Economic Justice Toolkit

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Greetings and welcome to the Economic Programs Toolkit!

Economic justice is at the center of our programmatic thrust toward civil and human rights. As far back as the Niagara Movement, those who fought to secure equal rights for people of color were clear that socioeconomic conditions inform many of the other issue areas that affect our quality of life. Since its inception over 100 years ago, the NAACP has fought for economic empowerment—challenging exploitative financial practices that undermined our individual and collective ability to acquire wealth, and advocating for equal access to employment, entrepreneurship opportunities and inclusive businesses practices.

Today, our economic program agenda is comprised of two key issues:

1) Fair banking and lending practices, which includes efforts to eliminate predatory and other exploitative lending practices, and develop opportunities for businesses owned by people of color and other groups that have faced historical discrimination;

2) Transparency and anti-discrimination in employment and contracting, which includes efforts to monitor diversity among corporations and specialized industries, such as Hollywood; to promote fairness with respect to inclusion in growing industries and occupations, such as those associated with the “green economy;” and to prevent unnecessary employment discrimination against people with a criminal record.

This toolkit is designed to orient NAACP Economic Development Committee chairs, on the key national priorities in this area, and to provide these committees with the information needed to be successful when advocating for equal justice. It is our goal to develop this toolkit over the course of the year, adding new material and expanding the resources for units when appropriate. Announcements will be made when new material is uploaded to our website, and as always, please contact us with your questions or request for technical assistance with this document. On behalf of the economic programs staff, we thank you for your commitment to achieve economic justice!

In service,
Monique W. Morris
Vice President, Economic Programs
— NAACP National Board of Directors —

Economic Development Committee

2010

Leonard James, Chair
Harold Crumpton, Vice Chair
Carole Young, Vice Chair

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The mission of the NAACP Financial Freedom Campaign Center is to enhance the capacity of underserved communities to obtain affordable and competitively priced credit and financing, including mortgage loans, small business loans, and consumer loans.

Specifically, the Financial Freedom Campaign Center will:

- increase the financial literacy of underserved populations through workshops, training seminars, and mobilizing volunteers to educate their communities. Our Center will distribute materials and work with communities to build competencies that will lead us from being a nation of consumers, and toward becoming a nation of savers and investors.
- direct high-need customers to the nation’s best service providers for appropriate interventions. Our Center partners with organizations with the leading resources and expertise to help families recover from crisis. Through loan modification efforts, credit counseling, and other services, the Center will connect people with services that can help them keep and grow their most important financial investments.
- provide technical assistance to small businesses to promote capacity-building. Our Center will disseminate information about business growth opportunities, as well as facilitate access to competitively-priced business loans.
- monitor and address complaints of potential discrimination or differential treatment, and compliance with fair lending principles. To encourage transparency and fairness in home loans, the NAACP has developed nine principles of fairness in banking and lending. Our Center will monitor institutional compliance with these principles and work with them to ensure fair lending practices and accountability.
- advocate for policies that reflect best practices among fairness in lending. Our Center will monitor industry trends and support policies and practices that protect vulnerable communities from discrimination.

The Financial Freedom Campaign Center will be located in Washington, DC and will house all of the NAACP’s economic programs, from our corporate diversity scorecard to our employment fairness and transparency work. Our goal at the NAACP Financial Freedom Campaign Center is to ensure that as the nation recovers from this latest economic crisis, it does so with integrity and fairness.
Gateway to Leadership, a joint initiative of the NAACP and the Money Management Institute, is designed to cure minority myopia by opening eyes on both sides of the corporate divide. The summer of 2007 launched the inaugural year of providing paid summer internships to high achieving juniors and seniors of HBCU’s. The twin goals of the internship program are: to show minority students that there are opportunities for them at investment and financial services firms, and to showcase these students to employers who are seriously interested in recruiting, training, and encouraging them.

Students selected for the internship spend a summer at leading financial services firms working in exciting and demanding positions under the direct supervision of a line manager. A senior executive in each participating firm serves as a central contact, acting as both the program liaison and a mentor for the intern, ensuring that the internship is rewarding for them and helping them identify and develop the skills needed to succeed in executive positions.

Employers have a close-up look at talented minority students – the skills they have, the training they need, the perspectives they offer, and the potential contributions they could make. Students get an inside look at the financial industry and the opportunities available to them. Equally important, they obtain job experience and establish contacts that could lead to subsequent job opportunities and possibly to full-time employment.
Economic Reciprocity Initiative (ERI)
Historically, the NAACP’s Economic Reciprocity Initiative (ERI) has focused on private corporations within five major industries (automotive, telecommunication, financial services, general merchandizing, and hotel/lodging industry) and measured corporate America’s financial relationship with the African American Community. Each of the participating companies received ERI letter grades determined by their responses to questions on a survey covering five key areas: (1) Employment, (2) Marketing/communications expenditures, (3) Supplier diversity, (4) Charitable giving/philanthropic activity; and (5) Community Reinvestment, as it relates to the inclusion of African Americans.

Revised Focus & Purpose of Report Cards
The NAACP Report Cards on Corporate Fairness and Diversity will measure performance in racial diversity and fairness in industries that are the fastest growing in the United States, by occupation and revenue growth. These industries have the greatest potential to influence job creation and advancement (at multiple job classification levels) and wealth building (as measured by ownership, development, contracting, and supplier diversity) in African American communities, and other communities of color. The target industries identified will include:

- Automotive
- Telecommunications
- Financial
- General Merchandising
- Lodging/Hotels

The Top Five corporations in each industry will be asked to participate in this revised diversity analysis. The processes associated with the NAACP Report Cards on Corporate Fairness and Diversity will be transparent in measurement, scoring, and reporting. The primary change to the report cards is that the focal points of the instrument are the measure of racial and ethnic diversity in the workforce (job loss, creation and advancement), wealth building (inclusive business practices) and ownership, where applicable.
Additional changes to the methodology include the following:
  • Up to three industries will be analyzed each year, with a stratified participation schedule that will begin in 2010.
  • Sector analyses and overview will be included in the report.
  • Data will be requested in a disaggregated format.
  • Letter grades will be replaced by a scoring continuum.
  • Increased time to complete the survey.
  • Elevation of best practices.
  • Identification of opportunity for improvement.
  • Rewards for high performing corporations.
EMPLOYMENT EFFORTS
The Unemployment Crisis in the African American Community

THE PROBLEM: The nation now faces its worst economic crisis since the Great Depression. While all communities have been affected by the economic downturn, African Americans, other communities of color, and older populations of all racial groups have faced the greatest hardship from unemployment.

THE FACTS:

- In March 2010, the unemployment rate was 16.5% among African Americans and 12.6% for Latinos, compared to 9.7% nationwide.
- Nearly 1 in 5 African American men are unemployed.
- More than 2 out of 5 African American teenagers are unemployed.
- African Americans with a 4-year college degree have an unemployment rate (8.2%), almost double the unemployment rate for white workers (4.5%) with a similar level of education.
- One in four African Americans face unemployment or underemployment (meaning a worker is employed, but not in the desired capacity, whether in terms of compensation, hours, or level of skill and experience.)

Source: Department of labor Statistics, March 2010
THE SOLUTION: The NAACP proposes a presidential initiative to ensure fair and transparent processes in the recruitment and hiring for publically-funded jobs, as well as, privately-created jobs supported by American Recovery and Reinvestment Act (ARRA) funds. Currently, less than 30% of publically-funded jobs are posted at public employment service centers and therefore are unavailable to the general public. All Americans should have access to all publically-funded jobs, and we can lower unemployment if these jobs are posted at the more than 2,900 CareerOneStop centers nation-wide –physically and online – and on all state-specific, state-sponsored job websites.
The Unemployment Crisis in the African American Community  
— Call to Action —

THE ISSUE:
Though there are signs that the economy is stabilizing; unemployment continues to be at unacceptably high levels. This is especially true among racial and ethnic minorities: In March 2010, the unemployment rate was 16.5% among African Americans and 12.6% for Latinos, compared to 9.7% nationwide. The current unemployment rate for African Americans is almost 7 percentage points higher than the overall unemployment rate. Nearly 1 in 5 African American men are unemployed. More than 2 out of 5 African American teenagers are unemployed. One in four African Americans face unemployment or underemployment (meaning a worker is employed, but not in the desired capacity, whether in terms of compensation, hours, or level of skill and experience.)

THE ACTION WE NEED YOU TO TAKE:
1. Contact both your Senators TODAY and URGE THEM TO SUPPORT FAIRNESS AND TRANSPARENCY IN RECRUITMENT FOR EMPLOYMENT AND CONTRACTING OPPORTUNITIES. To Contact your Senators, you may:

- **Make a Phone Call:**
  Call your Senators and your Representative in Washington by dialing the Capitol Switchboard and asking to be transferred to your Senators’/Congressman’s offices. The switchboard phone number is (202) 224-3121 (see message section, below)

- **Write a Letter**
  To write letters to your Senators, send them to:
  The Honorable (name of Senator)
  U.S. Senate
  Washington, D.C. 20515

  To write a letter to your Representative, send it to:
  The Honorable (name of Representative)
  U.S. House of Representatives
  Washington, D.C. 20515

- **Send a Fax**
  If you would like to send a fax, call your Senators’ or Representative’s offices (through the Capitol switchboard) and ask for their fax numbers (you can use either the attached sample letter or the message box, below).
• **Send an E-Mail**
To send an e-mail to your Senators, go to www.senate.gov; click on “Find Your Senators.” Look up your Senators by state; go to their web sites for e-mail addresses.
To send an e-mail to your Representative, go to www.house.gov, and click on “Write Your Representative.” This will help you identify who your congressman is and how to contact him/her.

2. **Locate, Inform, & Advocate for Job Transparency at your local CareerOneStop Centers.**

• **Locate**
  - Locate your local CareerOneStop Centers using the Service Locator feature on the National CareerOneStop website which is available at http://www.servicelocator.org/.
  - The search will provide you with the addresses and phone numbers for comprehensive and affiliate CareerOneStop locations in your community.

• **Inform**
  - Empower NAACP units to mobilize around local CareerOneStop centers to inform center employees, as well as, service recipients that currently less than 30% of publicly-funded jobs are posted at public employment service centers, leaving the vast majority of publically-funded jobs inaccessible to the public, even though their tax dollars make these jobs possible. This harms American workers, both African American and white, who have not developed strong social or professional networks to advance their careers.

• **Advocate for Job Transparency**
  - Urge employees and service recipients to contact their Senators.
  - Support the Local Jobs for America Act and encourage members of both the House and the Senate to quickly pass comprehensive jobs legislation to address not only the unemployment crisis facing our nation, but also the challenges being faced by states and local municipalities in meeting the basic education, public safety, health care, child care, and public transportation needs of our communities.
  - Advocate for the full funding of the Second Chance Act and other efforts to end unnecessary discrimination against people who have a criminal record.
THE MESSAGE:

• Unemployment continues to be at unacceptably high levels.

• We must ensure fairness and transparency in recruitment for employment and contracting opportunities.

• Currently less than 30% of publically-funded jobs are posted at public employment service centers, leaving the vast majority of publically-funded jobs inaccessible to the public, even though their tax dollars make these jobs possible.

• Transparency and fairness can be achieved if all publically-funded jobs, as well as, privately-created jobs supported by American Recovery and Reinvestment Act (ARRA) funds and other federal resources or benefits, are posted at the more than 2,900 CareerOneStop Centers nationwide—physically and online—and on all state-specific, state-sponsored job websites.

• In order to receive the proposed tax incentive for job creation, firms should be required to publically post employment opportunities. Just as federal contractors must adhere to federal standards to ensure equal opportunity, firms that seek to benefit from the federal tax incentive should post their jobs with the public employment service to ensure fairness and equal opportunity in the hiring process.

• This simple act would have wide-reaching results, including lowering unemployment rates overall and reducing unemployment disparities among African Americans in the workforce.
Transparency as a Tool to Reduce Unemployment and Underemployment

**THE PROBLEM:** Currently less than 30% of publically-funded jobs are posted at public employment service centers, leaving the vast majority of publically-funded jobs inaccessible to the public, even though their tax dollars make these jobs possible. This harms American workers, both African American and white, who have not developed strong social or professional networks to advance their careers.

**THE FACTS:**
- There are 1854 **Comprehensive One-Stop Career Centers** that provide a full array of employment and training related services for workers, youth and businesses. These locations include the mandatory Workforce Investment Act (WIA) partners on-site.
- There are 1134 **Affiliate One-Stop Career Centers** that provide limited employment and training related services for workers, youth, and businesses. These locations do not include all the mandatory Workforce Investment Act (WIA) partners (i.e., Veterans, Vocational Rehabilitation) on-site.
- During the 4 year period of the American Recovery and Reinvestment Act funding, it is estimated that a total of 7 million jobs will be saved or created. Since only 30% of jobs are posted, nearly 5 million jobs will not be available to the public.
- In 2010, it is estimated that a total of 3.5 million jobs will be saved or created. Since only 30% of jobs are posted, nearly 2.5 million jobs will not be available to the public.
THE SOLUTION: Increasing transparency will lead to better employment outcomes for all Americans, including younger workers under age 25 and older white workers, as well as, Latino and African American populations. In addition, a federal order mandating that all jobs are posted at the One-Stop Career Centers will greatly increase access to jobs and increase opportunities for Disadvantaged Business Enterprises, certified Minority and Women’s Business Enterprises, that will allow them to compete for opportunities to grow their businesses and create or support local jobs. In order to receive the proposed tax incentive for job creation, Business Enterprises should be required to publically post employment opportunities. A federal agency should be appointed to monitor equal opportunities in regard to applicant pools, new hires, contract bids, and contract recipients, by age, race, ethnicity, and gender.
Transparency as a Tool to Reduce Unemployment and Underemployment
— Call to Action —

THE ISSUE:
Our nation is going through one of the most difficult economic times in its history. The national unemployment rate has stubbornly remained unacceptably high, especially among African Americans and other racial and ethnic minority Americans. Since the fall of 2009 the national unemployment rate has stayed near 10%; during the same time the unemployment rate among African Americans has been between 15.2% in November 2009 and 17.3% in January 2010. At the same time, states and local municipalities are facing severe budget cuts. As a result, many communities are finding it difficult, if not impossible, to meet the very basic educational, health care, public safety, child care and public transportation needs of their residents.

As a federal response, Congressman George Miller (CA), the Chairman of the House Education and Labor Committee, has introduced H.R. 4812, the Local Jobs for America Act. This legislation responds to the needs that are being felt in every corner of our country, and by every demographic. As introduced, H.R. 4812 would create a million public and private jobs this year and put those Americans who are struggling to support their families back to work, while at the same time helping states and municipalities meet the basic needs of their communities. Support will be targeted directly to states and municipalities with the greatest number of people out of work and will help those communities by focusing the jobs in the areas of education, public safety, childcare, health care, and public transportation. By supporting the services local communities deem most necessary, the bill will help local governments avoid having to choose between eliminating services and raising taxes. Furthermore, by increasing employment in local communities, families will be able to start spending again at their neighborhood businesses and favorite restaurants. This will help spur additional jobs for local small businesses. The Local Jobs for America Act will also fund salaries for private sector on-the-job training to help local businesses put people back to work.

Specifically, the Local Jobs for America Act invests $75 billion over two years in local communities and allows them to hire vital staff; funding for 50,000 on-the-job private-sector training positions; $23 billion this year to help states support 250,000 education jobs; $1.18 billion to put 5,500 law enforcement officers on the beat; and $500 million to retain, rehire, and hire firefighters.
The NAACP strongly supports H.R. 4812, the Local Jobs for America Act and encourages members of both the House and the Senate to quickly pass comprehensive jobs legislation to address not only the unemployment crisis facing our nation, but also the challenges being faced by states and local municipalities in meeting the basic education, public safety, health care, child care, and public transportation needs of our communities.

THE ACTION WE NEED YOU TO TAKE:
Contact your Representative and both your Senators and URGE THEM TO SUPPORT H.R. 4812, COMPREHENSIVE JOBS LEGISLATION THAT ALSO INVESTS IN THE BASIC NEEDS OF OUR COMMUNITIES. To contact your Senators and Representative, you may:

- Make a Phone Call:
Call your Senators and your Representative in Washington by dialing the Capitol Switchboard and asking to be transferred to your Senators’/Congressman’s offices. The switchboard phone number is (202) 224-3121 (see message section, below).

- Write a Letter
To write letters to your Senators, send them to:
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U.S. Senate
Washington, D.C. 20510
To write a letter to your Representative, send it to:
The Honorable (name of Representative)
U.S. House of Representatives
Washington, D.C. 20515

- Send a Fax
If you would like to send a fax, call your Senators’ or Representative’s offices (through the Capitol switchboard) and ask for their fax numbers (you can use either the attached sample letter or the message box, below).

- Send an E-Mail
To send an e-mail to your Senators, go to www.senate.gov; click on “Find Your Senators”. Look up your Senators by state; go to their web sites for e-mail addresses.

To send an e-mail to your Representative, go to www.house.gov, and click on “Write Your Representative” (on the left hand side, just under “find your Representative). This will help you identify who your congressman is and how to contact him/her.
THE MESSAGE

• Our nation is going through one of the most difficult economic times in its history. The national unemployment rate has stubbornly remained unacceptably high, especially among African Americans and other racial and ethnic minority Americans. Since the fall of 2009 the national unemployment rate has stayed near 10%; during the same time the unemployment rate among African Americans has been between 15.2% in November 2009 and 17.3% in January 2010. At the same time, states and local municipalities are facing severe budget cuts. As a result, many communities are finding it difficult to meet the very basic educational, health care, public safety, child care and public transportation needs of their residents.

• We need a comprehensive federal response that not only provides jobs to unemployed Americans, but also helps our states and local municipalities meet the basic educational, public safety, health care, child care and public transportation needs of our communities without raising taxes.

• The NAACP strongly supports H.R. 4812, the Local Jobs for America Act and encourages members of both the House and the Senate to quickly pass comprehensive jobs legislation to address our nation’s unemployment crisis, but also the challenges being faced by our communities in meeting our basic education, public safety, health care, child care, and public transportation needs.

REMEMBER TO CONTACT BOTH YOUR SENATORS!!!!!
(date)

The Honorable _____________________________
United States Senate / House of Representatives
Washington, D.C.  20510 / 20515

RE:  SUPPORT FOR COMPREHENSIVE JOBS LEGISLATION

Dear Senator / Representative ______________________________;

As your constituent, I strongly encourage you to support aggressive, comprehensive job creation legislation that will also help our struggling states and municipalities meet the educational, public safety, health care, child care and public transportation needs of our communities. Specifically, I support legislation such as H.R. 4812, the Local Jobs for America Act, introduced by Congressman George Miller (CA) which addresses the continuing problem of high unemployment in our nation whole while also helping our communities meet their most basic obligations to their citizens.

Our nation is going through one of the most difficult economic times in its history. The national unemployment rate has stubbornly remained unacceptably high, especially among African Americans and other racial and ethnic minority Americans. Since the fall of 2009 the national unemployment rate has stayed near 10%; during the same time the unemployment rate among African Americans has been between 15.2% in November 2009 and 17.3% in January 2010. At the same time, states and local municipalities are facing severe budget cuts. As a result, many communities are finding it difficult, if not impossible, to meet the very basic educational, health care, public safety, child care and public transportation needs of their residents.

That is why legislation such as H.R. 4812 is so important. As introduced, H.R. 4812 would create a million public and private jobs this year and put those Americans who are struggling to support their families back to work, while at the same time helping states and municipalities meet the basic
needs of their communities. Support will be targeted directly to states and municipalities with the greatest number of people out of work and will help those communities by focusing the jobs in the areas of education, public safety, childcare, health care, and public transportation. By supporting the services local communities deem most necessary, the bill will help local governments avoid having to choose between eliminating services and raising taxes.

Please do all you can to help our out-of-work brothers and sisters as well as our communities. Please support comprehensive, aggressive job creation legislation. I look forward to hearing from you soon so that I can know what you are doing, and I hope you will let me know what I can do to assist you in this endeavor.

Sincerely,

(sign and print your name and remember to include your address)
1. **What is CareerOneStop?**

   CareerOneStop is the suite of web-based products funded and developed by the U.S. Department of Labor. CareerOneStop includes America's Career InfoNet and America's Service Locator. Each product offers unique solutions for the increasing demands of today's labor market to meet the specialized needs of jobseekers, employers, and the workforce and education communities. ([http://www.careeronestop.org/](http://www.careeronestop.org/))

2. **Why would I want to use the CareerOneStop website?**

   The CareerOneStop website can be used to:
   - Research occupations and industries or learn about self-assessments and how to take charge of your career.
   - Compare wages and salaries, think about relocating or find out how to pay for your education.
   - Plan your education, and find the schools and programs right for you.
   - Get tips on planning a successful job search, applying for jobs, and negotiating job offers.
   - Create a resume that gets you notices and prepare for successful interviews.
   - Locate your One-Stop Career Center or other employment training, or economic development service provider.
   - Manage your career.

3. **If I don’t have a computer to go on the website, is there a number I can call to get more information?**

   For information about jobs, training, and career resources call:
   1-877-US2-JOBS
   (1-877-872-5627)
   TTY: 1-877-889-5627
4. **What is America’s Career InfoNet?**

*America’s Career InfoNet* helps individuals explore career opportunities to make informed employment and education choices. The Web site features user-friendly occupation and industry information, salary data, career videos, education resources, self-assessment tools, career exploration assistance, and other resources that support talent development in today’s fast-paced global marketplace. (www.CareerInfoNet.org)

5. **What is America’s Service Locator?**

America’s Service Locator connects individuals to employment and training opportunities available at local One-Stop Career Centers in their communities. The Web site provides contact information for a range of local work-related services, including unemployment benefits, career development, and educational opportunities. (www.ServiceLocator.org)

6. **What types of career tools are available on the CareerOneStop website?**

1. Career Exploration: Navigate the CareerOneStop web site as part of the career exploration process.
2. Career Resource Library: Connect to more than 6,000 links to online career resources.
3. Certification Finder: Learn about occupational certifications and how to acquire them.
4. Education & Training Finder: Locate regional, state and local training and education opportunities by occupation.
5. Employability Checkup: Understand career prospects before making a job change.
6. Employer Locator: Find a specific employer or create lists of employers for a job search.
7. Financial Aid Advisor: Find funding options to pay for education and training.
8. Job Description Writer: Create job descriptions for current employee job reviews or future employees.
9. Licensed Occupations: Find out about occupational licensing requirements in each state.
10. Resume Tutorial: Create an effective resume.
11. Scholarship Search: Search more than 5,000 scholarships, fellowships, loans, and other financial aid opportunities.
12. Short-Term Training Finder: Find education and training programs where you can earn a certificate, diploma, or award in less than 2 years.

7. Can the CareerOneStop Center help me with unemployment benefits?

Filing for unemployment benefits is the often the first step after a layoff.

Unemployment Insurance Benefits is a joint state-federal program that provides cash benefits to eligible workers who are unemployed through no fault of their own and meet eligibility requirements of state law.

- To file for benefits, find your state’s Unemployment Insurance Program. The CareerOneStop website provides a link to all state’s unemployment insurance program. (http://www.servicelocator.org/OWSLinks.asp)

8. What other types of unemployment benefits are available through the CareerOneStop website?

Many laid-off workers are also eligible for other types of unemployment benefits.

- If you lost your job due to a natural disaster declared by the President, and you are not eligible for regular unemployment insurance benefits, you may qualify for Disaster Unemployment Assistance.
- Veterans may also qualify for Unemployment Compensation for Ex-servicemembers.
- You may be eligible for Trade Adjustment Assistance if your job loss was as a result of increased foreign imports or shifts in production out of the United States.
- If you have participated in the Trade Adjustment Assistance Program and have exhausted your unemployment insurance benefits, you may qualify for Trade Readjustment Allowances.

9. Does the CareerOneStop website provide information for job search and training services?

In addition to or instead of unemployment benefits, you may be eligible for job search and training services.
• If you were part of a large layoff or plant closing, you may be eligible for job search and training services through your state's Dislocated Worker/Rapid Response program. (http://www.careeronestop.org/ReEmployment/GetImmediateHelp/Unemployment-BenefitsDislocatedWorkerRapidResponse.asp)

• The Senior Community Service Employment Program (SCSEP) provides training and job opportunities for low income persons age 55 and older. (http://www.doleta.gov/seniors/)

• The National Farmworker Jobs Program provides job training and employment assistance for migrant and seasonal farmworkers. (http://www.doleta.gov/msfw/)

• Indian and Native American Programs provide employment and training services to Native American communities. (http://www.doleta.gov/dinap/)

10. If I need helping using the website, is there a number I can call?

CareerOneStop operates a Customer Service Center to address questions regarding its Web sites.
• Contact the Service Center during the hours of 7 a.m. - 4:30 p.m. (Central Time) Monday - Friday.
• Email: info@careeronestop.org
• Toll-free number: 1-877-348-0502
• TTY: 1-877-348-0501
Ensuring a Sustainable Future for Our Communities: African Americans and the Green Economy

THE PROBLEM: The unemployment rate for African Americans is at all-time high. Although many communities are facing high unemployment rates, African Americans have faced the greatest hardship from unemployment. The emerging green economy presents a tremendous opportunity for communities of color to link strategies that achieve climate justice and economic justice at the same time. Despite $500 million set aside through the American Recovery and Reinvestment Act (ARRA) disadvantaged workers – to fund workforce development projects that promote economic growth by preparing disadvantaged workers for careers in the energy efficiency industries – there is no method in place to monitor exactly who benefits from the “green jobs” Recovery Act dollars and there is little assurance that low-income communities are profiting.

Defining Equitable Green Collar Jobs:

- Green-collar jobs are defined by the Apollo Alliance and Green For All as “well-paid, career track jobs that contribute directly to preserving or enhancing environmental quality. If a job improves the environment, but doesn't provide a family-supporting wage or a career ladder to move low-income workers into higher-skilled occupations, it is not a green-collar job.”
- According to the Applied Research Center, equity in a green economy means jobs not only improve the environmental health of the community, but also pay sustainable livable wages and benefits to the workers, provide a safe and healthy work environment, and enable the employee to advocate for his or her interests collectively through participation in a union.

![FIGURE 1: SAMPLE CAREER PROGRESSION: RENEWABLE ENERGY](Image)

Source: Bureau of Labor Market Information & Strategic Initiatives, 2009

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Wage</th>
<th>Educational Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electrician Helper</td>
<td>$13.53/hr</td>
<td>Short-Term OJT</td>
</tr>
<tr>
<td>Electrician</td>
<td>$27.18/hr</td>
<td>Long-Term OJT</td>
</tr>
<tr>
<td>Electrical &amp; Engineering Technician</td>
<td>$27.14/hr</td>
<td>Associate's Degree</td>
</tr>
<tr>
<td>Electrical Engineer</td>
<td>$36.11/hr</td>
<td>Bachelor's Degree</td>
</tr>
</tbody>
</table>
Occupational Trends of Green-Collar Jobs

• Green-collar jobs fall into a number of occupational industries; some are familiar to the traditional “gray” economy such as transportation and other new to the green economy such as weatherization.
• For example, there is a need for professional workers with specific skill sets directly needed by green-related firms. There is also a need for sales engineers or technical sales representatives for small start-up green-related firms. In addition, there is a need for individuals who can teach, train and prepare other for future green-related workforce positions.
• Green-collar jobs are often localized because many of them involve transforming and upgrading the immediate built and natural environment which include retrofitting buildings, installing solar panels, constructing transit lines, and landscaping.
• Careers in green-related occupations are available at all levels of education attainment. See the sample progression in the renewable energy area illustrated in Figure 1.
• Although there is a need for some specialized workers in the green economy, many employees still need basic skills in science, technology, engineering and math.
• Green jobs pay higher wages than the wages paid in comparable conventional gray jobs.
• Green jobs are harder to export, even though this has occurred.
• Green jobs are more likely to be unionized.
• There is a great deal of controversy over the total number of jobs the green economy will produce, but the fact remains that green-collar jobs is an emerging sector which require a number of level of skills and educational levels.

THE SOLUTION:

• Organizations with mandates around uplifting civil and human rights should work with the labor community and others to advance principles/tenets of equity including work conditions, safety measures, fair pay, etc.
• Federal and local governments that are funding green job initiatives should build equity considerations explicitly into their program design, planning and implementation.
• Explicit programming including outreach, recruitment, certification, etc., must ensure that African Americans have access to green job employment and contracting opportunities.
• A transparent monitoring system to show exactly where the “green job” Recovery Act dollars have landed and the ways in which they have benefited people from low-income communities must be developed and implemented.
Ensuring a Sustainable Future for Our Communities

African Americans and the Green Economy

— Call to Action —

THE ISSUE:

• In order to ensure a sustainable future for our communities, we must be dedicated to building an inclusive green economy, strong enough to lift people out of poverty.
• There is a great deal of controversy over the total number of jobs the green economy will produce, but the fact remains that the green employment is an emerging sector which accommodates a range of skill sets and educational levels.
• The green revolution can produce millions of jobs. But some green job advocates express concern that people of color and those with barriers to employment may miss opportunities.
• In addition to the creation of green-collar jobs, it is important that the federal and local government that are funding green job initiatives build equity (jobs that not only improve the environmental health of the community, but also pay sustainable livable wages and benefits to the workers, provide a safe and healthy work environment, and enable the employee to advocate for his or her interests collectively through participation in a union) explicitly into their planning and development process.

THE ACTION WE NEED YOU TO TAKE:

• Advocate for your city and state government to offer training programs so that people of color can get trained in green jobs skills. For example, some cities, such as Washington, D.C., are making a concerted effort to train African Americans for green jobs. CarbonfreeDC, an organization working to lower carbon emissions in the District, has provided training on homes in underserved communities.
• Monitor green job opportunities in your community and document the extent to which African Americans are accessing these opportunities.
• Educate your peers about the importance of enterprise/job opportunities that benefit the environment by promoting energy conservation and/or alternative/renewable energy sources.
• Spread the word about programs in your area where people can acquire contracts for retrofitting/weatherization and/or be trained and placed in green jobs.
• Establish a monitoring mechanism to document instances of inequity (lack of pay equity, hazardous work conditions, etc.) in green jobs.
THE MESSAGE: (Talking Points)

• Black communities are being crushed in the nexus of the climate/ecological crisis, financial crisis, foreclosure crisis, and other crises through all of the above mechanisms. These issues are interconnected and pervasive as well as significantly more severely felt in communities of color than in white communities.

• At the same time, tremendous opportunities exist as policy makers have a vested interest in addressing these crises and delivering resources for their constituents.

• It is up to us as a community to get organized and coordinated to position ourselves to lead in the new green economy. WE can turn this situation around from being in a place where we have the most to lose, to a circumstance where we have the most to gain!

• EVERYONE has a role to play in what must be a comprehensive agenda if we hope to see success. This must be a multi-sector, multi-pronged effort.
Finding a Job in the Green Economy

Green jobs should be good jobs that not only improve the environmental health of our communities and nation, but also pay sustainable wages and benefits to the workers, and provide a healthy work environment. Regardless of your professional goals, skill set, or education level, the green economy offers a wide range of career opportunities where employees can start at an entry-level job and work their way up with more experience and skills. Chart 1 highlights over ten green sector industries, provides a brief description of the field and describes the potential occupations in that industry. Chart 2 is a resource list for green job careers.

<table>
<thead>
<tr>
<th>GREEN SECTOR</th>
<th>DESCRIPTION</th>
<th>SAMPLE OCCUPATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture and Forestry</td>
<td>Usage of natural pesticides, efficient land management or farming, and aquaculture.</td>
<td>Agricultural Inspectors; Farmers and Ranchers; Landscape Architects.</td>
</tr>
<tr>
<td>Energy and Carbon Capture</td>
<td>Captures and stores energy and/or carbon emissions.</td>
<td>Power Plant Operators; Carbon Capture Sequestration Systems Installers.</td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>Increases energy efficiency and reduces waste.</td>
<td>Energy Auditors; Insulation Workers (Floor, Ceiling, and Wall); Weatherization Installers and Technicians.</td>
</tr>
<tr>
<td>Energy Trading</td>
<td>Provides financial services for buying and selling energy as a commodity, as well as carbon trading projects.</td>
<td>Carbon Credit Traders; Carbon Trading Analysts; Energy Brokers.</td>
</tr>
<tr>
<td>Environment Protection</td>
<td>Efforts related to environmental remediation, climate change adaption, and ensuring or enhancing air quality.</td>
<td>Brownfield Redevelopment Specialists and Site Managers; Climate Change Analysts; Water Resource Specialists.</td>
</tr>
<tr>
<td>Government and Regulatory</td>
<td>Creates and enforces regulations for conservation and pollution prevention.</td>
<td>Air Quality Control Specialists; Chief Sustainability Officers; Greenhouse Gas Emissions Report Verifiers.</td>
</tr>
<tr>
<td>Green Construction</td>
<td>Constructs and designs new green buildings, retrofits residential and commercial buildings, and installs other green construction technologies.</td>
<td>Construction Laborers; Energy Engineers; Maintenance and Repair Workers.</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Produces green technology and applies energy efficiency to processes.</td>
<td>Chemical Plant and System Operators; Industrial Safety and Health Engineers; Laborers; Freight; Stock; and Material Movers (Hand).</td>
</tr>
<tr>
<td>Recycling and Waste Reduction</td>
<td>Manages solid waste and wastewater treatment and reduction.</td>
<td>Refuse and Recyclable; Material Collectors; Recycling Coordinators; Sustainable Design Specialist.</td>
</tr>
<tr>
<td>Research, Design, and Consulting</td>
<td>Services green economy indirectly through energy consulting or research and other business services.</td>
<td>Atmospheric and Space Scientists; Fuel Cell Engineers; Urban and Regional Planners.</td>
</tr>
<tr>
<td>Transportation</td>
<td>Reduces the environmental impact of different types of transportation, such as public transit, trucking, freight rail, and water.</td>
<td>Bus Driver (Transit and Intercity); Rail-Track Laying and Maintenance Equipment Operators; Truck Drivers (Heavy and Tractor Trailer).</td>
</tr>
</tbody>
</table>

Chart 1: Career Opportunities in the Green Economy

Chart 2: Career Opportunities in the Green Economy

<table>
<thead>
<tr>
<th>Website</th>
<th>Description</th>
<th>Website URL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Career.com</td>
<td>Has job postings, articles and event listings</td>
<td><a href="http://www.environmentalcareer.info/index.asp">http://www.environmentalcareer.info/index.asp</a></td>
</tr>
<tr>
<td>GreenBiz.com</td>
<td>Professional jobs in green, cleantech, and sustainable business</td>
<td><a href="http://jobs.greenbiz.com/">http://jobs.greenbiz.com/</a></td>
</tr>
<tr>
<td>Green Energy Jobs Online.com</td>
<td>Employment in alternative energy</td>
<td><a href="http://www.greenenergyjobsonline.com/">http://www.greenenergyjobsonline.com/</a></td>
</tr>
<tr>
<td>Ecological Society of America</td>
<td>Job postings, internships and fellowships</td>
<td><a href="http://www.esa.org/careers_certification/employment.php">http://www.esa.org/careers_certification/employment.php</a></td>
</tr>
</tbody>
</table>
• **Assorted job boards**  
  Use keywords such as “sustainable” or “green” or “solar”, etc.  
  [http://www.indeed.com](http://www.indeed.com)  
  [http://jobs.treehugger.com](http://jobs.treehugger.com)  

• **Stopdodo**  
  Excellent global portal for environmental and renewable energy jobs  

• **North American Association for Environmental Education**  
  Environmental education jobs in K-12, higher education and non-profits  
  [http://eelink.net/pages/EE+Jobs+Database](http://eelink.net/pages/EE+Jobs+Database)

• **Green Career Central**  
  There is a membership fee but some areas are free; good tips for career direction  
  [http://www.greencareercentral.com](http://www.greencareercentral.com)

• **Veterans Green Jobs**  
  Jobs and retraining for vets transitioning to civilian life  
Creating Opportunity: Removing Barriers to Employment

THE PROBLEM: Formerly incarcerated individuals face tremendous challenges as they seek to put aside their past and become productive members of society. Too often individuals with criminal records are turned away from legitimate employment, which would help engage them in productive activities that improve the quality of life for everyone.

THE FACTS:
• In 2008 there were estimated 2.4 million people in U.S. jails or prisons in 2008.
• Approximately 95% of incarcerated individuals are expected to eventually be released into local communities nationwide.
• More than 600,000 individuals leave U.S. prisons each year.
• The average prison stay in the United States is 24.1 months.
• One in 31 adults in America is in prison or jail, or on probation or parole.
• African American people constitute about 12% of the nonincarcerated residential population but in 2007 black males comprised 30% and black females 27.8% of the incarcerated population.
• Employed returning citizens are more than one-third less likely than their counterparts to recidivate (return to crime) and are more capable of turning their lives around for good.

THE SOLUTION: When organizations and corporations hire people with criminal records, they have the opportunity to be at the center of what is needed to help people succeed upon release from prison or jail: employment. Both private corporations and public entities offer a variety of legitimate employment options that would not only be suitable for the skill sets of most returning citizens but would be an excellent source of stable income for this motivated group of workers.

1. Employers can ban the box, removing the question about criminal history from their job application forms.
2. Ensure that criminal background checks comply with Equal Employment Opportunity Commission (EEOC) Mandates, that requires all employers to adopt fair standards related to decisions based on criminal background checks.
3. Establish relationships with community partners to help in the training, screening, and mentoring or supervision of the recently released individual. Community partners can include churches that have prison or reentry mentoring programs (such as those that may soon be supported by federal Second Chance Act funds) and established reentry service providers (such as the Safer Foundation,
described below).

4. **Review job candidates** references thoroughly, conduct extensive interviews, and use other direct means to evaluate applications for employment.

5. **Establish and on-the-job Violence-Prevention Policy** to detect and reduce workplace violence, thus reducing the foreseeable risk of physical harm to the public or co-workers.
THE ISSUE:
In 2008 there were estimated 2.4 million people in U.S. jails or prisons in 2008. Approximately 95% of incarcerated individuals are expected to eventually be released into local communities nationwide. More than 600,000 individuals leave U.S. prisons each year. The average prison stay in the United States is 24.1 months. One in 31 adults in America is in prison or jail, or on probation or parole.

THE ACTION WE NEED YOU TO TAKE:
One the critical aspect of ensuring people with past convictions or incarceration histories have in attaining employment is an overall reduction in the number of employers requiring background checks. Removing the box on the applications is one of the first steps toward eliminating the possibility of discrimination – proved the deep prejudices and fears people have about those who have be incarcerated.

- Advocate for Best Practices for Modifying Hiring Procedures in Public Employment as presented.
- The City of Boston has a model employment application for ensuring equitable employment opportunities for people with past convictions or incarceration rates. Advocate to ensure that your city government and state government application includes an anti-discrimination statement similar to the one below:

THE MESSAGE:
- Employed returning citizens are more than one-third less likely than their counterparts to recidivate (return to crime) and are more capable of turning their lives around for good.
- For people living with criminal records, the opportunity for redemption is critical. Too often, once these individuals return home from a period of incarceration, finding a friendly employer willing to give them a chance to perform can be difficult.
PREDATORY LENDING: FACT SHEETS
FACT SHEET: USURY—THE IMPACT OF CREDIT CARD DEBT AND HIGH INTEREST RATES ON AFRICAN AMERICAN WEALTH

American families are turning to high-cost credit cards to keep afloat given the volatile and crippling economy. In 2008, Americans owed approximately $850 billion in revolving credit card debt, and 73 percent of all American households had credit cards, 60 percent of which carried a balance.

Characteristics of Those with Credit Card Debt and Disparities in Interest Rates

People of color:
• In 2004, of those with credit cards, 84 percent of African American households carried credit card debt compared with 54 percent of white households. Greater than 90 percent of African American families earning between $10,000 and $24,999 had credit card debt. Of those with credit cards, 79 percent of Latino households carried credit card debt compared with 54 percent of white households.
• African American and Latino credit card holders pay higher credit card interest rates than do whites. About 15 percent of African Americans and 13 percent of Latino cardholders pay interest rates greater than 20 percent, versus only 7 percent of white cardholders.

Lower-income Americans:
• In 2004, cardholders with household incomes below $25,000 who had credit card balances were twice as likely as households earning $50,000, and five times more likely than households earning more than $100,000, to pay interest rates higher than 20 percent.
• In 2004, 46 percent of very-low-income (under $9,999/year) credit card–indebted households spent more than 40 percent of their income to pay off debt.
• From 1989 to 2004, credit card debt among very-low-income households quadrupled from an average of $622 in 1989 to $2,750 in 2004.

Young adults:
• College students are a prime target for credit card issuers in an attempt to lure valuable first-time card holders—a population that typically holds no job and has no credit history. Many students do not have the experience to manage this debt and end up with bills that they cannot pay at the end of the month. Fifty-six percent of undergraduates get their first card at age 18, and 91 percent
of students have at least one credit card by their final year. By graduation, 56 percent of students carry four or more cards. The average outstanding balance on undergraduate credit cards is $3,000.

- In 2004, young adults between the ages of 18 and 24 spent 40 percent of their monthly income on debt payments. The average debt-to-income ratio for this age group is 22 percent.

**Senior citizens:**
- Between 1989 and 2004, people aged 65 and older experienced an increase of 21.8 percent in the percentage of households carrying credit card debt. On average, senior citizens spent 16 percent of their income on debt payments.

**Credit Card Debt Burden**
- Even though white households are more likely to have credit cards, their outstanding balance represents a lower percentage of their total available credit, and a larger percentage of African American and Latino families carry credit card debt.
- In 2004, according to Consumer Finances, 84 percent of all African Americans were indebted, 79 percent of Latinos, and roughly 54 percent of whites.
- In 2005, the average credit card debt of a low- and middle-income indebted household in America was $8,650; the median was $5,000.
- In 2005, one-third of U.S. households had credit card debt in excess of $10,000, while another third reported credit card debt of less than $2,500.
Causes of Credit Card Debt

As household wealth has declined in the economic downturn, more American families are facing financial distress due to high debt burdens:

- In 2007, before the recession began, 14.7 percent of U.S. families had debt exceeding 40 percent of their income. Families with credit card debt are often thought to be ill disciplined or “living beyond their means.” However, research shows that credit card debt for low- and moderate-income households is “safety net” debt. That is, families are going into credit card debt as a way to cope with unemployment, drops or stagnations in income, medical expenses, and other unexpected expenses.
- In fact, seven out of 10 low- and moderate-income households reported using their credit cards as a safety net for car repairs, basic living expenses, medical expenses, or house repairs.

The Ripple Effect of Reliance on Credit Card Debt on Families of Color

Due to the economic crisis in our nation, African Americans have faced the following:

- Stalled wage growth: During the last nine years, African American inflation-adjusted wages grew at an annual rate of just 0.2 percent compared with 0.8 percent (four times as much) during the 1990s recovery.
- Rising unemployment: As of 2009, 871,000 jobs held by African Americans have vanished
since the recession began in December 2007 and 2.7 million African Americans are unemployed, an increase of 71 percent. As of April 2009, the overall unemployment rate for African Americans has increased to 15 percent, which is well above the national unemployment rate of 8.9 percent.

Like millions of households, families of color are forced to rely heavily on debt financing to pay their bills in the face of the grim economic crisis:

- Credit card debt has a great impact on the overall net worth of households of color because, on average, African American and Latino households have only one-tenth of the wealth of white households.
- The fact that African American and Latino households are more likely to be indebted than the average household should be considered in the context of continued disparities in earnings and employment among white households and households of color. On average, African Americans and Latinos earn 62 and 69 cents, respectively, for every dollar earned by their white counterparts.
- The average credit card debt for African American households grew by 20 percent, from $2,670 to $3,448, between 2001 and 2007. Average credit card debt for Hispanic households grew by 48 percent from $2,721 to $4,015, between 2001 and 2007.
- Overall, variable interest rates and other credit card practices mean that households of color are diverting an increasing share of their incomes toward servicing their credit card debt, which puts a further strain on family finances.
Subprime mortgage lending refers to home loans made to borrowers who do not meet the requirements for competitive, prime loans. These loans, designed for those with “blemished” or “limited” credit histories (FICO score of 620 or less), tend to be associated with higher interest rates—often in the form of adjustable rate mortgages (ARMs)—and tend to be more costly over time.

Characteristics of Predatory Loans

“Predatory mortgage lending” is a blanket term for a variety of lending practices that strip wealth or income from borrowers. Characteristics of predatory loans may include, but are not limited to, the following lending practices:

- **Steering**: Placing borrowers in higher-priced loans when they qualify for more affordable mortgages.
- **Prepayment penalties**: A fee a borrower incurs for paying the loan off early.
- **Flipping**: Refinancing a home loan without providing any net tangible benefit to the borrower.
- **Yield spread premiums**: Broker “kickbacks” for placing borrowers into more expensive loans.
- **Ignoring ability to repay**: Approving loans with large scheduled increases without considering whether the borrower can afford the higher payments. This includes the failure to escrow for property taxes and failure to verify income.

Disparities in U.S. Homeownership

- As of 2007, African Americans were homeowners at a rate of 47.2 percent, compared with 75.2 percent for individuals who identify as non-Latino. The African American homeowner rate declined by nearly two percentage points between 2004 and 2007, the highest decline among all racial groups.

### Homeownership Rates by Race and Ethnicity of Householder

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>67.40%</td>
<td>67.80%</td>
<td>67.90%</td>
<td>68.30%</td>
<td>69.00%</td>
<td>68.90%</td>
<td>68.80%</td>
<td>68.10%</td>
</tr>
<tr>
<td>White</td>
<td>73.8</td>
<td>74.3</td>
<td>74.5</td>
<td>75.4</td>
<td>76</td>
<td>75.8</td>
<td>75.8</td>
<td>75.2</td>
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<tr>
<td>African American</td>
<td>47.2</td>
<td>47.4</td>
<td>47.3</td>
<td>48.1</td>
<td>49.1</td>
<td>48.2</td>
<td>47.9</td>
<td>47.2</td>
</tr>
<tr>
<td>American Indian, Aleut, Alaskan Native</td>
<td>56.2</td>
<td>55.4</td>
<td>54.6</td>
<td>54.3</td>
<td>55.6</td>
<td>58.2</td>
<td>58.2</td>
<td>56.9</td>
</tr>
<tr>
<td>Hawaiian or Pacific Islander</td>
<td>52.8</td>
<td>53.9</td>
<td>54.7</td>
<td>56.3</td>
<td>59.8</td>
<td>60.1</td>
<td>60.8</td>
<td>60.0</td>
</tr>
<tr>
<td>Other</td>
<td>46.3</td>
<td>47.3</td>
<td>48.2</td>
<td>46.7</td>
<td>48.1</td>
<td>49.5</td>
<td>49.7</td>
<td>49.7</td>
</tr>
</tbody>
</table>
Metropolitan Areas with the Greatest Disparities

- In metropolitan areas during 2007, African American females were more than twice as likely to receive high-cost loans as were moderate-income white females, and approximately 2.4 times more likely to receive high-cost loans than middle- and upper-income white females.
- In 2007, the top 10 metropolitan areas with the greatest racial/ethnic lending disparities were as follows:
  1. Raleigh–Cary, NC
  3. Milwaukee–Waukesha–West Allis, WI
  4. Bridgeport–Stamford–Norwalk, CT
  6. Chicago–Naperville–Joliet, IL
  7. Cleveland–Elyria–Mentor, OH
  8. Hartford–West Hartford–East Hartford, CT
  9. Oakland–Fremont–Hayward, CA
  10. Philadelphia, PA
Victims of Predatory Lending

- Subprime lending is five times more prevalent in African American than white neighborhoods, and one in five subprime loan recipients could have received a lower-cost prime loan.
- In 2007, low- and moderate-income African Americans and Latinos received fewer prime loans and more subprime or high-cost loans compared with their white counterparts, regardless of gender.
- Racial differences in lending increase as income levels increase. Middle- and upper-income African Americans and Latinos received a disproportionate amount of high-cost loans relative to their white counterparts, regardless of income.
Predatory Lending and the Wealth Gap

National trends suggest that these disparities are largely due to discriminatory lending practices that adversely impact the accumulation of wealth in African American communities:

• Disparities in lending were “particularly worrisome for African Americans” with respect to very-high-cost loans covered by the Home Ownership and Equity Protection Act. In 2005, African Americans were the only racial group to receive a substantially higher percentage of very-high-cost loans than market-rate loans.

• In 2007, African Americans paid an average of 128 basis points more for loans than did their white counterparts; and in the subprime market, the difference was 275 basis points more than their white counterparts.

• Even when income and credit risk are equal, African Americans are up to 34 percent more likely to receive higher-rate and subprime loans with a prepayment penalty than are their similarly situated white counterparts.

• African Americans are 15 to 16 percent more likely to receive a higher-rate ARM purchase loan than if they were white.

• These practices have placed at least one million African Americans and other people of color at great risk of loss of wealth—an estimated loss of at least $164 billion.
FACT SHEET: PAYDAY LENDING

A payday loan, sometimes called a paycheck advance, is a small, short-term loan that allows an individual to borrow against his or her next paycheck. To obtain such a loan, the person must leave a check with the lender for the amount of the loan, plus any fees, to be held until the next payday.

Number of Payday Loan Centers

<table>
<thead>
<tr>
<th>State</th>
<th>Loan Type</th>
<th>APR</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>$250, 2-week payday loan</td>
<td>Prohibited</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>$300, 1-month auto-title loan</td>
<td>Prohibited</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>$500, 6-month loan</td>
<td>25</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>$1,000, 1-year loan</td>
<td>25</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>Criminal usury cap</td>
<td>25</td>
<td>P</td>
</tr>
<tr>
<td>Florida</td>
<td>$250, 2-week payday loan</td>
<td>342</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>$300, 1-month auto-title loan</td>
<td>30</td>
<td>P</td>
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<td></td>
<td>$500, 6-month loan</td>
<td>30</td>
<td>P</td>
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<td></td>
<td>$1,000, 1-year loan</td>
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<td>P</td>
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<tr>
<td></td>
<td>Criminal usury cap</td>
<td>25+</td>
<td>F</td>
</tr>
<tr>
<td>Georgia</td>
<td>$250, 2-week payday loan</td>
<td>Prohibited</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>$300, 1-month auto-title loan</td>
<td>304</td>
<td>F</td>
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<td></td>
<td>$500, 6-month loan</td>
<td>44</td>
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<td>$1,000, 1-year loan</td>
<td>31</td>
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<td></td>
<td>Criminal usury cap</td>
<td>60</td>
<td>F</td>
</tr>
<tr>
<td>Texas</td>
<td>$250, 2-week payday loan</td>
<td>156</td>
<td>F</td>
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<td></td>
<td>$300, 1-month auto-title loan</td>
<td>Prohibited</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>$500, 6-month loan</td>
<td>30</td>
<td>P</td>
</tr>
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<td>$1,000, 1-year loan</td>
<td>30</td>
<td>P</td>
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<tr>
<td></td>
<td>Criminal usury cap</td>
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<tr>
<td>California</td>
<td>$250, 2-week payday loan</td>
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<td></td>
<td>$300, 1-month auto-title loan</td>
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<td>P</td>
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<tr>
<td></td>
<td>$500, 6-month loan</td>
<td>45</td>
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<td>$1,000, 1-year loan</td>
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<td>Criminal usury cap</td>
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<td>NA</td>
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<tr>
<td>Illinois</td>
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<td>404</td>
<td>F</td>
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<td>$300, 1-month auto-title loan</td>
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<td>$500, 6-month loan</td>
<td>No cap</td>
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<tr>
<td></td>
<td>Criminal usury cap</td>
<td>20+</td>
<td>F</td>
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<tr>
<td>North Carolina</td>
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<td>P</td>
</tr>
<tr>
<td></td>
<td>$300, 1-month auto-title loan</td>
<td>Prohibited</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>$500, 6-month loan</td>
<td>54</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>$1,000, 1-year loan</td>
<td>37</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>Criminal usury cap</td>
<td>None</td>
<td>NA</td>
</tr>
<tr>
<td>Maryland</td>
<td>$250, 2-week payday loan</td>
<td>Prohibited</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>$300, 1-month auto-title loan</td>
<td>Prohibited</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>$500, 6-month loan</td>
<td>33</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>$1,000, 1-year loan</td>
<td>29</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>Criminal usury cap</td>
<td>None</td>
<td>NA</td>
</tr>
<tr>
<td>Virginia</td>
<td>$250, 2-week payday loan</td>
<td>390</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>$300, 1-month auto-title loan</td>
<td>No cap</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>$500, 6-month loan</td>
<td>36</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>$1,000, 1-year loan</td>
<td>36</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>Criminal usury cap</td>
<td>None</td>
<td>P</td>
</tr>
<tr>
<td>Louisiana</td>
<td>$250, 2-week payday loan</td>
<td>521</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>$300, 1-month auto-title loan</td>
<td>Prohibited</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>$500, 6-month loan</td>
<td>36</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>$1,000, 1-year loan</td>
<td>36</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>Criminal usury cap</td>
<td>None</td>
<td>NA</td>
</tr>
</tbody>
</table>
According to the Center for Responsible Lending, there are approximately 23,000 payday loan centers throughout the United States. That does not include the Internet lending companies. Nationally, there are two payday lending storefronts for every Starbucks location; and in 29 of the 35 states with payday lending, there are more payday storefronts than McDonald's restaurants.

**Average Interest Rate on Payday Loans**
- Twelve million Americans are trapped every year in a cycle of 400 percent interest payday loans.
- Fees charged by lenders accrue costs equivalent to annual interest rates that range from 390 percent to 780 percent, sometimes higher. The six states with the highest annual percentage rates (APRs) include Missouri (1,955 percent), Montana (652 percent), Mississippi (572 percent), North Dakota (520 percent), Colorado (521 percent), Nebraska (460 percent).

**Characteristics of Payday Borrowers**
- Payday loans are disproportionately taken out by families headed by single women. Sixty-two percent of payday loan customers are women.
- African American households are 2.5 times more likely to use payday loans than are white households.
- After controlling for socioeconomic characteristics, African Americans are more likely to have multiple payday loans than whites.
- Forty-one percent of borrowers are homeowners.
- The average borrower of a payday loan earns an annual income of between $25,000 and $50,000, is under the age of 45, and has steady employment.
- Thirty-nine percent of payday loan borrowers have a high school diploma or equivalent, 27 percent of payday borrowers have some college, and 19 percent have a college degree.

<table>
<thead>
<tr>
<th>State</th>
<th>Average APR</th>
<th>Number of Storefront Licenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Louisiana</td>
<td>521%</td>
<td>2,059</td>
</tr>
<tr>
<td>California</td>
<td>460%</td>
<td>2,403</td>
</tr>
<tr>
<td>Illinois</td>
<td>404%</td>
<td>772</td>
</tr>
<tr>
<td>Virginia</td>
<td>390%</td>
<td>769</td>
</tr>
<tr>
<td>Florida</td>
<td>342%</td>
<td>1,370</td>
</tr>
<tr>
<td>Texas</td>
<td>156%</td>
<td>1,800</td>
</tr>
</tbody>
</table>
Reasons Consumers Borrow from Payday Lenders

Trapped in the Payday Loan Debt Cycle

- Of the 19 million payday loan borrowers in America, nearly 12 million find themselves trapped in a cycle of at least five payday loan transactions per year.
- The typical payday loan borrower ultimately has to pay $800 for a $300 loan. This is because many borrowers are unable to pay off their loan plus the lender fees in full when they are due and still have enough money left to cover their normal expenses until their next payday.
- Among the more than 80 percent of payday borrowers who conduct multiple transactions,
  - nearly nine out of 10 of those repeat borrowers take out their next loan within a two-week pay period;
  - almost half take out their next loan within one day of paying off the previous loan; and
  - only 6 percent of subsequent payday loans are taken out longer than a month after the previous loan was paid off.

Source: Center for Responsible Lending, “Predatory Payday Lending Traps Borrowers,” 2009
States Where People of Color Pay a High Price

- **Arizona**: Sixty-five percent of payday borrowers combined were African American, Latino, or Native American compared with 30 percent of the total population.
- **California**: African Americans, Latinos, and Native Americans make up 56 percent of all payday borrowers but account for only about a third (35 percent) of the adult population.
- **Texas**: African Americans and Latinos make up more than three-quarters (77 percent) of all payday customers but account for just 40 percent of the population.

Payday Lending in Majority Black States

Nearly 60 percent of all African Americans in the United States live in 10 states (New York, Florida, Georgia, Texas, California, Illinois, North Carolina, Maryland, Louisiana, and Virginia). The Consumer Union, the National Consumer Law Center, and the Consumer Federation of America assessed how those states protect consumers against abusive interest rates for small-dollar loan products. The table below highlights how the states with the highest African American populations compare with regard to loan products.

*Sources: Consumer Union, National Consumer Law Center, and Consumer Federation of America.*
*Note: Grading scale: The four small-loan products and the criminal usury cap are graded on a pass (P) or fail (F) basis (with some special circumstances as noted here) based on the APR for the loan product. If the loan product’s APR \(\leq 36\) percent, the grade is a P. If the state prohibited a payday or auto-title product, the grade is a P. If the loan product’s APR \(\geq 36\) percent, the grade is an F. If there is “no cap” on the loan product’s APR, the grade is an F.*

Source: Center for Responsible Lending, “Phantom Demand,” 2009.

<table>
<thead>
<tr>
<th>Interest on Borrowing $500</th>
<th>APR</th>
<th>Principal</th>
<th>One Month</th>
<th>Five Months</th>
<th>Seven Months</th>
<th>One Year</th>
<th>Total Principal + Interest Paid Based on One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payday loan</td>
<td>39%</td>
<td>$500</td>
<td>$150</td>
<td>$750</td>
<td>$1,050</td>
<td>$1,950</td>
<td>$2,450</td>
</tr>
<tr>
<td>Credit card advance</td>
<td>28%</td>
<td>$500</td>
<td>$11</td>
<td>$54</td>
<td>$75</td>
<td>$140</td>
<td>$640</td>
</tr>
<tr>
<td>Finance company loans</td>
<td>36%</td>
<td>$500</td>
<td>$10</td>
<td>$39</td>
<td>$54</td>
<td>$99</td>
<td>$599</td>
</tr>
<tr>
<td>Credit card</td>
<td>15%</td>
<td>$500</td>
<td>$6</td>
<td>$29</td>
<td>$41</td>
<td>$75</td>
<td>$575</td>
</tr>
<tr>
<td>Sample credit union</td>
<td>18%</td>
<td>$500</td>
<td>$5</td>
<td>$19</td>
<td>$26</td>
<td>$48</td>
<td>$548</td>
</tr>
</tbody>
</table>

Results

- Only one of the 10 states (New York) protects consumers against all four small-dollar loan products included in the scorecard.
- Four of the 10 states (New York, Georgia, North Carolina, and Maryland) protect consumers against abusive lending practices and have instituted APR caps of 36 percent or less on two-week
payday loans, making payday lending illegal above that APR.

- Of the remaining six states with the highest population of African American residents not protecting consumers against abusive lending practices, a number of them rank among the nation’s leading locations for payday lending. These states hold among the highest overall average APRs and account for more than 40 percent of all payday storefront licenses.

  Sources: Consumer Union, National Consumer Law Center, and Consumer Federation of America.
Note: Grading scale: The four small-loan products and the criminal usury cap are graded on a pass (P) or fail (F) basis (with some special circumstances noted below) based on the APR for the loan product. If the loan product’s APR <= 36 percent, the grade is a P. If the state prohibited a payday or auto-title product, the grade is a P. If the loan product’s APR => 36 percent, the grade is an F. If there is “no cap” on the loan product’s APR, the grade is an F.

b Center for Responsible Lending, “Phantom Demand.”


Jose García, Borrowing to Make Ends Meet (New York: Demos, 2007).

Ibid.


Ibid.


Ibid.


Consumers Union, “Credit Card Facts and Stats.”

Demos and Center for Responsible Lending, “The Plastic Safety Net.”

Ibid.

Ibid.

Ibid.

Ibid.

Ibid.


Ibid.

Demos and Center for Responsible Lending, “The Plastic Safety Net.”

Ibid.

Ibid.

U.S. Congress, Joint Economic Committee, “Easing the Squeeze on Hispanic Families.”


Income Is No Shield against Racial Differences in Lending, part 3, Assessing the Double Burden: Examining Racial

Using the 2007 Home Mortgage Disclosure Act data, the National Community Reinvestment Coalition found that these 10 cities had the greatest racial/ethnic lending disparities relative to the total 100 metropolitan cities examined. "Income Is No Shield against Racial Differences in Lending."

Ibid.

Ibid.


Ibid.


Steven Graves, a geography professor at California State University at Northridge, tracks the number of McDonald's and Starbucks locations in relation to the number of payday lending storefronts. His findings are available at www.csun.edu/~sg4002/research/mcdonalds_by_state.htm and www.csun.edu/~sg4002/research/starbucks_pdlenders.xls.


Ibid.


“Reforming Payday Lending in Mississippi: A Project of the Legislative Clinic at the University of Mississippi School of Law,” University of Mississippi School of Law, 2005.

Ibid.


Ibid.

Ibid.

Center for Responsible Lending, “A 36% APR.”

Center for Responsible Lending, “Phantom Demand.”
A survey of Pima County payday borrowers found that 54 percent were Latino, 7 percent were African American, and 2 percent were Native American. For more information, see Amanda Sapir and Karin Uhlich, “Payday Lending in Pima County Arizona,” December 2003, Southwest Center for Economic Integrity. Statewide data on payday loan usage by race and ethnicity are not available in Arizona. Census 2000 data for Pima County show that people reporting their race/ethnicity as black alone, Native American alone, or Latino make up about 30 percent of the total adult population.

Center for Responsible Lending, “Wealth-Stripping Payday Loans.”