



# FORD FOUNDATION RACIAL WEALTH GAP EVALUATION

## Summary of Findings

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The Roosevelt Institute, in partnership with the Haas Institute for a Fair and Inclusive Society, was hired by the Ford Foundation to evaluate two decades of the foundation's grant-making focused on the racial wealth gap (RWG) and to provide recommendations for how the philanthropic sector can more effectively address the issue. This is a summary of the full report the Roosevelt Institute presented to the Ford Foundation.

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# Executive Summary

The Roosevelt Institute, in partnership with the Haas Institute for a Fair and Inclusive Society, was hired by the Ford Foundation to evaluate two decades of the foundation’s grant-making focused on the racial wealth gap (RWG) and to provide recommendations for how the philanthropic sector can more effectively address the issue.<sup>i</sup>

We find that Ford’s work on the racial wealth gap has, by many measures, been successful. Ford set out to infuse the knowledge, perspective, and expertise of people of color into all aspects of asset building, including research, policy, and practice, and succeeded in doing so. As a result of its investments in building a pipeline of scholars of color, Ford helped to launch the issue of the RWG into the public sphere, reflected by the fact that a number of 2020 presidential candidates have prioritized the issue in their policy platforms. There were other areas in which the Foundation was not as successful, such as achieving the adoption of policies and programs that would “produce lasting financial assets and bring about improvements in the quality of life of low-income people.”<sup>ii</sup> Nonetheless, the lessons learned from Ford’s extensive grant-making on this issue will be critical for future efforts.

Numerous gaps remain in addressing racial wealth inequities, but Ford’s work dramatically enhanced the field’s understanding of the racial dimensions of wealth inequality and the extent to which that inequality is borne out of a web of structural issues.

Despite these advances in our understanding of such a complex problem, the philanthropic sector largely continues to approach the issue solely through an asset-building lens—focusing on individual savings behavior—rather than from a perspective that addresses the historical and systemic racial exclusions that prevented families of color from building wealth over many generations. Additionally, the field, comprising policymakers, advocates, academics, and the philanthropic sector, lacks a comprehensive set of solutions for both closing the racial wealth gap and increasing wealth for families and communities of color.

Ford’s investments, its grant-making strategies, and the important research it funded put the RWG on the map and significantly improved our understanding of the depth and drivers of the issue. There are great opportunities, particularly in the current political environment, for the philanthropic sector to advance this work by investing in further research and advocacy around solutions that will effectively address wealth inequities. This report includes a brief history and evaluation of Ford’s work on this topic and recommendations for how philanthropic organizations can effectively address the RWG.

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<sup>i</sup> The racial wealth gap refers to the gap in assets between white families and families of color.

<sup>ii</sup> The four components of Ford’s theory of change for its RWG work were: saving over a lifetime for asset accumulation and poverty reduction; public policy as an effective vehicle for facilitating asset building and debt reduction among low-income families; research, innovative practice, and policy analysis as essential inputs for effective policy; and building a pipeline of scholars and practitioners who reflect the target population.



# Introduction

The Ford Foundation’s mission states that the organization is “guided by a vision of social justice—a world in which all individuals, communities, and peoples work toward the protection and full expression of their human rights; are active participants in the decisions that affect them; share equitably in the knowledge, wealth, and resources of society; and are free to achieve their full potential.” Addressing wealth inequality, which is both an outgrowth and driver of broader socioeconomic inequities, is an important part of achieving a more just and equitable society.<sup>iii</sup>

In the more than two decades since Ford began its work on the racial wealth gap (RWG), the field has grown significantly in prominence. Today, the RWG is frequently referenced in discussions about racial and economic inequality, and there is an extensive community of scholars and advocates conducting research and working on the ground to address the drivers and consequences of racial wealth inequality. Unfortunately, as our understanding of the many dimensions of the RWG has grown in recent years, so too has the gap itself. Today, wealth inequality holds constant across all income and education levels, and families of color still have only a small fraction of the wealth held by their white counterparts.

While wealth and racial wealth disparities are increasingly considered in conversations about economic inequality, the predominant lens for understanding inequality remains one that is focused on wages and work. Although increasing wages and making work safer and more secure are critically important to improving economic security for all communities, and especially for communities of color, Ford-funded research has demonstrated that doing so will not necessarily address the underlying factors driving racial inequity and will not substantially move the needle on the RWG.

Closing the RWG and enabling families and communities of color to build and sustain wealth will require acknowledging and addressing the various historical and current drivers of racialized wealth inequities, some of which have traditionally been a part of RWG conversations—intergenerational transmission of wealth (or a lack thereof for people of color); exclusions from the labor market, housing, and education; a range of wealth-stripping mechanisms that disproportionately deprive families of color of wealth and drive them into debt—and others that have not been, such as unchecked corporate power, new investments in public goods and programs, and expanding democratic participation.

The philanthropic sector has a critical role to play in rebalancing the economic scales and advancing equity. Economic and racial inequality are on the rise, and those in power are entrenching the rules that fuel stark inequities. Ford can enhance its contributions in this space by sharing its successes and challenges with other philanthropic organizations, illustrating the importance of investing in the development and promotion of solutions that will address the structural barriers to wealth building in the short and long term.

## Evaluation of Ford’s Racial Wealth Gap Work

The Roosevelt Institute, in partnership with the Haas Institute, was hired by the Ford Foundation to conduct a multiphase project, including an evaluation, a sector scan, and the development of recommendations for how the philanthropic sector can most effectively address the racial wealth gap. In this memo, we first provide a history of Ford’s goals, grants, and initiatives on asset building and RWG programs, followed by an evaluation of those activities and an interrogation of the overarching goals. Second, we provide an overview of the RWG

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<sup>iii</sup> Because Ford’s work on the RWG largely focused on wealth gaps between Black and white Americans, this evaluation refers primarily to the disparities between those two groups.



field, detailing how advocates and philanthropic organizations are conceptualizing and addressing the RWG. Third, we detail Ford’s unique leadership role in the field and conclude with prescriptions for how the philanthropic sector can more effectively address the issue in the years ahead.

We find that Ford’s work on the racial wealth gap has, by many measures, been successful. Paving the groundwork for more ambitious policy proposals that would emerge in the future, the foundation’s big bets on child savings accounts showed that such programs could be operated at the state level and that low-income families could successfully save. The foundation’s extensive investments in research on the RWG and in promoting scholars and advocates of color have propelled the issue into mainstream conversations about economic and racial inequality and have seeded a network of experts who are now leading the field. Scholars and practitioners in the fields of economic, racial, and gender justice have a clear understanding of the importance of wealth and are knowledgeable of race- and gender-based wealth disparities.

Though Ford’s work dramatically enhanced the field’s understanding of the racial dimensions of wealth inequality, numerous gaps remain. Ford’s efforts to increase wealth among asset-poor communities illustrated that low-income families can indeed save when incentivized to do so—a question central to the asset-building field two decades ago. However, savings-incentivized programs did not lead to large-scale asset building for families of color or result in the adoption of public policies that would facilitate wealth building. Furthermore, Ford’s work did not lead to a significant change in how the philanthropic sector addresses racial wealth disparities. While some foundations take a systems-based approach to addressing wealth inequality, many philanthropic organizations and advocates continue to view the RWG solely through an asset-building lens. Such an approach focuses on racialized wealth inequities as an individual savings problem rather than from a perspective that addresses the historical and systemic racial exclusions that prevented families of color from building wealth.

Moving forward, Ford can play an important role in advancing a racial wealth analysis among advocates, philanthropic organizations, and policymakers. While awareness of the RWG (as well as the gender wealth gap) has significantly increased, individuals and organizations that have not been immersed in the field are still unsure of the primary drivers of and the potential solutions to wealth inequality. Numerous funders that are focused on wealth inequities approach the issue from an individual asset-building frame, focused primarily on individual or household savings, financial technology, and/or financial coaching or education, and do not acknowledge or address the larger structural drivers that Ford’s research so clearly identifies and that more recent research on the rules driving wealth among corporations and the wealthiest Americans makes clear.

The philanthropic field needs to invest in building a solution set that centers the structural drivers of wealth inequalities—and building power around that solution set. Putting these structural causes at the center of efforts to address racial wealth inequities will help generate solutions that can more effectively dislodge historical barriers to asset building for communities of color. There is incredible energy among those who have long been in the field to continue to work collaboratively and to harness the recent political focus on racial and economic inequality to develop and advance a slate of solutions. These efforts will require the philanthropic community—both well-established, private foundations and newer foundations, such as those based in the technology space—to invest in research, organizing, convening, and communications.

A solution set for addressing the RWG must be broad and comprehensive, likely including bold solutions elevated through Ford-funded research—such as “baby bonds,” or savings accounts that would be given to children at birth with initial deposits determined on a sliding scale based on parental wealth—along with those that may seem less related to the RWG. Some of those more seemingly peripheral, but equally important, solutions would likely include breaking up the concentration of wealth at the top of the economy through tax reform and curbing corporate power, the rebalancing of political power by expanding access to democratic



institutions and processes, and getting money out of politics. It may also include interventions that would directly address the numerous wealth-stripping mechanisms that affect communities of color—such as the fines and fees of the criminal justice system—and expand investments in a broad range of public goods and services to guarantee at least a basic level of well-being to all individuals.

Building, advocating, and ultimately implementing such an agenda will require new narratives that center race and gender in conversations about wealth inequality, reflect communities' of color priorities and perspectives on the issue of wealth, include a comprehensive analysis of how the economic and political rules (such as those mentioned above) impact wealth inequality, and reimagine the role of government in addressing this pressing issue. This will also require greater collaboration within and among foundations, moving beyond organizational and program siloes that so often characterize the philanthropic sector.

## Methodology

Our extensive evaluative process enabled us to understand the evolution of Ford's work on the racial wealth gap and develop recommendations that reflect Ford's history and mission, its current strategic priorities, and the best thinking of experts in the field. This process involved the following steps:

- **Review and summarization of Ford's internal documents:** At the outset of the project, Ford shared numerous documents that provided a historical account of its work on asset building and the RWG, including annual reports spanning 2000–2005, program officer memos and reflection memos from Kilolo Kijakazi, and presentation documents for Ford-led convenings and gatherings. Analysis of these documents provided an in-depth understanding of the projects Ford supported throughout the course of its work, including the American Dream Demonstration (ADD), Building Economic Security Over a Lifetime (BESOL), and Saving for Education, Entrepreneurship, and Downpayment (SEED) demonstration projects.
- **Literature review:** We conducted a literature review that summarized prominent academic work on the RWG, including work that demonstrated how the field has evolved since its early investments in asset building.
- **Interviews:** We conducted 34 interviews with current and former Ford employees and grantees who represent(ed) a range of programs. We also conducted interviews with other philanthropic organizations whose work involves wealth inequality either directly or indirectly. The interviews were conducted over the course of nine months.
- **Sector scan:** In collaboration with the Haas Institute for a Fair and Inclusive Society, we compiled an expansive list of major players in the RWG space and fielded a survey of these individuals and organizations to understand how the field has approached and currently addresses the topic. Our survey consisted of 78 respondents who represent a wide range of organizations that focus on race, gender, and/or wealth inequality. A summary of the results of the sector scan can be found in Appendix A.



# Examining the Goals of Ford’s Racial Wealth Gap Program

For the purpose of this study, we broke Ford’s work on asset building and the RWG into two phases.

## Phase 1 (1997–2002)

Melvin Oliver first introduced the asset-building approach to the foundation’s work in 1996 as the primary strategy for addressing poverty. This approach was based on key findings in the *Black Wealth/White Wealth*, a seminal book coauthored by Oliver and Thomas Shapiro. The book argued that the lack of wealth or assets, rather than insufficient income, which was the key factor in the intergenerational transmission of poverty.<sup>iv</sup>

Under the leadership of Oliver, Frank DeGiovanni and Lisa Mensah, Ford’s initial work on the RWG focused on the long-term goal of increasing “opportunities for low-income people to save money and invest it in ways that enhance opportunities for social and economic mobility.” In the early years of the program, the foundation focused on building empirical evidence that low-income individuals are indeed capable of saving and on shifting public attention, resources, and attitudes toward savings and asset building.<sup>v</sup>

The foundation’s work to promote child savings accounts (CSAs) began in 2001 with a planning grant, followed up in 2002 with initial support to implement a demonstration. During this time, Ford made a “big bet” investment of \$6.1 million in the American Dream Demonstration (ADD) project, which tested the potential impact of individual development accounts (IDAs) on individual savings behaviors in 14 programs across the United States. This demonstration showed that low-income individuals could save a greater proportion of their income than higher-income people, but the absolute level of savings was relatively low and did not lead to significant asset building. As a result, later advocacy for national CSA policies emphasized initial deposits of at least \$1,000 at birth for low-income people, a recommendation that assumed that 18 years of compounding interest on the initial deposit (based on rates prevalent in the early 2000s) would generate a meaningful account balance for children.

There were a number of other critical efforts that began during this phase of Ford’s RWG work. During the late 1990s and early 2000s the foundation supported efforts to preserve and strengthen the Social Security System. In 2001, the foundation provided initial funding to promote the expansion of private retirement plans for American workers. That same year, it also began what amounted to a more than \$30 million investment in its second big bet: the SEED initiative, which was a demonstration of CSAs led by community-based organizations around the country.

The foundation invested in building the capacity of two organizations—the Corporation for Enterprise Development (CFED) and the Center for Social Development (CSD) at Washington University in St. Louis—that would become mainstays of the asset-building field. A growing focus on policy development was reflected in the following activities:

- Formation of the Growing Wealth Working Group, which consisted of leading thinkers on asset policy, tax policy, poverty, and retirement plans to help develop principles and ideas for inclusive asset

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<sup>iv</sup> Oliver identified four guiding principles for the program’s grant making: 1) poverty and injustice reflect a lack of economic opportunities and structural barriers to inclusion; 2) program strategies and grant-making should focus on changing the structures that limit opportunities and “trap many in poverty”; 3) poor individuals should be viewed as stakeholders in their communities who need structural supports and resources to participate fully in society; and 4) systemic change is required to alter systems that limit economic opportunities.

<sup>v</sup> Kijakazi, Kilolo. 2014. “Reflection Memorandum on the BESOL Initiative.”



policies and to develop ideas about how tax and retirement policy could facilitate saving and wealth accumulation among low-to-moderate income households.

- Efforts to educate Congress on opportunities to expand IDAs and other asset building mechanisms, leading to important policy wins.
- Formation of national and grassroots coalitions to advance the advocacy of public policies to support the extension of IDAs.
- Research conducted to identify all of the subsidies to promote wealth creation in the federal budget and the tax code. This resulted in a 2004 report—“Hidden in Plain Sight: the \$335 Billion Federal Asset Budget”—which indicated that higher income households received the greater majority of wealth-creation subsidies, such as the mortgage interest deduction and tax-sheltered investments in 401(k) plans.

## Phase 2 (2003–2015)

In 2003, Kilolo Kijakazi became a program officer in Ford’s financial assets program and assumed leadership of this work. That year, the SEED program was officially launched and involved a wide range of investments, including:

- 10 small-scale pilot projects (75 accounts) implemented by community-based organizations;
- A large project implemented in Head Start Centers in Michigan that was evaluated through a quasi-experimental design (495 accounts);
- A project in partnership with the state of Oklahoma that provided accounts to children at birth and was evaluated through a randomized control design (1340 accounts);
- Systematic education and advocacy of congressional policymakers by the New America Foundation; and
- Efforts to encourage the financial sector to create suitable savings products for CSAs led by the Initiative on Financial Security at the Aspen Institute.

In 2006 Kijakazi developed “Scalable Strategies for a Life Cycle of Saving and Asset Building That Are Relevant to the Communities Served”—a program that called attention to the importance of incorporating perspectives of people of color into the development of asset-building policies. At this time the foundation expanded its focus beyond IDAs and began looking at programs that would address wealth accumulation throughout the life cycle.

Under Kijakazi’s leadership, Ford’s long-term goal in this area became to “produce lasting financial assets and bring about improvements in quality of life of low-income people” and to “create universal, inclusive, and progressive saving and asset building policy in the U.S.”<sup>vi</sup> The hope was to engage people closest to the problem in developing solutions and as such the foundation funded the creation of a network of experts of

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<sup>vi</sup> The short-term goals affiliated with this portfolio were to infuse the knowledge, perspective, and expertise of people of color into all aspects of asset building, including research, policy, and practice; to develop scalable approaches for delivering IDAs and CSAs; and to increase assets for retirement.



color focused on documenting, analyzing, and developing proposals to address the RWG. Ford funded the continued development of this network by supporting annual convenings, forums with policymakers, an online annotated directory of experts, and a listserv. This group helped shape the future direction of Ford's work on the RWG.

In 2009, the *Building Economic Security Over a Lifetime* (BESOL) initiative was launched with the ultimate goal of achieving a strong social protection framework that would promote sustained intergenerational economic security and mobility for low-income people.<sup>vii</sup> The foundation articulated four approaches to pursuing this goal:

- Supporting research and disseminating information on saving and asset policy;
- Supporting state and regional saving and asset-building networks to build grassroots constituencies to develop widespread support for state policy to create life cycle savings accounts;
- Funding the development of a communications infrastructure linking national and state policy organizations; and
- Funding research and advocacy to protect Social Security and improve its benefits.

Throughout this second phase of Ford's RWG work, the foundation also incorporated the idea that new public policies were necessary to facilitate asset building and debt reduction among low-income families. The organization believed that developing and advancing more effective policies required more research and, perhaps most importantly of all, that it was necessary to bring in the voices, experiences, and expertise of scholars and practitioners who reflected the target population. The primary strategies to achieve the desired outcomes were:

1. Saving over a lifetime for asset accumulation and poverty reduction;
2. Using public policy as an effective vehicle for facilitating asset building and debt reduction among low-income families;
3. Building a pipeline of scholars and practitioners who reflect the target population; and
4. Research, innovative practice, and policy analysis as essential inputs for effective policy.

## Desired Outcomes and Strategies

To provide a clear analysis of the strengths and weaknesses of Ford's approach and investments, we first describe the assumptions behind each of the components of the stated outcomes and related strategies of the BESOL program. In the subsequent section, we explain the foundation's success in meeting and carrying them out. We focus on the BESOL program because it was most explicitly centered around closing the racial wealth gap.

### Assumptions: Desired Outcomes and Strategies

<sup>vii</sup> It is important to note that the BESOL portfolio represented only one of the foundation's portfolios that addressed barriers to wealth building, although it was the only one explicitly focused on the RWG. Other portfolios addressed affordable housing policies, access to financial services, and community and metropolitan development. In 1998, Ford invested \$50 million in the Community Advantage Program (CAP), which aimed to expand home ownership among low-wealth borrowers of color.





## 1. Saving over a lifetime for asset accumulation and poverty reduction

Ford focused its efforts on asset building within four policy areas: IDAs, CSAs, Social Security, and pensions. The SEED demonstration, one of Ford's big-bet investments, clearly illustrated that asset-poor families can indeed save and that CSA programs can be successfully implemented and operated by community-based organizations. Ford invested \$1 million in efforts to raise public awareness about the importance of Social Security to family members of all ages, to illustrate a range of options for reforming the program, and to explain what the implications of those potential reforms would be. The objective was to reach both policymakers and communities outside of Washington, D.C. The foundation also invested—although to a lesser extent—in the development of that would improve the coverage of pensions for low-income workers and in research on state-based pension efforts, like Secure Choice in California.

This desired outcome reflects the thinking in the field at the time that improving asset-building opportunities for those at the bottom would be sufficient (or, at the very least, a good start) for enabling low-income communities to build wealth. Later research would show that while individual-based asset-building strategies *are* important for improving the economic security of families of color and for moving the needle on the RWG, they alone are not sufficient. In the future, similar strategies must be much bolder than those employed by Ford and also must be accompanied by efforts to address a range of factors: the historical “rules”—policy choices, systems, and institutions—that have prevented people of color from accessing and accumulating wealth; the contemporary racialized rules that drive communities of color into debt; and those that have allowed people at the very top to accumulate more and more wealth and power at the expense of the majority. Understanding this complex set of drivers points us to a much broader, complex set of solutions beyond just improving asset-building opportunities for people of color. A drawback to Ford's early approach is that it focused exclusively on low-income families and did not account for the ways in which even higher-income families of color are also asset poor, reflecting the extent to which traditional approaches to economic security—jobs, wages, education, etc.—do not have the same return on investment for people of color as they do for white Americans.

## 2. Public policy as an effective vehicle for facilitating asset building and debt reduction among low-income families

When phase two began, the focus on public policies mainly referred to expanding access to savings accounts, improving savings through federal policy, and protecting and expanding Social Security. In 2008, the foundation expanded its efforts and began funding state-based work after a mid-term assessment of the RWG work indicated that members of Congress—many of whom were supportive of measures that would improve savings and asset building—would not prioritize the issue unless their base demanded it from them. In 2009, Ford launched its grant-making for the development of statewide coalitions with that had grassroots constituencies. Targeted states that received support through the BESOL program included Alabama, California, Florida, Illinois, Louisiana, Mississippi, Oklahoma, and Texas. Coalitions in these states helped to develop state-based asset building policies. Ford also provided support for the Alabama, Louisiana, Mississippi, and Florida coalitions to form the Southern Regional Asset Building Coalition that allowed them to leverage their collective strength to bring attention and action around the RWG and asset building to the Southeast and large populations of African Americans.

Though a smaller portion of its overall work on the RWG, the Ford Foundation was also involved in collaborative efforts to address structural components of the problem. For example, in 2012, the foundation worked with other organizations through the Asset Funders Network to engage in the tax policy reform debate in an effort to advance tax reform that would result in more “inclusive, progressive,



equitable, and impactful policies can reduce poverty and inequality at scale.”<sup>viii</sup> In combination with this support for the Tax Policy network, Ford funded Urban Institute to do an extensive and exhaustive distributional analysis of tax subsidies for asset development and who that was the research basis for decision-making by the network.

### **3. Building a pipeline of scholars and practitioners who reflect the target population**

Building a pipeline of individuals working on the RWG was a critical component of Ford’s efforts. Creating a pipeline, especially of scholars of color, was intended to expand the field with people who were equipped to close the racial wealth gap by focusing on systemic change. The experts represented not only the African American community but also included Latinx, Native American, Native Hawaiian, Asian American, and Pacific Islander communities.

In addition to funding work by practicing academics, Ford also funded fellowships for students at the undergraduate, graduate, and post-doc level through the following programs:

- *Research and Training Program on Poverty and Public Policy at the University of Michigan’s Ford School of Public Policy* (originally funded in 1998 by Melvin Oliver and continued by Kijakazi): Provided fellowships to post-doctoral scholars and doctoral students from communities of color or economically disadvantaged backgrounds. Over course of 25 years, the program served approximately 40 postdoctoral scholars and eight doctoral students who went on to the nation’s leading universities—many becoming tenured professor—and to some of the top research and policy organizations in the country.
- *Economics Department at Howard University’s Center on Race and Wealth*: Through the Summer Institute for Training and Planning on the Racial Wealth Gap, students from other colleges and universities, as well as Howard, received training in research, policy analysis, and translating research into policy solutions. Ford also funded the creation of Howard’s Center on Race and Wealth to teach and conduct research on asset building and the RWG.
- *Urban Institute’s Academy*: This program offered four cohorts of rising senior college students eight weeks of intensive classroom training; field trips to the White House, Congress, federal agencies, and other think tanks; mentoring by Urban’s senior researchers, as well as peer mentoring by more junior-level staff; and intensive support for the development of their own research papers. These students also have gone on to pursue doctorate, masters, and law degrees.

### **4. Research, innovative practice, and policy analysis as essential inputs for effective policy**

This strategy reflected the belief that naming the problem of the RWG and unearthing the factors driving it were critical to the creation of policies that would effectively address the RWG.

## **Impact: Desired Outcomes and Strategies**

Below, we analyze the impact of each component of the abovementioned efforts.

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<sup>viii</sup> Harris, Benjamin H., C. Eugene Steuerle, Signe-Mary McKernan, Caleb Quakenbush, and Caroline Ratcliffe, “Tax Subsidies for Asset Development: An Overview and Distributional Analysis,” Urban Institute. March 7, 2014. [https://www.urban.org/research/publication/tax-subsidies-asset-development-overview-and-distributional-analysis/view/full\\_report](https://www.urban.org/research/publication/tax-subsidies-asset-development-overview-and-distributional-analysis/view/full_report).



## 1. Saving over a lifetime for asset accumulation and poverty reduction

This was one of the least successful aspects of Ford’s RWG work. The foundation demonstrated the importance of enabling families to save at various points throughout their lives and proved, contrary to popular opinion at the time, that low-income individuals and households can and do save when given the similar incentives and supports provided to upper-income families. It also helped to create 65 CSA programs that served more than 450,000 children. However, these demonstrations did not shrink the RWG and did not lead to sustainable asset building for those who participated. An analysis of the Oklahoma demonstration suggested that the efforts in that Oklahoma and Michigan widened inequality by enabling the more financially secure participants to respond to the incentives, while low-income and asset-poor participants could not do so as successfully.<sup>ix</sup> Interviewees told us that this aspect of the program was least successful because of a failure to secure enactment of federal CSA policies and to ensure that other foundations and practitioners understood the extent to which systems change was necessary to address the structural barriers to asset building.

While this evaluation is limited to the programs within the BESOL portfolio, participants did share that the Community Advantage Program (CAP) was one of the foundation’s most successful demonstrations. The program proved to be a valuable source of data for the Obama administration in 2010 when it was exploring reforms to the mortgage market. One Ford staff member shared that CAP enabled mortgage companies to learn how to effectively underwrite mortgages to low-wealth, low-downpayment borrowers, and can be credited with Fannie Mae and Freddie Mac restarting low-downpayment mortgage programs in recent years. In its 25<sup>th</sup> anniversary celebration, Living Cities highlighted CAP as being foundational for wealth building approach that centered racial equity. The Foundation’s organizational structure of grant-making made it difficult to link this work on homeownership with BESOL’s efforts to address the RWG.

While Ford was investing in individual-based asset-building approaches, the research being published by Ford-funded scholars showed that while building assets for families of color would be critical, it alone would not close the gap in a meaningful way. Research that demonstrated how structural and historical drivers were responsible for racial wealth disparities showed that the minimal savings that poor and low-income families could accumulate would not enable them to build a financial cushion sufficient to withstand the wealth-stripping mechanisms exacerbated by a skewed economy. This was especially true for families of color, who were starting far behind their white counterparts in terms of asset accumulation, thanks to historical exclusions, and who were also disproportionately likely to fall prey to wealth-stripping mechanisms, such as the criminal justice system, housing discrimination, predatory lending, that were driving them into debt.

Furthermore, the individual-savings approach did not interrogate the broader economic issues that were making it difficult for poor and low-income families to save in the first place. How did historical racial and gender exclusions from the labor market continue to affect workers in the present day? Why were wages low? Why did a vast race and gender income gap persist? Why were people of color channeled into low-paying, insecure jobs? Ford’s approach layered asset-building strategies on top of these problems without explicitly addressing the barriers they presented to savings.

Despite the exceptional research that Ford funded throughout this phase of the project, the asset building approach remains deeply engrained in the philanthropic community and broader community of organizations working on this issue. As we discuss below, this is an area where Ford can have significant impact going forward, simply by sharing the learning that came from its RWG portfolio.

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<sup>ix</sup> Marks, Ellen, et al. “SEED for Oklahoma Kids: The Impact Evaluation.”  
[https://www.rti.org/sites/default/files/resources/seed\\_ok\\_impact\\_eval\\_rpt.pdf](https://www.rti.org/sites/default/files/resources/seed_ok_impact_eval_rpt.pdf).



## **2. Public policy as an effective vehicle for facilitating asset building and debt reduction among low-income families**

Ford's investments, particularly in demonstrations such as SEED and CAP, illustrated the importance of government-supported initiatives to improve asset-building opportunities for poor and low-income families. Ford's work helped to launch a bipartisan congressional effort to introduce the ASPIRE Act, a piece of legislation that would have provided \$500 to every newborn and \$1,000 to children born into low-income families. The children would have been able to use this investment for education, home ownership, business development, and retirement. That legislation has been reintroduced a number of times but has not secured enough support to pass. Moreover, Ford grantee work on Social Security was instrumental in President Bush abandoning attempts to partially privatize Social Security. Had he been successful, the RWG would likely have been exacerbated by exposing this critical financial asset to market fluctuations.

While Ford's RWG work did illustrate the range and types of public policies required to facilitate savings behavior among poor and low-income families, it did not lead to the development of—or mobilization around—a robust solution set. The asset-building focused policy solutions responded to—and did not transform—the neoliberal economic policies that were driving poverty and inequality in the first place. The collaborative work on tax reform did not inject a focus on taxes into the broader racial wealth gap conversations, and as we describe elsewhere in this report, an analysis about issues like taxes—issues at the “top” of the economy—are on the margins of these discussions.

The research components of this phase of Ford's work ultimately illustrated that any asset-building policies meant to address the RWG and provide families of color with a strong base of assets would need to be bold—i.e., baby bonds instead of CSAs. The later work that Ford funded as part of its effort to address inequality focused more on the structural components that were driving the RWG, even if the foundation did not identify them as such.

## **3. Building a pipeline of scholars and practitioners who reflect the target population**

We heard from nearly every individual we interviewed that this was one of the most important and effective of Ford's efforts on the RWG. Ford's support of undergraduate through post-doctoral students and programs was crucial to including the experiences and expertise of people of color. Early beneficiaries of Ford's investments are now leading scholars in the field, focused on further illuminating the drivers of the RWG, examining the many dimensions of wealth inequality—along the fault lines not only of race but also gender and immigration—and developing policy proposals that are being adopted by national political leaders.

Ford's work congregated scholars and grassroots leaders of color and ensured that those shaping a collective understanding of the RWG and its potential solutions were representative of the communities most impacted by this complex problem. Many of the scholars and advocates mobilized by Ford continue to work together today on economic, racial, and gender equity. One of our interviewees said, “[Kilolo] positioned experts of color in Washington, D.C., in a way that had not heretofore really shined.” Another said, “The relationships that have come out of that have led to more expansion of the knowledge and the field.... All of the [organizations] that are like ours that are moving in this direction of doing a real racial-wealth analysis, they were all part of that experts-of-color network.” Another shared, “The research is probably the most enduring work that came out of that initiative.... The other thing that has been long-lasting is the experts-of-color network that was created out of that. The relationships that have come out of that have led to more expansion of the knowledge and the field.”



#### 4. Research, innovative practice, and policy analysis as essential inputs for effective policy

It is almost universally agreed that Ford put the issue of the RWG on the map. Ford’s investments under Kijakazi’s leadership vastly expanded the academic work on the RWG and also moved the discussion beyond academia and into the national discourse. One interviewee said, “If one were to take a step back and look at the horizon, wealth and the RWG are in our national discourse ... had Ford not led the way in putting an emphasis on this work, you wouldn’t have presidents today talking about the racial wealth gap.”

Many interviewees from private philanthropic organizations also recognized that Ford’s early investments in this issue shaped the manner in which the philanthropic sector approaches the topic today. Ford’s investments in the RWG laid the groundwork for more expansive work on wealth inequality, including on the gender wealth gap and on intragroup wealth inequality.

Ford-funded research led to a contemporary focus on structural causes of the RWG, such as the intergenerational transmission of wealth, the tax code, our criminal justice system, and a lack of public goods (e.g., universal health care and affordable childcare and college), that inhibit wealth building in communities of color. The research illustrated how solutions that were long assumed to lessen economic inequality—such as equalizing wages and educational opportunities and outcomes—will not actually close the RWG. Ford invested in looking at race and place and conducting original research on populations where no data previously existed. This work resulted in four reports—three of which were released in collaboration with the Federal Reserve Board or its regional banks—that have gotten considerable attention from the media and policymakers.<sup>x</sup> Many saw this as the most dynamic and groundbreaking research that was not fully realized.

As much of the most important research was published towards the end of Ford’s work on the issue, this research has not yet led to a consensus around a solution set for closing the RWG. Ford also did not invest as robustly in connecting advocates and policymakers to develop and advance an agenda that would improve asset-building opportunities for communities of color and close the RWG. As one interviewee told us, “The bridge between academia and advocacy needs to be intentionally funded” in a way that does not currently exist.<sup>xi</sup>

As we found throughout the course of this evaluation, there are differing opinions among those in the field about what solutions would work. This reflects both the lack of shared understanding about what the actual drivers of wealth inequality are and the lack of a fully formulated menu of policy options that would increase asset building for families of color and also address wealth inequality more broadly.

Some believe that we should increase homeownership opportunities for communities of color, while others point to persistent neighborhood segregation and the fact that homeownership yields less wealth for families of color than it does for white families. Some favor major public programs, such as baby bonds, while others believe that such programs are not politically feasible and that we should therefore focus on smaller asset-building building policies like child savings accounts. Some are focused on financial literacy, while others believe that we should instead focus on the larger labor-market issues that make it so difficult for people of color to secure employment and earn a fair and living wage. Many individuals we spoke with believe that it is

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<sup>x</sup> Muñoz, Ana Patricia et al. “The Color of Wealth in Boston,” Federal Reserve Bank of Boston, March 25, 2015, <https://www.bostonfed.org/publications/one-time-pubs/color-of-wealth.aspx>;

De La Cruz-Viesca, Melany, et al. “The Color of Wealth in Los Angeles,” Federal Reserve Bank of San Francisco, 2016, [http://www.aasc.ucla.edu/besol/color\\_of\\_wealth\\_report.pdf](http://www.aasc.ucla.edu/besol/color_of_wealth_report.pdf);

Kijakazi, Kilolo, et al. “The Color of Wealth in the Nation’s Capital,” Urban Institute, November 2016, <https://www.urban.org/sites/default/files/publication/85341/2000986-the-color-of-wealth-in-the-nations-capital.pdf>.

<sup>xi</sup> In 2015 Kijakazi convened researchers, practitioners and policymakers to discuss the RWG, so these efforts have continued to some degree.



time again for philanthropic organizations to make big bets, like Ford did in the early days of its individual-based asset building work, and test more holistic solutions that take into account all of the research that is now available.

## Reflections on Philanthropic Efforts and Recommendations

It is easy today to take for granted the knowledge that Ford researchers unearthed: that the RWG is predominantly driven by the intergenerational transmission of wealth and that more traditional solutions, such as improving savings opportunities and behavior, job training, and educational advancement, would not move the needle on such an enormous problem. This is a testament to the foundational nature of Ford's investment in research around the RWG. Prior to this body of grant-making and the resulting research, there was not a clear indication of other ways to address wealth inequality beyond from investing in individual asset-building.

However, as the results from our sector scan demonstrate, the individual asset-building approach is still a dominant one across the philanthropic sector and among the broader field of organizations working on various dimensions of economic and racial inequality. The challenge going forward is to elevate Ford-funded research to make a structural approach to wealth inequality the norm across the set of actors that care about this topic.

The initial phase of Ford's asset-building work was strongly influenced by Michael Sherraden's work, which many believed showed significant promise to improve economic inclusion. While some of the grantees we interviewed shared that they had questioned if focusing on individual asset-building efforts would lead to transformative change for families that had suffered generational exclusion, the asset-building frame was the dominant one used by the philanthropic sector at the time. Because of the dominance of that frame and the siloing of issues inside philanthropic institutions, it was difficult for philanthropic efforts to develop a more holistic approach to addressing the RWG.

When Kilolo Kijakazi took over this grant-making strategy in 2003, her aim was to shift from an approach focused narrowly on individual asset-building to one that brought people of color into leadership roles in the asset-building and racial wealth gap spaces. Ultimately, the intentional centering of people of color led to research that showed why the narrow approach that Ford employed early on in its work was insufficient for closing the racial wealth gap and increasing assets among families of color.

Many of the individuals we interviewed believed there was a critical omission in Ford's approach to the RWG: broad investments in power-building. Ford's early policy efforts focused squarely on national policy and although they developed a cadre of congressional champions, there was ultimately little to no policy movement. Interviewees shared that Ford's investments in state-based coalitions were a step in the right direction, but they did not ultimately lead to lasting change for families in those states and did not seed a broader coalition of organizations or individuals that could continue to agitate for policies that would address wealth inequality. Building relationships between policymakers and academics and those working on the ground was not a core priority in the RWG portfolio. A few exceptions are the Color of Wealth Summits that were held on Capitol Hill every year from 2009 to 2017 bringing together the Experts of Color and policymakers, as well as the Experts of Color Beltway Committee that worked on policy issues during the rest of the year and developed the policy agenda for closing the racial wealth gap.<sup>xii</sup>

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<sup>xii</sup> Center for Global Policy Solutions, "A Policy Agenda for Closing the Racial Wealth Gap," <http://globalpolicysolutions.org/wp-content/uploads/2016/09/Policy-Agenda-to-Close-Racial-Wealth-Gap.pdf>.



Today, there is not a clear dialogue between what Ford-funded research demonstrates and what grassroots activists are seeing on the ground. Facilitating conversations between these two critical sets of actors will allow for a better-informed and more actionable consensus about how to best address wealth inequality. Most of the individuals we interviewed believed this is a critical area for future investment.

## Analysis of the Field

Our extensive interviews, literature review, and sector scan show that Ford's efforts were successful in seeding foundational research, expanding the slate of experts in the field, and disseminating its findings to other practitioners in the RWG space. The sector scan, however, did not find clear consensus around the public policy tools that should be used to close the RWG. The key takeaways from our literature review, interviews, and sector scan demonstrate how the foundation's RWG investments in asset building were a microcosm of the broader field and help explain why the foundation didn't achieve the outcomes it sought:

- **The problem is structural and historical, not individual.** For more than two decades, academics believed that individual savings among low-income families and families of color was a critical mechanism for closing the RWG. However, Ford-funded research explained the critical role that the intergenerational transmission of wealth—the ability of families to pass savings from one generation to the next—plays in perpetuating the RWG. It illustrated the ways in which historical and present-day exclusions in the labor market, housing, education, and so many other domains compound with existing economic rules that disproportionately strip wealth from low-income families and families of color, affecting economic opportunities and outcomes across generations. Ultimately, this research points to the necessity of multifaceted and structural solutions that address the root causes of the RWG. Unfortunately, many individuals and organizations that focus on the RWG continue to approach the issue through an asset-building lens, which obscures the structural components of wealth inequality and the systemic levers that could be pulled to address it.
- **Many still address the RWG through a narrowly framed asset-building approach.** Through our interviews and sector scan research, we found that many advocates, policymakers, and philanthropic organizations continue to focus on strategies that narrowly individual asset building efforts and individual savings behaviors without focusing on broader structural issues. This is especially true for some of the private-sector companies that have carved out a portion of their corporate foundation portfolios for economic security. This problematic approach reinforces a “bootstrap” narrative, which suggests that hard work and behavior change are the major drivers of economic security while ignoring the pervasive role of historical and structural exclusions—and current power imbalances between corporations and the wealthy, one the one hand, and the vast majority of Americans on the other—have driven the racial and gender wealth gaps and continue to hold many families back.
- **Even those working on the issue of wealth inequality are still unclear on what the real drivers of the RWG are.** In our sector scan results, 49 out of 78 respondents chose “low income” as a primary driver of racial wealth divides, which contradicts the research findings of our literature review. Though many respondents' answers to other questions suggested an understanding of the more structural drivers of the gap, when asked to consider feasible solutions under the current political environment, many respondents selected answers that did not address structural problems. For example, 43 participants chose “increasing the minimum wage” as a solution, which would move individuals and families out of poverty but would not necessarily increase wealth.



- **Some people think about wealth as an individual and/or family issue, and others think about it as a community issue.** Researchers studying the RWG and advocates working directly on issues of racial, economic, or gender justice have different understandings of the issue of wealth. While most researchers in the field use a traditional asset-based definition of wealth, organizations working at the grassroots level have a much broader, community-based conception of wealth. Ford’s program officers shared that many of their grantees thought of wealth in terms of “community well-being”: safe streets, good schools, secure housing, quality health facilities, reliable transportation, etc. Roosevelt’s own research outside of this project has shown that individuals working on racial, gender, or economic justice at the local level have a clear sense of how each of these issues affects the ability of communities and families to access and accumulate wealth, even if advocates don’t refer to it in the context of wealth accumulation. We have found that those working at the grassroots level often do not identify with the ways that academics and policymakers conceptualize and talk about wealth. Future efforts to address racial wealth inequality must bridge these different ways of thinking about the issue.
- **There is little consensus around policy solutions to close the RWG, especially when considering the current political environment.** Survey respondents were interested in a range of interventions that they believed would address the RWG, such as universal health care, criminal justice reform, free college tuition, and increasing the minimum wage, but many did not see such solutions as viable in the current political environment. Many of the program officers and former grantees we interviewed stressed the importance of closing the gap by using structural interventions to address wealth accumulation at the top of the economy and the broader economic context within which asset-poor communities are trying to build wealth. For example, beyond improving asset-building opportunities for communities of color, interventions should focus on curbing corporate power and amending the tax code.
- **The RWG framing no longer resonates with individuals we interviewed and surveyed.** Though a few individuals we spoke with suggested that “gap” framing was important (because it allowed people to visualize the concept), the vast majority of individuals we interviewed and surveyed believed that the RWG frame did not broadly resonate and was not something that they could easily mobilize grassroots energy around. Interviewees and survey respondents echoed a few common themes in response to our question about why the term did not resonate:
  - Closing the gap is possible in ways that may not actually increase wealth for communities of color (i.e., reducing wealth at the top but not increasing assets for those at the bottom); and
  - RWG language can make it difficult to consider intragroup wealth inequality and gender wealth disparities.

## Recommendations for the Philanthropic Sector

There are many ways that the philanthropic sector can build on Ford’s investments to take this work further. Below, we present some recommendations for the broader philanthropic community.

- **It’s crucial to focus on structures, not individual behavior.** Any efforts to build assets among traditionally asset-poor communities must take a systemic approach to eliminating the structural barriers that hinder asset building rather than on changing individual behavior.
- **Efforts to address the RWG, and wealth inequality more broadly, must be holistic in nature.** As we have described throughout this report, there are numerous interventions required at the community level—interventions in the labor market, housing, education, the criminal justice system, and a range of public goods—in order to enable wealth building for communities of color.





It is also crucial to focus on the ways in which issues at the top of the economy drive racialized wealth disparities. Those issues include corporate concentration, the financialization of the economy, the increasing prioritization given to shareholders, and the glaring gaps between CEO and worker pay. All of these issues are deeply interconnected and directly affect racial wealth disparities.<sup>xiii</sup> Until recently, they have largely been siloed from conversations about racial inequality. But each of these issues makes it easier for those at the top to accumulate wealth (and therefore power) and makes it more difficult for those in the middle and at the bottom to remain financially solvent—much less build wealth.

- **It’s essential to acknowledge the connections between wealth and political power.** As those at the top have accumulated more profits and wealth in the past 50 years, they have also accumulated more political power. Changes to the political rules—including the *Citizens United* and *Shelby County v. Holder* decisions, gerrymandering, and the growing slate of voting restrictions that target communities of color, immigrant voters, and young voters—have meant that those with wealth also have outsized power in our political processes.
- **The philanthropic community should also view RWG work through a gender lens.** Recent research illustrates the ways in which sexism and “gendered racism” affect women’s opportunities and outcomes at every level of our society and economy. Integrating a gender analysis into RWG work will be particularly important in the development of policy solutions. There is incredible energy at the grassroots level around acknowledging and addressing gender inequality, and it could be leveraged to raise awareness about the unique ways in which women experience the racial wealth gap and wealth inequality more broadly.
- **Fund a collaborative group of RWG experts to build an agenda focused on solutions to the RWG.** There is as great deal of interest among RWG experts to collaborate in developing a comprehensive solution set, and many expressed that it would be a missed opportunity to not advance bold, progressive solutions to the RWG at a time when other progressive policies are emerging. The field needs funding for additional research, organizing, and convenings. A natural starting point for this work would be the policy agenda developed by the Experts of Color and published by Center for Global Policy Solutions. One area that individuals seem particularly excited about is exploring how investments in public goods and services can be a solution to wealth inequities.
- **We can and should think big in terms of risk taking and narrative development.** Many of our interviewees expressed interest in working with others on bold and “risky” projects—those that involve experimenting with and testing ambitious solutions not yet seen in practice, as Ford did with the SEED and CAP demonstrations. This will necessarily require that foundations become comfortable investing in interventions with a longer time horizon than is typical for most foundation investments. System change takes time. And because bold, experimental projects are costly and require significant coordination across grantees, they would likely require substantial interorganizational collaboration. One interviewee told us, “Too often, we get channeled into these little, tiny, barely incremental investments, versus these ‘rip the floor out’ investments that could really make powerful change.” Risk-taking was also perceived as important for building power on the ground and advancing solutions.
- **The philanthropic sector should support the development of new narratives.** There was consensus among the individuals we interviewed that now is the most critical time to invest in a long-term vision for a progressive policy agenda to close the RWG, so that when progressives regain political power they can

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<sup>xiii</sup> See, for example, Roosevelt Institute’s recent paper with the National Employment Law Project on the opportunity costs of stock buybacks for sectors that disproportionately employ women and people of color, found here: <http://rooseveltinstitute.org/curbing-stock-buybacks-crucial-step/>.



take action. Developing a long-term vision requires new and more inclusive narratives. This includes incorporating more explicit language about the racial and gender inequity in wealth gaps, developing new ways to build grassroots power around issue, changing the definitional language on wealth to better resonate with the affected communities, and building a narrative that encompasses and can help guide a wide variety of related fields that all contribute to wealth disparities, such as housing, criminal justice reform, or education. This narrative work should be developed in partnership with communities of color and center their priorities and perspectives on the issue of wealth.

## Conclusion

The Ford Foundation's work on the racial wealth gap brought to the fore one of the greatest inequities of our time—one that threatens to cement a legacy of inequality for future generations. Ford's leadership and investments have illuminated the historical and contemporary drivers of racialized wealth inequality, and the foundation has developed a network of scholars of color who have infused their own expertise, perspectives, and lived experiences into a field that was long led by white experts. Those leaders have reshaped conversations that once focused on asset building into conversations about race-based wealth inequality. Furthermore, Ford's investments laid the groundwork for the development of solutions that can address economic inequality in a sustainable and inclusive way.

The Ford Foundation can now help define how the philanthropic sector understands and approaches the issue of wealth inequality. Ford has the opportunity to use its leadership position in the philanthropic sector to share the lessons it has learned and help other foundations—especially those that might not be inclined to focus on the racial or gender dimensions of economic inequality—to be more inclusive and, ultimately, effective.



## Appendix A. Sector Scan

The Roosevelt Institute was conducted a field scan that would allow us to better understand:

- How the field understands the scholarship that Ford has supported over the last 20+ years;
- How the framing of the “racial wealth gap” resonates/does not resonate with advocates;
- What individuals believe the major drivers of the racial wealth gap are, as a way to shed light on the gaps between what the actual drivers are and what people perceive the drivers to be; and
- What individuals believe would be the most effective and actionable solutions.

As we talked to academics throughout the course of this project, it became clear that the influential body of academic research Ford supported has not yet fully translated to activists and policy makers in the field. We were surprised to learn the continued prevalence of the idea that income and savings are influential in driving and solving for the racial wealth gap, and were interested to see the somewhat contradictory finding that the majority of advocates believe big investments (such as baby bonds and free health care) would be the most effective solutions. But the population we surveyed also believed those bold interventions are politically infeasible, and instead proposed solutions like minimum wage and paid family leave, which Ford-supported researches have clearly shown to be inadequate at building wealth and closing racial wealth divides.

### Methodology:

The Roosevelt Institute originally sent a survey to 202 participants on March 6, 2018 with two follow-up emails on March 13<sup>th</sup> and March 20<sup>th</sup>. The second reminder email on March 13<sup>th</sup> expanded the participant pool by 28 to include additional participants. Survey participants were selected from relevant organizations whose work focuses on race, gender, and/or wealth inequities, compiled with assistance from the Haas Institute for a Fair and Inclusive Society, and through a snowball technique.

The survey was structured in five main sections: (1) demographic information about the survey participant, (2) information about the organization’s broader mission, (3) information about the organization’s work on wealth inequities, (4) the survey participant’s views of how to close racial wealth divides, and (5) the survey participant’s views on how to frame the racial wealth divide to a number of different audiences.

### Survey Pool:

A total of 78 respondents responded to the survey. More than 80 percent of the survey pool works directly with communities affected by wealth inequality. In addition to direct service providers, other organizations in our sample include non-profit research institutions and academics. About half of our respondents (49 percent) responded that wealth is not the central to the mission of the organization or project, but that they focus on the root causes and outcomes of wealth inequities. Another 40 percent of our sample works at organizations or projects where wealth is central to the mission.

As can be seen in Figure 2 below, the organizations we surveyed work on a wide variety of topics, though our sample is biased towards organizations that work on wealth and race. The main audiences for the organizations we surveyed include policy makers (27 percent), advocacy organizations (23 percent), the public (18 percent), and philanthropy (10 percent).



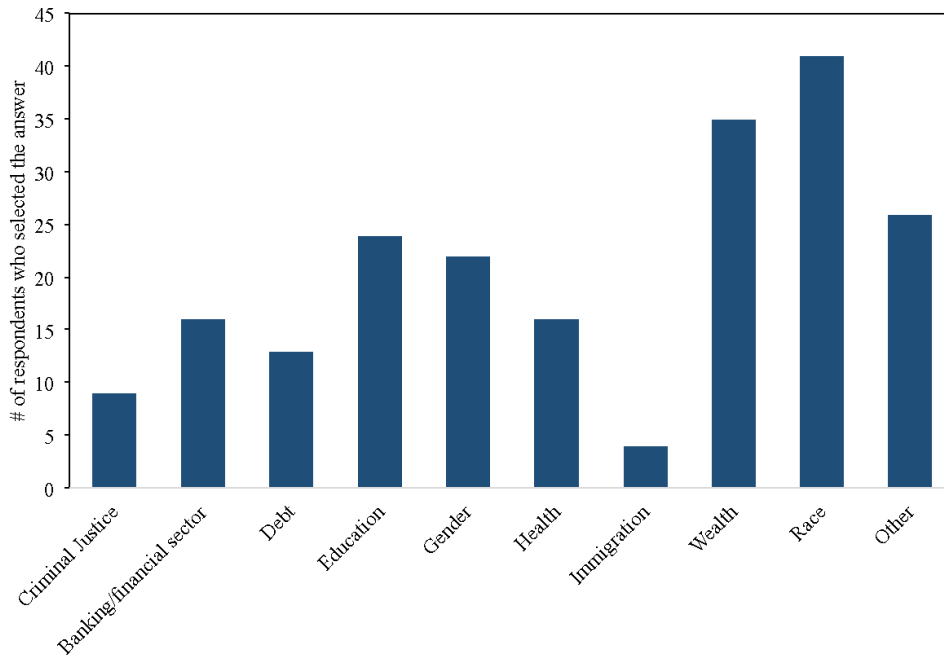


Figure 2. “What issue areas does your organization focus on? (select up to three)” (n=78)

### Results:

All the respondents were in agreement that addressing racial wealth inequities is important. However, respondents disagreed about the reasons for why addressing wealth inequities is important. The vast majority of the respondents saw wealth as a means to an end, whether that end was to address historical harms (39 percent), to allow people to invest in themselves or their family (32 percent), or to help future generations (8 percent). Figure 3 shows the responses to this question.

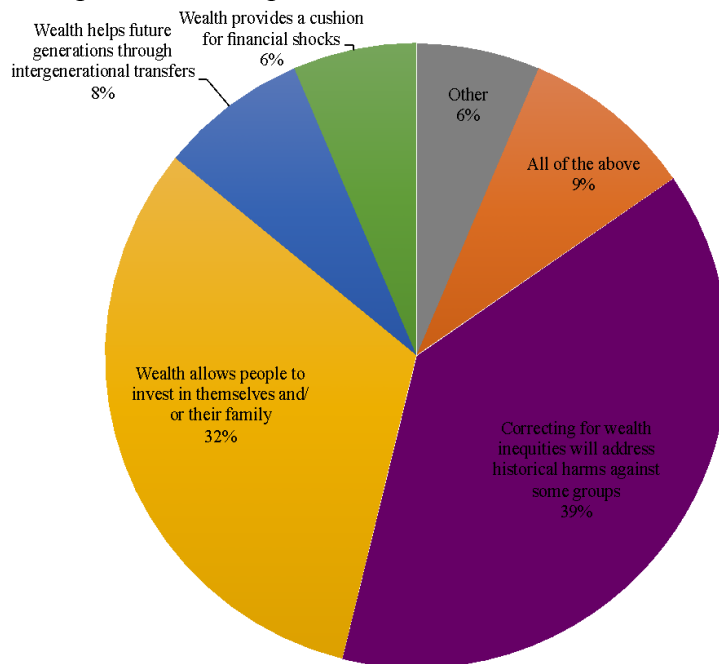


Figure 3. “What is the most important reason for addressing wealth disparities?” (n=78)

Figure 4 (below) illustrates the responses to the question, “What are the top three drivers of wealth disparities?” Respondents were able to select up to three answers. As can be seen below, “low incomes” and “lack of family wealth” were most commonly attributed as the drivers of wealth disparities, with “inability to save” coming in third. Low incomes and inability to save as causes of wealth disparities imply that low savings rates in the current period are a major reason why people are unable to build wealth. Citing the “lack of family wealth” as a root cause of wealth disparities points to intergenerational transfers – broadening the cause and consequences of wealth disparities from the current period to the time periods before and after. This suggests that in order to address the root causes of the wealth gap, practitioners will need to take a wide variety of approaches that address both long-run and short-run factors.

Figures 5 and 6 illustrate the solutions that our respondents thought would be most effective in closing the racial wealth gap, as well as those solutions that would be feasible to achieve in the current political environment.

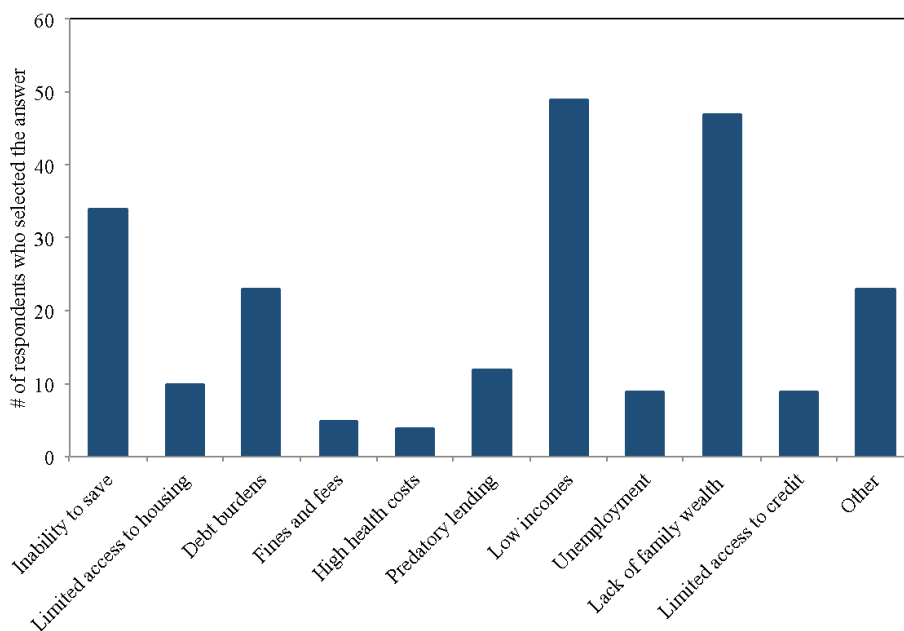


Figure 4. “What are the top three drivers of wealth disparities? (select up to three)” (n=78)

Figure 5 illustrates the results for the question, “Putting aside political constraints, what solutions to addressing wealth inequities do you think would be most effective in addressing racial wealth inequities? (select up to 3 responses).” Respondents were enthusiastic about many of the universal solutions that correct for wealth strippers, including universal healthcare, free college education, and reparations. Notably, respondents did not think that individuals savings accounts and marriage promotion would be effective in closing the racial wealth gap.

Figure 6 illustrates the results for the question, “Given political constraints, what solutions addressing racial wealth inequities do you think would be *feasible* in the short term? (select up to 3 responses).” It is notable that despite the fact that most respondents think that the policies listed will make a dent in the racial wealth gap, very few of these policies are actually achievable in the shorter term – increasing the minimum wage and paid family and sick leave are two standout policies that may be achievable in this political environment. However research suggests that the minimum wage may not be particularly useful in closing racial wealth divides (though it would reduce poverty rates).



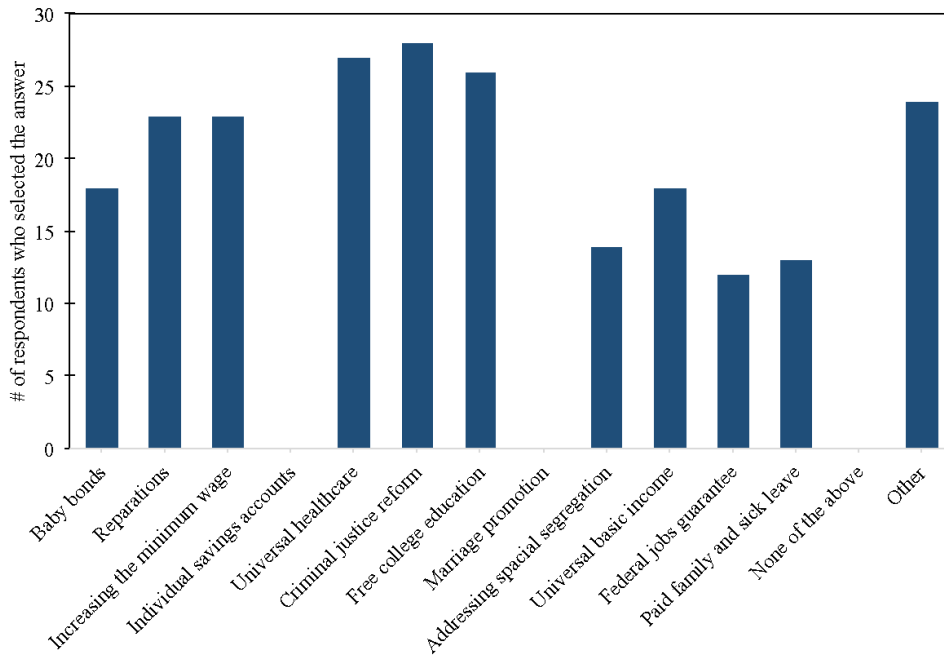


Figure 5. “Putting aside political constraints, what solutions to addressing wealth inequities do you think would be most effective in addressing racial wealth inequities? (select up to 3 responses)” (n=78)

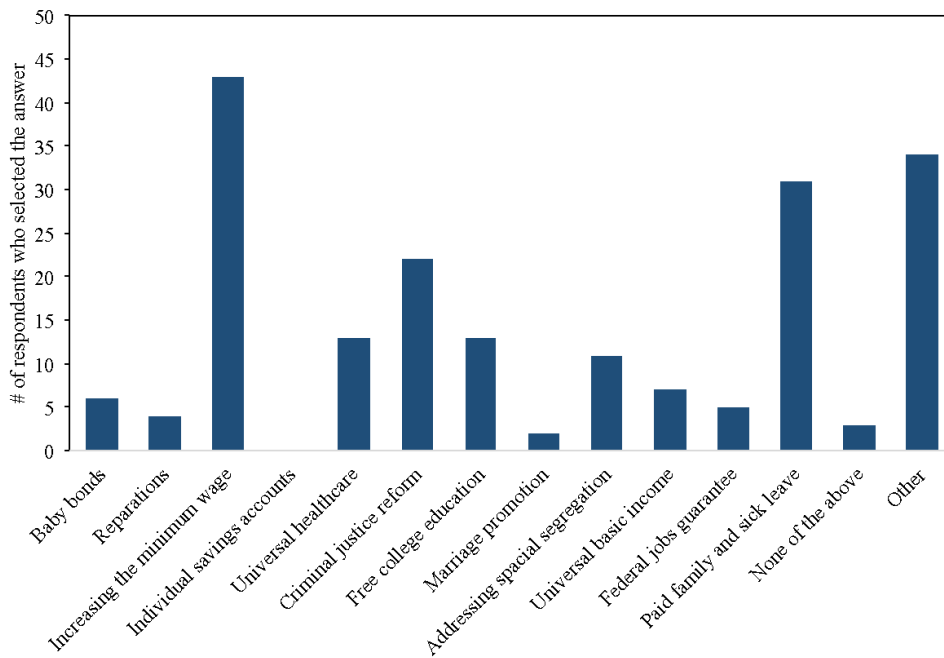


Figure 6. “Given political constraints, what solutions addressing racial wealth inequities do you think would be \*feasible\* in the short term?” (select up to 3 responses) (n=78)

Respondents were also asked to reflect on how the philanthropic sector can best address the causes and outcomes of racial and gender wealth disparities. Responses ranged from advocating for listening sessions between funders and organizations working on these topics, funding more research, and providing sustained support. As one respondent wrote, “I think funders need to give more boldly - to organizations focused on long-term, big change. Funders need to commit funding over longer periods of time to really see campaigns succeed. Funders also need to get behind some of the big ideas - universal basic income, baby bonds, reparations, and so on.” Many respondents wrote about the importance of organizing and providing resources to people on the ground.<sup>xiv</sup>

Finally, respondents were asked questions on how best to frame the issue of the racial wealth divide: “*Are there other frames or entry points into the issue of wealth inequality that you believe would be more effective than the "racial wealth gap" at mobilizing/building power? Please indicate which audience you are considering.*” Many respondents suggested a greater emphasis on intergenerational transfers, and several respondents suggested putting the spotlight on poverty. The most common response was that stronger movement building and on the ground champions are necessary to address this problem. What is clear from many of the responses is that addressing racial wealth divides needs to be a multifaceted effort. As one respondent put it, “At the end of the day, it is going to take massive changes and investments to close the racial/gender wealth divides. We will need everyone - grassroots movements, policy advocates, legislators, funders, researchers - all pulling in the same direction.”

#### D. *Conclusion*

More than 2 decades of work funded by the Ford Foundation has not only put the problem of the racial wealth gap on the map, but also deepened our understanding of the problem and of the potential solutions.

In the early 1990s, incipient academic research on racial wealth divides put the spotlight on individual savings incentives as one route to close the racial wealth gap. Thanks to significant investments by the Ford Foundation over the last several decades, the field has coalesced around the concept that racial wealth divides are driven by structural problems – and need to be addressed through structural solutions. Research has largely discredited the idea that the racial wealth gap is caused by individual failures by demonstrating that income and savings rates do not have a significant impact on wealth. Contemporary academic work has identified clearer drivers of racial wealth disparities: intergenerational transfers, homeownership, historical drives and wealth “strippers” all play a role in driving racial wealth divides.

Work in the field has yet to fully catch up to the most contemporary academic understanding of racial wealth divides and solutions, though we suspect this is in some part due to what is feasible in today’s political environment.

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<sup>xiv</sup> Note that a significant proportion of our sample was comprised of advocacy organizations.

