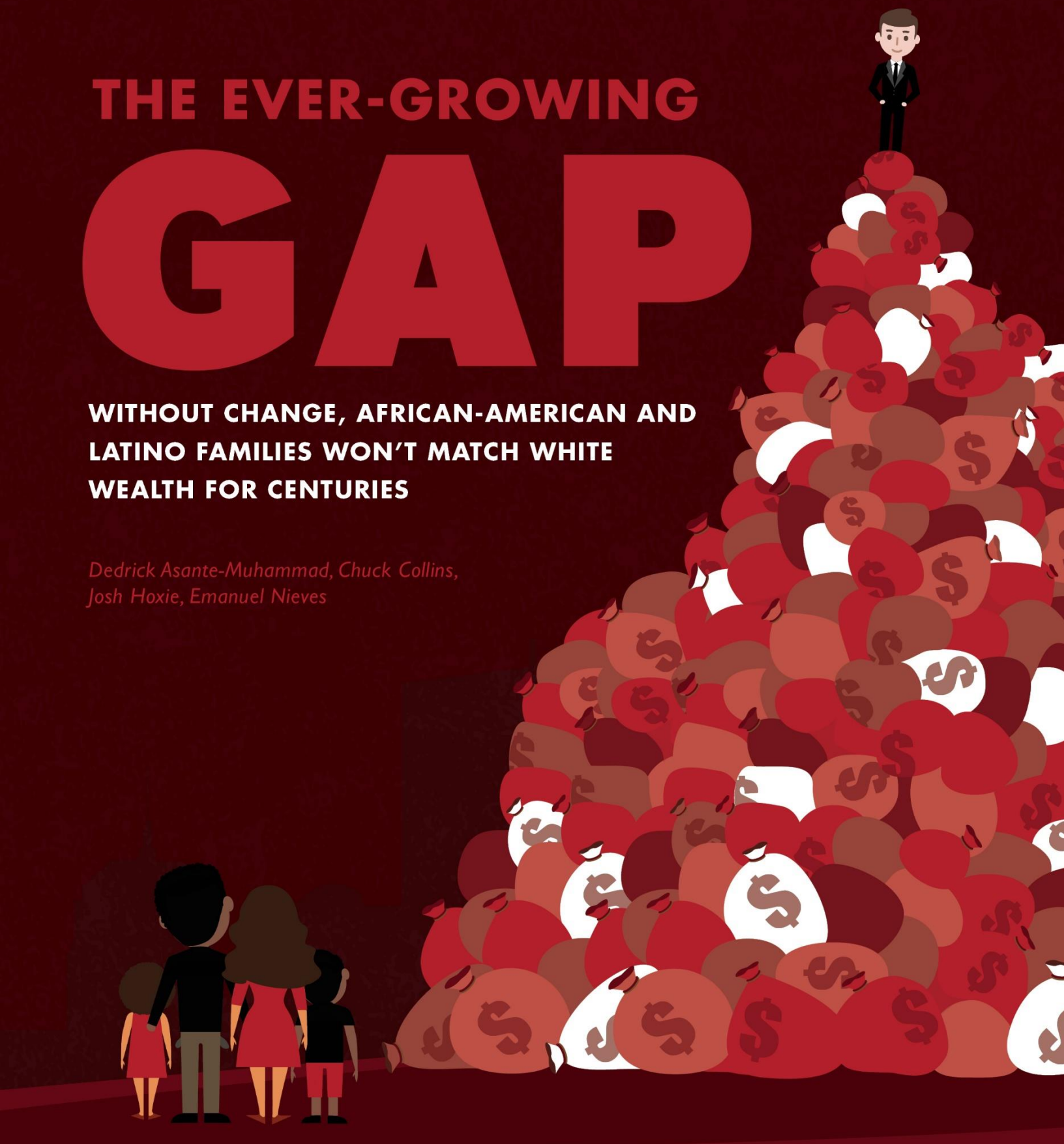
AUGUST 2016

THE EVER-GROWING GAP

WITHOUT CHANGE, AFRICAN-AMERICAN AND LATINO FAMILIES WON'T MATCH WHITE WEALTH FOR CENTURIES

Dedrick Asante-Muhammad, Chuck Collins, Josh Hoxie, Emanuel Nieves

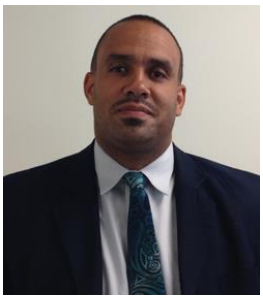


cfed
expanding economic opportunity

RACIAL wealth DIVIDE INITIATIVE

Institute for Policy Studies

AUTHORS:



Dedrick Asante-Muhammad is Director of the Racial Wealth Divide Initiative at CFED, where he works to build on CFED's outreach and partnership with communities of color, as well as strengthen the racial wealth divide analysis in CFED's work. CFED's Racial Wealth Divide Initiative leads wealth-building projects that establish best practices and policy recommendations to address racial economic inequality. Prior to CFED, Dedrick was Senior Director of the Economic Department and Executive Director of the Financial Freedom Center at NAACP.

Chuck Collins is a senior scholar at the Institute for Policy Studies where he co-edits Inequality.org. His forthcoming book is *Born on Third Base: A One Percenter Makes the Case for Tackling Inequality, Bringing Wealth Home, and Committing to the Common Good* (Chelsea Green, 2016). He is co-author, with Bill Gates, Sr., of *Wealth and Our Commonwealth: Why America Should Tax Accumulated Fortunes*. He is co-author with Mary Wright of *The Moral Measure of the Economy* (Orbis 2008), a book about Christian ethics and economic life. His most recent book is *99 to 1: How Wealth Inequality is Wrecking the World and What We Can Do About It*.

Josh Hoxie heads the Project on Opportunity and Taxation at the Institute for Policy Studies. He worked previously as a legislative aide for U.S. Senator Bernie Sanders (I-VT). He has written widely on income and wealth maldistribution for Inequality.org and other media outlets.

Emanuel Nieves is Government Affairs Manager at CFED, where he works to inform and mobilize advocates across the country to push for policy change at the federal level that expands economic opportunity. He also co-leads CFED's work on predatory lending and coordinates the Assets Building Policy Network. Before joining CFED, he worked at the Local Initiatives Support Corporation, where he coordinated LISC's local office advocacy efforts in Washington, DC, and provided support on an array of housing and community development federal issues.

Acknowledgements: The authors thank Sarah Anderson, Sam Pizzigati and Peter Certo of IPS for their thoughtful edits in the production of this report. We'd like to also thank CFED staff and consultants—Roberto Arjona, Merrit Gillard, Sandiel Grant, Ezra Levin, Sean Luechtefeld, David Meni, David Newville, Kylie Patterson, Amy Saltzman and Lebaron Sims—for their contributions to the report. It should be noted that authors listed were equal partners in the drafting of this report and have been listed here alphabetically, by last name.

The Institute for Policy Studies (www.IPS-dc.org) is a multi-issue research center that has conducted path-breaking research on inequality for more than 20 years.

The IPS' Inequality.org website (www.inequality.org) provides an online portal into all things related to the income and wealth gaps that so divide us in the United States and throughout the world.

CFED's (www.cfed.org) work makes it possible for millions of people to achieve financial security and contribute to an opportunity economy. We scale innovative practical solutions that empower low- and moderate-income people to build wealth. We drive responsive policy change at all levels of government. We support the efforts of community leaders across the country to advance economic opportunity for all.

Institute for Policy Studies
1112 16th Street NW, Suite 600, Washington, DC 20036

202-234-9382

www.ips-dc.org
Twitter: @IPS_DC

Facebook:
facebook.com/InstituteforPolicyStudies

Email:
josh@ips-dc.org and chuck@ips-dc.org

CFED
1200 G Street NW, Suite 400, Washington, DC 20005

202-408-9788

www.cfed.org
Twitter: @CFED

Facebook:
facebook.com/CFEDNews
facebook.com/RacialWealthDivide

Email: dasantemuhammad@cfed.org and enieves@cfed.org

© 2016 CFED & Institute for Policy Studies

Contents

Key Findings 5

Introduction 6

The Growing Racial Wealth Divide 7

The Future of the Racial Wealth Divide 10

Federal Wealth-Building Policies Created & Continue to Drive the Racial Wealth Divide 16

Interventions 18

Conclusion 22

Methodology 23

Tables 25

End Notes 26

Key Findings

This report examines the growing racial wealth divide for Black and Latinos households and the ways that accelerating concentrations of wealth at the top compound and exacerbate this divide. We look at trends in wealth accumulation from 1983 to 2013, as well as projections of what the next thirty years might bring. We also consider the impact public policy has had in contributing to the racial wealth divide and how new policies can close this gap.

Our most significant findings illustrate the magnitude of the racial wealth disparity:

- Over the past 30 years, the average wealth of White families has grown by 84%—1.2 times the rate of growth for the Latino population and three times the rate of growth for the Black population. If the past 30 years were to repeat, the next three decades would see the average wealth of White households increase by over $18,000 per year, while Latino and Black households would see their respective wealth increase by about $2,250 and $750 per year.

- Over the past 30 years, the wealth of the *Forbes 400* richest Americans has grown by an average of 736%—10 times the rate of growth for the Latino population and 27 times the rate of growth for the Black population. Today, the wealthiest *100* members of the *Forbes* list alone own about as much wealth as the entire African-American population combined, while the wealthiest 186 members of the *Forbes 400* own as much wealth as the entire Latino population combined. If average Black households had enjoyed the same growth rate as the *Forbes 400* over the past 30 years, they would have an extra $475,000 in wealth today. Latino households would have an extra $386,000.

- By 2043—the year in which it is projected that people of color will make up a majority of the U.S. population—the wealth divide between White families and Latino and Black families will have doubled, on average, from about $500,000 in 2013 to over $1 million.

- If average Black family wealth continues to grow at the same pace it has over the past three decades, it would take Black families 228 years to amass the same amount of wealth White families have today. That's just 17 years shorter than the 245-year span of slavery in this country. For the average Latino family, it would take 84 years to amass the same amount of wealth White families have today—that's the year 2097.

Among the policy interventions we suggest to address this growing crisis:

- **Conduct an evidence-based, government-wide audit of federal policies to understand the role current policies play in perpetuating or closing the racial wealth divide.**
  In order to address the racial wealth divide, policymakers first need to understand how current federal policies are leaving households of color behind.

- **Fix unfair, upside-down tax incentives to ensure households of color also receive support to build wealth.**
  Only by reforming the U.S. tax code and redeploying the more than half-trillion dollars spent on unfair tax programs can we ensure that all families—particularly households of color—have the same opportunities to build wealth that wealthy families currently enjoy.

- **Address the distorting influence of concentrated wealth at the top through the expansion of existing progressive taxes and the exploration of a dedicated wealth tax.**
  Expanding opportunity for those at the bottom of the economic spectrum is not enough: we must also address the growing concentration of wealth at the top, predominantly in White hands, if we are going to reduce the racial wealth divide.

Introduction

Racial and economic inequality are the most pressing social issues of our time. In the last decade, we have seen the catastrophic economic impact of the Great Recession and an ensuing recovery that has bypassed millions of Americans, especially households of color. This period of economic turmoil has been punctuated by civil unrest throughout the country in the wake of a series of high-profile African-American deaths at the hands of police. These senseless and violent events have not only given rise to the Black Lives Matter movement, they have also sharpened the nation's focus on the inequities and structural barriers facing households of color.[1]

While these centuries-old problems are once again at the forefront today, much of the recent media and political attention has focused on how structural inequities manifest in the criminal justice system. But confining conversations around racial inequality to criminal justice alone ignores the fact that households of color are also simultaneously facing a slew of economic inequities that exacerbate the social disparities they face.

However, even when these economic inequities do get attention, the focus is often on a single facet of the issue: income. This paper focuses instead on a related but distinct facet of the issue: the essential role that wealth plays in achieving financial security and opportunity. More specifically, this paper makes use of data from the Survey of Consumer Finance (SCF), including the most recently released dataset from 2013, to examine our country's growing racial wealth divide and the trajectory of that divide (see Methodology for more details). Despite the progress of the civil rights movement, White households have been pulling away from households of color, particularly Black and Latino households, for decades. Today, the lingering effects of generations of discriminatory and wealth-stripping practices have left Latino and Black households owning an average of six and seven times less wealth ($98,000 and $85,000, respectively) than White households ($656,000).

Even more unfortunate, the extreme rise in overall wealth inequality over the past three decades has only served to further compound and exacerbate this racial wealth divide. Over that time, the wealthiest 20% of Americans have taken 99.4% of all gains in wealth while the bottom 80% have been left to split just 0.6% among themselves.[2] As shocking as this disparity in wealth concentration is, it's even more startling when we realize that today, America's richest 400 individuals—with a collective net worth of $2.34 trillion—now own more wealth than the entire Black population, plus one-third of the Latino population, *combined*.[3]

While income is necessary to meet daily expenses, wealth helps families get through lean times and empowers them to climb the economic ladder. Wealth is money in the bank, a first home, a college degree and retirement security—it's the countless opportunities afforded by having savings and investments. Unfortunately, when an overwhelming amount of wealth is concentrated in such few hands, not only do highly unequal societies suffer from significant negative social and health outcomes, there are also fewer opportunities available for others to get ahead.[4]

When wealth and opportunity are more evenly distributed, financially vulnerable families are better able to get ahead, rather than just scrape by. Imagine that instead of low-wealth Black and Latino families finding themselves unable to deal with fluctuating incomes or how they're going to make it through an unexpected financial emergency, they have the freedom to invest in their children's future aspirations. Or, instead of resorting to selling loose cigarettes or CDs to earn a little more money for their families, Blacks and Latinos have the opportunity to build long-term wealth by owning their own businesses. These are just some of the opportunities lost because of the growing racial and economic inequality we face.

This growing wealth divide is no accident. Rather, it is the natural result of public policies past and present that have either been purposefully or thoughtlessly designed to widen the economic chasm between White households and households of color and between the wealthy and everyone else. In the absence of significant reforms, the racial wealth divide—and overall wealth inequality—are on track to become even wider in the future.

The Growing Racial Wealth Divide

In telling the story of the country's growing racial wealth divide and the trajectory of that divide, it should be noted that we focus on the *average* wealth of Black and Latino households, rather than *median* wealth.

While the past three decades have seen the average wealth of Latino and Black households increase from $58,000 and $67,000 in 1983 to $98,000 and $85,000 in 2013, respectively, the trends at the median show Latino and Black wealth moving in the wrong direction. In fact, when consumer durable goods are excluded, median wealth for Black and Latino families has gone down over the past thirty years from $6,800 and $4,000 in 1983 to $1,700 and $2,000 in 2013, respectively.[5] If current trends continue, Black and Latino families at the median will *never* reach the level of wealth of White families today.

By utilizing average wealth instead of median wealth, our analysis provides a more conservative look at how the racial wealth divide will develop over the next several decades and beyond.

Black and Latino Households

Over the past three decades, the racial wealth divide between Black and Latino households and White households has increased from about $280,000 in 1983 to over $500,000 in 2013.

Change in Average Household Wealth, 1983-2013

	Black	Latino	White
Average Household Wealth in 1983	$67,000	$58,000	$355,000
Average Household Wealth in 2013	$85,000	$98,000	$656,000

See methodology for more details on these calculations.

While the racial wealth divide Black and Latino household face today has been long in the making, the Great Recession further exacerbated the divide as Blacks and Latinos disproportionally bore the brunt of damage brought about by the bursting of the housing bubble. Between 2007 and 2010, the average Black and Latino households lost three and four times more wealth, respectively, than the average White household.[6]

Although household wealth is impacted by a multitude of factors, the racial disparities in homeownership are emblematic of the larger racial wealth divide facing Black and Latino households.

RACIAL DISPARITIES IN HOMEOWNERSHIP

Despite the collapse of the housing market during the Great Recession, homeownership still remains one of the greatest sources of Americans' wealth. Unfortunately, decades of discriminatory housing policies and market practices, coupled with a recession that disproportionately harmed households of color, have contributed to the fact that today, only 41% of Black households and 45% of Hispanic households own their homes, compared to 71% of White households.[7] Adding to this disparity, even when they own their homes, Blacks and Latinos build less wealth through homeownership than White homeowners do.[8]

Moreover, because inheritances and downpayment assistance is more common in White families, African-American families find themselves eight years behind White families on the path towards building home equity.[9]

While housing has been a major driver in the growth of the racial wealth divide, Black and Latino households have also faced numerous other economic inequities that are impacting their wealth position. At the root of this are a number of discriminatory practices—including, among others, employment discrimination, racial discrimination in the criminal justice system, housing segregation and unequal access to educational opportunities—that have continued into the present even as some acts of past discrimination decline.

Today, as a result of this continued cycle of racial injustice, Black and Latino families face a number of barriers towards achieving financial security at almost every turn.

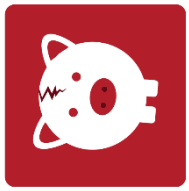
GREATER RATES OF UNEMPLOYMENT

For many Americans, having a job that pays a decent wage is not only a matter of having the dignity of being able to provide for their families, it's also foundational to longer-term financial security. For Black (8.6%)[10] and Latino workers (5.8%),[11] that foundation is uneven at best, as these workers are unemployed at much higher rates today than their White counterparts (4.4%).[12] Although the lingering effects of the Great Recession have undoubtedly contributed to these inequalities, this has been the unfortunate reality for Black and Latino workers since the 1970s.[13]

INCOME INEQUALITY & LOWER RETURNS ON INCOME EARNED

Even when Latino and Black families are employed, they face a median household income gap that sees them earning about $13,000 and $20,000 less per year, respectively, than the median White household earns ($50,400).[14] Adding to this disparity is the fact that not every dollar earned is equal between these communities. For every dollar a White household earns, they see a wealth return of $19.51, whereas Black and Latino households see a wealth return of just $4.80 and $3.63, respectively, for every dollar they earn.[15]

LIMITED ABILITY TO WEATHER A FINANCIAL EMERGENCY



Over two-thirds of Black and Hispanic households (67% and 71%, respectively) lack the savings necessary to subsist at the poverty level for three months in the event of an unexpected income disruption, such as a job loss or medical emergency.[16] By comparison, a little over a third of White households are in a similar financial position. Put differently, Black and Latino families face financial insecurity at about double the rate of White families.

INCREASED EXPOSURE TO WEALTH-STRIPPING PRODUCTS AND SERVICES

For low-wealth households, meeting everyday financial needs often means relying on alternative financial services, such as non-bank remittances, prepaid cards or check cashers. Today, 46% of Black households and 40% of Latino households use these services—more than double the usage rate among White households (18%).[17]

While there are a number of reasons why Black and Latino households turn to these services—such as banks moving out of poorer rural areas, high overdraft fees and mistrust of financial institutions—the reality is that fees and interest associated with these services end up stripping families of much-needed financial resources. In some instances, these services take away as much as 10% of a household's income.[18] For Black and Latino households who are living on the financial edge, spending this much of their limited resources just to carry out day-to-day financial transactions is a burden they cannot afford.

LOWER HIGHER EDUCATION ATTAINMENT & WEALTH INSULATION

Less than 20% of Black adults and less than 15% of Hispanic adults hold four-year degrees.[19] Unfortunately, even after obtaining a four-year degree, the wealth returns generated by that education is much more valuable to White graduates ($55,869) than it is for Black ($4,846) and Hispanic ($4,191) graduates.[20] Even more unfortunate is that although education continues to be one of the surest ways to move up the economic ladder, research has found that higher education hasn't provided households of color with the kind of protection against wealth loss one would image it would.[21]

LOWER ENTREPRENEURSHIP RATES & BUSINESS VALUES

Not only are households of color less likely to own businesses than White households, but when they do, the average value of their businesses is significantly lower than the average value of White-owned businesses. On average, White-owned businesses are worth eight times more than the average Black-owned business and four times more than the average Hispanic -owned business.[22]

NON-EXISTENT RETIREMENT SAVINGS

Today, the average Black and Latino household has over $100,000 less in retirement savings than the average White household ($19,049 and $12,329, respectively, compared to $130,472 for White households).[23] Included among the factors that are fueling this disparity are the racial inequities in homeownership—equity from which many retirees depend on—and high student loan debt carried by Black and Latino households.[24]

Moreover, making the dignity of a comfortable retirement more difficult for Black and Latino workers to achieve is the fact that these workers are less likely than White workers to have access to and participate in employer-sponsored retirement plans.[25]

Asian-American and Pacific Islanders

While this report focuses on the economic well-being of Blacks and Latinos, Asian-American and Pacific Islander (AAPI) and Native-American households are facing great economic challenges as well. In fact, despite having greater economic strength than other racial groups, AAPI families lost over half of their wealth in the aftermath of the Great Recession.[26]

When it comes to the economic divide between White and Asian households, recent research from the Federal Reserve Bank of St. Louis has found that the racial wealth divide between these two groups is closing rapidly as Asian-Americans have steadily seen their income and wealth increase over the years. Today, according to this very same research, Asian households are already surpassing Whites in median income and are soon to pass Whites in median wealth.

However, despite the tremendous progress Asian households have made over the years, our ability to truly understand the state of Asian economic security is greatly hampered by aggregated Asian economic data, which groups multiple AAPI communities under a single racial category.[27] In turn—as recent research has found in Los Angeles[28] and throughout the country[29]—the collective Asian label obscures the different economic realities of dozens of AAPI ethnicities, as well as people with different immigration and citizenship statuses. Moreover, aggregated Asian economic data also conceals the fact that since the wake of the recession, the number of AAPIs living in poverty has increased by more than half a million, an increase of 38%. This increase is much higher than that of the general population (27%), second only to the increase seen within the Latino population (42%).[30]

Native-American Households

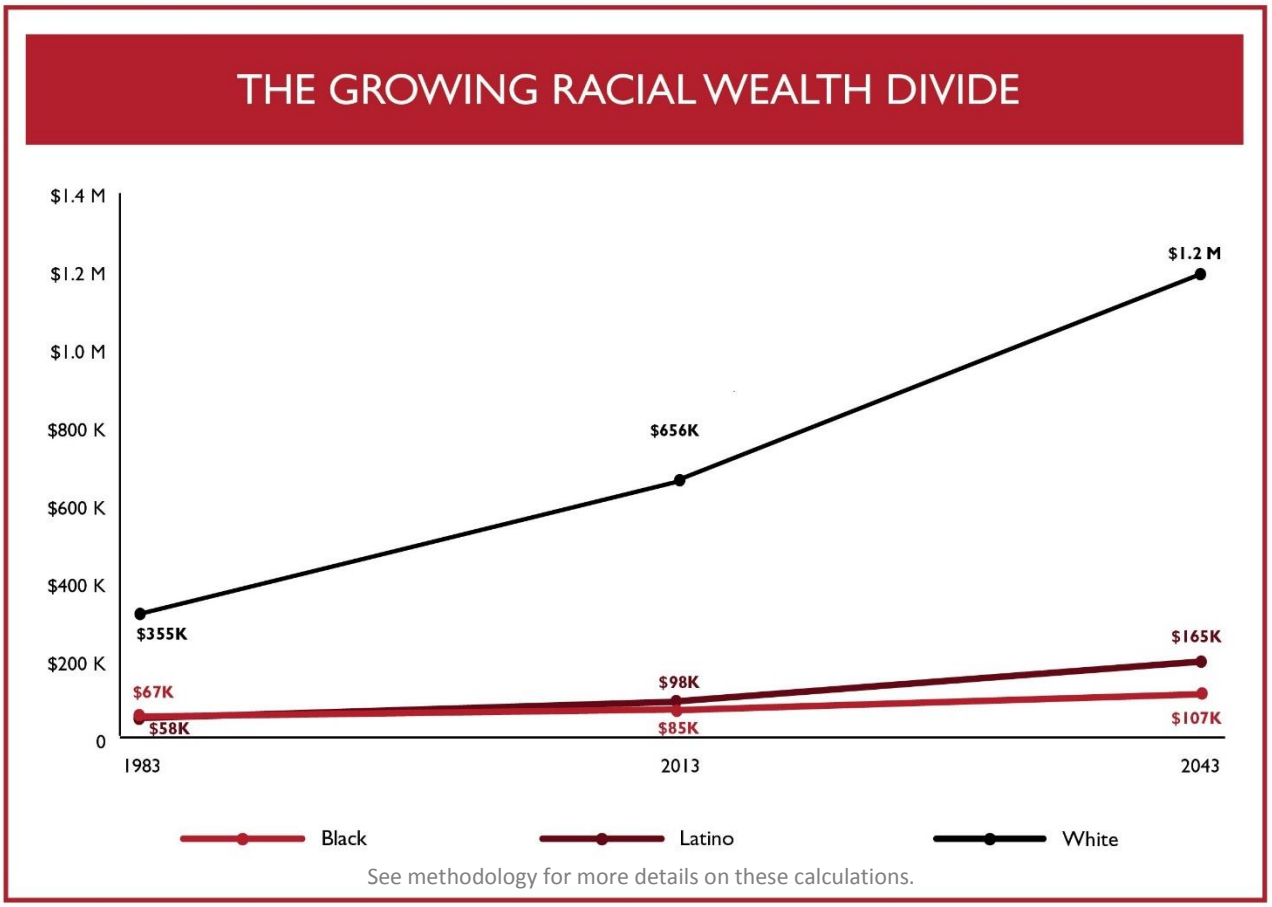
Similarly, while research shows Native-American households face similar economic security challenges to Black and Latino households—including high rates of employment (26%) [31] and poverty (28%)[32]—the economic disparities facing these communities are often overlooked because of limited economic data. In part, this is due to the size of the Native-American population (5.4 million individuals, or about two percent of the total U.S. population),[33] which makes it difficult to demonstrate their economic well-being in nationally representative studies.

The Future of the Racial Wealth Divide

Given the fact that over the past 30 years, the racial wealth divide has steadily increased, we can reasonably speculate that the future of this divide will be much worse. Fortunately, we do not have to simply speculate about the future of racial wealth inequality. Extrapolating from past trends, we can estimate what the future of wealth inequality will look like in this country. Unfortunately, it doesn't look good.

The Racial Wealth Divide in 2043

For White households, repeating the past 30 years would mean an average wealth increase of $18,368 a year—topping out at $1.2 million. Were Latino households to repeat the past three decades, they would see their wealth increase by only $2,254 a year, for a total of about $165,000. When it comes to Black households, their wealth would only increase by $765 per year, reaching over $107,000 by 2043. By then, the racial wealth divide between White households and Black and Latino households will stand at over a million dollars.



By 2043, the U.S. Census Bureau projects that households of color will account for more than half of the entire U.S. population.[34] By the time people of color become the majority, the racial wealth divide will not just be a racial and social justice issue impacting a particular group of people—it will be the single greatest economic issue facing our country. If these trends continue unabated, the entire U.S. economy will suffer.

In fact, while Federal Reserve Chair Janet Yellen recently categorized the relationship between inequality and economic growth as complex and not yet fully understood, she warned that the wealth disparities between White households and households of color—which she called "extremely disturbing"—could have an impact on future consumer spending (a noted indicator of overall economic health).[35]

If we look at the annual rates of wealth increase over the next 30 years that we present in this report, we see a three-percent annual increase for Whites, a two-percent annual increase for Latinos and a one-percent annual increase for Blacks. If we compare these annual increases to the country's long-term inflation rate, which averages about three percent, it's easy to see that even after 30 years, Whites are holding steady in terms of their buying power while Blacks and Latinos are losing ground.

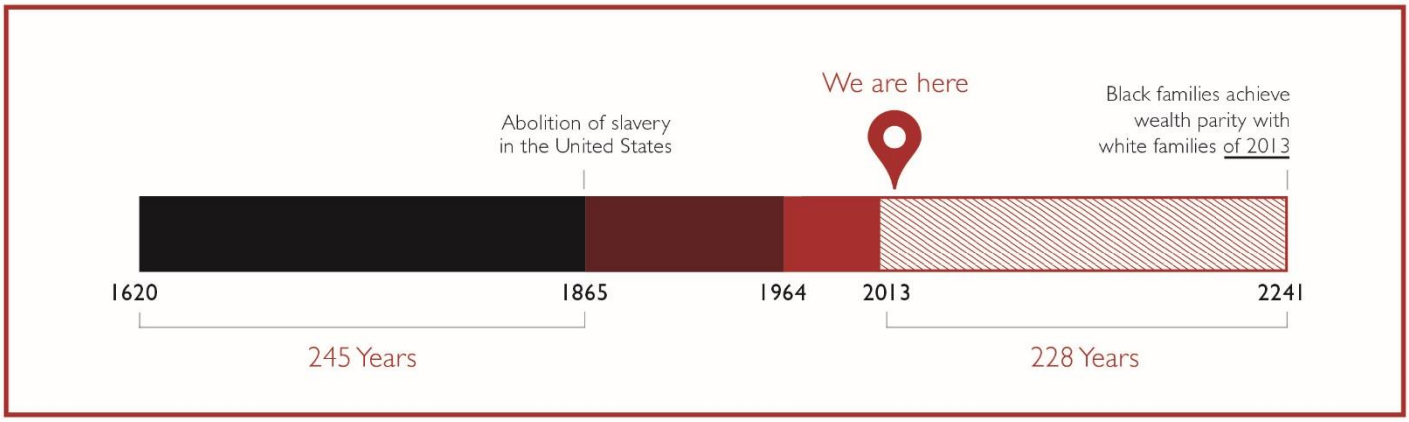
The Long Road to Reaching Racial Wealth Equity

For any person or group to overcome the extreme economic inequality we face today is a daunting task. For Black and Latino households—who for years have had their wealth and economic opportunity stripped from them—overcoming these inequities seems almost impossible.

Regrettably, as we highlighted earlier in this report, the trends for median wealth among Black, Latino and White families clearly show that we aren't on a path to reach racial wealth equality any time soon, if at all. If we continue at similar rates, even after an infinite number of years into the future, the racial wealth gap *won't* close. If we do nothing, the racial wealth divide will just keep getting worse.

Even if we were on a path toward racial wealth equality between Whites, Blacks and Latinos, our data show that the end of that road would be a *really* long way off. Assuming that White wealth remained stagnant at today's levels and average Latino wealth grew at the same pace it has over the past three decades, it would take average Latino families 84 years to amass the same amount of wealth White families have today—that's the year 2097.

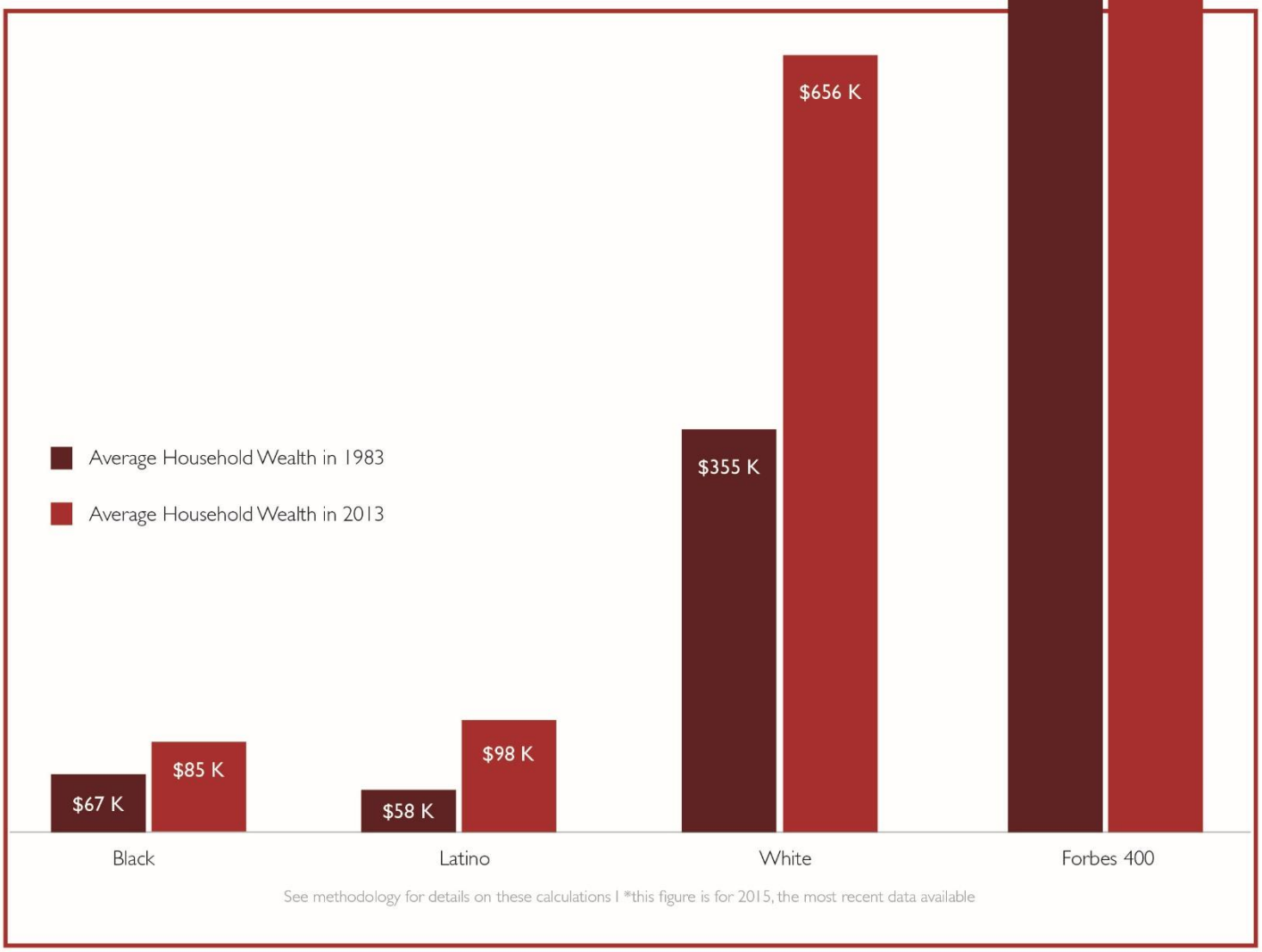
For Black families, that figure jumps to 228 years, meaning Black families would not reach wealth parity with White households until the year 2241. To put this number in perspective, the amount of time Black families would need to build the wealth White families have today is just 17 years shorter than the 245-year span of slavery in this country.



Forbes 400 & the Wealth of Households of Color

As Blacks and Latinos have been slipping further and further behind, the wealthiest Americans have enjoyed tremendous gains. Between 1983 and 2013, the top 20% of the wealthiest households took 99.4% of all wealth gains, with the top 1% taking the lion's share of those gains (40%). Meanwhile, the bottom 80% of households were left with 0.6% of total wealth gain.

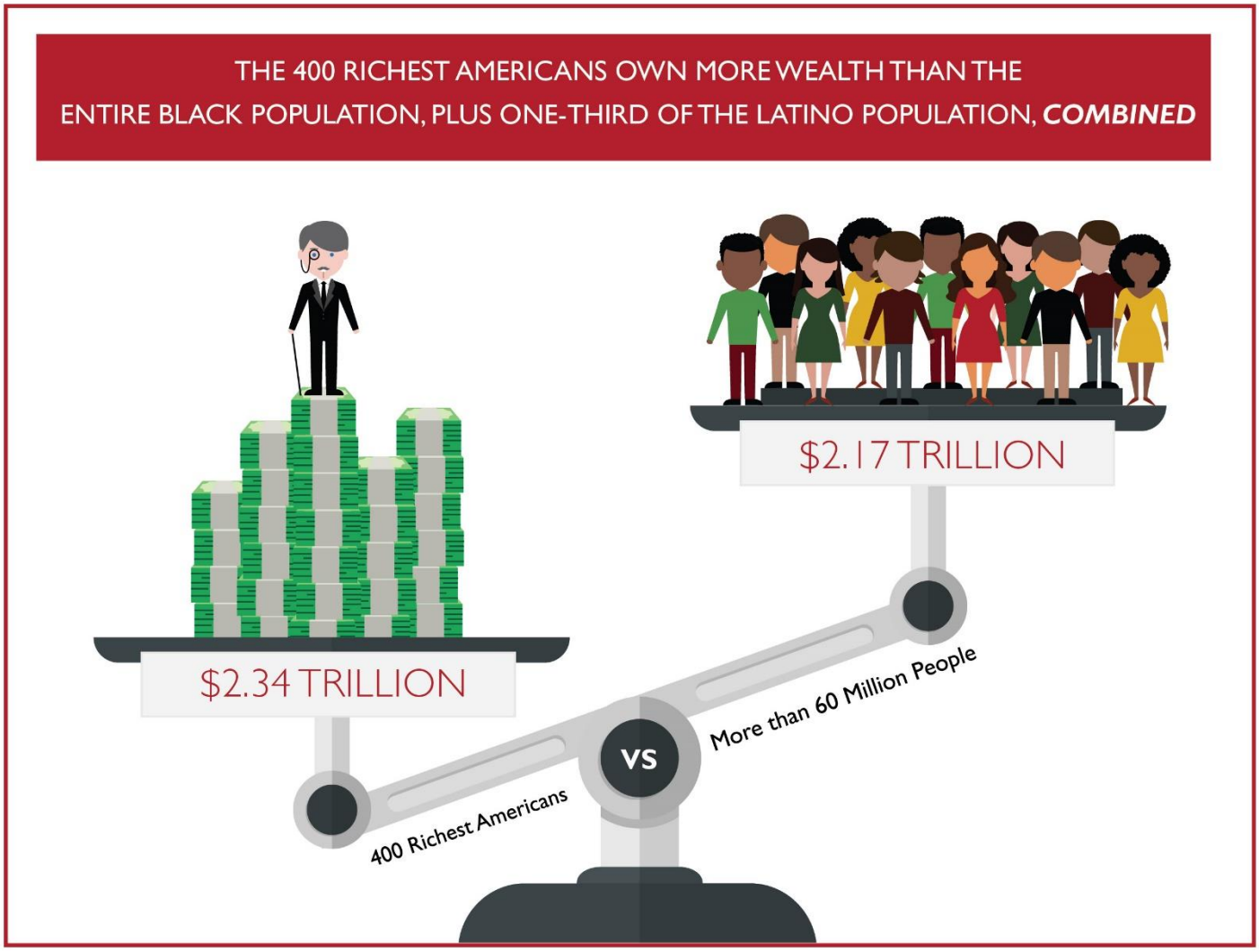
Today, an ultra-wealthy group of 400 people in the top 1%, the *Forbes 400*, now owns an all-time record $2.34 trillion in wealth.[36] Just as staggering, since 1983, this elite group has seen their wealth increase by an average of 736%, from $700 million to $5.8 billion. Even the least wealthy of the *Forbes 400* list has exponentially increased their wealth over this time, going from $295 million in 1983 to $1.7 billion in 2015 (an increase of 474%).



This rise in the wealth of the country's elite is a nearly unfathomable amount, especially when compared to the Latino and Black population, which saw their respective wealth increase by an average of 69% and 27%, respectively. To put in perspective how extreme wealth inequality has been over the past 30 years, we would need this page to be 3,128 feet long—more than half a mile—in order to show this graph to scale.

Putting this dynamic in a racial perspective, today, the wealthiest 100 members of the *Forbes* list alone own about as much wealth as the entire African-American population, which stands at about 42 million. When it comes to the over 55 million people that make up the Latino population, the wealth of the richest 186 members of the *Forbes* list overshadows this entire group.[37]

Overall, the billionaires of the *Forbes 400*—which includes only two African-Americans and five Latinos—now own more wealth than the entire Black population and one-third of the Latino population, *combined*.[38] That's 400 wealthy individuals versus more than 60 million people.

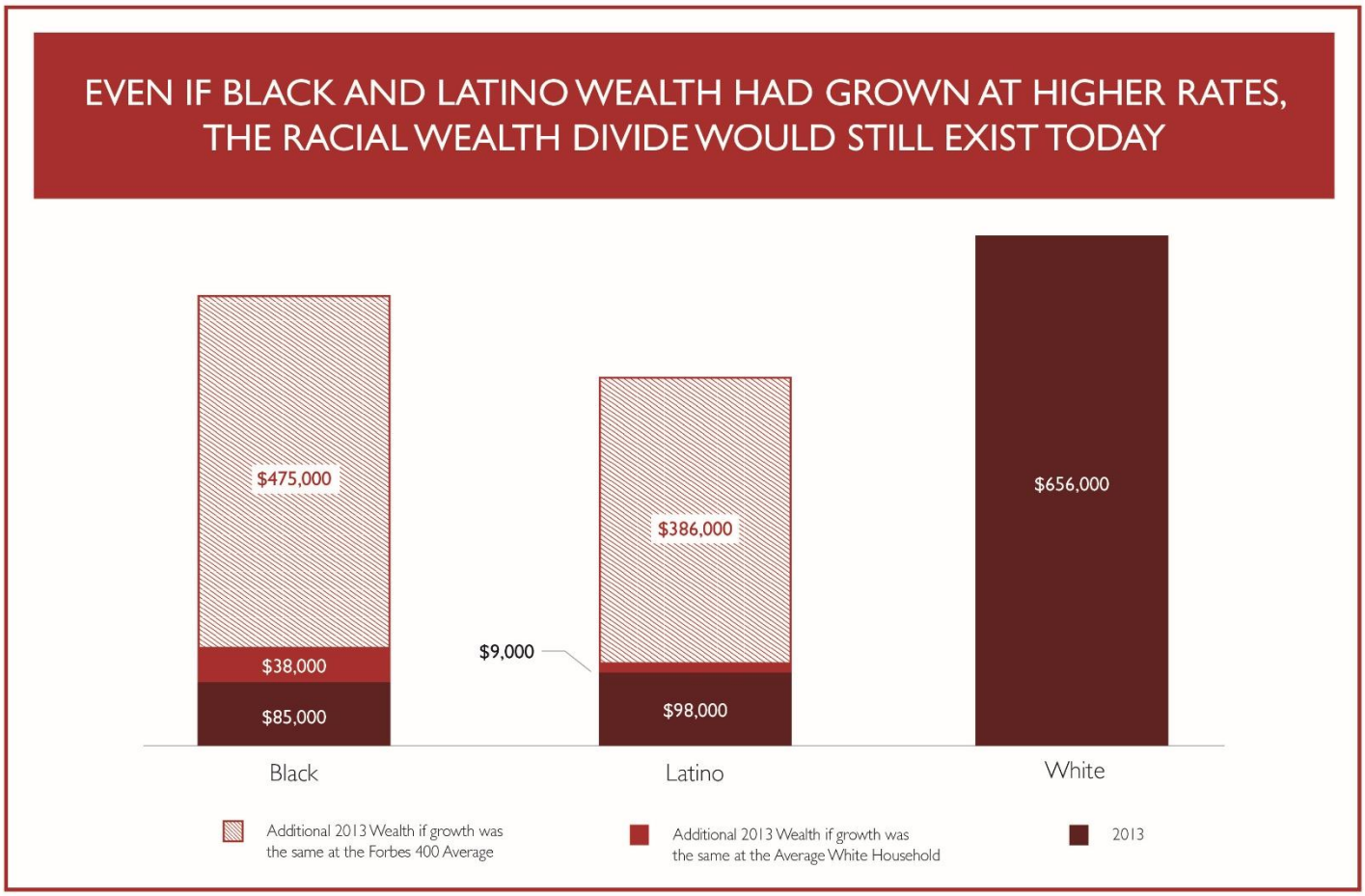


What Impact Would Different Black and Latino Wealth Growth Rates Have Had on the Racial Wealth Divide Today?

Had the average Latino and Black households enjoyed the opportunity to see their wealth grow at the same rate as the *Forbes 400* over the past 30 years, they would have had an extra $386,000 and $475,000, respectively, today. Even if the wealth of the average Latino and Black households had grown at the rate that the wealth of the top 1% has grown during that time, they would have had an extra $7,000 and $36,000 today, respectively.

Moreover, had the average wealth of Black households grown at the same rate over the past 30 years as that of White households, the average Black household would have an extra $38,000 in wealth today. That's enough to double the average retirement savings for Black families near retirement age.[39] Latino families would have an extra $9,000.

Unfortunately, even if the average Black and Latino household had been able to enjoy any of these growth rates, it still would not have been enough to catch up to the average wealth White households held in 2013.



Difference in Average Black and Latino Wealth at Higher Growth Rates

	1983	2013	If wealth had grown at same rate as average White household	If wealth had grown at same rate as Forbes 400
Black Average Household	$67,000	$85,000	$123,000 ($38,000 more than actual)	$560,000 ($475,000 more than actual)
Latino Average Household	$58,000	$98,000	$107,000 ($9,000 more than actual)	$484,000 ($386,000 more than actual)

See methodology for more details on these calculations.

This is not just a matter of economic equality, it's also a matter of equality of opportunity, as Blacks and Latinos have not only been unable to increase their wealth by any meaningful amount, but they've also missed out on an incalculable amount of economic opportunities for them and their families.

By How Much Would Equal Wealth Growth Rates Have Lessened the Racial Wealth Divide?

Assuming that the average Black and Latino households had experienced the same wealth growth rate over the past 30 years as the *Forbes 400*, the racial wealth divide between Black and White households would have shrunk by 83%, while the divide between Latino and White households would have shrunk by 69%.

Moreover, the racial wealth divide would have narrowed by a lesser extent if average Black and Latino household wealth had grown at the same rate as White household wealth since 1983; such parity in growth rates would have knocked out 6.65% of the Black-White wealth divide and 1.61% of the Latino-White wealth divide.

Change in Racial Wealth Divide if Average Black, Latino Wealth Grew at Forbes 400 Rates

	Racial wealth divide in 2013	Racial wealth divide in 2013 if Black, Latino wealth grew at Forbes 400 rate	Change in the racial wealth divide	Percent change in the racial wealth divide
Black Average Household	$571,000	$96,000	($475,000)	83.19%
Latino Average Household	$558,000	$172,000	($386,000)	69.18%

Change in Racial Wealth Divide if Average Black, Latino Wealth Grew at White Rates

	Racial wealth divide in 2013	Racial wealth divide in 2013 if Black, Latino wealth grew at White rate	Change in the racial wealth divide	Percent change in the racial wealth divide
Black Average Household	$571,000	$533,000	($38,000)	6.65%
Latino Average Household	$558,000	$549,000	($9,000)	1.61%

The Future of Extreme Wealth Inequality

Overall, a continuation of the last three decades would see the wealth of the average household increase by almost 1.7 times from where it stands today, reaching $850,030 by 2043. If trends from the past 30 years continue over the next 30 years, the *Forbes 400* will see their average wealth skyrocket to a staggering $48 billion—more than eight times the amount they hold today.[40] Similarly, the top 1% will see their average wealth balloon to $33 million by 2043.

Rise in Average Household Wealth, 2013 to 2043

	Black	Latino	White	Overall	Top 1%	Forbes 400
Average Household Wealth, 2013	$85,000	$98,000	$656,000	$509,000	$18,600,000	$5,850,000,000*
Average Household Wealth, 2043	$107,950	$165,620	$1,207,000	$850,030	$33,666,000	$48,906,000,000

See methodology for more details on these calculations. *This figure is for 2015, the most recent data available.

Federal Wealth-Building Policies Created & Continue to Drive the Racial Wealth Divide

Lifting the wealth of African-American and Latino households up to and past the point where they reach parity with White households is going to require more than time—it's going to require an enormous amount of attention and investment. Doing that not only requires that we acknowledge the role current policies play in fueling the racial wealth divide, but also that we proactively deal with a wealth-building system that has and continues to favor White households.

Past Wealth-Building Policies Benefited White Households over Households of Color

The United States' middle class was largely built in the aftermath of the Great Depression and World War II. In the years after those defining events, the federal government made enormous investments to help households protect their income, save for the future and invest in long-term wealth-building opportunities. But the programs directing those public investments were either intentionally designed or implemented to create discriminatory barriers for households of color. Over the past century and beyond, a number of policies have been put in place to favor the wealth and the wealth-building capacity of White households over households of color. Some of these include:

- The exclusion of communities of color from immigrating and/or becoming citizens to appease both the cultural and economic concerns of White Americans. This practice, which spanned from 1790 all the way through the 1960s, intentionally impeded the ability of numerous people—particularly communities of color—to access the economic asset of citizenship.[41]

- The exclusion of farmworkers and domestic workers—who were predominately people of color—from coverage under the Social Security Act of 1935.[42]

- The exclusion of a number of tip-based professions predominantly held by Black workers—such as servers, shoe shiners, domestic workers and Pullman porters—from the first minimum-wage protections enacted as part of the Fair Labor Standards Act of 1938.[43]

Although the effects of these discriminatory wealth-building policies continue to be felt today,[44] they pale in comparison to the residual damage brought about by federally sanctioned housing discrimination and unequal distribution of G.I. Bill benefits.

- In 1934, the Federal Housing Administration was created with the purpose of increasing homeownership throughout the country. While the goal was well-intentioned, the execution was far from it. Through a practice known as "redlining," the Federal Housing Administration, along with other public- and private-sector actors, intentionally shut out households of color from the opportunity to purchase and invest in the largest driver of wealth in this country: a home. Redlining went on for another 35 years until the practice was banned by the Fair Housing Act of 1968. However, by then the damage was done; the practice resulted in households of color receiving just two percent of the FHA loans made between 1934-1968.[45] This has fueled the current disparity in homeownership we see today and has had a lasting impact on the neighborhoods in which households of color live and the schools they attend.

- In 1944, the G.I. Bill was enacted with the goal of helping World War II veterans adjust to civilian life by providing them with a number of benefits, such as low-cost home mortgages, low-interest business loans, tuition assistance, unemployment compensation, and support for living expenses to attend college, high school or vocational programs. By and large, the G.I. Bill is greatly credited with providing millions of

largely low-income returning veterans with the opportunity to access wealth-building opportunities, which ultimately helped to create and build the American middle class that rose during the second half of the century. Unfortunately, many of the benefits distributed were intentionally withheld from service members of color by racially biased officials within the Department of Veterans Affairs who interpreted the G.I. Bill to favor White service members over those of color.[46]

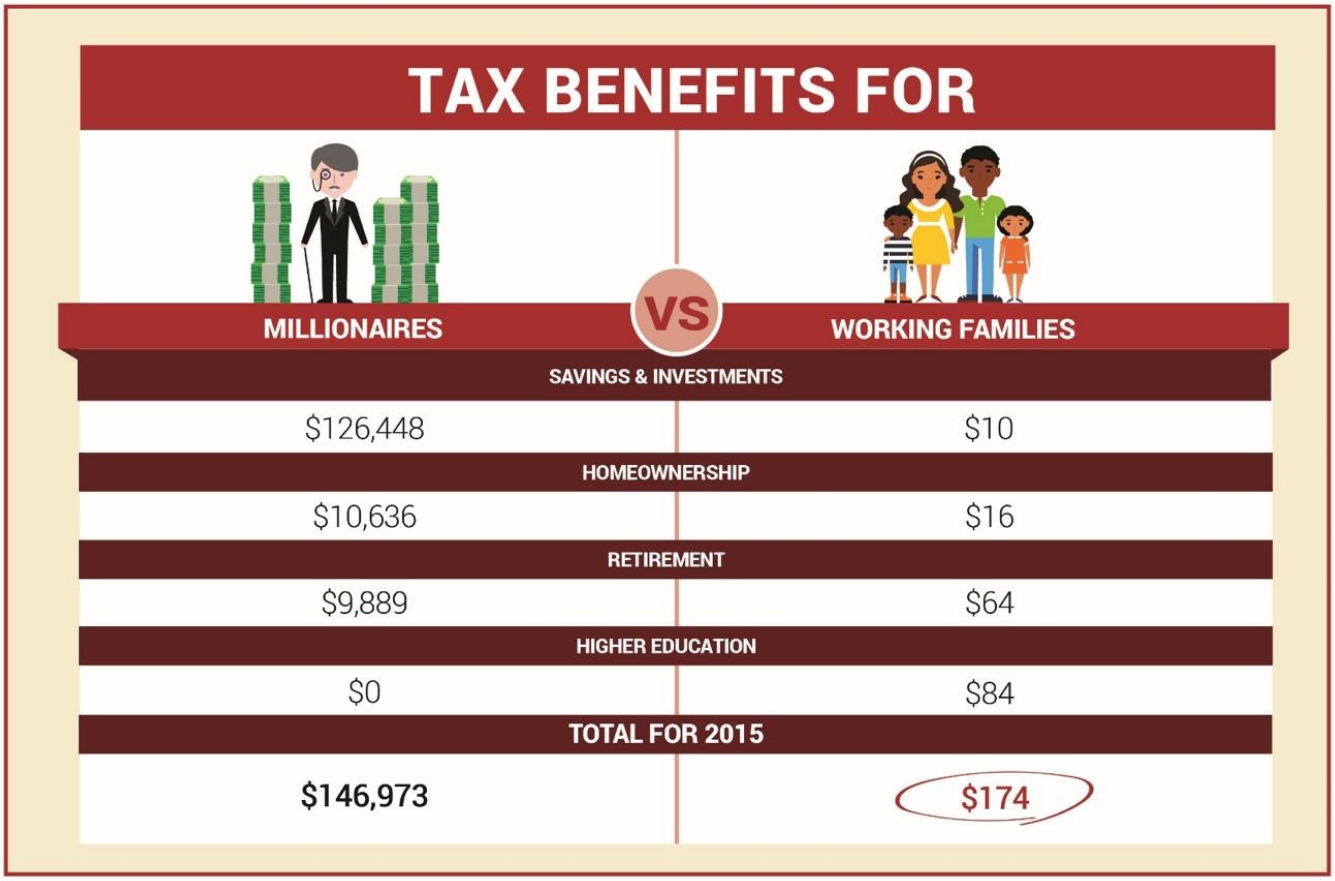
Together, these actions are largely to blame for the racial wealth divide we see today. They were also the two largest public wealth-building policies to work against the ability of households of color to build wealth—until now.

Current Wealth-Building Policies Benefit Wealthy Households over Low-Wealth Households of Color

More than 50 years after the Civil Rights Act was passed, many wealth-building policies still continue to heavily favor households that do not need help building wealth while doing little or nothing for low-wealth households of color. Today, these policies disproportionally skew towards wealthy—predominately White—households.

Although a number of wealth-building policies over the years have favored the wealthy over typical wage earners, the largest and most powerful of these programs flow through the U.S. tax code. These federal tax programs overwhelmingly favor building the wealth of those at the top, contributing to the extreme rise in overall wealth inequality over the past several decades.

In the past twenty years, the federal government has spent more than $8 trillion through tax programs to help families build long-term wealth by helping them save for retirement, purchase a home, start a business or access higher education.[47] Since 1994, the federal government's massive wealth-building spending has more than tripled, going from a little over $200 billion[48] to $660 billion in 2015.[49] Unfortunately, the result of this spending today is that the typical millionaire receives about $145,000 in public tax benefits to grow their wealth, while working families get a grand total of $174 on average.[50]



These tax programs are not only adding to the rise in extreme wealth inequality, they're also exacerbating the wealth divide that is holding back so many low-wealth households, particularly those of color.

Although the Internal Revenue Service (IRS) does not collect race or ethnicity data, recent research has found that an overwhelming amount of the spending done through the tax code goes to White households at every income quintile.[51] More specifically, if we look at households in the highest income quintile (those earning $103,466 or more), Whites accounted for 79% of those respective filers, while Blacks and Latinos made up only 6% and 7%, respectively.[52] That's particularly important given that filers in the top income quintile were also found to take greater advantage of high-value tax benefits, which cost the government hundreds of billions of dollars each year.

To this point, researchers found in 2012 that Whites made up 83% of the residents in the ZIP codes with the highest percentage of tax returns reporting capital gains[53] and mortgage interest deductions.[54] By comparison, Blacks made up just three percent of residents in the ZIP codes reporting the highest rates of capital gains income and six percent of residents in ZIP codes reporting the highest rates of mortgage interest deductions. During that year, these two tax programs collectively cost the government over $100 billion.[55]

Interventions

As this report has described, unfair wealth-building policies continue concentrating wealth in the hands of a few while exacerbating the racial wealth divide. Given the trajectory of the racial wealth divide and the future demographics of our country, failure to address this growing problem will severely impact the economic opportunity of communities of color, and it will have serious ramifications for the overall economic well-being of our nation.

To begin addressing the economic disparities we face, the following are a set of bold recommendations for Congress and the next president to stop actively growing this divide and start expanding opportunity and boosting wealth for communities of color and the nation as a whole.

Conduct an Evidence-Based, Government-Wide Audit of Federal Policies to Understand the Role Current Federal Policies Play in Perpetuating or Closing the Racial Wealth Divide

While many past discriminatory policy transgressions have been outlawed, a great number continue to impact the economic opportunity Blacks and Latinos can access today. In addition to the current role the tax code plays in leaving households of color behind, policies such as allowing states to opt out of expanding Medicaid as part of the Affordable Care Act—which has created a health care coverage gap that affects 1.7 million adults of color—are also actively limiting the wealth-building potential of households of color.[56]

In order to achieve real racial equity, policymakers and the broader public first need to understand how these and other current policies are leaving households of color behind. To glean this understanding, the next president should take immediate executive action to assess how major policies and programs within every federal agency contribute to the racial wealth divide today. Only then can we deliberately craft policy solutions to remedy the situation.

This executive action should direct a government-wide audit to rigorously assess all major economic policies and programs, across all relevant federal agencies, to understand how these policies are affecting the racial wealth divide.

The audit should be broad in scope and should do the following:

- **Appoint a racial wealth divide audit ombudsperson or special advisor**: The president should appoint a special advisor or ombudsperson who reports directly to the president and is responsible for coordinating the audit and advising the Administration on actionable steps it can unilaterally take to reduce the racial wealth divide.

- **Conduct a thorough, evidence-based review**: Under the direction of the racial wealth ombudsperson or special advisor, empirical tools such as the Racial Wealth Audit developed at Brandeis University[57] should be used to quantify the economic impact that federal policies and programs are having on the racial wealth divide.

- **Issue a public report with actionable administrative reforms**: The Administration should develop a public report to share the findings of the audit, which would include details on the results of each individual federal agency policy review and a list of recommendations the government should take to reduce its role in growing the racial wealth divide. The report should also elevate policies that are helping to close the divide as a way to bring broader attention to these programs so they can be scaled and resourced for greater impact.

- **Demonstrate legislative leadership**: In consultation with the ombudsperson or special advisor, the president should create a legislative agenda which outlines key reforms to close the racial wealth divide that require congressional authorization.

Not only would a government-wide audit as described here allow for a deeper understanding of the role current federal policies have on the racial wealth divide, it would also provide critical information on what it will take to close it.

Fix Unfair, Upside-Down Tax Incentives to Ensure Households of Color *Also* Receive Support to Build Wealth

Some may argue that we lack the resources to ensure that households of color can achieve full equality of opportunity, but the reality is that we already have the resources to begin fulfilling our country's promise of opportunity—all without spending a single extra dime.

How? Through our tax code, which currently doles out over a half-trillion dollars annually to help households build wealth.[58] The United States currently spends:

- **$229 billion to support homeownership** through tax programs that primarily enable households to take on more mortgage debt and buy bigger homes.

- **$227 billion to boost savings and investments** by actively increasing accessible savings through investments and inheritances.

- **$172 billion to support retirement** through tax-preferred treatment of retirement plans, such as defined benefit plans, 401(k)s and IRAs.

- **$32 billion to support higher education** through after-purchase subsidies and support for college savings.

The problem with these investments is that they are often tucked into complicated, obscure tax policies and are designed in such a way that they divert many of the benefits to wealthy households to help build their wealth.

Due to the sheer size and scale of these wealth-building tax programs, the adoption of the following policies—which are aimed squarely at some of the biggest drivers of wealth—would have an incredible impact on closing the racial wealth divide and providing households of color with greater opportunity to build financial security.

HOMEOWNERSHIP

Replace the mortgage interest and real estate tax deductions—which primarily benefit wealthy households and cost the government over $100 billion a year—with tax benefits that encourage and support homeownership among low-wealth families and communities of color.

Rather than giving wealthy households incentives to buy larger homes or take on larger amounts of housing debt (in the form of an additional home), tax programs could be reformed to promote primary homeownership for all Americans. The idea is simple: let's help everyone buy their first home before we help the elite few buy their second or third homes.

One way to do this is by instituting meaningful caps on homeownership tax support and using those savings to create a refundable credit that would allow more taxpayers to enjoy the benefits of the tax code.

Another possible use for these savings could be to help first-time homebuyers purchase a home. For households of color, reforms like this could be used to greatly reduce the racial homeownership disparity that exists today, which research has shown could narrow the racial wealth divide by as much as 31%.[59]

SAVINGS & INVESTMENTS

Strengthen the Earned Income Tax Credit (EITC) as a financial security tool by expanding eligibility for the credit to low-wealth workers and those without dependents and by allowing and incentivizing families to save a portion of their EITC as emergency savings for later in the year.

Expanding the number of workers that could access the EITC—the country's largest anti-poverty program for workers—as President Obama and Speaker of the House Paul Ryan have recently proposed could lift as many as a half-million people out of poverty and help make an additional 10.1 million people in poverty less poor.[60]

For households of color, particularly Black households, a change like this could have a sizeable impact on their economic well-being; research has found that Blacks made up a large portion of the population in ZIP codes with high EITC claims, and these communities were found to have much higher rates of poverty than ZIP codes that claimed the EITC at lower rates.[61]

In addition, strengthening the EITC to allow families to save for a rainy day—as Senators Cory Booker (D-NJ) and Jerry Moran (R-KS) recently proposed through their Refund to Rainy Day Savings Act—would give low-wealth workers a new tool to build emergency savings at tax time and protect themselves against unexpected financial emergencies.

RETIREMENT

Remove barriers to retirement savings by providing low-wealth families and households of color a simple, safe and affordable retirement savings product.

As we've noted in this report, the average Black and Latino family today has over $100,000 less in retirement savings than the average White family. One of the many reasons for this disparity is that households of color are less likely to have access to retirement savings vehicles through their employers.[62] Solutions such as the Treasury Department's recently launched *my*RA program have the potential to help households build retirement savings for a more secure financial future. And, as recent research has shown, *my*RA also has the potential to help close the racial wealth divide by as much as five to seven percent.[63]

To further boost the success of the *my*RA program, reforms should be made to expand the Saver's Credit—a credit aimed at encouraging retirement savings among lower-income households—into a refundable credit, making it accessible to more families earning lower wages. Efforts should also be made to meaningfully cap tax-supported retirement accounts and redirect the federal revenue savings to further expand retirement savings support for all workers.

HIGHER EDUCATION

Ensure that every child in the United States starts off with a small nest egg for his or her future in the form of a Children's Savings Account (CSA) opened automatically at birth.

CSAs are long-term asset-building accounts, established for children as early as birth and allowed to grow throughout their childhood. Accounts are often seeded with an initial deposit, built up over time by additional family contributions and matched savings incentives. At age 18, an accountholder can use the savings in CSAs, typically to fund higher education, but sometimes for other asset-building purposes, such as purchasing equipment to start a small business.

Children's savings have been shown to have significant potential for closing the racial wealth divide—by as much as 80%, depending on the structure and funding of the accounts.[64] Recently, Representatives Joe Crowley (D-NY) and Keith Ellison (D-MN) introduced the USAccounts: Investing in America's Future Act, which would create universal CSAs that would provide families with an initial $500 deposit, along with matches to encourage additional savings.

Address the Distorting Influence of Concentrated Wealth at the Top through the Expansion of Existing Progressive Taxes and the Exploration of a Dedicated Wealth Tax

As French economist Thomas Piketty has pointed out, without intervening in the current system, wealth will continue to concentrate, leading to great polarization and political distortions. Addressing the persistent racial wealth gap cannot be attained solely through "wealth opportunity" interventions focused on lifting the assets of those who have been excluded. It also requires addressing the destabilization caused by concentrated wealth and power. Any policy solutions, no matter how carefully crafted, will be undermined by imbalances in wealth, opportunity and political power.

At the same time, revenue is often squandered on spending priorities that don't help those at the bottom generate wealth, a dynamic that now requires new revenue to be targeted at very intentional social uplift programs to the greatest extent possible.

How do we address this concentration of wealth while simultaneously generating dedicated funds to invest in some of the wealth-building strategies discussed in this paper? Here are several revenue measures that reduce wealth concentration at the top and generate significant funding to be re-invested in the wealth-building potential at the bottom.

- **Robust Estate and Inheritance Taxation:** Over the last decade, the federal estate tax has been weakened through higher exemptions and the increased use of loopholes, such as the Granter Retained Annuity Trust (GRAT). Closing these loopholes and instituting a graduated rate structure would generate additional revenue and reduce the distorting impact of concentrated wealth. Reform proposals, such as the Sensible Estate Tax Act and the Responsible Estate Tax Act, would generate between $161-200 billion in estimated additional revenue over the next 10 years.[65]

- **Net Worth Tax on Fortunes:** Lawmakers should explore the creation of an annual net worth tax on wealth over $50 million or a similarly high threshold, at a low rate of one to two percent. Annual net worth taxes have existed in other OECD (Organisation for Economic Co-operation and Development) countries and are part of a constellation of policies to reduce concentrated wealth and generate revenue for opportunity investments.[66]

- **State-Level Estate and Wealth Taxation:** In 2001, Congress phased out the linkage between state and federal estate taxes, leading to the expiration of estate taxes in over 30 states. Eighteen states and the District of Columbia proactively retained their estate taxes. In Washington State, estate tax revenue capitalizes the Education Legacy Trust Fund, which funds K-12 and higher education in the state. If states without estate taxes reinstituted them, they could generate $3-6 billion per year that could be invested in expanding opportunity.[67]

Conclusion

In August of 2013, as part of his speech commemorating the 50th anniversary of the March on Washington, President Obama reminded the country that the measure of economic progress by those who had marched 50 years prior was not about how many Blacks could become millionaires, but is instead about "whether our economic system provides a fair shot for the many: for the Black custodian and the White steelworker, the immigrant dishwasher and the Native American veteran." Though there has been significant progress over the years, it is clear from the past three decades that our vision for racial equity will be impossible to achieve if we continue perpetuating an economic system that fails to prioritize the ability of households of color to get by, much less ahead.

As we've highlighted in this report, in the absence of significant reforms to large-scale public policies that currently exacerbate racial and economic inequality, closing the racial wealth divide will not happen anytime soon. This is especially concerning as we're less than one generation away from becoming a majority-minority nation.

By acknowledging the role that public policies continue to play in fueling the racial wealth divide and by fixing unfair wealth-building programs so that they expand opportunity for all, we can begin making the investment needed to close the racial wealth divide. Doing so would help to create an opportunity economy that allows households of color to weather a financial emergency, reduce their exposure to wealth-stripping products and expand access to wealth-building opportunities, such as homeownership, higher education and entrepreneurship. Ultimately, reducing the concentration of wealth at the top and closing the racial wealth divide will allow us to fulfill the promise of economic opportunity that has been the bedrock of our national narrative over the past century.

Methodology

The figures presented in this report were calculated using Survey of Consumer Finance (SCF) net worth figures, as calculated using Edward Wolff's framing in "Household Wealth Trends in the United States, 1962-2013: What Happened Over the Great Recession?" The main difference in this framing from the standard SCF definition of net worth is the exclusion of consumer durable goods (i.e., automobiles, electronics, furniture, etc.). This definition is rooted in the idea that wealth should be readily converted to cash (i.e., fungible), and durable goods are not.[68]

Figures are in 2013 dollars except when specified as 2015 dollars. *Forbes 400* figures come from the 2015 edition of that publication, as well as historical figures from "Discontinuities in the Distribution of Great Wealth: Sectoral Forces Old and New," by Leonard Broom and William Shay. Projection figures were calculated using a simple compounding interest projection formula.

Tables

Table 1: Change in Average Household Wealth, 1983-2013

	Black	Latino	White	Overall	Top 1 percent	Forbes 400
Average Household Wealth in 1983	$67,000	$58,000	$355,000	$304,000	$10,200,000	$699,900,000
Average Household Wealth in 2013	$85,000	$98,000	$656,000	$509,000	$18,600,000	$5,850,000,000*

*This figure is for 2015, the most recent data available.

Table 2: Difference in Average Black and Latino Wealth at Higher Growth Rates

	1983	2013	If wealth had grown at same rate as average White household	If wealth had grown at same rate as Forbes 400
Black Average Household Wealth	$67,000	$85,000	$123,000 ($38,000 more than actual)	$560,000 ($475,000 more than actual)
Latino Average Household Wealth	$58,000	$98,000	$107,000 ($9,000 more than actual)	$484,000 ($386,000 more than actual)

Table 3: Change in Racial Wealth Divide if Average Black, Latino Wealth Grew at *Forbes 400* Rates

	Racial wealth divide in 2013	Racial wealth divide in 2013 if Black, Latino wealth grew at Forbes 400 rate	Change in the racial wealth divide	Percent change in the racial wealth divide
Black Average Household	$571,000	$96,000	($475,000)	83.19%
Latino Average Household	$558,000	$172,000	($386,000)	69.18%

Table 4: Change in Racial Wealth Divide if Average Black, Latino Wealth Grew at White Rates

	Racial Wealth Divide in 2013	Racial wealth divide in 2013 if Black, Latino wealth grew at white rate	Change in the racial wealth divide	Percent change in the racial wealth divide
Black Average Household	$571,000	$533,000	($38,000)	6.65%
Latino Average Household	$558,000	$549,000	($9,000)	1.61%

Table 5: Rise in Average Household Wealth from 2013 to 2043

	Black	Latino	White	Overall	Top 1%	Forbes 400
Average Household Wealth, 2013	$85,000	$98,000	$656,000	$509,000	$18,600,000	$5,850,000,000*
Average Household Wealth, 2043	$107,950	$165,620	$1,207,000	$850,030	$33,666,000	$48,906,000,000

*This figure is for 2015, the most recent data available

Table 6: Rise in Median Household Wealth from 1983 to 2043

	Black	Latino	White	Overall
Median Household Wealth, 1983	$6,800	$4,000	$102,200	$78,000
Median Household Wealth, 2013	$1,700	$2,000	$116,800	$63,800
Median Household Wealth, 2043	$425	$1,000	$131,980	$52,300

End Notes

[1] Civil Rights Division, *Investigation of the Ferguson Police Department* (Washington, DC: United States Department of Justice, 2015).

[2] Edward N. Wolff, *Household Wealth Trends In The United States, 1962-2013: What Happened Over The Great Recession?* (Cambridge, MA: National Bureau Of Economic Research, 2014), 51.

[3] Chuck Collins and Josh Hoxie, *Billionaire Bonanza: The Forbes 400 and the Rest of Us* (Boston, MA: Institute for Policy Studies, 2015), 17.

[4] Richard Wilkinson, "How Economic Inequality Harms Societies," *Ted Global*, July 2011. For more, see Sam Pizzigati, *Greed and Good: Understanding and Overcoming the Inequality That Limits Our Lives* (Lanham, MD: Rowman & Littlefield Publishers, 2014), 311-330. Also see Dr. Stephen Bezruchka's website, *Population Health Forum* (http://depts.washington.edu/eqhlth/), for information on global and U.S. health and inequality information. See also Stephen Bezruchka and Mary Anne Mercer, "The Lethal Divide: How Economic Inequality Affects Health," in M. Fort, Mary Anne Mercer and Oscar Gish (eds.), *Sickness and Wealth: The Corporate Assault on Global Health* (Boston, MA: South End Press, 2004), 11-18.

[5] Wolff, *Household Wealth Trends*, 60-61.

[6] Signe-Mary McKernan, Caroline Ratcliffe, Eugene Steuerle and Sisi Zhang, *Less Than Equal: Racial Disparities in Wealth Accumulation* (Washington, DC: Urban Institute, 2013), 5.

[7] Kasey Wiedrich, Lebaron Sims, Jr., Holden Weisman, Solana Rice and Jennifer Brooks, *The Steep Climb to Economic Opportunity* (Washington, DC: CFED, 2016), 11-12.

[8] Merrit Gillard, *Homeownership Is Still Out of Reach for Millions of Households* (Washington, DC: CFED, 2016), 3.

[9] Thomas Shapiro, Tatjana Meschede and Sam Osoro, *The Roots of the Widening Racial Wealth Gap: Explaining the Black-White Economic Divide* (Waltham, MA: Institute on Assets and Social Policy, Brandeis University, 2013), 3.

[10] U.S. Bureau of Labor Statistics, "Table A-2. Employment Status of the Civilian Population by Race, Sex and Age," July 2016, http://www.bls.gov/news.release/empsit.t02.htm.

[11] U.S. Bureau of Labor Statistics, "Table A-3. Employment Status of the Hispanic or Latino Population by Sex and Age," July 2016, http://www.bls.gov/news.release/empsit.t03.htm.

[12] U.S. Bureau of Labor Statistics, "Table A-2."

[13] Derek Thompson, "The Workforce Is Even More Divided by Race than You Think," *The Atlantic*, November 6, 2013, www.theatlantic.com/business/archive/2013/11/the-workforce-is-even-more-divided-by-race-than-you-think/281175/.

[14] Laura Sullivan, Tatjana Meschede, Lars Dietrich, Thomas Shapiro, Amy Traub, Catherine Ruetschlin and Tamara Draut, *The Racial Wealth Gap: Why Policy Matters* (New York: Demos and Institute for Assets & Social Policy, Brandeis University, 2015), 24.

[15] Ibid, 25.

[16] Liquid asset poverty is a measure of the liquid savings households hold to cover basic expenses for three months if they experienced a sudden job loss, a medical emergency or another financial crisis leading to a loss of stable income. For a family of four, that amount is approximately $6,063. "Liquid Asset Poverty Rate," *Assets & Opportunity Scorecard*, January 2016, http://scorecard.assetsandopportunity.org/latest/measure/liquid-asset-poverty-rate.

[17] *FDIC National Survey of Unbanked and Underbanked Households*, (Washington, DC: Federal Deposit Insurance Corporation, 2013), 58.

[18] Based on 34 million households, earning an average of $25,000 per year, spending a total of $82 billion in 2011. Source: KPMG, *Serving the Underserved Market*, 2011, as quoted in *Providing Non-Bank Financial Services for the Underserved* (Washington, DC: U.S. Postal Service Office of the Inspector General, 2014).

[19] "Four-Year Degree by Race," *Assets & Opportunity Scorecard*, January 2016, http://scorecard.assetsandopportunity.org/latest/measure/four-year-degree-by-race.

[20] Sullivan, Meschede, Dietrich, Shapiro, Traub, Ruetschlin and Draut, *The Racial Wealth Gap*, 16.

[21] William R. Emmons and Bryan J. Noeth, "Why Didn't Higher Education Protect Hispanic and Black Wealth?," *In The Balance: Perspectives on Household Balance* (2015).

[22] "Business Value by Race," *Assets & Opportunity Scorecard*, January 2016, http://scorecard.assetsandopportunity.org/latest/measure/business-value-by-race

[23] Serena Lei and Fiona Blackshaw, "Nine Charts about Wealth Inequality in America," *Urban Institute*, February 2015, http://apps.urban.org/features/wealth-inequality-charts/.

[24] Danny Vinik, "The Alarming Retirement Crisis Facing Minorities in America," *The New Republic*, February 18, 2015, https://newrepublic.com/article/121084/urban-institute-study-minorities-have-built-less-wealth-Whites.

[25] Nari Rhee, *Race and Retirement Insecurity in the United States* (Washington, DC: National Institute on Retirement Security, 2013), 3.

[26] Maya Rockeymoore and Elvis Guzman, *The Racial Wealth Gap: Asian Americans and Pacific Islanders* (Washington, DC: Center for Global Policy Solutions, 2014), 2.

[27] Ibid.

[28] Melany De La Cruz-Viesca, Zhenxiang Chen, Paul M. Ong, Darrick Hamilton and William A. Darity, Jr., *The Color of Wealth in Los Angeles* (Los Angeles, CA: Asian American Studies Center, UCLA, 2016)

[29] Alvina Condon, Jane Duong, Joyce Pisnanont, Chhandara Pech, Paul M. Ong and Melany De La Cruz-Viesca, *Scrimping + Saving: A Report on Financial Access, Attitudes, and Behaviors of Low- and Moderate-Income Asian Americans and Pacific Islanders* (Washington, DC: National Coalition for Asian Pacific American Community Development, 2015).

[30] Josh Ishimatsu, *Spotlight: Asian American & Pacific Islander Poverty* (Washington, DC: National Coalition for Asian Pacific American Community Development, 2013), 1.

[31] Bryce Covert, "The Unemployment Rate For Native Americans Has Been Over 10 Percent For Five Years," *ThinkProgress*, October 2013, http://thinkprogress.org/economy/2013/10/29/2855951/unemployment-native-americans/.

[32] "Income Poverty Rate," *Assets & Opportunity Scorecard*, January 2016, http://scorecard.assetsandopportunity.org/latest/measure/income-poverty-rate.

[33] "American Indian and Alaska Native Heritage Month: November 2015," *U.S. Census Bureau*, November 2015, http://www.census.gov/newsroom/facts-for-features/2015/cb15-ff22.html.

[34] "New Census Bureau Report Analyzes U.S. Population Projections," *U.S. Census Bureau*, March 2015, http://www.census.gov/newsroom/press-releases/2015/cb15-tps16.html.

[35] Craig Torres, "Yellen Calls Widening Racial Wealth Gap 'Extremely Disturbing,'" *Bloomberg*, June 22, 2016, http://www.bloomberg.com/news/articles/2016-06-22/yellen-calls-widening-racial-wealth-gap-extremely-disturbing.

[36] Chuck Collins and Josh Hoxie, *Billionaire Bonanza: The Forbes 400 and the Rest of Us* (Boston, MA: Institute for Policy Studies, 2015), 17.

[37] Ibid.

[38] Ibid.

[39] Rhee, *Race and Retirement Insecurity*, 10.

[40] Luisa Kroll, "Inside The 2015 Forbes 400: Facts And Figures About America's Wealthiest," *Forbes*, September 2015, http://www.forbes.com/sites/luisakroll/2015/09/29/inside-the-2015-forbes-400-facts-and-figures-about-americas-wealthiest/.

[41] Bob Annibale, Janet Murguía and Lisa Hasegawa, "Citizenship as an Asset for Economic Opportunity," *Huffington Post*, November 5, 2016, http://www.huffingtonpost.com/bob-annibale/citizenship-as-an-asset-f_b_4192664.html?1383657023.

[42] Brad Plumer, "A Second Look at Social Security's Racist Origins," *Washington Post*, June 3, 2013, https://www.washingtonpost.com/news/wonk/wp/2013/06/03/a-second-look-at-social-securitys-racist-origins/.

[43] Cora Lewis, "The Tipping Point," *BuzzFeed News*, February 3, 2016, https://www.buzzfeed.com/coralewis/the-tipping-point.

[44] Sheila Bapat, "Race and the Fair Labor Standards Act: 75 Years Later, Vestiges of Racism Persist," *Rewire*, June 2013, https://rewire.news/article/2013/06/26/race-and-the-fair-labor-standards-act-75-years-later-vestiges-of-racism-persist/.

[45] Henry Cisneros, et al., *The Future of Fair Housing: Report on the National Commission on Fair Housing and Equal Opportunity*, (Washington, DC: Leadership Conference on Civil Rights Education Fund, Lawyers' Committee for Civil Rights Under Law, NAACP Legal Defense and Educational Fund, and National Fair Housing Alliance, 2008), 8.

[46] Nick Kotz, "'When Affirmative Action Was White': Uncivil Rights," *The New York Times*, August 28, 2005, http://www.nytimes.com/2005/08/28/books/review/when-affirmative-action-was-White-uncivil-rights.html.

[47] Jeremie Greer, Jane Duong and Ezra Levin, "Turning the U.S. Tax Code from Upside Down to Right-Side Up Can Close the Racial Wealth Gap," *AAPI Nexus: Policy, Practice and Community* 13, no. 1 (2015): 231-251.

[48] Ezra Levin, Jeremie Greer and Ida Rademacher, *From Upside Down to Right-Side Up: Redeploying $540 Billion in Federal Spending to Help All Families Save, Invest and Build Wealth* (Washington, DC: CFED, 2014), 6.

[49] Ezra Levin, "Congress Keeps Spending More to Make Wealth Inequality Worse," *CFED*, May 6, 2016, http://cfed.org/blog/inclusiveeconomy/congress_keeps_spending_more_to_make_wealth_inequality_worse/.

[50] Ezra Levin, "How Much Should Taxpayers Spend to Help Millionaires Grow Their Wealth?" *CFED*, March 8, 2016, http://cfed.org/blog/inclusiveeconomy/how_much_should_taxpayers_spend_to_help_millionaires_grow_their_wealth/.

[51] Lewis Brown, Jr., and Heather McCulloch, *Building an Equitable Tax Code: A Primer for Advocates* (Oakland, CA: PolicyLink, 2014), 5.

[52] Ibid, 6.

[53] Benjamin H. Harris and Lucie Parker, *Net Capital Gains Across ZIP Codes* (Washington, DC: Urban-Brookings Tax Policy Center, 2014), 5.

[54] Benjamin H. Harris and Lucie Parker, *The Mortgage Interest Deduction Across ZIP Codes* (Washington, DC: Urban-Brookings Tax Policy Center, December 2014), 5.

[55] Ezra Levin, Greer and Rademacher, *From Upside Down to Right-Side Up*, 6.

[56] Samantha Artiga, Anthony Damico and Rachel Garfield, "The Impact of the Coverage Gap for Adults in States not Expanding Medicaid by Race and Ethnicity," *Kaiser Family Foundation*, October 26, 2015, http://kff.org/disparities-policy/issue-brief/the-impact-of-the-coverage-gap-in-states-not-expanding-medicaid-by-race-and-ethnicity/.

[57] Thomas Shapiro, Tatjana Meschede and Laura Sullivan, *The Racial Wealth Audit™: Measuring How Policies Shape the Racial Wealth Gap* (Waltham, MA: Brandeis University, 2015).

[58] Levin, "Congress Keeps Spending."

[59] Sullivan, Meschede, Dietrich, Shapiro, Traub, Ruetschlin and Draut, *The Racial Wealth Gap*, 12.

[60] Chuck Marr, "Obama Wisely Calls for Boosting the EITC for Childless Adults," *Center on Budget and Policy Priorities*, January 13, 2016, www.cbpp.org/blog/obama-wisely-calls-for-boosting-the-eitc-for-childless-adults.

[61] Benjamin H. Harris and Lucie Parker, *EITC Claiming Across ZIP Codes* (Washington, DC: Urban-Brookings Tax Policy Center, December 2014), 5.

[62] Rhee, *Race and Retirement Insecurity*, 3.

[63] "Investing in Tomorrow: Helping Families Build Savings and Assets," *Annie E. Casey Foundation*, January 2016, www.aecf.org/resources/investing-in-tomorrow-helping-families-build-savings-and-assets/.

[64] Ibid.

[65] Chuck Collins, "Estate Tax To the Rescue," *US News & World Report*, April 28, 2016, http://www.usnews.com/opinion/articles/2016-04-28/we-need-to-revamp-the-estate-tax-to-address-staggering-wealth-inequality.

[66] Natalia Chatalova and Chris Evans, "Too rich to rein in? The under-utilised wealth tax base" *eJournal of Tax Research* (2013): 437-448.

[67] Elizabeth McNichol, *State Estate Taxes: A Key Tool for Broad Prosperity* (Washington, DC: Center on Budget and Policy Priorities, 2016), 1.

[68] For a more complete explanation of this Wolff's reasoning, see Wolff, *Household Wealth Trends*, 8.

cfed
expanding economic opportunity

RACIAL
wealth
DIVIDE INITIATIVE

Institute for
Policy Studies