



DREAM HOARDERS OR DREAM MAKERS: *ACCEPTING OUR RESPONSIBILITY*

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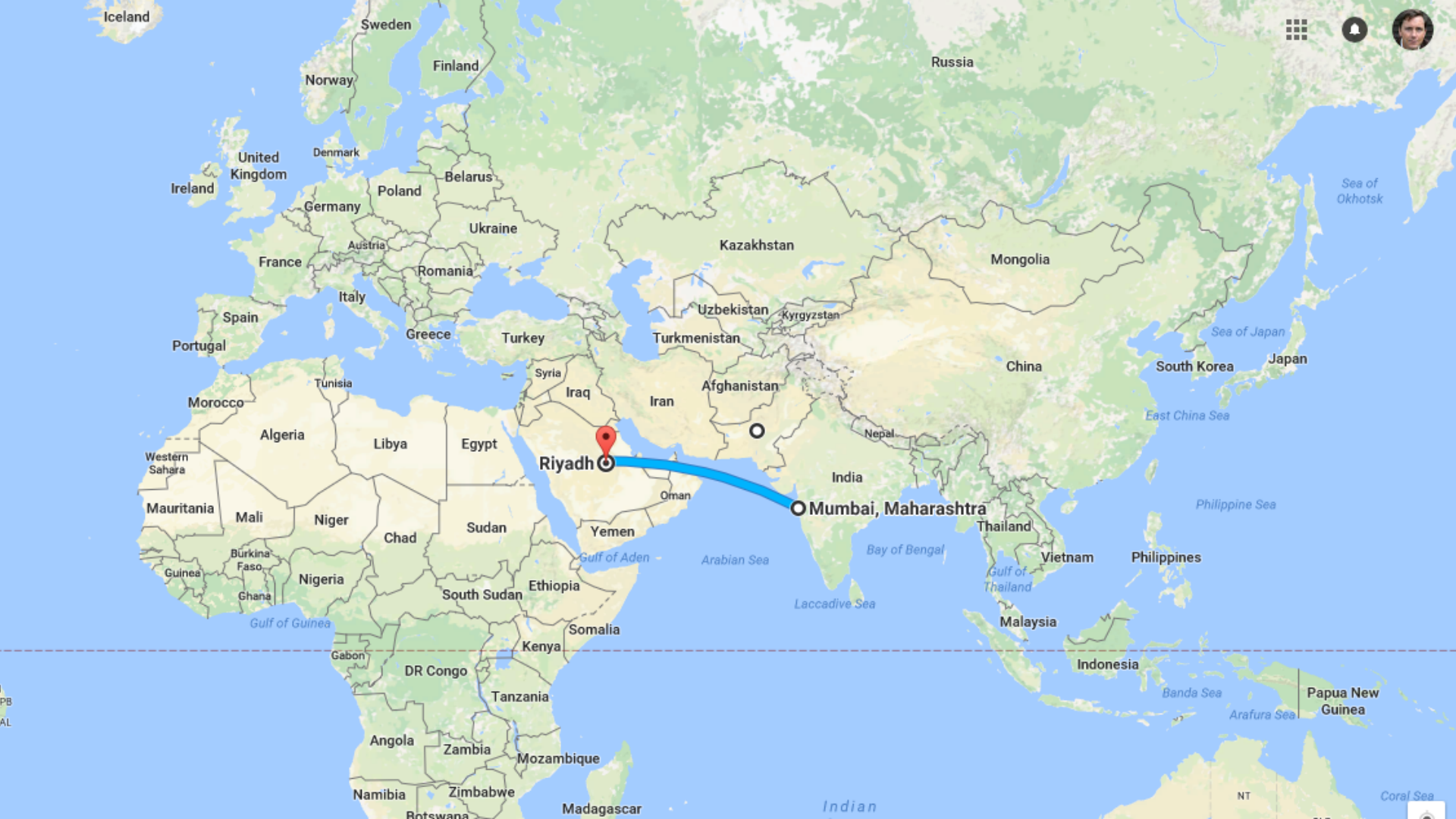
#CCADream17



**ARE WE HOARDING THE
AMERICAN DREAM?**
























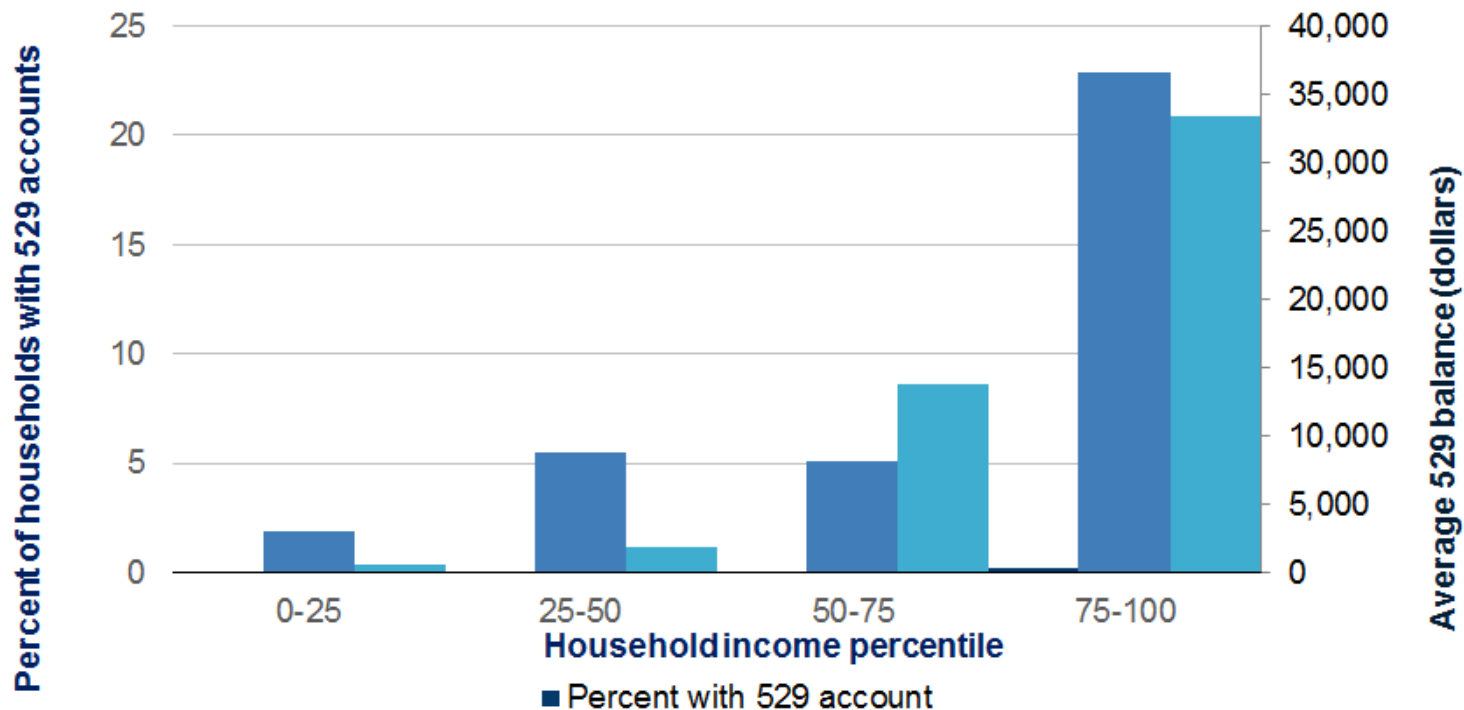


White House: Plan to end 529 tax benefits
'was a distraction'



 **Play Video** 2:03

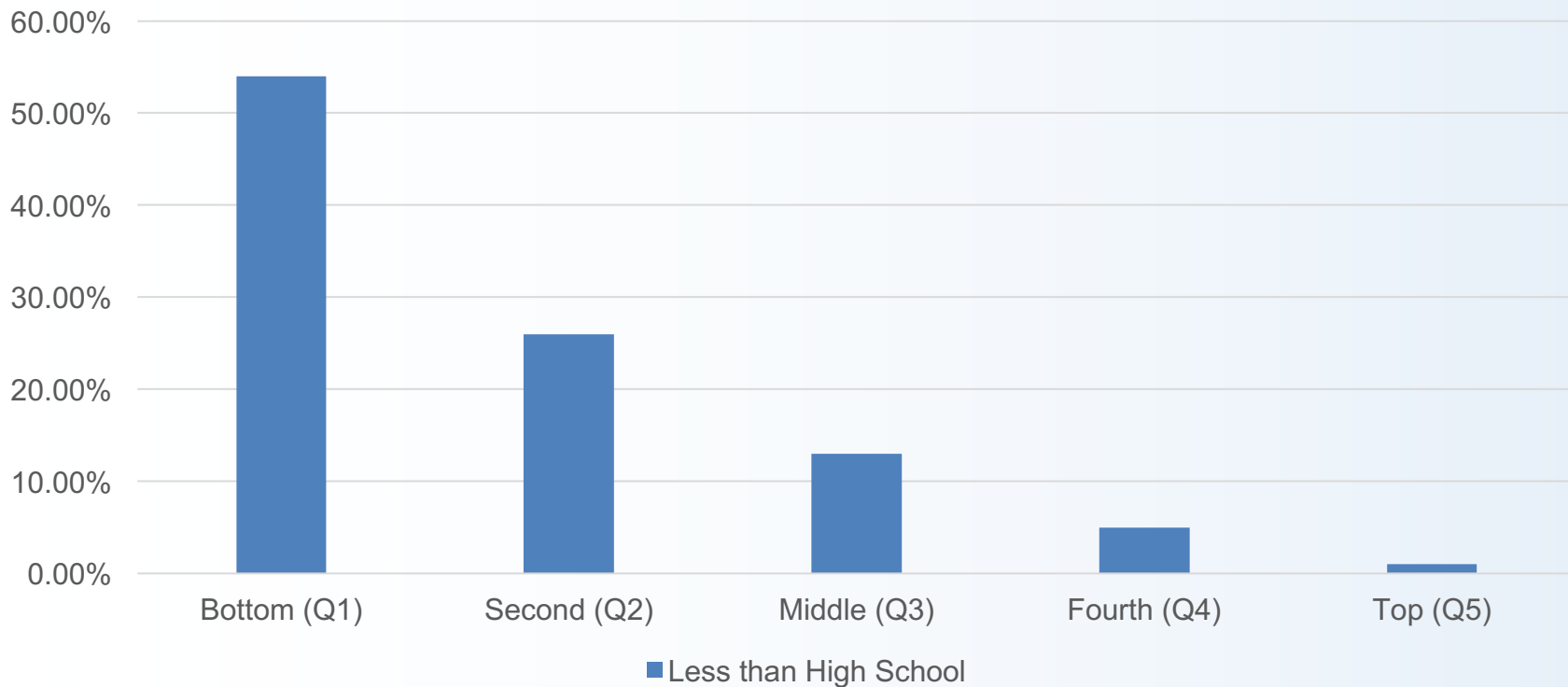
Distribution of 529 holders



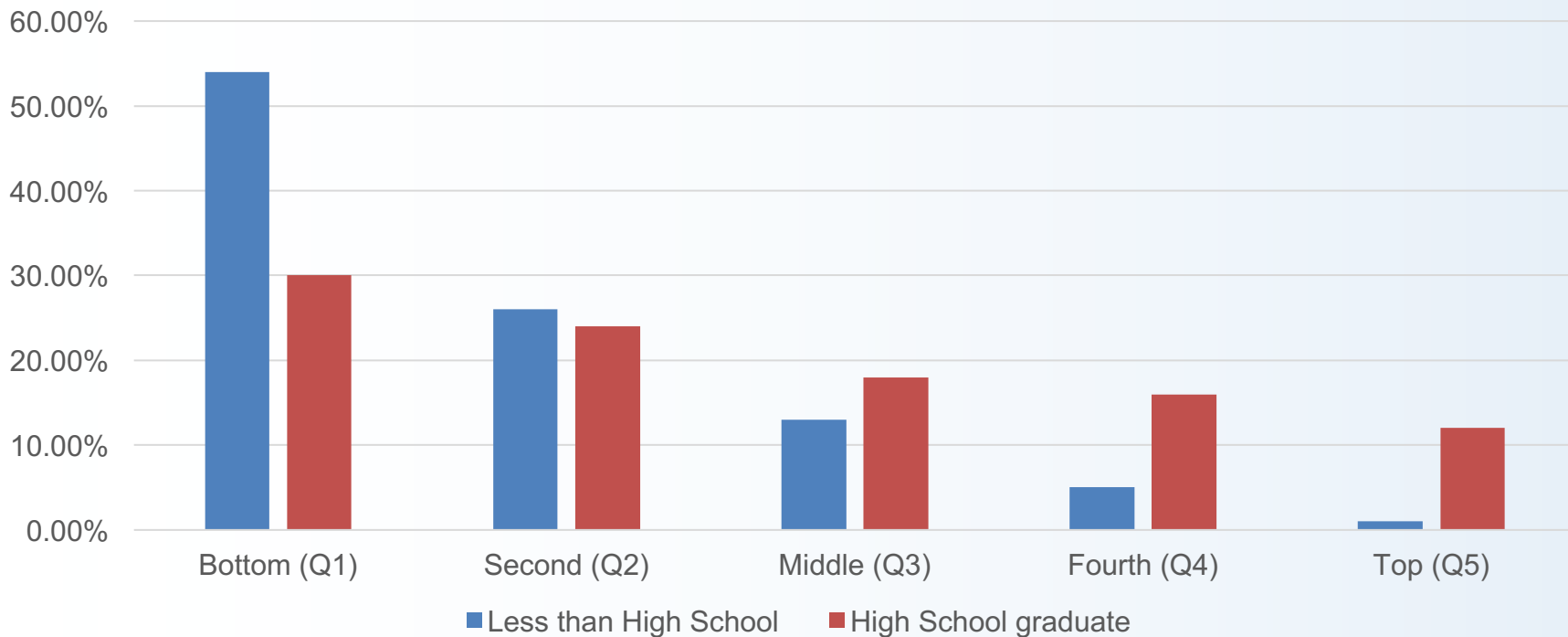
Source: U.S. Department of the Treasury, "An Analysis of Section 529 College Saving and Prepaid Tuition Plans," September 9, 2009, Table 7.

Education: The Great Equalizer

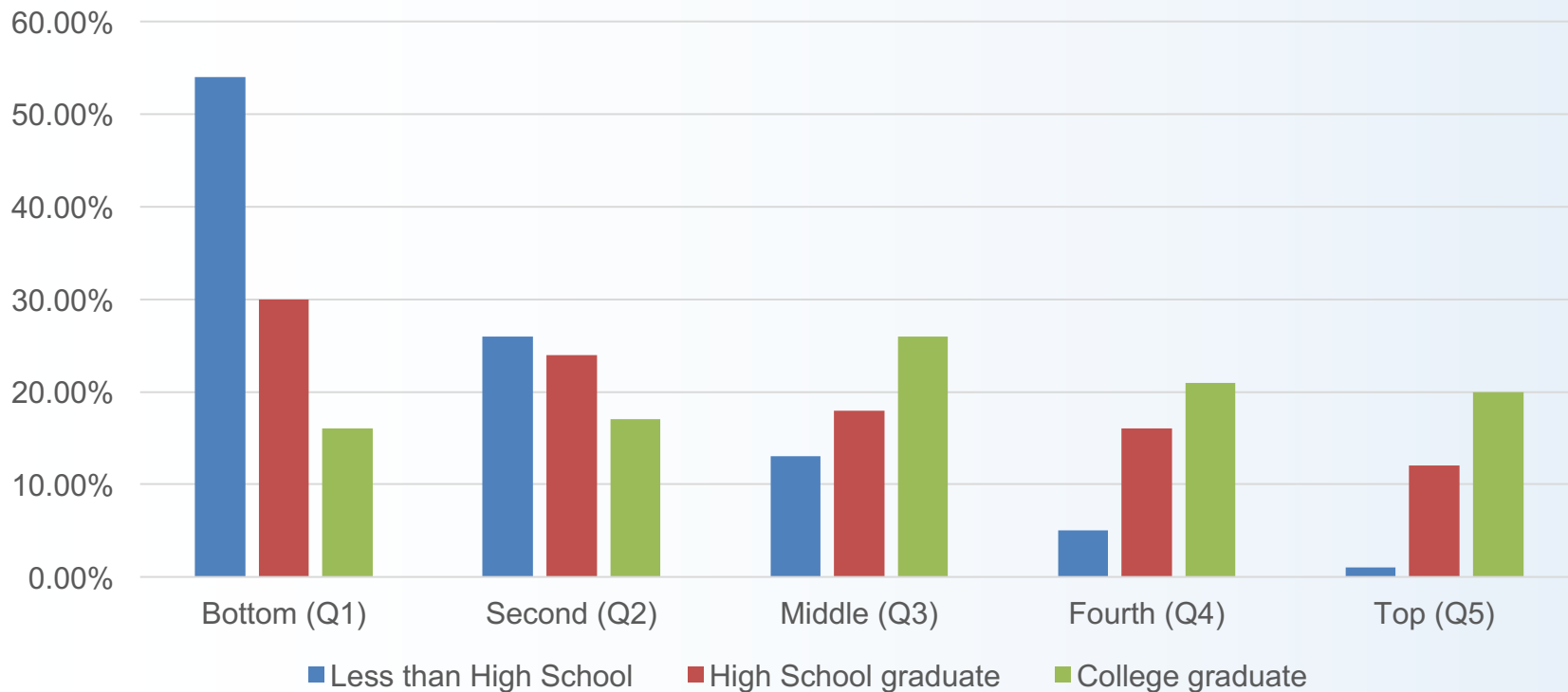
Born poor, don't finish HS, stay poor



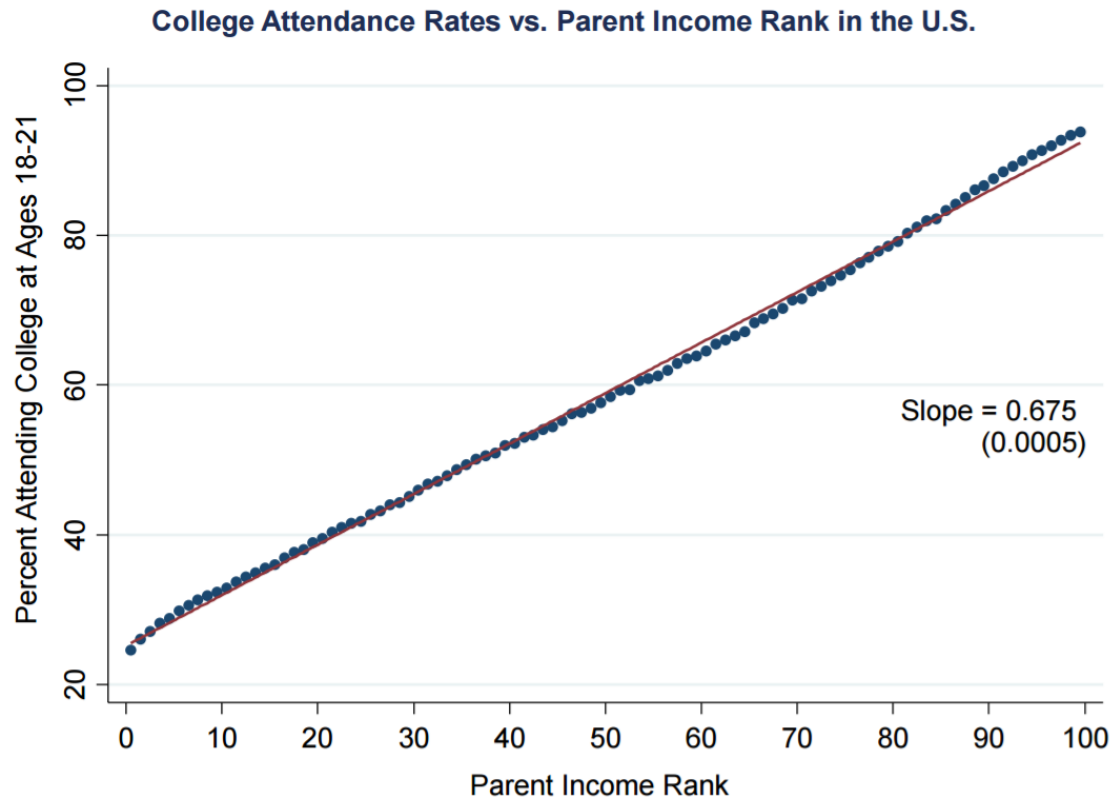
Born poor, finish HS, escape poverty



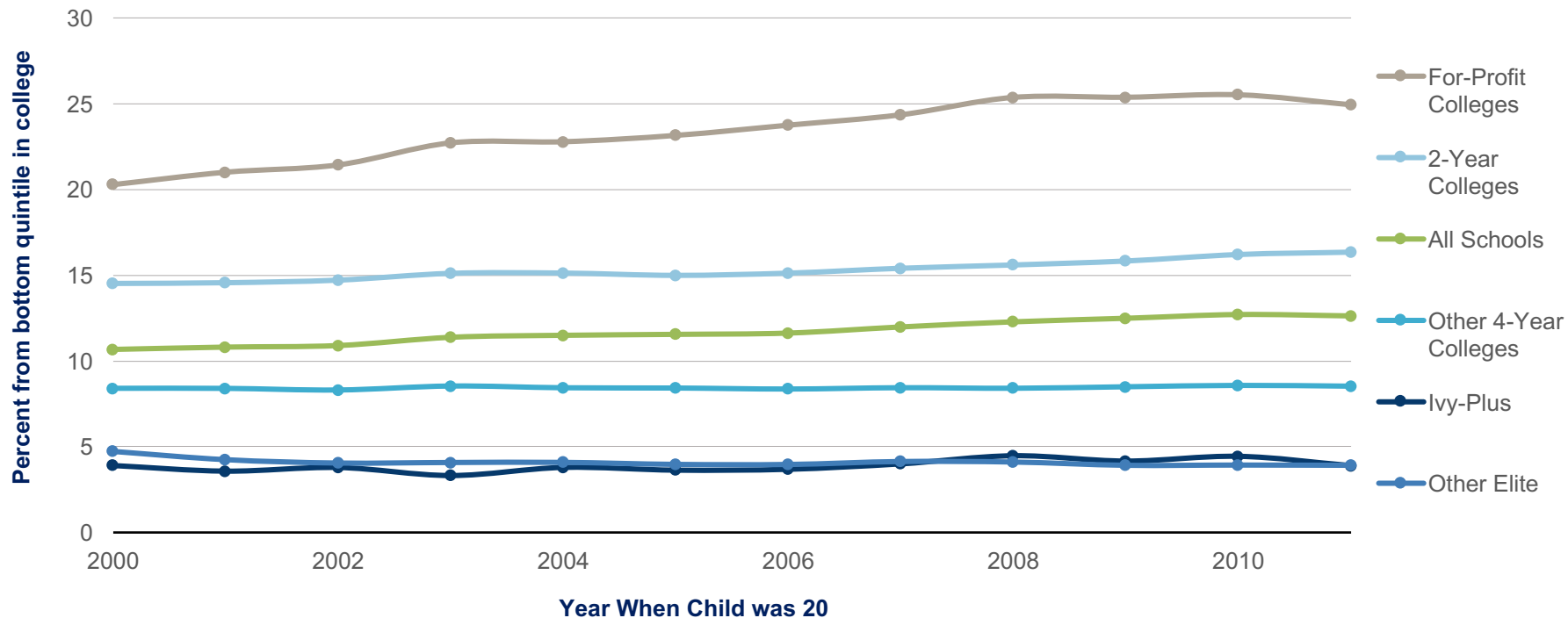
Born poor, get a BA, succeed



Big Class Gaps in College Going



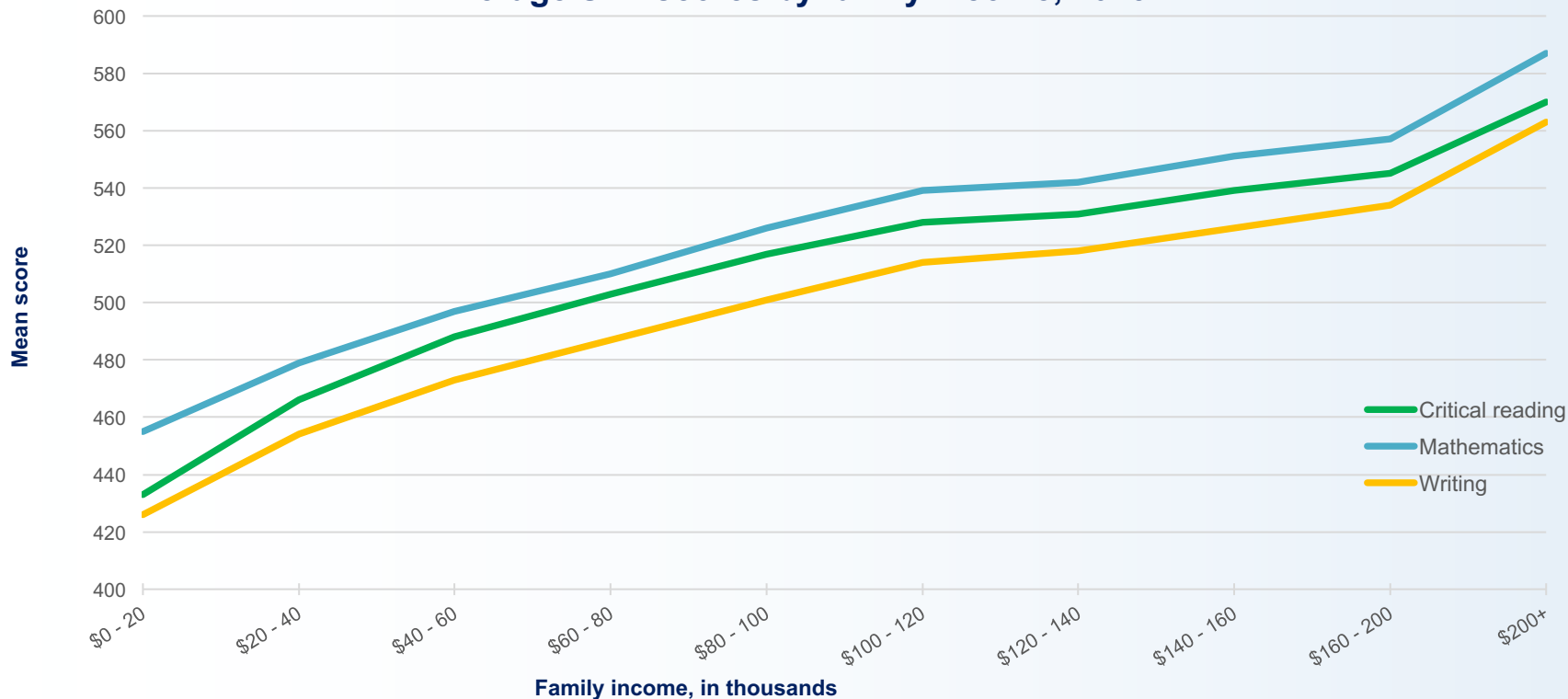
Is it getting better? Not really



Source: "The Fading American Dream: Trends in Absolute Income Mobility Since 1940." Chetty, Grusky, Hell, Hendren, Manduca, and Narang (2016). Figure 9A

A “first two decade” challenge

Average SAT scores by family income, 2015



Source: The College Board, "Total Group Profile Report, 2015," <https://secure-media.collegeboard.org/digitalServices/pdf/sat/total-group-2015.pdf>



RICHARD V. REEVES

DREAM HOARDERS

HOW THE AMERICAN
UPPER MIDDLE CLASS

IS LEAVING EVERYONE
ELSE IN THE DUST,
WHY THAT IS A PROBLEM,
AND WHAT TO DO ABOUT IT

The Argument

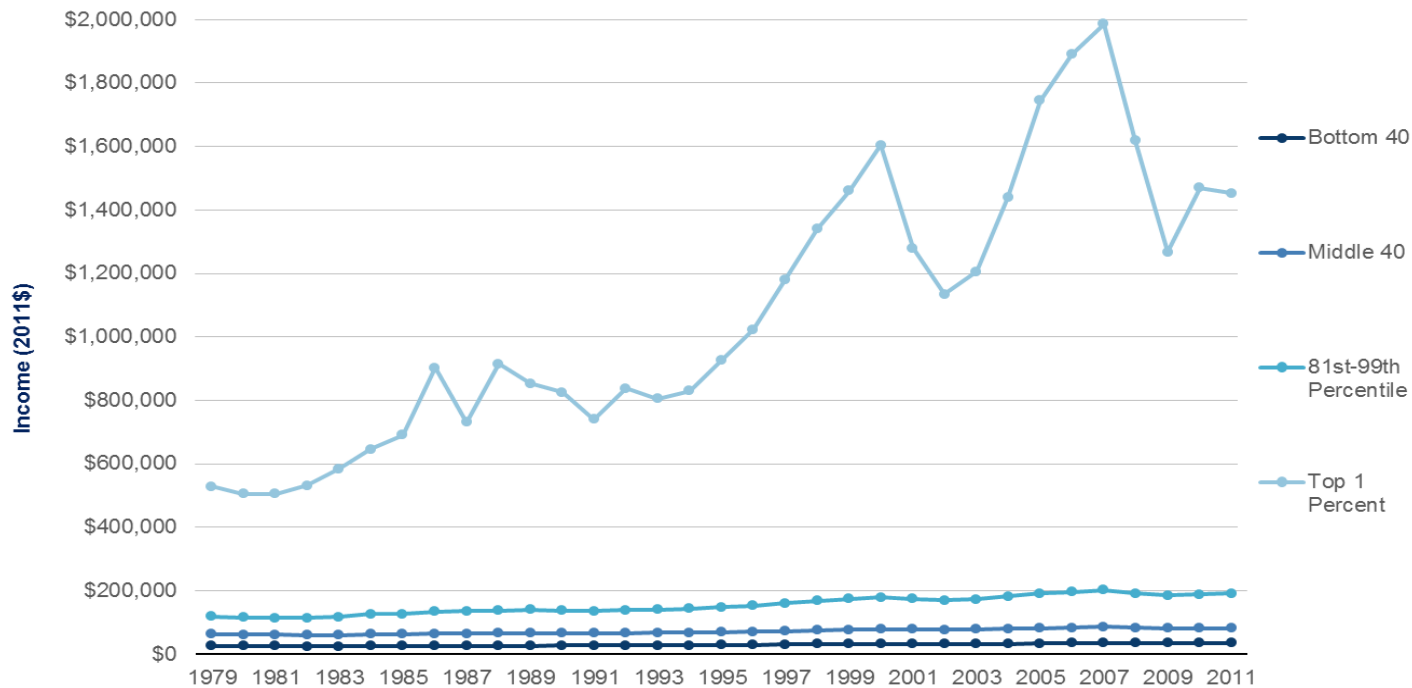
- UMC is separating from the majority
- Inequality endures across generations
- Mechanism 1: Market meritocracy/Education
- Mechanism 2: Opportunity hoarding
- Solving the “I’m Not Rich” problem first

The Argument

- **UMC is separating from the majority**
- Inequality endures across generations
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We are the 99%!

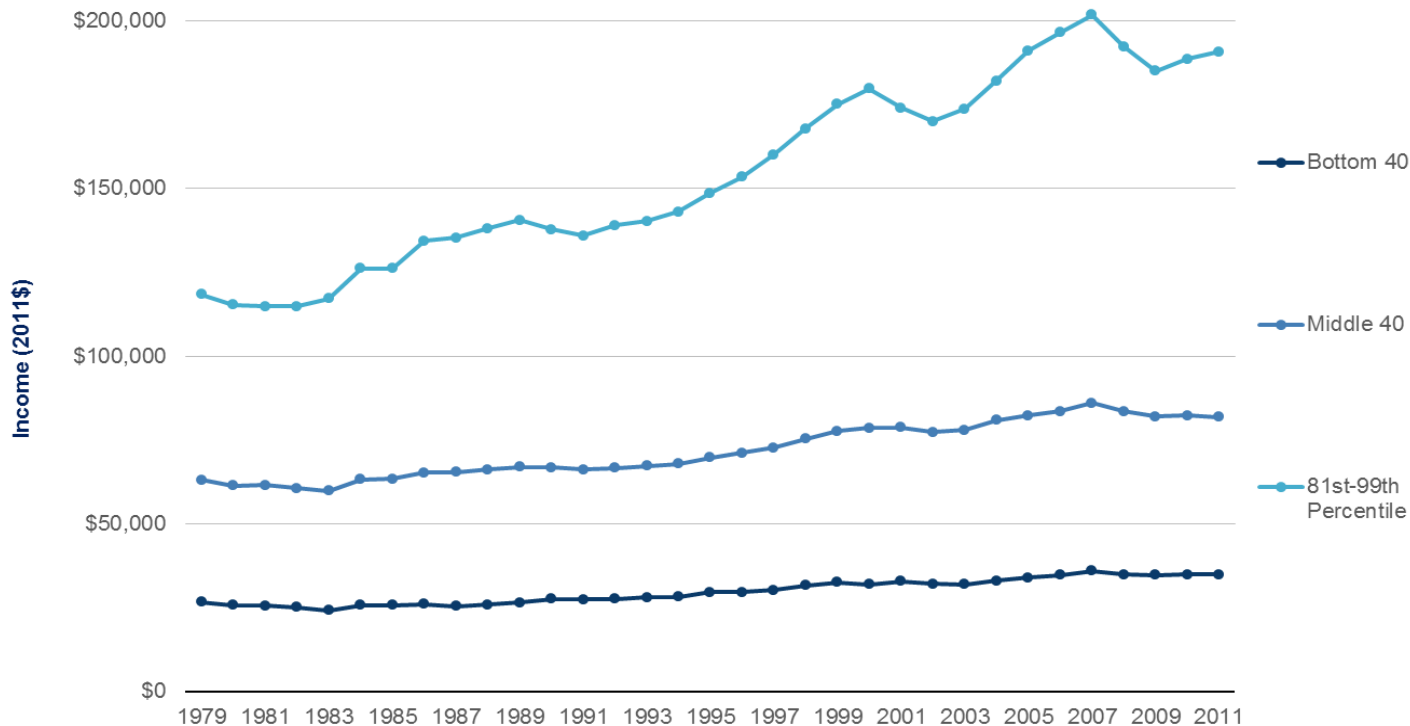
Average real household income, 1979-2013



Source: CBO
Note: Income is pre-tax.

Or not?...

Average real household income, 1979-2013



Source: CBO
Note: Income is pre-tax.

Separation also in...

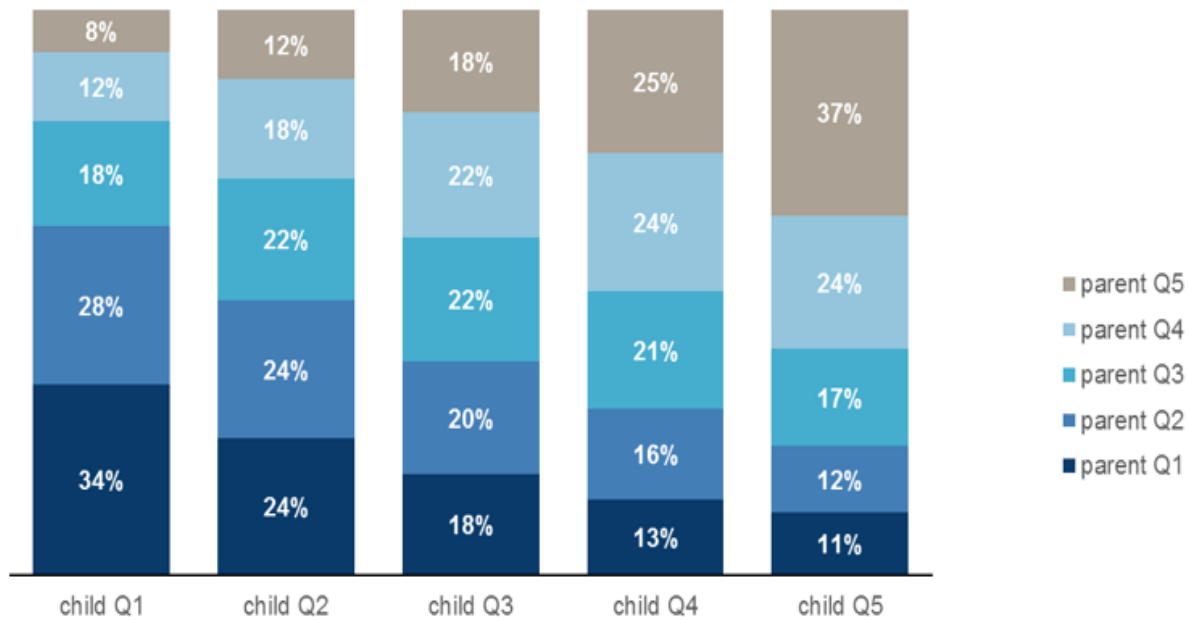
- Family structure and stability
- Health
- Wealth
- Life expectancy
- Culture & social capital
- Neighborhoods
- Etc....

The Argument

- UMC is separating from the majority
- **Inequality endures across generations**
- Mechanism 1: Market meritocracy/Education
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Sticky ends: relative mobility

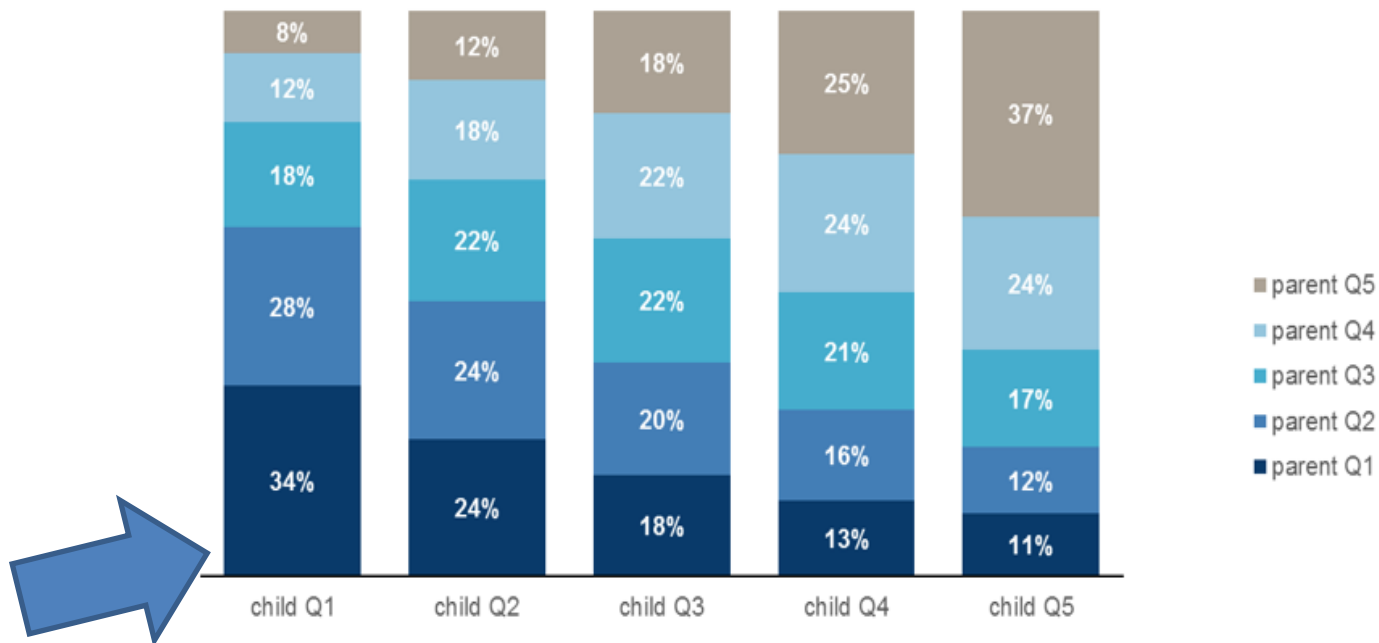
Chetty et al. 2014b mobility matrix



Source: Chetty et al. "Where is the Land of Opportunity?"

Sticky ends: relative mobility

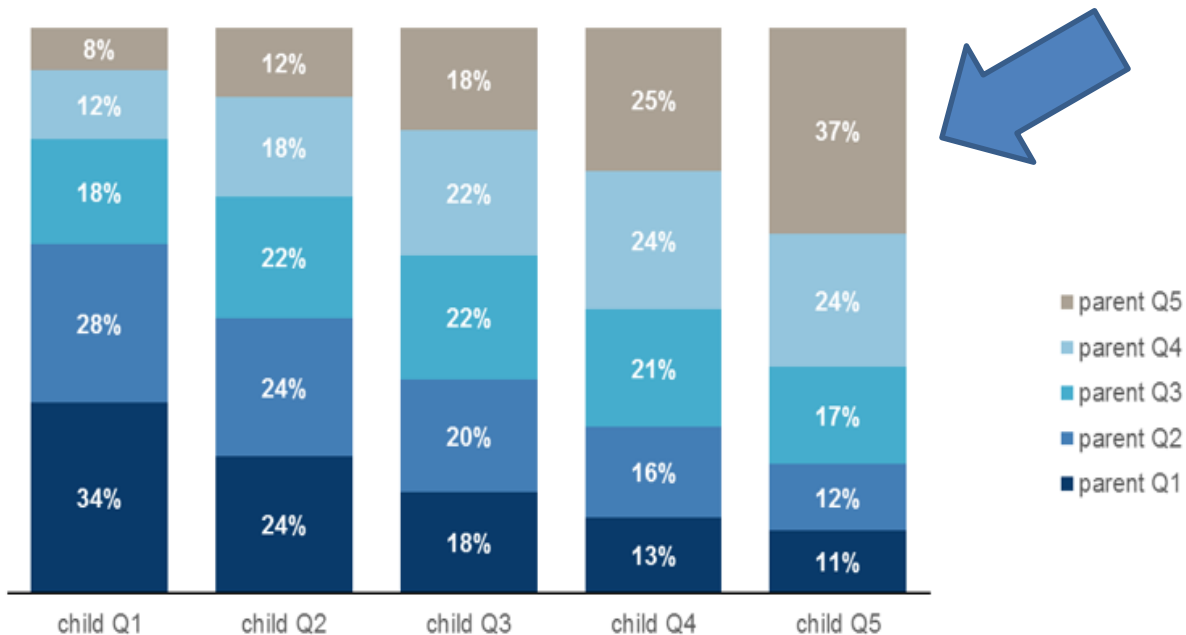
Chetty et al. 2014b mobility matrix



Source: Chetty et al. "Where is the Land of Opportunity?"

Sticky ends: relative mobility

Chetty et al. 2014b mobility matrix



Source: Chetty et al. "Where is the Land of Opportunity?"

The Argument

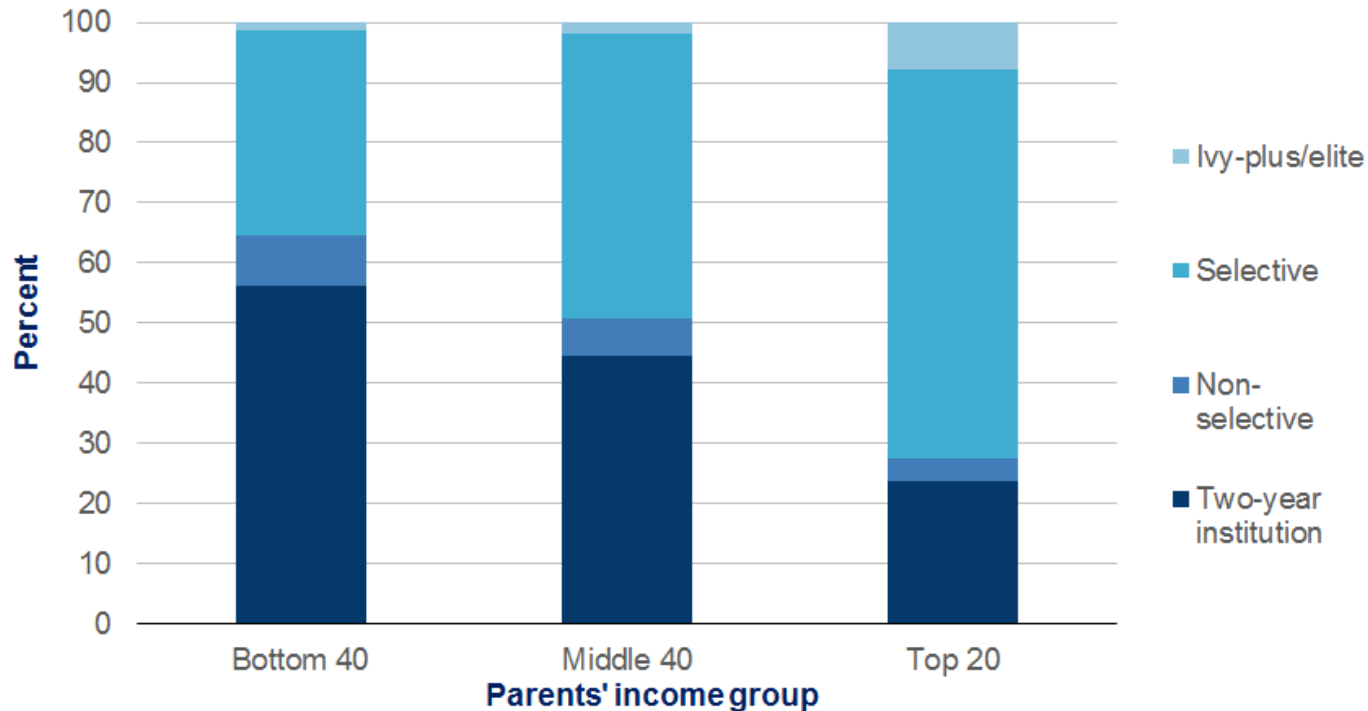
- UMC is separating from the majority
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THE RISE OF THE MERITOCRACY

Michael Young

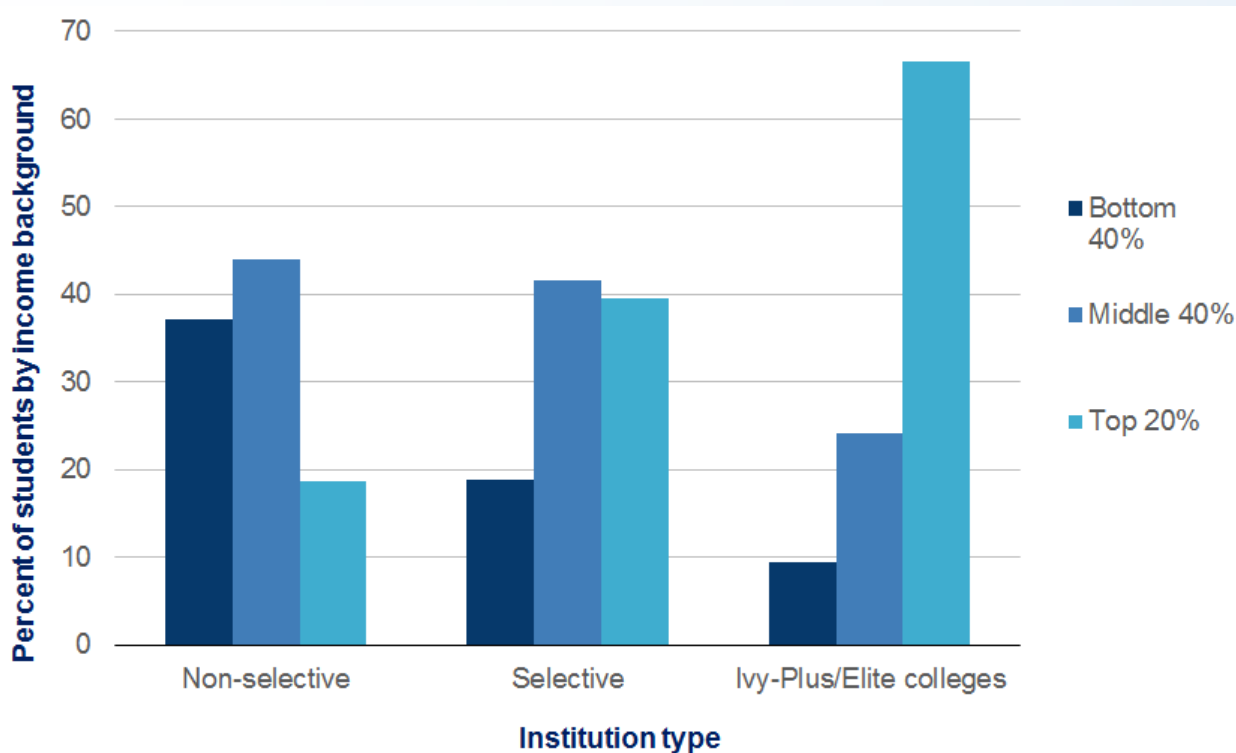
With a new introduction by the author

Which college? Depends on your class (social class, that is)



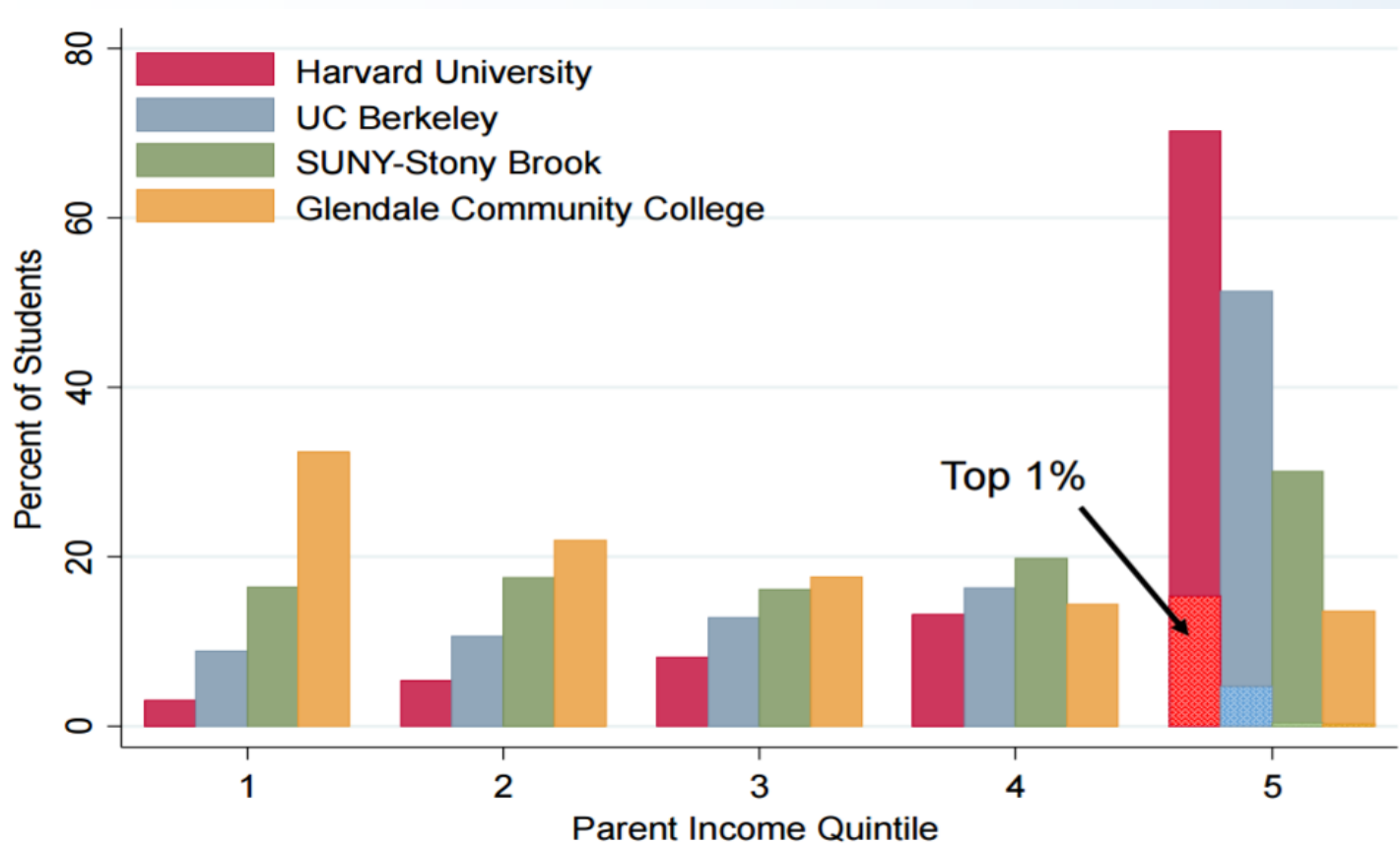
Source: Raj Chetty, John N. Friedman, Emmanuel Saez, Nicholas Turner, and Danny Yagan. Online Table 4. "Mobility Report Cards: The Role of Colleges in Intergenerational Mobility." The Equal Opportunity Project, 2017. College attendance at age 18-21 (i.e. 2010 to 2013) measured for the 1991 birth cohort.

An upper middle class monopoly?



Source: Raj Chetty, John N. Friedman, Emmanuel Saez, Nicholas Turner, and Danny Yagan. Online Table 4. "Mobility Report Cards: The Role of Colleges in Intergenerational Mobility." The Equal Opportunity Project, 2017. College attendance at age 18-21 (i.e. 2010 to 2013) measured for the 1991 birth cohort.

Class divide in college classes



The Argument

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Opportunity Hoarding: A User's Guide

- Exclusionary zoning
- Legacy admissions
- Internship opportunities

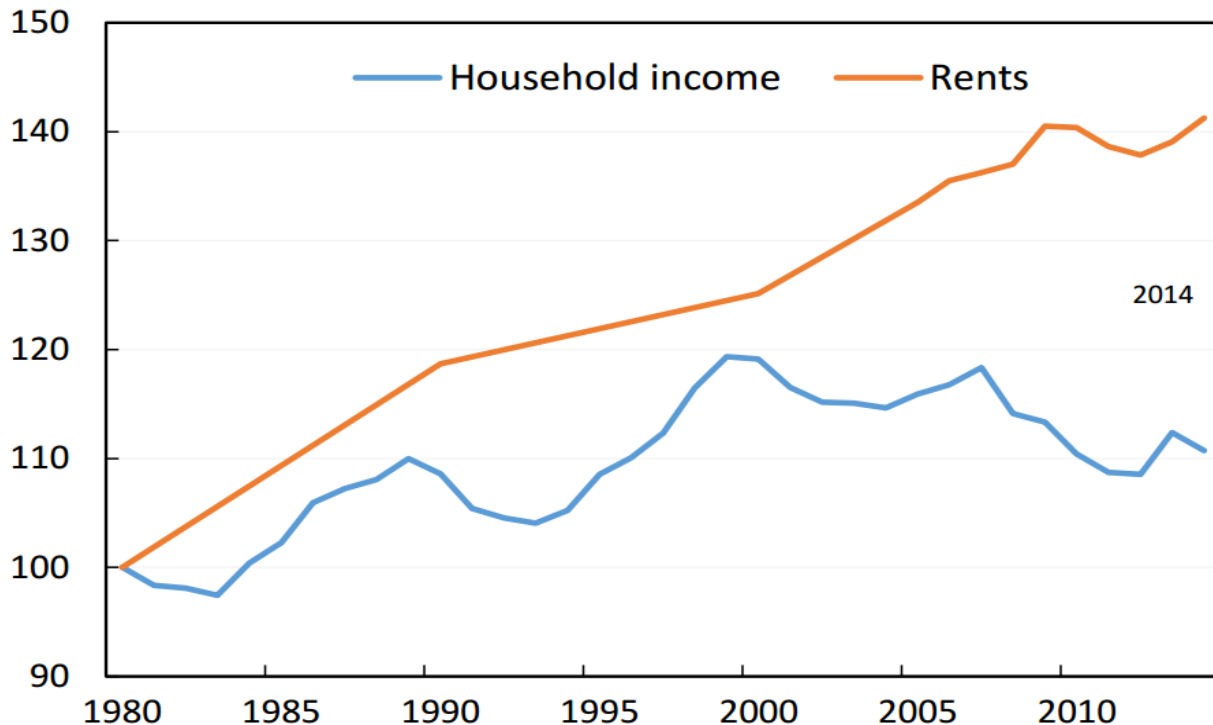
Opportunity Hoarding: A User's Guide

- **Exclusionary zoning**
- Legacy admissions
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The rent is too darned high

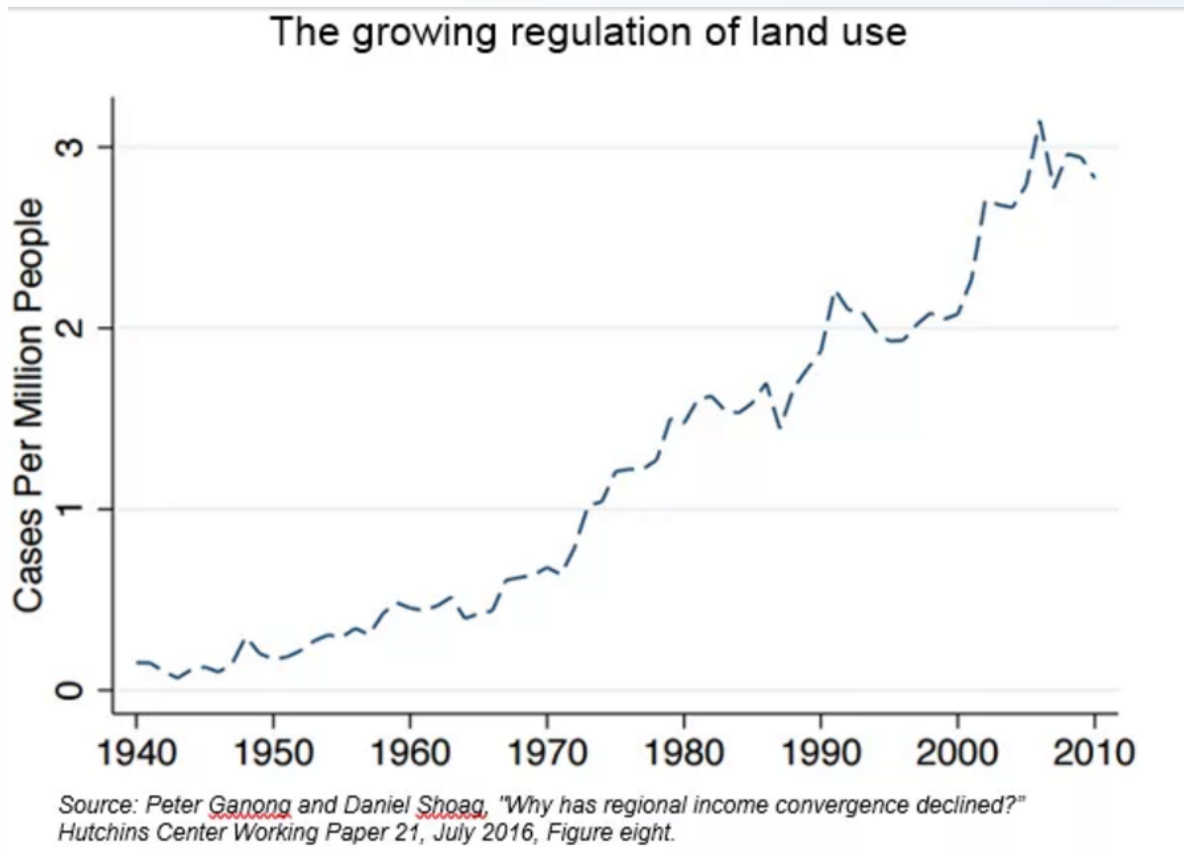
Median rents vs. median household income, 1980-2014

Indexed: 1980= 100



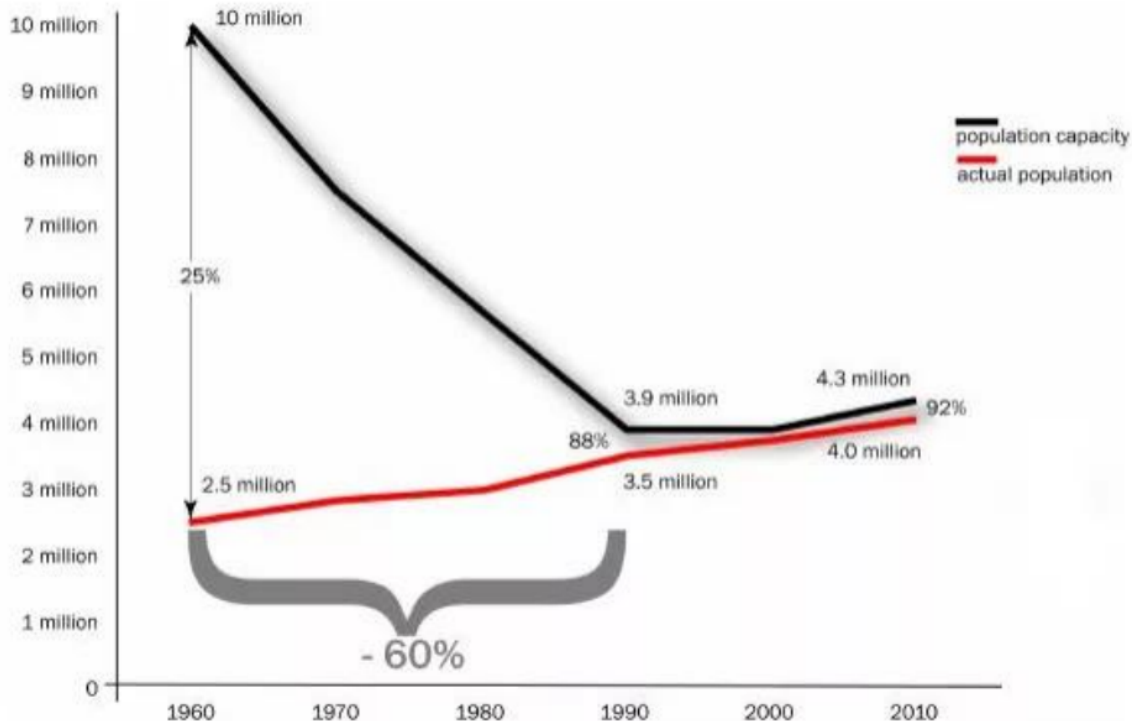
Source: Census Bureau; BLS; Haver; CEA calculations

Maybe because of this?



Hey, what happened to all that space?

Los Angeles – Zoned Residential Capacity Over Time

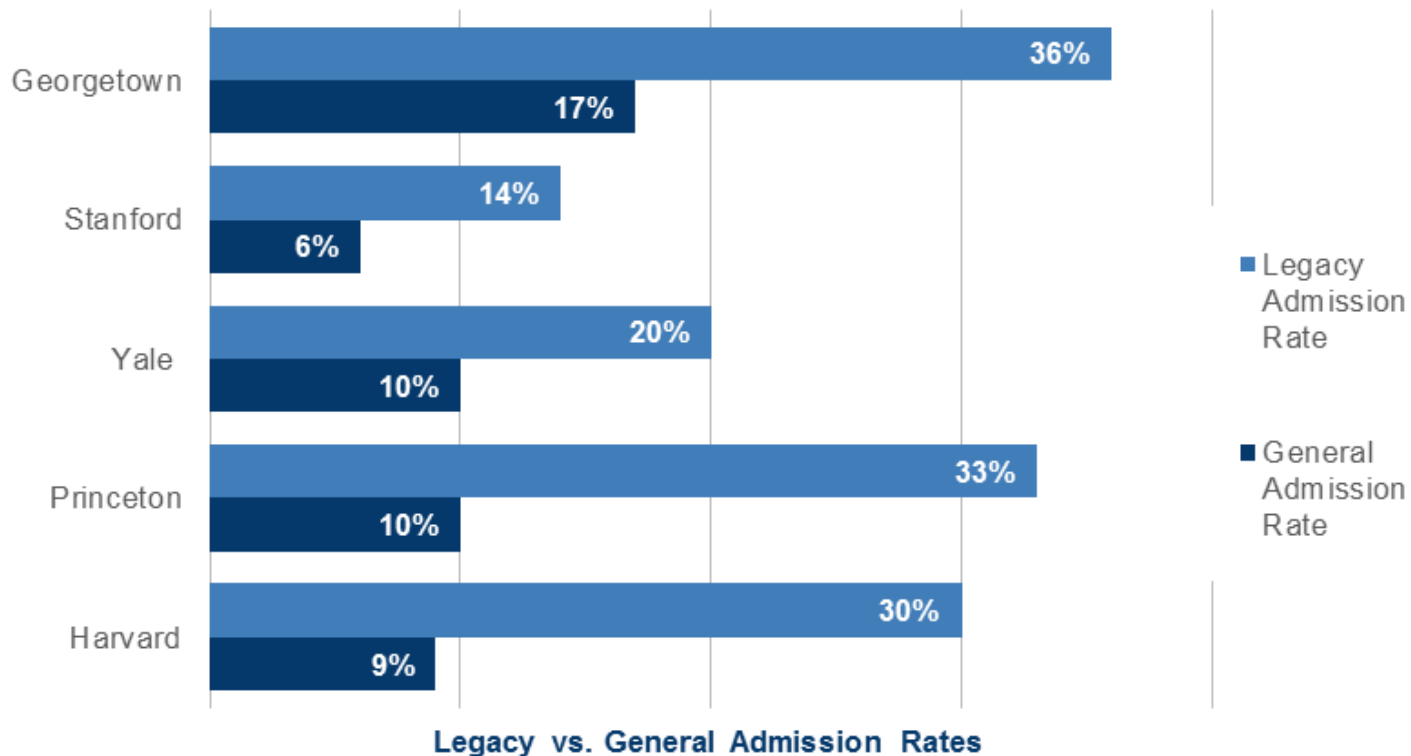


Source: Morrow (2016)

Opportunity Hoarding: A User's Guide

- Exclusionary zoning
- **Legacy admissions**
- Internship opportunities

Legacies: “A slight tip”?

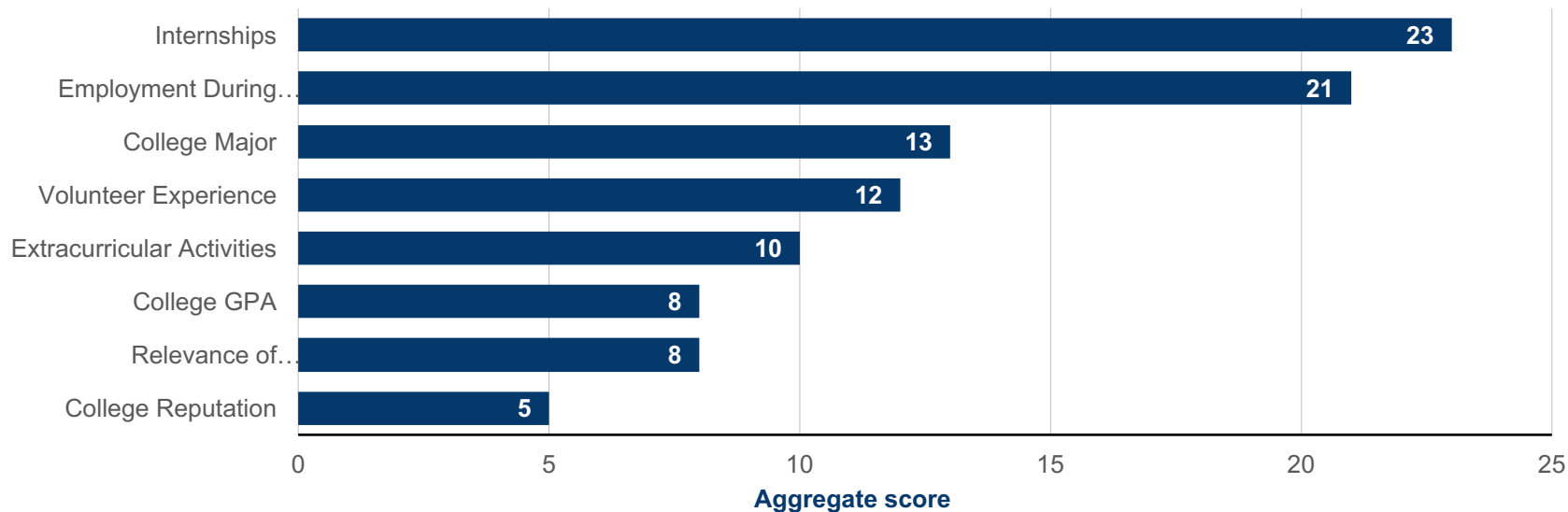


Opportunity Hoarding: A User's Guide

- Exclusionary zoning
- Legacy admissions
- **Internship opportunities**

Internships are valuable

Figure 6.3. Employers Value Internships Most



Source: "The Role of Higher Education in Career Development: Employer Perceptions" *Chronicles of Higher Education*, 2012.

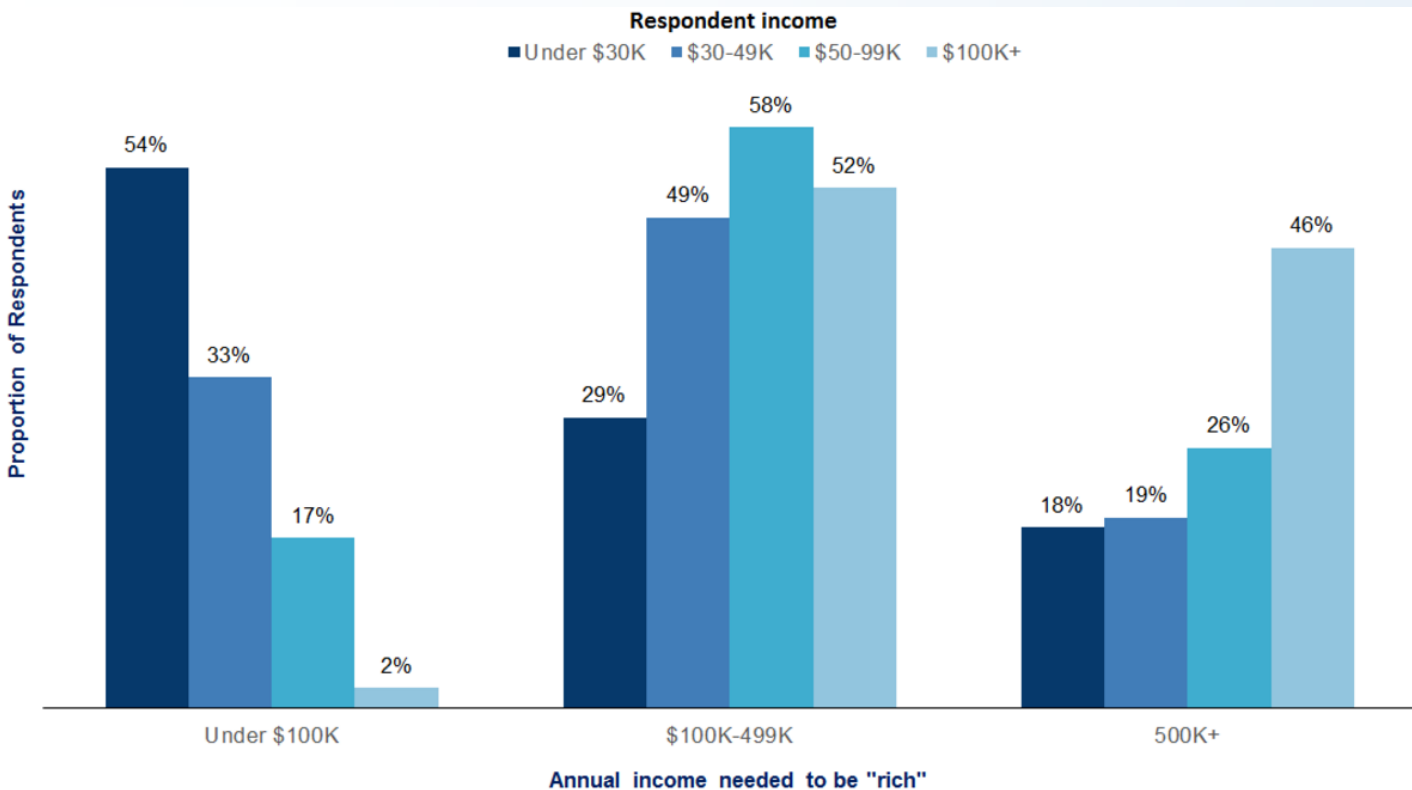
(<http://www.chronicle.com/items/biz/pdf/Employers%20Survey.pdf>)

a. Employers were asked "How much weight do you give each of the following educational credentials when you evaluate a recent college graduate's resume? How much weight do you give each of the following types of experience when you evaluate a recent college graduate's resume to see if further discussions are warranted?" Reported importance levels were then weighted by importance of academic vs. experience on hiring of recent graduates to obtain an aggregate score.

The Argument

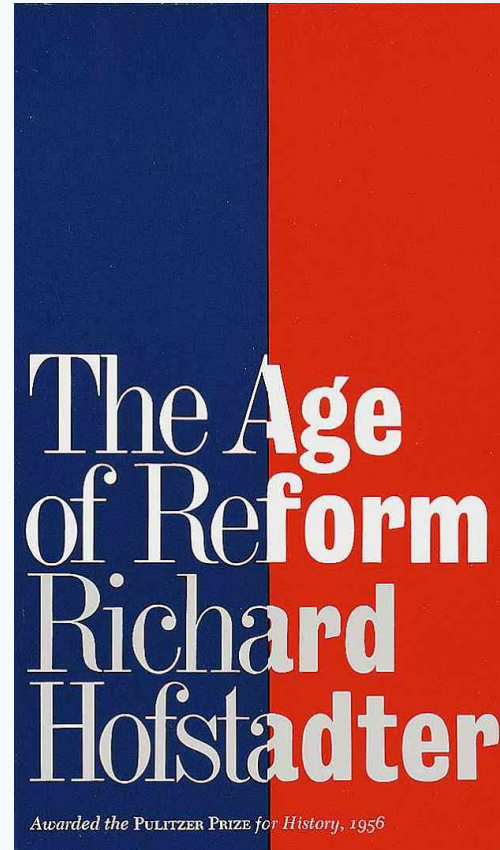
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So, make the “rich” pay! Oh, wait....



“The moral indignation of the age [the Progressive Era] was by no means directed entirely against others. It was in a great and critical measure directed inward. Contemporaries who spoke of the movement as *an affair of the conscience* were not mistaken.”

Richard Hofstadter (my italics)



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www.tinyletter.com/reevesweekly

www.brookings.edu/blogs/social-mobility-memos