

CLOSING THE WEALTH GAP

WHAT ROLE CAN FINANCIAL EDUCATION PLAY?

February 9, 2022



Topics We Will Cover

- **Wicked Problems**
- **The Racial Wealth Gap**
- **Root Causes**
- **The (Potential) Role of Financial Education**
- **Educator Resources**

Handout with Links

Closing the Wealth Gap

March 9, 2022 Webinar | Presenter: Hilary Hunt



Wicked Problems

- Stanford Social Innovation Review: Wicked Problems: Problems Worth Solving ([link](#))

The Wealth Gap

- The Federal Reserve: "Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances" ([link](#))
- Federal Reserve Bank of St. Louis: "Has Wealth Inequality in America Changed over Time? Here Are Key Statistics" ([link](#))
- Survey of Consumer Finances: Interactive graph-making tool ([link](#))
- The Washington Post: "The black-white economic divide is as wide as it was in 1968" ([link](#))

Root Causes

Historic Causes

- Investopedia: "A stark gap exists in the wealth of Americans across race and ethnicity" ([link](#))
- Splinter: "Racist Banking Policies Keeping Black Americans From Prospering" ([video](#))
- Now This: "How Housing Redlining Contributed to the Racial Wealth Gap and Segregation" ([video](#))

Modern Discrimination

- NBER: "Minority Borrowers Pay More, Even under Algorithmic Lending" ([link](#))
- Michelle Singletary: "Even machines are discriminating against black and Latino homebuyers" ([link](#))

Rates of Unbanked Households

- FDIC: Chart-making tool for rate of unbanked households ([link](#))

Financial Illiteracy


- CNBC: "Teaching personal finance to kids can help to close the Black wealth gap" ([link](#))
- TIAA & GFLEC: "Financial literacy, wellness and resilience among African Americans" ([link](#))

Role of Financial Education

- CNBC: "Teaching personal finance to kids can help to close the Black wealth gap" ([link](#))
- USA Today (opinion): "To start closing the Black wealth gap, teach personal finance to high school students" ([link](#))
- Hechinger Report (opinion): "Financial literacy courses won't solve the racial wealth gap" ([link](#))
- Center on Social Equality at Duke University: "The Political Economy of Education, Financial Literacy, and the Racial Wealth Gap" ([link](#))


Educator Resources

- NGPF Mini-Unit: Racial Discrimination in Finance ([link](#))
- Federal Reserve Bank of Kansas City: "Let Us Put Our Money Together" ([link](#) and [interactive](#))



Wicked Problems





A **wicked problem** is a **social or cultural problem** that is **difficult or impossible to solve** for as many as four reasons:

- incomplete or contradictory **knowledge**
- the **number** of people and opinions involved
- the large **economic burden**
- the **interconnected** nature of these problems with *other* problems.



Characteristics of Wicked Problems

- No definitive formulation.
- It's hard, maybe impossible, to measure or claim success because they bleed into one another.
- Solutions can be only good or bad, not true or false.
- There is no template to follow, although history may provide a guide.




Characteristics of Wicked Problems

- There is always more than one explanation.
- Every wicked problem is a symptom of another problem.
- Every wicked problem is unique.

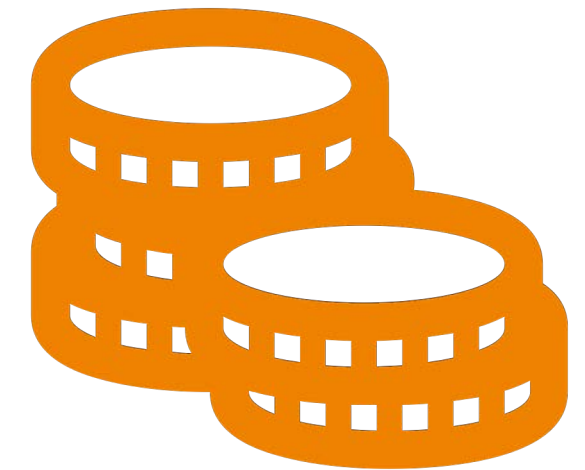


Examples

- Poverty
 - Climate change
 - Education
 - Homelessness
 - Sustainability
- 



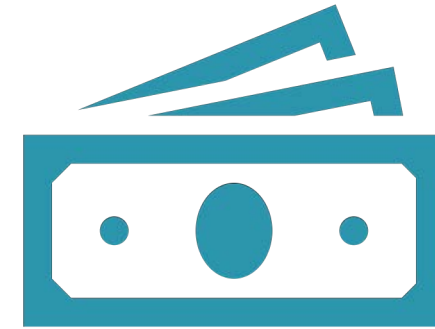
The Racial Wealth Gap



Net Worth

Assets

What You Have



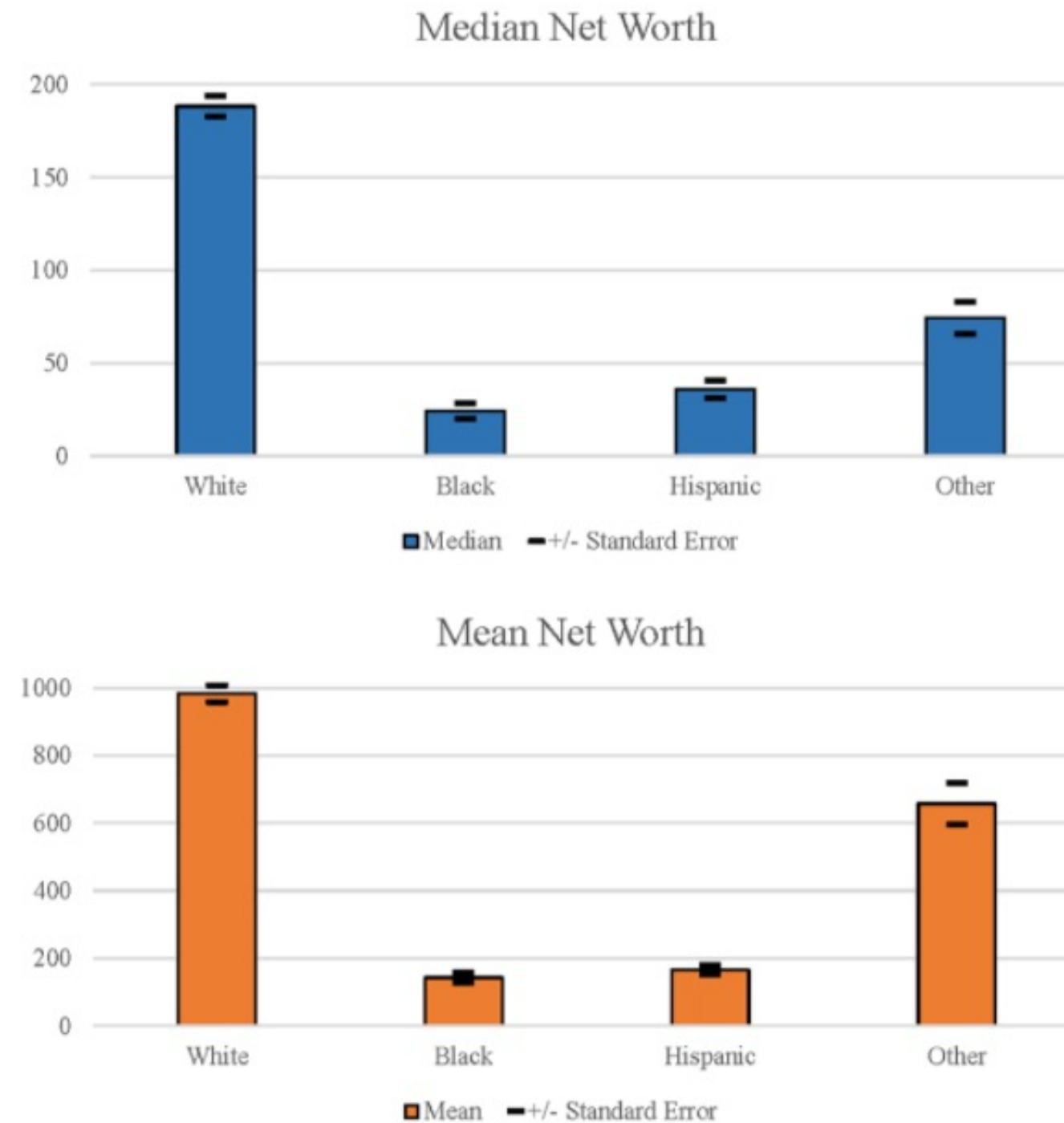
Liabilities

What You Owe



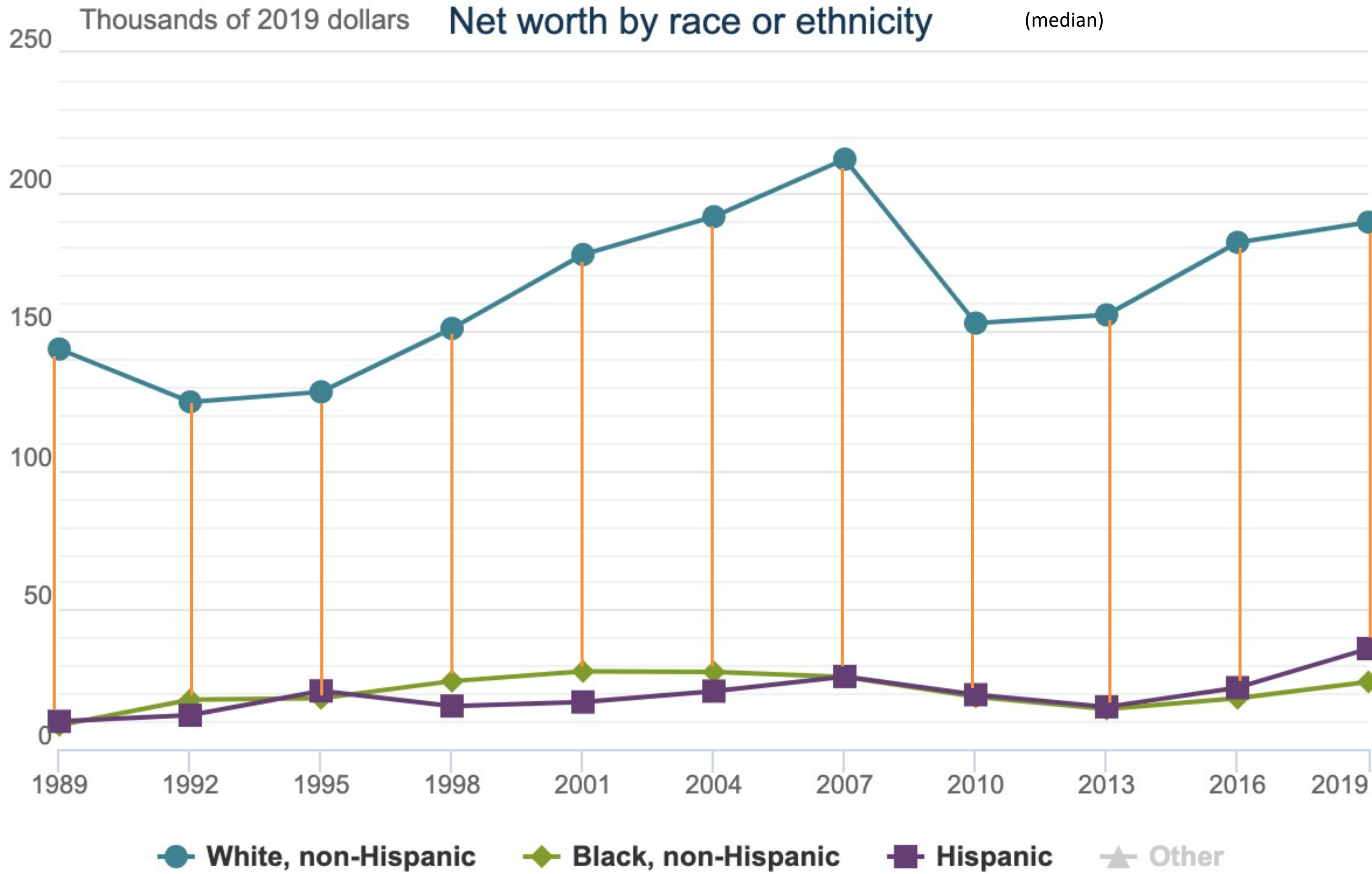
Median & Mean Net Worth

Figure 1. White families have more wealth than Black, Hispanic, and other or multiple race families in the 2019 SCF.

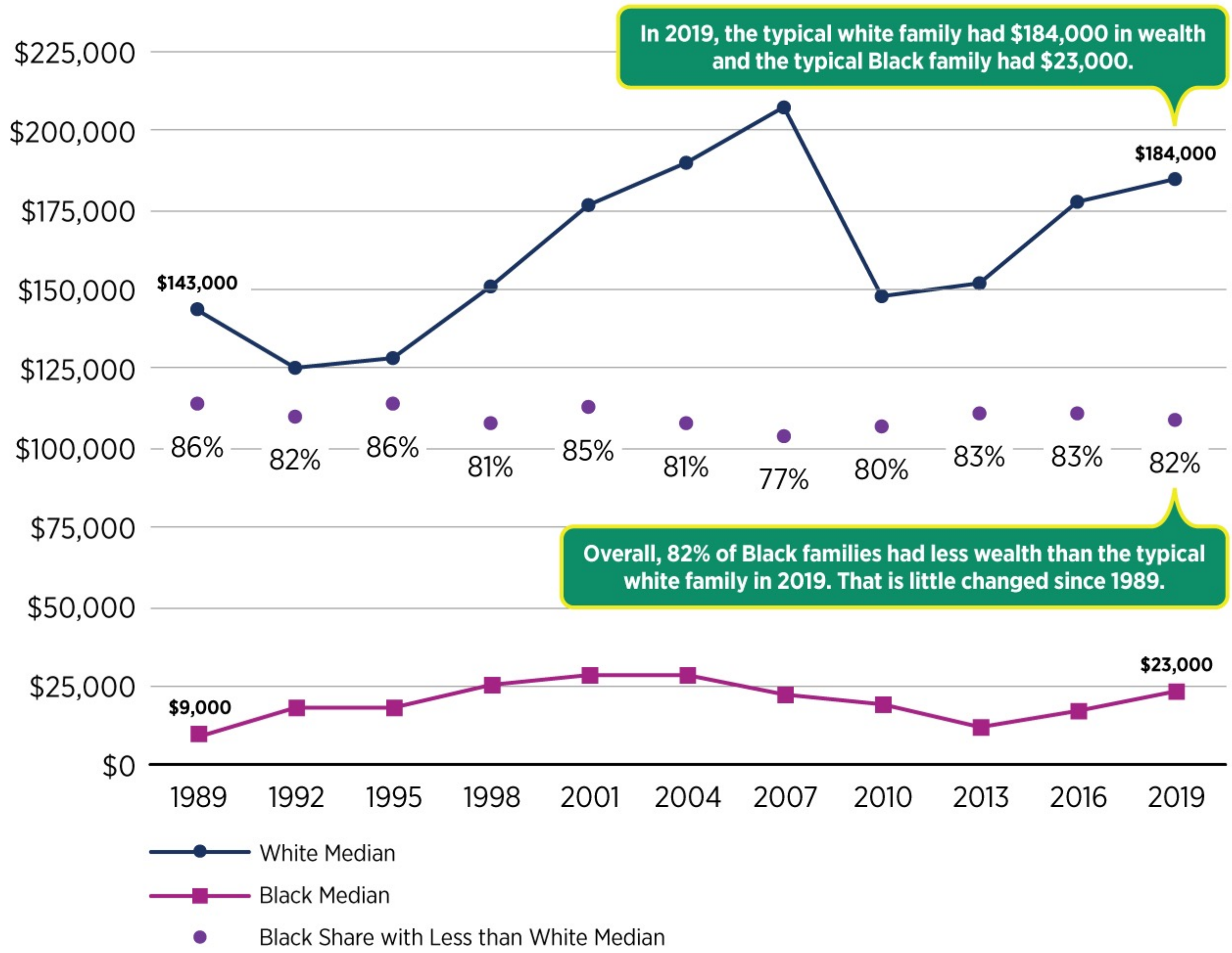


Source: Federal Reserve Board, 2019 Survey of Consumer Finances.

Notes: Figures displays median (top panel) and mean (bottom panel) wealth by race and ethnicity, expressed in thousands of 2019 dollars.

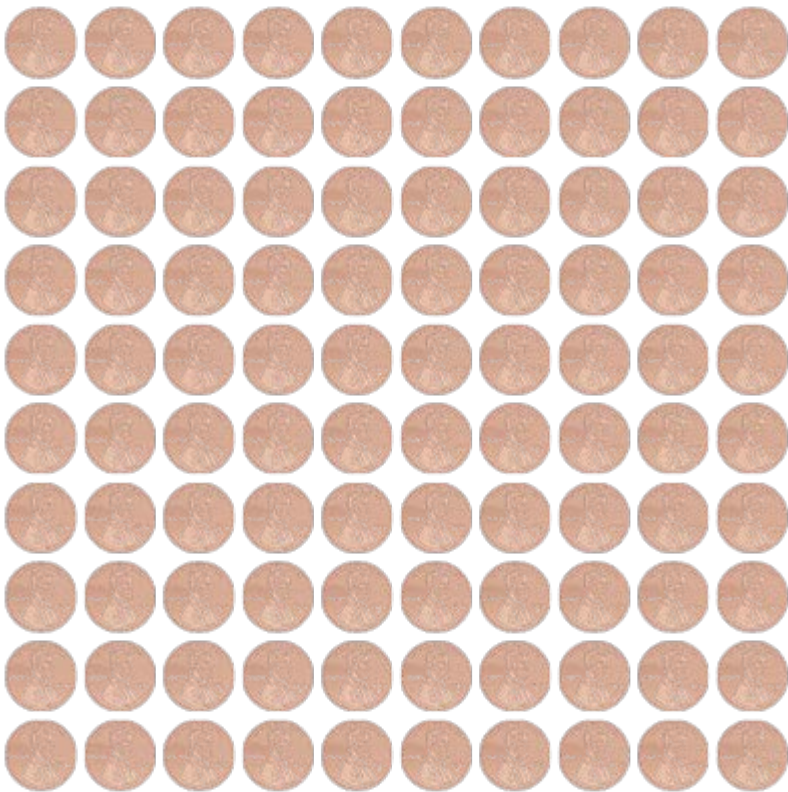


Source: Survey of Consumer Finances





Median Net Wealth



White Families
\$1



Black Families
12¢

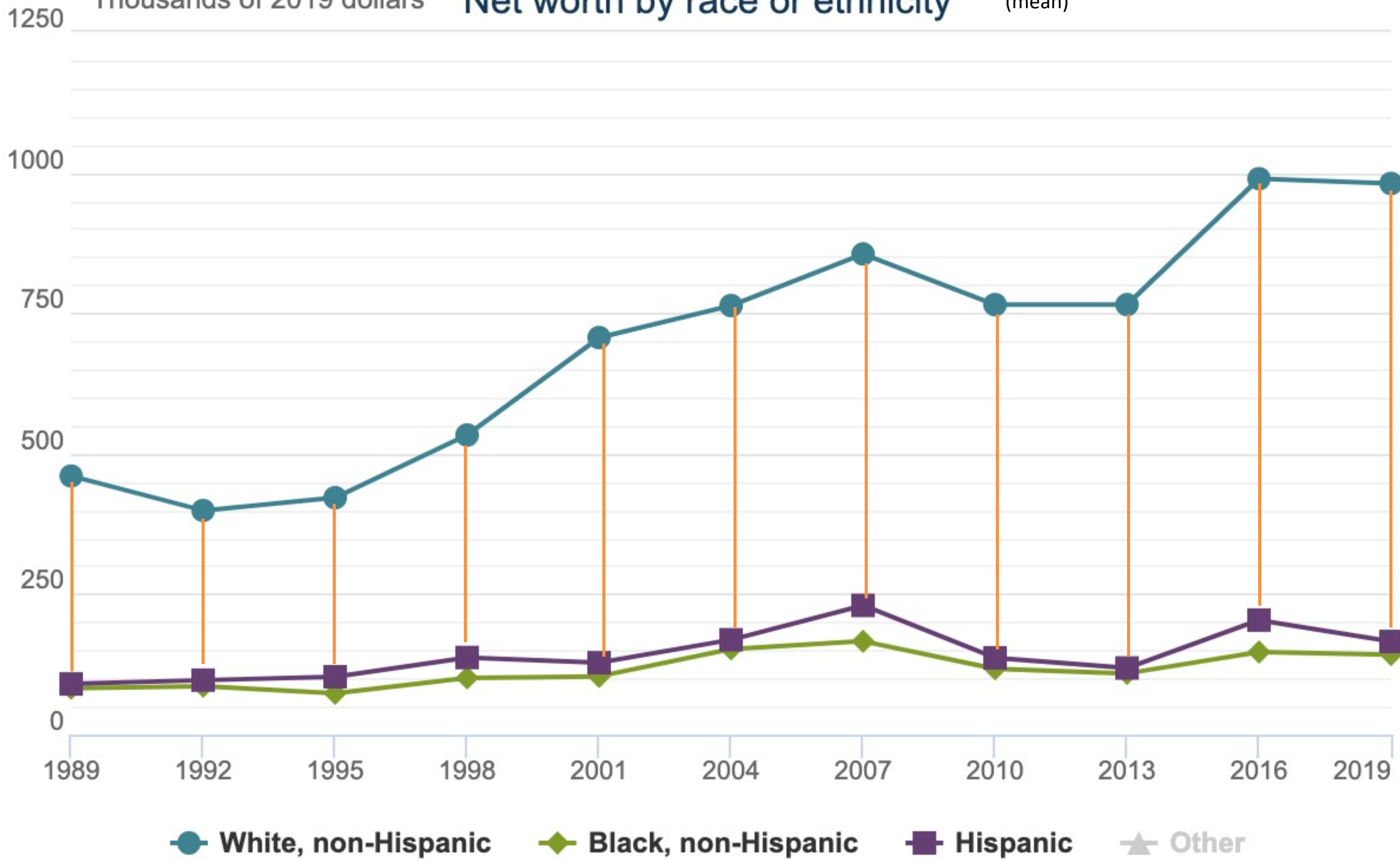


Hispanic Families
21¢

Thousands of 2019 dollars

Net worth by race or ethnicity

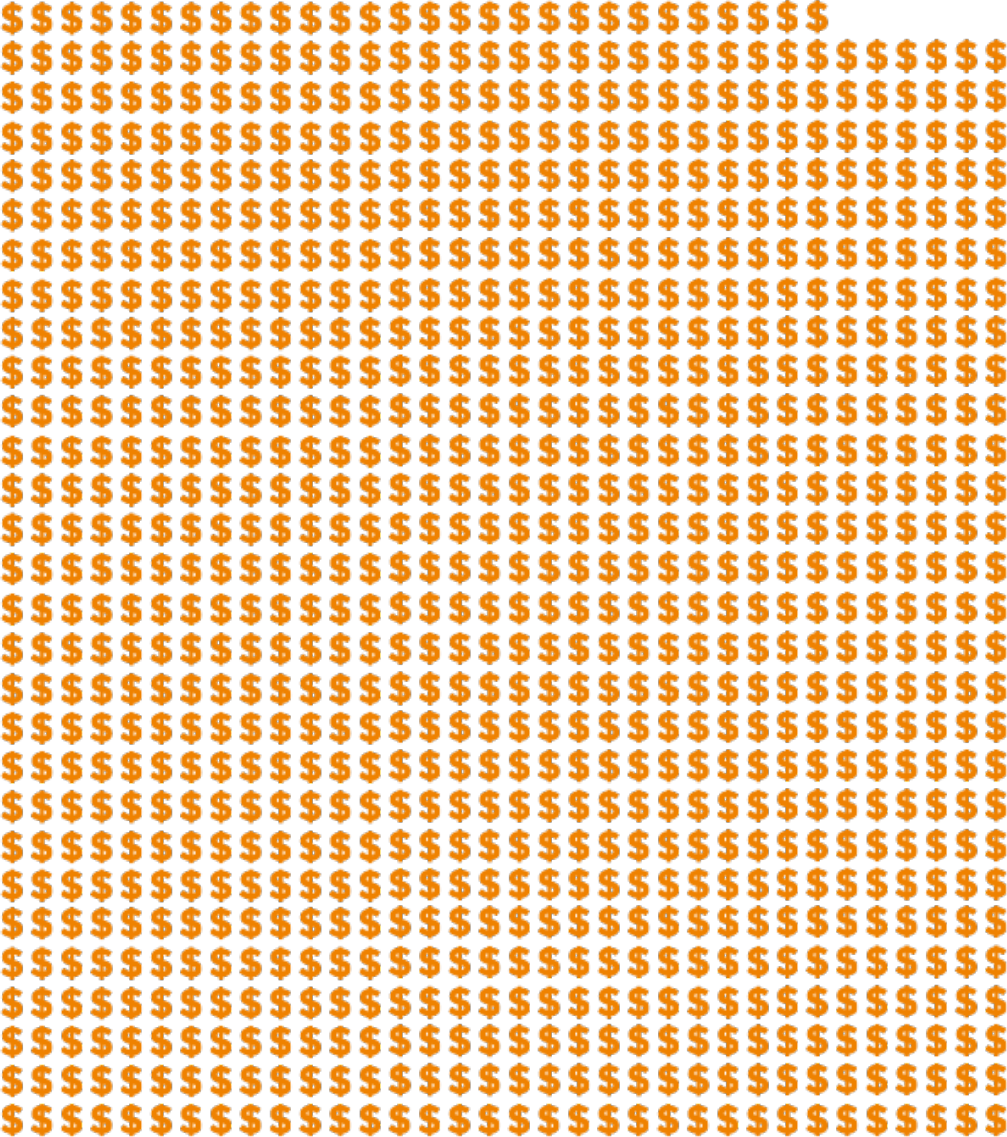
(mean)



Source: Survey of Consumer Finances



Mean Net Wealth



White Families
\$980k



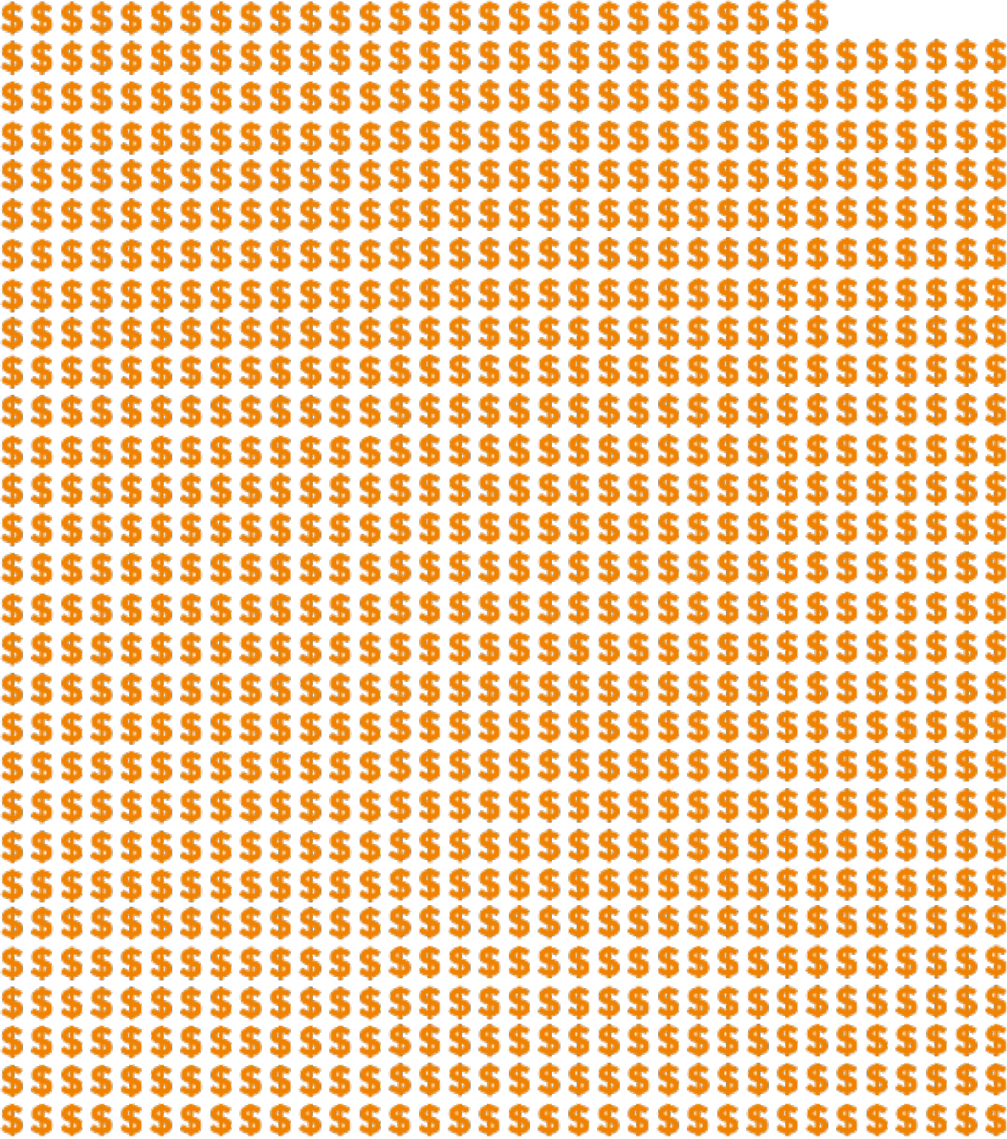
Black Families
\$143k



Hispanic Families
\$166k



Mean Net Wealth



White Families
\$980k



Black Families
\$143k

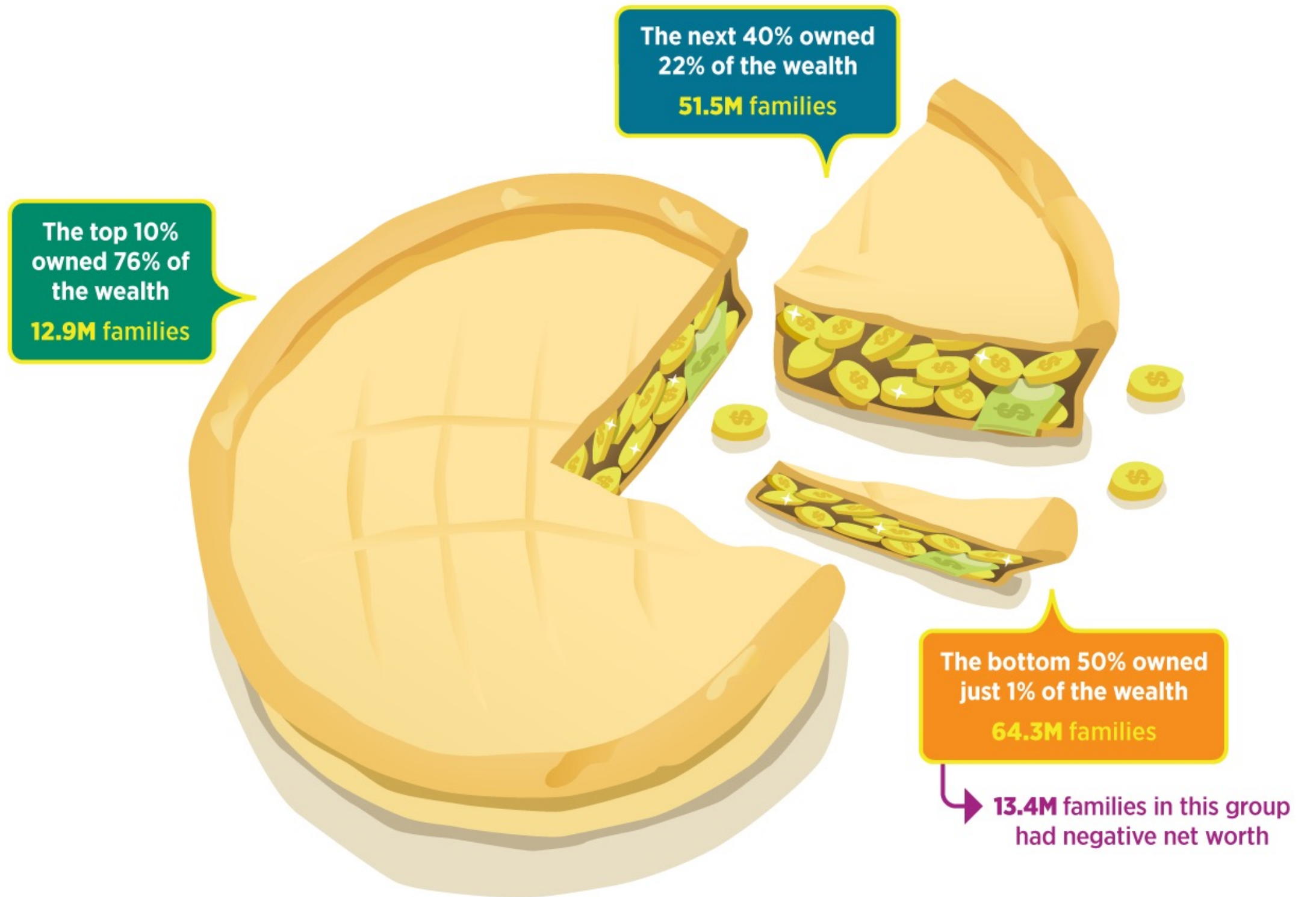


Hispanic Families
\$166k

Key Takeaway

“The median wealth gap between Black and white families of 12 cents per \$1 of white wealth is largely unchanged over the past 30 years, while the gap between Hispanic and white families, 21 cents per \$1 of white wealth, slightly improved but remained large.”

Distribution of Wealth: All Families

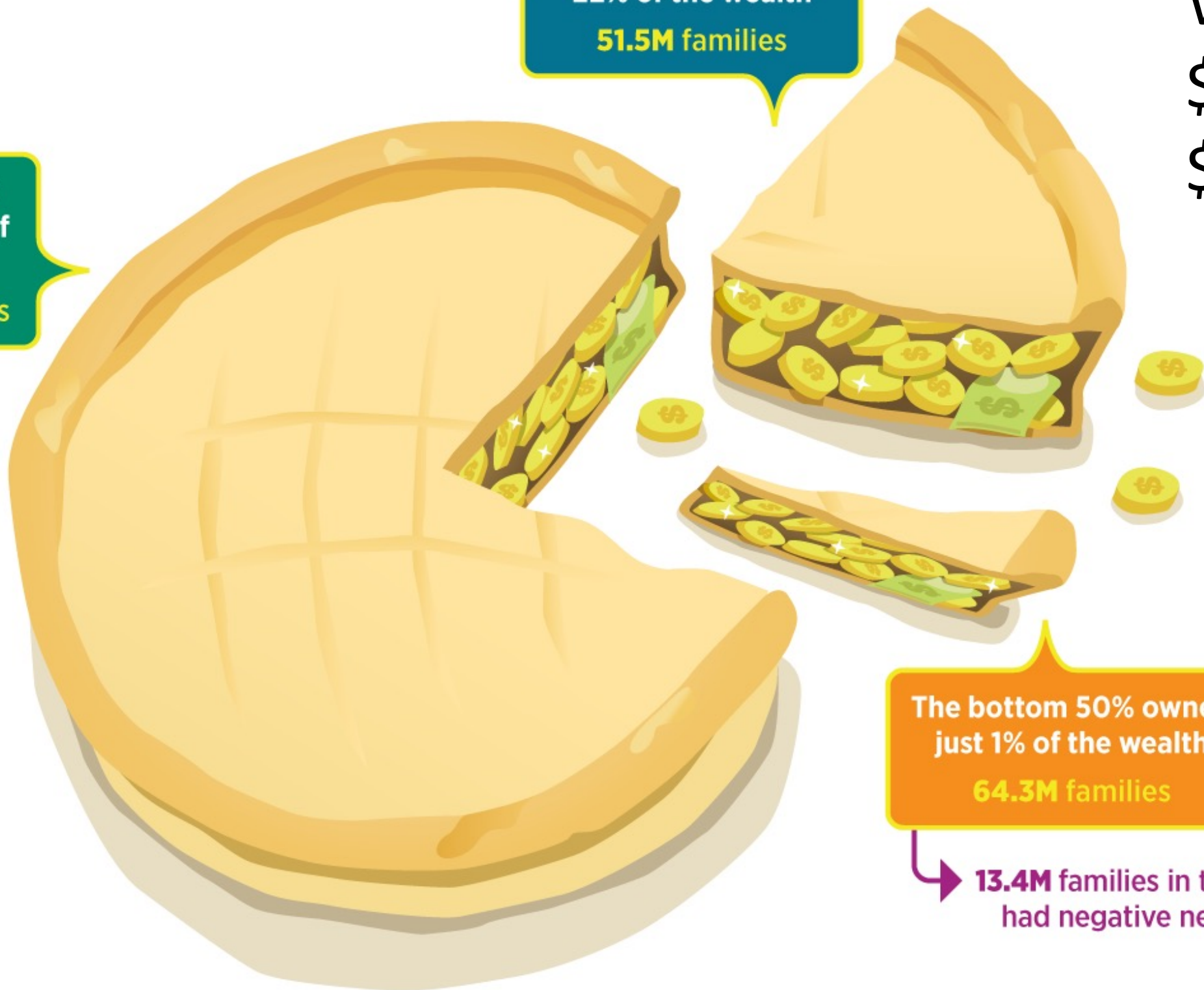


Wealth of
\$1.22
million or
more

The top 10%
owned 76% of
the wealth
12.9M families

The next 40% owned
22% of the wealth
51.5M families

Wealth between
\$122,000 and
\$1.22 million



The bottom 50% owned
just 1% of the wealth
64.3M families

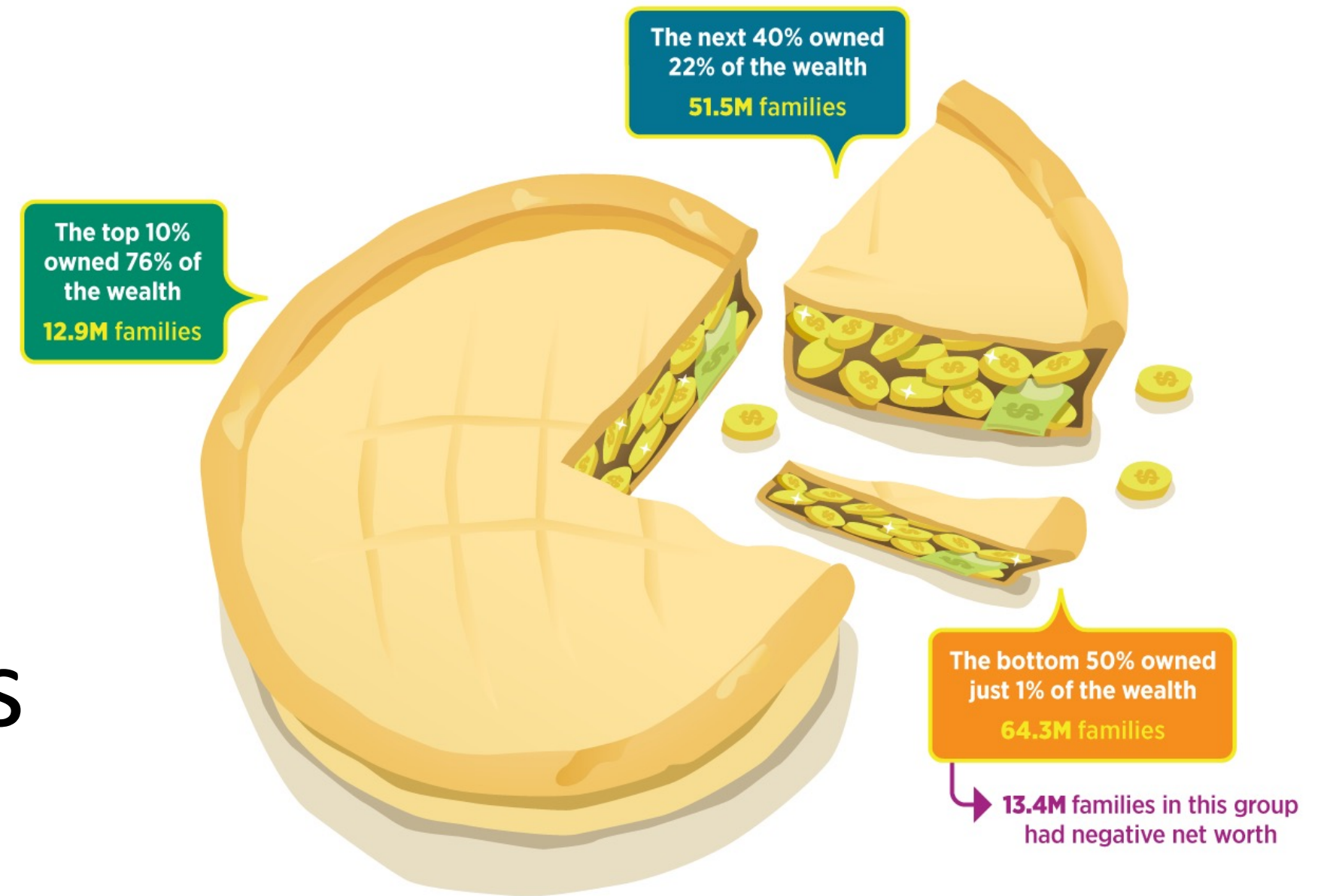
Wealth less than
\$122,000

13.4M families in this group
had negative net worth

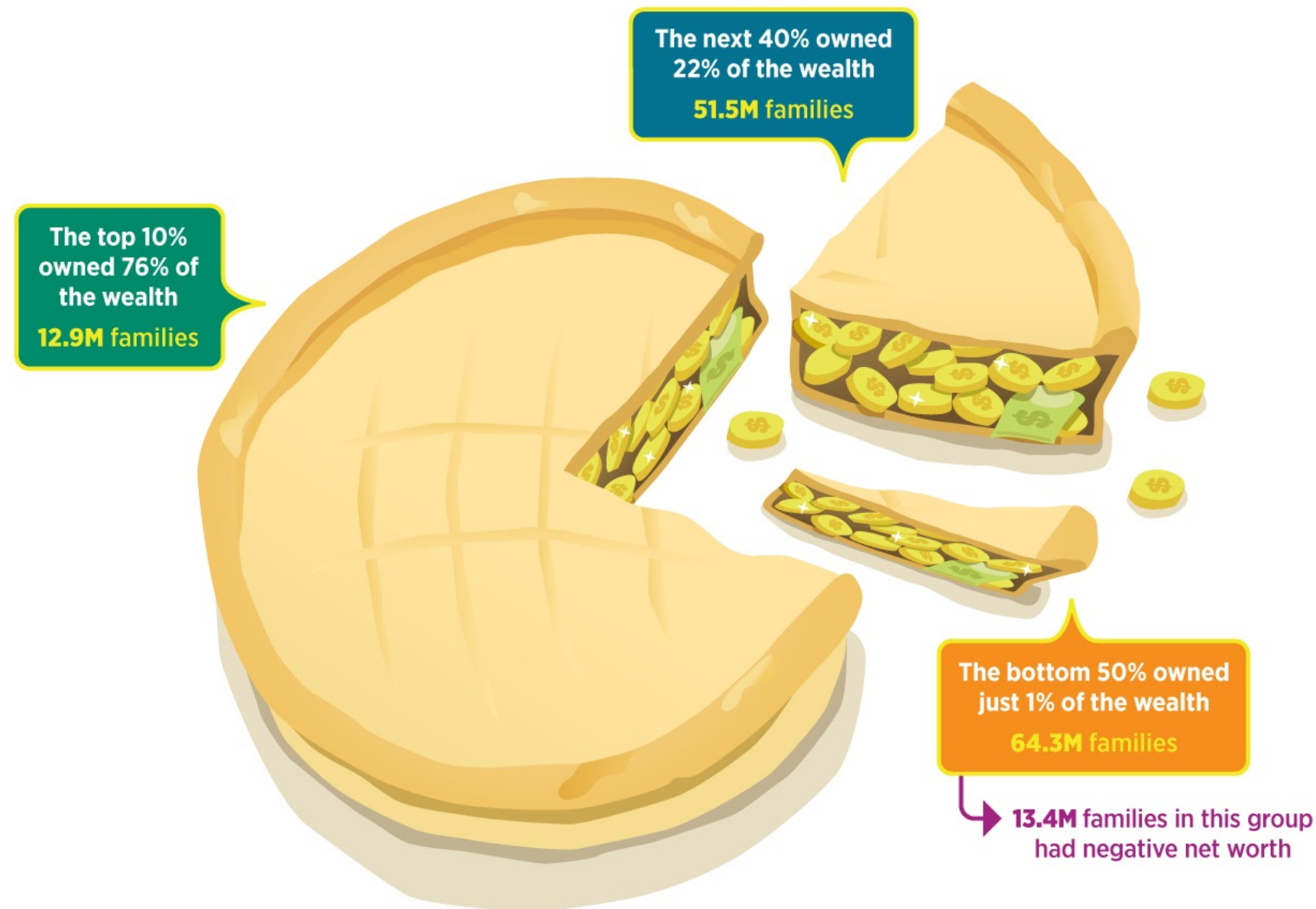
Top 10%

- 13% of white families
- 1% of Black families
- 3% of Hispanic families

Threshold: \$1.22 million or more
Average in this group: \$5.7 million



Bottom 50%



- 41% of white families
- 75% of Black families
- 67% of Hispanic families

Threshold: Less than \$122,000

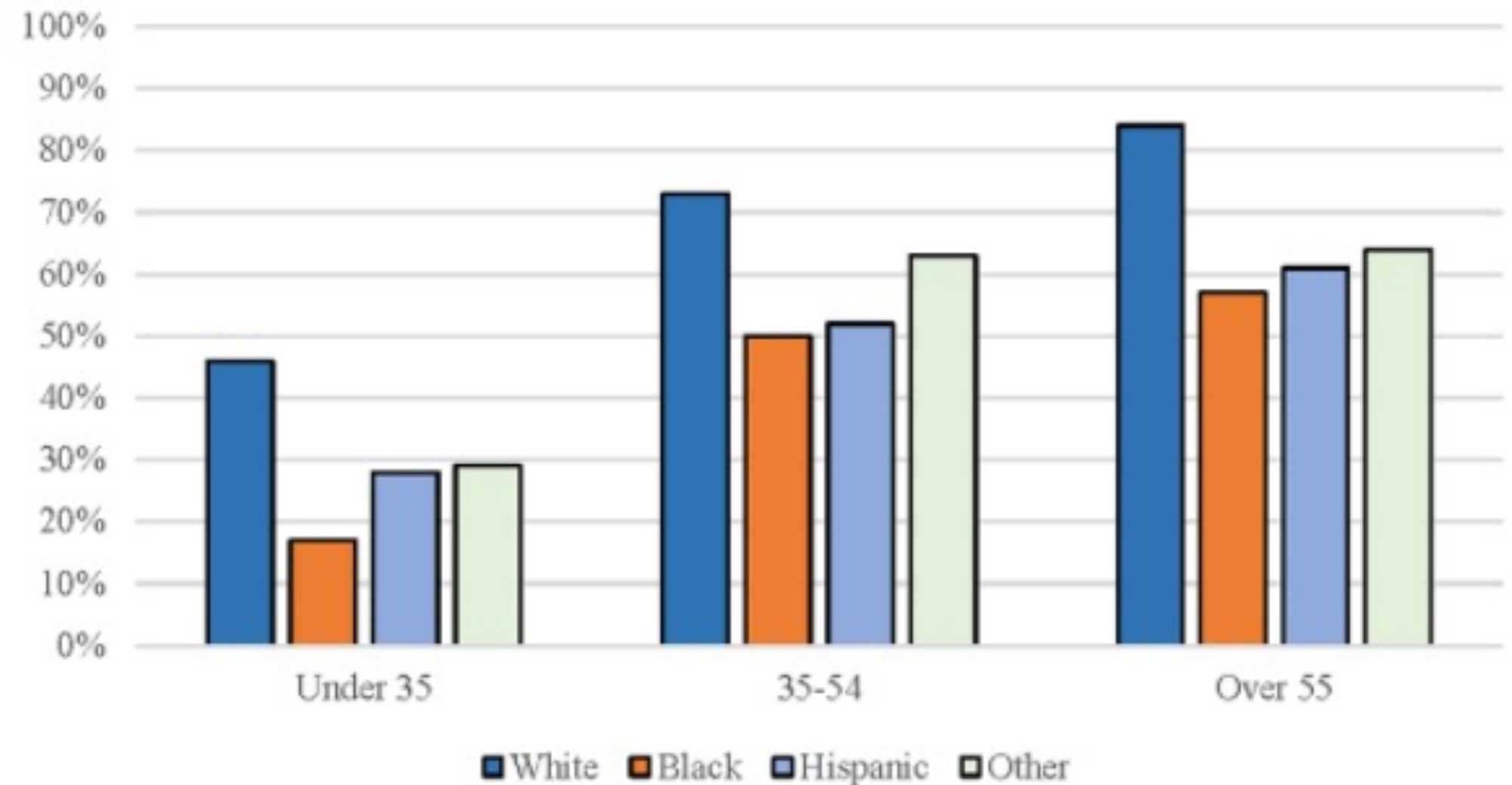
Average in this group: \$22,000

Key Takeaway

“The bottom half of families still have modest wealth holdings, which makes it extremely difficult for them to weather financial emergencies in tough times or to gain upward mobility in good times. These findings also underscore the importance of examining wealth by demographics.”

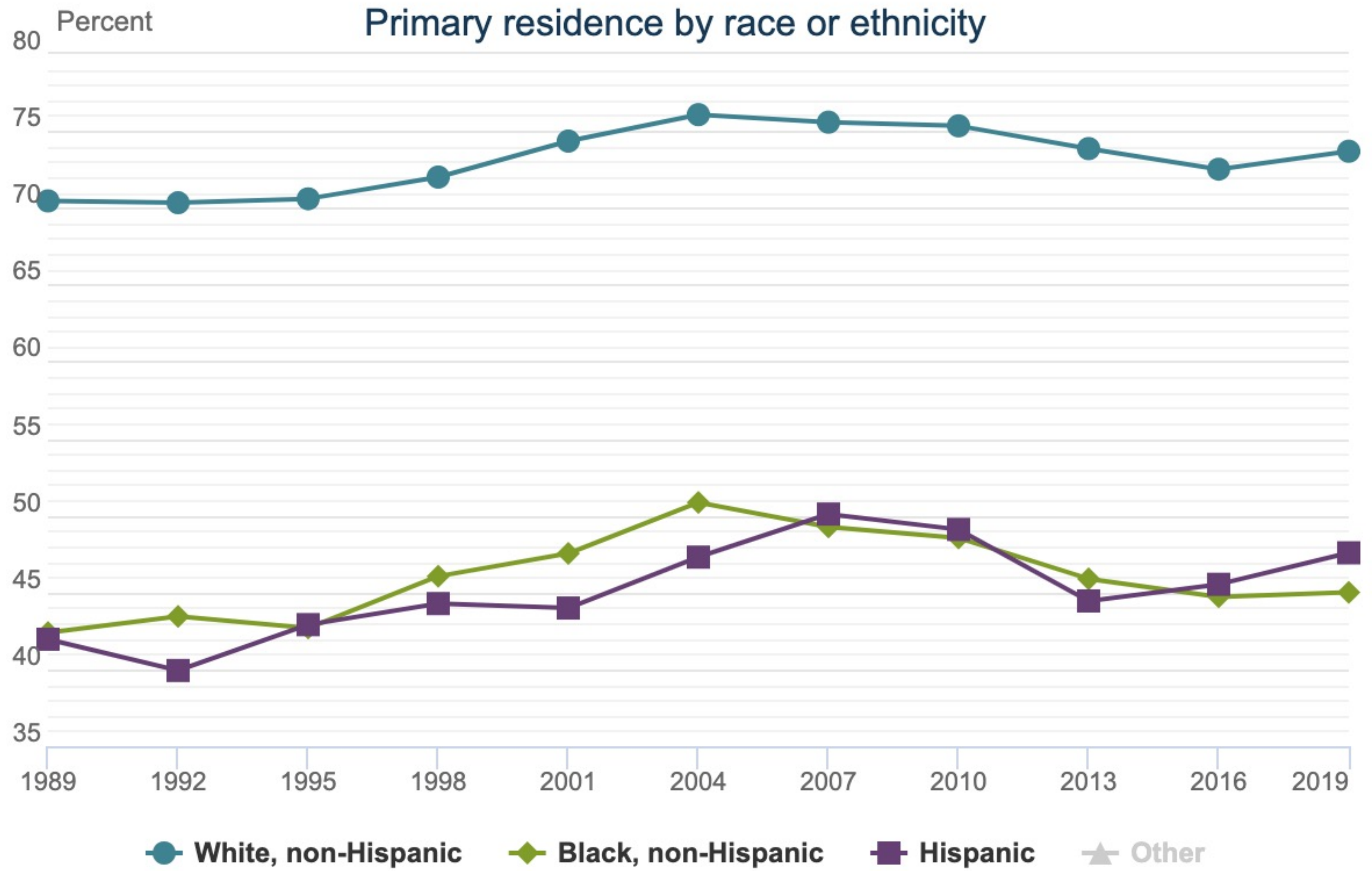
Rates of Homeownership

Figure 3. Homeownership rises with age regardless of race or ethnicity, though there are significant differences in homeownership between White and non-White families throughout the life-cycle.



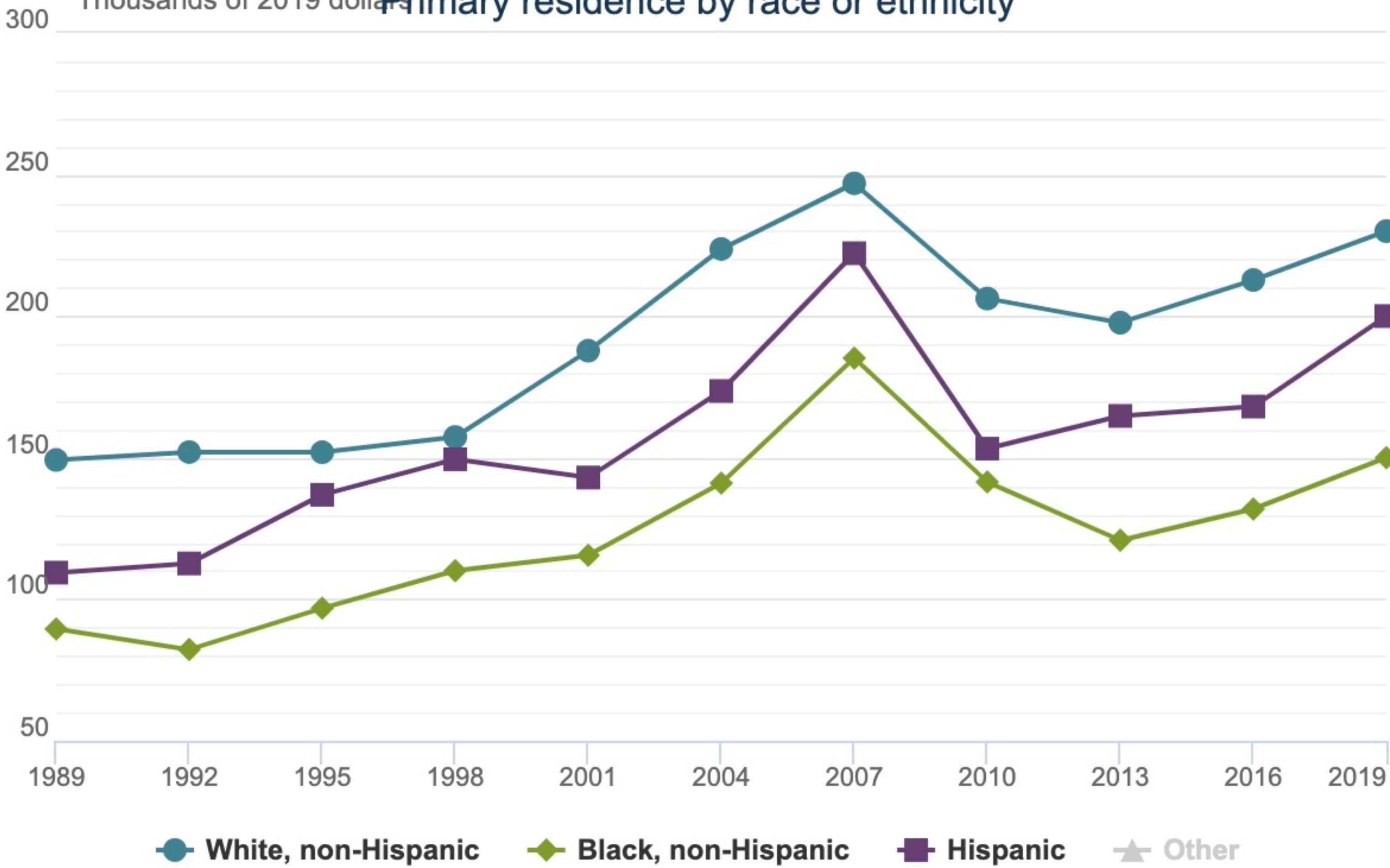
Source: Federal Reserve Board, 2019 Survey of Consumer Finances.

Notes: Figure displays homeownership rates by age group and by race and ethnicity. Race categories are displayed in order from left to right.



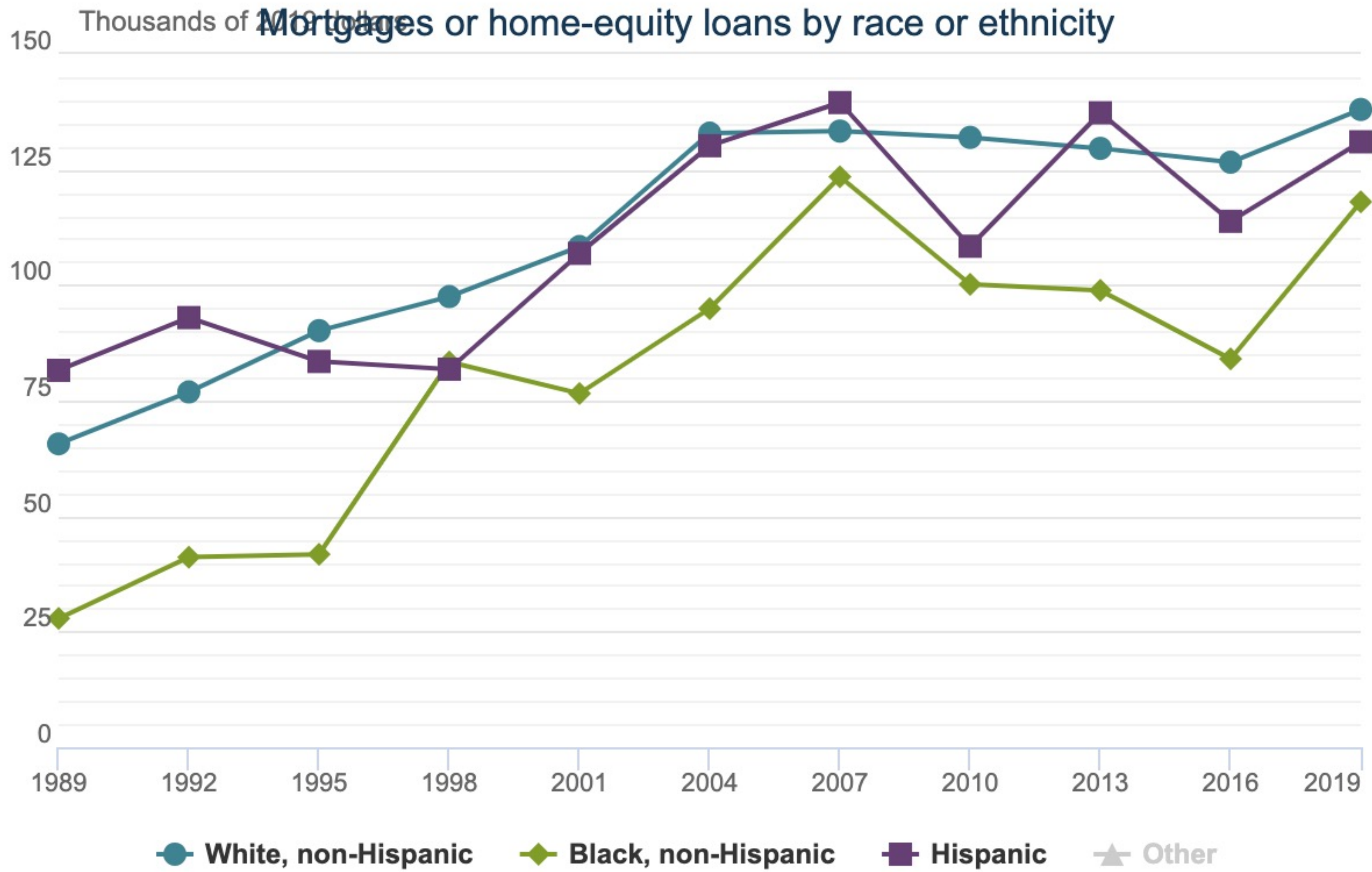
Source: Survey of Consumer Finances

Primary residence by race or ethnicity



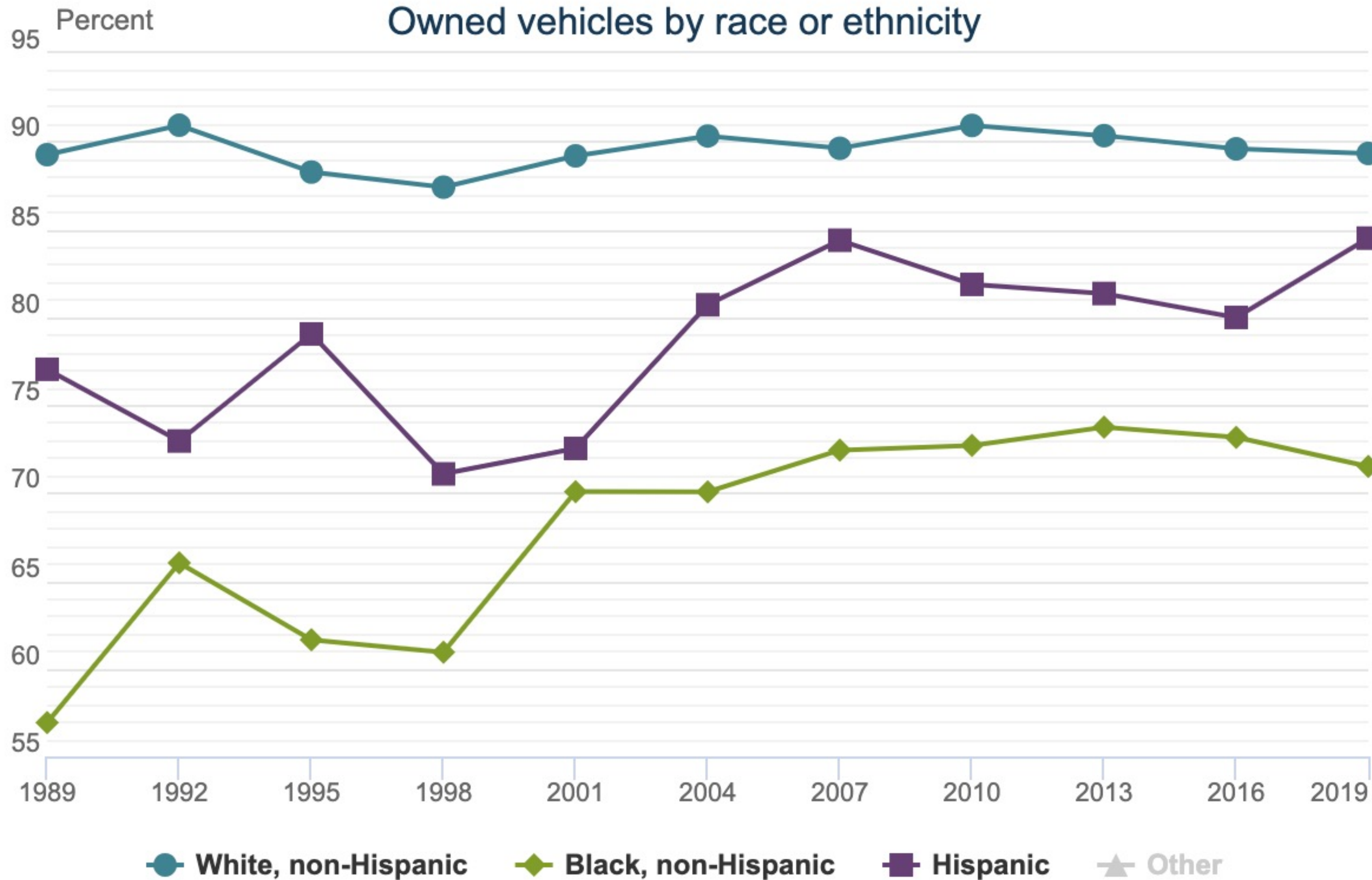
Source: Survey of Consumer Finances

Mortgages or home-equity loans by race or ethnicity



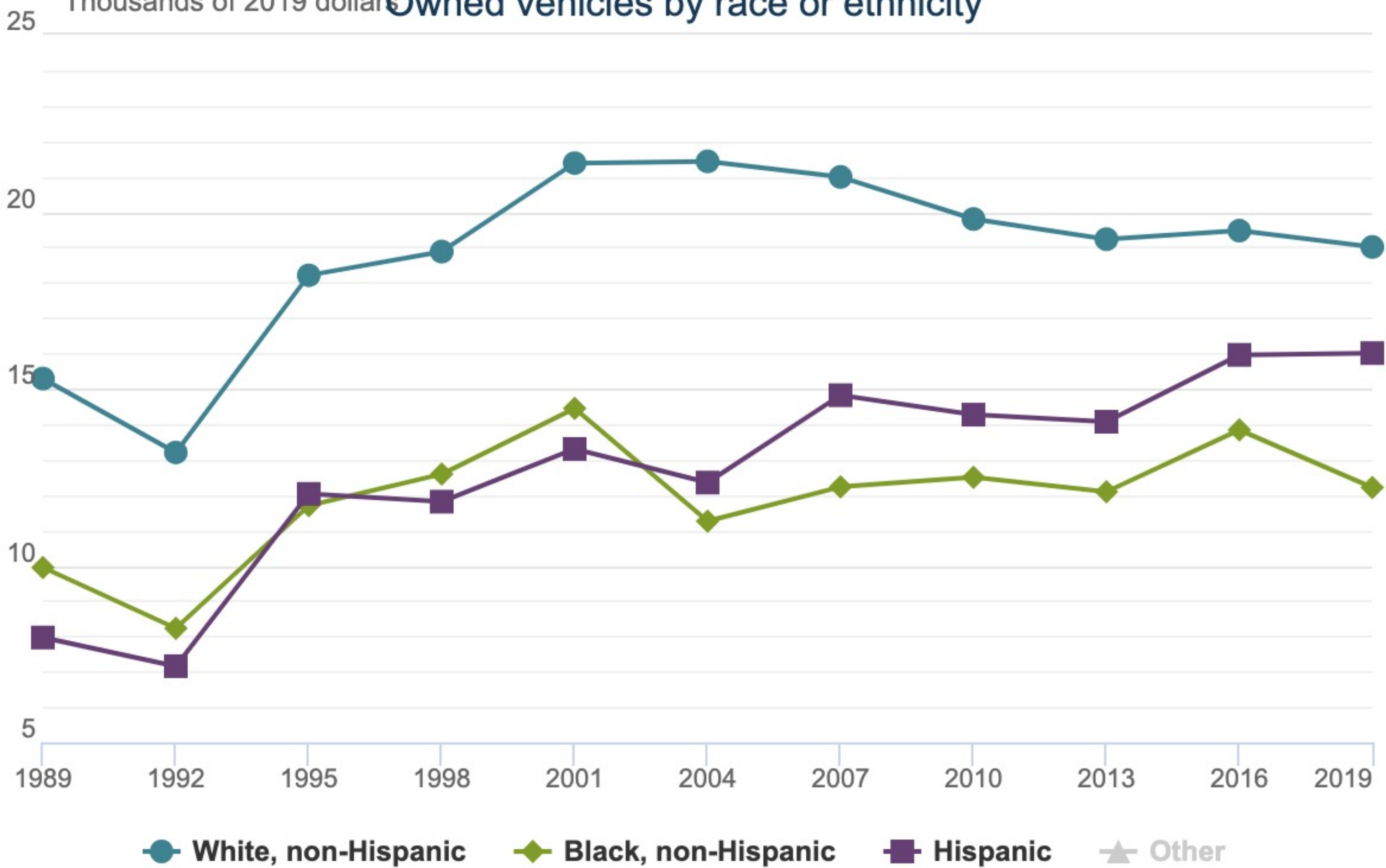
Source: Survey of Consumer Finances

Owned vehicles by race or ethnicity



Source: Survey of Consumer Finances

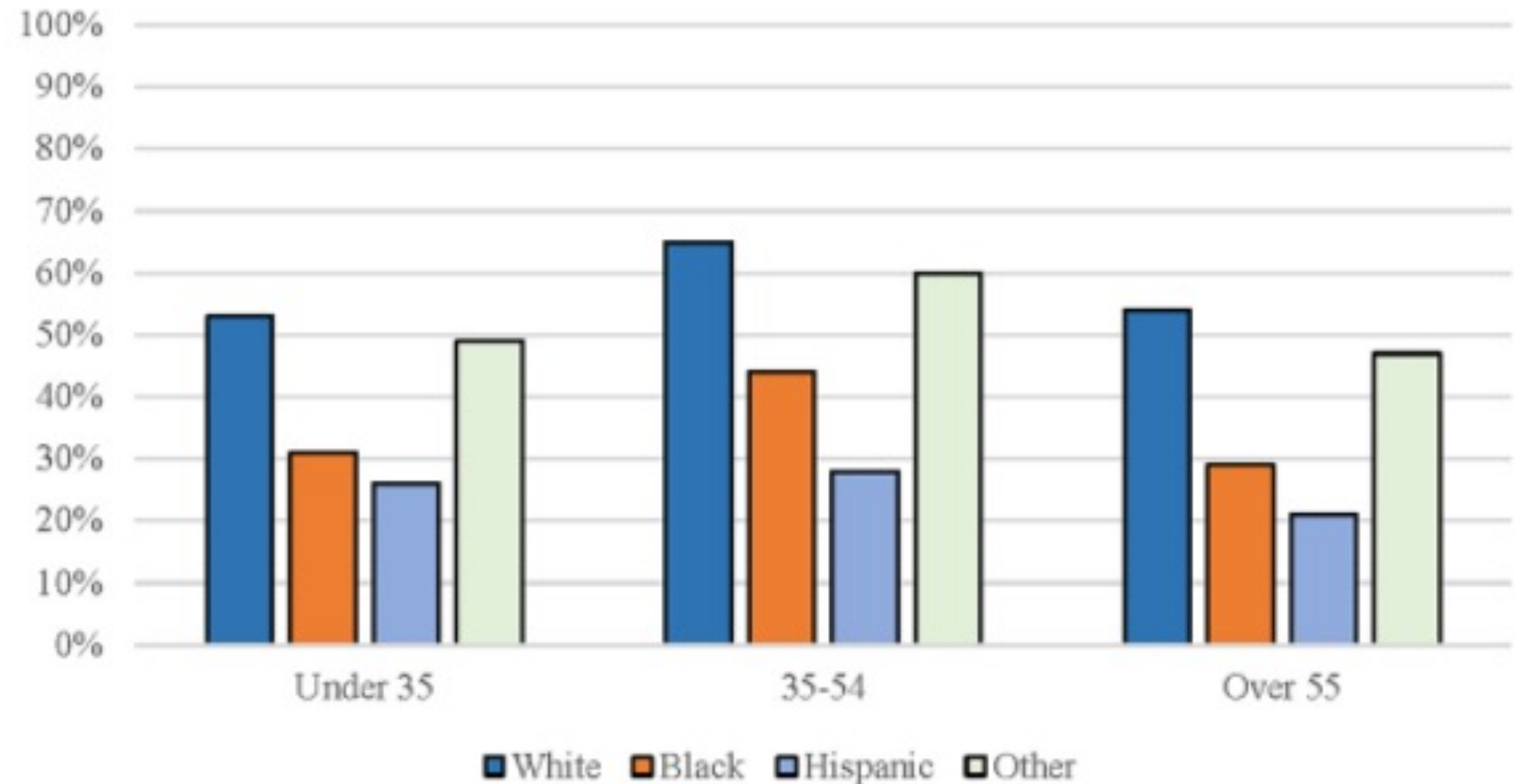
Thousands of 2019 dollars Owned vehicles by race or ethnicity



Source: Survey of Consumer Finances

Retirement Accounts

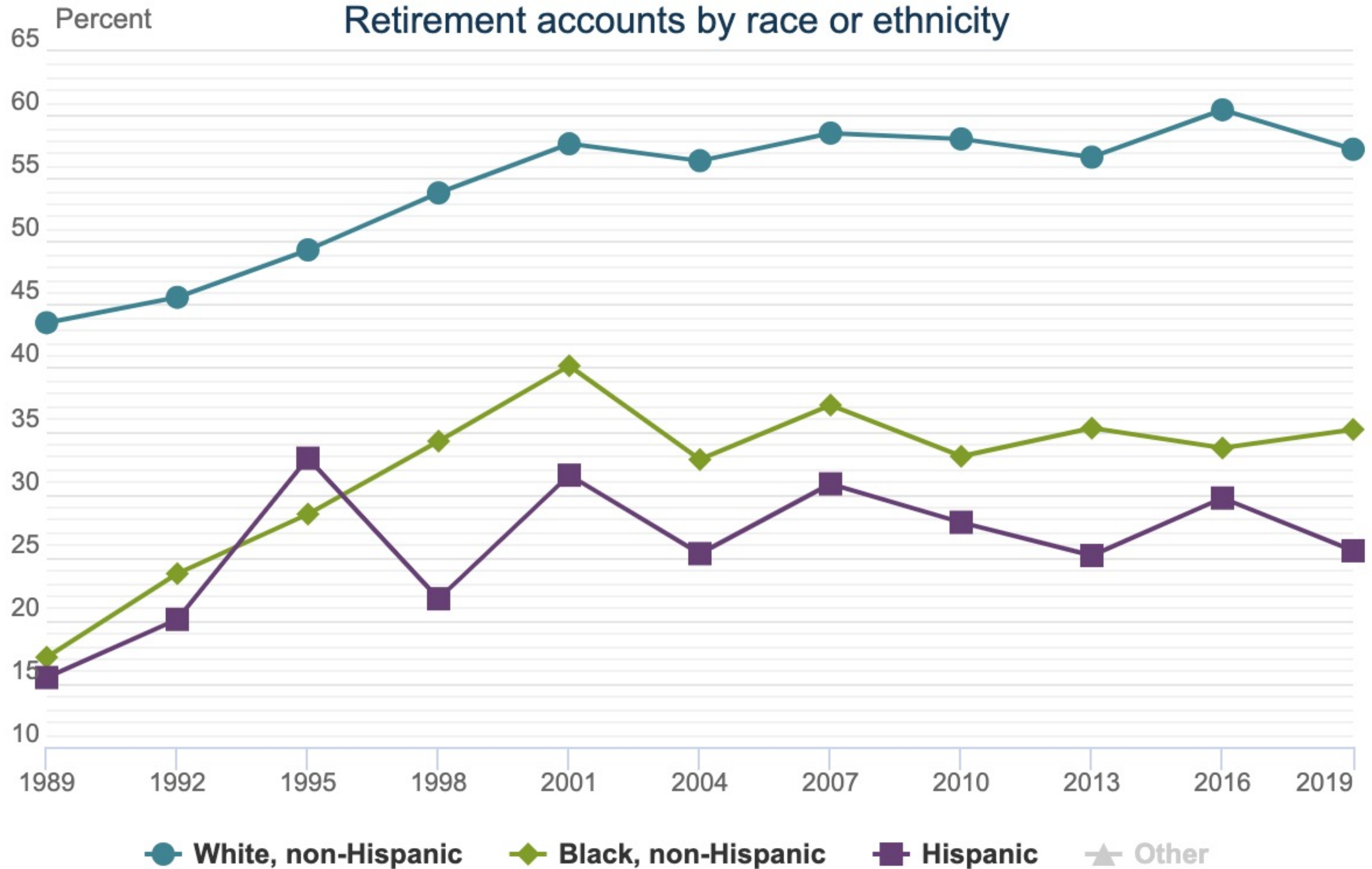
Figure 4. Retirement account ownership peaks at middle age, though ownership is less likely for Black and Hispanic families at all ages.



Source: Federal Reserve Board, 2019 Survey of Consumer Finances.

Notes: Figure displays the percent of families that own a retirement account (IRA or DC plan) with a net positive balance by age group and by race and ethnicity. Race categories are displayed in order from left to right.

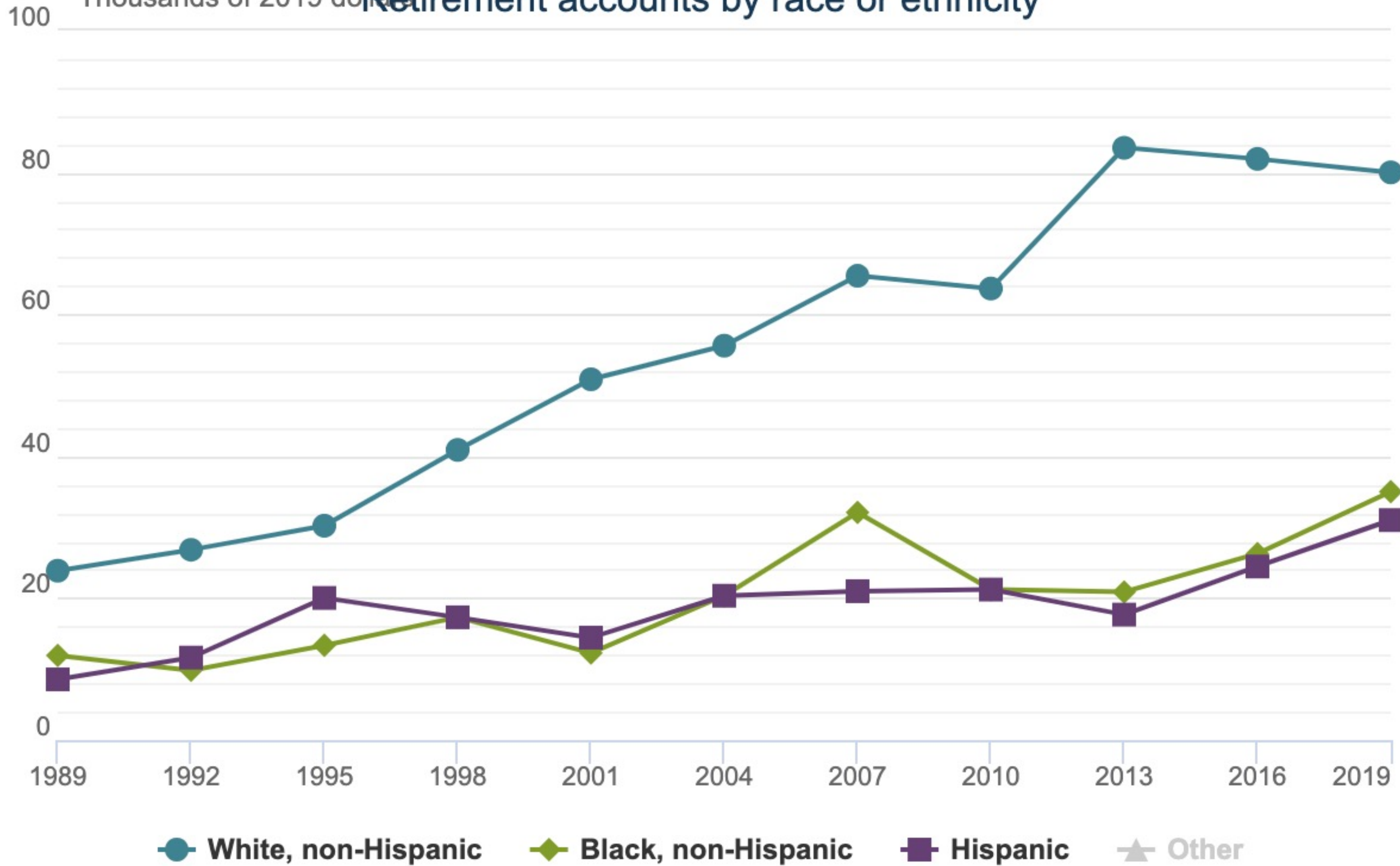
Retirement accounts by race or ethnicity



Source: Survey of Consumer Finances

Thousands of 2019 dollars

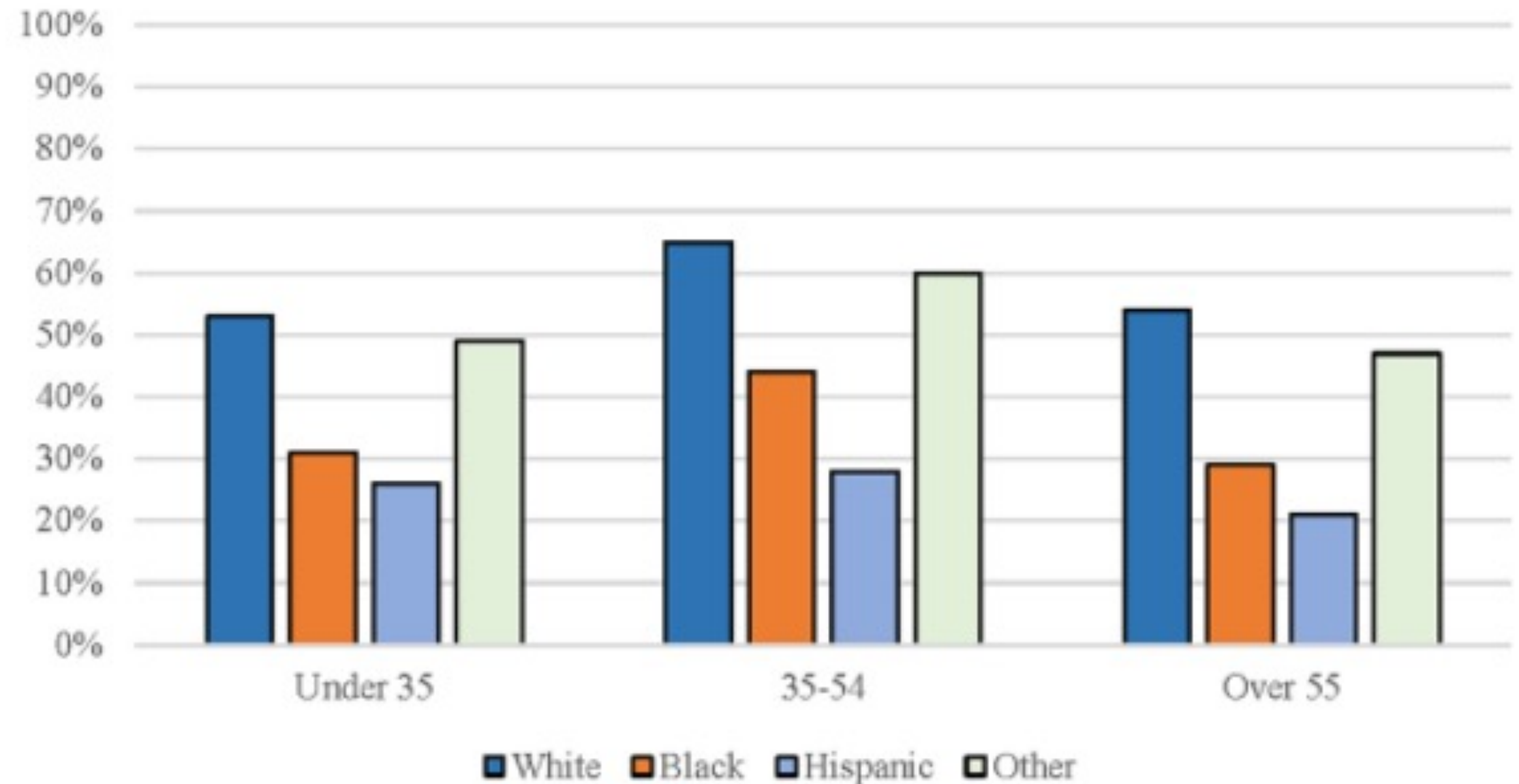
Retirement accounts by race or ethnicity



Source: Survey of Consumer Finances

Retirement Accounts

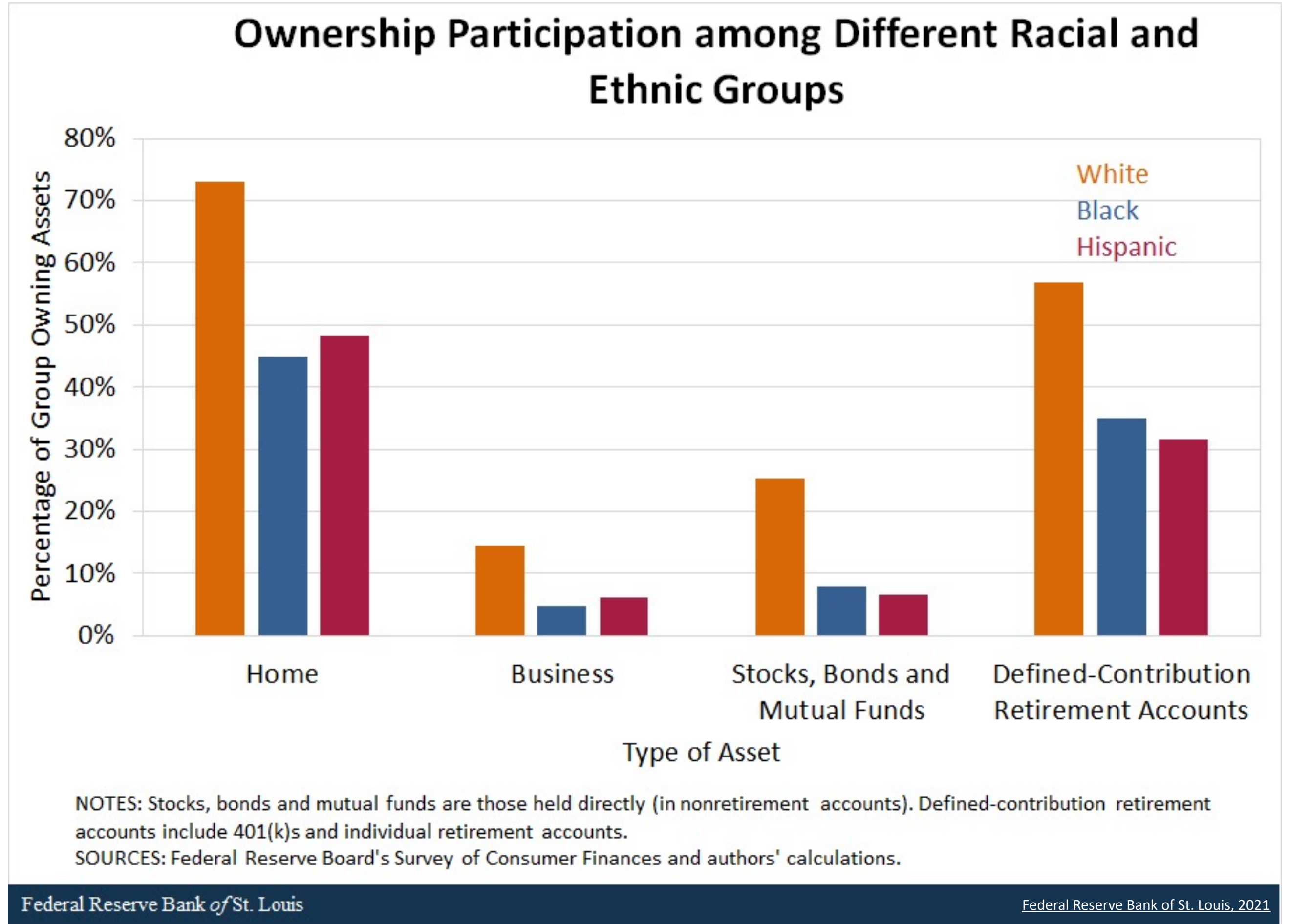
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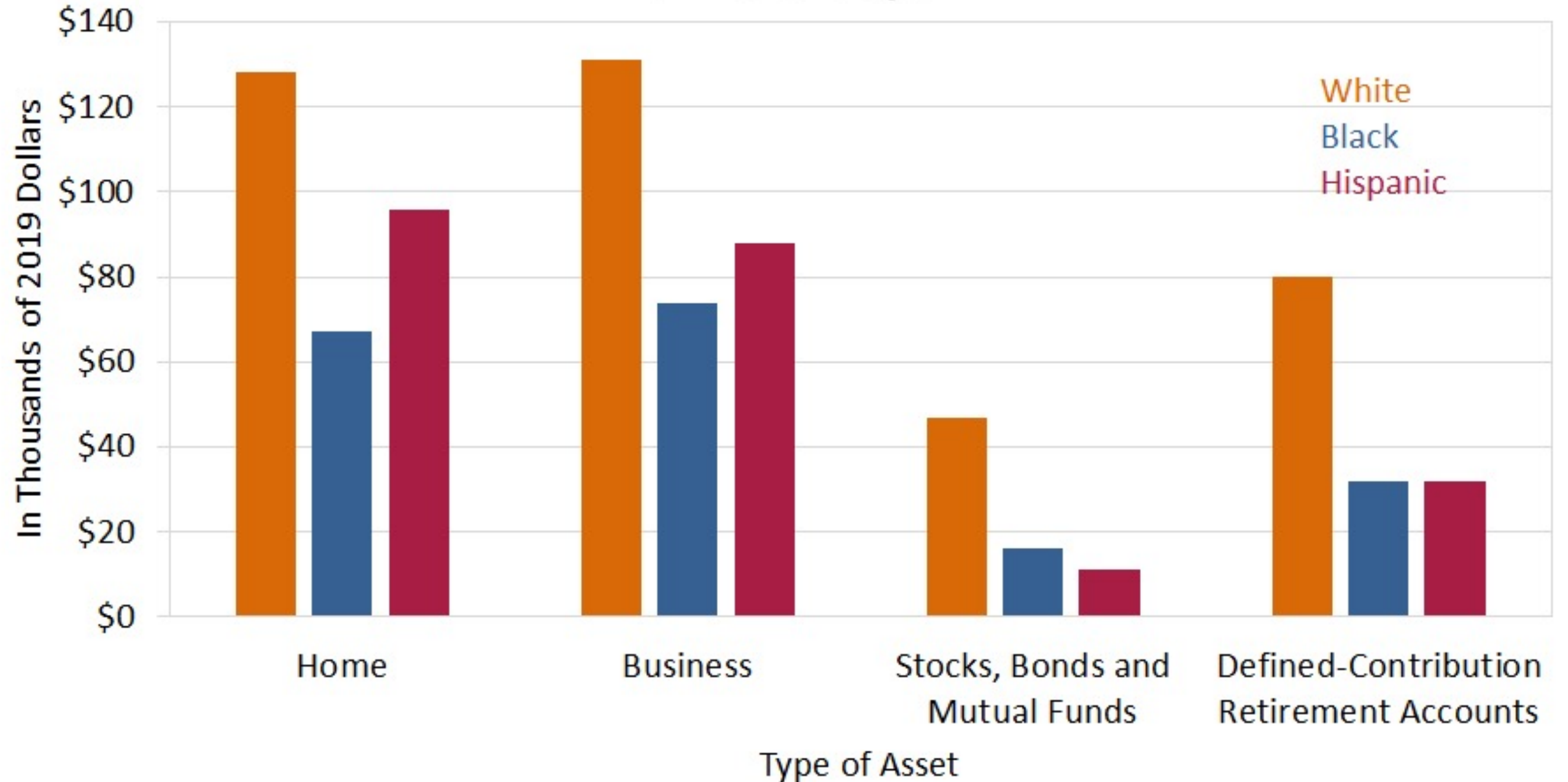
Notes: Figure displays the percent of families that own a retirement account (IRA or DC plan) with a net positive balance by age group and by race and ethnicity. Race categories are displayed in order from left to right.

Assets



Assets

Median Value of Assets Held by Different Racial and Ethnic Groups



NOTES: Stocks, bonds and mutual funds are those held directly (in nonretirement accounts). Defined-contribution retirement accounts include 401(k)s and individual retirement accounts. Median values are among those families who hold the asset; values are rounded to the nearest \$1,000.

SOURCES: Federal Reserve Board's Survey of Consumer Finances and authors' calculations.

Key Takeaway

“Black and Hispanic families are less likely than white families to own various types of assets (e.g., homes, businesses, financial and retirement assets) and have lower-valued assets when they do.”

“To be a poor man is hard, but to be a poor race in a land of dollars is the very bottom of hardships.”

- W. E. B. Du Bois

Impact of Education

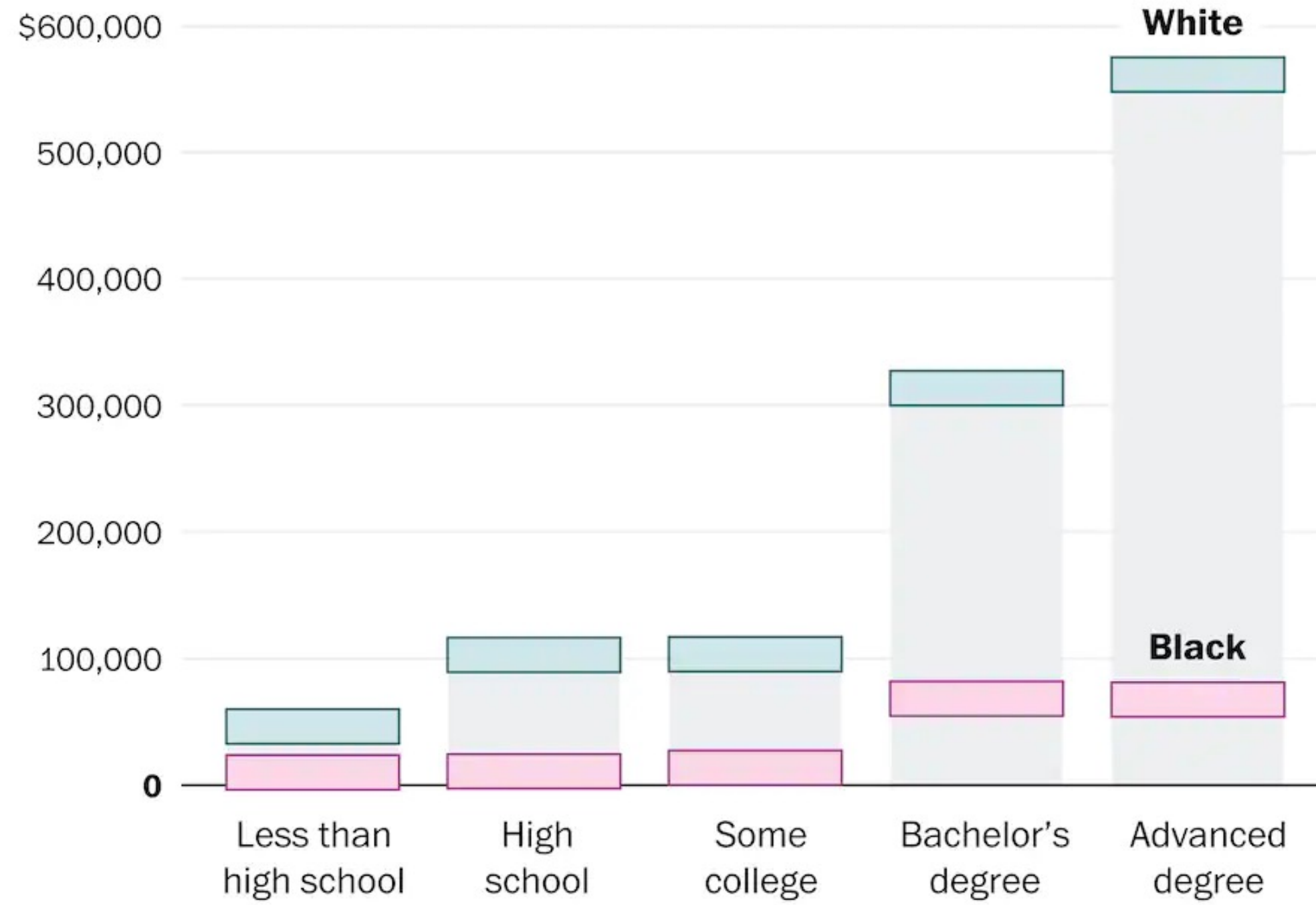
Median Household Wealth by Race/Ethnicity and Education 2019



SOURCES: Federal Reserve Board's Survey of Consumer Finances and authors' calculations.

At every education level, black wealth lags

Median household wealth by race and education level, 2016



Source: Federal Reserve
THE WASHINGTON POST

Key Takeaway

“Though many may hope education is a ‘great equalizer,’ college does not eliminate or substantially reduce racial or ethnic wealth gaps.”

Intergenerational Transfer of Wealth

Table 2: Inheritances and Family Support by Race/Ethnicity, 2019 survey



	White	Black	Hispanic	Other
Received an Inheritance (Percent)	29.9	10.1	7.2	17.8
Conditional Median Inheritance (Thousands of 2019 dollars)	88.5	85.8	52.2	59.4
Expect an Inheritance (Percent)	17.1	6.0	4.2	14.7
Conditional Median Expected Inheritance (Thousands of 2019 dollars)	195.5	100.0	150.0	100.0
Could get \$3,000 from family or friends (Percent)	71.9	40.9	57.8	63.4
Parent(s) have a College Degree (Percent)	34.4	24.8	15.2	40.0

Source: Federal Reserve Board, 2019 Survey of Consumer Finances.

Notes: Table displays inheritances and gifts received, expected inheritances, and other indicators of family support, by race and ethnicity, expressed in either Percent or Thousands of 2019 dollars. Parent(s) with a college degree refers to the parents of the reference person.

Key Takeaway


“Stark inequities evident in various facets of Black and Hispanic families’ wealth and white family wealth point to historical barriers that continue to hamper Black and Hispanic wealth accumulation.”

Root Causes





Historic Root Causes

- Slavery
 - “Black codes”
and Jim Crow
 - 40 acres & a
mule
 - Freedman’s Bank
 - Sharecropping
 - Tulsa Race
Massacre
 - New Deal
 - FHA or Federal
Housing
Administration
 - GI Bill
- 

History

Table of Contents

- What Is the Racial Wealth Gap?
- Understanding the Wealth Gap
- Causes of the Racial Wealth Gap
- ▶ **Asian Americans: The Largest Gap**
- History of the Racial Wealth Gap

The History of the Racial Wealth Gap

Enslavement of Africans and indigenous people provided a cheap source of labor for and enhanced the profits of early American colonists, which means American wealth inequality is older than the United States itself.^[29] European immigrants to the U.S. used chattel slavery—along with their access to political and economic structures denied to minority populations—to spur development and grow wealth. This system persisted into the 1860s in large parts of the country and in many areas evolved into exploitative tenant farming. Furthermore, Black peoples and members of other minority groups were often denied basic property and contract rights.^[30]

This period also coincided with the continued conquest of indigenous people. It was a time of indigenous people's resistance to colonial projects, including wars and shifting alliances, such as Pontiac's Rebellion and the Iroquois Confederacy. Though the initial source of violent disenfranchisement was overseas imperialism, in the 19th century, it shifted to expansionism within the borders of the United States—bolstered by concepts such as Manifest Destiny—and political disenfranchisement. Court rulings such as *Johnson v. M'Intosh* (1823) and *Cherokee Nation v. Georgia* (1831), for instance, stripped indigenous people of their right to sell land and undermined their political autonomy.^[31]


Post-Civil War

After the Civil War Amendments ended slavery in the mid-1860s, the country entered the Reconstruction period (1865-1877). At the time, there were promises to encourage wealth creation among newly enfranchised Black Americans, including efforts at increasing education.^{[32][33]}

That period, however, ended with compromises with White Southerners, ceding power in the South back to the former enslavers. George White, the last Black congressman from a Southern state for many years when he left in 1901, commented on the Reconstruction-era improvement in the economic status of the Black population in the U.S. when he decided that running for reelection to Congress in North Carolina would be futile due to the predominance of white supremacy.^[34] According to Congressman White, between 1868 and 1900, the illiteracy rate among Black Americans dropped by 45%, the aggregate of Black-owned property rose in value to about \$920 million, and the property per capita for Black Americans was about \$75. He then noted, "All this we have done under the most adverse circumstances," citing lynchings, disenfranchisement, and factories and labor unions being closed to Black workers, among other obstacles.^[35]

Post-Reconstruction, the reversal of Black progress and the dominance of White supremacy ultimately resulted in the political and economic disenfranchisement of Black Americans, stunting the accumulation of wealth among minority populations, and leading to the introduction of the infamous "Black codes" of the Jim Crow era. Jim Crow laws and practices entrenched racial segregation across large parts of the country, limiting racial minorities' access to land and other economic and cultural structures.^[36]^[37]

Video



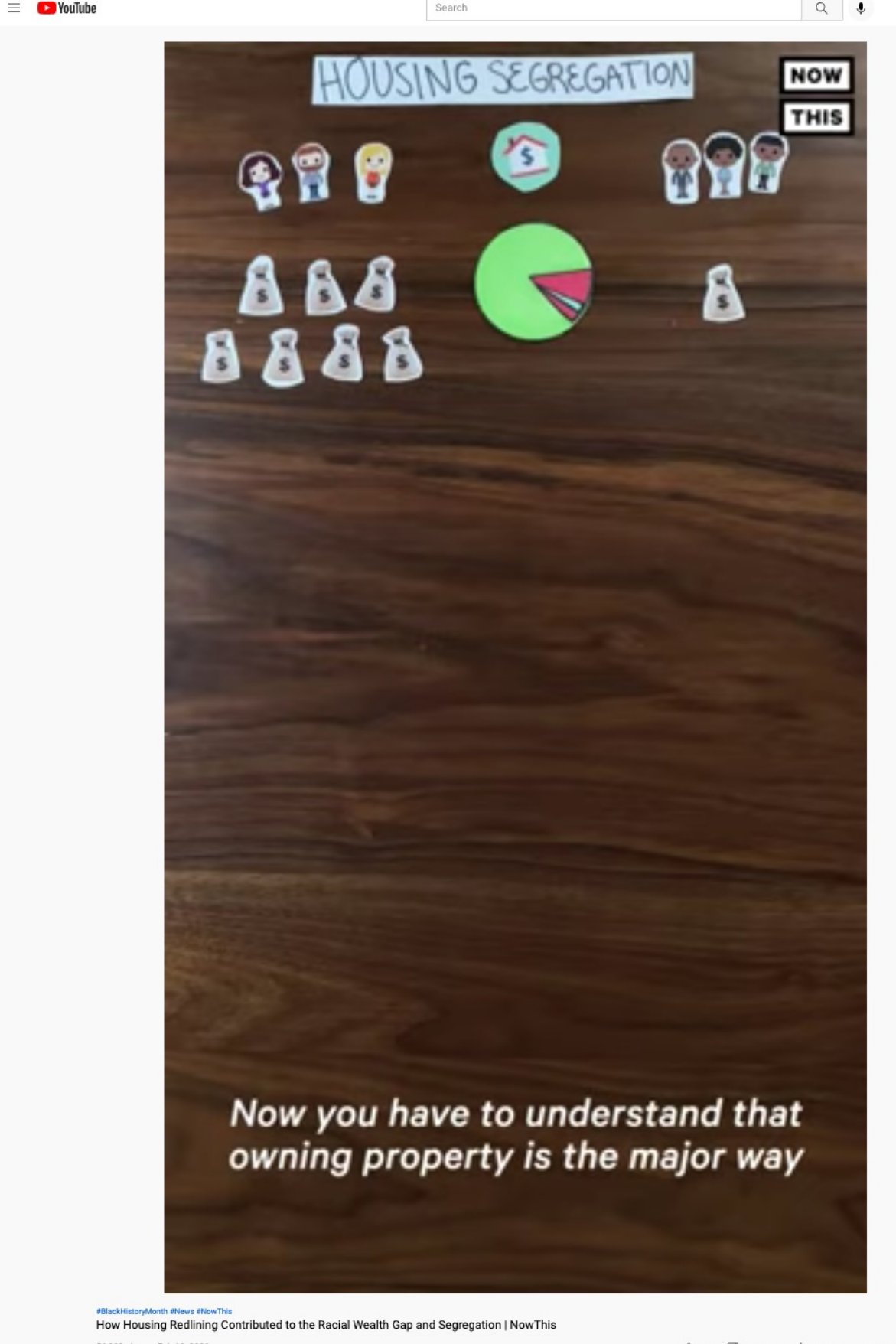
A video player showing a woman holding a \$100 bill. The video has a red 'S' logo in the top right corner. The source is cited as 'The New York Times'. The video title is 'Racist Banking Policies Keeping Black Americans From Prospering | Racist American History'. The video has 8,270 views and was posted on Jan 22, 2019. The player controls show a progress bar at 0:04 / 5:28.

SOURCE: The New York Times

Racist Banking Policies Keeping Black Americans From Prospering | Racist American History

8,270 views · Jan 22, 2019

189 DISLIKE SHARE SAVE ...



A YouTube video player showing a video about housing segregation. The video title is 'How Housing Redlining Contributed to the Racial Wealth Gap and Segregation | NowThis'. The video has 56,299 views and was posted on Feb 19, 2020. The video content shows a hand-drawn diagram on a wooden surface with the title 'HOUSING SEGREGATION' and a 'NOW THIS' logo. The diagram includes a pie chart, a house icon, and several money bags. The text at the bottom of the video reads: 'Now you have to understand that owning property is the major way'. The video player interface includes a search bar, a red 'S' logo, and video controls.

YouTube

Search

HOUSING SEGREGATION

NOW THIS

Now you have to understand that owning property is the major way

#BlackHistoryMonth #News #NowThis

How Housing Redlining Contributed to the Racial Wealth Gap and Segregation | NowThis

56,299 views · Feb 19, 2020

1K DISLIKE SHARE SAVE ...




Racial Wealth Gap: A Wicked Problem

- **There is always more than one explanation.**
- **Every wicked problem is a symptom of another problem.**
- **Every wicked problem is unique.**



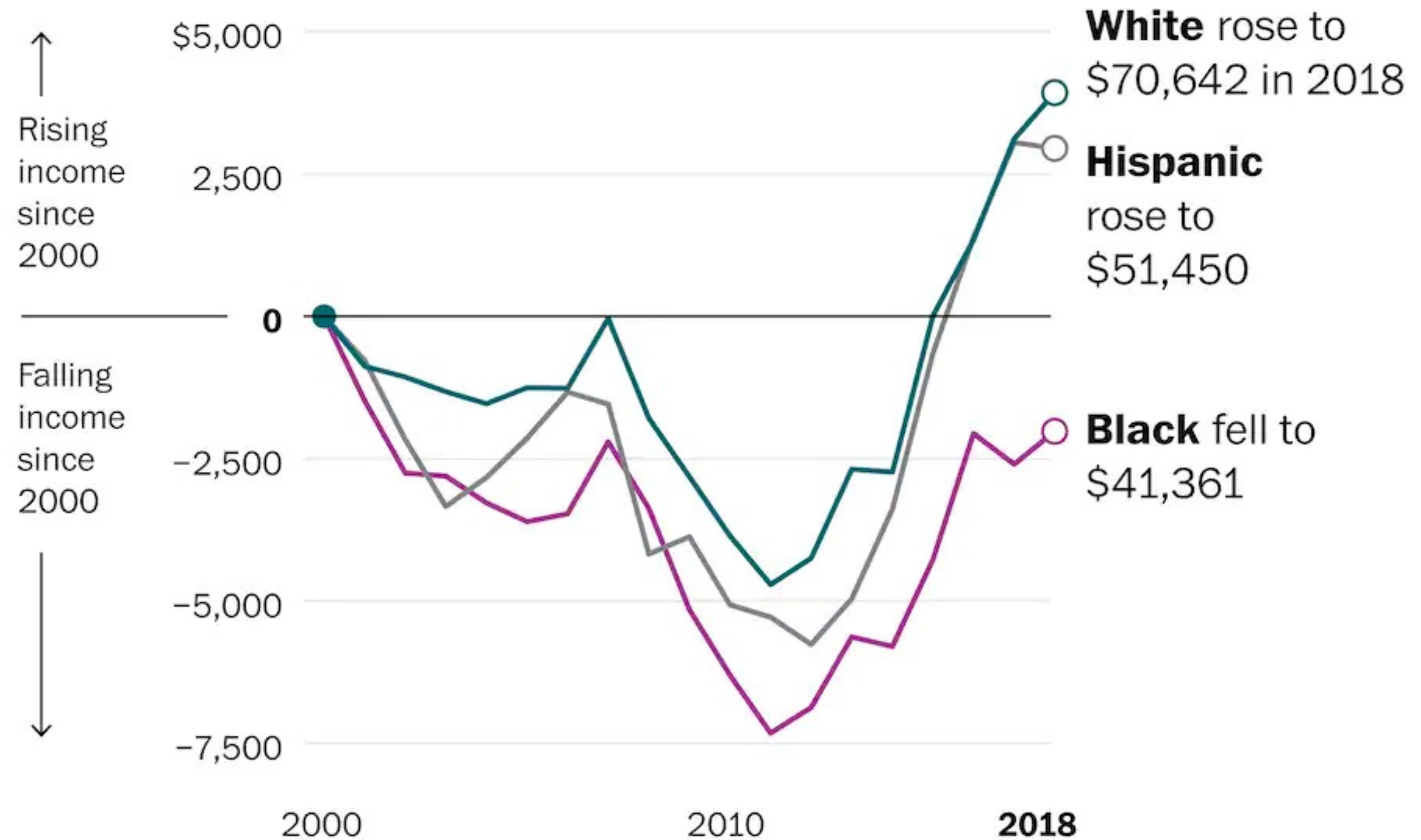
Beyond Wealth

- Income disparity
 - Discrimination in banking
 - Rates of unbanked individuals
 - Requirements for financial education
 - Level of financial literacy
- 

Income Disparity

Black Americans still earn less than they did in 2000

Change in median income since the year 2000, adjusted for inflation



Note: Shown in constant 2018 dollars; methodology changed in 2013 and multiple values have been averaged within each year when available; the white category doesn't include those of Hispanic origin.

Source: Census Bureau

THE WASHINGTON POST

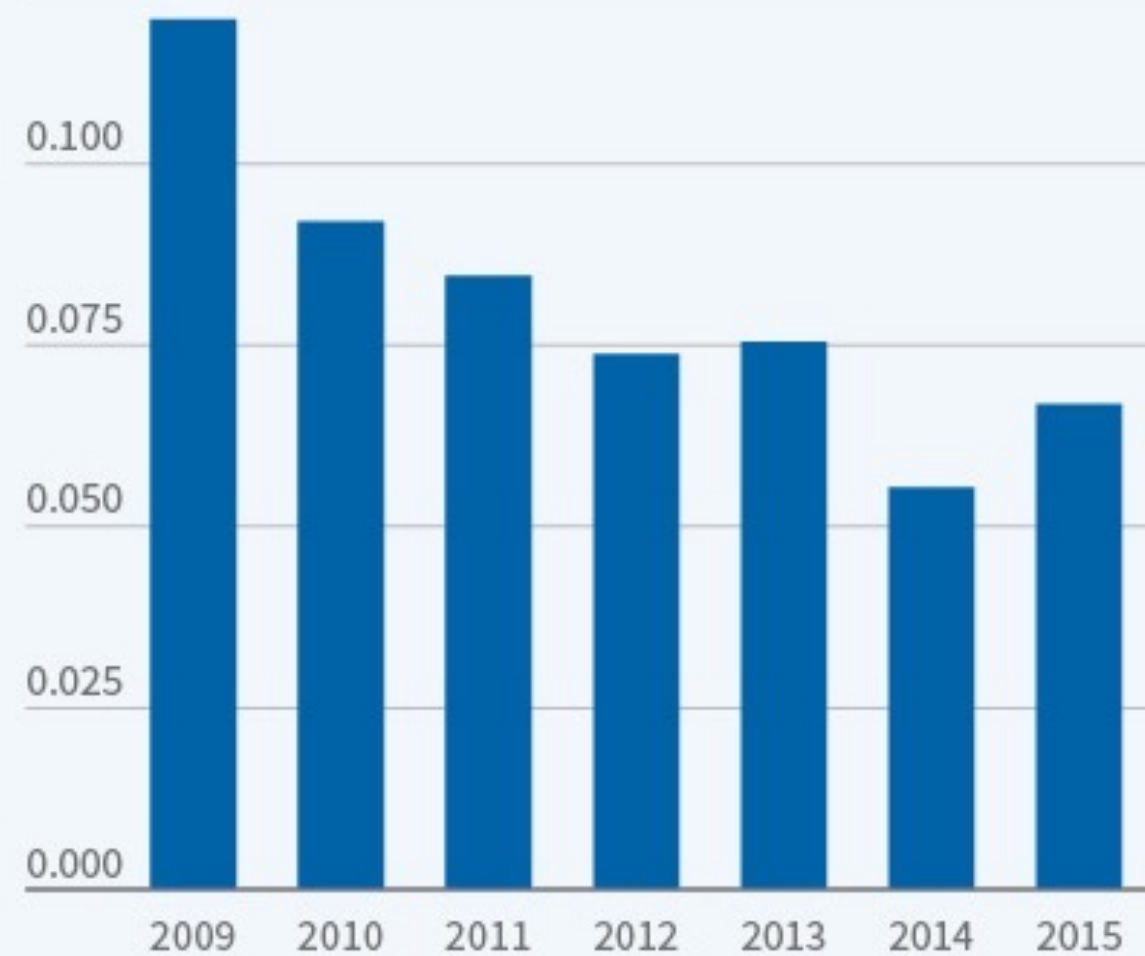
[The Washington Post](#)

Discrimination

The Racial Discrimination Premium in US Home Loans, 2009–2015

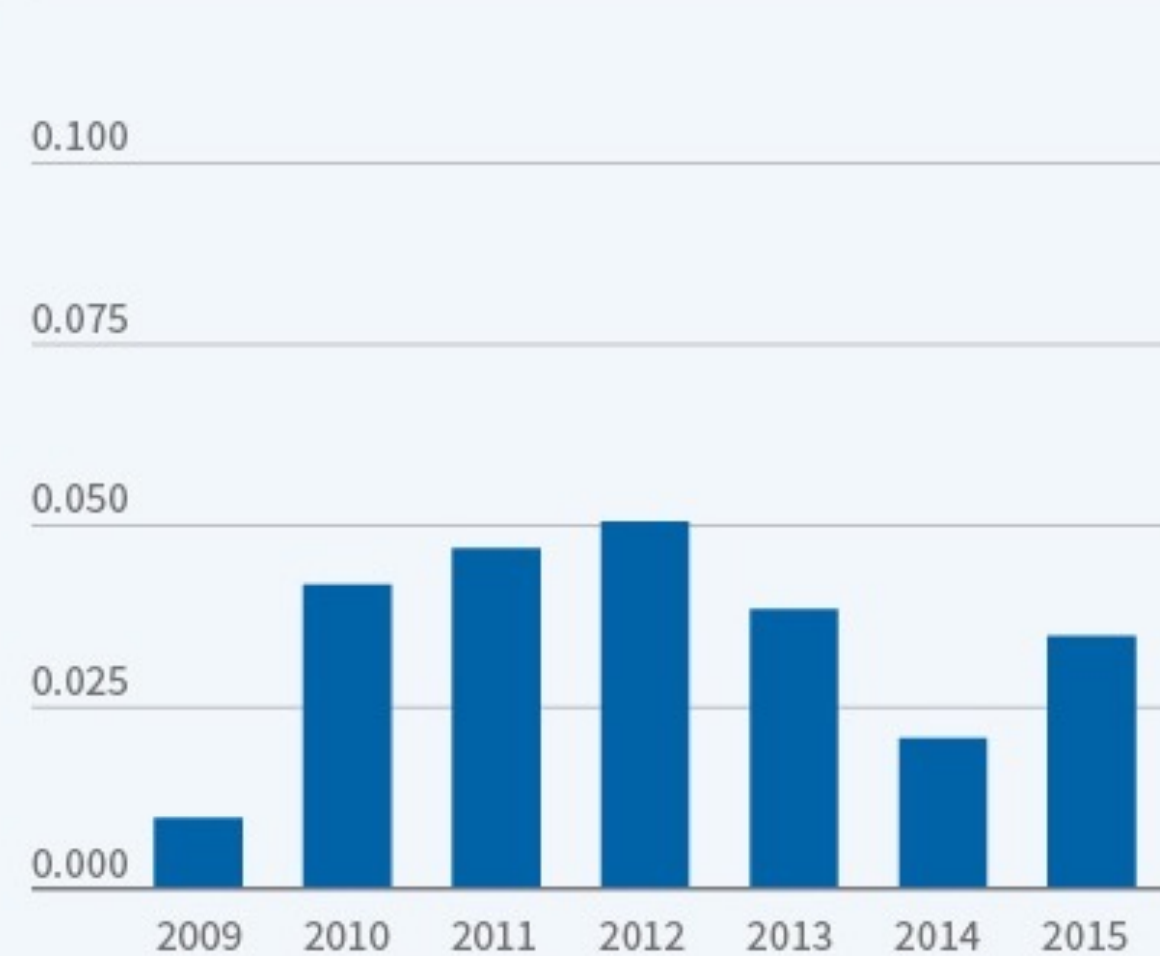
*Interest rate premium on purchase loans
for Latinx and African Americans*

0.125%



*Interest rate premium on refinance loans
for Latinx and African Americans*

0.125%



Source: Researchers' calculations using data from the Home Mortgage Disclosure Act surveys, ATTOM data solutions, McDash loan data, and Equifax



Discrimination

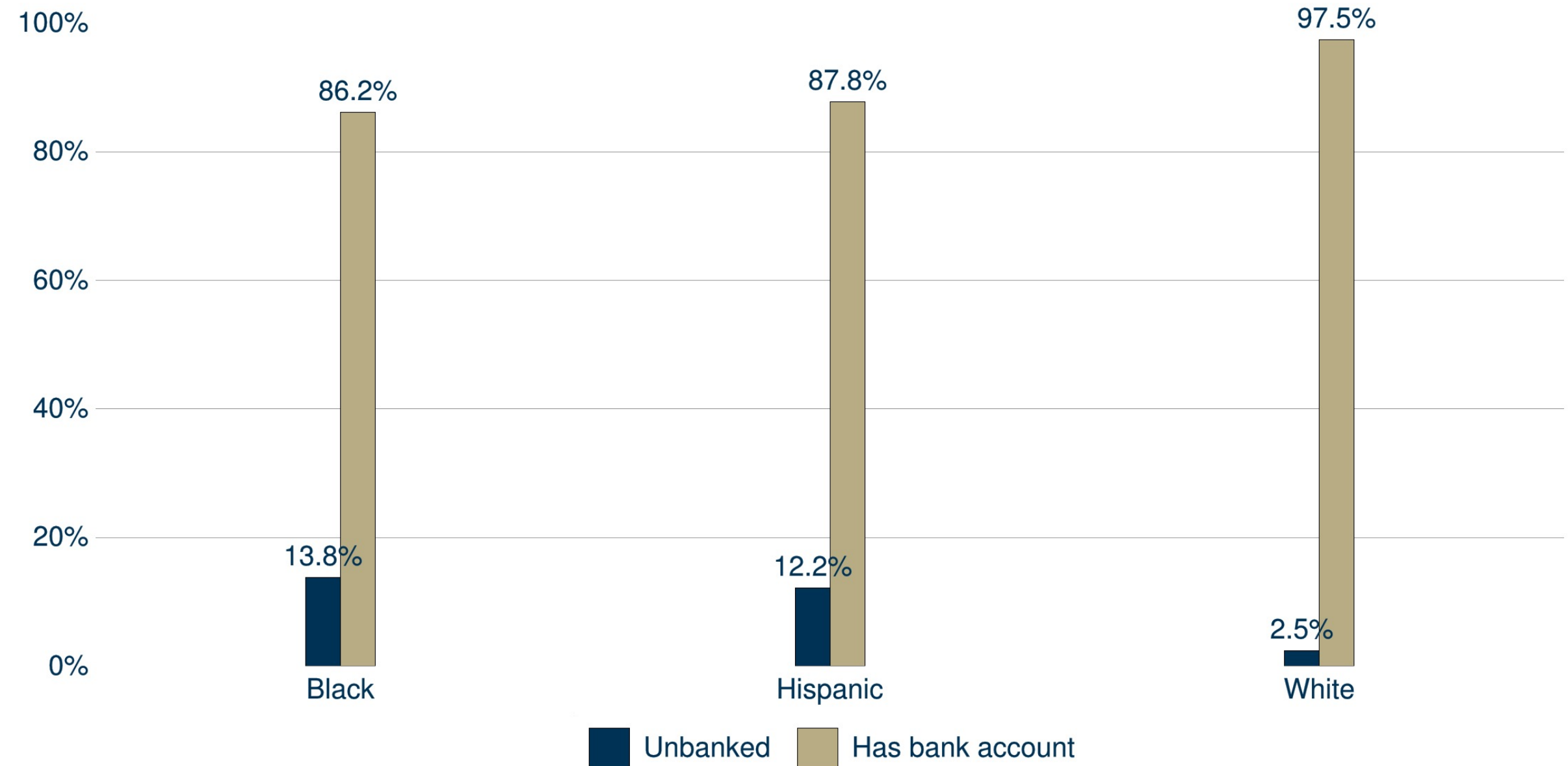
Minority borrowers pay, on average, 7.9 basis points more for first-purchase home mortgages.

The gap is larger when they use face-to-face lenders rather than algorithm-based lenders.

Rates of Unbanked

Unbanked for Nation, 2019 by Race/Ethnicity

All Households



● Source: 2019 FDIC Survey of Household Use of Banking and Financial Services.

● Race/Ethnicity: A household is classified as Hispanic if the householder identifies as Hispanic or Latino regardless of race. A household is classified as Black if the householder identifies as Black or African American alone and not Hispanic or Latino. A household is classified as Asian if the householder identifies as Asian alone and not Hispanic or Latino. A household is classified as American Indian or Alaska Native if the householder identifies as American Indian or Alaska Native alone and not Hispanic or Latino. A household is classified as Native Hawaiian or Other Pacific Islander if the householder identifies as Native Hawaiian or Other Pacific Islander alone and not Hispanic or Latino. A household is classified as White if the householder identifies as White alone and not Hispanic or Latino. A household is classified as Two or More Races if the householder identifies as two or more races and not Hispanic or Latino.

Required Financial Education

Unequal access to financial education

Students are required to take a stand-alone Personal Finance course



Students in schools with free or reduced lunch are required to take a stand-alone course*



Black and Brown students are required to take a stand-alone course **



NOTE: In states that don't mandate stand-alone classes (44 states + DC)

*schools have 75%+ FRL (Free or Reduced Lunch; measure of income)

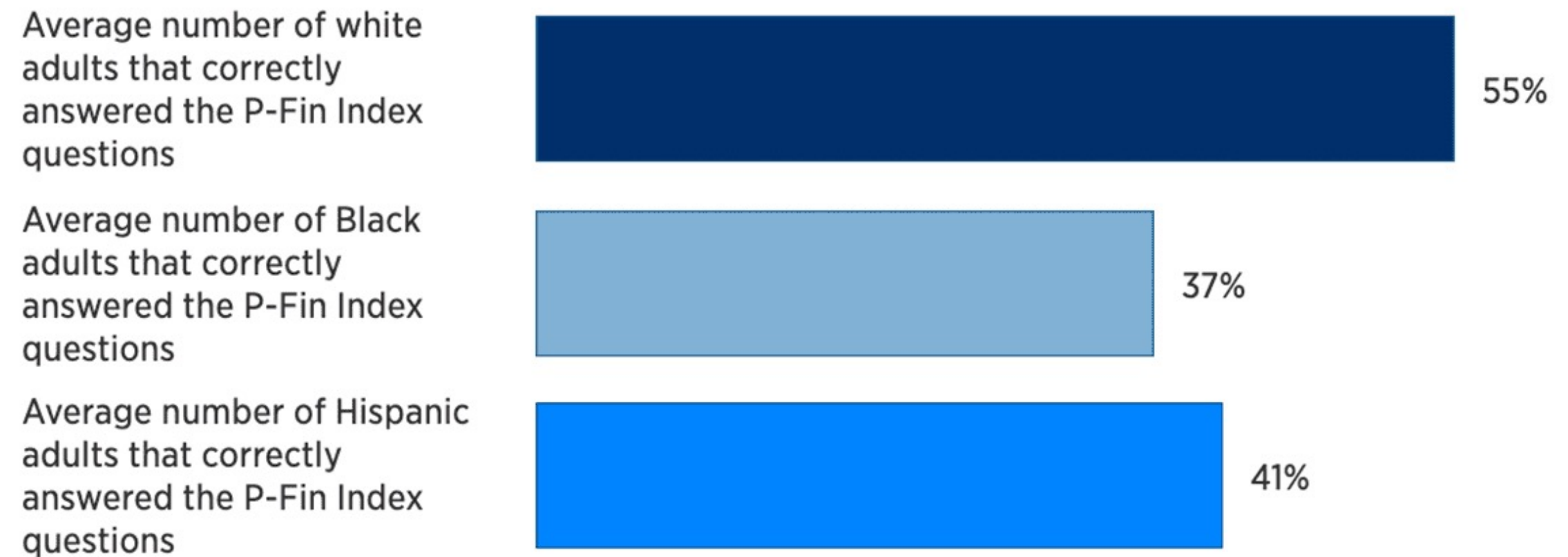
**schools have 75%+ Black/Brown student population

Source: Next Gen Personal Finance



Level of Financial Literacy

Adults' personal finance knowledge



Source: The 2020 TIAA Institute-GFLEC Personal Finance Index



Level of Financial Literacy

Financial literacy, wellness and resilience among African Americans

Paul J. Yakoboski, TIAA Institute

Annamaria Lusardi, The George Washington University School of Business
and Global Financial Literacy Excellence Center (GFLEC)

Andrea Hasler, The George Washington University School of Business
and Global Financial Literacy Excellence Center (GFLEC)



 TIAA Institute

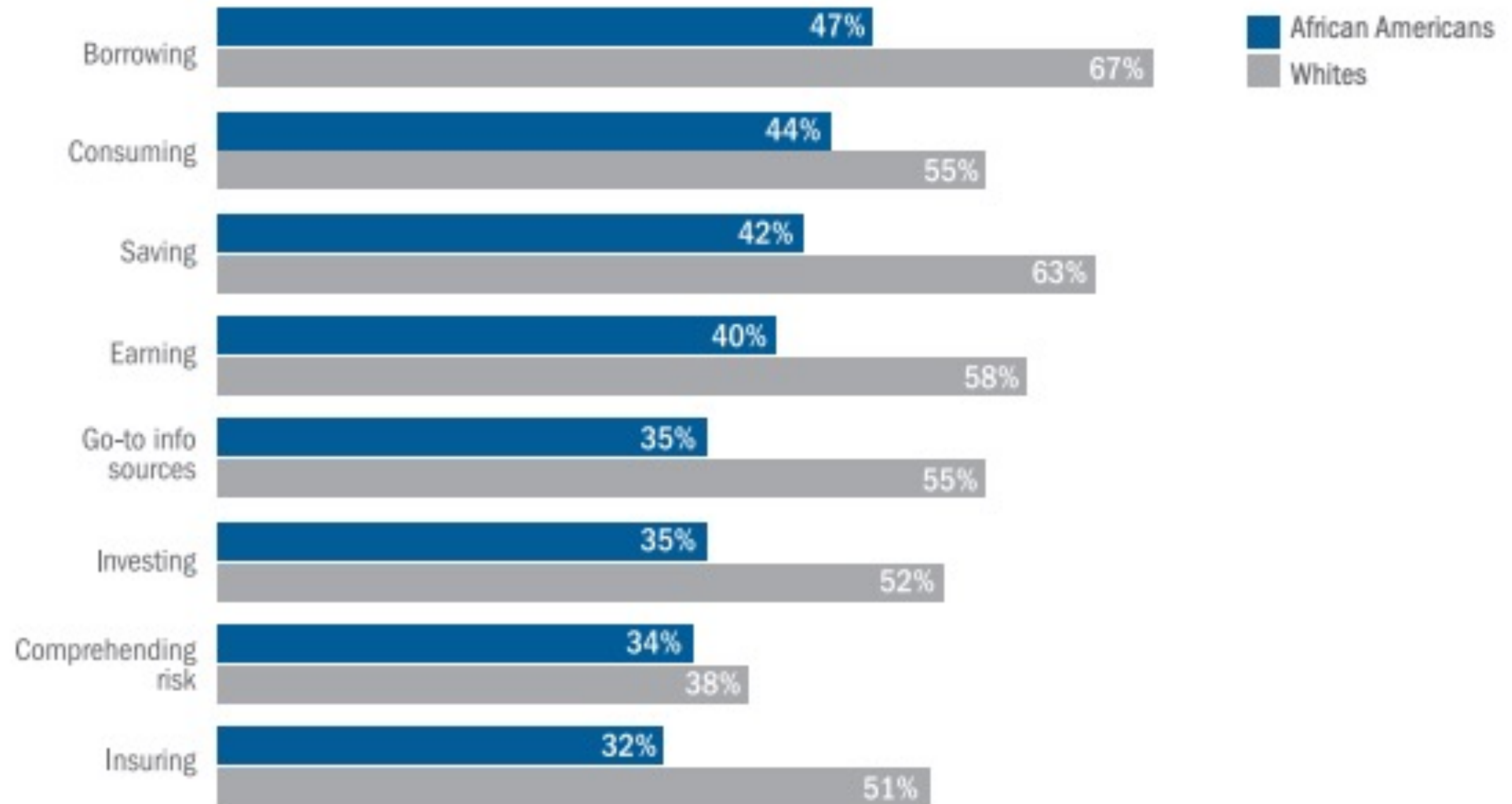
GFLEC
GLOBAL FINANCIAL LITERACY
EXCELLENCE CENTER

Level of Financial Literacy

Figure 7. Functional knowledge

African American financial literacy lags that of whites across functional areas.

% of *P-Fin* questions answered correctly




Source: TIAA Institute-GFLEC Personal Finance Index (2019).

The (Potential) Role of Financial Education





Racial Wealth Gap: A Wicked Problem

- No definitive formulation.
 - **It's hard, maybe impossible, to measure or claim success because they bleed into one another.**
 - **Solutions can be only good or bad, not true or false.**
 - There is no template to follow, although history may provide a guide.
- 

Dueling Points of View

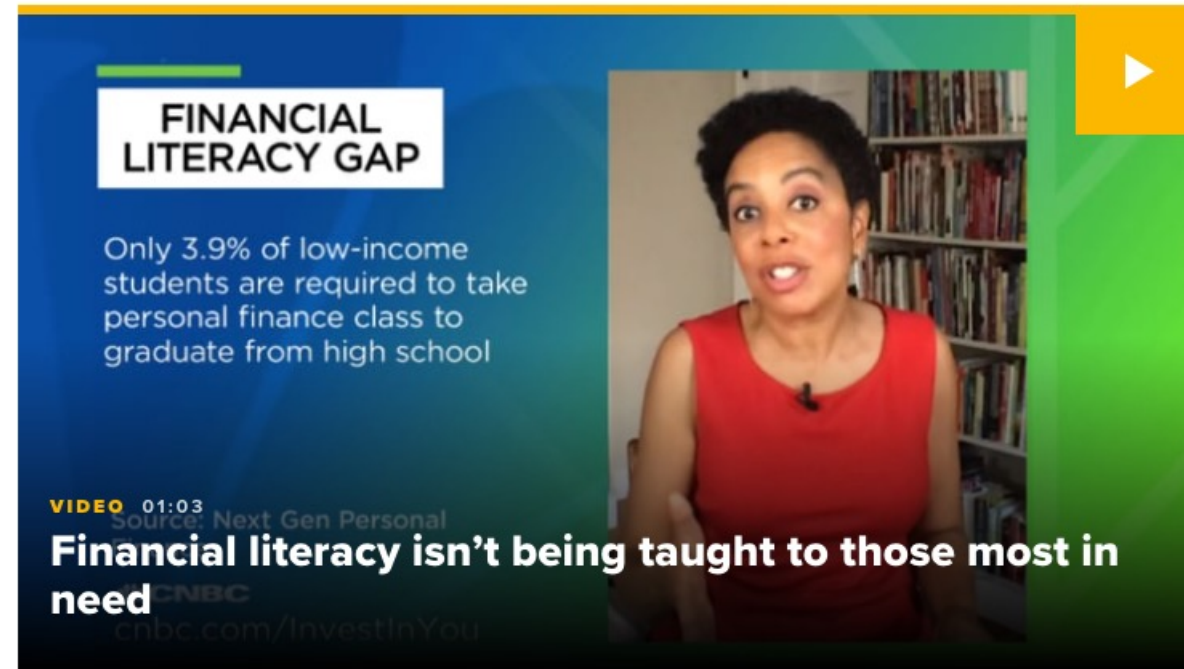
INVEST IN YOU: READY. SET. GROW.

Teaching personal finance to kids can help to close the Black wealth gap

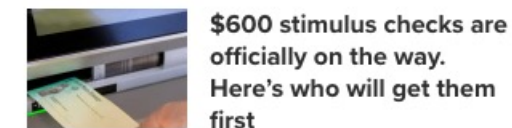
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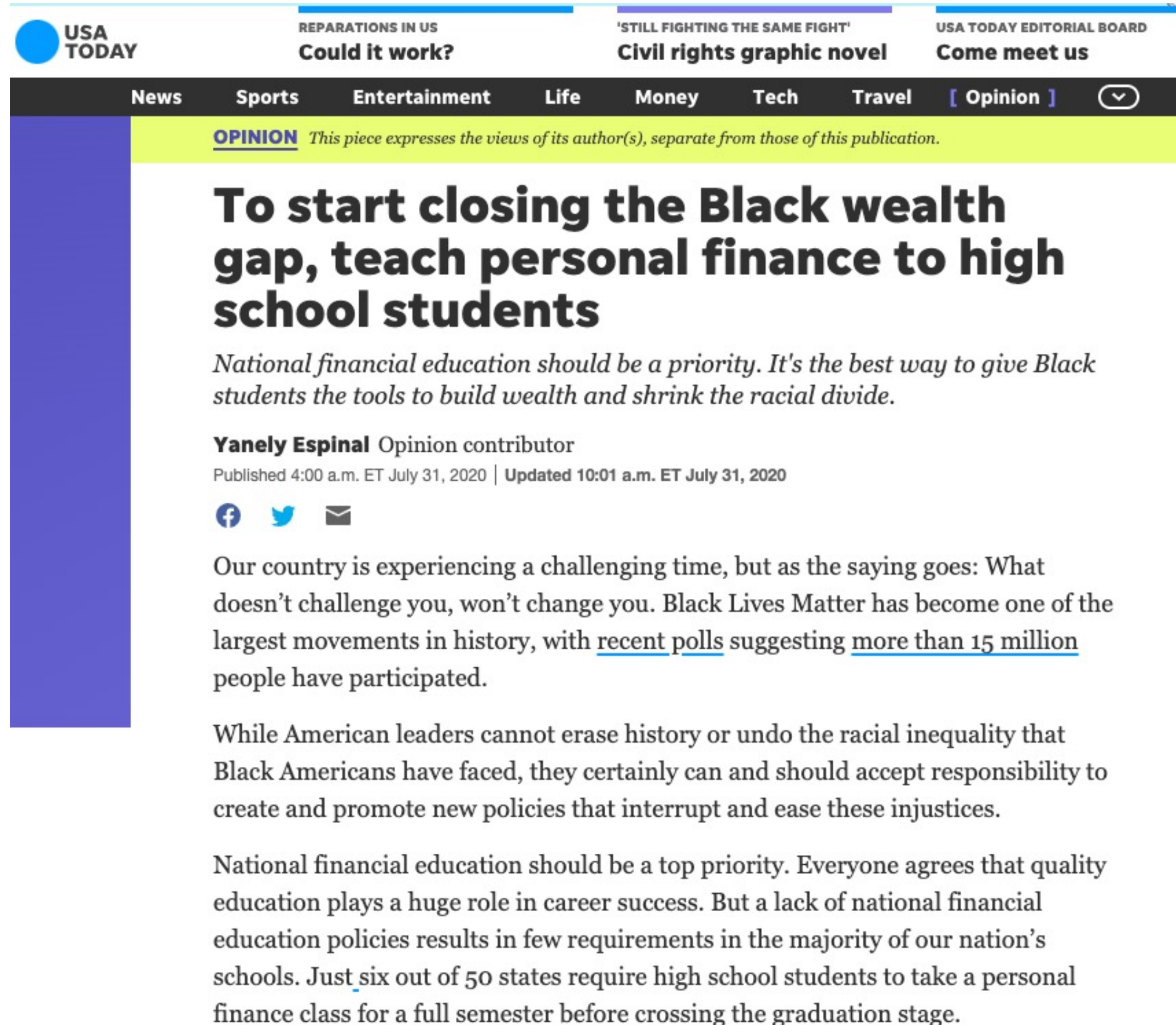
(State of financial education: Many money problems Americans face could have been avoided if financial literacy was taught earlier in school. That knowledge helps create a foundation for students to build strong money habits early and avoid many mistakes that lead to a lifelong of money struggles. This story is part of a series looking at the current financial education landscape in this country.)

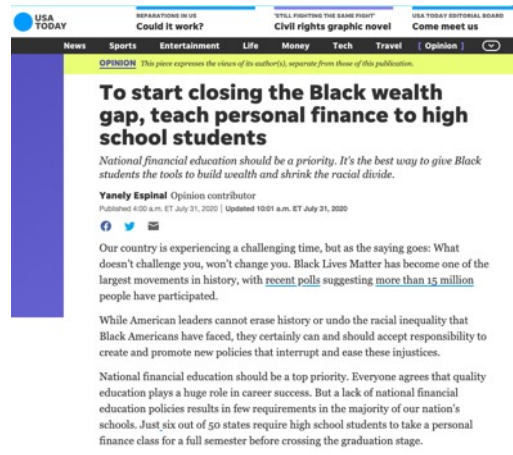
Kinsha Sidibe is a freshman in high school and she's already learning about personal finance.

It's not because the state she lives in, Pennsylvania, mandates the education. It's thanks to a program run by a nonprofit, Niche Clinic, through her high school, Mastery Charter School's Hardy Williams High in Philadelphia.

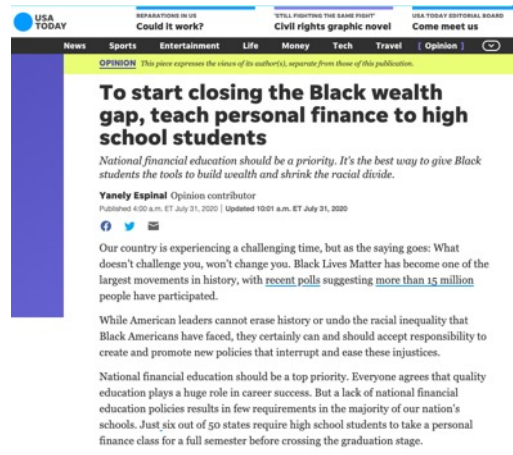
"Before this, I really didn't have an understanding about personal wealth," said Sidibe, who is 14 years old.

Dueling Points of View

A screenshot of a USA Today article page. The page features a blue header with the USA Today logo and several navigation links: 'REPARATIONS IN US Could it work?', ''STILL FIGHTING THE SAME FIGHT' Civil rights graphic novel', and 'USA TODAY EDITORIAL BOARD Come meet us'. Below the header is a black navigation bar with links for 'News', 'Sports', 'Entertainment', 'Life', 'Money', 'Tech', 'Travel', and 'Opinion' (which is highlighted). A yellow banner below the navigation bar reads 'OPINION This piece expresses the views of its author(s), separate from those of this publication.' The main article title is 'To start closing the Black wealth gap, teach personal finance to high school students'. The author is 'Yanely Espinal', an opinion contributor. The article is dated 'Published 4:00 a.m. ET July 31, 2020 | Updated 10:01 a.m. ET July 31, 2020'. There are social media sharing icons for Facebook, Twitter, and Email. The article text begins with 'Our country is experiencing a challenging time, but as the saying goes: What doesn't challenge you, won't change you. Black Lives Matter has become one of the largest movements in history, with recent polls suggesting more than 15 million people have participated.' The text continues with 'While American leaders cannot erase history or undo the racial inequality that Black Americans have faced, they certainly can and should accept responsibility to create and promote new policies that interrupt and ease these injustices.' and 'National financial education should be a top priority. Everyone agrees that quality education plays a huge role in career success. But a lack of national financial education policies results in few requirements in the majority of our nation's schools. Just six out of 50 states require high school students to take a personal finance class for a full semester before crossing the graduation stage.'



Taking a personal finance class equalizes understanding for all students. They learn that owning a car usually decreases wealth, while investing in an IRA increases wealth. They explore real-world topics like establishing credit, investing in the stock market, filing taxes, and choosing different types of insurance. Historically, such lessons have been reserved for the wealthy, who are not commonly people of color.



There's no single explanation for the racial wealth gap. Similarly, financial education is not the single solution. But without personal finance courses, American schools will continue to reinforce racial and socioeconomic inequities. It's time for our country to take bold action towards preventing the racial wealth gap from expanding.

Dueling Points of View

THE HECHINGER REPORT *Covering Innovation & Inequality in Education* [TOPICS](#) [ABOUT](#) [DONATE](#) [SEARCH](#)


COLUMNISTS

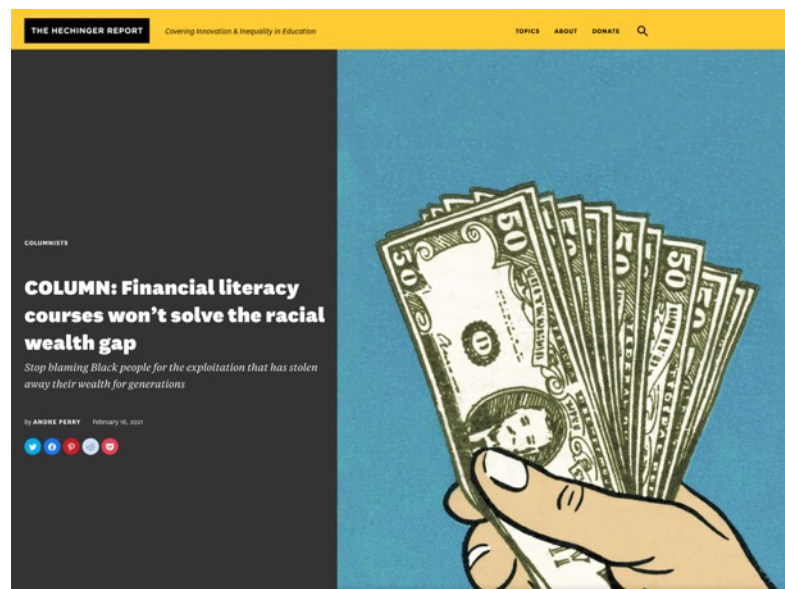
COLUMN: Financial literacy courses won't solve the racial wealth gap

Stop blaming Black people for the exploitation that has stolen away their wealth for generations

by **ANDRE PERRY** February 16, 2021

[Twitter](#) [Facebook](#) [Pinterest](#) [LinkedIn](#) [Reddit](#)

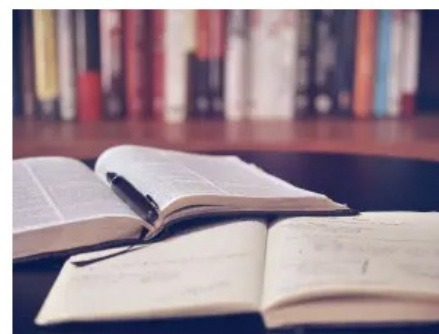




The underlying assumption is that the Black wealth gap is a product of Black ignorance about how to handle money. While teaching high schoolers good financial habits is wonderful, **it is absurd to maintain that doing so will close the racial wealth gap.** Black people can save every discretionary cent for the next 250 years and it would still not close the racial wealth gap in this country.

Dueling Points of View

The Political Economy of Education, Financial Literacy, and the Racial Wealth Gap



Wealth disparity is a striking problem, one with numerous causes and just as many explanations. However, a majority of these justifications puts the onus on those populations, predominantly Black and Latino individuals, who have historically been deprived.

One subgenre of these explanations argues that a lack of financial literacy on the part of these populations, and similarly, a lack of prioritization of education is to blame. In this paper, the authors explore the dangers of this stubborn but misguided framing: that subpar decision-making is to blame for the wealth gap, rather than the reality that these individuals simply are given no choice but to rely on predatory financial services.

[Download the report](#)

Key Findings

- The Pew Charitable Trusts (2015) report on American debt concludes that the racial wealth gap has more to do with a lack of assets for Black and Latino families than racial variation in debt or an abundance of debt on the part of Blacks and Latinos. Instead, evidence suggests that inheritance and other intergenerational wealth transfers benefit Whites to a much larger extent.
- Over the past 40 years, regardless of education, the Black unemployment rate has remained roughly twice as high as the White rate. White high school dropouts have lower unemployment rates than Blacks who have completed some college or earned an associate degree.
- Black parents with more limited resources display a greater inclination to provide financial support for their adult children's education than their White counterparts; however, these parents are working from a much smaller basis of wealth than White parents, even when compared to those who *didn't* provide financial support to their children.
- The median wealth for Black families whose head earned a college degree is only about two-thirds of the median wealth of White families whose head dropped out of high school.
- In short, it is wrong to think that Black families don't value education, and it is *also* wrong to think that heightened returns on education for Blacks will be the magic bullet that addresses the racial wealth gap.


Disclaimer


The views and opinions expressed are those of the presenter and do not necessarily reflect the official policy or position of the Making Cents Project, the Pennsylvania Department of Education, or Penn State University.



**Personal
Point of
View**

Financial education can't hurt, and the right financial education may help individual students make more informed decisions.





**It Is
What
It Is**

The wealth gap is
what it is – a huge gap in
wealth accumulation.

Teach students about the
wealth gap and its causes.





**Knowledge
is Power**

Discrimination exists.


Teach students to omit
race when applying for
credit and to apply
online, when possible.



**Knowledge
is Power**

Discrimination exists.

Teach students to aim high. Save early and often. Invest. Consider home ownership. Strive for a transfer of wealth.





**You Can Do
Hard Things**

Today's educational
climate is tricky.

Still try.






**Your
Students
Can Do
Hard Things**

Modern society is
tricky.


Still try, even if—or
perhaps especially
when—the deck is
stacked against you.





**Make a
Difference**

Be the change you
wish to see in the
world.



Educator Resources



NGPF Mini-Unit

The screenshot shows the NGPF website interface. At the top, there is a navigation bar with the NGPF logo (Next Gen Personal Finance), a search bar, and links for 'New to NGPF?', 'Create Free Account', and 'Log In'. Below the navigation bar, there are menu items: 'Arcade', 'Curriculum', 'Resources', 'Community', 'Teacher PD', and 'Join Our Mission'. The main header area is a dark blue banner with the text 'RACIAL DISCRIMINATION IN FINANCE' in large white letters. Below the banner, there is a blue button with a white exclamation mark icon and the text 'New to NGPF? LEARN MORE'. A 'Back to All Units' button is located below the banner. The main content area is divided into two columns. The left column is titled 'Mini Units' and contains a list of six items, each with a plus icon and a horizontal line below it: '7.0 - Unit Plan & Assessments', 'MU-7.1 - Racial Discrimination and Financial Wealth', 'MU-7.2 - Racial Discrimination in Banking', 'MU-7.3 - Racial Discrimination in Housing', 'MU-7.4 - Racial Discrimination in Education and Employment', and 'MU-7.5 - Build Awareness and Action'. Below this list are four orange buttons: 'View Interactive Library', 'View Video Library', 'View Quiz Games Library', and 'View Teacher Toolkit'. A second 'Back to All Units' button is at the bottom of the left column. The right column is titled 'Activities' and contains three items: 'ANALYZE: The Racialized Costs of Banking', 'ANALYZE: The Wage Gap', and 'CREATE: Racial Discrimination in Finance Timeline'. Below these items is a 'View More...' button. Underneath the 'View More...' button is the section 'Data Crunch + Math' with the item 'DATA CRUNCH: How Does Student Loan Debt Compare by Race?'.

NGPF
NEXT GEN PERSONAL FINANCE

Search for...

New to NGPF? [Create Free Account](#) [Log In](#)

[Arcade](#) [Curriculum](#) [Resources](#) [Community](#) [Teacher PD](#) [Join Our Mission](#)

RACIAL DISCRIMINATION IN FINANCE

New to NGPF?
LEARN MORE

[Back to All Units](#)

Mini Units

- + 7.0 - Unit Plan & Assessments
- + MU-7.1 - Racial Discrimination and Financial Wealth
- + MU-7.2 - Racial Discrimination in Banking
- + MU-7.3 - Racial Discrimination in Housing
- + MU-7.4 - Racial Discrimination in Education and Employment
- + MU-7.5 - Build Awareness and Action

[View Interactive Library](#)

[View Video Library](#)

[View Quiz Games Library](#)

[View Teacher Toolkit](#)

[Back to All Units](#)

Activities

- ANALYZE: The Racialized Costs of Banking
- ANALYZE: The Wage Gap
- CREATE: Racial Discrimination in Finance Timeline

[View More...](#)

Data Crunch + Math

- DATA CRUNCH: How Does Student Loan Debt Compare by Race?



NGPF Mini-Unit



Mini-Unit MU-7: Racial Discrimination in Finance Unit Introduction and FAQs

Why Racial Discrimination in Finance?

NGPF developed this mini-unit in response to the popularity of the History of Racism [Virtual PDs](#) and an overwhelming number of teacher requests to transform the content into student-facing curriculum. This mini-unit is designed for students to examine the role of discrimination in personal finance and its impact on historically excluded communities in the United States.

How this Mini-Unit Fits with the NGPF Curriculum

This mini-unit's release does **not** change any of our existing courses. Like all of the NGPF mini-units, Racial Discrimination in Finance is **completely optional** for teachers to use in their classrooms. It has **not** been added to any of our course curriculum maps, nor is its content referenced or tested in any of the existing courses. We hope this mini-unit or its individual resources will be a good fit for your class, but if not, you can simply skip it entirely.

Language Used in this Mini-Unit

We strive to be mindful of using inclusive language. Here is some of the language we chose to use throughout the mini-unit.

- **“Enslaved people” and “formerly enslaved people”, not “slaves”**
The use of “enslaved person” emphasizes the humanity of the person and separates their identity and personhood from the circumstance of slavery. It also reflects that slavery was being actively imposed on the person.
- **“Historically excluded”, not “minority”**
“Historically excluded” recognizes the role of systems of oppression in our history and present. The term “minority” is not preferred because it has negative connotations, because it is often used to broadly refer to people of color who may not self-identify as a minority, and because people of color are a global majority.
- **Capitalized “Black”, not “black”**
We capitalize “Black” and do not capitalize “white” in accordance with major style guides¹. We capitalize Black to acknowledge Blackness as a specific racial identity that includes shared experiences, while recognizing that being Black can include many ethnic, cultural, and national identities.

Frequently Asked Questions

1. **Is this mini-unit focused on Critical Race Theory?**
No. The focus of this mini-unit is to understand how real-life events, policies, and practices in the United States have impacted - and continue to impact - the financial opportunities and well being of historically excluded communities.
2. **Why is this mini-unit primarily focused on Black Americans?**
We chose to focus many of our resources specifically on discrimination against Black Americans

¹ (2020, July 20). Explaining AP style on Black and white. Associated Press.
Laws, Mike. (2020, July 16). Why we capitalize 'Black' (and not 'white'). Columbia Journalism Review.



NGPF Mini-Unit

because this mini-unit has a limited scope and anti-Blackness is at the root of many of our discriminatory financial systems, beginning with slavery. We strove to incorporate the experiences of other historically excluded groups with racial discrimination in finance, as well as to provide opportunities for teachers and students to personalize each lesson.

3. I've never talked about racial discrimination with my students. What are some resources that could help me get started?

Talking about racial discrimination can be uncomfortable, as it's a topic that is historically complicated and fraught. Here are some resources you might be interested in exploring to help you get started:

- Video: [Strategies for Facilitating Conversations About Race and Racism in the Classroom](#)
- Video: [6 Ways to be an Antiracist Educator](#)
- Professional Development: [Learning for Justice](#)
- Book: *Start Here, Start Now* by Liz Kleinrock

4. How can I learn more about racial discrimination in finance?

- NGPF offers an On-Demand PD module on [The History of Racism in Finance](#) that covers the history of racism in housing and banking. We encourage you to complete this 1-hour module ahead of implementing this mini-unit with your students.
- NGPF offers free [Virtual PD](#), including sessions on The History of Racism in Banking and The History of Racism in Housing that are aligned with this mini unit.
- The Federal Reserve District Banks have partnered to create the [Racism and the Economy](#) series, which includes webinars and resources focused on racial discrimination in different economic sectors.
- At the end of each lesson in the mini-unit, we've included a variety of additional resources in the LEARN MORE section that are meant to provide additional information on the topics covered in that lesson. These resources can also be used with your students to extend their learning and the conversation in the classroom.



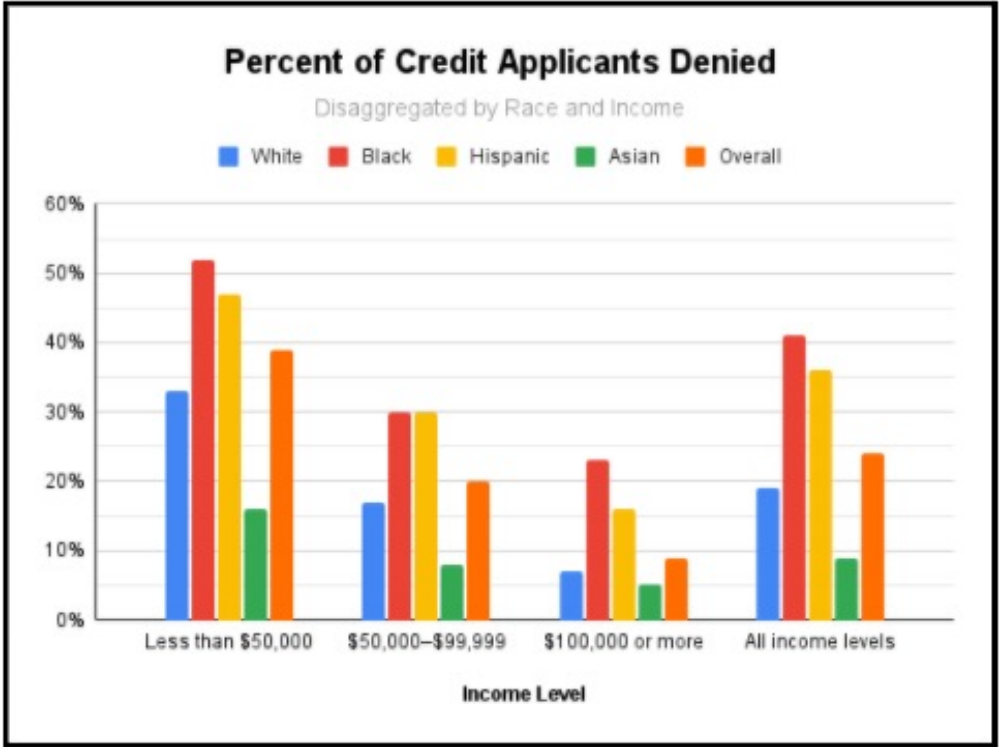
NGPF

Mini-Unit

- Racial Discrimination and Financial Wealth
- Racial Discrimination in Housing
- Racial Discrimination in Education and Employment
- Build Awareness and Action



NGPF Mini-Unit



Note: This graph reflects the racial demographics used by the Federal Reserve during data collection.

<p>1. What percent of white credit applicants earning over \$100,000 were denied? Black applicants? Hispanic applicants? Asian applicants?</p> <p>DOK 1</p>	<p>2. What is the overall credit denial rate across all income levels?</p> <p>DOK 1</p>
<p>3. Across all incomes, how much more likely is a Black applicant to be denied credit than a white applicant?</p> <p>DOK 2</p>	
<p>4. What is the benefit of disaggregating this data by income level?</p> <p>DOK 3</p>	
<p>5. Given what you know about credit, what do you think would be the long-term impact of racial inequities in credit approval?</p> <p>DOK 3</p>	

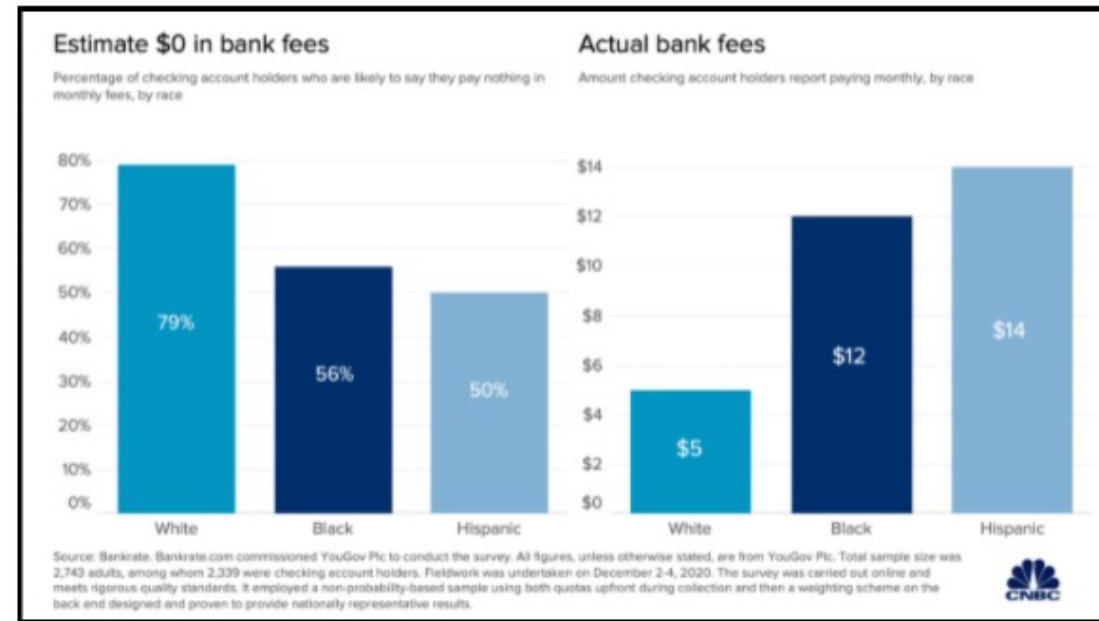
NGPF Mini-Unit

ANALYZE: The Racialized Costs of Banking

There are significant benefits to having a bank account, like convenience and security, but they can also come with fees. Those fees aren't shared equally among all account holders. Although banks aren't allowed to discriminate based on race, Black and Hispanic account holders end up paying more than twice as much as white account holders in total bank fees. And this discrepancy adds up: U.S. banks collected over \$12 billion in overdraft fees in 2020¹! In this activity, you'll explore data about how those fees break down.

Part I: Racial Disparity in Banking Fees

This graph shows the racial disparity in the average total monthly bank fees paid by white, Black, and Hispanic account holders².



1. What percentage of white account holders estimate they pay \$0 in monthly bank fees?

2. How do the average monthly fees paid by Hispanic account holders compare to the average monthly fees paid by white account holders?

¹ Smith, Kelly Ann. (2021, April 21). Banks Charged Low-Income Americans Billions In Overdraft Fees In 2020. Forbes.
² Fox, M. (2021, January 13). Black and Hispanic Americans pay twice as much in bank fees as whites, survey finds. CNBC.



NGPF Mini-Unit



RESEARCH: What Is Your Experience With Banking?

Having access to banking resources and services can play an important role in an individual's financial life. However, racially discriminatory practices in banking have excluded - and continue to exclude - many people in the United States.

In this activity, you'll interview a community member to get a first-hand account of their experience with banking. You will choose to either interview someone in your family or community or conduct research to find a published first-hand account.

Part I: Plan

1. Choose someone in your family or community to interview about their experiences with banking. Who do you plan on interviewing? Why did you choose this interviewee?

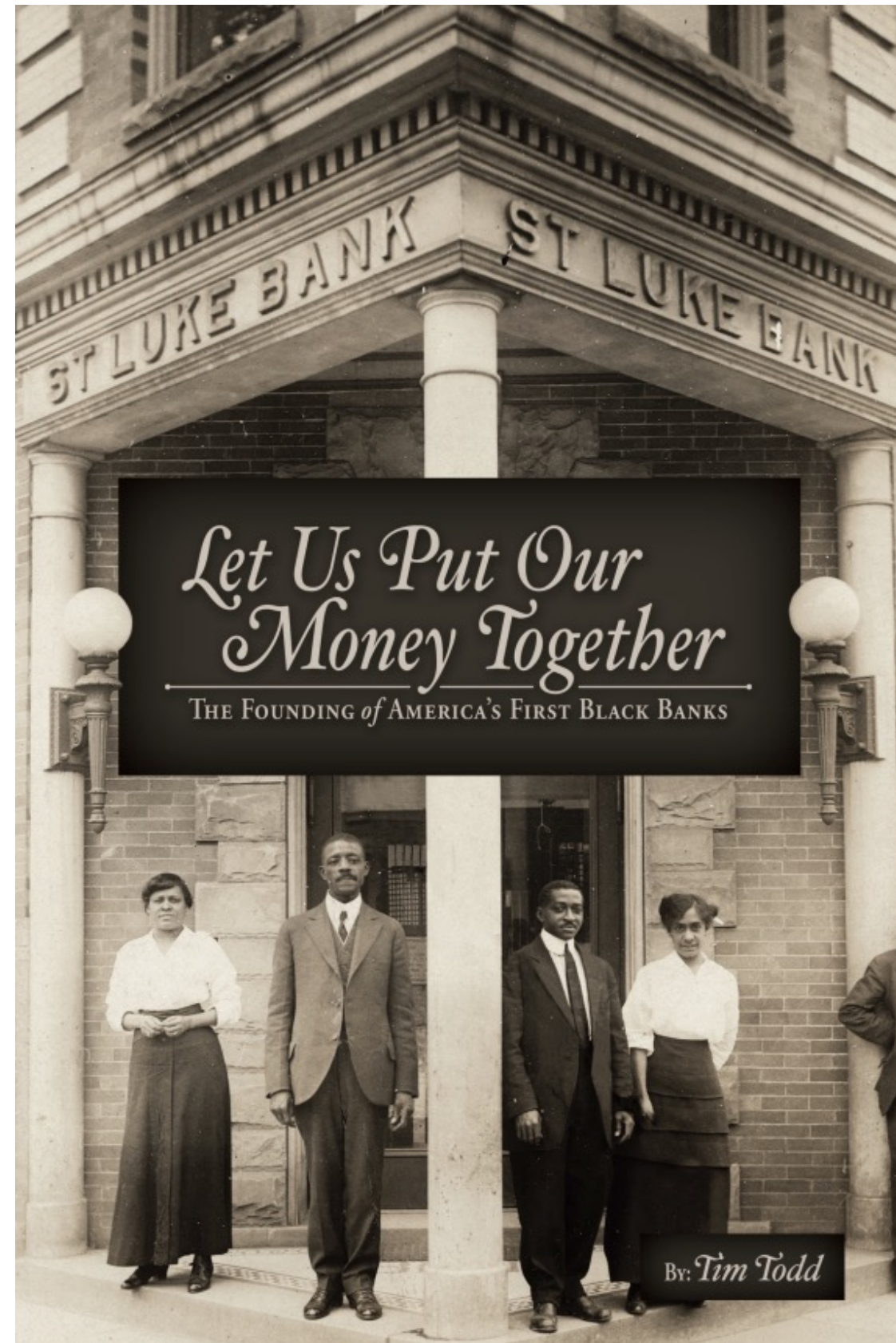
Note: If you do not feel comfortable interviewing anyone in your personal life, conduct online research to find an article, video, or podcast that includes a first-person account related to discrimination in banking. Include the title, publisher, and link below. Answer the remaining questions using this resource as your "interviewee".

Part II: Interview

2. Choose at least 3 questions to ask your interviewee from the main questions below. You may write your own question in the line after "other". If you chose the research option in question 1, please review the resource and select the questions that it addressed.

- What is your perception of banks? Why?
- Have you experienced or witnessed racial discrimination in banking?
 - If yes, would you be comfortable telling me more about what happened?
 - If no, do you think everyone is treated fairly in banking? Why or why not?
- How did you first learn about banks and the different types of financial services they offered? How did that impact how you banked?
- When you first started managing money, what banking resources and services were available in your area? How did this impact how you banked?
 - How has the access to these resources and services changed, if at all?
 - How does your initial experience with banking compare to your experience of banking now?
- Do you have a (choose one): checking or savings account/ investment account/ loan from a bank? Why or why not?

Let Us Put Our Money Together: The Founding of America's First Black Banks



Let Us Put Our Money Together

Let Us Put Our Money Together

Through borrowing, many Americans are able to finance an education, establish a business or purchase a home...For the first African American banks, it was not only about serving as a source of credit for businesses and consumers, but also about providing training opportunities and jobs for African Americans, supporting economic development and, importantly, pride.

-Esther L. George, president and chief executive officer of the Federal Reserve Bank of Kansas City.

We invite you to explore the history of Black banking in the United States and how its legacy continues today.

[Download Book and Lesson Plan](#)

Before Emancipation



The First Black Banks



Minority Depository Institutions Today



“Black Wall Street” Massacre Lesson

Kelly Colleen Young FinLit Fanatics!
February 11, 2021 · 🌟

Taking the opportunity to teach some tough history and how it contributed to the loss of multigenerational wealth and systemic inequality in the Black community. I am happy to share my Lesson and Assessment!

Here is a link to my **Day 1 Lesson**: <https://docs.google.com/.../1j-3R.../copy>

Day 2 Lesson:
<https://docs.google.com/.../1ccxTmv3VnrXL8dDJZ3CSkSi.../copy>

Project/Assessment/Application:
<https://docs.google.com/.../1POh2xhCzFbCG.../copy>

Currently, I am teaching Hybrid. I know that this year is a starting point and I may not get the discussion that I want to get from this unit in the future, but I am happy to be able to take it for a test run.

I am not entirely sure how much time students will need to make their project. You may need to do some teaching regarding creating a Google Site. I did this last semester virtually for a different project and it went really well when they see it works much like all other google projects. Feel free to make any edits or change for your needs. Writing questions is not my strong suit, so if you do make changes feel free to share with me as I may prefer your edits! We all know great assignments continue to change each semester as we make edits and improvements!

Good luck and feel free to reach out: kelly.young@rimisd41.org



Day 1

BLACK WALL STREET MASSACRE- Tulsa, OKLAHOMA 1921

As we watch the [Vox Video](#), please answer the following questions:

Question	Response
1. Why was the success of the Greenwood District of Tulsa, OK an anomaly? Compare it to what was going on in the rest of the country at the time. (1:40)	
2. How many blocks of the Greenwood District were burned to the ground? (3:45)	
3. What purpose did the photo postcards serve? (4:55)	
4. How does the difference in rhetoric change the meaning of the event (Massacre v. Race Riot) (5:20)	
5. Why is it hard to figure out how many lives were lost during the massacre? (6:06)	

As you read the Graphic Story as told in [the Atlantic](#), answer the following questions:

Question	Response
1. Why did people call the Greenwood District “Black Wall Street?”	
2. What role did the story in the newspaper play in the events that took place?	
3. Why did Black Tulsans feel compelled to gather at the Dreamland Theatre?	
4. What are your reactions to the statistics shared in the black box at the conclusion of the graphic?	
5. If it were your job to teach someone about the events that happened in Greenwood District in Tulsa, OK in 1921...what would you tell them?	

Clip from [HBO's The Watchmen](#)

In our next lesson, we will begin to think about the economic significance of the Greenwood District in relationship to the time period and Jim Crow segregation of the South. We will also explore how this event and many like it have contributed to systemic wealth inequality that still affects Black Americans and people of color today. Before we go ponder these thoughts:

“The total estimated financial loss, taking into account the destruction of both private residential property and property in the business district would be about \$50-100 million in today’s currency,” and “The accumulation of a massive amount of wealth and the loss of income that would have been earned, had Greenwood been allowed to thrive undisturbed, is almost incalculable,” says Odewale.

Source Note: The lesson & activity were created by Kelly Colleen Young, Rock Island-Milan School District.

The Massacre of Tulsa's "Black Wall Street"




“Black Wall Street” Massacre

Atlantic Re:think

CRAFTED BY THE ATLANTIC'S MARKETING TEAM AND PAID FOR BY
WATCHMEN ON HBO

SHARE



AMERICAN HISTORY
1921

THE MASSACRE OF BLACK WALL STREET

Writing: Natalie Chang
Illustration: Clayton Henry / Colorist: Marcelo Maiolo

IN 1921, WHITE RIOTERS DESTROYED A BEACON
OF BLACK PROSPERITY AND SECURITY.

“Black Wall Street” Massacre Lesson

Day 2

BLACK WALL STREET MASSACRE- Tulsa, OKLAHOMA 1921

While reading the 1st section of the [Forbes](#) article, please answer/discuss the following questions & watch the embedded video: “Black Wall Street and its legacy in America.”

Question	Response
1. Who was Ottawa W. Gurley and what were some of his accomplishments prior to moving to Tulsa, OK?	
2. How is the Greenwood district described and what type of businesses could be found there?	
3. Beyond the variety of businesses, what are other features of the Greenwood District that demonstrate the success of its community members?	
4. What do you think James O. Goodwin meant when he described the Greenwood district as “quintessential America?”	
5. Compare and contrast the environment of the Greenwood district to that of its social surroundings including the Red Summer and Jim Crow segregation.	

Continue to the 2nd section of the Article, Please answer/discuss the following questions & watch the embedded video: “John Rogers on Black Wall Street and Racial Wealth Gap.”

Question	Response
1. Summarize John Rogers important points from the video:	
2. What does Rogers mean by “the wealth never got a chance to compound” and what does he say is the impact on future generations?	
3. What are “reparations?” Do you think the descendants of the victims of the Black Wall Street massacre should be given them?	
4. Do you believe that Black Americans wealth accumulation over time has been affected by events like the Black Wall Street Massacre?	
5. Reflect on all of the information you have been	

presented in the past two lessons: What are your thoughts & feelings regarding this topic and its implication on American history, paying particular attention to the economic impact on Black Americans.

Source Note: The lesson & activity were created by Kelly Colleen Young, Rock Island-Milan School District.



Greenwood District & Black Wall Street Massacre

After learning about the Greenwood District and the massacre that occurred there in 1921, please create a product* that combines text, images, and information from sources to demonstrate your understanding of the event and its economic significance & impact on wealth accumulation of Black Americans.

*Ideas for product: Digital One-Page (Google Drawing/Slides/ or Canvas), Google Sites-Webpage, or Google Slides presentation. If you have another idea for a product, run it by your teacher!

Criteria (or Standard)	1	2	3	4	Feedback
Format: <ul style="list-style-type: none"> Uses Google Sites, Slides, or Drawing or another approved medium. Includes text & images The text is well written, thorough, and organized. 					
Images: <ul style="list-style-type: none"> The content is informative & pertinent to the topic The student reflects on the images and provides context. 					
Explanation & Background information: Give background information about: <ul style="list-style-type: none"> Greenwood District (it's founders, development, businesses, and people) Jim Crow segregation & social context Identify any key vocabulary & definitions necessary 					
Black Wall Street Massacre: <ul style="list-style-type: none"> Explain the events of the massacre Share facts and figures that are important to understanding the significance of the massacre 					
Address one of the Prompts (See Below): <ul style="list-style-type: none"> Establishes a credible stance using information from multiple sources 					
Works Cited: <ul style="list-style-type: none"> Uses proper citation Sources must be credible & information is pertinent to the topic.					

1 = standard not met; 2 = standard partially met; 3 = standard met; 4 = exceeds expectations

Prompts: Choose one of the following to address in your assignment.

- It seems clear that the massacre of the Greenwood neighborhood was covered up and forgotten by most people, including African Americans. Even the Vax film describes Greenwood as an anomaly when there were other [Black Wall Streets](#) around the country, including Chicago's Bronzeville neighborhood. Why do you think stories about Black success and white violence are so often covered up?
- How do you suppose massacres like Greenwood and similar events around the country impacted Black American's ability to build wealth? Support your claims with your own knowledge & details from the [Forbes](#), and [Yahoo Finance](#) articles.
- It is true today that the majority of American families' biggest store of [wealth is their home](#) or real-estate. There are [persistent gaps](#) in wealth between white and non-white families. How do you suppose events like the Greenwood massacre contributed to these circumstances?



Prompts

1. It seems clear that the massacre of the Greenwood neighborhood was covered up and forgotten by most people, including African Americans. Even the Vox film describes Greenwood as an anomaly when there were other [Black Wall Streets](#) around the country, including Chicago's Bronzeville neighborhood. Why do you think stories about Black success and white violence are so often covered up?

2. How do you suppose massacres like Greenwood and similar events around the country impacted Black American's ability to build wealth? Support your claims with your own knowledge & details from the [Forbes](#) and [Yahoo Finance](#) articles.

3. It is true today that the majority of American families' biggest store of [wealth is their home](#) or real-estate. There are [persistent gaps](#) in wealth between white and non-white families. How do you suppose events like the Greenwood massacre contributed to these circumstances?

Background Information



Learn More

The Future of Building Wealth

Brief Essays on the Best Ideas to Build Wealth—for Everyone

Ray Boshara, Federal Reserve Bank of St. Louis

Ida Rademacher, The Aspen Institute

EDITORS

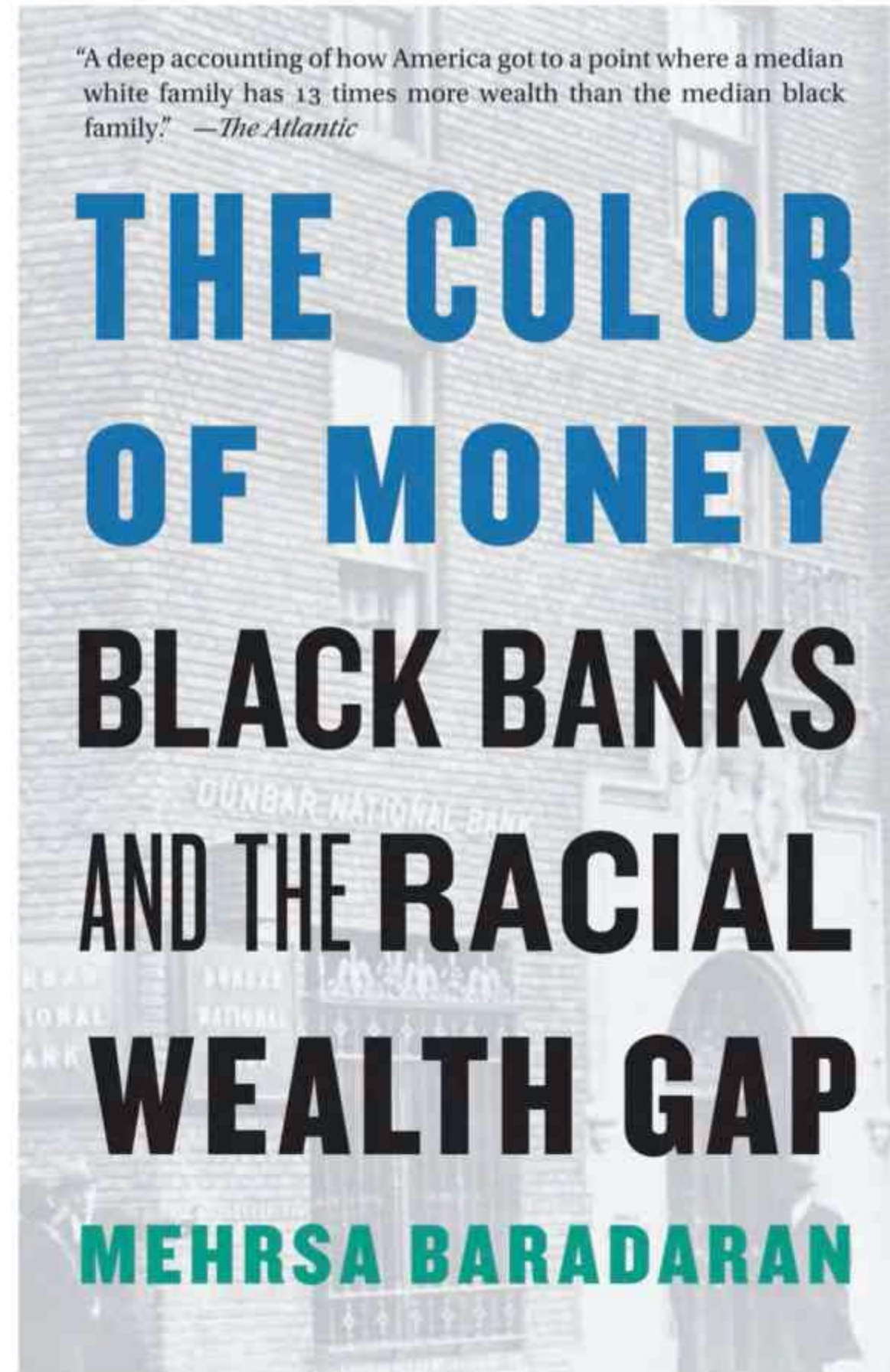



Learn More





Further Reading



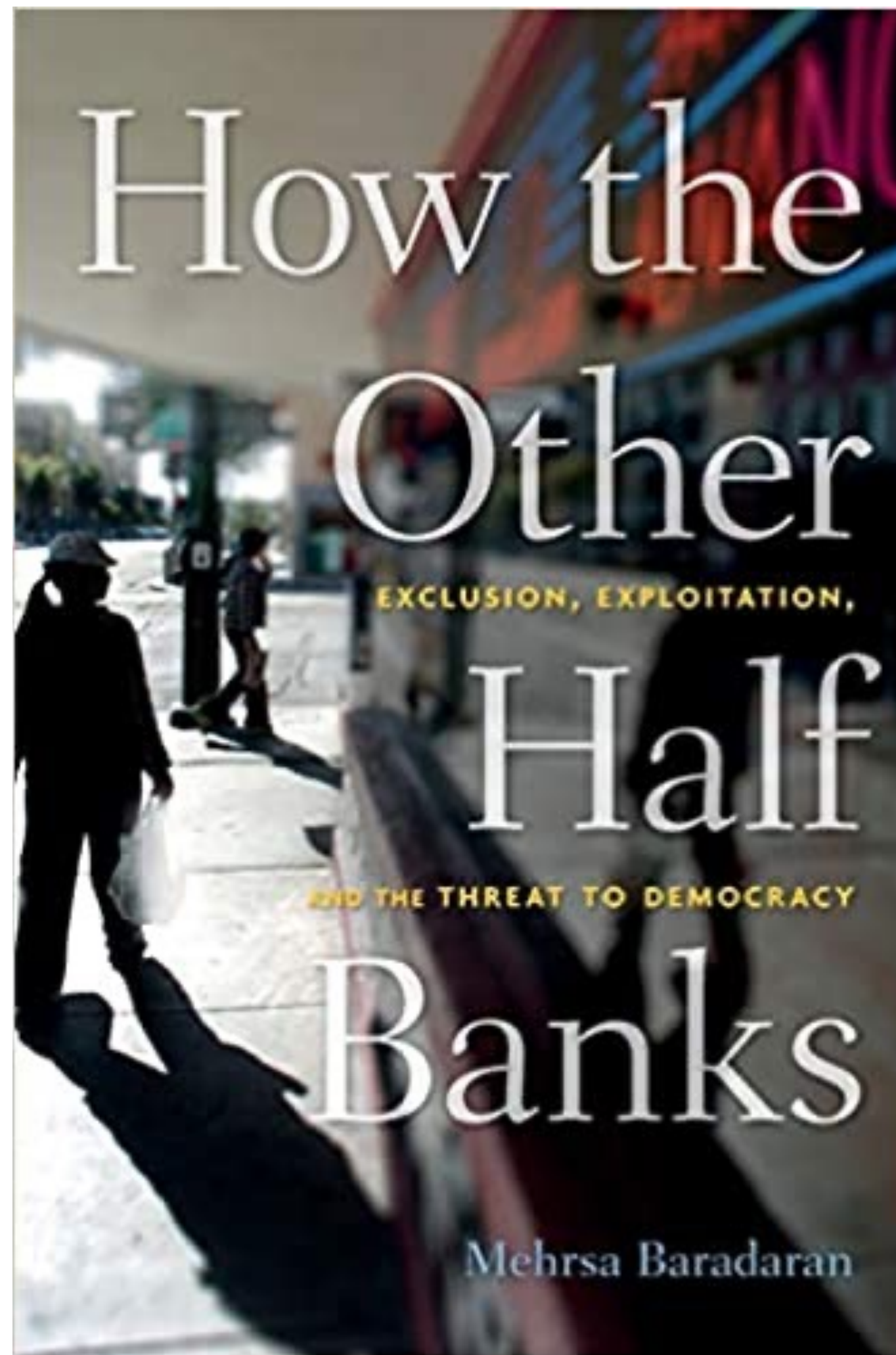


The Color of Money

When the Emancipation Proclamation was signed in 1863, the black community owned less than 1 percent of the total wealth in America. More than 150 years later, that number has barely budged. The Color of Money seeks to explain the stubborn persistence of this racial wealth gap by focusing on the generators of wealth in the black community: black banks.

With the civil rights movement in full swing, President Nixon promoted “black capitalism,” a plan to support black banks and minority-owned businesses. But the catch-22 of black banking is that the very institutions needed to help communities escape the deep poverty caused by discrimination and segregation inevitably became victims of that same poverty. In this timely and eye-opening account, Baradaran challenges the long-standing belief that black communities could ever really hope to accumulate wealth in a segregated economy.

Further Reading

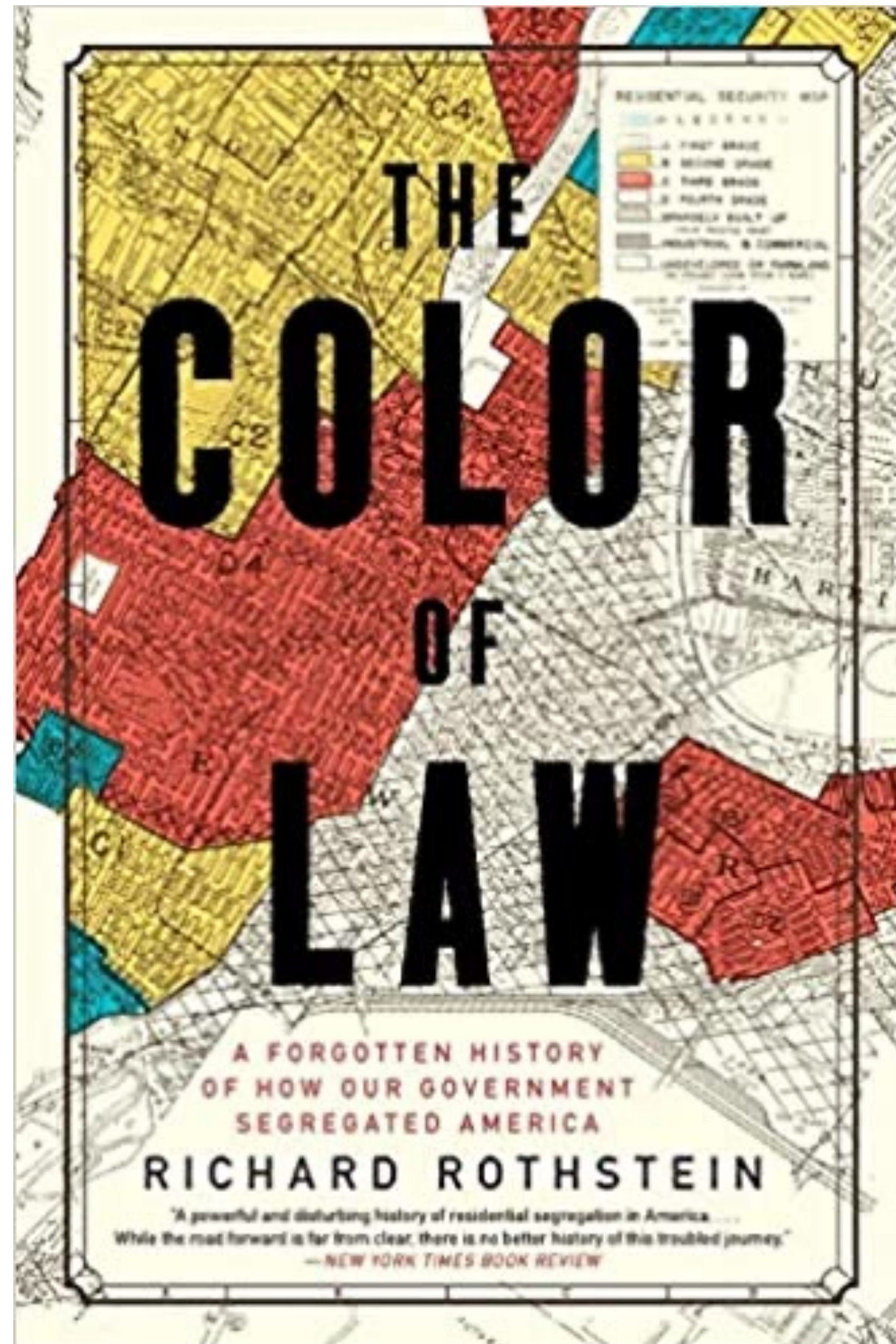




How the Other Half Banks

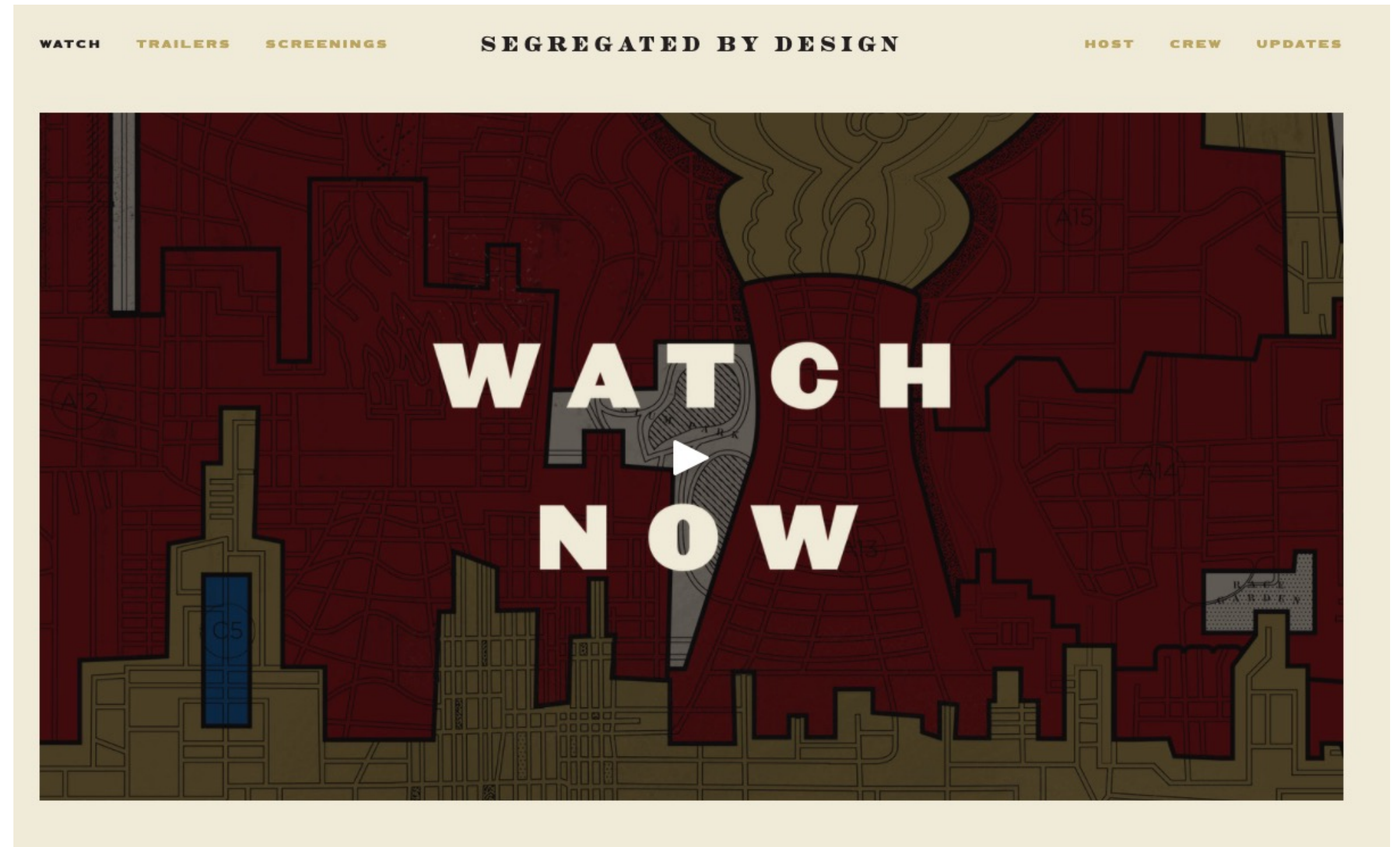
The United States has two separate banking systems today—one serving the well-to-do and another exploiting everyone else. How the Other Half Banks contributes to the growing conversation on American inequality by highlighting one of its prime causes: unequal credit. Mehrsa Baradaran examines how a significant portion of the population, deserted by banks, is forced to wander through a Wild West of payday lenders and check-cashing services to cover emergency expenses and pay for necessities—all thanks to deregulation that began in the 1970s and continues decades later.

Further Reading





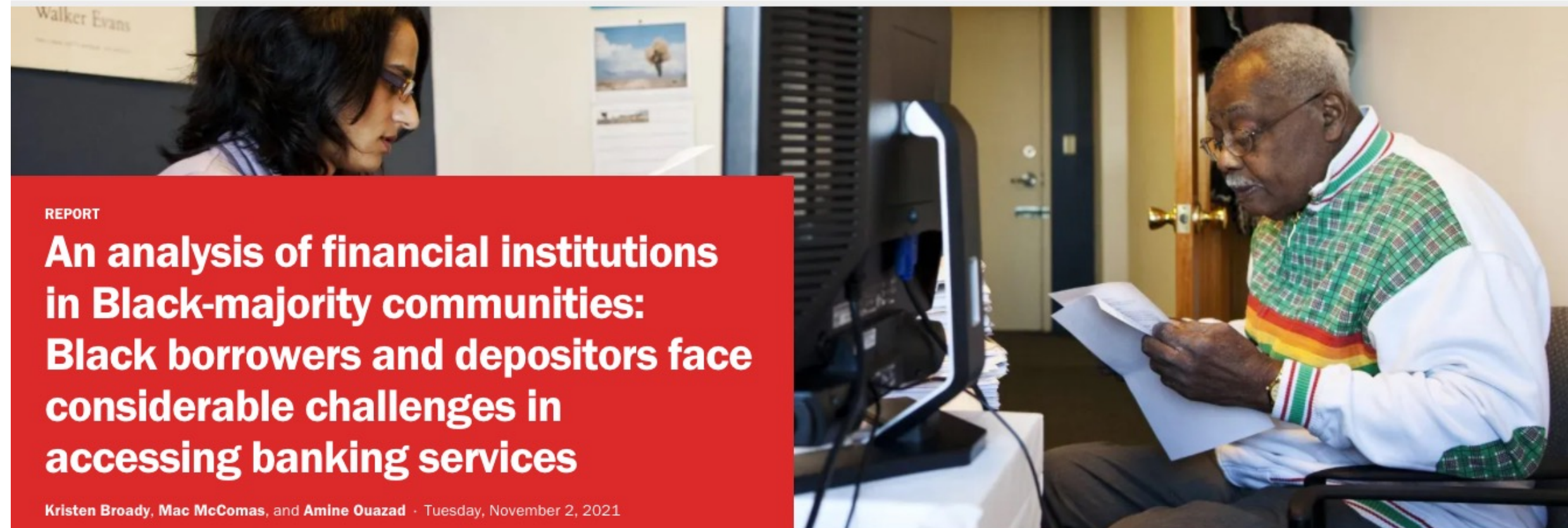
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REPORT

An analysis of financial institutions in Black-majority communities: Black borrowers and depositors face considerable challenges in accessing banking services

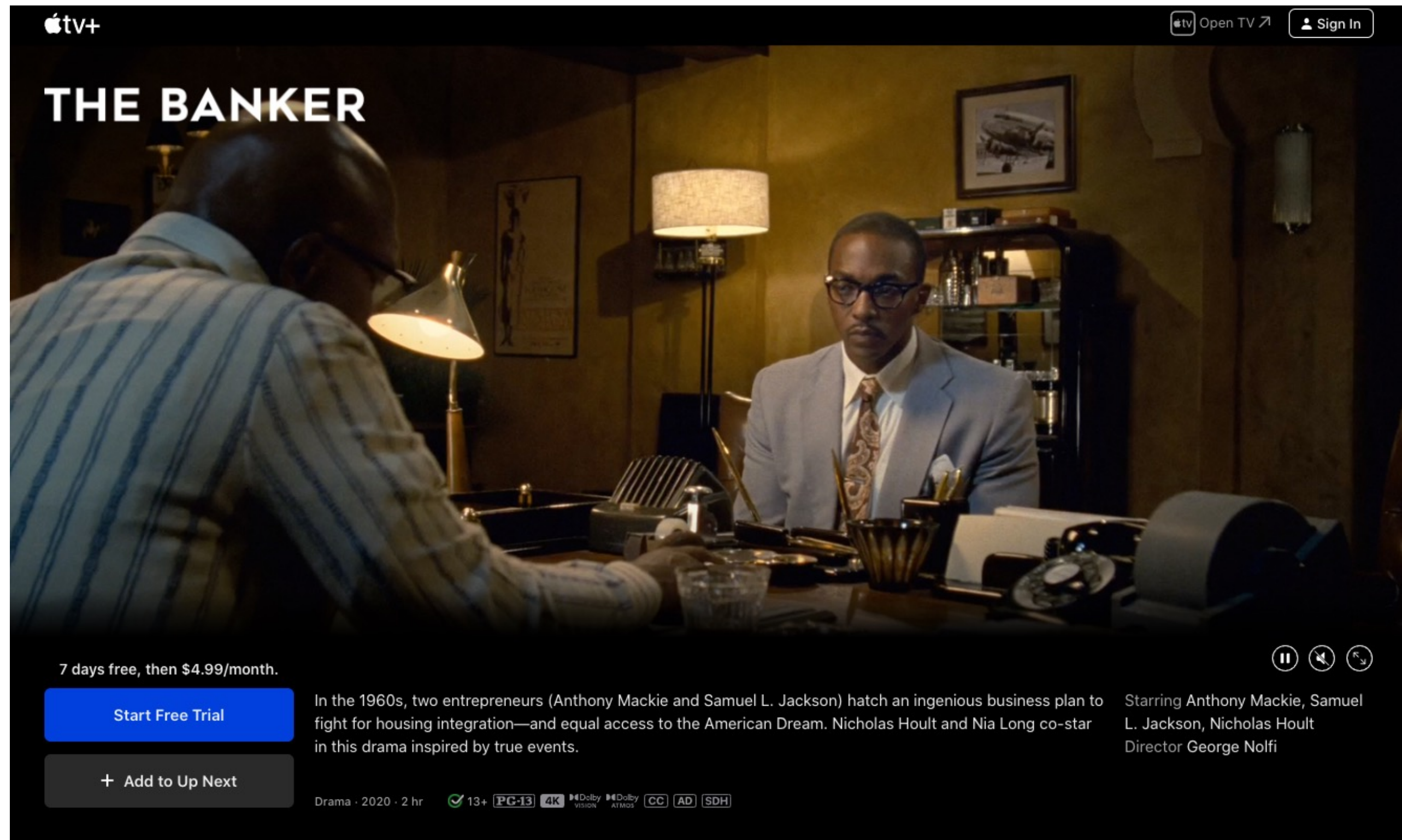
Kristen Broady, Mac McComas, and Amine Ouazad · Tuesday, November 2, 2021



INTRODUCTION

Achieving the American dream—the opportunity to succeed, to provide food and shelter for family members, education for children, hope for a better life, and freedom of opportunity—requires capital. But, in the United States, access to capital for individuals and business owners is uneven based on race. The racial wealth gap remains significant. In 2019, the median net worth of a typical white household, \$188,200, was 7.8 times greater than that of a typical Black household, \$24,100 ([Bhutta et al., 2020](#)). Most houses are bought with a mortgage and most businesses rely on credit to fund their expansion.^[1]

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In the 1960s, two entrepreneurs (Anthony Mackie and Samuel L. Jackson) hatch an ingenious business plan to fight for housing integration—and equal access to the American Dream. Nicholas Hoult and Nia Long co-star in this drama inspired by true events.

Starring Anthony Mackie, Samuel L. Jackson, Nicholas Hoult
Director George Nolfi

Drama · 2020 · 2 hr 13+ PG-13 4K Dolby Vision Dolby Atmos CC AD SDH

⏸ ⏪ ⏩

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A troubling tale of a Black man trying to refinance his mortgage

PUBLISHED WED, AUG 19 2020-1:45 PM EDT | UPDATED WED, AUG 19 2020-3:38 PM EDT

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KEY POINTS

- Black applicants are rejected by mortgage and mortgage refinancing lenders at much higher rates than Whites.
- Akili Akridge had all the right stats: a steady six-figure salary, an 800 FICO credit score, and 20% equity in a home.
- He experienced firsthand the persistent racial discrimination in the housing market.

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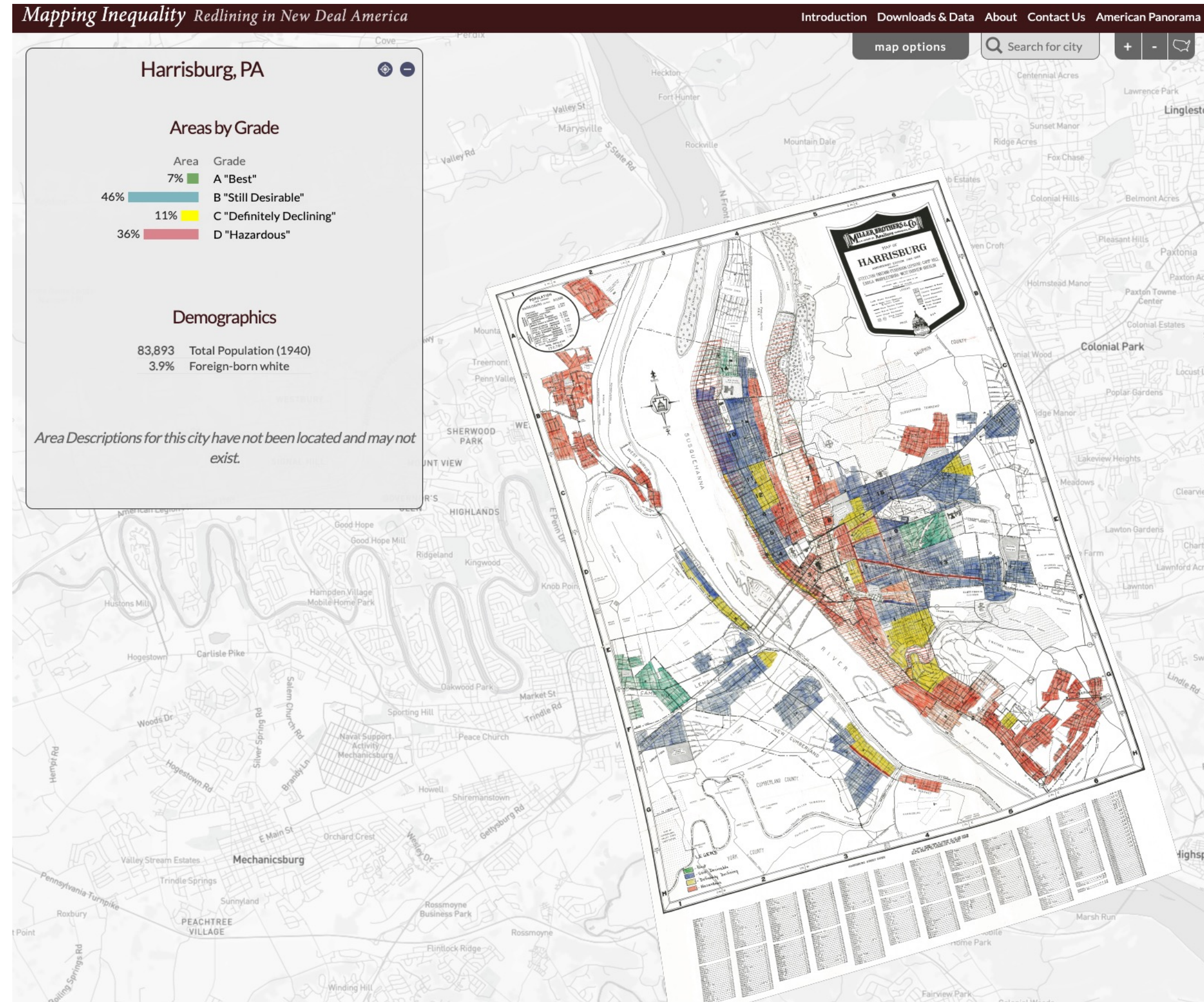
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Mapping Inequality

- Altoona
- Bethlehem
- Chester
- Erie
- Harrisburg
- Johnstown
- Lancaster
- New Castle
- Philadelphia
- Pittsburgh
- Wilkes-Barre
- York





(Th)ink

BY KEITH KNIGHT

In commemoration of Black History Month, I would like to read a partial list of frequently overlooked accomplishments made by African Americans throughout the history of this great country....

Whoops!!
Sorry!!
Time's up!!



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CLOSING THE WEALTH GAP

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