

# Why JA? And Why Now?



**Economic Empowerment for a More  
Equitable and Just Tomorrow**



## The Realities of Economic Inequity

Economic inequity has been a reality in the U.S. throughout its history, and it continues to this day. For instance, research by the [Pew Research Center](#) shows that the U.S. has the highest income inequality among G7 nations.<sup>1</sup> Despite a narrowing of income and wealth gaps in recent decades, there continue to be vast disparities, especially between white and Black households. In 1970, for example, there was a 78 percent gap in income between white and Black households. And even though that gap marginally improved over time, it was still 64 percent as of 2018. A [2020 study](#) by the Brookings Institution shows that the median net worth of white families in America is ten times greater than that of Black families.<sup>2</sup>



Hispanics and Latinos in the United States face similar challenges, according to research from the [Economic Policy Institute](#). Hispanic men earn nearly 15 percent less than their white counterparts for similar work requiring comparable skills and education. For Hispanic women, it is 33 percent less. At the same time, while Hispanics and Latinos are making greater gains in postsecondary education, that success isn't reflected in the commensurate reduction of the wage gap compared to working white Americans.<sup>3</sup>

Other research shows that the overall wealth gap more than doubled between America's richest and poorest families, regardless of race, between 1989 and 2016.<sup>4</sup>



To address economic inequity, substantial systemic changes need to occur that are well beyond the mission of an organization like Junior Achievement. They need to happen on the legislative, legal, policymaking, and institutional fronts. But the pressure to eliminate these barriers needs to happen from both ends of the spectrum; not only from those in positions of oversight, but also from those who aspire to break through color lines, cultural divides, and glass ceilings.

<sup>1</sup> Pew Research Center, February 7, 2020

<sup>2</sup> *Examining the Black-white Wealth Gap*, Brookings Institution, February 27, 2020

<sup>3</sup> *The Hispanic-white wage gap has remained wide and relatively steady*, Economic Policy Institute, July 2, 2018

<sup>4</sup> Pew Research Center, February 7, 2020

Lasting institutional change is only possible if the people most likely to benefit are prepared with the information and skills necessary to navigate a changing landscape. Knowledge is power, and Junior Achievement’s proven approach will give today’s young people that power in the form of financial capability, career and work readiness, and entrepreneurship. These skills will not only improve their lives but will bolster their families, their communities, and our nation.

## JA’s Pathways to Economic Mobility

Junior Achievement (JA) employs a pathways approach when delivering its learning experiences that focus on financial literacy, work and career readiness, and entrepreneurship. By “pathways,” we mean that JA lessons are designed to engage students on a subject over multiple grades, from a student’s first day in Kindergarten and throughout their K-12 years, preparing them for the transition to post-secondary education and work, and adulthood.

Why does JA take this approach? JA learning experiences focus on critical life skills, like how to manage money, how to prepare for a job or career, and even how to start a business, or at least better understand how one works. These are all things that, as adults, we experience daily. Yet, most Americans have had next to no exposure to curriculum about these critical concepts while in school. When they are, such as in the cases of financial literacy and career and work readiness, these subjects are often covered in a one-time, one-semester elective course offered in high school. Exposure to entrepreneurship, when it does happen, typically occurs during an extra-curricular program or, again, as part of an elective class.



As adults, all of us read and use math virtually every day. However, we also deal with money, jobs, and business every single day. But unlike reading and math, which are taught at every grade level in elementary, middle, and high school, lessons about money, jobs, and business simply aren’t. The JA Pathways approach is designed to help address this disconnect, with a volunteer-delivered curriculum, aligned with state and national standards, that is provided at no cost to schools. JA volunteers are primarily business professionals from the community who are well-versed in money management, business concepts, and the connection of education to future career success.

## Increasing Financial Security through Financial Literacy

As noted previously, research by the Brookings Institution shows that Black families have a median net worth ten times less than that of white families. Research by the

[Pew Research Center](#) shows that Hispanic and Latino families also lag white families in net worth by similar margins.<sup>5</sup>

It is a commonly held belief that the best way to help narrow this wealth gap is by promoting financial literacy education. Financial literacy can lead to increased capability when it comes to managing money and making financial plans for the future. However, it should be noted that there is also a pronounced gap between [Black](#)<sup>6</sup> and Hispanic families compared to white families when it comes to intergenerational wealth transfer, such as through financial support and inheritances. So even though education has an important role to play, there are historic and structural disparities that will require consistent effort and considerable time to overcome on a broad and significant scale. This supports the idea that financial literacy education should not be relegated to one or two classes in high school, as is currently the case in many school districts, but be widely available and taught sequentially over multiple grades like other areas of study.



The lack of readily available financial literacy courses is especially detrimental to underserved communities. A [2019 study](#) by TIAA and the George Washington University School of Business showed that Black Americans lagged behind white Americans when it comes to financial literacy, with Black participants correctly answering 38 percent of questions on financial literacy tests compared to 55 percent of white test-takers.<sup>7</sup> A [similar study](#) in 2017 by the same organizations showed that Hispanics and Latinos in the U.S. also trail white Americans when it comes to financial literacy.

### **Applying the JA Pathways Approach to Financial Literacy**

The JA Pathways approach helps ensure students are exposed to financial literacy concepts over multiple grades, increasing their financial capability before they begin making major life decisions, such as how to save for the future, pay for college, purchase a house, and invest for retirement.

This approach is especially important in terms of helping underserved communities achieve economic mobility. A [2017 study](#) by the Federal Deposit Insurance Corporation (FDIC) shows that unbanked and underbanked percentages are higher in the Black and Latinx communities.<sup>8</sup> Lack of participation in banking can impact the ability to access

---

<sup>5</sup> Pew Research Center, November 1, 2017

<sup>6</sup> *Opportunity and Ownership Facts*, Urban Institute, No. 26, September 2012

<sup>7</sup> *Financial Literacy and Wellness among African-Americans: New Insights from the Personal Finance (P-Fin) Index*, George Washington University School of Business, November 2019

<sup>8</sup> FDIC National Survey of Unbanked and Underbanked Households, FDIC, 2017

credit, leading to dependence on predatory lending practices that make it next to impossible to achieve financial security. How to set up bank accounts, create budgets, manage credit, and work toward a sense of financial wellness are all concepts covered by Junior Achievement's pathways approach.

### Proof of Impact

Junior Achievement's approach is demonstrated to give students the tools they need to increase their chances of achieving economic security as adults. Research results include:

- **45 percent** of Junior Achievement alumni say JA influenced the way they manage money, based on a [2020 JA Alumni survey](#) by Ipsos<sup>9</sup>
- In the Ipsos survey, **85 percent** of alumni say Junior Achievement played an important role in fostering a belief they could achieve their goals
- **60 percent** of Black alumni, **45 percent** of Hispanic alumni, and **49 percent** of white alumni say Junior Achievement gave them confidence in new situations, according to the 2020 Ipsos survey
- **90 percent** of JA Alumni reported being confident in managing money, based on a [2016 JA Alumni survey](#)<sup>10</sup>
- **The 2016 survey** also shows a **statistically significant shift** in those reporting an increase in their standard of living between childhood and adulthood, an indicator of **economic mobility**
- A [2015 study](#) by RMC Research Group provided evidence that the *JA Finance Park* program increases the financial capability of students<sup>11</sup>

### Narrowing the Income Gap Through Career and Work Readiness

According to a [2019 report](#) from the Bureau of Labor Statistics (BLS), the higher the level of education an individual receives equates to a higher likelihood of employment. It also contributes to greater income. Based on BLS data, 41 percent of white Americans have at least a bachelor's degree, compared to 31 percent of Black Americans, and 21 percent of Latinos. The same report shows 63 percent of Asian-Americans have at least a bachelor's degree.<sup>12</sup> While more education may result in greater chances of employment, the report also shows a considerable income gap still exists – in some cases up to 30 percent – between Black and Latino employees compared to white employees with the same level of educational attainment. A [2019 report](#) by PayScale shows that additional factors beyond education contributing to these disparities may

---

<sup>9</sup> Ipsos JA Alumni Report, August 2020

<sup>10</sup> JA Alumni Report, Junior Achievement 2016

<sup>11</sup> KPMG Foundation Sponsored Curriculum Evaluation JA Finance Park, January 2016

<sup>12</sup> BLS Reports, Bureau of Labor Statistics, October 2019

include industries of occupation and job roles, though these factors don't completely explain the income gaps.<sup>13</sup>

### Applying the JA Pathways Approach to Work and Career Readiness

Junior Achievement uses a pathways approach because in many states career and work readiness aren't addressed until later high school grades, which may come too late for students who haven't given the subject much consideration in earlier grades



when they are taking courses that could ultimately affect their academic readiness and ability to pursue specific career paths. Since nearly all of us will work as adults, we at JA believe it's essential to connect students with career and work exploration throughout their K-12 journey, not just in high school.

The research shared in this document tends to indicate that some institutional factors contribute to income gaps between Black and Latino workers and their white counterparts.

While these structural factors fall outside of Junior Achievement's mission, research also indicates that education beyond high school and careers in higher-paying industry sectors can help narrow this pay gap. Our research shows that Junior Achievement's learning experiences do increase students' interest in pursuing further education and impacts their future career decisions. By emphasizing educational and career pathways that are more likely to promote economic mobility, Junior Achievement can help empower young people and promote a more equitable tomorrow.

### Proof of Impact

Our approach is demonstrated to give students the tools they need to increase their chances of achieving career and work success.

According to a [recent survey](#) by Ipsos, **4-in-5** JA Alumni credit Junior Achievement for:<sup>14</sup>

- Influencing their decisions about further education
- Impacting their professional and personal development
- Affecting their self-confidence and belief-in-self
- Motivating them to succeed professionally

Additionally:

- **96 percent** of Black alumni, **95 percent** of Hispanic alumni, and **93 percent** of white alumni say JA positively impacted their future choices and perceptions

<sup>13</sup> *Racial Wage Gap for Men*, PayScale, May 7, 2019

<sup>14</sup> Ipsos/JA Alumni Report, August 2020

- **51 percent** say they have worked in the same job or career as their JA volunteer
- **58 percent** of Black alumni, **51 percent** of Hispanic alumni, and **45 percent** of white alumni say Junior Achievement influenced their decision to pursue further education
- **45 percent** say JA influenced their work ethic
- **38 percent** say JA influenced their career decision

## Leveling the Playing Field through Entrepreneurship

Business ownership is one way to create economic opportunity, not only for the individuals taking on entrepreneurship but for their families and communities. Promoting business creation is of importance in underserved communities where entrepreneurship is seen as an integral part of promoting economic development and, subsequently, economic mobility.

Despite the potential benefits of business ownership in promoting economic opportunity, Black business ownership rates lag those of the white community, according to a [2019 study](#) from Duke University. Based on this research, Black Americans make up around 13 percent of the U.S. population, but only own about 9 percent of small businesses. Additionally, 96 percent of these businesses are non-employer, meaning they don't have employees beyond the owner, compared to 79 percent of white-owned businesses. Black-owned businesses also tend to have less startup capital to work with and are more likely to be true startups, meaning the owner started the business from the ground up instead of purchasing the business, which is more common with white business owners.<sup>15</sup>



A [2017 report](#) from the Aspen Institute shows that Hispanic and Latino business ownership rates also tend to lag white business ownership. Additionally, Hispanic and Latino businesses, like Black businesses, are on a whole less profitable than white businesses due primarily to the industries they address, such as construction and the service sector.<sup>16</sup>

## Applying the JA Pathways Approach to Entrepreneurship

Junior Achievement takes the pathways approach because, in many states, entrepreneurship is an entirely elective option, and in most cases, is available only as an extra-curricular activity for no school credit. Given that most of us will work for a small business at some time, and all of us interact with small businesses, we at Junior

<sup>15</sup> *Entering Entrepreneurship: Racial Disparities in the Pathways into Business Ownership*, Duke University, October 2019

<sup>16</sup> *The Racial Gap in Business Ownership Explained in Four Charts*, The Aspen Institute, February 6, 2017

Achievement believe it's important to offer learning experiences that cover entrepreneurship and small business across multiple grade levels.

In terms of increasing Black and Latino business ownership, the research shows that these businesses are often undercapitalized, operate in less profitable industry sectors, and are more likely to be non-employer businesses. Junior Achievement's learning experiences show students how business financing works, how to identify and address market needs, how to explore opportunities in different industries, and what it takes to hire and manage people. These are all important steps if a business is to grow from being a form of self-employment to a truly community-impacting venture.

### **Proof of Impact**

Our approach is demonstrated to give students the tools they need to increase their chances of successfully pursuing entrepreneurship as adults.

According to a [recent survey](#) by Ipsos:<sup>17</sup>

- **53 percent** of JA Alumni have started or owned a business
- **60 percent** of Hispanic alumni, **52 percent** of Black alumni, and **51 percent** of white alumni have started one or more businesses during their careers
- **45 percent** of JA Alumni businesses employ more than **20 people**, compared to **12 percent** of U.S. small businesses (U.S. Census Bureau)
- **27 percent** of JA Alumni businesses employee more than **100 people**, compared to **1.7 percent** of U.S. small businesses (U.S. Census Bureau)
- **Male and female** JA Alumni are **equally likely** to have started multiple businesses

### **For More Information:**

To find out more about Junior Achievement offerings in your community, visit [www.JA.org](http://www.JA.org).

---

<sup>17</sup> Ipsos JA Alumni Report, August 2020