The Staggering Cost of Being Black in America

Armed with the tools of modern finance, engineer and businessman Shawn Rochester ’97 offers an accounting.

Interview by Karen McCally ’02 (PhD)

The premise isn’t new: engineer and business executive Shawn Rochester ’97, in a recent book, The Black Tax: The Cost of Being Black in America (Good Steward Publishing), shows myriad ways in which African Americans have borne and continue to bear financial costs rooted in racial discrimination.

But while there’s been a steady outpouring of studies detailing racial discrimination in housing, consumer lending, e-commerce, the job search, social programs, and other aspects of American economic life, Rochester has found a way to organize and share that information to increase its impact. He surveys much of the research in the form of a slender paperback. And while many studies focus on the discriminatory nature of policies, and the moral wrongs associated with them, Rochester notes that his book is among very few, if any, that examine the costs of being black through the lens of personal finance.

Relying on research in journals of economics, law, and public policy, Rochester tallies the lost income of blacks, relative to whites, as a result of racial discrimination in the private marketplace as well as in government-sponsored economic development initiatives. The costs to black individuals and families are sobering. Take the example of a car purchase. Rochester looks at the research and adds it up: $1,100 more in purchase price; $500 more interest per year on an auto loan; an additional $500 more per year in insurance premiums, all of which could cost a black family more than $70,000 over a lifetime.

When it comes to the aggregate costs associated with public programs and discriminatory laws, the figures are staggering. The list of programs from which African Americans were excluded, either explicitly or in practical terms, is long, including the land grants provided under the Homestead Act of 1862 (a $1.6 trillion loss), the Social Security Act (a $143 billion loss), and the GI Bill of Rights (up to a $45 billion loss). By the time he adds in an estimated value of uncompensated labor through nearly 250 years of slavery and the economic deprivation from 75 years of Jim Crow, he arrives at a grand total of more than $70 trillion.

Rochester worked in industry after earning his bachelor of science degree in chemical engineering. He went on to earn an MBA from the University of Chicago’s Booth School of Business and worked for more than a decade in executive roles in global sales and distribution, mergers and acquisitions, and strategic planning before starting his own financial education and advisory service, Good Steward. The Black Tax is the first book in his Good Steward Financial Empowerment Series.

When did you start thinking about what you call the black tax?
I was well into my corporate career, but post business school. Periodically, I would read articles about some research about discrimination in a particular marketplace. And I would think,

“There’s a cost there. At some point, I’ll go back and I’ll look at that, and I’ll see if I can quantify it.”

But the trigger for actually doing it was when I was developing a course to help people with personal financial management. I realized that there are three things that prevent us as African Americans from accumulating wealth. One is that we are lacking the knowledge to put our limited resources to their best use. The next is that we do very little commerce with black businesses and service providers. The last is the massive cost of discrimination. If we had better access to information, we could actually accumulate significant resources, and if we did business with black enterprise, we could create millions of jobs. But the problem is, we also have biases against ourselves, and often view doing business with black enterprises as a cost or a form of charity. So I started looking at what the research says about the costs that we actually bear, and the idea really just started to evolve. It’s kind of like when you start pulling on that string on your sweater. Some really interesting things start to happen.

Why do you think there have been so few efforts to quantify the costs of racial discrimination to African Americans?
I think there are two things going on. We have a tradition of focusing on the injustice and the immorality of things. We have a tradition of focusing on civil rights and notions of coming together, which are important outcomes. It seems like there was an assumption that economic advancement would just flow naturally from civil rights. So economics took a back seat.

There’s also just such little information out there about this story of continuous economic deprivation. I think we have a qualitative sense that things were bad. I think we have a qualitative sense that it was a long time ago. But as for how bad it was, it’s very difficult to come across this information.

But my training fits into providing this information. So I thought, “Let’s try to quantify it.” And what I’ve found is a lot of people working on small portions of a large puzzle, creating the important elements of the calculation, but in many disparate places.

You’ve spoken about the book to a range of audiences—a multiracial audience at Google, an elite group of black business
executives, undergraduates at Rochester, United Nations ambassadors. What kinds of reactions have you received?

The reactions are, “Wow, I had no idea.” That’s what I hear continually. I think there’s also a sense of, “I felt this way. But I couldn’t put the words to it.” The question I get inundated with is, “What can we do?”

How do you respond to that question?

I urge people to do what I call getting your PHD: Purchase, Hire, and Deposit black. The majority of impact happens through payrolls and supply chains. And then, if you put deposits in a black financial institution, you’re directly investing in black enterprise, which is starved of capital. That’s hugely powerful. And anybody can do that.

My next projects continue to address this question. I’ve completed a second book in my Good Steward Financial Empowerment Series, which will be out soon. It’s called CPR for the SOuL: How to Give Yourself a 20% Raise, Eliminate Your Debt, and Leave an Inheritance for Your Children’s Children. It offers financial advice targeted to African Americans, in the context of the circumstances outlined in The Black Tax. SOuL stands for practicing Stewardship, Ownership, and Legacy.

And then my other project is to help people who are looking for those black enterprises to find them. People want to act on what they now want to do. I’m working on putting something together.

This is a grassroots movement. I think people are coming from the right place. I think it’s wonderful when people cut a check to the Boys and Girl Club, or some other nonprofit organization in the black community. But don’t do just that when you control a business that has a $15 billion supply chain. You could create 10,000 jobs.
ALUMNI FORUM

The World’s a Stage
How does your experience in the performing arts affect your work in other fields?

Professions for some and hobbies for others, the performing arts can assert themselves in anyone’s daily life, often in unexpected ways.

In the inaugural Rochester Review alumni forum, three alumni with careers in business and technology—all with long-term involvement in the performing arts—describe how they draw on their arts experiences in the rest of their work lives.

Angela Kim ’95E

A former concert pianist, Angela Kim is the founder and CEO of Savor Beauty + Spa, transforming some of the Korean skin-care rituals she grew up with to produce organic and easy-to-apply products. The company has three New York City locations and ships worldwide through partners including Nordstrom, Neiman Marcus, and QVC.

I started making lotions and potions as a hobby in my Manhattan kitchen in between practicing Beethoven and Mozart. My chamber music colleagues began asking if they could buy the creams from me, and I became an “accidental entrepreneur.”

I was recently asked what the most challenging aspect of transitioning from concert pianist to businesswoman has been, and my response was leading a cohesive company comprised of a growing team, now with 25 employees.

I had frequently performed with a cellist, a dear friend who is now the principal cellist of one of the nation’s finest chamber orchestras. I told her of my scaling challenges, and she said something that changed my life: “You should run your company like a chamber orchestra,” she told me. “Not like a top-tier orchestra that is run like a major corporation, but like a chamber orchestra that attracts equally talented musicians who are more interested in a collaborative ensemble where their creative and artistic input matters.”

We talked through the idea. I left the brunch with my friend feeling energized and hopeful. I connected on a visceral level with the musical illustration and began to execute it.

In a chamber orchestra, the conductor has the big picture vision. It’s the conductor’s job to hear every intricate detail and determine whether it is contributing or not to the success of the whole.

The concertmaster conveys the conductor’s vision to the principals, who connect their sections to the entire ensemble. The principal’s goal is for their section not to sound like individual voices with different bowings and character, but to blend to become one with the section and, ultimately, with the orchestra.

In business, one can replace the conductor with the CEO, the concertmaster with a COO, the principals with managers, and each section with the different departments operating in a business.

A year after I began executing this new vision, we are more harmonious and cohesive, and I feel supported by the “ensemble” who works together for the overall vision that I have set forth as the “conductor.”

Is our work done? Not by a long shot, but that’s another thing music taught me. The work will never be done, and that’s the beauty of it all.

Brad Oreg ’10, ’11 (T5)

Brad Orego is a user-experience researcher, product designer, entrepreneur, and dancer. He designs and builds products with Prolific Interactive and dances professionally with Kanopy Dance Company in Madison, Wisconsin, and Sokolow Theater Dance Ensemble in New York City.

Historically, I never really made an effort to bring the two worlds of dance and technology together. Then I attended a conference called DevOpsDays Madison. One of the speakers urged me to start thinking about my experience straddling the two, as it’s such a unique perspective in the tech industry.

At another event last March, the NYC Service Design Jam, I met Tim Gilligan, a designer who also has a background in theater, and who also urged me to dig into this perspective.

Tim and I recently launched a blog called “Performing Design: Informing Design Practices with Lessons from Performing Arts” (http://performing.design). It turns out there’s a lot more material than I ever really thought about. For example, I write about embodied cognition, which is a fairly recent concept in cognitive science that explores how we use our bodies—beyond just the brain—to help us perceive, interpret, and understand the world.

Embodied cognition is imperative for dancers, who use the physical sensation of moving their bodies through space to both understand and remember choreography. But it helps designers as well by teaching them to try physically interacting with something they’ve sketched out.

I started dancing at Rochester. I never imagined that a ballet dancing class would have catapulted my interest in all things dance and would inform my approach to technology and problem-solving, nor would I have thought I would have been able to live a life in both worlds. But, I have. My dual degree in computer science and psychology, combined with a minor in dance (I was the first dance minor granted by the University), has given me a perspective that no one else has.

Mark Perlberg ’78

Mark Perlberg is president and CEO of the human resources firm Oasis Outsourcing, a leading business in the industry with more than 1,000 employees. He also serves on the boards of the Minneapolis-based...
Playwrights’ Center, which is focused on developing new work, and the non-profit theater company Palm Beach Dramaworks, where he is cocreator and executive producer of the Master Playwright Series.

I was consumed by theater when I was a student at Rochester. I did some acting and then, as a sophomore, I directed a Drama House production of Steinbeck’s Of Mice and Men. I didn’t have any experience with directing at the time, but it showed me I had an aptitude and an appetite for it. I went on to direct two musicals along with many other productions in college, and have continued my involvement in theater to this day.

My experience in theater has benefited my professional work in that, above all else, it has taught me about people. It has given me the “soft” skills that are so important in business. From the stage, I’ve learned that everyone is different and that getting everyone to perform at their best requires the ability to ascertain what makes each one “tick.” Ultimately, a director is in charge of making a performance happen and producing a cohesive event that makes an impact on people.

It’s what a CEO does, too. I love directing and I always have—whether it’s for a stage production or within the parameters of doing business. You have to get people to cooperate with one another to achieve results. You have to build an environment where people can communicate openly and where there’s a high degree of trust. You also have to be comfortable experimenting, building consensus, testing ideas, and responding to audience or customer feedback.

I find I use my directing skills every day.
Noted Optical Scientist Eyed for Leadership Role at Imperial College London

Ian Walmsley ’86 (PhD), a pioneer in ultrafast and quantum optics and a former faculty member of Rochester’s Institute of Optics, has been named provost at Imperial College London, effective September 1, 2018.

He is currently pro-vice-chancellor for research and innovation and Hooke Professor of Experimental Physics at the University of Oxford.

At Oxford, Walmsley has overseen the university’s relationships with its research funders and has worked to engage wider audiences with scientific research.

Elected a fellow of the American Physical Society in 2001, Walmsley has helped advance the fields of spectroscopy, cryptography, quantum computing, and precision measurement. He joined the Institute of Optics faculty in 1988 and became director of the Center for Quantum Information Systems, established in 1999 with a Department of Defense grant and drawing together faculty from Rochester, Cornell, Harvard, Rutgers, and Stanford. He led the Institute during a period of transition in 2000.

A dedicated teacher, Walmsley won the Goergen Award for Distinguished Achievement and Artistry in Undergraduate Education from Arts, Sciences & Engineering in 1999.

He is an undergraduate alumnus of Imperial College, having earned a BSc degree with first-class honors in physics. —Karen McCally

Multimedia Composer of ‘Tactile Performance’ Recognized with Guggenheim Fellowship

Composer Tonia Ko ’10E has continued to rack up honors ever since winning the Eastman composition department’s award for excellence, the Louis Lane Prize, three out of her four years as a student.

Her latest accolade is a 2018 Guggenheim fellowship, a testament to her past achievements and continued creative promise.

Ko, who was born in Hong Kong and raised in Honolulu, incorporates a variety of media into her compositions, bringing aural, visual, and tactile elements together. In her ongoing project “Breath, Contained,” for example, Ko transforms stretches of bubble wrap into a versatile musical instrument. In “Whistling Tree,” sculpture serves as both visual art and a sound installation. She writes, “I have developed a mode of tactile performance—techniques that reveal a material’s potential as both art and sound object. For example, bubble wrap’s buoyancy, transparency, and inherent rhythm determine its sonic identity and the performer’s physical movements. I investigate the space where pressure meets friction.”

Ko’s works have been performed at such venues as Carnegie Hall and the Kennedy Center, and at the Tanglewood, Aspen, and Santa Fe chamber music festivals. From 2015 to 2017, she was composer-in-residence for Young Concert Artists. —Karen McCally

Flutist Named Yamaha Young Performing Artist

Flutist Abby Easterling ’18E is one of 11 winners of the 2018 Yamaha Young Performing Artists Competition. The competition, in its 30th year, recognizes young artists ages 18 to 22 with exceptional promise in jazz, classical, and contemporary music.

As an award winner, Easterling will travel to a celebration weekend at Ball State University in June, during which she’ll deliver a live performance that will be professionally recorded and photographed and attend workshops on launching a professional career.

Previously, Easterling was the winner of the National Flute Association Masterclass Competition. In summer 2014, just prior to beginning her studies at Eastman, the Dallas-area native was selected as part of Carnegie Hall’s National Youth Orchestra of the United States of America. —Karen McCally

MEDIA MAESTRO: Composer Ko combines aural, visual, and tactile elements.

ACCOLADES

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