Memo to Address the Task Force Recommendations on the Racial Wealth Gap in California
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As recent as 2021, the Federal Reserve's Survey of Consumer Finances determined that White households hold 87 percent of overall wealth in the United States. Conversely, Black Americans, broadly defined, have only 3 percent of the wealth. To put that in dollar terms, the median White family held $184,000 in wealth in 2019 compared to just $23,000 for the median Black family. And for further comparison, the median Hispanic family had $38,000 in wealth. Moreover, we should assume that these comparative figures become starker once we disaggregate the data among the generalized Black population surveyed.[1]

Some economists note that the wealth held by the typical Black household compared to the typical White family has remained almost the same ratio as in the 1960s. Any observable convergence or closing of the gap is an even slower path over the last 150 years, with convergence stalling after 1950. Since the 1980s, the wealth gap has widened again as capital gains have predominantly benefited white households, and income convergence has stopped.

The racial wealth gap accounts for the total cost of the injuries of African Americans and the benefits to White Americans, as represented by the contemporary gap in total wealth between these two groups. Thus, the wealth gap is often regarded by reparations advocates as the best indicator of the cumulative impact of anti-Black racism from African American enslavement through Jim Crow to contemporary disparities. As such, it reflects the total sum of calculable harms and serves as the most direct means of accounting for the value owed as African American reparations.

What is taken into consideration when determining the racial wealth gap are the products of discrimination in lending, employment, property, and commercial practices and policies against African American individuals, communities, and enterprises and critically of how those practices and policies in those same areas privileged White Americans individuals, communities, and enterprises. Several key metrics of the racial wealth gap are racial differences in home equity, financial assets, and income, all of which are necessary for economic security and because they facilitate the accumulation of wealth over time. In addition to differences in asset values and composition, differences in the amount and type of debt households hold to contribute to racial disparities in economic security. But again, the racial wealth gap, as argued by economists advocating for reparations, represents the best indicator of the cumulative impact of white racism over time.

On this basis, the use of the racial wealth gap as a distinct harm for the Task Force's purposes of recommendation is not required because rather than using a single category to capture the total sum of harms against the community of eligibility in California, the Task Force's recommendations are organized around nearly a dozen harms. This itemization is an appropriate approach as it enables a more detailed and comprehensive response to the particularities of the harms experience in California. The Task Force's approach at the scale of federal recommendations would likely be infeasible, so the racial wealth gap is an appropriate

[1] It should be noted that while the median is a useful measure for calculating typical differences in wealth between blacks and whites it leaves out significant outlier values, which would represent Black Americans impacted by significant economic disparities, and whites who benefit from economic advantage. Therefore, the mean, or average is the most appropriate measure for calculating the sum required to eliminate the racial wealth gap.

measurement there. However, the Task Force has identified several key areas most appropriately responded to through direct compensation and reliably captured through quantification and resulting financial calculation. Those areas are:

1. Unjust Property Takings
2. Devaluation of Black Businesses
3. Housing Discrimination and Houselessness
4. Mass Incarceration & Over policing
5. Health Harms

It should be noted that there currently is no definitive figure for the racial wealth gap in the state. And so, though it may not be used to provide reparations, the Task Force recommends that the State determine the racial wealth gap in California. The reason for this recommendation is that we know what the racial income gap in California is, which is itself concerning and is an indicator that the wealth gap in California is likely very significant and would lead to further disparities across future generations of Californians.[2]

While pursuing the racial wealth gap in the Task Force's framework of African American reparations may not be necessary, the Task Force recommends that the State of California encourage the use of the national racial wealth gap in the determination of federally pursued reparations.

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[2] The racial income gap shows that Black families in the state earn $.60 for every dollar that white families earn, as determined by Public Policy of California statewide survey. Moreover, the geographic disparities of wealth in the state show that 20% of all net worth is concentrated in the 30 wealthiest zip codes, home to just 2% of Californians. However, these disparities are effectively addressed by the recommendations for commercial and housing discrimination.