

Economic Inequality in DC Reflects Disparities in Income, Wages, Wealth, and Economic Mobility. Policy Solutions Should Too.

By Tinsae Gebriel

Racially-biased policies and practices in hiring, homeownership, and education have led to large racial disparities in income, wages, wealth, and economic mobility in DC. When examined together, they reveal a pattern in which Black and Latinx residents in the District are being left behind. The District should work towards holistic solutions that address these inequities by encouraging saving, continuing to help low-income first-time home buyers, and protecting low-wage workers.

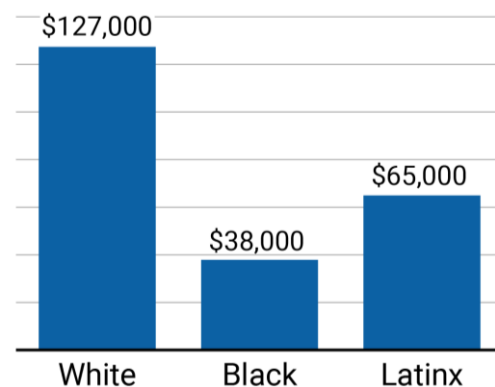
The median household income for Black DC residents, \$38,000 in 2016, is less than a third of the median household income for white residents, \$126,000 (*Figure 1*).¹ The median income for Latinx families, \$65,000 – is just half the median white income. Incomes are lowest in Wards 7 and 8—which are home to the city’s highest concentration of Black residents. Stagnant wages, underemployment, and lack of economic opportunity are among the barriers low-income residents of color face in DC.

Wage gaps are similar to income. The median wage of white residents is nearly twice that of Black and Latinx residents. Education is a key indicator of higher wages in the District. In 2016, individuals working in the District with a bachelor’s degree or higher had a median wage of \$33 an hour, while those with only a high school degree had a median wage of \$15 an hour.²

Wealth distribution in the District –assets such as savings and real estate minus debt—is even more striking, and reflects past and present discriminatory policies, such as redlining and predatory lending, that have prevented Black families from accumulating wealth. In 2013 and 2014, the median wealth for white, Latinx, and Black families in the Washington DC area³ was \$284,000, \$13,000 and \$3,500 respectively, according to a survey study conducted by the [Urban Institute](#) (*Figure 2*, pg. 2).⁴ Even education is not an equalizer for wealth. Black heads of households with a bachelor’s degree had negative median net worth, whereas their white counterparts reported a net worth of \$258,000.⁵

Figure 1.

Overall Income Growth Hasn’t Closed Median Income Gaps



Source: 2016 American Community Survey 1-year estimates.

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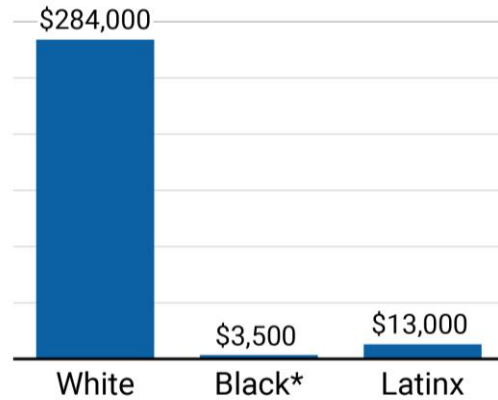
Economic mobility, which looks at how children are doing compared to their parents, is just as important as income, wage, and wealth distribution in the discussion of economic inequality in the District. For children in the DC area⁶ whose parents' income is in the bottom fifth of the national distribution, the odds of ending up in the top fifth as an adult is just 9 percent, compared to a 36 percent chance for children who grew up in the top fifth.⁷

Multifaceted policy solutions addressing the income, wage, and wealth barriers faced by low-income Black and Latinx residents are crucial. The proposed [Rainy Day Refund Act](#) is one step in the right direction for increasing income and savings among low-income families in the District, and could create a path to [economic security](#) for those struggling to make ends meet. If adopted, it would allow Earned Income Tax Credit recipients to save a portion of their refund for six months and receive a 50 percent match on their savings. This would promote saving and help low-income families cover expenses or changes in income, past tax season. The District also could pursue [two generation policy models](#) that combine child development efforts with tools to help parents, helping boost intergenerational economic mobility. Homeownership is a key component to building wealth and closing the racial wealth gap. To promote greater wealth development among low-income residents, the city should continue to offer down payment assistance for first-time homebuyers and examine other barriers that may be keeping Black and Latinx residents from becoming homeowners.

High-quality jobs that pay a living wage are also important. The District can do this is by integrating higher wages and better working conditions into [development projects](#) to protect low-skilled workers and low-income residents, and embracing [strategic enforcement](#) of labor laws to ensure that low-wage workers are not exploited by their employers and receive the pay they earned.

Figure 2.

Median White Household Wealth 81 Times That of Black Households



Note: The source data disaggregates Black Americans by ancestral origin (US or recent African/Caribbean immigrants). This column represents the US Black median income.
Source: K. Kijakazi et al., *The Color of Wealth in the Nation's Capital*, Urban Institute, 2016.

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¹ 2016 American Community Survey 1-year estimates, Table S1903, https://factfinder.census.gov/bkmk/table/1.0/en/ACS/16_1YR/S1903/0400000US11

² Current Population Survey data tabulated by the Economic Policy Institute.

³ To learn more about the areas included in the study, see page 52 of the report [here](#).

⁴ Urban Institute, "The Color of Wealth in the Nation's Capital," 2016.

https://www.urban.org/sites/default/files/publication/85341/2000986-2-the-color-of-wealth-in-the-nations-capital_0.pdf

⁵ Urban Institute, "The Color of Wealth in the Nation's Capital," 2016.

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⁶ Commuting zone. See Online Data Table 3 [here](#).

⁷ Raj Chetty, Nathaniel Hendren, Patrick Kline, and Emmanuel Saez, "Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States," as reported by David Leonhardt, New York Times, "In Climbing Income Ladder, Location Matters," July 22, 2013, <https://archive.nytimes.com/screenshots/www.nytimes.com/2013/07/22/business/in-climbing-income-ladder-location-matters.jpg>