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Cover photo: Frederick Douglass National Historic Site, Anacostia, Washington, D.C. (courtesy of National Park Service)

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Report edited and with an introduction, summary, recommendations, and conclusion by Maurice Jackson, Ph.D., Georgetown University, Department of History; Inaugural Chair, D.C. Commission on African American Affairs (2013–16).

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Maurice Jackson, Ph.D. Department of History Georgetown University 37th & O Streets NW Washington, D.C. 20057 202-687-1619 jacksonz@georgetown.edu This report has been adapted from the research of master's students in the Georgetown University McCourt School of Public Policy. Allison Beer, Jessica Bonilla, Renita Marcellin, and Megan Miraglia focused on issues related to employment, while Nikki Edson, Junxiao Liang, Ryan Meyer, and Ben Tingle focused on issues related to housing. Prof. Micah Jensen and Prof. Maurice Jackson served as project advisors. McCourt School staff and professors, including Mike Barber, Eric Gardner, Jeff Mayer, and Prof. Alice Rivlin, offered needed support. Special appreciation goes to Prof. Rivlin and Martha Ross of the Brookings Institution, and to Ed Lazere, Executive Director of the D.C. Fiscal Policy Institute. Prof. Jonathan Jackson of the University of Maryland and personnel from the D.C. Department of Housing and Community Development offered helpful advice on research, quantitative analysis, and writing.

As the first appointed Chair to the D.C. Commission on African American Affairs, Maurice Jackson wishes to express gratitude to the McCourt teams and others for their hard work, dedication, and contributions. He thanks Georgetown University President Dr. John J. DeGioia for his unwavering support during his tenure as Commission chair; Dr. Joseph Ferrara, Chief of Staff to the President, and his office for assistance in producing the report; and Dr. James Benton, the Slavery, Memory, and Reconciliation Fellow, for offering insightful perspectives on the nature of the African American workforce. He also wishes to thank Christopher Murphy, Vice President for Government Relations and Community Engagement, for his advice and keen insight into the D.C. government and its agencies; Heidi Tseu, Director of Local Government Affairs, for her support; and Samuel Dejoie, a student in the College class of 2019, for his assistance. Prof. Rohan Williamson of the McDonough School of Business provided insight on tracking black business development. Finally, he thanks Provost Robert Groves and members of his staff who helped arrange for Jackson to find time to collect data and organize this report.

Maurice Jackson has edited and unified the reports on employment trends and housing, added to them, and updated data, and accepts responsibility for any remaining errors or mistakes.



# **ACKNOWLEDGMENTS**

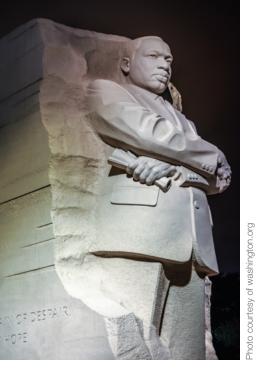
EDITOR'S NOTE

When I agreed to become the first appointed Chair of the newly established Commission on African American Affairs, I did so with certain reservations. Key among them was the extent of support the committee would receive from city officials and agencies. There were no office, supplies, or staff. With certain assurances, I accepted the volunteer position and made several pledges. The first was that the commission would begin by establishing its rules, by-laws, and mission statement, and forming a committee structure. The second pledge was to establish a permanent office; in the second year of the new commission, the Office of the Mayor appointed a full-time Executive Director, albeit with no staff. These goals were met. The third pledge was to publish several reports on the status of African Americans in Washington. To research and publish these reports, I found it necessary to seek the support of my home institution Georgetown University. The first of these reports, "The Health of the African American Community in the District of Columbia: Disparities and Recommendations," was published in the fall of 2016. Prepared by faculty leader Prof. Christopher J. King and eight student contributors<sup>b</sup> with the active support of Dr. Patricia Cloonan, Dean of the School of Nursing & Health Studies, this report has been widely distributed, studied, and discussed. The present report is the second in the series. I hope that it contributes to the discussion and offers meaningful ideas to help find ways to halt the flow of African Americans out of D.C. and to help make life for those who remain a bit better.

> Maurice Jackson, Georgetown University, Department of History; Inaugural Chair, D.C. Commission on African American Affairs (2013–16)

<sup>&</sup>lt;sup>a</sup> The mission statement reads: "The goal of the Commission on African American Affairs of the District of Columbia is to address the concerns and needs of African American communities with low and moderate incomes: to gather economic, education, health, housing and other social indicators and to review and analyze the decline in the population of African American residents of the District, as indicated by the 2010 United States Census. The Commission will seek input from D.C. residents, social service agencies and concerned experts, hold fact-finding hearings, and submit definitive reports and policy recommendations to the Mayor and Council of the District of Columbia."

<sup>&</sup>lt;sup>b</sup> The student contributors are: Taylor Brown, Stefanie Kurgatt, Eileen Marino, Ogechi Nwodim, Erik Schimmel, Jordan Smith, Jaclyn Tatge, and John A. Davis.



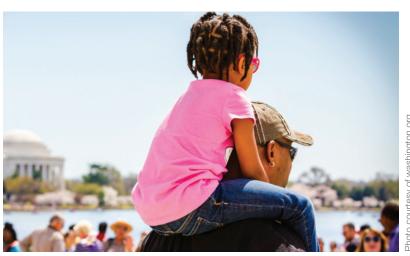
# EDITOR'S INTRODUCTION

African Americans have made extraordinary contributions to the rich cultural, social, and civic heritage of Washington, D.C. since the city's founding. However, over the past few decades, an alarming trend has developed: the city's African American population has declined significantly—a trend expected to continue. In 1957, Washington became the first large city with a black majority population, and in 1960, the city reported an African American population at 53.9 percent. This rose to its height at 71.1 percent in 1970. However, by 2015, it dipped below 50 percent for the first time in nearly 60 years to 48.3 percent. Much of the population loss can be attributed to the economy. Simply put, African Americans, some D.C. born and raised, have been priced out of the housing market and pushed out of the job market due to the lack of available jobs, lack of skills training, and a lag in educational attainment. Shifts in the federal workforce and the creation of some higher-paying private employer jobs outside of the city, along with high housing costs and the notion that affordable housing near quality schools are more accessible in the suburbs, have also caused middle- to higher-income African Americans to leave the city.

This report seeks to analyze those trends and to offer ideas about how to halt the flow of African Americans out of Washington, D.C., the stated mission of the D.C. Commission on African American Affairs.



African Americans, some D.C. born and raised, have been priced out of the housing market and pushed out of the job market due to the lack of available jobs, lack of skills training, and a lag in educational attainment.



The African American population in U.S. cities, such as Chicago, Cleveland, Oakland, and St. Louis, has also been in decline, the result of economic factors, including increasing income inequality and a dearth of equal economic opportunities for African American residents. In D.C., especially for at least three decades, African Americans have experienced consistent patterns of declining income gains, higher unemployment, and lower educational attainment than white residents.<sup>c</sup>

The predicted growth of the D.C. labor market is alarmingly mismatched with the educational attainment trends of the city's African American residents.<sup>d</sup> By 2020, 50 percent of all new jobs will require at least a bachelor's degree or above, and nearly 60 percent will require at least some form of education and training beyond high school. However, 60,000 adult African American D.C. residents have not finished high school;<sup>3</sup> a full 50 percent have no formal education past high school, compared to 5 percent of white residents; and 12.3 percent of African Americans have a bachelor's degree, while 37.1 percent of white residents do. According to the U.S. Department of Education's National Center for Education Statistics, 19 percent of adults in the city do not have the reading proficiency to read a daily newspaper. The Washington Literacy Center estimates that 90,000 adults in D.C. (13.4 percent of city residents) are functionally illiterate. This shows a major gap between the qualifications employers are seeking and those acquired by disproportionately significant segments of the African American community in D.C.

To help address this and other concerning and complex issues, the Mayor of the District of Columbia established the Commission on African American Affairs in 2011 "to address the concerns of African-American communities with low-economic, -education, or -health indicators in the District, and to review and analyze the decline in population of African-American residents of the District."

To support the Commission's work, this report seeks to:

- Assess the area's employment opportunities as they relate to the qualifications of African Americans with low to moderate incomes
- Analyze how employment is related to the population decline of D.C.'s African American community
- Identify the impact of the lack of affordable housing on the low- and moderate-income African American community in Washington, D.C.
- Propose feasible policies to improve the economic well-being of the city's African American residents

The city must enact policies and support programs that ensure equal economic opportunities for its African American residents. Such steps are essential to properly honoring and building upon the invaluable contributions of African Americans to the culture, social fabric, and civic life of the nation's capital.<sup>5</sup>



# **SUMMARY**

The median annual income in D.C. for white families is \$120,000, while it is \$41,000 for African American families.

This statement is based on data retrieved from the Integrated Public Microdata Series (IPUMS-USA) obtained from the American Community Survey (ACS) and the Decennial Census data.

<sup>&</sup>lt;sup>d</sup> This statement is based on statistics reported by the U.S. Bureau of Labor Statistics (BLS) and the D.C. Department of Employment Services (DOES) to analyze the gaps between employment opportunities and the employment qualifications of African Americans.



# ECONOMIC INEQUALITY AND MOBILITY

Interconnected trends in income inequality, economic mobility, and employment have shaped the economic well-being of African Americans in D.C. and contributed to the population decline of African Americans in cities across the U.S., including D.C., over the past few decades. Analysis by the Congressional Budget Office (CBO) suggests that national disparities in economic well-being have been largely driven by differences in income growth rates between high and low earners.<sup>6</sup>

Disparities in wealth, defined as the accumulation of economic assets, also contribute to economic inequality across the nation, where the wealth gap between blacks and whites is many times larger than the income gap and has an especially large effect on income inequality among older Americans.<sup>7</sup>

While trends in economic mobility in the U.S. have varied since the late nineteenth century, the overall rates of upward and downward economic mobility remained relatively static from the 1970s through 1990s. Despite this overall trend, African Americans in the U.S. have experienced less upward mobility and more downward mobility than whites.

In addition, intergenerational mobility, defined as the degree to which a child's economic achievements exceed their parents' status, is correlated with parents' income and with income inequality between families of different races and ethnicities. On average, a 10-percentile increase in parents' income increases a child's income by 3.4 percentiles. <sup>10</sup> Other factors impacting mobility include educational attainment, cognitive ability, family structure, and geographic location. Increases in educational attainment, especially higher education and rises in cognitive ability, significantly increase upward mobility. <sup>11</sup> The importance of higher education with regard to economic well-being and race is further discussed later in this report.

Unemployment continues to play a significant role in economic inequality and mobility as well, as African Americans experience a higher rate of unemployment across the nation at 7.9 percent compared to the overall rate of 4.5 percent for the population at-large in the fourth quarter of 2016. 12 The unemployment rate for African Americans has historically been at least twice the rate for whites nationally and locally. Economists and sociologists have disagreed on the causes of the high level of unemployment among African Americans. While any reduction in unemployment improves economic conditions for the African American community and helps fix some social issues, such as higher crime rates, the matter is more complex.<sup>13</sup> Reducing unemployment is important, but jobs that help reduce unemployment must provide decent wages and benefits in order to combat poverty, create potential for homeownership, contribute to family stability, decrease poverty, and lower crime. Though changes in the workforce can create more jobs, such jobs do not always alleviate poverty. Other problems that must be addressed include a rise in contract employment and temporary employment, "flexible" work schedules that do not guarantee a set number of work hours, and the proliferation of "de-skilled" jobs; while these trends may theoretically help reduce unemployment, they do not always offer wages or benefits that can help stabilize families and communities.

# D.C. Economic Inequality and Mobility

While the national trends in economic inequality and mobility are concerning, they are especially stark and alarming in D.C. From 2007–2014, the number of poor residents in D.C. increased by 18,000, with African Americans experiencing the largest increase. During this period, the poverty rate for the city's African Americans increased from 23 percent to 26 percent. Despite an overall increase in D.C.'s median household income by approximately \$10,000, the median household income for African Americans remained flat during this period.<sup>14</sup> The median annual income in D.C. for white families is \$120,000, while it is \$41,000 for African American families.<sup>15</sup> Furthermore, white households have a net worth 81 times greater than black households: \$284,000 versus \$3,500.<sup>16</sup>

A recent report on economic disparity in the city, "Ward Snapshots" by D.C. Action for Children, shows that in Ward 8, "the median family income dropped nearly 17 percent between 2006–2010 and 2010–2015 from \$28,979 to \$24,096." In Ward 7, "the median family income during those years went from \$34,562 to \$31,273, a nearly 10 percent drop. By comparison, the median family income in Ward 2 jumped nearly 65 percent, from \$114,752 to \$189,324." Lower-income African Americans, specifically, tend to experience more negative economic impacts than other socioeconomic groups. 18

D.C. residents who are most likely to be low-income are: black residents, single-parent families, individuals with disabilities, and those without a high school diploma.<sup>19</sup>

# D.C. Unemployment

A recently released report by the D.C. Fiscal Policy Institute gets to the root of some of the problems facing unemployed and underemployed African Americans in the District. In 2016, the unemployment rate was 6.4 percent, up from 5.7 percent in 2007 during the last "Great Recession." The white unemployment rate was under 2 percent in 2016, while the rate for black residents was 13.4 percent.<sup>20</sup> This means the African American unemployment rate stood at over six times the white rate—an astonishing number. African Americans, even with an undergraduate college degree, were also three times more likely to be jobless than their white peers with the same degree in 2016.

Among the long-term unemployed, defined as those without work for 27 weeks or longer, 42 percent who lost their jobs in 2016 remain jobless, a steady rise from 18 percent in 2007. Unemployment affects both African American youth and older workers. As has been true in the past, the unemployment rate in Wards 7 and 8 are extremely high. In January 2017, in Ward 8, it was officially 12.9 percent and in Ward 7, 10 percent. These figures only include those actively looking for work and not those who may have simply given up. The official rate for Ward 1 was 4.3 percent; 4 percent for Ward 2; 3.9 percent for Ward 3; 5.5 percent for Ward 4; 6.9 percent for Ward 5; and 5.3 percent for Ward 6. However, unemployment rates for African Americans in these wards were more than twice the overall unemployment rates for each ward as a whole.<sup>21</sup>

White households have a net worth 81 times greater than black households: \$284,000 versus \$3,500.



# MIGRATION TRENDS AND OPPORTUNITIES

Since the 1990s, growing metropolitan areas in the U.S. are more likely to have populations with lower incomes, greater income declines, and higher poverty rates for minority groups.<sup>22</sup> A common reason that migrants cited for moving was to seek employment. Out-migrants typically benefit from increased wages after moving.<sup>23</sup>

D.C.'s economic landscape is disproportionately bleak for African American residents, forcing many to seek opportunities elsewhere. Changes in the makeup of the federal workforce, privatization, outsourcing at local hospitals and universities whose maintenance staffs had been traditionally in-house, and a greater reliance on subcontracting have all had a negative impact on African American employment. Historically, the lack of manufacturing, compared to other cities, has also denied for generations an economic outlet for people with lower levels of education and skills.

In the 1990s, income disparities between D.C. neighborhoods increased greatly. The negative effects of this trend were mostly felt in low-income neighborhoods and resulted in both a decline in residents' income and population numbers. During that decade, D.C. lost 28,000 residents, many of whom had been living in predominately low-income neighborhoods. Hased on analysis of census data, Jonathan Jackson argued that the displacement of low-income African American residents in D.C. is largely due to young, college-educated individuals moving to the city. These demographic changes have been linked to gentrification. Lisa Sturtevant's research underscores this finding, showing that population changes in D.C. between 2000–2012 were characterized by an influx of white residents and a decrease in African American residents. At the Brookings Institute, Brooke DeRenzis and Alice Rivlin further support this point, demonstrating that, since 1990, D.C. has had an increase in white and higher-income residents, while Prince George's County has had an increase in black middle-income residents. This trend, they suggest, is likely driven by the presence of more affordable housing and safe neighborhoods, and by the perception of "better" schools outside of D.C.<sup>27</sup>

# Findings from Data Analysis

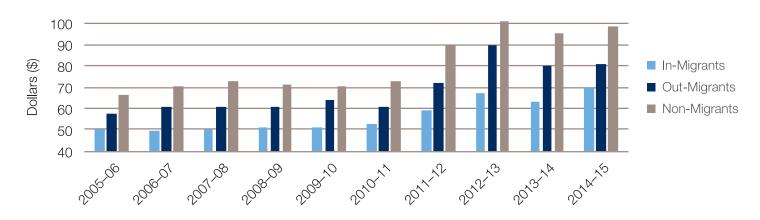
The average household income of out-migrants (D.C. residents moving out of the city) was lower than the average household income of non-migrants (D.C. residents who did not move), as illustrated by *Figure 1*. From 2012–2013, the average household income for out-migrants of all races was \$91,980, compared to \$100,910 for non-migrants of all races; however, for those moving to Prince George's County, who were predominantly African American, it was \$40,430.<sup>28</sup> This finding is consistent with prior research indicating that migrants who leave a city are typically lower-income and in search of better wages. In-migrants (those moving into D.C.) consistently had the lowest average income among all three groups; however, research shows that this group is largely comprised of college-educated individuals who will likely experience positive economic outcomes in D.C.

Migration in D.C. is largely characterized by movement to and from nearby suburbs. Migrants showed great variation in average household income depending on migration origin and destination. Particularly, those who moved from D.C. to Prince George's County had income levels much lower than those who moved from D.C. to Montgomery County and the Northern Virginia suburbs. *Figure 2* illustrates the differences in income levels by destination. For 2015, the average household income among those moving to Prince George's County was \$38,190 compared to \$80,880 for all out-migrants.<sup>29</sup>

The demographic and migration trends discussed thus far highlight the need for D.C. to address the economic well-being of African American residents in order to prevent further population decline. In the next chapter, the D.C. labor market, its current and future qualifications, and their impact on African Americans are examined.

Figure 1

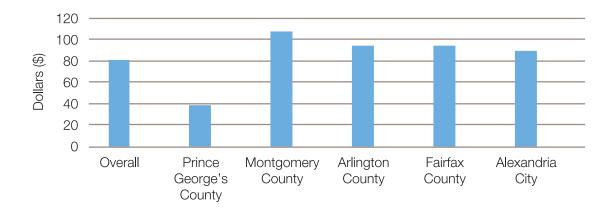
Differences in Migrant Average Household Income, 2000–2015



Source: Calculated with data from the Internal Revenue Service and U.S. Population Migration Data.30

Figure 2

Comparison of Out-Migrant Income by Destination, 2015



Source: Calculated with data from the Internal Revenue Service and U.S. Population Migration Data.31



# D.C. LABOR MARKET AND QUALIFICATIONS

Many of D.C.'s African American residents are not prepared for the jobs available in the D.C. labor market.<sup>32</sup> As a result, the unemployment rate for African Americans is over six times higher than for white residents. Recent research highlights several root causes for the misalignment of employment opportunities and qualifications among African American residents, including a highly competitive labor market and education and skills gaps.

# Competitive Labor Market

D.C. is home to one of the more competitive job markets in the nation.<sup>33</sup> As of 2014, D.C. counted 764,759 jobs, of which 96 percent were in service-providing industries.<sup>34</sup> The daily influx of hundreds of thousands of workers from neighboring states results in high levels of competition for D.C. residents.<sup>35</sup> Because D.C. attracts large numbers of young, college-educated workers, those with postsecondary degrees sometimes fill jobs that might otherwise go to less educated and less skilled candidates. The evidence of this phenomenon is stark. For example, 30 percent of administrative workers in D.C. have a college degree, much larger than the proportion nationally.<sup>36</sup> In D.C., the people who need jobs the most do not have access to "learning by doing" jobs; instead, they must compete for jobs that require a formal education that either they have not received, or if they have, now puts them into competition with other job seekers who have more education and skills.

# **Education and Skills Gaps**

The highly-competitive job market is one of several challenges facing D.C.'s low-to moderate-income African American residents. Data demonstrate a large gap in educational and skills attainment necessary to meet most available job qualifications. While 73 percent of white residents earn a bachelor's degree by their early 20s, only 26 percent of African American residents do so in the same time period. Furthermore, over 60,000 of all D.C. adult residents do not have a high school diploma, meaning a significant portion of the population is missing the basic skills required to enter and stay in today's workforce. This discrepancy carries into employment opportunities, as one-third of those with only a high school diploma are unemployed or underemployed, and the average unemployment rate of residents without a high school degree is five times greater than that of college graduates. In addition, roughly one out of five individuals without a high school diploma is significantly disconnected from the labor market, reporting they have not worked in the last five years. Meanwhile, 9 percent of the D.C. population between the ages of 16–24 are either not enrolled in school, not employed, or have less than an associate's degree. Seventy percent of this group is African American.

More than one third of D.C. residents who are 16 and older—an estimated 170,620 of 469,000—operate at the most basic level of literacy. According to a report by the University of the District of Columbia, an adult in D.C. with very basic reading skills is likely to have income close to the poverty level, be older than 25 with less than a high school diploma, be disproportionately black or Latino, and live in rental or subsidized housing. Additionally, the report points out that the children of these adults are likely to qualify for free and reduced lunch and attend low-performing public schools. Many of these same residents also lack the technology skills needed to succeed in today's workforce. Collectively, these skills gaps are a significant source of high unemployment rates and intergenerational poverty in the affected communities.

While the current consequences of severe education and skills gaps are well documented for D.C. residents, some researchers suggest the challenges for those affected by these gaps will only worsen. According to a report from the D.C. government's Department of Employment Services (DOES), in the next three years, 72 percent of all jobs in the District will require at least some postsecondary education.<sup>44</sup> More than half of all new jobs created in D.C. between 2010–2020 will require a bachelor's degree or above, and nearly 60 percent will require at least some form of education and training beyond the high school level.<sup>45</sup>

# Landscape of the Current D.C. Labor Market

According to the most recent D.C. State Integrated Workforce Plan, approximately 98 percent of all jobs in D.C. are in service-providing industries, leaving only 2 percent in goods-producing industries. The five largest industry sectors accounted for more than 77 percent of total employment in 2010 and are expected to account for nearly 79 percent of all jobs in 2020. These five major sectors are:

- **Government**—federal government, state government, and public transportation
- **Professional and Business Services**—professional, scientific, and technical services; legal services; employment services; administrative, support, waste management, and remediation services
- Education and Health Services—colleges, universities, and professional schools; health care and social assistance; ambulatory health care services; hospitals; nursing and residential care facilities
- Other Services—religious, grant-making, civic, professional, and similar organizations; professional, labor, political, and similar organizations
- Leisure and Hospitality—arts, entertainment, and recreation; accommodations and food services; bars, full-service restaurants, limited-service eating places, and special food services

Compared to D.C., jobs in the broader Metropolitan Statistical Area (MSA), which covers D.C. and parts of Maryland, Virginia, and West Virginia, are similarly skewed towards service industries but with a few key differences. First, jobs in the trade, transportation, and utilities sector outnumber jobs classified as other services in the MSA. Second, the top five industries in the MSA account for only 66 percent of the MSA's labor market, compared to D.C., where the top five industries account for about 77 percent of the labor market overall. According to DOES, the

greater variation in the regional labor market, along with the higher percentage of jobs in the trade, transportation, and utilities sector, suggests that lower-skilled D.C. residents may benefit from considering employment opportunities outside of the city. As a result, DOES announced that it intends to explore developing closer relationships with local workforce systems in neighboring jurisdictions to identify partnership opportunities to enhance the success of D.C. residents in the regional labor market.

# Projected Growth and Trends in the D.C. Labor Market

Overall employment between 2010–2020 for all wage and salary workers is projected to increase by 11 percent—from 785,351 jobs to 874,211 jobs. More specifically, the majority of all employment growth in D.C. between 2010–2020 is expected to come from two sectors: 1) professional and business services, and 2) education and health services, both of which have formal training and educational requirements. The former is expected to add approximately 36,587 jobs during that time frame, and the latter is expected to add 29,409 jobs. Although government employment is expected to decline slightly between 2010–2020, it is expected to remain the single largest industry sector in D.C.

*Figure 3* shows a more detailed description of the top industry sectors in D.C. that are projected to add the most jobs by 2020.

According to DOES, legal services is projected to be the fastest-growing occupational category by 2020. Other areas of high growth include computer and mathematical fields, office and administrative support, and healthcare support services. 46 According to 2010–2011 U.S. Census American Community Survey microdata analyzed by DOES, only 6.4 percent of those employed in legal services in D.C. have less than a bachelor's degree and only one-quarter have less than a law degree. The same data showed that 73.2 percent of those in computer and mathematical occupations in D.C. have a bachelor's degree or higher, and only 5.2 percent have a high school diploma or less. In office and administrative support occupations in D.C., less than one-quarter of those employed have a high school diploma or below.<sup>47</sup> These trends support the analysis that the D.C. labor market is moving in a direction that favors more educational attainment, limiting opportunities for those with less than a bachelor's degree. However, healthcare support occupations in D.C. show a slightly different trend, as only 12 percent of those employed have a bachelor's degree or higher and almost half have a high school diploma or below.

While nearly 60 percent of new jobs created in D.C. between 2010–2020 will require at least some form of education and training beyond the high school level, a number of industries with significant projected job growth will create relatively few jobs available to workers with an associate's degree or below. For instance, only 2 percent of job openings in information technology and 11 percent of job openings in science, technology, engineering, and math fields will be available to individuals with an associate's degree or below. While positions that require an associate's degree may not have an expansive projected job growth, individuals who fill these positions are projected to earn an average annual median income of \$62,475, which is substantially higher than the average projected annual median income of \$43,450 for positions that only require a high school diploma.

#### Current Qualifications of D.C. Residents

According to the State Integrated Workforce plan, D.C. is "well-positioned to respond to the educational demands of the labor market" because more than 51 percent of the city's population in 2012 had at least a bachelor's degree; nationally, this rate is just 28 percent. <sup>48</sup> This statistic can be misleading, as the numbers likely include people who very recently moved into the city, which obscures the population of people without bachelor's degrees.

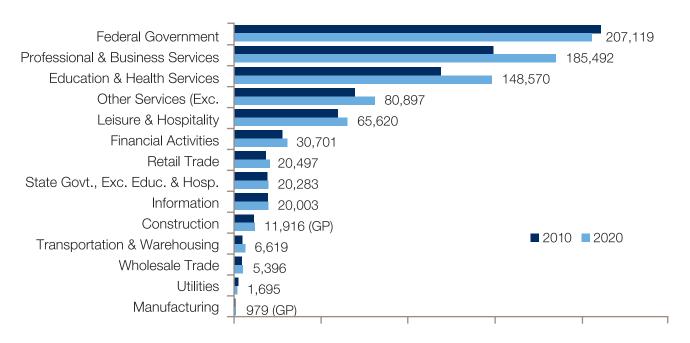
However, an analysis of census data reveals that African Americans are disproportionately less likely to have graduated from college, as only 12.3 percent of adult African American residents had graduated from college with a bachelor's degree in 2014, compared to 37.1 percent of white residents. Additionally, in 2014, 16.5 percent of African American residents had less than a high school diploma, compared to 3.5 percent of white residents.

Given the skills that the current D.C. labor market favors, and the direction that the D.C. labor market is projected to go by 2020, a majority of D.C.'s African American residents will not have the qualifications and resources needed to respond to the changing educational demands of the labor market.<sup>49</sup>

D.C. employers draw their workforce from a broad labor force that includes highly-skilled and lower-skilled workers from Virginia, Maryland, and other neighboring areas. The availability of workers from outside D.C. creates significant competition for job opportunities. In fact, non-residents outnumber residents in every single educational attainment category of the D.C. workforce, including jobs requiring a high school diploma or below. Thus, not only are residents with a college degree facing significant competition from non-resident workers, but jobs which could be filled by D.C. residents with only a high school

Figure 3

D.C. Employment by Industry Sector, 2010 and Projected 2020



Source: DOES, Office of Labor Market Research & Information (via D.C. Workforce State Integrated Plan)50

diploma are more likely to be filled by non-residents with the same qualifications. <sup>51</sup> With shrinking opportunity to participate in a shifting labor market and subsequently high unemployment numbers, less-educated African American residents have a harder time making a suitable living in D.C., which could be a factor contributing to the decreasing African American population.

# African American Business Development

Another central reason for the continual decline of the African American population is the lack of business opportunities. Some may recall that in the aftermath of the 1968 riots, some ethnic groups whose businesses were harmed decided to relocate to the outer suburbs. Aspiring black businesspeople were unable to fill the vacuum simply because they could not secure a line of credit to open and maintain small businesses, stores, dry cleaners, restaurants, and other outlets. Indeed, while the common notion that it has been those at the very bottom of the economic ladder who have left D.C., most available information leads to the conclusion that it has been those in the "middle class," searching for affordable housing near quality public schools, who have been among the largest group leaving the city.

Despite some of the unfortunate events of Mayor Marion S. Barry's tenure, he has been applauded for his support of the rise of the black middle class by offering government support, training, and small business loans, regardless of race. This led to a call to end the practice of "redlining," in which banks and loaning institutions refused to aid small black and minority businessmen who sought to provide services in the inner city. Indeed, some of these institutions were also found to deny housing loans based on race and location. Although many city agencies are tasked with "small business development," no coherent plan to aid aspiring entrepreneurs exists.

Furthermore, no recent document or study exists to track the number of African American businesses in the city. While the Ethiopian community has developed its own "yellow book" to list related businesses and offer ways for them to meet and work together, a search revealed no such resource regarding African American businesses. Historically, this has not been the case. For example, in 1974, a report entitled *Impact Directory: Businesses in the Washington, D.C. Metropolitan Area* offered a full survey of African American businesses in the DMV.<sup>52</sup> While the *Washington Afro American* and the *Washington Informer* have been consistent in their support for minority business development and aiding and advertising jobs and training opportunities, in recent years, the efforts have slowed. While associations have existed for years in Columbia Heights, H Street, Ward 7, and other areas, the time is now to pick up steam.

In November 2015, the Ward 7 Business Partnership (W7BP) created a business directory. The *Impact Directory* report listed as one goal to provide "the technical assistance needed to connect neighborhood businesses in Ward 7 with public and private economic development resources." While it does not list the businesses by racial or ethnic group, it does list them by category. A more complete version of this brochure ought to be a goal of those interested in minority business development and creating jobs for African Americans in the city.

A full database and a directory of minority businesses should be developed by the D.C. Chamber of Commerce and relevant organizations. Such a document needs to outline opportunities and procedures for small business loans and training aids. Additionally, all local universities with undergraduate and graduate business schools should offer courses in the economics of the inner city, job creation, and the how-tos of minority business development.

To accomplish all of the above, the District should convene a meeting of relevant city agencies, commissions, associations, universities, churches, trade associations, nonprofits, hospitals, labor unions, workforce development and apprenticeship bodies, the Federal City Council, D. C. Chamber of Commerce, Metro Board of Trade, and aspiring businessmen and businesswomen to meet and develop a permanent structure to address the central issue: has the loss of opportunities for black businesses led to the decline of the "middle class" African American population in the city? And, what are concrete solutions to address these concerns?

Given the skills that the current D.C. labor market favors, and the direction that the D.C. labor market is projected to go by 2020, a majority of D.C.'s African American residents will not have the qualifications and resources needed to respond to the changing educational demands of the labor market.



# THE ECONOMY AND HOUSING

# Income, Gentrification, and the Lack of Affordable Housinge

Major socioeconomic changes due to trends such as gentrification are associated with the rapid decline of the District's African American population.<sup>53</sup> The shrinking African American population illustrates that many hardworking African Americans, even those with modest means, have been forced to respond to these depressed socioeconomic conditions by leaving D.C. Once these residents leave, they usually do not return, due to insufficient job prospects and affordable housing. For too long, the waiting list for public housing was 70,000 households long. Even though it has been recently reduced to 47,000, this is still much too large.<sup>54</sup> More must be done.

Washington, D.C. has a total of 303,000 housing units, about 18 percent of which are financed by the local or federal government. The 43,000 District residents who qualify as "extremely low-income" (making no more than \$32,000, or less than 30 percent of the area median, for a family of four) are especially impacted by the small amount of subsidized housing. The average income of these households is just above \$16,000 for a family of four and has remained relatively flat for the last decade. African American and Latino residents are disproportionately affected, with 91 percent of residents in extremely low-income households identifying as African American and 10 percent as Latino. The percentage of residents spending a majority of their income on housing has risen as well: in 2004, 50 percent of D.C.'s extremely low-income residents spent more than half of their income on rent and utilities; in 2016, 62 percent of extremely low-income District residents did so. 55

As in many other major U.S. cities, expenditures on housing in Washington, D.C. have become a relatively large financial burden for most low- to moderate-income residents. Researchers identify "30 percent or more of income spent on housing costs as housing-cost burden." In 2013, 34.3 percent of all owner-occupied households in D.C. spent more than 30 percent or more of their income on housing, and 75.8 percent of the burdened households spent 35 percent or more of their income on housing.

The housing burden was even greater for renter-occupied households in D.C., of whom 49.7 percent spent more than 30 percent or more of their income on housing. To afford rent in D.C. without spending more than 30 percent of his or her income on housing, a renter would need to earn more than \$30 per hour, or 2.4 times D.C.'s \$12.50 per hour minimum wage. Among these burdened households, 82.1 percent spent 35 percent or more of their income on housing. This result was confirmed in a 2016 report from the D.C. Fiscal Policy Institute. According to this report, among extremely low-income households, defined as those making less than 30 percent of area median income,

<sup>&</sup>lt;sup>c</sup> For some, "gentrification" is considered the process where a neighborhood that has been historically populated mostly by lower-, middle- and even higher-income African American households is "elevated" by capital investments from higher-income white households—homebuyers, renters, and commercial interests from outside the neighborhood. For those gentrified, however, it is often considered the taking over of their neighborhoods without concern for their well-being or where they and their families will go.

f "Public housing" is defined as a program, usually managed by government through local housing agencies, that offers financial or physical support for eligible low-income families, the elderly, and persons with disabilities, at affordable rents.

A household is defined as "low-income" by the Census Bureau if its annual income lies below the family size-adjusted poverty threshold. For example, the threshold is \$12,119 for a single-person household and \$16,057 for a household of two adults and two children under 18.

"a full 84 percent suffer from a housing cost burden, and two-thirds face a severe burden." These "burdened" families, a large portion of the population in D.C., especially those at lower income levels, need greater access to more affordable housing options and assistance.

The disparity between the incomes of this population and newer residents, who tend to be white, younger, more affluent, and highly educated, continues to widen. The increasing housing costs are pricing out current residents at the lower income levels, which are predominantly made up of African Americans, and are a growing burden especially for older residents.

Since the 1950s, housing patterns across the country have undergone dramatic changes when a pattern of suburbanization began. This involved the migration of middle- and upper-class households from city centers to suburbs, leaving the poorer and less-educated working class and even moderate-income people in the urban center. In the last few decades, many middle-class African Americans left urban areas in the Northeast, Mid-Atlantic, Midwest, and West and migrated to the South, following increasing employment opportunities there. This migration trend continued to rise and, by 2011, 57 percent of the nation's African American population was living in the South.

This suburbanization led to economic downturn within several major cities, such as Atlanta, Chicago, and Washington, creating fiscal crises due to shrinking tax bases. <sup>61</sup> To alleviate this problem, many city governments pursued policies to attract new investments in the city, bring in wealthier residents to increase taxable income and housing sales, revitalize retail activity, and raise sales tax revenue. <sup>62</sup>

During the 1970s, gentrification involved individuals who invested personal time and resources to renovate a single unit. After enough individuals invested in an area, a neighborhood would start to see change. Since the 1990s, gentrification has more often been characterized by a state-led effort in partnership with outside developers, wherein government policy has promoted the demolition of public and low-income housing and invested in "redevelopment" through "mixed-income housing" in more affluent neighborhoods. These efforts involved the use of federal Housing Opportunities for People Everywhere (HOPE VI) funding to demolish public housing and low-income housing and build mixed-income housing. Created in 1992, HOPE VI offers funding to cities for the redevelopment of existing public housing into mixed-income units. This program aimed to address the issue of concentrated poverty within inner cities, but instead may have caused the displacement of low-income individuals through the loss of existing affordable units without one-for-one replacement.

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<sup>&</sup>lt;sup>h</sup> The "housing burden" describes a household spending "30 percent or more of income on housing costs."

<sup>&</sup>quot;Suburbanization" is a pattern of urban development characterized by the out-migration of middle- and upper-class households from city centers to newly built suburbs. Suburbanization gives rise to social issues such as the concentration of a poorer and less-educated working class in the urban center, which creates fiscal crises and loss of revenue for the municipal government.

<sup>&</sup>quot;Moderate-income" is defined as individuals and geographies having a median family income of at least 50 percent and less than 80 percent of the area median income.

HOPE VI is a public housing program managed by U.S. Department of Housing and Urban Development that was originally known as the Urban Revitalization Demonstration (URD).
 HOPE VI aims to promote community revitalization in three general areas: physical improvements, management improvements, and social and community services to address resident needs.

Gentrification leads to displacement, as there are not enough new affordable units built to replace the demolished ones, while residents who stay behind are not able to afford the newly built higher-priced units. <sup>66</sup> Supporters of gentrification claim that existing residents actually benefit from displacement because affected populations may be exposed to new economic and social benefits and therefore elevated from poverty. <sup>67</sup> This debate stems from a lack of knowledge of the final destination of out-migrants and broad geographic regions to study, vague definitions of gentrification and displacement, and complexity regarding the overall reasons for moving, among other factors. <sup>68</sup> Scholars have used various data sets from the U.S. Census Bureau, Internal Revenue Service (IRS), and U.S. Department of Housing and Urban Development (HUD) to attempt to address this question.

A study<sup>69</sup> of U.S. public housing found that demolition was higher in housing complexes with predominately African American populations. In Washington, D.C., scholar Jonathan Jackson compared gentrifying tracts to non-gentrifying tracts and found displacement occurred at greater rates in the gentrifying regions. However, this displacement declined slightly after 2000.70 Areas have been especially affected in the neighborhood "North of Massachusetts Avenue NE & NW" (NOMA) in the vicinity of Union Station, especially the Sursum Corda development (west of North Capitol Street and south of New York Avenue NW). Claire Cook found that housing development firms displaced residents through the demolition of an affordable housing complex. The white population in the neighborhood increased by 1,000 percent (from 4.8 percent to 44 percent) during the 2000–2010 period, while the African American population decreased substantially (from 92.9 percent to 44.2 percent).<sup>71</sup> In addition to physical displacement, discrimination in home buying appears to show that, in gentrified neighborhoods, African American applicants are 2.33 times more likely to be rejected than white homebuyers. In the District as a whole, the rejection rate for African American homebuyers over their white counterparts increases slightly, to 2.59 times.<sup>72</sup>

Another indication of high housing prices in D.C. comes from a recent report by Lending Tree, which showed that almost one-half (46.8 percent) of all mortgage requests were from women and men 35 years of age or younger. The average loan amount was \$381,110 with an average downpayment of \$83,461. This was the highest amount of any U.S. city save Pittsburgh.<sup>m</sup> While the report does not offer a racial breakdown, the other economic data presented in this report suggests that few of those buying these homes in D.C. would be African American.<sup>73</sup>

Aside from physical displacement and discrimination, social and political displacements are also concerns. Residents fear a loss of social network including friends, schools, and churches;<sup>74</sup> the inability to create new social ties; isolation from their community;<sup>75</sup> or loss of their political voice and the pricing of their culture and humanity out of the city.<sup>76</sup> Once displacement occurs, it is unlikely the resident will ever return to their original neighborhood. Instead, they tend to move to other economically disadvantaged parts of the city. Only between 14 percent and 25 percent of displaced residents return to their

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Compared to all other public housing projects in the same city in the same year, the demolished projects had 9.6 percent more African Americans.

The national average of home loan requests from this age cohort is 36.1 percent, an increase from 34.2 percent in 2015–2016. The average loan amount in the D.C. region across all age cohorts was \$394,769 with a downpayment of \$97,202. Other cities in the top 10 besides D.C. and Pittsburgh are Des Moines, Boston, St. Louis, Minneapolis, Cincinnati, Chicago, Omaha, and San Francisco.

original neighborhood to occupy a new mixed-income unit. As the number of affordable available units decreases, the price of other units rises.<sup>77</sup> Low-income residents often cannot meet the increased rent expectations, even in the new so-called affordable housing units.<sup>78</sup>

# Housing, Education, and the Re-segregation of D.C.

In 1946, President Harry S. Truman established the National Committee on Segregation in the nation's capital. Its express intent was to shed light on racial discrimination, especially in education. Among its members were future Vice President Hubert H. Humphrey, then Mayor of Minneapolis, Minnesota; Walter Reuther, president of the United Automobile Workers of America; and former First Lady Eleanor Roosevelt. In 1948, the committee issued a publication titled *Segregation in Washington: A Report of the National Committee on Segregation in the Nation's Capital* that described Washington as rigidly segregated. Citing the role that education must play in seeking to bring about unity and equality in the U.S., the report concludes, "When the public schools of the capital are used instead to divide citizens on racial lines, to perpetuate inequalities, to increase them, and worse to justify them, then the time has come to consider what kind of an America we want to build for the future." The report concluded that the primary influence on segregation in Washington was residential.

Today, segregation in Washington, D.C. is ever rampant. A March 2017 study from the Civil Rights Project at the University of California, Los Angeles (UCLA), reported that 71 percent of African American students in the D.C. Public Schools (DCPS) system and the city's charter schools attended schools in 2013 that had almost no white peers. Gary Orfield, a UCLA professor who co-authored the study with postdoctoral researcher Jongyeon Ee, says that "Washington now has possibilities that most cities simply don't have, and what's striking about it is that officials have tried everything else [other] than welcoming diversity into schools." He adds, "the increasing gentrification in Washington has increasingly led to segregation in education and housing."

The total number of students in public and charter schools in 2013 was close to 76,000. African American enrollment declined from 89 percent to 73 percent between 1992–2013. White student enrollment doubled over the last 20 years from 4 percent to 9 percent and the Latino student population increased by 8.7 percentage points, equal to one-seventh of D.C. students, in 2013. According to the UCLA report, "Residential segregation remains high in the city but isolation in schools is substantially greater. In other words, many people who live in diverse communities are sending their children to segregated schools." The report adds,

In comparing public and charter schools of the District of Columbia, double segregation—segregation by race and poverty—was higher in the charter schools where nearly three-fourths of the students were low-income, and black and Latino students had far more poor classmates than did their Asian and white counterparts. In public schools more than half of students were poor, and black and Latino students tended to attend schools with a far higher percentage of low-income classmates than white students. The percent of black students in a school was highly correlated with the proportion of students living in poverty.<sup>82</sup>

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The Civil Rights Project strikingly notes,

Washington, D.C. never experienced substantial school diversity that was created in other cities during the civil rights era desegregation plans. ... In 2011, about two-in-three students in D.C. were from low-income families, and students of color and poverty, in particular, tended to have more low-income classmates. A typical black student attended a school with over two thirds students of poverty, and more than half of the classmates of a typical Latino student were poor students. This double segregation is the basic mechanism for the perpetuation of inequality in D.C., which has extreme racial gaps in educational achievement, gaps larger than those in any state that have not changed significantly for many years. Whites in the city and suburbs usually attend schools with a substantial share of whites and a large majority of middle class schoolmates, whereas black students are segregated by both race and poverty.<sup>83</sup>

Although many African Americans have opted for charter schools, the report shows that even more than in the traditional DCPS school, segregation has increased every year. It adds that while more whites have moved into the city, this "diversity" has not led to diversity in public, private, or charter schools. It notes that "in SY 2013–2014, charter schools enrolled over 80 percent blacks and 12 percent Latinos, and the combined share of white and Asian students was less than 5 percent. About 80 percent of students enrolled in charter schools in SY 2013–2014 were designated as low-income." Since the charter school movement started in the mid- to late 1990s, the African American enrollment in the District's private schools has declined, in spite of tuition vouchers. White enrollment has not. In short, race and class increasingly divide the District's schools.



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In recent years, the D.C. government has increased its efforts to lower unemployment, particularly among the African American community. The city government agencies that fund or directly provide employment services are the Department of Employment Services (DOES), Office of the State Superintendent of Education (OSSE), Department of Youth Rehabilitation Services (DYRS), Department of Human Services (DHS), Child and Family Services Agency (CFSA), and Economic Security Administration (ESA). Hese agencies provide employment services, adult literacy programs, and job training programs, including technological training. Additionally, the Workforce Investment Council (WIC), Youth Investment Council (YIC), and OSSE act as policymaking or oversight bodies that seek to improve the economic and employment landscape of D.C.

# **DOES** and Project Empowerment

DOES is primarily responsible for strengthening the workforce in D.C. It administers the funding made possible by Title I of the federal Workforce Investment Act (WIA), a law that was originally passed in 1998 and requires all states to create a state board that assists its governor in creating a workforce development plan. 85 DOES administers D.C.'s flagship employment program, Project Empowerment. The program offers a three-week training course followed by placement in private sector jobs. The program pays participants earned wages for a maximum of six months. 86 On average, Project Empowerment serves only about 800 people annually, mostly residents who have been previously incarcerated, have a history of substance abuse, or are homeless. 87 To be eligible, participants must be between ages 22-54, currently unemployed, and not receiving unemployment or Temporary Assistance for Needy Families (TANF) benefits. Additionally, participants must satisfy three of the following conditions: 1) have a basic skills deficiency determined by testing, 2) lack a secondary education credential, 3) have a documented history of substance abuse, 4) be homeless, 5) be unable to maintain steady employment, or 6) have been previously incarcerated or convicted of a felony. Unfortunately, only approximately half of all participants in this program transition to unsubsidized jobs, and only half of those retain their jobs for more than a year. In other words, only about 25 percent of Project Empowerment's participants are employed in an unsubsidized job for longer than one year.

One of the reasons for the program's limited success is how the participants are funded. Project Empowerment fully pays the wages of the participants. This distorts the hiring incentives of the employers who participate in the program. Under this system, the employers are receiving virtually free labor since the government of D.C. is paying the participant's wage. Employers that were not truly seeking to hire new workers have no incentive to retain the participants when the subsidy the government provides is over.

Another issue that may be limiting Project Empowerment's effectiveness is consistent underspending of funds at DOES. 88 On too many occasions, the D.C. government has not utilized all of the available funds for apprenticeship and job training programs needed in the city, especially by those who are marginalized or underserved. It has also performed poorly on its First Source program, which prioritizes the hiring of D.C. residents on publicly financed projects.

The agency had authority to spend \$12 million in adult training programs for FY 2015; however, it spent only \$5.3 million on these programs, less than half the amount allocated. Underspending also occurred in 2014, during which DOES spent \$53 million on workforce development programs although it was allotted \$63 million. In FY 2012 and FY 2013, DOES underspent a combined \$46 million.



# WORKFORCE DEVELOPMENT EFFORTS

# The Mayor Marion S. Barry Summer Youth Employment Program

The D.C. Summer Jobs Program, now the Mayor Marion S. Barry Summer Youth Employment Program (SYEP), has offered summer jobs to district youth for over 30 years. When the program was first started, one of its goals was to encourage businesses to employ young people and to help guide them academically and occupationally.

The businesses were encouraged to help pay the young people's wages. Over the years, the economic and social support from businesses has declined, while the government has become the sole employer for all intents and purposes.

The SYEP must not be seen as a "make work" job center where no skills are learned and no educational or occupational guidance is given. It must go back to its origins. Universities, churches, labor unions, trade associations, hospitals, the physical therapy industry, the hospitality industry (hotels, restaurants), museums, start-ups, the high tech industry, the legal and medical professions, the entertainment industry, and sports and recreation enterprises all need to step up to the plate and support the SYEP.

Where possible, apprenticeship programs ought to be established. Educational programs and outings, computer training, and construction skills need to be emphasized. When young people need part of the summer to do remedial schoolwork, they ought to be paid. When businesses require an employee to pass certain tests for certifications, they ought to help the participants prepare for them. Most of all, businesses and industries must aid the participants, especially those less economically fortunate, in using their summers to make plans for the future. Where possible, SYEP jobs ought to lead to permanent positions when the applicant meets the needed qualifications or can be taught to obtain them.

# Apprenticeship programs ought to be established. Educational programs and outings, computer training, and construction skills need to be emphasized.

# Office of the State Superintendent for Education (OSSE)

#### Adult Training Programs

OSSE provides funding for adult training programs in D.C. through grants issued under Title II of the federal Workforce Investment Act (WIA). These programs provide literacy and numeracy training, GED exam preparation, and English proficiency training, many of which are implemented through partnerships with non-profit organizations. While OSSE's local budget for postsecondary education and workforce readiness programs increased from \$6.7 million in fiscal year 2012 to over \$11.2 million in fiscal year 2016, it is only slightly more in the approved budgets for fiscal years 2017 and 2018 at \$11.9 million and \$11.8 million. These programs include the career and technical education (CTE) administered by D.C. Public Schools (DCPS) and public charter schools, which are described in more detail below.

#### Career and Technical Education Programs and Career Academies

DCPS implements Career and Technical Education (CTE) programs to increase college readiness among students and to prepare them to successfully enter the labor force of certain occupational fields. In 2014, OSSE administered funds to support 95 CTE programs for which approximately 15,000 students were eligible, including about 2,100 students in public charter schools. TE provides courses in a diverse range of occupations including construction, digital media, hospitality, health, business, information technology, arts, communications, engineering, and human services. In 2017, OSSE's budget for CTE was \$6.4 million. SE's budget for CTE was \$6.4 million.

#### Workforce Investment Council

The Workforce Investment Council (WIC) is mandated by WIA to develop an annual plan for how D.C. will comply with federal government regulations. It is supposed to collaborate with the local business, education, nonprofit, and government sectors. The Mayor appoints members and more than half of WIC's membership is required to be from the private sector. The Mayor appointed a local businessman as the chairman of WIC in December 2015.96

Prior to this appointment, the post had been vacant since May 2014. In 2012, the U.S. Department of Labor labeled D.C. a "high-risk" partner in job training and employment programs, making it the only jurisdiction in the country to have such a label.<sup>97</sup> One reason it was labeled "high-risk" is that it did not spend the funds allocated to aid needy and willing D.C. residents who want to work.

Filling the position was one of the stipulations set by the Department of Labor to have this designation removed.

According to the Fiscal Policy Institute's report on the 2018 D.C. budget, "across all workforce programs at DOES, a total of 17 million in federal money from prior fiscal years has been left unspent, including \$6.2 million for youth, \$4 million for dislocated workers and over \$2 million in employment services."



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# **RECOMMENDATIONS**

#### Workforce Recommendations

## 1. Increase agency support.

The D.C. government should increase the institutional support given to the primary agencies that address workforce development and skills. This requires a full commitment by the Mayor and City Council to robustly fund workforce development programs in DOES and OSSE. Given that both agencies report to the Mayor, the Mayor should require WIC to create yearly evaluation reports on the workforce development programs implemented in D.C., in collaboration with DOES and OSSE. If the Mayor's administration makes these programs a priority and increases accountability for them, the agencies' behavior will change. This will lead to a more accurate evaluation of the government's programs and will serve as a guide for policymakers when deciding how to strengthen these programs.

## 2. Strengthen Project Empowerment.

Following the D.C. Fiscal Policy Institute's recommendations, Project Empowerment should change its model from a direct payment system to a partial reimbursement system, in which the employer pays the participant its wages and the D.C. government reimburses only a fixed percentage. <sup>99</sup> This system will give employers further incentive for the ongoing investment in and support of workers because they will be required to pay for some of the costs associated with a new hire. This would minimize the risk of employers hiring participants only to capitalize on cheap labor and ensure that employers' participation is based on a genuine interest to expand their workforce, thereby leading to higher job retention rates for participants.

Project Empowerment should also remove its ban on potential participants receiving unemployment benefits to be eligible. This ban has the potential to force potential participants to choose between receiving the income these safety net programs provide and the training and prospect of obtaining steady employment. People receiving unemployment benefits should be allowed to have wages supplement their unemployment benefits, as a way to both encourage their transition into full-time work and allow them to make a decent living and provide for themselves and their families.

## 3. Strengthen SYEP.

The District must work with local entities to make the jobs supported by the Marion S. Barry Summer Youth Employment Program (SYEP) permanent. This may entail working with the federal government to develop Registered Apprenticeship programs (per Recommendation #5, below). The District should also work with local colleges and universities to help qualified applicants work toward associate's, bachelor's, master's, and other degrees.

#### 4. Partner with a growing industry.

The D.C. government should follow practices used by other cities and partner with established and emerging industries in the area. Many cities including Boston and New Orleans have adopted this model to increase economic development. <sup>100</sup> D.C. should develop a healthcare cluster development plan in order to increase the number of jobs available to African American residents.

It is estimated that the majority of all employment growth in D.C. between 2010–2020 will come from two sectors: 1) professional and business services, and 2) education and health services. Both are expected to add over 67,000 new jobs in the coming years. <sup>101</sup> As mentioned earlier, it is estimated that 50 percent of the projected new jobs in the healthcare industry will not require advanced degrees. For this reason, the D.C. government should invest in developing a workforce that will be qualified for these jobs in the healthcare industry. Further, creating new jobs in itself is not sufficient. Jobs must come with decent

benefits and opportunities for advancement, especially in healthcare, logistics, and hospitality, which are steadily growing in the city. Opening new paths for jobs in "new and emerging" industries must occur with a commitment to maintain the highest quality of working conditions. These jobs must also allow for on-the-job growth, training, and the ability to advance the careers of employees.

The city must create a pipeline from its high schools to careers such as nursing, radiology, EMT, and physician's assistants, which typically pay a living wage or better. D.C. can start by reconfiguring the Career Academies and CTE programs administered by DCPS to be geared toward these careers.

The Career Academies and CTE programs should partner with D.C.'s medical universities to offer college credits in the careers stated above. The city's hospitals and patient centers can also be used to provide real-world training to future healthcare professionals. School administrators should also define clear entry points for employers. This will lead employers to build relationships with students and see them as a potential workforce. New jobs must allow workers the ability to move up and provide beneficial working conditions and the potential to learn by doing.

## 5. Develop Registered Apprenticeship programs.

Many employers in the financial and healthcare sectors are also working with the federal government to develop Registered Apprenticeship programs. Washington, D.C. must engage in this initiative to help workers improve their skills and increase their opportunities for advancement. Apprenticeship is a proven model for job preparation that combines paid on-the-job training with related instruction to progressively increase workers' skill levels and wages. Such programs are business-driven models that provide effective ways for employers to recruit, train, and retain highly skilled workers. They allow employers to develop and apply industry standards to training programs which increase efficiency and the quality of the workforce. As an "earn and learn" strategy, Registered Apprenticeship offers job seekers immediate employment opportunities that pay sustainable wages and offer advancement along a career path. Graduates of Registered Apprenticeship programs receive nationally recognized credentials, and their training may be applied toward further postsecondary education. New apprenticeship programs are taking place across the country as an innovative solution to talent development. D.C. has a long history of apprenticeship programs in the construction industry and could benefit from expanding programs in industries including information technology, healthcare, transportation, hospitality, financial services, and government. This would be a triple win: for D.C. businesses which would have better trained workers, for D.C. residents who would have access to better jobs, and for the city which would improve economic development and create a stable workforce. Government agencies, private employees, trade associations, universities, hospitals, and, where they exist, labor unions, must form much needed partnerships to develop Registered Apprenticeship programs and training. All parties must comply strictly with existing laws and regulations.

# 6. Support public-private partnerships to increase employment opportunities.

The District must find ways to increase employment opportunities for its residents, notably African Americans, through partnerships between employers, the government, and third sector organizations.

First, the District must improve its performance under the First Source program (on the books since 1984), designed to encourage hiring of D.C. residents for 51 percent of new jobs on publicly funded projects in the District. Enforcement of this law on publicly funded projects could have provided thousands of temporary, part-time, and full-time jobs on construction and public works projects around D.C. This could include establishing an independent monitor to ensure compliance with First Source *and* to place D.C. residents—including those who have completed job training programs for permanent jobs—in jobs covered by the First Source law. Some local enterprises, including Georgetown University and its hospital, seek to guarantee that 51 percent of new jobs go to District residents. <sup>102</sup>

The District government must also increase its support of third sector organizations such as the Black Workers Center, which seeks to address issues of race and employment while helping black workers create their own opportunities for training, employment, and ownership.

Apprenticeship is a proven model for job preparation that combines paid on-the-job training with related instruction to progressively increase workers' skill levels and wages.

## 7. Fully fund the IIEP Act of 2016.

According to recent reports, each year several thousand "returning citizens," or formerly incarcerated women and men, come back to the District after their release. Currently, D.C. has a total of more than 60,000 returning citizens. While the District of Columbia Council passed the Incarceration to Incorporated Entrepreneurship Act of 2016 (IIEP Act of 2016), this program has never been properly funded. In order for returning citizens to seek educational, employment, and housing opportunities—and to reduce the rate of recidivism—this program must be fully funded. <sup>103</sup>

# Housing Recommendations

These recommendations are intended to underscore the link between housing and the economy. Many who have jobs find that the high cost of adequate housing precludes them the right to remain in the city. The most significant housing problems are the lack of affordable housing stock, the housing burden that causes many working individuals to pay well over one-third of their income for rent or housing, and the inability of working African Americans to become or remain homeowners in a city where many typically have been born. These trends directly correlate with the fact that many African Americans are stuck with lower-paying jobs and few opportunities for job training to advance. The city as a whole needs a more complete report and more comprehensive strategy to promote and develop decent affordable housing for all and to combat homelessness. The Mayor and Council ought to appoint a new Comprehensive Housing Strategy Task Force. The last task force was appointed in 2012 and its report came out in 2013. 104 The new task force should call together a forum with all city agencies involved in housing, all pro-people developers, housing and tenant advocates, nonprofits, and churches who have built and maintained affordable housing to immediately begin plans for a citywide summit on housing. Georgetown University would be willing to host the initial planning session.

Specifically, the District government and task force should:

# 1. Address the effects of gentrification and displacement in wealthier neighborhoods through investment in dense, mixed-use housing.

To combat the negative effects of gentrification that have been linked to the displacement of poorer, minority residents, the District government should develop a more comprehensive plan for constructing mixed-use model affordable housing. While wealth creation for individuals is an important goal as it gives poorer residents a financial asset to combat poverty and increase their stake in the community, 105 the city needs to focus first on creating more affordable housing stock immediately to address the considerable demand. In terms of location, the city should introduce the mixed-use model in neighborhoods with higher income levels, instead of neighborhoods with a large number of public housing or rent-to-own housing units. Placing these units in various neighborhoods throughout the city could have a greater impact on the poorer residents, as it allows them to access other economic and social benefits of the neighborhood, such as walkability, nearby retail, convenient access to public transportation, and interactions with a greater diversity of neighbors. Columbia Heights, Capitol Hill, 14th Street, Adams Morgan, H Street, and NOMA are examples of neighborhoods where new mixed-use models have been constructed and should continue to be constructed. 106 The city must aid tenants who have paid rents for years and help those in cases where "rent-to-own" options exist.

#### Invest in poorer neighborhoods with rent-to-own housing.

Unlike wealthier, gentrifying neighborhoods, poorer communities find fewer developers aiming to build new projects, citing the neighborhood's often-higher crime rates and the lower or nonexistent profit margins of such ventures. However, building new housing projects in poorer neighborhoods will benefit existing low-income residents by promoting business activity

While wealth creation for individuals is an important goal, the city needs to focus first on creating more affordable housing stock immediately to address the considerable demand.

and the local real estate market with additional employment options and the social benefits of an improving local economy. In these communities, policies should offer a path to eventual homeownership, enabling individuals to eventually purchase a unit at an affordable price. Rent-to-own housing is beneficial because it creates personal equity for individuals and helps lift residents from poverty. Homeowners typically have an increased sense of belonging and pride in their communities. Allowing existing residents to own homes in these communities may help stave off the negative associations with gentrification, such as displacement. By creating more homeownership in poorer communities, the government will help support less wealthy individuals before their neighborhoods experience an influx of new, younger, more educated residents. It is important to allow these residents the opportunity to remain in their current neighborhoods. Examples of neighborhoods where this type of housing could be constructed include Capitol View, Congress Heights, and others east of the Anacostia River.

Rent-to-own housing does have the impact of reducing affordable housing stock in the long term. Once residents purchase a home, that unit is no longer available for future residents as an affordable option. However, by focusing this rent-to-own housing in the poorer communities, the economic values of those communities will increase and help lift other residents out of poverty. The benefits to the current disadvantaged residents outweigh the costs of less affordable housing in the long term.

# 3. Assess the regional demand for affordable housing and current regional investments in affordable housing by jurisdiction.

With its now annual investment of at least \$100 million in local tax revenue in affordable housing per capita, the District invests far more funding in affordable housing than any of the surrounding jurisdictions. What is a reasonable share of the region's low-income housing burden for the District to take on? Should it increase its investment in affordable housing production beyond \$100 million per year? Should other jurisdictions do so? It is long past time these questions are explored.

#### 4. Create a comprehensive affordable housing database.

Washington D.C. could benefit from a comprehensive affordable housing database to keep track of all current affordable housing projects, public housing, rent-controlled housing, vacant housing, housing in need of repairs or maintenance, and housing at risk. This would allow the city to have an accurate view of its current affordable housing situation and decide the best next steps. Currently, the D.C. Department of Housing and Community Development maintains a listing of some recent and new properties of which the city government is in some way a sponsor, owner, or partner. However, the city's patchwork of housing assistance programs has changed over the years, creating a large number of properties all with different rules and opportunities for residents. This ignores the additional large number of properties assisted by HUD. The city government should take the lead on creating a unified and searchable database of all properties that would allow residents to see potential opportunities easily.

#### Strengthen landlord penalties.

The D.C. government must strengthen the provision and enforcement of stiff penalties, such as seizure of property, on landlords who engage in unfair practices such as forcing tenants out by cutting off utilities, refusing to make repairs, or otherwise making tenants' lives unbearable.

#### Report full disclosure of housing funds.

To ensure affordable housing for African Americans, the D.C. government should also provide a more complete explanation of all federal housing and funds for the homeless allocated to the city and returned.<sup>108</sup>

By creating more homeownership in poorer communities, the government will help support less wealthy individuals before their neighborhoods experience an influx of new, younger, more educated residents.



# CONCLUSION

Over the last 20 years, D.C.'s demographic composition has shifted significantly. Since the 1980s, D.C. has undergone economic growth and gentrification trends that have disproportionately hindered African American residents—and economic disparities between African American and white residents are expected to continue. While the City Council's efforts to improve wages and family leave should be applauded, more must be done.

In the coming years, industries will require qualifications that do not align with the current skills of African American residents. Projections indicate that more than half of all newly created jobs in D.C. between 2010–2020 will require at least a bachelor's degree. Meanwhile, assessment of the current demographic makeup of D.C. residents confirmed that in 2014 only 12.3 percent of the African American population held a bachelor's degree. Therefore, the D.C. labor market is moving in a direction that does not favor the current employment qualifications of African American residents.

The D.C. Office of the Mayor and the D.C. government should commit to enhancing the organizational leadership and support for three of the most significant government agencies devoted to improving D.C.'s workforce: WIC, DOES, and OSSE. It should also strengthen the city's flagship workforce development program, Project Empowerment; develop a robust and comprehensive career pathway to the healthcare support industry; and institute Registered Apprenticeship programs. They should also implement policies that ensure affordable housing for African Americans, particularly those who are low-income. Growing inequalities are endangering the African American community in D.C. More must be done to enhance the employment qualifications of and opportunities for low- to moderate-income African American residents, thereby building a more prosperous and supportive community for all.

Growing inequalities are endangering the African American community in D.C.



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