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The Stifling Stability of Deep Disadvantage

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TAKEAWAYS

While the Great Recession had negative effects for nearly all sectors and regions within the United States, the recovery highlighted regions of consistent advantage and disadvantage.

The Index of Deep Disadvantage is a multidimensional assessment of community-level economic well-being; counties nationwide were sorted into "advantaged" and "disadvantaged" prior to the Great Recession with recovery trends among disadvantaged counties tracked through the recovery.

Some counties were stable in their degree of disadvantage; stagnant stability finds many poor, non-white, and working-class households stunted by deep disadvantage.

Disadvantaged counties that improved through the recovery period had, on average, local economies less reliant on manufacturing, less initial poverty, lower unemployment, higher median incomes, and were less likely classified as urban.

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The Great Recession of 2007 to 2009 and its subsequent extended recovery did not affect all people and places equally. The recession saw broad trends such as high unemployment, significant losses of income and household wealth, declines in economic activity, and a cooling of credit markets, among other consequences; yet the distribution of socioeconomic vulnerability in the United States varied greatly across households and communities.[1]

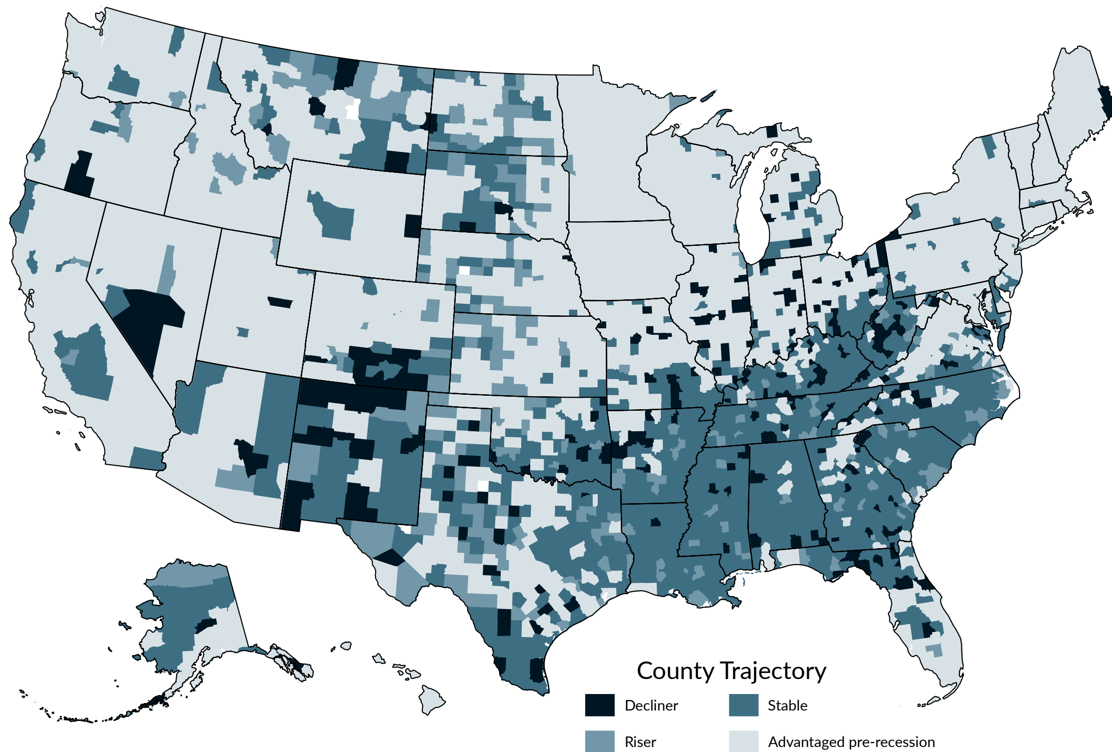
Our research attempts to better understand the differential consequences of the Great Recession's harms and the long recovery's benefits for communities. To examine conditions of relative advantage and disadvantage over time, we employ a novel multidimensional assessment of community-level economic well-being, the Index of Deep Disadvantage (IDD).[2] The IDD includes measures of income, health, and social mobility. We also analyze pertinent geographic, demographic, and economic factors associated with the range of socio-economic trajectories experienced across populations and over the recession's long recovery period. Results, in short, found that while some disadvantaged communities improved throughout the recovery period, others saw declines, and over two-thirds of counties that ranked as disadvantaged prior to the recession remained stable. Stability amid massive change is often seen as a good quality, unless your community is already facing deep disadvantage. Stagnant stability, as such, finds many poor, non-white, and working-class households stunted by persistent social and economic struggle.

Our work builds on the Understanding Communities of Deep Disadvantage project which seeks to holistically examine community-level disadvantage and inequality. This project incorporates health and economic mobility in defining disadvantage rather than relying primarily on individual-level income-based measures. This study posed several broad questions, including: How did communities change across multiple indicators from prior to the Great Recession until the end stages of the recovery? Are there differences between communities which improved, grew worse, or remained stable? And specifically, how did working-class communities change during this period?

Nationwide, proportional wealth losses during the Great Recession concentrated most heavily among households of color. Black, Indigenous, and other people of color were more likely to experience unemployment.[3] Poverty rates for Black and Hispanic populations increased during the recession more than rates of white households.[4] Likewise, the racial wealth gap not only remained during the recovery period but grew larger.[5] Research by Addo and Darity (also included in this issue of *Focus on Poverty*) examines how differences in wealth by race are larger than wealth differences by occupational class and, throughout the recovery period, Black and Hispanic households tended to experience relatively few wealth gains while increasing debt.[6]

We started this project by classifying community disadvantage and then examining how it changed from pre- to post-recession.

Figure 1. Geographic distribution of rising, declining, and stable counties from prior to the Great Recession through the recovery.



Source: Adapted from Figure 1, Fusaro, V.A., Shaefer, H.L., Simington, J. (2021, May). Communities moving ahead, falling behind: Evidence from the Index of Deep Disadvantage. *Annals of the American Academy of Political and Social Science*, (695), 292–312. Data provided by authors.

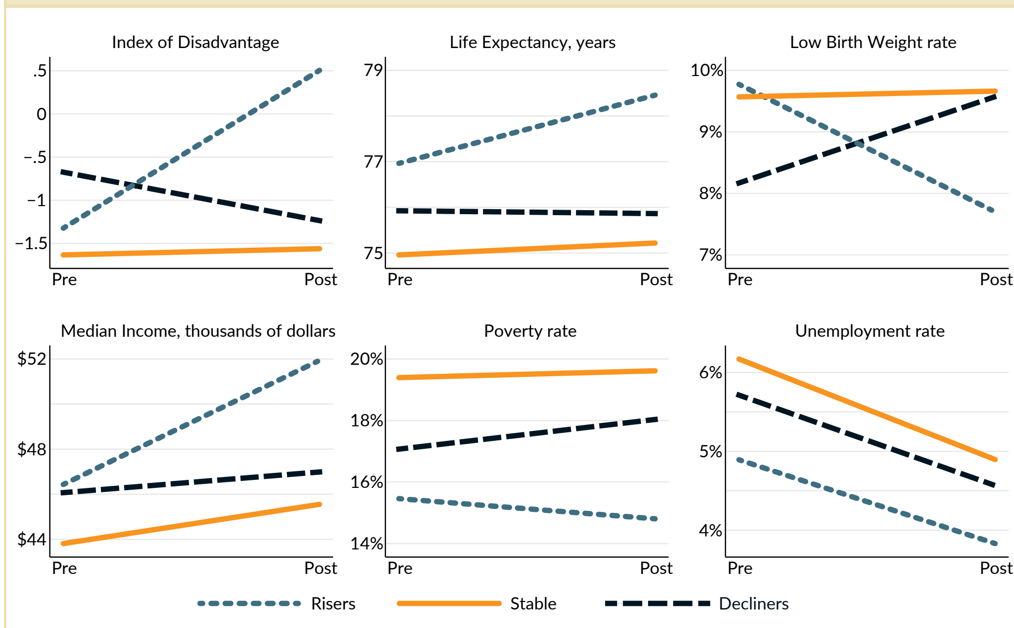
Communities were evaluated at the county level, recognizing the caveats that important within-county heterogeneity exists and that, in everyday life, people often cross county borders for work, recreation, and family or social purposes. County-level data, however, can be accessed relatively easily, allowing for consistent parameters of comparison over time. Counties are also an important nexus of political organization in many parts of the United States.

The multi-dimensional Index of Deep Disadvantage (IDD) ranks all U.S. counties and the largest 500 cities along three domains: income, health, and social mobility. We extend initial IDD analyses to include other important data points such as poverty rates, birthweight, and life expectancy. With this multi-dimensional index, we compare a pre-recession period (2003 to 2006) to a post-recession period (2012 to 2019). Variables were examined using principal components analysis and results show that, as the first principal component, the IDD accounted for over 60% of the variation in data.

Rankings on the multifactor IDD are evaluated across a distribution of 20 evenly sized partitions or ventiles. In our analysis of pre- and post-recession periods, if a county moved up beyond one adjacent ventile, we labeled it a "riser" and, likewise, if a county dropped beyond one adjacent ventile, we labeled it a "decliner." These trajectory trends can be seen in Figure 1.

We focused our analysis on counties we describe as "disadvantaged," or scoring below the median value on the IDD prior to the recession. Approximately 17% of these counties were risers and about 16% were decliners. Most counties, about 67%, did not change position beyond one adjacent ventile and were considered "stable." These stable counties, our analysis shows, were among the most disadvantaged

Figure 2. Change across measures of community well-being, pre-recession to late recovery, by trajectory group.



Source: Adapted from Figure 2, Fusaro, V.A., Shaefer, H.L., Simington, J. (2021, May). Communities moving ahead, falling behind: Evidence from the Index of Deep Disadvantage. *Annals of the American Academy of Political and Social Science*, (695), 292–312. Data provided by authors.

prior to the Great Recession and thus, despite modest gains, experienced ongoing deprivation when the long recovery abruptly ended due to the COVID-19 pandemic's initial surge in March 2020.

Disadvantaged counties that improved the most from pre-recession through the recovery period tended to rank above other counties on some initial individual index measures. On average, risers had less poverty, lower unemployment, and higher median incomes. Populations in these counties were also composed of the largest average proportion of working-age people (ages 25 to 64) holding a bachelor's degree or greater, had local economies among the least reliant on manufacturing, and were less likely to be classified as urban. Both rising and declining counties tended to have larger white, and smaller Black, populations compared to stable counties. Stable counties, by contrast, relied more on manufacturing and tended to score lower on most pre-recession well-being indicators—one exception being incidence of low-weight births. Overall increases in employment rates and at least some increase in wage-related incomes were seen across risers, decliners, and stable counties throughout the protracted recovery. For disadvantaged counties, however, converting gains into other aspects of community well-being was marginal at best. See Figure 2 for summary changes across trajectory groups between pre-recession and late recovery periods.

In the United States, persistent economic hardship tends to be clustered regionally; this includes the Deep South, the Cotton Belt, Appalachia, the Rio Grande Valley, and western Native Lands. Approximately 119 million U.S. Americans—about 39% of the population—lived in disadvantaged counties just prior to the Great Recession. The largest category of counties in our pre-recession measures were those identified as advantaged. These included areas in the Northeast, much of the Midwest, and the West (see Figure 1). Disadvantaged but stable counties have historically been concentrated in the South, with pockets in

Montana, the Dakotas, the Southwest, and upper Midwest (particularly Michigan). A band of "rising" counties span areas of Texas north into the Dakotas, as well as scattered through other areas of the South and West. Declining counties were sporadic in much of the country with concentrations in the Rust Belt (e.g., Michigan, Illinois, Indiana, Ohio) and clusters in the South and parts of the Southwest—particularly in New Mexico and Nevada.

By nearly all our primary indicators, counties ranking as stable were among the worst off prior to the Great Recession. They had lower IDD scores, higher poverty rates, elevated incidence of low birthweight babies, higher unemployment rates, lower median incomes, and lower overall life expectancy. Counties with larger Black populations also tended to be among the worst off prior to the recession and moved little in rank. While all trajectory groups, on average, experienced gains in employment and income, at least by the later recovery period, for many counties such gains were insufficient in overcoming the depths of preexisting stagnation.

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Extending some of our findings to considerations for the well-being of groups that may be broadly deemed "working class"—for which no standard definition exists—we see that the disadvantaged counties emerging from this project are home to many people who may generally be considered working class. As noted above, on average, all counties gained across characteristics of employment and income during the post-recession recovery period. As such, we would expect the socio-economic prospects of working-class communities to improve. Findings that suggest only a subset of such counties seemed to improve over this period is concerning. Educational attainment is one predictor of movement up the IDD rankings and one we saw positively associated with rising through the recovery. Greater community reliance on manufacturing—a traditional source of working-class jobs—was associated with stability or decline, however, throughout the recovery period.

It is important to remember that using counties as the unit of "community" analysis has limitations. Within-county variations, such as a distressed city within an otherwise relatively affluent region or a troubled neighborhood within a prosperous municipality, are often masked by county-level statistics. We do not interrogate the causes of change seen within communities. Such change might come from, for example, change in experiences of people in certain communities or shifts in community composition based on inflows or outflows of people over time. Our approach here is correlational and descriptive rather than causal or predictive and we do not investigate the interrelationships between the various factors we examined (e.g., communities of color are more likely to have higher poverty rates).

This innovative work, drawing on digital databases of nationwide census and administrative data, highlights the importance of place-based differences in understanding impacts of the Great Recession and the well-being of the American working class. We believe such a geographical approach can help scholars, advocates, and policymakers

move communities of deep disadvantage from stagnant to flourishing throughout the continued economic, social, and public health upheaval seen in the wake of the COVID-19 pandemic.■

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Research to Watch

Scott W. Allard, Professor of Social Policy, University of Washington; Russell Sage Foundation Visiting Scholar

Rising economic inequality and diminished social mobility are challenges confronting all types of places. Poverty and its correlates have become more acute in urban, suburban, and rural communities over the last thirty years, with sharp increases in suburban areas amid persistently high poverty rates in many cities and rural regions nationwide. Sluggish labor markets following the Great Recession and the economic consequences of the COVID-19 pandemic appear to have intensified these spatial trends in inequality and social mobility.

Numerous public and nonprofit assistance programs exist to address persistent economic hardship. Some programs provide critical in-kind and cash assistance (e.g., SNAP and EITC), others direct resources to children (e.g., Head Start, subsidized child care, early childhood education), and a host of nonprofit human service programs intend to support processes of economic and social mobility.

While a greater number of public and private safety net programs exist in the United States than ever before, the quantity and types of assistance programs vary a great deal from place to place, reflecting local economic, political, and social contexts. Local variation in safety net provision matters because it affects how well those programs can respond to rising needs in different socio-geographic contexts.

As a Visiting Scholar at the Russell Sage Foundation, Professor Allard will pursue projects examining poverty, mobility, and safety net provision across the full range of geographic contexts. One collaborative project with Taryn Morrissey (American University) and Elizabeth Pelletier (University of Washington) will explore spatial variation in early childhood education programming over time. Another project will seek to understand geographic shifts in poverty and nonprofit human service provision following the emergence of COVID-19. A third project with Isaiah Wright (University of Washington) will explore relationships between local safety-net capacity and economic mobility among low-income adults.

Christopher Wimer, Senior Research Scientist, Columbia University
Ronald Mincy, Maurice V. Russell Professor of Social Policy and Social Work Practice, Columbia University
Zachary Parolin, Assistant Professor, Bocconi University; Senior Fellow, Center on Poverty & Social Policy, Columbia University

Income support policies, such as the Earned Income Tax Credit (EITC), the Supplemental Nutrition Assistance Program (SNAP), and cash assistance from Temporary Assistance for Needy Families (TANF), are known to reduce levels of child poverty and have potential to reduce racial disparities in child poverty. The effects of income support and cash assistance on poverty are most often studied in cross-sectional data—where many individuals are examined at a particular point in time. A new project involving Christopher Wimer, Ronald Mincy, and Zachary Parolin, and funded by the Washington Center for Equitable Growth, will investigate how the introduction of and/or policy changes to the EITC, SNAP, and TANF programs also influence differences across racial categories in the intergenerational transmission of poverty.

Wimer, Mincy, and Parolin will use data from the Panel Study of Income Dynamics to investigate whether these policies are effective at reducing inequalities across racial categories. Prior research suggests that experiences of prolonged childhood poverty can create pathways to poverty in adulthood and influence physical and mental well-being, educational attainment, employment, and family structure. The researchers will investigate whether exposure to more robust income-support during childhood leads to better outcomes in young adulthood and, in turn, reduces the likelihood of poverty in adulthood. Findings will be disaggregated by race/ethnicity to better understand how the effects of income support vary across subgroups and geography. The project's findings have potential to shift focus from the short-term gains of income support programs to their long-term benefits for families with children and, in particular, for families from disadvantaged backgrounds.

To learn more about the Washington Center for Equitable Growth, visit www.equitablegrowth.org.