

March 31, 2026

The Honorable Sen. Liz Miranda, Chair
Joint Committee on Racial Equity, Civil Rights,
and Inclusion
State House, Room 413-C
Boston, MA 02133

The Honorable Rep. Bud L. Williams
Joint Committee on Racial Equity, Civil Rights,
and Inclusion
State House, Room 236
Boston, MA 02133

RE: Testimony relative to “the Impact of Federal Policy on the Racial Wealth Gap”

Chair Miranda, Chair Williams, and distinguished members of the Joint Committee on Racial Equity, Civil Rights, and Inclusion:

Thank you for the opportunity to submit written testimony relative to “the Impact of Federal Policy on the Racial Wealth Gap” on behalf of Massachusetts Budget and Policy Center (MassBudget). MassBudget is a 39-year-old non-partisan, nonprofit research and advocacy organization. We provide [rigorous research and policy analysis](#), along with [strategic advocacy](#), in partnership with grassroots organizations. MassBudget has produced extensive research and holds critical expertise in revenue among other public policy areas.

Researching and analyzing public policies that contribute to the growing socioeconomic inequities in Massachusetts is central to MassBudget’s work. The foundation of our mission is to support efforts leading to the eradication of systems that perpetuate racial and economic injustice.

Wealth

The Federal Reserve System defines wealth as “the difference between families’ gross assets and their liabilities.”¹ In other words, wealth is the “financial value of everything a family owns minus all debts, including home mortgages, credit card debt, and student loans.”² Examples of wealth include financial assets such as stocks and bonds; real estate like land and home ownership or rental properties; bank deposits, certificates of deposit, and emergency funds; retirement accounts; business ownership; personal property such as vehicles, jewelry, and art; intellectual property like patents and copyrights, trademarks and royalties; and human capital as education and training.³

Having wealth often allows families to respond to emergencies - such as an unforeseen health issue or a natural disaster - without going bankrupt. It enables families to move to new neighborhoods with better community services and transition between jobs without affecting their financial stability. Wealth also allows families to invest in their children’s education and enjoy a comfortable retirement.⁴

Racial Wealth Gap

In the United States, the racial wealth gap refers to the persistent, structural disparity where white households hold significantly more wealth than Black and Latino households. The current existing racial wealth gap across the

country is not the result of recent policies, but intrinsic to the birth of this country. Our country is rooted in racism, discrimination, oppression, exploitation, and exclusion of specific demographic sectors of the population.

Wealth disparity, specifically for Black households, traces back to slavery and post-slavery segregation enacted in Jim Crow laws that systematically deprived Black families and individuals from accumulating wealth.⁵ In the case of Latino households, some researchers trace it back to the United States' expansion to the West in the mid-1800s, the Mexican-American war, and the Treaty of Guadalupe Hidalgo, which enabled settlers to take land from Mexican landowners.⁶ Others point to the average age of the population and issues with immigration status for the Latino wealth gap when compared to white households.⁷ That is, Latinos are younger⁸ when compared to other racial and ethnic groups; therefore, they have not had time to accumulate wealth. On top of that, immigrants without status have lower wages⁹ and additional challenges that prevent them from engaging in financial activities that could lead to wealth accumulation.

The deeply rooted racism, discrimination, and bias in all levels of the United States socioeconomic system also contributes to the wealth gap. Disparities in home ownership, wages, inheritance, family financial support, and education attainment, to name a few, account for the extraordinary wealth inequities of Black and Latino families when compared to white households. Federal Reserve data from 2019 finds that a typical white family in the United States has “eight times the wealth of a typical Black family and five times the wealth of the typical Hispanic family.”¹⁰ In 2019, the median wealth for white families was \$188,200, \$24,100 for Black families, and \$36,100 for Hispanic families.

The Federal Reserve's Survey of Consumer Finances 2022 data shows that while the median wealth in the United States between 2019 and 2022 increased by \$51,800, the gap between white and Black wealth increased too, by \$49,950.¹¹ During the same time, the wealth gap between white and Latino families also increased.¹²

By 2022, white families' median wealth was \$285,000 while the wealth of a typical Black family was \$44,900 and a Latino family was about \$61,600. That is 15 percent and 20 percent, respectively, of the wealth of a white family.¹³

Recent data shows that while there has been a significant increase in wealth in the United States, the wealth gap continues to widen. The Congressional Budget Office reported that between 1989 and 2022, adjusted for inflation, the wealth held by families in the United States grew from \$52 trillion to \$199 trillion.¹⁴ Yet, the \$199 trillion was unevenly distributed, with 60 percent going to the top 10 percent of families, and the top 1 percent of families amassing 27 percent of that wealth. Meanwhile, families in the bottom 50 percent held just six percent of wealth.¹⁵

The Impact of Federal Policies on the Racial Wealth Gap

Since January 20, 2025, the United States federal government has been implementing aggressive policies across the full spectrum of governmental services and agencies. These changes have happened through executive orders, new regulations or deregulation, legislation, budget reallocations and cuts, and cancellation of funding grants. The One Big Beautiful Bill Act (OB3), enacted into law on July 4, 2025, is one of the multiple tools being used to change policy that by design will increase the racial wealth gap in the country. Unless there is proactive intervention from state and local governments, the enacted policies will increase poverty and harden the living conditions of the most vulnerable populations in the country, particularly people of color.

The OB3 dramatically contributes to widening the wealth gap and increases the concentration of wealth amongst the few while pushing the majority to face the growing unaffordability of basic needs. The OB3 extended the tax provisions enacted in 2017 and, together with new provisions, [will provide \\$1 trillion in tax cuts for the richest 1 percent of individuals and corporations in the country](#). Meanwhile, it will also [cut over \\$1 trillion in services and programs](#) that support the lowest income households, mostly in changes to the Supplemental Nutrition Assistance Program (SNAP) and Medicaid. In other words, the OB3 and almost all the other policies enacted since January 2025, take from the poor to give to the wealthy, which significantly contributes to widening the racial wealth gap as OB3 primarily benefits the majority white top one percent.

Past Efforts to Reduce the Racial Wealth Gap

Diversity, equity, and accessibility programs, now referred to as Diversity, Equity and Inclusion (DEI), emerged in 1964 following the passage of the Civil Rights Act. During this time, activists pushed for more comprehensive legislation, policies, and practices that halted deeply rooted racist and discriminatory practices in K-12 education, healthcare services, college admissions, and employment, among others. The DEI initiatives implemented during the last 60 years reduced barriers for accessing resources, supports, and services for women, people with low incomes, people with disabilities, as well as members of Black and Latino communities. DEI programs also promoted the fostering of welcoming environments that increased the success rate of historically marginalized populations in predominantly white spaces. In January 2025, a series of presidential executive orders were issued prohibiting lawful programs that advance DEI in the public and private sectors.

Education Policies

While efforts to roll back DEI programs and initiatives have been across all government sectors, public and private education at all levels have been the most affected by these decisions. In the [US Department of Education](#) (USDE) alone, the following changes were implemented:

- Dissolution of the USDE Diversity and Inclusion Council and the Employee Engagement Diversity, Equity and Inclusion Accessibility Council
- Cancellation of over \$2.6 million for DEI training and service contracts
- Discontinuation of the Equity Action Plan
- Termination of staff responsible for implementing DEI initiatives

Eliminating and defunding programs that provided services to historically excluded populations from essential services perpetuates the exclusion of people of color from accessing education needed to secure thriving wages and therefore, accumulating wealth.

[Changes to college and graduate education loans and classification of professional degrees:](#)

- Elimination of the Graduate Plus loans that allowed students to borrow up to the full cost of attending graduate school
- Capping borrowing per year to \$20,500 and \$100,000 total for most graduate students
- The newly designed “professional” graduate program, the borrowing cap is \$50,000 per year or \$200,000 total for the full program
- Lifetime limit on all federal student loans - for both graduate and undergraduate education - of \$257,500

Education has been one of the most reliable and proven pathways for people of color and those with low incomes to acquire wealth. The cap in federal student loans will particularly hinder the ability of low-income and Black and Latino students to aspire or complete a professional degree. For example, the [Medical School class of 2025 paid a total of \\$371,278 for their undergraduate and graduate degrees](#). That is \$113,778 more than the newly approved maximum for federal student loans for a professional degree. Considering the expected increase in the cost of education, the Medical School class of 2030 is expected to pay about \$419,000 for both their undergraduate and their MD degree. [Health Affairs research showed](#) that 95.5 percent of all Black medical residents had some type of debt. Additionally, Black residents were more likely to have student debt when compared to other racial groups, 90 percent of Black residents acquired debt from their medical training, and almost 60 percent carried debt from their undergraduate program.

The cost of research-focused doctoral degrees, while not as high as an MD degree, [still places a burden on students of color](#). Black doctoral students graduate with an average debt of \$103,085, Latinos owe \$81,998, and white students accumulate \$59,912 in debt.

Trade Policies

The [unprecedented increase on tariffs](#) on imported goods is a new tax that will be [passed to consumers](#), reducing the purchasing power of families with low incomes and increasing the number of people living in poverty.

As it is, too many Black and Latino households lack the resources to afford basic needs and the wealth to navigate years of increased prices of goods and commodities due to inflation. This results in significant survival challenges for those with the least resources. Higher tariffs disproportionately affect Black and Latino households as they exacerbate existing economic disparities through the increasing cost of consumer goods and services. Tariffs also affect small businesses across the country but [mostly in communities of color where there are a larger proportion of industries with lower profit margins](#). In addition, Black and Latino individuals are [disproportionately employed in retail](#) and in some service industries, such as home health care where [Black and Latino women are overrepresented](#). Retail and health care support are among the [lowest paying jobs in the country, less than \\$15 an hour](#).

Healthcare Policies

The [ending of the Health Care Insurance Enhanced Premium Tax Credit](#) (enhanced PTCs) will make health insurance unaffordable for millions of people by placing the financial burden of the high costs of healthcare on individuals and families. [In Massachusetts, the healthcare premiums will increase, in some instances, up to 220 percent](#).

This would potentially push individuals into poverty as health insurance premiums take a large portion of the income of seniors, people with comorbidities, and those with disabilities. People of color are also [disproportionally affected by medical debt](#). The [National Consumer Law Center](#) reports that 58 percent of all debt collection is due to healthcare debt, and 62 percent of all bankruptcies in the United States are related to medical debt. Black households are disproportionately affected as 1 in 3 Black adults have past-due medical debt compared to fewer than 1 in 4 white adults. The inaction of the federal government in extending the enhanced PTCs will potentially result in more people of color succumbing to medical debt and declaring bankruptcy. As people are drowning in debt, it makes it that much harder to accumulate savings and, in turn, wealth.

Around \$1 trillion funding cuts to Medicaid through 2034 will affect millions of residents across the country as they will lose healthcare coverage. These cuts come from:

- [New strict work requirements](#) for eligibility Medicaid recipients
- [Reduction of federal funding for Medicaid expansion](#) in the states
- [Tighter eligibility redeterminations](#), placing costly verification burdens on states

Medicaid has provided health coverage to millions of people from low-income households and seniors, people with disabilities, and pregnant workers earning low wages. Medicaid also provides access to health services for workers of color and their families. These workers tend to be overrepresented among households with low incomes due to structural and historical inequities in employment, wages, and wealth.

Before the Medicaid expansion through the Affordable Care Act (ACA), Latino, Black, Asian, American Indian, Alaska Native, Native Hawaiian, and other Pacific Islander and people under 65 years old were more likely to be uninsured when compared to their white counterparts. The ACA extended healthcare coverage through provisions such as:

- Allowed dependents to stay on their parents' health insurance until the age of 26
- Prevented health insurance from dropping clients or denying coverage to new clients due to chronic or catastrophic illness or injuries
- Expanded Medicaid coverage to almost all adults with incomes at or below 138 percent of the poverty line
- Provided tax credits to people with incomes up to 400 percent of the poverty line who purchased health insurance in the Marketplace

The [ACA made significant strides in increasing the number of people insured](#) across all ages, races, ethnicities, and income levels. It also [helped reduce the racial disparities](#) in access to care making health insurance more affordable and accessible, yet [racial disparities in uninsured people have persisted](#).

The changes made to Medicaid through the OB3 will [widen the persisting health disparities as Black, Latinos, and other people of color](#) access insurance as the provisions created through the ACA are eliminated. People of color disproportionately work in low wage jobs that do not provide benefits, therefore depending on Medicaid and the Marketplace to access healthcare. As health insurance becomes more unaffordable, families of color will have to use more of their income to pay for health services, medications, and treatments, reducing their capacity to accumulate wealth.

Food Policies

[Changes to the Supplemental Nutrition Assistance Program \(SNAP\)](#) will increase hunger, poverty, and financial hardship for millions of people through the:¹⁶

- [Reduction of SNAP funding](#) by \$186 billion through 2034 - the most significant and largest budget cut to food assistance in the history of the country
- [Shifting of SNAP costs](#), making states pay for benefits and increasing the portion states pay for administering the program

- Implementation of [new work eligibility requirements](#), such as: able-bodied adults without dependents up to 64 years old (previously 54 years old) are required to comply with work rules; people with dependent children aged 14 (previously 18) or older are also required to follow the new guidelines; and previously excluded individuals such as veterans, unhoused individuals, and young adults who recently left the foster care system have to comply with work eligibility criteria

SNAP is the longest, most effective anti-hunger and anti-poverty program, supporting over [41 million individuals with low incomes annually to afford](#) a nutritionally adequate diet. The SNAP program's effectiveness is such that it has been [credited for lifting people out of poverty](#). The Food and Nutrition Service Office of the Federal Department of Agriculture [reports](#) that most of those receiving benefits are children (39 percent), older adults (20 percent), and people with disabilities (10 percent). Of the households receiving SNAP benefits, 73 percent had a gross monthly income at or below the federal poverty line.¹⁷

About [46 percent of SNAP](#) recipients are people of color; close to 26 percent are Black, 16 percent identify as Latino, and 4 percent are Asian. The new work eligibility requirements place a burden on people of color as they tend to spend more time unemployed when compared to white job seekers. Unemployment rates for Black people are used as a [predictable measure to foresee labor market trends](#).

The [Center for American Progress reports](#) that Black women spend more time unemployed when compared to women in other racial and ethnic categories and some groups of men. For example, in September 2025, Black women job seekers stayed unemployed for 18.5 weeks, about 8.2 more weeks compared to white men seeking jobs. On top of that, during the same month, Black women's unemployment rate rose to 7.5 percent, and their labor force participation dropped from 62.4 percent in January 2025 to 61.9 percent in September 2025.

While SNAP has been a tool to lift people out of poverty, the new work requirements will prevent those who have the greatest need for food support from accessing this assistance. Labor market trends, biases in job recruitment processes, lower salaries, and instability in retail and service jobs hinder people of color's ability to access SNAP benefits and reduce poverty among these individuals and families.

The Impact of Federal Policy in Massachusetts

The federal government's policies have made life less affordable, cut funding for human service programs, restricted eligibility to access basic needs support programs, and prevented people of color from having the support systems that allow them to engage in social mobility pathways. It is no secret that Massachusetts has one of the highest median household incomes while having one of the widest racial wealth gaps in the nation.

The Federal Reserve Bank of Boston's publication, [The Color of Wealth in Boston](#), reports that white households have a median wealth of \$247,500 when compared to almost zero wealth among people with Dominican Republic national origins and Black residents in the United States. Regarding other nonwhite groups in Boston, where there is more racial diversity than in other regions of the Commonwealth, Caribbean Black households have the highest median wealth with \$12,000. Still, this is barely 5 percent of the wealth accumulated by white households in the city. Income inequality is also a problem in the Commonwealth. The [median household income in the state in 2023 was \\$103,960](#), yet 25.7 percent of households [earned less than \\$50,000](#) a year.

It is premature to calculate the full impact of the previously described federal policies in Massachusetts, yet reviewing some state data can give us an idea of the magnitude of the impact of the upcoming policy changes on the Commonwealth.

- **1 in 6 Massachusetts residents, 1,113,700 people (16 percent of the state population), [receive benefits from the Supplemental Nutrition Assistance Program](#) (SNAP). All SNAP participants are at risk of losing some or all their food benefits.**
- [MassHealth](#), the combination of Medicaid and the Children's Health Insurance Program (CHIP), provides health insurance to 1,989,000 residents, 27.8 percent of the Massachusetts population. It is projected that due to the federal government's new policies, [up to 203,000 will lose Medicaid coverage and become uninsured](#).
- Thousands of students in Massachusetts depend on federal financial aid to afford their college and graduate education. For academic year 2023-2024, [32.4 percent of undergraduate students](#) enrolled in postsecondary education in Massachusetts received Pell grant funding to afford their program of study. Most Pell grant recipients reside in households with less than \$60,000 of total annual income. For the same academic year, 159,700 college students in Massachusetts [took out \\$2.086 billion in federal student loans](#). The changes made to the caps on federal student loans and the foreseeable cumulative [shortfall of almost \\$18 billion by 2027](#) in the Pell Grant program (that could result in changing eligibility criteria to reduce the number of Pell recipients) will hinder Massachusetts students from accessing postsecondary and graduate education. [A college degree is a reliable pathway to a thriving wage](#).

About 25 percent of [Governor Maura Healey's \\$62.8 billion FY 2027](#) proposed budget is sourced by federal revenue. As the recently-enacted federal budget cuts materialize and new policies are implemented, Massachusetts lawmakers will have to make tough decisions about how to support and provide services to those who will suffer the worst consequences of ill-conceived policies that will increase poverty, scarcity, and widen income and wealth inequalities across the state.

What Massachusetts can do

It is imperative that the lawmakers seriously consider [increasing state revenue through progressive taxation](#) to enable and protect public investments. This includes investments in affordable child care, healthcare, housing, transportation and in supporting our schools. This could be achieved by:

- Protecting the [Fair Share surtax](#), which has, to date, generated over \$6 billion in revenue for investments in public education and transportation, against attempts to weaken other sources of progressive revenue, such as the estate tax. The estate tax is our only tool that directly mitigates the growing wealth gap by targeting intergenerational wealth passed between generations. Our state should thwart any efforts to further weaken the estate tax.

- [Decoupling / opting out from the five most costly corporate tax changes](#) (this would save \$278 million in FY 2027 alone compared to the Governor’s proposal) from the One Big Beautiful Bill Act (OB3). This bill, signed by the president in July 2025, extended tax cuts that overwhelmingly benefit the wealthiest in the country. According to an [analysis of the bill from Institute on Taxation and Economic Policy \(ITEP\)](#), the wealthiest top 1% by income will receive \$1.02 trillion dollars in tax cuts over the next decade. During that same period, there will be \$930 billion in cuts to Medicaid, which provides health care access to low-income individuals and families.
- Requiring large, multinational corporations, who shift profits out of the United States to offshore tax havens as a way to avoid federal and state taxes, to [include in their state tax calculations 50 percent of their Global Intangible Low Taxed Income /Net CFC Tested Income \(GILTI / NCTI\) profits](#).
- [Giving municipalities the option to enact a fee on high-end real estate sales to better fund affordable housing locally](#). While this funding goes to municipalities directly, it would relieve pressure on the state budget and allow municipalities that opt in the opportunity to better address housing needs locally.

In just over one year of the new federal administration, we have witnessed an unprecedented number of policies and fiscal decisions that will widen the racial wealth gap throughout the country. Not only do these policies prevent people of color from accessing the services and programs that they need to lift themselves out of poverty, but these policies increase the accumulation of wealth in the hands of the wealthiest people and corporations. The racial wealth gap is not only addressed by providing historically excluded populations with the means to increase their income, afford goods and services, and accumulate capital. It is also achieved through the redistribution of wealth.

We believe the legislature can enact state policies to better protect and expand critical progressive revenue resources that will help to reduce the racial wealth gap in Massachusetts. We urge the Committee to consider the recommendations we have made. MassBudget will provide resources and analysis to this Committee and other partners to ensure the Commonwealth doubles down on our values that differentiate us from the federal government. We will continue to work toward creating a state where everyone has the opportunity to build wealth.

Thank you for your time and consideration.

Respectfully submitted,

Viviana M. Abreu-Hernández, Ph.D.
 President
 Massachusetts Budget and Policy Center

Endnotes

- ¹ Bhutta, Neil, Andrew C. Chang, Lisa J. Dettling, Joanne W. Hsu , and Julia Hewitt. 2020. [Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances](#). The Board of Governors of the Federal Reserve System.
- ² Oliver, Melvin L. and Thomas M. Shapiro. 2019. [Disrupting the Racial Wealth Gap](#). Contexts. American Sociological Association. Sage Publications.
- ³ For an explanation on the difference between income and wealth see Dr. Phineas Baxandall’s “[Testimony to the Massachusetts Poverty Commission](#).”
- ⁴ Hanks, Angela, Danyelle Solomon, Christian E. Weller. 2018. [Systematic Inequality: How America’s Structural Racism Helped Create the Black-White Wealth Gap](#). Center for American Progress.
- ⁵ Derenoncourt, Ellora, Chi Hyun, Kim Moritz, Kuhn Moritz Schularkick. 2022. [Wealth of Two Nations: The U.S. Racial Wealth Gap, 1860-2020](#). Public Economics. Princeton Economics.
- ⁶ Haynes, John Michael. 2011. [The Forgotten Promises of the Treaty of Guadalupe Hidalgo](#). Race, Racism, and the Law.
- ⁷ Kochhar, Rakesh and Mohamad Moslimani. 2023. [Wealth Gaps Across Racial and Ethnic Groups](#). Pew Research Center.
- ⁸ Piña, Gabriel and Gracie Martinez. 2025. [Key Facts about U.S. Latinos](#). Pew Research Center.
- ⁹ Camarota, Steven A. 2023. [Evidence Shows Immigration Reduces Wages Significantly](#). Center for Immigration Studies.
- ¹⁰ Bhutta, Neil, Andrew C. Chang, Lisa J. Dettling, Joanne W. Hsu , and Julia Hewitt. 2020. [Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances](#). The Board of Governors of the Federal Reserve System.
- ¹¹ Perry, Andre m. Hannah Stephens, and Manann Donoghoe. 2024. [Black Wealth is Increasing, but so is the Racial Wealth Gap](#). Brookings Institute.
- ¹² Kochhar, Rakesh and Mohamad Moslimani. 2023. [Wealth Gaps Across Racial and Ethnic Groups](#). Pew Research Center.
- ¹³ Aladangady, Aditya, Andrew C. Chang, Jacob Krimmel, and Eva Ma. 2023. [Greater Wealth, Greater Uncertainty: Changes in Racial Inequality in the Survey of Consumer Finances](#). The Board of Governors of the Federal Reserve System. October 18.
- ¹⁴ Congressional Budget Analysis. 2024. [Trends in the Distribution of Family Wealth, 1989 to 2022](#). October.
- ¹⁵ Congressional Budget Analysis. 2024. [Trends in the Distribution of Family Wealth, 1989 to 2022](#). October.
- ¹⁶ For more information see the Department of Agriculture, Food and Nutrition Service. [Characteristics of SNAP Households: Fiscal Year 2023](#).
- ¹⁷ For fiscal year 2023, the income level for a family of four at the federal poverty line was \$27,750.