Examining Racial and Gender Wealth Inequity: How Public Policy Promotes and Prevents Shared Prosperity in Our Communities

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Why the women’s wealth gap matters

• A national conversation is underway about the social, political and economic rights of women.
• It’s critical to the economic security of families, communities and the nation.
• Our national conversation about inequality typically focus on income.
• Closing the gender income gap is critical, but it’s not enough because it’s only part of the problem.
The Women’s Wealth Gap

• Today, the women’s wealth gap is much larger than the income gap.
• It’s a chasm for women of color.
• Black and Latinx women own pennies on the dollar compared to white men and women.
Historical causes of the gap

• To understand the gap, we need to look at our nation’s long history of racial and gender discrimination.

• People of color and women have long been prohibited from building wealth due to de jure and de facto discrimination.

• And the drivers of the women’s wealth gap are not behind us.
Contemporary causes of the gap

• Pay gap and lack of paid leave
• Limited access to private and public sector benefits designed to help turn income into wealth
• Asset limits force women to spend down savings
• Women-owned businesses don’t produce wealth for their owners
• Discrimination in mortgage markets
Who benefits?

• There’s no such thing as a “free market”—policies determine who wins…and who loses.

• Many policies are blocking, rather than fueling women’s economic prosperity.

• Now is the time to ask, “who benefits”?

• If the answer isn’t women, then now is the time for change.
Promising solutions

- Advance pay equity, paid leave and supportive family care policies
- Develop tailored financial products and services
- Expand opportunities for women to save and invest
- Increase access to public and private sector benefits
- Regulate or eliminate predatory products and practices
Policy Priorities

• California priorities (2018):
  – Expansion of the CalEITC
  – Elimination of money bail
  – Rollout of CalSavers

• National priorities (2019):
  – Paid leave
  – Family Self Sufficiency (FSS) program
  – Baby bonds
Closing the Women’s Wealth Gap:
Moving from Poverty to Prosperity

Women & Families

Financial Knowledge/Credit Building
- Financial education and coaching at key points in women’s lives
- Two-generation strategies
- Credit-building strategies
- Credit counseling and legal aid

Savings and Higher Education
- Matched savings (IDAs, CSAs, etc.)
- Flexible savings accounts
- Expand access to retirement savings plans and incentives
- Combat predatory student loans
- Reduce educational debt among young women/women of color
- Make 529 accounts more accessible

Income and Work-based Strategies
- Fight for pay equity
- Increase minimum wage
- Eliminate hiring and promotion barriers
- Address barriers to higher paying sectors
- Expand women’s access to:
  - affordable child care
  - paid sick and family leave

Expand Access to Wealth Escalator
- Expand women’s access to:
  - Employer-provided benefits (e.g. federal and state auto IRA policies, pro rata benefits for part-time workers)
  - Tax-code based benefits (e.g. maximize refundable credits; turn deductions into credits)
  - Social Security benefits (e.g. caregiver credits)

Economic Prosperity

Expand Investment Opportunities
- Address gender disparities in mortgage lending
- Expand women’s access to home ownership incentives
- Support microenterprise programs targeting women
- Support growth of women-owned businesses

Asset Preservation
- Regulate wealth-stripping financial products and services
- Raise or eliminate asset limits in public benefits programs
- Reduce or eliminate fines and fees
- Bail Reform

Produced by the Closing the Women’s Wealth Gap initiative. For more information, contact Director Heather McCulloch at heather@womenswealthgap.org.
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