

# FOCUS<sup>®</sup>

The magazine of the Joint Center for Political and Economic Studies

## EDUCATION IN AMERICA

### *A Comparative Survey*

By David Bositis

*While both black and white Americans rank education as one of the most important national problems, their views on many education issues differ—sometimes considerably. These racial differences exist alongside of and are related to other factors that influence individual views on education, including age and ideology. The Joint Center's National Opinion Poll is a major source of information on these differences, inasmuch as we have included a series of education questions in this poll since 1996. Education issues continue to be one of the top three political issues for African Americans, and these over-time questions make it possible to track black opinion on education issues, and to compare African American views with those of the general population. (A description of the survey and its methodology is available online at the Joint Center web site, in the online report entitled, "2004 National Opinion Poll: Politics.")*

— Continued on page 10

## IN THIS ISSUE...

- 2 **Playfair**
- 3 **Reflecting on Kenneth Bancroft Clark**  
*Pioneer and Inspiration to the Joint Center*
- 12 **State Voter ID Bills Could Derail Civil Rights Successes**

## IN TRENDLETTER...

- 5 **Health Report**  
*Compromising Our Health*  
*By Compromising on Medicaid*
- 7 **Economic Report**  
*Leveling the Lending Playing Field:*  
*Policies that Promote Fair Lending*
- 9 **Political Report**  
*The Red and Blue State Myth: A Commentary*

Does it sometimes seem as if we are nearing a time when the truly great national leaders will be gone? When voices that called us as a nation to be better than we are will be stilled? Do we note with disappointment that a nation that has known the presidential leadership of Washington, Jefferson, Lincoln, FDR and Kennedy has not thrilled to a soaring presidential summons for a number of years now?

Even the Senate — on which, for over two and a quarter centuries, we seemed always able to rely for high-minded debate on issues of national consequence — has been recently mired in a near death-like spiral of disharmony over something called the nuclear option. One might argue that true national leadership has passed from the hands of official Washington and is searching awkwardly yet urgently for a new home, perhaps with the press, corporate elites, religiously affiliated organizations, or other non-governmental entities.

Often national leaders have needed to be pushed by civic leaders closer to the citizenry and, indeed, by the citizens themselves. It was the uncompromising moral pressure of the Civil Rights Movement in the 1950s and 1960s that prodded the Senate into a different debate under the watchful eye of former Majority Leader, then President, Lyndon Baines Johnson that would result in passage of the Voting Rights Act of 1965. In such movements, there has always been principled leadership aplenty. Elsewhere in these pages, Joint Center President Emeritus Eddie N. Williams presents the convincing case for the band of visionaries that included and was led by Kenneth B. Clark.

We remember and honor Dr. Clark, whose creative genius, five years after passage of the Voting Rights Act of 1965, could envision establishment of a national resource — the Joint Center for Political and Economic Studies — that, by providing support and assistance for a new wave of black elected officials, could eventually enhance the use and effectiveness of the vote by African Americans as well as their opportunity to take their rightful place at the table of national prosperity. Dr. Clark also represents, in a broader sense, the emergence of leadership on the national scene whose source of authority resides not in the high office of the advocate but in the power of his ideas, the persuasiveness of his enunciation of them, the soundness of his analysis, and the impact of his belief that important and far-reaching change is needed and even possible.

As we reflect again on the lessons of Dr. Kenneth B. Clark's life and achievements, and on the ways in which he and his fellow believers — in the idea that this nation could rise above its history of racial, social and economic injustice — have influenced the progress of our national life in the intervening forty years, we are reminded that leadership of a nation is projected from within its citizenry, not without. That is the special nature of a representative democracy.

Today's elected national leadership, in both the executive and legislative branches, is in its decision-making process arguably not that different from that of forty years ago. Then, imperatives of equality and fair treatment urged by non-governmental organizations and movements in marches, at rallies, in courtrooms by both activists and leading thinkers such as Kenneth B. Clark held sway; today, the national leadership responds to the organized and aggressive pressures of groups from a different part of the political spectrum. Our task, while honoring Kenneth B. Clark and his fellow progressive thinkers, is not to bemoan the passing of such giants, but to whet the national appetite for the emergence of a new generation of leaders who can refresh the national spirit by restoring the sense of an enlightened common purpose.

The search is already underway; at the Joint Center, we consider it a part of our agenda. Some members of the new generation we already know and have spoken about in past issues of FOCUS; but there are others to find and to encourage. That is the fair way to honor the legacy of our founder Dr. Kenneth B. Clark.

Thos. Playfair

*Thomas Playfair is a pseudonym for the president of the Joint Center for Political and Economic Studies.*

## FOCUS<sup>®</sup> MAGAZINE

Volume 33, Issue 4

Publisher	Janice F. Joyner
<b>Managing Editor &amp; International Editor</b>	Kelly A. Hicks
<b>Copy Editor</b>	Marc P. DeFrancis
<b>Design Editor</b>	Marco A. White
<b>TrendLetter Researcher</b>	Alfred N. Baltimore
President & Chief Executive Officer	Togo D. West, Jr.
Vice President & Chief Financial Officer	Brenda Watkins Noel
Vice President, Governance & Economic Analysis	Margaret C. Simms
Vice President, Health, Women and Families	Gail C. Christopher
Vice President, Communications & Policy	Janice F. Joyner
Vice President, Corporate Relations & Strategic Planning	Christine Naylor

### Board of Governors

Elliott S. Hall, Dykema Gossett, Chair  
Norma Ketay Asnes, Ketay Asnes Productions, Vice Chair  
Joyce London Alexander, U.S. District Court,  
Massachusetts District, Secretary  
Larry D. Bailey, LDB Consulting, Treasurer  
Andrew F. Brimmer, Brimmer & Company, Inc.  
George L. Brown, Pro Consultants, Inc.  
Sanford Cloud, Jr., The Cloud Company, LLC  
John W. Franklin, Center for Folklife and Cultural Heritage,  
Smithsonian Institution  
Wendell G. Freeland, Esq.  
Roderick D. Gillum, General Motors Corporation  
Miriam M. Graddick-Weir, AT&T  
William F. McSweeney  
Thelma Wyatt Cummings Moore, Superior Court of Fulton  
County, Atlanta Judicial Circuit  
Stephen D. Peskoff, Underhill Investment Corporation  
Charles E. Phillips, Oracle Corporation  
Dianne Pinderhughes, University of Illinois at UIUC  
Jacquelyn C. Shropshire, Momentum Unlimited  
Rodney E. Slater, Patton Boggs  
Susan L. Taylor, Essence Magazine  
Reginald Weaver, National Education Association  
Paul R. Webber III, D.C. Superior Court  
Togo D. West Jr., Joint Center  
for Political and Economic Studies, President & CEO

Members Emeriti: William B. Boyd, James D. Wolfensohn,  
Kenneth B. Clark (1914 - 2005)  
President Emeritus: Eddie N. Williams

Secretary of the Corporation Alice M. Thompson

FOCUS is published by the Office of Communications and Policy at the Joint Center for Political and Economic Studies (JCPE). FOCUS welcomes submissions. E-mail articles to [focuseditor@jointcenter.org](mailto:focuseditor@jointcenter.org). Copyright 2005. Opinions expressed in FOCUS are those of the authors and do not necessarily reflect the views of the staff or governing board of the Joint Center.

**Subscriptions:** Price U.S. \$15.00 per year. To subscribe, please send a check or money order to: Joint Center for Political and Economic Studies and mail to FOCUS Subscriptions, Joint Center for Political and Economic Studies, 1090 Vermont Avenue, Suite 1100, NW, Washington, DC. To purchase back issues or to obtain reprint permissions, contact the Joint Center's Office of Communications and Marketing at 202-789-3500.

Selected back issues of FOCUS are also available on-line at the Joint Center's web site: [www.jointcenter.org](http://www.jointcenter.org). An index to the preceding year's articles is published in the December or January issue.

Printed in the United States of America.

1090 VERMONT AVENUE, NW • SUITE 1100  
WASHINGTON, DC 20005

TELEPHONE (202) 789-3500  
FACSIMILE (202) 789-6390  
E-mail: [focuseditor@jointcenter.org](mailto:focuseditor@jointcenter.org)

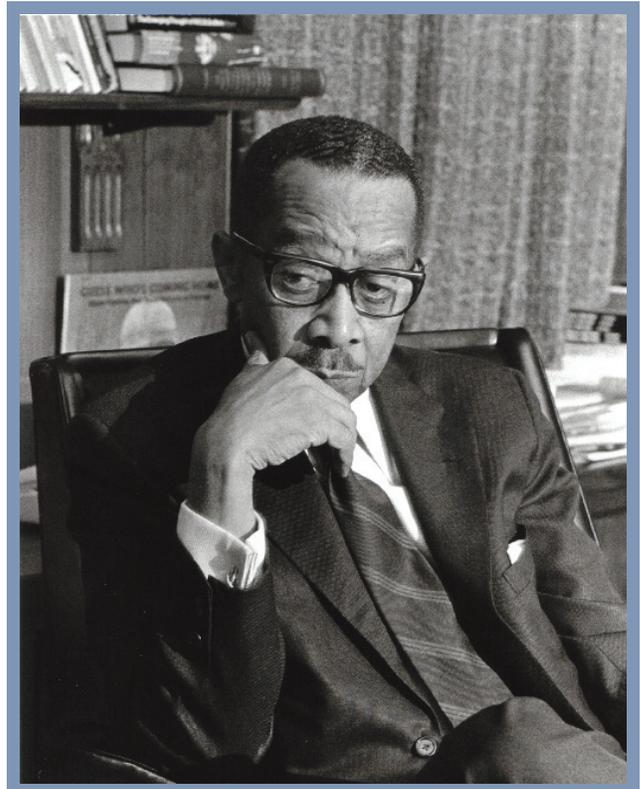
[www.jointcenter.org](http://www.jointcenter.org)

# Reflecting on Kenneth Bancroft Clark

*Pioneer and Inspiration to the Joint Center*

By Eddie N. Williams

*Kenneth Bancroft Clark, the distinguished social psychologist whose testimony on the effect of prejudice on children significantly influenced the landmark 1954 Supreme Court desegregation decision, died on May 1, 2005, at age 90. His many achievements as a scholar-activist, author, and civil rights advocate have been duly noted in many written and oral eulogies. He was truly a giant among his contemporaries, a mighty oak in the world of ideas dedicated to compassionate action. He had a profound impact on this nation.*



One of Clark's most important achievements, however, has not been celebrated nearly enough. It is a living testament to his genius, skill, prescience, and unwavering commitment to empowering blacks — the term he always used. He conceived the idea of the Joint Center for Political Studies in 1969 and wrote the proposal that the Ford Foundation funded in 1970. He was also a member of the Joint Center's board of governors during its first 14 years.

## The Beginning of a New Chapter

Clark believed the Joint Center would serve as a bridge between the protest phase of the civil rights movement, which effectively ended with the assassination of Dr. Martin Luther King, Jr., in 1968, and the political/public policy phase of the civil rights movement. He believed the Joint Center needed to be launched in order to develop and implement programs and laws to hasten desegregation and spur equal opportunity. He field-tested his ideas with key black political figures around the country, and they were converted. Percy Sutton and Basil Patterson in New York City, Mervyn Dymally in

California, and Richard Newhouse in Illinois became standard bearers for a new political thrust in the civil rights movement. So did journalist-political guru Louis Martin and Vernon Jordan, who was already busy registering blacks to vote in the South through the Voter Education Project. The culmination of their efforts was the 1969 Institute for Black Elected Officials, which Clark convened in Washington, D.C.

In a brilliant essay co-authored by Clark and distinguished historian John Hope Franklin, titled, "The Nineteen Eighties: Prologue and Prospect" and published by the Joint Center in 1981, the authors wrote:

At the 1969 Institute for Black Elected Officials, which laid the foundation for the Joint Center for Political Studies (now Joint Center for Political and Economic Studies), it was consensus that political activity among blacks had become the 'new cutting edge' of the civil rights movement.

They added:

Within the past ten years, it has become even clearer that the 'cutting

edge' of the civil rights movement needs to be sharpened by the inclusion of groups and individuals who are not ordinarily considered political. For blacks, the political challenge of the Eighties is identical to the civil rights challenge of the Sixties — to mobilize all of the available forces and power necessary to attain the goal of racial justice.

While these words were written nearly a quarter century ago, the authors' keen historical perspective and clarity of vision have stood the test of time and speak to us today about the unfinished tasks which lie ahead. They looked into the future with the skepticism of scholars and pragmatists, and yet their perceptions reflect the faith that has sustained black people in their search for justice, equality, and opportunity.

Clark's writings, values, and perspectives helped to endow the Joint Center with a unique vision and sense of purpose.

I was fortunate that I met KBC, as some of us affectionately called him, in 1965, the year the Voting Rights Act was passed, five years before the Joint Center opened its doors, and seven years before I would become the organization's president. At

the time, I was director of the Office of Equal Opportunity in the U.S. Department of State, and Clark had been engaged to conduct a study of the Foreign Service Officer entry examination process. Going back to the days of Ralph Bunche, relatively few blacks made it into the prestigious State Department. Clark's job was to identify any discriminatory aspects of the examination. Asked later about his findings in this proprietary study, Clark smiled and said: "My study will never see the light of day." It is still entombed in the State Department vaults. Meanwhile, the scarcity of black employment and appointments there persists.

## *Clark's writings, values, and perspectives helped to endow the Joint Center with a unique vision and sense of purpose.*

In their 1981 essay, Clark and Franklin, both preeminent American intellectual pioneers, proposed a challenge to the Joint Center and indeed the nation as a whole:

To the extent that racial justice... must be defined in terms of the economic progress... of deprived blacks, new methods and approaches must be found to cope with... pervasive and insidious forms of racism. Black politics now, more than ever, must transcend the usual boundaries and methods of American politics. By mobilizing in [coalitions] blacks can directly influence the political system, and can win new allies who realize that it is in their self-interest to renew the struggle for racial equality and justice.

### **Policy and Racial Justice**

Clark and Franklin did more than provide a historical framework for the Joint Center as a new kind of civil rights entity, one focusing on political participation and public policy engagement as new weapons in the fight for justice and equality. Drawing on the works of W.E.B. DuBois, they articulated an intellectual framework for the metamorphosis of the nation's first black think tank. In 1982 they collabo-

rated with the Joint Center to create The Committee on Policy for Racial Justice, a group of 30 preeminent black scholars who would convene periodically over nearly a decade to explore the vast array of problems facing black Americans. The committee members published their views in three areas: the economy, the black family, and education.

I think both KBC and Franklin would insist I list all of the scholars here to convey both the rich intellectual diversity and the think tank quality of the other Committee members. Many of these people were highly placed elected officials; the first black woman to serve as a Cabinet

secretary; and the first black female U.S. ambassador. They were:

Bernard Anderson, economist; Mary Frances Berry, historian and lawyer; Derrick Bell, lawyer; Haywood Burns, lawyer; Lisle C. Carter, Jr., lawyer; Jewell Cobb, social scientist; James Comer, psychiatrist; Drew Days, lawyer; Christopher Edley, Jr., lawyer; James Gibbs, anthropologist; Bernard Gifford, educator; Charles V. Hamilton, political scientist; Patricia Roberts Harris, lawyer; Matthew Holden, political scientist; Joyce Hughes, lawyer; Walter Leonard, lawyer; Sir Arthur Lewis, sociologist; Eleanor Holmes Norton, lawyer; J. Saunders Redding, social scientist; William Shack, social scientist; Elliott P. Skinner, anthropologist; Mabel Smythe, Africanist; Howard Stanback, economist; Roger Wilkins, journalist/social scientist; William J. Wilson, sociologist.

With this intellectual powerhouse, the Joint Center moved from an organization providing technical assistance to black elected officials and civil rights leaders to a full-fledged one-stop-shop research and public policy institution, commonly referred to as a 'think tank.'

Such was the vision and influence of Kenneth Bancroft Clark. In addition to his many other laudable achievements, he

### **Kenneth Bancroft Clark**

#### *Career Highlights*

Founding member and member of the Board of Governors, Joint Center for Political Studies, since 1970

Landmark 1950 report cited by the U.S. Supreme Court in its historic decision of school desegregation, *Brown vs. Board of Education*, May 17, 1954

Founded, with Dr. Mamie Phillips Clark, the Northside Center of Child Development, serving children with special psychological needs, 1946; Director, Board of Education commission to implement integration of city schools, 1954; Organized Harlem Youth Opportunities Unlimited (Haryou), 1962; Founder and president of the Metropolitan Applied Research Center, 1967-1975; First black elected to New York State Board of Regents, 1966-1986; Member of New York State Urban Development Corporation; Director, Social Dynamics Research Institute at CCNY; President, American Psychological Association, 1970-1971; and, former President of the Society for the Psychological Study of Social Issues; and, President of Clark, Phipps, Clark & Harris, Inc., from 1975

Howard University, bachelor's degree in psychology, 1935; Howard University, master's degree in psychology, 1936; Columbia University, doctorate in psychology, 1940; numerous honorary degrees

Awards: Spingarn Medal, from NAACP, 1961; Sidney Hillman Book Award, 1965; Kurt Lewin Memorial Award from the Society for Psychological Study of Social Issues, 1966; and the Presidential Medal of Liberty, 1986

Howard University, 1937-38; Hampton Institute, 1940-41; Distinguished Professor of Psychology Emeritus, City College, City University of New York, 1943-75; and, first black tenured professor at City College, 1960; visiting professor at Queens College, University of New York, Columbia University, University of California, Berkeley, Harvard University, and, Tuskegee Institute

Books and Articles: *An American Dilemma: The Negro Problem and Modern Democracy* (1944); *Prejudice and Your Child* (1955); *The Negro Protest* (1963); the prize-winning *Dark Ghetto* (1965); *Dilemmas of Social Power* (1965); co-author with Jeannette Hopkins of *A Relevant War Against Poverty* (1968); co-editor with Talcott Parsons of *The Negro American* (1966); *A Possible Reality* (1972); and, *Pathos of Power* (1974)

launched a movement and an institution.

A mighty oak has fallen, but its seeds have taken root and continued to flourish. The Joint Center is one of them.

*Eddie N. Williams is President Emeritus of the Joint Center.*

# HEALTH REPORT

## Compromising Our Health By Compromising on Medicaid

By Gail C. Christopher

The Bush Administration's recent budget proposals included drastic cuts to the Medicaid program, a loss of \$60 billion over the next decade. Congress responded by working out a compromise — an agreement to develop a plan that will cut Medicaid by \$10 billion over the next five years. Even with this compromise, the national debate about the country's largest single health and long-term care plan has now shifted from ways to improve and better reduce health disparities, to ways to constrain growth and limit services.

Unfortunately, many states had already made that shift as they were increasingly unable to afford skyrocketing costs associated with Medicaid growth. Medicaid enrollment has increased by 40 percent in the past five years. Related spending is crowding out other state-level investments in programs that are vital to achieving social equity. According to a recent report by the National Governors Association, in 2003 Medicaid spending surpassed elementary and secondary education spending as the largest single item in overall state budgets.

According to the Kaiser Commission on Medicaid and the Uninsured, a significant number of states have implemented policies to control Medicaid spending in the past two years. Such policies include: reducing or freezing provider payments; controlling prescription drug costs through prior authorization and preferred drug lists; reducing or restricting program eligibility; reducing benefits; and increasing co-payments.

As documented in a recent Families USA report, racial and ethnic minorities

make up a disproportionate share of Medicaid enrollees. Proposals to cut or cap Medicaid, while ostensibly racially neutral, could significantly diminish access to regular and adequate health care services for racial and ethnic minorities and, therefore, exacerbate health disparities.

Governors in Missouri and Tennessee have proposed some of the largest Medicaid cuts in the nation. An estimated 60,000 parents and 15,000 elderly persons with disabilities will lose Medicaid coverage in Missouri. And the proposed cuts in Tennessee would drop more than 300,000 enrollees.

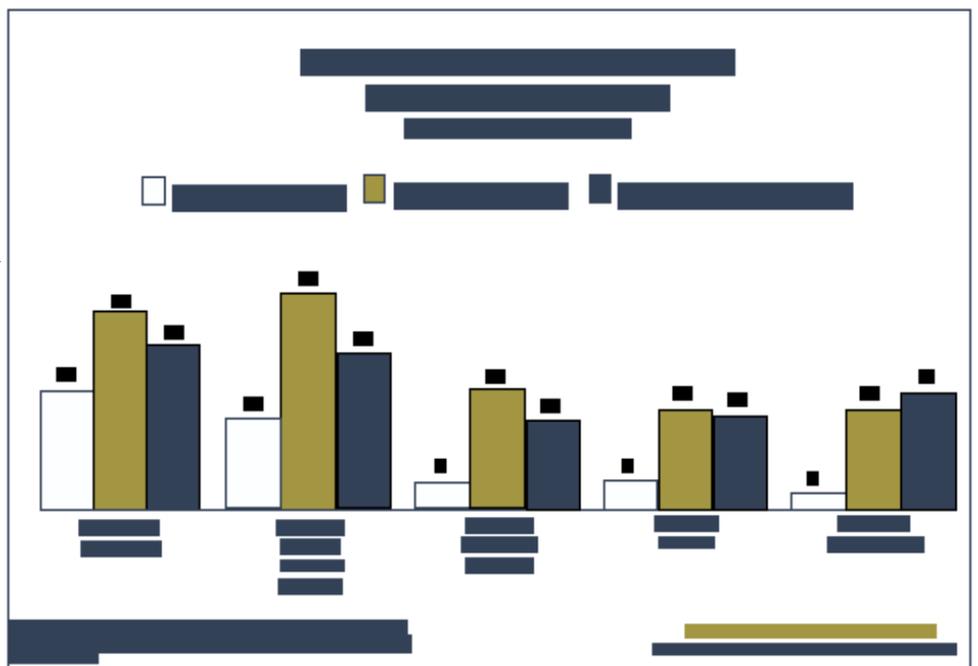
State efforts to control costs, although significant, pale in comparison to recent federal budget proposals for cuts in Medicaid. The recent Senate compromise that forecasts \$10 billion less in Medicaid spending growth also commits the White House to creating a bipartisan commission to study the future of the program and issue its findings in 18 months.

## Coverage for Children?

More than half of all Medicaid enrollees are children. Children's coverage, however, is the least expensive portion of Medicaid benefits, accounting for just 22 percent of the program's spending. Care must be taken not to jeopardize the health and well-being of children as national and state level proposals to constrain Medicaid spending unfold. Black children are particularly vulnerable, as the program covers 44 percent of all African American children and 72 percent of poor African American children. In 2001, black children were three times as likely as white children to be in only fair or poor health, and almost twice as likely to have no usual place of health care. Disparities in health among African American children include disproportionately high rates of asthma, obesity, elevated blood lead levels and infant mortality.

Unlike most budget decisions facing state governments today, the effects of Medicaid cuts will be measured starkly: in life, death, and disability.

The National Association of Children's Hospitals (N.A.C.H.) warns that cuts could hurt all children and limit hospital's abilities to meet the needs of low-income



children. African American and other minority children experience disproportionately high rates of hospitalizations for chronic conditions, like asthma. They also experience excess emergency room visits in the many cases where regular health care providers or medical homes are lacking.

Instead of cutting Medicaid, N.A.C.H. recommends strengthening Medicaid coverage for children by improving enrollment, providing physicians and hospitals with reimbursements that reflect the true cost of care, and investing in the development of quality of care measures for children. Such measures would help to reduce health disparities by improving the access to and the quality of medical services for those in greatest need. Unfortunately, as stated earlier, the debate has shifted from improvement or expansion to program cuts and cost constraints. The new commission will face the challenge of identifying ways to protect the interests of children and the most vulnerable populations in the process. Washington policymakers need not look far for creative, progressive solutions to controlling public health spending without reducing coverage for the most vulnerable.

One such solution concerns prescription costs. Medicaid is the largest purchaser of prescription drugs in this country, paying for 19 percent of the nation's medications. Recently, the Washington, D.C., City Council unanimously passed a measure that would make it illegal in the city to charge "excessive prices" for prescription drugs and, in some cases, would allow the District government to make its own arrangements to have drugs produced more cheaply. The sponsor of the bill, David A. Catania (I-At Large) said the purpose is to "encourage drug companies to 'right-size' their pricing policies."

Another area for savings concerns employers. Recent growth in Medicaid enrollment is due in part to declines in employer-based insurance plans. Last month, Maryland lawmakers approved legislation that could effectively require firms with more than 10,000 employees to

spend at least eight percent of their payroll on health benefits — or put the money directly into the state's health program for the poor.

### Considering Alternatives

The Joint Center Health Policy Institute (HPI) has funded a project with the Economic and Social Research Institute (ESRI) to examine the economic risks of budget proposals to cap federal Medicaid spending. At a recent forum on Medicaid, co-sponsored by the Joint Center HPI and the American Public Health Association, ESRI unveiled its preliminary findings and offered policy alternatives to reduce Medicaid costs and growth without cap-

*The Medicaid program pays for the cost of care of 55 percent of people with HIV/AIDS, including 90 percent of all children with the disease.*

ping either spending on beneficiaries or enrollment.

ESRI cited proposals to limit asset transfers that qualify seniors for long-term care and reduce states' ability to "game" the system financially. ESRI also proposed the countercyclical federal matching rates for Medicaid. Under this option, ESRI encourages national policymakers to make automatic changes to the federal matching rate as it did in 2003 when they passed legislation that increased by 2.95 percent the federal match for 15 months. The national and state unemployment rates were cited as possible triggers to making these automatic changes to the federal matching rates for Medicaid.

There were other policy suggestions, which include: facilitating Medicaid fraud prosecutions by private bounty hunters; increasing use of home- and community-based care; integrating systems of payment and care for dual eligibles; increasing state authority to incorporate employer coverage; improving case management for the chronically ill; tightening payment rules for prescription

drugs; increasing multi-state capacity to leverage good prices through joint buying of prescription drugs, equipment and supplies; implementing community-based obesity prevention strategies; and limiting cost growth for the overall health care system through, reforms to direct-to-consumer advertising and better information to providers, consumers and payers about new technology.

The federal government's vision for the nation's health is outlined in an ambitious initiative called Healthy People 2010 ([www.healthypeople.gov](http://www.healthypeople.gov)). One of its two goals is the elimination of racial and ethnic health disparities. Yet nearly 6 in 10 Latinos, and 4 in 10 African Americans, were uninsured for all or part of 2002 and

2003. People of color who do have insurance are more than three times as likely to be covered by public programs such as Medicaid.

National and local policymakers face a real conundrum in working to achieve the Healthy People 2010 goal of eliminating health disparities, while at the same time shrinking the insurance program most responsible for bringing care to communities of color, particularly to children in these communities.



---

*Gail C. Christopher is vice president for Health, Women, and Families at the Joint Center and director of the Joint Center Health Policy Institute.*

# ECONOMIC REPORT

## Leveling the Lending Playing Field: *Policies that Promote Fair Lending*

By Margaret C. Simms

Much attention has been paid this year to the establishment of private retirement accounts and the impact that might have on building wealth within the African American community, but considerably less attention has been given to the predatory lending practices that hamper or prevent many African Americans from increasing their assets. These predatory activities include tax refund anticipation loans, payday lending, and subprime rate mortgage loans.

These practices are not only directed at African Americans, but research by the Center for Responsible Lending (CRL) and others suggests that African Americans are disproportionately affected. These organizations have been developing information and model legislation to reduce the number of companies that engage in these practices or control their activities. Meanwhile, several foundations are supporting promising initiatives that would increase financial literacy and access to mainstream financial institutions among low-income individuals and others disproportionately impacted by these lending practices.

## Tax Refund Anticipation Loans

Tax reform over the past two decades has reduced the burden of federal taxes on low-income individuals and families, through higher levels of tax-free income, lower tax rates, and the Earned Income

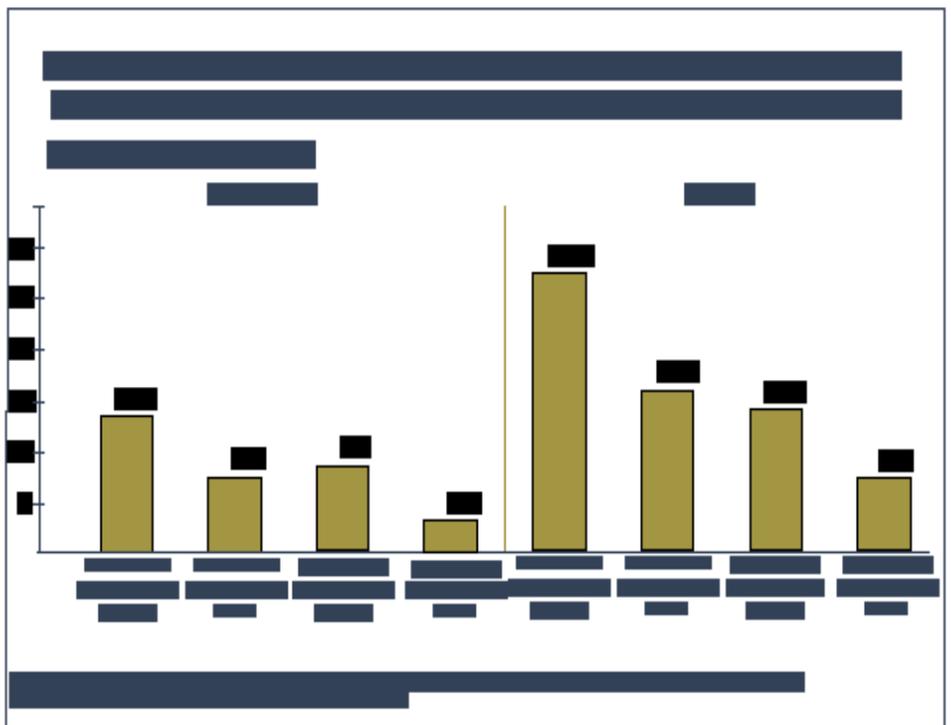
Tax Credit, which reduces taxes and provides a refund to taxpayers with children who meet the income and family status guidelines. However, taxpayers have to file their tax returns in order to get the refund. When they do, they sometimes end up in situations that cost them more money than they get back.

A recent report from the Urban Institute reveals that two-thirds of low-income parents use a paid tax preparer to file their income tax returns, with African Americans and Hispanics more likely than others to do so (over 70 percent of them rely on such outside help). While reliance on tax professionals can increase their knowledge of benefits such as the EITC and child care tax credits, it also costs low-income filers money (the tax preparer's fee) and exposes them to the possibility that they may lose some of the benefits through tax-refund anticipation loans.

According to a January 2005 report from the National Consumer Law Center and the Consumer Federation of America, 18 percent of individuals surveyed had taken out a refund anticipation loan and most of them did not realize their loan required interest and fee payments. Nearly four of every five recipients of these loans had incomes less than \$35,000. Over one-fourth of African Americans and one-fifth of Hispanics surveyed said they had taken out such loans, compared to only 17 percent of whites. The annualized interest rates charged have ranged from 40 percent to as much as 700 percent of the loan value.

## Payday Lending

Refund anticipation loans come around only once a year, but the "opportunity" for payday loans comes every two weeks for most employees. The borrowing instrument is advertised as a way for customers to access their paychecks in advance. This can be very tempting to individuals who have pressing or unusual bills to pay, such as a large medical expense or an auto repair bill. If you are in such a situation, you



know the money to re-pay the loan will be earned soon, but the bill collector won't wait. The payday loan will take care of it. All you have to do is sign over your next paycheck to the lender. Of course, there is an interest payment that must be paid, so your loan is less than the amount of your paycheck.

For example, according to CRL, a \$300 payday loan might net the borrower \$255 cash with the remaining \$45 going to fees. There are two problems with the payday loans. First, the borrower usually has regular bills that must be paid, so turning over all of the next paycheck can be problematic. That problem can be solved by rolling over the loan until the second paycheck, but this "easy" fix leads to more costs as the fee or interest continues to mount.

The Woodstock Institute, based in Chicago, IL, has studied the rollover problem in such lending. Using Illinois State data, Woodstock found that an original loan of \$300 might be rolled over 13 times, with the borrower having to pay fees of \$780 on top of the original loan amount. In its report, CRL estimates that the recurrent fees can amount to annual interest rates in the range of 390 percent and above.

Furthermore, CRL reports that 91 percent of the loans offered are used by people who take out five or more loans in a given year. The loan establishments, CRL argues, are heavily concentrated in neighborhoods with low-income and minority households. For example, in the Fayetteville, NC, metropolitan area, they found that the census tracts with the highest concentrations of African Americans had four times as many payday lending stores as those with the lowest concentrations of black residents. They conclude that "predatory lending in protected communities may constitute discrimination, not because it excludes minorities, but because it targets and exploits them by offering loans with abusive terms and conditions."

Attempts to control payday lending through state law is effective, but only partially so. While CRL and others were

able to pass model legislation in North Carolina, they found that large chain lenders were able to avoid state law by affiliating with out-of-state banks that were not subject to North Carolina law.

## Subprime Mortgage Loans

Some may argue that refund anticipation loans and payday lending are not a societal problem because the individuals "should have known better" than to spend before they earn, but the issue of subprime loans is more difficult to brush aside. Subprime loans are home mortgage loans whose terms are less favorable than those offered to the typical home purchaser. They may carry with them higher interest

***"...predatory lending in protected communities may constitute discrimination, not because it excludes minorities, but because it targets and exploits them by offering loans with abusive terms and conditions."***

rates, lower upfront fees, or more pre-payment penalties. While many borrowers end up in the subprime market because of past credit issues, evidence indicates that African Americans are more likely than their white counterparts to end up in the subprime market, even after adjusting for credit histories. (See figure.) And at least occasionally, African Americans (and Hispanics) go directly to the subprime market not recognizing they are qualified for a prime rate loan.

When individuals pay higher interest, they build up housing wealth much more slowly. This disadvantage is compounded when the subprime loan carries with it a penalty for early payoff. When it does, any attempt to "buy up" in the housing market will be burdened by the extra fees when the loan is paid off early at closing. CRL studies indicate that these pre-payment penalties are not offset by lower interest rates or better terms in other aspects of the loan.

## Solutions

Because these lending practices make it harder for low-income people to build

wealth, they have attracted the attention of foundations, advocates, and policymakers. The Ford Foundation, which has a strong asset-building program focused on low-income individuals, has supported the dissemination of information on alternatives to these predatory practices. Programs that provide low-cost refund anticipation loans and other financial services and alternatives to payday loans are highlighted in the Fall 2004 issue of their quarterly report. The Annie E. Casey Foundation reports on similar programs in the Winter 2005 issue of *Advocasey*.

As this issue of FOCUS goes to press, Congress is considering two bills that would regulate predatory lending practices. One (HR-1295), which is sup-

ported by the financial services industry, was introduced by Reps. Robert Ney (R-OH) and Paul Kanjorski (D-PA). The other (HR-1182) was introduced by Rep. Melvin Watt (D-NC), the chair of the Congressional Black Caucus. Watt's bill, cosponsored by Reps. Brad Miller (D-NC) and Barney Frank (D-MA), is modeled on similar state-level legislation in North Carolina. One of the key issues at the federal level is whether the federal law should pre-empt state law or merely establish a national "floor" of minimum standards allowing individual states to pass more stringent legislation.

Regardless of the pace at which the legislation moves, these lending practices will be the focus of discussion and policy action for some time to come.

---

*Margaret C. Simms is vice president for Governance and Economic Analysis at the Joint Center. For additional information: [www.responsiblelending.org](http://www.responsiblelending.org); [www.urban.org](http://www.urban.org); [www.nclc.org](http://www.nclc.org); [www.woodstockinst.org](http://www.woodstockinst.org); [www.fordfound.org/publications/ff\\_report](http://www.fordfound.org/publications/ff_report); [www.aecf.org/publications/advocasey](http://www.aecf.org/publications/advocasey).*

# POLITICAL REPORT

## The Red and Blue State Myth: A Commentary

By Michael R. Wenger

Our democracy has finally achieved color blindness. Unfortunately, it is not the color blindness envisioned by Dr. Martin Luther King, Jr.

Thanks to their desire for easy explanations, the media have painted the nation as divided between so-called red and blue states. Whether the issue is social security reform or judicial nominations, the media analyze support or opposition based on whether you're from a state that voted for President Bush or Senator Kerry in the last election. However, this media fixation has blinded us to the reality that our nation's color line, rather than being red and blue, remains, unfortunately, black and white.

President Bush won the popular vote in the last election by approximately 3.5 million votes. However, his margin among white voters nationwide, who comprise 77 percent of the electorate, was 57 percent to 42 percent, or more than 14 million votes. Conversely, Senator Kerry's margin among non-white voters was 70 percent to 30 percent, or approximately 11 million. Could there be a starker division?

Furthermore, among the eleven states of the old Confederacy, from Virginia to Texas, the President's margin of victory was 5 million votes. In the remaining 39 states and the District of Columbia, Kerry compiled a 1.5 million vote margin. Take Texas out of the mix, because it's the President's home state, and Bush won the remaining 10 southern states by more than 3.3 million votes. Thus, virtually his

entire margin of victory was compiled in these 10 states. In many of these states Bush's margin among white voters was comparable to Kerry's 9 to 1 margin among African American voters.

Both parties share responsibility for this division. The Democrats largely wrote off the South, concluding that white voters who once elected men like James Eastland

*This media fixation blinds us to the reality that our nation's color line remains black and white.*

and George Wallace are hopeless racists. Their strategy for winning "moderate" white votes in southern states has been to soft-pedal legitimate racial issues and to demonstrate that they can "stand up" to black leaders like Jesse Jackson. They have assumed that black voters will remain loyal and that most whites will not respond positively to a message of racial justice or recognize our shared interest in building a racially unified society. Except for Bill Clinton and Jimmy Carter, both sons of the South, this strategy has failed.

Republicans, on the other hand, crafted a "southern strategy" designed to win over disaffected white voters. It is based on using racial fears to divide voters. The strategy was field tested successfully in 1968 by Richard Nixon, who used promises to be tough on crime as code to inflame white stereotypes of blacks as dangerous and immoral. In 1980 Ronald Reagan fine-tuned the strategy when he began his campaign by preaching states'

rights in Philadelphia, Mississippi, where three civil rights workers had been killed by local law enforcement officials sixteen years earlier. And as Lee Atwater, architect of George H. W. Bush's 1988 victory, revealed on his death bed, the infamous Willie Horton ad was designed to stoke racial fears and deliver the South solidly to his candidate. Because of their success during the past 36 years in using race to scare white voters, Republicans can now change the words to fit each election without changing the basic tune.

By blatantly demonizing Democrats while Democrats respond hypocritically to both blacks and whites, Republicans have built a virtually insurmountable white majority, especially in the South. Except under perfect conditions with a perfect candidate and nearly flawless campaign, Democrats are finding the Presidency, not

to mention majorities in the Congress, moving further and further beyond their reach.

However, as each party maneuvers for advantage in the next election, they might ponder the price we all pay for their conduct. Their continued unwillingness to forthrightly address issues of race widens our racial divide, undermining our nation's economic strength at home and moral credibility abroad. The media may see us in red and blue, but our deepest, and most dangerous division, remains black and white.



For more information on this and related topics, visit our website.

*Michael R. Wenger is a consultant to the Joint Center.*

# EDUCATION IN AMERICA

*Continued from cover*

Our 2004 poll (which sampled 850 African Americans and 850 individuals from the general U.S. population) showed that African Americans' views on education issues were generally more positive than those expressed in our 2002 survey — the most recent preceding poll — and whites' views on education improved as well. On balance, black respondents rated their local public schools significantly more favorably than two years earlier, although a smaller percentage of them in 2004 believed their local public schools were getting *better*. Black support for school vouchers declined from previous surveys, with 48 percent supporting school vouchers, and black opposition to vouchers increased — from 43 percent to 47 percent. As in 2002 there was very strong black support for increased government spending on education.

In the 2004 survey, whites reported fairly high levels of satisfaction with their local public schools, and they are more likely to believe schools improved rather than regressed over the previous five years. Like African Americans, whites also supported increased school spending, and approximately half supported school vouchers.

## Change Over the Last Eight Years

In addition to the changing views summed up above, the Joint Center's 2004 survey also shows several areas where views have retained significant continuity as far back as 1996. There continues to be large and significant public support for increased school funding across all groups. And while black support for school vouchers has fluctuated over the past eight years, blacks have consistently been more supportive of vouchers than whites, a pattern that only changed in 2004, when the gap between the two populations disappeared and both showed equal support for the policy. Further, while there has been a certain volatility in African American's ratings of their local public schools, over this time

the federal regulations that states and localities must meet. First, while many Republicans and all Democrats support greater education spending, current large

**HOW WOULD YOU RATE YOUR LOCAL PUBLIC SCHOOLS — WOULD YOU SAY THEY ARE EXCELLENT, GOOD, ONLY FAIR OR POOR?**

	** BLACK POPULATION**			**GENERAL POPULATION**		
	EXCELLENT GOOD(%)	FAIR(%)	POOR (%)	EXCELLENT GOOD(%)	FAIR (%)	POOR (%)
1996	41	37	17	64	23	7
1997	34	38	23	57	26	13
1998	46	30	17	54	25	16
1999	40	35	23	59	27	11
2000	30	34	33	52	23	20
2002	35	37	25	54	27	14
2004	40	32	21	58	25	11

**Table 1**

period a significantly smaller proportion of blacks than whites rated their local schools as excellent or good; in 2004, this gap between black and white ratings was 18 percentage points.

Other previously seen patterns and trends that were revisited in 2004 stemmed from generational differences: younger adults, both black and white, hold views that are often quite different from their elders'. Another recurring pattern concerns the ideological 'money' divergence in education: in 2004 as earlier, Republicans and conservatives showed much less support for spending more on education than Democrats, political liberals, or moderates.

## The Washington Debate on Education

In 2001, President Bush's "No Child Left Behind" initiative passed with genuine bipartisan support. The current debate in Washington on education is highly partisan, however, it has three main fronts: education spending (especially as related to the 2001 legislation), vouchers, and

budget deficits and spending overseas are limiting federal support. From the states' point of view, the 2001 legislation is increasingly viewed as another unfunded mandate from Washington. Further, the legislation's testing requirements have upset many parents, teachers, and local officials; other problems frequently mentioned in this area are large class sizes, cuts in education and sports' programs, after-school initiatives, and teacher pay.

## Rating Public Schools

The gap between black and white satisfaction with local public schools narrowed slightly between 2002 and 2004. (See Table 1) In 2004, a solid majority of whites and a minority of blacks rated their local public schools as excellent or good, with an 18 percentage point gap between them, one percentage point narrower than in 2002 and more narrow than in 2000.

Among the African Americans surveyed, there was also a large (4 point) decline among those rating their public

schools as poor, although blacks were still nearly twice as likely as whites to rate their schools this negatively.

Public school ratings also differed markedly among blacks depending on subgroup. Black Republicans were the most likely to rate schools as excellent or good, at 56 percent. A younger blacks adults (between ages 26 and 35) were somewhat less likely, at 51 percent, followed by college grads at 46 percent and Christian conservatives at 44 percent. Overall, a majority of every black subgroup (except Republicans and younger adults) rated their local schools as fair or poor. Young black adults gave their local schools the most negative ratings of all — with only 29 percent rating them as excellent or good.

### School Progress

To further examine how people feel about their local schools, respondents were asked whether, over the past five years, they perceived schools to be getting better or worse. More blacks believed that schools in their community were getting worse, at 33 percent, than getting better, at 22 percent, and 36 percent thought they had stayed the same. Those who believed the schools were getting worse included pluralities of the youngest black respondents at 37 percent, black seniors at 38 percent, and those without a high school diploma at 48 percent. In contrast, 36 percent of black Republicans thought their local schools were getting better and only 18 percent of black Republicans thought they were getting worse.

A plurality of whites, at 38 percent, believed their schools were staying the same, and slightly more believed they were getting better, at 28 percent, than worse, at 24 percent.

### School Spending

The school spending debate in Washington and elsewhere is not surprising since large majorities of African Americans, Hispanics, and non-Hispanic whites think too little is being spent on education. In the black population, 77 percent of respondents believe the government is spending too little on education, and 60

WOULD YOU SUPPORT A VOUCHER SYSTEM WHERE PARENTS WOULD GET MONEY FROM THE GOVERNMENT TO SEND THEIR CHILDREN TO THE PUBLIC, PRIVATE, OR PAROCHIAL SCHOOL OF THEIR CHOICE?				
	BLACK POPULATION		GENERAL POPULATION	
	Support Vouchers(%)	Oppose Vouchers(%)	Support Vouchers(%)	Oppose Vouchers(%)
1996	48	44	43	50
1997	57	38	48	46
1998	48	40	42	50
1999	60	33	53	40
2000	57	37	49	44
2002	57	43	52	48
2004	48	47	48	44

Table 2

percent of whites agree. This represents a slight decline from 2002, when 81 percent of blacks and 62 percent of whites believed that too little was being spent on education.

In the black population, large majorities of all subgroups except Republicans, at 41 percent, thought too little is being spent on education. In the general population, those in agreement included liberals at 81 percent, moderates at 74 percent, and Democrats at 82 percent. Christian conservatives and Republicans, at 38 percent, were the least likely to believe that too little was being spent on education.

### School Vouchers

Among African Americans, support for school vouchers in the 2004 survey (48 percent) declined markedly from 2002, when the policy had 57 percent support. While white support also declined somewhat (from 52 percent to 48 percent).

Opposition increased somewhat among both blacks and whites from the last survey. For the first time since 1996, when the Joint Center polled on this question, white responses were more positive than black responses. (See Table 2)

Support for vouchers among black subgroups was mixed. Ranked from most favorable to least, black support for vouchers was expressed as shown in table 3. The strongest black opposition to vouchers came from those living in the

West, at 56 percent, secular conservatives at 55 percent, and Democrats at 53

IN SUPPORT OF VOUCHERS		
	BLACK POPULATION (%)	GENERAL POPULATION (%)
No H.S. Diploma	64	48
Republicans	63	58
Earnings Less Than \$15,000	59	59
Children in Household	57	58
Independents	56	49
Ages 18 to 25	56	59
Ages 26 to 35	53	57
Living in Northeast	53	53
Christian Conservatives	53	54
Secular Conservatives	41	54

Table 3

percent. In the general population, the strongest opposition came from Democrats at 57 percent, liberals at 54 percent, and seniors at 53 percent.

*David Bositis is a senior research associate at the Joint Center.*

# STATE VOTER ID BILLS COULD DERAIL CIVIL RIGHTS SUCCESSES

By Ryan Paul Haygood

The Voting Rights Act of 1965 was passed 40 years ago this year. Shamelessly, several states are considering voter identification bills that could undo much of the progress made during the civil rights era.

Considered the most effective civil rights legislation enacted, the Voting Rights Act had a profound impact on registering black voters and increasing the opportunities for minority voters to elect candidates of their choice.

By contrast, the pending ID bills are an effort to keep minority and elderly participation at low levels by requiring more hoops to jump through in order to take part in the democratic process.

Georgia's proposal is one of the most onerous.

On April 22, Georgia Gov. Sonny Perdue signed one of the strictest measures in the United States for screening voters. It requires voters to present one of six forms of government-issued photo identification at the polls. Under the old law, Georgia voters were allowed to present any of 17 forms of identification, including bank statements and utility bills, which contain no photos.

Fortunately, a safety mechanism under Section 5 of the Voting Rights Act requires that any changes to Georgia's voting laws, including its photo ID bill, must be pre-approved by the federal government to root out discriminatory intent or effects. This was put in place because of the state's long and

deep-seated history of discrimination against blacks voting.

Photo identification requirements would have a disproportionately negative impact on specific communities, and would reduce participation by otherwise eligible voters. There is evidence that the identification requirement would impose a severe burden on poor, minority, elderly and rural voters, who are less likely to have photo identification.

A study from the Department of Justice revealed that blacks in Louisiana were five times less likely to have photo identification than whites.

Five other states ask voters to furnish photo identification at the polls, but each also accepts alternatives. Florida and Louisiana, for instance, allow voters who sign affidavits at the polling place to cast a ballot.

Sponsors of Georgia's voter identification bill assert that the legislation is intended to prevent fraud and enhance confidence in election results. But since the bill was not created in response to any particular instance of fraud, and its sponsors proffered an insufficient record of voter fraud in the state, it is questionable, at best, whether the bill is necessary. Supporters of the bill have yet to make a convincing case that existing methods of discouraging and punishing fraud are insufficient.

Unfortunately, Georgia's legislature is not alone.

As part of a growing national trend of

exploiting the fear of fraud to hinder access to the ballot box, photo ID legislation was introduced this year in state legislatures across the country, including Minnesota, Mississippi, New Hampshire, New Jersey, New Mexico, Virginia and Washington, and such bills have passed in the Indiana and Wisconsin legislatures.

In April, Indiana Governor Mitch Daniels signed into law a requirement for most voters in the state to show government-issued photo identification before casting a ballot. While Wisconsin Governor Jim Doyle vetoed a similar bill that would require voters to produce a driver's license, official state ID, or military ID. Currently, a registered voter in Wisconsin needs only to give his or her name and address to cast a ballot.

Forty years after passage of the Voting Rights Act, we once again find ourselves faced with state laws that could impede minority voter participation. And again, DOJ and the American people must step up to help end these unfair and unjust practices.

Ryan Paul Haygood is assistant counsel working on voting rights issues at the NAACP Legal Defense and Educational Fund, Inc. in New York City. Reprinted with permission of the NAACP Legal Defense and Educational Fund, Inc. © 2005.



Joint Center for Political and Economic Studies  
1090 Vermont Ave., NW, Suite 1100  
Washington, DC 20005-4928  
202-789-3500

ADDRESS  
SERVICE  
REQUESTED

Postmaster:  
Form 3547 requested

## IMPORTANT!

NOTICE TO READERS: Please send address or title changes to FOCUS, Joint Center for Political and Economic Studies. YOU MUST ATTACH THE MAILING LABEL FROM THE BACK COVER when writing about service or change of address. Thank you.

NON-PROFIT  
U.S. POSTAGE  
PAID  
PERMIT No. 6958  
Washington, D.C.