

Economic Mobility



... is defined as our ability to access more resources over time.⁷¹ It is the likelihood that children can have a higher standard of living than they grew up having. Those numbers are different based on the neighborhood(s) you grew up in, your race, and your gender. Because this country was founded on dehumanizing us to extract our wealth, income, and labor, a structural wealth gap remains despite any advances we're making around income or homeownership.

Contextual Factors Related to Economic Mobility

What we believe to be true

Narratives about money and our personal value are as old as slavery and colonization, propping up systems of injustice and inherently devaluing the very people and land that feed, heal, house, care for, and protect us. In the absence of reparations and the presence of narratives swirling about working harder, hustle culture has become a survival strategy. People are not poor because they are lazy. In 2019, more than 23% of families in Washington weren't paid enough to make more than 200% of the federal poverty level, which is an outdated measure of basic needs.⁷² Many of us are exhausted, underpaid, and overburdened because our society was not set up for us to succeed.

Reparations and closing the structural gap

Recent research shows that even if the conditions for building wealth, like equal pay, access to capital, healthy housing, and education, were the same for Black people and white people from 1870 to 2020, white households would still have three times as much wealth as Black households. It would take 200 more years, until 2220, to achieve equal wealth under those same conditions.⁷³ We haven't even started the clock. Reparations are an essential component to closing the gap.



How much things cost

We know that building wealth is not only about increasing our income. Structural racism, as an unspoken foundational design aspect of our social structures, results in us paying a larger share of our income for most things.⁷⁴

The cost of housing is higher

You would need an annual household income of \$60,966 to afford a two-bedroom rental home using Housing and Urban Development's (HUD) Fair Market Rent in Washington, which is roughly \$4,000 higher than the Black median household income of \$56,250.⁷⁵ Furthermore, under the 2020 state minimum wage of \$13.69, you would need to work 86 hours per week at minimum wage or 2.1 full time jobs to afford a two-bedroom rental home. Washington state recently increased the minimum wage to \$14.49.

Cost of Housing Compared to Black Median Household Income in Washington*

	Fair Market Value of a 2-Bedroom Apartment (Monthly)	Income Needed to Afford a Fair Market Value 2-Bedroom Apartment (Annual)	Statewide Black Median Household Income (2019)	County Annual Income Needed as a Percent of Black Median Household Income
King County	\$1,906	\$76,240	\$56,250	136%
Pierce County	\$1,461	\$58,440	\$56,250	104%
Snohomish County	\$1,906	\$76,240	\$56,250	136%
Clark County	\$1,536	\$61,440	\$56,250	109%
Spokane County	\$1,007	\$40,280	\$56,250	72%

*Source: Numbers are from Out of Reach Report 2021: Washington. <https://reports.nlihc.org/sites/default/files/oor/files/reports/state/wa-2021-oor.pdf>

Interest rates are also higher

When we are able to acquire loans, we are charged higher interest rates. There is a history of Black women getting the highest interest rates for home loans across all racial categories.⁷⁶ And lenders have a high mortgage denial rate when it comes to Black people overall.⁷⁷ Nationally, 32% of Black people live in homes where a Black woman is the head of the household.⁷⁸

We spend a lot of time in transit

The average commute time in Washington state is 27.6 minutes, higher than the national average.⁷⁹ That does not account for people using public transit. Due to the impacts of displacement, we live further away from jobs, grocery stores, affordable child care, health care, and each other. So, we spend more money and time to get there. In the Seattle area, Black residents spend 18 more hours each year commuting than white residents, and double that to 36 hours more for Black residents with low incomes.⁸⁰

Food costs a lot

Today, 19% of Black people across the state are food insecure, 5% more than the general population.⁸¹ At one point in July during the pandemic, that statewide number jumped to 51%.⁸² Approximately two out of every five Black households experience food insecurity in King County. Between 2020 and 2021, food prices went up 3.4%, more than it has since 2011, and the increases appear as though they'll continue.⁸³

Healthcare costs and medical debt

The average American family spends around 11% of household income on health care premiums and out-of-pocket costs, but that amount approaches 20% for African American households.⁸⁴ Today, 93% of Black Washingtonians have health insurance. In 2019, 34% of Washingtonians enrolled in Medicaid were Black, limiting the types and number of providers we can access.⁸⁵

Our healthcare systems effectively send the message that your health care is only important if you can produce. And when we're sick, this translates into medical debt. Over 27% of Black people in America carry medical debt and 6.2% of those people's debt is more than 20% of their yearly income.⁸⁶ Just this year, state legislation (SHB 1616) was passed to minimize medical debt. It expands charity care eligibility to 1 million Washingtonians, and guarantees free hospital care to an additional 1 million Washingtonians who are currently eligible for discounted care.⁸⁷

College debt

From 2011 to 2021, the percentage of Black students with a bachelor's degree increased from 19.9% to 21.8%.⁸⁸ But four years after graduation, as interest accumulates, the average amount of college debt for Black students is \$52,762, almost twice as much as white graduates.⁸⁹ Without the burden of student loans, it is estimated that Black wealth would increase substantially.⁹⁰



Who gets hired for the "good" jobs

Data from the U.S. Equal Employment Opportunity Commission shows that of the roughly 900,000 people holding top-paying jobs across the country, about 3% were Black, even though we make up 13% of the population. Racist recruiting, hiring, and retention practices have ensured segregation continues in the workplace, resulting in continued wage discrimination. It does not take long to see how history has replicated itself ensuring that white people, especially white men, continue to be overpaid and overrepresented in decision-making spaces. In research that examined 300 public corporations that had the lowest median wages in 2020, not only did median worker wages not match increases in inflation at more than 30% of corporations, CEO pay increased from an average of \$2.5 million to an average of \$10.6 million, while median worker pay increased \$3,556 to an average of \$23,968.⁹¹

Employers are still screening people out based on their involvement with the legal system or lack of a college degree — two places there's plenty of data illustrating the racist institutional practices that make up the school to prison pipeline. We are familiar with the old narrative that employers just can't find qualified candidates. It is simply not true. The data show subjective hiring practices that reinforce racial bias.⁹²

Racism in the workplace and promotions

Employment practices, like looking for “cultural fit,” continue to produce racist outcomes. In 2021, Equality in Tech found 57% of Black technologists reported experiences of racial discrimination, up from 55% in 2020. This contributes to another trend: 39% of Black tech workers are considering switching employers. The top reasons given are more responsibility/greater professional development and better working conditions.⁹³

Hiring more Black employees is one thing, making sure the company’s culture is intentional about including Black people in how they promote and grow talent within the organization is another. Few

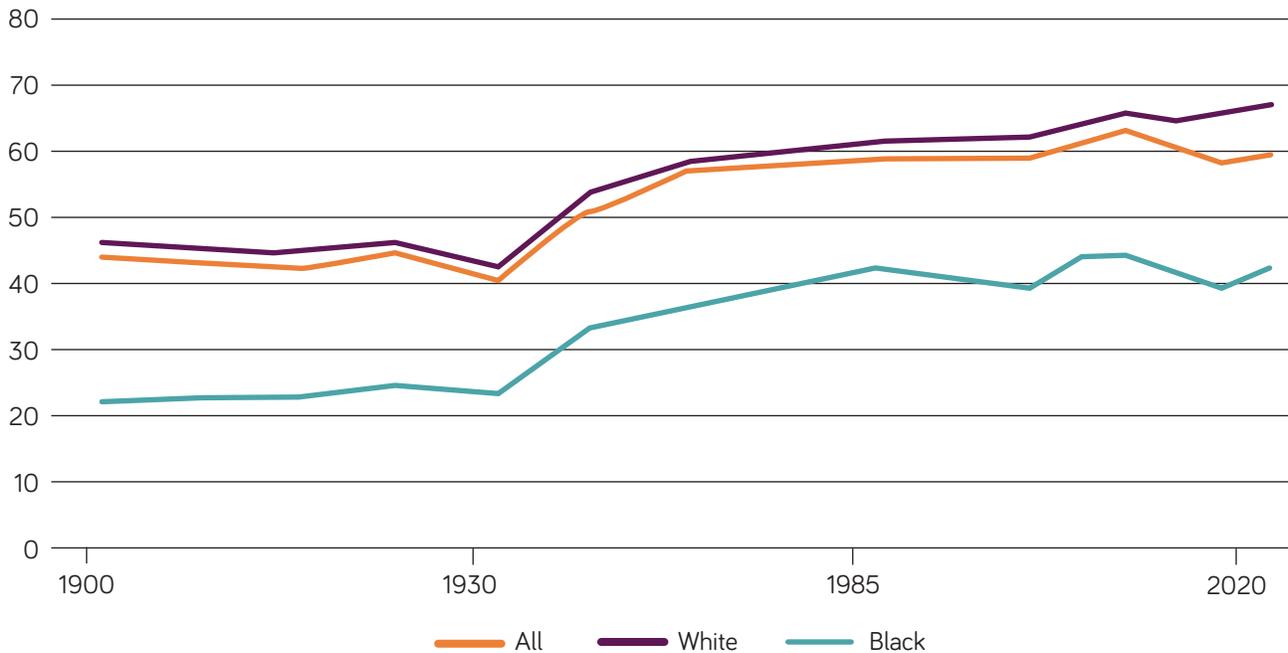
employers are actively reviewing and transparently reporting on pay and promotion by race and gender — two long entrenched gaps that greatly impact economic mobility for Black people.

In jobs that pay more than \$100,000 per year, Black women represent just 2.7%.⁹⁴ In addition, we are frequently put in positions that demand our assimilation.⁹⁵ Silenced by the perceived threat of being fired, not promoted, or retaliated against, many of us are reluctant to rock the boat and experience increased anxiety and depression as a result.⁹⁶

Owning a home or residential property

Housing equity makes up nearly 60% of total net worth for Black homeowners.⁹⁷ In 2020, the percentage of Black homeowners statewide was 34%, still lower than the statewide average of 63.3% and the national average of Black homeownership of 43.4%.⁹⁸ For reference, in Seattle in the 1930s, that number was 39% for Black people⁹⁹ and in 2019 was 25.8%.¹⁰⁰

Homeownership Rates by Race from 1900-2020



** Source: 1900-1990 Data provided by U.S. Census Decennial Survey. More details 1995-2010 and Q12015 data was provided by the Census Bureau’s Housing Vacancies and Homeownership Survey. 2020 and future projections provided by Joint Center for Housing Studies at Harvard. Calculations conducted by Richardson, J. and Mitchell, B. of NCRC Research team.

Black homeowners must contend with the legacy of redlining, mortgage steering, biased appraisals, denied loan applications, higher interest rates, and more expensive, risk-laden loans. The net effect of higher interest rates, less favorable financial products, and lower assessed values means we go into more debt for less of a return. In Washington state, the assessor’s office has increased the value of some Black homes, but for now, the net effect of that means higher property taxes, further decreasing the amount of our disposable income. In Kent, property taxes increased 12.96%, and in Tukwila 15.14%, the highest increase in King County.¹⁰¹ In most cases, homeownership is the primary way wealth is passed down.⁹⁸ The Black Homeownership Initiative has laid out a clear seven point plan to increase Black homeownership in the region.¹⁰²

Access to business capital

Today Black people make up 12.4% of the U.S., yet in 2019 Black businesses represented 2.3% of all employers, employing 1.3 million people.¹⁰³ Often in addition to working a full-time job, many of us own a side business, or two, or three. Nationally, Black folks make up 11.8% of non-employer businesses.

Business Representation by Race/Ethnicity Group

Race/Ethnicity Group	% Population	% Employer	% Non-employer Business
White	75.3%	83.5%	77.2%
Black	14.0%	2.3%	11.8%
Asian	6.6%	10.1%	7.8%
Latino or Hispanic	18%	6%	14.7%
Other	7.6%	0.6%	0.5%

Notes: Race groups include those who identify with more than one race.
 Source: Brookings Metro. Data for population and employer business are for 2019 (from 2019 ACS and 2020 ABS) and the data for nonemployer firms are for 2018 (most NESD data)

And getting there is no small task. The capital and knowledge needed must be sought out and that takes time, trial, and error — further complicated by racial bias of the people making decisions. In 2020, 92% of Black business owners reported experiencing a financial challenge. Black small business owners were also the most likely to experience difficulty accessing credit (53%) and the most likely to tap into personal funds (74%).¹⁰⁴

Banks and lending institutions continue their centuries long racist practices, denying Black loan applications and the capital needed to start and sustain the businesses we’re building. During the pandemic, paycheck protection program (PPP) loans for Black-owned businesses were received later and were substantially less than white-owned businesses.¹⁰⁵ The PPP system was built on the banking system, which purposefully underserved the Black community. Black businesses had better chances for financial services with non-mainstream banks. Although Black businesses were hit particularly hard by the pandemic, there has been a substantial surge of new Black businesses — making up 26% of all new businesses, which is 9% more than pre-pandemic.¹⁰⁶

In Washington state, during testimony for initiatives and legislation around I-200, elected officials pointed to state analysis that demonstrated a significant decrease in state spending on contracts with minority and women owned businesses and contractors 1998 and 2017.¹⁰⁷ Additionally, the number of certified firms declined by half. If the rate of spending stayed the same as before I-200 was passed, an additional \$3.5 billion would have gone to smaller minority and women owned businesses by 2018.¹⁰⁸ We know that this number would be higher over the past four years. To add to that picture, the Office of Minority and Women Owned Businesses has found that long established firms have reported significant negative impacts from I-200.¹⁰⁹

Community Identified Approaches to Economic Mobility

In the midst of our reality, we are still dreaming and remembering the joy of building with each other, the care of mutual aid. We remember that we are our most precious asset. Everyday, we are examining the dissonance and finding our way back to our own humanity. Our planning today is for generations to come because all of us, not just a few of us, are deserving of comfort and care. We recognize our abundance and move from the inner knowing that we have access to an abundant world.

Lean into each other as our most valuable resource

We are our greatest asset. We are healing and learning to trust ourselves and each other. We deserve to be with each other from a place of power, clarity, and compassion.

- Balance individual and collective healing as interconnected, but not codependent.
- Share meals, space, and knowledge with each other, honoring our various paths.
- Celebrate each other's wins.
- Be intentional about what we value and make decisions that mirror those values.

Hire Black people, pay them well, and put them in leadership roles

Most of us, particularly Black women, are told the lie that we need more experience, more training, before we can successfully fill leadership roles. We don't. Impostor syndrome is used against us.

- Normalize pay transparency.
- Adjust salaries of underpaid Black employees.
- Reflect emotional labor, especially that of Black women, in their pay.
- Put Black people in leadership roles and support their leadership.
- Embrace shifts in work culture and business practices that come with Black leadership.
- Cultivate more Black leaders even if their style doesn't mirror your own.
- Reverse I-200.

Partner with Black youth to create the jobs of tomorrow

Most of the jobs and organizational models that will move us toward societal well-being do not exist today. We are creating them.

- Prioritize teaching curious thinking, problem solving, technology, arts, and social and emotional skills.
- Partner with youth to redesign curriculum at all levels, catering to their interests.
- Co-create opportunities for youth to influence the workforce.
- Design ways for people to develop mastery in real-world settings, outside of the traditional K-12 and college experiences.

Change the nature of traditional human resources (HR)

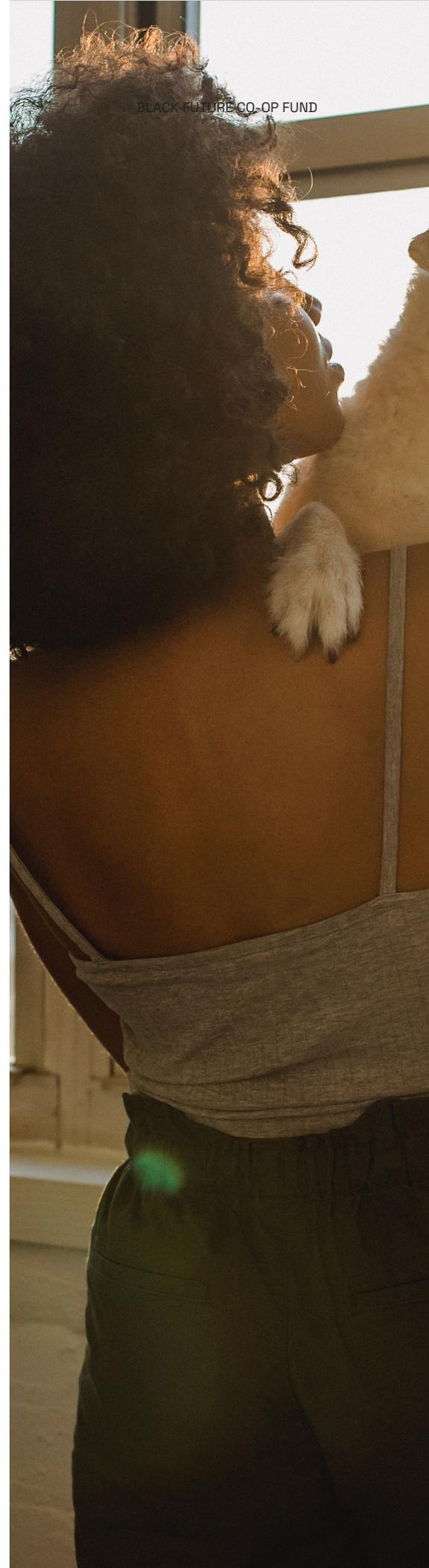
Currently in place to manage risk and protect the organization, everything about HR needs to shift. One lesson many of us painfully learn is that HR's primary role is not to support us.

- Collect standard data on the utilization of equitable HR practices and their impact on Black employees across organizations.
- Accurately assess and reflect all competencies needed for a job, rather than subjective hiring based on "fit".
- Address the accountability gap between the legal definition of racism and the daily impacts of racism from things like microaggressions.
- Prioritize employees' growth and development.
- Know your rights as an employee, read the employee handbook, and ask questions.
- Get wise legal consultation.

Start, invest in, and expand Black-owned businesses

Today Black businesses are 2.2% of all employers.¹¹⁰ More than ensuring company profits circulate within the Black community, Black employers are also more likely to offer flexibility and balance to employees.

- Direct opportunities and programming specifically to Black entrepreneurs.
- Offer well-structured access to credit and capital.
- Support policies and financial decisions that decentralize the marketplace.
- Resource spaces where Black entrepreneurs can share knowledge.
- Offer free, long-term technical support (grant writing, paperwork, financial management, legal, etc.).
- Reverse I-200.





Increase and sustain Black homeownership

Homeownership is currently an important pathway to generational wealth and even community building. Currently 34% of Black households in Washington own their home.¹¹¹

- Educate our communities on homeownership as a pathway to generational wealth.
- Build awareness of predatory practices and how they work.
- Fund Black organizations that are working to increase homeownership.
- Increase the amounts of money dedicated to down payment assistance.
- Create funding streams to keep Black homeowners in their homes.
- Explore non-traditional options for homeownership.

Get more Black involvement in urban planning

We need more Black people influencing what our neighborhoods look like and how they function — the amount and types of housing, businesses, greenspace, and transportation.

- Increase urban planning literacy in Black communities.
- Make neighborhood planning accessible to Black families.
- Pay Black residents well to participate in neighborhood and regional planning.
- Learn what state, local, regional agencies, like Puget Sound Regional Council, are already planning decades out.