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Families of Color in the Quest to Build Wealth - A Special Report from CFED



January 18, 2017

Dedrick Asante-Muhammad, CFED

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Purpose: To analyze Community Action outcomes and identify effective, promising and innovative practice models that alleviate the causes and conditions of poverty.

BUILD OUR CAPACITY TO FIGHT POVERTY!

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Anti-Poverty Work



The “Heart” of Who We Are

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The Promise of Community Action

Community Action changes people's lives,
embodies the spirit of hope,
improves communities, and
makes America a better place to live.

We care about the entire community and
we are dedicated to helping people
help themselves and each other.

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The National Webinar Series

Focuses on themes related to the specific anti-poverty approaches and is a way to showcase innovative strategies to the broader CSBG network.

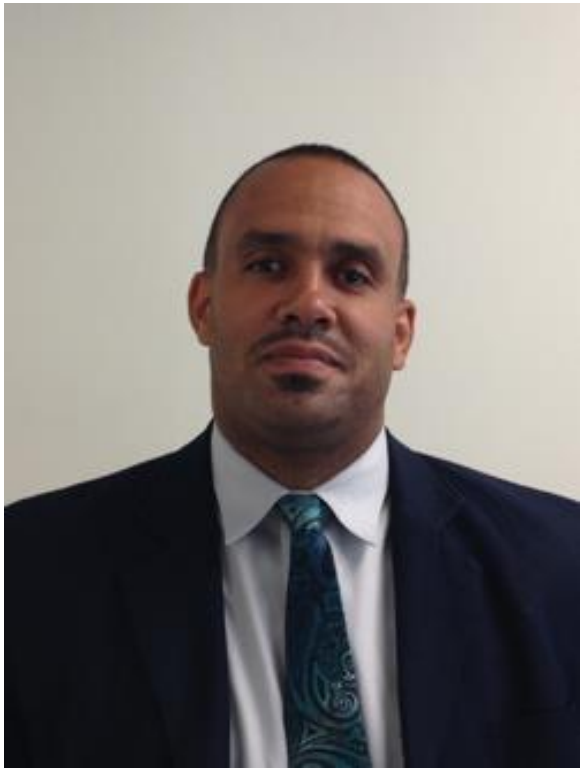
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Presenter

Director, Racial Wealth Divide Project

CFED (Corporation For Enterprise Development)

Dedrick Asante-Muhammad



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Racial Wealth Divide Initiative



RACIAL
wealth
DIVIDE INITIATIVE

CFED Mission: CFED's work makes it possible for millions of people to achieve financial security and contribute to an opportunity economy. We scale innovative practical solutions that empower low- and moderate-income people to build wealth. We drive responsive policy change at all levels of government. We support the efforts of community leaders across the country to advance economic opportunity for all.

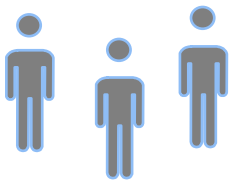
CFEDs Racial Wealth Divide Goals:



Develop a clear organizational position on the drivers of the racial wealth divide



Define the appropriate partnership strategies for CFED to engage with more organizations of color in efforts to bridge racial wealth inequality;



Leverage CFED brand and networks to make the case to the public and decision makers that specific investments in asset-based solutions to the racial wealth gap ultimately benefits us all.



Advance best practices in bridging the racial wealth divide among asset development and racial equity organizations.

RACIAL wealth DIVIDE INITIATIVE

The Racial Wealth Divide Initiative was launched in September 2015 to lead the organization in a more comprehensive and targeted approach to address racial wealth inequality.

Three Focus Areas:

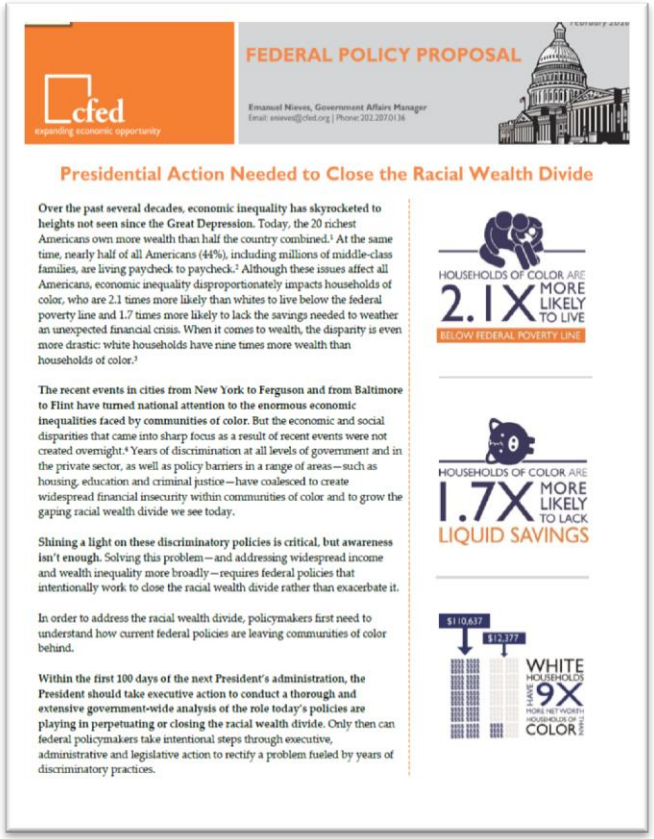
- To strengthen the ability of **CFED's programs** to address racial wealth inequality and develop stronger analysis of asset poverty in communities of color.

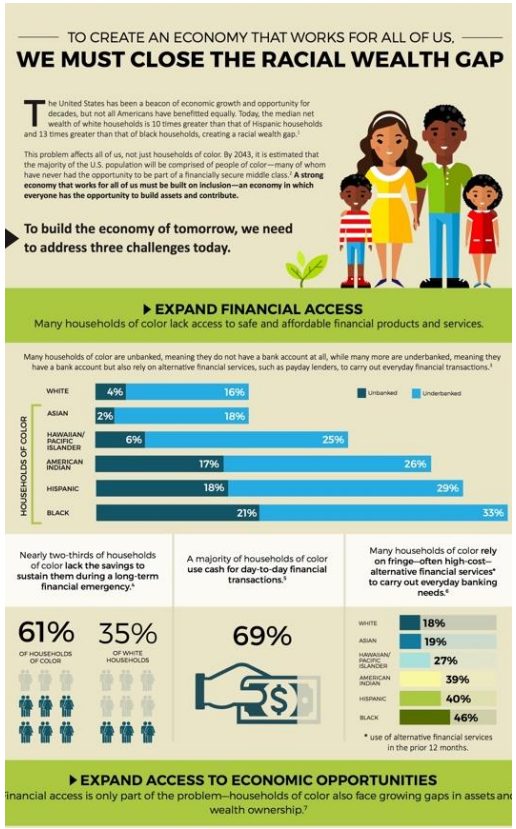
- To launch **specific projects that highlight best practices** in bridging racial wealth inequality working in collaboration with local and regional organizations.

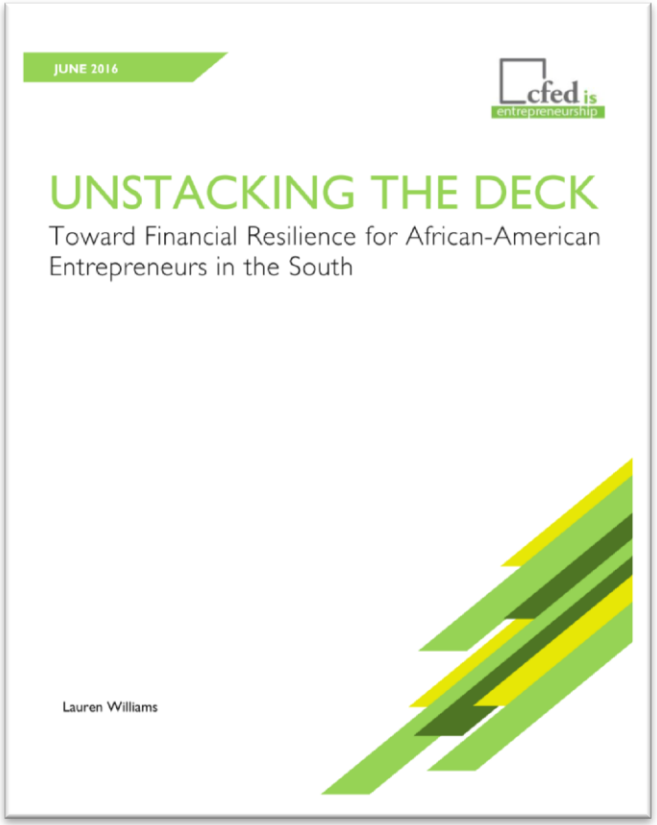
- To elevate CFED and its partners as influential voices that **drive policy solutions** to tackle racial economic inequality at the national, state and local levels.

RACIAL wealth DIVIDE INITIATIVE

Racial Wealth Publications 2016







Asset building Policy Network (ABPN)

RACIAL wealth DIVIDE INITIATIVE

Building High-Impact Nonprofits

Building High-Impact Nonprofits to Bridge the Racial Wealth Divide project goals:

- Assist in developing high-impact nonprofit organizations of color focused on advancing economic opportunity nationally;
- Build an understanding of the intersection of income, assets and the racial wealth divide;
- Establish networks across sectors to have lasting local influence and advance social change;
- Improve relationships between organizations of color, local organizations and asset-building institutions; and,
- Equip organizations of color to become leading voices in local and national asset-building dialogues and decisions.

<u>New Orleans, LA</u>

- Ashe Cultural Arts Center
- Puentes LatiNola
- MQVC Community Development Corporation
- VAYLA New Orleans
- Jericho Road Episcopal Housing Initiative

<u>Miami, FL</u>

- ConnectFamilias
- Hispanic Unity of Florida
- Miami Children's Initiative
- Partners for Self-Employment
- Sant La Haitian Neighborhood Center.

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Race and Economics in the US

Racial Inequality has always had economic inequality at its foundation.

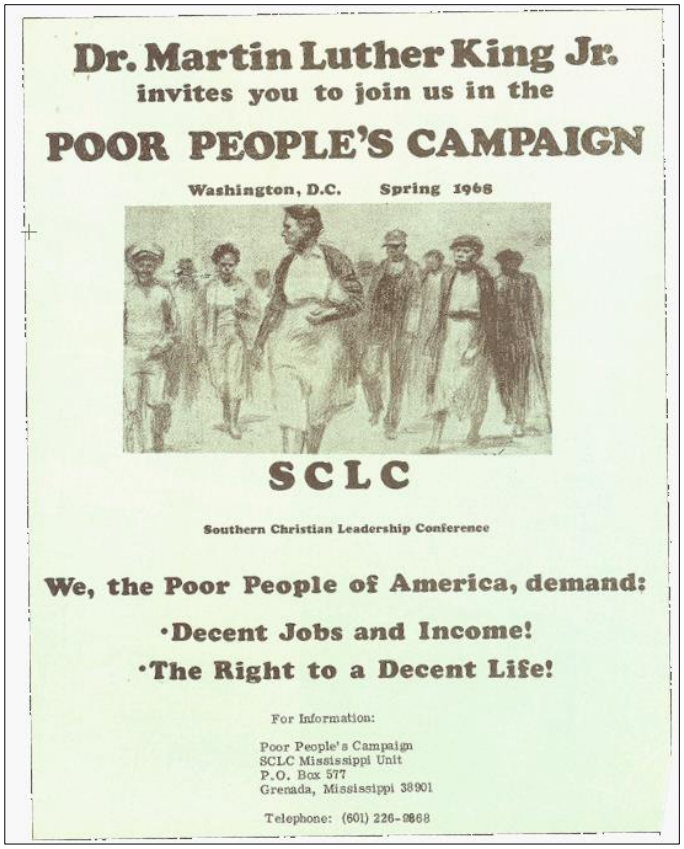




ECONOMIC JUSTICE A FORGOTTEN ASPECT OF THE CIVIL RIGHTS MOVEMENT

Goals of The Freedom Budget

1. Abolition of poverty
2. Full employment
3. Full production / high economic growth
4. Adequate minimum wage
5. Farm income parity
6. Guaranteed income for those who can't work
7. Decent homes for all
8. Modern health services for all
9. Full educational opportunity for all
10. Better social security and welfare
11. Equitable tax and money policies

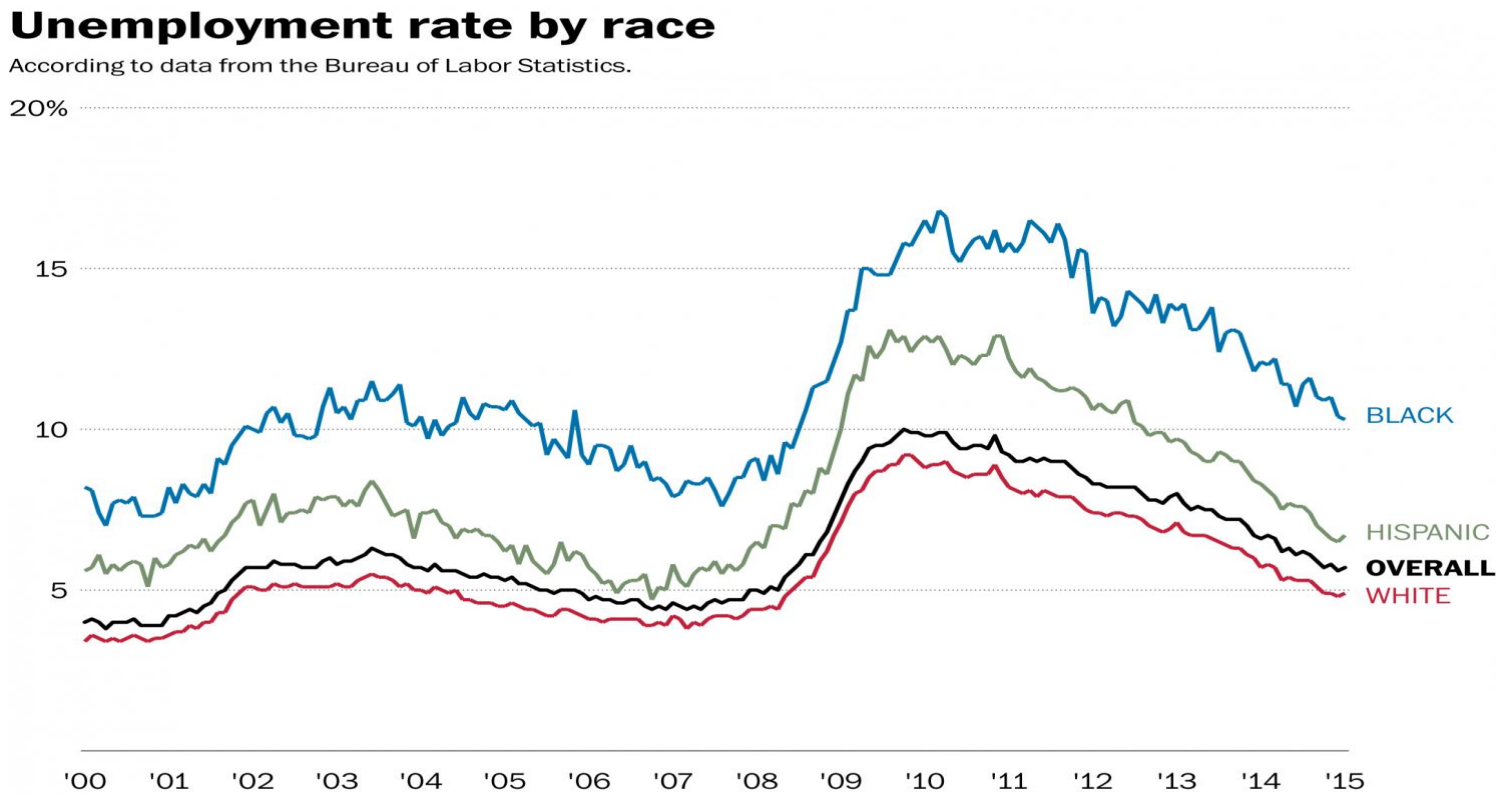


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The Institutionalization of Racial Economic Inequality

- 1776 – 1864: Mass enslavement of African people and continued appropriation of indigenous land
- 1865 – 1945: Jim Crow and other laws and policies designed to maintain White supremacy
- 1945 – 1975: Rise of the American Middle Class and the 20th Century Civil Rights Movement
- 1975 to Present: Regressive economy that maintains racial economic inequality and broadens economic inequality overall

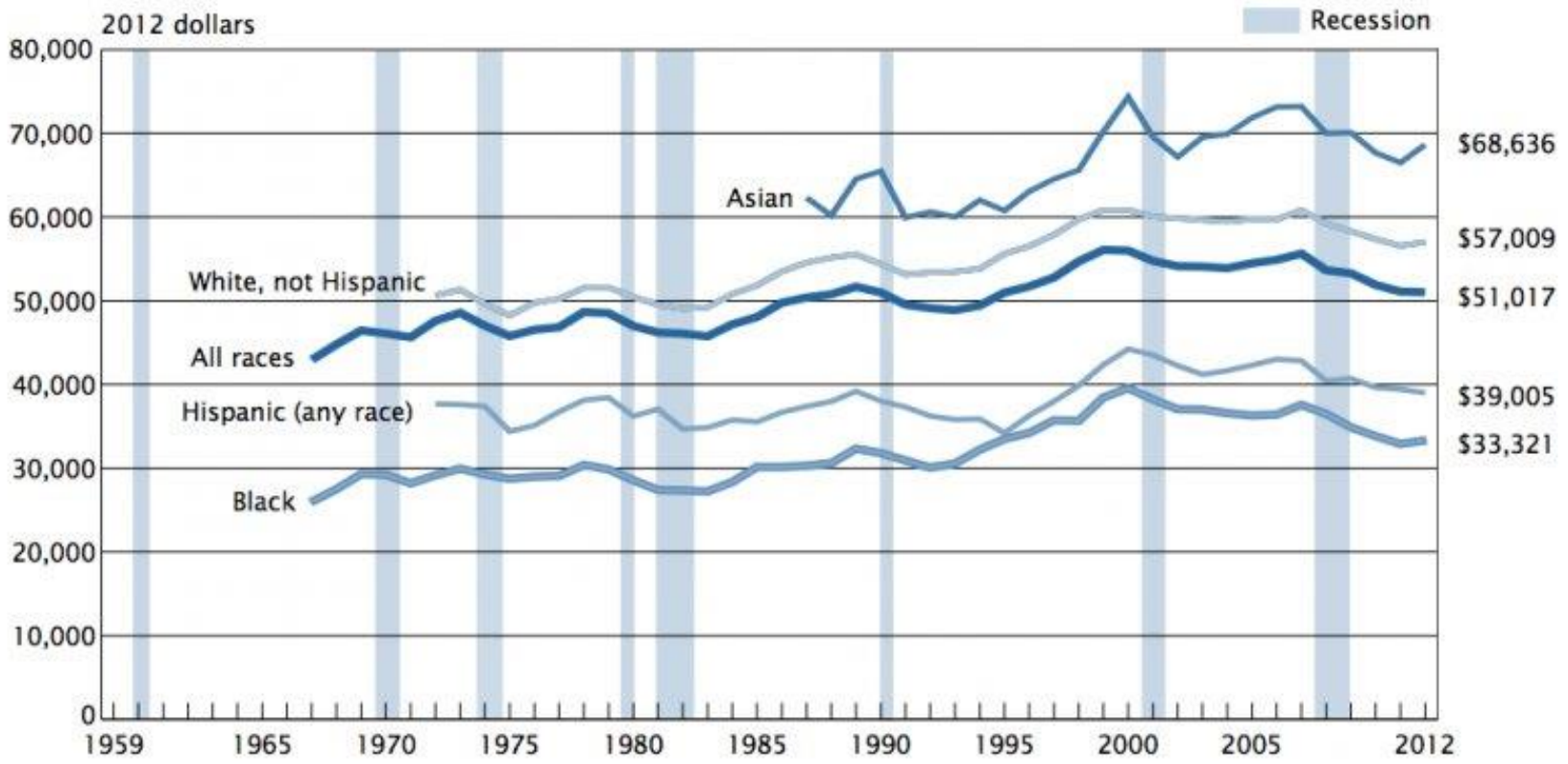
Unemployment Rates Over Time



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INCOMES OVER TIME

Figure 1.
Real Median Household Income by Race and Hispanic Origin: 1967 to 2012



Note: Median household income data are not available prior to 1967. Implementation of 2010 Census population controls began in 2010. For information on recessions, see Appendix A.

Source: U.S. Census Bureau, Current Population Survey, 1968 to 2013 Annual Social and Economic Supplements.

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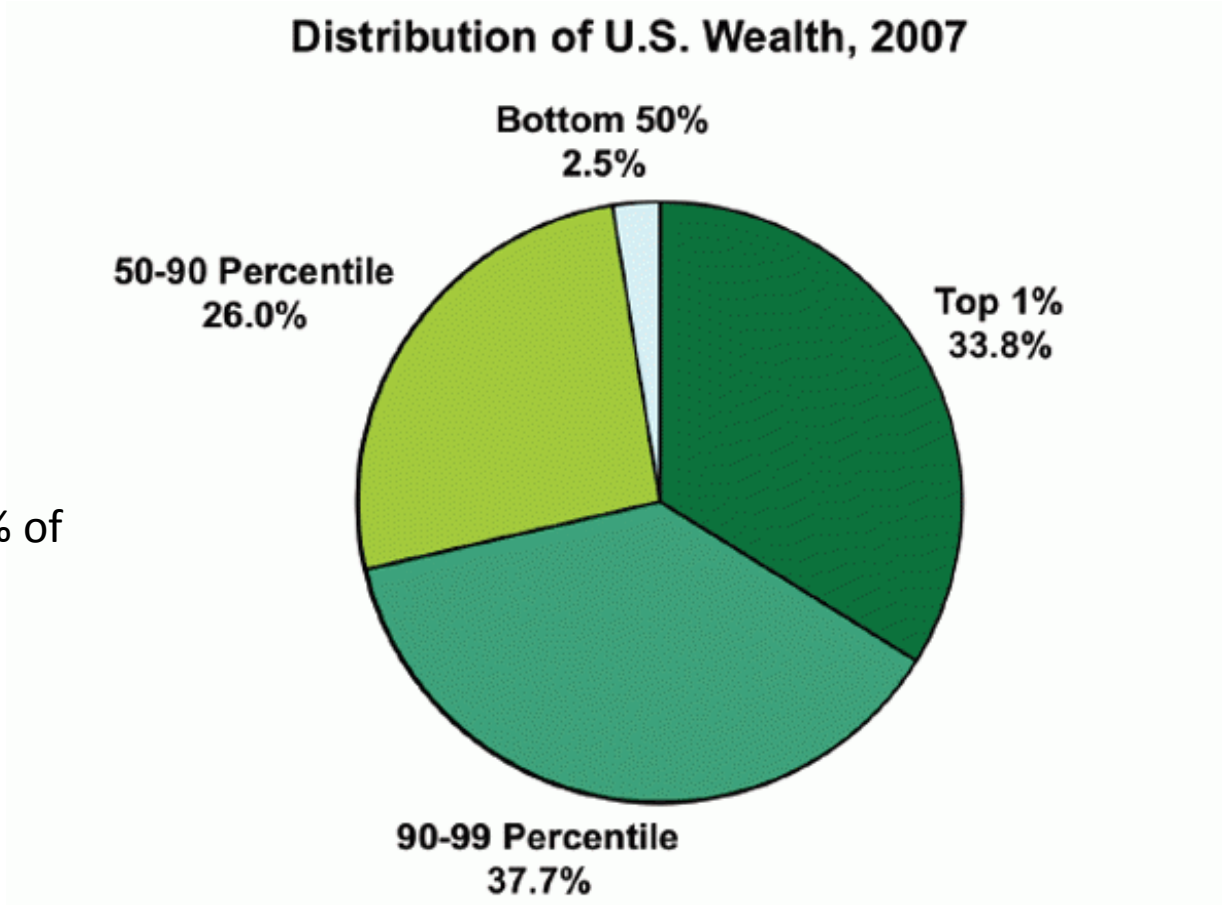
Who has the Money???

Top 1% has a third of the nations wealth.

Top 10% has over 70% of the nation's wealth.

90% of America has less than 30% of the nation's wealth.

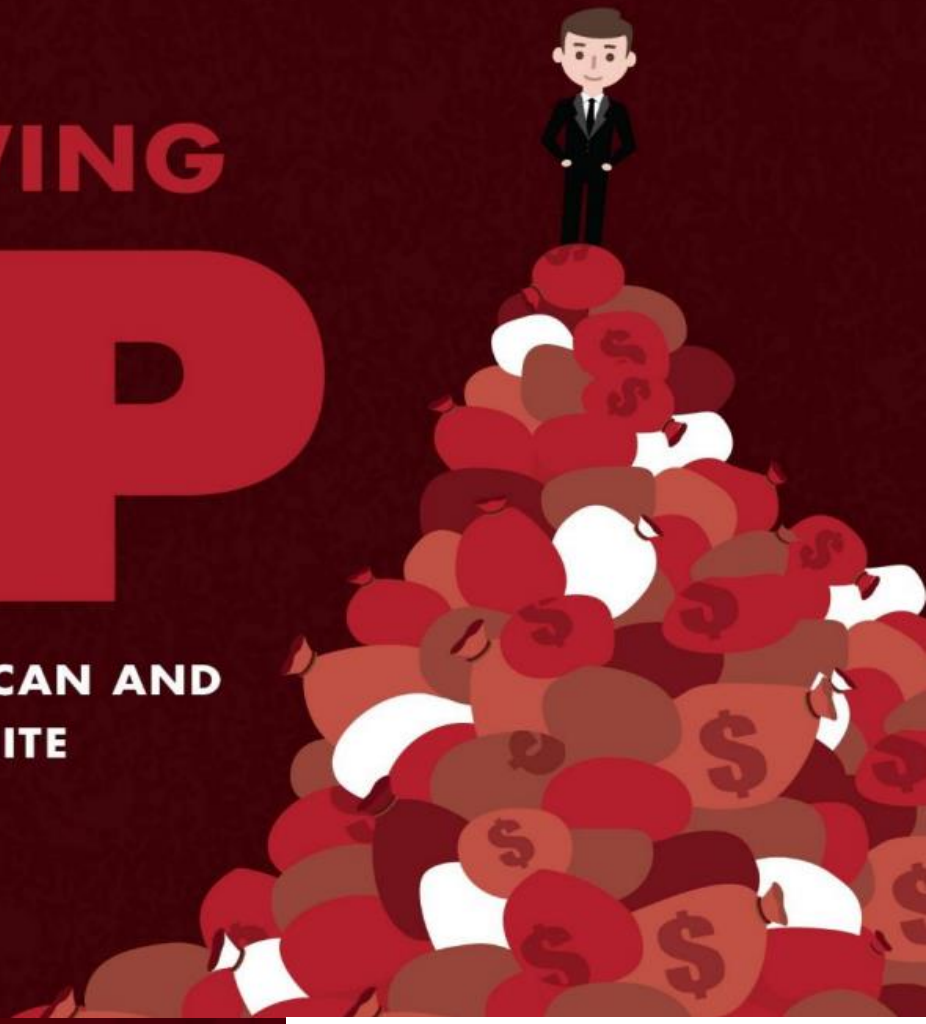
Half of America only has 2.5% of the nation's wealth.



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THE EVER-GROWING GAP

WITHOUT CHANGE, AFRICAN-AMERICAN AND LATINO FAMILIES WON'T MATCH WHITE WEALTH FOR CENTURIES

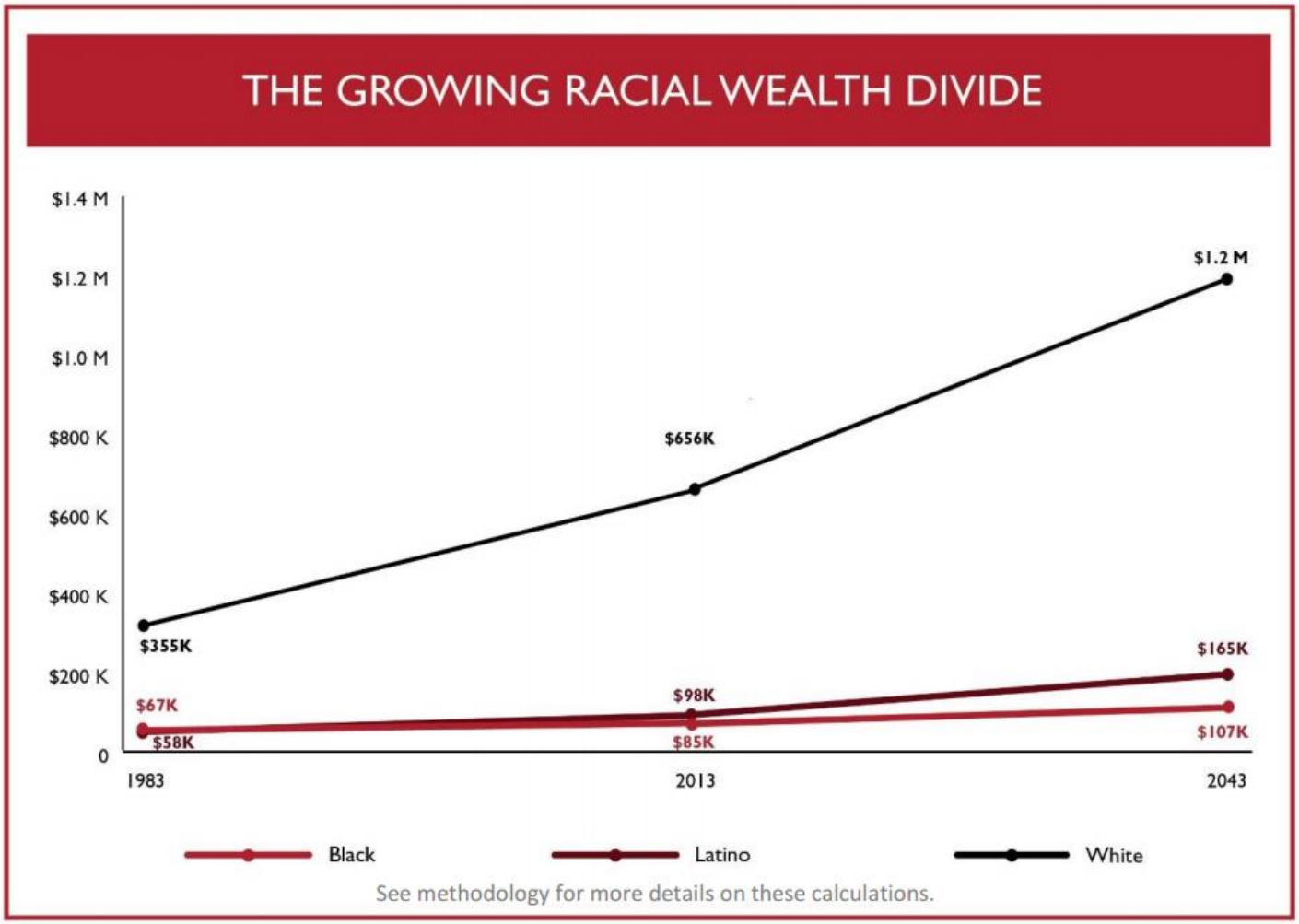


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Institute for Policy Studies

The Future of the Racial Wealth Divide

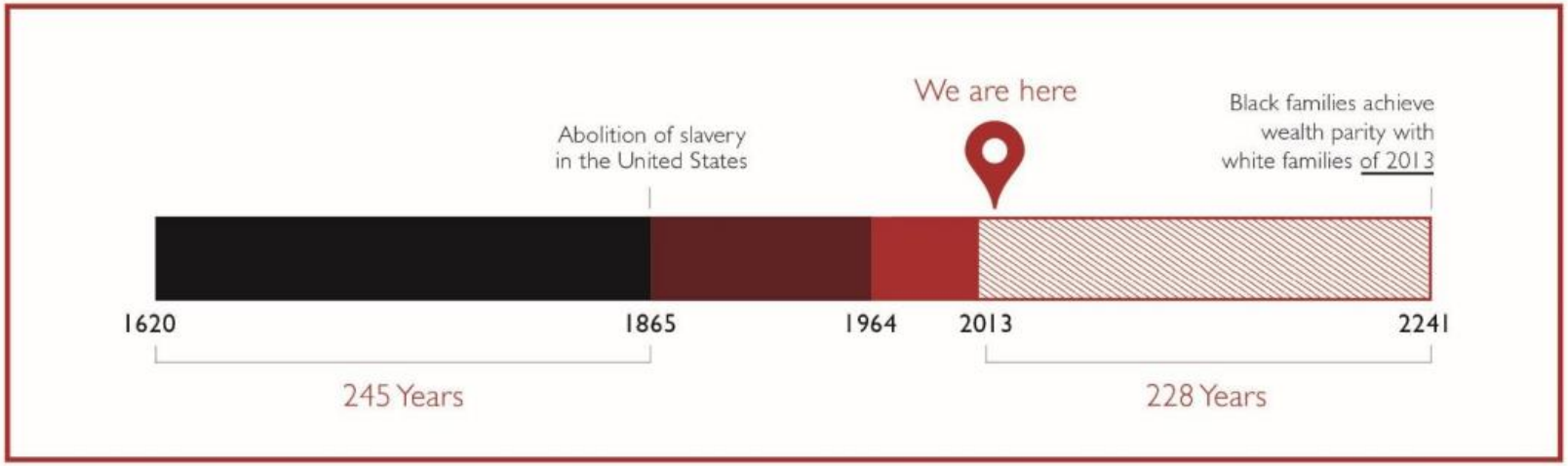


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The Long Road to Reaching Racial Wealth Equity

- It would take Latino families **84 years** to amass the same amount of wealth White families have today.

- Black families would not reach wealth parity with White households until the year 2241. That means Black families will not reach wealth parity with White households for **228 years**.



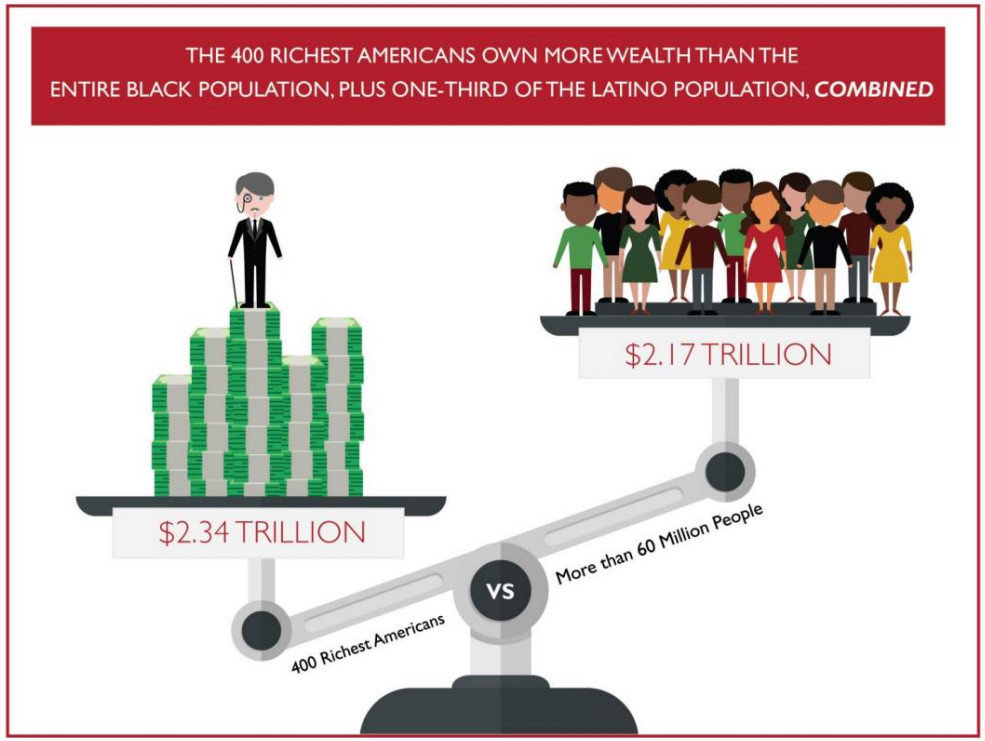
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Median Household Wealth

Table 6: Rise in Median Household Wealth from 1983 to 2043

	Black	Latino	White	Overall
Median Household Wealth, 1983	$6,800	$4,000	$102,200	$78,000
Median Household Wealth, 2013	$1,700	$2,000	$116,800	$63,800
Median Household Wealth, 2043	$425	$1,000	$131,980	$52,300

Forbes 400 and the Wealth of Households of Color

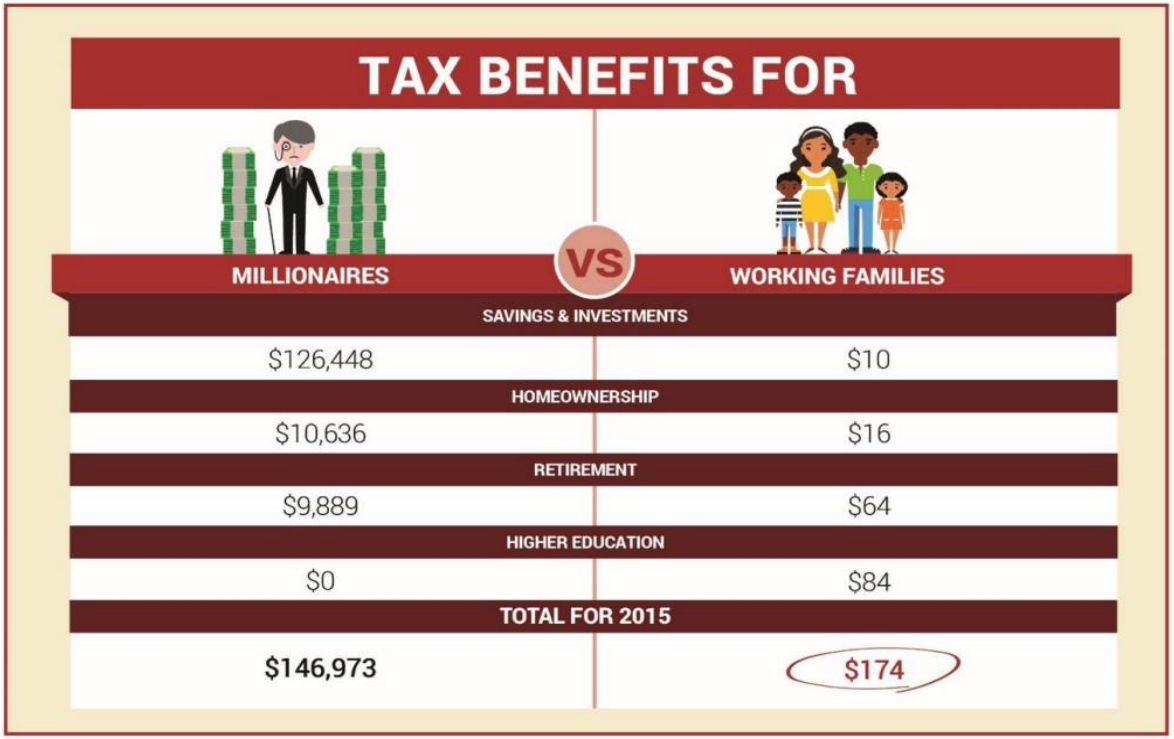


- Overall, the billionaires of the Forbes 400—which includes only two African-Americans and five Latinos—now own more wealth than the entire Black population and one-third of the Latino population, combined. 38 That's 400 wealthy individuals versus more than 60 million people.

As Blacks and Latinos have been slipping further and further behind, the wealthiest Americans have enjoyed tremendous gains. Between 1983 and 2013, the top 20% of the wealthiest households took 99.4% of all wealth gains, with the top 1% taking the lion's share of those gains (40%).

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Current Wealth-Building Policies Benefit Wealthy Households



In the past twenty years, the federal government has spent more than $8 trillion through tax programs to help families build long-term wealth by helping them save for retirement, purchase a home, start a business or access higher education.

Since 1994, the federal government's massive wealth-building spending has more than tripled, going from a little over $200 billion48 to $660 billion in 2015.

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Interventions:

- **Fix unfair, upside-down tax incentives to ensure households of color *also* receive to support to build wealth**
  - **$229 billion to support homeownership** through tax programs that primarily enable households to take on more mortgage debt and buy bigger homes.
  - **$227 billion to boost savings and investments** by actively increasing accessible savings through investments and inheritances
  - **$172 billion to support retirement** through tax-preferred treatment of retirement plans, such as defined benefit plans, 401(k)s and IRAs
  - **$32 billion to support higher education** through after-purchase subsidies and support for college savings

Interventions:

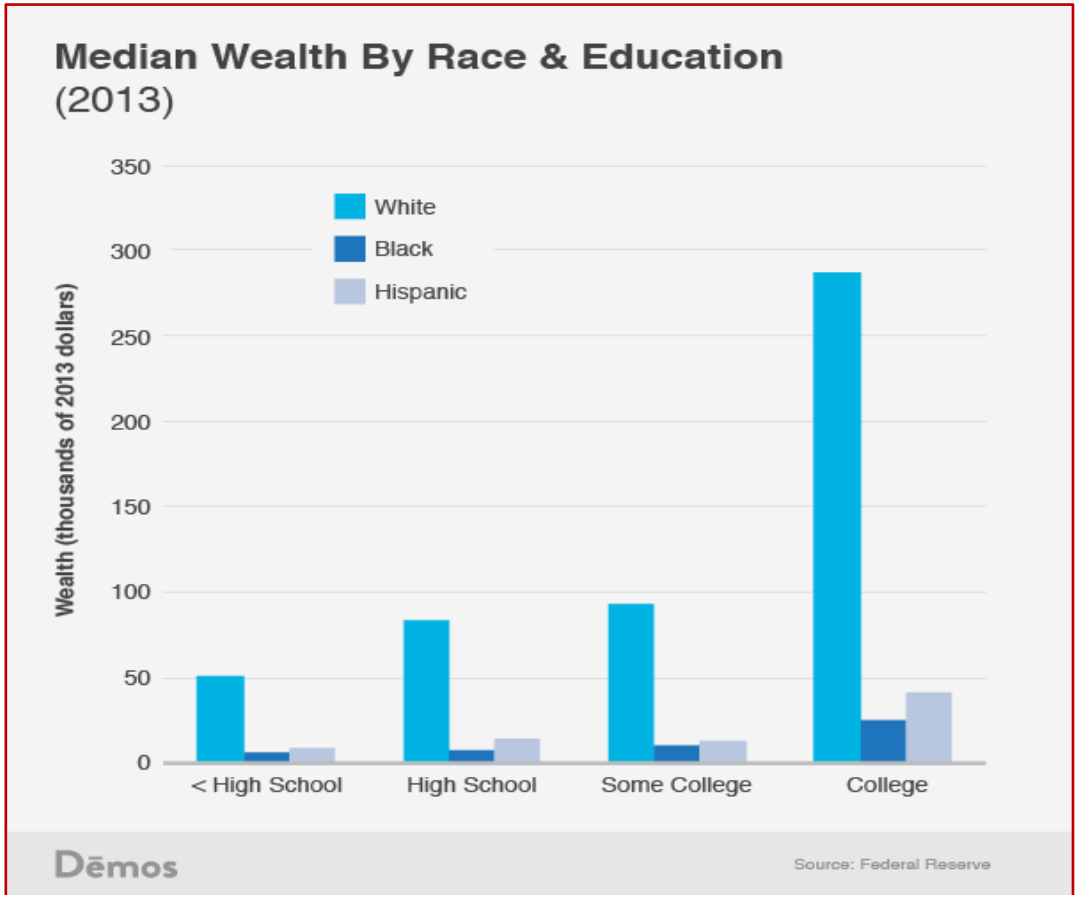
- **Address the distorting influence of concentrated wealth at the top through the expansion of existing progressive taxes and exploration of a dedicated wealth tax**
  - Robust Estate and Inheritance Taxation
  - New Worth Tax on Fortunes
  - State-Level Estate and Wealth Taxation

Discussing Racial Wealth Inequality

- The **FALSE** narrative: There is a system that works and communities of color are doing something wrong
  - In their finances
  - On the job
  - Personal decisions

- The **TRUTH**: Our economy is designed to reward the wealthy and leave others behind
  - An upside down tax system
  - Residential economic segregation
  - Lack of investment in disenfranchised communities

Educational Attainment doesn't equal Wealth Attainment



A Black college graduate or a Latino college graduate, on average, owns less wealth than a White high school dropout. The wealth returns generated by a 4yr degree is much more valuable to White graduates ($55,869) than it is for Black ($4,846) and Hispanic/Latino ($4,191) graduates.

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Racial Wealth Divide

http://cfed.org/programs/racial_wealth_divide/



https://soundcloud.com/rwdpodcast

Bridging the Racial Wealth Divide



https://www.facebook.com/racialwealthdivide/

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For More Information on the TRHT Enterprise



Please watch this overview video from the 2016 National Summit

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National Webinar Series

Implicit Racial Bias - Understanding and Overcoming Our Unconscious Behavior

February 15, 2017 2pm ET

This webinar will explore the manifestations of and strategies for counteracting implicit racial bias, both individually and in our institutions. Implicit, or unconscious, racial bias is increasingly being recognized as a key element in the perpetuation of racial inequities in our society. Presented by Michael Wenger, this webinar will draw on recent research by authorities in the field, as well as on Mr. Wenger's own personal stories, to illustrate the importance of understanding and confronting implicit bias. Mr. Wenger is the author of My Black Family, My White Privilege: A White Man's Journey Through the Nation's Racial Minefield. He teaches about race relations and institutional racism at The George Washington University, has served as a Community Action Association Executive Director in southern West Virginia, was Deputy Director for Outreach and Program Development for President Bill Clinton's Initiative on Race, and is a consultant to the W.K. Kellogg Foundation for its Truth, Racial Healing, and Transformation enterprise.

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National Webinar Series

The Veiled and Cumulative Pipeline of Persistent and Interconnected Institutional Racism

February 22, 2017 2 pm ET

This webinar will examine persistent institutional racism throughout our society, how it has evolved, how our own unconscious behavior helps to perpetuate it, how it weakens our entire society, and how we can confront it. It will be presented by Michael Wenger, the author of My Black Family, My White Privilege: A White Man's Journey Through the Nation's Racial Minefield. Mr. Wenger teaches about race relations and institutional racism at The George Washington University, has served as a Community Action Association Executive Director in southern West Virginia, was Deputy Director for Outreach and Program Development for President Bill Clinton's Initiative on Race, and is a consultant to the W.K. Kellogg Foundation for its Truth, Racial Healing and Transformation enterprise.

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