

RACIAL WEALTH GAP SIMULATOR

EXPLORING THE ROOT CAUSES OF WEALTH INEQUITIES



United Way of
Southwestern Pennsylvania



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Southwestern Pennsylvania**



The Racial Wealth Gap Simulator is presented by United Way of Southwestern Pennsylvania based on an original program designed by Bread for the World.

Today's Agenda

Background

Simulation

Debrief

RACIAL WEALTH GAP SIMULATOR

Community Norms



- Be an active participant.
- Assume best intent.
- Recognize differences in each other's experiences and knowledge level.

RACIAL WEALTH GAP SIMULATOR

Understanding Why United Way's Role

- Committed to advancing equitable opportunities in our communities.
- Racial inequity is real and stems from history.
- Racial inequity remains a significant problem that impacts more than just people of color.



RACIAL WEALTH GAP SIMULATOR

Impact of Closing the Gap

- \$1 trillion in earnings which translates into \$2.7 trillion in the GDP.
- Billions more in consumer spending.
- Substantial increase in federal state and local tax revenues.
- Accelerated long-term economic growth rate for country.



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"Income and Wealth Inequality in America" (2020). Journal of Political Economy
"The economic impact of closing the racial wealth gap" (2019). McKinsey & Company.



Impact of Closing the Gap

\$8 trillion

gain to the GDP by 2050

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"Income and Wealth Inequality in America" (2020). Journal of Political Economy
"The economic impact of closing the racial wealth gap" (2019). McKinsey & Company.

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Definitions

Income

Money received on a regular basis.



VS

Wealth

Total value of assets owned.



Equality

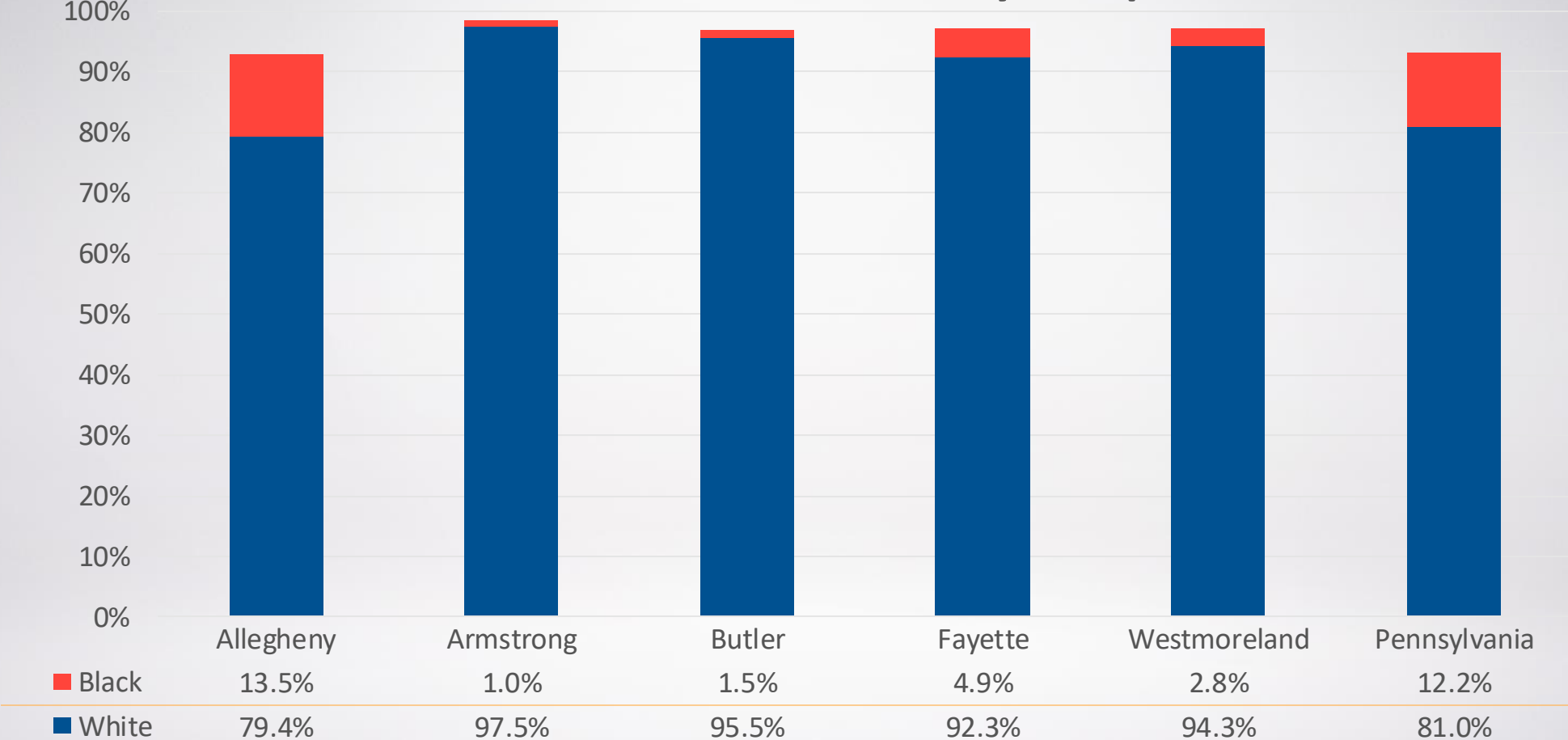


Equity



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Southwestern PA Race/Ethnicity Composition



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U.S. Census Bureau. (2022, July 1). *Pennsylvania Counties Quick Facts*.



United Way's Investment Priorities



MEETING

MOVING



BUILDING

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Meeting Basic Needs

Food Insecurity in PA:
9.4% of overall population.

By Race in PA:

- Black Population 22%.
- White Population 7%.



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Feeding America, Food Insecurity Among
Populations in Pennsylvania, 2021





Moving Toward Financial Stability

	Pop. Not Earning Enough to be Financially Secure
White Households	38%
Black Households	67%

Region Population
85%
8%

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"ALICE Economic Viability Dashboard | Maps And Data" *United for ALICE*, 2022

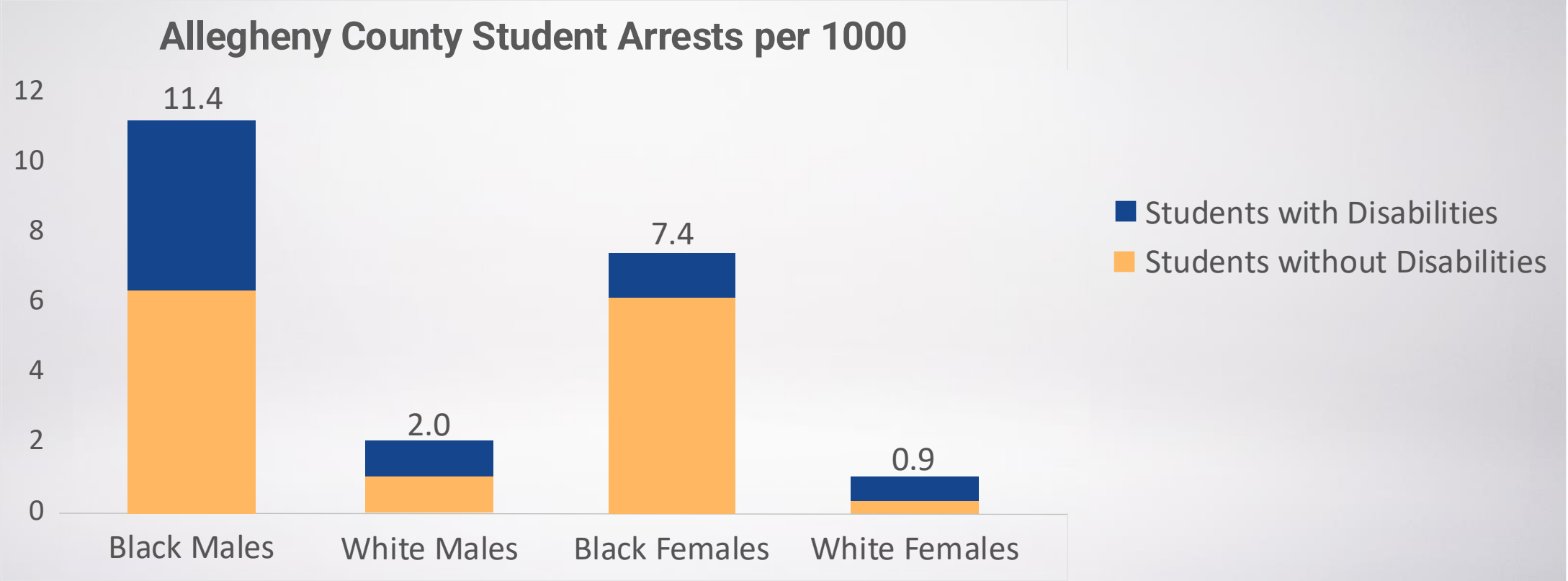
"Pennsylvania : Population by Race and Ethnicity 2022." *Statista*



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Building for Success in School and Life



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"Student Arrests in Allegheny County Schools"
(2022). ACLU Pennsylvania.



Time to Start the Simulation

1. Everyone will assume a participant race for the simulation.
2. Volunteers will read a policy card aloud.
3. Based on policy outcome, adjust your cards.
4. Discussion after every 4 or 5 policies.
5. Tally earned cards and discuss.



RACIAL WEALTH GAP SIMULATOR

Starting Layout

**Black
Participant** 

or

**White
Participant** 

**CARD
BANK**



**MONEY
CARD**



**OPPORTUNITY
LOST CARD**



**LAND
CARD**



**CARDS
IN USE**



**MONEY
CARD**



RACIAL WEALTH GAP SIMULATOR

Institution of sharecropping: Post-Civil War Land Policies

RACIAL WEALTH GAP SIMULATOR

1

Institution of sharecropping: Post-Civil War Land Policies

After the Civil War, only 30,000 Black individuals owned small plots of land, compared to four million who did not own land. An 1865 federal law rescinded the government's promise of 40 acres of land for formerly enslaved people. These four million Black individuals largely resorted to renting the farmland of their previous slaveholder in exchange for a "share" of their crop. This system of "sharecropping" tied farmers to their former slaveholder because they were legally obligated to BUY all farming materials (usually at higher prices) and SELL their farming crops solely to their former slaveholder (usually at lower prices).

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1



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Institution of sharecropping: Post-Civil War Land Policies

BLACK PARTICIPANT

Add 1 land card, 1 money card, 2 opportunity lost cards

LAND
CARD



OPPORTUNITY
OPPORTUNITY
LOST CARD



MONEY
CARD



WHITE PARTICIPANT

Add 3 land cards, 3 money cards

LAND
LAND
LAND
CARD



MONEY
MONEY
MONEY
CARD



RACIAL WEALTH GAP SIMULATOR

1



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The seizure of private property: Post-Civil War Land Policies

RACIAL WEALTH GAP SIMULATOR

2

The seizure of private property: Post-Civil War Land Policies

From 1865 on, Black individuals could have their land seized to pay sharecropping debts—or simply because white landowners declared that Black farmers or businesses were in debt. Black individuals could not fight these charges because they were legally prohibited from suing white people in court. In addition, from 1949 to 1970, one million people lost their land to abuses of the power of eminent domain, which allows local governments to seize private property. Of those one million people, about 70 percent were Black.

The seizure of private property: Post-Civil War Land Policies

BLACK PARTICIPANT

Subtract 1 land card, 1 money card
Add 1 opportunity lost card

LAND
CARD



OPPORTUNITY
OPPORTUNITY
OPPORTUNITY
LOST CARD



MONEY
CARD



WHITE PARTICIPANT

Add 2 land cards, 2 money cards

I LAND
I LAND
I LAND
I LAND
LAND
CARD



MONEY
MONEY
MONEY
MONEY
MONEY
MONEY
CARD



RACIAL WEALTH GAP SIMULATOR

2



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Establishment of redlining: National Housing Act (1934)

RACIAL WEALTH GAP SIMULATOR

3

Establishment of redlining: National Housing Act (1934)

Policies under this law guaranteed federally backed loans to white people and legally refused loans to Black people and anyone else who chose to live in or near Black neighborhoods. This practice, known as “redlining,” targeted entire Black neighborhoods and identified them as “Grade D.” This made it nearly impossible for appraisers in the private sector to do business in Black neighborhoods because all the residents were considered bad credit risks.

RACIAL WEALTH GAP SIMULATOR

3



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Establishment of redlining: National Housing Act (1934)

BLACK PARTICIPANT

Add 1 opportunity lost card

OPPORTUNITY
OPPORTUNITY
OPPORTUNITY
OPPORTUNITY
LOST CARD 🚪

WHITE PARTICIPANT

Add 1 land card, 1 money card

LAND
LAND
LAND
LAND
LAND
LAND
LAND
CARD 🏠🌳

MONEY
MONEY
MONEY
MONEY
MONEY
MONEY
MONEY
CARD 💰

RACIAL WEALTH GAP SIMULATOR

3

Lending discrimination: National Housing Act (1934)

RACIAL WEALTH GAP SIMULATOR

4

Lending discrimination: National Housing Act (1934)

Since this legislation prevented Black people from receiving federally backed home mortgages, white people usually purchased homes on the outskirts of white neighborhoods. They then sold “housing contracts” to Black people who wanted to become homeowners, often for 2 or 3 times the amount of the mortgage. These contracts only guaranteed Black families the rights to the house AFTER all the payments were complete. Missing or being late on even one payment could result in the Black family losing their house immediately.

Lending discrimination: National Housing Act (1934)

BLACK PARTICIPANT

Add 1 land card, 1 opportunity lost card



OPPORTUNITY
OPPORTUNITY
OPPORTUNITY
OPPORTUNITY
OPPORTUNITY
OPPORTUNITY
LOST CARD 🚪

WHITE PARTICIPANT

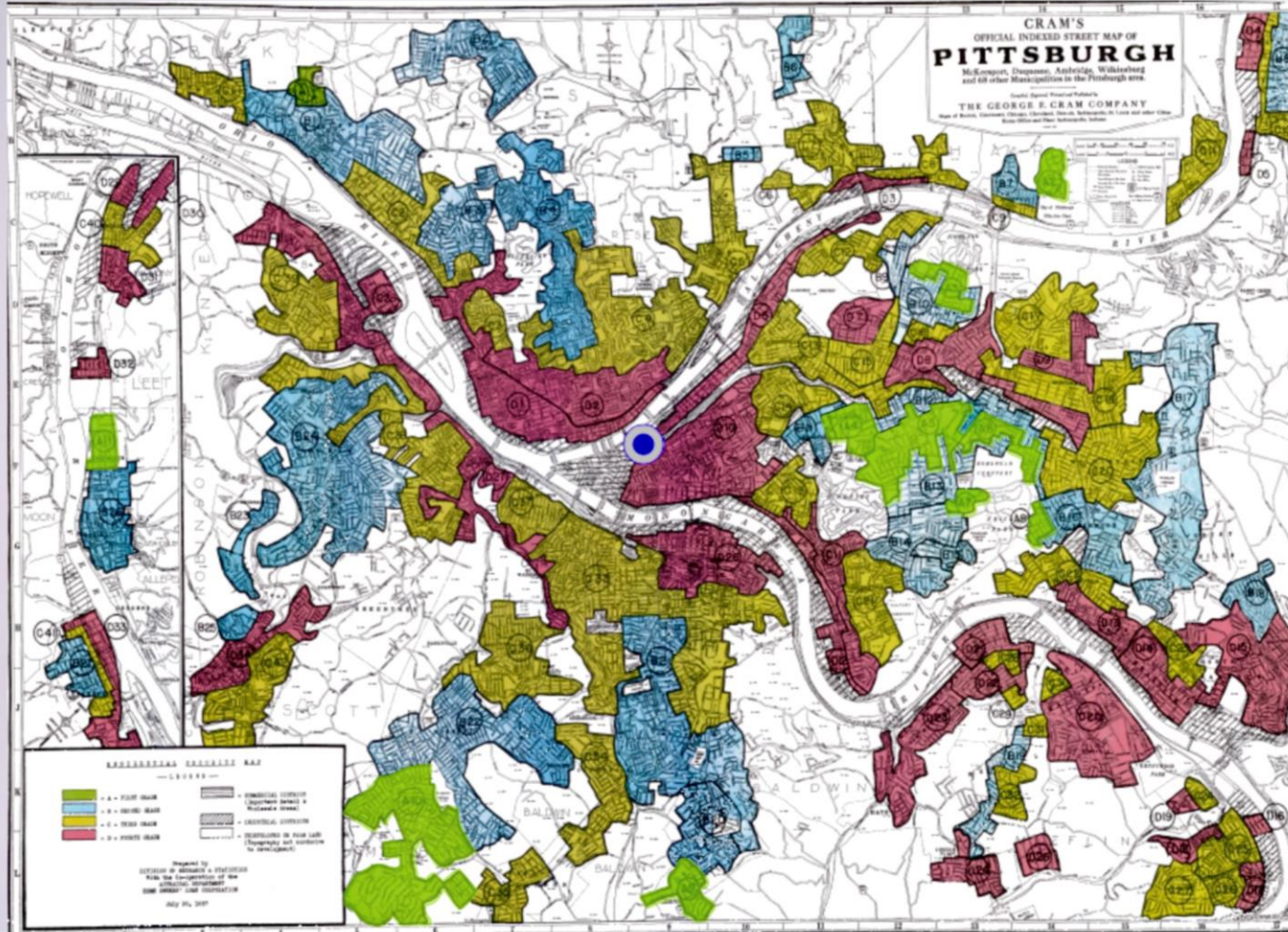
Add 2 land cards, 1 money card



RACIAL WEALTH GAP SIMULATOR

4

Redlining



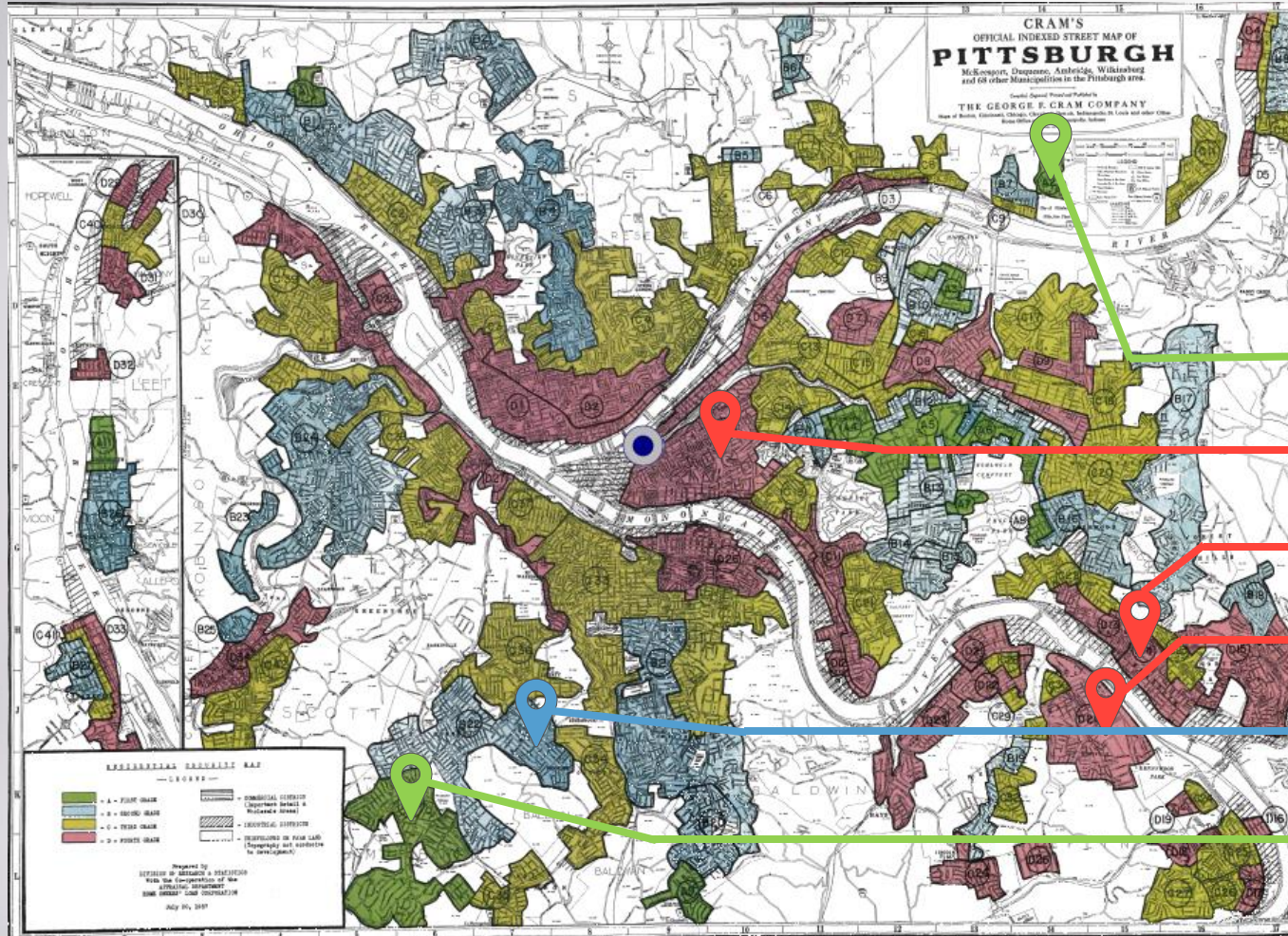
Federally created
Homeowners' Loan Corporation
Map from 1937

Green= Most Desirable (A)
Blue = Still Desirable (B)
Yellow = Definitely Declining (C)
Red = Hazardous (D)

RACIAL WEALTH GAP SIMULATOR

1937 "Cram's Official Indexed Map of Pittsburgh", published by George F. Cram Company, commissioned by the Homeowners' Loan Association

Redlining



Households living below poverty level or with limited income

Fox Chapel - 10% of households

Hill District - 72% of households

Braddock - 79% of households

Homestead - 76% of households

Castle Shannon - 43% of households

Upper St. Clair - 20% of households

RACIAL WEALTH GAP SIMULATOR

1937 "Cram's Official Indexed Map of Pittsburgh", published by George F. Cram Company, commissioned by the Homeowners' Loan Association

2022 PA Alice Report, published by United Way of Pennsylvania



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The Seizure of Private Property

- 2,532 projects were implemented over a 24-year period by eminent domain nation-wide in 992 cities, displacing one million people.
- Two-thirds of these people were Black.



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"Eminent Domain & African Americans"
(n.d.). Institute for Justice.

The Seizure of Private Property

Area of Hill District that
was taken for creation of
Civic Arena.



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"Pittsburgh's oldest Black church..." *Public Source*" Hedlin, C., Lord, R., & Harris, N. (2021).

The Seizure of Private Property

Last photo of
Bethel AME
Church.



RACIAL WEALTH GAP SIMULATOR

"Demolition of Bethel AME Church with crane on left, Wylie Avenue and Elm Street, Hill District," Charles 'Teenie' Harris, July 24, 1957.
Carnegie Museum of Art.

Sharecropping

Land Seizures

Redlining

Lending
Discrimination

Let's Discuss

- How are you feeling?
- What have you learned that surprised you?
- Any thoughts/experiences you'd like to share that show how these policies have continued through today?



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Holes in social safety net: Social Security Act (1935)

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5

Holes in social safety net: Social Security Act (1935)

This act excluded farmworkers and domestic workers, who were predominantly Black, from receiving old age and unemployment insurance. Although Social Security was meant to help those affected by the Great Depression, and Black families were twice as likely to face hunger during this time, 65 percent of Black households were ineligible to receive Social Security.

Holes in social safety net: Social Security Act (1935)

BLACK PARTICIPANT

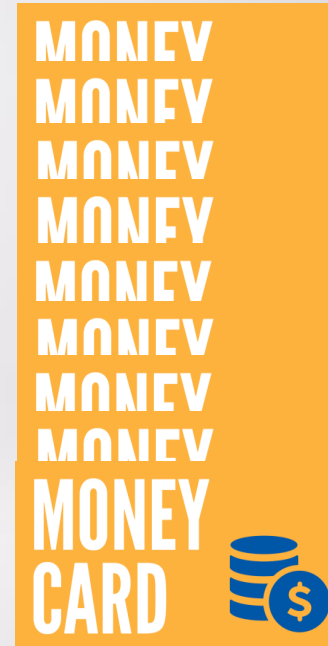
Add 1 opportunity lost card



OPPORTUNITY
OPPORTUNITY
OPPORTUNITY
OPPORTUNITY
OPPORTUNITY
OPPORTUNITY
OPPORTUNITY
LOST CARD

WHITE PARTICIPANT

Add 2 money cards



RACIAL WEALTH GAP SIMULATOR

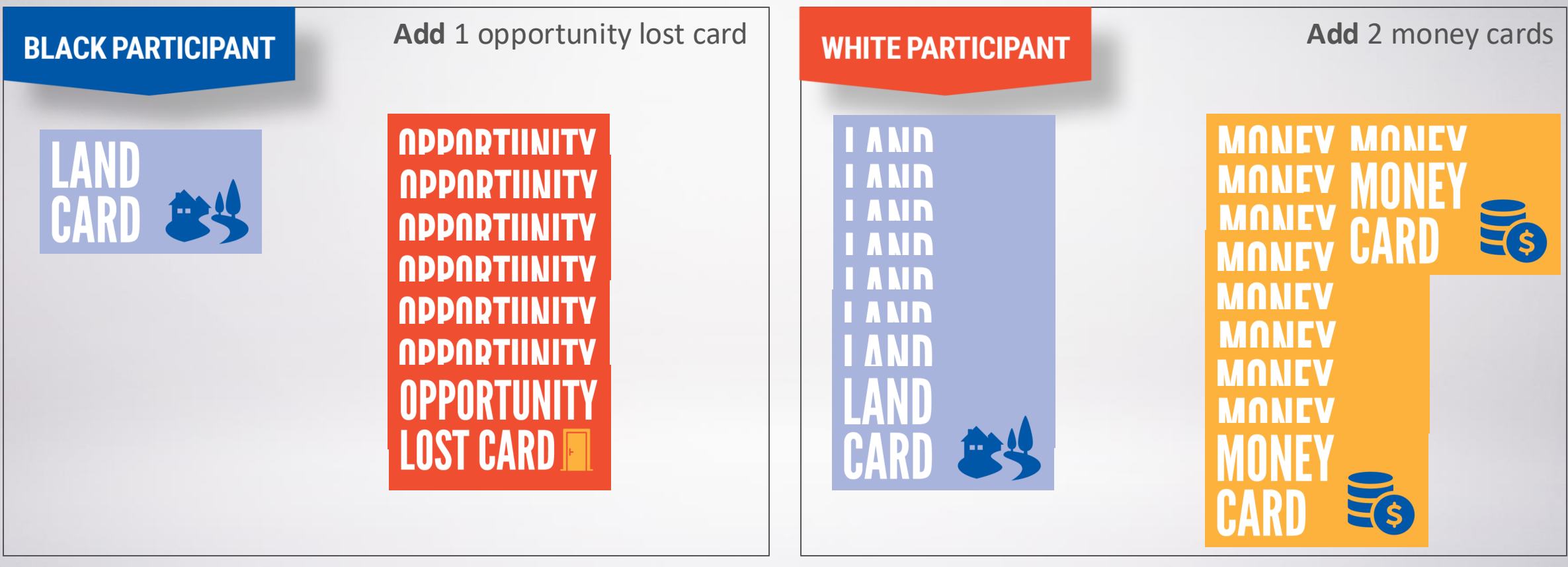
5

Minimum wage loophole:
Fair Labor Standards Act (1936).

Minimum wage loophole: Fair Labor Standards Act (1936)

This first-ever minimum wage legislation was enacted to help bolster the economy and get the country out of the Great Depression. However, it excluded tip-based jobs and other jobs predominantly held by Black workers—including servers, shoe shiners, domestic workers, and Pullman porters. Even though the unemployment, hunger, and poverty rates for Black families were at least twice those of white families during the Great Depression, the very policies meant to alleviate economic strain were withheld from the Black community.

Minimum wage loophole: Fair Labor Standards Act (1936)



Unequal benefits for Black veterans:
G.I. Bill of Rights (1944).

RACIAL WEALTH GAP SIMULATOR

7

Unequal benefits for Black veterans: G.I. Bill of Rights (1944)

This was enacted to help World War II veterans adjust to civilian life by providing low-cost home mortgages, low-interest business loans, tuition assistance, and unemployment insurance. Many Black veterans were excluded from receiving these benefits.

Unequal benefits for Black veterans: G.I. Bill of Rights (1944)

BLACK PARTICIPANT

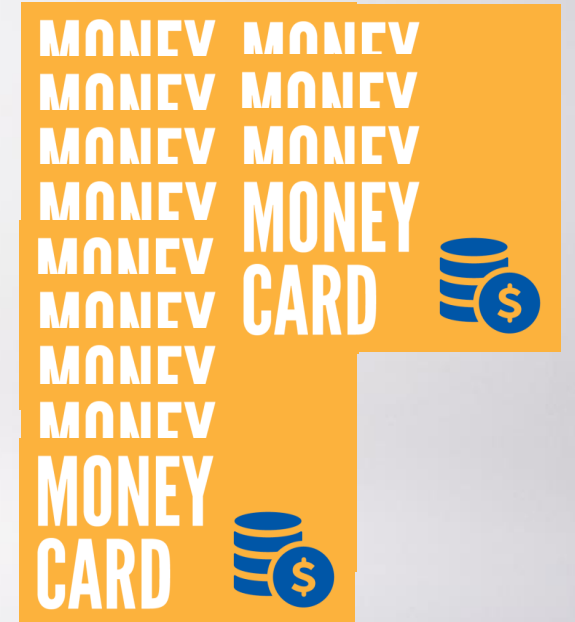
Add 1 money card, 1 opportunity lost card



OPPORTUNITY
OPPORTUNITY
OPPORTUNITY
OPPORTUNITY
OPPORTUNITY
OPPORTUNITY
OPPORTUNITY
OPPORTUNITY
LOST CARD 

WHITE PARTICIPANT

Add 2 money cards, 1 land card



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7

The unfulfilled promise of
Brown v. Board of Education (1954).

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8

The unfulfilled promise of Brown v. Board of Education (1954)

Although the “separate but equal” doctrine was declared unconstitutional in 1954 (Brown v. Board of Education), American schools remain highly segregated by race today. Black students are five times more likely to live in an area of concentrated poverty with underfunded, understaffed, and overcrowded schools. Because of these factors, there are lower rates of academic success in predominantly low-income Black neighborhoods. This leaves Black students with limited educational opportunities, and many are forced to work minimum-wage jobs that offer little hope of career advancement or higher pay after graduation.

RACIAL WEALTH GAP SIMULATOR

8

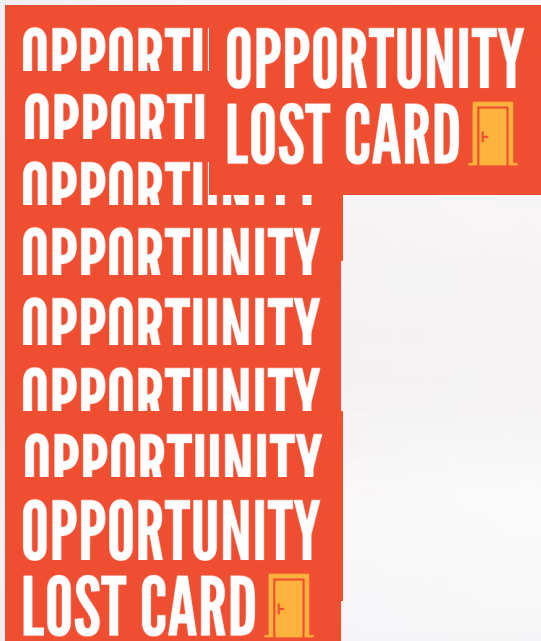


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The unfulfilled promise of Brown v. Board of Education (1954)

BLACK PARTICIPANT

Add 1 money card, 1 opportunity lost card



WHITE PARTICIPANT

Add 2 money cards



RACIAL WEALTH GAP SIMULATOR

8

G.I. Bill of Rights



**MISSED
OPPORTUNITY**

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"The Inequality Hidden Within the Race-Neutral GI Bill" Shannon Luders-Manuel.
2017. The Inequality Hidden Within the Race-Neutral GI Bill - JSTOR Daily

G.I. Bill of Rights

Provided access to education and home ownership.

Immediately following World War II.

- Only 0.7% of 1.3 million Black veterans were able to get a home loan.
- Only 12% of Black veterans went to college (28% of white veterans).



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"The Inequality Hidden Within the Race-Neutral GI Bill"
Edward Humes. The Journal of Blacks in
Higher Education, No. 53 (Autumn, 2006),
pp. 92-104 The JBHE Foundation, Inc The
Inequality Hidden Within the Race-Neutral
GI Bill - JSTOR Daily



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Brown v. Board of Education

- Students with higher GPAs, test scores and have taken a more rigorous course of studies in high school have higher college enrollment rates.
- 45% of Black students attend a high-poverty school, compared to 8% of white students.
- One-third of schools with high Black student enrollment offer calculus.
- With similar academic preparation, Black students are more likely to enroll in college than white students.



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"Find a School - Future Ready PA Index 2020-2021" (2022). Future Ready PA Index. PA Department of Education.

"Black Students in the Condition of Education 2020" (2020). Cai, Jinghong. National School Board Association.



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Social Security

Minimum Wage

GI Bill

Brown v Board of
Education

Let's Discuss

- How are you feeling?
- What have you learned that surprised you?
- Any thoughts/experiences you'd like to share that show how these policies have continued through today?



RACIAL WEALTH GAP SIMULATOR

Predatory high-interest subprime loans
(1970s – present).

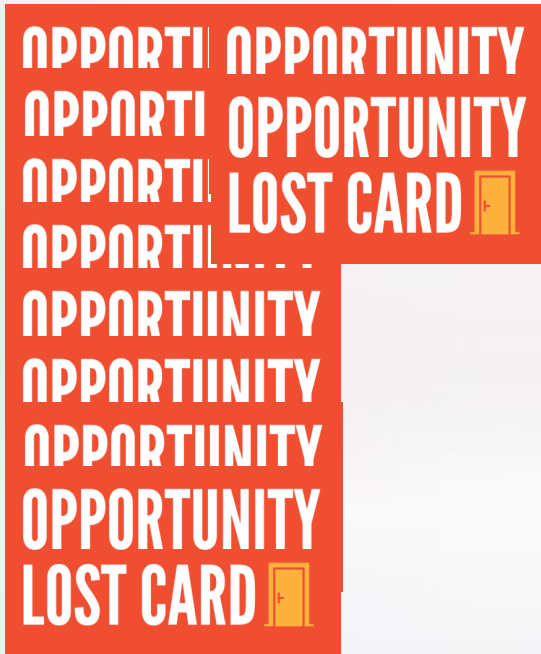
Predatory high-interest subprime loans (1970s – present)

Starting in the 1970s and continuing today, the private sector issued subprime loans (loans with higher interest rates) to Black families almost exclusively—regardless of a family's income, education, or credit history. As a result, Black families continue to unfairly pay more for homes of the same value as their white counterparts. This increases foreclosure rates among Black families. When the housing bubble burst in 2008, high-income Black families were 80% more likely to lose their homes than high-income white families because they were far more likely to have subprime loans.

Predatory high-interest subprime loans (1970s – present)

BLACK PARTICIPANT

Add 1 money card, 1 opportunity lost card



WHITE PARTICIPANT

Add 1 land card, 1 money card



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9

America's War on Drugs: the disproportionate targeting of Black communities.

RACIAL WEALTH GAP SIMULATOR

10

America's War on Drugs: a disproportionate targeting of Black communities

The war on drugs, initiated in 1971 and continuing today, widened the racial wealth gap. Although rates of using and selling drugs are comparable across racial lines, legal authorities are significantly more likely to stop, question, arrest, bring to trial, and give a longer sentence for drug violations to Black people than white people. Maintaining mass incarceration in America costs everyone up to \$80 billion in tax dollars each year.

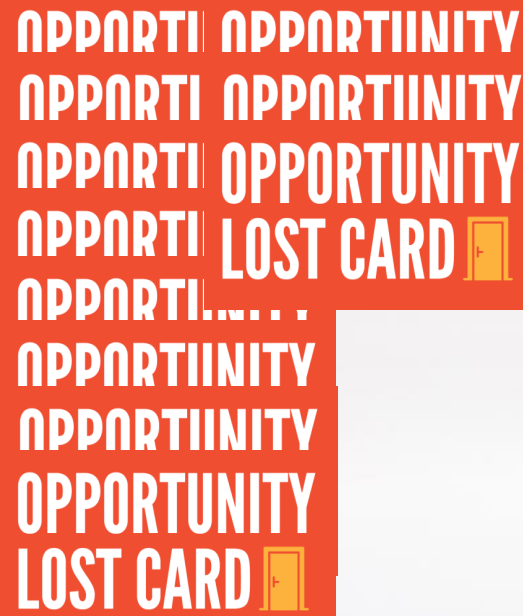
RACIAL WEALTH GAP SIMULATOR

10

America's War on Drugs: a disproportionate targeting of Black communities

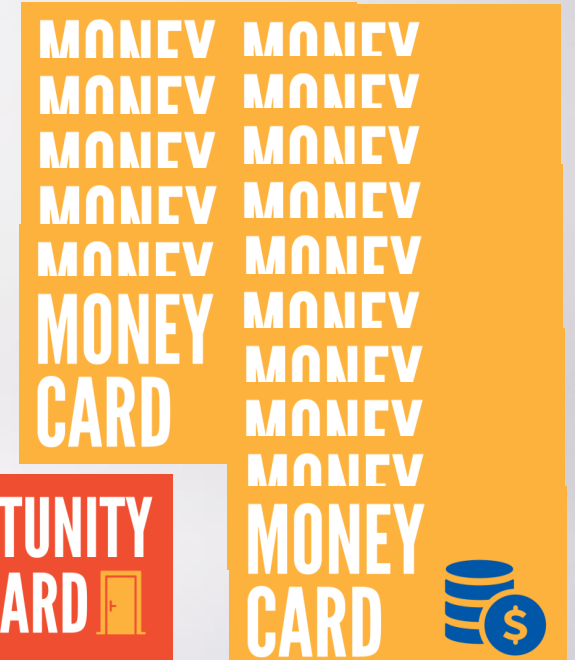
BLACK PARTICIPANT

Subtract 1 money card
Add 1 opportunity lost card



WHITE PARTICIPANT

Subtract 1 money card
Add 1 opportunity lost card



RACIAL WEALTH GAP SIMULATOR

10

Life after incarceration: long-term
consequences of the War on Drugs.

RACIAL WEALTH GAP SIMULATOR

11

Life after incarceration: long-term consequences of the War on Drugs

When people are released from jail or prison, they face many barriers reintegrating into society. Across the country, there are more than 44,000 separate restrictions, known as collateral consequences. A few examples of penalties include difficulty securing housing, obtaining meaningful employment, and being ineligible to receive Pell grants for a higher education degree. Some states deny people convicted of felonies the right to vote, while other states withhold eligibility to receive Supplemental Nutrition Assistance Program benefits along with other basic social safety net programs.

Life after incarceration: long-term consequences of the War on Drugs



Unenforced laws prohibiting
employment discrimination.

Unenforced laws prohibiting employment discrimination

Although racial discrimination in the workforce was legally abolished in 1964 with the Civil Rights Act, racial discrimination continues among all educational levels and job sectors. For example, interviewers are twice as likely to not call back or contact Black candidates after they complete job applications or interviews. Some employers are more likely to consider white candidates with a criminal record than Black candidates without. Additionally, as of 2020, the average annual income for white workers was \$70,370, compared to \$47,617 for Black workers.

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12

Unenforced laws prohibiting employment discrimination



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12



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Voting restrictions and election disenfranchisement (1890s – present).

Voting restrictions and election disenfranchisement (1890s – present)

As early as 1890, Black individuals faced organized campaigns to prevent them from voting, including biased literacy tests, poll taxes, and lynching. In 1965, the Voting Rights Act passed, making efforts to prevent voting illegal. Today, people returning from jail or prison -- who are disproportionately Black -- are denied the right to vote in many states. In addition, several states have enacted strict voter ID laws, requiring voters to show government-issued identification. One in four Black people, compared to one in ten white people, face barriers to securing the correct documents, like not having the funds to pay for official copies of birth certificates and social security cards or having to miss work to travel to government offices.

Voting restrictions and election disenfranchisement

BLACK PARTICIPANT

Add 1 opportunity lost card



WHITE PARTICIPANT

No action



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13

America's War on Drugs

- Anti-Drug Abuse Act of 1986.
- 5 grams of crack cocaine = 500 grams of powdered cocaine for mandatory sentencing time.
- 4 years after enactment, average federal drug sentencing for Black people was 49% higher than that of white people.



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"A Thoughtful Comparison of the Government's Response to Crack Epidemic of the 1980s vs. the current Opioid Epidemic: A look at criminalization, race, and treatment" (2017). Sonia L. Canzater.

Life After Incarceration



- Black children are 7.5x more likely to have an incarcerated parent than white children.
- Children of incarcerated parents are 6x more likely to be incarcerated themselves.

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"Hidden Consequences: The Impact of Incarceration on Dependent Children." 2017. National Institute of Justice Journal.

Life After Incarceration



- 65% of families are unable to meet their basic needs.
- 63% were responsible for fines and court charges related to their incarcerated family member.

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"Who Pays: The True Cost of Incarceration on Families." Ella Baker Center for Human Rights. September 2015.

Life After Incarceration



- 49% of formerly incarcerated people reported no earnings in the year after their release.
- Only 20% of those with jobs reported annual incomes over \$15,000.

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"Work and Opportunity Before & After Incarceration" 2018. The Brookings Institute.



How many money cards did everyone end up with?

BLACK PARTICIPANT

MONEY CARD  =2

LAND CARD  =1

OPPORTUNITY LOST CARD  =14

WHITE PARTICIPANT

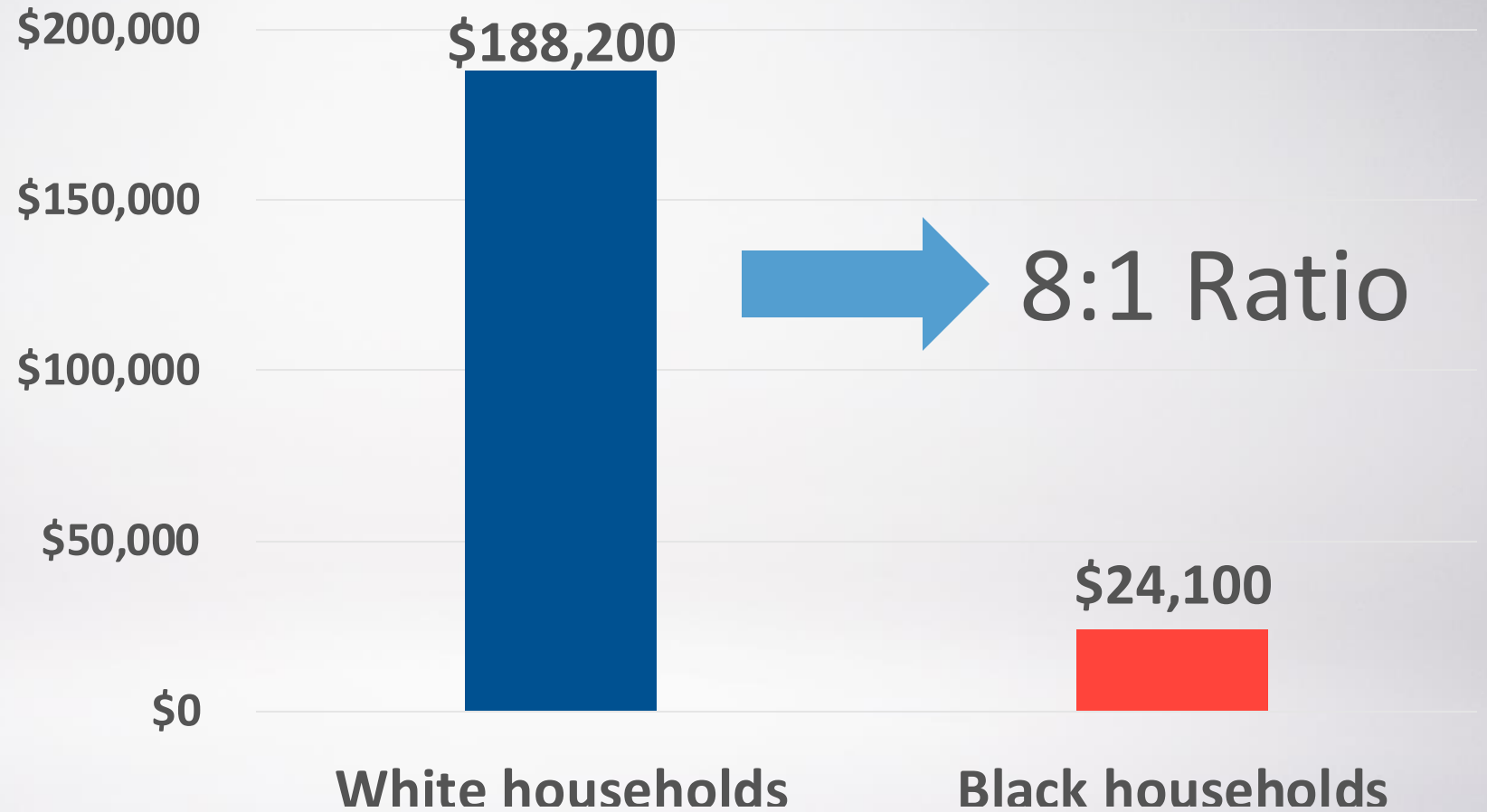
MONEY CARD  =16

LAND CARD  =10

OPPORTUNITY LOST CARD  =1

RACIAL WEALTH GAP SIMULATOR

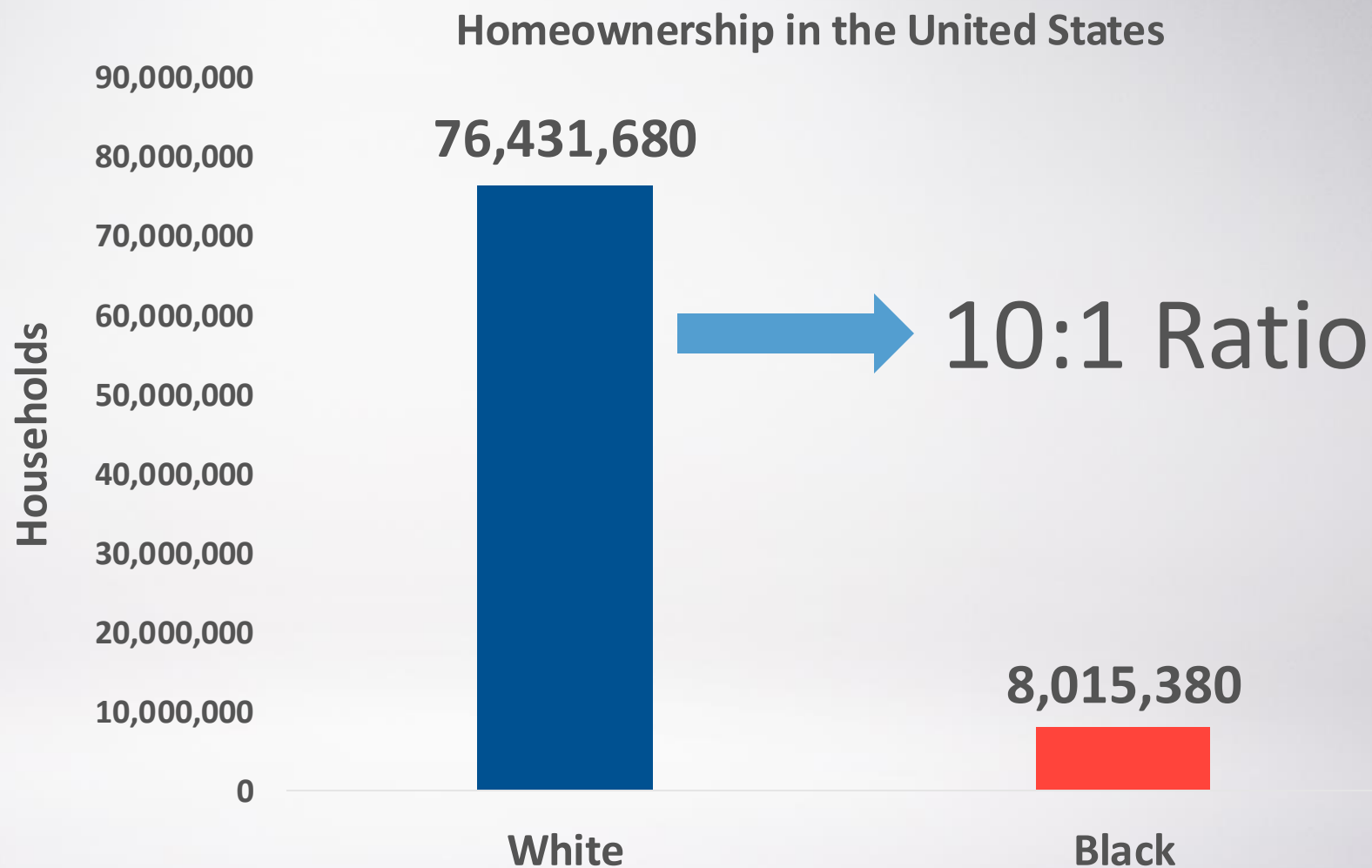
Median Net Worth



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"Disparities in Wealth by Race and
Ethnicity" 2019, Survey of Consumer
Finances

National Housing Statistics



RACIAL WEALTH GAP SIMULATOR

"Households by Race and Hispanic Origin...": 2020. United States Census Bureau.
"Homeownership Rates by Race and Ethnicity" (2020). FRED Economic Data

Discussion

- What did you learn that you didn't know before today?
- What were some of the common themes you noticed?
- Have you seen this wealth gap in your own community?
- Have you seen the impact of one of the policies in action?



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Progress in the Face of Adversity

- As of 2021, over 161,000 Black owned business with \$183.3 billion in annual revenue.
- 27.6% of Black people aged 25 and older have earned a Bachelor's degree or higher.
- In 2004: 6% of CEO positions held by Black individuals.
- By 2023: 12% of CEO positions held by Black individuals.
- 13% of the House of Representatives are Black individuals.
- Evanston, Illinois is first US city to make reparations available for past housing discrimination.



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"H.R. 40 Commission to Study and Develop Reparation..." Congress.gov
"U.S. Congress continues to grow in racial, ethnic diversity" (2023). Pew Research
"Census Bureau Releases New Educational Attainment Data" (February 2023). United States Census Bureau.
"A Look at Black-owned Businesses in the U.S." (2024). Pew Research Center.
"Evanston, Illinois, becomes first U.S. city to pay reparations to Black residents" (2021). The Associated Press.

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How do you work towards racial equity?

Representation



Self-Education



Advocacy



Giving



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Representation



- Help promote marginalized voices within your company or organization.
- Shop at businesses owned by people of color.
- Help candidates of color get elected.



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Self-Education



- *The Sum of Us*, by Heather McGee (book).
- *The Color of Law*, by Richard Rothstein (book).
- 13th (documentary).
- Intersectionality Matters (podcast).



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Advocate



Vote!

Follow organizations who are doing important advocacy work.



- Local organizations like YWCA's or Black Women's Policy Center.
- National organizations PolicyLink or The Advancement Project.

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Giving



Support United Way



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THANK YOU

Have any follow up questions?
wendy.koch@unitedwayswpa.org

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