



A SNAPSHOT:

ASSETS FOR EQUITY

Building Wealth for Women in Central Ohio

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WHY FOCUS ON THE GENDER AND RACIAL WEALTH GAP?

The Women's Fund of Central Ohio focuses on economic empowerment and leadership for women and girls by tackling issues of child care and the benefits cliff; paid leave; pay equity; and access to comprehensive, medically accurate sex education and access to contraception. These strategic priority areas drive the organization's grantmaking, advocacy, research, partnerships, and community education efforts in order to transform the lives of women and girls in central Ohio.

In order to create lasting social change for women and girls, we must look at how the gender and racial wealth gap plays a fundamental role in affecting all women's potential for economic empowerment and leadership. The gender and racial wealth gap has intergenerational economic impacts on the lives of girls and women and closing the gender and racial wealth gap is integral to women's economic security, health, and civic and political engagement.

THE REPORT, *ASSETS FOR EQUITY: BUILDING WEALTH FOR WOMEN IN CENTRAL OHIO* IS THE FIRST STEP IN BRINGING LOCAL DATA TO CENTRAL OHIO TO HELP DRIVE EVIDENCE-BASED SOLUTIONS TO ASSURING ECONOMIC PROSPERITY FOR ALL.

A SNAPSHOT: ASSETS FOR EQUITY

BUILDING WEALTH FOR WOMEN IN CENTRAL OHIO

WEALTH, or net worth, refers to the total value of one's assets minus debts. Assets include stocks, bonds, mutual funds, or equity in a home or business. Debts include a mortgage, installment loans, or credit card debt. Wealth provides individuals a financial cushion during unexpected emergencies (like loss job, divorce, or illness). While wealth is related to income, it is not the same. *(see glossary for extended definition)*

INCOME refers to money received by a person or household during a specific period of time. The time frame could be a few months or a year. Individuals and households obtain income via earnings from a job (wages or salary). *(see glossary for extended definition)*

WAGE VS WEALTH GAP



IN CENTRAL OHIO, MEDIAN ANNUAL EARNINGS FOR FULL-TIME, YEAR-ROUND WORKERS, WHEN COMPARED TO WHITE MEN:

- Asian Pacific Islander women earn 79.2¢ to the dollar
- Black women earn 65¢ to the dollar
- Latina women earn 60¢ to the dollar
- White women earn 82¢ to the dollar



NATIONALLY, MEDIAN ANNUAL EARNINGS FOR FULL-TIME, YEAR-ROUND WORKERS, WHEN COMPARED TO WHITE MEN:

- Asian Pacific Islander women earn 88.8¢ to the dollar
- Black women earn 63.5¢ to the dollar
- Latina women earn 54.5¢ to the dollar
- White women earn 80¢ to the dollar



NATIONALLY, WHEN COMPARED TO ALL SINGLE MEN:

- Single Black women own 2¢ to the dollar
- Single Latina women own 8¢ to the dollar
- All single women own 40¢ to the dollar

THE WAY FORWARD

The Women's Fund of Central Ohio is committed to building awareness of the gender and racial wealth gap and mobilizing action to close it by collaborating with community partners to dive deeper into the research and arming policymakers and leaders with the research to support positive lawmaking protecting economic empowerment for all women.

POLICY RECOMMENDATIONS

- Increase access to financial literacy and education programs
- Eliminate predatory and subprime lending and increase access to loan forgiveness programs (student loans; mortgages; credit card debt; payday lending)
- Eliminate gender and racial gaps: pay secrecy; increase minimum wage; eliminate tipped minimum wage; increase career pathways into well-paying jobs
- Increase access to wealth escalator for all workers
- Increase access to affordable healthcare
- Increase access to affordable childcare
- Increase avenues for first time home buyers to purchase homes
- Tackle obstacles to entrepreneurship for women
- Collect wealth gap data on race, ethnicity, gender, geographic location, and sexual orientation

WHAT IS THE GENDER AND RACIAL WEALTH GAP?

The **GENDER WEALTH GAP** refers to how structural sexism compounds and contributes towards the wealth gap, which in turn further exacerbates political, economic, and social disadvantages on the basis of gender. The gender wealth gap includes the gender earnings gap, but far exceeds the gender wage/income gap.

The **RACIAL WEALTH GAP** refers to how structural racism compounds and contributes to the wealth gap, which in turn further exacerbates political, economic, and social disadvantages to communities of color. The racial wealth gap, includes the racial earnings gap, but far exceeds the racial wage/income gap.

WOMEN OF COLOR EXPERIENCE THE WEALTH GAP AT THE INTERSECTIONS OF THE RACIAL AND GENDER WEALTH GAPS.

WOMEN FACE A NUMBER OF BARRIERS AND ACCELERATORS TO WEALTH BUILDING THAT AFFECT THEM FROM BIRTH TO RETIREMENT AND AFTER.

Many women, especially women of color, do not have access to accelerators that would help ensure their economic security and that of their children and grandchildren.

Numerous multigenerational policy and program changes would not only help increase short-term economic security, but also help many women start to build intergenerational wealth.

The "wealth escalator," a term coined by Dr. Mariko Chang, has been defined as a variety of reinforcing financial benefits that help certain individuals accumulate wealth at a faster rate. Research has shown that women often lack access to "wealth escalator" accelerators which can be:

- Homeownership
- Education
- Employment
- Entrepreneurship
- Access to credit and loans
- Access to child savings accounts and 529 savings plans
- Access to multigenerational supports, such as universal basic income and expanded financial literacy education
- Expanded eligibility to public benefit programs

BARRIERS:

GIRLS AND YOUNG WOMEN (0-17):

- Lack of access to affordable housing
- Lack of household savings
- Limited financial education
- Gender stereotypes
- Barriers to participation in STEM programs
- Limited access to medical care and contraception

YOUNG ADULTS (18-34):

- Lack of access to affordable housing
- Lack of household savings
- Student loan debt
- Unequal pay and the gender wage gap
- Low paying or part-time jobs
- Lack of employer-sponsored health insurance and benefits

PRIME WEALTH BUILDING YEARS (35-64):

- Lack of access to affordable housing
- Lack of household savings
- Lack of paid sick days and family leave
- Targeted for risky, subprime loans and high interest rates
- Barriers to entrepreneurship
- Limited access to capital and investments
- High cost of child care

OLDER WOMEN (65+):

- Lack of access to affordable housing
- Lack of household savings
- High health care costs
- Unpaid caregiving responsibilities
- Divorce from male spouses disproportionately impacts women if they have lower (or no) earnings and if they have custody of children.

ACCELERATORS:

- Access to affordable and high quality child care and early childhood education
- Financial education including wealth-building concepts
- Supports for pregnant and parenting teens

- Higher minimum wage, as women are the majority of minimum wage workers
- Eliminate the wage gap
- Expand tuition-free colleges
- Employer-provided benefits

- Paid family and medical leave and sick days
- Access to business ownership and entrepreneurship
- Tax credits for first-time home buyers
- Flexible work schedules
- Employer-sponsored health insurance and benefits

- Social Security benefits
- Affordable health care through Medicaid
- Programs that help cover Medicaid costs
- Access to pensions
- Employer-sponsored retirement plans
- Life and disability insurance

GLOSSARY OF TERMS

ASSETS

Financial and non-financial resources that are indicative of financial status and wellbeing. Examples of financial assets include savings, stocks and mutual funds shares, and cash reserves. Assets may also be nonfinancial, such as real estate, homeownership, and a business.

BENEFITS CLIFF

"Benefits cliff" describes what happens when individuals have an increase in their earnings so that they no longer qualify for public benefits (or social safety net programs such as food stamps, housing or child care subsidies, or healthcare), yet still do not earn enough to pay for these items without assistance.

CAPITAL

Capital has many different meanings in economics, finance, and related fields. Capital refers to financial wealth and assets such as stocks and bonds, different kinds of property (homes, real estate, buildings, vacant lots, manufacturing facilities), funds in deposited accounts and investments. It is the total value an individual or institution owns (such as the monetary value of all assets). Capital is an asset that can produce more income, which can generate more assets if saved and invested.

CHILD SAVINGS ACCOUNT (CSA)

CSA's are savings accounts for the benefit of very young children (at birth or by 5 years) into which a third party (parent, grandparent, non-profit, city, local or state government) can deposit funds to be used for post-secondary expenses. A CSA can be based in a 529 savings plan.

COST OF LIVING

The amount of money and resources needed to maintaining a sustainable standard of living for expenses such as housing, food, transportation, health care, child-care, eldercare, education, taxes, and energy. It varies by location and generally increases over time due to inflation.

DEBT

Debt involves a financial obligation, such as money, that is owed by an individual (the debtor or borrower) to someone else (a creditor or lender). Some debt can help build assets whereas other forms of debt can strip wealth or net worth. Examples of debt: mortgage debt, student loan debt, or credit card debt.

DISABILITY INSURANCE

This is a type of insurance that can provide income to an individual employee, in the event of illness or disability, where they are unable to perform their work and earn an income. Not all employers provide this benefit and only a few states require that employers provide such benefits.

ECONOMIC SECURITY

The situation of having sustainable income, benefits, savings, wealth, financial cushions, networks, and/or other resources to support a steady and sustainable standard of living now and in the future. And, a situation that prepares one for rising cost of living expenses.

ECONOMIC SHOCKS

Economic shocks refer to financial emergencies that individuals can face due job loss, death in the family, illness or disability, downturns in the economy, and/or escalating cost of living expenses.

EQUAL CREDIT OPPORTUNITY ACT

Banks and lenders routinely discriminated against women applying for credit and loans and required a man's signature to access credit. The Equal Credit Opportunity Act of 1974 is a federal law that defined such lending practices as unlawful. In addition to discrimination on the basis of sex, the ECOA was expanded in 1976 to forbid lending discrimination on the basis of race, if on public assistance, marital status, religion, national origin, and age. Additionally, the ECOA allowed women, who were not from the upper classes or with significant savings, more access to credit markets and asset building.

FAVORABLE TAX CODES

Tax codes are a key aspect of the "wealth escalator" and favorable ones (tax-advantaged or lowered tax rates) facilitate access to wealth accumulation faster. Examples of favorable tax codes: capital gains taxes; tax-credits; tax-advantaged employer sponsored retirements plans; government sponsored IRAs; and home mortgage deductions.

FINANCIAL ASSETS

A type of asset that includes stocks, bonds, checking, savings, or money market accounts. Financial assets are important indicators of wealth accumulation.

FINANCIAL EDUCATION

Financial education refers to formal education and counseling that individuals can receive (such as part of classroom education or beyond the classroom) on finances, budgeting, debt, and wealth building. Often used interchangeably with financial literacy.

FINANCIAL LITERACY

Financial literacy refers to knowledge individuals have about finances, budgeting, debt, and wealth building. This knowledge can be via formal education (such as a school classroom) or informally through family members and others.

529 SAVINGS PLAN

A tax-advantaged savings plan/investment account for future education costs sponsored by states. It can be used for college tuition, books and other education related expenses. These funds can also be used for K-12 educational expenses.

401 (k)

An employer-sponsored retirement account that allows employees to invest pre-tax or post-tax dollars from their paycheck.

GENDER STEREOTYPES

Ideas, myths, assumptions, and values that are bolstered by structural or system sexism that promote gender inequity and hierarchy, and where conventional masculinity is privileged. An example: the head of households and thus primary breadwinners are (or should be) men.

GENDER WEALTH GAP

The gender wealth gap refers to how structural sexism compounds and contributes towards the wealth gap, which in turn further exacerbates political, economic, and social disadvantages on the basis of gender. The gender wealth gap, includes the gender earnings gap, but far exceeds the gender wage/income gap. Women of color experience the wealth gap at the intersections of the racial and gender wealth gap.

HOME EQUITY

Home equity is the market value of the house minus the outstanding value of mortgage and other debt on the property, and is a measurement of homeownership as an asset.

INCOME

Income refers to money received by a person or household during a specific period of time. The time frame could be a few months or a year. Individuals and households obtain income via earnings from a job (wages or salary). Other ways individuals and households acquire income are from Social Security, government assistance, pension benefits, interest from a checking or savings account, child support, or rent from owned property.

JIM CROW SEGREGATION

Laws, policies and practices of segregation and discrimination implemented in the late 19th century in the United States that systematically produced racial apartheid in aspects of everyday life (ranging from schools, public spaces, neighborhoods, restrooms, etc.)

LIQUID ASSETS

Liquid assets include cash on hand and assets that can be quickly converted to cash (such as money in a checking, savings or money market account). These assets are central to withstand economic shocks.

LIVABLE WAGE

Livable wages are wages well above what is determined to be "minimum wages" (which is set by law) and determined by essential costs that are needed to sustain households. Livable wages take into account the rising cost of housing, child care, and ensure that individuals are able to support themselves and their families.

MORTGAGE DEBT

Entails a financial obligation (such as a loan) that is owed to a bank (or financial institution) by an individual (or individuals) for the purpose of home ownership. Mortgage debt is an example of debt that can build assets or can reduce net worth.

NONFINANCIAL ASSETS

A type of asset that includes a house, business, or land. Nonfinancial assets are important indicators of wealth accumulation.

PUBLIC BENEFIT PROGRAMS

Also referred to as social safety net programs, these programs are designed by governments to address economic hardships experienced by individuals (and households) due to illness, job loss, low wages, or lack of wealth. Examples include: Social Security, Medicare, Medicaid, EITC, Veteran's Benefits, Child Tax Credits, food stamps, energy or rental assistance.

RACIAL WEALTH GAP

The racial wealth gap refers to how structural racism compounds and contributes to the wealth gap, which in turn further exacerbates political, economic, and social disadvantages to communities of color. The racial wealth gap, includes the racial earnings gap, but far exceeds the racial wage/income gap. Women of color experience the wealth gap at the intersections of the racial and gender wealth gap.

REDLINING POLICIES

Discriminatory policies and institutional practices where banks and insurance companies (assisted by governmental policies; and neighborhood associations) refused to lend or provided subprime loans, mortgages, and homeowners insurance to communities of color and to those living in specific geographic areas. This resulted in continued segregation of communities of color and individuals living in certain zip codes. Redlining grew rapidly as policy and practice after the 1934 Housing Act.

SYSTEMIC or STRUCTURAL RACISM

Systemic or structural racism refers to economic, political and social policies, cultural norms and values, and institutional practices that mutually reinforce one another to promote racial inequity and hierarchy, where whiteness is privileged.

WEALTH

Wealth, or net worth, refers to the total value of one's assets minus debts. Wealth provides individuals a financial cushion during unexpected emergencies (like loss job, divorce, or illness). Wealth also is intergenerational and can be passed down to the next generation. While wealth is related to income, it is not the same. High levels of wealth can generate income for its owners and makes them less dependent on having work for a living. Wealth provides its owners systemic access to political and economic power and policy-making.

WEALTH ESCALATOR

The "wealth escalator" has been defined as a variety of reinforcing financial benefits that help certain individuals accumulate wealth at a faster rate. It is comprised of employment-related fringe benefits, valuable employer and government benefits (social security and unemployment insurance), and favorable tax codes that allow accumulation of wealth at a faster pace. Research has shown that women often lack access to the "wealth escalator."

WOMEN'S BUSINESS OWNERSHIP ACT

Up until the passing of this federal legislation in 1988, lenders could require women business owners seeking loans to have a male co-signer. This Act banned that practice. The legislation sought to address barriers for women such as: inequities to accessing commercial credit or capital; exposure to high cost loans; lack of access to business networks; and lending practices that favored male business owners.

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