Strategies for Achieving Racial Economic Equity

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RACIAL WEALTH DIVIDE INITIATIVE
The focus of RWDI’s work is to turn racial economic and wealth equity theory into practice using field tested approaches and tools designed with, for and by those who feel the issues most acutely by integrating a combination of the Right 2 Root System and Racial Wealth Divide Initiative (RWDI) methodologies and strategies into asset-based community development.
Racial Economic / Wealth Equity
RWDI PREMISE: Framing the Racial Wealth Divide

“The foundation of racial inequality is racialized economic inequality and the foundation of economic inequality is wealth inequality.”
It began with **246 years of legal slavery** in which we extracted wealth from the lives of African Americans. At the time of the Civil War, close to **4 million African Americans** were enslaved, **13 percent of America’s total population**. After the war, institutional injustices focused on stealing their land and jobs and ensuring that African Americans did not build wealth as fast as the rest of Americans. The economy we have today was built on this.

--- Yes Magazine, 2015
CAUSES: Structural Inequality and the Racial Wealth Divide

A NATION BUILT ON THE BACK OF SLAVERY AND RACISM

1. Slavery launched modern capitalism and turned the U.S. into the wealthiest country in the world.
   - Slaves harvested cotton dominated the 19th-century international market.
   - U.S. cotton sold in the Atlantic slave trade.
   - By the slave
     - 77%
2. Emancipation did not bring economic freedom to former slaves.
   - Discriminatory business policies kept white people economically ahead.
   - Southern merchants used credit to ensure black wealth building.
   - Money meant for distressed homeowners supported segregation.
3. Discriminatory policies kept Black farmers.
   - 70% of all cotton acreage in 2000-2010
   - 3x in 1900
4. The result: African Americans have not been able to get a foothold in the economy.
   - Economic wealth that up to 65 years of income awaits accumulation depends on inter-generational transfer.
   - African Americans have barely any of the nation's wealth, and therefore little to pass down to future generations.

Just the Facts

1. The nation paid reparations to slave holders—not to slaves.
   - $300 PER Freed Slave
2. emancipation contributed to the decline of black farmers.
   - 70% of all cotton acreage in 2000-2010
3. Discriminatory policies kept African Americans from receiving help other citizens received.
4. The result: African Americans have not been able to get a foothold in the economy.
   - More wealth in Black households than a dime.

Indexes for Social Security in 1940

- Whites (100)
- Blacks (70)

The income gap has not budged since 1967.

Money meant for distressed homeowners supported segregation.

- 70% of all cotton acreage in 2000-2010
- 3x in 1900

African Americans have barely any of the nation's wealth, and therefore little to pass down to future generations.

Estimation range from

- $3 trillion
- $1 trillion

African Americans have barely any of the nation's wealth, and therefore little to pass down to future generations.

Can we calculate the economic damage?
Components of Racial Economic Equity

Poverty → Income → Assets → Wealth → Debt

“CATCHING UP” TO WHITE WEALTH
If median Black and Latino wealth grew at the same pace it has over the past three years.

Abolition of slavery in the United States

Latino families achieve wealth parity with white families of 2016

Black families achieve wealth parity with white families of 2016

PROSPERITY NOW

RACIAL WEALTH DIVIDE INITIATIVE
What is Wealth

\[ \text{Earn} + \text{Own} - \text{Owe} = \text{Wealth} \]
## Florida by the Numbers

<table>
<thead>
<tr>
<th>Metrics</th>
<th>National</th>
<th>State</th>
<th>Data by Race in Florida</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>United States</td>
<td>Florida</td>
<td>White</td>
</tr>
<tr>
<td>Outcome Measure</td>
<td>United States</td>
<td>Florida</td>
<td>White</td>
</tr>
<tr>
<td>Median family income(^1)</td>
<td>$73,891</td>
<td>$64,003</td>
<td>$68,286</td>
</tr>
<tr>
<td>Income poverty rate</td>
<td>13%</td>
<td>13.5%</td>
<td>10%</td>
</tr>
<tr>
<td>Net worth</td>
<td>$79,826</td>
<td>$55,480</td>
<td>$104,490</td>
</tr>
<tr>
<td>Liquid asset poverty rate</td>
<td>40%</td>
<td>48.4%</td>
<td>37.8%</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>4%</td>
<td>3.7%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Homeownership rate</td>
<td>63.9%</td>
<td>65.2%</td>
<td>74.3%</td>
</tr>
<tr>
<td>Cost-burdened renters</td>
<td>49.5%</td>
<td>56.4%</td>
<td>51.6%</td>
</tr>
<tr>
<td>Cost of living index(^2)</td>
<td>100</td>
<td>110.9</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Sources: All data are from the 2019 Prosperity Now Scorecard except for the ones marked below:
\(^1\) U.S. Census Bureau, 2017 American Community Survey 1-Year Estimates
\(^2\) 2019 Sperling’s Best Places to Live.
Racial equity: “Fairness and justice in policy, practice and opportunity consciously designed to address the impacts of historic racial discrimination and inequity, with an eye to equitable outcomes.”

- Genorosity
Racial Wealth Divide Initiative Guiding Principles

Structural economic inequality, not individual deficiency, is the root of racial income and wealth disparity—it is the cause and consequence.

Disinvestment exists at all levels - individual, organizational and institutional—impacting entire communities.

Life outcomes are predictable by race and class.
Overarching Strategy: *What we are trying to achieve*

**IF**

We support organizations led by people of color to identify community resources, strengthen and coordinate service delivery, advocate for asset-building policies and engage in asset-building networks.

**Then**

Organizations will be better positioned to address the complex and unique financial challenges facing people of color in target cities. The conditions these organizations are operating in will shift as relevant stakeholders learn about the causes and consequences of the racial wealth divide and how to partner with nonprofits of color to address it.

We approach all our projects with the understanding that problems are best solved when people who live and work closest to them are engaged in developing the solutions; and to reach scale, the program or policy must be considered relevant and effective by the people it is intended to serve, or they will not participate.

Most importantly, communities of color need nonprofits managed by leaders of color with high-impact asset-building services to address the national challenge of a broad and deep racial wealth divide.
Seven Core Principles:  *Client Centered Approach*

- Have culturally specific technical assistance.
- Redefine financial capacity to recognize and address systemic barriers, rather than treating financial education as being solely based on individual decisions.
- Provide flexible funding.
- Foster growth of a community of practice.
- Encourage leadership development.
- Empower direct service providers.
- Support grassroots policy advocacy.
Our work represents an ecosystem of over 75 nonprofits of color.

We define an organization of color as one where most the executive leadership are people of color and has historically been people of color. In addition, the organization is focused on serving communities of color.
Who RWDI works with

- **Comprehensive Social Services** organizations that provide a holistic service supports to families (housing, employment, healthcare, childcare, tax services)
- **Community Development** nonprofits that act as real estate developers in their communities and/or provide a wide range of services to support a designated community
- **Housing** nonprofits focus on housing supports, be they HUD certified housing counselors or generally supporting people in their pursuit of homeownership
- **Economic Development** nonprofits have a focus on entrepreneurship or small business development
- **Youth** nonprofits that have programming targeted almost exclusively to those below 25 years old (career, leadership, and college preparation)
- **Workforce** nonprofits that focus on employment placement as a primary service area and mission project

There is no silver bullet to addressing the growing racial wealth divide, so we partner with a multitude of organizations.

RACIAL WEALTH DIVIDE INITIATIVE
Levers for System Change

STRUCTURE

history  policy

INSTITUTIONS

SYSTEMS

property rights  legal  health care  norms  government

lab market  education  prisons  universities

hospital  systems

property rights  legal  health care  norms  government

INSTITUTIONS

SYSTEMS

STRUCTURE
“Four hundred years of economic exclusion and inherited disadvantage have compounded to create contemporary racialized wage and wealth divides which, if nothing is done, are projected to extend well into the future. Individual explanations of inequality are insufficient for understanding or solving this issue of persistent, multigenerational poverty. It is the interlocking structures of society that ought to change.”

Source: Goughnour and Singh, 2018
Thank you!