

Justice for All

Challenging Wealth Disparity
in the Lehigh Valley

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PREFACE

The United States has a problem with race. It is real. It is discreet and it is indiscreet. Depending on who you are you can feel it, see it, hear it, but you can't deny it. In fact, denying that racism exists is the new racism: if we pretend it doesn't exist we can ignore the pain it causes and the role nearly every one of us plays. Those in a position to ignore the pain get to keep the benefits. Those not continue to pay the price.

To be sure, the data suggests that we have made little progress since Brown versus Board of Education, the Civil Rights Act and the Economic Opportunity Act (which created the War on Poverty) grew out of the unrest that consumed our society more than fifty years ago. As W.E.B. Dubois said, "The problem of the twentieth century is the problem of the color line." Regrettably, here we are in the twenty-first century and race still matters. We might not see "Whites Only" signs on water fountains or at restaurants, but the lack of diversity at many places of employment or in our board rooms is a clear indication that we have not yet achieved the goal of equal opportunity that so many Americans embrace. We can do better and this report is designed to offer suggestions for a role for almost every one of us.

The following report is issued by the Water Fountain Project, a task force comprised of leaders of the Lehigh Valley's communities of color. It was organized and staffed by the Community Action Committee of the Lehigh Valley and funded by the U.S. Department of Housing and Urban Development through the sustainable communities program known as Envision administered by the Lehigh Valley Economic Development Corporation.

The task force believes there are enough of us who are appalled by the disparity yet idealistic enough to believe it can be righted because there is no room for such disparities in a civilized society. And, we think there is a role to play for anyone moved by economic injustice and the oppression caused by America's Problem.

This isn't about entitlement or quotas; this is about opportunity and fairness. It isn't about charity; it's about justice.

This project, really, is about the middle class and whether people of color who enter the middle class, having played by the rules, acquiring a college education, a decent job and enough money to pay the bills, reap the same benefits, building assets and accumulating net worth, as their white counterparts.

The idealists will believe we can solve these problems. The realists know it will be difficult. The fatalists will drop out. And, what is clear is that our society is far more threatened when poverty and desperation lead to apathy and dependence than when it leads to anger and activism.

So, many of us are idealists; many more are realists. We hope the realists will embrace this report, acknowledge that enough is enough, and look for ways to give life to this project in their lives, institutions, and neighborhoods.

ACKNOWLEDGEMENTS

The Water Fountain Project has been made possible through a grant from Envision Lehigh Valley, a sustainability program administered through the Lehigh Valley Economic Development Corporation and funded by the U.S. Department of Housing and Urban Development.

The Lehigh Valley Research Consortium (LVRC), an affiliate of the Lehigh Valley Association of Independent Colleges (LVAIC), conducted the wealth disparity research that informs this report. We would especially like to thank the following members of LVRC for their dedication to this project:

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EXECUTIVE SUMMARY

The Water Fountain Project has assembled to call attention to the matter of wealth disparity by race in our community. It is comprised of a cross-section of leaders from the Lehigh Valley's communities of color with advisers from several of the Lehigh Valley's most successful corporations, organized and staffed by the Community Action Committee of the Lehigh Valley and funded by the U.S. Department of Housing and Urban Development through the sustainable communities program known as Envision administered by the Lehigh Valley Economic Development Corporation.

The Lehigh Valley Research Consortium (LVRC), an affiliate of the Lehigh Valley Association of Independent Colleges (LVAIC), conducted a research study of the indicators of wealth by race across trends in income and education.

In the Lehigh Valley, the data show that

- The lowest achievement levels exist in schools located within areas whose population have the highest concentration of residents of color;
- The percentage of students who take the Scholastic Aptitude Test, a key indicator for admission to institutions of higher education, varies by race and ethnicity;
- Concentrations of poverty vary according to race and ethnicity, with the greatest poverty in areas where the highest proportion of residents are people of color;
- Homeownership varies across race and ethnicity, with substantially higher percentages of white homeowners than Black or Latino homeowners;
- Among homeowners, the value of white-owned homes is substantially higher than Black- or Latino-owned homes;
- Black and Latino residents are significantly less likely to be approved for mortgages than their white counterparts, even within the same income category.

The data show that race matters in the Lehigh Valley - the impact of race on educational achievement and the accumulation of assets cannot be denied. The Water Fountain Project Task Force proposes recommendations that challenge the institutions and practices most capable of fairly extending opportunity to all to right economic injustice in our community. The strategies are broad in scope; everyone has a role to play.

Recommendations include strategies defined across the fields of education, accumulation of assets, and cultural diversification. Highlights include:

EDUCATION

- Every child from a low-income family, especially in urban communities, should have access to quality pre-kindergarten education;

- Congress should declare that equal access to educational opportunity through the nation's public schools is the law of the land;
- School districts should commit to providing the training resources needed to equip their existing faculty and staff with the competency that is required to successfully educate Black and Latino students;
- A network of volunteers should be recruited and trained to coach high school students on how to find the right college and to prepare them for the experience;
- Lehigh Valley colleges and universities that train teachers should establish a task force to develop a strong partnership with local school districts to create a comprehensive school-based financial literacy initiative;
- Local colleges and universities should commit a fair number of scholarships (30 to 50 per year) to children of color in the Lehigh Valley;
- Local employers should provide subsidies (i.e., scholarships) for their employees to take advantage of local education resources.

ACCUMULATION OF ASSETS

- A small fee should be placed on all credit card transactions to generate funding to support financial literacy initiatives;
- The federal Community Reinvestment Act should be applied to credit unions;
- Credit unions should be subject to the same taxing regulations as banks and revenue collected should be used, in part, to fund financial literacy initiatives;
- Credit card companies should be lawfully prohibited from charging young adults interest in excess of 15%;
- The minimum wage should be a family-sustaining living wage;
- An aggressive effort should be made to open up the Lehigh Valley's market to more participation from historically-underrepresented groups;
- Wealth management seminars should be developed and offered to people of color;
- Lenders, local governments and non-profits need to re-establish a collaborative campaign to innovate new approaches to expanding homeownership in the Lehigh Valley;
- A "credit-building program" should be established and marketed to people of color;
- A comprehensive post-homeownership counseling program should be developed and marketed to homeowners of color;
- Municipalities should reduce their minimum lot size requirements, which would lead to the creation of diversified neighborhoods, and a more equitable distribution of wealth.

CULTURAL DIVERSIFICATION

- Every organization that operates with a tax exemption or in the broader interests of the region should take immediate steps to diversify their decision-making bodies.

For additional information, or to learn about ways to become involved with the Water Fountain Project and its mission to right wealth disparity, please contact Briana McGonagle at the Community Action Committee of the Lehigh Valley at (484) 893-1033 or bmcgonagle@caclv.org.

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RECOMMENDATIONS

THE QUALITY OF AN EDUCATION SHOULD NOT DEPEND ON WHERE ONE LIVES OR WHAT ONE LOOKS LIKE

Nothing we do as a society could be a better investment in our future than providing a quality education to every child in the United States. Evidence is pervasive that we are failing in this most basic of public services.

Our research demonstrates that students in the urban school districts, which have a significantly higher population of students of color, are out-performed and out-achieved by their peers in the suburban districts. These boys and girls are not achieving at the same level as their white counterparts and are thus reaching lower educational attainment. Since one of the key predictors of wealth-building is educational attainment, greater efforts must be made to ensure that the students in the urban schools are afforded the same opportunities as their peers who are lucky enough to receive their education in the suburbs.

END EDUCATIONAL APARTHEID

It is 60 years since *Brown versus Board of Education*, the United States Supreme Court's landmark decision, dictated radical change in how we educate America's children. It is apparent that little long-term progress resulted. **We recommend that Congress declare that equal access to educational opportunity through the nation's public schools is the law of the land. Through the courts, if necessary, it should give communities the resources needed to end separate and unequal public education.** We owe it to our children. We owe it to our nation. We owe it to ourselves. We owe it to our future.

COMMUNITIES THAT EMBRACE OUR SCHOOLS, SCHOOLS THAT EMBRACE OUR COMMUNITIES

We recognize the value of the goals of the "community schools" movement. While there is considerable evidence demonstrating the value of this movement, a small fraction of our public schools in challenged neighborhoods, where most children of color are raised, have access to those resources. And, while it is too early to embrace this approach given the limited availability of independent data, **we recommend that schools serving Black and Latino students organize in such a way that the entire organization implements an educational process that teaches critical thinking, leadership skills and the empowerment of children so that they actively participate, learn to challenge convention, and continue to be hopeful despite the challenges all around them.**

DIVERSITY OF SCHOOL STAFF AND SENSITIVITY TRAINING

While school administrators have, from time to time, acknowledged that their hiring practices need to set a premium on diversifying the demographic composition of faculty and staff, these efforts have largely failed. Urban schools must take this goal much more seriously.

We recommend that school districts commit to providing the training resources needed to equip their existing faculty and staff with the competency that is required to overcome the roadblocks to understanding cultural differences and successfully teaching Black and Latino students.

EARLY CHILDHOOD EDUCATION

The evidence is overwhelming that investing adequate funding in early childhood education offers an impressive return on that investment. **We recommend that every low-income child, especially in urban communities, should have access to quality pre-kindergarten education. We would give this investment in children entitlement status.**

IMPROVING THE LIKELIHOOD THAT STUDENTS OF COLOR WILL BE ADMITTED TO A SCHOOL WITH THE RIGHT FIT AND AFFORDABILITY

Because students of color have historically had less success pursuing higher education that will enable them to have higher earning potential, they need more support with the process of college and university admissions. Among the assistance that this community can offer is preparing students for the Scholastic Aptitude Test (SAT) and similar counterparts.

We recommend that a network of volunteers be recruited and trained to coach high school students on how to find the right school and to prepare them for the experience. This network should also help with college applications and completing the complicated Free Application for Federal Student Aid (FAFSA). This network can also arrange field trips to colleges throughout the mid-Atlantic states.

PARTNERSHIPS WITH LOCAL COLLEGES AND UNIVERSITIES

The Lehigh Valley is fortunate to have an abundance of colleges and universities. **We recommend that Lehigh Valley colleges and universities that train teachers establish a task force to develop a strong partnership with local school districts to create a comprehensive school-based financial literacy initiative.**

We recommend that local colleges and universities commit a fair number of scholarships (30 to 50 per year) to children of color in the Lehigh Valley. Most institutions of higher education in the region struggle to enroll an adequately-diverse student body while large numbers of Black and Latino high school students find themselves unable to afford college.

Our region's community colleges do outstanding work in providing high value for students' education dollars. **The task force recommends that local employers provide subsidies (i.e., scholarships) for their employees to take advantage of these resources.**

Moreover, we recommend that local schools develop a support system that will keep these students enrolled and thriving, both socially and academically.

IMPROVING FINANCIAL LITERACY IN AN EVERMORE COMPLICATED WORLD

FINANCIAL LITERACY CURRICULUM IN PUBLIC SCHOOLS

Financial literacy should be taught in schools. This does not need to occur at the expense of other important subjects but can be used in those mandated subjects, especially mathematics, as a practical application of those disciplines. **We recommend high schools in particular work with the financial services industry to explore a wide range of initiatives designed to train teens to understand basic and even more sophisticated financial concepts, from interest rates and fees to balancing checkbooks, to mortgages.**

FUNDING SUPPORT FOR FINANCIAL LITERACY INITIATIVES

We recommend that a very small fee be placed on all credit card transactions to raise significant funding to support financial literacy initiatives ranging from supporting in-school banks or credit unions to individual development accounts for teens to save money for college or job training.

We also recommend that the federal Community Reinvestment Act (CRA) be applied to credit unions. It is not only unfair that credit unions are exempt from CRA while their competitors are not but Home Mortgage Disclosure Act data demonstrates that credit unions do not meet the standards for lending that regulated banks do.

Further, credit unions do not pay taxes, even though they have become direct competitors of regulated, tax-paying banks. **Taxing credit unions to use the revenue to fund some or all of the proposals in this document would be fair and appropriate.**

COMPANIES THAT PREY ON YOUNG PEOPLE SHOULD BE RESTRAINED AND ACCEPT A GREATER BURDEN FOR FINANCIAL LITERACY

RESTRICTING PREDATORY LENDING PRACTICES DIRECTED AT YOUNG ADULTS

Credit card companies have long preyed on teens and young adults, pushing them to obtain and even overuse credit cards, damaging the long-term financial health of young people. **We recommend that credit card companies be prohibited from charging young adults interest in excess of 15%, prohibiting young customers from running up bills that result in their carrying debt long-term (in other words, prohibiting extension of credit if payments above**

the minimum are not made), or requiring parents to co-sign when a young adult (under age 23) acquires a credit card.

WEALTH DISPARITY BEGINS WITH INCOME DISPARITY

WAGES NEED TO INCREASE

The minimum wage is minimal. When President Franklin Delano Roosevelt established a wage floor it was set at enough per hour to lift a family of three with a single, full-time wage-earner out of poverty. That goal was largely achieved over its first 45 years. However, since 1980, the minimum wage has not achieved its stated goal.

We propose setting the minimum wage at a “living wage” level, as President Roosevelt proposed. The wage should be indexed for inflation to prevent politics from setting low-wage workers back.

We also support the protections in place to prohibit discrimination in hiring and promotion but suggest Congress explore ideas for making them more effective.

CREATING WEALTH THROUGH ENTREPRENEURSHIP

There are successful community-based programs in place to foster entrepreneurship among disadvantaged constituencies. These programs offer seminars covering the wide range of skills and knowledge needed to start and sustain a small business. There is also technical assistance and special programs that offer financing. **These programs should be protected and even enhanced.**

What is apparent from years of offering such programs is that the market is difficult to penetrate for many disadvantaged groups. **The Task Force recommends that an aggressive effort be made to open up the Lehigh Valley’s market to more participation from historically-underrepresented groups. This should include the development of model purchasing policies for large purchasers to embrace when seeking to do business with vendors.**

THE TRICKS TO MANAGING WEALTH SHOULD BE AVAILABLE TO ALL

While banks have made considerable progress on extending credit to more corners of the market, “Private Banking” and “Wealth Management” remain the exclusive domain of those in positions of power. **Banks should open that last door to people of color and provide them the resources to reach out to those who have historically lacked access to such services.**

A series of wealth management seminars should be developed and offered to people of color. The seminars should cover savings, banking, investments, real estate, taxes, and more.

REDUCING BARRIERS TO HOMEOWNERSHIP

A staple of wealth-building and wealth-maintenance is homeownership. Between 1992 and 2007, various organizations across the Lehigh Valley collaborated on a concerted effort to improve homeownership rates among lower-income and minority buyers. The effort included down payment and closing cost assistance, homeownership preparedness seminars and more aggressive underwriting innovations. Unfortunately, unregulated mortgage finance companies offering unscrupulous loan products destroyed the economy and set back these efforts indefinitely. **Lenders, local governments and non-profits need to re-establish a collaborative campaign to innovate new approaches that will set a new course for expanded homeownership in the Lehigh Valley.**

CREDIT-BUILDING PROGRAMS

An individual's ability to secure homeownership relies on their approval or denial of a mortgage loan. People of color are denied mortgage loans at a higher rate than their white peers, sometimes due to a lack of an established credit history. **The Task Force recommends the creation of a credit-building program.**

The program would be structured as a loan repayment program whereby the participant makes timely monthly payments to the loan administering agency. These payments are then reported to the appropriate credit bureaus, helping to build the participant's credit file over a period of time. The accumulation of credit will help to secure a mortgage loan at a better rate for individuals who might otherwise not have credit to report.

POST-HOMEOWNERSHIP COUNSELING

Owning a home contributes greatly to one's valued wealth. Pre-homeownership programs are utilized across the Lehigh Valley to help prepare first-time homebuyers for homeownership. However, more can be done to help keep homeowners in their homes, assuring that their home remains a valued asset. **The Task Force proposes the coordination of a post-homeownership counseling program marketed to homeowners of color.** The counseling program will include such topics as home maintenance, payment of property taxes, and refinancing.

MUNICIPALITIES AND MINIMUM LOT SIZE REQUIREMENTS

Pennsylvania empowers local municipalities with establishing land use plans. Minimum lot sizes result in segregation of communities by income which, in most regions, results in segregation by race and ethnicity. Homes in our suburban communities have higher values than homes located within the cities. While the task force is not necessarily suggesting that exclusionary zoning practices deliberately discriminate, the effect of those practices is clear. In addition to affecting access to wealth, such practices also lead to disparity in access to education, further widening the gap between people of color and their white counterparts. They should be illegal unless the municipality can demonstrate benefit that does not have the discriminatory effect.

The Task Force advocates for municipalities to reduce their minimum lot size requirements, which would lead to the creation of diversified neighborhoods, and a more equitable distribution of wealth. We endorse the new plans adopted by the Lehigh Valley Planning Commission on this subject.

HAVING ASSETS TO PASS ON TO THE NEXT GENERATION

The Task Force recommends the provision of an individualized wealth maintenance workshop for seniors, with the specific intention of helping seniors remain in their homes, ensuring that wealth stays in the family throughout future generations.

BOARDS OF DIRECTORS SHOULD BE DIVERSE

Access to connections is widely considered to be critical to "opportunity" in our society. Boards of directors of nonprofit organizations function like the proverbial golf course in so far as social networks are concerned. Appendix B presents demographic data on the boards of directors of some of the most influential and consequential nonprofit organizations in the Lehigh Valley. It should embarrass us as a "community" that so few of the individuals governing the nonprofit and quasi-public sector in the Lehigh Valley are Black or Latino. These organizations should diversify their governing bodies in order to open up the Lehigh Valley's social networks where access to resources can be improved.

Moreover, the community will be better served if the wide range of demographic groups have input into how decisions are made. Perhaps most importantly, those organizations that control how community problems are identified and whether or not they are addressed are particularly homogeneous. The top foundations in the Lehigh Valley that control millions of dollars of philanthropic resources are almost completely devoid of diversity.

We recommend that every organization that operates with a tax exemption or in the broader interests of the region take immediate steps to diversify their decision-making bodies. At the very least, these organizations should memorialize in their bylaws a stated goal of having a board of directors that is roughly representative of the Lehigh Valley's broader population.

In order to achieve such a goal it may be necessary to adjust meeting times in order to accommodate those who have employment circumstances that limit their ability to leave the workplace during normal working hours. Additionally, employers should consider making special arrangements that result in such accommodations. Finally, Project Blueprint, which recruits and trains prospective board members from historically disenfranchised populations should be strengthened in order to be the primary institutional vehicle for accomplishing these goals.

TRUST BUT VERIFY

This phrase was used in international weapons limitation negotiations and, while perhaps overly dramatic, makes an important point about ensuring that our society take such significant matters seriously.

The task force commits itself to testing various institutions and their practices to identify disparate treatment of people of color relative to their white counterparts. Such a commitment is intended to prompt any and all in our community to take the issues raised in this report seriously enough to avoid being publicly identified as breaking the very American, very solemn, commitment to justice for all.



Disparity in the Lehigh Valley: The trends across income and education

A research project commissioned by the Task Force on Wealth Disparity in the Lehigh Valley in cooperation with the Lehigh Valley Sustainability Consortium. Executive Board Members of the Lehigh Valley Research Consortium (LVRC), an affiliate of the Lehigh Valley Association of Independent Colleges (LVAIC), completed this project.

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<http://www.lehighvalleyresearch.org/>

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Introduction

Established in 2011, the Lehigh Valley Sustainability Consortium (LVSC) embarked upon a comprehensive examination of the Lehigh Valley region, in order to create a sustainable region and implement the Comprehensive Plan, *The Lehigh Valley 2030*. The plan will embody six livability principles outlined by the Partnership for Sustainable Communities, which is comprised of the U.S. Department of Housing and Urban Development, the U.S. Environmental Protection Agency, and the U.S. Department of Transportation. These principles are: provide more transportation choices; promote equitable and affordable housing; enhance economic competitiveness; support existing communities; coordinate and leverage federal policies and investment; and value communities and neighborhoods. The LVSC received a three-year, \$3.4 million Sustainable Communities grant through this partnership (managed by the U.S. Department of Housing and Urban Development), to undertake this work.² The project began in early 2012 and will conclude at the end of 2014.

According to the grant proposal, the Lehigh Valley's³ Comprehensive Plan, *The Lehigh Valley 2030*, will be updated to include a sustainable communities plan. Throughout this project, five different plans will be developed that coordinate with our five areas of focus: jobs/housing balance; affordable housing; climate and energy efficiency; fresh food access; and regional economic development. Additionally, the grant supports implementation work through four projects: transit-friendly development by LANta, the Little Lehigh Industrial Corridor in Allentown, the Eastern Gateway in Bethlehem, and the 13th Street Corridor in Easton.

In the spring of 2014, the Director of the Community Action Committee of the Lehigh Valley (CACLV) formed the Task Force on Wealth Disparity. A key goal of this Task Force is to closely examine the existing status of the Lehigh Valley's historically under-represented populations, by specifically focusing on race and ethnic differences in the areas of housing, income, poverty, and education. The purpose of this analysis is to reflect upon the implementation of these livability principles in light of the existing information. This report provides a brief overview of these data in order to facilitate a more informed community conversation, which will lead to actions to promote a sustainable and more equitable Lehigh Valley.

This report uses existing data collected in the five plans mentioned above in combination with research analyses completed by members of the Lehigh Valley Research Consortium (LVRC) and other community-based research organizations. In addition, when necessary, we have updated maps and charts from more recent U.S. Census Bureau surveys.

²The Partnership for Sustainable Communities established six livability principles that will act as a foundation for interagency coordination:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/sustainable_housing_communities/Six_Livability_Principles

³ The study area encompasses Lehigh and Northampton Counties in Pennsylvania.

Background literature on economic and social disparities in the context of New Regionalism

As noted by countless scholars and media outlets, inequality in the U.S. is now at its highest level in over 100 years. This new “Gilded Age,” is causing economic, social, and political stagnation; thus, reducing opportunity for economic mobility and intergenerational advancement (Piketty, 2014; Chetty et al., 2014; Galbraith, 2012; Gilens, 2012; Stiglitz, 2012; Milanovic, 2010; and Bartels, 2008).

The problem, while global in scope, is particularly severe across racial and ethnic divides, thereby exacerbating wealth accumulation efforts (McKernan et al., 2013). In addition, inequality is further aggravated by the dissociation between public policies that seek to remedy urban poverty and those that favor suburban development.

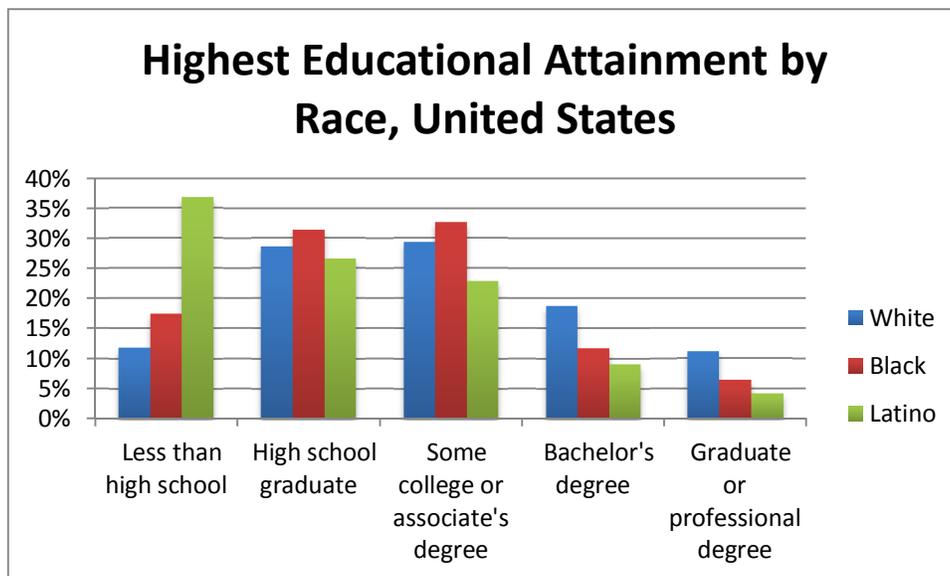
The theory of new regionalism explicitly recognizes this link between urban decay and governmental policies that disproportionately favor suburban development. Normatively, “new regionalism” relies on the assumption that regional disparities hamper overall quality of life, by fostering destructive competition between urban, suburban, and rural areas while also impeding opportunities for economic investment and growth. Scholars and practitioners of new regionalism pursue policies to reduce racial segregation, poverty, neighborhood distress, and inter-jurisdictional inequality through a holistic approach that addresses environmental, economic, and social problems. Like many approaches to state and local policy, such as public choice theory, new regionalism acknowledges that policy problems stretch beyond a singular local governmental boundary and may include localities that traverse county or state lines. The uniqueness of new regionalism lies in its concerted focus on the nexus between economic growth, equity, and social justice as the key components of a healthy and sustainable region (Basolo, 2003; Kim, 2013; Pastor, 2006; Pastor, 2000; and Wheeler, 2002).ⁱ Organizations, such as PolicyLink, are leaders of this approach. They advocate for attention to regional equity in order to “reduce social and economic disparities among individuals, social groups, neighborhoods and local jurisdictions with a metropolitan area” (PolicyLink 2002). We present this report from this context. Given this new regionalist perspective, it is clear that a more holistic and regional perspective must be used to approach resolutions for improvements in equity and decreases in racial tension in the Lehigh Valley.

These conclusions are supported by prior empirical research that suggests regional economic growth is hampered by inattention to the link between urban poverty and policies supporting suburban development. These authors find that regions with larger urban-suburban income disparities are less economically competitive and have lower levels of community well-being (Bollens, 2003; Morgan and Mareschal, 1999; Pastor et al., 2006; Pastor et al., 2009; Pavel, 2009; and Hill et al., 1995). Regional inequality decreases and levels of economic growth increase as the percentage of middle class Black and Latino households increase (Benner and Pastor, 2013). However, within regions in states with a high level of governmental fragmentation, such as the Lehigh Valley, there is a greater likelihood for racial segregation, particularly Black isolation. Orefield, 2002 finds that racial isolation, combined with regional fragmentation, affects the taxing capacity and opportunity to improve regional social equity.ⁱⁱ

A full review of the literature on new regionalism is beyond the scope of this paper. It is sufficient to recognize that urban decline, growing inequality, and suburban development are interdependent; therefore, they necessitate local government cooperation and a focus on equity in addition to efficiency and effectiveness. Recognizing the differences between urban centers and suburban areas is an additional barrier to regional and state policy goals (Frisken and Norris, 2002).

Findings: Educational Attainment and Outcomes

Distinctions between educational attainment levels by race are widely noted in the literature.⁴ The most recent census data provide clear evidence of this trend, and its continued existence today. As the following graph indicates, there is a significantly larger portion of Latino Americans, 37%, whose highest educational attainment is less than a high school diploma (or its equivalent) as compared to either white or Black Americans, at 12% and 18% respectively. Eighty-seven percent of Latino Americans do not earn any education beyond some college experience or an Associate’s Degree, while 83% of Black Americans are in the same situation. This is in contrast to 70% of white Americans whose educational attainment ends with some college experience.

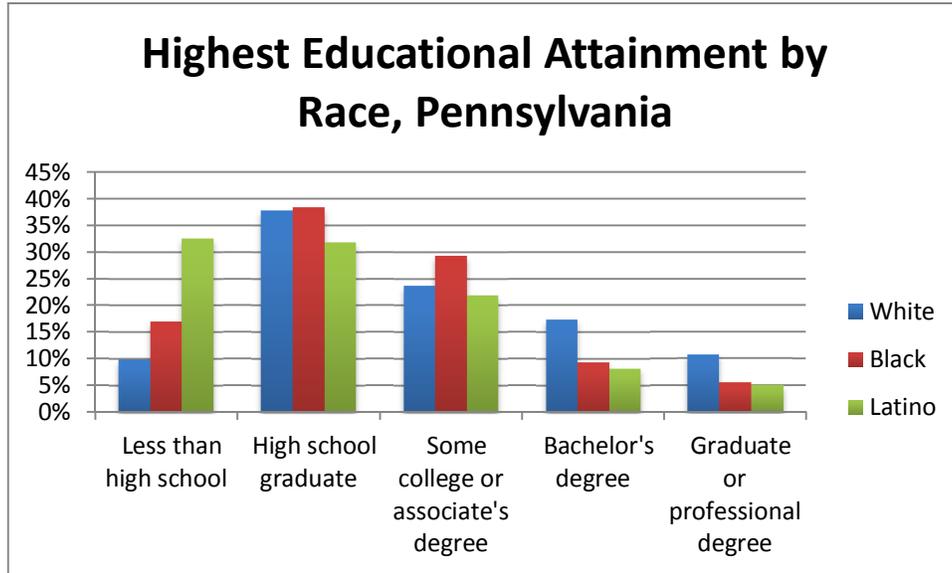


Source: American Community Survey 5 year Estimates 2008-2012 U.S. Census Bureau

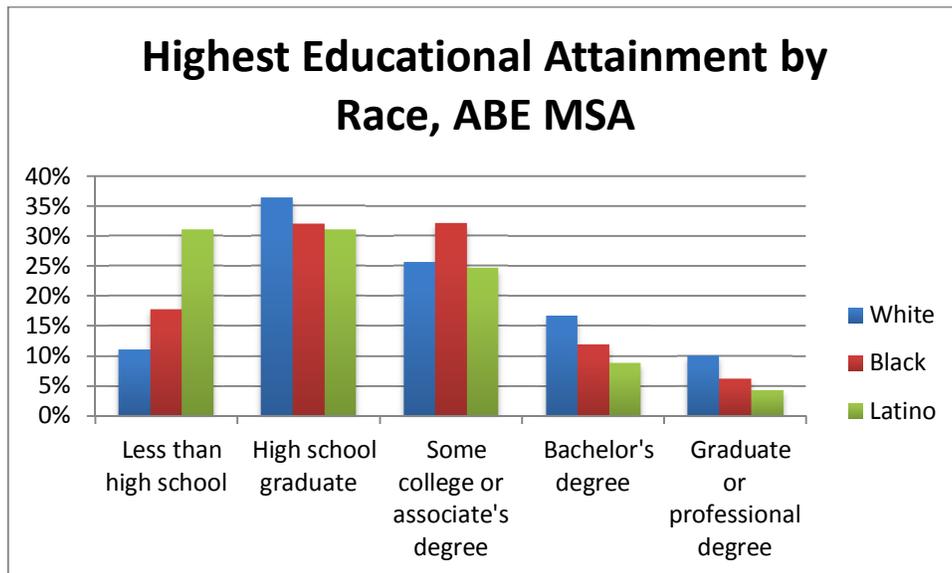
These trends are extremely consistent across Pennsylvania and the Lehigh Valley. In the Allentown-Bethlehem-Easton (ABE) Metropolitan Statistical Area (MSA), it is also true that only 13% of Latino Americans earn a Bachelor’s degree or higher. Similarly, only 18% of Black Americans achieve this level of post-secondary education. Contrastingly, 27% of white Americans attain their Bachelor’s degree or a higher level of education. These variations in education across race and ethnicity will likely result in racial variations across income,

⁴ See Jennifer K. Clayton “Changing Diversity in U.S. Schools: The Impact on Elementary Student Performance and Achievement,” *Education and Urban Society*, 2001 43: 671 for an updated literature.

employment opportunity, and overall wealth. In considering these disparities in educational attainment, it is interesting to note how they vary across age groups.



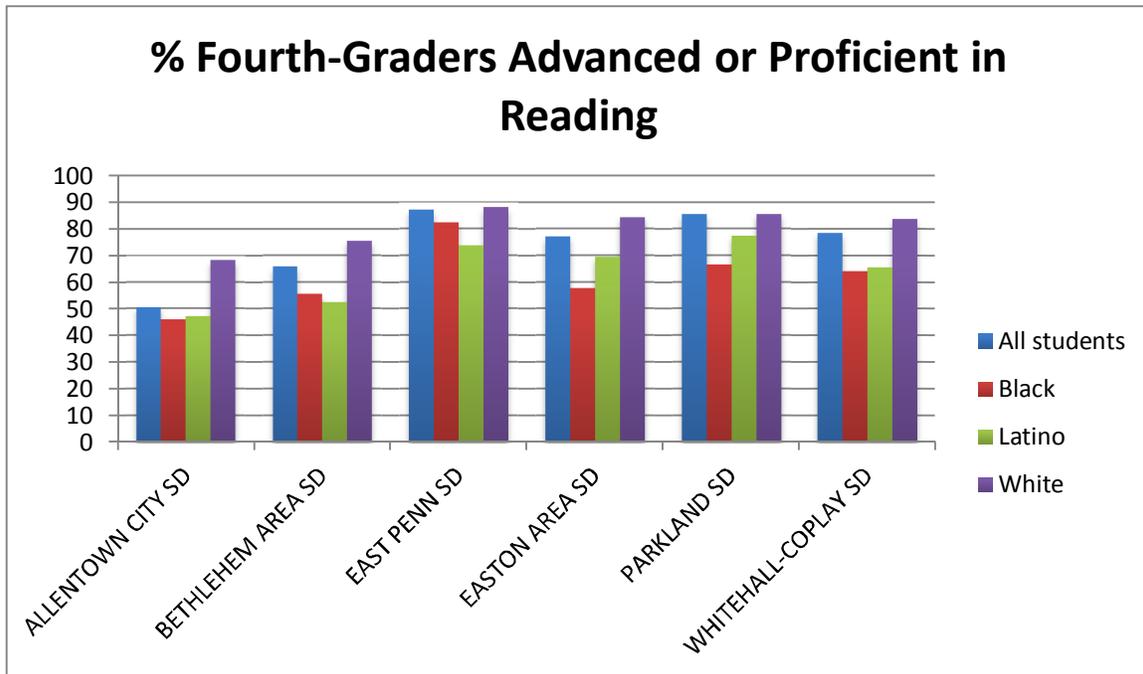
Source: American Community Survey 5-year Estimates 2008-2012 U.S. Census Bureau



Source: American Community Survey 5 year Estimates 2008-2012 U.S. Census Bureau

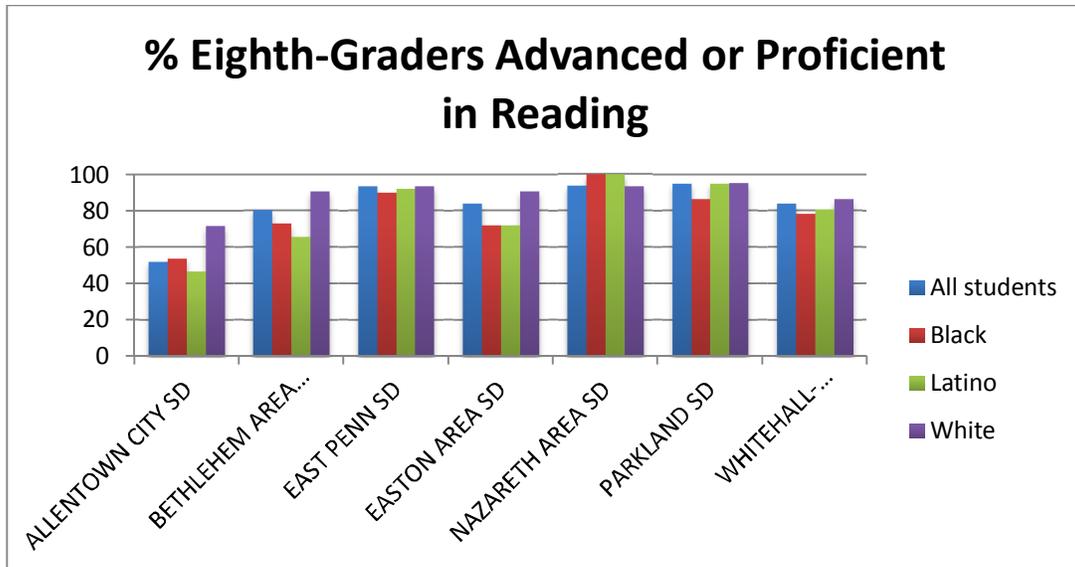
We consider the PSSA test score results by school district in the Lehigh Valley (LV). Stark differences are apparent across race and ethnicity, even at the fourth-grade level; however, we note that improvements in these scores are more correlated with school district than with race or ethnicity. In the following figures, we include only those school districts that reported data by race and ethnicity (including white, Latino, and Black) for the specific test being analyzed. We first discuss reading skills, followed by math skills.

Across all school districts, the percentage of white fourth-grade students who tested as proficient or advanced in their reading skills met or exceeded the average of all students in that district. In many districts the white students' percentage of proficiency is significantly higher than the average student. This necessarily implies that a smaller percentage of Black and Latino fourth-grade students were proficient or advanced in their tested reading skills.



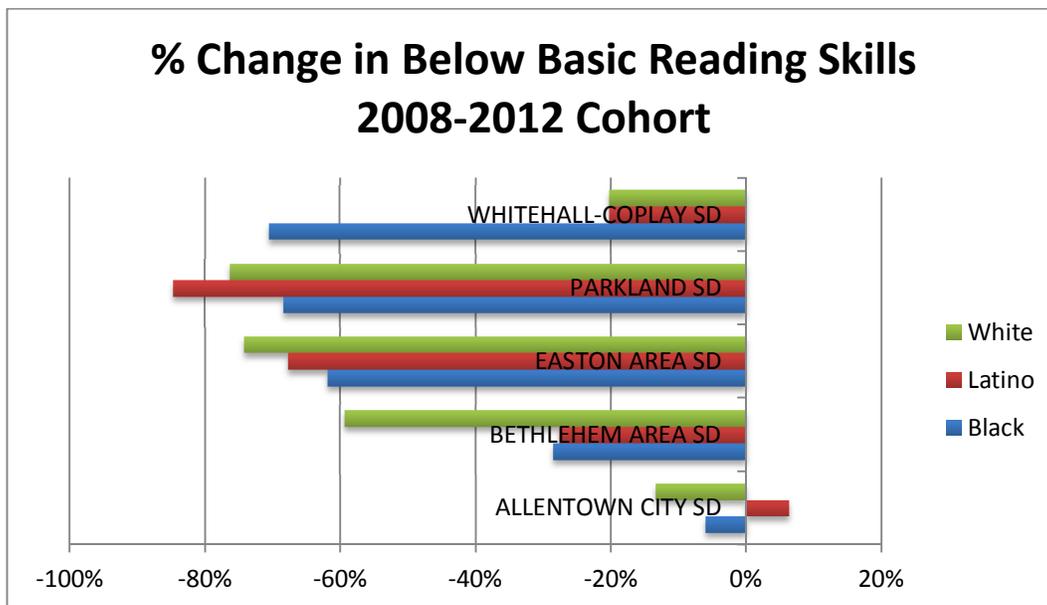
Source: Assessment and Accountability PA Department of Education 2011-2012 disaggregated results

When considering the eighth-grade test scores, we find continued variations across race and ethnicity; however, many of these differences are smaller than they were in the fourth-grade population. First, we identify increased proficiency levels across all races. Second, we note the largest gains in the Latino and Black student populations. We even find that in some school districts, i.e. Nazareth, East Penn, and Parkland, the achievement gap between races and ethnicities disappears or is reversed.



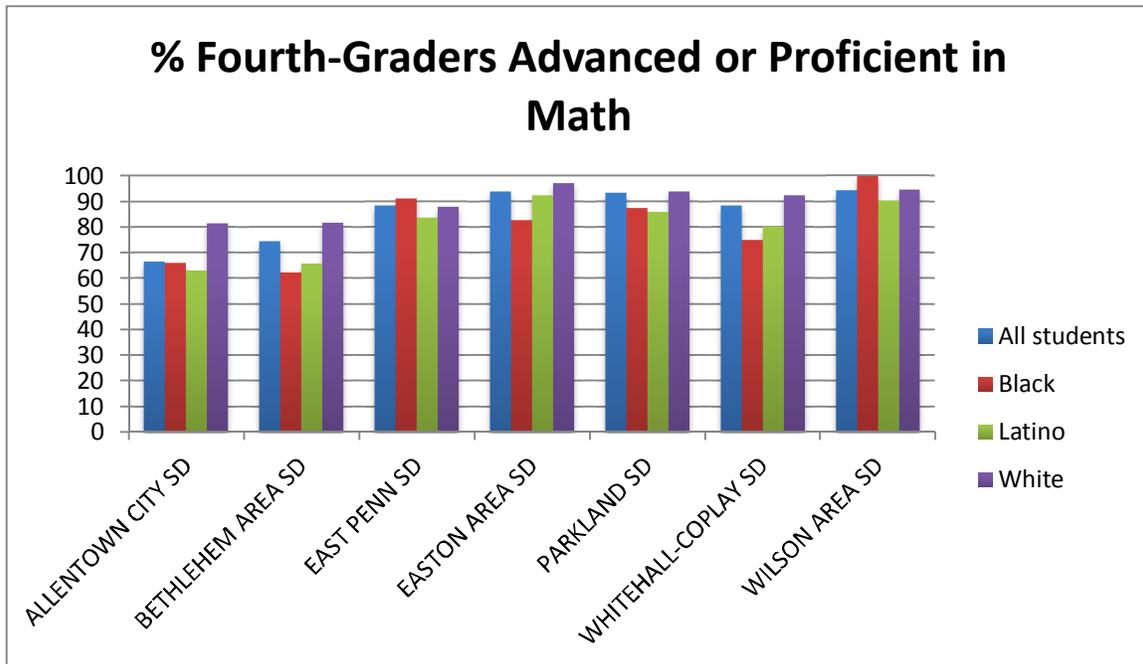
Source: Assessment and Accountability PA Department of Education 2011-2012 disaggregated results

We have also reviewed the scores of fourth-grade reading levels in 2008 and eighth-grade reading levels in 2012 in order to compare the same cohort of students as they progress through their schooling. As shown in the following figure, we find (with the exception of Latino students in Allentown) that the percentage of students with below basic reading skills decreases dramatically between fourth and eighth grade. This decrease in poor performance occurs across race and ethnicity. There is some variation in the magnitude of increased achievement by race and ethnicity; however, the improvement levels vary more significantly by school district, with the Parkland and Easton Area school districts showing the greatest overall improvements (regardless of race or ethnicity).



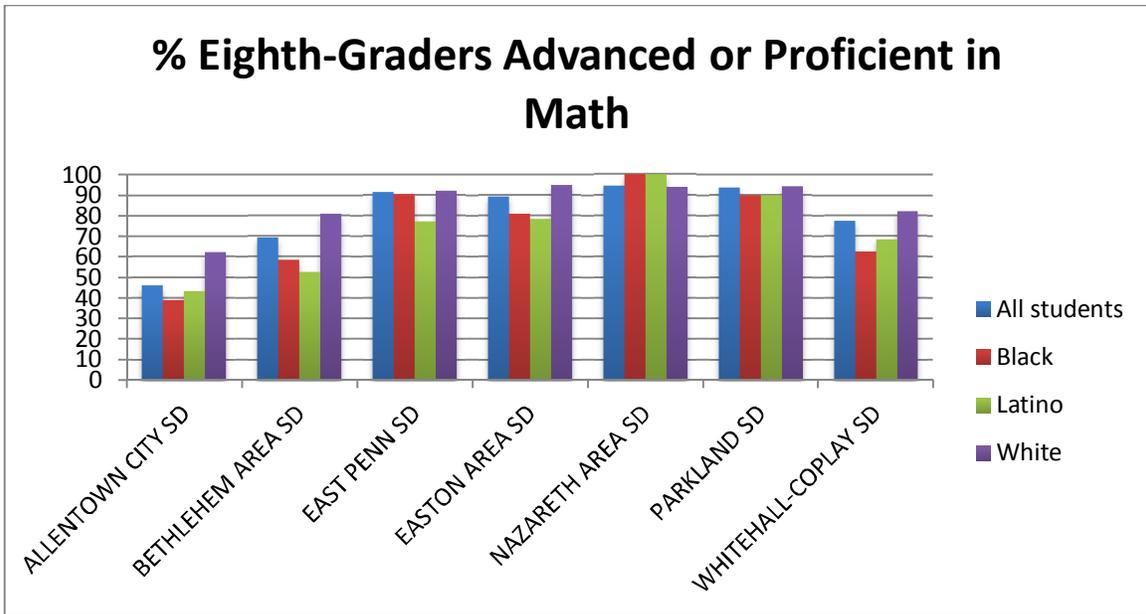
Source: Assessment and Accountability PA Department of Education 2007-08 and 2011-2012 disaggregated results

We now review the educational achievement levels in mathematics. First, we notice higher achievement rates across all races and ethnicities in mathematics as compared to reading. Despite white students, on average, out-performing their peers, this is not the case across all school districts. In both the Wilson Area and East Penn school districts, a higher percentage of Black students achieved advanced or proficient scores in math than any other race or ethnicity of student.



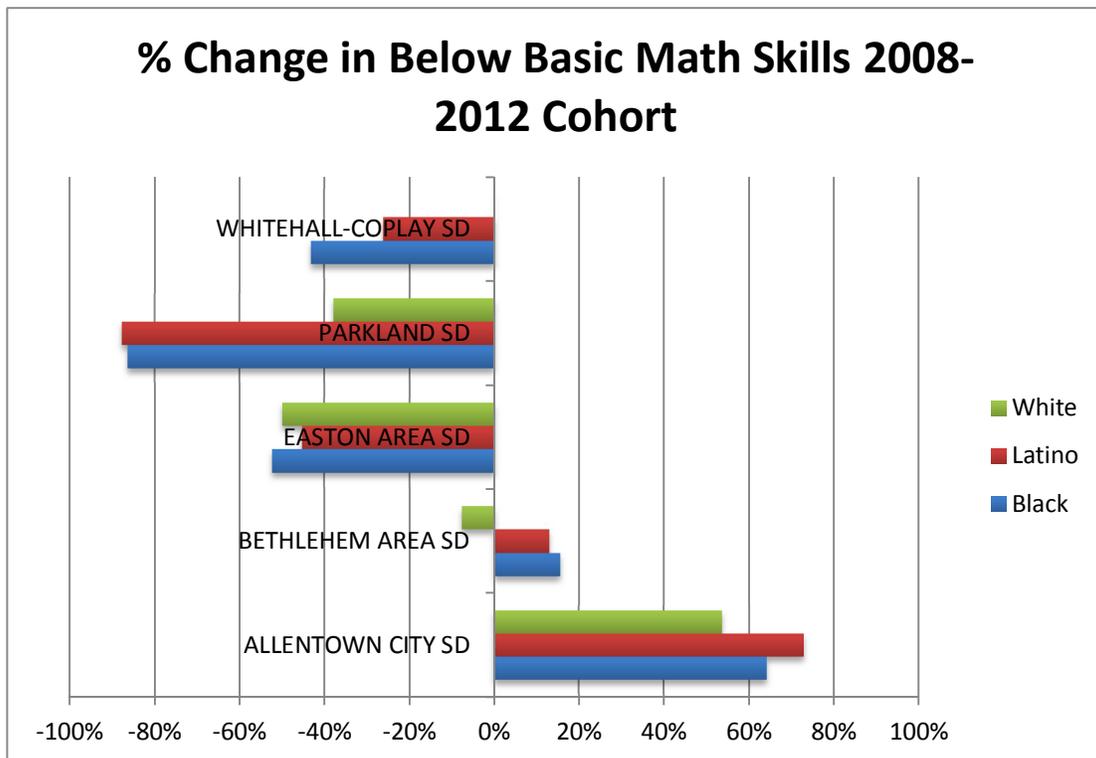
Source: Assessment and Accountability PA Department of Education 2011-2012 disaggregated results

When we compare the eighth-grade students' scores in math, we find less dramatic changes than in reading skills (note that math skills began at a higher level than reading skills). The variation by race and ethnicity is consistent with the fourth-grade results. There are more striking differences across school districts for the math results than the reading results. The Nazareth, Parkland, East Penn, and Easton Area school districts have at least 90% of their eighth-grade students testing at the proficient level in math, while the Allentown City school district has only 45% of its students reach this milestone. A greater percentage of the Black and Latino students across all other school districts (except those in the Bethlehem Area school district) achieve proficiency in math than their white peers in the Allentown City school district.



Source: Assessment and Accountability PA Department of Education 2011-2012 disaggregated results

When we consider math proficiency level within the same cohort of students in fourth grade and eighth grade (between 2008 and 2012), we confirm the assertion that school district matters more than race or ethnicity. Across all races and ethnicities, we see very similar decreases in below basic math in the Easton Area school district and very similar increases in poor skills across races and ethnicities in the Allentown City school district.



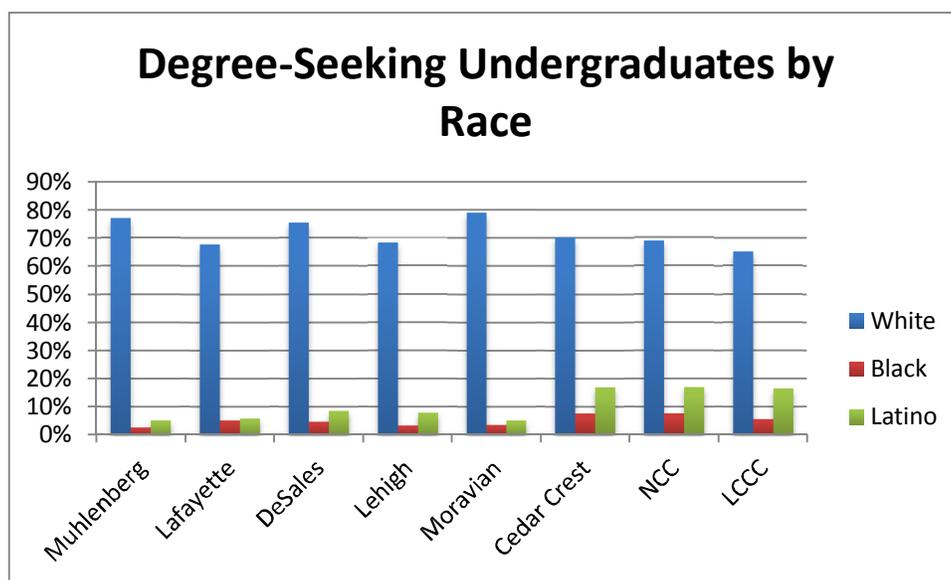
Source: Assessment and Accountability PA Department of Education 2011-2012 disaggregated results

Despite relatively similar levels of proficiency in math and reading by race and ethnicity (within school district), students do not appear to be preparing for college in the same way across race and ethnicity. Based on data from the College Board, there are drastic differences in the number of students taking the SAT by race and ethnicity within the Lehigh Valley. The following table shows that the majority of SAT test-takers are white students. Despite increasing trends of minority participation in the SAT, by 2007 over 75% of students who took the SATs were white. Without taking the SATs, college options become extremely limited.

Percent of Students Taking the SAT by Race				
	2004	2005	2006	2007
Northampton County				
Black	3%	3%	4%	4%
White	71%	79%	79%	79%
Latino	4%	5%	5%	8%
Lehigh County				
Black	3%	4%	4%	4%
White	67%	75%	74%	74%
Latino	6%	6%	7%	10%

Source: *The Status of Latino/Hispanic Public School Students in the Lehigh Valley*
2009 Lehigh Valley Research Consortium

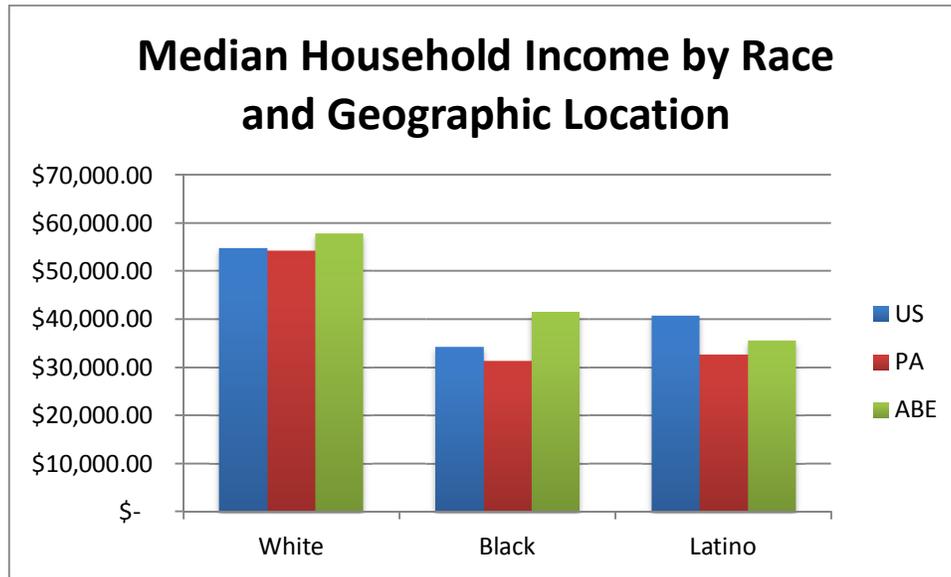
We note extreme disparities in college attendance by race and ethnicity among the schools in the Lehigh Valley. The following figure provides the percentage of degree-seeking undergraduates during the fall semester of 2013 for all schools in the LV. Lehigh County Community College boasts the largest percentage of minority students at 35% of the student population. Moravian College has the lowest population of minority students at 21% of the student population.



Source: Published Enrollment Statistics by College, 2013.

Results: Income and Poverty

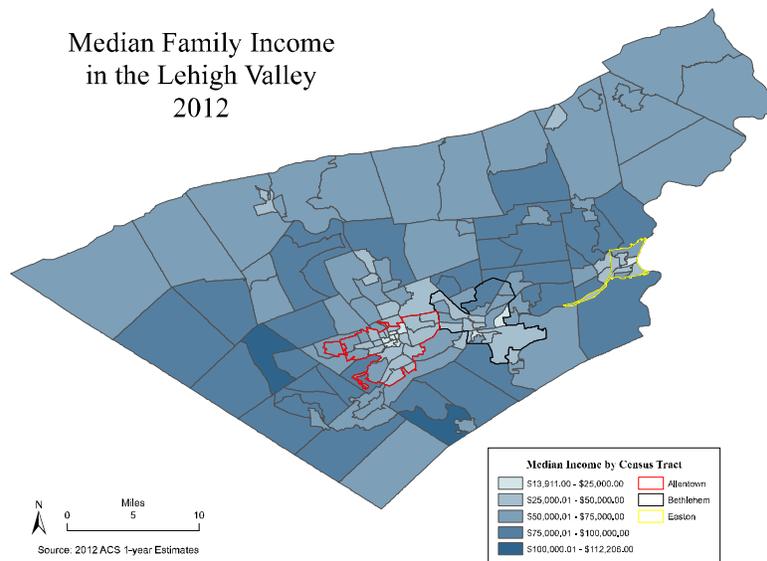
Given the disparities across educational levels by race and ethnicity, it is no surprise that disparities exist across various measures of income and wealth, as numerous studies have linked long term economic status to educational attainment⁵. The median income for white individuals living in the ABE MSA is \$57,983 compared to \$41,616 for Black individuals and only \$35,747 for Latino individuals. This represents an increased median income of 40% for white residents over Black residents, and a 62% increased income as compared to Latino residents.



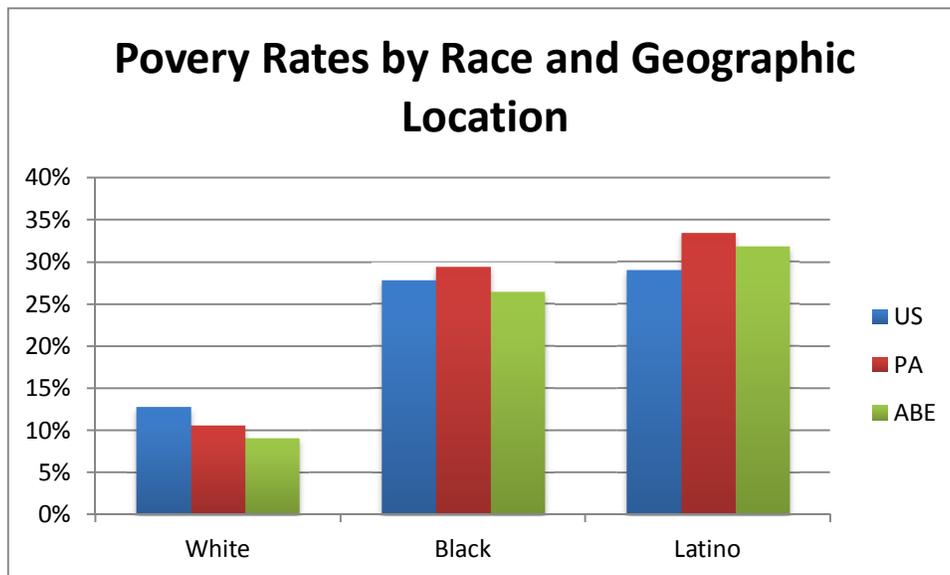
Source: American Community Survey 5 year Estimates 2008-2012 U.S. Census Bureau

⁵ For a review of the literature on education and income see *Earning and Learning: Why Schools Matter* by Susan E. Mayer and Paul E. Peterson Brookings Institution, 1999.

The following map identifies the dispersion of income within the Lehigh Valley. The areas of Allentown, Bethlehem, and Easton are outlined in the figure. One can note the lower levels of income by the lighter shades of blue.

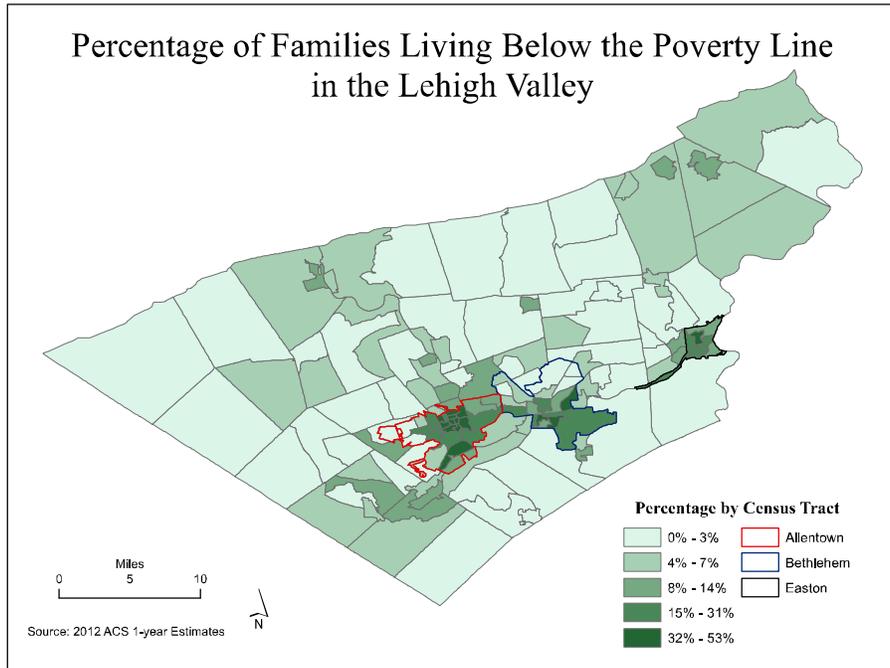


Given the large disparity in income, the following details regarding poverty differences by race and ethnicity should not be surprising. In the ABE MSA, we find the highest poverty rates among Latino residents, at 32% of the Latino population. Twenty-six percent of the Black population, within the ABE MSA, lives in poverty, while the same is true for less than 10% of the white population in the area. The Latino and Black poverty rates are 220% and 166% higher than those of white residents, respectively.

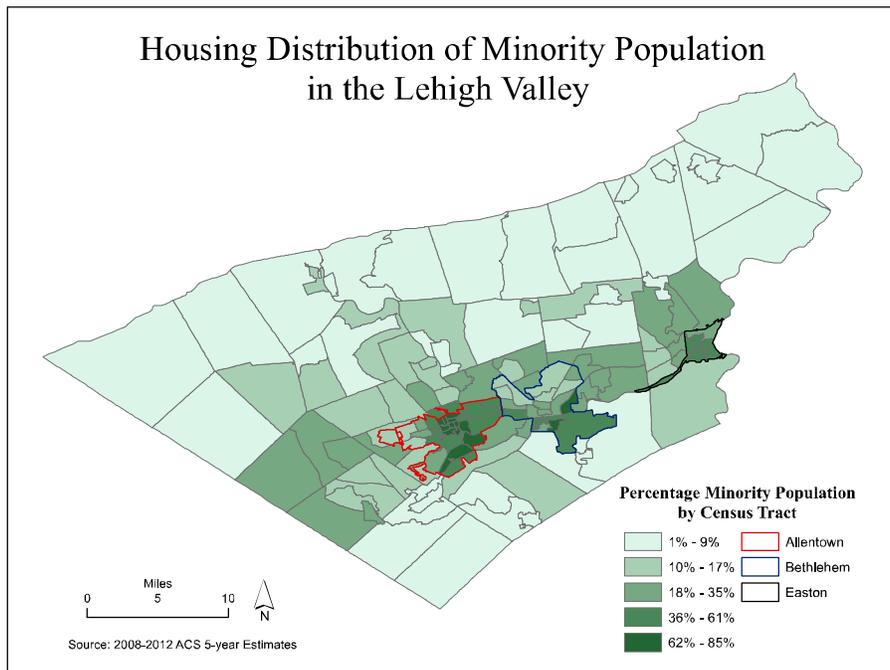


Source: American Community Survey 5 year Estimates 2008-2012 U.S. Census Bureau

The following figure further shows the poverty differences within the LV.

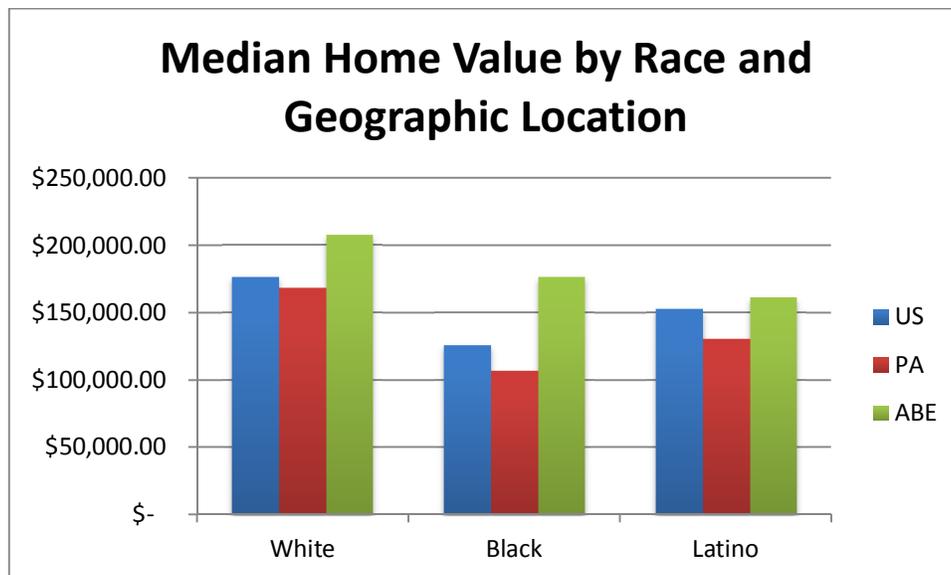


One can note striking similarities between the areas of poverty and the areas of geographic residence of minority populations within the LV. The following map depicts this relationship. The areas of low median family income with high poverty rates are the areas with a high concentration of minority (Black and Latino) residents.



Results: Housing Affordability and Ownership

The steep rise in inequality in the United States and subsequent wealth gap is attributed to income stagnation of the lower income classes, which leads to a lack of access to wealth accumulation in the form of financial investments and homeownership. This problem is particularly pronounced when data is examined by race (Jacobsen et al., 2013; McKernan, et al., 2013; and Anderson, 1999). In the Lehigh Valley, we find homeownership and home values to vary across race and ethnicity, with a significantly larger percentage of the white population owning homes than any other race or ethnicity. Among those who own homes, the home values of white homeowners are significantly higher than those of non-white, non-Latino homeowners. Specifically, in the ABE MSA, the average value of homes owned by white residents is \$207,700. This value is 17% higher than the average value of homes owned by Black residents (\$176,400) and 29% higher than the average value of homes owned by Latino residents.



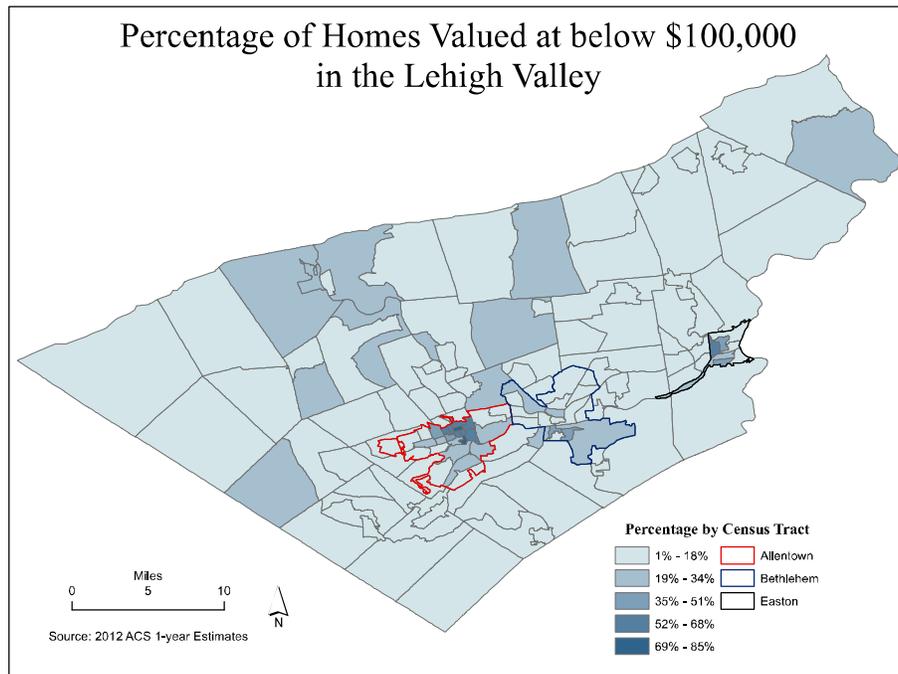
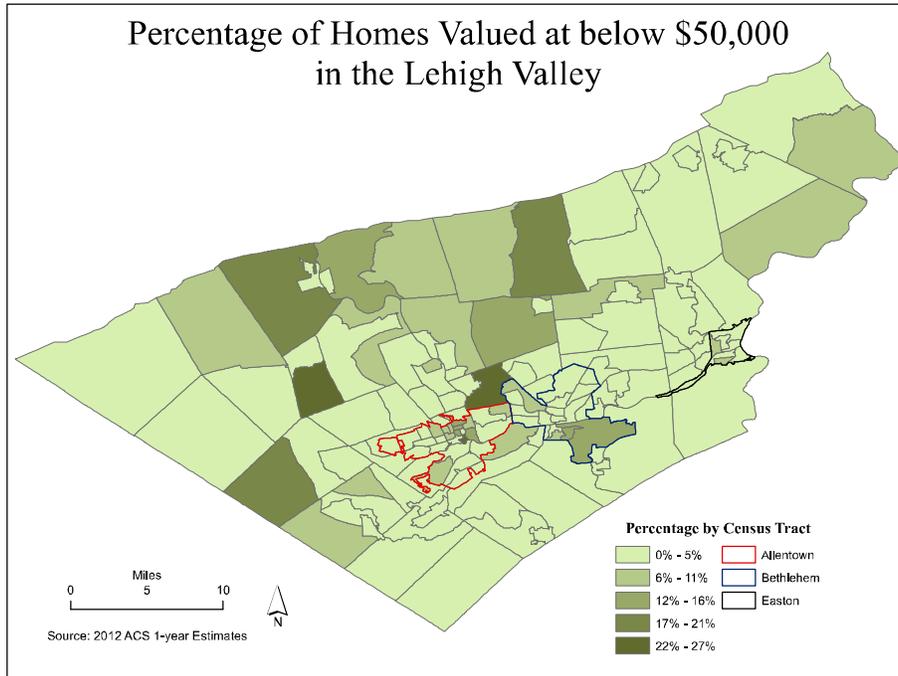
Source: American Community Survey 5 year Estimates 2008-2012 U.S. Census Bureau

Within the LV, we note large disparities in the value of homes across the school districts. In 2012, the median home value within the LV was \$173,000. The average value of a home within the Allentown City school district was only \$95,000, which is 45% lower than the median value for the area. Contrastingly, the average value of a home owned within the Nazareth school district was \$265,000, 53% above the median value of the area homes.

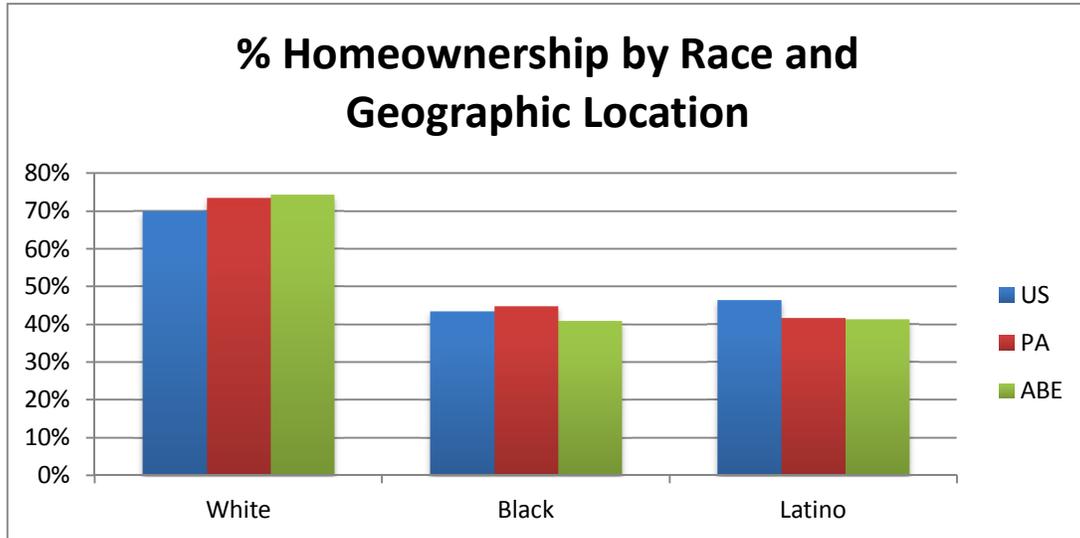
School District	2008	2012	Percent Change 2008 to 2012
Allentown	\$124,000.00	\$95,000.00	-23%
Bangor	\$188,000.00	\$170,000.00	-10%
Bethlehem	\$195,000.00	\$165,500.00	-15%
Catasauqua	\$140,000.00	\$130,000.00	-7%
East Penn	\$239,450.00	\$200,000.00	-16%
Easton	\$230,766.00	\$187,000.00	-19%
Nazareth	\$280,000.00	\$265,000.00	-5%
Northampton	\$209,000.00	\$177,000.00	-15%
Northern Lehigh	\$160,000.00	\$115,000.00	-28%
Northwestern Lehigh	\$266,000.00	\$190,000.00	-29%
Parkland	\$255,000.00	\$227,533.00	-11%
Pen Argyl	\$185,000.00	\$154,364.00	-17%
Salisbury	\$209,500.00	\$182,400.00	-13%
Saucon Valley	\$214,250.00	\$217,800.00	2%
Southern Lehigh	\$269,500.00	\$245,575.00	-9%
Whitehall-Coplay	\$177,000.00	\$155,000.00	-12%
Wilson	\$171,000.00	\$139,500.00	-18%
LV Median	\$200,000.00	\$173,000.00	-14%
80% of LV Median	\$160,000.00	\$138,400.00	-14%
125% of LV Median	\$250,000.00	\$216,250.00	-14%

Source: *Home Buying During Economic Uncertainty*, Lehigh Valley Planning Commission 2013.

In comparing the average home value by school districts, poverty levels, and racial disparity across the geographic areas within the Lehigh Valley, we notice a significant percentage of the minority population living in areas of poverty with low average home values.



Not only is the average home value higher for white residents, but white residents are also more likely to own homes than Black or Latino residents. The average values in the ABE MSA are similar to the average values in PA and the entire U.S. While 74% of white adults own their home in the ABE MSA, only 41% of Black and Latino residents own their homes.



Source: American Community Survey 5 year Estimates 2008-2012 U.S. Census Bureau

Despite similar income ranges, Black and Latino residents are less likely to receive a loan to purchase a home than their white peers in that income group. A larger percentage of white residents with low income are approved for loans in the Lehigh Valley, than Black and Latino residents in moderate- and high-income groups. Even with similar income levels, Black and Latino individuals will find it more difficult to purchase a home than their white peers.

Loan Approval Rates by Race and Ethnicity (2011)			
Lehigh Valley, PA			
	White	Black	Latino
Lower Income	69.50%	51.60%	52.50%
Moderate Income	65.30%	53.70%	51.20%
Higher Income	69.30%	51.50%	53.50%

Source: *Regional Analysis of Impediments to Fair Housing Choice*,
Lehigh Valley Economic Development Corporation draft 2013.

Conclusion and Looking Ahead

We note significant regional and racial disparities across educational outcomes, income levels, and homeownership status within the Lehigh Valley. In measures of early educational attainment, students receiving an education in higher poverty areas display worse outcomes, regardless of race or ethnicity. This lag in educational attainment may translate into a delay in planning for future education beyond high school.

Further, it is clear that differences in educational attainment will result in differences in income and poverty status. This problem is exacerbated by the disparity in opportunity for wealth creation through homeownership. Due to higher loan approval rates and area of geographic residence, this opportunity favors white residents in the Lehigh Valley.

Public policy measures can likely be developed to remedy some of these concerns. More research needs to be done to understand the policies and programs existing in school districts where students perform well regardless of race or ethnicity. Future research should also be conducted to determine whether or how disparity manifests within occupations. Additionally, more research needs to be conducted to determine why loan approval rates are so low for Black and Latino populations, especially those deemed to be in the high-income category. These results could prove insightful and help in determining how to improve educational and income opportunities for all residents of the Lehigh Valley.

Limitations

A major limitation of this study was access to additional data sources. The Federal Reserve collects data pertaining to various levels of wealth amongst U.S. families through a triennial survey: The Survey of Consumer Finances. This data contain detailed information across families regarding their level of debt and wealth as measured by: loans, pensions, mortgages, and investments. Unfortunately, the public use data set does not contain geographic identifiers; therefore, a complete regional assessment of wealth (beyond income and housing valuations) was not possible for this analysis.

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ⁱ Regionalism and "new regionalism" emerged from the realization that New Deal and Great Society programs to combat urban poverty have been only modestly successful because highway infrastructure and economic development policies, which pushed housing and jobs to the suburbs, worked against urban renewal efforts. Governmental boundaries can exacerbate this dynamic to the extent that they lead to local government fragmentation while suburban jurisdictions promote policies that work against the urban core. See Pastor, 2006.

ⁱⁱ Rusk (2003) concludes that citizens with little available land to develop and the inability to annex land combined with racial segregation impact urban economic and social health.

JUSTICE FOR ALL

Challenging Wealth Disparity in the Lehigh Valley

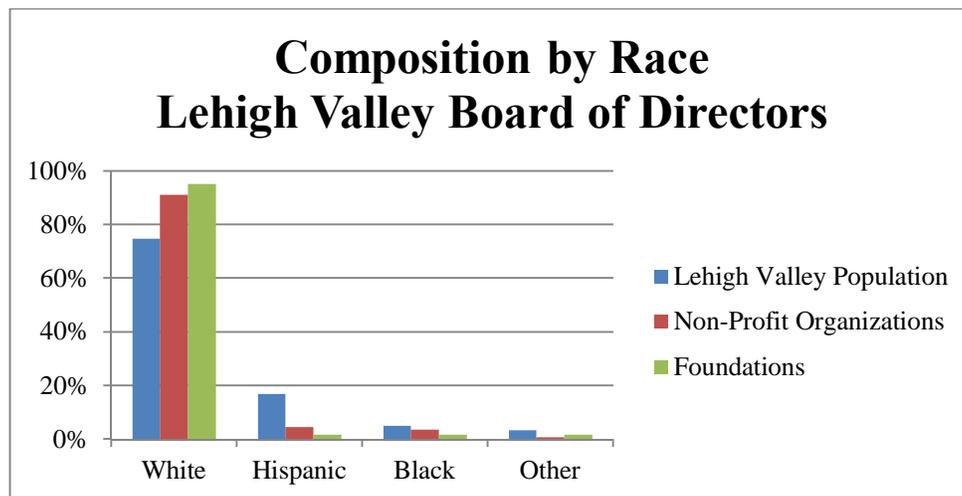
COMPOSITION OF THE BOARDS OF DIRECTORS IN THE LEHIGH VALLEY

Nonprofit organizations are generally governed by a decision-making body, be that a board of directors or a board of trustees. Though each board adheres to the individualized guidelines defined in the organization's bylaws, most boards are structured to serve an executive role, and in the case of charitable foundations this includes defining strategy for giving.

In July 2014, a telephone survey was conducted to measure and document the racial composition of the boards of directors and boards of trustees of the nonprofit organizations and foundations in the Lehigh Valley. A total of 41 entities were contacted and informed about this project and survey; 24 responded with information regarding the racial composition of their governing bodies. Of the 24 responders, 6 represented local foundations and 18 represented nonprofit organizations ranging in scope from early childhood education to healthcare to the Arts.

The data uncovered by the survey reveal that the racial composition of our local boards of directors is not representative of the population that these organizations were created to serve.

According to the most recent census data, the racial composition of the Lehigh Valley (the entirety of Lehigh and Northampton counties) is as follows: white 74.8%, Latino 16.9%, Black 5%, and other 3.3%. We note the disparity when compared to the composition of the boards of directors and trustees of our local non-profit organizations and foundations: white 91.2%, Latino 4.4%, Black 5%, and other 3.3%. The disparity is even further demonstrated when we examine the racial composition of the foundations alone: white 95.2%, Latino, 1.6%, Black 1.6%, and other 1.6%. The following chart demonstrates this data.



Sources: American Community Survey 1-year estimates 2013 U.S. Census Bureau; CACLV Survey of Non-profit Boards of Directors 2014

ABOUT THE WATER FOUNTAIN PROJECT

The Water Fountain Project was conceived to call attention to the wealth disparity between households of color and their white counterparts that is so pervasive in our society. It is comprised of a cross-section of leaders from the Lehigh Valley's communities of color with advisers from the top ranks of some of the Lehigh Valley's most successful corporations: C.F. Martin IV, Chief Executive Officer of Martin Guitar, Richard Master, CEO of MCS Industries, and Robert Rupel, retired CEO of Team Capital Bank. The project was organized and staffed by the Community Action Committee of the Lehigh Valley and funded by the US Department of Housing and Urban Development through the sustainable communities program known as Envision Lehigh Valley administered by the Lehigh Valley Economic Development Corporation.

The Water Fountain Project was established with an agenda that is provocative enough to counter the simple yet painfully poignant image of the water fountain in North Carolina, some fifty years ago, on which the sign "WHITES ONLY" was posted. The impact of race and racism on accumulation of economic assets, or wealth, fueled our bold and even audacious goal of challenging one of the most stubborn injustices of our time.

The Task Force on Wealth Disparity:

Olga Negron, La Ola Radio, *Co-Chair*
Rev. Gregory Edwards, Resurrected Life Community Church, *Co-Chair*
Phyllis Alexander, City of Allentown
Dan Bosket, NAACP, Allentown Chapter
Camilla Greene, Resurrected Community Development Corporation
Kevin Greene, R2C2INC
Julio Guridy, Allentown City Council
Esther Guzman, Easton Resident/Community Activist
Yamil Sanchez, Promise Neighborhoods of the Lehigh Valley
Tyrone Russell, Lehigh University
Sis-Obed Torres-Cordero, Lincoln Leadership Academy
Lorna Velazquez, Hispanic Center Lehigh Valley.



The Water Fountain Project

Wealth Disparity in the Lehigh Valley

