A Hearing of the Joint Economic Committee of the U.S. Congress

"Expanding Opportunity by Strengthening Families, Communities, and Civil Society"

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"Building Stronger Communities"

Thank you Chairman Lee, Vice Chair Maloney and members of the Committee for the chance to address you today. I'll focus my comments on a basic question: How do we create stronger communities? My answer to that question is based not on my own opinions on how I think the world works or how it should work; it's based on my reading of the best evidence that has been generated over the past few decades of social science.

First let me provide a sense of the problem. Thirty years of evidence from policy experiments, from careful quantitative studies comparing children raised in different residential settings, and from rich qualitative studies following families over long periods of time, leads to a similar conclusion: the neighborhoods in which children are raised play a central role in influencing their academic achievement, cognitive development, physical and mental wellbeing, and economic mobility.[i] Labor market opportunities, social networks, environmental hazards, and the quality of institutions like schools, libraries, banks and police departments vary dramatically depending on where one lives, creating a rigid geography of vulnerability and opportunity.

Even as this evidence has become stronger over time, there is good reason to think that it understates the full impact of neighborhood inequality. The vast majority of children who currently reside in poor neighborhoods are from families that have lived in similarly poor neighborhoods for multiple generations, and the consequences of living in highly disadvantaged neighborhoods are cumulative.[ii] This is particularly true for African Americans. Roughly three out of four African American children currently living in the nation's poorest, segregated neighborhoods are from families that have lived in similarly poor neighborhoods for at least two generations.[iii] Growing up in a poor neighborhood with low-quality schools, high levels of violence, and few economic opportunities affects your early experiences in the labor market, your mental health, your wealth, and all of this affects the life chances of the next generation. The impact of neighborhood disadvantage on outcomes like cognitive skills and economic success is greatest for those from families that have lived in disadvantaged environments the longest.[iv]

Despite this sobering finding, it is important to bring attention to several positive developments that have taken place in urban neighborhoods over time. Segregation between black and white Americans has been falling, albeit gradually, since the 1980s.[v] The level of violence in American cities has plummeted since the early 1990s.[vi] And many major cities have thrived in the new global economy, becoming hubs of innovation and economic growth.[vii] These are tremendously important changes that have transformed many cities and neighborhoods all over the country.

But while it is important to recognize this progress, we must acknowledge the new challenges that continue to undermine strong communities. As income inequality in the nation has increased, rich and poor families have increasingly moved apart, sorting into separate communities. In 1970, about 15 percent of American families lived in neighborhoods that were either extremely affluent or extremely poor. By 2012, that figure had risen to 34 percent of families.[viii] While several coastal and Sunbelt cities like New York, Los Angeles, San Diego, Washington D.C., and Phoenix have attracted newcomers who have higher income and more education than those who are leaving the same cities, Rust Belt cities like Detroit, Columbus, Pittsburgh and Cleveland have seen higher-income, better-educated residents leave and lower-income residents move in.[ix] As a result, metropolitan areas have begun to look more and more different from each other, some with bustling economies offering relatively high-paid jobs, others depressed and isolated from economic opportunity.[x] This development means that as income and wealth inequality have continued to rise, economic opportunity is concentrated in some sections of the country and is mostly absent in others that have been left behind.

As regional inequality has increased, long-range geographic mobility has fallen. From the late 1940s through the 1970s, about 20 percent of Americans moved residences in a given year, over 6 percent made a residential move across county lines, and between 3 and 4 percent moved to a different state.[xi] Since the 1970s, year-to-year migration has declined steadily. Roughly 11 percent of Americans now move each year, less than 4 percent make longer range moves that bring them across county lines, and less than 2 percent move into a different state. Individuals who leave their home states to take advantage of opportunities elsewhere in the country do better on almost every measure of economic status compared to their peers who remain in the state in which they were born, but this form of long-range migration has become less common for more disadvantaged groups like racial and ethnic minorities and less-educated segments of the population.[xii] Throughout most of the 20th Century African Americans were substantially more likely than whites to make long range moves that cross-state lines, but this changed in the most recent generation. Since the 1970s, for the first time in a century, African Americans were much less likely than whites to make the type of long-distance moves that have always been a mechanism for economic mobility.[xiii]

Let me summarize the challenges facing America's communities. Children's neighborhoods have a powerful impact on their chances in life. Neighborhood inequality remains severe, it is multigenerational, and the consequences are cumulative. New gaps between thriving and struggling towns, cities, and commuting zones are growing. And the type of long-range migration that allows Americans to take advantage of new opportunities in new places is becoming less common, particularly among the least advantaged segments of the population.

How should we respond? Before considering options, it is useful to first consider what brought us here. As the manufacturing sector shrunk and urban labor markets began to change from the 1950s to the 1980s, a set of social problems like pollution, fiscal stress, segregation, joblessness, and poverty became concentrated in central cities. Our response was not a national project of investment in urban neighborhoods to respond to these challenges. Instead, our response was to abandon central cities, to withdraw resources, to expand the criminal justice system, and to provide incentives, through home mortgage provision, highway construction and other mechanisms, for advantaged segments of the population to leave central cities and head to the suburbs.[xiv] The share of federal funding going to city budgets plummeted.[xv] Public housing in central cities deteriorated, public schools crumbled, fiscal conditions worsened, neighborhoods emptied out, institutions like churches and community organizations withered away. This is what happens when communities are abandoned.

If we want to build stronger communities, three approaches are possible. One approach is to dismantle or scale back the policies that have reinforced and exacerbated geographic inequality and limited the chance for all Americans to gain access to high-opportunity communities. Several options are available, including all of the following: scaling back land use restrictions that limit the development of affordable housing and implementing mandatory inclusionary zoning policies; ending the mortgage interest deduction and reinvesting government revenue lost to this regressive tax policy into affordable housing development and rental vouchers; providing incentives for coordinated metropolitan-wide plans for transportation, housing, education, and economic development; and taking aggressive steps to end discrimination in the housing and lending markets.[xvi]

A second approach is to take steps to allow families to make residential moves that lead them into areas with greater opportunity. Results from the many housing mobility programs that have been implemented and evaluated over time have been mixed, and suggest that the programs with the greatest capacity to generate sustained changes in families' environments are those that target families with young children and those who live in the most disadvantaged and most violent neighborhoods; programs with administrators committed to searching for and identifying housing units with responsible landlords in neighborhoods across the metropolitan area, or beyond, rather than leaving families to navigate the low-rent housing market on their own; and programs that have the resources to provide extensive supports to families to help them with transportation, school searches, child care, and employment, giving families a better chance to successfully integrate into and thrive in new communities.[xvii] Additionally, we should encourage policy reforms that reduce the barriers families face in making long-range moves, such as scaling back occupational licensing regulations that vary across states, and working to make all forms of housing assistance portable.[xviii]

The third and most promising approach, which has never been attempted over the last fifty years, is to shift from a model of community abandonment to a model of community investment. In the American Enterprise Institute's Survey on Community and Society, a national sample of respondents was asked what makes a community successful. The two top responses were "Good local schools" and "Having libraries and community centers nearby."[xix] A great deal of evidence suggests the respondents are right. The most effective way to build stronger communities is to invest in core public institutions like schools and libraries, and public amenities like parks and playgrounds, that bring people together in shared spaces. Let me provide examples. A large-scale program of investment in public libraries would allow these institutions to play an even larger role as centers of community life, providing crucial services to residents in shared spaces all over the country.[xx] Investment in law enforcement is needed to allow police officers to rebuild trust and legitimacy in places where the bond between the police and the community is broken.[xxi] Investment in nonprofit organizations, including religious congregations and faith-based organizations, business improvement districts, addiction treatment services, mental and physical health providers, prisoner reentry programs, child care providers, mentorship and after-school programs, would make every community less vulnerable to the next crisis to hit America's neighborhoods.

In short, the best way to create stronger communities is to invest in the people, the institutions, and the local organizations that provide the foundation for community life.

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