

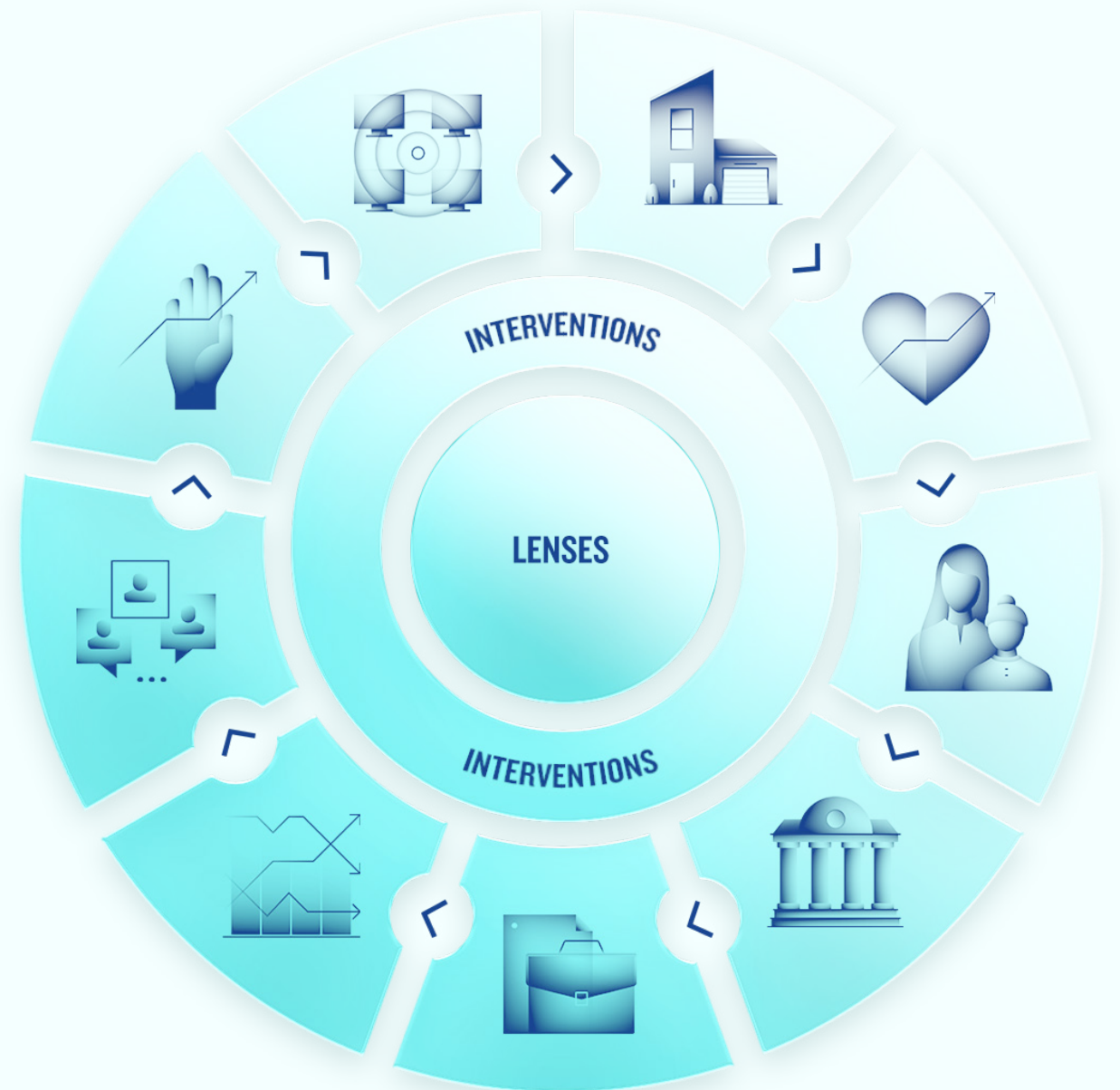
Black Economic Alliance Foundation's

Architecture for Action

The Architecture for Action is a **data-backed suite of interventions** designed to help private and philanthropic sector leaders maximize their investments to advance Black economic opportunity.

The Architecture for Action was developed with the input of economic mobility practitioners, policy experts, and leaders across sectors and, importantly, was shaped by research into the lived experiences of Black Americans.

See acknowledgments on last page



05 The Cost of Economic Inequity

Examining the damage caused by America's inequitable economic infrastructure

09 The Path Forward

Economic Opportunity for All

13 Actionable Interventions

Data-backed solutions to advance Black work, wages, and wealth

24 Maximizing Impact

Four lenses leaders should consider to address structural barriers

29 What's Next?

Five things leaders can do now that they've read the Architecture for Action

The Cost of Economic Inequity

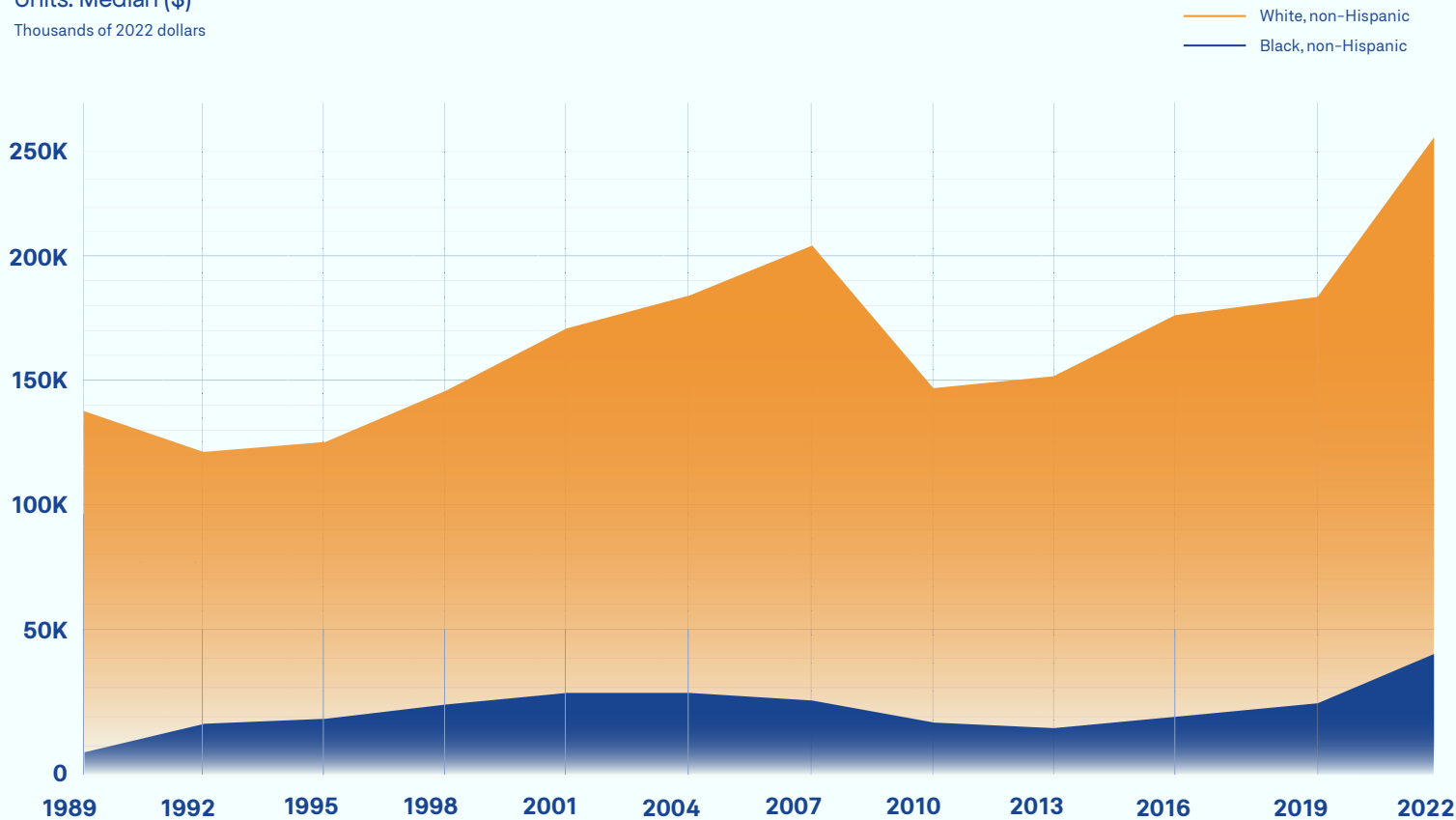
Examining the damage caused by America's inequitable economic infrastructure



Race, Wealth, and Economic Mobility in America

The **typical white family has \$285,000 in wealth**, compared to just **\$44,900 for the typical Black family**. That's an average gap of 6 to 1.

Units: Median (\$) Thousands of 2022 dollars



Source: Survey of Consumer Finances
Black-white wealth gap, 1960-2019 Median household wealth, adjusted for inflation. 1989-2019 displayed here.

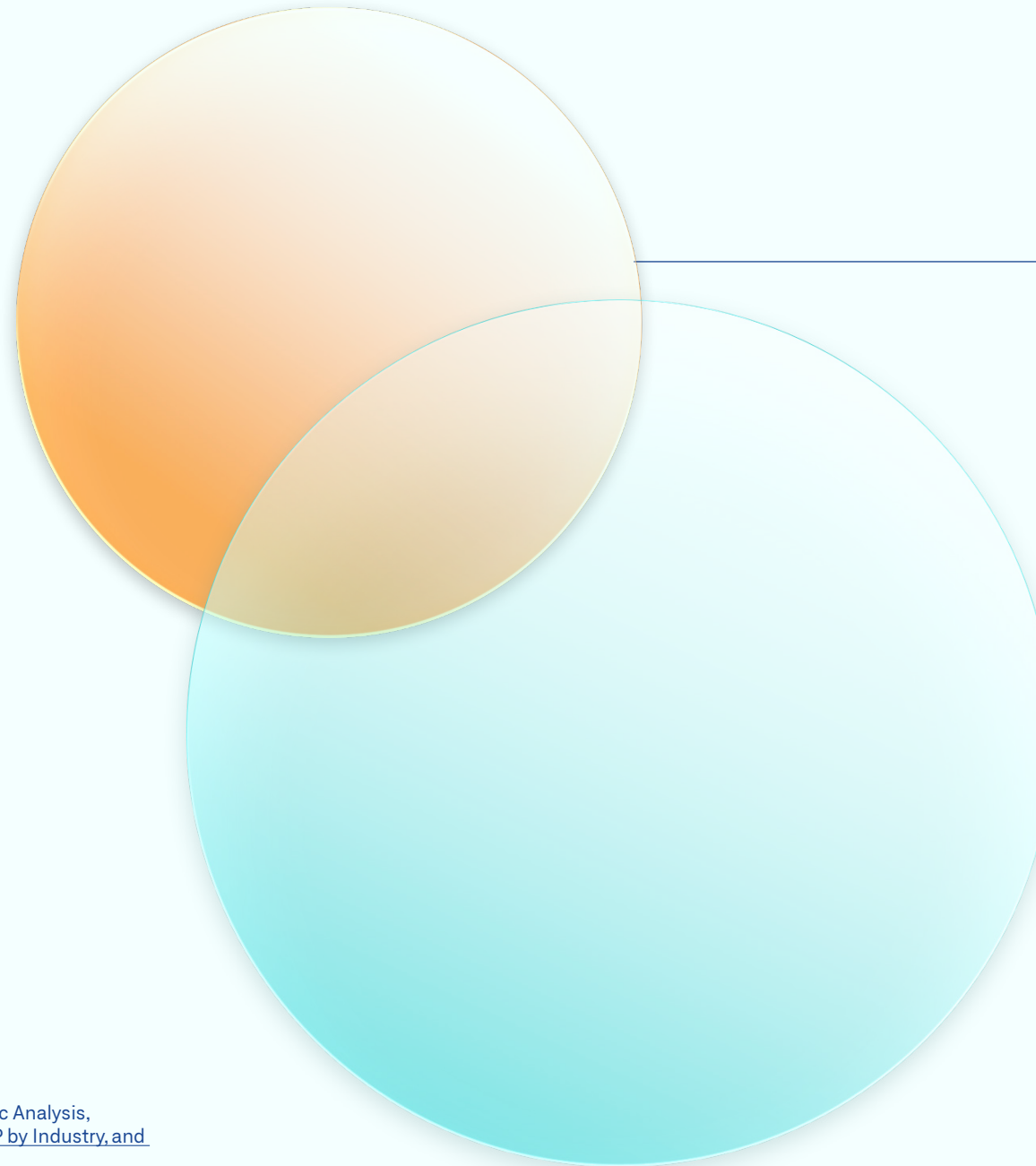
The Continuing Significance of Race & Disparate Outcomes

2.5% of **Black children** born into the bottom income quintile experience upward economic mobility as adults, compared to **11% of white children**

82% of **Black children** born into the top income quintile experience downward economic mobility as adults, compared to only **59% of white children**

Chetty, Raj, et al. "Race and Economic Opportunity in the United States: An Intergenerational Perspective."

Black economic inequality has **cost the American economy \$16 trillion** over just the past 20 years



\$27T
Nominal U.S. GDP in 2023

\$43T
Potential U.S. GDP in 2023, if we had closed the gaps 20 years ago

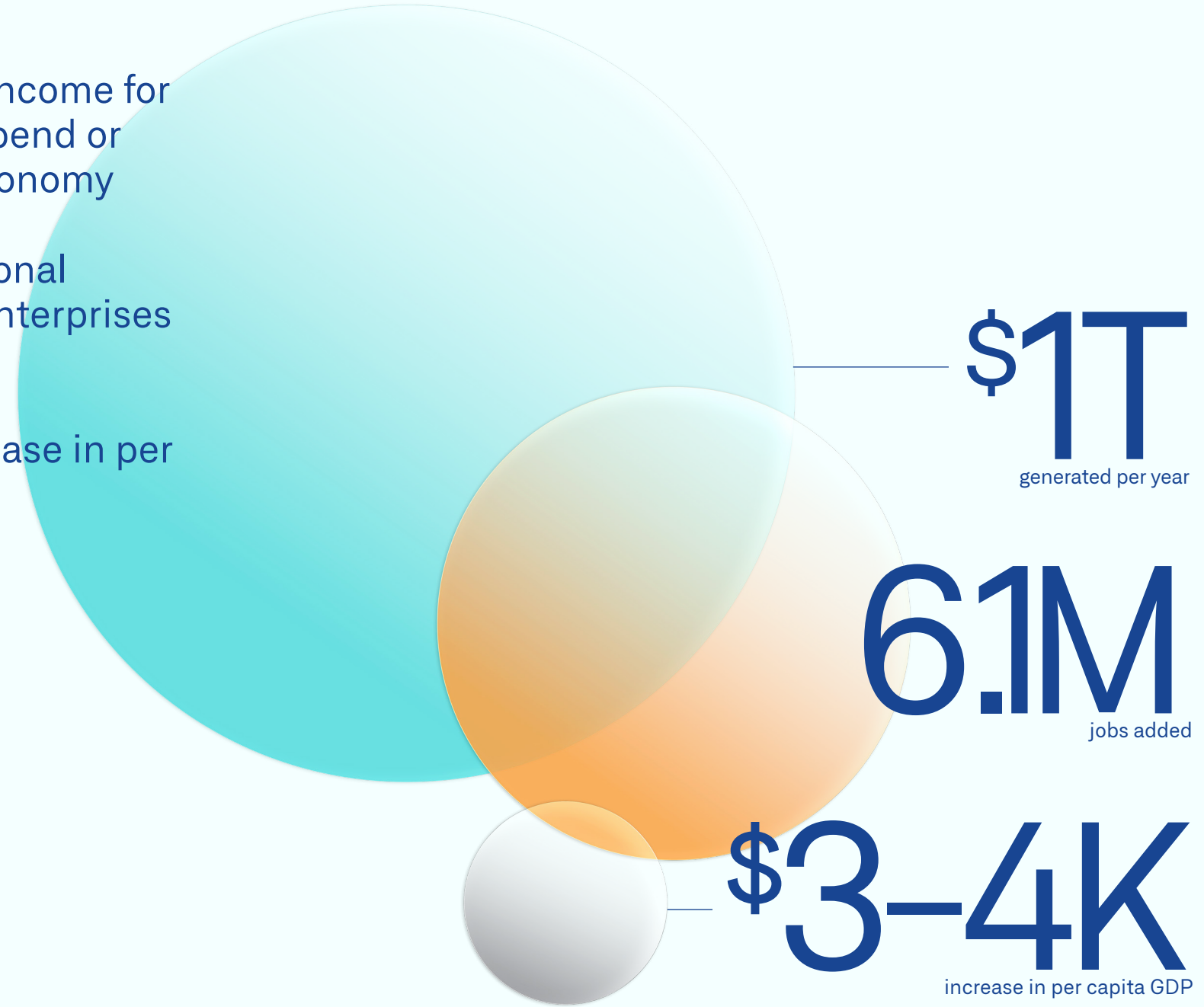
Source: Citibank, "Closing the Racial Inequality Gaps"; U.S. Bureau of Economic Analysis, "Gross Domestic Product, Fourth Quarter and Year 2022 (Third Estimate), GDP by Industry, and Corporate Profits."

But, in this there is an **opportunity**—eliminating Black economic disparities would generate:

\$1–1.5T added income for Americans to spend or invest in the economy

615,000 additional Black-owned enterprises and **6.1M** jobs

\$3–4,000 increase in per capita GDP



Source: McKinsey & Company, "The Economic Impact of Closing the Racial Wealth Gap"; McKinsey & Company, "The Economic State of Black America."

Supported by McKinsey analysis

The Path Forward

Economic Opportunity for All



To expand economic opportunity for all, leaders must look at how each market and system plays a role in holding back Black economic prosperity — and stymieing the growth of the entire American economy.

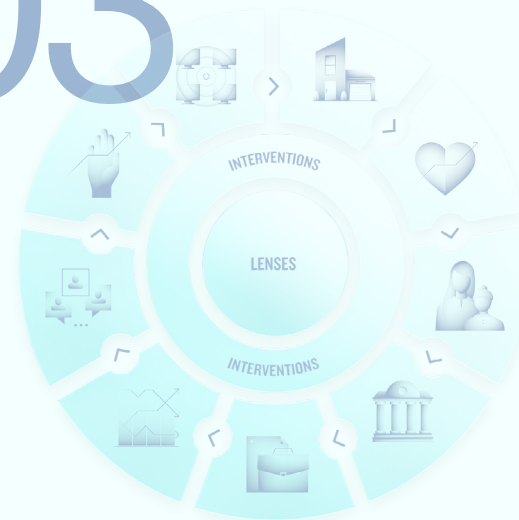
01

MARKETS & SYSTEMS



03

FOUR LENSES

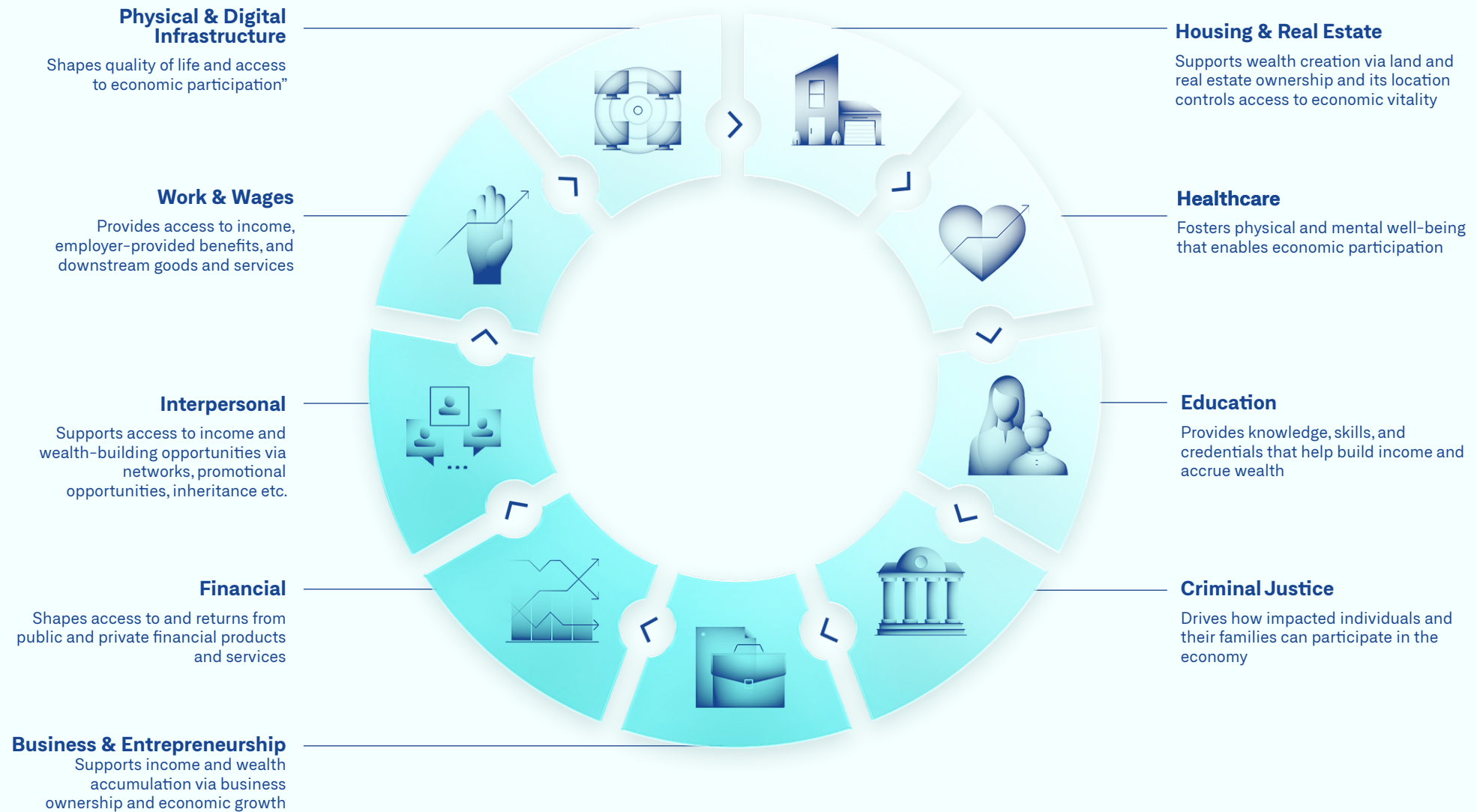


02

INTERVENTIONS



Leaders must **work intentionally across our economy's interconnected markets and systems** to select and implement solutions.



Actionable Interventions

Data-backed solutions to advance
Black work, wages, and wealth



Interventions across our interconnected economic system are **not poised for equal impact.**

The BEA Foundation assessed hundreds of interventions to determine each intervention's potential to expand Black economic prosperity and wealth-building.

SECTION: ACTIONABLE INTERVENTIONS

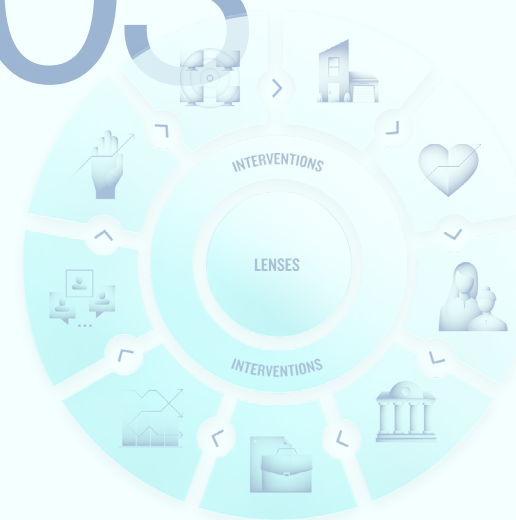
01 MARKETS & SYSTEMS



02 INTERVENTIONS



03 FOUR LENSES



We analyzed data-backed interventions against **four key criteria** to determine those with the potential for **maximum impact**.

We present these interventions on the following pages.



01

Breadth of evidence: How well-studied and understood an intervention and its impacts are, evidenced by number and rigor of studies (e.g., randomized control trial versus anecdotal evidence)

02

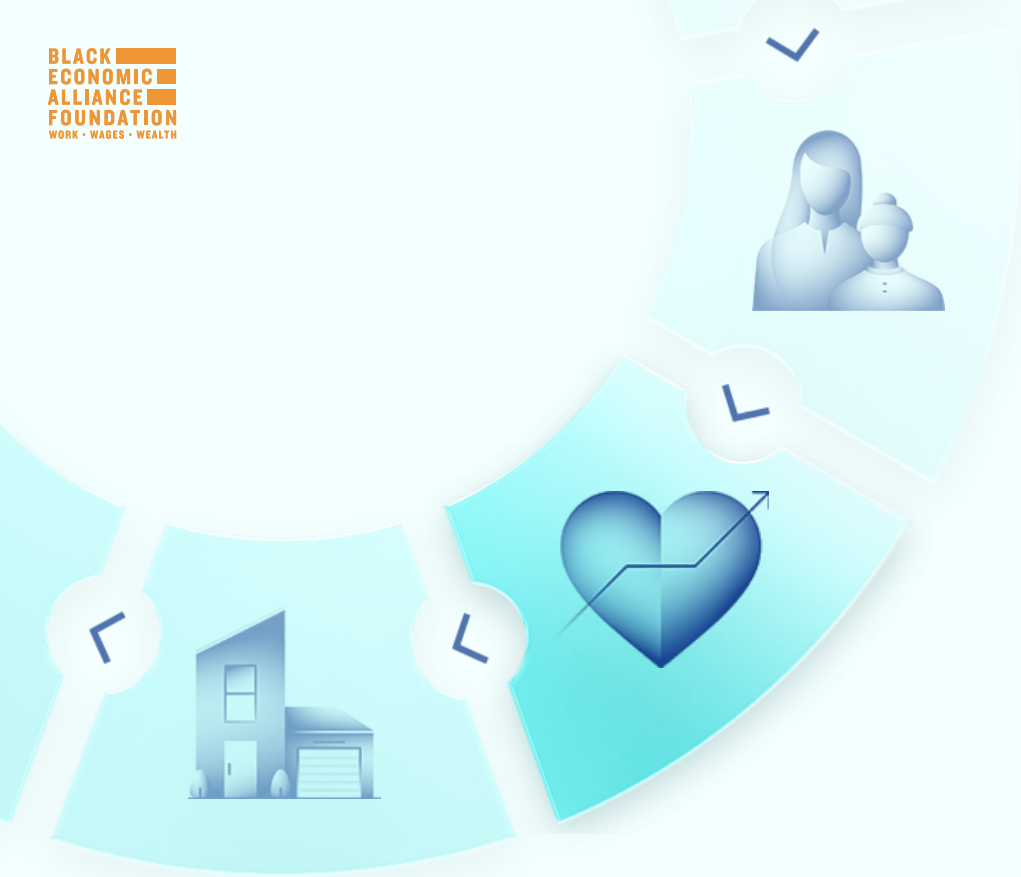
Depth of impact: The extent to which an intervention results in positive outcomes for household and community wealth for participants, as demonstrated by academic evidence (e.g., increasing wealth by \$.5K or \$5K for beneficiaries)

03

Number of Black Americans potentially impacted: How many individuals stand to benefit if an intervention is implemented at scale

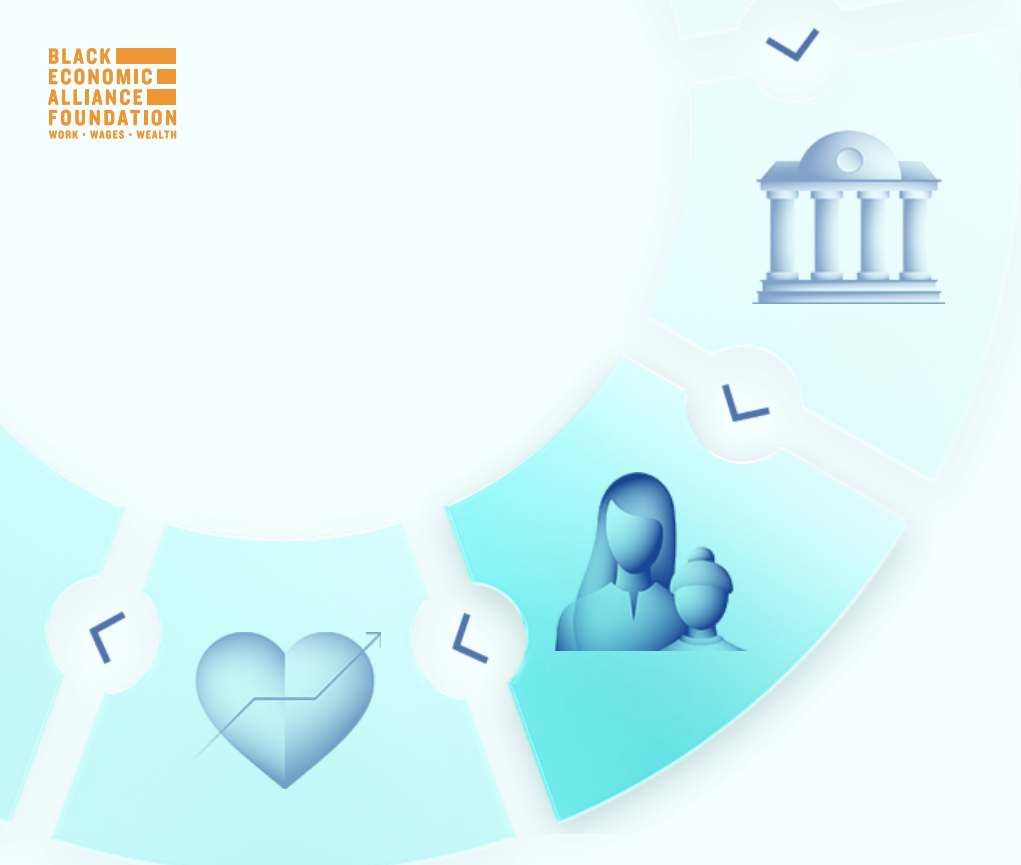
04

Feasibility of implementation: The relative difficulty of implementing an intervention at scale with quality required to produce the desired



- **Diversify the workforce and provide culturally competent training** to improve the quality of healthcare services in Black communities
- Alongside trusted partners, **develop community outreach programs and build trust** for medical institutions within Black communities
- **Expand funding and access** to women’s health resources, particularly for expecting mothers (e.g., one-on-one visits by registered nurses to low-income, first-time mothers)
- Increase funding to **improve access** to mental health resources

Healthcare



- Increase funding to vocational schools and community colleges to expand access to **proven, industry-recognized certificates and credentials** in high-growth and/or high-wage fields
- **Subsidize post-secondary degree attainment**, including through student debt cancellation, free college, and free college (e.g., full scholarships to cover tuition, fees, housing, food, transportation costs, and/or supplies) for students from families with negative to low net-worth
- Increase access to affordable, high-quality **early education**
- Increase government and philanthropic funding to allow Historically Black Colleges and Universities (HBCUs) and Predominantly Black Institutions (PBIs) to **make critical infrastructure investments and increase spending** on administration, instruction, student support services, and academic support
- **Incentivize participation** in job and skill development programs, particularly in high-growth, and/or high-wage industries

Education



- Invest in proven models that reduce recidivism and support reentry across all markets and systems (e.g., supportive housing, employment support, familial and interpersonal connection, addressing debt, etc.)
- Invest in public health-informed approaches to community safety alongside increasing trust in policing
- Expand eligibility for the expungement of past criminal records
- Reduce fees associated with criminal justice system interactions (e.g., court-ordered fees, fines, and other expenses a person is legally required to pay as part of their sentencing)
- Repeal mandatory minimum sentencing laws for certain crimes, returning sentencing flexibility to the hands of judges so they can fully consider any special facts or unique circumstances related to the crime.
- Expand access to and quality of GED and educational programs in prison

Criminal Justice



- Expand **access to flexible, low-interest, and affordable financing products** for Black-owned businesses
- **Reevaluate procurement thresholds and offerings** to align with the profile of Black businesses and create mentor-protégé programs where flexibility is not feasible
- Increase spending with **Black suppliers and businesses**, with a focus on high-margin, high-growth industries
- Assist Black-owned businesses in **expanding their employee bases** through business and technical support and by connecting them with local workforce development and apprenticeship programs

Business & Entrepreneurship



- Promote greater financial service inclusion by **increasing financial services institutions' physical (i.e., branches) and digital presence in the Black community**, leveraging community-based partnerships to build trust and relevant products
- Increase **flexible funding and support to Minority Depository Institutions (MDIs) and Community Development Financial Institutions (CDFIs)** with demonstrated records of supporting Black communities
- Expand offerings for **Individual Development Accounts (IDAs)**
- **Expand financial literacy & planning materials and programs** – digital/mobile and otherwise – that are responsive to the needs of Black communities
- Increase regulation of **predatory lenders offering high-risk, high-interest products and unsecured debt** (e.g., payday products, auto-title loans) to Black communities
- Expand criteria for **determining creditworthiness** to allow “credit invisible” customers to **build credit in the mainstream market** (e.g., include cash flow and payment history like rent and utility payments, in credit scoring models)

Financial



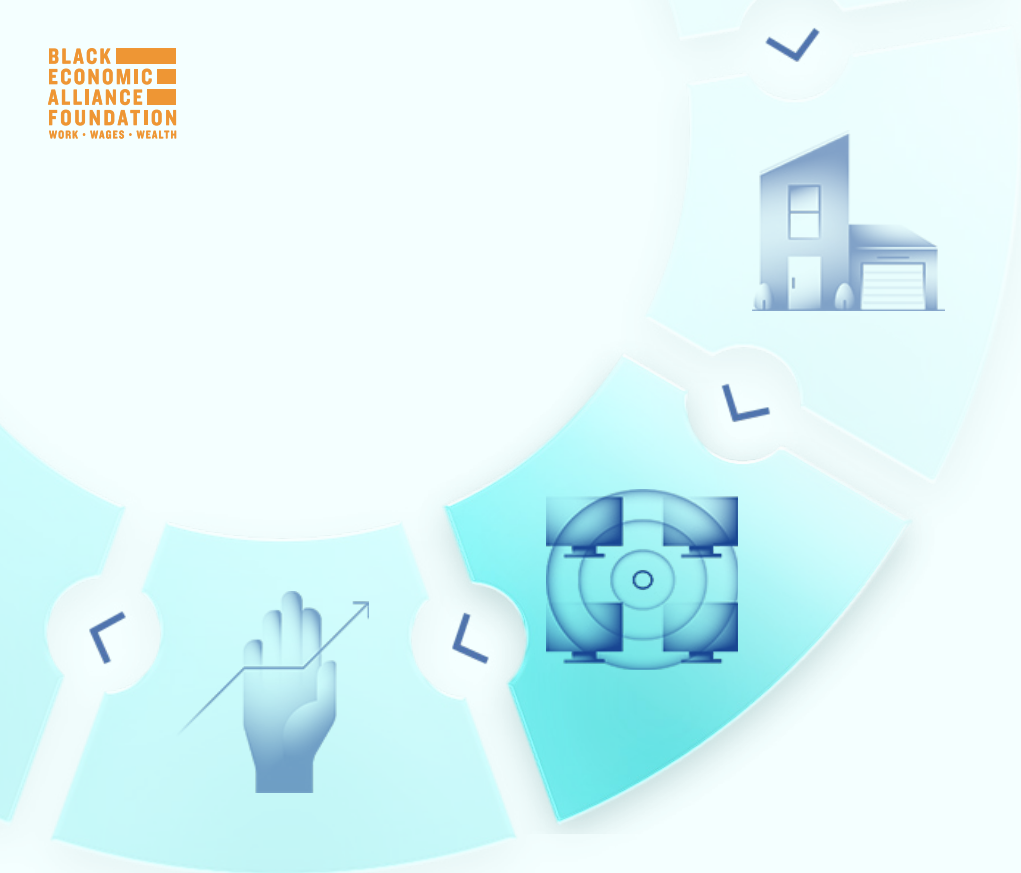
- Expand **formal mentorship opportunities** for students in K-12 schools
- Expand **formal, structured mentorship and coaching opportunities** in postsecondary and vocational education
- Expand **formal networking opportunities for professionals and business owners** (especially through Black professional networks)
- **Catalyze partnerships that advance a whole-of-neighborhood approach and foster intentional linkages** between housing, education, employment, and social capital outcomes

Interpersonal



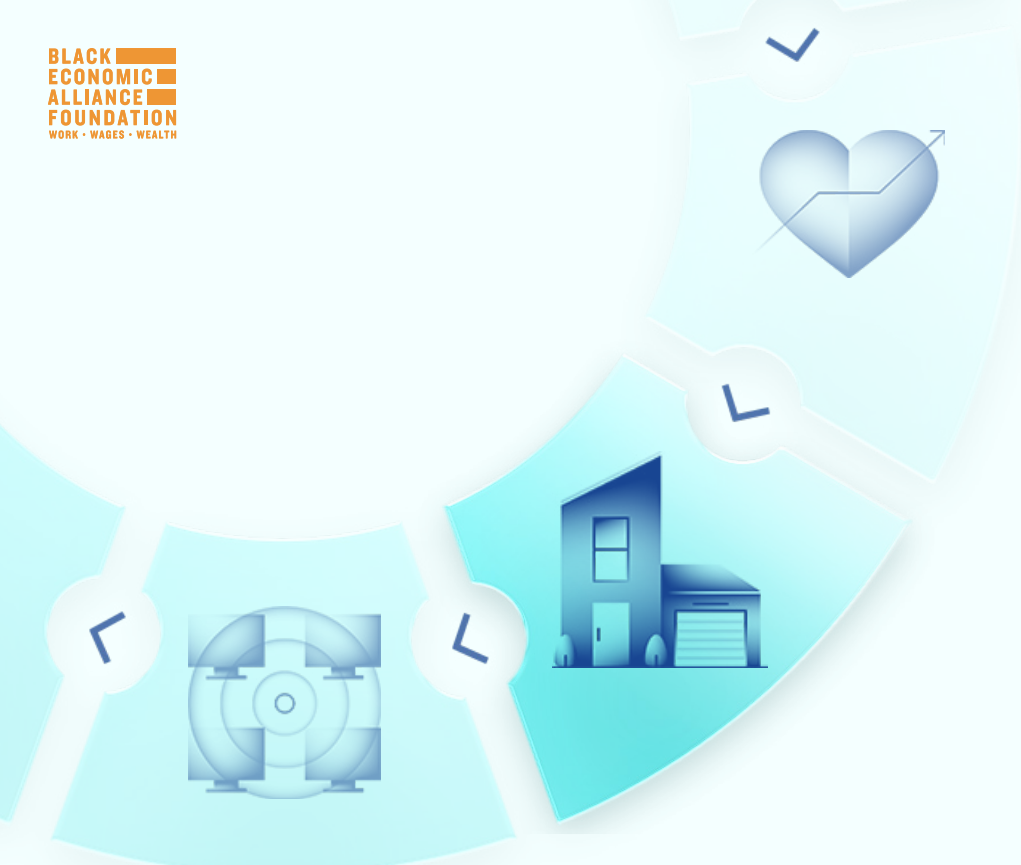
- Establish or expand **apprenticeship and training partnerships** with employers in high-growth and/or high-wage sectors
- Expand programs that successfully **reconnect unemployed or underemployed adults** in high-unemployment neighborhoods to the labor force
- Provide **paid family leave, retirement, and emergency savings benefits** and incentivize participation in employer-provided benefit programs (e.g., via 401(k) matching incentives)
- Tie **minimum wages to the real cost of living** to ensure all workers have a living wage

Work & Wage



- Provide funding to **enhance user experience and expand access to quality public transportation** in Black communities (e.g., opening new bus and train routes and increasing hours of operation)
- **Identify and replace infrastructure** that exposes people to toxic contaminants (e.g., lead pipes, lead paint, asbestos)
- **Improve access to and quality of critical infrastructure** (e.g., broadband, transit, clean energy) by leveraging federal funding, and **providing technical assistance and incentives** to ensure access to federal funds
- Provide long-term funding to **support increased climate resilience** of vulnerable communities
- Provide technical assistance and incentives to **ensure access to federal funds to expand and enhance digital and physical infrastructure**

Physical & Digital Infrastructure



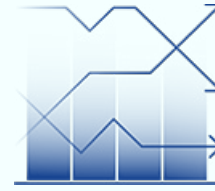
- Incentivize land use policies that **promote greater density** (e.g., multi-family and multi-use zoning)
- Provide funding and enact policies to **increase the supply and preservation** of affordable housing and commercial real estate
- Provide funding to create and expand programs that successfully **alleviate renter cost-burden** (e.g., increase the dollar amount and number of housing vouchers to align with need and create renter tax credits)
- Expand the capacity of programs providing **legal assistance and counseling** to renters facing eviction and homeowners facing foreclosure
- Restructure policies, practices, and products related to **home financing and refinancing** (e.g., mortgage loans, home insurance, appraisals) to **limit discrimination and increase participation** for Black homeowners

Housing & Real Estate

Emerging interventions show significant potential

The BEA Foundation’s research and interviews identified several emerging interventions worthy of note. While these emerging interventions do not yet meet all of the evaluation criteria, they have become increasingly centered in public discourse as key levers for wealth generation. These promising interventions are supported by research, though they have yet to demonstrate evidence at scale.

SECTION: ACTIONABLE INTERVENTIONS



Engage in **public-private partnerships to support Baby Bond programs**, with the largest amount going to children from the lowest-income and low-net-worth households



Expand **opportunities for renters to build home equity**, including via shared ownership models and fair rent-to-own agreements



Implement **skills-based hiring** in conjunction and on par with credential-based hiring



Grow **sustainable electric vehicle (EV) infrastructure** – including clean energy sources – and subsidize EV ownership in Black communities



Fund initiatives that **promote responsible Artificial Intelligence usage**, especially to support – not replace – entry- to mid-level workers and entrepreneurs

Maximizing Impact

Four lenses leaders should consider
to address structural barriers



Leaders **should apply the four lenses** to reveal how to address structural barriers and maximize the impact of these interventions.

SECTION:
MAXIMIZING IMPACT

01 MARKETS & SYSTEMS



02 INTERVENTIONS



03 FOUR LENSES



These **four specific lenses** should be applied when implementing interventions **to address structural barriers** that Black communities face.

Two common interventions are raising workers' wages and increasing the Black homeownership rate. Next, we analyze these through the perspective of the four lenses to uncover factors unique to the Black community that leaders must design around for maximum impact in the short- and long-term.



Availability

Do Black households and communities **have access** to and use the **distribution channels** on which the solution relies?

Participation

Are **structural barriers addressed** so that Black households and institutions can fully participate?

Long-term Returns

Will Black people see **long-term gains** similar to those of non-Black people? What else is needed to help sustain impact?

Immediate Quality or Value

Will the results be of value to Black people? Are outcomes for Black people of the **same quality and magnitude** as those for non-Black people?

EXAMPLE OF THE LENSES IN ACTION

Wages



SECTION:
MAXIMIZING IMPACT

Rising wages should increase wages for all workers, right? American workers saw a 2-3 percent annual wage increase over the last decade. Despite these general wage increases, the median wage gap between Black and white workers has increased by 3.6 percentage points. **Even after controlling for age, gender, education, and region, Black workers are paid 15 percent less than white workers.**

The wage increase intervention passed solely through the “**Immediate Quality**” or “**Value**” lens by putting more dollars into paychecks. But it fails to take into account:

“**Availability**”: Wage increases have mostly benefited professionals in the business service sector and the industries while roles where Black workers are concentrated (largely minimum wage and/or tip-based) have not kept pace.

Through the Four Lenses, we can see that nominally increasing the **immediate quality or value** of wages—even the minimum wage—is not enough. We must ensure that Black Americans have equal **participation** in the labor force via high-quality jobs where there is wage increase **availability**. We must also address increasing real—instead of nominal—wages to create **long-term returns**.

“**Participation**”: The nation’s persistent Black-white unemployment gap of 2:1 means that there is a disproportionately low share of Black Americans who can participate in wage increases. Without also addressing participation in the labor market, increasing wages will continue to accrue only to those who already have jobs.

“**Long-term Returns**”: Since wage increases are not necessarily attached to inflation, actual cost-of-living, or median wage, whatever wage increase Black Americans experience likely maintains the status quo.

EXAMPLE OF LENSES IN ACTION

Homeownership



SECTION:
MAXIMIZING IMPACT

Currently, the nation's **homeownership gap is wider** than it was during Jim Crow. This puts additional economic burdens on Black families, as homeownership remains the primary way most Americans build wealth. In response, many leaders believe closing the homeownership gap is a **silver bullet** for the wealth gap. The intervention of closing the homeownership gap, while meeting the considerations of the Participation lens, fails to consider:

“Availability”: There is a historic shortage of affordable homes, with an estimated supply deficit of four to seven million units.

Of the homes that are being sold, only 6.9 percent of Black renter households could afford the median-priced home—the lowest point in years. Black families typically earn much less than median incomes, making access to homeownership even more difficult.

Knowing this, homeownership programs must look beyond simply increasing **participation** and factor in the other three lenses to solve for structural barriers within the housing market, including the **availability** of affordable for-sale housing, the **immediate quality or value** of homes in Black neighborhoods, and the **long-term** returns of homes in those neighborhoods. Only in this way will investments in homeownership create maximum impact.

“Immediate Quality & Value”: Home values in majority-Black census tracts are 55 percent lower than median home values in white census tracts. Controlling for differences in access to transit, healthcare, and education doesn't resolve this disparity. Rather, racial bias in the housing appraisal system has cost majority-Black neighborhoods an estimated \$235 billion in lost valuation.

“Long-term Returns”: Racism in home appraisals, combined with systemic divestment, means that homes in majority-Black neighborhoods do not appreciate in value at the same rate (if at all) as majority-white neighborhoods. The average Black homeowner sees returns 3.7 percentage points lower than the average white homeowner.

What's Next?

Five things leaders can do now that they've read the Architecture for Action:



Contact info@blackeconomicalliance.org to tell us about your experience using the Architecture for Action and to learn more about how leaders can help create economic empowerment in Black communities.

01

Evaluate your current investments against the interventions in the Architecture for Action.

02

Apply the lenses to current interventions you are funding to make sure expanding Black economic progress is centered in the design of those interventions.

03

Utilize the Architecture for Action when making new investment decisions and designing new programs.

04

Expand current investments to ensure they touch on more than one market or system.

05

Establish or expand partnerships working across different markets and systems to complement your current or prospective work.

This report draws on multiple sources, including data and analysis from **McKinsey & Company's Institute for Black Economic Mobility**, a research institute and think tank dedicated to advancing racial equity and inclusive growth in the United States and globally. BEA Foundation is responsible for all conclusions and recommendations of the research.

The BEA Foundation is grateful to the exceptional academics, practitioners, and public, private, and social sector leaders whose expertise and perspective we relied on as we curated the Architecture for Action, including:

Shena Ashley, PhD, Vice President, Community Impact & Investment, Capital One; President, Capital One Foundation

Rekha Balu, Director of Federal Equity Initiatives & Co-Vice President of the Office of Race and Equity Research, Urban Institute

Janis Bowdler, Counselor to the Secretary for Racial Equity, U.S. Department of the Treasury

Steven Brown, Director of Insights and Evidence, Aspen Institute

Darrick Hamilton, Henry Cohen Professor of Economics and Urban Policy; Founding Director of the Institute on Race, Power & Political Economy, The New School

Andre M. Perry, Senior Fellow, The Brookings Institution

Ida Rademacher, Vice President & Co-Executive Director – Financial Security Program, Aspen Institute

Joanna Ramani, Co-Executive Director – Financial Security Program, Aspen Institute

Jim Shelton, President & Chief Investment and Impact Officer, Blue Meridian Partners

Charles Thomas, Director/Charlotte, Knight Foundation

SECTION: ACKNOWLEDGEMENTS

Finally, the Foundation is indebted to the hard work and dedication of **Olivia Nutter** (Impact Insight Partners) for her leadership on the Architecture for Action, as well as **Adora Andy Jenkins** and **Brendan Gilfillan** (The Jenkins Group) for their communications support.

The Black Economic Alliance Foundation is the nation's leading organization harnessing the collective expertise and influence of Black business leaders to build economic prosperity and generational wealth for the Black community. We partner with leaders across the public, private, and social sectors to champion policy reimagination, develop investment and philanthropic programs, commission research, and elevate national understanding of the inextricable link between the health of the Black economy and the entire American economy.

If you are viewing a printed version of this PDF and would like to see sources, please visit architectureforaction.blackeconomicalliance.org to download the digital version.