



— CREATING —
AN
EQUITABLE
FUTURE
IN WASHINGTON STATE

20
15

BLACK WELL-BEING & BEYOND



ECONOMIC SECURITY

The premise of the American Dream—that if you work hard you can get ahead—has long defined the social contract between the United States and its people. The ability of families and individuals to meet basic needs and save money for the future is a precondition to long-term economic security and underpins every domain of well-being. When a critical mass of people is able to get ahead, the benefits ripple throughout communities, businesses, and the economy at large.

The American Dream was realized for some in the aftermath of World War II, when a series of public policies were intentionally designed to support the creation of the middle class. The G.I. Bill—perhaps the single most important piece of legislation to expand educational opportunities and home ownership in the history of the United States—was pivotal to the economic security many Americans realized in the post-war period of “Great Prosperity” that lasted from 1947 to 1979. Beneficiaries of the G.I. Bill built wealth through home ownership and better job opportunities, ultimately passing it on to their children and laying a foundation for family economic security for several generations.⁸

Black people, who also fought for their country during World War II, returned to the United States still fighting for their full human and civil rights. Largely excluded from the G.I. Bill and other public benefits, Black people were denied the same opportunities to pursue education and home ownership as their peers. Throughout the 20th century, for example, Black people in Washington state and across the country were residentially segregated from economic and social opportunities.⁹ Two notorious practices in that regard were racially restrictive “covenants”—agreements between owners and developers of real estate that prohibited Black people (and other racial groups and religious minorities) from living in specific areas—and “redlining,” which labeled entire Black communities as too financially risky for mortgage loans. These types of exclusion, combined with a history of institutionalized discrimination, systematically denied Black people access to the middle class and the intergenerational benefits of post-war prosperity.

2x

The unemployment rate for Black Washingtonians in 2013 was 14 percent, twice as high as the state rate of seven percent.



6 in 10

The number of jobs that pay less than what is needed for a family of three to meet basic needs on one income in Washington state.



54%

The share of monthly income a Black family of three pays for housing and child care—the two biggest expenses a family has. The average family in Washington state pays 36 percent.



MAJOR OBSTACLES TO ECONOMIC SECURITY

The economic security of Black people in Washington state today, and the future of the entire middle class in our state, cannot be understood or envisioned apart from this history. The barriers to economic security for Black Washingtonians today have taken on new forms, but they have evolved from old challenges that must be tackled if we are to create equal economic opportunities moving forward.

Disproportionally high rates of unemployment. As the Great Recession gripped Washington state, policymakers' attention rightfully focused on a soaring unemployment rate, which reached a peak of 10 percent in 2010. The concern about such high unemployment was warranted—an economy cannot function when such a large number of people are without work and businesses are without customers. The total unemployment rate, however, masked a more troubling trend for the Black community. The rate among Black Washingtonians rose to a staggering 21 percent in 2010, and remained at 14 percent at the end of 2013, compared to the state rate of 7 percent.¹¹ The same level of concern for the general population should apply to all groups. The Black community cannot thrive when such a large share of the community cannot find work.

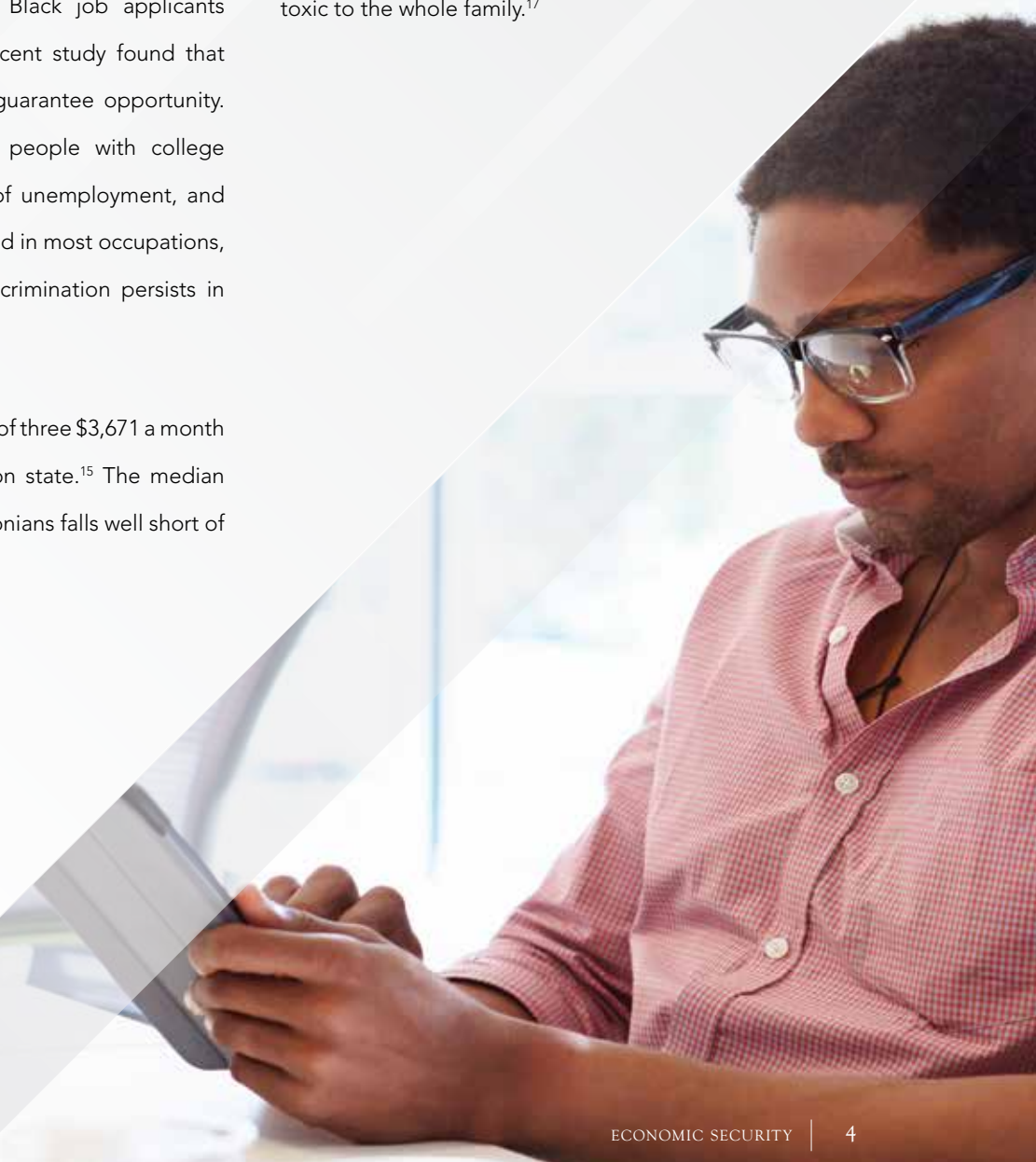
A low-wage job market with racial discrimination. The lack of employment opportunities for Black people is compounded by the low quality of the jobs available. While Washington state has the largest share of high-wage, high-skill science, technology, engineering, and math

(STEM) jobs in the nation, the majority of available jobs skews toward those that pay lower wages. For the state as a whole, six out of 10 (62 percent) jobs are in occupations that pay an hourly wage less than what is needed for a family of three to meet basic needs, let alone get ahead.¹²

Lack of educational opportunities affect both the quantity and quality of employment opportunities for Black Washingtonians described above (see *Education* section for more detail), but research repeatedly shows that, all other qualifications being equal, Black job applicants are less likely to get hired.¹³ A recent study found that even a college degree does not guarantee opportunity. Compared to their peers, Black people with college degrees have much higher rates of unemployment, and are more likely to be underemployed in most occupations, strongly suggesting that racial discrimination persists in the labor market.¹⁴

High cost of living. It costs a family of three \$3,671 a month to meet basic needs in Washington state.¹⁵ The median monthly income of Black Washingtonians falls well short of


that—\$3,380 (compared to \$4,867 for the total population). Housing and child care are the two biggest expenses, together costing a family of three one third (36 percent) of its monthly income. For a Black family of three, the cost is even greater—more than half (54 percent) of its median income.¹⁶ Such high costs of living make it difficult to meet other basic needs, including food and transportation to school or work. When parents do not have the peace of mind that their children are well-nourished, safely housed, or able to get to school, stress can reach levels that are toxic to the whole family.¹⁷

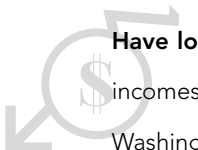



MAKING PROGRESS ON ECONOMIC EQUITY: KEY GAPS TO CLOSE


As a result of these barriers, Black people are far more likely to face economic hardship than many of their peers, and often lack the savings and assets to invest in their future or withstand the impact of a personal financial crisis or weak economy.

COMPARED TO WASHINGTONIANS GENERALLY, BLACK PEOPLE:

 **Are less likely to have a job that pays enough to meet basic needs.** Just more than one quarter (28 percent) of Black workers in Washington state are in a job that pays enough for a family of three to meet basic needs—such as food, shelter, utilities, and child care—on one income.¹⁸ The reason, in part, is due to Black workers being overrepresented in lower-paying jobs, such as retail sales, food service, and administrative work, and underrepresented in the higher-paying STEM occupations, such as computer science, architecture, engineering, and biotech.¹⁹

 **Have lower household incomes and higher rates of poverty:** Weaker job opportunities translate into lower household incomes for Black families, and higher rates of economic hardship. The median household income of Black households in Washington state is nearly \$18,000 less than the state median, and nearly 60 percent of Black children are living in poverty, compared to 39 percent of children overall.²⁰

 **Less likely to own a home or have enough assets to weather a personal financial crisis or weak economy.** Fewer resources, especially given the high cost of living in Washington state, prevent Black families from accumulating the kinds of assets needed to build wealth, such as buying a home or saving for retirement. Just 35 percent of Black people live in households that own their homes compared to 65 percent of Washington households overall.²¹ Nationally, 25 percent of Black households have enough assets to weather a personal financial crisis or weak economy, compared to 46 percent of households overall.²²

 **Lower median net worth.** Systemic barriers to building assets put current and future generations of Black Washingtonians at a significant disadvantage. With net worth 11 times less than the state average, they do not have the resources to achieve permanent economic security or pass down wealth from one generation to the next.²³

DIALOGUE FOR AN EQUITABLE FUTURE

Economic security is the foundation for all other areas of well-being. When families have the peace of mind that comes with having enough to eat, a safe place to stay, and savings on which to fall back, the benefits can be seen through better education and health, greater community and civic engagement, and reduced risk of involvement with the criminal justice system. While barriers exist for all Washingtonians, solutions cannot be one-size-fits-all given such large disparities in economic opportunities between Black Washingtonians and others. Below, we suggest a set of initial questions policymakers should explore with the Black community to address systemic barriers to economic opportunities and identify solutions that create an economy that works for all Washingtonians.

1. What are the most significant barriers to economic opportunity for Black Washingtonians today? In what ways are barriers for African-Americans similar to or different from Black people born outside of the United States?
2. How do barriers to economic opportunities differ for Black men and Black women from different ethnic and cultural backgrounds?

3. What economic policies can be pursued to ensure that all families in Washington state can meet their basic needs? What opportunities are available for the Black community to discuss and inform these policies?
4. How can we increase the share of Black people with access to good jobs? What is the attitude in the Black community toward STEM jobs?
5. Do Black people have adequate access to an education that will allow them to compete for the jobs of today and the future? Does access to education differ for Blacks born in the United States and those born outside of the United States?
6. How has the Black community responded to the high cost of living in the Puget Sound region? Are there ways we can make housing and child care more affordable to advance the economic security of children and families?
7. How is the economic stress a family feels on a monthly basis affecting other indicators of well-being? What are the unique ways in which children experience stress?

