How Do Wage Gaps Affect Black Women's Wealth Attainment, and Where Do Expenditures Fit In?

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Even as the wage gap between Black and white Americans in the United States has narrowed over the last several decades, the wealth gap between these two groups remains alarmingly wide. Access to wealth, particularly in the form of liquid assets, facilitates income smoothing during periods of joblessness, offers the capital necessary to make large purchases such as homes and cars, and allows individuals and families to invest in educational, business, or other opportunities. Ever since the promise of 40 acres and a mule upon emancipation from slavery went unfulfilled, Black Americans have struggled to build individual and collective wealth. Most expositions on the barriers that have prevented Black wealth accumulation tend to focus on the household. However, research has shown that, when broken down by gender and race, Black women in the US possess the lowest levels of wealth compared with white men, white women, and Black men.

This brief focuses on Black women and wealth in the US. It establishes a framework for examining the Black women's wealth gap from the perspective of earnings gaps as well as expenditure burdens that Black women disproportionately face and that can drain income and asset accumulation. The research question being asked is: *In what ways do racial and gender wage gaps borne by Black women in the American workforce affect their ability to accumulate wealth, and how do expenditures disparately faced by Black women factor into this?*

About the Goldman Sachs-Urban Institute One Million Black Women Research Partnership

One Million Black Women: Closing the Wealth Gap is a Goldman Sachs initiative investing $10 billion in direct capital and $10 billion in philanthropic support over the next decade to help narrow opportunity gaps facing Black women. Grounded in research, the initiative forges partnerships with Black women–led organizations and other groups to address the disproportionate gender and racial biases that Black women have faced for generations and that have been exacerbated by the COVID-19 pandemic.

Goldman Sachs and the Urban Institute launched the One Million Black Women Research Partnership in 2022. This learning community has engaged two cohorts of scholars to develop new research publications related to access to capital, financial health, health care, housing, and job creation and workforce advancement to guide the partnership's collaborative work.

Over the past two years of the research partnership, we invited faculty and researchers from Historically Black Colleges and Universities (HBCUs), minority-serving institutions, and predominately white institutions to develop new research products examining the persistent racial gaps in earnings and wealth that Black women experience. Cohort I and cohort II scholars have expertise in analyzing the impact of structural factors, including racism, classism, and sexism, on Black women's earnings or wealth and the role of the intersections of these mutually reinforcing systems of disadvantage on outcomes for Black women.

Further information about the partnership, the chosen scholars, and their research products is available at https://www.urban.org/projects/one-million-black-women-closing-wealth-gap.

Anticipated Contributions of This Research

Existing research notes the relationship between the gender wage gap and wealth. However, the shortcomings of this research with respect to Black women are (1) it points out the link between the two but focuses on either the gender wage gap or the wealth gap, not on their interaction; (2) it typically focuses on only one aspect of the impact of wage gaps on wealth, such as homeownership; and (3) it rarely discusses the role of the costs that Black women may disparately face . Alternatively, this research will examine the variety of ways in which wage gaps impact Black women's wealth attainment as well as discuss how certain costs, disparately faced by Black women in particular, play a critical role in constraining wealth accumulation.

Methodologies Used

This brief surveys existing literature on

1. the relationship between income and wealth gaps for Black women, and
2. Black women's consumption patterns to determine if there are costs which are disparately borne by this group, such as child care costs.

This brief also includes a quantitative analysis of the Bureau of Labor Statistics' Consumer Expenditures and discusses the limitations of data, if any, that contributes to answering the research question and presents a framework for the different ways in which wage gaps impact Black women's wealth accumulation and include the role of expenditures faced. Finally, this brief concludes by outlining actionable policies and strategies that can be beneficial in improving Black women's income, "leveling" their expenditures, and increasing their ability to accumulate wealth.

Measuring Wealth and Contributors to Wealth Accumulation

An asset is defined by Merriam Webster's dictionary as "the entire property of a person, association, corporation, or estate applicable or subject to the payments of debts."[1] The word asset is often used synonymously with the terms wealth or worth, though it has a more nuanced definition. However, individual or household wealth are typically equal to an individual's or household's net assets, which are assets less any outstanding debts or liabilities.

According to researchers Thomas Shapiro and Jessica Kenty-Drane (2005), wealth accumulation in the US occurs primarily through three pathways: inheritances, earnings, and savings (savings in this context likely meaning whether an individual or household actually saves, since savings are derived from income, including earnings). In addition, these researchers posit that the most important contributor to wealth accumulation is income, but, at the same time, suggest that African Americans cannot necessarily "earn their way out of the racial wealth gap." Shapiro and Kenty-Drane (2005) make an important distinction between "net worth" and "net financial assets"—net worth is everything an individual or household owns of monetary value less any debts owed, while net financial assets are equal to net worth less home equity. This is a critical distinction, given that, according to the US Census Bureau, the biggest contributor to household wealth in the US is home equity, and home equity along with retirement accounts accounted for 65 percent of a household's wealth in the US as of 2019.[2]

HOUSEHOLDS VERSUS INDIVIDUALS

Wealth data are collected at both the household and individual level. However, most analyses of wealth status in the US focus on household, rather than individual, wealth because people tend to spend longer periods experiencing the advantages of wealth (or disadvantages of zero or negative net worth) as part of a household than as a single person. The implication here is that analyses of individual wealth may obscure the impact of the wealth statuses of other household members if an individual is a member of a multiperson household. Nonetheless, to study the issue of Black women's wealth at the individual level is important. As noted by Valentino and Yadon (2023, 5), "Using single households is a common approach used by scholars when investigating gender gaps in wealth (e.g., Chang 2010), but it hampers scholars' ability to speak to the full patterns of wealth inequality in the US."

THE RACIAL WEALTH GAP

Putting aside the issue of gender, as well as individuals versus households, for the moment, different approaches have been used to measure the magnitude of the racial wealth gap; in this brief, the racial wealth gap is the average or median difference in net assets between Black and white households. Thus, one frequently employed approach is to compare the median wealth of Black households to the median wealth of white households. A second approach is to compare the percentage of wealth white Americans in the US hold with the percentage of wealth Black Americans hold and determine how closely these figures track to each group's respective population size. A third approach is to estimate, in aggregate, the amount of the racial wealth gap.

With the first approach, according to US Census Bureau 2019 data, the median wealth of white, non-Hispanic households was $187,000; for Black households, it was $14,000 (Aliprantis and Carroll 2019). Thus, white non-Hispanic households in the US have more than 10 times the wealth of Black households. Using the second approach, according to the Federal Reserve Bank of Minneapolis, whites make up 60 percent of the US population but hold 84 percent of the wealth in the country, while the Black community makes up 13 percent of the population but holds only 4 percent of total wealth.[3] A third novel approach attempted to aggregate the racial wealth gap; according to Vanessa Williamson (2020), senior fellow at the Brookings Institution, "If Black households held a share of the national wealth in proportion to their share of the US population, it would amount to $12.68 trillion in household wealth, rather than the actual sum of $2.54 trillion. The total racial wealth gap, therefore, is $10.14 trillion." However one measures it, the current racial wealth gap in the US is enormous.

DRIVERS OF THE RACIAL WEALTH GAP

Research confirms a positive link between income and wealth. According to a Federal Reserve Bank of Cleveland 2019 report, which noted that some research on the racial wealth gap finds it is too large to be explained by income disparities alone, the racial income gap is the biggest driver of the racial wealth gap *over time*, and thus policies designed to close income gaps will also be beneficial for closing wealth gaps (Aliprantis and Carroll 2019). In the web feature "Nine Charts about Wealth Inequality in America," the Urban Institute also draws a link between rising income inequality and rising wealth inequality in the US.[4]

However, other scholarship posits that another factor as important, and some may argue more important, than income is a critical driver in the current racial wealth gap. Research published by Derenoncourt and colleagues (2022) indicates that where Black Americans stood after emancipation with regard to wealth—which was effectively zero, as they were, indeed, considered a form of wealth to others before emancipation—is to blame for about half the current racial wealth gap. The researchers point out that in 1870 the racial wealth gap ratio between whites and Black Americans was 23 to 1, and by 2020 that ratio had been narrowed to 6 to 1. Derenoncourt and colleagues (2022) then derive a counterfactual figure: if Black and white Americans had the same starting point of wealth in 1870, but the rate of wealth accumulation of Black Americans had been equal to that of whites, then as of 2020 the racial wealth gap ratio should have narrowed to 3 to 1, which suggests that where Black and white Americans stood after the Civil War with respect to wealth mattered a great deal for the contemporary wealth status of the Black community.

Since these researchers estimate the current racial wealth gap ratio is 6 to 1, and according to their methodology about half the current racial wealth gap can be traced to the functionally zero individual wealth of the overwhelming majority of Black Americans adults after emancipation, the other half of the racial wealth gap requires explication. The researchers attribute that half to racist laws, policies, and practices that constrained wealth accumulation for Black households after emancipation like Jim Crow laws, redlining, outright theft of land by whites, inflated mortgage interest rates, workforce discrimination and occupational segregation of Black women and men into lower-paying occupations, and widening overall wealth inequality since 1980 in the US.

TRENDS IN THE RACIAL WEALTH GAP

Obtaining current estimates on the size of wealth gaps by race and gender in the US are important, but arguably as important is examining trends in wealth gaps over time to discern whether policy approaches to narrow and close them are working. One study conducted by Valentino and Yadon (2023) used 11 waves of Survey of Consumer Finances data from 1989 to 2019 and found little evidence of convergence of racial and gender wealth gaps; instead, these researchers found consistency across time in wealth gaps between single white men and other single individuals from racial, ethnic, and gender groups including Black women. Derenoncourt and colleagues (2022) indicate that there were at least two periods in American history since 1860 (excluding the immediate post-emancipation period) when the racial wealth gap shrank: during World War II, when the demand for civilian labor increased; and after the passage of the Civil Rights Act of 1964. But, like Valentino and Yadon, they find convergence in the racial wage gap stalled from 1980 to 2020, which Derenoncourt and colleagues attribute to the trend in growing wealth inequality overall in the US over the past few decades.

THE GENDER WEALTH GAP

Just as the racial wealth gap is a measurement of wealth distribution by race, the gender wealth gap is a measurement of wealth distribution by gender. However, unlike estimates of the racial wealth gap, which have been examined at both the individual and household level, including households with married couples, the gender wealth gap typically examines wealth differentials between individuals, usually single adults, and not households.

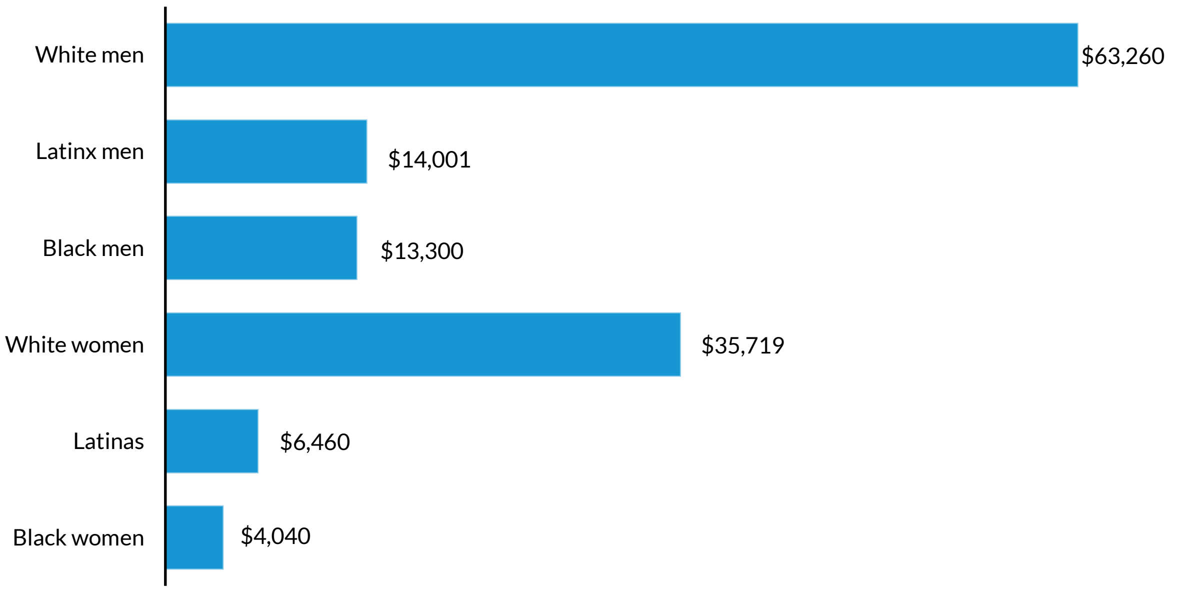
Researchers have found intra-racial gender differences in wealth among single individuals are not uniform. The relative difference in wealth between single white men and single white women is smaller than that between single Latinx men and women, which in turn is smaller than that between Black men and women; Valentino and Yadon (2023) found that in 2019 white men had 76 percent more wealth, at the median, than white women, while Latinx men had 117 percent more wealth than Latinas, and Black men had 229 percent more wealth than Black women. While the researchers noted they were unable to explain why relative intra-racial gender differences in wealth were smallest among white Americans but largest among Black Americans, Valentino and Yadon noted that intersectional theory would predict such an outcome given the compounding impacts of both race and gender on economic security.

Black Women and the Wealth Gap

When examining the wealth gap among Black, Latinx, and white men and women, according to analyses conducted by Valentino and Yadon (2023) using the 2019 Survey of Consumer Finances, Black women in the US have the least wealth (figure 1).

FIGURE 1

Median Wealth in the US by Race, Ethnicity, and Gender, 2019



Source: Lauren Valentino and Nicole Yandon, "Intersectional Wealth Gaps: Contemporary and Historical Trends in Wealth Stratification among Single Households by Race and Gender," *Social Currents* 10 (2023:1): 3–16. Data from the Survey of Consumer Finances.

Black Women, the "Double Gap," and Wealth Accumulation

The relationship between the racial wealth gap and racial and gender wage gaps for Black women in the American workforce seems straightforward, but the specific ways in which these wage gaps affect wealth attainment are not often explored explicitly. In 2020, this author's research quantified the aggregate earnings loss to Black women attributable to racial and gender wage gaps; approximately $50 billion (in 2017 dollars) in salaries and wages are lost each year from the "double gap" in wages this group experiences (Holder 2020). This research indicated that an individual Black woman who works full time is underpaid, on average, by approximately $20,000 each year. Building on this research, this section explores and highlights the connections between individual gender and racial wage losses that Black women experience and the individual racial wealth gaps their households experience. Part of the goal here is to bring urgency to the undervaluation of Black women's work; it contributes to not only income gaps but wealth gaps between Black and white households. Thus, the case can be more effectively made that policy measures designed to address wage gaps could address wealth inequities too.

The "double gap" in wages is a result of the intersecting effects of the racial wage gap—Black workers earn on average less than white workers—and the gender wage gap—women on average earn less than men. According to Current Population Survey data for 2022, while women working full time earned 83 cents for every dollar men working full time earned, Black women working full time earned 71 cents for every dollar their white male counterparts earned, resulting in a double gap of 29 percent.[5]

Bureau of Labor Statistics analyses do not account for the complex factors that play a role in wage disparities for women, and women of color in particular. Among these factors are occupational crowding based on sex and race, gender socialization, employer bias, historical exclusionary practices by unions, the “motherhood penalty,” and educational attainment gaps, particular at the level of college completion.

The mechanisms by which Black women’s “double gap” in wages affect wealth attainment include the ability to (1) save and accumulate assets, including buying a home; (2) reduce debt, such as mortgages or credit; and (3) accumulate retirement savings. In addition, expenditures disparately borne by Black women, which can drain income and assets, further constrict Black women’s ability to build wealth.

CAUSES OF THE “DOUBLE GAP”

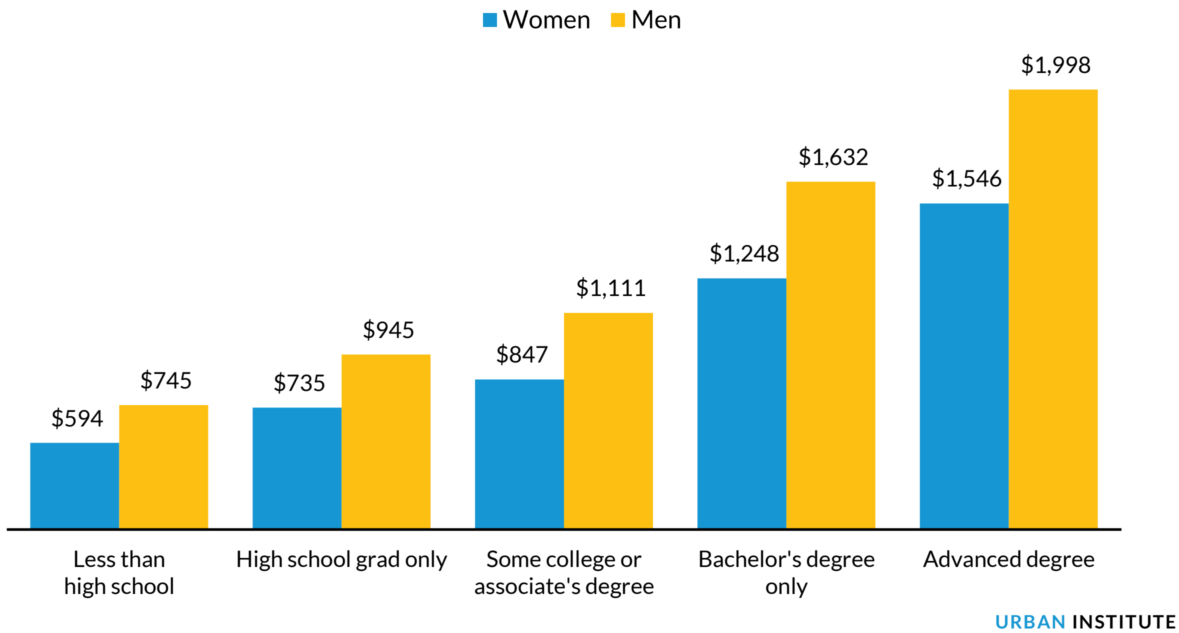
Occupational crowding. Current research and data confirm that women are overrepresented in so-called “pink collar” occupations: the three occupations in the US that employ the largest number of women are administrative assistants/secretaries, teachers, and nurses, and in each of these occupations 80 percent of workers are women.[6] Black women in the US workforce, in line with women generally, are crowded into low-wage occupations, partly because of the kinds of occupations that were open to Black women. This, of course, influences the magnitude of wage gaps Black women face in the workforce. Economist Cecilia Conrad, one editor of *African Americans in the US Economy* (2005), noted that, before the passage of the 1964 Civil Rights Act—particularly Title VII of the Act, which prohibited race- and gender-based discrimination in employment—the occupation with the highest share of Black women in the US (38 percent in 1960) was private household (i.e., domestic servants). Conrad pointed out that by 1980, the occupation with the highest share of Black women had changed from private household to clerical (see economist Randy Albelda’s 1985 research for more on this change). Indeed, in 2015, about one in five Black American women worked in office and administrative support occupations and an additional 17 percent worked in health care practitioner and health care support occupations (e.g., nurses, nursing assistants, medical records technicians, and home health aides).[7]

Educational attainment gap. Earnings and educational attainment are strongly positively correlated in the US: the higher one’s educational attainment level, the greater one’s earnings are likely to be. Figure 2 shows the impact of the gender wage gap: men earn more than women at every level of educational attainment. However, according to Current Population Survey data for 2021,[8] a large educational attainment gap exists between Black and white Americans at the level of college completion: 38 percent of white Americans ages 25 years and older possess a bachelor’s degree or higher, compared with 28 percent of Black Americans in the same age group.

By gender, 37 percent of white men ages 25 and older, and 39 percent of white women in the same age group, have a bachelor’s degree or higher compared with 25 percent of Black men and 31 percent of Black women in the same age group (figure 3). Without controlling for the educational attainment gap between Black and white workers at the level of college completion or higher, any examination of wage differences between Black women, white men, and white women will, therefore, reflect the impact of higher educational attainment among whites in the US.

FIGURE 2

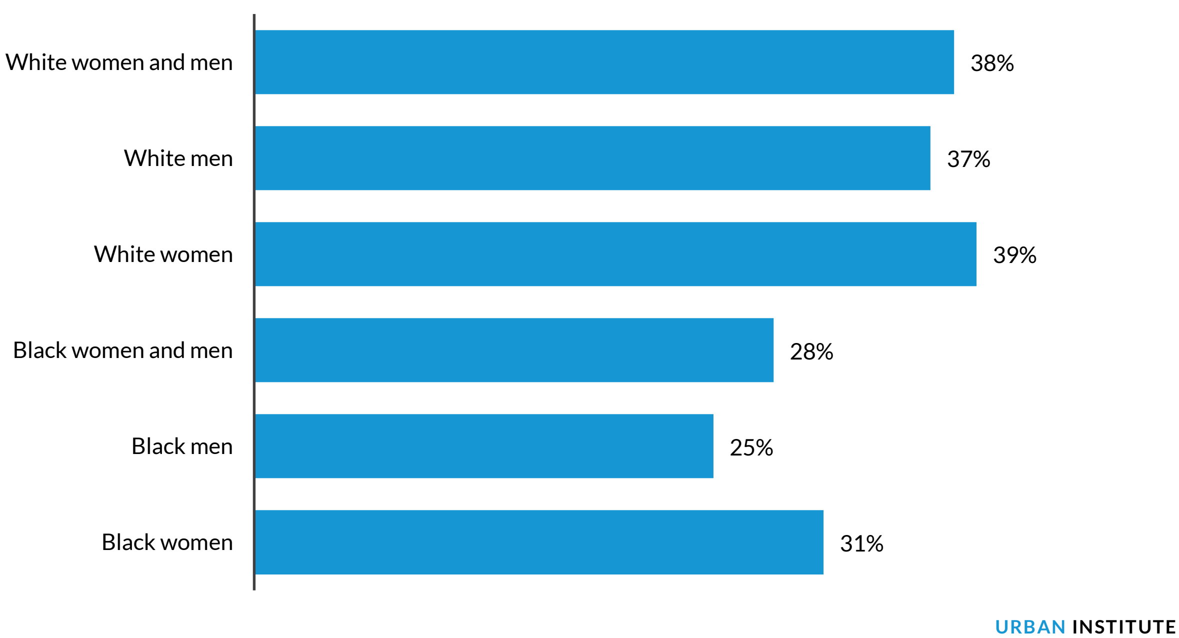
2022 Median Weekly Earnings in the US by Gender and Educational Attainment



Source: US Census Bureau and Bureau of Labor Statistics, Current Population Survey.
Note: Data include only full-time workers ages 25 and older.

FIGURE 3

College Completion Rates by Race and Gender



Source: US Census Bureau and Bureau of Labor Statistics, Current Population Survey, 2021 Annual Social and Economic Supplement.

Employer discrimination. Economists and other social scientists use a variety of techniques to either measure or detect racial discrimination in the US labor market. One method uses regression analysis, which controls for various labor market attributes and characteristics to determine the source of, typically, wage differentials between Black and white people (or men and women); unexplained residuals are usually attributed to discrimination. Another method uses field experiments such as "audit studies;" these are typically conducted with Black and white applicants whose résumés are constructed to present similar qualifications. These analytical approaches have presented compelling evidence of persistent racial discrimination against Black job applicants (see Bertrand and Mullainathan 2004; Pager and Western 2005; Quillian et al. 2017).

Networks. An estimated half of all jobs in the US are filled through social contacts (Granovetter 1995). In addition, other research posits that Black Americans tend to rely on formal routes in employment (Holzer 1987; Elliot 2001). Holzer (1987) argues that Black job applicants are more likely to rely on formal routes to employment because it is harder for ascriptive characteristics, such as race, age, and gender, to play a significant role in hiring, given the professionalization of the human resources occupation. Importantly, other researchers (Stainback 2008) have pointed out that networks can serve to maintain racially (or gender, for that matter) segregated labor markets since job information is shared through homogeneous networks, leading employers to draw from homogeneous pools. The point is that, given the long-standing exclusions of women and Black men from equal competition in the American labor market, white male networks in the workforce have an historical and potent reach. Presumably, not only job vacancy information but job salary information can be shared through homogenous white male networks.

The double gap and wealth accumulation. As noted earlier, income and wealth are positively correlated, and for the majority of adults in the US, income is mostly derived from wages and salaries. Because Black women encounter a double gap in wages/earnings because of both their gender and race, the impact of wage gaps on wealth accumulation for this group is especially deleterious. However, since there isn't a one-to-one relationship between earnings and wealth—the racial wealth gap in America is much larger in a relative sense than the racial wage gap or gender wage gap—it would be an oversimplification to assume because Black women earn 29 percent less than non-Latinx white men then the former group has 29 percent less wealth than the latter group.

Indeed, while the double gap in wages between Black women and white men is 29 percent according to Bureau of Labor Statistics data, Valentino and Yadon (2023) as well as Bhattacharya, Price, and Perry[9] find that Black women have approximately 90 percent less wealth than white men in the US. However, what the double gap does mean for working Black women is that this group has 29 percent less earnings, on average, to save, pay down debt, allocate toward educational goals for themselves and/or their children, and put aside for retirement than do employed white men. Over a 40-year career, the double gap can result in losses of nearly $1 million in pre-tax earnings, on average, for Black women compared with white men;[10] these dollars could assist in affording child care costs, shore-up retirement savings, allow for large asset purchases such as homes, accommodate the cost of a college education, provide start-up funding for entrepreneurial ventures, or reduce debt burdens.

Black women and retirement. One critical way in which the double gap in wages affects Black women's ability to accumulate wealth is in retirement savings. Economist Angelino Viceisza's 2022 brief for the Urban Institute on Black women's readiness for retirement makes a direct connection between the crowding of Black women in low-wage occupations and lower levels of retirement savings. Viceisza indicates that among all major racial, ethnic, and gender groups, Black women have the second-lowest amount available in retirement funds, behind that of Latinas. Importantly, though, he also notes the smaller retirement accounts of Black women can't be attributed to either lower participation rates of these women, compared to other major female demographic groups, in defined benefit pension plans, nor to a financial literacy gap between Black and white women. Notably, after controlling for differences in income, evidence suggests that Black households save at comparable rates to white households (Darity et al. 2018), so the assumption of a lower propensity to save among Black households also can't be blamed for lower retirement savings among Black women.

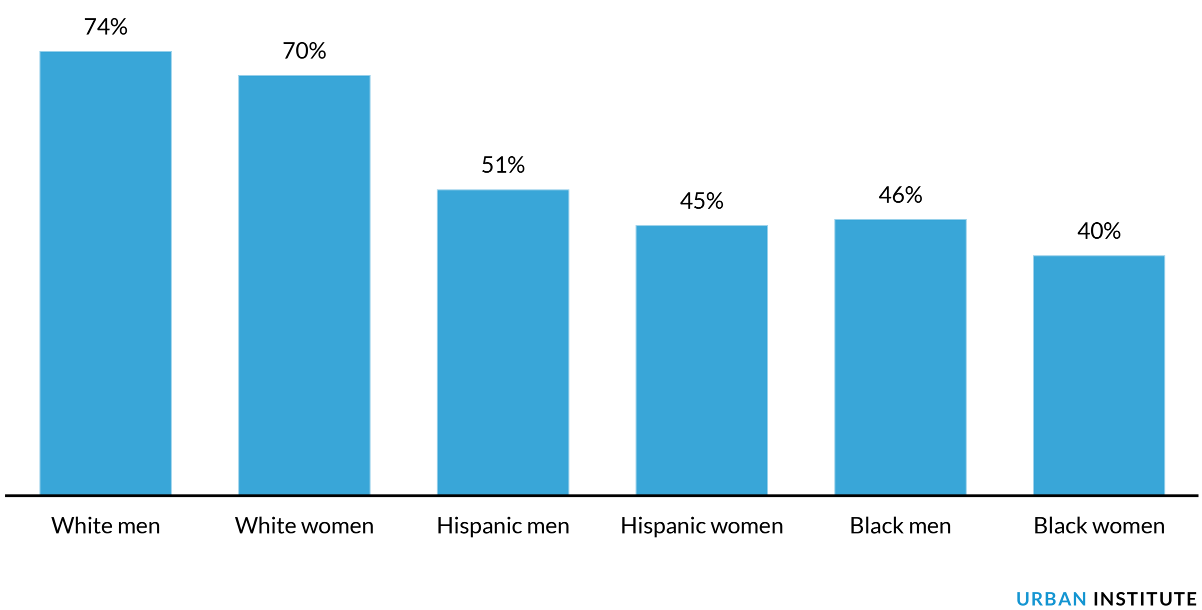
Other Sources of Wealth Accumulation

Black Women and Homeownership

While the homeownership rate among Black women who are heads of their households increased between 1990 and 2019, Black women heads of households have the lowest rate of homeownership compared with white men and women, Latinx men and women, and Black men (figure 4). The ability to buy a home typically depends on income, assets, and creditworthiness. Largely because of the double gap in wages, Black women's income is lower than that of white men, white women, and Black men.

FIGURE 4

Homeownership Rates in the US by Race and Gender, Heads of Households



Source: Jung Hyun Choi, Laurie Goodman, and Jun Zhu, *A Three Decade Decline in the Gender Homeownership Gap* (Washington, DC: Urban Institute, 2021), using the US Census Bureau American Community Survey data.

While conventional measurements of wealth typically include the value of properties owned (less any outstanding debt on the property), homeownership alone does not guarantee Black women the same access to wealth as it does for other groups, given discriminatory lending practices, lower median home values for Black households than white households, and discrimination in the appraisal value of homes occupied by Black families compared with values assigned to homes occupied by white families.[11]

Intergenerational Wealth Transfers/Inheritances

Research conducted by Paul Menchik and Nancy Ammon Jianakoplos (1997), using data from the Survey of Consumer Finances and the 1976 National Longitudinal Surveys of Mature Men, show the critical role intergenerational wealth transfers play in the racial wealth gap. They found that white households were more than twice as likely to receive an inheritance as Black households; after controlling for other variables, race was significant in determining whether a household received an inheritance and, if so, how large. According to these scholars, racial differences in intergenerational wealth transfers account for 10–20 percent of the racial wealth gap. These findings complement those by Derenoncourt and colleagues (2022) in that the zero wealth status of the overwhelming majority of Black Americans after emancipation, compared with the nonzero wealth status of white Americans during the same period, is likely to blame for about half the wealth gap between Black and white Americans today.

Black Women and Expenditures

Child Care Costs

In examining the lower wealth levels among Black women, the bulk of empirical analysis typically focuses on drivers of wealth—income, inheritances, and so on. But little is discussed about the costs that Black women may be disparately facing, compared with other racial-ethnic-gender groups, that could play a critical role in constraining their ability to accumulate wealth. One such cost may be for child care.

According to the Annie E. Casey Foundation, using 2021 data from the American Community Survey, 64 percent of Black children are raised in single-parent homes, compared with 24 percent of white non-Hispanic children.[12] In addition, the Institute for Women's Policy Research noted that the majority of Black mothers were single parents in 2018 (Shaw et al. 2020, 3). In single-parent families, a second parent is not available within the home to share child care responsibilities. While nonresident parents can certainly assist with child care responsibilities, these tasks often becomes easier when two parents live in the household. In single-parent families, therefore, child care duties fall heaviest on the resident parent, who may need to turn to friendship or kin networks as well as child care providers for assistance.

The majority of Black mothers are also breadwinners for their families. The Institute for Women's Policy Research defines breadwinning mothers as mothers, irrespective of marital status, who contribute a minimum of 40 percent of their income to overall household income (Shaw et al. 2020, 3). In popular American culture, a household's primary breadwinner is understood to bring the largest share of income, typically at least 51 percent, of a household. However breadwinning is defined, the data suggest that a higher share of Black mothers are primary breadwinners in their families than white mothers: the Pew Research Center found that in 2011, 40 percent of households with children in the US had a mother who was either the sole or primary breadwinner, with 63 percent of those households headed by a single mother (Wang, Parker, and Taylor 2013), and the Institute for Women's Policy Research found wide variation of mother-breadwinning by race; in 2018, 79 percent of Black mothers were breadwinners compared with 48 percent of white mothers.

With more than half of Black children growing up in single-parent homes in the US and the majority of single parents in the US being women, it seems likely the cost of child care is a budgetary item that Black mothers face disparately compared with their white counterparts. Data from the 2019 Survey of Consumer Finances confirm this is the case for single Black mothers. About a third of single Black women are mothers compared with 15 percent of single white women;[13] and, despite the fact that white women working full time earn more on average than Black women working full time, single Black mothers face higher average annual child care costs than single white mothers (Shaw et al. 2020, 4) (table1) .

TABLE 1

Average Annual Child Care Cost by Race for Single Parents, 2019

Black women	Black men	White women	White men	Overall
$1,131	$587	$844	$576	$872

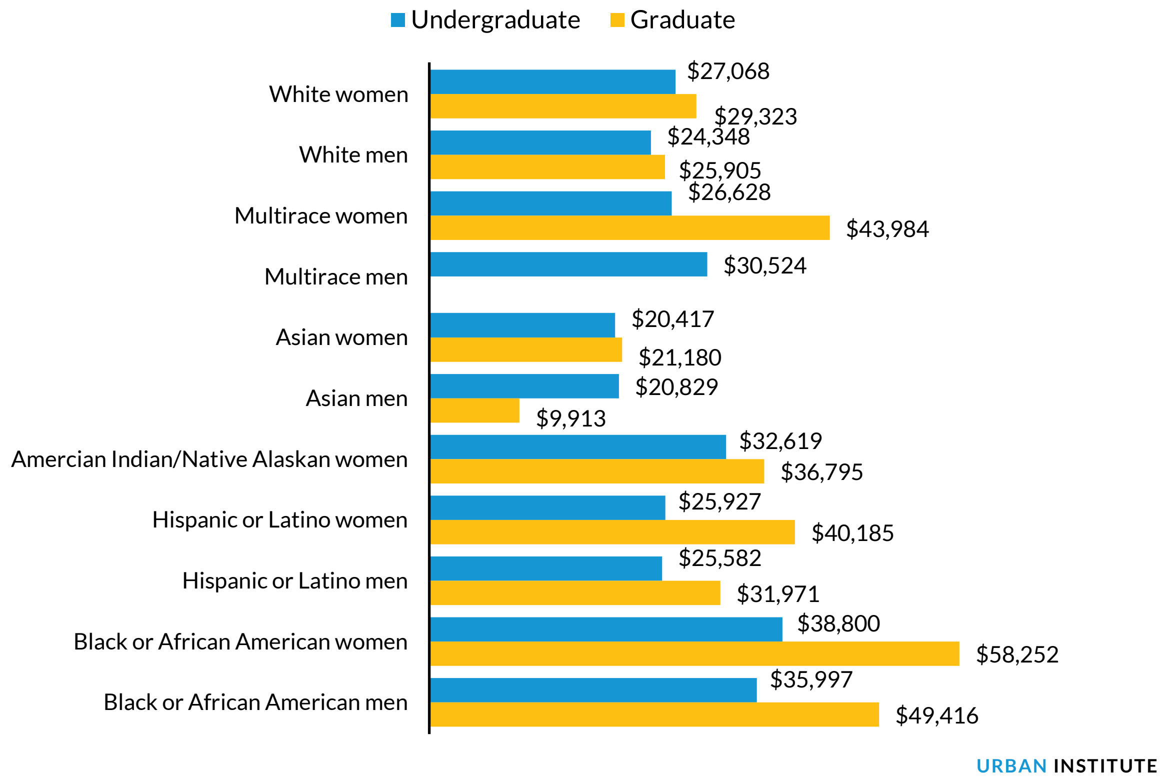
Source: 2019 Consumer Expenditure Survey.

Student Loan Debt

As noted in the educational attainment gap section on page 7, 31 percent of Black women ages 25 years and older have a bachelor's degree or higher. However, these achievements are coming at a high cost: Black women have the highest average student debt level of any major racial-ethnic-gender group, which can encumber future earnings and hinder asset accumulation (figure 5). Ford and Balu (2023) also point out that Black households are more likely than white households to have both student debt and higher student debt balances.

FIGURE 5

Average Undergraduate and Graduate Cumulative Federal Loan Amounts by Race and Gender



Source: Education Trust analysis of US Department of Education, National Center for Education Statistics, National Postsecondary Aid Study: Graduate Students and Baccalaureate and Beyond: 2016/2017.

Notes: Loan debt amounts include principal and interest. Undergraduate values reflect average cumulative loan amounts 12 months after graduation. American Indian or Native Alaskan men were not included because reporting standards were not met. The data source used the terms “male” and “female.” To be consistent in our terminology, we use “men” and “women.” This change does not alter the data.

Policies, Strategies, and Solutions

The Actors, Federal versus State, and Long-Term versus Short-Term

Narrowing, and eventually closing, the wealth gap that Black women in the US face will require various actors, action on the federal as well as state levels, and both long-term and short-term strategies. Legislators, employers, advocates, unions, and individuals all have important roles to play; and where long-term policy national-level changes at the appear to move excruciatingly slow, municipal- and state-level changes can help push national discourse and action. Black women can take action individually in addition to strategies they conceive, advocate for, and implement as part of collective work.

Policies, Strategies, and Solutions on the Asset Side

CLOSING THE EARNINGS GAP VIA PAY TRANSPARENCY LAWS, POLICIES, AND PRACTICES

Closing wage gaps that Black women encounter in the American labor market requires actions that facilitate more pay transparency. Attempting to blame Black women for the double gap they experience (a) overlooks research, which shows that when Black Americans attempt to assertively bargain fair salaries they are perceived as aggressive, and risk either losing employment offers or being offered lower salaries for violating employers' expectations compared with their white male counterparts engaging in the same behavior (see Hernandez et al. 2019); (b) disregards inequitable outcomes based on gender as a result of requesting previous salary histories from job applicants; in the 2018 Ninth Circuit Court of Appeals case Rizo v. Yovino (subsequently vacated by the US Supreme Court on a technicality), this practice was found to discriminate against women; and (c) ignores research that shows that even when women use the same salary negotiating strategies as men their returns are lower (see Crothers et. al. 2010; Gerhart and Rynes 1991).

The federal Equal Pay Act of 1963 expressly prohibits unequal pay for equal work based on race or gender. Some states have banned employer "pay secrecy" practices, which either explicitly or implicitly disallow employees from sharing pay information (in violation of the Fair Labor Standards Act of 1938, as economist Marlene Kim [2015] has pointed out). Kim (2015) has found that in states where pay secrecy practices are banned the gender wage gap is lower among highly educated women. In addition, some states have also passed laws requiring salary ranges to be posted in job announcements.[14] However, federal movement has stalled on legislation that would require more pay transparency from employers: reintroduced in Congress, and sponsored by Senator Patty Murray and Representative Rosa DeLauro, the Paycheck Fairness Act of 2023 would, among other provisions, prevent employers from requesting or using previous salary histories for job applicants and guard against retaliation from employers if employees discuss salaries (National Partnership for Women and Families 2023). While an earlier version of this bill passed the House of Representatives in 2021, currently there's no movement on the bill in the House, and it remains in committee in the Senate. The private for-profit sector can also take action: one straightforward strategy businesses can pursue to achieve pay parity along gender, racial, and ethnic lines is to voluntarily, and regularly, conduct internal pay parity audits and commit to appropriate course corrections.

BETTER ENFORCEMENT OF ANTIDISCRIMINATION LAWS

It's important that federal, state and local government agencies charged with enforcing antidiscrimination in various market activities—including the labor market, housing and mortgage markets, and credit markets—have the resources and staff needed to adequately investigate and enforce antidiscrimination laws. These agencies and institutions may be the last, or the only, option Black women have to seek redress when treated in a discriminatory fashion given their race, gender, or both. As this brief has clearly illustrated, Black women are at the very margins of equitable earnings, homeownership, retirement savings, and wealth, and our economy owes it to this group to provide equal protection under the law when necessary.

BABY BONDS

A baby bond is an idea conceived and advanced by economists William Darity Jr. and Darrick Hamilton (2010) to specifically address the US racial wealth gap. Under a baby bond program, a child born in the US would have a publicly seeded and managed trust fund established shortly after birth, with access to it available once the child turns 18 years old, and fund use restricted to only asset-building activities such as paying for college, purchasing a home, starting a business, or investing in retirement accounts (Markoff 2022). Seed amounts would be determined by the applicable jurisdiction, based on either household assets or income, and contributions would vary inversely with household assets or income—babies from households with lower income or assets could receive higher initial seed amounts, and vice versa. The program could have universal, household income or assets, or other qualifying, eligibility. Jurisdictions can also decide whether publicly funded contributions would be made after the initial contribution, as well as eligibility for additional contributions, frequency, and amounts. Connecticut is the first US state to implement a baby bond program, with eligibility restricted to babies receiving public health insurance and a seed amount of up to $3,200 for each child.[15] Senator Corey Booker and Representative Ayanna Pressley have proposed legislation at the federal level, the American Opportunity Accounts Act, which has universal eligibility, an initial seed amount of $1,000 for each child, and annual federal contributions with amounts dependent on household income—the lower household income is, the higher the annual contribution.[16]

ASK FOR MORE

Black women's labor power is largely undercompensated by employers, with tangible implications for income and asset-building in the Black community. Given the double gap in wages, Black women should consider requesting higher compensation—at least 10 percent more—than they assume they will receive or than they are told their labor is worth during salary and promotion negotiations. Clearly it is not up to Black women to fix a system designed to work against them, but by regularly and continually practicing #AskforMore we can take our own singular action to attempt to narrow centuries-old income and wealth deficits. The onus is on policymakers and companies to rectify these inequities that have existed since the end of emancipation (and before) in the US, but Black women can scarcely afford to wait another pay period for true leadership to emerge.

Policies, Strategies, and Solutions on the Expenditures Side

CHILD CARE COST ASSISTANCE

For individuals and families in the US with children, the expense of child care can often be budget-busting. President Biden's Build Back Better framework,[17] which failed to gain the required support from Congress in 2021 for all provisions, included one important provision: individuals and families would pay no more than 7 percent of their income on child care. For Black women with children, this would be a game-changer. While Congress eventually passed subsequent legislation containing provisions related to other parts of Build Back Better under other acts, such as the American Rescue Plan Act and the Infrastructure Investment and Jobs Act, both signed into law in 2021, the issue of the burdensome cost of child care was squarely in the current administration's agenda. If reinvigorated movement can happen on capping child care costs in the future, this could be beneficial in helping Black women with children achieve more savings, and thus wealth. In 2012 scholars Jessica Gordon Nembhard and Kris Marsh noted the importance of affordable child care for women of color with regard to wealth-building.

PUBLIC COLLEGES AND STUDENT LOAN FORGIVENESS

A four-year college degree is increasingly becoming financially out of reach for families hoping to see their children advance economically as adults. During Senator Bernie Sanders' presidential bid in 2020 a signature proposal of his platform was making public colleges tuition-free. Senator Sanders correctly recognized the important role public colleges play in both increasing economic mobility in the US and offering an affordable option for a college education. Free public colleges is not a new idea in the US; this was the case in the late 1700s and early 1800s, and some states offered tuition-free public college until the 1960s. Free public college, along with student loan forgiveness programs, would be particularly beneficial for Black women with regard to leveling costs for this group, who, as noted earlier, have a higher rate of college completion than Black men but also the highest student loan balances of all racial-ethnic-gender groups.

Reparations

In 1989, Representative John Conyers proposed a bill to establish a commission to study and develop proposals for reparations for Black Americans, and Senator Corey Booker introduced a companion bill in the Senate in 2023. But progress on the passage of H.R. 40, most recently sponsored by Representative Sheila Jackson Lee, has remained stalled in session after session of Congress for the past three decades.[18] Reparations is not an idea specific to Black Americans in the US context: reparations have been accorded to Japanese Americans, Native Americans, and Alaska Natives in the form of money and land (Darity and Frank 2003). As LesLeigh Ford and Rekha Balu noted in a 2023 Urban Institute brief, a reparative program, as delineated by a 2005 United Nations Office of High Commissioner for Human Rights resolution, should have additional components along with restitution to the descendants of African slaves for unpaid labor that was violently coerced from men, women, and children taken from the African continent: "compensation for physical and mental harms" done, "acknowledgement of responsibility," a "formal apology," and "guarantees of non-repetition" (Ford and Balu 2023).

In analyzing restitution alone, estimates of an appropriate aggregate amount for descendants of enslaved Africans in the US range from $1 trillion to $10 trillion (Darity and Frank 2003). Proposals for restitution can take-various forms, including not only direct monetary compensation to descendants of enslaved Africans in the US but investments in Black communities. These investments can include education, housing, wealth building strategies, physical and mental health care, and knowledge dissemination throughout the country about all aspects of the institution of slavery, its past and present-day impact on the political and socioeconomic status of Black people, and its role in building wealth for America on the backs of enslaved Africans (Ford and Balu 2023). Black women, constituting more than half the Black population in the US, would have legitimate claims to any reparative efforts the US undertakes. They are uniquely positioned to argue, with respect to restitution, that during American slavery Black women's productive capacities and their *reproductive* capacities were exploited.

Conclusion

Black women are, and have been for centuries, critical actors in the prosperity of the United States. Yet they have the lowest wealth levels compared with white men, white women, and Black men. Black women should not be left behind with regard to their economic security. This brief outlines why and how the status quo should and can be changed, and it details how lower overall wages for Black women compared with non-Latinx white men and women and the expenditures—including child care costs and student loan burdens—Black women disparately face compared with other major demographic groups can further exacerbate the barriers this group encounters in building wealth in the US. It is incumbent upon us all to delay no further in changing the status quo.

Notes

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