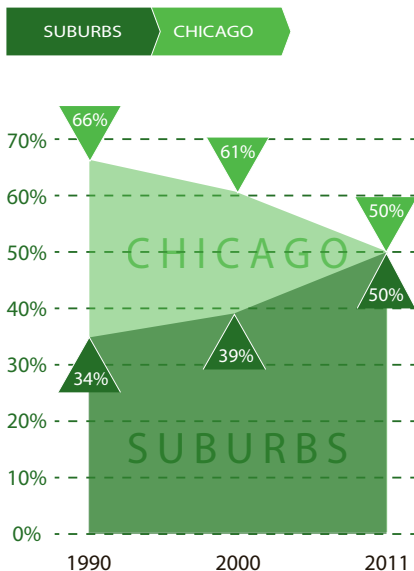


POVERTY ^{No. 1} MATTERS

IT'S NOW 50/50: CHICAGO REGION POVERTY GROWTH IS A SUBURBAN STORY

SHARE OF CHICAGO REGION POPULATION IN POVERTY IN CHICAGO AND THE SUBURBS 1990-2011



Nationwide, the number of people in poverty in the suburbs has now surpassed the number of people in poverty in central cities. Cities have long been thought to be home to the most and worst poverty. However, in the past several decades, the suburbs have experienced the greatest growth in poverty. In this brief, the Social IMPACT Research Center examines the distribution of poverty in Chicago and the suburbs over two decades. The findings suggest that from 1990 to 2011, poverty grew much more in the suburbs than in Chicago, and consequently, poverty became more equally distributed between Chicago and the suburbs.

KEY FINDINGS

- 1** In 1990, about one third of the Chicago region's poor population lived in the suburbs. By 2011, the share of the region's poor population living in the suburbs grew to half, meaning nearly equal numbers of people experiencing poverty live in the suburbs as in Chicago.
- 2** The 95% increase in the number of people experiencing poverty in the suburbs far outpaced the 29% overall population growth from 1990 to 2011, and children as well as all racial and ethnic groups experienced greater increases in poverty in the suburbs than in Chicago.
- 3** When it comes to economic factors related to poverty, including educational attainment, labor force participation, employment, wages, and income, the suburbs experienced less favorable changes or fewer gains than Chicago from 1990 to 2011.

SEPTEMBER 2013

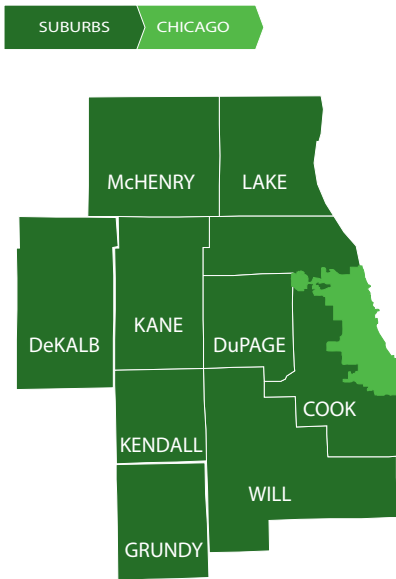
Written and researched by Jennifer Clary, Nicole Kreisberg, and Amy Terpstra
Editorial assistance provided by Ariel Ruiz Soto and Allyson Stewart

SOCIAL IMPACT RESEARCH CENTER

A HEARTLAND ALLIANCE PROGRAM

DATA AND DEFINITIONS: HOW TO UNDERSTAND THIS BRIEF.

CHICAGO METROPOLITAN AREA



Data Source and Variables

To explore poverty growth in Chicago and the suburbs, the Social IMPACT Research Center (IMPACT) analyzed Public Use Microdata from the 1990 and 2000 5% state sample decennial censuses and the 2009-2011 5% state sample American Community Survey. IMPACT then ran frequencies of four demographic variables – age, race, ethnicity, and nativity – as well as six variables related to poverty – poverty status, educational attainment, labor force participation status, industry, annual wages, and household income – over the 1990 and 2000 samples and the 2009-2011 sample.

Geographies

To achieve consistent and comparable geographies over time, IMPACT aggregated Public Use Microdata Areas (PUMAs), Census-designated geographies of about 100,000 people each, into two categories: the city of Chicago and its suburbs. For the purposes of this brief, the suburbs include the non-Chicago portion of Cook County, as well as DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry, and Will Counties.

Poverty Definition

The U.S. Census Bureau calculates poverty by tallying up a family’s annual income and determining if the amount falls below the poverty threshold for the family’s size. If the annual income does fall below the threshold, then that family and every individual in it is considered to be in poverty. Non-relatives, such as housemates, do not count. The official poverty thresholds are set annually by the U.S. Census Bureau and do not vary geographically.

2011 FEDERAL POVERTY THRESHOLDS

Family Size	Extreme Poverty (0-49% FPL)	Poverty (0-99% FPL)	Low Income (100-199% FPL)
	\$5,742	\$11,484	\$22,968
	\$7,329	\$14,657	\$29,314
	\$8,958	\$17,916	\$35,832
	\$11,511	\$23,021	\$46,042

BACKGROUND: HOW AND WHY IS POVERTY CHANGING IN THE CHICAGO REGION?

Nationwide, the number of people in poverty in the suburbs has now surpassed the number of people in poverty in central cities.¹ Central cities, long thought to be home to the most and worst poverty, generally still have higher poverty rates than the suburbs; however, the suburbs have experienced the greatest growth in poverty. Moreover, in the country's largest metropolitan areas, the suburbs have become home to the largest share of the nation's poor. This means that across the United States, poverty is becoming more equally distributed between cities and suburbs.

Despite the prevalent narrative that migration from central cities to suburbs has driven suburban poverty growth, the reality is that there is no single driving force behind it. Rather, a complicated set of factors have contributed to the re-balancing of poverty between cities and suburbs, including economic decline, job movement, growth in low-wage work, stagnating and falling wages, overall population growth, demographic changes, and shifts in housing affordability and policies.² These changes have happened gradually over several decades and now culminate in nearly unprecedented levels of poverty both nationally and locally.

This Poverty Matters brief examines several factors related to poverty to help explain how poverty has changed in the Chicago region:

RESOURCES ON THIS TOPIC

The Social IMPACT Research Center's *Illinois's 33%: Report on Illinois Poverty and county-level poverty indicators*

Elizabeth Kneebone and Alan Berube's *Confronting Suburban Poverty in America*

Scott W. Allard and Benjamin Roth's *Strained Suburbs: The Social Service Challenges of Rising Suburban Poverty*

- **Population change** helps us understand how variations in the overall population contribute to increases in the number of people experiencing poverty.
- **Age** is useful to understand poverty changes because certain age groups—notably children—are much more likely to experience poverty.
- **Racial and ethnic makeup as well as nativity** (whether people are born in the United States or elsewhere), help us see how demographic

1 Ross, M. (2010). *Challenges associated with the suburbanization of poverty*. Presentation to the Community Foundation for Prince George's County. Washington, DC: Brookings Institution.

2 Kneebone, E., & Berube, A. (2013). *Confronting suburban poverty in America*. Washington, DC: Brookings Institution Press.

shifts might impact poverty changes. Racial and ethnic minorities and foreign-born populations have historically had higher rates of poverty due to a host of factors, such as low-wage labor market concentration, past and current discrimination, and structural inequalities.

- **Educational attainment** is associated with the likelihood of poverty, since the less educated a person is the greater their chances of experiencing poverty.
- **Labor force participation**—the share of the population that is either employed or actively looking for work—is an indication of a population’s susceptibility to poverty because poverty is strongly associated with earnings.
- **The wages workers are paid** give insight to how larger shifts in the economy—toward more service-based jobs, for instance—affect job quality, which is related to whether workers and their families may experience poverty.
- **Median household income** is a broad measure for a variety of economic-related factors: the availability of jobs, the quality of those jobs (e.g., wage levels), and the amount of income supports that are intended to help families avoid or get out of poverty, such as disability pay, unemployment insurance, and cash assistance.

“The changing landscape of poverty and hardship is significant because safety net policies and social service infrastructure are built on the assumption that poverty is concentrated in central cities.”

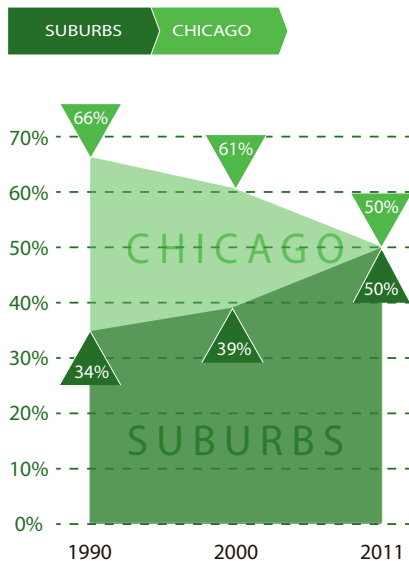
The changing landscape of poverty and hardship is significant because safety net policies and social service infrastructure are built on the assumption that poverty is concentrated in central cities. As a result, the suburbs—both across the nation and in the Chicago region—are characterized by a weak or lacking infrastructure of social services, and some suburban communities are unprepared to adequately serve individuals and families experiencing economic hardship. Such infrastructure is important to both mitigate the worst effects of poverty and help move families from poverty to economic security.

POVERTY TRENDS OVER TIME: HOW HAS POVERTY CHANGED GEOGRAPHICALLY IN THE CHICAGO REGION?

KEY FINDING 1

In 1990, about one third of the Chicago region's poor population lived in the suburbs. By 2011, the share of the region's poor population living in the suburbs grew to half, meaning nearly equal numbers of people live in poverty in the suburbs as in Chicago.

SHARE OF CHICAGO REGION POPULATION IN POVERTY IN CHICAGO AND THE SUBURBS 1990-2011



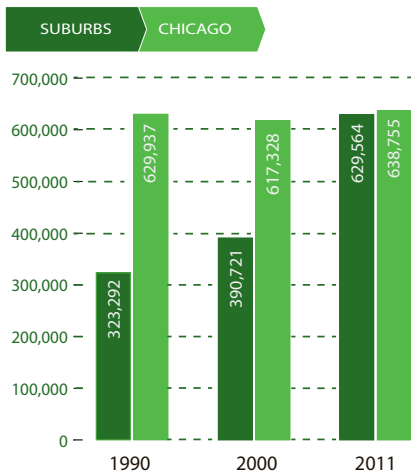
In 2011, half of the entire Chicago region population in poverty lived in the suburbs, up from one third in 1990.

The geographic distribution of people living in poverty in the Chicago region has changed drastically. In 1990, about *one third* of the entire region's population in poverty lived in the suburbs. By 2011, however, the share of regional residents in poverty in the suburbs *increased to half*.

From 1990 to 2011, the number of people experiencing poverty in the suburbs nearly doubled.

In 1990, about 630,000 people lived in poverty in Chicago, and only 323,000 people lived in poverty in the suburbs. By 2011, however, the number of people in poverty in the suburbs increased to 630,000 people, *nearly doubling*. Meanwhile, the number of people in poverty in Chicago remained about the same.

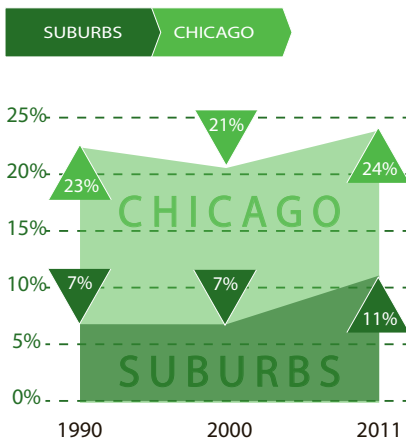
NUMBERS OF PEOPLE IN POVERTY IN CHICAGO AND THE SUBURBS 1990-2011



The poverty rate held steady in Chicago from 1990 to 2011, but increased 57% in the suburbs.

The poverty rate in Chicago increased marginally from 23% in 1990 to 24% in 2011, or a 4% increase. During the same time period, the rate of people in poverty in the suburbs increased from 7% to 11%, or a 57% increase. Thus, while the poverty rate remained higher in Chicago in 2011, the *suburbs experienced a far greater increase* in their poverty rate over time.

POVERTY RATE IN CHICAGO AND THE SUBURBS 1990-2011

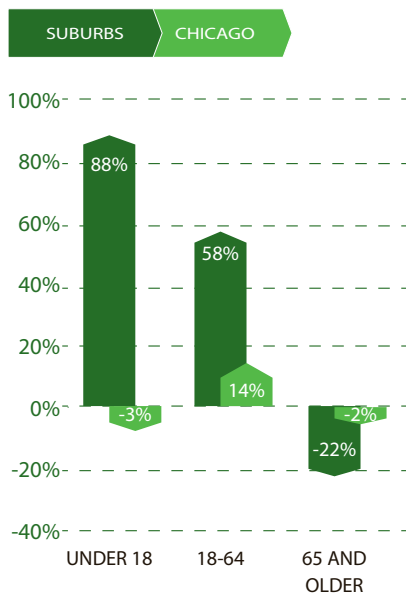


DEMOGRAPHIC CHANGES: WHO IS POOR IN CHICAGO AND THE SUBURBS, AND HOW HAS THIS CHANGED?

KEY FINDING 2

The 95% increase in the number of people experiencing poverty in the suburbs far outpaced the 29% overall population growth from 1990 to 2011, and children as well as all racial and ethnic groups experienced greater increases in poverty in the suburbs than in Chicago.

CHANGE IN POVERTY RATES IN CHICAGO AND THE SUBURBS BY AGE GROUP 1990-2011



The suburban population grew far more rapidly than Chicago's population from 1990 to 2011, and the 95% increase in the number of people experiencing poverty far outpaced the 29% overall population growth in the suburbs.

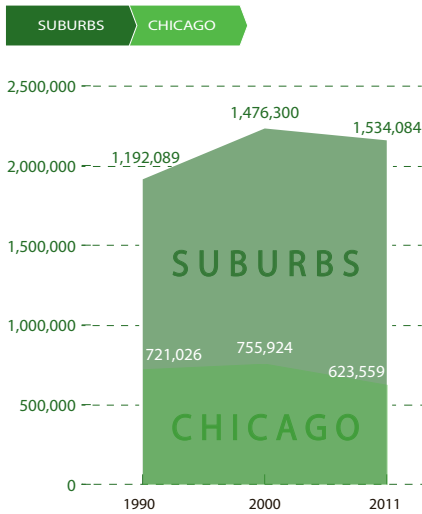
Population change helps us understand how variations in the overall population contribute to increases in the number of people experiencing poverty.

Chicago's population has remained relatively stable, with almost 2.8 million people residing there in 1990 and 2.7 million in 2011, a slight population decrease of about 3%. The suburban population, on the other hand, has grown significantly. In 1990, the suburbs were home to 4.6 million people; by 2011, the population had increased to 5.9 million people, a population increase of 29%. However, this population increase is outpaced by the 95% increase in the number of people experiencing poverty.

While the number of children in Chicago declined by 14% from 1990 to 2011, the number of children increased in the suburbs by 29%. Correspondingly, children's poverty rates in the suburbs increased by 88%, and the overall poverty rate increased by 57%.

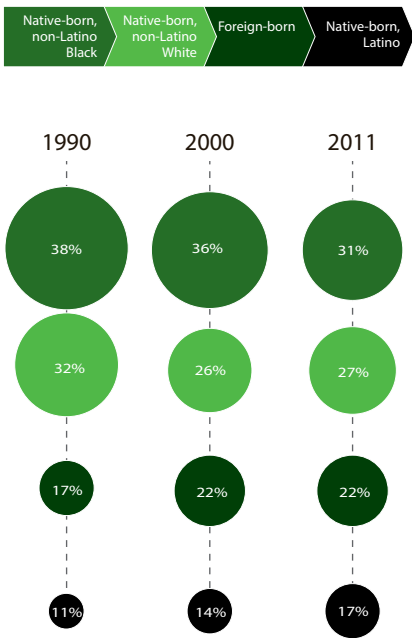
Age is useful to understand poverty changes because certain age groups—notably children—are much more likely to experience poverty.

CHILD POPULATION IN CHICAGO AND THE SUBURBS 1990-2011



The number of children in the suburbs increased by 29%, compared to a decline of 14% in Chicago's child population. Changes in the number of children are important because poverty disproportionately impacts children, so a higher number of children in the population likely impacts the overall poverty rate. For example, in Chicago, where the number of children fell over time, the child poverty rate decreased by 3%, from 34% to 33%, and the overall poverty rate held relatively stable. Meanwhile, in the suburbs, **where the number of children increased, the poverty rate increased by 88% for children**, from 7% to 14%, and increased 57% overall.

CHICAGO POPULATION BY RACE/ETHNICITY AND NATIVITY 1990-2011



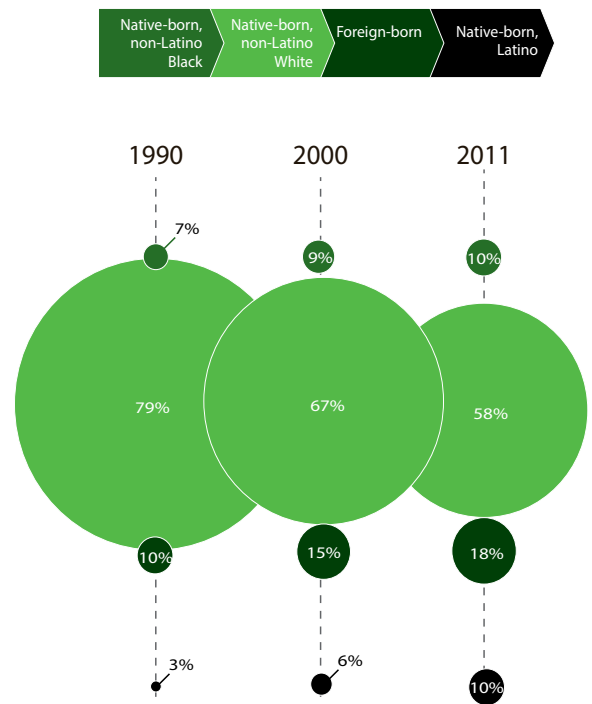
Note: Not all race/ethnicity groups are represented here and so figures will not add up to 100%.

The suburbs experienced greater rates of diversification than Chicago from 1990 to 2011. All racial and ethnic groups experienced poverty rate increases in the suburbs, while in Chicago poverty rates for three racial and ethnic groups increased less and even decreased for native-born Latinos.

Racial and ethnic makeup as well as nativity (whether people are born in the United States or elsewhere), help us see how demographic shifts might impact poverty changes. Racial and ethnic minorities and foreign-born populations have historically had higher rates of poverty due to a host of factors such as low-wage labor market concentration, past and current discrimination, and structural inequalities.

Chicago has always been racially and ethnically diverse, with about 68% of the population identifying as other than native-born, non-Latino white in 1990, and 73% identifying as such in 2011. The main shifts from 1990 to 2011 were decreases in the shares of native-born white and native-born black populations and increases in the shares of native-born Latino and foreign-born populations.

SUBURBAN POPULATION BY RACE/ETHNICITY AND NATIVITY 1990-2011

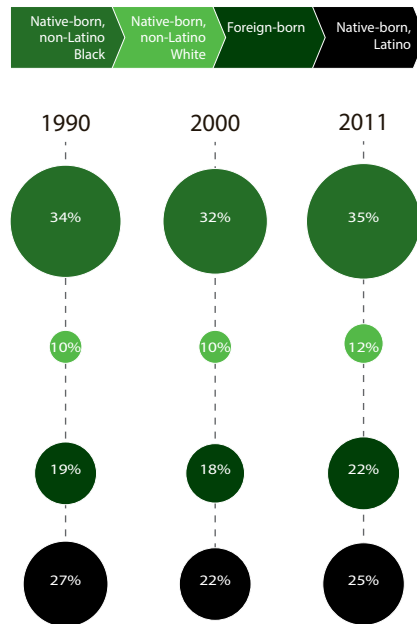


The suburbs, on the other hand, were much more homogenous in 1990. Almost 80% of the suburban population was native-born, non-Latino white. While still less diverse than Chicago, the suburbs had significant demographic changes by 2011. The share of native-born whites decreased, the share of foreign-born individuals nearly doubled, and the share of native-born Latinos tripled.

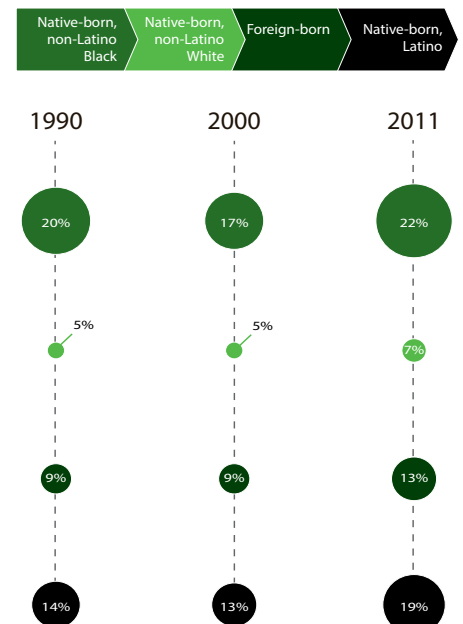
Over time in both Chicago and the suburbs, the groups with the highest poverty rates have consistently been native-born blacks, followed by native-born Latinos, and then foreign-born populations. Poverty rate changes, however, tell a more complex story. In Chicago, the percentage of **native-born whites in poverty increased by 16%** from 1990 to 2011—a greater increase than the foreign-born poverty rate increase of 14%, the native-born black increase of 2%, and the native-born Latino poverty rate **decrease** of 6%.

Despite these divergent experiences in Chicago, **all racial and ethnic groups experienced poverty rate increases in the suburbs**. The poverty rate increased by 33% for foreign-born populations, 26% for native-born whites, 31% for native-born Latinos, and 12% for native-born blacks from 1990 to 2011.

POVERTY RATES IN CHICAGO BY RACE/ETHNICITY AND NATIVITY 1990-2011



POVERTY RATES IN THE SUBURBS BY RACE/ETHNICITY AND NATIVITY 1990-2011

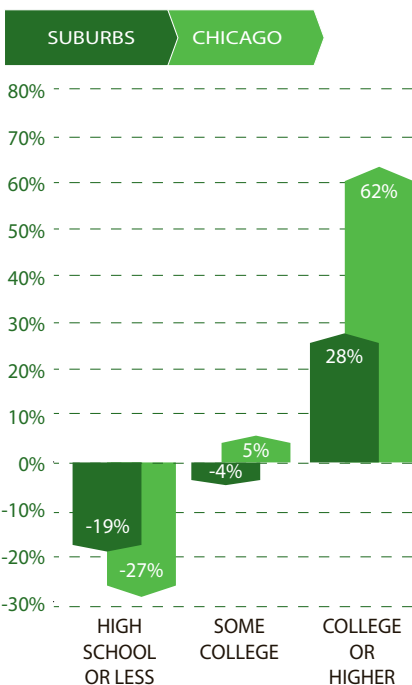


ECONOMICS FORCES: HOW HAVE ECONOMIC FACTORS RELATED TO POVERTY CHANGED IN CHICAGO AND THE SUBURBS?

KEY FINDING 3

When it comes to economic factors related to poverty, including educational attainment, labor force participation, employment, wages, and income, the suburbs experienced less favorable changes or fewer gains than Chicago from 1990 to 2011.

PERCENT CHANGE IN EDUCATIONAL ATTAINMENT IN CHICAGO AND THE SUBURBS 1990-2011



Note: Figures based on population age 25 and older.

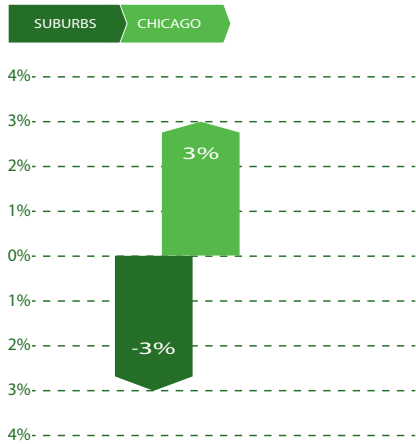
While educational attainment remained higher in the suburbs, Chicago residents achieved greater gains in educational attainment than suburban residents from 1990 to 2011.

Educational attainment is associated with the likelihood of poverty since the less educated a person is the greater their chances of experiencing poverty.

Suburban residents have historically had higher levels of educational attainment than their Chicago counterparts. In 1990, for example, 59% of the Chicago population age 25 and older had no more than a high school diploma or less and 24% had college degrees or higher; at the same time, 45% of the suburban population age 25 and older had a high school diploma or less and 34% had college degrees or higher.

Whereas in Chicago the percentage of people age 25 and older with no more than a high school diploma or less decreased 27% by 2011—to 43% of the population—in the suburbs, this percentage decreased 19%—to 36% of the population. Meanwhile, *Chicago saw a major increase in the percentage of the population with college degrees or higher*, skyrocketing 62% by 2011, or from 24% to 39%. However, the suburban increase was only 28%, increasing from 34% to 43%.

PERCENT CHANGE IN LABOR FORCE PARTICIPATION RATES IN CHICAGO AND THE SUBURBS 1990-2011



SHARE OF WORKFORCE IN CHICAGO AND THE SUBURBS BY INDUSTRY 2011

Industry	Suburbs (%)	Chicago (%)
Professional and Related Services	28%	31%
Retail Trade	18%	17%
Manufacturing	13%	10%
Business Services	7%	9%
Financial Services	7%	8%
Public Utilities	7%	7%
Construction	6%	5%
Personal Services	3%	4%
Public Administration	3%	4%
Wholesale Trade	4%	2%
Entertainment Services	2%	1%
Agriculture, Fishing, Forestry	1%	1%
Military Duty	0%	0%
Mining	0%	0%

Labor force participation rates increased by 3% in Chicago but decreased by 3% in the suburbs from 1990 to 2011.

Labor force participation—the share of the population that is either employed or actively looking for work—is an indication of a population’s susceptibility to poverty, because poverty is strongly associated with earnings.

Historically, labor force participation has been higher in the suburbs. From 1990 to 2011, however, the percentage of the population in the labor force increased by 3% in Chicago, from 64% to 66%. In contrast, *the labor force participation rate decreased by 3% in the suburbs, from 71% in 1990 to 69% in 2011.*

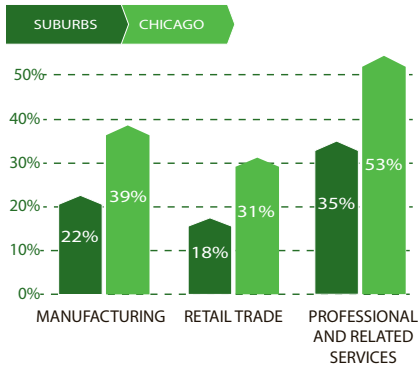
Wages for all industries in Chicago increased from 1990 to 2011, whereas wages for all industries in the suburbs either increased at lesser rates or decreased during the same time period.

The wages workers are paid give insight to how larger shifts in the economy—toward more service-based jobs, for instance—affect job quality, which is related to whether workers and their families may experience poverty.

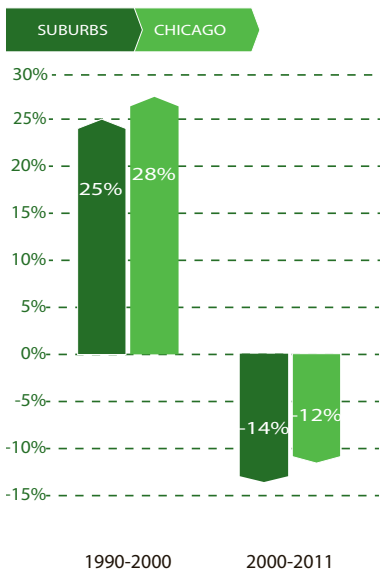
To a large extent, Chicago and its suburbs function as a regional economy. In 2011, in both Chicago and the suburbs, the three largest industries were professional and related services, retail trade, and manufacturing, together accounting for nearly 60% of the region’s workforce. These were also the three largest industries in 1990, though manufacturing was second largest instead of retail trade. Professional and related services and manufacturing have traditionally been among the higher-paying industries, with annual average wages in 2011 of \$41,657 in Chicago and \$43,476 in the suburbs for professional and related services and \$34,433 in Chicago and \$50,071 in the suburbs for the manufacturing industry.

Consistently since 1990, suburban workers in these industries—indeed most industries—have had higher average wages than their Chicago counterparts. Yet over time, slightly different trends have begun to emerge. For example, *in all three of the largest industries, wages increased over time; however, they increased significantly more for Chicago workers than for suburban workers*—53% in Chicago compared to 35% in the suburbs in professional and related services; 39% in Chicago compared to 22% in the suburbs in manufacturing; and 31% in Chicago compared to 18% in the suburbs in retail trade.

PERCENT CHANGE IN WAGES BY THREE LARGEST INDUSTRIES IN CHICAGO AND THE SUBURBS 1990-2011



PERCENT CHANGE IN MEDIAN HOUSEHOLD INCOME IN CHICAGO AND THE SUBURBS 1990-2011



In fact, wages increased in all industries for Chicago workers from 1990 to 2011, while suburban workers experienced lesser gains and even wage declines in some industries. Even during the more economically volatile time period of 2000 to 2011, *wages in nearly all industries fared better in Chicago than in the suburbs*. In Chicago, wages in some industries still increased in the 2000's, whereas wages in nearly all industries in the suburbs decreased and decreased far more than in Chicago.

Following a period of comparable growth in the 1990s, suburban median household income fell 14% from 2000 to 2011, while Chicago's median household income fell slightly less, 12%, in the same time period.

Median household income is a broad measure for a variety of economic-related factors: the availability of jobs, the quality of those jobs (e.g., wage levels), and the amount of income supports that are intended to help families avoid or get out of poverty such as disability pay, unemployment insurance, and cash assistance.

In Chicago, median household income increased from \$44,300 in 1990 to \$56,600 in 2000 (both in 2011 dollars). The suburbs also saw increases in median incomes, from \$70,000 in 1990 to \$87,700 in 2000. Then, following the economic collapse in the late 2000s, *both geographies experienced declining incomes, but the suburbs were hit slightly harder*, with median income falling 14% (from \$87,700 to \$75,000), compared to a 12% decline in Chicago (\$56,600 to \$50,000).

AVERAGE WAGES AND PERCENT CHANGE IN WAGES BY INDUSTRY IN THE CHICAGO REGION 1990-2011

CHICAGO

Industry	1990 Wage*	2000 Wage*	2011 Wage	% Change Wages 2000-2011	% Change Wages 1990-2011
Agriculture, Forestry, And Fisheries**	\$12,727	\$18,223	\$18,719	3%	47%
Mining**	\$37,133	\$39,425	\$135,631	244%	265%
Construction	\$25,079	\$31,982	\$27,256	-15%	9%
Manufacturing	\$24,742	\$33,280	\$34,433	3%	39%
Transportation, Communications, And Other Public Utilities	\$30,356	\$38,064	\$33,011	-13%	9%
Wholesale Trade	\$27,608	\$38,133	\$42,026	10%	52%
Retail Trade	\$14,888	\$20,930	\$19,552	-7%	31%
Finance, Insurance, And Real Estate	\$34,923	\$53,480	\$64,345	20%	84%
Business And Repair Services	\$21,430	\$30,820	\$33,308	8%	55%
Personal Services	\$13,573	\$20,921	\$20,813	-1%	53%
Entertainment And Recreation Services	\$18,181	\$23,412	\$22,682	-3%	25%
Professional And Related Services	\$27,218	\$38,485	\$41,657	8%	53%
Public Administration	\$33,218	\$46,275	\$51,716	12%	56%
Active Duty Military	\$13,937	\$24,339	\$22,594	-7%	62%

SUBURBS

Industry	1990 Wage*	2000 Wage*	2011 Wage	% Change Wages 2000-2011	% Change Wages 1990-2011
Agriculture, Forestry, And Fisheries**	\$17,815	\$25,755	\$21,598	-16%	21%
Mining**	\$40,449	\$64,239	\$70,329	9%	74%
Construction	\$38,152	\$48,602	\$36,540	-25%	-4%
Manufacturing	\$40,941	\$53,484	\$50,071	-6%	22%
Transportation, Communications, And Other Public Utilities	\$41,172	\$51,677	\$44,379	-14%	8%
Wholesale Trade	\$43,109	\$55,464	\$53,164	-4%	23%
Retail Trade	\$19,647	\$27,173	\$23,202	-15%	18%
Finance, Insurance, And Real Estate	\$41,232	\$61,694	\$61,131	-1%	48%
Business And Repair Services	\$30,535	\$45,382	\$37,354	-18%	22%
Personal Services	\$15,449	\$24,778	\$20,091	-19%	30%
Entertainment And Recreation Services	\$18,116	\$21,956	\$16,349	-26%	-10%
Professional And Related Services	\$32,312	\$44,057	\$43,476	-1%	35%
Public Administration	\$36,381	\$49,651	\$50,210	1%	38%
Active Duty Military	\$17,704	\$21,710	\$27,761	28%	57%

* All wages are shown here in 2011 dollars.

** The wages of some industries with very low employment, such as mining and agriculture, forestry, and fisheries, may be skewed due to a very small sample size.

IMPLICATIONS: REFLECTING ON POVERTY CHANGES IN THE CHICAGO REGION.

Suburban poverty has increased across many United States metropolitan areas, and the Chicago region is no exception. Poverty in Chicago's suburbs has grown more than it has in the city, outpacing population growth, affecting all racial and ethnic groups, and especially impacting children. In many respects, the suburbs are beginning to look more like Chicago; they are becoming more diverse, and on key economic factors related to poverty—education level, labor force participation, employment, wages, and income—the suburbs are trending more toward Chicago levels and have experienced less favorable changes or fewer gains in these areas.

These trends lead to many questions for suburban communities and people concerned about poverty. What are the unique experiences and challenges associated with experiencing poverty in the suburbs? Is suburban infrastructure—social services, housing, and transit—adequate and appropriate for helping people who are poor to get by and get out of poverty? Are suburban residents and leaders engaged in understanding these trends and committed to collaborative decision-making that is inclusive of all residents on the economic spectrum?

With poverty at record highs throughout the nation and here in the Chicago region, these are important questions to jumpstart conversations about what must be done to address growing suburban poverty.

The Social IMPACT Research Center (IMPACT), a Heartland Alliance program, conducts applied research in the form of evaluations, data services, and studies for decision makers in nonprofits, advocacy groups, foundations, governments, coalitions, and the media to help them inform and improve their work.

Visit www.socialimpactresearchcenter.org to learn more.

Heartland Alliance for Human Needs & Human Rights—the leading anti-poverty organization in the Midwest—believes that all of us deserve the opportunity to improve our lives. Each year, we help ensure this opportunity for nearly one million people around the world who are homeless, living in poverty, or seeking safety. Visit www.heartlandalliance.org to learn more.

Heartland Alliance’s research and policy economic security work is generously supported by The Chicago Community Trust, Grand Victoria Foundation, and The Libra Foundation.



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