

## Meeting the Grand Challenge to **Reduce Extreme Economic Inequality**

### Policy Recommendations

- Create an income floor for all citizens.
- Facilitate free and efficient income tax filing.
- End consumption taxes on basic necessities.
- Modernize the federal minimum wage.
- Stabilize Social Security financing.
- Eliminate student debt.
- Support entrepreneurship.
- Fund reparations for slavery and other anti-Black policies.

### Introduction

Among high-income countries, the US ranks at the top for both income and wealth inequality. This extreme economic inequality is not inevitable; thoughtful policies can – and have – made our economy fairer and more just.

This brief presents a new set of recommendations for reducing extreme economic divides, adding to earlier recommendations posed as part of the Grand Challenge.<sup>1</sup> In this brief, we focus on interventions with popular or political momentum, including newer ideas, such as innovative ways to support entrepreneurship, as well as longstanding ideas with new evidence or action such as basic income. This list includes policies that may lead to meaningful but limited reductions in inequality within a few years, as well as more transformative ideas that could substantially reduce inequality with sustained effort (and expense) over a longer period. All of these recommendations are possible, given political will. We urge social work scholars, students, and practitioners to find ways to advocate for and work toward enacting policies on this list at the local, state, and national levels.

---

<sup>1</sup> Elliott, W., III, Henly, J. R., Lambert, S. J., Lein, L., Romich, J. L., Shanks, T. R., & Sherraden, M. (2016, September). Policy recommendations for meeting the Grand Challenge to Reduce Extreme Economic Inequality (Grand Challenges for Social Work Initiative Policy Brief No. 10). Cleveland, OH: American Academy of Social Work & Social Welfare. <https://doi.org/10.7936/K7NZ874H>

Reducing extreme income inequality requires addressing wealth accumulation among the wealthiest as well as inadequate resources for the poorest. As social workers and social welfare scholars, we follow our profession's code of ethics and pay "particular attention to the needs and empowerment of people who are vulnerable, oppressed, and living in poverty."<sup>2</sup> Recommendations include steps to stop financially punishing the poor, such as our call for ending sales tax on food and other essentials; policies that would increase income security, such as shoring up the Social Security system; and efforts to transform the distribution of wealth through reparations to Black Americans.

### POLICIES THAT AIM TO ADDRESS INEQUALITY AT THE BOTTOM OF THE DISTRIBUTION

*Why income matters.* Current economic support mechanisms in the United States fail to adequately support low-income workers and vulnerable populations. Volatile<sup>3</sup> and stagnant wages,<sup>4</sup> which disproportionality impact communities of color,<sup>5</sup> force workers into economic precarity, predatory debt<sup>6</sup>, and insufficient public assistance programs. These programs are plagued by low income and asset limits that perpetuate poverty<sup>7</sup> and include ineffective,<sup>8,9</sup> and arguably unconstitutional,<sup>10</sup> work requirements. Furthermore, states with higher African American populations are more likely to impose especially paternalistic eligibility criteria such as drug testing and denial of benefits to recipients impacted by a racially biased criminal

---

<sup>2</sup> National Association of Social Workers. (n.d.). Code of Ethics. <https://www.socialworkers.org/About/Ethics/Code-of-Ethics>

<sup>3</sup> Hardy, B. L. (2017, April). Income instability and the response of the safety net. *Contemporary Economic Policy*, 35(2), 312-330. <https://doi.org.offcampus.lib.washington.edu/10.1111/coep.12187>

<sup>4</sup> Mishel, L., Gould, E., & Bivens, J. (2015, January 6). Wage Stagnation in Nine Charts. Economic Policy Institute. <https://www.epi.org/publication/charting-wage-stagnation/>

<sup>5</sup> Moore, K. K., & Banerjee, A. (2021, September 16). Black and brown workers saw the weakest wage gains over a 40-year period in which employers failed to increase wages with productivity. Economic Policy Institute. <https://www.epi.org/blog/black-and-brown-workers-saw-the-weakest-wage-gains-over-40-year-period/>

<sup>6</sup> Collective Debt, & Taylor, A. (2020). *Can't pay, won't pay: The case for economic disobedience and debt abolition*. Haymarket Books.

<sup>7</sup> Hamilton, L. (2020). *Welfare doesn't work: The promises of basic income for a failed American safety net*. Palgrave Pivot Cham. <https://doi.org/10.1007/978-3-030-37121-0>

<sup>8</sup> Seefeldt, K. S. (2017). Serving no one well: TANF nearly twenty years later. *Journal of Sociology & Social Welfare*, 44(2), 3-28. <https://doi.org/10.15453/0191-5096.3849>

<sup>9</sup> Ybarra, M., & Noyes, J. L. (2019). Program and economic outcomes by TANF work exemption status. *Journal of the Society for Social Work and Research*, 10(1), 97-125. <https://doi.org/10.1086/702408>

<sup>10</sup> Freeman, A. (2020, January 31). You better work: Unconstitutional work requirements and food oppression. *UC Davis Law Review*, 53(No. 1531), University of Hawai'i Richardson School of Law (Research Paper No. 3528859). <https://ssrn.com/abstract=3528859>

justice system.<sup>11</sup> Such financial strains are compounded by bureaucratic complexities and street-level discretion, which respond slowly to macroeconomic events such as recessions, pandemics, or technological developments and leave individuals in personal crises economically vulnerable.<sup>12,13</sup> Meanwhile, the crucial economic contributions of unpaid caregivers, predominantly women, remain largely unrecognized and unsupported.<sup>14</sup>

## 1. Create an income floor for all citizens.

To address the systemic failings of current economic support policies, social work advocates should champion the adoption of a universal basic or guaranteed income, which has been found to be associated with decreased poverty and improved well-being and educational outcomes, with minimal impacts on work participation.<sup>15</sup> This approach offers a direct and economically responsive safety net, supplementing the limitations of existing wage policies and welfare programs, and could be fully funded via fundamental tax reform.<sup>16</sup>

In the absence of a full universal basic income, policymakers should consider expanding current tax credits such as the Earned Income Tax Credit or the Child Tax Credit. A robust body of research suggests that even these incremental changes would have an immediate impact on both child well-being and the entire economy. For example, childhood poverty results in worse health outcomes, reduced productivity, and higher crime rates, costing the U.S. more than \$1 trillion per year.<sup>17</sup> In 2021, the US expanded the Child Tax Credit to nearly

---

<sup>11</sup> Soss, J., Fording, R. C., & Schram, S. F. (2008, July 9). The color of devolution: Race, federalism, and the politics of social control. *American Journal of Political Science*, 52(3), 536–553. <https://doi.org/10.1111/j.1540-5907.2008.00328.x>

<sup>12</sup> MacGregor, C. (2014, July 16). Case study of a legal-oriented intervention to assist homeless disabled individuals with SSI/SSDI applications. *Journal of Poverty*, 18(3), 299–314. <https://doi.org/10.1080/10875549.2014.923963>

<sup>13</sup> Cho, M., Miller, E. R., III, Segal, J. B., Levine, D. M., & Bone, L. R. (2020). Securing Social Security Disability Insurance (SSDI): Overcoming challenges. *Frontiers in Medical Case Reports*, 1(6), 1-09. <http://dx.doi.org/10.47746/FMCR.2020.1607>

<sup>14</sup> Hess, C., Ahmed, T., & Hayes, J. (2020). Providing unpaid household and care work in the United States: Uncovering inequality (Briefing Paper IWPR #C487). Institute for Women's Policy Research. <https://iwpr.org/wp-content/uploads/2020/01/IWPR-Providing-Unpaid-Household-and-Care-Work-in-the-United-States-Uncovering-Inequality.pdf>

<sup>15</sup> Hasdell, R. (2020). What we know about Universal Basic Income: A cross-synthesis of reviews. The Stanford Basic Income Lab. [https://basicincome.stanford.edu/uploads/Umbrella%20Review%20BI\\_final.pdf](https://basicincome.stanford.edu/uploads/Umbrella%20Review%20BI_final.pdf)

<sup>16</sup> Hartley, R. P., & Garfinkel, I. (2023, June). Income Guarantee policy design: Implications for poverty, income distribution, and tax rates. *National Tax Journal*, 76(2), 317–346. <https://doi.org/10.1086/724254>

<sup>17</sup> McLaughlin, M., & Rank, M. R. (2018, June). Estimating the economic cost of childhood poverty in the United States. *Social Work Research*, 42(2), 73–83. <https://doi.org/10.1093/swr/svy007>

every child in the United States, cutting child poverty nearly in half.<sup>18</sup> Unfortunately, Congress failed to reenact this expansion, and child poverty rates have returned to their previous level. Some research indicates that a permanent, refundable tax credit at 2021 levels would cost \$109 billion per year but save \$240 billion annually in societal costs.<sup>19</sup> ***A fully refundable universal child tax credit should be enacted immediately.***

## 2. Facilitate free and efficient income tax filing.

For most people of employment age in the United States, federal income taxes are deducted by employers from the individual's paycheck (self-employed people, independent contractors, and others in different situations pay quarterly estimated taxes directly). These withholdings are estimates that are then rectified at what is popularly known as "tax time"—each Spring, federal income tax filers calculate what is actually owed based on the past year's earnings and either pay for any shortfall or receive a refund for an overage. Most filers today complete tax calculations through third-party software rather than paper forms. Free federal filing is available for households within certain income limits through the Internal Revenue Service's Free File partnership with tax preparation software providers but presents conflicting options (e.g., some preparers include free state returns, some are available only to people meeting additional guidelines) and adds burden. Only about 4% of eligible taxpayers take advantage of the formal free filing program, so many low-income tax filers incur unnecessary expenses.<sup>20</sup> As a basic civic obligation, tax-paying should be free, and the calculation of accurate tax obligations and tax-based benefits should be straightforward. The Internal Revenue Service should implement a universal and no-cost tax preparation system to accurately calculate income taxes and easily file completed returns. An IRS Direct File pilot launched in 2024, saving participants more than \$5 million in preparation fees.<sup>21,22</sup> **Free**

---

<sup>18</sup> Curran, M. A. (2022). Research roundup of the expanded Child Tax Credit: One year on (Poverty and Social Policy Report vol. 6 no. 9). Center on Poverty and Social Policy, Columbia University.

[www.povertycenter.columbia.edu/publication/2022/child-tax-credit/research-roundup-one-year-on](http://www.povertycenter.columbia.edu/publication/2022/child-tax-credit/research-roundup-one-year-on)

<sup>19</sup> Pressman, S., & Scott, R. H., III. (2022, August 8). A refundable tax credit for children: Its impact on poverty, inequality, and household debt. *Journal of Post Keynesian Economics*, 45(4), 536–557.

<https://doi.org/10.1080/01603477.2022.2107017>

<sup>20</sup> United States Government Accountability Office. (2022, April). IRS free file program: IRS should develop additional options for taxpayers to file for free (GAO-22-105236). <https://www.gao.gov/assets/gao-22-105236.pdf>

<sup>21</sup> Internal Revenue Service. (2023, October). IRS direct file update: Free, secure, IRS-run, electronic filing option on track to be available in 2024 as a limited pilot. <https://www.irs.gov/newsroom/irs-direct-file-update-free-secure-irs-run-electronic-filing-option-on-track-to-be-available-in-2024-as-a-limited-pilot>

<sup>22</sup> US Department of the Treasury. (2024, May 3). IRS Direct File Pilot Exceeds Usage Goal, Receiving Positive User Ratings and Saving Taxpayers Money. U.S. Department of the Treasury. <https://home.treasury.gov/news/press-releases/jy2298>

***income tax filing should be expanded to a full-scale, permanent program as soon as feasible.***

### **3. End consumption taxes on basic necessities.**

Consumption taxes are taxes on the purchase of goods or services, such as a sales tax. Every state and local tax system is different, and some rely heavily on consumption taxes to generate revenue. Unlike the federal income tax, which is a progressive tax that increases as earnings increase so that higher earners generally pay a greater rate than lower earners, consumption taxes are regressive—they are a proportionally larger share of the earnings of a low-income household than a higher-income household. Forty-five states and the District of Columbia have sales taxes with rates ranging from 2.9% in Colorado to 7.25% in California.<sup>23</sup> While many exempt basic necessities such as unprepared food, diapers, and clothing from sales tax, some do not, including thirteen states that tax groceries.<sup>24</sup> These taxes add costs that disproportionately burden low-income households<sup>25</sup>, who spend a larger share of their earnings on such goods. Many sales tax states where groceries are generally not subject to tax still tax other necessary goods such as diapers and menstrual products.<sup>26</sup> Further, some localities implement their own sales taxes, some of which are applied to necessities. While some places offer offsets such as credits or rebates, it is less burdensome to households in precarious circumstances to eliminate the tax at the point of sale. Currently, 37 states exempt groceries from sales tax, 48 exempt prescription medicine, and 29 states exempt menstrual products. ***State and local consumption taxes on basic necessities should be eliminated.***

### **4. Modernize the federal minimum wage.**

Recognizing the worth and dignity of all workers must include paying workers fairly. The federal minimum wage has remained unchanged at \$7.25/hour for 15 years, which is insufficient. A worker earning \$7.25 per hour cannot afford a typical, basic two-bedroom

---

<sup>23</sup> Fritts, J. (2022, February 3). State and local tax rates, 2022. Tax Foundation. <https://taxfoundation.org/data/all/state/2022-sales-taxes/>

<sup>24</sup> Cagnassola, M. E. (2023, May 10). This map shows which states still charge sales tax on groceries, diapers and period products. Money. <https://money.com/states-sales-tax-groceries-diapers-period-products/>

<sup>25</sup> Newman, K. S. & O'Brien, R. (2011). Taxing the poor: Doing damage to the truly disadvantaged. University of California Press.

<sup>26</sup> Cagnassola, M. E. (2023, May 10). This map shows which states still charge sales tax on groceries, diapers and period products. Money. <https://money.com/states-sales-tax-groceries-diapers-period-products/>

apartment anywhere in the US.<sup>27</sup> Low minimum wages allow income inequality to widen. When last raised, in 2009, a full-time minimum wage worker was paid about 40% of what the median worker was paid; now minimum wage work pays only one-fourth (25%) of median wages (author calculations using BLS).<sup>28</sup> This erosion happens because minimum wage increases require an act of Congress, so wage levels stagnate below inflation levels and as market forces drive other wages higher. Indexing the wage to inflation partially prevents this by automatically adjusting the wage to increases in the cost of living. To date, 30 states plus the District of Columbia (DC) have raised their minimum wages above the federal level. Sixteen states plus DC index the wage to inflation, which prevents it from weakening over time. A federal minimum wage of \$12 per hour plus common means-tested programs would mean many low-paid workers and their families would be above the poverty line, and models based on this level suggest that a higher minimum wage could substantially reduce poverty.<sup>29</sup>

***The federal minimum wage should be increased to at least \$12 and indexed for inflation.***

## POLICIES THAT AIM TO ADDRESS INCOME & WEALTH INEQUALITY ACROSS THE DISTRIBUTION

*Why wealth matters.* While the US leads wealthy nations in both income and wealth inequality, the extent of wealth inequality is much greater and is closely tied to explicit policy choices related to the legacy of redlining and segregation and continuing discrimination in housing and credit markets. Wealth is important as it provides opportunities to purchase a home, start a business, and attain higher education. Wealth is associated with improved outcomes across nearly every domain of health and well-being. The following policy reforms provide the opportunity to reduce extreme wealth inequality.

---

<sup>27</sup> National Low Income Housing Coalition. (2023). Out of reach (Report).

[https://nlihc.org/sites/default/files/2023\\_OOR.pdf](https://nlihc.org/sites/default/files/2023_OOR.pdf)

<sup>28</sup> U.S. Bureau of Labor Statistics. (n.d.). Median usual weekly earnings of full-time wage and salary workers by sex. Graphics for Economic News Releases. <https://www.bls.gov/charts/usual-weekly-earnings/usual-weekly-earnings-over-time-total-men-women.htm#>

<sup>29</sup> Romich, Jennifer, and Heather D. Hill. "Coupling a federal minimum wage hike with public investments to make work pay and reduce poverty." RSF: The Russell Sage Foundation Journal of the Social Sciences 4, no. 3 (2018): 22-43.

Wimer, Christopher, Sophie Collyer, and Sara Kimberlin. "Assessing the Potential Impacts of Innovative New Policy Proposals on Poverty in the United States." RSF: The Russell Sage Foundation Journal of the Social Sciences 4, no. 3 (2018): 167-183.

## 1. Stabilize Social Security financing by eliminating the cap on payroll tax earnings

The Social Security system makes up 1/5 of the total federal budget and serves approximately 66 million people, or 20% of all US residents.<sup>30,31</sup> Nearly 90% of beneficiaries are older adults (65+), while the remainder receive Disability Insurance or survivors' benefits. Social Security is our most effective anti-poverty program, lifting 15 million older adults and 1.1 million children above the poverty line. Lacking savings, approximately 40% of older adults rely on Social Security as their only source of retirement income.<sup>32</sup> Social Security is particularly effective for Black and Latino Americans and women, who have had less access to higher-wage jobs and less opportunity to save over their lifetimes.

Social Security is funded through a 12.4% payroll tax on earnings, split evenly between employers and employees (6.2% each). However, because the payroll tax is applied only up to a maximum amount of earnings, set at \$160,200 (2023), this is a highly regressive scheme with lower-income workers paying a much larger portion of their income than those at the higher end. When payroll taxes were first collected in 1937, nearly all earnings (92%) from jobs covered by the program were below the maximum amount.<sup>33</sup> But, because of tremendous growth in earnings for the highest-paid workers over the last several decades, today only 83% (2020) of earnings fall below the maximum. Because of increasing income inequality and increasing longevity, the Social Security system faces a substantial long-term funding problem. Eliminating the cap on earnings subject to the payroll tax would go a long way towards stabilizing the system (eliminating between 60% to 73% of the anticipated 75-year funding shortfall<sup>34</sup>), reducing the regressivity of the Social Security system financing scheme, and helping to address extreme economic inequality, particularly among older adults. ***The cap on earnings subject to the payroll tax should be eliminated immediately.***

---

<sup>30</sup> Center on Budget and Policy Priorities. (2023). Policy basics: Top ten facts about Social Security (Report). <https://www.cbpp.org/research/policy-basics-top-ten-facts-about-social-security>

<sup>31</sup> Peter G. Peterson Foundation. (2023, December 13). Should we eliminate the Social Security tax cap? Here are the pros and cons (Blog). <https://www.pgpf.org/blog/2023/12/should-we-eliminate-the-social-security-tax-cap-here-are-the-pros-and-cons>

<sup>32</sup> Porell, F., & Bond, T. (2020, January). Examining the nest egg: The sources of retirement income for older Americans. National Institute on Retirement Security. <https://www.nirsonline.org/reports/examining-the-nest-egg/>

<sup>33</sup> Congressional Budget Office. (2022). Increase the maximum taxable earnings that are subject to Social Security payroll taxes (Budget Options, Options for Reducing the Deficit, 2023 to 2032 – Volume 1: Larger Reductions). <https://www.cbo.gov/budget-options/58630>

<sup>34</sup> Congressional Research Service. (2021, December 22). Social Security: Raising or eliminating the taxable earnings base (CRS Report). <https://sgp.fas.org/crs/misc/RL32896.pdf>

## 2. Eliminate student debt.

The rising costs of higher education have led to historic levels of student loan debt, now one of the primary sources of American household debt outside of mortgages.<sup>35</sup> Student debt adversely affects economic and social mobility, as well as quality of life, with disproportionate impacts on communities of color.<sup>36,37</sup> For example, student debt can hinder wealth accumulation and homeownership<sup>38</sup> and increase one's likelihood of bankruptcy.<sup>39</sup> Social mobility is also constrained, as debt burdens affect career choices and even delay family formation.<sup>40</sup> Furthermore, racial inequality is exacerbated, with Black and Hispanic borrowers experiencing higher debt levels and more significant obstacles in wealth accumulation and mobility.<sup>41</sup> While debate exists as to the most effective debt forgiveness proposal, income-driven forgiveness plans would likely have the greatest positive impact on low-income workers and communities of color and be more cost-effective than full cancellation.<sup>42</sup> Student loans are currently forgiven for work in various public-serving professions and non-profit organizations. ***A comprehensive income-driven student loan repayment plan should be enacted immediately.***

## 3. Support entrepreneurship.

Governments can support entrepreneurship in marginalized communities through tax incentives for local resources like land or buildings and grant programs. Drawing from global

---

<sup>35</sup> Council of Foreign Relations. (2023, August 22). Is rising student debt harming the U.S. economy? Council on Foreign Relations. <https://www.cfr.org/backgrounder/us-student-loan-debt-trends-economic-impact>

<sup>36</sup> Jabbari, J., Roll, S., Despard, M., & Hamilton, L. (2023). Student debt forgiveness and economic stability, social mobility, and quality-of-life decisions: Results from a survey experiment. *Socius: Sociological Research for a Dynamic World*, 9, 1-20. <https://doi.org/10.1177/23780231231196778>

<sup>37</sup> Darity, W., Jr., Hamilton, D., Paul, M., Aja, A., Price, A., Moore, A., & Chiopris, C. (2018, April). What we get wrong about closing the racial wealth gap. Samuel DuBois Cook Center on Social Equity, Insight Center for Community Economic Development. <https://socialequity.duke.edu/wp-content/uploads/2019/10/what-we-get-wrong.pdf>

<sup>38</sup> Mezza, A. A., Ringo, D. R., Sherlund, S. M., & Sommer, K. (2016, February). Student loans and homeownership (Finance and Economics Discussion Series 2016-010). Washington: Board of Governors of the Federal Reserve System. <https://doi.org/10.17016/FEDS.2016.010r1>

<sup>39</sup> Gicheva, D., & Thompson, J. (2015). The effects of student loans on long-term household financial stability. In B. Hershbein & K. M. Hollenbeck, *Student Loans and the Dynamics of Debt*, 287-316. W.E. Upjohn Institute.

<sup>40</sup> Jabbari, J., Roll, S., Despard, M., & Hamilton, L. (2023). Student debt forgiveness and economic stability, social mobility, and quality-of-life decisions: Results from a survey experiment. *Socius: Sociological Research for a Dynamic World*, 9, 1-20. <https://doi.org/10.1177/23780231231196778>

<sup>41</sup> Percheski, C., & Gibson-Davis, C. (2020). A Penny on the dollar: Racial inequalities in wealth among households with children. *Socius: Sociological Research for a Dynamic World*, 6. <https://doi.org/10.1177/2378023120916616>

<sup>42</sup> Catherine, S., & Yannelis, C. (2020). The distributional effects of student loan forgiveness (Working Paper 28175). National Bureau of Economic Research. <https://doi.org/10.3386/w28175>



solidarity economy initiatives,<sup>43</sup> these approaches can be adapted to fit the context of local communities to promote sustainable economic growth and equality. For example, Detroit's small business initiatives have led to significant economic gains: Motor City Match spurred a \$87 million neighborhood investment,<sup>44</sup> Detroit Means Business's American Rescue Plan Act funding yielded \$9 million in business support,<sup>45</sup> and the Entrepreneurs of Color Fund provided over \$18,000,000 in loans to BIPOC business owners, creating or preserving nearly 2,000 jobs.<sup>46</sup>

Entrepreneurship can be a powerful wealth accelerator, and windfalls from COVID-related funding initiatives (such as the Paycheck Protection Program and American Rescue Plan Act) can foster excitement around local and regional financial stability.<sup>47</sup> However, the associated resources are neither sustainable nor adequate to correct historically underfunding in underserved communities. Intentional and targeted funding through unburdened funding processes must accompany policy rhetoric in all industries and sectors.<sup>48,49</sup> Technical assistance opportunities should accompany any funding and resource attempts when considering resource availability is less likely to be utilized if inaccessible to communities of practice. ***Federal, state, and local governments should support entrepreneurship in marginalized communities.***

#### 4. Fund reparations for slavery and other anti-Black policies.

Wealth disparities by race are glaring in the US. Black households hold \$15 of wealth for every \$100 held by white households. This racial wealth gap stems directly from the legacy of slavery and a failure to uphold policies enacted during Reconstruction, racist redlining and housing segregation policies, and continued race-based discrimination in housing and credit

---

<sup>43</sup> Esteves, A. M., Genus, A., Henfrey, T., Penha-Lopes, G., & East, M. (2021). Sustainable entrepreneurship and the Sustainable Development Goals: Community-led initiatives, the social solidarity economy and commons ecologies. *Business Strategy and the Environment*, 30(3), 1423–1435. <https://doi.org/10.1002/bse.2706>

<sup>44</sup> Motor City Match. (2024). Growing Detroit businesses from idea to open. <https://www.motorcitymatch.com>

<sup>45</sup> Detroit Means Business. (2020-2023). Detroit's home for small business resources. <https://www.detroitmeansbusiness.org>

<sup>46</sup> Detroit Development Fund. (2011-2022). The original Entrepreneurs of Color Fund. <https://www.detroitdevelopmentfund.com/copy-of-our-customers-1>

<sup>47</sup> The White House. (2024, March 11). The American Rescue Plan (ARP): Top Highlights from 3 Years of Recovery. The White House. <https://www.whitehouse.gov/briefing-room/statements-releases/2024/03/11/the-american-rescue-plan-arp-top-highlights-from-3-years-of-recovery/>

<sup>48</sup> Congressional Research Service. (2021). Overview of Funding Mechanisms in the Federal Budget Process, and Selected Examples. <https://crsreports.congress.gov/product/pdf/R/R44582>

<sup>49</sup> Benish, A., Noam Tarshish, Holler, R., & Gal, J. (2024). Types of Administrative Burden Reduction Strategies: Who, What and How. *Journal of Public Administration Research and Theory*, XX(1-10). <https://doi.org/10.1093/jopart/muad028>

markets.<sup>50</sup> These discriminatory effects continue to persist more than 60 years after the Civil Rights Act and the end of legal discrimination.

Reparations to Black Americans, in the form of direct payments, would serve as an acknowledgment, redress, and closure for the centuries of injustice that these Americans have faced.<sup>51</sup> Current proposals vary, but generally include some combination of direct payments, land grants, and social service and education benefits from the federal government to Black Americans who are descendants of slaves in the US.<sup>52</sup> Reparations programs have been previously enacted, including to Japanese Americans who were subject to internment during World War II; to Sioux Indian tribes to compensate for illegal seizure of tribal lands; and to those who were victims of state-sponsored terrorism (e.g. Iran hostage crisis and 9/11). In addition, several cities (e.g. Evanston, IL; Asheville, NC; Amherst, MA) have started smaller reparations programs for descendants of slaves at these local levels.<sup>53</sup> ***The Federal government should enact a financial reparations program to acknowledge and redress the historical and continuing oppression and discrimination faced by Black Americans.***

### Call to Action

We call on all social workers, including social work scholars, students, and practitioners to engage with the Grand Challenge of reducing extreme economic inequality. Our list of recommendations for policy reform includes policies to address suffering and deprivation at the bottom of the distribution by raising the economic floor, as well as policies that address the accumulation of wealth at the top of the distribution. As we suggest above, these recommendations are possible, given political will, as many are already under consideration or enacted in some states or localities. We urge social work scholars, students, and practitioners to find ways to advocate for and work toward enacting these policies at the local, state, and national levels.

---

<sup>50</sup> Fergus, D., & Shanks, T. R. (2022). The long afterlife of slavery in asset stripping, historical memory, and family burden: Toward a third reconstruction. *Families in Society* 103(1), 7-20. <https://doi-org.offcampus.lib.washington.edu/10.1177/10443894211061283>

<sup>51</sup> Darity, W. A., Jr., & Mullen, A. K. (2022). *From here to equality: Reparations for Black Americans in the twenty-first century*. University of North Carolina Press.

<sup>52</sup> NAACP. (2019). Resolution: Reparations. <https://naacp.org/resources/reparations>

<sup>53</sup> Perry, A. M., & Ray, R. (2021, June 16). As Juneteenth becomes a federal holiday, the US needs a culture of reparations (commentary). Brookings. <https://www.brookings.edu/articles/as-juneteenth-becomes-a-federal-holiday-the-us-needs-a-culture-of-reparations/>

## Authors

Trina Shanks, *University of Michigan*

Jennie Romich, *University of Washington*

Lenna Nepomnyaschy, *Rutgers University*

Leah Hamilton, *Appalachian State University*

Vincent Fusaro, *Boston College*

Daniel Kwasi Abusuampek, *University of Pittsburgh*

Quincy Bloxom, *Erase The Divide LLC*

## About the Grand Challenges for Social Work

The Grand Challenges for Social Work was launched by the American Academy of Social Work & Social Welfare in 2016 to harness the ingenuity, expertise, dedication, and creativity of individuals and organizations within the field of social work and beyond to champion “social progress powered by science.” Additional information on the Grand Challenges may be found at [GrandChallengesforSocialWork.org](https://GrandChallengesforSocialWork.org).