



**“Examining the Racial Wealth Gap in the United States”
Chairman Don Beyer – Prepared Remarks
May 12, 2021**

This hearing will come to order. I would like to welcome everyone to today’s hearing focused on the racial wealth gap.

I want to thank each of our distinguished witnesses for sharing their expertise today. We have an all-star panel and I am excited to hear what they have to say.

Wealth Enables Opportunity

As everyone here knows, wealth, and the accumulation of wealth, enables opportunity. Wealth makes it easier to pursue education, buy a car or a home, even to take a chance on an idea and start a business.

Wealth is security. Having some financial cushion allows families to absorb financial blows like those experienced because of COVID-19: a medical emergency or the loss of a job.

Wealth begets more wealth. It is often passed on from one generation to the next. Indeed, our tax policies have made these transfers much easier to execute. Our estate tax provisions enable couples to pass along up to \$23 million tax-free to their heirs. 23 million dollars.

Unfortunately, the inverse is also true.

With minimal or negative wealth, avenues of opportunity are too often closed—a problem that is perpetuated from one generation to the next.

The problem

Our nation is plagued by persistent and growing income and wealth inequality. This inequality is particularly tenacious along racial lines. According to the most recent data from the Federal Reserve, in 2019, the median white family had wealth of **8 times** the wealth of the median Black family.

The absolute differences are far greater if you look at the average or mean. One other statistic helps to shine a spotlight on the inequities—25% of white households have a net worth in excess of \$1 million, compared to just 4% of Black households.

The racial wealth gap disadvantages Black and brown families, individuals and communities, as persistent inequities in wealth manifest in all kinds of ways.

For example, Black students generally take on much higher levels of student debt than white students and are much more likely to see that debt grow as they enter the workforce.

And Black families have much lower home ownership rates—fewer than one half of Black Americans own their homes compared to about three-fourths of white Americans.

Even Black families who own their homes face disadvantages. They face lower home values than those of white families, about a third lower.

Beyond the damage the racial wealth gap does to Black and brown communities and families, the racial wealth gap also constrains the U.S. economy as a whole, limiting our growth and productive capacity.

The cause

How did we get here?

Much of the racial wealth divide today is explained by the inability of Black families to transfer wealth from one generation to another. This is the product of decades of systemic racism and exclusion in our country, with policies such as redlining, restrictive covenants and other forms of housing discrimination playing a role.

The racial wealth gap is also the result of a tax code that disadvantages Black Americans in the ways it exempts gains on home sales, its treatment of income for married couples and even the tax incentives provided for employer-sponsored retirement plans.

The gap is also the result of dramatically unequal access to credit and financial services. Black Americans are more likely than white Americans to lack access to these basic services.

Proposals to Make Progress

The racial wealth gap is pernicious—and making real progress requires a sustained, multi-pronged effort. There are lots of good ideas that we'll hear more about today from our expert panel.

Baby bonds to provide each child with an interest-bearing account at birth. This would ensure that when anyone turns 18, they would have assets to use on education, to start a business and for other productive uses.

We need to do more to improve access to education with strong preK-12 opportunities married with improved access to affordable post-secondary education. Tuition-free community college is a part of that. Student loan debt forgiveness is also a piece of the puzzle.

But we need to acknowledge that education is far from a panacea. The typical Black family with a Bachelor's degree has less wealth than the typical white family with a high school degree.

Disparities persist even after accounting for income or family structure, reminding us that we need to be intentional about asset building.

Acknowledging the Country's History

The House passed out of committee legislation (H.R.40 after the failed promise to provide former slaves with 40 acres and a mule) that calls for creating a commission to study reparations.

This is an important step to face up to our nation's past and to begin the process of providing compensation and restorative justice.

We have a long way to go in this country to close the racial wealth gap. And we're only going to get there if we dramatically intensify our efforts.

And this is why I look forward to the testimony of our witnesses. Now I would like to turn it over to Senator Lee for his opening statement.