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CONFERENCE

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*The Voice of Business in Northern Virginia™*

2018  
**shape**...>  
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**Kevin DeSanto**  
Managing Director, KippsDeSanto  
Chairman, Community Foundation for Northern Virginia



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# 2018 shape...> OF THE region CONFERENCE



**Michael Cassidy**  
President and CEO,  
Commonwealth Institute for Fiscal Analysis



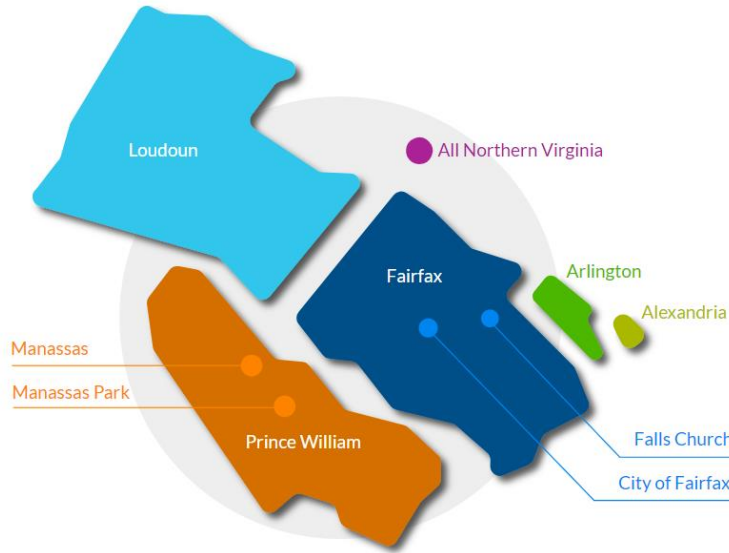
## **Opportunity and Inequality:** Indicators of Success and Challenges in Northern Virginia



February 15, 2018



**Michael Cassidy, President & CEO**  
The Commonwealth Institute for Fiscal Analysis



# General Demographics

ABOUT | CONTACT US

Economy | Community Health & Civic Life | Education | General Demographics

## General Demographic

Region	Demographic	Indicator	2005	to	2015	↻
Northern Virginia	Total	Age Children Living With at Least One Immigrant Parent Immigration and Citizenship Status Minority-Majority Transition (People of Color as Share of Region's Population) Race and Ethnicity Residents who are Veterans				

**AGE**  
 TOTAL  
 Details →

The mix of ages in a community can influence a community feel, the amount of money the local government needs to spend on different priorities, and opportunities for economic growth.

*Source: U.S. Census American Community Survey*

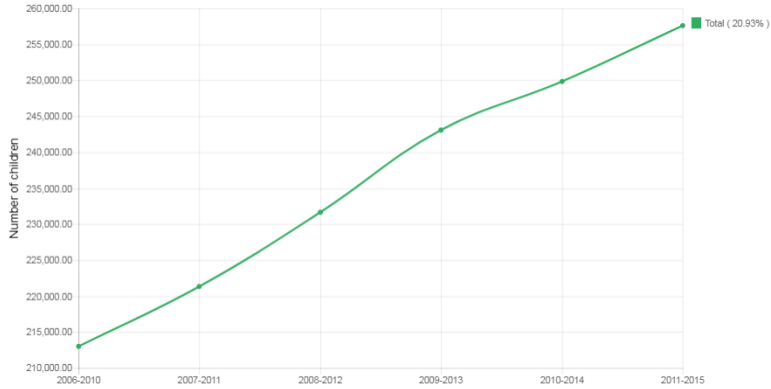
## Almost Half of Region's Children are Children of Immigrants

### CHILDREN LIVING WITH AT LEAST ONE IMMIGRANT PARENT

TOTAL  
[Details](#)

Almost half of children in Northern Virginia are living with at least one foreign-born parent. That means the region's future depends in part on the ability of the children of immigrants to flourish. Strong school programs for English Learners, culturally sensitive services, and social and economic opportunities for both immigrants and their children can help the region's next generation thrive.

Source: U.S. Census American Community Survey



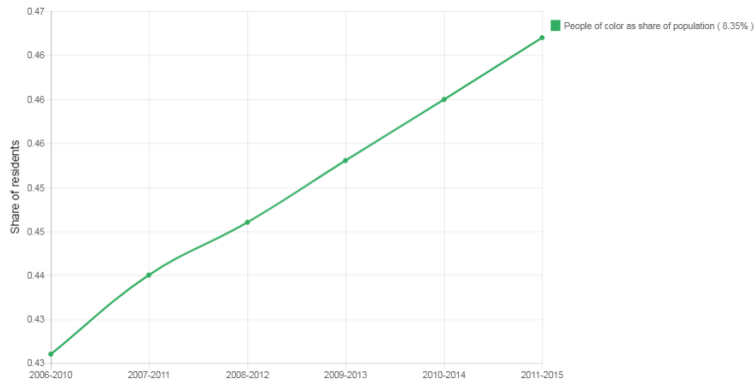
## Moving Toward "Majority Minority" Status

### MINORITY-MAJORITY TRANSITION (PEOPLE OF COLOR AS SHARE OF REGION'S POPULATION)

TOTAL  
[Details](#)

Residents who identify their race as something other than white—primarily people who identify as Black/African-American or Asian-American—or their ethnicity as Hispanic or Latino are a growing share of the region's population. As of 2013, people of color made up 48 percent of residents of the region's five highest-population localities, up from 35 percent in 2000. Businesses and community institutions must shift to recognize the changing demographics of the region or risk being left behind.

Source: U.S. Census American Community Survey



# Economy



**THE OPPORTUNITY INDEX**  
for Northern Virginia

[ABOUT](#) | [CONTACT US](#)

Economy | Community Health & Civic Life | Education | General Demographics

## Economy

Region ▼
Demographic ▼
Indicator ▼
2005 ▼ to 2015 ▼ ↻

⊕ Northern Virginia
⊕ Total

**FEDERAL GOVERNMENT DIRECT EMPLOYMENT TOTAL**

[Details →](#)

The share of all jobs located in Northern Virginia region that are direct Federal jobs in the past decade.

Indicator

Federal Government Direct Employment

GINI coefficient

Housing Affordability

Median Household Income

Poor School-aged Children

Professional and Business Services Jobs

Residents With Incomes Below 100% of the Federal Poverty Level

Residents With Incomes Below 200% of the Federal Poverty Level

Shifting Employment by Industry

Unemployed Rate

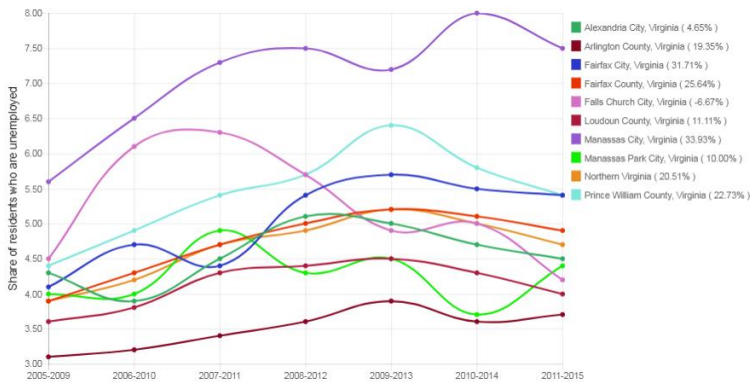
## Shifting Regional Differences in Unemployment Rates

### UNEMPLOYED RATE

TOTAL  
[Details →](#)

The Northern Virginia region continues to have a lower unemployment rate than the rest of the state. Across all racial groups and ages, unemployment is lower in Northern Virginia than statewide averages. However, unemployment is not a perfect snapshot of employment strength in a region. Underemployment and misclassification of workers can skew what appears to be a more rosy low unemployment scene in the region. (Note: Unemployment rates displayed here are from U.S. Census data and due to survey differences are generally higher than the more frequently cited Bureau of Labor Statistics unemployment rates.)

Source: U.S. Census American Community Survey



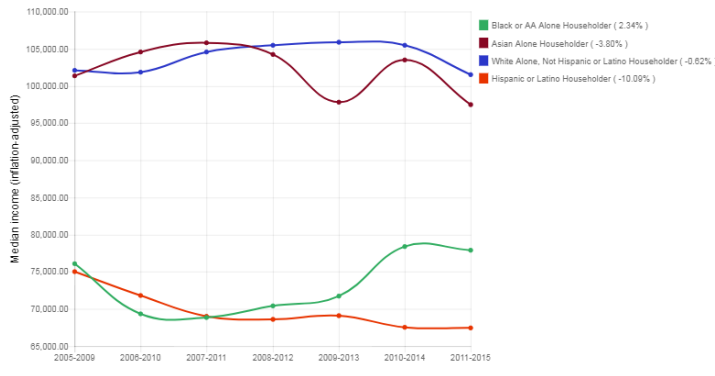
## Economic Barriers Show in Household Income Differences

### MEDIAN HOUSEHOLD INCOME

RACE  
 Details →

Median household income in Northern Virginia has increased in inflation adjusted dollars over the past two decades, but growth has been inconsistent and some groups still lag behind others. The recession of the late 2000s and federal sequestration of 2013 took a toll on median household income growth throughout the region. Black and Hispanic households in Northern Virginia still have median incomes approximately 20 to 30 percent below Asian and White households in the region. Immigrant households also still lag U.S.-born in terms of income within Northern Virginia. While all groups in Northern Virginia have household incomes above statewide averages, the high cost of living in the region make income disparities by race and nativity more poignant and significant.

Source: U.S. Census American Community Survey



## Education

ABOUT | CONTACT US

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### Education

Region ▼
Demographic ▼
Indicator ▼
2005 ▼ to 2015 ▼

○ Northern Virginia
○ Total

3 and 4 year-olds Enrolled in Nursery or Preschool  
 Educational Certifications Completed in High Schools  
 On-Time (Four-Year) Graduation Rate  
 Residents with Less than a High School Diploma  
 Residents with Some College, Associate's Degree, Bachelor's Degree, or Advanced Degree  
 School Dropouts

#### 3 AND 4 YEAR-OLDS ENROLLED IN NURSE

TOTAL  
 Details →

Preschool can be critical for preparing students to succeed in school, particularly for low-income students. The share of 3 to 4-year-olds enrolled in nurseries or preschool is around 53 percent in Northern Virginia, above the state or national average.

Source: U.S. Census American Community Survey



# High School Graduates and Dropouts

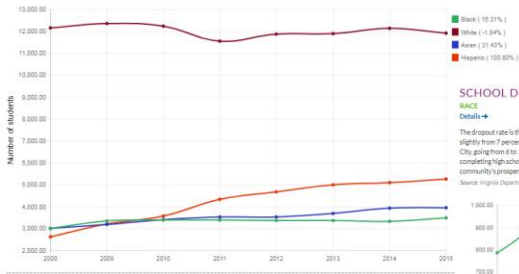
## ON-TIME (FOUR-YEAR) GRADUATION RATE

### RACE

Details →

Since 2008, the on-time graduation rate in the Northern Virginia region has grown slightly from 91 to 93 percent in 2016. Students that graduate on-time are more likely to attend college and have higher earnings in the future. Black students in the region have closed their on-time graduation gap since 2008, with the on-time graduation rate of Black students growing to equal the regional average of 93 percent by 2016, up from 86 percent in 2008. Hispanic on-time graduation rates have gone up since 2008, but still lag the other groups. Language and cultural barriers may play a role this on-time graduation gap for Hispanic students.

Source: Virginia Department of Education Cohort Reports



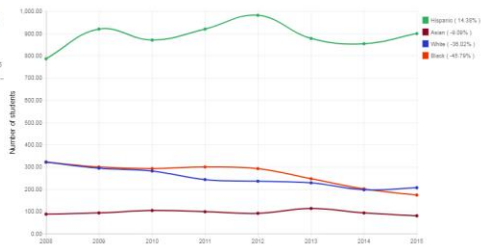
## SCHOOL DROPOUTS

### RACE

Details →

The dropout rate is the share of students who should have graduated and instead left without a diploma or GED. The dropout rate in Northern Virginia has gone down slightly from 7 percent in 2008 to 6 percent in 2016. Since 2008, the only Northern Virginia locality to see a marked increase in its dropout rate has been Manassas Park City, going from 10 to 11 percent. Manassas City and Prince William County both saw the largest drop over this period of 4 percentage points. Among other challenges, not completing high school increases the likelihood of being unemployed or being employed in low-wage jobs, and high dropout rates are likely to negatively impact the community's prosperity.

Source: Virginia Department of Education Cohort Reports



# Shifting Emphasis Across Localities

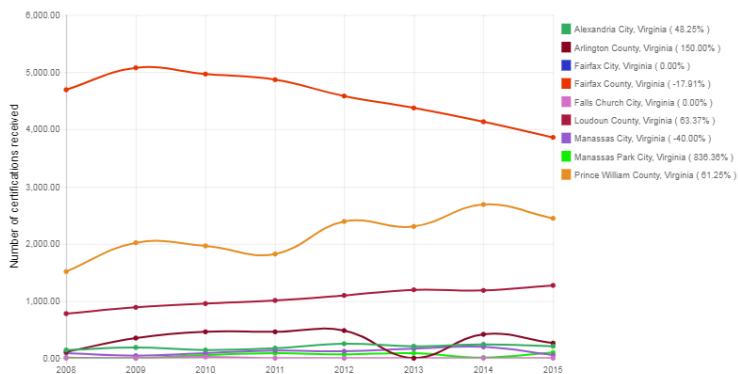
## EDUCATIONAL CERTIFICATIONS COMPLETED IN HIGH SCHOOLS

### TOTAL

Details →

Educational certifications typically require less time and money than traditional 2- or 4-year postsecondary programs; therefore, they may be more accessible. Obtaining certificates can increase an employee's pay beyond those with only a high school diploma. These benefits may be contingent upon industry demand -- currently, allied health and IT certifications yield high results. Additionally, long-term certificates tend to result in greater returns. To view the complete list of certifications included in each of the categories below, please click here.

Source: Virginia Department of Education



# Community Health & Civic Life

ABOUT | CONTACT US

Economy | Community Health & Civic Life | Education | General Demographics

## Community Health and Civic Life

Region ▼
Demographic ▼
Indicator ▼
2005 ▼ to 2015 ▼

● Northern Virginia     ● Total

Indicator  
 Infant Deaths  
 Low Birth Weight Rates  
 Non-Elderly Residents Who Do Not Have Health Insurance  
 Residents who did not work at home and traveled over 45 minutes to work  
 Residents who Have at Least One Disability  
 Workers who Drive Alone to Work  
 Youth Disconnected from Both Work and School

### INFANT DEATHS

TOTAL

Details →

## Unprotected: Unequal Access to Health Insurance

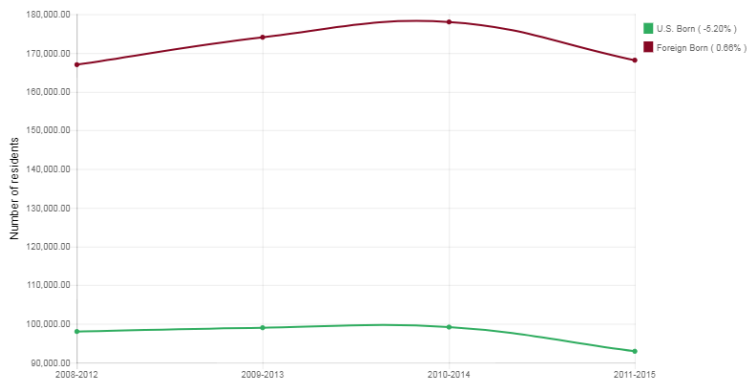
### NON-ELDERLY RESIDENTS WHO DO NOT HAVE HEALTH INSURANCE

NATIVITY

Details →

Although more people have gained health insurance in recent years, many residents of Northern Virginia under age 65 still have no health insurance. Numerous studies show that having health insurance leads to better financial health, lower costs, and reduced death rates. The share of residents who lack health insurance varies widely across locality within Northern Virginia, and Hispanic residents are far more likely to be uninsured than other residents of the region.

Source: U.S. Census American Community Survey



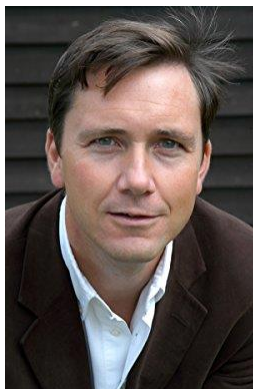
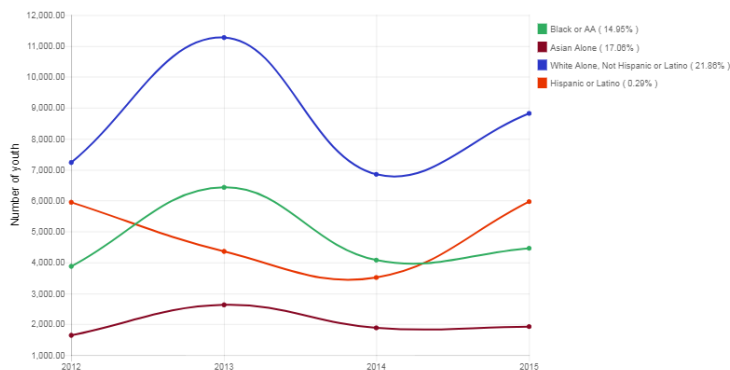
## Disconnected Youth: Similar Trends, Different Rates

### YOUTH DISCONNECTED FROM BOTH WORK AND SCHOOL

RACE  
[Details →](#)

Youth in the age range of 16 to 24 who do not have jobs and are not in school are referred to as disconnected youth. This group is often overlooked, but is at a high risk of getting involved in the criminal justice system or hurting their future employment prospects. The Northern Virginia region has a similar share of disconnected youth to the rest of the state, around 10 percent in 2015. This rate has fluctuated marginally over the years. Prince William, Manassas and Manassas Park had the highest share of disconnected youth in the region in 2015, 17 percent, while Arlington had the lowest share, 7 percent.

Source: U.S. Census American Community Survey in IPUMs



#### Richard Reeves

Senior Fellow in Economic Studies, and  
 Co-Director of the Center on Children and Families  
 Brookings Institution



# DREAM HOARDERS

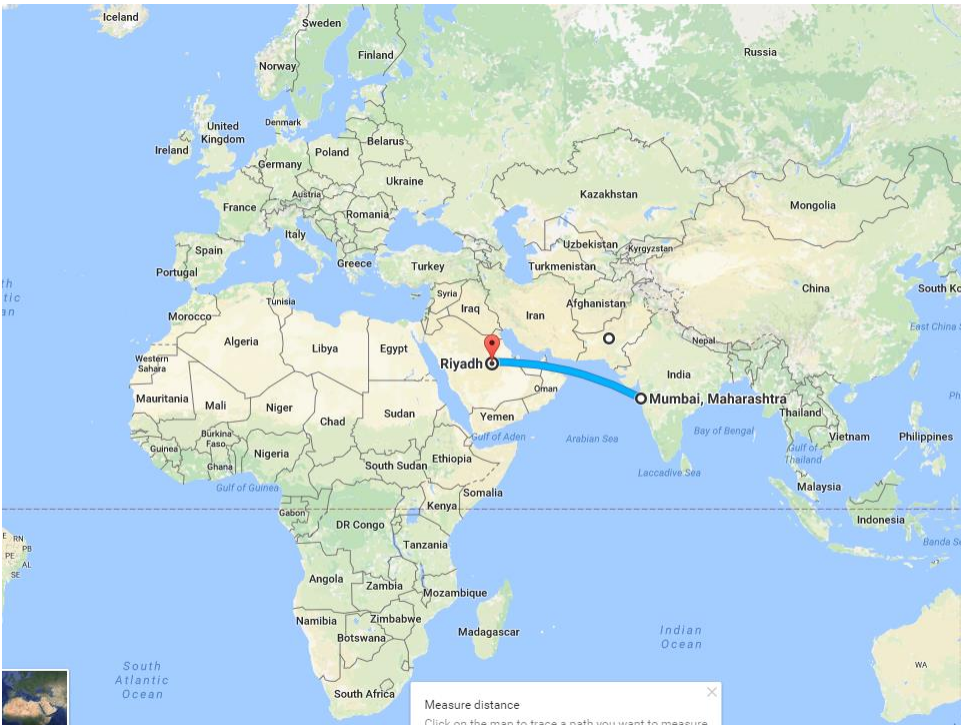
Upward Mobility and the American Dream

Community Foundation for Northern Virginia

February 15, 2018, Valo Park 27th November 2017

Richard V. Reeves, Brookings Institution









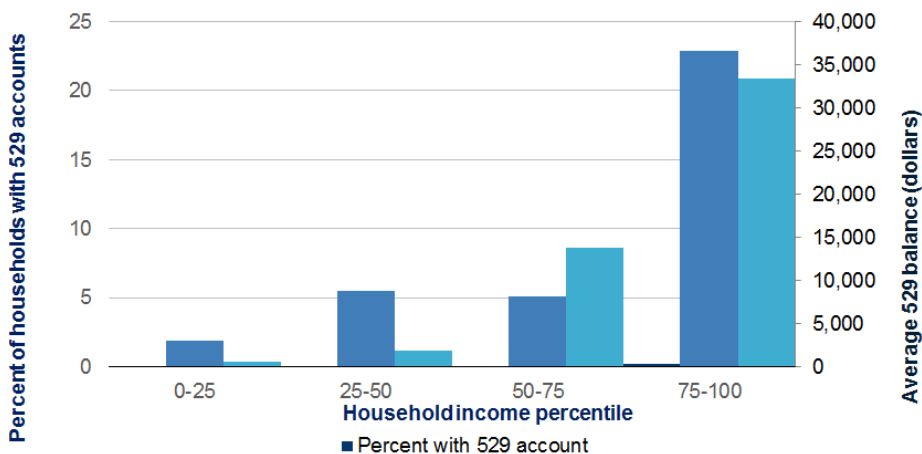






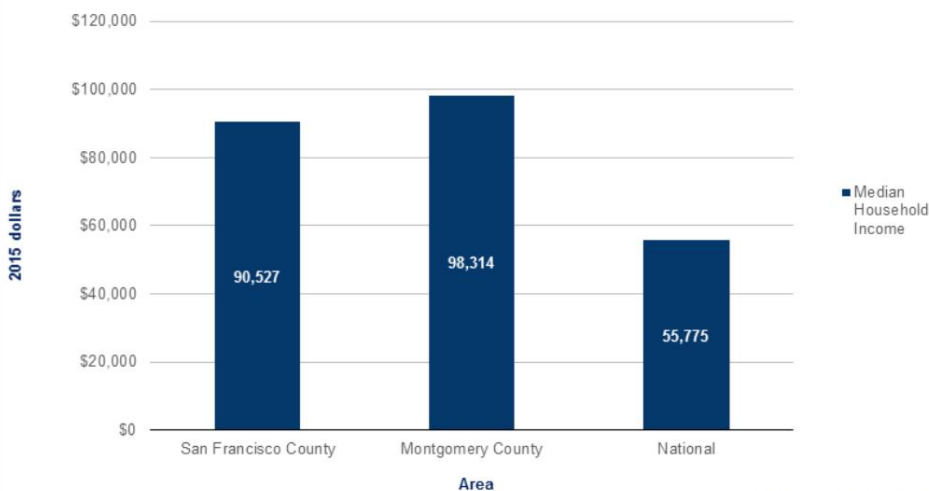


### Distribution of 529 holders



Source: U.S. Department of the Treasury, "An Analysis of Section 529 College Saving and Prepaid Tuition Plans." September 9, 2009, Table 7.

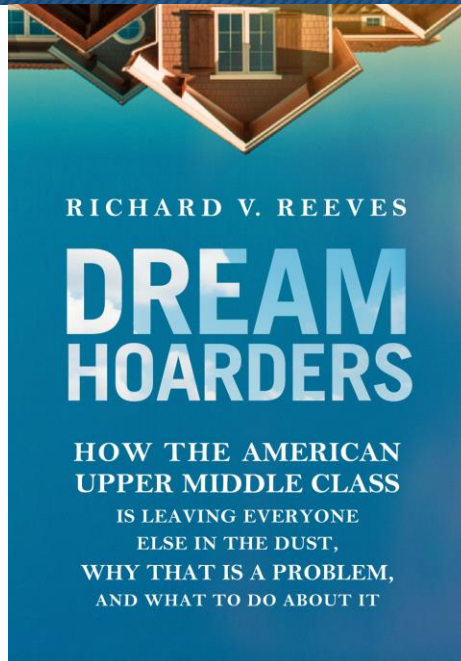
### Pelosi/Van Hollen: Affluent, liberal districts



Source: US Census Bureau Small Area Income and Poverty Estimates. San Francisco County roughly approximates CA-12 while Montgomery County roughly approximates MD-8.

“This proposal was targeted at what may be the single most dangerous constituency to anger: the upper middle class - wealthy enough to have influence, and numerous enough to be a significant voting bloc.”

Paul Waldman,  
*Washington Post*





## The Argument

- UMC is separating from the majority
- Inequality endures across generations
- Relative and Absolute mobility
- The case for downward mobility
- Mechanism 1: Market meritocracy/Education
- Mechanism 2: Opportunity hoarding
- Solving the “I’m Not Rich” problem first



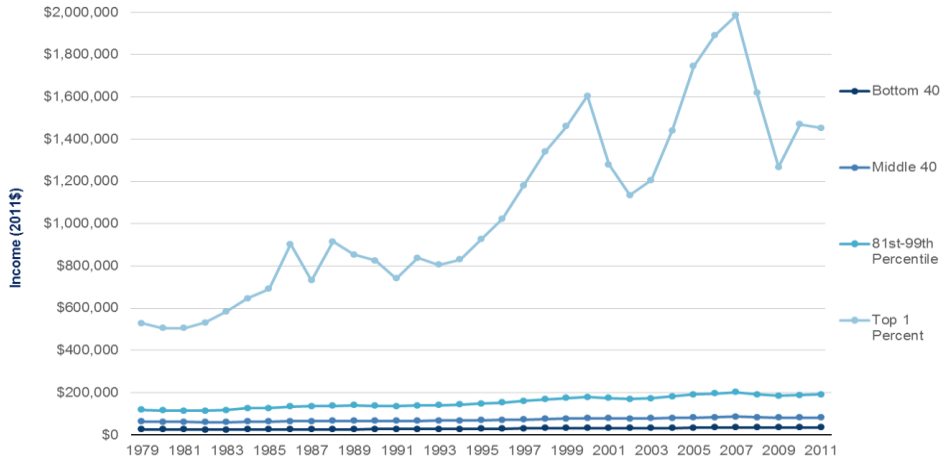
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## We are the 99%!

Average real household income, 1979-2013

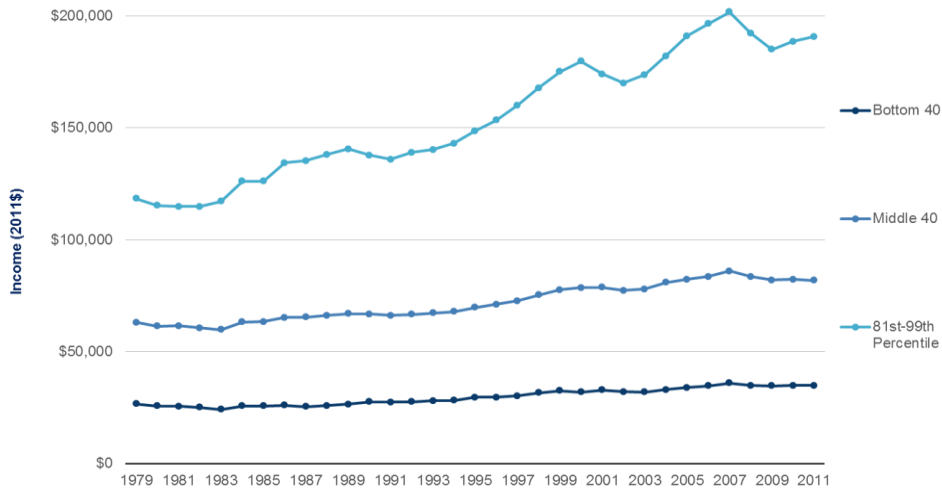


Source: CBO  
Note: Income is pre-tax.



## Or not?...

Average real household income, 1979-2013





## Separation also in...

- Family structure and stability
- Health
- Wealth
- Life expectancy
- Culture & social capital
- Neighborhoods
- Etc....

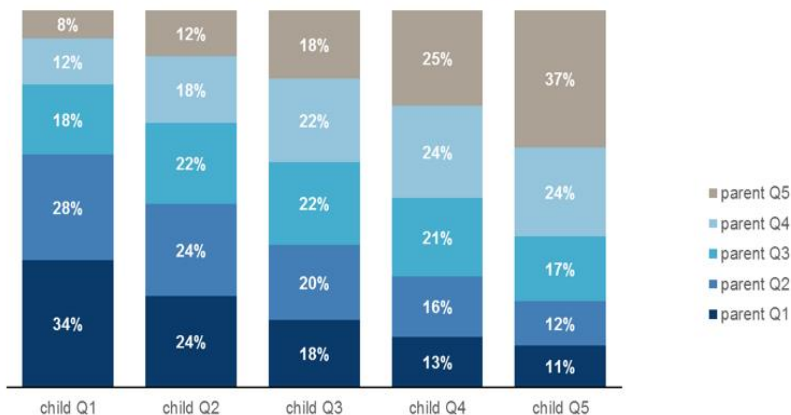


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## Sticky ends: relative mobility

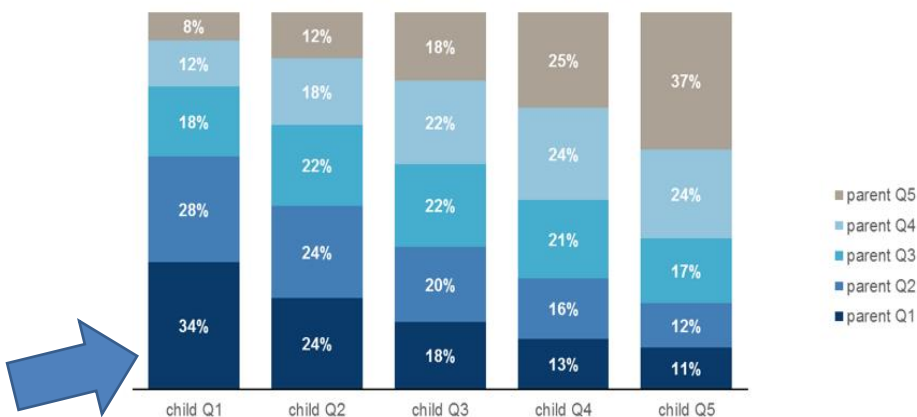
Chetty et al. 2014b mobility matrix



Source: Chetty et al. "Where is the Land of Opportunity?"

## Sticky ends: relative mobility

Chetty et al. 2014b mobility matrix

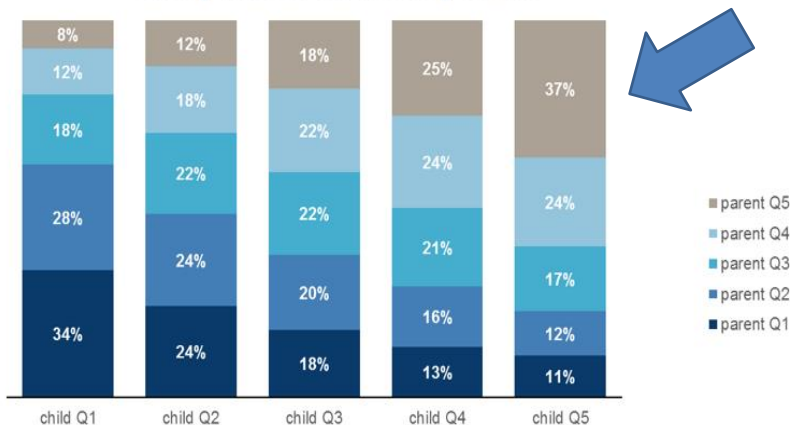


Source: Chetty et al. "Where is the Land of Opportunity?"



## Sticky ends: relative mobility

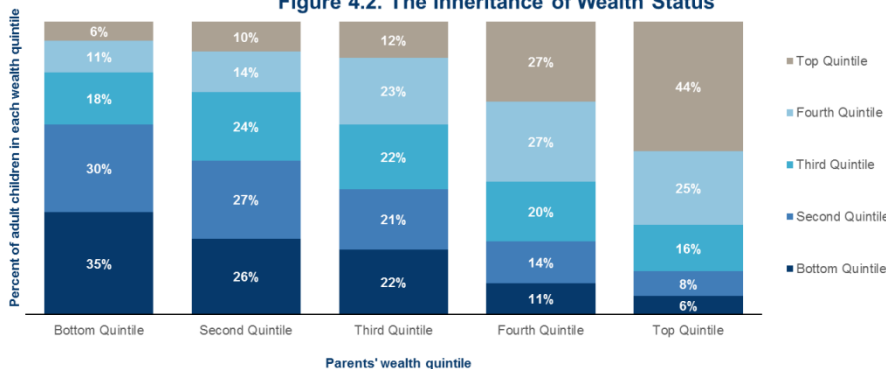
Chetty et al. 2014b mobility matrix



Source: Chetty et al. "Where is the Land of Opportunity?"

## Mobility of...wealth

Figure 4.2. The Inheritance of Wealth Status



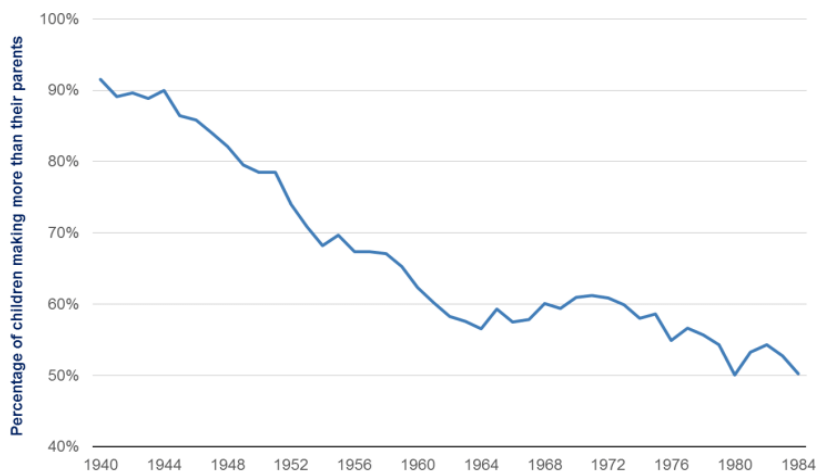
Source: Pfeffer, Fabian T., and Alexandra Achen Killewald. 2015. "How Rigid is the Wealth Structure and Why? Inter- and Multigenerational Associations in Family Wealth." PSC Research Report No. 15-845. September 2015.  
 a. Net worth quintiles within ages 45-64 (N=1,975); quintile cutpoints in 2013 dollars.

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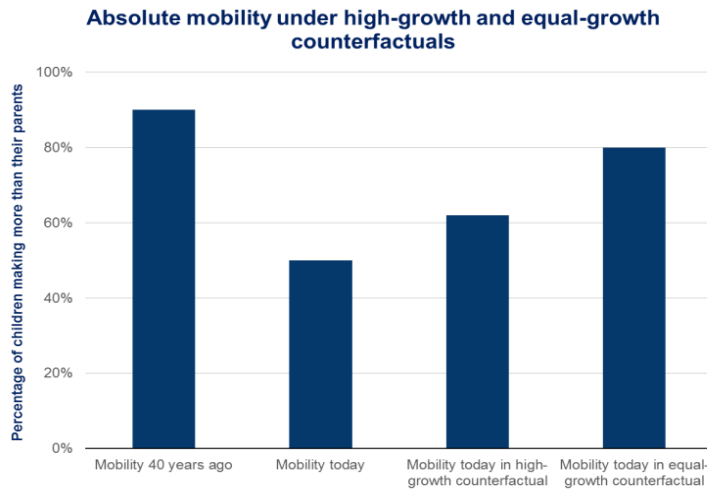
## Declining absolute mobility

Death of a dream? Absolute mobility rates over time



Source: Chetty et al., "The Fading American Dream: Trends in Absolute Income Mobility Since 1940."

## Why? Inequality, mostly



Source: Chetty et al., "The Fading American Dream: Trends in Absolute Income Mobility Since 1940."





## A *New York Times* reader writes...

**Sunday Review** | OPINION

### Stop Pretending You're Not Rich

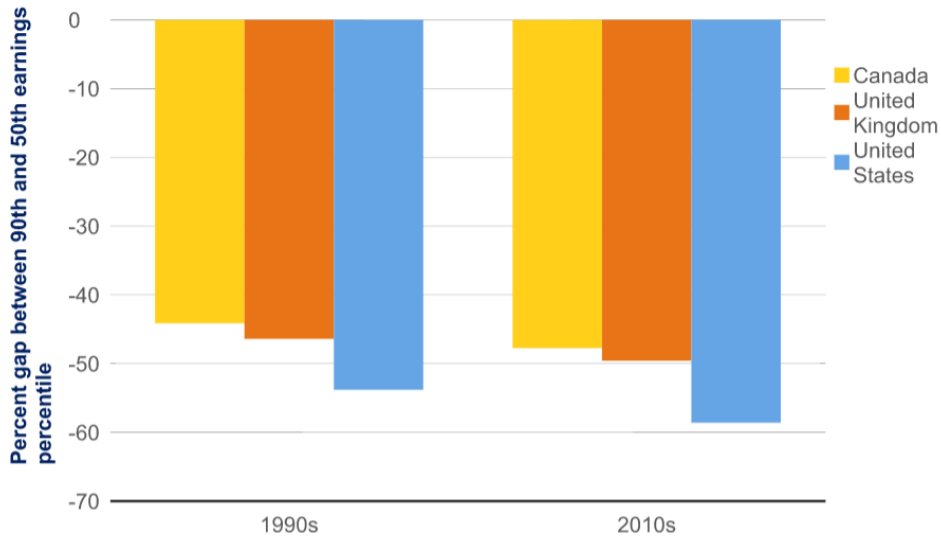
[查看简体中文版](#)

By RICHARD V. REEVES JUNE 10, 2017

“ Parents' desperation to keep their children in the top 20%...is at least partly driven by their fear of what happens in the 21st century to young people who are in the middle or lower: job insecurity, contingent and contract employment, no health insurance, outsourcing, and the rest.”

– “JB” in Oak Park, IL

## Further to fall in U.S.A.



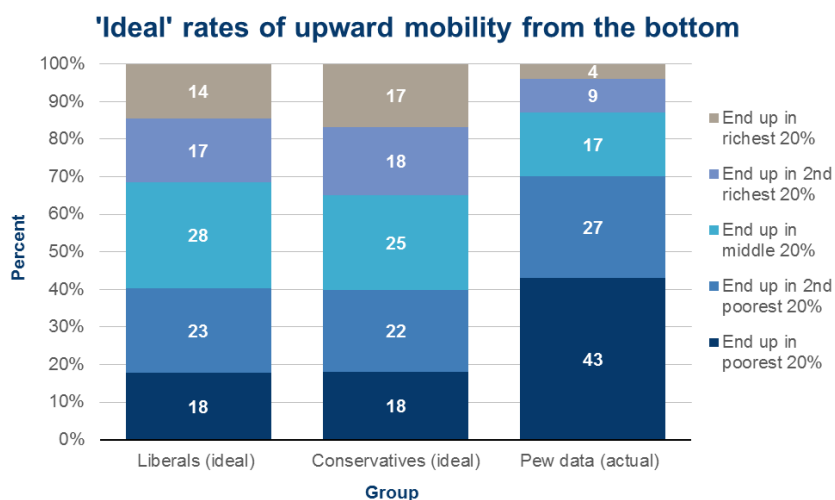
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“The concern with upward mobility has obscured the importance and amount of downward mobility...[but] it may well be that *downward mobility is a better indicator of fluidity in a society than is upward mobility....* A society which is dropping sons born in advantaged strata has more openness than one which brings up the talented manual sons but safeguards the privileges of the already advantaged.”

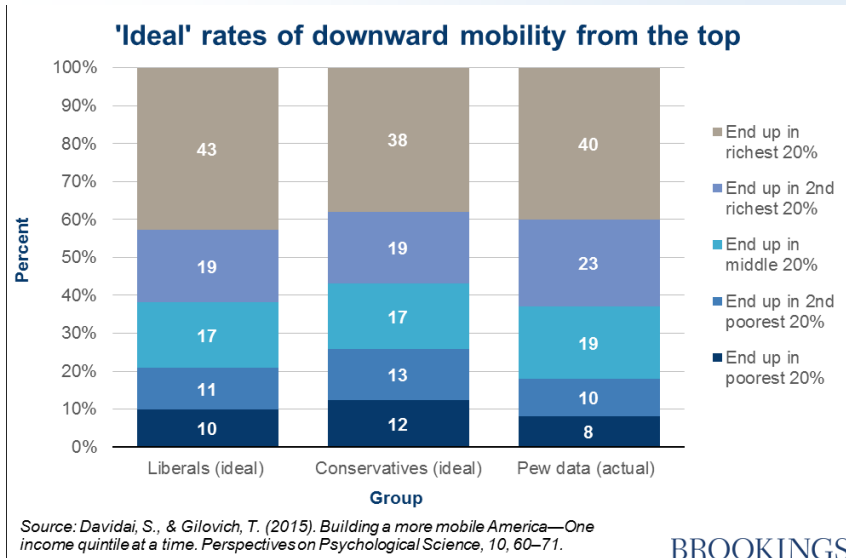
- S.M. (Mike) Miller, 1969 (*my italics*)

## Upward mobility wildly popular...



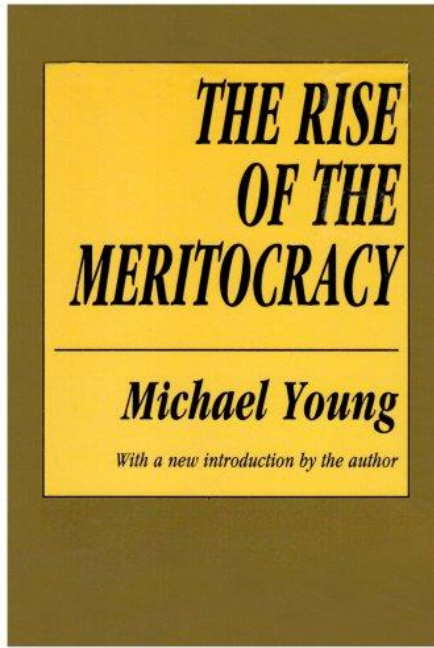
Source: Davidai, S., & Gilovich, T. (2015). Building a more mobile America—One income quintile at a time. *Perspectives on Psychological Science*, 10, 60–71.

## Downward mobility less so....

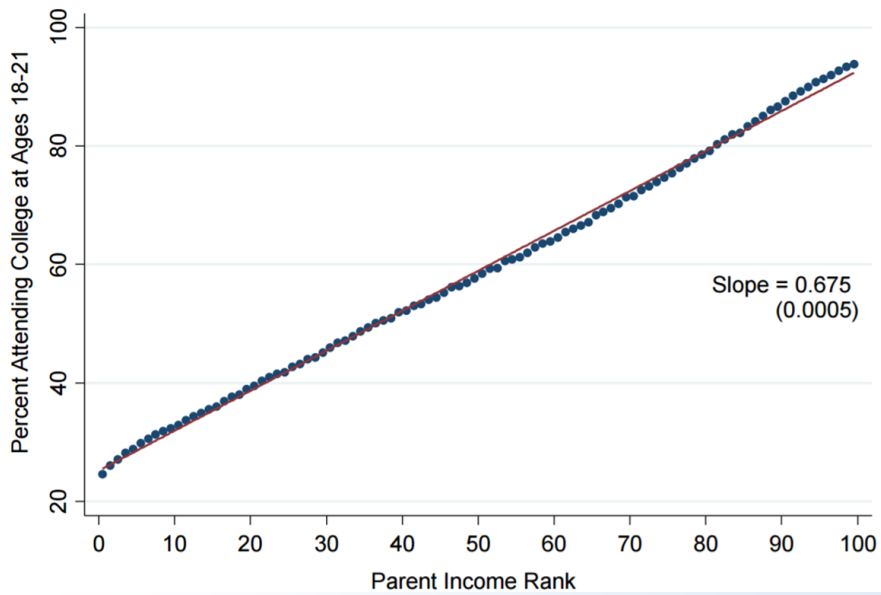


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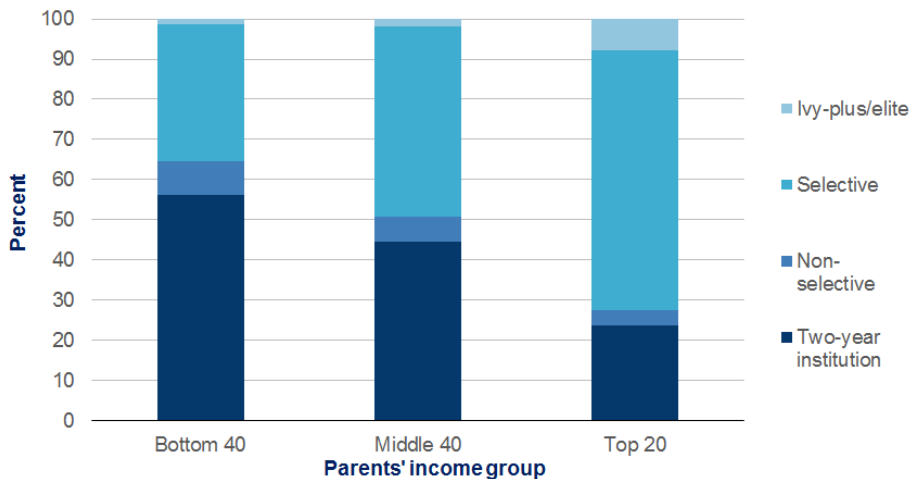
College Attendance Rates vs. Parent Income Rank in the U.S.







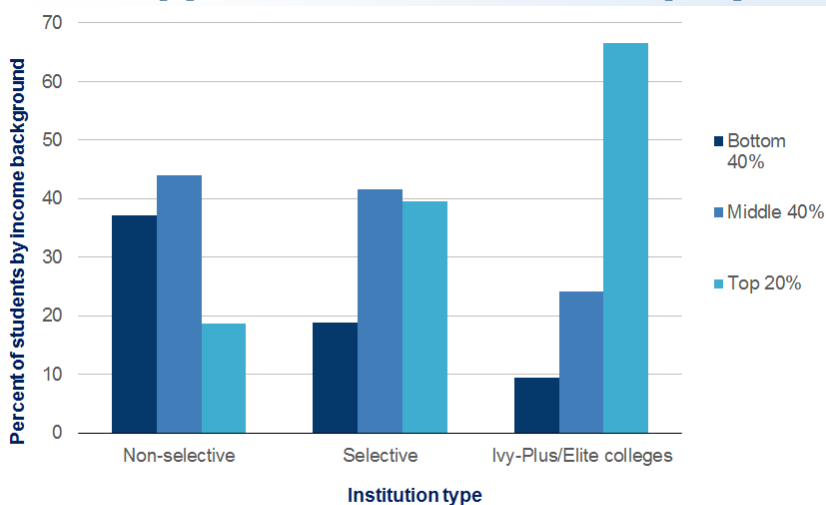
## Which college? Depends on your class (social class, that is)



Source: Raj Chetty, John N. Friedman, Emmanuel Saez, Nicholas Turner, and Danny Yagan. Online Table 4. "Mobility Report Cards: The Role of Colleges in Intergenerational Mobility." The Equal Opportunity Project, 2017. College attendance at age 18-21 (i.e. 2010 to 2013) measured for the 1991 birth cohort.

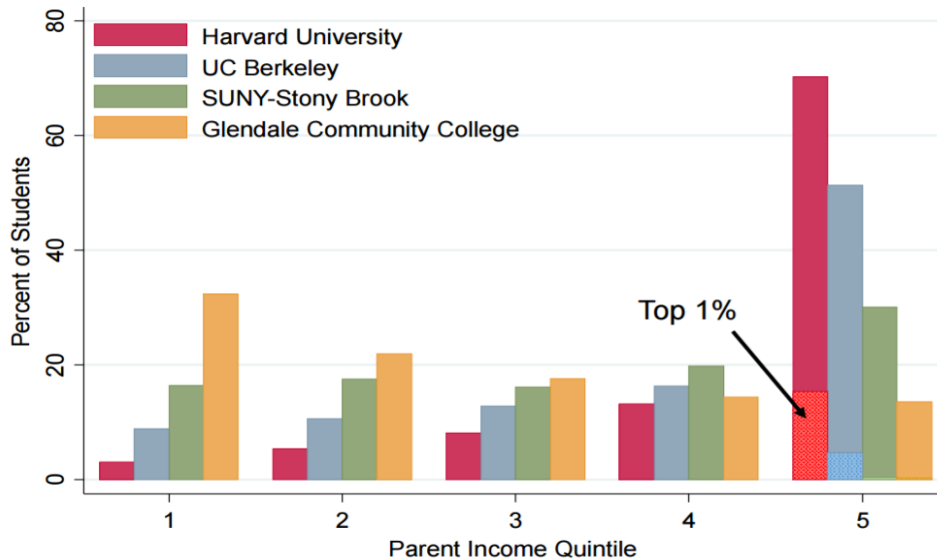


## An upper middle class monopoly?



Source: Raj Chetty, John N. Friedman, Emmanuel Saez, Nicholas Turner, and Danny Yagan. Online Table 4. "Mobility Report Cards: The Role of Colleges in Intergenerational Mobility." The Equal Opportunity Project, 2017. College attendance at age 18-21 (i.e. 2010 to 2013) measured for the 1991 birth cohort.

## Class divide in college classes



## The Argument

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## What is “opportunity hoarding”

- Adapted from Tilly, *Durable Inequality*, 1998
- **Valuable** opportunity for future prospects. Eg. skills, qualifications or contacts
- **Scarce**, in order to be hoarded. (Water is valuable but plentiful.) Ie. “positional goods”,
- Allocated in an **anti-competitive** fashion ie. “with other factors, entirely independent of a person’s individual performance, entering into the equation.”



## Opportunity Hoarding: A User’s Guide

- Exclusionary zoning
- Legacy admissions
- Internship opportunities

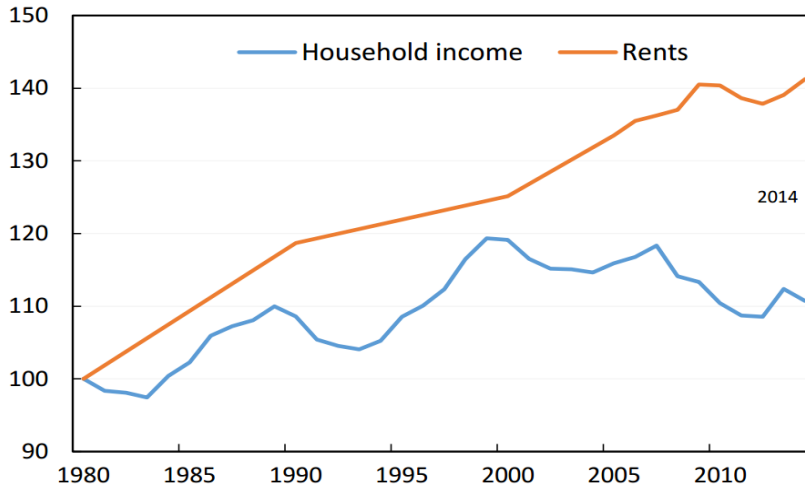
## Opportunity Hoarding: A User's Guide

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## The rent is too darned high

### Median rents vs. median household income, 1980-2014

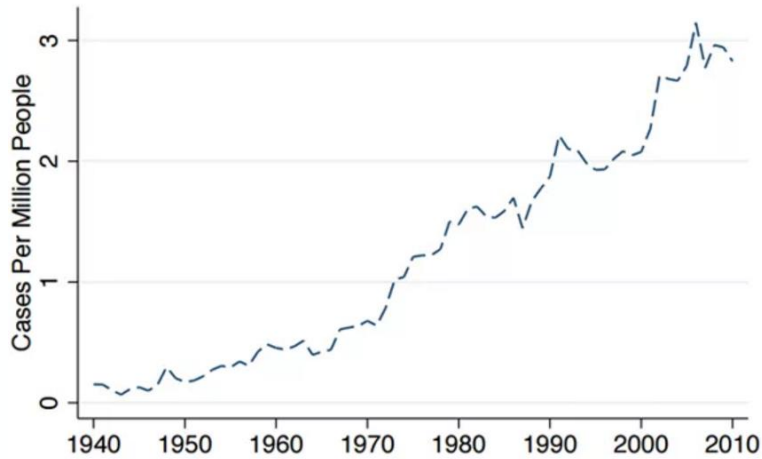
Indexed: 1980= 100



Source: Census Bureau; BLS; Haver; CEA calculations

## Maybe because of this?

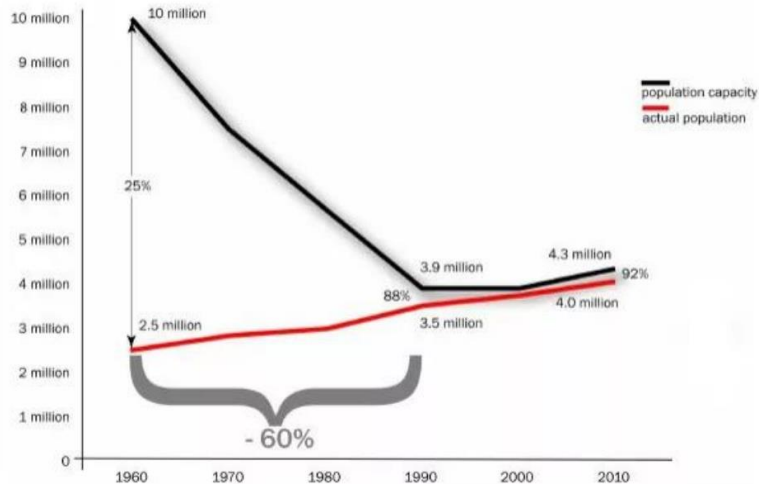
The growing regulation of land use



Source: Peter Ganong and Daniel Shoag, "Why has regional income convergence declined?" Hutchins Center Working Paper 21, July 2016, Figure eight.

## Hey, what happened to all that space?

Los Angeles – Zoned Residential Capacity Over Time

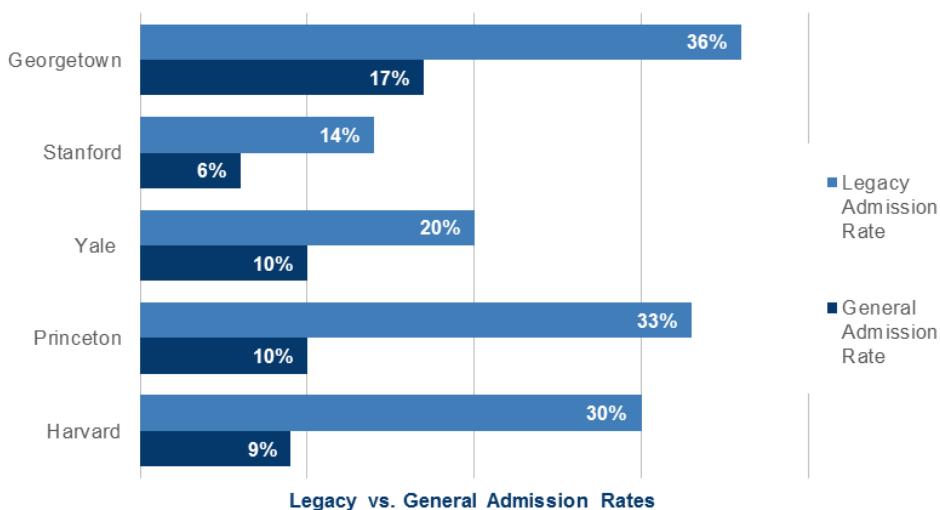


Source: Morrow (2016)

## Opportunity Hoarding: A User's Guide

- Exclusionary zoning
- **Legacy admissions**
- Internship opportunities

## Legacies: "A slight tip"?

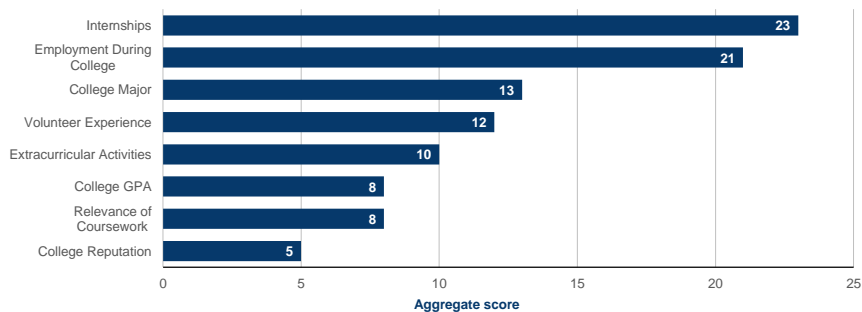


## Opportunity Hoarding: A User's Guide

- Exclusionary zoning
- Legacy admissions
- **Internship opportunities**

## Internships are valuable

Figure 6.3. Employers Value Internships Most



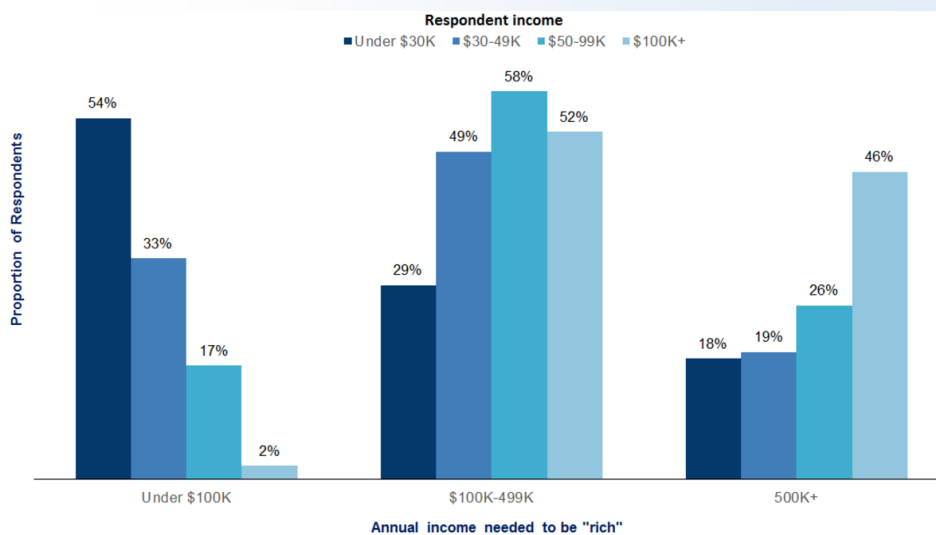
Source: "The Role of Higher Education in Career Development: Employer Perceptions" *Chronicles of Higher Education*, 2012. (<http://www.chronicle.com/items/biz/pdf/Employers%20Survey.pdf>)

a. Employers were asked "How much weight do you give each of the following educational credentials when you evaluate a recent college graduate's resume? How much weight do you give each of the following types of experience when you evaluate a recent college graduate's resume to see if further discussions are warranted?" Reported importance levels were then weighted by importance of academic vs. experience on hiring of recent graduates to obtain an aggregate score.

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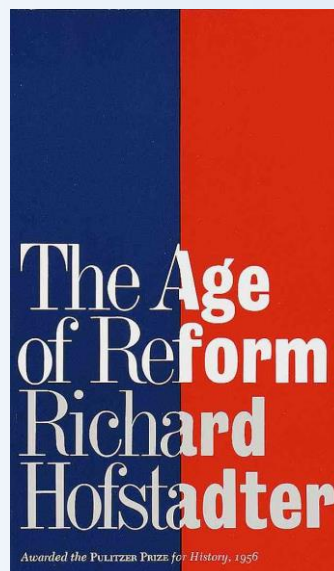
## So, make the “rich” pay! Oh, wait....





“The moral indignation of the age [the Progressive Era] was by no means directed entirely against others. It was in a great and critical measure directed inward. Contemporaries who spoke of the movement as *an affair of the conscience* were not mistaken.”

Richard Hofstadter (my italics)



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[www.brookings.edu/blogs/social-mobility-memos](http://www.brookings.edu/blogs/social-mobility-memos)

2018  
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OF THE **region**  
CONFERENCE

THE  
community  
foundation  
FOR NORTHERN VIRGINIA  
celebrating **40** years  
1978-2018



2018  
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CONFERENCE



**Harry Klaff**  
Managing Director, Jones Lang LaSalle  
Chairman, Northern Virginia Chamber of Commerce



**Erin Hogan**  
Philanthropic Market Executive  
U.S. Trust, Bank of American Private Wealth Management  
Panel Moderator

## Opportunity and Inequality



**David Hunn**  
President and CEO  
SkillSource Group



**Tamara Copland**  
President and CEO  
Washington Regional Area  
of Grantmakers



**Dr. Bruce McDade**  
Superintendent  
Manassas Park  
Public Schools



**Scott Ralls**  
President  
Northern Virginia Community College  
Panel Moderator

## Tapping Workforce Assets in our Own Backyard



**Jacqueline M. Welch**  
SVP Human Resources,  
Diversity and Inclusion  
Freddie Mac



**Lovey Hammel**  
President  
Employment Enterprises, Inc.



**Ken Eisner**  
Senior Manager  
Worldwide Education  
Amazon Web Services

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