

Date: 22 September 2014

To: Galveston City Council

Re: The High Cost of Poverty

There is universal agreement among experts in the field that it is very harmful to allow poverty to "concentrate". Most studies are done on Census Tracts, or "neighborhoods", where 20% of the residents living in poverty is considered "concentrated" poverty or "high" poverty. This level of poverty creates a tipping point where poverty, and the effects of poverty, begin to overwhelm the neighborhood and produce problems for both those living in poverty and those who are not; creating a very noticeable "corrosive" environment. At this point, public policy also begins to be dominated by the need to address the problems created by high poverty.

By the time poverty reaches the level of 40%, the neighborhood is considered "distressed" and conditions are so bad that increasing poverty beyond that point creates less noticeable additional damage. ([See George Galster](#))

10% Poverty = Low-Poverty Neighborhood
20% Poverty = High-Poverty Neighborhood
40% Poverty = Distressed Neighborhood

"Neighborhoods of concentrated poverty are typically marked by high crime and unemployment rates, health disparities, struggling schools and faltering civic institutions. These neighborhoods have serious negative consequences for the well-being of adults and children." HUD Secretary Shaun Donovan

Unfortunately, some cities have so much poverty that the city itself falls into the high-poverty category, because the poverty level for the city as a whole is greater than 20%.

As the poorest city in the County, the City of Galveston had already passed the 20% tipping point in 2000 with a poverty level

of 22.3%. In 2010, with 569 public housing units out of commission, the poverty level was still 22.5%! The 2012 American Community Survey (ACS), done by the Census Bureau, estimates that, in 2012, poverty in the City of Galveston had climbed to 24.7%!

Although the City Council has never discussed the subject, it is time to admit that the high poverty level in the City determines and limits the policy choices available to City government as they deal with issues such as crime, schools and infrastructure. It is finally time to stop ignoring the high level of poverty and discuss and deal with it directly, openly and honestly.

City	2000 Census % Poverty (See QT-P34)	2010 Census % Poverty (See ????)	2010-2012 ACS % Poverty (See DP03)
Galveston	22.3%	22.5%	24.7%
La Marque	17.5%	17.5%	20.3%
Texas City	14.9%	15.0%	20.5%
Dickinson	13.1%	13.4%	14.2%
Santa Fe	6.5%	10.7%	10.8%
League City	4.8%	6.0%	4.1%
Friendswood	3.3%	5.3%	3.8%
Ferguson, MO	????	11.6%	23.9%

The 2012 ACS reveals that all three cities in the southern part of the County may now qualify as high-poverty!

Note: concentrating poverty actually violates several federal laws; obviously they are not enforced in the City of Galveston.

The Demographic Time Bomb:

The 2012 ACS also shows that if the current City population is not dramatically changed by inward and outward migration, the City's poverty level is destined to increase dramatically, in the years ahead, as the more affluent over-65-year-old residents die off and the poorer under-18-year-old residents replace them! The level of poverty in the under-18-year-old cohort is not surprising since GISD reports that 75% of its students are now

"economically disadvantaged". The under-18-year-old group is almost twice as poor as the over-18-year-old cohort (38.8% versus 21.0%). In other words, if nothing is done to change it, the people living in this city are only going to get poorer!!

Group	% Poverty 2012 ACS (See DP03)
All people	24.7%
Under 18 years	38.8%
18 years and over	21.0%
18 to 64 years	23.3%
65 years and over	10.8%

Neighborhoods:

The 2010 Census categorized 9 of the City of Galveston's 22 Census Tracts, or neighborhoods, as high poverty, and 2 as distressed. The 2012 ACS categorizes 14 of the City's 22 Census Tracts, or neighborhoods, as high poverty, and 3 as distressed; another measure demonstrating that poverty is getting worse!

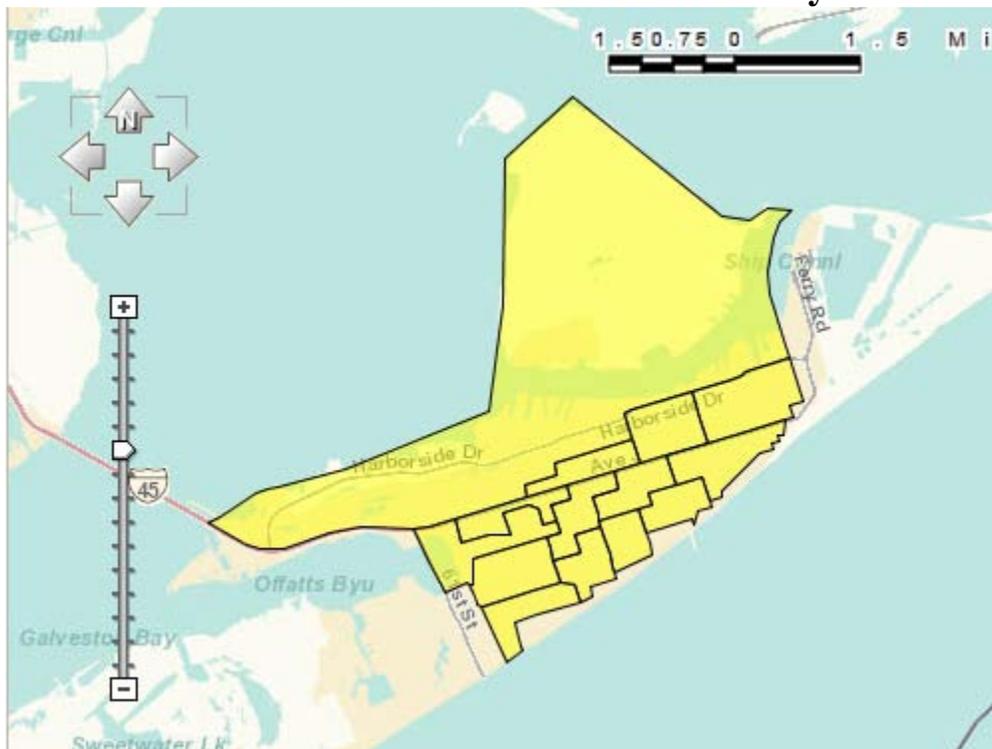
Inner City:

The 2010 Census showed that the 14 Census Tracts that make up Galveston's Inner City (4th Street to 61st Street) had a combined poverty level of 27.3% and a population of 30,388. The 2012 ACS estimates a population loss of 1,393 people, in the Inner City, as the poverty level remained almost unchanged at 26.8%. (see table below) This area seems to be most at risk from rising poverty levels and it is slated to "absorb" 282 units of "real" mixed-income public housing, plus an unknown number of scattered sites, in the near future.

Inner City Data

% Below Poverty	Total Population	Population Below Poverty	% Below Poverty	Total Population	Population Below Poverty
2010 Census	2010 Census	2010 Census	2008-2012 ACS (See DP03)	2008-2012 ACS (See DP05)	2008-2012 ACS
27.3%	30,388	8,294	26.8%	28,995	7,775
			-0.5%	-1,393	-519

The 14 Census Tracts of the Inner City.



Consequences:

As in other cities, the City of Galveston is experiencing the following consequences from concentrated poverty:

1. High crime including high levels of juvenile delinquency.
2. Negative impacts on GISD including a high dropout rate.
3. Neglected and crumbling infrastructure and blight.
4. High levels of stress on its residents and a variety of negative health outcomes.

The Vicious Circle:

Public policy choices are greatly constrained once a city hits the tipping point of 20% poverty, and no matter what is done, some problems can never be solved. The costs of dealing with poverty keep going up as the middle class tax base keeps going down. Rising costs and falling revenues create a vicious circle.

1. The high crime rate forces many more resources (tax revenue) to be directed into the police department, however, no matter how much is spent, it may be impossible to get the crime rate down to the level enjoyed in low-poverty cities like Friendswood and League City.

2. The high number of economically disadvantaged students in GISD forces many more resources (tax revenue) to be directed into the schools, however, no matter how much is spent, it may be impossible to get the academic performance and facilities up to the level enjoyed in low-poverty cities.

3. The high crime rate and the additional funding needed to educate economically disadvantaged students means that the resources (tax revenue) needed to properly maintain the infrastructure are already spent. It becomes impossible to provide the amount and quality of infrastructure enjoyed in low-poverty cities.

4. The high crime, bad behavior of some residents, contamination and pollution, as well as the crumbling infrastructure and lack of amenities create a more stressful environment than found in many low poverty cities which is harmful to the health of people living in the City. (See studies such as the Health Impact Assessment by UTMB)

"If poverty is a disease that infects an entire community in the form of unemployment and violence; failing schools and broken homes, then we can't just treat those symptoms in isolation. We have to heal that entire community."

- Barack Obama, July 18, 2007

"In high-poverty neighborhoods, high unemployment rates, rampant crime, health disparities, inadequate early care and education, and struggling schools contribute to intensify the negative outcomes associated with living in poverty." The Obama White House Neighborhood Revitalization Initiative

"Children who grow up in a neighborhood with 20-30 percent of families in poverty have a 50 percent greater chance of downward economic mobility - moving down the income ladder relative to their parents - compared with children whose families had similar income levels, but who grew up in neighborhoods with under 10 percent of families in poverty." Patrick Sharkey. "Neighborhoods and the Black-White Mobility Gap." Economic Mobility Project: An Initiative of The Pew Charitable Trusts, 2009.

The Middle Class:

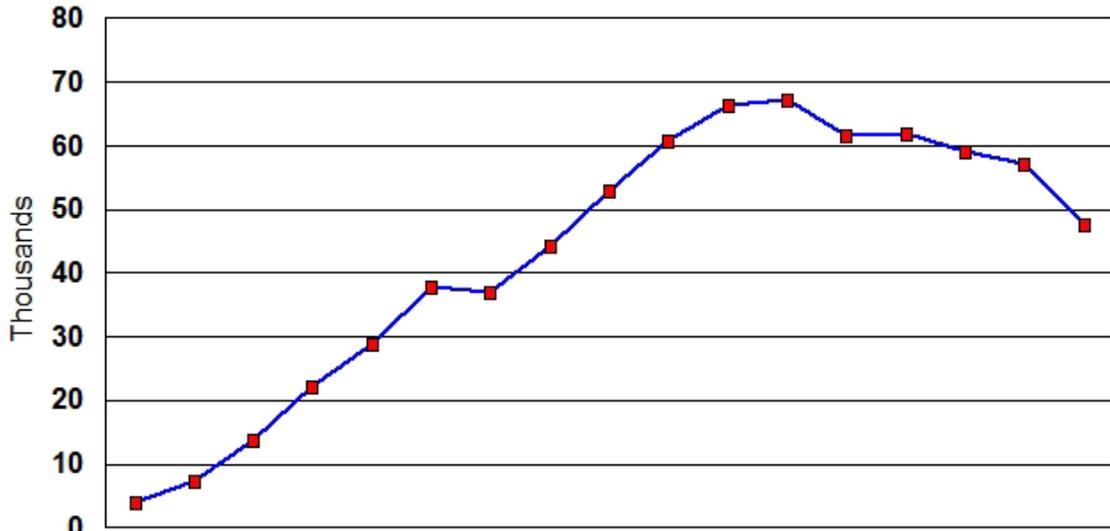
Many in the middle class have the resources to vote with their feet and move away from areas of low opportunity and move to areas of high opportunity. Areas of high poverty are always areas of low opportunity. For at least the last 14 years, the City of Galveston has been a city of low opportunity with some neighborhoods doing better than others.

With all of the problems that high poverty brings (high crime, struggling schools, crumbling infrastructure and blight, as well as stress and added health problems), how can the City hope to retain its current middle class population, let alone attract new middle class residents?

A city without middle-class population growth is a dying city. The population of this city has been declining since 1960. The data isn't available to show the level of poverty, in the City, from 1960 through each intervening Census, but it has clearly been at crisis levels since at least 2000!

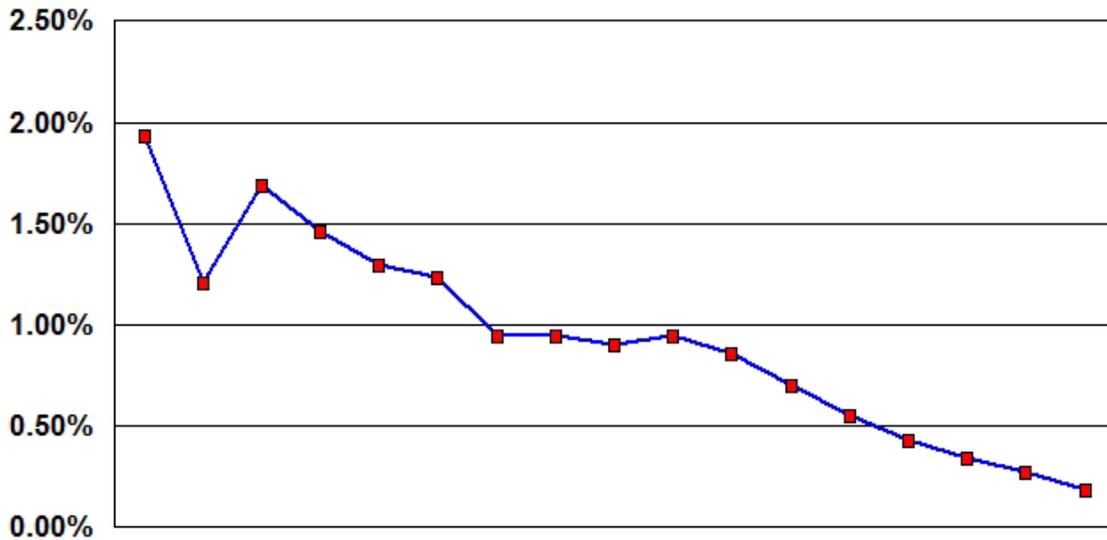
The City's population peaked at 67,175 in 1960, in 2010, after two years of recovery from Hurricane Ike, it stood at 47,743.

Galveston Population 1850 to 2010



The City's population is declining in a State with booming population growth. This means the City's share of the State's population continues downward.

Galveston/Texas Population 1850 to 2010



Middle-Class Flight:

For many years, the City's middle-class population has been going through a Darwinian evolutionary process. The best and the brightest, the energetic and the most enthusiastic, as well as those most committed to "community" continue to leave seeking opportunity and freedom from the City's high poverty level elsewhere. That leaves those of us who choose to stay with ever increasing problems, but with less talent and resources to deal with them!

Each and every day some members of the current middle-class population weigh and balance the pros and cons of staying versus leaving, and start developing their own personal exit strategies. They must consider the obvious charms of the City (beach, historic homes, downtown, port, wetlands, friends) versus the pervasive and corrosive effects of high poverty (crime, schools, blight, stress).

The 2012 ACS shows that the middle class continue to leave, because there was no population growth between 2010 and 2012, and yet the poverty level continued to rise.

2000 Census City Population	2010 Census City Population	2010-2012 ACS City Population (See DP03)
57,247	47,743	47,689
	-9,504	-54

Who is Responsible?:

Much of the out migration of the middle class has been part of the natural suburbanization process that has been going on across the country since WWII. There was probably little that the City government could have done about that. However, as the middle class leave and the poor often remain behind, City government can adopt policies that either encourage or discourage the growth of poverty.

Clearly, the reluctance to redevelop portions of the City, over regulation, the neglect of the infrastructure, and the loss of businesses and industry gave the middle class additional

incentives to leave. However, allowing the City to host most of the subsidized housing for the entire County was City government's fatal mistake. It gave the poor a reason to stay in the City, rather than seeking opportunity on the Mainland, as the middle class did, AND it gave the poor, in the rest of the County, incentives to migrate south to receive free housing.

The Plan?:

If the recent City Councils and the GHA Boards had taken the opportunity, provided by Hurricane Ike, to de-concentrate poverty, by demanding a regional approach to public housing, there would at least be a slim chance for the City to end its 54-year population decline. These City Councils and GHA Boards fought the GOP lawsuit, and ignored the will of the voters, as expressed by the 2012 election, every inch of the way. If the City Council and GHA Board successfully defeat our appeal, and keep ALL of the public housing on the Island, the City will be forced to cope with the current 24.7% poverty level and about 2,000 new public housing residents! We want to know how you plan to do that.

Short-term:

How is the City going to pay for items listed below when its current policies make it impossible to grow the middle class tax base?

1. The rising costs of crime and the cost of more resources for GPD far beyond what Chief Porretto has requested.
2. The GCDN cited a new study saying that it costs 28% more to educate poor children.
3. The GLO is NOT going to pave all of our streets, so how is the City going to pay for the rest of them?

Long-Term:

The City Council needs to develop a plan to halt the growth of poverty AND reduce it below 20%? This is going to take some research, contemplation, soul searching and tough decisions. The time to start is NOW! Are you up to the task?

Priority:

The City Council needs to focus on little else until it comes up with a plan to reduce the City's high level of poverty, because the solutions to most of the other important issues facing the City are determined or constrained by the level of poverty that the City has to cope with.

Request:

We ask this Council to put a discussion of "the high poverty level in the City" on the next agenda. The voters need to see the City Council stop ignoring this problem, and actually acknowledge and discuss it. Voters want to know if there is any hope that the poverty level may decline over the next few years, or if the City Council plans to continue the business-as-usual approach that got us into this mess.

Clearly, it will take a massive effort to have any effect, and a complete rethinking of many policies. This is why the Council will have to make this its top priority.

Based on the historical record, it will be nearly impossible to rekindle middle class population growth without a successful effort to reduce the poverty level.

Residents need a clear signal from the City Council as to whether they are going to do anything substantive about poverty, so that they can plan their futures accordingly!

What is the ultimate cost of high poverty?:

The loss of the middle class.

David Stanowski
President
Galveston Open Government Project, Inc.