



GREATER WASHINGTON PARTNERSHIP

FROM BALTIMORE TO RICHMOND.
FOSTERING UNITY. ADVANCING GROWTH.

INCLUSIVE GROWTH IN THE CAPITAL REGION

Racial Disparity Webinar

DECEMBER 2020

INCLUSIVE GROWTH IS NOT ONLY A MORAL IMPERATIVE, BUT AN ECONOMIC ONE

Inclusive growth is inextricably linked to improved economic outcomes...

\$1.5T

Estimated potential value added to the US economy between 2019 and 2028 as a result of closing the wealth gap between Black and white Americans

40%

GDP per capita growth between 1960-2010 due to greater participation and inclusion of women and minorities in the workforce



Metro economies grow faster, stronger, and for longer spells when prosperity isn't limited to just a few segments of the population. This is because inclusive metros can tap into deeper veins of talent, and draw from a more educated workforce with a broader range of skills.

Richard Florida, Bloomberg CityLab

1. Assumes that closing the wealth gap unlocks 4-6% of the Capital Region's 2028 GDP

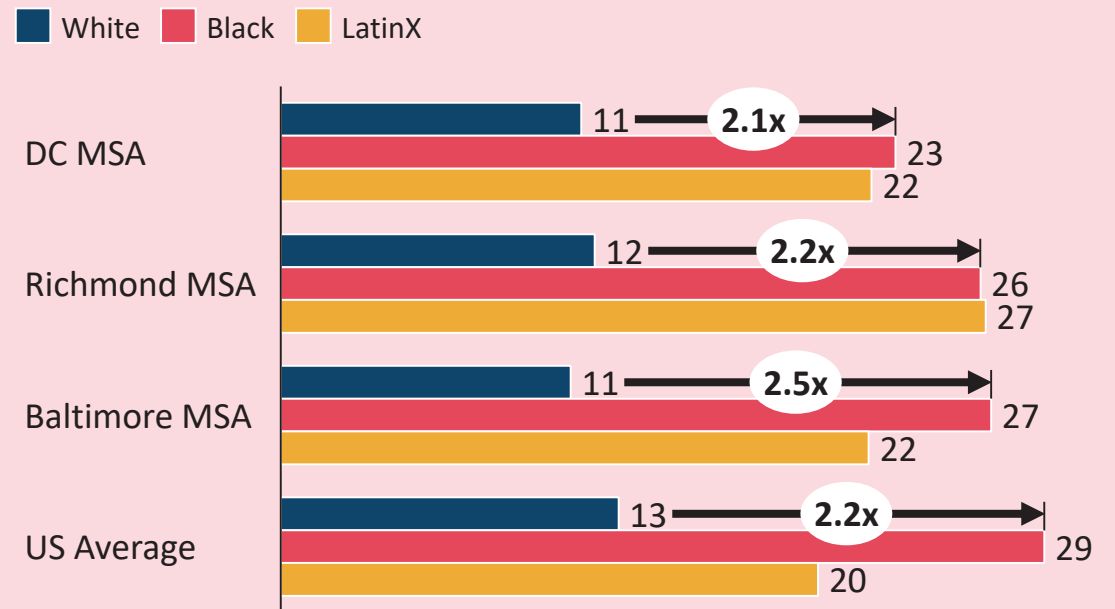
Source: Prosperity Now Scorecard, The economic impact of closing the racial gap (2019), "The allocation of talent and U.S. economic growth" (2019) Econometrica

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...the Capital Region's existing wealth gaps leave significant economic value on the table

Percent of population with zero net worth, %, 2014



INVESTING IN INCLUSIVE GROWTH REPRESENTS AN OPPORTUNITY TO KICKSTART THE CAPITAL REGION'S ECONOMY



Inequality in America is hindering economic growth...

- **Inequality is stifling the economy**, driven largely by our failure to make use of the full scope of our nation's productive potential
- **In the wake of current events (including episodes of policy brutality and the impact of COVID-19 on the minority population)**, gaps in racial outcomes are only expanding
 - Despite comprising 13% of the population, Blacks account for ~**21%** of COVID-related deaths¹
 - **39%** of jobs held by Black workers are at-risk for experiencing layoffs and furloughs (compared to 34% held by white Americans)



Our vision

Make the Capital Region the **nation's leading economic engine of inclusive growth and shared prosperity**, enabling a more attractive region for living and a greater magnet for talent and business investment

...and GWP has a unique opportunity to drive economic outcomes in the Capital Region

- **Despite its size, the Capital Region economy has lagged US average growth rates** (1.0% vs. 1.6% per annum, respectively)
- **Cities that prioritize inclusivity achieve longer-term growth by becoming a magnet for talent, business and investment in the region**
- **Failing to prioritize inclusive growth strategies can result in negative outcomes for a region**, exemplified by the housing and affordability crisis in the San Francisco area (one-third of residents in the Bay Area — nearly 2 million people — struggle to make ends meet)

IN ORDER TO ACHIEVE INCLUSIVE GROWTH, INTERVENTIONS SHOULD EMPHASIZE OPPORTUNITIES FOR PRODUCTIVITY AS WELL AS ESTABLISH CLEAR OBJECTIVES FOR CLOSING GAPS IN RACIAL OUTCOMES



Aggregate view by income

Inclusive growth is about aligning **how** growth is achieved with the **goal of** sustained prosperity for all. The main premise of inclusive growth is that **the economic growth process produces its best outcomes when it is at its most inclusive**

Therefore, inclusive growth examines the **pace and pattern of growth** and seeks to ensure fair, empowering, and open **processes and** robust, equitable, and sustainable **outcomes**

● Top 50% earners ● Majority of Black population □ Aspiration for the region

Hypothetical scenarios	Distribution and size		Change in distribution and size	
	Beginning of year	End of year	Economic growth	Inclusion share
1 No Growth, No Inclusion			None 0%	No change 25% ▶ 25%
2 No Growth, Inclusion			None 0%	Improved 25% ▶ 50%
3 Growth, No Inclusion			Positive 50%	No change 25% ▶ 25%
4 Inclusive Growth			Positive 50%	Improved 25% ▶ 33%
Vignettes of U.S. performance		Ideal outcome		
A Long-term			Positive + %	Worsened 25% ▶ 17%
B Since COVID-19			Negative - %	Worsened 25% ▶ 20%

ECONOMIC PERFORMANCE IN THE REGION IS SHAPED BY 4 KEY DRIVERS; RACIAL DISPARITIES ALONG THESE DRIVERS MUST BE IMPROVED TO ACHIEVE INCLUSIVE GROWTH



NON-EXHAUSTIVE

Economic performance ...

Economic growth (e.g., size & growth of the economy and the economic mobility of residents)...



...affects populations differently – hindering inclusion and impeding growth



...is shaped by 4 key areas that drive performance

Economy

Developing ecosystems that encourage private investment, innovation and business activity

- Innovation & entrepreneurship
- Asset ownership & investment opps.
- Infrastructure (e.g., transportation)
- Business environment

Human Capital

Meeting individuals' needs & freedoms and supporting a quality standard of living

- Health
- Education and skills
- Access to safety & shelter
- Access to job opportunities
- Food security

Financial & Resourcing Systems

Ensuring equitable capital resourcing, access to markets, and social supports

- Inclusion in financial markets
- Personal savings & liquidity

Institutions & Community

Supporting systems, rules and norms that enable well-balanced development

- Social capital & cohesion
- Community stability & engagement

Across these drivers, structural barriers – including **lack of financial resources, unmet market needs, limited socio-cultural networks and institutional bias** - impede outcomes



ECONOMIC PERFORMANCE: THE CAPITAL REGION'S CURRENT ECONOMIC PERFORMANCE DOES NOT CASCADE TO MINORITY POPULATIONS

Economic growth **3rd** Largest metropolitan economy by Real GDP in the US in 2020¹ – but slower than US average growth rate (1.0% vs. 1.6% per annum)

Economic inclusion **\$43k** Average annual median income gap between white and Black households in the Capital Region

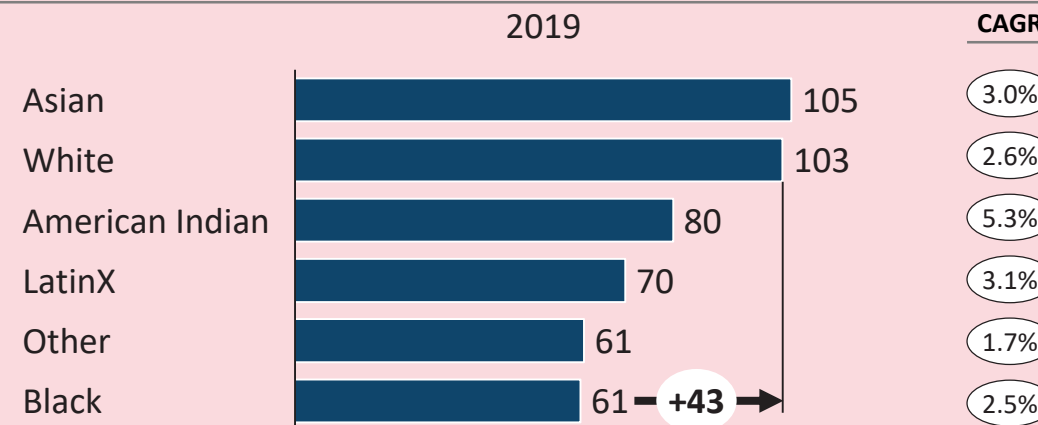
2.5x White children with parents in the bottom quartile of income are 2.5x more likely to move into the top 20% of earners than their Black peers

13% Of Black and LatinX residents live in poverty compared to only 5% of white residents who live below the poverty line in the Capital Region, as of 2019

1. Capital Region aggregate of greater DC, Baltimore, and Richmond metros

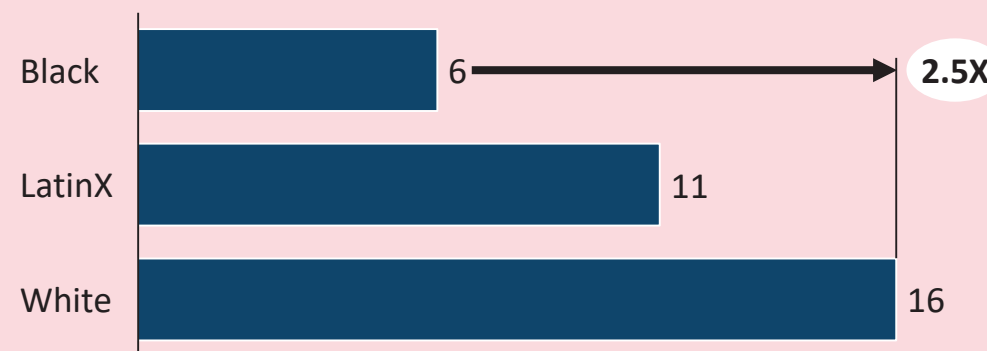
Source: Moody's Analytics, Census American Community Survey, Chetty Opportunity Atlas

Median household income by race,
Capital Region MSA average, \$ ths. (2010-2019)



Median household gap for the Capital Region is 30% higher than US avg (\$29k gap)





Share of all children who reach the top 20% of income earners, with parents who were in the bottom quartile of income² in Capital Region



Source: Chetty, Opportunity Insights; Census ACS



ECONOMIC PERFORMANCE DRIVERS: CRITICAL CHALLENGES NEED TO BE ADDRESSED TO REDUCE DISPARITY AND IMPROVE RACIAL OUTCOMES AND ECONOMIC OUTPUT

Forces	Critical racial gaps to address	Example insights
Economy 	<ul style="list-style-type: none"> • Support for diverse and local SMEs • Support for startups and innovation ecosystems • Equitable, affordable transportation • Increased access to digital infrastructure 	<ul style="list-style-type: none"> • Business owners in the Capital Region are anywhere from 8-12x more likely to be white than Black or LatinX • The Capital Region struggles to provide a supportive startup and entrepreneur ecosystem – no metro ranked in the top 25 for startup density or total business owners per capita • Homeownership is notably low in each of the Region’s metros (at less than <70%) and Black residents are half as likely to be homeowners compared to white residents
Human capital 	<ul style="list-style-type: none"> • Better employment outcomes for minority workforce • Access to housing and place-based investment • Increased healthcare capacity and delivery 	<ul style="list-style-type: none"> • There are up to 2.2x more white STEM graduates in the Capital region than Black or LatinX graduates • White residents are nearly 1.5x more likely to be employed in a high quality job than Black residents • Over 50% of Black residents are rent burdened (compared to 35% nationally) • Life expectancy for Black newborns is over a decade lower than white newborns in the region
Financial & resourcing 	<ul style="list-style-type: none"> • Improved personal financial resilience for residents 	<ul style="list-style-type: none"> • Black and LatinX applicants are 2.7x more likely to be denied a mortgage loan in the Greater DC and Baltimore metros than their white peers • Black and LatinX residents are 1.4x less likely to be able to live off of accumulated assets than white residents in the Capital Region
Institutions & community 	<ul style="list-style-type: none"> • Reduced racial and economic segregation • Lowered incarceration rates and improved re-entry into the workforce • Increased resident engagement 	<ul style="list-style-type: none"> • DC and Baltimore rank within the 30 most segregated metro areas in the US • The share of Black population in prison is more than 2x the share of Black residents in the general population for both the Greater DC and Richmond metros



INTRO TO THE HEATMAP

In the following diagnostic, we have assessed the Capital Region's performance across a number of metrics to measure four categories of drivers:

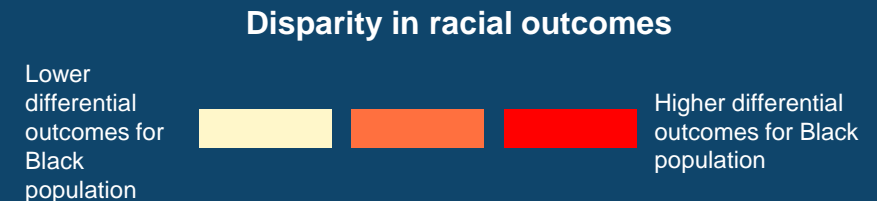
1. Economy
2. Human capital
3. Financial and resourcing systems
4. Institutions and community

Each metro area is ranked across two dimensions:

- The metro's overall performance in that metric
- The racial disparity between white and non-white populations (a larger gap results in a lower rank)

How we score the heatmap:

For each metric, we have assessed the DC, Baltimore, and Richmond greater metro areas against the top 100 MSAs by population (unless otherwise noted)



For each metric, **YELLOW** shading translates to **LOWER** racial disparity

RED shading translates to **HIGHER** racial disparity

The value **INSIDE** the cell represents the size of the gap, with a **larger value meaning a greater differential between outcomes for the Black and white population**



THE CAPITAL REGION: DRIVERS OF ECONOMIC PERFORMANCE (1/3)

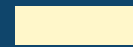
 Racial data cuts unavailable

Several drivers underly this economic performance






ILLUSTRATIVE

Disparity in outcome

Lower differential outcomes for Black population



Higher differential outcomes for Black population

		Washington Metro Metro Area		Richmond, VA		Baltimore, MD		
Drivers	Metric	Overall MSA rank	Racial Disparity	Overall MSA rank	Racial Disparity	Overall MSA rank	Racial Disparity	
Institutions and community 	Social capital & cohesion	71	0.61	37	0.53	80	0.64	
	Community stability & engagement	Share of incarcerated population	1.2	17.5	0.8	3.1	1.3	1.6
		Voter registration	>US avg		>US avg		<US avg	
Human capital 	Health	% of population with health insurance	n/a	1.3	n/a	1.4	1.1	
		% of population in 5 mile proximity to hospital	n/a	1.1	n/a	1.3	n/a	1.3
		Infant mortality rates	n/a	3.0	n/a	1.9	n/a	2.7
		Life expectancy	n/a	1.2	n/a	1.0	n/a	1.0
	Education & skills	Preschool enrollment	59	1.5	69	1.5	27	1.6
		4th grade reading proficiency	n/a	1.3	n/a	1.8	n/a	1.2
		8th grade math proficiency	n/a	1.3	n/a	1.6	n/a	1.1
		High school graduation	39	1.0	54	1.1	26	1.1

1. For MSAs - value represents total prison population as a % of total metro population For Outcomes by race - race represents proportion of race in prison vs. proportion of race in the total population (1 = equal distribution, 1+ = overrepresentation)



THE CAPITAL REGION: DRIVERS OF ECONOMIC PERFORMANCE (2/3)

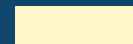
 Racial data cuts unavailable

Several drivers underly this economic performance

ILLUSTRATIVE

Disparity in outcome




Lower differential outcomes for Black population



Higher differential outcomes for Black population

Human capital



Drivers	Metric	Washington Metro Metro Area		Richmond, VA		Baltimore, MD	
		Overall MSA rank	Racial Disparity	Overall MSA rank	Racial Disparity	Overall MSA rank	Racial Disparity
Education and skills	Share of population with bachelor's degrees	3	1.8	28	2.1	14	1.7
	STEM degrees	26	2.2	59	2.3	25	3.0
Access to job opportunities	Labor force participation rate	18	1.0	33	1.0	78	1.0
	Unemployment rate	14	2.4	25	2.4	12	2.4
	% of population employed in a high quality job (living wage)	n/a	1.2	n/a	1.4	n/a	1.3
Access to safety and shelter	Share of population that experiences moderate rent burden	61	1.4	72	1.2	34	1.2
	Share of population that experiences severe rent burden	21		77		74	
	Homelessness	n/a	1.8	n/a	2.5	n/a	4.9
	Violent crimes	29	1.9	4	1.6	92	6.5
Food security	SNAP enrollment	19	2.8	53	1.9	63	2.3
	% of population in 1/2 mile proximity to grocery store	n/a	1.2	n/a	1.3	n/a	1.8



THE CAPITAL REGION: DRIVERS OF ECONOMIC PERFORMANCE (3/3)

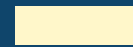
 Racial data cuts unavailable

Several drivers underly this economic performance

ILLUSTRATIVE

Disparity in outcome



















Lower differential outcomes for Black population



Higher differential outcomes for Black population











Economy



Drivers	Metric	Washington Metro Metro Area		Richmond, VA		Baltimore, MD		
		Overall MSA rank	Racial Disparity	Overall MSA rank	Racial Disparity	Overall MSA rank	Racial Disparity	
Innovation and entrepreneurship	Academic R&D	34		52		4		
	Venture capital	15		50		30		
	Startup density	39		50		54		
	Business survival	8		14		12		
	Business ownership	60	15.2	45	14.6	40	10.2	
Infrastructure	Public transportation (mode of commute)	4	2.9	47	4.5	12	4.6	
	Time of commute (<15min)	99	1.1	64	1.0	95	1.1	
	Broadband adoption in households	11	2.5	69	1.9	42	2.0	
Asset ownership	Homeownership	64	1.4	36	1.5	35	1.7	
Business environment	Cost of doing business	113		91		109		
Financial and resourcing systems	Personal financial resilience	% of unbanked residents		25		12		
		Mortgage denial rate	67	3.7	61	3.4	51	1.7
		Share of households unable to subsist without income	35	2.4	47	2.4	43	2.5



TEN THEMATIC AREAS OF FOCUS EMERGED FOR CONSIDERATION AND FURTHER WORK

Category	Thematic areas	Additional detail
Economy	 1 Supporting Black- and LatinX-founded startups and innovation ecosystems	Supporting commercialization, attracting VC and PE investment as well as seed funding, developing coaching, accelerator, and incubation resources, and supporting high-growth sectors
	 2 Supporting Black- and LatinX-owned local small and medium businesses	Integrating local SMEs into GWP partner value chains, providing access to networks and mentorship opportunities, and providing affordable access to capital
	 3 Bridging the digital divide for Black and LatinX residents	Targeting equitable coverage and access to digital and technology infrastructure (e.g., broadband, computer access) as well as equipping residents with necessary digital skills
Human capital	 4 Improving broad-based access to housing and place-based investment	Developing affordable housing and investment, with a focus on improving residents' quality of life (e.g., proximity to grocery stores, transportation, etc.)
	 5 Fostering better employment outcomes for Black and LatinX workforce	Improving skills development and establishing apprenticeship programs, as well as attracting talent (including STEM), and matching labor market supply and demand (including both college-to-career and non-college pathways)
	 6 Increasing healthcare capacity and effectiveness for Black and LatinX populations	Supporting access to and quality of healthcare services in order to improve health and well-being of residents
Financial & resourcing	 7 Improving personal financial resilience for residents	Improving personal liquidity and lifting residents out of asset poverty
Institutions & community	 8 Delivering equitable and affordable transportation and mobility solutions for Black and LatinX communities	Improving access to and quality of transportation and mobility modes (e.g., public transit, walkability, car ownership, etc)
	 9 Lowering incarceration rates and facilitating re-entry into the workforce	Addressing legal/civic barriers such as overrepresentation in prison that remove resident groups from engaging in civic life, and improving employment outcomes for returning citizens
	 10 Improving resident engagement and participation	Developing and designing interventions that address the root causes of poor participation in civic and community programs by minority populations – e.g., low awareness, lack of resources, etc.

GWP AND ITS PARTNERS ARE ALREADY ENGAGED IN SEVERAL INITIATIVES THAT TARGET DRIVERS OF INCLUSIVE GROWTH, WITH CASH CONTRIBUTIONS TOTALING MORE THAN \$1B



Key area	Cash contribution publicly committed ¹ (\$M)	GWP board active	Select actions by GWP board
Economy 	611		<p>JP Morgan Chase & Co has pledged to invest \$500M in affordable housing, small business support, and neighborhood revitalization</p> <p>Johns Hopkins, Under Armour, Clark Construction, and T. Rowe Price have together committed \$100M in support for small businesses through the BLocal initiative</p>
Human capital 	110		<p>Capital One has donated \$10M to Black Girls Code, focused on providing tech-related job training</p> <p>EY & Dominion Energy have donated \$4M and \$35M to various HBCUs, respectively</p>
Financial & resourcing² 	57		<p>JP Morgan Chase & Co has pledged \$150M in flexible, low-cost loans to households in underserved communities</p> <p>T. Rowe Price has contributed \$2.7M in grants to improve financial capabilities for minority households</p>
Institutions & community 	270		<p>Amazon has pledged \$27M in donations and matching funds to several social justice organizations to improve racial equality</p> <p>Dominion Energy has donated \$4M to community nonprofits for social justice, equality, rebuilding</p>

1. Several partner initiatives are in-flight but have not been publicly valued at a specific dollar amount

2. There are numerous non-cash commitments, such as JP Morgan Chase & Co's \$30B and Capital One's \$200m commitment to provide affordable credit to underserved communities



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APPENDIX



GREATER DC AREA



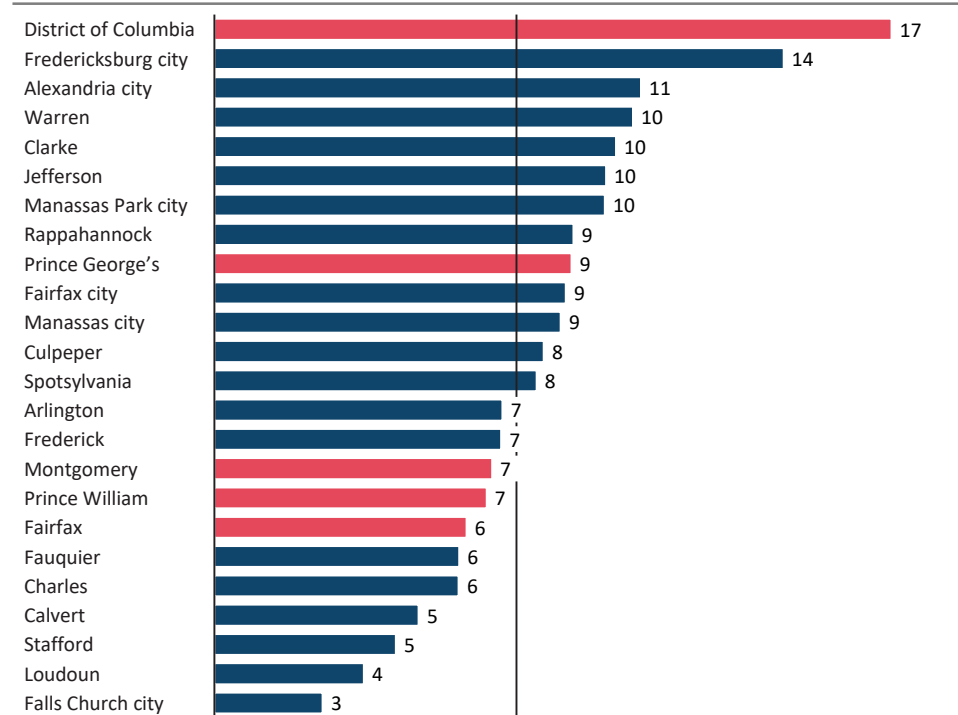


HIGH INCOME DISPARITY: THE MAJORITY OF IMPOVERISHED RESIDENTS IN THE GREATER DC METRO AREA LIVE IN THE COUNTIES WITH THE HIGHEST BLACK AND LATINX CONCENTRATION

■ Top 5 Black + LatinX population county

Share of population in poverty²

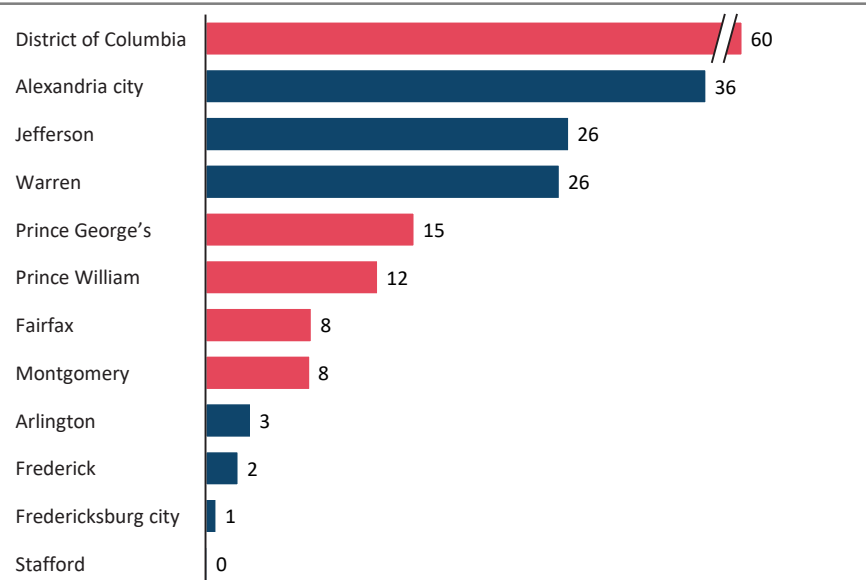
2019, % of county total population



MSA avg = 7.5

Share of residents in concentrated poverty

2019, % of residents under the poverty line¹



75%

Of all impoverished residents in the Greater DC metro area are located in the five counties with the largest Black+LatinX populations

21%

Of all impoverished residents in the Greater DC metro area live in neighborhoods with concentrated poverty

1. Share of concentrated poverty is determined as the # of residents earning below the poverty line who live in a neighborhood (Census tract) in which >20% of the population is under the poverty line
2. Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is in poverty. If a family's total income is less than the family's threshold, then that family and every individual in it is considered in poverty. The official poverty thresholds do not vary geographically, but they are updated for inflation using the Consumer Price Index (CPI-U). The official poverty definition uses money income before taxes and does not include capital gains or noncash benefits (such as public housing, Medicaid, and food stamps).

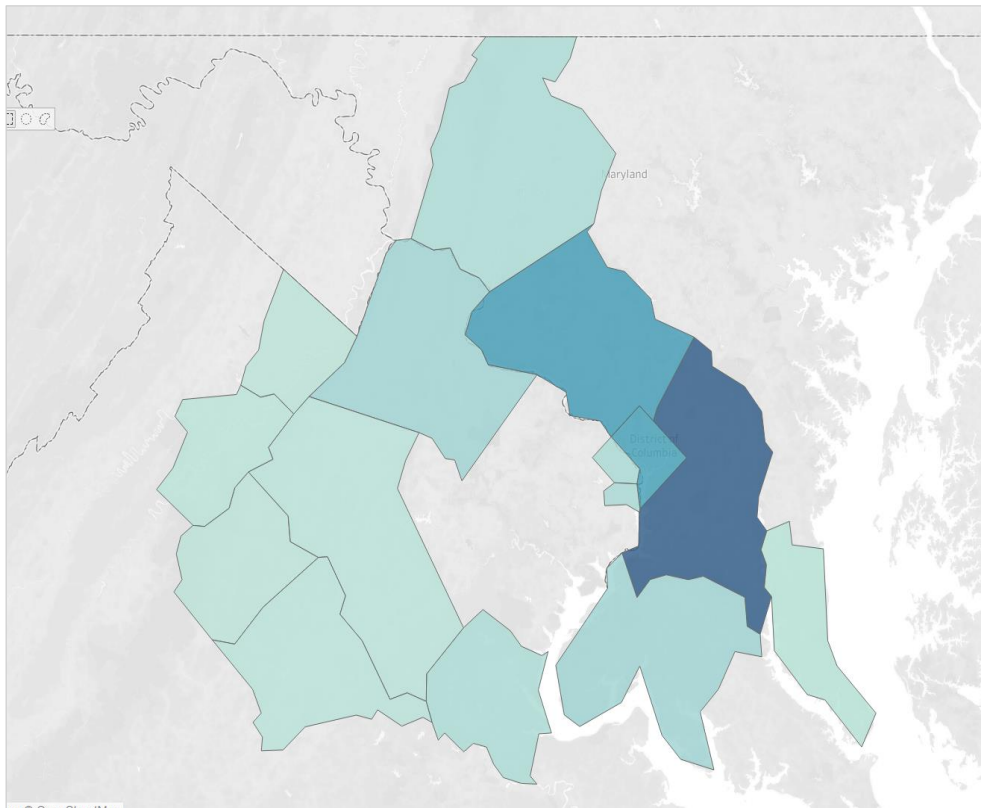
Source: Moody's Analytics, Census ACS



LIMITED MOBILITY: BLACK AND LATINX RESIDENTS WITHIN THESE COUNTIES OFTEN EXPERIENCE LIMITED ECONOMIC MOBILITY AS A RESULT

PRELIMINARY

Racial composition by county Share of Black+LatinX population, 2019



In the five counties with the largest Black+LatinX populations...

8.8%

Share of **Black children** who reach the top 20% of income earners, with parents who were in the bottom quartile of income²

12.8%

Share of **LatinX children** who reach the top 20% of income earners, with parents who were in the bottom quartile of income

21%

Share of **white children** who reach the top 20% of income earners, with parents who were in the bottom quartile of income

Source: Chetty, Opportunity Insights; Census ACS

1. Fraction of children who grew up in this area who have avg household income (in their mid-30s) in the top 20% of the national income distribution for children born in the same year
2. Average share of children by county in the the Baltimore, DC, and Richmond MSAs



BALTIMORE



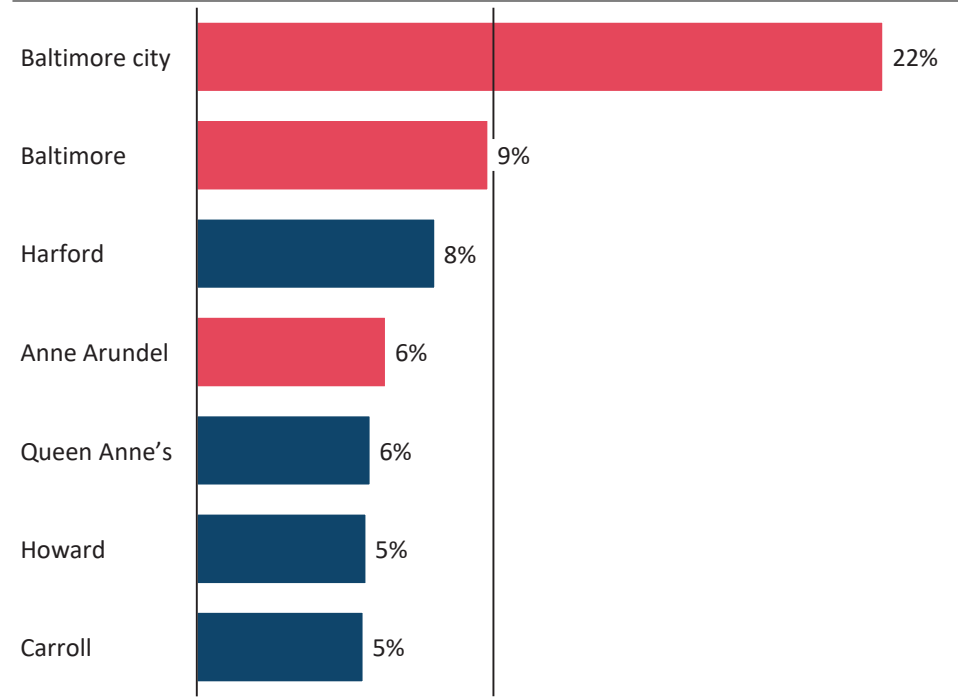


HIGH INCOME DISPARITY: COUNTIES WITH LARGE NON-WHITE POPULATIONS FACE CHALLENGES OF HIGH RATES OF CONCENTRATED POVERTY AND UNEQUAL DISTRIBUTION OF INCOME

PRELIMINARY

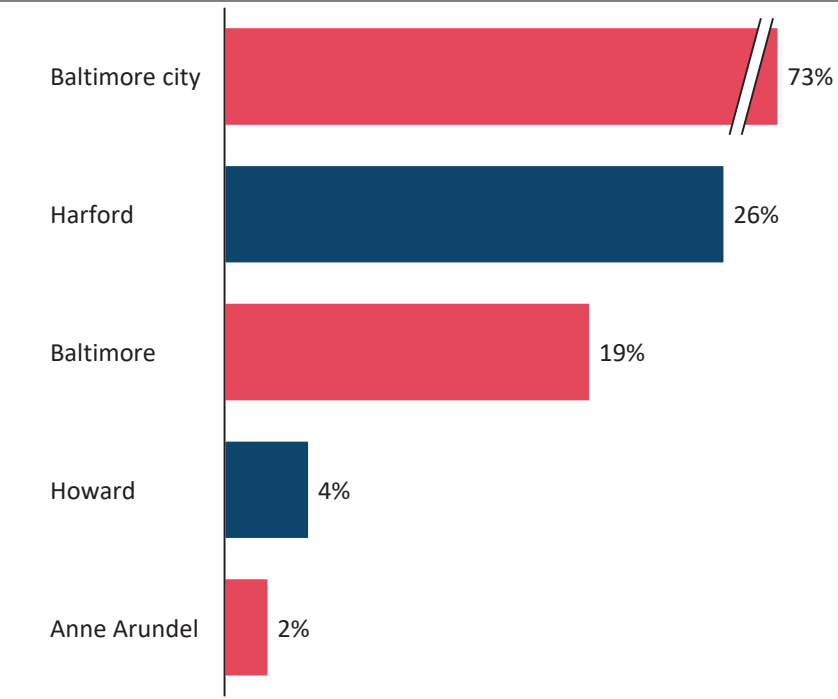
■ Top 3 Black + LatinX population county

Share of population in poverty¹
2019, % of county total population



MSA avg. = 9.4

Share of residents in concentrated poverty
2019, % of residents under the poverty line¹



83%

Of all impoverished residents in the Baltimore metro area are located in the 3 counties with the largest Black+LatinX populations

73%

Of impoverished Baltimore City residents live in neighborhoods with concentrated poverty (39% of all Baltimore metro area residents live in concentrated poverty)

1. Share of concentrated poverty is determined as the # of residents earning below the poverty line who live in a neighborhood (Census tract) in which >20% of the population is under the poverty line
2. Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is in poverty. If a family's total income is less than the family's threshold, then that family and every individual in it is considered in poverty. The official poverty thresholds do not vary geographically, but they are updated for inflation using the Consumer Price Index (CPI-U). The official poverty definition uses money income before taxes and does not include capital gains or noncash benefits (such as public housing, Medicaid, and food stamps).

Source: Moody's Analytics, Census ACS

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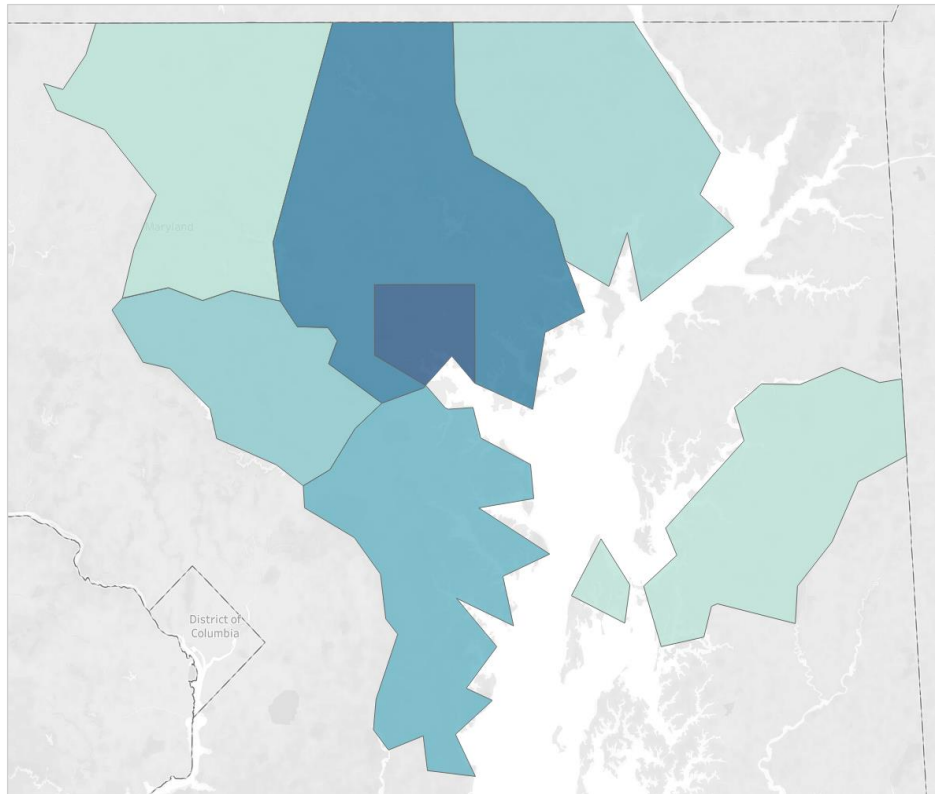


LIMITED MOBILITY: BLACK AND LATINX RESIDENTS WITHIN THESE COUNTIES OFTEN EXPERIENCE LIMITED ECONOMIC MOBILITY AS A RESULT

PRELIMINARY

Racial composition by county Share of Black+LatinX population, 2019

Low share  High share



In the five counties with the largest Black+LatinX populations...

4.5%

Share of **Black children** who reach the top 20% of income earners, with parents who were in the bottom quartile of income²

10.3%

Share of **LatinX children** who reach the top 20% of income earners, with parents who were in the bottom quartile of income

15.2%

Share of **white children** who reach the top 20% of income earners, with parents who were in the bottom quartile of income

Source: Chetty, Opportunity Insights; Census ACS

1. Fraction of children who grew up in this area who have avg household income (in their mid-30s) in the top 20% of the national income distribution for children born in the same year
2. Average share of children by county in the the Baltimore, DC, and Richmond MSAs



RICHMOND



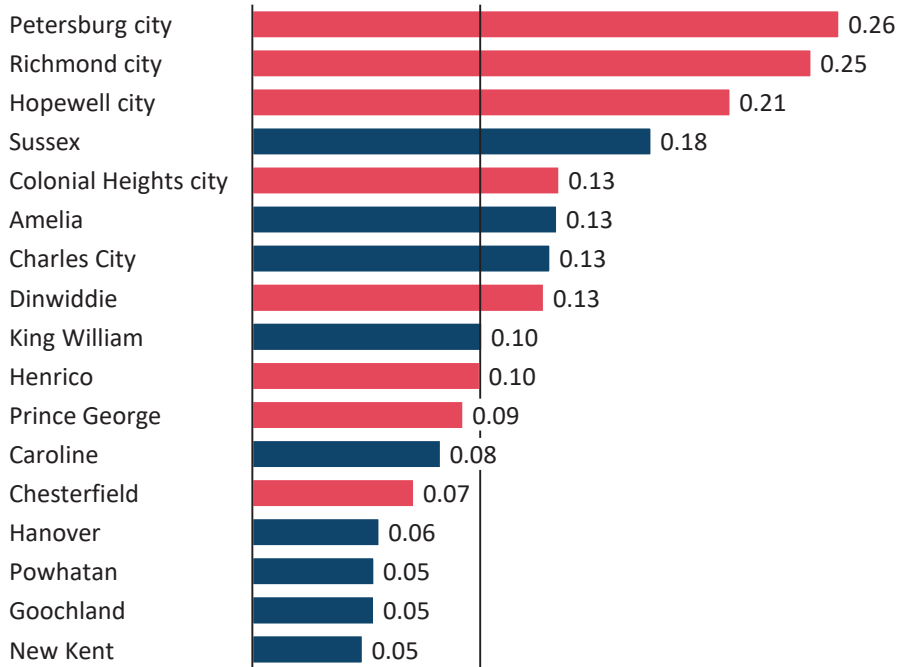
HIGH INCOME DISPARITY: COUNTIES WITH LARGE NON-WHITE POPULATIONS FACE CHALLENGES OF HIGH RATES OF CONCENTRATED POVERTY AND UNEQUAL DISTRIBUTION OF INCOME



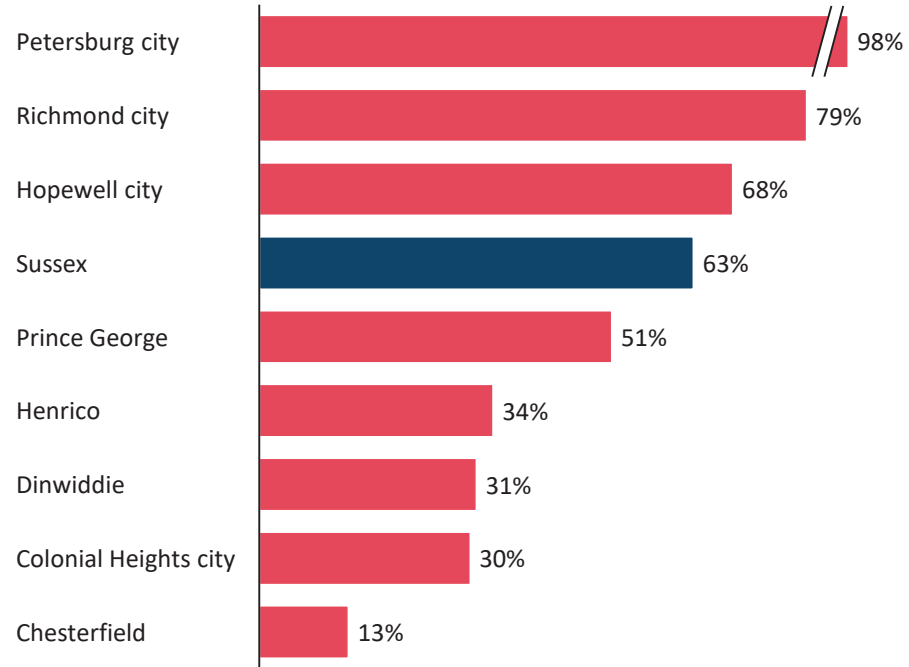
PRELIMINARY

■ Top 4 Black + LatinX population county

Share of population in poverty¹
2019, % of county total population



Share of residents in concentrated poverty
2019, % of residents under the poverty line¹



88%

Of all impoverished residents in the Richmond metro area are located in the counties + independent cities with the largest Black+LatinX populations

48%

Of all impoverished residents in the Richmond metro area live in neighborhoods with concentrated poverty

MSA avg. = 10

1. Share of concentrated poverty is determined as the # of residents earning below the poverty line who live in a neighborhood (Census tract) in which >20% of the population is under the poverty line
2. Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is in poverty. If a family's total income is less than the family's threshold, then that family and every individual in it is considered in poverty. The official poverty thresholds do not vary geographically, but they are updated for inflation using the Consumer Price Index (CPI-U). The official poverty definition uses money income before taxes and does not include capital gains or noncash benefits (such as public housing, Medicaid, and food stamps).
3. Counties include independent cities Petersburg, Richmond, Hopewell, Colonial Heights

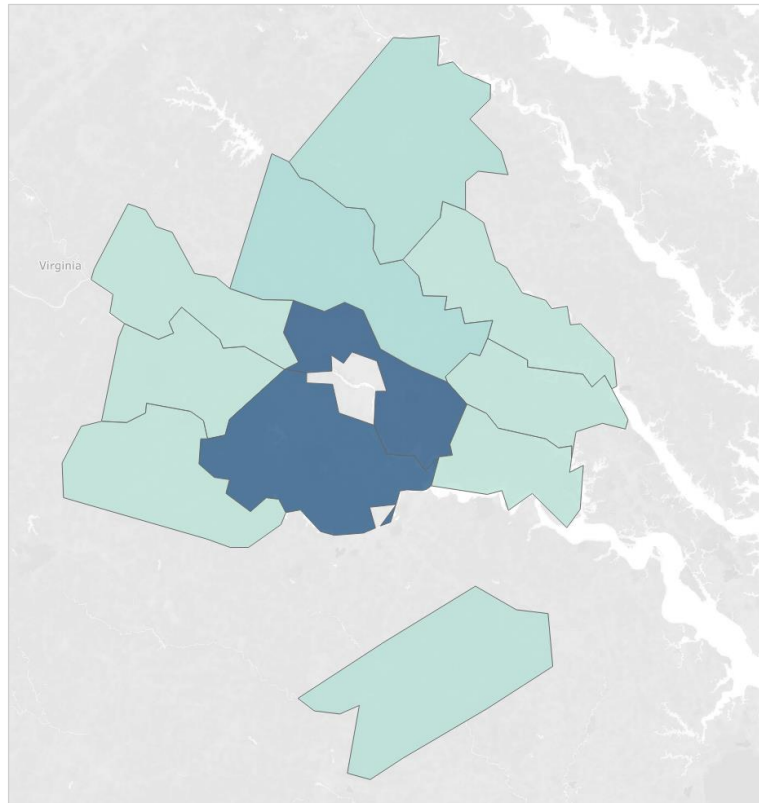
Source: Moody's Analytics, Census ACS

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LIMITED MOBILITY: BLACK AND LATINX RESIDENTS WITHIN THESE COUNTIES OFTEN EXPERIENCE LIMITED ECONOMIC MOBILITY AS A RESULT

PRELIMINARY

Racial composition by county Share of Black+LatinX population, 2019



Source: Chetty, Opportunity Insights; Census ACS

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1. Fraction of children who grew up in this area who have avg household income (in their mid-30s) in the top 20% of the national income distribution for children born in the same year
2. Average share of children by county in the Baltimore, DC, and Richmond MSAs



In the five counties with the largest Black+LatinX populations...

3.6%

Share of **Black children** who reach the top 20% of income earners, with parents who were in the bottom quartile of income²

8.2%

Share of **LatinX children** who reach the top 20% of income earners, with parents who were in the bottom quartile of income

11.5%

Share of **white children** who reach the top 20% of income earners, with parents who were in the bottom quartile of income