

Education Is Not Great Equalizer for Black Americans



BY SETH FREED WESSLER: March 16, 2015

Gaps in wealth, not in education, between black and white families may be the most powerful force locking Americans into their social class.

In the story of the American Dream, education and a good job are supposed to erase the class differences into which we are born and open opportunity to anyone with merit and grit, regardless of race.

But new research is showing that getting another degree or a higher paying job may do less than believed to make good on the American Dream for families of color.

Black Americans with college degrees have less in savings and other assets than white Americans who dropped out of high school. According to a recent calculation of 2011 figures by a group of academics, the median household headed by a black college graduate had about two thirds of the net worth of the median white household headed by someone who did not finish high school.

"The data shows that a job or an education are not the panaceas we think they are," says Darrick Hamilton, PhD, a New School economist. Hamilton produced the figures, which will be released in a forthcoming report, using Census Department data, along with Duke University's William Darity, Jr, PhD, and Rebecca Tippet, PhD, of University of North Carolina. Other research has shown similar wealth disparities between white and Latino families.

"When you look descriptively at families, we see that education does not erase the racial wealth divide," Hamilton said.

Andre Robert Lee, 44, a filmmaker in New York, has been bluntly aware since he was a teenager of the limits on education to change the relationship between wealth and race. His film "Prep School Negro" is an autobiography of growing up as the son of a black garment factory worker and receiving a scholarship at the age of 14 to attend a mostly white, elite private high school outside of Philadelphia.

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"People always told me I got a golden ticket," Lee says in the film. But when he arrived at the private school, Lee was struck to find how starkly wealth defined differences in race. Other students would drive fancy new cars to school. He struggled to come up with bus fare. One morning, not long after beginning at the school, Lee looked up from his desk and across the room to see the son of the man who owned the factory that his mother worked in.

"My mother's inheritance to me was that she worked at the factory. My classmates father's inheritance was to take over the factory."

"I remember sitting there and looking over to him and thinking, wow, your father pays my mother less a year than our tuition is here," Lee says to a teacher in a scene from his film.

"It was a realization about the differences between our inheritances," Lee told NBC recently. "My mother's inheritance to me was that she worked at the factory. My classmates' father's inheritance was to take over the factory."

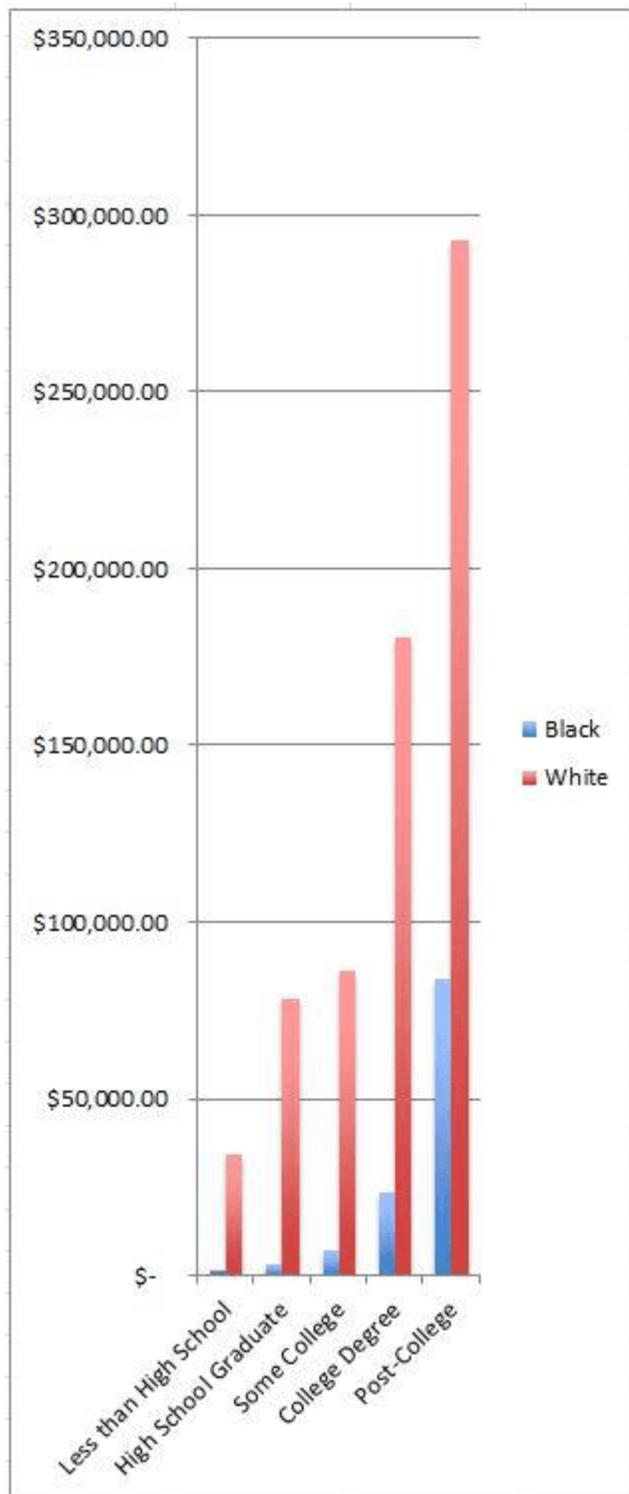
Digging deeper

In a new video that Lee produced for NBC News, he has pulled never-before-seen outtakes of an interview he conducted with Harry Neuman, his classmate's father who owned the factory where his mother worked.

"I wanted to dig deeper into the inequality that was so present," he says.

Lee says that his private school education, and later degrees from a liberal arts college and a graduate program in education, have helped him build a life of relative financial stability, compared to the near poverty wages his mother earned. "But it didn't erase the differences in inheritance," he says. "There's no catching up. I'd see people who wanted to be in film just jump and try it, because they knew there was something to catch them. I didn't feel I could just do that. It took much longer."

Just as education does not erase wealth divides, racial disparities in savings and assets remain persistent even when black workers earn more. The median black family earning an income in the middle fifth of all wage earners had slightly less accumulated wealth than the median white family earning incomes in the bottom of fifth of earners.



Can education alone close the wealth gap between white and black Americans? REBECCA TIPPETT, WILLIAM DARITY, JR. AND DARRICK HAMILTON USING CENSUS DATA.

Can education alone close the wealth gap between white and black Americans?

Growing income inequality in the United States has gained broad attention in the years since the Great Recession. But wealth—assets like homes, stocks or retirement accounts, minus debts—are even more heavily concentrated in the hands of very small number of rich Americans.

Some of the overall gap in white to black wealth is a result of the overwhelming whiteness of those at the pinnacle of the economy. Yet even among the broad majority of American families in the middle and bottom of the labor market, the differences between white and black wealth are striking.

"The fact that getting a better education doesn't equalize wealth says a lot about how we think about class," says Anne Price, who runs a project on racial wealth inequality at Insight Center for Community Economic Development. "In the United States, we have previously viewed class from an incomplete lens by looking at it in terms of income, occupation and education. But the most comprehensive indicator of class may indeed be wealth."

Financial transfers

According to a 2014 study from the Institute on Assets and Social Policy at Brandeis University, nearly half of white households received financial transfers from other relatives. The median amount of that movement of intra-family wealth was \$83,692. Just one tenth of black households, meanwhile, received money or other assets from relatives, and among these few, the median amount was \$52,240.

On average, white households had 13 times the wealth of black households in 2013, according to the Pew Research center. The gap has grown since 2007 when it was ten to one.

Wealth has an outsized influence on opportunity, Price and others say. Black families with some wealth are often compelled to use those extra dollars to make up for longstanding economic gaps— to support relatives who lack retirement savings, for example, or to pay off a mortgage—rather than use that income to build new wealth or expand opportunities.

"It's not so much that opportunity creates wealth but that wealth creates opportunity."

Without wealth, African Americans who have achieved middle class incomes and own homes are more likely to fall out of the middle class when hit by economic hard times. The majority—seven out of ten—of African Americans kids born into families in the middle fifth of wage earners will fall out of the middle class as adults, according to figures from the Brookings Institution.

"Wealth provides you with resources for future opportunity for your children. Wealth is the crux of how people have opportunity," Price says. "It's not so much that opportunity creates wealth but that wealth creates opportunity."

Racial disparities in education and employment remain drivers of inequity, experts say. But inheritance is often paramount. The gap between black and white college graduation rates, for example, stems partially from not having the financial resources to keep up with mounting loans. Other students without a private financial safety-net are pressed to work long hours, making it difficult to finish classes.

"We tend to think that if you get a good education, you've got it made," Hamilton says. "But to make it with some security, you first need wealth."

"Wealth allows you to weather economic storms. It's what allows you not to become poor in old age," Price says. "It's what keeps families who make it to the middle class from falling out of it."
