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New Report Exposes Damaging Wealth Gap for Women of Color

*Report from the Insight Center for Community Economic Development
Finds Single Black, Hispanic Women Own a Fraction of a Penny of Wealth
For Every Dollar Owned by Single White Women*

WASHINGTON – Women of color face an enormous wealth gap when compared to the rest of society, undermining their future economic security and the nation's long-term prosperity, according to a report released on Monday to coincide with International Women's Day.

Single black and Hispanic women are particularly hard hit, owning only a penny of wealth for every dollar owned by their male counterparts and a fraction of a penny for every dollar owned by single white women, according to the report released by the Insight Center for Community Economic Development at a Capitol Hill symposium on the economic security of women.

"Because gender and racial economic disparities have been studied separately, we have failed to recognize the daunting economic reality faced by women of color who experience the compounding negative economic effects of being both a woman and a person of color," says the report by former Harvard associate professor Mariko Chang, author of the forthcoming book "*Shortchanged: Why Women Have Less Wealth and What Can Be Done About It.*"

"Women of all races experience a gender wealth gap that is greater than the gender income gap, but the disparities are greatest for women of color," according to the report "*Lifting as We Climb: Women of Color, Wealth and America's Future.*"

Using data from the 2007 Survey of Consumer Finances, the triennial national survey sponsored by the Federal Reserve Board, the report for the first time details the dire economic realities facing women of color. It finds:

- Single black and Hispanic women have a median wealth of \$100 and \$120 respectively; the median for single white women is \$41,500.
- Nearly half of all single black and Hispanic women have zero or negative wealth, the latter of which occurs when debts exceed assets.
- About one-third of single Hispanic women and one-fourth of single black women have no checking or savings account.
- On reservations where unemployment rates can be as high as 70 percent, Native American women are hard pressed to fulfill “job search” requirements to qualify for the Temporary Assistance for Needy Families program.
- While 57 percent of single white women own homes, only 33 percent of single black women and 28 percent of single Hispanic women are homeowners.
- Only 1 percent of single Hispanic women and 4 percent of single black women own business assets compared to 8 percent of single white women.
- While 66 percent of white men and 60.4 percent of white women receive retirement income from assets, the same is true for only 40 percent of Asian women, 25.4 percent of black women and 23 percent of Hispanic women.

Wealth – assets minus debts – is critical to allowing a person to survive financial setbacks like the loss of a job or a large, unexpected health emergency, and gives parents the ability to provide their kids a leg up in life by paying for college tuition or leaving an inheritance, says Meizhu Lui, director of the Insight Center’s Closing the Racial Wealth Gap Initiative.

“The gender wealth gap undermines the current and future economic security of women and their children,” she says.

Structural inequities are the primary cause of the gap for women of color whose earnings are not converted to wealth as quickly because they are not linked with the “wealth escalator” of fringe benefits, favorable tax codes and valuable government benefits, according to the report.

For example, it finds, women of color are more likely to work in service occupations that usually don’t provide wealth-enhancing benefits such as retirement plans, paid sick days and health insurance.

Women of color also benefit less from tax advantages such as the home mortgage interest deduction because they are less likely to own homes – and, if they do, their homes typically have less value and appreciate less quickly.

To help close the wealth gap for women of color, the report recommends:

- Targeting financial resources for education and training of women of color in sectors and occupations with high opportunities for career advancement.

- Instituting a minimum benefit for the Social Security program since elderly women of color disproportionately rely on Social Security as their only source of income.
- Removing asset limits from public assistance program eligibility because without assets women cannot achieve financial security and mobility.
- Encouraging self-employment and small-business development by women of color by allowing micro-enterprise training to count as a job search to satisfy the requirements for unemployment benefits and the TANF program.
- Collecting data on economic programs disaggregated by race, gender, and ethnicity to ensure that women of color are better served; data is particularly lacking for different Asian populations and for Native Americans.

“Providing women of color with equal opportunities to build wealth is an imperative for our nation’s economic and political future,” the report says. “As the racial demographics of the United States continue to shift and our nation becomes majority minority, letting a large group stagnate financially is not only irresponsible, but detrimental to the nation’s economic prosperity over the long run.”

The Insight Center for Community Economic Development is a national research, consulting and legal organization dedicated to building economic health in disenfranchised communities. Its mission is to develop and promote innovative solutions that help people and communities become, and remain, economically secure. It is leading a national effort to close the racial wealth gap in the United States for the next generation. For more information, go to <http://www.insightcced.org> and www.racialwealthgap.org.