

# THE WHITENESS OF WEALTH

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How the Tax System Impoverishes Black  
Americans—and How We Can Fix It

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## INTRODUCTION

became a tax lawyer to get away from race.

I was born and raised in the South Bronx in New York City. My father, James, was a plumber who worked, without benefits, for a private company, because black men couldn't join the union that controlled the good public-sector jobs. My mother, Dottie, was a nurse and a seamstress who had left her job as a garment factory "floor girl" because she knew she could do better work than the white seamstresses who got all the opportunities. We lived in a three-family house at 1061 Morris Avenue, purchased with the help of a \$6,000 loan from my father's white boss, and rented the upper and middle apartments to black tenants who became more like family. We didn't have a lot, but we had food on the table and clothes on

our backs (handmade by my mother, of course), and my sister and I had a little bit of spending money. My parents had lived through the Jim Crow era and faced laws dictating what they could earn, what they could own, and where they could live, but they were determined that their children's generation would get educated and live on their own terms.

As a little girl, I believed that was a possibility.

Then, when I was around nine or ten years old, I left the house one day with my mother. I held her hand as we walked to the corner of 166th Street and waited for the light to change. A police car drove by, and as it passed I spotted a handcuffed black man in the backseat. Sitting beside him was a white officer, beating him. It was broad daylight.

I turned in horror to confirm that my mother was seeing this, too. In a low, emotionless voice, she said, "That happens sometimes."

My eyes returned to the car. The handcuffed man and I made eye contact. As the police car turned the corner, I held his gaze until I could no longer see him.

Normally my mother was no shrinking violet when it came to fighting racism. My sister and I would cringe whenever a white store manager chose to wait on a white customer before us; we knew what was about to happen, and it happened a lot.

"Excuse me!" my mother would say. "We were here first!" She would not use her inside voice, and she wouldn't budge from the head of the line. Standing her ground—that's Dottie Brown.

So when I saw that man in the back of the police car, my mother's reaction told me there was not a thing either one of us could do about it.

And that's how I became a tax lawyer. Because I learned early on that people might look at me and see black, but as far as tax law was concerned, the only color that mattered was green. I attended Fordham University and majored in accounting, then got my law degree from Georgetown and earned a master's in tax law from NYU. Tax law was about math, and I was sure I'd chosen a career where race had nothing to do with my work.

I have never been more wrong about anything in my life.

As I got older, things started looking up for my parents; when my sister and I were teenagers, my mother went back to work full-time as a licensed practical nurse, and my father, finally allowed in the union, got a job with the New York City Housing Authority. They were both earning a good living, with my father sometimes having a slight edge because of all the overtime he could make. On holidays, I'd ask him why he was so happy to head out to work on his day off. "Triple time!" he'd say, grinning as he walked out the door.

Imagine my surprise, years later, when I began preparing their tax returns and realized that "triple time" had actually cost my parents a bundle in taxes over the course of their life together.

After law school, I spent a couple of years working on Wall Street as an investment banker. My income was around \$75,000—roughly equivalent to my parents' combined incomes—but when I compared our tax payments, I always came away thinking they were paying too much. It didn't make sense; what I had been taught about our progressive tax rate

system was that the more money you make, the higher the tax rate that applies to your income. It is based on a concept called “ability to pay”: If you have more, you should pay more. Each of my parents made half of what I did, so I should be paying much higher taxes than my parents. The numbers did not add up, and in my mind numbers never lied.

The puzzle gnawed at me throughout my career, until I became a tax law professor. As an investment banker working on municipal finance, I’d had many black colleagues, because we were working with cities that had black leadership and therefore hired black finance professionals. (Corporate investment banking is a much whiter—and much better-paying—field.) That changed when I joined a law firm and continued in the academy: I was the only black woman on the faculty at what was then called George Mason University School of Law (now Antonin Scalia Law School). It was a decade and two jobs later before I could count myself one of two. Race was a factor in my day-to-day life in a way that it had rarely been before.

George Mason was a tough environment for me as the lone black female law professor, made all the more difficult by the timing of my arrival in the summer of 1991. Another black female law professor at the University of Oklahoma College of Law, Anita Hill, was at the center of a national storm after accusing Clarence Thomas, a Supreme Court nominee, of sexual harassment. While I believed Anita, my only black colleague—a man—was working to support Thomas’s confirmation as he testified before the Senate Judiciary Committee.<sup>1</sup>

As for my white colleagues, the kindest thing I could say was that they were clueless when it came to race. Less kind,

but equally true, was that they treated me differently because I was black. One colleague—who would later use the N-word in class<sup>2</sup>—came to me out of the blue and asked me why all the black students sat together at lunch. I replied: *Why do all of the white students choose to sit with each other?* A different white male colleague took me to lunch at a private club in Washington, D.C. (you know, one of those private clubs with a prior history of discriminating against black Americans and women), and made a point of introducing me to our black female server—because, as he put it, he knew diversity was a concern of mine. Her name was Patty and she seemed as confused as I was about the encounter.

But it went beyond mere insensitivity. One year, I recall being the only faculty member who did not receive money to hire a research assistant. When I asked the associate dean in charge of funding how that happened, I was told that they had forgotten about me and that by the time they remembered, they had run out of money. As a result, I was expected to teach and produce scholarship just like my white male colleagues—but without the same resources and all while navigating a racially hostile environment.

Even worse, as a black woman, I had additional responsibilities—and unlike my father, I was not paid triple time. While my white colleagues could focus exclusively on their work, I met with black students who were also navigating the same hostile environment and with their white peers who were troubled by what they were observing. They leaned on me for guidance and I was more than sympathetic.

But where did I go for my own self-care?

I engaged with the kind of race-based scholarship my

white male colleagues could ignore because the academy supported and nurtured them. Although race scholarship wasn't critical to my tax law research, taking it in was a kind of comfort food for me, an act of self-preservation that acknowledged what I was experiencing was real.

One spring day, my comfort food was an article written by the late Jerome Culp, a mentor and particular inspiration to me. Jerome was fearless. A Duke law professor, and an extremely successful black man in a white academic world, he was not afraid to take on giants in his field or colleagues on his faculty, and he would *slay* them with his intellect and ferocity. He never failed to make me think about race in a different way.

As I read his article "Toward a Black Legal Scholarship: Race and Original Understandings," pieces of the puzzle started to fall in place for me. In it, Jerome argued that law professors, particularly black law professors, should engage in what he called "black legal scholarship" and examine which legal issues are specific to black America. He noted the ways in which the black perspective has been systemically eliminated from the legal record throughout American history, starting with the removal of a condemnation of slavery from the Declaration of Independence.<sup>3</sup> And near the end, he posed a question:

*"To what extent have our tax laws been distorted now and historically by the question of slavery and continuing racism?"*<sup>4</sup>

I'd known since that day on the corner of 166th Street and Morris Avenue how racism affected the administration of criminal justice. In school I learned how racism had affected

where we lived, where we went to school, where we worked, and whom we could marry. But I had never before considered if racism affected how much we pay in taxes. I graduated from the premier tax program in the United States and never once did any of my professors suggest that race mattered when it came to tax law.

After I finished reading, I called Jerome. I told him that his article had inspired me to do something, and I made him a promise: I would figure out whether our tax laws had a disparate impact based on race. I had come full circle. I went into tax law to escape race and racism, but now I found myself searching through tax law to see how racism might have been there all along, waiting to be uncovered.

When I hung up and got to work, I realized how easy it was to make that promise but how hard it would be to keep it. The Internal Revenue Service (IRS) does not collect or publish tax statistics by race—a seemingly basic fact that somehow I had never noticed before. All sorts of other data exist: We know that less than 2 percent of all farmers nationwide are black Americans,<sup>5</sup> that 95 percent of visitors to our national parks are white Americans,<sup>6</sup> and that Native Americans (defined as American Indians/Native Alaskans in the study) had the highest motor vehicle fatality rate.<sup>7</sup> The federal government collects and publishes data on each of these topics. Yet we know nothing about taxpayers by race.

Determined to make good on my promise, I set out on a journey that would ultimately lead to my solving the mystery of my parents' tax returns. But because the data I needed about how much people of different races were paying in taxes wasn't available, I had to become a detective of sorts, looking

for any scrap of information that might help me solve the puzzle. I looked at racial data that would make for good proxies, like household income data published by the U.S. Census Bureau. I dug into published research in other fields, like sociology, political science, and economics. I also learned how crucial history would be in understanding the story I was hoping to tell.

Once again, a single sentence would hold the key. I found it in *The Economic Status of Black Women: An Exploratory Investigation*, a 1990 staff report of the U.S. Commission on Civil Rights: On average married black women contribute 40 percent to household income compared with only 29 percent for white women.<sup>8</sup>

Simply put, all wives did not contribute to their households in the same way: Black women were likely to earn as much (or more) money as their husbands, while white women were likely to earn much less. This was certainly true in the case of my parents (whose income was more or less equal most years). But the joint tax return system, under which most married couples file their taxes together, offers the greatest benefits to households where one spouse contributes much less than the other to household income. That meant couples like my parents—my hardworking, home-owning, God-fearing parents, who wanted to earn a little bit more to enjoy their lives after raising two daughters—weren't getting those breaks. My parents' tax bill was so high because they were *married to each other*. Marriage—which many conservatives assure us is the road out of black poverty—is in fact making black couples *poorer*. And because the IRS does not publish statistics by race, we would never know.

It's long been understood that blacks and whites live in separate and unequal worlds that shape whom we marry, where we buy a home, whom we have as neighbors, and how we build a future for our children. Race affects where we go to college and how we pay for it. Race influences where we work and how much we are paid. What my research showed was that all of this *also* determines how much we pay in taxes. Taxpayers bring their racial identities to their tax returns. As in so many parts of American life, being black is more likely to hurt and being white is more likely to help.

The implications of this go far beyond the forms you file every April. In the long run, tax policy affects whether and how you'll be able to build wealth. If you're eligible for tax breaks, you either pay less in taxes throughout the year or receive a larger refund in the spring. If, like my parents, you're considered ineligible for a particular tax break, you never see that money. One missed tax break may not sound like much, but those dollars not given to Uncle Sam can be put into your bank account, invested in stocks or property, or used to build home equity through improvements or repairs every year. Think of that money as an annual pay raise—but if you do not get it, you cannot save it. Over time those dollars, or the lack of them, add up to increased or depleted wealth.

Needless to say, I didn't learn any of this in school.

What I did learn was the concept of "horizontal equity," which requires that taxpayers in similar circumstances should be taxed the same. As it's typically taught, horizontal equity looks at income as a marker of similar circumstances. For example, if two married couples, each with \$100,000 of combined income, pay the same amount in taxes regardless of

how much each spouse contributes, that satisfies the horizontal equity requirement.

When I looked at my parents' marriage, however, I began to realize that what I learned about horizontal equity was incorrect, or at least incomplete. Income and circumstances are not the same: A married couple with one working spouse, an investment banker, who makes \$100,000 is not in the same circumstances as a nurse and a plumber who each earn \$50,000. When viewed through a racial lens, we see that the latter situation is more likely for black taxpayers than white ones—and worse, the tax break goes to the single-earner couple, not the dual-earner couple. Our tax policy does all this in the name of horizontal equity, with no consideration that when you look beyond total income, the concept is just plain wrong!

That doesn't mean that the joint tax return was created as a way to punish hardworking black women and their husbands. Like most tax policies, it was the result of decisions made by many different actors, over many years. But when those actors—members of Congress, judges and clerks, lobbyists, and more—sit down to craft or modify tax law, they bring their conscious and unconscious biases to the table. And our most foundational tax laws were created at a time when racial bias wasn't just common—it was the norm and quite legal.

Our modern income tax system traces its roots to the Revenue Act of 1913, which instituted what's called a "progressive" income tax system: In theory, tax rates increase as income increases. The idea is that the wealthy—those with the greatest "ability to pay"—should carry more responsibility for funding government services than those who make less. The

new federal income tax replaced a system of indirect taxes on imports and tariffs on tobacco and alcohol, which hit the poorest Americans the hardest because they paid the same tariff rates as the wealthy despite having less ability to pay.

The Revenue Act was passed by a Congress without a *single* black member and signed into law by President Woodrow Wilson, whose cabinet implemented (some historians say continued) racial segregation in the federal civil service. By the summer of 1913, Treasury Secretary William G. McAdoo, who oversaw the Bureau of Internal Revenue, the precursor to the Internal Revenue Service, had segregated toilets, lunchrooms, and working areas. In defending the Jim Crow practices, McAdoo said, "There has been an effort in the Department to remove the causes of complaint and irritation where white women have been forced unnecessarily to sit at desks with colored men."<sup>9</sup>

But while the department tasked with carrying out the new Revenue Act worked to diminish its black employees, it wasn't thinking of black Americans as taxpayers—a policy rooted in prejudice that nonetheless worked to black Americans' advantage. The system had been designed by whites (in Congress) to tax certain (working-class) white taxpayers less, and other (wealthy) white taxpayers more. Under the new law, only those who earned more than \$3,000 as individuals, or \$4,000 for a husband living with a stay-at-home spouse, were required to pay federal income tax. Between 1918 and 1932, this amounted to an average of 5.6 percent of Americans paying federal income tax each year.<sup>10</sup> In the late 1930s, the highest tax rate (for those with incomes greater than \$5 million) applied to a single individual: John D. Rockefeller.

A generation or two removed from slavery, few black Americans had this kind of money, and the Great Depression only made their situation worse. In the 1930s, roughly 80 percent of black Americans were living in the South, and their unemployment rates were much higher than those of white Americans. Nearly 70 percent of Atlanta's black residents were unemployed in 1934—at least double the number of white Atlantans without a job.<sup>11</sup> One reason for this disparity is that during the Great Depression, when so many Americans were desperate for work, it was a regular practice for companies to replace black workers with white ones.<sup>12</sup> In 1936, more than half of all southern urban black families reported annual incomes of \$750 or less, compared with 12 percent of white families. The median annual income for black families in Atlanta was only *one-third* that of white families in southern cities. While more than a quarter of white Americans earned more than \$2,500, less than 2 percent of black Americans fell into that category.<sup>13</sup> Mired in poverty and unemployment, black Americans in general were beneficiaries of a policy that taxed only the wealthiest Americans. But that would soon change.

When the United States entered World War II in 1941, after the bombing of Pearl Harbor, Congress passed another Revenue Act to fund the war effort, almost doubling the number of Americans required to pay taxes.<sup>14</sup> Two new laws in 1943 further expanded the reach of the federal income tax system: First, Congress passed the Current Tax Payment Act, a bill requiring withholding, where taxes were taken out of employees' paychecks at the source. (There had been no need for such a widely applicable system until the vast majority of workers

became liable for taxes.) Then, the Revenue Act of 1943 dropped exemptions to just \$600 of income for single taxpayers and \$1,200 for married taxpayers. In 1945, the median income for white families was just under \$2,800, and for black families it was roughly \$1,500.<sup>15</sup> Many black Americans, just like their white counterparts, became taxpayers for the first time as the taxpayer rolls exploded from seven million to more than forty-two million between 1940 and 1945.

After the war, the new taxation system stayed in place, creating an expanded income tax base. Federal revenue from individual income taxes increased exponentially: from \$400 million in 1934 to almost \$30 billion in 1954.<sup>16</sup> The flood of new revenue allowed the federal government to provide additional services. Returning service members could use GI benefits to attend college for free, and their families could become homeowners thanks to loans insured by the Federal Housing Administration (FHA). Between 1944 and 1971, federal spending for the GI Bill totaled more than \$95 billion. But even as black Americans paid into the system, they were unable to reap its benefits.

"No other New Deal initiative had as great an impact on changing the country"<sup>17</sup> as the GI Bill, writes Ira Katznelson, Ruggles Professor of Political Science and History at Columbia University, in *When Affirmative Action Was White*. Katznelson's work explains how the GI Bill left the responsibility for implementing its homeownership, small-business, and education benefits up to state and local governments, many of which upheld the Jim Crow system. On the federal level, the FHA engaged in redlining of neighborhoods where black Americans lived, rendering homes there ineligible for



low-interest-rate thirty-year FHA-insured loans. At the same time, legal and de facto discrimination prevented black Americans from buying homes elsewhere. Black veterans faced similar barriers at colleges and universities, few of which would enroll them. Black and white workers both paid the federal income taxes that generated the revenue to finance these benefits, but black Americans were prevented from receiving them. They could only watch from the sidelines as their money helped fund the creation of a robust middle class, one that was almost exclusively white. (This was hardly the first time black Americans were left out of a leap forward, either: When the federal government, through the Homestead Act of 1872, made it possible to buy land cheaply, black Americans were largely excluded.)

Note the “almost” in referring to the new mostly white middle class. Government assistance helped increase the white homeownership rate throughout the middle of the century, from 46 percent in 1940 to 57 percent in 1950 to 64 percent in 1960.<sup>18</sup> But even in the face of government opposition—it’s estimated that black Americans received only 2 percent of all federally insured FHA loans issued between 1945 and 1959—black Americans also managed to increase their rate of homeownership from 23 percent in 1940 to 34 percent in 1950 to 38 percent in 1960. Individual black Americans have always found a way to navigate through a system not designed for our success.

Once I looked at the history of taxation in America, it became clear why so many tax policies have drastically different impacts on black and white families: They were created during a time when black families paid into the system without

having the same legal rights to live, work, marry, vote, or receive an education as their white peers.

It was not until 1964 that the Civil Rights Act made it illegal to discriminate against black Americans in schools and in the workplace, and it took another year for the Voting Rights Act to guarantee black Americans the right to vote. The right for men and women to marry regardless of race wasn’t the law of the land until the Supreme Court decided *Loving v. Virginia* in 1967. The following year, Congress made it illegal to discriminate against black Americans in providing housing opportunities. The law told black Americans that we could go to college, apply for jobs, get married, and buy homes without being denied access solely because of our race. That’s a little more than fifty years to take advantage of the same rights that had been granted to white Americans for more than two centuries. The civil rights revolution moved the needle, but the struggle continues. Race-based voting disenfranchisement is alive and well today.<sup>19</sup> So is discrimination in housing and the job market. But perhaps the most glaring sign that our country has yet to achieve racial equality is the wealth gap.

As long as we have been measuring, white Americans have always had more wealth than black Americans. The black-white wealth gap couldn’t even be discussed until December 6, 1865, when the Thirteenth Amendment was ratified. Before that, enslaved black Americans were legally deemed property in this country; white-owned companies were accumulating wealth through insurance policies written on enslaved blacks, and banks used them as collateral for loans. Slavery created wealth for more than just slaveholders, and the North profited

along with the South. As “property” enslaved blacks could not get educated, could not get paid for their work. Property could not get married. Property could not own property. There can be no such thing as a black-white wealth gap when the only people the law counted as people were white.

Today, we can talk about the black-white wealth gap. But what we have to say isn’t pretty. According to a Pew Research Center analysis in 2016, the median wealth of white households was \$171,000 compared with \$17,100 for black households and \$20,600 for Latinx households. (Asians and other racial groups are not identified in the Survey of Consumer Finances database that was used for Pew’s analysis.) White Americans have ten times the median wealth of black Americans and eight times that of Latinx Americans.

That does not mean that all white households have wealth or that no black or Latinx households have wealth. In fact, just under 16 percent of whites have zero or negative wealth, meaning they owe more than they own. But compare that with 37 percent of blacks and 33 percent of Latinx families who are in the same position.<sup>20</sup> White families are equally likely to have zero wealth as they are to be millionaires. Black families, on the other hand, are twenty times more likely to have zero or negative wealth than to be millionaires, and Latinx families are fourteen times more likely.

Despite these data, survey results show that most Americans—whites and blacks—overestimate economic racial equality, with the worst offenders being higher-income whites.<sup>21</sup> In other words, most Americans think the black-white wealth gap is small.

For white Americans it is easier to believe that things are

better than they really are, because it allows them to think there isn’t much work left to be done, while still remaining ignorant of their privilege and how the system is rigged in their favor. For black Americans, it is easier to overestimate our progress because the alternative is to realize that even after doing everything right, we fall further and further behind.

Today, the black-white wealth gap only continues to grow. Between 1983 and 2016, median white family wealth increased by \$1,000 annually compared with only a \$66 increase for median Latinx wealth. Sadly, black families saw their wealth decrease by \$83 annually.<sup>22</sup> Even college-educated black households saw their wealth decrease during a similar time period, from 1989 to 2013, as their white peers’ wealth rose.<sup>23</sup> There is no end in sight.

Why is this gap so persistent? Why is it widening? Well, if you ask the political right, it’s because black Americans do not make the right choices and do not work hard enough. According to the 2016 General Social Survey (GSS), a majority of white Republicans (55 percent) agreed with the statement that black Americans are worse off economically “because most just don’t have the motivation or willpower to pull themselves up out of poverty,” compared with 26 percent of white Democrats. Forty-two percent of white Republicans thought black Americans were lazier than white Americans, and 26 percent rated black Americans as less intelligent.<sup>24</sup> Just look at the election of President Barack Obama: The conservative commentator Bill Bennett said Obama’s election meant there was no need to “take any excuses” from people who claimed “the deck was stacked” against black Americans succeeding.<sup>25</sup> The

title of a 2018 *Newsweek* article about a meeting between President Trump and members of the Congressional Black Caucus summed up this attitude—and its inaccuracy: “Trump Thinks Only Black People Are on Welfare, but Really, White Americans Receive Most Benefits.”<sup>26</sup>

The political left, which does admit to our racist history, doesn’t do much better when it comes to understanding the situation. The left-wing narrative tends to center on blatant race discrimination by bad actors in the past: the FHA denying home loans to black Americans in the 1950s and ’60s, or subprime lenders targeting black Americans during the Great Recession. This past discrimination has led to a disproportionate percentage of black Americans (21 percent) living in poverty, compared with white Americans (8 percent).<sup>27</sup> The economic gap has grown worse over time, the argument goes, simply because wealth begets more wealth, and black Americans are starting from behind.

But remember that GSS American Values Survey statistic I just gave you: 26 percent of white Democrats believe that black Americans are to blame for their relative poverty. And the same survey showed that almost one in four Democrats (24 percent) thought black Americans were lazier than white Americans. For black Americans, racism isn’t just a part of our history. It’s a part of our present.

The wealth gap isn’t growing only because of the disproportionate percentage of black Americans in poverty. It’s growing because whiteness has consistently and continually played a serious role in wealth building. Think a college education is an equalizer? Research shows that black households headed by a college graduate have less wealth (\$23,400) than

white households headed by a high school dropout (\$34,700).<sup>28</sup> Think all high school dropouts struggle? A white high school dropout has more than twenty times the wealth of a black high school dropout (\$1,500). White families with an employed head of household have ten times the wealth of black families who do.<sup>29</sup>

All of this inequity is related to tax policy, and always has been, even at the beginning of our modern system when black Americans were invisible beneficiaries. Today, black Americans of all income levels are equally invisible when it comes to shaping policy but are paying more in taxes than their white peers because our tax laws were designed with white Americans in mind. That’s why no solution proposed by either the right or the left—not better jobs, not increased homeownership, and not more access to higher education—will be effective without significant and fundamental tax reform.

In general, our tax policies ignore the day-to-day reality of most black Americans, who are still playing catch-up in a system that deliberately excluded them for many years. Can black Americans now purchase homes? Yes, but as we’ll see in chapter 2, if we buy in neighborhoods with lots of black neighbors, we lose financially when compared with our white peers. Can black Americans attend elite colleges? Yes, but our families have generally not accumulated enough wealth to pay for tuition and be eligible for the tax breaks for higher education available to the families of our white peers—more on that in chapter 3. And it goes on and on as black Americans find jobs, plan for retirement, and work to leave a legacy for the next generation.

Which brings me back to the couple who started it all for

me: my parents, James and Dottie Brown. I was right; they paid too much in taxes. But it wasn't because there are separate rate tables for black and white Americans. That would be against the law. Black taxpayers like my parents pay more because U.S. tax policies ignore the reality of societal differences based on race. The joint tax return exists because back in 1930, a wealthy white shipbuilder named Henry Seaborn convinced the Supreme Court to impute half of his taxable income to his stay-at-home wife, Charlotte, lowering his taxes. Congress gave all Americans access to the joint return in 1948. The policy rewarded people like the Seaborns, allowing a couple who could easily get by with one income to split it down the middle to avoid being taxed at the highest rate. But that same policy punished the Browns, who were striving to save and build a better future for themselves and their children and needed every penny of their two paychecks to do so. It is a pattern that has shaped the contour of being middle class and black, and it helps explain why black families have such a hard time maintaining middle-class status across decades and generations.

Unfortunately, even in the twenty-first century, that pattern remains, and black families who achieve financial stability are far more likely to lose it than their white peers, as reported in a 2015 study called "Five Bleak Facts on Black Opportunity."<sup>30</sup> A March 2018 intergenerational mobility study showed that black children had the most difficult time achieving upward mobility when compared with white, Latinx, and Asian children.<sup>31</sup> Black children of parents in the top income quintile are about as likely to fall to the bottom as they are to remain in the top. Compare that with white children of parents in the top income quintile, who are almost five times as

likely to remain in the top as to fall to the bottom. Tax policy, by taking money out of the pockets of black parents while putting money into white pockets, can help explain why black children have a harder time remaining in the middle class as adults.

Solving the mystery of my parents' income taxes didn't lead me to a revolutionary discovery. Instead, it reinforced a truth I and most successful black Americans know: Our families found a way to work around a system designed to support white wealth building. Individual black Americans excel in spite of the roadblocks to building wealth; individual white Americans struggle in spite of their systemic advantages.

And anti-black racism doesn't exist only in the past of federal, state, or local governments; it is perpetuated every day by white Americans—many of whom consider themselves progressive. They are white parents selecting where to send their children to school. They are chief executive officers and board members of large private corporations who are comfortable with very few black Americans as executives or upwardly mobile employees, who do not commit real resources to the recruitment and retention of a diverse workforce or ensuring that equally credentialed black workers are as likely to receive the same opportunities and compensation as their white peers. They are white homeowners who choose to purchase houses in homogeneous white neighborhoods even though they would deny being uncomfortable living next door to "too many blacks." Until white Americans change their behavior, the black-white wealth gap will continue to expand.

The marriage penalty that started this journey for me is just one example of many tax policies that have a disparate

impact by race. Not every policy will impact every black family negatively, and not every disparity can be fixed by adjusting the law—we can change the way married couples are taxed, for example, but we also need to look at why it often takes two black workers to match the salary of one white worker. Until anti-black racism is eliminated, tax reforms will need to factor in societal racism. Just as an annual tax refund, invested through the years, can add up to true wealth-building opportunity, many of our tax policies, over time and without race-conscious reforms, are pushing black families down and pulling white families up.