



Building a Foundation for Inclusive Growth

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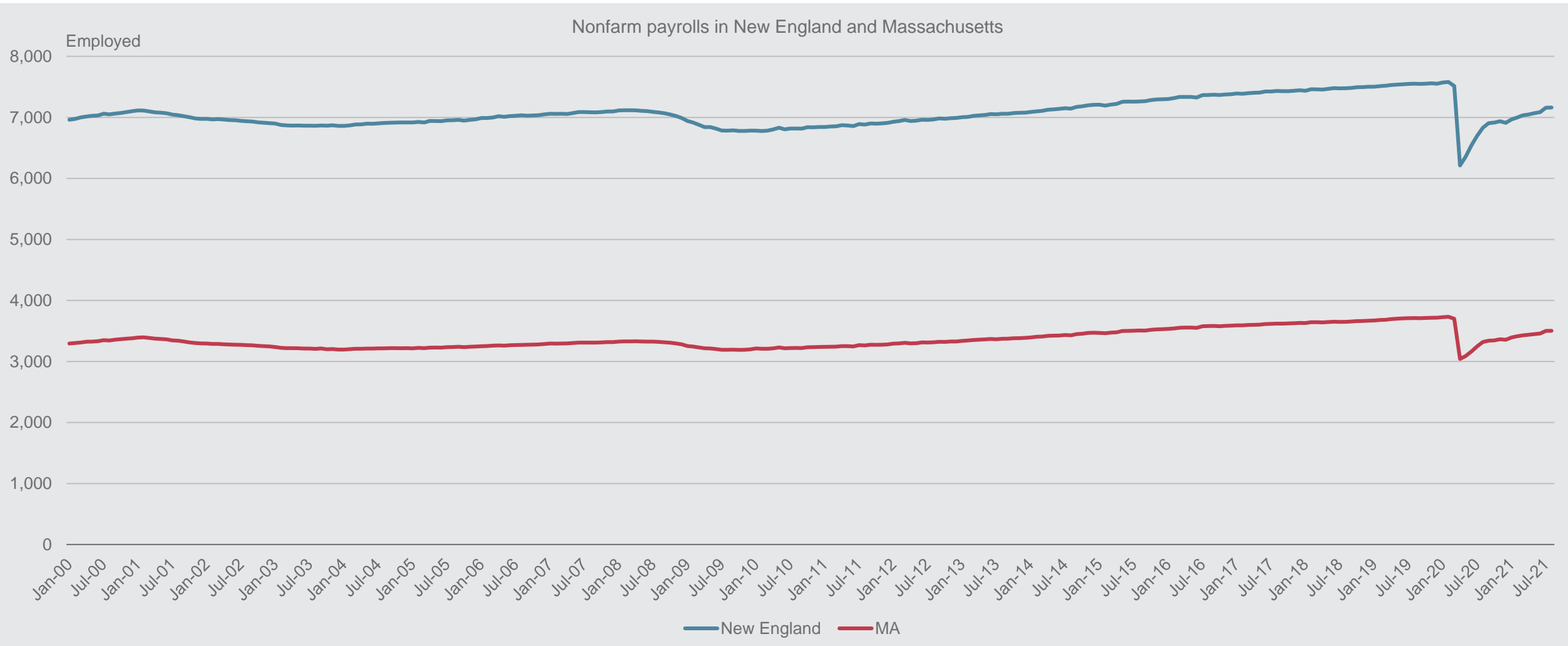
MA Taxpayers Foundation

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Public Service That Makes a Difference®

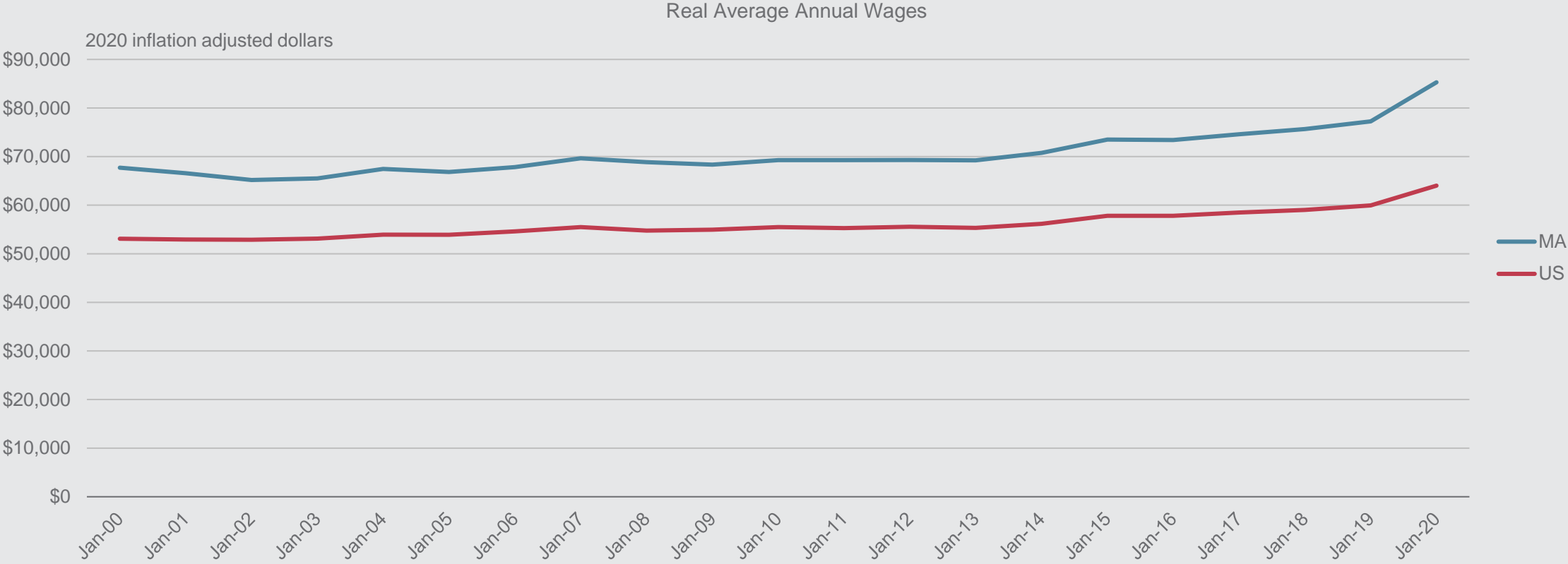


Number Employed Across New England and MA



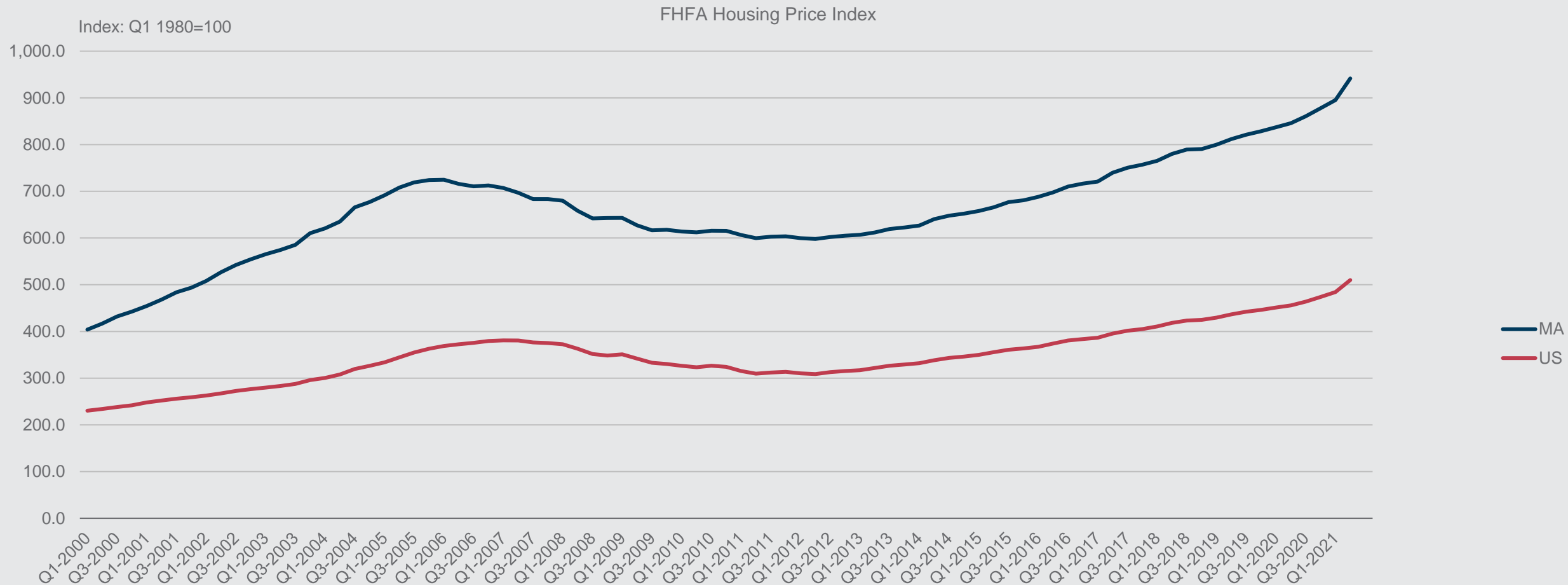
Source: U.S. Bureau of Labor Statistics (BLS) Current Employment Statistics (CES) /Haver Analytics Notes: Data are seasonally adjusted.

Wages up since 2013 in MA



Source: U.S. Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages (QCEW) /Haver Analytics
Notes:

Since 2012, Quarterly House Prices Have Steadily Increased Across the US and MA

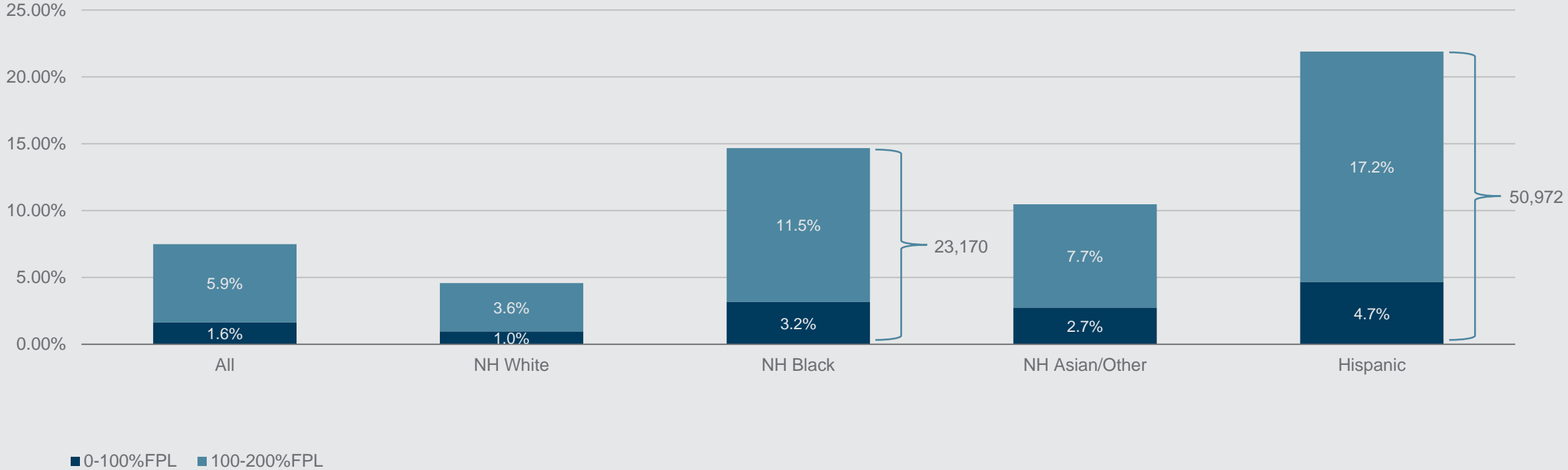


Source: Federal Housing Finance Agency (FHFA) Housing Price Index (HPI)/Haver Analytics

Notes:

Before COVID, People of Color Working Full-Time More Often Had Low Family Income in MA

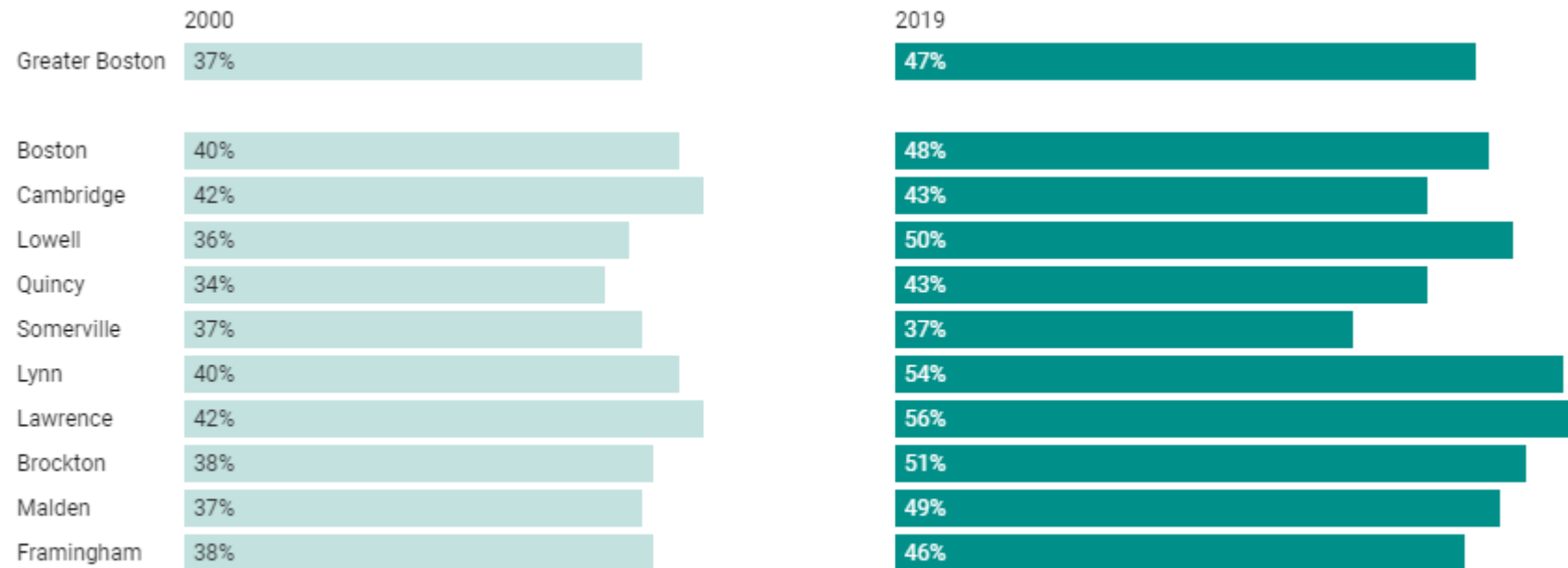
Poverty status among FT workers pre-COVID



Source: 2019 American Community Survey IPUMS USA, University of Minnesota, www.ipums.org.
 Notes: Working age adults, age 25-64, estimates are from the 2019 5-year data sample and weighted to the U.S. population

Renters face severe housing burden

Renters spending 30% or more of income on housing costs.



The communities listed are among the top 10 in terms of the total number of renter-occupied units in 2019.

Source: U.S. Census Bureau, 2000 Decennial Census, 2019 ACS 5-Year Estimates • [Get the data](#) • Created with [Datawrapper](#)

Source: **Alicia Sasser Modestino**, Northeastern Univ Dukakis Ctr. for Urban and Regional Policy, Greater Boston Housing Report Card (2019) The Boston Foundation

Envision a US economy that works for everyone

What if racial and gender gaps did not exist? Explore simulated economic gains from 2005 to 2019 in each US state and Washington DC.

For , imagine closing gaps in

TOTAL GAIN

Massachusetts

If racial gaps were closed, the GDP of Massachusetts from 2005 to 2019 would have increased by

\$14B annually

from a simulated baseline GDP of \$170B



The simulated **total gain** and the sum of simulated **incremental gains**—which do not include the interplay (joint effects) of employment, educational attainment, and hours worked—will differ. Also, please keep in mind that each place has unique demographics, and some states may have higher GDP gains in part because of more diversity and/or greater disparities, so we recommend focusing on each state and each gap separately rather than drawing comparisons.

Buckman, Shelby R, Laura Y. Choi, Mary C. Daly, and Lily M. Seitelman. 2021. "The Economic Gains from Equity," Federal Reserve Bank of San Francisco Working Paper 2021-11. Available at <https://doi.org/10.24148/wp2021-11> Fedcommunities.org;

INCREMENTAL GAIN

Earnings

If racial gaps in **earnings** were closed, the GDP of **Massachusetts** from 2005 to 2019 would have increased by

\$5.7B annually

Average hourly earnings
(Massachusetts from 2005 to 2019)

	Women	Men
Asian	\$32	\$40
White	\$31	\$38
All others	\$26	\$29
AIAN*	\$23	\$30
Black	\$25	\$26
Hispanic	\$21	\$24

INCREMENTAL GAIN

Employment

If racial gaps in **employment** were closed, the GDP of **Massachusetts** from 2005 to 2019 would have increased by

\$3.5B annually

Employment-to-population ratio
(Massachusetts from 2005 to 2019)

	Women	Men
White	75%	82%
Asian	68%	83%
All others	70%	78%
Black	72%	73%
Hispanic	63%	73%
AIAN*	62%	58%

INCREMENTAL GAIN

Hours Worked

If racial gaps in **hours worked** were closed, the GDP of **Massachusetts** from 2005 to 2019 would have increased by

\$1.2B annually

Average number of hours worked per week
(Massachusetts from 2005 to 2019)

	Women	Men
White	38	44
Asian	39	42
AIAN*	37	43
All others	38	43
Black	38	41
Hispanic	36	41

INCREMENTAL GAIN

Educational Attainment

If racial gaps in **educational attainment** were closed, the GDP of **Massachusetts** from 2005 to 2019 would have increased by

\$3.3B annually

% of population with a bachelor's degree or higher
(Massachusetts from 2005 to 2019)

	Women	Men
Asian	65%	69%
White	53%	49%
All others	43%	36%
Black	31%	29%
AIAN*	32%	27%
Hispanic	25%	20%

* AIAN (American Indian and Alaska Native)
Note: "Race" is used as shorthand for "race and ethnicity".
Source: Authors' calculations for individuals ages 25-64 based on U.S. Census Bureau 2005-2019 American Community Survey 1-year PUMS files.
Visit <https://fedcommunities.org/data/closesthegaps/> for further details.

Buckman, Shelby R, Laura Y. Choi, Mary C. Daly, and Lily M. Seitelman. 2021. "The Economic Gains from Equity," Federal Reserve Bank of San Francisco Working Paper 2021-11. Available at <https://doi.org/10.24148/wp2021-11> at [Fedcommunities.org](https://fedcommunities.org);

Defining the inclusive economy...

“An economy in which economic growth is widely shared across the population, regardless of class, race or demography. General improvement of living standards and wellbeing for all. “ (Dreze and Sen 2012, Chancel, Piketty, Sazes, Zucman 2018)”

UN Framework for Inclusive Growth

1. High, Efficient and Sustained Growth to Create Productive Jobs and Economic Opportunity (employment)
2. Social Inclusion to Ensure Equal Access to Economic Opportunity (education, health, infrastructure, gender equality, opportunity) and
3. Social Safety Nets.

Boston Fed efforts

- Working Cities Challenge: Helping 30 communities across New England form cross sector teams with bold, shared goals. Including helping local teams determine how ARPA funds can best be used locally to advance equitable recovery.
- Launching effort to support emerging leaders, including leaders of color, piloting projects to make their local economies more inclusive.
- Addressing the Racial Wealth Divide
- Research on Child Care

What does it take to build an inclusive economy?

▶ Based on Working Cities experience.....

- Shared long term vision
- Collaborative leadership, including representative leaders
- Community engagement
- Data and learning

Six Approaches for an Inclusive Economy

1. **Implement existing local economic equity plans**
2. **Invest in human capital while improving workforce outcomes:** More flexible use of cash and income supports to improve workforce outcomes. Could include:
 - “Learn to earn”
 - Top ups of child tax credit
 - Supports for people out of the workforce w/ no children
3. **Focus on Civic Infrastructure:** Non-profits and cross sector collaboratives are critical to delivery of emergency services, as we saw in COVID, and necessary as partners in delivering job training, housing, economic development.

Six Approaches for an Inclusive Economy

- 4. Incentivize regionalism:** economies don't follow municipal boundaries, but too-few investments are made in regional economic development efforts, including transit, housing, and public health.
- 5. Invest in Child Care:** the child care system is critical to full employment in Massachusetts. State ARPA funds could be used to a) bridge the cost between cost of care and affordability for parents, and/or b) provide incentives to workers/employers to receive childcare certification and training.
- 6. Don't forget rural inclusive growth:** Maine and Vermont have both invested ARPA funds in adding more rural WCC winning communities to their states.