



OFFICE OF THE CITY MANAGER



Date: October 25, 2016

To: Mayor Ardis
City Council Members

From: Patrick Urich
City Manager

Subject: Wall Street 24/7 Article Concerning Peoria Metro

In October 2016, the website *24/7 Wall Street* published a report that listed Peoria tops among its 10 “Worst Cities for Black Americans.” *24/7 Wall Street* is an online financial news outlet but is not affiliated or related to the *Wall Street Journal*. The article’s authors primarily utilized US Census data to compare particular outcomes of black residents against white residents. Previously when requested, the authors declined to provide the City of Peoria with their full data set or their methodology for comparing Peoria outcomes versus other communities. Without access to their data, it is difficult to fully understand the comparisons and where Peoria is falling short.

Of particular concern, is the reliance on incarceration rates. According to the report, “High incarceration rates also play a considerable role in contributing to regional inequality. Black Peoria residents are nine times more likely to be incarcerated than white residents.” This is a very general statistic. Their methodology section describes use of statewide statistics in evaluating individual cities. The statistic used is from the Sentencing Project shows that Illinois has an 8.8:1 black/white imprisonment disparity.¹ The municipal or regional incarceration rate is unknown, however, using this statewide statistic may skew against the Peoria region with areas like metro Chicago.

The report also relies on regional data: Census information was based on particular categories in the Peoria Metropolitan Statistical Area (MSA). Local coverage of the report tended to focus exclusively on the City. The report states that the African American population in Peoria IL is 9.3%. Currently the black population in the City of Peoria is 26.9%. The report stated “The poverty rate among black residents is more than four times the white poverty rate of 8.2%. Multiple social and economic factors contribute to this discrepancy.” According to the US Census Bureau,

¹<http://www.sentencingproject.org/the-facts/#map>

the City of Peoria has a poverty rate of 22.3%, with 15.3% of white families living below the poverty level and 39.9% of African American families living below the poverty level.² Looking through the lens of the region, poverty and the economic inequality is greater for white and African American residents of Peoria than other residents of the region.

In March of 2011, researchers at Brown University released “The Persistence of Segregation in the Metropolis: New Findings from the 2010 Census.”³ The study, based on 1980-2010 Census data, investigated the extent to which American cities were segregated. The team created a “dissimilarity index” which measured on a scale of 0 to 100 the extent to which one particular racial group is distributed across census tracts in a metropolitan area in comparison to another racial group. Values above 60 meant a very segregated community. Values between 40 and 60 were moderately segregated. Values below 40 indicated low segregation. The study measured each racial group (White, Black, Hispanic, and Asian) against each other. The table below shows the results for Black and White citizens for the City of Peoria and the Peoria MSA:

Area	1980	1990	2000	2010
City of Peoria	53.6	49.4	50.3	48.4
Peoria MSA	70.1	71.2	70.8	68.6

The results showed the Peoria MSA was the 15th most segregated metropolitan area in the country. Results for the City of Peoria alone are much better. While the report only listed cities in the top 200 in population, had Peoria been included the City’s index score of 48.4 would have placed it 74th. The authors summarize their findings below:

The basic message here is that whites live in neighborhoods with low minority representation. Blacks and Hispanics live in neighborhoods with high minority representation, and relatively few white neighbors. Asians, with a much smaller population in most metropolitan regions, nevertheless live in neighborhoods where they are disproportionately represented. However, unlike blacks and Hispanics, the largest share of Asians’ neighbors is non-Hispanic white.

While the Brown University study looks at racial segregation, a recent study by the Economic Innovation Group (EIG) reflects economic disparities of community well-being across different geographies in the United States. In the report, EIG calculates distinct Distressed Community Index scores for States, Congressional Districts, Cities, and Zip Codes from across the country.⁴ The Index includes:

- Percent of the population 25 years and older without a high school degree;
- Percent of habitable housing that is unoccupied, excluding properties that are seasonal, recreational or occasional use;

² <http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>

³ <http://www.s4.brown.edu/us2010/Data/Report/report2.pdf>

⁴ <http://eig.org/dci>

- Percent of the population 16 years or older not in work;
- Percent of the population living under the poverty line;
- Ratio of a geography’s median income to its state’s median income;
- Percent change in the number of jobs from 2010 to 2013;
- Percent change in the number of business establishments from 2010 to 2013.

With zip code data, comparisons across a region can be made. For example, the ranking of 5 zip codes within the Peoria Metro area - South Peoria (61605), North Peoria (61615), Lake Camelot (61547), Washington (61571), and Morton (61550), are shown below:

Location	Peoria	Peoria	Lake Camelot	Washington	Morton
Zip Code	61605	61615	61547	61571	61550
Population	15,870	22,710	4,240	24,150	17,730
Density	High	Medium	Low	Low	Low
No High School Degree	29%	4%	4%	5%	5%
Housing Vacancy Rate	18%	4%	4%	4%	4%
Adults Not Working	57%	39%	34%	39%	39%
Poverty Rate	45%	9%	3%	7%	5%
Median Income Ratio	38%	114%	160%	121%	124%
Change in Employment	-14.3%	12.7%	19.1%	3.5%	17.2%
Change in Businesses	-7.4%	3.1%	-6.7%	3.1%	3.2%
Distress Score	99.4	9.4	5.5	11.7	6.2

The report publishes the Distress Scores of only the 100 largest Cities in the United States. However, the researchers did calculate the scores for every City over 50,000 in population. Peoria is the 152nd most distressed city out of the 796 with more than 50,000 people nationwide, with a Distress Score of 81.0. At the County level, the Distress Scores are: Peoria (42.4); Tazewell (12.8); and Woodford (6.3).

In addition, the EIG report calculates a Spatial Inequality Index, which examines Distress Scores by zip code to assess how disparate economic well-being is across a City or a County. Peoria's Spatial Inequality Score is 22.4. Of the 283 Cities analyzed for Spatial Inequality, Peoria ranks 13th. Peoria County’s Spatial Inequality Index ranks it 40th among the 585 counties large enough to have the metric calculated.

The high concentration of poverty within the City should be a concern for all residents of the region. Middle class migration from the City of Peoria has impacted smaller communities throughout the region, increasing their populations. Like their white counterparts, more affluent and middle class African Americans have left Peoria. The challenge for the City and other regional leaders is to develop strategies that address this imbalance within the region and to provide economic opportunity for all residents of the region and the City. Framing the issue as

simply a City issue gives the 265,000 residents of the metro area outside of Peoria a pass in addressing this issue.

What is the City Doing?

For the past several years, the City of Peoria has been working to improve economic opportunity for all citizens, particularly those that have felt disinvestment most acutely:

Peoria Area Diversity and Employment Action Team (PADEAT)

Since 2012, the City of Peoria has partnered with the West Central Building Trades Council (which represents 15 trade unions in a 13-county area of west central Illinois), the local chapter of the NAACP, several African-American ministers, local union contractors, IDOT, and Illinois Central College to discuss how to diversify the construction trades. The 2012 data from the building trades showed that of 577 apprentices in 2012, 86 or 14.9% were minorities. The 2010 Census indicates that 40% of Peoria's population is minority, Peoria County's population is 24.9% minority, and the entire 13-county area served by the West Central Building Trades Council is 11.3% minority. Thus, while the apprentices entering the construction trades were more than representative of the 13-county area they serve, the results reflected a significant underperformance relative to the diverse population of Peoria.

The group created a vision statement, a mission statement, and 4 distinct goals. The vision statement was simple, "A well-prepared, well-trained diverse union construction workforce that reflects our community." The mission statement became, "Facilitate education, communication, and training to enhance opportunity for union construction employment that reflects the demographics of the greater Peoria region as covered by the West Central Illinois Building and Construction Trades." The team concentrated their efforts in four distinct areas: communication; recruitment; preparation enhancement; and retention. To date, the results of PADEAT's efforts have been impressive. The communication goals have been exceeded every year. The team has hosted a career fair annually, averaging 115 participants. In 2016, nearly 500 career fair flyers were distributed to every public housing unit in Peoria. The recruitment goals have been met as well. PADEAT sought an increase of 5% in the number of qualified applicants that are applying to the trades. The actual number in 2015 was closer to 20%. Most importantly, the actual apprenticeships offered in the building trades for minorities has increased 56% from 2012. Of 652 apprenticeships offered in 2015, 134 or 20.5% were to minorities. While this number does not meet the City of Peoria's minority population of 40%, it exceeds the regional population considerably.

Police and Fire Recruitment

The NAACP approached the City in 2015 and presented findings on the efforts of the City to hire minorities into the Police and Fire Departments. A task force was formed and a working group made up of Police and Fire management and staff, City Staff and NAACP representatives explored the issue and presented several recommendations to the City Council. On June 14, 2016, the Peoria City Council adopted an ordinance containing 10 recommendations to

accelerate the hiring of minorities to commissioned police and fire positions. The vision is that *hiring pools and selection processes are in place that consistently provide a qualified, diverse workforce that mirrors the city's demographics for the Police and Fire Departments.* Several activities occurred before and after the adoption of the ordinance in support of the recommendations and this vision. These activities included increased outreach and recruitment, more frequent testing of candidates, adjustments to the point system to include points for City of Peoria residency, the establishment of a public safety explorers' program within Peoria Public Schools, and diverse interview panels.

One recommendation was to establish a cadet program that would retain current Explorers, youth that are interested in the police or fire service, as part time employees after they leave high school but before they are able to become a police officer or fire fighter. The estimated annual costs of a cadet program run in the \$25,000 range per cadet. The City Council has funded Cadet Programs within the Police and Fire Departments and in the amount of \$375,000 for 2016 and \$500,000 for 2017.

The Peoria Police and Fire Commission is charged with providing semi-annual progress reports to the public and City Council. This is the first of such reports covering the period July 1, 2015 through June 30, 2016. The ten-year vision calls for the following annual performance goals:

- Police Department: 8% annual minority percent increase
- Fire Department: 11% annual minority percent increase

Although close, 2016 goals fell short for both police and fire departments (see table below). Progress that has been made over this past year. Continued effort is encouraged and goal attainment is expected next year.

Police and Fire Minority Hiring Update, July 1, 2015 through June 30, 2016

	2015 Minority Percent	2016 Goal	Minorities Hired	Minority Hire Percent	Whites Hired	White Hire Percent	Minorities Hired	June 30 Actual
Police	18.6%	20.1%	5	38.5%	8	61.5%	38.5%	19.10%
Fire	14.0%	15.5%	3	23.1%	10	76.9%	23.1%	13.90%

Minority Business Development

Over the past year, the City has developed a number of initiatives to help existing minority-owned businesses grow and start new minority-owned businesses. In early 2016, the City Council adopted revised rules for the City's Revolving Loan Fund. Minority-owned businesses were prioritized within the guidelines, and minority-owned businesses qualify for a loan of \$35,000 per job created (vs. \$25,000 per job created for other businesses). The City has worked with a small, minority owned consulting business to research and document funding opportunities (loans and grants) available to minority-owned businesses and startups. In

November 2016, with funds received from the Startup-In-A-Day (SIAD) program, the City will launch the Minority-Business Implementation Grant (M-BIG) program. Utilizing \$10,000 in SIAD funds and a \$5,000 contribution from Peoria County, the M-BIG program will make 6 awards of between \$2,500 and \$5,000 to minority-owned startups or existing businesses looking to add a new product or expand to new markets. The City is holding a procurement seminar on how minority firms can do business with the City in October 2016. The City Economic Development Team has created a contact group of minority-owned business for targeted marketing of City services and seminars (i.e. upcoming seminar on microfinancing), and provides on-going consultation to minority-owned enterprises.

Workforce Development

The City Human Resources Commission allocates Federal Community Development Block Grant funds to non-profit agencies in specific areas of service. These Public Service grants were expanded to include workforce development in 2015. The City has participated with the Chamber of Commerce, the Peoria Public Schools administration and union leadership to establish the Pathways to Prosperity Program – designed to provide career pathway internships for local youth in Peoria.

Neighborhood Programs

In 2014, the City of Peoria adopted a Neighborhood Wellness Plan, modeled after best practices in cities such as Baltimore, New Orleans, and Detroit. The Neighborhood Wellness Plan was established to apply limited resources based on the specific conditions of an area. Code Enforcement resources have become more productive and target their efforts to improve neighborhood conditions. Two neighborhood enhancement coordinators were hired in 2015 to focus on the implementation of community programs, building the capacity of neighborhood associations, and improving the quality of life in Peoria. Recently, the City has implemented a number of new initiatives aimed at improving neighborhoods:

- Board Up Beautification
- Coffee With Code
- Mural Project
- Power Washing Program
- Paint Program
- Alley Light Program
- Kids Fest
- Neighborhood Banquet
- Great American Cleanup
- Trash or Treat
- Walk the Block
- Great Neighbor Appreciation Week

In addition, the City has embarked on a major strategy to address vacant properties and to manage the vegetation on vacant lots throughout the older sections of the City. The City has

acquired a number of properties that have been abandoned, and is working closely with the County Trustee on those properties sold at the Tax Auction. The best use for some properties may be to hold for future development, while other parcels are better suited being offered to the adjacent property owner through a side lot program. Community Development staff is evaluating each structure acquired through the abandoned property process to determine the feasibility of rehab. Further, once a property has been determined to be a candidate for demolition, the City now has two salvage contractors that will attempt to save architecturally significant features of the house for resale.

Invest Health

The City, in partnership with the Health Department, ICC, Peoria School District, and the EDC was selected as one of fifty Invest Health Cities in 2016. This designation and supporting grant will cause the introduction of a built environment project that will combat negative community health outcomes on the South Side of Peoria.

Mayor's Youth Group

Nineteen young people completed the 2016 Mayor's Youth Program, a collaboration between the City of Peoria and Peoria Public Schools. The 8 week program was designed to provide opportunities for Peoria-area youth in the Public Service sector. The program focused on career pathway development and civic engagement by employing Peoria area youth to assist in infrastructure improvements, beautification and clean-up projects throughout the City. Participants interacted with various City Departments while learning about operations and projects. Additional components of the program included life skills development, learning workshops, career pathway lectures and business tours. The schools represented included Manual, Central, Woodruff and Richwoods. The students were nearly split evenly between males and females and all but 2 participants were African American.

CSO Investments

The City of Peoria is in negotiations with the Federal Government over the combined sewers in the older part of the City. These combined sewers overflow during significant wet weather and the City is mandated to comply with the Federal Clean Water Act. The City is proposing a 100% green solution that would invest in infrastructure above ground as opposed to new underground sewer lines. The predominant investment will be made above the bluff from Forrest Hill south and below the bluff from Abington to Laramie. The infrastructure investments are estimated over \$220 million and will occur over 18 years.

The green infrastructure investment will not only serve as a major investment in public infrastructure, but staff has been diligent in identifying ways to leverage that investment for multiple community benefits. One such opportunity is the proposed Peoria Corps program, which will serve as a pathway to economic opportunity for young people living in the combined sewer area. In order for green infrastructure to function properly and look visually appealing, it requires a significant amount of surface level maintenance. Staff has developed a corps model that will employ opportunity youth, those ages 18 to 24 who are out of school and unemployed,

to manage and maintain the aesthetic needs of green infrastructure. Participants, who have lacked access to opportunity, will receive education and training as a pipeline to a future career in the growing green economy, as well as an education award to pursue additional certifications or a degree. While the program will start as a modest cohort of ten participants at a time, it is structured to scale alongside the green infrastructure work.

The value of investing in these participants is multifold. First, participants will work within the communities in which they live, creating buy in and appreciation for the green infrastructure with their families and friends. This support from the local community will be crucial to the success of green infrastructure. Second, research indicates that opportunity youth require more resources and have an associated taxpayer burden of \$13,900 annually. With estimates of over 3,750 opportunity youth in the Peoria area, this totals over \$5 million in annual costs. Training and preparing these youth for full time employment is necessary to lift these individuals out of poverty. Investing in these individuals now will pay off dividends in the long run. Finally, this pathway is directly tied to the efforts of PADEAT to increase minority representation in the trades. Participants will receive both the soft skill and hard skill training required to be successful in this line of work.

Success of participants is a primary focus of the program. The corps will have a full time case manager dedicated to meeting the needs of participants throughout the six month stint of service. The local Workforce Development Board has also agreed to provide case management support for members following completion of the program to ensure long-term success of corps graduates. Mentorship opportunities have also be secured through local groups including the RSVP senior corps program and Generation United, the young professional group affiliated with the Heart of Illinois United Way.

National Resource Network

The City of Peoria was the recipient of a six-month technical assistance engagement by the National Resource Network. The National Resource Network (Network), funded through the Federal Strong Communities Grant Program, develops and delivers innovative solutions to American cities that are rounding the corner on some of their toughest economic challenges. The Network works with mayors and other local leaders to identify practical solutions, sharing real-world expertise and best practices, and helps cities develop the tools and strategies they need to grow their economies and more effectively use existing federal investments.

The NRN engagement recommendations included the following recommendation:

There are three approaches Peoria can take to reduce the concentration of poverty in the Southside: 1) Increase the income of existing residents through improved access to opportunity, 2) Provide options for residents to move to higher opportunity areas if desired, and 3) Increase socio-economic diversity through building mixed-income communities. To reduce the concentration of poverty in the Southside, Peoria will need to utilize all three of these strategies, but we recommend priority be placed on the first approach, to ensure existing residents benefit from increasing investment in the Southside.

The NRN Team indicated that there are leaders and advocates on the South Side who are undertaking various efforts to increase economic opportunity for residents. Recent and emerging collaborative initiatives are promising, but are focused and somewhat isolated. The NRN team has recommended that Peoria work on a coordinated efforts to create transformative change. City staff has been in discussions with LISC Greater Peoria about serving in the facilitative and convening role to increase economic opportunity in the South Side. City staff has recommended funding for this initiative in the 2017 Amended Budget.

Conclusions

The report from 24/7WallStreet.com uses state and regional data to compare particular outcomes of black residents against white residents. Local coverage of the report tended to focus exclusively on the City. Other studies have shown that the region is more segregated than the City, and that in economic terms, this segregation is greater outside of the City than within. However, the City has established or is in the process of developing new programs to increase economic opportunity.

The high concentration of poverty within the City should be a concern for all residents of the region. As previously stated, the challenge for the City and other regional leaders is to develop strategies that address this imbalance within the region and to provide economic opportunity for all residents of the region and the City.