

LINC Commission Meeting

November 21, 2011



Thank you for supporting Lights On Afterschool!

View more photos and videos of the events at kclinc.org/lightson

Local Investment Commission (LINC) Vision

Our Shared Vision

A caring community that builds on its strengths to provide meaningful opportunities for children, families and individuals to achieve self-sufficiency, attain their highest potential, and contribute to the public good.

Our Mission

To provide leadership and influence to engage the Kansas City Community in creating the best service delivery system to support and strengthen children, families and individuals, holding that system accountable, and changing public attitudes towards the system.

Our Guiding Principles

1. **COMPREHENSIVENESS:** Provide ready access to a full array of effective services.
2. **PREVENTION:** Emphasize “front-end” services that enhance development and prevent problems, rather than “back-end” crisis intervention.
3. **OUTCOMES:** Measure system performance by improved outcomes for children and families, not simply by the number and kind of services delivered.
4. **INTENSITY:** Offering services to the needed degree and in the appropriate time.
5. **PARTICIPANT INVOLVEMENT:** Use the needs, concerns, and opinions of individuals who use the service delivery system to drive improvements in the operation of the system.
6. **NEIGHBORHOODS:** Decentralize services to the places where people live, wherever appropriate, and utilize services to strengthen neighborhood capacity.
7. **FLEXIBILITY AND RESPONSIVENESS:** Create a delivery system, including programs and reimbursement mechanisms, that are sufficiently flexible and adaptable to respond to the full spectrum of child, family and individual needs.
8. **COLLABORATION:** Connect public, private and community resources to create an integrated service delivery system.
9. **STRONG FAMILIES:** Work to strengthen families, especially the capacity of parents to support and nurture the development of their children.
10. **RESPECT AND DIGNITY:** Treat families, and the staff who work with them, in a respectful and dignified manner.
11. **INTERDEPENDENCE/MUTUAL RESPONSIBILITY:** Balance the need for individuals to be accountable and responsible with the obligation of community to enhance the welfare of all citizens.
12. **CULTURAL COMPETENCY:** Demonstrate the belief that diversity in the historical, cultural, religious and spiritual values of different groups is a source of great strength.
13. **CREATIVITY:** Encourage and allow participants and staff to think and act innovatively, to take risks, and to learn from their experiences and mistakes.
14. **COMPASSION:** Display an unconditional regard and a caring, non-judgmental attitude toward participants that recognizes their strengths and empowers them to meet their own needs.
15. **HONESTY:** Encourage and allow honesty among all people in the system.



Monday, Nov. 21st, 2011 | 4 – 6 pm
Kauffman Foundation
4801 Rockhill Rd.
Kansas City, Mo. 64110

Agenda

- I. Welcome and Announcements
- II. Approvals
 - a. **September minutes (motion)**
- III. Regional Transportation System
 - a. Mike Sanders
- IV. Superintendent's Reports
- V. Finance Committee
 - a. 2010-11 Audit report
 - b. First Quarter Financials
- VI. LINC President's Report
- VII. LINC and Children's Division
 - a. LINC and Foster Youth
 - b. Community partners
 - c. Division of Children's Services
- VIII. Other
- IX. Adjournment



THE LOCAL INVESTMENT COMMISSION – SEPT. 19, 2011

The Local Investment Commission met at the Kauffman Foundation, 4801 Rockhill Rd., Kansas City, Mo. Chairman **Landon Rowland** presided. Commissioners attending were:

Bert Berkley
Sharon Cheers
Jack Craft
Steve Dunn
Herb Freeman
Tom Gerke
Rob Givens
Anita Gorman

Tom Lewin
Rosemary Lowe
Sandy Mayer (for Mike Sanders)
Mary Kay McPhee
Richard Morris
David Ross
Gene Standifer
Bailus Tate

A motion to approve the July 18, 2011, LINC Commission meeting minutes was passed unanimously.

Superintendents' Report

- **John Tramel** (Community Development Specialist, Independence School District) reported on construction plans for two new elementary schools.
- **Everlyn Williams** (Associate Superintendent, Hickman Mills School District) will succeed **Marge Williams** as superintendent when she retires at the end of the school year.
- **Terry Ward** (School Board Member, North Kansas City School District) reported the free and reduced lunch student population is expected to surpass 50% this year.
- **Jack Craft** reported the Missouri Board of Education is expected to decide this week on the accreditation status of the Kansas City, Mo. School District.
- **Lane Lucas** (Communications Coordinator, Grandview School District) reported the district's free and reduced lunch student population is about 70%.

President's Report

LINC Caring Communities sites will participate in this year's national Lights On Afterschool celebration, Oct. 20.

The following videos were shown:

- Lights On Afterschool promotional video
- Video on the Phillips Caring Communities Health and Nutrition Fair, Sept. 17.
- KSHB news story on rising poverty and the increase in the number of students receiving free and reduced lunch in the Hickman Mills School District.

Finances

LINC Treasurer **David Ross** presented the LINC fiscal year 2011-2012 budget plan (attached) and recommended it be approved.

A motion to approve the LINC fiscal year 2011-2012 budget was passed unanimously.

LINC Commission

A motion to elect Tom Lewin to the board was passed unanimously.

Lewin thanked the board.

LINCWorks

Mo. Family Support Division (FSD) regional administrator Marge Randle introduced FSD staff who are involved in LINCWorks, the Kansas City area welfare-to-work initiative: **Jennifer Roberts, Pam Burrell, Kami Macias, and Robin Leikam.**

A video segment from a PBS News Hour story on unemployment was shown.

LINCWorks co-chair **Terry Ward** gave an overview of LINCWorks' progress toward achieving the work participation rate of 25% and the demographic characteristics of the LINCWorks participant population.

A video of four LINCWorks participants who shared their stories was shown.

LINCWorks director **Tom Jakopchek** reported on the development of operational strategies to engage Temporary Assistance for Needy Families (TANF) participants in LINCWorks, get them involved in work activities, and help increase the state's work participation rate.

Full Employment Council president **Clyde McQueen** reported on the challenges of finding work opportunities for clients who have little work experience or education during a period when there aren't enough jobs.

Gary Allen, U.S. Administration for Children and Families Region VII office, reported LINC has been selected to participate in Promising Pathways, a national federal initiative to provide technical assistance and gather evidence-based information about best practices from 10 initiatives that work with TANF clients.

Libraries

LINC Communications Director Brent Schondelmeyer introduced **R. Crosby Kemper III**, Director, Kansas City Public Library, and **Steven Potter**, Director, Mid-Continent Public Library

The directors reported on the libraries' efforts to meet growing demand, create new ways to engage with the community and build collaboration among the various regional library systems.

The meeting was adjourned.

Local Investment Commission
SUMMARY BUDGET 1
For The Twelve Months Ended June 30, 2012

23-Aug

	<i>Final FY10 Budget (appr 7/09)</i>	<i>Final FY11 Budget (appr 7/10)</i>	<i>Original FY12 Budget (draft 7/11)</i>
<u>Caring Communities</u>			
Restricted Revenues			
Current Year Funds	11,801,322	10,138,397	9,122,840
Use Of Prior Year Restr. Funds, Offset By Unused Current Funds, & Other	572,295	1,156,295	130,000
Subtotal - Current Year Caring Communities Funds	12,373,617	11,294,692	9,252,840
Expenses			
Site Support-Paid Invoices	11,459,868	10,145,944	9,444,619
Community Partnership - Infrastructure	1,199,172	1,390,812	1,050,689
Accruals (incurred but unpaid)+Summer Camps/B&A	0	0	264,300
Subtotal - Current Year Caring Communities Expenses	12,659,040	11,536,756	10,759,608
Revenues less Expenses: Caring Communities Profit<Loss>	(285,423)	(242,064)	(1,506,768)
<u>All Other Initiatives & Activity</u>			
Revenues			
Current Year Funds (incl unrestricted administrative fees earned)	4,349,633	6,084,209	8,022,638
Investment Activity (incl unrealized) Gain<Loss>	350,000	500,000	400,000
Use Of Prior Year Restr. Funds, Offset By Unused Current Funds, & Other	630,000	170,000	200,000
Subtotal - Current Year Other Funds	5,329,633	6,754,209	8,622,638
Expenses			
Other Initiatives - Paid Invoices	5,042,140	6,808,232	7,893,314
Non-Caring Community Accruals	0	0	0
Subtotal - Current Year Other Expenses	5,042,140	6,808,232	7,893,314
Revenues less Expenses: Other Profit<Loss>	287,493	(54,023)	729,324
Total Revenues	17,703,250	18,048,901	17,875,478
Total Expenses	17,701,180	18,344,988	18,652,922
ORGANIZATION-WIDE NET ESTIMATED CHANGE IN FINANCIAL POSITION: Profit<Loss>	2,070	(296,087)	(777,444)

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Purpose - mgmt reporting

In Support of Regional Transit

U.S. Senator Roy Blunt
U.S. Senator Christopher S. Bond
U.S. Senator Sam Brownback
U.S. Senator Claire McCaskill
U.S. Congressman Emanuel Cleaver, II
U.S. Congressman Dennis Moore
U.S. Congressman Ike Skelton
U.S. Congressman Kevin Yoder
State Senator Jolie L. Justus
State Representative Michael Brown
State Representative Jason Holsman
State Representative Leonard Hughes
State Representative Jason Kander
State Representative Gail McCann Beatty
State Representative Tom McDonald
State Representative Kevin McManus
State Representative John Rizzo
State Representative Sheila Solon
State Representative Mike Talboy
Jackson County Executive Mike Sanders
Kansas City Mayor Sly James
Blue Springs Mayor Carson Ross
Grandview Mayor Steve Dennis
Independence Mayor Don B. Reimal
Lee's Summit Mayor Randall L. Rhoads
Raytown Mayor David Bower
Unified Govt. of Wyandotte County and Kansas City, KS Mayor/CEO Joe Reardon
Greater Kansas City Chamber of Commerce
Kansas City Area Transportation Authority
Metro Mayors' Caucus
Raytown Area Chamber of Commerce
Southtown Council
Grandview Chamber of Commerce
3-Trails Village Community Improvement District
Blue Springs Chamber of Commerce
Downtown Council of Kansas City
River Market Community Association
Northland Regional Chamber of Commerce
Broadway Westport Council
Labor-Management Council of Greater Kansas City
South Kansas City Chamber of Commerce
Eastern Jackson County Betterment Council
Partnership for Community Growth and Development
Kansas City Regional Transit Alliance
Southern Communities Coalition
Blue Springs Economic Development Corporation
Kansas City, Missouri, City Council
Kansas City Economic Development Council
IBEW Local Union 124
Ruskin Heights Homes Association
Ruskin Hills Homes Association
Liberty Economic Development Corporation
Fairlane Homes Association
Woodglen Estates Association



Jackson County Commuter Corridors Alternatives Analysis Open House

JACKSON COUNTY **COMMUTER CORRIDORS** ALTERNATIVES ANALYSIS



Continue the regional discussion about enhanced transit in Jackson County!

What

An open house to review a refined set of potential transit options along the I-70 and the Rock Island corridors.

When

Tuesday, November 29, 2011
4:00 - 6:00 p.m. *Short presentations at 4:15 p.m. and 5:15 p.m.*

Where

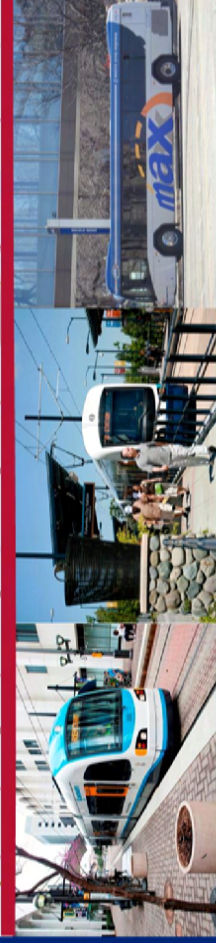
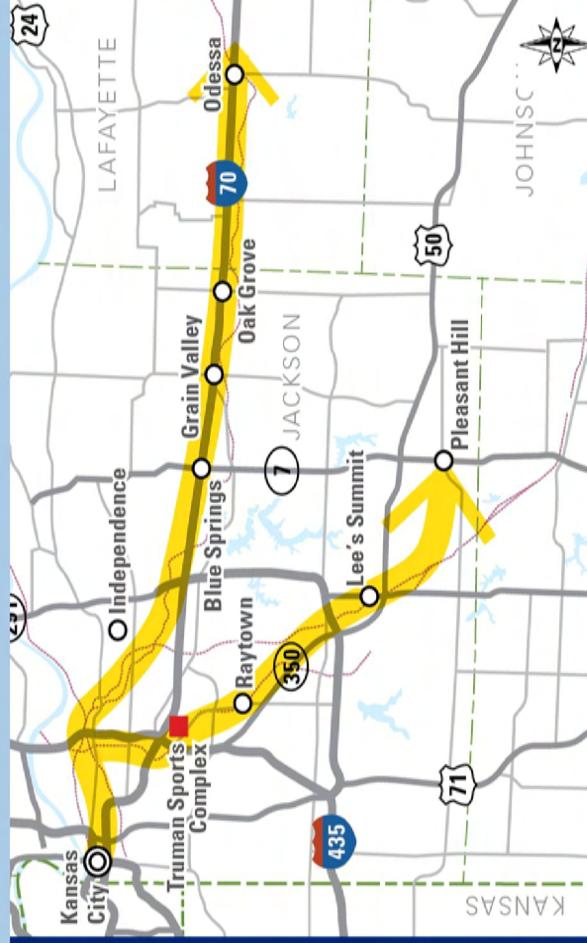
Gamber Center
4 S.E. Independence Avenue
Lee's Summit, MO 64063

Additional Opportunities

If you can't attend on November 29, feel free to stop by the locations listed below for an additional opportunity to view the information and provide input. The displays will be available from 9:00 a.m. to 6:00 p.m. on both days. Staff will be on site from 4:00-6:00 p.m. to answer any questions.

Wednesday, November 30
Mid-Continent Library- Blue Springs South
2220 South 7 Highway, Blue Springs, MO 64014

Thursday, December 1
Southeast Community Center
4201 E. 63rd St., Kansas City, MO 64130



Meeting hosted by the Jackson County Commuter Corridors
Alternatives Analysis Project Partnership Team





Chafee Independent Living Initiative

What is it?

The Independent Living Initiative offers resources and training to youth who are transitioning into independent adulthood from the Missouri foster care system in Jackson, Clay and Platte counties.

Background

The Foster Care Independence Act of 1999 was passed by Congress to help young people transitioning from foster care.

Missouri's program was administered by the Children's Division until 2007, when LINC — the state's "community partner" for Jackson, Clay and Platte counties — was selected for the work. With a long history of involvement in child welfare issues, LINC offers foster youth access to existing strong connections and resources located in the communities where youth live.

LINC's efforts support the larger work of the Children's Division case managers who are working with these youth.



Who is eligible?

Any youth wanting supportive services must be referred by the Missouri Children's Division. The program was designed for two categories of youth.

- Youth in foster care, between the age of 14 and 21, who are in out-of-home placements and do not have an adoptive resource.
- Former foster youth who have left care at age 17.5 or after, but have not reached age 21.

What is available?

Survival Skills Classes are a series of training and experiential activities designed to teach young people skills that they will need as they transition from foster care to the community. Topics covered include:

- Respecting self and others
- Planning and reaching goals
- Communication skills
- Success in work and school
- Legal rights and responsibilities
- Skills for getting and keeping a job
- Managing money
- Taking care of your health

Those who sign up must make a commitment to attending all classes.

Life Skills Classes are available to teach similar skills and provide information to young people. However, the classes are not offered as a series but rather individually. The young people may choose to attend as many of these as needed. These classes are intended for youth with immediate needs — they may already be living independently or their plans include independent living in the very near future.

Educational assistance may be available for graduation expenses, goal setting for higher education, and completing financial aid forms. The Missouri Education and Training Voucher (ETV) program offers funds, to assist with the cost of attendance, to foster youth planning to attend accredited colleges, universities, and vocational training institutions.



What else is available to former foster youth?

Emergency funds are short-term, quick-fix opportunities to help the young person continue to be independent. This might include: auto repair, utility assistance, food and rent.

Support services provide referrals to resources. This may be a one-on-one contact for guidance or to just talk to someone they trust about what is happening in their lives. This could be a community member, co-worker, job mentor, friend, or someone they recognize who has a personal interest in them.

Job training may consist of a referral to a training site with possible financial assistance during the training period. Training in an occupation may enable young adults to find more than a part-time job and become self sufficient.

Housing (room and board) expenses are meant to be flexible and short term (90 days or less) to help stabilize a particular situation. This may include food, rent, security deposits, start-up kits which can include supplies and necessary furniture.

Healthcare Assistance. MO HealthNet is automatically available to former foster youth up to age 21, to provide medical and behavioral health care coverage.



Referrals

If you would like to refer a youth or make a self referral to the Chafee foster care independence program, please contact the Older Youth Specialist nearest you:

Jackson County

Older Youth Transition Specialist
615 E 13th Street
Kansas City, MO 64106
816-889-2185



Clay and Platte Counties

Older Youth Transition Specialist
1500 Vandiver Drive Suite 103
Columbia, MO 65202
573-884-3585

Other Resources

Helpful Websites

Mo. Department of Social Services

www.dss.mo.gov

Mo. Children's Division

www.dss.mo.gov/cd/

Mo. ETV Program

www.statevoucher.org

Federal Student Aid

www.fafsa.ed.gov



3100 Broadway, Suite 1100
Kansas City, MO 64111
(816) 889-5050
www.kclinc.org

Thursday, Nov. 3, 2011

Poverty tightens its grip in America's cities, new numbers show

By MARÁ ROSE WILLIAMS
The Kansas City Star

That the pocket of poverty where Carolyn Green lives just gets deeper and deeper is no news to the Rosedale hair stylist.

She needs no new study by the Brookings Institution to believe that want and despair are relentlessly concentrating in the cities.

"Times are really hard," Green said in her salon on Merriam Lane. "People used to say they would never let their hair go. But my business is down by half. I mean, it's rough. I can't make my rent."

Mary Norton, sitting in a styling chair for her perm, agreed: "We used to have money; now we can hardly buy groceries."

The population in the nation's extremely disadvantaged neighborhoods — those where 40 percent or more live below the poverty line — has risen by one-third in the last decade, according to a Brookings report out today.

Nationwide, 10.5 percent of the population lives in such neighborhoods.

The concentration rate in the Kansas City metropolitan region, one of the largest of 100 studied by Brookings, measured higher, at 11.3 percent.

The rise in such tracts here was worse than in Dallas, Indianapolis and Oklahoma City, although those cities have a higher percentage of poor overall.

"This was an extremely economically challenging decade," said Elizabeth Kneebone, lead author on the Brookings report.

The economic gains made in the late 1990s have evaporated in most areas, but not all. Between 2007 and 2010, median household incomes declined in 82 of the cities reviewed.

The concentration of extreme poverty into certain tracts did not occur everywhere. In Atlanta, Buffalo and San Diego, for instance, the concentrations fell off somewhat.

Over the last 10 years, the country has seen a rapid growth of the poor population in already disadvantaged communities and the mushrooming of new poverty pockets in the suburbs, Kneebone said.

But those in the older, extremely poor areas shoulder a double burden.

"Not only do they struggle with their own poverty, but their surrounding communities have fewer job opportunities, lower-performing schools, higher crime rates and more public health problems," Kneebone said.

"Being poor in a very poor neighborhood makes it that much harder to get out of poverty."

One is determined to be living in poverty with an income of \$8,000 or less for an individual, or about \$22,000 for a family of four.

The study, based on census data, found 102,378 poor living in Kansas City's suburbs, a rate of about 7 percent. In Kansas City proper, which is shown with nearly 108,000 poor, the rate is 18 percent.

Smaller enclaves of poverty were spotted on the edge of Overland Park, Shawnee and in downtown Olathe, although most of these were in the slightly better off ranks of having 20 to 30 percent below the poverty rate.

The same was found in Belton, Lee's Summit, Grandview, Independence and Blue Springs, as well as the Red Bridge and Marlborough neighborhoods of Kansas City.

Frank Lenk, director of research services at the Mid-America Regional Council, was surprised to see so many in the 'burbs.

"A 40 percent poverty rate is very high," Lenk said. "We have many more areas that are in the 20 and 30 percent than I would have thought."

What the report doesn't tell is what may have happened in these areas.

"It varies from neighborhood to neighborhood, region to region," Kneebone said.

Lenk observed that "people who are poor move, just like everyone else, for better schools and safer environments."

The Kansas City region has seen 18 more neighborhoods slip into the 40-percent-or-more category. In 2000, there were only 11 such poverty riddled areas.

Nationwide, poverty in extremely poor suburban neighborhoods grew twice as fast as in the urban core during the reviewed time frame. Many suburban communities do not have the social services in place to meet this new need.

Lenk suggested the numbers may indicate that many more people were living on the edge of poverty. These are the poor that don't fit the general perception of poor.

"They are better educated. They had full-time jobs, and now they don't," Lenk said. "The speed of poverty is affecting more neighborhoods, not just individuals. It is pulling more families under the poverty line."

More proof of the escalation of poverty is marked by the fact that the food stamp rolls shot up 8.1 percent this year. The number of recipients hit 45.8 million.

Rasheed Johnson, 23, and his girlfriend, Abrienne, 19, just recently began receiving the food assistance. The two have two toddlers.

"It is really so hard out there," Johnson said. "I can't get a job. I would do anything to take care of my family."

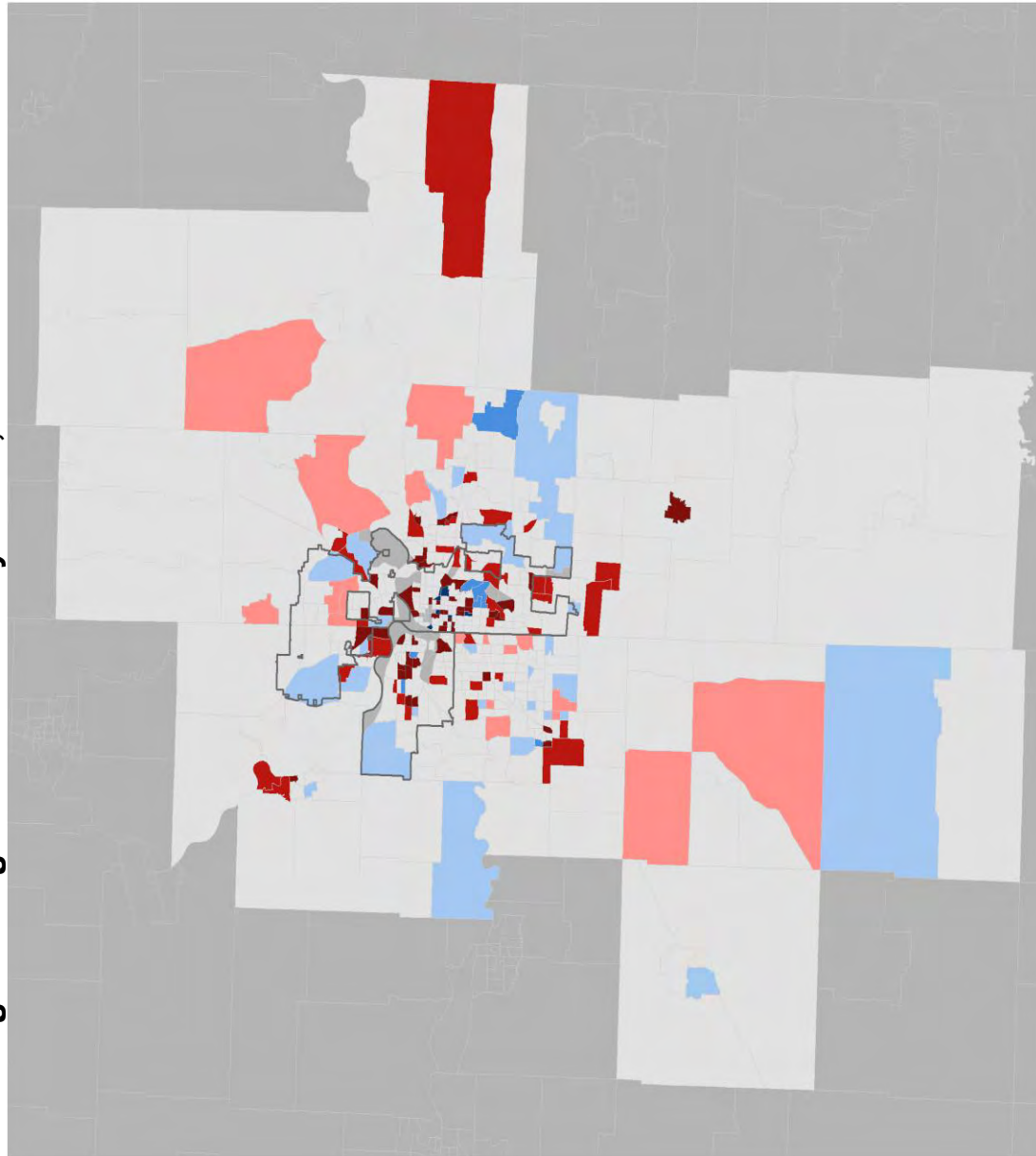
They live in government subsidized housing in Kansas City, Kan., that is dubbed "The Hill."

"Everyone on The Hill is in the same situation," Johnson said. "No jobs and no money. And everyone is struggling trying to get out of these hard times."

The Re-Emergence of Concentrated Poverty in the 2000s

Kansas City, MO-KS Metropolitan Area

II. Change in Neighborhood Poverty Rates, 2000 to 2005-09



	Total Metro	City(ies) Only	Suburbs Only
Change in Concentrated Poverty Rate	6.8% *	12.5% *	1.5% *
Rank	19	22	41

Change in Number of Extreme-Poverty Tracts

	18	17	1
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Change in People in Extreme-Poverty Tracts

	35,490 *	32,158 *	3,332 *
	16,758 *	15,213 *	1,545 *

Change in Tract Poverty Rate, 2000 to 2005-09:

- 10% and Above
 - 5 to 10%
 - 0 to 5%
 - No Significant Change
 - -5 to 0%
 - -10 to -5%
 - -10 and Below
- Primary City ● Data Excluded

Concentrated Poverty Rate: The share of the poor population in extreme-poverty tracts

Extreme-Poverty Tracts: Census tracts with poverty rates of 40% and over

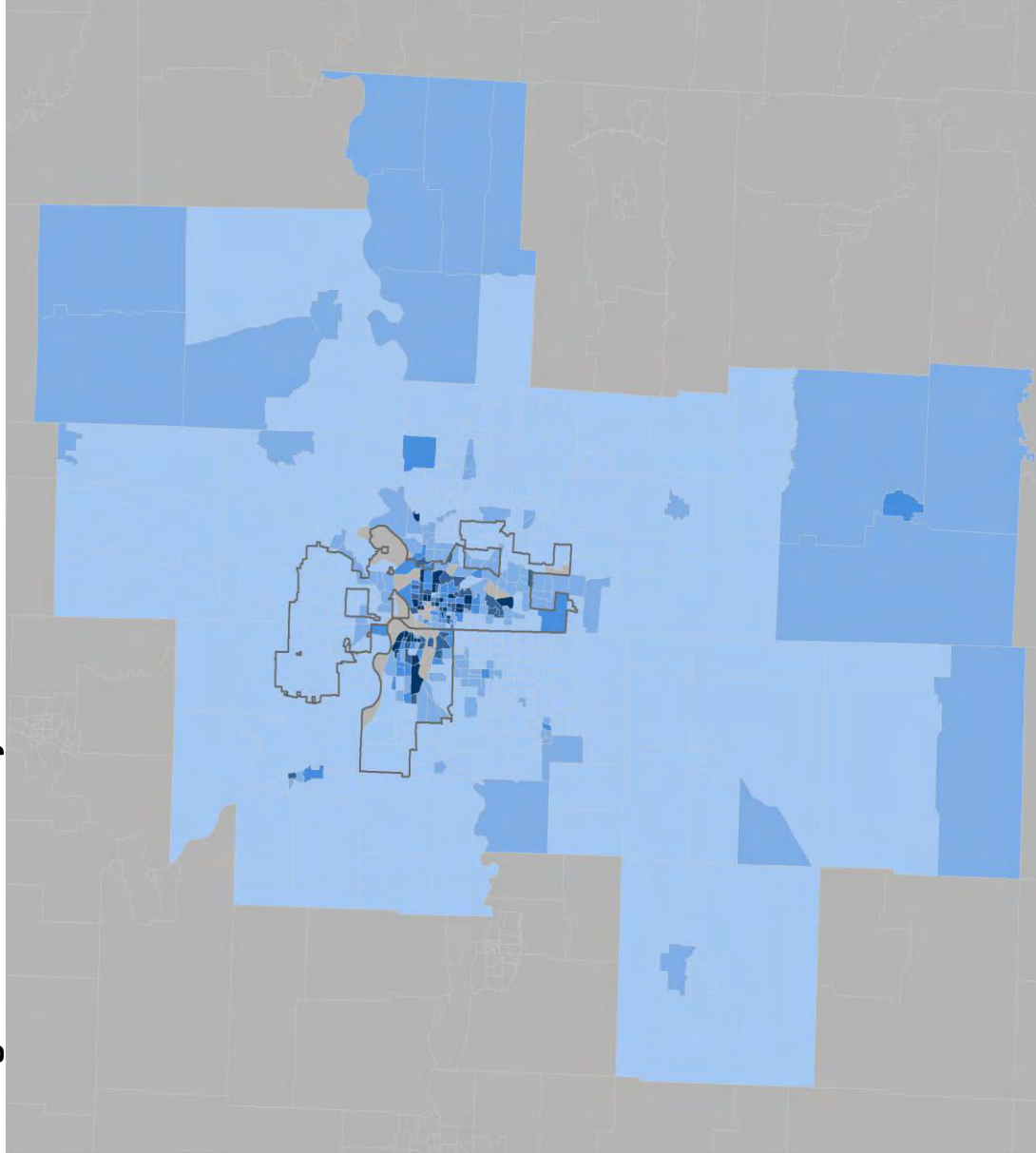
* Change is significant at the 90% confidence level

Source: Brookings Institution analysis of Census 2000 and 2005-09 American Community Survey five-year estimates

The Re-Emergence of Concentrated Poverty in the 2000s

Kansas City, MO-KS Metropolitan Area

I. Neighborhood Poverty Rates in 2005-09



	Total Metro	City(ies) Only	Suburbs Only
Concentrated Poverty Rate	11.3%	20.5%	1.5%
Rank (of 100)	38	44	61
Number of Extreme-Poverty Tracts	29	28	1
People in Extreme-Poverty Tracts	52,030	48,698	3,332
Poor People in Extreme-Poverty Tracts	23,677	22,132	1,545

Tract Poverty Rate, 2005-09:

- Under 10%
- 10 to 20%
- 20 to 30%
- 30 to 40%
- 40% and Over
- Primary City
- Data Excluded

Concentrated Poverty Rate: The share of the poor population in extreme-poverty tracts

Extreme-Poverty Tracts: Census tracts with poverty rates of 40% and over

Source: Brookings Institution analysis of 2005-09 American Community Survey five-year estimates

Poverty: 2009 and 2010

Issued October 2011

American Community Survey Briefs

ACSBR/10-01

INTRODUCTION

Poverty estimates represent an important indicator of economic well being. This report, using income and household relationship data from the 1-year 2009 and 2010 American Community Surveys (ACS), compares poverty rates for the nation, states, and large metropolitan statistical areas. The report also summarizes the distributions of income-to-poverty ratios for states and the District of Columbia.

HIGHLIGHTS

- Nationally, the poverty rate increased from 14.3 percent in the 2009 ACS to 15.3 percent in the 2010 ACS. The number of people in poverty increased from 42.9 million to 46.2 million during the same time period.
- Thirty-two states experienced an increase in the number and percentage of people in poverty between 2009 and 2010. For 20 states, this was the second consecutive annual increase.¹
- No state had a statistically significant decline in either the number of people in poverty or the poverty rate between 2009 and 2010.
- The percent of people with income below 125 percent of their poverty threshold increased from 18.9 percent in 2009 to 20.1 percent in 2010. During the same time period, the percentage of people with income below 50 percent of

their poverty threshold increased from 6.3 percent to 6.8 percent.

- The poverty rate among large metropolitan areas varies from a low of 8.4 percent to 33.4 percent in the 2010 ACS.

The estimates contained in this report are based on the 2009 and 2010 ACS. The ACS is conducted every month with income data collected for the 12 months preceding the interview. Since the survey is continuous, adjacent ACS years have income reference months in common. Therefore comparing the 2009 ACS with the 2010 ACS is not an exact comparison of the economic conditions in 2009 with those in 2010, and comparisons should be interpreted with care.² For more information on the ACS sample design and other topics visit <www.census.gov/acs/www>.

Poverty

According to 2010 ACS, 46.2 million people or about 15.3 percent of the U.S. population had income below their respective poverty threshold during the year. Compared with the 2009 ACS estimates, the number of people in poverty increased by 3.3 million and the poverty rate increased by 1.0 percentage point.³

² For a discussion of this and related issues see Hogan, Howard, "Measuring Population Change Using the American Community Survey," Applied Demography in the 21st Century, eds. Steven H. Murdock and David A. Swanson. Springer Netherlands, 2008.

³ The poverty universe is a subset of the total population covered by the ACS. Specifically, the universe excludes children younger than age 15 who are not related to the householder, people living in institutional group quarters, and those living in college dormitories or military barracks.

¹ Bishaw and Macartney, *Poverty: 2008 and 2009*, American Community Survey, U.S. Census Bureau, September 2010.

By
Alemayehu Bishaw

Table 1.

Number and Percentage of People in Poverty in the Past 12 Months by State and Puerto Rico: 2009 and 2010

(For information on confidentiality protection, sampling error, nonsampling error, and definitions, see www.census.gov/acs/www/Downloads/data_documentation/Accuracy/ACS_Accuracy_of_Data_2010.pdf)

Area	Below poverty in 2009				Below poverty in 2010				Change in poverty (2010 less 2009)			
	Number ¹	Margin of error ² (+/-)	Percentage ¹	Margin of error ² (+/-)	Number ¹	Margin of error ² (+/-)	Percentage ¹	Margin of error ² (+/-)	Number ¹	Margin of error ² (+/-)	Percentage ¹	Margin of error ² (+/-)
United States	42,868,163	236,589	14.3	0.1	46,215,956	240,306	15.3	0.1	*3,347,793	337,226	*1.0	0.1
Alabama	804,683	22,895	17.5	0.5	888,290	22,673	19.0	0.5	*83,607	32,222	*1.5	0.7
Alaska	61,653	5,417	9.0	0.8	69,279	6,120	9.9	0.9	7,626	8,173	0.9	1.2
Arizona	1,069,897	28,715	16.5	0.4	1,094,249	33,633	17.4	0.5	24,352	44,223	*0.9	0.7
Arkansas	527,378	17,322	18.8	0.6	534,898	16,599	18.8	0.6	7,520	23,991	0.0	0.9
California	5,128,708	60,936	14.2	0.2	5,783,043	74,336	15.8	0.2	*654,335	96,120	*1.6	0.3
Colorado	634,387	21,625	12.9	0.4	659,786	23,009	13.4	0.5	25,399	31,576	0.5	0.6
Connecticut	320,554	16,151	9.4	0.5	350,145	15,842	10.1	0.5	*29,591	22,624	*0.7	0.7
Delaware	93,251	9,829	10.8	1.1	103,427	8,098	11.8	0.9	10,176	12,736	1.0	1.5
District of Columbia	104,901	9,224	18.4	1.6	109,423	7,577	19.2	1.3	4,522	11,937	0.8	2.1
Florida	2,707,925	39,754	14.9	0.2	3,047,343	41,603	16.5	0.2	*339,418	57,543	*1.6	0.3
Georgia	1,574,649	36,922	16.5	0.4	1,688,932	36,955	17.9	0.4	*114,283	52,239	*1.4	0.6
Hawaii	131,007	9,277	10.4	0.7	142,185	9,627	10.7	0.7	11,178	13,370	0.4	1.0
Idaho	216,115	12,490	14.3	0.8	242,272	10,788	15.7	0.7	*26,157	16,503	*1.4	1.1
Illinois	1,677,093	37,391	13.3	0.3	1,731,711	31,915	13.8	0.3	*54,618	49,159	*0.5	0.4
Indiana	896,972	23,765	14.4	0.4	962,775	25,003	15.3	0.4	*65,803	34,495	*0.9	0.6
Iowa	342,934	13,024	11.8	0.4	370,507	13,924	12.6	0.5	*27,573	19,066	*0.8	0.7
Kansas	365,033	15,162	13.4	0.6	377,530	15,414	13.6	0.6	12,497	21,621	0.2	0.8
Kentucky	777,295	21,970	18.6	0.5	800,226	20,902	19.0	0.5	22,931	30,325	0.4	0.7
Louisiana	755,460	23,513	17.3	0.5	825,144	21,101	18.7	0.5	*69,684	31,593	*1.4	0.7
Maine	157,685	8,398	12.3	0.7	167,242	7,702	12.9	0.6	9,557	11,395	0.6	0.9
Maryland	505,286	18,824	9.1	0.3	557,140	21,050	9.9	0.4	*51,854	28,240	*0.8	0.5
Massachusetts	654,983	20,720	10.3	0.3	725,143	21,471	11.4	0.3	*70,160	29,839	*1.2	0.5
Michigan	1,576,704	30,948	16.2	0.3	1,618,257	30,260	16.8	0.3	41,553	43,283	*0.6	0.4
Minnesota	563,006	17,470	11.0	0.3	599,516	15,022	11.6	0.3	*36,510	23,041	*0.6	0.4
Mississippi	624,360	17,712	21.9	0.6	643,883	22,452	22.4	0.8	19,523	28,597	0.5	1.0
Missouri	849,009	24,710	14.6	0.4	888,570	21,761	15.3	0.4	*39,561	32,926	*0.7	0.6
Montana	143,028	9,517	15.1	1.0	140,969	9,640	14.6	1.0	-2,059	13,546	-0.5	1.4
Nebraska	214,765	9,539	12.3	0.6	229,923	11,823	12.9	0.7	15,158	15,191	0.6	0.9
Nevada	321,940	18,092	12.4	0.7	398,027	20,092	14.9	0.8	*76,087	27,038	*2.6	1.0
New Hampshire	109,213	8,221	8.5	0.6	105,786	8,064	8.3	0.6	-3,427	11,516	-0.2	0.9
New Jersey	799,099	26,131	9.4	0.3	884,789	24,939	10.3	0.3	*85,690	36,122	*0.9	0.4
New Mexico	353,594	19,626	18.0	1.0	413,851	19,768	20.4	1.0	*60,257	27,856	*2.5	1.4
New York	2,691,757	43,874	14.2	0.2	2,821,470	46,759	14.9	0.2	*129,713	64,120	*0.8	0.3
North Carolina	1,478,214	29,213	16.3	0.3	1,627,602	29,606	17.5	0.3	*149,388	41,592	*1.2	0.5
North Dakota	72,342	4,796	11.7	0.8	84,895	5,668	13.0	0.9	*12,553	7,425	*1.4	1.2
Ohio	1,709,971	33,382	15.2	0.3	1,779,032	32,237	15.8	0.3	*69,061	46,407	*0.6	0.4
Oklahoma	577,956	18,136	16.2	0.5	616,610	15,751	16.9	0.4	*38,654	24,021	*0.7	0.7
Oregon	534,594	17,909	14.3	0.5	596,408	17,283	15.8	0.5	*61,814	24,888	*1.6	0.7
Pennsylvania	1,516,705	25,949	12.5	0.2	1,648,184	29,243	13.4	0.2	*131,479	39,096	*0.9	0.3
Rhode Island	116,378	8,258	11.5	0.8	142,188	9,018	14.0	0.9	*25,810	12,228	*2.6	1.2
South Carolina	753,739	21,608	17.1	0.5	815,755	22,461	18.2	0.5	*62,016	31,167	*1.1	0.7
South Dakota	111,305	8,178	14.2	1.0	113,760	7,599	14.4	1.0	2,455	11,163	0.2	1.4
Tennessee	1,052,144	23,735	17.1	0.4	1,095,466	29,085	17.7	0.5	*43,322	37,541	0.6	0.6
Texas	4,150,242	58,989	17.2	0.2	4,414,481	53,320	17.9	0.2	*264,239	79,515	*0.7	0.3
Utah	316,217	14,867	11.5	0.5	359,242	14,693	13.2	0.5	*43,025	20,902	*1.6	0.8
Vermont	68,246	5,148	11.4	0.9	76,352	5,250	12.7	0.9	*8,106	7,352	*1.3	1.2
Virginia	802,578	26,888	10.5	0.4	861,969	22,046	11.1	0.3	*59,391	34,770	*0.6	0.5
Washington	804,237	23,667	12.3	0.4	888,718	27,270	13.4	0.4	*84,481	36,108	*1.1	0.5
West Virginia	313,419	11,866	17.7	0.7	326,507	13,020	18.1	0.7	13,088	17,615	0.4	1.0
Wisconsin	683,408	19,384	12.4	0.4	731,479	17,834	13.2	0.3	*48,071	26,340	*0.8	0.5
Wyoming	52,144	5,517	9.8	1.0	61,577	6,480	11.2	1.2	*9,433	8,510	1.3	1.6
Puerto Rico	1,764,635	24,829	45.0	0.6	1,659,792	21,557	45.0	0.6	*-104,843	32,881	0.1	0.9

* Statistically different from zero at the 90 percent confidence level.

¹Poverty status is determined for individuals in housing units and noninstitutional group quarters. The poverty universe excludes children under age 15 who are not related to the householder, people living in institutional group quarters, and people living in college dormitories or military barracks.

²Data are based on a sample and are subject to sampling variability. A margin of error is a measure of an estimate's variability. The larger the margin of error in relation to the size of the estimate, the less reliable the estimate. This number when added to or subtracted from the estimate forms the 90 percent confidence interval.

Note: Details may not sum to totals because of rounding.

Sources: U.S. Census Bureau, 2009 and 2010 American Community Surveys, 2009 and 2010 Puerto Rico Community Surveys.

Figure 1.
Percentage of People in Poverty in the Past 12 Months by State and Puerto Rico: 2010

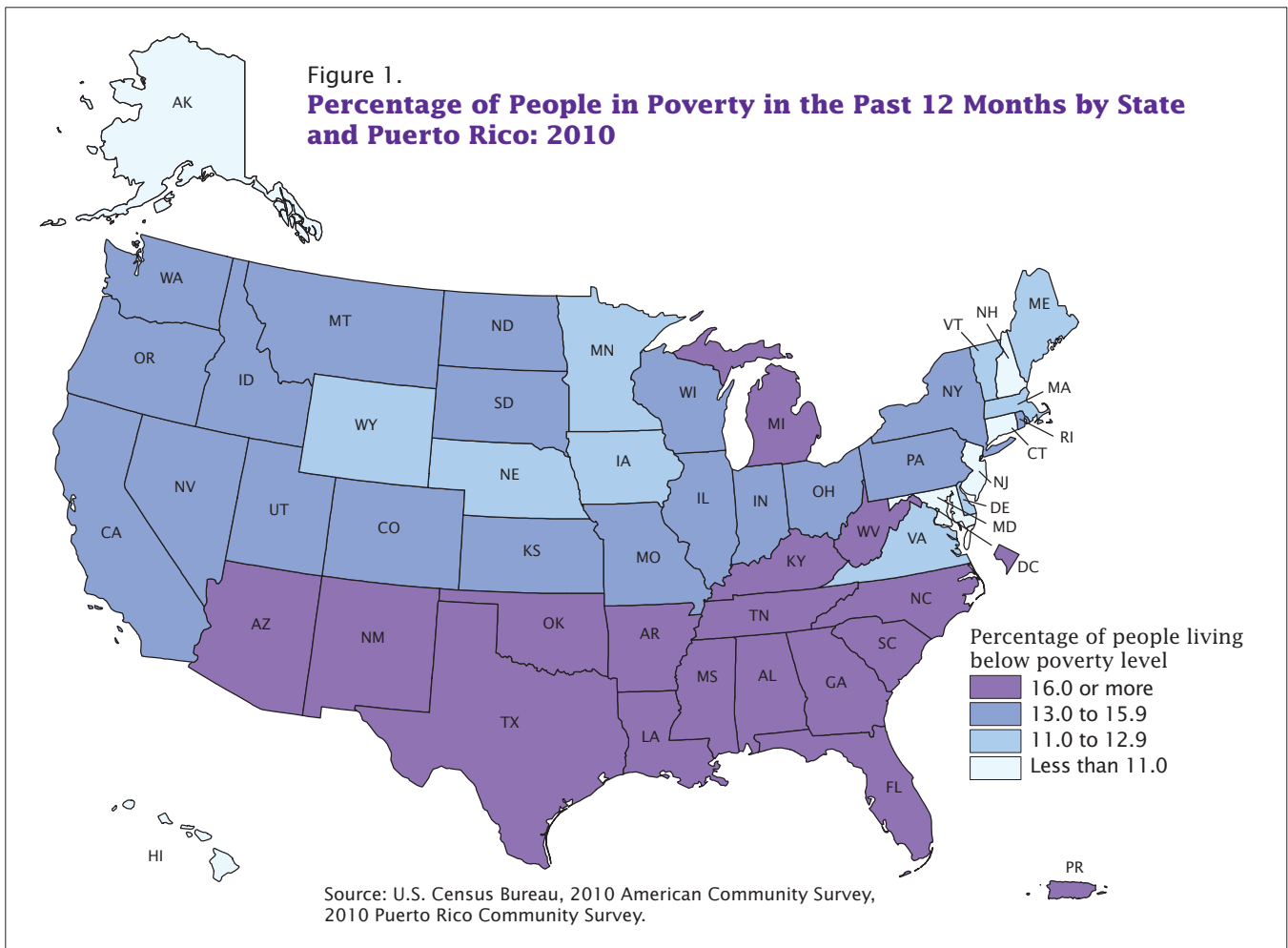


Table 1 shows the estimated number and percentage of people in poverty by state in 2009 and 2010. This table also indicates the changes in the number and percentage of people in poverty by taking the difference between the 2009 and 2010 ACS estimates.

Poverty rates for the 50 states and the District of Columbia ranged from a low of 8.3 percent in New Hampshire to a high of 22.4 percent in Mississippi, according to the 2010 ACS. Poverty rates for Alaska (9.9 percent), Maryland (9.9 percent), Connecticut (10.1 percent), and New Jersey (10.3 percent) were among the lowest in the nation (Table 1).⁴ Poverty

⁴ Poverty rates for Alaska, Connecticut, Maryland, and New Jersey were not statistically different from each other.

How Poverty Is Measured

Poverty status is determined by comparing annual income to a set of dollar values called poverty thresholds that vary by family size, number of children, and age of householder. If a family's before tax money income is less than the dollar value of their threshold, then that family and every individual in it are considered to be in poverty. For people not living in families, poverty status is determined by comparing the individual's income to his or her poverty threshold.

The poverty thresholds are updated annually to allow for changes in the cost of living using the Consumer Price Index (CPI-U). They do not vary geographically. The ACS is a continuous survey and people respond throughout the year. Since income is reported for the previous 12 months, the appropriate poverty threshold for each family is determined by multiplying the base-year poverty threshold (1982) by the average of monthly CPI values for the 12 months preceding the survey month.

For more information see "How Poverty Is Calculated in the ACS" at www.census.gov/hhes/www/poverty/methods/definitions.html.

rates for Mississippi (22.4 percent) and New Mexico (20.4 percent) were higher than all other states.⁵

Only New Hampshire had an estimated poverty rate significantly lower than 10 percent in 2010, while five states had single-digit poverty rates in 2009—Alaska, Connecticut, Maryland, New Hampshire, and New Jersey. The number of states with poverty rates above 17 percent increased from 5 in 2009 to 12 states plus the District of Columbia in 2010.⁶

The poverty rate for Puerto Rico in 2010 was 45.0 percent, showing no change from the 2009 rate.

Between 2009 and 2010 ACS, 32 states experienced increases in both the number and percentages of people in poverty. For 20 states, this was the second year in a row with an increase. During the same time period, none of the states had a statistically significant decline in either the number of people in poverty or the poverty rate.

For 14 states and the District of Columbia the changes in the number of people in poverty and the poverty rates were not statistically significant.⁷

⁵ The 2010 ACS poverty rate for New Mexico was not statistically different from the 2010 poverty rate of the District of Columbia.

⁶ The 5 states with poverty rates greater than 17 percent in 2009 were Alabama (17.5 percent), Arkansas (18.8 percent), Kentucky (18.6 percent), Mississippi (21.9 percent), and West Virginia (17.7 percent), and in 2010 there were 12 states—Alabama (19.0 percent), Arkansas (18.8 percent), Georgia (17.9 percent), Kentucky (19.0 percent), Louisiana (18.7 percent), Mississippi (22.4 percent), New Mexico (20.4 percent), North Carolina (17.5 percent), South Carolina (18.2 percent), Tennessee (17.7 percent), Texas (17.9 percent), and West Virginia (18.1 percent), and the District of Columbia (19.2 percent) with poverty rates greater than 17 percent.

⁷ States with no significant change in the number of people in poverty and poverty rate includes Alaska, Arkansas, Colorado, Delaware, District of Columbia, Hawaii, Kansas, Kentucky, Maine, Mississippi, Montana, Nebraska, New Hampshire, South Dakota, and West Virginia.

Figure 1 (map) displays the range of poverty rates across the 50 states, the District of Columbia, and Puerto Rico using the 2010 ACS and Puerto Rico Community Survey. This map shows that poverty rates are higher in the states in the Southern region, while most of the states in the Northeast region had lower poverty rates.

Depth of Poverty

The poverty rate is an estimate of the proportion of people with family or personal income below their poverty threshold. The income-to-poverty ratio gauges how close a family's income is to their poverty threshold, measuring the depth of poverty for those with income below their threshold and the proximity to poverty for those with income above their threshold.

In this report the income-to-poverty ratio is reported as a percentage. To illustrate this concept, an income-to-poverty ratio of 200 percent indicates a family or individual with income equal to twice their poverty threshold, while an income-to-poverty ratio of 50 percent identifies a family or individual with income equal to one-half of their poverty threshold. Families and individuals who are identified as having income below the poverty level have an income-to-poverty ratio of less than 100 percent.

About 20.1 percent of people in the 2010 ACS had an income-to-poverty ratio less than 125 percent, compared with 18.9 percent in the 2009 ACS. Similarly, the percentage of people with an income-to-poverty ratio less than 50 percent increased from 6.3 percent in the 2009 ACS to 6.8 percent in the 2010 ACS.

At the state level, the share of the population with an

income-to-poverty ratio less than 125 percent ranged from a low of 11.2 percent in New Hampshire to a high of 28.9 percent in Mississippi in the 2010 ACS. New Hampshire (11.2 percent), Maryland (12.8 percent), and Connecticut (13.1 percent) had the lowest percentages of people with an income-to-poverty ratio less than 125 percent.⁸ Mississippi (28.9 percent) and New Mexico (26.4 percent) had the largest proportions of people with an income-to-poverty ratio less than 125 percent.

The proportion of people with an income-to-poverty ratio less than 50 percent ranged from a low of 3.8 percent in New Hampshire to a high of 10.7 percent in the District of Columbia.⁹

Poverty in Metropolitan Areas

This brief analyzes poverty rates for large metropolitan areas with populations of 500,000 or more in 2010. More than 80 percent of the U.S. population resides in one of the 366 metropolitan areas and about two-thirds of the total U.S. population lives in the largest areas. Table 2 shows the 10 large metropolitan areas with the lowest poverty rates and the 10 large metropolitan areas with the highest poverty rates.¹⁰

The poverty rates among these metropolitan areas varied widely,

⁸ The proportion of people with an income-to-poverty ratio less than 125 percent for Maryland and Connecticut are not statistically different from each other, while the proportions of people with an income-to-poverty ratio less than 125 percent for Connecticut, New Jersey, Hawaii, and Alaska are not statistically different from each other.

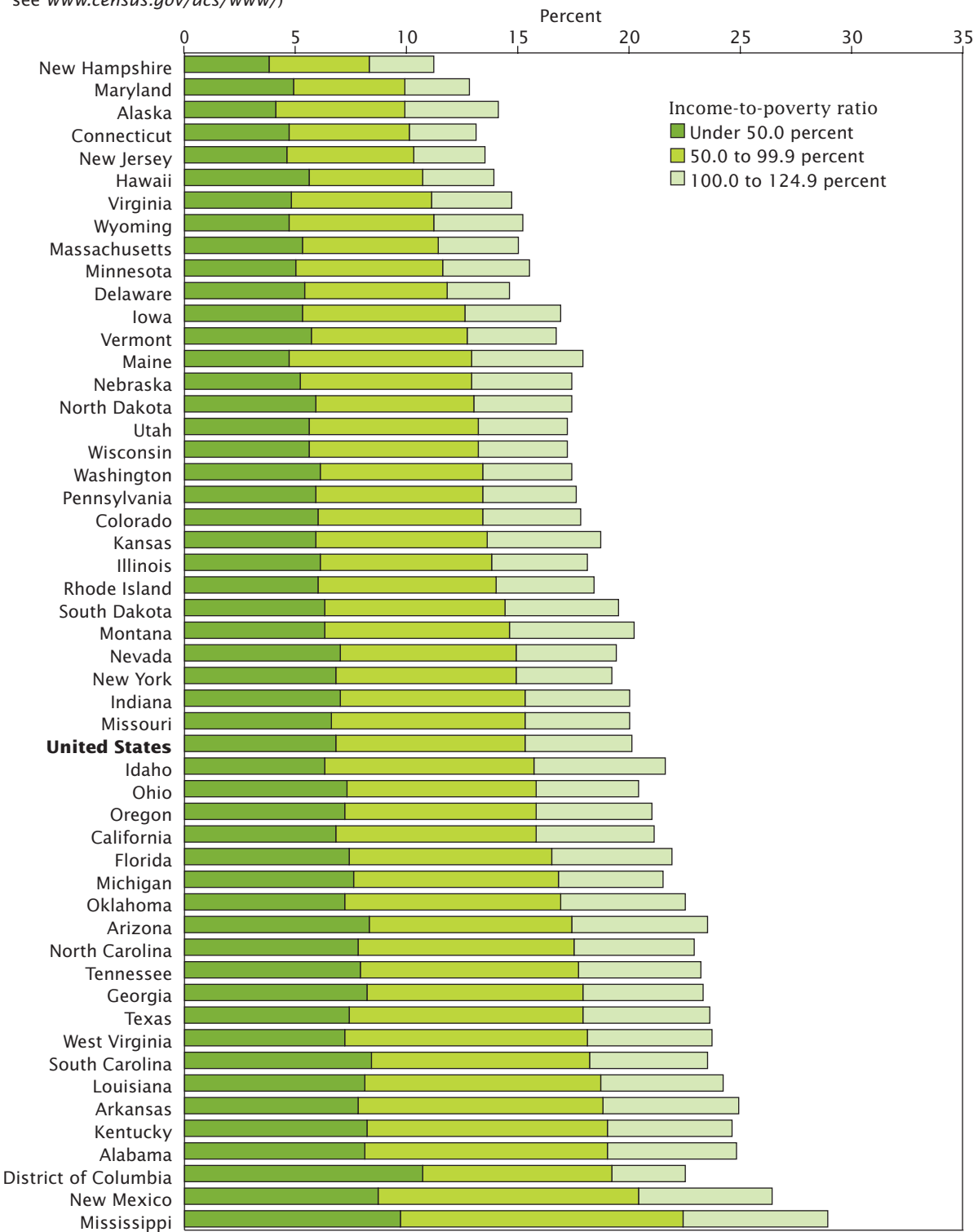
⁹ The proportion of people with an income-to-poverty ratio less than 50 percent for Alaska was not statistically different from New Hampshire, while the proportion of people with an income-to-poverty ratio less than 50 percent for Mississippi was not statistically different from the proportion for the District of Columbia.

¹⁰ In this table, poverty rates for the metropolitan areas may not be statistically different from each other or from areas that are not shown in the table.

Figure 2.

Percentage of People by Income-to-Poverty Ratio in the Past 12 Months by State: 2010

(Data based on sample. For information on confidentiality protection, sampling error, nonsampling error, and definitions, see www.census.gov/acs/www/)



Note: Details may not sum to totals because of rounding.
 Source: U.S. Census Bureau, 2010 American Community Survey.

Table 2.

Percentage of People in Poverty in the Past 12 Months for Large Metropolitan Areas With Lowest and Highest Poverty Rate: 2010

Metropolitan area	Ten of the lowest rates		Metropolitan area	Ten of the highest rates	
	Estimate ¹	Margin of error ² (+/-)		Estimate ¹	Margin of error ² (+/-)
Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area	8.4	0.4	McAllen-Edinburg-Mission, TX Metro Area	33.4	2.2
Honolulu, HI Metro Area	9.1	0.9	Fresno, CA Metro Area	26.8	1.4
Poughkeepsie-Newburgh-Middletown, NY Metro Area	9.4	1.1	El Paso, TX Metro Area	24.3	1.7
Bridgeport-Stamford-Norwalk, CT Metro Area	9.4	0.9	Bakersfield-Delano, CA Metro Area	21.2	1.4
Des Moines-West Des Moines, IA Metro Area	9.9	1.1	Augusta-Richmond County, GA-SC Metro Area	19.9	1.7
Hartford-West Hartford-East Hartford, CT Metro Area	10.1	0.8	Modesto, CA Metro Area	19.9	1.7
Ogden-Clearfield, UT Metro Area	10.2	1.2	Stockton, CA Metro Area	19.2	1.7
Portland-South Portland-Biddeford, ME Metro Area	10.3	1.3	Memphis, TN-MS-AR Metro Area	19.1	1.0
Boston-Cambridge-Quincy, MA-NH Metro Area	10.3	0.4	Durham-Chapel Hill, NC Metro Area	18.9	1.8
Lancaster, PA Metro Area	10.5	1.3	Greensboro-High Point, NC Metro Area	18.1	1.3

¹ Poverty status is determined for individuals in housing units and noninstitutional group quarters. The poverty universe excludes children under age 15 who are not related to the householder, people living in institutional group quarters, and people living in college dormitories or military barracks.

² Data are based on a sample and are subject to sampling variability. A margin of error is a measure of an estimate's variability. The larger the margin of error in relation to the size of the estimate, the less reliable the estimate. This number when added to and subtracted from the estimate forms the 90 percent confidence interval.

Note: Because of sampling variability, some of the estimates in this table may not be statistically different from one another or from estimates for other geographic areas not listed in the table.

Source: U.S. Census Bureau, 2010 American Community Survey.

according to 2010 ACS. They ranged from 8.4 percent in the Washington-Arlington-Alexandria, DC-VA-MD-WV metro area to 33.4 percent in McAllen-Edinburg-Mission, TX. Honolulu, HI (9.1 percent), Poughkeepsie-Newburgh-Middletown, NY (9.4 percent), and Bridgeport-Stamford-Norwalk, CT (9.4 percent), were among the metropolitan areas with the lowest poverty rates in the nation.¹¹

McAllen-Edinburg-Mission in Texas had the highest poverty rate (33.4 percent) of all large metropolitan areas, followed by Fresno in California with 26.8 percent and El Paso in Texas with 24.3 percent.

SOURCE AND ACCURACY

Data presented in this report are based on people and households

¹¹ Poverty rates for the Washington-Arlington-Alexandria, DC-VA-MD-WV, Honolulu, HI, and Poughkeepsie-Newburgh-Middletown, NY, metro areas were not statistically different from each other. Poverty rates for Honolulu, HI, Poughkeepsie-Newburgh-Middletown, NY, and Bridgeport-Stamford-Norwalk, CT, metro areas were not statistically different from each other.

that responded to the ACS in 2009 and 2010. The resulting estimates are representative of the entire population. All comparisons presented in this report have taken sampling error into account and are significant at the 90 percent confidence level unless otherwise noted. Due to rounding, some details may not sum to totals. For information

on sampling and estimation methods, confidentiality protection, and sampling and nonsampling errors, please see the 2010 ACS Accuracy of the Data document located at <www.census.gov/acs/www/Downloads/data_documentation/Accuracy/ACS_Accuracy_of_Data_2010.pdf>.

WHAT IS THE AMERICAN COMMUNITY SURVEY?

The American Community Survey (ACS) is a nationwide survey designed to provide communities with reliable and timely demographic, social, economic, and housing data for the nation, states, congressional districts, counties, places, and other localities every year. It has an annual sample size of about 3 million addresses across the United States and Puerto Rico and includes both housing units and group quarters (e.g., nursing facilities and prisons). The ACS is conducted in every county throughout the nation, and every municipio in Puerto Rico, where it is called the Puerto Rico Community Survey. Beginning in 2006, ACS data for 2005 were released for geographic areas with populations of 65,000 and greater. For information on the ACS sample design and other topics, visit <www.census.gov/acs/www>.

Notes

The Census Bureau also publishes poverty estimates based on the Current Population Survey's Annual Social and Economic Supplement (CPS ASEC). Following the standard specified by the Office of Management and Budget (OMB) in Statistical Policy Directive 14, data from the CPS ASEC are used to

estimate the official national poverty rate, which can be found in the report *Income, Poverty, and Health Insurance Coverage in the United States: 2010*, available at www.census.gov/prod/2011pubs/p60-239.pdf.

For information on poverty estimates from the ACS and how they differ from those based on the CPS

ASEC, see "Differences Between the Income and Poverty Estimates From the American Community Survey and the Annual Social and Economic Supplement to the Current Population Survey" at www.census.gov/hhes/www/poverty/about/datasources/index.html.

Trends in the Distribution of Household Income Between 1979 and 2007

From 1979 to 2007, real (inflation-adjusted) average household income, measured after government transfers and federal taxes, grew by 62 percent. During that period, the evolution of the nation's economy and the tax and spending policies of the federal government and state and local governments had varying effects on households at different points in the income distribution: Income after transfers and federal taxes (denoted as after-tax income in the study) for households at the higher end of the income scale rose much more rapidly than income for households in the middle and at the lower end of the income scale.¹ In particular:

- For the 1 percent of the population with the highest income, average real after-tax household income grew by 275 percent between 1979 and 2007 (see Summary Figure 1).
- For others in the 20 percent of the population with the highest income (those in the 81st through 99th percentiles), average real after-tax household income grew by 65 percent over that period, much faster than it did for the remaining 80 percent of the population, but not nearly as fast as for the top 1 percent.
- For the 60 percent of the population in the middle of the income scale (the 21st through 80th percentiles),

the growth in average real after-tax household income was just under 40 percent.

- For the 20 percent of the population with the lowest income, average real after-tax household income was about 18 percent higher in 2007 than it had been in 1979.

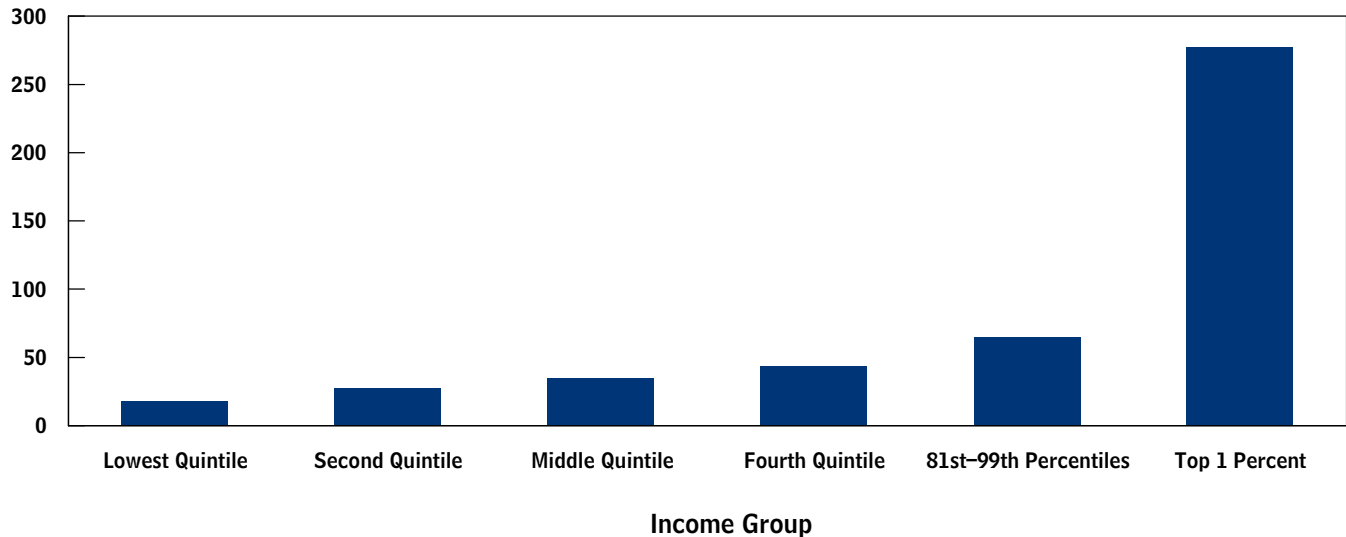
As a result of that uneven income growth, the distribution of after-tax household income in the United States was substantially more unequal in 2007 than in 1979: The share of income accruing to higher-income households increased, whereas the share accruing to other households declined. In fact, between 2005 and 2007, the after-tax income received by the 20 percent of the population with the highest income exceeded the after-tax income of the remaining 80 percent.

To assess trends in the distribution of household income, the Congressional Budget Office (CBO) examined the span from 1979 to 2007 because those endpoints allow comparisons between periods of similar overall economic activity (they were both years before recessions). The growth in average income for different groups over the 1979–2007 period reflects a comparison of average income for those groups at different points in time; it does not reflect the experience of particular households. Individual households may have moved up or down the income scale if their income rose or fell more than the average for their initial group. Thus, the population with income in the lowest 20 percent in 2007 was not necessarily the same as the population in that category in 1979.

1. For information on income definitions, the ranking of households, the allocation of taxes, and the construction of inequality indexes, see “Notes and Definitions” at the beginning of the study. All measures of household income are adjusted to account for differences in household size. Appendix A provides a more detailed discussion of the methodology.

Summary Figure 1.**Growth in Real After-Tax Income from 1979 to 2007**

(Percent)



Source: Congressional Budget Office.

Note: For information on income definitions, the ranking of households, the allocation of taxes, and the construction of inequality indexes, see "Notes and Definitions" at the beginning of the study.

Increased Concentration of Market Income

The major reason for the growing unevenness in the distribution of after-tax income was an increase in the concentration of market income (income measured before government transfers and taxes) in favor of higher-income households; that is, such households' share of market income was greater in 2007 than in 1979. Specifically, over that period, the highest income quintile's share of market income increased from 50 percent to 60 percent (see Summary Figure 2). The share of market income for every other quintile declined. (Each quintile contains one-fifth of the population, ranked by adjusted household income.) In fact, the distribution of market income became more unequal almost continuously between 1979 and 2007 except during the recessions in 1990-1991 and 2001.

Two factors accounted for the changing distribution of market income. One was an increase in the concentration of each source of market income, which consists of labor income (such as cash wages and salaries and employer-paid health insurance premiums), business income, capital gains, capital income, and other income. All of

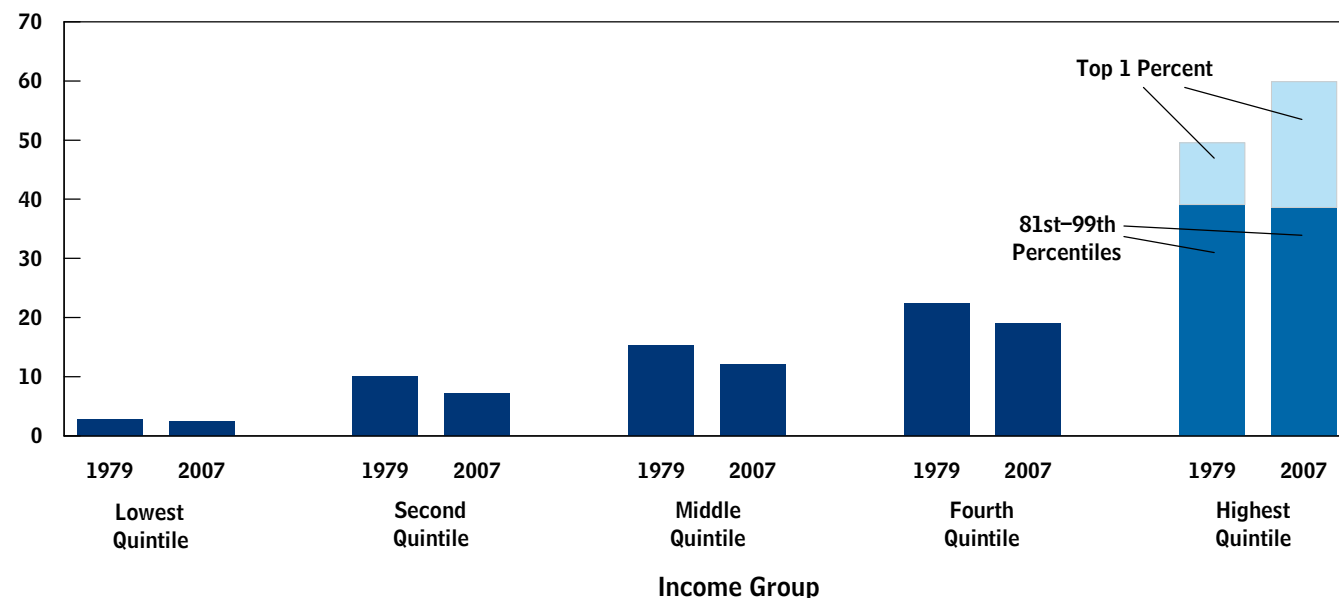
those sources of market income were less evenly distributed in 2007 than they were in 1979.

The other factor leading to an increased concentration of market income was a shift in the composition of that income. Labor income has been more evenly distributed than capital and business income, and both capital income and business income have been more evenly distributed than capital gains. Between 1979 and 2007, the share of income coming from capital gains and business income increased, while the share coming from labor income and capital income decreased.

Those two factors were responsible in varying degrees for the increase in income concentration over different portions of the 1979-2007 period. In the early years of the period, market income concentration increased almost exclusively as a result of an increasing concentration of separate income sources. The increased concentration of labor income alone accounted for more than 90 percent of the increase in the concentration of market income in those years. In the middle years of the period, an increase in the concentration within each income source accounted for about one-half of the overall increase in

Summary Figure 2.**Shares of Market Income, 1979 and 2007**

(Percent)



Source: Congressional Budget Office.

Note: For information on income definitions, the ranking of households, the allocation of taxes, and the construction of inequality indexes, see "Notes and Definitions" at the beginning of the study.

market income concentration; a shift to more-concentrated sources explains the other half. In the later years, an increase in the share of total income from more highly concentrated sources, in this case capital gains, accounted for about four-fifths of the total increase in concentration. Over the 1979–2007 period as a whole, an increasing concentration of each source of market income was the more significant factor, accounting for four-fifths of the increase in market income concentration.

Income at the Very Top of the Distribution

The rapid growth in average real household market income for the 1 percent of the population with the highest income was a major factor contributing to the growing inequality in the distribution of household income between 1979 and 2007. Average real household market income for the highest income group nearly tripled over that period, whereas market income increased by about 19 percent for a household at the midpoint of the income distribution. As a result of that uneven growth, the share of total market income received by the

top 1 percent of the population more than doubled between 1979 and 2007, growing from about 10 percent to more than 20 percent. Without that growth at the top of the distribution, income inequality still would have increased, but not by nearly as much. The precise reasons for the rapid growth in income at the top are not well understood, though researchers have offered several potential rationales, including technical innovations that have changed the labor market for superstars (such as actors, athletes, and musicians), changes in the governance and structure of executive compensation, increases in firms' size and complexity, and the increasing scale of financial-sector activities.

The composition of income for the 1 percent of the population with the highest income changed significantly from 1979 to 2007, as the shares from labor and business income increased and the share of income represented by capital income decreased. That pattern is consistent with a longer-term trend: Over the entire 20th century, labor income has become a larger share of income for high-income taxpayers, while capital income has declined as a share of their income.

The Role of Government Transfers and Federal Taxes

Although an increasing concentration of market income was the primary force behind growing inequality in the distribution of after-tax household income, shifts in government transfers (cash payments to individuals and estimates of the value of in-kind benefits) and federal taxes also contributed to that increase in inequality.² CBO estimates that the dispersion of market income grew by about one-quarter between 1979 and 2007, while the dispersion of after-tax income grew by about one-third.³

The study assesses the effects of transfers and taxes on the distribution of household income by examining the differences in the dispersion of income for three types of income:

- Market income (before-transfer, before-tax income),
- Market income plus government transfers (after-transfer, before-tax income), and
- Market income plus government transfers minus federal taxes (after-transfer, after-federal-tax income)—called after-tax income in the study.

A proportional transfer and tax system would leave the dispersion of after-tax income equal to the dispersion of market income. Transfers that are a decreasing percentage of market income as income rises (progressive transfers) cause after-tax income to be less concentrated than market income, as do taxes that are an increasing percentage of before-tax household income as income rises (progressive taxes).

Transfers and taxes can also affect households' market income by creating incentives for people to change their behavior. If an additional dollar earned or saved leads to reductions in transfer payments or increases in taxes, then the after-tax return to working and saving is reduced,

which may cause people to work or save less. However, those changes in transfers and taxes also reduce after-transfer, after-tax income, which may cause people to work or save more. In this analysis, CBO did not adjust market income to account for those effects of transfers and taxes.

Because government transfers and federal taxes are both progressive, the distribution of after-transfer, after-federal-tax household income is more equal than is the distribution of market income. Specifically, the dispersion of after-tax income in 2007 was about four-fifths as large as the dispersion of market income. Of the difference in dispersion between market income and after-tax income, roughly 60 percent was attributable to transfers and roughly 40 percent was attributable to federal taxes.

The equalizing effect of transfers and taxes on household income was smaller in 2007 than it had been in 1979. The equalizing effect of transfers depends on their size relative to market income and their distribution across the income scale. The size of transfer payments—as measured in the study—rose by a small amount between 1979 and 2007. The distribution of transfers shifted, however, moving away from households in the lower part of the income scale. In 1979, households in the bottom quintile received more than 50 percent of transfer payments. In 2007, similar households received about 35 percent of transfers. That shift reflects the growth in spending for programs focused on the elderly population (such as Social Security and Medicare), in which benefits are not limited to low-income households. As a result, government transfers reduced the dispersion of household income by less in 2007 than in 1979.

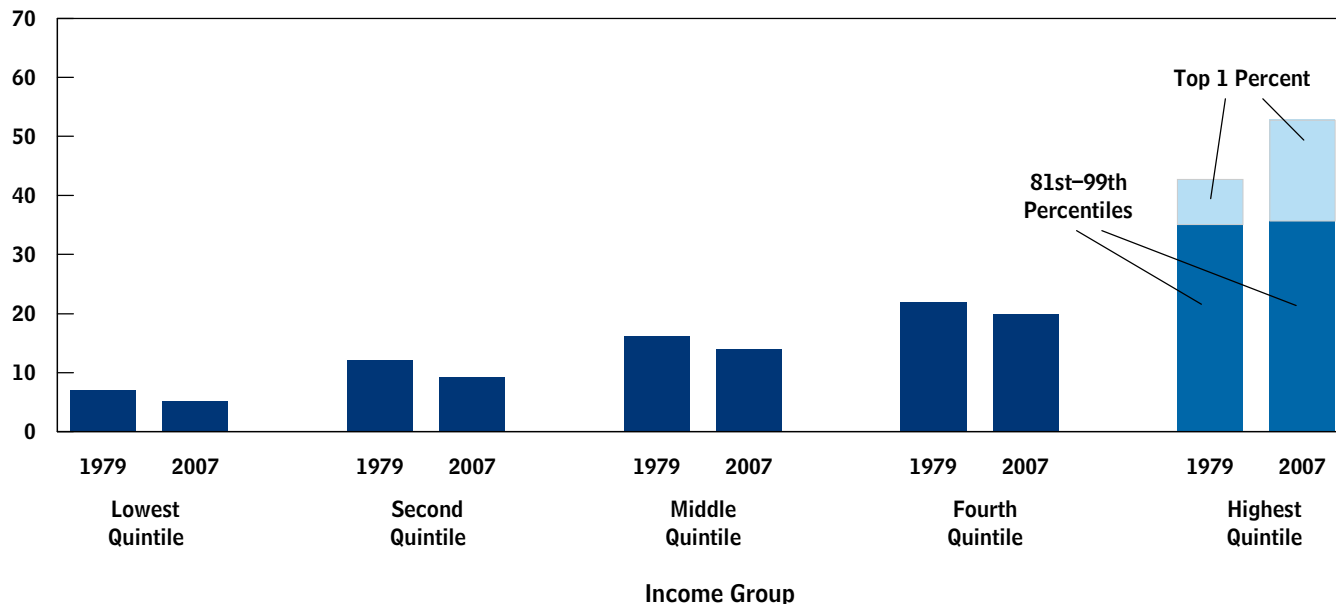
Likewise, the equalizing effect of federal taxes depends on both the amount of federal taxes relative to income (the average tax rate) and the distribution of taxes among households at different income levels. Over the 1979–2007 period, the overall average federal tax rate fell by a small amount, the composition of federal revenues shifted away from progressive income taxes to less-progressive payroll taxes, and income taxes became slightly more concentrated at the higher end of the income scale. The effect of the first two factors outweighed the effect of the third, reducing the extent to which taxes lessened the dispersion of household income.

2. The study does not include state and local taxes, an issue discussed in more detail in Appendix A.

3. In the study, CBO measured dispersion using the Gini index, which takes on the value of zero if income is equally distributed and increases as incomes become more unequal.

Summary Figure 3.**Shares of Income After Transfers and Federal Taxes, 1979 and 2007**

(Percent)



Source: Congressional Budget Office.

Note: For information on income definitions, the ranking of households, the allocation of taxes, and the construction of inequality indexes, see "Notes and Definitions" at the beginning of the study.

Increased Concentration of After-Tax Income

As a result of those changes, the share of household income after transfers and federal taxes going to the highest income quintile grew from 43 percent in 1979 to 53 percent in 2007 (see Summary Figure 3). The share of after-tax household income for the 1 percent of the population with the highest income more than doubled,

climbing from nearly 8 percent in 1979 to 17 percent in 2007.

The population in the lowest income quintile received about 7 percent of after-tax income in 1979; by 2007, their share of after-tax income had fallen to about 5 percent. The middle three income quintiles all saw their shares of after-tax income decline by 2 to 3 percentage points between 1979 and 2007.



Payday loans:

Quick, costly, controversial but restrictions may have unintended consequences

Whether it's unexpected car maintenance, a trip to the emergency room or an overdue utility bill, consumers may need a temporary loan that's fast and convenient.

Though payday loans meet those criteria, they are one of the most contentious forms of credit because of their fees and high propensity for repeat use.

Payday loans are usually small-dollar-amount, short-term unsecured loans that are made to high-risk borrowers. Unlike with commercial banks and other sources of short-term credit, payday lenders require the borrower to post-date a personal check for the entire amount of the loan plus the fees. The typical loan is about \$100, and the typical term is about two weeks.

As the economy continues to recover from the most recent financial crisis, many policymakers are considering strengthening payday lending restrictions with the intent of protecting consumers. Already, many states heavily regulate payday lending. As of May 2011, 16 states effectively ban it, either outright

or by restricting payday lenders so heavily they aren't profitable.

Critics of payday loans say payday lenders take advantage of borrowers by charging exorbitant fees and targeting at-risk populations. They also say payday lending causes borrowers to fall into debt spirals, which creates an unmanageable cycle of debt. However, restricting payday loans could lead to some inadvertent outcomes, says Kelly Edmiston, a senior economist at the Federal Reserve Bank of Kansas City, who recently researched the effects of payday loan restrictions. His research shows consumers without access to legal payday loans, for the most part, don't use traditional credit as an alternative.

"This suggests these consumers don't have access to short-term credit of any type or may end up turning to other options that are more costly than payday loans," he says, citing over-the-limit credit card purchases, bounced checks, pawn brokers and loan sharks as examples.

Edmiston's research does not establish whether restrictions on payday lending are

good or bad, but rather suggests that the potential harmful effects be considered when regulating the industry.

“Restrictions on payday lending may have some unintended consequences for consumers, especially those with low incomes,” Edmiston says, “including lack of access to credit or diminished credit standing. Policymakers should carefully weigh the costs of payday lending restrictions against its benefits.”

Payday loan use

“Access to payday loans improves people’s lives,” says Darrin Andersen, president and CEO of QC Holdings, which is the parent company of Quik Cash, AutoStart USA and other payday lenders. The Overland Park, Kan.-based company has loaned billions of dollars to millions of customers at more than 500 locations in 23 states. QC Holdings makes roughly 6 percent profit from each payday loan transaction.

Because consumers without access to payday loans typically don’t turn to more traditional credit, consumers are actually losing access to a form of credit without the option of a payday loan, Andersen says.

However, critics often point to the downsides of payday loans, including:

Cost: The typical charge for a \$100, two-week loan is about \$15, which equates to an annual percentage rate (APR) of about 390 percent, or 25 times greater than the interest of a typical credit card. Payday lenders generally say they charge these fees because of the nature of their business—they operate in multiple locations with extended hours for customer convenience and are loaning to high-risk borrowers with a higher probability of default.

Debt spiral: Research shows the bulk of lenders’ profits come from repeat borrowers, many of whom use new loans to pay off old ones and ultimately pay many times the original loan amount in interest. Consumer advocate organizations, such as the Center for Responsible Lending, say payday loans take advantage of uninformed borrowers who may not understand the terms and conditions of the

loan and find themselves borrowing repeatedly.

Predatory nature: Payday lenders are often accused of targeting low-income and minority borrowers, though Edmiston says it is unclear whether this demographic is targeted by payday loan companies or if the companies are offering their service where demand is the highest.

“Consumers may be borrowing money from a payday lender because they don’t have access to other loans, they don’t understand the payday loan terms or it simply makes sense for them to take a high-cost loan,” Edmiston says.

However, Josh Frank, a senior researcher at the Center for Responsible Lending, which provides research and policy advice on consumer lending, says, “There are plenty of alternatives.” He adds that payday loans may be a short-term solution for borrowers, but don’t solve the larger issue: consumers’ lack of personal savings.

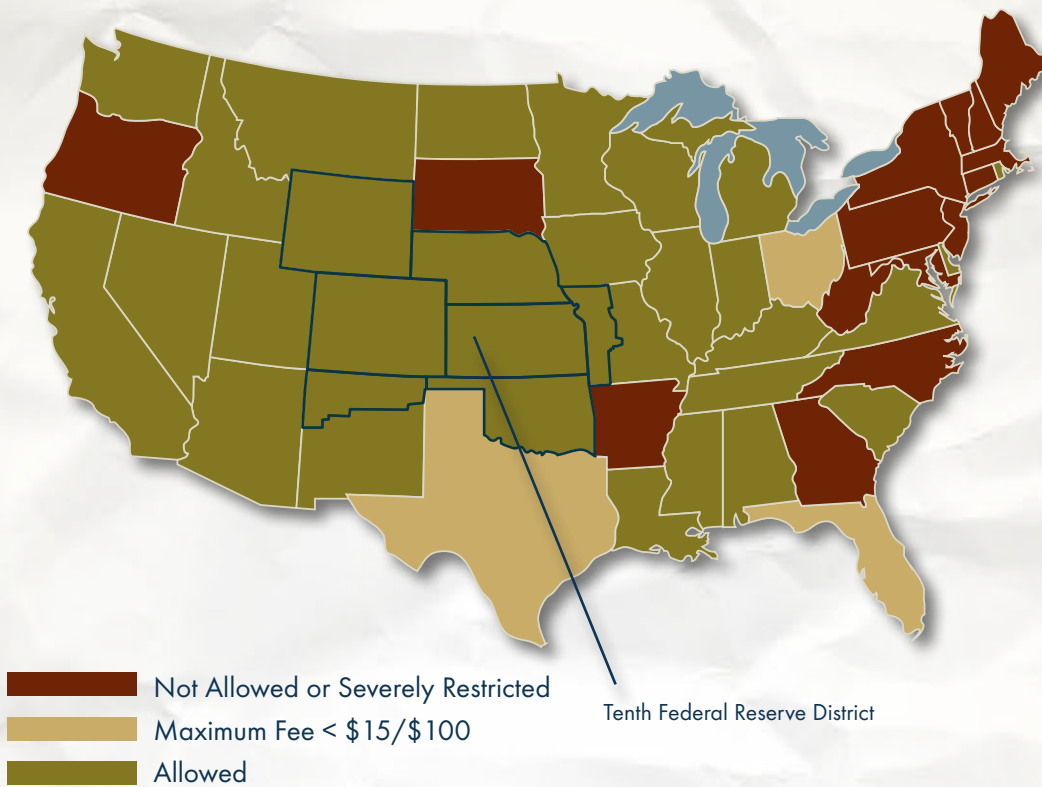
“A loan is the last thing you need Ultimately hard choices need to be made,” Frank says, such as liquidating assets at a pawn



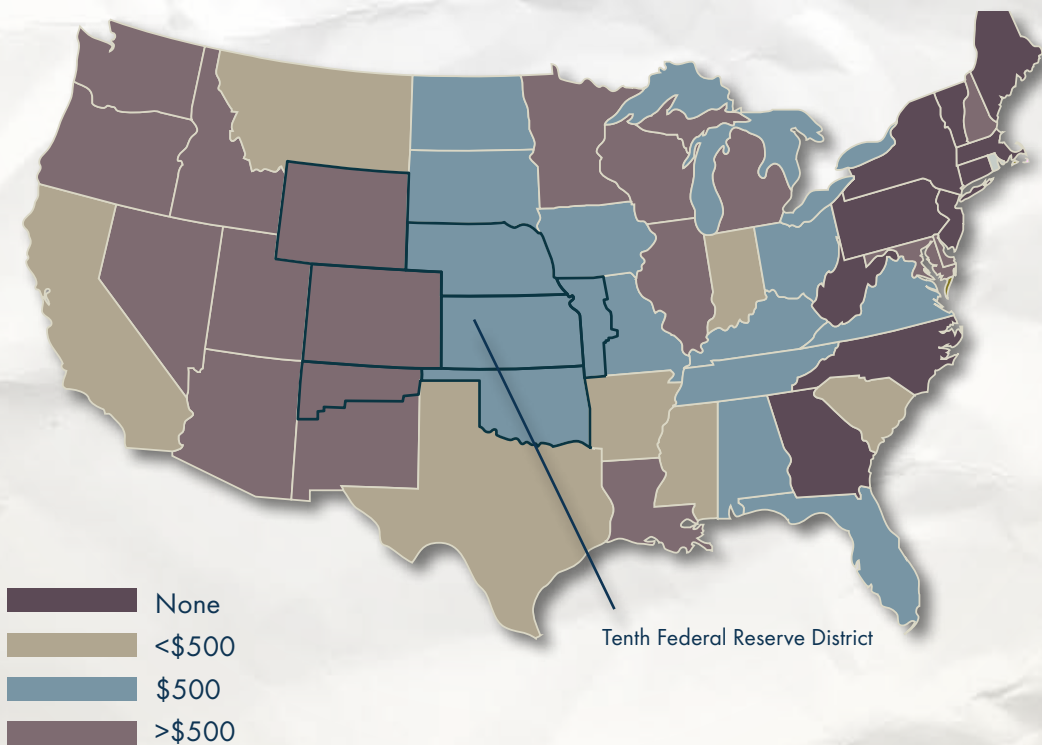
PHOTO BY GARY BARBER

THE KANSAS CITY FED recently hosted a seminar and panel discussion on payday lending with moderator Tammy Edwards, assistant vice president of Community Development; Darrin Andersen, president and CEO of QC Holdings; Kelly Edmiston, a senior economist at the Kansas City Fed; and Josh Frank, a senior researcher at the Center for Responsible Lending. Watch a video of the seminar and view the presentation slides at KansasCityFed.org/community.

Effective Bans on Payday Lending



Maximum Loan Amount



shop, for example, to quickly make ends meet.

A report by the Center for Responsible Lending suggests other alternatives to payday loans: payment plans with creditors, advances from employers, credit counseling, emergency assistance programs, credit union loans, cash advances on credit cards and small consumer loans. These options arguably offer better terms than payday loans for most financially strapped consumers, but their access is limited, Edmiston says.

Restrictions, possible consequences

Concerns over high costs, unmanageable debt spirals and the targeting of financially vulnerable populations have led some states to regulate payday lending.

Of the states that have not effectively banned payday lending, many mandate a cap on the fees for payday loans and many others restrict the loan by varying amounts.

Other common restrictions include:

- limits on the number of times consumers can roll over a loan;
- limits on consumers' collateral requirements;
- an option for the borrower to reconsider the loan within a certain time period; and
- payment plans for troubled borrowers.

Many common payday lending regulations are intended to protect consumers from both lenders and themselves—but they are unlikely to severely reduce use of payday loans or increase use of other forms of credit, Edmiston says.

“The most obvious and important cost of restricting payday lending would be the potential loss of credit access for consumers who may not have other sources of credit,” Edmiston says. “Consumers may not have options, such as borrowing from family or friends, and may opt for other, more costly credit options, such as making over-the-limit credit card purchases or bouncing checks. These choices also can have consequences.”

Payday loan restrictions can affect:

Credit standing, including reduced credit scores and late bill payments. Edmiston's

research shows consumers without access to payday loans have, on average, more late-bill payments. Consumers with access to payday lending may be able to better maintain their credit standing by reducing the number of outstanding loans reported to credit bureaus. According to another study, after payday loans were banned in Georgia and North Carolina, households bounced more checks, complained more to the Federal Trade Commission about lenders and debt collectors and filed for Chapter 7 bankruptcy more often than households in states where payday lending was permitted.

Alternative credit choices, such as loan sharks, which are often associated with organized crime, become options because payday lending has been restricted and borrowers are seeking nontraditional credit.

Borrowers' convenience, which is a factor in their decision to seek a payday loan rather than some other, perhaps less costly, means of short-term financing, is reduced or eliminated.

Critics, such as the Center for Responsible Lending, contend payday loans too often are used to pay for regular monthly expenses when there are safety-net alternatives from the government or nonprofit organizations, such as federal food stamps or housing and utility bill assistance. Payday lenders, like Andersen of QC Holdings, say borrowers have many credit options and sometimes a payday loan makes the most sense.

“If it (a payday loan) was a bad choice for consumers,” Andersen says, “they wouldn't use it.”



BY BRYE STEEVES, EDITOR

FURTHER RESOURCES

“COULD RESTRICTIONS ON PAYDAY LENDING HURT CONSUMERS?”

By Kelly D. Edmiston

KansasCityFed.org/research

Persistence



Pays

Off

This is the story of two high schools: One was a “dropout factory.” The other is seeing remarkable success, and many of its recent graduates are the first in their families to attend college. What makes the story remarkable is that the two schools are the same—or, at least, they have occupied the same building. The school is Van Horn High School in Independence, MO, an inner-ring suburb of 115,000 located east of Kansas City, MO.

It might be wrong to call the present Van Horn the same school as its predecessor because so much has changed. The school was transferred to another school district in July 2008, resulting in the complete turnover of its faculty members and administrators. Whereas Van Horn once served students not only from Independence but also from throughout Kansas City, the school now serves children who live only in the immediate vicinity, which mostly comprises older neighborhoods that have significant poverty and changing demographics. One constant, however, is that the community was always present in the school, hoping, working, organizing, and fighting for the school, the families, and the neighborhood.

The story illustrates what a community school—fully embraced and properly understood—can become when it effectively connects with students, families, social services, and neighborhood revitalization.

The community and a local nonprofit join forces to turn around a low-performing school.

Community Support

The Local Investment Commission (LINC), a Kansas City–based nonprofit, has been involved with Van Horn High School for more than 15 years, working to make the school a center of the community. From the outset, LINC was dedicated to bottom-up, citizen engagement through the development of site councils composed of parents, neighbors, teachers, and principals—a key feature of providing guidance, leadership, and boots on the ground at each of its community schools.

Early on, the Van Horn site council was committed to focusing on the community. It formed its own nonprofit community development corporation, built a \$4 million senior housing complex (the largest investment in the neighborhood in years), and worked to provide health services for students and the neighborhood. But despite the success of the community work, comparable success inside the school was elusive. One community leader said, “There was nothing to pull the students together as a student body. Things that were done were done by the community, around the community.”

For many years the Kansas City (MO) School District had used Van Horn as an alternative school, with students being bused considerable distances. Few cocurricular activities were offered, and all athletic games (even homecoming) were held off school grounds. The school’s once-vibrant fine arts programs died off, as did industrial arts education.

Van Horn High School

INDEPENDENCE, MO

GRADES 9–12

ENROLLMENT 825

COMMUNITY Suburban

DEMOGRAPHICS 65% White, 18% Hispanic, 14% Black, 3% Asian; 70% free or reduced-price lunch

ADMINISTRATIVE TEAM 1 principal, 1 associate principal, 1 assistant principal, 1 activities director

FACULTY 70 staff and faculty members

Even so, the community still fought for the school. Twice there were publicly announced plans to close Van Horn, but both times, the neighborhood, the community, and the alumni rallied to keep the school open. The community leader recalled, “They knew if they lost the high school, they were sunk.”

The failure of the school became well-known when it was designated a “dropout factory” in a 2007 national study by the Center for the Social Organization of Schools at John Hopkins University in cooperation with the Associated Press, which disseminated the results. The study listed high schools that had an “average promoting power” of less than 60% over a three-year period (the graduation classes of 2004, 2005, and 2006). According to the report, the graduation rate at Van Horn

was 34%, the second-lowest rate among Missouri’s 458 high schools; statewide 19 high schools made the dropout factory list (Center for Social Organization of Schools, 2007). Although portions of the study received some criticism, including its overall report and the validity of the data and methodology, the news media coverage at the time confirmed what the community already knew: students at Van Horn were not doing well.

That same year, community members, led by religious leaders, revived on-again, off-again efforts to transfer seven schools (Van Horn, a middle school, and five elementary schools) from the Kansas City School District to the adjacent Independence School District. In November 2007, voters in both school districts approved the transfer. The change brought renewed focus, effort, investment, and community attention to all the schools and a clear articulation of what a school means to families and neighborhoods.

Independence School Superintendent Jim Hinson told the community,

There are activities at the school that encourage [not only] parents and families of those students, but also neighbors of those schools who may no longer have children at the school, to be actively engaged with that school where, hopefully, neighborhood activities occur as well. (Independence, MO, School District & Hinson, 2010, p. 17)

He added, “Families and parents understand that schools are more than places where their child receives an education; they are also places where parents and families can receive

Key Features of Successful Community School High Schools

- Lead partner organization
- Community school coordinator
- Robust, reciprocal partnerships
- Focused leadership
- Essential programs and services
 - After-school, weekend, and summer programs
 - Academic support
 - Mentoring
 - College and career preparation
 - University partnerships
 - Culturally relevant programs
 - Parent engagement
 - Health services and education
 - Youth and community nutrition
- Shared results: graduation

Source: Axelroth, R. (2009). The community schools approach: Raising graduation and college going rates—Community high school case studies. Washington, DC: Coalition for Community Schools, Institute for Educational Leadership.

“Everyone has told me that if I go to college I will get a higher paying job and it will [be] beneficial for my future, but nobody told me how I was going to get there.”

services and assistance and resources that they need” (Independence, MO, School District & Hinson, 2010, p. 18).

Turning the Corner

In its first year as part of Independence School District, Van Horn’s student population fell to less than 600, but it has grown every year since. The school’s programming underwent an even more dramatic transformation. Today there is a stronger academic focus, more cocurricular activities, and extensive community involvement.

There are visible changes in the physical plant. Three weeks before the start of the 2008–09 school year, more than 2,000 volunteers worked at the transferred schools painting, landscaping, and cleaning in an effort the district called “Extreme School Makeover.” In 2009, voters approved a districtwide \$85 million districtwide bond issue to purchase new heating and cooling systems, new artificial turf for the now-utilized athletic fields, and exterior improvements.

The new school climate has enabled Van Horn to realize more of the key features of successful community-school high schools that were identified by the Coalition for Community Schools, such as reciprocal partnerships; after-school, weekend, and summer programming; and health services (Axelroth, 2009). Community support has grown; new partnerships have been created and existing partnerships expanded; and the high school is acknowledged as the

center of a major community revitalization that includes new residents, construction of new in-fill housing, greater city investment, and new opportunities.

But nowhere is the climate change more evident than inside the school. “We can do so much in the classrooms,” said Patrick Layden, an assistant principal who also teaches AP US Government and Politics. “We can do so much as administration and counselors. But we need that community support to not only change the school but also the city and the community.”

The most tangible evidence of Van Horn’s success is students going on to postsecondary education. Van Horn is in its third year of participating in the National College Advising Corps (NCAC), which works to increase postsecondary participation among high school students in low-income communities. During the 2011–12 school year, the program will expand to 350 high schools in 17 states and will serve approximately 105,000 students.

Through the Missouri NCAC program, the University of Missouri hires recent college graduates for a two-year commitment. Those graduates serve as full-time college access

Conditions for Learning

1. The school has a core instructional program with qualified teachers, a challenging curriculum, and high standards and expectations for students.
2. Students are motivated and engaged in learning—both in school and in community settings and during and after school.
3. The basic physical, mental, and emotional health needs of young people and their families are recognized and addressed.
4. There is mutual respect and effective collaboration among parents, families, and school staff members.
5. Community engagement, together with school efforts, promotes a school climate that is safe, supportive, and respectful and that connects students to a broader learning community.

Source: Blank, M., Melaville, A., & Shah, B. (2003). Making the difference: Research and practice in community schools. Washington, DC: Coalition for Community Schools.

The Local Investment Commission (www.kclinc.org)

has one of the most extensive community schools efforts in the country and has a significant presence as an organizer of community schools in seven school districts.

Combined enrollment at its community schools (known as Caring Communities sites) is approximately 30,000 students as of 2010. The student demographics are 50% Black, 32% White, and 16% Hispanic. Of those students, 71.9% receive free and reduced-price lunch.

The Coalition for Community Schools (www.communityschools.org)

is hosted by the Institute for Educational Leadership (IEL; www.iel.org) in Washington, DC, and offers some of the best information about building community schools—difficult work for which few principals and administrators have received professional development or academic training.

IEL also promotes leadership in education through its Educational Policy Fellowship Program (www.epfp.org), a 10-month leadership development program with multiple state programs across the country.

advisers who work closely with school counselors to develop peer-to-peer relationships with high school seniors to encourage them to pursue postsecondary education.

A College-Going Culture

The results at Van Horn are impressive: full-time enrollment is up, more students are going to college, and more students are staying in college. For the 2010–11 school year, of a total 675 students, 115 received assistance with a college application and 336 took a college campus tour, and students were accepted at 39 postsecondary institutions.

“The impact here has been pretty dramatic about getting kids into the mind-set that postsecondary options are actually an option,” said Layden. “A lot of our kids have really struggled with that because they come from households where not only did their parents not graduate from college, but also a lot of them didn’t graduate from high school.”

As one student who received college guidance said, “Everyone has told me that if I go to college I will get a higher paying job and it will [be] beneficial for my future, but nobody told



me how I was going to get there.” Van Horn is turning that around.

The long-term success of Van Horn is yet to be determined, but the story is instructive.

It is easy to lose the simple logic behind community schools among the myriad reforms, initiatives, and grant-inspired endeavors and to miss the fundamental nature of the work: schools and communities need each other in ways readily acknowledged, but rarely acted upon. No one grant or program is sufficient to achieve what is needed: students learning, stronger families, and stable neighborhoods. Communities cannot do it alone, nor can dedicated educators achieve it by themselves. **PL**

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HAPPY THANKSGIVING

FROM YOUR FRIENDS
& FAMILY AT LINC



LINC supports the **Greater Kansas City Food Policy Coalition** as it encourages Kansas City to **Eat Local for the Holidays**.

Visit www.EatLocalKC.net to pledge that at least one item on your holiday table will be from a local source.

It's the season to support your health and community while enjoying local delights!

