

Race, Place, and Jobs: Reducing Employment Inequality in America's Metros

PolicyLink



By Justin Scoggins, Sarah Treuhaft, and Sheila Xiao
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This research brief draws from data in the National Equity Atlas—an online resource for data to track, measure, and make the case for inclusive growth in America's cities, regions, states, and nationwide.

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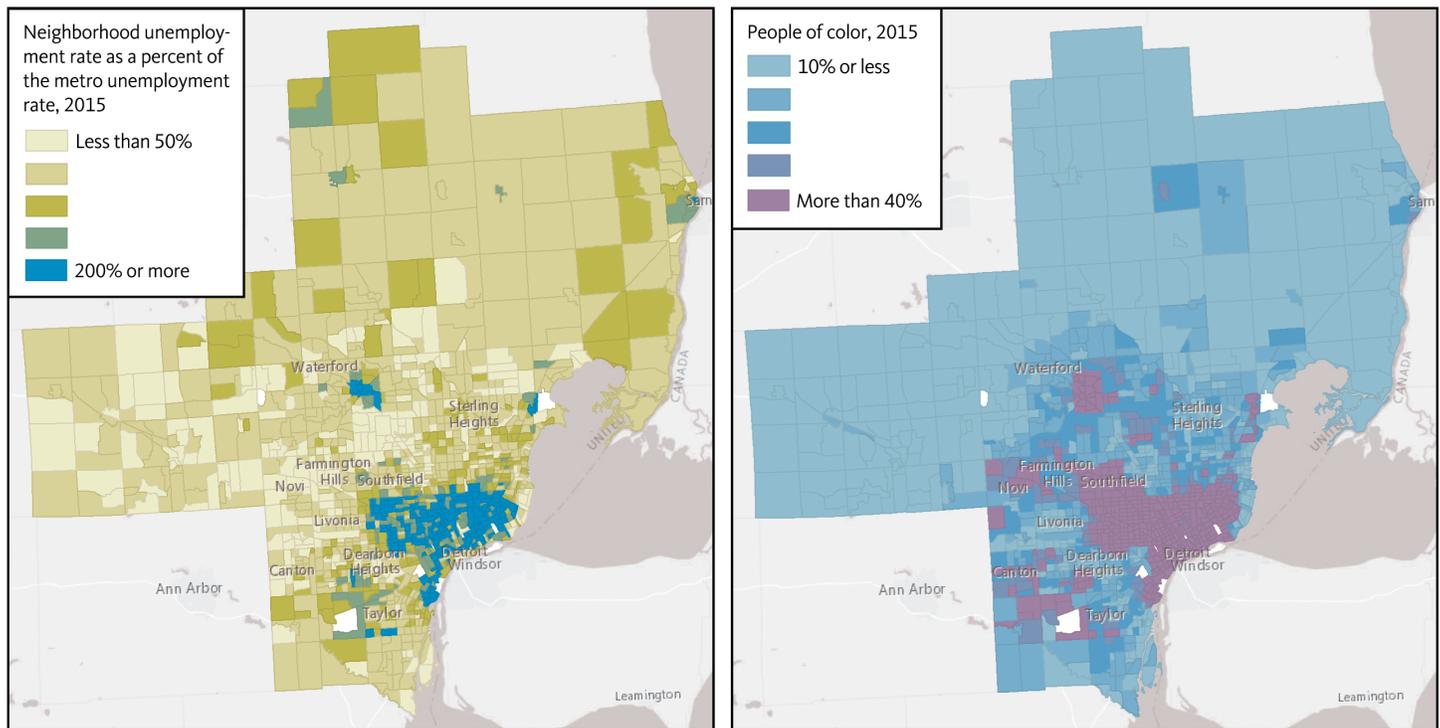
Introduction

When it comes to poverty, scores of studies have shown how people of color—and particularly Black Americans—are far more likely to live in “high-poverty” neighborhoods (where many of their neighbors are poor) compared with their White counterparts. America's legacy of racial segregation and continued patterns of exclusion have left many people of color stuck in neighborhoods where opportunity structures like transit access, clean air, public parks, good schools, retail, and services are largely missing.¹ This overlap between racial and spatial inequality conspires against economic success and is a major factor driving high levels of downward mobility among middle-income Black families.²

Much less is known about the relationship between racial and spatial inequality on other indicators of economic well-being, even though such knowledge could be useful for developing solutions. Take unemployment. The extent to which unemployed workers live in a limited number of neighborhoods where many of their neighbors are also jobless, versus being evenly spread out across a region, for example, has implications for how to best target resources to connect unemployed workers to jobs and career pathways. If unemployment tends to be highly concentrated in a few neighborhoods, a place-based approach targeting a select number of neighborhoods for people-focused interventions such as job training and placement, as well as place-focused interventions like improved transit connections to job centers, could be highly effective in improving employment and economic outcomes. But, if unemployed workers live throughout the region, a place-focused approach will have less of an impact, and other approaches to targeting resources might produce better outcomes for people.

This analysis seeks to fill this gap by examining racial and spatial inequalities in unemployment across the largest 150 metropolitan regions (metros) in the United States using 2015 five-year pooled American Community Survey data released in December 2016. Specifically, we compare racial inequality in unemployment, defined as the unemployment rate for workers of color minus the unemployment rate for White workers, to spatial inequality in unemployment, defined as the share of a region’s unemployed workers who live in high-unemployment neighborhoods. As is often done in such analyses, we use U.S. census tracts to approximate neighborhoods, and define “high-unemployment” neighborhoods as those with an unemployment rate that is at least double that of the metropolitan area in which the neighborhood is situated. Under this threshold, about 8 percent of all tracts in the largest 150 regions are high-unemployment neighborhoods.

In Detroit, high-unemployment neighborhoods correlate with communities of color



Source: PolicyLink/PERE analysis of the 2015 five-year American Community Survey (ACS) summary file. **Note:** Areas in white are missing data. People of color includes all racial/ethnic groups other than non-Hispanic White.

Detroit, Michigan, exemplifies the potential overlap between racial and spatial inequality in unemployment. As shown in the maps on page 2, areas of high unemployment and areas where people of color live have a high degree of overlap. About 18 percent of tracts in the Detroit region are considered high-unemployment neighborhoods, and they all tend to be home to large shares of people of color. Not surprisingly, the Detroit region also has one of the largest unemployment gaps between people of color and Whites: 10 percentage points, or the seventh highest among the largest 150 regions. The question we ask in this brief is this: Is this a common phenomenon across large American metros?

Defining Racial and Spatial Inequality in Unemployment

For this analysis and throughout this brief, we use the following definitions of racial and spatial inequality in unemployment:

- **Racial inequality in unemployment:** The unemployment rate for workers of color minus the unemployment rate for White workers in a region
- **Spatial inequality in unemployment:** The share of a region's unemployed workers who live in high-unemployment neighborhoods
- **Relative unemployment:** The ratio of the unemployment rate in a neighborhood to the regional unemployment rate
- **High-unemployment neighborhoods:** A neighborhood (census tract) with an unemployment rate that is at least double that of the region overall (i.e., a relative unemployment rate of two or more)

Before we get to the answer, a few notes on data and methods. We chose to use a relative measure of unemployment—the neighborhood rate relative to the regional rate—to adjust for the wide variation in unemployment rates among metros. Using a set threshold to define high-unemployment neighborhoods (such as 20 percent or higher unemployment) would bias the results toward regions with high unemployment overall, masking underlying patterns of spatial inequality within lower-unemployment metros. Also, although we use the most recent unemployment data available for census tracts, unemployment is a fast-changing indicator and rates in February 2017 are likely to be lower than those represented here. Differences in unemployment rates by race and by neighborhood are much slower to change; thus, the likely lower unemployment rates today should not necessarily impact our analysis of the relationship between racial and spatial inequality in unemployment. Lastly, although the unemployment indicator is flawed, because it excludes discouraged workers who may want a job but have given up looking and thus are not counted as being in the labor force, this is not likely to affect our analysis of the spatial concentration of unemployment.³ As long as the spatial distribution of discouraged workers is similar to that of the unemployed, the numbers would be different but the broader results we report would likely hold.

Racial and spatial inequality in unemployment tend to go together in America's large metros

Looking at racial and spatial inequality of unemployment across the 150 largest metros, we see that the Detroit pattern holds. Regions with large racial inequalities in unemployment also tend to have greater spatial inequality in unemployment, with unemployed workers more likely to live in high-unemployment neighborhoods, particularly unemployed workers of color. The scatterplot below shows this relationship: the regions with high racial inequality in unemployment (toward the top of the chart, or high on the y-axis) also tend to have high spatial inequality in unemployment (to the right, or high on the x-axis). The slope of the trend line shows that the correlation is rather strong.

The reason for this pattern is that unemployed workers of color are far more likely than their White counterparts to live in neighborhoods with many other unemployed workers. On average, across the largest 150 metros, 14 percent of all unemployed workers live in high-unemployment tracts. But, these areas have wide racial differences: only 7 percent of

unemployed White workers live in high-unemployment tracts, while 23 percent of unemployed workers of color live in high-unemployment tracts.

We also find that people of color, in general, are much more likely to live in high-unemployment neighborhoods, regardless of their own employment status. Among all people of color, 14 percent live in high-unemployment tracts, while only 3 percent of the White population lives in high-unemployment tracts. In other words, the general population of color is *twice* as likely to live in a high-unemployment neighborhood as Whites who are *actually* unemployed.

To look more closely at this relationship between spatial and racial inequality in unemployment, we zoom in on the 25 highest-ranked regions on each measure presented on the following pages. Examining those regions, we see that 14 regions appear on both lists (in bold), underscoring the point that regions with large racial gaps in unemployment are also likely to have high spatial concentrations of unemployment. Most of the 14 metros are similar (older industrial regions in “Rust Belt” states such as Michigan, Ohio, and Pennsylvania),

Regions with larger unemployment gaps by race tend to have more spatially concentrated unemployment overall



Source: PolicyLink/PERE analysis of the 2015 five-year American Community Survey (ACS) summary file. **Note:** Racial inequality in unemployment is measured as the unemployment rate for people of color minus the unemployment rate for Whites. Spatial inequality in unemployment is measured as the percentage of all unemployed (regardless of race/ethnicity) who live in high-unemployment census tracts.

although two Southern metros—Tallahassee, Florida, and Jackson, Mississippi—also make the list. Cleveland and Toledo, Ohio; Detroit and Flint, Michigan; Reading, Pennsylvania; and Rochester, New York are the six metros that are within the top 10 for both racial and spatial inequality in unemployment. In these six regions, unemployment rates are 9 to 11 percentage points higher for workers of color compared with White workers, and a large proportion of the unemployed live in high-unemployment neighborhoods. The share of all unemployed workers living in high-unemployment neighborhoods among these six regions ranges from 30 percent in Cleveland to 26 percent in Rochester.

Demographically, these 14 regions with both high spatial and racial inequality in unemployment tend to be places where African Americans account for a large portion of the people-of-color population. This makes sense given that unemployment rates are much higher for Black workers compared with workers from other major racial/ethnic groups.⁴ (It is important to note that Native American workers also face high unemployment but are less concentrated in the largest 150 regions, and many subgroups within the Asian or Pacific Islander population also have high levels of unemployment.⁵) The correlation between racial and spatial inequality in unemployment also indicates the persistence of residential segregation for Black Americans.

Top 25 regions on racial and spatial inequality in unemployment

| Racial inequality in unemployment | | Spatial inequality in unemployment | |
|-----------------------------------|-----|------------------------------------|-----|
| Flint, MI | 13% | Milwaukee, WI | 31% |
| Reading, PA | 12% | Cleveland, OH | 30% |
| Cleveland, OH | 11% | Toledo, OH | 29% |
| Toledo, OH | 11% | Detroit, MI | 28% |
| Canton, OH | 11% | Jackson, MS | 28% |
| Youngstown, OH-PA | 11% | Reading, PA | 27% |
| Detroit, MI | 10% | Rochester, NY | 26% |
| Fort Wayne, IN | 9% | Flint, MI | 26% |
| Rochester, NY | 9% | Indianapolis, IN | 25% |
| Rockford, IL | 9% | Buffalo, NY | 25% |
| Tallahassee, FL | 9% | Columbus, OH | 24% |
| Milwaukee, WI | 9% | Akron, OH | 24% |
| South Bend, IN-MI | 8% | Omaha, NE-IA | 24% |
| Springfield, MA | 8% | Fort Wayne, IN | 23% |
| St. Louis, MO-IL | 8% | Birmingham, AL | 23% |
| York, PA | 8% | Baltimore, MD | 23% |
| Peoria, IL | 8% | Cincinnati, OH-KY-IN | 23% |
| Hartford, CT | 8% | Louisville, KY-IN | 23% |
| Memphis, TN-MS-AR | 8% | Montgomery, AL | 23% |
| Harrisburg, PA | 8% | Youngstown, OH-PA | 22% |
| Scranton, PA | 7% | Philadelphia, PA-NJ-DE-MD | 21% |
| Kalamazoo, MI | 7% | St. Louis, MO-IL | 21% |
| Jackson, MS | 7% | Chicago, IL-IN-WI | 21% |
| Dayton, OH | 7% | Dayton, OH | 21% |
| Akron, OH | 7% | Tallahassee, FL | 21% |
| Top 25 average: | 9% | Top 25 average: | 24% |
| Largest 150 region average: | 5% | Largest 150 region average: | 14% |

Source: PolicyLink/PERE analysis of the 2015 five-year American Community Survey (ACS) summary file. **Note:** Bolded regions appear in both lists. **Racial inequality in unemployment** is the unemployment rate for workers of color minus the unemployment rate for White workers. **Spatial inequality in unemployment** is the share of unemployed workers who live in high-unemployment neighborhoods.

Unemployed White workers are far less likely to live in high-unemployment neighborhoods than unemployed workers of color

Among the 25 regions with the highest rates of White unemployment, only 5 percent of unemployed White workers live in high-unemployment tracts. For the 25 regions with the highest unemployment rates for people of color, however, one in three (33 percent) of unemployed workers of color live in high-unemployment tracts (see “Top 25 average” in the

table below). Even in the metros with the highest unemployment rates for White workers, such as Modesto, Stockton, and Riverside, California, and Ocala, Florida, where White unemployment rates were 11 to 13 percent in the 2011 to 2015 period, 7 percent or fewer of unemployed White workers lived in high-unemployment neighborhoods.

The lower spatial concentration of unemployed White workers is partly due to the differing geographies where unemployed White workers and unemployed workers of color live. As you see in the table below, the metros with the highest rates of unemployment for White workers tend to be in the South and

Top 25 regions by unemployment rate for Whites and people of color

| People of color (POC) unemployment, ranked | | | | | White unemployment, ranked | | | | |
|--|-----------------------------|------|-------------|----------------------|----------------------------|-----------------------------|------|---------------|----------------------|
| Rank | | Rate | Conc. (POC) | % high-unemp. tracts | Rank | | Rate | Conc. (White) | % high-unemp. tracts |
| 1 | Flint, MI | 23% | 50% | 18% | 1 | Modesto, CA | 13% | 1% | 1% |
| 2 | Toledo, OH | 18% | 44% | 19% | 2 | Stockton, CA | 11% | 2% | 1% |
| 3 | Reading, PA | 18% | 53% | 16% | 3 | Riverside, CA | 11% | 3% | 2% |
| 4 | Canton, OH | 18% | 41% | 13% | 4 | Ocala, FL | 11% | 7% | 6% |
| 5 | Rockford, IL | 18% | 34% | 12% | 5 | Palm Bay, FL | 10% | 4% | 3% |
| 6 | Detroit, MI | 18% | 53% | 18% | 6 | Flint, MI | 10% | 8% | 18% |
| 7 | Modesto, CA | 17% | 2% | 1% | 7 | Salem, OR | 10% | 4% | 3% |
| 8 | Youngstown, OH-PA | 17% | 57% | 17% | 8 | Bakersfield, CA | 10% | 4% | 3% |
| 9 | Cleveland, OH | 17% | 53% | 19% | 9 | Las Vegas, NV | 10% | 6% | 3% |
| 10 | Tallahassee, FL | 16% | 23% | 12% | 10 | Fresno, CA | 10% | 1% | 1% |
| 11 | Fayetteville, NC | 16% | 7% | 8% | 11 | Eugene, OR | 10% | 1% | 1% |
| 12 | Springfield, MA | 15% | 29% | 10% | 12 | Port St. Lucie, FL | 10% | 1% | 6% |
| 13 | Stockton, CA | 15% | 2% | 1% | 13 | Sacramento, CA | 10% | 4% | 3% |
| 14 | South Bend, IN-MI | 15% | 34% | 13% | 14 | Hickory, NC | 10% | 12% | 5% |
| 15 | Ocala, FL | 15% | 6% | 6% | 15 | Vallejo, CA | 9% | 3% | 4% |
| 16 | Port St. Lucie, FL | 15% | 12% | 6% | 16 | Lakeland, FL | 9% | 12% | 10% |
| 17 | Fresno, CA | 15% | 1% | 1% | 17 | Fayetteville, NC | 9% | 5% | 8% |
| 18 | Kalamazoo, MI | 15% | 29% | 8% | 18 | Cape Coral, FL | 9% | 6% | 5% |
| 19 | Fort Wayne, IN | 15% | 47% | 13% | 19 | Rockford, IL | 9% | 7% | 12% |
| 20 | Akron, OH | 15% | 47% | 18% | 20 | Wilmington, NC | 9% | 6% | 3% |
| 21 | Rochester, NY | 15% | 57% | 17% | 21 | Reno, NV | 8% | 3% | 3% |
| 22 | Dayton, OH | 15% | 40% | 13% | 22 | Deltona, FL | 8% | 4% | 4% |
| 23 | York, PA | 14% | 46% | 12% | 23 | Oxnard, CA | 8% | 0% | 1% |
| 24 | Bakersfield, CA | 14% | 9% | 3% | 24 | Spokane, WA | 8% | 6% | 3% |
| 25 | St. Louis, MO-IL | 14% | 46% | 13% | 25 | Los Angeles, CA | 8% | 1% | 3% |
| | Top 25 average: | 16% | 33% | 11% | | Top 25 average: | 10% | 5% | 5% |
| | Largest 150 region average: | 12% | 23% | 8% | | Largest 150 region average: | 7% | 7% | 8% |

Source: PolicyLink/PERE analysis of the 2015 five-year American Community Survey (ACS) summary file. **Note:** Bolded regions appear in both lists. “Conc.” refers to spatial inequality in unemployment and is calculated separately in the table for people of color (POC) and Whites. “Unemp.” is an abbreviation for unemployment.

West, which are generally less racially segregated than the Northeastern and Midwestern metro regions with the highest unemployment levels for workers of color. Modesto, Stockton, and Fresno, California, and Ocala, Florida, for example, have high levels of unemployment and low levels of spatial concentration of unemployment for both White workers and workers of color. Among the metros with high unemployment for White workers and workers of color that are located in the Rust Belt—including Flint, Michigan and Rockford, Illinois—unemployed workers of color are very concentrated in high-unemployment neighborhoods while unemployed White workers are not.

Another way to understand the concentration of unemployment is to look at the share of all neighborhoods in a region that are defined as having high unemployment. Among the top 25 regions for White unemployment, only 5 percent of tracts are considered to be high unemployment, on average. We also see from the table that 5 percent of unemployed Whites live in these high-unemployment tracts, suggesting that unemployed Whites (in regions with high White unemployment) are just about as likely to live in neighborhoods of concentrated unemployment as if they were randomly distributed. However, among the top 25 regions in terms of unemployment rates for people of color, we find that 11 percent of tracts (on average) are considered high-unemployment tracts and 33 percent of unemployed people of color live in these tracts. Thus, unemployed people of color are about three times as likely to live in high unemployment neighborhoods as if they were randomly distributed.

Geographically targeted jobs strategies could reduce racial inequality in employment at the regional scale

The overlap between racial and spatial inequality in unemployment shown in this analysis reveals how the legacy of housing discrimination and urban disinvestment in the United States continues to reduce family economic security and fosters persistent racial economic inequity.⁶ The high degree of spatial concentration of unemployment in certain regions, however, also means that geographically targeted employment strategies could have meaningful impact. At least in some regions, the geographic scope of the challenge is more limited, and large employment gains could result from a focus on relatively few neighborhoods, potentially reducing racial inequality in unemployment regionally.

Although the scale of the solutions required to address concentrated unemployment will vary, in regions where both racial and spatial inequality in employment are high, workforce development and job access strategies that target a certain number of high-unemployment neighborhoods could be an effective way to maximize limited resources and achieve greater scale. In recent years, New Orleans, Louisiana, and North Minneapolis, Minnesota, have launched geographically targeted jobs strategies to address high joblessness in their communities of color (in New Orleans, an analysis showed that 52 percent of working-age Black men were jobless).⁷

A look at neighborhood unemployment in the Ohio regions of Dayton and Toledo illustrates how the spatial concentration of unemployment can vary. In both regions, a similar percentage of unemployed workers of color live in high-unemployment tracts (40 percent in Dayton and 44 percent in Toledo). However, those tracts account for only 13 percent of all tracts in Dayton but 19 percent of all tracts in Toledo. The degree of spatial concentration of unemployment for people of color is greater in Dayton, and a spatially targeted strategy could potentially have a greater impact there.

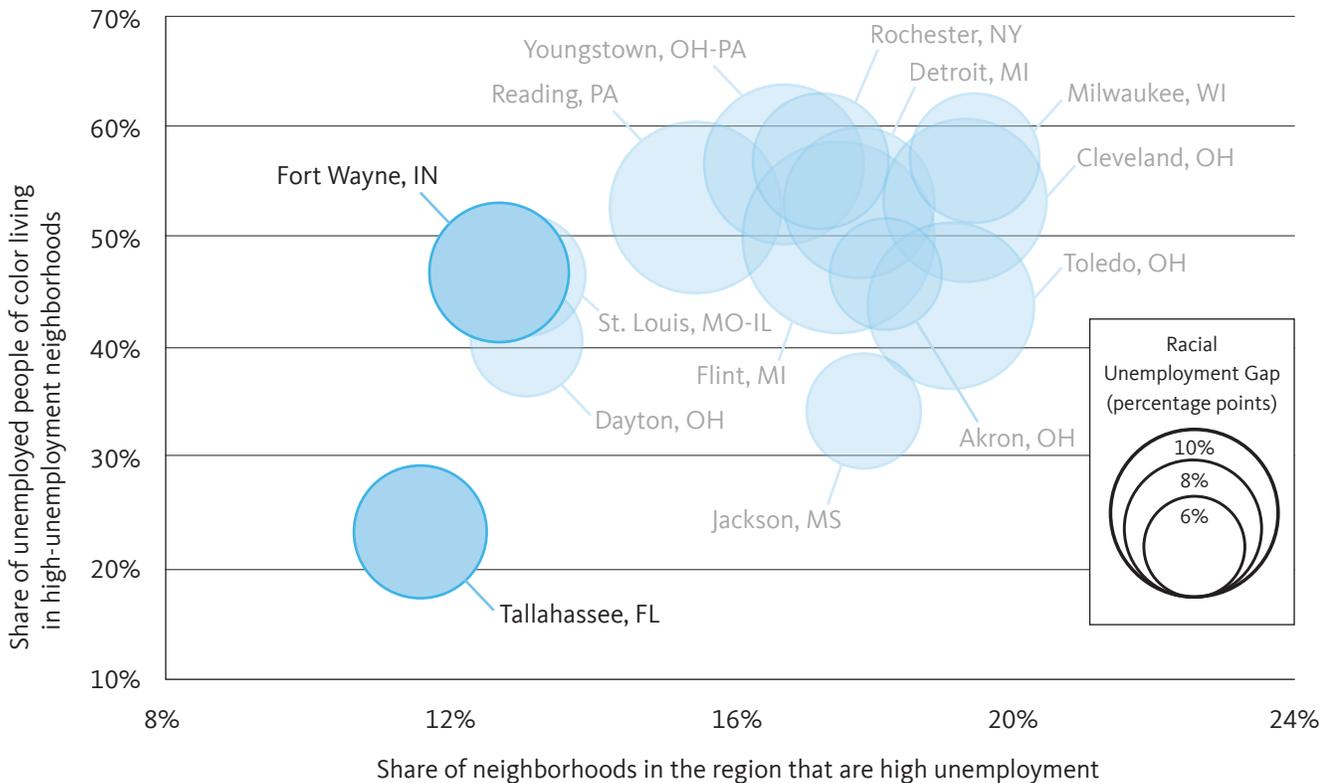
To better understand the potential opportunity of scale that concentrated unemployment suggests, we examine more closely the 14 regions that made both “top 25” lists in the first table above (highest racial inequality in unemployment and unemployment concentration). These regions are shown in the bubble chart below. The chart plots the concentration of unemployment for people of color on the vertical axis and the share of tracts in the region that are considered to be high-unemployment on the horizontal axis (to get more directly at real spatial concentration, as described above). Regions appearing in the upper-left area of the chart are those with both larger shares of unemployed workers of color living in high-unemployment tracts and smaller percentages of high-unemployment tracts (indicating more spatial concentration). The size of the bubble represents the rate of racial inequality in unemployment; the larger the bubble, the bigger the racial unemployment gap.

The chart illustrates one approach to assessing the potential of place-based employment strategies for reducing racial inequality in employment in different regions, and the

geographic scope of the solution. For example, in the Youngstown region, the racial unemployment gap is 10.5 percentage points (17.3 percent unemployment for people of color minus 6.8 percent for Whites). Among unemployed people of color, 57 percent live in only 17 percent of the region’s census tracts—those considered to be high-unemployment tracts with double the regional unemployment rate or higher. If somehow all of these approximately 3,500 unemployed individuals were connected with employment through spatially targeted jobs programs, the unemployment rate for people of color in the region would fall to 7.5 percent, nearly eliminating the racial unemployment gap in the region. Thus, place-based employment strategies seem to have the potential to be tractable and effective in reducing gaps.

Of course, to most effectively increase employment in neighborhoods where it is needed most and to reduce racial gaps region-wide, broad-based strategies are necessary ranging from full-employment monetary policy, to investing in high-quality infrastructure projects (with targeted employment and training pathways), to supporting sector-focused workforce

While Fort Wayne and Tallahassee have a similar share of high-unemployment neighborhoods and relatively similar racial gaps in unemployment, Fort Wayne has more unemployed workers of color living in those neighborhoods



Source: PolicyLink/PERE analysis of the 2015 five-year American Community Survey (ACS) summary file.

training and placement programs, to helping entrepreneurs of color grow successful businesses. Removing barriers to employment for groups facing high unemployment such as the formerly incarcerated is also critical. These sorts of “aspatial” jobs strategies are also among those that may be most effective in connecting unemployed Whites with jobs in regions with high levels of White unemployment, along with programs from local workforce development agencies aimed at connecting dislocated workers with employment and leveraging community colleges to retrain workers for emerging and expanding sectors of the economy.

Conclusion

Place matters for unemployed people of color, and it often matters more in regions with large racial inequities in unemployment. Geographically focused employment strategies are an important tool both for improving economic conditions in the neighborhoods that need it most and for reducing region-wide racial inequality in employment. And, data is available to help community leaders understand which targeted employment strategies will work best given their particular geography of unemployment inequality.

Notes

- 1 National Equity Atlas, “Percent living in high-poverty neighborhoods by race/ethnicity: United States, 2014,” http://nationalequityatlas.org/indicators/Neighborhood_poverty, (accessed December 29, 2016).
- 2 The Pew Charitable Trusts, “Pursuing the American Dream: Economic Mobility Across Generations,” (Washington, DC: The Pew Charitable Trusts, 2012), http://www.pewtrusts.org/~media/legacy/uploadedfiles/pes_assets/2012/pursuingamericandreampdf.pdf, (accessed December 29, 2016).
- 3 The official unemployment rate is calculated as the ratio of the unemployed (those without a job but actively looking) to the total labor force (the unemployed and the employed combined).
- 4 National Equity Atlas, “Unemployment rate by race/ethnicity: United States, 2014,” http://nationalequityatlas.org/indicators/Unemployment/By_year:38456/United_States/false/Year:2014/, (accessed December 29, 2016).
- 5 National Equity Atlas, “Unemployment rate by race/ethnicity and ancestry: United States, Asian or Pacific Islander, All people, 2014,” http://nationalequityatlas.org/indicators/Unemployment/By_ancestry:38481/United_States/false/Race~ethnicity:Asian_or_Pacific_Islander/Nativity:All_people/Year:2014/, (accessed December 2016).
- 6 Douglas S. Massey and Nancy A. Denton, *American Apartheid: Segregation and the Making of the Underclass*, Reprint Edition (Cambridge, MA: Harvard University Press, 1993), <https://www.amazon.com/American-Apartheid-Segregation-Making-Underclass/dp/0674018214>.
- 7 “North@Work,” Northside Funders Group, 2015, <http://northsidefunders.org/approach/northwork/>, (accessed December 5, 2016).

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Sheila Xiao is a data analyst at the USC Program for Environmental and Regional Equity and the Center for the Study of Immigrant Integration, where she specializes in quantitative analysis and GIS mapping, and plays a key role in PERE’s partnership with PolicyLink. She has been a GIS data analyst at the California Charter Schools Association where she developed an in-house data reporting system to analyze academic performance and demographic data for all 10,000 public schools in California.

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