Examining Racial and Gender Wealth Inequity: How Public Policy Promotes and Prevents Shared Prosperity in Our Communities

California Budget and Policy Center's Policy Insights 2019

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CLOSING THE WOMEN'S WEALTH GAP

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promoting equity, advocacy and access

FRIEDMAN FAMILY FOUNDATION reducing poverty through systemic change

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Why the women's wealth gap matters

- A national conversation is underway about the social, political and economic rights of women.
- It's critical to the economic security of families, communities and the nation.
- Our national conversation about inequality typically focus on income.
- Closing the gender income gap is critical, but it's not enough because it's only part of the problem.



The Women's Wealth Gap

- Today, the women's wealth gap is much larger than the income gap.
- It's a *chasm* for women of color.
- Black and Latinx women own pennies on the dollar compared to white men and women.

MEDIAN WEALTH

All single men	\$10,150
All single women	\$3,210
 Single White men 	\$28,900
 Single White women 	\$15,640
 Single Black women 	\$200
 Single Hispanic women 	\$100
 Single Black mothers 	\$0
 Single Hispanic mothers 	\$50

Source: Women and Wealth—Insights for Grantmakers. Asset Funders Network, 2015.

Historical causes of the gap

- To understand the gap, we need to look at our nation's long history of racial and gender discrimination.
- People of color and women have long been prohibited from building wealth due to de jure and de facto discrimination.
- And the drivers of the women's wealth gap are not behind us.



Contemporary causes of the gap

- Pay gap and lack of paid leave
- Limited access to private and public sector benefits designed to help turn income into wealth
- Asset limits force women to spend down savings
- Women-owned businesses don't produce wealth for their owners
- Discrimination in mortgage markets



Who benefits?

- There's no such thing as a "free market"—policies determine who wins...and who loses.
- Many policies are blocking, rather than fueling women's economic prosperity.
- Now is the time to ask, "who benefits"?
- If the answer isn't women, then now is the time for change.



Promising solutions

- Advance pay equity, paid leave and supportive family care policies
- Develop tailored financial products and services
- Expand opportunities for women to save and invest
- Increase access to public and private sector benefits
- Regulate or eliminate predatory products and practices



Policy Priorities

- California priorities (2018):
 - Expansion of the CalEITC
 - Elimination of money bail
 - Rollout of CalSavers
- National priorities (2019):
 - Paid leave
 - Family Self Sufficiency (FSS) program
 - Baby bonds



Closing the Women's Wealth Gap: Moving from Poverty to Prosperity

Women & Families

Economic Prosperity

Financial Knowledge/ Credit Building

- Financial education and coaching at key points in women's lives
- Two-generation strategies
- Credit-building strategies
- Credit counseling and legal aid

Savings and Higher Education

- Matched savings (IDAs, CSAs, etc.)
- Flexible savings accounts
- Expand access to retirement savings plans and incentives
- Combat predatory student loans
- Reduce educational debt among young women/women of color
- Make 529 accounts more accessible

Income and Work-based Strategies

- Fight for pay equity
- Increase minimum wage
- Eliminate hiring and promotion barriers
- Address barriers to higher paying sectors
- Expand women's access to
 ✓ affordable child care
- ✓ paid sick and family leave

Expand Access to Wealth Escalator

- Expand women's access to:
- Employer-provided benefits (e.g. federal and state auto IRA policies, pro rata benefits for part-time workers)
- Tax-code based benefits (e.g. maximize refundable credits; turn deductions into credits)
- Social Security benefits (e.g. caregiver credits)

Expand Investment Opportunities

- Address gender disparities in mortgage lending
- Expand women's access to home ownership incentives
- Support microenterprise programs targeting women
- Support growth of women-owned businesses

Asset Preservation

- Regulate wealth-stripping financial products and services
- Raise or eliminate asset limits in public benefits programs
- Reduce or eliminate fines and fees
- Bail Reform

Produced by the Closing the Women's Wealth Gap initiative. For more information, contact Director Heather McCulloch at heather@womenswealthgap.org.



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