Maryland, the National Capital Region, and Southern Maryland. Poverty rates are higher in Western Maryland, Baltimore City, the Eastern Shore, and parts of Central Maryland and the National Capital Region. Exhibit 2.4 also shows the Census Designated Places or communities with poverty rates of at least 20%.

**Exhibit 2.4**  
**Maryland Poverty Rates and High-Poverty Communities**



Note: High-poverty communities are communities with poverty rates over 20%.

Source: U.S. Census Bureau; Department of Legislative Services

## Poverty Areas and Persistently Poor Neighborhoods

People living in poverty tend to be clustered in certain regions, counties, and neighborhoods rather than being spread evenly across the State. An additional important dimension of poverty is time. An area that has a high level of poverty this year, but not next year, is likely better off than an area that has a high level of poverty in both years. Researchers have developed three geographies to identify high-poverty areas and areas that remain distressed for long periods. These are:

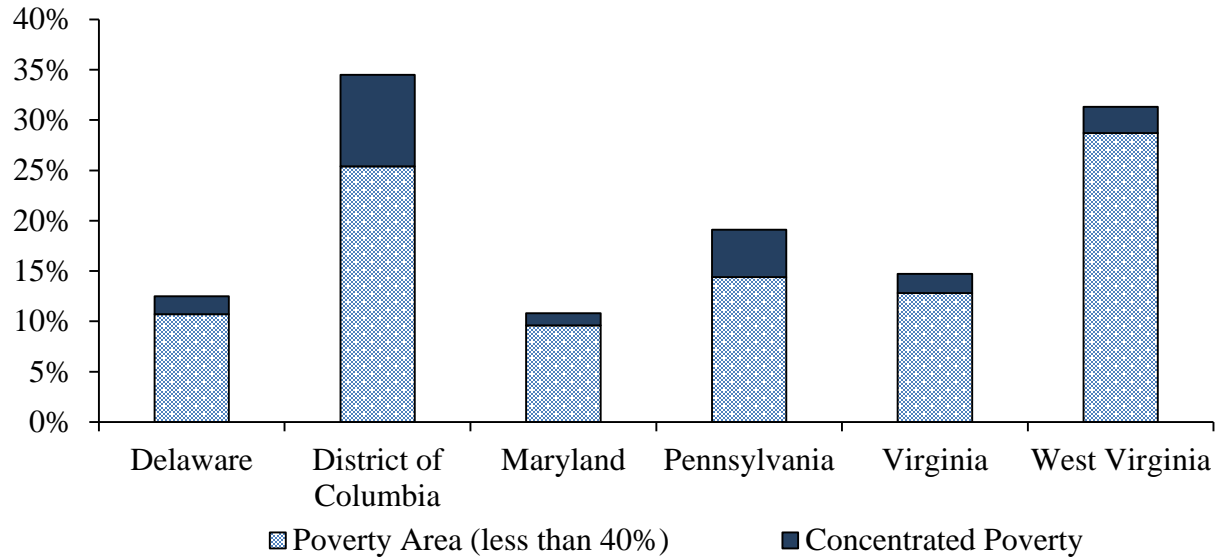
- **Poverty area:** These high-poverty areas have a poverty rate of 20% or greater.
- **Concentrated poverty area:** Even within poverty areas some places have significantly higher numbers of people living in poverty. Researchers identify areas with a poverty rate of 40% or greater as a concentrated poverty area.
- **Persistently poor area:** Poverty areas that have been poor for a long time, typically measured as having a poverty rate of at least 20% over the last three decades.

These geographies can be applied on a county level and to smaller geographies. The most common method to measure poverty within a county is to use a census tract. In Baltimore City, there are about 200 census tracts with a typical population of about 3,000. This report will refer to these census tracts as Baltimore City's neighborhoods.

## Maryland Has Fewer Poverty Areas than the Rest of the United States

About one-quarter of the U.S. population lived in a poverty area in 2010. Only four other states (New Hampshire, Alaska, Wyoming, and Vermont) had a lower percentage of people living in poverty areas than Maryland. **Exhibit 2.5** compares the prevalence of poverty areas and concentrated poverty areas in Maryland and the surrounding states.

**Exhibit 2.5**  
**Percent of Population Residing in Poverty Areas**  
**Maryland and Surrounding States**  
**Calendar 2010**



Source: U.S. Census Bureau; Department of Legislative Services

### **High-poverty Areas and Persistently Poor Areas Are Concentrated within Baltimore City**

In counties with a higher poverty rate, a greater percentage of the poor are typically concentrated within small areas. In more affluent counties, there are fewer areas of concentrated poverty and the poor are more equally distributed. Poverty areas and areas with concentrated poverty are not uniformly distributed throughout the State and are much more common in Baltimore City, Western Maryland, and the Eastern Shore.

The vast majority of all counties, except Baltimore City, are not poverty areas (94%) and have not been a poverty area since at least 1990. About one-half of all people who live in counties live in a neighborhood with a poverty rate of less than 6%, whereas about 6% of Baltimore City's population lives in low-poverty neighborhoods.

About one-quarter of the State's poor are concentrated within Baltimore City, even though it comprises only 11% of the State's population and its 80.9 square miles are less than 1% of the State's geography. As shown in **Exhibit 2.6**, almost 60% of Baltimore City's population resides in a poverty area and about one-third resides in a poverty area that has been persistently poor. In

comparison, less than 2% of the population in Central and Southern Maryland lives in a poverty area. More than one-half of the State's poverty areas and three-quarters of the concentrated poverty and persistent poverty areas are located within Baltimore City.

---

**Exhibit 2.6**  
**Incidence of Poverty by Maryland Region**

<u>Region</u>	<u>Percent of Population</u>		<u>Percent of Population Residing in Poverty Area</u>		
	<u>Poverty</u>	<u>Deep Poverty</u>	<u>Poverty Area</u>	<u>Concentrated Poverty</u>	<u>Persistently Poor</u>
Baltimore/Harford	9.3%	4.6%	6.1%	0.0%	0.8%
Baltimore City	24.5%	12.4%	59.6%	8.7%	33.6%
Montgomery	6.6%	3.0%	3.1%	0.0%	0.0%
Prince George's	9.8%	4.8%	6.5%	0.4%	2.3%
Central Maryland	5.9%	2.9%	1.6%	0.0%	0.1%
Southern Maryland	7.6%	3.8%	1.4%	0.0%	0.0%
Western Maryland	14.3%	6.6%	22.7%	1.8%	8.6%
Upper Eastern Shore	9.6%	4.2%	5.8%	0.0%	0.0%
Lower Eastern Shore	16.8%	7.8%	25.9%	3.7%	6.1%
<b>Maryland</b>	<b>10.2%</b>	<b>5.0%</b>	<b>11.5%</b>	<b>1.2%</b>	<b>4.6%</b>

Poverty rates reflect calendar 2012-2014. Incidence of poverty areas and concentrated poverty reflect calendar 2009-2013. Persistently poor areas reflects as of calendar 2010.

Source: U.S. Census Bureau; Longitudinal Tract Database – US2010Project; Department of Legislative Services

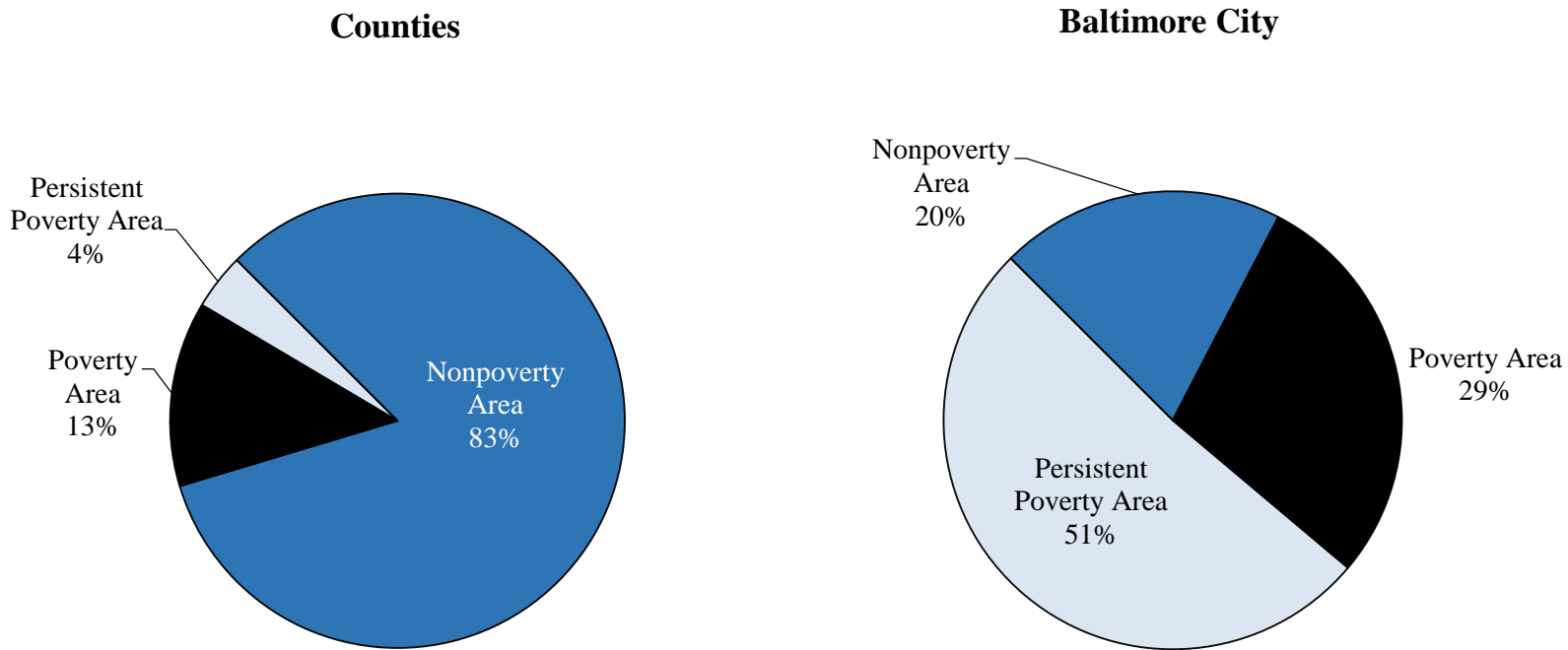
---

Even though poverty areas and concentrated poverty areas are much more common in Baltimore City, these areas have recently increased in counties. About 2% of the population of counties were poverty areas in 1990; this has increased to about 6%. Coupled with population growth and other factors, the share of high-poverty areas has also shifted to counties. For example, the counties' share of the State's population who lived in a concentrated poverty area increased from less than 4% in 1990 to one-quarter in 2010.

The much higher incidence of poverty areas and persistently poor areas in Baltimore City also results in a concentration of poor individuals within these areas. **Exhibit 2.7** contrasts the distribution of the poor who live in counties and Baltimore City by poverty area and whether the poverty area has been persistently poor. About 8 in 10 of Baltimore City's poor live within a poverty area. Most of these poor also live within a persistently poor poverty area.



**Exhibit 2.7**  
**Distribution of Poor within Counties and Baltimore City**  
**by Poverty Area, Persistently Poor Area, and Nonpoverty Area**



Source: U.S. Census Bureau; US2010 Project; Department of Legislative Services

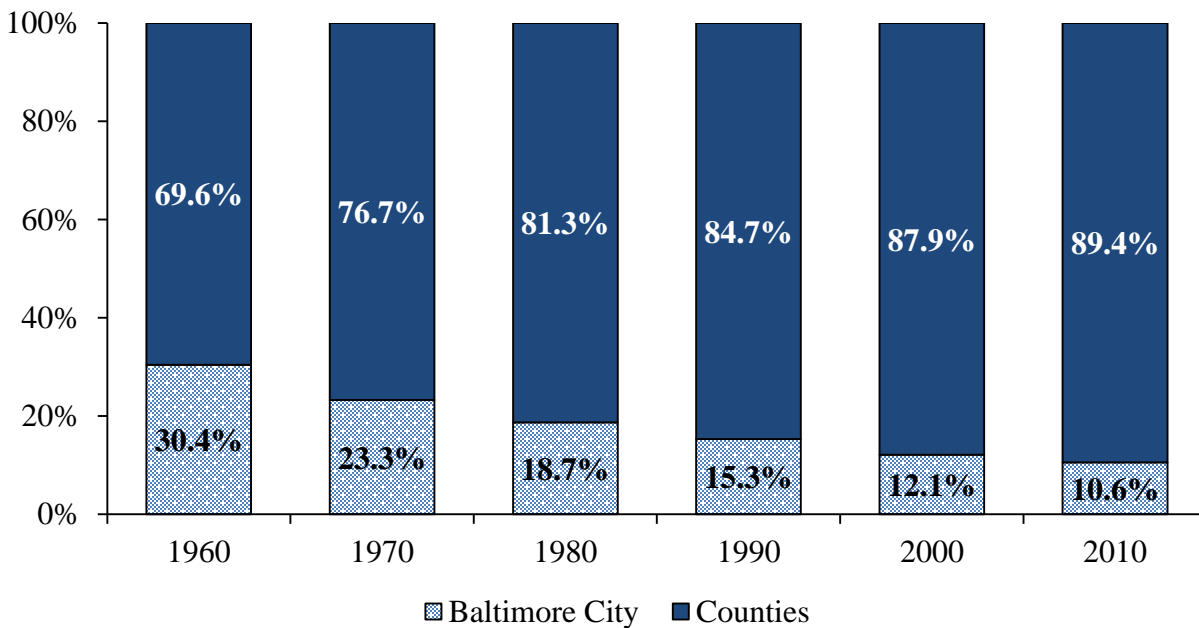
## Baltimore City – Long-term Socioeconomic Trends

### Population Change

The State population has nearly doubled over the past 50 years, increasing from 3.1 million in 1960 to 5.8 million in 2010. In contrast to this overall growth, Baltimore City’s population decreased from 939,000 to 621,000, a decrease of about one-third. This population loss resulted from several interconnected factors including suburbanization (including loss of city jobs), falling incomes, and broader economic influences on the labor market. Population loss in the 1960s was minor (about 2.7%) but accelerated as the loss increased to 13.6% in the next decade. The decline continued during the 1980s (7.1%), and accelerated again during the 1990s (12.4%). Population loss slowed in the 2000s (4.6%), and recent data suggests that the population has stabilized since 2010.

**Exhibit 2.8** shows the significant decline in Baltimore City’s share of the State population over time, from about 3 in 10 in 1960 to about 1 in 10 in 2010, reflecting an outflow of the city’s population and additional growth in the counties.

**Exhibit 2.8**  
**Baltimore City’s Declining Share of the State Population**  
 Calendar 1960-2010



Source: U.S. Census Bureau; Department of Legislative Services

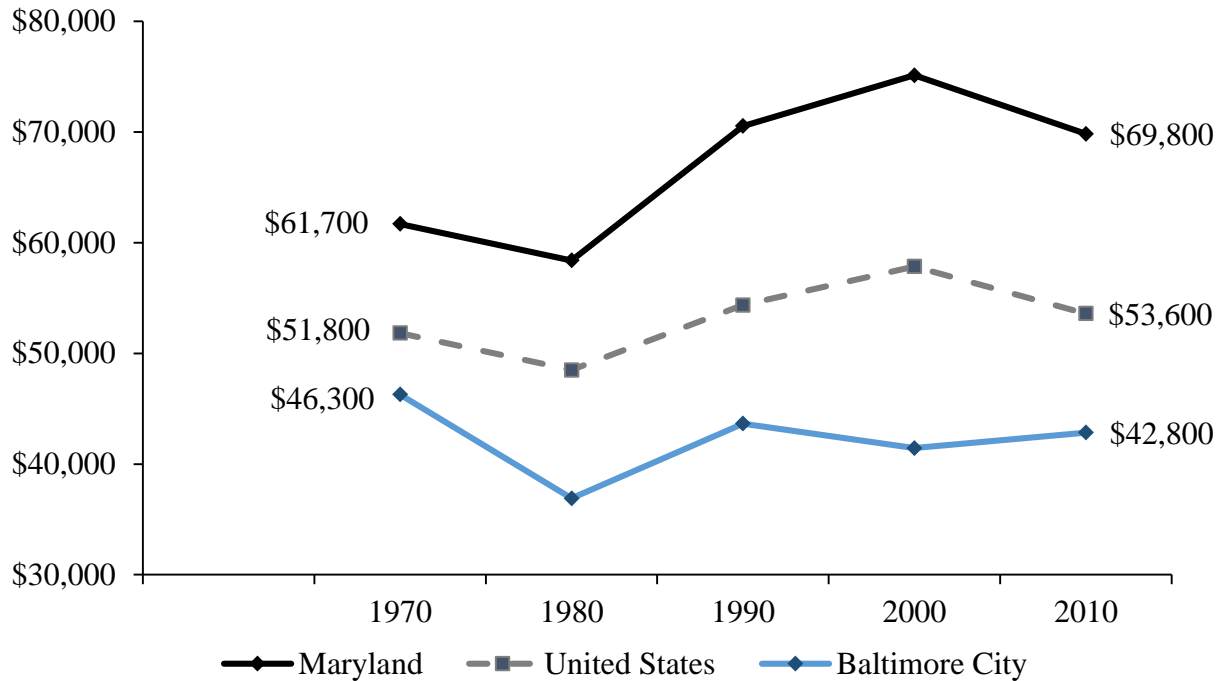
## **Racial Composition**

The decrease in the city's population originally was due to the exodus of White residents to the suburbs. For example, between 1980 and 2000, the number of White residents in Baltimore City decreased by 40.5%, while the minority population remained relatively stable. In 1980, White residents comprised 43.4% of the city's population compared to 31.2% in 2000. However, in the last two decades a sizeable number of African Americans have joined the exodus to the suburbs. Since 2000, the number of White residents in Baltimore City has decreased by 13.5%, while the number of African American residents has decreased by 7.2%. In contrast, the number of Hispanic residents has increased by 166.2% since 2000, while the number of Asians has increased by 62.5%. Today, White residents account for 28.2% of the city's population. For the minority population, African Americans account for 62.3% of the city's population, followed by Hispanics at 4.7%, Asians at 2.6%, and other minorities at 2.2%.

## **Median Household Income**

Median household income in Maryland and the United States has changed similarly in each decade, typically rising with a strong economy and falling during economic downturns. From 2000 to 2010, a period that encompassed two national recessions and a rapidly changing economy, incomes fell both nationally and in Maryland. Over the long term, the income of Maryland residents has been consistently higher and has grown at a faster rate than the nation. Since 1970, the U.S. median household income, adjusted for inflation, rose from \$51,800 to \$53,600, an increase of only 3%. Over this period, median household income grew in Maryland by 13.2% and was \$69,800 in calendar 2010, as shown in **Exhibit 2.9**.

**Exhibit 2.9**  
**Median Household Incomes (Adjusted for Inflation)**  
**Calendar 1970 to 2010**



Note: Amounts are adjusted for inflation and expressed in constant 2015 dollars.

Source: U.S. Census Bureau; Department of Legislative Services

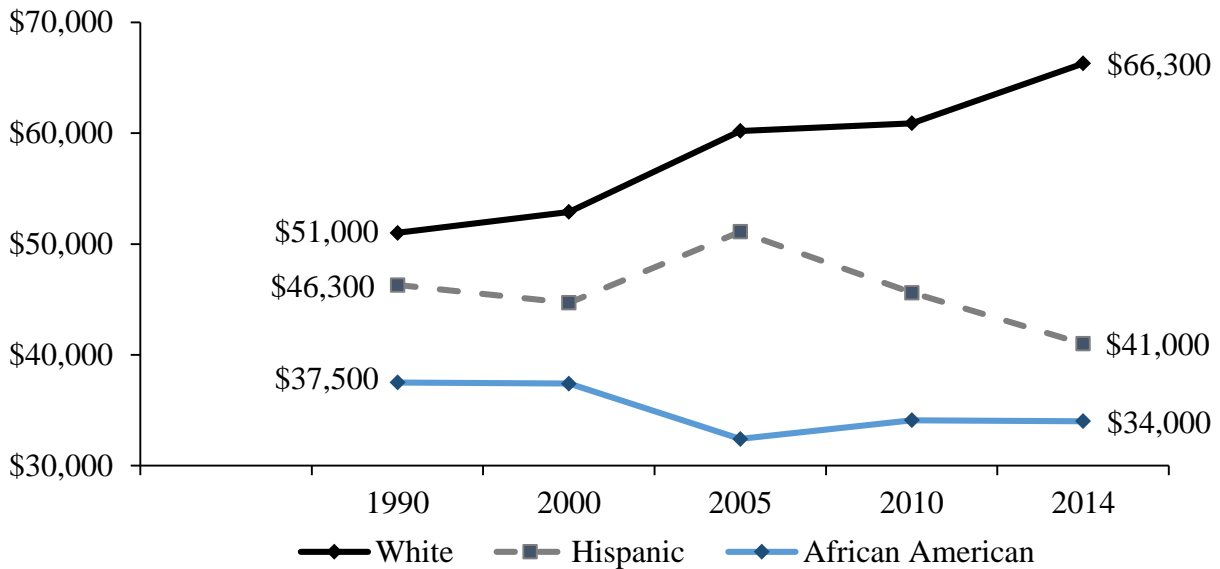
Baltimore City's median household income, adjusted for inflation, (\$42,800 in 2010) has been below both Maryland and the United States and has declined since 1970, falling overall by 7.3%. Median household income suffered its biggest loss in the 1970s, falling by about one-fifth, coinciding with the city's major loss in population. The income gap between Baltimore City and Maryland has widened – increasing by 75% or an additional \$11,600 since 1970. The city has also fallen further below the U.S. average, though by a lesser amount. From 2000 to 2010, incomes increased by 3.4% in Baltimore City, in contrast to the recent decrease in most of the United States and in Maryland. This increase likely reflects a recent influx of higher income individuals.

### **The Incomes of Whites and Minority Population Have Diverged**

In contrast to a constant but continued disparity in poverty rates among ethnicities, the income gap between Whites and minorities has grown significantly over time. Adjusted for inflation, since 1990 the median income of White households has increased by 30%, whereas the incomes of Hispanics and African Americans have decreased by about 10%. In 1990, African

American incomes were \$13,500 less or about 25% lower than White incomes. This income gap increased by \$18,800, and African American incomes are now \$32,300 less or about 50% lower. **Exhibit 2.10** shows the change in median household income for African Americans, Hispanics, and Whites.

**Exhibit 2.10**  
**Diverging Median Household Incomes by Ethnicity**  
**Calendar 1990-2014**



Note: Amounts are adjusted for inflation and expressed in constant 2014 dollars.

Source: U.S. Census Bureau; Department of Legislative Services

## Employment

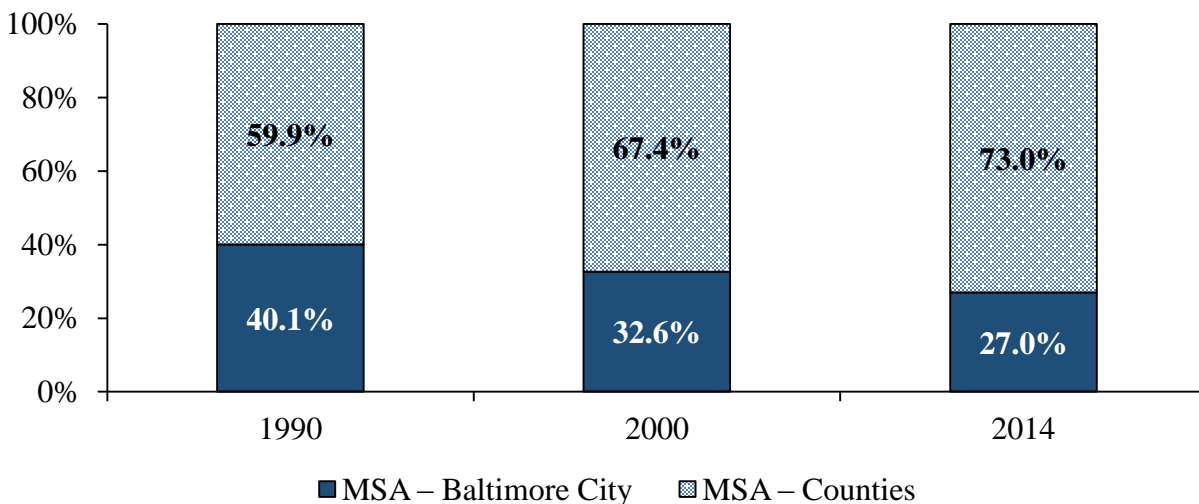
In the past 25 years, significant changes to Baltimore City's labor market include:

- a decline in the total number of jobs located in the city and significant growth in suburban counties; and
- a significant decrease in the availability of jobs that require less skill and education.

These two changes have negatively affected all city residents but particularly low-income individuals by increasing the distance to work and narrowing employment opportunities for those with lower education and job skills.

From 1990 to 2014, total employment in Baltimore City decreased by 99,300 or a little more than one-fifth. Over the same period, the number of jobs within the counties that are located within the Baltimore Metropolitan Statistical Area (MSA) increased by 42% or 290,500. The share of all jobs in the metropolitan area that were located within Baltimore City decreased from 4 in 10 in 1990 to a little more than 1 in 4 (27%) in 2014, as shown in **Exhibit 2.11**.

**Exhibit 2.11**  
**Share of Baltimore City Metropolitan Area Jobs**  
**Calendar 1990-2014**



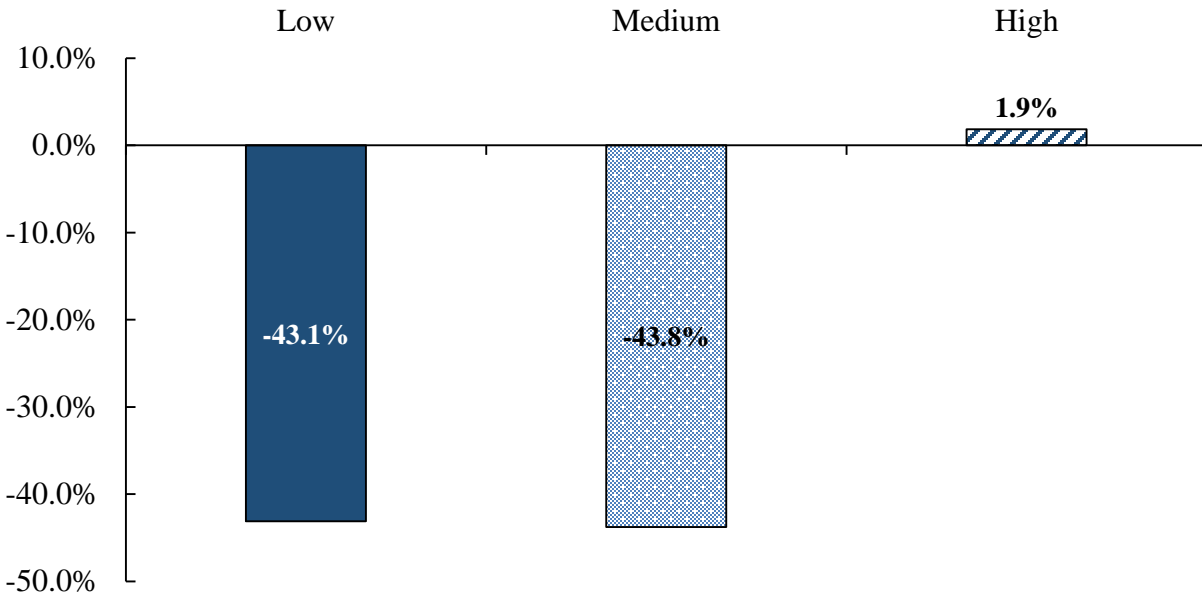
Note: MSA counties include Anne Arundel, Carroll, Baltimore, Harford, Howard, and Queen Anne's.

Source: U.S. Bureau of Labor Statistics; Department of Legislative Services

### Change by Skill Intensity

The decline in Baltimore City private-sector jobs was not uniform across industries – jobs in those industries that require on average less education and job skills decreased by 44%, as shown in **Exhibit 2.12**. Most of the job loss occurred in medium-skill-intensity industries, with the remaining amount comprising low-skill-intensity construction jobs. On the other hand, jobs in high-skill-intensity industries increased slightly (1.9%) from approximately 178,000 in 1990 to 181,000 in 2014.

**Exhibit 2.12**  
**Change in Private-sector Employment by Skill Intensity Industry**  
**Calendar 1990-2014**



Source: Bureau of Labor Statistics; Department of Legislative Services

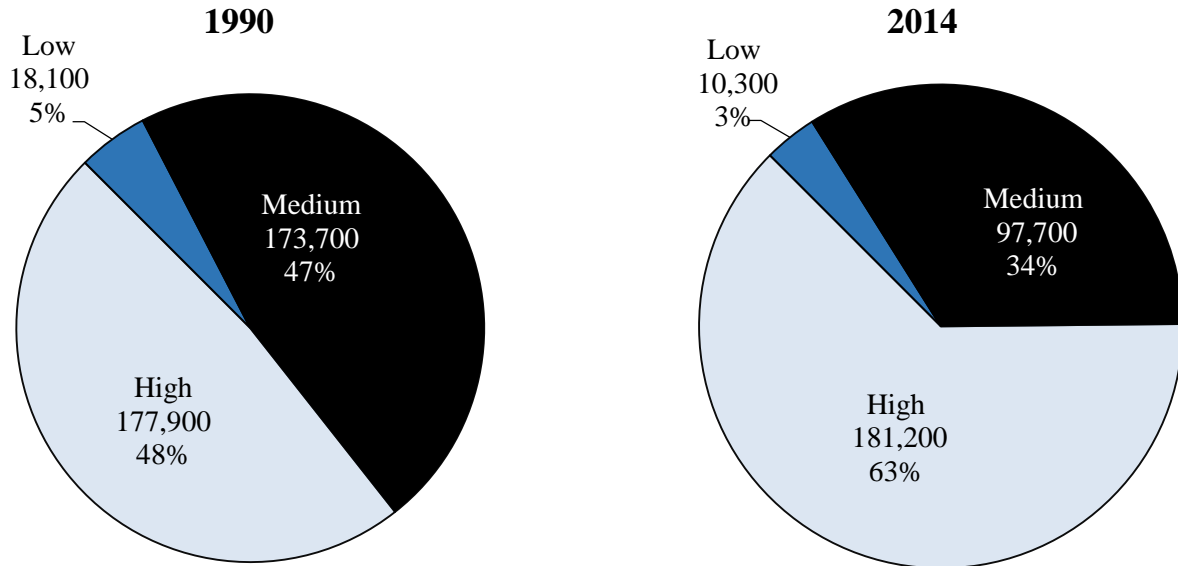
The job classifications based on skill intensity reflect the average educational attainment of workers within each industry. Accordingly, jobs within high-skill-intensity industries on average require more education, but not every job within the industry requires an advanced degree. For example, the health care industry, a major employer within Baltimore City, employs many individuals with less education in such occupations as health care support and maintenance. However, a greater share of the jobs within this high-skill-intensity industry require more education and skills that lower educated individuals are not qualified for; these jobs also typically pay a much higher wage.

About 14% of the workers who filled all of the lower paying jobs in Baltimore City (annual wages of \$15,000 or less) had a bachelor's degree or greater. By comparison, a little less than 40% of all workers who filled higher paying jobs in Baltimore City (\$40,000 or more) had at least a bachelor's degree. Low-skill-intensity industries comprise a greater share of the lower paying jobs – the retail trade and accommodation/food services industries comprise about one-third of all lower paying jobs but only about 5% of all higher paying jobs.

Low- and medium-skill-intensity jobs declined contemporaneously with an increase in high-skilled jobs, shifting the distribution of jobs toward high-skill-intensity industries. A majority

of Baltimore City jobs were in low- and medium-skilled intensity industries in 1990; however, these jobs comprised 37% of all private-sector jobs in 2014, as shown in **Exhibit 2.13**.

**Exhibit 2.13**  
**Baltimore City Private-sector Employment by Skill Intensity Industry**  
**Calendar 1990-2014**



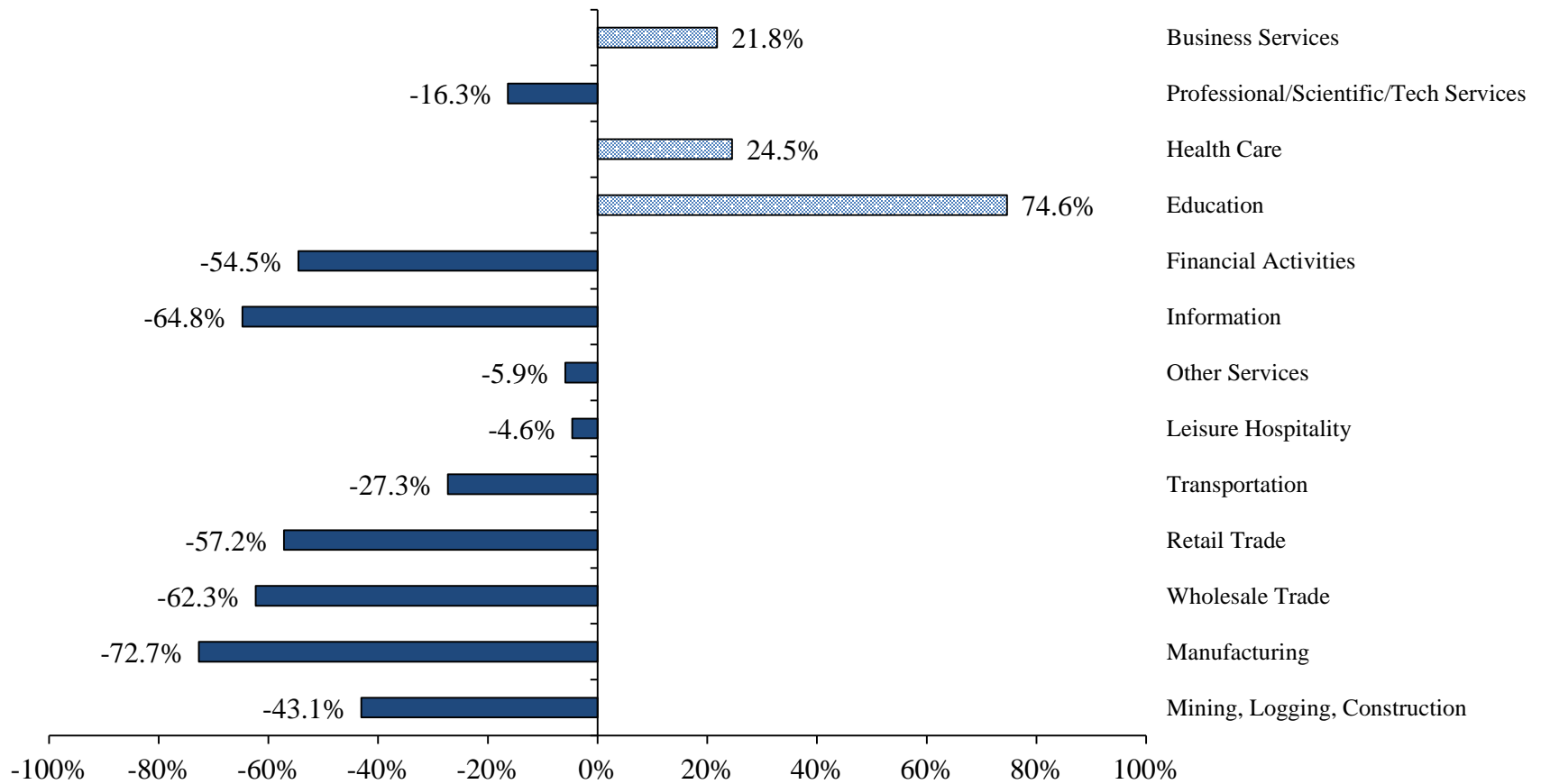
Source: U.S. Bureau of Labor Statistics; Department of Legislative Services

Although most industries have declined since 1990 (including all low- and medium-skilled job industries), three high-skill industries increased employment. As shown in **Exhibit 2.14**, education and health care sector employment grew significantly (74.6% and 24.5%, respectively), as did business services (21.8%). However, high-skill job sector employment growth was offset by losses in the financial and information industries, as well as in the professional, scientific, and technical services industries. Lower skilled job sectors with the largest decreases include manufacturing, wholesale trade, retail trade, and construction. Employment within the leisure and hospitality and other services industries declined more modestly.

Low- and medium-skill-intensity industry employment in the rest of the Baltimore MSA has increased by about 15% since 1990. However, high-skilled industry employment more than doubled, which was 7.2 times greater than the growth rate in low- and medium-skill industries. The share of employment within low- and medium-intensity sectors decreased from about 67.1% to 53.0%; this is still greater than the 37.3% share within Baltimore City.



**Exhibit 2.14**  
**Percentage Change in Baltimore City Employment by Industry**  
**Calendar 1990-2014**



Source: U.S. Bureau of Labor Statistics; Department of Legislative Services

## Baltimore City Poverty by Population

**Exhibit 2.15** shows the total number of Baltimore City residents in poverty and deep poverty in 2014. Children are most likely to be in poverty, followed by the adult nonelderly population. The poverty rate among African Americans, 27.7%, is nearly double the rate of Non-Hispanic Whites (13.9%) and above Hispanics (22.2%).

**Exhibit 2.15**  
**Baltimore City Poverty by Age and Ethnicity**  
**Calendar 2014**

	<u>Population<sup>1</sup></u>	<u>Below Poverty Level Number</u>	<u>Percent</u>
<b><u>All Individuals:</u></b>			
Poverty	598,500	141,200	23.6%
Deep Poverty		71,700	12.0%
<b><u>Age:</u></b>			
Children	129,800	42,800	33.0%
Adult Nonelderly	394,700	86,000	21.8%
Age 65 years or greater	74,100	12,400	16.7%
<b><u>Ethnicity:</u></b>			
African American	377,300	104,500	27.7%
Non-Hispanic Whites	167,000	23,100	13.9%
Other Ethnicity	54,200	13,600	25.1%
Hispanics <sup>2</sup>	28,200	6,300	22.2%

<sup>1</sup>Population for whom poverty status is determined.

<sup>2</sup>Hispanic or Latino origin of any race.

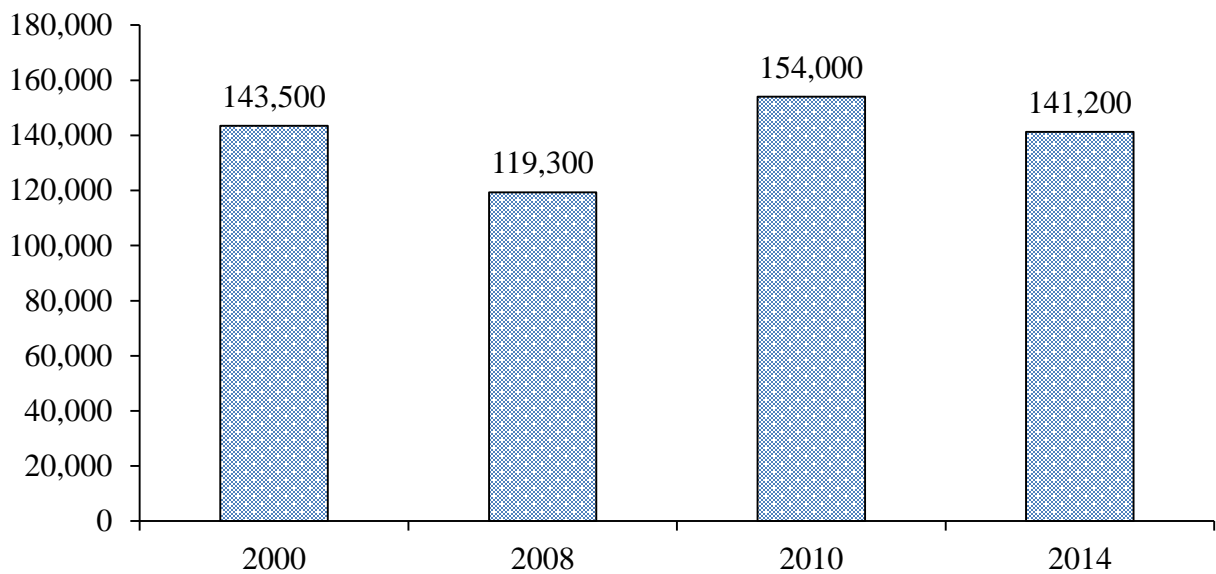
Source: U.S. Census Bureau; Department of Legislative Services

## Change in Poverty Since 2000

Poverty rates decreased from 2000 through the start of the recession (2008) and the total number of individuals in poverty also decreased. About 94% of the decrease was due to lower

poverty rates with the remaining amount due to a slight decrease in the total population. The impact of the recession peaked two years later, resulting in an additional 34,600 individuals in poverty, a 30% increase. Poverty rates and the total number of individuals in poverty have decreased, as a result there are now a similar number of individuals in poverty as in 2000, as shown in **Exhibit 2.16**.

**Exhibit 2.16**  
**Total Number of Baltimore City Residents in Poverty**  
**Calendar 2000-2014**



Source: U.S. Census Bureau; Department of Legislative Services

The decrease in the deep poverty population, from 75,700 to 71,700, is slightly greater than the total decrease in the city's population. The share of the poor that are in deep poverty has also decreased slightly since 2000.

The incidence of poverty by age, gender, education, and ethnicity also showed distinct trends before and after the recession. However, these contrasting trends also generally canceled each other and as a result, poverty rates are generally similar to 2000. The poverty rate for Whites and Hispanics did not change from 2000 to 2008, whereas African American poverty rates decreased significantly (27.3% to 22.0%). Although the recession increased poverty rates for all groups, African American poverty rates increased the most and have recovered the slowest. The poverty rates for Hispanics and Whites have decreased to prerecession levels; however, African American poverty rates are still about one-quarter higher. As a result, the disparity in African American poverty rates is unchanged compared to 2000, despite the reduction before the recession.

Poverty rates across ethnicities have not materially changed; however, long-term population changes have created a more diverse composition of the poor. Since 1990, the percentage of the city's poor comprised of Non-Hispanic Whites has decreased, reflecting a greater loss in population. The African American share of the population in poverty has decreased slightly, but the share of the poor comprised of other minorities has increased from about 3% to 10%, reflecting a growth in this population including Hispanics.

## **Change in High-poverty and Persistent Poverty Neighborhoods**

Even though Baltimore City's poverty rates have remained relatively unchanged since 1960, there have been significant shifts in the distribution and geography of poverty. Poverty rates for some neighborhoods have improved, others show a long-term increase in poverty and many neighborhoods recently became a poverty area for the first time. Some of the factors that cause these differing trends include unequal education and employment growth rates. Another important and related impact is population change – the magnitude and characteristics of people moving in and out of the city vary across neighborhoods.

Generally, high-poverty areas decreased from 1990 to the beginning of the recession. However, the recession reversed this trend. The net effect of poverty and long-term population changes have resulted in:

- a decrease in concentrated poverty areas (poverty rate of 40% or more);
- an increase in poverty areas (poverty rate of 20% or more); and
- a decrease in persistently poor neighborhoods.

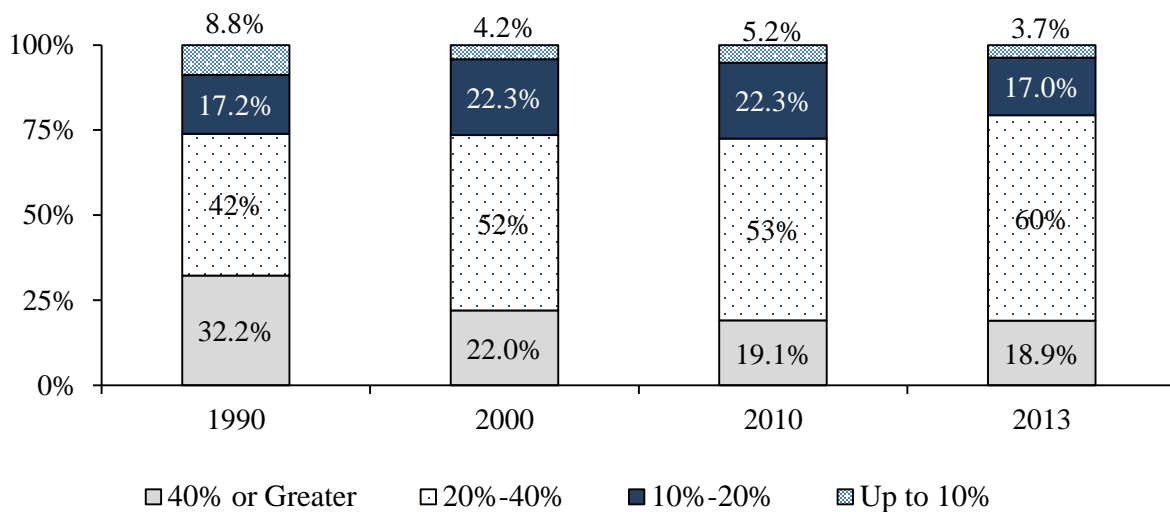
## **Concentration of Poverty**

In 1990, about one-third of Baltimore City's poor lived in a concentrated poverty area. As shown in **Exhibit 2.17**, this share decreased to a little more than one-fifth (22%) in 2000. Since then, there has been only a minor reduction in the share of the poor living in concentrated poverty areas.

The percentage of the poor population residing in concentrated poverty areas decreased; however, there has not been a corresponding reduction in the percentage of the poor residing in poverty areas. From 1990 to 2000 the share of the poor within poverty areas was relatively constant as the decrease in concentrated poverty areas was almost entirely offset by an increase in neighborhoods with poverty rates of 20% to 40%. The recession subsequently generated new poverty areas. About 60% of the city's total population currently lives in a poverty area, while approximately 8 in 10 of the city's poor live in a poverty area.

Overall, the distribution of poverty shifted away from the lowest and highest poverty areas to neighborhoods with poverty rates between 15% and 40%. A similar shift also occurred in the rest of the State except that there was a higher percentage increase in neighborhoods with a poverty rate of between 20% and 40%.

**Exhibit 2.17**  
**Distribution of Baltimore City Population in Poverty by Poverty Rate**  
**Calendar 1990-2013**



Source: U.S. Census Bureau; US2010 Project; Department of Legislative Services

### **Many Neighborhoods Became Poverty Areas for the First Time**

From 2010 to 2013, about one-fifth of the city's population resided in a neighborhood that either became a poverty area or had a decrease in poverty rates and was no longer a poverty area. About 96,000 people live in the neighborhoods that became poverty areas, and 28,000 live in the neighborhoods that are no longer a poverty area. The reduction in poverty rates in neighborhoods that are no longer a poverty area was modest. The net change resulted in an additional 68,000 people living within a poverty area or 11.4% of the city's population.

About one-half of the increase in poverty areas resulted from neighborhoods that had not been a poverty area since at least 1990. Of the neighborhoods that were not a poverty area from 1990 to 2010, about one-fifth became a poverty area for the first time in 2013. Educational attainment was a factor for neighborhoods that became poverty areas as discussed in the last section of this chapter.

Many neighborhoods that were poverty areas in 1990 and 2000 but not in 2010 also fell back into poverty in 2013. Poverty rates for these neighborhoods dropped about 50% from 2000, equaling 16.2% in 2010. Some of these neighborhoods experienced gentrification, but the reduction in poverty rates was evident across populations. These communities suffered significant setbacks as the recession increased poverty rates to 28.7% in calendar 2013.

### **Persistently Poor Neighborhoods Have Decreased**

The share of the city's population and poor that live in persistently poor neighborhoods has decreased significantly, with the largest reduction occurring between 1990 and 2000. In contrast to high-poverty areas, this decrease has continued despite the recession. This reduction was not due to lower poverty rates but rather to an ongoing and significant loss of population within the persistently poor neighborhoods. The population of these neighborhoods decreased by 85,000 from 1990 to 2013. This comprised about two-thirds of the city's net population loss. The share of the poor that live in these neighborhoods decreased from a little less than two-thirds in 1990 to a little less than one-half in calendar 2013.

### **Declining Neighborhoods May Reverse the Decrease in Persistently Poor Neighborhoods**

A number of neighborhoods have become more distressed as poverty rates have increased over time. The first group of these neighborhoods became poverty areas in 2000 as poverty rates increased from 15.7% in 1990 to 27.7%. The second group of neighborhoods became poverty areas in 2010 after a steady increase in poverty rates from 11.1% in 1990 to 23.2%. If these trends continue, it will reverse the recent decrease in persistent poverty neighborhoods as 47,600 people live in these neighborhoods. Residents of these neighborhoods have average rates of employment but there has been a slower reduction in the share of residents with a high school diploma or less. Unlike persistently poor neighborhoods, these neighborhoods have on average lower rates of violent crime. Although clustered in certain parts of the city, including North and East Patterson Park and Rosemont, most are dispersed throughout the city away from the central city.

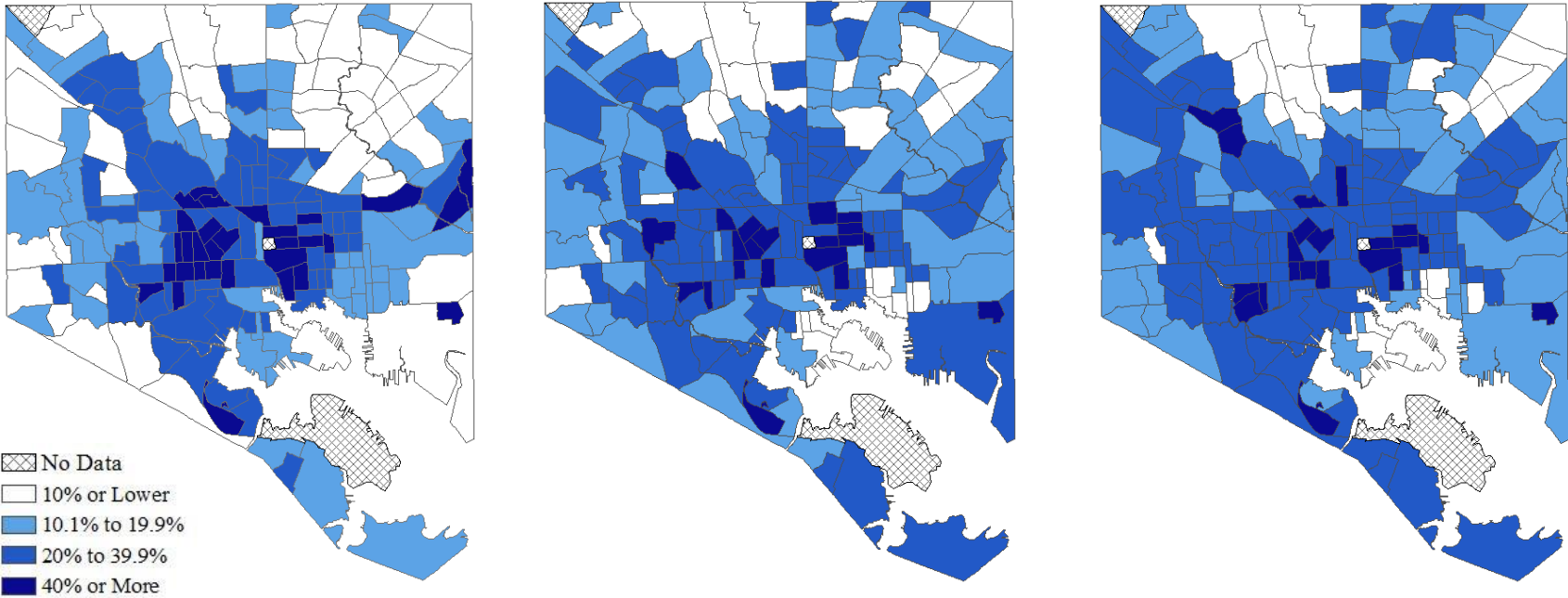
**Exhibit 2.18** and **Exhibit 2.19** show from 1990 to 2013 the change in poverty rates and poverty areas in Baltimore City.

### Exhibit 2.18 Baltimore City Poverty Rates

1990

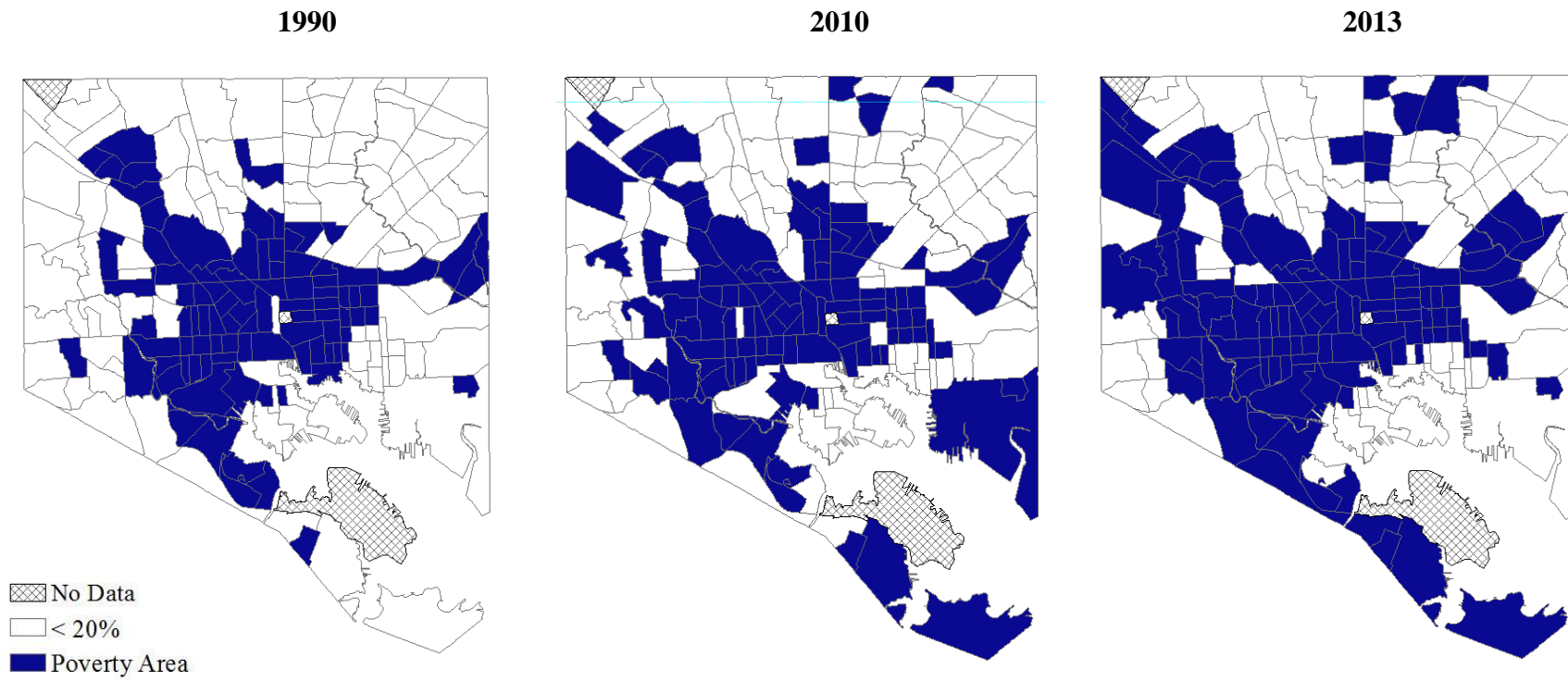
2010

2013



Source: U.S. Census Bureau; Department of Legislative Services

**Exhibit 2.19**  
**Baltimore City Poverty Areas**



Source: U.S. Census Bureau; Department of Legislative Services



## **Long-term Trends and the Recession Have Changed the Geography of Baltimore City Poverty**

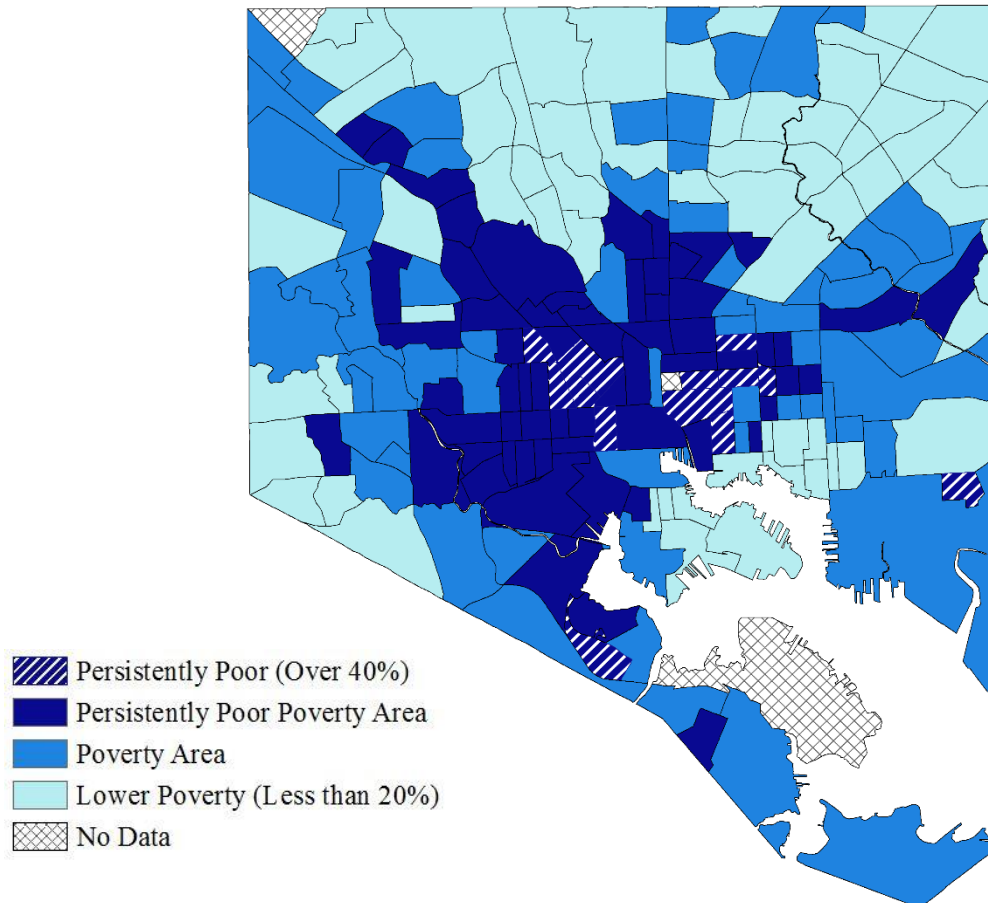
The long-term population and poverty trends and recent recession altered the geography of poverty within Baltimore City. The city is now comprised of three areas, roughly equal by population. In low-poverty areas, poverty rates have remained low for decades (below 20% since at least 1990) or are Inner Harbor neighborhoods that gentrified in the 1990s (whose residents have the highest incomes and education). The recession increased poverty rates significantly on a percentage basis, but none of these neighborhoods became a poverty area. Poverty rates are a little higher than the State average, 11.7% versus 9.8%, but a little less than 40% of these residents live in neighborhoods with poverty rates below (one-third lower on average) the State average. About 23,900 of the city's poor live in these neighborhoods, or 17% of total, and only 1,650 live within the neighborhoods with poverty rates below the State average.

The second group is neighborhoods that either are current or recent poverty areas. Neighborhoods that became a poverty area for the first time due to the recession comprise about one-third of these neighborhoods. Of the remaining, during 1990, 2000, 2010, and 2013, most have been a poverty area twice (about one-third) or three times (a little more than one-half). Poverty rates in these neighborhoods have increased from 15.9% in 1990 to 24.8% in 2013. About 50,000 of the city's poor, or one-third, live in these neighborhoods.

The third group is neighborhoods that are currently poverty areas and have been persistently poor – poverty rates have been at least 20% in the last 25 years. The poverty rate of these neighborhoods has averaged 36% over this time. About 68,400, or one-half, of the city's poor live in these neighborhoods. In addition to very high-poverty rates today, all of the city's concentrated poverty areas are also persistently poor neighborhoods where poverty rates have exceeded 20% for the last 25 years. The poverty rate of some of these neighborhoods has also exceeded 40% in every year since 1990. The three neighborhoods with the highest average poverty rate within the last 25 years (average of about 60%) are three neighborhoods located in Oldtown/Middle East, Cherry Hill, and Upton/Druid Heights.

**Exhibit 2.20** illustrates the locations of the three groups of Baltimore City neighborhoods (low poverty, poverty areas, and persistently poor areas). The exhibit also illustrates the persistently poor neighborhoods in which poverty rates have exceeded 40% since 1990.

**Exhibit 2.20**  
**Low Poverty, Poverty Area, and Persistently Poor Neighborhoods**  
**Baltimore City**



Note: Both poverty areas and persistently poor areas have poverty rates above 20%.

Source: U.S. Census Bureau; US2010Project; Department of Legislative Services

## Poverty, Health, and Public Safety

Of the 51,900 people who live in a concentrated poverty area, about 31,700 live within the most distressed neighborhoods in Baltimore – those that have also had poverty rates of at least 40% for the last 25 years. A little less than two-thirds of this population lives within the Old Town/Middle East, Upton/Druid Heights, and Sandtown-Winchester/Harlem Park communities. All but one of the neighborhoods that comprise these communities are persistently poor with the poverty rate of the lone exception subsequently increasing from 13.1% in 2010 to 35.9% in 2013.

The educational, employment, and income challenges within these communities are significant. About one-third of all residents do not have a high school diploma, and only about 40% of the prime working age population in Upton/Druid Heights are employed. Sandtown has a higher rate of employed (55%) but also double the percentage of males who are in poverty and looking for work but are unsuccessful. Overall, for every adult male in poverty who is employed in Sandtown, there are two who are looking for work but cannot find a job, and there are six that are not in the workforce (for any reason). Median household incomes are among the lowest in the city, with Oldtown (\$11,975) the lowest of the three. In addition, since 1990, there has not been a significant decline in the share of individuals who have a high school diploma or less.

These communities face additional challenges due to the interaction of poverty, crime, distressed housing, and poor health outcomes. Living in a high-poverty area exposes one to significant environmental stressors including a lack of financial security, crime, and domestic violence. Significantly higher mortality rates decrease life expectancies by about 9 years relative to the national average of 78.8 years and by about 10 to 15 years compared to low-poverty areas of the city such as Roland Park.

In addition to decreasing the health and future prospects of adults and children who live in high-poverty communities, poverty and exposure to environmental stressors also impact maternal health. As shown in **Exhibit 2.21**, infant mortality rates in high-poverty communities are significantly higher than the national average of 5.9 per 1000. Mothers are also less likely to receive early prenatal care in high-poverty communities, and although teen pregnancy has decreased in Baltimore City in the last decade it is still much more common in high-poverty communities.

The link between crime and distressed neighborhoods is well-known. High crime rates in the city reflect that most Baltimore City neighborhoods are distressed; the typical neighborhood in which a person is shot has a poverty rate of 30.3% and an unemployment rate of 20.2%. In calendar 2015 there have been 17 shootings and 8 homicides in East Greenmount compared to none in similarly populated Roland Park. An additional impact of crime is the high rates of arrests and incarceration within high-poverty communities – about 10% of the adult population within high-poverty communities is currently on community supervision.

Exhibit 2.21 also includes information on East Greenmount, a community that is persistently poor but has lower poverty rates. Crime and other social ills increase with poverty but are not always the most intense within the most distressed communities. Oldtown is one of the most distressed communities, but its health outcomes, although low, are higher than other communities with lower poverty rates.

**Exhibit 2.21**  
**Poverty, Health, and Crime Indicators in Baltimore Communities**

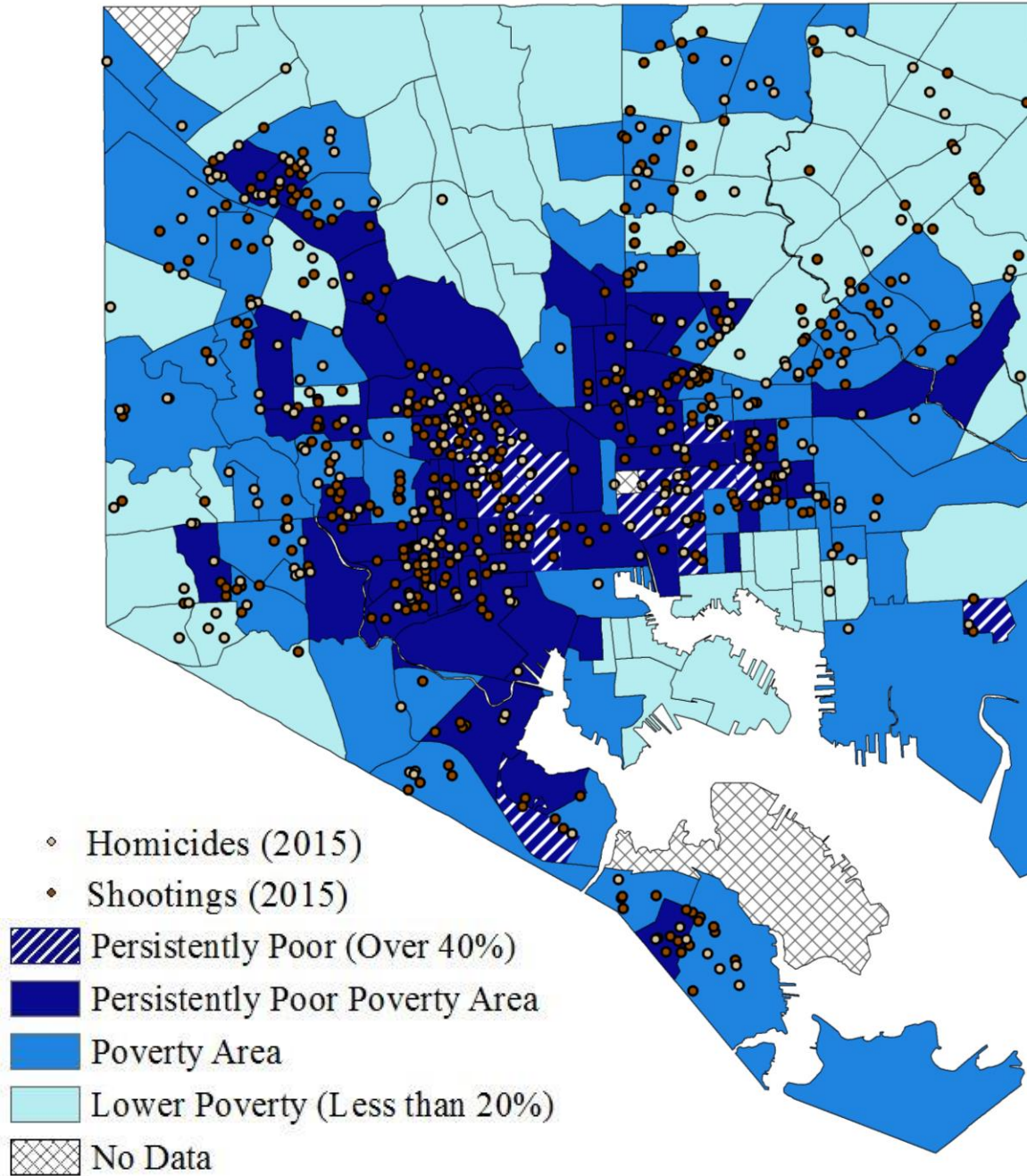
	<b>Sandtown- Winchester/ Harlem Park</b>	<b>Upton/ Druid Heights</b>	<b>Oldtown/ Middle East</b>	<b>East Green- mount</b>	<b>Southwest</b>	<b>Roland Park</b>
<b>Population</b>	<b>15,930</b>	<b>10,590</b>	<b>8,630</b>	<b>7,770</b>	<b>15,440</b>	<b>7,170</b>
<b><u>Poverty Rates</u></b>						
All Individuals	35.2%	50.5%	53.8%	30.2%	38.5%	6.4%
Deep Poverty Children (5 years and under)	16.4%	25.6%	28.3%	10.4%	18.0%	3.6%
	57.8%	65.7%	74.7%	52.1%	54.9%	0.0%
<b><u>Health</u></b>						
Life Expectancy (years)	69.7	67.9	72.5	66.1	68.3	84.4
Infant Mortality (per 1,000)	9.7	11.8	10.4	20.5	11.7	3.4
Teen Pregnancy Rates (per 1,000)	46.0	39.5	41.5	74.4	60.1	0.0
% Mothers – Early Prenatal Care	37.4%	38.3%	43.6%	40.3%	41.6%	64.8%
<b><u>Public Safety</u></b>						
Adults – Community Supervision	10.4%	8.4%	9.0%	11.0%	11.0%	0.8%
Shootings (number)	51	11	18	17	54	0
Homicides (number)	17	10	11	8	19	0
All Crimes (per 100,000)	70.4	96.7	116.4	83.6	106.7	24.8
Vacant Housing	39.0%	33.2%	19.7%	41.1%	39.6%	8.1%

Note: Data reflects 2013 estimates, except crime data, which reflects calendar 2015 through November 7.

Source: U.S. Census Bureau; Baltimore Police Department; Baltimore Neighborhood Indicators Alliance; Jacob France Institute; Baltimore City Health Department; Maryland Department of Vital Statistics; Maryland Department of Public Safety and Corrections; Department of Legislative Services

In 2015, violent crime has surged in several major U.S. cities, including Baltimore – there have been a total of 541 shootings and 303 homicides through November 7. Only 4 of these shootings and homicides (less than 0.5% of the total) happened in neighborhoods that have a poverty rate of less than 6% or in an Inner Harbor neighborhood that gentrified during the 1990s. The occurrence of homicides rises rapidly with increases in poverty, and shootings rise exponentially. Poverty areas located in nonpersistently poor neighborhoods had 174 shootings and 113 homicides, whereas poverty areas located in persistently poor neighborhoods had 331 shootings and 142 homicides. The increased occurrence of shootings and homicides in persistently poor neighborhoods compared to poverty areas does not reflect higher poverty rates but the impact of persistent poverty and other factors. The rapid increase in homicides and shootings generally peaks in neighborhoods with poverty rates of 20% to 40%. Comparing neighborhoods with similar poverty rates suggests that the occurrence of homicides in persistently poor neighborhoods is 30% higher compared to poverty areas and almost double for shootings. Compared to a resident in a low-poverty neighborhood, a resident of a persistently poor neighborhood is 37 times more likely to be a victim of a shooting and 16 times more likely to be murdered. **Exhibit 2.22** shows the high concentration of shootings and homicides within poverty areas and, in particular, persistently poor neighborhoods.

Exhibit 2.22  
Calendar 2015 Homicides and Shootings by Neighborhood



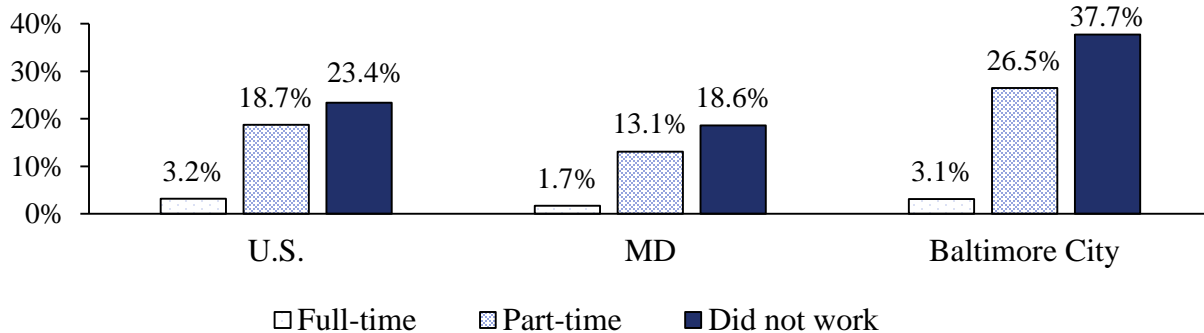
Source: Baltimore Police Department; U.S. Census Bureau; Department of Legislative Services

## Education, Work Status, and Poverty

The causes of poverty are complex and due to multiple factors; however, research has focused on the interrelated impacts of education, joblessness, and poverty. These impacts are evident when comparing low- and high-poverty areas across the United States, Maryland, and within Baltimore City.

Not surprisingly, Marylanders with full-time employment year round are much less likely to be poor (1.7%), compared to a little less than 1 in 5 who did not work during the year, as shown in **Exhibit 2.23**. Many of the poor struggle to find full-time employment, as 13.1% of Maryland's residents who work part-time or part of the year are in poverty. About 6 in 10 of Maryland's poor did not work at any point during 2014, and about one-third worked part-time or a portion of the year. Although full-time employment significantly decreases the likelihood of being poor, it is no assurance of escaping poverty, as 9% of the poor in Maryland work full-time and earn wages below the poverty level.

**Exhibit 2.23**  
**Poverty Rates by Work Status**  
**Calendar 2014**



Note: Work status is for civilian population age 16 and older. Part-time workers include individuals who work a portion of the year and/or less than full-time.

Source: 2014 American Community Survey; Department of Legislative Services

Exhibit 2.23 also shows that within each work status, Baltimore City residents are more likely to be poor – roughly double the percentage of Baltimore City residents who work part-time are in poverty (26.5%) compared to 13.1% of all Maryland residents who work part-time. A similar percentage of the poor who live in Baltimore City and in counties are seeking work but are unemployed; however, a greater percentage of the Baltimore City poor are not seeking work and are not part of the labor force. As a result, a little less than one-quarter of Baltimore City's poor are employed compared to one-third of the poor who reside in the rest of the State.

## Poverty and Workforce Participation by Geography

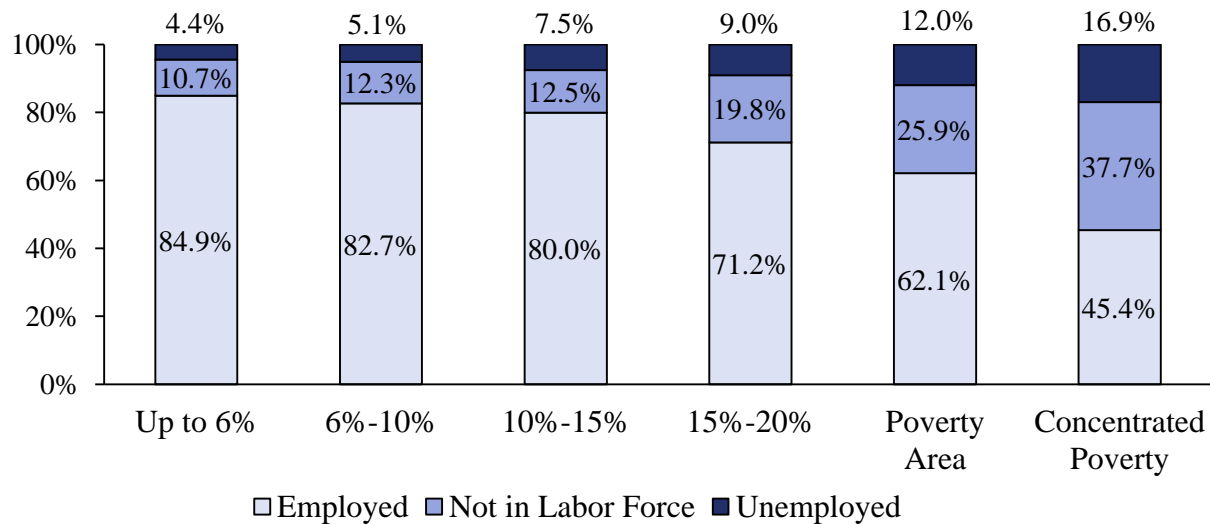
Given the lack of job opportunities in high-poverty and persistently poor areas, many individuals struggle to secure stable, long-term employment. About one-fifth of all Baltimore City residents who are poor and live in a poverty area did not work. By comparison, about 45% of the poor who live in Prince George's and Montgomery counties did not work. These effects are consistent within counties. For example, Baltimore City residents who are in poverty and live in a concentrated poverty area are less likely to be employed than a resident who is in poverty and resides in a poverty area or neighborhood with a poverty rate of less than 20%. Employment gains are consistent across gender, but are more pronounced with respect to full-time employment and males. Baltimore City males who are in poverty and live in a nonpoverty area are 3.4 times more likely to be employed full-time compared to males who are in poverty and live in a concentrated poverty area, whereas females are one-half more likely.

The lack of work throughout one's life perpetuates poverty – about 17% of Baltimore City's elderly population lives in poverty compared to 5% to 7% in low-poverty areas of the State, reflecting low receipt of Social Security and other retirement income earned during working years.

Unemployment rates are a common method to assess the health of labor markets but given that they do not include those who are not in the labor force they underestimate joblessness. The workforce participation rate among prime working-age adults (between ages 25 and 54) is a broader indicator of the strength of the labor market and the extent to which the economy is reaching its employment potential. **Exhibit 2.24** shows the decline in employment among prime working-age adults in Baltimore City that is associated with an increase in neighborhood poverty rates, from a low-poverty rate of 6% or less, where 84.9% of prime-age adults are employed, to concentrated poverty areas with a low of 45.4% employed. Two-thirds of the disparity in employment is due to the lack of labor force participation, and the remaining one-third is due to higher rates of unemployment among job seekers.



**Exhibit 2.24**  
**Baltimore City Prime Working-age Workforce Status**  
**by Neighborhood Poverty Rate**  
**Calendar 2009-2013**



Note: Prime working-age population reflects individuals age 25 to 54. Employed includes part-time and full-time.

Source: U.S. Census Bureau; Department of Legislative Services

Structural changes to the economy and the Great Recession have recently decreased U.S. prime working-age workforce participation. Economists have debated the causes but have highlighted the issue as a major concern for the U.S. economy. The magnitude of the decrease, in workforce participation, falling from 83.4% in January 2007 to 80.5% in October 2015, is far less than the changes associated with the rise in poverty rates shown in Exhibit 2.24. By comparison, 89.3% of prime working-age adults participated in the labor market in low-poverty areas within Baltimore City compared to 74.1% within poverty areas and 62.3% within concentrated poverty areas.

### Barriers to Employment – Education and Work Skills

A common and easily identified barrier to stable employment among the long-term unemployed and/or those who live in poverty is a lack of education and work skills. Since the labor market is competitive, the long-term unemployed typically often lack the skills and education sought by employers and that of the workers who actually fill the jobs. The regions of the State with the highest poverty rates – Western Maryland, the lower Eastern Shore, and Baltimore City – also have the lowest educational attainment, a major impediment for individuals seeking to secure employment and avoid poverty.

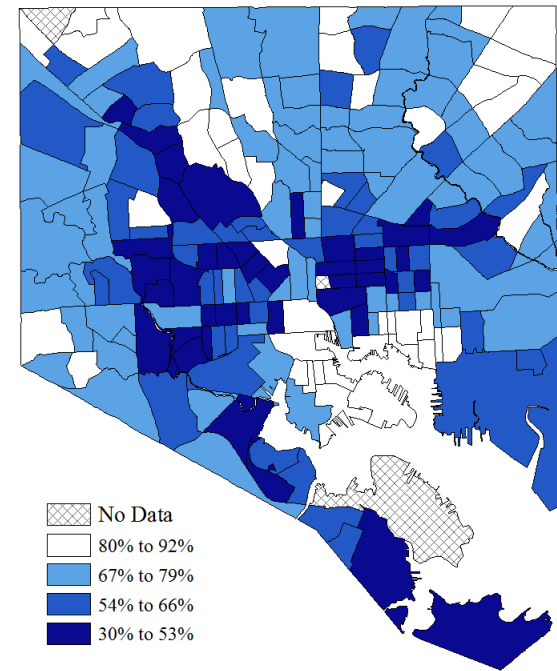
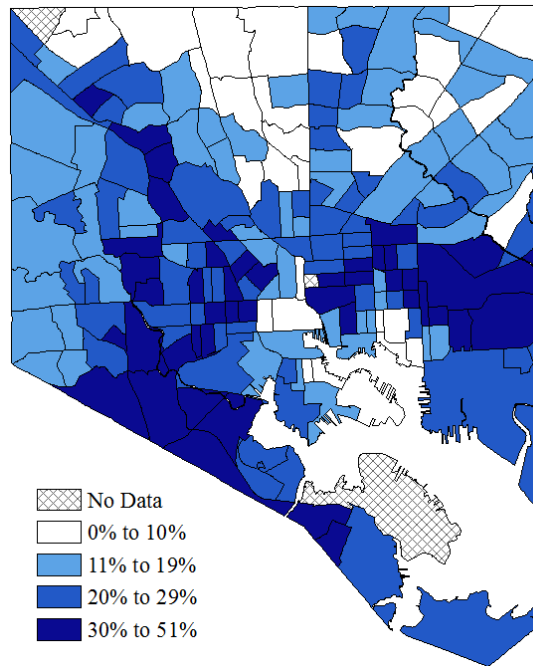
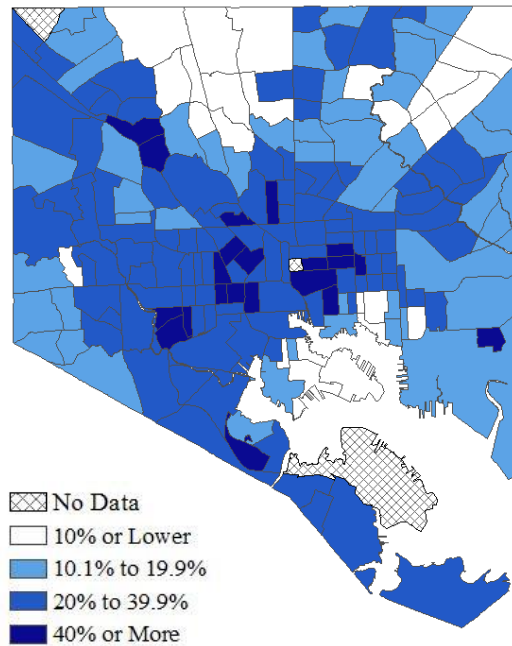
**Exhibit 2.25** illustrates the linkage between education, employment, and poverty. Specifically, it compares the poverty rate of Baltimore City neighborhoods with the percentage of residents without a high school diploma and the percentage of prime-age adults employed. **Exhibit 2.26** summarizes the linkage between educational attainment, employment, and income across Maryland and Baltimore City poverty areas and concentrated poverty areas.

### Exhibit 2.25 Baltimore City Poverty, Educational Attainment, and Employment

Poverty Rate

% without High School Diploma

% Prime Working-age  
Employed



Source: U.S. Census Bureau; Department of Legislative Services

**Exhibit 2.26**  
**Baltimore City and County Poverty Rates, Employment, Education, and Population**  
**By Nonpoverty Areas, Poverty Areas, and Concentrated Poverty**

	<b>Baltimore City</b>			<b>Counties</b>		
	<b>Poverty Areas:</b>			<b>Poverty Areas:</b>		
	<u>&lt;20%</u>	<u>20%+</u>	<u>40%+</u>	<u>&lt;20%</u>	<u>20%+</u>	<u>40%+</u>
<b><u>Poverty Rates</u></b>						
All Individuals	12.3%	31.6%	51.9%	7.0%	27.0%	53.1%
Deep Poverty	6.0%	15.9%	28.0%	3.3%	13.4%	33.3%
Child (5 & under)	15.7%	44.9%	65.1%	8.9%	37.0%	67.0%
<b><u>Employment &amp; Income</u></b>						
Unemployment Rate	10.0%	17.9%	26.9%	7.2%	12.4%	15.9%
Prime Age Workforce Participation	86%	74%	62%	88%	80%	67%
% Families – No Worker Present	7%	19%	31%	2.7%	9.3%	20.1%
Household Income	\$58,200	\$33,000	\$16,400	\$81,800	\$40,600	\$23,400
<b><u>Education – % of Population</u></b>						
No High School Diploma	12.7%	24.3%	31.6%	9.3%	22.6%	23.7%
Bachelor’s Degree or Greater	38.4%	19.0%	12.5%	39%	20.4%	13.5%
<b><u>Population</u></b>						
Total	241,300	356,400	51,900	4,796,600	298,900	17,100
% Non-White	57.2%	82.2%	92.1%	42.0%	52.3%	46.8%

Source: U.S. Census Bureau; Department of Legislative Services

### **Change in Educational Attainment Rates and Poverty**

Educational attainment has increased across the State as a greater share of residents have a bachelor’s degree or greater and fewer have only a high school diploma or did not complete high school. The change in Baltimore City educational attainment rates since 1990 presents a mixed picture. The education gap compared to the rest of the State persisted but decreased slightly over time, reflecting a more rapid increase in education within low-poverty areas of the city and, in particular, a significant increase in population with at least a bachelor’s degree.

Compared to the rest of the State, there has been faster growth in the percentage of college graduates within Baltimore City's persistently poor neighborhoods. However, the share of the population in these neighborhoods with a high school diploma or less decreased at a slower than average rate. As a result, these neighborhoods now have even greater share of lower educated residents compared to the rest of the city and State – about 6 in 10 have a high school diploma or less compared to a little more than one-half in Baltimore City and 37% in the counties. **Exhibit 2.27** highlights the contrasting rates of growth in educational attainment in Baltimore City's low-poverty neighborhoods (less than 20%), persistently poor neighborhoods, and neighborhoods that became poverty areas for the first time in 2013.

---

**Exhibit 2.27**  
**Cumulative Change in Education Rates by Geography**  
**Calendar 1990-2010**

	<b>Educational Attainment – % of Individuals with:</b>					
	<b>High School or Less</b>			<b>Bachelor's or Higher</b>		
	<b><u>1990</u></b>	<b><u>2010</u></b>	<b><u>% Change</u></b>	<b><u>1990</u></b>	<b><u>2010</u></b>	<b><u>% Change</u></b>
<b><u>Baltimore City</u></b>						
Low Poverty	57%	39%	-32%	23%	37%	60%
New Poverty Areas	65%	55%	-15%	16%	20%	25%
Persistent Poverty	75%	61%	-18%	10%	18%	74%
<b>City Total</b>	<b>67%</b>	<b>52%</b>	<b>-22%</b>	<b>15%</b>	<b>25%</b>	<b>63%</b>
<b>Counties</b>	<b>47%</b>	<b>37%</b>	<b>-21%</b>	<b>28%</b>	<b>37%</b>	<b>30%</b>
<b>State</b>	<b>50%</b>	<b>39%</b>	<b>-22%</b>	<b>27%</b>	<b>36%</b>	<b>35%</b>

Note: Educational attainment reflects individuals age 25 or older. Low-poverty areas are neighborhoods that currently are not poverty areas. New poverty areas are neighborhoods that in 2013 became poverty areas for the first time.

Source: U.S. Census Bureau; US2010 Project; Department of Legislative Services

---

### **Education a Factor in New Poverty Areas**

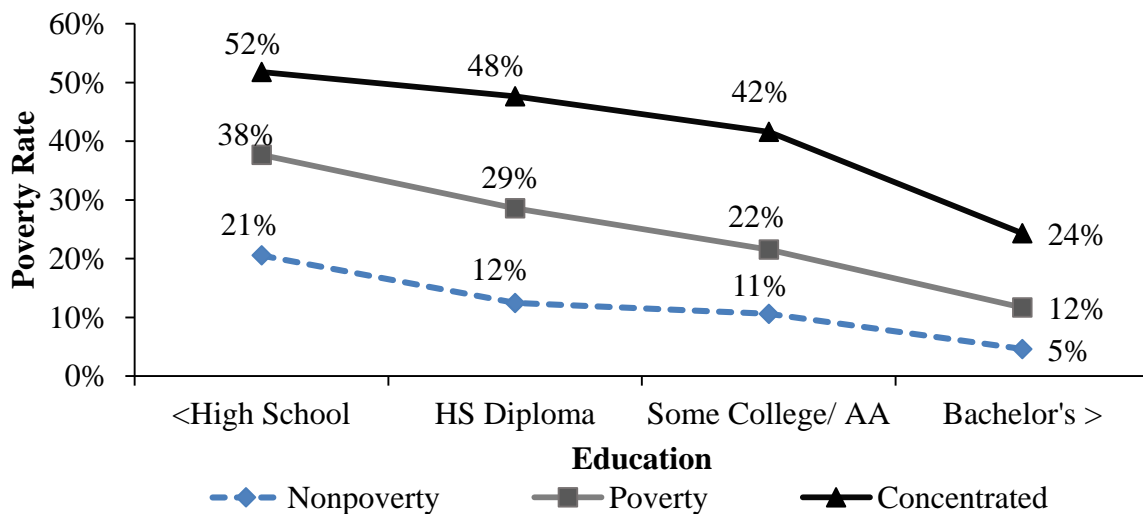
Diverging trends that predated the recession played a role in determining which of the city's neighborhoods that were not a poverty area in 1990 through 2010 fell into poverty and which ones did not. Neighborhoods that fell into poverty for the first time had two interrelated unfavorable developments. First, poverty rates increased by about one-half before the recession, from 10.1% to 15.3% in 2010. Second, as shown in Exhibit 2.27, educational attainment increased at a slower rate than the city average and significantly slower than the growth in educational attainment in neighborhoods that did not become poverty areas. Educational attainment rates improved from 1990 to 2000 but were virtually unchanged in the next decade and went from slightly above average to below, particularly in the percentage of more educated residents. The educational attainment rates of neighborhoods that did not fall into poverty continued to increase

and are well above the city average and are almost identical to low-poverty areas in the rest of the State.

### Additional Factors Cause Poverty

This data shows the linkage between education and poverty, but it also reveals that the sources of poverty are complex and include other factors, including whether the individuals live in a high-poverty area. Individuals in high-poverty areas are more likely to face additional barriers to employment due to other characteristics that make employment less likely and face additional challenges from living in a high-poverty area. All things being equal, residents of these communities are more likely to live in poverty than their individual or family situations suggest. Compared to low-poverty areas of the State, poverty rates are between two and four times higher for similarly educated individuals in poverty areas, and between three and nine times higher for residents of concentrated poverty areas. **Exhibit 2.28** compares Baltimore City poverty rates by education based on whether the individual resides in a low-poverty area, poverty area, or concentrated poverty area. Even though poverty rates decrease as educational attainment increases in each area, poverty rates are higher for similarly educated individuals who live in poverty and concentrated poverty areas. About one-quarter of concentrated poverty residents with at least a bachelor’s degree are in poverty. In comparison, only about one-fifth of nonpoverty residents who do not have a high school diploma are in poverty.

**Exhibit 2.28**  
**Poverty Rates by Educational Attainment**  
**Baltimore City Nonpoverty and Poverty Areas**  
**Calendar 2009-2013**



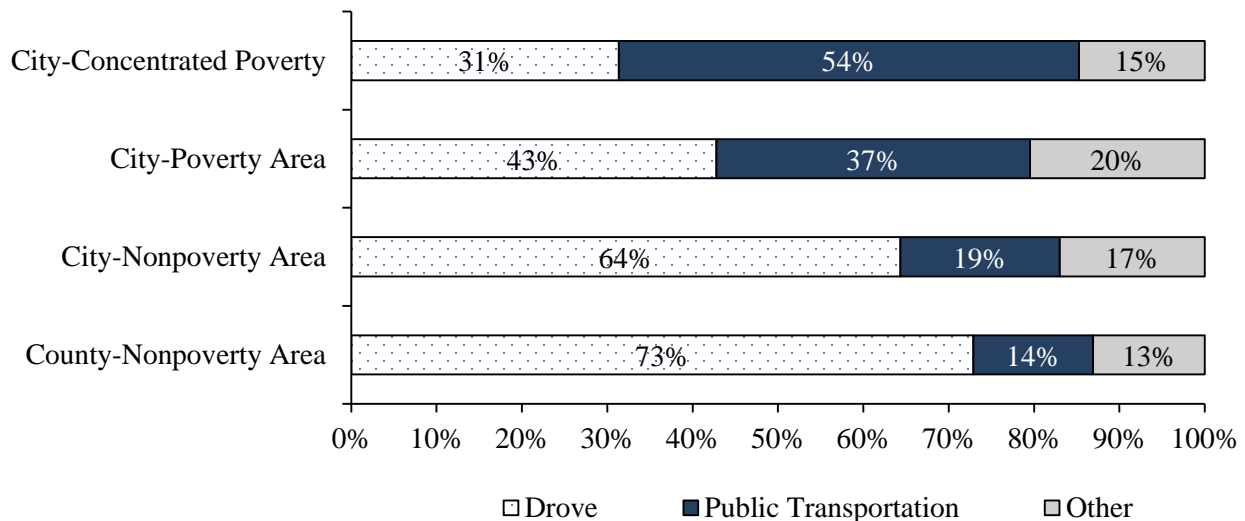
Source: U.S. Census Bureau; Department of Legislative Services

## Additional Barrier to Employment – Transportation Challenges

Transportation challenges and the lack of vehicle ownership is an example of an additional barrier to employment that affects low-income people. Research has found that the distance to suitable jobs for the low-income population has increased. The working poor of Baltimore City are much more reliant on public transportation and are significantly less likely to drive to work (either alone or carpool) than the working poor who reside in the counties. Three-quarters of the working poor in the counties drive to work compared to about one-half of the Baltimore City working poor. In addition, compared to the working poor who reside in communities with a similar poverty rate, the Baltimore City working poor are 38% less likely to drive and 56% more likely to take public transportation.

**Exhibit 2.29** compares the means of transportation for the working poor within Baltimore City by poverty area to the working poor of counties who do not reside in a poverty area. The higher reliance among Baltimore City's poor on public transportation may reflect other factors in addition to more limited household income and the high costs of vehicle ownership. The higher density of Baltimore City and more limited public transportation options for the suburban and rural poor are also factors.

**Exhibit 2.29**  
**Means of Travel to Work – Persons in Poverty by Region and Poverty Area**  
**Calendar 2009-2013**



Source: U.S. Census Bureau; Department of Legislative Services

However, the limited resources of low-income households in high-poverty communities are often insufficient to cover the costs of car ownership, including insurance, which is more expensive in Baltimore City. In addition, a majority of households in these poverty areas lack access to a vehicle for personal use. About 7 in 10 of all households in the Upton-Druid Heights and Oldtown-Middle East communities do not have access to a vehicle, whereas about 1 in 10 do not have access to a vehicle in Baltimore City's low-poverty communities.





## Chapter 3. Recent Studies and Publications

---

### Introduction

This chapter presents major findings from a review of recent studies and research publications relating to poverty in America, with a particular focus on poverty in Baltimore City. Information is summarized in six key issue areas: housing and neighborhoods, jobs and the economy, education, health, children and families, and transportation. The purpose behind the study is to develop a broader understanding of the key issues surrounding poverty and how these issues interconnect and affect the overall society. This chapter also identifies policies and public/private initiatives that researchers have determined to be effective at reducing the overall level of poverty in communities or that have shown to be successful at mitigating the negative effects of poverty. In addition, the chapter provides an overview on several fundamental topics relating to the extent of poverty in America, such as the rise of concentrated poverty in central cities and how racial segregation led to the high-poverty levels experienced today in Baltimore City.

### Overview

This section provides a discussion on how poverty is measured in America, the rise of concentrated poverty in central cities, and how racial segregation led to the high levels of poverty confronting Baltimore City. This section also includes an overview of major federal and state programs aimed at reducing or eliminating the negative effects surrounding poverty. It traces the evolution of federal policy on poverty since the 1930s and reviews recent research assessing the effectiveness of government policy alleviating poverty.

### Measuring Poverty in America

Poverty has declined since the 1960s, but progress has not been steady or evenly distributed among demographic groups. According to researchers, the official poverty rate declined dramatically during the 1960s but has changed relatively little since then (Stone, Trisi, Sherman, and DeBot, 2015). However, the official poverty measure does not accurately reflect the reductions in poverty that have occurred since 1970. This is because the official poverty measure does not include noncash public assistance and tax credits that benefit low-income people. Since noncash assistance and tax credits are much more extensive today than they were 50 years ago, not counting them leads to overestimating the level of poverty. The official poverty measure also does not account for changes in living standards. The Supplemental Poverty Measure (SPM) adopted by the U.S. Census Bureau in 2011 is intended to correct for these shortcomings of the official poverty measure.

The *Chart Book: The War on Poverty at 50* (Center on Budget and Policy Priorities, 2014) shows a significant reduction in poverty since the 1960s using the SPM and adjusting it for inflation. By this measure, the poverty rate fell from 26% in 1967 to 16% in 2012. Poverty among the elderly (individuals over 65) declined dramatically during this period, using the adjusted SPM, from 47% to 15%. Child poverty also fell by this measure, but less dramatically, from 29% to 19%.

The *Chart Book* identifies several factors that contributed to reductions in poverty over the past 50 years. These include an increased high school completion rate, smaller family size, increased workforce participation by women, and government antipoverty programs. Factors that have tended to drive poverty up during this time include the increase in households headed by a single parent, rising inequality of income, and a decline in the proportion of men who are employed. The percentage of men who work all year but earned wages below the poverty level also increased from 1973 to 2012. The percentage of single-parent households increased from 11% in 1964 to 35% in 2012. Households headed by a single parent tend to be poorer because there is only one source of earnings, and single parents tend to have lower levels of education.

A recent report of the Government Accountability Office (GAO), *Federal Low-Income Programs: Multiple Programs Target Diverse Populations and Needs* (2015), presents statistics that reveal the characteristics of the population living in poverty in the United States in 2013. The SPM poverty rate was 15.5%, or 48.7 million people. The highest rates of poverty were among households headed by a single parent (30%) or a person with a disability (29%). But larger numbers of impoverished people lived in households without children or married households with children. Two-thirds of households in poverty had at least one member who earned some income during the year. Households without earnings that were not headed by an elderly or disabled person had a high-poverty rate (62%). Other groups with high-poverty rates included noncitizens (29%), Hispanics (26%), and African Americans (25%).

### **Concentrated Poverty**

Communities with large numbers of poor people living together in a confined geographic area face unique problems and pose special challenges for policymakers. Concentrated poverty is generally defined as a poverty rate of 40% or more in a census tract, according to Edelman (2013). Edelman notes that people living in areas of concentrated inner-city poverty represent a minority of the poor overall but are the face of poverty in the public mind. Non-African American neighborhoods with concentrated poverty tend to be heavily immigrant with high turnover among residents. African American neighborhoods with concentrated poverty tend to have long-term, intergenerational poverty. Until the 1960s, segregated areas populated by minorities in the major cities tended to have all economic classes living together and were more or less functional communities. According to Edelman, beginning in the 1960s, minorities with higher incomes fled to the suburbs, and the city neighborhoods became heavily impoverished and highly dysfunctional. Neighborhoods of concentrated poverty suffer from high rates of crime and incarceration, poor schools, public health problems, and lack of jobs, among other ills.

Concentrated poverty has grown dramatically since 1970, according to a comprehensive national study. Cortright and Mahmoudi (2014) examined trends in high-poverty urban neighborhoods in the nation's 51 largest cities from 1970 to 2010. They define high-poverty neighborhoods as census tracts with a poverty rate above 30%. Three-quarters of the people who resided in high-poverty neighborhoods were African American or Hispanic in 2010. The number of high-poverty neighborhoods increased from 1,100 in 1970 to 3,100 in 2010, and the number of poor people living in those high-poverty neighborhoods increased from two million to four million. The percentage of poor people in urban areas who lived in high-poverty neighborhoods increased from 28% in 1970 to 39% in 2010. Neighborhoods of high poverty tended to remain high poverty. Of the 1,100 high-poverty neighborhoods in 1970, only about 100 had the poverty rate fall below

the national average by 2010; 750 still had poverty rates that were twice the national average in 2010. The high-poverty neighborhoods in 1970 also lost population overall, with the persistently high-poverty neighborhoods losing 40% of their population by 2010. The study defined neighborhoods as persistently poor if the poverty rate in the neighborhood remained above 30% in 1970 and 2010. The increase in the number of people living in high-poverty neighborhoods is accounted for by the large number of neighborhoods that were not high poverty in 1970 but became high poverty by 2010.

Economic factors, segregation, and immigration have all contributed to the increase in concentrated poverty in recent decades, according to a report by the Federal Reserve System and the Brookings Institution (2008). Economic factors include the decline of heavy industry and the faltering economies of cities in the Midwest and Northeast. The loss of industrial jobs has made it harder for individuals with less skill or education to find work. Concentrated poverty actually declined in the 1990s due to the strong national economy, but it has rebounded since then. Segregation, both by race and by class, has also played an important role. Middle- and upper-class Whites and African Americans have fled the central cities for the suburbs. According to the research report, suburban governments are often reluctant to allow construction of affordable housing, and public housing tends to be located in poorer, minority neighborhoods in cities due partly to prejudice. Discrimination by the housing industry has contributed to the decline of urban neighborhoods. Large numbers of immigrants with low levels of education, many of them from Latin America, have entered the country since immigration reform legislation was enacted in 1965. These immigrants have clustered in certain areas, contributing to concentrated poverty.

Concentrated poverty is a particularly serious barrier to progress for African Americans. In the book, *Stuck in Place: Urban Neighborhoods and the End of Progress toward Racial Equality* (2013), Patrick Sharkey notes that African American families living in neighborhoods of concentrated poverty tend to remain there across multiple generations. Nearly three-fourths of African American families living in the poorest segregated neighborhoods today were living in those neighborhoods in the 1970s. As a consequence, all the disadvantages that come with living in concentrated poverty are inherited by the next generation, and little progress has been made in reducing poverty among African Americans. In the early 1970s, about 39% of African Americans were in the bottom fifth of the income distribution. By the late 2000s, about 33% were in the bottom fifth. The expectation that the civil rights measures of the 1960s would usher in an era of sustained economic progress for African Americans has not been fulfilled. Historical and continuing discrimination in the housing industry has helped confine African Americans in neighborhoods of concentrated poverty. According to Sharkey, even when African American and White children are raised by parents with similar jobs and levels of education, African American children are likely to fare worse in adulthood because they are likely to grow up in neighborhoods of concentrated poverty. According to Sharkey, reducing the number of African American children growing up in poor neighborhoods is essential to achieving economic progress for African Americans. To alleviate concentrated poverty, policymakers have traditionally attempted to either relocate individuals living in poor neighborhoods to other places or to improve conditions in poor neighborhoods. Sharkey believes both approaches have promise, although relocating large numbers of urban poor is probably politically infeasible. He urges large-scale investment in poor urban neighborhoods.

Edelman (2013) evaluates some other strategies that have been employed to reduce concentrated poverty in recent decades. Community development corporations, which began in the 1960s and 1970s to improve conditions in high-poverty neighborhoods, have made significant contributions in some areas but are not able to overcome structural problems on their own. Enterprise zones provide tax incentives for development in high-poverty areas. These have not been very effective. Empowerment Zones were a 1990s federal initiative to address a variety of social and economic problems in poor areas in a coordinated manner. Baltimore City had an Empowerment Zone, which is discussed in greater detail later in this report. This program was never adequately funded but achieved good results in some areas where there was strong local leadership. Similarly, the efficacy of the federal Community Development Block Grant program depends in significant part on the quality of local planning and leadership, because the funds are spent by local officials with limited federal control or oversight. The federal Housing Opportunities for People Everywhere (HOPE VI) program converted public housing to mixed-income developments. The purpose of the program was to deconcentrate poverty and renew the housing supply. The net effect was to decrease the supply of public housing, although the program did provide opportunities for some poor people to live in better communities.

### **Racial Segregation and Concentrated Poverty**

Segregation of the poor by race and class into neighborhoods of concentrated poverty has serious negative consequences. Like most metropolitan areas in the United States, Baltimore City has a long history of segregation and remains highly segregated today. Taeuber and Taeuber (1965) examined patterns of racial segregation in cities nationwide during the twentieth century, with an emphasis on the 1940s and 1950s. Baltimore's experience most closely resembles that of other Northern cities. According to Taeuber and Taeuber, as the African American population increased in Northern cities due to migration from the South, African Americans moved into neighborhoods formerly occupied by White residents. In return, White residents left the cities for the suburbs in large numbers. Franklin and Moss (1994) summarize the profound consequences of the movement of African Americans into cities in the decades after World War II and the corresponding flight of White residents:

Just as blacks arrived in the central city, whites not only departed but took with them the employment opportunities that blacks sought. Consequently, with industrial parks opening in the suburbs and beyond, far out of the reach of blacks who sought employment and often in communities where they were not welcome as residents, blacks remained in the central city, often subsisting on part-time work, unemployment benefits while they lasted, or welfare in one form or another. Factories and shops that had once graced the central city and given it life as well as hope were shut down, began to deteriorate, and frequently were razed to make way for a new highway leading to the suburban industrial parks, shopping malls, and carefully zoned residential areas. The factories that remained, if any, were updated into high-tech industries requiring special skills and fewer personnel, thus creating structural unemployment that would doubtless remain a critical problem for blacks and for many other Americans for the remainder of the century.

Researchers advance a variety of explanations for the persistence of racial segregation in housing. Platt Boustan (2013) reviews the literature concerning causes of segregation. The following summary is based on her work. One theory is that African Americans prefer to live with other African Americans. Some survey data indicates this preference may influence some individuals, but evidence that African American preferences are a major cause of segregation is lacking. Another theory is that segregation is due to ongoing discrimination in the housing market designed to keep African Americans out of White neighborhoods. While intentional discrimination is illegal, some researchers argue that subtle forms of discrimination persist. Evidence for this theory includes studies showing that African American researchers posing as prospective renters are treated less favorably than White individuals who are otherwise identical. Also, studies have shown that minorities are more likely to be turned down for a mortgage than White individuals, and not all of the discrepancy can readily be accounted for by nonracial factors, such as credit scores. A third theory is that when African Americans enter a neighborhood, White residents tend to leave. Studies show that this tendency exists, but the reasons for it are disputed. Prejudice is one possible cause of White flight, but fear of crime, poor schools, and falling property values are other possible causes.

In the book, *Not in My Neighborhood: How Bigotry Shaped a Great American City* (2010), Antero Pietila relates the modern history of segregation in Baltimore and how it has affected the lives of Baltimoreans. The following account is based on Pietila's book, unless otherwise noted.

Pietila states that beginning in the early 1900s, an African American area emerged on Baltimore's west side, centered on Pennsylvania Avenue. The African American community's main institutions and leadership were located there. There were also smaller African American areas in east Baltimore and south Baltimore. Nearly all African Americans lived in these areas, often in crowded conditions because they could not move elsewhere.

In 1910, Baltimore City passed a law that sought to legally enforce racial segregation by prohibiting African Americans from moving to predominantly White blocks, and vice versa. The U.S. Supreme Court struck down such laws in 1917 in *Buchanan v. Warley*. Property owners subsequently turned to racially restrictive covenants to enforce segregation, according to Pietila. These covenants were binding private contracts enforceable against a buyer of real property that prohibited African Americans from occupying the property.

Pietila states that residential segregation was ratified and perpetuated by the federal government through the work of the Home Owners Loan Corporation (HOLC) in the 1930s. HOLC prepared maps of cities across the country and assigned color codes to neighborhoods based on how much risk they posed to mortgage lenders. The riskiest neighborhoods were coded red, which is the origin of the term redlining. The race of the residents of a neighborhood was one of the factors used to determine how risky a neighborhood was, along with the age and quality of the housing. Nearly all African American neighborhoods in Baltimore were redlined. According to Pietila, as a result of this and other factors, African Americans were unable to access bank financing to buy homes.

A recent study suggests that HOLC may not have played as great a role in fostering segregation and discrimination as some researchers have argued. Hillier (2003) examined data

from Philadelphia in the 1930s and found that areas redlined by HOLC were not denied access to all home loans. In addition, Hillier found that lenders were already avoiding certain areas before HOLC's maps were created and that few lenders may have actually used HOLC's maps. Information about the risk of lending in certain neighborhoods was available from other sources. Hillier concludes that HOLC likely did not cause redlining. She assigns greater responsibility for the practice to other public and private actors, including the Federal Housing Administration.

Pietila relates that Baltimore City experienced a severe shortage of housing during World War II due to an influx of African Americans from the South and White individuals from Appalachia who came to work in war industries. The city began to construct public housing in response, but intense political backlash led city officials to locate public housing for African Americans in African American neighborhoods or uninhabited areas, Pietila states. This pattern continued for many years. In 1944, African Americans finally began moving out of the crowded west Baltimore area by buying homes west of Fulton Avenue. In the 1948 case, *Shelley v. Kraemer*, the U.S. Supreme Court made racially restrictive covenants unenforceable.

Blockbusting became a major industry in Baltimore after World War II, according to Pietila. Blockbusters were real estate speculators who exploited White homeowners' fears about African Americans moving into their neighborhoods. Blockbusters would find a homeowner in a White neighborhood willing to sell to an African American family (usually for financial reasons) and encourage anxiety among the White neighbors about the neighborhood becoming predominantly African American. When White individuals began leaving the neighborhood in large numbers, the blockbusters were able to buy up the homes at low prices and then sell them to African Americans at much higher prices, Pietila states. Because African Americans could not access bank financing, they had no choice but to turn to the blockbusters for financing. The blockbusters imposed one-sided land installment contracts on African American homebuyers, who often lacked financial sophistication.

Baltimore City was segregated not only into White and African American neighborhoods but also into Jewish neighborhoods. According to Pietila, there was a pattern of neighborhoods transitioning from Gentile to Jewish to African American. Jewish individuals were initially located in east Baltimore and then moved northwest, finally arriving in Baltimore County. African Americans followed, first into Jewish areas of northwest Baltimore, and then into the suburbs northwest of the city.

Typically, a neighborhood would turn over from all White to all African American within 10 years of African Americans first moving in, according to Pietila. Real estate advertisements were classified by race in the *Sun* newspapers. Rental housing was also segregated. Some owners of apartment buildings in changing neighborhoods simply evicted White tenants and rented only to African Americans at higher prices. Following the assassination of the Reverend Martin Luther King, Jr., in 1968, Congress passed fair housing legislation that prohibited discrimination in the sale, rental, or financing of housing, but the prejudices that perpetuated segregation continued to be widespread.

Some groups organized to fight blockbusting, Pietila relates. The Greater Baltimore Committee (GBC), a business group, identified the flight of middle- and upper-income people

from the city as a major threat to its economy. GBC started a group called Baltimore Neighborhoods, Inc., that worked for harmonious integration of neighborhoods, but most of these efforts failed. Banks would not lend to White individuals who wanted to move into areas experiencing racial change. The Baltimore Jewish Council also condemned blockbusting and worked to stop it. Baltimore City enacted an antiblockbusting law in 1960, but it was ineffective because violations were difficult to prove. More successful was the Northeast Community Organization, which was founded in the early 1970s to manage integration and fight blockbusting in northeast Baltimore. The organization was largely funded by the Catholic Church. According to Pietila, the organization's efforts contributed to a more gradual process of racial change in that part of the city. The Southeast Community Organization, also backed by the Catholic Church, played a similar role in that area of the city, where Hispanic families moved in significant numbers. Pietila also states that some civil rights leaders supported blockbusting because it allowed African Americans to obtain better housing than what had previously been available to them. Blockbusters argued that they provided financing to African American homebuyers who would otherwise have been unable to buy a home. However, others were troubled by the exploitative practices of the blockbusters.

White flight transformed Baltimore City and its suburbs, according to Pietila. As the city became increasingly African American with more concentrated poverty, the suburbs became more White and more prosperous. During the period from 1950 to 1970, the population of Baltimore County doubled, but the percentage of African American residents, already small, fell by more than one-half. Businesses followed their customers and employees to the suburbs, undermining Baltimore City's economy and tax base. The downtown business district declined. In 1960, the federal Social Security Administration, a major employer, moved from the Candler Building on Baltimore's harbor to Woodlawn in Baltimore County.

For years, Baltimore County leaders used public policy to prevent the movement of African Americans to the suburbs, Pietila states. Zoning regulations effectively confined African Americans and poor Whites to certain areas, mostly in the eastern part of the county. According to Pietila, county leaders and the electorate generally opposed fair housing legislation. Voters defeated an urban renewal program proposed by County Executive Spiro Agnew in 1964 in part because it was perceived as providing opportunities for African Americans and low-income people to live in the county. In hearings before the U.S. Commission on Civil Rights in 1970, Baltimore County Executive Dale Anderson rejected building more affordable housing. There was no public housing in the county in the 1960s and the early 1970s, despite efforts by city officials to cooperate with county officials on the matter. The county forfeited federal housing funds as a result.

The county's discriminatory policies ended in the late 1970s under new leadership, but segregation persisted, according to Pietila. Middle- and upper-income African Americans increasingly moved to the western part of the county, especially along the Liberty Road corridor. As a result of this general movement to the suburbs, African American neighborhoods in the city deteriorated.

A recent report by the National Community Reinvestment Coalition (2015) found that African American residents of Baltimore City continue to face discrimination in the mortgage



lending market. Mortgage loans are far more likely to be made in White neighborhoods than in African American neighborhoods in the city, according to the report. Race outweighed all other factors that might be used to determine whether to approve a mortgage loan, such as income, level of homeownership in the neighborhood, and education. White individuals have far greater access to home loans in the city than African Americans, the report stated. This type of discrimination perpetuates segregation and concentrated poverty, the report's authors contend.

## **Federal and State Initiatives to Combat Poverty**

The GAO's report, *Federal Low-Income Programs: Multiple Programs Target Diverse Population and Needs* (2015), identified 80 federal programs that provide targeted assistance to low-income people. In fiscal 2013, federal obligations for these programs totaled \$742 billion. The 10 largest programs by amount expended are described in **Exhibit 3.1**. Expenditure amounts are only for the federal government; state governments expend significant additional funds on these programs.

Medicaid, the Supplemental Nutrition Assistance Program (SNAP), the refundable portion of the earned income tax credit (EITC), and the Supplemental Security Income (SSI) made up 65% of all federal obligations for low-income programs in fiscal 2013. GAO estimated that 106 million people, or one-third of the United States population, received benefits in 2012 from one or more of the following programs for low-income persons: Additional Child Tax Credit, EITC, SNAP, SSI, housing assistance, Low Income Home Energy Assistance Program, Temporary Assistance for Needy Families (TANF) cash assistance, and the Supplemental Nutrition Program for Women, Infants, and Children. The large majority of the recipients of these programs were in households with children that also had some income during the year.

### **Evolution of Federal Poverty Programs**

Federal poverty programs have evolved over time, reflecting changing conditions and political priorities. The following discussion is drawn primarily from the GAO's report, *Federal Low-Income Programs: Multiple Programs Target Diverse Populations and Needs* (2015) and Peter Edelman's book, *So Rich, So Poor: Why It's So Hard to End Poverty in America* (2013).

The first major wave of federal initiatives to fight poverty occurred in the 1930s, during the Great Depression and the New Deal of President Franklin D. Roosevelt. The most important legislation of this era that has had an enduring impact on poverty was the Social Security Act of 1935. This law included provisions for assistance to the elderly, disabled, and families with dependent children. It also encouraged states to set up systems of unemployment insurance. Social Security and unemployment insurance are intended to benefit the population generally and are not targeted specifically at low-income people. However, these programs play a major role in driving down poverty. Housing assistance programs, including public housing, also began during this time.

**Exhibit 3.1**  
**10 Largest Programs Providing Targeted Assistance to Low-income People**

<b>Program</b>	<b>Description</b>	<b>Expenditures (FY 2013)</b>	<b>Recipients</b>
Medicaid	Joint state-federal health insurance program for low-income persons	\$287 billion	57.4 million
Supplemental Nutrition Assistance Program (SNAP)	Nutrition assistance (formerly known as food stamps)	\$80 billion	47.6 million
Earned Income Tax Credit (EITC)	Refundable tax credit for low-income people with income from work	\$58 billion (refundable portion only)	24 million tax returns (refundable credit only)
Supplemental Security Income (SSI)	Cash aid for persons with disabilities	\$56 billion	9.1 million
Pell Grants	Aid for low-income college students	\$32 billion	8.6 million
Voluntary Medicare Prescription Drug Benefit – Low-income Subsidy	Prescription drug subsidy for low-income seniors	\$22 billion	11.5 million
Additional Child Tax Credit	Refundable tax credit for families with children	\$22 billion	19.8 million tax returns
Section 8 Housing Choice Vouchers	Housing subsidy used to obtain housing in the private market	\$18 billion	2.2 million households with 5.36 million persons
Temporary Assistance for Needy Families (TANF)	Cash aid, employment and training, and social services for families with children	\$17 billion (cash assistance: \$6 billion)	3.5 million receiving cash assistance
Medical Care for Low-income Veterans	Health care for veterans without a service-connected disability	\$14 billion	1.4 million

The next major wave of reform came in the 1960s, during the Great Society initiatives of President Lyndon B. Johnson. Medicare, the health insurance program for the elderly, and Medicaid, the health insurance program for the poor, were established. Civil rights laws opened up job and housing opportunities for African Americans and others who had not previously had access. Other important programs included Model Cities, which was intended to revitalize and uplift impoverished urban neighborhoods. Model Cities later became the Community Development Block Grant program, under which local officials had greater control over the use of program funds. Housing programs for low-income people were expanded. Federal funds were also directed to schools serving low-income students and to low-income students seeking higher education.

A key part of the Great Society was the War on Poverty, a package of diverse programs with the objective of ending poverty. Head Start, which provides early childhood education and other social services to low-income children and their families, reaches half of eligible children. Job Corps provides education and job training to low-income young adults. Other War on Poverty programs include community health centers; Volunteers in Service to America, which funds individuals doing service work in low-income communities (it is now part of Americorps); legal services for the poor, which became the Legal Services Corporation; and Upward Bound, a college preparation program for low-income students. Community action agencies were intended to give disadvantaged people some role in the administration of federal social service programs, but they encountered a political backlash and were soon placed under the control of local political authorities.

Federal poverty programs continued to grow in the 1970s. Food stamps, which began in the 1960s, were greatly expanded and remain vitally important to low-income households. The program is now known as SNAP. In 2009, six million people had income only from SNAP. Various programs providing aid to persons with disabilities evolved into SSI. EITC, a refundable credit that supplements the wages of low-income workers, was created, and the rental housing subsidy program known as Section 8 began.

In the 1980s and 1990s, some programs benefitting low-income people were expanded, including Medicaid and the EITC. Many low-income people were exempted from income taxes. The Children's Health Insurance Program was established in 1997 to provide health coverage to children in low-income families who are not poor enough to qualify for Medicaid. The most important change in federal policy during this period was the welfare reform legislation enacted in 1996. This law dramatically reshaped the federal government's primary cash assistance program for families headed by nonelderly, nondisabled individuals, Aid to Families with Dependent Children (AFDC). AFDC was a federal entitlement with benefit levels and eligibility determined by the states. The number of individuals enrolled in AFDC had been steadily growing, and policymakers expressed concern that the program encouraged long-term dependency rather than self-sufficiency through work. The 1996 law abolished AFDC and replaced it with TANF. TANF is not an entitlement and generally places a five-year lifetime limit on cash assistance. There is some flexibility for states to allow 20% of recipients to receive benefits for a longer period in hardship cases. Recipients are generally required to find work within two years. TANF is a fixed block grant to the states, which have flexibility to spend program funds on cash assistance or other initiatives to benefit low-income people. The number of people receiving TANF has declined dramatically compared to the number of people who received AFDC.

In the 2000s, the U.S. Congress passed legislation in response to the Great Recession that increased spending on various programs benefitting people in need, including Medicaid, SNAP, unemployment insurance, and various tax credits, including the EITC. Much of this spending was temporary, however. The Patient Protection and Affordable Care Act of 2010 significantly expanded Medicaid and provided subsidies for individuals with lower incomes who do not qualify for Medicaid to purchase private health insurance on exchanges. The Supreme Court later made the Medicaid expansion voluntary for states.

### **Impact of Federal Poverty Programs**

Research indicates that federal policy has a substantial impact on poverty. The GAO estimated in its 2015 report that eight major public programs lifted 25.4 million people above the SPM poverty level in 2013. An additional 13.4 million people who did not escape poverty moved out of deep poverty as a result of the programs. Deep poverty is generally defined as income below 50% of the poverty level.

One prominent study, *An Assessment of the Effectiveness of Anti-Poverty Programs in the United States* (Ben-Shalom, Moffitt, and Scholz, 2011) found that public programs reduced the SPM poverty rate from 29.0% to 13.5% in 2004. The study also found that Social Security benefits for the elderly had the largest impact on poverty, followed by Social Security disability insurance, SSI, TANF, SNAP, EITC, and housing assistance. Public programs in the United States reduce poverty the most for the elderly and disabled. The working poor also are favored over the nonworking poor, as illustrated by increased spending on the EITC and the decline of AFDC/TANF. Many public programs provide in-kind assistance, such as health care, rather than cash benefits. The study also found a rise in deep poverty among families headed by nondisabled, nonelderly individuals who were not continuously employed.

The *Chart Book: The War on Poverty at 50* by the Center on Budget and Policy Priorities, found that federal programs reduced the poverty rate from 29.1% to 16.0% in 2012, preventing 41 million people from living in poverty. The report found that Social Security, the EITC, Child Tax Credit, and unemployment insurance are particularly effective in combating poverty. Social Security cuts the poverty rate among the elderly from 55.0% to 15.0%. Another Center on Budget and Policy Priorities report (Sherman and Trisi, 2015) found a greater impact on the poverty rate when the U.S. Census Bureau survey data are corrected for underreporting of government benefits. The report found that in 2012, government programs cut the overall SPM poverty rate from 29.1% to 13.8% and cut deep poverty from 18.8% to 3.6%. Maryland's poverty rate of 21.5% in 2012 was reduced to 12.3%, and its deep poverty rate was reduced from 13.6% to 3.5%. Social Security, SNAP, EITC, and the Child Tax Credit reduced poverty the most. SNAP had the biggest impact on reducing deep poverty.

Several researchers have found an increase in deep poverty in recent years. The Center on Budget and Policy Priorities issued a report in 2015 entitled *Safety Net for Poorest Weakened After Welfare Law But Regained Strength in Great Recession, at Least Temporarily: A Decade After Welfare Overhaul, More Children in Deep Poverty*. The report attributes a rise in deep poverty, especially among children, to the 1996 welfare reform law. The percentage of children lifted out of deep poverty by the former AFDC program in 1995 was 61%. In 2005, TANF lifted only 22% of children out of deep poverty. Welfare reform resulted in one million additional children living

in deep poverty in 2005, according to the report. The rise in deep poverty was greatest among unmarried families with children. The report also found that poverty actually decreased for children in families in which members had income from work from 1995 to 2005, due to the EITC, Child Tax Credit, and other public programs. Poverty did not increase during the Great Recession of the late 2000s due to temporary spending on public programs.

In the book, *\$2.00 a Day: Living on Almost Nothing in America*, scholars Kathryn Edin and Luke Shaefer describe the struggles of people in extreme poverty, which they define as income of \$2 or less per person, per day. Edin and Shaefer found that in 2011, 1.5 million households with 3 million children were living in extreme poverty in the United States. This amounted to 4% of all families with children. The number of such families has more than doubled in the years since the enactment of welfare reform in 1996. Extreme poverty was most prevalent among families headed by single mothers. Counting SNAP as cash, the number of families in extreme poverty falls by about half. Even if SNAP, refundable tax credits, and housing subsidies are counted as cash, extreme poverty increased by 50% after enactment of welfare reform. According to key findings from Edin and Shaefer, the decline of welfare has left a hole in the safety net through which individuals who cannot find or hold a job have fallen. These are the families that end up living on no cash and whose only income is SNAP. AFDC served 14.2 million people in 1994. In 2014, TANF served just 3.8 million. No one knows why the TANF caseload has remained so low, even during the Great Recession. Relatively few people have hit the five-year lifetime limit. Benefits are low, and work requirements are stringent but often do not lead to a regular full-time job. Most likely, people are simply not applying because welfare has faded from public consciousness. Programs that reward work like the EITC have become more generous, but those who cannot find work do not benefit.

## **Housing and Neighborhoods**

A key measure of opportunity is having access to affordable housing in stable and safe neighborhoods. Unfortunately for many people in Maryland, affordable housing in stable and safe neighborhoods remains a distant dream, out of reach from their present reality, which often consists of dilapidated housing in economically distressed areas. This section of the report will discuss the benefits of affordable housing and how it impacts a variety of measures of social well-being. In addition, this section will touch on the negative effects of racial discrimination and segregation that have contributed to impoverished conditions in Baltimore City and recent attempts by public and private organizations to revitalize and remedy the consequences of past decisions.

### **Affordable Housing Provides Considerable Benefits**

The evidence for the positive effects of the availability of affordable housing is extensive, with benefits including economic security, improved educational outcomes, and improved health outcomes. An extensive literature review of peer-reviewed journals conducted by Enterprise Community Partners, a real estate investment firm specializing in affordable housing, found benefits in the above categories and several other areas (Enterprise, 2014).

Availability of affordable housing allows households to avoid trade-offs between housing and other necessities such as food, clothing, transportation, and health care. Research also shows

that families who are unable to cover their household budget after housing costs face worse educational and health outcomes and also face food insecurity. The higher discretionary income available to families living in affordable housing allows for the purchase of other goods and services that improve life outcomes, such as health insurance, or saving for education or housing (Enterprise, 2014).

Health outcomes are significantly improved by affordable housing. In children, housing instability is associated with asthma, low weight, developmental delays, and an increased lifetime risk of depression. In adults, housing instability is associated with reduced access to health care, postponing needed care and medications, mental distress, difficulty sleeping, and depression. High housing costs cut into a family's ability to afford food, leading to increased food insecurity; similarly, affordable housing reduces the trade-offs between health care and insurance made necessary by expensive housing. Preliminary results from a program allowing housing voucher recipients to move to high-quality neighborhoods have tentatively found health improvements due to increased opportunities available in the new neighborhood. One of the primary health problems encountered by low-income children in low-quality housing is asthma. Affordable housing, as well as green building techniques and transit-oriented development, can reduce asthmatic symptoms in children (Enterprise, 2014).

Affordable housing also improves educational outcomes for low-income students by improving stability. Students who are homeless and constantly moving perform below peers from households of similar incomes. Schools with large populations of students without stable housing experience negative educational outcomes for the entire population, as review work takes up more of the school day for all students. Moving has been shown to cause the equivalent of a three- to four-month learning setback. Available affordable housing can limit or eliminate frequent moves (Enterprise, 2014).

### **Public Policy Impacts Housing Options**

Education outcomes and policy are directly linked to housing policy, primarily with regard to the segregation of schools due to the segregation of housing. For example, federally funded public housing, from its beginnings during and after World War II, was explicitly racially segregated by both federal and local governments. As White families left for the suburbs, public housing became primarily for African American residents, often restricted to African American neighborhoods. The movement to the suburbs by White residents was encouraged by Federal Housing Administration (FHA) and Veterans Administration policies that provided loans to builders on the condition that sales not be made to African American residents. Additionally, FHA would not insure loans to African American homebuyers of housing in White neighborhoods, and federal regulators approved redlining policies by banks that restricted African Americans to African American neighborhoods (Rothstein, 2014).

Since the 1970s, low-income individuals have been increasingly likely to live in neighborhoods populated by other poor families. Public policy is at least partially responsible from two directions: (1) the construction of dense, high-rise public housing projects and (2) suburban areas that use zoning rules to keep out low-cost housing (Gennetian, 2013). There is no place in the country where a family can afford a two-bedroom apartment on the income of a full-time minimum wage worker without spending more than 30% of the family's income on

housing. A family is considered cost burdened if the members have to spend more than 30% of their income on housing. Poor families often move in with family or friends, but this may lead to conflict or even abuse, which makes it harder for the family to escape poverty. Rents have been rising more quickly than inflation. The surge of foreclosures during the recent recession further drove up rents as people who lost their homes entered the rental market (Edin and Shaefer, 2015).

The supply of public housing has lagged behind demand. Only one-quarter of families who qualify for housing assistance based on income receive aid, with applicants waiting years to receive housing assistance. One way to address the problem of affordable housing would be to allocate more money to the National Housing Trust Fund, which is intended to provide funds for states to construct affordable housing (Edin and Shaefer, 2015).

### **Affordable Housing Initiatives**

The first large shift away from large, high-rise public housing developments occurred with the HOPE VI program in the mid-1990s. The goal was to improve living conditions for people living in severely distressed properties while also revitalizing the sites and surrounding areas. This often meant the demolition of large public housing sites, as well as rehabilitations and renovations. HOPE VI provided much flexibility at the local level, so outcomes are difficult to summarize as they vary widely depending on jurisdiction. Hundreds of distressed developments were demolished and replaced with high-quality housing for a wide range of income levels. However, some projects were simply rebuilds or renovations in the same distressed community with little effort put into innovation or neighborhood revitalization (Popkin *et al.*, 2004).

Another well-known effort to improve access to affordable housing was the Moving to Opportunity (MTO) demonstration program, which operated in Baltimore and four other cities. Via random lottery, MTO offered families with children living in high-poverty public housing projects the ability to move into private housing either in a low-poverty area or in any area without restriction. Both groups of participants moved to areas with lower poverty rates than their previous neighborhoods. Movers reported lower obesity rates, diabetes rates, and depression rates; lower local-area crime rates were also reported (Gennetian, 2013). Studies of the program also found that 10 to 15 years after the randomization, families who moved to better neighborhoods saw improvements in adult health outcomes but no impact on adult economic outcomes or children's educational outcomes (Jens *et al.*, 2012). Another review of the data from the MTO program concluded that the program was especially helpful for children who moved at a young age, suggesting that where children grow up affects their outcomes in adulthood in proportion to the time they spend in the place. Children whose families received an experimental housing voucher and moved from a high-poverty to a low-poverty neighborhood at young ages were more likely to attend college and earned substantially higher incomes in their mid-20s than the control group. The children who moved also ended up living in better neighborhoods as adults and are less likely to become single parents. This suggests the program's impacts persist into the next generation, as the grandchildren of parents who received MTO vouchers now live in low-poverty neighborhoods. However, older children did not see such gains (Chetty, Hendren, and Katz, 2015).

The Baltimore Mobility Program (BMP) is the result of the agreement stemming from a 1995 class-action desegregation lawsuit brought by public housing tenants. From 2003 to 2014, BMP helped more than 2,000 low-income, African American families move out of high-poverty

neighborhoods into low-poverty neighborhoods in the metropolitan Baltimore area. BMP is seen as an improvement on Housing Choice Vouchers, which often did not lead to housing mobility out of high-poverty neighborhoods. BMP is regionally administered, negating barriers to mobility when residents seek to relocate to a different jurisdiction. BMP also uses a higher fair market rent standard, increasing the available pool of rental housing, and provides security deposit assistance. Additionally, counseling is provided to participants, which helped many shift their criteria used to assess housing availability. The counseling is seen as necessary to ensure relocation to low-poverty communities. A large proportion of the participants who moved chose not to move back to old neighborhoods when given the chance (Darrah and DeLuca, 2014). In addition to the movement of residents out of high-poverty neighborhoods into low-poverty, racially integrated neighborhoods, other positive results were also seen, such as improved quality of life, health, and educational opportunities. Participants reported feeling safer, healthier, less stressed, and more positive about the future of their children. Best practices identified from this program include race- and poverty-based geographic targeting; regional administration; counseling regarding finances, credit, housing search, life after the move, and a second move; monitored placements; and employment and transportation assistance (Engdahl, 2009).

The movement to encourage more dispersed housing, as in programs like HOPE VI, MTO, or BMP, has happened concurrently with the reduction of Baltimore's public housing supply. In the mid-2000s, an effort to demolish public housing in Baltimore City mirrored national trends, with the housing authority focused on reducing low-quality inventory. A report from the Abell Foundation noted that more than one-third of private rental properties were in substandard condition and suggested several recommendations, including a one-for-one policy to replace every demolished unit, legislation requiring acceptance of Section 8 vouchers, and the preservation of existing units to prevent the future need for demolition (Jacobson, 2007).

### **Neighborhood Revitalization**

In addition to programs targeted at helping individuals, efforts have been aimed at revitalizing specific neighborhoods. One example was the effort to improve the Sandtown-Winchester neighborhood in Baltimore City in the 1980s and 1990s, an effort that saw renewed scrutiny after unrest erupted there earlier this year. The Sandtown-Winchester redevelopment project was envisioned as a showcase for a comprehensive approach to neighborhood renewal that would address all community needs. It was funded with \$130 million in public and private funds, but two decades later the results relative to the rest of the city largely disappoint.

The housing efforts were paired with other efforts, such as a Compact Schools initiative aimed at increasing school achievement, and a Neighborhood Transformation Initiative aimed at creating community improvement jobs. In total, about 700 homes in the neighborhood were renovated or built, and there were increases in homeownership and declines in poverty and crime (DeLuca, 2013). Other efforts included school improvements and new health and education services. However, trends in housing values and foreclosure rates were mirrored in other parts of the city, and high foreclosure rates and unemployment rates remained, as well as low-performance schools. Despite the \$130 million in private and city effort, poverty still dominates the neighborhood. The biggest flaw in the plan, according to neighborhood leaders, was that new businesses and jobs never materialized. A federal audit also found misspent funds intended for



home repairs. One researcher noted that it is hard to know the precise amount spent on the effort, and there is not enough information available to accurately assess the impact of the effort. A report by researchers from the University of Chicago and a New York-based community development group in 2001 states that the effort “had no systematic process to inform decision making, revisit assumptions, incorporate new information or re-examine its approach” (Rosenwald and Fletch, 2015 and Wegner, 2015).

### **State Affordable Housing and Revitalization Efforts**

The Maryland Department of Housing and Community Development (DHCD) offers several programs aimed at increasing the supply of affordable housing and revitalizing neighborhoods. DHCD directly operates programs in some cases, and in others provides grants or loans to local governments, which in turn operate the programs.

With regard to affordable housing, DHCD provides support for both rental housing and single-family, owner-occupied housing, as well as programs for people who are homeless or at risk of homelessness. Rental housing assistance is typically provided in the form of subsidies for the construction of privately owned rental housing for low-income households. Rental Housing Works provides below-market-rate loans to housing developers for the financing of affordable housing developments. The Partnership Rental Housing Program provides deferred payment loans or grants to local governments or housing authorities to construct or rehabilitate rental housing for low-income families. It can also be used by private and nonprofit borrowers to access financing for the creation of housing for persons with disabilities.

The primary homeownership assistance program is the Maryland Mortgage Program, which provides low-interest mortgages for low-income and first-time homeowners. This program is often used in conjunction with the Down Payment and Settlement Expense Loan Program (DSELP), which provides down payment assistance. Recently, both Baltimore City and Prince George’s County have provided funding to increase the down payment assistance available through DSELP. DHCD also offers varied programs for special needs that homeowners and others may have, including programs that provide loans or grants for abatement of lead hazards; rehabilitation or installation of indoor plumbing; rehabilitation to create accessory, shared, and sheltered housing facilities; rehabilitation to eliminate health, safety, and maintenance deficiencies in residential properties; and acquisition, construction, and modifications of group homes for low-income, elderly, disabled, or others with special housing needs.

DHCD provides assistance to the State’s homeless population via several programs. The Emergency Solutions Grant Program provides funds primarily for operating costs, case management and client services, and administrative costs for homeless shelters and transitional units. The Rental Allowance Program provides rental subsidies to people who are homeless or are in danger of becoming homeless; DHCD provides grants to local governments or community agencies, which administer the program. Supported by the Freddie Mac Foundation, Families First is a recently launched pilot program in Prince George’s County that provides temporary rental assistance and other social service assistance to homeless veterans or veterans in danger of homelessness. The Shelter and Transitional Housing Facilities Grant Program provides grants to

local governments and nonprofit organizations to develop emergency shelters and transitional housing for homeless individuals and families.

DHCD also provides neighborhood revitalization assistance. The Community Development Block Grant Program provides competitive federally funded grants to local governments in nonentitlement areas of the State for use in revitalizing neighborhoods, expanding affordable housing and economic opportunities, and/or improving community facilities and services. Nonentitlement areas are mainly rural areas of the State. Entitlement areas receive a direct allocation from the U.S. Department of Housing and Urban Development (HUD) and are not eligible for the State program. The Community Legacy Program provides financing to assist with the revitalization of neighborhoods that are at risk of physical, economic, or social deterioration. Funds may be used for capital improvements such as streetscape and façade improvements, recreational amenities, improvement of community gathering places, and other improvements to improve the desirability of the community. Neighborhood BusinessWorks provides grants and loans for community-based economic development activities in revitalization areas designated by local governments. The program provides gap financing to small businesses that are unable to finance 100% of a project's total costs through a traditional lender. The Strategic Demolition and Smart Growth Impact Project Fund provides grants to local governments, nonprofit organizations, and private entities for redevelopment and revitalization projects in designated areas. Finally, the Baltimore Regional Neighborhoods Demonstration Initiative provides grants to fund revitalization strategies in State-designated sustainable community areas in Baltimore City and Anne Arundel and Baltimore counties. Eligible projects include residential and commercial strategic property acquisition, redevelopment, rehabilitation, and new infill development.

### **Desegregation Efforts**

In July 2015, HUD announced new requirements that “local governments assess fair housing in their communities, publicly report details of segregation and pockets of poverty, and provide detailed plans on what they are going to do about it.” Noncompliance will risk the loss of HUD funding. Baltimore City has high levels of diversity but is also highly segregated. Federal law since 1968 has outlawed discrimination in the housing market, but enforcement has often been lax, despite the fact that federal law calls for HUD to “affirmatively further fair housing.” It is not yet clear how HUD will define segregated areas and how it will evaluate a community's efforts to alleviate segregation, but HUD definitely intends for local jurisdictions to track housing disparities and identify barriers to integration and subsequent impacts on education and employment (Wiltz, 2015).

## Jobs and the Economy

Long-term economic trends over the past several decades have profoundly influenced poverty in the United States. According to the Center on Budget and Policy Priorities, income grew rapidly and at roughly the same rate for people at all income levels from 1945 until the early 1970s. At that time, income growth slowed sharply for middle- and low-income households but continued to grow rapidly for households with high incomes. The percentage of all income received by the top 1% of households has been growing since the late 1970s. Wealth is even more concentrated than income. Wealth is the value of a household's assets less the value of its debts. The Federal Reserve's *Survey of Consumer Finances* shows that the top 3% of households received one-third of all income in 2013 and held 54% of all wealth. The top 10% of households received nearly half of all income and held three-quarters of all wealth. The percentage of all wealth held by the top 3% of households has also been rising.

### Economic Trends and Poverty

Peter Edelman, a scholar and former federal official who is a recognized national expert on poverty, discusses the rise of the low-wage economy and its causes in his book, *So Rich, So Poor: Why It's So Hard to End Poverty in America* (2013). There has been little wage growth for jobs that pay below the median wage during the past 40 years. The median wage in 1973 was \$14.97 an hour and only \$16.01 in 2010. Half of all jobs pay less than \$34,000 a year, and a quarter of all jobs pay less than the poverty level for a family of four. Edelman identifies several factors that he believes have contributed to the low-wage economy:

- a decline in well-paying industrial jobs;
- an increase in low-paying service jobs;
- the decline of labor unions;
- a failure to raise the minimum wage sufficiently;
- unauthorized immigration that depresses wages by allowing employers to pay very low wages;
- trade agreements that have shifted jobs overseas; and
- failure to enforce laws against wage theft by employers.

Edelman notes that the impact of wage stagnation at the lower end of the economic scale has been magnified by another recent trend: the rise in the number of single-parent families. Between 1970 and 2009, the percentage of families headed by a woman with children under 18 increased from 12.7% to 25.4%. Births to unmarried women have increased for all racial and ethnic groups but have risen most sharply among minorities, especially African Americans. Nearly all of the increase occurred among women who are not college educated. Supporting a family on

a single income has become even more difficult for women with less education as their wages have stagnated. Consequently, the percentage of poor children who lived in households headed by a woman rose from 24.1% in 1959 to 55.0% in 2010. There is no consensus about causes of the increase in single-parent families, but Edelman supports the theory that mass incarceration of men in low-income communities and the lack of decent-paying jobs have led to a shortage of men capable of supporting a family. There is some evidence for this because single-parent families declined in the late 1990s when a strong economy lifted wages significantly at the lower end of the economic scale. That was the only time that has happened in recent decades.

### **Low-income Workers Concentrated in a Few Industries**

Findings from several reports indicate a need to be more proactive in cultivating job opportunities in specific areas. One report (Vey, 2012) noted that although the vast majority of Baltimore's low-income residents (those with a total family income that is below 200% of the federal poverty level) either have jobs or have held one recently, approximately three-fourths of these residents are concentrated in a few industries with large shares of low-wage occupations. Accordingly, increased emphasis must be placed not just on increasing employment in general, but in facilitating job opportunities in which individuals can access decent-paying jobs. The author states that Baltimore has significant assets on which it can build an "opportunity-rich next economy," such as top-tier medical systems and universities and a large number of science, technology, engineering, and mathematics workers, but argues that the region has not fully leveraged these assets. Efforts to build a successful economy for all residents should focus on the following industries with the best potential for economic growth: (1) manufacturing; (2) bioscience; (3) information technology; (4) green or clean energy; and (5) transportation and logistics. These industries also all have the advantage of having high shares of workers who earn good wages without having a four-year college degree.

The report also noted numerous barriers to employment that must be addressed to facilitate economic opportunities for all residents. For example, middle-class workers are often given an understanding of potential career paths from family and community members; however, many low-income residents are raised in poorly educated households in neighborhoods with low employment and wage levels, where such information is limited. Accordingly, the ability of low-income workers to connect to better employment opportunities is compromised by a lack of basic knowledge and information about available opportunities and how to take advantage of them (Vey, 2012).

As noted by Edin and Shafer (2015), low-wage work poses other challenges for low-income families. Unemployment is high among those without college degrees, and competition for available jobs is stiff, so employees have little or no leverage to negotiate with their employers. Low-wage service jobs typically offer few benefits, unpredictable scheduling, and variable hours. This is particularly hard on workers with children, especially single mothers. Most families in deep poverty are headed by adults who work most of the time but are temporarily out of work.

Edin and Shafer's recommendations for making work a more viable means of improving the condition of the poor include combating wage theft by employers, requiring more regular schedules and minimum hours or at least advance notice of hours, requiring public disclosure of

how employers treat their employees (with the expectation that customers will reward employers who treat their workers well), and providing job opportunities to individuals who have disabilities but are not disabled enough to qualify for public benefits. Most importantly, they recommend a major program of government-subsidized job creation, perhaps modeled on the TANF Emergency Fund program, which was enacted as part of the federal stimulus legislation in 2009. This program created 260,000 jobs across 39 states and the District of Columbia with \$1.3 billion in funding.

### **Improved Education and Job Training Needed**

Along with the potential to increase employment options by focusing on specific industries, an additional strategy to assist young adults in finding employment is the use of job training and apprenticeship programs. For example, Edelman (2013) emphasizes the importance of vocational and technical career training programs and community colleges to give disadvantaged youth a realistic way to make a living in today's economy. According to Edelman, a bachelor's degree is not necessary or attainable for all disadvantaged youth.

Research from another Abell Foundation report (Lerman and Packer, 2015) supports developing apprenticeship opportunities, both to improve educational and occupational outcomes for Baltimore youth and to benefit local employers by ensuring that the next-generation workforce will have the necessary skills. The report notes that many successful programs have been implemented in other states and countries. Apprenticeships have many advantages, including being cost-effective for employers while providing youth with critical work experience. Because apprenticeship costs are far less than costs associated with supporting a student through a traditional community college program, they are a more affordable option for policymakers. The report argues that developing 4,200 two-year apprenticeship programs (based on the goal of engaging approximately 25% of the current combined eighth- and ninth-grade student populations in Baltimore City in apprenticeships within three to four years) is ambitious but feasible. It further estimates total costs of less than \$3 million (assuming costs of \$700 per student) and notes that some costs could be offset by savings from reduced class time of participants if credit were provided for structured work-based learning. Because successful implementation of an apprenticeship program is dependent on the ability to attract employer participation, one recommendation is the establishment of a pilot program to test various approaches to marketing apprenticeships to employers. The report suggests that some of the best prospect occupations as identified in a previous Abell Foundation report (and discussed above) could be the focus of such a pilot program.

Additional studies support the strategy of facilitating increased opportunities for individuals to access jobs that pay a living wage and require some education or training beyond high school but not a full four-year degree. A report from the Abell Foundation (Hopkins, 2015) identifies 74 of these best prospect jobs and evaluates whether programs at Baltimore City Community College (BCCC) and the Community College of Baltimore County are aligned with these potential opportunities. While jobs in health care and transportation are deemed particularly attractive, numerous best prospect jobs also exist within the construction, leisure and hospitality, manufacturing, and professional business and information services fields. Unfortunately, the availability of programs offered at the two community colleges during the time studied (2002-2012) did not sufficiently provide opportunities to all of these potential career paths, with the lack of programs at BCCC identified as particularly problematic. The report also makes

numerous recommendations, including developing strategies to effectively communicate the most expedient educational pathways to these jobs to potential job seekers, continuing the investigation of gaps in training programs, and identifying ways to make programs more accessible to low-income individuals.

### **Legal and Mental Health Issues Limit Employment Opportunities**

Along with the importance of developing employment opportunities in certain areas and paying special attention to youth, another theme within the research is the need to address specific barriers to employment that many individuals face. Two reports specifically focus on the impact that a criminal background can have on employment. The first report, from the Justice Policy Institute in 2015, examines the circumstances of individuals who return to prison after being paroled or released on mandatory supervision and finds that 80% of the individuals were unemployed or underemployed at the time of their return. Both the offenders and supervision agents interviewed for the study identify the challenge of finding and keeping a job as a significant factor contributing to prison reentry and note that individuals with criminal records face particular challenges in securing employment. Other issues contributing to unemployment include terms of supervision that require frequent meetings with a supervising agent and a lack of resources that agents can use to connect individuals to jobs.

The next report (Ovwigbo *et al.*, 2009) examines a program within local departments of social services that provided free legal assistance to clients seeking expungement of their criminal records. Over half of the 36 individuals who participated in the program indicated a belief that they had been turned down for a job because of their record. Five individuals had their records expunged by the conclusion of the study, and two of these individuals specifically indicated that they were able to get good jobs afterwards. Even though only a small percentage of individuals were able to get expungements, important conclusions are still reached. For clients who have the potential for expungement, it can be a successful tactic to pursue. However, because expungement is not always an option and some occupations are not feasible for individuals with criminal records, case workers must ensure that they are being provided with accurate information about a client's criminal past. This is imperative to ensure that clients are being steered in an appropriate direction when case planning and exploring potential job-training programs.

Legal issues potentially impeding employment are not limited to criminal matters. Another study (Ovwigbo *et al.*, 2003) presents information on another program through a local department of social services in which participants were given free civil legal services. While there were no significant changes in welfare utilization and employment after program participation, participants still indicated that it had reduced stress levels and improved other aspects of well-being. Results from these programs within local departments of social services indicate that initiatives to help individuals receiving public benefits to address outstanding legal issues may assist in the transition to self-sufficiency.

Legal barriers are not the only obstacle to employment. A report from The Johns Hopkins University (Latimore *et al.*, 2014) discusses an initiative that provided mental health services to youth participants in a Baltimore job-training program. According to the report, 51% of participants had either clinically relevant depression, anxiety, or posttraumatic stress disorder (PTSD) symptomology, yet only 20% of those who needed services had obtained them before

program entry. To analyze the impact of comprehensive mental health services, while all participants received mental health screenings, only a select group of participants received mental health intervention, which included access to a clinician and various forms of therapy. A comparison of the control group and the intervention group demonstrated that the initiative had particular success in addressing the needs of young African American males. For example, young males in the intervention group were two to four times more likely to be employed at six months compared to similar males in the control group, according to self-reported data. There was also a 34% reduction in incarceration rates among males 18 and older in the intervention group compared to the control group. Although female participants did not experience many significant improvements, the study demonstrates that initiatives addressing the mental health needs of male youth in a job-training context have promise.

### **Federal and State Initiatives to Improve Employment Opportunities**

The federal Empowerment Zone program consisted of tax incentives and block grants designed to facilitate investment in economically challenged urban areas. Designated Empowerment Zones collectively covered an area with fewer than 700,000 residents. Federal expenditures on wage credits and block grants amounted to approximately \$850 per capita over the first six years of the program (1994-2000). Empowerment Zone designation created jobs in zone neighborhoods and substantially increased earnings for local workers (Busso *et al.*, 2013). Within Empowerment Zones, there was little evidence of significant increases in the local cost of living. Even though jobs were created, there was little change in population within zone neighborhoods, presumably because the neighborhoods still remained less desirable places to live. Findings from the report concluded that the program was successful in transferring income to a small spatially concentrated labor force.

One component of Baltimore City's participation in the Empowerment Zone program was the development of village centers in six of the city's most distressed communities. Another report (Clinch, 2004) discussed some of the lessons learned from this process, with a specific focus on the community capacity building efforts. Significant findings from the report include the need for an early emphasis on planning, sustainability, and effective communication. Additionally, the importance of community momentum is deemed one of the most critical findings of the research. Community momentum (when specific areas are in the path of development activities) gives residents a reason to become involved, provides incentives for the city's power structure to pay attention to community organizations, and can help spur other investments. To successfully mobilize or involve the community, there must be a recognition of the historical context of past efforts of community development, including the existence of conflicts (such as race- or class-based or with local institutions). Goal setting, monitoring, evaluation, and technical assistance are also critical in efforts to build community capacity as a means of implementing urban policy initiatives.

Employment barriers are also mentioned in the report regarding the village centers developed as part of the federal Empowerment Zone program. While village center representatives generally agreed that workforce development initiatives were the most important and successful components of the program, they also stated that more needed to be done to address the multiple employment barriers of the target population, such as substance abuse, transportation, and education.

The State Enterprise Zone Tax Credit Program provides property and income tax credits to businesses in economically depressed areas of the State to stimulate economic growth and employment opportunities for disadvantaged individuals. The Department of Legislative Services (2014) studied the effectiveness of the enterprise zone tax credit in accordance with the Tax Credit Evaluation Act. The department found that enterprise zone tax credits “are not effective in providing employment to zone residents that are chronically unemployed and/or live in poverty.” The report found that local residents lack the skills and education required for the new jobs created in enterprise zones. Better educational opportunities and job training programs could help address this problem, the report concluded.

State programs to support the training and placement of workers into employment opportunities span a broad spectrum of activities. The Governor’s Workforce Investment Board is the entity responsible for coordinating workforce development activities in the State and fulfills the federal requirement for each state to have a coordinating council for job training programs. The Division of Workforce Development and Adult Learning in the Department of Labor, Licensing, and Regulation (DLLR) administers several programs to facilitate employment opportunities and provides federal funding for various job services and training for adult, youth, and dislocated workers. Most workforce development services are delivered through one-stop career centers located throughout the State, including two in Baltimore City. Services available through the one-stop career centers include job search and placement assistance, initial assessment of skills and needs, labor market information about job vacancies and skills required to fill these jobs, and follow-up services to promote job retention.

While DLLR sets a goal of meeting or exceeding federal standards for the rate at which program participants enter employment, the Department of Legislative Services advised in its most recent budget analysis that only the youth participants were meeting the federal standard. Among other provisions, the federal Workforce Innovation and Opportunity Act (WIOA), which went into effect July 1, 2015, outlines enhanced strategies for states to prepare youth for the workplace. Pursuant to WIOA, programs available to youth include tutoring, skills training, dropout prevention, mentoring, paid and unpaid work experience, occupational skills training, postsecondary transitional support, leadership development opportunities, and counseling.

The Division of Workforce Development and Adult Learning also oversees a number of adult education programs, including adult basic education, English as a second language, and workplace education. The goal of the programs is to help adults age 16 and older to develop the skills necessary for continuous learning, decision making, and communication to ensure that adult learners can be part of the State’s workforce.

While many programs are federally funded, in 2013, the State created its own State-funded workforce development program. The Maryland Employment Advancement Right Now Program (EARN) is established within DLLR and administered in consultation with the Department of Commerce and the Governor’s Workforce Investment Board. The program is designed to create industry-led partnerships to advance the skills of the State’s workforce, grow the State’s economy, and increase sustainable employment. Specifically, the program provides general fund grants on a competitive basis for:



- an approved strategic industry partnership for development of a plan consistent with the purpose of the Maryland EARN Program;
- workforce training programs and other qualified programs that provide industry-valued skills training to individuals that results in a credential or identifiable skill consistent with an approved strategic industry partnership plan; and
- job-readiness training and skills training that result in a credential or an identifiable skill.

In June 2014 (for fiscal 2015), DLLR awarded 28 implementation grants to strategic industry partnerships across the State and within a range of industries, including health care, manufacturing, construction, retail/hospitality, transportation/logistics, and biotechnology. The average implementation grant award amount was \$179,300.

DLLR also administers the Maryland Apprenticeship and Training Program to coordinate and promote supervised, on-the-job training under skilled craftspersons. Apprentices are recruited and hired by the program sponsor and trained both on the job and in the classroom; much of the instruction is provided through the community college system. The 12-member Maryland Apprenticeship and Training Council, composed of representatives of labor, employers, and the general public, certifies apprenticeship programs. The State has over 400 registered (active and inactive) apprenticeship program sponsors in occupations such as electrician, plumber, bricklayer, machinist, tool and die maker, millwright, automobile mechanic, police officer, welding technician, and painter.

Maryland also has 12 local workforce investment boards across the State, including one in Baltimore City. Local workforce investment boards oversee investment activities, select the one-stop career centers operators, and may contract with a nonprofit agency or quasi-governmental entity to provide career services required under federal law. In some jurisdictions, including Baltimore City, the lead local agency for service delivery is a unit of local government. In Baltimore City, the Mayor's Office of Employment Development (MOED) fulfills this role. According to its annual report, in 2014, MOED (1) offered summer employment to 5,600 young people; (2) placed more than 2,100 individuals in jobs with an average hourly wage of \$12.23; (3) connected more than 1,800 people with computer literacy training at digital learning labs; (4) assisted more than 580 businesses in meeting their workforce needs; and (5) hosted almost 100,000 visits from city residents at career center network locations, including the two one-stop career centers located in the city.

## **Education**

Lack of access to a high-quality education is a significant barrier to upward mobility for low-income children. The poorest families have limited access to early education opportunities, and their children have underperformed academically when compared with children from higher income families. Baltimore City Public Schools, while experiencing modest improvements in academic achievement, continues to face challenges in student achievement, the conditions of its facilities, and the recruitment and retention of quality teachers. Compounding the problem are the

concentrations of poverty, racial segregation, and intergenerational poverty that persist in Baltimore. The research is well-settled that children in low-income families who live in high-poverty communities and whose parents have low educational attainment will most likely stay rooted in their socioeconomic status at birth. Gains have been demonstrated, but closing the achievement gap between the poor and the middle class remains an elusive goal, particularly in Baltimore City. Early childhood education, intervention strategies, increased funding for struggling schools, and alternative schooling have had some impact, but according to research reports, closing the gap may not be attainable until policymakers can resolve the crisis that is the persistent and concentrated poverty in many of Baltimore's neighborhoods.

### **Poverty Impacts Student Performance**

Karl Alexander's landmark longitudinal study, *The Long Shadow: Family Background, Disadvantaged Urban Youth, and the Transition to Adulthood*, compared White and African American students of both high and low socioeconomic status to determine who succeeds and why (Alexander, Entwisle, and Olson, 2014). The researchers tracked 790 students from 20 Baltimore City public elementary schools, beginning in 1982 when the children entered first grade and following them through to their adulthood in 2006. The researchers found that the students grouped as urban disadvantaged significantly underperformed academically and professionally when compared with children born into families of higher socioeconomic standing. Also significant were the findings that poor Whites fared better than poor African Americans, largely due to a White working-class advantage, where White men find more steady work than others, due to strong network contacts and family connections. Employment opportunities for the White working class in Baltimore can be traced to the city's postwar industrial boom that created a skilled blue-collar workforce, from which African Americans were generally excluded. Those African Americans that did manage to gain admittance into a skilled trade were paid less than their White counterparts.

The findings in *The Long Shadow* illustrate how social contexts such as family, neighborhood, and school impacted the students' long-term well-being. So, contrary to the popular belief that individuals are the makers of their own fortune, family conditions, resources, and connections cast a long shadow over children's academic prospects, as well as their level of achievement in adulthood. For the majority of disadvantaged children, their socioeconomic status as adults mirrors that of their childhood. Only 4% of the disadvantaged students in the study went on to earn a four-year college degree, compared to 56% of the better-off participants, who benefitted from a greater network of support.

The authors began their report with a discussion of the historical backdrop in Baltimore, whereby deindustrialization, White flight, and hyper-segregated neighborhoods led to the depressed economic circumstances in which half of the study's participants found themselves. Essentially, Baltimore's economic history shaped the condition of its families, neighborhoods, and schools.

### **Families**

In 1990, 53% of Baltimore's children lived in single-parent households, the second highest percentage among America's 50 largest cities. The rise in single-parent households, primarily

female-headed, is most pronounced among African Americans and contributes to welfare dependency and persistent poverty. Many of these mothers started having children in their teens, failed to graduate from high school, and have been unable to obtain gainful employment, partly due to the lack of affordable and quality child care. This trend is known as the “feminization of poverty.” The authors cite a 1991 study that asserted the national child poverty rate in 1988 would have been about 33% lower had the percentage of single-parent households been the same as in 1960. However, statistics suggest that single parenting on its own is not the issue; rather, it is the lack of a strong social safety net. When a single parent has access to stable, extended family support, health care, and assistance with child care, adverse child outcomes are mitigated. Finally, female-headed households in African American families have been linked to the father’s joblessness or erratic history of employment. Unable to support their children financially, these fathers tend to disappear from their children’s lives, a harsh outcome in Baltimore, particularly, where middle-income jobs for people with limited education or training are scarce. Parents with limited education and low-level jobs more often than not fail to demonstrate the kinds of behaviors and encourage the kinds of values that will help their children do well in school.

### **Neighborhoods**

Community support and resources are key components of success in school and in life. The urban disadvantaged students in the study lived in the poorest parts of the city, which are marked by urban decay, crime, drugs, boarded-up houses, and empty businesses. Census data gives the impression that neighborhood disadvantage for poor African Americans and poor Whites is about the same, but crime statistics and people’s perception of their neighborhoods tell a different story. Although all of Baltimore, White and African American, suffered from disinvestment and deindustrialization, African Americans suffer disproportionately. African American neighborhoods see more instances of dilapidated housing, displacement, evictions, family emergencies, single-parent households, and the desire to escape an unsafe environment, all of which contribute to high rates of mobility. High mobility translates to residential instability and works against families forming strong bonds in their community. For instance, rather than settling down and establishing connections with their community, these families tend to move from one low-income community to another. The outcomes for these families are quite different than the outcomes from moving to a stable and higher income community. Moreover, high crime rates force residents inside, further isolating them from their community. In contrast, poor White neighborhoods have a higher percentage of two-parent households, are less crime-ridden, and have residents who tend to remain in their racially isolated enclaves for generations, all of which strengthen community cohesion.

### **Schools**

Baltimore City’s schools, while showing some improvement in academic performance, are still struggling. Public schools in Baltimore experienced significant changes in the latter half of the twentieth century. Enrollment peaked at nearly 200,000 in 1970 but by 1982 had shrunk by a third. The racial makeup of schools in the city also experienced dramatic shifts. The authors blame the city’s swift push for desegregation in the 1950s in the wake of the *Brown vs. Board of Education* decision as the impetus for White flight, which flipped school enrollment in 1960 from majority White to majority African American, increasing to more than 75% African American in 1982. In 1980, only 62% of Baltimore’s White children attended public schools, compared to 95%

of its African American children. Shrinking enrollments, changing demographics, and a shortfall of resources contributed to the school system's decline. Now approximately 60% of the city's elementary school population is low income. Low-income children traditionally score lower on standardized tests and have lower school readiness, promotion, and attendance rates. Given these statistics, the tendency is for low-income children to fall further and further behind academically over time.

Thus, few of the study's urban disadvantaged participants completed college. In fact, many did not even graduate from high school. A number of things held them back: their families were not in a position to nurture their advancement in school; they lived in high-poverty, sometimes violent neighborhoods; and they attended high-poverty schools. Their adult lives were not much better. Many had criminal records or spent time in jail or prison, they found no meaningful work or their employment was erratic at best, and most were unsuccessful at enrolling in or completing college. Moreover, many were burdened prematurely with family and parenting responsibilities. Significantly, they were disadvantaged from the start. Starting school with weak academic preparation and school readiness makes it that much harder to catch up. Academic deficits haunt children all throughout their schooling, and the later that remedial actions are taken, the less effective they are. Given the disadvantages that low-income children face from the very moment they enter the classroom, federal and state policymakers have implemented a number of programs designed to mitigate those disadvantages and possibly level the playing field.

## **Education Policy Addressing Needs of Low-income Students**

### **Improving Funding Equity**

Several federal and State programs seek to close racial and socioeconomic achievement gaps by providing adequate and equitable funding for underperforming schools. The Elementary and Secondary Education Act (ESEA), first enacted in 1965 as a Great Society program, allocates federal funding to high-poverty schools, the purpose being to increase test scores and encourage academic development so that low-income students may have the means to escape poverty. The ESEA also provides a mechanism to hold schools accountable and increase equality in education nationally.

Title I of the ESEA designates the recipients of the funds under the Act. Schools enrolling at least 40% of children from low-income families are eligible to use Title I funds for schoolwide programs designed to improve achievement. All 24 school systems in Maryland receive Title I funds, which are distributed to high-poverty schools within their districts so that the individual schools can provide additional academic support and learning opportunities to help low-achieving children master challenging curricula and meet State standards in core academic subjects. Title I funds support extra instruction in reading and mathematics, additional teachers, materials of instruction, as well as after-school and summer programs to extend and reinforce the regular school curriculum. Currently, 140 schools in Baltimore City receive Title I funds. In 2001, Congress mandated a National Assessment of Title I to evaluate the implementation and impact of the program. The final report, produced in 2007, showed modest gains in academic proficiency and some indications that achievement gaps between disadvantaged students and other students may be narrowing (Stullich, Eisner, and McCrary, 2007).

The most recent reauthorization of ESEA, The Every Student Succeeds Act, was signed into law by President Obama on December 10, 2015. Its predecessor, The No Child Left Behind Act, imposed rigorous testing, 100% proficiency standards, and an escalating series of corrective actions for failing schools, including restructuring. The new law gives state and local officials more flexibility and autonomy, while keeping in place the basic testing requirements of No Child Left Behind. States can now decide how and when testing is administered and how much weight is assigned to test scores as they relate to accountability goals, which are set almost entirely by the states. States are required to submit their accountability plans to the U.S. Department of Education, which still has a limited oversight role. In addition, states are required to evaluate schools, make decisions on how to improve them, and intervene when expectations are not met. Finally, states are still required to target resources towards failing schools, particularly the lowest performing 5%, high schools with high dropout rates, and schools where subgroups of students are struggling.

In 2002, the Maryland General Assembly passed the Bridge to Excellence in Public Schools Act, which restructured the State's public school finance system and increased State aid to public schools by an estimated \$1.3 billion over six consecutive fiscal years. The Act was based on the recommendations of the Commission on Education Finance, Equity, and Excellence, better known as the Thornton Commission. The commission's recommendations and the Bridge to Excellence Act were based on principles of adequate and equitable education funding, while holding school systems accountable for student performance outcomes.

### **Early Childhood Education**

Head Start was founded as part of President Lyndon B. Johnson's War on Poverty in 1965. Head Start is designed to help children develop their social and cognitive skills and to prepare them to enter school by providing early childhood education, health services, parent education, nutrition, and other services. Families with incomes at or below the federal poverty level are eligible for services. While Head Start serves families with children from ages three to five, Early Head Start serves pregnant women and families with children from birth through age two. Direct services under the programs, including eligibility enrollment, are handled by local Head Start programs. In the 1998 reauthorization of Head Start, Congress mandated that the U.S. Department of Health and Human Services determine, on a national level, the impact of Head Start on the children it serves (Puma *et al.*, 2012). Key findings in the final report, which tracked Head Start participants through the third grade, indicated that access to Head Start has positive impacts on children's preschool experiences and their school readiness. However, any benefits extending beyond first grade were found to be negligible. The debate continues over the effectiveness of Head Start, particularly its long-term impact.

Prekindergarten is one of the primary early childhood education services provided in Maryland. One of the recommendations of the Thornton Commission was to require local school systems to provide prekindergarten programs for four-year olds from economically disadvantaged families. The recommendation was made with an appreciation of the growing body of research that demonstrates an increase in school readiness when children are offered quality early childhood educational experiences. To qualify as economically disadvantaged, a child must be from a family whose income is at or below 185% of the federal poverty guidelines. The program was expanded in 2014 to include additional eligible children from families whose income is at or below 300% of the federal poverty guidelines, if funds for the program are dedicated in the State budget.

Beginning in fiscal 2015, the State budget includes \$4.3 million for the program expansion, with \$112,000 going to Baltimore City.

### **Housing Mobility**

Housing mobility programs emerged in the 1960s to address barriers to economic mobility stemming from racially segregated housing markets. It had become clear that low-income African American families in segregated neighborhoods were deprived of the same level of opportunity available to White families. The Baltimore Mobility Program was launched in 2003 in the wake of a 1995 public housing desegregation case, *Thompson v. HUD*. The program relocates current and former public housing families living in impoverished, predominantly minority neighborhoods to private housing in low-poverty neighborhoods with less than 30% minority residents. Program participants receive budget and financial training and are assigned a counselor who serves as a motivational coach. Federal Housing Choice Vouchers help cover a portion of rental expenses in the new location.

In addition to improving a family's economic circumstances, another goal of housing mobility programs is to improve schooling opportunities. Researchers and policymakers believe that housing can be a platform for academic achievement among low-income students. A 2011 report on the link between housing and school quality focused on Baltimore's housing mobility program (DeLuca and Rosenblatt, 2011) and looks at the changes in educational opportunity that occurred as a result of the program. As of 2010, the Baltimore Mobility Program had given about 1,800 relocated families access to schools with more than twice as many qualified teachers, significantly lower poverty rates, and significantly better academic performance. Researchers note that these findings are significant for potential long-term outcomes, citing similar research in Montgomery County that found improved academic achievement for disadvantaged students who transferred to middle-class schools in that county.

### **School Choice**

School choice initiatives, such as open enrollment, charter and magnet schools, and private school vouchers, are intended to offer alternatives to traditional neighborhood schools, with the common goal of improving academic performance. Some studies have demonstrated that school choice policies have a positive impact on the academic performance of disadvantaged students in urban settings, but the body of research on the subject is varied, and school choice continues to be the subject of contentious debate in this country. In Baltimore City, there are more public charter schools than in any school district in the State, and open enrollment for middle and high schools is the district-wide policy.

In 1992, the first public charter school in the United States opened its doors in Minnesota. A public charter school is a privately managed, publicly funded school that operates under a contract, or charter, with the state or county. The charter exempts the school from certain state and local rules and regulations, affording it more flexibility and autonomy. In return, the charter school must meet the accountability standards outlined in its charter. According to the U.S. Department of Education, in school year 2012-2013, the percentage of students attending high-poverty schools – schools in which more than 75% of students qualify for free or reduced-price meals under the National School Lunch Program – was higher for charter school

students (36%) than for traditional public school students (23%). Maryland joined a growing number of states when it enacted the Public Charter School Act of 2003. Maryland charter schools cannot discriminate in their enrollment policies or charge tuition and must comply with all applicable health and safety laws. There are currently 51 charter schools in the State in five counties; 34 of the charter schools are in Baltimore City.

Baltimore's school choice policy evolved over the years from 9 magnet schools for academically advanced students to 30 nonselective small schools and charter high schools by 2010. By 2005, all comprehensive high schools in Baltimore City officially became schools of choice and, more recently, all middle schools. A recent Baltimore City case study, based on extensive interviews of 118 low-income African American students and their parents, looks at the barriers to a successful open choice enrollment policy in Baltimore's middle and high schools (Condliffe *et al.*, 2015). The authors of the study concluded that barriers of poverty, such as lack of transportation, combined with little access to information about how to select a school, prevent low-income students in Baltimore from maximizing their academic options under the open choice enrollment policy. Of the 118 participating students, 80% chose their school, without parental guidance, for nonacademic reasons, such as proximity and where their friends attended school. The remaining 20%, with guidance from their parents or teachers, made more academically oriented choices, although some still made their choices based on nonacademic concerns particular to lower income students, such as proximity, school security, and the school's uniform policy. The authors conclude that school officials need to recognize that low-income students are often unable to take full academic advantage of an open choice system and must ensure that these students receive adequate assistance during the school choice process.

### **Community Schools**

A community school is a public school, typically in a high-poverty neighborhood, that serves as both an educational institution and a center of community life. Community schools tap into a network of partnerships between the school and other community resources to promote student achievement and family and community well-being. Using the school as a hub, community schools bring together many partners to offer children and their families a range of services and support before, during, and after school, including enrichment activities, health and social services, tutoring, financial counseling, and afternoon and evening meals. Baltimore City Public Schools and the Family League of Baltimore City have partnered to implement a community schools strategy by awarding grants to schools that partner with community organizations to function as a community school. For the 2015-2016 school year, there are 53 community schools in Baltimore City. The Coalition for Community Schools, an advocacy group, asserts that community schools students demonstrate improved attendance, academic performance in reading and math, and behavior and emotional development. Moreover, dropout rates are reduced, and parents of community school students are more engaged in their children's learning and more involved in their school.

## Health

Socioeconomic circumstances and where a person lives have a significant impact on a person's overall health. It is well-settled that poverty is linked to health disparities in America; people with low incomes or who live in poor communities have more health problems than those who are financially better off or who live in more prosperous communities. For instance, poor people are at higher risk for premature death, disease, and unhealthy behaviors. Moreover, the health of infants and children is inextricably linked to the health of their parents. Infant mortality rates among the poor are higher than national and statewide averages. Finally, a person's income directly affects living standards. Limited access to safe housing, recreational opportunities, healthy food, and health care services translates to poor health.

While efforts have been made at the federal, State, and local levels to combat health disparities among the low-income residents of Baltimore, gaps persist. Increasing access to health services and healthy foods, targeted prevention and treatment efforts, and programs to improve neighborhood conditions are critical to narrowing the gap in health outcomes.

### Federal and State Initiatives

Public policy efforts to narrow health disparities have had an impact, but gaps continue to exist. Federal programs targeting the health care needs of the poor, such as Medicaid, the Children's Health Insurance Program (CHIP), and the Patient Protection and Affordable Care Act, aim to ensure that low-income individuals and families have access to health care. Medicaid is the largest source of funding for medical and health-related services for people with low incomes in the United States and in Maryland. Medical Assistance, Maryland's Medicaid program, is jointly funded by the State and federal government and managed by the Department of Health and Mental Hygiene. Medicaid recipients must be U.S. citizens or legal permanent residents. The 2010 Affordable Care Act significantly expanded both eligibility for and federal funding of Medicaid. As a result, in Maryland, Medicaid generally covers individuals and families with incomes up to 138% of federal poverty guidelines, or \$16,243 for an individual and \$33,465 for a family of four in 2015, and children from families with incomes up to 300% of the federal poverty guidelines through the Maryland Children's Health Program (MCHP). Medicaid participation is associated with better health and lower mortality rates.

In 2013, 4% of Maryland's children under the age of 18 had no health insurance, and 14% lived in poverty (*2015 Kids Count Data Book*, Annie E. Casey Foundation). Uninsured and poor children have less access to health care and often have more chronic health problems than other children. Overall, there are nearly 1.2 million Medicaid and MCHP enrollees in the State, with a 91.2% participation rate for eligible children. Children covered by Medicaid or MCHP are more likely than uninsured children to receive important preventive services, such as well-child checkups, that are important for early detection of health problems.

For those low-income individuals who are ineligible for Medicaid or MCHP, they can shop for affordable health care options on Maryland's official health insurance marketplace, Maryland Health Connection, which also offers financial assistance with health care costs for qualifying enrollees. In addition to insuring more low-income Marylanders through its Medicaid expansion program, the Affordable Care Act dedicates billions of dollars to community health centers.



## **Baltimore City Health Initiatives**

The Baltimore City Health Department issued a Health Disparity Report Card, concluding that significant health disparities persist in the city (Barbot, 2014). Although there has been improvement in the mortality rates for several major health indicators, Baltimore continues to experience comparatively high mortality rates. According to the report, most disparities are rooted in unequal access to resources and opportunities to promote healthy behaviors, such as appropriate housing, safe places to be active, and access to healthy food. Similarly, the city's health department reported on fetal-infant mortality rates in Baltimore, pointing out that although rates are trending downward, they continue to be much higher than the overall rates in Maryland and the United States (Dineen and Costa, 2013).

Aiming to improve the overall health of its low-income residents, the Baltimore City Health Department unveiled its comprehensive health policy agenda, *Healthy Baltimore 2015*, to reduce morbidity and mortality rates, improve quality of life, and bring attention to health inequalities by race, gender, education, and income (Spencer, Petteway, Bacetti, and Barbot, 2015). The plan's priority areas focus on social determinants of health – factors that contribute to a person's overall health – such as neighborhood conditions and food deserts. Strategies include providing safer options for physical exercise, exploring how neighborhood conditions such as vacant building and liquor outlet densities influence community health, and increasing access to healthy and fresh foods.

The B'more for Healthy Babies initiative has taken extensive action to reduce fetal and infant mortality through home-visiting services, public awareness campaigns, counseling, and prenatal and community outreach. Baltimore babies die at a rate that is among the worst in the nation. The Baltimore City Health Department reported that, in 2009, the year in which the B'more for Healthy Babies initiative was launched, Baltimore had the fourth highest infant mortality rate in the United States (Dineen and Costa, 2013). Although the rate has since fallen by 22% – from 13.5 deaths per 1,000 live births in 2009 to 10.3 in 2013 – the rates continue to be much higher than the overall rates in Maryland and the United States. In the United States, the leading cause of infant mortality is birth defects. In Baltimore City, however, the leading causes are prematurity and low birthweight, risk factors that are highest among the city's poor.

Faced with these high infant mortality rates, Baltimore looked to improve its home-visiting services. In 2010, Baltimore began a transition to evidence-based home-visiting services using two models that meet criteria established by the U.S. Department of Health and Human Services – Nurse Family Partnership and Healthy Families America. A report authored by Susan K. Urahn and Alexis Schuler (2015) provides an overview of the city's transition to the new models. The authors conclude that it is still too early to measure the success of the new programs in Baltimore; most are only recently reaching full caseload capacity. However, recent data does show a reduction in infant mortality, but the authors hesitated to link those gains conclusively to home-visiting efforts. Outcomes will become clearer over the next several years. Despite the limitations, the authors recommend that home visiting should continue in Baltimore, but not like five years ago, as distinct programs with no centralized strategy, but rather as a coordinated system implementing proven practices.

## Barriers to Health Equality

### Neighborhood Conditions

Where a person lives can have a major impact on that person's health. Researchers have long recognized that the social and economic circumstances of neighborhoods have been linked with health outcomes, high-risk behaviors, and mental health (Mmari *et al.*, 2014). The physical characteristics of neighborhoods can be hazardous to residents' health due to water and air pollution and substandard housing conditions exposing residents to unsafe levels of lead paint or mold. Neighborhoods with limited access to resources are also problematic. A lack of supermarkets, playgrounds, sidewalks, and safe places to exercise and an overabundance of fast food restaurants, convenience stores, liquor stores, and criminal activity can stifle a person's ability and motivation to seek a healthier and substance-free lifestyle. Similarly, people are less likely to seek and receive recommended medical care when facilities are inaccessible from where they live, either because they are located too far away or because of a lack of safe and convenient transportation.

In Baltimore City, as of the 2010 census, African Americans make up 63% of the population, and many of those residents are low income. While national studies have overwhelmingly demonstrated persistent disparities among African Americans compared to Whites in morbidity and mortality, researchers at the Johns Hopkins Bloomberg School of Public Health assert that much of the health disparities data fails to account for the fact that the country is largely segregated, leaving racial groups exposed to different health risks and with variable access to health services based on where they live (LaVeist *et al.*, 2011). The study, focusing on two racially integrated, low-income neighborhoods in southwest Baltimore, sought to determine if health disparities were still present when African Americans and Whites lived together in the same neighborhood. The researchers found that, with the exception of smoking, nationally reported disparities in hypertension, diabetes, obesity among women, and use of health services vanished or narrowed. In short, when Whites are exposed to the same health risks commonly experienced by African Americans in urban neighborhoods, their health status is similarly compromised. Therefore, racial health disparities are more properly attributed to differences in community conditions – not biological differences. Researchers recommend that existing policy approaches should be revised to address the inconsistency of resources among neighborhoods and improve the underlying conditions of health care.

Neighborhood conditions also impact mental health. The *Global Study on the Influence of Neighborhood Contextual Factors on Adolescent Health* was conducted to learn more about the well-being of adolescents growing up in disadvantaged neighborhoods around the world with limited access to health, education, and social services (Mmari *et al.*, 2014). Baltimore adolescents, as well as adolescents from Ibadan, Johannesburg, New Delhi, and Shanghai, were the subjects of the study. Across sites, there was great variability in how adolescents perceived their neighborhoods, with Baltimore and Johannesburg adolescents giving their communities the lowest rating. Adolescents in all of the cities registered high levels of self-reported depression, substance abuse, posttraumatic stress, and suicidal thoughts, while those with better mental health scores had better access to social supports and services. Finally, levels of reported sexual activity were higher in Baltimore and Johannesburg, with over half of the sexually active females in

Baltimore reporting a pregnancy. The study confirms the important associations between perceptions of neighborhood and adolescent health.

Another study monitored outpatients admitted for methadone maintenance at a research clinic in Baltimore using new field-deployable methods (Epstein *et al.*, 2014). During research of a commonly accepted theory that physical and social disorder in a neighborhood may lead to feelings of hopelessness, which in turn lead to self-destructive behaviors like drug and alcohol abuse, participants' behavior and mood were monitored in real time for up to 20 weeks using handheld electronic devices equipped with Global Positioning System technology. This new method, geographical monetary assessment, produced time-stamped geographical data so that researchers could pinpoint the location of the mood and behaviors reported by participants. The results of the study were inconclusive inasmuch as researchers asserted that the momentary data would have to be reconciled with the conclusions of settled studies that mood and behavior are a function of neighborhood surroundings and that stressful environments ultimately impair health.

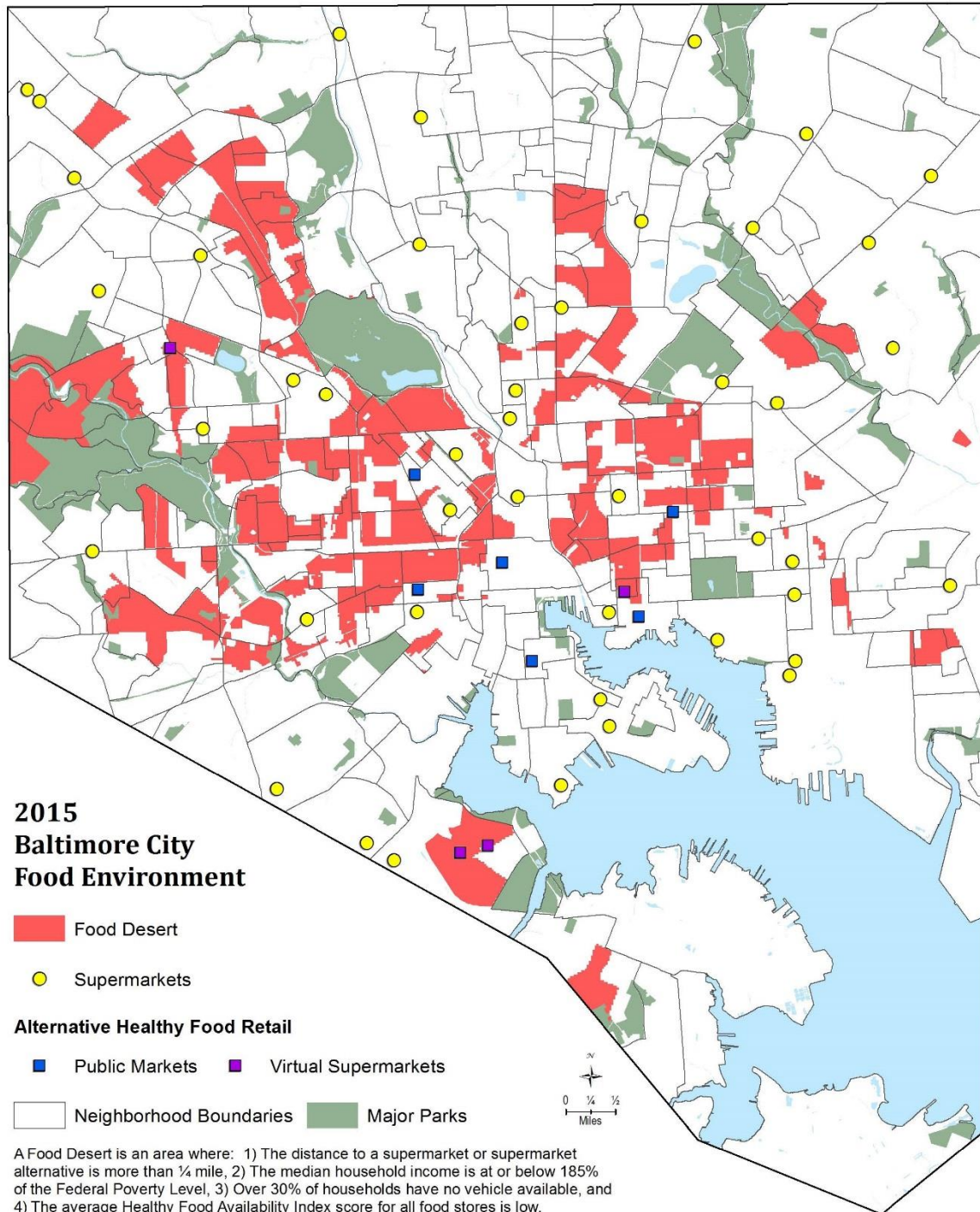
### **Food Deserts**

Food deserts are generally defined as communities that do not have easy access to healthy foods. According to the U.S. Department of Agriculture, more than 70 census tracts in Maryland qualify as designated food deserts, 8 of which exist in Baltimore City. West Baltimore has the highest concentration of residents residing in a food desert, as shown in **Exhibit 3.2**. Baltimore's food deserts contribute to a range of health issues impacting the lives of the city's residents. Research shows that lack of proximity to supermarkets that sell fresh produce has been linked with higher rates of obesity, diabetes, and other diet-related health problems (Kim and Harries, 2012).

Statewide efforts to encourage the development of supermarkets in food desert areas include the creation in 2011 of the Maryland Fresh Food Retail Task Force, which recommended that the State develop a flexible business financing program to support the expansion or development of stores that carry healthy foods in underserved communities. Accordingly, a 2014 act by the General Assembly expanded the purpose of the Neighborhood Business Development Program in the Department of Housing and Community Development to include helping to create small business and other food-related enterprises that provide healthy foods to residents of food deserts located in priority funding areas by providing a source of flexible gap financing. This food desert initiative will provide grants and loans to develop, renovate, or expand grocery stores or other businesses to provide healthy foods in underserved communities. Moreover, in recent years, the General Assembly authorized Baltimore City to grant local property tax credits, both real and personal, to grocery stores located in low-income or food desert areas.

In Baltimore City, the Baltimore Food Policy Initiative, an intergovernmental collaboration founded in 2010, and the Johns Hopkins Center for a Livable Future produced the *2015 Food Environment Map and Report* to better understand the food environment in Baltimore and to develop a strategy to promote equitable access to healthy food (Behrens Buczynski, Freishtat, and Buzogany, 2015). The map reveals that one in four Baltimore City residents live in food deserts. The percentage for children, at 30%, is even higher. African Americans have disproportionately low access to healthy food and are the most likely of any racial or ethnic group to live in a food desert neighborhood (35% compared with 8% of White residents). The map also shows a strong correlation between healthy food access and life expectancy and cardiovascular disease.

### Exhibit 3.2 2015 Baltimore City Food Environment



The food environment map has been instrumental in developing the initiative's Food Desert Retail Strategy to address healthy food access challenges and barriers in Baltimore City. This strategy aims to reduce the number of people living in food deserts and to grow the economy using five key approaches: (1) expand and retain supermarkets through financial incentives and technical assistance; (2) improve nontraditional grocery retail options through Baltimore's Healthy Stores and Virtual Supermarket programs; (3) improve healthy food availability in the public market setting; (4) expand Homegrown Baltimore to serve food desert neighborhoods; and (5) develop a transportation strategy to bring people to food and to bring food to people.

### **Access to Health Care**

In Maryland, the General Assembly in 2005 created the Maryland Community Health Resources Commission (CHRC) to expand access to health care services to low-income Marylanders and in underserved communities in the State, focusing on strengthening the State's network of community health resources through grants and the health enterprise zones initiative. Since its inception, CHRC has awarded \$52.3 million in grants to community health programs in every jurisdiction in the State. The health enterprise zones initiative provides a range of financial incentives to attract new health practitioners to designated areas that demonstrate poor health outcomes and economic disadvantages. In 2014, CHRC's termination date was extended by the General Assembly to 2025.

Finally, school-based health centers (SBHCs) were started in Maryland in 1985 to increase children's access to health care. In 2002, the General Assembly created the Maryland School-Based Health Center Policy Advisory Council, the purpose of which was to coordinate the interagency effort to develop, sustain, and promote quality SBHCs in Maryland. Overseen by the Maryland State Department of Education, SBHCs are health centers located in a school or on a school campus that provide on-site comprehensive preventive and primary health services. Services may also include mental health, oral health, ancillary, and supportive services. They have proven effective in diagnosing and treating illness, managing chronic health conditions, and increasing school attendance for children at risk of missing school due to health issues. The Maryland State Department of Education reports that in some parts of the United States where SBHCs have been studied, an increase in student achievement has been noted. As of the 2014-2015 school year, there are 80 SBHCs in 12 school systems, including 18 in Baltimore City.

### **Children and Families**

In Baltimore, one in every five families lives below the federal poverty level, and the poverty rate for children is even higher at one in three. Research has determined that family structure plays an important role in poverty rates. Among the number of poor families in Baltimore, the majority are headed by a single parent, with a significantly larger percentage of female-headed households living in poverty than that of married households. Other factors contributing to poverty among Baltimore's families include rising child care costs, job skills that are not aligned with employer needs, and other employment impediments, including criminal records and substance abuse addiction. Programs to alleviate poverty in the State have evolved over the years into a system that encourages and assists families in finding and obtaining

living-wage employment so that public assistance will no longer be needed. However, since the Great Recession, poor families are slow to recover, particularly in Baltimore. Johns Hopkins sociologist Karl Alexander, remarking on the beauty of Baltimore's Inner Harbor, observed that, "It is a wonderful place for a weekend visit and a great place for some to work, but this new economy is focused more on making money than making things. That leaves a gaping hole in the middle . . . ." (*The Long Shadow*, 2014).

Public assistance programs for children and families in need have had a positive impact on their lives, and caseloads are slowly trending downward since the Great Recession. According to the Long Shadow report, poor families in Baltimore City have been hit particularly hard, partly due to the scarcity of living-wage jobs for people with limited education and training. Supporting a family in today's economy with a low-level, low-paying job that may not come with benefits or full-time status is a struggle, and the children in those families feel the effects of that struggle. Gainful employment is the key to self-sufficiency, so programs with that aim are critical to the upward mobility of Baltimore's poorest families.

## **Welfare Reform**

Federal welfare reform legislation, known as the Personal Responsibility and Work Opportunity Reconciliation Act, was passed in 1996. The new law replaced the Aid to Families with Dependent Children program, which had been in effect since 1935, with the Temporary Assistance to Needy Families (TANF) program. In doing so, it significantly overhauled the welfare system, instituting work requirements and placing a time limit on benefits. To conform to federal welfare reform, the General Assembly passed the Welfare Innovation Act of 1996, which created the Family Investment Program to administer Maryland's welfare system. After assessing each family's specific needs and resources, staff focuses on the services required to move clients into work. The dramatic reduction in the Temporary Cash Assistance (TCA) caseload that occurred from January 1995 to January 2000 has been attributed to the Family Investment Program and the healthy economy of the late 1990s. Over that period, the number of recipients fell from more than 227,000 to 77,340. While the number of recipients continued to trend downward for several years, reaching its lowest level in March 2007 (47,949), the caseload increased to a high of 75,442 in December 2011, just two years after the recent economic recession. However, with the economic recovery, the caseload has generally trended down again.

## **Federal and State Initiatives**

### **Temporary Cash Assistance**

Temporary Cash Assistance, Maryland's TANF program, is the State's largest cash assistance program, providing a monthly subsidy to indigent children and their families. TCA is provided only as a last resort, and healthy adults must participate in a work activity to continue receiving benefits. Applicants for cash assistance are required to cooperate with child support enforcement staff as a condition of eligibility and must undertake job search activities if asked to do so. Screening of TCA recipients for substance abuse problems is mandatory, with participation in treatment required of individuals offered appropriate treatment. In addition, federal law limits families to five years of federally funded assistance but provides a hardship exemption for a specified percentage of the caseload. In federal fiscal 2013, under this exemption, 1,570 Maryland

families who reached the five-year cumulative time limit were able to continue receiving monthly benefits funded with federal dollars. As provided by State law, if the State exceeds its limit of hardship cases, the Department of Human Resources, through the exclusive use of State dollars, provides benefits to families in compliance with program requirements. The fiscal 2015 budget assumes an average monthly grant of \$183.94 per individual recipient.

In its *Life on Welfare* series, researchers from the University of Maryland School of Social Work found that welfare caseloads in the State declined 6.6% from October 2012 to October 2013 (Thiebaud Nicoli and O'Donnell, 2015). Despite the decrease, caseloads remain higher than before the Great Recession, and employment and earnings have not returned to pre-recession levels. There were modest increases in median earnings between 2011 and 2013, except in Baltimore City, where median earnings continue to decline. These outcomes demonstrate that, despite the improving economy and declining caseload, TCA recipients are still struggling to find and maintain well-paying jobs.

Since 1996, the annual *Life After Welfare* series has tracked the post-welfare experiences of thousands of welfare leavers and provides policymakers with important information about who leaves welfare and what happens to families when they leave. The 2014 report describes the characteristics and post-welfare outcomes of nearly 10,000 families who left TCA during the 10-year period between 2004 and 2014 (Hall *et al.*, 2014). Its key findings are that five years after the official end of the recession, its effects still weigh heavily on Maryland's low-income residents. Since the recession, the lack of economic growth in the Mid-Atlantic region and the loss of federal government contracts have impeded Maryland's recovery. The jobs created today tend to be in the service sector, offering primarily low-skill and low-wage jobs. Recent welfare leavers experienced employment gains, but their earnings remain below that of leavers in the mid-2000s.

*Life After Welfare: Baltimore City* reviews the demographic and case characteristics of Baltimore City welfare leavers, their welfare and employment history, and their post-exit welfare and work experiences (Saunders, Logan Passerella, and Born, 2014). The study focused on trends before, during, and after the Great Recession, ranging from 1996 to 2011. Researchers found that Baltimore City's share of the welfare caseload in the State has declined in the last 10 years, but the city continues to have the highest rate of returns to cash assistance in the State. Additionally, work sanctions for noncompliance are up since the pre-recession years, and Baltimore's welfare leavers were less likely to become employed in the first year after their exit. However, research did find that Baltimore City welfare leavers were more likely to work than welfare leavers in other jurisdictions in the State (on average) in each time period analyzed in the report. This means that welfare leavers across the State were less likely to become employed in the first year after exit. More research is needed to understand how sanctioning and recidivism are linked in Baltimore City and what can be done to increase the likelihood of more permanent exits from welfare.

The State's Employer Advancement Right Now (EARN) program is a State-funded, competitive workforce development grant program that is industry-led and helps businesses cultivate a skilled workforce. Job readiness training programs are offered through EARN for jobs that are in demand. A report produced by the Family Welfare Research and Training Group at the University of Maryland School of Social Work encourages the support and training of TCA clients, with the help of EARN, to work in certain promising industries: education, nursing homes, hospitals, government, and nonprofits, which pay more and have higher retention rates (Thiebaud

Nicoli, Logan Passarella, and Born (2014). The evidence suggests that if employed in a promising industry, clients are less likely to return to TCA and may be more likely to successfully transition to self sufficiency.

### **Child Support Enforcement**

The Maryland Child Support Enforcement Administration in the Department of Human Resources works to secure financial support for children by locating parents, establishing paternity and support obligations, and monitoring and enforcing those obligations. Techniques used to enforce child support obligations include wage liens and intercepts of tax refunds, unemployment benefits, and lottery winnings. The State may also suspend the drivers' and professional licenses of delinquent parents. Child support enforcement services are typically provided through the local departments of social services. However, in the largest jurisdictions, including Baltimore City, child support services are administered through offices that are separate from the local departments of social services and are supervised directly by the Executive Director of the State Child Support Enforcement Administration. These services are offered free of charge to welfare recipients who must comply with child support requirements as a condition of receiving cash assistance. For individuals not receiving TCA or Medical Assistance (Maryland's Medicaid program), an application fee of \$25 is charged for child support services.

A recent report produced by the University of Maryland School of Social Work illustrates how critical child support is to poor families (Hall and Logan Passarella, 2015). Utilizing a sample of nearly 35,000 closed welfare cases, researchers examine the effect of child support receipt on welfare recidivism. Specifically, the report provides information about women who leave welfare, their interactions with the child support system, and how those interactions affect their returns to welfare. The research suggests that the receipt of child support significantly reduces the likelihood of returning to welfare, yet the 2014 *Life After Welfare* report shows that three in five welfare leavers in the State exit the system without an order for current support established. Child support is a crucial financial support for low-income families, making up an average of 40% of their income, and can mean the difference between remaining self-sufficient or returning to welfare.

Another study explores the circumstances of noncustodial parents (NCPs) who fail to meet their child support obligations, the biggest challenge faced by the Child Support Enforcement Administration (Hall *et al.*, 2014). The authors of the study assert that many noncompliant NCPs want to provide for their children but are simply unable to do so – the disconnect between what they actually earn and what they are expected to pay may preclude them from making payments. The study offers a baseline profile of NCPs in the State and aims to understand patterns of NCP noncompliance. Also addressed is the practice of imputed or phantom income, which the authors suggest is a questionable approach given the economic environment since the Great Recession. The study shows that 80% of NCPs in the study sample paid at least some of their child support obligation. Among those NCPs who paid no current support and were employed in Maryland, their income averaged roughly \$7,000 for the year, they were more likely to be under the age of 30, and nearly all of them had an arrears balance. The practice of imputing income when calculating an order amount (attributing an income equal to full-time pay at the prevailing minimum wage) can contribute to a disproportionate number of low-income NCPs ordered to pay more than they are able, in some cases, more than half of their actual earnings. Promisingly, the authors conclude that when order amounts are consistent with their actual ability to pay – taking



into account the NCP's actual income and individual financial circumstances – NCPs are significantly more likely to comply with support orders.

### **Child Care Subsidy Program**

In Baltimore City, the most recent statistics show that child care costs account for 29% of a family's income, based on a family of four with two preschoolers earning a median family income of \$56,924. However, according to the *2015 Child Care Demographics* report, for a poor family in east Baltimore, the percentage of median income spent on child care is 46%, assuming a two-parent household (Maryland Family Network on behalf of the Maryland State Department of Education). For a poor, single mom in Baltimore City, where 34.9% of all families living in poverty are headed by single moms, child care expenses can make the difference between welfare dependency and self-sufficiency.

The Child Care Subsidy Program, administered by the Maryland State Department of Education, helps low-income families with children under age 13 pay for child care so that parents can work or participate in training or educational activities. Parents typically receive subsidies in the form of vouchers that they can use toward a provider of their choice – whether a relative, neighbor, child care center, or after-school program. To be eligible for subsidies, the applicant must be a Maryland resident who is working, in an approved training program, or in public school; a recipient of TCA or SSI or within prescribed income guidelines; amenable to State-mandated immunizations; and pursuing child support. The voucher indicates the local jurisdiction subsidy rate and the parental assigned copayment. The subsidy is paid biweekly by a centralized payment processing center to the providers. A voucher copayment is the amount that the customer is assigned to pay to the provider toward the cost of child care by the State; however, copayments are waived for families eligible for TCA and SSI. In fiscal 2015, the program was supported with \$37.8 million in State funds and \$45.1 million in federal funds.

### **Food Assistance Programs**

The Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program, provides benefits solely for the purchase of food items to families who meet income and resource requirements. Benefit costs are 100% federally funded, while administrative costs are split equally between the State and federal government. The program is administered by the State's Food Supplement Program, and rules and regulations are issued by the federal government. Benefits under these programs are provided to recipients through an electronic benefit card, which is similar to an electronic banking card. The number of participants in this program has increased dramatically since 2007, with more than 775,000 individual recipients in fiscal 2015. A case may be composed of multiple individuals. The fiscal 2015 budget assumes an average monthly grant of \$254.60.

The Supplemental Nutrition Program for Women, Infants, and Children (WIC) is a federally funded program, administered by the Maryland Department of Health and Mental Hygiene (DHMH), which provides healthy supplemental foods and nutrition counseling for pregnant women, new mothers, infants, and children under the age of five. DHMH praises the program's 35-year record of preventing children's health problems and improving their long-term

health, growth, and development. In 2013, WIC served over 143,000 women, infants and children each month.

### **Energy Assistance**

Home energy program offices, typically operated by local departments of social services, units of local government, or nonprofit organizations with funding from the Department of Human Resources, provide low-income families with access to energy assistance programs. The Maryland Energy Assistance Program, funded through the federal Low Income Home Energy Assistance Program, provides bill payment assistance. The Electric Universal Service Program provides both bill payment and arrearage assistance. The number of benefits issued through these programs peaked at 294,439 in fiscal 2010. Decreases in the following years resulted in part from an improving economy and the available funding for the programs.

### **Transportation**

Limited access to affordable transportation options poses a significant barrier to participation in the job market as well as the local and regional community. Transportation costs make up a substantial portion of household expenses and are typically exceeded only by the cost of housing. According to the Bureau of Labor Statistics, a typical American household spends about 17% of its annual budget on transportation (*e.g.*, vehicle purchases, fuel, and public transportation). In the Baltimore-Towson metropolitan area, transportation expenditures accounted for 15% of the average household budget in 2013-2014.

Because low-income households have historically been concentrated in inner cities, transportation policies have often centered on improving access to or creating better mass transit systems. In recent years, however, housing costs within urban centers have increased, and more low-income households have relocated to (and work in) the suburbs. Moreover, many of the service-sector jobs created in recent decades are located in the suburbs, which tend to be less well served by public transit than central cities.

This population shift has consequences for transportation systems in Baltimore and across the nation. Given that most public transit systems, including Baltimore's, were designed primarily to move people between (rather than within) suburbs and cities, policymakers and lawmakers are now faced with the challenge of what researchers call a spatial mismatch between where people live and where jobs are located. Although there is no large-scale federal program to assist low-income households with transportation needs, some states choose to provide transportation assistance through the TANF program. However, TANF funds spent directly on transportation assistance make up a small portion of overall program spending.

### **Vehicle Ownership Key to Improved Employment and Family Well-being**

Although transportation and housing costs are the two largest expenses for a typical household, the relative share of income consumed by each of those categories can be particularly burdensome for low-income households. Recent research on poverty and transportation issues

suggests that access to a wide variety of reliable transportation options is one of the key determinants of economic mobility.

In the 1990s and 2000s, HUD sponsored two major initiatives: MTO and the Welfare to Work voucher program. Both programs allowed researchers to determine how program participants were affected by moving to areas with lower poverty rates.

The Urban Institute analyzed data from the two programs to examine the relationship between transportation, housing, and employment. According to their analysis of the two programs, access to automobiles had significant positive effects on program participants. For people who participated in the programs and relocated from their original neighborhoods, “participants with access to automobiles moved to areas with lower concentrations of poverty, higher concentrations of employed adults, higher median rents, more owner-occupied housing, lower vacancy rates, greater access to open space, and lower levels of cancer risk” (Pendall *et al.*, 2014).

Families in the two programs with access to automobiles also found housing in communities with lower crime rates and reported feeling safer. In short, owning a vehicle provided low-income households the ability to move to better neighborhoods with more opportunities. Although access to automobiles and public transportation both had a positive effect on earnings, automobile ownership had a much more pronounced effect.

### **Employment Centers Not Accessible to Mass Transit**

Other major issues for policymakers include the continued growth of metropolitan areas, employment decentralization, and the suburbanization of poverty. Although inner cities within the nation’s largest metropolitan areas have experienced population growth and economic redevelopment in recent years, job growth has also occurred in the suburbs, often far from urban cores. Existing transportation infrastructure, particularly in older cities, was put in place decades ago and therefore may not be well suited to current patterns of job growth and population shifts, resulting in a spatial mismatch between workers and jobs. Suburban areas, where transit alternatives are not as readily available for low-income workers, also experienced a rapid increase in poverty rates during the 2000s. (Tomer *et al.*, 2011).

Spatial barriers to employment must also be addressed, since many low-income individuals lack the ability to physically access education, training, and jobs. For example, almost three-fourths of low-income residents live in neighborhoods with a relatively low density of jobs, and public transportation is not always a viable solution. Although low-income residents in Baltimore City are uniformly close to at least one transit stop, the public transportation network allows them to connect only to approximately one-half of all jobs in the metro area within a 90-minute timeframe during peak rush hour scenarios. Driving to work, as almost 80% of Baltimore residents do, would obviously provide greater flexibility and opportunity (Vey, 2012). However, another report (Job Opportunities Task Force and Abell Foundation, 2007) estimates that low-wage individuals living in Baltimore pay far more for equivalent goods and services than their wealthier neighbors. Examples of this poverty premium include transportation-related expenses. Low-wage individuals were found to pay higher interest rates on car loans and higher rates for auto insurance. Without effective public transportation or the resources to secure and

maintain a reliable car, many residents simply cannot access potentially available jobs or further their training and education.

### **Low-income Workers Face High Commuting Costs**

One of the biggest challenges commuters confront is the trade-off between commuting time and proximity to the workplace. As housing costs have steadily increased within central cities, low-income residents working in such areas are finding it more difficult to live near their places of work. On the other hand, workers residing farther from their places of employment tend to pay less for housing but more for transportation. This trade-off between housing location and transportation costs can be particularly burdensome for the working poor, who spend a higher portion of their incomes on both transportation and housing regardless of where they live or work.

A Brookings Institution study that analyzed data from the U.S. Census Bureau's Survey of Income and Program Participation showed that the working poor spend more on commuting expenses than all other workers (6.1% versus 3.8%). Among low-income workers, those who drive to work spend the highest share of their income on commuting expenses (8.4%). Low-income workers who rely on public transit spend a smaller percentage of income on commuting (5.8%), although that amount is still higher than other workers taking public transit. All other workers driving to work spend 4.5% of their income on commuting, while those taking public transit spend just 2.9% of their income on commuting expenses. As the authors note, "access to affordable commuting options is a key factor in the economic mobility of the working poor" (Roberto, 2008).

In addition to commuting costs, the amount of time spent commuting can also impose hardships on the working poor. Another Brookings Institution study showed that only one-quarter of jobs in low- and middle-skill industries are reachable within 90 minutes by using public transit. On the other hand, one-third of high-skill jobs are accessible via transit within 90 minutes. According to the authors, the lack of accessibility to low- and middle-skill jobs is especially problematic for rapidly growing low-income suburban communities. Workers in low-income suburbs are only able to access about 22% of jobs in low- and middle-skill industries via transit (Tomer *et al.*, 2011).

The Brookings study examined several different categories of data (*e.g.*, transit schedules, household income, and employment). Results were categorized according to three metrics: service coverage, service frequency, and job access. In the Baltimore-Towson metropolitan area, 68.3% of workers live in areas that are served by some form of transit. However, only 30.2% of jobs in the metropolitan area are reachable within 90 minutes via transit.

When transportation costs are included with housing, only 40% of communities are affordable for families making the area median income, while the share of household spending on transportation has increased in the last decade. This problem is exacerbated by the fact that jobs of lower skilled workers are not located in the same areas where lower income families live. Increased transit access would benefit the entire labor market by connecting workers to jobs while improving quality of life by reducing commuting times. One study in the District of Columbia found that housing near transit is unaffordable for lower skilled workers (Enterprise, 2014).

**References**

- Alexander, Karl, Doris R. Entwisle, and Linda Steffel Olson. *The Long Shadow: Family Background, Disadvantaged Urban Youth, and the Transition to Adulthood*. New York: Russell Sage Foundation, 2014. Print.
- Barbot, Oxiris. *Baltimore City Health Disparity Report Card 2013*. Baltimore: Baltimore City Department of Health, 2014. Web. July 2015.
- Behrens Buczynki, Amanda, Holly Freishtat, and Sarah Buzogany. *Mapping Baltimore City's Food Environment: 2015 Report*. Baltimore: Johns Hopkins Center for a Livable Future, 2015. Web. July 2015.
- Ben-Shalom, Yonatan, Robert A. Moffit, and John Karl Scholz. *An Assessment of the Effectiveness of Anti-Poverty Programs in the United States*. Cambridge: National Bureau of Economic Research, 2011. Web. July 2015.
- Brown, Kay *et al.* *Federal Low-Income Programs: Multiple Programs Target Diverse Populations and Needs*. Washington, DC: U.S. Government Accountability Office, 2015. Print.
- Brisson, Amy and Lindsay Duerr. *Impact of Affordable Housing on Families and Communities: A Review of the Evidence Base*. Enterprise Community Partners, 2014. Web. July 2015.
- Bureau of Labor Statistics Mid-Atlantic Information Office. *Consumer Expenditures for the Baltimore Area: 2013-2014*. Philadelphia: Bureau of Labor Statistics, 2015. Web. October 2015.
- Busso, Matias, Jesse Gregory, and Patrick Kline. "Results of the Federal Urban Empowerment Zone Program." *Focus* 30.1 (2013): 18-22. Web. July 2015.
- Center on Budget and Policy Priorities. *Chart Book: The War on Poverty at 50*. Washington, DC: Center on Budget and Policy Priorities, 2015. Web. July 2015.
- Chetty, Raj, Nathaniel Hendren, and Lawrence F. Katz. *The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment*. Cambridge: National Bureau of Economic Research, 2015. Print.
- Clinch, Richard P. *The Lessons Learned from the Baltimore Empowerment Zone*. Baltimore: The Jacob France Institute, University of Baltimore Merrick School of Business, 2004. Web. July 2015.
- Condliffe, Barbara F., Melody L. Boyd, and Stefanie Deluca. "Stuck in School: How Social Context Shapes School Choice for Inner-City Students." *Teachers College Record* 117.3 (2015): 6. Web. July 2015.

- Cortright, Joe. *The Young and the Restless and the Nation's Cities*. Portland: The City Observatory, 2014. Web. July 2015.
- Cortright, Joe and Dillon Mahmoudi. *Lost in Place: Why the Persistence and Spread of Concentrated Poverty – Not Gentrification – Is Our Biggest Urban Challenge*. Portland: The City Observatory, 2014. Web. July 2015.
- Darrah, Jennifer and Stefanie DeLuca. “Living Here Has Changed My Whole Perspective: How Escaping Inner-City Poverty Shapes Neighborhood Housing Choices.” *Journal of Policy Analysis and Management*, 33.2 (2014): 350-384. Web. July 2015.
- DeLuca, Stefanie and Peter Rosenblatt. “Increasing Access to High Performing Schools in an Assisted Housing Voucher Program.” *Finding Common Ground: Coordinating Housing and Education Policy to Support Racial and Economic Integration*. Ed. Philip Tegeler. Washington, DC: Poverty and Race Research Action Council, 2011. 35-42. Print.
- DeLuca, Stefanie and Peter Rosenblatt. “Sandtown-Winchester – Baltimore’s Daring Experiment in Urban Renewal: 20 Years Later, What Are the Lessons Learned?” *The Abell Report* 26.8 (2013): 1-12. Web. July 2015.
- Department of Legislative Services. *Evaluation of the Enterprise Zone Tax Credit*. Annapolis, MD: Department of Legislative Services, 2014. Print.
- Dineen, Rebecca and Cath Costa. *Fetal-Infant Mortality Review in Baltimore City*. Baltimore: Bureau of Maternal and Child Health, Baltimore City Health Department, 2013. Web. July 2015.
- Edelman, Peter B. *So Rich, So Poor: Why It's So Hard to End Poverty in America*. New York: New Press, 2012.
- Edin, Kathryn and Luke Shaefer. *\$2.00 a Day: Living on Almost Nothing in America*. Boston: Houghton Mifflin Harcourt, 2015. Print.
- Engdahl, Lora. *New Homes: New Neighborhoods: New Schools – A Progress Report on the Baltimore Housing Mobility Project*. Baltimore: Poverty and Race Research Action Council (PRRAC) and the Baltimore Regional Housing Campaign, 2009. Web. July 2015.
- Epstein, David H. *et al.* “Real-Time Tracking of Neighborhood Surroundings and Mood in Urban Drug Misusers: Application of a New Method to Study Behavior in Its Geographical Context.” *Drug and Alcohol Dependency* 134.1 (2014): 22-29. *PubMed*. Web. July 2015.
- Erickson, David (ed.). *The Enduring Challenge of Concentrated Poverty in America: Case Studies from Communities Across the U.S.* Richmond: Federal Reserve Bank of Richmond, 2008. Print.

- Franklin, John Hope and Alfred A. Moss, Jr. *From Slavery to Freedom: A History of African Americans*. New York: McGraw-Hill, Inc., 1994. Print.
- Gennetian, Lisa A. *Why Concentrated Poverty Matters*. Cambridge: National Bureau of Economic Research, 2013.
- Hall, Lauren A., Lisa Thiebaud Nicoli, and Letitia Logan Passarella. *Life After Welfare: 2014 Annual Update*. Baltimore: University of Maryland School of Social Work, 2014. Web. July 2015.
- Hall, Lauren A. and Letitia Logan Passarella. *Welfare Recidivism in Maryland: The Importance of Child Support*. Baltimore: University of Maryland School of Social Work, 2015. Web. July 2015.
- Hall, Lauren A., Letitia Logan Passarella, and Catherine E. Born. *Who Pays Child Support? Noncustodial Parents' Payment Compliance*. Baltimore: University of Maryland School of Social Work, 2014. Web. July 2015.
- Hillier, Amy E. "Redlining and the Homeowners' Loan Corporation." *Journal of Urban History* 29.4 (2003): 394-420. Web. November 2015.
- Hopkins, Barbara L. *The Path to Baltimore's "Best Prospect" Jobs without a College Degree: Career Credentialing Programs and Baltimore's Community Colleges*. Baltimore: The Abell Foundation, 2015. Web. July 2015.
- Jacobson, Joan. *The Dismantling of Baltimore's Public Housing: Housing Authority Cutting 2,400 Homes for the Poor from its Depleted Inventory – a 15-year Trend Shows a Decrease of 42 Percent in Occupied Units*. Baltimore: The Abell Foundation, 2007 (rev.). Web. July 2015.
- Jens, Ludwig *et al.* *Long-term Neighborhood Effects on Low-Income Families: Evidence from Moving to Opportunity*. Cambridge: National Bureau of Economic Research, 2012.
- Job Opportunities Task Force. "The Market is Failing Low-Wage Baltimoreans." *The Abell Report* 20.3 (2007): 1-8. Web. July 2015.
- Justice Policy Institute. *Parole Perspectives in Maryland: A Survey of People Who Returned to Prison from Parole and Community Supervision Agents*. Washington, DC: Justice Policy Institute, 2015. Web. July 2015.
- Kim, Eugene and Caroline Harries. *Stimulating Supermarket Development in Maryland*. Philadelphia: The Food Trust, 2012. Web. September 2015.

- Lattimore, Amanda, Darius Tandon, and Freya L. Sonenstein. "Healthy Minds at Work: Addressing the Mental Health Needs of Youth in Job Training Programs." *Adolescent Health Issue Focus* (2015): n. pag. Baltimore: Johns Hopkins Bloomberg School of Public Health Center for Adolescent Health. Web. July 2015.
- LaVeist, Thomas *et al.* "Place, Not Race: Disparities Dissipate in Southwest Baltimore When Blacks and Whites Live Under Similar Circumstances." *Health Affairs*, 30.10 (2011): 1880-1887. *PubMed*. Web. July 2015.
- Lerman, Robert I. and Arnold Packer. "Youth Apprenticeship: A Hopeful Approach for Improving Outcomes for Baltimore Youth." *The Abell Report* 28.2 (2015): n. pag. Baltimore: The Abell Foundation. Web. July 2015.
- Maryland Family Network. *Child Care Demographics 2015*. Baltimore: Maryland Child Care Resource Network, 2015. Web. July 2015.
- Mmari, Kristin *et al.* "A Global Study on the Influence of Neighborhood Contextual Factors on Adolescent Health." *Journal of Adolescent Health* 55.6 (2014): S13-S20. Print.
- Nicoli, Lisa Thiebaud and Kari O'Donnell. *Life on Welfare: Trends in the 2013 TCA Caseload*. Baltimore: University of Maryland School of Social Work, 2015. Web. July 2015.
- Nicoli, Lisa Thiebaud, Letitia Logan Passarella, and Catherine E. Born. *Industries among Employed Welfare Leavers*. Baltimore: University of Maryland School of Social Work, 2014. Web. July 2015.
- Ovwigo, Pamela C. *et al.* *Legal Barriers to Self-Sufficiency: The Somerset County Legal Services Project*. Baltimore: Family Welfare Research and Training Group, University of Maryland, School of Social Work, 2003. Web. July 2015.
- Ovwigo, Pamela C., Kathryn W. Patterson, and Catherine E. Born. *Removing Criminal Records as a Barrier for TANF Recipients*. Family Welfare Research and Training Group, University of Maryland, School of Social Work, 2009. Web. July 2015.
- Pendall, Rolf *et al.* *Driving to Opportunity: Understanding the Links among Transportation Access, Residential Outcomes, and Economic Opportunity for Housing Voucher Recipients*. Washington, DC: The Urban Institute, 2014. Web. July 2015.
- Pietila, Antero. *Not in My Neighborhood: How Bigotry Shaped a Great American City*. Chicago: Ivan R. Dee, 2010. Print.
- Platt Boustan, Leah. *Racial Segregation in American Cities*. Cambridge: National Bureau of Economic Research, 2013. Web. November 2015.
- Popkin, Susan J. *et al.* *A Decade of Hope VI: Research Findings and Policy Challenges*. Washington, DC: The Urban Institute, 2004. Web. July 2015.



- Puma, Michael *et al.* *Third Grade Follow-up to the Head Start Impact Study: Final Report*. Washington, DC: Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services, 2012. Print.
- Richardson, Jason, Bruce Mitchell and Nicole West. *Home Mortgage and Small Business Lending in Baltimore and Surrounding Areas*. Washington, DC: National Community Reinvestment Coalition, 2015. Web. November 2015.
- Roberto, Elizabeth. *Commuting to Opportunity: The Working Poor and Commuting in the United States*. Washington, DC: The Brookings Institution, 2008. Web. July 2015.
- Rosenwald, Michael S. and Michael Fletcher. "Why Couldn't \$130 Million Transform One of Baltimore's Poorest Places?" *Washington Post* 2 May 2015: A1. Web. 6 August 2015.
- Rothstein, Richard. "Modern Segregation." Economic Policy Institute Atlantic Live Conference, Reinventing the War on Poverty. Washington, DC: 6 March 2014. Web. July 2015.
- Saunders, Correne and Letitia Logan Passarella. *Life After Welfare: Baltimore City*. Baltimore: University of Maryland School of Social Work, 2014. Web. July 2015.
- Sharkey, Patrick. *Stuck in Place: Urban Neighborhoods and the End of Progress Toward Racial Equality*. Chicago: University of Chicago Press, 2013. Print.
- Sherman, Arloc and Danilo Trisi. *Safety Net for Poorest Weakened After Welfare Law But Regained Strength in Great Recession, at Least Temporarily: A Decade After Welfare Overhaul, More Children in Deep Poverty*. Washington, DC: Center on Budget and Policy Priorities, 2015. Web. July 2015.
- Sherman, Arloc and Danilo Trisi. *Safety Net More Effective Against Poverty than Previously Thought: Correcting for Underreporting of Benefits Reveals Stronger Reductions in Poverty and Deep Poverty in All States*. Washington, DC: Center on Budget and Policy Priorities, 2015. Web. July 2015.
- Speer, Laura and Florencia Gutierrez. *The 2015 Kids Count Data Book: State Trends in Child Well-Being*. Baltimore: The Annie E. Casey Foundation, 2015.
- Spencer, Michelle *et al.* *Healthy Baltimore 2015: A City Where All Residents Realize Their Full Health Potential*. Baltimore: Baltimore City Health Department. Web. July 2015.
- Stone, Chad *et al.* *A Guide to Statistics on Historical Trends in Income Inequality*. Washington, DC: Center on Budget and Policy Priorities, 2015. Web. July 2015.
- Stullich, Stephanie, Elizabeth Eisner, and Joseph McCreary. *National Assessment of Title I: Final Report*. Washington, DC: National Center for Education Evaluation and Regional Assistance, Institute of Education Sciences, U.S. Department of Education, 2007. Print.

- Taeuber, Karl E. and Alma F. Taeuber. *Residential Segregation and Neighborhood Change*. Chicago: Aldine Publishing Company, 1965. Print.
- Tomer, Addie *et al.* *Baltimore-Towson, MD Metro Area Missed Opportunity: Transit and Jobs in Metropolitan America*. Washington, DC: The Brookings Institution, 2012. Web. July 2015.
- Urahn, Susan K. and Alexis Schuler. *Bringing Up Baltimore: One City's Approach to Strengthening its Most Vulnerable Families*. Washington, DC: Pew Charitable Trusts, 2015. Web. July 2015.
- Vey, Jennifer S. *Building from Strength: Creating Opportunity in Greater Baltimore's Next Economy*. Washington, DC: The Brookings Institution, 2012. Web. July 2015.
- Wegner, Yvonne. "Incomplete Healing." *The Baltimore Sun* 10 May 2015: A1. ProQuest. Web. 6 August 2015.
- Wiltz, Teresa. "Cities Face New Pressure to End Segregation in Housing." *Stateline*. 15 Sept. 2015. Web. September 2015.



## Conclusion

---

This report has illustrated the extent to which poverty continues to exist, even in a comparatively wealthy state like Maryland. It has illustrated the adverse effects of poverty on individuals and communities, and examined the failures and occasional successes of efforts to address the problem of poverty in Maryland.

The report has examined the many dimensions of the problem, and if any conclusion can be derived, it is that poverty is a complex problem and not amendable to any single solution. A variety of resources must be utilized if the problem is to be beaten. Any initiative must be carried out in concert with and with respect for the communities affected. Affordable and livable housing, education, training, and, most importantly, economic development that provides decent job opportunities in poverty areas of the State are all essential elements of a solution.

What is needed is a strategy that combines all of the elements discussed in the report and the resources and commitment to implement that strategy over a number of years. As the General Assembly meets in the 2016 session, the Governor has proposed an initiative to marshal resources to address some of the physical attributes of poverty areas in Baltimore City. This may provide a framework for additional actions that could improve the prospects for success. It is hoped that this report will be helpful in informing the process of formulating such a comprehensive program.