

# Attending College Doesn't Close Wage Gap and Other Myths Exposed in New Report



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Since the first iteration of slavery transformed into its more contemporary forms—Jim Crow, mass incarceration, redlining, employment and education discrimination—the toxic myth that black people can bootstrap their way to success and safety in a country that thrives on their subjugation has continued to thrive.

In a new report, “Asset Value of Whiteness,” Demos and the Institute on Assets and Social Policy take a deep dive into the intrinsic link between racism and capitalism; specifically, how whiteness infests the so-called American dream and renders it inaccessible to anyone who doesn’t meet the pre-selected criteria.

This is a truth that black and brown people in this country have always known, but one that white people invested in the maintenance of white supremacy have willfully chosen to ignore.

While Franklin Roosevelt’s New Deal and Harry Truman’s Fair Deal laid the groundwork for a vibrant middle class, these sweeping legislations helped widen the economic gap along the racial fault line. This also holds true for the Servicemen’s Readjustment Act (G.I. Bill of Rights) of 1944, the affirmative action program created primarily for the benefit of white, male veterans.

These programs and their ramifications have exposed how a flat economic analysis does not get to the core of the racial discrimination and animus running through this country.

“For centuries, white households enjoyed wealth-building opportunities that were systematically denied to people of color. Today our policies continue to impede efforts by African-American and Latino households to obtain equal access to economic security,” explains Amy Traub, associate director of policy and research at Demos and co-author of the report.

“When research shows that racial privilege now outweighs a fundamental key to economic mobility, like higher education, we must demand our policymakers acknowledge this problem and create policies that address

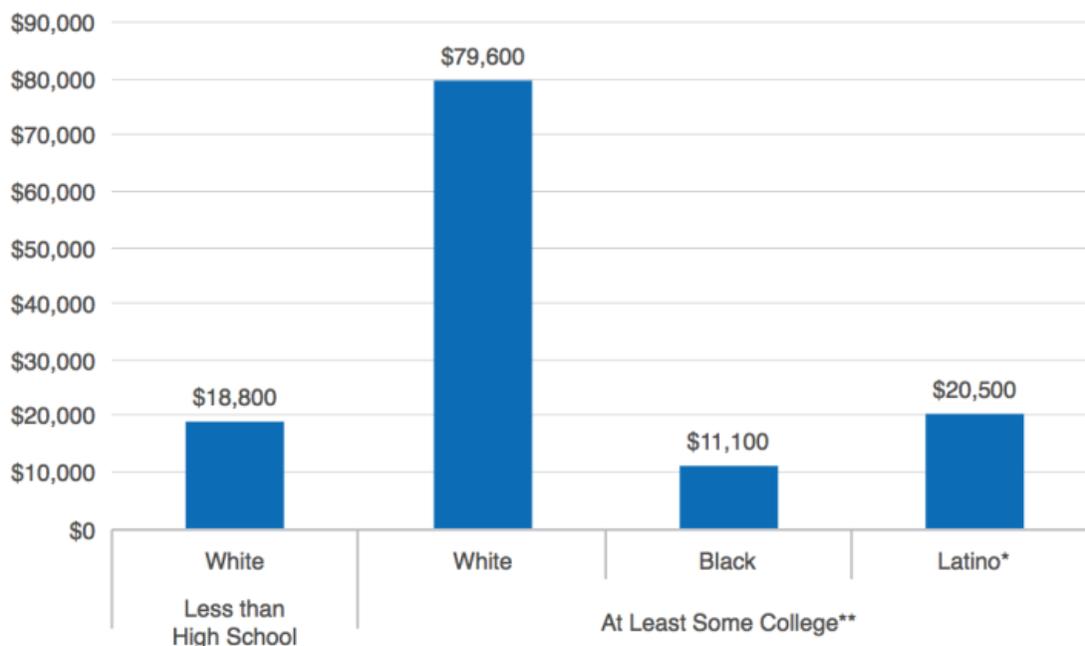
structural inequity,” Traub continues.

A few key points from the “Asset Value of Whiteness”:

#### Attending College Does Not Close the Racial Wealth Gap

The median white adult who attended college has 7.2 times more wealth than the median black adult who attended college and 3.9 times more wealth than the median Latino adult who attended college.

**Figure 1. Median Wealth by Educational Attainment for Working Households under Age 55**



Source: Authors' calculations of the Survey of Consumer Finances, 2013

\* Latino refers to anyone who identified as Hispanic or Latino on the Survey of Consumer Finances and may be of any race.

\*\* This group includes households who attended college but attained no degree as well as those with associate's or bachelor's degrees. Households with graduate and professional degrees are not included.

#### Raising Kids in a Two-Parent Household Does Not Close the Racial Wealth Gap

The median white single parent has 2.2 times more wealth than the median black two-parent household and 1.9 times more wealth than the median Latino two-parent household.

### **Working Full Time Does Not Close the Racial Wealth Gap**

The median white household that includes a full-time worker has 7.6 times more wealth than the median black household with a full-time worker. The median white household that includes a full-time worker also has 5.4 times more wealth than the median Latino household with a full-time worker.

### **Spending Less Does Not Close the Racial Wealth Gap**

The average white household spends 1.3 times more than the average black household of the same income group. According to the report:

On average, white households spent \$13,700 per quarter, compared to \$8,400 for black households. Even after accounting for factors such as family structure, income, occupation, and geography, as well as wealth and homeownership, white households at all income levels continued to spend more than comparable black households, with low-income white households spending \$1,200 more per quarter than low-income black households and high-income white households spending \$1,400 more than their black counterparts.

“Equal achievements in key economic indicators, such as employment and education, do not lead to equal levels of wealth and financial security for households of color,” notes Thomas Shapiro, director of the Institute on Assets and Social Policy.

“White households have a leg up, while households of color face systematic barriers to growing wealth, reproducing our long-standing racial wealth gap over generations,” Shapiro continues. “Without policies that combat ingrained wealth inequalities, the racial wealth gap that we see today will continue to persist.”

“Asset Value of Whiteness” is the most recent in a series of studies from the Institute on Assets and Social Policy and Demos analyzing policy solutions to close the racial wealth gap and ensure all Americans have an equal opportunity to participate in our economy.

What is clear is that a rising tide does not lift all boats if some of the boats have holes in them. For black people, a rising tide can sometimes lead to us drowning that much faster.

**[Click here to read “Asset Value of Whiteness.”](#)**

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