



# Centering Racial Equity in a New Administration

By Danyelle Solomon and Lily Roberts | November 13, 2020

The COVID-19 pandemic has not only threatened the health and well-being of hundreds of millions of people around the globe but has also triggered a national recession in the United States and worsened the racial wealth gap. Prior to the pandemic, the average net worth of a white family was 10 times greater than that of a Black family and seven times greater than that of a Latinx family.<sup>1</sup> Black families and families of color were also less likely to have health care coverage or access to comprehensive high-quality healthcare<sup>2</sup> and more likely to be occupationally segregated in low-wage jobs that lack quality benefits.<sup>3</sup> Now, amid an economic crisis, these families continue to struggle to maintain some semblance of economic stability. The pandemic has highlighted the protective power that wealth provides to individuals and families; wealth not only makes it possible to purchase a home, start a business, or put a child through school, but also provides protection against an emergency. Unfortunately, in the United States, wealth is unequally distributed along racial lines. The inequality that Black people and communities of color face is the direct result of centuries of public policy that infringed on all aspects of life.

With no end to the pandemic in sight, the current crisis will continue to exacerbate centuries of underlying disparities and bear a disproportionate impact on both the health and economic stability of Black Americans in particular, who are still recovering from the Great Recession of 2008.<sup>4</sup> In the past eight months, the virus has devastated communities of color and the racial wealth divide has likely widened.<sup>5</sup> The coronavirus crisis has underscored that, now more than ever, the nation needs large-scale reform across the federal government to address the issues of racial wealth inequality in the United States.

The Center for American Progress strongly recommends that the executive branch explicitly prioritize eliminating the racial wealth gap, as it is the result of the collective and compounding impact of harms over centuries. President-elect Joe Biden and Vice President-elect Kamala Harris have both spoken about the importance of combating systematic racism. Now, they must meet this moment with a full-scale intentional and strategic plan that reaches across the entire federal government and puts in place actual infrastructure to tackle racial inequality.

This issue brief provides a menu of options for the Biden administration, all of which could be implemented within the first year:

1. Create a White House Racial Equity Office
2. Appoint a senior adviser to the president
3. Ensure racial equity within the Executive Office of the President
4. Work with Congress to modify the goals of the Council of Economic Advisers

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## Background on the U.S. racial wealth gap

America's racial wealth gap is more than a simple comparison of one racial group's financial assets over the other. It is evidence of the structural racism that continues to impede and thwart the advancement of Black people—even generations after the end of slavery—and of people of color more broadly. Despite many advancements for communities of color since the passage of the Civil Rights Act of 1964,<sup>6</sup> discrimination continues to pervade government and societal institutions, as seen through inequality in the criminal justice system, de facto segregation in schools, racial disparities in housing, and inequities in employment, all of which impede opportunities for financial progress. Furthermore, this is a cyclical problem: The lack of financial progress affects people's ability to thrive in other areas of life, from education, to property or business ownership, to health, to intergenerational mobility. As experts from the Brookings Institution have noted, "Wealth confers benefits that go beyond those that come with family income. Wealth is a safety net that keeps a life from being derailed by temporary setbacks and the loss of income."<sup>7</sup> Years of limited opportunities and wealth accumulation have left Black people in a vicious cycle struggling for financial stability despite their best efforts.

"But after Selma and the voting rights bill, we moved into a new era, which must be the era of revolution. We must recognize that we can't solve our problem now until there is a radical redistribution of economic and political power."

— Martin Luther King, Jr.<sup>8</sup>

As the pandemic exacerbates years of underlying disparities faced by people of color and places financial stress on households without a wealth cushion, the country faces a critical moment in which leaders must make every effort to correct these historical wrongs. Simply calling for racial equality is not enough. This moment requires intentional and strategic action, not minimal solutions and pronouncements. While there are myriad examples of persistent inequality, focusing on the racial wealth gap—the best overall economic indicator of how a person or family is doing—provides an entry point for what can otherwise seem to be an insurmountable issue. This strategy would also allow the administration to use a single lens through which to focus on racial and economic justice efforts across the federal government.

COVID-19 has spotlighted the clear intersections of employment status, housing and environment, and health care access. Even when Black individuals or households have higher-paying jobs, have good access to health care, or own homes, racism can still prevent them from reaching their full potential in America and can still result in suppression and discrimination. Wealth is not a panacea, but it does provide critical protections. A concerted effort to eliminate the wealth gap by race would require structural and economic changes that are long overdue.

To effectively address the current economic crisis, the Biden administration must undertake a governmentwide effort to close the racial wealth gap. This will require more than one staff member to handle “race issues.” It will require a dedicated policymaking infrastructure and coordination among a wide range of agencies and government bodies to tackle the depth of the problem and work across numerous policy areas.

## Race in the White House

Since the late 19th century, the policymaking processes and hiring approach in the White House have evolved considerably. Under Rutherford B. Hayes and James Garfield—the U.S. presidents in the immediate wake of Reconstruction—government appointments emerged that were intended to provide patronage for prominent Black Republicans.<sup>9</sup> At the time, patronage appointees comprising a significant portion of federal government staff was common for both major political parties. With the introduction of the civil service exam in 1884—which did not reveal the race of the test-taker alongside their score—the number of Black officeholders increased, although Black staff continued to be generally marginalized and given little autonomy. Booker T. Washington’s network of Tuskegee Institute alumni became a clearinghouse for appointments, but as voter suppression diminished the Black voting bloc, this network of elite Black officeholders declined in part because Black voters were considered less worthy of pandering to and were seen as unlikely to break from the Republican Party of Abraham Lincoln.

By the early 20th century, patronage appointments further declined, with Woodrow Wilson’s administration segregating the federal workforce and further limiting opportunities for Black staff.<sup>10</sup> The remaining handful of Black staff attempted to pressure administrations to support anti-lynching laws and condemn racial violence, the most pressing issues facing Black Americans. Some held a meager hope that the federal government would step in to protect the enfranchisement of Black voters, particularly those in the South. But white supremacy was deeply entrenched in both major political parties, and fewer and fewer Black voters were eligible to vote, both due to Jim Crow voting laws throughout the South and the ineligibility of residents of Washington, D.C.—which had, proportionately, the largest Black population of any U.S. city in 1900—to vote for the president.<sup>11</sup>

Although they had been generally aligned with the Republican Party since the end of the Civil War, Northern Black voters shifted some votes to Franklin D. Roosevelt in 1932, disheartened by the abysmal response of the Hoover administration to the Great Depression, which hit the Black community disproportionately hard as all economic downturns do. Although neither party was particularly strong on equality and civil rights, Black Northern voters hoped that having to compete for their votes for the first time would induce politicians to consider the impact of policy on Black communities instead of focusing on perfunctory federal appointments.

Roosevelt's New Deal excluded Black workers from new worker protections and job programs, and at first, the administration did not reward prominent Black supporters with traditional patronage positions. As the Depression worsened, Black leaders convened and called for the formal inclusion of Black policy staff in all aspects of the vast New Deal policymaking apparatus.<sup>12</sup> By 1935, more than 40 prominent Black staffers led components of the New Deal. These men were informally called "the Black Cabinet" and were informally convened by Mary McLeod Bethune, a prominent civil rights leader and the director of Negro Affairs in the National Youth Administration. Historian Jill Watts writes, "Fundamentally, they were never [Franklin] Roosevelt's Black Cabinet. They were their own Black Cabinet – self-generated, self-sustaining, and self-directed."<sup>13</sup>

By the John F. Kennedy presidency, small numbers of Black staff were hired in jobs that did not exclusively focus on race<sup>14</sup>: Andrew Hatcher, for example, held the very visible post of associate press secretary, and Robert Weaver became the administrator of the Housing and Home Finance Agency. Weaver would also become the first Black cabinet secretary, appointed to run the new U.S. Department of Housing and Urban Development under then-President Lyndon B. Johnson.

In the decades since, issues of racial inequality have been euphemistically addressed under the categories of urban affairs, criminal justice, and anti-poverty measures. Much of the focus on race in the White House since Ronald Reagan's administration has come in the form of outreach and public engagement to strengthen voting coalitions.

This issue brief proposes options for the federal government's structure and policymaking approach that echo the demands voiced at a conference convened by the Rosenwald Fund in 1933, which was intended to bring white employers together with representatives of Black workers to address the Great Depression's unemployment crisis. Instead, white employers and white unions did not attend. The Black leaders and researchers, in addition to the small number of federal employees and philanthropists who did attend, noted the value of hiring Black staff to focus on rectifying the ways in which the New Deal had been structured to exclude Black Americans from relief.<sup>15</sup> Those leaders knew the importance of having high-level staff focused on ensuring that implementation of bold policy ideas addressed the specific needs of Black Americans and that policies were not just designed and carried out in a race-neutral way.

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## Menu of recommendations

There are several ways for the Biden administration to structure efforts across the federal government to ensure racial equity and eliminate the racial wealth gap.

### Create a White House Racial Equity Office

In the past, U.S. presidents have used executive orders to establish goal-oriented offices. Former President Bill Clinton, for example, created the National Economic Council under executive order in 1992 in an effort to prioritize the American economy and “coordinate the economic policymaking process with respect to domestic and international economic issues.”<sup>16</sup> Under Clinton, this office helped to establish “strong procedural norm” throughout the administration’s economic policy initiatives.<sup>17</sup> More recently, former President Barack Obama signed an executive order establishing the White House Office of Health Reform to help lead the executive branch’s efforts to improve access to and quality of health care.<sup>18</sup> This included coordinating policy development with the Domestic Policy Council, National Economic Council, Council of Economic Advisers, Office of Management and Budget, U.S. Department of Health and Human Services, Office of Personnel Management, and other executive departments and agencies that were deemed appropriate. The Office of Health Reform helped successfully shepherd the Affordable Care Act through Congress and oversaw its implementation. These two models should be used as a roadmap for the creation of a White House Racial Equity Office. The Biden administration should build on this history and create this office in an effort to prioritize racial equity and ensure that these policies are implemented during the administration, chief among them action to shrink the racial wealth gap.

The Office of Racial Equity could formally reside within the Domestic Policy Council or the National Economic Council. In order to be effective, the president should direct federal agencies—especially the departments of the Treasury, Commerce, and Health and Human Services—to cooperate with the office through executive order. Each federal agency should have dedicated staff that will work with the office on administration priorities, either through the creation of racial equity office or dedicated liaison staff in the deputy secretary’s office within each agency. An empowered White House Racial Equity Office would send a strong signal to all federal agencies of the importance and need for aggressive and concerted action to systematically shrink the racial wealth gap. Ensuring that the White House and all federal agencies are taking active roles to support racial equity throughout government over time could yield meaningful systematic change long beyond the administration’s term.

“Radical simply means grasping things at the root.”

– Angela Davis<sup>19</sup>

### Assign a senior adviser to the president on racial equity

Another option available is for the new administration to appoint a senior adviser to the president on racial equity. This individual would be charged with coordinating administrationwide efforts to close the racial wealth gap as well as advancing equitable economic policies across the federal government. Importantly, the senior adviser would be an important voice in White House policy development processes concerning the racial wealth gap and broader economic policies to ensure equitable outcomes.

To successfully shrink the racial wealth gap, the federal government will need to put several policies into place across a range of issue areas, from health care to tax policy. For example, the senior adviser to the president would not just oversee an initiative to promote Black-owned small businesses, but would help craft an overall economic recovery strategy ensuring that Black-owned small businesses and small business owners of color more broadly—who tend to have less access to traditional financial institutions—can easily access financial support. Given the breadth and scope of this work, the senior adviser to the president would need the support of dedicated staff with relevant expertise who could be detailed from the appropriate federal agencies.

To ensure collaboration and accountability across the federal government, the senior adviser to the president should regularly coordinate efforts by the National Economic Council, Domestic Policy Council, Office of Management and Budget, Council of Economic Advisers, Office of Cabinet Affairs, Office of Legislative Affairs, and Office of Intergovernmental Affairs. Additionally, the senior adviser should work directly with the president or the president's chief of staff to develop the administration's policy agenda, introduce opportunities for racial equity within the administration, and coordinate data collection and reporting requirements across all policy divisions.

The appointment of a senior adviser to the president with a clear mandate to close the racial wealth gap could be an effective alternative to creating a formal White House Racial Equity Office. This option would ensure that policy directives from the president are carried out in a swift manner. From day one, the senior adviser could begin to guide the administration on how to implement racial equity measures while having the direct backing and support of the president and the most senior White House leadership as a tool to hold administrative officials accountable.

### Additional options for government agencies and offices

In addition to the options laid out above, the Biden administration should also make internal policy process changes to the Executive Office of the President as well as across federal agencies. Below are additional steps the new administration could take to improve racial equity and shrink the racial wealth gap.

- The Office of Management and Budget should start conducting racial equity assessments on policy measures. In doing so, the office would ensure that policies are advancing the goals of the administration through data collection and analysis, production of reports, and other evaluations and measurements.

- In staffing White House policy positions, particularly economist positions, special consideration should be given to experts on race and the racial wealth gap. This prioritization is particularly important for staff economists, who are often academics or on loan from other agencies for temporary assignment. The administration should hire staff at the Office of Management and Budget and Council of Economic Advisers who have a background in race- and demographic-focused metrics. Furthermore, there should be a member of the Council of Economic Advisers whose primary academic focus is race.
- Through executive action, the new administration could add an additional principal function that specifically requires the National Economic Council to focus on eliminating the racial wealth gap. Currently, the council's four areas of focus include coordinating policymaking for domestic and international economic issues; coordinating economic policy advice for the president; ensuring that policy decisions and programs are consistent with the president's economic goals; and monitoring implementation of the president's economic policy agenda.<sup>20</sup> By adding a principal function specifically around elimination of the racial wealth gap, the Biden administration would help embed the importance of this issue beyond the National Economic Council alone. Recommended language could include, for example, the following area of focus: ensuring that economic policy decisions help to eliminate the racial wealth gap.
- Establish an interagency taskforce that would provide concrete steps each federal agency could take toward increasing wealth for Black communities and communities of color. This task force could set goals or areas of focus for each agency, and cabinet secretaries should be required to implement a plan to reduce racial and economic disparities in their respective areas within the first year of the administration. Ideally, the White House Racial Equity Office or the senior adviser to the president would co-lead this interagency taskforce with a senior official from the U.S. Department of the Treasury.
- Encourage agencies to prioritize the collection of more precise data on race and wealth on a consistent basis. Agencies should set goals around research and data collection, data disaggregation, and the expansion of accessibility of data to researchers and the public. By doing so, agencies could provide the president with relevant information on policy implementation beyond cost, such as the potential impacts of the policy on people of color and impacts on the racial wealth gap.

#### Legislative option

The president could work with Congress to modify the Employment Act of 1946, which authorized the formation of the Council of Economic Advisers.<sup>21</sup> More specifically, Congress could modify the duties of the council to include efforts to reduce the racial wealth gap. With this simple addition to the current list of duties—"to

develop and recommend to the president national economic policies to foster and promote free competitive enterprise, [to reduce the racial wealth gap,] to avoid economic fluctuations or to diminish the effects thereof, and to maintain employment, production, and purchasing power”<sup>22</sup>—Congress would send a strong message that the full U.S. government is serious about this critical issue. The adoption of this language into an existing council’s mission would demonstrate the structural changes that are needed to eliminate the racial wealth gap. By codifying this language, the wealth gap would become a central component of federal strategies to improve over-all economic well-being.

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## Conclusion

For far too long, Black Americans have unjustly suffered under government systems that operate to intentionally disadvantage people of color. The ongoing national COVID-19 crisis and recent national protests in response to racial violence have made clear that leaders must prioritize the needs of Black people and communities of color, who have been most negatively affected by this pandemic and by centuries of policies rooted in systemic racial oppression.

The Biden administration must begin national economic recovery efforts by addressing the racial wealth gap through measures rooted in racial equity that can be sustained for many years to come. It is not enough to simply acknowledge that disparities persist. Leaders at all levels of the federal government must be intentional in their efforts to identify and uproot the systems of oppression that have persisted for far too long. This issue can no longer be swept under the rug. It is time for the next administration to rectify the historical harms committed against Black people and make significant efforts toward closing the racial wealth gap.

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