



Expert Team: Chapter Outline for Strategies to Calculate California's Harms

Members:

Kaycea Campbell, Thomas Craemer, William Darity,
Kirsten Mullen, and William Spriggs

Introduction

The Expert group examines the model below, with elements for the Task Force to analyze when calculating compensation for harms in California.

Harms/Atrocities Model

Important Framing Questions for the Task force (answered or currently being answered)

- a) What are the damage time frames? This becomes even more important for the prioritization of African American descendants of persons enslaved in the United States. 1865-1960?
 - i. Unjust Property Takings: 1850 – present* (*Sept.30 2020)
 - ii. Devaluation of Black Businesses: 1850- present
 - iii. Housing Discrimination: 1933-1977 **or** 1850- present
 - iv. Mass Incarceration & Over-policing: 1970- present
 - v. Health Harms: 1850- present
- b) Will there be a California residency requirement? If yes, how will it be determined?
 - i. Yes, there should either be a **residency** requirement and/or a **domicile** requirement:
 - i. Further discussion needed on **potential residency period** (i.e., 9 months prior to signing of AB-3121? Period of years prior to signing of AB-3121?)
 - ii. AND/OR
 - iii. Further discussion needed on **potential domicile period** (i.e. Current resident and proof of domicile for a period of years? Or proof of domicile for a period of years irrespective of current residency?)
 - iv. Should **residency or domicile** be determined by when individuals within the descendant community initially experienced the state-sanctioned atrocity (badge or incident)?
 - 1. Right of Return: Can those who prove domicile in CA for a period of years still be eligible under international legal principle of right of return? Potential incentive for African Americans to move back to CA? Redress ongoing exodus of African Americans born in CA, but who have since left?
 - 2. How to Determine Residency and/or Domicile:
 - a. Preliminary Recommendations: Voter Registration Records; Car Registration Records; Organization/Membership Records; Professional License

Records; Real Estate Records; Letters from Homeless Shelters/Organizations; Home Utility Bills; School Documents; Medical Records; Insurance Records; Mortgage Bills; Employment Document Lease Agreements; Genealogical Evidence; Court Documents, Bank Documents etc.

b. Additional Options: Code Books/Ordinances; Health Dept Records; Deed Records; Vital Records; Maps; Tax Assessors Records; County Jail records; Voting Records; Probate Records; Obituaries; Library Meetings, etc.

c) What year determines the beginning of harm? Are there different starting points and end points for each atrocity category?

See response #1.

d) Will direct victims and/or all African American descendants of U.S. slavery in California (who meet the residency requirement) be compensated?

i. All African American descendants of U.S. slavery in California (who meet the residency requirement) should be compensated for all five harms.

i. Rationale: The state of California created an environment of subjugation against free and enslaved African Americans and their descendants. This environment is manifest in a series of innumerable badges and incidents of chattel slavery; thus, all descendants should receive a portion of the total sum of the enumerated harms, as determined by the Task Force.

e) How will reparations be paid and measured to ensure the form of payment aligns with the estimate of damages?

i. To be further discussed by the Task Force; should this be outlined by Task Force; or by legislators after final report published?

WHO: Lineage-based/direct victims/family members?

WHAT? Residency Requirements

WHEN? Time frame for each atrocity and harm based on economic evidence.

Tenets of Model* Eligibility – Time – Residency

The **community of eligibility**, as defined by the Task Force, is lineage based and includes individuals who are descended from at least one African American chattel enslaved person or the direct descendant of a Free Black person who lived in the US prior to the end of the 19th century.

Harms/Atrocities Calculation Model

From a long list of harms/atrocities the state of California is at least partially responsible for (i.e., harms/atrocities the state of California could have prevented or substantially mitigated, see report 1), the Expert Team has selected five for which we believe we can develop methods to estimate the associated losses to Black Californian descendants of the enslaved in the United States. The list of harms/atrocities included here *is not exhaustive*. Its creation was informed by two factors: attributability to the state of California (rather than to federal or sub-state actors), *and the availability of data*. The list does not reflect the normative importance of the harm/atrocity, or its quantitative impact. In many instances of important harms/atrocities, California has not collected data (e.g., due to its ban on affirmative action), or the data is not readily available (e.g., on occupational-, pay-, and employment discrimination). We anticipate that additional harms/atrocities will be added to this list once more data becomes available.

Based on data availability, the Expert Team has come up with three preliminary estimates of losses to Black Californian descendants of the enslaved in the United States due to Health Disparities, due to Disproportionate Black Mass Incarceration and Over-Policing, and due to Housing Discrimination. Further, it has identified two harms/atrocities for which a method can be outlined although the data was not made available by the State of California in time for this report (Unjust Property Takings by Eminent Domain and Devaluation of Black Businesses).

Since this list of harms/atrocities is *not exhaustive*, the total of the estimated losses to Black Californian descendants of the enslaved in the United States is *not a final estimate of losses*. Rather, it is a very *cautious initial assessment* what losses, at a minimum, the State of California could have prevented but did not. Further data collection and research is required to augment these initial loss-estimates. And then the Reparations Task Force will have to decide how to translate loss-estimates into proposed reparations payments. These insights have implications for the Reparations Task Force in deciding on reparations proposals. First, since the Expert Team's estimates for losses due to each individual harm/atrocity are *cautious*, the Task Force may want to *err on the side of generosity* when determining actual reparations payments. Second, since the loss-estimates are *not exhaustive*, the Task Force may want to consider *how difficult-to-estimate losses can be compensated*. For example, pain and suffering from generations of discrimination represent real losses for which the Expert Team cannot provide an estimate as it depends on the subjective experience of those harmed and on their current needs. Finally, since the loss-estimates are *preliminary*, and more research is required, the Task Force may want to consider proposing a ***substantial initial down-payment*** to be augmented over-time with ***additional payments as new evidence becomes available***. It should be communicated to the public that the substantial initial down-payment is the beginning of a conversation about historical injustices, not the end of it. The Expert Team recommends the down payment lest the need for further

research become an argument for reparations opponents to delay reparations indefinitely. Delay of reparations is an injustice that causes more suffering and may ultimately deny justice, especially to the elderly among the harmed. The Expert Team recommends that the Task Force consider *prioritizing elderly recipients* in their recommendation for the roll-out of a reparations program. The following is a list of five harms/atrocities for which the Expert Team provides preliminary loss-estimates (1-3) or methods to estimate losses (4-5).

Harms/Atrocities (Round #1):

1. Health Harms
2. Disproportionate Black Mass Incarceration and Over-Policing
3. Housing Discrimination
4. Unjust Property Takings by Eminent Domain
5. Devaluation of Black Businesses

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Further Considerations for the Task Force

While the Expert Team has identified five harms/atrocities it believes can be modeled with existing data, there will be ongoing communication with the Expert Team and the Task Force to provide analysis related to direct fiscal redress and/or other forms of reparations and remedies as examined by the Task Force. These atrocities may link to the analysis from the interim report with conversations between the Task Force and the Expert Team around costs, impact, and remedies to harms/atrocities.

The Expert Team is suggesting that the Task Force recommend an **agency** (e.g., a Bureau of Freedmen's and Freedwomen's Affairs) to **make direct payments** to eligible recipients and aid recipients with their claims, rather than an indirect approach, whereby the agency just oversees the distribution of resources through non-profit community organizations.

The Expert Team is asking the Task Force to consider recommending that reparations for community harms be provided as **standard payments** based on an eligible recipient's duration of residence in California during the harm-period (e.g., residence in an over-policed community during the War on Drugs from 1971 to 2020). In addition, however, the Task Force may want to propose an **individual claims process** for individuals that can prove *specific* harm (e.g., an individual who was arrested or incarcerated for a drug charge during the War on Drugs, especially if the drug is now considered legal, e.g., cannabis).

Finally, the Expert Team is suggesting that the Task Force recommend there should be **no time limit** on when a harmed individual and/or their heirs can submit claims for compensation.

Atrocity #1: Health Harms Briefs

The difference in life expectancy between Black non-Hispanics and white non-Hispanics in California can be interpreted as the cumulative effect of unequal treatment, from unequal access to health insurance and health care based on occupational discrimination, discriminatory local zoning that exposes Black neighborhoods to greater environmental harm (e.g., placement of toxic industries in residential neighborhoods, creation of food deserts, etc.), as well as explicit and implicitly discriminatory behavior of medical personnel from which the state should shield its residents. At the root of these discriminatory practices is the state of California's willing complicity in federal redlining policies that created *de jure* racially segregated living arrangements in California (Rothstein 2017) and its unwillingness to address occupational discrimination as documented by its ban on affirmative action. A simple back-of-the-envelope procedure to estimate the cost of health differences between Black non-Hispanic and white non-Hispanic Californians is to:

- (1) take individual's value of statistical life (VSL, according to Rogers 2020, the VSL in the United States was roughly \$10,000,000) and divide it by the white non-Hispanic life expectancy in California (78.6 years in 2021) to obtain the **value for each year of life absent anti-Black racial discrimination** (\$127,226).
- (2) Then we calculate the **difference in average life expectancy in years between Black non-Hispanic and white non-Hispanic Californians** (7.6 years in 2021, Kuang 2022).
- (3) We multiply the two to arrive at a **total loss in value of life for each Black non-Hispanic due to health disparities based on racial discrimination** (\$966,921). A Black non-Hispanic Californian at the average life expectancy of 71 years of age who spent their entire life in California would be entitled to the full amount.
- (4) For eligible recipients who spent only a number of years in California, an annual value can be obtained by dividing the full amount by the Black non-Hispanic life expectancy: $\$966,921 / 71 = \mathbf{\$13,619}$. This **would be the value of each year spent in California, to which a Black non-Hispanic Californian descendant of the enslaved in the United States would be entitled.**

Atrocity #1: Health Harms Details

According to Rogers (2020), the value of a statistical life (VSL) in the United States is estimated to fall between \$9,000,000 and \$11,000,000 in 2020 dollars. Taking the midpoint between these amounts, we apply \$10,000,000 to the difference in years of life expectancy between white non-Hispanic Californians (78.6 years) and Black non-Hispanic Californians (71 years) based on figures provided by Kuang (2022). The difference in 2021 amounted to 7.6 years of life. The VSL of \$10,000,000 divided by the

life expectancy difference of 7.6 years yields \$127,226 per year of white non-Hispanic life (it is higher for Black non-Hispanic lives because the life expectancy is shorter; using the white non-Hispanic life expectancy renders our calculation cautious). The total value of 7.6 years difference in life expectancy would be (7.6 years) (\$127,226) = \$966,921. A Black non-Hispanic Californian at the average life expectancy of 71 years of age who spent their entire life in California would be entitled to the full amount. For eligible recipients who spent only a number of years in California, an annual value can be obtained by dividing the full amount by the Black non-Hispanic life expectancy: $\$966,921 / 71 = \mathbf{\$13,619}$. This **would be the value of each year spent in California, to which a Black non-Hispanic Californian descendant of the enslaved in the United States would be entitled.**

Literature

- Rothstein, R. (2017). *The Color of Law. A Forgotten History of How Our Government Segregated America*. W. W. Norton & Company.
- Kuang, Jeanne (2022, July 7). COVID Pulls Down Latino, Black, Asian Life Expectancy More than Whites, Study Says. Cal Matters. <https://calmatters.org/california-divide/2022/07/california-life-expectancy/>
- Rogers, Adam (2020, May 11). How Much Is a Human Life Actually Worth? Wired Backchannel. <https://www.wired.com/story/how-much-is-human-life-worth-in-dollars/>

Atrocity #2: Disproportionate Black Mass Incarceration and Over-Policing Briefs

The “War on Drugs” began in 1971. According to Alexander (2010, p. 99), survey research reveals that “People of all races use and sell illegal drugs at remarkably similar rates.” To measure racial mass incarceration disparities in the 50 years of the War on Drugs from 1970 to 2020, we estimate disproportionate years spent behind bars for Black non-Hispanic compared to white non-Hispanic drug offenders and multiply them with what a California State employee would have earned in a year on average (they were forced, unpaid ‘employees’ of the state). We add to this compensation for loss of freedom, comparable to Japanese American World War II internees and arrive at **\$170,657 per year of disproportionate incarceration in 2021 dollars.**

To estimate the number of disproportionately incarcerated Black non-Hispanic individuals,

- (1) We use total California arrest figures for felony drug offenses and Black non-Hispanic drug felony arrests from 1970 to 2020, to compute the Black non-Hispanic percentage.
- (2) We compute the difference between the percentage of Black non-Hispanic drug felony arrests and the estimated Black non-Hispanic population percentage for each year. The difference between the two provides us with an estimate of the percentage of excess Black non-Hispanic drug felony arrests.
- (3) We obtain the **number of Black-non-Hispanic excess drug felony arrests** by multiplying the percentage of excess Black non-Hispanic drug felony arrests times the total number of drug felony arrests.
- (4) We then multiply Black non-Hispanic excess drug felony arrests by the average drug-possession related prison term of 1.48 years (Ehlers & Ziedenberg, 2006, p. 24) and the annual reparations amount (see above) and add the annual amounts up over the entire time period from 1970 to 2020 to arrive at a **total sum of \$246,476,420,795 in 2021 dollars.**
- (5) Disproportionate law enforcement reduced the quality of life for *all* Black Californian descendants of the enslaved in the United States who lived in the state during the “War on Drugs.” We therefore divide the total sum of among the estimated 1,976,911 Black non-Hispanic California residents who lived in the state in 2020, for an **amount per recipient of \$124,678 in 2021 dollars, or \$2,494 for each year of residency in California.** Black California residents who served time the possession or distribution of substances now legal (e.g., Cannabis) should additionally be able to sue for compensation of their time behind bars.

Atrocity #2: Disproportionate Black Mass Incarceration and Over-Policing Details

While sentencing disparities may go back to the beginning of the State of California, the phenomenon of mass incarceration in the United States has its starting point with the beginning of the so-called "War on Drugs." The term was popularized in 1971 after Nixon declared drug abuse "public enemy number one" in a press conference on June 18th that year (Wikipedia, 2022a). Figure 1 suggests that the incarceration rate from 1920 to 1970 hovered around 0.1%-0.2% of the population. Thereafter it rose to 0.8% of the population in 2008 (Wikipedia, 2011), when it peaked.

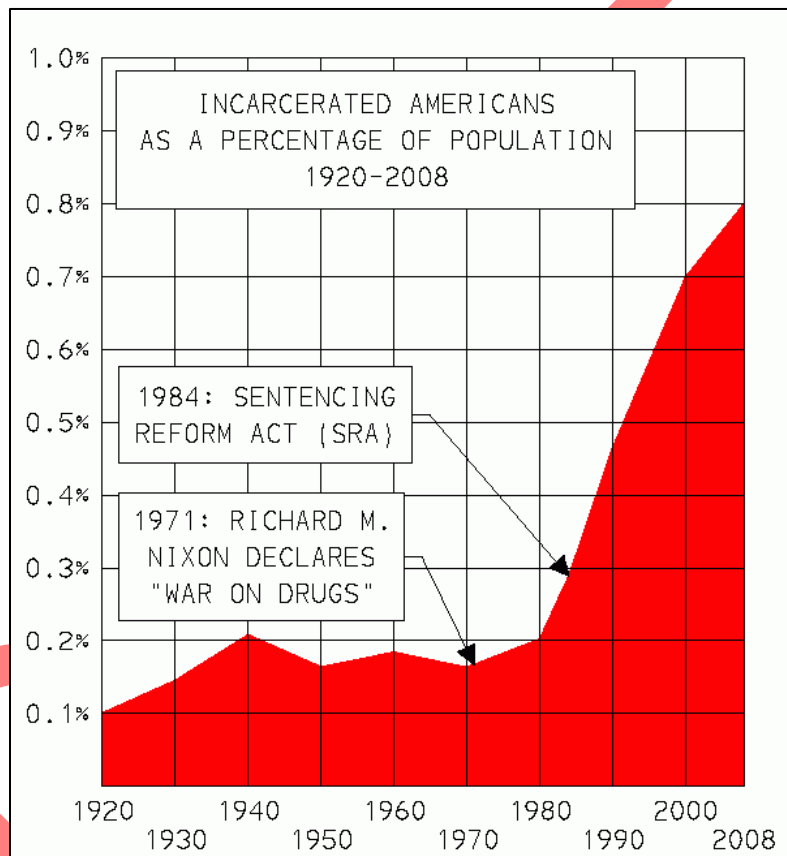


Figure 1: US Incarceration Rate 1920-2008 (Wikipedia, 2011)

In that year, the United States led the world with the number and percentage of people in prison, followed by countries like Russia and South Africa with much smaller per capita rates of incarcerated persons. The average of Europe was far below the pre-mass incarceration percentage of 0.2% (see Figure 2; Wikipedia, 2017).

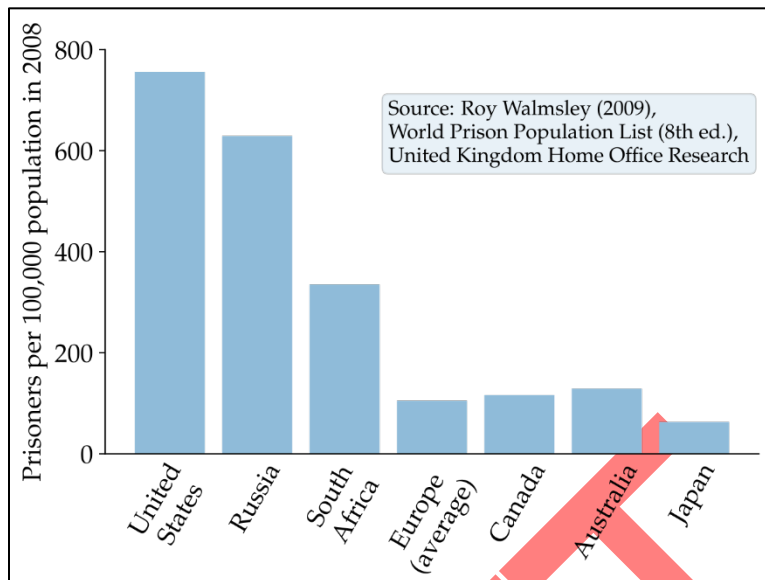


Figure 2: Incarceration Rates in 2008 (Wikipedia, 2017)

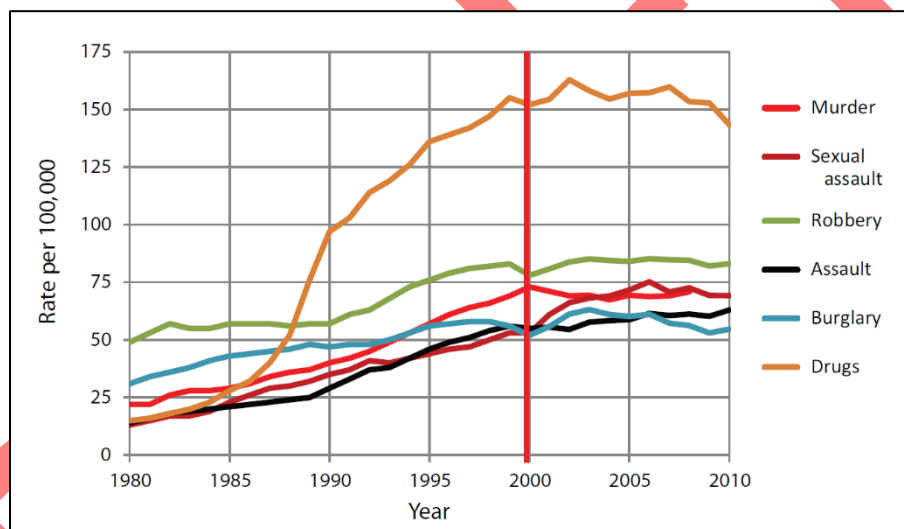


Figure 3: Combined state incarceration rate by crime type, 1980 to 2010. SOURCE: Beck and Blumstein (2012). (Travis, Western, & Redburn, 2014, p. 48)

The explosion of the prison population in the United States was driven by convictions for drug offenses in the so-called “War on Drugs.” While the incarceration rates for all crimes, murder, sexual assault, robbery, assault, and burglary increased slightly between 1980 and 2010, the incarceration rate for drugs exploded disproportionately as Figure 3 illustrates. It should be mentioned that according to Alexander (2010, p. 99), “patterns of drug crime do not explain the glaring racial disparities in our criminal justice system. People of all races use and sell illegal drugs at remarkably similar rates.” For example, the 2000 National Household Survey on Drug Abuse (U.S. Department of Health and Human Services, 2001), revealed that 6.4 percent of whites, 6.4 percent of Blacks, and 5.3 percent of Hispanics were current illegal drug users in 2000. (Alexander, 2010, pp. 275-276). Results from the 2002 National Survey on Drug Use and Health by

the U.S. Department of Health and Human Services (2003), revealed nearly identical rates of illegal drug use among whites and Blacks, only a single percentage point between them (Alexander 2010, p. pp. 275-276). And the 2007 version of the survey (U.S. Department of Health and Human Services, 2007) showed essentially the same results. Alexander (2010, p. 98) continues,

If there are significant differences in the surveys to be found, they frequently suggest that whites, particularly white youth, are more likely to engage in illegal drug dealing than people of color. One study, for example, published in 2000 by the National Institute on Drug Abuse reported that white students use cocaine at seven times the rate of black students, use crack cocaine at eight times the rate of black students, and use heroin at seven times the rate of black students. That same survey revealed that nearly identical percentages of white and black high school seniors use marijuana. The National Household Survey on Drug Abuse reported in 2000 that white youth aged 12-17 are more than a third more likely to have sold illegal drugs than African American youth. ... white youth have about three times the number of drug-related emergency room visits as their African American counterparts.

This evidence is important, as it speaks directly to the fairness or lack thereof of racial arrest and imprisonment disparities. According to Travis, Western, and Redburn (2014, p. 94), "If racial disparities in imprisonment perfectly mirrored racial patterns of criminality, then an argument could be made that the disparities in imprisonment were appropriate." They continue that, "Black people are, however, arrested for drug offenses at much higher rates than whites because of police decisions to emphasize arrests of street-level dealers" in disproportionately Black neighborhoods (Travis, Western, & Redburn, 2014, p. 97). If they were to focus on disproportionately white suburban homes, they would undoubtedly discover substantial amounts of illegal drug use and drug distribution that goes unnoticed due to racial profiling. Travis, Western, and Redburn (2014, p. 97) add that, "Legislative decisions also have specified the longest sentences for crack cocaine offenses, for which blacks are arrested much more often than whites." This is based on the legal double standard that powdered cocaine, disproportionately consumed by white illegal drug users, is treated with substantially more leniency than cocaine in crack form, disproportionately consumed by Black illegal drug users, in part, because it requires less raw cocaine and is, therefore, less expensive.

Given the similarity in drug offenses (drug possession and drug selling), racial disparities in drug enforcement should be non-existent. However, Figure 4 paints a shockingly different picture. It suggests that the massive increase in incarceration for drug offenses observed in Figure 3 may be due to disproportionate arrests of Black suspects.

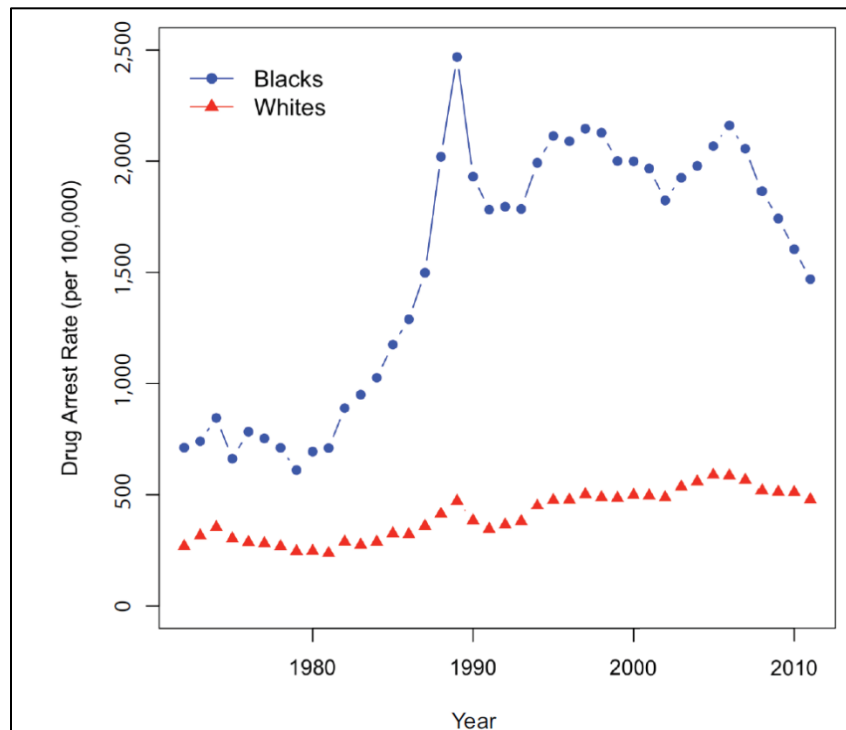


Figure 4: Drug arrest rates for Blacks and whites per 100,000 population, 1972 to 2011. SOURCES: Uniform Crime Reports race-specific arrest rates, 1980 to 2011 (accessed from BJS). 1972 to 1979 is taken from Federal Bureau of Investigation (1990). (Travis, Western, & Redburn, 2014, p. 61)

As a result of these discriminatory practices, it is not surprising that non-Hispanic African Americans were by far the most over-represented group in the US prison population. While they represented 13% of the US population in 2010, they represented 40% of the prison population, an over-representation of 27 percentage points. In contrast, Hispanics (of any race) were overrepresented by only 3 percentage points (16% of the US population and 19% of the prison population). Asian Americans were *underrepresented* by 4.1 percentage points (5.6% of the US population and 1.5% of the prison population), and white non-Hispanics underrepresented by 25 percentage points (64% of the US population and 39% of the prison population; Wikipedia, 2022b).

To measure racial mass incarceration disparities in the fifty years of the War on Drugs from 1971 to 2021, we estimate disproportionate years spent behind bars for Black non-Hispanic compared to white non-Hispanic drug offenders. Since these disparities are measurable in years, we can attach a monetary value to these disproportionate prison years by calculating what a California State employee would have earned in a year on average. We suggest taking California state employees as a baseline of comparison since the imprisoned were forced, unpaid 'employees' of the state. Indeed, average private sector wages and benefits could be taken as a baseline of comparison as well. Of course, whether in the public or private sectors, most prisoners would have likely worked in lower-paid positions with fewer benefits, but this would be due to past

occupational, pay-, and employment discrimination and would therefore taint our calculations.

In 2019, full time state workers earned on average \$143,000 annually with benefits (Ring, 2020). According to Friedman's (n.d.) Inflation Calculator, this would be \$154,862 in 2021. To that we could add compensation for loss of freedom, comparable to Japanese American World War II internees who received \$20,000 in 1988 dollars for 3 years of incarceration from 1942 to 1945 (Craemer et al. 2020, p. 236). This would amount to $\$20,000/3 = \$6,667$ per year in 1988 dollars, or \$15,795 in 2021 dollars (Friedman, n.d.). The total average compensation would therefore be $\$154,862 + \$15,795 =$ **\$170,657 per year of disproportionate incarceration in 2021 dollars.**

To estimate the number of disproportionately incarcerated Black non-Hispanic individuals, Table 1 provides observed incarcerations in bold print, estimated incarcerations in italics, and derived incarcerations in normal print. The first column gives the year (1970-2020), the second the California population total for each decennial U.S. Census (bold: U.S. Census Bureau, 2021) with the population in each year in between decennial censuses estimated by linear interpolation (italics). The third column gives the number of non-Hispanic African Americans based on the population figures from the U.S. Census Bureau (2021) and the percentages of the Black non-Hispanic population from Johnson, McGhee, & Cuellar Mejia (2022) for each decennial census (bold print). Again, the figures between decennial censuses are estimated using linear interpolation (italics). The fourth column in Table 1 provides the total number of arrests in California as observed by the California Department of Justice (2000, p. 112, for the years 1970-1979; and 2022 for the years 1980-2020). The number of drug felony arrests in the fifth column are only available from the California Department of Justice (2022) for the years 1980-2020 (bold print). The numbers for 1970-1979 were estimated using the 1980 drug felony arrests as a percentage of all arrests in that year (4.2195%). Black non-Hispanic drug felony arrests are listed in the sixth column, again observed by the California Department of Justice (2022) for the years 1980-2020 (bold print) and estimated for 1970-1979 from the percentage of Black non-Hispanic drug felony arrests of all drug felony arrests in 1980 (28.8767%). Column 7 presents the Black non-Hispanic population percentage (bold print observed by Johnson, McGhee, & Cuellar Mejia, 2022, italics estimated by linear interpolation). Column 8 provides the Black non-Hispanic percentage of all drug felony arrests (regular print) and is estimated for the years 1970-1979 based on the 1980 percentage (italics). Column 9 provides the percentage of excess Black non-Hispanic drug felony arrests and represents the difference between column 8 (Black non-Hispanic drug felony arrests as a percentage of all drug felony arrests) and column 7 (Black non-Hispanic percentage of the overall California population). This difference is positive for the entire observed time period and ranges from a minimum of 8.25 percentage points in 2013 to a maximum of 29.58 percentage points in 1988. Column 10 translates this percentage into Black non-Hispanic excess drug felony arrests by multiplying the excess percentage in column 9 with the number of all drug felony arrests in column 5. Finally, the last column (11) multiplies Black non-Hispanic excess drug felony arrests by the average drug-related

prison term of 1.48 years (Ehlers & Ziedenberg, 2006, p. 24)¹ and the annual reparations amount of \$170,657 (2021 full time state workers salary with benefits according to Ring, 2020, and Friedman, n.d., of \$154,862 plus \$15,795 for loss of freedom based on Japanese American World War II Internment reparations). The annual amounts are added up and yield the sum of \$246,476,420,795 or \$246.5 billion in 2021 dollars.

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¹ Ehlers and Ziedenberg (2006, p. 24) write, “the average prison sentence for drug possession ... was 1.48 years in 2004”

Table 1: Reparations for Disproportionate Black non-Hispanic Drug Felony Arrests (DFA) During the 'War on Drugs' in California (1970-2020)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Year	CA Population ¹	Black non-Hispanics ²	Total Arrests ³	Drug Felony Arrests ⁴	Black DFA ⁵	Black Pop% ⁶	Black DFA%	Excess Black DFA%	Excess Black DFA Arrests	Reparations Amount ⁷
1970	19,953,134	1,396,719	1,340,072	<i>56,545</i>	<i>16,328</i>	7.00	<i>28.88</i>	21.88	12,370	3,124,345,814
1971	<i>20,324,611</i>	<i>1,446,391</i>	1,347,479	<i>56,857</i>	<i>16,418</i>	<i>7.12</i>	<i>28.88</i>	21.76	12,372	3,124,892,246
1972	<i>20,696,088</i>	<i>1,496,062</i>	1,340,438	<i>56,560</i>	<i>16,333</i>	<i>7.23</i>	<i>28.88</i>	21.65	12,244	3,092,525,458
1973	<i>21,067,564</i>	<i>1,545,733</i>	1,383,234	<i>58,366</i>	<i>16,854</i>	<i>7.34</i>	<i>28.88</i>	21.54	12,572	3,175,293,492
1974	<i>21,439,041</i>	<i>1,595,404</i>	1,488,102	<i>62,791</i>	<i>18,132</i>	<i>7.44</i>	<i>28.88</i>	21.44	13,459	3,399,442,163
1975	<i>21,810,518</i>	<i>1,645,076</i>	1,439,857	<i>60,755</i>	<i>17,544</i>	<i>7.54</i>	<i>28.88</i>	21.33	12,962	3,273,732,822
1976	<i>22,181,995</i>	<i>1,694,747</i>	1,395,447	<i>58,881</i>	<i>17,003</i>	<i>7.64</i>	<i>28.88</i>	21.24	12,504	3,158,243,282
1977	<i>22,553,472</i>	<i>1,744,418</i>	1,402,930	<i>59,197</i>	<i>17,094</i>	<i>7.73</i>	<i>28.88</i>	21.14	12,515	3,161,065,412
1978	<i>22,924,948</i>	<i>1,794,090</i>	1,382,805	<i>58,348</i>	<i>16,849</i>	<i>7.83</i>	<i>28.88</i>	21.05	12,283	3,102,259,540
1979	<i>23,296,425</i>	<i>1,843,761</i>	1,442,037	<i>60,847</i>	<i>17,571</i>	<i>7.91</i>	<i>28.88</i>	20.96	12,755	3,221,554,441
1980	23,667,902	1,893,432	1,542,850	65,101	18,799	8.00	28.88	20.88	13,591	3,432,690,739
1981	<i>24,277,114</i>	<i>1,912,409</i>	1,632,351	67,384	18,591	<i>7.88</i>	<i>27.59</i>	19.71	13,283	3,354,888,970
1982	<i>24,886,326</i>	<i>1,931,386</i>	1,621,944	68,616	18,453	<i>7.76</i>	<i>26.89</i>	19.13	13,128	3,315,726,317
1983	<i>25,495,538</i>	<i>1,950,363</i>	1,653,914	79,422	22,477	<i>7.65</i>	28.30	20.65	16,401	4,142,530,026
1984	<i>26,104,750</i>	<i>1,969,340</i>	1,680,721	93,124	27,801	<i>7.54</i>	29.85	22.31	20,776	5,247,376,191
1985	<i>26,713,962</i>	<i>1,988,317</i>	1,716,040	108,729	34,147	<i>7.44</i>	31.41	23.96	26,054	6,580,599,606
1986	<i>27,323,173</i>	<i>2,007,294</i>	1,794,481	131,672	45,037	<i>7.35</i>	34.20	26.86	35,364	8,931,901,220
1987	<i>27,932,385</i>	<i>2,026,271</i>	1,859,342	146,588	50,558	<i>7.25</i>	34.49	27.24	39,924	10,083,753,329
1988	<i>28,541,597</i>	<i>2,045,248</i>	1,903,067	170,156	62,529	<i>7.17</i>	36.75	29.58	50,336	12,713,451,718
1989	<i>29,150,809</i>	<i>2,064,225</i>	1,969,168	174,779	61,933	<i>7.08</i>	35.44	28.35	49,557	12,516,618,518
1990	29,760,021	2,083,201	1,979,355	145,551	45,570	7.00	31.31	24.31	35,381	8,936,371,275
1991	<i>30,171,184</i>	<i>2,078,111</i>	1,791,312	125,241	38,095	<i>6.89</i>	30.42	23.53	29,469	7,442,987,106
1992	<i>30,582,346</i>	<i>2,073,021</i>	1,718,254	135,448	36,645	<i>6.78</i>	27.05	20.28	27,464	6,936,564,545
1993	<i>30,993,509</i>	<i>2,067,931</i>	1,667,522	136,943	32,024	<i>6.67</i>	23.38	16.71	22,887	5,780,615,941
1994	<i>31,404,672</i>	<i>2,062,840</i>	1,652,723	155,175	34,408	<i>6.57</i>	22.17	15.61	24,215	6,116,092,419
1995	<i>31,815,835</i>	<i>2,057,750</i>	1,608,147	141,394	26,986	<i>6.47</i>	19.09	12.62	17,841	4,506,161,561
1996	<i>32,226,997</i>	<i>2,052,660</i>	1,622,535	139,772	32,103	<i>6.37</i>	22.97	16.60	23,200	5,859,777,300
1997	<i>32,638,160</i>	<i>2,047,570</i>	1,620,381	153,099	33,299	<i>6.27</i>	21.75	15.48	23,694	5,984,516,505
1998	<i>33,049,323</i>	<i>2,042,479</i>	1,571,724	141,766	34,640	<i>6.18</i>	24.43	18.25	25,879	6,536,251,178
1999	<i>33,460,485</i>	<i>2,037,389</i>	1,496,459	133,437	32,983	<i>6.09</i>	24.72	18.63	24,858	6,278,469,001
2000	33,871,648	2,032,299	1,424,893	128,142	29,803	6.00	23.26	17.26	22,114	5,585,506,404
2001	<i>34,209,879</i>	<i>2,052,593</i>	1,420,680	124,726	27,895	<i>6.00</i>	22.37	16.37	20,411	5,155,365,572
2002	<i>34,548,110</i>	<i>2,072,887</i>	1,426,233	131,306	29,669	<i>6.00</i>	22.60	16.60	21,791	5,503,713,371
2003	<i>34,886,340</i>	<i>2,093,180</i>	1,471,083	140,744	31,321	<i>6.00</i>	22.25	16.25	22,876	5,777,936,233
2004	<i>35,224,571</i>	<i>2,113,474</i>	1,499,083	150,305	34,097	<i>6.00</i>	22.69	16.69	25,079	6,334,186,445
2005	<i>35,562,802</i>	<i>2,133,768</i>	1,508,210	159,944	35,389	<i>6.00</i>	22.13	16.13	25,792	6,514,437,235
2006	<i>35,901,033</i>	<i>2,154,062</i>	1,539,364	154,468	36,338	<i>6.00</i>	23.52	17.52	27,070	6,837,113,579
2007	<i>36,239,264</i>	<i>2,174,356</i>	1,551,900	143,692	34,987	<i>6.00</i>	24.35	18.35	26,365	6,659,191,506
2008	<i>36,577,494</i>	<i>2,194,650</i>	1,543,665	129,080	32,885	<i>6.00</i>	25.48	19.48	25,140	6,349,719,645
2009	<i>36,915,725</i>	<i>2,214,944</i>	1,466,852	118,684	26,156	<i>6.00</i>	22.04	16.04	19,035	4,807,704,770
2010	37,253,956	2,235,237	1,394,425	121,286	21,813	6.00	17.98	11.98	14,536	3,671,351,413
2011	<i>37,482,383</i>	<i>2,209,405</i>	1,267,196	115,332	18,519	<i>5.89</i>	16.06	10.16	11,721	2,960,334,394
2012	<i>37,710,809</i>	<i>2,183,572</i>	1,238,496	120,995	18,083	<i>5.79</i>	14.95	9.15	11,077	2,797,748,199
2013	<i>37,939,236</i>	<i>2,157,739</i>	1,205,536	137,125	19,116	<i>5.69</i>	13.94	8.25	11,317	2,858,415,148
2014	<i>38,167,663</i>	<i>2,131,907</i>	1,212,845	137,054	19,708	<i>5.59</i>	14.38	8.79	12,053	3,044,169,249
2015	<i>38,396,090</i>	<i>2,106,074</i>	1,158,812	44,629	7,564	<i>5.49</i>	16.95	11.46	5,116	1,292,170,976
2016	<i>38,624,516</i>	<i>2,080,242</i>	1,120,759	38,988	6,442	<i>5.39</i>	16.52	11.14	4,342	1,096,715,113
2017	<i>38,852,943</i>	<i>2,054,409</i>	1,097,083	29,955	4,739	<i>5.29</i>	15.82	10.53	3,155	796,886,855
2018	<i>39,081,370</i>	<i>2,028,576</i>	1,091,694	28,376	4,355	<i>5.19</i>	15.35	10.16	2,882	727,939,223
2019	<i>39,309,796</i>	<i>2,002,744</i>	1,055,622	27,280	3,906	<i>5.09</i>	14.32	9.22	2,516	635,509,110
2020	39,538,223	1,976,911	853,576	25,771	3,425	5.00	13.29	8.29	2,136	539,608,219
									Total:	\$246,476,420,795

Numbers in bold print are observed, numbers in italics are estimated; ¹) Bold: U.S. Census Bureau (2021); Italics: Linear Interpolation; ²) Bold: U.S. Census Bureau (2021) for population totals, and Johnson, McGhee, & Cuellar Mejia (2022) for Black population percentages; Italics: Linear Interpolation; ³) 1970-1979 California Department of Justice (2000, p. 112); 1980-2020: California Department of Justice (2022); ⁴) Bold: 1980-2020: State of California Department of Justice (2022), Italics: 1970-1979 Estimated based on 1980 percentage 4.2195% drug felony arrests; ⁵) Bold: 1980-2020: State of California Department of Justice (2022), Italics: 1970-1979 Estimated based on 1980 percentage of 28.8767%; ⁶) Bold: Johnson, McGhee, & Cuellar Mejia (2022): Italic: linear interpolation; ⁷) Black non-Hispanic excess drug felony arrests times 1.48 year average prison term for drug related offenses (), times \$170,657 average annual

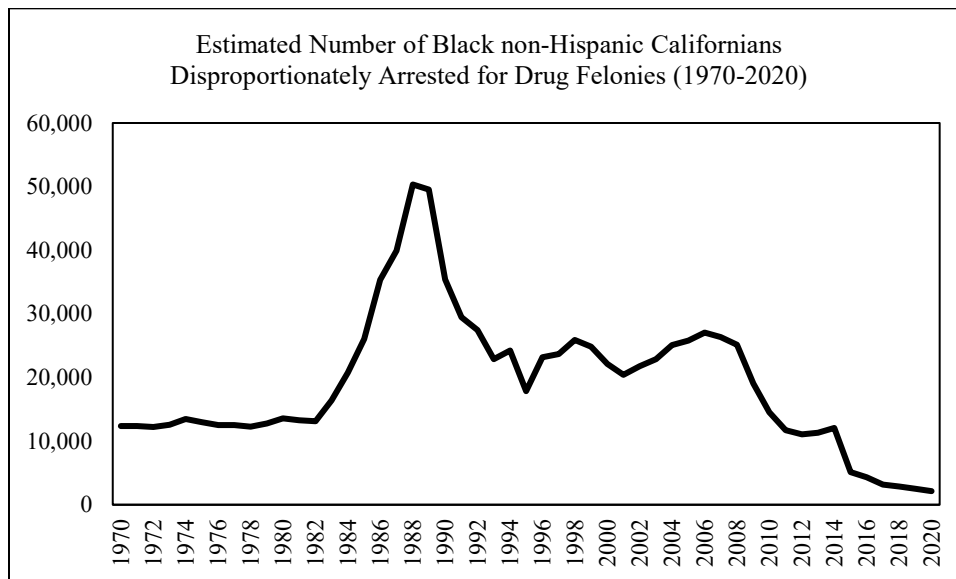


Figure 5: Estimated number of Black non-Hispanic Californians Disproportionately Arrested for Drug Felonies (1970-2020).

Disproportionate law enforcement was directed at the *entire* African American community, and therefore affects all Black Californian descendants of the enslaved in the United States who lived in the state during the “War on Drugs” roughly coinciding with the 1970-2020 timeframe. For example, people in neighborhoods targeted for the “War on Drugs” may avoid encounters with the police lest they be treated as suspects. This may interfere with legitimate law enforcement investigations and may lead to elevated levels of unresolved crime. This in turn would reduce the quality of life, depress property values, which in turn would lead to underfunded schools in the neighborhood, and so on. The whole neighborhood may suffer from disproportionate policing as a consequence of the “War on Drugs.” Thus, all eligible Black Californian descendants of the enslaved in the United States should be compensated for lost quality of life due to racial profiling and biased law enforcement. This would mean dividing the sum \$246,476,420,795 among the estimated 1,976,911 Black non-Hispanic California residents who lived in the state in 2020, for an amount per recipient of \$124,678 in 2021 dollars, or \$2,494 for each year of residency in California during the 50-year-period (1970-2020).

These reparations could be paid out to individuals deemed eligible under the Reparation Task Force’s definition. Individuals that would otherwise be eligible but who left the state because of race-targeted policing, or other Americans affected by disproportional incarceration (e.g., Hispanics of any race or African Americans not descending from people enslaved in the United States) could file claims separately following the same computational strategy.

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Atrocity #3: Housing Discrimination Briefs

Time Frame for Housing Discrimination: 1850 (Founding of CA) – 2020 (Taks Force)

Time Frame for Redlining: 1933 (HOLC) – 1977 (Community Reinvestment Act)

There was racial housing discrimination everywhere in the United States, including California, starting with the state's founding, in 1850. Individual participants in the housing market discriminated against Black buyers or renters, local zoning rules enforced segregation, and the state allowed this discrimination to occur even though the Supreme Court ruled it unconstitutional in its 1917 *Buchanan v. Warley* decision (Rothstein 2017, p. 45). As a result, in 2019, a year before the Reparations Task Force was established, Black Californians controlled far less of the state's average per-capita housing value than did white Californians. Critics may object that most of this discrimination was perpetrated by non-state actors (individual home owners, real estate agents, corporate actors like banks or local zoning commissions), over which the state had no direct control.

We therefore consider losses specifically due to *redlining* as a more cautious estimation approach. Redlining is a clear case of *de jure* homeownership discrimination beginning with the New Deal in 1933 and lasting for 44 years until the Community Reinvestment Act of 1977 formally (although not effectively) banned redlining practices. Redlining was federal law, but, at the initiative of Southern Democrats, almost complete discretion was given to the states to guarantee application of Jim Crow Laws in the Southern states (Rothstein 2017). Thus, California could have gone another direction, but chose not to. This makes redlining reparations California's moral responsibility. There was housing discrimination prior to redlining (e.g., discriminatory real-estate practices, and discriminatory local zoning), and after (e.g., gentrification and the sub-prime mortgage crisis), but they cannot be as cleanly attributed to *de jure* state action.

(1) We estimate the average per capita Black-white homeownership wealth gap by subtracting average per capita Black homeownership wealth from average per capita white homeownership wealth. We arrive at average per capita homeownership wealth for each group by multiplying the mean home value for the group with the number of homeowners in the group. Then we divide the total homeownership wealth of the group by all group members in the California population.

(2) We do this for the year 2019, one year before the Reparations Task Force was established and one year before the Covid-19 crisis hit and arrive at an average per-capita Black non-Hispanic / white non-Hispanic homeownership wealth gap of \$141,462 in 2019 dollars, which compounded up to 2021 at the annual 30-year mortgage interest rates (Miller, 2022), would have represented \$150,222 in 2021 dollars.

(2) Further, to isolate the wealth effect of redlining, we do the same for the year 1930, three years before the start of redlining (\$969), and for 1980, three years after the official ban of redlining practices (\$17,920). We subtract the 1930 average per capita Black-white homeownership wealth gap from 1980 average per capita Black-white homeownership wealth gap. This figure of \$16,951 in 1980 dollars is the average per capita homeownership wealth that Black Californians lost due to California's willing

complicity in federal redlining discrimination.

(3) To reflect the fact that reparations for redlining discrimination should have been paid after the injustice officially (although not effectively) ended, we compound the resulting estimates up to 2021 using annual 30-year mortgage interest rates (Miller, 2022) and arrive at an average per-capita Black-white redlining gap of \$312,960 in 2021 dollars. The fact that this amount is larger than the 2019 estimate is due to the exponential effect of compound interest over long periods of time. Thus, although the assumptions here are more cautious (only representing redlining as an injustice, ignoring local zoning discrimination prior to 1933, and ignoring gentrification and the mortgage interest crisis after 1977), the loss-estimate in 2021 dollars is more than double the 2019 estimate in 2021 dollars. Thus making more cautious assumptions and being more specific can lead to higher loss-estimates. It will be up to the Reparations Task Force to decide which estimation procedure (if any) to use as a baseline for proposing appropriate reparations for California's complicity in housing discrimination.

(4) To estimate the maximum liability for the State of California for reparations based on housing discrimination, we take the larger amount (based on redlining between 1930 and 1980) and multiply the resulting gap-estimate with the total Black non-Hispanic California population in 1980 (after redlining had officially albeit not effectively ended) to obtain the outstanding total (\$569 billion in 2021 dollars). Then we divide the total by the Black California population in 2021 (2,550,459) to estimate the per-capita amount owed each Black descendant of the enslaved in the U.S. who lived in California in 2021 (\$223,239) under the assumption that all Blacks in California are eligible and lived in the state from 1930 to 1980 or are the heir of someone who did. We arrive at an annual estimate by dividing that amount by the 44 years during which redlining was California's official policy (\$5,074 for each year between 1933 and 1977 spent as a resident of the state).

Atrocity #3: Housing Discrimination and Houselessness Details

Time Frame for Housing Discrimination: 1850 (Founding of CA) – 2020 (Taks Force)

Time Frame for Redlining: 1933 (HOLC) – 1977 (Community Reinvestment Act)

There was local zoning discrimination everywhere in the United States, including California, before 1933 with "zoning rules decreeing separate living areas for black and white families ... prohibiting African Americans from buying homes on blocks where whites were a majority and vice versa" (Rothstein 2017, p. 44). They were ruled unconstitutional in 1917 by the U.S. Supreme Court in its *Buchanan v. Warley* decision, but this ruling was often ignored by government entities as well as individuals (Rothstein 2017, p. 45). Therefore, it is difficult to distinguish between *de jure* discrimination (by the government) and *de facto* discrimination (by racist individuals) in the pre-1933 period. To circumvent this problem, this essay produces two loss-estimates, one based on the cumulative effect on home-ownership wealth of all forms of housing discrimination (individual-level, local zoning rules, and state policies), and one for the wealth effects only of *de jure* redlining discrimination beginning with the

New Deal in 1933 and lasting for 44 years until the Community Reinvestment Act of 1977 banned redlining practices (albeit ineffectively).

Before the founding of the Home Owners' Loan Corporation (HOLC) in 1933, mortgages were not federally subsidized. Homeownership discrimination begins in earnest with the mission of HOLC to create redlining maps in which neighborhoods deemed a high lending risk were colored red. Fishback et al. (2021, p. 2) write, "Almost all African Americans ... lived in areas shaded red, the lowest rating on the HOLC maps." According to Rothstein (2017, p. 64), "A neighborhood earned a red color if African Americans lived in it, even if it was a solid middle-class neighborhood of single-family homes." In 1934, the Federal Housing Administration (FHA) followed similar maps to issue fully amortized, government insured, mortgages to white homeowners in low risk (white-only) areas. Fischback et al. (2021) write, "the FHA largely excluded low income urban neighborhoods where the vast majority of Black mortgage borrowers lived." The FHA's Underwriting Manual stated in 1935,

If a neighborhood is to retain stability it is necessary that properties shall continue to be occupied by the same social and racial classes ... Natural or artificially established barriers will prove effective in protecting a neighborhood and the locations within it from adverse influences ... [like] the infiltration of ... lower class occupancy, and inharmonious racial groups. (FHA Underwriting Manual cited in Rothstein 2017, p. 65)

Redlining was inscribed in federal law, but, at the initiative of Southern Democrats, great discretion was given to the states. The purpose of this discretion was to guarantee that the Southern States could apply their discriminatory Jim Crow laws. Logically, this gave states outside of the former Confederacy, at least in theory, discretion to treat African Americans equitably, encourage residential integration, and to provide state-level insurance for mortgages purchased by residents in areas ineligible for federally insured mortgages. Since California chose to use its discretion to discriminate against its Black residents it has a responsibility to address intergenerational wealth effects resulting from housing discrimination in California.

According to Rothstein (2017, p. 63), before government insured mortgages, i.e., before 1933, "Homeownership remained prohibitively expensive for working- and middle-class families: bank mortgages typically required 50 percent down, interest-only payments, and repayment in full after five to seven years, at which point the borrower would have to refinance or find another bank to issue a new mortgage with similar terms." These remained the conditions for Black borrowers even after 1933, while for white borrowers after 1933, "the Home Owners' Loan Corporation (HOLC) ... purchased existing mortgages that were subject to imminent foreclosure and then issued new mortgages with repayment schedules of up to fifteen years (later extended to twenty-five years). In addition, HOLC mortgages were amortized, meaning that each month's payment included some principal as well as interest, so when the loan was paid off, the borrower would own the home ... HOLC mortgages had low interest rates" in contrast to the high interest rates of traditional mortgages (Rothstein 2017, pp. 63-64). Since African American home buyers were excluded from government insured mortgages, they depended on traditional financing models with much more expensive conditions.

The result was a growing racial homeownership gap and the acquisition of homes that were undervalued.

Kaplan and Valls' (2007, p. 268) propose the following loss-estimation procedure, "focusing on discrimination in housing allows us to quantify, at least in rough terms, the amount that is owed to African Americans: the differences in mean household wealth attributable to home ownership, multiplied by the number of African American ..." households in California. According to Kaplan and Valls' (2007, p. 268), this formula, "provides a reasonable estimate of the aggregate debt resulting from housing and lending discrimination."

Ideally, we would need each households estimated wealth due to homeownership, that is value of the house minus the outstanding mortgage. However, data limitations lead us instead to use the estimated value of a house that the homeowner's household controls.

In 2019, one year before the California Reparations Task Force was established, and one year before the Covid-19 crisis hit, average Black non-Hispanic home values in California were recorded to be \$435,300 and average white non-Hispanic home values \$773,400 (U.S. Census Bureau 2019c). At the time about 36.8% of Black Californian households owned their own home, while 63.2% of white Californian households did, for a homeownership gap of 26.4 percentage points (California Association of Realtors, 2021). We can estimate the total wealth in home values controlled collectively by the 2,213,986 Black and 14,364,928 white Californians, which are estimated to have resided in $2,213,986 / 2.44 = 907,371$ Black households and in $14,364,928 / 2.36 = 6,086,834$ white households in 2019 (USA Facts, 2021; U.S. Census Bureau, 2019a, for estimated household size).

We can estimate the total wealth in homes controlled in 2019 collectively by all Black non-Hispanic Californian households as $\$435,300 (907,371) (0.368) = \$145,352,123,438$, and the total wealth in homes controlled in 2019 collectively by all white Californian households as $\$773,400 (6,086,834) (0.632) = \$2,975,176,286,659$. This reconstruction of the total housing wealth controlled by each of the two racial groups allows computing the estimated per-capita amount in each group (whether homeowner or not). The estimated average per capita Black non-Hispanic wealth in California homeownership in 2019 amounted to $\$145,352,123,438 / 2,213,986 = \$65,652$ and the estimated per capita white non-Hispanic wealth in California homeownership to $\$2,975,176,286,659 / 14,364,928 = \$207,114$, for an estimated per capita Black non-Hispanic / white non-Hispanic home ownership wealth gap of $\$207,114 - \$65,652 = \$141,462$ in 2019 dollars favoring white Californians. Compounded up to 2021, at the annual 30-year mortgage interest rates (Miller, 2022; see Table 1 below), would have represented $(\$141,462 + \$141,462 (0.031)) + (\$141,462 + \$141,462 (0.031)) (0.030) = \$150,222$ in 2021 dollars (rounded to the nearest dollar in each step).

While the 2019 housing wealth gap of \$150,222 represents the cumulative effect of all sources of discrimination, individual level (home owners, real estate agents), corporate

(banks and local zoning boards) as well as state and federal level (redlining), it represents a cautious estimate because it assumes that reparations for *de jure* discrimination (i.e., redlining) should not have been paid earlier (i.e., after 1977 when redlining was officially, albeit not effectively, ended). In the following, we will present a more specific estimate, that, despite its greater cautiousness, leads to substantially higher loss-estimates due to the exponential effect of compound interest from 1980 to 2021. Here is the estimation procedure in detail:

In 1930, just three years before the beginning of federal *de jure* housing discrimination, Black median home values in California were recorded to be \$4,233 and white ones \$5,797 for a gap of \$1,564, about 28.48% of the overall median California home value of \$5,491 (United States Bureau of the Census, 1933). At the time, nationwide, about 24.2% of Blacks owned their own home, while 48.3% of whites did, for a homeownership gap of 24.1 percentage points (Collins & Margo, 2011). Assuming that the national figures for estimated rates of owner-occupancy per 100 households (Collins & Margo, 2011) held for California, we can estimate the total wealth held in home values collectively by the 81,048 Black and 5,408,260 white Californians which, are estimated to have resided in $81,048/2.44=33,216$ Black households and in $5,408,260/2.36= 2,291,636$ white households in 1930 (Gibson & Jung, 2002; U.S. Census Bureau, 2019a, for estimated household size).

Before doing so, however, a correction is required so that the median home value reflects the mean, as only the mean multiplied by the number of elements in the population mathematically restores the total wealth held by the population overall. The median multiplied with the number of elements in the population only produces an arbitrary fraction of the total wealth. Unfortunately, home values are usually reported in medians (as they reflect the 'typical' value) and means are not available publicly for the 1930 or 1980 censuses. I therefore turn to U.S. Census information for California in 2019 that reported both the median *and* the mean home value in that year. The median value of a California home in 2019 was \$550,000 with the mean – influenced by expensive outliers – amounting to \$694,900, 1.263 times the amount (U.S. Census Bureau, 2019b). Median values for California homes in the 1930s and 1980s are therefore multiplied by the same factor. For 1930, this yields an estimated Black mean home value in California of $\$4,233 (1.263) = \$5,346$ (rounded to the nearest dollar) and an estimated white mean of $\$5,797 (1.263) = \$7,322$, for a gap of \$1,976. With the means restored, we can estimate the total wealth in homes held 1930 collectively by all Black Californian households as $\$5,346 (33,216) (0.242) = \$42,972,602$, and the total wealth in homes held in 1930 collectively by all white Californian households as $\$7,322 (2,291,636) (0.483) = \$8,104,430,297$. This reconstruction of the total wealth held by each of the two racial groups allows computing the estimated per-capita amount in each group (whether homeowner or not). The estimated average per capita Black wealth in California homeownership in 1930 amounted to $\$42,972,602/81,048 = \530 and the estimated per capita white wealth in California homeownership to $\$8,104,430,297 / 5,408,260 = \$1,499$, for an estimated per capita Black-white homeownership wealth gap of $\$1,499 - \$530 = \$969$ in 1930 dollars favoring white Californians. This gap represents unequal starting positions for Black and white Californians *before* the federal government provided resources to encourage white

homeownership through federally insured mortgages from which Black applicants were excluded. From 1933 to 1977, the state of California was provided with discretion by the federal government to engage in federally subsidized racial discrimination, or to counteract its effects. The following computation suggests that California chose racial discrimination.

We repeat the calculation with data from 1980, three years after redlining was outlawed through the Community Reinvestment Act (CRA) of 1977. In 1980, there were 1,819,281 Blacks in roughly $1,819,281 / 2.44 = 745,607$ California households, and 18,030,893 whites in $18,030,893 / 2.36 = 7,640,209$ California households (Gibson, & Jung, 2002; U.S. Census Bureau, 2019a, for estimated household size). The median home value in California was \$84,500 (U.S. Census Bureau, 2017), which would represent an estimated mean home value of $\$84,500(1.263) = \$106,724$. Unfortunately, prices are not broken down by race or ethnicity. Assuming the same 28.48% home value gap as in the 1930s, this suggests that the average Black California home was worth an estimated \$91,527, and the average white California home an estimated \$121,921 in 1980 dollars.

The national homeownership gap in 1980 amounted to 18.8 percentage points, with 58.0% of Blacks homes being owner-occupied, and 76.8% of white homes being owner occupied. Assuming that these national figures hold for California in 1980, the overall wealth held by Black California homeowners can be estimated to amount to $\$91,527(745,607)(0.580) = \$39,581,039,696$, and the overall wealth held by white California homeowners to amount to $\$121,921(7,640,209)(0.768) = \$715,393,475,704$. Divided by the entire Black and the entire white population, each of these estimates yields the per-capita wealth in homes held by each group. The estimated average per capita Black wealth in California homeownership in 1980 amounted to \$21,756 and the estimated per capita white wealth in California homeownership to \$39,676, for an estimated per capita Black-white home ownership wealth gap of \$17,920 in 1980 dollars favoring white Californians.

To identify how much of this homeownership wealth gap was due to California's complicity in federal redlining discrimination, the 1930 average per-capita homeownership wealth gap can be subtracted from the 1980 value, resulting in a redlining per-capita wealth gap of $\$17,920 - \$969 = \$16,951$, suggesting that African American Californians lost homeownership opportunities due to federal redlining discrimination and California's complicity in this policy. Compounding this amount up to 2021 using the annual 30-year mortgage interest rate (Miller, 2022; see Table 1) yields a per-capita value of \$312,960 in 2021 dollars.

Eligible for redlining reparations would be all Black California descendants of people enslaved in the United States who lived in California between 1933 and 1977 (or their legal heirs). Since descendants of the enslaved are not distinguished in the US Census (yet), we can use the number of census respondents who chose the Black or African American category alone as a rough estimate. It is likely that not all Blacks who lived in California in 2021 also resided in the state between 1933 and 1977 or are legal heirs of eligible recipients who did, thus only a portion of this census category would be eligible.

To estimate the state's *maximum* liability from redlining reparations, the average-per capita housing wealth gap in 2021 dollars (\$312,960) is multiplied with the number of Black California residents in 1980 (1,819,281), yielding \$569,362,181,760, or \$569 billion in 2021 dollars. If all 2,550,459 Black California residents² who lived in the state in 2021 were descendants of the enslaved in the United States and had spent the entire time period from 1933 to 1977 in California (or were the legal heir of a person that did), each would receive an award of \$223,239, or \$5,074 for each year between 1933 and 1977 spent as a resident of the state. Heirs not residing in California could file claims independently of this reparations program, and members of other groups (Blacks who are not descendants of the enslaved or other non-whites who were discriminated against through redlining) could file their claims later.

A Note on Houselessness

Originally, we were charged with including in our housing discrimination estimate procedure for estimating losses to Black Californians from houselessness. This, however, proved to be difficult for both conceptual reasons, and for the lack of data. While housing discrimination is one major factor causing disproportionate Black houselessness in California, there are other factors. For example, in the late 1970s and early 1980s, a socially liberal national movement for the deinstitutionalization and local care of the mentally ill coincided with the early Reagan administration's socially and fiscally conservative cut for social services. It was much easier to cut funding for decentralized local programs for the mentally ill than it would have been cutting funding for large, established institutions. As a result, de-institutionalized mentally ill swelled the rank of the homeless population, not only in California but nation wide. Owning a larger share of the real-estate, it was easier for white households to absorb the effects of de-institutionalization than it was for Black households. Another factor is the War on Drugs beginning in 1971, but reaching a peak in the 1980s that caused massive disproportionate Black incarceration, and after release, unemployment and houselessness in many economically depressed Black communities (see the section on Atrocity #2 above).

One approach to estimating reparations for disproportionate Black houselessness might be to establish the number of Black homeless in California that go above their California population percentage and multiply this number with the state average price of a one-bedroom apartment. This calculation would assume that the Black homeless population percentage would be equal to the white homeless population percentage if it was not for various forms of discrimination (housing discrimination, disproportionate Black mass incarceration, and cutting social services for the poor that disproportionately – albeit not exclusively – benefit the Black community in California).

² According to the U.S. Census Bureau (2021), there were 39,237,836 California residents on July 1, 2021, 6.5% of whom chose the Black or African American category alone.

Table 1: Freddie Mac 30-Year Mortgage Rates for Compounding of Uncompensated per-Capita Wealth Gap due to Redlining

Year	Mortgage Interest Rate	Uncompensated Per-Capita Wealth Gap due to Redlining
1980	13.74%	\$16,951.00
1981	16.63%	\$19,769.95
1982	16.04%	\$22,941.05
1983	13.24%	\$25,978.45
1984	13.88%	\$29,584.26
1985	12.43%	\$33,261.58
1986	10.19%	\$36,650.93
1987	10.21%	\$40,392.99
1988	10.34%	\$44,569.63
1989	10.32%	\$49,169.21
1990	10.13%	\$54,150.06
1991	9.25%	\$59,158.94
1992	8.39%	\$64,122.37
1993	7.31%	\$68,809.72
1994	8.38%	\$74,575.97
1995	7.93%	\$80,489.84
1996	7.81%	\$86,776.10
1997	7.60%	\$93,371.08
1998	6.94%	\$99,851.04
1999	7.44%	\$107,279.96
2000	8.05%	\$115,915.99
2001	6.97%	\$123,995.34
2002	6.54%	\$132,104.63
2003	5.83%	\$139,806.33
2004	5.84%	\$147,971.02
2005	5.87%	\$156,656.92
2006	6.41%	\$166,698.63
2007	6.34%	\$177,267.32
2008	6.03%	\$187,956.54
2009	5.04%	\$197,429.55
2010	4.69%	\$206,689.00
2011	4.45%	\$215,886.66
2012	3.66%	\$223,788.11
2013	3.98%	\$232,694.88
2014	4.17%	\$242,398.25
2015	3.85%	\$251,730.58
2016	3.65%	\$260,918.75
2017	3.99%	\$271,329.41
2018	4.54%	\$283,647.76
2019	3.94%	\$294,823.49
2020	3.10%	\$303,963.01
2021	2.96%	\$312,960.32

Data Source: Miller (2022).

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Atrocity #4: Unjust Property Takings Brief

First, start with the rolls of Blacks—initially confined to city centers—who cities forced to leave with eminent domain to make room for convention centers, city halls, and museums and/ or look at where they landed—many settled in newly established Black neighborhoods circa 1980, where they hoped to have lower mortgages and property taxes, better schools, and safety. In some cases, their children and grandchildren live in the homes their grandparents built when they were pushed off their property.

Second, two potential approaches to calculate the amount of compensation are the following: 1) Examine the market value at the time the property was taken. Determine the amount that was paid to the owner. Subtract that figure from the value of the property and increase the net value of the property by adding in a fair measure of the estimated appreciation to the present day. 2) Use the current value of the property as a measure of compensation due. There is a complication here if the property value has declined or it is being used for infrastructural purposes that will make it difficult to quantify the value of the property. There are some strategies we could use to overcome that hurdle.

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Atrocity #4: Unjust Property Takings Details

One approach: Start with the rolls of blacks pushed out of city centers by eminent domain and/or look at where they landed—many settled in newly established black neighborhoods circa 1980, where they hoped to have lower mortgages and property taxes, better schools and safety. In some cases, their children and grandchildren live in the homes their grandparents built when they were pushed out.

General statistics:

- Census data: CA went from a “high of 7.7% Blacks in 1980 to 5.5% Blacks in 2018.”
- In 2018 alone, 75,000 blacks leave the state and 48,000 come to California.
- Over the past three decades, the more expensive coastal cities have lost 275,000 black residents

As it relates to community compensation for unjust property takings, the Expert group suggests that the various outcomes from the property taking be examined. See the outcomes from the property taking mapping below:



There are recommendations from the Task Force for redress, compensation, and recommendations from Unjust Property Takings, Stolen Labor Advisory Committee, and Fix Housing Segregation & Unjust Legal System Advisory Committee that should be examined in this section.

Bay Area

- For timeline of exclusionary policies and practices in the Bay Area 1850- 1970, see page 16. Moore, Eli, Nicole Montojo, and Nicole Mauri. "Roots, Race, and Place: A History of Racially Exclusionary Housing in the San Francisco Bay Area." Haas Institute for a Fair and Inclusive Society, University of California, Berkeley. October 2019. One quote: "During and after World War II, local officials attributed rising crime and disorder, and particularly violent crime, to the growing population of migrant Black southerners. A

1943 *Oakland Observer* article captured the popular sentiment: It is very possible that the trouble comes from immigrant Negroes from the South, who are held well under control in the South but, coming North, have found themselves thrilled with a new "freedom." [See *Oakland Observer*, May 15, 1943, quoted in Johnson, *The Second Gold Rush*, 167.]

- 1940s and '50s, blacks moved into San Fran's Fillmore District, where Japanese Americans had lived before they were incarcerated and immediately after WWII, only to be displaced during urban renewal during the 1960s and '70s. Between 1970 and 2010, the city's black pop declined about 7 percent, "or about 96,000 people... despite the growth of the city."
- Black since 1990: "Outer suburbs like Palmdale, Antioch and Elk Grove."
- Between 1990s and 2010, Bay Area, including Richmond (Iron Triangle), Oakland (East Oakland and West Oakland), Berkeley, and San Fran (Bayview/Hunter's Point), and Suisun City lost 50,000 blacks or "6.4 percent of the overall population." Pushed into East Palo Alto, Pittsburg, and Vallejo. Antioch was a "Sundown Town." Tactics utilized: "steering by real estate agencies, racial covenants, and federal housing policy." Local governance pattern: "starve" black neighborhoods "of resources, and then hem... them in by racial housing policies."

[Palm Springs ~ Ways to talk about blacks loyal to California~](#) Language they, themselves have used

- "We're here to stay."
- Will power to make them feel at home [in hostile environments]
- Came for plentiful jobs, land to put down stakes and live-and-let-live openness on last "frontier"
- Desert Highland Gateway Estates, a refuge three miles from downtown for dozens of black families who were forced out in 1960s (Sonoran Desert, Riverside County, southern CA)
- Historically black Lawrence Crossley neighborhood, near the PS airport, where several dozen black families live near the golf course. Crossley, a black man, purchased the lots and sold them to other blacks. City planted tamarisk trees that effectively blocked golfers' view of the blacks' home and obscured the residents' view of the San Jacinto Mountains. Residents saw this as a racist act –golf course views typically raise property values—and forced city to remove them.
- Section 14 of PS' "redevelopment plan" included the construction of a convention center and a casino, which spelled removal for the city's black, Mexican, and Native American residents.
- Individual blacks in the Lawrence Crossley neighborhood: Jarvis Crawford, 45, whose grandparents made the move: "elders [spoke of] humiliation of being forced to enter restaurants in PS through the back door because they were Black, having to travel more than 30 miles to get a bank loan, and being relegated to housekeeping, restaurant and construction." "Part of me is angry, because look what my family went through...another part of me feels appreciateive because they were able to withstand and move forward."
- La'Ronjanae Curtis: black pop. Has decline 50% dur to widespread poverty and joblessness. "I just wish my people had the resources and the knowledge to keep this community black."
- Noah Purifoy, the late black artist, built an outdoor sculpture, the Noah Purifoy Art Museum of Assemblage Art, outside of the Joshua Tree National Park
- Karen Harper and Carrie Williams, sisters, who live in the city of "Twenty-nine Palms" and have resided

Add Convention Centers to the list of infrastructure-linked displacements

Each major CA city has a convention center, typically located on the edge of its downtown—areas where blacks, Mexicans, Mexican Americans and Native Americans were forced to live. Intervals when major displacements and dislocations occurred: roads and highways ([statewide highway construction](#) began in 1912 after \$18 million bond passed and [the last extension was completed in 1959](#); passage of National Interstate and Defense Highways Act in 1956 with projects extending through 1992; some interstate legs date to 1947); bridges (average construction date 1982), transportation networks, water systems—waste water and treatment centers, including dams (70% built 1970s), water mains (San Fran’s installed c. 1920) and Los Angeles’ before 1938); airports (top six major hubs: Oakland and San Fran 1927, San Diego 1928, San Jose 1939, Los Angeles 1938, and Sacramento 1967) and, school buildings.

Freeway Case Study for Extrapolation: Century Freeway

- * Interstate highway system was built between 1956 and 1992, so that this would be the time period when most of the highway-related **eminent domain** takings in California would have happened.
https://oac.cdlib.org/findaid/ark:/13030/kt829040j1/entire_text/

CalTrans Data: Large Highway Building Projects.

<https://la.streetsblog.org/2021/11/12/la-times-analysis-shows-racist-harms-of-freeway-projects/>

When President Eisenhower created the U.S. Interstate Highway System in 1956, transportation planners tore through the nation’s urban areas with freeways that, through intention and indifference, carved up Black communities. Overall, within the first two decades of highway construction alone, more than 1 million people had lost their homes nationwide. <https://www.latimes.com/homeless-housing/story/2021-11-11/the-racist-history-of-americas-interstate-highway-boom>

Eminent Domain Study for Eminent Domain: Russell City Apology: <https://hayward-ca.gov/your-government/departments/city-managers-office/russell-city-reparative-justice-project>

Atrocity #5: Devaluation of Black Businesses

The state of California does not collect information on business establishments by race. The state also does not maintain a database of contractors at the state or local or agency level by race. So, the only reliable data on businesses by race comes from the U.S. Census Bureau's Survey of Business Owners. The most recent data is from the 2012 Survey that was published in 2012.

At that time, the U.S. Census Bureau reported that there were 1,875,847 white non-Hispanic owned firms in California, compared to 166,553 Black non-Hispanic owned firms. The white non-Hispanic owned firms had total sales, receipts or value of shipments totaling \$1,141,498,757,000, while for Black non-Hispanic owned firms had \$14,037,184,000. Given California's population in 2012, that means a business ownership rate of roughly 806.7 firms per 10,000 population for whites and 738.9 per 10,000 for Blacks.

Business formation is a combination of demand factors—public sector, household and business (business-to-business transactions) and the entrepreneurial environment—rules, regulations and taxes. Blacks and whites in California live in this same milieu. But entrepreneurial opportunity differs because of differences in access to capital, the owners' equity, and knowledge. Though the Census only gives us a snapshot of differences in business ownership in 2012, that reflects cumulative effects in access to capital, the development of equity and knowledge that are the subject of this inquiry into racial inequalities resulting from actions of the state of California. As such, it is an adequate guide as to that portion of the wealth portfolio of Black people in California that differs from whites in California.

A portion of the business wealth gap comes from the over representation of Black firms in some industries. For instance, the leading industry for Black businesses was Health and Social Services, which includes home health aides, both in the number of businesses (32,420) and receipts (\$2,356,300,000). Blacks have a much higher share of businesses in this industry than is true for whites. But it is also an industry with a very low enterprise value to sales ratio, which is 0.69 compared to non-financial firms having an average of 2.35. The next highest industry for Black companies is Professional, Scientific, and Technical Services which includes lawyers, accountants, architectural and engineering design and computer services with 18,465 businesses, and receipts of \$1,434,304,000. These are industries that are not capital intensive, and for many of the Black owned businesses are done by companies with only the owner as the employee.

Black firms are not overrepresented in the type of ethnic enclave industries of accommodations and food services, or retail sales catering towards a Black market. So, we assume that if there were no restrictions on access to capital or the accumulation of assets that could have been part of owners' equity, the industry of Black and white businesses would be far more similar, reflecting the business opportunities that exist in California.

An industry that is capital intensive and where access to government contracts matters greatly is construction. And that is an industry in which Black businesses lag whites, in both business formation and in sales. A legacy of residential segregation and redlining those limited opportunities for Black construction firms in the private sector intersects with the state of California making other opportunities available.

The estimate for harm will be calculated by estimating an equation, using each state as a separate observation, based on the general demand environment of state and local government contracting and household income. Controlling for each state, allows a way to control for differences in state business environment. Then estimates will be made of businesses formed, and sales and receipts generated on those factors. This is an approach used by many sociologists researching differences in business formation using the business environment.

Our view is that in an equal world, there would be additional Black business formation and based on the gap in firms and sales and estimate the gap to be averaged over California's Black population of that missing portfolio element. In 2012, that would amount to a gap of 67.8 more firms per 10,000 people, with an average sales volume of \$608,524. Given that volume of sales, the average non-financial industry-wide establishment value to sales is near 2.3, giving a wealth of \$1,399,605 missing. Averaged over the Black population, the missing business wealth would be \$140, or \$185 in 2023 dollars. It does not estimate the volume of businesses that would be expected for a state with California's public expenditures and household income. That figure is an estimate based on the raw number of businesses and the gap in ownership between Blacks and whites.

We propose a model of firm formation to be:

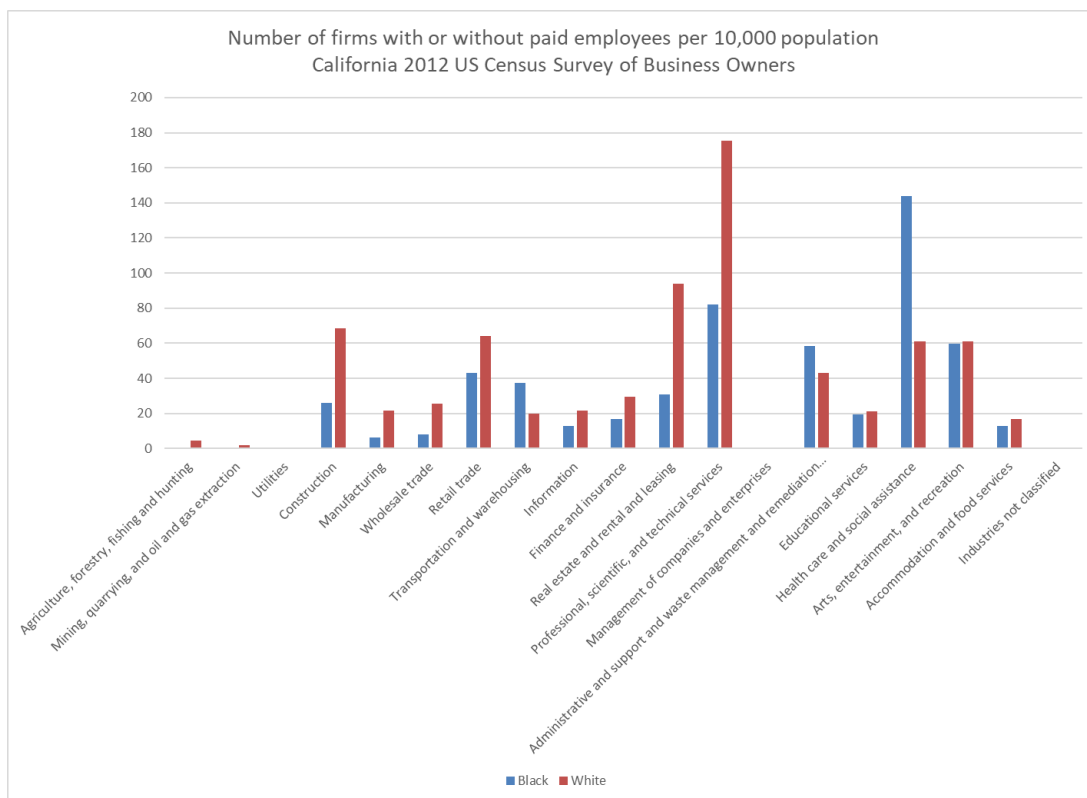
$$F = f(P, E) + \beta(S) + \gamma R$$

Where F is the number of businesses in a state in 2012, for a given race (non-Hispanic Blacks and Whites)

f(P, E) is a function of P—level of government and government enterprises in the state from the US Bureau of Economic Analysis in the state in 2007, E—level of personal expenditures in the state from the US Bureau of Economic Analysis in 2007 [these are lagged to ensure they are exogenous to the size of firms in 2012]

β is parameter to be estimated for each state S, capturing the individual policies of that state on business formation, where the states are entered in the estimation as a vector 1 or 0 dummy variables.

γ is a parameter to be estimated, where R=1 for the number of non-Hispanic Black owned firms



The coefficient on race γ , and the β for California will let us estimate how many fewer businesses Blacks created considering the average number of firms that would be created for a state with California's government and personal consumption. And assuming the average sales of firms in California, estimate the implied establishment value by multiplying 2.3 times the sales. That value will then be the estimate of the average business value missing from the portfolio of the average Black person in California because of opportunities denied unique to California. The estimated loss will then be carried forward, compounded.

Other Harms/Atrocities (Round #2)

Although five (5) atrocities/harms were measured – this was due to the availability of data and/or a methodology for estimates to be produced. Other harms that should or may include compensation, reparations, and or redress by the Task Force are presented below.

1. Labor Discrimination:

For New-Deal-based de jure **labor discrimination**, the start date would also likely be 1933, when farm laborers and domestic service laborers (industries in which African Americans were over-represented) were excluded from progressive labor legislation. A possible end date could be Title VII of the Civil Rights Act of 1964 which prohibited racial discrimination in firms with over 25 employees. Of course, de jure labor discrimination in California likely goes back to the founding of the state and de facto labor discrimination continues unabated to this day.

Methodology: In what follows we sketch an alternative strategy for calculating the loss to black Americans from discrimination in employment, rather than the gains to whites, which consists of two major components— a reduction in wages and a greater likelihood of being unemployed. A suitable annual “loss function” could take the following form:

$$L = D * W * (H+C)$$

Where;

L = the lost wages;

D = the average percentage reduction in wages due to discrimination or the discrimination coefficient;

W = the average white wage;

H = total hours worked for pay in a given year by blacks; and

C = the total hours of work by blacks denied by discrimination.

We can apply this formula to a single year 2019 to arrive at a rough estimate of the impact of labor market discrimination on lost income for black employee and potential employees.

“If the median wage for white workers was \$21.32 in 2019 (Gould 2020, Table 3) and black workers are assumed to have lost, conservatively, 5 percent of their earnings due to employment discrimination, the hourly wage loss for each black worker was \$1.06. If we assume the typical full-time worker was paid for 48 weeks, 5 days a week, for an 8 hour workday, total annual hours would have been 1,920. If there were about 20 million black labor force participants and a 6.1 percent annual unemployment rate, 18.6 million black Americans received

pay over the course of the year for 35.7 billion hours of work, the value of H in the formula above.”

“The difference in the black and white unemployment rates in 2019 can provide a gauge of the number of black hours of work lost due to discrimination. At the time, the white annual rate was 3.3 percent. Subtracting 3.3 percent from 6.1 percent leaves an inequity gap of 2.8 percent. Multiplying 20 million by 2.8 percent yields 360,000 black Americans subjected to *excess unemployment*. Then, multiplying 360,000 persons by 1920 annual hours leads to a total of 691.2 million hours of work lost due to discrimination, the value of C in the formula above.”

“The sum (H + C) amounts to 36.4 billion hours in a year. Multiplying this figure by \$1.06 leads to an estimate of an aggregate loss of \$38.6 billion in earnings in 2019 for black workers due to discrimination. This would amount to an average loss of \$1,930 per black labor force participant.”

2. **Segregated Education:** Task Force policies have identified for redress. Some policy recommendations have also been provided by the Public Education Advisory Committee
3. **Non-Representative State Commissions:** Task Force policies that have been identified were recommended by the Political Disenfranchisement Advisory Committee.
4. **Environmental Harm:** Task Force policies have been identified for redress.
5. **Transgenerational Effects:**
The harms of slavery are pervasive and remain with Black descendants for multiple generations. The imbued disparities affect negatively impact African Americans health, economic, and social outcomes. The lingering effects of racism to direct descendants of slaves can be manifested in health factors such as stress, wealth disparities, and loss of returns for economic and social opportunities that creates a cycle of loss for African Americans. This section will examine how this burden of slavery is passed on from generation to generation and what is the best avenue for quantification.
6. **Adverse emotional and physical health consequences** should be considered in determining compensation for each of these categories. Racial Terror identified by Task Force from the Mental And Physical Harm And Neglect Advisory Committee.
7. **Other Potential Harm:** Task Force policies have been identified for redress.