What would it take to overcome the damaging effects of structural racism and ensure a more equitable future?

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About Urban’s Next50

The Urban Institute was founded 50 years ago by President Lyndon B. Johnson to provide “power through knowledge” to help solve the problems that weighed heavily on the nation’s hearts and minds. Today, we’re exploring promising solutions to advance equity and upward mobility and identifying what transformational leaders need to know to drive forward groundbreaking ideas. This brief is one of our eight-part Catalyst series, in which we share what it would take to advance bold solutions over the next 50 years.

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# Contents

Acknowledgments iv

**Advancing Solutions: Conventional Strategies and Bold Remedies** 4

- Solution Set 1: Close the Racial Wealth Gap 5
- Solution Set 2: Eliminate Racial Inequities in Public School Quality 9
- Solution Set 3: Close Employment and Earnings Gaps 14
- Solution Set 4: End Punitive Policing 19

**Building Knowledge Changemakers Need** 25

- Priority 1: Pilot Bold Remedies with Rigorously Evaluated Demonstrations 26
- Priority 2: Adapt Microsimulation Models to Focus on Equity Gaps 28
- Priority 3: Quantify the Full Costs and Benefits of Bold Remedies 31

Notes 35

References 40

About the Authors 45

Statement of Independence 47
Acknowledgments

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What would it take to overcome the damaging effects of structural racism and ensure a more equitable future?

For most of its history, the United States excluded people of color from its main pathways of opportunity and upward mobility. This history of discriminatory policies and institutional practices created deep inequities across social and economic domains. But we envision a more equitable future in which the policies, programs, and institutional practices that produced inequitable outcomes are corrected and the effects are reversed. Achieving that vision would mean closing four yawning equity gaps between people of color and white people in the United States:

- **Closing the racial wealth gap** would enable all people to invest in their own and their children’s futures, buy a home, obtain a quality education, and save for a secure retirement.

- **Eliminating racial inequities in public school quality** would give all children the solid educational foundation they need to succeed in the 21st-century economy.

- **Closing employment and earnings gaps** would provide all people with the dignity and security of a quality job, the opportunity to contribute to the nation’s prosperity, and the resources to support their and their children’s well-being and future prospects.

- **Ending punitive policing** would make people and communities safer and increase confidence in the justice system.

These gaps are wide and deeply entrenched. Racist policies and practices have been part of the nation since its inception, practiced by “founding fathers” and presidents who wrote and spoke about equality while engaging in the purchase, bondage, and sale of people of African descent. These policies were intended to subjugate people of color and afford dominance to white people. Ibram Kendi (2016) asserts that these policies led to racist ideas to justify the systemic barriers that created racial inequity and that each period of progress has been followed by a backlash of racist policies and practices. Abolition and the Civil War were followed by segregation enforced by laws, regulations, white mob violence, and lynchings. The civil rights movement and legislation were succeeded by cuts in taxes—primarily benefiting the wealthy—and federal assistance programs and the initiation of mass incarceration. The election of the first African American president has been followed by a curtailment in
regulations and policies that enforce fair housing, reduce inequities in the criminal justice system, and protect consumers from racial targeting by predatory lenders.

“Racism never goes away, it just adapts.”

Looking ahead, major disruptive forces—technological innovation, increasingly frequent and severe climate events, and global economic change—could further widen today’s equity gaps. Moreover, demographic changes are making the nation more racially and ethnically diverse (Colby and Ortman 2015). Although many people are excited and proud about these changes, some fear the change of familiar social roles and ways of life (Danbold and Huo 2015). And this fear has resulted in a tendency to support less-inclusive policies (Craig and Richeson 2014).

In the face of these profound challenges, civic leaders, advocates, elected officials, and philanthropists are confronting our country’s history of unjust and oppressive policies and taking action to promote equity and expand access to opportunity. Many approaches, like those that equip people of color with information and tools to successfully navigate existing systems, modify policies and practices to expand access and options, or enforce antidiscrimination protections, are making some progress. Other emerging strategies focus intentionally on the detrimental effects of past policies and offer bolder remedies that more directly address the roots of persistent inequities. These strategies include

- **baby bonds**, which provide all newborns with progressive publicly funded endowments;
- **public education financing reforms**, which ensure that all communities have enough funding to deliver high-quality public education;
- **job guarantees**, which provide paid jobs to anyone who wants to work; and
- **justice divestment and investment**, which redirect public resources from policing and incarceration to give communities greater control over public safety.

Admittedly, each of these solutions would be challenging to implement on its own. But the combination could yield synergies that would make each solution more feasible and effective.
Changemakers committed to advancing racial equity—whether through established strategies or bold remedies—lack reliable evidence about which alternative solutions are most cost-effective, how persistent gaps in one domain (like wealth) block progress in other domains (like education and employment), and what it would take to close gaps.

- Advocates for bold remedies and policymakers considering their enactment face questions about costs, feasibility, and near-term impacts. Rigorous demonstrations that test potential remedies on a small scale or in selected locations can answer those questions by documenting costs, monitoring implementation challenges, and measuring outcomes over several years. But demonstrations require substantial investments of financial resources and time, and they may not answer questions about very-long-term or ripple effects of a systemic remedy.

- Microsimulation models can answer challenging “what if” and “what would it take” questions, forecasting the impacts of major reforms to systems and policies as well as the cumulative effects of more incremental investments across domains and over time.

- Cost-benefit analyses that leverage evidence from both rigorous demonstrations and microsimulation models can evaluate the budgetary costs of a potential remedy along with the costs of inaction and the long-term benefits of investment, giving policymakers the information they need to value a proposal’s long-term payoffs alongside its costs.

This brief draws on interviews with a broad array of thought leaders and changemakers from across the domains of wealth-building, public education, employment, and justice policy. These discussions explored established strategies being pursued across the country and proposals for bolder reforms, and they surfaced critical evidence gaps regarding the relative strengths, weaknesses, and potential of competing approaches. The interviews highlighted promising opportunities for new knowledge-building that could inform and accelerate efforts to eliminate the policies, programs, and institutional practices that impede racial equity.
Advancing Solutions: Conventional Strategies and Bold Remedies

Structural racism affects every facet of life for people of color. No one solution is enough to ensure a more equitable future. Solutions focused on a single domain, like education or income, can be undermined by persistent disadvantages in another. The solutions, then, must be as expansive as the problems.

And, they must be targeted. John Powell argues that universal approaches—providing the same level of support to everyone—will not end racial disparities because they do not recognize different needs, opportunities, and circumstances. But he also contends that strategies targeted exclusively to support marginalized groups are almost never sustainable because they become politically divisive. His solution is “targeted universalism” (Powell and Ake 2017; Powell, Heller, and Bundalli 2011), setting universal goals but applying targeted approaches for achieving them based on the varying circumstances of different groups.

This brief gives particular attention to the policies and practices that have systematically disadvantaged Black people while recognizing that Native American people, Latinx people, and people of Asian and Pacific Islander descent also have experienced profound injustices and face continuing inequities. The potential solutions described are not limited or targeted to Black people; they offer the promise of closing persistent equity gaps for all people of color.

We argue that four interlocking goals offer the basis for foundational change, where greater equity in one area potentially creates subsequent gains in other areas:

- **Closing the racial wealth gap** so all people can invest in their own and their children’s futures, buy a home, obtain a quality education, and save for a secure retirement.
- **Eliminating racial inequities in public school quality** so every child can achieve the solid educational foundation needed to succeed in the 21st-century economy.
- **Closing employment and earnings gaps** so all people have the dignity and security of a quality job, the opportunity to contribute to the nation’s prosperity, and the resources to support their and their children’s well-being and future prospects.
- **Ending punitive policing** so people and communities can be safe and more confident in the justice system.
In this brief, we review existing strategies aimed at achieving these goals and identify bold remedies that could overcome the entrenched effects of racist policies, programs, and institutional practices. These bold remedies have not yet been tested and are, in some cases, controversial. But the damaging legacy of structural racism is unlikely to be eradicated by more incremental approaches.

Solution Set 1: Close the Racial Wealth Gap

The enormity of the racial wealth gap—the disparity in net worth between Black families and white families—illustrates the lasting effects of racist policies and practices. The average wealth of white families in 2016 was seven times the wealth of Black families. This disparity has grown over time. In 1963, white families had $121,000 more in wealth than Black families, on average; by 2016, they had over $700,000 more. The disparity also grows with age. On average, white people in their 30s have $147,000 more in wealth than their Black counterparts. But by the time they are in their 60s, white people have $1.1 million more in wealth than Black people, on average.

This racial disparity is not the result of inadvisable financial choices on the part of Black people, nor did it come about accidentally (Flynn et al. 2017; Rothstein 2017). The racial wealth gap was created by policies, Supreme Court decisions, and institutional practices designed to facilitate wealth accumulation by white families while impeding wealth-building by, or stripping wealth from, Black families (Kijakazi et al. 2016; Lewis 2015; Oliver and Shapiro 2006).

These policies began with human trafficking and the bondage of people of African descent to build wealth for white people (Kendi 2016). Centuries of systemic racism followed. Black students were prohibited from attending white schools and universities, Black Codes prohibited Black people from opening lucrative businesses and restricted Black people to menial jobs (Gillette 2006), violent attacks on Black people and communities by white people destroyed individual and community assets (Krugler 2015), racially restrictive covenants prevented Black families from buying white-owned homes, and Black neighborhoods were starved of investment through redlining (Hillier 2005) or decimated by urban renewal without compensation or relocation (Lewis 2015). More recently, Black families were targeted for subprime mortgages even when they qualified for prime loans (Agarwal and Evanoff 2013).

These barriers prevent most Black families from building wealth and limit their opportunities in other areas that affect economic mobility. Lower wealth levels restrict Black families' ability to buy or hold onto their homes, invest in schools in their neighborhoods or move to neighborhoods with quality schools, and pass wealth on to their children—for example, to pay for college or make a down payment.
on a home (McKernan et al. 2014). Research shows that the most important vehicles for intergenerational transfer of wealth are monetary gifts for educational attainment and homeownership (Pfeffer and Killewald 2018). In fact, wealth may be the driver for attaining education, especially higher education, rather than the more commonly held assumption that education is the driver for wealth building (Hamilton et al. 2015).

**Changing People’s Financial Behaviors**

Our Next50 Catalyst brief on financial well-being discusses a wide range of solutions including incentivizing emergency saving and expanding access to quality credit products and services, as well as protecting people’s wealth gains with new forms of wealth insurance (Ratcliffe, Quakenbush, and Congdon 2019). Changemakers have developed strategies such as prize-linked savings accounts that give people a chance to win a prize by making a savings deposit, and employers are piloting “sidecar” emergency savings accounts that their employees can tap into while preserving their long-term savings like 401(k) accounts.

In addition, a range of established financial capability strategies pursued by the financial services field for over a decade offers financial education, counseling, and coaching, particularly to low-income families. These initiatives are valuable for building financial security and helping people manage their resources. But they cannot reverse the effects of centuries of adverse policies and practices.

The reason these solutions will not close the racial wealth gap is they are designed largely to change the financial behaviors of individual consumers. But the racial wealth gap is driven by structural barriers, not individual behaviors or choices (Oliver and Shapiro 2006), and it persists even when Black families make all the “right” choices. Black people with college degrees have less wealth than white people without high school diplomas (Darity et al. 2018). Black people who work full time have less wealth than unemployed white people. Two-parent Black families have less wealth than single-parent white families. And Black families with incomes similar to white families save at the same or a slightly higher rate. Because the unequal intergenerational transfers of wealth are a driver of the racial wealth gap, Black families remain at a disadvantage compared with white families, generation after generation (Darity 2019).
**Bold Remedy: Baby Bonds**

Since strategies for behavior change are insufficient, what is the solution? Some policymakers and scholars propose baby bonds, which ensure that every child starts life with an equitable allocation of wealth, meeting John Powell’s criteria for targeted universalism.

Darrick Hamilton’s model of baby bonds would provide all newborns with a publicly funded endowment ranging from $500 to $60,000, with a baby born into a wealth-poor household receiving a substantially higher endowment than one born into a wealthy family. One drawback of this design is that a family’s wealth status may change over time; although a family may have had low wealth when a baby was born, its wealth may increase as the child grows up, or vice versa. A design that makes annual contributions to a child’s endowment based on the family’s wealth status each year would target resources more efficiently. A second drawback is that neither the government nor any other entity collects annual information on wealth for all households.

Children’s savings accounts, which are a predecessor to baby bonds, have been proposed in Congress with bipartisan sponsorship and have been implemented by states and local governments. Maine operates the longest-running statewide program, automatically depositing $500 into a 529 college account for every child at birth (Lewis and Elliott 2015). Baby bonds differ from children’s savings accounts in three important respects. First, the size of the endowment depends on family wealth, not income. Second, baby bonds do not emphasize personal saving, since the wealth gap was not created by individual saving behavior. Third, for children born into low-wealth families, the endowment is large enough (with interest compounded over time) to cover the down payment on a home or fully pay for a college education. Hamilton conceived of baby bonds as public trust accounts held by the federal government until the child becomes a young adult. The young adult could then use the endowment to pay for higher education or a home. The money could not be used for consumption. Hamilton’s rationale is that everyone in a capitalist system should have some seed capital, and the lack of capital perpetuates inequality. Naomi Zewde (2018) finds that baby bonds nearly close the racial wealth gap. Currently, the median wealth of young white adults is 15 times that of young Black adults; under baby bonds, young white adults would have 1.6 times the wealth of young Black adults.

In 2018, Senator Cory Booker introduced legislation to create a baby bonds program, with the amount of the endowment based on income rather than wealth. Every newborn would receive $1,000, with up to $2,000 added annually, based on the family’s income that year. The Treasury Department would hold the bonds until the child turns 18, at which point the funds could be used only for such expenditures as higher education, homeownership, and retirement. The downside of this design is that...
it substitutes income for wealth in determining the size of the annual contribution to the endowment. High-income Black families have relatively low wealth and would not receive the level of endowment that their wealth status would warrant. Creating a measure of wealth for every household in America would ensure resources can be more efficiently targeted.

Critics object to the anticipated cost of baby bonds, but no one knows the exact cost. Hamilton has estimated his model will cost $100 billion a year, which he argues could be covered through a more equitable use of existing tax subsidies, such as capping the mortgage interest deduction and using the savings to pay for endowments. Some tax policy researchers have also argued for a more equitable use of tax subsidies that are intended to build assets (Harris et al. 2014). However, other research finds that because of the rebalancing of portfolios, the reduction in the mortgage interest deduction under the Tax Cuts and Jobs Act of 2017 is unlikely to have much impact on revenue (Drukker, Gayer, and Rosen 2018).

“Everyone in a capitalist system should have some seed capital, and the lack of capital perpetuates inequality.”

—Darrick Hamilton, Kirwan Institute for the Study of Race and Ethnicity

Others have expressed concern that families will want early access to the endowment or that young people may not make optimal investments with their funds. Financial education provided to students through school could help prepare them for receipt of their endowment. Moral hazard, or the lack of incentive to avoid risks, could also be an issue. If parents know that their child will receive an endowment, they may change their actions. For example, parents may try to hide resources to appear less wealthy and receive a higher endowment for their child.

Baby bonds might also lead to an increase in predatory practices. The private sector could try to extract the value of the asset going to young adults. For example, colleges and universities could hike tuition, or lenders could give families a fraction of their asset’s value immediately in return for the full value when the funds become available. Federal regulations and consumer financial protections might be required to curtail predatory practices, or baby bonds could be coupled with financial reforms to mitigate incentives for the private sector to increase its profit by preying on endowments.
“Research and analysis must be combined with a communications strategy that will provide people on the ground with the information. Change will come through their action.”

—Richard Rothstein, Economic Policy Institute

Solution Set 2: Eliminate Racial Inequities in Public School Quality

Gaps in educational outcomes between white students and students of color begin in early childhood and persist through high school. Although some of these gaps have narrowed over time, gaps between white and Black students remain high, and for some indicators the improvements have been statistically insignificant (Reardon and Portilla 2016). Even when family incomes are equal, educational outcomes between Black and white students are unequal.16 Long-standing patterns of neighborhood and school segregation mean the average Black student attends a school with a much larger share of students of color and students from poor families than the average white student.17 The high-poverty schools attended by Black students tend to lack the educational resources—like highly qualified and experienced teachers, low student-teacher ratios, college prerequisite and advanced placement courses, and extracurricular activities—available in low-poverty schools.18 Persistent disparities in school quality and educational outcomes sustain racial disparities in employment, earnings, wealth, health, and quality of life.

At the root of these inequities are deep funding gaps between Black and white school districts. Public school funding relies heavily on local property taxes, and because of deep disparities in the tax bases of Black and white communities, many Black communities (which are disproportionately property-poor) are at a funding disadvantage. Although many states have narrowed or eliminated funding differences between districts, equal funding is rarely equitable, because disadvantaged students need additional support. High-poverty districts require greater resources than other districts, yet 17 states still provide less funding to their high-need districts than their wealthier ones (Baker, Farrie, and Sciarra 2018). At the district level, 45 percent of high-poverty schools receive less state and local funding than other schools in their district (Heuer and Stullich 2011).
The structure and allocation of education funding reflects long-standing inequities that disproportionately affect Black communities. Today’s system of educational finance harkens back to the Reconstruction era. In the wake of the Civil War, communities sought to create systems that would ensure the underfunding of the recently enfranchised Black communities (Rooks 2017). Later, after the Supreme Court’s historic 1954 Brown v. Board of Education decision, many communities and states across the country found ways to meet the letter of the law while maintaining separate and unequal school systems. These strategies included the creation of new school districts to avoid integration, inequitable financing mechanisms, and public funding for private schools attended by white students. That legacy continues to shape school finance structures and, by extension, student outcomes.

If these educational gaps are allowed to persist, in the wake of a rapidly changing economic landscape, we face a future where students of color will fall even further behind educationally and economically. Moreover, as a nation, we will be unable to keep pace with the economy’s increasing demands for a highly trained and educated workforce.

“In many communities, there is little prospect of equity for students from low-income households and students of color because local, state, and the federal governments are not investing in the right of all children to learn.”

—Zakiyah Ansari, New York State Alliance for Quality Education

Investing to Improve School Quality

Many strategies for closing education gaps aim to improve school quality by targeting increased spending toward instructional reforms, like teacher quality, smaller class sizes, remedial programs, and better promotion and retention policies (Chingos and Whitehurst 2011; Heubert and Hauser 1999). These reforms are important and have led to crucial improvements for individual students and schools. But many have not been effectively targeted to students most in need and fall short in their ability to narrow deep racial inequities in school quality and educational outcomes. Moreover, these strategies often ignore the underlying funding disparities between school districts.
Offering School Choice

Many believe that charter schools, and related solutions like vouchers, represent the best hope for providing educational opportunity for disadvantaged communities. The charter movement originated as a desire to provide teachers and administrators with greater autonomy and the flexibility to try out new strategies. Supporters argue that greater choice and competition in the educational marketplace will give disadvantaged students access to opportunities they otherwise would not have and will improve the overall quality of education. In places like Washington, DC, and New Orleans, charters have demonstrated positive outcomes (Kingsland 2015). And in some cases, traditional public schools have improved after charter schools entered the system (Cordes 2018).

Overall, however, the evidence on charter school effectiveness is mixed (Gleason et al. 2010). In many cases, charters have led to systemwide inefficiencies and have not demonstrated the ability to consistently meet the education needs of all students. And, charters are no more or less successful on average than traditional public schools in improving math or reading test scores, attendance, grade promotion, or student conduct within or outside school (Gleason et al. 2010). Some evidence also suggests that charter schools may lead to more segregation. So although charters can improve student outcomes, they serve only a small share of all students and appear to be feasible only in densely populated areas. Therefore, they cannot be viewed as a systematic solution to meet the needs of the vast majority of students in need.

Bold Remedy: Education Finance Reform

While many strategies hold promise for narrowing education disparities, reforming the system of educational finance may have the biggest impact. Our current education system is made up of four distinct levels—federal, state, district, and school—in which the federal government exercises only a limited role (apart from Supreme Court interventions and major federal legislation like No Child Left Behind). All other matters rely on a complex interplay among state constitutions, a largely silent US Constitution, federal law, court precedent, and woven funding. The result is what the US Department of Education's 2013 Equity and Excellence Commission called a "broken system" of educational finance that is failing students, families, and communities (US Department of Education 2013).

The Education Commission of the States and the National Center on Education and the Economy have offered support for disrupting the current model by changing the nation's reliance on the local property tax to fund schools. And the Lincoln Institute of Land Policy has raised serious questions about the reliance on the local property tax in that it places a burden on families whose property taxes...
are large relative to their incomes (Kenyon 2007). These ideas are gaining traction politically in several regions and states, including New England, Pennsylvania, and Hawaii.²²

Over the past 40 years, in the wake of 139 separate state court challenges, 45 states have been forced to reexamine and address their funding structures. In most cases, the result has been a realignment of funding—often through across-the-board increases, newly targeted funding to disadvantaged districts and students, or decreases in total education funding. Notwithstanding the unevenness of school finance reform, the evidence points to the efficacy of increased spending. Research has shown that finance reforms have helped close about one-fifth of the achievement gap between high- and low-income districts (Lafortune, Rothstein, and Schanzenbach 2018).

These realignments have had problems reconciling definitions of need and addressing taxpayer equity. In some cases, the complicated interplay between local and state funding streams has created unintended consequences. Moreover, this process has not operated independently of politics; results depend upon the party in control of the legislatures and the executive branches (Berry and Wysong 2010). Depending on party dominance, funding realignments have been just as likely to entrench inequities across districts as to substantially narrow them. Reforms instituted under Democratic leadership have typically led to higher funding for all students, but not for low-income districts. Under Republican leadership or divided-party leadership, reforms often lead to more funding for low-income districts, but the new funding amounts are often lower than under Democratic-led reforms.

Even in states that have achieved greater funding parity between districts, or in property-rich Black communities (typically in urban areas), the depth of need and educational challenges means that, despite higher funding availability, districts serving Black communities are still at a clear disadvantage compared with other districts (Chingos and Blagg 2017). Funding parity is insufficient to narrow achievement gaps because educating disadvantaged students comes at a higher cost—requiring eight times as much funding, according to one study (Dynarski and Kainz 2015). Even when funding reforms reduce funding disparities between high- and low-income districts, those same reforms do not necessarily reduce achievement gaps between high- and low-income students (Lafortune, Rothstein, and Schanzenbach 2018). And regarding teacher pay, in the few states that have established statewide salary schedules, wealthy districts (and individual schools) can supplement their teachers’ salaries, thereby blunting the intended outcome of the statewide policy. Moreover, a strong case can be made that higher pay is needed for teachers in schools that serve students with higher needs.

A bolder two-pronged approach to funding reform would tackle the root causes of educational inequity in America and confront the historical legacy of racism by not only realigning funding, but also
directing investments to those with the greatest need and toward strategies proven to produce positive outcomes for children of color, such as better access to qualified professionals, extended learning opportunities, comprehensive support services, and improvements in the cultural competence of faculty. State-level funding reforms have not been appropriately designed to achieve those aims.

Scholars and educational reform advocates—including Charles Ogletree (Ogletree et al. 2017), Derek Black,23 the Southern Education Foundation (2009), and Mildred Robinson (2014)—have proposed disrupting the current system of educational finance. Many are calling for the creation of a completely different system of public education finance where the federal government assumes greater responsibility. This system would eliminate, restructure, or severely limit the reliance on local property taxes as a source of education funding. At present, the federal government pays for only $56 billion of the $678 billion in annual education expenditures; state and local governments cover the rest. How much the federal government would assume under a new federalism would be a function of how revenues were realigned, which would have implications for other expenditure categories and even potential implications for how property taxes are levied and collected. The complexities would be immense, and reform proposals have not yet offered specific resolutions.

In addition, the federal government would exercise a more prominent role in providing guidance and holding states accountable for using both appropriate standards and proven educational strategies. Professor Kimberly Robinson (2016), a legal scholar specializing in education finance, and others have argued that, under this approach, the nation could directly counter the effects of historical patterns of racial segregation and the underdevelopment in Black communities by appropriately targeting funds to disadvantaged students and communities and ensuring equal access to core (and proven) educational services.

An expanded federal role might also involve changes in enrollment boundaries and school assignment policies aimed at making schools more racially and economically integrated; such changes could help narrow disparities in school quality and educational outcomes. The nation’s complicated and tortured history of desegregation has demonstrated the beneficial impacts of racially integrated schools on outcomes for Black students. Desegregation would be a critical piece of the larger and more complex picture of education reform, making all other strategies much easier. Moreover, it underscores the reality of the integrated nature of the solutions and issues explored in this brief, as no one solution would be as successful in isolation as it would be as part of the combination of four solutions.

Education finance reform does not intend to end local control and authority for educational matters. Significant questions remain about how to strike an appropriate balance between the
community’s role in determining what their students most need and the federal role in ensuring educational quality and equity.

Solution Set 3: Close Employment and Earnings Gaps

Black people face inequalities in employment and earnings, as well as occupational segregation, that limit their opportunities in the labor market. These inequities deprive Black people of the chance to participate in and reap the benefits of the American economy.

Involuntary servitude through enslavement originated and has defined the labor experience of people of African descent in the United States for most of the country’s history. Even in the decades following Emancipation, Black people were primarily constrained to jobs in sharecropping, service (e.g., maids, Pullman porters), delivery, and manual labor, though they also began to see opportunities as teachers, lawyers, and doctors for primarily Black clientele (Gillette 2006; Vedder and Gallaway 1992; Wilkerson 2011; Wilson 1980). Discrimination and segregation in hiring, pay, and employment were common and largely legal practices until the 1960s, when civil rights advances outlawed employment discrimination by race and even argued for “affirmative action” to ensure employment and fair treatment for people of color.

While Black workers and job seekers have experienced many important gains since then, progress still lags. Despite reaching a nearly 50-year low in 2018, the Black unemployment rate has persistently been much higher than the white unemployment rate, typically at a two-to-one ratio. Compared with white Americans, higher shares of Black Americans in their prime working years (25–54) are not in the labor force, meaning they are not employed or not looking for work. This employment gap would be even greater if labor market statistics counted people who are incarcerated.

These gaps are not the result of individual failures. They reflect the effects of a host of structural disadvantages and discriminatory practices, such as mismatches between where Black people live and where they can access good jobs, long-standing racial discrimination in hiring and promotion, the decline of unions and weakened worker protections, and the deleterious consequences of mass incarceration on the Black community (Hellerstein, Neumark, and McInerney 2008; Quillian et al. 2017; Rosenfeld and Kleykamp 2012; Western 2007).

Black workers also are typically paid less than white workers. Among employed people, Black workers are paid about 80 cents on the dollar to white workers. Black women experience the dual effects of racial and gender disparities and are paid less than white men, white women, and Black men
These pay gaps partly stem from occupational segregation—the concentration of racial, ethnic, and gender groups in particular jobs. Systemic racial discrimination contributes to occupational segregation and creates barriers to access to good jobs for many people of color at hiring and in opportunities for advancement.

Black people tend to hold jobs in lower-paying occupations, a pattern that exists at all levels of educational attainment (Hamilton, Austin, and Darity 2011). Further, Black people are steered toward certain occupations, which are often lower paid, and may even take jobs for which they are overqualified (Pager and Pedulla 2015; Pager, Western, and Bonikowski 2009). Occupational segregation obstructs career pathways, limits opportunities for advancement, and contributes to the racial wealth gap by depriving Black workers of fringe benefits—such as health care and retirement savings plans—that come with higher-wage occupations (Thomas et al. 2013).

These inequities pose substantial challenges to Black people obtaining equal opportunity across several domains—not just in the economy, but also in health care, education, and housing.

Building Workers’ Education and Skills

Despite the structural nature of racial inequalities in employment, investments in skill-building and education clearly lead to better pay and better jobs, even if they do not always close gaps. As a result, educational advancement is the most commonly pursued strategy for advancing employment opportunities for Black workers. The rates of Black people attending and graduating from college continue to increase, and racial gaps in postsecondary enrollment and educational attainment have shrunk. Community colleges have also made gains, providing more financial aid, mentoring, structured curricula, and increased connections to four-year universities. However, Black students and graduates are facing a mounting student loan crisis, with higher debt burdens, longer times to pay off loans, and increased defaults (Huelsman 2015). In addition, racial unemployment and pay gaps still exist for people with the same level of education, including people with bachelor’s degrees or higher.

Job training and apprenticeships also provide opportunities for Black people to build their skills and advance their employment opportunities. Evaluations of apprenticeships and job training programs find substantial increases in income for people who complete the programs (Reed et al. 2012). However, Black people participate in apprenticeship programs at a lower rate in general and tend to be overrepresented in training programs for lower-paid occupations and at for-profit colleges that often harm students more than they help. Efforts to demonstrate what works for young men and boys of color show several promising job training programs, including some proven to raise wages and increase
employment like YearUp (Spaulding et al. 2015). Though apprenticeship and job training programs show a great deal of promise, the same challenges that hinder access in the larger job market exist in job training programs as well (Hanks, McGrew, and Zessoules 2018).

**Combating Employment Discrimination**

The Equal Employment Opportunity Commission (EEOC), established by Title VII of the Civil Rights Act of 1964, protects workers and job seekers from discrimination by employers. The EEOC’s efforts have fought racial discrimination in hiring, pay, and occupational segregation and have secured legal protections that enable fairer chances at opportunity in the workplace. And the data the EEOC collect on employers allow lawmakers, regulators, and researchers to track in which industries and for which populations progress is being made and where additional efforts should be pursued. Recently, the EEOC, which already collected data on racial composition by firm and occupation, has strengthened its annual data collection to collect data on employer pay by firm and occupation. These data will allow for a clearer picture of where workers are valued as equals and where they are undervalued.

In the 1960s, Presidents Kennedy and Johnson signed executive orders for "affirmative action" to ensure that government agencies and contractors engage in racially fair hiring practices. Affirmative action expanded into the private sector through the 1980s, and in the early years of the program Black workers advanced rapidly into professional and higher-paying jobs, though evidence suggests the benefits have since tapered (Stainback and Tomaskovic-Devey 2012; Wilson 1980).

More recently, employers in industries as diverse as law, medicine, sales, manufacturing, and tech have pursued strategies to attract and retain people of color to jobs, as well as to increase the number of Black people in management or in Silicon Valley jobs (Cohen, Gabriel, and Terrell 2002; Dobbin, Kalev, and Kelly 2007). But the success of these efforts depends greatly on context. Moreover, despite progress made by antidiscrimination enforcement, occupational segregation continues across industries and geographic areas. Efforts across all these domains have opened doors for Black workers, but the disparities in unemployment, pay, and occupations remain large and persistent.

**Bold Remedy: Job Guarantees**

To successfully close earnings and employment gaps and create equitable opportunities for Black workers, many policymakers and scholars are exploring bolder strategies. Some policymakers support federal job guarantees as a bold remedy for unemployment, poverty, and racial inequalities. While not
new—job guarantees were floated in the 1930s and the 1970s—the prospect has gathered new energy, with several Democratic presidential candidates proposing some form of a job guarantee. But what is it?

A federal job guarantee is a government guarantee of a job to any job seeker who wants one, with most proposals suggesting wages above the federal minimum wage, some benefit provision, and full-time or part-time status to suit the job seeker’s needs. The scale of the program differs greatly by the proposal. Some proposals suggest that the government be an employer of last resort to stave off recessions, while others suggest a permanent federal program, offering jobs that would compete with, if not compare with, the private sector (Paul, Darity, and Hamilton 2018; Wray 1997). The program’s primary goal would be to keep the American economy at full employment, limiting the number of recessions and economic downturns.

“A ensuring the dignity of a good job with fair pay and benefits to all Americans should be the top priority of our elected leaders.”

—Lee Saunders, American Federation of State, County and Municipal Employees

A range of current pilots and proposals would support employment for as few as several hundred thousand to as many as 17 million people and would cost between $16 billion and $543 billion a year (Nunn, O’Donnell, and Shambaugh 2018). The more conservative approaches (in size and cost) would implement job guarantees only in the places with the highest unemployment or would implement employer subsidies to support hiring disadvantaged and overlooked subgroups (such as formerly incarcerated people) in market-driven work (CAP 2018). These programs could expand and contract as needed based on employment cycles. The more expansive options—such as the one suggested by Paul, Darity, and Hamilton—suggest a full federal guarantee that would both guarantee a job to any job seeker who wants one anywhere in the country and argue for a permanent federally subsidized employment program.

Job guarantees would likely reduce racial pay gaps in two ways. First, many job guarantees proposals recommend an increase in the federal minimum wage, or at least a minimum wage for participants above the current federal minimum wage (CAP 2018; Tcherneva 2018). This higher wage could substantially reduce gaps in the low-skill labor market, where a disproportionate share of Black adults work. Moreover, increased competition for workers may lead private employers to pay
underpaid Black workers comparably with white workers as lower-paid workers move to the higher-paying guaranteed jobs. Second, guaranteed jobs would reduce racial unemployment gaps through the expansion of jobs for people who are marginally employed or disproportionately employed in the low-wage labor market. Because Black people have higher unemployment rates and are overrepresented in low-wage jobs, a job guarantee would be disproportionately beneficial to them.42

However, the challenge and the opportunity of job guarantees to address racial inequities in employment lie in the size and scale of the guarantee. If a job is guaranteed to anyone who wants one, a federal job guarantee would certainly reduce and potentially even close racial disparities in employment and labor force participation. More targeted programs that focus on areas of high unemployment or people who struggle to find work could create and expand employment opportunities for Black people. Despite that, these targeted programs may not be enough to combat discrimination in the labor market, especially programs that subsidize employers rather than provide jobs directly. Further, all job guarantees are light on the subject of occupational segregation, and it is unclear what the impact of guaranteed jobs would be beyond reductions in unemployment and pay disparities.

Many questions remain unanswered about how such a program would be implemented and what it would cost. At the high end, Paul, Darity, and Hamilton (2018) estimate that their model would cost about $543 billion, which is about 13 percent of federal spending as of the 2018 budget and comparable with the $583 billion spent on Medicare.43 They argue that increased local tax revenue will help offset most of the cost, with additional savings from reduced demand for safety net programs. Establishing any new program of that scale and cost would face many political barriers and would necessitate a degree of political support and bipartisanship not often found for much smaller proposals. Criticisms of these programs suggest that the proposals may understate take-up and the full potential costs (Nunn, O’Donnell, and Shambaugh 2018).44 Further, a permanent federal program that would employ many more millions of people (three times as many as all public school teachers nationally) in various jobs across a range of sectors may be untenable.45

Implementation is another major hurdle. Multiple proposals suggest local governments and nonprofits engage in public works programs to support building homes, cleaning up parks, providing care for the young and elderly, and other similar local projects. Implementation would require the establishment of a guarantee job office in every community in the country. Each office would presumably have the freedom to determine local needs, but that amount of variation in program administration at that scale makes establishing uniform standards and consistent, effective administration very difficult. In addition, multiple proposals suggest that people would be employed in jobs that serve the community, such as working on infrastructure projects or providing aid to the elderly
and infirm, jobs whose tasks would need to continue should the economy improve and some employees move back to the private sector.

Successful implementation of job guarantees raises important questions around scale, duration, job task, and job quality that policymakers will need to consider closely when advancing proposals (Bivens 2018). Knowledge-building on this topic should prioritize pilots that could examine several of these challenges and identify the best solutions. Smaller and more targeted programs may be easier to implement and may make important strides in reducing racial gaps in employment and pay. But without some guarantee—or at least structures in place to discourage or prevent discrimination—policies to support full employment will likely not go far enough to change the pernicious structures that have upheld long-standing racial inequalities in the labor market.

Solution Set 4: End Punitive Policing

Given the excessively harsh nature of this country’s policing practices and the overwhelming burden they place on people of color, a call to end punitive policing is a call to end policing as we know it. Some of the most visible examples of structural racism at work in the US center on criminal justice policy and practice. Viral videos of police brutality, the burgeoning Movement for Black Lives, and the recent release of high-profile movies and books such as 13th and The New Jim Crow: Mass Incarceration in the Age of Colorblindness have sharpened the public gaze around race and criminal justice. Though criminal justice systems touch different communities of color differently, this section focuses on Black people and the harm they have experienced and continue to experience. Ending anti-Black racism in the criminal justice system will benefit all people.

Race-coded criminalization has resulted in sobering disparities at every stage of the criminal justice system: law enforcement, prosecution, defense, courts, and corrections. And these gulfs exist “for both the least and most serious offenses” (The Sentencing Project 2018). Black communities are more likely not only to be suspected of criminal activity but to receive harsher punishments. Black people make up around 13 percent of the US population yet constitute 27 percent of all people arrested. Similarly, Black youth make up 15 percent of children in the US but about 35 percent of juvenile arrests in a given year. In local jails, Black people are more than three times as likely to be detained before trial than their non-Hispanic white peers. More generally, Black adults are nearly six times as likely to be incarcerated as white adults, and 1 in 3 Black boys born in 2001 could expect to go to prison in their lifetimes compared with 1 in 17 white boys. And 1 in 5 people in prison for at least 10 years is a Black man incarcerated before age 25.
Today, law enforcement officers disproportionately target Black individuals “for suspicion of crime,” asserting that this kind of discrimination increases their likelihood of preventing a crime or catching a perpetrator. Research also illuminates significant differences by race in police use of force, with one study of 12 police departments showing racial disparities in most uses of force, such as “hands and body,” pepper spray, and Tasers, even when statistically adjusting for the racial distribution of arrests (Goff et al. 2016). This kind of punitive policing has profoundly detrimental effects on individuals, undermines family and community stability, and is economically costly (Del Toro et al. 2019).

These disparities stem from a long history of disciplinary policies and destructive stereotypes associating Black people with crime (Welch 2007). A primary purpose of early Southern policing institutions was to control and intimidate enslaved Black people by chasing people who ran away and stamping out potential rebellions. After the Civil War, southern states enacted new Jim Crow codes that targeted Black communities and charged them with “crimes” like vagrancy and idleness, forcing them back into systems of imprisonment and exploitation. During the late 1970s and ’80s, public media and politicians alike characterized Black communities—and young Black men in particular—as predators and criminals. Even before the War on Drugs, most of white society perceived and portrayed Black people as untrustworthy, intimidating, and prone to violence. And in today’s media, Black people are still overrepresented as perpetrators of crimes.

Structural racism in the criminal justice system also affects Black wealth, employment, housing, and neighborhood stability. Removal of people from a community destabilizes it, and that destabilization exacerbates the difficulties of successful reentry (Morenoff and Harding 2014). If a caregiver is imprisoned, the family left behind is forced to deal with loss in income and changes in caregiver arrangements. Though many men who have been incarcerated still provide some support to their children, the financial and child-caring burden falls hardest on women. Black women are more likely to be underpaid and to experience poverty than their white peers, so this burden weighs particularly heavy on them. Communities that pay bail, fees, and other costs accrue debt, further widening the wealth gap. Finally, the stress that accompanies the direct and indirect experience of seeing a loved one incarcerated affects Black mothers’ and infants’ health outcomes (Maxwell and Solomon 2018).

Regulating and Reforming Police Practices

Policymakers at every level can implement and support strategies that would result in not only better public safety outcomes at various stages of the criminal justice system, but fairer ones as well. Criminal
justice systems and processes differ by jurisdiction, but most include interactions of law enforcement, 
prosecution, defense, courts, and corrections. We focus here on proposed solutions that affect law 
enforcement, though downstream solutions focused on courts and corrections are also critical.

Many strategies around criminal justice system reform are already being tested at the federal, 
state, and local levels (La Vigne et al. 2014). For example, New York City’s reforms to the New York 
Police Department’s use of “stop and frisk” practices resulted in a massive decrease in such stops, \(^{53}\) 
from 686,000 in 2011 to 11,000 in 2018. Moreover, crime in the city continued to decline over that 
period, \(^{54}\) providing concrete evidence that it is possible to radically reduce the kind of police activity 
that disproportionately threatens Black and Latinx youth without seeing an increase in crime.

While most policing reforms could include a racial justice component, many do not address 
structural racism directly. \(^{55}\) One that is intended to do so is the National Initiative for Building 
Community Trust and Justice, \(^{56}\) a six-city effort to pilot ways to restore relationships between police 
and people in communities that suffer from high levels of crime and strained police-community 
relations by advancing the development and adoption of officer training, policy changes, and 
reconciliation processes. Research shows that residents of communities with high levels of crime and 
low incomes have very low levels of trust in police and that the public views police officers more 
positively when police behave in a procedurally just manner (La Vigne, Fontaine, and Dwivedi 2017). \(^{57}\) 
National Initiative partner The Justice Collaboratory at Yale Law School developed model police 
department policies (Quattlebaum, Meares, and Tyler 2018) that incorporate procedural justice in 
three key aspects of police department policymaking:

- transparency and public engagement
- procedural justice within police departments
- procedural justice in the community

In addition, many jurisdictions are enacting and implementing more thorough and transparent 
policies around public surveillance tools, like body-worn cameras, \(^{58}\) and supervision monitoring 
technology. Body-worn cameras received support because the public hoped that recording officer-
citizen interactions would improve police transparency and accountability. Early research suggested 
that officers who wore this technology were less likely to use force and receive complaints from the 
community. However, more recent research with larger samples found mixed results. Additionally, for 
some communities, body-worn cameras represent more of an increase in surveillance than in safety.
One of the primary theories behind the disparities in racial profiling and police brutality is that it stems from implicit or unconscious bias. Jennifer Eberhardt, a Stanford professor and social psychologist, has conducted research that shows how these biases affect policing. Consequentially, it follows that developing and implementing state-mandated police training could reduce racial bias and violent citizen-officer interactions, especially among Black communities. This strategy focuses more on reducing interpersonal bias in individual exchanges but cannot fully address structural anti-Black bias.

Another strategy that is gaining ground is requiring law enforcement agencies to comply with standard gang-classification database practices. Current classification practices within law enforcement agencies across the country can hinge more on subjective, racially biased identifiers than on evidence of criminal activity. These practices raise concerns about civil rights and due process. The Commission on Accreditation for Law Enforcement Agencies (CALEA) currently acts as a body of oversight and credentialing authority for public safety agencies. While it is unclear how different CALEA-accredited agencies are from non-accredited agencies in their practices, policies around CALEA incorporating evidence-based gang-classification standards might be worth exploring, particularly if federal policies require all law enforcement agencies to become CALEA-accredited in order to receive federal funding (Hougland and Wolf 2017).

Misidentification is also a risk in the use of facial recognition and surveillance technology in police lineups. Georgetown Law’s Center on Privacy and Technology “Perpetual Lineup” report found that half of American adults are registered in a law enforcement face recognition network (Garvie, Bedoya, and Frankle 2016). These databases pull from live surveillance video but are not evaluated for accuracy. While it is unrealistic to do away with facial recognition technology altogether in the criminal justice system, it will be critical to understand and address the very real risks that the technology creates.

Research already exists on how facial recognition may worsen racial disparities because it accelerates Black misidentification within and across agencies and automates bias (Buolamwini and Gebru 2018). Some law enforcement agencies and prosecutors are addressing this bias by signing the Safe Face Pledge to mitigate the abuse of facial recognition technology, including lethal and lawless use of the technology. Organizations that sign the pledge commit to adopting internal systems to evaluate their facial recognition products and submit to ongoing external evaluation by oversight bodies. They also agree to publish information on how these technologies are sold and used, as well as to proactively build relationships with affected communities and experts in “data ethics, civil rights and liberties, racial and gender justice, privacy, and policing.”
Bold Remedy: Invest-Divest

“There is no such thing as incentivizing change because power is at the core of everything in the criminal justice system. And ‘power concedes nothing without a demand’ (Frederick Douglass).”

—Dr. Mengie Parker, Indiana University East

In addition to these ongoing reform strategies, bold new approaches are being discussed and tested that seek more explicitly to dismantle the legacy of racism in law enforcement. These strategies highlight the potential benefits and threats of fast-changing technology; elevate demands around abolition, resolution, and healing; and lift up the leadership role community members can play in redefining and reframing public safety.

One such strategy is invest-divest. Marbre Stahly-Butts, codirector of Law for Black Lives, describes the invest-divest frame as an intervention that divests funds from the kind of policing and court systems that harm Black communities and invests these resources in community-based alternative systems.64 Advocates for such strategies argue that pumping resources into punitive systems does little for community safety, especially for Black people (Hamaji et al. 2017). Instead, advocates argue, federal, state, and local policymakers should redirect funds to vital but under-resourced services focused on health, education, housing, youth development, and living-wage jobs.

For example, Chicago’s No Cop Academy campaign organized communities against a proposed $95 million Joint Public Safety Training Academy.65 Campaign volunteers surveyed West Garfield Park residents and collected community member recommendations for alternative city investments. Many prioritized education and youth development, and none included the Cop Academy. Research demonstrates that these kinds of services are much more effective in reducing crime long term than increasing police or incarceration (Sakala, Harvell, and Thomson 2018). But there is a need for pilots to document and evaluate the invest-divest strategy.
“Close your eyes and think about a time when you felt the safest—when you felt like you were safe, that your community was safe, that your family was safe. And then [ask] did that involve police?”

—*Marbre Stahly-Butts*, *Law for Black Lives*

Communities are also investing in community safety trainings and community conflict mediators. Community mediators are local volunteers who receive training in conflict resolution and then provide these services to community members. This strategy could restore community control over public safety initiatives and redirect resources to community members, in a similar vein to divest-invest strategies. In addition, a range of community-based strategies aim to advance the well-being of youth and families by creating a continuum of care and opportunity rather than focusing investments on policing and incarceration (Harvell et al. 2019). One strategy is participatory budgeting, which collectively engages communities in determining how some public resources are spent. Many of these approaches are new and while initial evaluations are promising, more definitive research would be valuable.

Ending the racial inequities in the criminal justice system will also require solutions that extend beyond policing. Policymakers, advocates, and communities are exploring further downstream strategies such as ending cash bail, which can disproportionately harm people with low incomes; creating a body responsible for greater oversight of district attorneys; repealing mandatory minimum sentences; and capping prison sentences at 20 years.66
Building Knowledge Changemakers Need

Many influential leaders in communities across the country and at the national level increasingly recognize the heavy toll imposed by our history of racist policies and institutions. And a growing number of efforts under way—in asset-building, education reform, hiring fairness, and policing—aim to narrow persistent racial equity gaps. But proposals are also being offered for bolder solutions that aim more directly at the roots of these inequities. Many of the changemakers advancing these bold solutions draw upon solid evidence about the history of discriminatory practices, the systemic barriers people of color face, and the effectiveness of policies and programs. But policymakers, practitioners, and advocates also acknowledge the critical gaps in evidence that undermine efforts to advance bold solutions, which call for big investments in untested and disruptive ideas.

Drawing upon interviews and discussions with a broad array of thought leaders and changemakers, we have identified three priority areas where knowledge-building focused explicitly on overcoming the legacy of structural racism could inform and accelerate solutions to the profound equity gaps that persist today:

1. **Pilot bold remedies on a small scale or in selected locations, and rigorously evaluate them so advocates and policymakers can address legitimate doubts about costs, feasibility, and effectiveness.**

2. **Adapt microsimulation models to answer challenging “what if” and “what would it take” questions, forecasting how equity gaps could be narrowed by major reforms to systems and policies as well as through the cumulative effects of more incremental investments across domains and over time.**

3. **Quantify the full costs and benefits of bold remedies, across domains of life and over time, including the costs of inaction and the long-term benefits of investment.**

These knowledge-building priorities do not aim to address every interesting or unanswered question about structural racism or its effects on people and communities, but to fill critical gaps from the perspective of policymakers, practitioners, advocates, and philanthropists working to advance bold solutions.
Priority 1: Pilot Bold Remedies with Rigorously Evaluated Demonstrations

Advocates for bold remedies and policymakers considering their enactment face serious questions about costs, feasibility, and effectiveness. By definition, these proposed solutions call for ambitious changes in the distribution of public funds or in the roles of public and private institutions. As a consequence, questions about whether and how they would work, and at what cost, cannot be answered with existing data or evidence from more incremental interventions. And the absence of evidence can make it easy for critics to dismiss bold proposals as unrealistic or unaffordable.

Applying Knowledge to Accelerate Solutions

Pilot studies—when rigorously designed, conducted, and evaluated—can advance bold remedies by building real-world evidence about the mechanics of implementation, costs, and outcomes. They can help proponents of untested remedies convert abstract principles into concrete programmatic proposals. They can test the feasibility of alternative approaches to such issues as eligibility definitions, application procedures, payment mechanisms, accountability, and reporting. They yield experience-based cost estimates and—over time—provide evidence about whether the desired outcomes are advanced. Thus, a commitment to rigorous pilot studies can strengthen the design of bold remedies, bring them into the mainstream of policy debate, and equip advocates and policymakers (federal or state) to make the evidence-based case for scaling them.

Approaches to Knowledge-Building

Program pilots and demonstrations can take several forms, each of which contributes essential knowledge about costs, feasibility, and effectiveness.

Some ideas may warrant a preliminary phase of feasibility testing to inform their design and development. This phase typically operates at a very limited scale—involving fewer than 100 participants or just one or two communities—and creates opportunities to experiment with alternative approaches to such questions as eligibility and enrollment and implementation roles and activities. In-depth interviews and focus groups with both program implementers and participants can yield important lessons about design and implementation. This kind of preliminary feasibility testing also provides an opportunity to develop and test data-collection protocols for larger-scale pilots. Urban is planning exploratory pilots for an innovative participatory justice initiative that would encourage
community members to share their vision for public safety and identify what they want and need from the criminal justice system to get there. Establishing, testing, and evaluating this model can inform both grassroots organizing efforts and policy decisionmaking.

“I also knew so many incredible, effective leaders from all over the country…that with a little bit of data capacity would be able to shift power and win real concrete and measurable change in the lives of black people in their community.”

— Yeshi Milner, Data4BlackLives

Implementation studies generally test one or more well-defined program designs in multiple sites, tracking costs, participant characteristics, and implementation processes. They can produce estimates of both costs and short-to-intermediate-term outcomes. The Federal Jobs Guarantee Development Act, introduced by Senator Cory Booker, proposes to pilot a federal job guarantee in 15 locations over three years. Participating communities would receive funds guaranteeing a job for all adults who want one, with the jobs paying at least $15 an hour and providing paid leave and medical and retirement benefits. An implementation pilot such as this could address how to set up local offices to find jobs, the hiring and selection process, how benefits programs and packages would work, program take-up, and the effect on the local economy, as well as any moral hazard issues, such as conditions for termination from a guaranteed job.

Randomized controlled trials produce rigorous estimates of an intervention’s impact—how outcomes for participating people or communities differ from a control group. For example, baby bond proponents are calling for a 10-year demonstration of a testable version of the approach that would randomly assign a sample of young adults to three treatment groups: (1) a control group who would receive no wealth endowment, (2) a group who would receive a wealth endowment with no restrictions on its use, and (3) a group who would receive a wealth endowment that could be used only for asset-building, such as higher education, the purchase of a home or business, or retirement savings. Over 10 years, this trial would reveal what young adults actually pursue given a financial stake for the future, as well as the moral hazard and potentially predatory practices they might experience.
Priority 2: Adapt Microsimulation Models to Focus on Equity Gaps

Demonstrations create valuable opportunities for new knowledge-building. But they require a substantial investment of financial resources and time. Often state and local elected officials want the best possible estimates of the likely effects of a proposed new policy. In addition, even the strongest demonstration projects cannot answer questions about very-long-term or secondary ripple effects of a systemic remedy. For example, how would a baby bonds program affect homeownership rates and subsequent wealth-building from home value appreciation? How would changes in policing and sentencing practices affect employment and earnings? By definition, structural racism involves a web of barriers, where inequities in one domain of life undermine progress in others. Correspondingly, an effective remedy for inequities in one domain might yield significant gains in other domains as well. Today, advocates for bold remedies and policymakers considering their potential lack the evidence they need to project these interconnections and impacts.

Applying Knowledge to Accelerate Solutions

Microsimulation models have the potential to empower changemakers to explore challenging “what if” and “what would it take” questions, forecasting how equity gaps could be narrowed by major reforms to systems and policies as well as through the cumulative effects of more incremental investments across domains and over time. Microsimulation modeling has a rich history of analyzing federal and state policies, especially around entitlement programs and tax policy. These computer models estimate the total and distributional effects of policies by simulating their application for representative samples of people. They can incorporate the interaction of different policies (like the minimum wage and benefit cliffs for safety net programs), the variation in policy outcomes under changing economic or demographic conditions, and the long-term—even intergenerational—impacts of policy interventions.

A suite of microsimulation modeling tools, focused on critical gaps in wealth, education, employment, and policing, would create opportunities for both advocates and public officials to engage in robust deliberations about strategies for overcoming structural racism. Advocates could apply these models to test alternative versions of specific policies to identify the combination of eligibility criteria, spending levels, and programmatic requirements with the biggest bang for the buck. They could explore how outcomes might vary under differing economic conditions, in different types of communities, or for different groups of people. And they could make the strongest possible case for bold remedies by estimating their long-term and cross-cutting benefits. Correspondingly, local, state, and federal public
officials could compare proposals, estimate the cost and benefit implications for their own jurisdictions, and make informed decisions about the long-term cost-effectiveness of bold remedies.

**Approaches to Knowledge-Building**

Several well-established and powerful microsimulation models at the Urban Institute could be leveraged to address issues of structural racism.

The Urban Institute’s Dynamic Simulation of Income Model (DYNASIM) uses the best and most recent data available to project the size and well-being—including employment, income, wealth, and health status—of the US population for the next 75 years. It can explore a wide range of "what if" scenarios, showing how outcomes would likely evolve under changes to public policies, business practices, or individual behaviors. This model can show how different groups will fare over time, who is moving ahead and who is being left behind, and which groups would win and lose under various policy proposals. DYNASIM could be used to determine what happens to rates of homeownership and educational attainment under baby bonds, as well as levels of debt, home equity, retirement savings, and overall net worth. And it could compare the aggregate and distributional effects of alternative models like the Hamilton and Booker designs. Similarly, DYNASIM could be applied to model the spillover effects of reducing the unemployment and wage gaps that could result from guaranteed jobs, estimating intra- and intergenerational rates of mobility. DYNASIM could also be used to model the relative benefits of different program models, for example, by comparing the long-term benefits of closing the unemployment gap with those of cutting it in half.

Urban’s Analysis of Taxes, Transfers, and Income Security model estimates eligibility, benefits, and enrollment (nationally and state by state) for all major federal benefit programs—the Supplemental Nutrition Assistance Program, Supplemental Security Income, Temporary Assistance to Needy Families, child care subsidies through the Child Care and Development Fund, public and subsidized housing, the Low-Income Home Energy Assistance Program, and the Special Supplemental Nutrition Program for Women, Infants, and Children—and computes payroll taxes and federal and state income taxes to yield net measures of income and poverty under alternative policy scenarios. The model could also be used to analyze the possible distributional benefits of different job guarantee approaches, providing estimates of which groups benefit in terms of higher incomes, and spillover effects of decreased reliance on the earned income tax credit, welfare, and other transfer programs.

The Social Genome Model is a model of social mobility from birth through adulthood, making it possible to explore how targeted policy changes (like improvements in school quality) might influence
social mobility across various outcomes and across life-course stages from childhood through adolescence and adulthood. For example, if we could improve reading scores in elementary school, how much improvement might we see in high school grade point averages and graduation rates? The Social Genome Model can provide a relatively quick and inexpensive “laboratory” for testing ideas about the effects of earlier-life interventions on later-life outcomes. This tool also offers the ability to examine the effects for specific populations and specific interventions—critical for addressing structural racism. And, it allows researchers to simulate the impact of multiple interventions over a person's experience. For example, when strong evidence links a policy or practice to improved cognitive and behavioral outcomes in early and middle childhood, the model can demonstrate how those improvements cascade forward to improved adolescent and adult outcomes. Thus, the model could examine how much the later life outcomes of Black people improve as a result of policy interventions such as allocating students into smaller class sizes, having a teacher with a National Board Certification, having a teacher with an additional year of teaching experience, expanding prekindergarten programs, and implementing early college high schools so long as those interventions are clearly linked to improved cognitive and behavioral outcomes during childhood.

Current versions of these microsimulation models provide the capacity to generate considerable insight on the implications of competing strategies for closing racial gaps in wealth, education, employment, and policing. But they would be strengthened through two important types of refinements: input data refinements and algorithm refinements. These two types of refinements are interrelated and complementary and should be pursued simultaneously as part of a comprehensive agenda of microsimulation model development and application.

**Input data refinements** would more accurately reflect racial and economic disparities in starting conditions and enhance a model’s ability to disaggregate and report results for different racial and ethnic groups and geographic communities. The everyday material manifestations of structural racism essentially form the input data for microsimulation models. That is to say, the effects of structural racism appear in the data as the observable differences across racial categories (e.g., differences in educational attainment and income). In that way, structural racism is already “baked into” the models. However, not all models stratify their input data by race and ethnicity, and they may consequently obscure important differences in the simulated results. Moreover, if input data are not properly disaggregated, a model cannot report variations in outcomes across racial and ethnic groups.

**Algorithm refinements** would incorporate the effects of past and ongoing discrimination on the simulated behavior of different racial and ethnic groups into a model’s predictive processes. We know that populations of color exhibit different behavioral responses partly because of different contextual
constraints on their choices. In addition, cultural history may partly shape choices and behavioral patterns. Some microsimulation models incorporate empirical evidence about these behavioral differences, but others effectively assume that everyone’s behavior is the same. Empirical research to examine and challenge the built-in behavioral assumptions about populations of color that inform microsimulation models can ultimately improve their predictive capacity and their ability to assess strategies for closing persistent inequities.

Finally, some data that would be necessary to simulate some proposal designs are absent. For example, the Hamilton baby bond proposal bases the size of the endowment on a family’s wealth, but no data currently exist on the wealth of all households. However, it may be possible to explore adding questions on wealth to forms that households use to file their taxes. This would give the government annual data on wealth for all tax filers.

**Priority 3: Quantify the Full Costs and Benefits of Bold Remedies**

Often, policymakers have reasonably good estimates of the near-term budgetary costs of a potential remedy but not about the costs of inaction or the long-term benefits of investment. This asymmetry argues against bold action or disruptive policy change, because it focuses the policy discussion on the budgetary cost. Cost-benefit analyses that leverage evidence from cross-sectional analysis, rigorous demonstrations, and microsimulation models can fill this knowledge gap, valuing the long-term payoffs from a proposal alongside its costs. Then, policymakers can make more fully informed decisions about the trade-offs between near-term costs and long-term benefits, or about the often-unacknowledged costs of inaction versus the costs of policy change. In 2018, the Kellogg Foundation released *The Business Case for Racial Equity*, which sought to quantify in broad strokes the cost of racial discrimination to the US economy (Turner 2018). It was an important step toward starting a national conversation on the need to quantify only the negative consequences of racism not only for people of color, but for the future prosperity and growth of our nation.

**Applying Knowledge to Accelerate Solutions**

The current trend toward increasing the use of evidence in public policy and the growing popularity of outcomes-focused programming provides an opportunity for elevating the use of cost-benefit analyses to address racial inequities. Policymakers of all political stripes are more receptive than ever to fiscally
grounded public policy research that quantifies the costs and benefits of effective interventions. Because cost-benefit analyses can quantify (in dollars) the forgone savings from not correcting a problem, it meshes well with the budget planning protocols of local and state governments and can be an effective tool for philanthropic and advocacy organizations seeking to change policy. To illustrate, recent estimates of the costs of racial segregation in the Chicago metropolitan area generated substantial media attention and served as a catalyst for a community-based process for identifying and advancing solutions. One caveat is that cost-benefit analyses cannot incorporate gains that are not easily measurable in dollars.

“While a significant public investment, the baby bonds proposal starts to look pretty inexpensive weighed against the costs of massive and widening wealth inequality and dwindling social mobility.”
—Melvin L. Oliver, Pitzer College, and Thomas M. Shapiro, Institute on Assets and Social Policy at The Heller School for Social Policy and Management

Approaches to Knowledge-Building
Pilot studies and microsimulation models can both contribute to rigorous cost-benefit analyses in the areas of wealth, education, employment, and policing. Pilot studies provide direct evidence of an intervention’s budgetary costs and near- and intermediate-term outcomes for people (such as increased assets, higher earnings, increased rates of school completion or employment, or lower incarceration rates). Then, microsimulation models like Urban’s DYNASIM and Social Genome Model can estimate the longer-term and ripple effects of these outcomes.

An alternative approach is to conduct cross-sectional analysis across locations, relating the size of a particular racial gap to the incidence of other outcomes like economic growth, health, or safety. This approach could be used to estimate the costs to a state of public school funding inequities or the costs to a local jurisdiction of punitive policing policies.

The costs associated with certain policies might also differ across communities. For example, police victimization occurs disproportionately in neighborhoods where residents have low incomes. If wage loss is a primary factor in assessing the costs of victimization, there is risk in devaluing the cost of police
brutality to poor rather than wealthy communities. Consequently, both tangible and intangible costs need to be considered in any cost-benefit analysis.

In criminal justice research, tangible costs related to property damage or loss, medical bills, and lost wages draw on actual dollars spent. However, pricing pain, suffering, and trauma rely on indirect methods and measures, including quality-adjusted life years and surveys about willingness-to-pay for policy change. Calculating the intangible costs of harsh enforcement practices is difficult, but the “shadow price” remains a useful tool, given that the intangible costs of potential death or violence almost always considerably surpass the tangible costs.

A cost-benefit analysis could estimate the true costs of different job guarantee programs, analyzing how much savings from decreased reliance on welfare programs could offset the administrative costs of direct employment, as well as how much economic benefit would result from the increased spending power (i.e., higher GDP). Furthermore, a cost-benefit analysis for job guarantees could consider the economic and social costs of having disproportionately fewer workers in the labor force. National and local economies would benefit from the increased output of a more engaged workforce. The cost of not engaging these workers is not neutral. Limited economic opportunities can lead to higher crime, more stress, more health problems, and higher costs of running safety net programs that support people with subsidized food, housing, and health care. These trade-offs could be calculated to determine a more accurate cost of a government-funded full-employment program.

Cost-benefit analyses can help us understand the present and future value of different educational investments structures. As an added benefit, they can be applied at multiple levels of intervention: state, district, and school. Given that a reorganization of educational funding would affect low-income schools and districts tremendously, this flexibility would be highly valuable. It also would be possible to see the combined effects of different funding strategies across an entire student population for a given state. These analyses would help policymakers understand the short- and long-run payoff from a range of proposed large-scale funding reorganizations on educational attainment and social mobility.

Initial cost estimates for baby bonds have been generated by a back-of-the envelope approach—multiplying the average number of newborns a year (about 4 million) by the estimated average endowment ($20,000–$25,000). Cost-benefit analyses could more precisely measure the annual cost of total endowments and capture the expenditure for implementing and administering the program and the federal government’s interest costs if the endowments are deficit-financed. In addition, benefits to the economy could be measured for having a better-educated labor force, young adults who are able to purchase homes at an earlier age and build equity over a longer period, elderly adults who have a secure
retirement and do not need income supports, an increasing number of entrepreneurs who contribute to the local and national revenue bases and employ other workers, and future generations who receive not only publicly funded endowments but also intergenerational transfers from parents who have been able to build wealth as a result of their own baby bonds.
Notes

1 These equity gaps are by no means the only ones that warrant serious attention. We focus on this set of four because of their centrality to people’s lives and because their persistence undermines progress across many other domains.


4 The Color of Wealth: The Story behind the US Racial Wealth Divide (Lui et al. 2006) comprehensively describes the policies each of these communities of color has endured from the colonial period to the 2000s.


27 Our Next50 Catalyst brief on lifelong learning (Spaulding et al. 2019) explores strategies for helping workers build job skills.


32 The YearUp website lists evaluations of on-the-job training and placement programs: https://www.yearup.org/our-approach/research-evaluation/impact-evaluations/.


For more on job guarantees, see Loprest et al. (2019).


See Hammond, “The ELEVATE Act Explained,” for more examples of potential targets for job guarantees.


See the website for the Movement for Black Lives at https://policy.m4bl.org/.


56 See the website for the National Initiative for Building Community Trust and Justice, https://trustandjustice.org/.


62 See also Joy Buolamwini, “AI, Ain’t I a Woman?” YouTube video, https://www.youtube.com/watch?v=QxuyfWoVV98.


64 See the website for Divest/Invest at https://divest.nfg.org/.


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