

D.C. Racial Equity Profile for Economic Outcomes

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D.C. POLICY
CENTER

Introduction

The purpose of this summary is to provide baseline data on existing economic disparities across key indicators in the District of Columbia. If the District is to achieve racial equity, which is the moment one's race no longer determines their outcomes, it is imperative to assess and measure how the city is moving the needle on certain metrics. This Economic Racial Equity Profile will serve as a tool in understanding current baseline metrics.

The data used in this profile is from the U.S. Census Bureau, the 2019 American Community Survey (ACS), and the 2017 Annual Business Survey. This profile was prepared by the D.C. Policy Center for the DC Council Office of Racial Equity. For more about the D.C. Policy Center and its mission, please visit dcpolicycenter.org.

Economic Racial Equity Profile Overview

Desirable economic outcomes—in individual and collective terms—are increased in communities that engage residents equitably across race, gender, and age. Inequitable economic systems threaten sustainable growth because groups of residents lack purchasing power and struggle



to drive demand or invest in human capital.¹ In addition to undermining long-term growth, racial inequity hampers crisis resilience by undermining social cohesion and political stability.² Washington, D.C.'s continued prosperity is contingent on the inclusivity of its economy: Black residents make up the largest percentage of the District's population and could substantially increase economic prosperity for all residents if included in the District's economy.

The recent improvements in the District's economy have not equitably benefited all its residents. Since 2000, real total gross domestic product and real median household income have increased by over 50 percent.³ However, disparities in employment, income, and education suggest that Black, Hispanic or Latino, and Asian residents, along with women, the elderly, and other marginalized groups, lack equal stakes in the city's growth. The COVID-19 pandemic has compounded existing inequities, and the economic fallout disproportionately negatively affects Black, Hispanic or Latino, and Asian residents, along with young people and women. These disparities have led to an inequitable economic recovery.

The following document intends to illuminate current racial inequities and provide baselines across policy areas including economic prosperity, employment, and labor force participation. Importantly, the state of racial inequities in D.C. can only be fully understood by broadening the scope of the analysis. Other characteristics such as gender, age, sexual orientation, disability status, and other personal characteristics affect the extent to which residents are afforded full and fair economic participation. However, racial disparities are among the deepest and most pervasive.

Key Policy Areas Affecting the District's Development

These policy areas have pervasive racial disparities which affect the District's economic outcomes:

- **Population change:** Between 2010 and 2020, D.C.'s population quickly grew as residents and transplants joined the federal government, hospitality, infrastructure development, and tech industries.⁴ This population increase was primarily driven by young and white residents.

¹ ["Inequality and Unsustainable Growth."](#) IMF.

² ["Resilient Economies and Inclusive Societies."](#) OECD Observer.

³ ["Real Total Gross Domestic Product for the District of Columbia."](#) Federal Reserve Bank of St. Louis.

⁴ ["D.C. Added 100,000 Residents Over The Last Decade, But Growth Is Slowing."](#) WAMU.

- **Homeownership:** The District’s housing supply has not increased at the same rate as the population—causing spikes in cost of living and appreciation in housing values. Historic practices of redlining, racial covenants, and restricted wealth building opportunities made Black residents less likely to own homes. Black residents who own homes in the District are more likely to own homes in areas where appraisal values are commonly lower than other areas in the District. Because of this, Black residents have disproportionately not been able to benefit from this increase in wealth.⁵
- **Economic prosperity:** D.C.’s growth has not translated to gains for all residents. Black residents are five times more likely to have incomes below the federal poverty level than white residents, while white residents are overrepresented among D.C.’s highest earners.
- **Employment:** D.C.’s labor market added over 75,000 jobs between 2010 and 2019. Growth notwithstanding, the employment market best accommodates white residents, who are more likely to be employed than Black residents. Similarly, white residents are more likely to work in professional and managerial industries while Black residents are more likely to work in sales and service industries.
- **Education:** A disproportionate number of Black residents have not completed advanced degrees, which is a listed requirement of over 50 percent jobs in the District. This has led to a job market that does not fully serve the local workforce.

D.C. has begun to grapple with racial inequities that constrain residents in the city. Since 2016, the District has included equitable growth as a key development objective.⁶ In October 2020, the D.C. Council approved the Racial Equity Achieves Results bill, designed to mainstream racial equity as an explicit, baseline consideration in Council and government business.⁷ To that end, the Council founded an Office of Racial Equity, charged with evaluating all future policy initiatives through the lens of racial equity.

⁵ [“Tax practices that amplify racial inequities: Property tax treatment of owner-occupied housing.”](#) D.C. Policy Center.

⁶ [“Overview: DC’s Economic Strategy”](#)

⁷ [“Council Leads Region with Landmark Racial Equity Bill, Provides Seven-Week Emergency Extension of Unemployment Insurance.”](#)

The Demographic Makeup of the District

Since 2000, the District’s Black population has declined.

Since 2010, the city gained over 104,000 residents. Through 2017, most of this growth was caused by in-migration of mainly young white people, often with advanced degrees. In recent years, while in-migration has slowed, the city’s population has continued to increase, primarily through international migration and births.⁸

While the city’s Black population has increased since 2010, Table 1 shows that the share of the population that is Black has declined overall. Additionally, the District remains highly racially and economically segregated, with most of the District’s Black, Hispanic, and Asian residents living in Wards 4, 5, 7, and 8.

Table 1. The percentage of Black residents in the District has declined since 2000

RACE/ETHNICITY	POPULATION			PERCENTAGE POINT CHANGE FROM 2000 TO 2019
	2000	2010	2019	
White	30.78%	38.48%	42.52%	↑ 12
Black	60.01%	50.71%	45.44%	↓ 15
Hispanic	7.86%	9.10%	11.26%	↑ 3
Asian	2.13%	3.65%	4.07%	↑ 1
American Indian or Alaskan Native	0.30%	0.35%	0.27%	↓ 0
Native Hawaiian of Pacific Islander	0.06%	0.05%	0.03%	↓ 0
Two or More Races	2.35%	2.88%	3.30%	↑ 1
Other	3.84%	4.05%	4.37%	– 0

↓ Decrease ↑ Increase – No Change

Source: The US Census Bureau

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⁸ [“The District’s population grows for the 14th year in a row, but at a weaker rate.”](#) D.C. Policy Center.

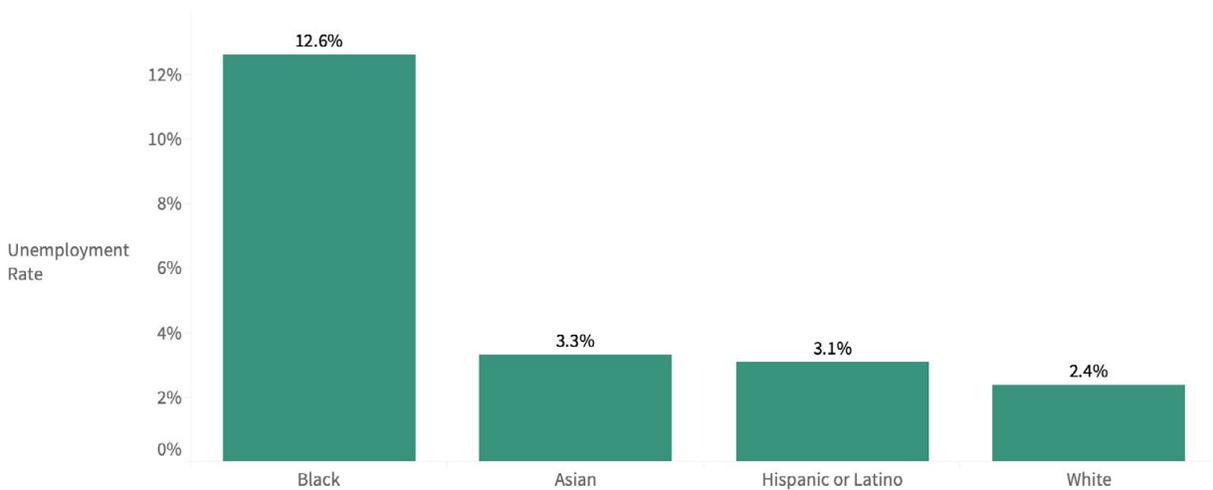
The District's Labor Force

Unemployment rates show racial inequity in employment levels.

The District has substantial racial employment gaps, in which labor force participation is lower among Black residents than white residents. Comparing unemployment rates across racial groups can reveal inequities in job placement rates. Unemployment rates capture the proportion of workers currently seeking jobs that have not secured employment. Race-specific unemployment rates alone do not explain what drives differences in job-seeking prospects, but they illuminate how educational credentials or other qualifications are inequitably distributed across races. Figure 1 shows that the Black resident unemployment rate is over five times higher than that of white residents.

Figure 1. The unemployment rate for Black residents is five times higher than the rate for white residents

Nearly 13 percent of Black residents are unemployed.

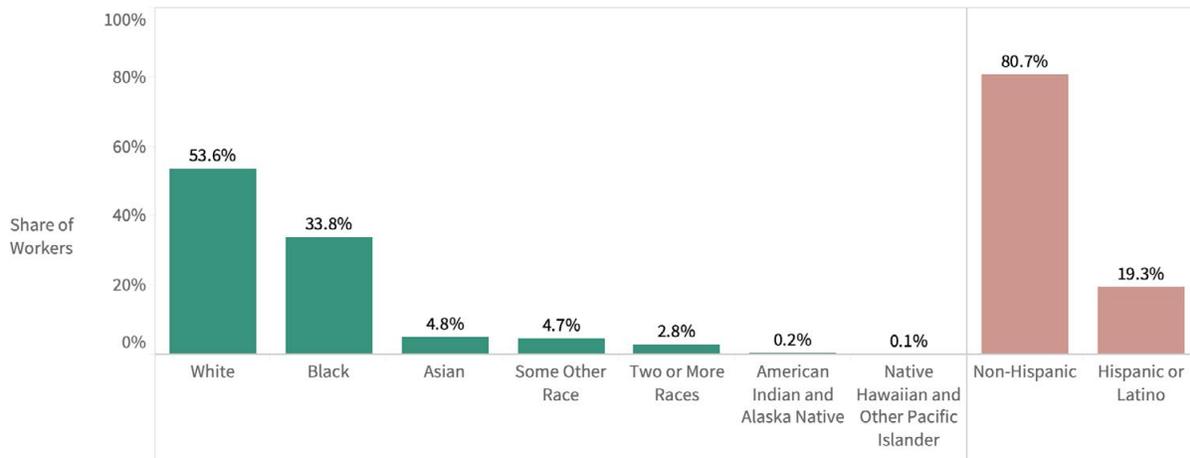


Source: ACS 2019 1-year estimates.
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Unemployment rates only account for the share of people who are actively looking for work, understating employment challenges for certain populations. For example, the District's returning citizens, who are overwhelmingly Black men, face barriers to employment including hiring biases and local regulations that restrict access to occupational licenses. If Black residents are discouraged from looking for work, unemployment rates will not fully capture the state of

joblessness in the District. The District has added tens of thousands of jobs in recent decades, but as seen in Figure 2, today’s labor market does not enable the full participation of Black residents.

Figure 2. The labor market disproportionately hinders the full participation of Black residents



Source: ACS 2019 1-year estimates
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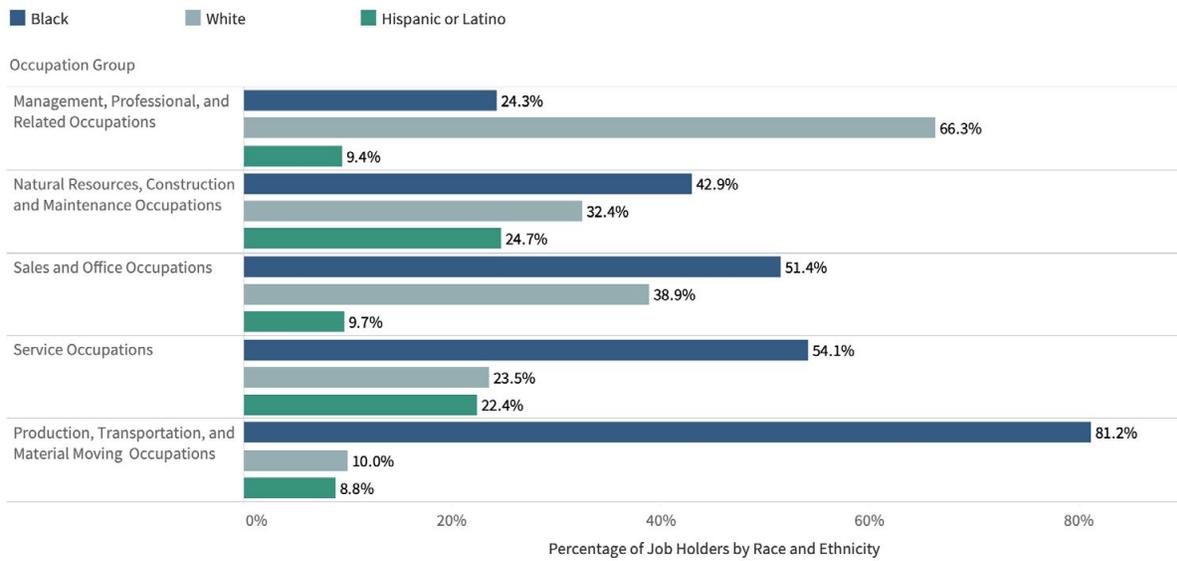
Job frequency highlights racial disparities in the labor market.

The frequency that racial groups work in different types of jobs is often related to ways that the labor market excludes Black, Hispanic and Latino residents, often through educational attainment and work history requirements. For each occupation, analyzing the share of total positions held by residents of each race can illuminate racial inequities in the quality of employment (as opposed to experiences of unemployment). Professional, management-level positions are often better-compensated and more secure than lower-level administrative or service positions. Most jobs held in the District are in the management and professional realm.

In addition to being more likely to be employed, white residents are twice as likely to work in management and professional services than Black residents. Figure 3 highlights that Black residents are more likely to work in production, service and sales industries. In other words, Black residents are more likely to hold jobs that require manual labor, pay lower wages, and have fewer benefits such as health insurance, paid leave, and retirement plans. Because over 50 percent of service occupations are held by Black residents, Black residents are disproportionately negatively affected by the restricted activity of restaurant and tourism industries due to Covid-19.

Additionally, this means that Black residents were disproportionately likely to attend work in-person, increasing their risk of exposure to COVID-19 during the public health pandemic.

Figure 3. A majority of service and manual labor jobs are held by Black residents



Source: ACS 2019 1-year estimates
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Business Ownership

Business ownership and revenue rates reveal disparities in access to economic opportunities.

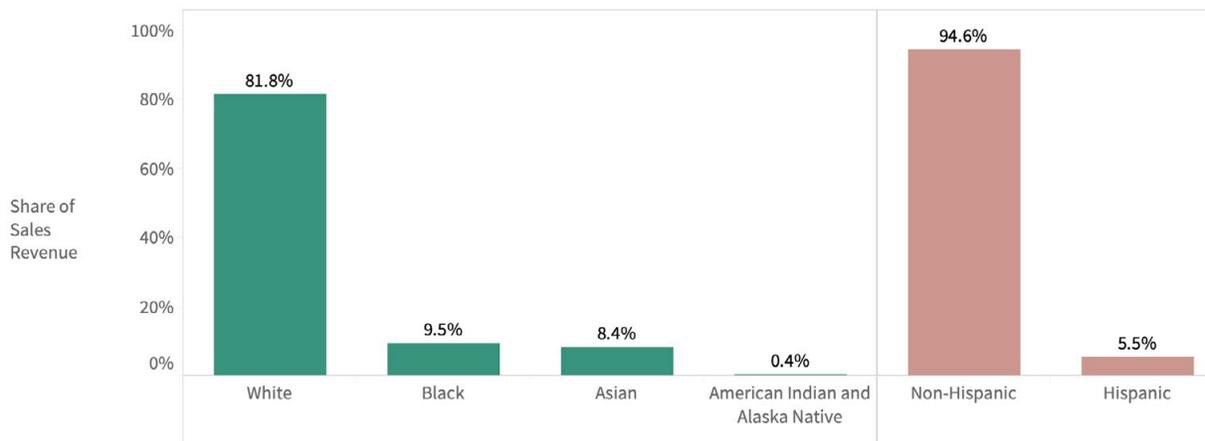
Black, Hispanic or Latino, Asian, and Native American residents are less likely to have professional contacts and access to capital due to historic practices that denied wealth-building opportunities to these groups. Nationally, business denial rates are three times higher for businesses owned by these groups and they pay higher interest rates and receive lower loan amounts and investments than white-owned businesses.⁹ Not only are there less Black entrepreneurs than white entrepreneurs in the District, but they also have less access to capital on average and subsequently, fewer employees. Black-owned businesses make up less than 14 percent of total businesses, although Black residents make up 45 percent of the population. In contrast, 71 percent of businesses are white-owned, and 14.7 percent of businesses are Asian-owned.¹⁰

⁹ [“Executive Summary - Disparities in Capital Access between Minority and Non-Minority Businesses.”](#) U.S. Dept. of Commerce.

¹⁰ [“Annual Business Survey: Years in Business Statistics for Employer Firms by Sector, Sex, Ethnicity, Race, and Veteran Status for the U.S., States and Metro Areas: 2017”](#) U.S. Census Bureau.

The average annual revenue of Black-owned businesses (\$125,371) is less than 15 percent that of white-owned businesses. Figure 4 shows that Black-owned businesses receive around 10 percent of the total sale revenue in the District, while white-owned businesses receive over 80 percent. These numbers show that Black-owned and Asian-owned businesses receive less than their share of sales revenue if sales revenue were proportional to business ownership characteristics, while white-owned businesses receive more sales revenue than is proportional to business ownership characteristics. With the Covid-19 pandemic causing decreased sales revenues and business closures, it is imperative to improve access to capital and resources for businesses owned by Black residents.

Figure 4. Black-owned businesses receive less than 10 percent of the District’s sales revenue



Source: 2017 Annual Business Survey
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The District’s Income Distribution Does Not Match the District’s Racial Composition

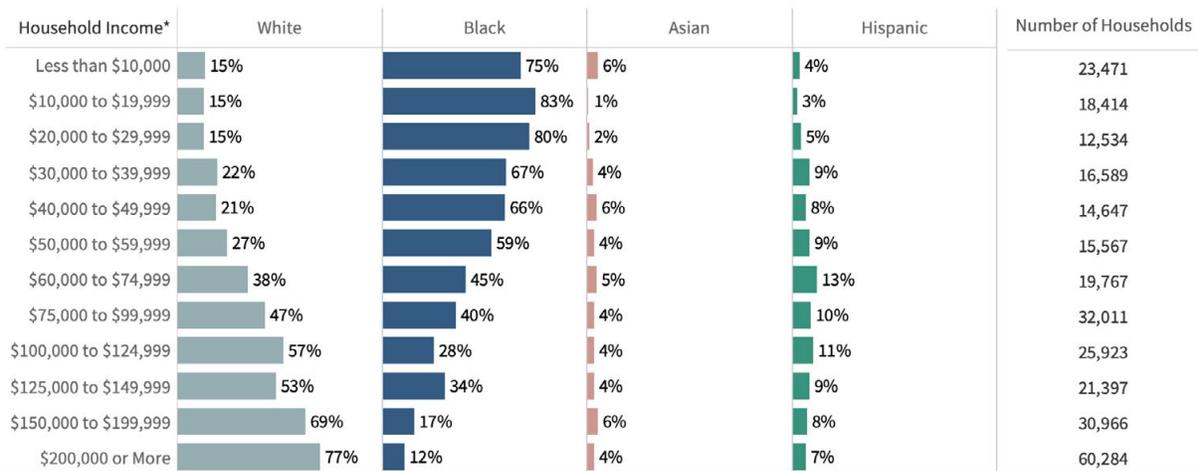
The racial breakdown of D.C.’s income distribution identifies the number of families of each race that belong to each income bracket. If income were distributed equitably across families of all races in the District, each income bracket’s composition would match the District’s racial composition. Figure 5, where each bar represents an income bracket, shows this is not the case.

The evidence suggests that Black households, which make up the highest percentage of the District’s population, are overrepresented in low-income brackets. Black households make up over 50 percent of households with earnings below \$60,000 dollars per year. Black households make up

75 percent of households making less than \$10,000 per year, and over 50 percent of every income bracket under \$60,000 (Figure 5). White households, on the other hand, are overrepresented in higher income brackets, with 80 percent of white households making over \$75,000 (Figure 6).

Figure 5. Black households are overrepresented in low-income brackets

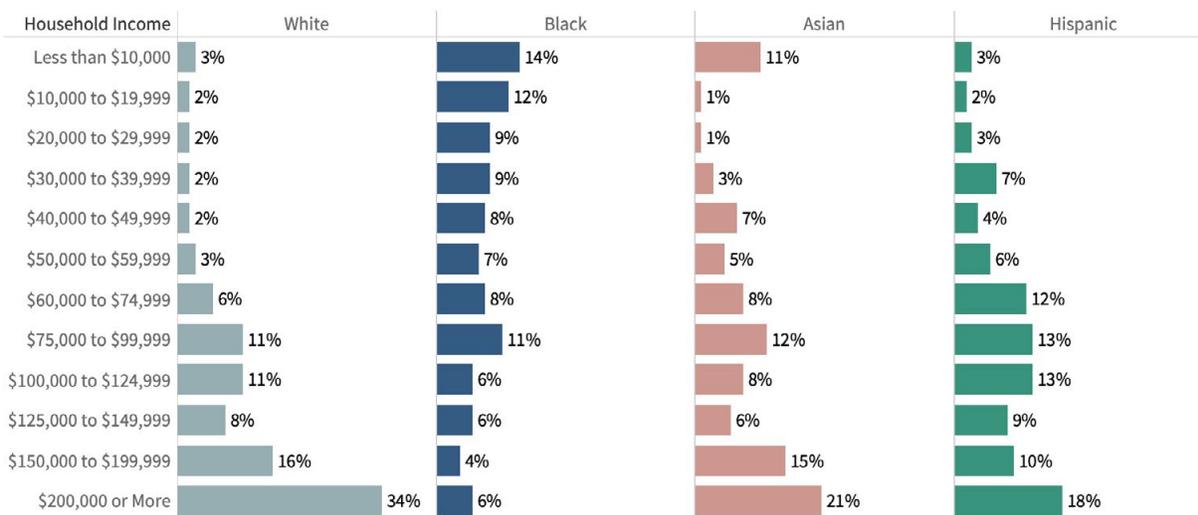
Out of all D.C. residents earning less than \$10,000 per year, seventy-five percent are Black.



*The categories for two or more races and some other race are not included in this graph due to the number of ACS participants in these categories that provided this information to the District of Columbia.

Source: ACS 2019 1-year estimates
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Figure 6. A larger share of households with a Black head of household earn lower incomes



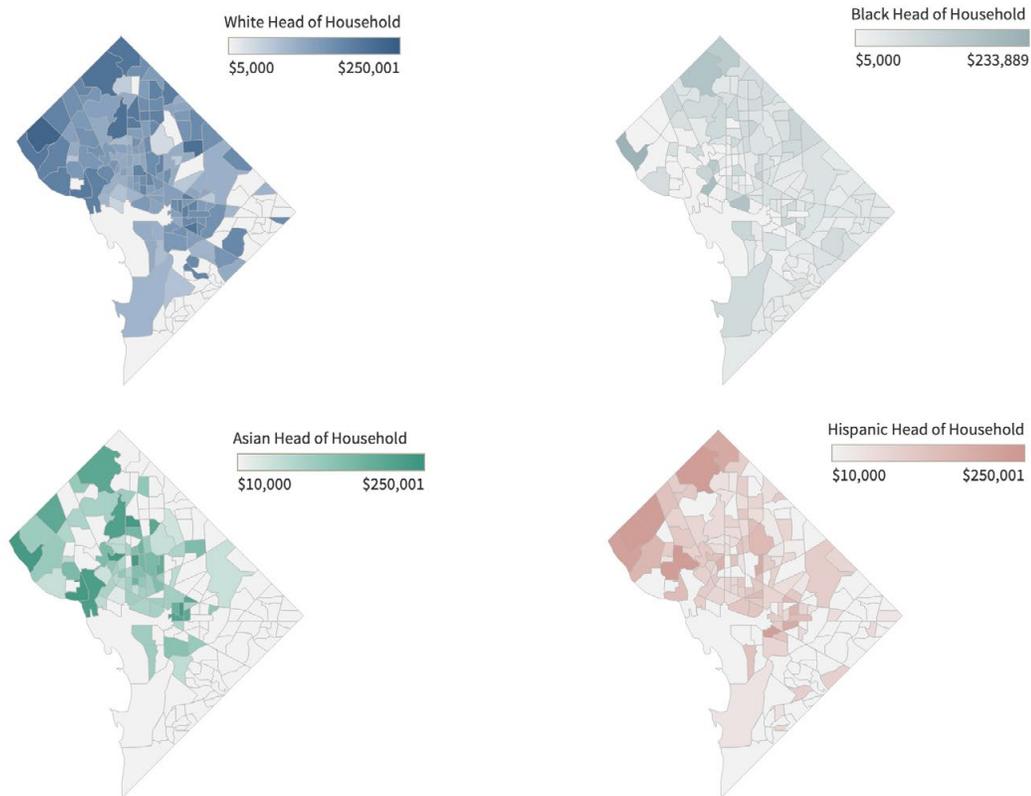
Source: ACS 2019 1-year estimates
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The median household income for white residents, at \$149,734, is over three times higher than the median income of Black residents, which is \$49,652. White households have higher median incomes than all other races in the District, but the disparity between white and Black households is the most disproportionate. While there are many forces that contribute to this disparity, one major factor is that the majority of jobs in the District have requirements for an advanced degree, while an overwhelming number of Black residents do not hold advanced degrees due to disparities in school quality and access to loans or savings.

The income distribution also highlights the fact that D.C. is a relatively affluent city: a plurality of households earn \$200,000 or more per year. If city life continues to become more expensive while the current racial income distribution persists, Black, Hispanic or Latino, and Asian households will be priced out sooner than white households. In addition to disparities in median income, the District is highly segregated by income with higher earners disproportionately living in the Northwest quadrant of the city (Figure 7).

Figure 7. The District’s highest earners disproportionately live in the Northwest quadrant of the city

This graph shows the District’s income distribution by race, ethnicity, and location.



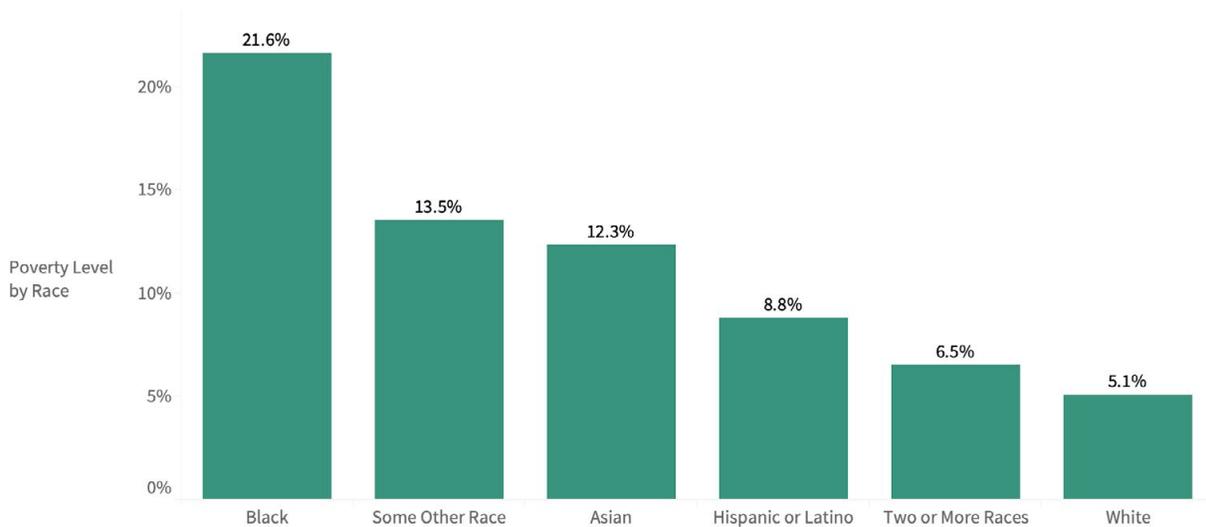
Source: ACS 2019 5-year estimates
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Income levels for Black households are disproportionately below the federal poverty level.

Poverty rates describe the share of residents' incomes that fall beneath the federal poverty level of \$25,750 for a family of four in 2019. If income were distributed equitably across races, all racial groups would have the same poverty rate. Comparing race-specific poverty rates reveals that Black, Latino, and Asian residents disproportionately have incomes that are below the poverty level than incomes of white residents. This analysis complements the analysis of race-specific median household incomes. While median household income is lower for more-impooverished racial groups, the poverty rate illuminates the frequency of very low incomes. Black, Latino, and Asian residents have a much higher poverty rate than white residents, or a much larger share of households earning less than the 2019 federal poverty level (\$25,750 for a household of four, \$12,490 for a single-person household).

Figure 8 shows that D.C.'s Black residents have the city's highest poverty rate, at over 21 percent. The poverty rate among white residents is drastically lower, barely exceeding five percent. Given data on median household incomes, this glaring disparity is unsurprising. For household sizes of four: white families earning just 20 percent of the median household income for their racial group have incomes above the poverty level. Meanwhile, Black households earning over 50 percent of median household income for their racial group have incomes that fall below the poverty level. This shows that racial disparities in income translate to racial disparities in poverty.

Figure 8. Black residents experience the District's highest poverty rate



Source: ACS 2019 1-year estimates
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Need for additional data

While the District has access to data on wages and household income, there is no publicly available data on wealth. Measures of wealth, such as stocks and real estate would better allow the District to understand racial disparities. Wealth is a more accurate indicator of whether households can afford to purchase homes, start businesses, pay for higher education, and more. This is because wealth incorporates potential income from the sale of assets, as well as debt. Collecting this information on tax returns would allow the District to better prioritize programs that increase equity for Black, Hispanic or Latino, Asian, and Indigenous residents.

In addition to information on wealth, racial data on business applications and loans would illuminate what opportunities are available to Black residents. Currently there is not publicly available information on the number of Black businesses that have been applied for, opened, or closed. Additionally, there is not publicly available information on grant recipients by race. Collecting this information would illuminate whether Black, Latino, and Asian residents have the same business opportunities as white residents in the District.



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