



October 12, 2010

White House meeting with the Closing the Racial Wealth Gap Initiative (CRWG)

Opportunity and Imperative: Closing the Racial Wealth Gap

Our economy must grow in order to compete effectively in the global marketplace. **Closing the racial wealth gap is critical to achieving this goal.** Over the last thirty years we have turned back the clock on racial equity: the gap between the wealth held by white and black families has quadrupled, and single women of color and their children have less than a fraction of a penny for every dollar owned by white women. Asset-poor, people of color have been unable to contribute to the economy through homeownership, business development, penetration of new markets, or invention of new products. This administration can reverse this dangerous course and chart a path to a new economy. With the most racially and ethnically diverse population in the world, we can and must be a nation that recognizes that the cultural knowledge, innovative ideas, and global connections that exist among us is one of our nation's biggest assets. In order for America to be a leader in the global marketplace in the decades to come, we must build individual, family and community wealth for every segment of our population.

Identifying the Issues: Possible White House Actions

If you can't see a problem, you can't solve it. If a population is not represented in the data, they are invisible.

- To address this, we urge the creation of an **interagency data task force** to determine methods for improving the collection of economic data by race, country of origin, tribal affiliation, gender, income, wealth, and census tract, and make this data available to all agencies and to the public in an accessible format. In addition, discretionary dollars should be directed to a national study on the racial wealth gap.

Families of color were twice as hard hit as whites in the economic downturn in terms of the loss of both income and wealth.

- To address the decimation of middle-class families of color, a **Racial/Ethnic Issues Sub-committee** under the Vice President's "**Middle Class Task Force**" could be tasked with disaggregating the middle class by race in order to document the gaps, consider wealth as well as income, and engage experts of color to interpret the problems behind the data and to design appropriate solutions.

The children of middle class families of color are more likely than the children of middle class white families to fall back into the lower economic quintiles, due in large part to racial differentials in inherited wealth.

- To address this, we urge the creation of a “**21st Century Mobility Initiative**” to examine barriers to economic mobility and opportunity among communities which have historically been denied access to the most effective asset building programs that the government has, and identify opportunities for inter-agency coordination to remove barriers and design pathways to economic opportunity and mobility.

Individuals, families, and communities of color face daunting challenges to economic opportunity, financial security, and overall well-being.

- The White House can openly acknowledge this fact by creating a **White House Council on Race and Ethnicity** parallel to the Council on Women and Girls to examine and close racial disparities in economic, health, educational, and work towards creating equitable outcomes for all Americans.

Addressing the Problems through White House Support for “Targeted Universalism”

Economic policies and programs must get all Americans back on track, and at the same time, they must narrow racial/ethnic gaps for the next generation. The administration’s goal should be to provide all communities and people asset security both for self and society. Policy ideas to accomplish this include:

- People of color are the least likely to be prepared for retirement; their lack of adequate income erodes the financial resources of their children. **Social Security reform** should not raise the retirement age; rather, the minimum benefit should be increased.
- Foreclosures have wiped out the possibility of inheritance and families need aid in recovering losses in home equity. The **CRA needs expansion**. By including all financial institutions including mortgage companies and other non-bank lending institutions, Wall Street investment houses, insurance companies, and credit unions under the CRA, safe and sound loans will help rebuild wealth.
- Single women/mothers of color are the least likely to be in jobs with employer-provided fringe benefits, and are most likely to engage in unpaid caregiving and income sharing with extended family members. **Mandating paid sick leave and giving credit for care giving years to qualify for Social Security** would recognize their unpaid work as a social good, and better allow them to provide for their children.
- Asset levels are the best proxy for race; providing a **savings account at birth to babies born into low asset households** which would be accessible at age 18 would give all children choices and chances. Make a significant government contribution to the lowest asset children with a progressive structure of contribution into the middle wealth quintile.
- People need income in order to accumulate wealth, and half of our youth of color can’t find jobs. A **Guaranteed Jobs Program** with the government as the employer of last resort would create full employment, increase dollars circulating in the economy, fix our aging infrastructure, and eliminate the need for many government support programs.

The severity of racial inequality and the threat that it poses to our economy and democracy require leadership and action at our nation’s highest level. Toward that end, we request a channel of interaction between the White House and the CRWG so we can support the administration through making available the fruits of our research, program expertise, theoretical analysis, and policy development. In March, 2011, we will host our second Summit on closing the racial wealth gap, and respectfully invite administration involvement.