

Black Womenomics: Investing in the Underinvested

Due to complex historical factors and ongoing discrimination, Black women remain heavily disadvantaged across a broad range of economic measures. This study focuses on the wealth gap, its relationship with these economic disadvantages, and the public and private investment opportunities to help close these gaps.

Wealth Gap: Black women face a 90% wealth gap.

Black women remain heavily disadvantaged across a broad range of economic measures, including wealth, earnings, and health. The median single Black woman owns 92% less net wealth than the median single white man.

Earnings Gap: The earnings gap drives 2/3 of the wealth gap.

Lower levels of earnings for Black households account for about 2/3 of the average wealth gap, while the remainder is largely explained by financial factors, including access to capital and investment opportunities, personal finances, financial information, and housing.

Wage Gap: The wage gap between Black & white women is widening.

Access to better-paying occupations and industries drove a substantial reduction in the wage gap for Black women in the 80s and 90s, but that progress has stalled. Over the last 20 years, the wage gap between Black women and white women has increased from 10% to 15%.

Education Gap: Fewer Black women earned college degrees in 2020.

Despite significant progress closing the gap, the share of Black women with a college degree remains 10pp fewer relative to white women. Factors contributing to this educational attainment gap include underinvestment in early childhood education, disparities in school funding and school quality, bias in schools, and economic resources at home.

Capital Gap: Black women are less likely to own or inherit high-return assets.

Black Americans are much less likely to own high-return assets than white individuals, including homes, stocks, and especially their own businesses. Single Black women are also four times less likely to inherit assets than single white men.

Personal Finance Gap: Black women are underbanked.

Black women face higher exposure to high-cost liabilities. Black women are 5 times less likely than white women to have a bank account and 5 times more likely than white men to rely on expensive payday loans, mostly due to limited access to formal credit and financial information gaps.

Housing Gap: 1/3 of homes occupied by Black women are unhealthy.

Black women face a substantial housing quality gap, with 1/3 of the homes occupied by Black women estimated to be unhealthy. 55% of Black women in renting households are also “rent

burdened”—spending 30% or more of income on rent—illustrating the challenge of affording quality housing.

Health Gap: Black women have poorer health and shorter lives than white women.

Black women are 1/3 more likely to report fair or poor health, and have a pregnancy-related mortality rate that is more than 3 times higher than white women.

Solutions to close the gaps.

These strategies focus on intentional structural adjustments and investments to compensate in part for the systemic barriers that have been so fundamental in creating the broad disparities that Black women continue to face today:

- reduce barriers to college education & increase graduation rates
- provide access to capital for entrepreneurs
- increase financial education
- invest in Black communities

Good for growth.

Overcoming these adverse economic trends would make for not only a fairer, but also a richer society.

We estimate that reducing the earnings gap for Black women could create 1.2-1.7 million US jobs, and raise the annual US GDP by 1.4-2.1% each year, or \$300-450bn in current dollars.