

THE  
**RACIAL WEALTH GAP**  
CHARLOTTE-MECKLENBURG

November 2019



THE  
**RACIAL WEALTH GAP**  
CHARLOTTE-MECKLENBURG

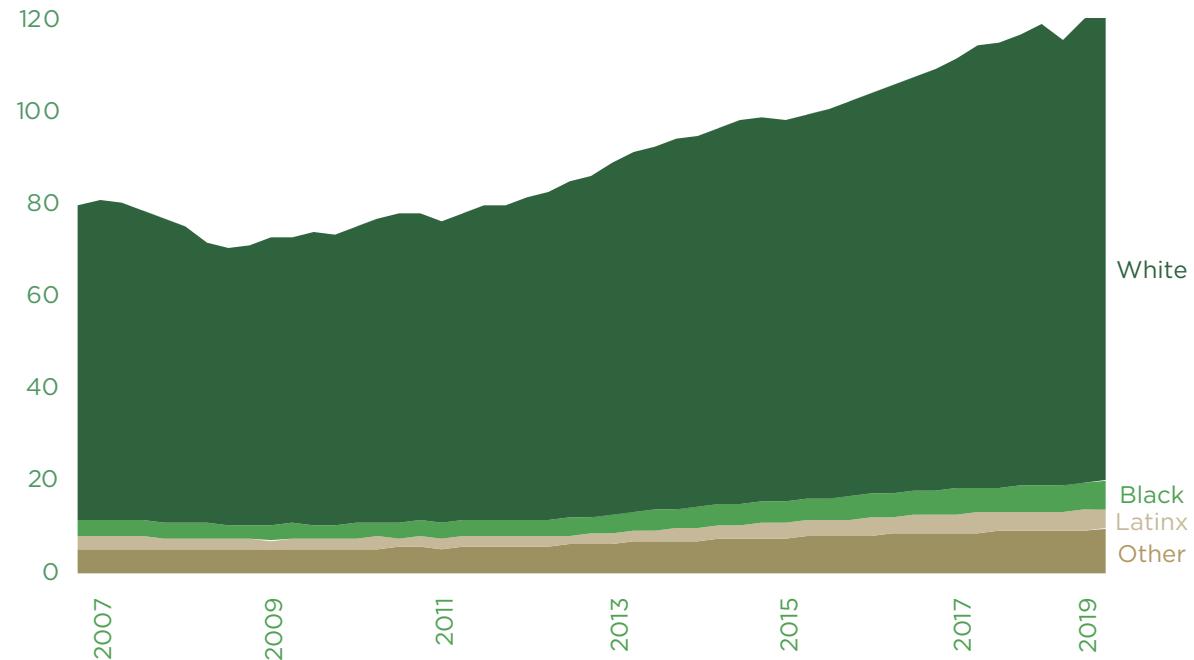
**Prepared by:**

Lori Thomas  
Sydney Idzikowski  
Angelique Gaines  
Justin Lane

---

*Cover visualization: Total U.S. Household Net Worth, 2007-2019, Dollars in Trillions; Unadjusted*  
Source: Distributional Financial Accounts, Federal Reserve Bank

---



THE  
**RACIAL WEALTH GAP**  
CHARLOTTE-MECKLENBURG

**Contributors:**

Jeremiah Prince, *Opportunity Insights*  
Laura Simmons, *UNC Charlotte Urban Institute*  
Alanna Williams, *Opportunity Insights*  
Katie Zager, *UNC Charlotte Urban Institute*

**Reviewers:**

Bridget Anderson, *UNC Charlotte Urban Institute*  
Christian Friend, *C.A. Friend Consulting*  
Raquel Lynch, *Goodwill Industries of the Southern Piedmont*  
Jeff Michael, *UNC Charlotte Urban Institute*  
Patrick McHugh, *North Carolina Justice Center*  
Ely Portillo, *UNC Charlotte Urban Institute*  
Alanna Williams, *Opportunity Insights*  
David Williams, *Opportunity Insights*  
Kailas Venkitasubramanian, *UNC Charlotte Urban Institute*

**Bank of America** partners with the UNC Charlotte Urban Institute and the Institute for Social Capital on research that provides insight into community initiatives.



# TABLE OF CONTENTS

5

## *Introduction*

- 8 Historical Context
- 11 Terms
- 12 Measurement

13

## *The Racial Wealth Gap*

- 15 Net Worth
- 18 Asset Types
- 19 Negative Net Worth

21

## *Pathways of Wealth Accumulation*

- 23 Education
- 30 Income
- 36 Home Ownership
- 42 Business Ownership
- 45 Retirement Savings & Investments
- 28 Intergenerational Transfer

50

## *Strategies to Close the Gap*

- 53 Children's Savings Accounts
- 54 Baby Bonds
- 55 Employee Ownership Conversion

# INTRODUCTION



# Introduction

Previous & current pages:  
Brooklyn, no date  
Photo Credit: Charlotte  
Observer Staff Photo



*Wealth offers families opportunity & protection and is "a paramount indicator of social well-being."<sup>1</sup>*

Wealth opens doors. Families with access to diverse assets beyond their immediate income are able to purchase homes and businesses, pay for a college education, and care for young and aging family members. Wealth also enables families to weather emergencies, serving as

a safety net when job loss, illness, or other unforeseen tragedies occur.

The opportunities and protections offered by wealth, however, are not universally available. White households hold a disparate share of wealth in the United States -at last measure 10 times that of Black households<sup>2</sup> - and thus greater access to the benefits stemming from it.<sup>3</sup>

<sup>1</sup> Hamilton & Darity, 2017

<sup>2</sup> Detting, 2017

<sup>3</sup> e.g., Kilwekald et al., 2017

---

Despite its importance in unlocking a number of social and economic benefits, wealth - particularly the racial gap - is complex and a relatively new focus of research.<sup>4</sup>

Wealth is difficult to measure and address because it is conceptually complex in several ways. First, it is *multifaceted*, rather than unidimensional. Wealth is about more than income, home equity, or any one asset alone.

Second, it is *cumulative* in nature, rather than a point-in-time phenomenon. Wealth develops over time. The wealth of grandparents and great grandparents helps build wealth in subsequent generations.

Third, wealth is *structural*, rather than individual. Conventionally, efforts to address gaps in wealth and income have focused at an

individual or household level, assuming that the underlying problem is in individual behavior, beliefs, or values. However, the roots of the racial wealth gap are systemic, erected by historic economic and social policies.<sup>5</sup>

This report focuses on the structure of the racial wealth gap. We briefly document the historical context of the racial wealth gap, describe recent wealth statistics, examine national and local evidence across various components and processes of wealth, and discuss strategies to address the racial wealth gap.

---

*Wealth is multifaceted, cumulative, and structural, presenting challenges for research and intervention.*

---

<sup>4</sup> Killewald et al., 2017

<sup>5</sup> Hamilton & Darity, 2017

# Historical Context

First day of Urban  
Renewal demolition in  
Brooklyn, 1961.  
Photo Credit: Charlotte  
Observer  
Staff Photo



*Understanding historical context is necessary to understand the racial wealth gap.*

In 1912, the Charlotte Observer published the headline, "Far-sighted man believes that eventually this section, because of its proximity to the center of the city, must sooner or later be utilized by the White population."<sup>6</sup> The man was referring to historic Brooklyn,

now Charlotte's Second Ward. He foreshadowed the destruction of the historically Black community through federally sanctioned policies and local, state, and federally funded contracts.

The story of Brooklyn is one of many such stories in Charlotte and across the nation. Intersecting federal, state, and local policies dismantled wealth and wealth-growing potential in Black, Latinx, and Native communities.

<sup>6</sup> Pyke, 2016

most favorable come first in the list and those exerting the most detrimental effect appear last.<sup>7</sup>

1. English, Germans, Scotch, Irish, Scandinavians	6. Greeks
2. North Italians	7. Russian Jews of the lower class
3. Bohemians or Czechoslovakians	8. South Italians
4. Poles	9. Negroes
5. Lithuanians	10. Mexicans

While precise information on rents between different racial and national groups is lacking, Table XXXVII shows that native whites rank highest and negroes lowest in the average amount of rents paid.

TABLE XXXVII\*

PERCENTAGE OF TOTAL RENTED HOMES OF EACH GROUP IN CHICAGO FALLING WITHIN GIVEN RENTAL CLASS, 1932

Rent	Native White	Foreign-born White	Negro

Photo: Tom Hanchett; Page 316 from Homer Hoyt's 1933 dissertation that informed federal housing policy.

Slavery and the seizing of indigenous lands and resources fueled the economic system that seeded the racial wealth gap in the U.S.<sup>7</sup> The Reconstruction period after the Civil War offered a brief window of wealth-building opportunity for former slaves, but following Lincoln's Assassination, land grants and other wealth-building mechanisms were revoked and dismantled, often violently.<sup>8</sup>

In their place, Jim Crow laws and Black Codes were enacted to *explicitly* limit freedoms, including economic freedom. Subsequent New Deal reforms that were to address the economic needs of citizens following the Great Depression *implicitly* limited benefits for Nonwhite citizens as did post World War II programs through the G.I. Bill. The race-neutral policies of the Civil Rights era could not erase the impact of previous policies on wealth disparity.

Broadly, a range of governmental policies and practices have created and sustained the racial wealth gap, including, but not limited to:

**Housing Policies** "redlined" Nonwhite communities, preventing homeownership and the flow and benefits of capital investment. Redlining was the practice of rating neighborhoods based on perceived financial risk and then systematically denying loans or services in the areas marked in red that were perceived as too risky for investment.

As the picture (*left*) of a page from Homer Hoyt's 1933 dissertation describes, Nonwhite races, particularly "Negroes" and "Mexicans," had a "detrimental effect" on their neighborhoods.<sup>9</sup> Hoyt's work and his role as a housing economist in the newly formed Federal Housing

<sup>7</sup> Sacerdote, 2005

<sup>8</sup> Lui et al., 2006

<sup>9</sup> Hoyt, 1933, p. 316

---

*From housing to labor,  
the impacts of  
government policies  
interact and compound  
to limit wealth.*

Authority shaped the country's housing policy and mortgage practices.<sup>10</sup> Subsequent public housing policies, including Urban Renewal and Hope VI, razed mainly Nonwhite neighborhoods with the promise of better housing and community structures.<sup>11</sup>

**Transportation Policies** identified, appropriated, and razed neighborhoods for federal and local highway development. In urban areas like Charlotte, targeted neighborhoods were largely nonwhite.<sup>12</sup>

**Labor Policies** excluded industries dominated by Black and Latinx workers from policy protections and benefits that

create economic security, like access to Social Security.<sup>13</sup>

**Criminal Justice Policies,** including forced labor exclusions and disparate sentencing guidelines, disproportionately impacted Black communities. Black men are nearly 6 times more likely to be incarcerated than White men.<sup>14</sup>

Other policies, including a range of education and social welfare policies, have had similar disparate impacts on Black, Latinx, and Native communities. Some of these policies have been overturned or are currently being challenged, but their cumulative impact is not as easily undone.

---

*The cumulative impact of multiple policies is not easily undone.*

---

<sup>10</sup> Rothstein, 2017.

<sup>11</sup> Hud, 1974

<sup>12</sup> e.g., Connerly, 2002; Pyke, 2016

<sup>13</sup> e.g. Talen, 2014; Stoesz, 2016

<sup>14</sup> e.g., Western & Wildeman, 2009.

# Terms

---

**Wealth**, or **net worth**, is the total of household financial and non-financial assets less any debt or liability.<sup>15</sup>

**Financial assets** include interest earning and checking accounts, stocks and mutual funds, retirement accounts, and proceeds from the sell of a business.

**Nonfinancial assets** include real estate and durable goods like vehicles.<sup>16</sup>

**Liabilities** include secured liabilities (e.g., mortgages on real estate; debt on business, and vehicle loans) and unsecured liabilities (credit card debts, health-related bills, and educational loans).

**Wealth inequality** is the extent to which wealth is unevenly distributed within a population.

**Income** is the regular flow of money excluding capital gains. This definition includes government cash transfers. The Census Bureau lists 15 alternative definitions for income.<sup>3</sup>

**Income inequality** is the extent to which income is unevenly distributed within a population.

**Economic mobility** is the ability for individuals to move up or down the income distribution.

**Asset Poverty** is lacking sufficient savings or assets that can be used to pay for basic needs for three months without income.

**Race and Ethnicity** are defined in various ways across different measures. These differences are described in-depth in the Appendix.

<sup>15</sup> Federal Reserve Bank, 2019

<sup>16</sup> U.S. Census Bureau, n.d.

# Measurement

About a dozen surveys measure U.S. household wealth,<sup>17</sup> but most reports rely on the three surveys described below. These sources, however, do not provide local estimates.

## Panel of Income Study

**Dynamics** (PSID), University of Michigan. Nationally representative, longitudinal survey. Does not track the upper end of the wealth and income distribution. Surveys were conducted every year from 1968-97 and every other year from 1999-2017.

## Survey of Consumer Finances

(SCF), Federal Reserve Bank. Nationally representative, cross-sectional survey. Oversamples households at upper end of the income distribution. Conducted every 3 years. Last survey was in 2016. Classifies race and ethnicity as *White*, *Black*, *Hispanic*, and *Other*.

**Survey of Income and Program Participation** (SIPP), U.S. Census Bureau, Nationally representative series of continuous 2.5-4 year panel surveys. Oversamples households at the lower end of the income distribution. A new survey design launched in 2014. Classifies race and ethnicity as *White only*, *Black only*, *Asian only*, *Hispanic or Latino*, and *Residual (Other)*.

## Distributional Financial Accounts

**Accounts** is a new source on wealth from the Federal Reserve Bank. It combines the SCF wealth measures to the Financial Accounts of the U.S., providing quarterly estimates on the distribution of aggregate household wealth.<sup>18</sup>

**Wealth to Income Ratio** is the ratio of household wealth to household income. The current aggregate household ratio is 6.6.

<sup>17</sup> Killewald et al., 2017

<sup>18</sup> Batty et al., 2019.



# THE RACIAL WEALTH GAP

# The Racial Wealth Gap



*Nationally, the median wealth of White households is **10 times** that of Black households and **8 times** that of Latinx households.<sup>19</sup>*

Key economic indicators demonstrate persistent racial and ethnic disparities in wealth. Information on net worth, assets, and debt describe wealth disparities from slightly different

perspectives but together define the problem.<sup>20</sup>

The most comprehensive sources for wealth measurement are available only at the federal level. However, local numbers on negative net worth and asset poverty can give additional insight into the extent of the racial wealth gap in Charlotte-Mecklenburg.

---

Previous & current page:  
Brooklyn, 1963, Brevard at Stonewall;  
Photo credit: UNC Charlotte Atkins Library Special Collection

---

<sup>19</sup> Dettling, 2017  
<sup>20</sup> Darity, 2019

---

## Median & Mean Net Worth

U.S. Households, 2016 dollars

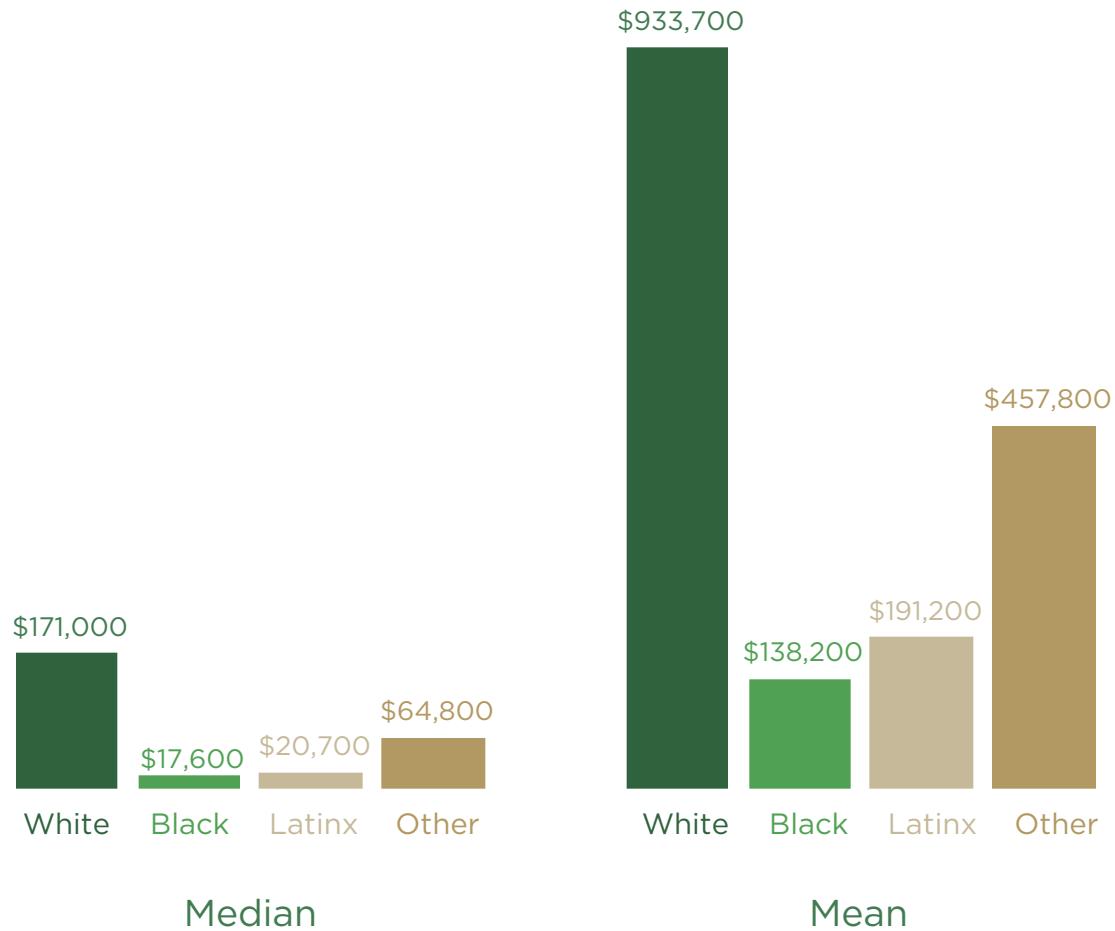
---

*The median net worth of White households in the U.S. exceeds that of any other racial or ethnic group.*

---

Net worth is typically measured by the median, or middle value in each distribution, rather than the mean or average of all values in the distribution. Median values better represent the typical group member. However, the typical values may obscure the extent of wealth or lack of it in the highest and lowest ends of the distribution. For example, 97% of White wealth is held by households above the median, or typical, number.<sup>21</sup>

<sup>21</sup> Darity, 2019



Source: Federal Reserve Board, Survey of Consumer Finances, 2016

---

## Median Net Worth

### U.S. Households, 2007-2016

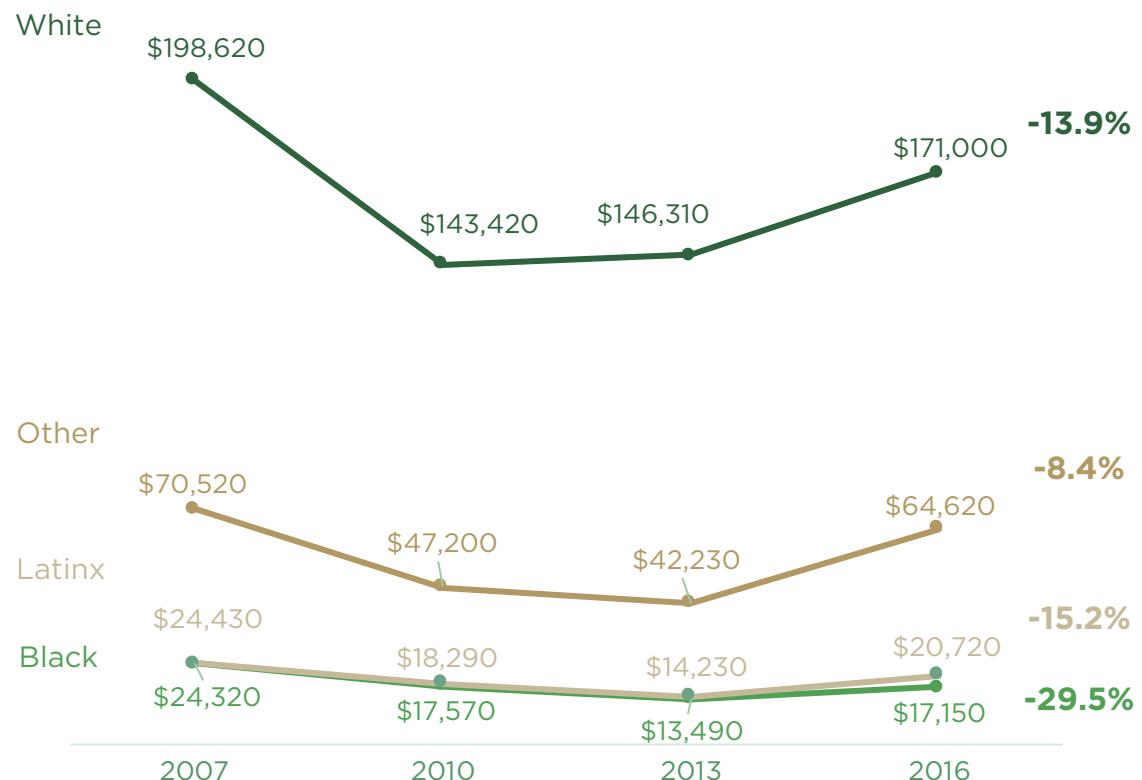
#### 2016 Dollars

---

*From 2007 to 2016, Median net worth fell 13.9% for White families and 29.5% for Black families.*

---

The Great Recession (2007-2010) negatively impacted the net worth of all households. Immediately after the recession (2010-2013), White households were able to begin recovery sooner. Overall, White households lost 13.9% of their wealth between 2010 and 2016, while Black households lost 29.5% of their wealth in the same period, further widening the racial wealth gap.



*Source: Federal Reserve Board, Survey of Consumer Finances, 2007-2016*

---

## Median Net Worth

### U.S. Households, 2007-2016

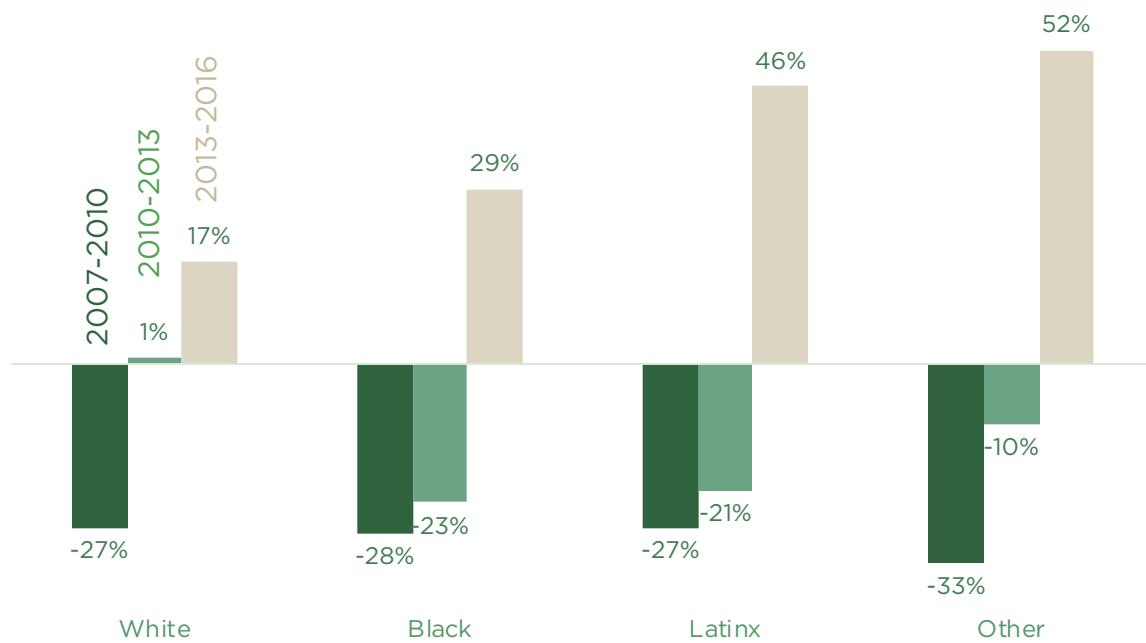
#### Percent change

---

*Black and Latinx households only recovered a small portion of their pre-recession wealth in the period following the recession.*

---

In the period following the recession (2010-2013), White households stopped losing wealth and began to recover, while Nonwhite households, particularly Black and Latinx families, continued to lose pre-recession wealth. Between 2013 and 2016, median net worth rose more among Nonwhite households, but gains have done little to close the wealth gap, which worsened considerably after the recession.



Source: The Federal Reserve Board, Survey of Consumer Finances, 2007-16

---

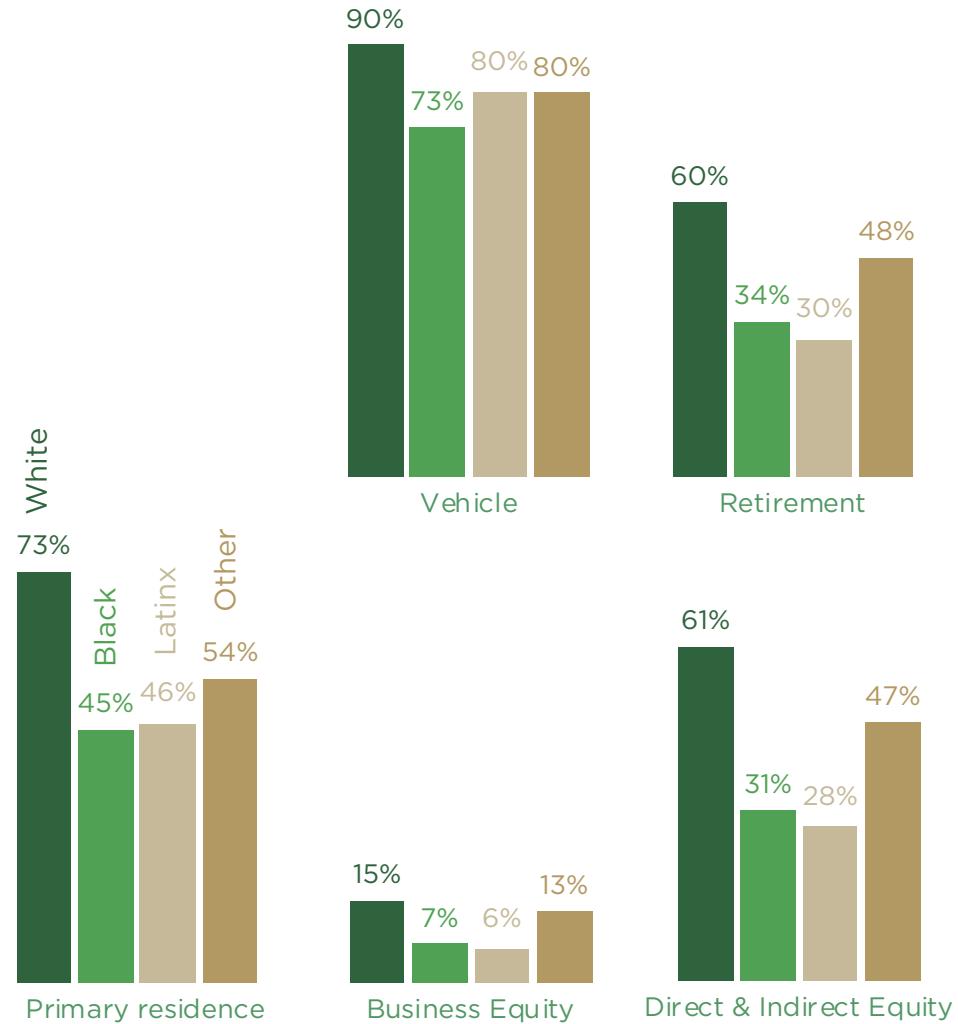
*White households have a more diversified wealth portfolio.*

---

More than 60% of White families have retirement accounts and direct or indirect equity. Black and Latinx families have roughly half of these assets. With more types of assets on hand, White families are better protected against market forces and sudden decreases in investments, as well as better positioned to expect higher gains from existing assets.

## Asset Types

### U.S. Percent of Households with Asset, 2016



Source: Federal Reserve Bank, 2018

---

## Negative Net Worth

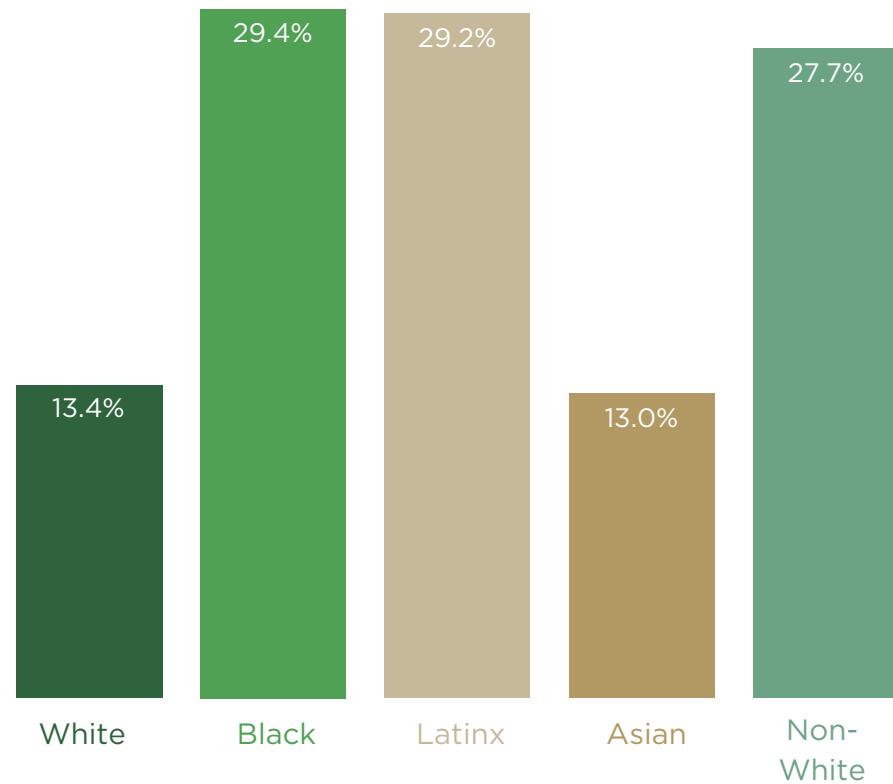
### Charlotte, Percent of Households

---

*More Black and Latinx families in Charlotte have zero or negative net worth.*

---

Zero or negative net worth occurs when total debts exceed total assets. In Charlotte, nearly 1 in 3 Black and Latinx households have zero or negative net worth. About 1 in 7 White and Asian households have zero or negative net worth.



*Source: Prosperity Now, 2019*

---

## Asset Poverty

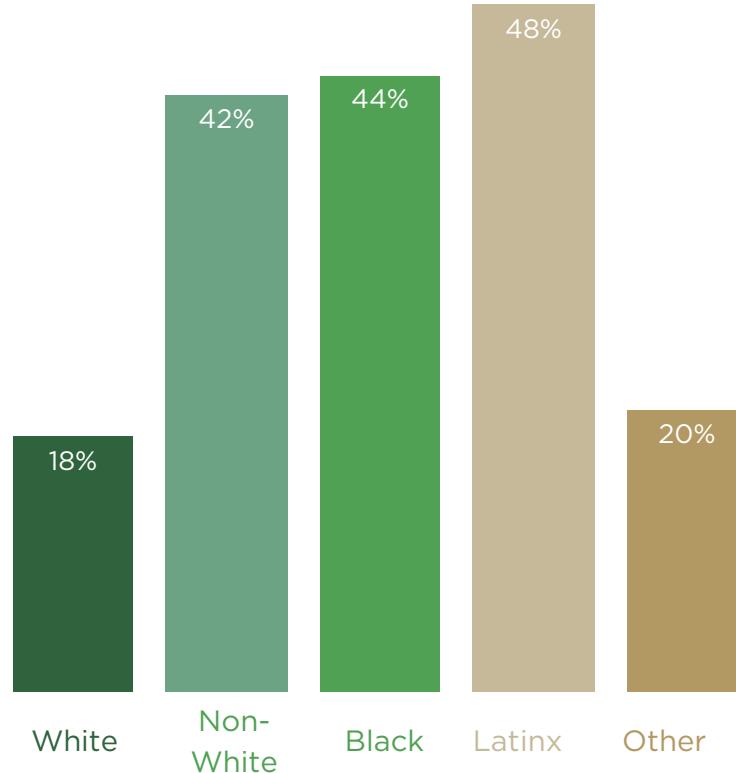
Charlotte, Percent of Households  
2014

---

*Black and Latinx households are more than twice as likely to be asset poor.*

---

Asset poverty is another way to understand where wealth is absent. Asset poverty is the lack of sufficient savings or assets that can be used to pay for basic needs for three months without income. In Charlotte, households of color are more than twice as likely to experience asset poverty as White households. Almost half of all Latinx households wouldn't be able to cover basic needs after three months without income.



Source: Prosperity Now calculations of ACS and SIPP data, 2014



# Pathways of Wealth Accumulation

# Pathways of Wealth Accumulation

*Disparities in multiple components of wealth in Charlotte-Mecklenburg suggest racial and ethnic gaps.*

Previous & current page:  
Brooklyn, 1965, 1<sup>st</sup> Street  
Photo Credit: UNC  
Charlotte Atkins Library  
Special Collection



Wealth is built through a combination of pathways, each with its own policy and practice history and sequence of consequences that enhance or hinder wealth building across racial and ethnic groups.

Wealth is not built through single milestones or accomplishments such as purchasing a home or earning an advanced degree. Rather, wealth grows through a combination of assets that are built and maintained over time and across generations.

Disparities hinder or halt the growth of wealth on each pathway.

This section describes pathways of wealth accumulation including education, income, home ownership, business ownership, retirement, and other savings and investment accounts. We provide historical context and local statistics where available.

# Educational Attainment

---

*Education attainment is a predictor of wealth for all groups, but differs across racial and ethnic households with similar levels of education.<sup>22</sup>*

Education is a powerful tool for economic stability that broadens career choice, enhances specialized skills, and raises earnings. Higher education and obtaining an advanced degree raises household income and is widely recognized as an asset building strategy.

However the value of an education, and specifically its impact on household wealth varies considerably across racial and ethnic groups. Within groups, additional levels of educational attainment lead to greater net worth. Across groups, however, similar educational attainment does not correlate with similar household

net worth. In other words, a college degree accumulates more wealth for White households than for Black and Latinx households.

While higher education levels lead to higher net worth, wealth also predicts college attendance and degree attainment, due in part to the greater ability of White families to pay more toward a college education, requiring less student loan debt. Black college graduates are also more likely to support their families than White college graduates, further impacting potential gains to net worth.<sup>23</sup>

---

*A college education does not close the wealth gap for Black and Latinx households*

---

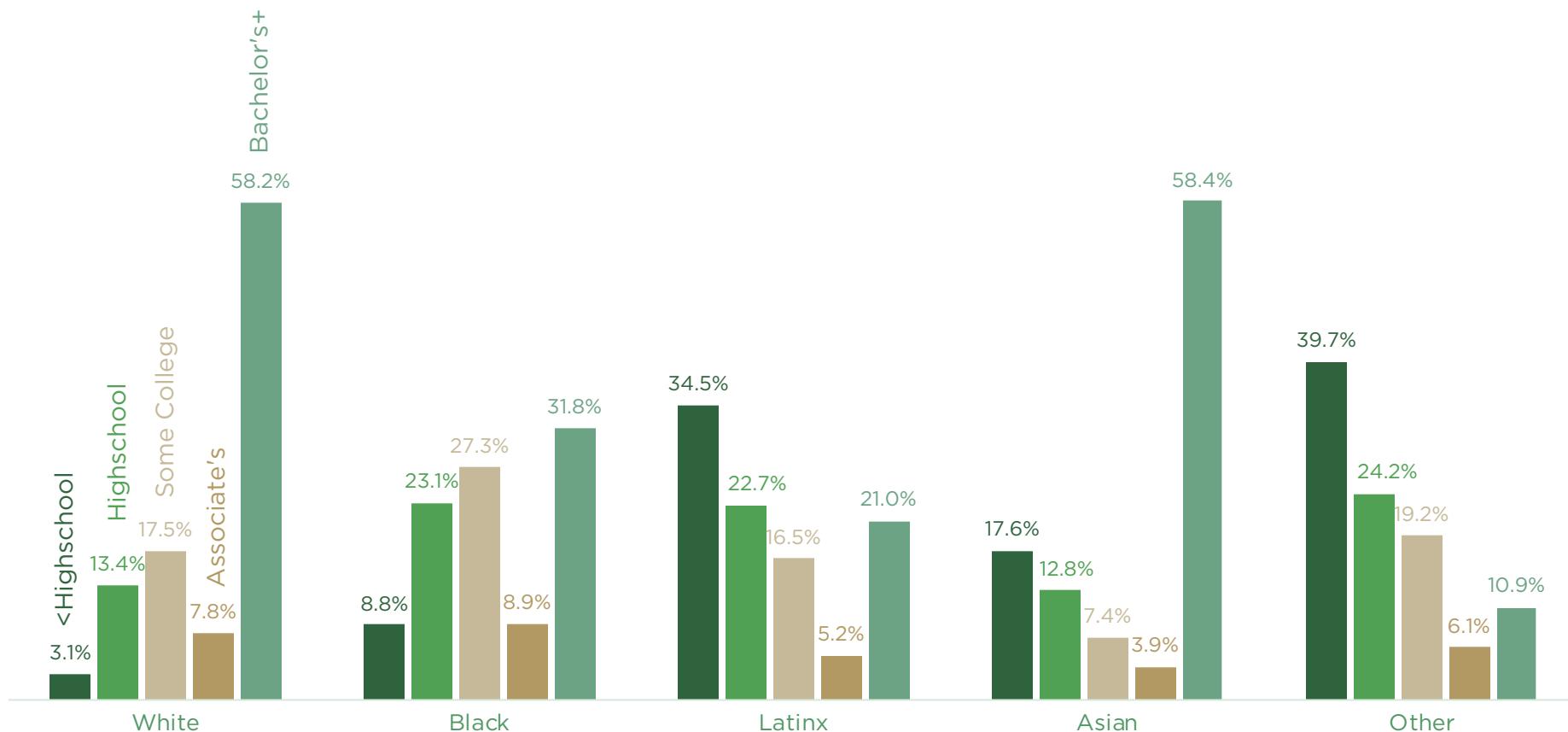
<sup>22</sup> Rumberger, 2010

<sup>23</sup> Meschede et al., 2017

## Educational Attainment

Mecklenburg County, 2017

Distribution of Education across Races



Source: U.S. Census Bureau, American Community Survey 1-Year Estimates

---

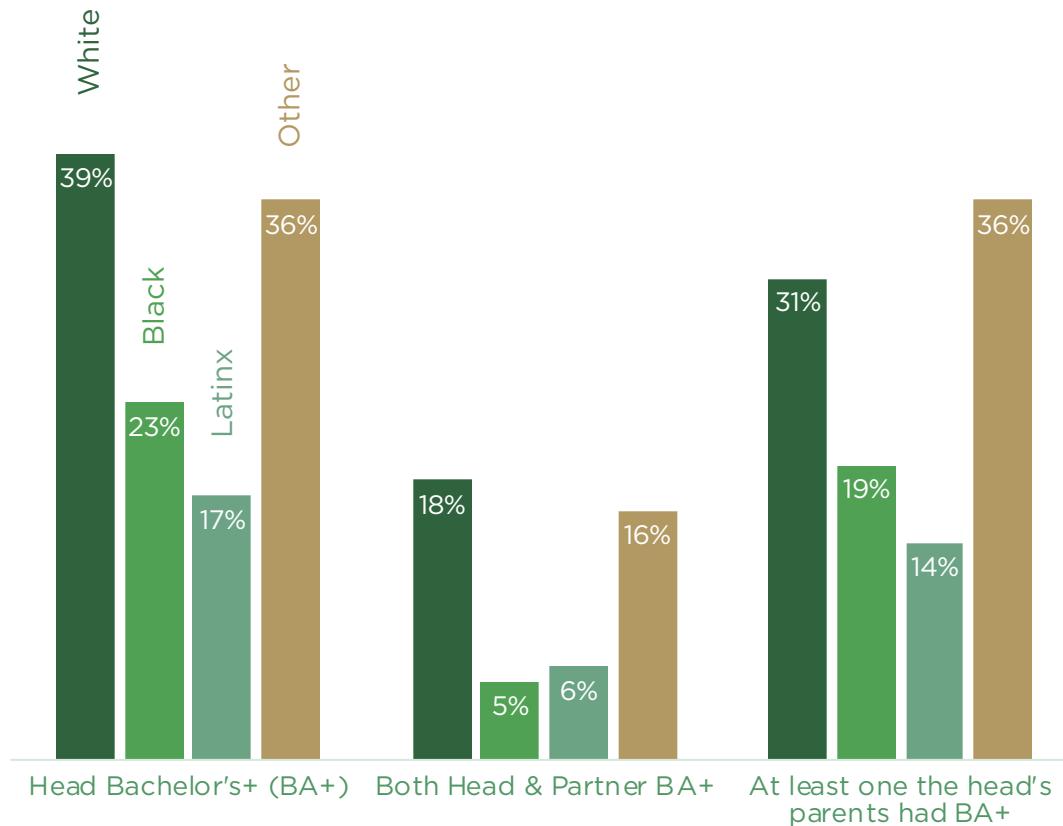
*Bachelor's degree attainment is 40-64% lower for Black and Latinx heads of household.*

---

Bachelor's degree attainment for both head and partner in Black families is about 70% lower than White households. Further, White and Other families are much more likely to have a parent with at least a Bachelor's degree.

## Bachelor's Degree

### U.S. Percent of Households, 2016



Source: Federal Reserve Board, Survey of Consumer Finances, 2016

---

## Bachelor's Degree

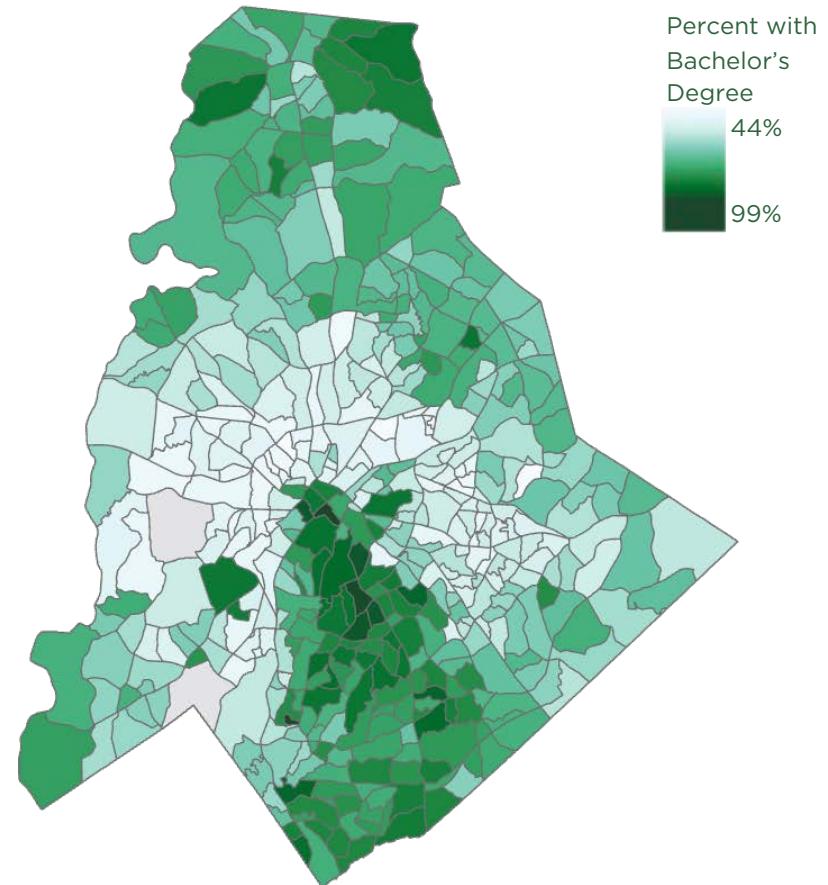
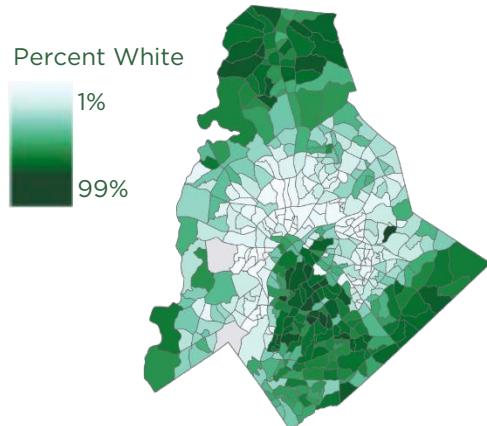
### Mecklenburg County

### Percent of Adults, 2017

---

*43% of adults in Mecklenburg County have a bachelor's degree. People with those degrees, however, are concentrated in a southeast Charlotte wedge. The reference map below depicts the percentage of White residents.*

---



*Source: Charlotte-Mecklenburg Quality of Life Explorer, 2017*

---

*Children from Mecklenburg households with higher incomes will have higher graduation rates.*

---

#### Data from Opportunity

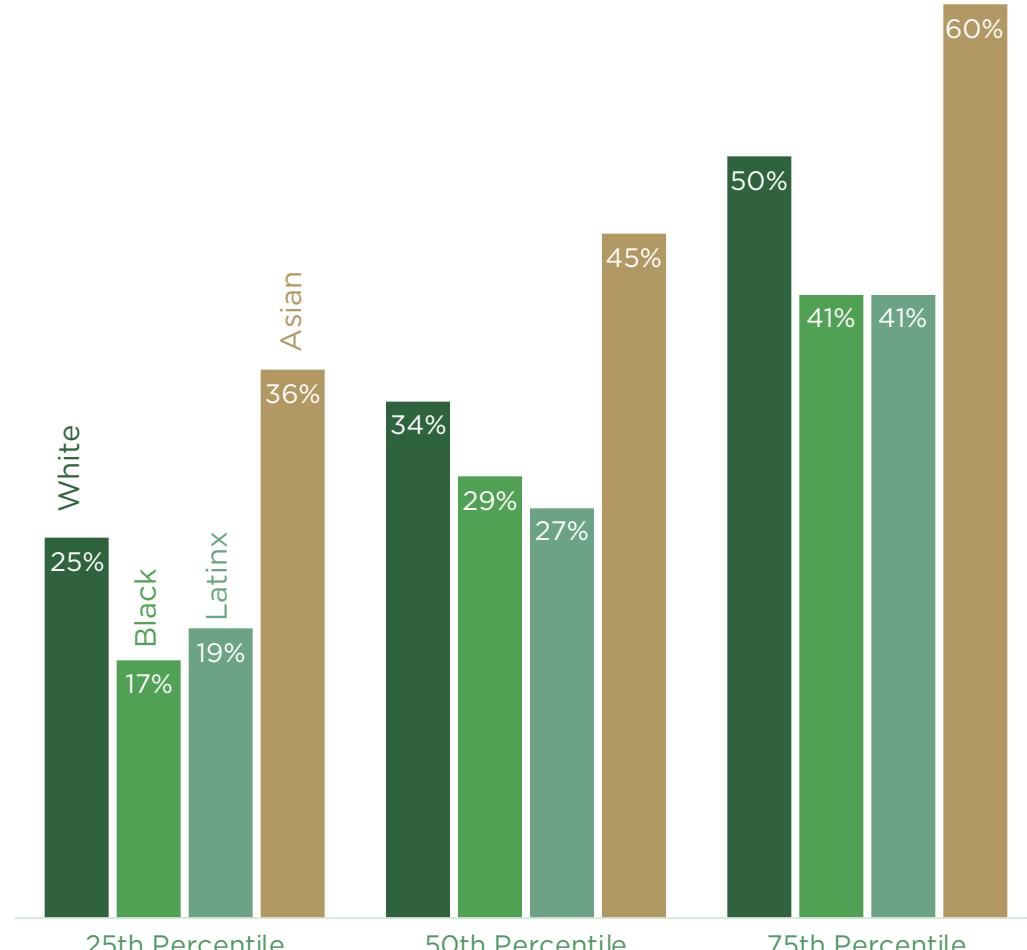
Insights gives an indication of the educational success of students who grew up in Mecklenburg County and who live in households at the bottom, middle, and top of the income distribution. Their data projects the percent expected to receive a college degree. Overall, the higher the income, the higher the anticipated college graduation rate.

*Data note: Income categories represent children in households with incomes exactly at the 25<sup>th</sup>, 50<sup>th</sup>, and 75<sup>th</sup> percentiles.*

## Bachelor's Degree

### Mecklenburg, 2015

#### Income Percentile & Race



*Source: Opportunity Insights, 2015*

---

*Not only do Nonwhite students incur more student debt than their White peers in Mecklenburg County, they are also in student loan debt collections at twice the rate of White students.*

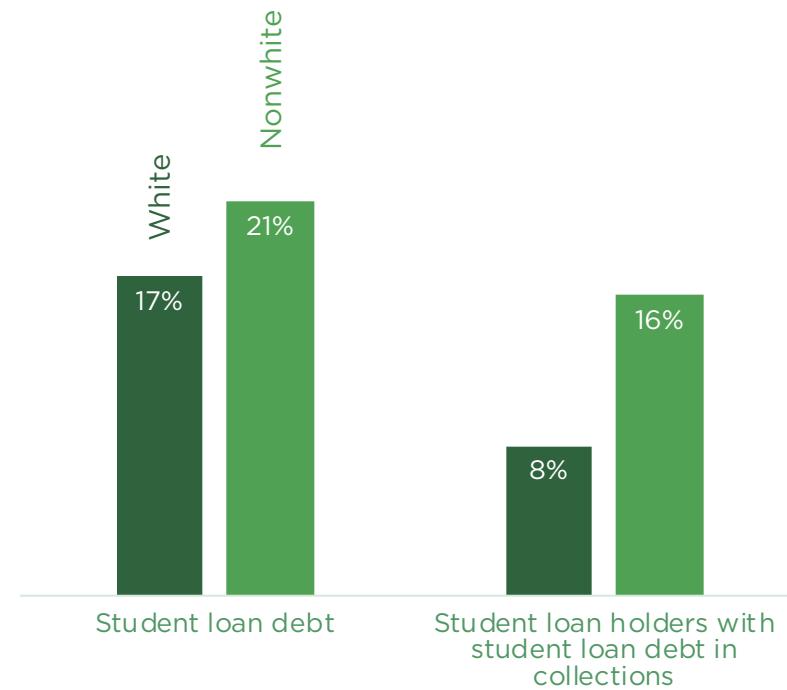
---

On a national level, Black students owe about \$7,400 more in student loans than White students. In the years after college graduation, the gap gets considerably worse and nearly triples in size. The growing debt for Black students can be attributed to higher interest rates and higher rates of borrowing for graduate school.<sup>24</sup> In addition, Black students face greater financial challenges to college completion and are more likely to accrue debt without earning a degree.<sup>25</sup>

## Educational Debt

### Mecklenburg County, 2018

#### Percent of Students



*Source: Urban Institute Debt in America Dashboard, 2018*

<sup>24</sup> Scott-Clayton & Li, 2016

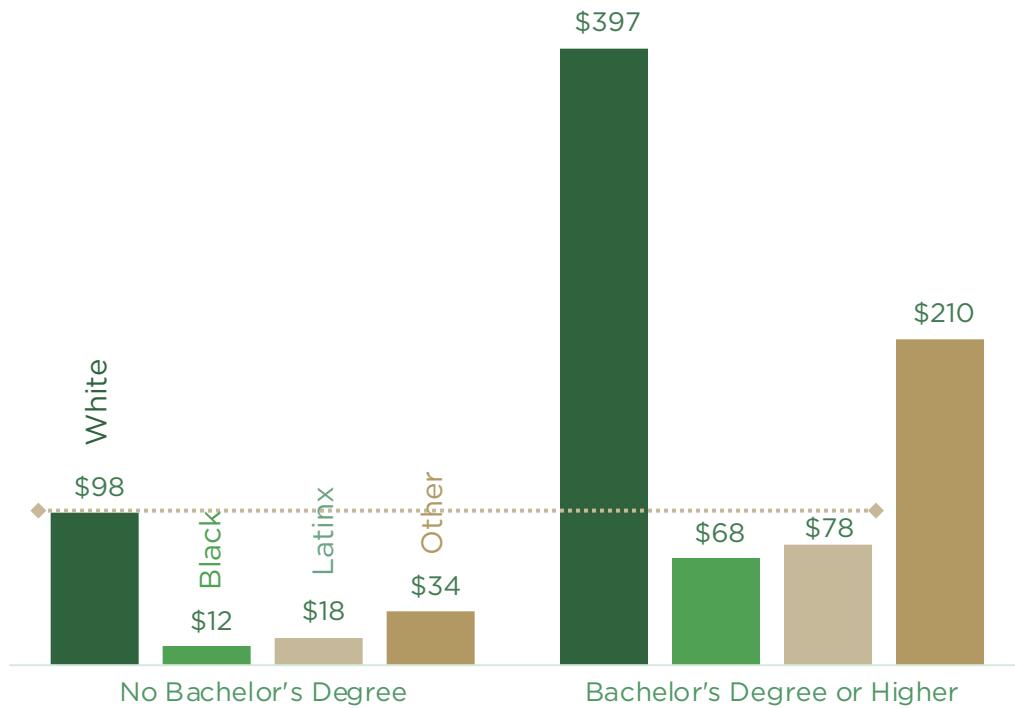
<sup>25</sup> Sullivan et al., 2016

## Education Value

U.S. Median Net Worth by Race and Education, Thousands, 2016

*Black families with a college-educated head of household have about \$30,000 less net worth than White families whose head has not earned a college degree.<sup>26</sup>*

Higher education and obtaining an advanced degree is considered a fundamental asset development strategy. While important, higher education is just one of the pathways to building long term wealth. Vast differences in net worth remain. These data are a strong indication that education alone doesn't close the racial wealth gap.



Source: Federal Reserve Board, Survey of Consumer Finances, 2016

<sup>26</sup> Dettling et al., 2017

# Income

## *Income disparities persist across racial and ethnic groups.*

Income is a major component of wealth; however, the relationship between income and wealth is complex. Households living with higher incomes can dedicate larger shares of their income toward accumulating wealth through various investments, which ultimately results in higher gains in net worth. However, the racial wealth gap cannot be explained by income alone. And while income disparities are large, wealth disparities are much larger.<sup>27</sup>

Some evidence suggests that if the income gap was closed the wealth gap would close faster.<sup>28</sup> Chetty and colleagues found that income was a better predictor of economic mobility than wealth, particularly for Black men who

were less likely to be upwardly mobile and more likely to be downwardly mobile than White men who grew up in the same neighborhood and income quintile.<sup>29</sup> However, the study's proxy for wealth was limited to parental wealth in the form of homeownership, monthly mortgage payments, home value, and number of vehicles and did not account for additional generational wealth and more diverse assets.

Wealth and income are both used to measure a family's economic situation but they tell us different things about the health and strength of economic well-being.

---

*"Income allows a family to get by; wealth allows a family to get ahead."*<sup>30</sup>

---

<sup>27</sup> Williams, 2017

<sup>28</sup> Aliprantis & Carol, 2019

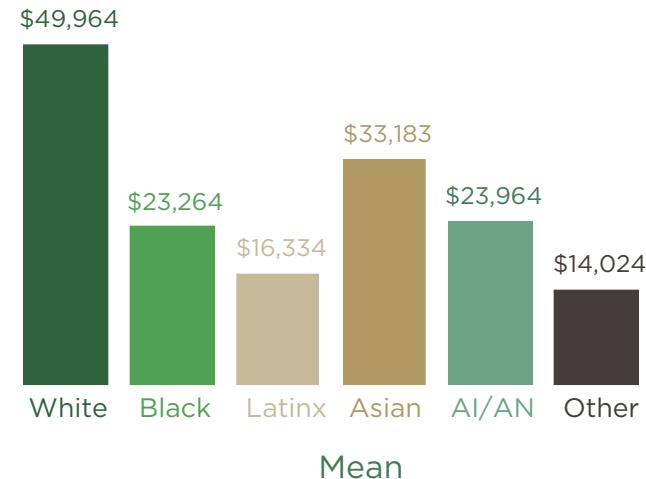
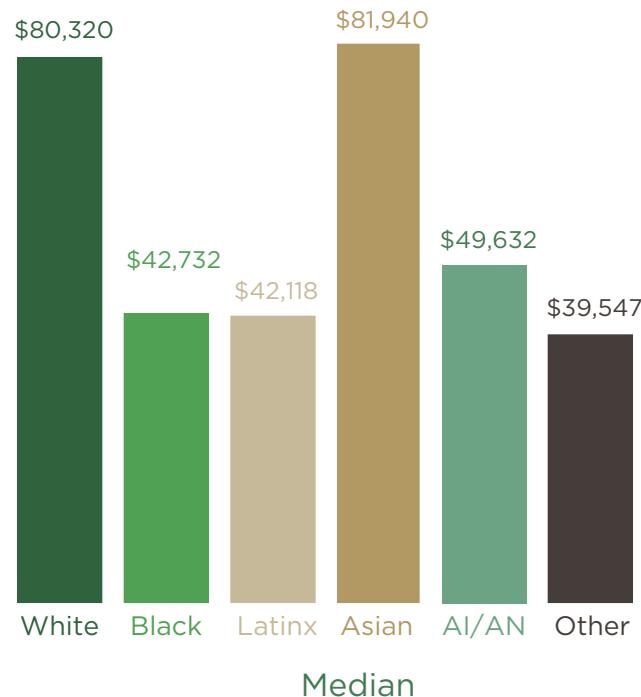
<sup>29</sup> Chetty et al., 2018

<sup>30</sup> Kent & Ricketts, 2019

*On average, Asian and White household incomes are double that of Black and Latinx households.*

## Median & Mean Income

Mecklenburg County, 2017



Source: American Community Survey 5-Year Estimates, 2013-17. Data note: Mean calculated per capita.

---

## Income Distribution

### Mecklenburg County, 2017

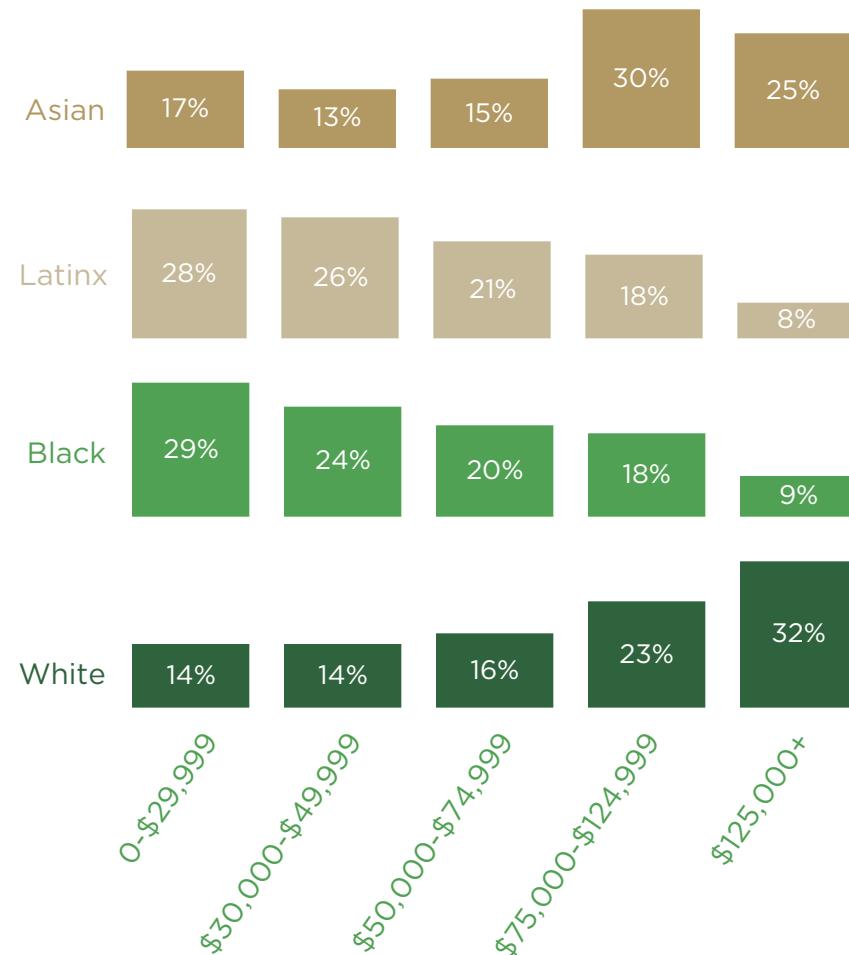
#### Percent of Households

---

*Racial and ethnic disparities in income persist in Mecklenburg County.*

---

About a third of White households and a quarter of Asian households live with incomes in the top quintile, while less than ten percent of Black and Latinx households are represented in the highest income bracket.



Source: ACS 5-Year Estimates, 2017

---

## Most Common Jobs in Top Quintile

Mecklenburg County, Percent, 2017

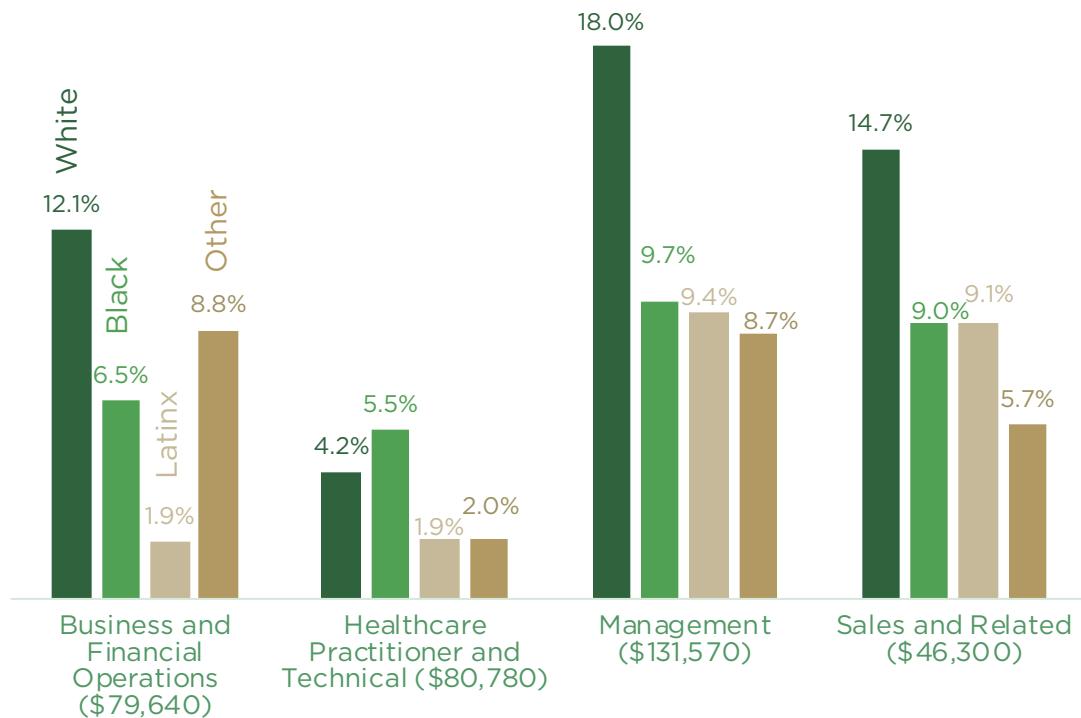
Median Income: \$74,100

---

*Except for healthcare jobs,  
White adults hold a greater  
portion of jobs in the most  
common industries in the top  
income quintile.*

---

In the lowest income quintile, the pattern is reversed, with Nonwhite adults holding a greater portion of jobs in the most common industries, including building, grounds and maintenance, food preparation, and office and administrative support.



Source: American Community Survey 1-Year Estimates, 2017, Bureau of Labor Statistics Employment and Wage Estimates, 2018

---

## Economic Mobility

### Mecklenburg County, 2014-15

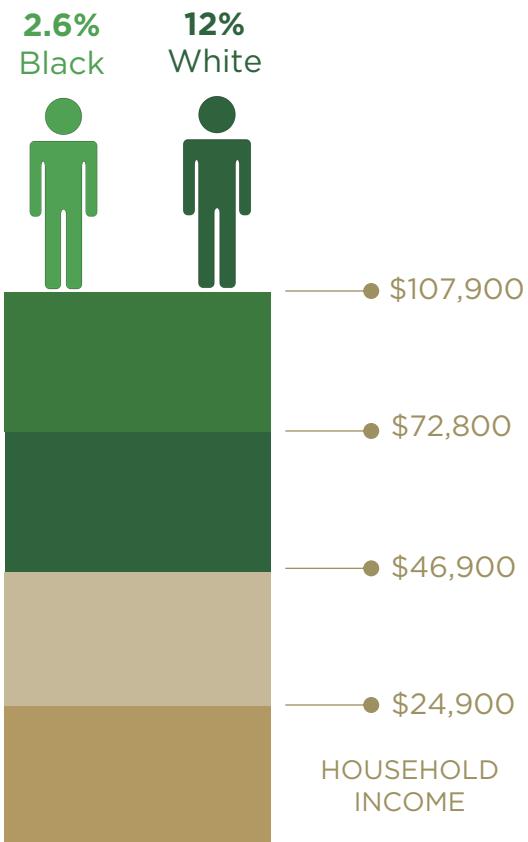
---

*The upward mobility rate for White children in Mecklenburg County is comparable to some of the most mobile places in the country.*

---

The Charlotte area ranked 50<sup>th</sup> for upward mobility out of the 50 most populous commuting zones in the country. Only 4% of those born in bottom quintile of the income distribution will rise to the top, or earn over \$107,900 in household income. In Mecklenburg County, only 2.6% of Black children will rise to the top quintile compared to 12% of White children, making the upward mobility rate for White children comparable to metro areas with some of the highest rates of economic mobility in the U.S.<sup>31</sup>

**In Mecklenburg -**  
From the bottom quintile, only **2.6%** of Black children will make it to the top as adults.



<sup>31</sup> Chetty et al., 2018

---

*Black men from Charlotte are 9.6 times more likely to be incarcerated than White men from Charlotte.*

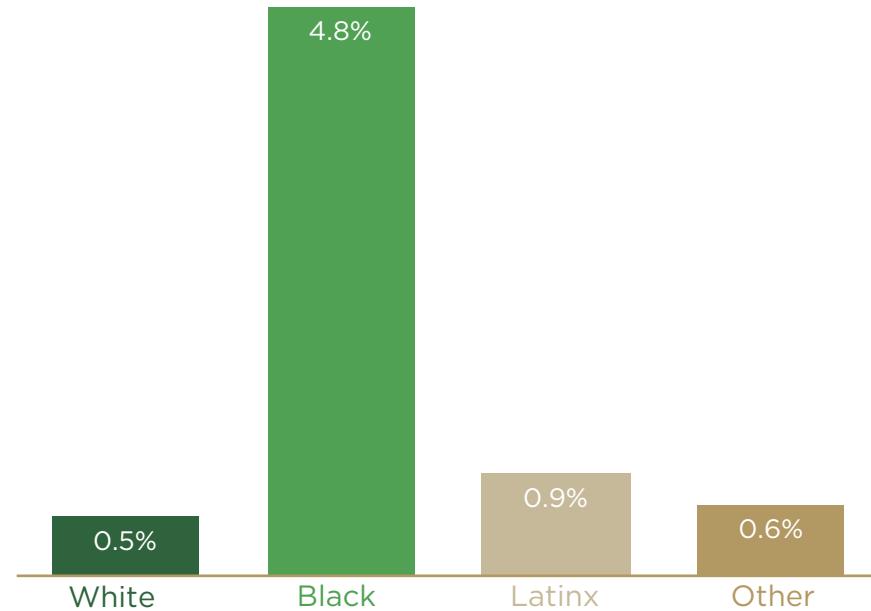
---

When young people are removed from the labor market, they lose years and opportunities to begin earning income and accumulating wealth at an early age.<sup>32</sup> Nationally, Black men receive longer sentences than White men who commit similar crimes.<sup>33</sup>

Opportunity Insights found that the Black sons of families in the top 1% of the income distribution had the same chance of being incarcerated as the sons of White families earning about \$36,000.<sup>34</sup>

## Incarceration

### Percent of Men from Charlotte 2010



*Source: Opportunity Insights and U.S. Census Bureau data, 2010;  
Note that these data show rates on the day of the census*

<sup>32</sup> Oliver & Shapiro, 2006

<sup>33</sup> Rhodes et al., 2000

<sup>34</sup> Chetty et al., 2018

# Home Ownership

*A home is typically the largest major asset held among Americans regardless of race or ethnicity.<sup>35</sup>*

Owning a home is often regarded as a key strategy to close the racial wealth gap. A home is where most households see gains in equity. White families own homes at higher rates than do Black and Latinx families, a disparity that is unsurprising since between 1934 and 1968, White households received 98% of all home loans approved by the federal government.<sup>36</sup>

While a major and important asset, several factors impact the value of home ownership for Black and Latinx families. Home equity grows as the value of the home and particularly the land increases. Homes exist within

neighborhoods, and it is the neighborhood that ultimately determines home value. The historical legacy of redlining continues to impact the value of home ownership today.

In 2014, the median wealth of White homeowners in the US was \$239,300, while the median wealth for Black homeowners was \$99,840.<sup>37</sup> Home ownership and wealth are correlated, but home ownership alone will not address the racial wealth gap.

*"A home is one of the only assets in which the race of the owner affects the rate of return."<sup>38</sup>*

<sup>35</sup> Rothstein, 2017

<sup>36,37</sup> Darity et al., 2018

<sup>38</sup> Rothstein, 2017

---

## Home Ownership

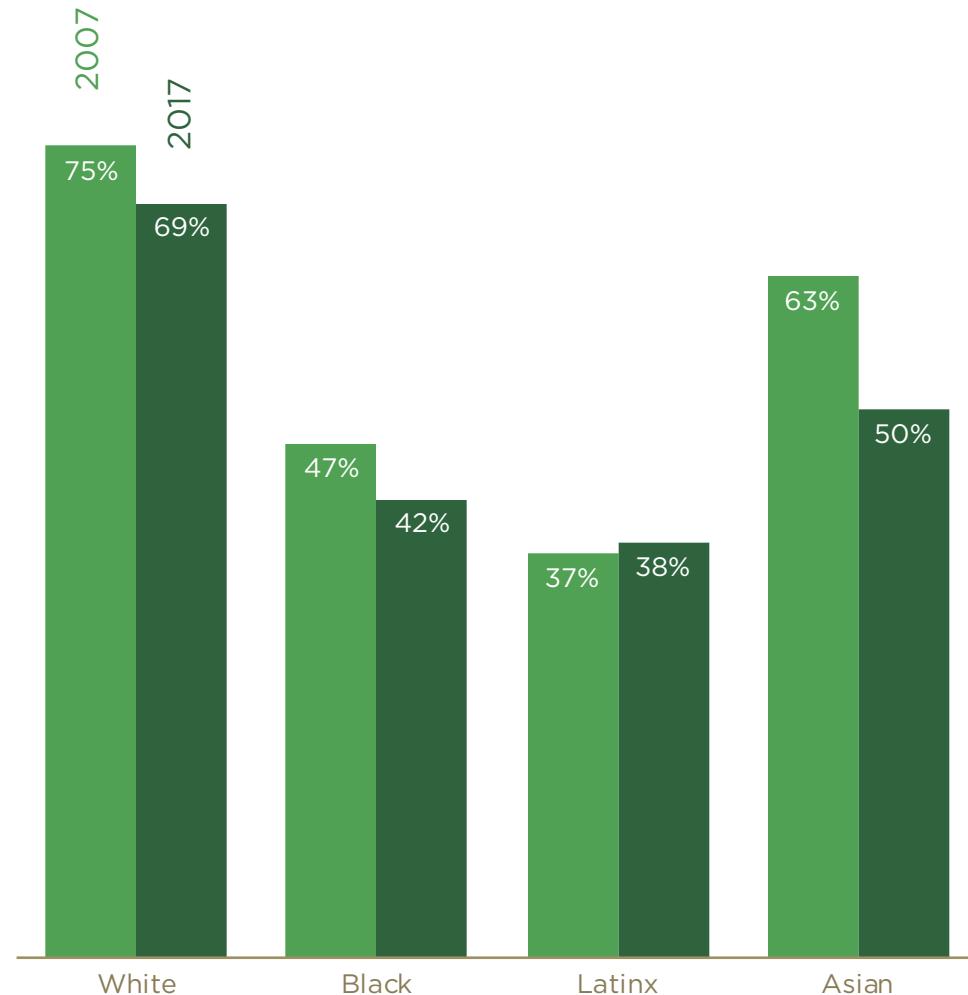
### Mecklenburg County, 2007 & 2017

---

*White households in Mecklenburg County are more likely to own their own homes than all other racial and ethnic groups.*

---

As of 2017, just over two-thirds of White households in Mecklenburg County owned a home, followed by Asian households, and then Black and Latinx households (42% and 38%, respectively). The home ownership rate fell slightly between 2007 and 2017 for all groups, other than Latinx, likely due to the instability of the housing market caused by the 2008 housing crash and recession that followed.



Source: American Community Survey 1-year estimates, 2017

---

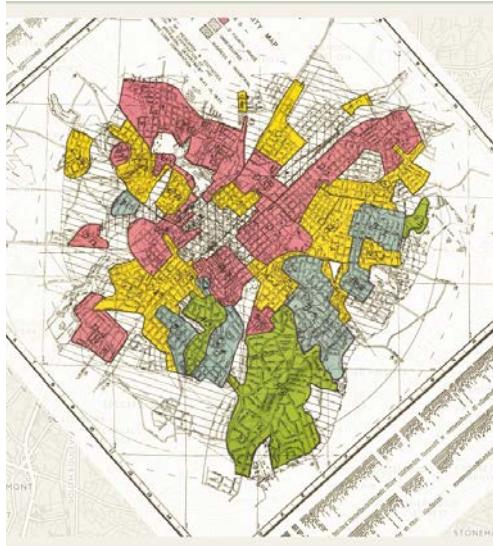
## Home Ownership

Mecklenburg County, 2017

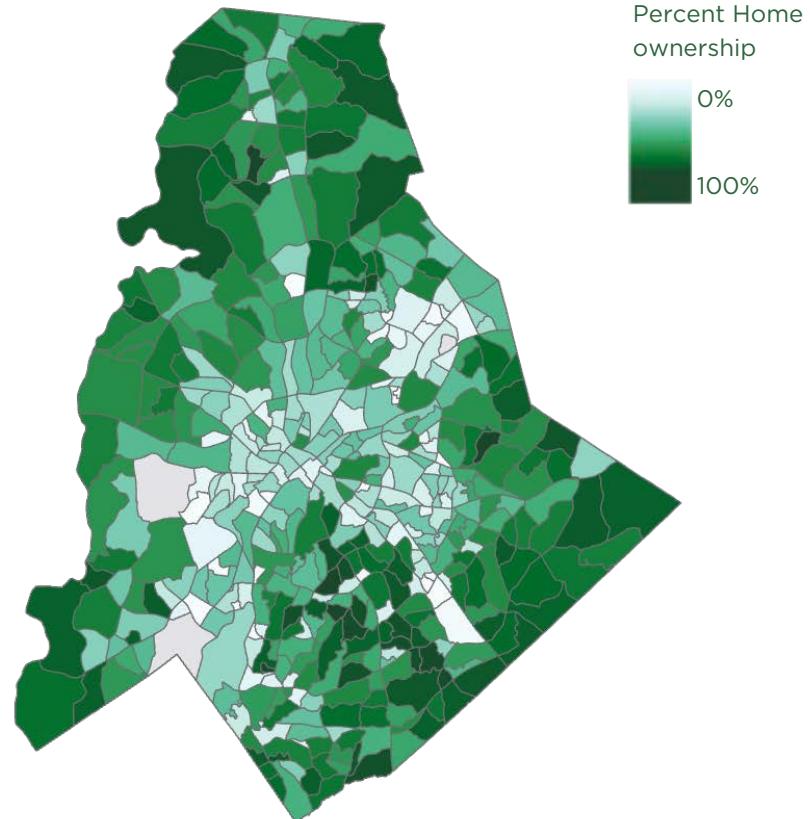
---

*Homeownership rates in Mecklenburg County continue to reflect redlining practices enacted early in the 20<sup>th</sup> Century.*

---



*Photo credit: HOLC Map, Charlotte*



*Source: Charlotte-Mecklenburg Quality of Life Explorer, 2017*

---

## Home Loan Denial

### Mecklenburg County

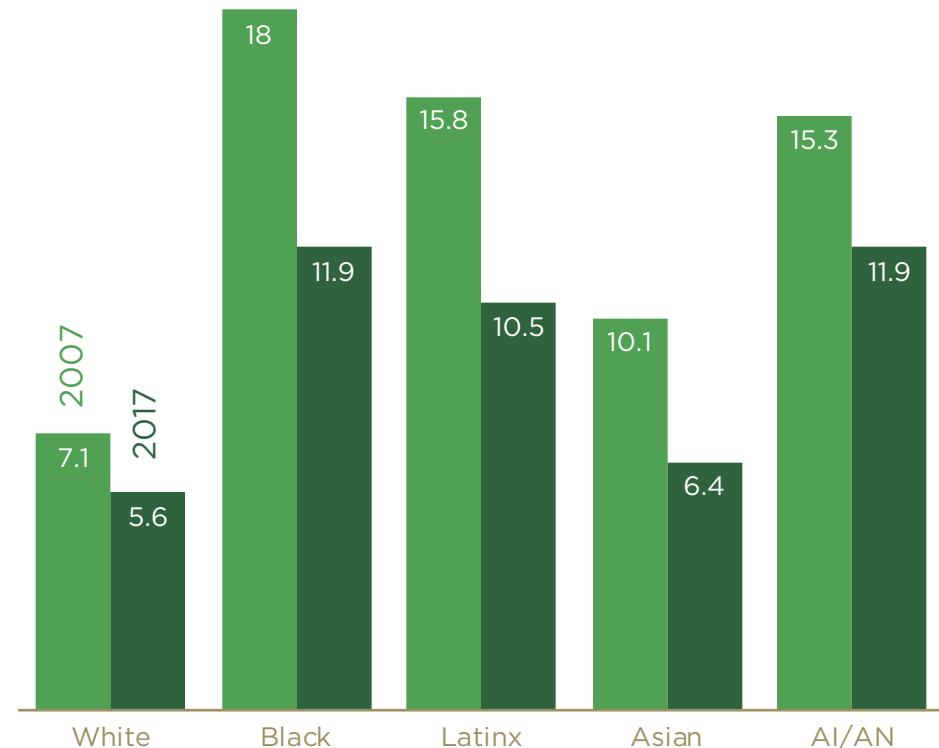
#### Rate per 100, 2007 & 2017

*Black mortgage applicants are denied a home loan twice as often as White mortgage applicants.*

---

Mortgage lending in Mecklenburg County continues to reflect racial disparities. Black, Latinx, and American Native applicants were denied home loans more often than White and Asian applicants in 2017.

Persistent disparities can be linked to lack of sufficient income, less access to intergenerational wealth for down payments, and discriminatory lending practices. Note that these numbers do not control for denial reasons (i.e., debt-to-income ratio, credit score, available cash).



*Source: Consumer Financial Protection Bureau HDMA data, 2007 & 2017*

---

## Home Equity

### U.S. Households, 2016

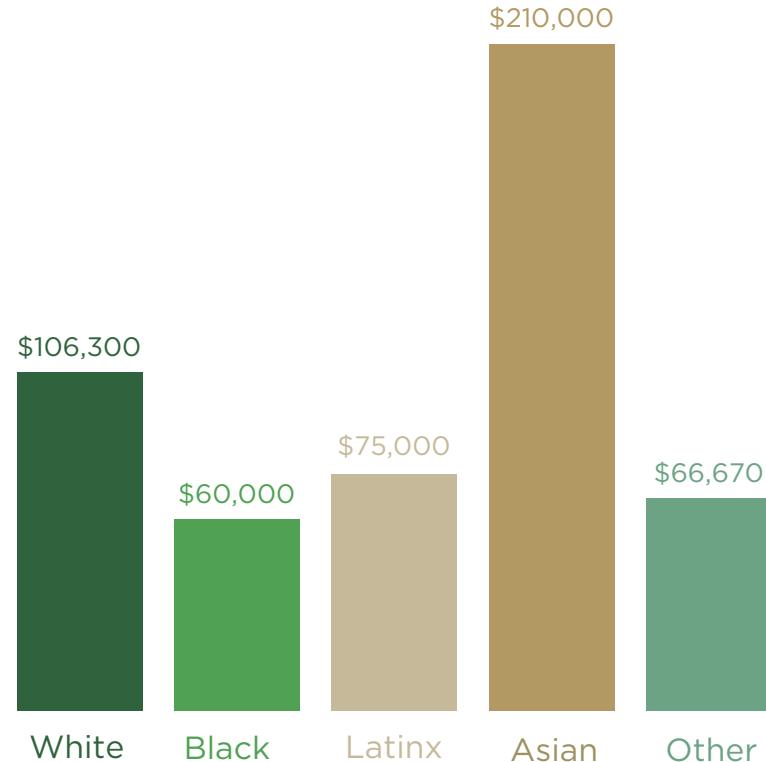
#### Median Value of Home Equity

---

*"Home equity has long been the single largest component of wealth for Black and Latinx households."<sup>39</sup>*

---

The distribution of households holding wealth in home equity demonstrates ongoing racial disparities. Asian households have nearly twice as much in home equity than White households, and more than three times as Black, Latinx, and Other households.



Source: U.S. Census Bureau Asset and Wealth Tables, 2016

<sup>39</sup> Emmons, 2017

---

## Mortgage Interest Deduction

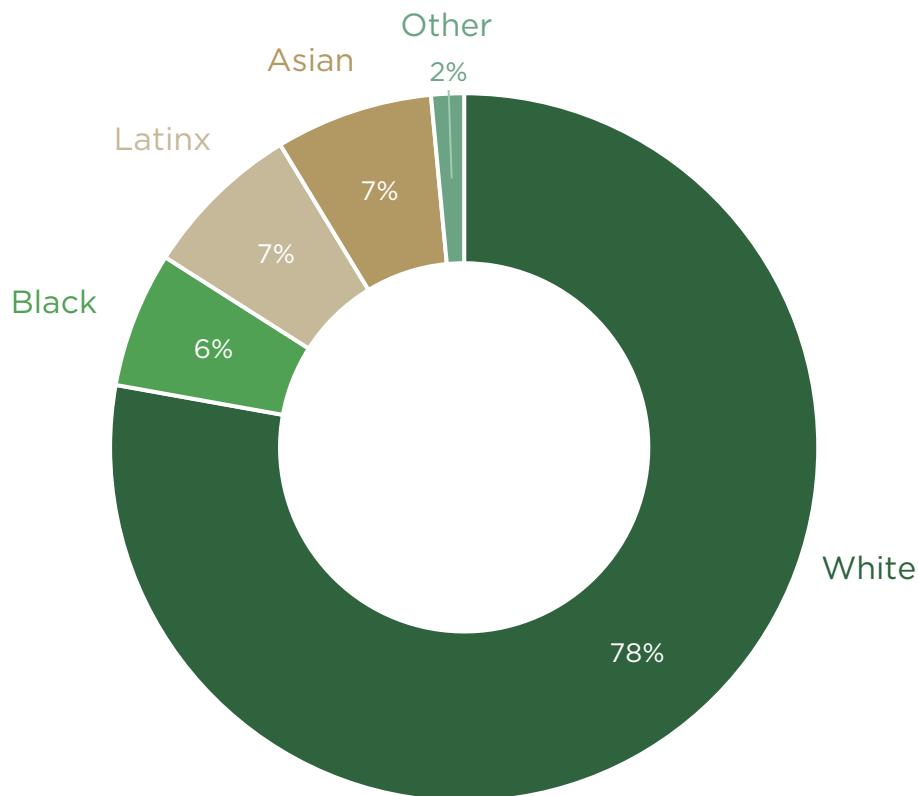
### U.S. Households with a Mortgage Share of benefits, 2015

---

*The federal government spends \$55 billion annually to subsidize homeownership for households making \$100,000 per year or more.<sup>40</sup>*

---

The Home Mortgage Interest Deduction is largely distributed to the wealthiest households, with 84% of the benefits going to households with incomes greater than \$100,000.<sup>41</sup> Additionally, benefits are only accessible to households that already have a mortgage and itemize deductions. These qualifications only apply to a small portion of the population, who are more likely to be White.



*Source: ISAP and NLIHC calculation of data from Joint Committee on Taxation, 2017*

<sup>40,41</sup> Institute on Assets for Social Policy & National Low Income Housing Coalition, 2017

# Business Ownership

*Business ownership has proven to be a strong wealth builder for communities of color.<sup>42</sup>*

Nationally, the median net worth of Black and Latinx business owners is more than ten times that of their peers who do not own a business.<sup>43</sup> Overall, however, White households are more likely than any other racial or ethnic group to own a business, followed by Asian households, Latinx households, then Black households.<sup>44</sup> People of color who do own businesses have substantially less wealth and equity on the front end to use towards investments in a company.

The number of employees in a business impacts overall success; business with employees have much higher sales than businesses without employees.

According to the 2012 US Census Bureau's Survey of Business Owners, more than 90 percent of Black and Latinx-owned businesses do not have any employees, other than the owner.

*Historically, Black Wall Streets, or areas with a high concentration of successful Black-owned businesses like Brooklyn in Charlotte, have been targeted for redevelopment through federal programs like Urban Renewal or the Federal Highway Act.<sup>44</sup>*

<sup>42,43</sup> Tippet et al., 2014

<sup>44</sup> Allen & Smith, 2011

---

*The majority of businesses in Mecklenburg County do not have employees.*

---

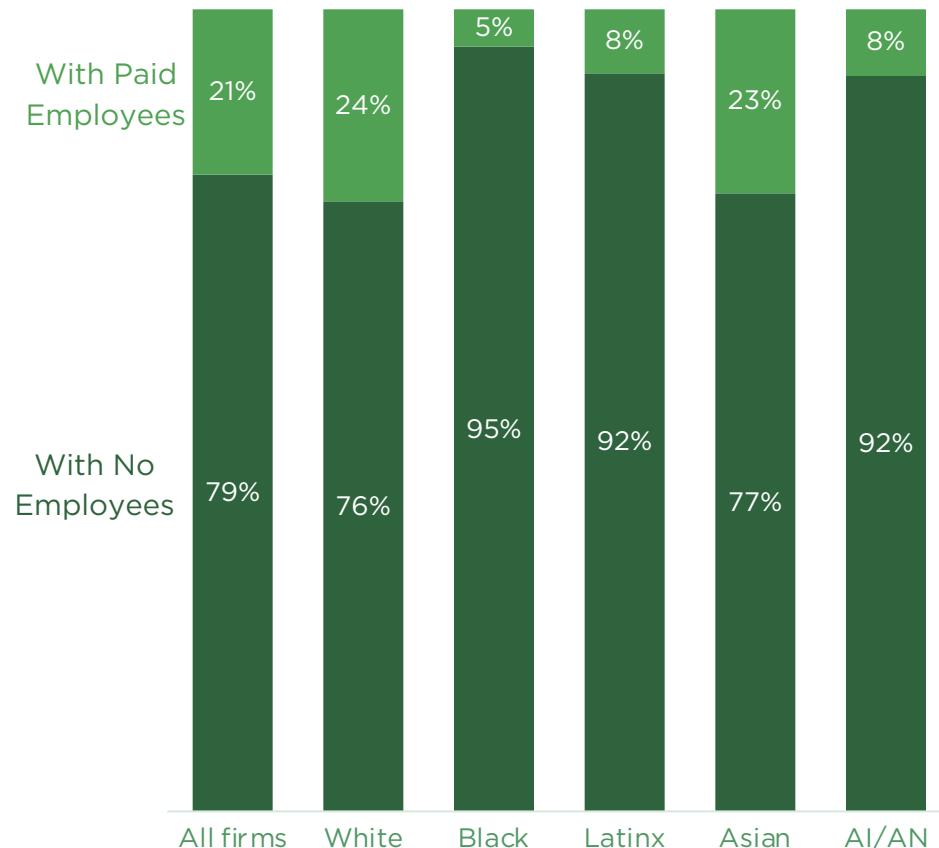
Only a quarter of White and Asian business owners have employees and less than 10% of Black, Latinx and American Indian or Alaska Native business owners have employees.

Similar to the overall population, White business owners own 65% of all firms in Mecklenburg County. Black households have the second highest rate of business ownership, followed by Latinx households, Asian, and American Indian and Alaska Native.

## Business Ownership

### Mecklenburg County, 2012

#### Percent by race



*Source: SBO, 2012; Note: Responses may be tabulated in more than one category.*

---

## Business Ownership

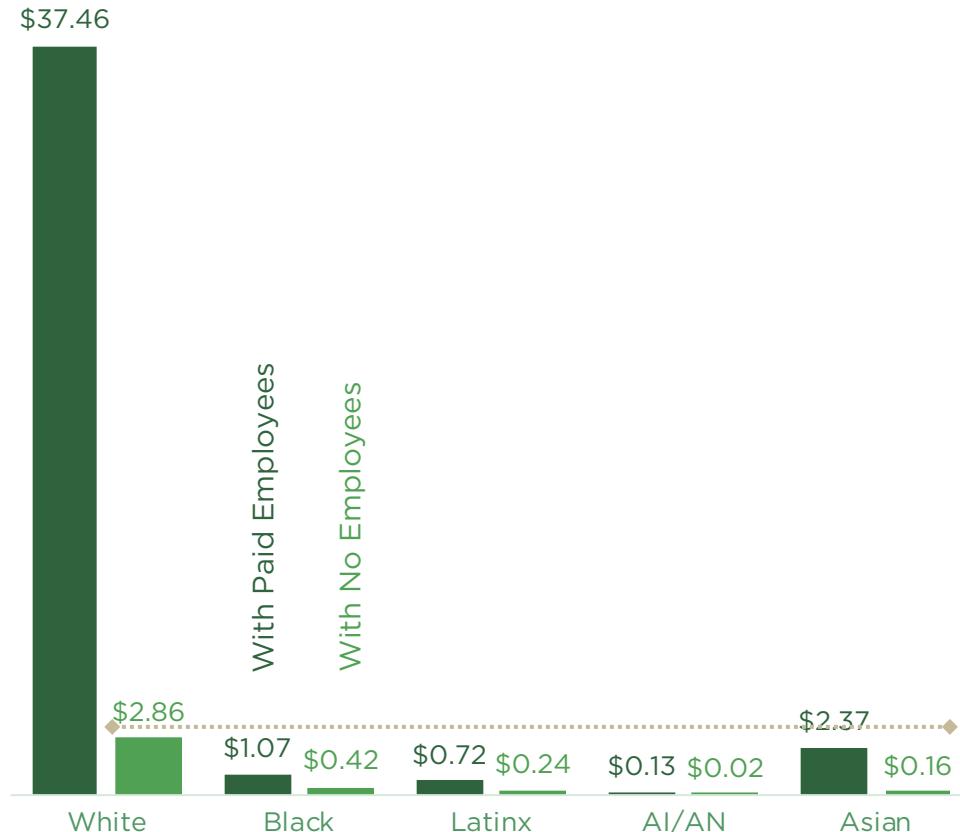
Mecklenburg County, 2012  
Total Sales, Receipts, or Value, Billions

---

*White-owned business with employees have \$35 billion more sales, receipts, and value than other racial and ethnic groups.*

---

The majority of wealth from self-employment is held by White-owned businesses with employees. White-owned businesses without any employees have more value than businesses owned by people of color with and without employees.



Source: SBO, 2012; Note: Responses may be tabulated in more than one category.

# Retirement Savings & Investments

---

*Retirement savings are a reflection of current wealth and a predictor of future wealth.*

Retirement savings are typically held in various types of investments. Depending on how retirement investments are managed, as well as the level of risk that can be afforded, there is great possibility for the savings to grow over time.

Retirement savings are also facilitated by employer-sponsored programs that mandate automatic retirement savings as well as match employee contributions, further enhancing the ability to grow these assets. However, employer-sponsored retirement savings are not available in all jobs.

Managing self-directed retirement investment requires significant access to financial knowledge and tools. Financial knowledge and access to wealth also facilitates investments in stocks, bonds, and mutual funds. Nationally, Asian households have the highest rates of holdings in stocks and mutual funds, followed by White households.<sup>45</sup>

When income is taken into account, evidence doesn't support that Black households have a lower saving rate than White households, and often have slightly higher savings rates.<sup>46</sup>

---

*Black families save at about the same rate as White families when controlling for income.*

---

<sup>45</sup> U.S. Census Assets and Wealth Tables, 2016

<sup>45</sup> Hamilton & Chiteji, 2013

---

## Retirement Savings

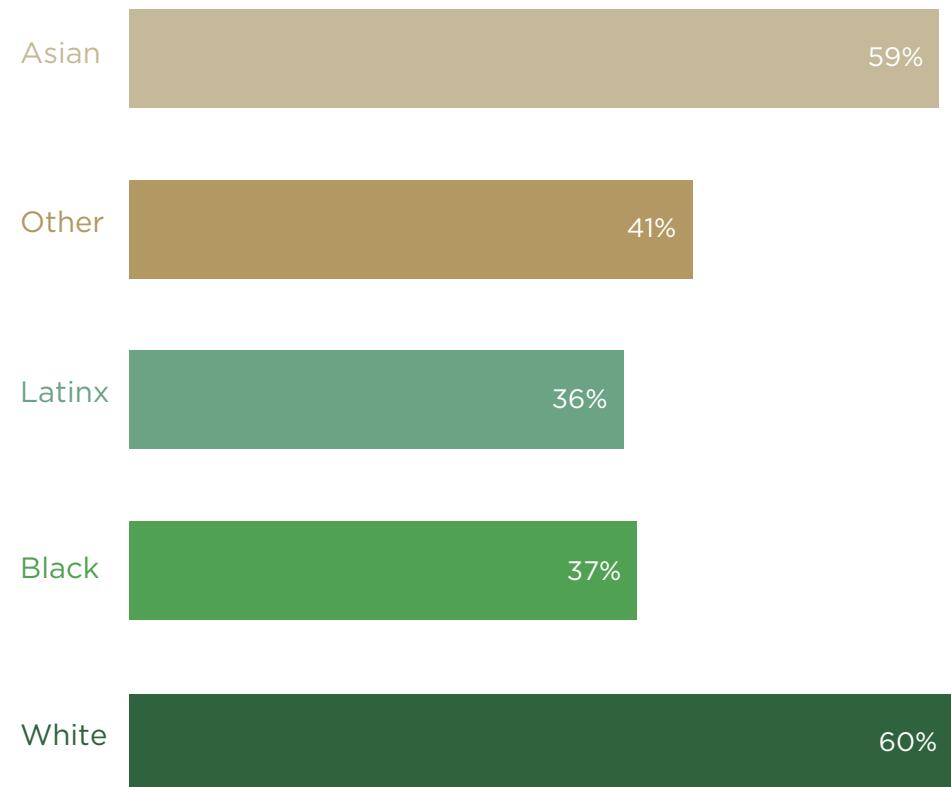
U.S. Percent of Households  
Any Retirement Savings, 2016

---

*Over 60% of Black and Latinx households do not have retirement savings through traditional retirement accounts.*

---

Nationally, more White and Asian households have retirement savings than Black and Latinx households.<sup>47</sup> However, once income is controlled for, Black families have similar rates of savings as White families and in some studies have a slightly higher rate of savings than White households.<sup>48</sup>



*Source: U.S. Census Bureau, Asset & Wealth Tables, 2016*

<sup>47</sup> U.S. Census 2016

<sup>48</sup> Federal Reserve Board, 2019

---

## Banking Status

Charlotte-Concord-Gastonia MSA  
Percent of Households, 2017

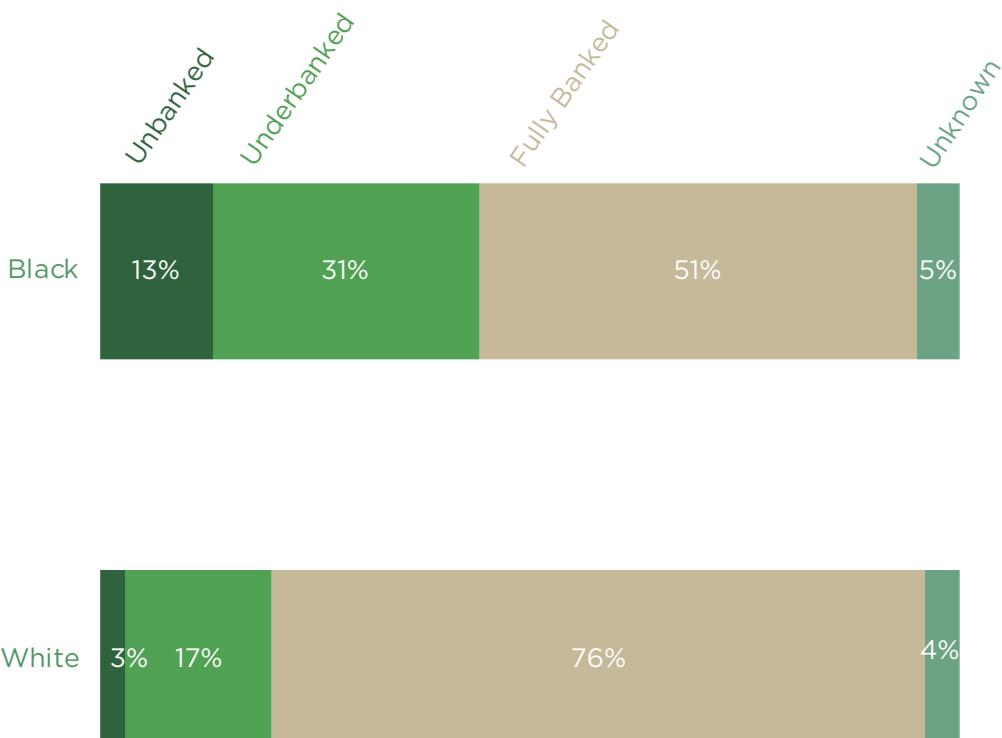
---

*Black households are twice as likely as White households to be unbanked or underbanked in the Charlotte region.*

---

Financial institutions offer the infrastructure to house and protect savings and other assets. Banks and credit unions provide access to loans, used to acquire assets such as vehicles or homes as well as help families avoid using costly check cashing services and payday loans.

Families remain unbanked or underbanked for a variety of reasons including distrust of banking institutions due to their history of exclusion through redlining and predatory lending practices.<sup>49</sup>



Source: FDIC, 2013-17. Data note: Reliable data unavailable for Latinx, Asian, & Other households

<sup>49</sup> Williams, 2017

# Intergenerational Transfer

*Wealth is transferred from parents and grandparents.*

Wealth begets wealth. Families with higher levels of wealth typically have the ability to pass some of that wealth on to their children or grandchildren through an inheritance or assistance with a down payment or higher education, putting those children in a better position to acquire their own assets and build wealth to then pass on to their children.

While wealth is typically transferred from a parent or grandparent to the next generation, financial support is also given by children to a parent or older family member. These types of family transfers and requests for help occur twice as often in Black and Latinx households than in White households. The lack of

intergenerational wealth places additional burden on these households.<sup>50</sup> Even though households of color generally have lower levels of wealth to begin with, Black households give twice as much as white households to parents and older family members.<sup>51</sup>

Based on national pooled data from 1995 to 2016 from SCF, 88% of individuals who received an inheritance or living trusts transfers were white.<sup>51</sup>

---

*Black families support parents or older family members twice as often as White families.*

---

<sup>50</sup> Williams, 2017

<sup>51</sup> Feiveson & Sabelhaus, 2018

---

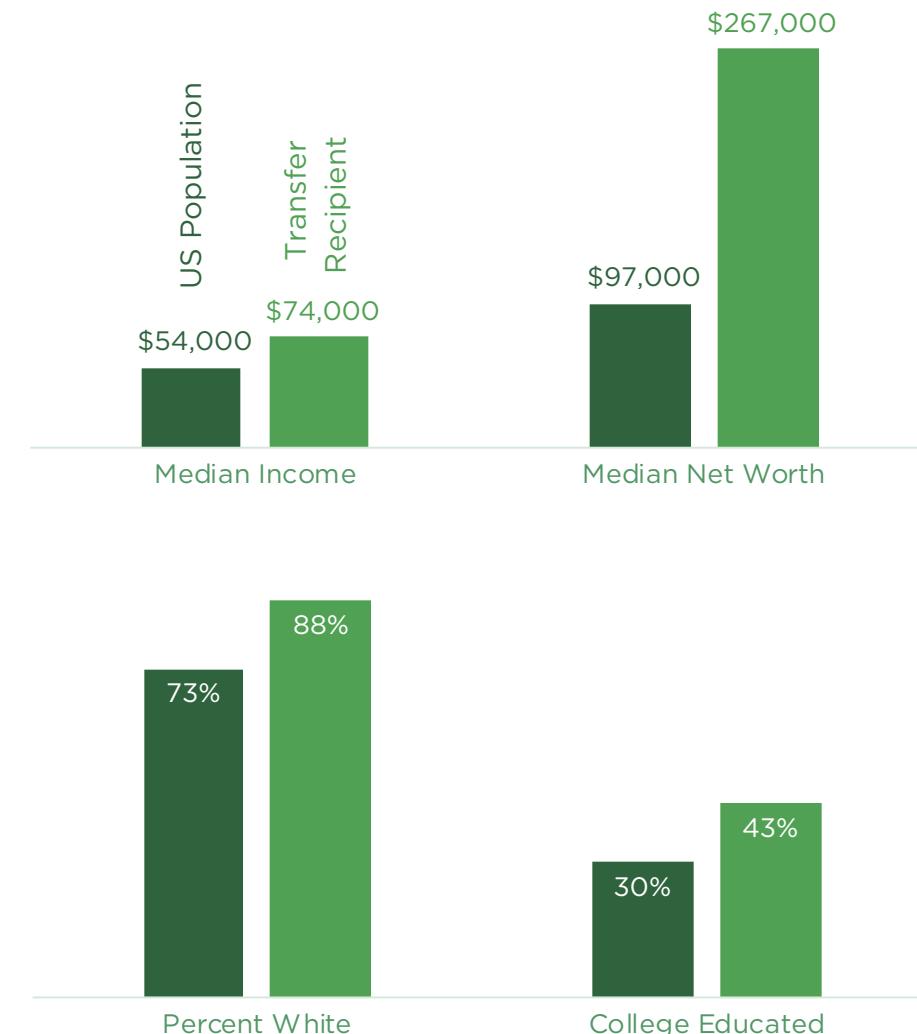
## Transfer Recipients

United States, 2018

*From 1995 to 2016, 88% of individuals who received an inheritance or living trust transfers were White.<sup>52</sup>*

The median net worth of transfer recipients is \$170,000 higher than the overall population. Transfer recipients are more likely to be more highly educated, have higher incomes, and have higher wealth.

For all races and ethnicities, those living in the top ten percent of the income distribution are twice as likely to receive an inheritance, compared with those living in the bottom half of the income distribution.<sup>53</sup>



<sup>52, 53</sup> Feiveson & Sabelhaus, 2018

Source: Feiveson & Sabelhaus, analysis of SCF data, 2018

IPTIONS



# Strategies to Close the Gap



# Strategies to Close the Gap

*Given the complexity of the racial wealth gap, how can Charlotte address it locally?*

Beatties Ford Road business, 1961  
Photo Credit: UNC Charlotte Atkins Library Special Collection



The data that describe the racial wealth gap also suggest the difficulty in addressing it. Due to the multifaceted and cumulative nature of wealth, building capacity to attain or grow one asset – for example, earning a degree or buying a home – has not measurably shifted wealth disparities in the U.S.

Yet, most efforts to address economic stability focus on narrowing the gap in attainment rates for only one asset. Further, efforts predominantly focus on

attaining or building that asset by addressing the behaviors, values, or skills of individuals and households.

The data and historical context also suggest the difficulty of addressing the wealth gap locally when the mechanisms that caused and sustain the gap are rooted in governmental policies, often national policies, that are difficult to change.

Given the complexity of wealth disparities and the daunting

---

nature of the problem, how can Charlotte begin to close the wealth gap locally while awaiting more national and universal solutions? Several concepts can inform the strategies implemented at the local level:

First, **focus on fixing systems, not people**. As noted by Darity, Hamilton, and colleagues, while individual solutions are “not necessarily undesirable, they are wholly inadequate to bridge the racial chasm in wealth.”<sup>54</sup> Local proposals should instead challenge the way institutions and programs limit opportunities for households of color.

Second, **utilize a targeted universalism approach**. John A. Powell, a guest of the Charlotte Opportunity Task Force in 2015, describes the practice of setting goals that benefit all and then targeting strategies in order to create “structures and systems that advance all the groups to the universal goal.”<sup>55</sup> A goal of

economic prosperity for all Charlotteans will require various tailored strategies to address the particular systemic barriers faced by particular groups.

Finally, given the complex and cumulative nature of the racial wealth gap, **combine solutions** within and across systems, and in the case of the racial wealth gap, across generations. For example, children’s savings accounts paired with down payment assistance for the parent address multiple dimensions of the wealth gap. As Powell notes, it takes a “multiplicity” of strategies to get all groups to universal goals.

The remainder of the report briefly reviews strategies that have been proposed and/or researched to address the racial wealth gap or one of its component pathways.

<sup>54</sup> Darity et al., 2018

<sup>55</sup> Powell et al., 2019

---

# System Strategies

## Baby Bonds

The Racial Wealth Gap is fundamentally a structural problem, reflecting the cumulative impact of historic and current disparities in multiple systems. The following strategies or policy proposals address disparities in one or more systems. These strategies may offer insight into local efforts to address the racial wealth gap.

**Baby Bonds** are substantial and universal children's savings accounts established at birth, that can grow with federal guarantees of at least 1.5-2% annually. Bonds would range between \$500 and \$50,000, with average trusts at \$20,000 per child. The amount in trust would depend on the net worth of the child's family. In adulthood, these seeded trusts can be used for long-term investments for wealth-building purposes. Baby Bonds don't require parents to contribute additional savings to receive the maximum benefit.

- TedTalk: [How “baby bonds” could help close the wealth gap \(2018\)](#) by Darrick Hamilton.
- Columbia University, Center on Poverty and Social Policy: [Universal Baby Bonds Reduce Black-White Wealth Inequality, Progressively Raise Net Worth of All Young Adults \(2018\)](#) by Naomi Zewde
- Prosperity Now: [Quick Guide to CSA Research \(2018\)](#) by Shira Markoff et al.

## Universal Basic Income

**UBI** proposals guarantee a minimum, regular income per individual. The income, its frequency, and duration vary by proposal. UBI proposals address poverty alleviation and the lack of income to meet basic needs but do not alone address wealth disparities.

- Stanford Basic income Lab: A review of [Basic Income Experiments](#).
- [Disrupting the Racial Wealth Gap](#) by Melvin Oliver and Thomas Shapiro

---

## Federal Job Guarantee

**FJG** proposals provide universal job coverage to individuals that are seeking employment. A minimum wage would be over the poverty level and indexed to inflation. A national jobs corp would provide socially useful goods and services, including physical and human public infrastructure.

- Center on Budget and Policy Priorities: [The Federal Job Guarantee – A Policy to Achieve Permanent Full Employment \(2018\)](#) by Mark Paul et al.

## Universal Retirement Accounts

**URAs** would be federally regulated retirement plans that provide a savings infrastructure for all workers. Workers would be automatically enrolled with an option to opt-out and could also provide a matching component.

- The Brookings Institution, The Hamilton Project: [Building on What Works: A Proposal to Modernize Retirement Savings](#) by John N. Friedman

## Minority Business Capitalization & Support

Strengthen policies and programs that invest in developing, sustaining, and growing minority-owned businesses including expanded access to capital through loans, grants and venture capital and support for alternative community business structures like neighborhood cooperatives.

- Center for Global Policy Solutions: [A Policy Agenda for Closing the Racial Wealth Gap](#)

---

## Employee Ownership Conversion

**EOCs** are business ownership transitions that allow employees to build assets, maintain income, prevent the closure of local businesses when owners retire, and potentially transfer White ownership to employees of color. There are two types of conversions. Worker-Owned Cooperatives and Employee Stock Ownership Plans (ESOP).

- North Carolina Justice Center: [Down Home Capital: How Converting Business into Employee-Owned Enterprises can Save Jobs and Empower Communities \(2016\)](#) by Patrick McHugh.
- [Employee Ownership, ESOPs, Wealth, and Wages \(2016\)](#) by Jared Bernstein.

## Postal Banking

To address the financial services needs of the unbanked or underbanked, the United States Postal Service would offer an array of basic banking services, including access to small loans at affordable rates.

- Harvard Law Review Forum: [It's Time for Postal Banking: The USPS should Help Extend Credit to the Unbanked Population](#) by Mehrsa Baradaran
- [Ten Solutions to Bridge the Racial Wealth Divide \(2019\)](#) by Collins et al.

## Criminal Justice Reform & Smart Decarceration

Reduce disparities in sentencing and incarceration, including programs that prepare returning citizens.

- Institute for Justice Research and Development: [Guideposts for the Era of Smart Decarceration](#) by Carrie Pettus-Davis et al.
- The Rand Corporation: [Evaluating the Effectiveness of Correctional Education: A Meta-Analysis of Programs that Provided Education to Incarcerated Adults](#) by Lois Davis et al.

---

## Access to Higher Education & Student Loan Forgiveness

Advance policies that make public colleges and universities less expensive for students from low-income and low-wealth households, including targeted student debt forgiveness programs.

- [The Effects of Debt Relief on the Student Loan Market](#) by Marco Di Maggio et al.
- Center for Global Policy Solutions: [A Policy Agenda for Closing the Racial Wealth Gap](#)
- Institute on Assets and Social Policy: [Equitable Investments in the Next Generation: Designing Policies to Close the Racial Wealth Gap](#) by Laura Sullivan et al.

## Homeownership and Housing Policy Solutions

Address the housing and lending practices which limit the asset appreciation of the housing stock and financial products available to certain populations, from enhancement and enforcement of fair housing practices to a modern Homestead Act.

- Prosperity Now: [Black Homeownership: How Do We Fix What's Wrong? \(2019\)](#) by Pamela Agava
- The Great Democracy Initiative: [A Homestead Act for the 21<sup>st</sup> Century](#) by Mehrsa Baradaran

## Asset-Building Reinvestments

Tax expenditures are more equitably shifted toward wealth-building for low-wealth families including revision of such wealth building tax code programs like the mortgage tax deduction.

- CFED and The Annie E. Casey Foundation: [Upside Down \(2010\)](#) by Beadsie Woo and Jillien Meier

# References

---

- Allen, R. C., & Smith, N. N. (2011). Main street Carolina: Uncovering and reclaiming the history of downtown. Chapel Hill, NC: Interdisciplinary Studies University of North Carolina at Chapel Hill. Retrieved from <https://hcommons.org/deposits/objects/hc:11972/dastreams/CONTENT/content>
- Aliprantis, D. & Carroll, D. R. (2019). What is behind the persistence of the racial wealth gap? Economic Commentary, Federal Reserve Bank of Cleveland.
- Batty, M., Briggs, J., Pence, K, Smith, P., & Volz, A. (2019), The Distributional Financial Accounts. Washington, DC: The Federal Reserve Bank.
- Bernstein, J. (2016). Employee Ownership, ESOPs, Wealth, And Wages. The Employee-Owned S Corporations of America. <http://esca.us/wp-content/uploads/2016/01/ESOP-Study-Final.pdf>
- Board of Governors of the Federal Reserve System. (2019). Report on the economic well-being of U.S. households in 2018. Washington, DC: Author. Retrieved from <https://www.federalreserve.gov/consumerscommunities/files/2018-report-economic-well-being-us-households-201905.pdf>
- Bureau of Labor Statistics. (2018). May 2018 metropolitan and nonmetropolitan area occupational employment and wage estimates, Charlotte-Concord-Gastonia, NC-SC. Retrieved from [https://www.bls.gov/oes/current/oes\\_16740.htm](https://www.bls.gov/oes/current/oes_16740.htm)
- Butrica, B.A. (2015). A Review of Children's Savings Accounts. Retrieved from <https://www.urban.org/sites/default/files/publication/44351/2000157-a-review-of-childrens-savings-accounts.pdf>
- CFED, (2012). Assets and Opportunity Profile: Charlotte. Retrieved from: <https://www.zsr.org/sites/default/files/documents/Assets%20and%20Opportunities%20Profile%20%28Charlotte%29.pdf>
- Charlotte-Mecklenburg Quality of Life Explorer. (2017). Urban Institute staff analysis of American Community Survey 5-Year Estimates. University of North Carolina at Charlotte: Urban Institute.
- Chetty, R., Hendren, N., Jones, M. R., & Porter, S. R. (2018). Race and economic opportunity in the United States: An intergenerational perspective. NBER and U.S. Census Bureau.

---

Connerly, C. E. (2002). From racial zoning to community empowerment: The interstate highway system and the African American community in Birmingham, Alabama. Journal of Planning Education and Research, 22(2), 99-114. doi:10.1177/0739456X02238441

Consumer Financial Protection Bureau (n.d.). Mortgage data (HDMA) [data query tool]. Retrieved from <https://www.consumerfinance.gov/data-research/hmda/explore>

Darity, W.J., Hamilton, D., Paul, M., Aja, A., Price, A., Moore, A., & Chiopris, C. (April, 2018). What we get wrong about the closing the racial wealth gap. Samuel DuBois Cook Center on Social Equity and Insight Center for Community Economic Development. Retrieved from <https://insightcced.org/wp-content/uploads/2018/07/Where-We-Went-Wrong-COMPLETE-REPORT-July-2018.pdf>

Dettling, Lisa J., Hsu, J. W., Jacobs, L., Moore, K. B., & Thompson, J. P. (2017). Recent trends in wealth-holding by race and ethnicity: Evidence from the Survey of Consumer Finances. FEDS Notes. Washington: Board of Governors of the Federal Reserve System. doi: 10.17016/2380-7172.2083

Emmons, W. (2017). Homeownership and the racial wealth divide. Federal Reserve Bank of St. Louis. Retrieved from <https://www.stlouisfed.org/publications/housing-market-perspectives/2017/homeownership-racial-wealth-divide>

FDIC. (n.d.). Five-year estimates for 2013-2017, Charlotte Concord Gastonia NC SC [public dataset]. Retrieved from [https://www.economicinclusion.gov/five-year/documents/fiveyear estimates.html?where=2013\\_2017\\_MSA\\_Charlotte\\_Concord\\_Gastonia\\_NC\\_SC&Til=-](https://www.economicinclusion.gov/five-year/documents/fiveyear estimates.html?where=2013_2017_MSA_Charlotte_Concord_Gastonia_NC_SC&Til=-)

Federal Reserve Board, (2018). Survey of Consumer Finances 2016 [review of findings]. Retrieved from <https://www.federalreserve.gov/econres/scfindex.htm>

Federal Reserve System (2019). Distributional Financial Accounts [dataset]. Retrieved from <https://www.federalreserve.gov/releases/z1/dataviz/dfa/distribute/table/#quarter:119:series:Net%20worth:demographic:race:population:all:units:levels>

- 
- Feiveson, L. & Sabelhaus, J. (2018). How does intergenerational wealth transmission affect wealth concentration? FEDS Notes. Washington, DC: Board of Governors of the Federal Reserve System. doi: 10.17016/2380-7172.2209
- Hamilton, D., & Chiteji, N. (2013). "Wealth" in Patrick Mason (ed.), International Encyclopedia of Race and Racism, 2<sup>nd</sup> Ed. Macmillan Reference, USA
- Hamilton, D., & Darity, W. (2010). Can Baby Bonds Eliminate the Racial Wealth Gap in Putative Post-Racial America? *Rev Black Political Economy*, 37, 207-216
- Hamilton, D., & Darity, W. A. (2017). The political economy of education, financial literacy, and the racial wealth gap. Federal Reserve Bank of St. Louis Review 99(1), pp. 59-76. doi: 10.20955/r.2017.59-76
- Hoyt, H. (1933). One hundred years of land values in Chicago: The relationship of the growth of Chicago to the rise in its land values, 1830-1933. Chicago, IL: University of Chicago.
- Huang, C. & Taylor, R. (2019). How the Federal Tax Code Can Better Advance Racial Equity. Retrieved from <https://www.cbpp.org/sites/default/files/atoms/files/7-25-19tax.pdf>
- Institute on Assets and Social Policy & National Low Income Housing Coalition. (2017). Misdirected investments: How the mortgage interest deduction drives inequality and the racial wealth gap. Retrieved from <https://heller.brandeis.edu/iasp/pdfs/racial-wealth-equity/racial-wealth-gap/misdirected-investments.pdf>
- Kent, A., & Ricketts, L. (2019) What wealth inequality in America looks like: Key facts & figures. St. Louis: Federal Reserve Bank of St. Louis.
- Kijakazi, K. (2016). Closing the Racial Wealth Gap: Establishing and Sustaining an Initiative. *Race Social Problems*, 8, 136-145.
- Killewald, A., Pfeffer, F. T., & Schachner, J. N. (2017). Wealth inequality and accumulation. Annual Review of Sociology 43, 379-404. doi: 10.1146/annurev-soc-060116-053331

- 
- Lewis, M., Elliott, W., O'Brien, M., Jung, E., Harrington, K., Jones-Layman, A. (2016) Saving and Educational Asset-Building within a Community-Driven CSA Program: The Case of Promise Indiana. Lawrence, KS: University of Kansas, Center on Assets, Education, and Inclusion.  
<https://aedi.ssw.umich.edu/sites/default/files/publications/publication-working-papers-wp02-16.pdf>
- Lui, M., Robles, B., Leondar-Wright, B., Brewer, R., & Adamson, R. (2006). The Color of Wealth: the Story Behind the U.S. Racial Wealth Divide. New York, NY: New Press.
- Meschede, T., Taylor, J., Mann, A., & Shapiro, T. (2017). Family achievements? How college degree accumulates wealth for white and not for blacks. Federal Reserve Bank of St. Louis Review 99(1), 121-137. doi: 10.20955/r.2017.121-137.
- Oliver, M. L. & Shapiro T. M. (2006). Black wealth, white wealth: A new perspective on racial inequality (2nd ed.). New York, NY: Routledge Taylor and Francis Group.
- Opportunity Insights and Urban Institute staff calculations of American Community Survey 1-Year Estimates, 2017 data and Bureau of Labor Statistics Employment and Wage Estimates, 2018.
- Opportunity Insights and U.S. Census Bureau. (2010) Special data request.
- The Pew Charitable Trusts. (2010). Collateral costs: Incarceration's effect on economic mobility. Washington, DC: Author. Retrieved from  
[https://www.pewtrusts.org/-/media/legacy/uploadedfiles/pcs\\_assets/2010/collateralcosts1pdf.pdf](https://www.pewtrusts.org/-/media/legacy/uploadedfiles/pcs_assets/2010/collateralcosts1pdf.pdf)
- Prosperity Now (2019a). North Carolina: Outcome [Data Table]. Retrieved from  
<https://scorecard.prosperitynow.org/data-by-location#state/nc>
- Prosperity Now (2019b). Prosperity Now Scorecard: Local Outcome Report Charlotte, NC. [Data tables]. Retrieved from  
<https://scorecard.prosperitynow.org/data-by-location#city/3712000>
- Pyke, A. (March 31, 2016). Top infrastructure official explains how American used highways to destroy black neighborhoods. Think Progress. Retrieved from
- Rhodes, W. M., Kling, R., Luallen, J., & Dyous, C. (2015). *Federal sentencing disparity: 2005-2012*. Washington, DC: Bureau of Justice Statistics.

- 
- <https://thinkprogress.org/top-infrastructure-official-explains-how-america-used-highways-to-destroy-black-neighborhoods-96c1460d1962/>
- Rothstein, R. (2017). The color of law: A forgotten history of how our government segregated America. New York, NY: Liveright Publishing Corporation.
- Rubin, V., Ngo, D., Ross, A., Butler, D., & Balaran, N. (2018). Counting a diverse nation: Disaggregating data on race and ethnicity to advance a culture of health. Policy Link. Oakland CA. Retrieved from [https://www.policylink.org/sites/default/files/Counting\\_a\\_Diverse\\_Nation\\_08\\_15\\_18.pdf](https://www.policylink.org/sites/default/files/Counting_a_Diverse_Nation_08_15_18.pdf)
- Rumberger, R. W. (2010). Education and the reproduction of economic inequality in the United States: An empirical investigation. *Economics of Education Review*, 29(2), 246-254. doi: 10.1016/j.econedurev.2009.07.006
- Sacerdote, B. (2005). Slavery and the intergenerational transmission of human capital. *Review of Economics and Statistics*, 87(2), 217-234
- Scott-Clayton, J. & Li, J. (2016). Black-white disparity in student loan debt more than triples after graduation. *Economic Studies at Brookings Evidence Speaks Report* 2(3). Retrieved from [https://www.brookings.edu/wp-content/uploads/2016/10/es\\_20161020\\_scott-clayton\\_evidence\\_speaks.pdf](https://www.brookings.edu/wp-content/uploads/2016/10/es_20161020_scott-clayton_evidence_speaks.pdf)
- Sherraden, Michael. 1991. Assets and the Poor: A New American Welfare Policy. Armonk, NY: M.E. Sharpe
- Spohn, C. (2000). Thirty years of the sentencing reform: The quest for a racially neutral sentencing process. Policies, Processes, and Decision of the Criminal Justice System. In *Criminal Justice* (3<sup>rd</sup> Ed). pg
- Stoesz, D. (2016). The excluded: An estimate of the consequences of denying social security to agricultural and domestic workers. Center for Social Development. St. Louis, MO: Washington University in St. Louis. Retrieved from [https://openscholarship.wustl.edu/cgi/viewcontent.cgi?article=1409&context=csd\\_research](https://openscholarship.wustl.edu/cgi/viewcontent.cgi?article=1409&context=csd_research)
- Sullivan, L., Mechede, T., Shapiro, T., Asante-Muhammed, D., & Nieves, E. (2016). Equitable investments in the next generation: Designing policies to close the racial

- 
- wealth gap. Institute on Assets and Social Policy and Prosperity Now.
- Talen, E. (2014). Housing demolition during urban renewal. City & Community, 13(3), 233-253. doi: 10.1111/cico.12070
- Tippett, R., Jones-DeWeever, A., Rockeymoore, M., Hamilton, D., & Darity, W. (2014). Beyond broke: Why closing the racial wealth gap is a priority for national economic security. Center for Global Policy Solutions and The Research Network on Ethnic and Racial Inequality. Duke University. Durham, North Carolina.
- United States Department of Housing and Urban Development (HUD). 1974b. Urban Renewal Directory: June 30, 1974. Washington, DC: U.S. Government Printing Office
- Urban Institute, (2018). Debt in America: An interactive map, Mecklenburg County, NC. Retrieved from [https://apps.urban.org/features/debt-interactive-map/?type=student&variable=perc\\_stud\\_debt&state=37&county=37119](https://apps.urban.org/features/debt-interactive-map/?type=student&variable=perc_stud_debt&state=37&county=37119)
- U.S. Census Bureau. (n.d.). Wealth and asset ownership data tables, 2016. Retrieved from <https://www.census.gov/topics/income-poverty/wealth/data/tables.html>
- U.S. Census Bureau Survey of Business Owners. (2012). Statistics for all U.S. firms by industry, gender, ethnicity, and race for the U.S., states, metro areas, counties and places. Table SB1200CSA01 [Mecklenburg County, North Carolina dataset].
- Western, B., & Wildeman, C. (2009). The black family and mass incarceration. The ANNALS of the American Academy of Political and Social Science, 621(1), 221-242. doi: 10.1177/0002716208324850
- Williams, R. B. (2017). Wealth privilege and the racial wealth gap: A case study in economic stratification. Review of Black Political Economy, 44 (3-4), p. 303-325. doi: 10.1007/s12114-017-9259-8
- Zewde, N. (2018). Universal Baby Bonds Reduce Black-White Wealth Inequality, Progressively Raise Net Worth of all Young Adults. The Review of Black Political Economy, 0034644619885321.  
<https://journals.sagepub.com/doi/epub/10.1177/0034644619885321>

---

# Appendix

## Race and Ethnicity

Race and ethnicity are categorized differently across data sources, creating a challenge for comparing and reporting categories. Some important points to consider:

First, various terms are used to refer to individuals with ethnic origins in Latin American countries. We use the gender neutral term Latinx in this report.

Second, unless otherwise noted, households include only the single racial/ethnic categorization of the head of household instead of the potential diversity within the household.

Third, the data sources used in this report provide insight about the wealth experiences of broad racial and ethnic categories. Unfortunately, racial and ethnic subgroups are often aggregated together, limiting the ability to accurately describe differences within racial and ethnic groups.

Below we describe the race and ethnicity categories for each data source in the report:

**Consumer Financial Protection Bureau Home Mortgage Disclosure Act:** American Indian or Alaska Native, Asian, Black, Native Hawaiian or Other Pacific Islander, White, and Hispanic or Latino. All available categories used in analyses for this report. No changes in categories 2007-2017.

**Federal Deposit Insurance Corporation (FDIC):** Black, Hispanic, Asian, White, and Other. Data from 2013-2017. Due to small sample sizes, only White and Black categories were used in analyses for this report.

**Federal Reserve Bank, Distributional Financial Accounts:** As of 1989-White, Black, Hispanic, and Other. All

---

available categories used in analyses. No change 1989-2016.

**Federal Reserve Bank, Survey of Consumer Finances (SCF):** White non-Hispanic, Black or African American non-Hispanic, Hispanic or Latino, and Other or Multiple Race. Asian grouped into Other or Multiple Race category. No changes 1989-2016. All available categories were used in analyses of SCF data for this report.

**Institute on Assets for Social Policy (IASP) and National Low Income Housing Coalition (NLIHC):** White, Black, Latino, Asian, Other Races. Initial analysis performed by IASP and NLIHC of SIPP data and adapted for this report. Data from 2015.

**Opportunity Insights:** Asian, Black, Hispanic, White. Does not include Other category. Data does not account for households outside of these groups. No change 2010-2017.

**Prosperity Now:** White non Hispanic, Black, Asian, and Latino. Also includes Households of Color, combining all nonwhite households. Initial analyses performed by Prosperity Now and adapted for this report. Groups as of 2014.

**U.S. Census Bureau, American Community Survey (ACS):** White, White alone not Hispanic or Latino, Black, American Indian or Alaska Native, Native Hawaiian and Other Pacific Islander, Some other race, Two or more races, and Hispanic or Latino origin. No changes 2009-2017. For research comparison purposes, analyses of ACS data in this report include White not Hispanic or Latino, Black, Asian, and Hispanic or Latino.

**U.S. Census Bureau, Asset and Wealth Tables:** White, White not Hispanic, Black, Asian, Other (residual), Hispanic origin. Data from 2016. Analyses of data used

---

in report include all available categories, except for White alone because it was necessary to differentiate between White households with and without Hispanic and Latino origin.

**U.S. Census Bureau, Survey of Income and Program**

**Participation** (SIPP): White only, Black only, Asian only, Hispanic or Latino, and Residual (Other). No direct analysis of SIPP data on this report. Used an analysis by Prosperity Now that grouped Asian only into Other (residual). Most recent data, 2014.

**U.S. Census Bureau, Survey of Business Owners** (SBO):

Uses 20 categories of race and ethnicity. If more than one race or ethnicity was reported, responses were tabulated in more than one group. Tabulations weighted by the reciprocal of the firm's probability of selection. Categories updated in 2007. Analyses of SBO data for this report used White, Black,

American Indian or Alaska Native, Asian, and Hispanic or Latino.

**Urban Institute:** Debt in America Dashboard categorizes data into White and Nonwhite, based on county or state zip codes that are predominantly White (at least 60 percent of the population is white) or predominantly Nonwhite (at least 60 percent of the population is Nonwhite). Data recent as of 2018.

**University of Michigan, Panel of Income Study Dynamics** (PSID):

White, Black/ African American/or Negro, American Indian or Alaskan Native, Asian, Native Hawaiian or Pacific Islander, Other. No direct analysis done with this data in report. Categories updated in 2007.