Equality of Opportunity
How Class, Race, and Place Impact Economic Mobility in Indianapolis

Erik Steiner, Matt Nowlin, Jeramy Townsley, Rebecca Nannery, Unai Miguel Andres, Sharon Kandris

SAVI Talks | Spring 2021
Presenters

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User Experience Designer, The Polis Center

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Panelists

Jill Sheridan, Moderator
Health and science reporter, WFYI

Patrice Duckett
Executive Director, Fay Biccard Glick Crooked Creek Neighborhood Center

Allison Luthe
Executive Director at Martin Luther King Community Center

Amy Nelson
Executive Director at Fair Housing Center of Central Indiana

Pamela Ross
Vice President of Opportunity, Equity & Inclusion, Central Indiana Community Foundation
Equality of Opportunity
How Class, Race, and Place Impact Economic Mobility in Indianapolis

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SAVI Talks | Spring 2021
How many people are better off than their parents? Depends on how you cut the data.

Dimitrios Halikias and Richard V. Reeves · Wednesday, August 10, 2016

You have a better chance of achieving “the American dream” in Canada than in America

Raj Chetty, called “the most influential economist alive,” and Ezra Klein discuss the state of social mobility in the United States today.

By Ezra Klein | @ezraklein | Aug 15, 2019, 11:00am EDT

Transcription by Roja Karma
INHERITED INCOME
The Role of Class in Intergenerational Mobility

Parent Income Rank

Child Income Rank

Low Income

High Income

Low Income

Middle Class

High Income

0% 25% 50% 75% 100%
INHERITED INCOME
The Role of Class in Intergenerational Mobility

Parent Income Rank

Child Income Rank

Low Income

High Income
INHERITED INCOME
The Role of Class in Intergenerational Mobility

Parent Income Rank

Child Income Rank

Low Income

High Income

0%

25%

50%

75%

100%
INHERITED INCOME
The Role of Class in Intergenerational Mobility

Parent Income Rank

Child Income Rank

High Income

Low Income

0% 25% 50% 75% 100%
INHERITED INCOME
The Role of Class in Intergenerational Mobility

Child Income Rank

Low Income

High Income

Parent Income Rank

Low Income
Middle Class
High Income

32.7%
BLACK PARENT MEAN

57.9%
WHITE PARENT MEAN
It is more likely that a black boy growing up in a high income household will earn below the median as an adult than above. Almost half of black boys that grow up in low income households stay low income in adulthood.

White boys are more than three times as likely as black boys to reach higher income brackets as adults. Of boys growing up in high income households...
Chetty’s conclusions on race:

- Black children are “stuck” in lower income brackets relative to white children
- Short-term policy solutions that don’t affect multi-generational change will ultimately fail
Chetty’s conclusions on race:

• Black children are “stuck” in lower income brackets relative to white children.

• Short-term policy solutions that don’t affect multi-generational change will ultimately fail.

• Relative their own parents, black children are not stuck in low-income brackets.

• Black children do slightly better in certain kinds of neighborhoods.
Median Adult Income of Children Growing Up in Low-Income Households

The map illustrates the median adult income of children growing up in low-income households across the United States. The color gradient indicates different income levels, with darker shades representing higher income. The map provides a visual representation of income disparities across various regions.
Place matters. Is it because of economic growth?
Place matters. Is it because of economic growth?
Regional Differences in Intergenerational Economic Mobility
Median Adult Household Income for Children of Low Income Households

Circles are sized by 1990 Population
Median Adult Household Income for Children of Low Income Families

Top 50 Largest Commuting Zones (1990)

- Midwestern Cities

<table>
<thead>
<tr>
<th>City</th>
<th>Median Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Francisco, CA</td>
<td></td>
</tr>
<tr>
<td>Salt Lake City, UT</td>
<td></td>
</tr>
<tr>
<td>Boston, MA</td>
<td></td>
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<tr>
<td>Minneapolis, MN</td>
<td></td>
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<tr>
<td>San Jose, CA</td>
<td></td>
</tr>
<tr>
<td>Newark, NJ</td>
<td></td>
</tr>
<tr>
<td>Pittsburgh, PA</td>
<td>$35,532</td>
</tr>
<tr>
<td>New York, NY</td>
<td></td>
</tr>
<tr>
<td>Seattle, WA</td>
<td></td>
</tr>
<tr>
<td>Manchester, NH</td>
<td></td>
</tr>
<tr>
<td>Albany, NY</td>
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</tr>
<tr>
<td>Los Angeles, CA</td>
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</tr>
<tr>
<td>Providence, MA</td>
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</tr>
<tr>
<td>Washington, DC</td>
<td></td>
</tr>
<tr>
<td>Sacramento, CA</td>
<td></td>
</tr>
<tr>
<td>San Diego, CA</td>
<td></td>
</tr>
<tr>
<td>Houston, TX</td>
<td></td>
</tr>
</tbody>
</table>
Chetty finds five factors that have a strong relationship with opportunity

• Income Inequality
• Segregation (both racial and economic)
• Family Structure
• School Quality
• Social Capital
Income Inequality
Size of Middle Class
2000
High → Low

Columbus
Pittsburgh
Indianapolis
**Income Inequality**
Size of Middle Class
2000
High → Low

**Racial Segregation**
Theil index
2000
Low → High
Income Inequality
Size of Middle Class
2000
High → Low

Racial Segregation
Theil index
2000
Low → High

Family Structure
Fraction of Single
Parents, 2000
Low → High
Income Inequality
Size of Middle Class 2000
High → Low

Racial Segregation
Theil index 2000
Low → High

Family Structure
Fraction of Single Parents, 2000
Low → High

School Quality
Math Test Scores, 3rd Grade, 2013
High → Low
Income Inequality
Size of Middle Class 2000
High → Low

Racial Segregation
Theil index 2000
Low → High

Family Structure
Fraction of Single Parents, 2000
Low → High

School Quality
Math Test Scores, 3rd Grade, 2013
High → Low

Social Capital
Census Response Rate, 2010
High → Low
## Cluster Analysis Five Strongest Indicators

### Top 50 Largest Commuting Zones

<table>
<thead>
<tr>
<th>City</th>
<th>Adult Income for Children of Low Income Families</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salt Lake City, UT</td>
<td>$37,227</td>
</tr>
<tr>
<td>Boston, MA</td>
<td>$36,819</td>
</tr>
<tr>
<td>Minneapolis, MN</td>
<td>$36,674</td>
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<td>Pittsburgh, PA</td>
<td>$35,953</td>
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<td>Seattle, WA</td>
<td>$35,212</td>
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<td>Manchester, NH</td>
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<tr>
<td>Denver, CO</td>
<td>$33,272</td>
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<tr>
<td>Portland, OR</td>
<td>$33,092</td>
</tr>
<tr>
<td>San Francisco, CA</td>
<td>$37,227</td>
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<tr>
<td>San Jose, CA</td>
<td>$36,312</td>
</tr>
<tr>
<td>Newark, NJ</td>
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<tr>
<td>New York, NY</td>
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<tr>
<td>Los Angeles, CA</td>
<td>$34,836</td>
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<tr>
<td>Washington, DC</td>
<td>$34,790</td>
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<tr>
<td>Sacramento, CA</td>
<td>$33,830</td>
</tr>
<tr>
<td>San Diego, CA</td>
<td>$33,912</td>
</tr>
<tr>
<td>Houston, TX</td>
<td>$32,777</td>
</tr>
<tr>
<td>Bridgeport, CT</td>
<td>$31,714</td>
</tr>
<tr>
<td>Fort Worth, TX</td>
<td>$31,258</td>
</tr>
<tr>
<td>San Antonio, TX</td>
<td>$30,736</td>
</tr>
<tr>
<td>Phoenix, AZ</td>
<td>$30,474</td>
</tr>
<tr>
<td>Fresno, CA</td>
<td>$29,912</td>
</tr>
</tbody>
</table>

### CLUSTER 1

**White Northern cities**

Generally high mobility driven by high ranks on most measures; characterized by low Black populations.

### CLUSTER 2

**Diverse Coastal and Southwestern cities**

Have relatively high rates of mobility despite high levels of income inequality, low levels of social capital and poor schools. Characterized by their diversity and large Latino populations.
Influences on mobility in Indianapolis neighborhoods
Central Indiana Intergenerational Economic Mobility 1990-2015

Each line represents a Census Tract, showing the average path of individuals growing up in that neighborhood.
Central Indiana Intergenerational Economic Mobility ~1990-2015

Each line represents a Census Tract, showing the average path of individuals growing up in that neighborhood.
LOW INCOME CHILDREN GROWING UP IN HIGH INCOME NEIGHBORHOODS

Central Indiana Intergenerational Economic Mobility ~1990-2015

Each line represents a Census Tract, showing the average path of individuals growing up in that neighborhood.

HOUSEHOLD INCOME GROWING UP

Children growing up in households at the 25th percentile of the national distribution.

ADULT HOUSEHOLD INCOME

percentile of national distribution at age 29 among children born in the same year.
LOW INCOME CHILDREN GROWING UP IN HISTORICALLY REDLINED NEIGHBORHOODS (HOLC D)

Central Indiana Intergenerational Economic Mobility ~1990-2015

Each line represents a Census Tract, showing the average path of individuals growing up in that neighborhood.

HOUSEHOLD INCOME GROWING UP

Children growing up in households at the 25th percentile of the national distribution.

ADULT HOUSEHOLD INCOME

percentile of national distribution at age 29 among children born in the same year.
LOW INCOME CHILDREN GROWING UP IN SINGLE-PARENT NEIGHBORHOODS (>50% SHARE)

Central Indiana Intergenerational Economic Mobility ~1990-2015

Each line represents a Census Tract, showing the average path of individuals growing up in that neighborhood.

HOUSEHOLD INCOME GROWING UP

Children growing up in households at the 25th percentile of the national distribution.

ADULT HOUSEHOLD INCOME

percentile of national distribution at age 29 among children born in the same year.
Economic opportunity in Northeast neighborhood
Economic opportunity in Northwest neighborhood
Equity of opportunity in Northeast and Northwest neighborhoods

- Black children born in Northeast
- White children born in Northeast
- Black children born in Northwest
- White children born in Northwest

Family income at birth (2015 dollars)

Household income as adults
Building Economic Opportunity: Approach and Solutions
Communities already have what they need for growth

• Endogenous Growth Theory:
  • Human capital
  • Physical capital
  • Labor
  • Technology
Communities already have what they need for growth

- The importance of social capital in communities
  - Bonding
  - Bridging
  - Linking
Taking action by fostering growth

- Early law and policy impacted areas that are lower-opportunity today
- We need to invest in communities and their existing strengths
  - Purposeful planning
  - Partnerships
  - Resources
Planning for equitable growth

Case study:

Charlotte-Mecklenburg Leading on Opportunity
Leveraging partnerships and resources

- Public resources to communities
- Public resources to individuals
- Private resources to communities
- Private resources to individuals