ECONOMIC MOBILITY: COMMUNITIES

Key Strengths of Papers

- Rich, longitudinal data that follows individuals over time and identifies their neighborhoods.
- Long-run perspective.
- Methodological sophistication. Reliance on exogenous change in school resources.

- Important new evidence that neighborhoods and schools matter to upward economic mobility.
Neighborhood income status is persistent over time, at least at the extremes.

Individuals rarely move from low-income to high-income neighborhoods or vice versa.
  • But moves to neighborhoods with slightly different incomes more common

Stark and troubling racial inequality in neighborhood environments – which widened during the 2000s, at least in Chicago.
ECONOMIC MOBILITY: COMMUNITIES

Rucker Johnson: Major Findings

- Increases in school resources available to students during their K-12 years lead to increases in economic mobility.
- African-Americans who grew up after introduction of school desegregation were more likely to experience upward economic mobility than prior birth cohorts.
- Well-designed school finance reforms can increase spending in lower-income districts, and this increased spending can boost long-run economic success.
ECONOMIC MOBILITY: COMMUNITIES

Five Outstanding Questions for Policy

- How should policies respond to the low-income neighborhoods that see large increases in income?
- How do neighborhoods and schools shape the intergenerational mobility of Latinos?
- Why do neighborhoods matter? What improvements are most critical?
- Why do schools matter? What improvements are critical?
- How can housing policies foster economic and racial integration?
ECONOMIC MOBILITY: COMMUNITIES

Most Neighborhoods That Were Low-Income in 1950 Were in Higher Income Category in 2000

Source: Stuart Rosenthal, Old Homes, externalities, and poor neighborhoods
ECONOMIC MOBILITY: COMMUNITIES

Reversal of Fortunes: More Low-Income Tracts Are Now Experiencing Large Gains in Income
Large City Variation: % of Low-Income Tracts Seeing Large Income Gains, 2000-2010
Compared to white residents of MSAs, Latino residents live in neighborhoods with

- Higher poverty
- Fewer college-educated adults
- Lower-performing schools
- More violent crime
Relative to whites, young Latino adults in more segregated metropolitan areas

- Are less likely to graduate from high school
- Are less likely to graduate from college
- Are more likely to be idle
- Enjoy significantly lower earnings
Why Do Neighborhoods/Schools Matter?

- How can we best use resources to improve neighborhoods?
- Growing evidence that reducing violence may be the most critical improvement.
  - Quasi-experimental evidence from NYC and Chicago shows that children exposed to violent crime on their blocks score significantly lower on tests and effects persist and grow with additional exposure.
- How can we best use resources to improve teachers and schools?
How Can Housing Policies Foster Integration?

- Regional collaboration among housing agencies.

- Voucher program reforms:
  - Introduce zip-code level fair market rents
  - Provide broader lists of voucher-friendly landlords
  - Provide families with more information about schools
  - Make moves to new jurisdictions easier

- Strategic use of place-based housing investments and affirmative marketing to encourage integration.
ECONOMIC MOBILITY: COMMUNITIES

Dream Revisited

DISCUSSION 10
Balancing Investments in People & Place

The tenth discussion in the Dream Revisited debates the appropriate balance between investments to help low-income households move to neighborhoods that offer greater access to opportunity, and investments to improve the quality of life in low-income neighborhoods.