

THE COLOR OF WEALTH IN A RACIALLY PLURAL AMERICA

**LESSONS LEARNED FROM THE NATIONAL ASSET
SCORECARD FOR COMMUNITIES OF COLOR (NASCC)**

by

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National Asset Scorecard for Communities of Color (NASCC)

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THE _____
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REV. DR. WILLIAM BARBER DESCRIBES *ECONOMIC JUSTICE AS A MORAL IMPERATIVE*

- **Should equity, fairness and human capabilities be emphasized in economic scholarship?**
 - Should scholarship be “value” neutral?
 - Do we overemphasize “positivists” approaches and “free-market” dogma?
 - Has political economy become an albatross, considered as scientifically weak and less “objective?”
 - Does studying how institutions and behaviors intertwine in impacting equity necessarily sacrifice “rigor?”
 - Isn't *all* scholarship rooted in “norms?”
 - Is there enough scholarship focused on understanding how power and endowment relate to distributions, equity, fairness, and market transactions?

PARADOX: EVEN HIGH ACHIEVING BLACK AMERICANS EXHIBIT LARGE SOCIOECONOMIC AND HEALTH DISPARITIES

Table 1: Infant Mortality Rates per 1,000 birhts by Race and Maternal Educational Attainment from 2007 - 2013

Educational Attainment	White	Black	Ratio: Black/White
All	5.07	10.81	2.13
Less Than H.S. Diploma	(6.71)	11.03	1.64
H.S. Diploma or Equivaent	5.77	11.58	2.01
Some College or Associates Degree	4.96	9.94	2.00
At Least a Bachelor's Degree	3.36	(7.50)	2.23

Notes: Author calculations based on data from United States Department of Health and Human Services (US DHHS), Centers of Disease Control and Prevention (CDC), National Center for Health Statistics (NCHS), Division of Vital Statistics (DVS). Linked Birth / Infant Death Records 2007-2013, as compiled from data provided by the 57 vital statistics jurisdictions through the Vital Statistics Cooperative Program, on CDC WONDER On-line Database.

CONVENTIONAL DEFINITIONS OF THE MIDDLE “CLASS”

- Often defined in one of three ways:
 - Income – belonging to some central distribution of income, e.g. the middle 60th percentile
 - Education – attaining a certain level of education, e.g. a college degree
 - Occupation – working in a prestigious occupation, e.g. a professional or managerial position
- They underestimate the scope of financial insecurity
- Fragility of the black middle class is evident in educational & employment, but vivid when we examine wealth.
- Marx’s emphasis on “ownership” is more determinant and iterative as it relates to economic circumstance than employment or “labor.”
- Middle class blacks defined by education, income and occupation tend to have low wealth and as a result rely heavily on their job for economic security (Jackson, Hamilton, and Darity, 2015)

**REGINE O. JACKSON, D. HAMILTON, AND W. DARITY. 2015.
“LOW WEALTH AND ECONOMIC INSECURITY AMONG MIDDLE-
CLASS BLACKS IN BOSTON”
*THE FEDERAL RESERVE BANK OF BOSTON, COMMUNITY
DEVELOPMENT ISSUE BRIEF***

Qualitative research questions:

- **How is wealth defined?**
- **What life experiences led families to gain or lose wealth?**
- **How do individuals understand the state of their personal finances?**

PURPOSIVE (NON-RANDOM) SAMPLING

- **Black “middle class” Bostonians**
 - Respondents recruited from personal and professional networks
- **Dimensions of sample variation**
 - Ancestry
 - Age
 - Gender
 - Homeownership
 - Length of residence in Boston

MULTI-GENERATIONAL HOUSEHOLDS



Two- and three-family homes

- Decrease housing costs
- Source of emergency funds
- Intergenerational support
- Familial asset

DEFINING CLASS POSITION IN TERMS OF WORK



“Working class means you don’t have substantial savings. Everything is contingent on you going to work.”

(Nathalie, 50-year old Caribbean black elementary school principal)

IMPORTANCE OF WORK

“We’re not well [off] enough that if something were to happen to me ... we could survive for [no] more than six months tops. It’s all dependent on me waking up and going to work and getting paid every other week. *There’s no investments. There’s no businesses.* It’s just me getting up everyday ... People might look at my salary and think I’m doing very well, but *it’s all contingent on me going to work.*”

(Nathalie, 50-year old Caribbean black elementary school principal)

IMPORTANCE OF WORK OVERTIME DEFINED AS AN ASSET

“I’m fortunate to have a job where I can work overtime, you know. If I foresee certain things like that need to be paid, I can just work more, um, so I’m fortunate in that regard. But that’s basically it. ... If I made more money I wouldn’t have to work overtime. I just have the opportunity to work overtime, where others do not.”

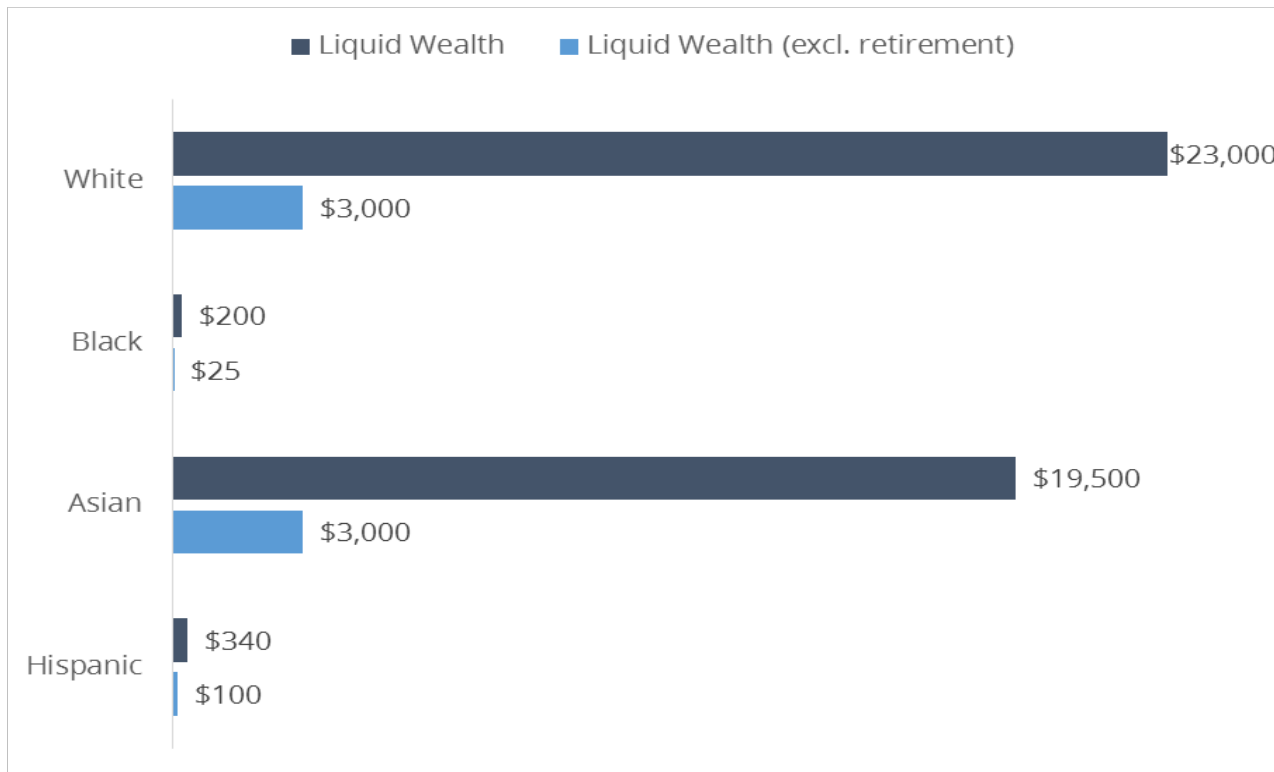
(Sabine, 45-year old Caribbean black transit police officer)

THE IMPORTANCE OF WEALTH

- **Wealth indicates economic opportunity, security & overall wellbeing**
 - Buffer against economic shocks especially given “great risk shift”
- **Primary source is intergenerational – *Structural* not behavioral**
- **Wealth provides for a *human capabilities* approach to economic development**
 - Structures and policies that *enable individuals to be self-determining* in defining and attaining their self-defined goals.
- **The white American asset-based middle class is a product of government policy**
 - see Ira Katznelson’s *When Affirmative Action was White*

MEDIAN LIQUID ASSET VALUE: ASSETS EASILY CONVERTED TO CASH (SIPP 2011)

Median Liquid Wealth Holdings, 2011 SIPP



From: Tippett, R, A. Jones-DeWeever, M. Rokeymoore, D. Hamilton, and W. Darity, Jr. 2014. "Beyond Broke: Why Closing the Racial Wealth Gap is a Priority for National Economic Security"

*Race, Wealth and Incarceration: Results
from the National Longitudinal Survey of
Youth*

**Khaing Zaw, Darrick Hamilton &
William Darity**

Race and Social Problems

ISSN 1867-1748

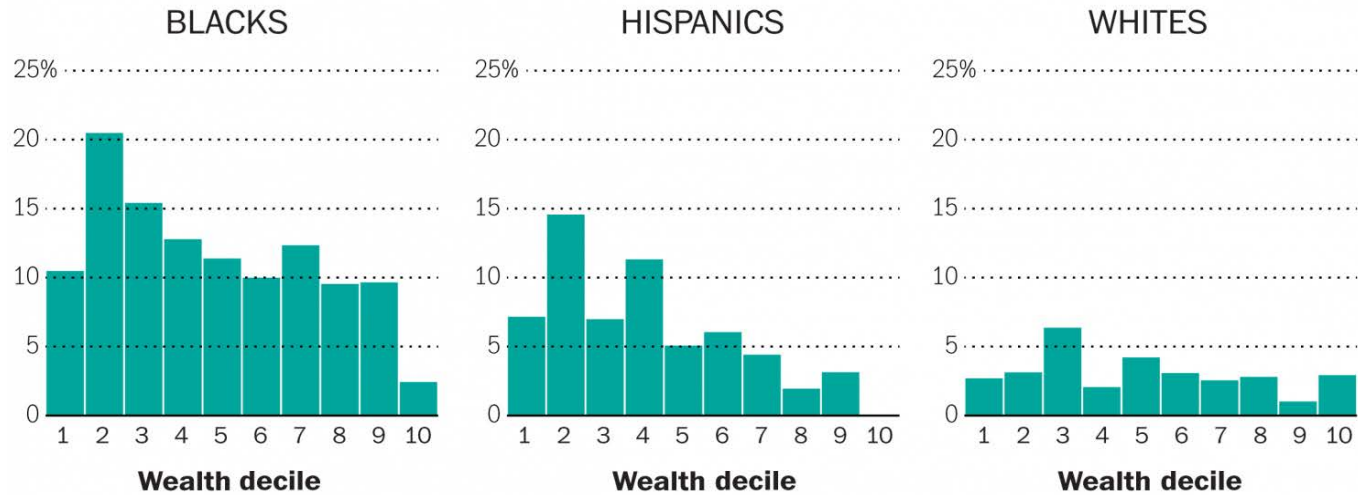
Race Soc Probl
DOI 10.1007/s12552-016-9164-y



Aged 20-29 in 1985 likelihood of incarceration by wealth decile

Rich black kids are more likely to go to prison than poor white kids

Share of people born between 1957 and 1965 who eventually went to prison or jail, by how much wealth they had as of 1985, when they were between 20 and 28 years old



WAPO.ST/**WONKBLOG**

Note: Rates may be understated, as those incarcerated for brief periods between surveys are not included.

Source: NLSY; Zaw, K., Hamilton, D. and Darity, W. 2016. "Race, Wealth and Incarceration," Race and Social Problems.



Umbrellas Don't Make it Rain: Why Studying and Working Hard Isn't Enough for Black Americans

Darrick Hamilton
William Darity, Jr.
Anne E. Price
Vishnu Sridharan
Rebecca Tippet

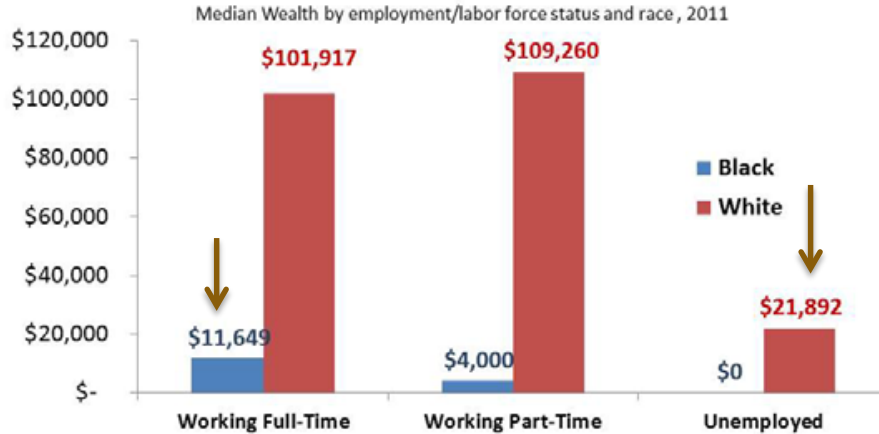
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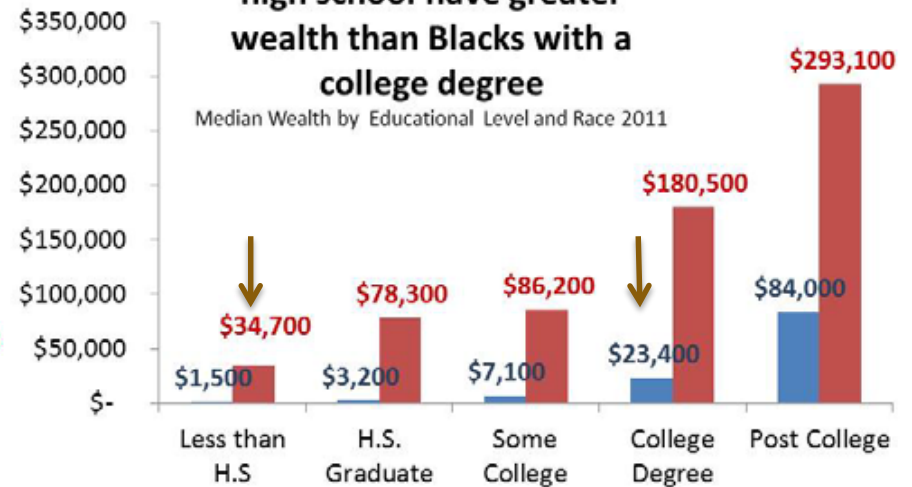


Hard Work Isn't Enough to Close the Racial Wealth Gap

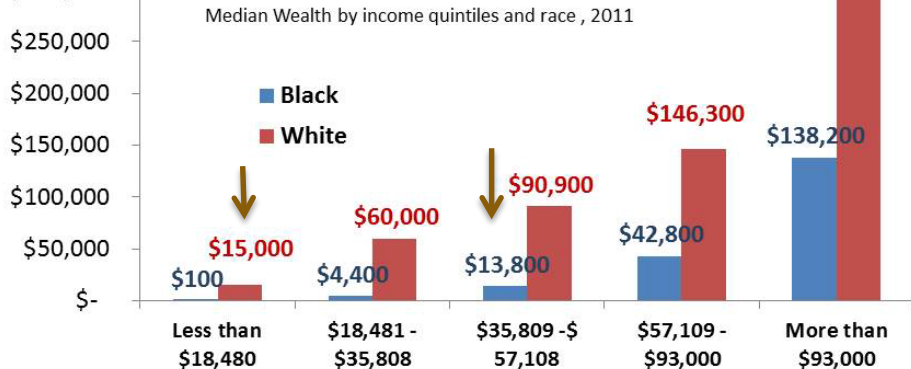


Studying hard is not enough

Whites who dropped out of high school have greater wealth than Blacks with a college degree



Racial Wealth Inequality is Not Explained by Income



Research Brief Series

Women, Race & Wealth

Volume 1, January 2017

Authors: Khaing Zaw, Jbumpa Bhattacharya, Anne Price, Darrick Hamilton, and William Darity, Jr
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INTERSECTION OF RACE, GENDER, AGE, EDUCATION AND WEALTH (PSID 2013)

TABLE 1: MEDIAN WEALTH OF WOMEN BY FAMILY STRUCTURE, COLLEGE EDUCATION AND RACE, 2013

	No Bachelor's Degree		With Bachelor's Degree	
	BLACK	WHITE	BLACK	WHITE
Married*	\$25,000	\$117,200	\$45,000	\$260,000
Single Females	\$500	\$8,000	\$5,000	\$35,000

TABLE 3: MEDIAN WEALTH OF WOMEN BY AGE, FAMILY STRUCTURE, COLLEGE EDUCATION AND RACE, 2013

AGE	No Bachelor's Degree				With Bachelor's Degree			
	MARRIED		SINGLE		MARRIED		SINGLE	
	BLACK	WHITE	BLACK	WHITE	BLACK	WHITE	BLACK	WHITE
20-29	\$4,000	\$13,000	\$0	\$2,000	\$7,700	\$18,700	\$-11,000	\$3,400
30-39	\$12,000	\$33,450	\$0	\$0	\$-20,500	\$97,000	\$0	\$7,500
40-49	\$22,501	\$60,000	\$1,000	\$3,006	\$12,000	\$195,000	\$6,000	\$25,000
50-59	\$38,000	\$155,000	\$2,000	\$8,200	\$198,000	\$430,000	\$9,500	\$117,500
60+	\$89,500	\$344,700	\$12,000	\$60,000	\$424,000	\$778,000	\$11,000	\$384,400

RACE, RHETORIC AND POLITICS OF PERSONAL RESPONSIBILITY

“We are post-racial”

America has largely transcended the racial divide

A shift from public responsibility for the conditions of black America

Blacks are enjoined to;

“get over it”

“stop playing the victim role”

“stop making excuses”

“take personal responsibility”

Study hard, graduate from college and get a good job

Rhetoric is bi-partisan and extends across race

BARACK OBAMA'S "MORE PERFECT UNION" SPEECH AS A PRESIDENTIAL CANDIDATE IN 2008

“For the African-American community, that path [to a more perfect union] means embracing the burdens of our past without becoming *victims* of our past. It means continuing to insist on a full measure of justice in every aspect of American life. But it also means *binding our particular grievances* – for better health care, and better schools, and better jobs – to the larger aspirations of all Americans – the white woman struggling to break the glass ceiling, the white man who’s been laid off, the immigrant trying to feed his family. *And it means taking full responsibility for our own lives.*” [*emphasis added*]

RACE, PERSONAL RESPONSIBILITY AND MULTICULTURAL AND NEOLIBERAL PERSPECTIVES

The personal responsibility discourse on race, and racial disparity accentuates three things

- (1) Civil rights movement => largely transcended racial divide**
- (2) Remaining racial disparities => actions or inaction on part of blacks**
- (3) Nothing particular about the oppression experienced by blacks (Multicultural Neoliberalism)**

This trope is rooted in multicultural and neoliberal perspectives

STRATIFICATION V. ORTHODOX ECONOMICS

Orthodox economics over-emphasizes individual optimization and the under-emphasizes group formation and collective action leading to individual attributes like human capital, motivation, and attitudes as explanations for intergroup differences.

Stratification economics goes beyond individual factors to include structural and contextual factors that preserve relative status of dominant groups via intergenerational resource transfers and exclusionary practices to explain intergroup disparity

Stratification economics recognizes a *functional role of discrimination* dominant groups that command more resources, and socioeconomic and political power will *intensify* their discriminatory practices toward the subaltern groups to maintain their relative dominant position as they become more competitive

Stratification economics acknowledges that returns to group membership are both material and cognitive. There are psychological returns to relative group positioning

Midway through his 2013 commencement address at Morehouse College, President Barack Obama invoked the black American legacy of triumphant leaders who, without excuses, were able to overcome tremendous structural barriers and achieve great things

“You now hail from a lineage and legacy of immeasurably strong men -- men who bore tremendous burdens and still laid the stones for the path on which we now walk. You wear the mantle of Frederick Douglass and Booker T. Washington, and Ralph Bunche and Langston Hughes, and George Washington Carver and Ralph Abernathy and Thurgood Marshall, and, yes, Dr. Martin Luther King, Jr. These men were many things to many people. And they knew full well the role that racism played in their lives. But when it came to their own accomplishments and sense of purpose, they had no time for excuses.”

The president continues his inspirational speech to this graduating class at this elite historically black college and university (HBCU) by stating that

“(e)very one of you has a grandma or an uncle or a parent who’s told you that at some point in life, as an African American, *you have to work twice as hard as anyone else if you want to get by.*”

But, at what cost? Will there be unintended negative consequences associated with above normal effort for these highly educated racially stigmatized black graduates in the context of a racially stratified America?

Trends in age-standardized death rates (per 100,000) among 25–64 year old U.S. adults by race, sex, and education, 1993–2001

	Whites		Blacks		Ratio: Black/White	
	1993	2001	1993	2001	1993	2001
Men						
All	471.5	414.9	1019.3	807.8	2.16	1.95
<12 Years	836.8	931.1	1253.5	1283.1	1.50	1.38
16+ Years	284.7	212.7	596.2	381.6	2.09	1.79
Women						
All	255.6	247.3	501.9	476.7	1.96	1.93
<12 Years	422.4	553.4	622.6	622.3	1.47	1.12
16+ Years	165.4	146.1	350.7	308.2	2.12	2.11
Cancer						
Men: 16+ Yrs	85.6	66.4	125	85.2	1.46	1.28
Women: 16+ Yrs	87.6	72.5	131	113.1	1.50	1.56
Heart Diseases						
Men: 16+ Yrs	72.3	51.1	139.3	99.2	1.93	1.94
Women: 16+ Yrs	20	16.9	73.1	62.8	3.66	3.72
Stroke						
Men: 16+ Yrs	6.5	5	21.4	18.8	3.29	3.76
Women: 16+ Yrs	5.9	4.6	21.5	15.7	3.64	3.41
HIV Infection						
Men: 16+ Yrs	31.4	3.5	118.2	28.9	3.76	8.26
Women: 16+ Yrs	0.8	0.1	8.9	5.9	11.13	59.00

*Table based on calculations by Jemal et al, (2008) and authors calculations of the data presented by Jemal et al, (2008) both from from the National Vital Statistics System (NVSS) data administered by the National Center for

THE GREAT RECESSION AND THE RACIAL WEALTH GAP (SIPP DATA)

	Year		
	2005	2009	2011
Median Net Worth (\$2011)			
White	\$142,335	\$119,152	\$111,740
Black	\$12,840	\$6,081	\$7,113
Asian	\$176,225	\$81,291	\$92,259
Hispanic	\$19,228	\$6,668	\$8,113
Relative Holdings per \$1			
White Wealth			
Black	\$0.09	\$0.05	\$0.06
Asian	\$1.24	\$0.68	\$0.83
Hispanic	\$0.14	\$0.06	\$0.07

LESSONS LEARNED IN THE AFTERMATH OF THE GREAT RECESSION

- 1 Black & Latino families have little liquid assets to take risk, or deal with financial emergency or shocks**
- 2 Communities of color suffered the most**
 - The racial wealth gap was extreme before the recession, and worsened after
- 3 Asians suffered the largest absolute loss in home values and wealth**
 - Most likely to reside in states that benefited from the housing boom & suffered most from the housing bust

AN INCOMPLETE NARRATIVE

Asset markets are local

- e.g. the geographic maldistributive effects of the housing crisis

The wealth position of many communities of color remains unknown

- Aggregate categories like “Asian” mask the asset position for certain groups like those immigrating from Southeast Asia
- Indigenous groups are often hidden altogether in nebulous catchall category of “other”



Goals:

1. provide implicit control of asset and debt pricing and products
2. analyze the wealth of groups hidden in broadly defined “non-white” categories
3. examine asset and debt attributes particular to communities of color
4. **Provide a template for a more permanent data collection infrastructure**

Limitations: (1) Statistical Power, (2) External validity and (3) Examines only Private Assets

NASCC SURVEY CONSTRUCTION

- **Family racial and ethnic identification**
 - Self-reports of “best qualified” to discuss family finance
 - Own & spousal race, ethnicity, ancestry, tribal affiliation
- **Made use of PSID Asset and Debt module**
- **Made use of Multi City Study of Urban Inequality (MCSUI) questionnaire**
 - Multidisciplinary survey administered 1991-1994 in LA, Boston, Detroit and Atlanta
- **Supplemental Questions**
 - Topical questions regarding *The Great Recession*
 - Asset and debt questions particular to communities of color
 - Self-reported health, religious affiliation & gender

METROPOLITAN AREA SELECTION

Systematic and data driven approach

- Goal: Identify geographic and demographic representativeness of selected specific groups

Original Criteria for inclusion

- 1 ethnically plural city to compare across groups
- 2 other factors (e.g. geography, area size, access to certain ethnic groups such as Native Americans, *Muslims*)

Outcome: LA, Miami, Tulsa, and DC; and Boston added later

Expanded Criteria for inclusion

- 1 majority-minority cities
- 2 social conflict

NASCC ANCESTRAL ORIGIN DISTRIBUTION

Ethnicity	N	Percent	Metropolitan Area
U.S. Black Descendent	470	17%	LA, MIA, TUL, DC, BOS
Caribbean Black	143	5%	MIA,, BOS
Cape Verdean	24	1%	BOS
African Black	78	3%	LA, DC
<i>Black Subtotal</i>	<i>715</i>	<i>26%</i>	
Mexican	173	6%	LA, TUL
Cuban	110	4%	MIA
Puerto Rican	105	4%	MIA, BOS
Dominican	54	2%	BOS
South Amer Latino	94	3%	MIA
Cent Amer Latino ~ Mexican	46	2%	MIA
Other Latino (NEC)	106	4%	MIA, TUL, DC
<i>Latino Subtotal</i>	<i>688</i>	<i>25%</i>	
Chinese	103	4%	LA, DC
Japanese	70	3%	LA
Korean	105	4%	LA, DC
Filipino	45	2%	LA
Vietnamese	157	6%	LA, DC
Asian Indian	93	3%	LA, DC
Other Asian (NEC)	54	2%	BOS
<i>Asian Subtotal</i>	<i>627</i>	<i>23%</i>	
Amer Indian Tribal Enr	112	4%	TUL
Amer Indian no Tribal Enr	70	3%	TUL
<i>Native American Subtotal</i>	<i>182</i>	<i>7%</i>	
Multi Racial	64	2%	LA,DC
NEC	13	0%	
<i>White</i>	<i>448</i>	<i>22%</i>	<i>LA, MIA, TUL, DC, BOS</i>

*Notes: Boston sample based on UVA Center for Survey Research estimates; LA - Los Angeles, MIA - Miami, TUL - Tulsa, DC - Washington, DC, BOS - Boston

BANKED – FINANCIAL ACCT OWNERSHIP

Ethnicity	LA	Miami	Boston	Tulsa	DC
U.S. Black Descendent	0.69^^	0.57^^^	0.76^^^	0.49^^^	0.70^^^
Caribbean Black		0.73^^^	0.83^		0.85
Cape Verdean			0.74^		
African Black	0.80				0.87
Mexican	0.53^^^			0.62^^^	
Cuban		0.85			
Puerto Rican		0.70^^^	0.55^^^		
Dominican			0.62^^^		
South Amer Latino		0.78^^			
Cherokee, Tribal Enr				0.75^^	
Creek, Trbal Enr				0.74^^	
Other, Tribal Enr				0.69^^^	
Amer Indian, no Tribal Enr				0.76^^	
Chinese	0.85				0.999^^^
Japanese	0.93				
Korean	0.81				0.95
Filipino	0.85				
Vietnamese	0.55^^^				0.95
Asian Indian	0.86				0.97^
White	0.90	0.93	0.93	0.92	0.92

PAYDAY LENDING USE IN THE LAST 5 YEARS

Ethnicity	LA	Miami	Boston	Tulsa	DC
U.S. Black Descendent	0.27 ^{^^^}	0.16 ^{^^^}	0.04	0.16	0.08
Caribbean Black		0.11 [^]	0.01		
Cape Verdean			0.01		
African Black	0.001				0.03
Mexican	0.04			0.05	
Cuban		0.02			
Puerto Rican		0.14 ^{^^}	0.02		
Dominican			0.09 ^{^^}		
South Amer Latino		0.04			
Cherokee, Tribal Enr				0.16	
Creek, Trbal Enr				0.33 ^{**}	
Other, Tribal Enr				0.15	
Amer Indian, no Tribal Enr				0.14	
Chinese	0.01				0.001
Japanese	0.001				
Korean	0.001				0.001
Filipino	0.001				
Vietnamese	0.03				0.001
Asian Indian	0.001				0.001
White	0.02	0.03	0.01	0.09	0.04

HOMEOWNERSHIP

Ethnicity	LA	Miami	Boston	Tulsa	DC
U.S. Black Descendent	0.42^^	0.51	0.34^^^	0.44^^^	0.58^^^
Caribbean Black		0.62	0.49^^^		
Cape Verdean			0.29^^^		
African Black	0.43^				0.46^^^
Mexican	0.45^^			0.50^^^	
Cuban		0.64			
Puerto Rican		0.47	0.21^^^		
Dominican			0.17^^^		
South Amer Latino		0.52			
Cherokee, Tribal Enr				0.76	
Creek, Trbal Enr				0.65^	
Other, Tribal Enr				0.62^^	
Amer Indian, no Tribal Enr				0.57^^^	
Chinese	0.68				0.91
Japanese	0.64				
Korean	0.40^^^				0.65
Filipino	0.57				
Vietnamese	0.53				0.94
Asian Indian	0.40				0.65
White	0.68	0.64	0.79	0.85	0.78

MEDIAN VALUE OF HOUSEHOLD WEALTH

Ethnicity	LA	Miami	Boston	Tulsa	DC
U.S. Black Descendent	\$4,000^	\$3,700	\$8^^^	\$8,000^^^	\$3,500^^^
Caribbean Black		\$12,000	\$18,000^^^		
Cape Verdean			---		
African Black	\$72,000				\$3,000^^^
Mexican	\$3,500^^			\$7,000^^^	
Cuban		\$22,000			
Puerto Rican		---	\$4,079^^^		
Dominican			\$0^^^		
South Amer Latino		\$1,200			
Cherokee, Tribal Enr				\$75,200	
Creek, Trbal Enr				\$42,500^	
Other, Tribal Enr				\$7,000	
Amer Indian, no Tribal Enr				\$4,000^^	
Chinese	\$408,200				\$220,000
Japanese	\$592,000				
Korean	\$23,400^				\$496,000
Filipino	\$243,000				
Vietnamese	\$61,500				\$423,000
Asian Indian	\$460,000				\$573,000
White	\$355,000	\$107,000	\$251,000	\$145,000	\$284,000

NGINA CHITEJI & DARRICK HAMILTON. 2002. “FAMILY CONNECTIONS AND THE BLACK-WHITE WEALTH GAP AMONG THE MIDDLE CLASS” *REVIEW OF BLACK POLITICAL ECONOMY*

**POVERTY IN THE EXTENDED FAMILY:
DATA AND SAMPLE**

Panel Study of Income Dynamics (PSID)

- Primarily 1994 core data and wealth supplement

Unit of Analysis

- Age 26-44 (0-18 in 1968)
- Middle 60th percentile of income

Focus on the Middle Class

- Examine “typical” families
- Examine families above subsistence income
- Address contemporary research, public discourse and public policy

TABLE 1
Sample Statistics for the Middle Class

Variables	PSID		Middle Class	
	Black	White	Black	White
Sample Statistics				
Sample N	3113	6483	1434	2737
Race Composition	14.0	84.1	13.1	86.9
Mean Age	43.8	48.2 *	42.2	46.8 *
Family				
Married	25.3	55.5 *	31.0	53.4 *
Sep/Div/Wid	39.1	28.0 *	35.2	27.4 *
Never Married	35.7	16.4 *	33.8	19.2 *
Single Mothers	29.4	7.1 *	24.9	7.3 *
Mean Family Size	2.4	2.4	2.4	2.3
Measures of Middle-Class Status				
Mean Family Income	\$24,066	\$49,359 *	\$30,640	\$35,040 *
Measures of Wealth				
Net Worth	\$34,540	\$173,892 *	\$36,000	\$124,514 *
<i>Portfolio Composition:</i>				
Financial Wealth Share	24.8	32.2 *	25.9	31.0 *
Consumable Wealth Share	74.7	63.0 *	73.8	65.0 *
Bank Accounts (\$)	\$4,548	\$22,164 *	\$6,258	\$18,934 *
% Bank Accounts	41.3	83.1 *	54.7	85.7 *
Stock (\$)	\$2,867	\$34,341 *	\$2,221	\$18,473 *
% Stock	10.7	37.8 *	13.1	34.6 *
Other Sav/Bonds (\$)	\$4,742	\$9,341 *	\$6,348	\$6,662
% Other Sav/Bonds	13.3	25.9*	16.3	24.7*
Race Composition of Asset Holders:				
Bank Account	7.5	90.9	8.8	91.2
Stock	4.4	94.0	5.4	94.6
Other Savings/Bonds	7.8	91.0	9.1	90.9

* p < 0.10

TABLE 2
Sample Statistics for Parents of the Middle Class

Variables	Black	White
Sample Statistics		
Sample N	472	984
Race Composition	10.4	88.4
Mean Age	60.2	60.9
Measures of Economic Well-Being		
Mean Family Income	\$22,267	\$48,663 *
Income to Needs Ratio	2.3	5.1 *
Poverty Status	35.7	8.3 *
AFDC/Food Stamps	18.6	3.7 *
Public Housing	25.2	4.2 *
Unemployed	6.9	1.7 *
Net Worth	\$47,385	\$266,397 *

* p < .10

TABLE 3
Sample Statistics for Siblings of the Middle Class

Variables	Black	White
Sample Statistics		
Sample N	1671	2159
Race Composition	17.9	80.7
Mean Age	34.8	35.3
Measures of Economic Well-Being		
Mean Family Income	\$24,337	\$50,599 *
Income to Needs Ratio	2.3	4.4 *
Poverty Status	33.6	8.0 *
AFDC/Food Stamps	27.0	6.1 *
Public Housing	23.1	4.7 *
Unemployed	13.3	5.3 *
Net Worth	\$22,099	\$98,324 *

* p < .10

DETERMINANTS OF WEALTH DEFINITIONS

Life-Cycle Determinants

Age	Age
Age-Squared	Age Squared (Quadratic Term)

Demographic Determinants

Marital Status	Marital Status
Gender of Head	Gender of Household Head
Children	Number of Children

Socioeconomic Determinants

Education	Years of Schooling
Ave. Lifetime Inc.	Average Family Income between 1987-1991
Mgr. and Prof. Occ.	Managerial or Professional Occupation

Family Background Determinants

Parental Wealth	Parental Wealth in 1984
Bequest Receipt	Receipt of Bequest between 1987-1994

Poverty in the Family Determinants

Parental Need	Parent Receiving AFDC/Food Stamps
Sibling Need	Sibling Receiving AFDC/Food Stamps or Unemployed

TABLE 5
Black-White Wealth Differences After Including Poverty in the
Extended Family

	<i>Black</i>	<i>White</i>
Average Net Worth ¹	\$24,766	\$58,456
Wealth Gap	\$33,690	
<i>Contribution to the gap from racial differences in the following variables²</i>		
1. Life-cycle variables ³	-\$1,762	-5.2%
2. Demographic variables ⁴	\$3,160	9.4%
3. Socioeconomic variables	\$7,734	23.0%
Years of education	\$110	0.3%
Average lifetime income	\$5,969	17.7%
Managerial and professional occupation	\$2,055	6.1%
4. Family background (and kin) characteristics	\$9,242	27.4%
Parental wealth	\$4,370	13.0%
Receipt of bequest	\$974	2.9%
Poverty in the family	\$3,898	11.6%
Parental need ⁵	\$1,035	3.1%
Sibling need ⁶	\$2,863	8.5%
Total explained (1-4)	\$18,374	54.5%
Gap unexplained	\$15,317	45.5%

CHITEJI AND HAMILTON (2002) FINDINGS

Poverty in the *extended* family explains over 10 percent of the black/white wealth inequality for the middle income families

Family Background explains nearly as much as socioeconomic and demographic variables combined

Over 45 percent of the gap remains unexplained

Implication for Social Welfare Policy

SOME LESSONS ACROSS FIVE CITIES

- **Variation within broadly defined ethnic groups and based on immigrant status**
- **Variation in receipts and remission across ethnic groups and based on immigrant status**
- **Income inequality pales in comparison to wealth inequality**
- **An ethnic group's relative asset position may vary across city**
- **Homeownership varied across city and may not be the only driver of wealth**
- **Substantial asset variation across and within cities with U.S. born Blacks and Mexicans persistently at the bottom**

Race is still a defining attribute of one's life chances

Wealth is the single best indicator of economic opportunity, security & *human capability*

The primary source of wealth is inheritance, in-vivo transfers -- seed money to purchase an appreciating asset

Education, hard work, income, and *active* savings do little to address the racial wealth gap

The racial wealth gap is *structural* not *behavioral*

WHAT CAN WE DO?

BABY BONDS

“SOCIAL SECURITY OVER THE LIFE COURSE”

Federal Trust accounts endowed based on family wealth position at birth

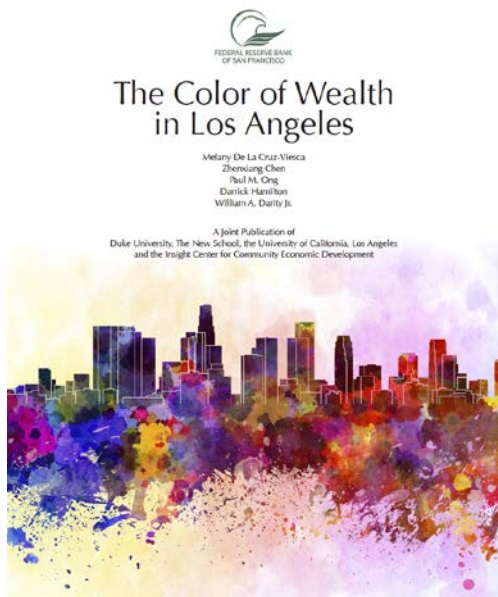
Estimated to cost about 2% of current federal expenditures per annum

Brake the cruel link between race, inheritance & economic advantage or disadvantage

Provide opportunity for upward mobility & economic security for all Americans regardless of the family in which they are born

A MODEL FOR DATA COLLECTION INFRASTRUCTURE TO COUNT AMERICA'S INCREASINGLY ETHNICALLY PLURAL POPULATIONS

- **NASCC can be a complement integrated into the SCF**
 - The Federal Reserve and NORC can oversample selected targeted ancestral groups in targeted metro areas
 - Administer the SCF household finance and demographic modules
 - Include modules with asset and debt questions particularly relevant to immigrant and racial ethnic sub groups
 - Include relevant topical questions
- **Overtime cross-sections can be pooled to gain ethnic and geographical diversity and power**
 - Some cities may be repeated and some rotated



The Color of Wealth in Los Angeles

Melany De La Cruz-Vieira
Zhenjiang Chen
Paul M. Ong
Darrick Hamilton
William A. Darity Jr.

A Joint Publication of
Duke University, The New School, the University of California, Los Angeles
and the Insight Center for Community Economic Development



INEQUALITY AND MOBILITY

RESEARCH REPORT

The Color of Wealth in the Nation's Capital

A Joint Publication of the Urban Institute, Duke University, The New School,
and the Insight Center for Community Economic Development

Kilolo Kiakazi
URBAN INSTITUTE

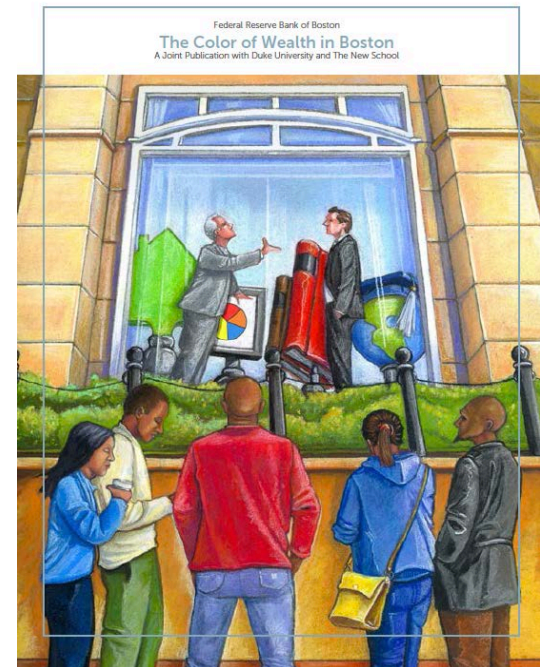
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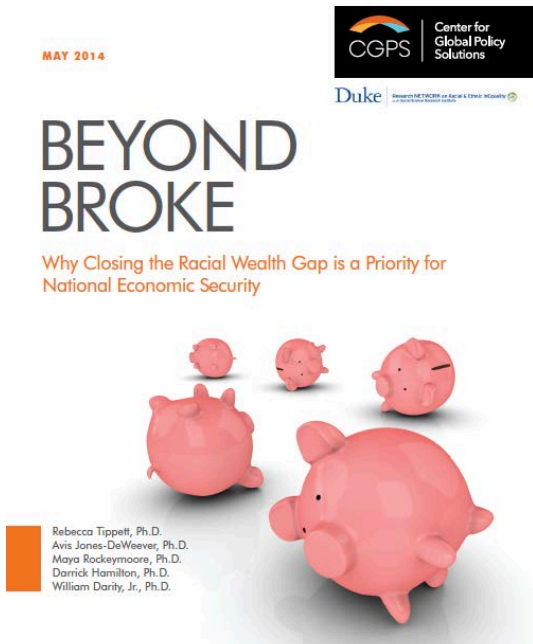
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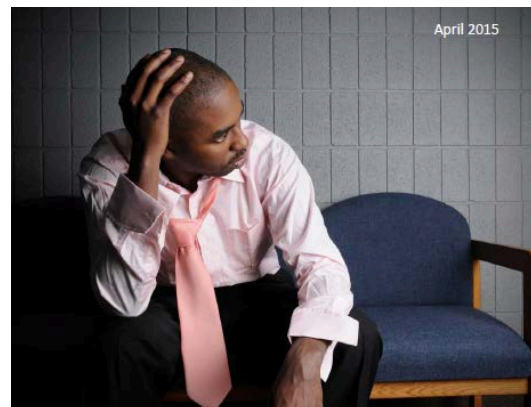
MAY 2014



BEYOND BROKE

Why Closing the Racial Wealth Gap is a Priority for
National Economic Security

Rebecca Tippett, Ph.D.
Avis Jones-DeWeever, Ph.D.
Mayra Rockeymoore, Ph.D.
Darrick Hamilton, Ph.D.
William Darity, Jr., Ph.D.



April 2015

Umbrellas Don't Make it Rain: Why Studying and Working Hard Isn't Enough for Black Americans

Darrick Hamilton
William Darity, Jr.
Anne E. Price
Vishnu Sridharan
Rebecca Tippett



BOOTSTRAPS ARE FOR BLACK KIDS:
Race, Wealth, and the
Impact of Intergenerational
Transfers on Adult Outcomes

RESEARCH BRIEF

September 2015

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