The KC Region continues to decentralize

Change in population, 2000–2010

Source: US Census Bureau
2010 - 2040 Forecast Employment Change

GAIN
- ● 100
- ○ 1,000
- □ 10,000

LOSS
- ● 100
- ○ 1,000

[Map showing employment change across various counties with symbols indicating gain or loss]
2020 – 2040 Change in Land Use
2020 – 2040 No Build - Difference in Volumes
Under age 5
5-9
10-14
15-19
20-24
25-29
30-34
35-39
40-44
45-49
50-54
55-59
60-64
65-69
70-74
75-79
80-84
85+
Demographic Shifts and Housing Demand

Source: Chris Nelson, University of Utah
Diversity is increasing in many areas

Change in non-white population, 2000–2010

Source: US Census Bureau
Yet segregation by race and income continues

Change in white population, 2000–2010

Source: US Census Bureau
Old racial boundaries are only beginning to blur

Source: U.S. Census Bureau
Concentrated poverty remains an racial issue

Social Cohesion and Equity

2007–2011, Persons below Federal Poverty Level

Source: U.S. Census Bureau
Violent Crime Rate
Poverty is Suburbanizing

Source: U.S. Census Bureau
2000 - 2010
Change in Persons Below Poverty Level

GAIN
- 50
- 100
- 1,000

LOSS
- 50
- 100
- 1,000

Data credit: U.S. Census, GeoVetrix, MIARC and city and county governments.
Racially Concentrated Areas of Poverty

- Family poverty rate 40% or more in a census tract
- OR – 300% of metro tract average (whichever is lower), AND
- Nonwhite population of 50% or more
Jobs/Housing Balance

- Jobs/housing balance measures the counts the number of jobs relative to the number of workers living in an area.
- At each point a 3-mile radius around it is drawn and the number of jobs vs. the number of workers living there is tabulated.
- Blue means more jobs than workers. Red means more workers than jobs. Yellow means roughly in balance.
Jobs/housing balance measures the counts the number of jobs relative to the number of workers living in an area. This measure values each job and worker according to their average wage.

Blue means area workers have higher average wages than its residents. Red means area residents have higher average wages than its workers.
Income-Wage Balance: 3 mile buffer, block-level
Jobs/Skill Mismatch

• 8800 people with educational attainment < HS live in the East Side, but only 800 jobs in that area held by people with < HS ed, or 10 people per available job
  – Similarly, in Old Northeast, there are 4400 people living there with < HS degree, but only 300 jobs held by people with that level of ed – nearly 15 people per job

• Conversely, in the CBC, there are 8900 jobs for people with < HS but only 4600 resident workers have that level of education, or 2 jobs per < HS resident.
  – But the job surplus here *isn’t large enough* to meet the needs of all the RCAPs.
KC Metro Jobs are Highly Dispersed

53 percent of jobs are more than 10 miles away from downtown vs. 43 percent for all large metros.

Source: Brookings Institution
Job Access by Transit is Low

Share of all jobs reachable by transit in 90 minutes

Source: Brookings Institution
Educational attainment

Population over age 25, Kansas City vs. Top 100 Metros, 2012

Source: US Census Bureau, American Community Survey
Educational Attainment by Race

Bachelor’s Degree or Higher, 2011

Source: US Census Bureau, American Community Survey
Human Capital Gap – Educational Attainment

Source: US Census Bureau, American Community Survey
Educational Attainment - % BA or above
Potential Years of Life Lost
Potential Years of Life Lost

Minneapolis

KC
Physical and Financial capital gap – Housing values
WE DEFINE POVERTY BY A LACK OF INCOME, BUT IT IS CAUSED BY A LACK OF WEALTH
Traditionally, two types of income

- Often, income is classified into wage and salary (or “earned”) income and investment (or “unearned”) income in the form of dividends, interest, rent and realized capital gains.
  - In this view, earned income is the return to hours spent working rather than enjoying leisure
  - Unearned income is the annualized return from owning an asset.
A more unified view of income

• All income is the annualized return to ownership of wealth.

• Wealth has many forms, however.
  – Financial, social and human capital

• People literally embody this wealth from:
  – Prior generations
  – Places in which they have lived
  – Their own efforts at self-improvement over time

• It is this entire asset package they bring to the labor market, and for which they are compensated each year.
A wealth theory of income and an exposure theory of wealth

• Most wealth absorbed while growing up
  – Language
  – Learning and growth experiences - Putnam
  – Role models demonstrating linkage between education, hard work and success.
  – “Soft” skills and implicit “codes” needed for success
  – Even financial wealth is often spent on children while parents are alive rather than bequeathed

• This is what makes wealth intergenerational
  – Wealth is capacity, resilience, opportunity, choices as much as it is money and things.
Income as the icing on the cake...
Or as the tip of the iceberg...
The poor...
Most policy attempts:

Hard to have a lasting impact when the base is shrunken...
Simulation 1: The poor move to a much wealthier area

- An African-American single mom currently lives in the KCMO’s urban core PUMA (Missouri River to roughly 35th Street) making $23,616
- She moves to a moderately wealthy suburban PUMA (Olathe, KS). What change might she expect in her income?
- Model estimates that her income would increase to $26,634, a 13 percent increase
- Note that the suburbanizing poor are already trying to implement this solution without any policy support
Simulation 2: A place-based approach

• Predicting various aspects of place wealth:
  – Median housing value
  – Jobs
  – Transit ridership
  – Road density
  – Single-parent families
  – Life expectancy
  – Educational attainment
  – Percentage employed
  – Home ownership percentage
Simulation 2: A place-based approach

• What if we were able to increase each of these 1 percent in the favorable direction.
  – Fairly comprehensive intervention

• What is the impact on individual income?

• Trace impact on household wealth
  – Home value increases by $661, on average

• Impact on individual earnings of someone earning $22,000 per year:
  – $77, or 0.35%.
Such a place-based approach takes patience

- This is an effect per employee
  - Approximately 60,000 workers/PUMA
  - $4.6 M in extra spending power per PUMA

- To significantly impact self-sufficiency would require this kind of progress every year for decades
  - To obtain the same impact as moving a poor household to a wealthy area, many place variables would need to increase by 100%
Simulation 3: An HCZ-like intervention – going “all in” on schools

• Early ed to boost school readiness
• School reform to boost educational attainment, especially in STEM
• Business partnerships for experiential learning
• Improved “on-ramps” to post-secondary ed
• Support services for families of those in school
• Suppose that for a young, African-American female who is single parent, this has the impact of raising her educational attainment from 11th grade to a high school graduate
Simulation 3: Impact of HS graduation

• Assume baseline is a minimum wage job earning about $15,600 per year
• Model estimates an average 21 percent increase in earned income in the first year after graduation.
  – To $18,825, a $3,225 increase.
• Combination of three effects
  – Years of education
  – Getting a degree
  – Improvement to the set of occupational opportunities
Simulation 3: Impact of College graduation

• Assume same baseline education and earnings.
• Model estimates a 97 percent increase in earned income in the first year after graduation.
  – To $30,805, a $15,205 increase.
• There is also a household effect
  – Just like occupational opportunities improve, so do household opportunities
  – Likelihood of becoming a married-couple/partner household increases
  – Expected value of this effect averages an additional $30,000 - $60,000 across all household types.
Poverty IS a solvable problem

“Small, well-focused actions can sometimes produce significant, enduring improvements...if they are in the right place.”

-Peter Senge, *The Fifth Discipline*
We just need to be smarter about it

• Smarter infrastructure investments that increase rather than decrease tax-base density
  – Rail transit as a way to increase attractiveness of density, diversity and mixed-income housing in key corridors and centers
  – Increase the number of jobs available to those with <HS education in the CBC
  – Avoid displacement and reconcentration of the poor

• Strategic redevelopment – creating a redevelopment “edge”

• Allow attractive mixed-income housing to be built in wealthy places to boost access to good schools and jobs
We just need to be smarter about how we do it

• But, ultimately, it all boils down to one question: **Do these things increase educational attainment of the poor?**
  – High-quality early education as one of the highest-leverage interventions
  – But interventions must continue and expand to families and surrounding community
  – Many innovations underway –
    • KCK early college credit, PREP KC career academies, LUMINA experiential learning, KC STEM Alliance

• It takes bringing these to scale
• KC Rising – how can we create better systems?
Poverty in KC

Questions?

Frank Lenk
Director of Research Services
Mid-America Regional Council