# The Federal Reserve Bank of Minneapolis Opportunity & Inclusive Growth Institute

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# RHETORIC

*"We are post-racial"*

America has largely transcended the racial divide

A shift from social responsibility for the conditions of black America
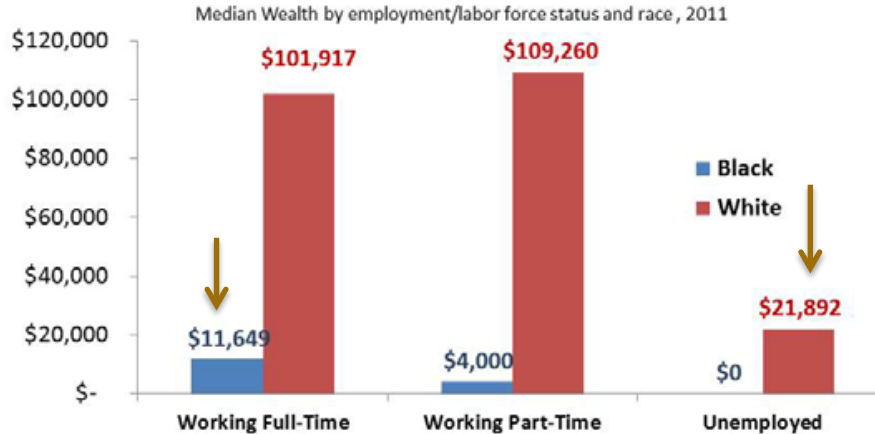
Blacks are enjoined to;
   "get over it"
   "stop playing the victim role"
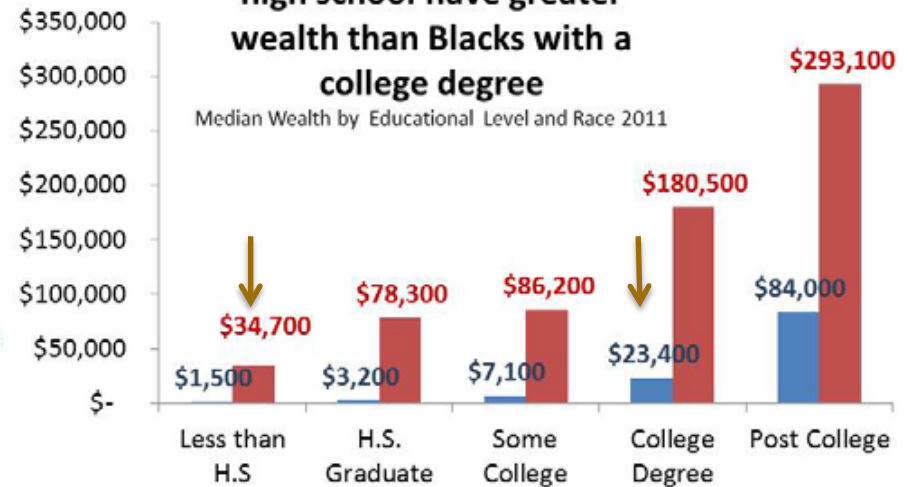   "stop making excuses"
   "take personal responsibility"

Study hard, graduate from college and get a good job

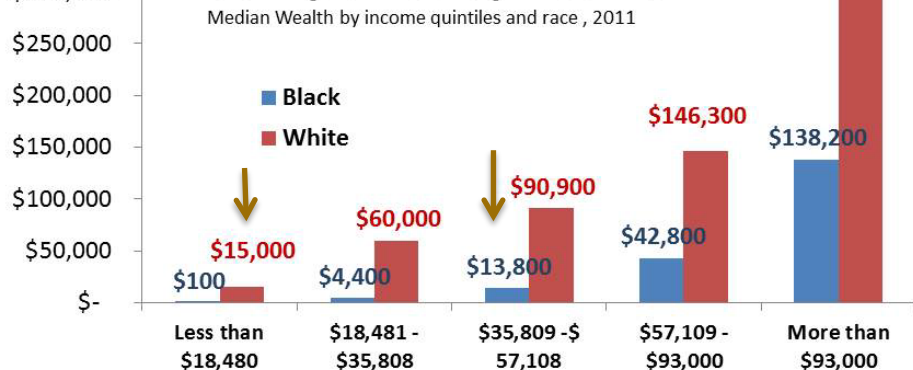# Hard Work Isn't Enough to Close the Racial Wealth Gap

Median Wealth by employment/labor force status and race, 2011

- **Working Full-Time:** Black $11,649 / White $101,917
- **Working Part-Time:** Black $4,000 / White $109,260
- **Unemployed:** Black $0 / White $21,892

## Racial Wealth Inequality is Not Explained by Income

Median Wealth by income quintiles and race, 2011

- **Less than $18,480:** Black $100 / White $15,000
- **$18,481 - $35,808:** Black $4,400 / White $60,000
- **$35,809 -$57,108:** Black $13,800 / White $90,900
- **$57,109 - $93,000:** Black $42,800 / White $146,300
- **More than $93,000:** Black $138,200 / White $320,400

## Studying hard is not enough

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

Median Wealth by Educational Level and Race 2011

- **Less than H.S:** Black $1,500 / White $34,700
- **H.S. Graduate:** Black $3,200 / White $78,300
- **Some College:** Black $7,100 / White $86,200
- **College Degree:** Black $23,400 / White $180,500
- **Post College:** Black $84,000 / White $293,100

THE SAMUEL DUBOIS COOK CENTER ON SOCIAL EQUITY AT DUKE UNIVERSITY

THE NEW SCHOOL

3

# 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

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# 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"

**NASCC**
**NATIONAL ASSET SCORECARD FOR COMMUNITIES OF COLOR**

**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 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 |
| *Black Subtotal* | *715* | *26%* | |
| 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 |
| *Latino Subtotal* | *688* | *25%* | |
| 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 |
| *Asian Subtotal* | *627* | *23%* | |
| Amer Indian Tribal Enr | 112 | 4% | TUL |
| Amer Indian no Tribal Enr | 70 | 3% | TUL |
| *Native American Subtotal* | *182* | *7%* | |
| Multi Racial | 64 | 2% | LA,DC |
| NEC | 13 | 0% | |
| *White* | *448* | *22%* | LA, MIA, TUL, DC, BOS |

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

# MEDIAN VALUE OF HOUSEHOLD INCOME

| Ethnicity | LA | Miami | Boston | Tulsa | DC |
|---|---|---|---|---|---|
| U.S. Black Descendent | $53,500^ | $40,000^^ | $41,200^^^ | $25,000^^^ | $72,000^^^ |
| Caribbean Black | | $45,000 | $55,000^^ | | |
| Cape Verdean | | | $46,000^^^ | | |
| African Black | $115,000 | | | | $59,000^^^ |
| Mexican | $50,000^^ | | | $32,000^^^ | |
| Cuban | | $40,000^^ | | | |
| Puerto Rican | | $45,000 | $25,000^^^ | | |
| Dominican | | | $37,000^^^ | | |
| South Amer Latino | | $48,000 | | | |
| Cherokee, Tribal Enr | | | | $60,000 | |
| Creek, Trbal Enr | | | | $40,000^^ | |
| Other, Tribal Enr | | | | $42,000^ | |
| Amer Indian, no Tribal Enr | | | | $35,000^^ | |
| Chinese | $70,000 | | | | $110,000 |
| Japanese | $75,000 | | | | |
| Korean | $60,000 | | | | $95,000 |
| Filipino | $80,000 | | | | |
| Vietnamese | $50,000^^ | | | | $90,000 |
| Asian Indian | $100,000 | | | | $90,000 |
| White | $95,000 | $65,000 | $90,000 | $65,000 | $110,000 |

# 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 |

# 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 |

# SOME LESSONS ACROSS FIVE CITIES

- **Variation within broadly defined ethnic categories**

- **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 Blacks and Mexicans persistently at the bottom**

## Limitations:

1. Statistical Power
2. External Validity
3. Examines only Private Assets

How can the Fed help address these three limitations?