3-7-2018

Upward Mobility in the Mountain West

Richard Reeves

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Melting Pots & Mountains: Upward Mobility in the Mountain West

Richard V. Reeves
UNLV Brookings Lecture Series
7 March 2018
1. Upward mobility is an American issue

2. Upward mobility is a metro issue

3. Upward mobility is a mountain metro issue

4. Upward mobility is a mountain metro college issue
1. Upward mobility is an American issue
2. Upward mobility is a metro issue
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James Truslow Adams’ Dream

 “[The American Dream is] that dream of a land in which life should be better and richer and fuller for everyone, with opportunity for each according to ability or achievement…It is not a dream of motor cars and high wages merely, but a dream of social order in which each man and each woman shall be able to attain to the fullest stature of which they are innately capable, and be recognized by others for what they are, regardless of the fortuitous circumstances of birth or position.”
Horatio Alger’s Dream

“In this free country poverty in early life is no bar to a man’s advancement…Save your money, my lad, buy books, and determine to be somebody.”

- Mr. Whitney to ‘Ragged Dick’, 1868
Social Mobility: High in Canada, and SLC...

- Salt Lake City: 11%
- Phoenix: 8%
- Denver: 9%
- Las Vegas: 8%
- USA: 8%
- UK: 9%
- Denmark: 12%
- Canada: 14%
The American Mobility Mindset

• Status is not inherited (‘self-made’ etc.)

• Owning the future: optimism, agency, entrepreneurialism, risk

• Expansiveness, growth, movement: the ‘frontier of the mind’
The American Mobility Mindset

- Status is not inherited (‘self-made’ etc.)

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- Expansiveness, growth, movement: the ‘frontier of the mind’
“That all men are created equal...”
“That all men are created equal and independent...”
The American Mobility Mindset

• Status is not inherited (‘self-made’ etc.)

• Owning the future: optimism, agency, entrepreneurialism, risk

• Expansiveness, growth, movement: the ‘frontier of the mind’
Optimism waning in the middle class...

% of middle class who say it is ... for the middle class to maintain standard of living today than 10 years ago

- More difficult: 85%
- Less difficult: 9%
- About the same: 4%

Source: Pew Research Center, "The Lost Decade of the Middle Class," 22 August 2012
...along with income growth
The American Mobility Mindset

- Status is not inherited (‘self-made’ etc.)

- Owning the future: optimism, agency, entrepreneurialism, risk

- Expansiveness, growth, movement: the ‘frontier of the mind’
“Go West, Young Man!”
- Horace Greeley
But interstate migration is declining

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Upward mobility varies across U.S.

Corr. with baseline $\tilde{r}_{25} = -0.68$ (unweighted), -0.61 (pop-weighted)

FIGURE VIII: Correlates of Spatial Variation in Upward Mobility

- Frac. Black Residents (-)
- Racial Segregation (-)
- Segregation of Poverty (-)
- Frac. < 15 Mins to Work (+)
- Mean Household Income (+)
- Gini Coef. (-)
- Top 1% Inc. Share (-)
- Student-Teacher Ratio (-)
- Test Scores (Inc Adjusted) (+)
- High School Dropout (-)
- Social Capital Index (+)
- Frac. Religious (+)
- Violent Crime Rate (-)
- Frac. Single Moms (-)
- Divorce Rate (-)
- Frac. Married (+)
- Local Tax Rate (+)
- State EITC Exposure (+)
- Tax Progressivity (+)
- Colleges per Capita (+)
- College Tuition (-)
- Coll Grad Rate (Inc Adjusted) (+)
- Manufacturing Share (-)
- Chinese Import Growth (-)
- Teenage LFP Rate (+)
- Migration Inflow (-)
- Migration Outflow (+)
- Frac. Foreign Born (-)
“The spatial variation in intergenerational mobility is strongly \textit{correlated} with five factors: (1) residential segregation, (2) income inequality, (3) school quality, (4) social capital, and (5) family structure.”
Chetty: Changed the Subject

“[A] key question is why some areas of the U.S. generate higher rates of mobility than others... The main lesson of our analysis is that intergenerational mobility is a local problem...”

(Chetty et al, 2013, my emphasis)
Don’t be a boy in Baltimore

Causal effects on earnings of children born in low-income families (25th percentile)

*Baltimore City, MD*

Source: Chetty and Hendren 2015.
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Expected Adult Income Rank of a Child from the 25th Percentile

Source: Chetty et al., “Where is the land of opportunity? The geography of intergenerational mobility in the United States,” 2014
Vegas does surprisingly well, given...
....more on the bottom income rung

Share of parents from bottom quintile

Source: Chetty et al., "Where is the land of opportunity? The geography of intergenerational mobility in the United States," 2014
...and lower school test scores

Income-adjusted test score percentile

Denver: -5.7  
Phoenix: -10.1  
Salt Lake City: -8.4  
Las Vegas: -16.7

Residual from a regression of mean English and math standardized test scores on household income per capita in 2000
...and lower social capital

Social Capital Index

Source: Chetty et al., “Where is the land of opportunity? The geography of intergenerational mobility in the United States,” 2014
...and less religion

Fraction of population that is religious

Source: Chetty et al., "Where is the land of opportunity? The geography of intergenerational mobility in the United States," 2014
...and more single mothers

Percentage of children with single mothers

Source: Chetty et al., “Where is the land of opportunity? The geography of intergenerational mobility in the United States,” 2014
...and fewer colleges

Number of Colleges Per Capita

- Denver: 0.016
- Phoenix: 0.013
- Salt Lake City: 0.009
- Las Vegas: 0.008
- U.S. average: 0.023

Source: Chetty et al., “Where is the land of opportunity? The geography of intergenerational mobility in the United States,” 2014
So, what explains strong rates of upward mobility in Vegas?
Racially diverse

Percentage of population by race in 2010

Denver: 3% Other, 4% White, 5% Black, 23% Hispanic
Phoenix: 4% Other, 3% White, 5% Black, 29% Hispanic
Salt Lake City: 4% Other, 3% White, 5% Black, 17% Hispanic
Las Vegas: 5% Other, 10% White, 10% Black, 29% Hispanic
U.S.: 3% Other, 5% White, 10% Black, 16% Hispanic
Vegas today, U.S. in 2060

Metro areas of today that look like the U.S. of tomorrow

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>States</th>
<th>Similarity to U.S. Overall in 2060</th>
</tr>
</thead>
<tbody>
<tr>
<td>Las Vegas-Henderson-Paradise</td>
<td>NV</td>
<td>86.5</td>
</tr>
<tr>
<td>New York-Newark-Jersey City</td>
<td>NY-NJ-PA</td>
<td>86.1</td>
</tr>
<tr>
<td>Orlando-Kissimmee-Sanford</td>
<td>FL</td>
<td>83.5</td>
</tr>
<tr>
<td>Sacramento-Roseville-Arden-Arcade</td>
<td>CA</td>
<td>82.2</td>
</tr>
<tr>
<td>San Diego-Carlsbad</td>
<td>CA</td>
<td>81.9</td>
</tr>
<tr>
<td>Chicago-Naperville-Elgin</td>
<td>IL-IN-WI</td>
<td>81.6</td>
</tr>
<tr>
<td>Houston-The Woodlands-Sugar Land</td>
<td>TX</td>
<td>81.5</td>
</tr>
<tr>
<td>Dallas-Fort Worth-Arlington</td>
<td>TX</td>
<td>81.5</td>
</tr>
<tr>
<td>San Francisco-Oakland-Hayward</td>
<td>CA</td>
<td>79.7</td>
</tr>
<tr>
<td>Bridgeport-Stamford-Norwalk</td>
<td>CT</td>
<td>79.2</td>
</tr>
</tbody>
</table>

Comparing age and race/ethnicity to the U.S. in 2060, as projected by the Census Bureau. Among metro areas with at least 500,000 people; maximum similarity score is 100.

Based on Census Bureau data
...and diverse growth of population

Total population growth by source of growth, 2000-2010

- Denver: 11% (Non-white and Hispanic) + 5% (White)
- Phoenix: 19% (Non-white and Hispanic) + 10% (White)
- Salt Lake City: 10% (Non-white and Hispanic) + 6% (White)
- Las Vegas: 34% (Non-white and Hispanic) + 8% (White)
...and marrying across race lines

U.S. newlyweds 2011-15 married to someone of a different race

Source: Pew Research Center
..and lots of in-migration

Net domestic migration and migration from abroad, 1995-2000

Denver: 4% Net domestic migration, 4% Migration from abroad
Phoenix: 8% Net domestic migration, 5% Migration from abroad
Salt Lake City: 4% Net domestic migration, 4% Migration from abroad
Las Vegas: 16% Net domestic migration, 4% Migration from abroad
..and a chunky middle class

Percentage of adults in the middle class in 2014

- Denver: 53%
- Phoenix: 52%
- Salt Lake City: 58%
- Las Vegas: 56%
- U.S. total: 50%
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)
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UNLV v. UNR

Median Student Individual Income at age 34

Source: Chetty et al., “Mobility Report Cards: The Role of Colleges in Intergenerational Mobility,” July 2017
UNLV v. UNR

Source: Chetty et al., "Mobility Report Cards: The Role of Colleges in Intergenerational Mobility," July 2017
UNLV: a middle class college

Source: Chetty et al., "Where is the land of opportunity? The geography of intergenerational mobility in the United States," 2014
And becoming more so...

How access at U.N.L.V. has changed

Peer schools are shown in yellow

Students from...
Bottom 60%

Top 20%

Top 10%
Not so for UNR

How access at University of Nevada, Reno has changed

Peer schools are shown in yellow

Students from...
Bottom 60%

Top 20%

Top 10%
UNLV v. Mountain West Colleges

Median student & family incomes, selected Mountain West colleges

Source: Chetty et al., “Where is the land of opportunity? The geography of intergenerational mobility in the United States,” 2014
UNLV more middle class than most

Source: Chetty et al., "Where is the land of opportunity? The geography of intergenerational mobility in the United States," 2014
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Vegas metro upward mobility because...

- Diverse, and increasingly so
- Melting pot marriages, less segregated
- Strong in-migration (mindset)
- Chunky middle class
- Strong upward mobility colleges (UNLV)