



RACIAL JUSTICE &
EQUAL ECONOMIC
OPPORTUNITY PROJECT
NATIONAL CONSUMER LAW CENTER

Minding the Gap: Using the New Racial Wealth Audit to Measure the Impact of State and National Policies on the Racial Wealth Gap

May 19, 2016

Thomas Shapiro

Director, Institute on Assets and Social Policy,
The Heller School, Brandies University

Amy Traub

Senior Policy Analyst, DEMOS

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Moderator – Odette Williamson

- Odette Williamson is a staff attorney at the National Consumer Law Center specializing in sustainable homeownership, consumer credit, elder justice and foreclosure prevention issues. Prior to joining NCLC, Ms. Williamson was an Assistant Attorney General in the Consumer Protection and Antitrust Division of the Massachusetts Office of the Attorney General.
- Ms. Williamson also leads the Racial Justice and Equal Economic Opportunity Project, focused on challenging the marketplace abuses aimed at individuals and communities of color.



Racial Justice and Equal Economic Opportunity



The project on Racial Justice and Equal Economic Opportunity seeks to address the abusive and exploitative practices in the marketplace that have decimated the finances of communities of color.

<http://www.nclc.org/issues/racial-justice.html>

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NEWS
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Investigative News Spotlights Discriminatory Lending Practices in the Manufactured Housing Industry

***Free webinar on March 22 with U.S. Congressman Keith Ellison,
BuzzFeed News and Seattle Times Reporters***

A recent [investigative](#) story by *Buzzfeed News* and the *Seattle Times* exposed potentially discriminatory lending and debt collection practices by the nation's largest manufactured housing company, Clayton Homes and its lending subsidiaries Vanderbilt Mortgage and 21st Mortgage.

The story detailed predatory practices that resulted in borrowers of color being charged substantially higher rates, on average, than white borrowers. Borrowers of color earning between \$75,000 and \$100,000, on average, paid interest rates higher than those paid by white borrowers making \$25,000 to \$50,000, according to *Buzzfeed News* and the *Seattle Times* analysis of Vanderbilt's loan data.

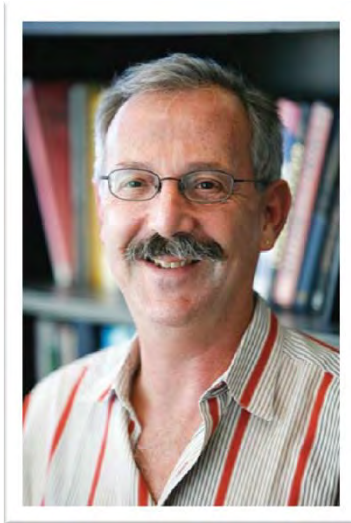
Other Webinars in this Series

Below is a partial list of past webinars sponsored by NCLC's Racial Justice & Equal Economic Opportunity Project.

Find these and other webinars at: <https://www.nclc.org/racial-justice.html>

- The Color of Debt: Racial Disparity in Debt Collection Lawsuits
- Debt and Democracy: How the Collection of Civil Fees and Fines Contributed to the Unrest in Ferguson
- Weblining and Other Racial Justice Concerns in the Era of Big Data
- Holding Wall Street Accountable for the Subprime Mortgage Crisis in Urban America

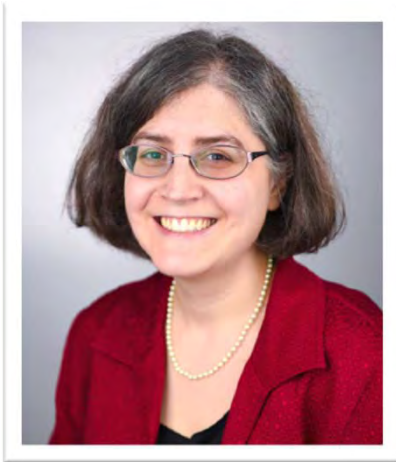




Presenter – Thomas Shapiro

- Dr. Thomas Shapiro directs the Institute on Assets and Social Policy and is the Pokross Professor of Law and Social Policy at The Heller School for Social Policy and Management, Brandeis University.
- Professor Shapiro's primary interest is in racial inequality and public policy. He is a leader in the asset development field with a particular focus on closing the racial wealth gap.
- In February 2013, he co-authored a groundbreaking study, “The Roots of the Widening Racial Wealth Gap: Explaining the Black-White Economic Divide”, which statistically validates five “fundamental factors” that together largely explain why white households accumulate wealth so much faster over time than African-American households.
- “The Hidden Cost of Being African American: How Wealth Perpetuates Inequality” (2004) was widely reviewed by the Washington Post, Boston Globe, and others. The book was named one of the Notable Books of 2004 by The St. Louis Post-Dispatch. With Dr. Melvin Oliver, he wrote the award-winning Black Wealth/White Wealth, which received the 1997 Distinguished Scholarly Publication Award from the American Sociological Association.
- Dr. Shapiro is currently focusing on writing Navigating Toxic Inequality, a widely anticipated book set for release in 2016.





Presenter – Amy Traub

- Amy Traub is senior policy analyst at Demos, a public policy organization working for an America where we all have an equal say in our democracy and an equal chance in our economy.
- Traub has a broad research focus on economic inequality, including consumer debt, workplace and labor issues, and racial wealth disparities. With collaborators at Brandeis University, Traub is a co-author of “The Racial Wealth Gap: Why Policy Matters.”
- Traub’s work on job quality and employment issues includes research on how federal contracting promotes low wages, advocacy in favor of paid sick days, and research on the connection between employment issues and consumer debt. She has testified before the U.S. House of Representatives and the U.S. Senate on issues relating to job quality and the middle class. Traub is a leader in the effort to restrict the use of consumer credit history in employment.
- She is the principal researcher on Demos’ 2012 National Survey on Credit Card Debt of Low-and Middle-Income Households and authored a number of reports stemming from that research.





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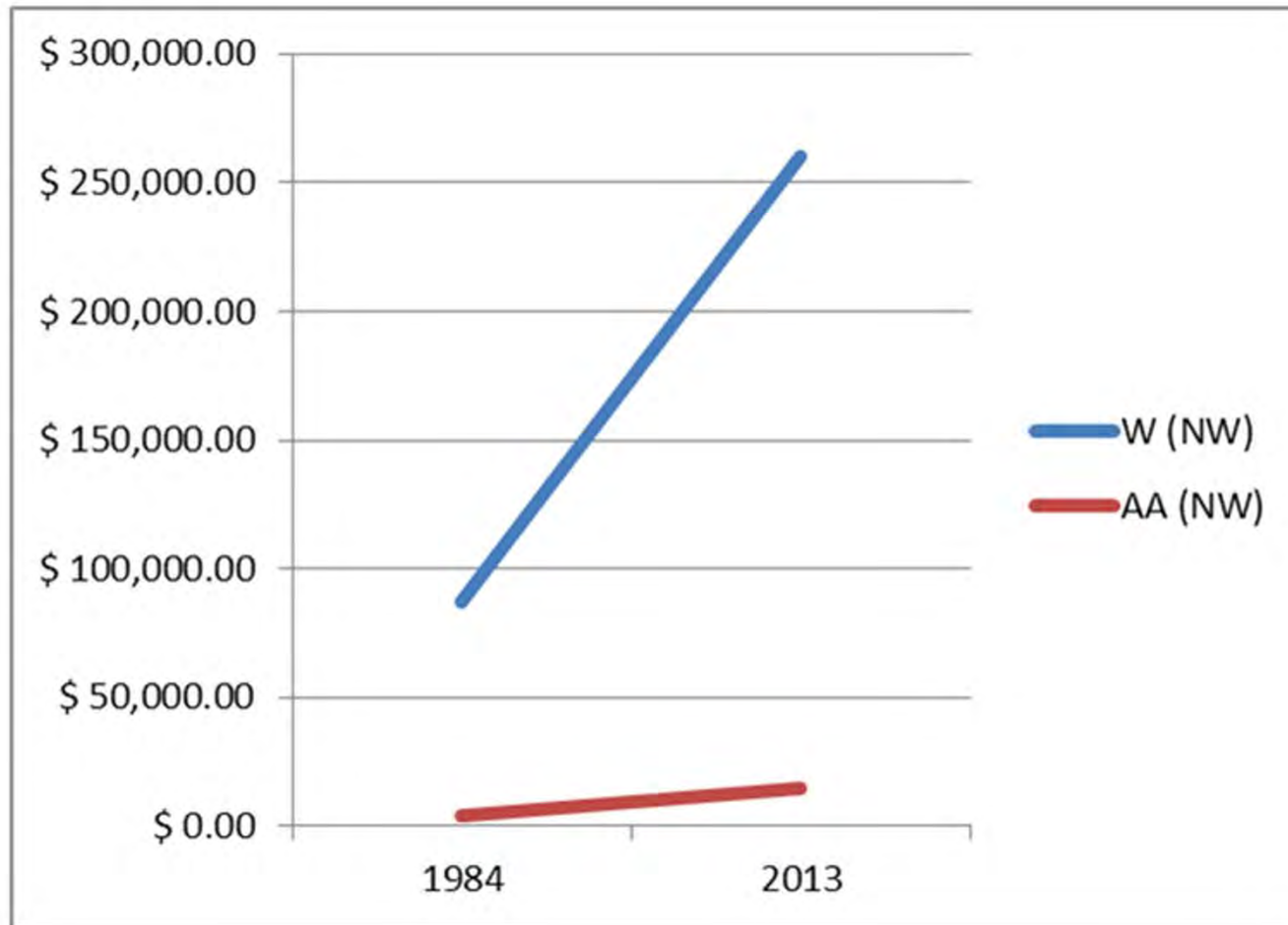
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Racial Wealth Gap



General Education Statistics by Race/Ethnicity

	White	Black
With at Least High School Diploma	93%	86%
At Least Started College	62%	52%
At Least 2 Years of College	56%	42%
At Least 4 Years of College	38%	23%
Graduate School	20%	9%
Attended College, No Degree (Some College)	19%	25%
College Starters Who Did Not Graduate	30%	48%
With Student Loans, Total	39%	54%

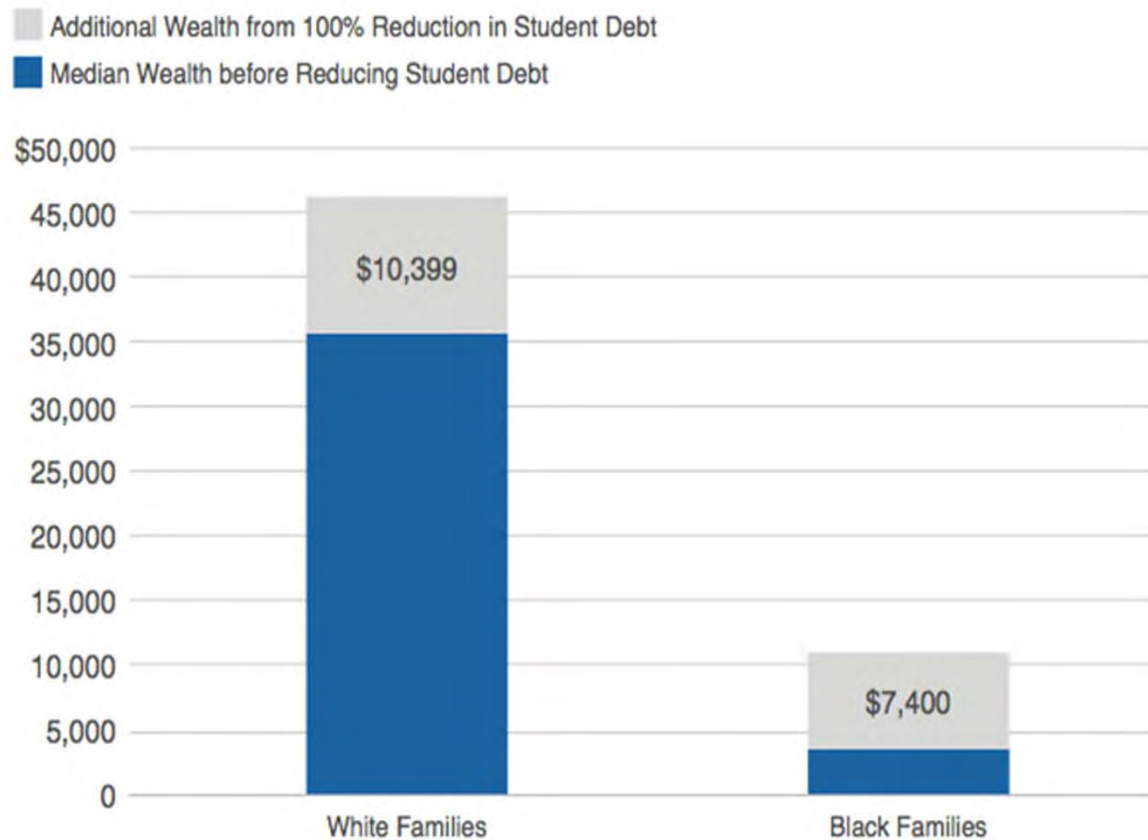
Source: IASP Analysis of 2013 Survey of Consumer Finances Data

Percent of Young Households (25-40) with Student Debt

	White Families	Black Families
With Student Loans, Total	39.1%	54.4%
With Student Loans and Household Income \$50,000 or Below	15.6%	35.9%
With Student Loans and Household Income \$25,000 or Below	5.5%	15.8%

Source: IASP Analysis of 2013 Survey of Consumer Finances Data

Change in Wealth After Eliminating All Student Debt



Source: IASP Analysis of 2013 Survey of Consumer Finances Data

Universal Debt Relief Expands the Wealth Gap While Targeted Debt Relief Could Reduce Wealth Disparities

	Before Reducing Student Debt	After Eliminating Student Debt, All Income Levels	After Eliminating Student Debt for Those Making \$50,000 and Below	After Eliminating Student Debt for Those Making \$25,000 and Below
Wealth Gap Between Young Black and White Families	\$32,201	\$35,200	\$30,000	\$31,090
Change in the Racial Wealth Gap		\$2,999	(\$2,201)	(\$1,111)
Percent Change		9%	-7%	-4%

Calculations for Households Age 25-40
 Source: IASP Analysis of 2013 Survey of Consumer Finances Data

a. The results of the analyses at each level of debt reduction can be found in the Appendix.

Reducing Student Debt Could Substantially Cut the Racial Wealth Gap among Low-Wealth Households

	Before Reducing Student Debt	After Eliminating Student Debt, All Income Levels	After Eliminating Student Debt for Those Making \$50,000 and Below	After Eliminating Student Debt for Those Making \$25,000 and Below
Wealth Gap Between Young Black and White Families at the 25th Percentile	\$11,350	\$8,610	\$7,170	\$5,510
Change in the Racial Wealth Gap		(\$2,740)	(\$4,180)	(\$5,840)
Percent Change		-24%	-37%	-51%

Calculations for Households Age 25-40
 Source: IASP Analysis of 2013 Survey of Consumer Finances Data

Examples Using RWA for Policy Design

- <http://www.aecf.org/resources/investing-in-tomorrow-helping-families-build-savings-and-assets/>

Questions?



For more information:

See our websites:

iasp.brandeis.edu

demos.org

Report Available at: <http://iasp.brandeis.edu/pdfs/2015/RWA.pdf> or
<http://www.demos.org/publication/racial-wealth-gap-why-policy-matters>

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- Please fill out the evaluation survey!
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- Thank you to our speakers!



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