



THE 2017

DISTRESSED COMMUNITIES INDEX



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I. Introduction

The **Distressed Communities Index** (DCI) is a tool for measuring the vitality of U.S. communities. This 2017 report examines place-based disparities in the American economic experience and assesses the relationship between them and a host of other important factors, such as health outcomes, public assistance spending, demographics, and educational attainment.

Much has been written about how the gains of the current economic expansion have mostly accrued to individuals at the top of the socioeconomic ladder. Importantly, this phenomenon extends to communities as well. And the link between individual fates and those of their communities is tightening as Americans are now less geographically mobile than at any point in modern history. America's elite zip codes are home to a spectacular degree of growth and prosperity—hubs of innovation and progress seemingly immune to the concerns over

automation, globalization, or lack of upward mobility that pervade national headlines. However, outside of those top communities, economic well-being is often tenuous at best. And, at worst, millions of Americans are stuck in places where what little economic stability exists is quickly eroding beneath their feet.

Distressed communities are disconnected communities.

Distressed communities are disconnected communities, and the findings that follow reveal the troubling extent to which the fates of their 52 million inhabitants are diverging from the rest of the country. These are places increasingly alienated from the benefits of the modern economy. Distressed communities were the only cohort to actually lose jobs and business

establishments while national-level growth was in full swing from 2011 to 2015. Perhaps worse, in an economy growing ever more dependent on knowledge, they are also the only cohort in which the majority of adults lack an education beyond high school.

The disconnect between national trends and local realities for so many Americans underscores the need for policymakers to grapple with the profound effect of place on an individual's life outcomes and access to opportunity. Years into a steady economic expansion, it is all too easy to look at a low unemployment rate or record stock market gains and conclude that the tide is rising everywhere. As we will see, hidden beneath the national numbers is a deeply fragmented landscape of economic well-being—one in which far too many communities are being left behind.

This report intends to bring renewed attention to those forgotten places and people.

II. Methodology

The DCI can be used to measure economic well-being at multiple geographic scales. In this report, we calculate distress scores at the zip code, city, county, and congressional district levels.

The seven component metrics of the DCI are:

No high school diploma

Percent of the population 25 years and older without a high school diploma or equivalent

Housing vacancy rate

Percent of habitable housing that is unoccupied, excluding properties that are for seasonal, recreational, or occasional use

Adults not working

Percent of the prime-age population (ages 25-64) not currently in work

Poverty rate

Percent of the population whose household income falls below the poverty line

Median income ratio

A geography's median income expressed as a percentage of its state's median income

Change in employment

Percent change in the number of jobs from 2011 to 2015¹

1. In instances where one or both years of employment data were suppressed for privacy reasons by the U.S. Census Bureau, the establishment growth rate was used as

an estimate for the employment growth rate. This affects approximately 2,500 zip codes, or just under 10 percent of the total.

Change in business establishments

Percent change in the number of business establishments from 2011 to 2015²

Each component of the index is intended to capture a distinct aspect of well-being. The first five indicators are relatively static, while the latter two are more dynamic and directional. All are weighted equally in the index. Together, the metrics provide a far more complete picture of U.S. communities than any single indicator could on its own.

Distress scores are calculated by ranking geographic units on each of the seven metrics, taking the average of those ranks, and then normalizing the average to be equivalent to a percentile. The higher the score, the more distressed a given area is; the lower the score, the more prosperous. The result is a range of distress scores from approaching zero to 100.0, such that the zip code with the average rank of 13,000 out of 26,000 will register a distress score of 50.0.³ Given that the methodology requires ranking each geography among its peers (e.g. zip codes among zip codes and cities among cities), distress scores are not comparable across different tiers of geography. The underlying performance of a zip code and a city at the same percentile in each of their respective universes may differ.

The analysis that follows groups zip codes into quintiles of well-being. The best-performing quintile, or top one-fifth of zip codes, is considered “prosperous.” The second-best quintile is considered “comfortable,” the third “mid-tier,” the fourth “at risk,” and the fifth, or worst-performing, “distressed.” The same grouping scheme is used in the analysis of counties, cities, and congressional districts.

The DCI is constructed using data from the U.S. Census Bureau’s American Community Survey 5-Year Estimates for 2011-2015 and Business Patterns data from the years 2011 and 2015. In all, the DCI captures 99 percent of the U.S. population and covers all 26,000-plus zip codes with at least 500 people, the more than 3,000 counties with at least 500 people, and the nearly 800 cities with at least 50,000 people.⁴

2. Values for change in employment and change in establishments at the city and congressional district levels were generated from zip codes and zip code portions based on U.S. Census Bureau and Missouri Census Data Center relationship files.

3. While technically no zip code can have a rank of zero, zip codes at the very top of the distribution (e.g. the top 0.01% of zip codes) do round down to 0.0 on the index.

4. The technical units of geographic analysis in this report are the U.S. Census Bureau’s Zip Code Tabulation Areas (ZCTAs), which adapt the U.S. Postal Service’s zip codes to statistical and demographic purposes.

Definitions

Distress score

The measure of a given geography's economic well-being relative to its peers on the Distressed Communities Index.

A zip code, city, county, or congressional district is considered:

- **Distressed** if its distress score falls into the worst-performing quintile (fifth) of its peers. Since distress scores are normalized to reflect percentiles, scores **over 80.0** are considered distressed.
- **At risk** if its score falls into the second-worst performing quintile (values ranging from **60.0 to 80.0**).

- **Mid-tier** if its score falls into the middle quintile (values ranging from **40.0 to 60.0**).

- **Comfortable** if its score falls into the second best-performing quintile (values ranging from **20.0 to 40.0**).

- **Prosperous** if its score falls into the best-performing quintile (values **below 20.0**).

Community

In this report, the word community is used synonymously with zip code.

III. Findings

The economic well-being of American communities

Key Findings

- One in six Americans lives in an economically distressed zip code.
- Prosperous zip codes are home to 84.8 million people, more than any other of the five tiers of communities.
- More than half of the country's population living in distressed zip codes resides in the South.
- In the average state, 15 percent of the population lives in a distressed community, while over 26 percent lives in a prosperous one.
- Mississippi and Alabama have the highest shares of their populations living in distressed zip codes, while Utah and Minnesota lead with shares in prosperous ones.

There is no single national standard of living. Economic well-being varies drastically across the breadth of communities that together comprise the United States. The DCI places these communities along a single spectrum in order to better capture and compare the different states of the American experience.










Explore the online mapping interactive tool at EIG.org/DCI

1. One in six Americans lives in an economically distressed community.

In total, 52.3 million individuals live in economically distressed zip codes—meaning the zip codes that fall into the worst-performing quintile on the DCI. That equates to one in six Americans, or 17 percent of the U.S. population. Such communities can be found in every region of the country and in rural areas, suburbs, and city centers.

1. Average performance of zip codes in each quintile across the seven component indicators of the DCI

	 Adults w/o a High School Diploma	 Poverty Rate	 Prime-Age Adults Not in Work	 Housing Vacancy Rate	 Median Income Ratio	 Change in Employment	 Change in Establishments
Prosperous	5.7%	6.2%	20.8%	4.8%	145.9%	24.5%	12.6%
Comfortable	9.3%	10.0%	24.6%	7.1%	111.3%	15.2%	6.8%
Mid-tier	12.6%	13.8%	28.6%	8.8%	94.8%	10.9%	4.1%
At risk	16.8%	18.6%	34.0%	10.8%	82.8%	7.6%	2.6%
Distressed	22.5%	26.7%	41.8%	14.4%	68.6%	-6.0%	-6.3%
United States	13.3%	15.5%	28.2%	8.3%	100.0%	9.4%	4.2%

Some are predominantly minority, while others are nearly exclusively white. These 5,225 zip codes are the places that have fallen through the cracks of the U.S. economy. Their residents struggle to access economic opportunities that offer the chance for a better life. A quarter of the distressed population is under 18 years of age, meaning roughly 13 million American children are growing up in communities likely to have deeply negative “neighborhood effects” on young people’s future earnings potential.⁵

A quarter of the distressed population is under 18 years of age.

Distressed communities bear the signs of profound socioeconomic disconnection. In the average distressed zip code,

more than a quarter of the population lives in poverty, and over 40 percent of prime-age adults are missing from the workforce. At a time when higher education is increasingly a precondition for financial stability, nearly a quarter of adults in the average distressed community lack even a high school diploma. Roughly one in seven homes stands vacant, and median incomes average barely two-thirds of state-wide levels.

Perhaps most troubling, the prime years of the national economic recovery bypassed many of America’s most vulnerable places altogether. Far from achieving even anemic growth from 2011 to 2015, distressed communities instead experienced what amounts to a deep ongoing recession, with a 6.0 percent average decline in employment and a 6.3 percent average drop in business establishments.

5. For a comprehensive recent review of some of the best academic literature on neighborhood effects, see Jonathan Rothwell, “Sociology’s Revenge: Moving

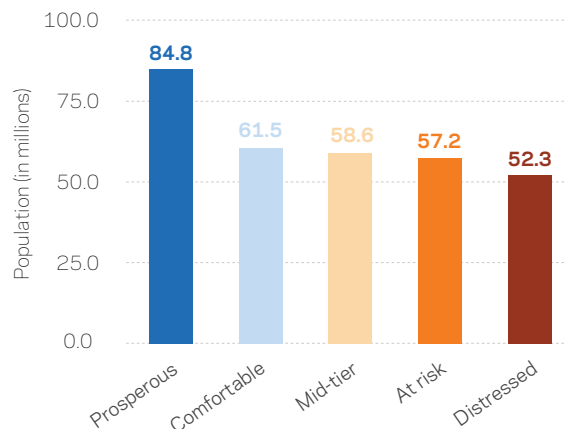
to Opportunity Revisited” (Washington: Brookings Institution, 2015).

2. More than one in four Americans live in a prosperous community.

In stark contrast, America's most prosperous zip codes are enjoying a remarkable period of growth and vitality. These are both the nation's most flourishing places and its most populous. In total, roughly 85 million Americans live in prosperous communities—amounting to 27 percent of the U.S. population, the largest share of any of the five tiers by a wide margin.

Prosperous zip codes stand worlds apart from their distressed counterparts, seemingly insulated from many of the challenges with which other communities must grapple. The poverty rate is more than 20 points lower in the average prosperous community than it is in the average distressed one. Only one-third as many homes stand vacant, work is plentiful, and nearly 19 of every 20 adults has completed high school. Residents of prosperous zip codes enjoy incomes that are on average approaching 150 percent the state-wide median. Such communities stand head and shoulders above national averages, too. The job growth rate in the top quintile was 2.6 times higher

2. Distribution of the U.S. population across quintiles

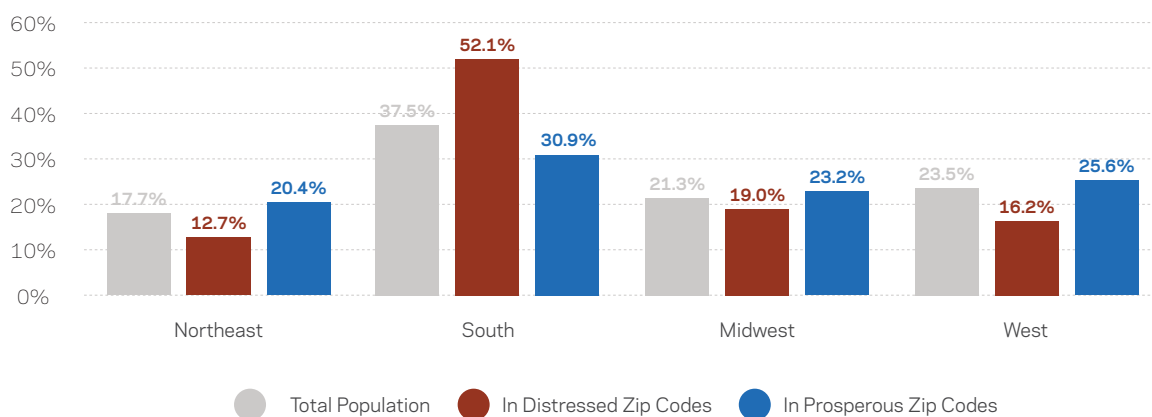


than nationally from 2011 to 2015, and business establishments proliferated three times faster than they did at the national level. Simply put, residents of prosperous communities are surrounded by a level of economic vibrancy that would be unrecognizable to the vast majority of Americans elsewhere.

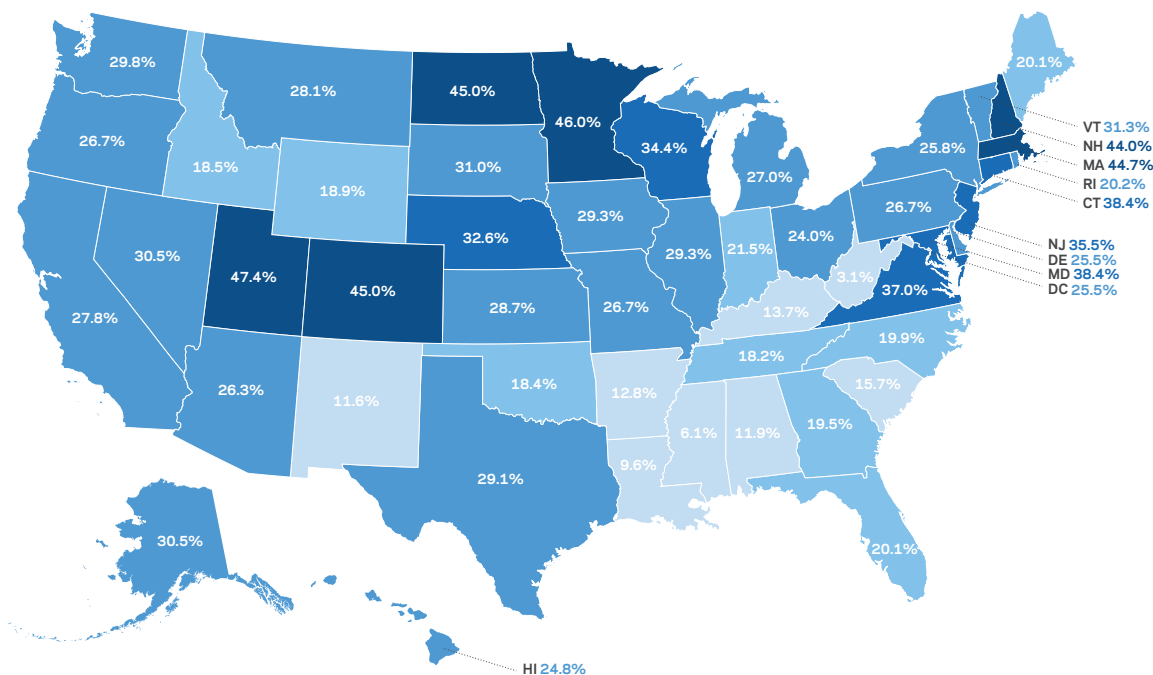
3. The South contains more than half of the country's population living in distressed zip codes.

Compared to other regions, the South stands out for having the largest share

3. Distribution of total, distressed, and prosperous populations across regions



5. Percent of state population living in prosperous zip codes



least 20 percent of the population in a whopping 37 states; in only three states is the figure under 10 percent. States in New England, the Upper Midwest, and the Mountain West typically have the highest shares, led by Utah and Minnesota—states where nearly half of residents enjoy life in one of the nation’s top communities. Southern and Southwestern states with major metropolitan areas—Arizona (Phoenix), Georgia (Atlanta), North Carolina (Charlotte and Raleigh), Tennessee (Nashville), and Texas (Austin, Dallas, Houston, and San Antonio)—have more prosperous zip codes than their neighbors with smaller or less dynamic hubs of economic activity.

Utah stands out not only for the concentration of its population in prosperous zip codes but also for the relative scarcity of population in distressed ones. A number of other high-

prosperity states are low-distress ones as well: New Hampshire, Minnesota, North Dakota, and Colorado round out the five with the largest positive gap between prosperous and distressed populations. At the other end of the spectrum, several southern states combine large distressed populations with relatively small prosperous ones, with the gap widest in Mississippi and West Virginia. Arizona, DC, Indiana, North Carolina, Ohio, and Oklahoma have the narrowest gaps, with near equal shares of the population residing in communities at the two extremes of American well-being.

Diverging fates: The deepening of geographic disparities

Key Findings

- Job growth in the average distressed zip code was negative from 2011 to 2015, trailing the average prosperous zip code by more than 30 points.
- Distressed zip codes were the only group in which the number of both jobs and business establishments declined during the national recovery.
- Fully 88 percent of prosperous zip codes experienced job growth from 2011 to 2015, and 85 percent saw rising numbers of business establishments.
- Prosperous zip codes have dominated the recovery, generating 52 percent of the country's new jobs and 57 percent of its net new business establishments from 2011 to 2015.
- Most distressed zip codes contain fewer jobs and places of business today than they did in 2000.
- Distressed zip codes contain 35 percent of the country's brownfield sites.
- 58 percent of adults in distressed zip codes have no education beyond high school.
- Adults with any level of postsecondary education are more likely to live in a prosperous zip code than any other type of community.
- 45 percent of the country's advanced degree holders live in prosperous zip codes, more than in the bottom three quintiles of zip codes combined.

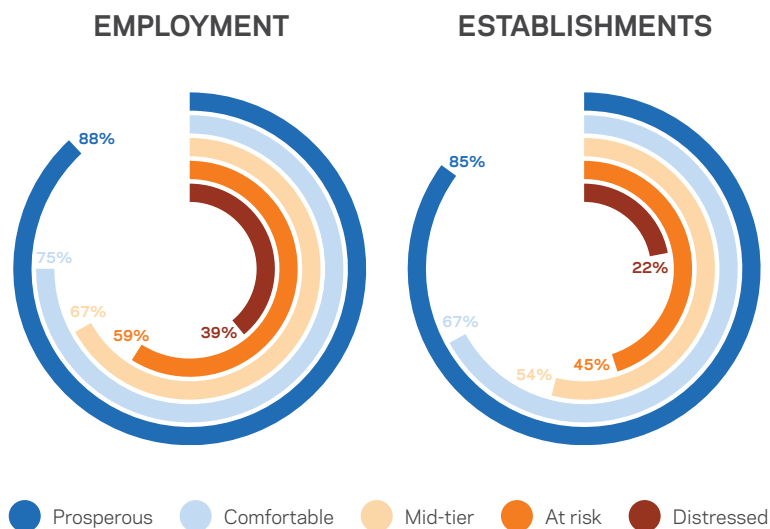
A remarkably small proportion of places fuel national increases in jobs and businesses in today's economy. High growth in these local economic powerhouses buoys national numbers while obscuring stagnant or declining economic activity in other parts of the country. EIG's prior work shows that this trend represents a fundamental shift in the geography of economic growth in the United States.⁶ Geographic disparities have, of course, always existed in this country, but the prospects of different communities used to rise or fall together to a far greater extent than they do today. Now, national statistics are often far removed from the experience of the typical American community. The DCI includes two growth-oriented indicators in its calculations in order to capture these dynamics: The change in employment and change in business establishments. Gaps in educational attainment appear to be a leading factor behind the growing divergence.

1. Prosperous zip codes enjoyed widespread job and business growth during the recovery, while the majority of distressed zip codes contended with stagnation or decline.

The growth gap between prosperous and distressed areas may be the starkest feature of the index for what it implies about their radically different trajectories.

On the jobs front, employment in the average prosperous zip code boomed from 2011 to 2015, rising by nearly a quarter. The average distressed zip code, by contrast, trailed more than 30 points behind its prosperous peer and lost 6.0 percent of its jobs. Distressed zip codes were in fact the only ones to experience negative job growth on average over those five prime recovery years. They even trailed more than 13 points behind at risk zip codes, in which job growth averaged 7.6 percent (see Figure 1).

6. Percent of zip codes in each quintile with rising levels of employment and numbers of establishments from 2011 to 2015



6. See EIG's "New Map of Economic Growth and Recovery," available at eig.org/recoverymap.

The number of business establishments—offices let, storefronts occupied—in prosperous communities burgeoned alongside jobs. Establishment counts increased by 12.6 percent in the average prosperous zip code from 2011 to 2015 even as their numbers dwindled by 6.3 percent in the average distressed zip code. Once again, distressed zip codes were the only category to experience negative average growth in the number of business establishments, as even the average at risk zip code registered a 2.6 percent increase.

Were distressed zip codes to experience slower but still positive growth, one could plausibly argue that the rising tide lifted all boats, even if at different rates. Instead, large swathes of the country appear to be largely unreachable by the national economic expansion.

The most prosperous one-fifth of U.S. zip codes were the unambiguous drivers of the national recovery: 88 percent of these zip codes registered job growth and 85 percent saw rising numbers of business establishments from 2011 to 2015.⁷

The growth gap may be the starkest feature of the index.

Outside of the upper echelon, however, growth rapidly becomes less pervasive. Only three out of every four comfortable zip codes saw job growth over the period, and the number of business establishments rose in only two out of

every three zip codes in this second best-performing tier.

At the other end of the spectrum, stagnation and decline were the rule, not the exception. Only two out of every five distressed zip codes saw any job growth over the five years of national recovery, and only about one in five saw the number of business establishments rise. In other words, the national expansion in businesses bypassed the vast majority of distressed zip codes even as it lifted the vast majority of prosperous ones.

Tellingly, more than half—55 percent—of distressed zip codes experienced net declines in both jobs and business establishments over the 2011-2015 recovery period, compared to fewer than one quarter of mid-tier zip codes and a mere 3 percent of prosperous zip codes.

2. Prosperous zip codes generated more than half of the recovery's new jobs and business establishments.

The geographic distribution of the recovery's new jobs and businesses reveals that economic growth in the United States today is less of a grassroots phenomenon than a spiky one in which a relatively narrow base of thriving places generates the lion's share of new economic activity.

Over the five-year period from 2011 to 2015, the country added 10.7 million jobs and 310,000 business establishments. Far from accruing proportionally across the map, however, these concrete manifestations of economic growth

7. Figures exclude the approximately 2,500 zip codes for which employment data is suppressed by the Census Bureau.

concentrated mostly in elite places with the strongest starting fundamentals.

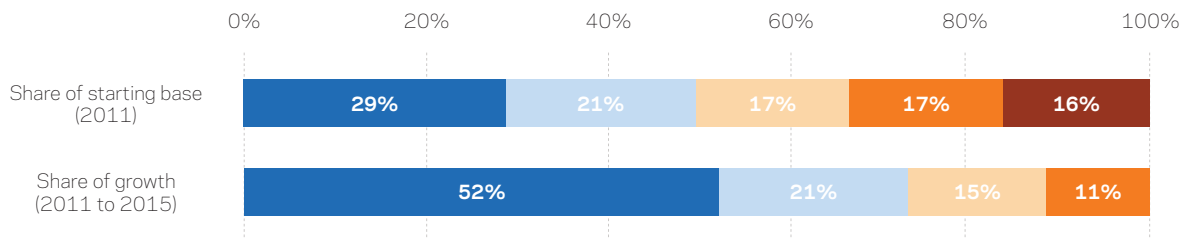
When it comes to jobs, for example, the most prosperous one-fifth of zip codes contained 29 percent of the nation’s jobs in 2011 but welcomed more than half—52 percent—of the national rise in employment over the following five years. Comfortable zip codes saw their share of new jobs match their share of the employment base. Beyond that, however, growth trailed off. The bottom three quintiles all garnered fewer new jobs than their shares of existing jobs would have predicted. Total employment in distressed zip codes actually declined slightly (by 0.1 percent) over the period. New jobs, in other words, clustered together in the economy’s best-off places, leaving only about one of every four new jobs for the bottom 60 percent of zip codes together.

The disparities in growth are even starker in terms of new business activity. Prosperous zip codes captured 57 percent of the national rise in business establishments from 2011 to 2015—nearly twice their share of all business establishments in 2011.

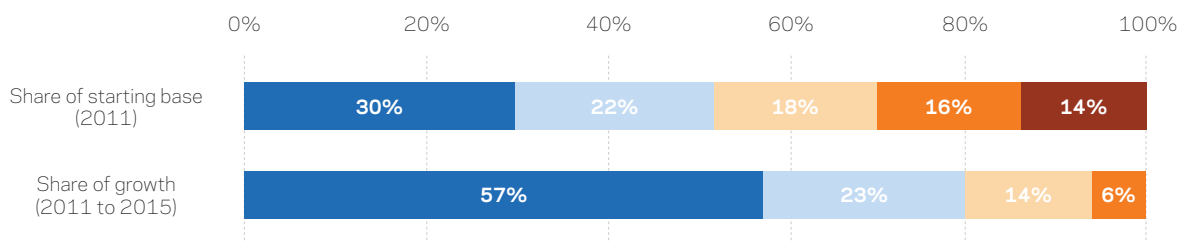
In total, the number of business establishments in prosperous America increased by 188,000 over the five-year period. Comfortable zip codes also garnered a disproportionate share of the country’s net new businesses, although at 75,000 still less than half as many as their more prosperous counterparts. Of the bottom three tiers, only the mid-tier and at risk quintiles eked out net expansions in enterprise, adding 45,000 and 21,000, respectively. The total number of business establishments across distressed zip codes, in fact, fell by 1.7 percent from 2011 to 2015, a net loss of more than 17,000 enterprises.

7. Distribution of U.S employment and establishment increases across zip codes by quintile

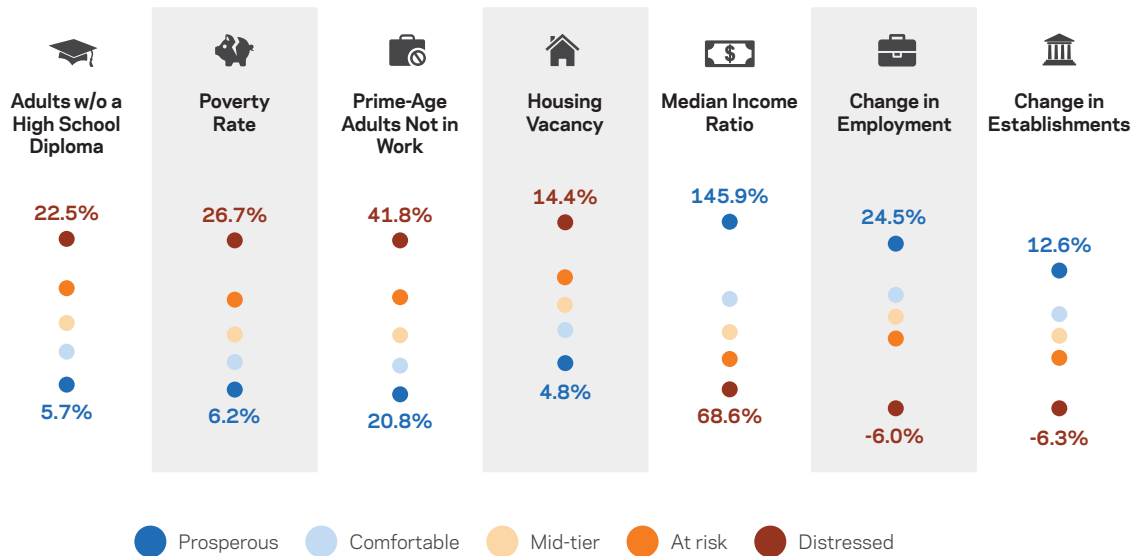
Employment



Establishments



8. Average performance of zip codes in each quintile across the seven component indicators of the DCI



3. Distressed communities are truly being left behind.

Another way to examine the divergence between the country’s distressed zip codes and the rest is to measure the performance gap between quintiles on each component of the DCI. Doing so reveals that economic well-being starts to fall away rapidly at the bottom end of the distribution of U.S. communities. Whether examined based on averages or medians, the gap between the fourth (at risk) and fifth (distressed) quintiles is significantly greater than the gap between any other two adjacent quintiles on all DCI indicators except median income ratio (see Figure 8) , where the largest gap exists between the first (prosperous) and second (comfortable) quintiles. Such a pattern is expected on income-related metrics, given how highly skewed the earnings distribution is towards wealthy households.

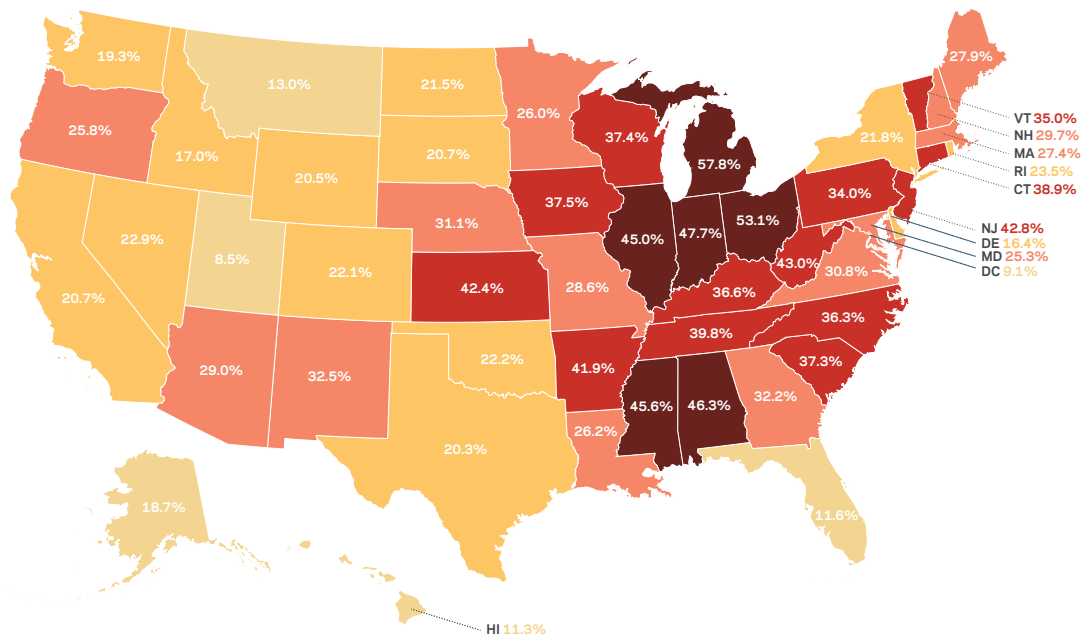
4. Most of today’s distressed zip codes have seen zero net gains in employment and business establishments since 2000.

The Great Recession gravely impacted distressed communities, and the subsequent recovery has done little to help them rebound. Yet the roots of their economic dislocation generally predate the latest economic cycle. In fact, most of today’s distressed zip codes have no gains in employment or business establishments to show for the first 15 years of this century. A full two-thirds of distressed zip codes contained fewer jobs in 2015 than they did in 2000, while roughly 72 percent saw more businesses close than open over that same time span. In total, 55 percent suffered net losses in both categories.

8. The quintile medians cluster more closely together, but the pattern of the gaps remains the same: widest between quintiles four (at risk) and five (distressed) on

six of the seven indicators and then between quintiles one (prosperous) and two (comfortable) on median income ratio.

9. Percent of zip codes “underwater” relative to 2000



This issue extends beyond distressed communities alone. Nationally, nearly one-third of all zip codes—irrespective of their level of economic well-being—are “underwater” in terms of both jobs and business establishments relative to 2000. However, non-distressed zip codes are impacted at less than half the rate of distressed ones, and the vast majority of prosperous communities have enjoyed net gains on both fronts since the year 2000.

In total, 78 million Americans reside in places in which the 21st century economy has brought a receding tide of local jobs and businesses. These communities are heavily concentrated in the Great Lakes and Southeast, as Figure 9 shows. In fact, more than half of all zip codes in Michigan and Ohio registered net declines

on both metrics from 2000 to 2015. Many of these zip codes lost people as well, but population shifts alone cannot fully explain the trend. Even in fast-growing Florida, 12 percent of zip codes lost both business establishments and jobs on net over the 15-year period.

5. Distressed zip codes contain more than one-third of the country’s brownfield sites.

The past can weigh especially heavily on distressed communities. Brownfield sites—where the reuse or redevelopment of a property may be hindered by pollution or contamination from past uses—are heavily concentrated in economically distressed zip codes.⁹ Most of these sites hosted heavy

9. Here, “brownfields” is used as a catch-all term that encompasses all “clean up” sites registered by the Environmental Protection Agency, mainly under their brownfields and Superfund sites programs. Many other tracts of land may meet the criteria for being considered a brownfield but not be registered with or have received

funding from federal programs. For the scope of projects included, visit <https://www.epa.gov/cleanups/cleanups-my-community>. Duplicate records for sites that may benefit from multiple programs were removed from the analysis, as were all records in postal codes that did not match to areas covered by the DCI.

industrial activity years or decades ago, the legacy of which still burdens communities today. In total, 35 percent of the country’s registered brownfield sites are located in distressed zip codes—over 12,700 sites distributed across 5,225 zip codes.

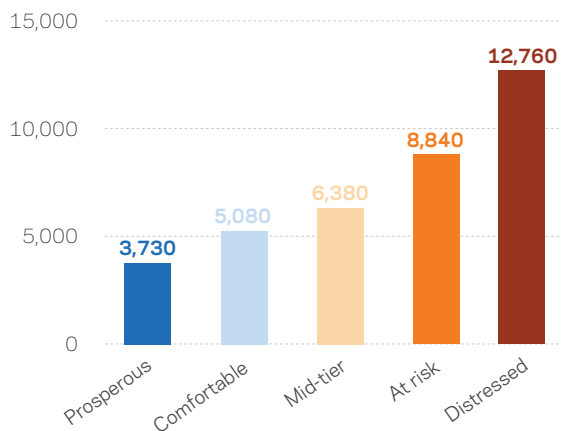
Brownfield sites are so prevalent in distressed communities for a few reasons. In some instances, the site itself tells the story of a community that fell onto hard times when a factory was shuttered or a mine was closed, taking investment and job opportunities with it.

Market forces play a role too. Residential property prices tend to be lower in close proximity to industrial areas, for example. The market can thus drive poor populations into neighborhoods that already have brownfields or are predisposed to getting them in the future. In many places, segregation and exclusionary zoning rules helped to channel disadvantaged populations into higher-risk neighborhoods, too.

The legacy of industrial activity from decades ago still burdens many distressed communities today.

Furthermore, brownfield sites may be more likely to remain in disrepair in distressed zip codes because local markets struggle to support sufficient returns on private investment to make

10. Number of brownfield sites in zip codes in each quintile



redevelopment profitable. In prosperous locales where demand for land and space is higher, the economics of remediation are much more favorable.

6. Disparities in educational attainment appear to be closely linked to the diverging fates of communities.

Educational attainment is an excellent predictor of the type of community in which a person lives. The education gap between prosperous and distressed communities is as stark as the jobs and business growth gap. In fact, the uneven distribution of the country’s college-educated population in particular may explain much of the uneven distribution of economic growth today.

Virtually all of the net new jobs created during the economic recovery—99 percent of them—went to workers with at least some college education,

10. Anthony Carnevale, et al., “America’s Divided Recovery: College Haves and Have-Nots” (Washington: Georgetown University Center on Education and the Workforce, 2016). In their analysis, the recovery is defined as January 2010 to January 2016. Figures are net and economy-wide; many industries did create

jobs for workers with lower levels of education during the recovery, but other industries continued to shed such workers at the same time, or replace them with more highly educated ones, resulting in the dismal net situation for the less-educated.

and fully 73 percent of them went to workers with a bachelor's degree or more, according to the Georgetown University Center on Education and the Workforce.¹⁰ The pool of college-educated workers eligible to fill such jobs is 5.5 times larger in prosperous zip codes than in distressed ones. Unsurprisingly, the recovery's new jobs co-located with the workers able to fill them.

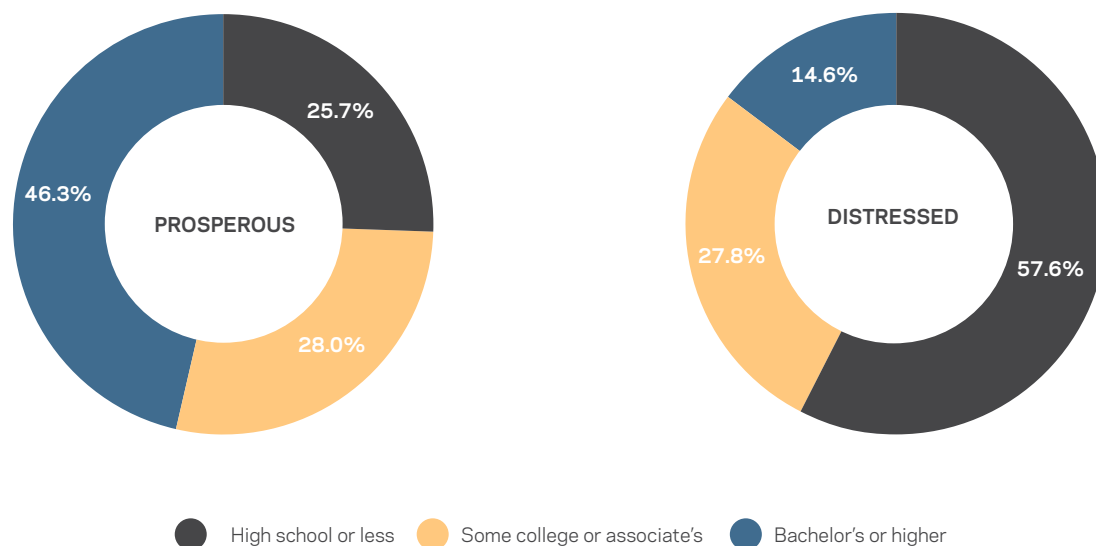
Individuals with any sort of college education are more likely to live in a prosperous zip code.

Nearly a quarter of Americans aged 25 and older living in distressed communities have not completed high school and more than one-third have no education beyond a high school diploma or equivalent. Combined, that means well over half of adults living in

distressed zip codes are attempting to find gainful employment in the modern economy armed with only a high school education at best. The recession and recovery significantly darkened the prospects for these workers: The recession eliminated 5.6 million jobs occupied by individuals with a high school diploma or less, and fewer than 2 percent of those jobs have come back during the recovery.¹¹

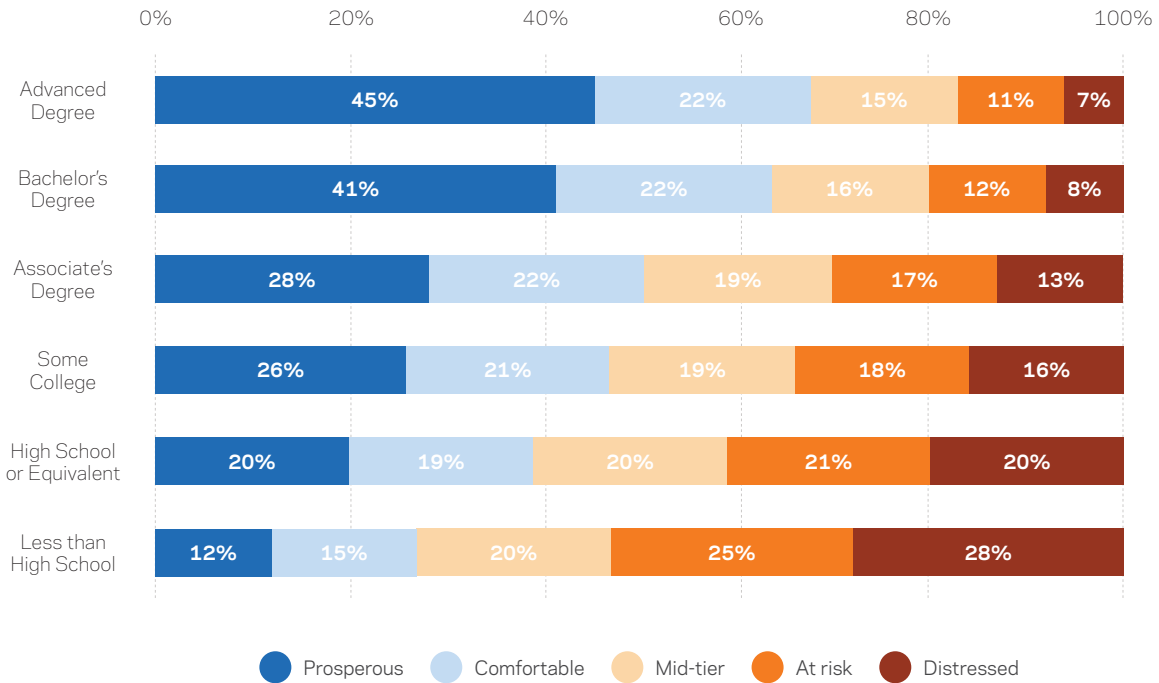
A comparable share of the residents in prosperous and distressed zip codes have enrolled in some college or obtained an associate's degree, but at the end of the day only one in seven residents of distressed zip codes has a full four-year college education, compared to nearly half of adults in prosperous zip codes. Tellingly, advanced degree holders—those with master's or doctorate degrees—are more prevalent in prosperous communities than college graduates are in distressed ones.

11. Highest level of educational attainment for adults in prosperous and distressed zip codes



11. Carnevale, et al., "America's Divided Recovery."

12. Zip code quintiles in which adults with different levels of educational attainment reside



Expanding the view to all five categories of zip codes shows just how profound the connection is between individual educational attainment and community economic well-being (Figure 12).

Individuals with any sort of college education are most likely to live in a prosperous zip code and least likely to live in a distressed one, and the likelihood of living in a prosperous community rises with educational attainment. The 23.7 million American adults with advanced degrees have a nearly 50-50 chance of living in a prosperous zip code and are more likely to reside in a prosperous zip code than in the bottom three quintiles of zip codes combined. Taken together, roughly two-thirds of all Americans with at least a bachelor's degree live in the top two quintiles of zip codes alone, compared to a baseline of 47.6 percent of the adult population.

Reverse clustering sets in at the lowest levels of educational attainment: More than half of the 28 million American adults who have not completed high school or its equivalent reside in at risk or distressed communities, and only 12 percent of them reside in prosperous ones.

Health: The physical toll and social costs of economic distress

Key Findings

- Residents of the average distressed county die nearly five years sooner than their neighbors in prosperous counties.
- Mortality rates are more than 25 percent higher in distressed counties than in prosperous ones. Mortality rates from cancers, pregnancy complications, suicides, and violence are even more elevated.
- Mortality rates from mental and substance abuse disorders are 64 percent higher in distressed counties than prosperous ones, with major clusters in Appalachia and Native American communities where rates exceed four or five times the national average.
- Women's health deteriorates rapidly on key risk factors such as obesity, diabetes, and physical activity as exposure to distress increases.
- Distressed zip codes are home to over 30 million fewer people than prosperous zip codes overall but contain three times as many people receiving SNAP benefits.
- Individuals with disabilities are significantly less likely to work when they live in more economically distressed communities.
- Twice as much Medicaid spending flows to distressed counties, which tend to be rural, per capita as to prosperous ones.

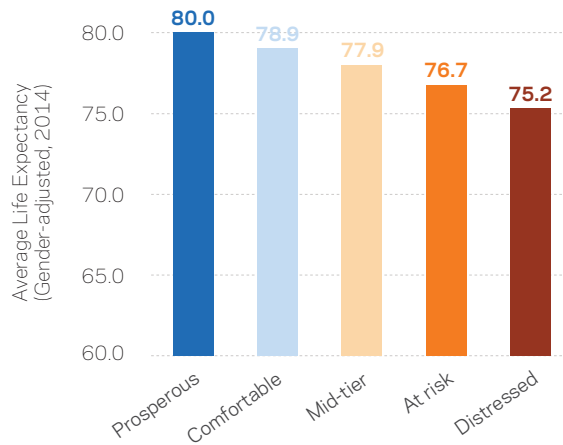
Community economic conditions are strongly linked to individual health outcomes. Struggling to find work or pay the bills can take a heavy physical and psychological toll. Matching comprehensive county-level health data to distress scores calculated at the county level lays bare massive disparities in physical well-being that parallel those in economic well-being. If health data were available at the finer-grained zip code level, the disparities documented here would likely widen even further.

People living in better off communities tend to exercise more and live healthier lifestyles. They are less likely to engage in high-risk activities such as smoking. They are more likely to be optimistic—and for good reason. They live longer, are less likely to die a preventable death, and suffer from fewer mental health and substance abuse disorders. In less advantaged corners of the country, diseases of desperation have set in alongside economic distress.

When it comes to life expectancy, county borders can matter as much as national ones.

The human toll of economic distress incurs a costly burden on society as a whole, too. In the short term, the social costs of distress manifest themselves in things like higher benefits outlays, greater healthcare spending, and lower tax intakes. In the long-term, sustained exposure to economic distress can

13. Average life expectancy in each quintile (based on county-level distress scores)



erode hard and soft skills and reduce an individual's capacity to contribute productively to the economy.

What is more, the strains that distress puts on families and communities can also corrode social capital—the invisible set of norms that enable markets and society in general to function. Distress further perpetuates itself by undermining localities' ability to educate and empower the next generation. In short, distress not only impacts individual health and vitality, but it also weighs down productivity and growth economy-wide.

1. Residents of distressed counties live much shorter lives than those in prosperous areas.

When it comes to life expectancy, county borders can matter as much as national ones. Residents of the average distressed county die nearly five years

12. Carol Graham and Sergio Pinto, "Unequal Hopes and Lives in the United States" (Washington: Brookings Institution, 2017). See also Anne Case and Angus

Deaton, "Mortality and Morbidity in the 21st Century," Brookings Papers on Economic Activity, 2017.

sooner than their neighbors in the average prosperous one.¹³ At 80 years of age, life expectancy in prosperous counties matches that of the European Union as a whole, while life expectancy in distressed counties most closely matches Romania.¹⁴ The two measures, life expectancy and distress scores, are highly correlated at the county level (-0.71). A 10-point increase in a county's distress score is associated with a loss of 0.6 years of life, all else equal. Three-quarters of the counties comprising the top 10 percent for longevity in the United States rank as prosperous on the DCI. Meanwhile, only three of those 313 counties are considered distressed.

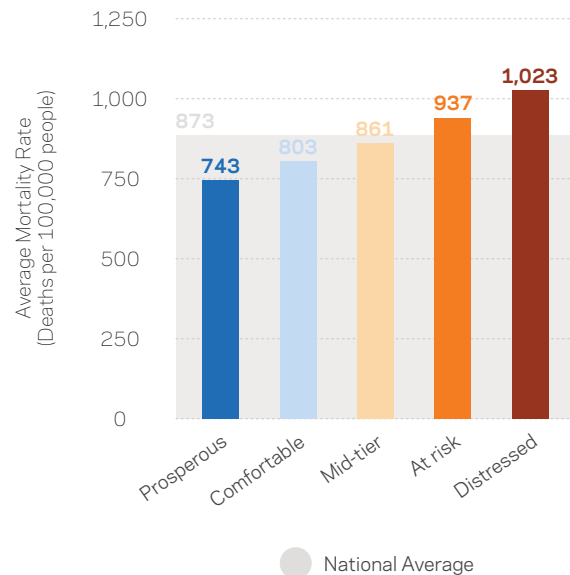
Male life expectancy drops especially precipitously as the distress level of a county rises. Men in the average distressed county live only to the age of 72.5—a full 5.4 years less than their peers in prosperous zip codes. Women residing in prosperous counties, for their part, can expect to live to 82.0 on average; their peers in distressed counties to only 78.1. To put these figures into context, female life expectancy in prosperous counties is similar to that in Denmark, which ranks fifth on the UN's Human Development Index (HDI), but in distressed counties it is more in line with

Mortality rates illustrate the close relationship between economic distress and poor physical health.

13. County-level life expectancy data was obtained from the Institute for Health Metrics and Evaluation (IHME) at the University of Washington. Explore the data here: <http://ghdx.healthdata.org/us-data>.

14. Country comparisons are 2016 estimates and were obtained from the CIA World Factbook.

14. Average mortality rate in each quintile (based on county-level distress scores)



El Salvador, which ranks 117th. For men, life expectancy in prosperous counties is comparable to that in Finland, which ranks 23rd on the HDI, and in distressed counties to Colombia or Turkey, which rank 71st and 95th, respectively.

2. Mortality rates are significantly higher in distressed counties.

Mortality rates starkly illustrate the close relationship between economic distress and poor physical well-being.¹⁵

Mortality rates are more than 25 percent higher in distressed counties than they are in prosperous ones. In 2014, there were over 1,000 deaths for every 100,000 residents of the average economically

15. Mortality rates are standardized across ages and sexes and obtained from the IHME for the year 2014. Causes of mortality include communicable, maternal, neonatal, and nutritional diseases; cancers; cardiovascular diseases; other diseases and disorders; accidental injuries; and self-harm and interpersonal violence.

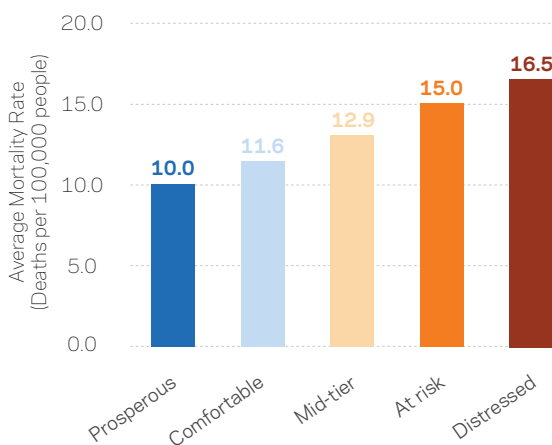
distressed county, compared to fewer than 750 in the average prosperous county and 873 nationwide. From complications with pregnancy to nutritional deficiencies, cancers, substance abuse, and self-harm, life-threatening disorders are both more prevalent and more threatening in distressed corners of the United States.

For example, deaths from self-harm and interpersonal violence are 52 percent higher in distressed counties on average (with 26.8 deaths per 100,000 people compared to 17.6). The mortality rate from cancers is 27 percent higher in distressed counties than in prosperous ones (with 182 deaths per 100,000 people compared to 232). Neonatal mortality—that of infants before birth—is 86 percent higher in distressed counties than in prosperous ones (with 2.5 deaths per 100,000 people compared to 4.7). Limited access to quality healthcare facilities and providers likely exacerbates the health situation in these often rural and isolated counties.¹⁶

Life-threatening disorders are both more prevalent and more threatening in distressed areas.

Nor are these averages across quintiles skewed by outliers. Of the 10 percent of counties with the highest overall mortality rates, 68 percent are distressed and only a single one is prosperous. Conversely, 58 percent of the 10 percent

15. Average mortality rate from mental and substance abuse disorders in each quintile (based on county-level distress scores)



of counties with the lowest mortality rates are prosperous and only five (less than 2 percent) are distressed.

3. Mental and substance abuse disorders take their heaviest toll on distressed counties.

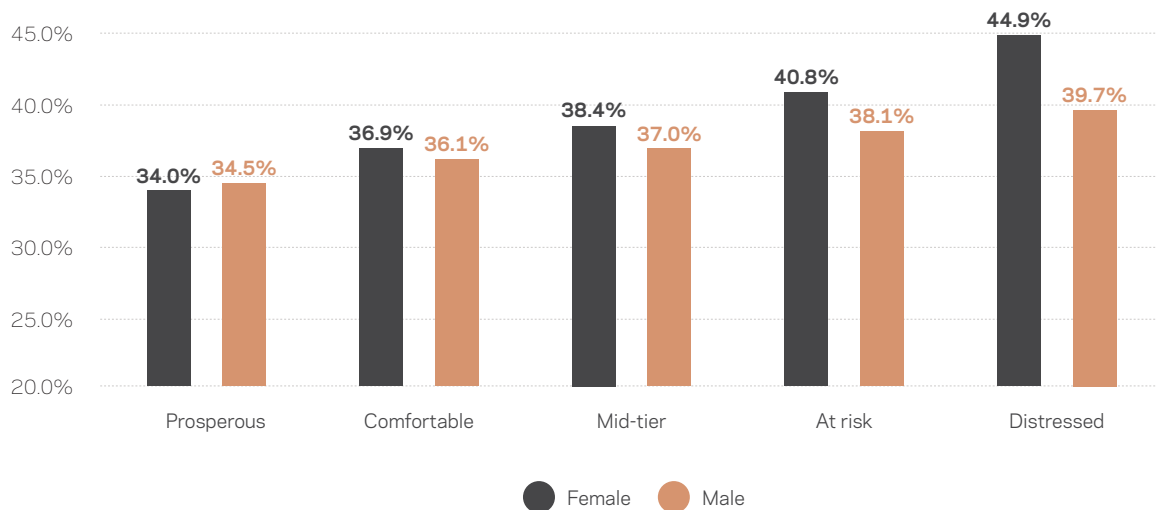
Mortality rates from mental and substance abuse disorders are 64 percent higher in distressed counties than in prosperous ones: 10 deaths per 100,000 people in 2014 in the average prosperous county compared to 16.5 in the average distressed one.¹⁷

The most severe pockets of these diseases are located in Appalachia (particularly southern West Virginia and eastern Kentucky) and on Native American reservations in the West. In McDowell and Wyoming Counties, West Virginia, the mortality rate climbs to

16. Jane Henley, et al., “Invasive Cancer Incidence, 2004-2013, and Deaths, 2006-2015, in Nonmetropolitan and Metropolitan Counties,” Morbidity and Mortality Weekly Report (Atlanta: Centers for Disease Control and Prevention, July 2017).

17. Data on mortality from specific causes is obtained from the IHME for the year 2014. Mental and substance abuse disorders include schizophrenia, alcohol use disorders, drug use disorders, and eating disorders.

16. Average female and male obesity rates in each quintile (based on county-level distress scores)



nearly 60 per 100,000 people—that is four and a half times the national rate of 13.4. In such corners of Appalachia, mortality rates from mental and substance abuse disorders have increased by more than 1,000 percent since 1980.¹⁸ In Rio Arriba County, New Mexico, the mortality rate from these disorders spikes even further to 73.2 deaths per 100,000 adults—the highest level in the nation.

In contrast, the band of distressed and predominantly minority counties stretching from North Carolina through the Mississippi River Basin in the South register lower incidences of mental and substance abuse disorders than their distress levels alone would predict. Recent research may partially explain why: The “diseases of despair” captured by this metric are becoming more

Limited access to quality care exacerbates the health situation in rural and isolated counties.

prevalent among a particular segment of the population—whites without a college degree—while falling among other segments of the population.¹⁹

4. Women’s health deteriorates rapidly on key risk factors such as obesity, diabetes, and physical activity as exposure to economic distress increases.

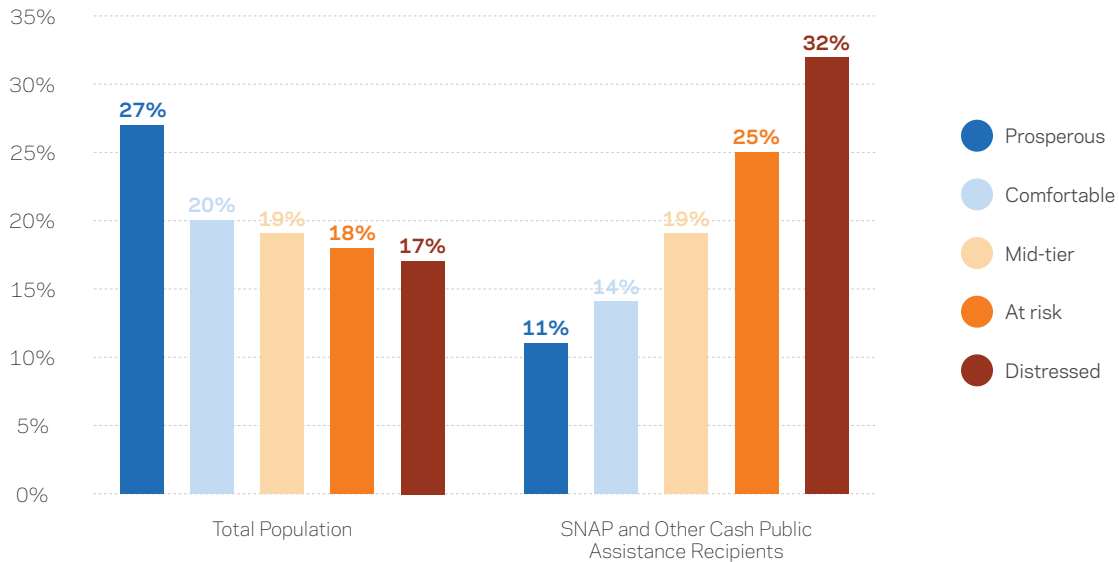
Women tend to live longer lives than men in all types of communities, but many of their health indicators worsen faster on average as the degree of economic distress increases. For example, obesity

18. Laura Dwyer-Lindgren, et al., “U.S. County-Level Trends in Mortality Rates for Major Causes of Death, 1980-2014,” *The Journal of the American Medical Association* 36 (22) (2016): 2385-2401.

19. See Graham and Pinto (2017) and Case and Deaton (2017). Case and Deaton report that whites with no more than a high school degree now suffer from mortality

rates that are 30 percent higher than blacks, after posting rates that were around 30 percent lower as recently as 1999. Graham and Pinto, for their parts, find that poor blacks and Hispanics register much higher levels of life satisfaction and lower levels of stress than do poor whites. They report that “diseases of despair” are all more prevalent among whites than among blacks as well.

17. Comparing the distribution of the total population and the distribution of the population receiving SNAP and other cash public assistance benefits across zip codes by quintile



rates are on average nearly 11 percentage points higher for women in distressed counties than they are for women in prosperous ones. Male obesity rates rise by only about half as much.²⁰

Similarly, women suffer lower rates of diabetes than men on average across all quintiles, but rates rise faster for women as distress increases: Diabetes rates climb nearly 6 percentage points for women from the average prosperous to the average distressed county but only 4 percentage points for men. Lifestyle factors may be partly at play: The share of adults receiving their recommended weekly amount of physical activity falls by 13 percentage points for women from prosperous to distressed counties, on average, compared to 9 percentage points for men.

5. SNAP and public assistance beneficiaries are concentrated in distressed communities.

Given the concentrated nature of many distressed populations throughout the country, the federal safety net can be understood to support struggling places as well as struggling people.

Fully one third of the approximately 44 million Americans receiving SNAP (Supplemental Nutrition Assistance Program or food stamps) and other cash public assistance benefits (such as Temporary Assistance for Needy Families (TANF)) live in distressed communities. Prosperous zip codes may contain 32.5 million more Americans than distressed zip codes, but distressed ones contain three times as many people receiving SNAP and other cash

20. Data on obesity and diabetes is obtained from the IHME for the year 2011. Obesity rates are defined as the proportion of adults age 20 and older who have a Body Mass Index of 30 kg/m² or higher. Diabetes rates are

defined as the proportion of adults age 20 and older who have been diagnosed with diabetes and/or have high fasting plasma glucose and/or have high A1c.

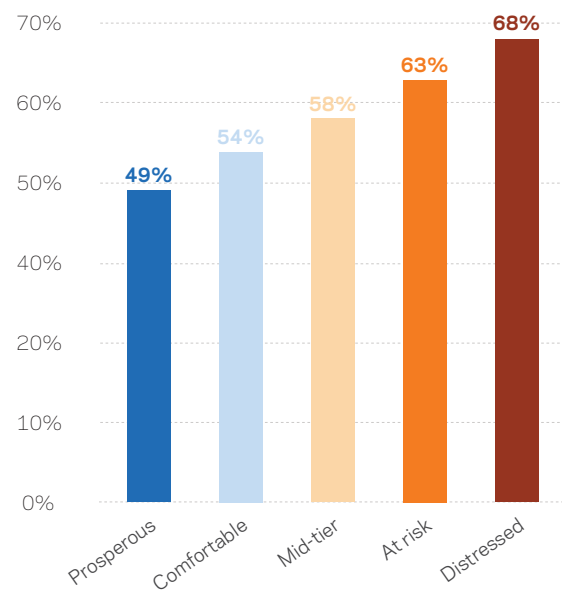
public assistance benefits—14.3 million compared to 4.7 million. With people less likely than ever to move—and with low income people some of the least able to afford the costs and risks of moving—there is a compelling public policy rationale for investing in the economic development of the places where public assistance beneficiaries are concentrated.²¹

6. Individuals with disabilities are much more likely to leave the labor force if they reside in economically distressed communities.

The number of individuals receiving disability insurance benefits in the United States has roughly doubled since 1995.²² The figure crested at 9 million in 2014 before falling back to 8.8 million in 2016 thanks to the economic recovery and also declining benefits approval rates.²³ Disappearing job opportunities in the very places where eligibility may run highest thanks to local histories of physically-taxing work may be one of the forces behind the long-term rise in claimants.

The DCI offers some evidence of a connection between claimant rates and the health of a local economy. The share of the population identifying as disabled that is not in the labor force rises on average as zip codes become more distressed. In prosperous communities, more disabled individuals are in the workforce than outside of it (51 percent to 49 percent). In distressed zip codes, by contrast, more than two-thirds of

18. Percent of the disabled population outside of the labor force by quintile (based on zip code-level distress scores)



individuals identifying as disabled have also left the labor force. It appears that communities that are growing and prospering are better able to draw individuals—including those with disabilities—into the labor force, while more marginal connections to the labor market fray when the prevailing economic conditions in a community worsen.

7. Two times as much public medical assistance flows to distressed counties per capita as to prosperous ones.

Poor health conditions in economically distressed counties carry a large public burden. An analysis of county-level

21. The rate at which Americans move across state lines has more than halved since the 1980s to only 1.5 percent of the population each year. See EIG's "Dynamism in Retreat" (eig.org/dynamism) for a more in-depth analysis of these trends drawn from the Census Bureau's Migration and Geographic Mobility tables.

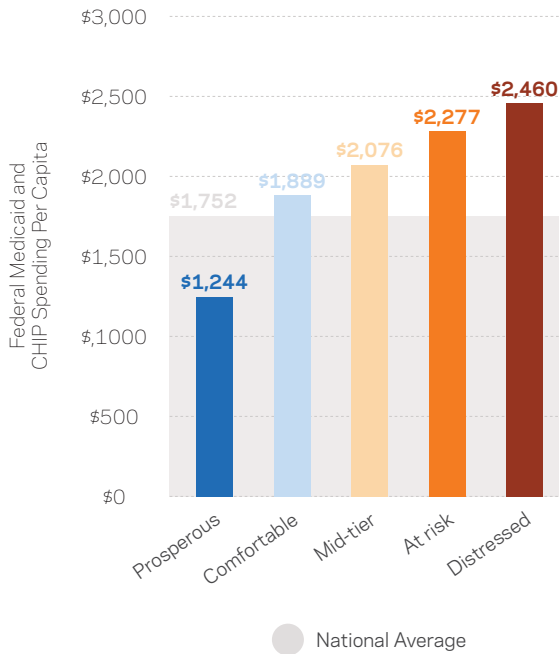
22. Henry Aaron, "Why Fewer Jobless Americans Are Counting on Disability" (Washington: Brookings Institution, 2015).

23. Data obtained from the Social Security Administration's Disability Program, accessed summer 2017.

data shows that more than two times as many dollars in public medical assistance per capita (primarily via Medicaid but also the Children’s Health Insurance Program) flow to distressed counties as to prosperous counties.²⁴ Nearly 98 percent of distressed counties have fewer than 100,000 people and 90 percent have fewer than 50,000 people, making them overwhelmingly rural and highlighting the fact that health outcomes break sharply along a rural-urban divide, just as many economic outcomes do, too.

What is more, economically distressed counties are overly concentrated in states that did not expand Medicaid coverage under the Affordable Care Act, implying that the gap in per capita expenditures would increase further if eligibility requirements were uniform across the map. Only one-third of distressed counties nationwide are in states that expanded coverage. In expansion states, distressed counties received \$3,260 per capita in medical assistance, compared to \$1,440 per capita in prosperous ones. In states that did not expand coverage, \$1,970 went to distressed counties and only \$870 to prosperous ones.

19. Public medical assistance spending per capita by quintile (based on county-level distress scores)



24. Data on public medical assistance spending comes from the Bureau of Economic Analysis’ State and Local Area Personal Income tables. Figures exclude several

Virginia counties that contain independent cities due to geographic comparability complications between Census Bureau and BEA datasets.

Geography: The types of communities thriving and falling behind

Key Findings

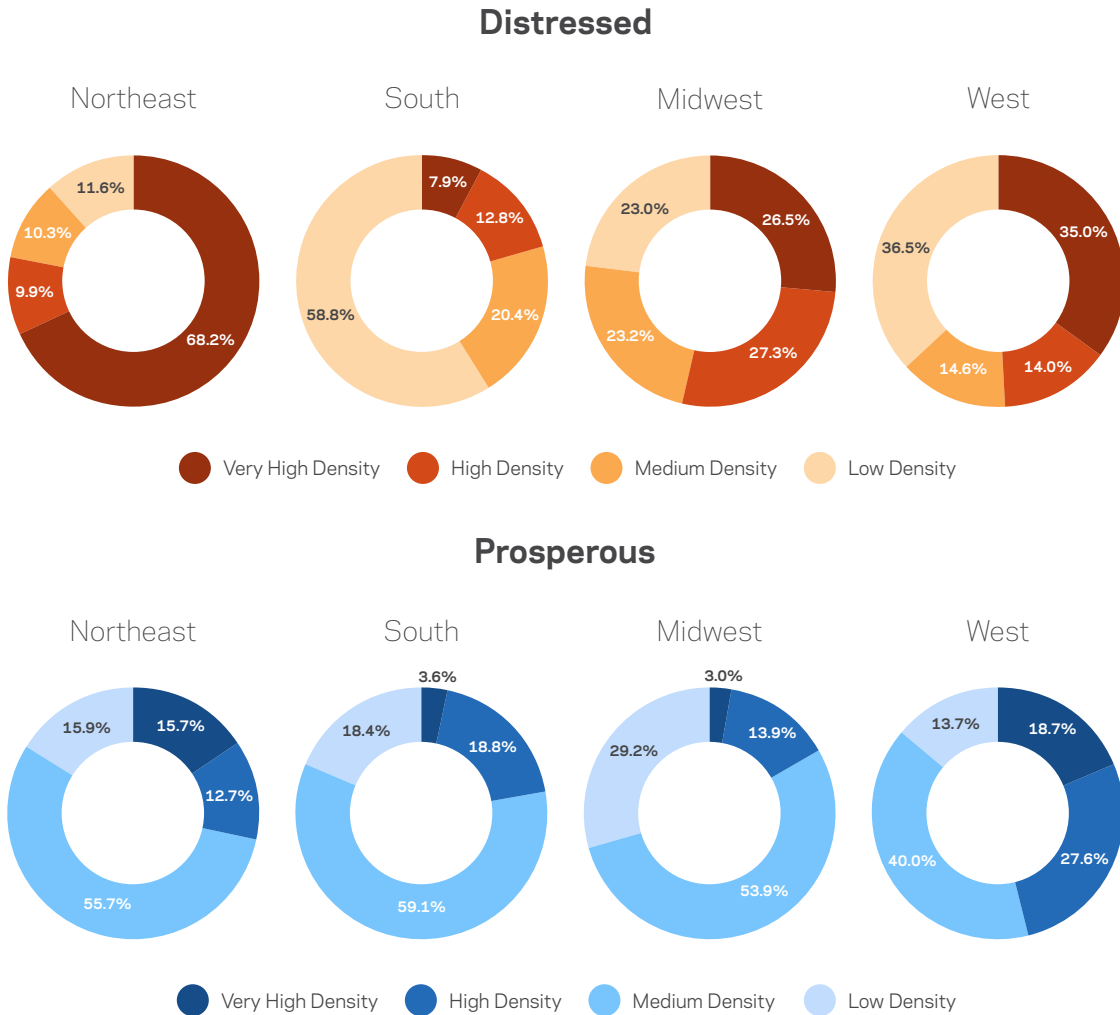
- Distress is mainly urban in the Northeast and rural in the South, but prosperity tends to be suburban in every region.
- Fast-growing western cities and tech hubs dominate the list of the most prosperous cities in the country.
- Older cities with long industrial legacies are most likely to be distressed.
- More prosperous cities enjoy higher population growth rates.
- The foreign-born share of the population runs lowest in distressed cities.
- Counties with fewer than 100,000 people are 11 times more likely to be distressed than counties with more than that many people.

The DCI helps identify variations in economic well-being at the regional, state, county, city, and zip code scales. Each lens provides different insights into the landscape of well-being in the United States today, and each lens illuminates different fault lines in the American economic experience.

1. In the Northeast, distress is mainly urban in nature; in the South, it is mainly rural. Prosperity, on the other hand, is overwhelmingly suburban in every region.

In the Northeast, more than two-thirds of the population living in distressed zip codes reside in very high density neighborhoods, making distress in the Northeast a predominantly urban phenomenon. In the South, by contrast, nearly 60 percent of the distressed population resides in low density, mainly rural zip codes. All types of distressed communities can be found in all regions—evidenced

20. Distribution of the population in distressed and prosperous zip codes in each region by zip code density

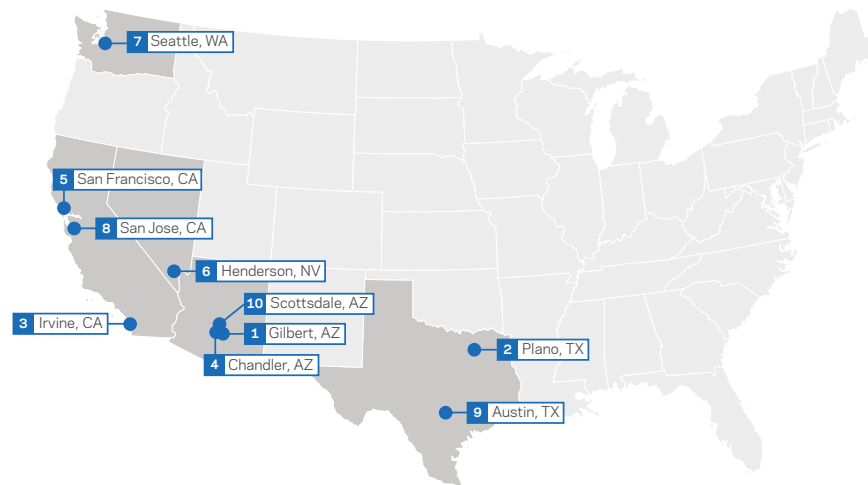


most clearly in the Midwest, where the distressed population is relatively evenly distributed across neighborhood types. Nevertheless, there are several archetypes of distressed communities in the United States: Entrenched inner city poverty in the Northeast and Midwest, deeply-rooted intergenerational distress in the Deep South, and grinding economic and social isolation on Native American reservations in the West, to name a few.

Prosperity, by contrast, is predominately suburban throughout the United

States. In the Northeast, Midwest, and South, more than half of the population living in prosperous zip codes reside in medium density (primarily suburban) neighborhoods. Only 40 percent do in the West, but that is mainly a function of the higher densities of western metropolitan areas given physical constraints on development (mountains, deserts, and waterways). Nationally, only one-third of the population lives in medium density zip codes, meaning prosperous populations cluster in such places disproportionately.

21. The 10 most prosperous of the country's 100 largest cities



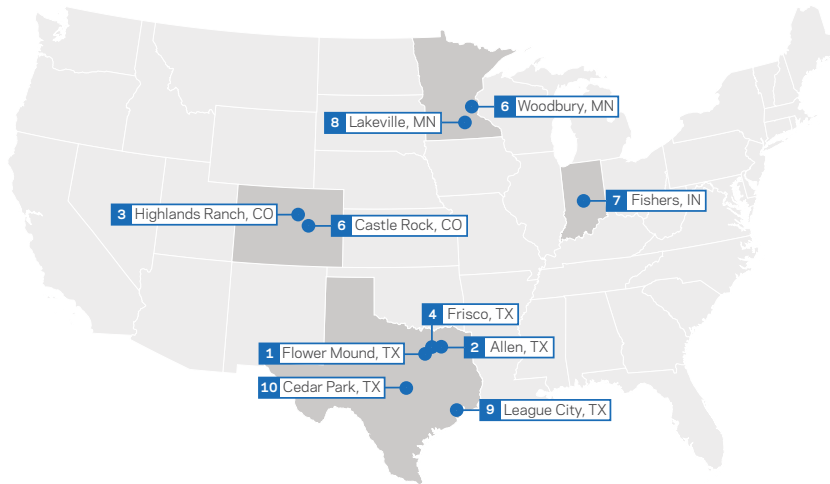
Rank	City	Total Population	City Distress Score	% Population in Prosperous Zip Codes
1	Gilbert, AZ	230,780	2.7	99.9%
2	Plano, TX	275,650	5.1	82.7%
3	Irvine, CA	238,470	7.0	80.7%
4	Chandler, AZ	250,200	10.6	64.9%
5	San Francisco, CA	840,760	19.5	47.9%
6	Henderson, NV	271,730	20.6	65.9%
7	Seattle, WA	653,020	21.5	52.6%
8	San Jose, CA	1,000,860	23.2	49.6%
9	Austin, TX	887,060	24.7	41.7%
10	Scottsdale, AZ	227,470	25.2	60.9%

2. The city-level geography of prosperity and distress mirrors the community-level one.

Calculating the DCI at the city level provides another look into how people sort themselves—not just by neighborhood, but within the boundaries that delineate school districts, police forces, planning departments, and other forms of public service delivery. The DCI finds that “suburban cities”—often relatively homogenous places where people at similar income levels cluster and recycle

their local tax dollars back into schools, infrastructure, and other amenities—are typically far more prosperous than their more urbanized peers. Larger cities, with a broader mix of neighborhoods, income levels, and demographics, fall towards the mid-tier and comfortable categories, given that they also tend to congregate highly educated workers and have enjoyed strong economic growth in the 2010s. Smaller cities with industrial legacies that typically lack the economic diversification of their larger counterparts tend to be the worst off.

22. The 10 most prosperous small and mid-sized cities



Rank	City	Total Population	City Distress Score	% Population in Prosperous Zip Codes
1	Flower Mound, TX	68,650	0.1	100.0%
2	Allen, TX	92,500	0.2	100.0%
3	Highlands Ranch, CO	104,430	0.4	100.0%
4	Frisco, TX	137,800	0.5	100.0%
5	Castle Rock, CO	52,140	0.6	98.3%
6	Woodbury, MN	65,670	0.7	100.0%
7	Fishers, IN	83,180	0.9	99.9%
8	Lakeville, MN	58,590	1.0	100.0%
9	League City, TX	91,670	1.1	90.4%
10	Cedar Park, TX	60,840	1.2	90.7%

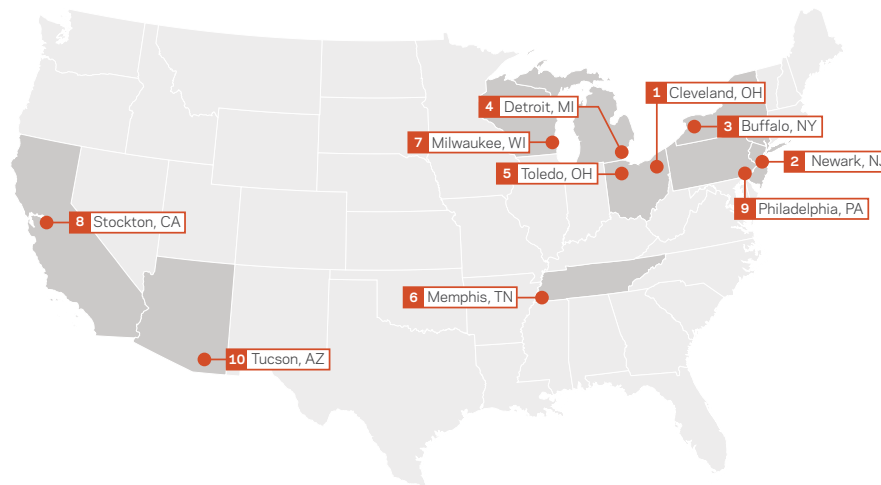
A tour of the top and bottom echelons of U.S. cities bears out these generalizations with some important qualifiers. Six of the 10 most prosperous large cities in the country are large suburban centers on the edge of major metropolitan areas. Several, such as Plano, TX, are also business hubs in their own right. All of the top 10 large cities are located in Texas or the West. The major hubs of the tech economy—Austin, San Francisco, San Jose, and Seattle—round out the group. All together, these 10 cities averaged 10 percent population growth between

2011 and 2015, compared to 3 percent nationally.

Indeed, fast population growth seems to be a defining characteristic of prosperous cities—and likely a key factor underlying their strong performance on the index.

Outside of the 100 largest cities, the suburban pattern becomes even more pronounced. All 10 of the country’s most prosperous small and mid-sized cities are burgeoning locales positioned on the outskirts of major non-coastal

23. The 10 most distressed of the country's 100 largest cities



Rank	City	Total Population	City Distress Score	% Population in Distressed Zip Codes
1	Cleveland, OH	390,580	100.0	90.3%
2	Newark, NJ	279,790	98.8	81.0%
3	Buffalo, NY	259,520	98.3	70.0%
4	Detroit, MI	690,070	97.7	98.9%
5	Toledo, OH	282,280	96.7	51.8%
6	Memphis, TN	657,170	96.0	66.1%
7	Milwaukee, WI	599,500	94.8	46.6%
8	Stockton, CA	299,720	94.6	69.8%
9	Philadelphia, PA	1,555,070	93.9	49.3%
10	Tucson, AZ	528,370	92.6	58.6%

metropolitan regions—around Dallas, Denver, and Minneapolis, for example. All are relatively new cities: The median home was built only 17 years ago on average. And all of them are relatively small. The largest, Frisco, TX, is home to only 137,800 people, making it the country's 190th most populous city.

At the other end of the spectrum, both large and small cities with long industrial legacies are most likely to be distressed. Seven of the 10 most distressed large cities in the country are major urban cores in the Northeast

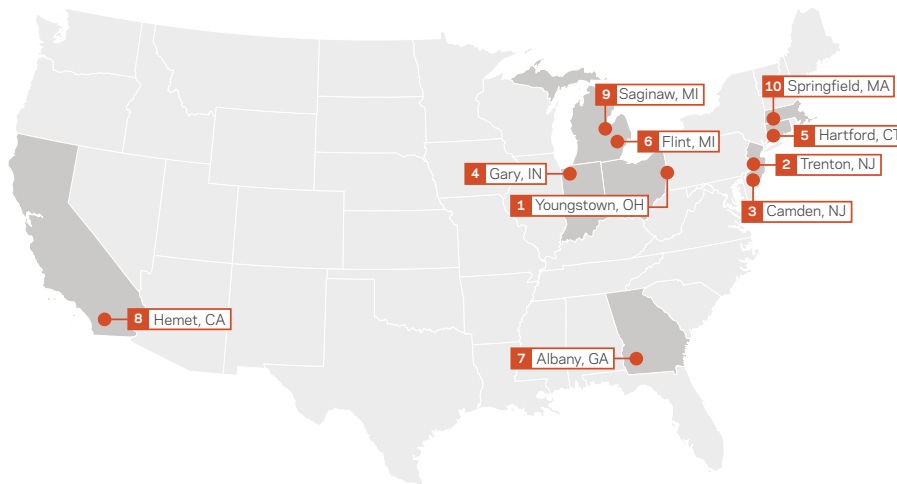
or Midwest, and Stockton, CA, is a western city with a similar industrial history. In some of these cities, age itself appears to be part of the burden—the median home was built 68 years ago in Detroit and Philadelphia, for example, likely contributing to the cities' high housing vacancy rates and signaling a severe and prolonged lack of residential investment. Contrast that with top-ranking Gilbert, AZ, where the median home is only 15 years old, or even the more mature economy of Austin, TX, where the median home was built 29 years ago.

Eight of the 10 most distressed small and mid-sized cities lost population from 2011 to 2015. Their larger counterparts proved slightly more resilient, with only five losing residents. Looking at the full bottom quintile, the population of the average distressed large city increased by less than 1 percent from 2011 to 2015, well below the national population growth rate of 3 percent.

All other cohorts of cities beat the national population growth rate, with the population of at risk large cities increasing by 5 percent on average and

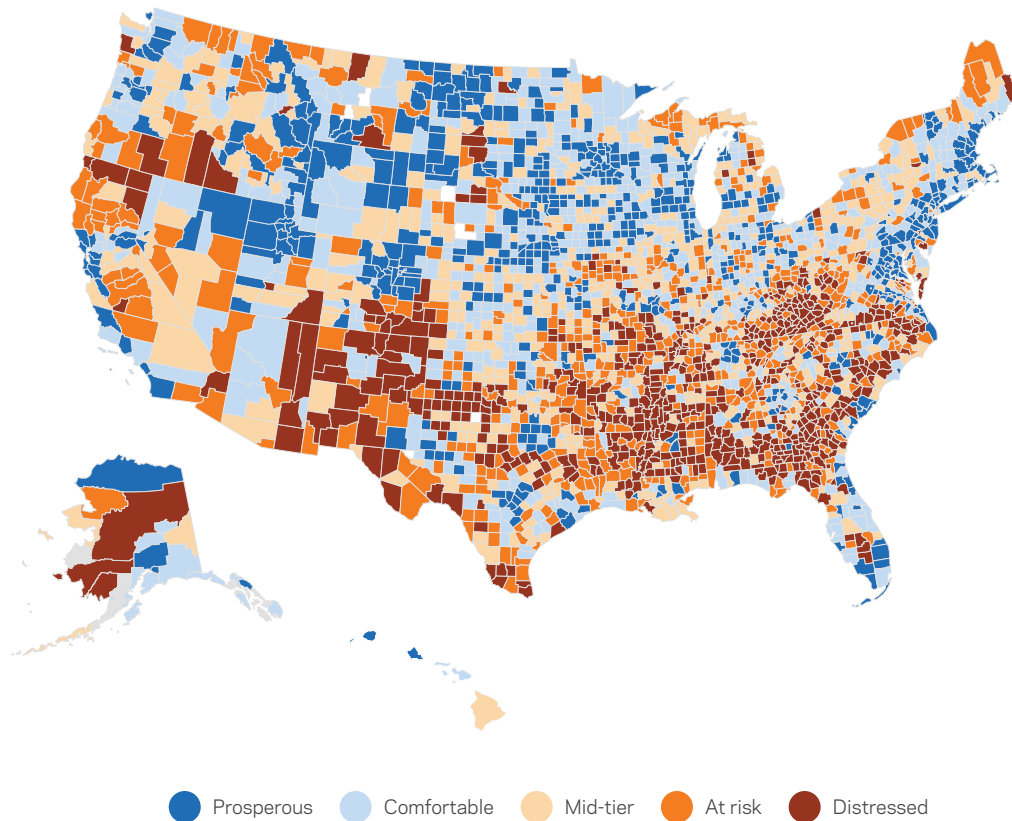
prosperous large cities by an impressive 11 percent. Immigrants are helping to give some struggling cities a new lease on life. In Hartford, CT; Newark, NJ; Stockton, CA; and Trenton, NJ, more than one in five residents are now foreign-born. In general, cities with smaller foreign-born populations are more likely to be distressed: In the average distressed city, 15 percent of the population is foreign-born; in all other quintiles, the average is between 18 and 19 percent.

24. The 10 most distressed small and mid-sized cities



Rank	City	Total Population	City Distress Score	% Population in Distressed Zip Codes
1	Youngstown, OH	65,570	99.9	93.5%
2	Trenton, NJ	84,630	99.8	85.3%
3	Camden, NJ	76,900	99.6	99.9%
4	Gary, IN	78,480	99.5	98.8%
5	Hartford, CT	124,800	99.4	98.1%
6	Flint, MI	99,800	99.3	96.6%
7	Albany, GA	76,470	99.1	83.1%
8	Hemet, CA	82,120	99.0	100.0%
9	Saginaw, MI	50,290	98.9	100.0%
10	Springfield, MA	153,950	98.6	69.6%

25. National map of county distress scores



3. The urban-rural prosperity gap comes into starkest focus at the county level.

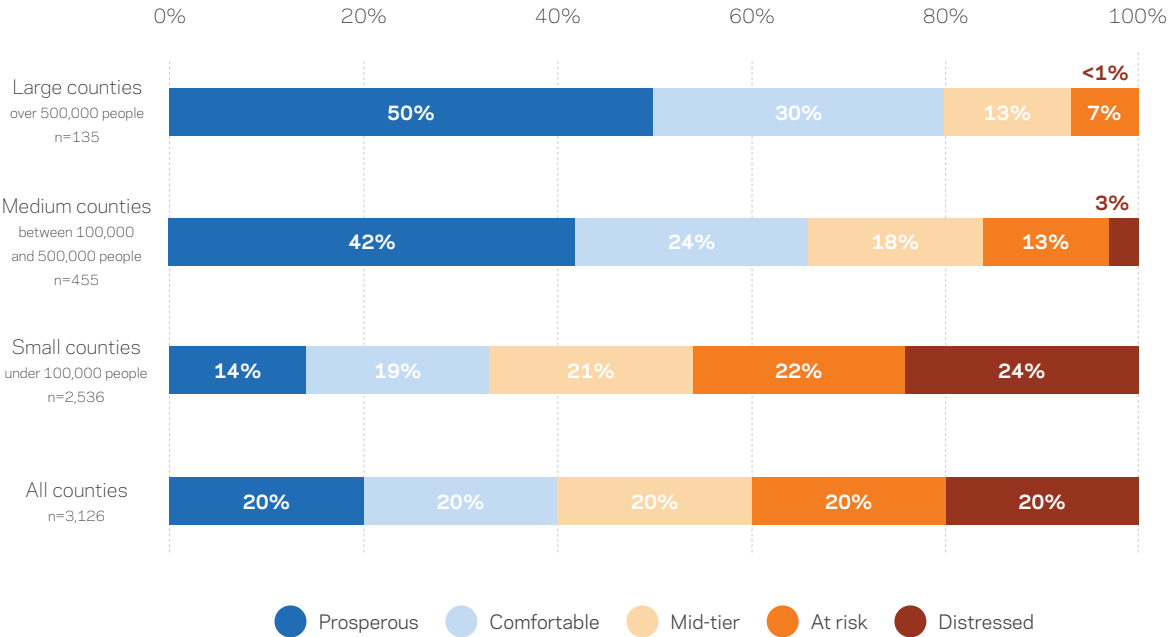
DCI scores calculated at the county level reveal that economic well-being tends to run far higher in large, populous counties than it does in small, mainly rural ones. Just as at the zip code level, far more people live in prosperous counties than in any of the other four quintiles.

Fully half of the nation's 135 counties with over 500,000 people are prosperous, meaning they fall into the highest quintile of counties nationwide. Another 30 percent fall into the second-highest tier. On the map in Figure 25, the populous eastern seaboard and other metropolitan regions spread all across the country form clearly discernible

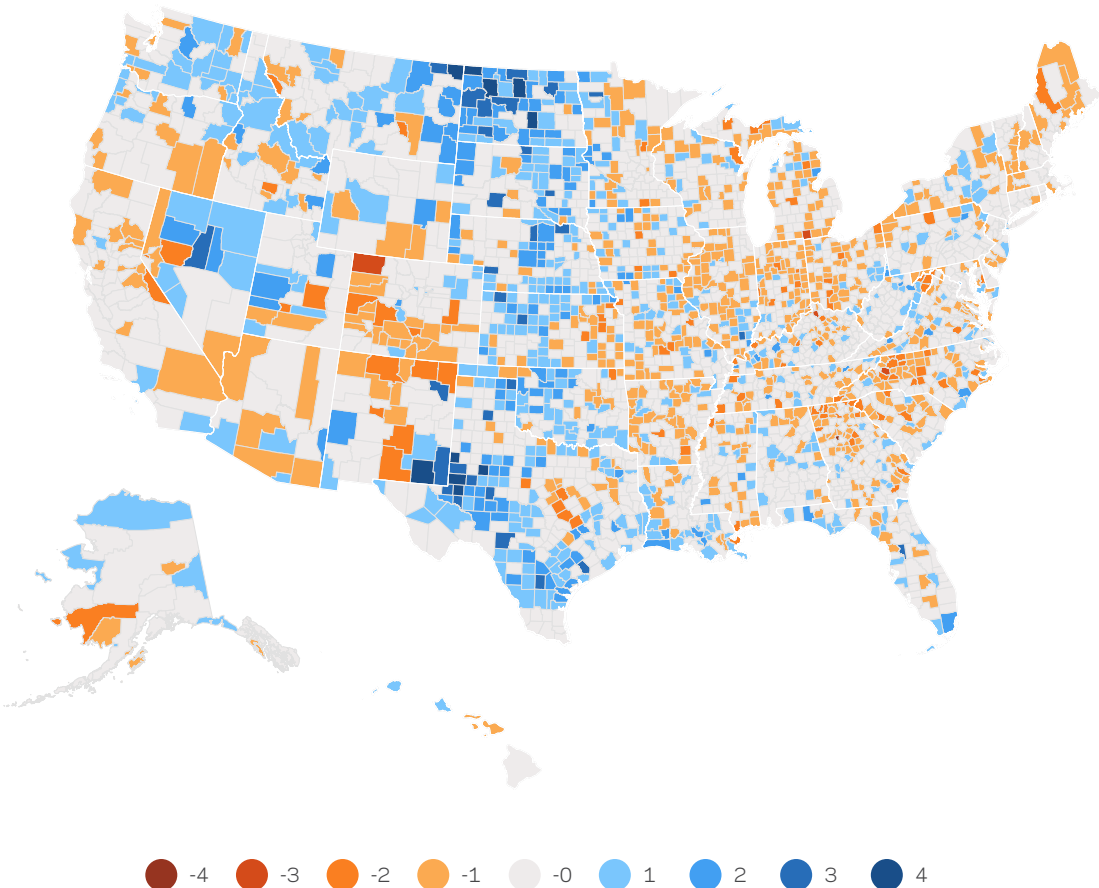
clusters of prosperity. By contrast, only 14 percent of small counties—those with fewer than 100,000 people—register as prosperous. Most that do are concentrated in the Upper Midwest.

Small counties are not only less likely to be prosperous than their larger counterparts, but they are also much more likely to be distressed. In fact, counties with fewer than 100,000 people are 11 times more likely to be economically distressed than counties with more than 100,000 people. And distressed counties are almost exclusively small ones. Of the 625 counties in the bottom quintile of well-being, only 13 (2 percent) have more than 100,000 people. Density and large mixtures of people and economic activity appear to make the

26. Distribution of counties of different size categories across quintiles



27. National map of change in county distress quintiles from 2000 to 2011-2015



28. The 15 counties with the largest number of people living in distressed zip codes

County	Core City	Total Population in Distressed Zip Codes	% Population in Distressed Zip Codes
Cook County, IL	Chicago	1,458,030	27.8%
Los Angeles County, CA	Los Angeles	1,288,800	12.8%
Harris County, TX	Houston	990,690	22.7%
Wayne County, MI	Detroit	869,100	48.9%
Philadelphia County, PA	Philadelphia	765,990	49.3%
Maricopa County, AZ	Phoenix	713,180	17.7%
Dallas County, TX	Dallas	541,570	21.8%
Hidalgo County, TX	McAllen	476,730	58.2%
Clark County, NV	Las Vegas	473,760	23.3%
Bronx County, NY	New York	469,240	32.9%
Cuyahoga County, OH	Cleveland	450,850	35.7%
Shelby County, TN	Memphis	444,200	47.4%
San Bernardino County, CA	San Bernardino	432,400	20.6%
Bexar County, TX	San Antonio	412,520	22.6%
Miami-Dade County, FL	Miami	409,390	15.5%

task of securing high levels of well-being significantly easier.

The urban-rural prosperity gap would in fact have been much larger in the period studied here were it not for the oil and gas boom that lifted economic well-being across large tracts of the interior of the country, specifically from North Dakota to Texas. As the map in Figure 27 shows, the vast majority of “upwardly mobile” counties—those that rose quintiles from 2000 to 2011-2015—were concentrated in the Plains and rural West—in short, the new American energy corridors.

In this discussion of urban versus rural prosperity it is important not to overlook the fact that populous counties often do not register as particularly distressed because they contain a broad mix of neighborhoods. In terms of the sheer number of Americans

living in distressed zip codes, however, large urban counties—those with over 500,000 people—are home to a plurality: 21.5 million people compared to 18.6 million in smaller counties and 12.2 million in mid-sized ones (those with 100,000 to 500,000 people). Well-being on average may be higher in more populous places, but those averages obscure a wide variety of neighborhood-level experiences.

Society: The demographics of well-being

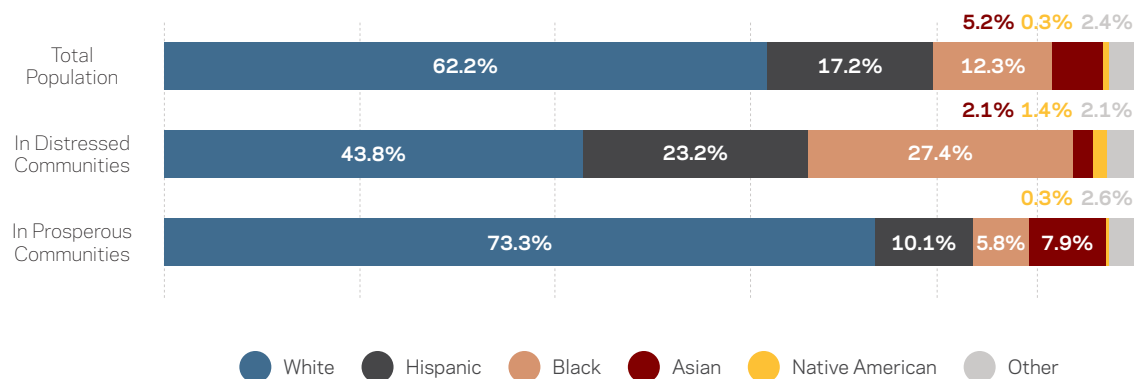
Key Findings

- Over half the population in distressed communities are minorities, compared to only about a quarter of the population in prosperous ones.
- Asians and whites are more likely to live in a prosperous zip code than any other type of community.
- Blacks and Native Americans are more likely to live in a distressed zip code than any other type of community, while Hispanics are most likely to reside in an at risk one.
- Blacks and Native Americans are three times more likely to live in a distressed community than a prosperous one.
- Majority-minority zip codes are two times more likely to be distressed than the average zip code.

Race and ethnicity remain, unfortunately, a strong predictor of one's standard of living and access to opportunity in the United States today. De facto economic segregation frequently compounds the legacy of racial segregation and reinforces innumerable visible and invisible barriers that block the path to prosperity for Americans from certain backgrounds. Yet, the United States is an increasingly heterogeneous country, and the fates of different regions and different populations are shifting.

At present, certain minority groups—most notably blacks, Hispanics, and Native Americans—remain far more likely to live in distressed zip codes and far less likely to live in prosperous ones than their white or Asian counterparts. Beneath that headline takeaway, however, is a more nuanced picture that includes thriving mixed communities, downwardly mobile white ones, and dynamic immigrant enclaves where the American Dream remains alive and well.

29. Racial composition of the country's total, distressed, and prosperous populations



1. Most minority groups are underrepresented in prosperous zip codes and overrepresented in distressed ones.

In general, the country's white and Asian populations skew towards comfortable and prosperous zip codes while the country's black, Hispanic, and Native American populations skew towards at risk and distressed ones.²⁵ Whites account for 62 percent of the population nationwide but 73 percent of the population in prosperous zip codes and 69 percent in comfortable ones. Asians, while far fewer in absolute numbers, are even more overrepresented in prosperous and comfortable locales than whites. All other minority groups are underrepresented. Blacks, for example, make up 12 percent of the country's total population but only 6 percent of the population in prosperous zip codes.

Conversely, blacks, Hispanics, and Native Americans are all overrepresented in at risk and distressed zip codes. Blacks represent 27 percent of the population

living in distressed zip codes, more than double their share of the total U.S. population. Native Americans and Hispanics are also overrepresented in distressed communities. Even if they are relatively underrepresented, however, whites still constitute the largest single demographic living in distressed zip codes. Whites comprise 44 percent of the population in these places, accounting for 22.9 million of the 52.3 million Americans in distressed communities.

Minorities comprise over half the population in distressed communities.

In the end, minorities comprise over half the population in distressed communities but only about one-quarter of the population in prosperous ones.

The racial prosperity gap looks even starker when examining the likelihood that an individual from any given racial

25. White is defined here as the non-Hispanic non-Latino portion of the white population; Hispanic is used as short-hand for Hispanic or Latino; black for black or African-American; Native American for

American Indian and Alaska Native; Asian for Asian, native Hawaiian, and Pacific Islander. Designations are obtained from the U.S. Census Bureau.

or ethnic background lives in a certain type of community. A remarkable 41 percent of the country’s Asian population lives in a prosperous zip code, and only 7 percent lives in a distressed one. That makes Asians nearly six times more likely to live in a top-tier community than a bottom-tier one. Along with whites, Asians are in fact more likely to live in a prosperous zip code than any other type of community.

On the flip side, blacks have a 37 percent chance of living in a distressed community—nearly three times higher than their 13 percent chance of living in a prosperous one. Native Americans experience a similar gap. The proportion of the country’s black and Native American populations living in distressed zip codes is more than three times as large as it is for whites and nearly six times as large as it is for Asians (see Figure 30).

Individuals from both of those minority groups are more likely to live in a distressed zip code than any other type of community. Hispanics are more evenly distributed across quintiles and are most

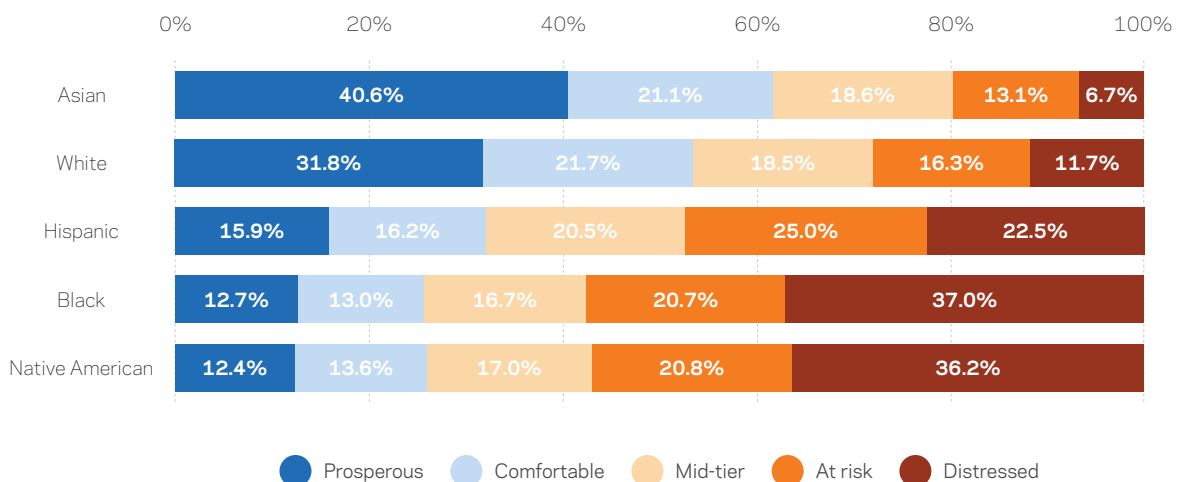
likely to live in at risk neighborhoods, which house a quarter of the group’s population.

Put another way, the average neighborhood distress score for blacks in the United States is the highest of the five main demographic groups, at 62.0. Native Americans follow closely at 61.5 and Hispanics at 54.4—slightly worse off than the median U.S. community. Whites straddle the break between the comfortable and mid-tier quintiles with an average community distress score of 40.3, while Asians, for their part, lead with a comfortable 34.2.

2. Majority-minority zip codes are more than twice as likely to be distressed.

If majority-minority zip codes were distributed proportionally across the different tiers of well-being, 20 percent of them would be distressed and 20 percent of them would be prosperous. In reality, however, the nearly 4,100 U.S. zip codes in which minority groups form a majority of the population are more than twice as likely to be distressed and less than half as likely to be prosperous as the typical

30. Distribution of each group’s population across zip codes by quintile



U.S. zip code. In total, 45 percent of the country's majority-minority zip codes are distressed and only 7 percent of them are prosperous. By contrast, only 15 percent of majority-white zip codes are distressed.

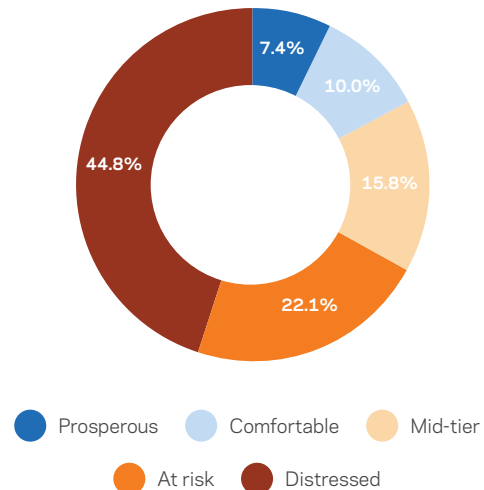
In the Midwest, an astonishing 63 percent of majority-minority zip codes—most of them urban—are distressed, signaling that economic and racial segregation still coincide to an alarming extent in that region. In the South, half of all majority-minority zip codes are distressed, and most of those are rural; in the West, the figure falls to one-third—still disproportionately high.

Communities that are almost exclusively populated by a single minority group are even more likely to be distressed. Ninety percent of the roughly 100 U.S. zip codes in which blacks constitute at least 90 percent of the population are distressed, and 91 percent of the approximately 140 almost entirely Hispanic zip codes are either distressed or at risk. By contrast, only 13 percent of the over 11,000 zip codes (42 percent of all U.S. zip codes) that are at least 90 percent white are distressed, and the plurality fall into the comfortable and mid-tier quintiles.

3. Prosperous communities are most diverse in the South and the West.

The South and West are home to the country's most racially diverse prosperous communities. In the South—the expansive region that encompasses everything from struggling Appalachia to the prosperous Washington, DC, area and South Florida to the Texas border—66 percent of people living in prosperous zip codes are white, 14 percent are Hispanic, and 11 percent are black. That compares

31. Distribution of the country's more than 4,000 majority-minority zip codes across quintiles



to the Midwest, where 86 percent of all residents of prosperous zip codes are white, and the Northeast, where 81 percent are. Nevertheless, progress towards inclusion in the South remains highly uneven: 8.1 million blacks in the region live in distressed zip codes, compared to the 2.8 million in prosperous ones.

The white share of the population in prosperous communities is similar in the West at 65 percent, but Asians constitute a much larger slice at 14 percent (compared to 7 percent in the South). Hispanics represent another 15 percent of the prosperous population in western communities, and blacks 3 percent. The West is the only region in which the number of blacks living in prosperous zip codes roughly equals the number of blacks living in distressed zip codes—approximately 670,000 in each. In all other regions, more blacks live in distressed zip codes than prosperous ones—a pattern which holds true for Hispanics and Native Americans as well.

Politics: The bipartisan challenge of “left behind” communities

Key Findings

- Democrats and Republicans both represent large portions of America’s distressed population.
- More prosperous congressional districts tend to skew Republican.
- Democrats represent six of the 10 most distressed congressional districts.
- In the 2016 election, President Trump pulled ahead in mid-tier, at risk, and distressed counties.

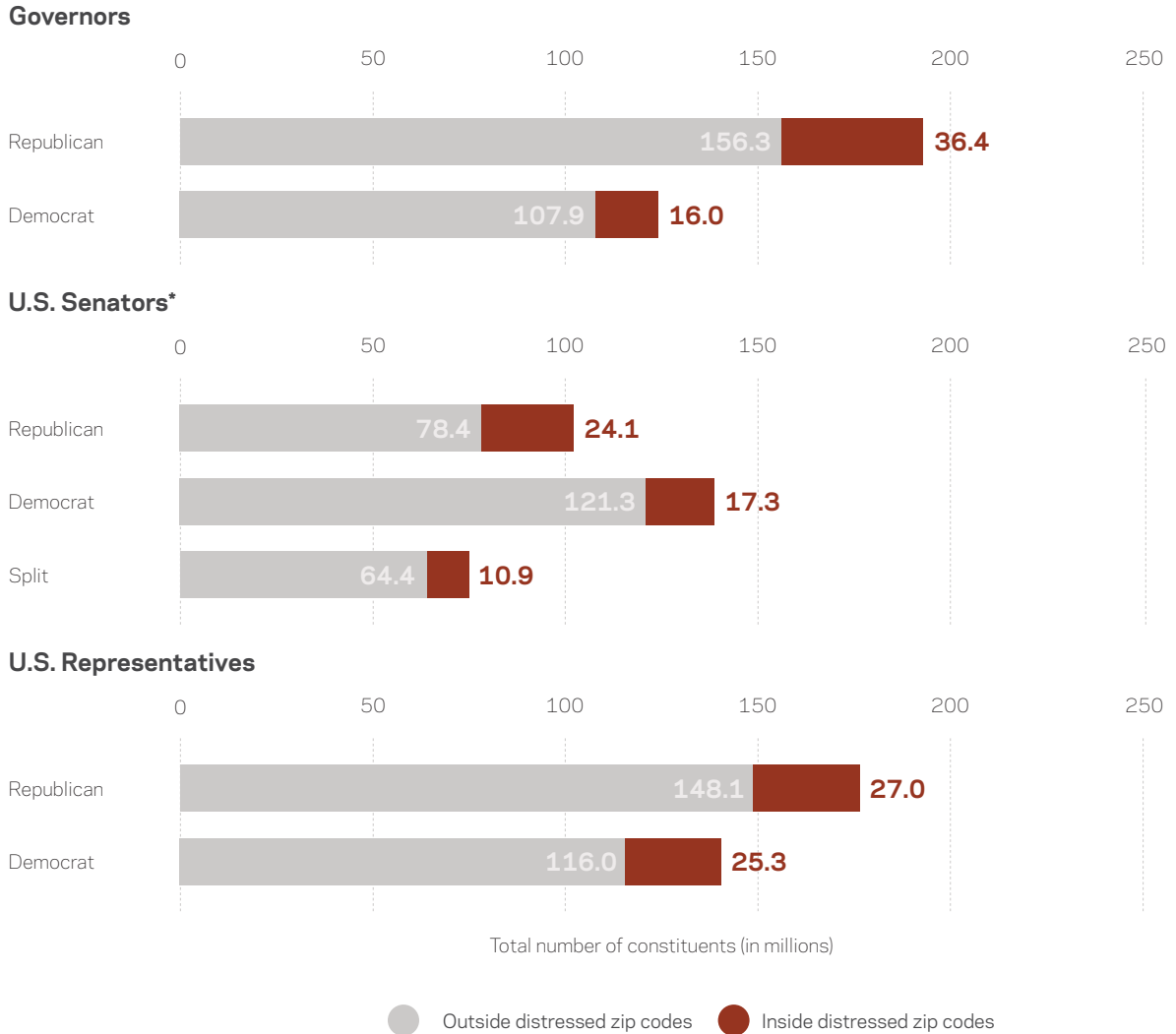
Economically distressed communities are a bipartisan challenge. They exist in red states and blue states, in liberal enclaves and conservative strongholds. The nature of the distress and its underlying causes may differ from place to place, but each party represents communities where the economy has broken down and left people behind.

Each party represents communities where the economy has broken down and left people behind.

1. Both parties represent millions of constituents in distressed communities.

Neither party’s base is free from the social and economic burdens of distress. For Republicans in the U.S. House of Representatives, 15 percent of their constituents—27 million people—live in distressed zip codes. For their Democratic counterparts, 18 percent of constituents, equivalent to 25.3 million people, reside in similarly struggling communities. In the upper chamber, distress is just as bipartisan—captured

32. Population represented by each party at different levels of government



* Populations are only counted once, hence the "split" category for states represented by senators of two different parties. Independents are counted with the party with which they caucus.

symbolically in the fact that 10.9 million Americans in distressed zip codes reside in states represented by senators of different parties.

At the state level, the country's 34 Republican governors represent more than twice as many people living in distressed communities as their 15 Democratic counterparts and the mayor of DC (36.4 million to 16.0 million). To a large extent, this distribution reflects

Republicans' hold on statehouses across the country and especially in the South, where distress runs highest. For Republican governors as a group, 19 percent of their constituents live in an economically distressed zip code; for their Democratic counterparts, the figure is 13 percent.

2. Republicans disproportionately represent the nation's most prosperous congressional districts.

Distress scores calculated at the congressional district level provide a revealing look at relative economic well-being district by district—shining an economic light on these most political of geographies.

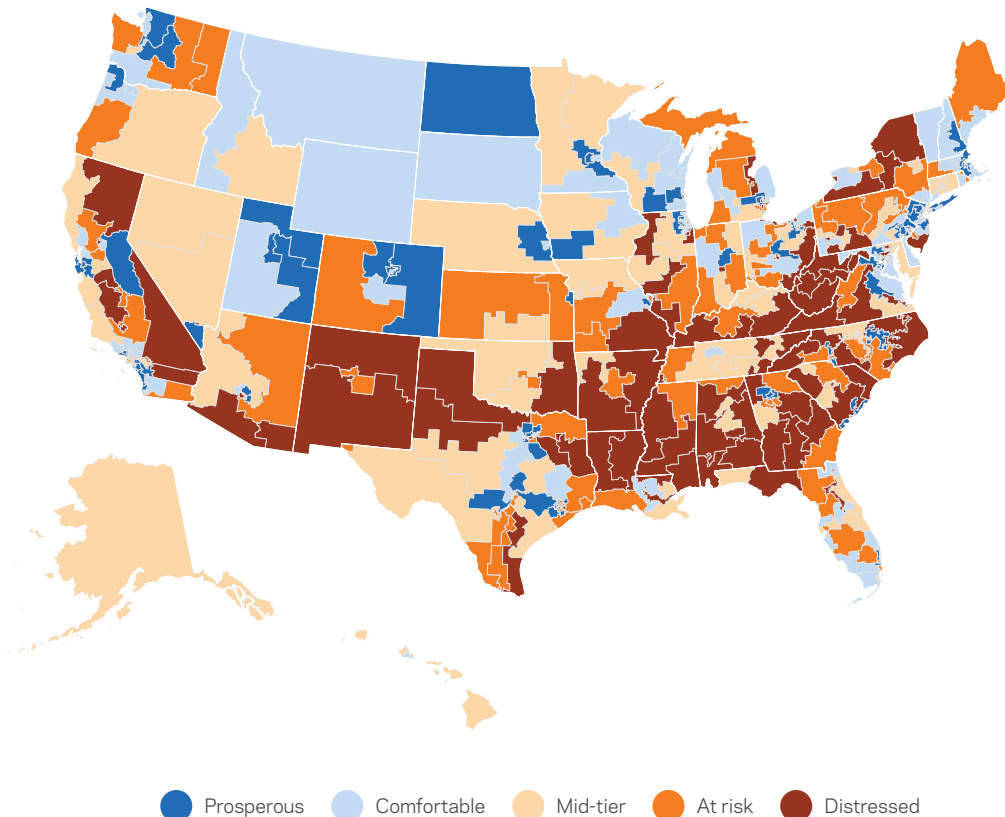
Republicans dominate at the very top of the distribution, representing nine of the 10 most prosperous congressional districts in the country. Most of these are suburban enclaves around fast-growing metropolitan areas, for example on the outskirts of Dallas, Denver, Houston, Minneapolis, Phoenix, and Washington, DC. Expanding to the entire top quintile, Republicans represent 63 percent of the country’s prosperous districts compared to Democrats’ 37 percent. Conversely, six of the country’s 10 most distressed congressional districts are represented

by Democrats. Eight of the 10 are located in the South, with Ohio’s 11th (Cleveland) and Arizona’s 7th (Phoenix) as the two exceptions. Once again, the full spectrum of distress is represented in the bottom 10: urban and rural, immigrant and native-born, predominantly white and predominantly minority. Five of the 10 seats are represented by members of the Congressional Black Caucus.











Republicans represent nine of the 10 most prosperous congressional districts in the country.

Beyond the tail ends of the distribution, the division of seats between the two parties is more balanced.











33. National map of congressional district distress scores



34. The 10 most prosperous congressional districts based on district-level distress scores

Rank	District	Core City	Representative	Party	District Distress Score	% Population in Distressed Zip Codes	% Population in Prosperous Zip Codes
1	TX-3	Plano, TX	Sam Johnson		0.2	0.0%	80.4%
2	TX-26	Denton, TX	Michael Burgess		0.5	0.0%	76.1%
3	VA-10	Ashburn, VA	Barbara Comstock		0.7	0.0%	79.4%
4	NC-9	Charlotte, NC	Robert Pittenger		0.9	1.9%	70.3%
5	CA-18	San Jose, CA	Anna Eshoo		1.1	0.2%	81.4%
6	CA-45	Irvine, CA	Mimi Walters		1.4	0.0%	59.7%
7	TX-22	Pearland, TX	Pete Olson		1.6	0.3%	74.4%
8	AZ-5	Mesa, AZ	Andy Biggs		1.8	0.5%	61.4%
9	MN-2	Eagan, MN	Jason Lewis		2.1	0.0%	79.3%
10	CO-6	Aurora, CO	Mike Coffman		2.3	5.7%	60.1%

35. The 10 most distressed congressional districts based on district-level distress scores

Rank	District	Core City	Representative	Party	District Distress Score	% Population in Distressed Zip Codes	% Population in Prosperous Zip Codes
1	KY-5	Somerset, KY	Harold Rogers		100.0	70.4%	0.1%
2	MS-2	Jackson, MS	Bennie Thompson		99.8	66.7%	0.0%
3	GA-2	Columbus, GA	Sanford Bishop		99.5	65.0%	1.4%
4	AL-7	Birmingham, AL	Terri Sewell		99.3	62.1%	5.0%
5	OH-11	Cleveland, OH	Marcia Fudge		99.1	57.8%	9.0%
6	WV-3	Huntington, WV	Evan Jenkins		98.9	57.6%	1.2%
7	AZ-7	Phoenix, AZ	Ruben Gallego		98.6	67.3%	1.4%
8	LA-5	Monroe, LA	Ralph Abraham		98.4	54.7%	0.3%
9	VA-9	Blacksburg, VA	Morgan Griffith		98.2	58.4%	0.2%
10	SC-6	Columbia, SC	James Clyburn		97.9	56.5%	1.9%

Republicans still dominate the most prosperous quintile of congressional districts, where they hold nearly two-thirds of all seats, but Democrats carry a slight majority of seats in the second-best performing quintile. At the other end of the spectrum, Republicans represent distressed districts basically proportionally to their share of all seats in the House.

3. In the 2016 election, Hillary Clinton ran up large margins in prosperous and comfortable counties while Donald Trump won in mid-tier, at risk, and distressed ones.

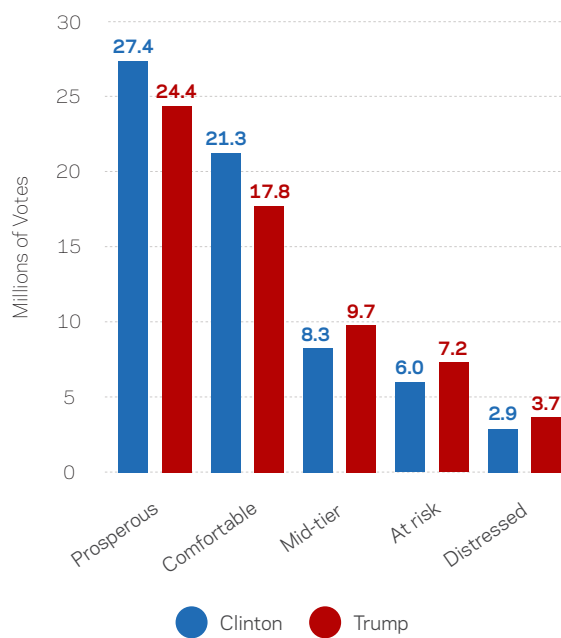
The DCI offers further evidence that economic factors may have helped to tip the scales in a 2016 presidential election in which small percentages were decisive.

Hillary Clinton was most successful in the highly-populated prosperous and comfortable counties, where she racked up a 6.5 million vote edge over Donald Trump.²⁶ Voters in mid-tier, at risk, and distressed counties, on the other hand, demonstrated a clear preference for the Republican candidate. President Trump accumulated a 3.5 million vote lead in counties that fell into the bottom three quintiles of well-being (equivalent to 9.4 percent of all votes cast in these counties). A vast array of factors determined voting patterns in the 2016 election, but it stands that the “continuity” candidate performed better in the places benefiting most from the status quo, while the “change” candidate performed better in the places one would expect to find more dissatisfaction.

The strength or weakness of the local economic recovery seemed to matter too. Nearly a quarter of Trump’s votes came from counties with stagnant or falling numbers of business establishments from 2011 to 2015, compared to only 16 percent of Clinton’s. In these counties, Trump racked up 4.2 million more votes than his opponent. What is more, three quarters of the critical “flipped” counties—ones that went to Trump after voting twice for President Obama—suffered both job and business losses over the first five years of the national recovery.²⁷

It is also worth noting where economic and demographic factors intersect. For example, minority groups formed a majority of the population in 92 percent of the distressed counties carried by

36. Number of votes received by each candidate in counties in each quintile



Clinton, while whites formed a majority of the population in 92 percent of distressed counties won by Trump. And 99 percent of the prosperous counties won by Trump were majority-white, compared to only 84 percent of those carried by Clinton.

These important distinctions about how different groups of people or places broke on the margins should not obscure the fact that both candidates assembled economically diverse bases of over 60 million voters apiece. President Trump may have won the largest shares of voters struggling locales, but the largest proportion of his overall votes came from prosperous counties. Similarly, large shares of Americans in distressed and otherwise lagging counties voted for Clinton.

26. Final certified county-level election results were obtained from the U.S. Election Atlas at <http://uselectionatlas.org/>.

27. For a deeper dive into the economic dynamics that helped determine the 2016 election, see EIG’s “How Struggling Local Economies Helped Decide the 2016 Election” on Medium.

IV. Conclusion

It is fair to wonder whether a recovery that excludes tens of millions of Americans and thousands of communities deserves to be called a recovery at all.

Indeed, the consequences extend far beyond the individual communities being left behind. The further we go down the path of geographically exclusive growth, the more we limit our nation's economic potential as a whole—and the more fractured our society risks becoming in the process. Even residents of prosperous locales have an interest in ensuring a more inclusive map of well-being.

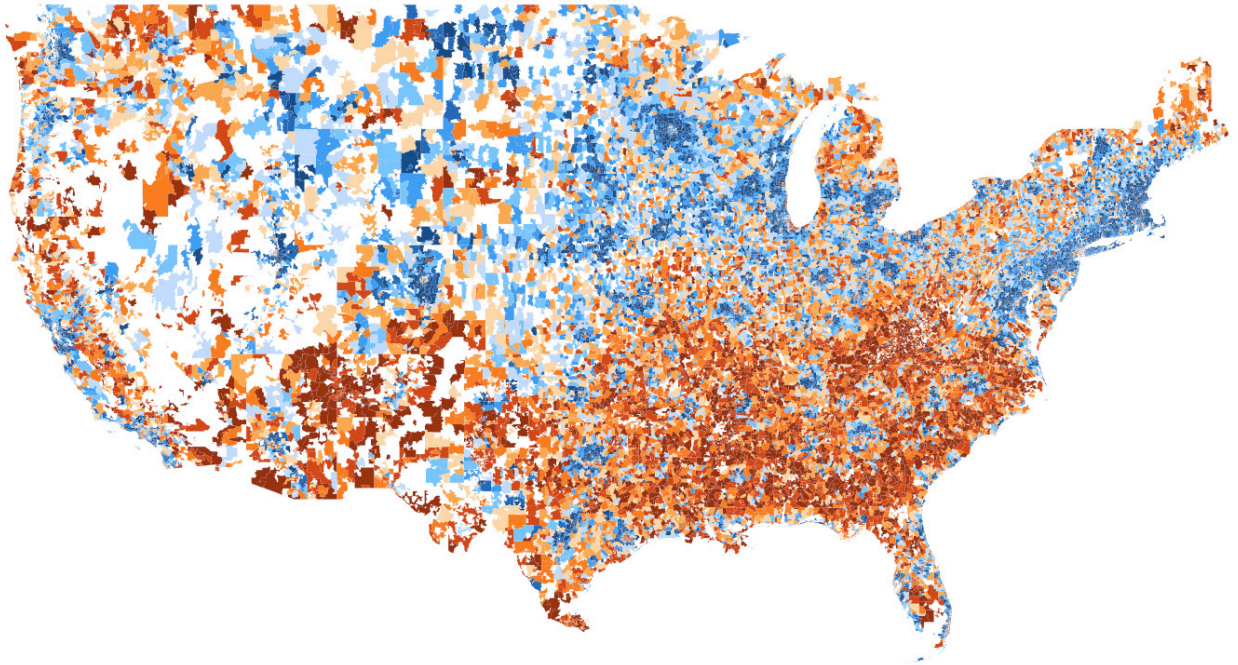
The challenge of “reconnecting” distressed communities is urgent and complex—especially so for policymakers. Not only have past efforts fallen short, but many of the underlying problems have been exacerbated thanks to failed policies—from restrictive zoning and onerous occupational licensure

requirements at the local level to discriminatory housing policies and a slew of other federal actions that tip the scales in favor of incumbent firms, prosperous places, and advantaged individuals. Reversing those failures is an economic, social, and moral imperative.

Fortunately, hard work, ingenuity, and entrepreneurial energy can be found in every community across the country. Policymakers should focus on empowering those forces in order to rekindle the grassroots economic growth that made this country the world's leading economy in the first place.



Learn more about economic distress and prosperity in the United States by visiting our online, interactive edition of this report at EIG.org/DCIndex



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