

Finding Pathways to the Middle Class through Local Governments

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The Story I Will Tell

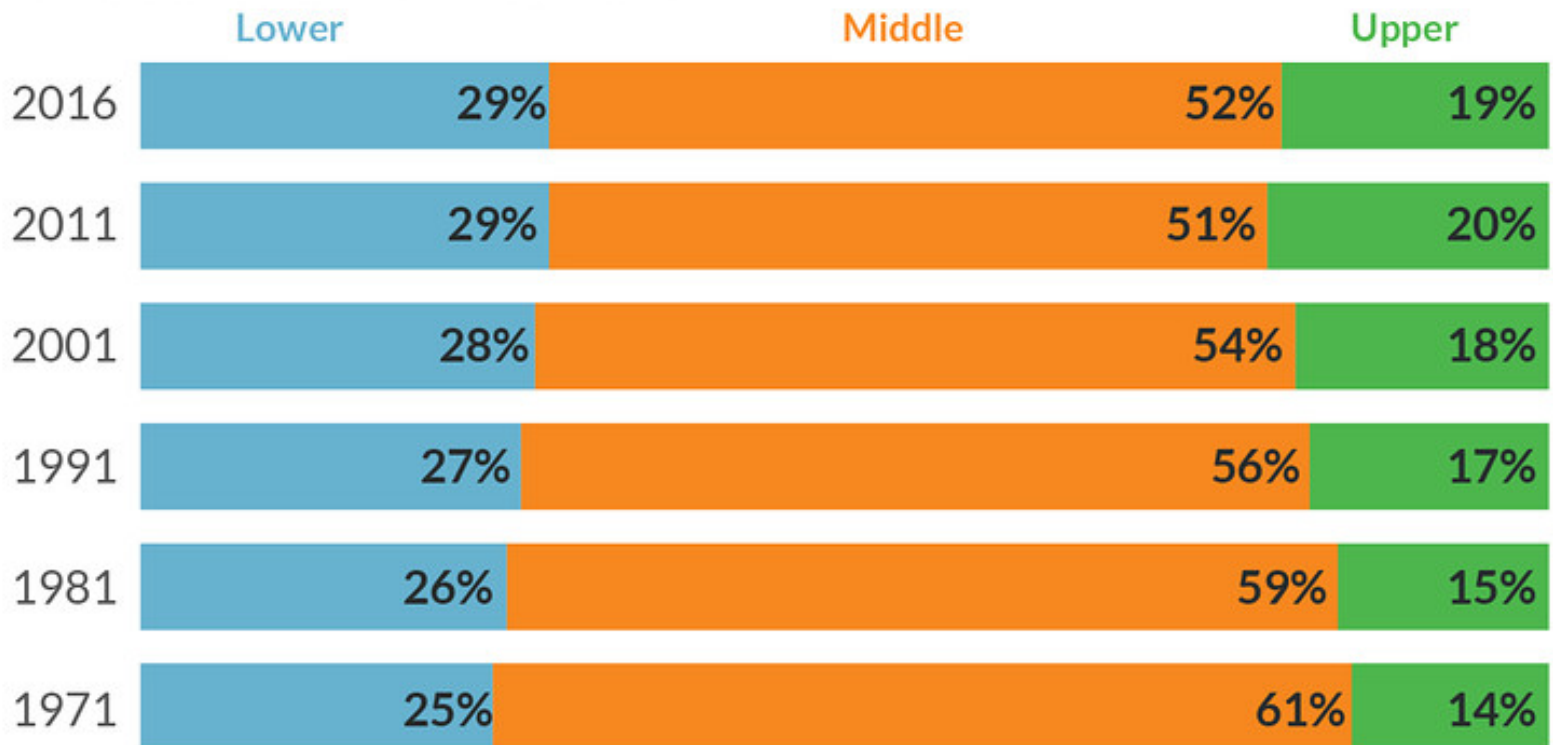
- The Loss of the Middle Class
- As suggested by the work on Intergenerational Mobility and Metropolitan Revolution – the Middle Class Issue can and should be addressed by Local Governments
- Challenges:
 - Integration and Segregation
 - Education and Workforce Development
 - Housing Affordability
 - Household Instability

“Middle-Class” has many definitions



Share of adults living in middle-income households is almost unchanged since 2011

Percent of adults in each income tier



Source: Pew Research Center

Middle Class is a “construct”

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- The idea of being middle-class
 - Pay your bills
 - Own a home
 - Afford a vacation

Middle class is a construct

- The idea of being middle-class
 - Pay your bills
 - Own a home
 - Afford a vacation
- The reality of being middle-class
 - of 40% Americans cannot afford to cover an unexpected \$400 expense
 - Homeownership continues to decline – lowest levels since 1995
 - Approximately 25% of Americans have not taken a vacation of a week or more in the last 5-years.

Local Governments Can Be Part of the Solution

Local Governments Can Be Part of the Solution

- Metropolitan Revolution
 - Fend for yourself:
 - Acting because no other level of government is acting to fulfil the needs of ones constituents
 - Activism:
 - Actively trying to influence higher-orders of government
 - Innovation:
 - Local Governments are vehicles for policy innovation

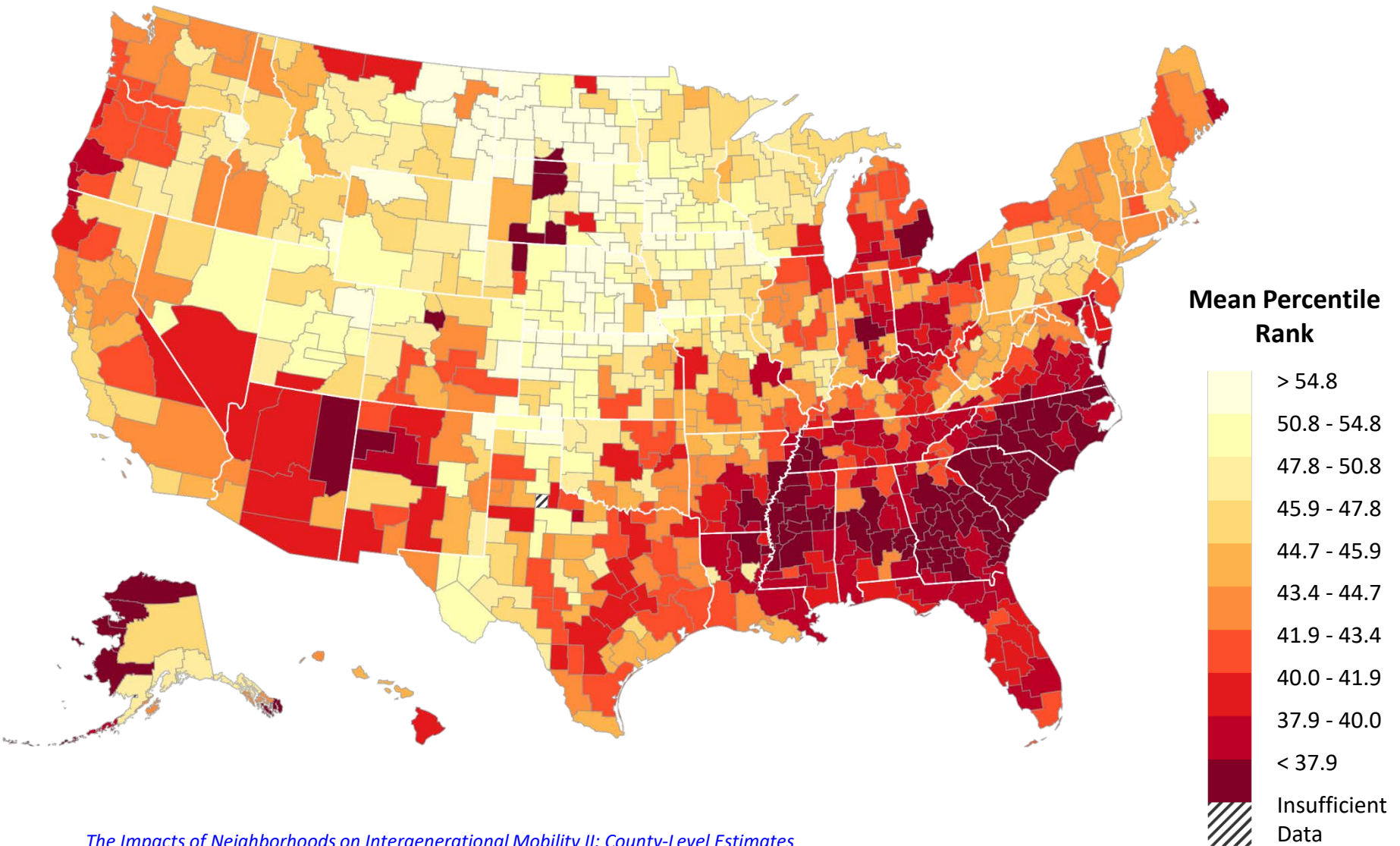
Local Governments Should Be Part of the Solution

Local Governments Should Be Part of the Solution

- Intergenerational Mobility
 - Central feature of American Dream: aspiration that children have a higher standard of living than their parents
 - When asked to assess economic progress, children often compare their earnings to their parents

The Geography of Intergenerational Mobility in the United States

Predicted Income Rank at Age 30 for Children with Parents at 25th Percentile



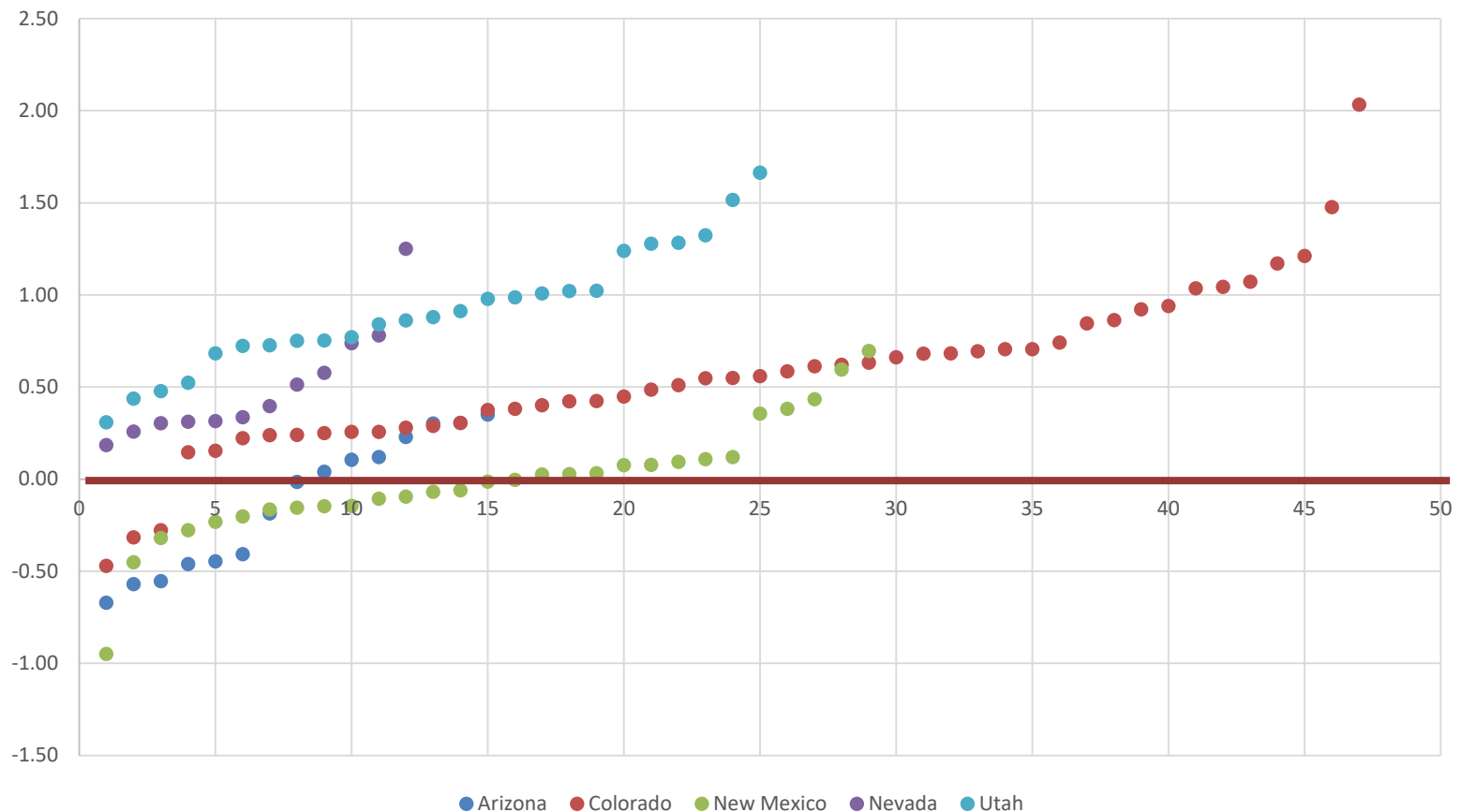
[The Impacts of Neighborhoods on Intergenerational Mobility II: County-Level Estimates](#)

Raj Chetty, Nathaniel Hendren

Quarterly Journal of Economics, 133(3): 1163-1228, 2018 | December 2017

Intergenerational Mobility

Mobility by County in Nevada and the Western States



Derived from: [The Impacts of Neighborhoods on Intergenerational Mobility II: County-Level Estimates](#)

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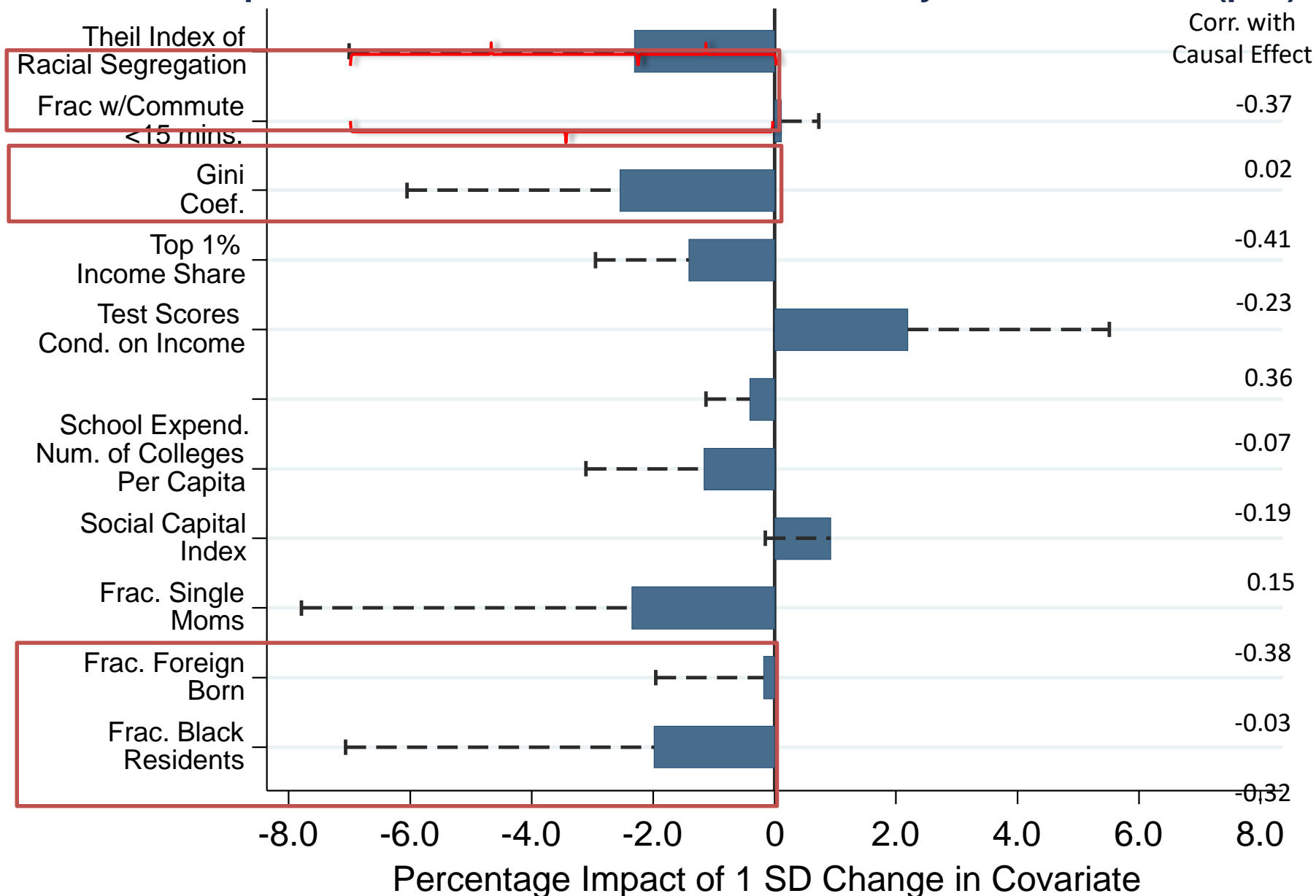
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Challenges to Address

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- Integration and Segregation
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Predictors of Exposure Effects For Children at the County within CZ Level (p25)

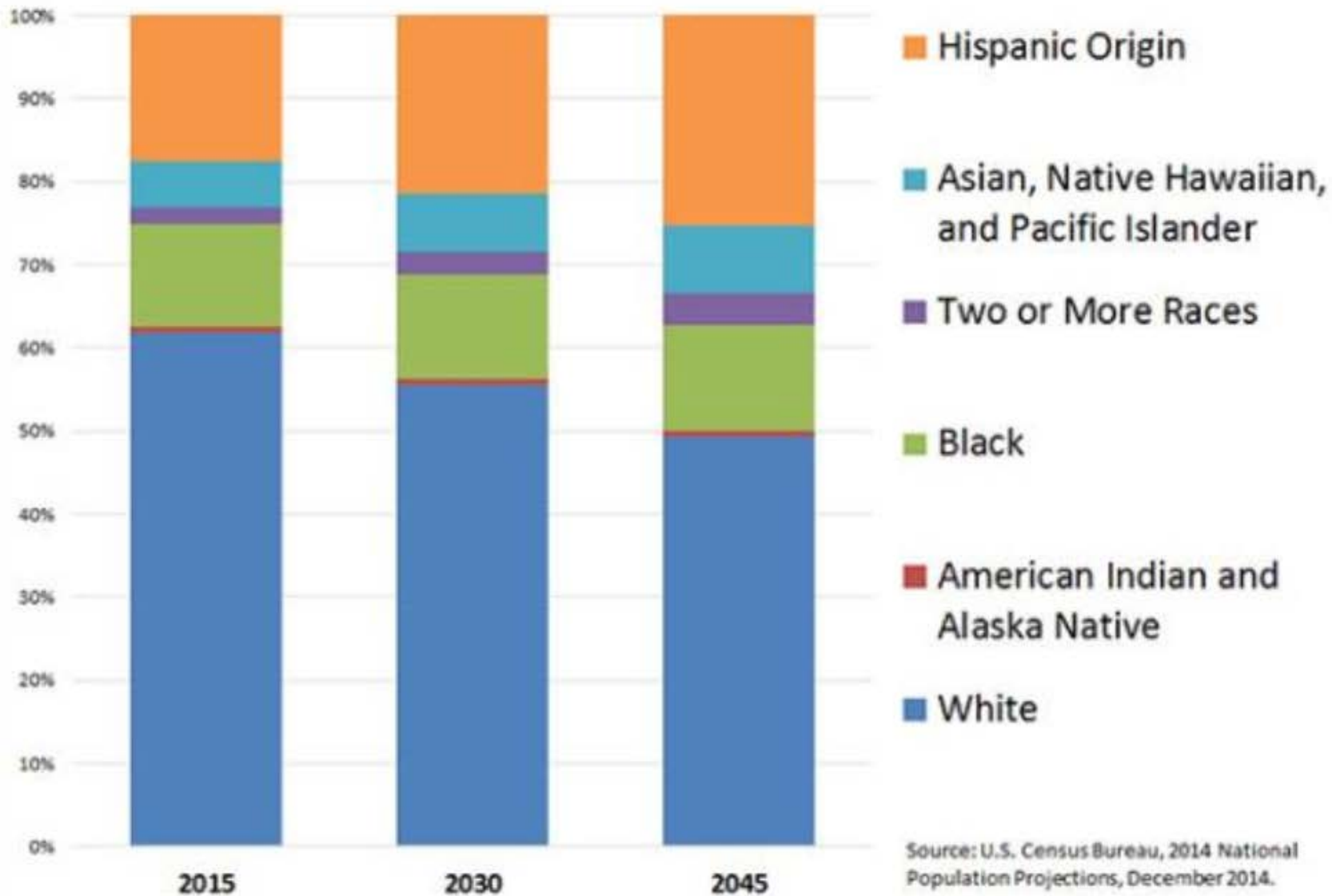


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U.S. Population Will Become Increasingly Diverse



Skyrocketing Growth of Hispanics in Nevada

- **Fastest Growth of Hispanic Population in Region**

- (1990-2016)**

- Avg. growth of Hispanic in US: 257.3% (1990~2016)
- Growth in Nevada: 650.7% (831,000 Hispanics, 2016)
- Nevada's Hispanic population growth much faster than Utah, Arizona & California

- **Forecast for Hispanic Growth (2016-2050)**

- Continue to maintain rapid growth in Nevada
- Second fastest in the region: Utah reducing gap with Nevada

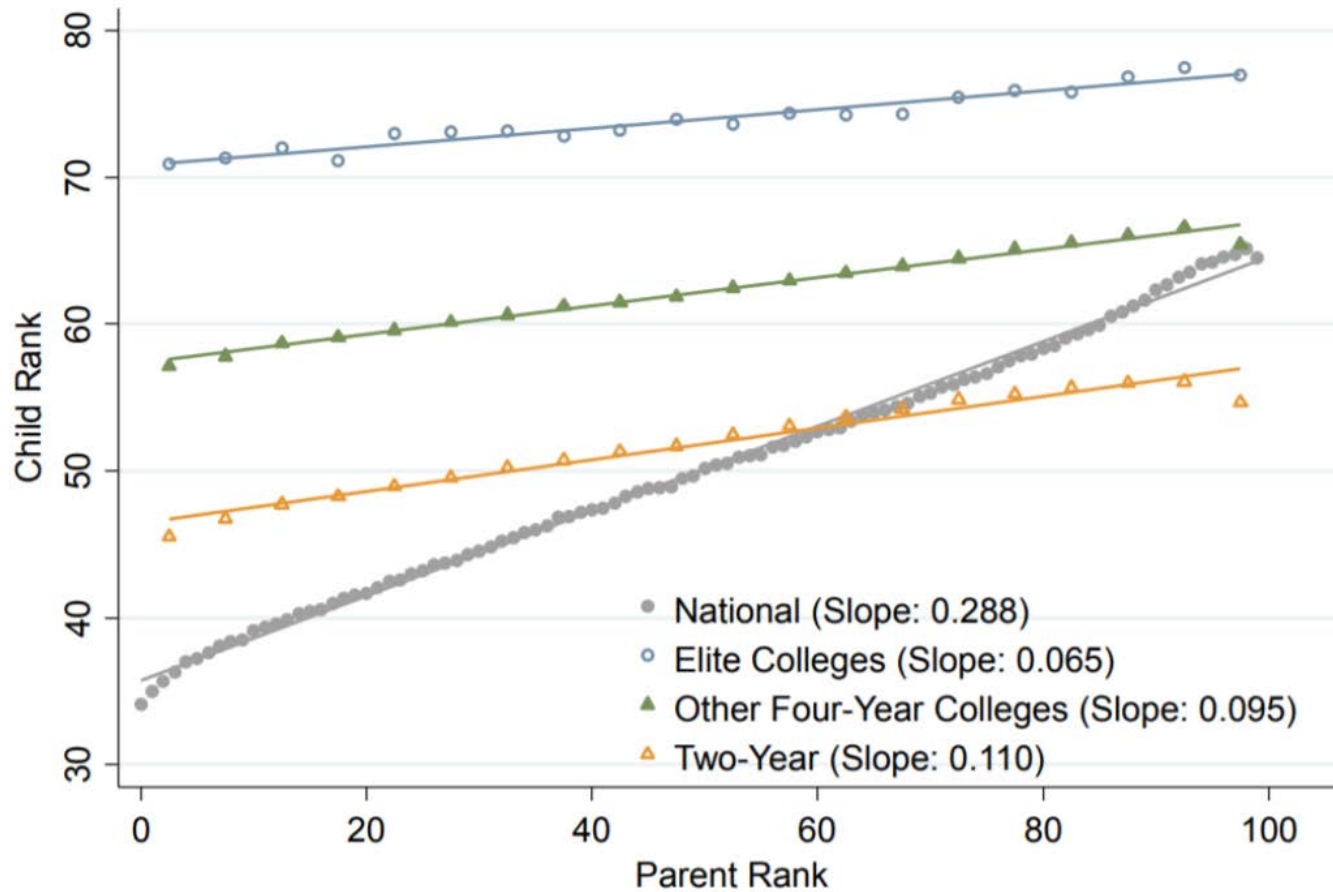
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Education and Workforce Development

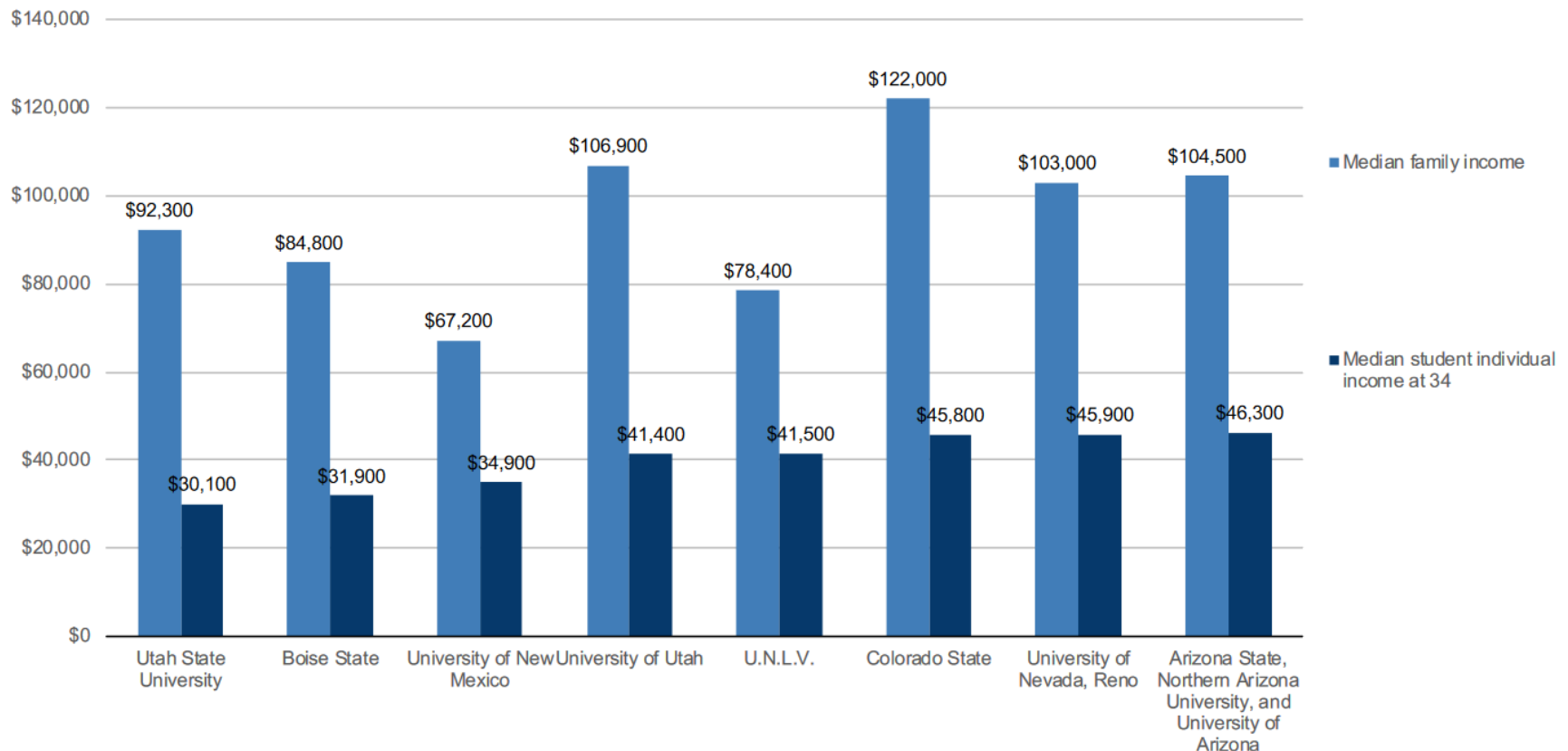
- Rapidly changing labor market leaving those without at least some college behind
 - *Between 2010 to 2016, almost all net new jobs created were filled by workers with at least some postsecondary education.*
 - *Approximately two-thirds of the 13 million new jobs created since 2010 required medium or advanced levels of digital skills.*

Education is the Great Equalizer



Mobility through Higher Ed. in Nevada and Mountain West

Median student and family incomes, selected Mountain West colleges



Challenges to Address

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Housing Affordability

- Affordable housing becoming increasingly difficult
 - Median national rents rose by 32% in constant dollars
 - Nevada at epicenter of affordability crunch largely due to emigrating Californians and Booming Economy
 - “Missing Middle” in Housing

Challenges to Address

- Integration and Segregation
- Education and Workforce Development
- Housing Affordability
- Household Instability

Household Instability Comes from a Variety of Sources

- Rising Childcare Expenses
- Instability of Gig Economy
- Unexpected Expenses

Summary and What this Means for Local Governments

- The Issue
 - The Loss of the Middle Class
 - As suggested by the work on Intergenerational Mobility and Metropolitan Revolution – the Middle Class Issue can and should be addressed by Local Governments

Summary and What this Means for Local Governments

Challenge to be addressed	Possible Local Policy and Program Solution
Integration and Segregation	Land Use Codes to develop more mixed use developments
Education and Workforce Training	Partner with Higher Ed and Private Sector to Identify Needs Partner with K-12 to Develop Career Ready Programs
Housing Affordability	Land Use Codes to Allow for More “Affordable” Units
Household Instability	Support pre-k programs Work with Private companies to assess pay smoothing

Question and Discussion

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