



INEQUALITY: Intergenerational Mobility Higher in Houston

A child with parents in the bottom fifth of the national income distribution has a 7.5 percent chance of growing up and joining the top fifth of earners, according to a 2014 study of intergenerational mobility by Harvard economics professor Raj Chetty, based on tax records from 1996 to 2012. By comparison, a child with parents in the top fifth has a 34 percent chance of staying at the top.

Houston surpasses the national average. Children growing up in the bottom fifth have a 9.3 percent probability of ending up in the top fifth. Dallas kids, meanwhile, have slightly lower levels of intergenerational mobility than the U.S. average; those in the bottom fifth have a 7.1 percent likelihood of ending up in the top fifth.

At the lower extreme, Memphis children in the bottom quintile have a 2.8 percent chance of making it to the top 20 percent; for kids in Charlotte, North Carolina, there is a 4.4 percent likelihood. By comparison, San Jose, California, children have a 12.9 percent chance of rising from the bottom to the top quintile.

Among factors associated with greater mobility are fewer single-parent families, stronger social networks and community involvement, better elementary schools, less income inequality and less housing segregation.

—Stephanie Gullo



WELL-BEING: Texas Income, Health Coverage Improve in 2015

Texas real (inflation-adjusted) median household income rose 4.8 percent in 2015 to \$55,638—meaning half of household incomes in the state were above that figure and half were below—according to the Census Bureau’s American Community Survey. The U.S. median, at \$55,775, though exceeding the state’s number, rose only 3.8 percent during the year.

Dallas-Fort Worth’s median income of \$61,644 substantially outpaced the state figure and was just ahead of the Houston median of \$61,465.

Poverty rates nationally and in Texas decreased in 2015—down 1.3 percentage points to 15.9 percent in Texas compared with a 0.8 percentage-point decline to 14.7 percent nationally. The number of Texans covered by health insurance rose by 1 million people, although Texas still leads states in the share of residents without coverage. Put another way, Texas’ insured rate stands at 82.9 percent, well below the national figure of 90.6 percent.

For the U.S. as a whole, earnings rose for all racial groups, paced by Hispanic gains of more than 6 percent, the Current Population Survey found. Measured on the basis of educational attainment, earnings for people with a bachelor’s degree or higher grew most, while those who did not complete high school experienced a wage decrease in 2015. The decline followed two years of increases.

—Sarah Greer



ENERGY: Ethanol Blend Rules Inflate Refiner ‘RIN’ Credit Costs

The Environmental Protection Agency (EPA), as part of national environmental sustainability goals, requires that refiners blend ethanol into gasoline. The EPA increased the amount of ethanol (derived from corn and other plant products) in the fuel mix based on predicted 2016 fuel use.

However, actual gasoline consumption missed expectations, prompting refiners to either boost ethanol in the fuel blend or turn to a marketplace option.

Increasing the proportion of ethanol is a problem because most cars cannot use gasoline containing more than 10 percent ethanol. Alternatively, refiners can purchase a “credit” in the open market that exempts a quantity of gasoline from the EPA mandate.

A renewable identification number (RIN) is created for every gallon of ethanol blended into gasoline. These credits let the EPA track compliance with biofuel targets and allow fuel suppliers that exceed EPA requirements to sell their extra credits. The price of one RIN was around 30 cents at the beginning of November 2015; heightened RIN demand more than tripled the price.

RIN costs have affected refiners’ bottom lines. San Antonio-based Valero Energy Corp. reported the cost of meeting its biofuel obligations at \$173 million in second quarter 2016—\$117 million higher than the same period in 2015.

—Rachel Brasier