Metro Washington, DC among the most unequal areas in US

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A new report, entitled "Bursting the Bubble: The Challenges of Working and Living in the National Capital Area," details the massive growth of social inequality across the Washington, DC metropolitan area since the 2008 financial breakdown. The report, put out jointly in June by the Commonwealth Institute for Fiscal Analysis, the DC Fiscal Policy Institute and the Maryland Center for Economic Policy, shows that inequality and poverty reign even in the region which houses the US federal government and its many contractors, and is also the home of numerous elected officials who themselves are millionaires.

"While the region is not alone in experiencing an economy that increasingly only works for some and a rising cost of living for everyone, in many ways it offers an extreme example of these trends," the report says. Numerous indices in the DC metropolitan area—including income, employment, access to healthcare, and affordable housing—have plummeted in the last decade.

Child poverty in the DC area has increased by nearly 25 percent since the recession began, from 8.2 to 10.7 percent today. Though officially the region's poverty rate is 8.4 percent—almost half the national average of 15.9—the report states that the percentage jumps to 13.4 percent when considering the increased cost of living in the area.

Significantly, poverty levels have increased sharply in the District's surrounding suburbs, even doubling in some places. "It underlines that poverty exists, and it is actually in greater numbers in the suburbs than in the core of the region," stated Benjamin Moore, executive director for the Maryland Center on Economic Policy, of the findings.

More than a third of all homeowners in the Washington capitol region, comprising nearly 25 counties and cities in District of Columbia, Maryland, Virginia and West Virginia, have been determined by the Department of Housing and Urban Development (HUD) to be "cost burdened," meaning they pay more than 30 percent of all earnings on housing. The percentage jumps to more than 50 percent for all renters. In the District of Columbia, nearly one in four renters is cost burdened.

Compounding the cost of housing is the difficulty many face in commuting to work. In several areas, more than 45 percent of income is spent on housing in tandem with the price of commuting daily to a job. In certain counties—Fauquier, Prince George's, Spotsylvania, and Frederick—the cost of living is greater than the median household income.

The report cites a recent study by the Economic Policy Institute, which determined that a family of four—two adults and two children—requires a yearly income of between $81,900 and $89,600 to live comfortably in the region. While this number falls into the median household income range for the Washington, DC area, the report explains that more than 25 percent of all families in the DC area make less than this required amount.

The median price of a home located near the capitol is $313,792, over twice the national figure. Though the average price of homes in the area are nearly 20 percent above their pre-2007 levels, the majority of all active home listings were for homes above $1 million. "That makes affording a home very difficult for potential first-time home buyers," the report says. In order to afford a ten percent down payment on such a house, the average home buyer would need an income of at least $85,728.

The prevalence of such high-priced homes has led to an expanding number of individuals taking out adjustable rate loans, whose interest rates increase

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rapidly after initial payments. Over 15 percent of homes in the DC region have been purchased with such loans, greater than the US average (10 percent). The prevalence of such loans, which contributed to the housing collapse in 2007, indicates that the so-called economic “recovery” has simply set the stage for another financial crisis, this time even more heavily impacting those in the region.

Similarly, the employment level of workers without college degrees fell by nine percent since 2007, while workers with college degrees saw a three percent decline regionally. The report notes that although the region has added over 200,000 high-paying jobs since the 2007, it has lost more than 110,000 positions that do not require college degrees. Despite the relative increase in higher-paying work, the glut of educated professionals moving to the region as a whole has actually increased the level of unemployment even among this group. Since 2010, the region’s population has grown by more than six percent, double the national average.

Though the DC region’s average unemployment rate is 5.5 percent, below the national average of 6.1, it rises to 10 percent when including part-time workers and over 15 percent for those without high school educations. Workers with less than a bachelor’s degree have seen their wages fall by between 5 and 13 percent.

The report found that workers making $11.89 or less saw an average drop in pay of $.71 per hour, while those higher paid—more than $43.07 per hour—saw an average increase of $4.11 an hour, or $8,220 a year.

On the whole, lower-paid workers in the region make 16 cents on the dollar compared to their better-paid counterparts, a rate less than the national average difference of $.22. Likewise, the report found that lower-paid workers make only 85 cents more than their peers elsewhere, despite the significantly higher cost of living in the DC area.

As the price of housing has skyrocketed, the region as a whole has seen a decline in median household income of nine percent, to $88,233. As a specific locality, the District of Columbia saw an increase in household wealth, though mostly due to increases in pay for those with higher incomes.

In terms of access to healthcare, as of 2012 over 40 percent of workers without high school diplomas aged 25 or above had no insurance. The total amount for all adults in the region is not much better, with over 31 percent, or 1.3 million working-age people, having no employer-based insurance.

The report recommends a series of tepid proposals in order to address the massive social crisis in the region, including an expansion of President Obama’s healthcare “reform,” the Affordable Care Act (ACA). Rather than improving the lot of workers in the capitol area, this counter-reform—

which mandates that an individual buy health insurance or pay a fine—will work to further erode living standards across the US. Other recommendations, such as a gradual rise in the minimum wage enacted by the D.C. city council and in several other localities, would fail to seriously help in meeting the average family’s cost of living.

The author also recommends:

Widening social inequality in US capital
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