



Lifting as We Climb:

Women of Color, Wealth, and America's Future

Presented by Mariko Chang, PhD

mchang19@gmail.com



Income vs. Wealth

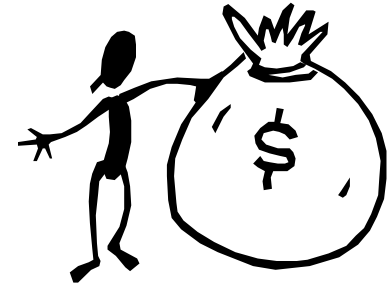
- Income = flow of money into a household over a period of time
- Wealth = net worth; value of a household's assets minus debts at a single point in time



Wealth = Assets-Liabilities

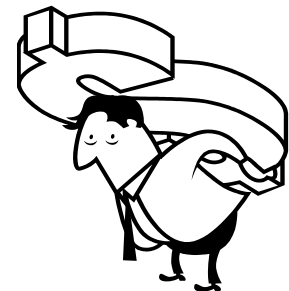
- Assets:

- Savings, Checking Accounts
- Real Estate Owned
- Stocks, Bonds, Mutual Funds
- Business Assets
- 401k, IRAs
- Etc.



- Liabilities:

- Mortgage
- Credit Card Debt
- Loans
- Etc.





Why Wealth?

- Wealth inequality >> income inequality
 - Top 1% - 17% income, 34% wealth
 - Bottom 60% - 22% income, **4%** wealth
- Wealth confers benefits income doesn't
 - Can generate further income
 - Collateral for loans
 - Passed from generation to generation
 - Weather financial crises



Racial Wealth Gap

- For every dollar of wealth owned by the typical white family, the typical family of color owns only 16 cents
- Inequities in the past live today through inheritance



Why Care About the *Women's* Wealth Gap?

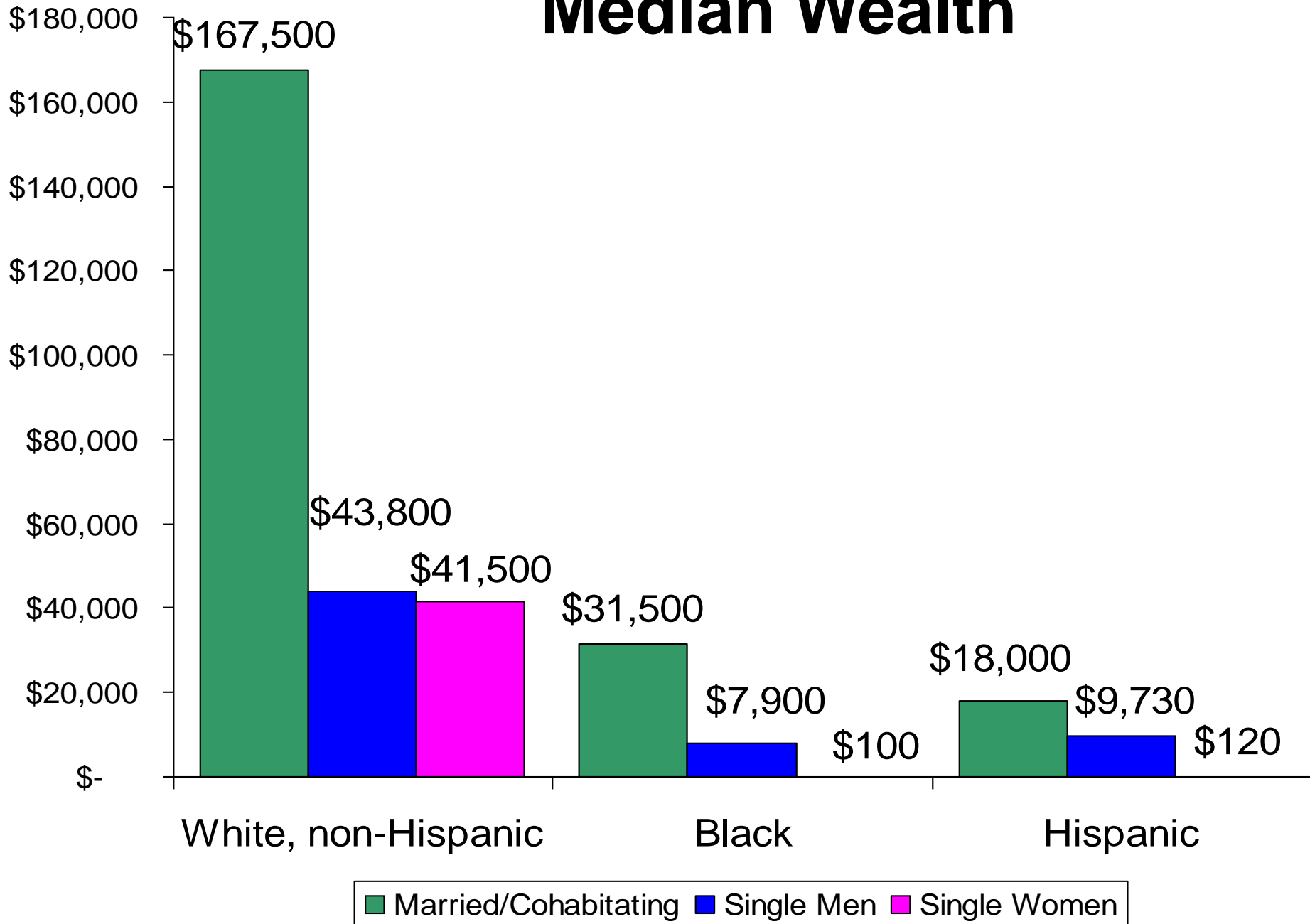
- About half of all households are non-married households
- About half of all marriages end in divorce
- Married women outlive husbands; widowhood is not a financial windfall for most
- Women spend more years single than married
- Women need more wealth because they live longer than men



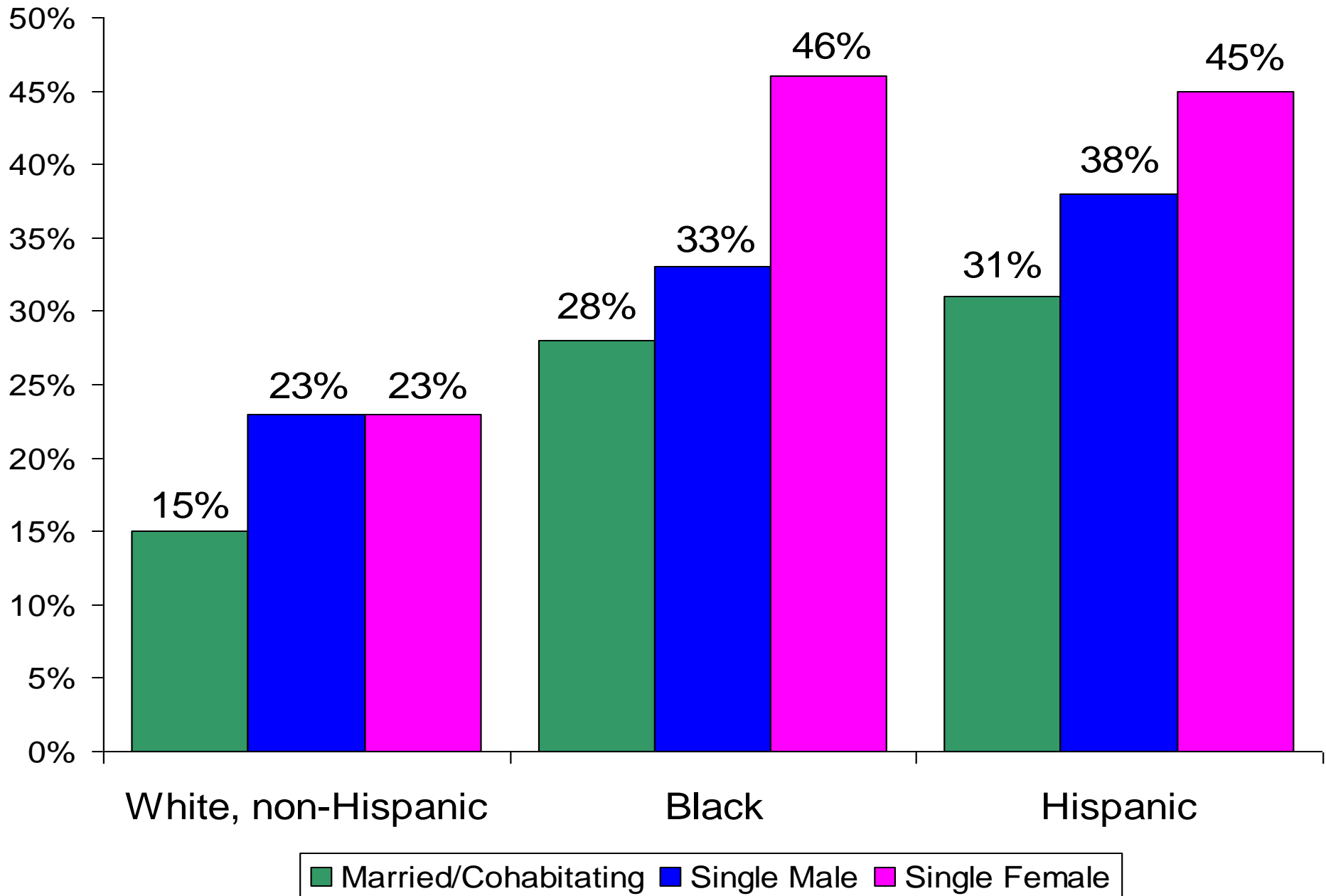
Data

- 2007 Survey of Consumer Finances
 - Sponsored by the Federal Reserve Board
 - Collected prior to economic crisis
 - People of color:
 - Black, African American
 - Hispanic (of any race)
 - But: Asian, Native American, Other are combined
 - Focus here on ages 18-64

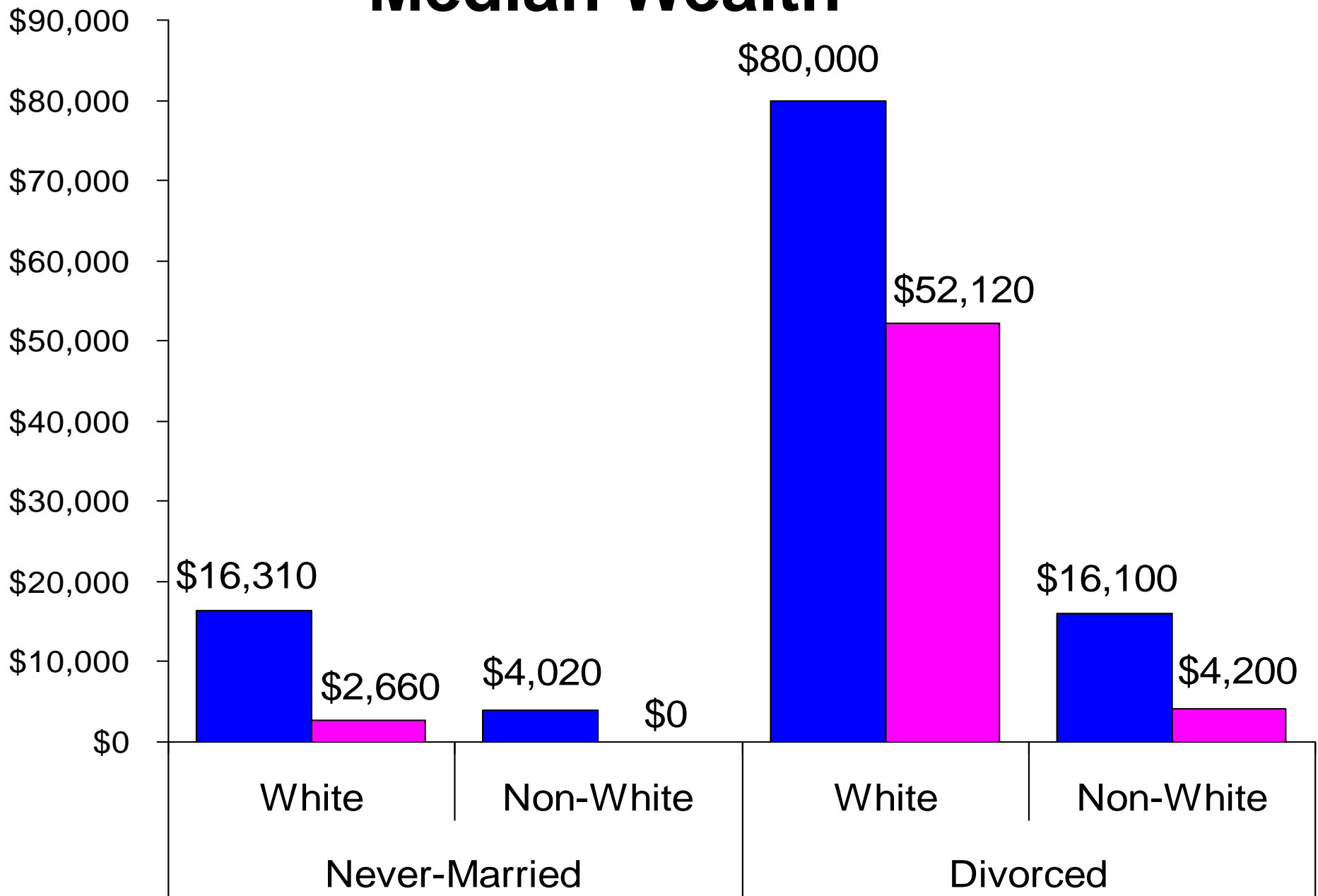
Median Wealth



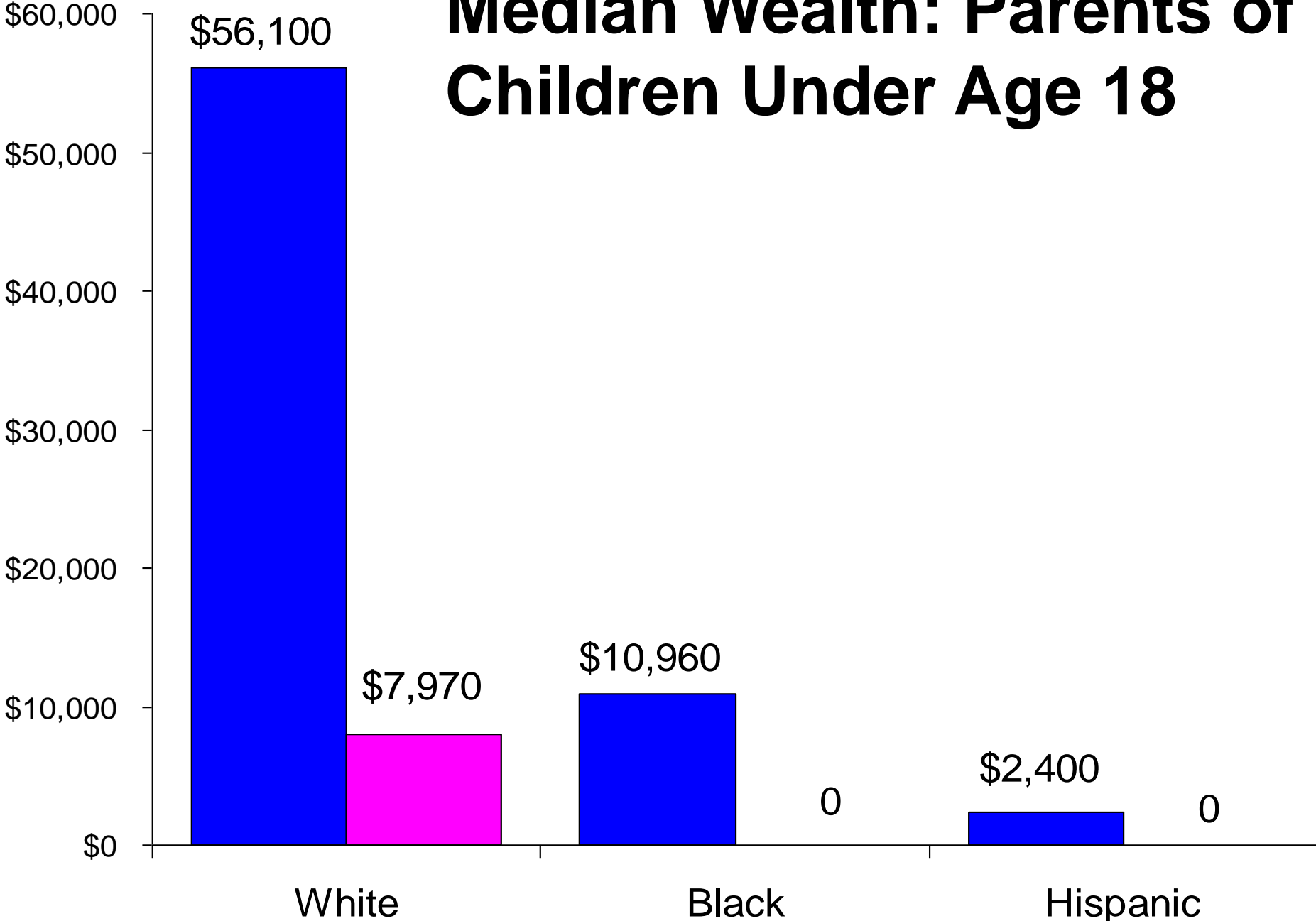
Percent with Zero or Negative Wealth



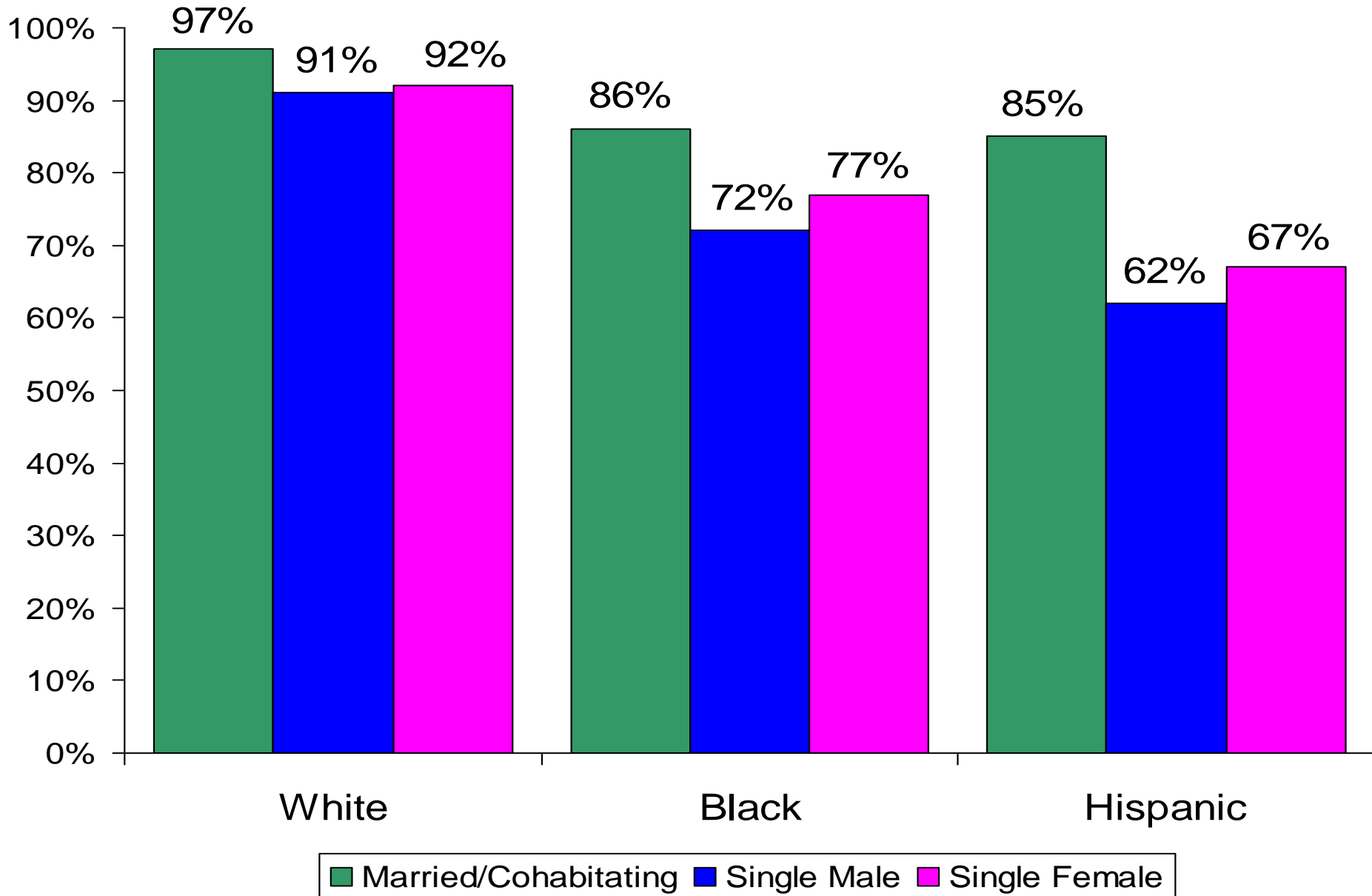
Median Wealth



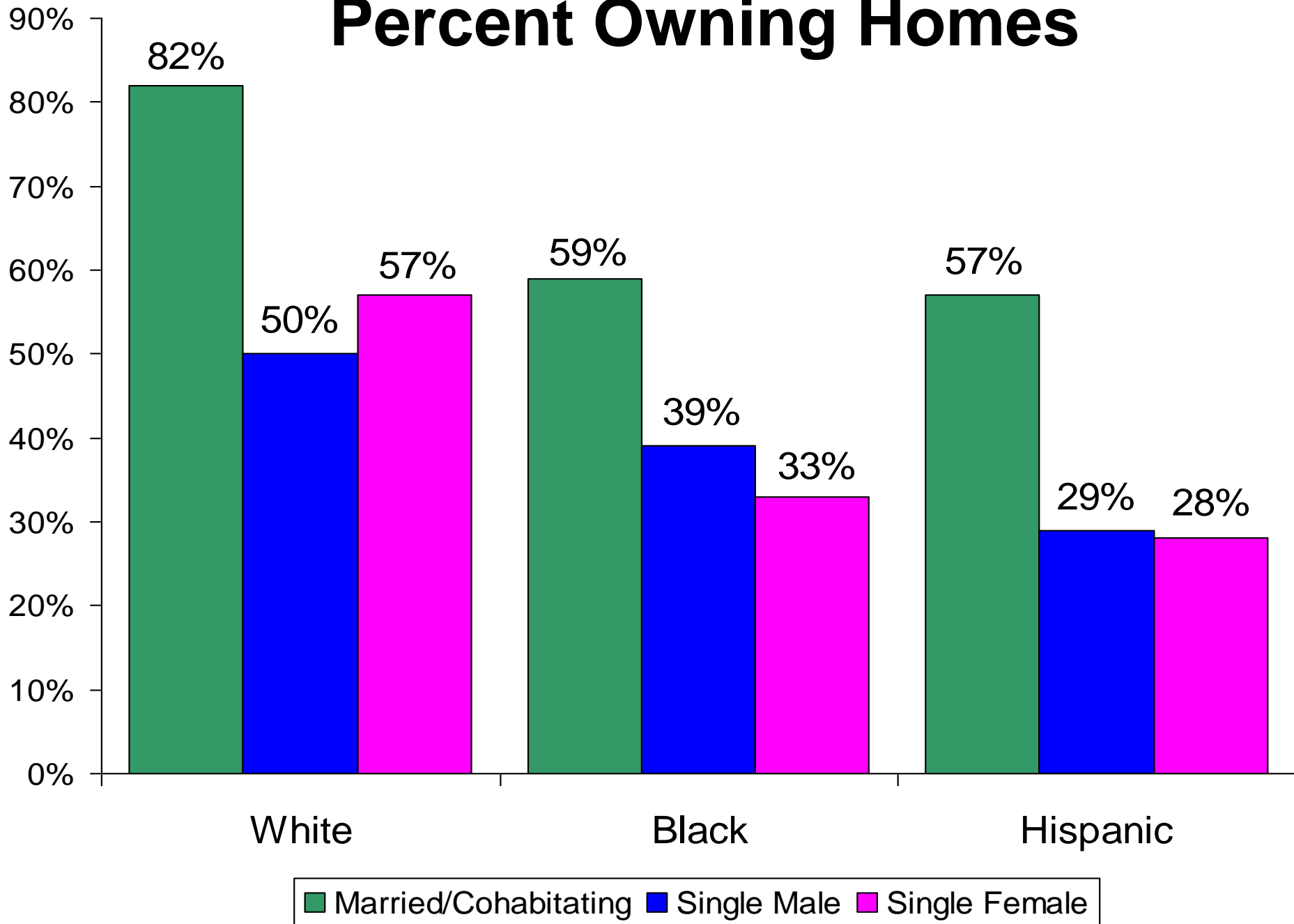
Median Wealth: Parents of Children Under Age 18



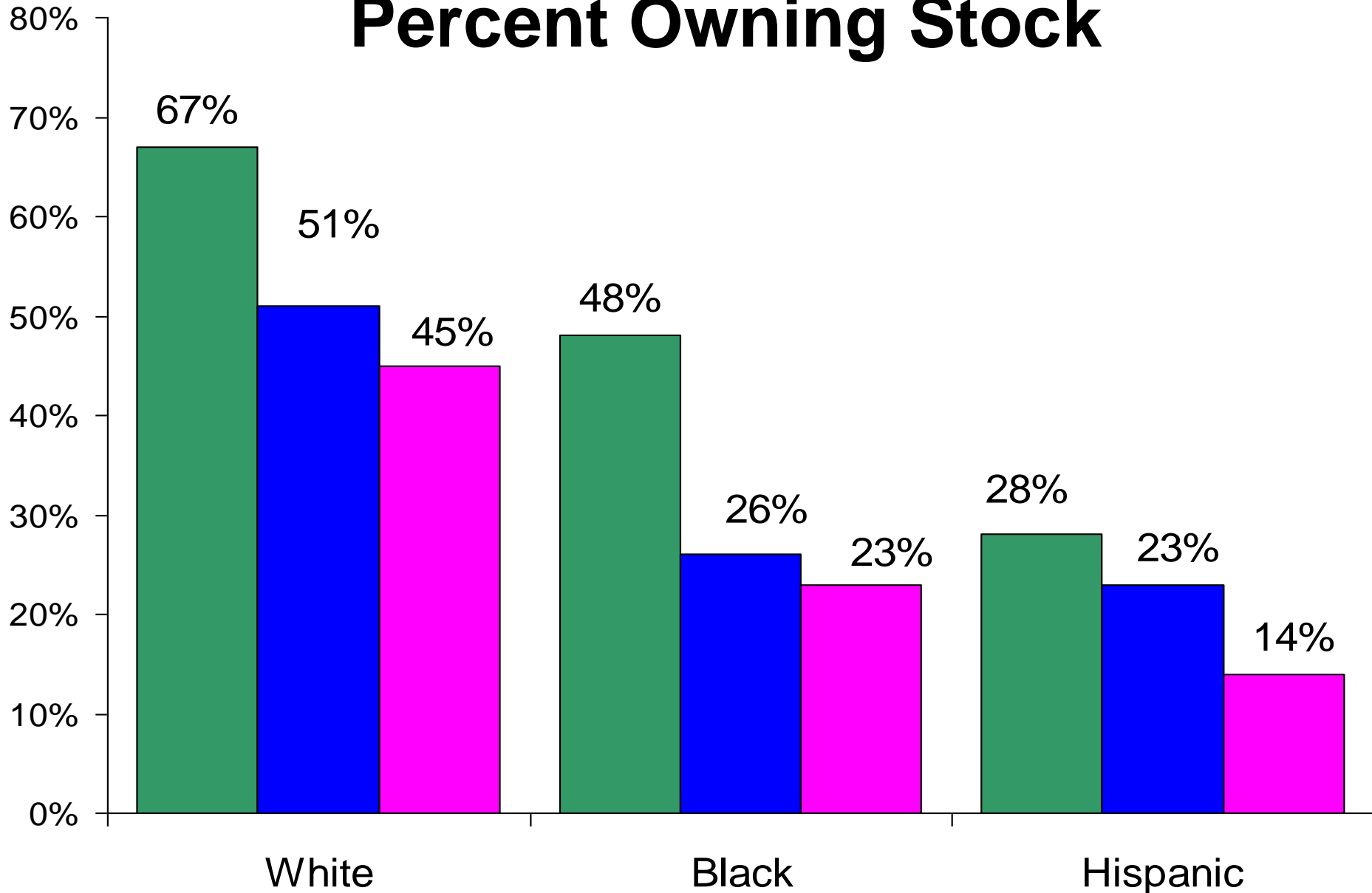
Percent Owning Cash Accounts



Percent Owning Homes

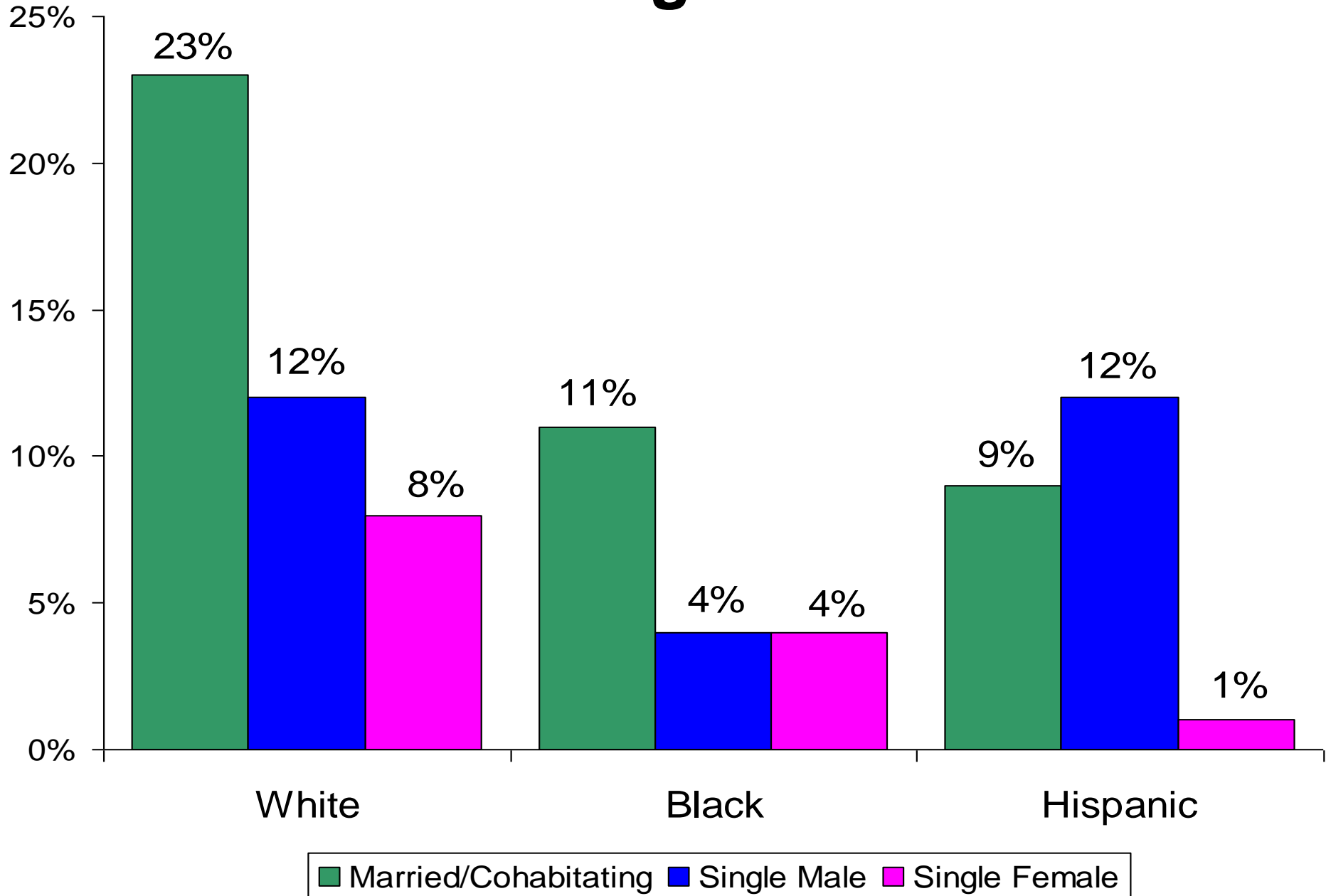


Percent Owning Stock

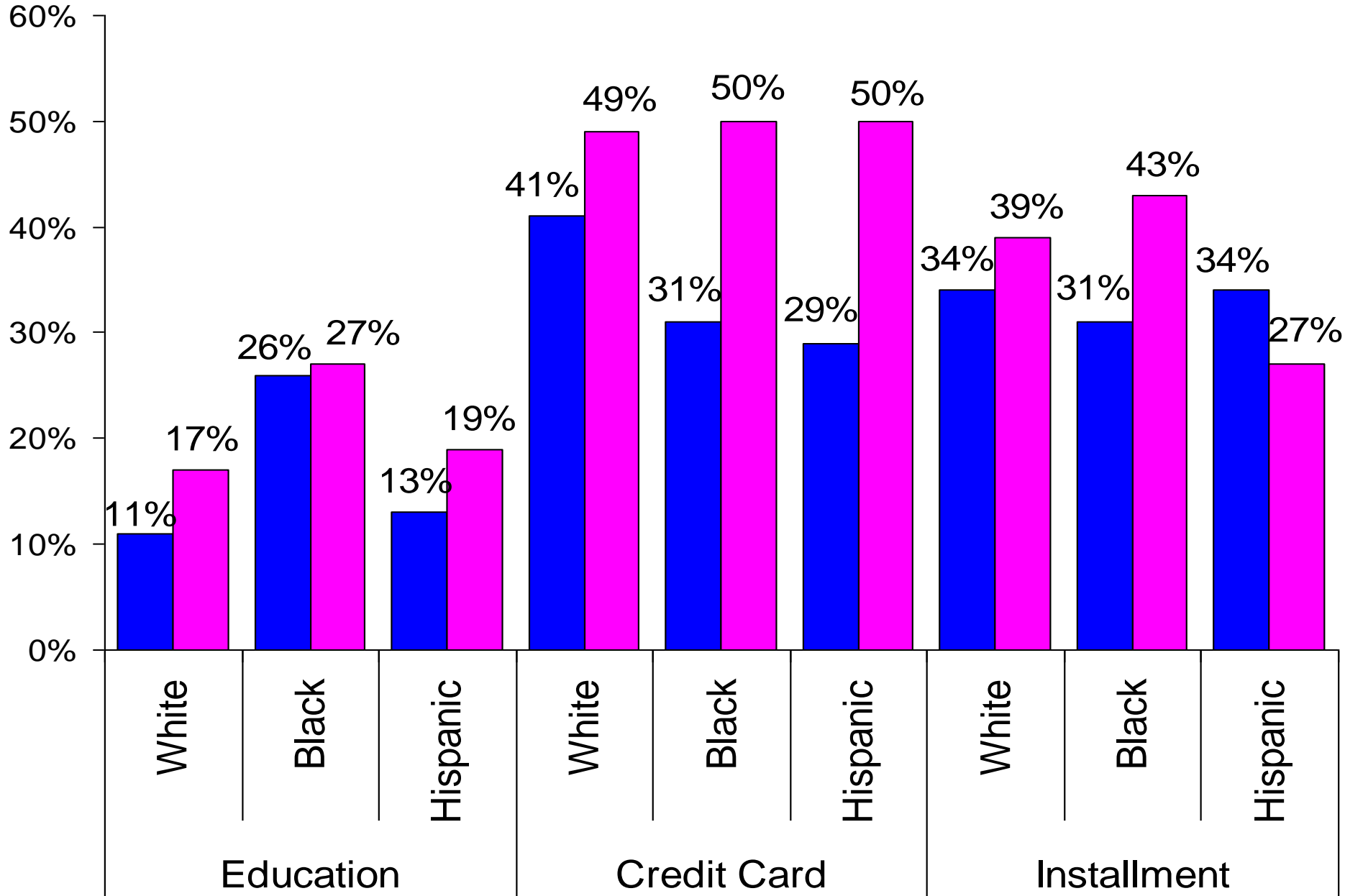


■ Married/Cohabiting ■ Single Male ■ Single Female

Percent Owning Business Assets



Percent with Forms of Debt





Asian American & Native American Women

- Severe lack of data, especially by gender
- Asians: less wealth than whites when control for regional home prices and other socioeconomic factors
- Native Americans: less wealth than whites and have different view of “wealth”



Why?

- Prior Policies
- Current Institutional Factors
- Cultural Reasons



Prior Policies

- Race-specific
 - Ex: Indian Removal Act of 1830, Jim Crow
 - Still feeling the effects today through inheritance
- Gender-specific
 - Ex: married women lack control of property, pregnant women fired



Current Institutional Factors

- Wage Gap
- Subprime Home Mortgages
- Lack of access to the “wealth escalator”
- Others (see briefing paper)

Median Earnings for Full-Time Workers, 2007

	<i>Women</i>	<i>Men</i>	<i>Ratio</i>
White, non-Hispanic	\$36,398	\$50,139	72.6
Black	\$31,035	\$35,652	87.1
Hispanic (of any race)	\$25,454	\$29,239	87.1
Asian	\$40,664	\$51,174	79.5
American Indian, Alaska Native	\$28,837	\$34,833	82.8
Native Hawaiian, Pacific Islander	\$29,835	\$36,624	81.5
TOTAL	\$34,278	\$44,255	77.5



Even with the same incomes...

Women (and especially women of color) would have less wealth:

- Women more likely to be custodial parents and support more people on one income
 - Less disposable income to save or invest
- Women less likely to have access to the “wealth escalator”



Wealth Escalator

- Translates Income into Wealth More Quickly
- Fringe Benefits
- Tax Code
- Structure of Government Benefits



Wealth Escalator: Fringe Benefits

- Directly build wealth
 - Ex: stock options, pension/401k contributions
- Indirectly build wealth
 - Ex: health insurance, paid sick days
- Women of color less likely to work in jobs with fringe benefits



Tax Code

- Lower tax rates on certain forms of income
 - Ex: long term capital gains
- Tax deferral
 - Ex: employer-sponsored retirement contributions
- Tax deductions
 - Ex: mortgage interest deductions

Structure of Government Benefits



- Public Assistance
 - Asset limits; “spend down assets”
- Social Insurance
 - Ex: Social Security
 - Women of color receive lower benefits, but depend more on those benefits



Subprime Home Mortgages

- Women of color more likely to receive subprime home loans at every income level
- Many could have qualified for conventional mortgages
- Cost borrower \$50,000-\$100,000



Cultural Factors

- Sharing economic resources
- Distrust of mainstream financial institutions



Positive Economic Effects

- Women of color are entrepreneurial, growing businesses and creating jobs
- Women of color have language and cultural knowledge valuable in global marketplace
- Development of our nations children: the future globally-competitive workforce
 - Children of single mothers with assets have higher educational attainment



Policy Recommendations

- Improve data collection
 - Economic data collected and disaggregated by race, gender, ethnicity, immigrant status
- Focus on building wealth, not just income



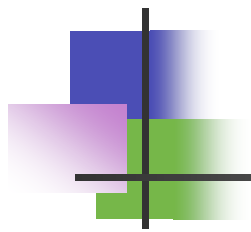
Main Points

- Wealth inequality is distinct from income inequality and much more severe
- Disadvantages of race & gender exponential
- Racial wealth gap cannot close unless gender wealth gap closes
- New strategies needed because excluded from existing strategies that benefit others



Further Information:

- mchang19@gmail.com
- Spring 2010:
www.mariko-chang.com



Thank you