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Economic Challenges Facing Black Men and Boys: Beyond the Data to Lived Experience

William R. Emmons

Center for Household Financial Stability (HFS)

Federal Reserve Bank of St. Louis

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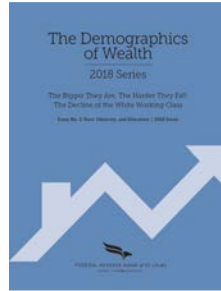
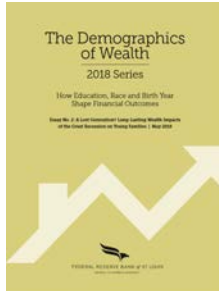
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Economic Challenges: The Data

- Part 1: Trends in family income and wealth
 - Large and persistent gaps exist across race and ethnicity.
 - College does *not* level the playing field.
- Part 2: Unique economic challenges facing African-American men and boys
 - Raj Chetty's research shows that black boys have more difficulty achieving and maintaining upward mobility than others.
 - Profound structural disadvantages include poverty and racial bias.

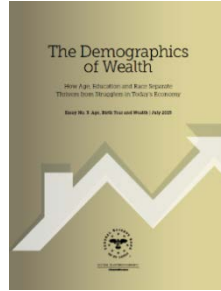
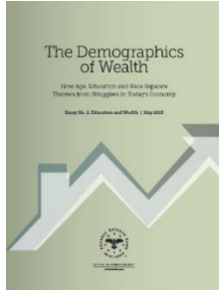
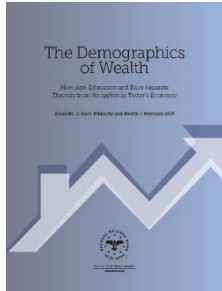
Part 1: *The Demographics of Wealth Series*

2018 Series



- HFS essay series links income, wealth and other socio-economic outcomes to a family's:
 - Race/ethnicity
 - Education (own and parents')
 - Age and birth year.

2015 Series

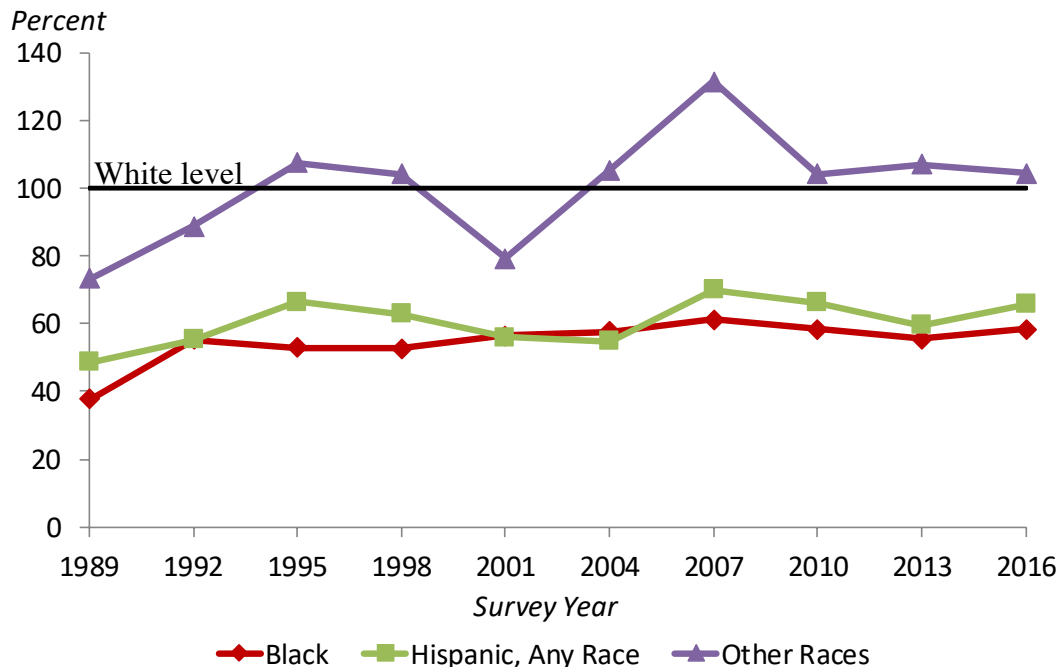


- Your race, education and birth year are strong predictors of your adult outcomes.

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Black & Hispanic Income Gaps Closing Slowly

Median Real Income, Relative to Non-Hispanic White Families



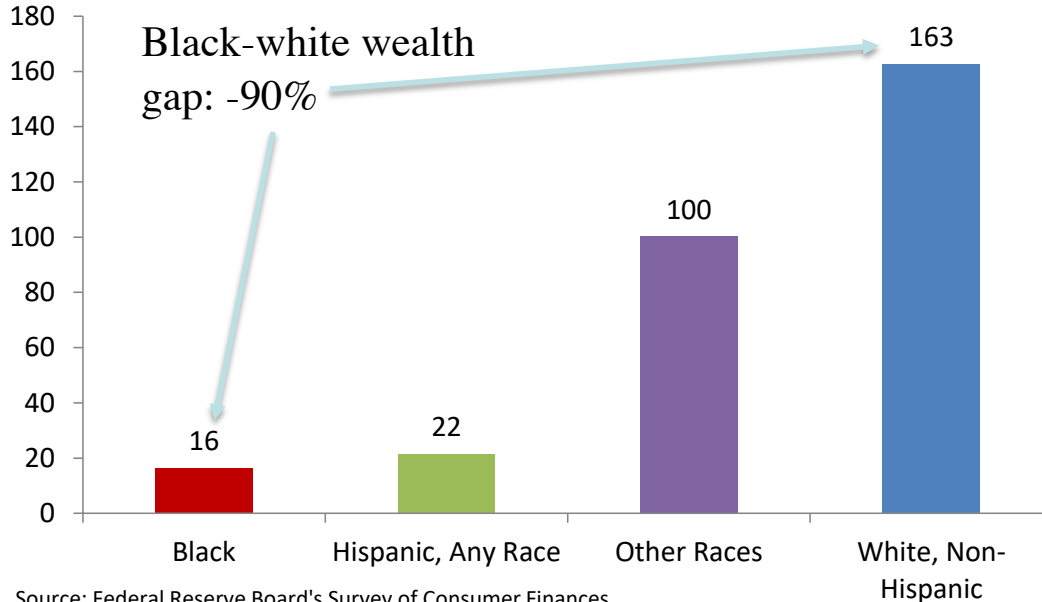
Source: Federal Reserve Board's Survey of Consumer Finances.

- Typical (median) income of black and Hispanic families has moved closer to that of white families but remains 40% lower.
- The typical “other-race” family (mostly Asian) has surpassed the typical white family’s income.

Racial/Ethnic Wealth Gaps Are Very Large

Median Household Net Worth, by Race/Ethnicity of Respondent, 2016

Thousands of 2016 \$



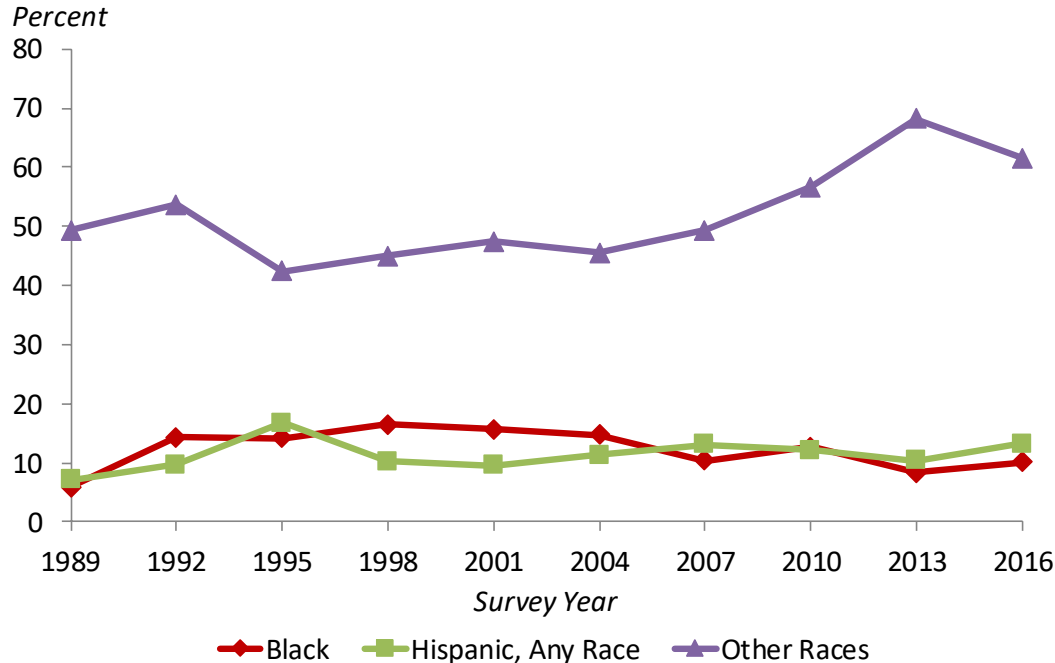
Source: Federal Reserve Board's Survey of Consumer Finances.

Note: "Other Races" includes Asians, Native Alaskans, Pacific Islanders, Native Americans, and families identifying with more than one race or ethnicity.

- Racial/ethnic wealth gaps vis-à-vis the typical white family are wider than income gaps
 - Black families (-90%)
 - Hispanic families (-87%)
 - Other families (-39%).

Racial/Ethnic Wealth Gaps Are Persistent

Median Real Net Worth, Relative to Non-Hispanic White Families



Source: Federal Reserve Board's Survey of Consumer Finances.

- Wealth of the typical black and Hispanic family has improved a bit since 1989, but the gaps remain close to 90 percent.
- Other nonwhite families' wealth has increased faster than that of whites during the last decade.

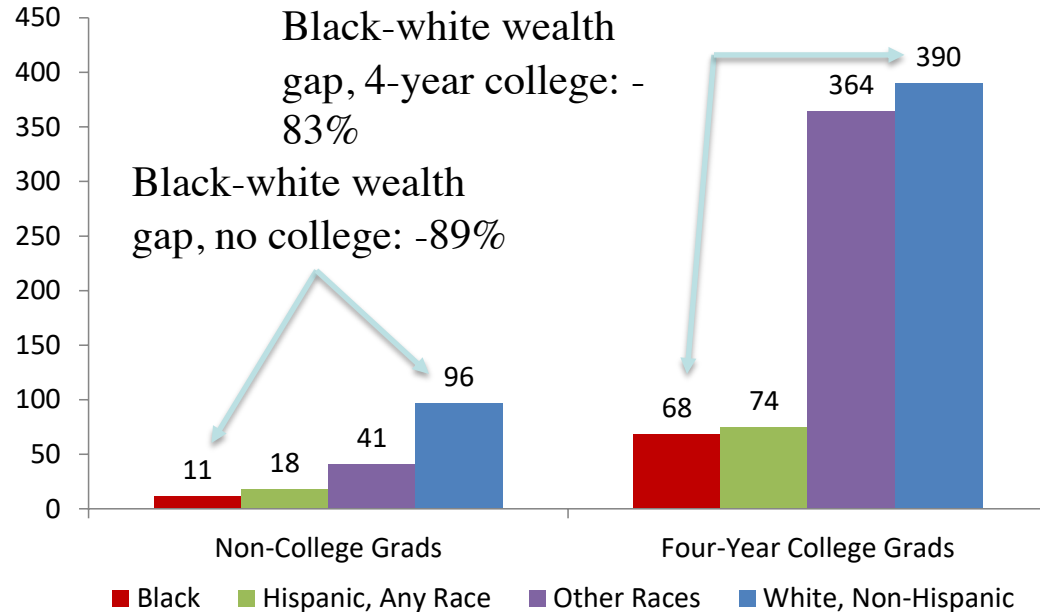
Can Higher Education Close These Gaps?

- Our findings: College alone does not close the gaps.
 - The good news: A four-year college degree usually brings higher earnings and wealth accumulation for graduates of all races and ethnicities.
 - However, the income and wealth benefits of college are unequal across racial and ethnic groups.
 - College grads born in the 1970s and 1980s are earning somewhat less and accumulating *much less wealth* than older college grads—especially black and Hispanic grads.

Large Racial Wealth Gaps Also for College Grads

Median Household Net Worth, by Race/Ethnicity and Education, 2016

Thousands of 2016 \$



Note: College grads include any family headed by someone with a four-year degree or higher.

Source: Federal Reserve Board's Survey of Consumer Finances.

- A college degree brings greater median wealth for *all groups*.
- However, the racial wealth divide is almost as large among college-educated families.
- Four-year college degree narrows the black-white gap only from 89 to 83 percent.

Why Are Wealth Outcomes So Unequal?

- We conclude that *structural, systemic or other unobservable factors* related to race and ethnicity are very important sources of wealth inequality—it's not just “bad individual choices” (Emmons & Ricketts 2017).
- Historical discrimination and disadvantage created large wealth gaps in the past, which continue to affect today's adults and children because wealth is intergenerational.
- Continuing structural and systemic barriers make narrowing of income and wealth gaps very slow.

Part 2: Intergenerational (IG) Income Mobility

- Measure your parents' income when you were a teenager.
- Measure your income in your 30s (20 years later).
- Two extreme cases:
 - Perfect IG income **mobility**: Your parents' income doesn't predict your adult income; everyone equally likely to end up rich or poor.
 - Perfect IG income **rigidity (no mobility)**: You end up exactly like your parents (you are poor if they were poor and vice versa).
- U.S. data: Somewhere in-between—some IG movement with important differences by race and location.

Raj Chetty (Harvard Economist) Has Best Dataset Ever Assembled for Studying IG Mobility

- Results reported in the *New York Times*, Mar. 19, 2018:
 - “Extensive Data Show Punishing Reach of Racism for Black Boys,” <https://www.nytimes.com/interactive/2018/03/19/upshot/race-class-white-and-black-men.html>.
- Underlying research paper and website:
 - Raj Chetty, Nathaniel Hendren, Maggie R. Jones and Sonya R. Porter, “Race and Economic Opportunity in the United States: An Intergenerational Perspective,” NBER working paper, Mar. 2018.
 - See the website of their *Equality of Opportunity Project*: <http://www.equality-of-opportunity.org/>.

Parents' Incomes Differed Greatly by Race and Ethnicity in the 1990s

Percentiles run from 0 (lowest) to 100 (highest)	Mean income percentile rank (median Income) of <u>parents</u> in 1990s when kids were in their teens
White	58% (\$70,600)
Asian	49% (\$53,000)
Hispanic	36% (\$33,100)
Native American	37% (\$34,900)
Black	33% (\$29,200)

Source: Chetty, Hendren, Jones, Porter (2018), Appendix Tables V and VIII

Little IG Mobility for White or Black Children

Percentiles run from 0 (lowest) to 100 (highest)	Mean income percentile rank (median Income) of <u>parents</u> in 1990s when kids were in their teens	Mean income percentile rank of <u>children</u> in 2014-15 when they were in their 30s
White	58% (\$70,600)	56 (-2 notches)
Asian	49% (\$53,000)	61 (+12)
Hispanic	36% (\$33,100)	46 (+10)
Native American	37% (\$34,900)	37 (--)
Black	33% (\$29,200)	35(+2)

Source: Chetty, Hendren, Jones, Porter (2018), Appendix Tables V and VIII

On Current Trends, Little Further Racial-Group Income Mobility Is Likely

Percentiles run from 0 (lowest) to 100 (highest)	Mean income percentile rank (median Income) of <u>parents</u> in 1990s when kids were in their teens	Mean income percentile rank of <u>children</u> in 2014-15 when they were in their 30s	Chetty et al's predicted <u>long-run</u> mean income percentile rank by racial/ethnic group
White	58% (\$70,600)	56 (-2 notches)	54 (-2 notches)
Asian	49% (\$53,000)	61 (+12)	63 (+2)
Hispanic	36% (\$33,100)	46 (+10)	49 (+3)
Native American	37% (\$34,900)	37 (--)	36 (-1)
Black	33% (\$29,200)	35(+2)	35 (no change)

Source: Chetty, Hendren, Jones, Porter (2018), Appendix Tables V and VIII

Why Has Black Upward Mobility Stalled?

- Low rate of upward IG mobility (doing better than your parents) among low-income black children.
 - Generational poverty
- Plus high risk of downward IG mobility (doing worse than your parents) among high-income black children.
- Chetty et al: “Black children continue to fall behind their white peers even if their parents catch up.” (p. 18)

The Main Fault Line: Black Boys vs. Girls

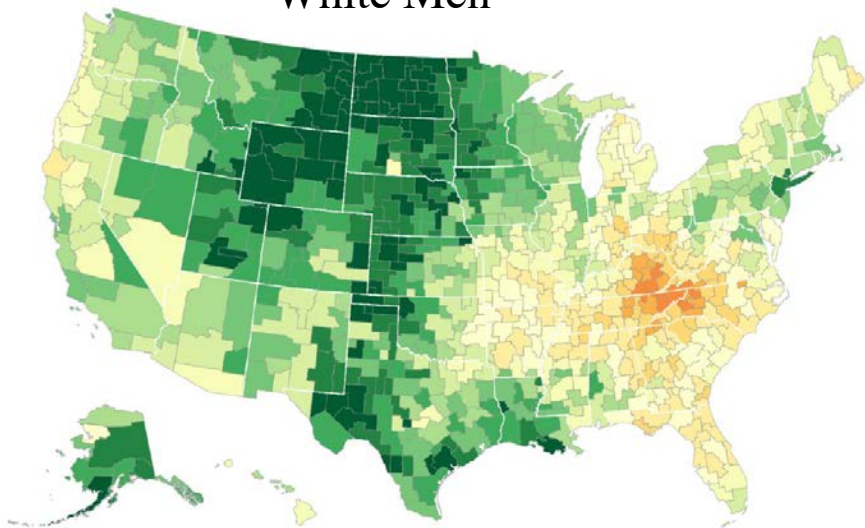
- Black girls are just as upwardly mobile as white girls with the same parental income.
- Black boys are not—they're much more likely to earn incomes far below white boys even with the same parental income.
- Interesting fact: Black girls' high-school completion and college-attendance rates are higher than those of white boys.

Large Regional and Neighborhood Variation in IG Mobility

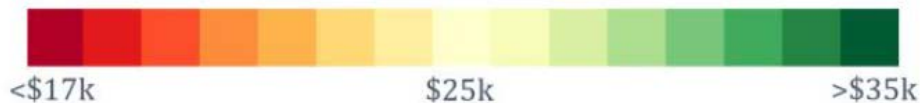
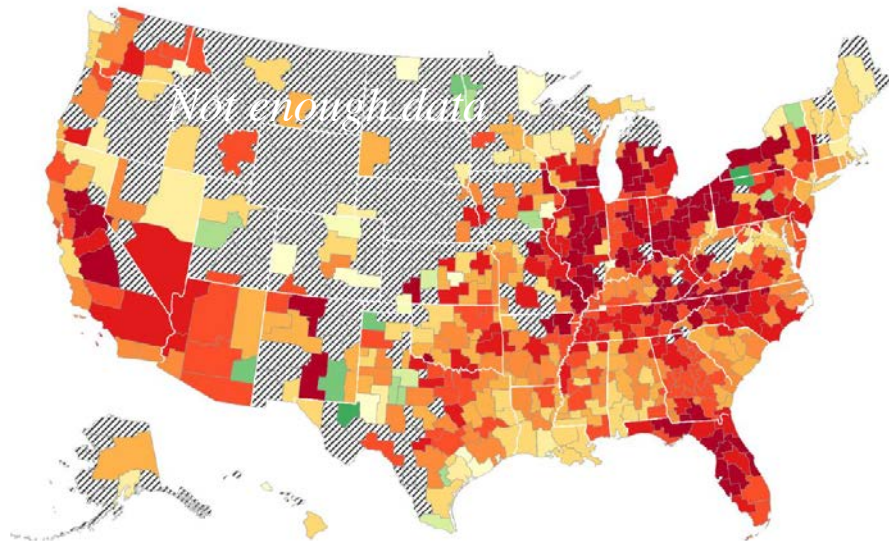
- High IG income mobility for black children—especially boys—in some parts of the South, Northeast and West.
- Very poor outcomes for black boys in the industrialized cities of the Midwest—Chicago, Milwaukee, Cleveland.
- Black boys are especially vulnerable to “low-opportunity” neighborhoods, regardless of income.
- In general, Memphis is in-between—better than Chicago but not as good as New Orleans or parts of New York.

Average Incomes of White and Black Men Who Grew Up in Low-Income (25th-%-ile) Families

White Men



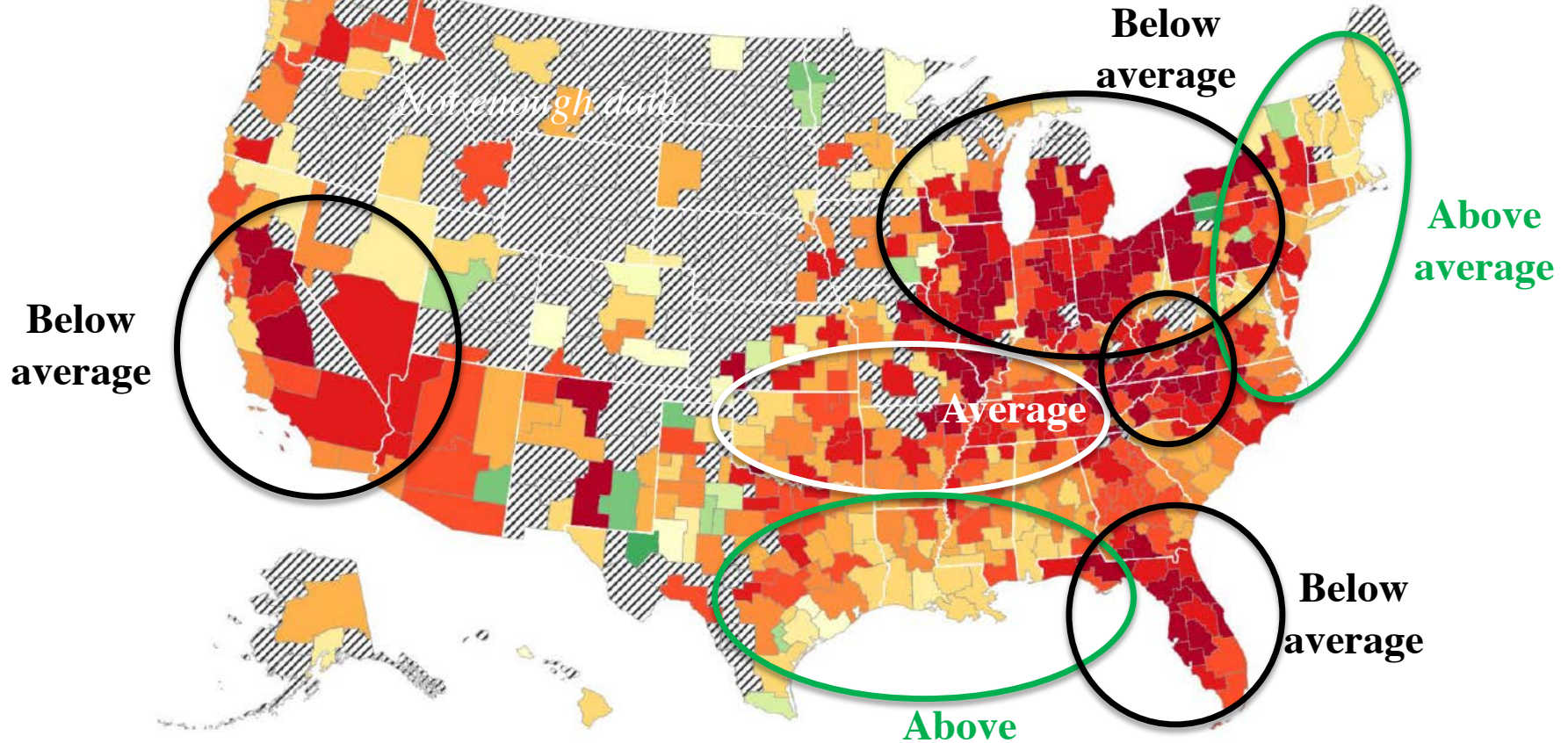
Black Men

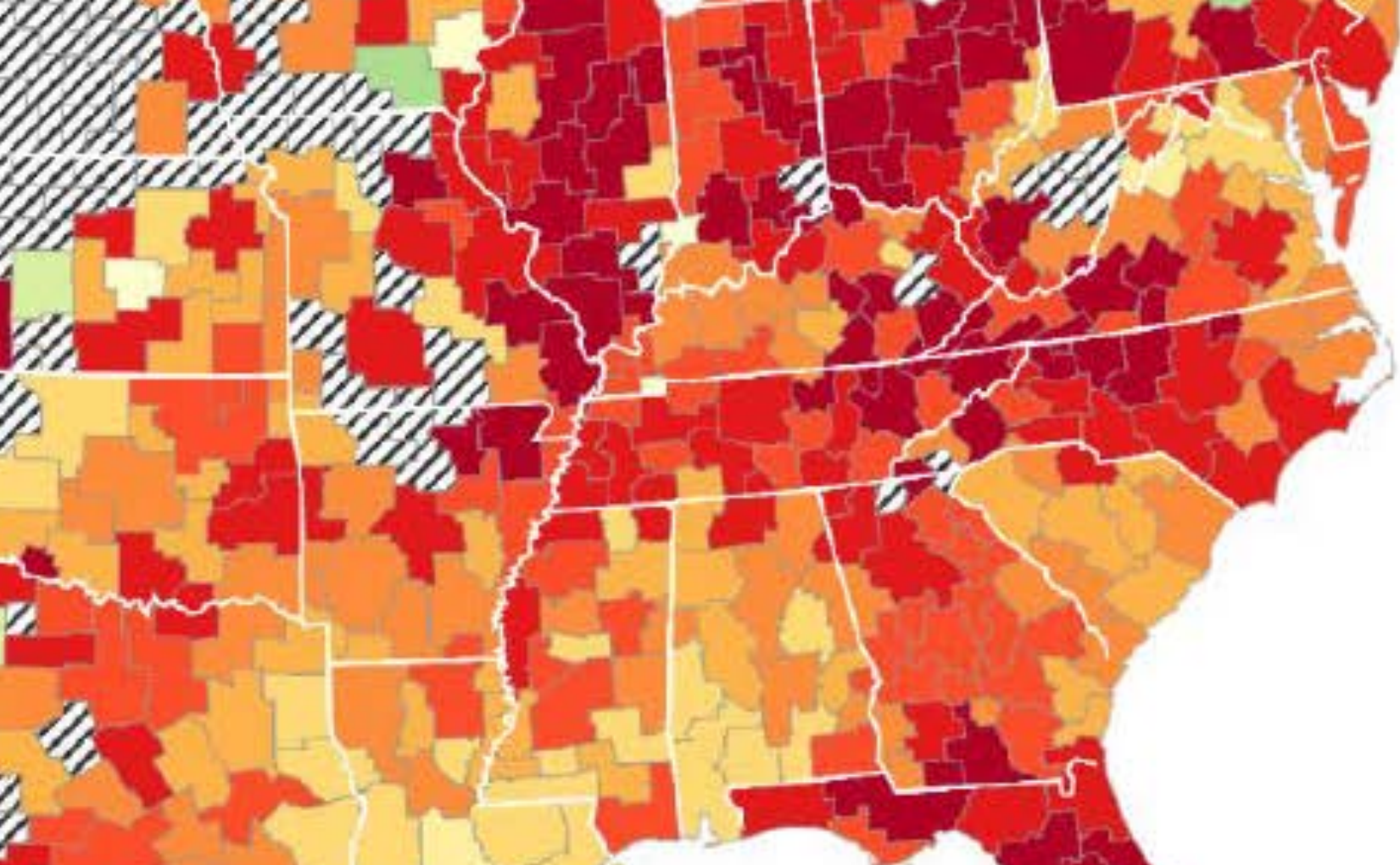


[Source: Chetty, Raj; Hendren, Nathaniel; Jones, Maggie; and Porter, Sonya. R \(2018\)](#)

Intergenerational Income Mobility of Black Men Who Grew Up Poor

Green is High, Red is Low





Examples of Good Neighborhoods Where Black Boys Are More Likely to Thrive

Poor neighborhoods: Average family income at 25th percentile (\$27,000); most black fathers are present; relatively low poverty rate.

Rich neighborhoods: Average family income at 75th percentile (\$94,000); most black fathers are present; relatively low poverty rate.

Washington DC	Downtown Silver Spring, Woodside Park, Woodside Forest	Newport News VA	Richneck, Newport News County
	College Park, Prince Georges' County	Baton Rouge	East Baton Rouge, East Baton Rouge County
	New Carrollton, Prince Georges' County	New Orleans	Terrytown, Jefferson County
	Greenbelt, Prince Georges' County		Woodmere, Jefferson County
New York City	Queens Village, Queens		
	Laurelton, Queens		
	Wakefield / Eastchester, Bronx		

Source: Chetty, Hendren, Jones, Porter (2018), Appendix Table XV

Examples of Average Neighborhoods Where Black Boys Do About Average

Poor neighborhoods: Average family income at 25th percentile (\$27,000); many black fathers are present; moderate poverty rate.

Rich neighborhoods: Average family income at 75th percentile (\$94,000); many black fathers are present; moderate poverty rate.

Houston	Ost-South Union, Harris County	Chicago	Harvey, Cook County
	Sunnyside, Harris County		South Holland, Cook County
Memphis	White Haven, Shelby County	Memphis	Hickory Ridge-South Riverdale, Shelby County
	Coro Lake, Shelby County		

Source: Chetty, Hendren, Jones, Porter (2018), Appendix Table XV

Examples of Bad Neighborhoods Where Black Boys Do Worse than Average

Poor neighborhoods: Average family income at 25th percentile (\$27,000); few black fathers are present; high poverty rate.

Rich neighborhoods: Average family income at 75th percentile (\$94,000); few black fathers are present; high poverty rate (among blacks).

Chicago	Robert Taylor Homes/Fuller Park, Cook County	Chicago	Humboldt Park, Cook County
	Bronzeville, Cook County		West Garfield Park, Cook County
	Garfield Park, Cook County	Detroit	Harper Woods, Wayne County
	Englewood, Cook County		Hamtramck, Wayne County
Detroit	Chandler Park, Wayne County		
Cincinnati	South Fairmont, Hamilton County		
Los Angeles	South Los Angeles/Watts, Los Angeles County		

Source: Chetty, Hendren, Jones, Porter (2018), Appendix Table XV

What Makes Chicago Neighborhoods So Much Worse than New Orleans for Black Boys?

- It's *not* primarily due to individual “race-related shortcomings,” because black girls do much better than black boys (and white girls and boys, in some respects).
- It's *not* primarily due to family structure or marriage rates because it's share of neighborhood dads present that matters most, not presence of the child's own dad.
- It's *not* primarily due to environmental factors like school quality because black boys do worse even in good schools.

What Makes Chicago Neighborhoods So Much Worse than New Orleans for Black Boys?

- According to Chetty, good outcomes are due to:
 - High fraction of fathers present in the neighborhood: Dad in the house is good but many black dads in the neighborhood is even better.
 - Low levels of racial bias: Racial hostility expressed by local whites hurts black boys and black girls more than Hispanic or Asian boys or girls.
 - Note: White hatred hurts low-income whites, too.

What Makes Chicago Neighborhoods So Much Worse than New Orleans for Black Boys?

- Unfortunately, Chicago is more typical than New Orleans for most African-American children.
- It's unusual to find neighborhoods containing many African-American families with all of these characteristics:
 - Low poverty
 - Many black fathers present
 - Low racial hostility from whites.

In Sum: Black Men and Boys Face Immense Economic Challenges But We Know What Helps

- Black-white income and wealth gaps are large and slow to change because of:
 - Cumulative discrimination and disadvantage: Structural racism.
 - Upward black intergenerational (i.e., parent-to-child) income and wealth mobility are low.
- Raj Chetty's team believes the key to breaking out of this pattern is increasing the opportunities facing black boys.

Our Challenges

- How do we shield black boys from poverty and its effects when it is prevalent in so many neighborhoods?
- How do we increase the neighborhood presence of black dads?
- How do we decrease whites' racial hostility, which harms both non-white and white Americans?

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