

2007

# New Indicators of Neighborhood Need in Milwaukee Zipcode 53206

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## Recommended Citation

Quinn, Lois M., "New Indicators of Neighborhood Need in Milwaukee Zipcode 53206" (2007). *ETI Publications*. 66.  
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# New Indicators of Neighborhood Need in Zipcode 53206

Neighborhood Indicators of Employment and Economic Well-Being  
of Families, Barriers to Employment, and Untapped Opportunities



**PREPARED BY**

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2007

# Introduction

Milwaukee Neighborhood Indicators Reports were initially developed by the University of Wisconsin-Milwaukee Employment and Training Institute with funding from the Greater Milwaukee Foundation and the City of Milwaukee to provide independent, timely and ongoing assessment tools to measure short-term and long-term progress toward improving economic and employment well-being of families in central city Milwaukee neighborhoods. Indicators track changes by neighborhood since 1993, prior to the beginning of state and federal welfare reform.

The 53206 ZIP code neighborhood serves as a bellwether for poverty changes in Milwaukee and nationally. In the 1990s prior to welfare reform in Wisconsin it had the largest number of families receiving AFDC. In the 2000 Census it showed the largest number of families in poverty among Milwaukee zipcodes. This 2007 publication introduces two new sections addressing critical (and previously unexamined) issues facing the neighborhood: the unprecedented increases in **subprime and high-interest rate housing loans** to neighborhood residents and investors, and the **growing population of ex-offenders** of prime working age in the neighborhood. These new measures stand in sharp contrast with prior indicators which have generally shown relatively slow downturns and in some cases modest improvements. The new analyses, however, show substantial movement in a negative direction, particularly in the last 4-5 years as prisoners released to these neighborhoods have risen dramatically and subprime lending for refinancing mortgages has escalated. The new indicators shed much light on the immense challenges facing the 53206 zipcode neighborhood. The indicators reveal interrelationships between staggeringly high rates of incarceration (and recidivism) for the male population, the reliance of many families on single-parent lower-income wage earners, the availability of subprime loans providing cash income but often issued to families lacking means to meet the adjustable payment schedules, and increases in market prices for single family and duplex houses whose future is tied to national stalls in housing values and concurrent financial problems of subprime lenders.

At the same time, **assets are identified**, including a relatively high rate of home ownership for single family houses, untapped retail spending (much of which is now leaving the neighborhood), the growth of child care businesses, increases in individuals reporting full or partial self-employment, and government economic supports for families (including child care subsidies, the federal and state earned income tax credits, FoodShare benefits, and medical assistance coverage).

This 53206 publication is the first of the 2007 series of nine neighborhood indicator reports for central city Milwaukee. Reports are posted on the ETI website at [www.eti.uwm.edu](http://www.eti.uwm.edu).

# Findings

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## **New Indicator Findings: Mortgage Lending Practices in Zipcode 53206**

1. Subprime loans (46%) and high-interest loans (32%) make up over three-fourths (78%) of the mortgage loans issued for owner-occupants in 2005, according to a special analysis of mortgage lending practices in zipcode 53206. The growth of these costly high risk mortgages has been fueled by dramatic increases in housing prices, even in the poorest neighborhoods, and promotion of mortgage loans for cash-strapped residents.

Subprime loans are typically made to individuals with poor credit histories, offer less favorable terms of repayment (often with low initial interest rates escalating into higher payment schedules 2-3 years after the mortgage is issued), may involve high fees and prepayment penalties, often do not include escrow accounts for property taxes and insurance, and may not verify the income and capability of the borrower to meet the mortgage payments.

2. Refinancing loans have exceeded the number of home purchases each year since 1994 in zipcode 53206. In 2005, the last year for which data is available, zipcode 53206 recorded 372 refinancing loans for owner-occupants, a high for the eleven years analyzed. These refinancing mortgages offer new found cash and illusory relief for consolidating credit card and other debts, but put owners' entire home equity in jeopardy if they cannot make their payments.

3. A number of the subprime lenders operating in zipcode 53206 have recently been reported as having serious financial problems, facing possible bankruptcy, and under investigation by government agencies in other states. A total of 62 subprime lenders issued 932 housing loans totaling \$55 million in 2004 and 2005 in zipcode 53206. (In 1993 only 11 subprime loans were issued in the zipcode neighborhood.)
4. Foreclosure cases in January 2007 were heavily concentrated in zipcode 53206. In January 2007 the Milwaukee County courts listed 377 foreclosure cases on file for properties in the City of Milwaukee for one month alone, and 75 of these (20%) were in zipcode 53206. As the subprime lending industry faces a growing national crisis and housing prices stall, further increases in foreclosures may be seen in zipcode 53206.

#### **New Indicator Findings: Returning Prisoners in Zipcode 53206**

1. Nearly two-thirds (62%) of men ages 30-34 from zipcode 53206 have been incarcerated in state Department of Corrections facilities or are currently incarcerated, according to a first-time analysis of the population of adults incarcerated in state DOC facilities (from January 1993 through June 2006).
2. An estimated 2,500 adults now living in zipcode 53206 were previously incarcerated in state Department of Corrections facilities from 1993 to 2006. Adults, mostly male (89%) and nearly all African American (like the neighborhood population which is 97% African American), face major barriers which impact their chances of reuniting with their families and securing regular employment. Only 4% showed a valid driver's license with no suspensions or revocations, and 63% had not completed high school or obtained a GED. Government policies instituted for the population of felons with drug-related convictions prevent many from moving into subsidized housing or from obtaining Pell grants to attend vocational courses, college or other post-secondary education training.
3. Zipcode 53206 has seen a dramatic 336% increase in the number of adults released from prison since 1993 when 201 were released to 879 released in 2005. The number serving time and released for "drug offense only" has increased five-fold, from 43 in 1993 to 255 in 2005.
4. Many of the adults released subsequently return to prison. Recidivism rates of 53% were reported for those ages 25-34.

# Neighborhood Indicators Report

## Special Analysis of Mortgage Lending Practices in 53206

The national fallout related to proliferation of subprime loans, particularly targeted to lower-income residents, will have an unprecedented impact on home equity in zipcode 53206, where hundreds of residents and investors have acquired such mortgages. Approved loans were examined for houses in zipcode 53206 for the period from 1993 through 2001 and 2003 through 2005, using the last available Home Mortgage Disclosure Act (HMDA) data files. Three types of loans are involved: home purchase mortgages, refinancing loans (allowing a present mortgage holder to acquire a new loan either for more favorable borrowing terms or to acquire cash based on the increased market value of the borrower's home), and loans for home improvements.

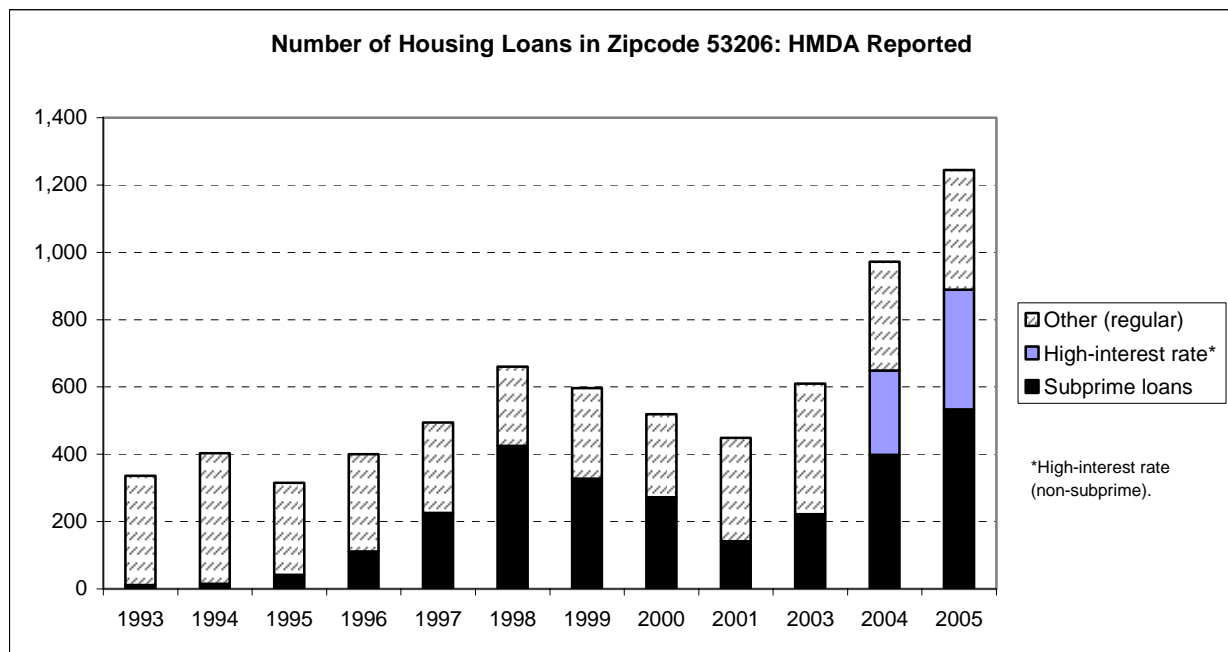
For the purpose of this analysis, housing loans are identified as “subprime” if they are issued by a lender considered by HUD (the Department of Housing and Urban Development) to be a subprime lender. **Subprime loans** are typically made to individuals with poor credit histories, and offer less favorable terms of repayment (often with lower initial interest rates that escalate into higher – and usually adjustable – interest rates 2 to 3 years after the loan is first made). These mortgages offer considerable risk to the borrower. In many cases, payment schedules do not provide for escrow payments for taxes and insurance, the lending company fails to adequately verify the income and capability of the borrower to meet future escalating payment requirements, the loans involve high fees and prepayment penalties, and borrowers do not realize the long-term costs of the loan.

Of particular concern are **refinancing mortgages** made for houses that are already partially paid for, where borrowers acquire immediate cash based on equity in their home and its increased market value since they acquired their first mortgage. This cash may be used to consolidate credit-card or other debts, but puts the borrower's home at risk if mortgage payments are not met. In the last few years, with housing prices rising even in the poorest neighborhoods, borrowers unable to meet their current mortgage (or credit card) payments have been encouraged to refinance their home mortgages. For most property owners, the dramatic increases in their home's value have made it a source of

new wealth. The gains in home assessed values, however, may be illusory when homeowners are unable to meet their escalating mortgage payments and forced into foreclosure or sale of their property at prices well below the value of the mortgage – thus losing their lifetime savings.

In other cases, low-income residents may secure housing loans from **non** subprime lenders, but at **higher interest rates** because of the borrower's poor credit rating (and/or the shorter length of the loan). These high interest rate loans are also a concern when minority and poor neighborhoods are hit by hither rates of interest than other residential areas. Since 2004, the HMDA data files allow identification of **high interest rate** loans (e.g., loans which are more than 3 points above Treasury Rates for first liens and more than 5 points for second liens).

- There were almost no subprime mortgages (11 loans) issued in zipcode 53206 in 1993. Subprime lending began increasing through the 1990s and had reached 425 loans in 1998. By 2005 a total of 533 subprime loans were reported. Additionally, 251 high interest rate loans (non subprime) were identified in 2004 and 356 reported in 2005.

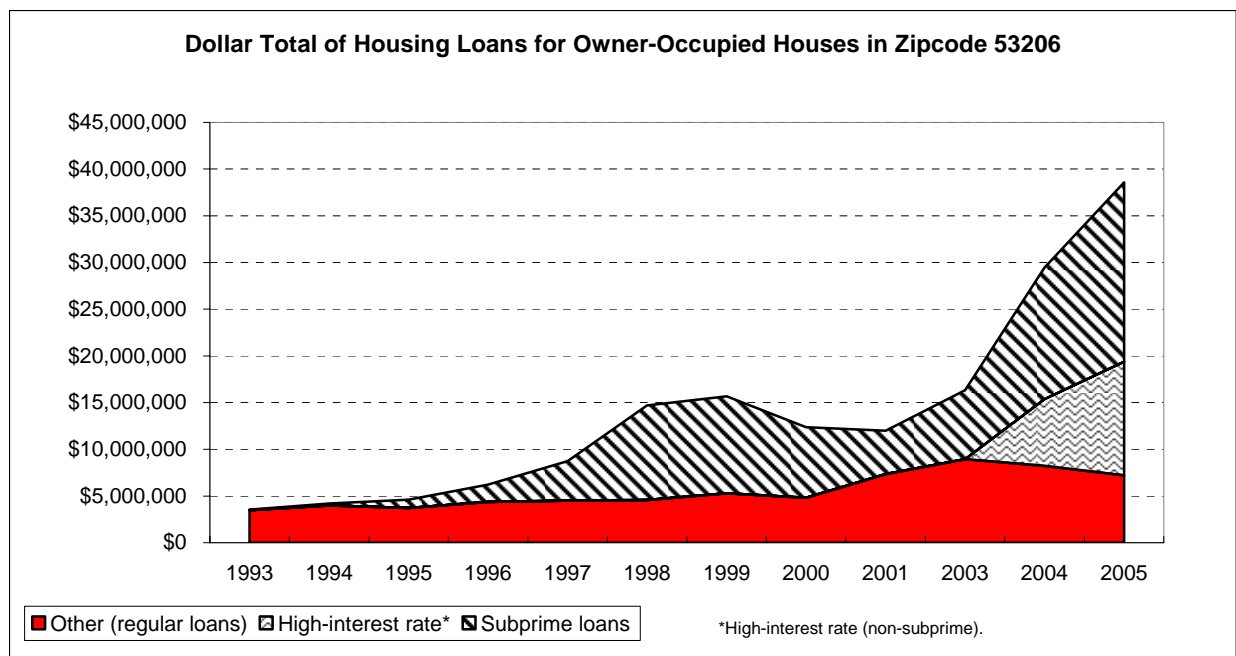




## Subprime Loans to Owner-Occupants

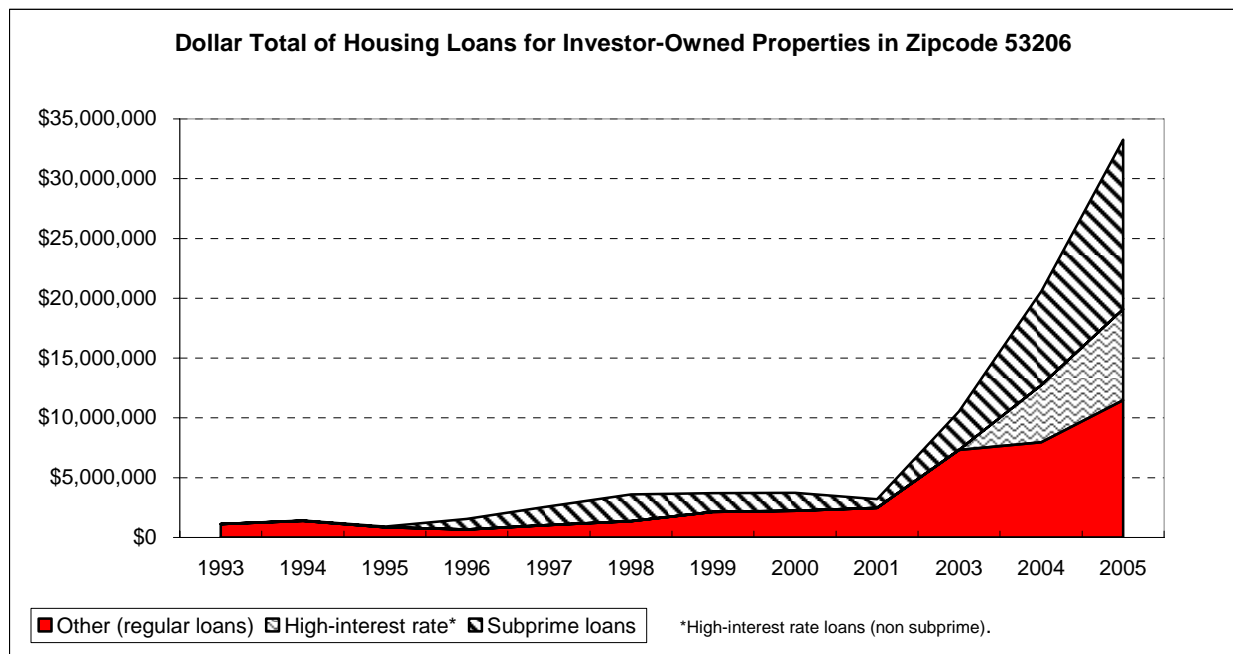
Residents in the poorest areas of the city are frequently the target of subprime lending.

- Subprime loans to **owner-occupants** in zipcode 53206 soared to 344 by 1998, accounting for 65% of all housing loans to owner-occupants that year. By 2005 subprime loans accounted for 46% of the mortgages while an additional 32% of loans were at the high-interest rates level. In sharp contrast, subprime loans to owner-occupants in the Milwaukee County suburbs rose to 2,218 by 2005, but only accounted for 13% of housing loans to owner-occupants in the suburbs.
- The monetary amount of the subprime lending to owner-occupants in zipcode 53206 rose quickly, so that by 1998 \$10.1 million in subprime loans were issued to owner-occupants and by 2005 the total of subprime housing loans had reached \$19.2 million.



## Subprime Loans to Investors (Non Owner-Occupants)

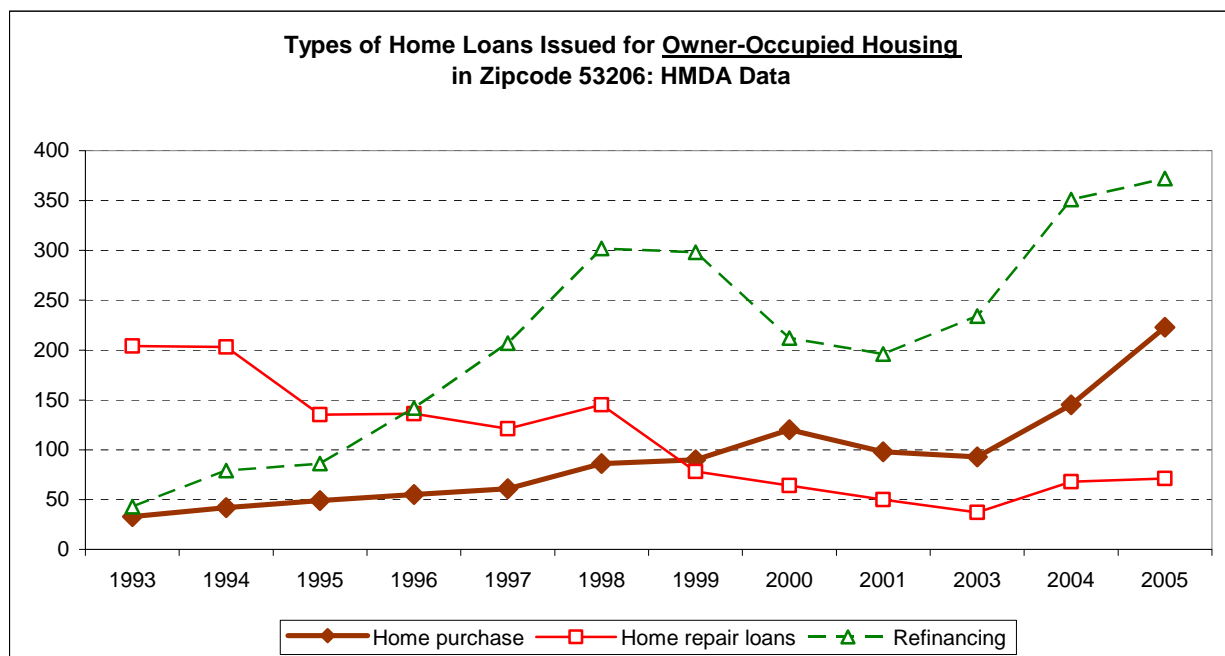
- Housing loans for **investor-owned** (i.e., non owner-occupied) houses in the 53206 neighborhood grew gradually from \$1.1 million (56 loans) in 1993 to \$3.7 million (123 loans) in 2000. Then by 2005 the number of loans had escalated to 578 properties, with mortgages totaling \$33.3 million.
- The monetary value of **subprime loans** to investor-owned housing in zipcode 53206 showed dramatic increases in the last three years available: rising from \$3.2 million in subprime loans in 2003, to \$7.8 million in 2004, and \$14.2 million in subprime loans in 2005. During this same period, non-subprime high-interest rate loans accounted for 110 mortgages valued at \$4.8 million in 2004, and rising to 144 mortgages totaling \$7.6 million in 2005.



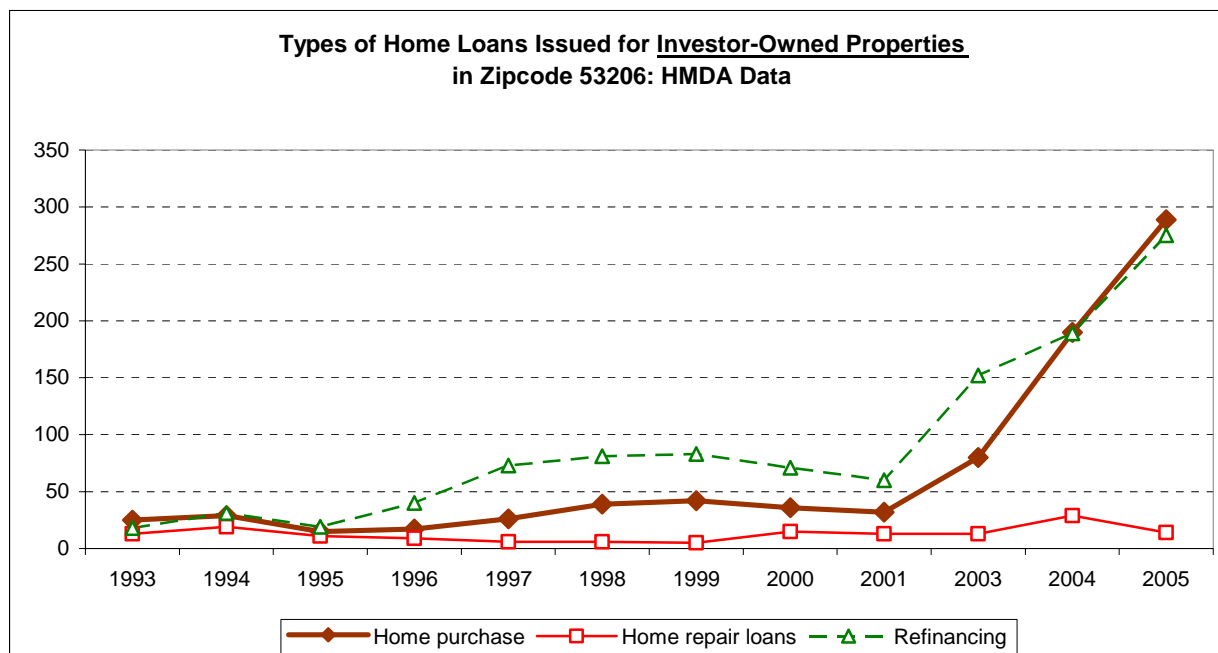
## Type of Loan Activity

The high increases in subprime loans were driven primarily by their relatively low initial interest rates (with higher interest rates to follow) combined with spiraling increases in the full value property assessments taking place in the poorest neighborhoods.

- The 53206 neighborhood showed a doubling of full value property tax assessment for one-family houses from 2000 to 2006 and even higher market value increases (an average 128% increase) for duplexes, making residents and landlords targets for subprime lenders who could provide cash for refinancing of existing mortgages for cash-strapped residents whose housing values had reported increases of \$25,000 or more. These **refinancing loans** provided new found cash and illusory relief for consolidating credit card and other debts.
- Most lending activity for owner-occupied housing in the zipcode area in 2005 was for home refinancing loans. In 2005, zipcode 53206 recorded 372 refinancing loans (a high for the eleven years analyzed), followed by 223 home purchase loans. Home repair loans, which had totaled 204 loans in 1993, were down to 78 in 2005.

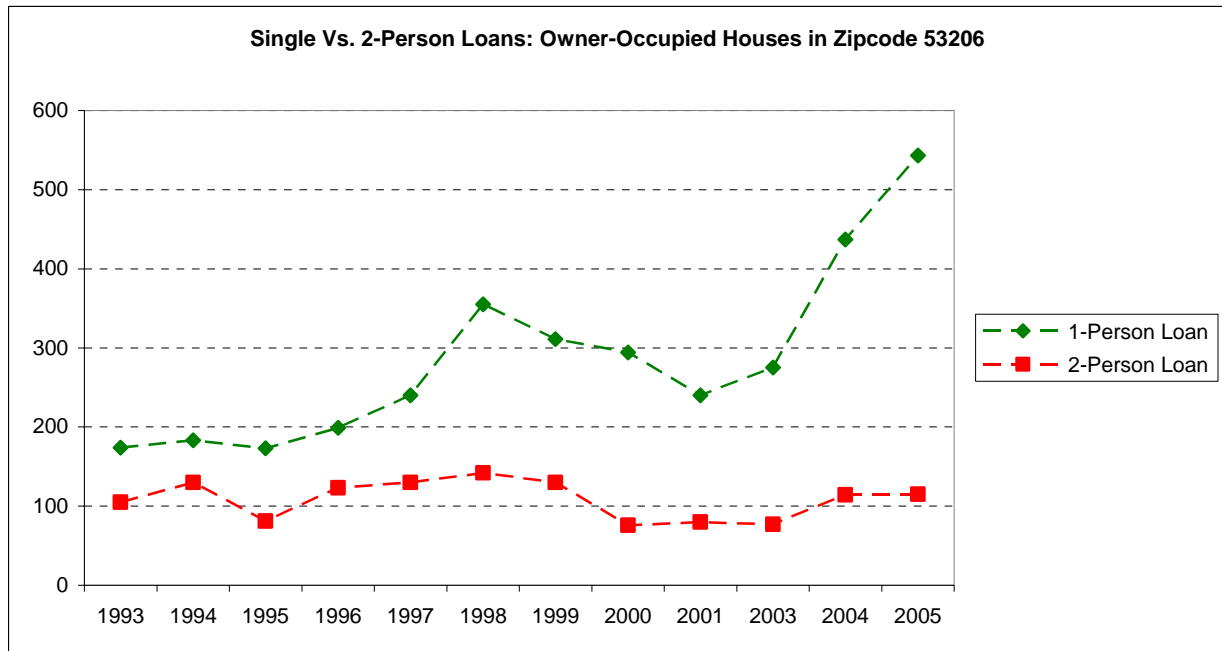


- During this same period, **refinancing loans for non-owner occupied houses** in the 53206 neighborhood increased fifteen-fold from 18 in 1993 to 275 in 2005, of which 41% were subprime loans. The high numbers of these mortgages may reflect the real estate flipping taking place during the last 3 to 4 years. In contrast, the Milwaukee County suburbs showed almost no change in the number of refinancing loans for non-owner occupied homes.

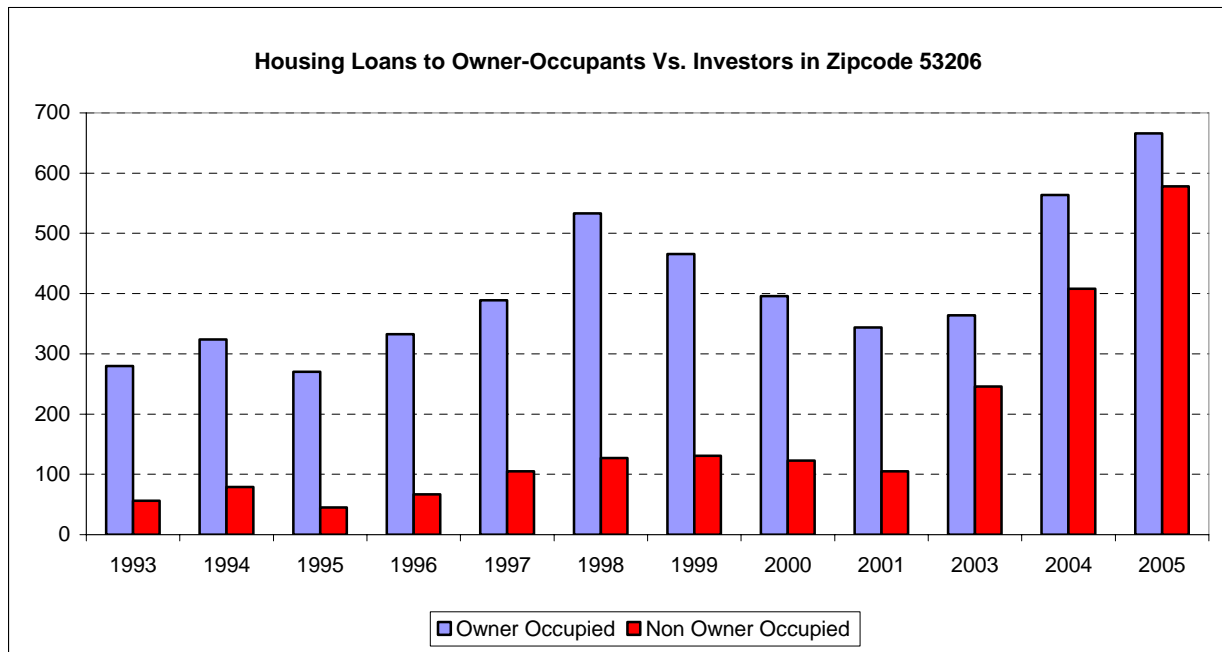


## Type of Borrowers

- The majority of housing loans in zipcode 53206 were made to single purchasers rather than 2-person buyers, and the big jumps in home loans in 2004 and 2005 involved single rather than 2-person co-signers. These trends are consistent with concerns about the largely single-parent families of the neighborhood seeking out or being targeted for housing loans (including refinancing loans) they can ill-afford.
- Single person loans made up 82% of mortgage loans issued to owner-occupants in zipcode 53206 in 2005.



- Not only has lending activity increased for residents, but investors have also shown jumps in the numbers of their housing loans in the last three years. By 2005 mortgages to investors (i.e., non owner occupants) made up nearly half (46%) of total housing loans issued in zipcode 53205.

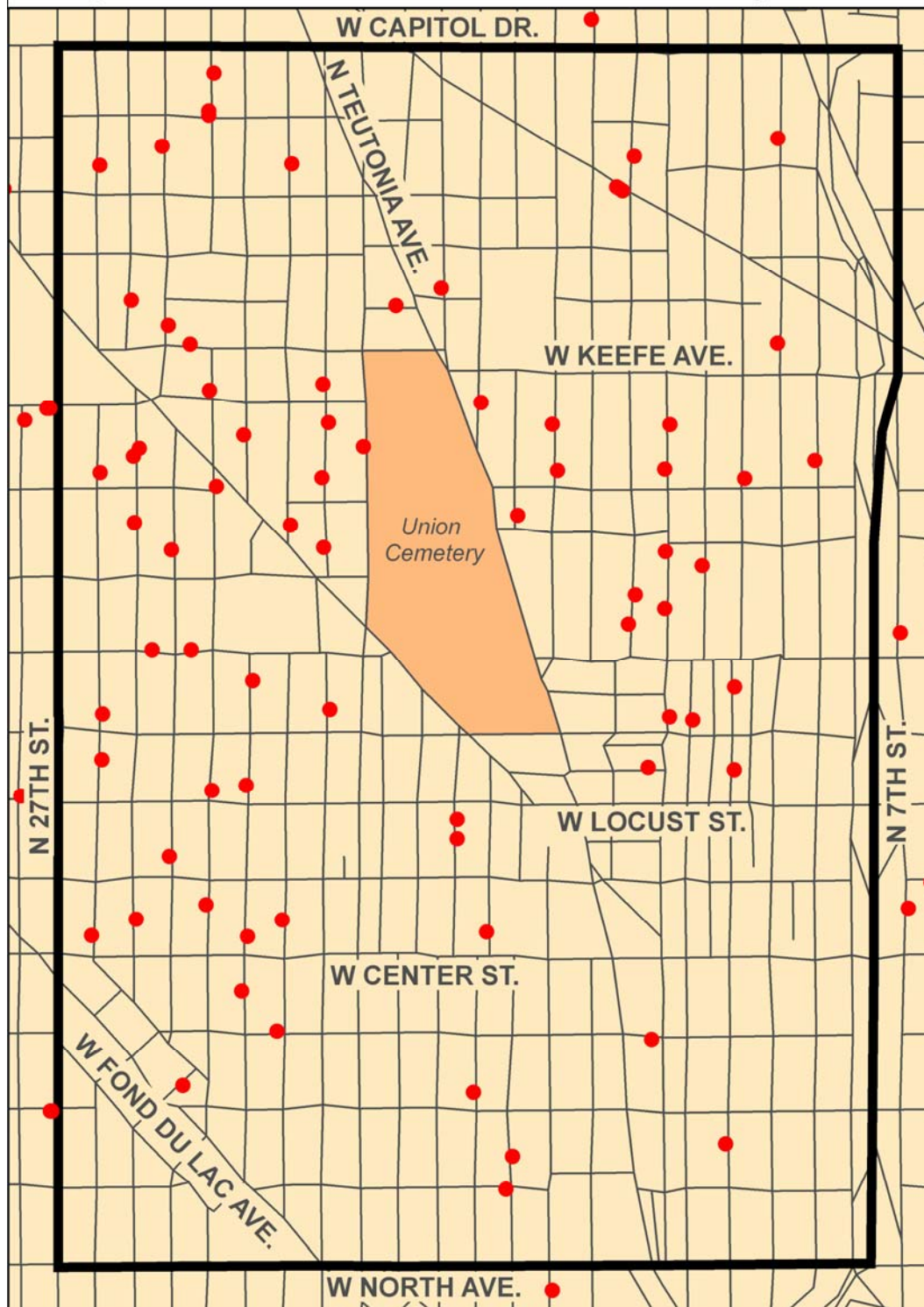


## **Foreclosure Activity**

The low interest rates for the first years of subprime loans are initially tempting but when higher payment requirements kick in after the first few years, many families are caught short. Some owners refinance again based on continuing increases in the assessed values of their property. Once the housing market stalled, however, and the subprimes got hit, so did the mortgage holders, especially those in poorer neighborhoods.

- By January 2007, the Milwaukee County courts listed 377 foreclosure cases on file for properties in the City of Milwaukee for one month alone. These cases were heavily concentrated in the city's poorest neighborhoods, with 75 foreclosure cases (20% of the total) for properties in zipcode 53206.

## Locations of Foreclosure Cases in Zipcode 53206: Month of January 2007



Source: UWM Employment and Training Institute analysis of circuit court records.

## **Subprime Lenders Operating in Zipcode 53206**

- A total of 60 subprime lenders were selling mortgage loans for houses in zipcode 53206 in 2004 and 2005, the most recent years available. Subprime housing loans in the zipcode neighborhood totaled \$55 million in the 2-year period for 932 loans.
- In zipcode 53206 the biggest subprime lender was Argent Mortgage Company (of Irving, CA), which made 288 loans totaling \$18 million during the 2-year period.
- The table below shows the 43 subprime lenders with \$100,000 or more in housing loans in zipcode 53206 in 2004 and 2005. A number of these subprime lenders have recently been reported as having serious financial problems, facing possible bankruptcy, and under investigation by government agencies in other states.



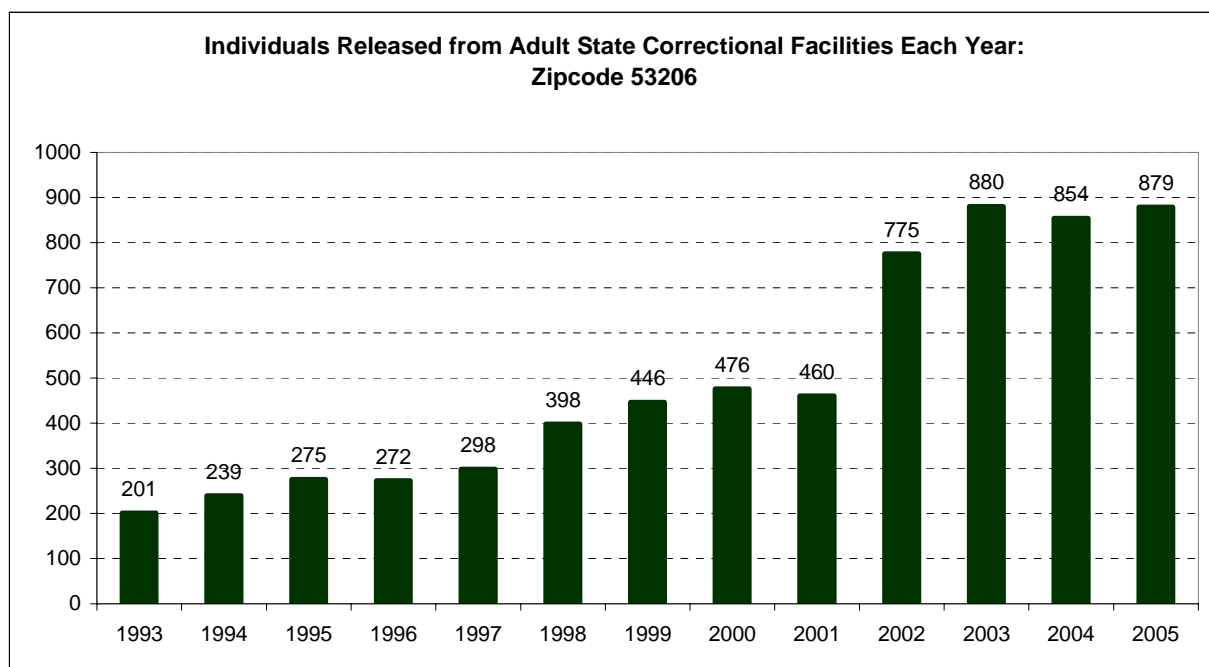
### Subprime Lenders Issuing Housing Loans in Zipcode 53206 in 2004 and 2005

SUBPRIME LENDERS IN 53206	2004	2005	Total	Total Loans
<b>Total Loans</b>	399	533	932	\$55,390,000
<b><u>Lenders with at Least \$100,000 in Loans in 53206</u></b>				
ARGENT MORTGAGE COMPANY LLC	149	139	288	\$18,009,000
LONG BEACH MORTGAGE CO.	33	72	105	\$5,714,000
NEW CENTURY MORTGAGE CORPORATI	18	42	60	\$3,932,000
FREMONT INVESTMENT & LOAN	12	37	49	\$3,114,000
WELLS FARGO FINL WISCONSIN INC	14	14	28	\$1,858,000
AAMES FUNDING CORPORATION	16	14	30	\$1,751,000
AMERIQUEST MORTGAGE COMPANY	12	9	21	\$1,489,000
CITIFINANCIAL, INC.	22	19	41	\$1,478,000
OPTION ONE MORTGAGE CORP	9	15	24	\$1,446,000
OWNIT MORTGAGE SOLUTIONS, INC	0	16	16	\$1,164,000
CHASE MANHATTAN BK USA NA	2	20	22	\$1,094,000
DELTA FUNDING CORPORATION	4	15	19	\$1,034,000
MILA, INC.	6	14	20	\$870,000
ENCORE CREDIT CORP	4	9	13	\$790,000
FRANKLIN MORTGAGE FUNDING	12	0	12	\$756,000
MARIBELLA MORTGAGE, LLC.	0	12	12	\$687,000
THE ANYLOAN COMPANY	0	5	5	\$643,000
WMC MORTGAGE CORP.	0	11	11	\$640,000
THE CIT GROUP/CONSUMER FINANCE	4	7	11	\$624,000
FINANCE AMERICA, LLC	13	0	13	\$589,000
HFC	8	0	8	\$538,000
RESMAE MORTGAGE CORPORATION	0	9	9	\$503,000
AIG FEDERAL SAVINGS BANK	3	4	7	\$497,000
PROVIDENT BANK	9	0	9	\$400,000
ACOUSTIC HOME LOANS, LLC	0	6	6	\$396,000
EQUIFIRST CORPORATION	2	4	6	\$373,000
PEOPLE'S CHOICE FINANCIAL CORP	4	3	7	\$360,000
MORTGAGE LENDERS NETWORK USA	3	3	6	\$359,000
BENEFICIAL	6	0	6	\$348,000
AEGIS LENDING CORPORATION	5	1	6	\$326,000
OAK STREET MORTGAGE	3	1	4	\$280,000
CENTEX HOME EQUITY COMPANY LLC	4	1	5	\$262,000
CITIFINANCIAL MTG CO, INC	1	3	4	\$239,000
DECISION ONE MORTGAGE	4	0	4	\$226,000
CITICORP TRUST BANK, FSB	1	3	4	\$216,000
FIELDSTONE MORTGAGE COMPANY	2	1	3	\$201,000
AEGIS FUNDING CORPORATION	0	3	3	\$197,000
NOVASTAR MORTGAGE, INC.	1	2	3	\$175,000
ADVANCED FINANCIAL SERVICES IN	1	2	3	\$175,000
FIRST NLC FINANCIAL SERVICES	1	3	4	\$170,000
NEW FREEDOM MORTGAGE CORP	0	2	2	\$168,000
MBNA AMERICA (DELAWARE), N.A.	1	1	2	\$154,000
JLM DIRECT FUNDING LTD	0	2	2	\$100,000

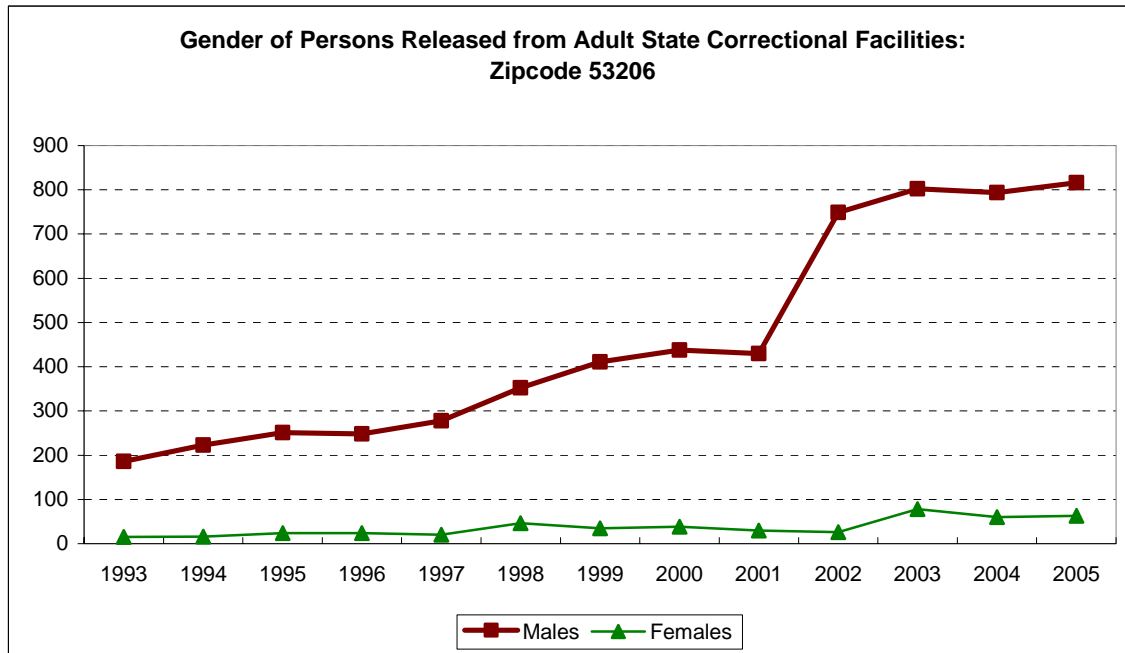
## Special Analysis of the Returning Prison Population

The absence of many males of prime workforce age and the numbers of men incarcerated and released from state correctional facilities each year have tremendous impact on the earnings and stability of families. This first-time analysis examines the Department of Corrections public inmate data file of detailed information on each incarceration and release of adult inmates from state correctional facilities from January 1, 1993 through June 30, 2006, and uses DOC and other data files to assess demographic characteristics as well the history of violations resulting in incarceration. The DOC file identifies individuals in the Wisconsin Department of Corrections system but does not include other inmates in the House of Corrections or city jail. Data entries for admission and release from DOC facilities are for any reason, including alternatives to revocation or for temporary probation and parole holds.

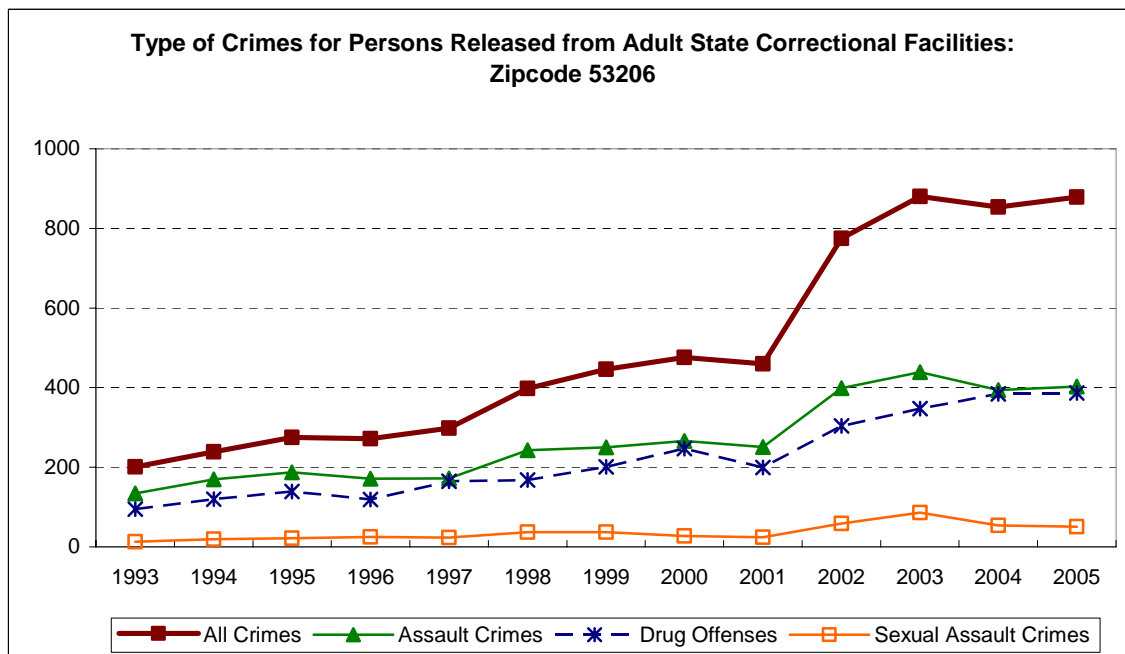
- Since 1993, the number of individuals being released from state adult correctional facilities in zipcode 53206 has grown dramatically from 201 in 1993 to 879 in 2005, a 336% increase. Many subsequently return to prison.



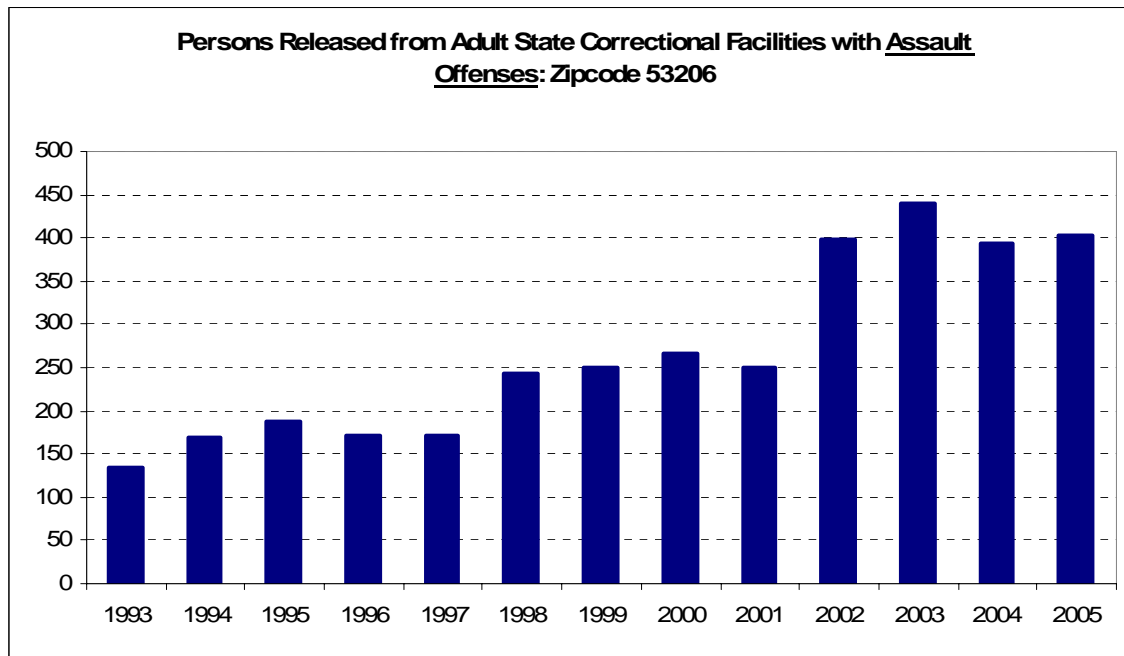
- Most of those incarcerated are males. The number of men released in zipcode 53206 has risen from 186 in 1993 to 816 in 2005 (with another 387 men released in the first half of 2006). The number of women released rose from 15 in 1993 to 63 in 2005.



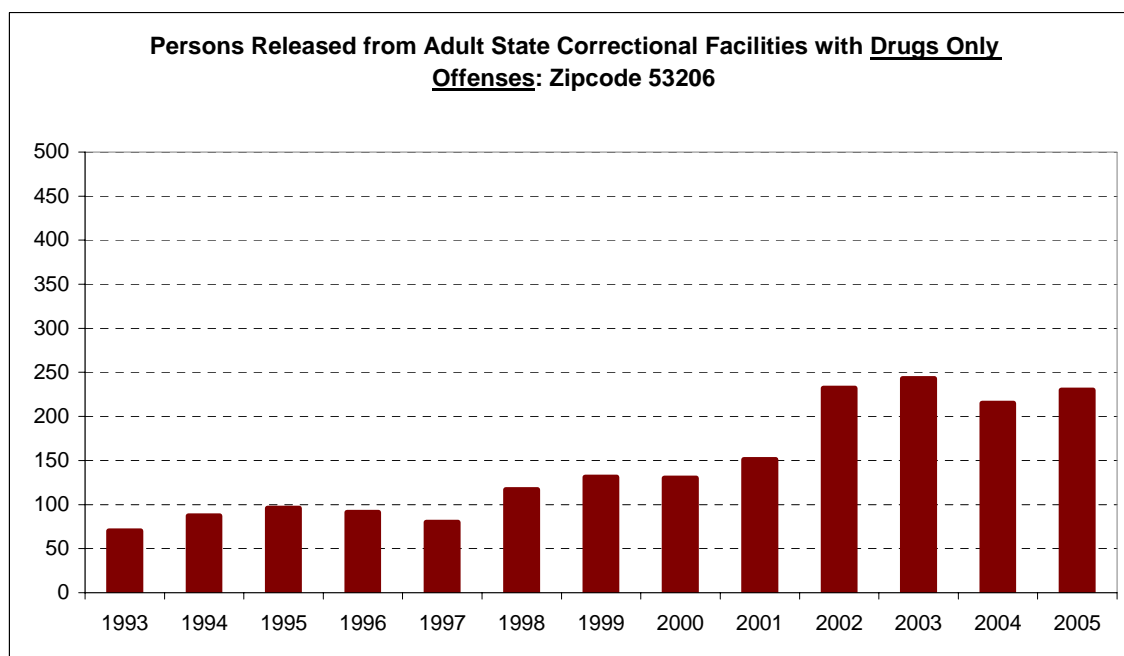
- For most major crime areas, the numbers released each year in 53206 have tripled, although for individuals charged with “drug offenses only” the numbers have increased at an even higher rate (a 493% increase from 1993 to 2005).



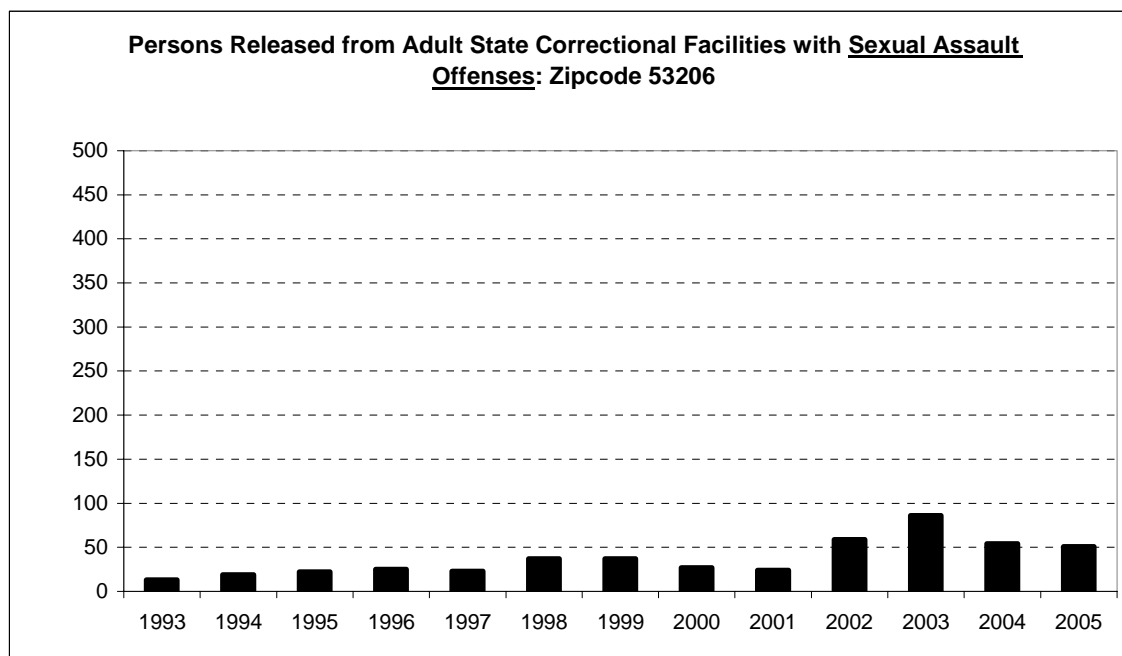
- In 2005 a total of 403 individuals were released from state adult correctional facilities with prior assault crimes, the highest number in the 13 years studied.



- The number of individuals serving time and released after incarceration for “**drug offenses only**” has increased five-fold, from 43 in 1993 to 255 in 2005 (and another 105 in the first half of 2006).



- The population which receives the greatest media attention is sex offenders. The number of individuals released after conviction for sex offenses is significant but relatively low – 13 in 1993, rising to a high of 86 in 2003 and at 51 releases in 2005.



## Multiple Barriers to Employment for Resident Ex-Offenders

**An estimated 2,506 individuals are now living in zipcode 53206 who were previously incarcerated in state Department of Corrections facilities.** This estimate may be on the low end as only 90% of DOC prisoners from Milwaukee County had a zipcode location of release.

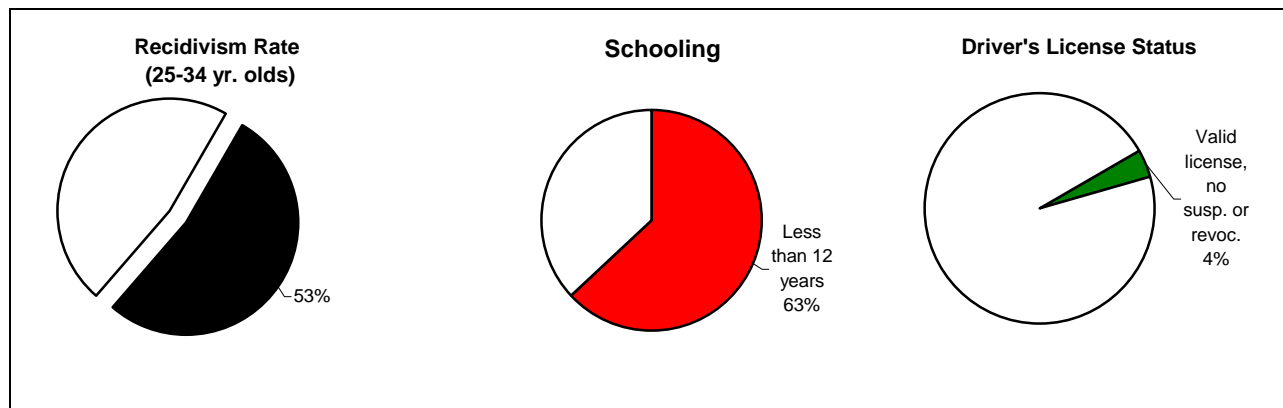
- This previously incarcerated population includes 2,233 men (89% of the total) and 273 women.
- Like the neighborhood (which is 97% African American), nearly all of the ex-offenders are African Americans.

An analysis by the Employment and Training Institute examined the barriers facing Milwaukee County adults released from or currently in Wisconsin Department of Corrections (DOC) facilities.

Major barriers to employment were identified for the 2,506 ex-offenders in zipcode 53206 who have been released from state correctional facilities.

- **High recidivism rates** of 53% were found for those ages 25 through 29 and 53% for those ages 30 through 34. Thus, over half return to state correctional facilities one or more times.

#### Released Population from State Correctional Facilities: Zipcode 53206

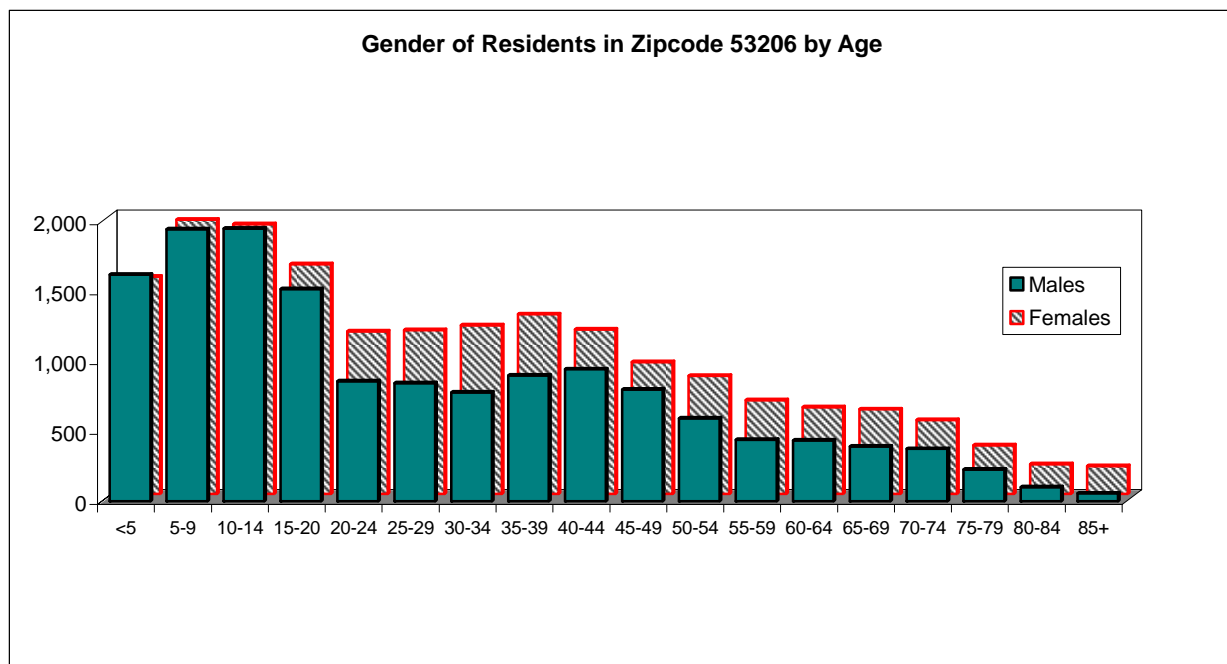


- **Low levels of educational achievement** were shown, with 63% having less than 12 years of schooling and no degree, 19% with a GED or high school equivalency credential, 11% with a high school diploma and no college, and 7% with post-secondary education beyond high school. Government policies instituted for the population of felons with drug-related convictions may prevent many from obtaining Pell grants to attend vocational education classes, college, and other post-secondary education programs.
- Almost none (i.e., only 4%) of the released population living in 53206 had a **driver's license** with no suspensions or revocations.

## Male-Female Population Imbalances Due to Incarceration

Given the high numbers of adult males from zipcode 53206 who are incarcerated, the neighborhood shows large imbalances between men and women residents. In addition to the expected differences in the numbers of males relative to females at the older (i.e., senior citizen) ages, African American residents of zipcode 53206 show significant imbalances between males and females beginning in the teenage years.

- In zipcode 53206, the number of African American males and females the census reports living in zipcode 53206 are about equal for the populations 0-15 years. Beginning in the mid-teenage years 15-19, however, the population of males declines to only 92% of the female population.
- By their early twenties, the number of males in zipcode 53206 is only 74% of the numbers in the female population. The ratio worsens even further for the population of adults in their early 30s, where males show only 64% of the numbers of females (ages 30-34).



- For males in the age 30-34 year cohort, where men make up only 64% of the numbers of women residing in the neighborhood, almost 1/3 of the male population can be accounted for as incarcerated in state or local correctional facilities. Adding men from the state correctional facilities who are still incarcerated to the census estimates accounts for much of the imbalance between men and women in 53206. If the number of men without a DOC zipcode address (and also not showing a driver's license match) could be ascertained, the imbalance between men and women would be explained even further.

**Age and Gender of Residents of Zipcode 53206: 2000 Census**

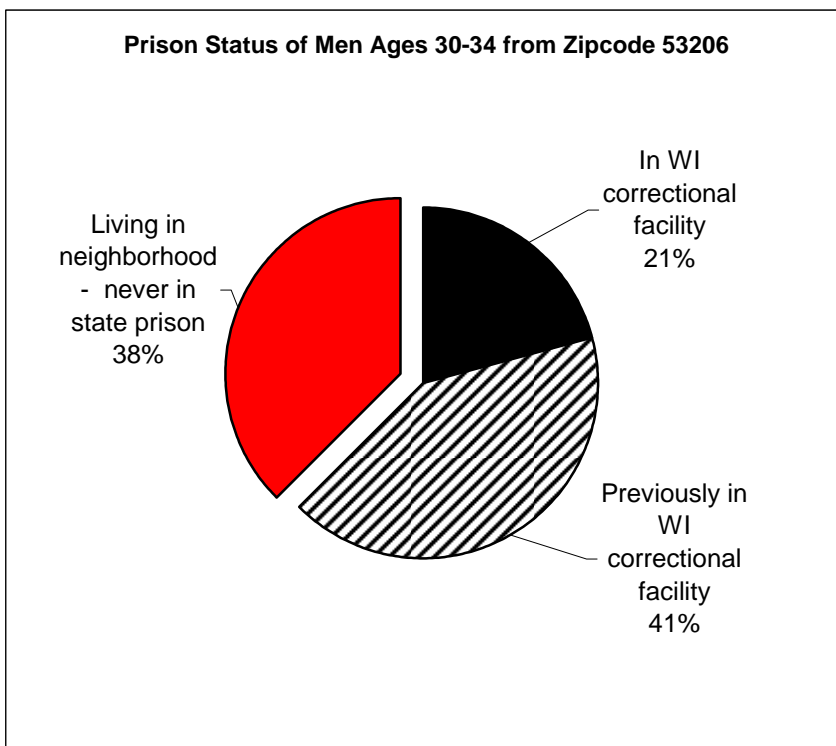
<u>Age in 2000</u>	<u>Males</u>	<u>Females</u>	<u>Males Per 100 Females</u>
Under 5 years	1,622	1,556	104
5-9 years	1,946	1,963	99
10-14 years	1,951	1,931	101
15-20 years	1,519	1,644	92
20-24 years	859	1,163	74
25-29 years	845	1,172	72
30-34 years	779	1,208	64
35-39 years	901	1,286	70
40-44 years	945	1,178	80
45-49 years	799	943	85
50-54 years	593	846	70
55-59 years	440	671	66
60-64 years	435	622	70
65-69 years	392	606	65
70-74 years	375	529	71
75-79 years	227	349	65
80-84 years	102	214	48
85 and above	57	200	29
Total	14,787	18,081	82



## Almost 2/3 of Males Ages 30-34 Have Been in Imprisoned in State Facilities

When those men in prison who have a zipcode address of 53206 are added to those reported by the census as living in the zipcode (including men previously released from state correctional facilities, as well as men who have never spent time in an adult DOC facility), the dimension of the problem becomes startlingly clear.

- **For the 30 to 34 year old age group, 21% of the men from 53206 are reported in a state DOC facility, another 42% were previously incarcerated in a state correctional facility, and only 38% were never in an adult state correctional facility.**



The Employment and Training Institute identified a number of steps that could be immediately taken to address the employment barriers for ex-offenders in Milwaukee County.

from **Barriers to Employment: Prison Time** by John Pawasarat, University of Wisconsin-Milwaukee Employment and Training Institute, 2007. Funded by Legal Action of Wisconsin and the Private Industry Council of Milwaukee County.

Released prisoners are one of the most difficult populations to serve and least likely to be successfully engaged in sustained employment due to persistent legal problems, low education attainment levels, high recidivism rates, and driver's license suspension and revocation problems. The stigma of being an ex-inmate alone and the limitations it places on those released and expected to become gainfully employed are compounded by further legal sanctions placed on those who have spent time in correctional facilities. Parents and non-parents released from DOC facilities face major barriers which impact their chances of reuniting with their families and securing regular employment.

- **Housing barriers** face those released from prison and applying for public housing subsidies. Some may not be eligible at all for subsidized housing, while others are subject to the practice of sharing criminal records with Section 8 landlords.
- **Education barriers** have been instituted for the population of felons with drug-related convictions which prevent them from obtaining Pell grants to attend vocational education classes, college, and other post-secondary education programs.
- **Income maintenance barriers** are most severe for those with drug convictions, making them ineligible for food stamps or TANF services.

The driver's license status and low educational levels of the populations stand in sharp contrast to the limited number of jobs available in the neighborhoods where these prisoners are released. Previous ETI research on the welfare-to-work population has shown the driver's license to be more important than educational status in accessing and retaining employment. The most recent May 2006 employer job survey (conducted by the UWM Employment and Training Institute for the Private Industry Council of Milwaukee County) found that three-fourths of the job openings in the metro area were located in areas not easily accessed by public transportation. In the CDBG (Community Development Block Grant-targeted) central city Milwaukee neighborhoods where most prisoners are released, the survey showed a job gap of 7 to 1, that is, 7 jobseekers for every 1 full-time job available. Further, ex-offenders seeking work in these (and other) neighborhoods must compete with jobseekers who have a valid driver's license and who do not have a prison record.

## **Recommendations**

1. **The DOC should assess the driver's license status of prisoners immediately upon their entry to the DOC facilities as part of an employability plan** to target those most likely to benefit from license restoration initiatives. Those prisoners should be identified who will be required to serve a waiting period after application for their driver's license so that the **application wait period can be served during incarceration in the DOC facility**.
2. The state Department of Corrections should redirect existing remediation and reentry resources to launch an **in-house driver's license restoration initiative** which would:
  - Prepare inmates to take the written driver's license test.

- Allow inmates to apply for a driver's license if they do not have a current license.
  - Assign Department of Transportation staff to administer the driver's license written test prior to release.
  - Schedule appointments for the road test immediately upon release.
  - Create a way for inmates to work off reinstatement and application fees through prison work programs or points for good behavior.
3. **The state Department of Workforce Development should document the pre- and post-employment experience of adults released from and admitted to DOC facilities** using the state Department of Workforce Development wage match data to gauge the effectiveness of post-release employment initiatives and to identify populations most likely to benefit from pre-employment and driver's license initiatives.
  4. **The City of Milwaukee should examine the negative cost impacts of City of Milwaukee imposed suspension-related fines on both the released and incarcerated populations.** The City of Milwaukee is responsible for most of the driver's license suspensions in Milwaukee County using suspension orders for failures to pay fines not related to serious driving violations.
  5. **Leadership and coordination** between the Department of Corrections, the Department of Workforce Development, the Private Industry Council and community partners are necessary **to target sufficient direct services** to the DOC population in Milwaukee County
  6. Given the concentration of ex-offenders in Milwaukee, **increased funding is needed for education and training support for Milwaukee residents** who are ex-offenders.

***Barriers to Employment: Prison Time** examines the legal and transportation needs of 37,080 Milwaukee County adults current or previously incarcerated in state correctional facilities. The publication is available online at [www.eti.uwm.edu](http://www.eti.uwm.edu).*

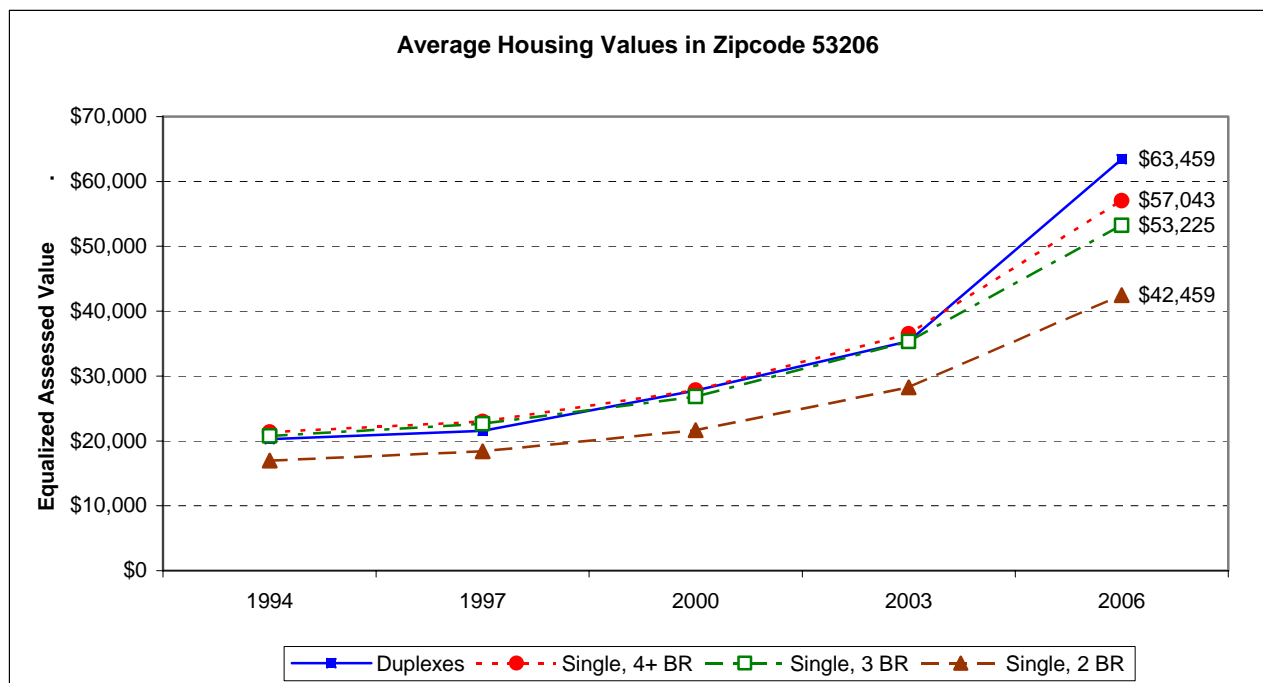
## ANNUAL NEIGHBORHOOD INDICATORS: CHALLENGES AND ASSETS

### Housing Prices Jumped 50% and More in Last 3 Years

#### *Housing Values 1993-2006*

Housing prices rose markedly in zipcode 53206 during the last 3 years, according to full value assessments shown in the city property file. The rising market values have increased the potential assets of current home owners but are limiting the ability of renters to buy homes and may be fueling a glut of subprime loans issued to residents with limited ability to repay these mortgages.

- The average value of a 3 bedroom house in zipcode 53206 increased from \$26,826 in 2000 to \$35,310 in 2003, and then jumped to a \$53,225 average in 2006.
- The average market value of houses with 4 or more bedrooms went from \$27,841 in 2000 to \$36,495 in 2003 and then up to \$57,043 in 2006.
- **Duplexes showed the most dramatic price increases, rising nearly 80% in the last 3 years.** The average value of duplexes in zipcode 53206 rose from a very low \$27,782 in 2000 to \$35,376 in 2003, and then up to \$63,459 in 2006.

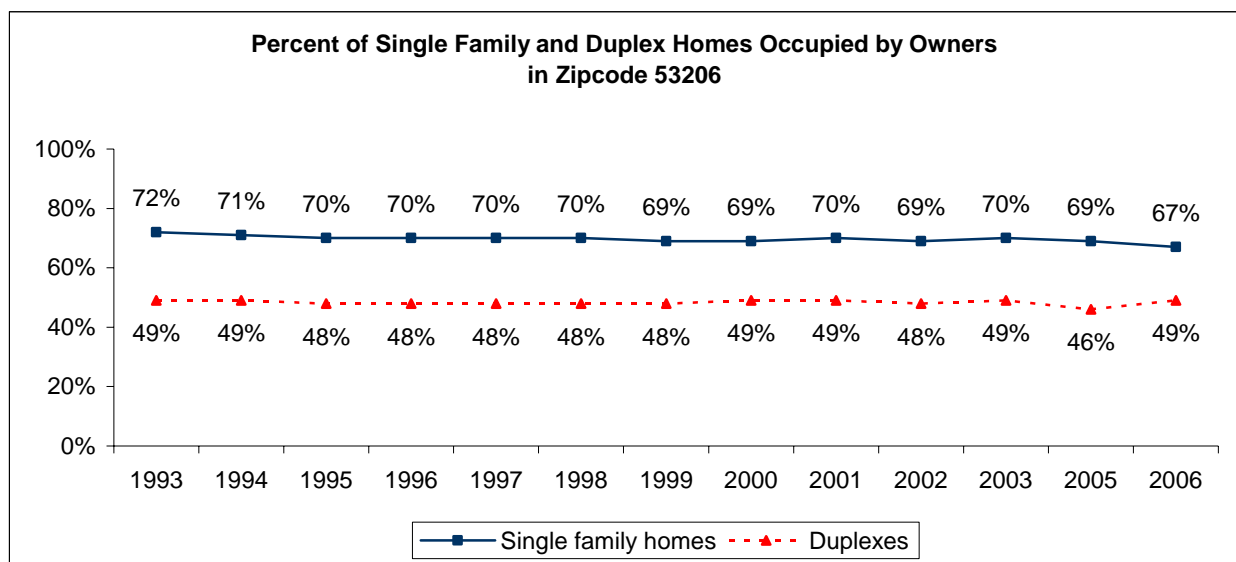


## Majority of Houses Are Owner-Occupied

### Home Ownership Rates 1993-2006

Neighborhood housing data were tracked using City of Milwaukee property files. The zipcode had 3,421 single family houses and 3,432 duplexes in 2006. Nearly 3,900 of these houses are owner-occupied.

- Contrary to popular misconceptions about the inner city, about two-thirds of single family houses in zipcode 53206 are owner-occupied. The home ownership rate for single family houses was 67% in 2006, down from 70% in 2003 and 69% in 2005.
- The home ownership rate for duplexes was at 49% in 2006, up from 46% in 2005.

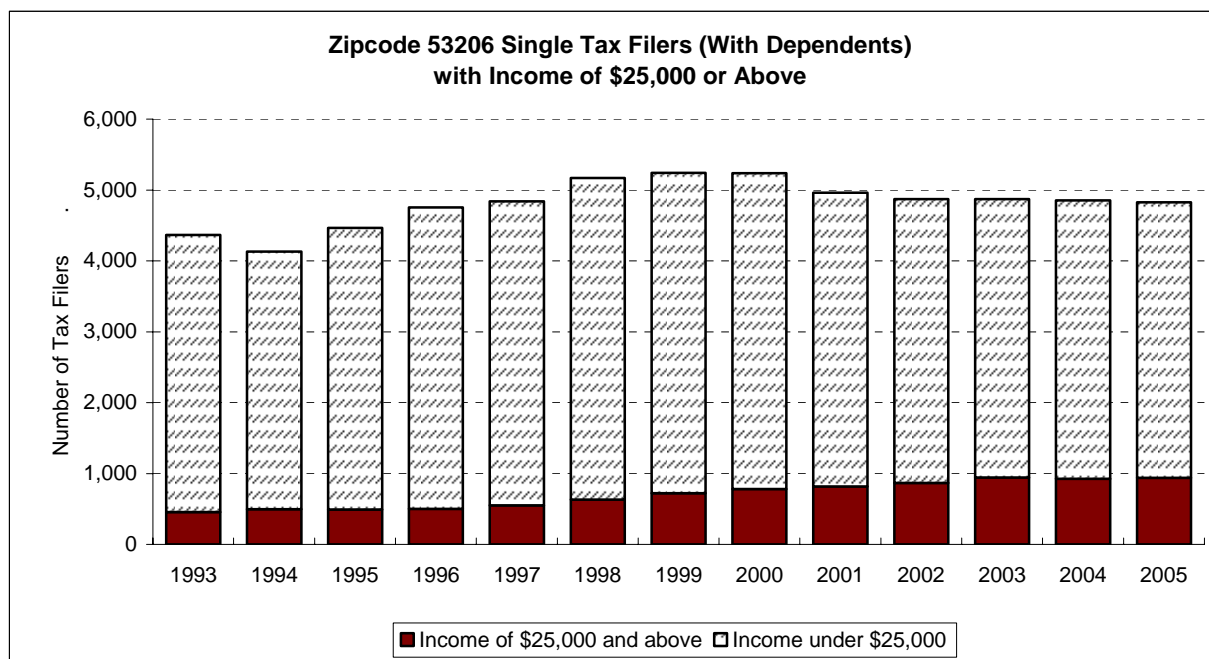


## Few Families Can Support Home Purchases at Current Prices

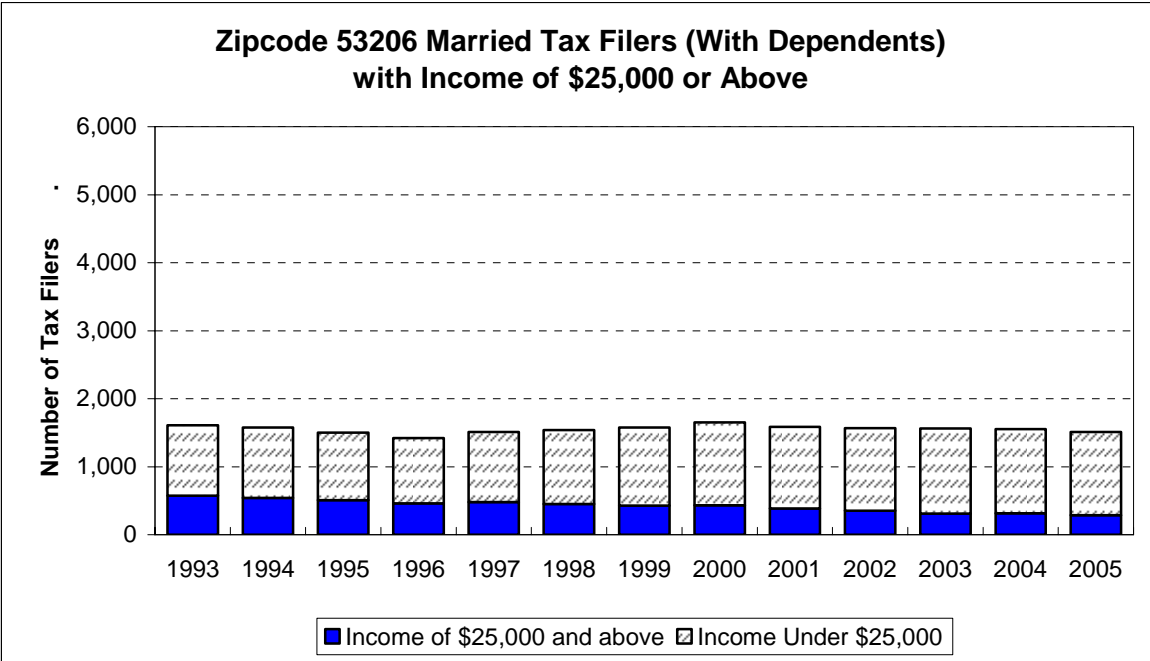
### *Family Income 1993-2006*

Given the declining number of married families with income earnings in this zipcode and the predominance of single-parent families, housing prices appear to be rising above the capacity of renters in zipcode 53206 to afford them.

- The state income tax returns for tax filers with dependents showed very few filers with income even at \$25,000 or above. In the 2005 tax year, only 1,224 filers with dependents (939 single filers and 285 married filers) had adjusted gross income of \$25,000 or above. This is only slightly above the number of filers with income of \$25,000 or above in 1993, when 456 single filers and 576 married filers reported these income levels.



- Less than 300 married families with dependents had income of at least \$25,000 in the 2005 tax year, again a very small number of families able to consider financing a home purchase.

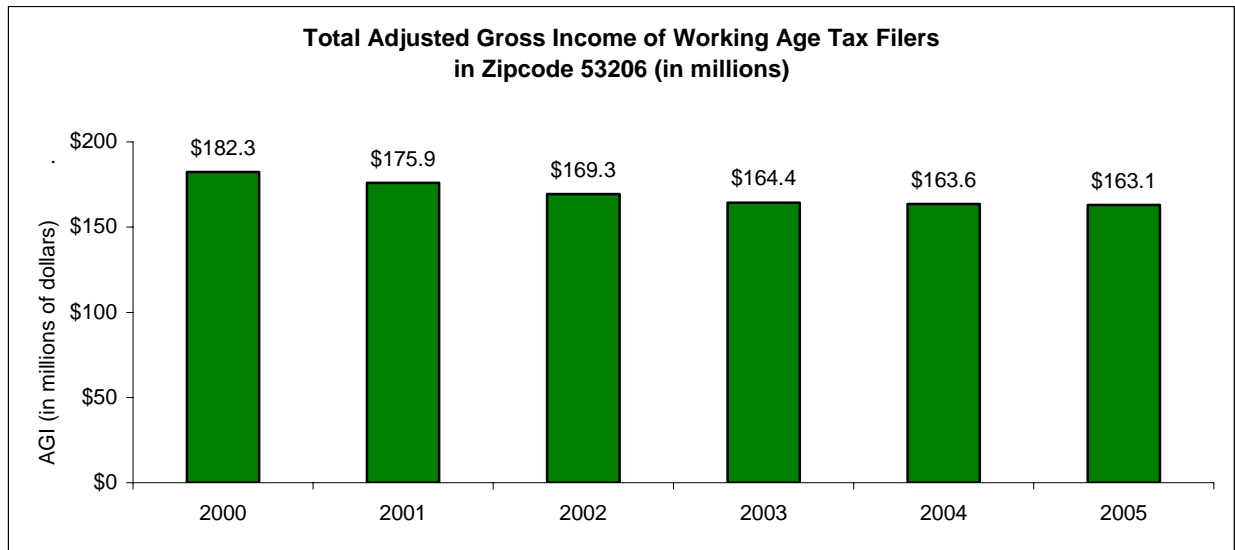


## Fewer Working Age Tax Filers, Total Income Down 10% *Income of Working Age Tax Filers 2000-2005*

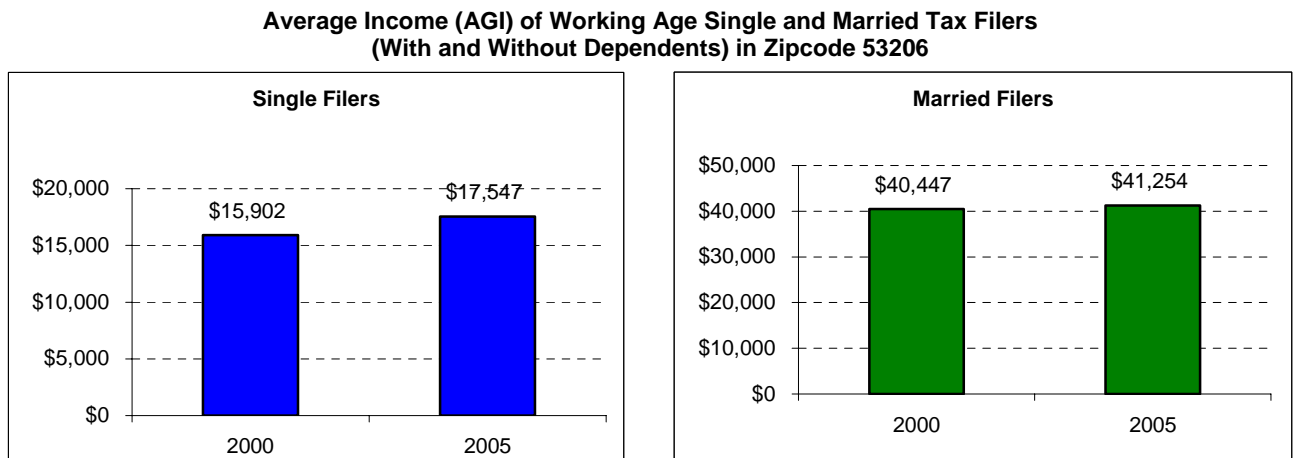
Wisconsin Department of Revenue income tax data are used to determine the total adjusted gross income (AGI) and number of married and single income tax filers by ranges of income. This analysis describes changes in income of working age (i.e., non-elderly and non-dependents) tax filers over the past five years and trends in income earnings of single and married filers with dependents since 1993. The 2005 income data is based on tax returns filed in 2006. See “Background Notes” for a description of data sources, definitions, and limitations of the tax data used.

- The number of **working age tax filers** (single and married, with and without dependents) decreased in zipcode 53206 by 15%, from 9,736 in 2000 to 8,228 in the 2005 tax year (i.e., taxes filed in 2006 based on earnings in 2005).
- The economic downturn showed different impacts by neighborhood. With a smaller workforce and relatively stagnant incomes, this zipcode has shown continuing declines in total income earnings since 2000. The total adjusted gross income of working age tax filers decreased by 10.5% between 2000 and 2005, going from \$182.3 million to \$163.1 million. During this same period, the cost of living, as measured by the Consumer Price Index for the Milwaukee-Racine area, increased by 9.8%. **When inflation is considered, the real income earnings of residents in zipcode 53206 dropped by 18.5% over the 5-year period.**
- **This zipcode suffered the largest decrease in income among the central city zipcodes analyzed.**





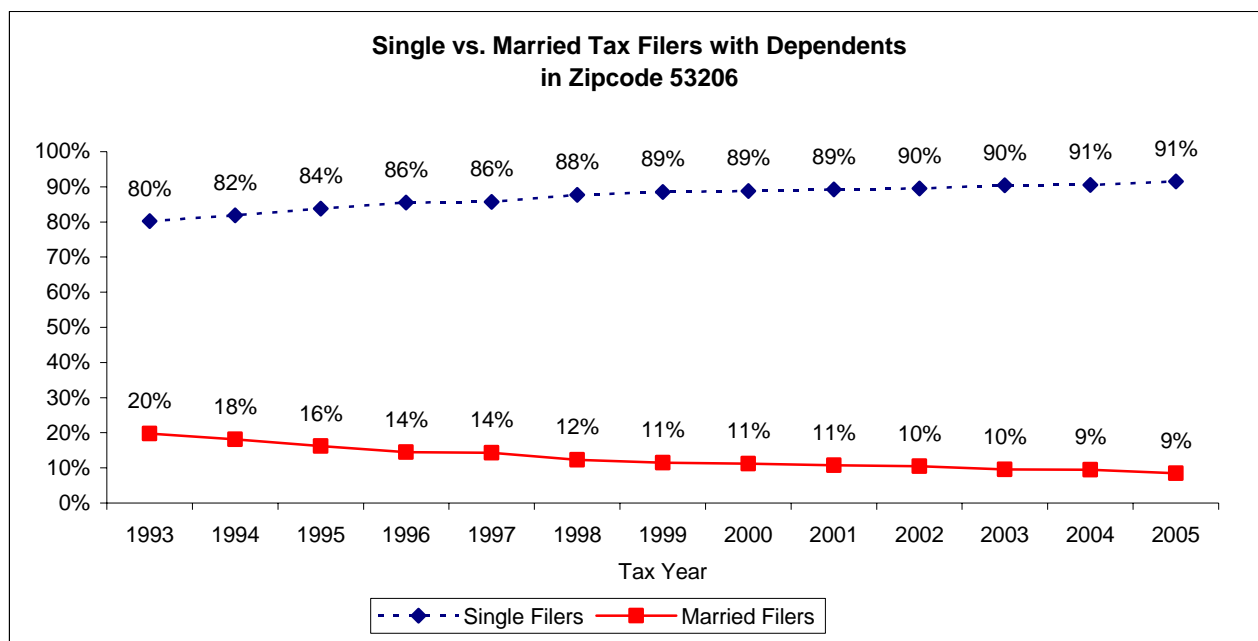
- The average income of single tax filers (with or without dependents) was \$17,547 in 2005, up 10% from the average of \$15,902 in the 2000 tax year. After controlling for inflation the incomes remained nearly flat (with only an 0.5% improvement).
- The average income of married tax filers (with or without dependents) was \$41,254 in 2005, up 2% from an average of \$40,447 in the 2000 tax year. After controlling for inflation, the average income for married tax filers showed a 6% decline.



## Over 90% of Family Income Tax Filers Are Single-Parent *Single Vs. Married Tax Filers with Dependents 1993-2005*

The vast majority of state income tax filers with dependents in zipcode 53206 are single rather than married filers. Only legally married couples may file joint married tax returns. In some cases, other adult earners may be living in homes with single tax filers.

- The percentage of filers with dependents who are single rather than married filers rose from 80% in 1993 to 91% in 2005, while married filers dropped from 20% in 1993 to 9% in 2005.

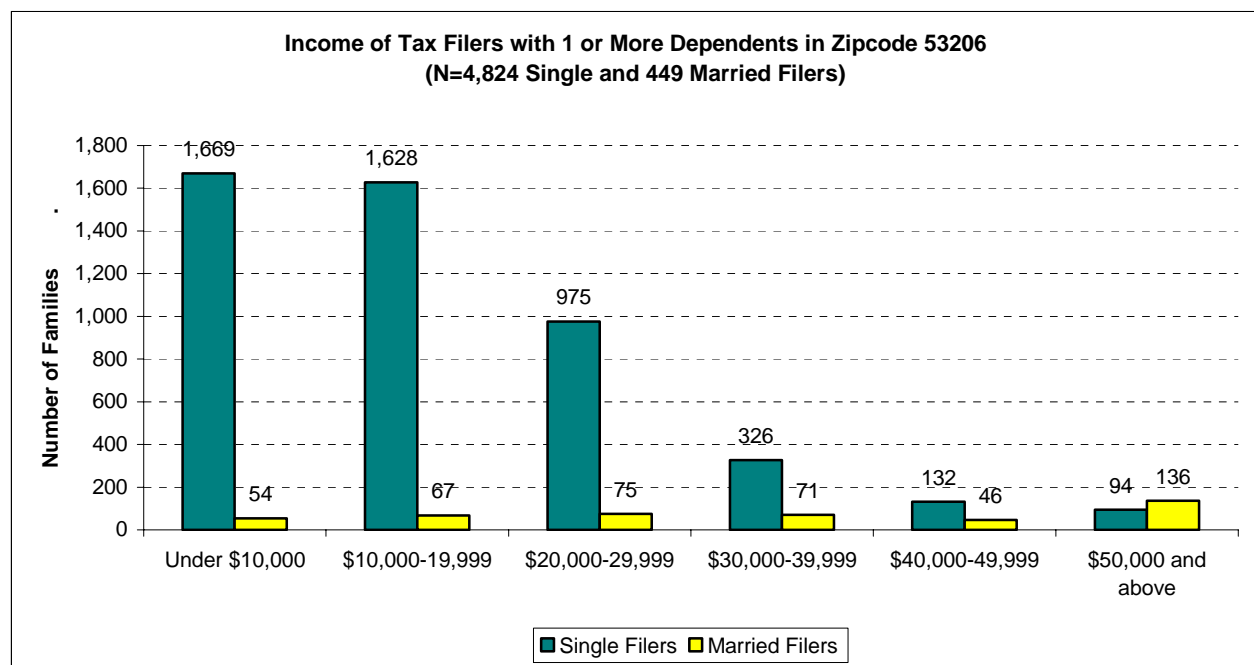


- The total number of single tax filers with dependents peaked in the 1999 tax year (at 5,241 parents) and has been declining ever since. Since 1993 the number of married income tax filers with dependents in zipcode 53206 – smaller to begin with – has dropped in half. That decline is resulting from high rates of incarceration, along with other possible factors including dissolution of marriages by divorce and death, married families leaving the neighborhood, and families with grown children no longer qualifying for IRS dependency status.

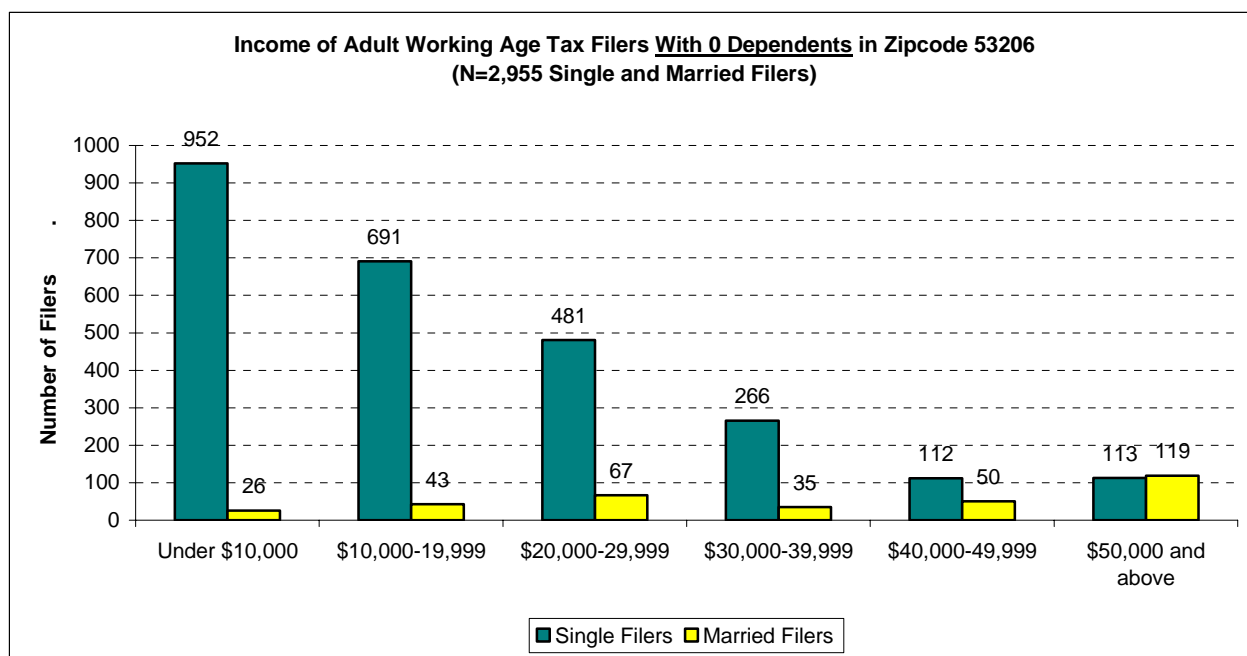
## Many Single Parents Have Lower-Wage or Part-Time Earnings

### *Income of Tax Filers with Dependents 1993-2005*

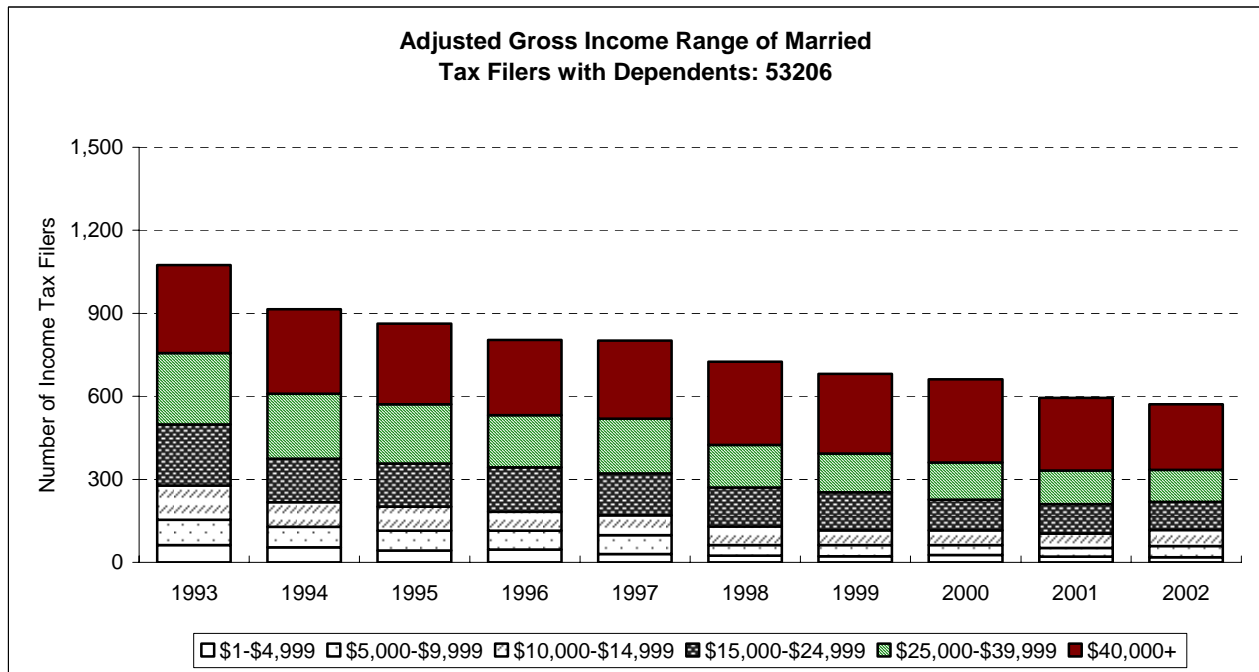
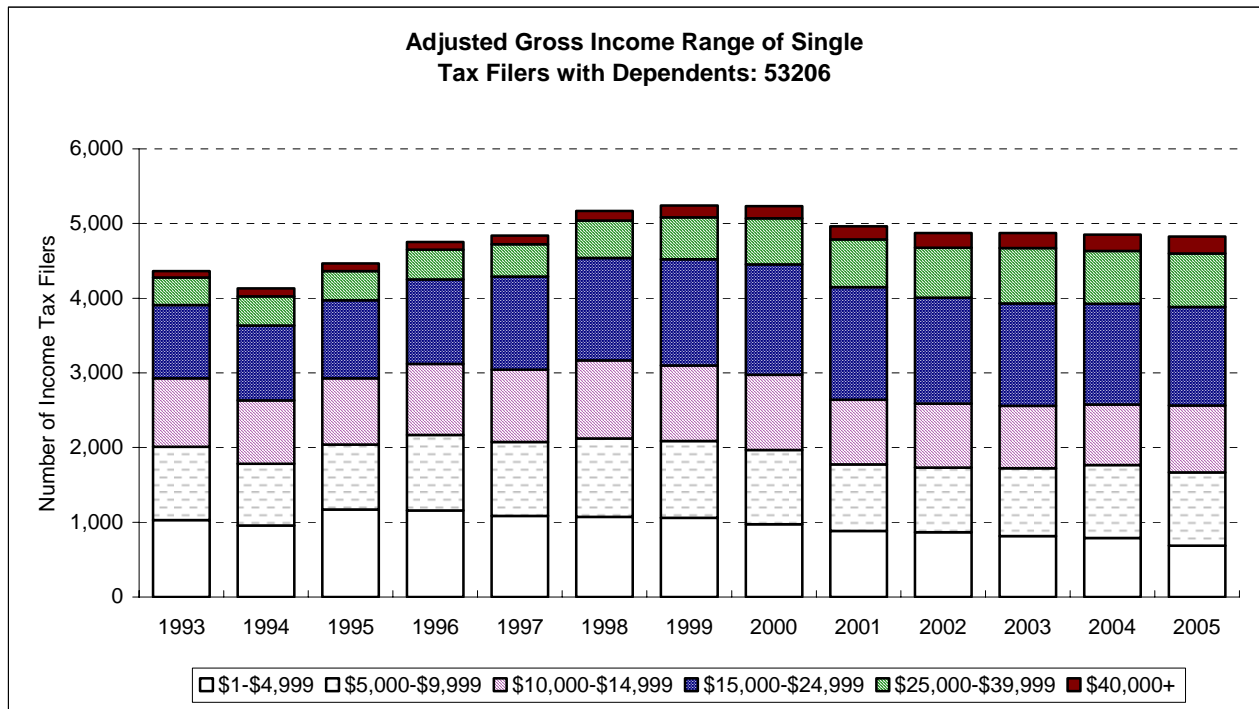
- Analysis of the 4,824 single tax filers with dependents in 2005 by their income category suggested that a large number of single parents in zipcode 53206 remain only marginally employed. In 2005, a total of 684 single filers with dependents (14% of the total) reported AGI below \$5,000, and another 985 filers (20%) reported income below \$10,000. Only 11% of single parent filers earned \$30,000 or more.
- Married filers were more likely to have higher combined incomes. The 449 married couples with dependents – although far fewer in number – were more likely to have family-supporting incomes than the single heads of households in 2005. Over half (61%) had income at or above \$25,000, and 41% had income of \$40,000 or more, when income from all jobs is considered. Still, more than a fourth (27%) of married filers with dependents showed incomes of under \$20,000.



- A similar picture emerges for the 2,955 working-age adult income tax filers without dependents (that is, non-elderly tax filers who claim no dependents and are not claimed as dependents on another tax form). The vast majority (81%) of single filers report income below \$30,000. While 60% of married filers without dependents show combined incomes of \$30,000 or more, their numbers are small (i.e., 204 filers with income of \$30,000 or above).



The graphs below show the changing trends for income of tax filers with dependents in zipcode 53206 from 1993 to the 2005 tax year.

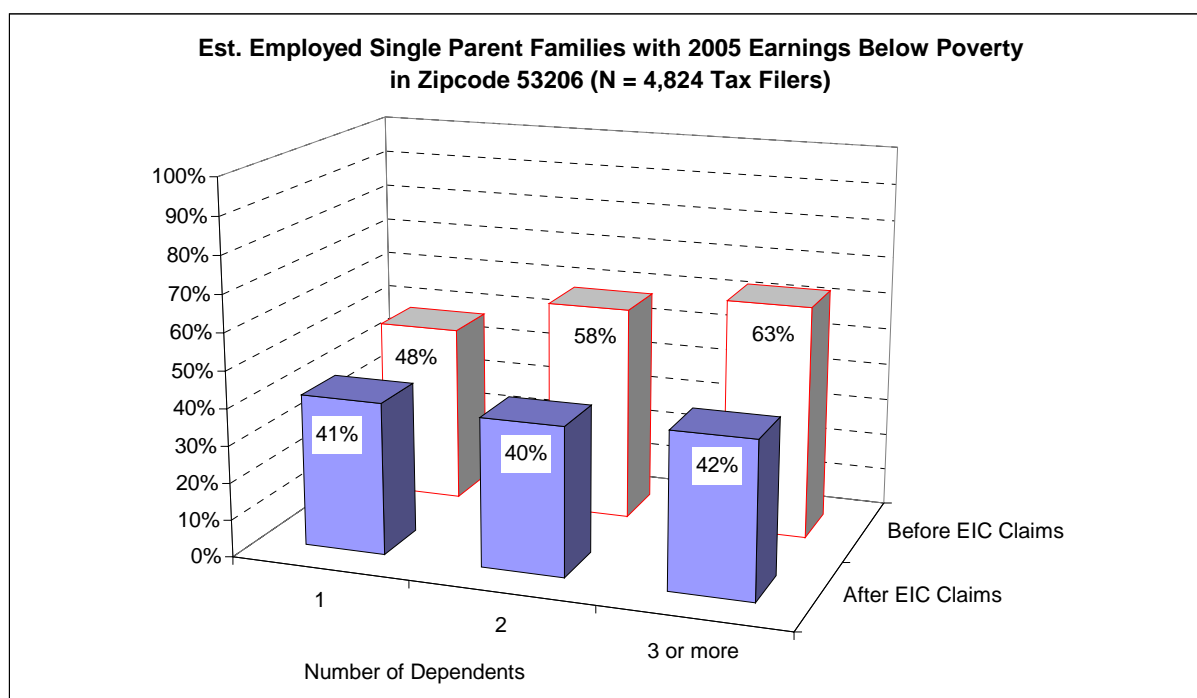


Note: Earnings categories are not adjusted for inflation. The cost of living increased by 30.3% from 1993 to 2005.

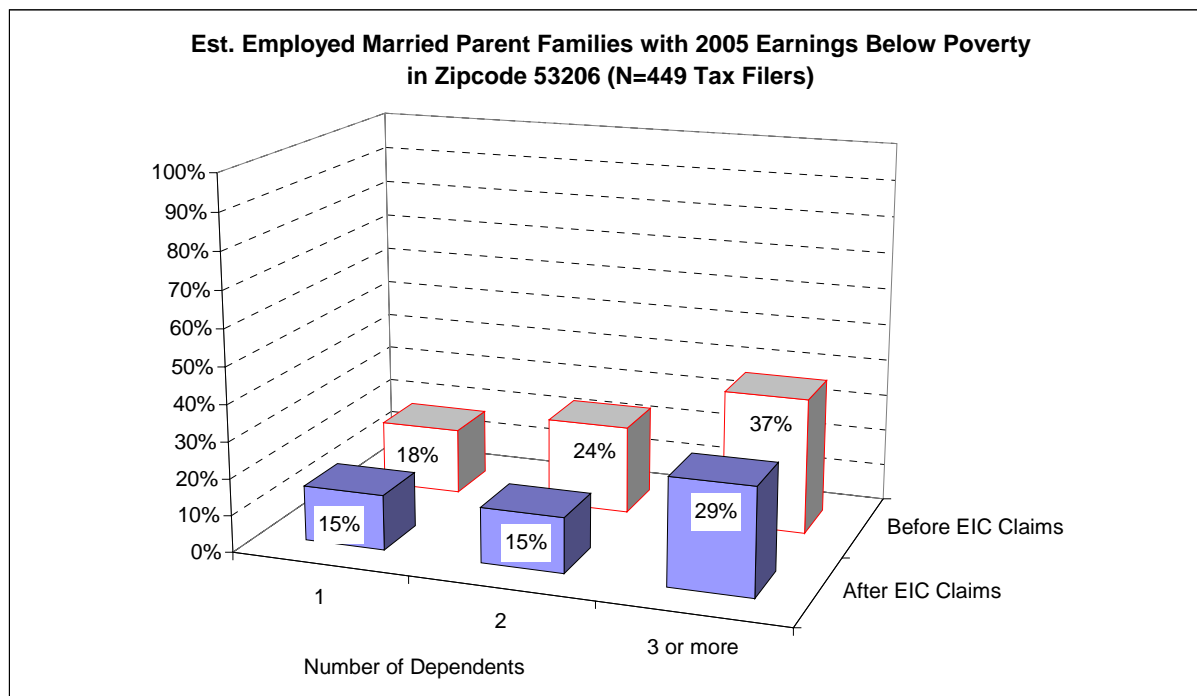
## Over Half of Working Families Have Incomes Below Poverty *Incomes Levels of Filers with Dependents 1994-2005*

Federal poverty guidelines, adjusted gross income ranges for single and married tax filers with dependents, and EIC credit claims were used to estimate the number of employed families with AGI below the poverty level. The poverty guidelines provide the federal government's estimate of the income level families require to meet their basic needs and are used to determine eligibility for federal support programs. In 2005, the federal government set these guidelines at \$12,830 for a two-person family, \$16,060 for three persons, and \$3,260 for each additional person in the family. These standards were used to determine the number of family tax filers showing income below the poverty line.

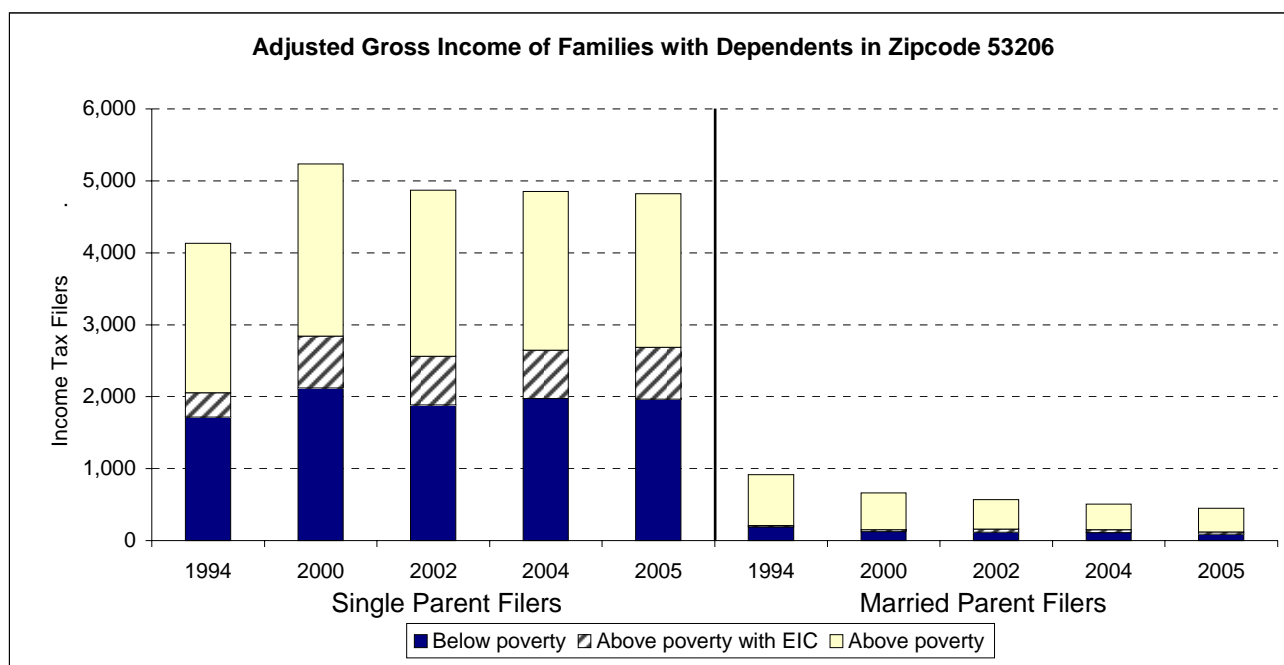
- For the 4,824 **single parent families with dependents**, in zipcode 53206 in tax year 2005 about 48% of single tax filers with one dependent showed adjusted gross income (AGI) below the poverty level (\$12,830 for two persons). Over half (58%) of single filers with 2 dependents showed AGI below (\$16,090 for three persons) and 63% (or more) of filers with three or more dependents had income below poverty.



- When the number of filers claiming the state and federal earned income credit (EIC) was considered, the percentage of single parent families living in poverty was reduced to about 41% of filers with one dependent and 42% (or more) of filers with three or more dependents.
- State Department of Revenue data showed only 449 **married tax filers with dependents** out of the 5,273 income tax filers with dependents in 2005. More employed parents showed adjusted gross incomes above the poverty level.
- About 18% of married tax filers with one dependent showed adjusted gross income below the poverty level. About 24% of married filers with two dependents reported AGI below the poverty level, as did 37% (or more) of married filers with 3 or more dependents.
- Federal and state EIC claims brought the poverty rates for married filers down to 15% for filers with one dependent and 15% for filers with two dependents.
- In zipcode 53206, married filers with three or more dependents showed at least a fourth (29% or more) of families still living in poverty even with EIC claims.



- In total, the earned income tax credit (EIC) helped lift the income of about 718 single parent families above the poverty level, leaving an estimated 1,967 single tax filers with dependents (41% of the single parent total) still below the poverty level based on their adjusted gross income and family size.
- For married filers, EIC claims helped raise about 30 families out of poverty leaving 91 married filers with dependents (20% of the married parent total) still in poverty.





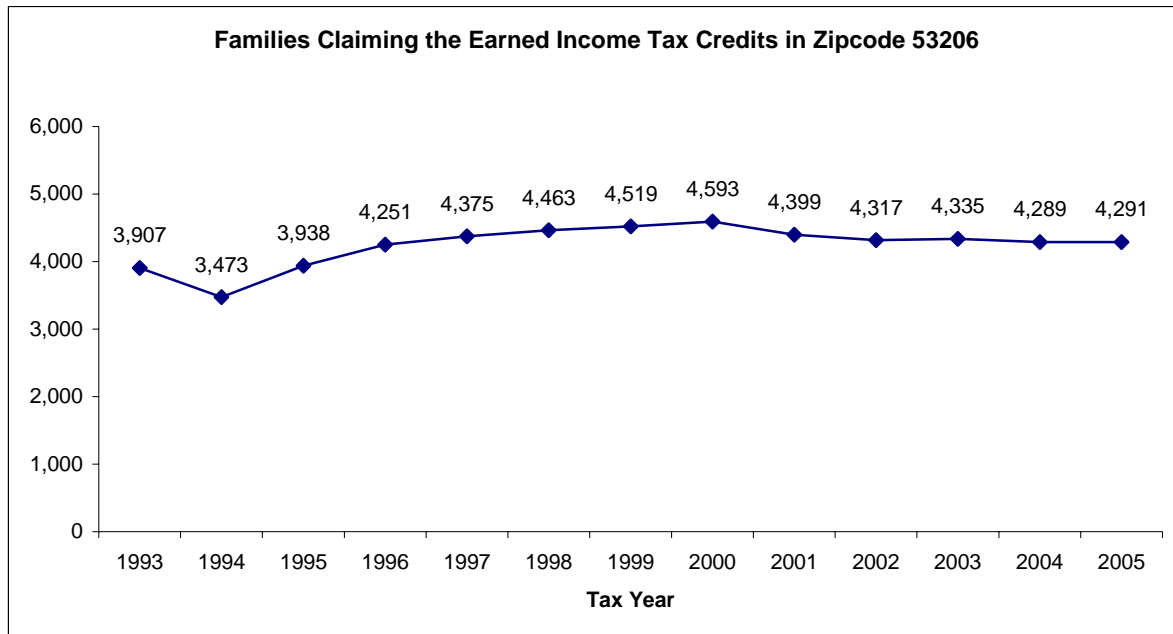
## Earned Income Tax Credits for Families Bring In \$14.8 Million

### *State Earned Income Tax Credits 1993-2005*

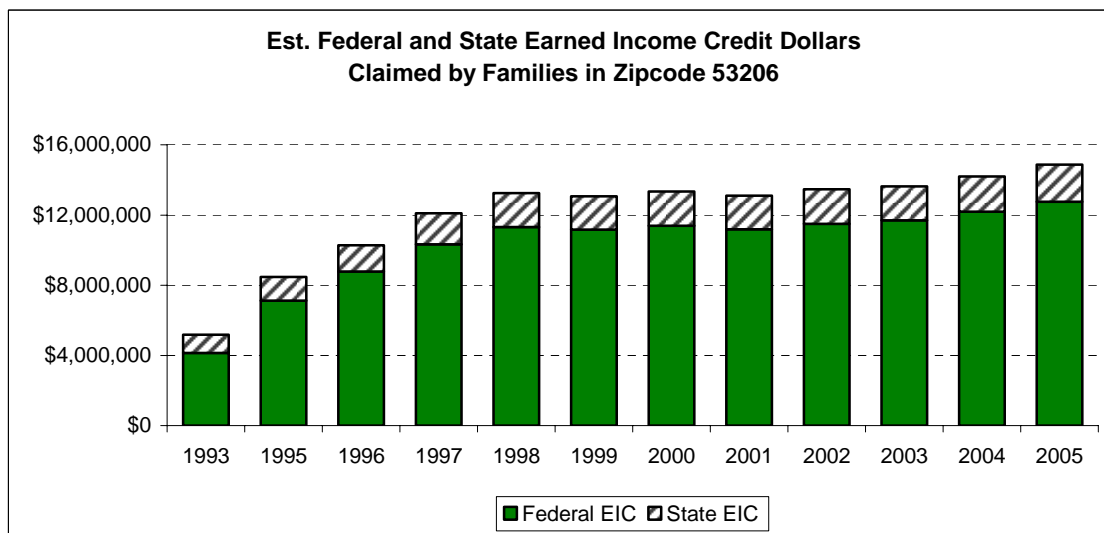
State and federal earned income tax credits offer a substantial boost to working families at the lower end of the wage scale. The earned income tax credit (EIC) offers a tax benefit to help reduce the payroll and social security tax burdens and to supplement wages for low and moderate income working families and single persons. Wisconsin has been a leader in providing a state credit in addition to the federal credit. For those working family tax filers who claim the state credit, Wisconsin adds 4% to the federal credit for families with one qualifying child, 14% to the federal credit for families with two qualifying children, and 43% to the federal credit for families with three or more qualifying children.

An analysis of earned income tax credits received by families in the 53206 zipcode showed the importance of the credits to working families at lower income levels. Wisconsin Department of Revenue data was analyzed for tax filers with dependent children who received the Wisconsin earned income tax credit. Federal EIC payments were estimated based on Wisconsin usage ratios.

- The number of families receiving earned income tax credits rose 17% from 3,907 in 1993 to 4,593 in the 2000 tax year.
- The number of families receiving the credit in 2005 (4,291 families) was down 6.5% from the number filing claims for the 2000 tax year (4,593), but similar to the level in 2004 (4,289).



- The amount of the combined federal and state earned income tax credits more than doubled from \$5.2 million in 1993 to \$14.8 million in the 2005 tax year. The federal and state credits to families in the 2005 tax year were at their highest level to date.



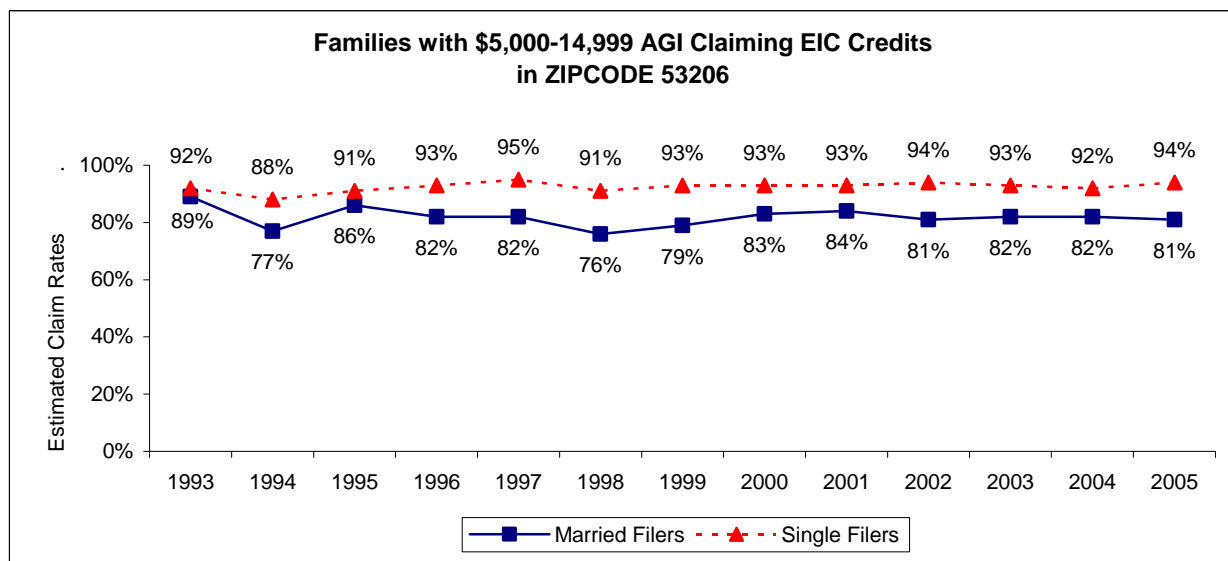
- In 2005, single parents received 94% of the credits claimed in zipcode 53206. Single parents comprised 91% of tax filers with dependents.

## Neighborhood Has Very High Claim Rates for the EIC

### *Estimated EIC Claim Rates 1993-2005*

The Employment and Training Institute estimated claim rates for the EIC based on the number of claims for filers with dependents and with adjusted gross income (AGI) between \$5,000 and \$14,999. With a few exceptions, nearly all of these families may be eligible for a total of \$2,500 to \$6,300 in federal and state earned income tax credits if their dependents are living at home and are qualifying relatives.

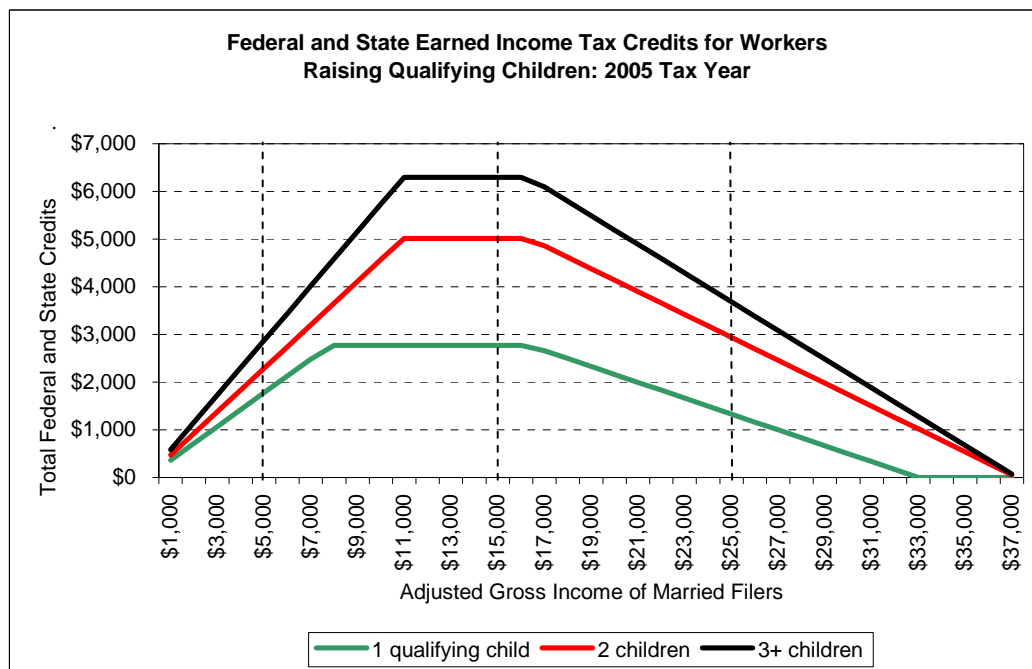
- Single parent tax filers showed higher claim rates than married filers. For filers with dependents, 94% of single filers with \$5,000 to \$14,999 in adjusted gross income – the range with the highest potential EIC claims – claimed the credit in 2005, as did 81% of married filers in that income range.



- For the 2005 tax year, EIC claim rates were similarly high for filers in the \$15,000 to \$24,999 income range – 93% for single parents and 79% for married parents. Families in this income range are eligible for \$1,000 to \$6,095 in credits.
- Zipcode 53206 showed claim rates for the EIC that are among the highest in the county.

The formula for calculating the federal earned income tax credit in 2005 provided the highest payments to families with 1 child when their income was \$7,800 to \$14,399 (\$16,399 for married filers) and to families with 2 or more children when their income was \$11,000 to \$14,399 (\$15,099 for married filers). Given that entry-level jobs in the Milwaukee area since October 2003 have averaged over \$8.00 an hour, this formula tends to provide higher support for families in part-time or part-year work rather than full-time, year-round employment.

For the 2005 tax year families with one qualifying dependent were eligible for the earned income credit if their income was below \$31,030 (for an unmarried filer) or \$33,030 for married filers in the 2005 tax year. Families with two or more qualifying dependents are eligible for the credit if their income was below \$35,263 for unmarried filers or \$37,263 for married filers in 2005. Federal earned income credits, but not Wisconsin credits, are also available for workers without dependent children if aged 25-64 and earning less than \$11,750 (if single) or \$13,750 (if married) in 2005.

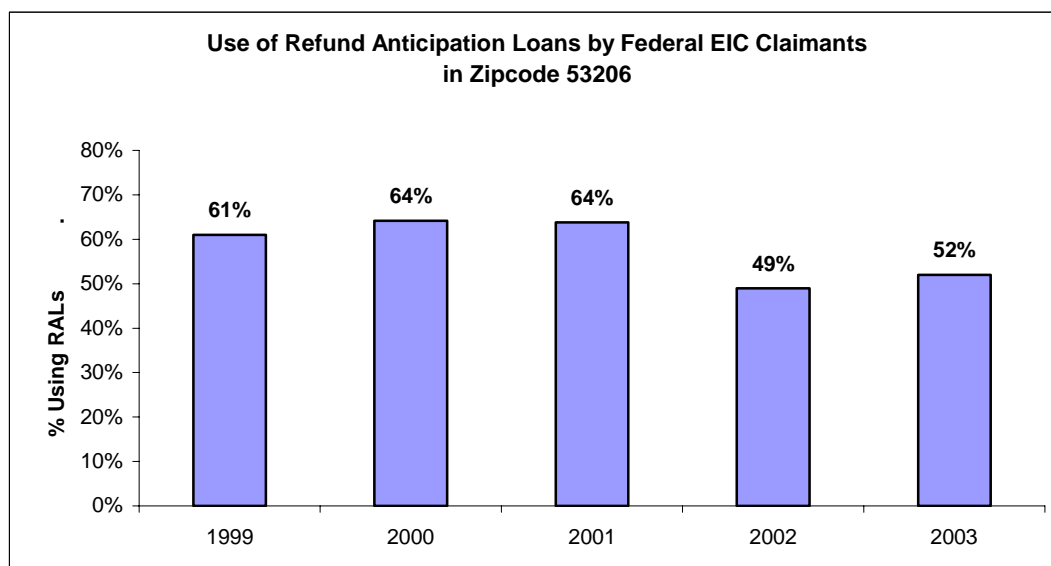


## Families Are Still Borrowing Against Their EIC Tax Refunds

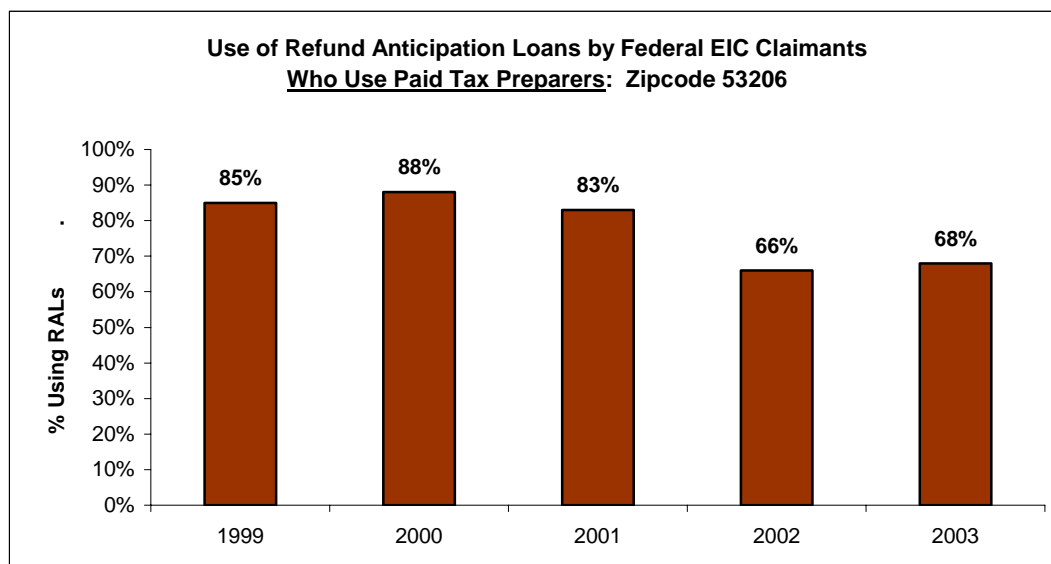
### *IRS Records of Refund Anticipation Loans 1999-2003*

A recent phenomenon affecting tax credits for lower income workers and families has been the promotion of “refund anticipation loans” (RALs). Under this promotion (which is similar to “payday loans”), companies affiliated with paid tax preparers encourage tax filers to take out a temporary loan against their anticipated income tax refund. According to national research, the marketing of refund anticipation loans is aimed primarily at lower income families eligible for the federal earned income tax credit and without personal bank accounts in which to receive a direct deposit tax refund. Tax filers obtaining RALs usually pay steep charges to receive their tax refunds a few days or weeks early – with interest rates often as high as 250%.

- In zipcode 53206, in the 2003 tax year, 4,984 taxpayers claimed the federal earned income tax credits (which are available to both families and individual low-income workers). Of these, 2,583 filers (or 52%) borrowed on their tax refunds through RALs prior to receiving them from the Internal Revenue Service, according to tables posted by The Brookings Institution.
- The percentage of 53206 tax filers borrowing on their earned income tax credit returns through RALs is down from highs of 64% in 2000 and 2001. The numbers of families borrowing through RALs was down by 689 in 2003, compared to 1999.



- Community education programs and increases in the numbers of filers in zipcode 53206 using free tax preparation services (supported by IRS, community organizations and foundations) appear to be contributing to the decline in numbers of tax filers borrowing against their tax refund through the RALs.
- The IRS data also showed a doubling of tax filers in 53206 who used volunteer tax preparers (supported by IRS, community organizations and foundations) rather than paid providers. For the 2003 tax year, 715 tax filers used free services, compared to 318 four years earlier, while the number of filers using paid services dropped by 526.
- Two-thirds (68%) of tax filers who used paid tax preparers borrowed against their EIC tax refunds for the 2003 tax year, incurring losses of income in exchange for a shorter turnaround time for receipt of their tax return. Even among this group using paid tax preparers, however, the percentage borrowing through RALs has declined from 85% reported four years earlier, according to the IRS data posted by The Brookings Institution. Some of the decline, however, may be due to the introduction of new for-fee services including prepaid credit cards.

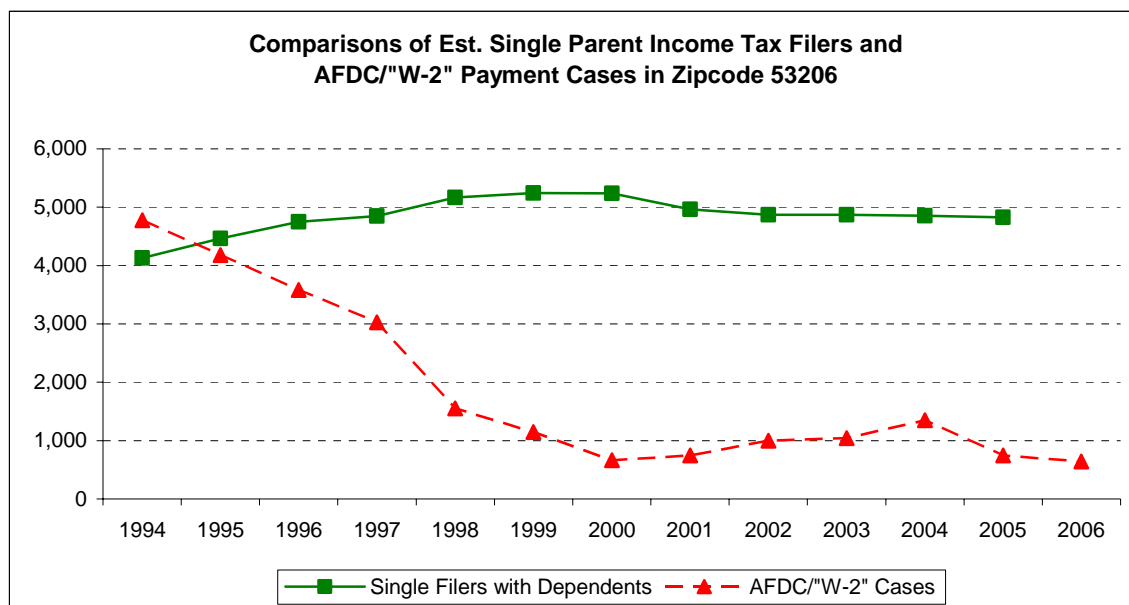


## Has "Work Replaced Welfare"?

### *AFDC/W-2 Cases Vs. Single Parent Income Tax Filers 1994-2006*

A main premise of Wisconsin's welfare reform was that families previously receiving AFDC income support would be directed to find employment and that their earnings would provide greater economic security in the long-term. To help gauge whether employment has replaced welfare for single parents in the 53206 neighborhood and to determine the effect of the economy on both employment and welfare receipt, the growth in single tax filers with dependents was compared to changes in AFDC and "W-2" welfare caseloads.

- The increase in single parent filers began prior to the imposition of state welfare work requirements, as Milwaukee benefited from a thriving national and local economy and increased demand for workers. Single parents continued to enter the labor force when "Pay for Performance" and "W-2" welfare requirements were implemented in the county. Since 2000, however, the number of single parent earners has been declining.
- Welfare records showed a decrease of 4,033 AFDC/"W-2" payment cases from 1994 to 2005, compared to only a 693 increase in single income tax filers with dependents.



- From July 2005 to July 2006 the W-2 payment cases dropped by another 104 families.
  
- As noted in prior indicators reports, some parents may have left the neighborhood, not filed tax returns, or their children have grown up. Other families were employed and receiving partial AFDC payments to supplement their family income. The data suggest, however, that a number of families formerly on welfare have not moved into the mainstream economy and other parents have subsistence total earnings.

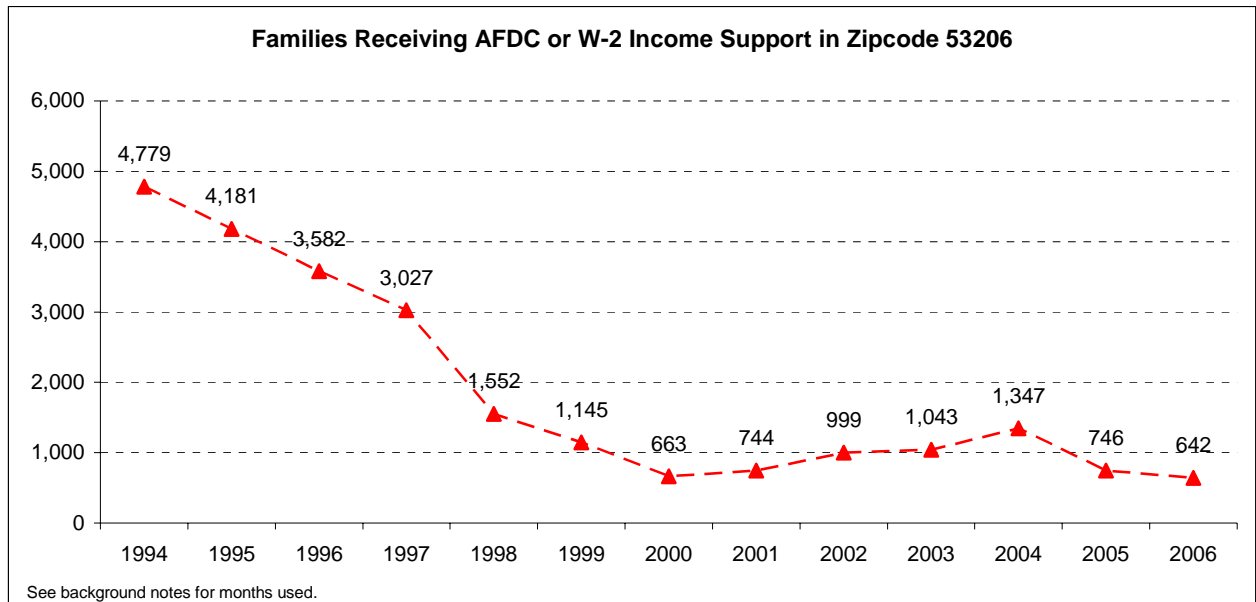


## Only 642 Families Receive W-2 Cash Assistance

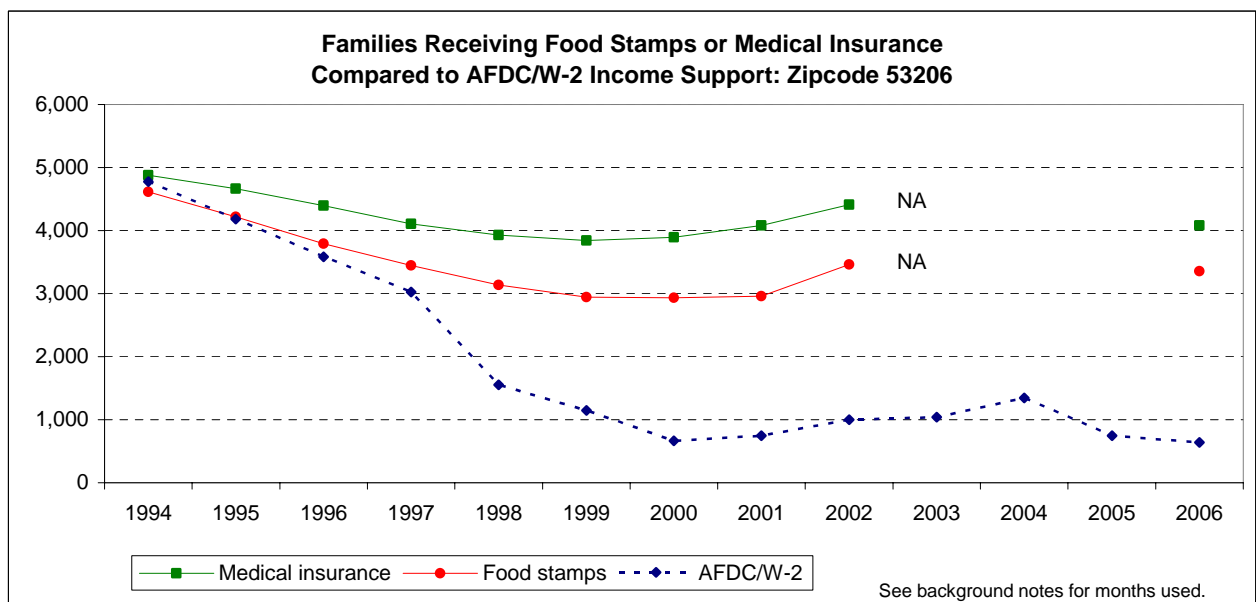
### *AFDC/W-2 Cash Payment Cases 1994-2006*

Public assistance case records were analyzed for families receiving AFDC/"W-2" income support, food stamps/FoodShare, and medical coverage. The largest changes occurred in the number of families receiving cash payments. Before "W-2" was implemented in September 1997, families eligible for Aid to Families with Dependent Children (AFDC) were paid cash grants based on their family size and income earnings. (In the 1990s a mother with 1 child could receive up to \$5,280 a year in AFDC cash payments, a 3-person family up to \$6,216, a mother and 4 children up to \$8,508 a month.) Under W-2, families (regardless of size) in Community Service Jobs receive \$8,076 year, while parents in W-2 Transition (i.e., deemed unable to hold employment due to disabilities or other long-term barriers to employment) receive \$7,536 for their family.

- In 1994, prior to state and federal welfare policy changes, the number of families receiving AFDC cash payments, food stamp benefits, and medical assistance insurance coverage were similar – from 4,600 to 4,900 cases a month. Now, the number of families receiving W-2 cash payments is at 13% of the former levels, the number of families in 53206 receiving food stamps/FoodShare and subsidized health insurance coverage are much higher.
- The number of families in zipcode 53206 receiving **income support** (AFDC or "Wisconsin Works," i.e. "W-2," cases) dropped 86%, from 4,779 in March 1994 to 663 in April 2000. Caseloads rose again to 1,347 "W-2" payment cases in July 2004 and then were reduced to 642 cases by July 2006.
- **The number of families receiving income support (AFDC or "W-2") in July 2006 was the lowest seen since the W-2 program began and 87% below the 1994 levels.**



- Far more families seek out or receive medical assistance and FoodShare benefits than W-2 income support, although the numbers are down in all 3 programs. When trends in the numbers of families (with children) receiving income support are compared to the number receiving medical assistance and food stamps/FoodShare, the July 2006 data show many more families in zipcode 53206 using medical insurance (4,080 families) and FoodShare (3,357 families) than receiving W-2 income support (642 families).

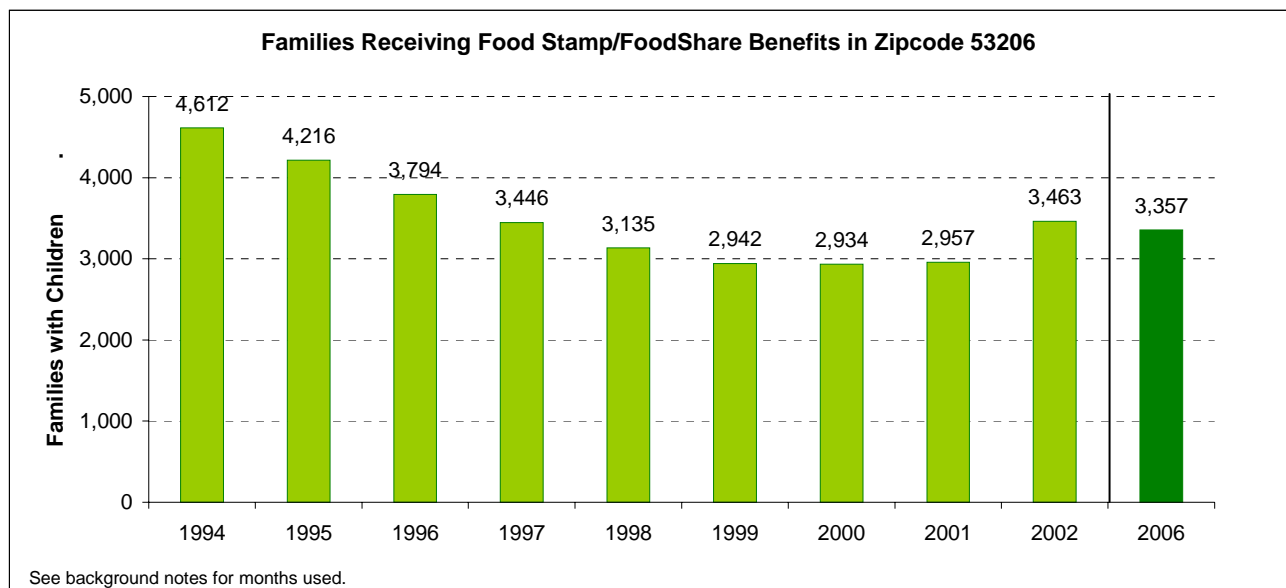


## 3,357 Families Receive FoodShare Benefits

### *Food Stamp/FoodShare Family Cases 1994-2006*

Using the Wisconsin FoodShare program lower-income families and individuals can apply for electronic debit cards to use to purchase food items. The program, financed by the U.S. Department of Agriculture, previously issued food stamps to use for eligible food purchases.

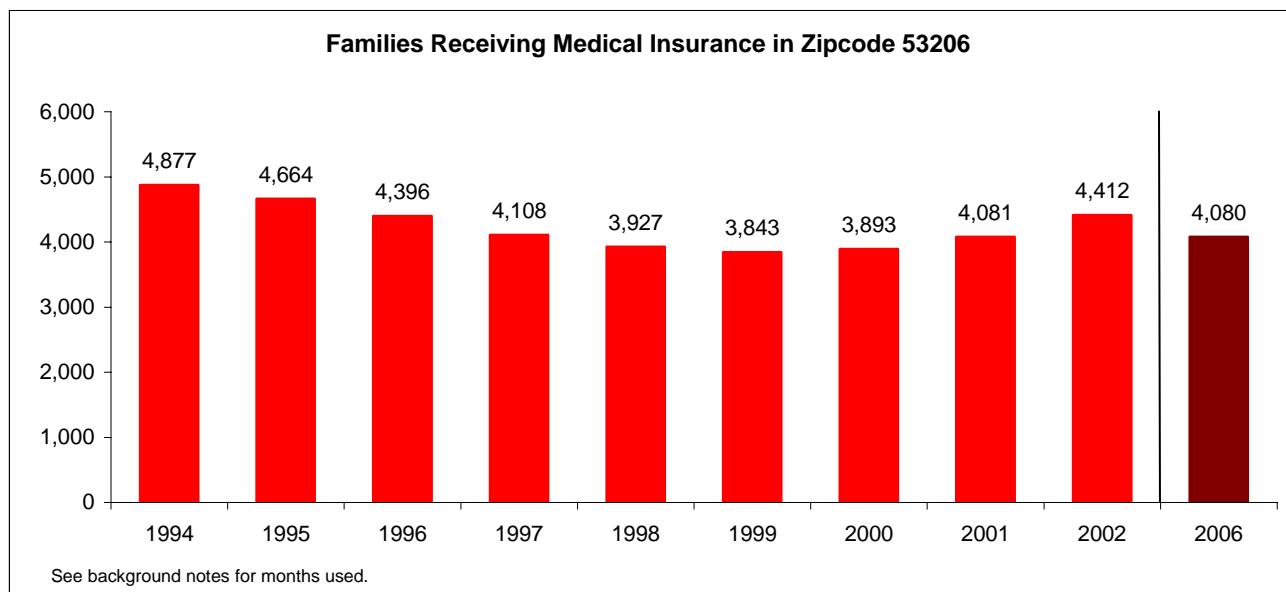
- The families with children in zipcode 53206 have showed sharp declines in the numbers receiving food stamp/FoodShare benefits since the 1990s although these declines were not nearly as steep as the AFDC/W-2 drops. The number of families receiving benefits dropped from 4,612 in March 1994 to 2,934 in April 2000, or a 36% decline.
- The number of families enrolled in the food stamp/FoodShare program had increased to 3,463 in 2002 and were at 3,357 in July 2006. Enrollments in 2006 were still 27% below the 1994 levels.



## 4,080 Families Receive Subsidized Medical Assistance

### *Families with Medical Assistance Coverage 1994-2006*

- The number of families (with children) in zipcode 53206 covered by medical assistance, including Medicaid, BadgerCare and Healthy Start, dropped from 4,877 in March 1994 to 3,843 in February 1999. Numbers increased between 1999 and 2002 to 4,412.
- The number of families covered by a medical assistance program dropped 7% from 2002 to 2006, when 4,080 families were enrolled.



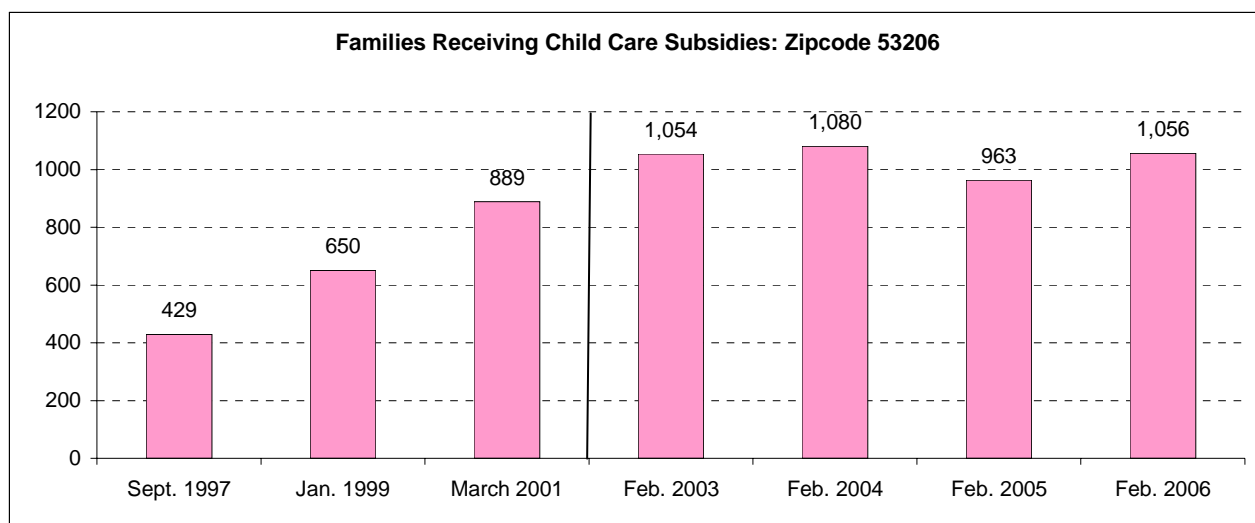
## Child Care Subsidies Provide \$1.2 Million Monthly for 1,056 Families

### *Child Care Subsidies 1993-2006*

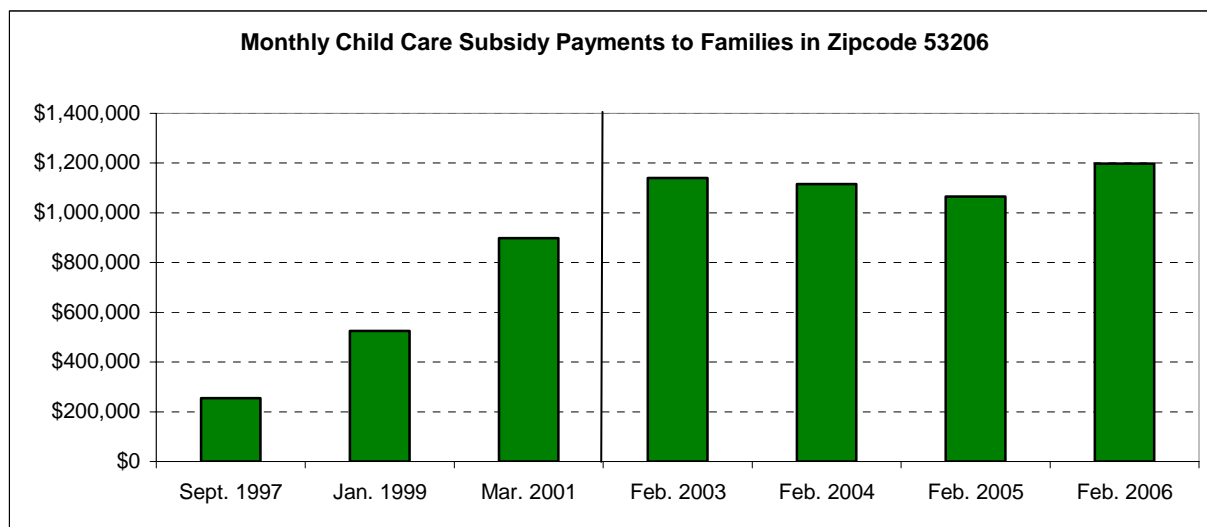
Subsidized child care payments were tracked for the Wisconsin Shares Program, which offers federal and state child care support under TANF (the Temporary Assistance to Needy Families) and CCDBG (Child Care Development Block Grant) monies. The program subsidizes qualified day care for children and W-2 participants and for children in “working poor” families. Families with income up to 185% of the poverty level are eligible for Wisconsin Shares child care subsidies, and families may continue to receive assistance until their income exceeds 200% of poverty.

The child care subsidy program offers a more generous financial benefit to working families than the earned income tax credit although the number of families receiving child care subsidies is considerably lower than the number claiming the EIC. In Milwaukee County, for the 2005 tax year a total of 59,532 families received state earned income tax credit payments of \$24,485,588 (for an average state EIC payment of \$411 per family – and federal credits averaging over \$2,000 per family). By contrast, about 13,000 Milwaukee County families received child care subsidies each month for subsidy payments totaling \$167,410,939 in 2005 (or over \$12,000 per family).

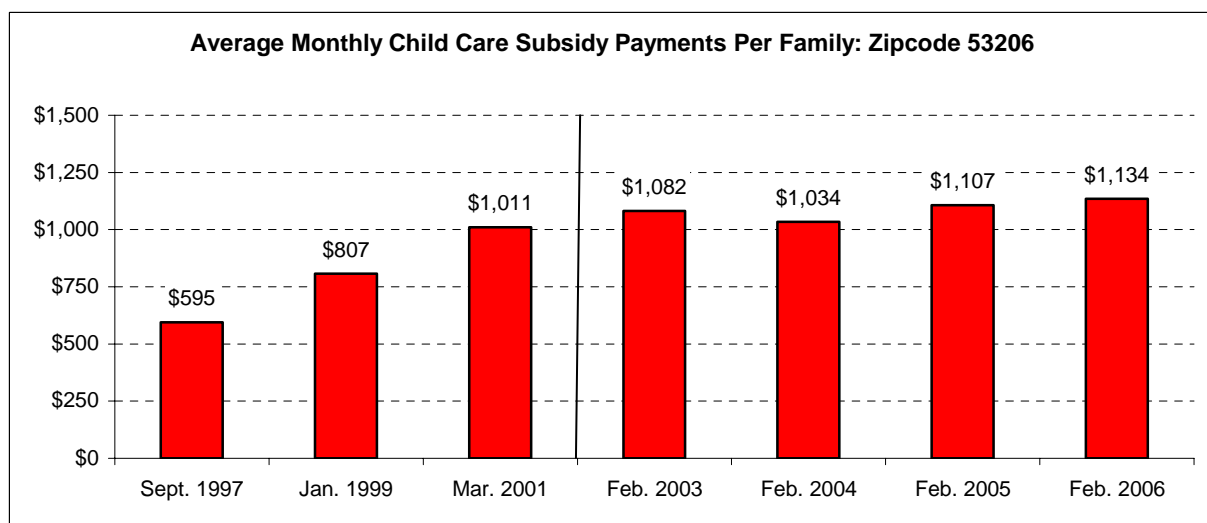
- The number of families in zipcode 53206 receiving child care support more than doubled from 429 in September 1997 to 1,080 in February 2004. In February 2006, 1,056 families received child care subsidies.



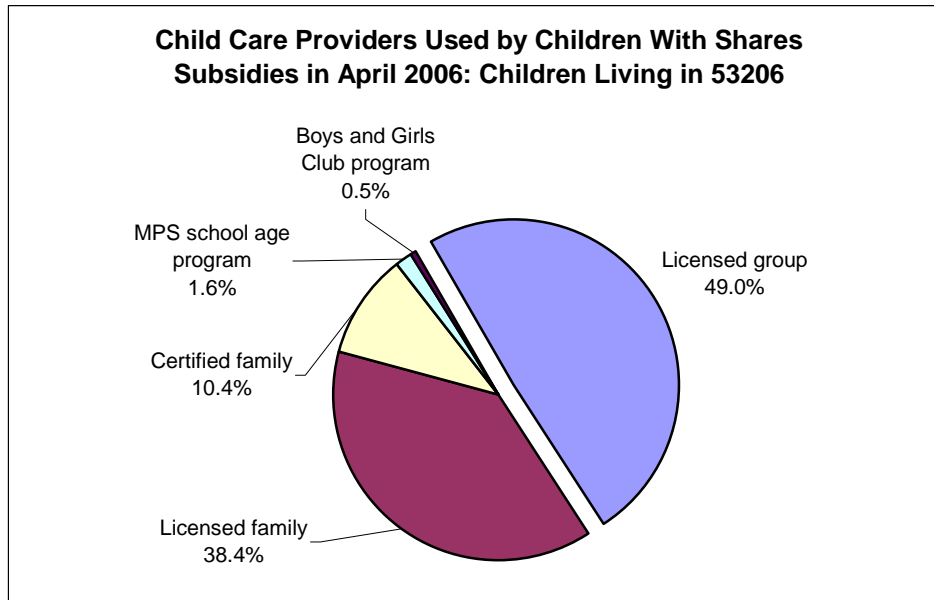
- Total four-week payments for families rose from \$255,295 in September 1997 (or \$595 per family) to \$1,140,677 in February 2003 (or \$1,082 per family). In February 2006, four-week payments totaled \$1,197,924 (or \$1,134 per family).



- Average child care subsidy costs per family are up 12% over 2001 and nearly double the subsidy per family in 1997. Subsidy cost increases reflect increases in the allowable maximum rate charges as well as possible changes in the number of children served in each family.



- Most of the children in the Wisconsin Shares subsidy program were in licensed group care (49%) and licensed family care (38%). In this zipcode 10% of the subsidized children were in family center certified by the county and 2% were in programs for school age children operated by Milwaukee Public Schools and the Boys and Girls Clubs.

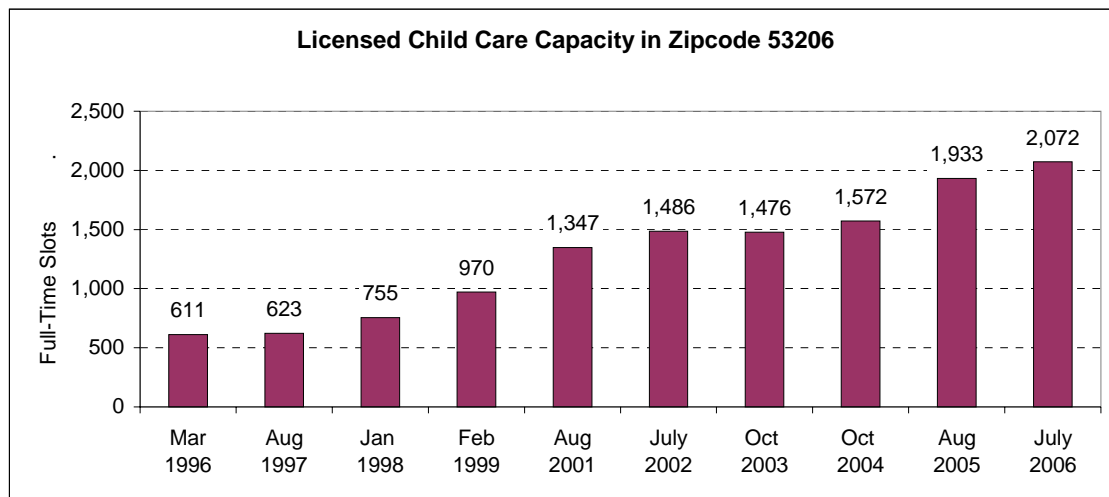


## Child Care is a Growing Business in 53206

### *Licensed Child Care Capacity 1993-2006*

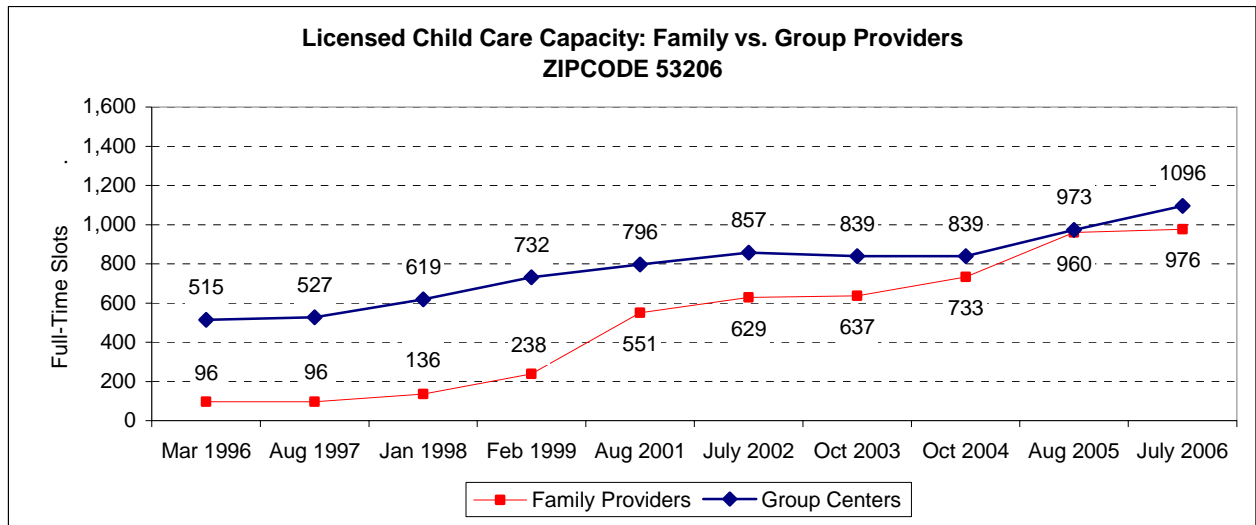
Central city neighborhoods showed substantial increases in state-licensed child care facilities since the state expanded its Wisconsin Shares Program, offering subsidized care for children of “W-2” participants and “working poor” families. The state Department of Health and Family Services licenses child care facilities. Capacity of licensed child care was examined for family and group centers operating full-time, year-round.

- As of July 2006 there were 22 licensed group centers in zipcode 53206 with licensed capacities ranging from slots for 15 to 175 children. In addition, 122 families were licensed to care for up to 8 children in their homes.
- The capacity for children in full-time care with licensed providers more than tripled, from 611 slots for full-time care in March 1996 to 2,072 slots in July 2006.



- About half (53%) of the licensed slots were in group centers and 47% in family care.





- The zipcode has seen a dramatic rise in the number of family child care centers licensed by the state to care for up to 8 children. The number of state licensed family centers rose from 12 in 1996 to 122 in 2006. Additional numbers of families are providing county certified child care through the state's subsidized child care program.

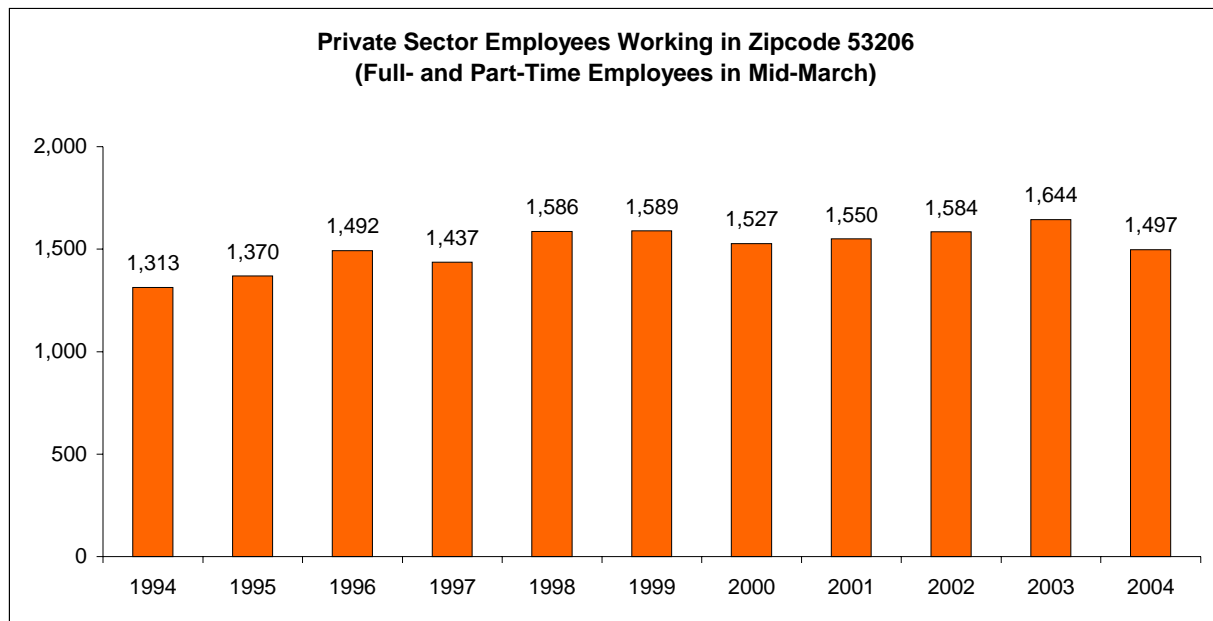
## Business Activity in 53206: Employees Down, Payrolls Up Slightly

### ZIP Code Business Patterns 1993-2006

Sources of data used to measure business activity in zipcode 53206 include U.S. Census Bureau data on business patterns (including number of number of employees, annual payroll for private companies, and number of establishments) and City of Milwaukee records on the value of taxable business property in the zipcode.

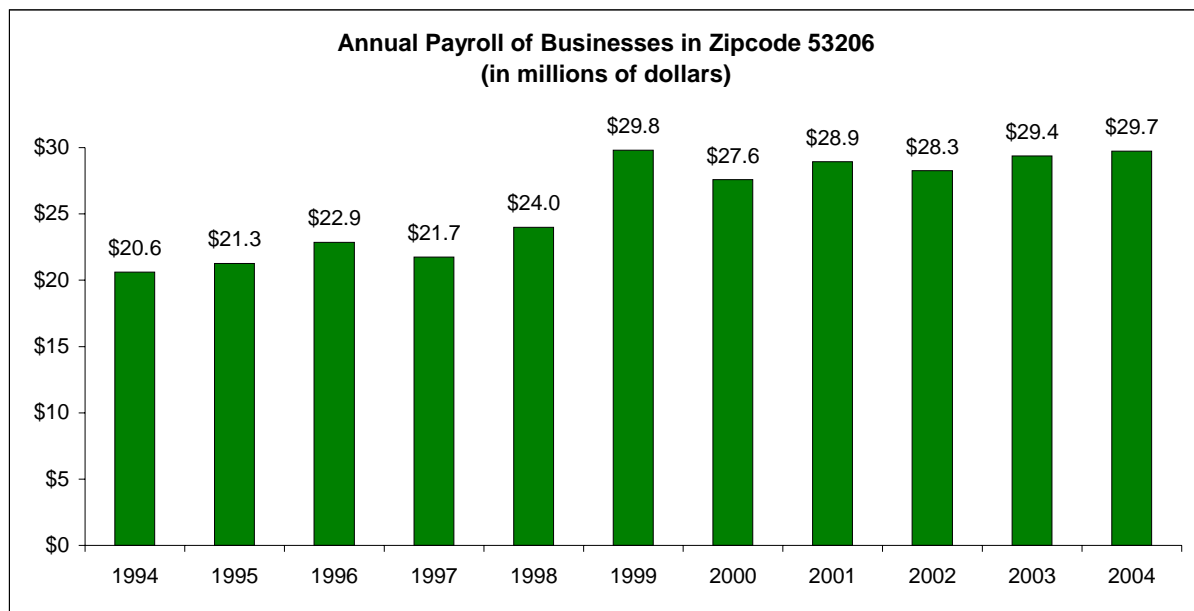
The U.S. Census Bureau ZIP Code Business Patterns reports the number of businesses, payroll and number of full-time and part-time employees.

- The number of **workers reported as employed in private businesses** located in zipcode 53206 increased from 1,313 in 1994 to 1,589 in 1999, and up to 1,644 in 2003.
- In 2004 the number of workers had dropped by 9% to 1,497.



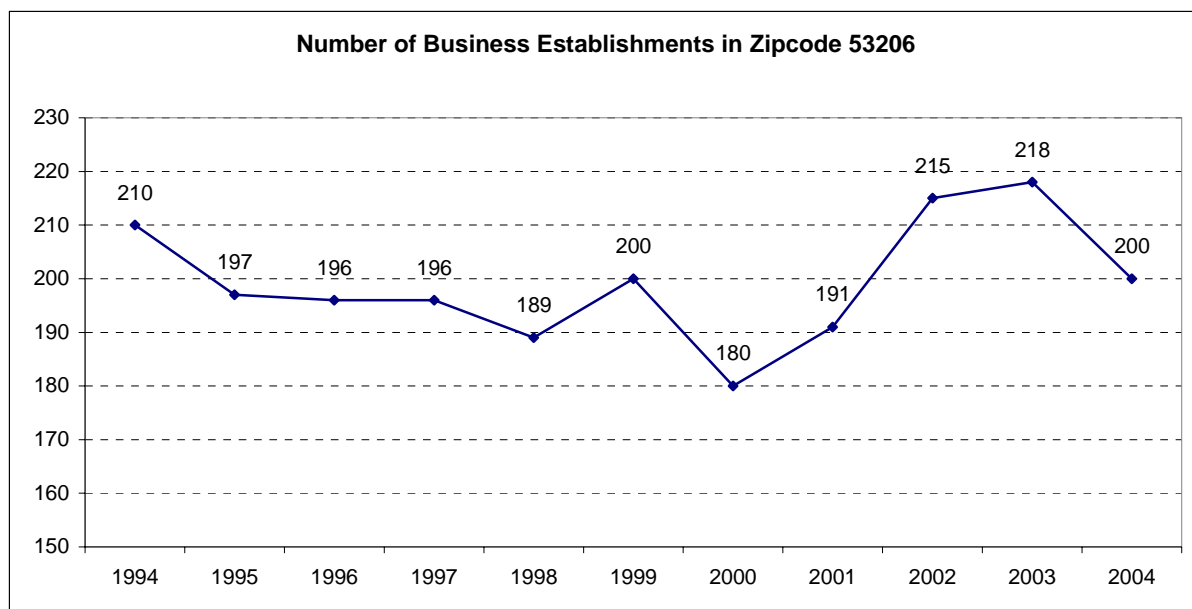
The ZIP Code Business Patterns reports total **annual payroll**, including salaries, wages, commissions, bonuses, sick-leave pay, in-kind payments for meals and lodging, and reported tips. Total are before deductions for social security, taxes, union dues, etc.

- Annual payrolls for private establishments located in zipcode 53206 rose from \$20.6 million in 1994 to \$29.7 million in 2004.
- Payrolls increased by about 1% from 2003 to 2004.
- The annual payrolls increased by 7.8% from 2000 to 2004. When cost-of-living is considered, the payroll increases were only 0.9%.



The ZIP Code Business Patterns also report **number of establishments** by location. Establishments are defined as single physical locations where business is conducted or services or industrial operations are performed. Individual companies may have several establishments in a community – each counted separately. Changes in the number of establishments reflect gains or losses of businesses, and shifts from smaller to larger businesses (or vice versa).

- In zipcode 53206 the number of establishments went from 210 in 1994 to 180 in 2000, but then rose to 218 in 2003 only to drop to 200 in 2004.
- Most of the decline in the number of businesses from 2003 to 2004 were in the smallest establishments (with 1-4 employees).
- The net increase in businesses reported to the Census Bureau from 2000 to 2004 appears to be attributable to a rise in the number of child care centers located in the zipcode.
- Reported businesses were down by 18 from 2003 to 2004.

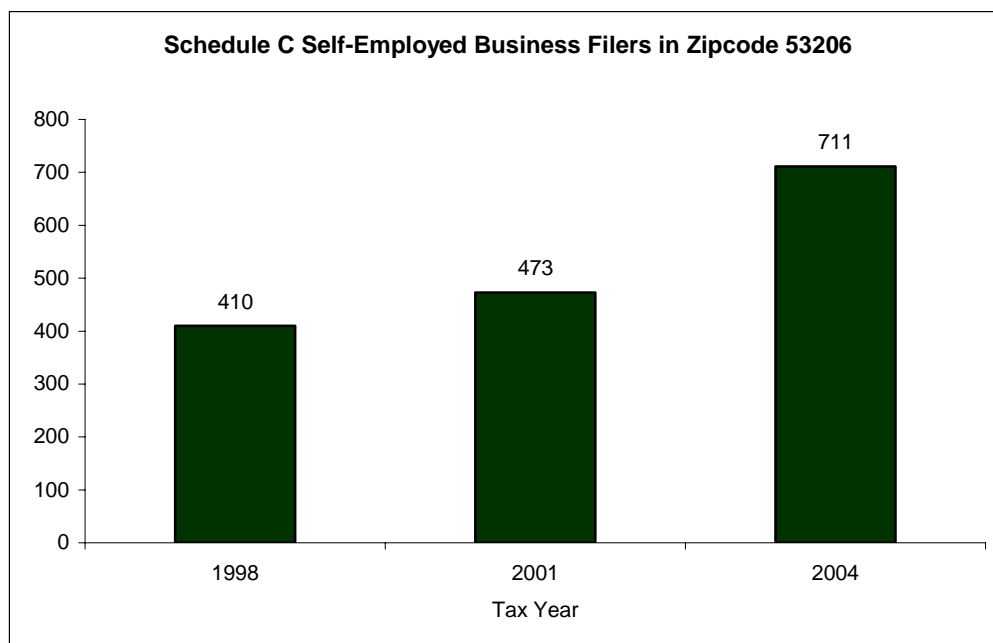


## 50% Growth of Self-Employed Tax Filers in 3 Years

### *IRS Schedule C Filers 1998-2004*

The U.S. Internal Revenue Service reports income tax statistics by zip code, including the number of individual income tax filers who completed Schedule C Profit or Loss from Business forms. These include **self-employed individuals** who are sole proprietors (who own unincorporated businesses) or statutory employees. These residents offer another source of business activity for the neighborhood, with many persons conducting self-employed work as a side business.

- In zipcode 53206, 711 individuals filed Schedule C forms for 2004 tax year.
- The number of filers completing Schedule C rose 50% in the three-year period from 2001 to 2004.



## Residents Spend \$83 Million Annually on Basic Consumer Needs *Purchasing Power Profiles 2000-2003*

Economic assets of central city Milwaukee neighborhoods include their population density, high concentrations of wage earners, and the purchasing power of residents. Retail spending was estimated for neighborhood residents based on five types of households at five income levels, using 2002-03 Consumer Expenditure Survey data on spending patterns for each of these 25 household/income categories (as defined by the 2000 decennial census).

- **Local residents spend over \$83 million annually for 16 categories of consumer expenditures.** This translates into \$31.2 million of spending per square mile, well above the average spending in many affluent suburban and exurban neighborhoods. **Tapping into this purchasing power could improve the economic health of the immediate neighborhood.**

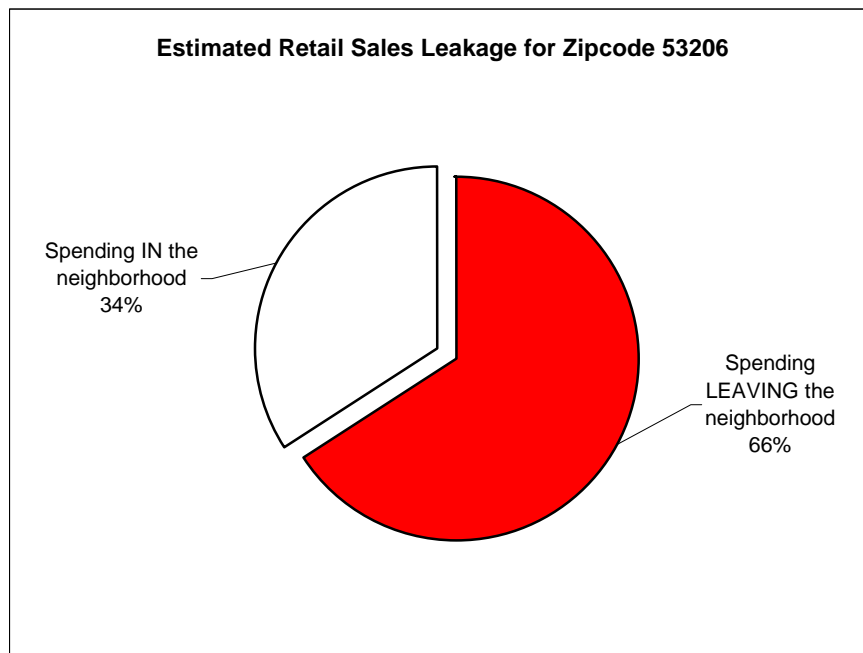
<b>Purchasing Power Profile for Residents of the Milwaukee 53206 Neighborhood</b>		
Land Area in Square Miles: 3.26		
<b>Consumer Expenditure Category</b>	<b>Est. Annual Expenditures</b>	<b>Expenditures Per Square Mile</b>
Food at home	\$36,951,623	\$13,891,588
Food away from home	\$10,426,438	\$3,919,714
Apparel and related services	\$10,966,440	\$4,122,722
Television equipment, tapes, disks	\$4,936,035	\$1,855,652
Audio equipment, CDs, tapes	\$1,190,362	\$447,505
Household textiles	\$615,952	\$231,561
Furniture	\$2,738,776	\$1,029,615
Floor coverings	\$236,413	\$88,877
Major appliances	\$1,398,591	\$525,786
Small appliances and housewares	\$415,079	\$156,045
Computer hardware and software	\$1,232,698	\$463,420
Miscellaneous household equipment	\$1,878,110	\$706,056
Non-prescription drugs and supplies	\$2,392,644	\$899,490
Housekeeping supplies	\$4,303,942	\$1,618,023
Personal products	\$2,823,521	\$1,061,474
Home repair commodities	\$643,269	\$241,830
<b>Total for 16 categories</b>	<b>\$83,149,893</b>	<b>\$31,259,358</b>
Source: University of Wisconsin-Milwaukee Employment and Training Institute, 2004. The analysis is based on 2002 Bureau of Labor Statistics Consumer Expenditure Surveys and 2000 U.S. Census data. See <a href="http://www.eti.uwm.edu">www.eti.uwm.edu</a> .		

## 2/3 of Residents' Retail Spending Leaves the Neighborhood

### *Retail Sales Leakage/Surplus 2000-2003*

To determine the extent to which existing retail businesses are capturing retail spending of local residents, consumer expenditure estimates were reviewed for 15 categories of consumer expenditures and compared to the retail sales estimated to result from numbers of retail employees in the neighborhood. All of the expenditures in the ETI Purchasing Power Profile shown above are included except for food-away-from-home (which is not included in the North American Industry Classification System, NAICS, retail sector).

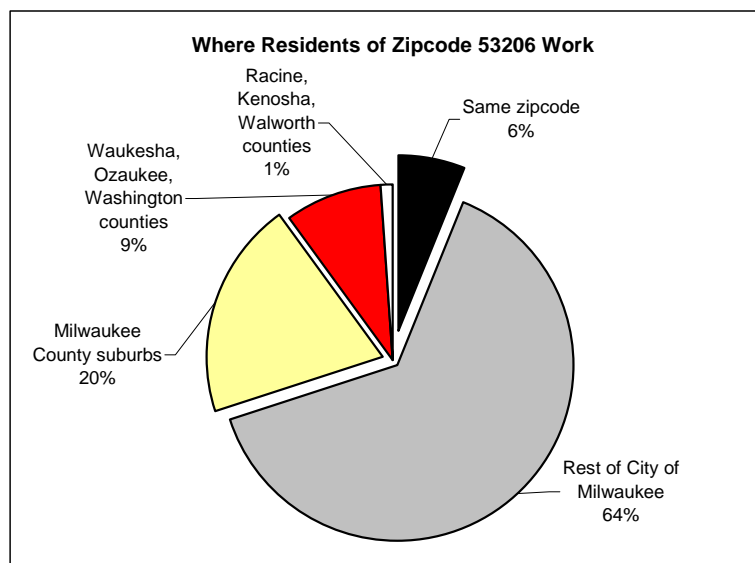
- Because of the absence of retail establishments within zipcode 53206, this zipcode showed a very large **retail sales leakage**. It is estimated that only a third of residents' retail expenditures (or \$24.9 million in spending for the 15 categories) was captured by local retail establishments, while the neighborhood is showing a net loss of 66% of its retail expenditures.
- **The neighborhood showed a retail sales leakage of \$47,810,000. These are the estimated dollars leaving the neighborhoods when residents buy their goods at other locations.**



## Labor Market is Very Limited for Most 53206 Residents 2000 Census CTPP Files

As part of an innovative approach to central city economic development, the Employment and Training Institute has used the Census Transportation Planning Package databases (CTPP 2000) to examine not only where local residents work but also to profile who comes into each neighborhood for jobs. This first-time analysis of **employment by jobsite** uses place-of-work data (from household responses to the Census long-form questionnaire provided to 1 in 6 U.S. households) released in 2004 and 2005. One job is reported for each worker (the job where they worked the most hours). Since job totals show only the primary job of each worker, they understate the total number of jobs in area companies, particularly for employers with part-time work. This approach, however, allows a one-to-one match between available workers and primary jobs.

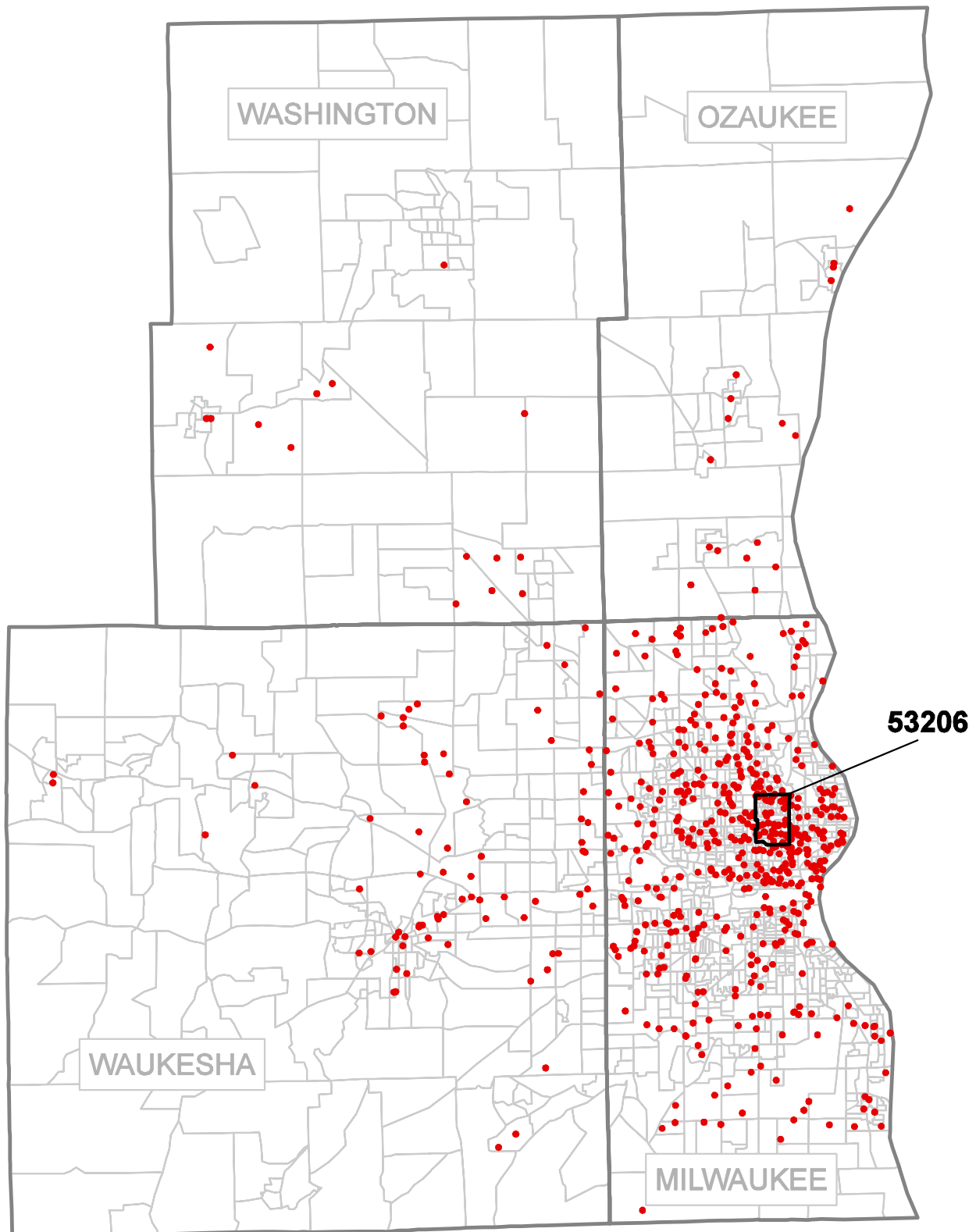
- The 2000 Census transportation files reported a total of 9,730 residents of zipcode 53206 (ages 16 and above) employed at the time of the 2000 Census.
- Most residents commute to jobs outside the zipcode. Only about 6% of residents worked in the 53206 zipcode area, while 94% traveled to jobs outside the zipcode.



The map below shows the jobsites where residents of zipcode 53206 were employed at the time of the 2000 Census.



## Where People Work Who Live in Zipcode 53206



Source: U.S. Census 2000 Transportation Planning Package data files (1 dot = 5 workers)  
Analysis by Employment and Training Institute, University of Wisconsin-Milwaukee.

- The labor market for most 53206 **residents** is limited to Milwaukee County. The majority of residents (70%) worked in the City of Milwaukee and nearly all (90%) work within Milwaukee County. Another 9% of workers were employed in Waukesha, Ozaukee and Washington (WOW) counties.
- Almost no residents (only 1%) have found work in Racine, Kenosha and Walworth counties, the other counties of the “Milwaukee Region.”
- Leveraging greater employment for minority workers in Milwaukee County and nearby jobsites in the WOW counties remains a top priority. Addressing driver’s license problems is likely as critical priority.

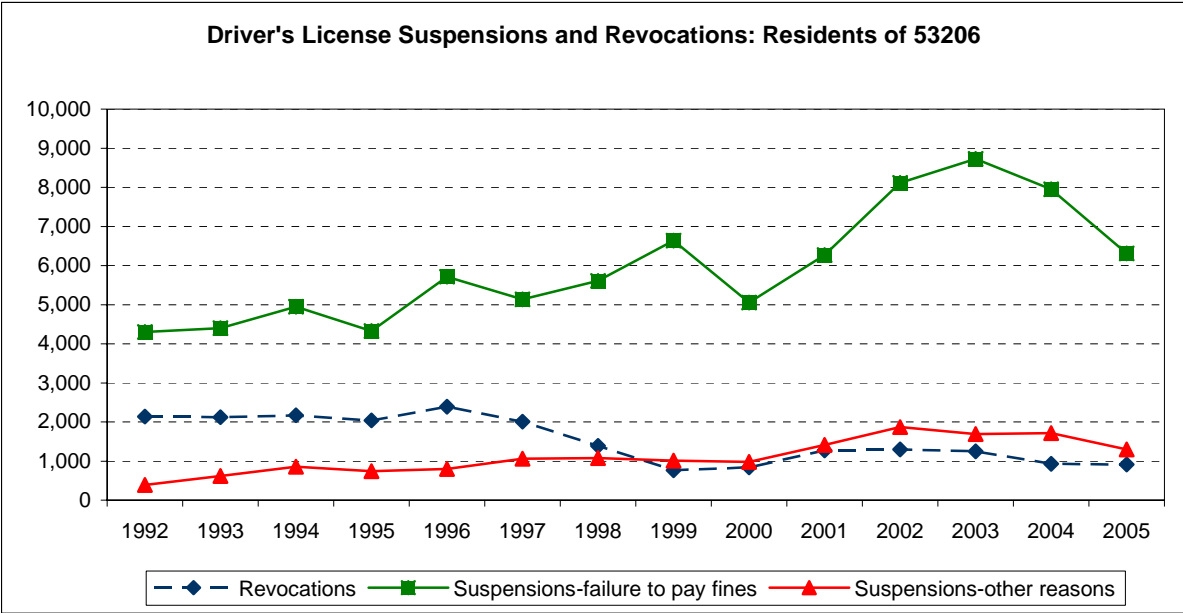
## Driver's License Suspensions Are Down from Previous 2 Years

### *State Driver's License Status 1993-2005*

State department of transportation files on licensed drivers, license suspensions, and revocations were analyzed since greater employment opportunities are available to workers with private transportation. The City of Milwaukee is responsible for most of the driver's license suspensions in Milwaukee County using suspension orders for failure to pay fines not related to serious driving violations. The problem is particularly serious for minorities and youth who are frequently stopped for minor vehicle infractions, particularly in suburban communities, and then found to have a non-valid driver's license or vehicle license due to unpaid fines.

The large number of central city residents without a valid driver's license remains an ongoing impediment to employment. The 2000 Census showed only 6% of residents working in the immediate neighborhood, while 94% commuted to jobs outside of the 53206 zipcode. The Employment and Training Institute's annual job vacancy survey in May 2006 found a job gap of 7 to 1, that is 7 job seekers for every 1 full-time job available in Milwaukee' central city. Three-fourths of all job vacancies were outside the City of Milwaukee in the suburban and exurban areas not easily accessed by public transportation.

- Failure to pay fines and civil forfeitures was the most common reason for driver's license suspensions. In 2005, suspension orders issued for failure to pay fines or forfeitures totaled 6,308 for residents of zipcode 53206. The 6,308 "failure to pay" suspension orders are down from an all-time high of 8,728 orders in 2003.
- The zipcode area showed more than 4 times as many suspensions for failure to pay fines (6,308) as for suspension orders for traffic violations, driving while intoxicated, and drug convictions combined (1,295).
- License revocations totaled 918 in 2005, down from over 2,000 annually in the mid-1990s.



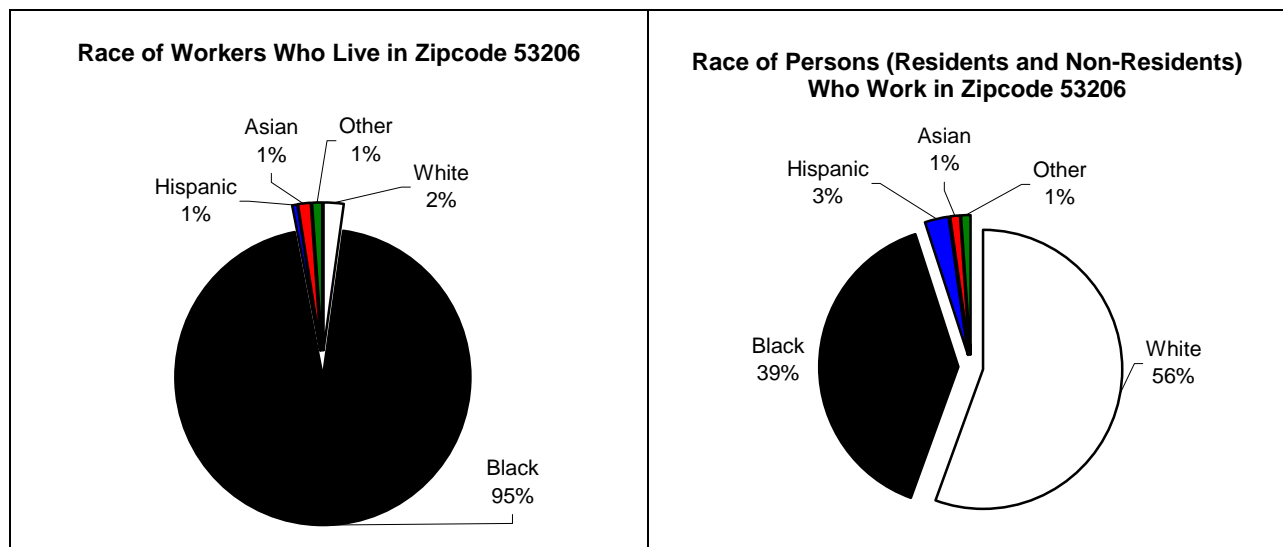
## 90% of Jobs in the Zipcode Are Held by Non-Residents *2000 Census CTPP Files*

The Census 2000 files showed 6,174 persons (residents and non-residents) whose primary job was located at a worksite in zipcode 53206. This included employment with private companies, governmental and school units, non-profits, and self-employment. The census job totals will differ from other sources, particularly for counts of part-time workers. (See “Background Notes.”)

- Ninety percent of persons working at jobsites within zipcode 53206 came from outside the neighborhood.
- Workers coming into the central city to work showed a much broader labor market than outgoing central city workers. One fourth (24%) of the workers came from outside Milwaukee County, mostly from the WOW (Waukesha, Ozaukee and Washington) counties. The three southern counties (Racine, Kenosha and Walworth) of the “Milwaukee Region” provided 2% of the workers coming into 53206 for jobs – the same percentage as workers coming into the neighborhood from outside of the Southeast Wisconsin area.

## Majority of Workers at 53206 Jobsites Are White, Most Resident Workers Are African American *2000 Census CTPP Files*

Given the sharp differences between the race of persons living in the zipcode and the race of persons employed at companies and other jobsites in the zipcode, job gaps were analyzed by race.



- Whites comprise 2% of the resident workforce, but white workers hold 56% of jobs with employers (public, private and non-profit) with jobsites in 53206. On the other hand, African Americans make up 95% of the resident workforce in this zipcode, but African American workers hold only 39% of jobs in zipcode 53206.
- African American workers held 39% of the jobs located in the 53206 neighborhood. For private companies, they held 34% of jobs. For non-profits, they held 47% of the jobs at neighborhood worksites.
- African Americans made up 65% of the 186 workers employed at state government jobsites, 44% of the 100 workers employed at federal government jobsites, and 36% of the 840 workers employed at local government jobsites (including schools) located in zipcode 53206.

## Characteristics of Those Who Work at Jobsites in Zipcode 53206

(Includes Jobs Held by Residents and Non-Residents)						
Type of Employer	White	Black	Hispanic	Asian	Other	Total Workers
Total workers	3,559	2,530	176	67	78	6,395
Private for-profit	60.6%	34.0%	2.6%	1.1%	1.1%	4,230
Private not-for-profit	45.6%	47.4%	2.5%	2.1%	0.0%	709
Local government	55.2%	36.3%	2.9%	0.0%	3.6%	840
State government	25.8%	65.1%	8.1%	0.0%	0.0%	186
Federal government	50.0%	44.0%	0.0%	0.0%	0.0%	100
Self-employed not incorporated	29.8%	67.8%	0.0%	0.0%	0.0%	326
Unpaid family workers	0.0%	100.0%	0.0%	0.0%	0.0%	18
Source: Census Transportation Planning Package (CTPP2000) data on place-of-work based on responses to the 2000 Census long-form questionnaire. Only 1 job is reported for each worker 16 and older and cell values are rounded. Totals may vary in place-of-work tables due to rounding techniques used by the U.S. Census Bureau. See methodology for definitions of race/ethnicity. Drill Downs were prepared by the University of Wisconsin-Milwaukee Employment and Training Institute, 2005.						

- A majority (66%) of workers employed at 53206 jobsites worked for private companies, with manufacturing firms as the leading industry type. Another 18% worked for local, state, and federal governments and 11% worked for non-profit agencies. A relatively small number of workers (5%) reported self-employment as their primary job.

The tables below show the breakdown of jobs in zipcode 53206 by occupational groupings of workers.

- Among the largest occupational areas, African Americans comprised over half (51%) of the workers in office and administrative support, compared to about a fourth (27%) of production workers at 53206 jobsites.
- The highest percentages of employment of African Americans at 53206 jobsites were for personal care services (where African Americans made up 93% of all workers) and food preparation and service (where they comprised 80% of the workers).
- African Americans made up nearly 40% of the workers in education, training and library occupations, and 37% of jobs in management in the zipcode.
- White workers coming into the zipcode for work were most heavily concentrated in production jobs.

Current initiatives by the NAACP Milwaukee Branch and a coalition of other organizations are focusing on **access of minorities to jobs in construction**.

- At the time of the Census, 164 persons were engaged in construction work (including self-employment) at jobsites in zipcode 53206. White workers held 68% of these jobs (or 111 jobs) and African Americans held 32% of the jobs (53 jobs).
- When the occupations of 53206 **residents** were analyzed (regardless of whether they worked inside or outside of the neighborhood), 166 residents reported occupations in construction.

Additional tables showing differences by transportation to work, type of industry, salary/wages, gender, and age are available for each neighborhood at the Employment and Training Institute's interactive drilldown website (at [www.eti.uwm.edu](http://www.eti.uwm.edu)).



## Occupations of People Who Work at Jobsites in Zipcode 53206

(Including Jobs Held by Residents and Non-Residents)						
Total	White	Black	Hispanic	Asian	Other	Occupational Grouping
6,410	3,559	2,530	176	67	78	Total Occupation
1,566	1,056	417	69	10	14	Production
805	454	313	28	0	10	Education, training, library
678	294	347	10	19	8	Office, administrative support
445	259	163	15	4	4	Management
409	230	171	4	0	4	Transportation, material moving
331	124	179	14	0	14	Sales, related
280	132	134	4	0	10	Community, social service
228	151	73	0	4	0	Installation, maintenance, repairs
224	220	0	0	4	0	Engineering, architecture
197	14	183	0	0	0	Personal care, service
191	28	153	10	0	0	Food preparation, serving related
164	111	53	0	0	0	Construction, excavation
158	135	23	0	0	0	Business, financial operations
143	43	90	0	0	10	Building + grounds cleaning/maintenance
138	92	32	0	14	0	Healthcare practitioners, technicians
127	29	88	10	0	0	Healthcare support
81	48	33	0	0	0	Arts, design, entertainment, sports, media
59	43	12	4	0	0	Protective service
44	40	0	0	4	0	Computer, mathematical
32	18	14	0	0	0	Life, physical, social science
10	10	0	0	0	0	Legal
Total	White	Black	Hispanic	Asians	Other	Groupings with Over 100 Employed
6,410	55.5%	39.5%	2.7%	1.0%	1.2%	Total Occupation
1,566	67.4%	26.6%	4.4%	0.6%	0.9%	Production
805	56.4%	38.9%	3.5%	0.0%	1.2%	Education, training, library
678	43.4%	51.2%	1.5%	2.8%	1.2%	Office, administrative support
445	58.2%	36.6%	3.4%	0.9%	0.9%	Management
409	56.2%	41.8%	1.0%	0.0%	1.0%	Transportation, material moving
331	37.5%	54.1%	4.2%	0.0%	4.2%	Sales, related
280	47.1%	47.9%	1.4%	0.0%	3.6%	Community, social service
228	66.2%	32.0%	0.0%	1.8%	0.0%	Installation, maintenance, repairs
224	98.2%	0.0%	0.0%	1.8%	0.0%	Engineering, architecture
197	7.1%	92.9%	0.0%	0.0%	0.0%	Personal care, service
191	14.7%	80.1%	5.2%	0.0%	0.0%	Food preparation, serving related
164	67.7%	32.3%	0.0%	0.0%	0.0%	Construction, excavation
158	85.4%	14.6%	0.0%	0.0%	0.0%	Business, financial operations
143	30.1%	62.9%	0.0%	0.0%	7.0%	Building + grounds cleaning/maintenance
138	66.7%	23.2%	0.0%	10.1%	0.0%	Healthcare practitioners, technicians
127	22.8%	69.3%	7.9%	0.0%	0.0%	Healthcare support

Source: Census Transportation Planning Package (CTPP2000) data on place-of-work based on responses to the 2000 Census long-form questionnaire. Only 1 job is reported for each worker and cell values are rounded. See methodology for definitions of race/ethnicity and occupations. Drill Downs were prepared by the University of Wisconsin-Milwaukee Employment and Training Institute, 2005.

## Background Notes

The neighborhood indicators track changes by neighborhood since 1993, prior to beginning of state and federal welfare reform. Community agencies assisted in identifying key areas of concern. City, county and state agencies cooperate in securing databases needed for the analysis. This report assesses employment, economic and welfare changes in ZIP code 53206 based on fourteen years of institutional data. Data was collected on income supports given to families in 2006 (including W-2 cash payments, food stamps/FoodShare benefits, medical assistance, and subsidized child care). The 2005 income tax analyses (based on state tax returns filed in 2006) provide income data that is six years more current than the 1999 incomes reported by the 2000 Census. Recently released Census 2000 transportation planning databases are used to provide a first-time analysis by race of jobs located within each central city neighborhood. State-of-the-art purchasing power and retail sales leakage analyses developed by the Employment and Training Institute help communities and neighborhood-based businesses assess the spending power assets of each central city zipcode. Other institutional data includes property tax records, state child care licensing reports, state correctional records, published Internal Revenue tables, and housing data released by the U.S. Department of Housing and Federal Reserve Board.

The **aerial map** on the cover is from the 2000 Digital Orthophotography, originally prepared for the Southeastern Wisconsin Regional Planning Commission.

**“Adjusted gross income”** includes income from wages, salaries, tips, taxable interest, dividends, alimony, business income, capital gains income, rental income, etc. and excludes certain business losses, capital gains losses, alimony payments, etc. See state and federal tax forms for definitions of adjustments made to calculate Adjusted Gross Income. Income tax data have several advantages as neighborhood indicators: they are available annually and they provide more comprehensive listings of income than may be volunteered for the U.S. Census long form or survey research projects. They miss, however, income of persons not filing taxes, “earnings” from the underground economy, and the cash value of food stamps, medical assistance, and child care subsidies. Also, they are subject to the vagaries of the income tax code and may understate income for persons with rental properties, self-employment expenses, tax-deferred annuities, etc.

The income tax returns analyzed in this report are for **working age tax filers**, excluding dependents (teenagers, students and others) claimed on another adult’s tax return and senior citizens claiming the elderly credit or elderly exemption. In tax year 2000, the elderly credit was replaced by an elderly exemption. Because filers can now be more effectively identified as elderly, the year 2000 through year 2005 working age files include a slightly different, and smaller, population than the files for previous years. Consequently, calculations of working age tax filers and total AGI for the 1993 to 1999 period may differ from those in 2000-2005 due to the elderly credit/exemption changes.

The **earned income tax credit** offers a tax benefit to help reduce the tax burden and to supplement wages for low and moderate income working families and single persons. For family tax filers who claim the credit, Wisconsin adds 4 percent to the federal credit for families with one qualifying child, adds 14 percent to the federal credit for families with two qualifying children, and adds 43 percent to the federal credit for families with three or more qualifying children. Together the federal and state credits could total from \$3 to \$6,300 for the 2005 tax year. Total federal credit payments are estimated based on state tax return data.

The **poverty estimates** understate poverty for larger families with more than three dependents and for families who are contributing to the support of other family members, and they do not include federal food stamps and child care subsidy benefits, SSI payments, child support, other financial contributions to the care of family and non-reported income sources.

The number of federal tax filers using **Refund Anticipation Loans (RALs)** is from the U.S. Internal Revenue Service as posted on The Brookings Institution ([www.brookings.edu/es/urban/eitc/dataguide.htm](http://www.brookings.edu/es/urban/eitc/dataguide.htm)) “Tax Return Information Website.” This information is for all tax filers receiving the earned income tax credit, including individuals not eligible for the Wisconsin EIC.

**“W-2” cases** for the zipcode do not include families receiving public assistance support under the “Kinship Care” program for relatives caring for minor children or the “Caretaker Supplement” program for eligible parents receiving Supplemental Security Income (SSI). AFDC/W-2 caseloads are reported for the following months: March 1994, December 1995, September 1996, June 1997, April 1998, February 1999, April 2000, June 2001, July 2002, July 2002, July 2003, July 2004, July 2005, and July 2006.

Data on **adults incarcerated in Wisconsin Department of Corrections facilities** is based on the June 30, 2006 State of Wisconsin public inmate data file prepared biannually and containing detailed information on each incarceration and release of adult inmates since 1993. The database includes individuals in the Wisconsin Department of Corrections system but does not include inmates in the House of Corrections and jails. The data entries for admission and release from DOC facilities are for any reason, including for formal alternatives to revocation or for temporary probation and parole holds. See [www.eti.uwm.edu](http://www.eti.uwm.edu) for the full report on “Barriers to Employment: Prison Time.”

**HMDA (Home Mortgage Disclosure Act)** data is collected federally from lending institutions in metropolitan areas on loans for home purchases, refinancing and home repairs. (Home equity loans taken out for consolidation of credit card debt are not reported in this database unless some part of the loan proceeds is intended for home improvements or home purchase.) See [www.ffiec.gov/hmda](http://www.ffiec.gov/hmda) for definitions of loans included in the database and [www.huduser.org/datasets/manu.html](http://www.huduser.org/datasets/manu.html) for the methodology used by the Department of Housing and Urban Development to define subprime lenders.

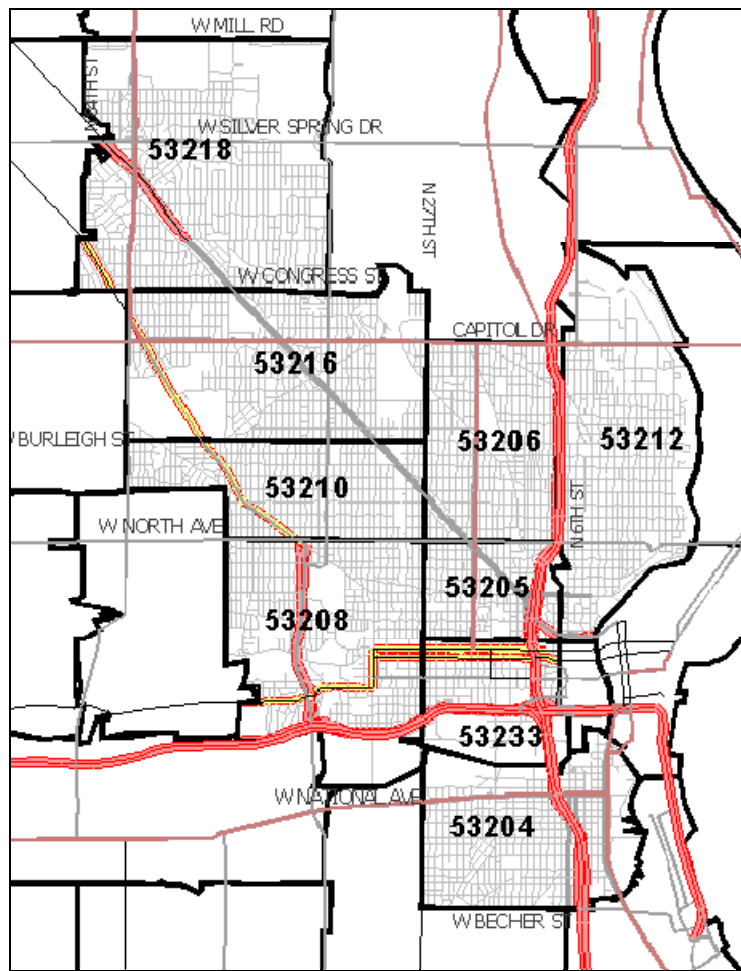
The **U.S. Census 2000 Census Transportation Planning Package (CTPP 2000)** data used four **racial categories** in reporting its data tables: white alone, black or African American alone, Asian alone, and all other (including persons reported as 2 or more races, Native Hawaiian or Pacific Islander, American Indian or Alaska Native, or other race). Workers were also identified as (1) Hispanic or Latino, and (2) not Hispanic or Latino. For this report, all workers identified as “Hispanic or Latino” are included in that category. The four categories of race listed above were used for persons who were not identified as Hispanic or Latino.

The **estimates of workers in the CTPP 2000** tabulations have been rounded by the Census Bureau for each reported cell. Values from 1 through 7 were rounded to 4. Values of 8 or greater were rounded to the nearest multiple of 5, unless the estimate already ended in 5 or 0, in which case it was not changed. As a result, estimates derived from these files may not be identical to comparable figures contained in other census products. The greater the number of records from these files that are summed for comparison purposes, the more rounding errors there may be and the greater the difference between the estimates from different sources may be.

Counts of workers at-work obtained from CTPP 2000 will differ from other employment data sources. The number of workers shown in CTPP Part 2 will be approximately 91 to 93 percent of the number of jobs counted by establishment inventories. There are several reasons for differences between worker counts and total jobs. Census 2000 counts employed persons not individual jobs. For persons with more than one job, characteristics on only the principal job are collected. Nationally, about 6 percent of workers have second jobs. CTPP 2000 reports only those workers who were at work during the reference week (typically the week before the U.S. Census is conducted). Individual responses may vary as to the location of worksites (e.g., a street address vs. intersection bordering several census tracts, the company headquarters vs. a specific worksite). For more detail on methodology and definitions, see the UWM Employment and Training Institute website ([www.eti.uwm.edu](http://www.eti.uwm.edu)), the U.S. Census Bureau website ([www.census.gov](http://www.census.gov)), and the U.S. Department of Transportation Census Transportation Planning Package 2000 website ([www.fhwa.dot.gov/ctpp](http://www.fhwa.dot.gov/ctpp)).

The **cost of living** is measured by the Consumer Price Index for the Milwaukee-Racine area. The cost of living increased 33.1% from 1993 to 2006 and by 3.3% from 2005 to 2006.

## Milwaukee Central City ZIP Codes



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