

# ECONOMIC EMPOWERMENT

Weaving Economic Empowerment through K-12  
Education and Black Neighborhoods



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# PRESIDENT'S NOTE

At The Expectations Project (TEP), we aim to understand systems and the dynamics within them that impede children thriving. As our President, I have seen, heard and lived the consequences of adults wielding power and privilege irresponsibly as pertains to these systems, systems that have the power to harm children and their families and the potential nurture them. Thankfully, there are many individuals and institutions reaching for a world in which children are cherished and flourishing in their schools and communities. TEP supports those working to realize a world of abundance for all children. Our team curates data points in white papers to support narrative shifts and political actions needed for the systems we all deserve.

Please use our white papers as a resource, to spark creativity and conversation, and as a tool of engagement.

With power, peace and determination,

Zakiya Jackson



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# INTRODUCTION

The modern American school system is failing to universalize equality of opportunity. Our neighborhoods are increasingly disconnected from actualizing economic empowerment for Black people. The mythos of the American Dream has lulled us into a false sense of security, demotivating us from economically empowering children and families. The result is an increasingly disjointed system, where certain communities, often identified by place, wealth, and race, have more access and resources to support their children than others. The zip code has become a deterrent to our students, not because of any inherent deficiency in neighborhoods, but because of the astronomical burden that racist policies unleash on Black communities.

We at The Expectations Project are interested in interrogating the language used to describe economic mobility. How can we talk about measuring economic well-being through the lens of care, justice, and power? In this paper, we use economic mobility to describe how people's economic well-being changes over time, by measuring the intergenerational change in income.

We use economic empowerment to describe equitably allocating resources to families and communities and ending the hoarding of resources. These resources include financial measures like income and access to social networks. A better world for students does not exist without economic empowerment radiating out and supporting communities.

We are striving to create the world we want and need, especially for students. This world, which already holds the resources needed for everyone to thrive, would ensure that the needs of children are met in abundance. It is impossible to realize this dream when Black families and communities are barred from financial resources and social networks. This reality does not exist in a vacuum. Policy decisions from decades ago marred by racism actively prevented (and continue to prevent) many Black people from experiencing economic stability, let alone attaining wealth.

We must center history in this conversation to understand how deleterious racist policies have eroded public education and neighborhoods. Acknowledging the existence of these policies and actively eradicating them and systems that benefit them will position public education and neighborhoods to improve opportunity and build a better world for students.

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**"Schools, and the policies that support them, can either act as agents of change or hindrances for children looking to receive a high quality education or achieve upward economic mobility"**



# HISTORICAL CONTEXT

The United States, with its long history of intentional race-based policy decisions that economically impact Black and Brown communities, has deeply restricted opportunity for students. Black people today have fewer intergenerational resources than white people, stemming from both entrenched government complacency and intentional anti-Black policies. To rectify such an injustice, it is important to examine how we arrived at this point.

The United States was never a country that prioritized the economic empowerment of Black people. From the onset of emancipation, former slaves struggled to build the resources that would ensure their basic needs could be met or position them to build wealth. The few Black families that successfully built wealth are the exception to such circumstances. Black communities that found economic success and prosperity in the early 20th century were destroyed by white rioters. In the subsequent decades, Black families were subject to policies that prevented them from not only building wealth, but also accessing the resources needed to meet their basic needs. These policies of school segregation, disinvestment from public goods, and labor market discrimination diminished opportunities for Black people to grow incomes, and hamper intergenerational mobility to this day. Jim Crow, which defined American domestic policy for decades, is linked with lower investment in public goods primarily in Black neighborhoods, worse health outcomes, and longer commute times. These factors, which all affect economic mobility, are still worse off today for Black Americans than their white counterparts. Alleviating the toll that race-based policies enacted on Black communities means designing policy that specifically improves outcomes for Black communities.

Examining the history of reform also provides insight into the effectiveness of policies designed to encourage upward mobility and alleviate poverty. For example, after the end of World War II, in an effort to mold the United States into a land of opportunity befitting the “American Dream”, there was a push to mandate school desegregation, reform school funding, and expand programs for low income children. These efforts were met with mixed results, but were shown to lessen adult poverty in the decades since these reforms were enacted. The results of these reforms demonstrate the link between public education and overall economic mobility, and indicate there is still much work to be done. They also demonstrate that prior reform did not go far enough to economically empower families and communities. Armed with the insights of the past, future reform must push economic empowerment as the ultimate goal.

# EDUCATION

Schools often serve as a microcosm for society at large, revealing the depths in which race and class permeate our lives. Often hailed as a panacea for opportunity, public education can be the tool with which we inspire joy, imagination, and scholarship in our students. But, as it stands, the American education system is far from a meritocracy.

Wealthier families have more access to resources and networks that ensure their children can succeed. They are better equipped to navigate the school system to ensure their children attend the best schools, have the best teachers, and can participate in enrichment activities outside the classroom.

Schools, and the policies that support them, can either act as agents of change or hindrances for children looking to receive a high quality education or achieve upward economic mobility. Equitable K-12 public education is inhibited by economic disempowerment, which can, in part, be attributed to how school districts are funded. The relationship between school funding and local property taxes defines zip codes as a significant barometer of public school funding. Much of the money in a school's budget is tied to access to local revenue. Public schools receive a hodgepodge of funding from federal, state, and local institutions, but the federal government only provides a small share of funding.

As seen in the figure to the right, state and local governments provide 93% of all school funding. That amount varies across and within states proportionally.

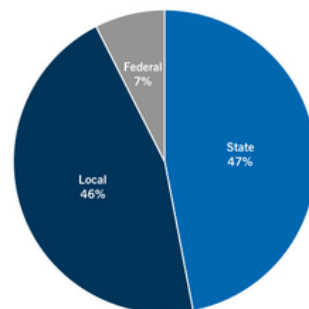
Governments rely on formulas in an attempt to distribute funds equitably and according to a school district's ability to rely on local revenue sources, like taxes. States often attempt to mitigate funding disparities by distributing more funds to school districts with larger numbers of students from families with low income, English language learners, or who have special needs. But this is often not enough. The other 46% of a school's budget stems from levied local property taxes. As a result, attempts to alleviate inequitable funding often fall short because school funding structures undoubtedly privilege districts with higher revenue resources. So, schools within a state enjoy incredibly different budgets depending on the wealth of families that reside in their school district. More often than not, these wealthier families are white. In fact, non-white school districts receive \$23 billion less than white districts. This incredibly disproportionate figure is the result of decades of racially discriminatory housing covenants entrenched in American laws and property records that have racially segregated neighborhoods.

Although these laws are no longer enforced, their impact prevents states and schools from equitably allocating resources. School finance reforms attempt to alleviate the burden on schools in low income districts, but do not go far enough to close the education gap between high income and low income neighborhoods.



The federal government plays a relatively small, but important role in K-12 education funding

EDUCATION FUNDING BY SOURCE, 2019-2020 SCHOOL YEAR



SOURCE: U.S. Census Bureau, 2020 Public Elementary-Secondary Education Finance Data, May 2022.  
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The school reforms born during America's postwar period, like school finance reform, the Elementary and Secondary Education Act, and Head Start, have had far reaching effects but fall short of achieving equity for all. We can turn to Head Start as an example of a mostly successful program with evidence of improving economic outcomes for its participants.

High quality preschools, like Head Start, were designed to help children develop a foundation in social and emotional skills and academics, positioning them for success in elementary school and healthy brain development. By comparing mobility outcomes among children who grew up in counties with Head Start to outcomes of children who did not, researchers found that children who were enrolled in Head Start saw a generational change in income as adults. In fact, researchers have found, "a large increase in public investment in education is expected to increase economic mobility across generations, because it affects children from lower income families more than children from affluent families."

The same study found that economic mobility, measuring the generational change in income between parent and child, rose sharply for Black children born between 1945 and 1979. This period is significant because it encompasses the implementation of these reforms. Evidence does suggest that increasing funds for schools in low income neighborhoods significantly improves outcomes for the children of these neighborhoods.

These conclusions find that increasing school funding in low income neighborhoods and expanding access to high quality early childhood education are vital in economically empowering families and communities. These measures, which were successful in the latter half of the 20th century, have regressed or grown stagnant today. The majority of America's school children attend racially concentrated school systems. Only 4% of Black children were enrolled in high quality state preschools in 2019. We can push American public schools towards a true bastion of equality and position them as vehicles for economic empowerment by further investing in public education.





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# NEIGHBORHOOD

Neighborhoods are intrinsically linked to the economic outcomes and opportunities of the residents within them. Families do not exist in isolation. Rather, they are embedded in a community and neighborhood which also have an effect on their prospects for upward economic mobility. There are characteristics within that neighborhood like infrastructure, public goods, access to healthcare, and levels of employment that work in tandem with schools to affect the economic mobility of residents. Racist real estate policies affect the economic strength of a community as they also impact school funding.

Economic mobility is widely dependent on communities, as Raj Chetty illustrates in his widely cited study, “Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States”. Using population data, the study maps the differences in intergenerational economic mobility in communities across the United States. The results of the study indicate children with low-income parents have varied chances for upward economic mobility in different communities around the United States. For example, the probability that a child born in the bottom quintile of the national income distribution will reach the top quintile is 4.4% in Charlotte but 12.9% in San Jose. Particularly indicative of the income inequality ravaging communities is the low numbers of economic mobility in urban areas. In comparison to rural areas, urban areas have lower rates of economic mobility. There are several factors that are either related to or driving such stratification. Urban areas, which are more likely (but not always), to have largely Black populations, have been targeted by anti-Black policies that rural areas were not. Areas with larger Black populations are more segregated by race and income. They have higher student loan borrowing rates and larger balances, which is shown to impact whole communities, not just individuals. The default rate in Black-majority areas was 17.7% in 2019, compared to 9% in white-majority areas.

This incredibly high difference illustrates the difficulty with which people in majority Black zip codes can build a safety net, protecting them from debilitating economic emergencies, let alone wealth. One example of this is the proven correlation between student loan debt and home ownership rates. The Federal Reserve found that an increase in student loan debt depresses home ownership rates, one route in which families can build equity. Across the country, much of a family’s income is devoted to housing, even amongst middle-class families. Increasing affordable housing in neighborhoods is also a viable step towards improving economic mobility. Still, it is an unfortunate reality that the zip codes are an indicator of low economic mobility, and are the product of entrenched policy that unfairly impacts Black people and people with low income.

Some researchers find that childhood access to wealthy networks can increase social capital and ultimately economic mobility. Friendship, it seems, has the power to lift children out of relative poverty as adults. Analyzing connectedness through social media, Chetty found that neighborhoods with more friendships along class lines can cause better economic outcomes. The study found that if children from families with low income grew up in neighborhoods in which 70% of their friends were wealthy, their future incomes would increase by 20%. This research explains why certain communities are more successful in improving economic mobility for all residents than others, and raises an interesting point regarding the need to foster community across racial and class lines. It also confirms the mythos of the American Dream.

Hard work is less of an indicator of economic success than knowing the right people. It unfairly suggests there is an inherent deficiency in these neighborhoods. The study proves that neighborhoods with wealth hoard resources, allocating opportunities to select few. True economic empowerment builds financial freedom for all. To alleviate low economic mobility for everyone, we should reform and imagine policies to magnify and support the value already present in low-income neighborhoods.

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# CONCLUSION

Economic empowerment is vital in securing the necessary resources to ensure all communities can thrive. We have the resources to ensure everyone's basic needs are met with the highest quality, and that all children attend a high quality school free of charge. Doing so requires a multi-prong and intersectional approach because there are a variety of factors acting against boosting economic mobility, at least within the constraints of a capitalistic system. Policy solutions, like tax credits and other redistributive policies, that foster liquidity and resources to Black Americans can significantly improve intergenerational economic mobility and mitigate the impacts of long-standing systemic deprivation.

At TEP, we are particularly interested in solutions that help Black families and communities meet their needs and build emergency cushions to alleviate the possibility of an emergency plunging low income families into debt. Policy solutions should provide immediate relief to communities, power build, and foster the intergenerational transmission of income. We've identified three areas of policy change to ensure all students and communities have the resources to thrive:

- Get money into the hands of families, schools, and communities. Redistributive spending is working. Funding must extend far enough to prioritize the current needs of Black and Brown communities, like student loan forgiveness and tax credits.
- Reimagine school funding. Funding schools based on property taxes perpetuates inequity. The resources to build the world we envision already exist. It is up to us to distribute those resources to eliminate inequity.
- Expanding our scope of research to include and center the stories of the communities we are studying. Data is a really important and useful tool for evaluating communities, but only one out of many in our toolbox.

The goal of these efforts is to build a world in which every student and neighborhood can enjoy prosperity, safety, and economic mobility in their everyday lives.

The work will neither be easy nor inexpensive, but necessary if we are to abate the failures of unjust governmental policies. We have a deep responsibility to imagine and build a world outside of constraints that restrict equitable resource access due to race and socioeconomic status. It is only then that we can ensure the needs of all children are met in abundance.

A final word for faith-motivated advocates: At TEP, we are committed to advocacy with faith-motivated communities persuaded by the principles of justice, peace-making, love of neighbor (human and more than human), and collective care. We hold this commitment because we situate ourselves in a tradition of faith-motivated political action that believes in the power for change when we stand together, on principle, in the face of societal ills. The path to economic empowerment may be a trying one, but there is so much hope. We have the power of the Divine and the wisdom of the ancestors available to us (Hebrews 12:1). We have a chief ancestor, Jesus, who promised we could and would do greater things than even he (John 14:12) - he who fed the hungry, healed the sick, challenged prevailing systems, and made space for the marginalized.

We live in a time when many claim to speak for God and when people of faith are the targets of all kinds of manipulation through misinformation. In the face of these tactics, it is all the more imperative that those of us who claim this beautiful tradition hold fast to the moral imperative to care for the least of these in our communities. We speak about this often at The Expectations Project in terms of collective care. For those who follow the way and teachings of Jesus - who, in his own words, "came that all may have life and have it abundantly," (John 10:10) - it is critical that we think seriously about the forces and systems in our society that actively and sometimes aggressively deny access to an abundant life (and even basic needs), and make it our cause and mission to change them as we build the kind of world where abundant life is attainable for every person, every child.



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