



Milwaukee 53206

The Anatomy of Concentrated Disadvantage In an Inner City Neighborhood 2000-2017

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EXECUTIVE SUMMARY

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Milwaukee's zip code 53206 has come to epitomize the social and economic distress facing inner city neighborhoods in this hypersegregated metropolitan area. "Milwaukee 53206" is a neighborhood of concentrated poverty, pervasive joblessness, plunging incomes, and mass incarceration – a neighborhood of "cumulative disadvantages," each reinforcing the other, that limit economic opportunity and pose daunting challenges for policies of neighborhood revitalization. Although there is evidence that conditions have improved in 53206 since the end of the Great Recession, the gains have been small, the progress painfully slow, and the needs in the neighborhood as acute as ever.

This study presents a comprehensive analysis of what we call the "enduring ecosystem of disadvantage" in Milwaukee 53206, taking stock of current social and economic conditions as well as trends in the neighborhood over the past two decades and beyond. Among the key findings of the study:

Employment:

- For both male and female working-age adults (ages 20-64) living in 53206, the employment rate in 2017 hovered around 50 percent – well below the averages in the city of Milwaukee or the region's suburbs. This, however, marks an improvement since the end of the recession: between 2012 and 2017¹, the employment rate for males in 53206 jumped from 36.3 to 47.3 percent.
- Only 49.7 percent of prime working-age males (ages 25-54) in 53206 were employed in 2017, compared to 89.4 percent in the Milwaukee suburbs. An astonishing 34 percent of 53206 males in their prime working years were not even in the labor force.
- 53206 workers lack full-time, full-year employment: only 46 percent of employed prime-age adults held full-time jobs in 2017, compared to 75 percent in the Milwaukee suburbs, and 69 percent in the city of Milwaukee.
- As is the case across Milwaukee, educational attainment is closely correlated with employment status in 53206: 74 percent of college graduates living in 53206 were employed in 2017, compared to only 25 percent of high school dropouts. But "place matters" in how education influences employment. High school dropouts in 53206 are employed at roughly half the rate of their counterparts in the rest of the city and in the Milwaukee suburbs; the employment rate for high school *dropouts* in the Milwaukee suburbs is *the same* as for 53206 residents with *some college or an associate's degree*; and *high school graduates* in the suburbs are employed at the same rate as *college graduates* in 53206.

¹ All census data labeled "2012" or "2017" used in this report are drawn from the U.S. Bureau of the Census, American Community Survey (ACS), 2008-2012 or 2013-17 five-year pooled sample, the only ACS data available at the zip code level. The ACS pools five years of its annual surveys, to reduce the margin of error present in the one-year surveys.

Earnings:

- Joblessness is pervasive in 53206; but even for those residents who have secured employment, working poverty is omnipresent. Median annual earnings for 53206 workers in 2017 were \$18,541, less than half the median of workers living in the suburbs; among male workers in 53206, annual earnings were less than *one-third* the median of their suburban counterparts.
- Earnings among workers living in 53206 have declined sharply in 53206 since the turn of the century; adjusted for inflation, median earnings for the neighborhood's male workers plunged by over 33 percent.
- Over one-fifth of employed residents of 53206 report income below the poverty level, a level of working poverty that far exceeds the rate elsewhere in Milwaukee. Poverty in 53206 is not simply a function of unemployment or labor force non-participation; among a sizeable component of 53206's *employed* residents, low and declining wages have translated into poverty-level income. The political slogan "making work pay" rings hollow in 53206.
- There is an "educational premium" in 53206 as elsewhere: a college graduate living in the zip code earns two and a half times as much annually as a high school dropout, and 43 percent more than a high school graduate. (These gaps are even greater among male workers viewed separately). But...a *high school dropout* living in Waukesha County earns about the same as a *college graduate* living in 53206.

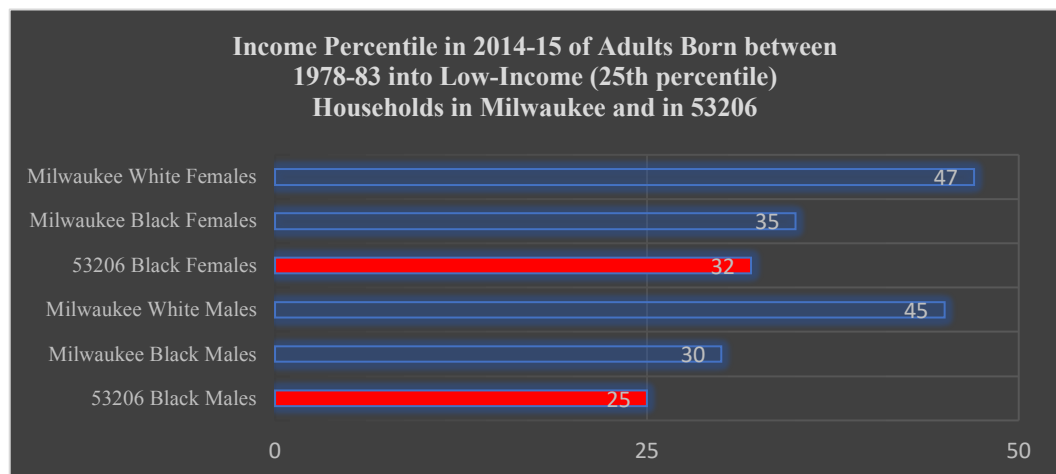
Poverty and Income:

- The poverty rate in 53206 in 2017 was 42.2 percent; this was *six times* greater than the poverty rate in the Milwaukee suburbs. Although the poverty rate in 53206 fell slightly between 2012-2017, it was still slightly higher than it was in 2000; by any reckoning, concentrated poverty remains a persistent, defining feature of the social and economic landscape in Milwaukee 53206.
- The children's poverty rate in 53206 in 2017 was 55.1 percent, an improvement from 66.8 percent in the aftermath of the recession, but still higher than it was in 2000, and much higher than the rest of the city or in the suburbs.
- Median household income in 53206 in 2017 was a little more than one-quarter of the median in Waukesha County, and less than 60 percent of the city of Milwaukee's median.
- Inflation-adjusted household income dropped by 25 percent in 53206 between 2000-2017; it has continued to drop (by 7 percent between 2012-17) even after the end of the recession.

- Poverty and educational attainment are, as expected, correlated in 53206: college graduates are less likely to live in poverty than high school graduates, who are less likely than dropouts to be poor. But when controlling for educational attainment, there are massive disparities in poverty rates between 53206 and elsewhere in Milwaukee. A college graduate residing in 53206 is twice as likely to live in poverty as a comparably educated resident elsewhere in Milwaukee, and *seven times more likely* to live in poverty than a college graduate living in Waukesha County. *Incredibly, there is no statistical difference between the poverty rate for college graduates in 53206 and high school dropouts in Waukesha County.*

Intergenerational Economic Mobility in 53206

- Using a unique data-base of IRS and Census data made available by the Harvard-based “Equality of Opportunity” project, we find that African American males who were born and raised in 53206 in low-income households have experienced, on average, virtually no upward intergenerational economic mobility over the past generation. (There was some very modest upward mobility for black females born in 53206 – but much less than for white females born elsewhere in Milwaukee).
- Black males born in 53206 into households in the 25th percentile of the national income distribution in the late 1970s and early 1980s remained in the 25th percentile in early adulthood (2014-15). By contrast, white males in metro Milwaukee, born into the same “25th percentile” households 30+ years ago rose to the 45th percentile of the national income distribution by young adulthood.
- Put in dollar terms: born into households with identical low incomes 30+ years earlier, the average annual household income of white males born into poor households in metro Milwaukee was more than double that of black males born into poor households in 53206 by the time both reached young adulthood (\$36,477 to \$15,551), a clear racial and neighborhood difference in the trajectory of mobility and opportunity in Greater Milwaukee.



Housing Inequality:

- Homeownership in 53206 lags well behind the rate in Milwaukee’s suburbs, and has declined steadily since 2000, from 38.6 to 33.6 percent.
- Over one-quarter of housing units in 53206 were vacant in 2017, more than double the city’s vacant housing rate and double the rate in 53206 at the turn of the century. (In the early 1970s, only 5 percent of housing units in 53206 were vacant). Vacant, boarded-up housing is a visceral, physical manifestation of the concentrated socio-economic disadvantages plaguing 53206.
- Low-income renters in 53206 are especially vulnerable to the burden of high housing costs: 61.7 percent of renter households in 53206 faced a “high rent burden” in 2017 as they paid over 35 percent of their income in rent.

Health Insurance:

- Although a critical mass of adults in 53206 remain without health insurance, and the uninsured rate in 53206 is triple the rate in the Milwaukee suburbs, the Affordable Care Act has nonetheless reduced significantly the uninsured rate in Milwaukee 53206.
- Among all residents, ages 18-54, the percentage of uninsured dropped from 26.7 percent in 2008-12 to 20.2 percent; among adult males, the percentage without health insurance during that period fell from 41.2 to 28.3 percent.

Incarceration:

- Milwaukee 53206 has drawn considerable media attention in recent years as allegedly “the zip code that incarcerates the highest percentage of black men in America.” Although incarceration and ex-offender rates in 53206 are staggeringly high, there is no evidence that these rates are the highest in the nation. We analyzed this question from several angles. Data collected and made available by Brookings Institution researchers shows the percentage of persons in their late 20s and early 30s, by their childhood zip code, who were incarcerated in 2012. “Nashville 37208” headed the list of the most incarcerated zip codes with 14 percent of residents who were born there in the early 1980s and incarcerated in 2012; by this measure, “Milwaukee 53206” posted an incarceration rate under 7 percent which placed it nowhere near the list of the nation’s most “carceral” zip codes.
- Other data, made available in the Harvard-based “Opportunity Insights Atlas,” enabled us to measure the percentage of black males, born and raised in low-

income households in census tracts located in 53206, who ended up in prison in their late 20s and early 30s. The incarceration rate for these young men ranged from a low of 10 percent in one tract in 53206, to 34 percent in the tract with the highest incarceration rate. Clearly, for young black males growing up in low-income households in 53206, the risk of becoming ensnared in the criminal justice system in the era of mass incarceration has been very high. But, as bad as these percentages are, they are nowhere near the “most incarcerated in the United States.” There were, in 2010, over 250 census tracts in the U.S. that posted higher incarceration rates, by this measure, than the most incarcerated census tract in Milwaukee 53206. The sober reality is that 53206 is one among many U.S. neighborhoods devastated by mass incarceration, and by no means the worst case.

- Finally, using data from the Wisconsin Department of Corrections, we attempted to estimate the percentage of black males in Milwaukee 53206 who were incarcerated or under the active community supervision of the state DOC at three points-in-time since the turn of the century: 2001, 2007, 2013. Our estimate, after grappling with serious data problems and methodological challenges, is that 24.1 percent of black males in 53206 between the ages of 20-64 were in the carceral system in 2013 (down slightly from 28.5 percent in 2007, and about the same level as 2001). Among the most incarcerated age group, black males between the ages of 25 and 34, we estimate that 42.3 percent of this cohort in 53206 was either incarcerated or under active community supervision in 2013 (down from 47.2 percent in 2007, but up from 24.3 percent in 2001).
- Thus, even if characterizations of Milwaukee 53206 as the “most incarcerated” zip code in America are hyperbole, this should not obscure the reality that mass incarceration is an integral component in the “ecosystem” of concentrated disadvantage that continues to weigh on this beleaguered neighborhood.