



Racial Wealth Gaps are Larger among Households with Children

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BACKGROUND

In 2022, among households with at least one resident child under age 18, the typical white household had \$166,000 more in wealth than the typical black household.¹ A confluence of factors contributes to the black-white racial wealth difference including a legacy of economic hardship due to slavery, Jim Crow segregation and violence, and exclusionary education, housing, employment, and related public policies and resulting discriminatory practices. Reparations offer restitution and redress for these enduring harms. For black children, a child-centric reparations-based policy response can work in concert with other types of economic policies such as access to credit, home and land ownership, and social and human capital investments that collectively can improve black wealth and intergenerational economic mobility for black Americans.

This trio of research briefs offers a framework for children as a focus of any reparation effort. Each of these three briefs showcases an element of a longer paper; for full text and references see Gennetian, L., Gibson-Davis, C., Darity Jr, W. “[A Framework and Policy Case for Black Reparations to Support Child Well-Being in the United States](#)” in *Nature Human Behavior* and [OSF Preprints | Black Reparations and Child Well-Being: A Framework and Policy Considerations](#).

Overview

The black-white racial wealth gap is the product of past and present injustices: slavery, Jim Crow segregation and violence, exclusionary public policies, and ongoing discrimination. It is also the product of wealth’s compounding effects. Wealth unlocks better financial choices, the capital to purchase appreciating assets, and innumerable other advantages that, in turn, create more wealth. Moreover, the ability to pass on one’s wealth to children and grandchildren provides economic security for them and ensures that these benefits persist for generations. Notably, over the past several decades, the racial wealth gap ratio in the U.S. has been increasing. Enduring racial wealth differences are larger among households with children than without children, with the child household racial wealth gap in 2019 remaining comparable to that seen 50 to 60 years ago.

Wealth differences have led to substantial differences in outcomes for black and white children across their years of development, as detailed in [Making the Case for Black Reparations for Children](#). This brief describes the black-white wealth gap among households with children and explores the potential of a family wealth infusion during a child’s early years of development on subsequent education outcomes.

Racial Wealth Differences among Child Households

The household racial wealth gap is striking: In 2022, the typical white household had more than six times the wealth of the typical black household. But the difference is more glaring for a subset of the population. Since 1995, child household disparities by race have been larger than those for non-child households. Notably, since the Great Recession of 2007-2009, the increase in the racial wealth gap among child households has accelerated (See Figure 1).

For full text and references, see:

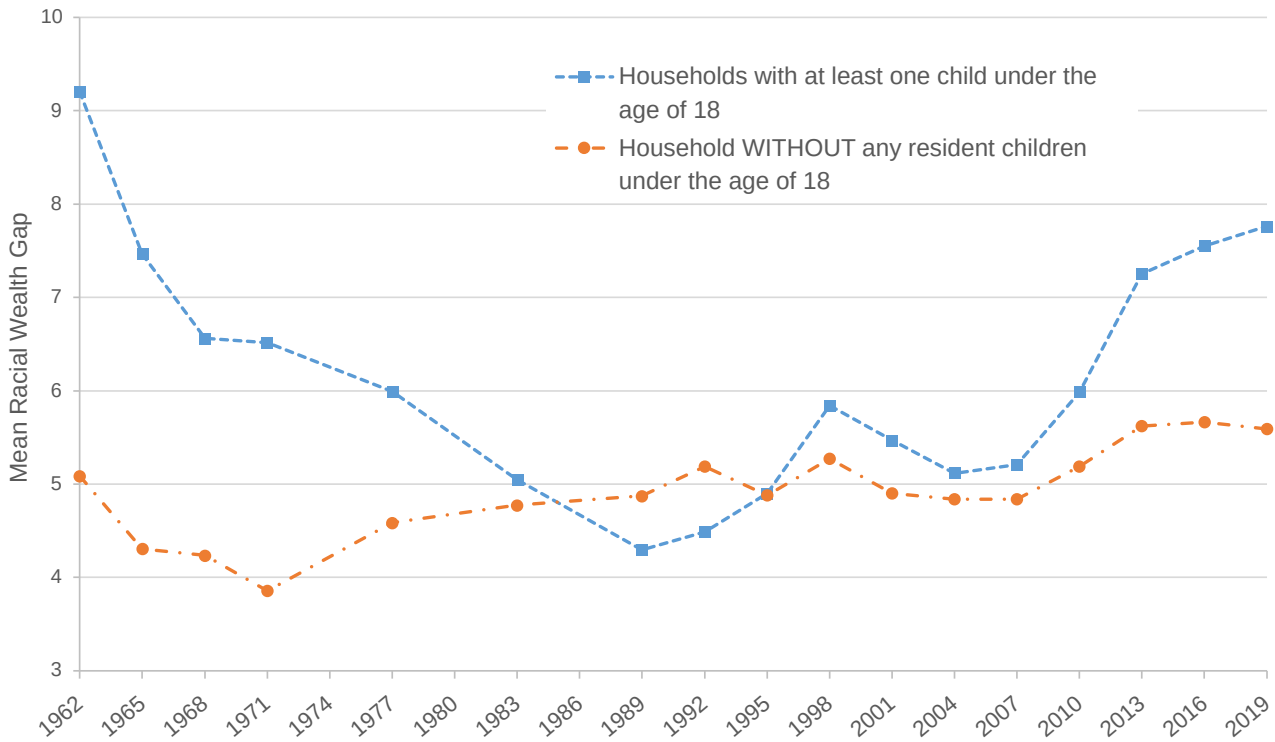
Gennetian, L., Gibson-Davis, C., Darity Jr, W. (2025) *A Framework and Policy Case for Black Reparations to Support Child Well-Being in the United States*. *Nature Human Behavior*. <https://www.nature.com/articles/s41562-025-02189-3>

Gennetian, L., Gibson-Davis, C., Darity Jr, W. (2024) *Black Reparations and Child Well-Being: A Framework and Policy Considerations*. *OSF Preprints*. <https://doi.org/10.31219/osf.io/6q2dk>

¹ Gibson-Davis, C. (2025). Survey of Consumer Finances [Unpublished raw data]. Duke University.

The child household racial wealth gap in 2019, the most recent year with available data, was comparable to that seen 50 to 60 years ago.

Figure 1: Black-White Differences in Wealth are Larger Among Households with Children than Those Without



Key Findings

There are several possible explanations for the larger racial wealth gap among households with children than those without:

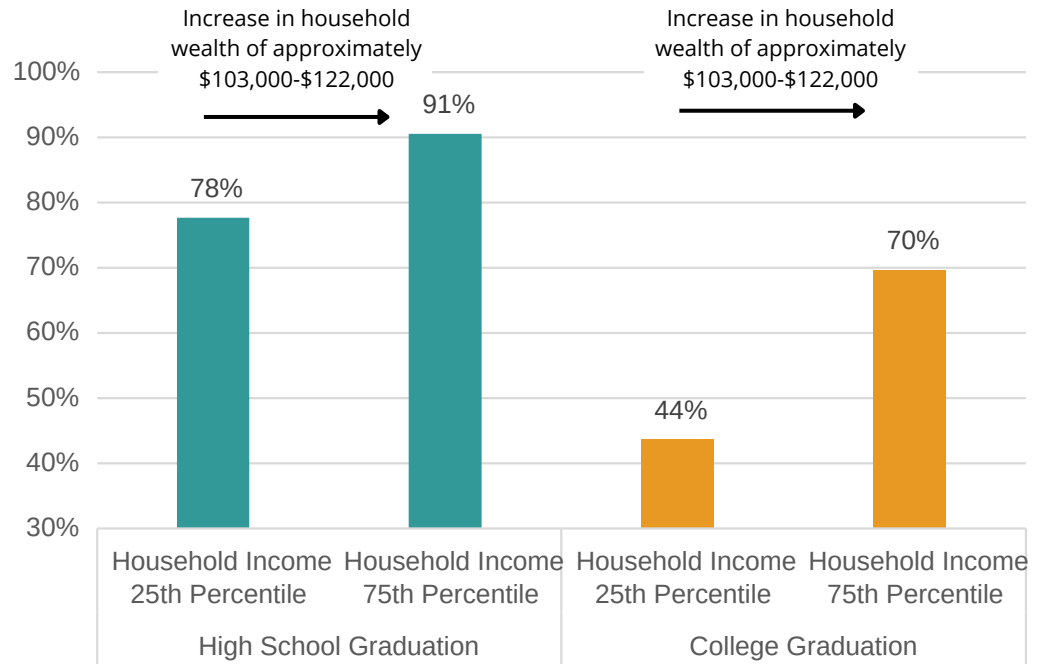
- Wealth inequality in prior generations means that black and white children are starting from different wealth positions. Approximately 20 percent of white child households report receiving an inheritance, compared with 3 percent of black child households.
- Black workers face more difficulties finding jobs and are underrepresented in high-paying industries and occupations, even when they have similar education and experience to white workers. Being employed and earning enough to save are precursors to creating wealth. Notably, the black unemployment rate is historically twice that of the white unemployment rate, and black workers earn 24 percent less per hour than white workers.
- The rising costs of raising children mean that black parents with less wealth have fewer resources to invest in their children. In particular, the rising cost burdens of housing and education, coupled with segregated housing markets, contribute to higher debt.
- Credit markets and access to credit differ along racially defined geographies and markets, with increased exposure to predatory lending among black communities and families.
- Black people are incarcerated at five times the rate of white people, a reflection of the racist policing and criminal justice systems in the U.S. Incarceration disrupts earnings potential and ability of black parents, especially fathers, to financially support their children, and, in the case of noncustodial parents, contributes to accumulated child support debt.

How Wealth Infusions Impact Key Educational Outcomes for Black Children

Estimates suggest that strategic infusions of wealth for black households with children could make strides toward reducing the black-white racial gap in high school graduation and college attendance, two metrics that are important predictors of future earnings.

Historical data from the nation’s longest-running longitudinal survey was used to estimate the effects of a wealth infusion in early childhood (ages 0 to 4) on the likelihood of children graduating from high school or attending college by age 20. Results indicate that—all else being equal—if black children receive an additional \$103,000 to \$122,000 during early childhood, their likelihood of graduating from high school increases by 13 percentage points, and the likelihood of attending college increases by 26 percentage points (See Figure 2).

Figure 2: How an Increase in Household Wealth Positively Influences Black Children’s Educational Outcomes



Source: Predictions derived using data from the Panel Study of Income Dynamics. The estimate of a \$103,000 wealth increase is based on a 1999 birth cohort. The estimate of a \$122,000 wealth increase is based on a 2001 birth cohort. For more detail on the methodology, see [OSF Preprints | Black Reparations and Child Well-Being: A Framework and Policy Considerations](#), Appendix B.

Policy Avenues for Wealth Infusions for Children

Baby bonds, publicly funded trust accounts established for newborns and held until they reach an established age (typically 18-30), offer one example of a policy that could infuse wealth to use toward higher education, buying a home, or starting a business. Proposals for baby bonds vary widely on the initial investment amount, with a 2018 proposal in the U.S. Senate for \$50,000 and enacted legislation in Connecticut starting with investments of \$3,200 for all Medicaid-eligible newborns.² A quarter of U.S. states have proposed legislation for baby bonds programs. California has set up the Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Program which will provide children aging out of foster care with \$4,500 grants.



Takeaways

Black children in the United States grow up in households with far less wealth than white children. The black-white wealth gap is larger among households with children than households without children. Infusions of wealth during early childhood are shown in estimates to improve outcomes for black children and make strides toward reducing the black-white wealth gap.



Black Reparations for Children

This research brief is the first of a three-part series highlighting key findings in “A Framework and Policy Considerations for Black Reparations to Support Child Well-Being” published by Nature Perspectives. All three briefs are available online at <https://childandfamilypolicy.duke.edu/news/black-reparations-for-children/>.

The first brief, [Making the Case for Black Reparations for Children](#), details how due to a variety of social, public policy and economic forces, black children are more likely than white children to experience negative outcomes throughout childhood. The third, [A Child-Centric Cross-Disciplinary Framework to Black Reparations](#), offers a cross-disciplinary conceptual framework that suggests a three-pronged child-centric reparations strategy for black children.

Taken as a collective, these briefs motivate and describe an approach to black reparations for children.

For more information on the black-white wealth gap and black reparations in the U.S., see [From Here to Equality: Reparations for Black Americans in the Twenty-First Century](#), by William A. Darity Jr. and A. Kirsten Mullen. For more context on black reparations, please also see [The Black Reparations Project: A Handbook for Racial Justice](#).

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² Harvard Kennedy School, Student Policy Review. American States Are Quietly Embracing the ‘Baby Bonds’ Revolution to Fight Inequality.

<https://studentreview.hks.harvard.edu/american-states-are-quietly-embracing-the-baby-bonds-revolution-to-fight-inequality/>. Retrieved on February 1, 2025.