Disproportionate Share of Recession’s Impacts Felt by Minorities

In an examination of U.S. Bureau of Labor Statistics data during the current recession and its preceding business cycle, the Center for American Progress found striking racial disparities on several measures, including the following.

- The unemployment rate for African Americans in December 2008 was 11.5 percent, compared to 8.9 percent for Hispanics and 6.3 percent for whites. Minorities were more than 40 percent more likely than whites to experience unemployment at the end of 2008.
- During 2008, the unemployment rate rose by 2.1 percent for whites, but by 2.9 percent for African Americans and by 3.1 percent for Hispanics. In other words, the increase in the unemployment rate for minorities was at least 38 percent more than that for whites.
- From the beginning of March 2001 to December 2008, the employed share of the population fell, but it fell at a faster rate for African Americans than for other groups. The rate fell from 64.9 to 62.1 percent during this period for whites; from 64.9 to 61.9 percent for Hispanics, and from 60.5 to 56.1 percent for African Americans.
- In the third quarter of 2008, median weekly earnings for Hispanics were $529.00. For African Americans, weekly earnings were $554.99, while whites’ weekly earnings were $696.33.
- By 2007, family income averaged $38,679 for Hispanics, $34,091 for African Americans, and $54,920 for whites.
- The percent of African Americans living in poverty increased more than that of both whites and Hispanics between 2000 and 2007. In 2001, 19.3 percent of African Americans lived in poverty; by 2007 the rate increased to 24.4 percent. The share of African Americans living below the poverty line in 2007 was nearly three times as large as that for whites (8.2 percent).
- In 2007, 19.2 percent of African Americans and 32.1 percent of Hispanics were not covered by health insurance. A considerably lower 10.4 percent of whites had no health coverage.
- Disparities also exist in employment-related benefits such as retirement plans. Less than one-third of Hispanic workers participated in an employer-sponsored retirement plan in 2007, while 47.5 percent of African American, and 57.6 percent of whites participated in such a plan.
• Homeownership rates were similarly disparate, and mortgage terms were much more costly for African Americans and Hispanics on average than for whites. By 2007, 49.7 percent of Hispanic households owned a home; for African Americans this rate was 47.2 percent and for whites it was 75.2 percent. High-cost mortgages were obtained to purchase 29 percent of the homes owned by Hispanic families, 34 percent of those owned by African American families, but just 11 percent of homes owned by white families in 2007.


Child Support in the News

• In Florida, $28 million in child support payments have not been distributed because the custodial parent to whom the child support is due cannot be located. The level of undistributed funds has more than doubled since 2007, largely due to an influx of funds from the interception of tax rebates.

The Florida Department of Revenue states that missing information, incorrect addresses and errors that occurred while state child-support offices switch to a new computer system, and payments that fall through the cracks are primary reasons for the build-up of undistributed funds. In addition, the state is supposed to deduct any welfare payments made to the custodial parent from child support payments. But the child support computer system cannot always determine how much should be deducted, and these payments become stalled indefinitely. While the state attempts but fails to find a custodial parent, the noncustodial parent may be continuing to pay child support if the state is not notified of the problem.

The state’s system for entering address changes is automated and depends on official sources, which has created issues for parents who report a new address, but fail to have it accepted based on their report alone. Muffet Robinson, spokeswoman for the Coalition for the Homeless of Central Florida, said homeless families are a likely group to miss out on child support because they change addresses without updating their information with the postal service. Many don’t have proper identification or a bank account to which the state can electronically deposit the money.

• Legislation introduced in Tennessee would allow for the “disestablishment” of paternity and the discontinuation of a child support obligation if a genetic test proves that a man is not the father of a child. The law would not apply to adopted children.

In recent years, a growing number of paternities have been challenged because the legal father has been shown through increasingly accurate DNA testing not to be the biological parent of the child. When a man who was
erroneously led to believe a child was his own is required to pay support even after it is determined that he is not the biological parent, the media and state legislatures tend to generate public interest in the issue.

Paternity disestablishment challenges several of the central premises on which family law and child support practice are based, such as the presumption of parentage for any child born within marriage and that a child support award can be treated as a final judgment not subject to retroactive changes.

DNA testing is not currently required for all paternity establishments. If it were required prior to a voluntary establishment of paternity, establishment rates might fall and administrative costs would rise, potentially leading to decreased child support collections and higher costs. Additionally, if government and/or custodial mothers would be required to reimburse men who paid child support for children whose legal paternity was erroneously established, this could have a negative effect on state and federal child support funds, and could be punitive to children.

- Officials in Tarrant County, Texas confirm a trend that is sure to be true nationwide in the current economy: more people seeking child support modifications due to job loss, a decline in overall child support collections, and more noncustodial parents failing to make consistent child support payments despite a history of regular payments. District Judge Randy Catterton said that the economy is having a real effect on child support cases in the county. “Most cases are involving people seeing a reduction in income or losing jobs entirely. I first noticed it about a year ago and then a lot more in the last six months.” Jessica Buchert, director of the county Domestic Relations Office, urged parents to call the child support office if a job loss occurs. “If child support is established with a court order, it can only be changed with a court order,” said Buchert.

**ARRA Presents Challenges to Gaining Employment for Least Advantaged**

A paper from the Center for Law and Social Policy (CLASP) warns that the American Recovery and Reinvestment Act (ARRA), which is expected to create or save approximately 3.7 million jobs and distribute $787 billion for spending initiatives and tax cuts, may be weighted toward the creation of jobs that require a minimum of a high school degree. It is projected that 54 percent of jobs will require training beyond high school. Even many of the jobs that do not require a degree will require some form of employer-based or program training ranging from a few months to more than four years.

As job losses continue, affecting more educated and skilled workers, it will be important for local government and advocates to press for employment opportunities for the least skilled and educated. The paper’s authors recommend
several strategies for maximizing the potential of the ARRA to reach the unemployed who are most in need of support:

- **Community Benefits Agreements (CBAs)** whereby, prior to receiving ARRA funds, developers enter a contract with communities that can assure, for example, access to job training programs and jobs; living wage job requirements; and/or the creation of affordable housing.

- **First Source hiring/job linkage programs** to ensure that certain target populations, such as residents of disadvantaged communities, the long-term unemployed, young adults, and individuals transitioning off welfare are included in any hiring that results from ARRA projects. These programs most often cover positions in the construction and transportation sectors, but also might include end-use development tied to those projects such as retail and security.

The authors note that the ARRA allocates $5 billion for weatherization projects, $3 billion for public housing capital funds, and $1 billion for public housing retrofits, presenting an unprecedented opportunity for public housing authorities to work with local workforce development agencies and educational institutions to quickly place public housing residents in jobs related to these public housing improvements.

- **State and local officials** can also leverage ARRA funding to create job quality standards for positions that result from the stimulus spending. The ARRA represents an opportunity to create employer-driven positions with greater benefits and skill levels, which can allow employers a better trained, more skilled, and stable workforce.

The paper, *From Stimulus to System: Using the ARRA to Serve Disadvantaged Jobseekers*, is available at [www.clasp.org](http://www.clasp.org)

### Drug Arrests Show Shift in Longstanding Pattern of Disparity

A recent report from the Sentencing Project finds an intriguing trend in incarceration patterns that is yet to be fully understood. The report found that:

- The number of African Americans in state prisons for a drug offense declined by 21.6 percent from 1999-2005, a reduction of more than 31,000 persons.
- The number of whites incarcerated for a drug offense rose by 42.6 percent during this period, representing an additional 21,000 persons in prison.

These trends do not reverse a disparity in drug arrests by race that has existed since the beginning of the “War on Drugs,” and are present only for state prison populations. African Americans represented 12% of the total population of drug
users in 2005, but 34% of those arrested for drug offenses, and 45% of those in state prison for a drug offense.

The rate of drug use among racial groups has remained stable over this period, so does not account for the change. Likewise, drug arrest rates continued to rise over this period for all groups, but arrests for marijuana possession rose to more than 40 percent of all drug arrests over this period. Since marijuana possession does not typically result in incarceration, the report examined arrests without including marijuana possession and found a shift in drug arrests that more closely matches the shift in state incarceration rates for drug offenses.

The authors note that the changes in arrest patterns are recent and will need more time to allow for conclusions as to their cause. There are some clear contributors, however, including:

- The use of crack cocaine has declined significantly since the peak years of its use in the 1980s.
- Open-air drug sales have declined, and transactions are more commonly completed indoors and among people known to each other. This levels the type of drug activity and rate of arrests between whites and African Americans, who have historically been targeted for arrest in low-income communities of color by police.
- Drug courts and other diversion programs have grown in popularity, and may be reducing incarceration rates for drug offenses.
- Some portion of the increase in white drug arrest rates may be attributable to increased law enforcement to control the use of methamphetamines, which are more popular among white than African American drug users.

The report, *The Changing Racial Dynamics of the War on Drugs*, is available at [www.sentencingproject.org](http://www.sentencingproject.org)

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