

The State of Economic Equity:
“Jobs are Harder to Create than Voting Rolls.”
Dr. Martin Luther King
The Nation, March 4, 1966

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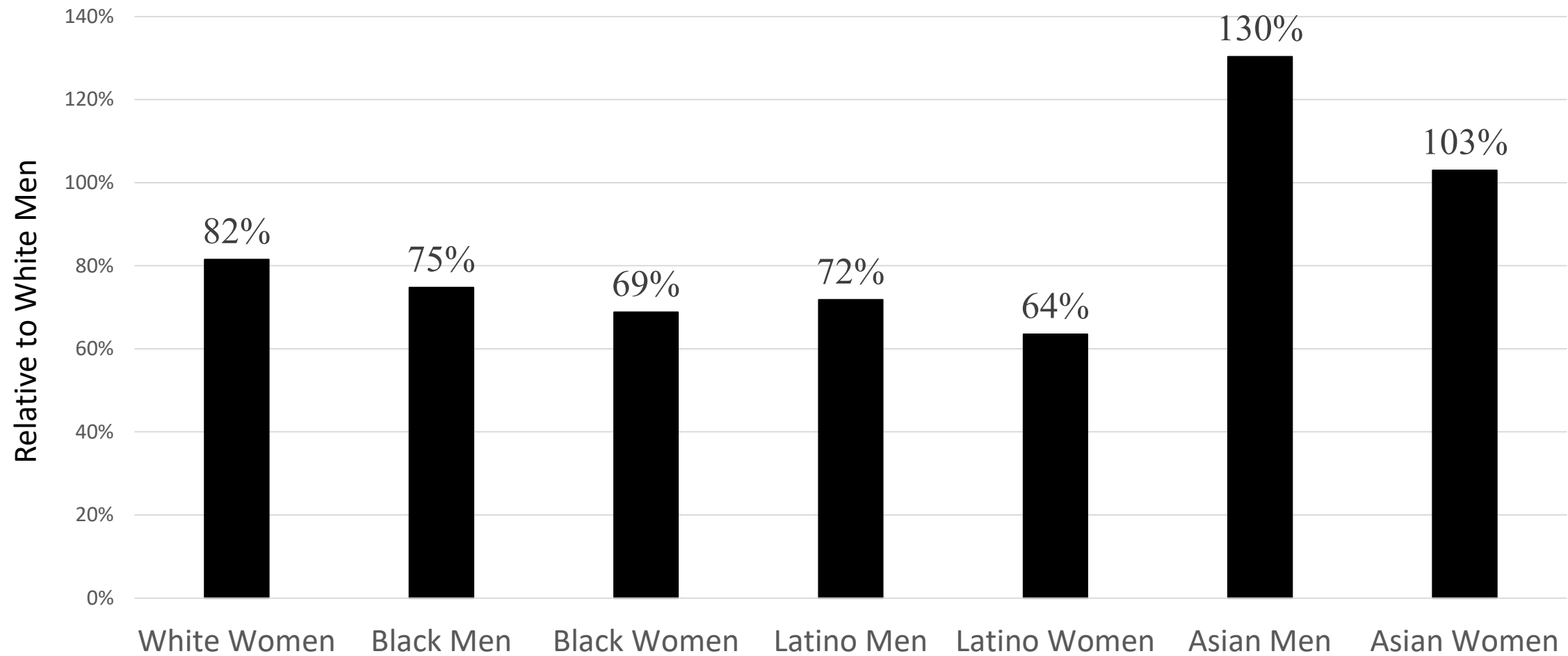
November 2022

These views are the views of the author and do not reflect the views of the Federal Reserve System

Overview

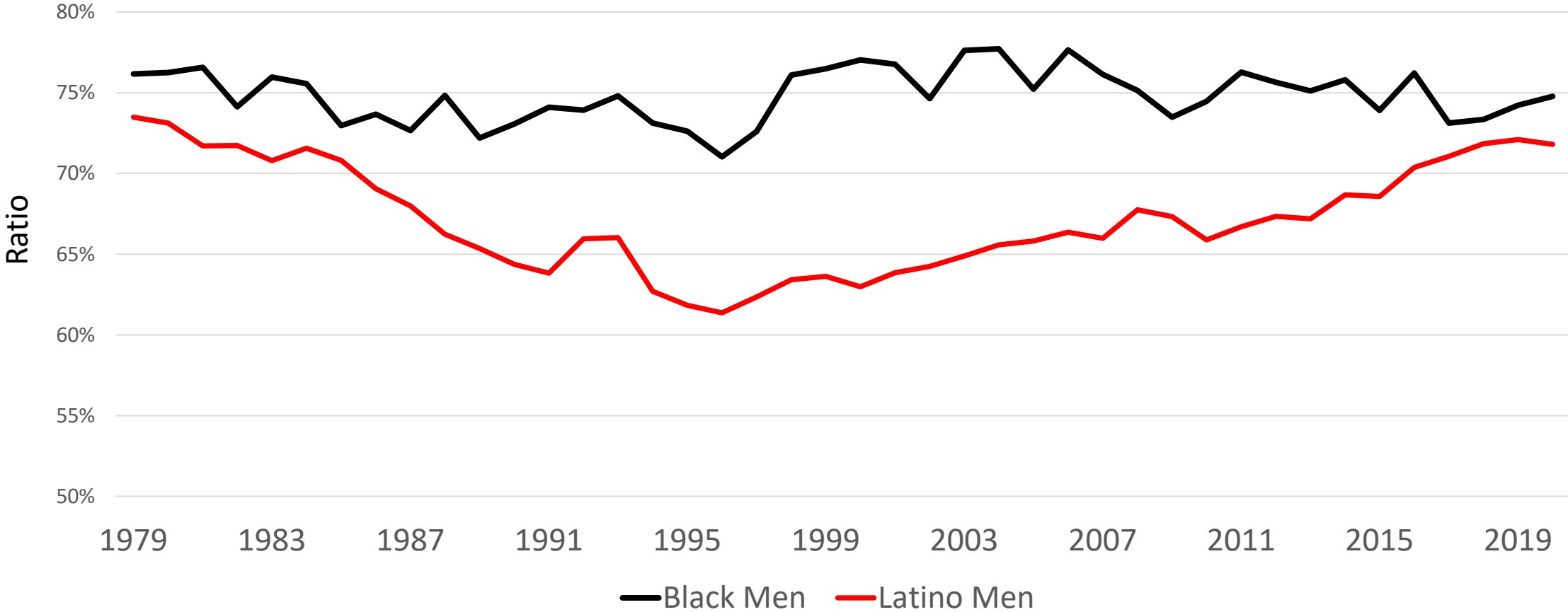
- Current State of Economic Equity
- Cases for Equity
 - Dr. King's Economic Equality Message is Still Relevant Today
 - End “deferred” maintenance in human priority investments
 - ALICE Framework
 - Economic Benefits of Equity
- Solutions to addressing racial economic differences

The earnings of white women, blacks and Latinos remain much lower than white men. (2020 Ratios of Full-Time Median Usual Weekly Earnings)



Notes: Author's calculations using usual median weekly earnings of full-time workers from the U.S. Bureau of Labor Statistics, [www,bls.gov](http://www.bls.gov).

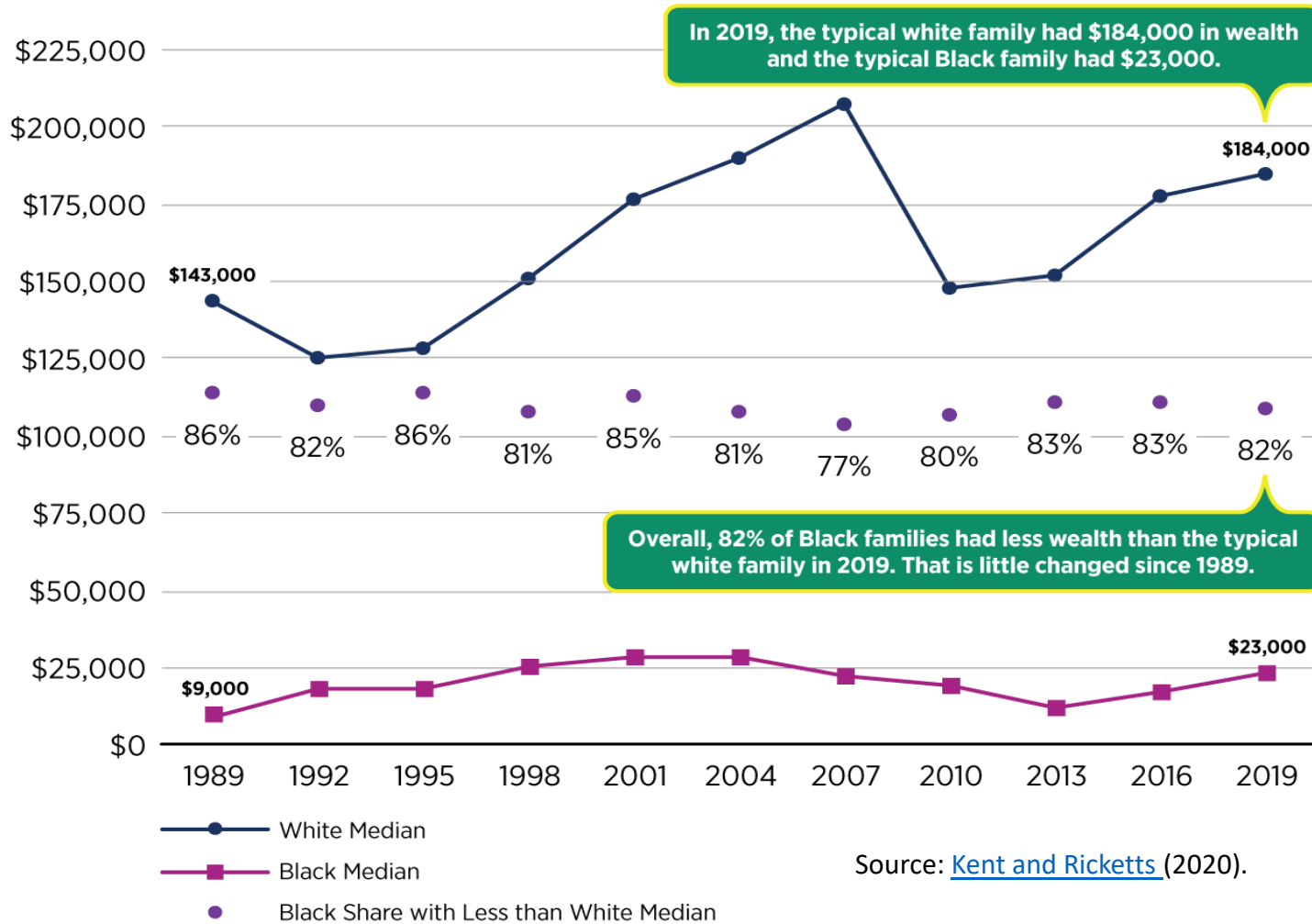
The economic status of Black and Latino men is what it was in 1979. (Ratio of Usual Median Weekly Wages- Relative to White Men)



Notes: Author's calculations using usual median weekly earnings of full-time workers from the U.S. Bureau of Labor Statistics, [www,bls.gov](http://www.bls.gov)

The Black-White wealth gap is wide and persistent.

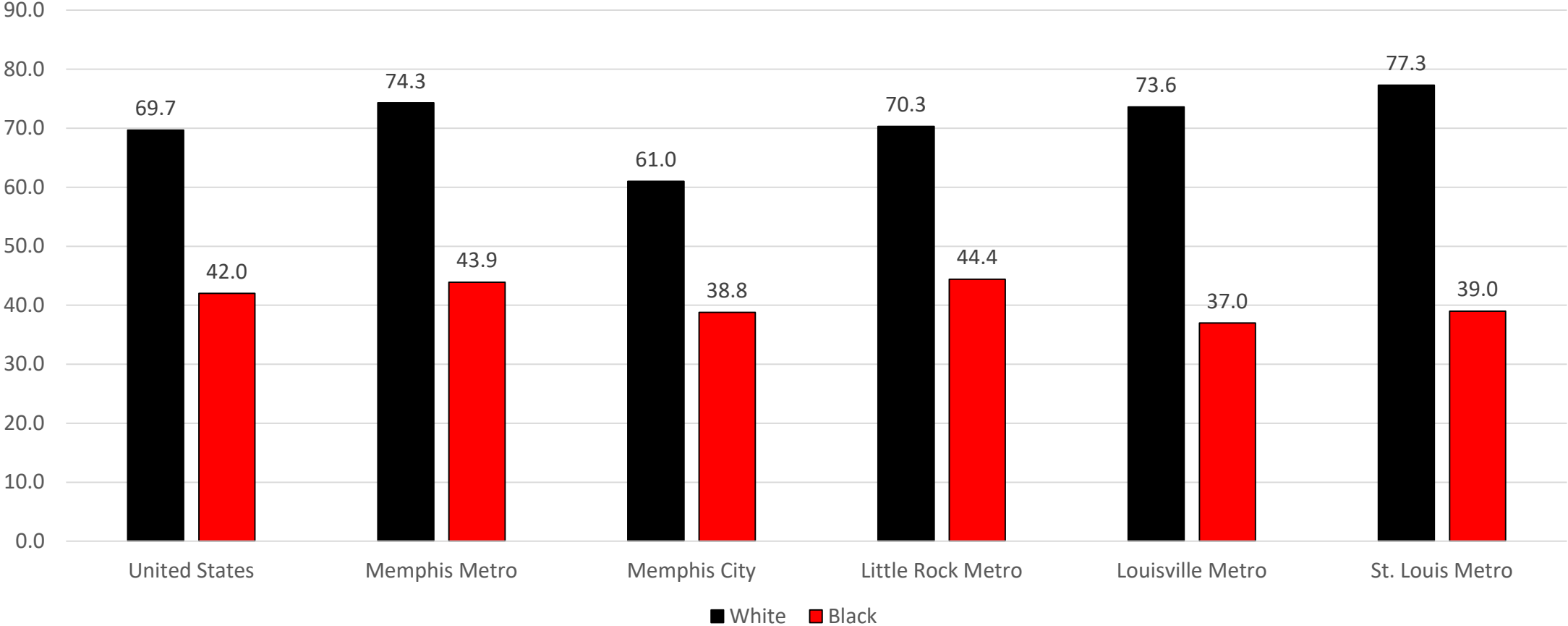
Median Wealth Gap Between White and Black Families



Source: [Kent and Ricketts \(2020\)](#).

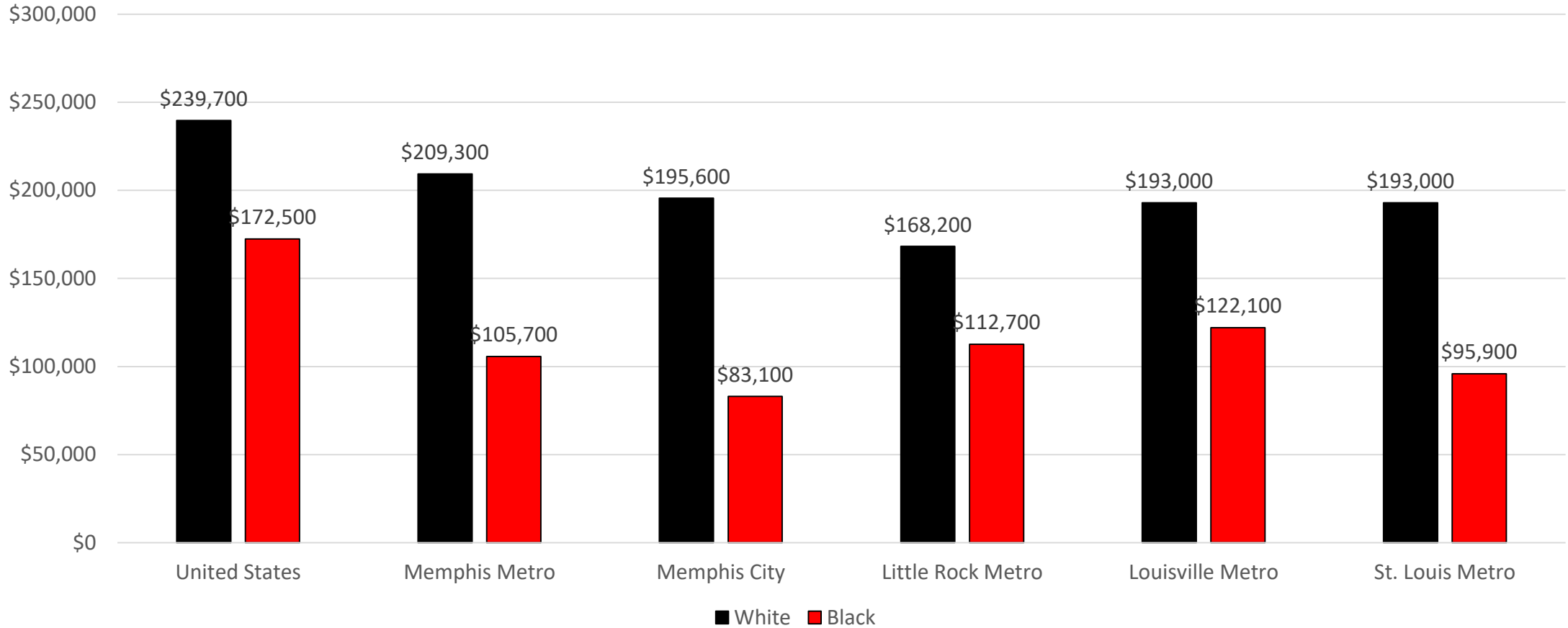
- Despite progress in other areas, the large racial and ethnic wealth gaps remain essentially unchanged.
- Typical Black families had about 12 cents per \$1 of wealth of white families.
- Even wealthier Black families (82nd percentile) fall short of white medians (50th percentile).

Racial Differences in Home Ownership Rates (U.S., Memphis, Little Rock, Louisville, and St. Louis)



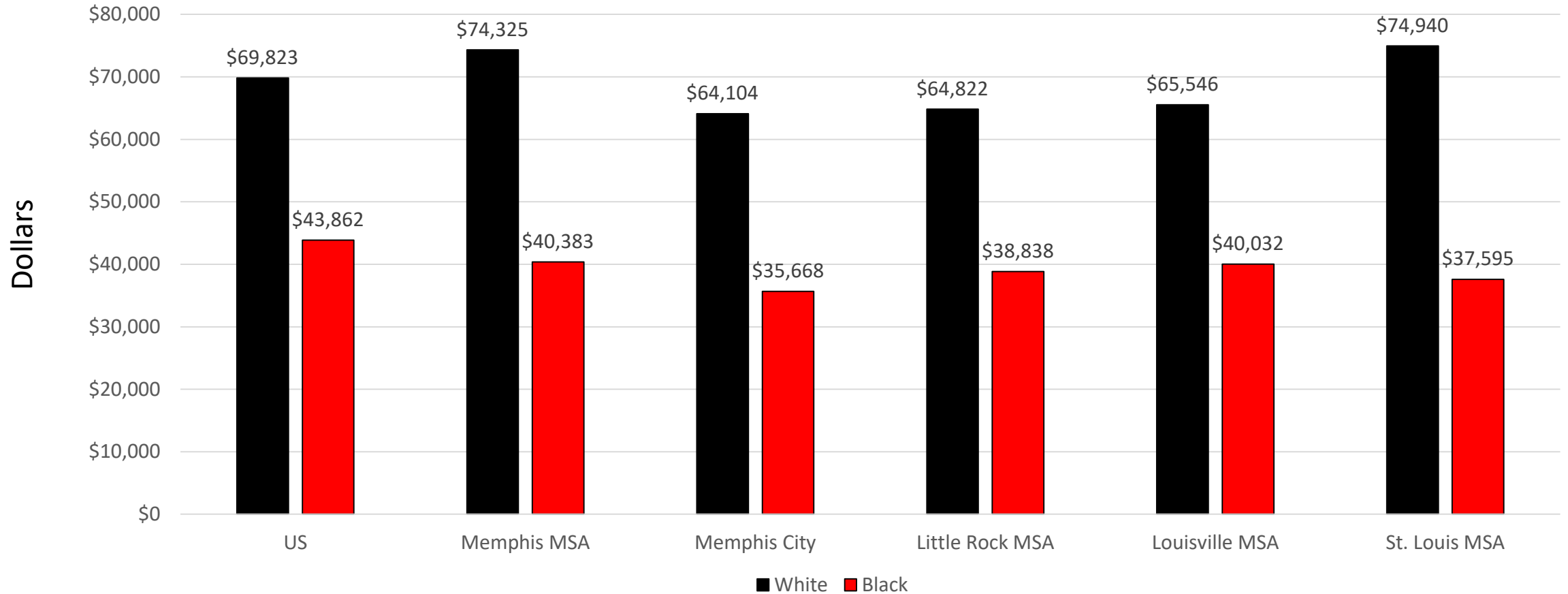
Source: U.S. Census Bureau. 2019 American Community Survey

Racial Differences in Median Home Values (U.S., Memphis, Little Rock, Louisville and St. Louis)



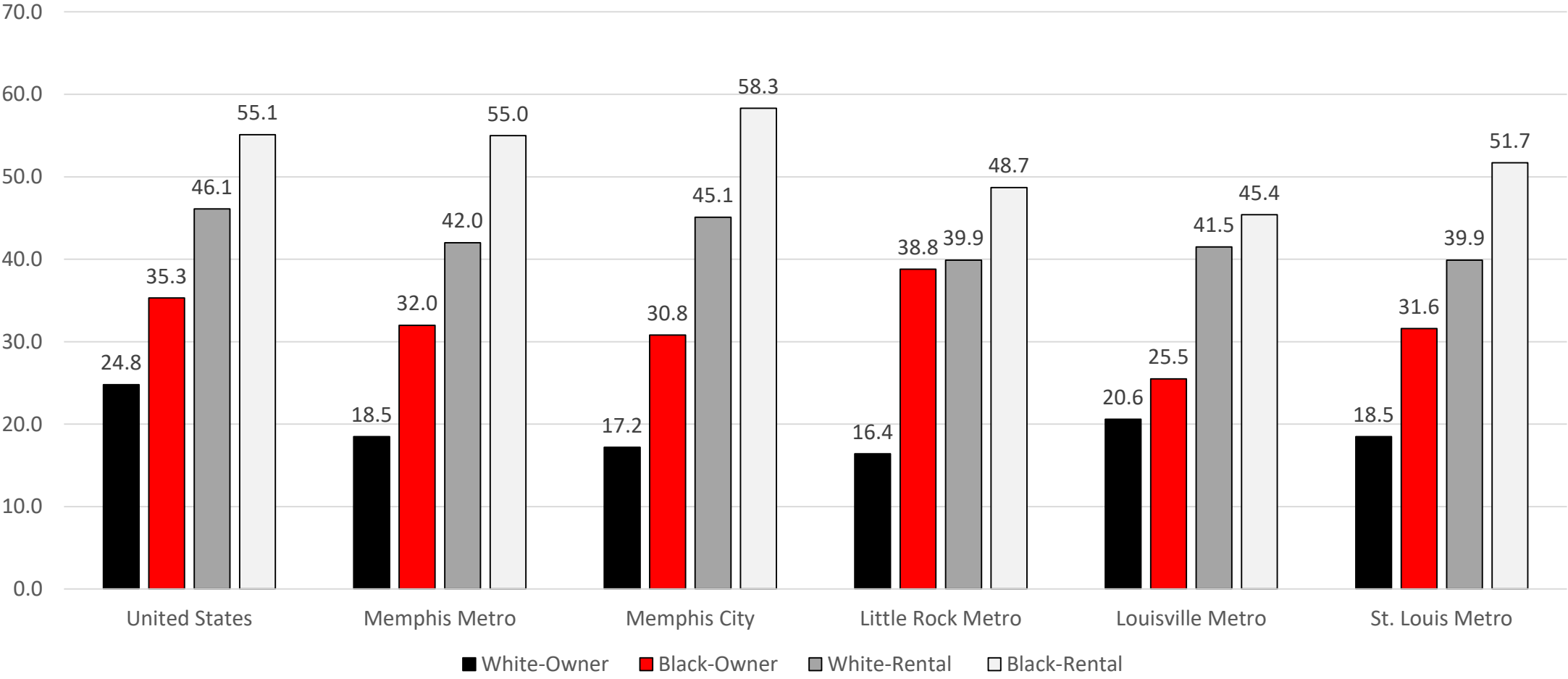
Source: U.S. Census Bureau. 2019 American Community Survey

Racial Differences in Median Household Income (U.S., Memphis, Little Rock, Louisville and St. Louis)



Source: U.S. Census Bureau. 2019 American Community Survey

Share of Households that Spend at Least 30% of Their Income on either Owner or Rental Cost (U.S., Memphis, Little Rock, Louisville, and St. Louis)



Source: U.S. Census Bureau. 2019 American Community Survey

CASES FOR ECONOMIC EQUITY

Dr. King's Economic Equality Messages

- “Negroes have benefited from a limited change that was emotionally satisfying but materially deficient... Jobs are harder to create than voting rolls.”
- A job is not necessarily equivalent to security.
 - Often undercut by layoffs, blacks are hit hardest.
 - First fired and the last hired.
 - Discrimination thwarts long-term employment, which negates building seniority.
 - Blacks need full-time and full-year employment
 - Need promotion and development opportunities
 - Need employment that feeds, clothes, educates and stabilizes a family
 - Declining unemployment rates veil the lack of black's job quality
 - Employment instability reflects the fragility of Black ambitions and economic foundations.

Dr. Martin Luther King, The Nation, March 4, 1966.

The Way Forward Requires Re-Imagination

- IEE's State of Economic Equity Identifies the following as keys to economic equity
 - Investing in 3rd Sector
 - Child and Elder Care
 - Housing Affordability
 - Housing Debt
 - Restoring Resiliency
 - Financial Stability and Build Emergency Savings
 - Build Wealth for the Future and Protect Existing Wealth
 - Reimagine New Ways to Create Wealth for LMI individuals and Communities
- End “deferred” maintenance in human priorities investment (human and social capital)
 - Pandemic increased awareness that we need to expand infrastructure investments beyond bridges, roads, and broadband to [social capital](#), [mental health](#) and access to [quality child care](#).
 - These have costs, but they have benefits
 - These human priorities investments raise worker productivity
- United Way of Northern NJ – ALICE concept to inform, educate, and mobilize

Consequences of Households Living Below the ALICE Threshold

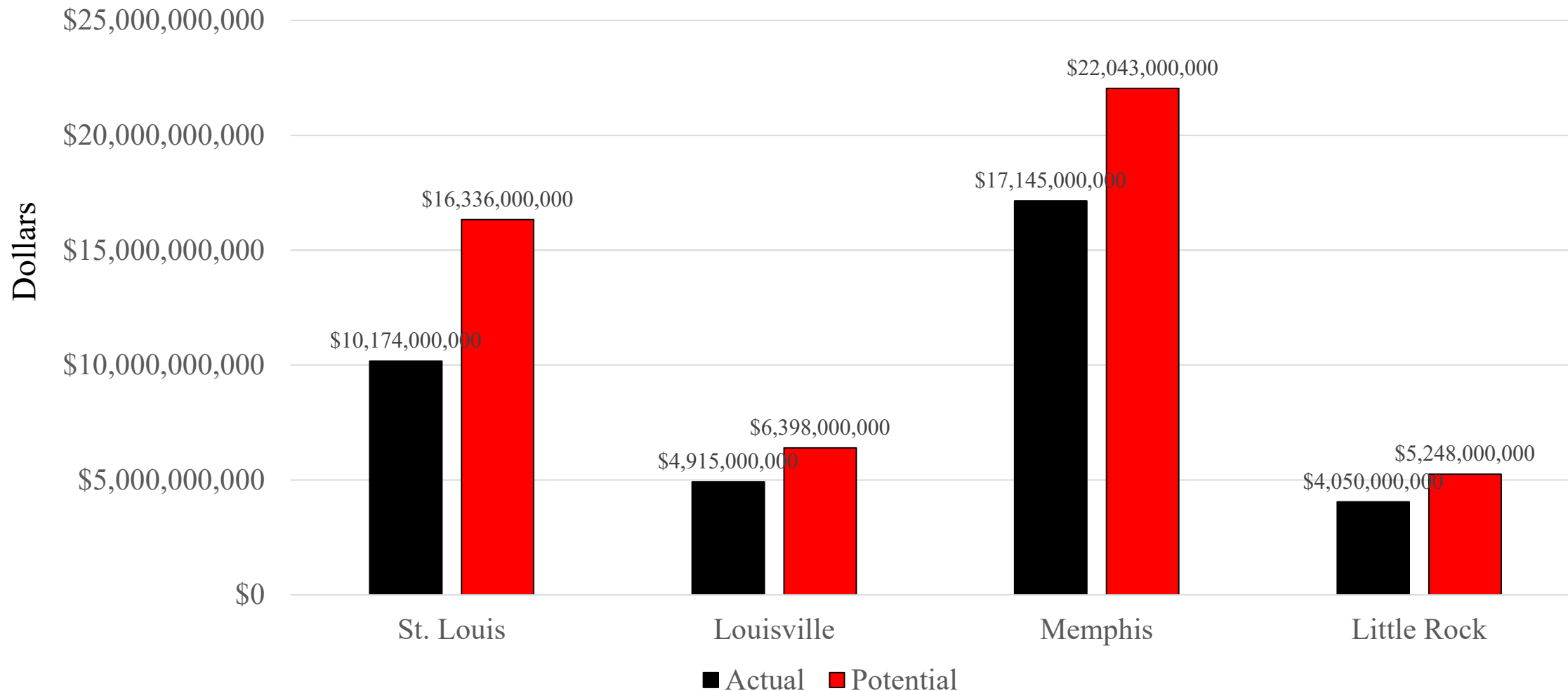
	Impact on ALICE	Impact on Everyone
HOUSING		
Substandard	Inconvenience and safety risks	Reduce local property values
Far from job	Longer commute, higher costs, less time	More traffic on road, workers late to jobs
Homeless	Disruption to job, family, education, etc.	Cost for shelter, foster care, health care
CHILD CARE		
Substandard	Safety and learning risks; health risks	Future burden on education system
None	One parent cannot work-foregoing immediate income and future promotions	Future burden on education system and other social services
FOOD		
Less healthy	Poor health, obesity	Less productive worker, future burden on health care system
Not enough	Poor daily functioning	Even less productive worker, future burden on social services
TRANSPORTATION		
Older car	Unreliable transportation and risk accidents	Worker late/absent from job
No insurance	Risk of fine, accident liability, license revoked	Higher insurance premiums, unsafe vehicles on the road
No care	Limit job opportunities/access to health care	Cost for special transportation
Source: Figure 22 file:///C:/Users/H1WMR01/Downloads/2012 UWNNJ ALICE%20Report FINAL2.pdf		

Consequences of Households Living Below the ALICE Threshold, cont.

	Impact on ALICE	Impact on Everyone
HEALTH CARE		
Underinsured	Forego preventive health, more out of pocket expense; less healthy	Workers sick in the workplace, spread illness, less productive
No insurance	Forego preventive health care; use emergency room; less healthy	Higher insurance premiums; burden on health care system
INCOME		
Low wages	Longer work hours; pressure on other family members to work (drop out of school)	Tired and stressed worker; higher taxes to fill the gap
No wages	Frustration of looking for work and social services	Less productive society; higher taxes to fill the gap
No savings	Low credit score, bank fees, higher interest rates	Less stable financial system; more public resources need to address ALICE crises

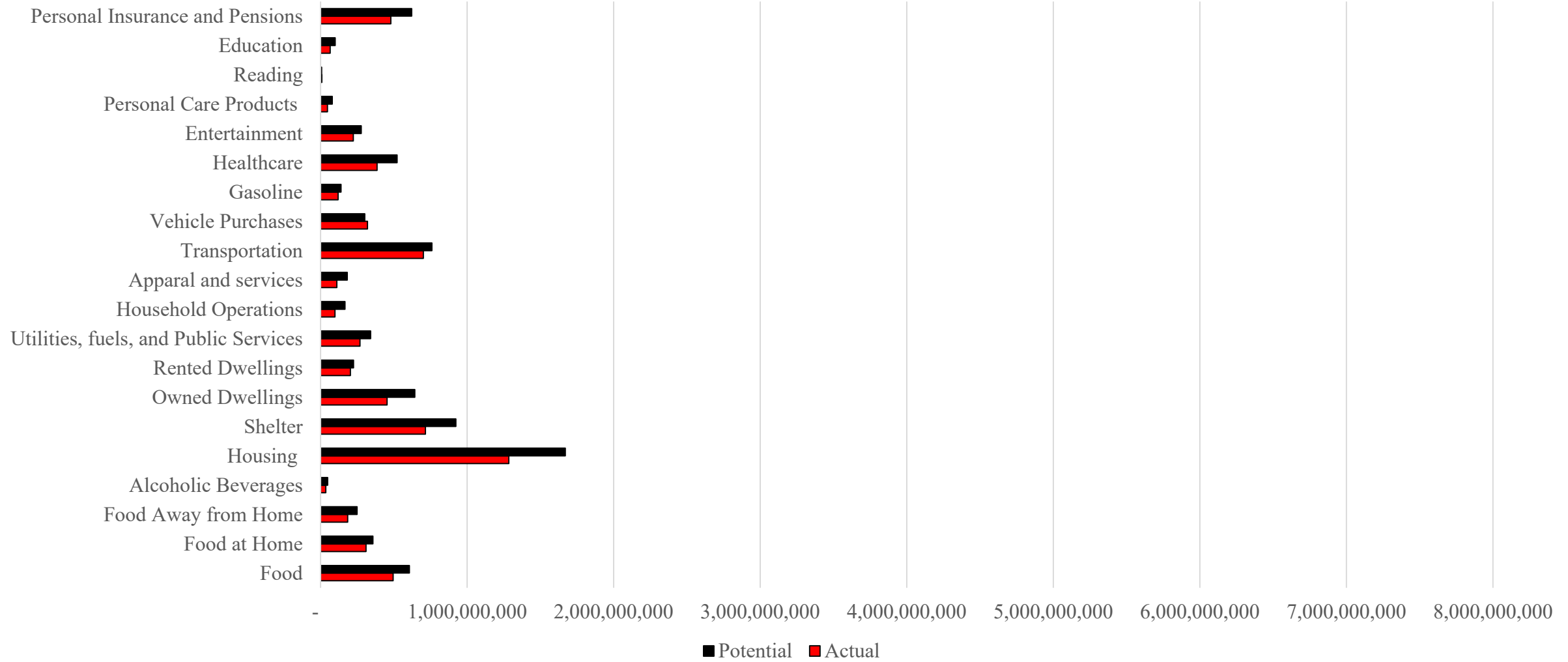
Source: Figure 22 file:///C:/Users/H1WMR01/Downloads/2012_UWNNJ_ALICE%20Report_FINAL2.pdf

Actual and Potential Black Buying Power (Economic Benefits of Racial Equity)



Notes: Author’s calculations from U.S. Census, Bureau of Labor Statistics and “The Multi-Cultural Economy” published by the Selig Center for Economic Growth, Terry College of Business at the University of Georgia.

Little Rock's Actual and Potential Black Buying Power by Expenditure Item



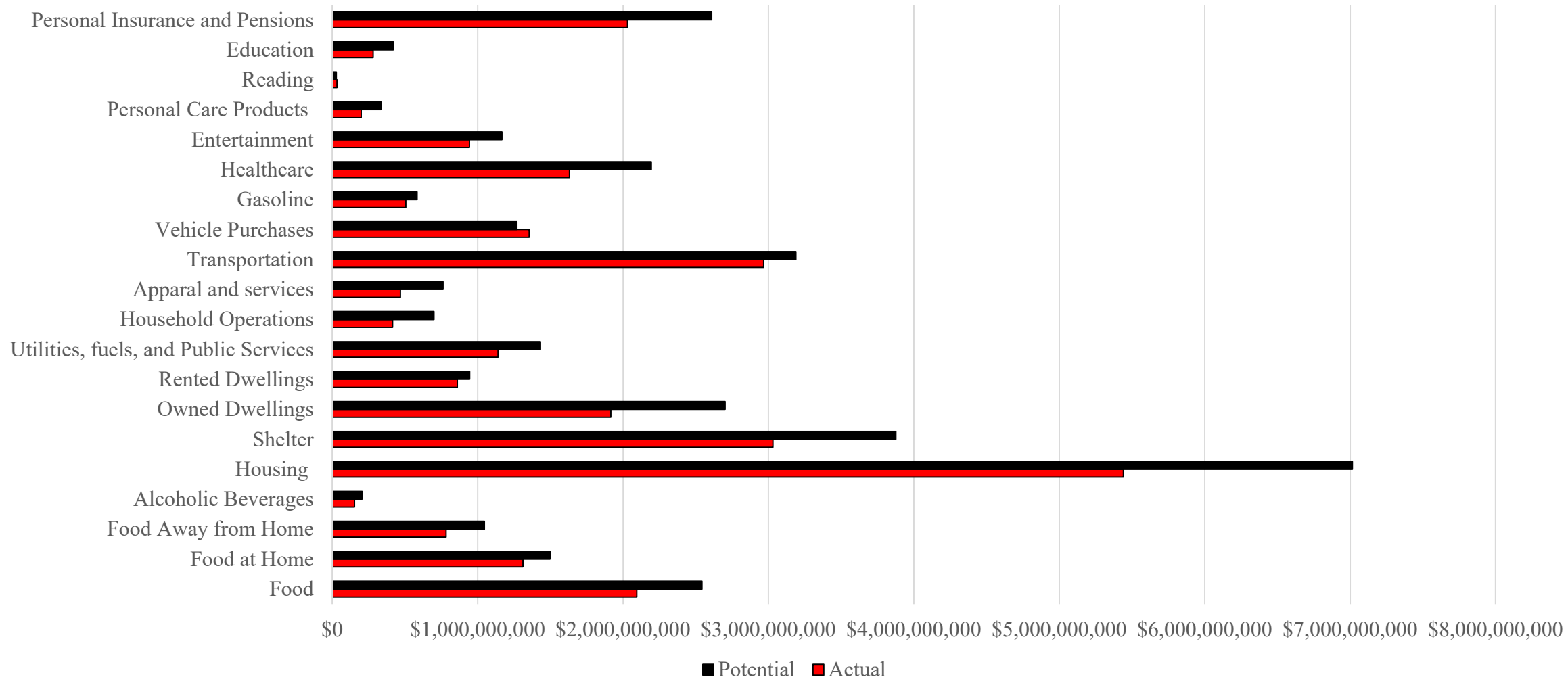
Notes: Author's calculations from U.S. Census, Bureau of Labor Statistics and "The Multi-Cultural Economy" published by the Selig Center for Economic Growth, Terry College of Business at the University of Georgia.

Where do we go from here?

- COVID and now inflation amplifies the consequences of not linking a job to economic security.
- The pandemic and inflation continues to amplify the following questions:
 - How do we ensure that workers have the skills that provide lifelong economic security?
 - How do we accommodate workers' needs to balance their jobs and with caring for their families?
 - How do we ensure that all workers have opportunities in America's workforce and that our diverse population works in safe and fair workplaces?
- As my former boss Alexis Herman said and is so relevant here. Our work is about “making the promise of America, the practice of America.”

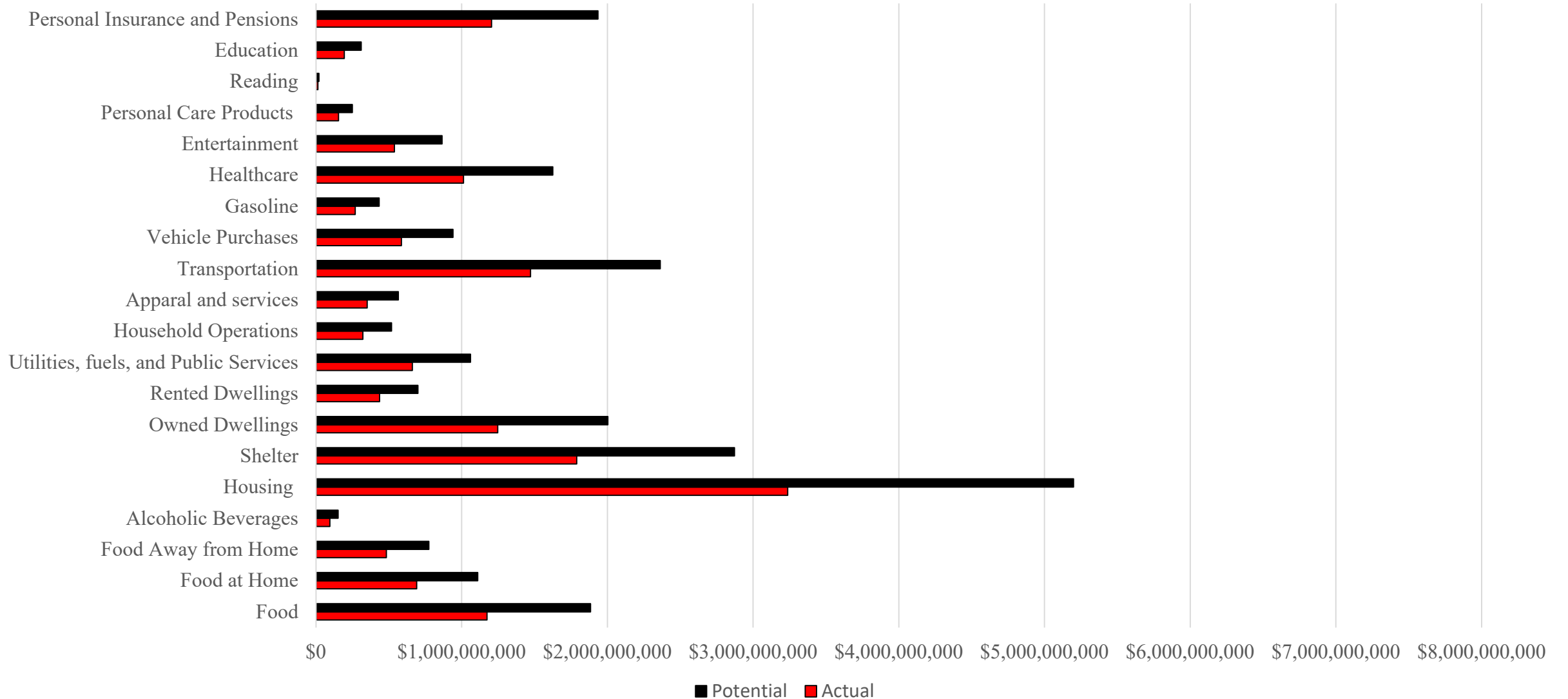
APPENDIX

Memphis' Actual and Potential Black Buying Power by Expenditure Item



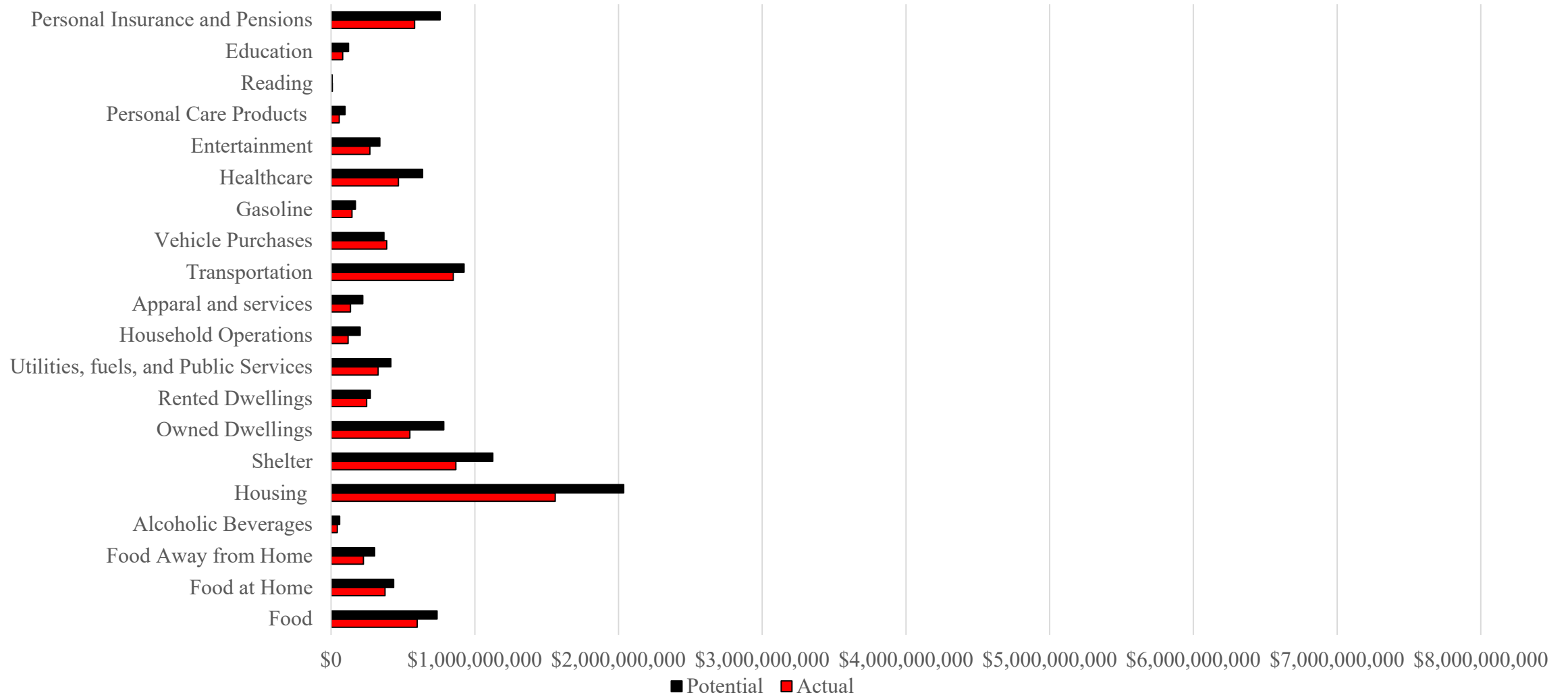
Notes: Author's calculations from U.S. Census, Bureau of Labor Statistics and "The Multi-Cultural Economy" published by the Selig Center for Economic Growth, Terry College of Business at the University of Georgia. 19

St. Louis' Actual and Potential Black Buying Power by Expenditure Item



Notes: Author's calculations from U.S. Census, Bureau of Labor Statistics and "The Multi-Cultural Economy" published by the Selig Center for Economic Growth, Terry College of Business at the University of Georgia.

Louisville's Actual and Potential Black Buying Power by Expenditure Item



Notes: Author's calculations from U.S. Census, Bureau of Labor Statistics and "The Multi-Cultural Economy" published by the Selig Center for Economic Growth, Terry College of Business at the University of Georgia.

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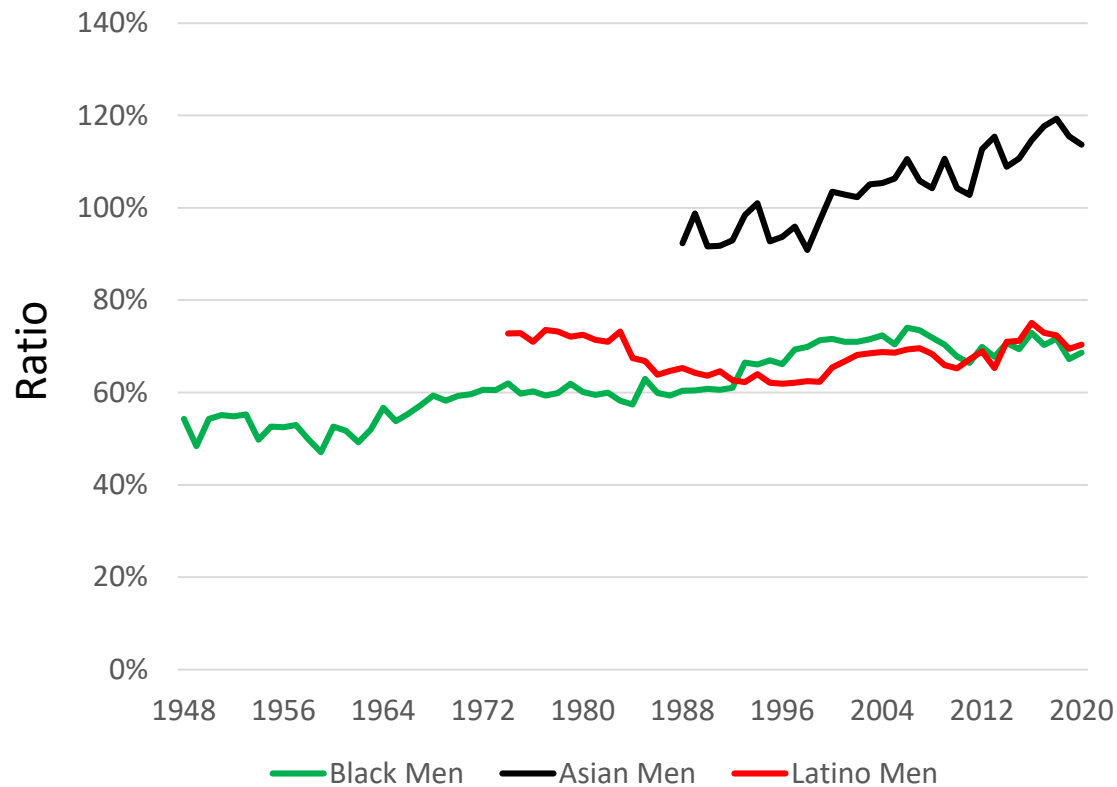
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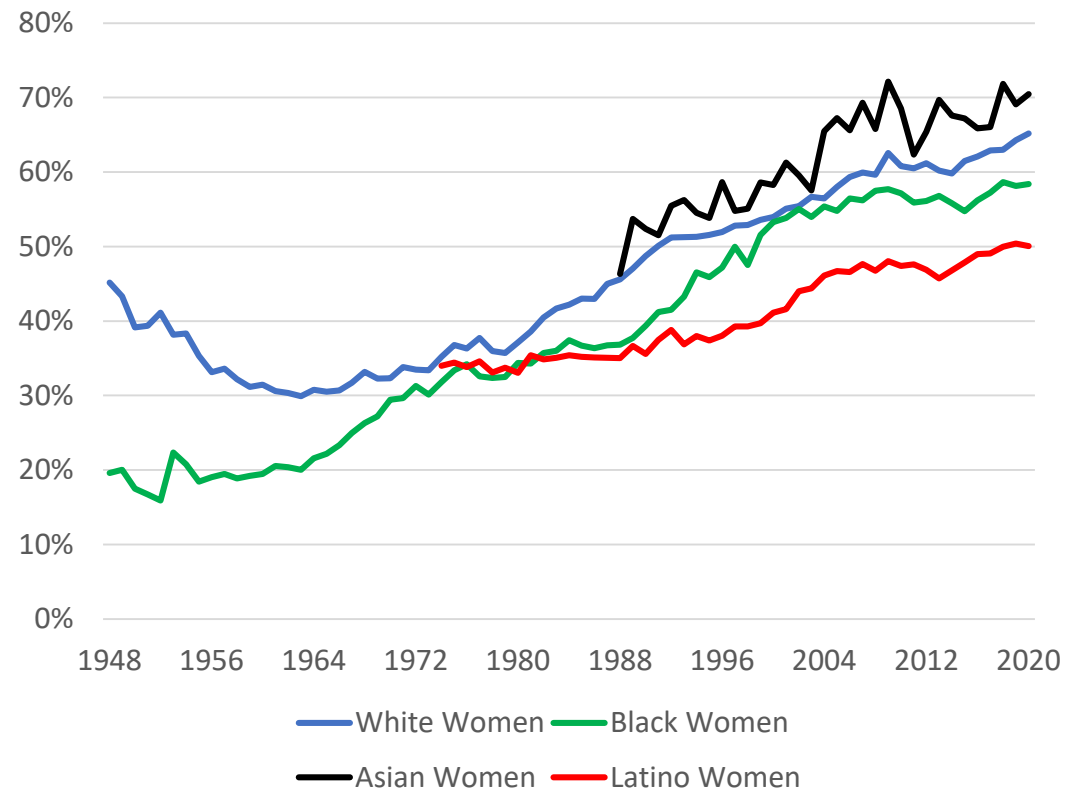
DATA APPENDIX

The improvement in the relative incomes of Black and Latino men has stagnated, and that of minority women has plateaued.

• Men Relative to White Men

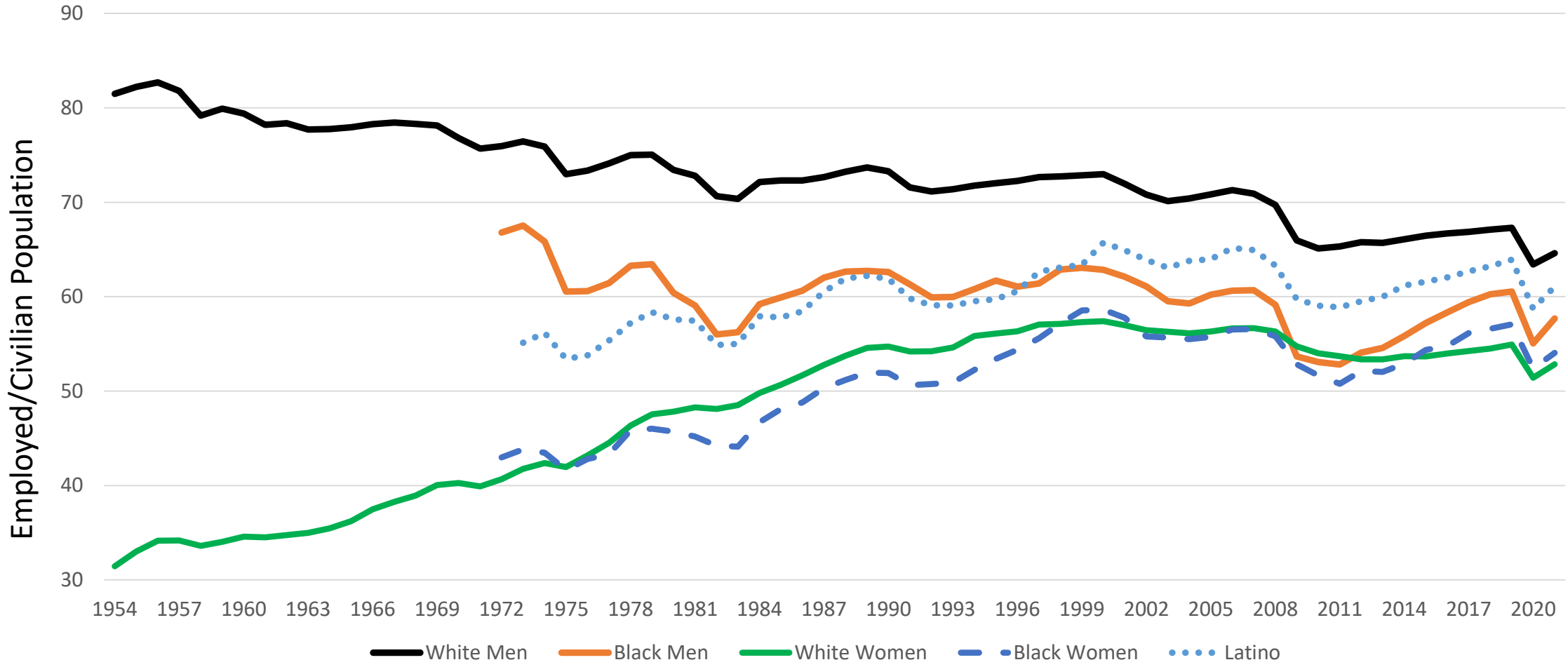


• Women relative to White Men



Notes: Author's calculations from personal income data from the U.S. Census Bureau. www.census.gov.

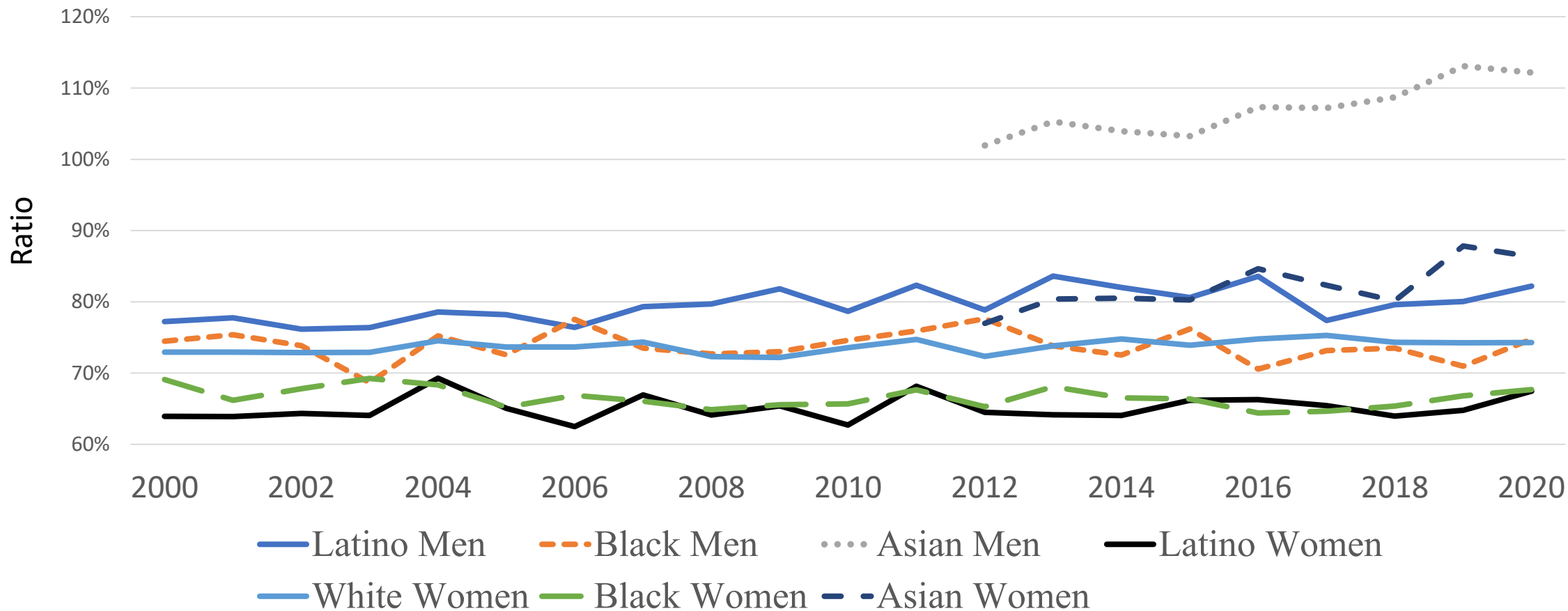
The employment-population ratios of women and minority men remain lower than white men.



Notes: Author's calculations from U.S. Bureau of Labor Statistics data. www.bls.gov.

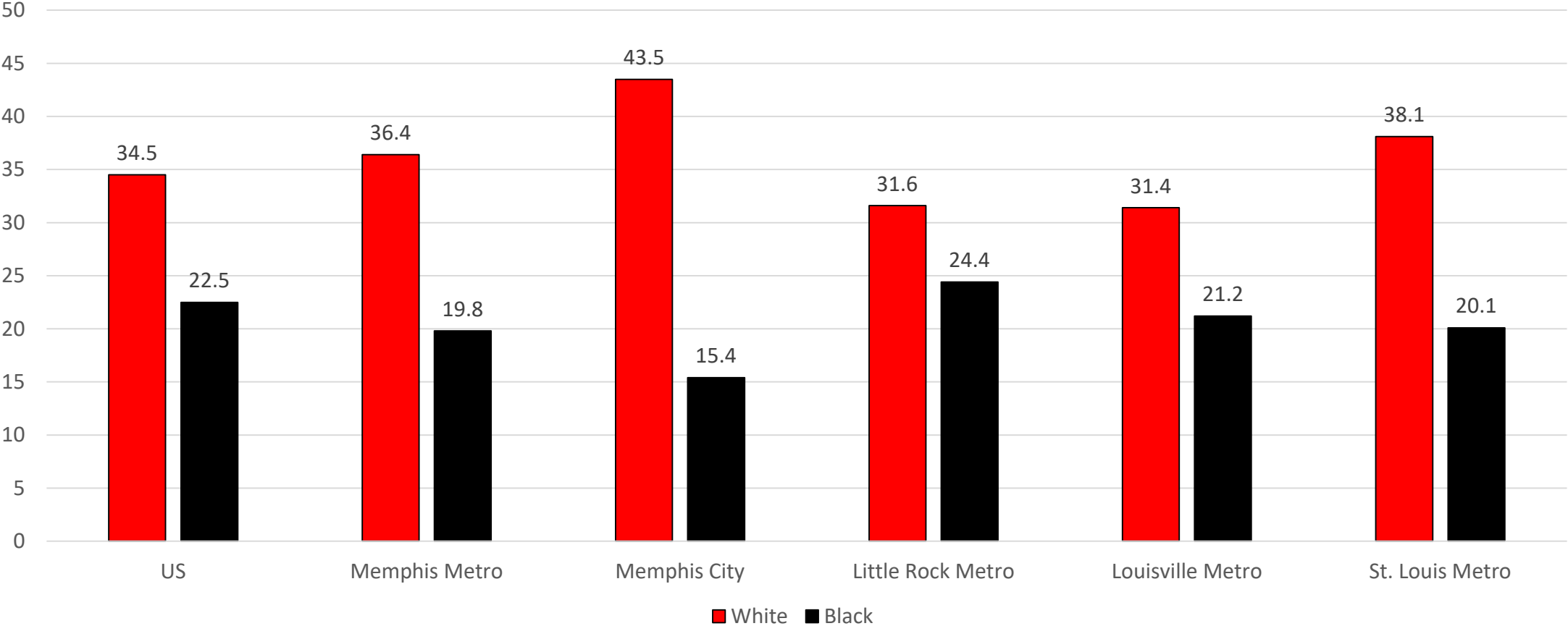
Large and persistent gender, racial, and ethnic wage gaps exist among adults holding a BA degree or more.

(Ratio of Usual Median Weekly Wages-Relative to college educated white men)



Notes: Author's calculations using usual median weekly earnings of full-time workers from the U.S. Bureau of Labor Statistics, www.bls.gov

Percent of adults with at least a BA Degree or more (U.S., Memphis, Little Rock, Louisville and St. Louis)



Source: U.S. Census Bureau. American Community Survey