

# The urgency of inclusive growth

*Centering people in community economic development*



Amy Liu, Brookings Metropolitan Policy Program |  @amy\_liuw  
*LISC FOC/Bridges National Meeting | December 12, 2019*

BROOKINGS

1

Defining  
inclusive  
growth

2

Challenges  
in the  
modern era

3

Implications  
for  
community  
development

1

Defining  
inclusive  
growth

2

Challenges  
in the  
modern era

3

Implications  
for  
community  
development

“

## A new framework for growth

“The goal is to put a regional economy on a trajectory of higher growth by increasing the productivity of firms and workers in a way that raises standards of living for all.”

- “Remaking Economic Development,” Brookings, 2016

# Every region should pursue three goals

1

2

3

## GROWTH



Jobs  
Output  
Entrepreneurship

## PROSPERITY



Productivity  
Standard of Living  
Average wage

## INCLUSION



Employment rate  
Median wage  
Relative poverty rate

# Every region should pursue three goals

1

2

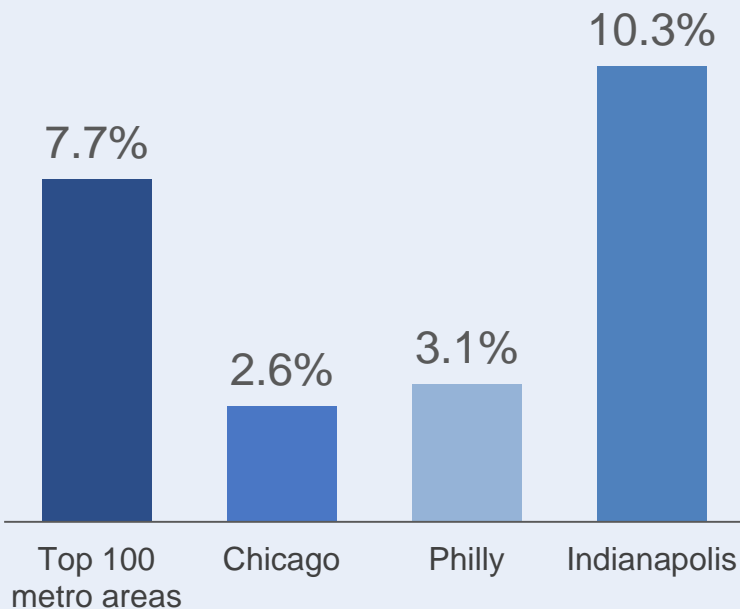
3

## GROWTH



### Job growth

2007-2017



## PROSPERITY



## INCLUSION



Source: Brookings, “Metro Monitor,” 2019

# Every region should pursue three goals

1

2

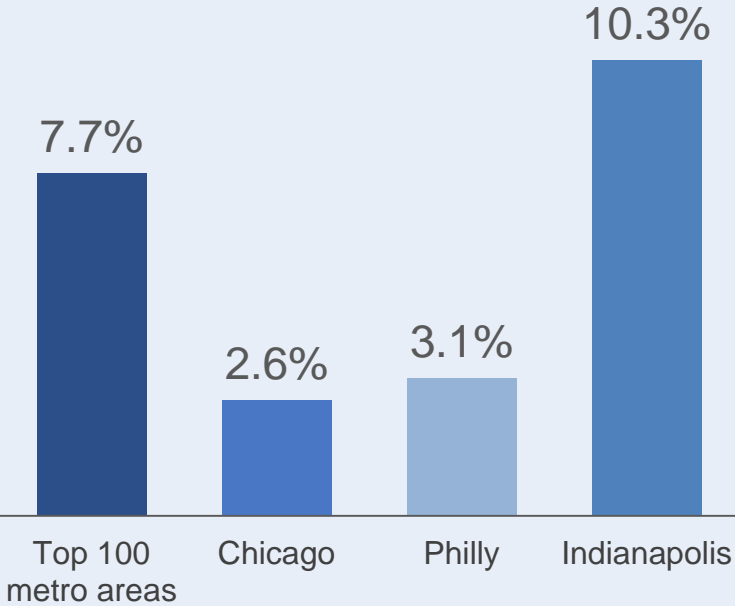
3

## GROWTH



### Job growth

2007-2017

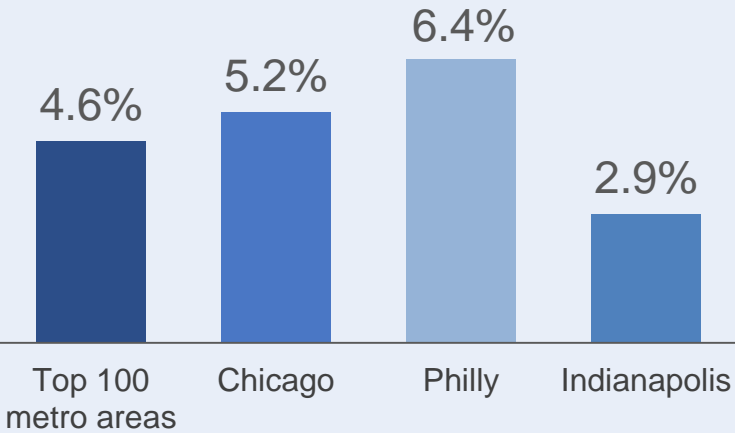


## PROSPERITY



### Productivity

2007-2017



## INCLUSION



Source: Brookings, "Metro Monitor," 2019

# Every region should pursue three goals

1

2

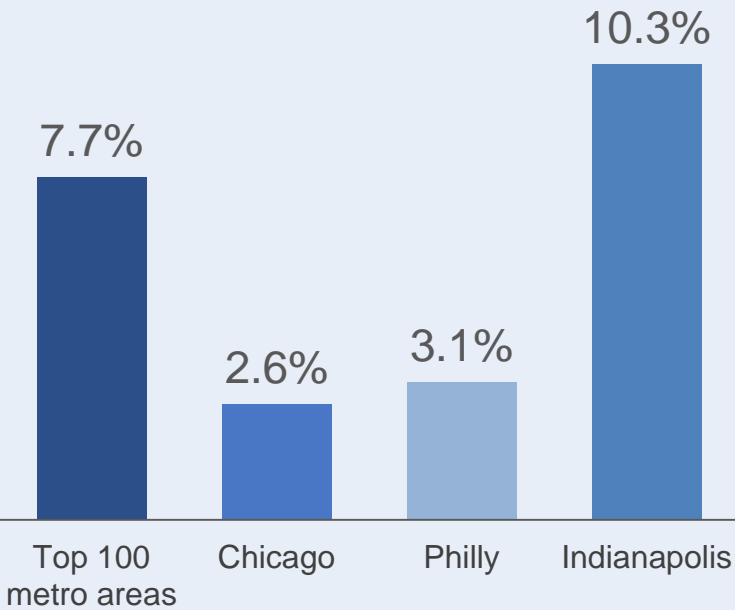
3

## GROWTH



### Job growth

2007-2017

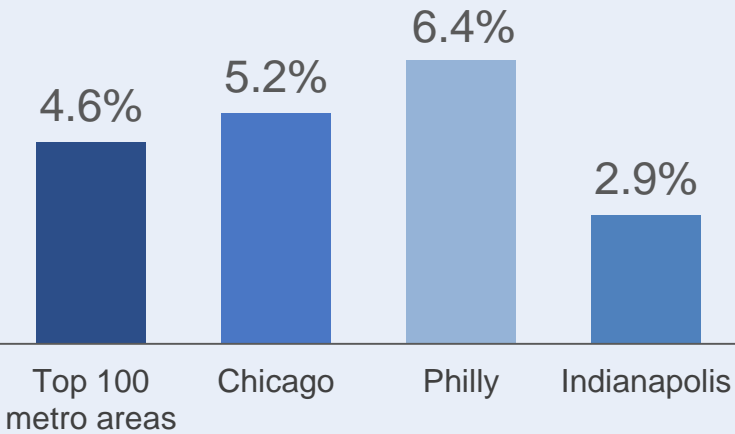


## PROSPERITY



### Productivity

2007-2017

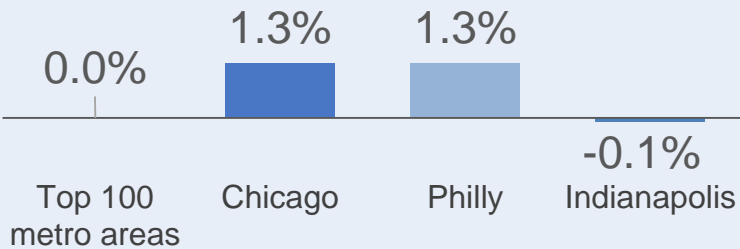


## INCLUSION



### Median earnings growth

2007-2017

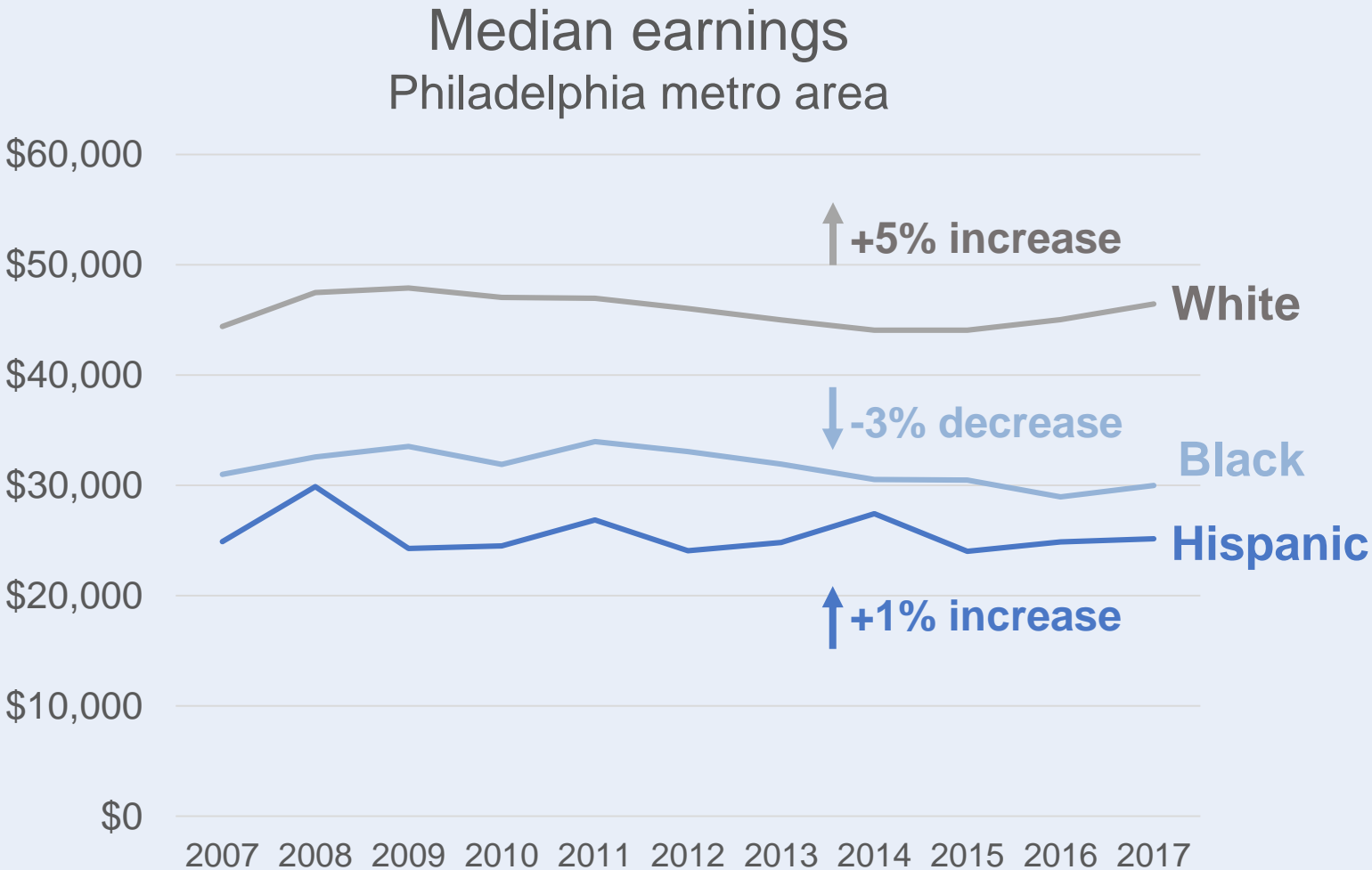


Source: Brookings, "Metro Monitor," 2019

BROOKINGS



# The Philadelphia area has made little progress on racial inclusion



## RACIAL INCLUSION

**+\$2,105**  
Change in racial  
median earnings  
gap, 2007-2017

**72<sup>nd</sup>**  
Out of 100 metros in  
change in racial earnings  
gap, 2007-2017

Source: Brookings, “Metro Monitor,” 2019

1

Defining  
inclusive  
growth

2

Challenges  
in the  
modern era

3

Implications  
for  
community  
development

Three trends complicate the challenge of  
building an inclusive economy

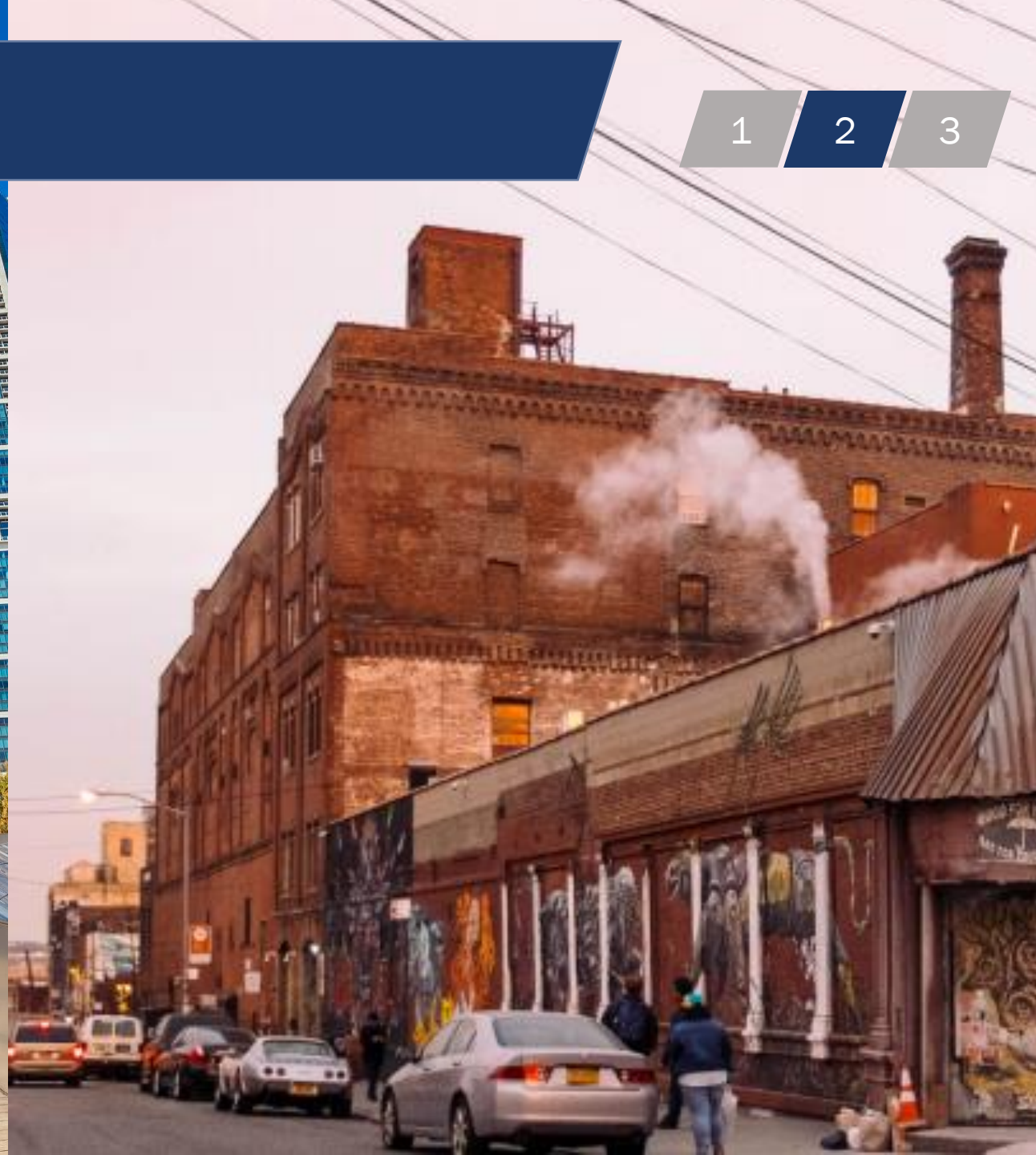


# Tech concentrates and divides

1

2

3





# The digital tech economy is concentrating in a handful of cities

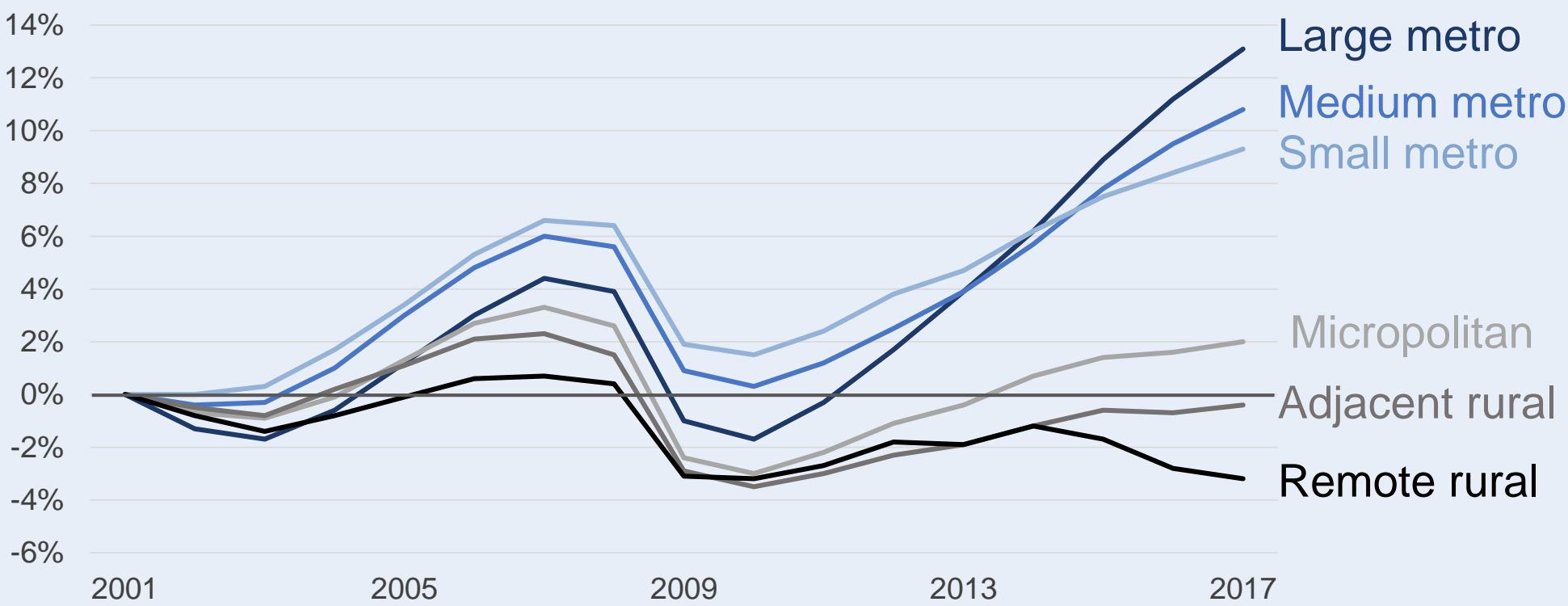
Change in share of national digital services jobs  
Top 100 metros, 2015-2017



Source: Brookings, "Tech is (still) concentrating in the Bay Area," 2018

# The modern economy rewards large places with dense assets

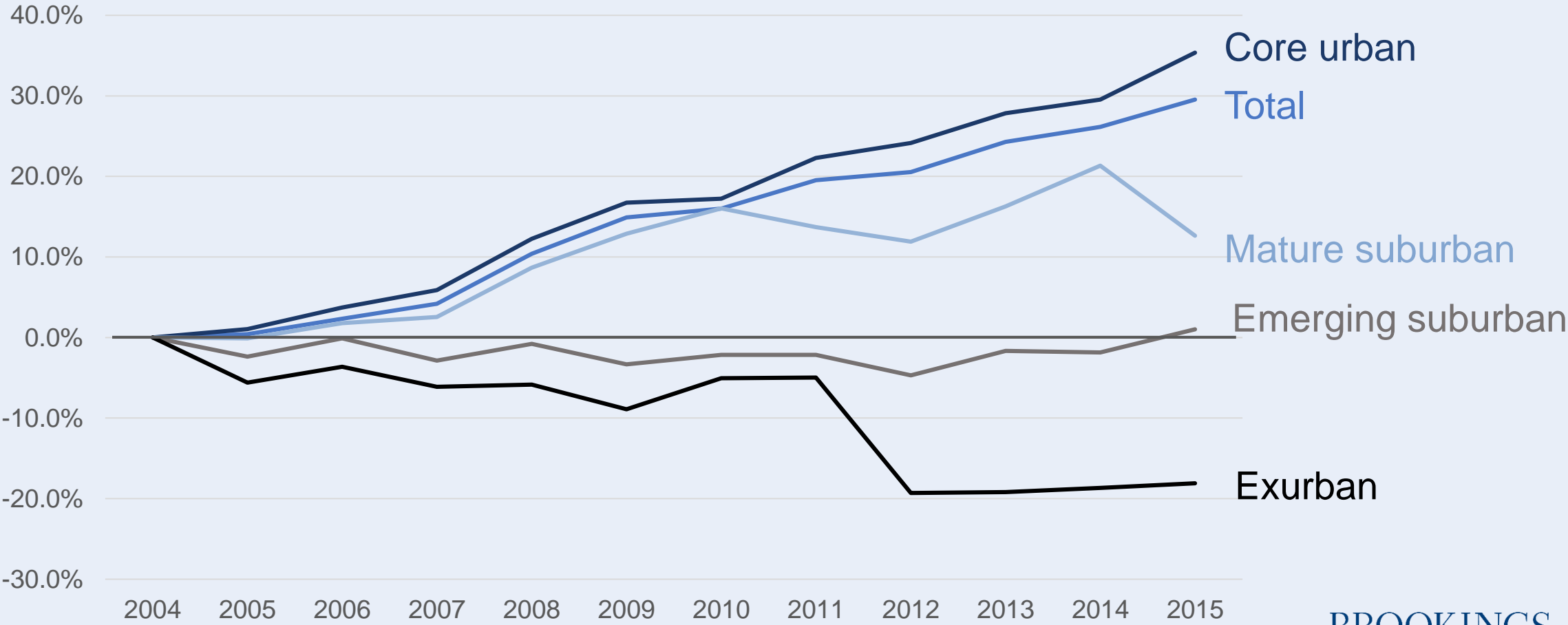
Employment growth since 2001 by community type, United States



Source: Brookings, "Why rural America needs cities," November 2018

# In an economy that demands density, job concentration is increasing in the urban core

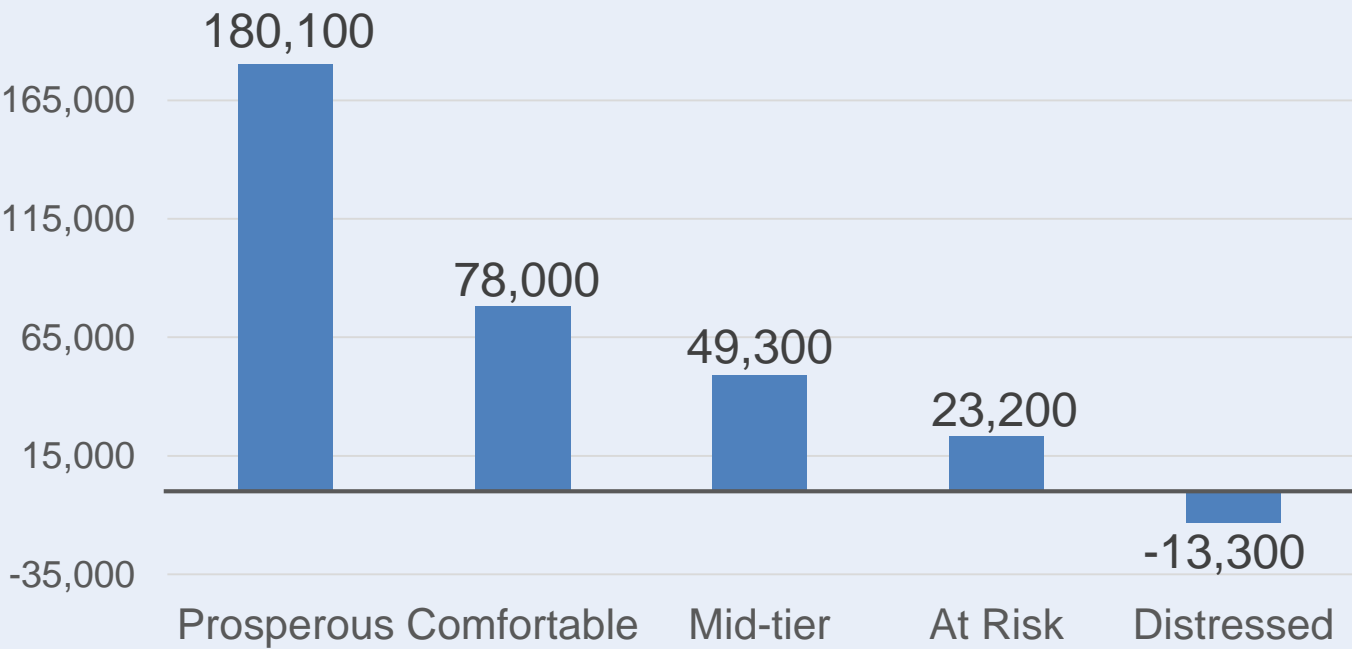
Job density growth in counties  
2004-2015



Source: Brookings, "Where jobs are concentrating and why it matters to cities and regions," 2019

# Concentrated advantage and disadvantage continue to persist within communities

Increase in business establishments  
between 2012 and 2016



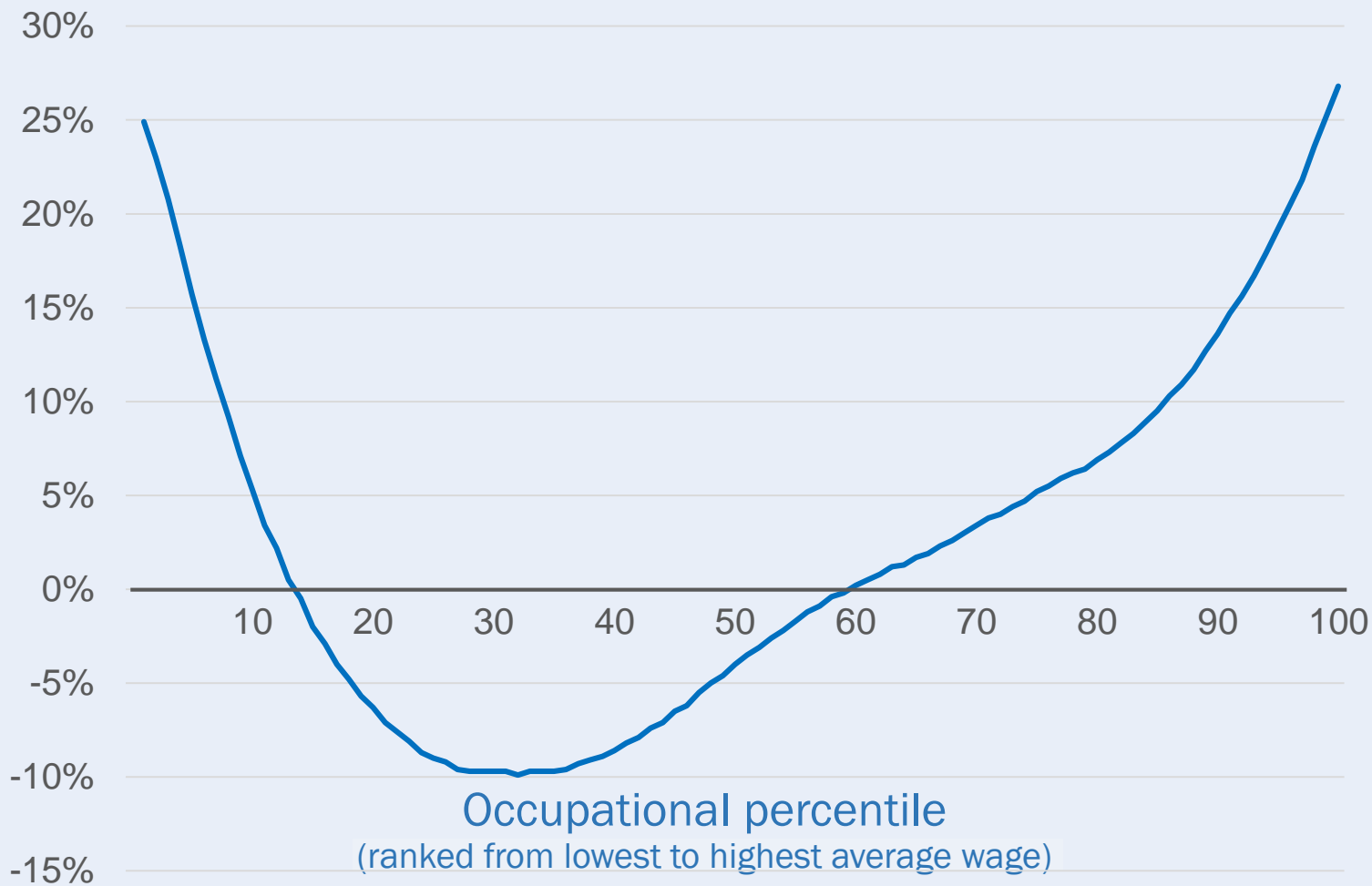
**54%**  
of new businesses during  
the recovery are in  
**prosperous zip codes**

Source: Economic Innovation Group, “Distressed Community Index,” 2018



# Meanwhile, new jobs are concentrating at the low and high end of the wage scale

Employment growth across occupations, 1980-2015

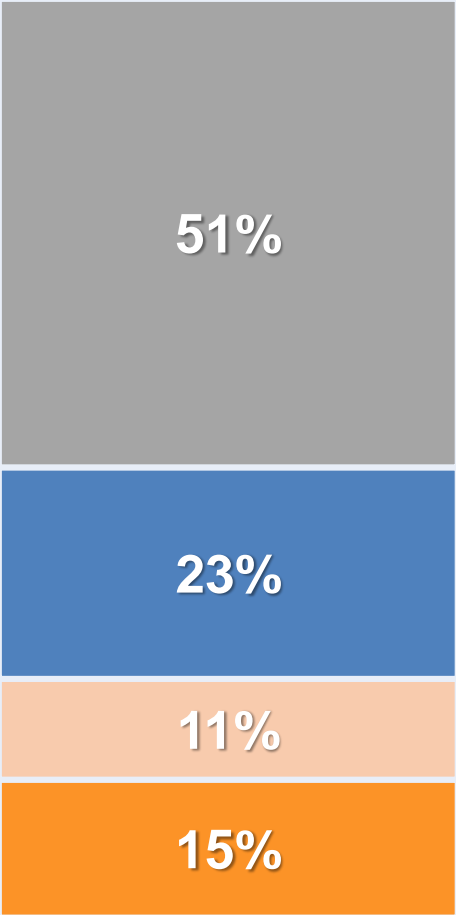


Source: David Autor, “Polanyi’s Paradox and the shape of employment growth,” 2015

# Too few jobs in metro areas offer pathways to the middle class

Central Indiana, 2017

Good jobs



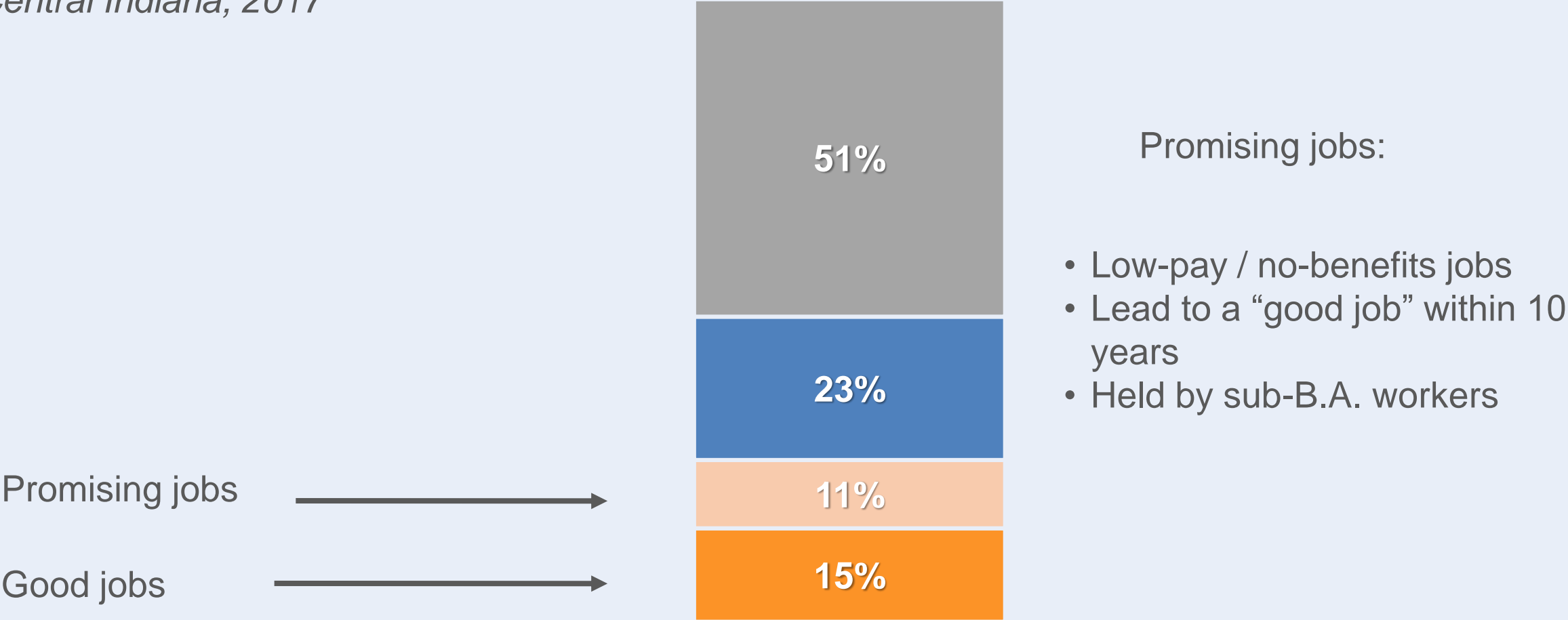
Good jobs:

- Pay family-supporting wage
- Provide health insurance
- Held by sub-B.A. workers

Source: Brookings, “Advancing Opportunity in Central Indiana,” 2018

# Too few jobs in metro areas offer pathways to the middle class

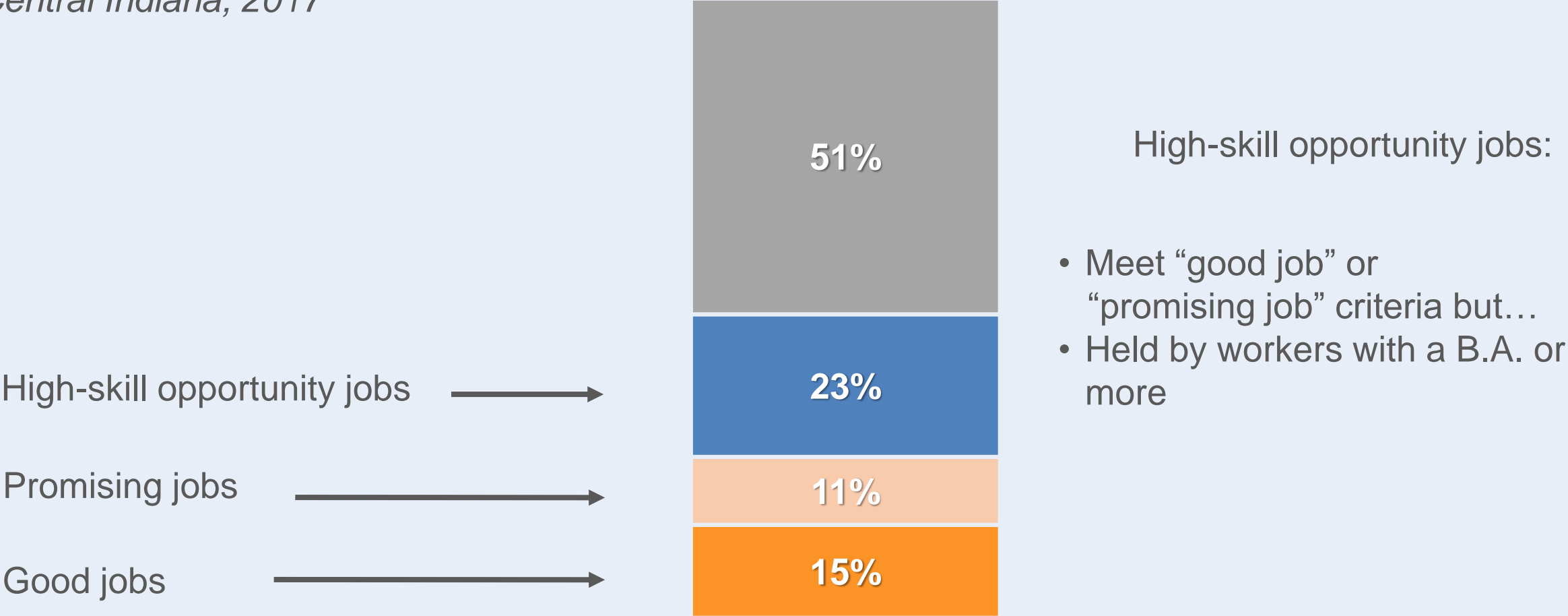
Central Indiana, 2017



Source: Brookings, “Advancing Opportunity in Central Indiana,” 2018

# Too few jobs in metro areas offer pathways to the middle class

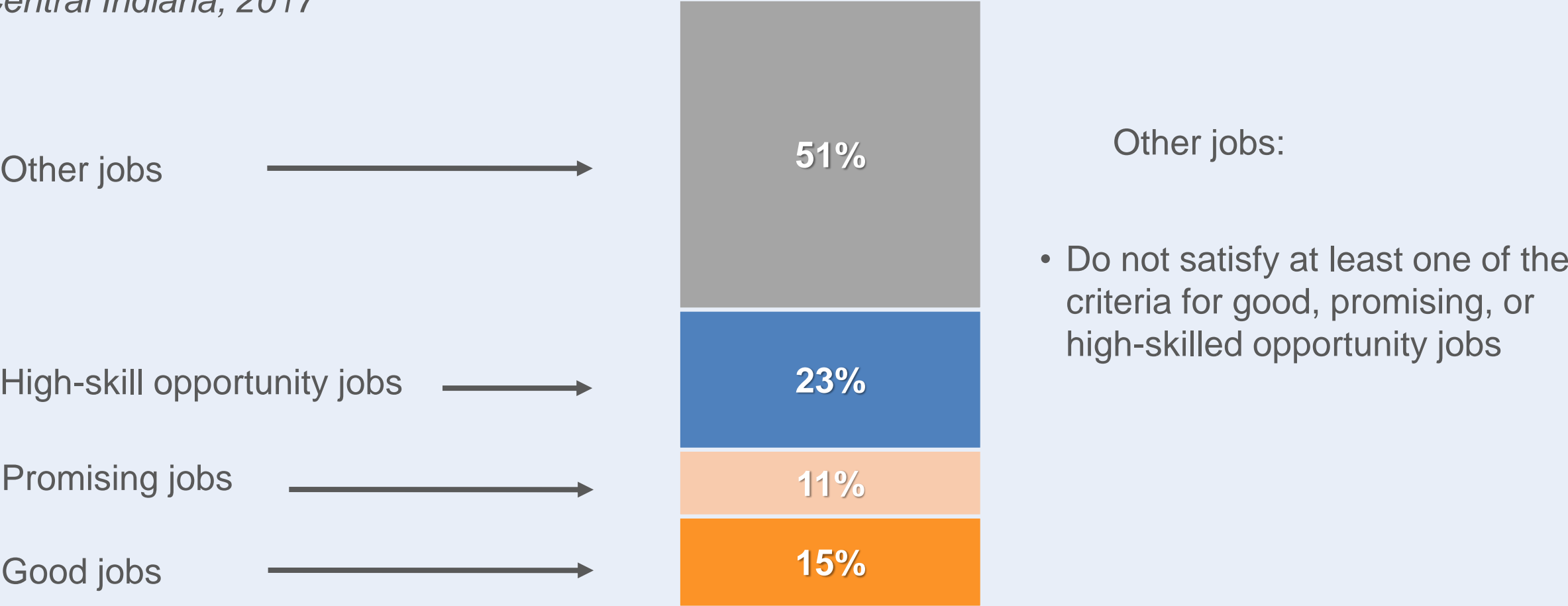
Central Indiana, 2017



Source: Brookings, “Advancing Opportunity in Central Indiana,” 2018

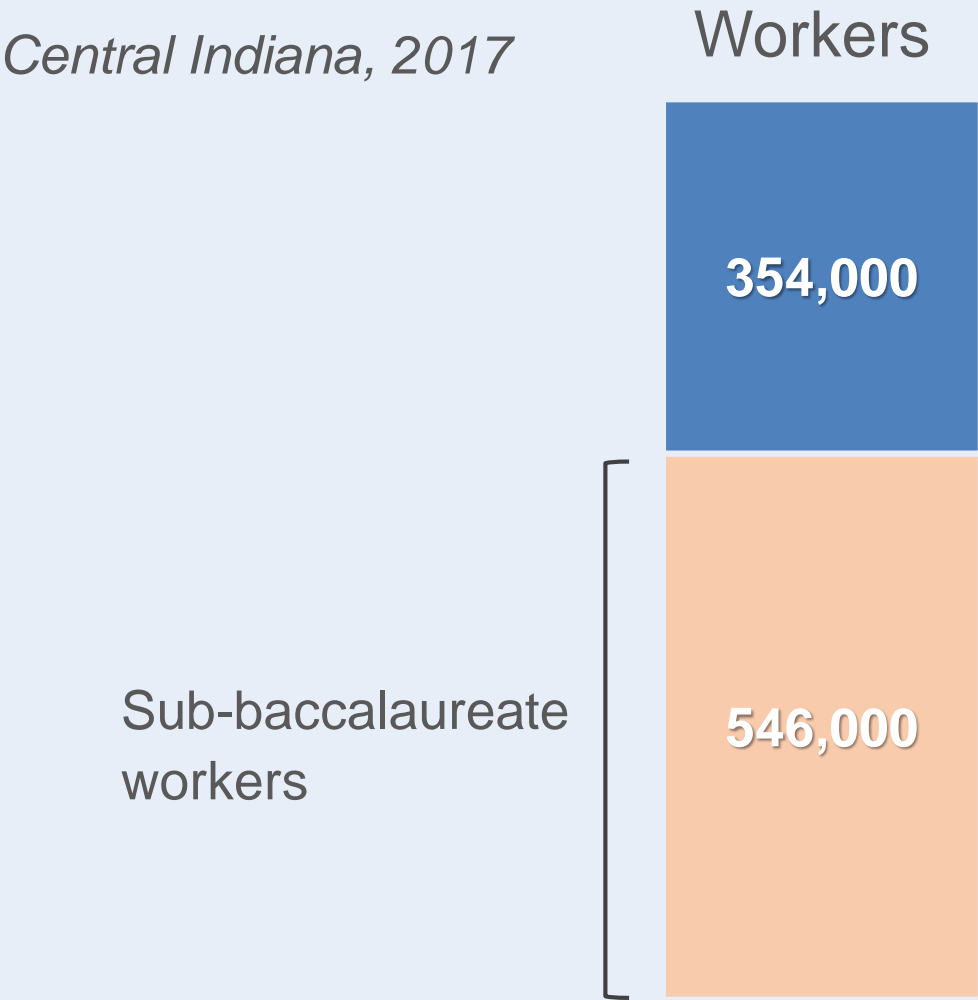
# Too few jobs in metro areas offer pathways to the middle class

Central Indiana, 2017



Source: Brookings, “Advancing Opportunity in Central Indiana,” 2018

# Too few jobs in metro areas offer pathways to the middle class



Source: Brookings, “Advancing Opportunity in Central Indiana,” 2018

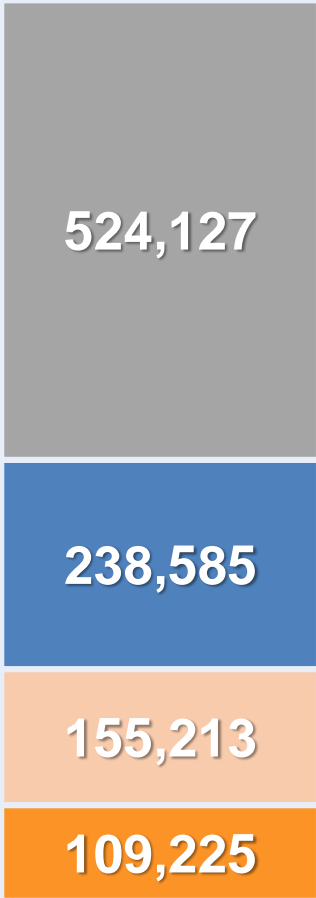
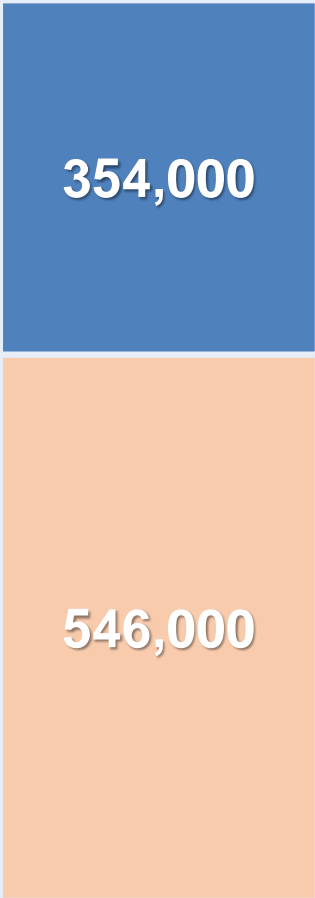
# Yet a high share of workers would benefit from access to good and promising jobs

Central Indiana, 2017

Workers

Jobs

Sub-baccalaureate  
workers



Sub-baccalaureate  
good and promising  
jobs

Source: Brookings, "Advancing Opportunity in Central Indiana," 2018







Over **95%** of executives rated availability of skilled labor as “**very important**” or “**important**” in their site selection decision



Total number of workers in the technology sectors

| Metro area            | Tech workers, 2017 |
|-----------------------|--------------------|
| New York, NY          | 320,694            |
| Washington, D.C.      | 263,258            |
| Los Angeles, CA       | 173,007            |
| San Francisco, CA     | 169,232            |
| Chicago, IL           | 160,051            |
| Dallas-Fort Worth, TX | 152,382            |
| Seattle, WA           | 141,003            |

Source: Brookings, “For Amazon, HQ2 location decision was about talent, talent, talent,” November 2018

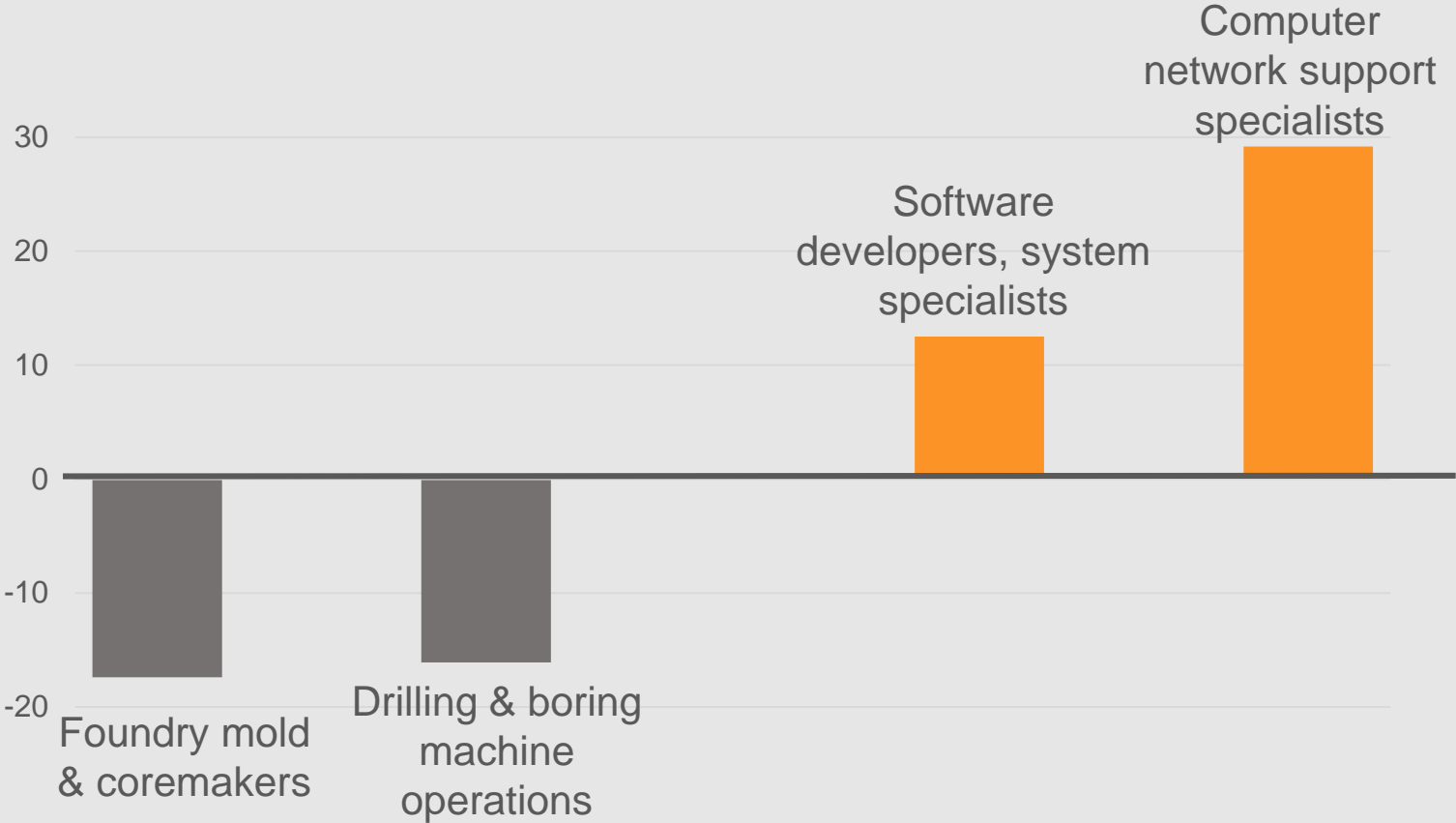
# Employers place a high premium on access to talent

1

2

3

Growth rates within auto industry occupations, 2002 - 2016



Source: Brookings, "What GM's layoffs reveal about the digitalization of the auto industry," December 2018  
Photo courtesy of Crain's Chicago Business

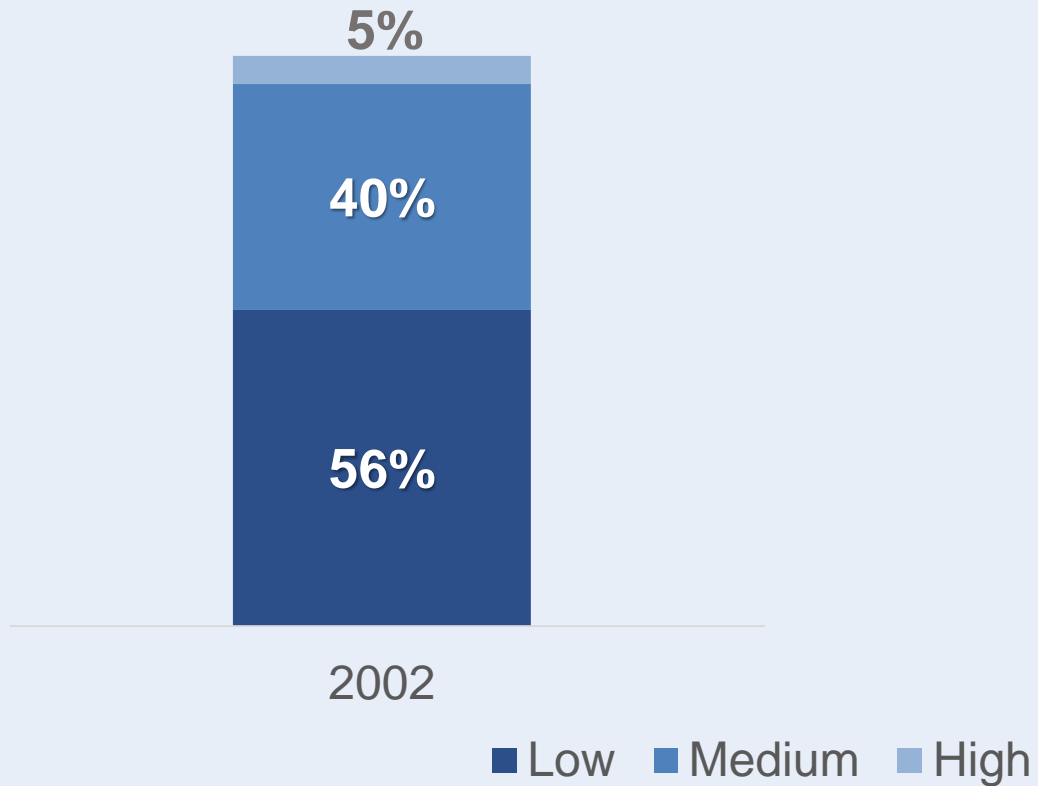
# New technologies are transforming the demand for skills

1

2

3

## U.S. employment by digital skill level



Source: Brookings, "Digitalization and the American workforce," 2017

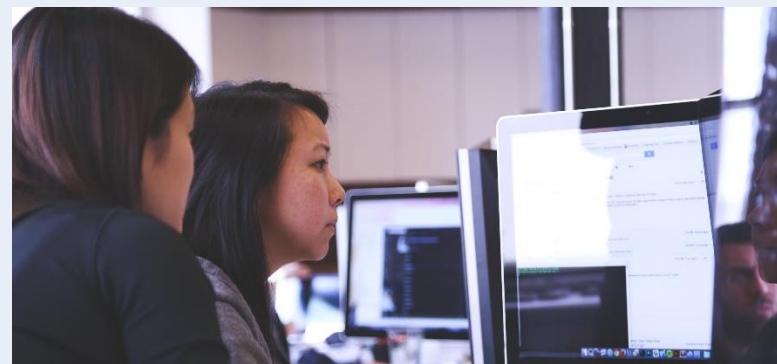
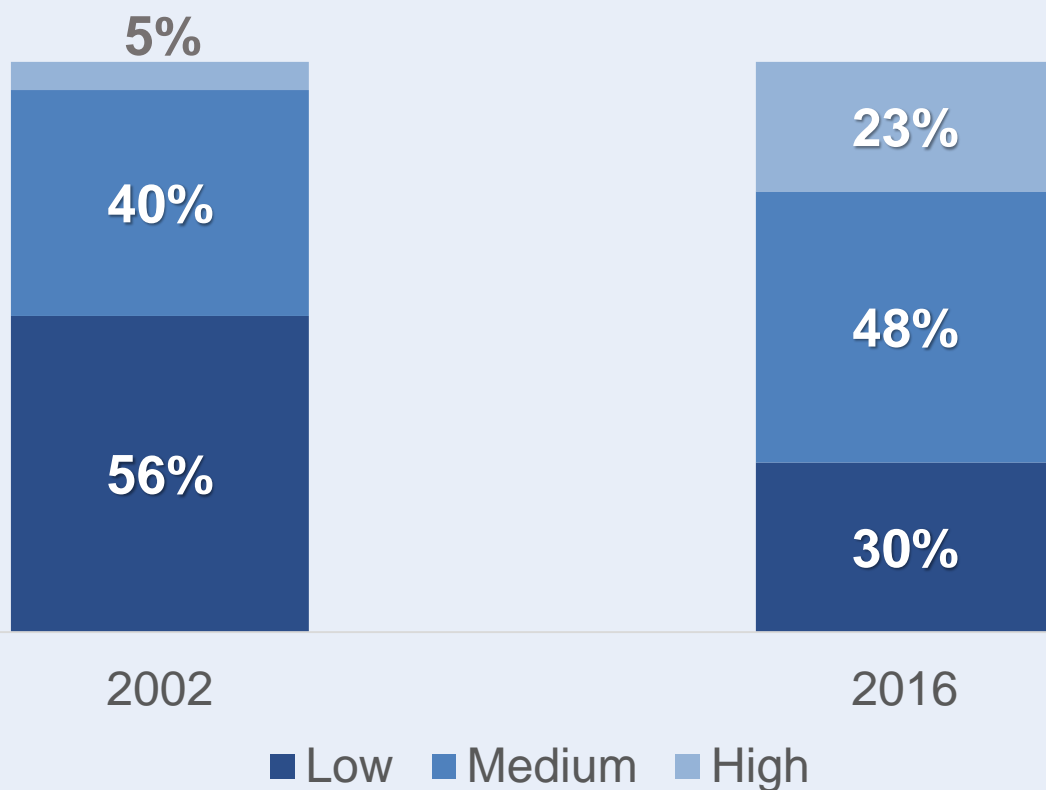
# New technologies are transforming the demand for skills

1

2

3

U.S. employment by digital skill level



HR specialists  
37 → 60

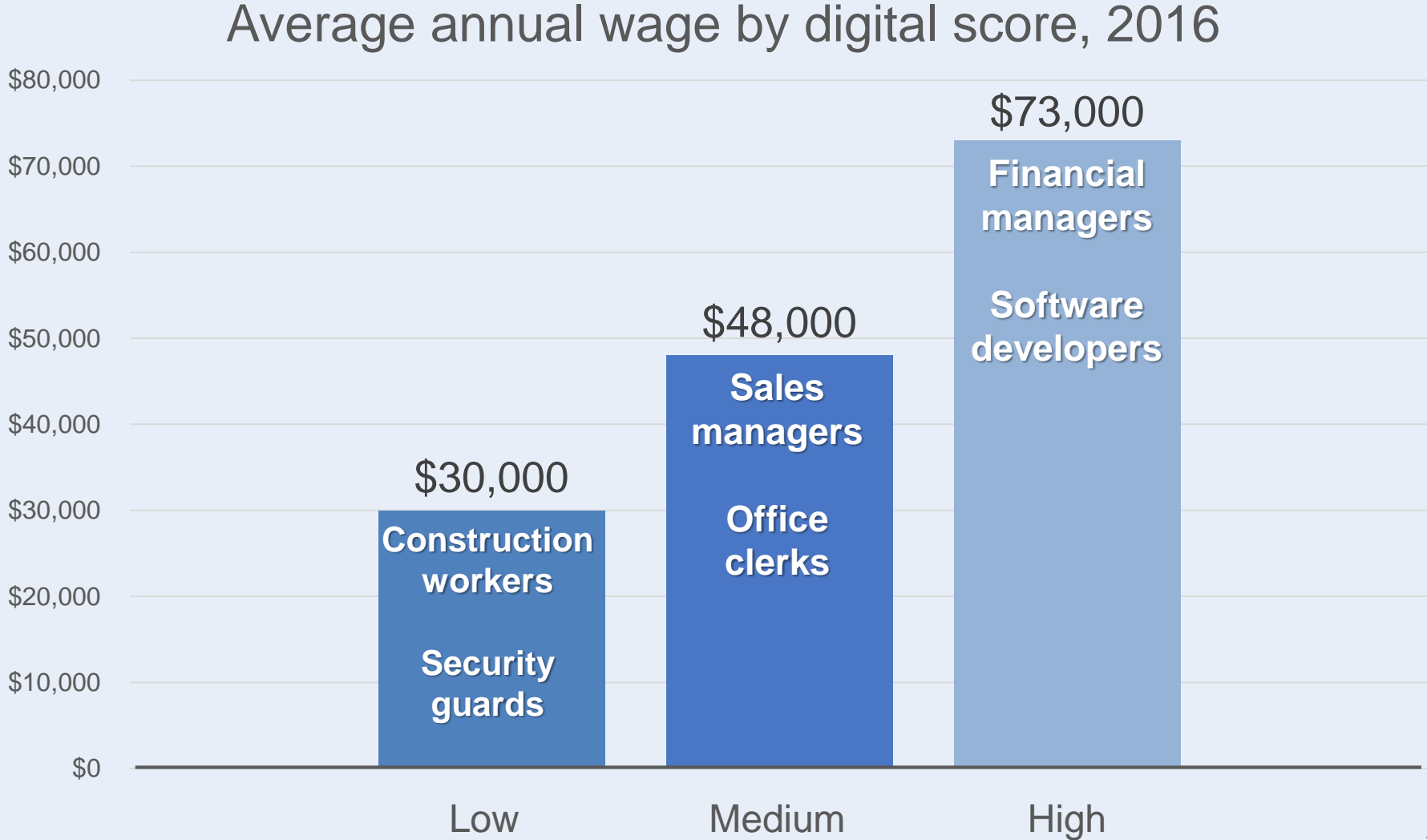


Physician assistants  
27 → 56

Source: Brookings, "Digitalization and the American workforce," 2017

BROOKINGS

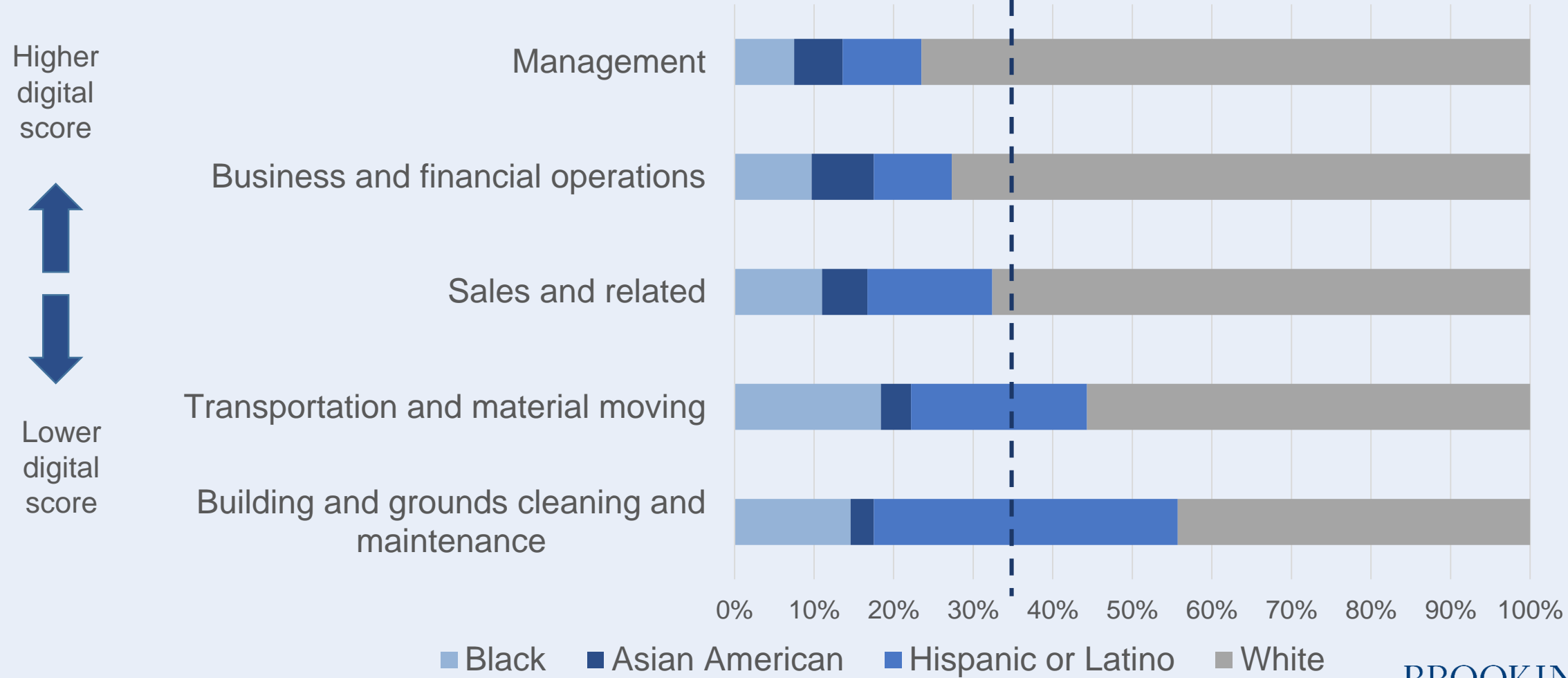
# Employers are rewarding computer-savvy workers with higher pay



Source: Brookings, “Digitalization and the American workforce,” 2017

# But Black and Hispanic workers are disproportionately employed in low digital skill jobs

Employment in select U.S. occupation groups by race  
2016



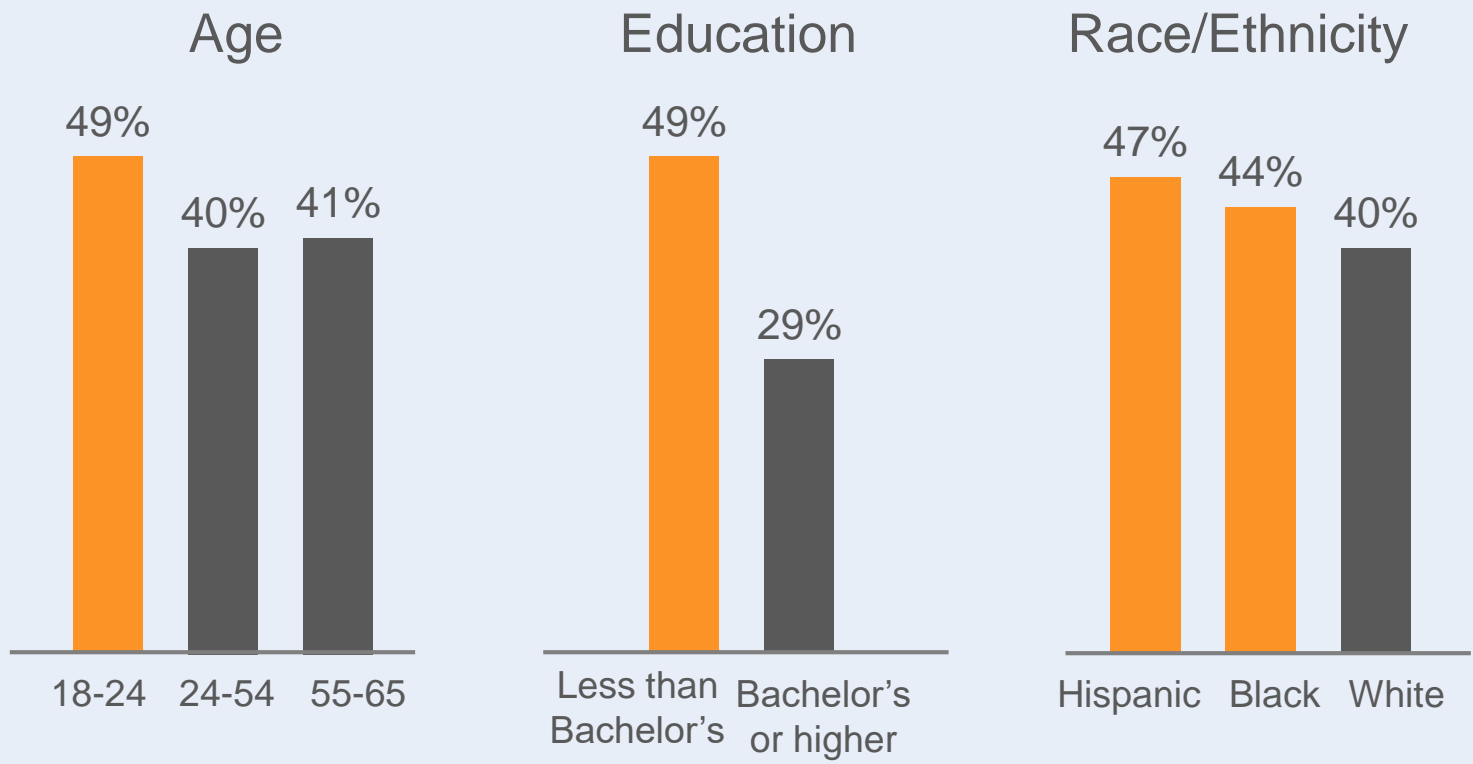
Source: Brookings, "Digitalization and the American workforce," 2017

# Automation particularly harms younger, less educated, and Black and Hispanic workers

25%

Share of U.S. Jobs at “High Risk” of Automation

Average automation potential



Source: Brookings, “Automation and Artificial Intelligence,” 2019



# Barriers and bias limit full participation in the digital economy

1

2

3

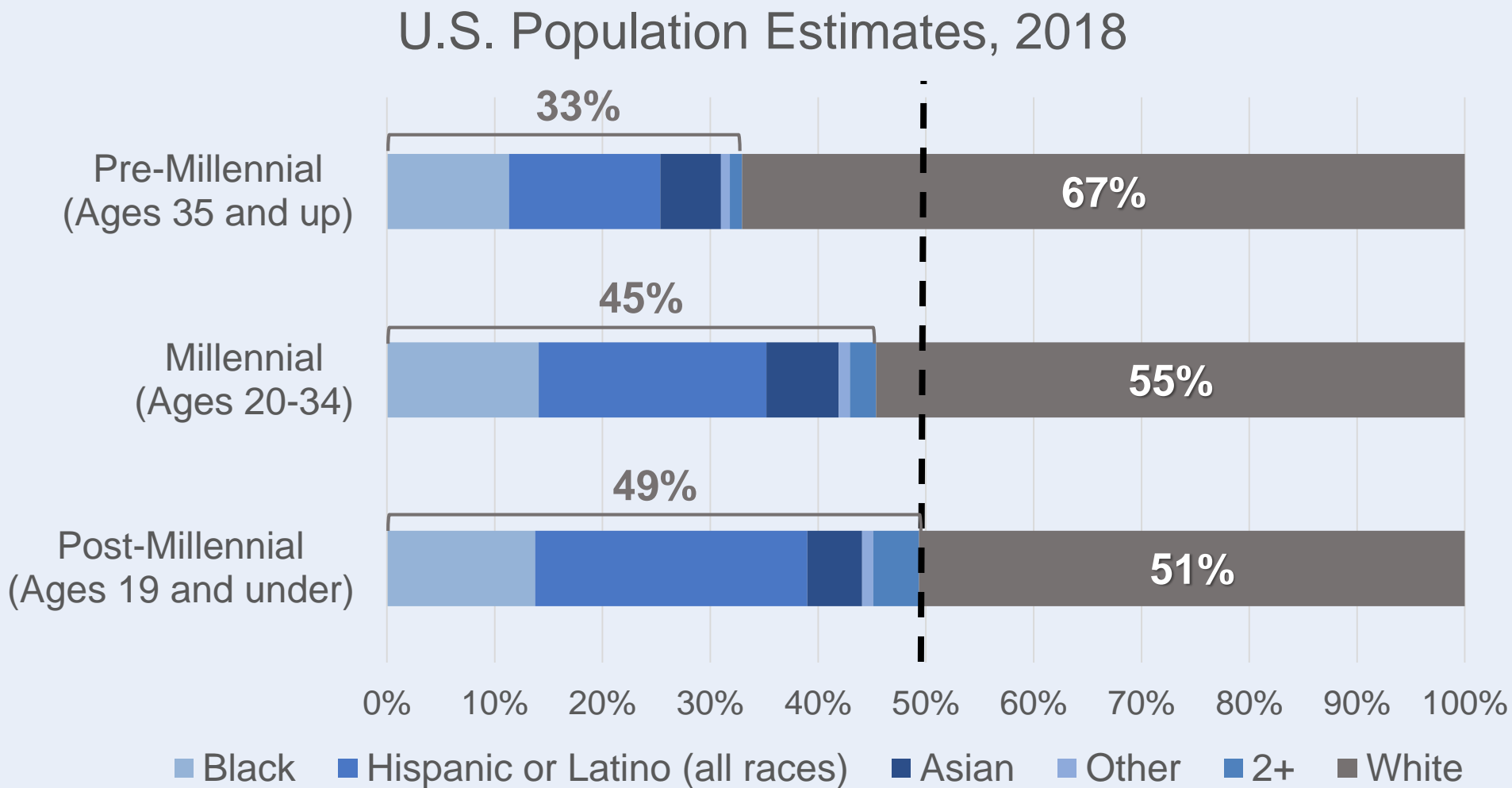


# The next generation of workers will be more racially diverse

1

2

3



Source: Brookings analysis of Census Population Estimates, 2018



# Structural and unconscious bias limits some workers from fully participating in the modern economy

## Structural bias



Only **31%** of Americans age 25 and over have a bachelor's degree.

Source: Brookings, “Free college won’t be enough to prepare Americans for the future of work,” 2019

# Structural and unconscious bias limits some workers from fully participating in the modern economy

1

2

3

## Structural bias



Only **31%** of Americans age 25 and over have a bachelor's degree.

## Unconscious bias



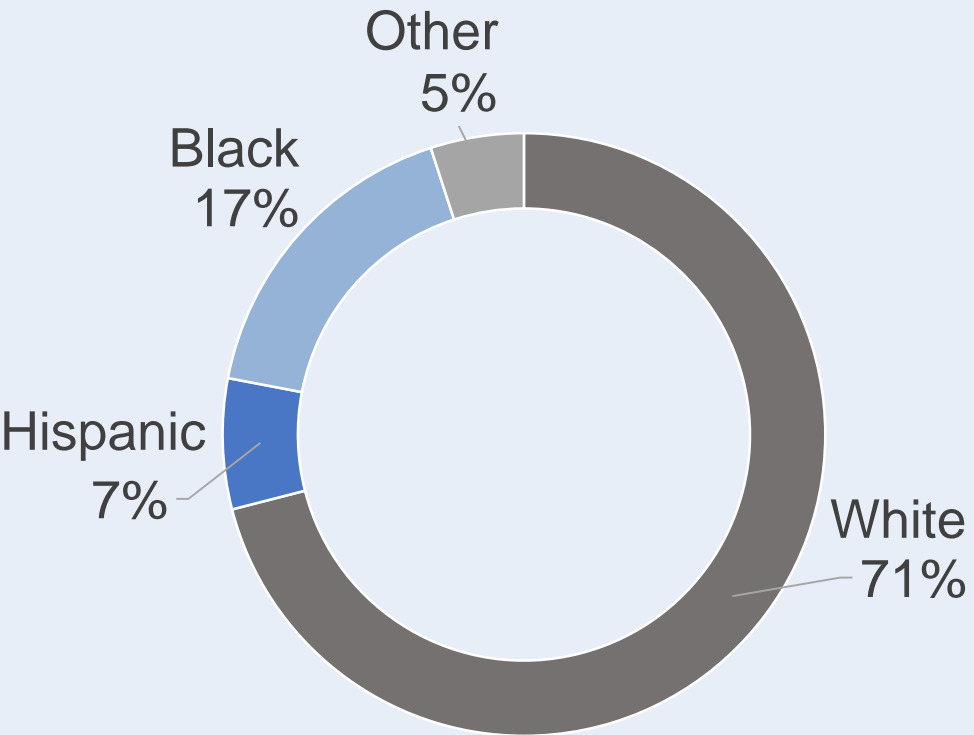
**Referrals** are the most common way people get jobs—**access** to job networks is **limited**.

Source: Brookings, "Free college won't be enough to prepare Americans for the future of work," 2019; Hired, "The Opportunity Index," 2016; John R. Logan and Brian J. Stults, "The Persistence of Segregation in the Metropolis," 2011

BROOKINGS

# Black and Hispanic residents are disproportionately segregated from opportunity

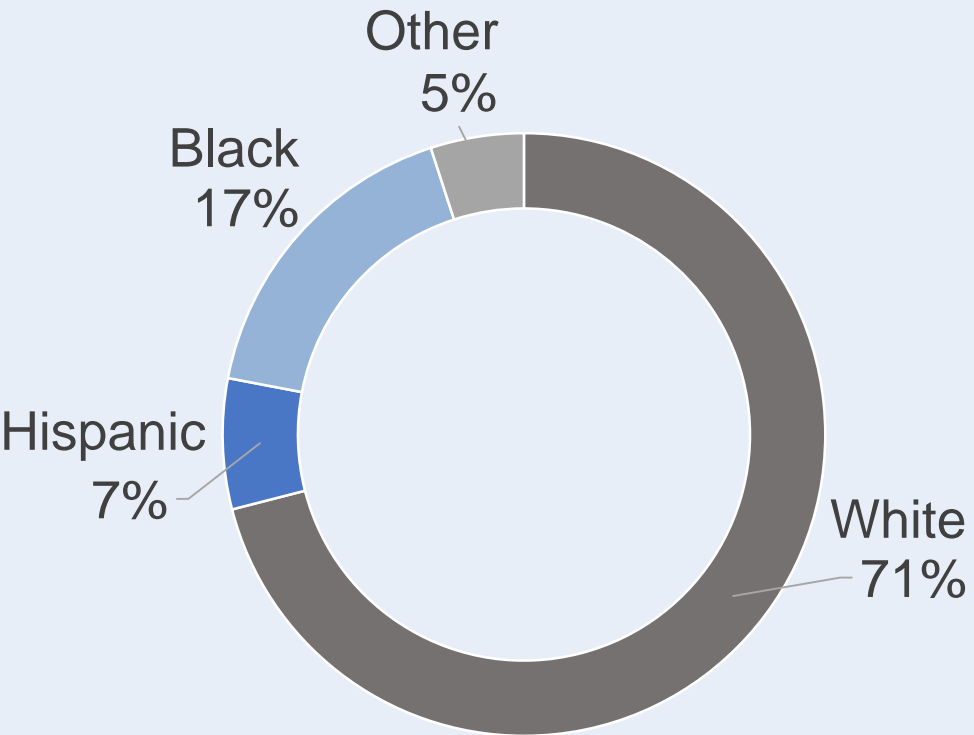
Greater Indianapolis' 16+ low-income population, 2017



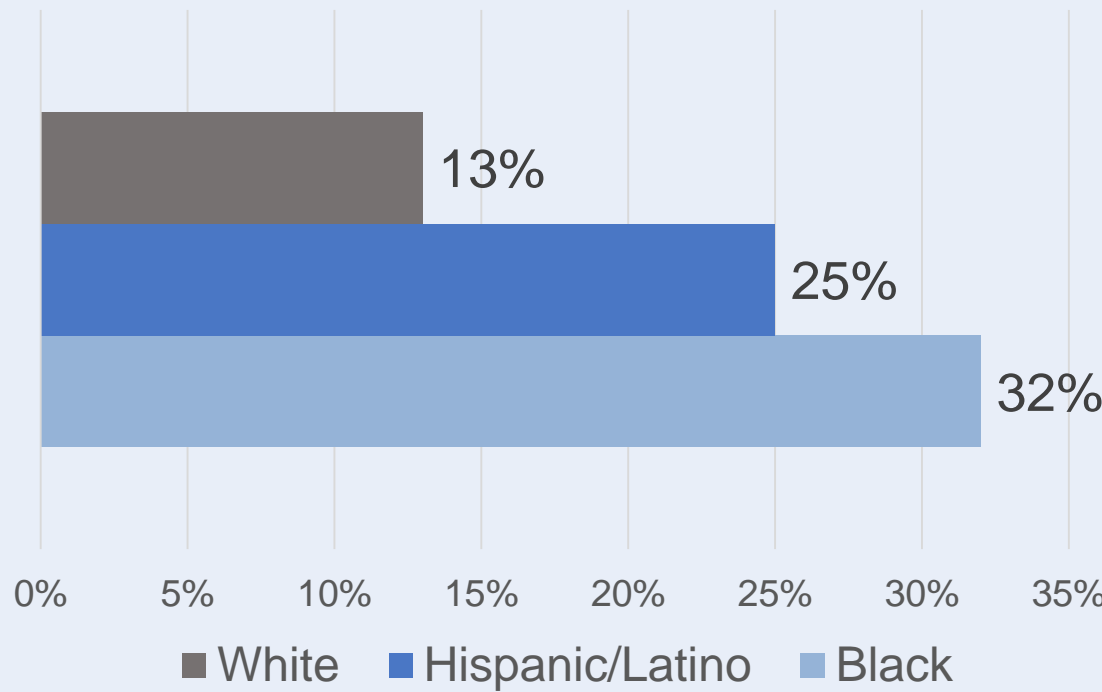
“Source: Brookings, “Metro Monitor,” 2019

# Black and Hispanic residents are disproportionately segregated from opportunity

Greater Indianapolis' 16+ low-income population, 2017



Share of greater Indianapolis' low-income population living in a neighborhood with 40%+ poverty rate, 2010-2014



1

Defining  
inclusive  
growth

2

Challenges  
in the  
modern era

3

Implications  
for  
community  
development

# There are three pillars to inclusive growth

1

2

3

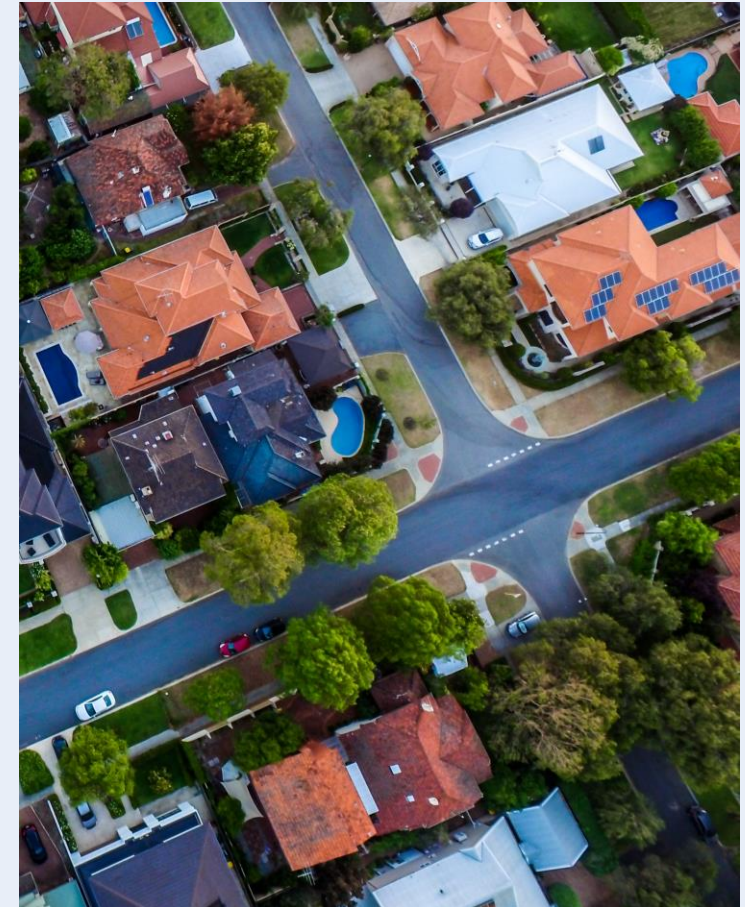
## Job quality



## Job preparedness



## Connected neighborhoods





# Greater San Diego’s inclusive growth strategy reflects that three-prong approach

## Goals by 2030:

**20,000**

locally-produced skilled workers per year

**50,000**

quality jobs in small businesses and start-ups

**75,000**

new thriving households



### Steering Committee

| Talent providers                   | Local employers          | Community                                   |
|------------------------------------|--------------------------|---|
| Cajon Valley Union School District | AECOM                    | Central San Diego Black Chamber of Commerce |
| CSU San Marcos                     | NAVWAR                   | City of San Diego                           |
| MiraCosta Community College        | San Diego Gas & Electric | Neighborhood House Association              |
| UC San Diego                       | Teradata                 | San Diego & Imperial Counties Labor Council |

# In a city or region, it takes an ecosystem of actors to shape an inclusive economy at scale

|                  | Job quality       |                     |                    | Job preparedness |        | Connected neighborhoods |                | Improvement                |
|------------------|-------------------|---------------------|--------------------|------------------|--------|-------------------------|----------------|----------------------------|
|                  | Business creation | Business attraction | Business retention | Youth            | Adults | Jobs to people          | People to jobs | Shaping business practices |
| Convene          |                   |                     |                    |                  |        |                         |                |                            |
| Connect          |                   |                     |                    |                  |        |                         |                |                            |
| Service delivery |                   |                     |                    |                  |        |                         |                |                            |

# Community development leaders must forge partnerships to make a difference for their residents and businesses

1

2

3

Job quality





# The urgency of inclusive growth

*Centering people in community economic development*



Amy Liu, Brookings Metropolitan Policy Program |  @amy\_liuw  
*LISC FOC/Bridges National Meeting | December 12, 2019*

BROOKINGS