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The Racial Wealth Audit: Policy Analysis Through a Racial Lens

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Communities of color face significant obstacles in building their assets. Persistent barriers, including exclusion from public program support and civic underinvestment, result in unequal access to key resources, such as quality schools and higher education. This ultimately limits the ability of families of color — in this generation and the next — to move up the economic ladder.

The persistence of policy-bred barriers, along with an increasing concentration of wealth among the richest U.S. households, underscore a need for new policies that help all families — particularly those of color — build their assets. But enacting such policies requires reliable research and analysis to help inform decision-making.

Enter Brandeis University's [Institute on Assets and Social Policy \(IASP\)](#) and [Dēmos](#). These organizations have created a tool —called the Racial Wealth Audit™—to help advocates, community groups and policymakers find their way. This tool keeps race and ethnicity in sharp focus while examining how a prospective policy may affect family savings and assets. The goal is to ensure that new and existing policies foster asset building in communities of color while countering the sometimes-subtle discrimination that keeps wealth in the hands of the few.

Using national data on household wealth, the Racial Wealth Audit™ highlights how a particular policy may impact the median wealth among white families and families of color. The tool's razor sharp focus on race and ethnicity can help users identify — and avoid — seemingly positive policies that may have unequal effects across communities.

This concentrated look across communities is important. Historically, many well-intentioned policies have fostered asset building in white communities, while excluding families of color. (One example? The Federal Housing Administration programs and [GI Bill](#), which initially helped a generation of white families build their assets through homeownership and higher education but largely excluded families of color).

Given these realities, lawmakers and analysts need to consider how a broad range of prospective policies — everything from tax incentives to education and housing improvement initiatives – may impact household wealth. The Racial Wealth Audit embeds such consideration into analyses of policies that may affect family balance sheets. In essence, it arms policymakers with the data and research necessary to make better-informed decisions and to enhance access to asset-building opportunities for all families.

In a [recent report](#), IASP and Dēmos used the Racial Wealth Audit to examine the impact that policies have on the racial wealth gap in the areas of housing, education and labor markets. This report links a number of policies to asset disparities. For example, federal housing policies have led to higher levels of homeownership among white families — the result of factors including housing discrimination and segregation — who then experience the [greater financial benefits of homeownership](#).

It will take a comprehensive set of policy initiatives to combat these inequities. In the example above, policies designed to equalize homeownership rates and expected benefits would substantially improve equitable access to asset-building opportunities for all families.

The Racial Wealth Audit can help the policy community gain invaluable insight on how a policy molds our nation's wealth patterns. With better data and analysis, policymakers, analysts and advocates can work together to open avenues for all American families to build their assets and achieve financial stability.

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