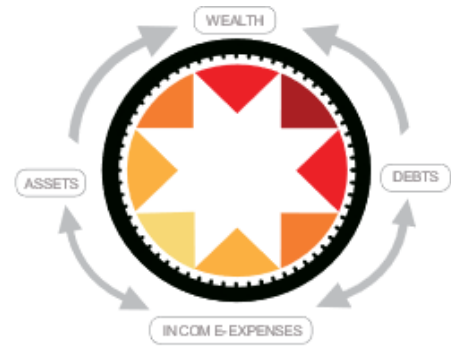


AT A GLANCE

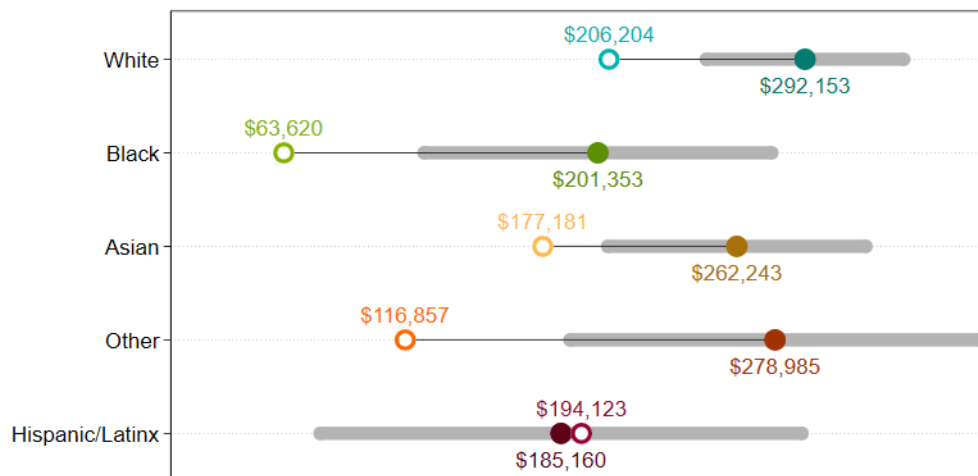
Prosperity Now’s research and policy reports on racial wealth equity investigate the stark wealth disparities between racial/ethnic groups that have generational consequences for the economic stability and mobility of communities of color. Inequalities in net worth, home equity, homeownership, income, and wages stem from structural problems, and as such, demand comprehensive, policy-driven solutions to address and dismantle the systemic barriers that perpetuate these disparities.



Here, we present key findings for **Michigan** that shed light on the extent of these disparities and what drives them. Our findings also include evidence-driven policy solutions to promote economic justice and inclusivity in Michigan.

HOUSEHOLD WEALTH IS NOT EQUITABLY DISTRIBUTED ACROSS RACIAL/ETHNIC GROUPS IN MICHIGAN.

- There are **large differences in median net worth** by race/ethnicity, ranging from \$206k for White households to \$64k for Black households .
- **Income is a large factor** that drives wealth disparities.
- Income does not fully account for the large gap in net worth as **there are still large racial/ethnic disparities in net worth** after accounting for differences in income. Even for households with the same incomes, White net worth is still higher (\$292k) than Black (\$201k), Asian (\$262k), and Hispanic/Latinx (\$185k) net worth .



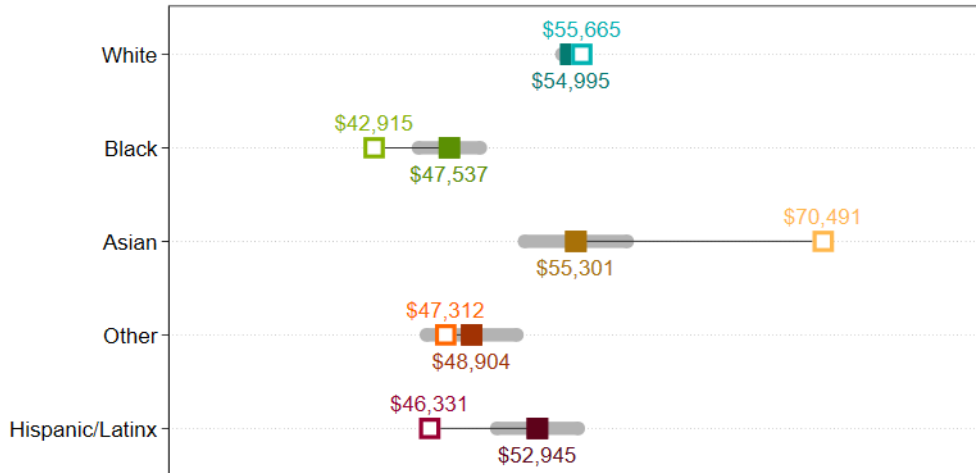
Source: Authors’ regression-based calculations using data from 2021 SIPP.

Notes: Outlined shapes ○ indicate the estimates after accounting for the householder’s age, sex and whether they have children. Filled-in shapes ● indicate the estimates after also accounting for household income. When examining the graph and comparing different ethnic and racial groups, please pay close attention to the margins of error. Margins of error represent the degree of uncertainty in estimates and are crucial to consider when interpreting differences between groups.

The racial/ethnic groups represented here are mutually exclusive categorizations based on a combination of race and ethnicity. We use shorthand terms like “White” or “Black” to represent heads of household or are non-Hispanic White alone, non-Hispanic Black alone, and so forth. Whenever the sample size for a given racial/ethnic group was too small, we pooled them with another group. As a result, the racial/ethnic groups shown may differ from one figure to another. For household-level estimates, we are referring to the race and ethnicity of the person who owns or rents the home (the head of household) rather than the entire household. This means that the classification is not necessarily based on the collective race or ethnicity of all members living in that household.

ADDRESSING WAGE DISPARITIES COULD REDUCE A LARGE AMOUNT OF THE RACIAL/ETHNIC DISPARITIES IN NET WORTH IN MICHIGAN.

- Michigan has stark **racial/ethnic differences in wages**, the primary way households accumulate the financial resources to be able to both cover their regular expenses and purchase assets to build wealth.
- **Educational attainment** is a large factor that drives wage disparities, particularly for Black workers. Accounting for education changes the expected wages for Black workers closer to that of other groups.
- Education does not fully account for the gap in wages as **there are still racial/ethnic differences in wages** after accounting for educational differences.



Source: Authors' regression-based calculations using data from 2021 SIPP.

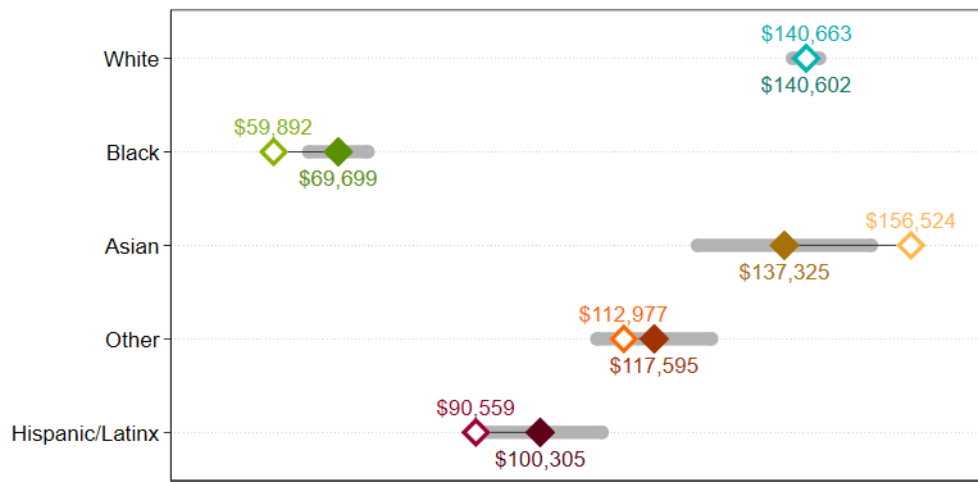
Notes: Outlined shapes \square indicate the estimates after accounting for the householder's age, sex and marital status. Filled-in shapes \blacksquare indicate the estimates after also accounting for education. When examining the graph and comparing different ethnic and racial groups, please pay close attention to the margins of error. Margins of error represent the degree of uncertainty in estimates and are crucial to consider when interpreting differences between groups.

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- **Policies** that Michigan can consider to address the racial/ethnic disparities in expected wages include Baby Bonds to help reduce student loan burdens and an increased minimum wage.
- **Other policies** that Michigan can consider to reduce income inequities include expanding the Michigan Working Families Tax Credit (a statewide Earned Income Tax Credit), Child Tax Credits, and paid leave.

ADDRESSING HOME OWNERSHIP AND HOME EQUITY DISPARITIES FOR HOUSEHOLDS COULD REDUCE A LARGE AMOUNT OF THE RACIAL/ETHNIC DISPARITIES IN NET WORTH IN MICHIGAN.

- There are dramatic differences in **homeownership and home equity** between racial/ethnic groups, the largest asset contributor to net worth disparities.
- **Income, bank savings, and debt** are small-to-moderate factors that drive home equity disparities. Most notably, these factors explain a large amount of the Black-White and Hispanic/Latinx-White gaps in home equity .
- Income, bank savings and debt do not fully account for the gap in home equity as **there are still racial/ethnic differences in home equity** after accounting for differences in these factors.



Source: Authors' regression-based calculations using data from 2021 SIPP.

Notes: Outlined shapes ◊ indicate the estimates after accounting for the householder's age, sex and household composition. Filled-in shapes ◆ indicate the estimates after also accounting for income, bank savings, and debt. When examining the graph and comparing different ethnic and racial groups, please pay close attention to the margins of error. Margins of error represent the degree of uncertainty in estimates and are crucial to consider when interpreting differences between groups.

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- **Policies** that Michigan can consider to address the racial/ethnic disparities in homeownership rates include expanded first-time homebuyer assistance; Baby Bonds to help future homebuyers build savings; zoning reforms to spur new home construction, including starter homes; and regulations on predatory lending.
- **Policies** that Michigan can consider addressing the racial/ethnic disparities in home equity include an expanded homestead property tax credit and low-cost mortgage programs.