Neither Education Nor A Great Job Can Help Close The Wealth Gap For Blacks

March 19, 2015 – By Ann Brown

Comments
Blacks with college degrees actually have less in savings and other assets than whites who dropped out of high school, new research finds. For African Americans, education doesn’t necessarily translate into entry into a higher economic class. Neither does having a great paying job.

Recent analysis of 2011 figures by a group of academics found that the median household headed by a Black college graduate had about two thirds of the net worth of the median white household headed by a person who not even finished high school.

“When you look descriptively at families, we see that education does not erase the racial wealth divide,” says Darrick Hamilton, PhD, a New School economist who produced the figures that will be in a forthcoming report. Duke University’s William Darity, Jr., PhD, and Rebecca Tippett, PhD, of University of North Carolina, also coauthored the report.
ne person this rings true for is filmmaker Andre Robert Lee, 44, of New York. He learned long ago that education was indeed not the great equalizer. He chronicles this discovery in his autobiographical film Prep School Negro. Growing up as the son of a Black garment factory worker, Lee landed a scholarship at age of 14 to attend a predominately white, elite private high school outside of Philadelphia. There, he firsthand saw how wealth was defined by race.

And even though his private school education, and then degrees from a liberal arts college and a graduate program in education, did afford him some financial stability, he realized he could probably never “catch” up with whites in terms of wealth based solely on his education.

Lee is right. There are also stark racial disparities in savings and assets, even when Blacks make more money. In fact, the median Black family earning an income in the middle fifth of all wage earners amassed slightly less accumulated wealth than the median white family who earned incomes in the bottom of f

White householders also get more financial aid from relatives. A 2014 study from the Institute on Assets and Social Policy at Brandeis University, found that early half of white households received financial transfers from other family members. And the median amount of that movement of intra-family wealth amounted to a whopping $83,692. By contrast, only one tenth of Black households got money or other assets from relatives. For this the median amount was 52,240.

Additionally, whites have more inherited wealth than Blacks.

When you include all of the various assets, white households averaged a unbelievable 13 times the wealth of Black households in 2013, according to the Pew Research Center. In 2007, the wealth gap was 10 to 1.

And even when Blacks attain a certain amount of wealth, their extra responsibilities, such as supporting relatives who lack retirement savings and paying off a mortgage—make it more difficult for Blacks to retain the wealth.

Unfortunately there is a limited extent to which education can actually change the relationship between wealth and race. “We tend to think that if you get a good location, you’ve got it made,” Hamilton says. “But to make it with some security, you first need wealth.”

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Nat • 3 days ago
While things aren't perfect I'm going to say black people's wealth gap in education is mainly due to the majors they have a tendency to pick. Most black student's major in business, social work or a liberal art. Things that aren't in demand and thus don't make much money. Blacks are very community and people oriented and focus a lot on giving back and helping. I'm an black female engineer and I make the most out of my colleagues who are mostly Asian. Perhaps if they were pushed in those directions we would see improvement.

Econ1 • 6 hours ago
In addition to educating yourself for monetary rewards... the other elephant(s) in the mix: Two parent households or the lack of them, LOCATION-LOCATION-LOCATION. Since many blacks stay in liberal urban areas were the cost of living is inordinately HIGH; you mix that with ill/undereducated populace and it's not going to be a winning situation. Divorce negatively impacts all economic categories listed in the story.
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