

The Racial Wealth Divide in Baltimore

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Director's Letter

Dear Reader,

The racial wealth divide is broad and deep in thousands of communities across the United States. The issue of wealth inequality has a multitude of ramifications for communities and families.

The Racial Wealth Divide Initiative at CFED developed this profile to better understand how racial economic inequality affects Baltimore. This profile is also one of the first steps taken under the Building High Impact Nonprofits of Color project, funded by JPMorgan Chase. This project aims to advance best practices and strengthen resources for nonprofits of color.

How do I use this data profile?

The following profile presents data on the economic inequalities within Baltimore. These statistics may seem overwhelming. However, we know with more information about the challenges of racial economic inequality, there is greater opportunity to identify best practices and policies that can address the racial wealth divide.

Baltimore and the rest of the nation

Racial economic inequality in Baltimore is very similar to the nation. In Baltimore, Blacks have a median household income that is 54% of that of Whites, while nationally Blacks have 60% of White income. The small Latino community in Baltimore has 70% of the income of Whites compared to Latinos having 72% of White income nationally. The very small Asian community in Baltimore sees the biggest difference in national racial inequality trends. In Baltimore Asians have 84% the income of Whites, whereas nationwide, Asian Americans have a much higher income, making 124% of what Whites on average make.

What's next?

CFED's Racial Wealth Divide Initiative is working in Baltimore to build the capacity of nonprofits of color (see pages 14 & 15 for more information) so that they are better positioned in their field to further their impact in the communities that need them most. We believe that in order to address the significant financial insecurity facing families and communities of color, we must strengthen the local organizations of color that are on the frontlines addressing these communities' needs and concerns and providing greater economic opportunity.

Sincerely,

Dedrick Asante-Muhammed
Director, Racial Wealth Divide Initiative, CFED

The Racial Wealth Divide in Baltimore

Economic inequality has expanded over the past decade, shutting the windows of opportunity for millions of Americans. In urban centers, this growing inequality has manifested through gentrification and concentrated poverty in communities of color.

Though Baltimore bills itself as a city of the future, the economic plight of many of its residents suggest a struggle to break free of the past. Indeed, historical policies designed to “quarantine blacks,” as Baltimore’s mayor put it in 1911, [add footnote?] have produced a city in which one’s race is a dominant determinant of one’s overall life outcomes.

Policymakers at all levels have shaped Baltimore’s economic disparities today. The city passed the nation’s first racially restrictive voting law in 1911, which prevented residents of one race from buying a home in neighborhoods dominated by residents of another race. It also formed a Committee on Segregation to enforce covenants, which prohibited the sale of homes to Black buyers.

At the federal level, lawmakers developed a system of “Redlining” [either convert Chicago to lower case or this to upper case; I don’t care but we should just be consistent across reports.] to prevent Black families from financing home purchases. By outlining Black neighborhoods in red on government maps, entire neighborhoods were considered poor credit risks and thus were not eligible for federally-insured mortgages. Black families turned to contract sales and other high cost, risky financing sources; a single missed payment could mean losing a home.

Though no longer officially legislated, Blacks remain isolated more than 100 years later. Black residents make up 63% of Baltimore’s population and do worse than the African American national average on nearly every outcome measure. Whites, on the other hand, constitute 28% of the population and fare better than national averages on most outcomes. Baltimore’s racial inequality among African Americans and Whites mirrors the inequality we find nationally, except in terms of employment and education. In Baltimore, more than twice as many Black families as Whites live in liquid asset poverty, meaning they do not have sufficient savings to subsist at the poverty level for three months in the absence of income. The homeownership gap, central to the origin and current pervasiveness of the city’s racial inequity, remains substantial, with 42% of Blacks owning their home compared with 60% for Whites. And with a difference of \$80,000 in value, median home prices also reflect the long-term effects of Baltimore’s redlining efforts.

Meanwhile, Latinos and Asians are underrepresented compared with national demographics – 4.5% and 2.5% of Baltimore’s population, respectively. Latinos’ outcomes trend similar to those of Black residents. Asians tend to fare worse than Whites but better than Blacks and Latinos.

The economic disenfranchisement of Baltimore’s Black residents has extended to other life outcomes as well. The percentage of people with a bachelor’s degree is 3.2 times higher for Whites than for Blacks. In a time when a college degree is often a minimum requirement to secure a job, it is unsurprising then that the unemployment rate is three times higher for Black residents. And among business owners, White firms are valued nearly 20 times higher than those owned by Blacks.

Baltimore’s Police Commissioner recently told the White House that he was dealing with “1950s-level black-and-white racism.” Though the city has long since abolished its Committee on Segregation, it has considerable work to do to reverse the effects of racist policies.

The Racial Wealth Divide Initiative at CFED understands that redressing the disparity in economic outcomes requires an inclusive approach that addresses not only the disparities themselves, but also their root causes. Through work funded by JPMorgan Chase, the Racial Wealth Divide Initiative has launched a project to build the capacity of organizations of color working in economically marginalized communities to support wealth-building efforts.

Infographic Highlights

There are four graphics on the right side of The Racial Wealth Divide in Baltimore text. They are described from top to bottom:

Population

A circle is divided up into five unequal sections representing the following: Blacks constitute 63% of the Baltimore population, Latino's constitute 4% of the population, Whites constitute 28% of the population, Asians constitute 2% of the population, and other constitutes 3% of the Baltimore population.

Median Income

The average White household makes nearly two times the income of the average Black household

Unemployment Rate

The unemployment rate of workers of color in Baltimore is 3x more than the rate for White workers.

Zero Net Worth

One third of households in Baltimore have zero net worth

Racial Wealth Divide in Baltimore Infographics

In Baltimore, people of color are disproportionately affected by local and national trends in employment, income and involvement in the criminal justice system. For the African American community, which is over 60% of the Baltimore population, unemployment is at 14% compared to the White unemployment rate of 3.6%. There is also strong racial inequality in educational achievement, household income and asset ownership. Unfortunately, Baltimore's racial inequality mirrors national inequality. These data further illustrate a troubling reality in America, there are millions of people, and particularly people of color, who are living without the means to save or build a basic safety net for financial emergencies, let alone build the wealth needed to lay the foundation for upward mobility.

There are ten infographics. They are listed and described below.

Households of Color in Liquid Asset Poverty

An outline of the shape of the city of Baltimore is divided into two unequal sections. The shaded portion depicts the fact that 66% of households of color live in liquid asset poverty.

Population

There are fifty people-shaped figures standing in five rows with an equal number of men and women. They are divided up into four sections with different colors. Thirty-one and a half figures, or 63% of the total number of figures, are dark red and represent Blacks. Fourteen of the figures, or 28% of the total number of figures, are yellow and represent Whites. Two of the figures, or 4% of the total number of figures, are brown and represent Latinos. One figure, or 2% of the total number of figures, is green and represent Asians.

Liquid Asset Poverty by Race

There is a horizontal bar graph with four labels on the x-axis: Black, Latino, Asian and White. The Black bar is the longest and reaches 67% on the y-axis. The Latino bar is the second longest and reaches 65% on the y-axis. The Asian bar is the third longest and reaches 43% on the y-axis. The White bar is the shortest and reaches 32% on the y-axis.

Median Household Income

There are four unequal stacks of money placed in ascending order, left to right. The one on the far left is the shortest and labeled with “Black” and “\$33,801.” To the right is the second shortest stack. It is labeled with “Latino” and “\$44,116.” The third to the right is labeled with “Asian” and “\$50,531.” The one on the furthest right is the tallest. It is labeled with “White” and “\$62,751.”

Households with Zero Net Worth

There is a circle made up of four rings of different colors representing four groups. The innermost ring is yellow and represents Whites. There is a bolded portion of the ring that forms 15% of the rings. The second closest ring is green and represents Asians. The bolded portion forms 19% of the rings. The third closest ring is brown and represents Latinos. The bolded portion forms 29% of the rings. The outermost ring is dark red and represents Blacks. The bolded portion forms 32% of the rings.

Homeownership Rate

There are four houses labeled Black, Latino, Asian and White. Each house is partially shaded a darker color, and no house is shaded in the same amount. The red house represents Blacks and 42% of it is shaded in darker. The brown house represents Latinos and 30% of it is shaded in darker. The green house represents Asians and 28% of it is shaded in darker. The yellow house represents Whites and 60% of it is shaded in darker.

Cost-Burdened Renters

A vertical bar graph with Black, Latino, Asian, and White on the x-axis. The Black bar is dark red and is the highest, reaching 59% on the y-axis. The Latino bar is brown and is slightly lower than the black bar, reaching 58% on the y-axis. The Asian bar is green and is the third lowest, reaching 47% on the y-axis. The White bar is yellow and is the same height as the Asian bar, reaching 47% on the y-axis.

Bachelor’s Degree or Higher

There are four squares of different sizes and colors labeled Black, Latino, White and Asian. The red square represents Blacks, and at 13%, it is the smallest. Directly to the upper-right is the brown square representing Latinos. At 24%, it is the second smallest. The square directly below it is green and represents Asians. At 68%, it is the highest. The square to the right is yellow and represents Whites. At 59%, it is about the second highest. The text below the infographic reads: “Only 13% of Black adults in Baltimore finish a Bachelor’s degree or higher compared to 51% of White adults.”

Unemployment Rate

There are four thermometers of different sizes and colors labeled Black, Latino, and White. The dark red thermometer represents Blacks and at 14% is the largest. The brown thermometer represents Latinos and at 7%, it is the second longest. The yellow thermometer represents whites and at 4%, it is the shortest. The section representing Asian unemployment reads “data N/A”. The text at the bottom reads: “The unemployment rate for Black households in Baltimore is over three times the rate for White households.”

Incarceration Rates

The mass incarceration of African Americans is a well-observed reality in the United States. In Baltimore, although a little more than 60% of Baltimore’s population is African American, almost 85% of those incarcerated in 2014 were African American. This disparity is of even greater import when considering the long term economic consequences. According to studies, following the release from prison, wages grow at 21% slower rate for Black former inmates compared to former White inmates.

A graph at the bottom of the text is titled “population in Baltimore City” and is divided into two columns. The column on the top has two side by side circle graphs with a portion of each circle shaded. The graph to the left represents Blacks and 62% of it is shaded. The graph to the right represents Whites and has 30% of it shaded. The column at the bottom has 10 people shaped figures standing in a row with an equal number of men and women. Eight and a half of the figures are shaded in and represent the number of Black inmates in prison. The text at the bottom of the graph reads: “9 out of 10 inmates are Black”.

Vacant Homes and a Shrinking City

Baltimore has 30,000 vacant homes and lots according to the Housing Authority of Baltimore City. These vacancies are concentrated in neighborhoods with low incomes and high proportions of households of color.

As Baltimore struggles to reverse a decades-long population decline, the city’s growing number of vacant buildings serves as a useful indicator. Since a peak in the 1950s, the population has dropped by nearly a third, from 950,000 down to 622,000 in 2014. The population decline can be attributed in large part to the closings of the city’s factories and shipyards after World War II. Baltimore also became more racially homogenous as Whites left for the suburbs.

Today, Baltimore’s vacant buildings stand as reminders, both of the city that once was and of the economic insecurity that exists today. As illustrated in the adjacent map, the areas with the highest concentration of homicides correspond almost exactly with the city’s vacancies. These are the neighborhoods where most families live near or below the poverty line and where Black households are the overwhelming majority.

Homicides and Vacancies

2015 marked the highest homicide rate in Baltimore’s history. 343 people were killed, over 90 percent of whom were Black. While the number of homicides was slightly higher in 1993 (353), the population was also higher by about 100,000 people. This level of violence has become a trend: between 2011 and today, 1,440 people have been killed in Baltimore.

Why the increase in violence? There is no shortage of theories to explain it—a dearth of jobs and opportunities, poor schools, underinvestment in public services. The plight of the city’s most vulnerable residents mirrors that of cities across the country.

As residents began leaving Baltimore in the 1950s, public investment followed them to the suburbs. While the city’s population has dropped, the surrounding counties have grown by leaps and bounds. And along with the people came investments in roads, schools, and businesses, leaving far fewer resources for the core city.

Homicide and Vacancies Infographic

There is a picture of a map of Baltimore that uses shaded dots to represent the number of vacant buildings in the city and unshaded dots to represent the number of homicides in the city. The text that accompanies the map reads: “2015 marked the highest homicide rate in Baltimore’s history. 343 people were killed, over 90 percent of whom were black. While the number of homicides was slightly higher in 1993 (353), the population was also higher by about 100,000 people. Unfortunately, this level of violence has been a trend in recent years. Between 2011 and today, 1,440 people have been killed in Baltimore”.

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“The plethora of vacant buildings along with the rising homicide rate are products of that disinvestment. As people look around their neighborhoods, they see dilapidated buildings, inadequate transit, and old school buildings. With this crumbling infrastructure and few opportunities to escape, it can often feel as if there is no way out”.

The Foundation of the Racial Divide: Education, Health, and Wealth

In Baltimore, the relationship between wealth and educational and health outcomes is stark, and even more so when one overlays race. One measure is the number of adults without a high school diploma: among African Americans, the number is just over one in five (21.8%), compared to a little more than one in ten (12.8%) among Whites. This disparity widens in higher degree attainment, with only 13% of African Americans in Baltimore having a B.A. or higher, compared to 51% of Whites.

When overlaid with health outcomes – the impact of deep inequality in schools, health and wealth becomes clear. In 2013, the City of Baltimore Public Health Commission found that for those with less than a HS diploma, the mortality rate was almost five times greater (4.72) than for those with some college education or higher.

These disparities persist when looking at race. When reviewing infant mortality, Black infants had a mortality rate that was 1.55 times greater than White infants. Black males who grow to manhood are 17.5 times more likely to die from homicide than their White peers.

Among the top 10 largest employers in Baltimore, four are hospitals and three are universities. These universities and hospitals educate and serve thousands each year – yet for those who live in Baltimore, particularly those of African descent, there is clearly more to be done to ensure equitable access to their services.

Data Tables

If you would like to review the data tables, please visit this url - http://cfed.org/assets/excels/Baltimore_DataTable.xlsx and download the file.

Building High Impact Nonprofits of Color Project

In order to address the national challenge of a broad and deep racial wealth divide, communities of color need nonprofits of color with high-impact asset-building services. CFED’s Racial Wealth Divide Initiative aims to strengthen the capacity of nonprofits of color to support economic opportunity through the work of the Building High Impact Nonprofits of Color project.

The project has three key goals: to build leadership and organizational capacity, improve organizations’ understanding of the connection between assets and the racial wealth divide, and

provide networking and convening opportunities so organizations of color can build strong relationships within and across networks.

By the end of 2017, this project will equip more than 20 organizations with strategies and skills to launch, expand or improve wealth-building initiatives for communities of color across the country. CFED's Racial Wealth Divide Initiative will continue partnering with organizations to support their growth and development, share CFED resources and analysis and continue learning about best practices for addressing racial economic inequality at the local level.

Below are the six nonprofit organizations of color that the Racial Wealth Divide Initiative is working with in Chicago, IL. Each of these organizations is working within their respective communities to help bridge the racial wealth divide and promote financial literacy and capability in their communities. Despite the widening of the racial wealth gap, these organizations and others like them are developing, piloting, managing and replicating primer programs and best practices to address the inequalities in Miami and the nation.

Baltimore, Maryland: Building High Impact Nonprofits of Color

Bon Secours Community Works <https://bonsecours.com/baltimore/our-services/community-services/family-support-center>

Bon Secours Community Works' (Community Works) mission is to enrich West Baltimore communities with programs and services that contribute to the long-term economic and social viability of neighborhoods. Community Works provides family support services, workforce development, and economic education. Community Works impacts low-income residents of southwest Baltimore, 93% of whom are African American and 69% are women. In 2016, Community Works worked with approximately 2,400 low-income area residents, helping 104 clients gain employment; 207 families avoid homelessness through their Eviction Prevention Assistance Program; 60 clients earn their Certified Nursing Assistant (CNA) or Geriatric Nursing Assistant (GNA) certification; employed and trained 32 youth in the 8-week summer work and career prep program; and enrolled 212 clients in the Re-Entry Life Skills Training Program. Community Works addresses racial wealth inequality by providing multiple services to address the wraparound needs of low-income families in Baltimore.

Center for Urban Families www.cfuf.org

Center for Urban Families' (CFUF) mission is to disrupt poverty in Baltimore and across the country. CFUF strengthens urban communities by helping fathers and families achieve stability and economic success. CFUF is changing kids' lives one adult at a time. CFUF primarily serves low-income African American parents and more than half have been previously incarcerated. CFUF is located in and anchors West Baltimore. CFUF provides a host of community development and economic empowerment services. Between, 2010 and 2015, 60,000 children and their parents have been impacted by CFUF. 27,006 individuals have received services through program activities, and 3,543 members have gained full-time job placements. CFUF strategies to address racial economic inequality include providing individuals with a safe space to heal from past trauma, while also creating sustainable change by providing ongoing wraparound services. Additionally, CFUF emphasizes responsible fatherhood as Baltimore's primary anti-poverty strategy, changing the outcomes for multiple generations of disenfranchised Baltimore citizens.

Druid Heights Community Development Corporation, Inc. www.druidheights.com

Druid Heights Community Development Corporation, Inc.'s (Druid Heights) mission is to cause, encourage and promote community self-empowerment through the development of economic, educational, employment and affordable housing opportunities. Druid Heights' service area is Central West Baltimore. Druid Heights provides various community

development and economic empowerment programs including: HUD certified housing counseling, affordable and market rate housing developments, after-school homework assistance and tutoring, re-entry services, financial literacy classes, and job readiness training. Annually, Druid Heights provides housing counseling services to over 450 individuals and serves over 200 youth. To date, Druid Heights has built 213 housing units, removed blight and demolished 214 vacant buildings, which created community green space and reduction of open air drug markets. Druid Heights seeks to narrow the racial economic divide by increasing income and asset building opportunities for families and youth through education, employment and housing services.

Latino Economic Development Center www.ledcmetro.org

Latino Economic Development Center's (LEDC) mission is to drive the economic and social advancement of low- to moderate- income Latinos and other underserved communities in the Washington, D.C. and Baltimore Metropolitan Area by equipping them with the skills and tools to achieve financial independence. LEDC's bilingual and multicultural staff support clients in purchasing homes, building businesses and advocating to preserve the integrity of their communities. LEDC has four core program areas: small business development; small business lending; homeownership; and affordable housing preservation. Through these program areas LEDC has trained over 700 entrepreneurs, helped 130 families avoid foreclosure, organized and educated 3,000 tenants to preserve 60 buildings with affordable rents and helped in the creation of 60 new businesses. LEDC's strategies to address the racial wealth divide include financing and educating entrepreneurs and microenterprises, helping aspiring homeowners purchase homes and those with homes avoid foreclosure, and organizing tenants to preserve affordable housing in quickly changing communities.

Muse 360 Arts www.muse360.org

Muse 360 Arts' mission is to provide Baltimore youth of diverse backgrounds with high quality artistic training and experiences that inspires them to reach their full potential in life. Muse 360 Arts serves over 400 youth annually in Baltimore City. Muse 360 Arts manages three core programs which use the arts to educate, build confidence, instill discipline, and drive cultural awareness while creating and empowering leaders. Muse 360 Arts' vision is to guide people in their pursuit of cultural arts and personal development to ultimately facilitate change in their community. Muse 360 Arts serves over 1,000 people annually and provides financial literacy, business skills, arts and entrepreneurship workshops to 60 youth annually. Muse 360 Art's strategy to address racial wealth inequality is to build intellectual competencies in critical thinking and empowered leadership and expose youth to a broader perspective of the world to be leaders in their communities and globally.

Urban Alliance <http://theurbanalliance.org>

Urban Alliance's (UA) mission is to empower under-resourced youth to aspire, work and succeed through paid internships, formal training and mentorship. UA serves economically disadvantaged high school students who are on the verge of graduation, but are at high risk of not connecting to continued education or sustainable work. Program activities include: professional paid internships, job skills training and professional "soft skills" development training, career mentorship, financial literacy training, case management, alumni follow up services, early college and dual enrollment, and curriculum outreach. 100% of UA interns graduate from high school on time, 80% of alumni connect to work or education pathways that lead to economic self-sufficiency within one year post program. UA's strategies to address racial economic inequality are to help under-resourced youth transition into the workplace through comprehensive programs; to advocate and promote pathways to employment by encouraging career training and job experiences and providing structure through links between high schools and employers. In addition, collect and publicize data on positive results of high-quality interventions and outcomes for young people involved in early work development programs.

Building High Impact Nonprofits Project Partners

CFED

CFED's work makes it possible for millions of people to achieve financial security and contribute to an opportunity economy. We scale innovative practical solutions that empower low- and moderate-income people to build wealth. We drive responsive policy change at all levels of government. We support the efforts of community leaders across the country to advance economic opportunity for all. Established in 1979 as the Corporation for Enterprise Development, CFED works nationally and internationally through its offices in Washington, DC; Durham, North Carolina, and San Francisco, California.

Racial Wealth Divide Initiative (RWDI) at CFED

Racial Wealth Divide Initiative (RWDI) at CFED works to strengthen the ability of all CFED's programs to proactively address racial wealth inequality and deepen analysis of asset poverty challenges impacting communities of color. RWDI launches and implements projects that highlight best practices for eradicating racial wealth inequality, including collaborating with local and regional organizations. RWDI supports the efforts of CFED and its partners to drive policy solutions that reduce racial economic inequality at the national, state and local levels.

JPMorgan Chase & Co.

JPMorgan Chase & Co. is a leading global financial services firm with assets of \$2.4 trillion and operations worldwide. The firm is a leader in investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing and asset management. A component of the Dow Jones Industrial Average, JPMorgan Chase & Co. serves millions of consumers in the United States and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan and Chase brands. The firm uses its global resources, expertise, insights and scale to address some of the most urgent challenges facing communities around the world, including the need for increased economic opportunity.

The Center for Public & Nonprofit Leadership

The Center for Public & Nonprofit Leadership at Georgetown University's McCourt School of Public Policy is a leading education, research and training center dedicated to the development of public, nonprofit and philanthropic leadership. Our programs for students, practitioners and policymakers increase their capacity to work across organizations, communities and sectors to address public needs, tackle public problems and, above all, promote the public good.

Follow-us on social media!

Website: cfed.org/rwd

Podcast: soundcloud.com/rwdpodcast

Facebook: facebook.com/racialwealthdivide/