PolicyLink

PERE
USC Program for Environmental & Regional Equity

An Equity Profile of the Los Angeles Region
Summary

While the nation is projected to become a people-of-color majority by the year 2044, Los Angeles reached that milestone in the 1980s. Los Angeles' diversity is a major asset in the global economy, but inequities and disparities are holding the region back. Closing racial gaps in economic opportunity and outcomes will be key to the region's future.

To build a more equitable Los Angeles, leaders in the private, public, nonprofit, and philanthropic sectors must commit to putting all residents on the path to economic security through equity-focused strategies and policies to grow good jobs, build capabilities, remove barriers, and expand opportunities for the people and places being left behind.

Foreword

Southern California is a place practically built on hopes and dreams. For decades, our region has offered the promise of education, jobs, homes, and healthy lifestyles. People seeking opportunity have journeyed here—from across the country and around the world—full of hope for something better for their families and their future.

But far too many who saw Southern California as a place of opportunity have been disappointed. Throughout the region, people are struggling daily for the things some take for granted—safe streets, good jobs, access to health care, affordable housing, and a quality education for our families.

In 2016, the Weingart Foundation announced a full commitment to equity—a long-term commitment to base all of our policy and program decisions on achieving the goal to advance fairness, inclusion, and opportunity for all Southern Californians—especially those communities hit hardest by persistent poverty.

The 2017 Equity Profile of the Los Angeles Region is a tool for the Weingart Foundation—and other stakeholders—that will serve as a basis for ongoing dialogue about the equity challenges and opportunities facing our communities. The report will guide our collective strategies, support advocacy, and measure progress.

As the demographics of the United States shift to look more like Southern California, we are increasingly a bellwether for the nation. Our values demand a total focus on equity, and this moment in time calls for action. Our shared hopes and our shared future rest on our ability to work together to create a region of inclusion and opportunity.

Fred Ali
President and CEO
Weingart Foundation

Overview

Across the country, communities are striving to steer metropolitan development and growth toward greater racial and economic inclusion, environmental sustainability, and economic vitality. Over the past five years, more than 70 regions have undertaken formal "sustainable communities" regional planning processes to target their housing, economic and workforce development, and infrastructure investments toward growing more inclusive, resilient, prosperous regions.[1]

Demographic and economic trends have pushed equity onto the agenda in discussions about metropolitan futures. America is undergoing a profound demographic transformation in which people of color are quickly becoming the majority. At the same time, inequality is skyrocketing, wages are stagnant for all but the highest earners, middle-class job opportunities are vanishing, many workers remain shut out of the labor force, and racial economic inequities remain wide and persistent. Without a change in course, racial disparities in income, employment, and wealth will weigh more and more heavily on communities and the nation as a whole as communities of color grow as a share of the population.

In addition, a growing body of economic research from academic economists as well as institutions like the International Monetary Fund, the OECD, and Standard & Poor's, finds that lower inequality contributes to economic success. The latest data analyses find that inequality hinders economic growth and prosperity, while greater economic and racial inclusion fosters economic mobility and stronger growth.[2] Other research emphasizes how diversity contributes to innovation, problem-solving, and business success. Businesses with a more diverse workforce achieve a stronger bottom-line and higher market share.[3]

All of this suggests that equity—full inclusion of all residents in the economic, social, and political life of the region, regardless of race, ethnicity, age, gender, or neighborhood of residence—is essential for regional prosperity. Ensuring that people of all races and ethnicities can participate and reach their full potential has become more than just the right thing to do—it is an absolute economic imperative.

Embedding equity into regional strategies is particularly important given the history of metropolitan development in the United States. America's regions are highly segregated by race and income, and these patterns of exclusion were created and maintained by public policies at the federal, state, regional, and local levels. In the decades after World War II, housing and transportation policies incentivized the growth of suburbs while redlining practices and racially restrictive covenants systematically prevented African Americans and other people of color from buying homes in new developments while starving older urban neighborhoods of needed reinvestment. Many other factors—continued racial discrimination in housing and employment, exclusionary land use practices that prevent construction of affordable multifamily homes in more affluent neighborhoods, and political fragmentation—have conspired to reinforce these geographic, racial, and class inequities.

Today, America's regions are patchworks of concentrated advantage and disadvantage, with some neighborhoods home to good schools, bustling commercial districts, services, parks, and other crucial ingredients for economic success, and other neighborhoods providing few of those elements. The goal of regional equity is to ensure that all neighborhoods throughout the region are communities of opportunity that provide their residents with the resources and opportunities they need to thrive.

An Equity Profile of the Los Angeles Region examines demographic trends and indicators of equitable growth, highlighting strengths and areas of vulnerability in relation to the goal of building a strong, resilient economy. It was developed by PolicyLink and the Program for Environmental and Regional Equity (PERE) to support the Weingart Foundation, other funders, advocacy groups, elected officials, planners, business leaders, and others working to build a stronger and more equitable region. This summary document highlights key findings and implications from the larger profile.

Equitable Growth Indicators

This profile draws from a unique Equitable Growth Indicators Database developed by PolicyLink and PERE. This database incorporates hundreds of data points from public and private data sources, such as the U.S. Census Bureau, the U.S.

Bureau of Labor Statistics, and Woods & Poole Economics, Inc. The database includes data for the 150 largest metropolitan regions and all 50 states, and includes historical data going back to 1980 for many economic indicators as well as demographic projections through 2040. It enables comparative regional and state analyses as well as tracking change over time. Many of the indicators included in this profile can also be found online in the National Equity Atlas at www.nationalequityatlas.org.

Defining the Region

For the purposes of this profile and data analysis, we define the Los Angeles region as Los Angeles County.

Profile Highlights

The region has led the nation's demographic shift—but the pace of change is slowing

While the nation is projected to be people-of-color majority by the year 2044, the Los Angeles region crossed that threshold in the 1980s. The region is the ninth most diverse among the largest 150 metros. Communities of color—Latinos, Asian Americans and Pacific Islanders, African Americans, Native Americans, and people of mixed and other racial backgrounds—represent 73 percent of residents today. Latinos are projected to become a demographic majority by 2020.

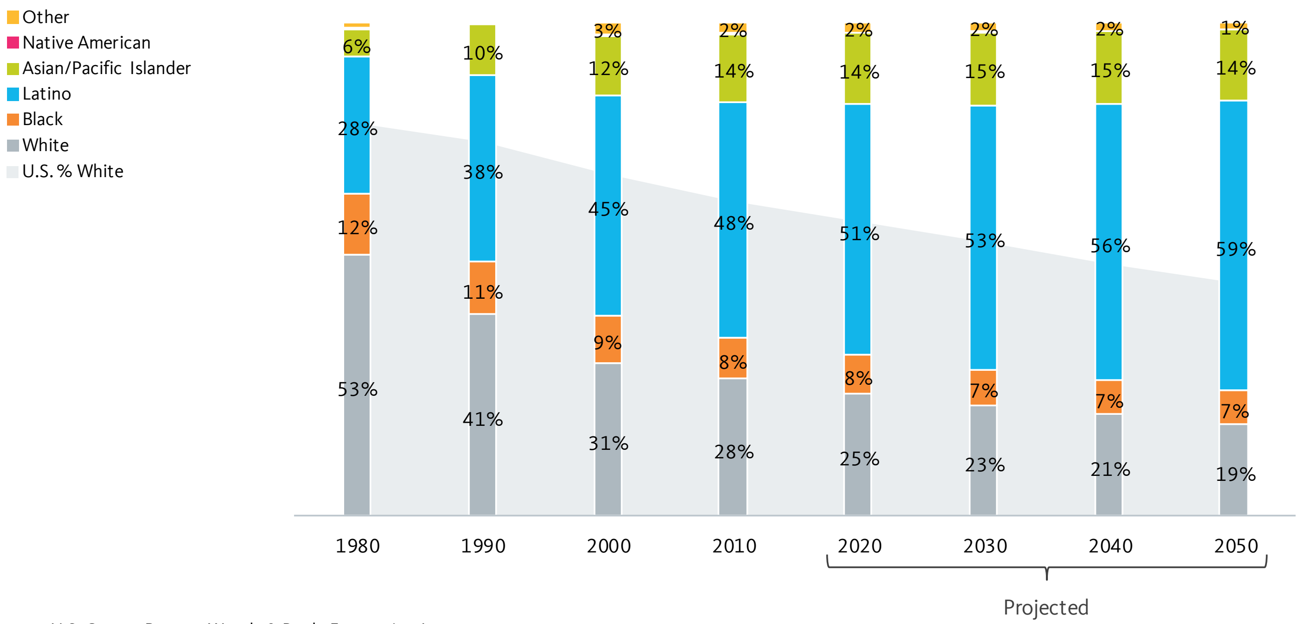
The region experienced dramatic growth and change since 1980, growing from 7.5 million to 10 million residents. People of color have driven the region's growth and will continue to drive growth but the pace of racial/ethnic change will be slower than the nation overall.

Since 2000, Los Angeles' Latino population has grown by 13 percent adding 571,540 residents. In the same period, the Asian population has grown by 22 percent, adding another 246,139 residents. The region's Native American, African American, and non-Hispanic White populations have all decreased.

Immigration has been a driver in the growth of the Asian population: 58 percent of the growth in the Asian population between 2000 and 2014 was from foreign-born APIs. The growth in the Latino population has been due to U.S.-born Latinos. There has been a net loss in the number of foreign-born Latinos in the County.

The share of people of color is projected to increase through 2050

Racial/Ethnic Composition, 1980 to 2050



Sources: U.S. Census Bureau; Woods & Poole Economics, Inc.

Since 1990, the region's population has grown by over one million residents. This growth can be seen throughout the region, but is most notable in the outer suburbs of Lancaster, Palmdale, and Santa Clarita, as well as in the San Fernando and San Gabriel Valleys.

Inequities threaten the region's long-term economic prosperity

Los Angeles County's economy was hit by the downturn of the early 1990s and job growth and economic output has lagged the national average since then. Since 1979, job growth in Los Angeles County has not kept up with population growth and has lagged the national average. The number of jobs per person in Los Angeles County has increased by only 4 percent since 1979 as compared to an increase of 16 percent for the nation overall.

Since 1990, poverty and working poverty rates in the region have been consistently higher than the national averages. Between 1990 and 2000, the national average poverty rate declined while it rose sharply in Los Angeles County. Today, nearly one in every five Los Angeles residents (18.4 percent) lives below the poverty line, which is about $24,600 a year for a family of four. The share of the working poor, defined as working full time with an income below 150 percent of the poverty level, has also risen and has been consistently above the national average. The working poverty rate in Los Angeles is 7.0 percent compared with 4.7 percent nationally.

Rising inequality and fewer middle-class pathways

Los Angeles ranks seventh in income inequality out of the largest 150 metro regions. Inequality is driven, in part, by a widening gap in wages. Since 1979, the highest-paid workers have seen their wages increase by 13 percent, while wages for the lowest-paid workers have declined by 25 percent.

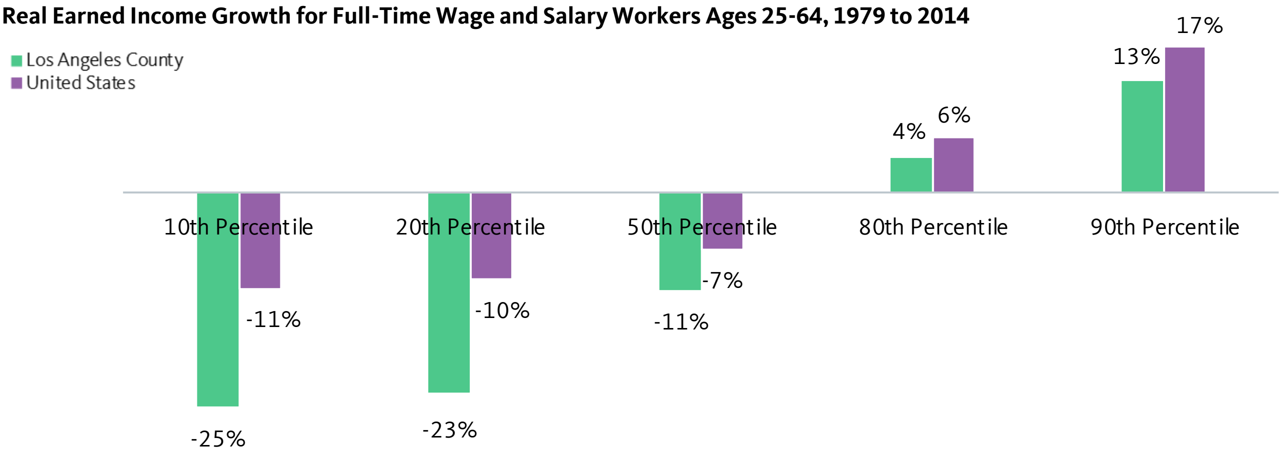
One of the factors driving inequality in the region is its changing economic structure: the region is losing its middle-wage jobs while it is growing low- and high-wage jobs. Between 1990 and 2012, Los Angeles experienced a 27 percent decline in middle-wage jobs in industries like wholesale trade, construction, manufacturing, and health care. During the same time period it gained low-wage jobs (15 percent increase) and high-wage jobs (6 percent increase). Another factor is uneven wage growth. Between 1990 and 2012, workers in the upper rungs have seen strong earnings growth (inflation-adjusted 38 percent increase). Wages for low-wage workers fell by one percent.

Racial economic inequities

People of color are far more likely to be in poverty or working poor than Whites. Nearly a quarter of the County's African Americans (24.5 percent) and Latinos (23.7 percent) live below the poverty level—compared with about one in ten Whites (10.6 percent). Latinos are much more likely to be working poor compared with all other groups. The working poverty rate for Latinos (12.5 percent) is almost three times as high as for African Americans (4.3 percent).

Wages grew only for higher-wage workers and fell for middle- and low-wage workers

Real Earned Income Growth for Full-Time Wage and Salary Workers Ages 25-64, 1979 to 2014



Source: IPUMS. Universe includes civilian noninstitutional full-time wage and salary workers ages 25 through 64.
Note: Data for 2014 represents a 2010 through 2014 average.

In general, unemployment decreases and wages increase with higher educational attainment, yet racial and gender gaps persist in the labor market. African Americans face higher rates of joblessness at all education levels. The disparity in joblessness between African Americans and Whites is greatest among those who have less than a high school diploma. However, the racial gap persists even among college graduates.

Among full-time wage and salary workers, there are racial gaps in median hourly wages at all education levels. Among college graduates with a BA or higher, Blacks and Asian Americans and Pacific Islanders earn $6/hour less than their White counterparts while Latinos earn $9/hour less. At all education levels, women of color have the lowest median hourly wages. College-educated women of color with a BA degree or higher earn $11 an hour less than their White male counterparts.

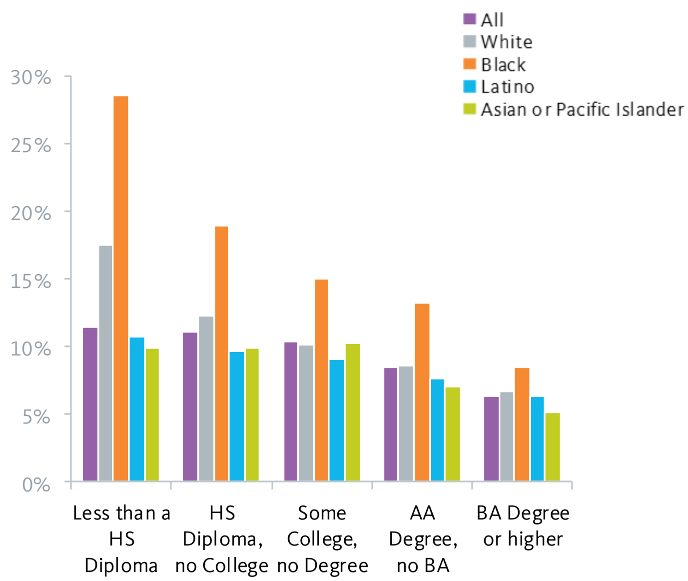
Educational gaps among key segments of the workforce
A skilled workforce is central to economic competitiveness in today's knowledge-driven economy. The region will face a skills gap unless education levels increase. By 2020, 44 percent of the state's jobs will require an associate's degree higher. Only 10 percent of Latino immigrants, 28 percent of U.S.-born Latinos, and 34 percent of Blacks and Native Americans have reached that level of education. Higher percentages of Whites (58 percent) and Asian Americans and Pacific Islanders, both immigrant (59 percent) and native-born (69 percent), have at least an associate's degree.

Latino immigrants from Central America and Mexico tend to have very low education levels while those from South America tend to have higher education levels. Education levels vary among Asian American and Pacific Islander immigrants as well: South and East Asian immigrants tend to have higher education levels while Southeast Asian immigrants and Pacific Islander immigrants have lower levels. For example, only 23 percent of Cambodian immigrants have an associate's degree or higher compared to 78 percent of Asian Indian immigrants.

The share of youth who do not have a high school education and are not pursuing one has declined considerably since 1990. Yet youth of color (with the exception of Asians) are still less likely to have finished high school or be enrolled in school than Whites. Young immigrant Latinos, in particular, have high rates (28 percent) of dropout or non-enrollment.

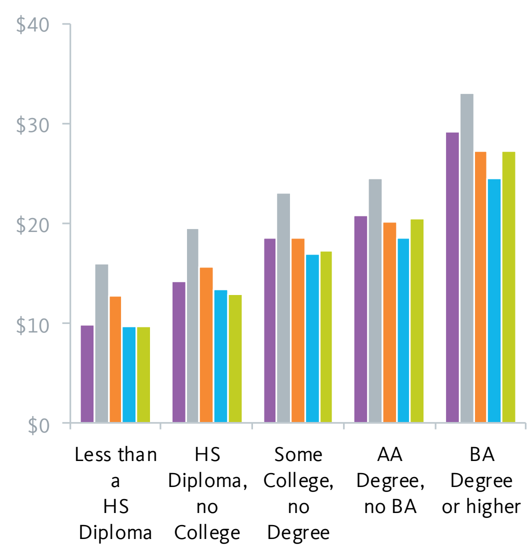
At every education level, Blacks have the highest unemployment and all people of color have lower wages than Whites

Unemployment Rate by Educational Attainment and Race/Ethnicity, 2014



Source: Integrated Public Use Microdata Series. Universe includes the civilian noninstitutional population ages 25 through 64.
Note: Data represent a 2010 through 2014 average.

Median Hourly Wage by Educational Attainment and Race/Ethnicity, 2014



Source: Integrated Public Use Microdata Series. Universe includes civilian noninstitutional full-time wage and salary workers ages 25 through 64.
Note: Data represent a 2010 through 2014 average.

Neighborhood disparities and disconnect
Income, race, and where one lives all play roles in determining one's connectedness and access to opportunities. The Weingart Foundation has identified three areas of special interest: the South Los Angeles Transit Empowerment Zone (SLATE-Z), the Southeast Los Angeles County cities, and the community of Watts and Willowbrook. Identifying the challenges that these communities face can help the region's leaders develop targeted solutions.

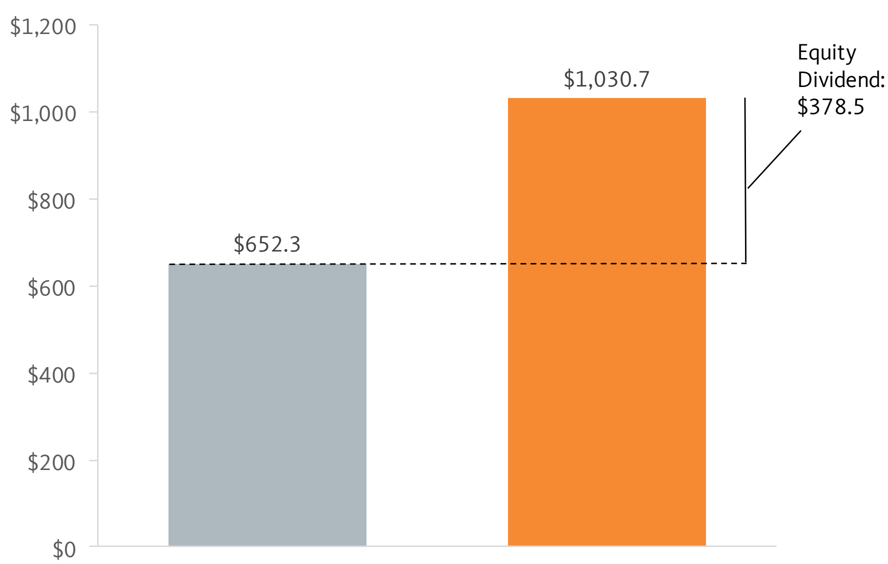
In a region where people still rely heavily on driving to get around, 18 percent of Black households and 11 percent of Latino households do not have access to a car. Census tracts in SLATE-Z are among those with the highest percent of households without a vehicle. In the overall region, very low-income African Americans and Latino immigrants are most likely to use public transit. The implementation of voter-approved tax measures to expand the build out of the region's transportation infrastructure is an important opportunity to connect those neighborhoods and communities that have been left behind.

In the SLATE-Z area, the Southeast Cities, the community of Watts and Willowbrook, as well in the Cities of Compton and Paramount and the community of Westmont, there are many census tracts showing unemployment rates above 15 percent and poverty rates of 29 percent or more. Affordable housing is also a challenge. Los Angeles ranks seventh out of the largest 150 metro regions in renter housing burden. Nearly 6 in 10 (59 percent) of renters are housing burdened, defined as spending more than 30 percent of their household income on housing costs. SLATE-Z and Watts are among the communities facing the highest rent burden.

Racial and economic inclusion would strengthen the economy

The Los Angeles region's rising inequality and its racial gaps in income, wages, education, and poverty are not only bad for communities of color, but they also hinder the whole region's economic growth and prosperity. According to our analysis, if there were no racial disparities in income, the region's GDP would have been $380 billion higher in 2014: a 58 percent increase.

Los Angeles' GDP would have been $380 billion higher if there were no racial gaps in income
Actual GDP and Estimated GDP without Racial Gaps in Income, 2014 (in 2014 dollars)



Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, and Integrated Public Use Microdata Series (IPUMS).
Note: The "equity dividend" is calculated using data from IPUMS for 2010 through 2014, and is then applied to estimated GDP in 2014. See the "Data and methods" section for details.

Implications

Los Angeles' diversity is a major potential asset in the global economy, but inequities and disparities are holding the region back. To build a more equitable and sustainable regional economy, Los Angeles must take steps to better connect its communities of color to quality education, high-opportunity jobs, and affordable housing. To do that, PolicyLink/PERE suggests that the region:

Choose strategies that promote equity and growth simultaneously.
The winning strategies are those that maximize quality job creation while promoting health and economic opportunity for low-income populations. This will require equity advocates to take growth more seriously and growth proponents to adopt equity at the forefront, not as an after-thought.

Target programs and investments to the people and places most left behind.
Focusing resources and investments on the communities that have been left behind will produce the greatest returns. Improving outcomes for the most vulnerable populations—such as residents in Southeast Los Angeles County, Watts and Willowbrook, and the SLATE-Z area, will help improve outcomes for the County as a whole.

Leverage public investment for equitable outcomes.
The implementation of voter-approved tax measures to expand the build out of our transportation infrastructure, increase green space, and address homelessness are immediate opportunities to ensure that both the processes and outcomes are equitable.

Make economic and social integration a common agenda.
Closing the economic gap requires an understanding of the particular needs of African American youth, Latino native-born residents, and Asian immigrants. Yet solutions should be pursued through multi-racial efforts. Promoting immigrant integration and the integration of the re-entry population should be seen as part of a common agenda for a more equitable Los Angeles.

Use data to inform dialogue and deliberation.
Data can help stakeholders come together to gain a shared understanding of the equity challenges, to develop solutions and joint action, and to track progress towards equity and growth over time.

Assess equity impacts at every stage of the policy process.
From when the policy process begins through its implementation and evaluation, ask who will benefit, who will pay, and who will decide and adjust decisions and policies as needed to ensure equitable impacts.

Ensure meaningful community participation, voice, and leadership.
Intentional strategies are needed to build authentic avenues for increased participation in all aspects of the political process—from the basic act of voting to serving on boards and commissions to being elected as political leaders.

Restore civic life and instill a spirt of stewardship.
Part of what sent Los Angeles adrift has been a sense of social disconnection. Spreading the message that we are in it together is important—and philanthropy can play a key role in convening actors to develop multi-sectoral commitments.

Stick with equity strategies for the long haul.
There is no one single effort that will be the "silver bullet" to transform Los Angeles. The challenges we face did not emerge overnight and they are not just driven by one factor. Leaders must be willing to stick with comprehensive strategies over the long haul and patient investments by philanthropy are key.

Pioneer model equity strategies for the nation.
Just as Los Angeles has led the nation in demographic transformation and income inequality, so can it lead the nation in its strategies and solutions for a more equitable future. Doing so will require mechanisms for documenting solutions, evaluating progress, and for broadcasting lessons learned and successes that can be scaled to change the course of the nation.

Notes

[1] U.S. Department of Housing and Urban Development. Sustainable communities regional planning grants, http://portal.hud.gov/hudportal/HUD?src=/program_offices/economic_resilience/sustainable_communities_regional_planning_grants.

[2] Andrew G. Berg and Jonathan D. Ostry, *Inequality and Unsustainable Growth: Two Sides of the Same Coin?*, Staff Discussion Note (Washington, DC: International Monetary Fund, 2011) http://www.imf.org/external/pubs/ft/sdn/2011/sdn1108.pdf; Jonathan D. Ostry, Andrew Berg, and Charalambos G. Tsangarides, *Redistribution, Inequality, and Growth*, Staff Discussion Note (Washington, DC: International Monetary Fund, 2014) http://www.imf.org/external/pubs/ft/sdn/2014/sdn1402.pdf; Joe Maguire, *How Increasing Inequality is Dampening U.S. Economic Growth, and Possible Ways to Change the Tide* (New York, NY: Standard & Poor's Financial Services LLC, 2014) https://www.globalcreditportal.com/ratingsdirect/renderArticle.do?articleId=1351366&SctArtId=255732&from=CM&nsl_code=LIME&sourceObjectId=8741033&sourceRevId=1&fee_ind=N&exp_date=20240804-19:41:13; Manuel Pastor, *Cohesion and Competitiveness: Business Leadership for Regional Growth and Social Equity*, OECD Territorial Reviews, Competitive Cities in the Global Economy, Organisation For Economic Co-Operation And Development (OECD), 2006; Manuel Pastor and Chris Benner, "Been Down So Long: Weak-Market Cities and Regional Equity," in *Retooling for Growth: Building a 21st Century Economy in America's Older Industrial Areas* (New York, NY: American Assembly and Columbia University, 2008); Randall Eberts, George Erickcek, and Jack Kleinhenz, *Dashboard Indicators for the Northeast Ohio Economy,* prepared for the Fund for Our Economic Future (Cleveland, OH: Federal Reserve Bank of Cleveland, 2006), http://www.clevelandfed.org/Research/workpaper/2006/wp06-05.pdf.

[3] Cedric Herring, "Does Diversity Pay?: Race, Gender, and the Business Case for Diversity," *American Sociological Review* 74 (2009): 208-22; Slater, Weigand and Zwirlein, "The Business Case for Commitment to Diversity," *Business Horizons* 51 (2008): 201-209.

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Equity Profiles are products of a partnership between PolicyLink and PERE, the Program for Environmental and Regional Equity at the University of Southern California.

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