

Closing the Black-White Wealth Gap with Education

By James H. Buford

Recent reports of the increase in the black-white wealth gap barely scratch the surface of what is truly going on in the black economic community. According to a recent Pew Research Center report, the median wealth of white U.S. households was \$113,149, compared to \$5,677 for blacks, a ratio of 20 to 1. If you take note of the fact that the average white household income is \$54,461 compared with \$32,584 for black households it is not very surprising. Wealth is measured by the amount of houses, cars, bank accounts, stocks, and mutual funds minus the sum of debts such as mortgages, auto loans, and credit card debt. As we all know income plays a large part in the number of assets a household can accumulate. The mere fact that the average African American household makes 40 percent less than the average white household contributes to the increasing racial wealth gap. Looking upon these figures makes you wonder, what can be done to decrease the black-white wealth gap.

Education is commonly known as the great equalizer and key to success for all races. While African American college graduates' income still lags behind their white counterparts, the disparities tend to be less than those of high school graduates. In 2007 the median income for blacks with bachelor's degrees is \$46,000 compared to \$55,500 for whites, according to a 2008 Current Population Survey from the U.S. Department of Commerce. This is 17.2 percent less than the median income of non-Hispanic whites with a bachelor's degree. African Americans with master's degrees had a median income of \$57,500, which constitutes 88% of the median income of their white contemporaries. Amongst white and black females with graduate degrees there was no income gap. Thus, education is a well known key to economic prosperity. However, too few African Americans take hold of the benefits. In 2010, 92.1 percent of whites 25 years and

over earned at least a high school diploma compared to 84.6 percent of African Americans. Despite the increasing number of African Americans obtaining high school diplomas, only 20% have attained a bachelor's degree or higher.

According to the Bureau of Labor Statistics, job force projections indicate that the demographic composition of the 2018 labor force will be dramatically different from today. By 2018, nearly half of all new jobs will require a post-secondary education credential with 31.4 percent of new careers requiring a bachelor's degree. Although progress has been made in the areas of educational attainment, 70 percent of prime working age African American adults and 80 percent of Hispanics will lack the requisite education for almost 40 percent of projected new jobs (State of Black America 2011).

As we look at the inequality of wealth distribution in the American society, it is imperative that we as African Americans do what it takes to decrease the economic gaps. While disparities exist even that the master's and doctoral levels, having a college education is crucial to increasing income and wealth in the black community. Now is the time for a cultural shift in the African American society towards teaching both older and younger generations the importance of attending and finishing college.