LAS VEGAS AND THE MIDDLE CLASS

Friday, November 9, 2018 | 10:00 - 11:30am
Greenspun Hall Auditorium
HOW DOES HIGHER EDUCATION CREATE SOCIAL MOBILITY IN LAS VEGAS’S MIDDLE CLASS?

Richard V. Reeves
Senior Fellow, Economic Studies
8th November 2018
t: richardvreeves
• Who are the middle class?
• Why are we worried about them?
• Education as the great equalizer
• Education as the great stratifier
• Access and outcomes
• How colleges can serve and build the middle class in Las Vegas
• Who are the middle class?
• Why are we worried about them?
• Education as the great equalizer
• Education as the great stratifier
• Access and outcomes
• How colleges can serve and build the middle class in Las Vegas
Share of U.S. households that meet each definition, with annual household incomes ranging from $13,000 to $230,000 a year.

**Cashell**
— Congressional Research Service
Household income between $40,000 and $200,000 in 2007

**Estache and Leipziger**
— European Center for Advanced Research in Economics and Statistics and the World Bank
30th to 90th percentiles of household income

**Kharas 1**
— Brookings Institution
Household income between $12 and $120 per capita per day in 2016

**Self-definition 2**
— Brookings
Based on share of people who self-identify as middle class in 2015 Pew Survey

**Easterly**
— New York University
20th to 80th percentiles of household income

**Pew Research Center**
— Pew
67% to 200% median income

**Williams and Boushey 3**
— UC Hastings and Center for American Progress
30th to 80th percentiles, plus those over 80th without a BA

**Krueger**
— President Obama’s Council of Economic Advisers
50% to 150% median income

**Rose 4**
— Urban Institute
150% to 500% federal poverty level

**Reeves and Busette**
— Brookings Institution
20th to 60th percentiles of household income

**Thurow**
— Massachusetts Institute of Technology
75% to 125% median income

**IMF Staff Note**
— International Monetary Fund
40th to 50th percentiles of household income

Future of the Middle Class Initiative
Middle 60% (2014 family of 3 $$)
Newer, more suburban metro areas in the South and West have larger middle classes

Share of households (%) in middle class, 100 largest metro areas, 2017
• Who are the middle class?

• Why are we worried about them?

• Education as the great equalizer

• Education as the great stratifier

• Access and outcomes

• How colleges can serve and build the middle class in Las Vegas
The elephant in the room

Distribution of global income growth from 1988 to 2008
• Who are the middle class?
• Why are we worried about them?
• **Education as the great equalizer**
• Education as the great stratifier
• Access and outcomes
• How colleges can serve and build the middle class in Las Vegas
The leveling power of college…
Community Colleges: doing God’s work

• Who are the middle class?
• Why are we worried about them?
• Education as the great equalizer
• **Education as the great stratifier**
• Access and outcomes
• How colleges can serve and build the middle class in Las Vegas
Big Class Gaps in College Going

College Attendance Rates vs. Parent Income Rank in the U.S.

Slope = 0.675
(0.0005)
Middle class go to 2-year and public 4-year

• Who are the middle class?
• Why are we worried about them?
• Education as the great equalizer
• Education as the great stratifier
• **Access and outcomes**
• How colleges can serve and build the middle class in Las Vegas
HBCUs, for example

How do HBCUs do it?: More low income kids, mostly

Source: Raj Chetty, John N. Friedman, Emmanuel Saez, Nicholas Turner, and Danny Yagan. Online Table 1. Mobility Report Cards: The Role of Colleges in Intergenerational Mobility, The Equal Opportunity Project.
• Who are the middle class?
• Why are we worried about them?
• Education as the great equalizer
• Education as the great stratifier
• Access and outcomes
• How colleges can serve and build the middle class in Las Vegas
Nevada colleges serving the middle class

1991 birth cohort. Except NSC (*) where most recent available data is for 1989 cohort.
Source: Chetty, Friedman, Saez, Turner, and Yagan (2017), Mobility Report Cards: The Role of Colleges in Intergenerational Mobility.
Median Student Individual Income at age 34

Source: Chetty et al., "Mobility Report Cards: The Role of Colleges in Intergenerational Mobility," July 2017
Median Student Individual Income and Median Family Income

Source: Chetty et al., “Mobility Report Cards: The Role of Colleges in Intergenerational Mobility,” July 2017
Median student and family incomes, selected Mountain West colleges

<table>
<thead>
<tr>
<th>Institution</th>
<th>Median Family Income</th>
<th>Median Student Income at 34</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utah State University</td>
<td>$92,300</td>
<td>$30,100</td>
</tr>
<tr>
<td>Boise State</td>
<td>$84,800</td>
<td>$31,900</td>
</tr>
<tr>
<td>University of New Mexico</td>
<td>$67,200</td>
<td>$34,900</td>
</tr>
<tr>
<td>University of Utah</td>
<td>$106,900</td>
<td>$41,400</td>
</tr>
<tr>
<td>U.N.L.V.</td>
<td>$78,400</td>
<td>$41,500</td>
</tr>
<tr>
<td>Colorado State</td>
<td>$122,000</td>
<td>$45,800</td>
</tr>
<tr>
<td>University of Nevada, Reno</td>
<td>$103,000</td>
<td>$45,900</td>
</tr>
<tr>
<td>Arizona State, Northern Arizona University, and University of Arizona</td>
<td>$104,500</td>
<td>$46,300</td>
</tr>
</tbody>
</table>

Source: Chetty et al., “Where is the land of opportunity? The geography of intergenerational mobility in the United States,” 2014
Next steps

• Examine trends in socioeconomic and racial composition of LV colleges
• Estimate role of LV colleges as “middle class makers” with a new mobility measure applied to the Opportunity Insights data
• Consider policy options to improve MC access and outcomes in LV college system
• Paper and event, March 2019
• Thank you!