AI & the Racial Wealth Gap

Key Terms & Takeaways

KEY TERMS

Racial Wealth Gap	The persistent disparity in accumulated assets between racial groups. As of 2022, the median White household holds ~$285K vs. ~$45K for the median Black household — a $240K+ gap widening since the 1960s.
Cascading Algorithmic Harm	When AI-driven denial in one domain (e.g., employment) triggers harm in others (savings depletion → housing denial → credit damage) because shared infrastructure connects all three.
ATS	Applicant Tracking System. Software that screens job applications by scanning for exact keyword matches, filtering out candidates before any human review.
AVM	Automated Valuation Model. AI tools used to estimate home values. When trained on historically biased data, AVMs undervalue homes in communities of color.
Digital Redlining	When algorithmic systems in lending/credit systematically charge communities of color higher rates or restrict access — even without race as an explicit variable.
FICO Score	Dominant credit scoring model built on historical data from an era of explicit exclusion. Penalizes "credit invisibility" — a condition disproportionately affecting Black, Latino, and Indigenous borrowers.
Bossware	Digital surveillance + automated decision systems used to monitor workers. Intensifies labor insecurity and disproportionately affects workers of color in gig, warehouse, and service sectors.
Transparency Deficit	The gap between AI's role in decisions and people's ability to know or contest them. Participants consistently reported not knowing whether AI was involved or how to appeal.
Shared Credit Infrastructure	Credit bureaus (Equifax, TransUnion, Credit Karma) and background check databases that feed into housing, employment, and lending simultaneously — meaning a single negative marker cascades across all domains.

KEY TAKEAWAYS

What the Research Tells Us

1. AI is not creating new discrimination — it is ratifying and scaling existing patterns. Systems trained on historically biased data reproduce those biases across millions of decisions simultaneously.
2. The harm is not domain-specific. Housing, employment, and lending are connected by shared infrastructure. Exclusion in one domain actively damages access in the others.
3. Communities of color are disproportionately exposed: 91% of Black Americans see AI as a job threat; 24% of Black workers are in roles with 75%+ automation potential; Black mortgage applicants are 80% more likely to be denied.
4. First-generation wealth-builders face structurally impossible barriers — e.g., cosigner requirements in a context where the applicant is the most financially stable person in their family.
5. People cannot fight what they cannot see. The transparency deficit means most participants had no idea AI was involved in decisions that shaped their financial lives — and no path to appeal.
6. Generational wealth feels unattainable to many participants. The compounding weight of algorithmic barriers makes the long-term goal feel structurally out of reach, not just personally difficult.

What Must Change

P Policymakers: Mandate disclosure, require racial bias audits, close civil rights enforcement gaps, and center community governance in AI regulation.

T Technologists: Test for bias before and after deployment, build in explainability, and refuse to build tools that scale discrimination.

> **"AI should expand access, not foreclose it."**
> — Report North Star