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NATIONAL BLACK MBA ASSOCIATION SPEAKS OUT ON THE SLOWING ECONOMY AND ITS IMPACT ON BLACK PROFESSIONALS

CHICAGO (June 10, 2008) — Concern is building among African-American professionals about how the downward shift in the economy will affect them. Statistics prove they have good reason to be scared.

Black median income had risen to a historically high ratio of 63.5 percent of white income in 2000, and it was on track to reach 63.9 percent by 2004. But the recession of 2001 and sluggish job growth widened the gap, and the black-white income ratio fell back to 62 percent in 2004, according to Washington, D.C., think tank the Economic Policy Institute.

For the black community, the outcomes of the 2001 recession are still fresh. That downturn demonstrated that neither educational achievement nor work history could shield career professionals from massive job cuts. When the ax fell, a lot of those who got cut had attained master's degrees. Some of them were the highly sought-after superstars who had been plucked from the black talent pool. But after losing their jobs, many struggled for months and even years to recapture their previous salaries and career status...and some never did.

Recession is painful, and it affects spending, upward mobility and sustainability across communities and economic sectors. Job losses — 49,000 in May according to the recent Labor Department jobs report — are disheartening because employment statistics have shown that African-American professionals are more severely impacted than other racial and ethnic groups, who tend to bounce back quicker, and at higher salary levels.

To borrow a phrase from the Rev. Jesse Jackson: "When America gets a cold, black America gets pneumonia." The income of African-American professionals already lags far behind those of their white and Asian counterparts, and having to start over at a lower salary (or none at all) becomes a drag on the black community's wealth-building equation. For years, the percentage of wealth contained in the black community has remained stagnant at 3 percent because of inevitable economic shifts that erase progress on a broad scale.

Current job losses, combined with the disproportionate effect of the foreclosure crisis, are a recipe for long-term despair in the black community. As senior members of the community lose their homes in record numbers, their children and extended family members are being called upon to provide economic assistance. Assets are not accumulating, and these job and housing market stressors, along with rising medical and long-term nursing care costs, are depleting potential inheritances.

So how do African-Americans prepare for economic hard times in a way that doesn't place individuals, families and the overall community on indefinite life support?

One answer is entrepreneurship. An outcome of the 2001 recession was the proliferation of black startup businesses, as many professionals became disenchanted with the lack of advancement opportunities in corporate America (or simply didn't feel like going to the back of the line). We invite African-Americans to explore the notion of striking out on their own at the

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inaugural session of our Entrepreneurship Institute, which will be held in September during our 30th Annual Conference in Washington, D.C.

I believe that organizations such as the National Black MBA Association must advocate for, and insist upon, equitable wages and access to career enhancement tools that give African-American professionals a fighting chance to succeed and accumulate wealth. And there must be a focus on financial literacy and debt restructuring so that the black community can protect assets, savings and inheritances.

Economic shifts are inevitable, but their disproportionate impact on the black community is one predictable outcome that must change.

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