

Black **H**istory **M**onth

Black's net worth decreasing

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Researchers at the University of Michigan say the net worth of the average black family has decreased in the last five years, despite an economic boom that saw the net worth of most American households grow. "We're very, very surprised," said Frank Stafford, director of the school's Panel Survey of Income Dynamics. "But we've done a lot of testing and have corroborating information from external sources that have us very much convinced that this is a real thing." From 1994 to 1999, the net worth of the median black household decreased by \$7,000, a decline of 17 percent. During the same five year period, the net worth of the median U.S. household rose 9 percent to \$59,500.

The survey is conducted every five years. The decline comes after a 10 year period where black household net worth more than doubled. The decline is disturbing because the American economy is doing so well. Black net worth declined despite an exploding stock market and real estate market, Stafford said. "There were big gains for the 97th percentile (the richest 3 percent of

African-American households)," Stafford said. "But much of the rest looks pretty bad."

The results of the survey, conducted in December 1999, were tested twice. The Michigan group also checked their findings with other researchers before presenting the work at a conference last month. "We spent a lot of time rechecking the data and our sample is too large to be a fluke," Stafford told The Detroit News. "The most important thing is that we track the same families over time. We interviewed the same people in 1999 that we did in 1994, so it isn't like we're drawing a brand new sample as with other studies. We're very sure that the data is right."

This survey is the latest in a series that suggest black households are having financial trouble. Last year, mortgage lender Freddie Mac reported that almost twice as many blacks have bad credit as whites, 47 percent to 27 percent. The Freddie Mac survey, however, was called flawed and simplistic by critics. A survey conducted by the Federal Reserve found net worth was rising

for the average U.S. household from 1995 to 1998, but was falling in minority households. That survey did not have a separate report on black net worth.

Researchers at Michigan plan a formal investigation of the data obtained in the survey, and could ask scholars at Boston University, Northwestern University and the Federal Reserve Bank of Chicago for help.

Stafford said he does not know what is behind the decline, but thinks reforms in the nation's welfare system could be a factor. That conclusion, he said, is still speculation at this point. Blacks interviewed by the News were both stunned, and unsurprised, by the study. "I talk to a lot of African-American doctors, lawyers, business owners, middle managers and executives, and I don't get that impression at all," said Jerry Scales, 66, a retiree. "The people I talk to are better off economically than they've ever been." But 44-year-old

Leroy Nichols, who has been laid off from his job as construction painter, said his net worth is "basically zero." "The cost of living is going up and

a lot of incomes have been frozen for the last fifteen years, I've been struggling. I work hard and a lot of hours but I don't have much to show for it."

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