

Racial Wealth Gap Has Widened

United for a Fair Economy

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The Federal Reserve does an economic survey every three years called the [Survey of Consumer Finances](#). In 2001, they interviewed 4,449 families about their income, assets, and debts.

FROM 1995 to 2001...

- Typical families of color saw their net worth* fall 7% to \$17,100 in those six years, while typical white families' net worth grew 37% to \$120,900. (* Net worth equals assets minus debts)

FROM 1998 to 2001...

- Overall the gap between the net worth of typical white families and families of color grew by 21%.
- Just in those three years, the net worth of typical families of color fell 4.5%, while white families rose 17%.
- Comparing financial assets (money, stocks, bonds, etc.), asset-owners of color gained only \$100 in those three years, compared with \$5,800 gain for white asset-owners.
- Debtors of color added \$3,100 of debt while white debtors added only \$1,300.
- Stock ownership reached a few more people of color. But the typical shareholder of color owned \$1,800 less stock at the end of the 3 years than the beginning; the typical white shareholder owned \$200 more.

Source: "[Recent Changes in U.S. Family Finances](#): Evidence from the 1998 and 2001 Survey of Consumer Finances," by Ana M. Aizcorbe, Arthur B. Kennickell, and Kevin B. Moore.

The story in numbers:

Median Net Worth (assets minus debts)			
	1998	2001	% Change
People of color	\$17,900	\$17,100	- 4.5%
White people	\$103,400	\$120,900	+ 17%

Median Financial Assets (Money, stocks, bonds, etc. Excludes real estate, vehicles, businesses, art, jewelry, collectibles, etc.)			
	1998	2001	% Change
People of color	\$7,100	\$7,200	+ 1%
White people	\$32,700	\$38,500	+ 18%

Median Non-financial Assets (Real estate, vehicles, businesses, art, jewelry, collectibles, etc. Excludes money, stocks, bonds, etc.)			
	1998	2001	% Change
Families of color	\$47,000	\$56,800	+ 21%
White families	\$157,900	\$183,900	+ 16%

Median Debt (amount owed)			
	1998	2001	% Change
Families of color	\$16,900	\$20,000	+ 18%
White families	\$43,200	\$44,500	+ 3%

Percent Owning Stock Directly (not in pension plans)			
	1998	2001	% Change
Families of color	9.1%	11%	+ 21%
White families	22.1%	24.5%	+ 11%

Median Value of Stock Owned			
	1998	2001	% Change
Families of color	\$9,800	\$8,000	- 18%
White families	\$21,800	\$22,000	+ 1%

Changes over the past 6 years:

Median Net Worth					
	1995	1998	2001	\$ Change 1995-2001	% Change 1995-2001
Families of color	\$18,300	\$17,900	\$17,100	- \$1,200	- 7%
White families	\$88,500	\$103,400	\$120,900	+ \$32,400	+ 37%

Median Income					
	1995	1998	2001	\$ Change 1995-2001	% Change 1995-2001
Families of color	\$23,000	\$25,400	\$25,700	+ \$2,700	+ 12%
White families	\$38,200	\$41,100	\$45,200	+ \$7,100	+ 18%

African Americans Have Less Wealth and More Debt than White Americans

In 2001:

- African Americans were 13% of the US population but owned 3% of the assets.
- The typical white family had more than six times as much wealth as the typical black family (\$120,900 compared with \$19,000.)
- Only 47% of black families were homeowners; 74% of white families own their homes.
- 11% of African American families had a net worth lower than zero (more debts than assets), compared with only 6% of white families.
- 18% of white families had a net worth over half a million dollars, compared with 2% of black families.
- One-quarter of white families and one-tenth of black families own stock (outside retirement funds.)
- After ten years of faster asset growth by black families (starting, of course, from a much lower amount), from 1998 to 2001 black asset growth was slower than white asset growth. Most of the falling behind took place among African Americans in the bottom half of the asset spectrum.
- Typical African American families had debt of 30% of their assets, while the debt of typical white families was 11% of their assets.

Source: "A Rolling Tide: Changes in the Distribution of Wealth in the U.S., 1989-2001," by Arthur B. Kennickell, Senior Economist and Project Director, Survey of Consumer Finances, Federal Reserve Board.