

EDUCATION

White College Graduates Are Doing Great With Their Parents' Money

Higher education alone can't bridge the wealth gap that separates black Americans from their white peers.

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JULY 20, 2018

The numbers are staggering: White Americans with a college degree are on average three times as wealthy as black Americans with the same credential, and in families whose head of the household is employed, white families have 10 times the wealth of black ones. One estimate on the conservative end suggested that this wealth gap could take two centuries to close.

And the thing about wealth, says Tatjana Meschede, a researcher at the Institute on Assets and Social Policy at Brandeis University, is that it's "sticky": It tends to stay with a family. That has serious repercussions for how much money people accumulate over the course of their lives, regardless of whether they attend college—something that is usually thought to make a significant difference financially.

A forthcoming study from Meschede and Joanna Taylor, also a researcher at Brandeis, in the *American Journal of Economics and Sociology*, makes the point clearly. Building on a 2017 study of theirs that examined wealth accumulation among college graduates—as well as “intergenerational financial transfers,” like when a parent helps a recent college grad out with rent or, say, gives her \$1,000 a month to spend on whatever she pleases—the two looked specifically at how family inheritances, which are usually larger and tend to come all at once, factor into building and maintaining wealth.

The two researchers focused specifically on inheritances among families where at least one parent has a college degree. They looked at families like this in order to test the notion that higher education is a great equalizer.

The differences that they found between black and white families were stark. “Among college-educated black families, about 13 percent get an inheritance of more than \$10,000, as opposed to about 41 percent of white, college-educated families,” Taylor said in a release announcing the new research. More specifically, white families that

receive such an inheritance receive, on average, more than \$150,000 from the previous generation, whereas that figure is less than \$40,000 for black families.

Meschede and Taylor focused on inheritances of more than \$10,000 because, they say, these qualify as “transformative” assets—meaning, they could significantly alter the course of a life. As Mark Huelsman, a policy analyst at Demos, an advocacy group, tweeted earlier this week after seeing Meschede and Taylor’s study, “the average family inheritance to a white college grad can pay off the average undergrad debt balance”—more than \$30,000—“and have enough left over for a 20 percent down [payment] on a \$575,000 home.” (And that’s assuming the inheritor has student debt to begin with.)

That head start on wealth provides lifelong momentum, Taylor told me in an interview. The median wealth held by black families with a college degree and student loans by the time the head of household is 65 years old, she said, is about \$61,000, versus roughly \$422,000 for white families under the same circumstances.

Getting a college degree can, in some cases, help close the income gap—meaning annual earnings—and, as I have written, can do wonders for socioeconomic mobility. But the enduring legacy of slavery, and centuries of de jure and de facto segregation have led to a wealth gap that is practically insurmountable. As my colleague Ta-Nehisi Coates wrote in 2014, the wealth gap “puts a number on something we feel but cannot say—that American prosperity was ill-gotten and selective in its distribution.”

There have been proposals, including systems of reparations such as baby bonds for black families that are scaled to family wealth, to get kids started on an equal level. Those ideas seem to be on the right track—a college degree alone certainly can’t make up the difference.

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The State Must Provide.