



## **After the Fact | [Poverty and Connecting to Opportunity in Philadelphia](#)**

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### **TRANSCRIPT**

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**Dan LeDuc, host:** Welcome to “After the Fact,” a podcast from The Pew Charitable Trusts that’s all about the stories behind the numbers shaping our world. There’s been some good news on one set of numbers in this country: Our national poverty rate is slowly going down. But at the same time, there are pockets where it stubbornly persists. And that brings us to this episode’s data point: 25.7 percent—that’s the poverty rate for Philadelphia, and it’s the highest among the nation’s 10 largest cities. This historic city, birthplace of the Declaration of Independence, is also Pew’s hometown. We take a special interest in the city and have a research initiative devoted to Philadelphia and urban issues. It’s led by Larry Eichel, who joins us to discuss poverty in Philadelphia and what it means for the city’s future

**Dan LeDuc:** The findings in this report are sobering. Something like better than 1 in 4 residents of the city are poor.

**Larry Eichel, director, The Pew Charitable Trusts:** Yeah, that's right, Dan. And we really wanted to get behind that number and to look at who the poor are, how that's changed both in terms of demographics and geography, and other elements. You know, the picture of poverty in the city is not static— it's dynamic. It changes over time. A lot of the work we've done looking at Philadelphia, we've thought sometimes that that list of the 10 largest cities isn't the best set of comparisons for an old industrial city. On that list, there are three cities in Texas, three in California ... there's Phoenix.

**Dan LeDuc:** The dynamic's totally different in those communities.

**Larry Eichel:** Right. We also looked at the 10 largest poorest cities. And among those, Philadelphia is kind of in the middle. I think it's sixth out of the 10. You have some cities with substantially higher rates, like Cleveland and Detroit. Some cities with slightly higher rates, including Memphis, Milwaukee, and Fresno, California. There are other big cities with high



poverty rates. But we thought looking at that group and at the 10 largest cities was kind of a good mix and gave us some perspective.

**Dan LeDuc:** We have a snapshot in time now, but based on some of the data, you get a little sense of the trend, right? I mean, are these numbers growing a little, have they been constant at these approximate levels?

**Larry Eichel:** Well for the last 10 years or so, they've been pretty constant in Philly. They went up, as you would imagine, as they did everywhere in the country in the wake of the Great Recession. And now they're starting to decline nationally. And in Philadelphia, they've been declining but not declining a lot. The number in Philadelphia peaked at a little over 28 percent back in 2011 or 2012, and it's now down to 25.7.

**Dan LeDuc:** So you mentioned earlier you wanted to get behind that number and find out more about it. What did you find out?

**Larry Eichel:** By age, almost 60 percent of the poor are working-age adults. And what's interesting about that is that's gone up in recent years. And that's simply because the population of the city has changed. It's grown slightly, by 80,000 or so in the last decade. And most of that increase has been working-age adults. A lot of them millennials, a lot of immigrants. But mostly in that age group—that group has grown. But we hear all the time about the poverty rate. And the poverty rate for children is very high. It's 37 percent in Philadelphia. But that doesn't mean that the highest number of poor people in the city is children, because children are just a smaller piece of the pie. And when you look at it by race and ethnicity, you see a similarly sort of complex picture. On the one hand, Hispanics have the highest poverty rate in this city of any group by a considerable margin—37-some percent.

**Dan LeDuc:** Wow.

**Larry Eichel:** And the interesting thing about that is that's been relatively constant over time, but the number of Hispanics has gotten larger and larger in the city. So that's now over 20 percent of the poor people in the city. The rate for African-Americans, about 30 percent, has declined slightly. And their share of the total population of the poor is down somewhat. They're still a very slight majority of the poor in the city, but not as much as they used to be.

**Dan LeDuc:** One of the things the report also got into was something called “deep poverty.” Tell us what that is and what's going on in that area.



**Larry Eichel:** Deep poverty is a subject that a lot of people in the field have been talking about recently, and let me define it for you. The census defines poverty, and there's a complicated formula—some would say an outdated formula—for doing that. But for instance, for an adult with two children the poverty line is about \$19,000. It's not a lot of money. Less than \$19,000, you're poor. To be in deep poverty, the threshold is half that. So that means if the poverty line is \$19,000, the deep poverty line is \$9,500. And in Philadelphia, about 12 percent of the population qualifies for deep poverty. In most of the cities we've looked at—there's a pretty direct relationship between the deep poverty rate and the poverty rate.

**Dan LeDuc:** But 12.5 percent, we're talking about better than 1 in 10 people in that city.

**Larry Eichel:** That's right.

**Dan LeDuc:** In this day and age, it's a frightening thought.

**Larry Eichel:** I mean that's in the 180,000 range of people, maybe a little more than that. So yeah, it's a lot of people.

**Dan LeDuc:** Where in this city are they? I mean Philadelphia is a very diverse place, you know. You live there now; I used to live there. It's a city of neighborhoods, very distinct places. And the city that I think most visitors would see—maybe the people who are listening to us today who aren't Philadelphians, but maybe have been there recently— it's a dynamic city. Center City is vibrant. I'm just struck by the juxtaposition of this sort of really new dynamism and yet this persistent poverty.

**Larry Eichel:** I mean, the city has always had that kind of dichotomy. But I think you're right; in some ways, it's more pronounced than it has been in the past. Last year, we did a big study of gentrification in the city. And we found that gentrification is certainly happening in Philadelphia and perhaps not as widely as some people think, but by our definition about 4 or 5 percent of the city geographically had gentrified from 2000 to about 2014. And over that same period, 40 percent of the city—a lot of the same part of the city we're talking about—incomes were stagnant or declining. Sixty percent of the city is a poverty area by the census definition.

**Dan LeDuc:** It doesn't mean everybody in there is poor, but it means that if you're living in one of those neighborhoods and you have a middle class life, chances are your neighbors could be poor.

**Larry Eichel:** You're going to have exposure, very direct exposure, to poverty. The other thing about geography that was really interesting to us, and was certainly a surprise to me, was the



degree to which poverty in the Philadelphia region is concentrated in the city. Our question was, “Why would we see this concentration more in the Philadelphia region than in a lot of other places?” And we talked to a lot of experts about that and nobody had really thought of it in exactly that way. So the best we could come up with were some ideas, some elements that we're pretty sure are factors. But the ones that really stood out were—one was transportation. The city has an extensive transit network, much more so than in the suburbs. In addition, if you're going to live in the suburbs, you need an automobile. And the cost of car ownership in the Philadelphia region, due to a number of factors including the rates of automobile insurance, is higher than in other regions. So you put that together and it makes it easier, from a transportation standpoint, for a poor family to live in the city. That's one. Another is housing costs. In a number of the regions that we looked at housing is less expensive in the suburbs than in the city—not true in Philadelphia. It's more expensive in the suburbs. So from a cost standpoint of housing, poor person, probably better off in the city. Again, I can't tell you which of those is the most important and how it all fits together, but they're all part of the mix.

**Dan LeDuc:** In a few minutes, we're going to be talking with Matt Bergheiser at the University City District, who's involved in efforts to do that very thing—alleviate poverty by helping people find jobs. If people have a job, they're not going to be as poor.

**Larry Eichel:** There are lots of factors going on. But when you look at cities where the poverty rate has really gone down over time, it's usually because there's been some sort of economic transformation in terms of development and jobs. You know, if you have more jobs, usually the poverty rate is going to go down.

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**Dan LeDuc:** Statistics like 1 in 4 residents living in poverty don't just describe a city's plight—they are a call to action. One organization answering that call is the University City District. It's a partnership of world renowned institutions like the University of Pennsylvania, as well as local businesses, and other organizations that are trying to improve life in West Philadelphia. The District has created a program that teaches job skills—and places city residents in good-paying jobs. It's changing lives as the District's president Matt Bergheiser told us.

**Dan LeDuc:** So, the University City District, for our listeners who aren't as familiar with the city as some people might be, what is that? Where is that?

**Matt Bergheiser:** We work in a 2.5-square-mile area in Philadelphia, just west of the Schuylkill River. And we exist as an economic development organization. We're a partnership of



universities, health systems, business leaders, and community members to make this part of the city a better place. We think of this as a neighborhood of anchor institutions—University of Pennsylvania, Penn Medicine, Drexel University, Children's Hospital, University of the Sciences. It's an incredible place, where knowledge, and community, and growth meet.

**Dan LeDuc:** So what I was struck by in the findings from this report that's the subject of our conversations today—frankly, the sad reality that poverty in Philadelphia really permeates a great deal of the city.

**Matt Bergheiser:** One of the things that's interesting about University City and West Philadelphia more broadly is that we work in a place that I think is a microcosm for all of Philadelphia. The city is prosperous in ways that it hasn't been for decades. I've lived in Philadelphia for 25 years. The momentum has never been stronger. The future, in so many ways, is bright. But so many are being left behind. And here in West Philadelphia, in about 2 square miles at the eastern end of our neighborhood, we have 80,000 jobs and \$2 billion in recent real estate investment, another \$10 billion in real estate development to come over the next decade. But in our five neighboring zip codes, 81,000 people live in poverty. It's just an unacceptable opportunity divide to all of us.

**Dan LeDuc:** In West Philadelphia, you described the universities and a lot of investment that's about to take place. How does that translate to the local community to help them benefit from those investments?

**Matt Bergheiser:** They've been focused for years on building bridges, on making connections, on building opportunities in their midst for local residents. We have, in partnership with universities and health systems here, we've really accelerated that work over the last six or seven years by creating the West Philadelphia Skills Initiative, which is a straightforward approach to a pretty complex problem. At its most simple level, we connect West Philadelphians seeking opportunity to large employers seeking talent.

**Dan LeDuc:** So how does that work? That sounds simple at one level, but how does it actually work on a daily basis for these businesses and institutions who are seeking employees and, more importantly even, for the folks who live there who look up and see, you know, that gorgeous medical center or something else and say, how do I get a job there?

**Matt Bergheiser:** Six years ago we went from university to university, health system to health system, laboratory to laboratory identifying entry-level and middle-field jobs characterized by high need and high turnover. Jobs with advancement opportunities, and jobs with compensation beyond a living wage. So we build pipelines from the neighborhood. We identify



jobs, we identify significant hiring needs, and then we build training programs that run anywhere from four weeks to 24 weeks in length, depending upon the job. And we prepare talented people for employment.

**Dan LeDuc:** Is this actually something happening in facilities you have and people are coming in there? Are you actually sort of operating some classwork yourself? Do you work with the employers? How does it all come about?

**Matt Bergheiser:** As I speak, we have two training cohorts in here, one preparing for jobs at a laboratory at the University of Pennsylvania and the other preparing for jobs at Children's Hospital of Philadelphia. And we have a team of trainers who work directly for the West Philadelphia Skills Initiative. And then as needed, we bring in experts from the outside. But what we find, is the biggest need is that you could identify people with technical skills or ability to quickly absorb those technical skills— we find that soft skills really make all the difference: how to prepare for work, how to grapple with conflict in work, how to set your goals and aspirations so, you know, every day at your job, you're seeing it as a stepping stone to your future. How to really self-reflect so that you understand what you want to do in your life, and that you can connect to work and build your career that way. And so a lot of our focus is on that, is on orienting people toward work and towards personal and professional growth.

**Dan LeDuc:** How do you measure success? The national poverty rate is starting to go down a little; the city of Philadelphia seems to be stubbornly at the same point, or slightly even increasing. What is success for you at this point with the skills initiative?

**Matt Bergheiser:** Ninety-three percent of people who came to us, having been unemployed an average of 62 weeks when they walked through our doors, find jobs through our program. Now of course, it doesn't end there. So we're tracking growth, we're tracking wage advancement, we're tracking promotions, we're tracking retention in a job at six and 12 months out. The results speak for themselves. Last year, our partners hired 93 percent of our graduates at an average starting wage of \$13.60 an hour. And over time, we've now paid \$15 million in wages to formerly unemployed West Philadelphians. But this sustains itself because we are making a difference at workplaces.

**Dan LeDuc:** Happen to have any personal success stories of individuals that you recall that sort of exemplify what we've been talking about?

**Matt Bergheiser:** I actually want to read an email that we received over the weekend. It says, "My name is Rashida, and I'm a graduate from the food service program that was connected with Drexel in the newest dining hall." She goes on to say, "I wanted to find a way to share my



thanks for the skills initiative program because, after attending, I found my footing in my career. I completed the program and was hired at Drexel as a food server. Within three months of that, I was hired as a concession supervisor at Lincoln Financial Field. And within another six months, I was hired as a dining hall supervisor at another college. And now, within a year of being at the job, I've become the retail manager, managing four locations. I would have never made it this far without the help of the skills initiative. I would like people to know that a few bumps in the road doesn't mean that you can't find your way eventually. If there's anything I could do to give back, please let me know." We forwarded that email around to our staff this morning. And you know, this work is challenging, this work is difficult, but that payoff—it's really special. It's really the power of transforming lives. It's the power of putting somebody in a job and helping them begin to realize the vision and the aspirations they have for their life.

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**Dan LeDuc:** There are lots of other statistics that tell the Philadelphia story—the first place in the United States to create a public library. And how today it's a promising place to live and work for the millennial generation. We started this episode discussing the poverty rate in Philadelphia—but it's not alone in that group. The poverty rate remains above 20 percent in other big cities—including Detroit and Houston. And medium-sized cities have felt the effects of poverty, too—places like Memphis, Cleveland, and Tucson. While each city is unique, matching job training to the needs of local employers is an important piece of solving that puzzle. It's also important to remember that no one bit of data ever tells the whole tale. So here at "After the Fact," we're going to keep finding the statistics about your world and telling you the stories behind them. We hope you'll listen again, and in the meantime, you can find out more about cities with high poverty rates, as well as Pew's research on Philadelphia, at [pewtrusts.org/afterthefact](http://pewtrusts.org/afterthefact). For The Pew Charitable Trusts, I'm Dan LeDuc. And, yes, this is "After the Fact."