



Statement before the **House** Committee on Financial Services

On **Hearing Title**: Justice for All: Achieving Racial Equity Through Fair Access to Housing and Financial Services

Title: **Creating an opportunity society and upward mobility for people of all races.**

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Date of Testimony: March 10, 2021

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Testimony for U.S. House of Representatives Committee on Financial Services

Washington, DC., March 10, 2021

Ian V. Rowe, Co-Founder & CEO, Vertex Partnership Academies

To the distinguished members of the House of Representatives Committee on Financial Services, good morning. My name is Ian Rowe.

I submit my testimony today as a proud product of the New York City public school system kindergarten through 12th grade, and a graduate of Brooklyn Tech High School, Cornell University College of Engineering and Harvard Business School. I am the founder and CEO of Vertex Partnership Academies, a new network of character-based, International Baccalaureate high schools, with the first campus to open in the Bronx in 2022. For the past 10 years, I was CEO of a non-profit network of public charter elementary and middle schools in the heart of the South Bronx and the Lower East Side of Manhattan. Our faculty had the solemn responsibility to educate more than 2,000 students—primarily low-income, black and Hispanic kids. We had nearly 5,000 families on our waiting list, all desperate for their kids to receive a high quality education.

Many of our parents faced racial discrimination and other challenges in their own lives and feared that their children might as well. But these parents chose our schools because they wanted their children to develop the skills and habits to become agents of their own uplift and build a better life, even in the face of structural barriers. In District 8, of the nearly 2,000 public school students beginning high school in the South Bronx in 2015, only 2 percent [graduated](#) ready for college four years later. A shocking 98 percent of students either dropped out of high school before completing their senior year—or if they did manage to graduate, would still be required to take remedial, catch-up classes in community college due to low math and reading scores on state exams. By contrast, at our all-boys school at 151st Street and Grand Concourse in the South Bronx, in

2018-19, the last year state tests were administered, [nearly 70 percent of our students passed the state math exam.](#)

I share this data point because as we as a country are having crucial conversations about race, it is easy to forget that the racial disparities we are seeking to close originated long before they show up as statistical gaps in financial wealth, home ownership or educational achievement. If only 2% of mostly black and brown kids are graduating from high school capable of doing even basic reading and math, why would we reasonably expect these same kids as adults to be flourishing in higher education and the workplace, starting businesses, getting married, having children within marriage, or any of the other behaviors that typically mark passage into young adulthood and likely entry into the middle class or beyond?

And if we are focused on upward mobility, we should also be wary of the goal to achieve “racial equity.” Consider that in 2019, only [one third of all eighth grade students scored "Proficient" on the National Assessment of Progress](#) in reading. In each year since the Nation’s Report Card was first administered in 1992, [less than half](#) of the nation’s white students in the fourth, eighth, and 12th grades scored NAEP proficient in reading. The sad irony is that closing the black-white achievement gap, achieving racial equity, would mean black student outcomes would grow from sub-mediocrity in terms of reading performance to full mediocrity.

So as we consider strategies to create an opportunity society and upward mobility for people of all races, I ask you to follow the philosophy we practiced in our schools: start early with the end in mind; and to study the success of those who have achieved excellence, not just equity.

Now as this committee knows so well, a range of studies have identified “toxic levels of wealth inequality,” particularly between black and white Americans. According to the 2016 Survey of Consumer Finances, the median African American family possessed approximately \$17,000 in net wealth, while the median white family had amassed

\$171,000 in net wealth. For some, this gap is vibrant proof of a permanent and insurmountable legacy of racial discrimination.

As a result, today's public discourse is dominated by the disempowering narrative that unless institutional barriers are removed, black Americans are trapped in a perpetual cycle of economic victimhood. The Institute for Policy Studies notes, "Changes in individual behavior will not close the racial wealth divide, only structural systemic policy change can do that." In *What We Get Wrong About Closing the Racial Wealth Gap*, William Darity Jr. et al. assert, "There are no actions that black Americans can take unilaterally that will have much of an effect on reducing the racial wealth gap." *New York Times* reporter Nikole Hannah Jones argues: "None of the actions we are told black people must take if they want to 'lift themselves' out of poverty and gain financial stability—not marrying, not getting educated, not saving more, not owning a home—can mitigate 400 years of racialized plundering."

Imagine you are a 12-year-old black boy living in the South Bronx, with aspirations to work hard to achieve the American dream. Yet you are repeatedly told there is nothing you can do individually to achieve that goal. Imagine further that this message comes from adults who claim to advocate on your behalf, and yet they tell you it is pointless to even try, simply because you are black and have no individual ability to close the racial wealth divide.

As someone who has run public charter schools in low-income communities in the Bronx, I know how debilitating such a narrative can be for a student's hopes and aspirations. Rather than helping that young man develop personal agency and an understanding of the behaviors most likely to propel him into success, this message will only teach what psychologists term "learned helplessness."

Not only does this notion that individual effort is worthless depress human motivation, but it is also demonstrably wrong. There *are* decisions within the control of black kids—and children of all races—that increase their likelihood to improve their economic

outcomes within a single generation and thus their ability to transfer wealth across generations.

For example, while strengthening family structure would not single-handedly close the racial wealth gap, it is a controllable factor that heavily influences economic outcomes. The same 2016 Survey of Consumer Finances that shows the average black family has 10 times less wealth than the average white family shows the reverse when family structure is considered. Indeed, black households headed by two married parents have nearly twice the median net worth of the typical white, single-parent household (Figure 1).

Figure 1. Median Net Worth of Two-Parent Black Households vs. Single-Parent White Households with Children



Note: Households headed by a widowed parent were excluded from analyses. Source: Author's calculations from Board of Governors of the Federal Reserve System, "Survey of Consumer Finances (SCF)," 2016, <https://www.federalreserve.gov/econres/scfindex.htm>.

The 2017 report *The Millennial Success Sequence* finds that a stunning 91 percent of black people avoided poverty when they reached their prime young adult years (age 28–34), if they followed the "success sequence"—that is, they earned at least a high school degree, worked full-time so they learned the dignity and discipline of work, and married before having any children, in that order. In his study "Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States," Raj Chetty studied the intergenerational mobility of more than 40 million children and their

parents. They found that *hyper-local* factors—most notably measures of father presence and marriage rates in a given location—drive upward (or downward) mobility and thus the intergenerational transfer of wealth.

In closing, there is no silver bullet intervention that will magically close gaps in racial outcomes, especially when those gaps have causal factors that begin much earlier in life.

That is why policy interventions such as widespread school choice are so important to ensure every parent, regardless of race, income level or ZIP code, should have the power to choose a great public school for their child. I also see a lot of promise in race-neutral policy interventions such as means-tested baby bonds, which would essentially create a trust fund for kids born into low-income families and build a nest egg that by age 18 could be used to pay college tuition, make a down payment on a house or start a business. Such interventions that level the playing field and are tied to building wealth would shape a strong policy portfolio.

In addition to policy levers, we have a moral imperative to encourage young people of all races to adopt a new cultural norm around education, work, and responsible parenthood: the success sequence. Educators and philanthropists should develop evidence-based curricula that help young people build agency by descriptively (versus prescriptively) teaching the success sequence in schools, encourage wealth creation by improving access to venture capital, and organize social and mass media campaigns to normalize a new set of behavioral expectations around family formation.

I look forward to answering your questions.

Thank you.

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