



King County

Income Inequality: Taking Action

Carrie S. Cihak, Chief of Policy
King County Executive's Office

Outline

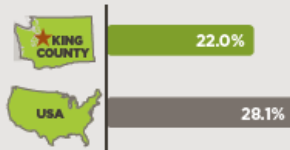
1. Local context
2. Income Inequality Basics
3. Income Inequality in King County
4. Why Does Income Inequality Matter?
5. Why is Income Inequality Increasing?
6. Can we do anything about it locally?
7. Where to Learn More

King County Outperforms U.S.

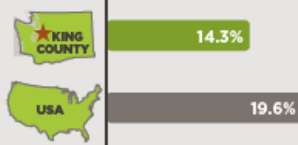


GOOD HEALTH

OBESSE ADULTS

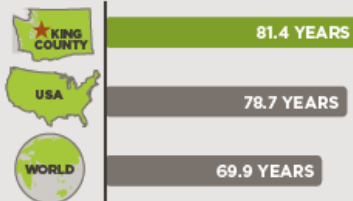


ADULTS CURRENTLY SMOKING



HIGH LIFE EXPECTANCY

LIFE EXPECTANCY AT BIRTH



HIGHLY EDUCATED

PEOPLE 25+ YEARS OLD WITH BACHELOR'S DEGREE OR HIGHER EDUCATION



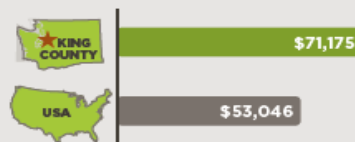
LOWER UNEMPLOYMENT

UNEMPLOYMENT RATE (Dec. 2013)



STRONG HOUSEHOLD INCOME

MEDIAN HOUSEHOLD INCOME



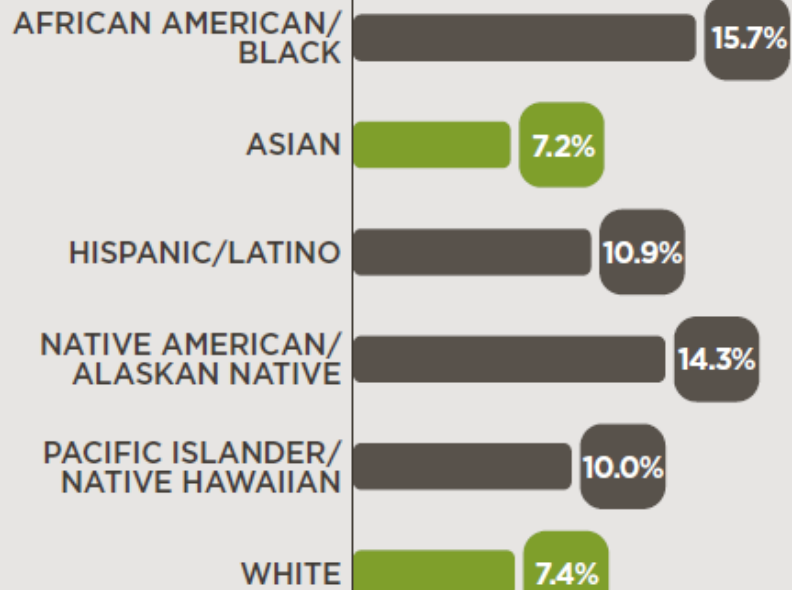
Unemployment by Race & Place

BY RACE

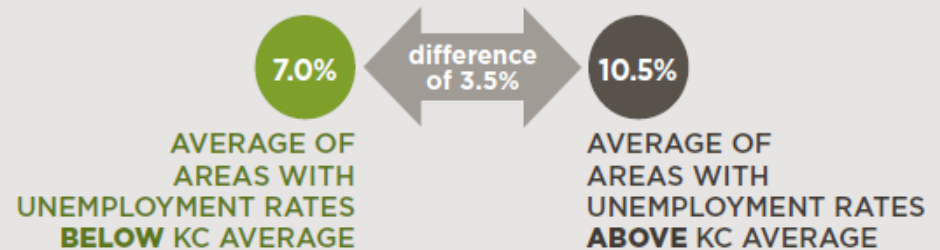
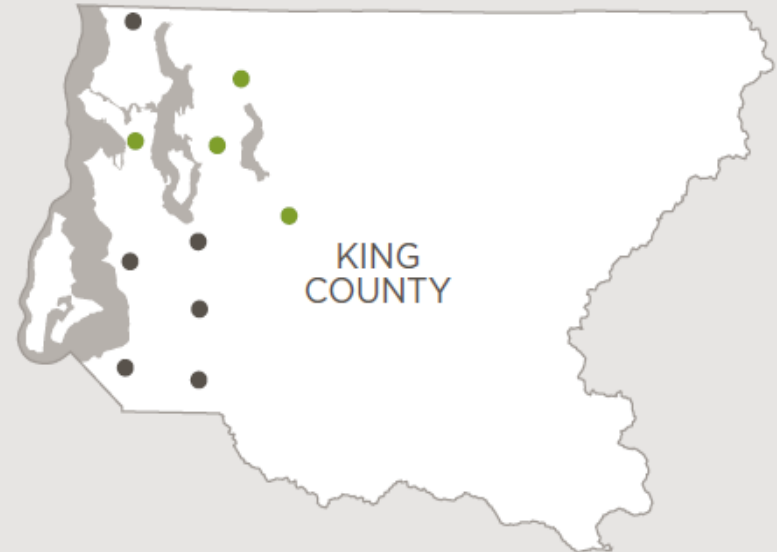
■ LOWER UNEMPLOYMENT RATES

— KC AVERAGE: 8.2%

■ HIGHER UNEMPLOYMENT RATES



BY PLACE



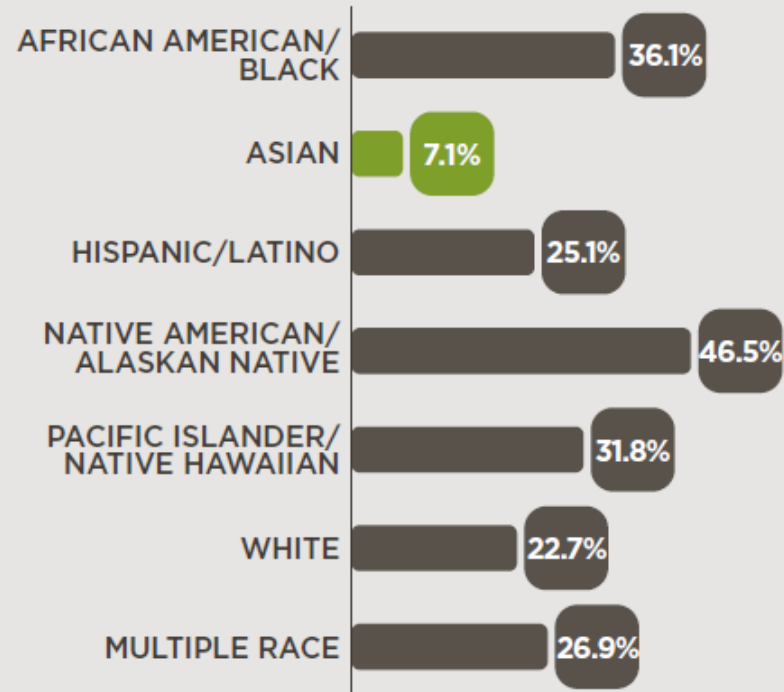
Adult Obesity by Race & Place

BY RACE

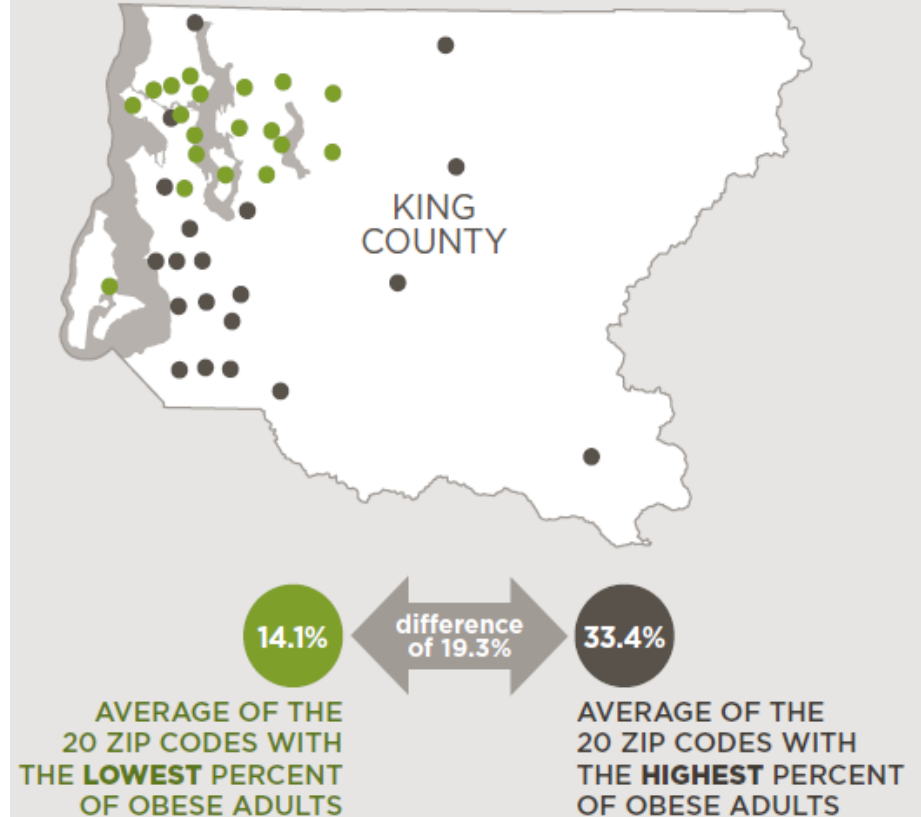
■ LOWER OBESITY RATES

-- KC AVERAGE: 22.2%

■ HIGHER OBESITY RATES



BY PLACE



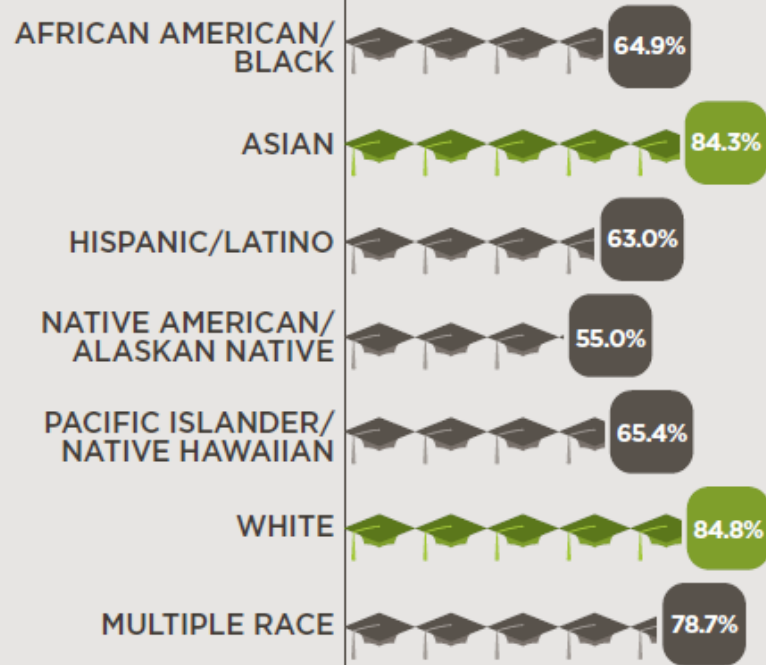
Graduation Rates by Race & Place

BY RACE

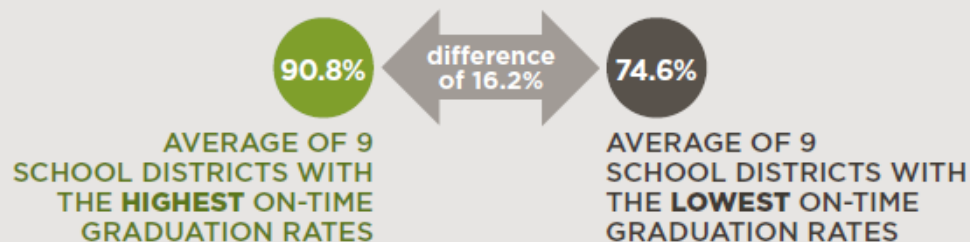
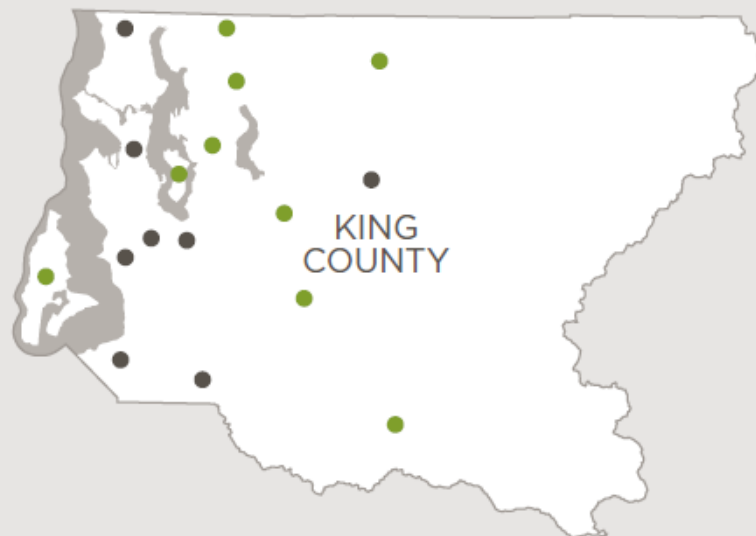
■ ABOVE KING COUNTY (KC) AVERAGE

— KC AVERAGE: 79.4%

■ BELOW KC AVERAGE



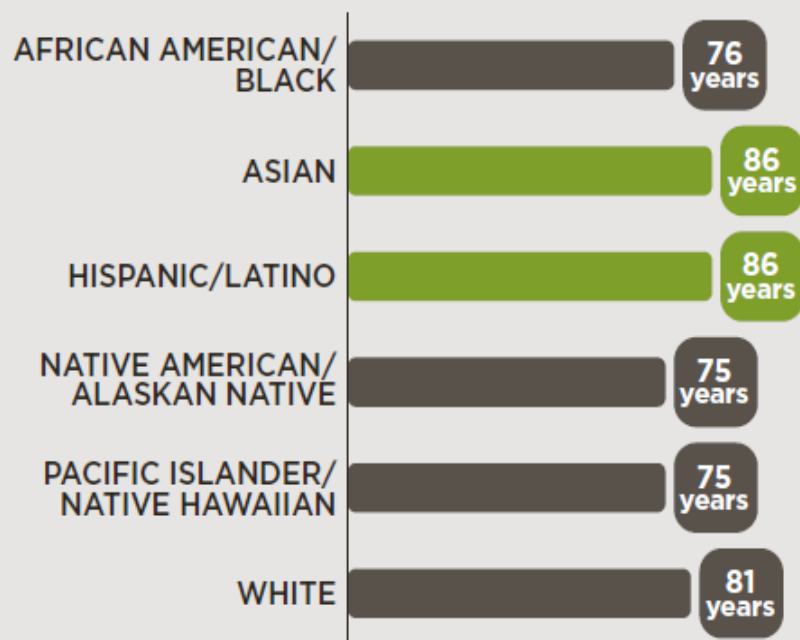
BY PLACE



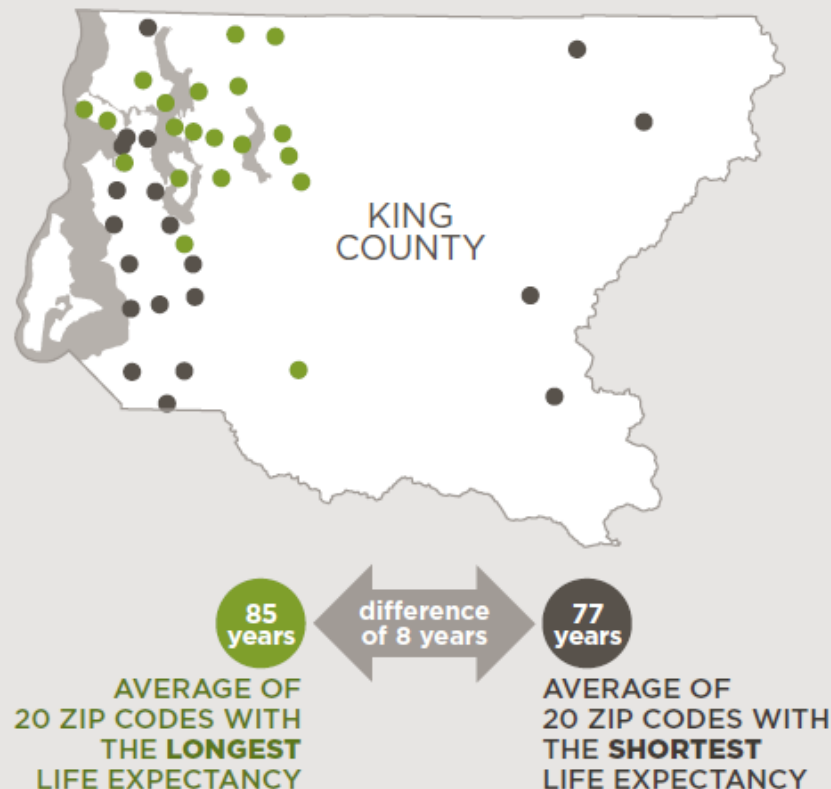
Life Expectancy by Race & Place

BY RACE

■ ABOVE KC AVERAGE
-- KC AVERAGE: 81.4 YEARS
■ BELOW KC AVERAGE



BY PLACE



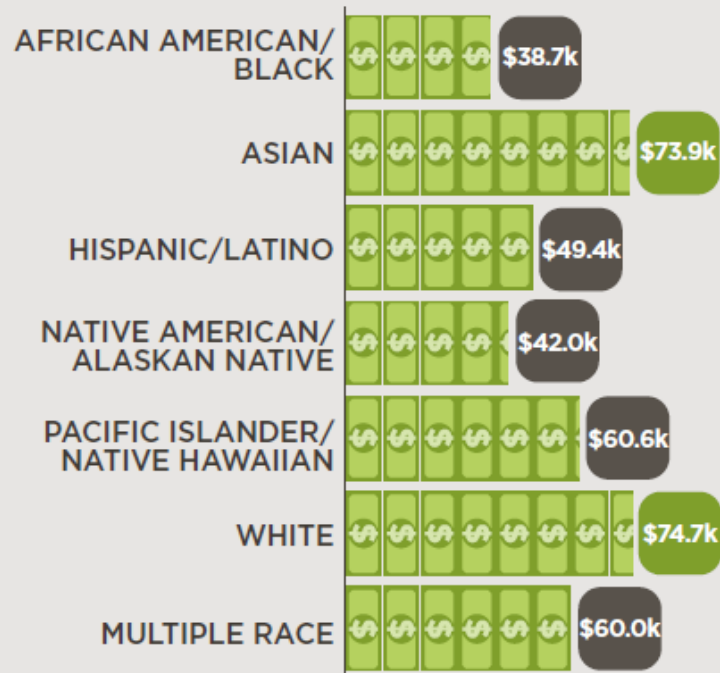
Income by Race & Place

BY RACE

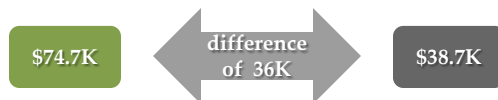
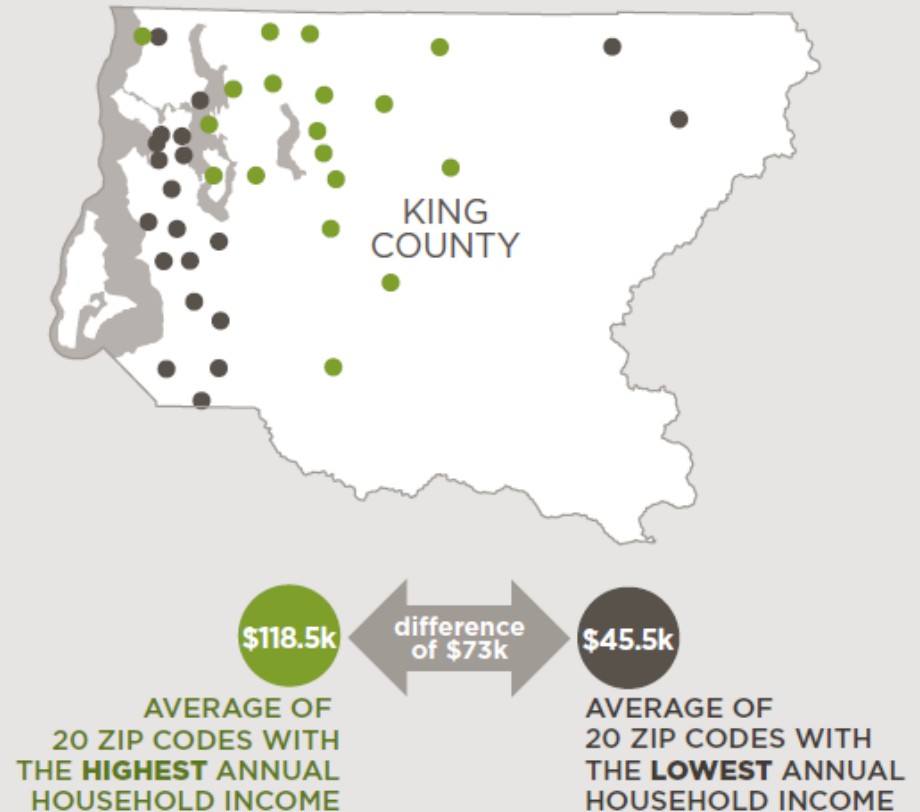
ABOVE KC AVERAGE

-- KC AVERAGE: \$71,175

BELOW KC AVERAGE



BY PLACE



Income Inequality & Social Outcomes

Worse

Index of:

- Life expectancy
- Math & Literacy
- Infant mortality
- Homicides
- Imprisonment
- Teenage births
- Trust
- Obesity
- Mental illness
- Addiction
- Social mobility

Better



Income Inequality Basics

Income Inequality Defined

The extent to which income is distributed in an uneven manner among a population.

Income: The flow of money from wages, interest, dividends, business profits, etc.

The distribution of wealth tracks income inequality, but tends to be even more unequal.

Wealth: The total stock of assets such as savings, inheritance, stocks, bonds, real estate, etc., less debts or liabilities.

Income Inequality Measured

Many different ways to measure, e.g.:

As a share of total: In 2012, the top one percent of income earners in the U.S. captured 22% of total national income.

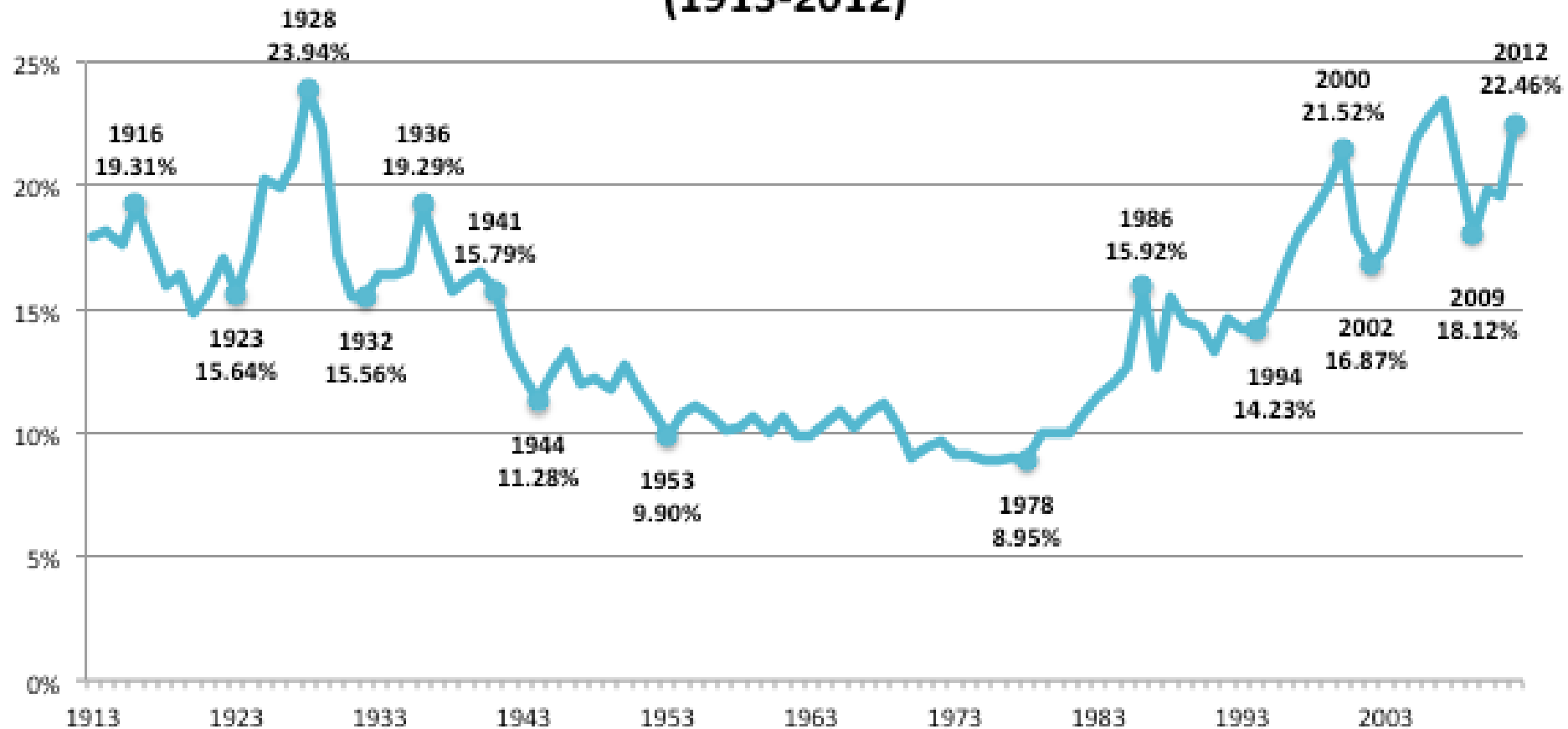
As a share of growth: In Washington State from 2009 - 2012, the top one percent captured 175% of the growth in State income.

As a range: The median income for blacks in King County is \$39K, and for whites \$75K, a difference of \$36K.

The Gini coefficient: If everyone earns the same amount (total equality) $Gini = 0$. If one person earns everything and everyone else nothing (total inequality) $Gini = 1$.

U.S. Income Inequality is Growing

**Top 1% Share of Total Pre-Tax Income
(1913-2012)**



Source: Picketty & Saez, "Income Inequality in the United States, 1913-1998", updated to 2012 by Saez.

Income Inequality in King County

[illegible]

Order households by income:



Split households into 5 groups, with the same number in each group.



Each group, or quintile, contains 20% of the total number of households



Lowest
quintile



Lower
Middle
quintile



Middle
quintile



Upper
Middle
quintile

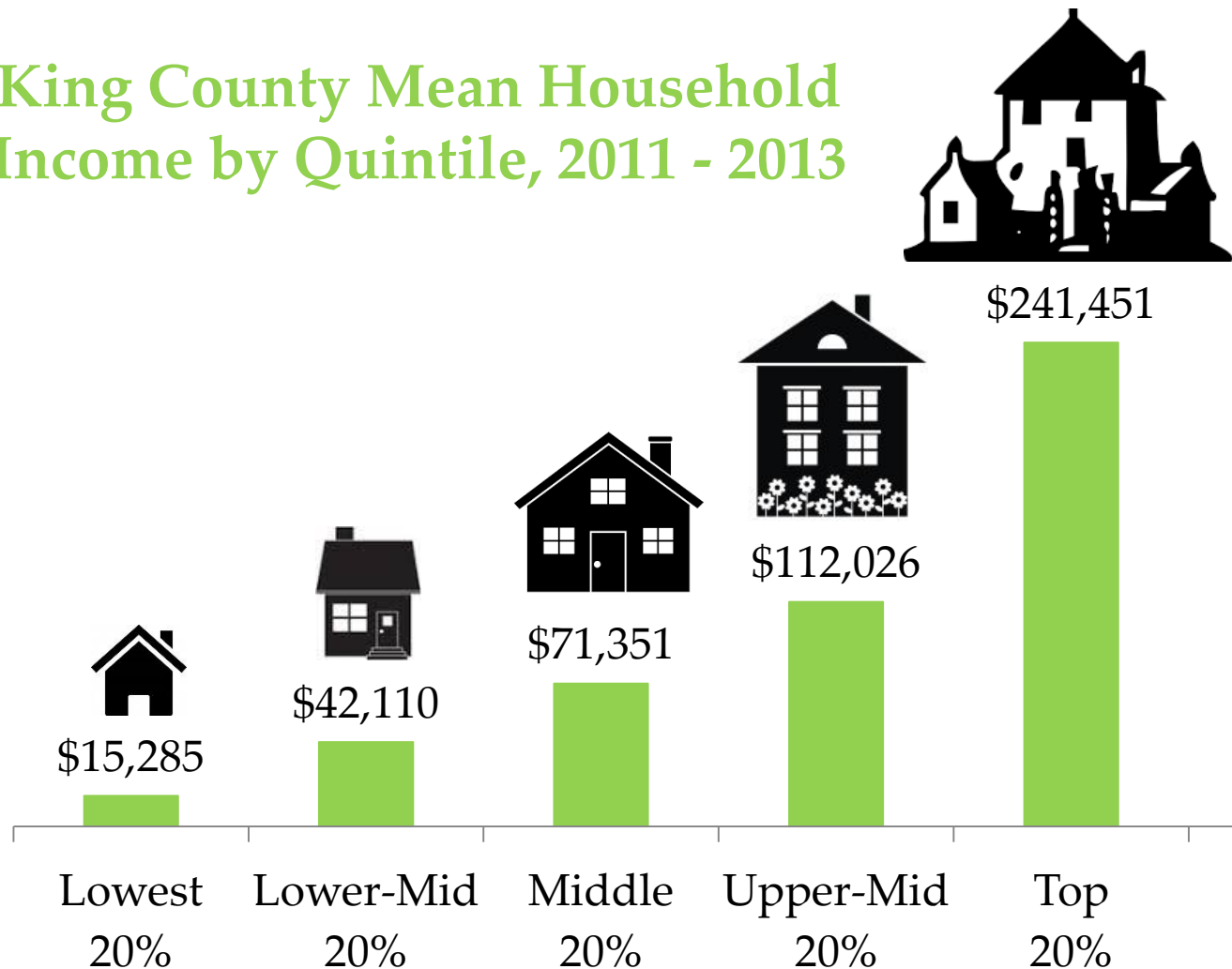


Top
quintile

Now, let's measure the average income in each quintile to get King County's distribution of income.

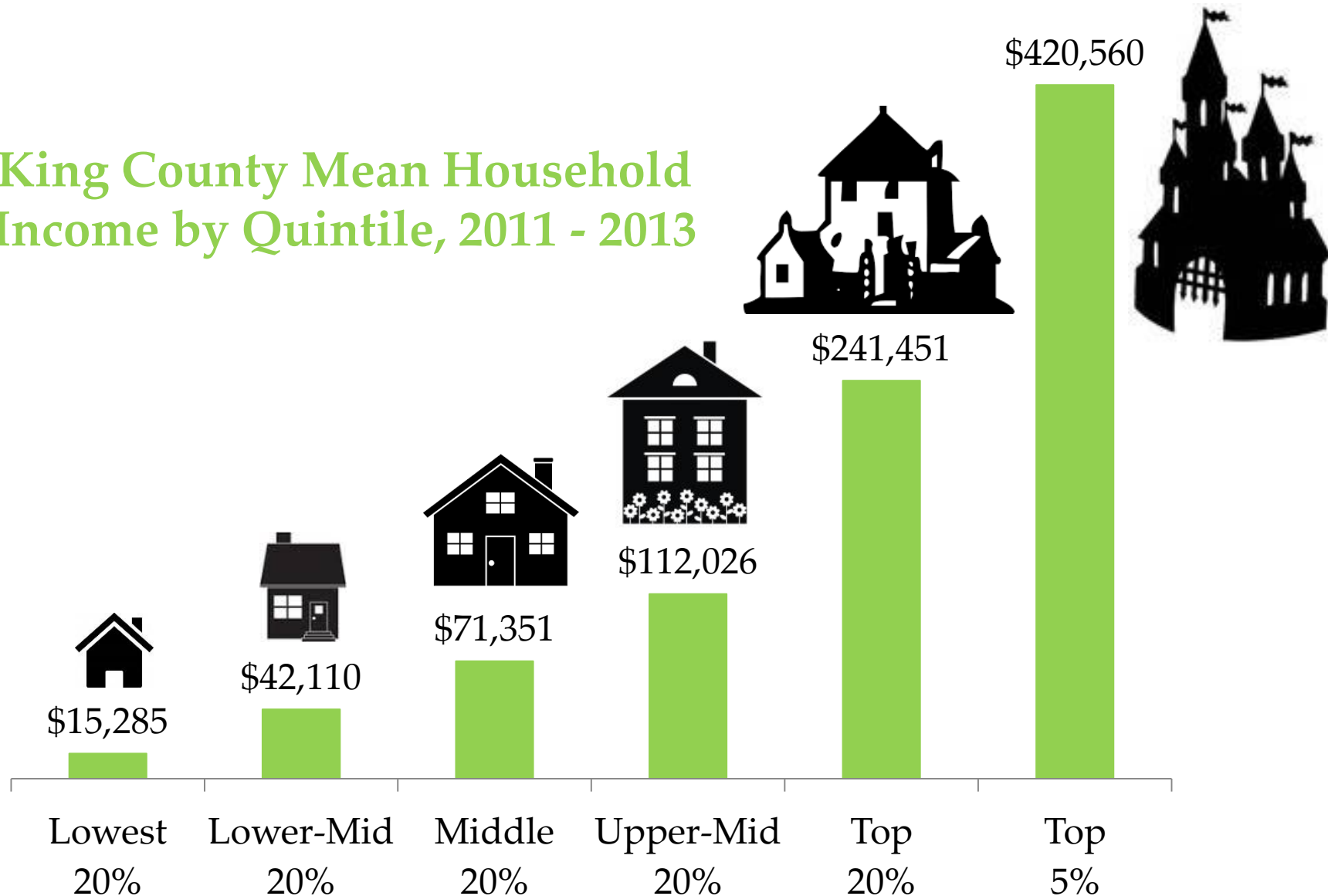
King County Income Distribution

King County Mean Household
Income by Quintile, 2011 - 2013



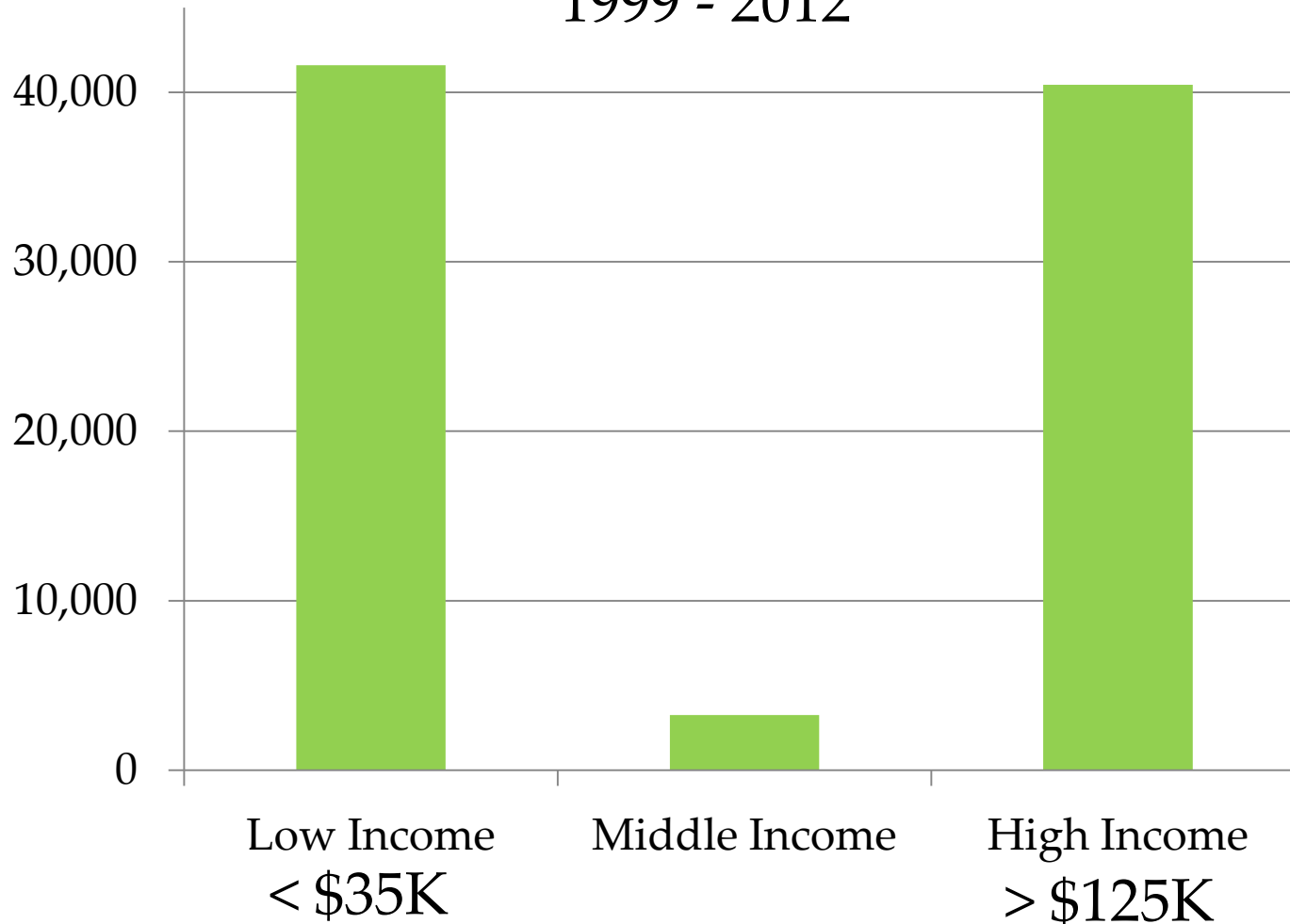
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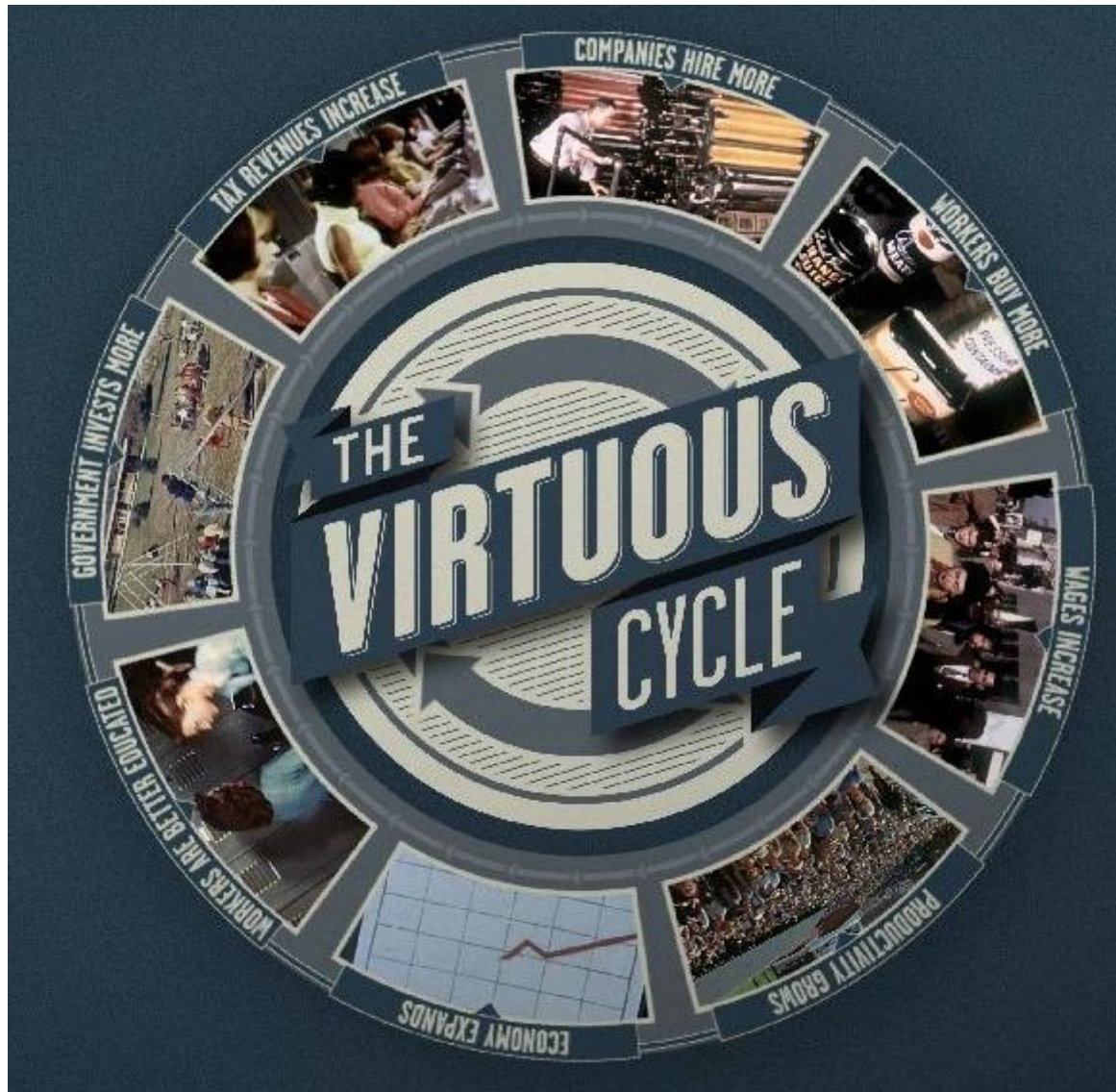
Income Inequality is Growing

Increase in Number of King County Households
1999 - 2012



Only 5% of the net increase in new households in King County have been middle income.

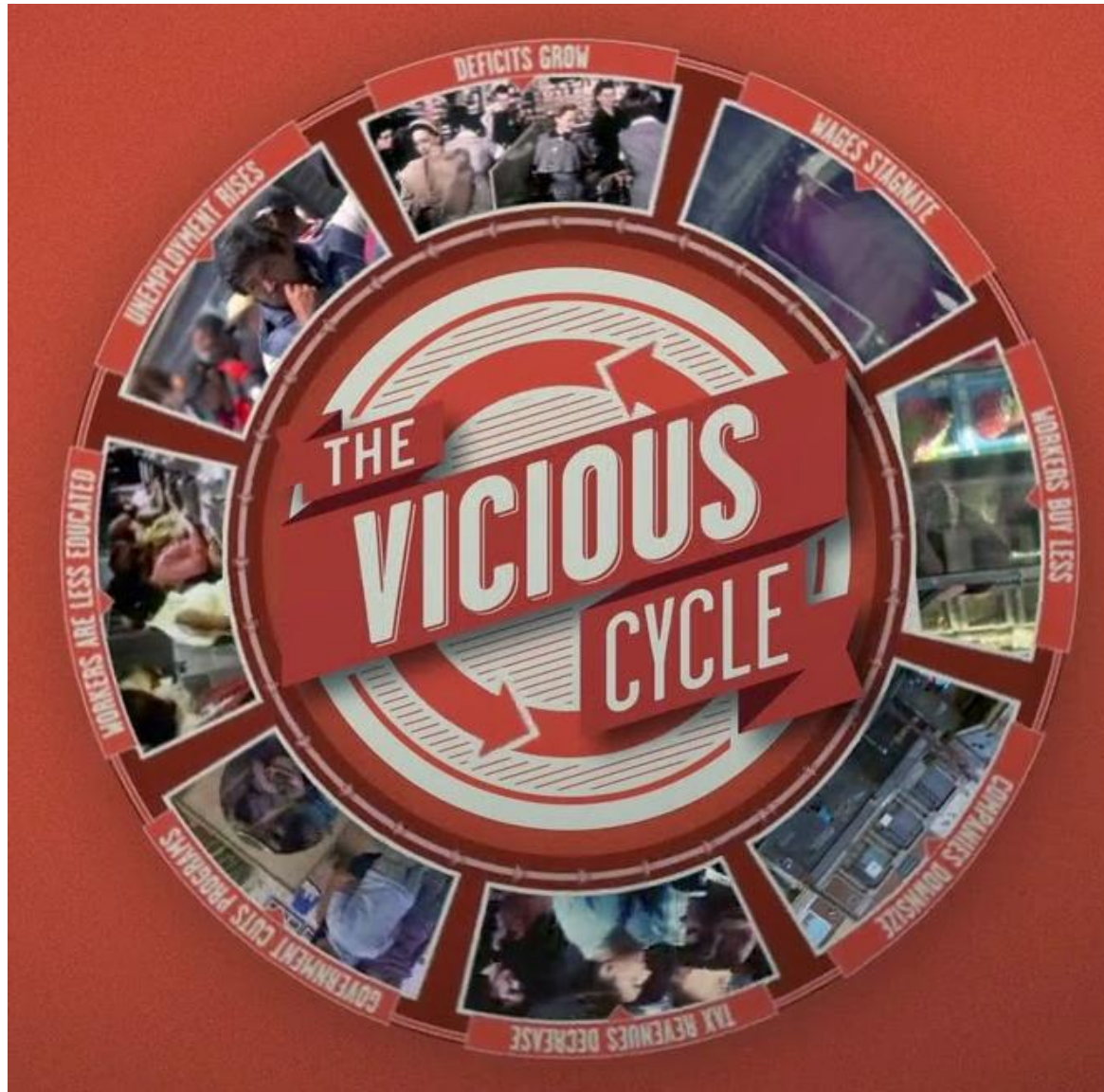
The Virtuous Cycle



A strong middle class creates a virtuous cycle of economic growth and prosperity.

Source: Robert Reich, *Inequality for All*

The Vicious Cycle



When the middle class doesn't share in economic gains, a vicious cycle is created leading to stagnating growth.

Equity is the Superior Growth Model

A growing body of research shows that inequity poses a threat to U.S. economic growth and that regions with more equity have stronger and more sustainable growth.

Standard & Poor: “How Increasing Income Inequality Is Dampening U.S. Economic Growth, And Possible Ways To Change The Tide”

International Monetary Fund: “Inequality and Unsustainable Growth: Two Sides of the Same Coin?”

Every 10 percent increase in equality increased the length of a country’s growth periods by 50 percent.

The Federal Reserve Bank of Cleveland: “Dashboard Indicators for the Northeast Ohio Economy”

Racial inclusion and income equality matter for growth.

Chris Benner & Manuel Pastor: Just Growth: Inclusion & Prosperity in America’s Metropolitan Regions

We are all better off
when
all of us are better off.

Why is Income Inequality
Increasing?

Equitable Growth Reverses in 1970s



National & International Macroeconomic Forces

- Decline in union membership
- Technological revolution
- Globalization
- Growth of financial markets

Policy and institutional framework influences who gains and loses:

- Shifts in national tax policy
- Shifts in other national policies, e.g., deregulation
- Decline in public investments in education and infrastructure

Can We Do Anything about
Income Inequality Locally?

Building Equity & Opportunity



Building Equity & Opportunity



ACCESS TO HUMAN AND HEALTH SERVICES

HEALTH INSURANCE

Coverage
is **Here**

King County

Every agency in King County government is helping people who are uninsured get enrolled in free or low-cost health insurance. Businesses, non-profits, schools and other partners have joined our Leadership Circle to help.

Together, we've enrolled over **200,000** King County residents!



ACCESS TO SAFE AND EFFICIENT TRANSPORTATION

BUS SERVICE

Metro prioritizes transit service for low-income communities and communities of color when considering service changes.



We'll Get You There

On March 1, Metro implemented a **reduced fare** for people with low income.



EARLY CHILDHOOD DEVELOPMENT & QUALITY EDUCATION

READINESS TO LEARN

Through Nurse Family Partnership, Public Health nurses support young first time mothers to get their babies off to a good start.



Executive Constantine is proposing **Best Starts for Kids**, a levy to put every child on the path to success.

How Can You and Your Organization Align to Build Equity?



Contacts

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Resources

Where to Learn More:

King County's Equity & Social Justice Work: www.kingcounty.gov/equity

- King County Equity & Social Justice Annual Report
- The Determinants of Equity: Indicators to Establish a Baseline of Equity
- Infographic: Building Equity & Opportunity

Best Starts for Kids: www.kingcounty.gov/beststarts

More info coming April 27 with the Executive's State of the County address!

Videos on Inequality:

- Unnatural Causes...Is Inequality Making Us Sick?
A seven part documentary series on inequality and health.
www.unnaturalcauses.org
- Inequality for All
A documentary film featuring former US Labor Sec. Robert Reich
www.inequalityforall.com
- Wealth Inequality in America videographic
www.youtube.com/watch?v=QPKKQnijnsM

Talks and Lectures on Inequality

- How Economic Inequality Harms Societies
TED Talk by Richard Wilkinson, co-author of The Spirit Level
http://www.ted.com/talks/richard_wilkinson?language=en
- Beware, Fellow Plutocrats, the Pitchforks are Coming
TED Talk by local self-proclaimed plutocrat Nick Hanauer
<http://bit.ly/1zCOMxe>
- Income Inequality & American Democracy
Town Hall Seattle event with Nobel Laureate Joe Stiglitz, April 28
<http://townhallseattle.org/event/joseph-stiglitz/>

Policy Institutes & Web Resources on Inequality

- Policy Link: www.policylink.org
- Economic Policy Institute: www.epi.org
- The Institute for Policy Studies, project on Income Inequality
www.inequality.org
- Center on Budget & Policy Priorities, Income Inequality research area
<http://www.cbpp.org/research/index.cfm?fa=topic&id=153>

Articles & Reports on Income Inequality

- Equity is the Superior Growth Model, Policy Link <http://bit.ly/ZBXXFQ>
- The Increasingly Unequal States of America: Income Inequality by State Interactive website and tool
<http://www.epi.org/publication/income-inequality-by-state-1917-to-2012/>
- 17 Things We Learned about Income Inequality in 2014, The Atlantic
<http://theatlantic.com/1va1ljP>
- Middle Class, but Feeling Economically Insecure, NYT, Part II in three-part series, with interactive media
<http://nyti.ms/1Jyr12U>

Books on Inequality

- The Price of Inequality: How Today's Divided Society Endangers Our Future, Joseph Stiglitz
- Just Growth: Inclusion & Prosperity in America's Metropolitan Regions, Chris Benner & Manuel Pastor
- The Spirit Level: Why Greater Equality Makes Societies Stronger, Richard Wilkinson & Kate Pickett

Selected Resources on Race and Implicit Bias

- Race: The Power of an Illusion
A three-part documentary series
http://www.pbs.org/race/000_General/000_00-Home.htm
- Embracing Inclusion for One King County: Addressing Implicit Bias, Racial Anxiety & Stereotype Threat
King County 2014 Equity & Social Justice Forum featuring Rachel Godsil
<http://1.usa.gov/1D9TRVh>
- Project Implicit
Learn more about implicit biases and take the implicit associations test.
<https://implicit.harvard.edu/implicit/>
- Racial Bias, Even When We Have Good Intentions, NYT
<http://nyti.ms/1EYogHu>
- Blind Spot: Hidden Biases of Good People, Mahzarin R. Banaji & Anthony G. Greenwald

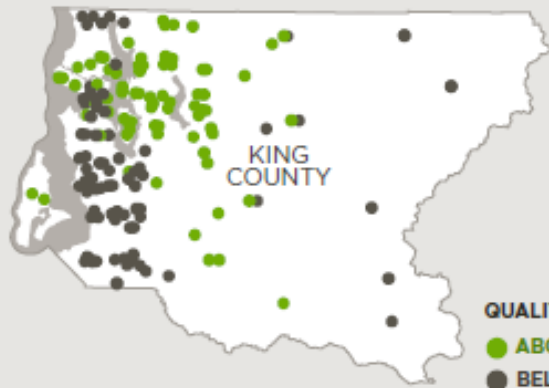
Selected Resources on Early Childhood Development

- The Raising of America: Early Childhood & the Future of Our Nation
A five-part documentary series
<http://www.raisingofamerica.org/>
- The “Big Bang” in Learning: Brain Changes & Childhood Learning
Aspen Ideas Festival talk featuring Drs. Pat Kuhl & Andrew Meltzoff
<https://www.youtube.com/watch?v=4zgkSOBH4dU>
- Heckman: The Economics of Human Potential
Website featuring the work of Nobel Laureate James Heckman
www.heckmanequation.org
- Institute for Learning & Brain Sciences <http://ilabs.washington.edu/>
- The First Year, National Geographic <http://bit.ly/1zlj3Hn>

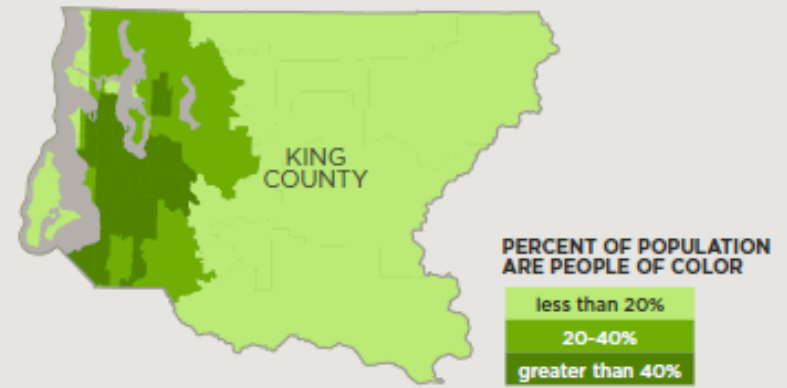
Race & Place Matter in King County

RACE AND PLACE PREDICT WHETHER PEOPLE HAVE THE OPPORTUNITY TO THRIVE.

QUALITY OF LIFE INDICATORS



COMMUNITIES OF COLOR



PEOPLE OF COLOR GENERALLY DO NOT EXPERIENCE THE SAME QUALITY OF LIFE AS WHITE RESIDENTS.

King County health, housing and economic opportunity data

	Worst 10% (dark green)	Best 10% (light green)
Life expectancy	74	87
Adverse childhood experiences	20%	9%
Frequent mental distress	14%	4%
Smoking	20%	5%
Obesity	33%	14%
Diabetes	13%	5%
Preventable hospitalizations	1.0%	0.4%
Poor housing condition	8%	0%
Low-income, < 200% poverty	54%	6%
Unemployment	13%	3%

