

Introduction

During the 1990s Baltimore City was given the opportunity to designate areas of distress within the city for Empowerment Zone status. These areas would receive many benefits including increased federal funding and resources, work opportunity tax credits, welfare-to-work tax credits and increased deductions for businesses locating in the area. In turn these efforts would hope to provide more stable and livable communities for their residents.

Empowerment zones were designated based on poverty, unemployment and general distress. In order to qualify these areas could not exceed 20 square miles and must have contiguous boundaries. The poverty rate within these areas had to be at or above 20 percent for each census tract, and at or above 29 percent in at least 90 percent of the census tracts, and at or above 35 percent in at least 50 percent of the census tracts

The three empowerment zones created by Baltimore City based on the 1990 Census contained nearly 67,000 people, or 9.2% of the total population and 27,156 households. Socioeconomic distress in these three areas was quite large. For instance, poverty rates for the three empowerment zones ranged from 22.5% to nearly 40 %, with many individual tracts within these zones having poverty rates in excess of 50 percent. The following describes some of the changes among the socioeconomic characteristics of these zones compared to the rest of the city. Comparison areas are divided into three groups: census tracts within empowerment zones, census tracts not in empowerment zones and with poverty rates of 20% or higher in 1990 and census tracts not in empowerment zones and with poverty rates lower than 20% in 1990.

I. Population and Households

During the 1990s, Baltimore City lost nearly 85,000 people (11.5%), the largest absolute decline, and the fourth largest percentage decline of any city in the country of 100,000 or

more in population. This loss corresponded to a decline of more than 18,000 households from the city.

Within the empowerment zones only Zone One experienced a slight gain in household population, growing by 1,192 persons from 1990 to 2000. However, this same zone lost 14.5% of the total 1990 households. All other categories experienced losses in household population during the 1990s. The two largest loss categories were in Zone Two losing a significant 28.9% of their total 1990 population and more than 2,400 households (20.5%), and the category representing all other census tracts having a poverty rate of 20% or higher which experienced a loss totaling 49,578 persons, representing a nearly 20% decline from 1990 and a loss of 10,960 households or 11.9%.

Zone Three lost a moderate 5.6% of their 1990 population. Zone Three was the only area to gain in households, gaining a total of 70 households between 1990 and 2000. The only category having a lower percentage loss was census tracts having a poverty rate less than 20% in 1990. This category lost nearly 21,000 persons or 5.3% of their 1990 population and lost only 1.9% (2,916) of the total 1990 households.

II. Poverty

The poverty rate in Baltimore City increased from 21.9% in 1990 to 22.9% in 2000, a gain of 1.0 percentage points. Empowerment Zones One and Two experienced the only losses in poverty during this time period. Empowerment Zone One had a poverty rate of 48.7% in 1990, which fell nearly 15 percentage points to 34.2% in 2000. Empowerment Zone Two also experienced a moderate decline with a 2.5 percentage point decrease from its 39.8% poverty rate in 1990 to 37.4% in 2000. Although these areas are still considerably higher than the overall poverty rate for Baltimore City there are signs of improvement for these two empowerment zones.

All other categories within Baltimore City experienced increasing poverty rates. The largest percentage point increase in poverty was for the areas with a poverty rate less than 20% in 1990. The poverty rate in these areas increased by 4.6 percentage points, from 10.6% in 1990 to 15.2% in 2000. Empowerment Zone Three had the next largest percentage point increase, with a gain of 4.5 percentage points. All other areas of Baltimore City having poverty rates of 20% or higher in 1990 showed a decrease in poverty of .10 percentage points from 1990 to 2000.

III. Household Median Income*

Baltimore City's residents consistently place way below the Maryland median income of \$52,868. In fact the median household income for Baltimore City dropped by more than \$1,100 from \$31,207 in 1990 to \$30,078 in 2000. There was not one improved area within the city in this aspect. Median household income dropped in all Empowerment Zones and other areas.

Although the poverty rate decreased in Empowerment Zones One and Two the median household income fell by nearly 6% in Zone One, from \$16,910 to \$15,907, and by 3% in Zone Two, from \$20,835 to \$20, 224. These median income drops could be an indication of two things. One, some of the individuals could be rising just over the poverty line while the other part of the population are becoming poorer, or secondly, the zone one population increase, poverty decrease and income decrease could be explained by the movement of individuals just over the poverty line to this area thus the poverty rate goes down and the median income goes down.

* (1990 incomes have been converted to constant 1999 dollars data by using the U.S. Bureau of Labor Statistics' Consumer Price Index for 1989 and 1999. 1989 dollars x1.297861=1999 dollars.)

Empowerment Zone Three experienced the greatest loss in median household income, falling just over \$7,000 from \$33,055 to \$26,010. All non-empowerment zone areas having a poverty rate of 20% or higher showed slight decreases in median household income. One area showed a decrease in median household income from \$38,545 to \$35,111 a loss of 3,434 or 8.9%.

Conclusion:

Zones One and Two appear to have improved due to the Empowerment Zone status, however it is very difficult to determine the degree of improvement. Baltimore City lost a considerable portion of their population during this time and it is difficult to determine the actual flow of people. Did persons in poverty living in zones one and two move out to other parts of the cities, improve their quality of living or did they leave the city all together? The shifts in population, poverty rates and median household income make it difficult to determine where people migrated too.