

Black Wealth/White Wealth: An Issue for the South

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Introduction

The most important goal of economic development is financial security and opportunity for all. But if this is our goal as Southerners, the South has a problem. A large segment of our population, primarily African Americans, has few or no financial assets — a key component of financial well-being. This phenomenon occurs even when the income for this group appears comparable to other groups with significant assets.

The lack of wealth among African Americans is not inevitable. It resulted partly from programs and policies, and programs and policies can help alleviate it. Toward this end, this policy paper has several objectives. First, it describes the gulf that exists between the amount of financial assets owned by blacks and whites. Secondly, it argues that this wealth gap is just as critical as the traditional benchmark of income in explaining why African Americans have lagged in making substantial economic progress. Lastly, the paper provides solutions and resources for closing the wealth gap.

Why wealth matters

Wealth matters for a variety of reasons.

- **Wealth helps insulate families and individuals from economic disruptions.**

Households without financial assets are at risk for financial disruptions such as a job loss, a medical catastrophe, or even the delay of a single paycheck. Such disruptions can reduce households to poverty.

- **Wealth, and corresponding inheritance, helps determine the quality of educational, economic, and social opportunities of future generations.**

Financial assets give future generations a leg up in almost every way, including health, safer neighborhoods, and resource-rich schools.

- **Family and community wealth influences the creation of new companies.**

Since new businesses often are initially funded with investments from personal networks, an asset-poor community produces fewer entrepreneurs. A community's wealth also provides funds for institutional investment in existing businesses.

- **Wealth is a source of political and social influence.**

Without wealth, groups are at a disadvantage for influencing public policy. Political contributions play a role in setting the economic and social agendas at every level of government. Wealth is also a means of social power because of the status associated with wealth. As Melvin Oliver and Thomas Shapiro mention in *Black Wealth/White Wealth: New Perspectives on Racial Inequality*, “Wealth is a more important indicator of economic status than current income because wealth brings power and independence.”¹

Defining wealth

Wealth simply consists of assets minus liabilities at a certain point in time — the “balance sheet” of an individual or household. Assets are composed of savings accounts, equity in a home or automobile, stocks, or other investments. Liabilities include loans, credit card balances, mortgages, and other debts. When most people think of “wealth,” images of Bill Gates or Warren Buffett come to mind. Although the examination of super wealth is often instructive, this paper uses wealth as a term for the financial resources of the middle and lower classes. In aggregate, these resources account for hundreds of billions of dollars.

- **Wealth represents a long-term perspective, a forward-looking stance that promotes a personal stake in the future of the family and community.**

The accumulation of wealth means that the major signposts of a mobile society, such as home ownership and college, are within reach. Financial assets mean that despite the day-to-day contest of living from paycheck to paycheck, tomorrow can be better.

The consequences for the South

The gap between black and white wealth hurts the South more than other areas of the country. According to the 2000 U.S. Census, the South has 55 percent of the nation's black population.² About 20 percent of the population of the South is African American, compared to almost 13 percent for the Northeast, 11 percent for the Midwest, and 5 percent for the West. Anything that negatively impacts the financial well-being of blacks has a much more dramatic impact on the South's economy than on the rest of the nation.

The lack of financial assets owned by blacks means that the South loses billions of potential dollars in savings that could be invested in Southern businesses and communities. Such lack of capital in family and community networks hampers entrepreneurship, affecting the South's ability to create new businesses and jobs. Because wealth helps determine educational opportunities, an asset-poor population has more difficulty receiving a quality education — the surest path to financial success. Workforce-quality issues impact the competitiveness, recruitment and retention of Southern businesses, especially in technology fields.

Financial assets also help prevent people from spiraling down to poverty because of missed paychecks or other trauma. They consequently lessen the impact on Southern state budgets of spending on welfare and other social services, not to mention the financial consequences of crime, drug and alcohol addictions, and other social ills related to poverty.

Financial security also changes behaviors. When a person has a sense of control and a stake in the future, the person is more apt to consider the long-term consequences of his or her choices. The person may postpone immediate rewards with the expectation of larger rewards in the future. People save, repair, and raise their expectations.

The data

Since the publication of the book *Black Wealth/White Wealth* in 1995, many studies have shown the gap in financial assets between blacks and whites. A definition of terms used to define wealth — net worth and net financial assets — is necessary for a discussion of the data (see sidebar).

According to *Black Wealth/White Wealth*, the ratio of median net worth between blacks and whites is 0.08. In other words, for every dollar that white households have in financial resources, blacks have only *eight cents*. This statistic comes from the Survey of Income and Program Participation of Households, and is based on 1989 data.

The wealth gap is much greater than the gap in median income between whites and blacks; the ratio in this case is 62 cents in black income for every dollar of white income.

Note that calculations based on median income — the income in the middle of the whole range of all reported family incomes — actually represent a more conservative estimate of the wealth gap. Calculations based on mean averages — that is, all incomes added together and divided by the number of families in the sample —

Two measures of wealth

- *Net worth* consists of a simple calculation. It is total assets minus total liabilities. It exists at a certain point of time, and like a corporate balance sheet, provides a snapshot of current economic resources. Assets include financial resources like savings accounts and mutual funds, but also include equity in the home and automobile, which are measurements dependent on estimates.
- *Net financial assets* is based on the same calculation as net worth but does not include automobile or housing equity. Because it excludes these items, net financial assets is more of a short-term indicator of financial viability since it concentrates on free cash resources.

would skew the results of averages calculations due to the inclusion of the financial holdings of the super wealthy.

Black Wealth/White Wealth used data that is over a decade old; thus the data misses the effects of the tremendous economic growth of the '90s. But recent data, from a variety of sources, demonstrate the sustained and deep-rooted nature of the gap.

- The U.S. Census Bureau's 1995 study, *Household Net Worth and Asset Ownership*, reported that the ratio of median net worth between whites and blacks was 0.14, or 14 cents among blacks to every dollar among whites.³
- Using a different data set, Wolff found that the ratio of median net worth was 0.12 in 1998, or 12 cents among blacks to every dollar among whites.⁴
- A study by the University of Michigan's Institute for Social Research, found the ratio to be 0.09 in 1999, or 9 cents among blacks for every dollar among whites.⁵

The above data sources are cited even though they represent different data-gathering methodologies and thus cannot reliably predict trends from the *Black Wealth/White Wealth* numbers. Still, the picture painted by these sources is that the gap still exists and is not dramatically improving despite a decade of economic progress for the country as a whole.

An examination of net financial assets, the most liquid type of finances, shows an even more precarious situation. Net financial assets consist of short-term cash flow — actual dollars available for expenses or investments such as income and savings accounts. (See side bar.)

- The median net financial assets for white households is \$6,999. For blacks, it is *zero*.⁶ In other words, the few assets owned by blacks consist of cars and similar things that do not provide immediate funds for necessities or emergencies.
- The percent of black households with zero or negative net financial assets is 60.9 percent, more than twice the white percentage of 25.3.⁷

Since blacks have higher poverty rates than whites, one could think that the wealth gap is caused purely by the larger percentage of poor blacks. This is not the case. White and black households with annual incomes between \$25,000 and \$50,000 still show sizable differences in financial assets.

- In this income category, the median net worth for whites is \$44,069. For blacks, it is \$15,250.⁸
- Net financial asset ratios show an even greater gap. Whites have \$6,988 in net financial assets and blacks have only \$290, or *four cents per every dollar* owned by white households.⁹

The book *Black Wealth/White Wealth* by Melvin L. Oliver and Thomas M. Shapiro is a seminal work in this area. First published in 1995, the book based wealth data on the Bureau of the Census' Survey of Income and Program Participation survey. Although some research had been conducted previously in racial wealth disparities, *Black Wealth/White Wealth* was the first work that caused widespread re-evaluation of income as the primary barometer of financial progress.

Black Wealth/White Wealth acknowledges that blacks have made financial progress. For example, the number of blacks in colleges and universities doubled between 1970 and 1980. Twice as many African-American families were earning a middle-class income in 1982 compared to 1960.

Still, blacks lag behind whites in economic well being. Blacks trail whites in income, by 69 percent in 2000.¹⁰ And the black unemployment rate was more than twice the white rate (8.8 percent vs. 3.7 percent) in the first quarter average, 2001, according to the Bureau of Economic Analysis. As discouraging as these statistics may be, the wealth gap is one of the most serious indicators of black/white economic disparity.

Why do African Americans have less wealth?

The reasons for the racial wealth gap are numerous, and both historical and structural in nature. *Black Wealth/White Wealth* describes very well the historical barriers that produced the present wealth gap:

*Wealth is the one indicator of material disparity that captures the historical legacy of low wages, personal and organization discrimination, and institutionalized racism.*¹¹

For example, as slaves, blacks were largely prevented from owning personal property — they *were* personal property. Government policies ranging from housing to welfare have contributed to the current gap. Some of the most critical causes of the gap appear below.

- **Blacks have still not reached income parity with whites.**

Although income does not necessarily correlate with wealth, it provides funds that can create wealth. Wealth comes from only three sources: income, financial transfers such as inheritance, and consumption/savings behavior. A comparative lack in any one of these areas has a profound effect on wealth creation. So although households with relatively good incomes do not necessarily have a corresponding amount of financial assets, good incomes provide one of the three potential pillars on which wealth rests.

Because high incomes correlate with desirable workplace skills, people with high incomes can weather financial disasters easier than others because, even without savings, they have the ability to earn high incomes in the future. So even without savings, high-income people are not as vulnerable to financial disruptions as the poor and middle classes.

- **Blacks inherit relatively little money.**

Of all financial transfers, inheritance is the most significant. Frank Stafford, an economist at the Institute for Social Research at the University of Michigan, states that 70 percent of total wealth is passed down from the previous generation, although the effects of the super wealthy skew the results.¹²

Wolff found that 24 percent of white households inherit money, compared to only 11 percent for blacks. The amount of inheritance was vastly different, also. Whites inherited an average of \$115,000 while blacks inherited an average of \$32,000.¹³

Worse still, anecdotal evidence suggests there is a reverse wealth transfer going on in the black community, as the better-educated young lend support to less affluent parents and relatives

- **Blacks lag in home ownership.**

The U.S. Census Bureau found that 44 percent of total household net worth exists as home equity.¹⁴ By far the largest source of wealth for poor and middle class families, home ownership has been especially attractive because of the large increase in housing values, as well as the tax breaks for ownership itself. Consequently, anything affecting the ownership, marketability, and financing of a home has a direct impact on personal wealth, especially since home equity is often released as wealth for the next generation at the homeowners' deaths.

Although increasing, the black rate of home ownership is far less than the rate for whites. The U.S. Census found that about 62 percent of whites own their homes, while only about 44 percent of blacks do.¹⁵

Ownership is not the only racial housing issue, however. Homes in black neighborhoods have traditionally appreciated at a lower rate than homes in white neighborhoods. According to the Brookings Institute Report, *The "Segregation Tax": The Cost of Racial Segregation to Black Homeowners* (2001), white homeowners owned \$2.64 of house worth for each dollar of income. The rate for blacks was only \$2.16, even when the data methodology was equalized for income.

Also, according to a study by the Boston Federal Reserve, banks reject blacks more than whites for mortgages, and blacks often pay higher mortgage rates than whites.¹⁶ All of this makes black home ownership less valuable than white ownership.

- **Fewer blacks own their own businesses — a major source of first generation wealth.**

Black-owned firms accounted for only 4 percent of the nonfarm businesses in 1997. These businesses were less lucrative than their white counterparts. They represent less than 1 percent of total U.S. revenues from nonfarm businesses.¹⁷

- **The assets of black households are of lesser financial quality.**

The assets of African Americans consist of investments that historically produce no or low rates of return. For example, vehicle equity is 8 percent of total net worth for whites, but represents nearly 17 percent of net worth for blacks.¹⁸

The most critical divergence results in investment in equities. Blacks hold far fewer stocks than their white counterparts. The U.S. Census found that blacks have almost one quarter of the amount of stock market investment of whites.¹⁹ The University of Michigan found that 71 percent of white households own stock, versus only 17 percent for blacks.²⁰ This fact is especially significant in that over the long term, stocks have the highest rate of return of monetary investments, and stock gains are not taxed until sold.

The trend against stock ownership by blacks is true even among high-earning families (as categorized by *Black Wealth/White Wealth*) with incomes over \$50,000. Of this group, 17 percent of white families have assets in stock, versus 5.4 percent for blacks.²¹

Many reasons exist for blacks' low investment in the stock market. According to the National Urban League, the primary reason blacks are not investing in the stock market is because of "lack of investment knowledge." Also, role models are scarce. The Equal Employment Opportunity Commission states that only 2.5 percent of all securities sales people are African American.

Savings and consumption

Along with income and financial transfers/inheritances, the third pillar of wealth creation comes from savings, usually measured by amounts in passbook savings. *Black Wealth/White Wealth* says that as a whole, blacks put less money in savings accounts than whites: "Poverty level white households allocate almost eight times as many of their assets to savings as poor blacks." However, at higher incomes, the savings rates are basically the same.²²

The flip side of saving is spending. Do blacks spend more than whites? An examination of consumer spending²³ in 1999 found some discrepancy in consumption patterns among blacks and whites, but these were not significant as a group on the whole. Blacks did spend a higher percentage of their incomes on housing, but this could be attributed to their significantly lower incomes.

Policy conclusions

The wealth gap has been under the policy radar screen; what few efforts have been made to counter the gap are fragmented and mostly of limited scale. The reality is progress will be exceedingly slow unless policy makers acknowledge the gap's acid effects on the economy and society and the fact that it is not an inevitable consequence of existing skills and incomes in the black community. Full parity will take many years, but there is much that can be done — some with little cost — to turn things around. It will take a comprehensive approach to make a dramatic difference.

Further, with the influx of low-income immigrants, such as those from Mexico, the South faces the same challenge all over again — how can we prevent the new arrivals from falling into the same trap?

Solutions

So what do we do about the wealth gap? As we look at the reasons behind the wealth gap, several solutions materialize that states, communities, and the South as a region could institute. To make a true impact, programs must provide a comprehensive attack on several fronts and should address the three pillars of wealth creation — income, savings, and inheritance/financial transfers.

To address *income* issues:

- Continue efforts to prepare blacks for higher-income, growth careers by encouraging early childhood development.
- Address educational inequalities.
- Encourage minority participation in technology careers

To address *savings* issues:

- Promote financial education in areas such as savings and investing.
- Identify and address regulatory barriers such as home financing and welfare policies that act as barriers to accumulating financial assets.
- Increase black home ownership since it is one of the most significant builders of financial assets for the poor and middle classes.

To address inheritance/financial transfer issues:

- Encourage the formation of community foundations in poor communities, to which wealthier residents, as well as former residents, can contribute.
- Increase black business ownership and its consequent wealth by developing black entrepreneurship resources and skills.
- Encourage black participation in available social security programs.
- Slow the rate of black farms being forced into sale.

Resources that provide concrete initiatives that address some of these approaches appear in subsequent pages.

Resources: Individual Development Accounts

Individual Development Accounts (IDAs) are savings accounts where contributions by lower-income account holders are matched by public and private funds.

Name: The Good Faith Fund

Type: Private nonprofit

Sponsor: Southern Development Bank Corporation

Description

The Good Faith Fund is an affiliate of Southern Development Bancorporation (SDB), a bank holding company in Arkadelphia, Ark., operating in rural southern and eastern Arkansas. The fund's Rapid Assets Individual Development Accounts Program is the South's largest corporate-supported IDA program. The program offers home-ownership, home renovation, micro-enterprise, and post-secondary education IDAs to low-wealth savers (and/or dependent children in the latter case). Participants make monthly deposits of at least \$20 into an IDA account and the funds are matched 3:1 with SDB and other private funds, state welfare (Transitional Employment Assistance, or TEA) funds, and federal Asset for Independence funds. In 1999 the Arkansas legislature expanded the base of support for state IDAs by authorizing tax credits to individuals and private matching fund providers. The credit is 50% of the amount contributed up to a maximum credit of \$25,000 per year, with total tax credits capped at \$100,000 per year. The Good Faith Fund's IDA program serves 11 counties via nine participating banking partners. To date the program has enrolled 194 participants and has 20 program graduates (seven home repair, three homeownership, seven education, and three business).

Contact

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<http://www.arenterprise.org>

Name: The South Carolina Association of Community Development Corporations (SCACDC)

Type: Public nonprofit

Sponsor: Member community development corporations

Description

The SCACDC provides technical assistance, leadership development, access to capital, and advocacy services to South Carolina community development corporations. With support from the Mary Reynolds Babcock Foundation, the SCACDC was instrumental in the passage of the South Carolina Community Economic Development Act, which authorized grants, loans, and tax credits to the state's certified community development corporations and community development financial institutions (CDFIs). The SCACDC has attracted funding support (\$500,000 in South Carolina Department of Social Services funds, an equal amount of federal Assets for Independence Act (AFIA) funds, and support from the state's financial services sector) to establish a state-wide IDA demonstration program. The program will initially be based in member community development corporations serving seven counties. The programs will offer qualifying low-wealth participants a 3:1 match of their savings for a home, small business, or post-secondary education. The programs are just beginning to sign up participants.

Contact

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Name: The North Carolina IDA and Asset Building Collaborative

Type: Public/private nonprofit partnership

Sponsor(s): Member organizations, North Carolina Departments of Labor and Commerce

Description

The North Carolina IDA and Asset Building Collaborative is the oldest and largest statewide “networked collaboration” IDA implementation model in the nation. Membership includes three state agencies and the state’s leading public, private, and nonprofit economic development institutions. Thirty autonomous community service providers operate unique IDA programs in 47 of the state’s 100 counties. Local program providers absorb most administrative costs. North Carolina’s decentralized approach to IDA implementation has helped minimize administrative expenses and has facilitated the establishment of IDA programs in remote and economically hard-hit rural areas, countering the national tendency for IDA programs to cluster in metropolitan areas. The collaborative jump-started IDAs in the state by raising grant funds and contributing to the development of legislation authorizing IDA demonstration projects through the N.C. Departments of Labor and Commerce (the latter using federal Community Development Block Grant funding). In total, the collaborative has helped raise more than \$3 million in matching funds to support the local programs. In addition, the collaborative has been instrumental in developing policies and guidelines, brokering relationships, and providing local IDA service providers with information and technical assistance. Currently, there are more than 1,000 active and new accounts; 106 “graduates” have purchased more than \$5 million in assets, including 84 homes, 15 small businesses, and two post-secondary educations.

Contact

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cgardner@mail.dol.state.nc.us

<http://www.dol.state.nc.us/ida/ida.htm>

Name: The Economic Opportunity Agency of Washington County, Ark.

Type: Public nonprofit

Sponsor(s): Local business

Description

The Economic Opportunity Agency (EOA) is a community action agency offering comprehensive financial education services in Washington County, Ark. The EOA offers low-wealth clients IDA “tools” to help them achieve their self-sufficiency goals. The agency has developed an innovative and effective curriculum that it sells — via the National Endowment for Financial Education (<http://www.nefe.org>) in English and Spanish — to other financial literacy service providers. The IDA Program of EOA offers homeownership, home repair, small business start-up, and higher education accounts. Participant savings are matched 3:1 up to \$3,000. The agency partners with nine financial service providers in the county. The program is supported by federal Assets for Independence funds, federal Community Development Block Grant funds, local business, and state welfare (TEA) funds. To date there are 140 active savers and 42 successful program graduates (six homes purchased, 14 homes repaired or remodeled, 11 post-high school educations financed, and 11 small businesses started).

Contact

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Name: The Greater New Orleans IDA Collaborative

Type: Public/private nonprofit partnership

Sponsor(s): The National Center for the Urban Community, Tulane Xavier University

Description

The New Orleans Collaborative was the result of a unique partnership between Tulane Xavier University and Hibernia Bank to catalyze the development of asset-based solutions to poverty in the New Orleans area two years ago. Both institutions provide the collaborative with financial and administrative support. Hibernia Bank is among the nation's most active IDA supporters. The bank not only offers free IDA accounts to participants, it assists in program development, financial literacy education, pre-mortgage qualification, and in helping to recruit IDA participants. The bank advocates for and promotes the program to state and federal officials. In addition to Hibernia and two other banking partners, membership in the collaborative includes 35 local social service provider organizations that provide financial literacy and counseling services to participants. Participant savings are matched 2:1 (4:1 for homeownership IDAs) up to \$1,000, principally by the Federal Home Loan Bank of Dallas. IDAs are offered for the purposes of homeownership, education, and business start-ups. The collaborative has recently secured a \$2 million Temporary Assistance to Needy Families (TANF) funding commitment from the state legislature, and is raising matching funds to help secure a commitment of an additional \$800,000 in Federal Assets for Independence grant funds. The Louisiana program has 170 active participants and has produced one education and 12 new homeowners.

Contact

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Name: United Way of Metropolitan Atlanta IDA Program

Type: Private nonprofit

Sponsor: The United Way of Metropolitan Atlanta

Description

The United Way of Metropolitan Atlanta is a national United Way leader in asset-based approaches to revitalizing communities and fostering self-sufficiency via IDAs. The agency has enrolled 165 IDA participants in 12 Atlanta-area communities saving to purchase homes in target neighborhoods. Savings are matched 4:1 up to \$1,200. The agency's efforts are supported by the local nonprofit community development industry including the Atlanta Housing Association of Neighborhood-based Developers, The Alliance (a network of 13 community development funders) and the Georgia Community Development Association. So far, 40 homes have been purchased. In addition, 30 participants are saving to purchase small businesses. The agency has attracted \$500,000 in federal funds to help support micro-enterprise IDAs.

Contact

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<http://www.unitedwayatl.org/index.html>

Resources: Financial education

Name: Investing for Success

Type: Free workshops and a Web-based course to address the “knowledge gap” about stock investing by African Americans

Sponsor(s): The National Urban League, the Coalition of Black Investors – Investment Education Fund, and the Investment Company Institute Education Foundation

Description

The *Investing for Success* program seeks to educate African Americans about investing and building wealth. Objectives include demystifying the world of investments and its jargon, educating about the risks and rewards of investing, and encouraging long-term financial planning. The program consists of free workshops held throughout the country. At the workshops, participants view videos and complete worksheets about financial issues. The workshop’s content is also distributed through a Web-based interactive course (<http://www.icief.org>).

Contact

Investment Company Institute
1401 H Street, NW
Washington, DC, 20005
(877) 358-5888
http://www.ici.org/investing_for_success/

Name: Finance and the African American Family

Type: Paper and online newsletter

Sponsor(s): Not applicable

Description

The Finance and the African American (FAAF) Newsletter, a financial education publication, presents investing and wealth-creation information targeted to the needs of African Americans. Subscribers receive access to a network of financial professionals through online chats, online seminars, “Ask the Pros” columns, news flashes about critical events, and e-mail discussion lists.

Contact

FAAF, Inc.
2 Wisconsin Circle, Suite 700
Chevy Chase, MD 20815
(301) 961-1507
editor@blackwealth.com
<http://www.blackwealth.com/faaf/index.shtml>

Name: Coalition of Black Investors

Type: Membership association

Sponsor(s): Not applicable

Description

The Coalition of Black Investors (COBI) is a membership association that has several goals.

- Promote saving and investing to African Americans.
- Increase the number of black individuals investing in stocks, bonds, and mutual funds.
- Provide a clearinghouse for information about well-run companies and mutual funds.
- Provide opportunities for companies and financial service firms to "market" their services to African-American investors.
- Highlight African-American investment professionals.

COBI members receive:

- *Money Talks* — a quarterly investment magazine
- An updated listing of African-American brokers and firms
- Registration discounts at all COBI events
- Access to the COBI Web site of investment information.

Contact

Coalition of Black Investors

P.O. Box 30553

Winston-Salem, NC 27130-0553

(800) 411-COBI

<http://www.cobinvest.com>

cobinvest@aol.com

Name: Learntoinvestnow.com

Type: Web site

Sponsor(s): Commercial service funded by advertisers and fee-for-services

Description

The goal of Learningtoinvestnow.com is to "get people to understand that ANYONE can benefit from investing." The Web site has online guides and tutorials for learning the fundamentals of saving and investing money, and for understanding stocks and mutual funds.

Contact

Learntoinvestnow.com

P.O. Box 1172

Lithia Springs, GA 30122

<http://www.learntoinvestnow.com>

Name: Allen Investment Ministry

Type: Investment club sponsored by a black church

Sponsor(s): Allen African American Methodist Episcopal Church

Description

The mission of the Allen Investment Ministry (AIM) is to encourage and teach its members how to be better investors. Composed of more than 460 members, AIM is one of the largest investment clubs in the country and divided into 11 sub-groups, which present stocks to the general body for voting.

Contact

The Greater Allen Cathedral of New York

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<http://www.allencathedral.org/Investment.htm>

Resources: Increase home ownership

Name: WOW Initiative

Type: Federal program

Sponsor: The Congressional Black Caucus Foundation

Description

The Wow (With Ownership, Wealth) Initiative, launched by the Congressional Black Caucus Foundation, attempts to increase the number of black homeowners by a multi-prong strategy.

Communicate the opportunities of home ownership, how to achieve home ownership, and how to establish a solid credit history to build wealth and buy homes.

Offer a wide array of flexible mortgage products for first-time buyers and others with a lack of funds for down payment and closing costs, no reserves, or nontraditional credit histories.

Influence homebuilders and government entities to develop affordable, attractive, and accessible housing.

WOW also has a comprehensive outreach effort that includes home ownership fairs, radio and newspaper campaigns, community-based partnerships, seminars, and one-on-one credit counseling.

Contact

Congressional Black Caucus Foundation, Inc.

1004 Pennsylvania Avenue, SE

Washington, DC 20003

(800) 822-1669

<http://www.wowcbcf.org/>

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Name: Homes & Communities Web site.

Type: Web site with information about home ownership for first time buyers.

Sponsor(s): The U.S. Department of Housing and Urban Development

Description

This Web site (<http://www.hud.gov/buying/index.cfm>) has extensive information about buying, financing, and assistance programs. The section on buying a home includes information and checklists about most frequently asked questions, calculations of house payments, and information about Realtors, fair housing laws, home owners rights, and lending and discriminatory issues. The Web site also contains extensive information on housing counseling agencies that can help guide first-time homebuyers through buying a home and extensive lists of relevant HUD programs at the state and local levels.

Contact

The U.S. Department of Housing and Urban Development

451 7th Street S.W.

Washington, DC 20410

(202) 708-1112

<http://www.hud.gov/buying/index.cfm>

hsg-webmaster@hud.gov

Name: Owning A Home

Type: Web site promoting home ownership by African Americans

Sponsor(s): BET.COM

Description

Owning A Home has the goal of providing minorities “the opportunity to own a home and share in the American dream.” It has extensive information and tools aimed at African-American homebuyers and owners. In partnership with Fannie Mae and lender partners, Cendant Mortgage and HomeSide Lending, Owning A Home is a consumer-friendly way to learn about buying a home, refinancing mortgages, and remodeling homes. Content includes:

Clear, concise information about the mortgage process

Easy-to-use calculators that help weigh loan options, determine costs, and evaluate loan approval potential

Portals to national lenders that offer mortgage loan applications, online or through call centers

Tips on refinancing and the costs that are associated with a refinance

Contact

BET.COM

2000 M Street, NW

Suite 602

Washington, DC 20036

(202) 533-1990

<http://www.bet.com>

contactus@bet.com

Resources: Entrepreneurship

Name: National Foundation for Teaching Entrepreneurship, Inc.

Type: Entrepreneurship school curriculum for students and teachers, including online program and summer camps

Sponsor(s): Not applicable

Description

The National Foundation for Teaching Entrepreneurship (NFTE) introduces low-income and at-risk young people to business and entrepreneurship by teaching them how to develop and operate their own small businesses. Through the NFTE program, students not only learn the basics of starting and operating a small business, but also learn math, reading, and writing. The training also helps students develop critical thinking, workplace readiness, teamwork, planning, communication, and decision-making skills. Components of the program includes:

Comprehensive Curriculum: 108 hours of entrepreneurship classes working through a workbook, but also including guest speakers and field trips

Fundamental Curriculum: an abbreviated form of the Comprehensive Curriculum for community-based organizations, such as after-school programs

BizTech (<http://www.nfte.com/nfte/biztech/>): online entrepreneur learning program that teaches the basics of entrepreneurship, information technology, and workplace readiness

Contact

National Foundation for Teaching Entrepreneurship, Inc.

120 Wall Street, 29th Floor

New York, NY 10005

(212) 232-3333

<http://www.nfte.com>

nfte@nfte.com

Name: Minority Business Development Agency

Type: Business assistance programs

Sponsor(s): U.S. Department of Commerce

Description

The Minority Business Development Agency (MBDA) encourages the creation, growth, and expansion of minority-owned businesses in the United States. MBDA accomplishes this by offering access to public/private debt and equity financing; by providing information about market opportunities, management, and business practices; by coordinating and leveraging public and private resources; and by facilitating strategic alliances. A Web site (<http://www.mbda.gov>) provides a comprehensive gateway to MBDA's services and research. A regional office in Atlanta manages six Minority Business Development Centers, which provide consulting services and publications, in Southern Growth states.

Contact

Minority Business Development Agency

401 W. Peachtree St., N.W. Suite 1715

Atlanta, GA 30308

(404) 730-3300

<http://www.mbda.gov>

Name: *Black Enterprise*

Type: Web site and magazine about minority business

Sponsor(s): Earl G. Graves, Ltd.

Description

The Web site offers several services to minority business owners, including a free e-mail newsletter, minority business resources, investing tips, franchising information, and announcement of relevant conferences, including the Kidpreneurs Conference, an annual event that teaches entrepreneurship concepts to children and teens. The magazine, *Black Enterprise*, is one of the leading magazines reporting on blacks in business.

Contact

Black Enterprise

Earl G. Graves, Ltd.

130 Fifth Avenue, 10th Floor

New York, NY 10011-4399

(212) 242-8000

<http://www.blackenterprise.com>

¹ *Black Wealth/White Wealth: A New Perspective on Racial Inequality*, Melvin L. Oliver and Thomas M. Shapiro. Rutledge (New York: 1997), p. 32.

² *Current Population Survey, March 2000*, U.S. Census Bureau, <http://www.census.gov/popultion/socdemo/race/black/pp1-142/tab20a.txt>.

³ *Household Net Worth and Asset Ownership, 1995*, Current Population Reports, U.S. Census Bureau, 2001.

⁴ *Recent Trends in Wealth Ownership, 1983-1998*, Edward N. Wolff, Jerome Levy Economic Institute and New York University.

⁵ *Panel Study of Income Dynamics*, Institute for Social Research, University of Michigan, February 2000, <http://www.umich.edu/~psid>.

⁶ *Black Wealth/White Wealth*, p. 86.

⁷ *Black Wealth/White Wealth*, p. 87.

⁸ *Black Wealth/White Wealth*, p. 94.

⁹ *Black Wealth/White Wealth*, p. 94.

¹⁰ Chicago Federal Reserve, 2000, as quoted in *Black Wealth/White Wealth*.

¹¹ *Black Wealth/White Wealth*, p. 50.

¹² *Panel Study of Income Dynamics*.

¹³ *Recent Trends in Wealth Ownership*.

¹⁴ *Household Net Worth and Asset Ownership*, Current Population Reports, 1995, U.S. Census Bureau, February, 2001, p. vii.

¹⁵ *Household Net Worth and Asset Ownership*, p. xv.

¹⁶ *Black Wealth/White Wealth*, p. 139.

¹⁷ *Survey of Minority-Owned Business Enterprises, 1997 Economic Census*, U.S. Census Bureau, March 2001, p. 9.

¹⁸ *Household Net Worth and Asset Ownership*, p. xv.

¹⁹ *Household Net Worth and Asset Ownership*, p. xv.

²⁰ *Panel Study of Income Dynamics*.

²¹ *Black Wealth/White Wealth*, p. 44.

²² *Black Wealth/White Wealth*, p. 107.

²³ *Consumer Expenditures*, U.S. Department of Labor, Bureau of Labor Statistics, May 2001