



California Budget  
& Policy Center  
*Independent Analysis. Shared Prosperity.*

[calbudgetcenter.org](http://calbudgetcenter.org)

# Looking Back to Look Ahead: Addressing California's Racial and Gender Wealth Gap

@esi\_hutchful

@CalBudgetCenter

ESI HUTCHFUL, STATE POLICY FELLOW

A PRESENTATION TO:

SOUTHERN CALIFORNIA GRANTMAKERS

APRIL 8, 2019

# Overview

---

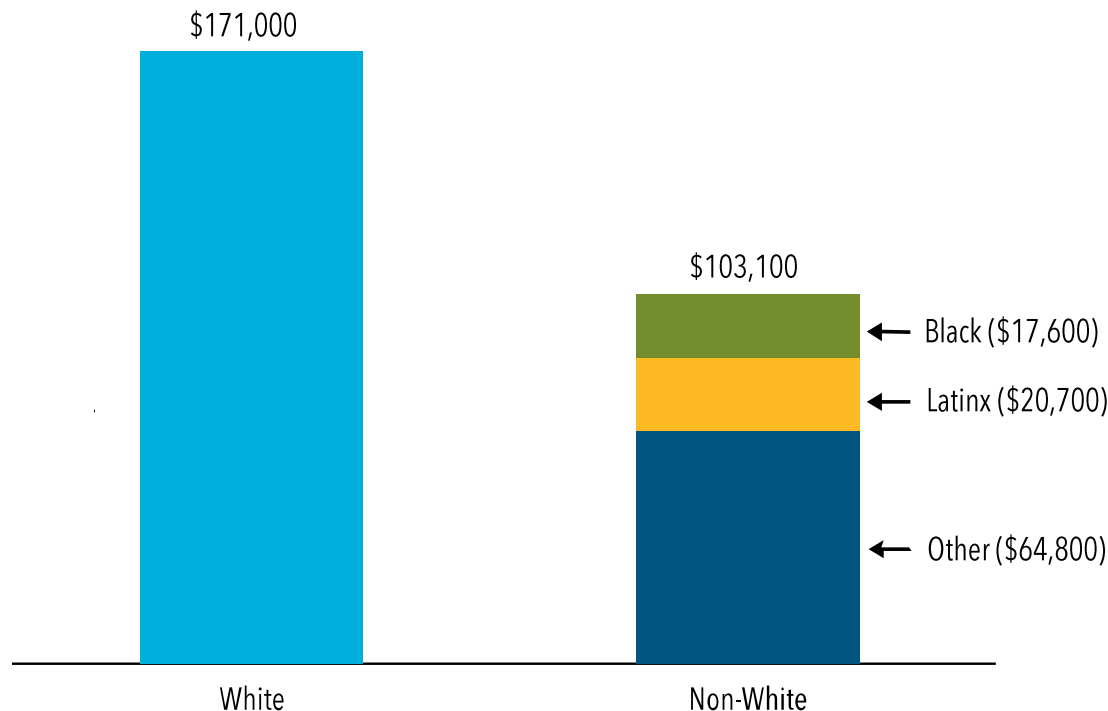
- Wealth is unfairly allocated among people of different races and ethnicities. Racial and ethnic wealth inequality is growing across the county.
- These disparities are not a natural occurrence nor are they due to the individual failings of people of color.
- Closing the wealth gap will require a new approach to public policy at both the state and national levels.



# Nationally, White Families Are Significantly Wealthier Than All Other Racial and Ethnic Groups Combined

## Household Median Net Worth by Race and Ethnicity, US, 2016

---



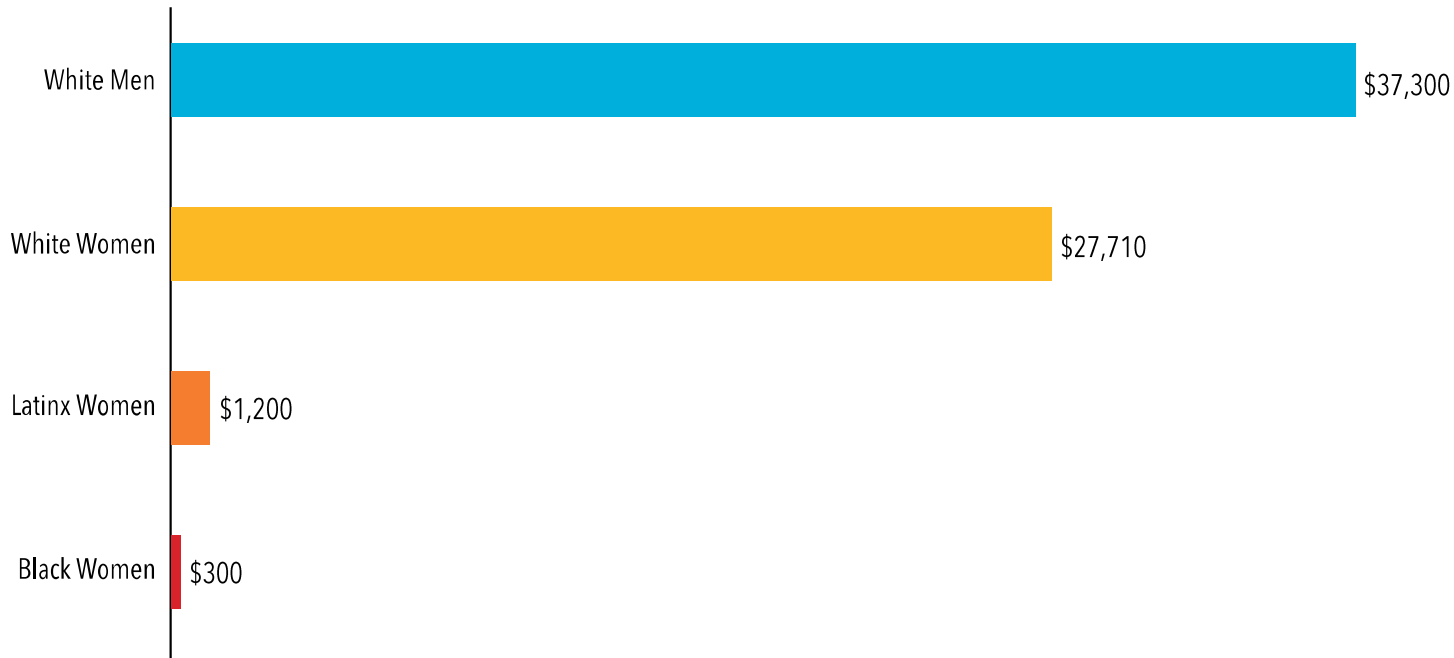
Note: "Other" category includes respondents identifying as Asian, American Indian, Alaska Native, Native Hawaiian, Pacific Islander, other race, and all respondents reporting more than one racial identification.

Source: Lisa Detling et al., Recent Trends in Wealth-Holding by Race and Ethnicity: Evidence From the Survey of Consumer Finances (Board of Governors of the Federal Reserve System: September 27, 2017).



# Median Wealth for Single White Men and Single Women by Race and Ethnicity in the US, 2016

---



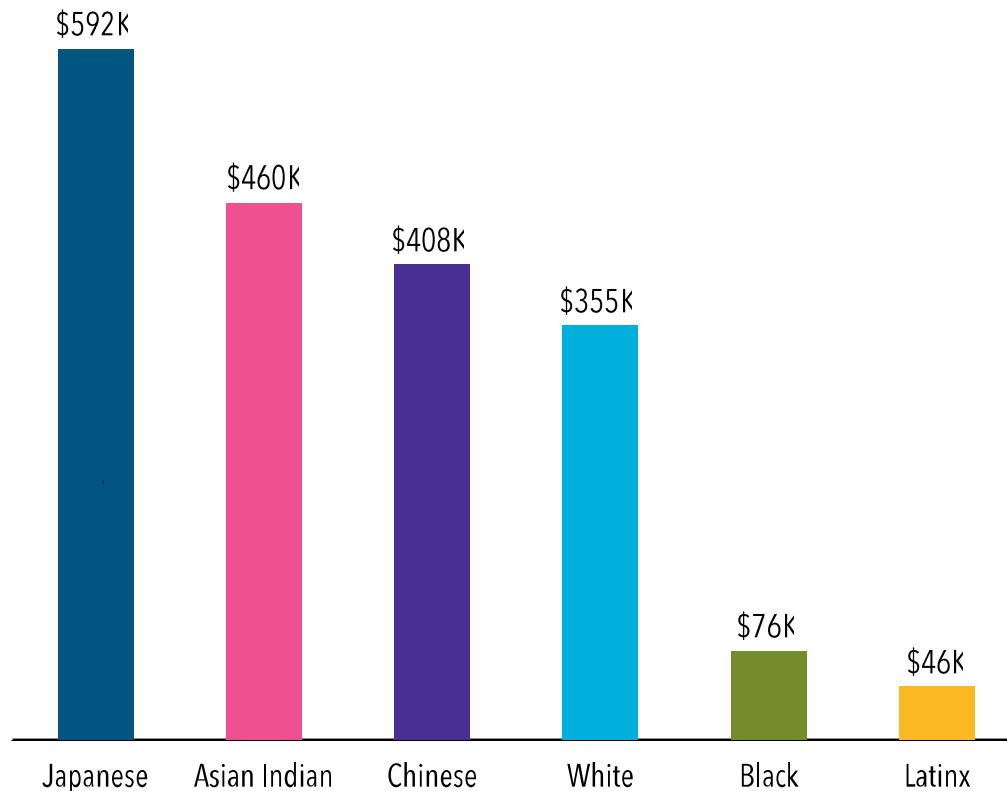
Note: Data are for individuals ages 18 to 64. Race and ethnicity categories are mutually exclusive. "Other" category not shown here. Wealth is defined as total assets minus total debt. The wealth estimates do not include vehicles.

Source: Budget Center analysis of the Federal Reserve Board, Survey of Consumer Finances



# In the Los Angeles Area, Black and Latinx Californians Have Significantly Less Wealth Than Do Other Groups

Household Median Net Worth by Race and Ethnicity, 2014



Note: Data are for Los Angeles and Orange counties.

Source: 2014 National Asset Scorecard and Communities of Color survey. See Melany De La Cruz-Viesca et al., *The Color of Wealth in Los Angeles* (Duke University, The New School, the University of California, Los Angeles, and the Insight Center for Community Economic Development: March 2016).



**The racial and ethnic wealth gap has its roots in our earliest policies and practices.**



# The Relationship Between Racism and Wealth

---

- Under slavery, enslaved Africans were valuable, wealth-generating assets.
- US policy has substantially restricted communities of color from the wealth-building policies that helped grow the American middle class. Some examples:
  - The Federal Housing Administration and homeownership
  - Limited access to the GI Bill's benefits



**Individual achievement is not sufficient to overcome growing racial and ethnic wealth inequalities.**

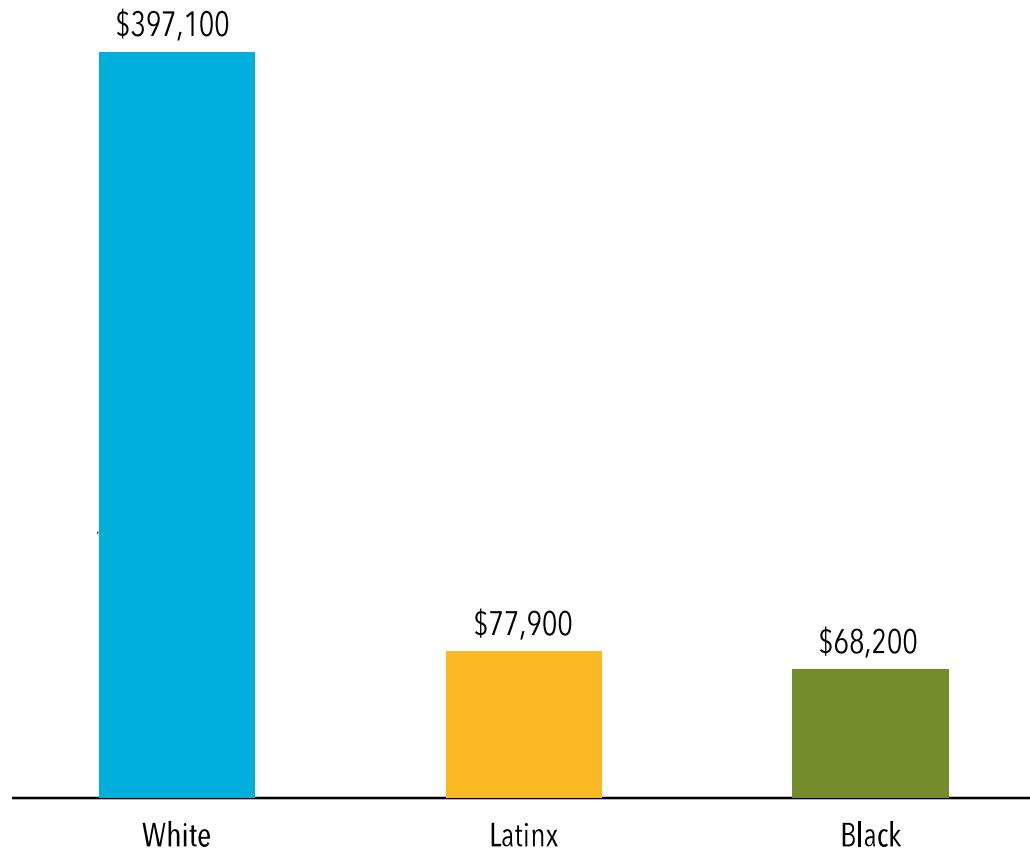




# Nationally, Whites With a College Degree Have More Wealth Than Do Latinx and Black College Graduates

Median Net Worth by Race and Ethnicity for Households With a College Degree, US, 2016

---



Note: Data are for households with a bachelor's degree or higher.

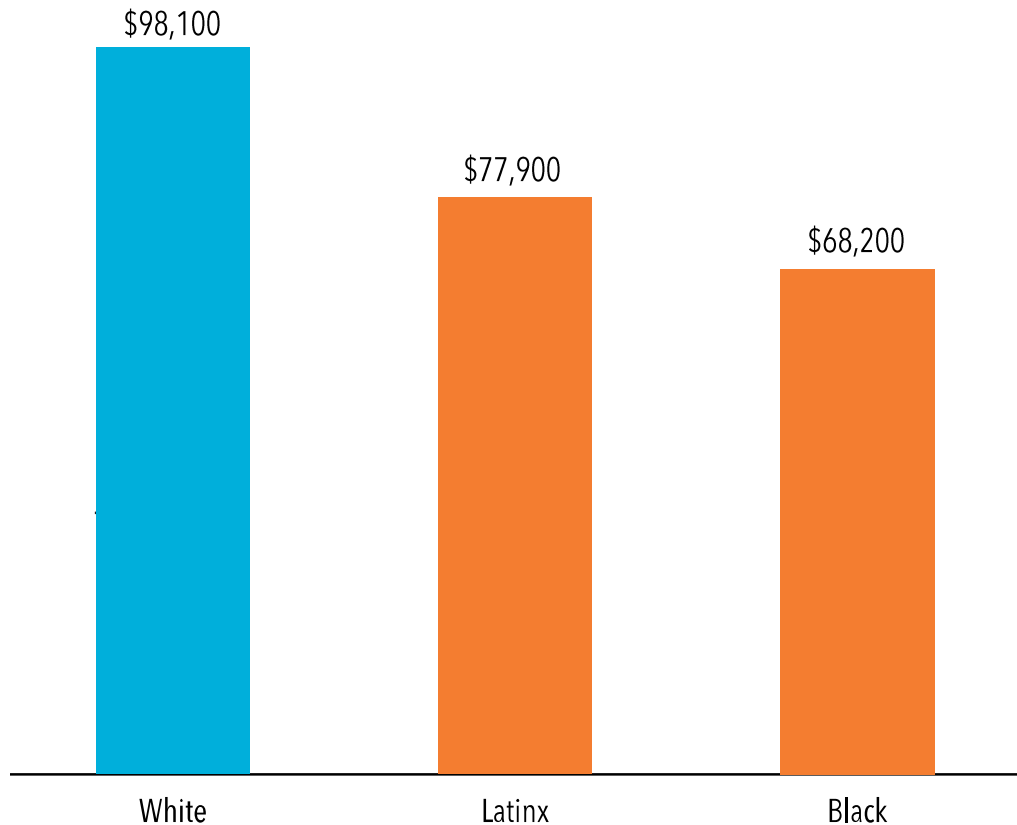
Source: Lisa Detling et al., Recent Trends in Wealth-Holding by Race and Ethnicity: Evidence From the Survey of Consumer Finances (Board of Governors of the Federal Reserve System: September 27, 2017).



# White Households *Without* a College Degree Still Have More Wealth Than Do Latinx and Black Households *With* a Degree

## Median Net Worth by Race, Ethnicity, and Educational Attainment, US, 2016

---



Note: Data are for households with a bachelor's degree or higher.

Source: Lisa Detling et al., Recent Trends in Wealth-Holding by Race and Ethnicity: Evidence From the Survey of Consumer Finances (Board of Governors of the Federal Reserve System: September 27, 2017).



# Strategies to Address the Racial Wealth Gap

---

- Advance a state-level estate tax
- Support homeownership for low-income Californians
- Promote debt-free public higher education for low- and middle-income households
- Support Children's Savings Accounts and Baby Bonds



# Strategies to Address the Racial Wealth Gap (cont'd)

---

- Fund collection of more disaggregated data for:
  - Native American and Asian Pacific Islander populations
  - LGBTQ community
  - Immigrant and second-generation populations
- Support organizations working against wealth-stripping fines and fees





California Budget  
& Policy Center

1107 9th Street, Suite 310  
Sacramento, California 95814

916.444.0500

[ehutchful@calbudgetcenter.org](mailto:ehutchful@calbudgetcenter.org)

[@esi\\_hutchful](#)

[@CalBudgetCenter](#)