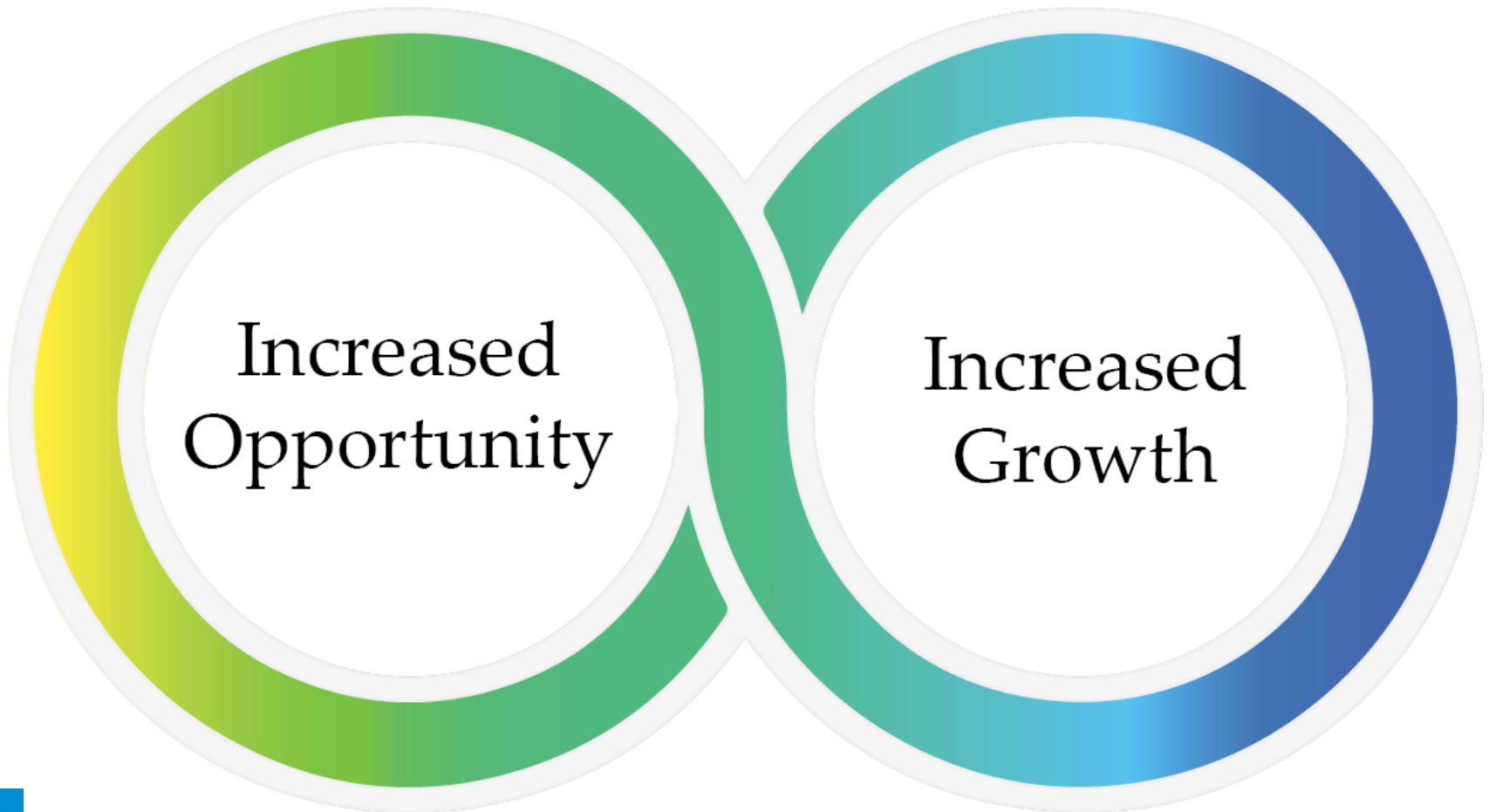


Inclusive Growth in ON TO 2050

March 15, 2017

Inclusive Growth: A Virtuous Cycle

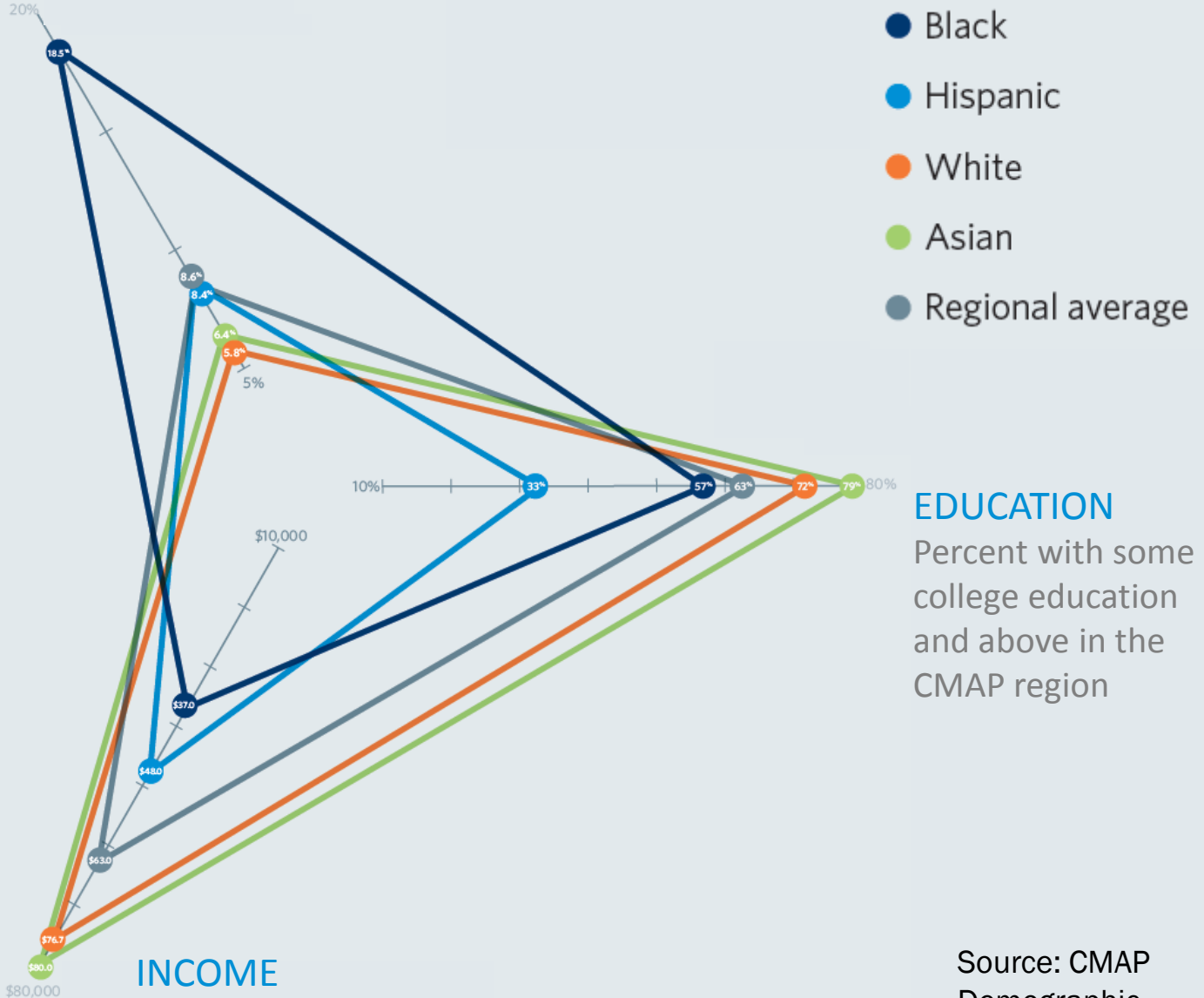
Decreasing inequality will help the Chicago Region achieve stronger, more sustained economic growth.



Disparate Outcomes by Race/Ethnicity, 2010-14

UNEMPLOYMENT

2010-14 unemployment rate in the CMAP region



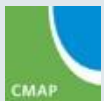
EDUCATION

Percent with some college education and above in the CMAP region

INCOME

2010-14 median household income in the CMAP region

Source: CMAP Demographic Snapshot (2017)



ON TO 2050 and Inclusive Growth

- » These levels of inequality have long-term implications for the future of our region.
- » ON TO 2050 has the potential to promote inclusive growth, broadly growing the regional economy and creating more opportunities for all the region's residents.

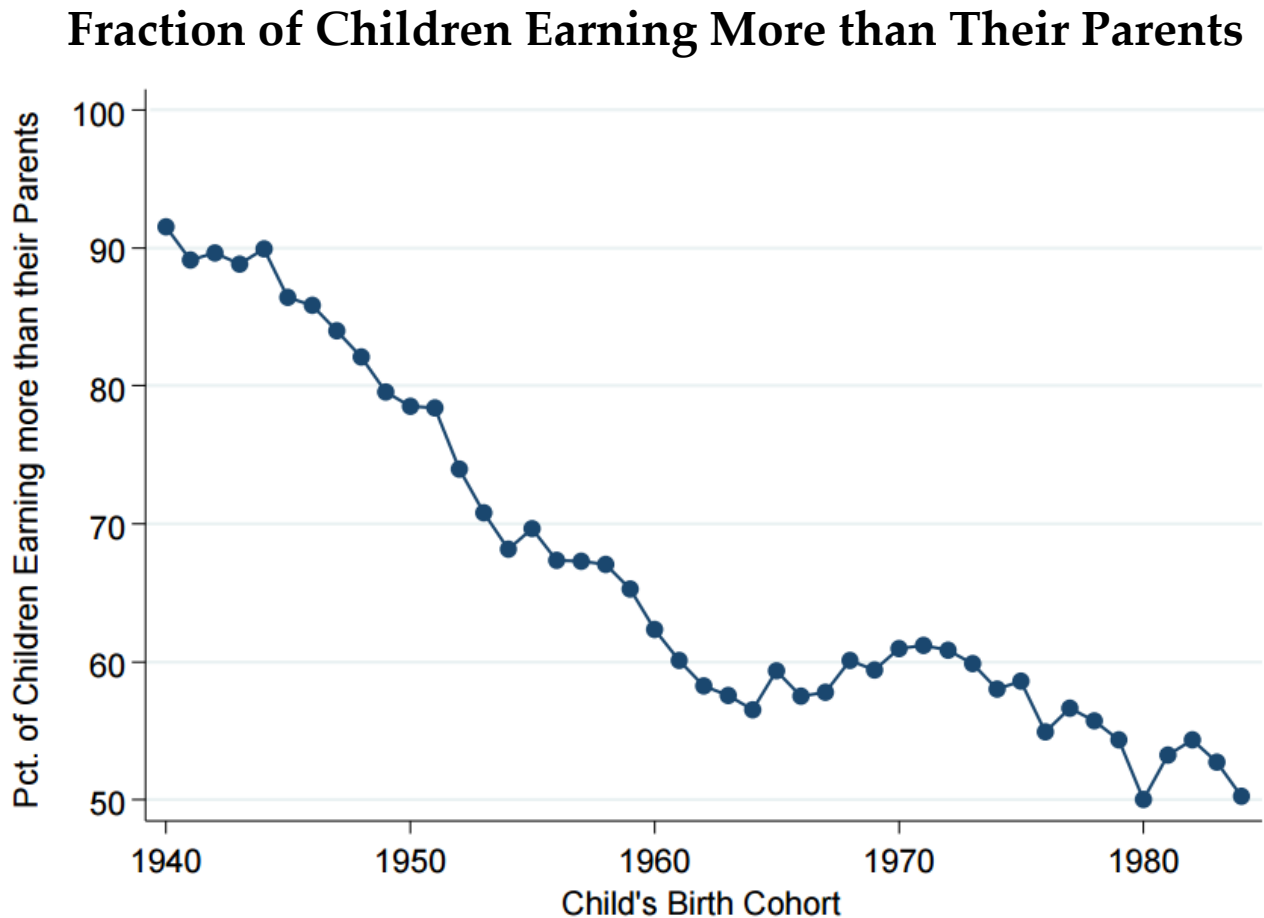
Inclusive Growth Research

Key findings from the literature:

- 1. Economic mobility is limited in regions with high degrees of inequality.*
- 2. Racial and economic integration can promote regional growth.*
- 3. Broad economic growth is also necessary to create opportunities for increased participation.*

Inclusive Growth Research

It is becoming less likely that American children will earn more than their parents.

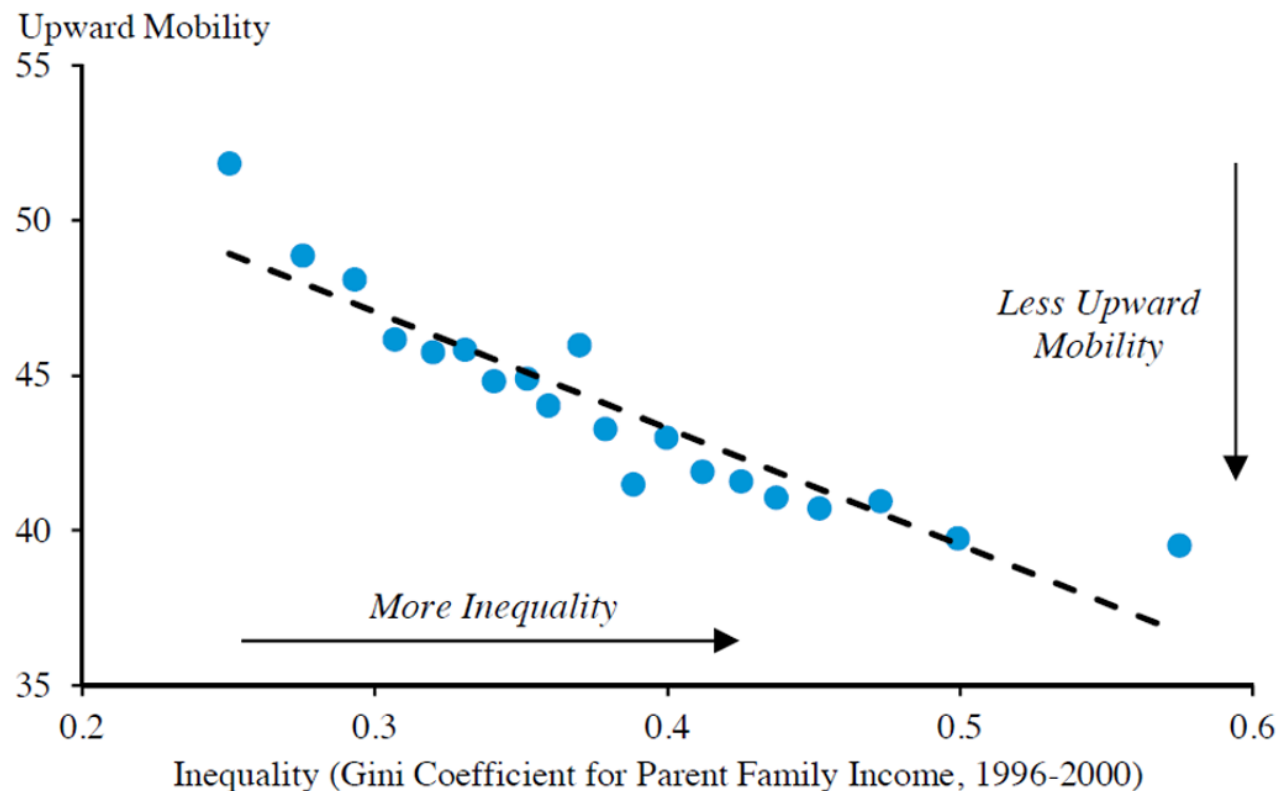


Source:
Chetty et al.
(2016)

Inclusive Growth Research

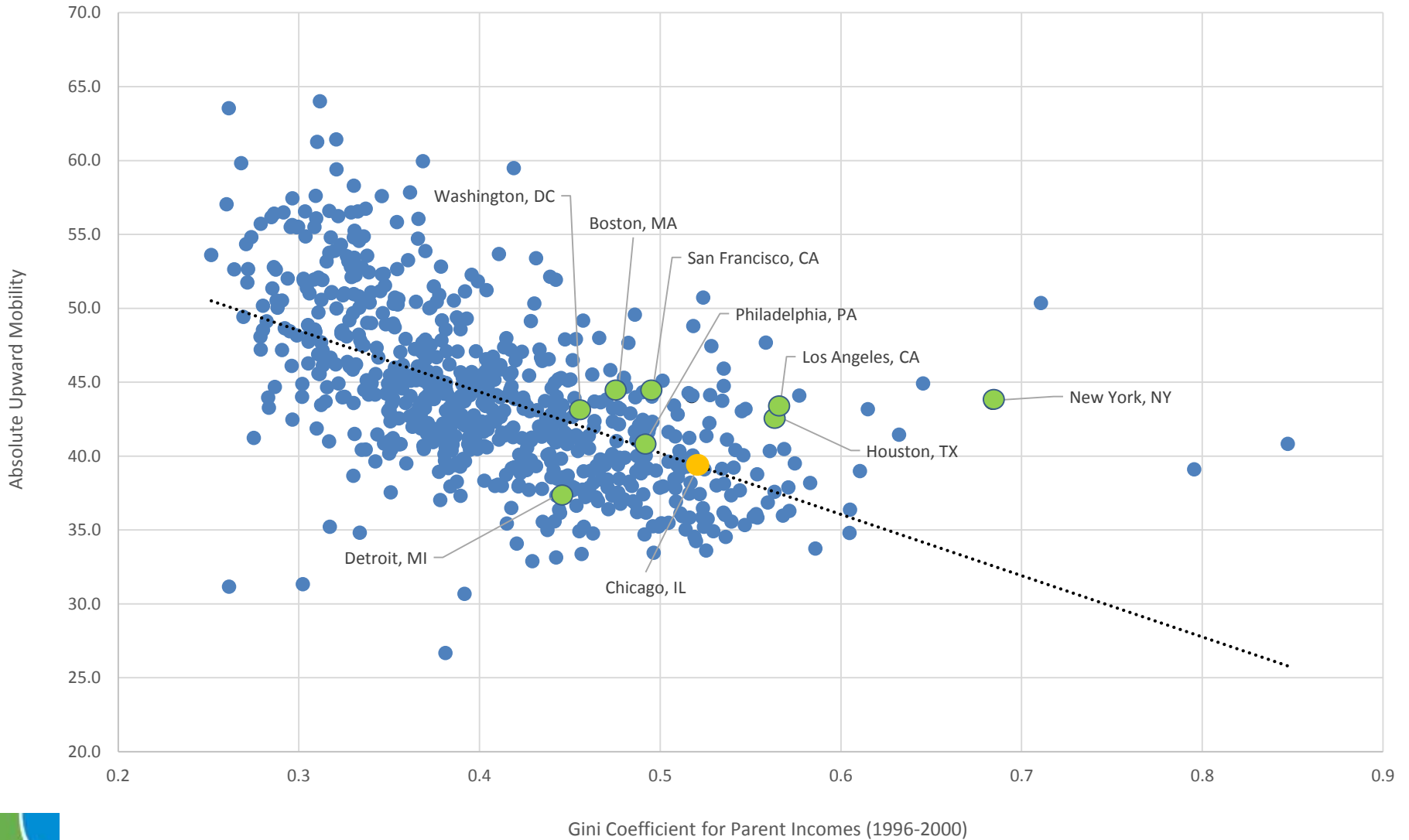
The more unequal a region is, the less opportunity its residents have to move up the economic ladder.

Absolute Upward Mobility among Groups of U.S. Regions



Source:
Council of
Economic
Advisors
calculations
based on
Chetty (2016)

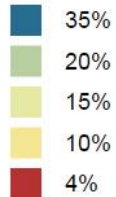
Absolute Upward Mobility among U.S. Regions



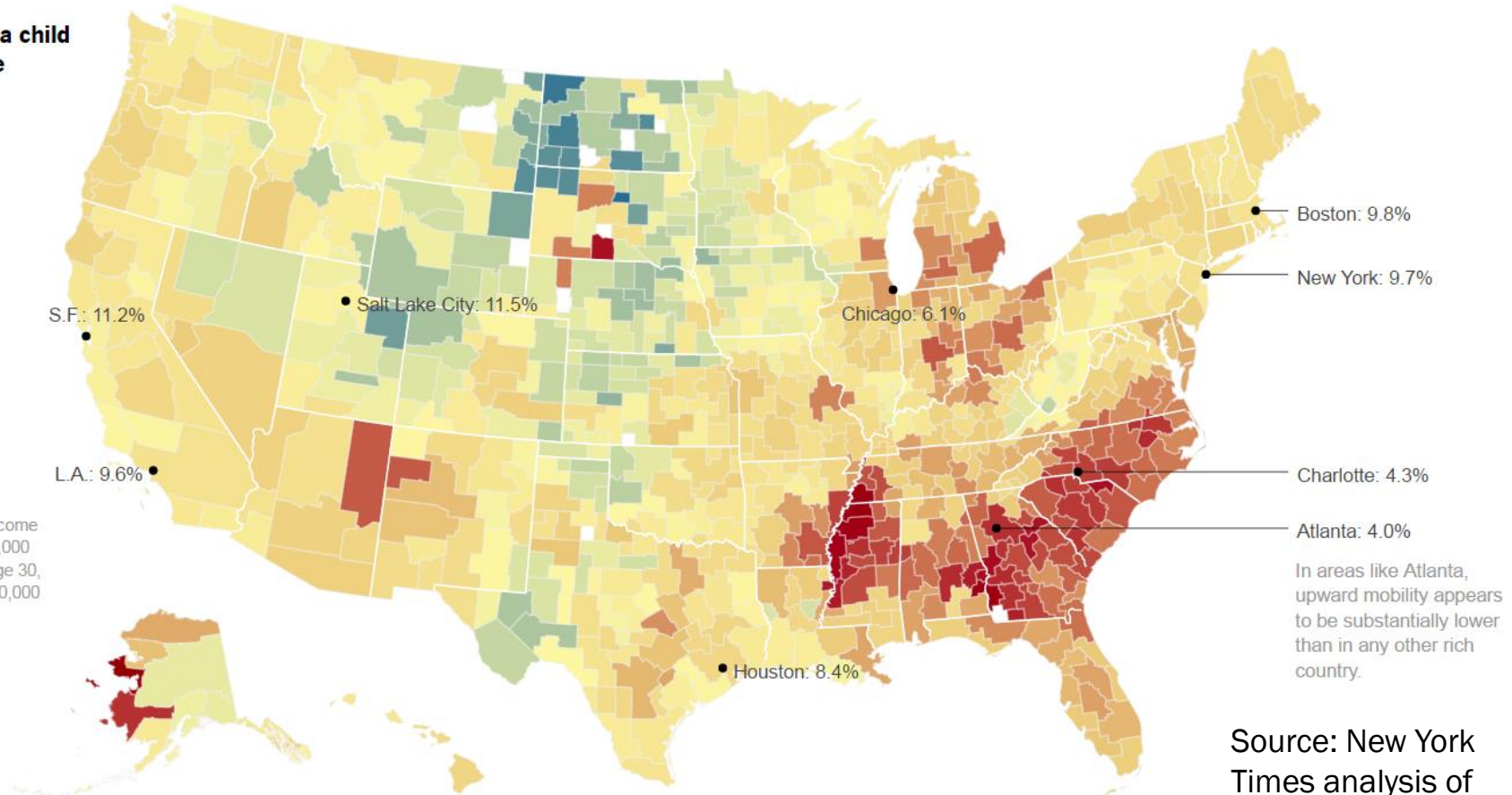
Inclusive Growth Research

The Chicago Region lags many peers in providing opportunity for its children, particularly poor children.

The chance a child raised in the bottom fifth rose to the top fifth



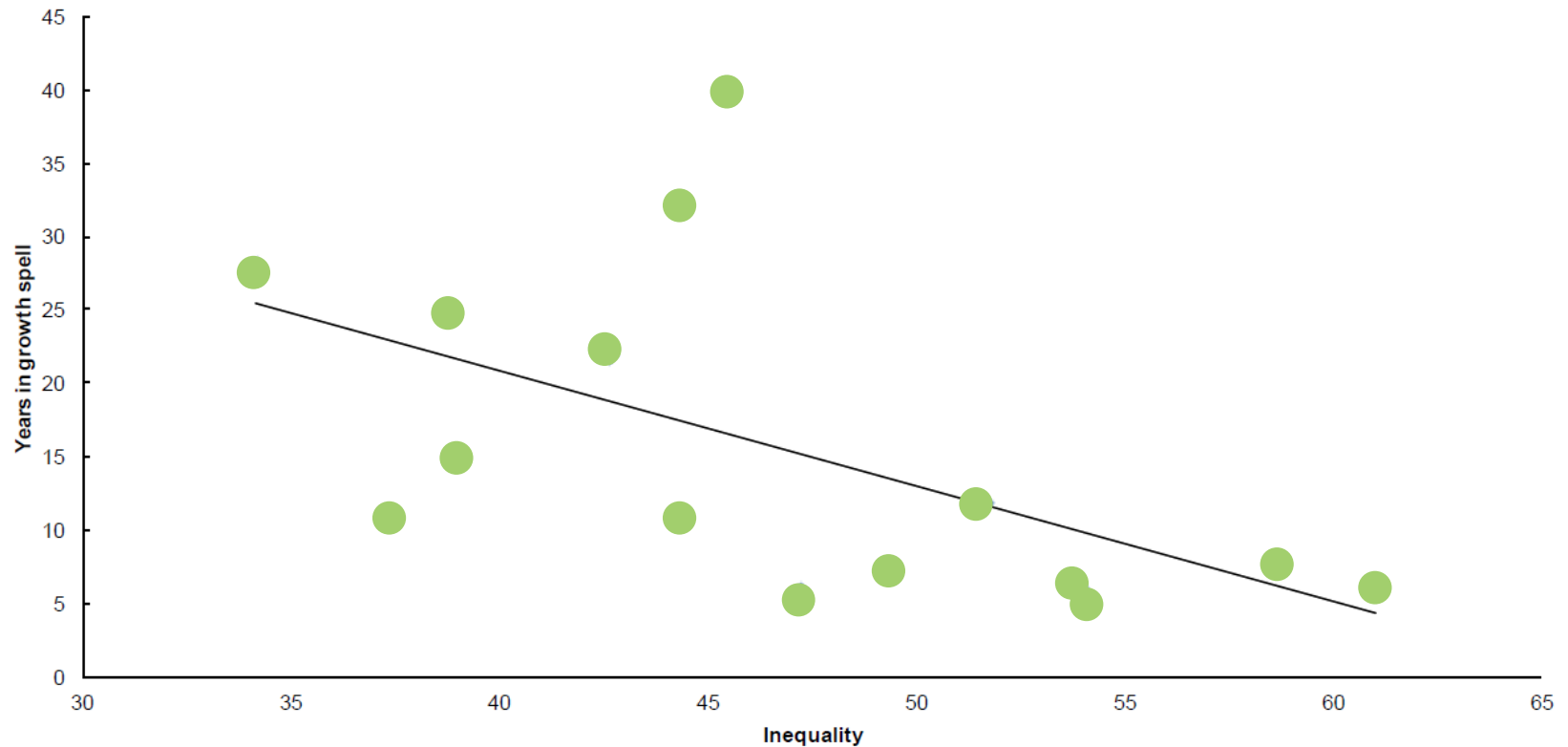
The top fifth is equal to family income of more than \$70,000 for the child by age 30, or more than \$100,000 by age 45.



Source: New York Times analysis of Chetty et al. (2013)

In countries that are more equal, the length of periods of growth is longer.

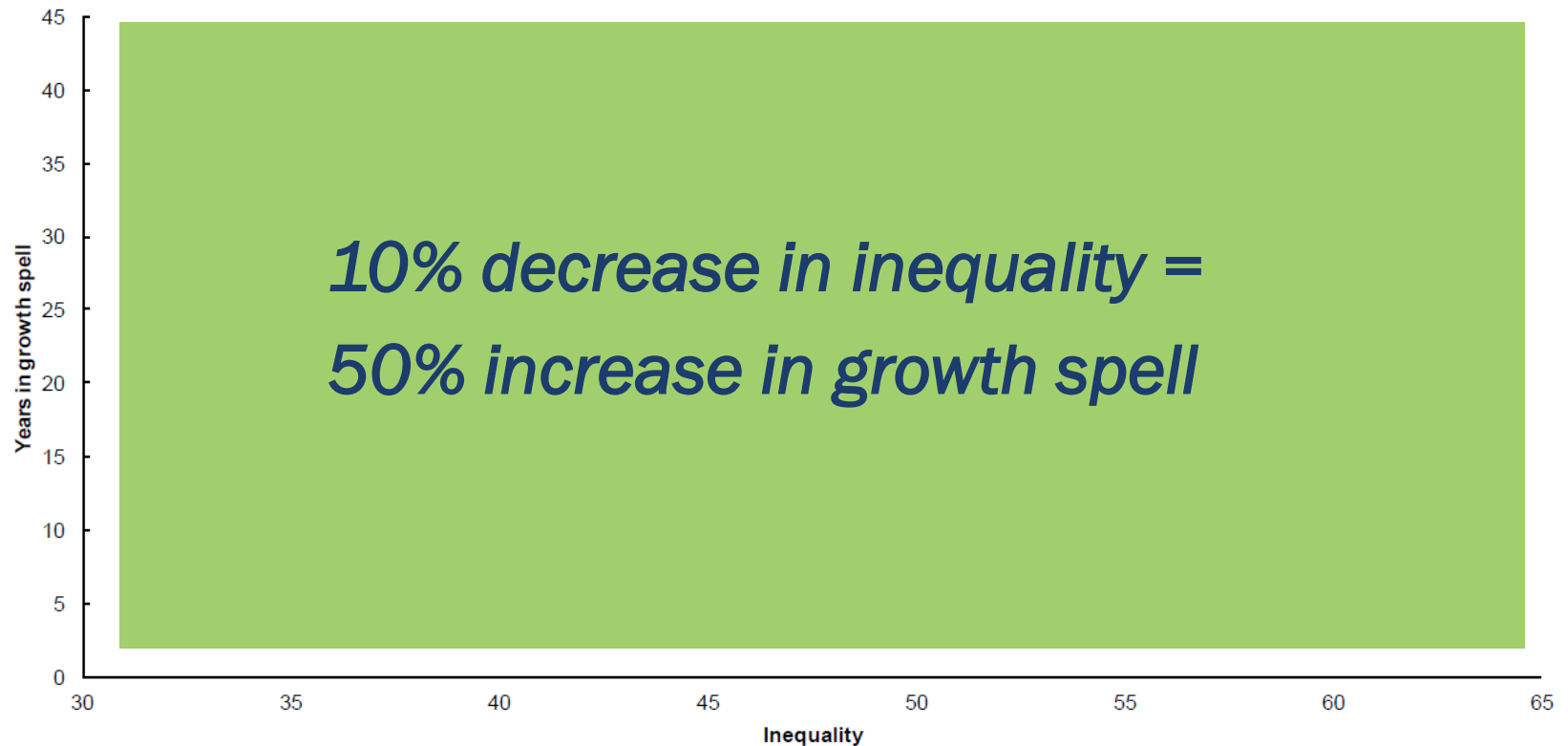
Inequality and the Duration of Growth Spells



Source: Berg, Ostry & Zettelmeyer (IMF) (2012)

In countries that are more equal, the length of periods of growth is longer.

Inequality and the Duration of Growth Spells

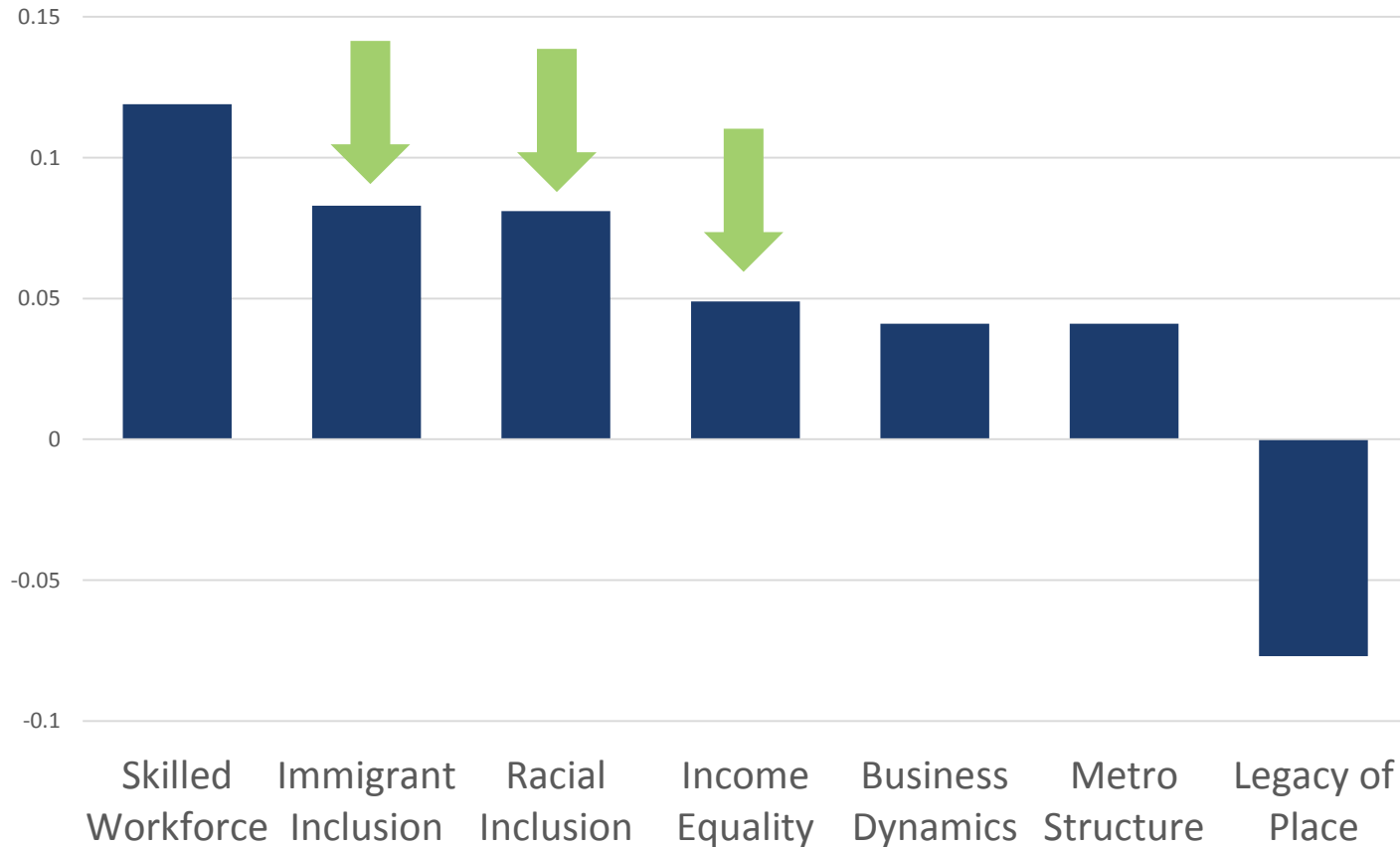


Source: Berg, Ostry & Zettelmeyer (IMF) (2012)

Inclusive Growth Research

In U.S. regions, equity contributes strongly to regional growth in GDP and employment.

Influence of Growth Factors on Regional GDP

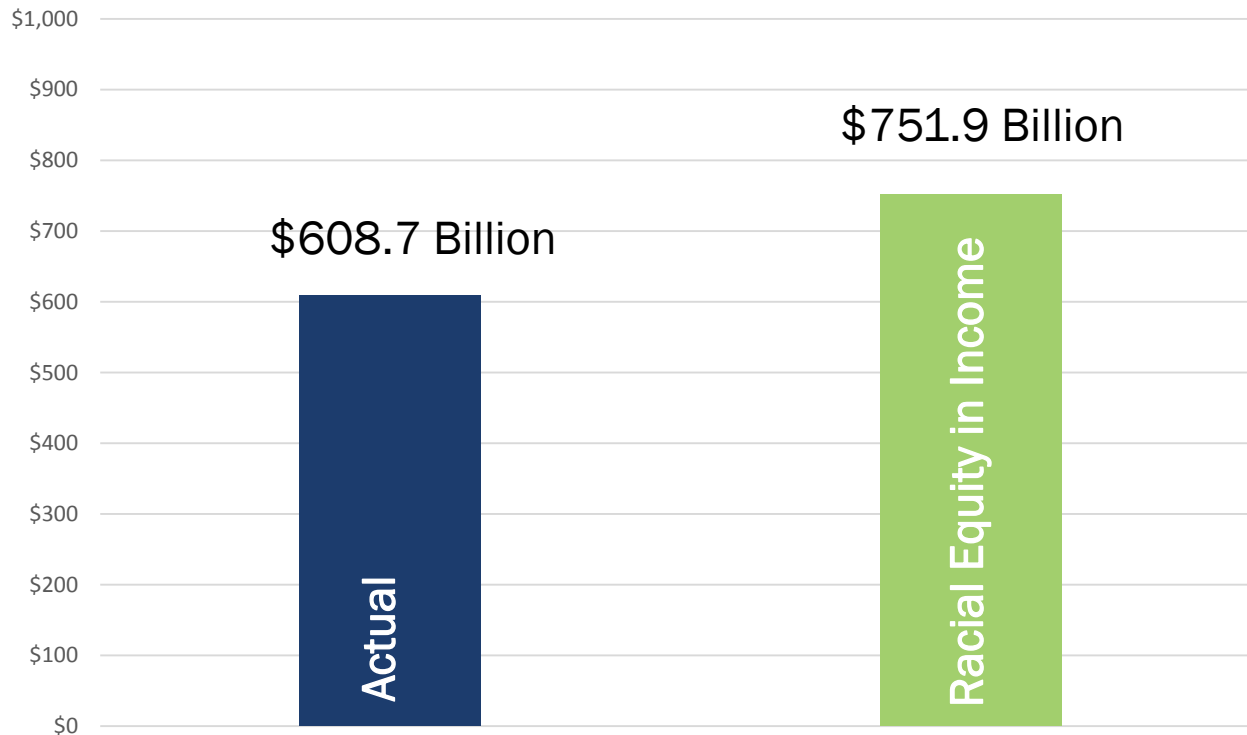


Source:
Cleveland
Federal
Reserve
(2006)

Inclusive Growth Research

The Chicago region could have a 20% larger GDP by ending racial gaps in income.

Actual GDP Compared to GDP with Racial Equity in Income (Billions), 2014



Source:
National
Equity Atlas
(2016)

Extensive evidence indicates that regions that are **more inclusive** have **longer** and **stronger periods of economic growth**.

Need for Regional Growth

We also need to pursue **broad regional growth** to help catalyze **opportunities for economic inclusion.**

Inclusive Growth Vision

An inclusive Chicago region provides **meaningful economic opportunities for all residents**, regardless of race, ethnicity, national origin, disability status, or income, in order to foster **sustained economic growth**.

Coordination: with partners

Set a Common Agenda for Inclusion

Create a Shared Measurement System

Coordination: within CMAP

Fully integrate inclusive growth into CMAP's decision-making structure

Designate Focus Areas

Consider potential outcomes for excluded communities in CMAP work

Support education on inclusive growth

Transportation

Connect excluded communities to jobs

- *Expand high-quality transportation options in excluded communities*
- *Expand evaluation metrics to highlight benefits to excluded communities*

Modernize and maintain infrastructure in excluded communities

Consider environmental justice in freight planning

Increase funding for transit

Land Use and Housing

Reinvest in disinvested areas

Promote compact development and affordable housing near transit

Sustain and strengthen the Regional Housing Initiative

Leverage regional land banks

Regional Tax Policy

Promote an equitable tax structure

- *Foster sustainable local revenues*
- *Phase out classification*
- *Expand the sales tax to services*

Human and Community Capital

Pursue a regional approach to economic development

Focus economic development on industries that offer pathways for upward mobility

Focus workforce training to provide access to meaningful job opportunities

Encourage connections between municipalities and banks

Anything missing?

Are any strategies that CMAP can implement missing under the categories discussed:

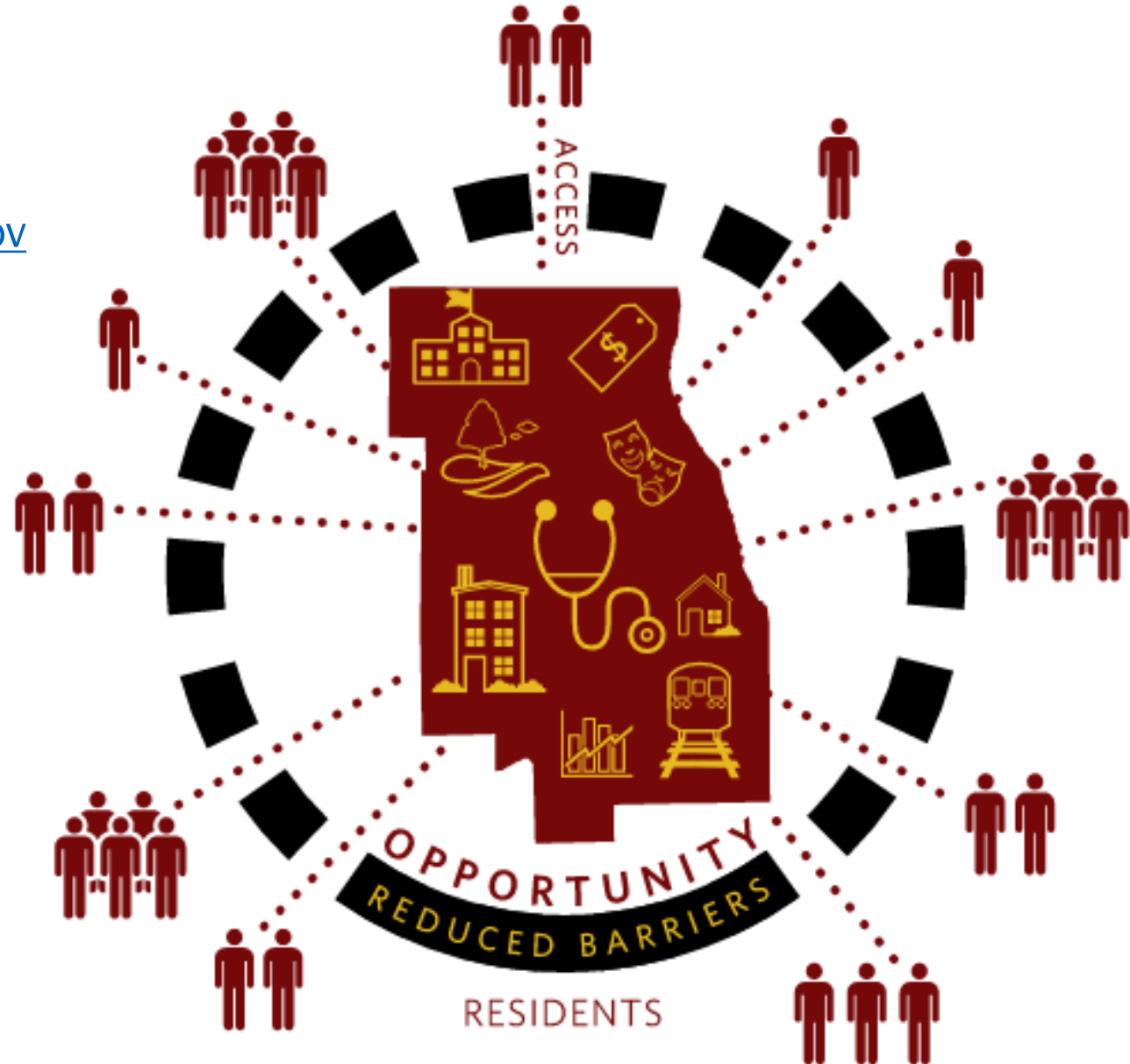
- *Coordination*
- *Transportation*
- *Land Use*
- *Housing*
- *Human Capital*
- *Community Capital*

Thank you!

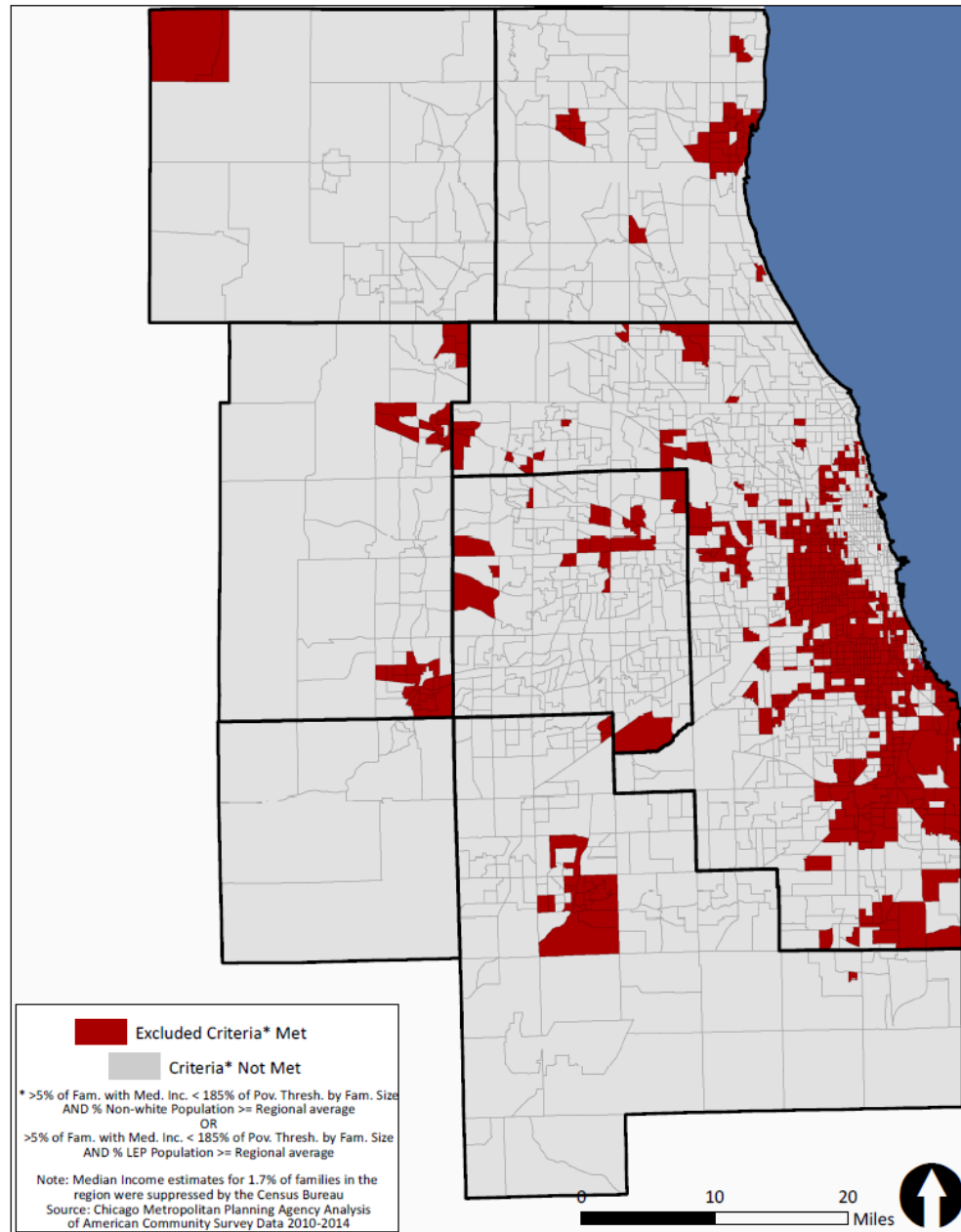
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Draft Excluded Communities Map



Discussion: What does a successful regional partnership to promote inclusive growth look like?

- I. What are the conditions necessary for success?
- II. Are some partners critical to the success of such a partnership? If so, who are they?
- III. What kind of steps could this group take to advance inclusive growth?
- IV. Is it the right role for CMAP (and others like MPC) to be the planning piece in this pie?