



# Using the ACS to track the economic performance of U.S. inner cities

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Austin Nijhuis, Senior Research Analyst

Initiative for a Competitive Inner City (ICIC)

- ICIC is a non-profit research and strategy organization and the leading authority on U.S. inner city economies and the businesses that thrive there.
- Founded in 1994 by Harvard Business School Professor Michael Porter, ICIC offers a market-based approach to inner city revitalization.

# What is an inner city?

ICIC defines an inner city as **contiguous census tracts within cities** that are economically distressed, based on the following criteria:



\* Excludes currently-enrolled undergraduate and graduate students  
\*\* MSA = metropolitan statistical area

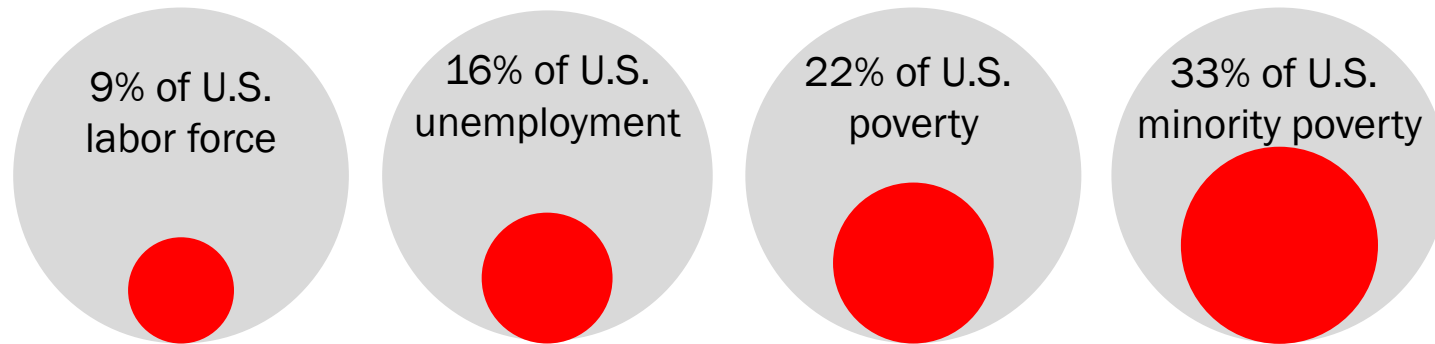
## Example: Washington, D.C.



 Inner city     City     Rest of metro

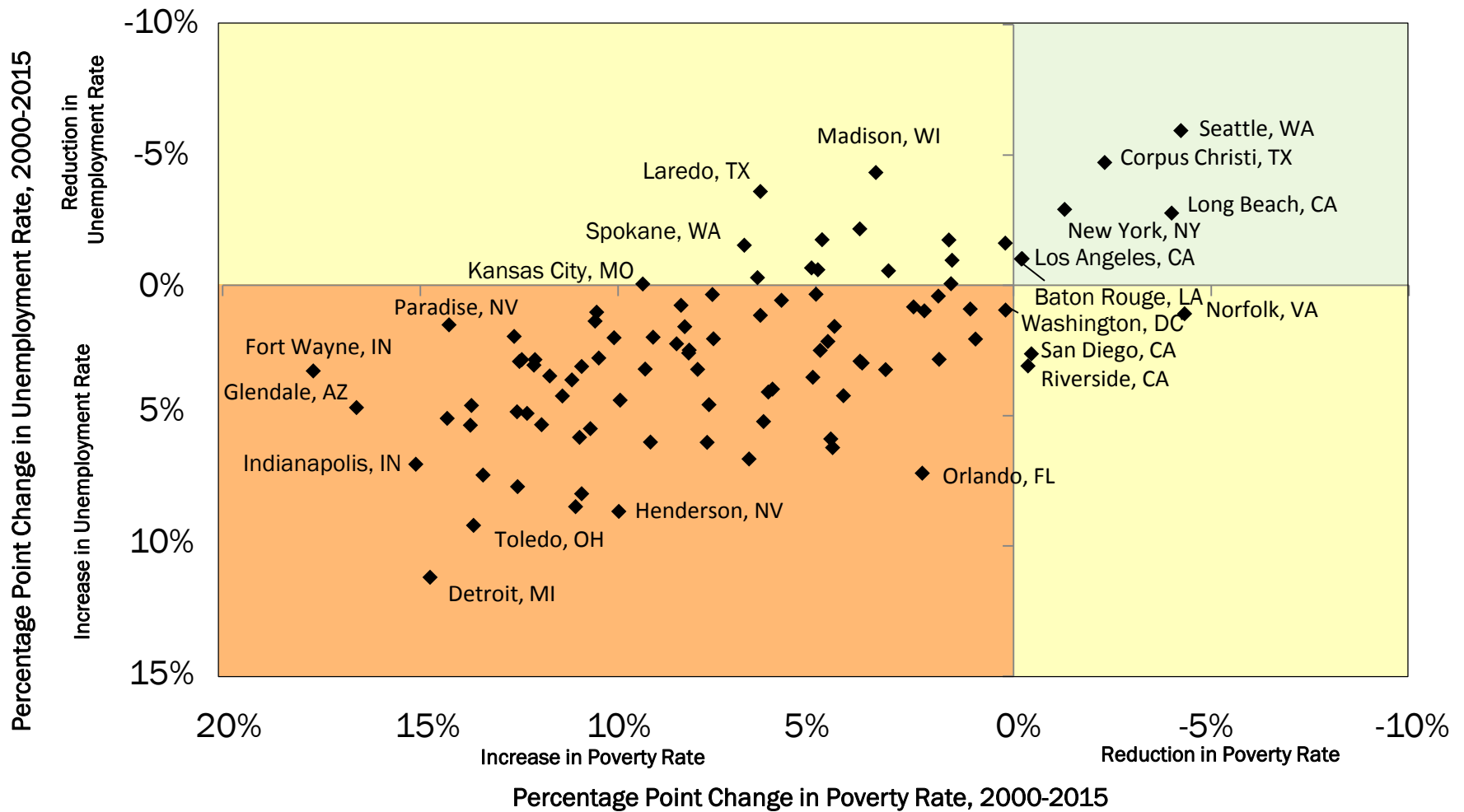
## Role of inner cities on U.S. prosperity

The 328 inner cities in the U.S. represent only 9% of the U.S. labor force, but have a much larger impact on the average prosperity of Americans



- The poverty rate in inner cities is **twice** the national average:
  - Average poverty rate in inner cities is **30%** vs. 15% in the U.S. overall
- The unemployment rates is **1.5x** the national average:
  - The average unemployment rate is **13%** vs. 8% in the U.S. overall

# Economic performance of inner city residents: Poverty and unemployment for the 100 largest cities (2000-2015)



Note: In some inner cities, changes in poverty levels may be largely attributed to population migrations

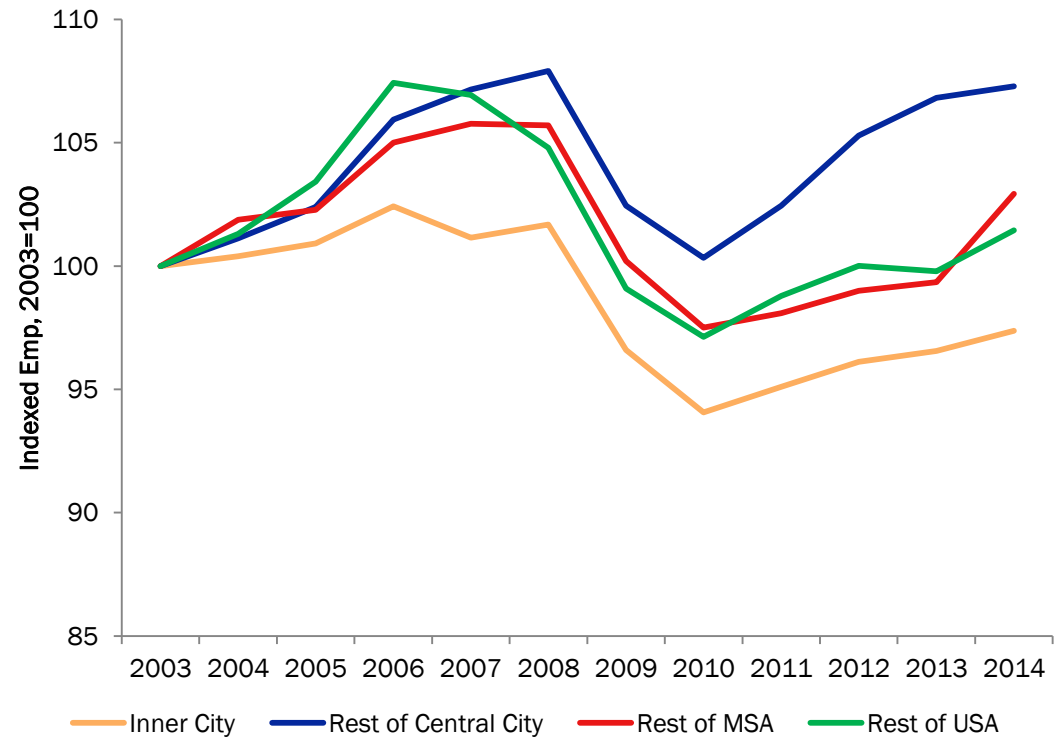
Source: State of the Inner City Economies (SICE) Database; 2000 Decennial Census; 2015 American Community Survey 5-Year Estimates; ICIC analysis

# Economic performance of inner cities: employment (2003-2014)

- During 2003-2014, inner cities lost significant jobs while the rest of the central city, MSA and USA gained jobs

2003 - 2014 Net Job Growth		
	CAGR	Number
<b>Inner City</b>	<b>-0.2%</b>	<b>-335,600</b>
Rest of Central City	0.6%	2,147,000
Rest of MSA	0.3%	1,302,100
Rest of U.S.	0.1%	382,800

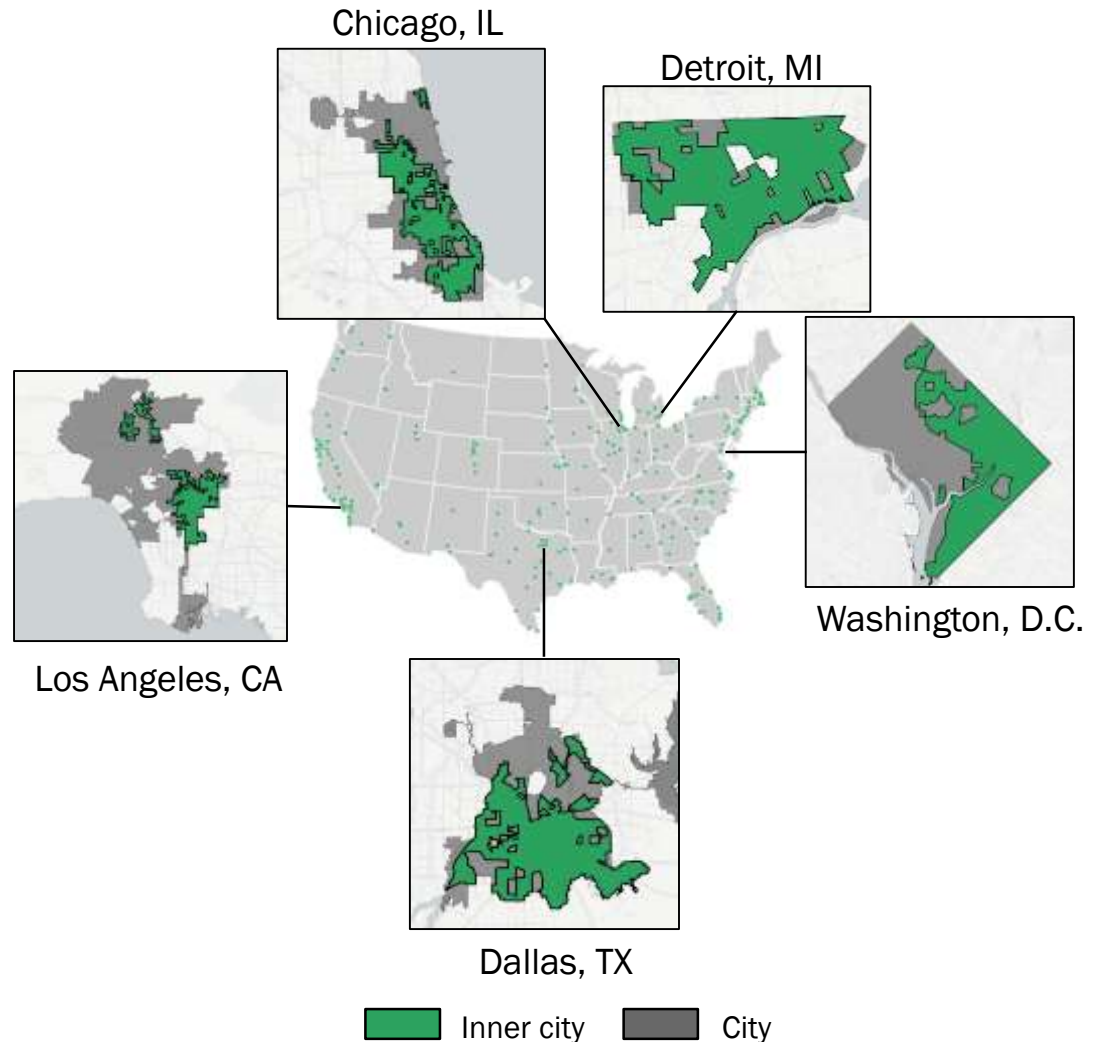
Inner City Employment vs. Other Geographies (2003-2014)



# Understanding the big impact of small businesses on urban job creation: Evidence from five cities

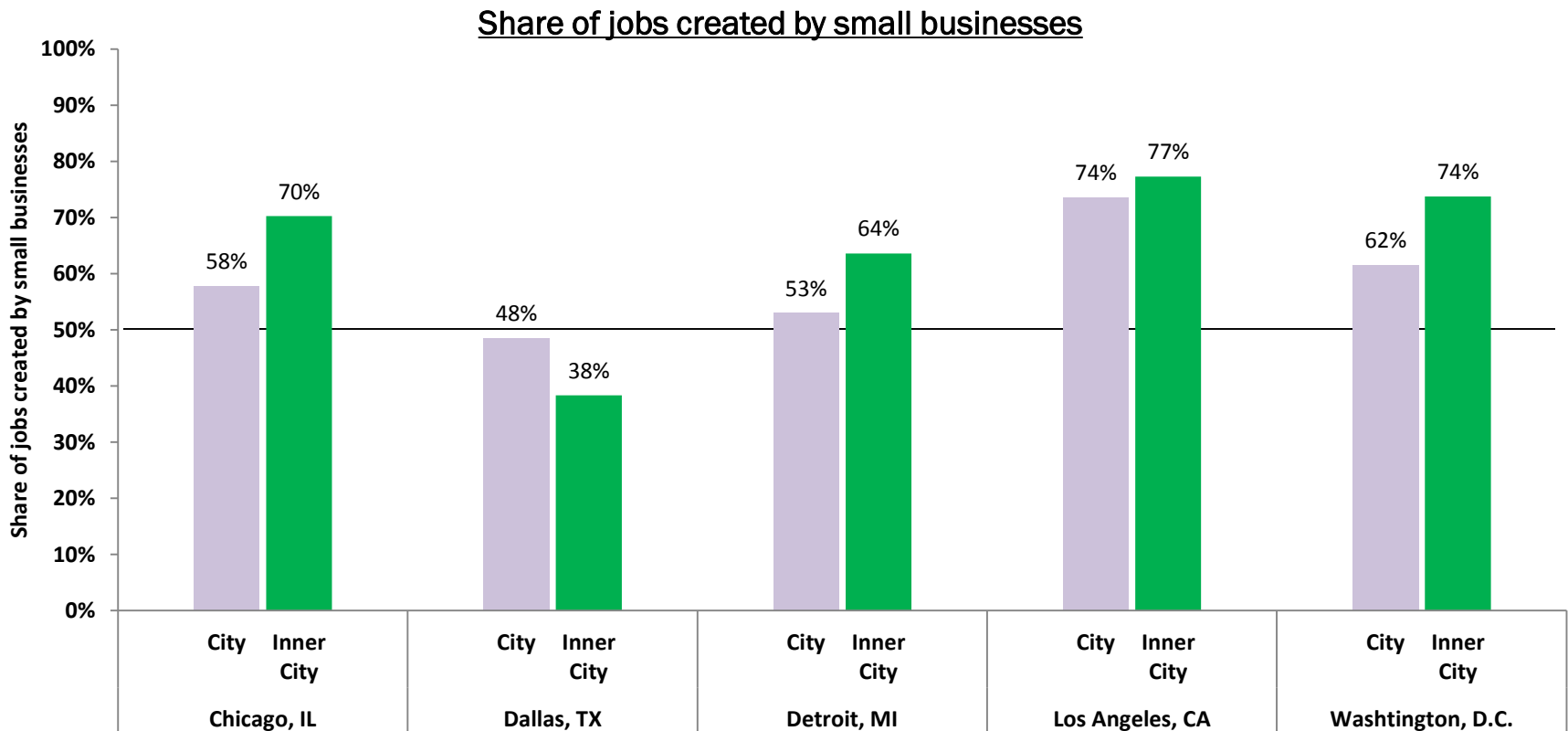
## Key Research Questions:

1. How many jobs are associated with small businesses located in inner cities?
2. What impact would growing urban small businesses have on inner city unemployment?
3. What strategies can support the growth of urban small businesses?



# Impact of small businesses in inner cities

- Urban small businesses (1 to 249 employees) rival the impact of large businesses in terms of creating employment opportunities:
  - In 4 of 5 cities, small businesses create most of the jobs in the city and inner city

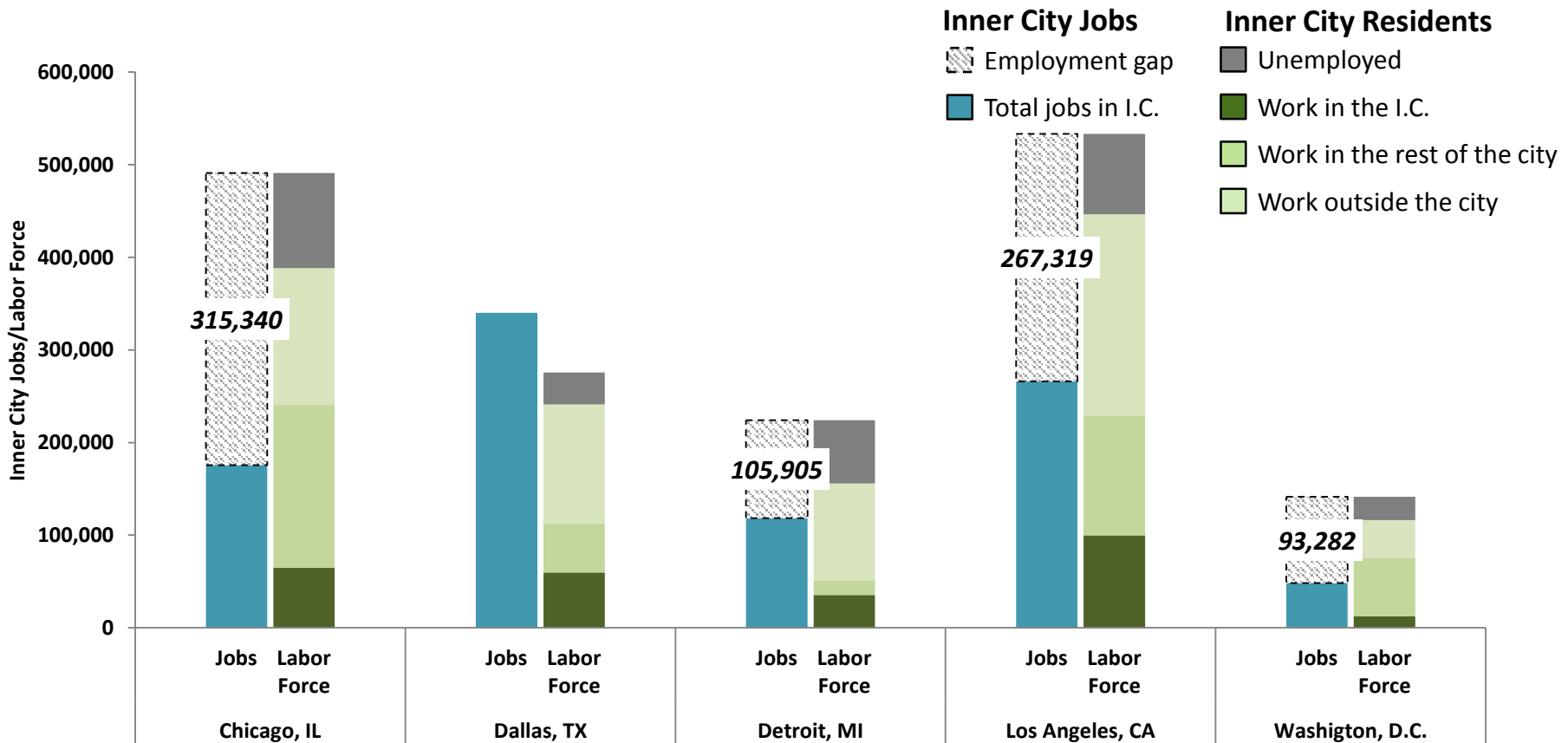




# Employment gap in inner cities

- Despite the impact of small businesses, an “employment gap” remains in inner cities

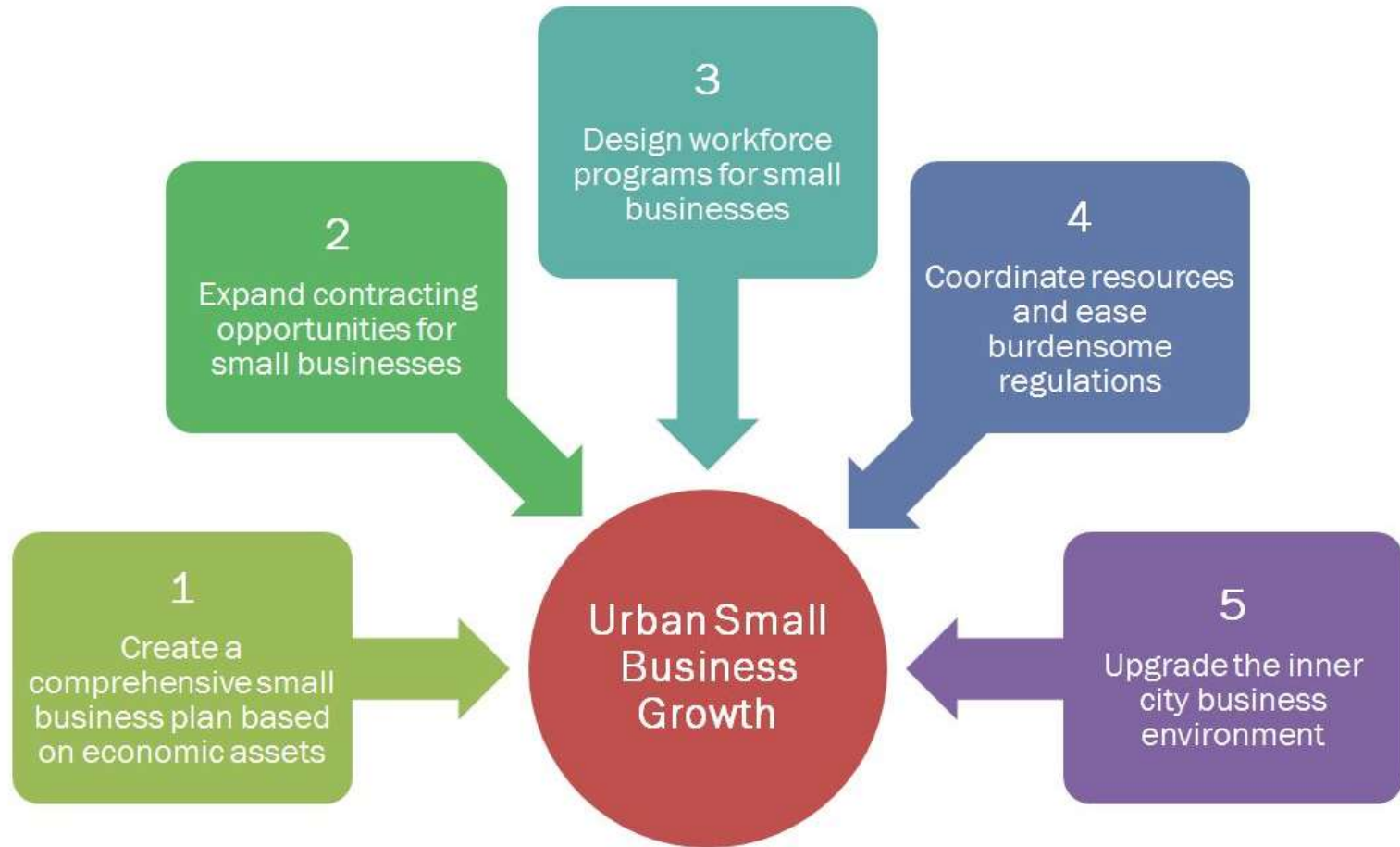
Inner City Employment



Source: Dun & Bradstreet Hoover's Database 2016; U.S. Census Bureau 2015 ACS 5-Year Estimates; U.S. Census Bureau OnTheMap 2014; ICIC analysis

# Strategies for supporting urban small businesses growth

ICIC's Playbook for Supporting Inner City Small Business Growth



# Using the ACS to track inner city economic performance

- The American Community Survey drives our understanding of the economic performance, business vitality and resident prosperity of inner cities:

1

## Identify inner cities

- Identify economically distressed urban neighborhoods in 328 U.S. cities

2

## Inner city analysis

- Analyze and benchmark inner city economic performance using a variety of data sources
- Track resident demographics, employment, businesses

3

## Research-driven strategies

- Develop strategies to support the economic development and revitalization of U.S. inner cities



Austin Nijhuis  
Senior Research Analyst  
617-238-3005  
anijhuis@icic.org

**ICIC'S MISSION** IS TO DRIVE ECONOMIC PROSPERITY IN AMERICA'S INNER CITIES THROUGH PRIVATE SECTOR INVESTMENT TO CREATE JOBS, INCOME, AND WEALTH FOR LOCAL RESIDENTS.

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