



# The G.I. Bill

## America's Largest Affirmative Action Program

While an analysis of racial bias in public decision-making in the U.S. can go all the way back to the founding of this country, the history of how our urban regions were formed often starts with the post-World War II G. I. Bill.

Formally named the Serviceman's Readjustment Act of 1944, what is commonly known as the G.I. Bill was passed as a kind of stimulus package to integrate American veterans back into society. It afforded returning soldiers preferential hiring benefits, financial support while job hunting, low-interest home loans and access to post-secondary education. It was, as one author called it, "the most massive piece of affirmative action legislation in U.S. history."<sup>1</sup> And it primarily benefited white men and their families.

Though signed in the days before the civil rights movement, the G.I. Bill was a race-neutral policy on paper. In theory, its benefits were available to the 1 million African Americans<sup>2</sup> and 44,000

American Indians<sup>3</sup> who served the United States during the war.

The educational and employment benefits of the G.I. Bill created a new cycle of generational wealth for millions of white American families. But one of the greatest impacts of the legislation was its role in shaping the future of our nation's land use. The G. I. Bill was a catalyst in fueling the suburbanization of

It was, as one author called it, "the most massive piece of affirmative action legislation in U.S. history." And it primarily benefited white men and their families.

our urban regions, as a result of the low-interest home mortgages it offered to returning veterans. Between 1944 and 1952, 2.5 million returning veter-

### Race and Regionalism: How Growth and Development Policies Shape Racial Disparities in the Twin Cities Region



If you asked a visitor for their impression of the Twin Cities, you would be likely to receive a positive response. A high quality of life, an educated workforce and a clean environment are things that our region is known for. But for nearly a quarter of the population—our region's population of color and indigenous community—the Twin Cities do not live up to that promise. Despite our many resources, people of color here experience some of the worst disparities in the nation.

Dig into our history, and one will find a legacy of public policymaking that favored, either intentionally or as a byproduct of poor decision-making, the

needs of white people over those of people of color and indigenous people. An examination of some of these policies, many of which directly relate to the growth and development of our region, shows that racial discrimination was and is at the heart of what makes our region what it is today.

The good news is that there are strategies that can help reverse these disparities and sweep away the institutional barriers that have persisted. And our region has the added benefit of being able to rely on a rich network of community-based organizations that can provide leadership and partner with policymakers to arrive

at effective and sustainable solutions to these complex problems.

Over the next year, the Alliance for Metropolitan Stability will release a series of Race and Regionalism stories that illustrate some of our past failures as well as some of the ways communities and decision-makers are showing the way forward for equity. This first paper, which looks at the long-term effects of the post-WWII G.I. Bill, demonstrates how even race-neutral policies, when poorly planned or implemented, can have drastic and persistent negative effects on people of color. ■

ans were able to access low-cost mortgages through the provisions of the G.I. Bill, which amounted to 42 percent of WWII veterans.<sup>4</sup> Perhaps the most lasting implication of the G.I. Bill for people of color in this country was the inability of many African-American and American Indian veterans to take advantage of those loans.

The Federal Housing Authority, which was responsible for administering the loans, was openly segregationist. Its underwriting materials clearly discriminated against people of color, Jews and women, making it nearly impossible for many members of these populations to buy homes. Compounding the problem, banks had a long-established practice of “redlining,” or denying home mortgage loans to buyers in the few neighborhoods where people of color were allowed to buy homes.

Furthermore, the G.I. Bill’s homeownership provisions did not apply on American Indian reservations. Since reservations were held in trust by the federal government, the U.S. Bureau of Indian Affairs would not waive title to the land in order for an American Indian to purchase a home.<sup>5</sup>

Therefore, even though African American and American Indian veterans were not explicitly excluded from the provisions of the G.I. Bill, the institutional racism built into the housing system at the time shut many of them out of the American dream of home ownership. While the number of African American and American Indian veterans who were able to access home loans through the G.I. Bill is difficult to determine, isolated research from around the nation shows that the policy

had a negligible effect on homeownership for these returning soldiers. Various studies analyzing housing data in both northern and southern states show that only .1 to 2 percent of FHA or Veterans Affairs loans went to nonwhites, regardless of military status.<sup>6</sup>

### Modern Implications of Institutional Racism in Housing Policy

The discriminatory housing practices associated with the G.I. Bill may have officially ended decades ago, but the implications of racial disparities in homeownership are still playing out all across the nation.

Nationwide in 2009, nearly 75 percent of white, non-

The discriminatory housing practices associated with the G.I. Bill may have officially ended decades ago, but the implications of racial disparities in homeownership are still playing out all across the nation.

Hispanic Americans owned their homes, whereas only 59 percent of Asian Americans, 56 percent of American Indians, 48 percent of Hispanics or Latinos, and 46 percent of African Americans did.<sup>7</sup> In the Twin Cities, this disparity in homeownership was even worse; only 40.2 percent of people of color owned their homes compared to 76.9 percent of white people. This represents one of the highest homeownership gaps in the nation—another promise of our state’s greatness that has been truer for white Minnesotans than others.

One reason that the housing gap has become even more severe in recent years is that the foreclosure crisis robbed more wealth from many people of color and indigenous people as it hit an already racialized



### Bill Means: A Local Perspective from the American Indian Community

Many American Indian veterans of the Vietnam War had an easier time using the benefits of the G.I. Bill than those who served in WWII. Federal jurisdiction issues that affected American Indians’ use of the original G.I. Bill changed in 1953 when states were granted more control

over reservations. On paper, this change enabled American Indians to buy a house or secure a loan to build on the land, yet in many cases American Indian veterans still were not able to use the provisions of subsequent G.I. Bills to purchase homes.

This was the case for Bill Means, an elder of the Oglala Lakota tribe. Bill was drafted into the Vietnam War in 1968 and

returned to his reservation in South Dakota in 1970. Bill was able to use the Vietnam-era G.I. Bill, along with federal grants and scholarships, to help finish college. However, when he tried to secure a loan for a house, he was not able to get one.

One barrier that prevented Bill from obtaining a loan was that the banks discriminated against loan applicants who tried to

purchase homes on American Indian reservations. In fact, many reservations did not have a bank, which meant residents had to travel to nearby towns to apply for a loan. Often, residents of these towns had a history of racial tension with American Indians which prevented them from obtaining loans. In addition, the reservations had a high rate of unemployment, and >

homeownership landscape.<sup>8</sup> (See graph below.)

The foreclosure crisis was driven in part by a practice known as reverse redlining, through which communities of color are targeted for higher priced loans than were borrowers in white neighborhoods. This type of predatory lending has been proven to go beyond income levels and credit score. Reverse redlining targets families for escalating interest rates and other hidden fees based on the racial demographics of where they live. Although federal laws such as the Fair Housing Act and the Equal Credit Opportunity Act prohibit predatory lending, lack of enforcement of these laws led to banks making large amounts of money by preying on communities of color over the past decade.<sup>9</sup> A recent study shows that more than half of the vacant housing in the Twin Cities is located in neighborhoods with a majority population of color, although only 20 percent of the region's housing stock is in those same neighborhoods.<sup>10</sup>

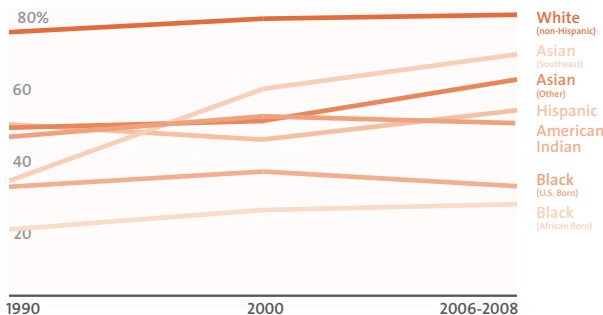
## Improving our Public Policies to Eliminate Racial Bias

Will the use of public funds for housing development differentially impact people of various racial and economic backgrounds?

This is the main question policymakers, advocates and communities need to ask as housing policies are developed. As we analyze the housing policies

The foreclosure crisis was driven in part by a practice known as reverse redlining, through which communities of color are targeted for higher priced loans than borrowers in white neighborhoods.

Homeownership rate by racial and ethnic group  
Minnesota, 1990-2008



and practices that have shaped our region, it is clear that the answer to this simple question would have been “yes”—people of color will be impacted differently than white people. Our housing policies have allowed white families to build generational wealth, while various practices simultaneously withheld the same benefits from families of color. This illustrates that race-neutral policies do not serve all people when barriers exist to implementing them in a way that provides equal opportunities to all.

Sometimes the solutions to complex problems are easier to implement than we imagine. In its Race Matters toolkit, the Annie E. Casey Foundation published these five simple steps to evaluating public policies for their potential effects on communities of color and indigenous communities:<sup>11</sup>

1. Who are the racial/ethnic groups in the area? For this policy/program/practice, what results are desired, and how will each group be affected?
2. Do current disparities exist by race/ethnicity around

> most of the jobs that were available were not permanent. This compounded his inability to own a home and settle his family.

Understanding that his options were limited on the reservation, Bill left his reservation and his family in South Dakota and came to the Twin Cities looking for employment and housing. Bill was able to obtain a job,

secure a home loan, and reunite with his family relatively quickly. But, he recognizes that many American Indian veterans were not as lucky. In fact, it often took years for a family to be reunited after a loved one went looking for work. In addition, cultural identity was disrupted by having to leave home. “Reservations are a place where culture and language fly,” says Bill. “There are ceremonies of the people related

to our way of life and it’s a place where we can serve our creator.”

Bill’s experience illustrates that even 30 years after the passage of the original G.I. Bill, there were still policies and practices in place that kept people of color and indigenous communities from receiving benefits in the way that white people received them. Racial disparities in homeownership will continue until

housing policies explicitly name race and are evaluated on the basis of how they will impact people of color and indigenous communities before they are implemented. ■

this issue or closely related ones? How did they get that way? If disparities exist, how will they be affected by this policy/program/practice?

3. For this policy/program/practice, what strategies are being used, and how will they be perceived by each group?
4. Are the voices of all groups affected by the action at the table?
5. Do the answers to #1 through #4 work to close the gaps in racial disparities in culturally appropriate, inclusive ways? If not, how should the policy/program/practice be revised? If so, how can the policy/program/practice be documented in order to offer a model for others?

These recommendations clearly demonstrate how policymakers, organizers and advocates can evaluate proposed public policies for their effects on people of color and indigenous people before they are implemented. These questions are critically important to ask in the policymaking stage so that

potential negative impacts on any particular race or ethnicity can be avoided. The fourth recommendation is one of the most important. To make truly inclusive public policies that benefit people of all races, people of all races must be at the decision-making table representing their own ideas and needs.

Increasingly, people around the Twin Cities region understand and are implementing these important principles. Residents of North Minneapolis, for example, are joining with a number of community organizations in the Northside Community Reinvestment Coalition to resolve the community's foreclosure

crisis by working directly with financial institutions to secure fair access to financial credit. In Minneapolis's American Indian community, the Native American Community Development Institute has worked with hundreds of residents to develop an economic development vision that operates from the frame of "control the land, control the wealth." And along the Central Corridor in St. Paul, a variety of community groups, policymakers, philanthropic institutions and business leaders have come together to create a joint affordable housing plan that will serve existing community members as the light rail transit line brings new housing and other development opportunities.

By taking a forward-thinking approach to housing policy and community development, our region can offer all of our residents fair access to the American dream of homeownership. We hope that local resi-

**By taking a forward-thinking approach to housing policy and community development, our region can offer all of our residents fair access to the American dream of homeownership.**

dents, community groups and policymakers will learn from these examples, and find new, compelling and innovative ways to ensure that equity is at the heart of our future growth and development decision-making.

## Sources

<sup>1</sup> Rothenberg, Paula S. (2003). *Race, Class and Gender in the United States: An Integrated Study*. Worth Publishers. Retrieved November 3, 2011, from <http://bit.ly/rGZpB7>.

<sup>2</sup> Voice of America. (2005, May 10). African-American Soldiers in WWII Helped Pave Way for Integration of U.S. Military. Retrieved November 3, 2011, from <http://www.voanews.com/english/news/a-13-2005-05-10-voa47-67929177.html>.

<sup>3</sup> U.S. Department of Defense. American Indians in World War II. Retrieved November 3, 2011 from <http://www.defense.gov/specials/nativeamerican01/wwii.html>.

<sup>4</sup> McKenna, Cyd. The Homeownership Gap: How the Post-World War II G.I. Bill Shaped Modern Day Homeownership Patterns for Black and White Americans. Massachusetts Institute of Technology. Retrieved

December 14, from <http://dspace.mit.edu/bitstream/handle/1721.1/44333/276173994.pdf?sequence=1>.

<sup>5</sup> American Indian Netroots. WWII and American Indians: After the War. Retrieved December 12, 2011, from <http://www.nativeamericannetroots.net/diary/623/wwii-and-american-indians-after-the-war>.

<sup>6</sup> McKenna, Cyd. The Homeownership Gap: How the Post-World War II G.I. Bill Shaped Modern Day Homeownership Patterns for Black and White Americans. Massachusetts Institute of Technology. Retrieved December 14, from <http://dspace.mit.edu/bitstream/handle/1721.1/44333/276173994.pdf?sequence=1>.

<sup>7</sup> US Census Bureau [www.census.gov/hhes/www/housing/hvs/annual10/ann10ind.html](http://www.census.gov/hhes/www/housing/hvs/annual10/ann10ind.html). Table 22

<sup>8</sup> Minnesota Compass. Homeownership Gap. Retrieved December 14, 2011, from <http://www.mncompass.org/housing/key-measures.php?km=Homeownershipgap#1-3622-g>.

<sup>9</sup> Institute on Race and Policy. (February 2009) *Communities in Crisis: Race and Mortgage Lending in the Twin Cities*. Retrieved November 3, 2011, from [http://www.irpumn.org/uls/resources/projects/IRP\\_mortgage\\_study\\_Feb\\_11th.pdf](http://www.irpumn.org/uls/resources/projects/IRP_mortgage_study_Feb_11th.pdf)

<sup>10</sup> Sitaramiah, Gita. (2011, October 12). *Housing Crisis Effect on Minorities Decried*. St. Paul Pioneer Press, p. A5.

<sup>11</sup> Annie E. Casey Foundation. *Racial Equity Impact Analysis: Assessing Policies, Programs and Practices*. Retrieved December 8, 2011, from [http://www.aecf.org/upload/publicationfiles/racial\\_equity\\_analysis.pdf](http://www.aecf.org/upload/publicationfiles/racial_equity_analysis.pdf).