Shaping Economic Futures: The Role of Communities

Why and how racial/ethnic equity matters

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The Neighborhood Opportunity Racial Divide

• Question: Do poor children live in poor neighborhoods?

Answer: Much more likely to be “yes” if you are Hispanic or Black

Source: diversitydatakids.org. Poor neighborhoods have poverty rates of 20% or higher. 2015 data for 100 largest US metros.
How does this divide shape our future?

1) Research is now solid: Where a child grows up has a direct effect on later earnings and mobility

2) Children of color represent a large and growing share of our future workforce

| Current working age adults | 38% |
| Children under age 1       | 50% |

- **People/children of color**
- **Non-Hispanic White**
How does this divide shape our future?

- Strong evidence that community is pivotal for low-income children’s later success
- We know we need as many children as possible in communities that help them thrive
- But the fastest growing segments of our future workforce are the least likely to live in these communities
What is driving the opportunity divide?

→ Children of different racial/ethnic groups often live apart
What is driving the divide?

- Children are living separately, so we asked: “Is separate equal”? 
- Knowing the “geography of children” is patterned by race/ethnicity, we compare with the “geography of opportunity”. 
- We created The Child Opportunity Index to look for answers.
The Child Opportunity Index

• Measures the neighborhood as a “whole”
• Multi-item index | 19 individual indicators
• Institutions and conditions
• Race-neutral
• Relative measure
The Opportunity Divide: Separate is not equal

As colors get darker, opportunity levels get higher | Data for your area at diversitydatakids.org
Racial/ethnic divide is not all about income

Share in very low opportunity neighborhoods
100 Largest US Metros

POOR CHILDREN

WHITE: 22%
ASIAN: 29%
HISPANIC: 45%
BLACK: 57%

CHILDREN WHO ARE NOT POOR

WHITE: 7%
ASIAN: 10%
HISPANIC: 27%
BLACK: 34%
Affordability issues exacerbate equity issues

The cost of opportunity in Chicago

Cost-opportunity balance in Chicago by Race/Ethnicity

- **White**
  - Opportunity bargains: 30%
  - Costs exceed opportunity: 37%

- **Black**
  - Opportunity bargains: 56%
  - Costs exceed opportunity: 17%

- **Hispanic**
  - Opportunity bargains: 47%
  - Costs exceed opportunity: 24%

*Term from Chetty et al. (2016)*
What strategies hold the most potential?

• Strategies that improve opportunities for all low-income children and that are race/ethnicity-conscious

• Mobility strategies or place strategies or a mosaic?
  → Research in a good place to back mobility approaches
  → For place approaches: institutions? conditions?
Opportunities and Challenges

• Reduce family-level barriers to access: mobility programs, zoning

• Incentivize affordable housing in opportunity areas

• Use locational strategies in policy areas that influence distribution of community resources (e.g. early childhood education programs)

• Enforce fair housing laws: Affirmatively Furthering Fair Housing

• Attach research/evaluation to place-based approaches

• Leverage (and protect) vast data infrastructure in place that is critical to all of these opportunities
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