



Day 11 - Employment and the Wealth Gap

"For Black families, each dollar creates only 69 cents in total wealth. This is why the wealth gap between Blacks and Whites can continue to grow even when de jure discrimination ended decades ago." -Mehrsa Baradaran, Author of "The Color of Money: Black Banks and the Racial Wealth Gap"

The wealth gap is a term coined to describe the growing disparities between the rich and poor. The last half century has seen a widening divide in wealth while the economy has begun to prioritize "gig" jobs over full-time salaried positions. These part-time or contractual positions allow employers to forgo benefits like health insurance and retirement plans, while also generally paying a low wage. According to the 2020 ALICE report, low wage employment is up double digits in both Maryland and Virginia with a number of these positions at risk of being replaced by automation in the near future.

Income is only one way to build wealth, but in communities where the cost of living is overwhelmingly exceeding the stagnant low wages of jobs offered in the area, communities are at greater risk of falling behind on things like rent, health care and transportation. According to the Brookings Institution, during the most recent economic downturn, [median net worth declined by more for Black families \(44.3% decline from 2007 to 2013\) than for white families \(26.1% decline\)](#), and the ratio of white family wealth to Black family wealth is higher today than at the start of the century.

The employment and the wealth gap in our nation has a detrimental effect on people's credit scores and limits their ability to take out mortgages or loans.

In today's activities, we will be examining some of the ways in which employment plays a huge factor in widening the wealth gap.

Today's Challenge:

OPTION 1: Check out the [2020 ALICE report](#) for your region. The ALICE report contains a lot of updated information, statistics and insights on where the wealth gap in your community is hitting people the hardest. (5-15 minutes)

OPTION 2: Listen to Selma Rice take on the wealth divide in ["How America Created the Shameful Wealth Gap,"](#) as she discusses the history of marginalization of wealth in minority communities since the origin of the country. (7 minutes)

OPTION 3: Check out [Vox Media's visual explanation of the wealth gap](#) and how cuts to tax rates for the rich have led to drastic inequality in the last 50 years. (10 minutes)