## A House Divided

**By Thomas J. Sugrue**

*[continued on page 6]*

closure Act found that 32.1 percent of wealthy Blacks, but only 10.5 percent of wealthy Whites, got higher-priced mortgages-those with an interest rate 3 or more points higher than the rate of a Treasury security of the same length.

The bursting of the real estate bubble has been a catastrophe for the broad American middle class as a whole, but it has been particularly devastating to African-Americans. According to the Center for Responsible Lending in Durham, North Carolina, nearly 25 percent of African Americans who bought or refinanced their homes between 2004 and 2008 (and an equivalent share among Latinos) have already lost or will end up losing their homes-compared to 11.9 percent of White families in the same situation. This disparate impact of the housing crash has made the racial gap in wealth even more extreme. As Reid Cramer, director of the Asset Building Program at the New America Foundation, puts it, "Basically, we have gone from an average minority family owning 10 cents to the dollar compared to the average White family to now owning less than a nickel."
The median Black family today holds only $4,955 in assets.

In recent years, concerns about racial disparities have largely faded from national politics. It is now a commonplace that we have entered a post-racial era. The concerns of the civil rights era are obsolete. A Black family occupies the White House. Conservative jurists and even many liberals are arguing with greater conviction than ever that affirmative action programs and the Voting Rights Act are no longer necessary in a color-blind America. For his part, the first African American president has been remarkably silent on questions of race. University of Pennsylvania political scientist Daniel Gillion examined decades of presidential speeches and found that Barack Obama has said less about race than any Democratic president since 1961.

But for all of the talk about hope and change, the racial wealth gap has not only persisted, it has worsened. And it is this gap that is the most powerful measure of differential well-being by race. Wealth has profound consequences throughout the life cycle, from putting a down payment on a first home to spending your last days in a skilled nursing facility. Starting a business? Paying for college tuition? Making ends meet when you've lost your job? Covering extraordinary medical expenses? Retiring? Assets matter.

On each of these counts, minorities face an insecure present and a very precarious future. Consider just one measure: the Brandeis Institute on Assets and Social Policy estimates that only 8 percent of Black seniors and only 4 percent of Latino seniors have sufficient economic resources to be economically secure in retirement. "These seniors," write a team of Brandeis scholars, "do not just have to watch their pennies; they are truly struggling every day, forgoing basic expenditures, such as medical appointments and household maintenance, just to make ends meet."

A few years ago, I met Roosevelt Smith. He still owned my parents' old house on Detroit's West Side, which was a rental property by then, and he gave me a tour. It was in good shape-pretty much the same house that my parents sold, but with newly refinished floors and some new kitchen cabinets and tiles and the garage out back. He's a resourceful guy who bought a second, larger house nearby-another asset, a nest egg for the future. But together, the two houses aren't worth much. The median listing price for homes in Detroit is now just $21,000, or about the cost of a Chevy Malibu-and, like the car, likely to depreciate in value from the moment you buy it. Detroit's population has fallen from 1.85 million in 1950 to a little more than 700,000 today, and as population falls housing demand falls with it. Today, nearly every block has abandoned homes on it. The Smiths probably have more in household assets than the $4,955 median for Black families, but not a lot.

In contrast, my parents' assets have provided them with a cushion of security and more than modest comfort, from that family room they built in the '70s to the cottage in northern Michigan they built forty years ago and later renovated for their retirement. Along the way, my parents used their savings to help pay for three college tuitions. They helped me buy my first house because I didn't have enough savings for the 10 percent down payment. When their health deteriorated, they drew from their assets to rent an apartment in a comfortable retirement community. Barring a medical disaster, which my mother could at least partially cover using her remaining assets, my sisters and I can expect a small sum from her estate. Last year, my mother sent me a check-she called it, rather morbidly, a "down payment" on my inheritance-that totaled more than twice the household assets of the median Black family.

I have never thought of myself as a particularly wealthy person, and by the standards of the top 1 percent I'm not one. Despite the swings of the economy and a divorce settlement that drained my retirement account, I own a house worth more than twice its original purchase price. I have squirreled away some money in a mutual fund to help pay for my children's educational expenses: college is just a few years off, and it won't be cheap. I can also use some of my assets as collateral for loans to help pay their way. And, if my investment decisions prove to be wise, I will have a substantially larger retirement nest egg than my parents had. If I have extraordinary medical expenses, I have funds to fall back on. I also drafted a will, and hope that my heirs-my family and a few charities-will be able to benefit from my good fortune.

There are many White folks who are not as fortunate as my parents were, and even the modest legacy they were able to build may be becoming increasingly rare among younger generations of Americans of all races. Still, like most Whites, I am a beneficiary of the racial wealth gap. And until that gap narrows, we can't begin to talk about the dawning of a post-racial America.

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## Truliant Partners with Local Schools to Assist Teachers

WINSTON-SALEM, N.C. (July 16, 2013) – Truliant Federal Credit Union will support local schools in the communities where they operate with their Fill the Bus School Supply Drive campaign. Collection boxes will be placed in Truliant Member Financial Centers (MFC) in three states as drop-off locations for school supplies. Member-owners, businesses, community groups, and the general public can donate items such as backpacks, calculators, pencils, paper, crayons, etc. through August 19 for students in need.

Studies have shown that teachers can spend up to $700 per year of their own money on classroom supplies. However, by participating in the Fill the Bus School Supply Drive, Truliant will help teachers from several high-need schools save their money with donated supplies that will support students in kindergarten through 12th grade.

"We are excited about the prospect of helping students and teachers with our Fill the Bus School Supply Drive. We hope the community joins us by dropping off donations at the Truliant MFC nearest them," said Marjorie Rorie, director of community services for Truliant. To view a list of MFC drop-off sites, visit the Truliant website at www.TruliantFCU.org.

About Truliant Federal Credit Union
Truliant Federal Credit Union is a not-for-profit, financial institution that provides affordable financial services to its member-owners. Truliant was chartered in 1952 and now serves more than 180,000 members and has 21 Member Financial Centers in NC, SC and VA. For more information on Truliant Federal Credit Union, visit TruliantFCU.org.

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