

“Social justice should be the underlying goal of all humanity.”

-Alan V. Lowenstein, Institute Founder



NEW JERSEY INSTITUTE
FOR SOCIAL JUSTICE

Testimony of Jean-Pierre Brutus
New Jersey Institute for Social Justice
before the

Economy Working Group of the New Jersey Wealth Disparity Task Force

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do social justice.

Dear Co-Chair Oliver, Co-Chair Caride, Co-Chair Holloway, Co-Chair Vizcarrondo and members of the Economy Working Group of the Wealth Disparity Task Force:

Good evening, my name is Jean-Pierre Brutus, and I am Senior Counsel in the Economic Justice Program at the New Jersey Institute for Social Justice (the “Institute”).

I present my comments today on behalf of the Institute, whose cutting-edge racial and social justice advocacy seeks to empower people of color by building reparative systems that create wealth, transform justice and harness democratic power – from the ground up – in New Jersey.

On behalf of the Institute, I want to thank Co-Chairs Oliver, Caride, Holloway and Vizcarrondo and the Economy Working Group of the New Jersey Wealth Disparity Task Force for considering this testimony.

\$300,000. And I’ll say it again, \$300,000. Imagine what we could all do with \$300,000. Buy a house? Send students to college debt-free? Cancel student loan debt? Save for retirement? Pay off medical bills?

Well, here in New Jersey, these opportunities are largely out of reach for our state’s Black communities. Indeed, there are Two New Jerseys. One, where its white residents are able to partake in the prosperity of one of America’s richest states. And another, where its Black residents and other residents of color often struggle to make ends meet in one of the most expensive states in the country.

Nationally, the gap between Black and white wealth is around \$160,000. That number almost doubles when we look at the Garden State. In New Jersey, the median net wealth of a white family is \$322,500. By contrast, it is only \$17,700 for the median Black family – amounting to an over \$300,000 racial wealth gap – one of the largest in the nation.

The economic disparities and racial wealth gap in New Jersey were created by design – by our institutions, our public policies and through social exclusion and violence. Thus, policies that repair past and ongoing harms are needed to close the racial wealth gap.

In order to close the racial wealth gap, policymakers must first have an understanding of its current magnitude and origins. The Institute’s report *Making the Two New Jersey’s One: Closing the \$300,000 Racial Wealth Gap in the Garden State* underscores the staggering \$300,000 racial wealth gap in New Jersey and establishes a road map towards equity. New Jersey is one of the most prosperous states in the nation, but is, at the same time, characterized by some of the starkest racial and economic inequities. As in the U.S. overall, the wealthiest people in New Jersey are overwhelmingly white. In addition, however, New Jersey’s white families hold substantially more wealth at the median than their white peers in other states, a reality that leads to an even more unequal distribution here in the Garden State than in the country overall.

What accounts for this \$300,000 divide? As we outline in our report, there are several key contributors to the racial wealth gap in the state. First, homeownership is the primary way that most families in the U.S. build wealth; yet, this avenue for asset-building has consistently been filled with obstacles for Black families. In New Jersey, the overall homeownership rate for white families is 75.9% compared to just 38.4% for Black families; in addition, even when Black families are able to become homeowners, white families benefit more financially from homeownership than Black homeowning families. Thus, developing pathways for Black New Jerseyans to own homes and generate wealth from their homes is critical.

Next, jobs play a crucial role in contributing to our racial wealth gap because work and benefits from stable, quality employment can support asset building for families, while low-paying, unstable positions leave families with volatile incomes and without asset-building opportunities. In New Jersey, inadequate employment quality and insufficient benefits lead to a lack of long-term security and opportunities to build and maintain wealth for many low-income employees, particularly for Black workers and other workers of color. New Jersey must thus build upon the minimum wage increase and other efforts to expand access to quality jobs and benefits.

Yet another key contributor to New Jersey’s racial wealth gap is unequal access to intergenerational wealth-building assets. Many white families continue to benefit financially from policies that supported wealth-building in white communities yet created barriers to those same opportunities for Black families and other families of color. Nationally, less than one in ten Black families get an inheritance compared to over one-quarter of white families and only about a third of Black families hold any stocks compared to over 60% of white families. Thus, reforms are necessary to ensure that the racial wealth gap is not self-reinforcing across generations.

Last, student loans weigh down Black borrowers, contributing to the racial wealth gap. With fewer family assets to turn to for crucial investments in higher education, Black individuals and families must borrow more often than their white peers for college and typically must take on more debt, which contributes to the racial wealth gap. This is true here in New Jersey, where one quarter of Black

residents hold some kind of education loan, compared to about one in six of the state's white residents and the state overall.

Now that we understand some of the contributors to our state's \$300,000 racial wealth gap, what must we do to address them? While our report contains a number of proposals, I would like to take a few minutes to outline three proposals currently pending before the Legislature that, when passed, can begin to close this vast racial divide.

First, we must invest in our state's most valuable asset – our young people – to begin to set up future generations with the opportunity to generate wealth for their families and communities for generations to come. We can do this by passing and strengthening A1579/S768, which will create the New Jersey Baby Bond Account Program and be an important step in repairing the harm of the past for future generations. A robust baby bonds program is a crucial step in providing low-wealth newborns a financial endowment – already available to so many of their higher wealth peers – that grows over time and which they can use as young adults to help pay for college, buy a home or start a business. Support from Governor Murphy created momentum for the creation of a New Jersey baby bonds program in 2020; Connecticut recently also passed its own baby bonds program bill. We urge the task force to support this legislation and ensure that the program design is targeted towards closing the racial wealth gap.

Second, New Jersey must develop policies to support the foundation of the American Dream: homeownership. As mentioned, a major concern is that homeowners are not able to extract wealth from their homes at the same level as their white counterparts. And what is a driver of this? Racially discriminatory home appraisals – which have been identified by the Biden Administration as an important driver of the racial wealth gap; so much so, that a federal taskforce was recently created to address this very issue. Here in New Jersey, the state must do its part to eliminate this pernicious practice by passing A1519/S777, legislation that will enhance enforcement against discrimination in appraisals by holding appraisers who engage in discriminatory appraisals accountable and increasing public education so homeowners and potential buyers are aware of and can report potential discriminatory behavior during the appraisal process. We urge the task force to support this important bill's passage to ensure that Black families and other families of color are able to benefit equitably from homeownership.

And third, and most critically, reparations must be a part of any conversation about closing the racial wealth gap in the Garden State. New Jersey's current \$300,000 racial wealth gap was not created overnight. As we outlined in our report *Erasing New Jersey's Red Lines*, it stems from the founding of the colony, when English settlers were given 150 acres of land and an additional 150 acres for every enslaved person they brought with them into the colony. It stems from an early form of sharecropping – called cottaging – that took hold very deeply in the state. It stems from New Jersey's generational history of restrictive covenants, redlining, predatory lending and record foreclosures in its communities of color. Thus, to fully address the racial wealth gap today, we must research, analyze and develop

policies to address New Jersey's history of slavery and its lasting legacy of racial discrimination that have led New Jersey to have one of the largest racial wealth gaps in the nation – along with being home to several other of the highest racial disparities in the country in the areas of education, health and mass incarceration. Thus, to advance the movement for repair here in the state of New Jersey, we urge you to support A938/S386 to establish the New Jersey Reparations Task Force. This task force will research and develop proposals for repairing the harm of slavery and the legacy of systemic racism left in its wake to close New Jersey's racial wealth gap and eliminate a number of other disparities that are directly connected to this history.

In closing, as this testimony highlights and *Making the Two New Jerseys One* underscores in more detail, New Jersey has the opportunity to close the racial wealth gap through comprehensive investments in equity. To close the astounding racial wealth gap in New Jersey and make the prosperity of the state truly inclusive, the state must have a detailed and actionable strategy. The three policies outlined here as well as the others in our report are crucial steps towards closing the racial wealth gap in our state.

We thank you for consideration of the Institute's testimony and urge you to recommend the policy proposals the Institute has offered in your work to close the racial wealth gap.

Thank you.