



BlackEconomics.org®

“Providing Retirement Benefits for Descendants of Former Slave Masters”

The Black American predicament today is largely the result of the Trans-Atlantic Slave Trade, our subsequent unwarranted imprisonment, and our forced “slave” labor. It is understandable that, while at the end of gun barrel, we would toil to support those with the power to permit or snuff out life.

However, nearly 160 years later, and most of the years in between—with a few exceptions—Black America has chosen to not only support, but to buttress, the *status quo*, which is characterized by second-class citizenship status and lives of servitude.¹

Today, most Black Americans claim freedom verbally. However, fiscal ledgers at all levels of government show us, again, not only supporting, but buttressing the *status quo*.

This becomes especially transparent at the local level. Although we are gaining greater control of certain municipalities politically as non-Blacks continue to head for the suburbs and to quiet spaces everywhere due to the

new virtual work paradigm, a little sleuthing reveals the imposition of continued economic bondage and support for descendants of former slave masters.

Did you know that Black Americans contribute disproportionately to pension and other post-employment benefits (OPEB) for former slave masters’ descendants? Table 1 (next page) is instructive.

The statistics on Black American population and city government employment percentages (columns 2 and 3 of Table 1) show that, for all cities except Chicago, we are “overrepresented” as city employees relative to our population today. This alone might suggest that the retirement of Black Americans is being supported disproportionately by non-Blacks. However, if we conduct intertemporal analyses, then we recognize that current beneficiaries of city retirement programs were active employees over the past 55 years or so.²

¹ One event may elucidate this reality more than any other: Japanese Americans (a very small and weak “minority” group) were viewed as a threat and were interned during World War II, while a much larger and potentially harmful Black American group was viewed as harmless and was sent off to fight on behalf, and in support, of the nation.

² This assumes a life expectancy of about 75 years and a 40-year working career. The latter is based on a 25-to-65 years of age work life. For life expectancy

statistics, see Center for Disease Control and Prevention, National Center for Health Statistics, “Life Expectancy in the U.S. Dropped for the Second Year in a Row in 2021;” https://www.cdc.gov/nchs/pressroom/nchs_press_releases/2022/20220831.htm#:~:text=For%20Immediate%20Release%20August%2031%2C%202022&text=That%20decline%20E2%80%93%2077.0%20to%2076.1,life%20expectancy%20since%201921%2D1923. (Ret. 072523).

Table 1.—Black American Population and Employment Percentages, Total Net Positions, Total Liabilities, and Pension and OPEB Liabilities for Selected US City Governments

No.	Cities	Estimated Population July 2022 (Thousands) ^a	Black or African American Alone Percentage of the Population ^a	Black Employees as Percentage of Cities' Total Employees ^{b*}	Total Net Position (\$ Millions) ^c	Total Liabilities (\$ Millions) ^c	Pension and OPEB Liabilities (\$ Millions) ^c
1	Atlanta	499.1	48.2%	79.0%	8,849.7	10,576.2	1,471.9
2	Chicago	2,665.0	29.2%	29.0%	(27,631.7)	73,965.3	20,942.9
3	Detroit	620.4	77.9%		838.0	6,229.9	1,664.0
4	Houston	2,302.9	22.6%	37.4%	5,880.6	22,502.6	6,111.5
5	Los Angeles	3,882.2	8.6%	15.5%	25,137.1	56,315.8	13,763.8
6	New York City	8,335.9	23.4%	35.2%	(193,753.6)	304,335.8	131,875.3
7	Philadelphia	1,567.3	40.8%	48.0%	(3,683.5)	21,025.4	7,543.1

Sources: (a) US Census Bureau (QuickFacts); (b) Available from city governments and represents percentages from one of the last three years (*—percentage for Detroit was unavailable); (c) City governments' Annual Comprehensive Financial Reports for fiscal year (FY) 2022 (except for Los Angeles, which is for FY 2021).

Fifty-five years takes us back to the late 1960s, the end of the Civil Rights Era, the onset of Affirmative Action, and the beginning of widening opportunities for Black Americans to capture sizeable employment in *Public Administration* industries. However, the entire period is marked by, in many cases, Black Americans mainly occupying positions at the bottom of the bureaucratic hierarchy, and non-Blacks occupying most positions at the top. Over the 55 years, non-Blacks maintained their stranglehold on much of municipal government employment—especially top and high-quality positions that paid higher wages and salaries. This means, generally, that non-Black retirees are drawing higher valued (individually and proportionately as a

group) pensions and OPEB today than Black American retirees. It also means that non-Blacks account disproportionately for municipal liabilities associated with pension and OPEB programs (column 6 of Table 1).

This is particularly true because municipal governments' retirement benefits today are mainly for beneficiaries who participated in full “defined benefit,” versus reduced “defined benefit” and/or “defined contribution” retirement programs.³ Full defined benefit programs are heavier drags on cities' fiscal positions than reduced defined benefit and defined contribution programs. Logically, the historical evolution of Black Americans in municipal governments' workforces (i.e., coming to occupy significant

³ Both “full” and “reduced” defined benefit pension and OPEB programs are based on formulas. Important differences between the two programs are: (1) Full defined benefits are typically based on employees' highest salary year, while reduced defined benefits are based on an average of salaries for multiple high years; (2) both full and reduced benefits are based on years of service; (3) the formulas' payment factors (percentages) are typically higher for full versus reduced defined benefit programs; and (4) full defined benefits typically entail relatively lower employee contributions than reduced defined benefits. Over the past 30 years or so, most US governments moved from full to reduced

defined benefit programs, to defined contribution programs, or to supplemental savings programs. Defined contribution pension and OPEB programs require employees to be the primary contributors, with employers providing partly matching contributions. These contributions are typically invested so that they can grow and provide a larger retirement resource. Also, defined contribution programs typically include a separate payment from employers. Supplemental savings programs permit employees to save and invest a portion of their earnings above and beyond full or reduced defined benefit programs or defined contribution programs.

numbers/percentages of upper tier wage and salary positions only recently) means that Black Americans account for a relatively smaller share than non-Blacks of full “defined benefit” programs and associated pension and OPEB liabilities today.

Also, Table 1 shows that Chicago’s, New York City’s, and Philadelphia’s negative net positions cannot offset total liabilities, and that pension and OPEB liabilities for the seven cities comprise from about 15-to-35 percent of total liabilities (see columns 4, 5, and 6).

These are not favorable fiscal conditions, and they portend—even in a best-case scenario—a potential downward debt spiral of increasingly higher levels of borrowing for debt service (akin to the current Federal Government scenario), and ever-rising taxes. On the other hand, there could be severe cuts to the future availability of public goods and services.

Consequently, Black Americans, who continue to reside in the core of inner cities, stand to face a disproportionate share of the pension and OPEB liability burden. That is, Black Americans are saddled today with supporting disproportionately non-Black municipal retirees, who sought to block

Black Americans from employment in city governments historically and who operationalized exclusionary Jim Crow practices that were handed down by their former slave master ancestors.

One way for Black Americans to exit this objectionable scenario is to practice group politics and to amass sufficient Afrocentric political power to force a walk-back (repeal) of commitments made by city governments that did not include much, if any, Black American participation. This might sound unsavory and unacceptable; however, debt levels in US governments at all levels and around the globe are motivating consideration and implementation of such walk-back measures.⁴

A rewriting of the rules and procedures of the game seems relevant and proper when one considers that beneficiaries of many large city pension and OPEB programs no longer reside in or near the source cities; therefore, benefit payments represent a one-way outflow for these cities. And such a change of the rules and procedures should appear justifiable for many Black Americans, who find it unacceptable that they should be used and abused again to support the grand and comfortable lives of descendants of former slave owners.

B Robinson
081123

--

⁴ For example, the US Congress is rumored to be considering options for revamping the Social Security system in response to the program’s expected and relatively near-term insolvency. At the international level, the Government of Sri Lanka has

already approved plans to reduce retirement-related benefits due its heavy debt burden. Also, France has recently raised the retirement age, which serves as a *de facto* reduction in retirement-related benefits.