

**“The State of Lending in America and Its Impact on US Households:  
The Cumulative Costs of Predatory Practices”  
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**Panel discussion on Current and Future Research: What We Want to Know**

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Our next project

Why didn't education protect black and Hispanic families from wealth losses during the recession?

Related questions that are relevant to today's discussion

- 1) How much did debt contribute to wealth losses—that is, leverage vs. declining asset prices?
- 2) How much of the debt was predatory and how much of the wealth loss was due to this?

Facts we're trying to understand (see table below)

- 1) Middle-aged black and Hispanic families lost much more wealth during the recession and its aftermath (2007-13) than white families.
- 2) Middle-aged college-educated black and Hispanic families generally lost more wealth than either:
  - a. Comparably educated whites (middle-aged college-educated whites)
  - b. Less-educated blacks or Hispanics (middle-aged black and Hispanic families with less than college education)

Our research approach: “The Demographics of Wealth” (<https://www.stlouisfed.org/household-financial-stability/the-demographics-of-wealth/essay-2-the-role-of-education>)

Split the Federal Reserve's tri-ennial (1989-2013) Survey of Consumer Finances sample into 48 groups:

- Three age groups: younger than 40, 40-61, and 62 and older;
- Four education groups: less than high school diploma; high school diploma, GED certificate or vocational/technical certificate; two- or four-year college degree only; and graduate or professional degree;
- Four racial and ethnic groups: black, Hispanic, Asian and white.

<b>Median Net Worth of Middle-Aged Families (40-61) by Race, Ethnicity and Education</b>			
	<b>Median net worth in 2007 (2013 dollars)</b>	<b>Median net worth in 2013 (2013 dollars)</b>	<b>Percent change, 2007-13</b>
<b>All families</b>	\$201,342	\$106,094	-47.3%
<b>Non-Hispanic whites</b>	252,761	161,010	-36.3
<b>Non-Hispanic blacks</b>	48,595	14,304	-70.6
<b>Hispanics</b>	94,744	19,690	-79.2
<b>Non-Hispanic whites</b>			
<i>Graduate or professional degree</i>	725,326	571,780	-21.2
<i>2- or 4-year college degree</i>	380,201	272,360	-28.4
<i>High-school diploma or GED</i>	163,647	85,420	-47.8
<i>Less than high school</i>	37,163	23,440	-36.9
<b>Non-Hispanic blacks</b>			
<i>Graduate or professional degree</i>	292,780	33,446	-88.6
<i>2- or 4-year college degree</i>	209,545	40,560	-80.6
<i>High-school diploma or GED</i>	41,353	12,918	-68.8
<i>Less than high school</i>	2,291	4,400	92.1
<b>Hispanics</b>			
<i>Graduate or professional degree</i>	1,151,764	597,640	-48.1
<i>2- or 4-year college degree</i>	323,759	44,700	-86.2
<i>High-school diploma or GED</i>	71,686	24,920	-65.2
<i>Less than high school</i>	23,583	9,140	-61.2

Source: Federal Reserve Board, Survey of Consumer Finances

Sample: All families with heads aged 40-61 at the time of the survey (2007 or 2013) who identified themselves as non-Hispanic white, African-American or non-Hispanic black, or Hispanic of any race.

Not shown: Family heads who identified themselves as Asian, American Indian or Alaska Native, Hawaiian Native or other Pacific Islander, or another race.