Pathways to Upward Economic Mobility and Wealth Building for Black Women

Six Policy Areas and Recommendations for Federal Policy Action

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July 2024

It is widely known that wealth helps individuals and families weather economic storms and manage financial responsibilities during periods of hardship and major life events, such as the birth of a child, a job loss, or an illness (Kijakazi et al. 2016). For many Black women in the US, wealth accumulation is still beyond their grasp. In the absence of wealth, it is more difficult for individuals and families to achieve upward economic mobility. This brief explores how federal interventions in six policy areas—workforce, retirement, student debt, homeownership, entrepreneurship and access to capital, and health care—can catalyze and sustain upward economic progress for Black women.

Despite their essential role in the US workforce, Black women continue to face significant racial and gender-based disparities in wages, retirement savings, student loan debt, and in other domains that limit their ability to build wealth. These disparities not only create barriers to upward economic mobility and wealth building but also negatively affects Black women’s health and overall quality of life.

Disparities Limit Black Women’s Wealth Building

Black women have made significant contributions to the US economy through unpaid and paid labor for centuries. Despite their many economic contributions, Black women have faced racism, discrimination, and exclusionary policies and practices that have limited their ability to reap the full benefits of economic opportunity, including wealth accumulation and the transfer of intergenerational wealth. Despite their many accomplishments in education, entrepreneurship, and the workforce, Black women still face significant racial and gendered disparities relative to other demographic groups in wages,
retirement savings, and student loan debt. Despite their many economic contributions, today, Black women hold 90 percent less wealth than white men in the United States. This lack of wealth has significant negative consequences on Black women’s financial security and upward economic mobility, ability to weather unexpected financial setbacks and economic shocks, and efforts to improve their physical and mental health and overall quality of life.

This brief discusses the current racial and gendered disparities that exist for Black women, the policies and interventions that have the most potential to catalyze and sustain upward economic progress for Black women, the proposed policies that require new or additional inquiry, and the actions that, if taken by the federal government, can help to inform a cohesive economic policy framework that will support Black women’s financial well-being and economic security with a particular focus on improving Black women’s ability to build wealth.

Through a careful analysis of existing research and new primary data collection, we have identified six policy areas of relevance to the financial security, upward economic mobility, and wealth building of Black women in the United States. These policy areas are:

1. workforce
2. retirement savings
3. student debt relief
4. homeownership and housing
5. entrepreneurship and access to capital
6. health care

While each of these policy areas are treated as distinct in this brief, it is important to note that Black women’s experiences, day-to-day and over their lifetimes, exemplify how interrelated these policy areas are and how the outcomes associated with each policy are consequential for Black women’s economic mobility. This brief primarily focuses on federal policy action because of their tremendous potential for influence on Black women’s upward economic mobility and wealth building; however, this not an exhaustive list of policy levers and interventions. We cite specific legislation when possible not to advocate for any policy or bill but rather to provide a better understanding of the current political landscape and potential feasibility of implementing these recommendations. To secure better outcomes, federal policy solutions should be coordinated and implemented alongside the efforts of stakeholders in the state, local, and private sectors to address past and present barriers.

Study Methodology

Between February 2024 and April 2024, the research team analyzed the results from the National Survey of US Adults, conducted focus groups comprised of Black women, and convened a roundtable of subject matter experts to discuss policy solutions to eliminate barriers to and proactively promote economic mobility for Black women. Findings from these research activities helped to inform the identification and selection of the six policy areas of interest, corresponding policy recommendations, and implementation activities outlined in this brief.
The National Survey of US Adults was conducted by a third party on behalf of Goldman Sachs between August and September 2023. This survey was administered to 2,500 adults across the US, and Black women were overrepresented in the sample relative to their share in the general population. The survey provided an overview of the financial well-being of Black women in the US and in comparison with other demographic groups. The research team’s analysis of the survey data focused mainly on findings related to employment and financial health, health care, and civic engagement.

Urban Institute hosted eight focus groups with 28 Black women to learn more about how they think about economic mobility, and what supports or interventions can help Black women improve their financial security and make progress toward closing the racial and gendered wealth gap.

- Focus group recruitment was conducted via email and LinkedIn. Prospective respondents completed an eligibility screener that included questions about their race, ethnicity, gender, age, geographic area, income, employment status, disability status, caregiver status, marital status, homeownership status, educational attainment, and sexual orientation. Responses to these questions helped to ensure that the research team selected Black women from diverse backgrounds to participate in the focus groups.
- The research team conducted eight focus groups and each session lasted approximately 90 minutes. The focus groups were led by Black women researchers at Urban Institute with diverse lived experiences and expertise in qualitative research methods. During the focus groups, participants were asked questions about upward economic mobility, their current financial situation, financial aspirations for the future, barriers and challenges to upward economic mobility, and policies that, if implemented, could help to strengthen Black women’s financial security and upward mobility.

Urban Institute and the Joint Center for Political and Economic Studies hosted an in-person roundtable comprised of subject matter experts in tax policy, entrepreneurship, access to capital, housing and homeownership, health and health care, retirement, student debt, workforce, and wealth building on April 17, 2024. Participants received an outline of the draft brief before the roundtable with background information about each of the policy areas, potential policy actions identified through the focus groups, and policy recommendations and implementation approaches identified through a review of existing evidence on Black women and economic mobility. The subject matter experts spent the day-long session discussing the structural barriers that contribute to inequitable outcomes in each of the six policy areas, focusing on how these issues affect Black women. The roundtable participants then discussed and identified federal policy solutions for each of the areas and outlined specific steps or actions that could be taken to help make progress on implementation.
The insights gleaned from the focus groups deeply enriched our research process and our understanding of Black women’s experiences with financial security, economic mobility, and wealth building. The participants we talked with painted a clear, compelling picture of their experiences across several domains including employment and entrepreneurship, caregiving responsibilities for children, parents, and elders, experiences with salary negotiations, earnings from primary employment, gig work, and other streams of income, efforts to establish and grow savings, and aspirations for retirement.

Throughout this brief, we use quotes from focus group participants to illustrate their experiences and aspirations related to financial security, upward economic mobility, and wealth building and to make connections between Black women’s lived experiences and each policy area.

Overview of Economic Mobility in the United States

In the United States, a land of both perceived opportunity and deep racial, social, and income inequity, the likelihood of upward economic mobility is much lower than one might think. Upward economic mobility refers to the likelihood that individuals from low-income families reach the top earnings quintile or that individuals improve their relative economic position in terms of earnings or income relative to their parents (Chetty et al. 2020). Researchers find, “An American born to a household in the bottom 20 percent of earnings, for instance, only has a 7.8 percent chance of reaching the top 20 percent when they grow up” (Alesina, Stantcheva, and Teso 2018).

In addition to considering the role of income in economic mobility, it is also important to consider wealth. Wealth refers to economic net worth. To be precise, net worth is the amount available after debt (e.g., student loans, mortgages, medical debt) is subtracted from assets (e.g., cash, homes, businesses, retirement savings). Generally, researchers find that wealth mobility is low: “If you are among the wealthiest of your peers in your early thirties, our findings suggest that you are also likely to be among the wealthiest in your late fifties.” This suggests that economic opportunity and the chances for upward economic mobility are not evenly distributed across all Americans. This is especially true for Black women who, typically, have lower incomes than white men and white women and persistently lower levels of wealth (Chetty et al. 2015).

“[Economic mobility is] having a job that will actually pay livable wages and allow me to live in alignment with my values without some of the economic anxieties that I grew up with.”
–Focus group participant

It is well documented that economic mobility varies significantly by many factors including race, geographic region, education, parent’s class position, and neighborhood. Despite the abundance of evidence that accounts for racial differences in economic mobility, researchers find that Americans not
only underestimate racial disparities in economic mobility, but they also believe that Black Americans are more likely to improve their economic position than what the data shows is probable (Davidai and Walker 2022). The relationship between race and economic mobility is complex. According to some studies, economically disadvantaged white and Black children in the South have similar odds of becoming adults who struggle economically (Hardy and Logan 2020; Chetty et al. 2015). Though these studies suggest similarities by race in economic mobility for economically disadvantaged people, other studies suggest there are strong racial differences in the likelihood for intergenerational economic mobility (e.g., white Americans as compared with Black Americans).

Overall, Black Americans are less likely to experience upward economic mobility compared with white Americans and more likely to experience downward economic mobility as compared with whites and Asians (Acs 2011; Chetty et al. 2018; Mazumder 2011). Researchers also find that Black Americans, relative to white Americans, have lower rates of upward mobility from the bottom to the top of the income distribution over their lifetimes (Hardaway and McLoyd 2009; Hertz 2005). In fact, Black Americans, including those who grow up in middle-class households, are more likely than whites to move down the income ladder as adults and white Americans are more likely to move up the income ladder (Paige 2022).

Related to but distinct from economic mobility, a portion of the Black/white earnings mobility gap can be explained by wealth inequality between Black Americans and white Americans. Even among Black middle-class Americans, for whom economic progress has been made over the last 50 years, researchers find that “Black children who grow up in middle-class households are less likely than white children who grow up in middle-class households to replicate their parents' socioeconomic status” (Paige 2022; Smith, Johnson, and Muller 2004).

*Lifetime earnings inequality*, which refers to cumulative wage gaps that individuals and families experience over the course of their lifetime, is one factor that contributes to lower upward economic mobility for Americans, especially Black Americans (Daly, Hobijn, and Pedtke 2017). Education in the US varies significantly by race and gender. Even among highly educated individuals, gender wage disparities persist (Biu and Adu-Gyamfi 2024; Black et al. 2008; McCall 2001). Even higher educated Black men, who face a narrower earnings gap when they begin their career, experience an earnings gap that widens over time (Ren 2022). Less well-educated Black men, on the other hand, experience a wider earnings gap when they begin their careers and this gap remains stable over time. Another factor that contributes to earnings inequality for Black Americans is occupational segregation, which refers to how “people of different races and genders are unevenly represented in different kinds of jobs, which have very different wages, benefits and working conditions.” And both Black men and women are disproportionately likely to be employed in low-paying occupations.

“I feel like inflation is crushing us...things are so expensive...things are also shrinking in size. So not only are things becoming more expensive...you're getting less for your buck.”

—Focus group participant
Black Women’s Experiences in the Labor Market

In comparison with other women in the United States, Black women have historically had the highest levels of labor market participation, regardless of age, marital status, or presence of children at home.7 In the past, Black women’s higher participation rates extended over their lifetimes, even after marriage, while white women typically left the labor force after marriage.

Black Women’s Participation in the Workforce, 1860 to Present

In 1860, just before the Emancipation Proclamation, it is estimated that the overall workforce participation rate for Black women (free or enslaved, over age 15) was about 82 percent (Weiss 1999, as cited in Boustan and Collins 2013). Post-emancipation, Black women’s high rate of workforce participation continued. Several factors could account for this. For one thing, working was an economic necessity, given the poverty experienced by Black households and labor market discrimination against Black men which resulted in lower wages and less stable employment compared with white men.8 Also, norms and expectations about Black women’s work that were established during enslavement remained. Finally, it is an established fact that daughters raised by working mothers are themselves more likely to work (Boustan and Collins 2013).

FIGURE 1
Black Women’s Labor Force Participation, 1870–2010

From 1870 to 1900, Black women’s workforce participation was around 40 percent (see figure 1). In contrast, the overall white participation rate did not reach 40 percent until 1960, almost a full century later. Since 1920, Black women’s workforce participation has steadily increased. Not only have Black women been far more likely to be in the labor force than white women, but they have also been more likely to hold low-paying manual jobs. This is largely the result of limited educational and employment opportunities resulting from racial and gender discrimination.

After emancipation, the majority of Black women continued to work in agriculture and domestic service—cooking, cleaning, and caregiving (figure 2). Without other employment options, Black women and other women of color were constrained to serve as a cheap source of labor for these roles, not having any other employment options (Glenn 1985). This trend did not change significantly until the 1960s, when increasing numbers of high school educated Black women were able to engage in clerical work. Until then, racial discrimination had prevented them from taking advantage of the rise of the clerical sector that accompanied the growth and increasing complexity of private firms and the federal government (Boustan and Collins 2013). Also, in the 1960s and 1970s, because of Black people’s activism, some corporations and the government agencies expanded employment to Black women and men (Collins 1989).

**FIGURE 2**
Black Women's Labor Force Participation and Occupational Distribution, 1870–2010

Even as Black men and women prioritized home and family life, including marriage and women assuming traditional roles as homemakers, the economic conditions for Black people were precarious. Discrimination against Black men required Black women to remain in the labor market (Banks 2006). Yet, Black women did not reap the full benefits of their large presence in the formal labor market.

Black Women and the Labor Market Today

Today, management, professional, and related positions (40.2 percent) employ the largest share of Black women age 16 years and older (figure 3). These jobs are followed in descending order by sales and office occupations (25.7 percent); service occupations (25.3 percent); production, transportation, and material moving occupations (8.1 percent); and natural resources, construction, and maintenance occupations (.7 percent).\(^9\)

**FIGURE 3**

Employed Women, by Occupation, Race, and Hispanic or Latino Ethnicity, 2020 Annual Averages by percent distribution

<table>
<thead>
<tr>
<th>Occupation</th>
<th>White</th>
<th>Black or African American</th>
<th>Asian</th>
<th>Hispanic or Latino ethnicity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total, 16 years and older (thousands)</td>
<td>52,095</td>
<td>9,481</td>
<td>4,396</td>
<td>11,095</td>
</tr>
<tr>
<td>Percent</td>
<td>100.0</td>
<td>100</td>
<td>100</td>
<td>100.0</td>
</tr>
<tr>
<td>Management, professional, and related occupations</td>
<td>48.4</td>
<td>40.2</td>
<td>56.6</td>
<td>31.3</td>
</tr>
<tr>
<td>Management, business, and financial operations occupations</td>
<td>18.1</td>
<td>14.2</td>
<td>18.8</td>
<td>12.4</td>
</tr>
<tr>
<td>Professional and related occupations</td>
<td>30.3</td>
<td>26.9</td>
<td>37.8</td>
<td>19.0</td>
</tr>
<tr>
<td>Service occupations</td>
<td>17.6</td>
<td>25.3</td>
<td>17.3</td>
<td>27.9</td>
</tr>
<tr>
<td>Sales and office occupations</td>
<td>27.0</td>
<td>25.7</td>
<td>18.8</td>
<td>28.1</td>
</tr>
<tr>
<td>Sales and related occupations</td>
<td>10.2</td>
<td>9.2</td>
<td>8.2</td>
<td>11.3</td>
</tr>
<tr>
<td>Office and administrative support occupations</td>
<td>16.8</td>
<td>16.5</td>
<td>10.7</td>
<td>16.9</td>
</tr>
<tr>
<td>Natural resources, construction, and maintenance occupations</td>
<td>1.2</td>
<td>0.7</td>
<td>0.6</td>
<td>2.2</td>
</tr>
<tr>
<td>Farming, fishing, and forestry occupations</td>
<td>0.4</td>
<td>0.1</td>
<td>0.1</td>
<td>1.0</td>
</tr>
<tr>
<td>Construction and extraction occupations</td>
<td>0.5</td>
<td>0.3</td>
<td>0.2</td>
<td>0.9</td>
</tr>
<tr>
<td>Installation, maintenance, and repair occupations</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Production, transportation, and material moving occupations</td>
<td>5.8</td>
<td>8.1</td>
<td>6.7</td>
<td>10.4</td>
</tr>
<tr>
<td>Production occupations</td>
<td>2.9</td>
<td>3.5</td>
<td>4.1</td>
<td>5.2</td>
</tr>
<tr>
<td>Transportation and material moving occupations</td>
<td>2.9</td>
<td>4.7</td>
<td>2.6</td>
<td>5.2</td>
</tr>
</tbody>
</table>


Black women and men attend college at a higher rate than their white counterparts of similar socioeconomic status, and Black women attain higher education at higher rates than Black men (Blalock and Vonshay Sharpe 2012). Nonetheless, this has not translated to the upward mobility and prestige often associated with higher education. Race and gender continue to be significant predictors for occupational segregation and mismatches in the types of jobs and working conditions Black women face and the accompanying wage gaps they experience (Biu and Adu-Gyamfi 2024; Biu et al. 2023; Hanks, Solomon, and Weller 2018). Black women also have persistently faced higher unemployment rates, 5.1 percent according to early 2024 Bureau of Labor Statistics Data, compared with 3.4 percent of white women.
Evidence of Discrimination for Black Women in the Labor Market

Even though Black women have higher relative labor participation rates compared with white women, Black women have lower lifetime earnings than other racial and gender combinations (Holder 2023). These earnings disparities impact Black women’s ability to plan for or save for retirement as retirement plan-participation increases with increases in one’s earnings (Smith, Johnson, and Muller 2004). Black women are underrepresented in higher paying occupations when compared with white men, white women, and Black men. Black women also tend to be underrepresented in occupations with higher rates of employer-sponsored health insurance as compared with white men (Biu and Adu-Gyamfi 2024).

Intersectionality and Wage Gaps for Black Women

The racial and gendered discrimination that Black women experience, commonly referred to as a “double gap,” is not meant to suggest a simple additive relationship between the gender wage gap and the racial wage gap. Rather, it is meant to convey that Black women are subject to at least two distinct types of discrimination in wages, racial and gender (Crenshaw 2013). The combination of these factors reduces wages for Black women. Separately, but relatedly, Black women’s experiences in each of the policy areas discussed in this brief are intersectional in nature. Broadly, intersectionality refers to “the multiple forms of discrimination (such as racism, sexism, and classism) combine, overlap, or intersect especially in the experiences of marginalized individuals or groups.” Intersectionality, in the context of this study, is conceptualized as the cumulative discrimination of racism and sexism faced by Black women.

Black Women and Wealth

"Black wealth is Black power."
–Focus group participant

Wealth represents safety and opportunity for current and future generations of Black Americans. Several focus group participants described the importance of generational wealth—wealth that is passed down from grandparents or parents to grand children or children and how this intergenerational transfer of wealth is absent in their own families and in the Black community at large. While focus group participants also identified other important forms of wealth, including family, health, and physical and mental safety, all of which are essential, this brief prioritizes a more traditional economic, asset-focused definition.
In the US, Black women continue to face barriers to wealth building. Black households continue to have significantly less wealth than white households (Neal et al. 2023) and Black women have lower wealth than "any other race-gender group in the US" (Rucks-Ahindiana and Kalu 2023). In households headed by women, there are significant wealth divides by race, even when Black women are married, have a college degree, and are older and closer to retirement (Zaw et al. 2017). For instance, single Black women with a college degree have 38 percent less wealth ($5,000) than single white women without a college degree ($8,000) (Zaw et al. 2017). Among married women who are heads of the household, Black women with a Bachelor of Arts degree have 62 percent less wealth ($45,000) than white women without a Bachelor of Arts degree ($117,200) and 83 percent less wealth than a white woman with a Bachelor of Arts ($260,000) (Zaw et al. 2017).

Aside from overall net worth, Black women have limited assets:

- Black women have increased home ownership rates over time but these rates are still below that of non-Black women (Billingsley, Bacon, and Mozee 2023; Neal et al. 2021).
- Black women are less likely to work in occupations with high retirement rates (Biu and Adu-Gyamfi 2024) and must overly depend on social security (Viceisz 2022).
- Black women are increasingly becoming business owners but still lag behind the rates of business ownership of other racial groups and face higher risk of business closures (Perry, Donoghoe, and Stephens 2023).
- Black women have outsized debt, including student loan and medical debt, which further detracts from their ability to build wealth (Rakshit et al. 2024).

In the next section, we detail the evidence on Black women’s economic mobility and wealth and explore the six policy areas and recommendations we identified that can help address and make progress on closing the financial, economic mobility, and wealth inequities for Black women.

### Six Policy Areas and Recommendations to Advance Upward Economic Mobility for Black Women

Black women have experienced significant barriers to upward economic mobility that cannot be sufficiently addressed without sustained economic and public policy reform. In this section, we outline specific federal policy actions and interventions that, if equitably implemented with race and gender conscious plans, have the potential to help strengthen and sustain Black women’s upward economic mobility, through improvements in six policy areas: (1) workforce, (2) retirement, (3) student debt, (4) homeownership, (5) entrepreneurship and access to capital, and (6) health care.

#### 1. Workforce

As previously described, Black women continue to face barriers to equitable employment, including higher unemployment rates than their white women counterparts, occupational crowding into lower-quality roles that involve lower, inequitable wages and retirement (Biu and Adu-Gyamfi 2024). These
factors affect Black women and their families’ well-being in the short term and have serious implications for their financial security in the long term, specifically in retirement.

Women have and continue to be “primarily responsible for raising children and increasingly sole family heads” (Browne 2000, 3). Since Black workers—including Black women—earn relatively lower wages than other racial groups, any employment-related care earning losses, including child care and elder care, Black mothers experience have the potential to lead to economic hardship. These care related employment losses may also be linked to a higher likelihood of older-age poverty rates that Black adults experience (Johnson, Smith, and Butrica 2023).

“[We need nationwide salary transparency, it] would go a long way to just advancing economic security and equity.”

—Focus group participant

RECOMMENDATIONS

Narrow the Wage Gap and Protect Against Discriminatory Practices

- **Enforce pay equity and salary transparency laws:** To address Black women’s lower pay, even in the same roles as their white men and women and Black men counterparts, these laws could be a step towards eliminating disparities (Biu 2019). Additionally, **increasing the minimum wage** would lift the floor for all workers and boost family earnings and resources and reduce poverty (Acs et al. 2022).

- **Strengthen unions:** Joining unions would give Black women more bargaining power and access to higher wages and benefits. Black women are more likely than women of other races to be union members and wage disparities are lower among union members membership 14, 15 Buoyed by national support for unions reaching new highs since the 1960s, the **H.R. 842 - Protecting the Right to Organize Act of 2021** passed in the House in 2021 and received some bipartisan support in the Senate.17

- **Pay employees well, offer stable employment, and guarantee equitable total compensation:** Findings from existing research and our focus groups suggest a role for policymakers in ensuring Black women equitable access to employment. Some researchers have suggested that the Equal Employment Opportunity Commission (EEOC) take on pro-active audits—rather than just investigations—of employers’ hiring practices (Dixon and Hamilton 2022).

» The EEOC received increased funding in recent years and could direct some of these resources to additional proactive audits related to employers hiring practices to determine whether there are specific practices that discriminate against, disadvantage, or otherwise harm Black women.18 Some researchers have found that Black women are believed less and
receive less renumeration when cases are brought forward (Ponce De Leon and Rosette 2022), which suggests a role of increased staffing, training, and the development of metrics and tracking to ensure employment complaints and cases are handled equitably.

**Enact Policies Designed to Reduce Poverty and Strengthen Financial Security**

- **Universal basic income (UBI):** Findings on Black women’s comparatively lower earnings suggest that a UBI program could support women who are on the lower end of the income distribution. UBI provides a given amount of income to adult citizens on a recurring basis with no conditions attached. **UBI as a policy tool is important for Black women as part of a concerted set of efforts to help address the barriers and structural disparities presented in this brief.** UBI is a type of cash transfer program, which exist in many forms around the world, including pilot programs in the US (Marinescu 2018; Moore et al. 2023). UBI programs have been shown to improve outcomes across multiple dimensions, including health and financial standing for marginalized women and children (United Nations Women 2021).

  » In the US, similar findings emerge from the novel Magnolia Mother’s Trust, a guaranteed income program sharing some core UBI features which began in 2018 and unconditionally provides $1,000 per month to Black mothers living in subsidized housing in Jackson, Mississippi (Moore et al. 2023). As supplemental income, UBI could help address issues such as living paycheck to paycheck and having some cushion to withstand unexpected expenses.

  » Currently, no large scale or federal UBI program exists in the US. The universal and unconditional nature of UBI spares its implementation from some of the challenges common to other social insurance programs. Yet, some identified challenges with UBI implementation that are of particular importance to Black women are bottlenecks resulting from maintaining a record of the full population that ought to benefit from the program to ensure full take-up, instituting payment methods to reach all beneficiaries, and designing an effective oversight mechanism without recipient monitoring (Wispelaere and Stirton 2012).

  » These potential challenges, while addressable, call for particular attention because of their likelihood to amplify existing inequities such as underbanking if left unaddressed. In addition, to serve as a useful tool for addressing racial and gender-based inequities, UBI must be complemented with and not seen as a replacement for other social provisions and public investments such as child care services, labor protections, and redistribution efforts (United Nations Women 2021).

- **Federal jobs guarantee:** Another policy solution to address Black women’s higher unemployment rates, lower wages, and occupational segregation is a federal jobs guarantee, which would ensure that anyone who wants a good job has access to one, with the availability of this guarantee serving as competition to induce the private sector to improve the quality of its offerings (Paul, Darity, and Hamilton 2018). There has been historical precedence for this type of policy, with the Employment Act of 1946 and the Full Employment and Balanced Growth Act of 1978. Building on the legacy of these initiatives, US Representative Ayanna Pressley (MA-07) introduced a Federal Jobs Guarantee Resolution in February 2024, which she
cited as an important extension of the civil rights work of Black women in the 1960s. However, these past policies passed but were not funded significantly to ensure “full employment” and Rep. Pressley’s resolution is likely to remain largely symbolic (Paul, Darity, and Hamilton 2018). It is important to acknowledge that resolutions cannot become laws, only bills can. Though the resourcing needed to execute a federal jobs guarantee at scale is unlikely now, the pandemic and resulting job loss did seem to shift political openness to this type of intervention. In 2021, polling indicated that 93 percent of Americans, including 87 percent of Republicans, would “favor a national initiative that creates paid work and job training opportunities.”

- **Parental leave and child care subsidies:** Lastly, a good job alone is not enough to ensure the stability of Black women’s economic outlook. The disproportionate emotional, financial, and caregiving responsibilities of Black women and mothers has consequences on their potential for upward economic mobility. In a 2015 study, researchers found that more than 66 percent of all Black working mothers are single moms and are thus the primary, and in some cases, the sole financial providers for their families. At the same time, “married Black women with children worked over 200 hours more per year than married white or Hispanic women with children, and 339 hours more than Black single mothers.” As many focus group participants noted, the United States needs better parental leave policies for parents so that Black women can take care of their children and not be prematurely forced back to work. Many focus group participants also noted that child care is a costly burden that families face, and the US is severely lacking in affordable and available options for working mothers. This suggests the need for increased child care subsidies (Giannarelli et al. 2019; Adams, Luetmer, and Todd 2022). This also suggests that there is a need for better pay for child care workers—many of whom are Black women.

> “Federally mandated parental leave [could help]...We have to drop out of the workforce at alarming rates and for long periods of time...Child care is so unaffordable... [We’re] having these children that they’re forcing us to have, right, and being able to care for them in a way where we didn’t have to worry about how we also care for our family...There wouldn’t be a year (sometimes to three years) of a stunt in you know, our ability to cover our finances.” —Focus group participant

### 2. Retirement

It is well established that adequate retirement savings contributes to greater self-sufficiency in older age. Seniors who lack retirement savings may have to continue working past their desired retirement to afford basic living expenses. In addition, the lack of retirement savings may force some seniors to rely on their kids or other family members. For Black women, their average retirement wealth lags Black men
as well as white women (Viceisz 2022). This finding suggests that Black women may face a gender and racial penalty. The overlap of the two penalties limits the retirement savings of Black women.

“I need to retire. Like, I don’t want to think that I’m working forever.”

– Focus group participant

The lack of retirement savings in aggregate masks several key racial disparities. Black workers are less likely than white workers to participate in a retirement plan. Black workers are also less likely to have a defined benefit plan, as well as a defined contribution plan, compared with white workers. In addition, even if Black workers have a retirement plan, the median amount of their retirement accounts lags that of white workers. Moreover, women tend to have less retirement savings than men of the same race or ethnicity (Viceisz 2022). The median value of retirement savings for white women lags that of white men. The same gender disparity exists for Black women as well. As a result, across race and gender, Black women, compared with white men, have amassed significantly less retirement savings, if any at all.

Research suggests that there are three related factors behind racial retirement inequity (Viceisz 2022): (1) a history and legacy of race and gender discrimination in employment in the US; (2) the reality that at one time the Social Security Administration excluded domestic and agricultural workers, who were predominantly Black and Hispanic when the program was created in 1935, from receiving coverage (Johnson and Smith 2023); and (3) occupational segregation which has informed labor market outcomes and contributed to the double gap effects on earnings for Black women.

Today, Black Americans are more likely to experience unemployment than their white counterparts, which contributes to having fewer opportunities to build retirement wealth (Neal and McCargo 2020). For people who are employed, Black women continue to be greatly overrepresented in low-wage service-sector jobs such as health care and retail. Occupational segregation thus hurts Black women by entrenching racial and gender gaps, limiting their ability to enter preferred fields of work, and depressing earnings, which constrains Black women’s ability to save for retirement.

RECOMMENDATIONS

Reform and Expand Access to Social Security Programs

- Use targeted interventions: A significant proportion of older Black adults primarily depend on Social Security for retirement and Black women have increased need for it as compared with men given their longer lifespans and added caregiver responsibilities. The looming concerns over the solvency of Social Security benefits has prompted federal policymakers across the political spectrum to propose reform measures (Johnson 2020). The effect on Black women in these reform proposals is not always specifically addressed. Considering Black women’s reliance on Social Security in retirement and overrepresentation in the following groups,
interventions targeted at low-income workers, those living in poverty, and those with disabilities may yield the most significant impact.

- **Increase minimum Social Security benefit:** One approach to addressing the retirement gap experienced by Black women is to increase Social Security’s minimum benefit. The current minimum benefit aims to support retirees who spent many years working at low wages, but the minimum is too low to help many beneficiaries (Johnson 2020). Democrats in the House have recently introduced legislation to increase the minimum, including the Social Security Enhancement and Protection Act, the Social Security Expansion Act, and the Social Security 2100 Act. The FY25 Republican Study Committee proposed budget also includes an increase in the minimum benefit but only for those who worked for 40 years or more (Republican Study Committee 2024). While there would be an increase in the minimum Social Security benefit in this proposed budget, other elements of the proposed budget including an increase in retirement age, large budget cuts to the Social Security Administration and the Supplemental Security Income (SSI), along with other key provisions, could have harmful effects on Black women’s economic mobility and wealth building. For example, the Center on Budget and Policy Priorities estimates that raising the retirement age to 70 would result in a 20 percent cut in lifetime benefits which would more significantly Black people who have a lower life expectancy, lower lifetime earnings, and are more likely to depend on Social Security as their sole retirement resource (Romig 2023).

- **Expand Supplemental Security Income (SSI):** According to the Social Security Administration, “about 24 percent of African Americans receiving disability insurance benefits also received SSI payments. In the same year, nearly 30 percent of women who received SSI payments were identified as African American (Social Security Administration 2021). Reform measures that include increasing benefits to those with disabilities through expansion of the SSI could significantly improve financial security at older ages for many Black people. Recent research has found that expansions to SSI would have even more significant impact on poverty reduction than proposals focused on increasing the minimum benefit. Given that older Black women are disproportionately living in poverty, these interventions could have greater impact on providing retirement benefits to this group. Proposals that better account for the interaction between the more traditional retirement-focused Social Security programs and SSI could help Black women low-income workers significantly. Boosting enrollment by simplifying the application procedure and reaching out to potential participants to promote the program would amplify SSI’s impact. Increasing the asset limit to adjust for inflation and ensuring the expectations of the program are clear so that recipients aren’t punished via “overpayments” would also have significant impact and has had bipartisan support in Congress (Romig, Nuñez, and Sherman 2023).

**Provide Guaranteed Retirement Accounts**

- **Increase access to Guaranteed Retirement Accounts (GRA):** To increase private retirement beyond Social Security, these federally supported GRAs would designate selected individuals who retire at age 62 or later to receive a guaranteed income stream throughout their retirement years. Individuals that are not offered an employer sponsored retirement plan
would contribute 1.5 percent of their paycheck to a GRA which would then be matched by their employer. Though there has not been significant recent legislation introduced on GRAs, polling has indicated that there is bipartisan support for this program nationally.  

“Retirement is my biggest financial aspiration but I am nowhere close.”
—Focus group participant

3. Student Debt

For decades, education has been called “the great equalizer.” Investments in human capital through higher education is a common path to help increase income. Postsecondary education, in particular, has been a pathway for upward economic mobility for both economically disadvantaged and more economically secure people in the United States. In recent years, however, the costs associated with pursuing an undergraduate, graduate, and professional education have risen significantly making higher education and education as a pathway for upward economic mobility out of reach for many Americans.

The average cost of attending a public college four-year undergraduate degree cost $1,410 annually in the early 1970s. By 2022, this average cost had risen to $22,690 for in-state tuition and $39,510 for out-of-state tuition. The overall student loan debt balance in the US has increased by about 66 percent to $1.77 trillion dollars over the last 10 years. Federal student loans comprise more than 90 percent of this overall balance (College Board 2022).

On average, Black people have more student loan debt than white people, and the average Black woman with any student loan debt has more than the average Black man. In fact, Black women hold a disproportionate share of the student loan debt relative to other racial and gender demographics. These larger amounts of student loan debt would not be as problematic if they yielded higher returns to educational attainment which include a higher paying job. However, Black women have lower incomes compared with both Black men and white women, making it more difficult for Black women to repay student loan debt.

Scholars have examined the many consequences of the size and scope of the student loan debt crisis in the US. In addition to jeopardizing the short time financial health (Elliot and Nam 2013) and financial well-being (Elliot and Lewis 2016) of Americans, the student loan debt crisis has a disproportionate impact on Black Americans, especially Black women. The National Black Student Debt Study, a survey of approximately 1300 borrowers and interviews with 100 borrowers, found that Black women “have fewer financial resources to pay for a higher education and little choice but to borrow higher amounts.” The lack of resources from previous generations may also reflect instances of historical racism. The survey also found that “a year after completing a bachelor’s degree, Black women hold more student debt than any other group with an average of $38,800 in federal undergraduate loans.” Black women also hold nearly 99 percent more debt from graduate school than white women one year after graduation.
This disproportionate debt burden has many impacts on Black women’s experiences, including financial stability (Porter, Ward, and Patton 2023), homeownership (Letkiewicz and Heckman 2017), and stress and health outcomes (Martin and Dwyer 2021). Even for middle-class Black Americans, the lack of wealth and assets makes it difficult for many Black Americans to repay student loans. Thus, for many Black women, they are faced with the choice of repaying student loans or saving, investing, and making progress on building wealth for themselves and their families (Board of Governors of the Federal Reserve System 2024).

*My progress toward my economic goals would have been farther along had my student loan debt been forgiven.*

– Focus group participant

**RECOMMENDATIONS**

To help advance progress on student loan debt relief for millions of Americans, especially disproportionately overburdened Black women, there are several viable pathways that policymakers have implemented and could pursue in the future.

**Mitigate the Accumulation of Future Debt**

- **Federal investments in Historically Black Colleges and Universities (HBCUs) and Pell Grants:** In terms of front-end policies that help prevent the accumulation of debt through student loans, increased investments in HBCUs, federal-state partnerships for free college, and grants that help with nontuition expenses are all important steps in making college more affordable. Over the past three years, Congress has approved increases in the amount of Pell grants available to students. These investments by federal and state governments could all serve to reduce the amount of loans borrowers are required to take out.

- **Baby Bonds:** Progress had been made at the state and federal level to establish publicly funded child trust accounts designed to help reduce wealth in equities particularly among children born into lower wealth households. In practice, a state or the federal government would contribute to savings accounts for children under 18 years of age. The contribution amount generally would be determined by family wealth or income. Once the account recipient turns 18 years of age, the funds can be used to help pay for college, purchase a home, start a business, or invest in retirement.

  - Researchers have found that baby bonds can have a significant impact on increasing wealth for Black children when examining the wealth that would be available to each child at 18 years of age. In fact, three simulation studies suggest baby bonds help to reduce racial wealth inequities. One wealth focused study demonstrates that, “The median white young adult in the US currently has nearly $16 for every $1 the median Black young adult has. If
baby bonds were implemented, [Zewde predicts] the median white young adult would have $1.40 for every $1 their Black counterpart has.\(^{38}\)

**Provide Relief for Debt Accrued**

- **Student loan forgiveness and interest reduction/cancellation:** There are several federal policies that can help reduce the debt people currently have. Having a federal loan forgiveness or interest reduction program for students and graduates is some ways to make progress on reducing individual's overall debt burden. In 2022, the Biden-Harris administration proposed a sweeping $400 billion debt relief program. In the summer of 2023, the Supreme Court blocked this massive student loan debt relief plan. Since then, the current administration has sought alternative pathways to achieve large scale debt-cancellation for millions of American borrowers. As of April 2024, the Biden-Harris Administration approved nearly $150 billion dollars in student debt relief.\(^{39}\) The current administration released new plans to expand federal student loan debt relief to borrowers. If implemented, it is estimated that 25 million Americans will benefit from this plan with 23 million potentially having unpaid interest eliminated.

- **Access to better student loan repayment programs:** Another way to help individuals manage student loans is by improving access to better loan programs including those with forgiveness commitments. **Public Service Loan Forgiveness (PSLF)** is designed to eliminate federal student loan debt for borrowers after 10 years of employment for qualifying government and nonprofit organizations. It is well documented that the program has been plagued by reports of challenges related to eligibility requirements, oversight and implementation, and low approval rates (Chingos 2019; Fox and Berkman-Breen 2022; Wu 2021).

  - In 2023, the Biden-Harris administration implemented two new initiatives to relax PSLF rules to help eligible people access loan forgiveness. The Limited PSLF Waiver, which ended in 2022,\(^{40}\) allowed hundreds of thousands of borrowers to receive student loan forgiveness. Many elements of the waiver have now been extended by the IDR Account Adjustment, which is ongoing until the end of this year.

  - The Saving on a Valuable Education (SAVE) Plan, an income-based repayment program which "which cuts undergraduate loan payments in half, ensures borrowers never see their balance grow from unpaid interest, helps drop millions of borrowers’ monthly payments down to $0, and cancels debt for low-balance borrowers faster."\(^{41}\)

  - The current administration is also working to automatically re-certify enrollment in income-based repayment plans for those who agree to disclose their tax information; this prevents drop-off by eliminating the burden of re-enrollment each year.\(^{42}\) Some types of loans also create financial burdens for Black women, such as ParentPlus loans and federally guaranteed loans, are often excluded from income-based repayment plans and loan forgiveness policies. Adjusting those exclusions could have a significant impact on Black women borrowers.
4. Homeownership

“I bought a home that is big enough for everyone but I cannot pursue passion projects because I need to pay hefty mortgage. No freedom of choice.”
—Focus group participant

Homeownership is frequently cited as a key path to wealth building. It can provide greater housing stability as compared with renting. Through homeownership, households can benefit from home price appreciation as well as the forced savings associated with paying their mortgage. Homeowners with fixed mortgage rates are largely insulated from higher inflation. According to the 2020 Census, Black people represented 7.9 percent of homeowners across the U.S. Black women homebuyers represented roughly a third of the total of Black homebuyers between 2017 and 2018 and that figure is indicative of an increasing rate of homeownership by Black women over the past 30+ years. Between 1990–2019, homeownership among Black Women increased by 5.6 percent, but they still lag behind other demographic groups.

The disparities in homeownership rates are reflective of present and historical structural racism. Redlining and restrictive racial covenants kept Black households from accessing homeownership (Neal, Choi, and Walsh 2020). And while these practices are illegal today, evidence suggests that discrimination in the mortgage market persists. In addition, instances of racial and gender discrimination in the labor market, educational market and elsewhere, has implications for Black women’s homeownership outcomes.

Black women may have more debt relative to their income, owing in part to the presence of student debt and lower returns on their debt-financed educational investment. Lower credit scores and higher debt-to-income ratios are correlated with higher rates of mortgage denial. Women tend to have lower incomes and, historically, Black women mortgage applicants are also more likely to be denied a mortgage than white women mortgage applicants. Financial capacity, a key determinant of obtaining mortgage credit, is informed by structural racism as its reliant on credit, collateral, and capacity which have been presently and historically diminished for Black women as a byproduct of structural racism. Furthermore, research indicates that when Black women were denied a purchase mortgage, the denial reason was more likely to be due to credit history compared with white women.

“Student loans are like an evil shadow that prevent me from getting a home.”
—Focus group participant
In structuring policies to expand Black women homeownership, policymakers also need to be cognizant of the system-level issues that may make it a more difficult pathway to wealth building for Black people than for white families. For Black households able to own, the median value of those homes is significantly less than for white households due in large part to historical and present-day residential segregation and community disinvestment. Even controlling for financial profiles, Black women were found to be 256 percent more likely to receive a subprime mortgage than white men. Dr. Keeanga-Yamahtta Taylor characterized the policy shifts towards Black homeownership as “racist exclusion [giving] way to predatory inclusion.” In addition, instances of racial and gender discrimination in the labor market, educational market, and elsewhere, have implications for Black women’s homeownership outcomes and so policy interventions aimed at other racial and gender disparities may have cascading effects on homeownership.

**RECOMMENDATIONS**

*Increase Affordability: Reduce Mortgage Rates, Increase Down-Payment Assistance, and Increase the Supply of Affordable Housing*

- **Increase mortgage affordability:** In light of higher mortgage rates, policies that improve affordability by reducing rates could be particularly beneficial for lower-income households. Despite federal legislation such as the Fair Housing Act of 1968 and the Equal Credit Opportunity Act of 1974, mortgage interest rates continue to vary by race. For example, in 2019 the rate for white mortgage-holders was 4.13 percent as compared with 4.25 percent for Black mortgage-holders. Federal policymakers could take steps to mitigate that by offering more programs supporting borrowers by paying up-front fees that reduce their rates or expanding adjustable-rate mortgage access. One local-level example that could be expanded is the Washington DC Open Doors program which offers “below-market interest rates for first-trust mortgages for the purchase of a home in the District of Columbia.”

- **Provide first-generation down payment assistance:** Provide down payment assistance for households of color seeking to achieve homeownership. The Downpayment Toward Equity Act has been introduced in several congressional sessions and gained more traction when mentioned in the 2024 State of the Union Address. Though not designed exclusively for Black women, it is targeted towards lower-income earners and has additional provisions for “socially disadvantaged individuals” that may more impactfully affect Black women. With the recent court rulings on affirmative action and Fearless funds decisions, future efforts for race-targeted policies may face legal challenge or be potentially hindered (Patterson Belknap 2024). Thus, some researchers and advocates have suggested the expansion of programs may benefit Black women even if that is not the stated policy’s intention.

  - For example, there have been calls to expand the eligibility for the Department of Veterans’ Affairs home loan guaranty program. This program would extend access to family members of Black veterans and offer down-payment assistance. Research has indicated that the program would be particularly beneficial to Black people who are not characterized as “low-income” and thus are not eligible for other housing programs but still are unable to afford homeownership due to a lack of wealth. Senator Raphael Warnock (GA) and Representative Seth Moulton (MA-06)’s GI Restoration Act included this expansion, noting...
that it would target the historical and systemic inequities that have served as barriers to homeownership for Black families.\textsuperscript{46,47}

- **Expand the low-income housing tax credit program:** Expanding this program could grow the number of affordable rental units.\textsuperscript{48} Lower rent could, in turn, give Black women a greater opportunity to accumulate the financial resources needed for homeownership. In addition, federal policies that support manufactured housing could increase the number of affordable homes for sale.

*Redress "Predatory Inclusion" through Federal Oversight and Outreach*

- **Expand the Special Purpose Credit Program (SPCP):** SPCPs are not new programs, but the federal government has recently attempted to encourage their usage through stronger interagency guidance for financial institutions. The programs allow private financial institutions to more favorably consider credit applications from those from socioeconomically disadvantaged groups.\textsuperscript{49} Though some have expressed concern that SPCPs may be vulnerable to legal challenges in the wake of the Students for Fair Admissions, Inc. Supreme Court decision, advocates have contended that it will remain constitutionally permissible given its intentionality is to redress past discrimination, and it has significant regulatory requirements aimed at upholding the strict scrutiny.\textsuperscript{50} Given the significant role that credit scores and debt-to-income ratios play in securing loans, some of the same policies aimed at growing small businesses may have favorable outcomes for homeownership for Black women. The expansion of SPCPs to Black people or to predominantly Black communities could allow for more favorable lending arrangements to those that wouldn’t otherwise be approved and/or to those that have historically received subprime mortgages.

- **Increase greater federal oversight of fair lending and compliance:** Current housing outcomes, including lower rates of homeownership among Black Americans, are connected to a history of discrimination. Redlining and restrictive racial covenants, which are clauses included in property deeds, kept Black households from accessing homeownership. And while these practices are illegal today, evidence suggests that discrimination in the mortgage market persists. Keeanga-Yamahtta Taylor argues that predatory inclusion has been so pervasive because the federal government has failed "to aggressively regulate an industry that had employed racial discrimination in its determined pursuit of insatiable profit as a business principle."\textsuperscript{51} To combat this, there can be greater federal oversight and enforcement in the property valuation system and over financial institutions’ compliance with fair lending laws. The Federal Financial Institutions Examination Council is the interagency overseeing body on property valuation and issued Interagency Appraisal and Evaluation Guidelines in 2010, but these guidelines can be expanded and improved upon, particularly as the use of automated systems in the mortgage industry evolve and those models both replicate and worsen racial disparities (Zhu, Neal, and Young 2022).\textsuperscript{52} Beyond this, The Equal Credit Opportunity Act (ECOA) and the Fair Housing Act can be used to provide an enforcement mechanism against discrimination in home mortgage loans or home improvement loans.\textsuperscript{53}
“It’d be awesome if [the federal government] launched a new program or initiative to help support Black women’s economic security or financial situation through housing. It would be awesome to own without a downpayment.”

–Focus group participant

5. Entrepreneurship and Access to Capital

“Grants [exist] for people of color and women of color but those go to a particular type of women of color. Certain business loans go to certain people - loans and grants are not going to women like me. We need deliberate, intentional programs that are reparations-based – repairing the harm that was done to those who were enslaved who could not have wills, pass down generational wealth, victims of redlining, gentrification.”

–Focus group participant

Entrepreneurship is often cited as a key tool for economic mobility and closing the racial wealth gap, particularly for Black women who are the fastest growing group of entrepreneurs (Bradford 2014). Studies have found that Black entrepreneurs hold higher fractions of wealth as compared with Black workers (Bradford 2014). However, policies focused solely at increasing the rate of Black businesses may unintentionally exacerbate the racial wealth gap, particularly for Black women given their intersectional identities. Ninety-seven percent of Black women-owned businesses last less than five years (Perry, Donoghoe, and Stephens 2023). These business closures come with significant costs that may ultimately hinder any economic progress made, and are the result of the structural drivers that contribute to the racial wealth gap more broadly. "Wealth begets wealth" (Darity et al. 2018) and without comparable access to capital and networks and sustained financing as their white counterparts, these businesses are not set up to be the economic mobilizers that other entrepreneurial ventures might be. Policies aimed at improving both the rate and success of Black women entrepreneurship are likely to be the most impactful in driving upward economic mobility.

Expanding and investing community development financial institutions (CDFIs) could also play an instrumental role in growing the rate and success of Black women entrepreneurship given their focus on those that experience economic distress and/or have been underserved by more traditional financial institutions. More than 40 percent of CDFI’s loans and investments are made in majority-minority communities. Additionally, 18 of the 21 Black-owned banks in the US are designated CDFIs and Black
banks are more likely to be headquartered in Black communities and to provide a much more significant percentage of their loans to Black borrowers.

Despite investments in minority-owned businesses, the Small Business Administration (SBA) has continued to give less funding to businesses in neighborhoods with large Black populations as compared with those with higher white and Asian populations. Only 1.9 percent of the SBA-administered PPP loans that were crucial to small business survival during the pandemic went to Black-owned businesses as compared with the 83 percent that went to white-owned ones (Theodos and Su 2023). The SBA under the Biden-Harris administration has vowed to address some of these access to capital disparities. Its 2022 Equity Action Plan was focused on addressing barriers that underserved communities face in accessing capital, procurement, disaster assistance, and contracting opportunities and in providing better business counseling, training, and services to those communities. A 2023 SBA report contends that investments in Black-owned small businesses totaled $1.45 billion, more than doubling since January 2021, with the Black share of the SBA’s lending portfolio rising from 3.5 percent to 7.6 percent. One example program, the Community Navigator Pilot, aims to tackle these barriers in a holistic way via “funding to nonprofits, state and local governments, universities, and tribal entities to partner with SBA at the center of a hub and spoke network.” The program has received criticism from the Chairman of the House Subcommittee on Small Business for being duplicative of other SBA programming and yielding too low of a return on investment to be considered effective. For this reason, it is unlikely to be expanded given the current political context.

Seventy-one percent of Black business owners rely on their personal or familial funds for the initial support of their businesses as compared with 66 percent of white business owners. Given that Black people and Black women have less income and less wealth, this makes the startup phase significantly more challenging. A recent evaluation of Atlanta’s In Her Hands Program, a guaranteed-basic income program specifically aimed at supporting low-income Black women, found that 45 percent of participants were able to use the $850/month provided to “catch up/get ahead” on paying bills, 27 percent paid off debts, 16 percent bought “more or better food,” and 14 percent improved their credit scores. Thirty percent of the participants were also able to accumulate “rainy day” funds. Though not all women will use this improved credit and savings to launch businesses; it follows that some will be better positioned to do so, since Black women are the largest growing group of entrepreneurs.

“The federal government could help by] creating more CDFIs...in low-income communities and investing and lending to these communities. Black women are the fastest growing sector of entrepreneurs, this is where some of this is getting stalled as banks can turn them down due to lack of funds, history, structural racism.”

–Focus group participant
RECOMMENDATIONS

Expand Access to Capital

- **Expand and invest in CDFIs:** The 2010 State Small Business Credit Initiative had some success in growing CDFIs and so additional iterations and expansions of the program could provide significant support to the growing number of Black women entrepreneurs. SSBCI 2.0 was passed by Congress in 2021 and contains elements more specifically targeted at redressing racial inequality. The legislation reserves a pot of $1 billion for states to reach "historically excluded entrepreneurs" (O’Grady et al. 2021).

- **Expand targeted SBA Programs:** In implementing the previously mentioned financing programs, policymakers must also consider the reluctance of women and Black business owners to apply for the additional financing they need because of diminished expectations for approval. According to a 2023 Kaufman Foundation report, women and Black business owners are less likely to be debt averse than men and white business owners and thus credit-focused opportunities should appeal (Cosgrove et al. 2023). However, 46 percent of those who chose not to apply for needed financing did so because of concerns that they would be turned down. Relying on community networks and institutions that have already established trust may increase the take up rates of these programs.

- **Encourage expansion of Special Purpose Credit Programs (SPCPs):** Often cited as a tool to reduce the racial homeownership gap, SPCPs may also provide greater access to financing for Black women in the entrepreneurship and small business contexts. People-based SPCPs have been found to be more effective at narrowing racial disparities in access to capital and financing than ones that are merely place-based.

- **Support Universal Basic Income (UBI) or Guaranteed Basic Income (GBI) Programs:** By focusing on mitigating some of the risk associated with entrepreneurship at the beginning, UBI or GBI programs could encourage and support small business creation (Urban 2017). Targeted implementation support geared towards Black women and Black entrepreneurs will be crucial. A 2020 study of the Alaska Permanent Dividend Fund program found that the "safety net in the form of a GBI" could modestly increase entrepreneurship (Feinberg and Kuehn 2020). The study did not explore race but did analyze by gender but found that the program exacerbated gender disparities in entrepreneurship with men reaping most of the economic rewards of expanded entrepreneurship.

6. Health Care

High health care costs are a problem for many American families and are one of the top issues that voters want to hear presidential candidates talk about during the 2024 election (Lopes et al. 2024). At the intersection of economic disadvantage by gender and race, Black women are especially burdened by these costs. Policies that alleviate this burden will facilitate their ability to build wealth.
A major gap in the health services research literature is that there has been limited analysis of the specific impact of health care costs on Black women. However, using statistics about the burden of health care costs on women as a whole and on Black households, we can extrapolate the challenges facing Black women—and identify policies that could address them.

Numerous studies have documented that women tend to incur greater health care costs than men across their lifetimes. One such analysis indicates that, based on current benefit coverage, women’s out-of-pocket medical costs are disproportionately higher than men’s for every single age grouping from 19 to 64 years, even when excluding pregnancy-related services (Gebreyes et al. 2023). For example, in 2019, average annual health spending for women ages 19 to 34 was $4,709, more than double men’s spending in the same age range, at $2,261.61

“I am a chronic asthmatic. I keep a job to have insurance because I cannot get insured outside of a company.”

–Focus group participant

Also, among Americans with private coverage, Black adults pay on average almost 20 percent of household income to cover health insurance premiums (Taylor 2019). Additionally, Black households—and women—are disproportionately burdened by healthcare debt. About 4 in 10 adults (41 percent) report being in debt because of medical or dental bills, including debts owed to credit cards, collections agencies, family and friends, banks, and other lenders to pay for their healthcare costs, with disproportionate shares of Black and Latinx adults, women, parents, those with low incomes, and uninsured adults reporting this issue (Lopes et al. 2024).

The Dobbs v. Jackson Women’s Health Organization decision and subsequent state actions around contraception and abortion access will also have an outsized impact on Black women’s reproductive health care and their economic opportunity and mobility. Black women have abortions at five times the rate of white women, and studies have found that abortion expansion in the 1970s led to improved labor and educational outcomes for Black women (Jacobs, Boardman, and Pyati 2022). With the Dobbs decision, limitations and bans have extended across 21 states and Black women make up a larger share of the population (16 percent) of these states than in those that have not imposed new restrictions.62,63 The Institute for Women’s Policy Research reported that abortion access for Black women under the age of 24 had a significant impact on earnings by up to 75–100 percent per year.64 A 2020 study found that those who were denied abortions experienced a significant and sustained increase in financial distress (Miller, Wherry, and Green Foster 2023).

Finally, the lack of a national paid family and medical leave program adds to women’s economic burdens, with Black women particularly affected. In an average year, women in America cumulatively lose over $7 billion because of unpaid or partially paid parental leave and over $2 billion because of unpaid or partially paid caregiving leave.65 For Black women, the financial strain of unpaid caregiving to
another adult is especially high: 35 percent of such caregivers reported being financially strained and paying an average of $6,774 annually on related expenses. As a result, it is common for them to go into debt (Elliott and Walker 2022).

The economic burdens of health care costs, lack of paid leave, lack of health care access and other structural social and economic contributors have adverse effects on Black women’s mental health (Walton 2023). Women are twice as likely as men to experience severe depression, Black people are 20 percent more likely to suffer psychological distress than white people, and Black women are significantly less likely to seek treatment (Duncan 2023). This outsized mental health burden has impacted Black women’s earnings and their ability to grow and sustain wealth.

RECOMMENDATIONS
Policies that address the burden of out-of-pocket costs, health insurance premiums, unpaid caregiving, and health care-related debt will have broad benefits that improve the financial status not only of Black women but also of other low-income households. These policies include:

**Expand Access to Affordable Health Care, Reduce Health Care Costs, and Relieve Medical Debt**

- **Support universal health care:** Federal proposals to enact a universal health care program have failed to gain significant political traction in Congress. The 2010 Affordable Care Act was a compromise towards this goal and had a significant impact on the Black uninsured rate and on health care costs for Black people, particularly with its expansion of Medicaid eligibility (Taylor 2019). However, the Supreme Court ruling in *National Federation of Independent Business v. Sebelius* made this expansion optional for states which has led to concentrated areas of high uninsured rates for Black people, particularly in the South. People of color are most likely to fall within a coverage gap and thus the implications of Medicaid expansion would be significant.67 Though Medicaid expansion cannot be federally mandated, there has been legislation at the Congressional level to incentivize states and the American Rescue Plan offered up significant financial incentives.68 69 A recent study estimated that if the remaining 10 states were to expand Medicaid eligibility, the most impacted group would be Black women of reproductive age who would see a 51.3 percent reduction in uninsurance (Buettgens and Ramchandani 2023).

- **Create new medical debt cancellation programs:** Black women could greatly benefit from programs to cancel medical debt. This year, Senators Sanders, Khanna, Merkley, and Tlaib introduced the Medical Debt Cancellation Act and Rep. Porter introduced a complimentary bill in the House.70 The bills emphasize the impact that it would have on Black patients, in particular. However, the bills have no Republican cosponsors and have not moved out of committees since being introduced. Medical debt cancellation was built into the American Rescue Plan (ARP) but specifically targeted towards veterans experiencing financial hardship.71 The expansion of the American Rescue Plan towards similarly low-income, nonveterans, could have a significant impact on Black women. The Biden administration also issued Executive Order 14009 (Strengthening Medicaid and the Affordable Care Act) which directed the US Department of Health and Human Services (HHS) and the Consumer
Financial Protection Bureau to investigate medical debt collection and ensure providers aren’t offering predatory payment plans and/or using harassing collection practices. State and city policymakers in Arizona, California, Connecticut, Illinois, Ohio, and Pennsylvania, have all recently enacted medical debt cancellation programs for those below certain income thresholds. Connecticut, specifically, used funding from the American Rescue Plan to finance their program. Since these medical debt cancellation programs are being implemented across states, there may be political will to replicate and scale successful programs at the federal level.

**Mitigate the Impact of the Roe v. Wade Reversal**

- **Legislate access to women’s health care and reproductive health services:** Abortion is expected to be one of the key issues in the 2024 presidential election, though most of the legislation is likely to occur at the state level with many states having measures on the ballot to enshrine abortion protections in state constitutions and/or in special circumstances such as immediate danger to the mother’s health. The Women’s Health Protection Act (WHPA) is federal legislation put forth that would “prohibit governmental restrictions on the provision of, and access to, abortion services.” The bill passed in the House in 2021 and 2022 but failed in the Senate along party lines and is not expected to pass through Congress in its current configuration. In anticipation of states moving beyond banning abortion to other types of contraception, House Democrats introduced the Right to Contraception Act with some bipartisan support and it is set to be vote on in the Senate soon. Senate Republicans have also introduced some legislation to expand access to over-the-counter contraception which may be more politically feasible in the current political climate. Executive orders have been seen as the most immediate action that federal policymakers can undertake to preserve abortion access with President Biden signing Executive Order 13816, Securing Access to Reproductive and Other Health Care Services which provided guidance to HHS on navigating abortion access with Medicaid recipients and for those traveling across state lines. President Biden has acknowledged however that administrative action is fairly limited in its reach given the court’s ruling.

**Expand Family and Medical Leave**

- **Legislate national or state paid family leave:** The United States is one of the only wealthy countries to not have a national paid family and medical leave program. There has been some bipartisan momentum in Congress for paid family leave with the Paid Family Leave Working Groups forming in 2023 and working to develop a framework to guide its legislation development. In 2020, President Trump signed the bipartisan Families First Coronavirus Response Act which provided up to two weeks of paid leave for those affected by the public health emergency. Though this legislation was intentionally temporary, programs such as this one could be expanded to better support Black parents and caregivers. In the absence of a national program, the responsibility for paid family and medical leave programs has largely fallen to states and smaller targeted programs and this has led to more limited access to these programs for Black women (Romig and Bryant 2021). Research has demonstrated that the
state leave programs that have been instituted have had a significant impact, helping millions of workers and families (National Partnership for Women & Families 2023).

Provide Accessible, Quality Mental Health Care

- **Increase funding for agency programs**: At the administrative level, increasing the funding for programs such as the CDC's Prevention's Racial and Ethnic Approaches to Community Health (REACH) program could be impactful for Black women. Health and Human Services (HHS) can provide added funding for Certified Community Behavioral Health Clinics (CCBHCs) which have been particularly effective at serving Black communities (HHS 2024). Programs aimed at Black women need to be designed in a way that accounts for the overlapping racism and sexism that Black women experience and must be culturally responsive to be effective (Walton 2023). HHS can also expand its grants to organizations that demonstrate effectiveness at supporting Black mental health like its awards targeting Black youth suicide.86

- **Expand digital health services**: The COVID-19 pandemic catalyzed several new changes to the health care system including new digital innovations. Recently, there has been some legislation targeted towards digital health services, particularly services designed to help support individual's behavioral and mental health. For example, Senators Padilla and Cassidy introduced the bipartisan Health Accelerating Consumers' Care by Expediting Self-Scheduling (ACCESS) Act with companion legislation in the House. Studies have found that digital health care services are favorable among Black women suffering from depression, reducing stigma and increasing access to care and treatment (McCall, Foster, and Schwartz 2023).

“[We need] elder care and caregiver support in general. More benefits to help families access affordable health care. I can imagine that these contributing costs impact decisions [of others] to not have children.”

–Focus group participant
Conclusion

We designed this brief to provide researchers and policymakers with a roadmap of evidence and policy actions that have the potential to help boost Black women’s economic security and ultimately their ability to build wealth. It prioritizes the historical and present-day lived experiences of Black women in the United States. While this brief does not address every policy area that is consequential for Black women’s financial security, economic mobility, and wealth building, it does, highlight six policy areas that were emphasized by Black women during the primary data collection and analysis process and that scholars and researchers have documented through extensive research over many decades. Through this work, we aim to center and amplify the voices and perspectives of Black women and connect these perspectives to longstanding and emerging evidence in housing, health care, workforce, education and student debt, entrepreneurship and access to capital, and retirement.

“[We’re] making more money and acquiring more debt but moving the finishing line. We’re more tired, more exhausted, more debt. Have to keep going. I want to rest. I don’t dream of labor but to be happy, successful person I have to be in this rat race. But you need to stop moving the finish line and let me finish.”

–Focus group participant
Appendix A. Roundtable Subject-Matter Experts

- Dr. Fenaba Addo (University of North Carolina-Chapel Hill)
- Professor Jeremy Bearer-Friend (The George Washington University)
- Steven Brown (Aspen Institute)
- Amber Bond (The African American Alliance of CDFI CEOs)
- Melanie Campbell (National Coalition on Black Civic Participation)
- Joi Chaney (J.O.I. Strategies)
- Dr. Chandra Childers (Economic Policy Institute)
- Jason Cohn (Urban Institute)
- Ashley Harrington (Project on Predatory Student Lending)
- Dr. Kim Lutchenberg (American University)
- Dr. Brian Smedley (Urban Institute)
- Dr. Brett Theodos (Urban Institute)
- Dafina Williams (Opportunity Finance Network)
- Dr. Janelle Williams (Atlanta Wealth Building Initiative)
- Dr. Valerie Wilson (Economic Policy Institute)
Notes


2. The National US Survey of 2,500 US adults was conducted by David Binder Research August 23–September 10, 2023. The nationwide survey was conducted by a hybrid of phone and text-to-web.


17. Justin McCarthy, “US Approval of Labor Unions at Highest Point Since 1965.” Gallup, August 30, 2022,


34 Katherine Knott, “Biden Seeks Another Pell Grant Increase, but Shortfall Looms,” Inside Higher Ed, March 12, 2024.


Julie Adhikari, Jessica Mill, and Maggie Jo Buchanan, “The Economic, Educational, and Health-Related Costs of Being a Woman.”


References


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Acknowledgments

The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute’s funding principles is available at urban.org/fundingprinciples.

This report was informed by research activities that took place between August 2023 and April 2024, including a national survey, focus groups, and an expert roundtable. We are deeply grateful for the focus group participants’ invaluable contributions to this study. This report would not have been possible without the Urban Institute team who generously provided expertise, guidance, feedback, and support on the project.

The authors would also like to express our sincere gratitude to the expert roundtable participants:

Dr. Fenaba Addo (University of North Carolina-Chapel Hill), Prof. Jeremy Bearer-Friend (The George Washington University), Steven Brown (Aspen Institute), Amber Bond (The African American Alliance of CDFI CEOs), Melanie Campbell (National Coalition on Black Civic Participation), Joi Chaney (J.O.I. Strategies), Dr. Chandra Childers (Economic Policy Institute), Jason Cohn (Urban Institute), Ashley Harrington (Project on Predatory Student Lending), Dr. Kim Lutchenberg (American University), Dr. Brian Smedley (Urban Institute), Dr. Brett Theodos (Urban Institute), Dafina Williams (Opportunity Finance Network), Dr. Janelle Williams (Atlanta Wealth Building Initiative), and Dr. Valerie Wilson (Economic Policy Institute).

The authors would like to extend a special thanks to Celina Barrios-Millner and Justine Davenport for their careful reviews and thoughtful feedback; Madeline Baxter and Elise Colin for assistance with research design, data collection, data analysis, and project management; and the Urban Institute communications team for project management and copyediting support.

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