



RESEARCH REPORT

# The Upside—Growth, Potential, and the Future of Fairfield County, Connecticut

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The Urban Institute is a nonprofit research organization that provides data and evidence to help advance upward mobility. We are a trusted source for changemakers who seek to strengthen decisionmaking, create inclusive economic growth, and improve the well-being of families and communities. For more than 50 years, Urban has delivered facts that inspire solutions—and this remains our charge today.



## ABOUT THE FAIRFIELD COUNTY'S COMMUNITY FOUNDATION

Fairfield County's Community Foundation is partnering with our community to create a county where every person has an equitable opportunity to thrive. We work closely with community organizations, nonprofits, businesses, and philanthropists to address challenges and identify opportunities to create a stronger, more vibrant community. Informed by three decades of partnering with and serving our community, we have awarded more than \$400 million in grants to nonprofits in Fairfield County and beyond.

# DataHaven

## ABOUT DATAHAVEN

DataHaven is a nonprofit organization based in New Haven, Connecticut, whose mission is to empower people to create thriving communities by collecting and ensuring access to data on well-being, equity, and quality of life.

# Contents

<b>Executive Summary</b>	<b>v</b>
Findings: Economic Gains from Increasing Racial Equity in the Fairfield County Area	viii
How Do We Get There?	xiii
Education	xiv
Workforce and Small Business Development	xiv
Housing	xvi
Wealth Building	xvii
Health and Well-Being	xviii
<b>The Upside—Growth, Potential, and the Future of Fairfield County, Connecticut</b>	<b>1</b>
<b>Methods</b>	<b>3</b>
<b>Projected Economic Gains from Increasing Racial Equity in the Fairfield County Area</b>	<b>4</b>
Demographic Composition	6
Income Gaps	8
Closing the Income Gap	9
Shrinking the Income Gap	12
Impact of Income Gap Closures on GDP	15
Impact of Income Gap Closures on Public Spending Opportunities	17
Gaps in Educational Attainment	19
Closing the Educational Attainment Gap	20
Impact of Education Gap Closures on Income Gaps	23
Gaps in Housing and Homeownership	25
Closing the Homeownership and Home Value Gaps	30
Limitations	35
<b>Recommendations for Closing Income, Education, Homeownership, and Home Value Gaps</b>	<b>36</b>
Education	36
Workforce and Small Business Development	38
Housing	40
Wealth Building	43
Health and Well-Being	44
Key Actions by Actor to Close Equity Gaps	45
<b>Moving toward a Better Future for All</b>	<b>48</b>
<b>Appendix A. Data and Methods</b>	<b>50</b>

Equity Research Advisory Panel (ERAP)	50
Data Collection and Cleaning	50
Closing the Income Gap	51
Partially Closing the Income Gap	52
Closing the Gross Domestic Product Gap	53
Closing the Educational Attainment Gap	54
Closing the Homeownership and Home Value Gap	55
Estimating Increased Income Tax Revenues and Local Share	56
Property Tax Revenue	57
<b>Appendix B. Members of the Equity Research Advisory Panel</b>	<b>58</b>
<b>Notes</b>	<b>60</b>
<b>References</b>	<b>65</b>
<b>Acknowledgments</b>	<b>70</b>
<b>About the Authors</b>	<b>71</b>
<b>Statement of Independence</b>	<b>72</b>

# Executive Summary

Historical and systemic discrimination in the United States has deeply entrenched racial and ethnic inequities<sup>1</sup> across critical areas, such as wealth accumulation, education, and homeownership. Although individual experiences vary, when considered collectively, data consistently reveal significant disparities in outcomes between racial and ethnic groups at the aggregate level.

Increasing racial equity, however, need not be a zero-sum game. Research shows that increases in equity have the potential to increase the gross domestic product (GDP) by trillions of dollars nationally, enhance educational attainment for both Black people and white people, and reduce homicide rates (Acs et al. 2017; Buckman et al. 2021; PolicyLink 2017). In fact, increases in equity for women and Black men between 1960 and 2010 contributed to roughly two-fifths of the growth in GDP during that period (Hsieh et al. 2019).

Connecticut's Fairfield County area<sup>2</sup> stands out as having some of the greatest income inequality in the United States, presenting a significant opportunity to advance equity and unlock broader socioeconomic benefits.<sup>3</sup> Inequities in the Fairfield County area are apparent in income, education, and housing, where white<sup>4</sup> households earn \$89,000 more, on average, than Black<sup>5</sup> households and approximately \$90,000 more than Latino<sup>6</sup> households; 58 percent of white adults have bachelor's degrees compared with only 30 percent and 21 percent of Black and Latino adults, respectively; and across all levels of income, white-led households are more likely to own their homes than Black- or Latino-led households, with 78 percent of white-led households owning their homes compared with 44 percent and 42 percent of Black- and Latino-led households, respectively.<sup>7</sup> In addition, home values for white-led households are more than \$100,000 higher than home values for Black- and Latino-led households.

In this report, we describe the potential economic benefits of closing Black and Latino racial gaps in income, education, and housing in the Fairfield County area (Figure ES1).<sup>8</sup> We find the following:

- If Black and Latino adults in the Fairfield County area had incomes equivalent to their white counterparts, the Fairfield County area's GDP could increase by \$15.6 billion.
- If Black or Latino people then had the tenure and educational attainment of their white counterparts, there could be 33,000 more homeowners and 84,000 more people with college degrees.

- These improvements could lead to the following:
  - » \$36.6 billion more in home values
  - » \$603 million more in local revenue from property taxes
  - » \$1.2 billion more in state revenue from income taxes
- Increased state income tax revenues could then be used to hire additional teachers, increase current teachers' salaries, or support tax cuts, infrastructure projects, housing assistance for essential workers, or enhanced mass transit.
- Local property tax revenues could be used to improve road safety, undertake main-street development efforts, fund high-quality summer programs, reduce property taxes (especially for seniors), or support small business development.

FIGURE ES1

Potential Benefits from Increased Equity for Black and Latino People in the Fairfield County Area

If residents who are Black and Latino in Fairfield County, Connecticut, had the same opportunities as their white neighbors, there would be



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**Sources:** Authors' calculations from American Community Survey 2018–22 Public Use Microdata Samples; Bureau of Economic Analysis data on county income and GDP in 2022, 2021 and 2022; and personal income tax totals in Connecticut Open Data's Personal Income Tax Summary ("2021 and 2022 Personal Income Tax Totals," Connecticut Open Data, accessed September 5, 2024, <https://data.ct.gov/Tax-and-Revenue/2021-and-2022-Personal-Income-Tax-Totals/ryyz-k64m/data>); the 2020–2021 Annual Report by the State of Connecticut Department of Revenue Services ("Annual Report Fiscal Year 2020–2021," State of Connecticut Department of Revenue Services, accessed September 5, 2024, <https://portal.ct.gov/-/media/drs/research/annualreport/drs-fy21-annual-report.pdf>); and sources of state aid to towns in fiscal years 2021–25 according to the Connecticut General Assembly's Office of Fiscal Analysis ("Major Sources of State Aid to Towns," Connecticut General Assembly Office of Fiscal Analysis, accessed September 5, 2024, <https://cga.ct.gov/ofa/municipalinfo.asp>).

**Note:** \*As estimated by the change in county gross domestic product.

To conduct this research, Fairfield County's Community Foundation, Urban Institute, and DataHaven collaborated with an Equity Research Advisory Panel to design and implement a data-driven analysis to estimate the benefits—or "upside"—to the entire community if equity gaps in income, education, and housing were closed. Specifically, we use data from the American Community Survey to estimate incomes, education rates, homeownership status, and home values for Black and Latino adults if they had the same values as their white peers. We then estimate how these higher incomes and property values could affect overall economic activity and tax revenue.

This analysis focuses almost exclusively on the large, well-documented inequities between Black, Latino, and white people, who together constitute nearly 90 percent of the Fairfield County area population.<sup>9</sup> Most of the analysis therefore does not include the 5 percent of people in the Fairfield County area<sup>10</sup> that identify as Asian or the 5 percent of people that identify as another race or ethnicity. While many people within Asian, Pacific Islander, and American Indian and Alaska Native communities also face great disparities, small sample sizes prevent us from accurately measuring their inequities and making statements grounded in evidence and data.

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#### BOX ES1

##### Key Terms

Definitions of key terms used throughout this report include the following:

- **equity:** acknowledgement of disparities in access and outcomes and elimination of systemic barriers to achieving a more just society where everyone thrives (defined by the Equity Research Advisory Panel)
- **evidence-based:** based on credible, well-established research and data
- **gross domestic product:** total value of goods and services produced within a geography (defined by the Bureau of Economic Analysis)<sup>11</sup>

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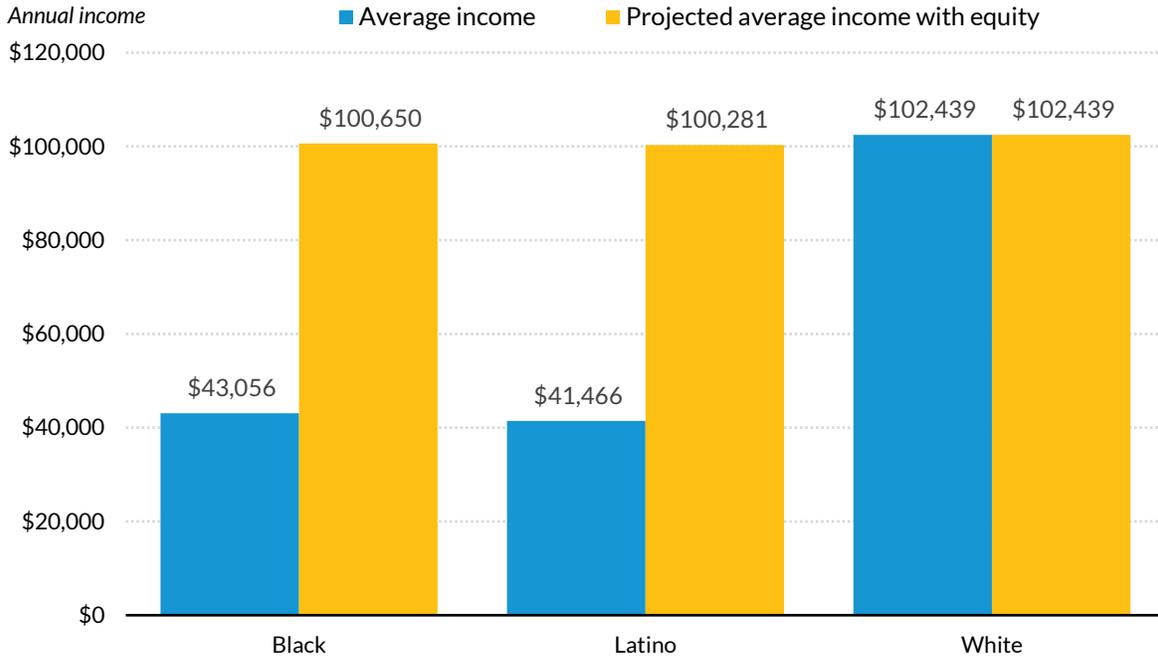
## Findings: Economic Gains from Increasing Racial Equity in the Fairfield County Area

We find that increasing racial equity in the Fairfield County area could generate substantial economic gains for the entire region. If Black residents and Latino residents had incomes equivalent to their white counterparts, the collective aggregate incomes could increase by approximately \$13.3 billion (\$4.6 billion for Black residents and \$8.7 billion for Latino residents; figure ES2). Even if income gaps were only partially narrowed to match those of Middlesex County, New Jersey—a comparable county with lower inequities that has similar demographics in terms of total population, Black population, Latino population, and median household income—total incomes in the Fairfield County area could rise by \$5.8 billion, with approximately \$2.9 billion in increases each for Black and Latino residents.

FIGURE ES2

**Black and Latino Adults in the Fairfield County Area Could Earn an Average of \$57,594 and \$58,815 More in Annual Incomes, Respectively, if Racial Gaps Were Closed**

*Average annual incomes for Black and Latino adults compared with those in a more equitable Fairfield County area, 2018–22*



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**Source:** Authors' calculations using American Community Survey 2018–22 Public Use Microdata Samples.

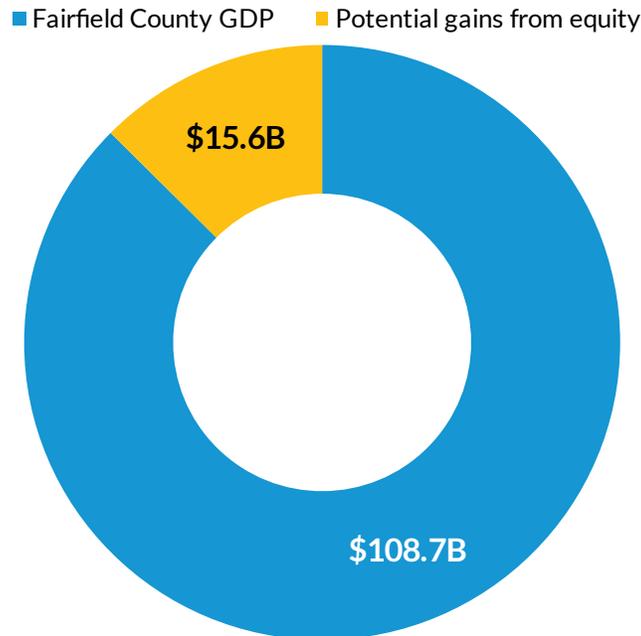
**Note:** Incomes have been inflation-adjusted to 2023 dollars. We did not model changes for other racial/ethnic groups.

We project a subsequent increase in the Fairfield County area's GDP by \$15.6 billion using a full-gap closure or \$6.8 billion using a partial closure (figure ES3) if these income gains were realized. This relationship exists because higher incomes typically lead to greater disposable income, which encourages increased spending on goods and services. This economic activity then contributes to the overall economic output measured by GDP. In addition, rising consumer demand driven by higher incomes can incentivize businesses to expand production, further enhancing GDP growth. Because of this, one of the main components of the calculation for GDP is the sum of wages and salaries.

FIGURE ES3

**Fairfield County Area Gross Domestic Product (GDP) Could Increase by \$15.6 Billion if Racial Equity Gaps Were Closed**

*Fairfield County area GDP and projected GDP gains in an equitable Fairfield County area, 2022*



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**Source:** Authors' analysis of Bureau of Economic Analysis data on county income and GDP in 2022 and US Census Bureau American Community Survey 2018–22 Public Use Microdata Samples.

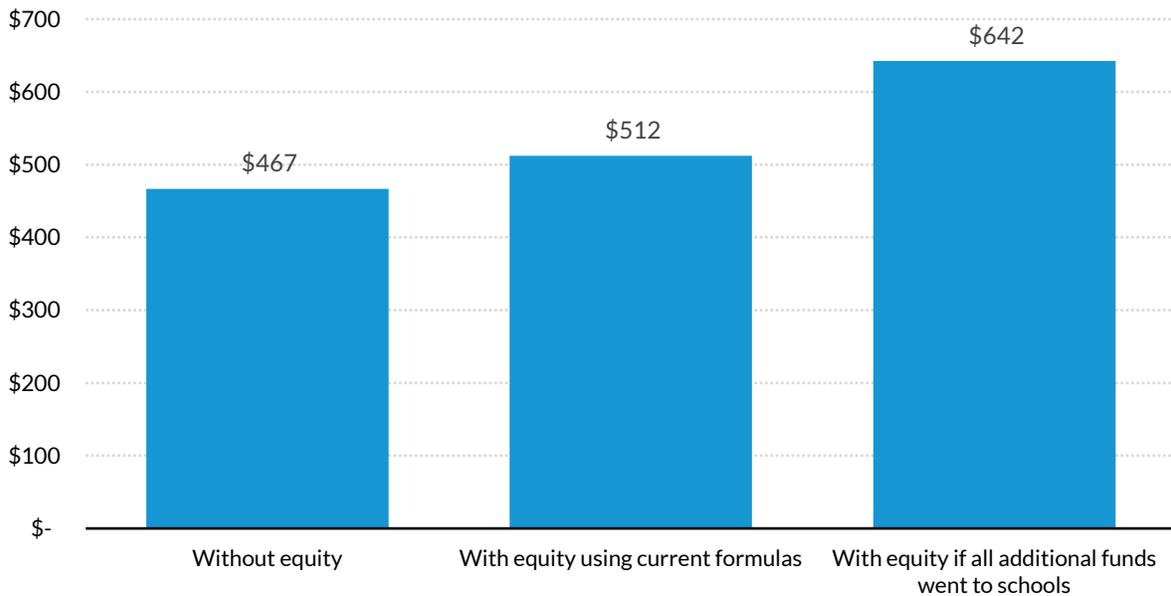
**Note:** B = billion. Figure represents 2022 GDP inflation-adjusted to 2023 dollars.

In addition to GDP growth, closing the income and educational attainment gaps in the Fairfield County area could significantly boost state income tax revenue, generating an estimated \$1.2 billion. If revenue were shared at current rates, the cities and towns of the Fairfield County area<sup>12</sup> could receive \$47 million, with \$37 million allocated to schools (figure ES4).<sup>13</sup> For context, the increased funding could translate to the hiring of 277 additional teachers or increase salaries for existing teachers by \$3,701. Alternatively, if all additional revenue were directed to schools, it could yield \$184 million for the Fairfield County area, enabling the hiring of 1,382 teachers or salary increases of \$14,398 per teacher. School funding is just one example of potential revenue allocation. The funds also could support tax cuts, infrastructure projects, housing assistance for essential workers, or enhanced mass transit.

FIGURE ES4

**State Aid to the Fairfield County Area Could Increase by \$47 Million Using Current Formulas and \$184 Million if All Additional Revenue Went to Schools throughout the State if Racial Gaps Were Closed**

*State transfers compared with those in an equitable Fairfield County area (millions of dollars), 2018–22*



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**Source:** Authors' calculations from 2021 and 2022 personal income tax totals in Connecticut Open Data's Personal Income Tax Summary ("2021 and 2022 Personal Income Tax Totals," Connecticut Open Data, accessed September 5, 2024, <https://data.ct.gov/Tax-and-Revenue/2021-and-2022-Personal-Income-Tax-Totals/ryyz-k64m/data>); 2020–21 Annual Report by the State of Connecticut Department of Revenue Services ("Annual Report—Fiscal Year 2020–2021," State of Connecticut Department of Revenue Services, accessed September 5, 2024, <https://portal.ct.gov/-/media/drs/research/annualreport/drs-fy21-annual-report.pdf>); and sources of state aid to towns in fiscal years 2021–25 according to the Connecticut General Assembly's Office of Fiscal Analysis ("Major Sources of State Aid to Towns," Connecticut General Assembly Office of Fiscal Analysis, accessed September 5, 2024, <https://cga.ct.gov/ofa/municipalinfo.asp>).

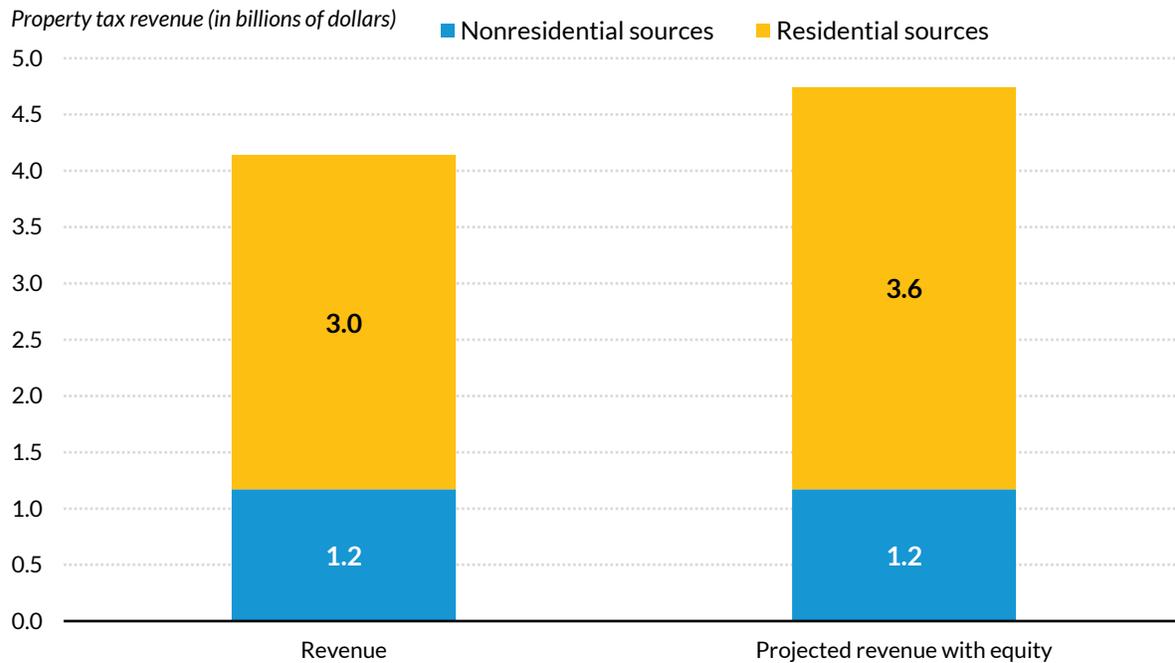
**Note:** Numbers are in 2023 dollars, assuming 4 percent revenue growth between 2022 and 2023.

In addition to having more equitable incomes, if Black and Latino residents had the educational attainment levels and homeownership rates of their white counterparts, there could be 84,000 more people with college degrees and 33,000 more homeowners. Rising home values under equity could increase property tax revenues by \$603 million (figure ES5). This equates to a 20 percent increase in aggregate residential property tax revenue.

FIGURE ES5

### An Equitable Housing Market Could Generate More Property Tax Revenue

Property tax revenue (in billions of dollars) for cities and towns in the Fairfield County area, currently and with equity, 2018–22



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Sources: Authors' calculations from American Community Survey 2018–22 Public Use Microdata Samples and Connecticut Open Data Portal data.

Note: Property tax revenues have been inflation-adjusted to 2023 dollars.

These property tax funds then could be reinvested in programs that benefit the community as a whole, supporting projects and services such as libraries, parks, emergency services, police, transit, and other services. During the project, the Equity Research Advisory Panel members identified and prioritized potential reinvestments to be considered, including the following:

- improved road safety
- more frequent street cleaning
- main street development efforts
- funds for high-quality summer programs
- reduced property taxes (especially for seniors)

- elimination of the motor vehicle tax<sup>14</sup>
- tax relief for seniors
- small business development
- green spaces and community gardens
- environmental sustainability efforts
- housing down payment assistance

A summary of the potential benefits of increasing racial equity in the Fairfield County area is shown in figure ES1.

## How Do We Get There?

Connecticut already has taken steps to increase equity within its borders, such as reopening the Time to Own program, which provides homebuyer assistance to low- and moderate-income first-time homeowners,<sup>15</sup> and CT Baby Bonds, the nation's first statewide baby bond initiative, which was established in 2023. This program sets aside \$3,200 for every baby whose birth is covered by HUSKY Health, Connecticut's Medicaid program, which later can be accessed for purposes such as funding higher education, buying homes, starting businesses, or saving for retirement.

Business leaders, policymakers, practitioners, nonprofits, and philanthropies can work together to reduce inequities by identifying and eliminating practices that perpetuate racism, repairing past harms, and investing in policies and programs that enable communities of color to live in high-opportunity neighborhoods and build intergenerational wealth. To address the structural inequities inherent in our society, these groups must transfer power to communities of color through reforming hiring practices, board memberships, community engagement, and decisionmaking counsels.

With input from the community members and nonprofit professionals on the Equity Research Advisory Panel, the following additional actions, by topic area, were highlighted as those that could be considered by leaders from the business, public, philanthropic, and other sectors in Connecticut if they wanted to further increase equity. These recommendations were selected based on input from the Equity Research Advisory Panel, whether they had a strong evidence base to show that they can lead to increased equity, and guidance from experts in each topic area. Additional details about each recommendation can be found in the recommendations section of this report.

## Education

- **Fund targeted universal preschool.** Research suggests that targeted universal preschool—wherein resources including teachers, classroom space, and materials are allocated progressively depending on family income—can generate large improvements in academic outcomes that then reemerge later in life as benefits to academic and nonacademic outcomes (Bruhn and Emick 2023).
- **Improve the quality of K–12 education for Black and Latino students.** Despite recent improvements to the state equalization methods, substantial disparities between affluent and low-income districts still exist. If state leaders are interested in increasing equity, they should consider alternative formulas that are based on the difference between a district’s education cost and revenue capacity, similar to the one proposed by Zhao (2021). Other efforts that can help reduce K–12 equity gaps include increasing funding for school-based meal programs, expanding access to universal free meals, providing high-dosage tutoring for students who are behind, and funding free after-school programming for students based on need.
- **Provide targeted college subsidies.** Since Black and Latino families are five times less likely than white families to receive large gifts or inheritances that can be used for higher education, investing in targeted college and trade school subsidies is another way to close education gaps (McKernan and Ratcliffe 2013). Targeted college subsidies such as College Promise programs or local versions of college tuition grants<sup>16</sup> can help, as can means-tested state grant programs or reduced tuition prices for all students who attend Connecticut’s public schools. If possible, tailoring these programs to families based on their wealth in addition to their income can help further close intergenerational wealth gaps.

## Workforce and Small Business Development

- **Offer registered apprenticeships.** Business leaders can help close racial income gaps by offering registered apprenticeships or structured training programs that combine on-the-job training with classroom instruction. To start an apprenticeship, a business can reach out to the Connecticut Office of Apprenticeship Training through the Connecticut State Department of Labor to learn about the requirements for registering an apprenticeship program.
- **Tighten job descriptions to include only the essential criteria, and employ other equitable hiring practices.** To increase equity, businesses can examine their job descriptions and remove any requirements that are not essential to the job, such as college degrees, which could prevent

Black or Latino people from qualifying due to discrimination in the education system or other social systems. Other steps employers can take include requiring that a certain percentage of candidates and interviewers be Black or Latino, keeping job postings open for an extended period of time to prevent fielding only candidates with advance knowledge of the position, and designating a “neutral challenger” who inquires objectively about all potential candidates.<sup>17</sup>

- **Offer accessible financing to small businesses.** To increase equity, local banks can offer small business loans, lines of credit, or microfinancing with zero interest or reduced interest rates and flexible repayment terms. Support of microbusinesses (those with 10 or fewer employees) is particularly crucial for people of color, who are less likely to secure traditional small business loans or receive substantial financial gifts from family members (McKernan and Ratcliffe 2013). Other recommendations to help support small businesses from Theodos, McManus, and Rajninger (2024b) include the following:
  - » Banks can reduce requirements based on financial history, offer revenue-based financing, and increase opportunities for capital.
  - » Local governments can underwrite or provide loan guarantees to high-risk small businesses.
  - » Philanthropic organizations can pool resources to make grant funding more readily and consistently available to small businesses.
  - » A coordinating actor, such as a local government, can serve as a facilitator to gather and share information about the existing products available for nontraditional financing.
  
- **Reform procurement practices to help increase contracts with Black- and Latino-owned businesses.** State and local governments spend approximately \$1.3 trillion each year through public procurement (Baldus and Hatton 2020), which historically has been awarded inequitably along racial lines (Harvard Kennedy School Government Performance Lab 2022). As recommended in Theodos, McManus, and Rajninger (2024a), some ways in which these patterns can be broken include the following:
  - » Forecast upcoming procurements to give firms more time to prepare
  - » Bolster outreach and offer technical assistance and capacity building to small businesses navigating the contracting process
  - » Streamline certification processes
  - » Create smaller contracting opportunities
  - » Establish small purchase methods
  - » Remove requirements that could present potential barriers

- » Adopt best-value rather than lowest-bid award criteria
- » Develop data systems, and track vendors by type of firm and owner attribute
- » Provide adequate support to firms after they win contracts, especially if they are new to public contracting
- » Pay vendors in a timely manner

## Housing

- **Provide down payment assistance for first-generation homebuyers and financial coaching/homebuyer education.** There are programs in the Fairfield County area and in Connecticut more broadly, such as Time to Own, that support first-time homebuyers.<sup>18</sup> However, many of these buyers may benefit from generations of wealth built from their parents and grandparents owning homes. Programs that target first-generation homebuyers, or those whose parents do not own homes, can more effectively close the racial homeownership gap.<sup>19</sup> In addition, financial coaching, a method of financial education that involves regular one-on-one sessions in which clients and coaches set goals and plan concrete steps to meet and manage those goals over time in an attempt to change client behavior, has been found to be an effective method of improving financial health and supporting homeownership (Theodos, Stacy, and Daniels 2018).
- **Provide funding for employer-assisted housing, with a focus on equity.** Employers can offer direct assistance with housing costs to attract and retain talent, such as through down payment assistance, rental subsidies, and even direct investment in the construction of housing.<sup>20</sup> Foundations and local governments can help support employer-assisted housing through matched contributions; for example, with the City of Baltimore’s Live Near Your Work program,<sup>21</sup> the city matches employers’ contributions between \$1,000 and \$2,500 in the form of a grant. Employers can also offer employee housing supports to their employees directly, such as how the Washington, DC, government offers city employees a deferred, zero percent interest loan and matching-funds grant for down payment and closing costs to purchase their first single family home, condominium, or cooperative unit in the District.<sup>22</sup> These programs can address the high cost of housing. If designed with an equity lens, they could also address racial inequities in housing cost burdens and gaps in homeownership rates.
- **Expand access to mortgages and lower costs.** Historic policies and practices, including redlining and single-family zoning, have prevented households of color from building wealth,

increasing their credit scores, and accessing mortgages at the same rate as their white counterparts (Zinn and Reynolds 2022). Ways to address this inequity include the following:

- » Allow positive rental payments to be included as a component of assessing potential borrowers' ability to pay, since research shows that including rental payment history in mortgage underwriting could benefit Black and Latino households (Choi et al. 2022).
  - » Eliminate risk-based pricing (the practice of offering less favorable terms to people considered higher risk) and instead pool the risk across all borrowers. Banks also can account for the fact that white borrowers are more likely to refinance their mortgages in their risk assessments (Ratcliffe 2023).
  - » Reduce barriers to refinancing so creditworthy Black and Latino borrowers are able to access the same lower rates as those accessed by their white counterparts (Alexandrov, Goodman, and Tozer 2022).
- **Reduce barriers to new housing supply.** Policymakers can address housing affordability challenges by reducing barriers to development, which can help to increase supply, bring housing costs into alignment with demand, and lower costs. This can be done by reducing parking requirements for new developments, increasing the permitting speed for new developments (particularly affordable housing developments), and reforming land use regulations to allow for a more diverse mix of housing, particularly near transit (Lo et al. 2020).

## Wealth Building

- **Increase investments in baby bonds.** Through providing children with government-funded savings accounts to support their future economic prosperity, baby bonds can increase generational wealth in communities of color. The CT Baby Bonds initiative, which launched in 2023 and automatically invests \$3,200 for each child born into poverty, is currently set up to fund investments for just the next 12 years.<sup>23</sup> Additional investments could be made into this initiative to fund larger investments per child and sustain the program beyond 12 years.
- **Offer matched savings programs to boost emergency savings.** Past discriminatory policies and a lack of access to capital have made Black and Latino families less likely than white families to have emergency savings.<sup>24</sup> Philanthropies, private employers, and local governments can assist families in generating emergency savings by matching deposits of liquid savings.
- **Implement reparations.**<sup>25</sup> Residents in the Fairfield County area who are the direct descendants of people who were the subjects of racist policies and practices, such as housing

discrimination, could receive direct payments, housing benefits, or tax deductions that increase their access to capital and ability to build wealth and assets into the future (Stacy, Lo, and Fung 2023). Providing reparations to residents of the Fairfield County area who have been harmed by past discriminatory policies could help them overcome some of the persistent, intergenerational effects of human trafficking and bondage and other racially discriminatory policies (e.g., redlining, racial covenants, and racist lending practices) that have hindered wealth building (Darity and Mullen 2020).

## Health and Well-Being

- **Expand mental health care for communities of color.** This can include increasing funding for culturally tailored treatments, enacting loan repayment programs for mental health professionals, supporting nontraditional professionals and programs to expand the reach of community-based resources, offering expanded telehealth services, improving geographic access, ensuring language access, and integrating mental health into primary care (Last et al. 2024; Olfson 2016; Zabelski, Hollander, and Alexander 2024).
- **Undertake criminal justice reforms.** Black, Hispanic, and American Indian/Alaska Native populations are overrepresented in US prisons, which can affect the health of communities of color by limiting access to housing, employment, and job-related health benefits and worsening chronic and acute medical conditions, mental health outcomes, and preventable deaths (Iguchi et al. 2005; Sundaresh et al. 2020).<sup>26</sup> One way to prevent these negative impacts is by divesting in punitive actions and investing in prevention and community-based alternative systems that ensure people have jobs, food, and housing.<sup>27</sup> Efforts to reduce criminal justice disparities also can include increasing opportunities for people who have interacted with the justice system, for example, through expungement of criminal records.
- **Improve employer-sponsored health supports.** Ways to do this specifically to reduce racial gaps in health care access include removing copays for emergency room visits, covering 100 percent of costs for preventive screenings and vaccines, reducing the cost of medications, offering free or deeply subsidized primary care and mental health access, covering costs for virtual care, expanding health care–community partnerships, and making benefits and health care access easier to navigate.<sup>28</sup>
- **Promote preventive care and fund education and outreach programs that overcome persistent health disparities.** Business leaders and state and local governments can encourage

preventive care to help prevent deaths in the United States (Farley et al. 2010). While governments can offer free health clinics, business leaders can seek out health insurance providers that implement preventive measures, including care reminders via mobile phone messaging, screenings for asymptomatic diseases, preventive vaccines, and general lifestyle advice (Reuben 2012; Vodopivec-Jamsek et al. 2012).

Research has shown that progress can be made with regard to racial disparities around kidney disease and transplants, which disproportionately affect Black people in the United States. Business leaders as well as local governments can offer programs that deepen knowledge about the kidney transplant process. Education programs, community-based workshops, and media campaigns have been shown to increase the rate of living-donor kidney transplant (Wesselman et al. 2021).

Figure ES6 highlights examples of specific actions that various actors in the county and state can take to increase racial equity in the Fairfield County area. These recommendations do not encompass all actors or actions. For instance, local nonprofit organizations could assume a service provider role for most of the key actions attributed to philanthropic organizations and state and local government. In addition to performing each of the direct actions listed in the figure, each type of actor can advocate for the state and local policy and practice changes that are listed as well as any federal actions that can be taken to achieve the recommendations listed above.

FIGURE ES6

Actor-Specific Actions That Could Help Close Racial Equity Gaps in the Fairfield County Area

	 <b>Business leader</b>	 <b>Philanthropic organizations</b>	 <b>General public</b>	 <b>Local government</b>	 <b>State government</b>
Education	<ul style="list-style-type: none"> <li>▪ Fund after-school programs</li> <li>▪ Support College Promise programs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Fund after-school programs</li> <li>▪ Support College Promise programs</li> <li>▪ Fund/support targeted universal preschool</li> </ul>	<ul style="list-style-type: none"> <li>▪ Encourage inclusive practices within schools</li> </ul>	<ul style="list-style-type: none"> <li>▪ Fund targeted universal preschool</li> </ul>	<ul style="list-style-type: none"> <li>▪ Adjust funding to prioritize high-need schools</li> <li>▪ Offer means-tested college grant programs</li> </ul>
Workforce and small business development	<ul style="list-style-type: none"> <li>▪ Offer registered apprenticeships</li> <li>▪ Tighten job descriptions</li> <li>▪ Offer small business loans and microfinancing with zero or reduced interest</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pool resources to make grant funding available to small businesses</li> <li>▪ Facilitate knowledge sharing about nontraditional financing for small businesses</li> </ul>	<ul style="list-style-type: none"> <li>▪ Purchase from Black- and Latino-owned businesses</li> <li>▪ Patronize businesses that support the practices to the left of this column</li> </ul>	<ul style="list-style-type: none"> <li>▪ Underwrite or provide loan guarantees to high-risk small businesses</li> <li>▪ Forecast upcoming procurements</li> <li>▪ Improve small business lending supports</li> </ul>	<ul style="list-style-type: none"> <li>▪ Support registered apprenticeships</li> <li>▪ Forecast upcoming procurements</li> <li>▪ Improve small business lending supports</li> </ul>
Housing	<ul style="list-style-type: none"> <li>▪ Support zoning reforms</li> <li>▪ Offer employee housing subsidies</li> <li>▪ Eliminate risk-based pricing for mortgages</li> </ul>	<ul style="list-style-type: none"> <li>▪ Offer down payment assistance for first-generation homebuyers</li> <li>▪ Support shared equity homeownership models</li> <li>▪ Fund subsidized housing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Advocate for housing development locally, particularly affordable housing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reduce barriers to housing development by reducing fees, timelines, parking requirements, and exclusionary zoning practices and supporting transit-oriented development</li> </ul>	<ul style="list-style-type: none"> <li>▪ Require local governments to relax zoning regulations</li> <li>▪ Offer down payment assistance for first-generation homebuyers</li> </ul>
Wealth building	<ul style="list-style-type: none"> <li>▪ Offer matched savings programs</li> <li>▪ Offer reparations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Offer matched savings programs</li> <li>▪ Offer reparations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Financially support and advocate for local reparations initiatives</li> </ul>	<ul style="list-style-type: none"> <li>▪ Offer matched savings programs</li> <li>▪ Offer reparations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increase investments in baby bonds</li> <li>▪ Offer reparations for past discriminatory actions</li> </ul>
Health and well-being	<ul style="list-style-type: none"> <li>▪ Offer culturally tailored mental health care</li> <li>▪ Expand access to paid sick leave and paid family and medical leave</li> <li>▪ Improve health insurance coverage</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increase funding for culturally tailored mental health care treatments</li> </ul>	<ul style="list-style-type: none"> <li>▪ Donate to community health centers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Support nontraditional health care professionals and programs</li> <li>▪ Divest in punitive policing and invest in community supports</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increase funding for culturally tailored mental healthcare treatments</li> </ul>
Across all areas			<ul style="list-style-type: none"> <li>▪ Advocate for the state and local policies to the right of this column</li> </ul>		

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Source: Framework developed by the authors. See detailed sources in the recommendations section.

Note: This figure does not encompass all possible actions that could increase racial equity in the Fairfield County area.

While some of these initiatives would require substantial investment, the long-term benefits—including increased consumer spending, tax revenues, and entrepreneurship—could foster a more prosperous and inclusive Fairfield County area and help to recoup the costs of the equity investments. Increasing equity is achievable not only through substantial investments but also through restructuring of institutions, changing of policies, and challenging of unconscious biases. These actions can create positive cycles that can continue to increase equity into the future.

None of these actors can tackle inequity on their own. Instead, they must collaboratively prioritize equity and enact meaningful systems change by committing to new and ongoing efforts aimed at promoting fairness, justice, and inclusivity in the Fairfield County area and in Connecticut. Lasting change demands a collaborative effort from all sectors, targeting root causes of inequities rather than temporary solutions. By prioritizing structural reforms, the Fairfield County area can create a more equitable future, benefiting both the community and the economy.



# The Upside—Growth, Potential, and the Future of Fairfield County, Connecticut

Racial inequities are pervasive and deeply entrenched throughout the United States. As of the latest five-year American Community Survey (ACS; 2018–22), the median household income for households headed by people who are Black or African American was \$50,901 compared with \$81,423 for households headed by people who are non-Hispanic white and \$64,936 for households headed by people who are Hispanic or Latino.<sup>29</sup> In 2018, the Black-white homeownership gap reached its highest level in 50 years (Choi 2020), and the Latino-white homeownership gap was greater than 25 percent in 2022 (Smeraski et al. 2022). As of 2022, approximately 28 percent of Black adults and 21 percent of Latino adults had obtained bachelor's degrees, compared with 42 percent of white adults.<sup>30</sup>

These inequities are the result of past public and private policies and business practices that prevented people of color from accumulating wealth and living in neighborhoods of their choice (Brown 2016; Rothstein 2017). Redlining, racially restrictive covenants, predatory lending, and the absence of traditional lending to people of color historically inhibited many from owning homes; racism in appraisals and other real estate practices have left the values of Black- and Latino-owned homes significantly less than those of white-owned homes.<sup>31</sup>

Likewise, current policies and practices perpetuate these inequities. The federal government spends more than \$300 billion on housing and retirement tax subsidies to support asset building, but more than 80 percent of these subsidies go to taxpayers in the top 40 percent of the income distribution, while the bottom 20 percent receive less than half of 1 percent of subsidies. Black and Latino families, who have lower average incomes, benefit less from these subsidies than white families.<sup>32</sup> Discrimination in the labor market also has been shown to be quantitatively more important than skill differences at explaining wage and employment gaps (Borowczyk-Martins, Bradley, and Tarasonis 2017).

National trends in inequities are also apparent, and in some cases more extreme, in Connecticut's Fairfield County area. As of the latest five-year ACS data, the Fairfield County area<sup>33</sup> had the second-

highest rate of income inequity among all US metropolitan areas.<sup>34</sup> White households in the Fairfield County area<sup>35</sup> earned \$134,000 more, on average, than Black households in the county and approximately \$125,000 more than Latino households. These inequities are reinforced by current practices: in 2021, 25 percent of Black and 20 percent of Latino adults in the Fairfield County area<sup>36</sup> said that within the past three years, they had been unfairly fired, denied a promotion, or not hired, compared with 12 percent of white adults, with race being the most commonly reported reason for these experiences.<sup>37</sup>

However, equity is neither a zero-sum game nor an inevitable condition of social and economic systems. Advancing equity does not necessitate losses for some; rather, it can produce substantial benefits for the economy as a whole. For instance, Buckman et al. (2021) find that the gross domestic product (GDP) for the United States would increase by trillions of dollars if labor market outcomes for Black and Latino people and other people of color were increased to those of white individuals (Buckman et al. 2021). A study in Chicago found that reducing Black-white racial segregation to the median level of the 100 most populous commuting zones<sup>38</sup> would increase aggregate Black income by \$3.6 billion, increase educational attainment for both Black and white residents, and reduce the homicide rate by 30 percent (the equivalent of 167 homicides in 2010) (Acs et al. 2017). A study on Long Island (Nassau and Suffolk Counties) found that the island's economy could have been nearly \$24 billion stronger in 2014 alone if racial gaps in income were eliminated (PolicyLink, USC Program for Environmental and Regional Equity, and the Long Island Community Foundation 2017). Positive changes leading to increased access to high-quality education—and thus the development of certain skills and opportunities for multigenerational wealth building—for women and Black men between 1960 and 2010 contributed to roughly two-fifths of the growth in GDP, and reduction in labor market discrimination contributed to 8 percent of the growth in GDP (Hsieh et al. 2019).

In this report, we estimate the benefits that could accrue to residents of Connecticut's Fairfield County area if Black-white and Latino-white equity gaps in income, education, homeownership, and home values were to close. We estimate benefits in terms of increased economic activity (GDP) and subsequent tax revenues and potential additional expenditures should those gaps be closed. Finally, we discuss potential policy solutions to close these equity gaps, selected in partnership with an Equity Research Advisory Panel (ERAP) composed of individuals from the Fairfield County area.

Though about 5 percent of people in the Fairfield County area<sup>39</sup> identify as Asian and another 5 percent identify as another race or ethnicity, this research focuses on the larger and more well-documented inequities between Black, Latino, and white people, who constitute nearly 90 percent of the Fairfield County area<sup>40</sup> population.<sup>41</sup> While many people within Asian, Pacific Islander, and

American Indian and Alaska Native communities also face great disparities, small sample sizes prevent us from accurately measuring their inequities and making statements grounded in evidence and data.

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## BOX 1

### Key Terms

Definitions of key terms used throughout this report include the following:

- **equity:** acknowledgement of disparities in access and outcomes and elimination of systemic barriers to achieving a more just society where everyone thrives (defined by the Equity Research Advisory Panel)
- **evidence-based:** based on credible, well-established research and data
- **gross domestic product:** total value of goods and services produced within a geography (defined by the Bureau of Economic Analysis)<sup>42</sup>

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# Methods

To conduct this research, Fairfield County's Community Foundation, Urban Institute, and DataHaven collaborated with an ERAP to design and implement a data-driven procedure to estimate the benefits of equity that could accrue to the entire community. We used data from ACS and local data collected by DataHaven to describe current inequities in the Fairfield County area. We then estimated the benefits that could accrue if these gaps were closed. We matched Black and Latino residents to white counterparts to estimate incomes, education levels, and housing market outcomes in a more equitable world. We then used estimated equalized incomes to calculate increased GDP for the area. We also calculated how much state income taxes and local property taxes could increase in response to closing gaps in income and housing outcomes and explored the types of benefits these increased taxes could generate if equity were achieved. (See Appendix A for a detailed methodology.)

We then worked with the ERAP to identify the most promising evidence-based solutions for closing these gaps. The ERAP included community leaders from private, public, nonprofit, and philanthropic organizations and was intentionally diverse in terms of race and ethnicity, age, gender, and geography. ERAP members represented a variety of topic areas and disciplines including health, housing, education, youth development, arts, and community advocacy. Urban also consulted with experts, reviewed the

evidence base, and analyzed the relative tradeoffs of various interventions in order to create a final list. Recommendations selected for inclusion were those that were (1) prioritized by the ERAP, (2) have rigorous research showing that they are effective at increasing equity, and (3) were affirmed by experts.

This research includes several limitations. First, achieving equity may be costly, and while potential financial benefits exist, the full direct and indirect costs remain uncertain. Second, the analysis assumes sufficient resources are available to provide necessary jobs, income, housing, and educational opportunities, although policy actions like increasing housing supply could help ensure these resources exist. Third, this analysis does not capture the full range of downstream or secondary economic benefits of increased equity. Identifying and measuring these broader impacts is complex, and in some cases, the benefits may be difficult to quantify or uncertain. Fourth, this study touches on only some benefits of closing racial gaps, excluding significant areas like health and criminal justice, which deserve further exploration for their broader societal impact.

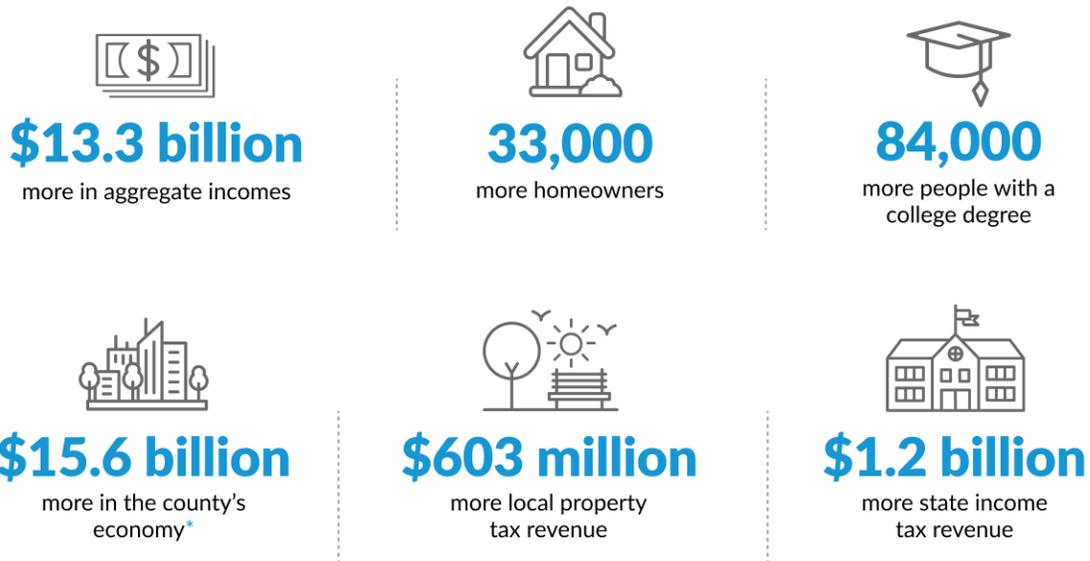
## Projected Economic Gains from Increasing Racial Equity in the Fairfield County Area

Increasing racial equity in the Fairfield County area could generate substantial economic gains for the entire region (figure 1). Specifically, if Black and Latino adults in the Fairfield County area had incomes equivalent to their white counterparts, the Fairfield County area's GDP could increase by \$15.6 billion. If Black or Latino people then had the tenure and educational attainment of their white counterparts, there could be 33,000 more homeowners and 84,000 more people with college degrees. This could equate to \$36.6 billion more in home values, \$603 million more in local revenue from property taxes, and \$1.2 billion more in state revenue from income taxes.

FIGURE 1

Potential Benefits from Increased Equity for Black and Latino People in the Fairfield County Area

If residents who are Black and Latino in Fairfield County, Connecticut, had the **same opportunities** as their white neighbors, there would be



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**Sources:** Authors' calculations from American Community Survey 2018–22 Public Use Microdata Samples; Bureau of Economic Analysis data on county income and GDP in 2022, 2021 and 2022; and personal income tax totals in Connecticut Open Data's Personal Income Tax Summary ("2021 and 2022 Personal Income Tax Totals," Connecticut Open Data, accessed September 5, 2024, <https://data.ct.gov/Tax-and-Revenue/2021-and-2022-Personal-Income-Tax-Totals/ryyz-k64m/data>); the 2020–2021 Annual Report by the State of Connecticut Department of Revenue Services ("Annual Report Fiscal Year 2020–2021," State of Connecticut Department of Revenue Services, accessed September 5, 2024, <https://portal.ct.gov/-/media/drs/research/annualreport/drs-fy21-annual-report.pdf>); and sources of state aid to towns in fiscal years 2021–25 according to the Connecticut General Assembly's Office of Fiscal Analysis ("Major Sources of State Aid to Towns," Connecticut General Assembly Office of Fiscal Analysis, accessed September 5, 2024, <https://cga.ct.gov/ofa/municipalinfo.asp>).

**Note:** \*As estimated by the change in county gross domestic product.

In this section, we provide an overview of the demographics of the Fairfield County area and present estimates for the potential impact of gap closures on income, GDP, homeownership rates, home value, educational attainment, and tax revenues in the Fairfield County area. Details about the data and methods used in these analyses can be found in Appendix A.

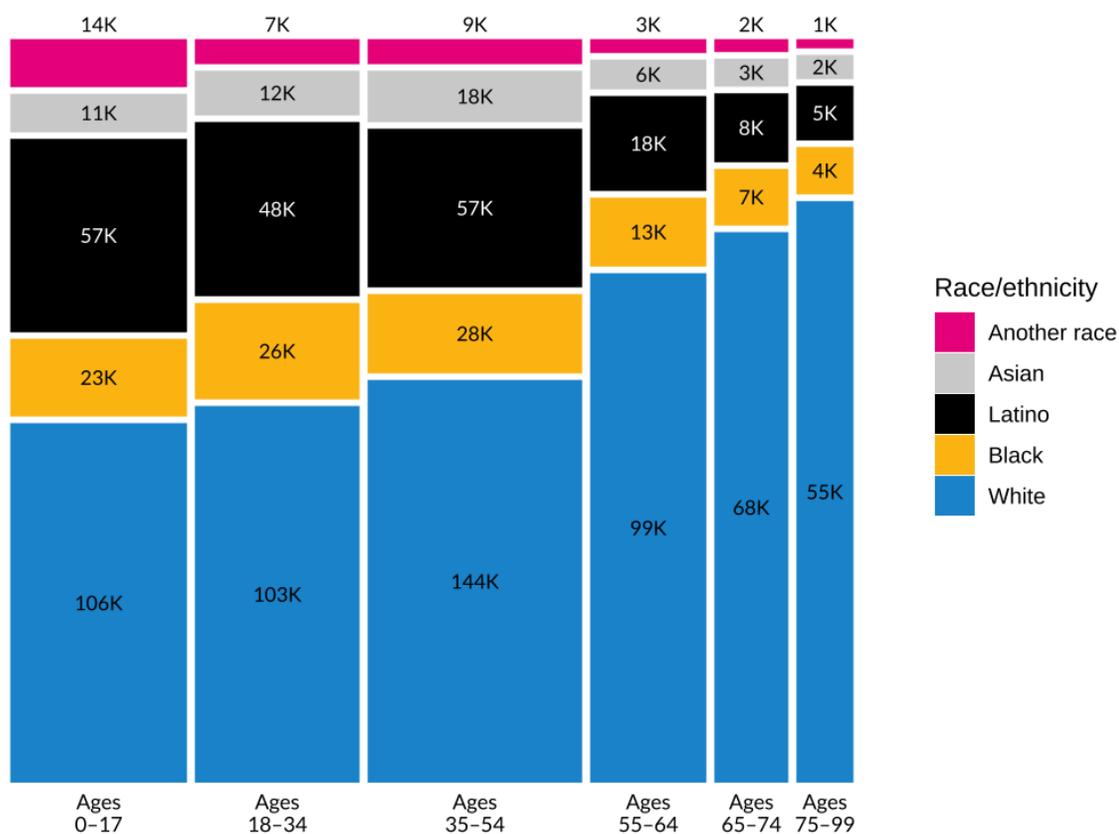
# Demographic Composition

The Fairfield County area is predominantly white, but younger populations are more diverse than older populations (figure 2). Overall, 58 percent of the population in the Fairfield County area<sup>43</sup> is white, 21 percent is Latino, 10 percent is Black (and not Hispanic or Latino), 5 percent is Asian, and 5 percent identifies as another race or ethnicity.<sup>44</sup> Yet only about half of children younger than 18 in the Fairfield County area are white, compared with the national average of 58 percent.<sup>45</sup> Older populations in the Fairfield County area, in contrast, skew whiter than the nationwide county average: approximately 82 percent of people age 75 and older in the Fairfield County area are white.<sup>46</sup>

FIGURE 2

## White Populations Are Largest, but Younger Populations Are Somewhat More Diverse

Population by age, race, and ethnicity, traditional Fairfield County, 2018–22



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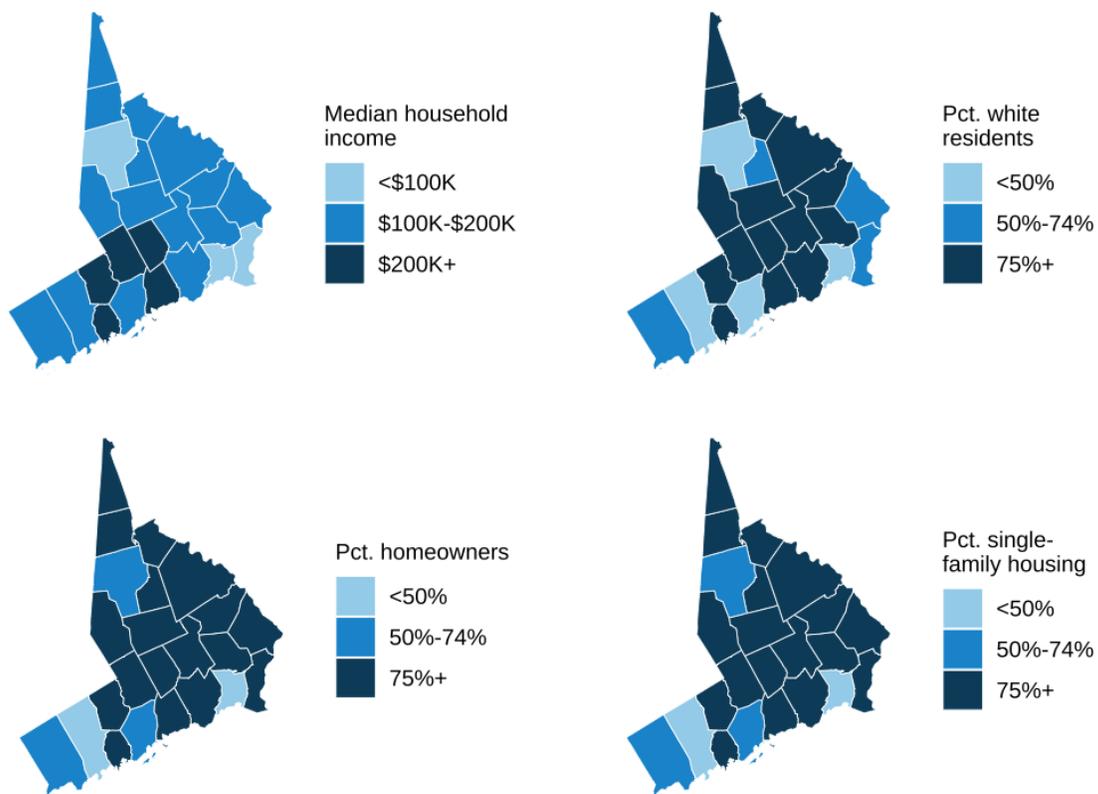
**Source:** American Community Survey 2018–22 five-year estimates. The chart is adapted from DataHaven’s Fairfield County Community Wellbeing Index (DataHaven, “Fairfield County Community Wellbeing Index 2023 Report,” 2023, <https://fccfoundation.org/research-publications/cwi2023/>).

**Note:** K = 1,000. To create mutually exclusive categories, the Asian, Black, and white race groups do not include people who identify as any other race or as Hispanic or Latino. “Another race” includes people who identify as American Indian, Alaska Native,

Pacific Islander, or multiracial but who do not identify as Hispanic or Latino. We use the term “traditional Fairfield County” to refer to the 23 towns that made up Fairfield County and were used in the census definition through 2021. Beginning in 2022, the census began reporting county-equivalent data for Connecticut planning regions rather than for the traditional counties.

The Fairfield County area<sup>47</sup> is highly segregated by income, race and ethnicity, homeownership, and percentage of housing that is single-family housing (figure 3).<sup>48</sup> Households with incomes greater than \$200,000 are concentrated in five adjacent towns. There are clear overlaps between the areas that have high percentages of white people, high rates of homeownership, and high shares of single-family units.

**FIGURE 3**  
**The Fairfield County Area Is Highly Segregated by Income, Race and Ethnicity, and Homeownership, and All but Two Towns Have Majorities of Single-Family Housing**  
*Traditional Fairfield County, 2018–22*



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**Source:** American Community Survey 2018–22 five-year estimates.

**Notes:** K = 1,000; Pct. = percentage. Median household income has been inflation-adjusted to 2023 dollars. We use the term “traditional Fairfield County” to refer to the 23 towns that made up Fairfield County and were used in the census definition through 2021. Beginning in 2022, the census began reporting county-equivalent data for Connecticut planning regions rather than for the traditional counties.

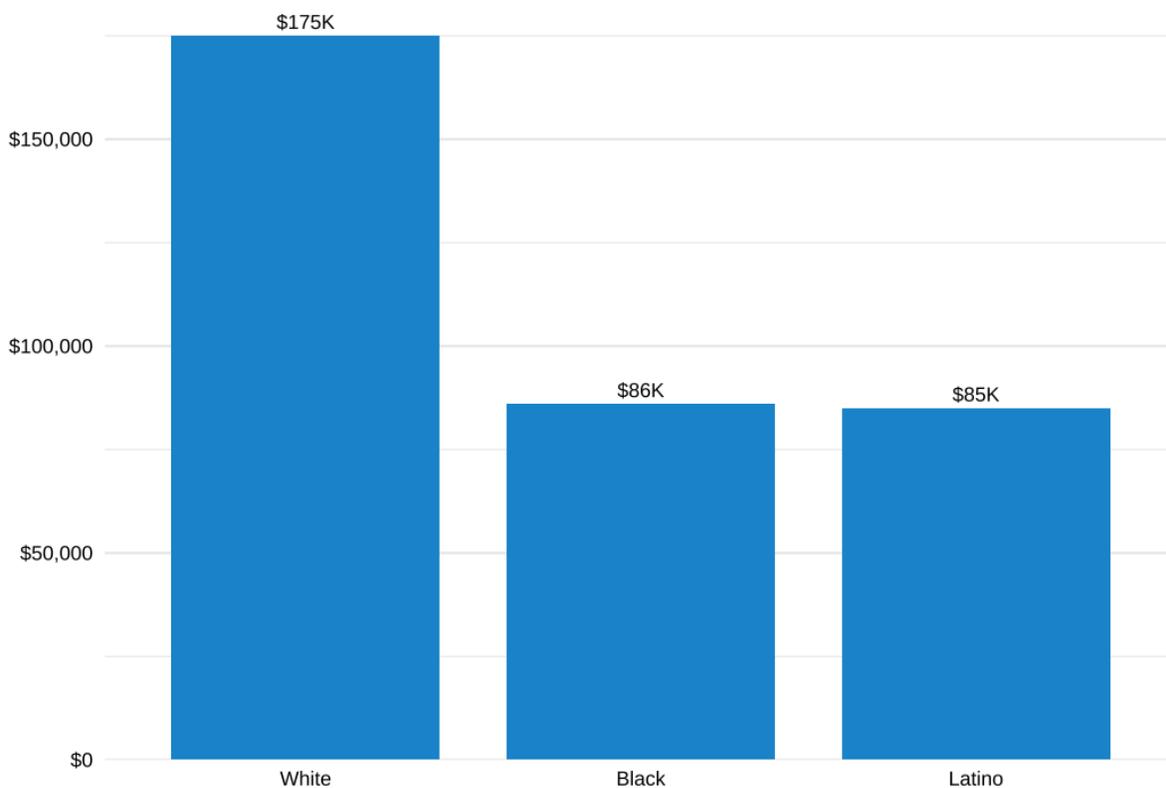
# Income Gaps

Incomes are the cumulation of multiple factors, including access to jobs, education, housing, health, and criminal histories, among other factors. Because of how racism and racial bias intersect with these factors, incomes are often unequal across race and ethnicity. This is true in the planning regions in the Fairfield County area (figure 4), where white households earn a median annual income of \$89,000 more than Black households in the county and approximately \$90,000 more than Latino households. Note that for the remainder of the report and for the reasons described above, we focus our analysis on Black, Latino, and white people.

FIGURE 4

## White Households Earn More than Black and Latino Households

Median household income, by race and ethnicity of head of household, Fairfield County area, 2018–22



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Source: American Community Survey 2018–22 Public Use Microdata Samples.

Note: K = 1,000. Median household incomes have been inflation-adjusted to 2023 dollars. To create mutually exclusive categories, the Black and white groups do not include people who identify as any other race or as Hispanic or Latino.

## Closing the Income Gap

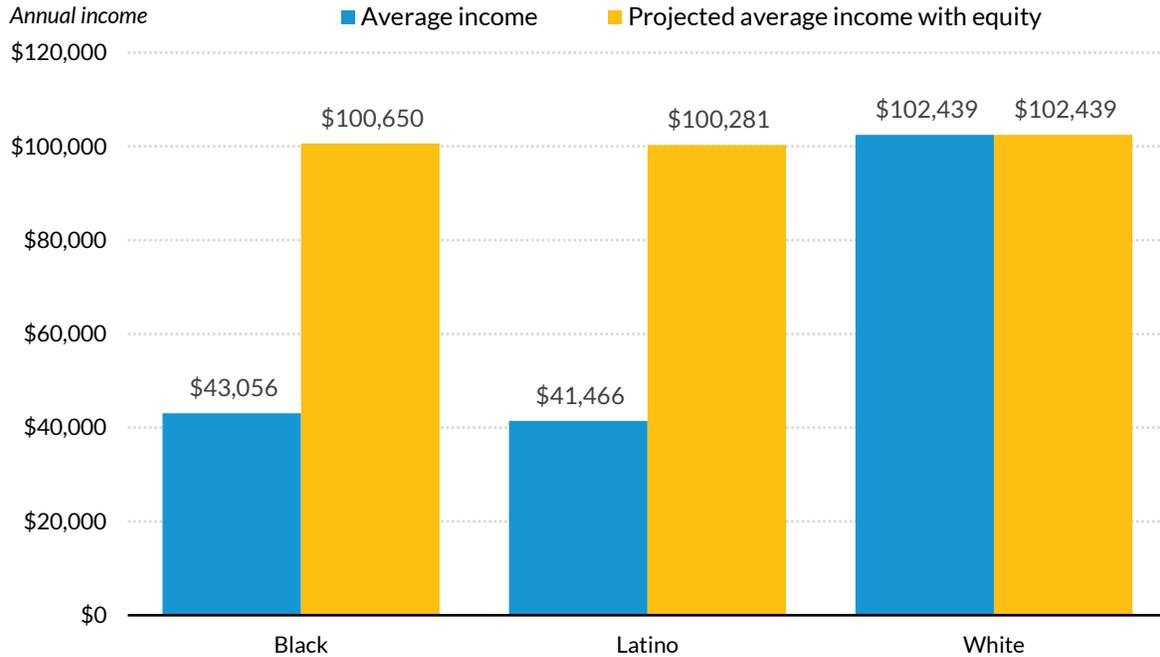
If the income gap between Black or Latino adults and white adults in the Fairfield County area were eliminated by increasing the incomes of Black and Latino adults, aggregate incomes in the county could increase by \$13.3 billion (figure 5, table 1).

As of 2022, the average Black adult in the Fairfield County area earned \$43,056, and the average Latino adult earned \$41,466, while the average white adult earned \$102,439. By assigning Black and Latino adults the incomes of their white counterparts according to their age and location in the income distribution, Black adults' incomes rise by \$4.6 billion, and Latino adults' incomes rise by \$8.7 billion in aggregate. This brings aggregate income in the county from \$63.3 billion to \$76.6 billion. Because this procedure generates equalized income at the individual level and accounts for different age distributions by race and ethnicity, the total equalized income for Black and Latino residents does not exactly match that of white residents (figures 5, 6, and 7). The majority of the gains in income could accrue to adults in the middle of the age distribution, with the largest gains accruing to people ages 46 to 49.

**FIGURE 5**

**Black and Latino Adults in the Fairfield County Area Could Earn an Average of \$57,594 and \$58,815 More in Annual Incomes, Respectively, if Racial Gaps Were Closed**

*Average annual incomes for Black and Latino adults compared with projected incomes in a more equitable Fairfield County area, 2018–22*



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Source: Authors' calculations from American Community Survey 2018–22 Public Use Microdata Samples.

Note: Incomes have been inflation-adjusted to 2023 dollars. We did not model changes for other racial/ethnic groups.

**TABLE 1**

**Aggregate Income in the Fairfield County Area Could Increase by 21 Percent with a Full Closure of the Income Gap**

*Increases in annual income for Black and Latino residents in a more equitable Fairfield County area, 2018–22*

	Black	Latino	White	Total
Original aggregate income (\$)	3.4 billion	6.2 billion	48.3 billion	63.3 billion
Income increases with equity (\$)	4.6 billion	8.7 billion	—	13.3 billion
Aggregate income with equity (\$)	8.0 billion	14.9 billion	48.3 billion	76.6 billion
Percentage increase in incomes with equity	134%	142%	—	21%

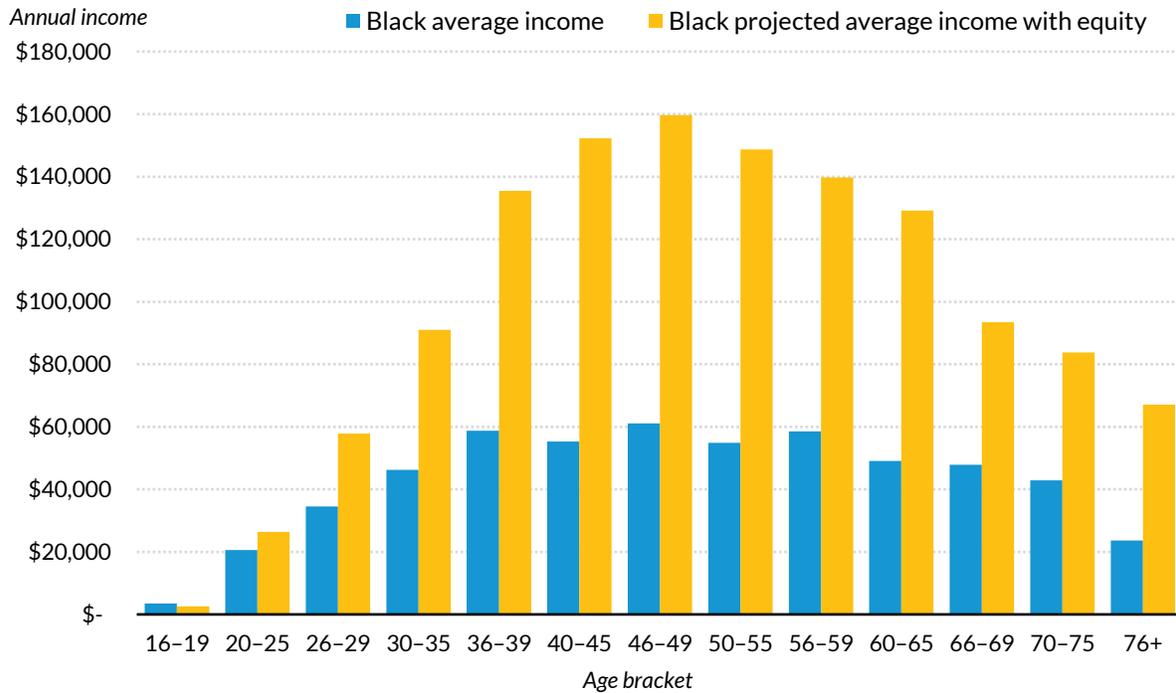
Source: Authors' calculations from American Community Survey 2018–22 Public Use Microdata Samples.

Note: Incomes have been inflation-adjusted to 2023 dollars and rounded. Since we did not model changes for other racial/ethnic groups, the “total” column represents totals only across Black, Latino, and white adults in the Fairfield County area and does not represent the entire county population.

FIGURE 6

**For Black Adults, the Largest Gains Could Accrue toward the Middle of the Age Distribution**

*Increases in annual income for Black adults in an equitable Fairfield County area by age group, 2018–22*



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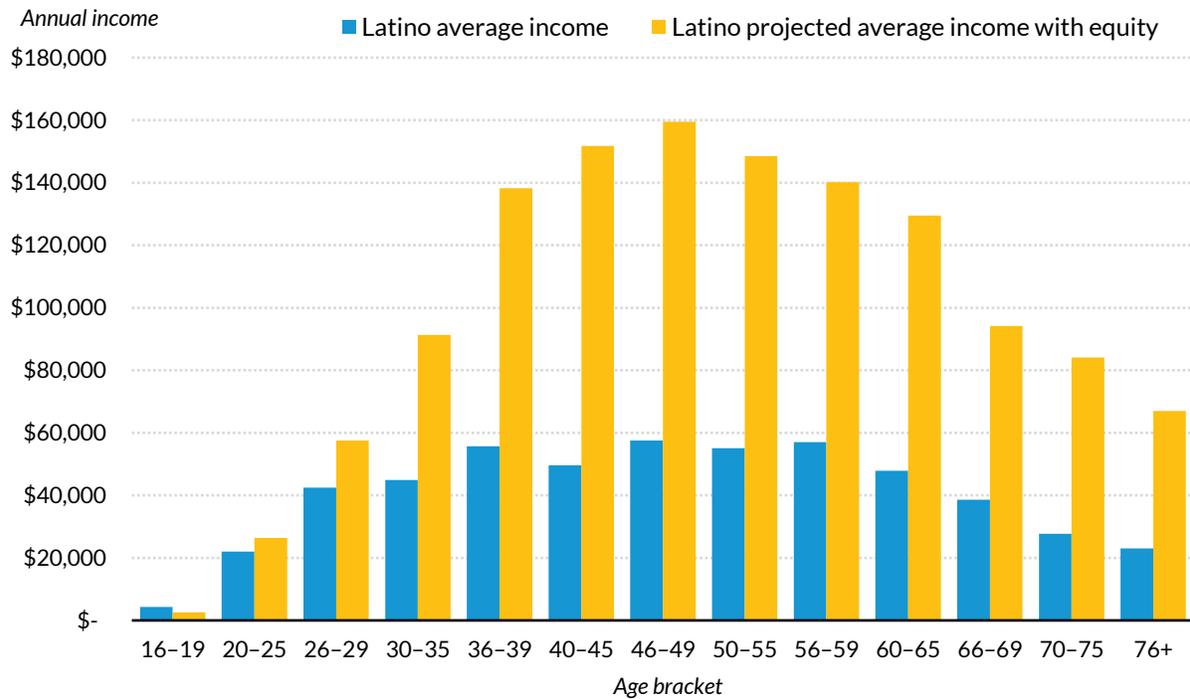
Source: Authors' calculations from American Community Survey 2018–22 Public Use Microdata Samples.

Note: Incomes have been inflation-adjusted to 2023 dollars and rounded. We did not model changes for other racial/ethnic groups.

FIGURE 7

**For Latino Adults, the Largest Gains Could Accrue toward the Middle of the Age Distribution**

*Increases in annual income for Latino adults in an equitable Fairfield County area by age group, 2018–22*



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Source: Authors' calculations from American Community Survey 2018–22 Public Use Microdata Samples.

Note: Incomes have been inflation-adjusted to 2023 dollars and rounded. We did not model changes for other racial/ethnic groups.

### Shrinking the Income Gap

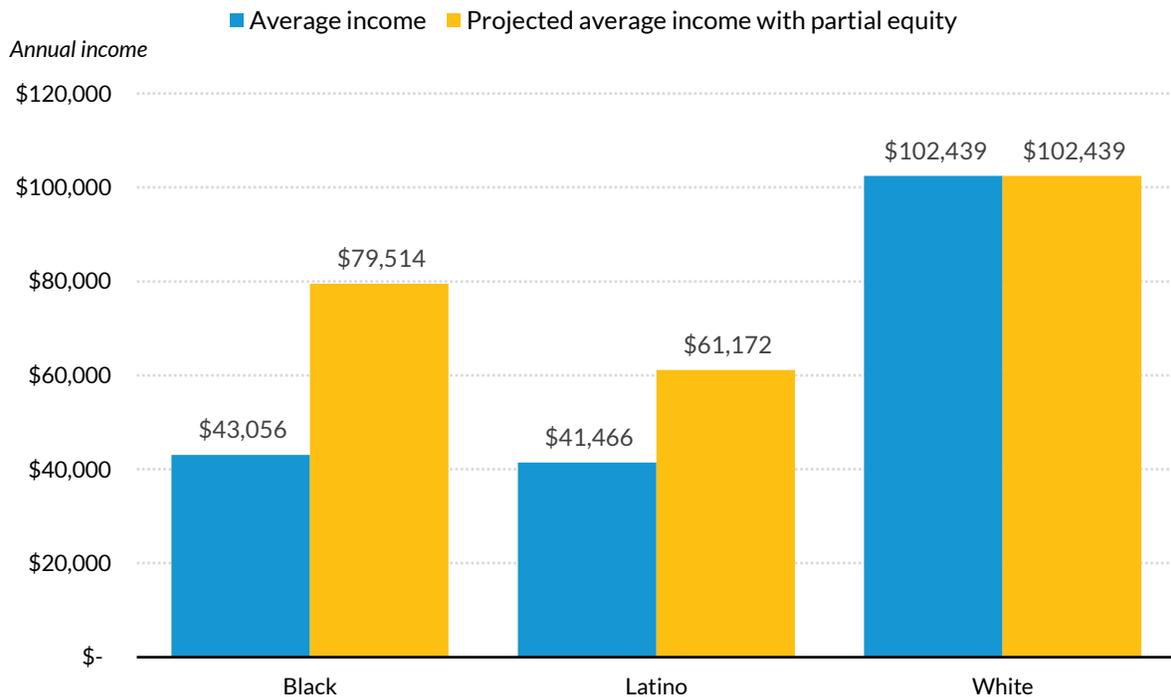
Given that fully closing the income gap feels unrealistic to some, we explore the possibility of a partial closure, which could present a more achievable solution for stakeholders in the Fairfield County area who may view the prospect of a complete closure as overly ambitious or unfeasible. This partial closure offers a more attainable benchmark, allowing stakeholders to consider a more incremental yet still significant improvement in racial income equity. The approach models what might be possible if the Fairfield County area were to narrow its income disparities to the levels observed in a similar county, where racial income gaps are smaller and have been partially addressed.

To estimate a partial closure, we model the income gaps for Black and Latino individuals to match those of a comparable county with smaller racial income disparities: Middlesex County, New Jersey. Like the Fairfield County area, Middlesex is a suburban county in the Northeast with a similar total

population, Black population, Latino population, and median income (see Appendix A for further details). However, Middlesex County exhibits less racial income inequality than the Fairfield County area. In the Fairfield County area, the median income for Black and Latino adults is only 42 and 39 percent of the median income for white adults, respectively. In contrast, in Middlesex County, the median incomes for Black and Latino adults are 79 and 61 percent of the median income for white adults.

In this scenario, we find that incomes for Black adults increase to \$79,514 for a gain of \$2.9 billion in aggregate, and incomes for Latino adults increase to \$61,172 for an aggregate gain of \$2.9 billion as well (figure 8 and table 2). In this partial closure scenario, aggregate income for the Fairfield County area could increase by \$5.8 billion, or 9 percent. These benefits could accrue predominantly to adults toward the middle of the age distribution (figures 8 and 9).

**FIGURE 8**  
**Black and Latino Adults in the Fairfield County Area Could Earn an Average of \$36,458 and \$19,706 More, Respectively, if Racial Gaps Were Partially Closed**  
*Increases in annual income for Black and Latino adults in a partially equitable Fairfield County area, 2018–22*



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Source: Authors’ calculations from American Community Survey 2018–22 Public Use Microdata Samples.

Note: Incomes have been inflation-adjusted to 2023 dollars and rounded. We did not model changes for other racial/ethnic groups.

TABLE 2

**In a Partial Closure Scenario, Aggregate Income in the Fairfield County Area Could Increase by 9 Percent**

*Increases in aggregate income for Black and Latino adults in a partially equitable Fairfield County area, 2018–22*

	Black	Latino	White	Total
Original aggregate income (\$)	3.4 billion	6.2 billion	48.3 billion	63.3 billion
Income increases with partial equity (\$)	2.9 billion	2.9 billion	–	5.8 billion
Aggregate income with partial equity (\$)	6.3 billion	9.1 billion	48.3 billion	69.2 billion
Percentage increase in incomes with partial equity	85%	48%	–	9%

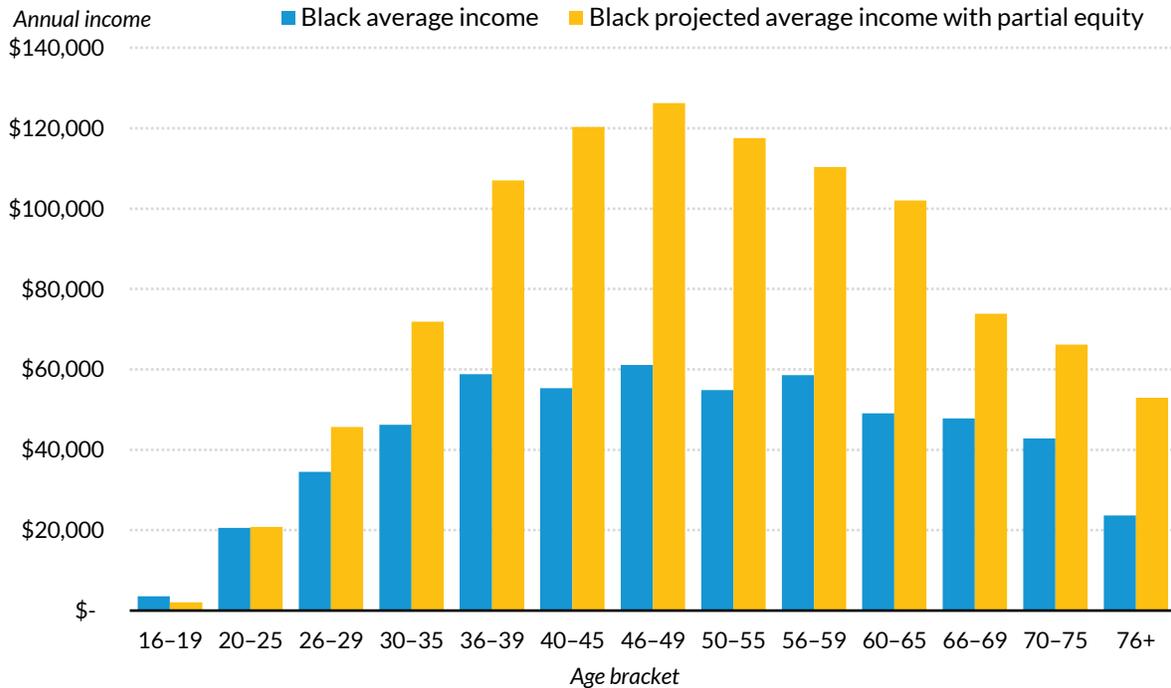
Source: Authors’ calculations from American Community Survey 2018–22 Public Use Microdata Samples.

Note: Incomes have been inflation-adjusted to 2023 dollars and rounded. Since we did not model changes for other racial/ethnic groups, the “total” column represents totals across only Black, Latino, and white adults in the Fairfield County area and does not represent the entire county population. See Appendix A for more details about this methodology.

FIGURE 9

**In a Partial Gap Closure Scenario, the Largest Gains Could Accrue to Black Adults toward the Middle of the Age Distribution**

*Increases in annual income for Black adults in a partially equitable Fairfield County area by age group, 2018–22*



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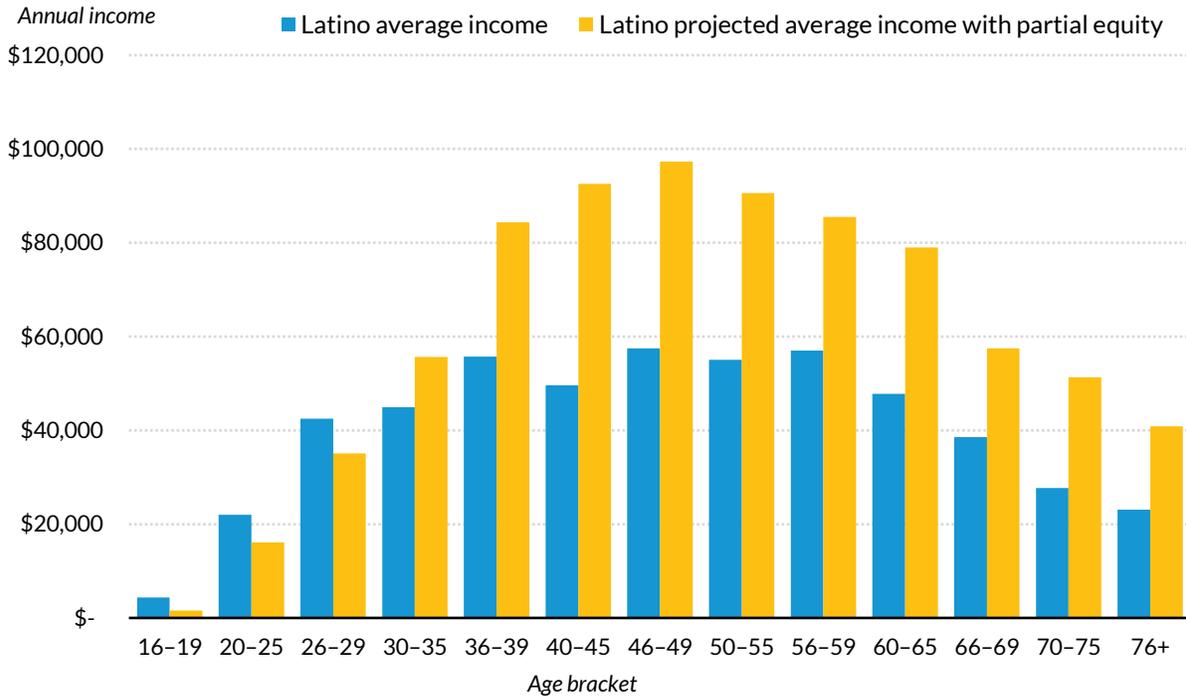
Source: Authors’ calculations from American Community Survey 2018–22 Public Use Microdata Samples.

Note: We did not model changes for other racial/ethnic groups.

**FIGURE 10**

**In a Partial Gap Closure Scenario, the Largest Gains Could Accrue to Latino Adults toward the Middle of the Age Distribution**

*Increases in annual income for Latino adults in a partially equitable Fairfield County area by age group, 2018–22*



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Source: Authors’ calculations from American Community Survey 2018–22 Public Use Microdata Samples.

Note: We did not model changes for other racial/ethnic groups.

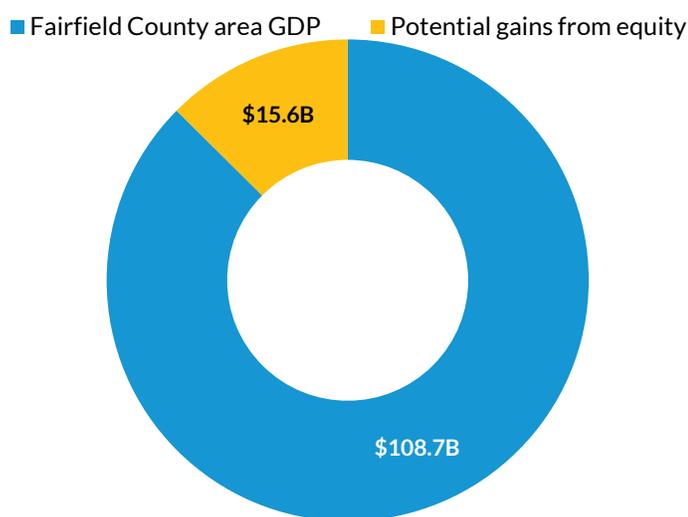
**Impact of Income Gap Closures on GDP**

These increases in income from closing income gaps for Black and Latino residents could go on to increase the size of the Fairfield County area’s economy. The most common measure of total economic activity is GDP, which measures the total market value of the final goods and services produced within a certain area in a year.<sup>49</sup> It is calculated as consumer spending plus business spending plus government spending plus net exports (exports minus imports). Therefore, as incomes rise, so does GDP. This is because when people have more disposable income, they tend to spend more on goods and services, which directly contributes to the overall economic output measured by GDP. As consumer demand rises due to those higher incomes, businesses are incentivized to produce more goods and services, further contributing to GDP growth.

If the income gaps for Black and Latino adults in the Fairfield County area were completely closed, GDP could increase by 14 percent, or \$15.6 billion (figure 11). To conduct a robustness check of this estimate, we also estimate GDP gains using alternative assumptions, which include variations in which components of GDP will increase when incomes increase. The largest number assumes that GDP increases one for one with incomes. The smallest number assumes that only the income component of GDP rises as incomes rise. The middle number, our preferred estimate, assumes that income and taxes on production and imports rise as incomes rise. Using these alternative assumptions about how GDP might increase as income increases, we estimate GDP increases ranging from \$14.0 to \$22.9 billion, or 13–21 percent.

**FIGURE 11**

**Gross Domestic Product (GDP) Could Increase by \$15.6 Billion if Racial Equity Gaps Were Closed**  
*The Fairfield County area's GDP and projected GDP gains in an equitable Fairfield County area, 2022*



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**Source:** Authors' analysis of Bureau of Economic Analysis data on county income and GDP in 2022 and US Census Bureau American Community Survey 2018–22 Public Use Microdata Samples.

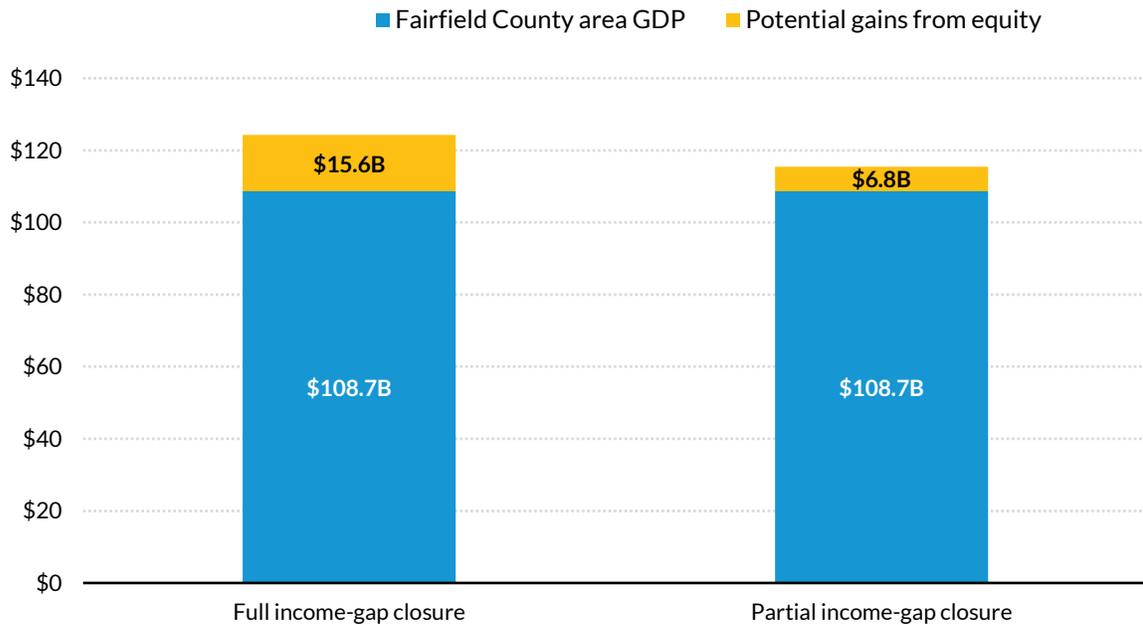
**Note:** B = billion. Figure represents 2022 GDP inflation-adjusted to 2023 dollars.

In a partial gap closure scenario that would bring the racial/ethnic income gap in the Fairfield County area to that of a peer county, we estimate that county GDP could increase by \$6.8 billion (figure 12), from about \$108.7 billion to \$115.5 billion.

FIGURE 12

**Gross Domestic Product in the Fairfield County Area Could Increase by \$15.6 Billion if Racial Equity Gaps Were Fully Closed and \$6.8 Billion if Racial Equity Gaps Were Partially Closed**

*Fairfield County area's gross domestic product and projected gross domestic product gains in an equitable and partially equitable Fairfield County area, 2022*



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Sources: Authors' analysis of Bureau of Economic Analysis data on county income and gross domestic product and US Census Bureau American Community Survey data.

Note: B = billion. GDP = gross domestic product. Figures represent 2022 GDP inflation-adjusted to 2023 dollars.

### Impact of Income Gap Closures on Public Spending Opportunities

These increases in income and GDP could increase state tax revenue, which could be reinvested through municipal revenue sharing in programs that benefit all county residents, such as schools, parks, and business supports. In Connecticut, revenue sharing from state income taxes includes funds for schools, roads, and various other municipal improvements. We estimate the impact of increased income tax revenue from adults in the Fairfield County area while holding incomes constant in the rest of the state.

In a full income gap closure scenario, we estimate that state income tax revenue would increase by \$1.2 billion each year. We look at three ways this increase in state income taxes might affect people living in the Fairfield County area. First, we estimate the aid to schools and municipalities if the share of

revenue that is distributed back to local governments were to remain the same. Second, we examine what would happen if all additional revenue were redistributed to schools. Third, we consider scenarios in which taxes are reduced so that revenues would remain unchanged.<sup>50</sup>

In the first scenario, we estimate that the additional \$1.2 billion in income tax revenue for the state would lead to \$300 million more each year in aid to municipalities and local schools. The municipalities and school districts in the Fairfield County area received 15 percent of state aid to municipalities and schools in 2023. At that rate, the schools and local governments could receive an additional \$45 million (figure 13), with \$35 million specifically going to schools. To put this into context, the average teacher salary in Connecticut during the 2022–2023 school year was \$83,400.<sup>51</sup> If those funds were used only for additional teachers (assuming an additional \$50,000 in benefits per teacher), local school districts could hire 264 more teachers. Alternatively, the Fairfield County area school districts could increase the compensation for its 12,806 current teachers by \$2,751 per teacher annually.<sup>52</sup> These increases in funds would benefit students; research shows that increases in school spending improve student achievement (Lafortune, Rothstein, and Schanzenbach 2018).

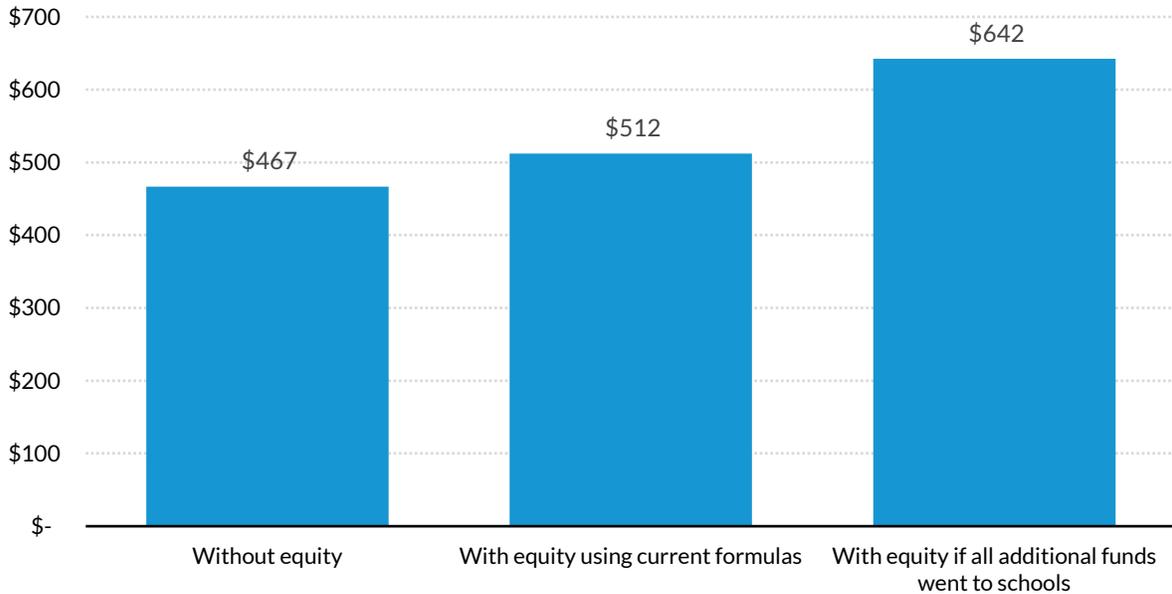
Using the second scenario, if the state were to use all of the additional revenue from closing the income gap on schools alone with the current ratios, the Fairfield County area school districts would receive 15 percent of the \$1.2 billion increase in tax revenue—an additional \$176 million. Those funds could be used to hire 1,316 additional teachers or increase compensation for current teachers by \$13,712.

Finally, if the state used the funds to cut taxes on all residents, it could reduce income taxes by 10 percent, or it could use the \$1.2 billion on things such as tax relief for seniors, acceleration of the backlog of state infrastructure projects that would normally require bond funding, housing assistance for essential workers (police, fire, emergency medical services, teachers, etc.), and improved mass transit. These examples highlight the various priorities and trade-offs that the state could consider in deciding how to allocate the additional revenue.

FIGURE 13

**State Aid to the Fairfield County Area Could Increase by \$45 Million Using Current Formulas and \$184 Million if All Additional Revenue Went to Schools throughout the State if Racial Gaps Were Closed**

State transfers to the Fairfield County area compared with projected transfers to an equitable Fairfield County area (millions of 2023 dollars), 2018–22



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**Source:** Authors' calculations from 2021 and 2022 personal income tax totals in Connecticut Open Data's Personal Income Tax Summary ("2021 and 2022 Personal Income Tax Totals," Connecticut Open Data, accessed September 5, 2024, <https://data.ct.gov/Tax-and-Revenue/2021-and-2022-Personal-Income-Tax-Totals/ryyz-k64m/data>); the 2020–2021 Annual Report by the State of Connecticut Department of Revenue Services ("Annual Report—Fiscal Year 2020–2021," State of Connecticut Department of Revenue Services, accessed September 5, 2024, <https://portal.ct.gov/-/media/drs/research/annualreport/drs-fy21-annual-report.pdf>); and sources of state aid to towns in fiscal years 2021–2025 according to the Connecticut General Assembly's Office of Fiscal Analysis ("Major Sources of State Aid to Towns," Connecticut General Assembly Office of Fiscal Analysis, accessed September 5, 2024, <https://cga.ct.gov/ofa/municipalinfo.asp>).

**Note:** Numbers are in 2023 dollars, assuming 4 percent revenue growth between 2022 and 2023.

## Gaps in Educational Attainment

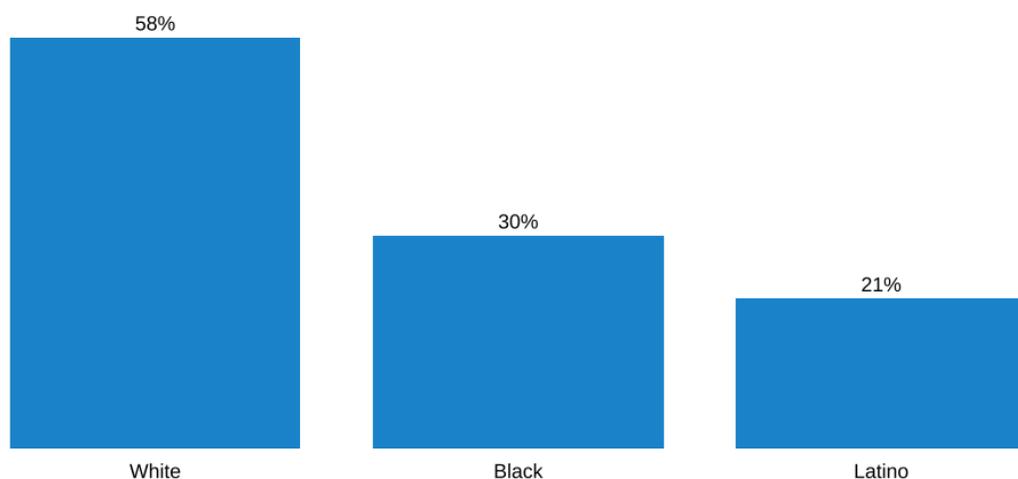
Racial discrepancies in educational attainment are stark in the Fairfield County area (figure 14). Fewer than one-third of Black and Latino adults have bachelor's degrees, whereas 58 percent of white adults do. National research shows that parental financial assistance for college explains one-third of the racial

gap in educational attainment and that Black parents' lower socioeconomic resources, due to a lack of opportunity to amass resources, explain almost all racial disparity in parental financial assistance (Nam 2020). This is related to the inability of many Black households to purchase homes with favorable loan terms, since homeownership is one of the primary methods for amassing wealth in the United States. Homeownership also directly affects educational outcomes. Not only is living in an owner-occupied home during childhood positively associated with young adults' educational attainment, but it is negatively associated with teen pregnancy, criminal convictions, and the likelihood of being on public assistance (Blau, Haskell, and Haurin 2019). Educational attainment is important for predicting later earnings, which can then go on to further close the income gaps noted above (Autor 2014).

FIGURE 14

### Fewer than One-Third of Black and Latino Adults in the Fairfield County Area Have Bachelor's Degrees

Share of adults age 25 and older with bachelor's degrees or higher, 2018–22



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Source: American Community Survey 2018–22 Public Use Microdata Samples.

Note: To create mutually exclusive categories, the Black and white groups do not include people who identify as any other race or as Hispanic or Latino.

## Closing the Educational Attainment Gap

Part of the income gap is caused by gaps in educational attainment. To determine the extent to which education gaps affect income gaps, we estimate how many additional people with high school diplomas and bachelor's degrees there could be in an equitable Fairfield County area and then the income gains that could accrue solely to this increase in educational attainment. Note that other reasons for income

gaps could include racism in hiring practices, the criminal justice system, housing, and other factors that we do not explore here.

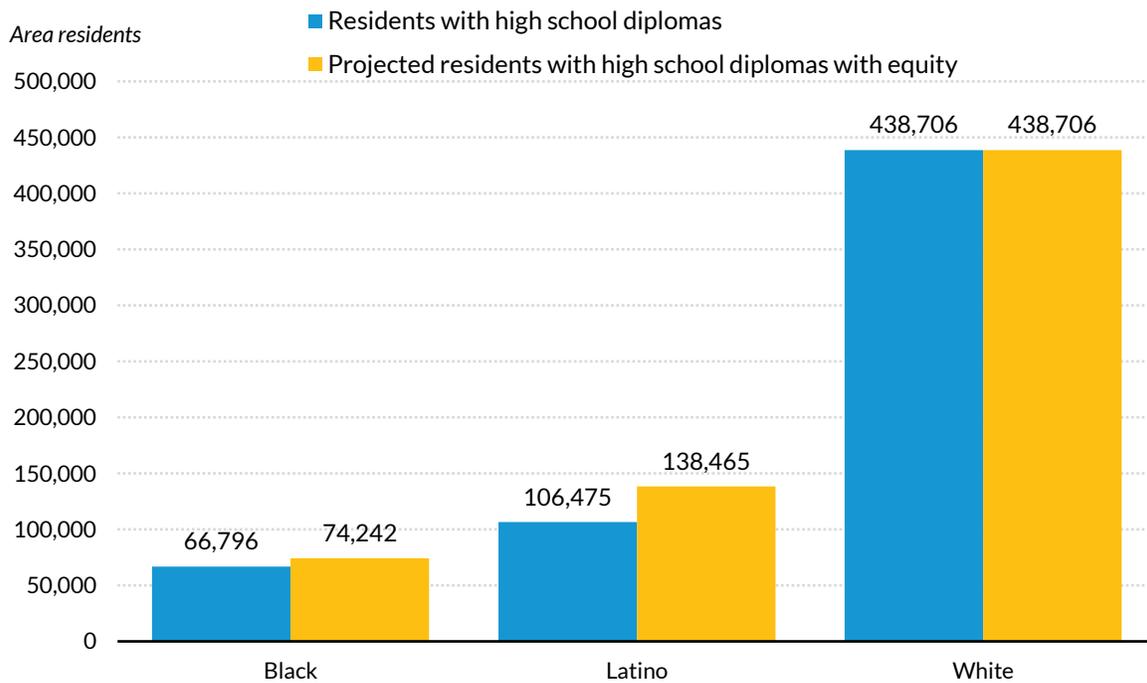
If the education gap were closed, there could be 7,446 more Black people with high school diplomas, 26,171 more Black people with bachelor’s degrees, 31,990 more Latino people with high school diplomas, and 58,213 more Latino people with bachelor’s degrees (table 3).

This equates to an 11 percent increase in the number of Black people with high school diplomas and a 30 percent increase in the number of Latino people with high school diplomas (figures 15 and 16). Likewise, there could be a 32 percent increase in bachelor’s degrees for Black people and a 100 percent increase for Latino people.

**FIGURE 15**

**If There Were a Full Closure of the Education Gap in the Fairfield County Area, 7,446 More Black People and 31,990 More Latino People Could Earn High School Diplomas**

*Increases in educational attainment for Black and Latino residents in a more equitable Fairfield County area, 2018–22*



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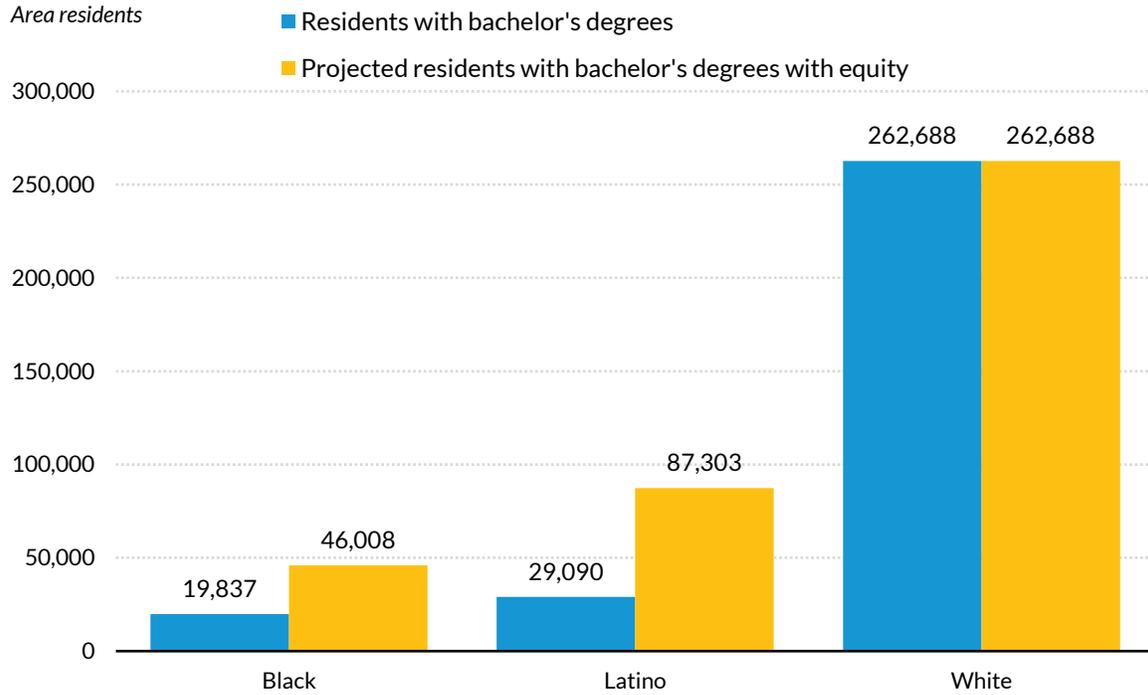
**Source:** Authors’ calculations from American Community Survey 2018–22 Public Use Microdata Samples.

**Note:** We did not model changes for other racial/ethnic groups. “People with high school diplomas” includes individuals who received regular high school diplomas, completed general equivalency diplomas or alternative credentials, or attended some college but for less than one year.

FIGURE 16

**If There Were a Full Closure of the Education Gap in the Fairfield County Area, 26,171 More Black People and 58,213 More Latino People Could Earn Bachelor’s Degrees**

*Increases in educational attainment for Black and Latino residents in a more equitable Fairfield County area, 2018–22*



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**Source:** Authors’ calculations from American Community Survey 2018–22 Public Use Microdata Samples.

**Note:** We did not model changes for other racial/ethnic groups.

**TABLE 3**

**If There Were a Full Closure of the Racial Education Gap, the Number of Black and Latino People with High School Diplomas Could Increase by 39,436, and the Number of Black and Latino People with Bachelor’s Degrees Could Increase by 84,384**

*Increases in educational attainment for Black and Latino residents in a more equitable Fairfield County area*

	<b>Black</b>	<b>Latino</b>	<b>White</b>	<b>Total</b>
Number of people with high school diplomas	66,796	106,475	438,706	611,977
Increase in number of people with high school diplomas with equity	7,446	31,990	–	39,436
Aggregate number of people with high school diplomas with equity	74,242	138,465	438,706	651,413
Number of people with bachelor’s degrees	19,837	29,090	262,688	311,615
Increase in number of people with bachelor’s degrees with equity	26,171	58,213	–	84,384
Aggregate number of people with bachelor’s degrees with equity	46,008	87,303	262,688	395,999

**Source:** Authors’ calculations from American Community Survey 2018–22 Public Use Microdata Samples.

**Note:** Incomes have been inflation-adjusted to 2023 dollars. Since we did not model changes for other racial/ethnic groups, the “total” column represents totals across only Black, Latino, and white people in the Fairfield County area and does not represent the entire county population.

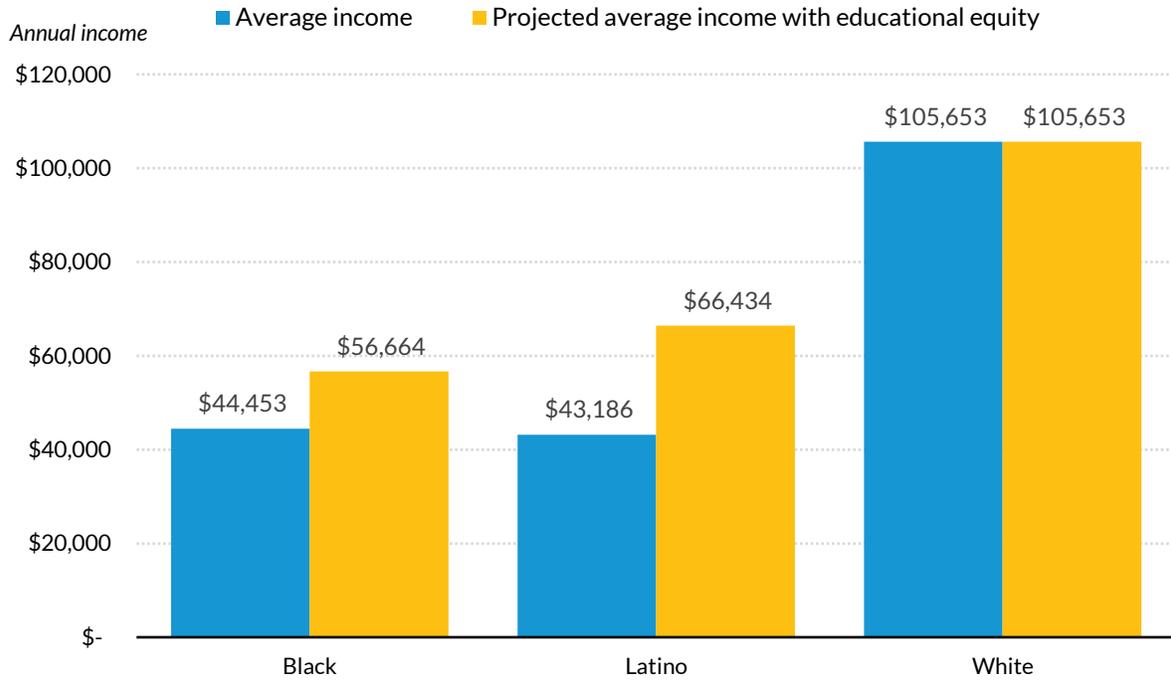
**Impact of Education Gap Closures on Income Gaps**

Interesting to note, even with increases in educational equity, the income gap declines only modestly (figure 17). Incomes for Black adults increase to only \$56,664 with educational equity compared with \$105,653 for white adults, and incomes for Latino adults increase to only \$66,434. This still leaves an income gap, with Black and Latino adults’ earning 54 and 63 percent, respectively, of white adults’ incomes. Currently, white adults outearn Black and Latino adults who have the exact same education attainment (figure 18), suggesting that factors beyond educational attainment affect income by race and ethnicity.

FIGURE 17

**Even with Educational Equity in the Fairfield County Area, Racial Income Gaps Could Persist**

*Increases in average annual income with educational equity for Black and Latino adults, 2018–22*



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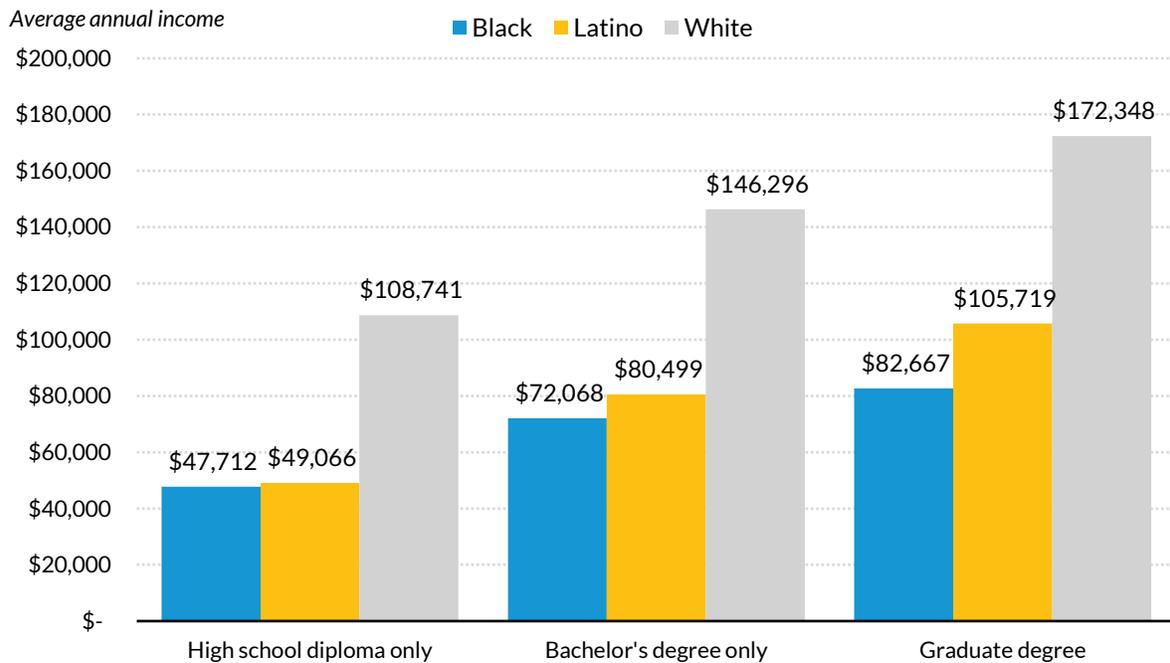
Source: Authors' calculations from American Community Survey 2018–22 Public Use Microdata Samples.

Note: Incomes have been inflation-adjusted to 2023 dollars. We did not model changes for other racial/ethnic groups.

FIGURE 18

**White Adults Outearn Black and Latino Adults with the Same Level of Education**

Gaps in income, by race and ethnicity, for adults with the same level of education in the Fairfield County area, 2018–22



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Source: Authors' calculations from American Community Survey 2018–22 Public Use Microdata Samples.

Note: Incomes have been inflation-adjusted to 2023 dollars. We did not model changes for other racial/ethnic groups.

## Gaps in Housing and Homeownership

Another core contributor to racial gaps in access to opportunity is housing. Housing determines access to jobs, education, healthy environments, and social networks and supports.

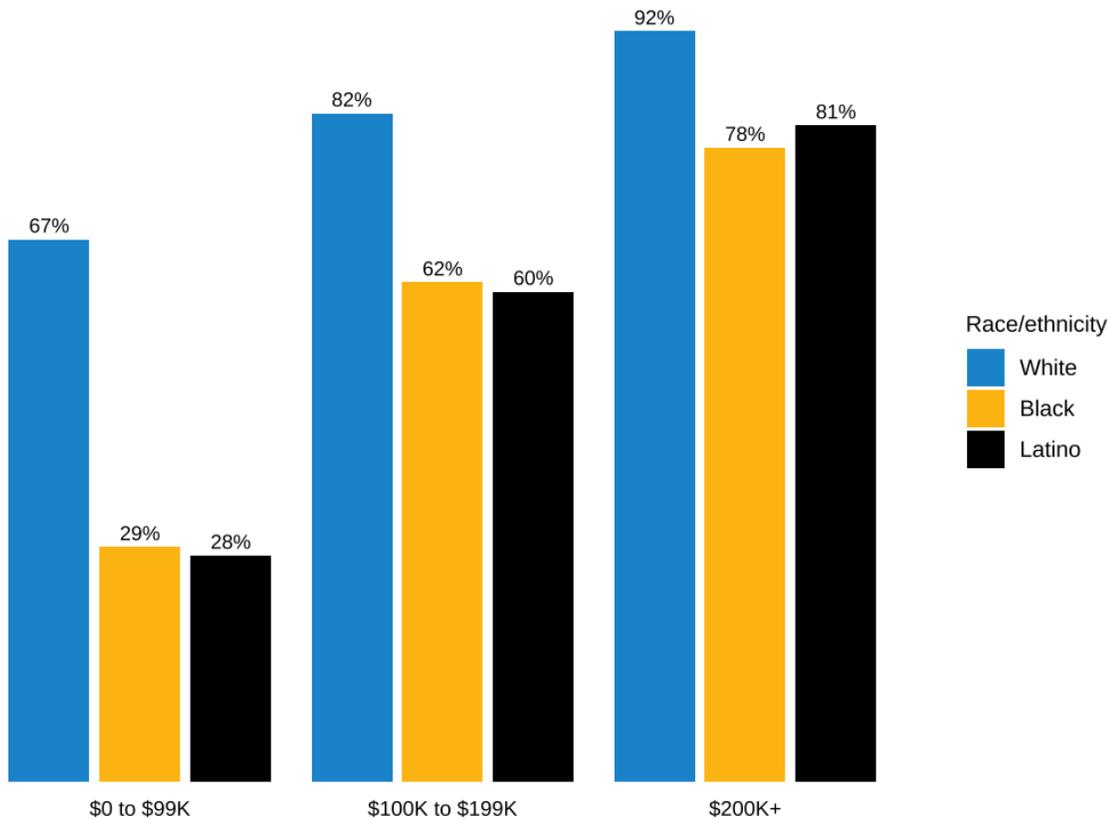
In the Fairfield County area, not only are white households much more likely to own their homes than nonwhite households regardless of income level (78 percent for white households, 44 percent for Black households, and 42 percent for Latino households) (figure 19), but home values for white-led households are more than \$100,000 higher than those for Black- and Latino-led households (figure 20). In addition, Black- and Latino-led households are much more likely to be housing cost burdened: to spend more than 30 percent of their income on housing costs (figure 21). Being housing cost burdened can make it difficult for families to afford other necessities such as doctors' visits, healthy food, and

transportation, and it has been shown to be associated with lower life satisfaction overall (Acolin and Reina 2022; Kushel et al. 2006; Long 2003).

FIGURE 19

**White-Led Households Are More Likely to Own Their Homes than Nonwhite Households, Regardless of Income Level**

*Homeownership rates, by race and ethnicity of head of household and household income range, Fairfield County area, 2018–22*



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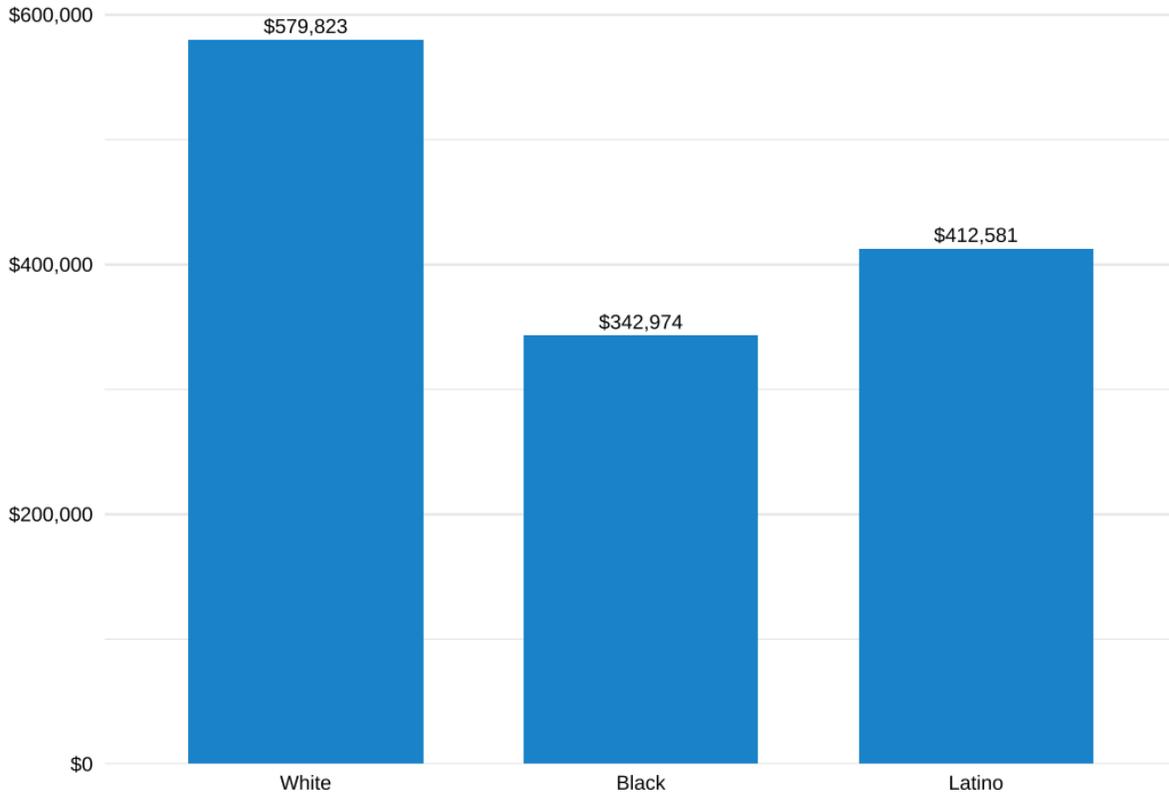
Source: American Community Survey 2018–22 Public Use Microdata Samples.

Note: K = 1,000. To create mutually exclusive categories, the Black and white groups do not include people who identify as any other race or as Hispanic or Latino. Income ranges have been inflation-adjusted to 2023 dollars.

FIGURE 20

**Home Values for White-Led Households Are More than \$100,000 Higher than for Black- and Latino-Led Households**

*Median home value, by race and ethnicity of head of household for owner-occupied homes, Fairfield County area, 2018–22*



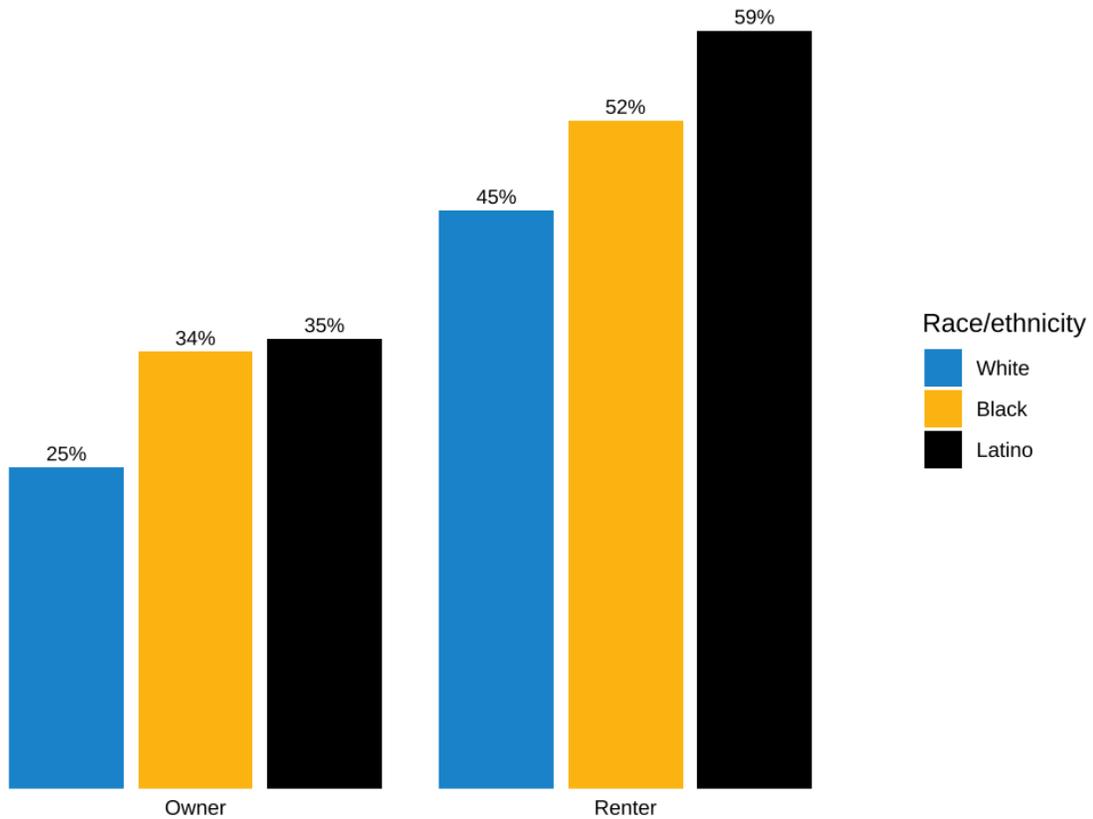
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**Source:** American Community Survey 2018–22 Public Use Microdata Samples.

**Notes:** To create mutually exclusive categories, Black and white groups do not include people who identify as any other race or as Hispanic or Latino. Values have been inflation-adjusted to 2023 dollars.

FIGURE 21

**Black- and Latino-Led Households, Especially Renters, Are More Likely to Be Housing Cost Burdened**  
*Housing cost burden rates by race and ethnicity of head of household and tenure, Fairfield County area, 2018–22*



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Source: American Community Survey 2018–22 Public Use Microdata Samples.

Note: Housing cost burden is defined as spending more than 30 percent of household income on housing. To create mutually exclusive categories, the Black and white groups do not include people who identify as any other race or as Hispanic or Latino.

Some of the differences in homeownership by race and ethnicity are due to discrimination in the mortgage market. Mortgage applicants in the Fairfield County area who are Black and make less than \$100,000 a year are twice as likely to be denied mortgages as white applicants, and Latino applicants in this income range are also substantially more likely to be denied mortgages than white applicants in this range. For applicants with incomes greater than \$100,000, Latinos are twice as likely as white applicants to be denied mortgages, and Black applicants are also substantially more likely to be denied mortgages than white applicants in this range (figure 22).

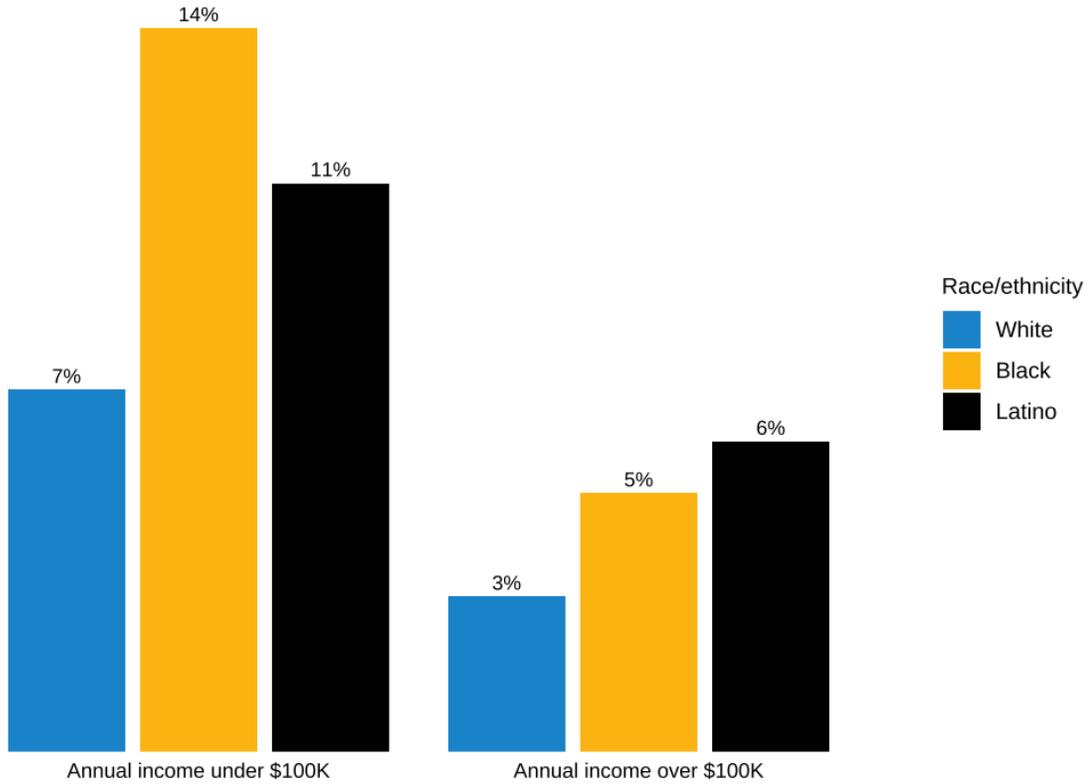
While some of these differences may be due to underlying credit scores between people of different races and ethnicities, research shows that even after controlling for credit risk and other factors, Black and Latino applicant denial rates are higher than those of white applicants (Popick 2022). In fact, this research shows that if denial rates for Black or Latino applicants were the same as those for white applicants in 2020, total approvals for conventional purchase loans would have been 2.1 percent higher for Black applicants and 1.5 percent higher for Latino applicants.

Not only are denial rates higher for applicants who are Black or Latino compared with white applicants, but the loan terms they do receive are often worse (Apgar and Calder 2005). Popick (2022) found that Black borrowers paid 6.1 basis points more in interest rates than white borrowers, and Latino borrowers paid 6.4 basis points more than white borrowers. This equates to a present value of \$1,583 more for Black borrowers than white borrowers and \$1,725 more for Latino borrowers than white borrowers during the life of the loan. Black and Latino borrowers also received a disproportionate share of subprime loans from 2003 to 2006, with the likelihood of a subprime loan increasing for Black applicants as incomes rose (Faber 2013). This suggests that the underlying income of the applicants was not the cause of the subprime lending but rather that lenders were targeting wealthier people of color for subprime loans when they could have qualified for prime loans.

FIGURE 22

**Black Lower-Income Applicants Are Twice as Likely to Be Denied a Mortgage as White Applicants in the Fairfield County Area**

*Mortgage denial rates, by race and ethnicity of applicant and income level, traditional Fairfield County, 2022*



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**Sources:** Home Mortgage Disclosure Act of 2022, Consumer Financial Protection Bureau, “Mortgage data (HMDA),” accessed September 5, 2024, <https://www.consumerfinance.gov/data-research/hmda/>. The chart is adapted from DataHaven’s Fairfield County Community Wellbeing Index (DataHaven, “Fairfield County Community Wellbeing Index 2023 Report,” 2023, <https://fccfoundation.org/research-publications/cwi2023/>).

**Note:** To create mutually exclusive categories, the Black and white groups do not include people who identify as any other race or as Hispanic or Latino. We use the term “traditional Fairfield County” to refer to the 23 towns that made up Fairfield County and were used in the census definition through 2021. Beginning in 2022, the census began reporting county-equivalent data for Connecticut planning regions rather than for the traditional counties.

## Closing the Homeownership and Home Value Gaps

To understand how addressing racial inequities in the housing market could affect the Fairfield County area’s economy, we matched Black-led and Latino-led households in the Fairfield County area to white-led households with similar household incomes and household heads of similar ages. We then assigned Black- and Latino-led households the home tenure and value of their matched counterparts. These

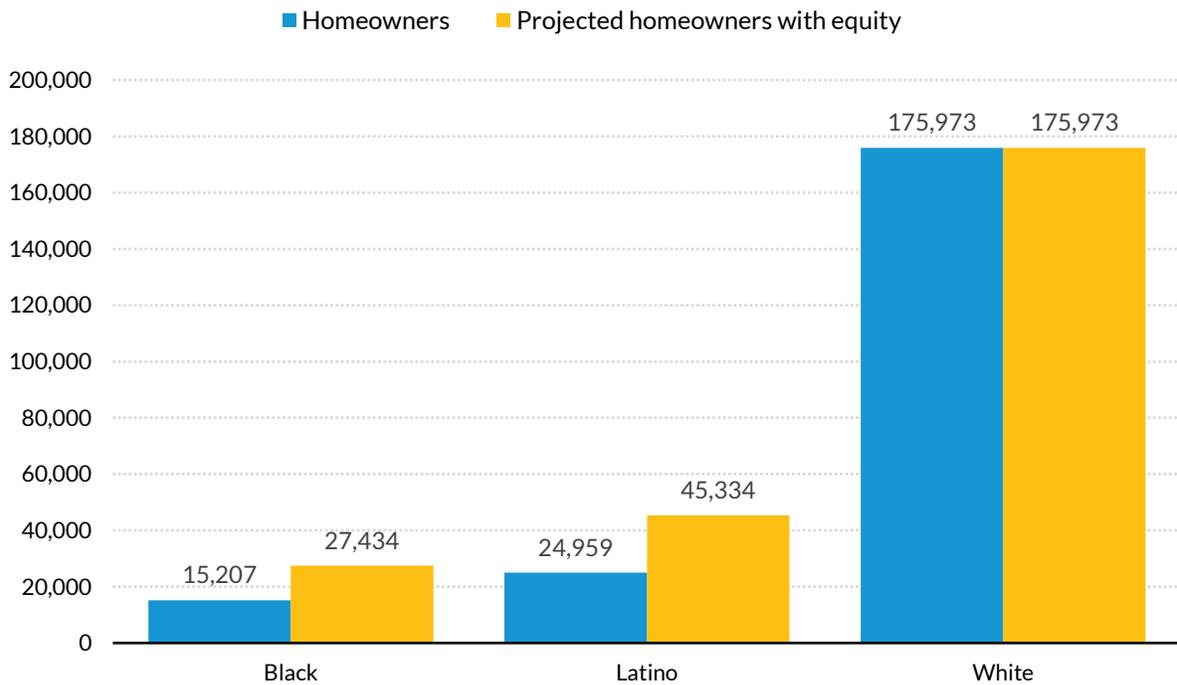
estimates assume that the policies implemented to close the housing gap include policies necessary to create enough housing supply and to eliminate discrimination in housing markets.

While 78 percent of white-led households in the Fairfield County area own their own homes, fewer than half of Black- and Latino-led households do. Closing homeownership gaps could increase the number of Black homeowners by about 12,200 and Latino homeowners by about 20,400 (figure 23). Taken together, this could increase the number of homeowners in the Fairfield County area by 14 percent.

**FIGURE 23**

**If Racial Housing Gaps Were Eliminated, 33,000 More Residents Could Own Their Homes**

*Number of homeowners, by race/ethnicity, compared with projected homeowners in an equitable Fairfield County area, 2018–22*



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Source: Authors' calculations from American Community Survey 2018–22 Public Use Microdata Samples.

Note: We did not model changes for other racial/ethnic groups.

Comparing Black-led households in the Fairfield County area to their matched white-led counterparts, we estimate that Black-led households are living in homes valued at 56 percent less than the homes they could live in if they had the same homes as their matched counterparts (figure 24).<sup>53</sup> Similarly, we estimate that Latino-led households in the Fairfield County area are living in homes valued

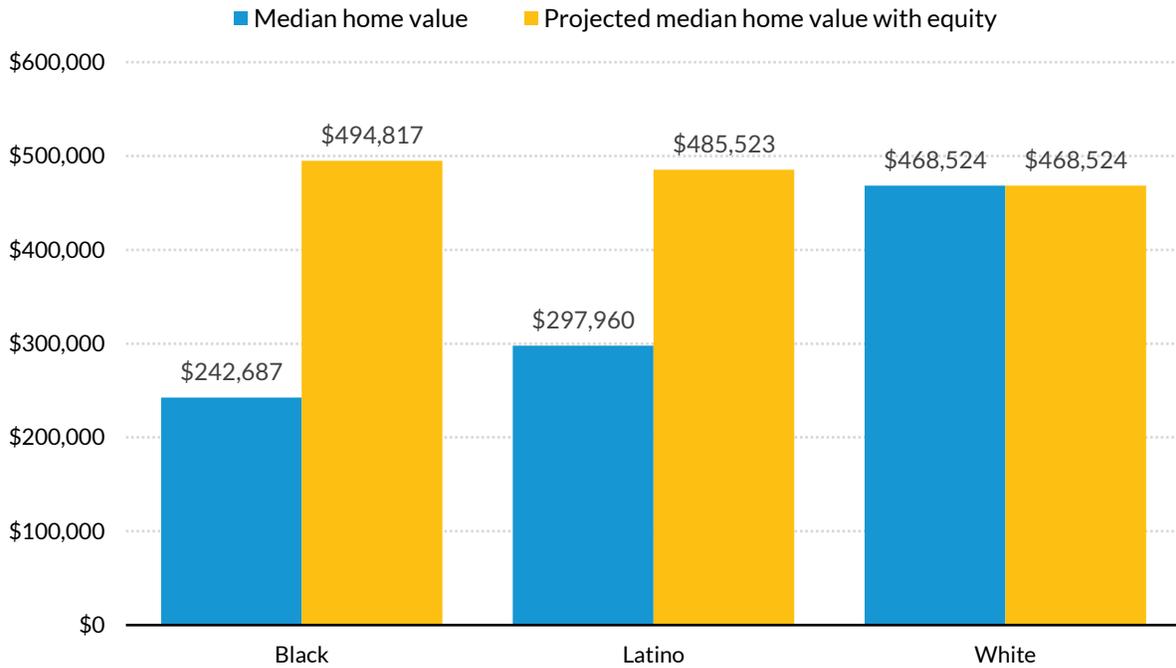
at 49 percent less than they could be if home values were equitable. Much of this gap is likely due to differences in housing size and quality, partially due to the history of racism in the housing market. Some variation is likely a product of differences in valuations between predominantly white and predominantly Black or Latino neighborhoods, as has been found to be true nationally: homes in Black neighborhoods are valued roughly 21–23 percent less than what their valuations would be in non-Black neighborhoods (Rothwell and Perry 2022).

In fact, if Black- and Latino-led households in the Fairfield County area lived in homes valued as highly as those in which white residents reside, the total value of residential real estate in the county could increase by 17 percent. As shown in figure 24, equalized home values for Black- and Latino-led households are actually higher than those for white-led households because the homes occupied by white-led households that looked most similar to the homes occupied by Black- and Latino-led households had higher home values than the average white-led household after adjusting for the income gap.

FIGURE 24

### With Equitable Housing Opportunities, Home Values for Black- and Latino-Led Households Could Be Higher

Median home value, by race and ethnicity, compared with projected median home value in a more equitable Fairfield County area, 2018–22



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Source: Authors' calculations from American Community Survey 2018–22 Public Use Microdata Samples.

Note: Home values have been inflation-adjusted to 2023 dollars. We did not model changes for other racial/ethnic groups.

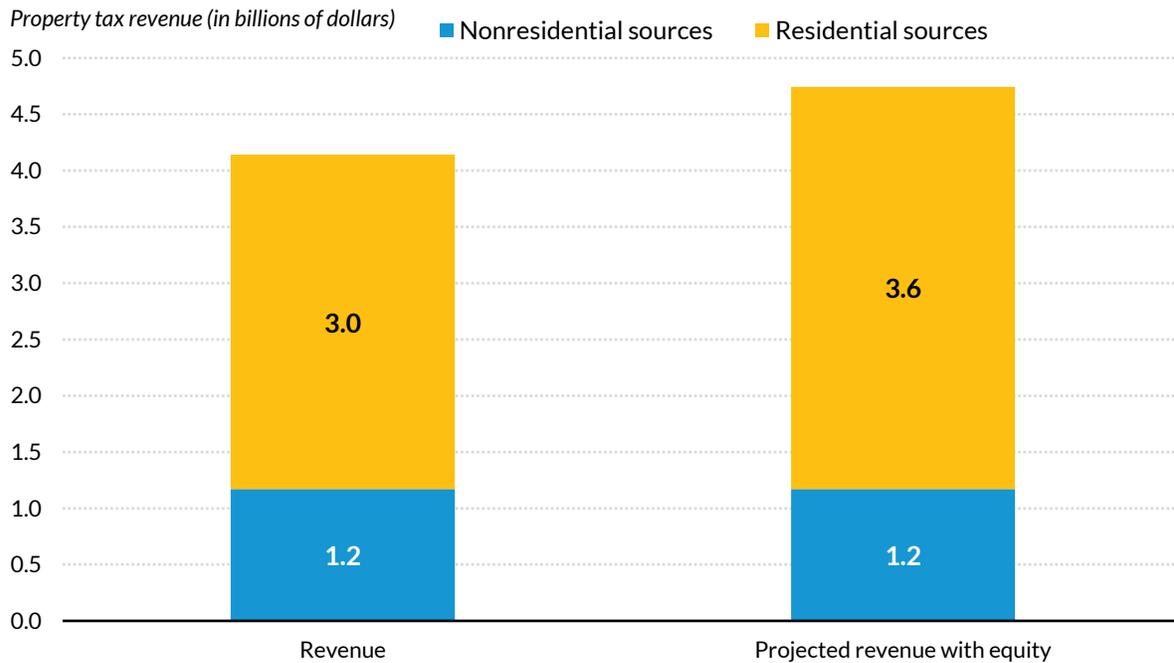
### Impact of Closing the Housing Gap on Public Spending Opportunities

If the above gaps in homeownership and home value were closed, residential property tax revenue for cities and towns in the Fairfield County area<sup>54</sup> could increase by 20 percent in aggregate, and total property tax revenue could increase by 15 percent. This could mean an additional \$603 million in revenue (in 2023 dollars) for municipal governments and local schools (figure 25).

FIGURE 25

### An Equitable Housing Market Could Generate More Property Tax Revenue in the Fairfield County Area

Property tax revenue (in billions of dollars) for cities and towns in traditional Fairfield County, currently and with equity, 2024



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**Source:** Authors' calculations from American Community Survey 2018–22 Public Use Microdata Samples and property tax data from Connecticut Open Data portal.

**Notes:** Property tax revenues have been inflation-adjusted to 2023 dollars. 2024 property tax estimates are based on 2022 Grand List assessment data.

These funds could be reinvested in programs that benefit libraries, parks, emergency services, police, transit, and other services. Other potential reinvestments prioritized by the ERAP include the following:

- improved road safety
- more frequent street cleaning
- main-street development efforts
- funds for high-quality summer programs
- reduced property taxes (especially for seniors)

- elimination of the motor vehicle tax<sup>55</sup>
- tax relief for seniors
- small business development
- green spaces and community gardens
- environmental sustainability efforts
- housing down payment assistance

## Limitations

This research is not without limitations. First, it may be costly to achieve some of these goals. Therefore, the financial benefits estimated here could be seen as the amount of money that could be regained after investing in equity, or what might be considered a reasonable amount to invest in equity outside of the direct benefits to beneficiaries. Unfortunately, while we can point to evidence-based solutions that can increase equity, the full costs of achieving equity are unknown. And we cannot say how long it could take for the investment to close gaps in income, education, and housing to pay for themselves, but it is reasonable to expect that these costs would not continue indefinitely, so they should eventually pay for themselves. There also may be secondary costs associated with any structural change to the local economy that we do not estimate. For example, spending patterns and employment choices would be different in a more equitable economy, and those changes are likely to produce both winners and losers.

Second, the analysis assumes there exist sufficient resources to provide the jobs, income, housing, and educational opportunities to bring all Black and Latino people up to the rates of white people. This may not be the case. For instance, there is not enough housing supply currently to support the homeownership levels presumed for this analysis.<sup>56</sup> Policy action can help alleviate some of these constraints. It also is possible that increases in pay equity or greater competition for high-skilled jobs may drive down wages for some workers, but research has shown that increasing salaries increases worker performance; this could go on to benefit businesses' bottom lines (Bryson, Buraimo, and Simmons 2011). This could help allow for increased salaries of lower-paid employees without driving down wages for others.

Third, long-term economic benefits could flow from increased incomes, housing wealth, consumer spending, and tax revenue that we do not estimate. For example, we expect that increased income, homeownership, and housing wealth could increase consumption of goods (Aladangady 2017) and spur

greater levels of entrepreneurship (Kerr, Kerr, and Nanda 2022), leading to additional economic growth.

Finally, the benefits we estimate here are only some of the benefits that could accrue to closing racial gaps, and we highlight only some of the gaps that need to be closed. For instance, we do not estimate the impact of closing health gaps on communities as a whole, and there stand to be major gains from such closures. We do not estimate the potential impacts of closing racial gaps in the criminal justice system, which also could greatly benefit society. These other benefits should be explored in future research.

## Recommendations for Closing Income, Education, Homeownership, and Home Value Gaps

From the above analysis, it is clear that all residents and businesses in the Fairfield County area have much to gain from reducing racial gaps in income, education, and housing. This section outlines a sample of recommendations for how business leaders, philanthropic leaders, policymakers, practitioners, and the general public can work to increase equity, should they be interested in doing so. The recommendations presented here are grounded in rigorous evidence of their effectiveness and were prioritized in collaboration with the ERAP.

### Education

The ERAP most highly prioritized investment in education to close racial equity gaps in the Fairfield County area. Evidence-based methods for closing equity gaps through education investments include the following:

- **Fund targeted universal preschool.** Research shows that preschool generates large improvements in academic outcomes that reemerge later in life as benefits to academic and nonacademic outcomes, for example, high school graduation and criminal justice contact (Bruhn and Emick 2023). Not only does preschool benefit children; it also benefits parents and economies as a whole by increasing parental labor force participation and household spending. In fact, research shows that high-quality preschool and child care programs could have large

economic development benefits: boosting labor productivity, labor force participation, and GDP.<sup>57</sup>

Recent research suggests that while children from families with low incomes and children of color may benefit more from universal preschool, it is not enough to address the substantial gaps in early skills and experiences (Bruhn and Emick 2023; Phillips et al. 2017). In addition, when preschool is universal, disparities in the quality of care for Black and white students have been found to be large (Latham et al. 2021; Valentino 2017).

Therefore, targeted universalism—whereby resources including teachers, classroom space, and materials are allocated progressively depending on family income—may be the best way for leaders in the Fairfield County area to increase equity in preschool, which can then improve school readiness and reduce education gaps. To increase equity and realize these gains, local business and nonprofit leaders can advocate for targeted preschool expansion.

- **Improve the quality of K–12 education for Black and Latino students.** While most funding for K–12 education is local, school districts rely on additional support from the state. To address inequities between school districts, Connecticut has a school equalization program called the Education Cost Sharing grant. The Education Cost Sharing grant has been criticized for failing to provide sufficient funding to districts with the fewest resources and the highest education costs (Zhao 2021). Equalizing funding is not enough to fully address inequities for at least two reasons: (1) higher-poverty schools/districts have greater needs, and (2) schools/districts compete in overlapping labor markets, so if every school is very well funded, the schools with higher poverty rates still will have a harder time attracting quality teachers. Despite recent improvements to the state equalization methods, substantial disparities between affluent and low-income districts still exist. Zhao (2021) proposes a formula based on the cost-capacity gap, or the difference between a district’s education cost and revenue capacity. Local business leaders and other stakeholders in the Fairfield County area can lobby the state to adopt more generous and more equitable funding formulas. Local business leaders can directly provide additional resources to schools with greater needs, including those with more students experiencing poverty or with higher shares of special needs students or English language learners.

Other efforts that can help reduce K–12 equity gaps include increasing funding for school-based meal programs, expanding access to universal free meals, providing high-dosage tutoring for students who are behind, and funding free after-school programming for students based on need. Businesses can contribute directly to closing education gaps while training the next

generation of skilled workers by funding after-school programs and offering work-based learning curricula for high school students.

- **Provide targeted college subsidies.** Since Black and Latino families are five times less likely than white families to receive large gifts or inheritances that could be used for higher education, investing in targeted college and trade school subsidies is another way to close education gaps (McKernan and Ratcliffe 2013). College subsidies could enable students from families with fewer resources to go to college, boosting their earning capacity; ability to accumulate wealth; and outcomes such as college enrollment, credits attempted, and credential attainment (Andrews, DesJardins, and Ranchhod 2010; Bartik, Hershbein, and Lachowska 2021; McKernan and Ratcliffe 2013).

To make this happen, businesses can create or contribute to College Promise programs, which are local versions of college tuition grants.<sup>58</sup> They can lobby the state for means-tested state grant programs or reduced tuition prices for all students of Connecticut’s public schools. If possible, tailoring these programs to families based on their wealth in addition to their income could help further close intergenerational wealth gaps.

## Workforce and Small Business Development

While closing education gaps is crucial, doing so will not fully close income gaps in the county. In fact, our analysis shows that the education gap accounts for less than half of the income gap. Therefore, leaders must work in other arenas to close equity gaps.

Two key areas identified by the ERAP as crucial for closing the income gap are workforce development and support for businesses led by people of color. Specific recommendations to bolster equity through workforce and business supports include the following:

- **Offer registered apprenticeships.** Business leaders can help close racial income gaps by offering registered apprenticeships or structured training programs that combine on-the-job training with classroom instruction. These programs equip individuals with specific skills and knowledge for various trades and professions. Apprenticeships enhance skills, prepare students for jobs, and support economic growth (Kuczera 2017). Firms benefit from apprenticeships through increased production, reduced turnover and training costs, and more certainty that all workers have the same high levels of expertise (Lerman 2014). To start an apprenticeship, a business leader can reach out to the Connecticut Office of Apprenticeship

Training through the Connecticut State Department of Labor to learn about the requirements for registering an apprenticeship program. The business can then submit an apprenticeship program.

- **Tighten job descriptions to include only the necessary criteria, and employ other equitable hiring practices.** Businesses can increase equity by removing any unnecessary requirements from job applications, such as college degrees, which could prevent Black or Latino people from qualifying for jobs due to discrimination in the education system or other systems. Employers also can require that a certain percentage of candidates and interviewers be Black or Latino; keep job postings open for an extended period of time to prevent hiring only people with advance knowledge about the position; and designate a “neutral challenger” who inquires objectively about candidates being put forward, such as asking whether candidates of color are as qualified as the applicant being proposed for an open position.<sup>59</sup>
- **Offer accessible financing to small businesses.** These options include small business loans, lines of credit, or microfinancing with zero interest or reduced interest rates and flexible repayment terms.<sup>60</sup> Supporting microbusinesses (those with 10 or fewer employees) is particularly crucial for people of color, who are less likely to secure traditional small business loans or receive substantial financial gifts from family members (McKernan and Ratcliffe 2013). Moreover, the broad definition of a small business—often defined as having up to 500 employees—means that traditional small business loans may not adequately benefit families of color, so offering financing options for very small businesses is critical. Other recommendations to help support small businesses from Theodos, McManus, and Rajninger (2024b) include the following:
  - » Banks can reduce requirements based on financial history, offer revenue-based financing, and increase opportunities for capital.
  - » Local governments can underwrite or provide loan guarantees to high-risk small businesses.
  - » Philanthropic organizations can pool resources to make grant funding more readily and consistently available to small businesses.
  - » A coordinating actor, such as a local government, can serve as a facilitator to gather and share information about the existing products available for nontraditional financing.
- **Reform procurement practices and help increase procurement from Black- and Latino-owned businesses.** State and local governments spend approximately \$1.3 trillion each year through public procurement (Baldus and Hatton 2020). Historically, government contracts

have been awarded inequitably along racial lines, and since firms with prior business experience tend to win future contracts more easily, these disparities can become entrenched over time (Harvard Kennedy School Government Performance Lab 2022). As recommended in Theodos, McManus, and Rajninger (2024a), some ways in which these patterns can be broken include the following:

- » Forecast upcoming procurements to give firms more time to prepare
- » Bolster outreach and offer technical assistance and capacity building to small businesses navigating the contracting process
- » Streamline certification processes
- » Create smaller contracting opportunities
- » Establish small purchase methods
- » Remove requirements that could present potential barriers
- » Adopt best-value rather than lowest-bid award criteria
- » Develop data systems, and track vendors by type of firm and owner attribute
- » Provide adequate support to firms after they win contracts, especially if they are new to public contracting
- » Pay vendors in a timely manner

## Housing

To address the racial wealth gap, investments in equity must involve investments in housing and reforms to housing systems (Mwoka et al. 2021). The gains we estimate from closing the gaps in the housing market will require both economic supports for Black and Latino residents and increases in housing supply. Evidence-based methods for closing equity gaps in housing include the following:

- **Provide down payment assistance for first-generation homebuyers and financial coaching/homebuyer education.** There are programs in the Fairfield County area and in Connecticut more broadly, such as Time to Own, that support first-time homebuyers.<sup>61</sup> However, many of these buyers may benefit from generations of wealth built from their parents' and grandparents' owning homes. Partially due to discrimination in the housing market, Black and Latino people are less likely to own homes (McCargo and Choi 2020), and research shows that children of homeowners are more likely to become homeowners at an earlier age (Choi, Zhu, and Goodman 2018). Therefore, programs that target first-generation homebuyers or those whose parents do not own homes can more effectively close

the racial homeownership gap. While there are some variations in the definition of first-generation homebuyers, experts suggest defining a first-generation homebuyer as someone whose parents have not owned a home in the past three years as the most effective way of reaching first-generation homebuyers. Many state and local governments have established first-generation down payment assistance programs, including 16 counties in North Carolina; Ramsey County, Minnesota; Long Beach, California; Edina, Minnesota; and St. Louis Park, Minnesota. Town leaders in the Fairfield County area can look to these program designs to create a similar one.

In addition, financial coaching, a method of financial education that involves regular one-on-one sessions in which clients and coaches set goals and plan concrete steps to meet and manage those goals over time in an attempt to change client behavior, has been found to be an effective method of improving financial health and supporting homeownership (Theodos, Stacy, and Daniels 2018). One-on-one financial education has generally shown more promise than classroom-based education (Agarwal et al. 2009, 2010; Ding, Quercia, and Ratcliffe 2008; Elliehausen, Lundquist, and Staten 2007; Hartarska and Gonzalez-Vega 2005; Hiram and Zorn 2001). Compared with financial counseling and classroom-based education, coaching is meant to have a longer term of service, avoid didactically instructing clients about specific actions to take, place more emphasis on accountability and follow-up, focus more on developing skills and behaviors rather than knowledge or targeted problem solving, and focus on a more financially stable client base (Collins 2012).

- **Provide funding for employer-assisted housing, with a focus on equity.** Employers can offer direct assistance with housing costs to attract and retain talent, such as through down payment assistance, rental subsidies, and even direct investment in the construction of housing.<sup>62</sup> Foundations and local governments can help to support such employer-assisted housing through matched contributions; for example, with the City of Baltimore's Live Near Your Work program,<sup>63</sup> the city matches employers' contributions between \$1,000 and \$2,500 in the form of a grant. Employers can also offer employee housing supports to their employees directly, such as how the Washington, DC, government offers city employees a deferred, zero percent interest loan and matching-funds grant for down payment and closing costs to purchase their first single family home, condominium, or cooperative unit in the District.<sup>64</sup> These programs can address the high cost of housing. If designed with an equity lens, they could also address racial inequities in housing cost burdens and gaps in homeownership rates.

- **Expand access to mortgages and lower costs.** Closing gaps in homeownership rates will require expanded access to lower-cost mortgages for Black and Latino applicants. Lowering the cost of mortgages can also increase the likelihood of sustaining homeownership, which is critical to wealth building. This includes the following:<sup>65</sup>
  - » Allow positive rental payments to be included as a component of assessing potential borrowers' ability to pay (Choi et al. 2022). Black and Latino households are less likely to have traditional credit scores that are used in mortgage underwriting. Research shows that including rental payment history in mortgage underwriting could benefit Black and Latino households.
  - » Eliminate risk-based pricing (the practice of offering less favorable terms to people considered higher risk), and instead pool the risk across all borrowers. Banks can account for the fact that white borrowers are more likely to refinance their mortgages in their risk assessments (Ratcliffe 2023).
  - » Reduce barriers to refinancing so creditworthy Black and Latino borrowers are able to access the same lower rates as those accessed by their white counterparts (Alexandrov, Goodman, and Tozer 2022).
  
- **Reduce barriers to new housing supply.** Lack of affordable housing is currently one of the greatest barriers to accessing homeownership, especially for Black and Hispanic households (Neal et al. 2024). Housing affordability is important for ensuring that all residents of the county have safe and affordable places to live in an area with access to jobs and other amenities. Affordable housing also can help renters to save for future homebuying.

Policymakers can address housing affordability challenges by reducing barriers to development, which can help to increase supply and bring housing costs into alignment with demand and lower costs. This can be done by reducing parking requirements for new developments, which can add substantial costs to construction; increasing the permitting speed for new developments, particularly affordable housing developments; and reforming land use regulations to allow for a more diverse mix of housing, especially near transit (Lo et al. 2020). When increasing housing supply, care should be taken to ensure that communities of color are not disproportionately located in areas with poor air quality due to industry, traffic, or other sources of pollution.

# Wealth Building

The ERAP also highlighted wealth building as an area for investment to close racial equity gaps. Wealth inequities result from historic and current discriminatory policies, programs, and institutional practices and are intergenerational (Rothstein 2017). The wealth gap in the United States is striking: in 2024, Black and Latino families had \$0.23 and \$0.19, respectively, for every \$1.00 of white families' wealth (Johnson 2023).<sup>66</sup> While closing the homeownership gap can help mitigate wealth disparities, further action is needed to fully close the racial wealth gap. In figure 19, we show that the racial homeownership gap exists within the same income category. These gaps can be explained by wealth disparities that affect the amounts renter households can put down as down payments. The following are some evidence-based methods that local governments, businesses, and philanthropies can implement to boost wealth building and close equity gaps:

- **Increase investments in baby bonds.** Through providing children with government-funded savings accounts to support their future economic prosperity, baby bonds can increase generational wealth in communities of color. The CT Baby Bonds initiative, which launched in 2023 and automatically invests \$3,200 for each child born into poverty, is currently set up to fund investments for just the next 12 years.<sup>67</sup> Additional investments can be made into this initiative to fund larger investments per child and sustain the program beyond 12 years. These efforts can provide young Black and Latino adults throughout the Fairfield County area with opportunities to invest in higher education, small businesses, or homeownership in ways they may not have been able to previously (Cassidy et al. 2019).
- **Offer matched savings programs to boost emergency savings.** Past discriminatory policies and a lack of access to capital have made Black and Latino families less likely to have emergency savings than white families.<sup>68</sup> Having access to emergency savings can be critical for families dealing with sudden unemployment, health expenses, or general economic downturns. Philanthropies, private employers, and local governments can assist families in generating emergency savings by matching deposits of liquid savings. Research suggests that emergency savings may be the first step in building assets and overall economic stability (Adams and West 2015).
- **Implement reparations.** Residents in the Fairfield County area who are the direct descendants of people who were the subjects of racist policies and practices, such as housing discrimination, could receive direct payments, housing benefits, or tax deductions that increase their access to capital and ability to build wealth and assets into the future (Stacy et al. 2024). Providing reparations to residents of the Fairfield County area who have been harmed by past

discriminatory policies could help them overcome some of the persistent, intergenerational effects of human trafficking and bondage and other racially discriminatory policies (e.g., redlining, racial covenants, and racist lending practices) that have hindered wealth building (Darity and Mullen 2020).

## Health and Well-Being

The final area that the ERAP prioritized was health and well-being. Health inequities in the Fairfield County area are evident across many illnesses, including diabetes, which affects one-quarter of Black adults ages 50–64 in Connecticut compared with one-tenth of white adults in the same age group (Davila, Abraham, and Seaberry 2023). Racial health inequities also are evident in gaps in death rates due to chronic kidney disease: the Black population has the highest death rate of any group. Similarly, hypertension affects Black adults ages 50–64 at twice the rate of white adults in the same age range, leading to elevated mortality due to heart disease in the Black population (Davila, Abraham, and Seaberry 2023). Access to care is a concern; for example, in the Fairfield County area<sup>69</sup> in 2024, 17 percent of Black adults and 19 percent of Latino adults, compared with 11 percent of white adults, say that there were times in the past 12 months when they needed mental health treatment but didn't get it.<sup>70</sup> Some evidence-based ways in which leaders throughout the Fairfield County area can reduce racial inequities in health and well-being include the following:

- **Expand mental health care for communities of color.** This can include increasing funding for culturally tailored treatments, providing loan repayment programs to address shortages of mental health professionals, supporting nontraditional professionals and programs to expand the reach of community-based resources, offering expanded telehealth services, improving geographic access, ensuring language access, and integrating mental health into primary care (Last et al. 2024; Olfson 2016; Zabelski, Hollander, and Alexander 2024).
- **Undertake criminal justice reforms.** Black, Hispanic, and American Indian/Alaska Native populations are overrepresented in US prisons.<sup>71</sup> The impacts of these and other disparities in the criminal justice system affect the health of communities of color by limiting access to housing, employment, and job-related health benefits and worsening chronic and acute medical conditions, mental health outcomes, and preventable deaths (Iguchi et al. 2005; Sundaresh et al. 2020). One way to reduce these negative impacts is by divesting in punitive actions and investing in prevention and community-based alternative systems that ensure people have jobs, food, and housing.<sup>72</sup> Additional efforts to reduce criminal justice disparities can include

increasing opportunities for people who have interacted with the justice system, for example, through expungement of criminal records.

- **Improve workforce-related health supports.** Business leaders can help to close racial health gaps by leveraging workforce investments to improve job quality, for example, expanding paid sick time and paid family and medical leave. Ways to do this specifically to reduce racial gaps in health care access include removing co-pays for emergency room visits, covering 100 percent of costs for preventive screenings and vaccines, reducing the cost of medications, offering free or deeply subsidized primary care and mental health access, covering costs for virtual care, expanding health care–community partnerships, and making benefits and health care access easier to navigate (Bohren et al. 2017; Chen et al. 2018).<sup>73</sup>
- **Promote preventive care.** Research shows that preventive care measures have the power to prevent deaths in the United States (Farley et al. 2010). When establishing health care benefits programs, business leaders can seek out providers who incorporate preventive care measures, such as reminders via mobile phone messaging, screenings for asymptomatic diseases, preventive vaccines, and general lifestyle advice (Reuben 2012; Vodopivec-Jamsek et al. 2012). State and local governments also can promote preventive care through offering free health clinics in communities that may traditionally lack access to preventive health care.
- **Fund education and outreach programs that overcome persistent health disparities.** Research has shown that progress can be made with regard to racial disparities around kidney disease and transplants. Black people in the United States have higher rates of kidney disease and failure and disproportionately lower rates of receiving life-saving living-donor kidney transplants. Business leaders as well as local governments can offer programs that deepen knowledge about the kidney transplant process. Education programs, community-based workshops, and media campaigns have been shown to increase the rate of living-donor kidney transplant (Wesselman et al. 2021).

## Key Actions by Actor to Close Equity Gaps

For almost all of these recommendations, actors from across all sectors have a role to play in turning them into action, including not just policymakers but also businesses, philanthropic organizations, and community leaders. For instance, business leaders can offer registered apprenticeships while local governments can help fund them and state governments can increase technical assistance support for

them. Businesses can support zoning reforms that allow for transit-oriented development and a greater mix of housing types, while local government can legislatively reduce barriers to these developments.

Members of the general public also can take steps to increase equity in communities, for example, by patronizing Black- and Latino-owned businesses and businesses that employ the equitable practices detailed in the previous section. They can engage with their local governments to advocate for the policies and practices in that section, such as supporting the development of affordable housing in their neighborhoods, supporting enhanced public transit investments, and supporting educational equity initiatives and Head Start.

Figure 26 suggests these and additional actions that could be taken by various actors—including business leaders, philanthropic organizations, and the general public—if they want to increase racial equity in the Fairfield County area and suggests government interventions at the state and local levels. This figure does not encompass all possible actors or actions that could increase racial equity in the Fairfield County area. For example, local nonprofit organizations would likely assume a service provider role for most of the key actions attributed to philanthropic organizations and state and local government.

FIGURE 26

Actor-Specific Actions That Could Help Close Racial Equity Gaps in the Fairfield County Area

	 <b>Business leader</b>	 <b>Philanthropic organizations</b>	 <b>General public</b>	 <b>Local government</b>	 <b>State government</b>
Education	<ul style="list-style-type: none"> <li>▪ Fund after-school programs</li> <li>▪ Support College Promise programs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Fund after-school programs</li> <li>▪ Support College Promise programs</li> <li>▪ Fund/support targeted universal preschool</li> </ul>	<ul style="list-style-type: none"> <li>▪ Encourage inclusive practices within schools</li> </ul>	<ul style="list-style-type: none"> <li>▪ Fund targeted universal preschool</li> </ul>	<ul style="list-style-type: none"> <li>▪ Adjust funding to prioritize high-need schools</li> <li>▪ Offer means-tested college grant programs</li> </ul>
Workforce and small business development	<ul style="list-style-type: none"> <li>▪ Offer registered apprenticeships</li> <li>▪ Tighten job descriptions</li> <li>▪ Offer small business loans and microfinancing with zero or reduced interest</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pool resources to make grant funding available to small businesses</li> <li>▪ Facilitate knowledge sharing about nontraditional financing for small businesses</li> </ul>	<ul style="list-style-type: none"> <li>▪ Purchase from Black- and Latino-owned businesses</li> <li>▪ Patronize businesses that support the practices to the left of this column</li> </ul>	<ul style="list-style-type: none"> <li>▪ Underwrite or provide loan guarantees to high-risk small businesses</li> <li>▪ Forecast upcoming procurements</li> <li>▪ Improve small business lending supports</li> </ul>	<ul style="list-style-type: none"> <li>▪ Support registered apprenticeships</li> <li>▪ Forecast upcoming procurements</li> <li>▪ Improve small business lending supports</li> </ul>
Housing	<ul style="list-style-type: none"> <li>▪ Support zoning reforms</li> <li>▪ Offer employee housing subsidies</li> <li>▪ Eliminate risk-based pricing for mortgages</li> </ul>	<ul style="list-style-type: none"> <li>▪ Offer down payment assistance for first-generation homebuyers</li> <li>▪ Support shared equity homeownership models</li> <li>▪ Fund subsidized housing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Advocate for housing development locally, particularly affordable housing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reduce barriers to housing development by reducing fees, timelines, parking requirements, and exclusionary zoning practices and supporting transit-oriented development</li> </ul>	<ul style="list-style-type: none"> <li>▪ Require local governments to relax zoning regulations</li> <li>▪ Offer down payment assistance for first-generation homebuyers</li> </ul>
Wealth building	<ul style="list-style-type: none"> <li>▪ Offer matched savings programs</li> <li>▪ Offer reparations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Offer matched savings programs</li> <li>▪ Offer reparations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Financially support and advocate for local reparations initiatives</li> </ul>	<ul style="list-style-type: none"> <li>▪ Offer matched savings programs</li> <li>▪ Offer reparations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increase investments in baby bonds</li> <li>▪ Offer reparations for past discriminatory actions</li> </ul>
Health and well-being	<ul style="list-style-type: none"> <li>▪ Offer culturally tailored mental health care</li> <li>▪ Expand access to paid sick leave and paid family and medical leave</li> <li>▪ Improve health insurance coverage</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increase funding for culturally tailored mental health care treatments</li> </ul>	<ul style="list-style-type: none"> <li>▪ Donate to community health centers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Support nontraditional health care professionals and programs</li> <li>▪ Divest in punitive policing and invest in community supports</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increase funding for culturally tailored mental healthcare treatments</li> </ul>
Across all areas			<ul style="list-style-type: none"> <li>▪ Advocate for the state and local policies to the right of this column</li> </ul>		

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Source: Framework developed by the authors. See detailed sources in the recommendations section.

Note: This figure does not encompass all possible actions that could increase racial equity in the Fairfield County area.

# Moving toward a Better Future for All

While existing racial inequities in the Fairfield County area are large, they are not insurmountable. Closing racial and ethnic gaps in income, education, and housing could benefit the economy as a whole. We estimate that eliminating the income gaps between Black and Latino residents and their white neighbors could increase the county's GDP by \$15.6 billion. Even if income gaps were partially closed to the level of a comparable county, GDP could increase by \$6.8 billion. Though we do not estimate the follow-on benefits of this increased economic activity, these numbers point to increased opportunity for business growth throughout the region. Closing gaps in educational attainment could also mean 84,000 more people in the Fairfield County area earning college degrees. The problem-solving and critical-thinking skills employees gain through college degrees could boost business productivity in the Fairfield County area.<sup>74</sup> This boost in productivity could be pivotal in offsetting the impending "talent gap" as baby boomers with deep industry knowledge and experience begin to retire.<sup>75</sup>

If Black and Latino residents lived in homes with the equivalent property values and had the same likelihood of homeownership as similar white residents, there could be 33,000 more homeowners with \$36.6 billion more in home values. Taken together, we estimate that fully closing gaps in income and education could increase state income tax revenues by \$1.2 billion and that fully closing gaps in housing could increase local property tax revenues by \$603 million.

There are many policy interventions that can reduce these inequities by expanding access to education and improving social support for low-income groups, paving the way for a more equitable and economically mobile society. However, public leaders cannot close these gaps on their own. They require systemic changes from the business community, philanthropy, and the general public as well. All actors could address the root causes of inequities within each organization and community and change those systems and processes rather than simply treating the symptoms of inequities. This could involve implementing policies that promote fair wages and career advancement opportunities across all racial and ethnic groups rather than simply offering temporary job training programs that may not lead to sustainable employment. Rather than funding only occasional scholarships for students from historically underserved communities, addressing structural inequities could involve overhauling the entire educational funding system to ensure equal access to quality education for all students in all communities. By focusing on these fundamental, system-level changes, businesses and other local leaders can mitigate disparities through long-term solutions rather than short-term fixes.

To close education gaps, businesses, philanthropic organizations, and government leaders can fund targeted, high-quality universal preschool and high-quality K–12 education, provide targeted college subsidies, and advocate for changes to state formulas for education spending so that funding from the state is the difference between a district’s education cost and revenue capacity. In the workforce and small business development space, businesses can offer registered apprenticeships and tighten job descriptions to include only necessary criteria, and banks can offer accessible financing to small (particularly micro-) businesses. Businesses and local governments can reform procurement practices to make it easier for Black- and Latino-owned businesses to become vendors by forecasting upcoming procurements, bolstering outreach and technical assistance, streamlining certification processes, and adopting best-value rather than lowest-bid award criteria.

To gain the benefits from closing the gaps in the housing market, business, philanthropic, and government leaders can provide down payment assistance for first-generation homebuyers, expand access to mortgages and lower costs of mortgages, and reduce barriers to new housing supply. To help decrease the racial wealth gap, leaders can advocate for increased investments in baby bonds, offer matched savings programs to boost emergency savings, and provide reparations for past discriminatory policies and practices. Finally, to reduce racial and ethnic gaps in health and well-being, local leaders can expand mental health care services for communities of color; undertake criminal justice reforms to divest in punitive policing; and invest in prevention and community-based alternatives that ensure people have jobs, food, and housing. Business and government leaders can improve workforce-related health supports, such as covering 100 percent of costs for preventive screenings and vaccines and making benefits and health care easier to navigate. Together, the public, the business community, and other local leaders can reduce racial inequities in the Fairfield County area to benefit all residents, fostering a more inclusive and prosperous community. By committing to systemic change and prioritizing equity in all sectors—from education and employment to housing and health—the Fairfield County area can unlock the full potential of its economy. This collaborative effort could not only enhance the quality of life for people experiencing inequities but also strengthen the economic foundation of the county as a whole.

# Appendix A. Data and Methods

This appendix outlines all of our research and analysis methods, including data collection, cleaning, and analysis. We also describe in more detail our collaboration with the Equity Research Advisory Panel (ERAP).

## Equity Research Advisory Panel (ERAP)

Throughout all phases of this research, we collaborated with an ERAP of community leaders throughout the Fairfield County area who represented a variety of topic areas and disciplines including health, housing, education, youth development, arts, and community advocacy. ERAP members came from private, public, and state organizations and were intentionally diverse in terms of race and ethnicity, age, gender, and geography. During 2024, the ERAP met eight times to provide the research team with valuable insights into the analysis and report-drafting process. They brainstormed the existing racial inequities that should be highlighted, the most compelling arguments for how equity could benefit all residents, the most important evidence-based policies and practices to pursue to close racial equity gaps, and more. ERAP members have played and will continue to play an invaluable role in disseminating these findings to potential changemakers.

## Data Collection and Cleaning

To simulate the closure of income, homeownership, home value, and educational attainment gaps by race and ethnicity and age group in the Fairfield County area, Connecticut, we leverage microdata from the US Census Bureau's American Community Survey (ACS), which include one row of data for each person in the sample. We start by pulling Connecticut's microdata for 2018–22 and adjusting the income and housing variables for inflation, first standardizing with the census's in-year inflation factor and then using Consumer Price Index for all Urban Consumers to convert to 2023 dollars. This inflation adjustment allows us to compare these variables over time. We then merge the individual ACS microdata for each year into a single dataset containing person-level data for the five-year period from 2018 to 2022. Because we are aggregating across these five years, we divide all person- and household-level weights by five. These weights are then used in all subsequent analyses. Note that even though ACS was conducted in 2020, the US Census Bureau released experimental ACS microdata estimates for 2020 because the COVID-19 pandemic significantly limited engagement with the survey.

These initial 2018–22 ACS microdata for Connecticut are at the Public Use Microdata Area (PUMA) level. PUMAs divide each US state (and state equivalent) into nonoverlapping geographic areas with at least 100,000 residents. Since we conduct this analysis for the Fairfield County area, we need a geographical crosswalk from PUMA to county to identify the people in the microdata who reside in the Fairfield County area. Because of changes to Connecticut geographies in 2022, we conduct two PUMA-to-county crosswalks: one for the 2018–2021 microdata using the 2010 Decennial Census geographies and one for the 2022 microdata using the 2020 Decennial Census geographies. Because the 2022 PUMAs align with the new county equivalents based on planning districts, we approximate the Fairfield County area with the 2022 microdata by using PUMAs for which the majority of the population lived in the Fairfield County area. This group of 2022 PUMAs is contiguous with the western and metropolitan planning regions.

Once we obtain 2018–22 ACS microdata at the county level for all of Connecticut, we filter the data to only the PUMAs within the Fairfield County area (and its 2022 approximation) and conduct minor data cleaning to assign each person (row) to an age group and one of five simplified race and ethnicity groups. The age groups are younger than 16, 16–19, 76 and older, and five-year groups from 20–25 through 70–75. The race and ethnicity groups are Latino, non-Latino Asian, non-Latino Black, non-Latino other or multiracial, and non-Latino white. The non-Latino other or multiracial race group includes people who are American Indian and Alaskan Native due to small sample sizes of those groups in the Fairfield County area.

To ensure that outliers in the data do not distort the findings, we control for outliers (winsorize) in incomes and home values. For individual incomes, we group observations by race and ethnicity and age and then bottom- and top-code extreme values at the 2nd and 98th percentiles. For household income and home values, we bottom- and top-code extreme values at the 2nd and 98th percentiles overall (without grouping).

## Closing the Income Gap

To estimate closing the income gap between Black and Latino adults and white adults in the Fairfield County area, we estimate the incomes that each Black and Latino person in the Fairfield County area ACS microdata could have with equity. We estimate equitable income by assigning Black and Latino respondents the weighted average incomes of white respondents at their income percentile within the same age group. This allows us to calculate income gains by age group and race/ethnicity. We then

calculate changes in the income distribution and changes in aggregate income. We also calculate the percentage increase in incomes from equity.

## Partially Closing the Income Gap

In addition to conducting analysis to fully close the income gap, we conducted analysis to partially close the income gap. These findings show the potential benefits if incomes in the Fairfield County area achieved the level of equity of a comparable US county. This scenario may seem more feasible than removing the racial/ethnic income gaps entirely.

We use a set of four criteria to identify a county comparable to the Fairfield County area. To do this, we assign one “similarity point” to counties with (1) a total population between 500,000 and 1 million people, (2) a Black population between 50,000 and 100,000, and/or (3) a Latino population between 100,000 and 200,000; we give two similarity points to counties with median household incomes greater than \$100,000. By this measure, Middlesex County, New Jersey, was identified as a comparable county on which we could base partial equity. Its characteristics include similar total population, household income, share of Black and Latino populations, and proximity to New York City.

Using Middlesex County’s income gaps, we create a dataset that models its income distribution by assigning each Black respondent in the PUMA data an income that is 79 percent of the weighted average income of his or her matched white counterpart and each Latino respondent an income that is 61 percent of the weighted average income of his or her matched white counterpart (table A1).

TABLE A1

### Demographics of the Fairfield County Area in Connecticut and Middlesex County, New Jersey

Characteristic	Fairfield County area, Connecticut	Middlesex County, New Jersey
Total population	779,549	861,418
Black population	80,273 (10%)	85,617 (10%)
Latino population	151,543 (19%)	199,632 (23%)
Median household income (2018–22)	\$101,194	\$102,400
Average income—white people age 16 and older (2016–2020)	\$88,699	\$54,680
Average income—Black people age 16 and older (2016–20)	\$37,080	\$43,126
Average income—Latino people age 16 and older (2016–20)	\$34,646	\$32,961

**Source:** Authors' calculations from American Community Survey, 2018–22 five-year estimates and PolicyLink/USC Equity Research Institute, National Equity Atlas, [nationalequityatlas.org](http://nationalequityatlas.org).

**Note:** Incomes have been inflation-adjusted to 2023 dollars. We did not model changes for other racial/ethnic groups.

## Closing the Gross Domestic Product Gap

To calculate gross domestic product (GDP) with equity, we divide the Fairfield County area's 2022 GDP into separate components and adjust each based on changes due to effects of closing the income gaps. The Bureau of Economic Analysis calculates local area GDP as the income of employees (COMP) plus proprietors' income (PI), plus other income payments (Aysheshim, Hinson, and Panek 2020). Other income payments are defined as taxes on production and imports (TOPI), minus subsidies (SUB) plus gross operating surplus (GOS) minus proprietors' income (PI). GDP therefore can be calculated as

$$GDP = COMP + PI + TOPI - SUB + (GOS - PI).$$

Gross operating surplus is the sum of all types of capital income and includes PI, corporate profits, rental income, consumption of fixed capital, inventory adjustments, and net business transfer payments. PI needs to be subtracted from gross operating surplus so that it is not double-counted in GDP.

Within this framework, we calculate the components of GDP for the Fairfield County area in 2022 as follows:

- COMP is reported by the Bureau of Economic Analysis (the sum of wages and salaries and supplements to wages and salaries).
- PI is reported by the Bureau of Economic Analysis.
- TOPI are reported only at the state level. We estimate the Fairfield County area's TOPI by assuming they are the same percentage of GDP less compensation ( $GDP - COMP = TOPI - subsidies + gross\ operating\ surplus$ ) as they are statewide (14 percent). The Fairfield County area's TOPI are thus calculated as its GDP, minus compensation, times state TOPI, divided by state GDP less compensation. (Note that GDP less compensation can be calculated as  $GDP - COMP$  or other income payments + PI.)
- Subsidies are reported only at the state level and are calculated by assuming they are the same percentage of GDP less compensation in the Fairfield County area as they are statewide (1 percent).

- Gross operating surplus is reported only at the state level and can similarly be calculated by assuming it is the same percentage of GDP less compensation in the Fairfield County area as it is statewide (86 percent).

Once components are calculated, we adjust for inflation to 2023 dollars. We then increase compensation, PI, and TOPI by the estimated increase in total incomes from equity, which is 21 percent with full closure or 9 percent with partial closure. We keep subsidies and gross operating surplus less PI fixed since we do not believe that those would change due to increases in incomes.

Finally, we calculate GDP with equity as COMP with equity, plus PI with equity, plus TOPI with equity, minus subsidies, plus gross operating surplus excluding PI.

## Closing the Educational Attainment Gap

We simulate closing the education gap by assigning Black and Latino ACS respondents the education levels of white counterparts and the expected income of someone their age with this equalized level of education.

First, we match each Black or Latino person in the sample to a white person who is similar in terms of age and equalized income. Only people age 18 or older are included in the matching process. Matches are made based on Mahalanobis distance, using age and equalized income. Once a list of nearest matches for each Black or Latino person is identified, we assign matches without replacement in random order.

We then collapse the ACS microdata educational attainment categories into a simplified years of education variable (table A2). We assign each Black and Latino respondent the education level of a matched white counterpart.

With these matched education levels for each person in the microdata sample, we then calculate the original and “with equity” number of years of education for Black, Latino, and white people. Because we are most interested in high school graduation and the completion of undergraduate degrees, we calculate the original and “with equity” percentages of each race and ethnicity group (1) with high school diplomas and (2) with bachelor’s degrees.

Next, we move 18- and 19-year-olds into the age group with 20- to 25-year-olds and calculate the average income of respondents in subgroups with the same race and ethnicity, age group, and education

level. Finally, we assign each respondent the average income of a similar respondent with the education level that he or she could have under equity.

TABLE A2

**Using the Microdata to Calculate Years of Education**

Years of education (our variable)	American Community Survey microdata values for educational attainment, 2018-22
1-10	Completed 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, or 10th grade, respectively
11	Completed 11th grade; completed 12th grade but did not receive diploma
12	Received regular high school diploma; completed general equivalency diploma or alternative credential; attended some college but for less than one year
13	Completed one or more years of college but did not receive degree
14	Completed an associate's degree
16	Completed a bachelor's degree
18	Completed a master's degree
20	Completed a professional degree and/or doctorate

Source: American Community Survey 2018-22 Public Use Microdata Samples.

## Closing the Homeownership and Home Value Gap

The housing equity analysis simulates closing gaps in homeownership and home values by assigning Black- and Latino-led households the housing market outcomes for white households. We classify households' race and ethnicity based on the race and ethnicity of household heads. We exclude households with household heads younger than 18.

Using the ACS microdata, we match Black- and Latino-led households to similar white-led households using Mahalanobis distance groupings based on age of household heads and household income rank within race/ethnicity group and age group. We then assign Black and Latino households the homeownership status, home value, and property tax payment of their matched white households.

We estimate the effective tax rate for each household with available data as reported property tax payment divided by reported home value. We drop observations in which the reported property tax payment or the reported home value is zero or top-coded or where the effective tax rate would be greater than 50 percent. From the remaining observations, we calculate the average effective tax rate for the Fairfield County area as 1.94 percent. A limitation of this approach is that it does not account for differences in effective property tax rates between owner-occupied and rental housing.

We impute home value and property tax payments where they are otherwise missing and for renter-occupied housing. We estimate a linear hedonic model, regressing logged utilities costs available in ACS microdata (electric, heating fuel and oil, and gas); logged household income; and dummy variables for number of bedrooms, geography, and racial/ethnic group on logged home value. We then apply the model coefficients to all households to predict home value and winsorize the predicted value, top and bottom coding at the 2nd at 98th percentile of reported home value. Predicted home value is then used where home value was previously missing. We impute property tax payments by applying the average effective rate to the reported or predicted home value. All values are inflated to 2023 dollars.

## Estimating Increased Income Tax Revenues and Local Share

We estimate the increase in income tax revenues by adding the potential increase in incomes from closing the income gaps in the Fairfield County area to estimated 2023 aggregate income for the entire state and then estimating the change in income tax revenue. We estimate statewide aggregate income in 2023 using ACS data for 2022 and then forecasting a 4 percent growth rate to 2023. With the increased income from closing the gap, statewide income could increase by \$9 billion. Using public data from the state, we calculated that between 2020 and 2022, income tax revenue was 9 percent of total ACS-reported incomes.<sup>76</sup> Note that state-reported adjusted gross incomes were significantly higher in 2022 than ACS-based estimates, which fail to account for the highest incomes; as such, this value should not be taken as an estimate of the effective tax rate. Applying this rate, we estimate that income tax revenue could be \$829 million greater if Black-white and Latino-white income gaps in the Fairfield County area were eliminated.

To estimate the local share of income tax revenue, we make the following calculations. First, we calculate that aid to local governments and school districts based on data from 2021 and 2022 accounted for an average of 26 percent of state income tax revenue, with school districts' receiving the majority of that: 20 percent. We further calculate that school districts and local governments in the Fairfield County area received 15 percent of all local distributions from the state. Based on the above, we calculate the share of income tax revenue that could go to the Fairfield County area schools under current ratios (3 percent, or the Fairfield County area's 15 percent share of the state's 20 percent of aid to schools).

# Property Tax Revenue

We calculate increased property tax revenue by increasing revenues from residential sources proportionally with the estimated increase in property tax payments. Using 2022–2024 property tax assessment and revenue projection data, we estimate that 72 percent of property tax revenue in cities and towns in traditional Fairfield County come from residential properties. (Assessments in 2022 correspond to revenues in 2024.) This amounts to \$3 billion in 2024 revenue. Using the ACS microdata, we estimate that closing the home value gap (described above) could increase property tax payments by 20 percent. We then increase this residential share of property tax revenue in traditional Fairfield County by 20 percent and adjust for inflation from 2024 back to 2023 dollars to be consistent with the rest of the report. This produces a final estimated increase of \$603 million.

# Appendix B. Members of the Equity Research Advisory Panel

Below are the names of the 27 members of the Equity Research Advisory Panel (ERAP), which is described in further detail in Appendix A. We are extremely grateful for these individuals' thoughtful contributions throughout this project.

- Vernell Ampson, president, A Journee through My Fingers
- Jennifer Barahona, CEO, Norwalk Acts
- Gwendolyn Brantley, executive director, Access Educational Services
- Necas Collins, business banking associate, M&T Bank
- Pablo Colon, executive director, Avangrid Foundation; director, corporate citizenship at Avangrid
- Lamond Daniels, chief of community services, City of Norwalk
- Dr. Siobhan Dolan, clinical geneticist and obstetrician-gynecologist, Stamford Health
- Marc Donald, president and CEO, Catalyst CT
- Sarah Eisele-Dyrli, assistant director, CT Data
- Sean Ghio, policy director, Partnership for Strong Communities
- Jon Gonzalez, social impact manager, Indeed Corp
- Kiley Gosselin, president and CEO, Housing Development Fund, Inc.
- Isis-Rae Goulbourne, Stamford Partnership
- Alexandra Hall, chief operating officer and partner, Harley & Co.
- Dr. Djana Harp, chief medical officer, Norwalk Community Health Center
- Shamare Holmes, program director, LiveGirl
- Melissa Kaplan-Macy, chief initiative officer, Center for Housing Opportunity at the Housing Collective
- Gabrielle Molina, executive and program director, Project Music

- Rhonda Neal, executive director, Saint Joseph Parenting Center
- Novelette Peterkin, CEO, The Carver
- Dr. Maya Reddi, board chair, Fairfield County's Community Foundation
- Dr. Lori Rhodes, associate superintendent, Stamford Public Schools
- Leigh Shemitz, president, SoundWaters
- John Torres, executive director, Bridgeport Caribe
- Vincent Tufo, CEO, Charter Oak Communities
- Katerina Vlahos, executive director, Bridgeport Prospers
- Tiesha Watson, grant manager, FactSet

# Notes

- <sup>1</sup> Throughout the remainder of this document, for brevity, we refer to racial and ethnic equity as “racial equity.”
- <sup>2</sup> Fairfield County, while historically recognized as a county, no longer functions as an official governmental entity and has been reclassified as a geographic region. We use three methods to define the Fairfield County area, depending on data source and year of the data. We use the term “traditional Fairfield County” to refer to the 23 towns that made up Fairfield County and were used in the census definition through 2021. Beginning in 2022, the census began reporting county-equivalent data for Connecticut planning regions rather than for the traditional counties. We refer to the combined area made up of the Greater Bridgeport and Western planning regions as the “planning regions in the Fairfield County area.” In contrast with traditional Fairfield County, this geography excludes Shelton and includes Bridgewater and New Milford. Much of the analysis in this report includes data from 2018 to 2022, combining the American Community Survey (ACS) microdata sample from traditional Fairfield County from 2018 to 2021 with Greater Bridgeport and Western planning regions in 2022. We use the term “Fairfield County area” when discussing findings drawn from these data.
- <sup>3</sup> DataHaven, “Fairfield County Community Wellbeing Index 2023 Report,” 2023, <https://fccfoundation.org/research-publications/cwi2023/>.
- <sup>4</sup> We use the term “white” to refer to people who identify as non-Hispanic white.
- <sup>5</sup> We use the term “Black” to refer to people who identify as Black or African American but not as Hispanic or Latino in the ACS. We acknowledge this language may not reflect how people describe themselves. We remain committed to employing respectful and inclusive language.
- <sup>6</sup> We use the term “Latino” to refer to people who identify as being of Hispanic, Latino, or Spanish origin in the ACS. This includes people of any race group. We acknowledge this language may not reflect how people describe themselves. We remain committed to employing respectful and inclusive language.
- <sup>7</sup> Based on authors’ calculations from the US Census Bureau American Community Survey 2018–22 five-year estimates.
- <sup>8</sup> While we focus on the quantifiable benefits to those who might otherwise feel unaffected by systemic racism and discrimination, the changes in lived experiences of those directly experiencing inequities are of first-order importance to consider when designing policies and practices.
- <sup>9</sup> DataHaven, “Fairfield County Community Wellbeing Index 2023 Report,” 2023, <https://fccfoundation.org/research-publications/cwi2023/>.
- <sup>10</sup> Measured using the traditional Fairfield County definition.
- <sup>11</sup> “Gross Domestic Product,” Bureau of Economic Analysis, 2024, <https://www.bea.gov/data/gdp/gross-domestic-product>.
- <sup>12</sup> Measured using the traditional Fairfield County definition.
- <sup>13</sup> Connecticut allocates state education funding to public schools using a range of formulas and grants. At present, the state legislature employs 10 distinct funding formulas to determine the financial support each public school receives. “How Connecticut Funds Education,” School and State Finance Project, 2022, <https://schoolstatefinance.org/issues/how-ct-funds-education>.
- <sup>14</sup> While removal of the car property tax was a priority highlighted by the Equity Research Advisory Panel, it should be noted that this tax may have environmental benefits that would need to be offset if the tax were to be removed.

- <sup>15</sup> “Governor Lamont Announces ‘Time to Own’ First-Time Homebuyer Assistance Program Reopens with the Support of \$40 Million in Newly Released State Funding,” October 22, 2024, [https://portal.ct.gov/governor/news/press-releases/2024/10-2024/governor-lamont-announces-time-to-own-first-time-homebuyer-assistance-program-reopens?language=en\\_US](https://portal.ct.gov/governor/news/press-releases/2024/10-2024/governor-lamont-announces-time-to-own-first-time-homebuyer-assistance-program-reopens?language=en_US).
- <sup>16</sup> College Promise, accessed January 24, 2025, <https://www.collegepromise.org/>.
- <sup>18</sup> Elizabeth Derby, “What Organizations Can Do to Cultivate Equity,” 2020, <https://www.linkedin.com/pulse/what-organizations-can-do-cultivate-equity-derby-she-her-hers-/>.
- <sup>18</sup> For example, the town of Fairfield has a first-time homebuyer program that provides down payment and closing cost assistance to first-time homebuyers who earn less than certain income limits. See “First Time Homebuyer Assistance Program,” Town of Fairfield, Connecticut, accessed September 5, 2024, [https://www.fairfieldct.org/service/community\\_\\_economic\\_development/community\\_development/homebuyer\\_assistance\\_program.php](https://www.fairfieldct.org/service/community__economic_development/community_development/homebuyer_assistance_program.php).
- <sup>19</sup> Aniket Mehrotra, Jung Hyun Choi, and Janneke Ratcliffe, “First-Generation Homebuyers Face Significant Obstacles to Homeownership. To Help, Programs Can Define What “First Generation” Means.” Urban Wire (blog), Urban Institute, November 17, 2023, <https://www.urban.org/urban-wire/first-generation-homebuyers-face-significant-obstacles-homeownership-help-programs-can>.
- <sup>20</sup> “Employer-Assisted Housing Programs,” Local Housing Solutions, accessed March 7, 2025, <https://localhousingsolutions.org/housing-policy-library/employer-assisted-housing-programs/#post-542-footnote-1>.
- <sup>21</sup> “Live Near Your Work,” LiveBaltimore, accessed March 7, 2025, <https://livebaltimore.com/live-near-your-work/>.
- <sup>22</sup> “Department of Housing and Community Development,” DC.gov, accessed March 7, 2025, <https://dhcd.dc.gov/eahp>.
- <sup>23</sup> “CT Baby Bonds: Building a Brighter Future,” Office of Treasurer Erick Russell, accessed September 5, 2024, <https://portal.ct.gov/ott/debt-management/ct-baby-bonds>.
- <sup>24</sup> Mingli Zhong, Apueela Wekulom, Michael Neal, Amalie Zinn, Damir Cosic, and Jeffrey Rohaly, “Nine Charts about Wealth Inequality in America,” Urban Institute, April 2024, <https://apps.urban.org/features/wealth-inequality-charts/>.
- <sup>25</sup> We define reparations in this report as the process of repairing, healing, and restoring people who have been injured because of their group identity, in violation of their fundamental human rights, by a government, corporation, institution, or individual (defined by Ritchie et al. 2019). Reparations are not simply equity initiatives that invest in historically disadvantaged communities or that disproportionately benefit specific groups of residents writ large; they must provide specific types of repair to specific groups of people for specific harms they have experienced, such as descendants of residents who were harmed by a locality’s specific Jim Crow laws (Ritchie et al. 2019). For additional details about how the United Nations defines reparations, see “Basic Principles and Guidelines on the Right to a Remedy and Reparation for Victims of Gross Violations of International Human Rights Law and Serious Violations of International Humanitarian Law,” United Nations Human Rights Office of the High Commissioner, adopted December 15, 2005, <https://www.ohchr.org/en/instruments-mechanisms/instruments/basic-principles-and-guidelines-right-remedy-and-reparation>.
- <sup>26</sup> “Prisoners in 2022—Statistical Tables,” accessed November 11, 2024, <https://bjs.ojp.gov/document/p22st.pdf>.
- <sup>27</sup> “Divest/Invest: From Criminalization to Thriving Communities,” Funders for Justice, accessed August 21, 2024, <https://divest-ffj.org/>.

- <sup>28</sup> Shantanu Nundy, Lisa A. Cooper, and Ellen Kelsay, “Employers Can Do More to Advance Health Equity,” *Harvard Business Review*, January–February 2023, <https://hbr.org/2023/01/employers-can-do-more-to-advance-health-equity>.
- <sup>29</sup> Based on authors’ calculations from American Community Survey 2018–22 data.
- <sup>30</sup> “Census Bureau Releases New Educational Attainment Data,” February 26, 2023, <https://www.census.gov/newsroom/press-releases/2023/educational-attainment-data.html>.
- <sup>31</sup> Freddie Mac, “Research Note: Racial and Ethnic Valuation Gaps in Home Purchase Appraisals,” 2021, <https://www.freddiemac.com/research/insight/20210920-home-appraisals>.
- <sup>32</sup> Madeline Brown, Signe-Mary McKernan, Thea Garon, Oriya Cohen, Catherine Harvey, C. Eugene Steuerle, and Ofronamu Biu, “Nine Charts about Wealth Inequality in America,” Urban Institute, 2024, <https://apps.urban.org/features/wealth-inequality-charts/>.
- <sup>33</sup> Measured using the traditional Fairfield County definition.
- <sup>34</sup> DataHaven, “Fairfield County Community Wellbeing Index 2023 Report,” 2023, <https://fccfoundation.org/research-publications/cwi2023/>.
- <sup>35</sup> Measured using the traditional Fairfield County definition.
- <sup>36</sup> Measured using the traditional Fairfield County definition.
- <sup>37</sup> Based on DataHaven analysis of the 2021 DataHaven Community Wellbeing Survey. Survey data were retrieved from DataHaven and Siena College Research Institute, “DataHaven Community Wellbeing Survey: Statewide, Regional, & Neighborhood-Level Data for Cross Sector Community Action,” 2024, <https://www.ctdatahaven.org/reports/datahaven-community-wellbeing-survey>.
- <sup>38</sup> Commuting zones are the lowest levels of geography with regard to local labor markets and do not depend on population size.
- <sup>39</sup> Measured using the traditional Fairfield County definition.
- <sup>40</sup> Measured using the traditional Fairfield County definition.
- <sup>41</sup> DataHaven, “Fairfield County Community Wellbeing Index 2023 Report,” 2023, <https://fccfoundation.org/research-publications/cwi2023/>.
- <sup>42</sup> “Gross Domestic Product,” Bureau of Economic Analysis, 2024, <https://www.bea.gov/data/gdp/gross-domestic-product>.
- <sup>43</sup> Measured using the traditional Fairfield County definition.
- <sup>44</sup> DataHaven, “Fairfield County Community Wellbeing Index 2023 Report,” 2023, <https://fccfoundation.org/research-publications/cwi2023/>.
- <sup>45</sup> Based on authors’ calculations from 2020 decennial census data and 2022 American Community Survey data.
- <sup>46</sup> Based on authors’ calculations from 2020 decennial census data and 2022 American Community Survey data.
- <sup>47</sup> Measured using the traditional Fairfield County definition.
- <sup>48</sup> Percentage of housing that is single-family housing is specified as any single-family attached or detached unit per ACS table B25024 as a share of all households.
- <sup>49</sup> US Department of Commerce Bureau of Economic Analysis (BEA), “What is GDP?” 2020, <https://www.bea.gov/system/files/2020-04/GDP-Education-by-BEA.pdf>.

- <sup>50</sup> These calculations use data from EdSight, Connecticut’s official source for state education data. See Ct.gov EdSight, “Educator Race/Ethnicity,” accessed September 5, 2024, <https://public-edsight.ct.gov/educators/educator-diversity-dashboard/educator-race-ethnicity>.
- <sup>51</sup> National Education Association, “Educator Pay Data 2024: Teacher Pay and per Student Spending Rankings and Estimates,” accessed September 5, 2024, <https://www.nea.org/resource-library/educator-pay-and-student-spending-how-does-your-state-rank/teacher>.
- <sup>52</sup> These calculations use data from EdSight, Connecticut’s official source for state education data. See Ct.gov EdSight, “Educator Race/Ethnicity,” accessed September 5, 2024, <https://public-edsight.ct.gov/educators/educator-diversity-dashboard/educator-race-ethnicity>.
- <sup>53</sup> This assumes that gaps in value exist in rented properties that are similar to the gaps that exist in owner-occupied ones.
- <sup>54</sup> Measured using the traditional Fairfield County definition.
- <sup>55</sup> While removal of the car property tax was a priority highlighted by the Equity Research Advisory Panel, it should be noted that the tax may have environmental benefits that would need to be offset if it were to be removed.
- <sup>56</sup> Fay Walker, Lydia Lo, and Peter Tatian, “Fairfield County Housing Accessibility and Affordability,” 2021, [https://www.urban.org/sites/default/files/2021/04/06/fairfield\\_county\\_housing\\_accessibility\\_and\\_affordability.pdf](https://www.urban.org/sites/default/files/2021/04/06/fairfield_county_housing_accessibility_and_affordability.pdf).
- <sup>57</sup> Penn Wharton, “Economic Effects from Preschool and Childcare Programs,” August 23, 2021, <https://budgetmodel.wharton.upenn.edu/issues/2021/8/23/economic-effects-preschool-and-childcare-programs#:~:text=Summary%3A%20By%202051%2C%20we%20find,by%200.2%20percent%20by%202051>.
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- <sup>60</sup> Britney Porter, “6 Actions Policy and Change Makers Can Take to Promote Economic Equity,” Forbes.com, May 9, 2024, <https://www.forbes.com/sites/britneyporter/2024/05/09/6-actions-policy-and-change-makers-can-take-to-promote-economic-equity/?sh=3eff0a034a02>.
- <sup>61</sup> For example, the town of Fairfield has a first-time homebuyer program that provides down payment and closing cost assistance to first-time homebuyers who earn less than certain income limits. See Town of Fairfield Connecticut, “Homebuyer Assistance Programs,” accessed September 5, 2024, [https://www.fairfieldct.org/service/community\\_\\_economic\\_development/community\\_development/homebuyer\\_assistance\\_program.php](https://www.fairfieldct.org/service/community__economic_development/community_development/homebuyer_assistance_program.php). Connecticut Housing Finance Authority has a forgivable down payment assistance program: Time to Own; see Connecticut Housing Finance Authority, “Time to Own-Forgiveable Down Payment Assistance,” Accessed September 5, 2024, <https://www.chfa.org/homebuyers-homeowners/homebuyers/time-to-own-down-payment-assistance-program-loan/>.
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- <sup>63</sup> “Live Near Your Work,” LiveBaltimore, accessed March 7, 2025, <https://livebaltimore.com/live-near-your-work/>.
- <sup>64</sup> “Department of Housing and Community Development,” DC.gov, accessed March 7, 2025, <https://dhcd.dc.gov/eahp>.
- <sup>65</sup> Urban Institute, “Nine Charts about Wealth Inequality in America,” 2024, <https://apps.urban.org/features/wealth-inequality-charts/>.

- <sup>64</sup> Ana Hernandez Kant and Lowell R. Ricketts, “The State of U.S. Wealth Inequality,” October 22, 2024, <https://www.stlouisfed.org/institute-for-economic-equity/the-state-of-us-wealth-inequality>.
- <sup>67</sup> “CT Baby Bonds: Building a Brighter Future,” Office of Treasurer Erick Russell, accessed September 5, 2024, <https://portal.ct.gov/ott/debt-management/ct-baby-bonds>.
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- <sup>69</sup> Measured using the traditional Fairfield County definition.
- <sup>70</sup> Based on DataHaven analysis of the 2024 DataHaven Community Wellbeing Survey. Survey data were retrieved from DataHaven and Siena College Research Institute, “DataHaven Community Wellbeing Survey: Statewide, Regional, & Neighborhood-Level Data for Cross Sector Community Action,” 2024, <https://www.ctdatahaven.org/reports/datahaven-community-wellbeing-survey>.
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