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# COLOR OF WEALTH IN CHICAGO


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THE NEW SCHOOL
Institute on Race, Power and Political Economy



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# CONTENTS

# LIST OF TABLES AND BOXES


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# ABSTRACT


**The findings from the Color of Wealth in Chicago underscore the deep inequities in wealth by race, ethnicity, and nativity in the Chicago metro region. White families have the highest median net worth ($210,000) while the typical Black family reported virtually no wealth ($0). In Chicago, the median net-worth estimate for a US-born Mexican family is $40,500 (which amounts to 19 percent of a typical White family), for a foreign-born Mexican family it is $6,000 (which amounts to only 3 percent of a typical White family), and the estimate for the typical Puerto Rican family is $24,000 (which is about 11 percent of the wealth of the typical White family)**

**The Color of Wealth in Chicago study examines data beyond income and focuses on wealth, which is a paramount indicator of financial security and agency, and the relative asset and debt positions of Black, Mexican (US- and foreign-born), Puerto Rican, and White families across the Chicago metropolitan area. Since asset markets are local, our study compares inequality across groups in the localized context of Chicago where asset prices and products are more similar than across the entirety of the US.**

**The study was conducted in the later phase of the COVID-19 pandemic and includes themes that explore the relationships of financial wealth, political sentiments, civic engagement, health, incarceration, family structure, and housing insecurity. The results found a great deal of support for three bold policy proposals, namely, baby bonds, guaranteed income, and Medicare for All—reflecting policies that have an eye toward structural, societal, and cultural change for building economic, social, and political inclusion in the Chicago region for Black, Brown, Indigenous, and low-wealth communities.**


Chicago History Museum, ICHi-028567

# EXECUTIVE SUMMARY

The primary data for the Color of Wealth in Chicago was collected in three waves from July 2022 to December 2022. Supplemental data was collected between January and March 2023.[1] The data includes family asset and debt information on specific racial and ethnic groups, namely Black, Mexican (US- and foreign-born), Puerto Rican, and White families in the city of Chicago and ten counties: Cook County, DeKalb County, DuPage County, Grundy County, Kane County, Kankakee County, Kendall County, Lake County, McHenry County, and Will County.[2] [3] The survey was administered mainly through web-based questionnaires supplemented with telephone surveys when necessary, and generated 1,732 completed interviews.

Few studies focus on assets and debts as the primary indicators of economic well-being, and even fewer focus on them **disaggregated by race and ethnicity**. This study focuses on **wealth** as a paramount indicator of economic well-being. Wealthier families are better positioned to finance elite educations, access capital to start a business, buy a house, pay for expensive medical procedures, reside in higher-amenity neighborhoods, exert political influence, purchase better counsel when confronted with an expensive legal system, leave a bequest, and withstand many financial hardships resulting from any number of emergencies or shocks, including a global pandemic. Wealth is intergenerational and iterative; it compounds upon itself and grows exponentially both within and across generations. Wealth generates more wealth; without access to capital, inequality is likely to persist across individuals, families, and communities.

The findings from the Color of Wealth in Chicago underscore the deep inequities in wealth by race, ethnicity, and immigration status in the Chicago metro region. White families have the highest **median net worth** ($210,000), while Black families reported a median net worth of virtually no wealth ($0). In Chicago, the median net worth estimates for a US-born Mexican family is $40,500 (which amounts to 19 percent of a typical White family), for a foreign-born Mexican family it is $6,000 (which amounts to only 3 percent of a typical White family), and the estimate for the typical Puerto Rican family is $24,000 (which

1 The supplemental data will be used for forthcoming work examining patterns of segregation in the Chicago metropolitan region.

2 While survey respondents were provided more racial categories (including the option of self-identification), for the purposes of the report we use Black or Black American, Mexican (US- and foreign-born), Puerto Rican, and White. In some instances, we use Latina/o/e/x when referring to both Mexican and Puerto Rican communities.

3 Cook County, DeKalb County, DuPage County, Kane County, Lake County, McHenry County, and Will County are served by the Chicago Community Trust.

is about 11 percent of the wealth of the typical White family).[4]

**COVID-19** had a dramatic effect on Chicago residents, and communities of color disproportionately experienced family death due to the virus. Moreover, the COVID-19 pandemic reinforced, deepened, and exposed long-standing racial, geopolitical, and class fault lines of wealth and health inequalities, especially for Black and Brown communities in Chicago. When respondents were asked if they had a close relative who died from COVID-19, 30 percent of US-born Mexican families, 29 percent of Mexican families with a foreign-born adult, 19 percent of Puerto Rican survey respondents, 19 percent of Black respondents, and 7 percent of White respondents responded affirmatively.

**Credit cards** are the most prevalent type of noncollateralized consumer debt in Chicago. More than half of foreign-born Mexican (61 percent), Puerto Rican (63 percent), and US-born Mexican (57 percent) families have credit card debt. These rates were statistically different from White families (44 percent). US-born Mexican families (28 percent) were more likely to have student loans than their immigrant counterparts (20 percent). Studies have shown that medical debt is the biggest cause of bankruptcy in the US, and US-born Mexican and Black families (29 percent and 30 percent, respectively) were more likely to have medical debt than White families (18 percent). The rate for such debt among Puerto Rican families was 21 percent.

**Payday loans** are small, unsecured loans with high interest rates that individuals seek as last-resort emergency financing after other sources of credit or savings have been exhausted. Users may intend to borrow and quickly return a small amount of money, but instead find themselves in a cycle of debt. When Chicago-area respondents were asked if they or a family member had in the last five years taken a loan or cash advance from a payday lender, US-born Mexican and Black families were most likely to use payday lending (13 percent and 18 percent, respectively), followed by Puerto Rican families at 11 percent. US-born Mexican families were more likely to use payday loans than their immigrant counterparts (7 percent). The use of alternative financial institutions and products (such as payday lending, unconventional high-interest loans with high transaction fees, and other predatory products) is a consequence of not having affordable, inclusive, and appropriate financial services.

Access to the **conventional financial sector**, including a financial transaction account without onerous fines and fees, is an essential component to financial security and upward mobility, yet a substantial amount of non-White families in Chicago do not have access to a conventional checking or savings account (i.e., they are unbanked). The findings in the study indicated that the majority of White families (90 percent) owned a checking account, which is important for expedient and safe financial transactions and future savings, often free from predatory transaction fees. These percentages were considerably lower for US-born Mexican, Puerto Rican, and Black families (77 percent, 75 percent, and 62 percent, respectively) while foreign-born Mexican families had the lowest rate (55 percent).

Beyond conventional checking and savings accounts, there are also large racial and ethnic disparities in higher interest–earning **investment and retirement** accounts. Close to half of White families (42 percent) reported stock ownership in comparison to 12 percent and 13 percent for Black and Puerto Rican families, respectively, (15 percent) for US-born Mexican families, and only 7 percent for foreign-born Mexican families. Similar to stock ownership, White families (40 percent) were most likely to own an individual retirement account (IRA) or private annuities, another type of long-term investment. Most families that belong to other racial groups are unsupported during retirement (7 percent for Black families, 5 percent for foreign-born Mexican families, 10 percent for US-born Mexican families, and 9 percent for Puerto Rican families).

At least since the National Housing Act (NHA) of 1934 that created the Federal Housing Administration (FHA) and facilitated access to long-term, low-interest, low–down payment mortgages, **home ownership** has served as a core asset by which many Americans

4 Wealth and net worth are used interchangeably in the report, where wealth or net worth equals the difference between total assets minus total debts.

have been able to attain and grow their net worth and pass down middle-class lifestyles. However, access to the benefits of mortgages with favorable loan terms and subsequently home ownership with the publicly supported wealth-building amenities legislated by the NHA and administered by the FHA have never been equally distributed across racial and ethnic groups. We estimate that Black families (34 percent) had the lowest, while White families (72 percent) had the highest homeownership rates in Chicago. For the other groups, we estimate that 58 percent of US-born Mexican families were homeowners, 57 percent for foreign-born Mexican families, and 50 percent for Puerto Rican families. **Home equity values** (home values minus mortgage debt owed) were the highest for White families ($200,000), with the lowest for foreign-born Mexican ($46,000), followed by US-born Mexican ($100,000), Black American ($111,000), and Puerto Rican families ($160,000). This indicates that White families in the Chicago region carry less mortgage-to-home loan debt than non-White families, which also reflects the higher wealth positions of White families.

White families are far more likely to own and have much larger values of **liquid assets**, compared to the other racial and ethnic groups. White respondents had the highest median liquid assets ($27,000) while Black American and foreign-born Mexican respondents had the lowest values ($1,000 and $1,500, respectively). Median liquid assets were also low among Puerto Rican and US-born Mexican families ($5,000 and $7,500, respectively).[5]

In our study, respondents were asked if they or an immediate family member had spent **time in prison, jail, or reform school**. Black families had the highest rates of incarceration in Chicago at 28 percent. For Puerto Rican families, the incarceration rate was 12 percent, followed by the White and US-born Mexican families (with a rate of 13 percent and 14 percent, respectively). Foreign-born Mexican families had the lowest incarceration rate at 8 percent. The rate of incarceration for Black families was statistically different from that of White families.

Exposure to the **carceral system** (including prisons, jails, and detention centers) is a systemic barrier to wealth-building and financial solvency. Lack of wealth and race also exposes individuals and families to incarceration. Notably, in the study, White families with a history of incarceration still had higher income ($75,600) than Black families with no incarceration ($38,000). The median net worth for White families with a history of incarceration was also much higher than for Black and Latina/o/e/x families. Among families with incarceration history, wealth was particularly low for Black and Latina/o/e/x families, with net worths under $0 for both groups (-$4,500 and -$2,500 respectively).

A large share of Black families, both with (50 percent) and without (42 percent) a history of incarceration, had **student loan debt**—with the family without incarceration having significantly larger rates as compared to similar White families at 22 percent. Notably, about half of Latina/o/e/x families (48 percent) and over a third of Black families (40 percent) with incarceration experience had **medical debt**, significantly more than their White counterparts with incarceration experience (22 percent). **Legal debt** was also higher for families with incarceration experience compared to similar race/ethnicity families without incarceration experience; rates for Black and Latina/o/e/x families were not significantly different as compared to White families

A great deal of support was expressed by survey respondents for three policy proposals, namely, early wealth building or **Baby Bonds**, **guaranteed income**, and **Medicare for All**. Multiple complementary and simultaneous policies with an eye toward structural and cultural change, including those identified in the report, are vital for building economic, social, and political inclusion in the Chicago region for Black, Brown, Indigenous, and low-wealth communities.

5 Liquid assets are assets that can be easily converted to cash in a short amount of time during an emergency, generally without incurring any financial penalties and with little impact on its value. Liquid assets are mostly cash or cash equivalent. Examples: cash, checking and savings accounts, money market accounts, treasury bills, savings bonds, stocks, and mutual funds.

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Rosskam, Edwin, photographer. ***"Kitchenette" apartment houses, Black Belt, Chicago, Illinois.*** United States Illinois Chicago, 1941. Apr. Photograph.

# INTRODUCTION

The findings from this study underscore the dramatic divide in wealth by race and ethnicity and immigration status in the Chicago metropolitan region. This study is the latest installment of the Color of Wealth series, which focuses on assets and debts as the primary indicators of economic well-being for disaggregated race and ethnic groups in a localized context. We focus on Black, White, Puerto Rican, and Mexican (both US- and foreign-born) families who reside in the Chicago metropolitan context.

Wealth is often thought of as an outcome, but its true essence is functional—what it can do for you. Wealth empowers individuals, families, and communities with financial capacities to make consumption and investment decisions to enhance their well-being. For example, we know that wealthier families are better positioned to finance elite educations, access capital to start a business, pay for expensive medical procedures, reside in higher amenity neighborhoods, exert political influence, purchase better counsel if confronted with an expensive legal system, leave a bequest, and withstand many financial hardships resulting from any number of emergencies or shocks, including a global pandemic (Hamilton 2021).

We also know that wealth is intergenerational and iterative; it compounds upon itself and grows exponentially both within and across generations. Wealth generates more wealth, and without access to capital then inequality across individuals, families, and communities is guaranteed. Wealthier families have greater financial resources to make transfers to offspring and to purchase assets that produce more wealth.

A long history of land dispossession, removal of populations, slavery, extraction and exploitation, state violence, and public and private policies directed toward Black, Latina/o/e/x, Indigenous, Brown, and non-White communities continues to shape contemporary outcomes concerning wealth accumulation and disparities (Lui et al. 2006; Akee et al. 2016).

Numerous studies have shown that the transfer of resources and well-being across generations is a significant factor explaining racial and ethnic differences in wealth holdings (Biu et al. 2021; Blau and Graham 1990; Menchik and Jianakoplos 1997; Chiteji and Hamilton 2002; Gittleman and Wolff 2004; Hamilton and Darity 2014; Toney and Hamilton 2022).

The data for the Color of Wealth in Chicago was collected toward the tail-end of the COVID-19 pandemic. The pandemic brought to light the harm that a lack of wealth can inflict on American families. Wealth provided some families with greater financial security to handle health and financial emergencies borne by the pandemic. Statistically, families who were more likely to experience the fallout from this crisis were disproportionately non-White and with low levels of wealth (Hamilton 2020).

In the Chicago context, during the early phase of the COVID-19 pandemic, 75 percent of COVID-19 deaths in Chicago were among Black and Latina/o/e/x residents between March and June 2020 (Chicago Department of Public Health 2020; Quinn et al. 2023). This was due at least in part because Black American and Latina/o/e/x families typically lack substantial levels of liquid wealth, often have inadequate health insurance coverage, and are more frequently crowded into low-paying precarious employment (Biu et al. 2021). Many Black American and Latina/o/e/x communities live with more comorbidities that intersect with interconnected structural disadvantages, such as the lack of a financial cushion; inadequate living conditions; less access to paid sick leave and paid leave for child care; lesser ability to work remotely and thus have to work in jobs with greater physical contact; greater exposure to policing and carceral systems; neighborhood and school disinvestments; racial, class and gender discrimination; food and housing insecurity; as well as environmental degradation (Hamilton 2020; Reinhart and Chen 2021).

## WHY FOCUS ON WEALTH AND NOT INCOME ALONE?

Income has often been understood as the primary indicator of economic security and a benchmark for policymaking by researchers, policymakers, practitioners, and advocates. However, increasingly, studies have pointed out that income alone is not an adequate barometer for economic well-being and mobility (Oliver and Shapiro 2006; Hamilton and Darity 2009). Income entails the periodic flow of resources at different intervals (daily, weekly, or monthly for instance) that are generally paid to workers in exchange for their labor.

Wealth, on the other hand, is a store of resources, or the net value of assets and debts, and is less volatile (Hamilton and Chiteji 2013). Wealth allows families to build up assets by making investments in homes, neighborhoods, education, businesses, and overall security (Hamilton et al. 2015). Wealth provides a firewall and insurance against entrepreneurial risk-taking and financial losses. Assets such as savings accounts, stocks and bonds, property, and others discussed in this report enable families to pay for unexpected budgetary shocks rather than relying on friends, family, credit cards, or, in a worst-case scenario, payday loans that charge exorbitant interest rates (De La Cruz-Viesca et al. 2016; Hamilton and Darity 2017).

The purposes of the Color of Wealth in Chicago study are (1) to examine beyond income and focus on wealth, which is a paramount indicator of financial security and agency; (2) to look beyond the Black-White dichotomy, which allows for a better understanding of the unique experiences of certain racial and ethnic groups in Chicago; and (3) since asset markets are local, we compare inequality across groups in a context of asset prices and products specific to Chicago. Moreover, the data collected in the context of the COVID-19 pandemic allows us to descriptively see some differential experiences with the pandemic.[6]

The Color of Wealth in Chicago report examines the relative asset and debt positions of Black, White, Puerto Rican, and Mexican (US- and foreign-born) communities across the Chicago metropolitan area. Of note, the study was conducted toward the tempering of the COVID-19 pandemic (in its later period) and introduces new themes that examine the relationship of financial wealth positions to political sentiments, civic

6 Three widely used surveys collect periodic information on wealth: the Survey of Consumer Finances (SCF), the Panel Study of Income Dynamics (PSID), and the Survey of Income Program Participation (SIPP). Wealth and wealth-gap estimates vary depending on the source used. The three wealth surveys also have differences in objectives, sampling methodologies, geographic coverage, temporality, and questions. The SCF is a cross-sectional survey, national in scope and conducted every three years, that provides detailed information on assets and liabilities, and provides insights into changes in family income and net worth. It includes detailed information on family balance sheets, the use of financial services, pensions, labor force participation, and demographic characteristics. The SCF is sponsored by the Federal Reserve Board. The PSID is a longitudinal survey, national in scope and conducted every other year, that allows for intergenerational studies. The PSID oversamples lower-income families and provides a detailed inventory of real and financial assets and liabilities. PSID is directed by faculty at the University of Michigan. It is primarily done in person and on the phone (some web). The SIPP is a longitudinal survey that is administered by the US Census Bureau. A major use of the SIPP has been to evaluate the use of and eligibility for government programs and to analyze the impact of options for modifying them. The entire sample was interviewed at four-month intervals. Its large sample size allows for detailed subgroup analysis. It was national in scope until recently—now state-level wealth data is possible to measure. The SCF is different from the PSID in that it oversamples higher-income families, and it provides a more detailed picture of assets and debts, including information on the current value of pension plans. Also, the PSID and SIPP provide longitudinal data on assets and liabilities, but they don't provide the same level of detail as the SCF (McKernan and Sherraden 2009). A major shortcoming of all these surveys has been the lack of detailed information by race, ethnicity, and nativity. At the most, comparative analyses using these surveys can be done for White and non-White communities and, in some cases, for Black American and Latina/o/e/x communities (Leigh 2006).

engagement, health, incarceration, family structure, and housing insecurity.[7]

The rest of the report provides (1) a historical context to the communities surveyed in the Chicago metro region; (2) demographics of the Black, Mexican (US- and foreign-born), Puerto Rican, and White communities in the Chicago metro area; (3) the methodology used in the Color of Wealth in Chicago survey; (4) descriptive statistics and tables of asset and debt positions, and the relationship of financial wealth positions to housing, incarceration, health, political sentiments, energy security, and civic engagement; and (5) a discussion on findings, implications, and policy recommendations.

7 This report builds upon previous Color of Wealth studies, including "The Color of Wealth in Tulsa, Oklahoma: The Destruction of Greenwood and the Legacy of Land Loss" (Biu et al. 2021), "The Color of Wealth in Miami" (Aja et al. 2019), "The Color of Wealth in Los Angeles" (De La Cruz-Viesca et al. 2016), "The Color of Wealth in the Nation's Capital" (Kijakazi et al. 2016), and "The Color of Wealth in Boston" (Muñoz et al. 2015).

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# HOW DID WE GET HERE?

The Chicago metropolitan area has a long history of migrations of people. These modern migrations are intricately linked to decisions and policies made by the financial sector, capital owners, and government.

Historically, White European settler-colonial migrants built and maintained wealth, political and cultural institutions, and power through the forced removal, relocation, and displacement of Indigenous people and dispossession of their land in the United States and the Chicago region. For instance, the Treaty of Greenville (1795), the Black Hawk War (1832) and the Treaty of Chicago (1832) made it possible for Chicago's propertied Whites to amass wealth and political power upon the theft of ancestral lands of Indigenous communities, such as the Ojibwe, Odawa, Potawatomi, Miami, Ho-Chunk, Menominee, Sac, Fox, Kickapoo, and Illinois Nations.[8] Present-day Chicago has the third largest urban Native population in the US.[9]

The movement of people continued into the Chicago region with the arrival of White European immigrants (such as Italian, Polish, German, and Irish communities) in the nineteenth and twentieth centuries; the twentieth-century Great Migrations of Black Americans escaping rural Jim Crow South; White Appalachians from the Midwest looking for economic opportunities; and the growth of Mexican, Mexican American, and Puerto Rican populations seeking sanctuary associated with American expansion in Latin America and the Caribbean and post–World War II industrial policy.[10]

## A BRIEF HISTORY OF BLACK MIGRATION AND SETTLEMENT IN CHICAGO

As the third largest US city, Chicago became a major destination for Black Americans from the rural US South during 1910–1970, in what has been referred to as the "Great Migration(s)." During this period, over 6 million Black American individuals sought shelter from domestic terrorism, state or state-condoned violence, and sharecropping in the Jim Crow South, and sought

8 https://www.ala.org/aboutala/offices/diversity/chicago-indigenous

9 The 1956 Indian Relocation Act forcibly relocated Indigenous communities from reservations into urban centers as part of a forced integration into dominant culture and institutions. This also involved ending funding of services at reservations and ending recognition of federally recognized tribes. Chicago was one of the many such cities where urban relocation occurred.

10 After the 1871 Chicago Fire, the demand for construction jobs—and in industries such as slaughterhouses and factories producing railway cars, steel, and farm machinery—grew, pulling in workers (initially mostly White) both domestically and from abroad. By the 1900s, labor and housing markets began to stratify by race, nationality, and class with the growth of Black families from adjacent states and the South, followed by Mexican and Puerto Rican families. For instance, dangerous, low-pay, and precarious work was assigned to Black workers alongside lower-quality and high-rent housing (Abu-Lughod 2019).

security and fortune in the US Midwest, Northeast, and West. By 1930, the Black American Chicago population had grown to 235,000 (from 44,000 in 1910 and 109,458 in 1920) (Cole 2023).

Chicago employers—particularly those associated with the war-based industrial economies of World War I and World War II—actively recruited Black workers (including Black-owned newspapers such as the Chicago Defender).

Black Americans in Chicago built a "Black Metropolis" through accomplishments in cultural, economic, and political spheres. Other than Harlem, New York, Chicago's South Side, by the 1940s, became the second-largest urban center for Black American individuals arriving from the rural South. And, by the 1940s, Chicago's Black Renaissance blossomed with vibrant communities, artists, writers, journalists, and Black-owned newspapers, banks, businesses, landlords, real estate, and political institutions.

Black fortune and community in Chicago, however, took place concurrently amid the White terror and segregation.[11]

Between 1917 and 1921, White mob violence and intimidation targeted Black residents, real estate agents who sold property to Black families, and bankers and lenders who provided mortgages in Chicago. The Chicago Commission on Race Relations (1922) described that, for three years and eight months (between 1917 and 1921), there was one racist bombing every twenty days.[12] This type of violent containment generated exclusion and resource theft that undermined economic and psychological security.

The Chicago "race riots" of 1919, or Chicago's "Red Summer,"[13] was another example. Some scholars have pointed out that after the 1919 Chicago race riots" the public and private sector colluded further to protect propertied-White interests. This increased entrenchment between public and private institutions accelerated various informal and formal means of wealth building for White communities through forced segregation (Cole 2023).

In 1934 President Roosevelt signed the National Housing Act in response to the housing crisis and the Great Depression. This legislation created the Federal Housing Administration (FHA) and its affiliated agency the Home Owners' Loan Corporation (HOLC), which laid the infrastructure for the ensuing post–World War II homeownership boom by federally insuring mortgages and standardizing the terms of mortgage lending and lowering interest rates.[14]

The FHA and HOLC systematically bolstered and endorsed racial, class, and national stratifications for the ensuing homeownership boom. The HOLC created neighborhood maps that negatively associated neighborhoods with the most "undesirables" (such as Black, Mexican, and/or low-resourced White residents) and labeled them most risky, with maps highlighted by red markers unleashing generations of redlining and asset-stripping practices. The use of graded security maps (or "redlined maps") institutionalized the lending practices of financial institutions, investors, real estate brokers, and appraisers—which meant either the denial of loans or offering subprime and predatory loans to Black and Mexican borrowers.

Redlining—sanctioned by the government, the courts, and private organizations (banks and real estate companies)—built upon an existing foundation of private White terror/mob violence, racial covenants, racial blockbusting, racial zoning, residential steering, informal agreements between propertied-Whites and neighborhood associations, and credit blacklisting.

During the 1950s and 1960s, a period that has been characterized as America's housing boom, contract

11 The hypersegregation of Black American residents in the "Black Belt," or Chicago's South Side, grew after the 1890s and the Great Migrations. By the 1900s, the long and narrow Black Belt had formed along State Street between 12th Street and 39th Street (a quarter-mile wide, three miles in length, completely surrounded by railway tracks and hostile White residents). While the Black population continued to grow in Chicago, this area of containment and segregation did not.

12 Chicago Commission on Race Relations, 1922.

13 A term used by Black civil rights activist James Weldon Johnson to describe various race riots across the nation during the 1900s that resulted in the deaths of Black persons. A key incident in Chicago involved seventeen-year-old Eugene Williams. Eugene Williams and his three friends were swimming in the "Black area" of Lake Michigan on a hot July summer day, and unpredictable currents drifted their raft over into the "White area" of the beach. Chicago's beaches were informally but strictly segregated. George Stauber, a White man, threw rocks at the Black teenagers. Eugene Williams sank, and his dead body was recovered by divers. The on-duty White police officer did not arrest Stauber, who was not held accountable for the ensuing race riots and deaths (Ewing 2019).

14 Mortgage loans provided to returning GIs from World War II also reflected and embedded racial inequities.

sales of homes to Black Americans extracted between $3.2 and $4 billion from Chicago's Black community (Samuel DuBois Cook Center 2019). For instance, 80 percent of homes in the neighborhood of Englewood in the 1950s were contract sales (Chicago South Side Film Festival and the Folded Map Project 2022).

When financial institutions denied home mortgages to Black Americans and rental properties were substandard, real estate speculators (with the backing of city officials,  investment syndicates, and the same banks that denied the loans) were offering predatory products to Black borrowers. These products held the illusion of home ownership in that Black families had to provide a down payment on marked-up homes, paid higher interest rates, paid more every month in payments, did not conventionally accumulate equity or ownership of the deed, and did not have the protections of a conventional mortgage. For instance, "75 percent to 95 percent of homes sold to black families during the 1950s and 60s were sold on contract" (Samuel DuBois Cook Center 2019).

In the 1950s, the US Civil Rights Commission noted that the housing policy (which extended over a twenty-year period) of Mayor Richard J. Daley, who was elected in 1953, made Chicago the most residentially segregated city in the nation. Daley's housing policies included the usual menu of urban renewal programs such as pushing low-wealth Black communities into public high-rises, the building of highways through Black neighborhoods (referred to as "urban renewal" projects), the severe reduction of affordable and quality housing in the city's central core, and disinvestment from schools and neighborhoods.

Subsequent policies of urban renewal—steering into high-rise public housing, neighborhood demolitions, slum clearance, zoning, and redevelopment created and sanctioned by government and private industry—paved the way for additional mechanisms for wealth extraction from poor and working-class Black families and concurrent Mexican, Mexican American, and Puerto Rican migrants.

## A BRIEF HISTORY OF MEXICAN AND PUERTO RICAN MIGRATION AND SETTLEMENT IN CHICAGO

By the end of the twentieth century, Chicago became the third-largest Mexican metropolis in the nation.

In the 1910s, contract workers from Mexico and Puerto Rico were actively recruited by Chicago employers in the meatpacking, railyard, steel, and manufacturing industries.[15]

By the 1920s, during the Great Depression, Mexican and Mexican American individuals and families were targeted by President Herbert Hoover as the cause of economic problems in the US. And later, during the 1933–42 New Deal Programs, loans, job training, jobs, neighborhood amenities, and public housing were often withheld from Mexican Chicagoans by the city.

Many tactics of financial exploitation, physical intimidation, violence, and terror experienced by Black Chicagoans were unleashed upon Mexican Chicagoans as well. This included different acts of White neighbor-initiated violence (killings, arson, assaults, intimidation, and attacks on property), denial of mortgages, blockbusting, steering into dilapidated overcrowded housing, and experiencing a landscape of "Jim and Juan Crow" (Amezcua 2022).

A targeted policy for Mexican labor (short-term contract workers) resulted in a bilateral agreement between the US and Mexican governments in 1942, known as the Bracero Program. At the time, the Bracero Program was the largest labor contract work program in the United States: 4.6 million contracts allowed Mexican men to enter the US and work in agricultural, manufacturing, and industrial economies. The Bracero Program ended in 1964.

The aggressive recruitment of workers—from the rural Jim Crow South, Mexico, Puerto Rico, and other parts of the Midwest—in the burgeoning industrial and agricultural sectors by Chicago employers was referred to as the building of "the Arsenal of Democracy,"[16] for

15 The 1900s also experienced earlier generations of Mexican migrations to the region that were associated with the Mexican Revolution of 1910.

16 The "Arsenal of Democracy" refers to the call made upon "essential workers," capital, and industrial cities like Chicago by President Roosevelt during World War II to accelerate World War II–related production, and for the consolidation of the strategic alliance with US allied powers in World War II.

the purpose of the ever-expanding World War I and II US industrial war economy, first under Hoover and then President Franklin Delano Roosevelt, Mexican and Mexican American people in Chicago began to simultaneously face "the Arsenals of Deportation," accelerated by policies such as Operation Wet Back (in 1954), which involved surveillance, arrests, detention, and deportation of Mexican people by Immigration and Naturalization Services (INS). Raid and sting operations targeted homes, places of work, movie theaters, bars, storefronts, and businesses (including those owned by Mexican communities). People in the Mexican community in the Chicago area lost their housing, personal items, cars, businesses, and, most importantly, loved ones.

The same industries (meatpacking, steel, railways, and agriculture) that aggressively recruited Mexican, Mexican American, Black, and Puerto Rican people began to exit the city's core into the suburbs and also began to move out of the Midwest. In the 1950s, investments, subsidies, and industries subsidized and fueled the growth of Chicago suburbs, and predatory financing redlined and segregated the city of Chicago's neighborhoods.

Closed factories and plants in the city (for example, the Studebaker Corporation Plant on the southwest side of Chicago) were now being used by the INS as a facility for detention and deportation. The overcrowded Cook County jails with incarcerated Black and Latino men (in the 1940s and 1950s) made INS lease these factories from Cook County. The same trains that brought Black Americans from the Jim Crow rural South in the early 1900s now left with Mexican individuals who were being deported to the global south/Mexico (Amezcua 2022).

## IMMIGRATION

In our Color of Wealth survey, when respondents were asked about supporting candidates in favor of immigration reform the majority of survey respondents responded in favor of voting "for a candidate who supports immigration reform with a path to citizenship for undocumented immigrants." Foreign-born Mexican respondents (84 percent), followed by US-born Mexican respondents (80 percent), were most likely to say they would favor such candidates and were the only groups to say so significantly more than White respondents (71 percent). More than two thirds (68 percent) of Black respondents said they would support such candidates favoring immigration reform.

After the Spanish-American War in 1898, Puerto Rico, a Spanish colonial territory and "impoverished archipelago," continued in its colonial status under the control of the US government and agribusiness (LLoréns 2021).

Puerto Rican migration increased to the US mainland (and internally from rural to urban centers within the island) when agricultural production (sugar, tobacco, and coffee) continued to exploit Puerto Rican farmers and workers and extract huge profits for US companies. Additionally, in 1917 Puerto Ricans became US citizens mostly to be drafted as soldiers for World War I (Gonzalez 2022).

Today, 5.8 million Puerto Rican people live mainland United States and 3.2 million live on the island of Puerto Rico.

In the 1910s, contract workers from Puerto Rico were actively recruited by Chicago employers in the meatpacking, railyard, steel, and manufacturing industries.

Labor- and family-based migration to Chicago continued to grow after World War II when Puerto Ricans were also recruited to the mainland by Chicago employers as part of a state-sponsored migration program between the federal and Puerto Rican governments, coupled with the industrial policy of Operation Bootstrap, which eliminated corporate taxes to encourage private US and foreign capital on the island. Additionally, the impact of the Great Depression on the island continued to extend into the 1940s, and more workers for agricultural, domestic, and factory work came to Chicago and the mainland as part of US industrial policy (Fernandez 2012; Gonzalez 2022).

Working-class and poor Puerto Rican and Mexican people initially found housing in neighborhoods that had aging infrastructure and substandard housing that had previously housed White European immigrants, many of whom were then being incentivized and subsidized to live in affordable and higher-quality suburban homes and neighborhoods. Many of these older homes lacked indoor plumbing and private bathrooms. Located in the core of the city, many of these homes were targeted by the real estate industry and government plans for "urban renewal," redevelopment, and demolition. It was within these racial dichotomies that Puerto Rican and Mexican persons found substandard housing and proximity with Black Chicagoans (Fernandez 2012).

"Urban barrios" such as Pilsen, Little Village, Humboldt Park, and the Lower West Side—with large Puerto Rican communities—have experienced municipal neglect, disinvestment, crime and violence, and police surveillance and conflict while simultaneously experiencing revitalization through the growth of businesses, nonprofits, civic engagement, activism, and cultural revival (Fernandez 2012).

In the twenty-first century, Puerto Rican migration to Chicago and the mainland US grew with catastrophic climate and economic shocks, such as Hurricanes Irma and Maria, Puerto Rico's debt crisis, and the inadequate responses of the federal government and industry.

## CLIMATE CHANGE

In the survey when respondents were asked about their concerns about climate change, more than three quarters of respondents (76 percent) said they were somewhat or very worried, with rates highest among Puerto Rican families (86 percent). Other families had similar rates of reporting concern, including foreign-born Mexican families in the US (79 percent), Black families (77 percent), US-born Mexican families (79 percent), and White families (76 percent).

"Paseo Boricua1" by Plij1 CC BY-SA 3.0


George, Philip B, and Jonas Dovydenas. ***Little Village neighborhood along 26th St. between Kedzie and Pulaski, Chicago, Illinois; Estudiantina de San Pio,S. Ashland, Chicago, Illinois.*** Illinois Chicago, 1977. Chicago, Illinois. Photograph.

# METHODOLOGY

The vast majority of efforts to examine family wealth in the United States have defined racial and ethnic groups broadly, reporting on racial or ethnic categories in aggregate ways like Black or White, and, to a lesser extent, including a third broadly defined category: Latina/o/e/x, or Hispanic. In contrast, the Color of Wealth in Chicago survey collects asset and debt information with intentionality to identify more disaggregated and specific groups (racial, ethnic, and ancestral groups within broader categories—such as Mexican and Puerto Rican) whose patterns of migration and wealth holdings may be different and conflated in a broadly defined Latina/o/e/x category. In the Color of Wealth in Chicago iteration, within the broad category of Latina/o/e/x, we included Puerto Ricans and disaggregated the Mexican category by country of birth (US- or foreign-born).[17]

The methodology described here builds on that utilized in the six previous Color of Wealth reports: "The Color of Wealth in Tulsa" (Biu et al. 2021), "The Color of Wealth in Miami" (Aja et al. 2019), "The Color of Wealth in the Nation's Capital" (Kijakazi et al. 2016), "The Color of Wealth in Los Angeles" (De La Cruz-Viesca et al. 2016), and "The Color of Wealth in Boston" (Muñoz et al. 2015).[18]

The survey instrument was designed primarily to gather information about a respondent's wealth and specific assets, liabilities, and financial resources at the family level. Additional areas of inquiry included remittance practices, that is, sending assets or other resources abroad, and financial support for relatives in the United States. The survey also solicited information relevant to the financial experiences of low-wealth individuals who are vulnerable to predatory lending, such as the use of payday loans.

Core demographic characteristics (e.g., race and ethnicity, age, sex and gender, educational attainment, family composition, nativity, income, and family background) were collected in the survey. The asset and debt module of the questionnaire mimicked many questions used in the Panel Study of Income Dynamics (PSID), the longest-running national longitudinal survey that collects data on family employment, income, wealth, expenditures, health, marriage, and education.

17 Dr. Darrick Hamilton is the principal investigator for the Color of Wealth in Chicago study. The Chicago Community Trust established an advisory committee comprised of personnel from the trust, representatives from various community organizations, researchers, and funders who, with the institute, identified the targeted racial and ethnic groups of the study. While there are certainly many more racial and ethnic groups in the Chicago metropolitan area that could be disaggregated by ancestral origin, including the broadly defined White American category, the choice of which racial, ethnic, ancestral groups to include in Color of Wealth study modules varied across metropolitan contexts based on the prevalence and other considerations of the particular racial, ethnic, and ancestral group category residing in the area. For instance, "The Color of Wealth in Tulsa" study (Biu et al. 2021) included various Native American groups disaggregated by tribal affiliation, and "The Los Angeles Color of Wealth" study (De La Cruz-Viesca et al. 2016) included several Asian American groups disaggregated by ancestral origin, especially given the relative and proportional shares of these groups residing in these metropolitan contexts.

18 The Color of Wealth project and data collection began under coprincipal investigators William Darity Jr. and Darrick Hamilton, with generous financial support from the Ford Foundation as part of their Building Economic Security over a Lifetime initiative, initially directed by Kilolo Kijakazi. Prior to the Color of Wealth studies, little had been known about the asset positions of racial and ethnic groups that were disaggregated and in a localized context.

The Color of Wealth series questionnaires also replicated many questions found in the Multi-City Study of Urban Inequality (MCSUI) survey.[19]

The core Chicago data was collected in three waves from July to November 2022. A supplemental survey was conducted from January 30, 2023, to March 9, 2023.[20] The data collection involved gathering data from specific racial and ethnic groups (Black American, foreign-born Mexican, US-born Mexican, Puerto Rican, and White families) in the city of Chicago and ten counties: Cook County, DeKalb County, DuPage County, Grundy County, Kane County, Kankakee County, Kendall County, Lake County, McHenry County, and Will County.[21]

The Chicago study was primarily designed to compare specific ethnic and racial groups within the same metropolitan area. An advantage of this approach is the implicit control with regard to asset and debt pricing and products, especially house prices, associated with particular geographic areas.[22] Other non-asset and debt-based topics were included in the Chicago study. For example, respondents were asked questions related to COVID-19, employment, energy security, civic participation, civic and political engagement, and political sentiments around economic rights. The number of completed surveys by each racial and ethnic group are reported in Table 1. Throughout the report, we focus on Black, Puerto Rican, Mexican (US- and foreign-born), and White families (see Table 1).[23]

**Table 1: Chicago Metro Region—Color of Wealth in Chicago Respondent**

| | Respondents | Percent of Sample |
|---|---|---|
| **Black** | 307 | 20% |
| **Mexican** *foreign-born* | 115 | 8% |
| **Mexican** *U.S. born* | 204 | 13% |
| **Puerto Rican** | 70 | 5% |
| **White** | 819 | 54% |
| **TOTAL** | 1,515 | 100%[24] |

Source: Color of Wealth in Chicago survey respondents for the Chicago metro region, which includes the city of Chicago and ten counties: Cook County, DeKalb County, DuPage County, Grundy County, Kane County, Kankakee County, Kendall County, Lake County, McHenry County, and Will County.


HB-26129-A, Chicago History Museum, Hedrich-Blessing Collection

19 In the early 1990s, the Multi-City Study of Urban Inequality (MCSUI survey was a cross-sectional, four-city survey primarily aimed at gathering and comparing socio-economic data across racial and ethnic groups.

20 The data was collected by the survey firm RAND Corporation under the direction of Malcolm Williams, PhD, and Marylou Gilbert, MA/JD. The core data collection began July 26, 2022, and ended November 29, 2022. A supplemental survey was conducted from January 30, 2023, to March 9, 2023.

21 The weights are calibrated to make results in line with the population estimates. This calibration can help reduce the effect from nonresponse and underrepresentation of the sampling frame. Weights were also constructed using race, education, income, and family size. Overall, the results computed from the unweighted sample are similar to those using the weighted sample. Survey respondents were asked if they owned various assets and debts to estimate their value. We assess whether there is a statistical difference in the ownership patterns by race and ethnicity, comparing all groups to White respondents given their privileged position in the economic hierarchy (Lewis 1985). Small sample sizes limit the statistical power to detect statistical differences even when there is good reason to suspect that group-based differences in asset levels and debts exist. The survey was administered mainly through web-based questionnaires, followed by telephone surveys, with 1,732 completed surveys and a response rate of 4 percent.

22 There are some limitations to the Color of Wealth series data. When comparing all groups to White families (see footnote 22), some sample sizes are too small to detect statistically significant differences. Second, there are missing responses on some attributes, and we opted not to impute these values. Further, the Color of Wealth series is a cross-sectional survey which does not readily allow us to examine family changes over time. In addition, the survey is not nationally representative because of its focus on comparisons within each metropolitan area.

23 "Other" is not included in the total count of Table 1. In the Chicago metro region, while 1,732 surveys were completed, the report analyzed 1,515 surveys in order to focus upon the targeted racial and ethnic groups of the survey (thus Table 1 does not include the racial and ethnic groups that were not the focus of this study).

24 Ibid.

## THE COVID-19 PANDEMIC

COVID-19 had a dramatic effect on Chicago residents. According to the Chicago Department of Public Health (2022), life expectancy dropped from 2019 to 2020, particularly among Black and Latinx residents, and they point out that COVID-19 contributed to this decline.

In our survey, most survey respondents (85 percent overall) said everyone in their family had received at least one dose of the COVID-19 vaccine as of summer 2022; with foreign-born Mexican families, 97 percent were most likely to say so. According to publicly available data, 77 percent of Chicago residents had received at least one dose of the vaccine by mid-July 2022 (City of Chicago, nd).

When asked if they had a close relative who died from COVID-19, 30 percent of US-born Mexican families responded affirmatively, as did 29 percent of foreign-born Mexican families, 19 percent of Puerto Rican respondents, and 19 percent of Black respondents (Table 2). All the non-White groups were significantly more likely to say they had lost a relative from COVID-19 than White respondents (7 percent).

Respondents were asked how often they gave financial support to family or friends in the last twelve months, and if the support was related to COVID-19 (Table 3). While we did not capture the amount of these gifts, we did observe certain trends. Puerto Rican families (36 percent) were the most likely to say they "often" or "sometimes" financially supported friends or family in the last year, followed by Black families (28 percent) and White families (20 percent). The rates for Puerto Rican and Black families were significantly different than those of White families. Additionally, a large proportion of Black (51 percent), foreign-born Mexican (52 percent), and Puerto Rican respondents (60 percent) indicated they gave all or some of this financial support due to COVID-19.

**Table 2: Close Relatives Died from COVID-19**

| | Percent |
|---|---|
| **Black** | 19%*** |
| **Mexican** *foreign-born* | 29%*** |
| **Mexican** *U.S. born* | 30%*** |
| **Puerto Rican** | 19%* |
| **White** | 7% |

Source: Color of Wealth in Chicago survey, authors' calculations.
Note: The difference in the percentage of noted groups as compared with the percentage of White families is statistically significant at the ***99%, **95%, *90% level.

**Table 3: Giving and Receiving Financial Support to/from Family or Friends Due to COVID-19, Last Twelve months (%)**

| | Gave Financial Help | | Recieved Financial Help | |
|---|---|---|---|---|
| | At least sometimes | Due to COVID | Yes | Due to COVID |
| **Black** | 28%* | 51%** | 22%* | 55% |
| **Mexican** *foreign-born* | 15% | 52% | 11% | - |
| **Mexican** *U.S. born* | 14% | 30% | 9% | 34% |
| **Puerto Rican** | 36%* | 60%* | 19% | - |
| **White** | 20% | 32% | 14% | 40% |

Source: Color of Wealth in Chicago survey, authors' calculations.
Note: The difference in the percentage of noted groups as compared with the percentage of White families is statistically significant at the ***99%, **95%, *90% level.

Similarly, respondents were asked if anyone in their family received financial help from family or friends living outside the family in the last twelve months, and if this support was because of the COVID-19 pandemic (Table 3). Puerto Rican (19 percent) and Black families (22 percent) were the most likely to have received financial support, and for the latter, this was significantly different from White families (14 percent). The respondents also indicated if the support was due to the COVID-19 pandemic, and this was the case for a large share of families, including 55 percent of Black families and 40 percent of White families.

## RACIAL, ETHNIC, DEMOGRAPHIC, AND ECONOMIC CHARACTERISTICS

In Table 4, we present demographic data and socioeconomic indicators for the Chicago metropolitan area and the US using the US Census Bureau's American Community Survey (ACS) and Color of Wealth in Chicago.

Based on our analysis of 2022 ACS, the majority of racial and ethnic groups, excluding Mexican families (at 59 percent in the US and 42 percent in Chicago), had a high proportion of US-born respondents.[25] When it comes to educational attainment, White respondents complete bachelor's degrees at a significantly higher rate than other groups, both nationally and in the Chicago metropolitan region. For most groups, rates of bachelor's degree attainment are consistent between Chicago and nationally. However, White and Puerto Rican Chicagoans hold degrees at higher-than-national rates: for White respondents, these figures are 52 percent in Chicago, 38 percent nationally; and for Puerto Rican respondents, these are 36 percent in Chicago, 22 percent nationally. Rates of marriage follow similar patterns nationally and in Chicago. Black respondents report the lowest marital rates, followed by US-born Mexican, Puerto Rican, White, and then foreign-born Mexican respondents. When it comes to age, Chicago reflects national patterns. Most groups' median age falls between forty-two and forty-five years old. US-born Mexican families are younger, with a median age of thirty-three years old in the US and thirty-one years old in Chicago. White respondents are older, with a median age of fifty-years old in the US and fifty-four years old in Chicago. Homeownership rates tend to fall for most groups between 51 percent and 67 percent. The exceptions to this are Black respondents in Chicago, who have low rates of homeownership (37 percent), and White respondents, who have higher rates of homeownership (74 percent nationally and 81 percent in Chicago). Across all groups and geographies, White respondents had the highest median family income while Puerto Ricans had the lowest median family income.

Next, we compare ACS and Color of Wealth data for the Chicago metropolitan area (Table 4). Generally, nativity rates are similar between the two surveys. One exception is for Black respondents: 97 percent of Black Color of Wealth in Chicago respondents were born in the US, which is higher than the 81 percent figure for the ACS. Rates of educational attainment, marriage, and homeownership are fairly consistent between the 2022 ACS for Chicago and the Color of Wealth in Chicago. An exception are the marriage rates for US-born Mexican families, where marriage rates are higher among Color of Wealth in Chicago respondents (48 percent) than the ACS (32 percent). When it comes to age, there is a concordance for median age between the Color of Wealth in Chicago and the ACS for foreign-born Mexican, Puerto Rican, and White respondents. However, Black and US-born Mexican respondents of the Color of Wealth in Chicago survey tend to be older than their ACS counterparts. Finally, there are some noticeable differences in estimates of family income for those families with positive income between the Color of Wealth in Chicago and the ACS for the Chicago region.[26] Since it is primarily a survey about wealth, the Color of Wealth in Chicago survey asks respondents detailed questions about individual

25 Based on ACS 2022 one-year estimates of birthplace for the adults (eighteen years of age and older) in the United States and the ten-county Color of Wealth in Chicago study region.

26 We examined family income conditional on the family having positive income to mirror reporting by the US Census. Source: Table B06011, https://www.census.gov/programs-surveys/acs/technical-documentation/table-shells.html

assets and debts but asks respondents to estimate their overall income without the same granularity. The ACS asks for estimates of specific streams of income. There is a considerable body of research that suggests that respondents are much better at estimating wage-based earnings than their overall income (Susin 2003).[27] Our data show strong concordance with the ACS for personal earnings.[28]

**Table 4: Demographic and Socioeconomic Status Characteristics by Race and Ethnicity in the Chicago Metro Area, Census Data and Color of Wealth in Chicago Data**

| | U.S. Born | Bachelor's Degree or Higher | Married[29] | Median Age (years) | Home Ownership | Median Family Income[30] |
|---|---|---|---|---|---|---|
| **Black** | | | | | | |
| U.S. Census, National | 86% | 23% | 33% | 45 | 48% | $64,000 |
| U.S. Census, Study Region | 81% | 24% | 23% | 42 | 37% | $84,000 |
| Color of Wealth in Chicago | 97% | 28% | 28% | 52 | 34% | $36,500 |
| **Mexican** *foreign-born* | | | | | | |
| U.S. Census | - | 9% | 61% | 46 | 55% | $66,000 |
| U.S. Census, Study Region | - | 12% | 65% | 45 | 61% | $79,000 |
| Color of Wealth in Chicago | - | 9% | 67% | 48 | 57% | $55,000 |
| **Mexican** *U.S Born* | | | | | | |
| U.S. Census | - | 18% | 38% | 33 | 59% | $80,000 |
| U.S. Census, Study Region | - | 19% | 32% | 31 | 67% | $85,000 |
| Color of Wealth in Chicago | - | 26% | 48% | 40 | 58% | $65,000 |
| **Puerto Rican** | | | | | | |
| U.S. Census | 96% | 22% | 40% | 42 | 51% | $71,000 |
| U.S. Census, Study Region | 96% | 36% | 54% | 44 | 58% | $64,000 |
| Color of Wealth in Chicago | 91% | 28% | 41% | 45 | 50% | $68,000 |
| **White** | | | | | | |
| U.S. Census | 95% | 38% | 55% | 52 | 74% | $90,000 |
| U.S. Census, Study Region | 83% | 52% | 59% | 54 | 81% | $113,500 |
| Color of Wealth in Chicago | 93% | 45% | 52% | 55 | 72% | $92,000 |

Based on analysis of the ACS five-year 2022, accessed through IPUMS.[31]

27 https://www.census.gov/content/dam/Census/programs-surveys/ahs/publications/hudmemo8a.pdf

28 Median personal earning for Black respondents of the Color of Wealth Chicago study was $33,000, and median personal earning for Black 2022 ACS respondents in the study region was $35,258. For the 2022 ACS, median personal earning for Latinx respondents in the study area was $36,271. For Color of Wealth, median personal earnings for Latina/o/e/x respondents were as follows: for foreign-born Mexican respondents, this was $30,000; for US-born Mexican respondents, this was $45,000, and for Puerto Rican respondents, this was $33,500. For White respondents of Color of Wealth and the 2022 ACS, median earnings were $70,000 and $70,505 respectively.

29 Legally married together or separated.

30 The ACS calculates median family income across only those who report having income. In this table, median family income for Color of Wealth in Chicago likewise reflects values for those in our survey who report having income. In other parts of the report, we include those who do not have income in our median calculations.

31 ACS five-year 2022, accessed through IPUMS.


Rosskam, Edwin, photographer. ***Street corner, Black Belt, Chicago, Illinois.*** Illinois Chicago United States, 1941. Apr. Photograph.

# THE COLOR OF WEALTH IN CHICAGO

In this section, we present the main findings of the Color of Wealth in Chicago by describing the results on family assets, debts, and net wealth disaggregated by race.

## ASSETS

### LIQUID (FINANCIAL) ASSETS

Table 5 shows racial differences in ownership of liquid assets, which include having a checking or savings account, a money market account, a certificate of deposit (CD) account, a treasury bill account, a savings bond, individual retirement accounts (IRAs), or a private annuity. Liquid assets are forms of wealth that can more readily be converted to cash to cover budgetary shortfalls or unexpected emergencies to help meet financial obligations. In the report, “banked” refers to families that have a checking or savings account. The final column presents median values of variation in liquid assets.

As shown in Table 5, the majority of White families (90 percent) indicated owning a checking account, which is important for savings and expedient and safe financial transactions, often free from predatory transaction fees. Rates of account ownership were considerably lower for US-born Mexican, Puerto Rican, and Black families (77 percent, 75 percent, and 62 percent, respectively) while foreign-born Mexican families had the lowest rate (55 percent). In terms of CD account ownership, a low-risk savings account with generally higher interest yields in comparison to typical savings accounts, White families (16 percent) were still more likely to own a CD compared to Puerto Rican (11 percent), US-born Mexican (4 percent), Black (3 percent), and foreign-born Mexican families (2 percent).

Close to half (42 percent) of White families own stocks (Table 5). In comparison, these rates are significantly lower among Black (12 percent), Puerto Rican (13 percent), and US-born Mexican (15 percent) families, while very few foreign-born Mexican families indicated owning stocks (7 percent). While stocks are more volatile liquid assets (as compared to checking and savings accounts), over time they can offer considerably higher yields. Similar to stock ownership, relatively few non-White families own retirement accounts. White families (40 percent) were most likely to own IRAs or private annuities, another type of long-term investment with generally higher yields.

We also queried if survey respondents or any family member had "other savings or assets, such as cash value in a life insurance policy, a valuable collection for investment purposes, or rights in a trust or estate" that they hadn't already mentioned. White respondents (19 percent) are statistically more likely to have other savings compared to other groups—Black (10 percent), US-born Mexican (7 percent), and Puerto Rican (2 percent) families were the least likely to hold other savings or assets.

Finally, White families had a great deal more assets that could be readily converted to cash than the other racial or ethnic groups in Chicago. The typical White family had about $27,000 in liquid assets, while foreign-born Mexican and Black families had about $1,500 and $1,000, respectively. Also, median liquid asset values were relatively low among US-born Mexican and Puerto Rican families, $7,000 and $5,000 respectively.

To summarize, regardless of the financial asset type, White families are far more likely to hold these assets and hold them with higher values when compared to any other racial group, and these differences were generally statistically significant.[32]

**Table 5: Liquid (Financial) Assets**

| | Banked | Certificate of Deposit | Stock | Retirement Accounts | Other Savings Account | Liquid Assets |
|---|---|---|---|---|---|---|
| **Black** | 62%*** | 3%*** | 12%*** | 7%*** | 10%** | $1,000*** |
| **Mexican** *foreign-born* | 55%*** | 2%*** | 7%*** | 5%*** | 12% | $1,500*** |
| **Mexican** *U.S. born* | 77%*** | 4%*** | 15%*** | 10%*** | 7%* | $7,000** |
| **Puerto Rican** | 75%** | 11% | 13%*** | 9%*** | 2%*** | $5,000** |
| **White** | 90% | 16% | 42% | 40% | 19% | $27,000 |

Source: Color of Wealth in Chicago survey, authors' calculations.
Note: The difference in the percentage of noted groups as compared with the percentage of White families is statistically significant at the ***99%, **95%, *90% level.

## TANGIBLE (REAL) ASSETS AND SECURED DEBT

In Tables 6 and 7, we report tangible assets and secured debts associated with these assets by race. Some assets are tangible—i.e., they may have a physical form. Tangible assets include homes, real estate, vehicles, land, and machinery and equipment. Intangible assets include patents, trademarks, intellectual property, and financial assets.

Beginning with Table 6, we present the shares of vehicle ownership by race, ethnicity, and nativity, proceeded by whether there is outstanding debt for those that own a car, and, finally, the typical value of that vehicle debt. Vehicles are tangible assets, which rarely appreciate in value and often depreciate rapidly in value. They do offer consumption value, and can also serve as means of transportation to and from current employment, and potentially other employment opportunities as well. The share of vehicle ownership among Black respondents (60 percent) was lowest in Chicago. Most US-born Mexican (89 percent), foreign-born Mexican (83 percent), and Puerto Rican (79 percent) families own a car. Overall, vehicle ownership rates were relatively high across racial groups, except for Black families.

Among those who own a car, White families were the least likely to have vehicle debt (43 percent) while Puerto Rican families were most likely to have vehicle debt (60 percent). Having vehicle debt was common among Black families and US-born Mexican families (50 percent and 58 percent, respectively). Excluding foreign-born Mexican families (52 percent), these rates were statistically different from those of White families.

32 Except for CDs when compared with Puerto Rican families and other savings when compared with foreign-born Mexican families.

Turning to Table 7, in general, the vast majority of families in Chicago do not own a business or have real business assets (see footnote below regarding the timing of our data collection with the COVID-19 pandemic as to why the prevalence of business asset ownership might be peculiarly low), but still, there is variation across race and ethnicity. White families (6 percent) are more likely to own a business compared to Black families (2 percent) as well as US-born Mexican families (two percent) and foreign-born Mexican families – none of the foreign-born Mexican families in our sample reported business owenrship.[33]

**Table 6: Vehicle Ownership and Debt**

| | Own Vehicle | Vehicle Debt Among Car Owners | Vehicle Debt (Median) |
|---|---|---|---|
| **Black** | 60%*** | 50%*** | $0 |
| **Mexican** *foreign-born* | 83% | 52% | $0 |
| **Mexican** *U.S. born* | 89% | 58%* | $0 |
| **Puerto Rican** | 79% | 60%* | $14,500* |
| **White** | 88% | 43% | $0 |

Source: Color of Wealth in Chicago survey, authors' calculations.
Note: The difference in the percentage of noted groups as compared with the percentage of White families is statistically significant at the ***99%, **95%, *90% level.

**Table 7: Business, Housing, and Total Assets**

| | Own Business | Own Home | Mortgage Debt Among Homeowners | Mortgage Debt (Median) | Home Value (Median) | Home Equity (Median) |
|---|---|---|---|---|---|---|
| **Black** | 2%* | 34%*** | 76% | $150,000 | $247,000* | $111,000*** |
| **Mexican** *foreign-born* | 0%*** | 57%* | 76% | $53,200** | $100,000** | $46,000*** |
| **Mexican** *U.S. born* | 2%* | 58%** | 70% | $160,000 | $275,000 | $100,000*** |
| **Puerto Rican** | 2% | 50%** | 80% | $140,000 | $270,000 | $160,000 |
| **White** | 6% | 72% | 67% | $151,800 | $300,000 | $200,000 |

Source: Color of Wealth in Chicago survey, authors' calculations.
Note: The difference in the percentage of noted groups as compared with the percentage of White families is statistically significant at the ***99%, **95%, *90% level.

For homeownership, which is often the main asset in which wealth-holding Americans store and generate their wealth, Black survey respondents (34 percent) were the least likely to be homeowners. In contrast, White respondents (72 percent) had the highest rates of home ownership. Homeownership was more common among US-born Mexican respondents (58 percent), foreign-born Mexican respondents (57 percent), and Puerto Rican respondents (50 percent). These rates were statistically different from those of White respondents.

Among homeowners, mortgage debt was most common among Puerto Rican homeowners (80 percent). Most US-born Mexican, foreign-born Mexican, and Black families (70 percent, 76 percent, and 76 percent, respectively) have mortgage debt. Essentially, 20 percent of Puerto Rican home-owning families in Chicago owned their home without debt, in contrast to about one third of White home-owning families.

Home equity values (home values minus mortgage debt owed) were the highest for White families ($200,000). With the lowest for foreign-born Mexican families ($46,000), followed by US-born Mexican ($100,000),

33 According to the Census' 2021 Annual Business survey, 88 percent of business owners are White (note: this includes both Hispanic and non-Hispanic Whites). Only six percent of business owners are Hispanic, and only two percent of business owners are Black. Small businesses were hit hard during the early phase of the COVID-19 pandemic, particularly Black and Latina/o/e/x business owners. Nationally, between February and April 2020, 41 percent of Black-owned, 32 percent Latina/o/e/x-owned, and 17 percent of White-owned small businesses were lost (Fairlie 2020). A study from Next Street and Community Reinvestment Fund, USA (2019) shows that the gap remains substantially wider in Chicago. The majority of businesses are owned by White families (over 50 percent) while less than 15 percent are owned by Black families, and less than 10 percent are owned by Latina/o/e/x families. This is true across industries, except for the health care and social assistance industry.

Black American ($111,000), and Puerto Rican families ($160,000). This indicates that White families in the Chicago region carry less mortgage-to-home loan debt than non-White families, which also reflects their higher wealth positions.

Foreign-born Mexican families have the lowest home equity rates ($46,000) in the region but higher homeownership rates (57 percent) than Puerto Rican (50 percent) and Black (34 percent) families. US-born Mexican families have homeownership rates just slightly higher than foreign-born Mexican families at 58 percent but with higher home equity values ($100,000). Studies have pointed out that to make ends meet, and due to the lack of affordable quality housing—particularly in the city of Chicago—multiple Latina/o/e/x families live in overcrowded housing and are owners of the same single-family home.[34]

When examining home values among homeowners, we found that the median home value for White families ($300,000) was the highest compared to other families—US-born Mexican ($275,000), Puerto Rican ($270,000), and Black ($247,000). Foreign-born Mexican families had the lowest home values ($100,000).

Lee, Russell, photographer. ***Family on relief. Chicago, Illinois.*** Illinois Cook County Chicago United States, 1941. Apr. Photograph.

34 Tonantzin Carmona, Tonantzin and Noreen M. Sugrue and Noreen M. Sugrue,: “Closing the Latino Wwealth Ggap: Exploring Rregional Ddifferences and Llived Eex-periences,” October 24, 2023, The Brookings Institution;. Noreen Sugrue et al., Dan Cooper, Sylvia Puente, Alexander Linares, and Kris Tiongson:, “Latinos in the Suburbs: Challenges & Opportunities,” The Latino Policy Form, The Metropolitan Planning Council, and the Great Cities Institute at the University of Illinois Chicago, August 2023.

## HOUSING STABILITY

Like other cities in the US, housing availability and costs are a pressing concern in Chicago. This study examines public housing and rental subsidy use as well as vulnerability to eviction or foreclosure, and finds a great deal of housing insecurity for Chicagoans; this is especially true for its Black residents.

Chicago's public housing system is the "third largest in the nation," covering twenty thousand families (Chicago Housing Authority, nd). Our data reveals that Black families in Chicago (21 percent) were the most likely to live in public housing, and significantly more so than White families (3 percent) (see Table 8).

In terms of receipt of rent subsidy, an estimated 9 percent of all Chicagoan families reported receiving a rent subsidy; rates were highest among Black (33 percent) and Puerto Rican (21 percent) families, and significantly more so than White families (5 percent) (see Table 8). Mexican families born in the US (3 percent), foreign-born (5 percent), and White families (5 percent) were the least likely to report receiving rent subsidies.

**Table 8: Public Housing and Receipt of Rent Subsidy**

| | Live in Public Housing | Received Rent Subsidies |
|---|---|---|
| **Black** | 21%*** | 33%*** |
| **Mexican** *foreign-born* | 2% | 5% |
| **Mexican** *U.S. born* | 4% | 3% |
| **Puerto Rican** | 2% | 21%** |
| **White** | 3% | 5% |
| **TOTAL** | **6%** | **9%** |

*Source: Color of Wealth in Chicago survey, authors' calculations.*
*Note: The difference in the percentage of noted groups as compared with the percentage of White families is statistically significant at the ***99%, **95%, *90% level.*

Overall, 6 percent of Chicago families had been threatened with foreclosure or eviction in the last three years, with rates highest among Black families (19 percent), which was more than twice as high as Puerto Rican families (9 percent) and US-born Mexican (9 percent) families, and more than four times the rate as White families (4 percent).[35]

**Table 9: Threatened with Foreclosure or Eviction in the Last Three Years**

| | Percent |
|---|---|
| **Black** | 19%*** |
| **Mexican** *foreign-born* | 5% |
| **Mexican** *U.S. born* | 9%* |
| **Puerto Rican** | 9% |
| **White** | 4% |
| **TOTAL** | **6%** |

*Source: Color of Wealth in Chicago survey, authors' calculations.*
*Note: The difference in the percentage of noted groups as compared with the percentage of White families is statistically significant at the ***99%, **95%, *90% level.*

35 Research on the housing market in Chicago demonstrates higher foreclosure rates in majority Black census tracts in Chicago, accompanied by a decline in owner-occupied units in those same areas (Table 9). The State of Illinois Circuit Court of Cook County (2022) reports a reduction in actual evictions between October 2021 and March 2022 as compared to October 2010 to March 2020, and attributes this decline to the pandemic-related eviction moratorium. Survey participants were asked if they were threatened with foreclosure or eviction in the last three years. While the City of Chicago (2022) had an eviction moratorium from October 3, 2021, to December 2, 2021, to help residents during COVID-19, participants could have been responding about time periods before or after the moratorium ended.

# DEBTS

## UNSECURED DEBTS

Table 10 presents the percentages of families having unsecured debts (i.e., debt without promised collateral to the financier) such as credit cards, student loans, medical bills, and other similar sources. Credit cards are the most prevalent type of consumer debt across Chicago. More than half of foreign-born Mexican (61 percent), Puerto Rican (63 percent), and US-born Mexican (57 percent) families have credit card debt. These rates were significantly different from the share of White families with credit card debt (44 percent).

While investing in educational attainment is associated with higher wages and other socioeconomic outcomes, student loan debt may hinder a young adult's ability to build wealth. In general, Black and Latina/o/e/x college-goers are more likely to require student loans, less likely to pay off that debt, and receive a lower wage premium for higher education (Hamilton and Zewde 2020). For example, Black and Latina/o/e/x individuals were less likely to pay off their student loans than their White counterparts (Federal Reserve 2017).

US-born Mexican and Black families (29 percent and 30 percent, respectively) were significantly more likely to have medical debts than White families (18 percent). Rates for such debt among Puerto Rican families were the lowest at 21 percent (Table 10). The rates of families with legal bills were overall low among all groups, with Black respondents having the highest rates (8 percent). In contrast, the percentage of such debt among foreign-born Mexican respondents was the lowest (3 percent). In terms of taking loans from relatives, Black (15 percent) and US-born Mexican (13 percent) respondents were statistically more likely to take loans from their relatives compared to White respondents (6 percent). The survey asked respondents if they or any family member "currently have any other debts." Black (7 percent) and US-born Mexican (8 percent) families were more likely to have other debts than White families (3 percent). The percentage of foreign-born Mexican families having other debts was the lowest (1 percent).

In Table 10, we also report the median of total nontangible debts by race. Nontangible debts include credit card debt, student loans, medical debt, legal bills, and other debts. Notably, they exclude home mortgages and business and real estate debt. We find differences in these amounts across racial groups. Debt values were highest among US-born Mexican ($14,000) and Black ($17,000) families, followed by Puerto Rican and foreign-born Mexican families, with estimated median debt values of $8,000 for both. In contrast, White families had a median nontangible debt value of $15,000, which was statistically different from those of Puerto Rican families.

**Table 10: Percentage of Families Having Various Types of Unsecured Debt**

| | Credit Card Debt | Student Loans | Medical Debt | Legal Debt | Loans from Relatives | Other | Total Non-Tangible Debts[36] (Median) |
|---|---|---|---|---|---|---|---|
| **Black** | 50% | 45%*** | 30%** | 8% | 15%*** | 7%* | $17,000 |
| **Mexican** *foreign-born* | 61%* | 20% | 26% | 3% | 11% | 1% | $8,000 |
| **Mexican** *U.S. born* | 57%* | 28% | 29%* | 4% | 13%* | 8%* | $14,000 |
| **Puerto Rican** | 63%* | 20% | 21% | 4% | 10% | 2% | $8,000* |
| **White** | 44% | 23% | 18% | 5% | 6% | 3% | $15,000 |

*Source: Color of Wealth in Chicago survey, authors' calculations.*
*Note: The difference in the percentage of noted groups as compared with the percentage of White families is statistically significant at the ***99%, **95%, *90% level.*

36 Non-tangible debts include: credit card debt, student loans, medical debt, legal bills, and other debts. Notably, they exclude home mortgages, business and real estate debt.

## ALTERNATIVE AND PREDATORY FINANCE

The payday loan industry experienced further growth in the 1990s, starting with two thousand lenders to twenty thousand payday lending institutions twenty years later (Prager 2009; Pew Charitable Trusts 2012). Payday loans are relatively high-cost personal loans that users seek as a last resort after they have exhausted all credit options. Contrary to the conventional narrative, Pew's research finds that 12 million Americans used payday loans to mainly cover their basic day-to-day living expenses, while less so for unexpected expenses (Pew Charitable Trusts 2014). With financiers charging high-interest rates of $15 to $20 for every $100 leading to an annual percentage rate (APR) of close to 400 percent, borrowers are often unable to pay back their original loan and end up in a cycle of debt. Being a Black American, a home renter, having less than a four-year degree, or earning less than $40,000 was associated with a higher likelihood of using payday loans (Federal Deposit Insurance Corporation 2015).

On March 23, 2021, Illinois's Predatory Loan Prevention Act (PLPA) became law. As an important first step, the legislation established a cap of 36 percent on consumer loans that are below $40,000 in the state. The law covers Illinois residents who borrow from lenders that are outside the state (including those online) and has oversight over payday loans, installment payday loans, and auto title loans. Studies have shown that payday lending in Chicago is ten times more likely to occur in predominantly Black zip codes and seven times more likely to occur in predominantly Latina/o/e/x zip codes. In 2019, residents of these zip codes paid over $158 million in interest on $65 million loans. Studies continue to show the stress associated with concern over one's financial security exacerbates ill health (Adell et al. 2022; Eisenberg-Guyot 2018).

Table 11 presents payday loan usage among families in Chicago. Respondents were asked if they or a family member have in the last five years taken a loan or cash advance from a payday lender. US-born Mexican and Black families were most likely to use payday lending (13 percent and 18 percent, respectively), followed by Puerto Rican families at 11 percent. US-born Mexican families are more likely to use payday loans than their immigrant counterparts (7 percent). The percentage of payday loan usage for Black and US-born Mexican families are, respectively, triple and twice the rate, and, statistically different than that of White families.

**Table 11: Payday Loan Usage Among Families in the Chicago Metro Area**

| | Percent |
|---|---|
| **Black** | 18%*** |
| **Mexican** *foreign-born* | 7% |
| **Mexican** *U.S. born* | 13%* |
| **Puerto Rican** | 11% |
| **White** | 6% |

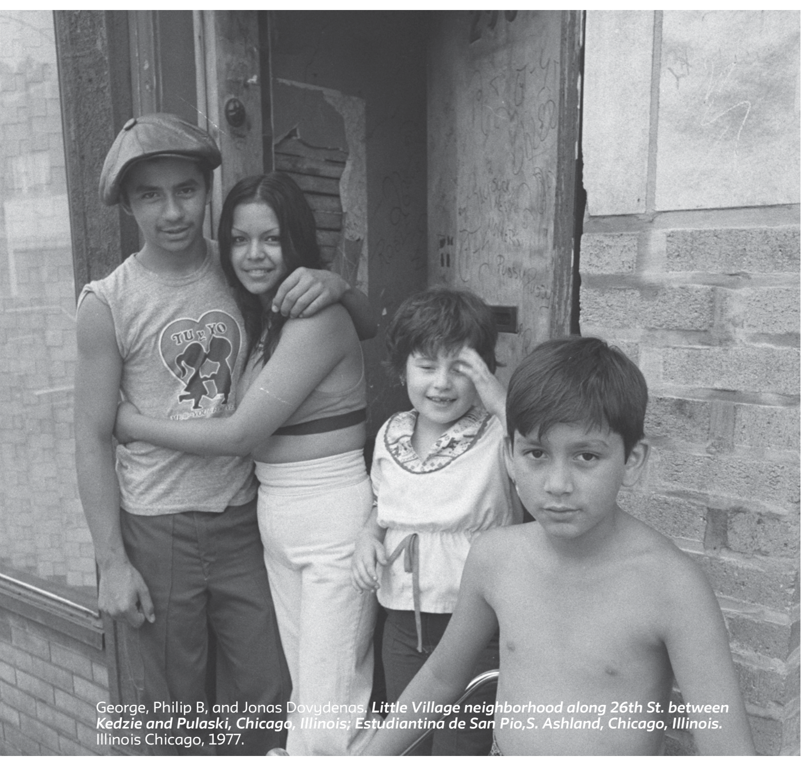
*Source: Color of Wealth in Chicago survey, authors' calculations.*
*Note: The difference in the percentage of noted groups as compared with the percentage of White families is statistically significant at the ***99%, **95%, *90% level.*

HB-26129-G, Chicago History Museum, Hedrich-Blessing Collection

# FAMILY INCOME, TOTAL ASSETS, AND NET WORTH

This section presents information on the median values of family income, total assets (tangible and financial), and net worth distributed across race, ethnicity, and nativity in Chicago—essentially measures of financial well-being in Chicago.

Table 12 shows the median values for total assets across racial groups. These asset values include those related to tangible assets (home, vehicle, business, farm, and real estate ownership), nontangible assets (checking or savings accounts, money markets (e.g., CDs, treasury bills, and savings bonds), other financial assets (e.g., IRAs or private annuities), and other savings. Median total asset values were lowest among Black and foreign-born Mexican families, $20,000 and $26,000 each, which amounted to about 6 and 8 percent, respectively, of the value of total assets for White families ($325,500). The typical (median) Puerto Rican family reported $125,000 in total assets, while the typical US-born Mexican family reported a total asset value of $128,000, in both cases that was considerably less than half of the assets held by the typical White family.



George, Philip B, and Jonas Dovydenas. *Little Village neighborhood along 26th St. between Kedzie and Pulaski, Chicago, Illinois; Estudiantina de San Pio,S. Ashland, Chicago, Illinois.* Illinois Chicago, 1977.

**Table 12: Median Value of Total Assets Held by Families by Race**

| | Total Assets | Share of White Assets |
|---|---|---|
| **Black** | $20,000*** | 6% |
| **Mexican** *foreign-born* | $26,000*** | 8% |
| **Mexican** *U.S. born* | $128,000*** | 39% |
| **Puerto Rican** | $125,000* | 39% |
| **White** | $325,500 | — |

*Source: Color of Wealth in Chicago survey, authors' calculations.*
*Note: The difference in the percentage of noted groups as compared with the percentage of White families is statistically significant at the ***99%, **95%, *90% level.*

Column two of Table 13 presents information on median family income for families with positive income. Beginning with income, we estimate that the typical White family had $92,000 in income, the highest across race and ethnicity, while the typical Black family had only $36,500 in income. When comparing Mexican families by nativity, we estimate about a $10,000 variation between Mexican families where an adult was US-born ($65,000) and families in which all adults were foreign-born ($55,000). Puerto Rican families in our sample reported a median value of $68,000 in family income. For all the groups in comparison to White families, the differences in family income were statistically significant.

Column four of Table 13 presents median estimates of net worth (wealth) for the Chicago metro area. White families had, by far, the highest net worth values. The typical White family had $210,000 in wealth, which contrasts with Black families where we estimate that the typical family had virtually no wealth. In terms of family income, the typical Black family had only about 40 percent (column three) of the income of a White family, which is a stark difference, but when it comes to wealth, the difference is a great deal more dramatic. An estimated median net worth (total assets minus total debt) of zero is alarming.

The wealth values for other non-White families in Chicago are also low and substantially less than White families. The typical foreign-born Mexican family in Chicago had only $6,000 in net worth, which is about three cents for every dollar held by the typical White family. The median value for Puerto Rican families was estimated at $24,000, and the value for US-born Mexican families was about $40,500, which is less than 20 percent of the value for the typical White family. In terms of family income, the typical White family had about $24,000—or 25 percent—more in income than Puerto Ricans, the next highest group. In contrast, when it comes to wealth, White families had nearly $170,000—or about 80 percent—more than US-born Mexican families, the next highest non-White group. All these differences were statistically significant.

**Table 13: Family Income and Net Worth**

| | Family Income | Share of White Income | Net Worth | Share of White Net Worth |
|---|---|---|---|---|
| **Black** | $36,500*** | 40% | $0*** | 0% |
| **Mexican** *foreign-born* | $55,000*** | 60% | $6,000*** | 3% |
| **Mexican** *U.S. born* | $65,000*** | 71% | $40,500*** | 19% |
| **Puerto Rican** | $68,000** | 74% | $24,000*** | 11% |
| **White** | $92,000 | — | $210,000 | — |

*Source: Color of Wealth in Chicago survey, authors' calculations.*
*Note: The difference in the percentage of noted groups as compared with the percentage of White families is statistically significant at the ***99%, **95%, *90% level.*

## INHERITANCES AND GIFTS

Inheritance and family socioeconomic positioning as a child have been estimated to be responsible for more of the racial wealth gap than education, income, and occupational status combined (Chiteji and Hamilton 2002; Hamilton and Chiteji 2013; Toney and Hamilton 2022). People who have intergenerational wealth have options fueled by that initial capital and can use the inherited funds to build more wealth, such as making a down payment on a home or financing a higher education without debt, both of which can translate into additional wealth and compound over time.

In Chicago, 20 percent of White respondents said they received an inheritance. In contrast, just 4 percent of Black families, 5 percent of foreign-born Mexican families, 9 percent of US-born Mexican families, and no Puerto Rican families reported receipt of an inheritance in our sample– all groups reported inheritence rates statsitically significantly less than White families. These trends are congruent with findings from a report from the Financial Health Network (2023) on Black, Latina/o/e/x, and White families in the Chicago region (Table 14).[37]

**Table 14: Inheritance and Gifts (%)**

| | Respondents' Families | | Respondents' Parents |
|---|---|---|---|
| | Received Any Inheritance | Received substantial gifts, of $1,000 or more | Received substantial inheritance, gift, or insurance settlement |
| **Black** | 4%*** | 9%*** | 5%*** |
| **Mexican** *foreign-born* | 5%* | 6%*** | 2%*** |
| **Mexican** *U.S. born* | 9%* | 9%*** | 6%* |
| **Puerto Rican** | 0%*** | 3%*** | 2%*** |
| **White** | 20% | 30% | 17% |

*Source: Color of Wealth in Chicago survey, authors' calculations.*
*Note: The difference in the percentage of noted groups as compared with the percentage of White families is statistically significant at the ***99%, **95%, *90% level.*

37 In our survey we asked respondents if they expected to receive an inheritance and asked them to estimate the likelihood of this taking place. Respondents could answer as low as 0% and as high as 100%. Additionally, families were asked the likelihood that they would receive an inheritance of $10,000 or more. Eighteen percent of White families thought the chance of receiving an inheritance of $10,000 was more than 50% compared to just 6% of Black and US-born Mexican families, 4% of foreign-born Mexican families, and 1% of Puerto Rican families. (Necati Celik et al., "Financial Health Pulse 2022 Chicago Report: Examining Racial and Ethnic Disparities in Financial Health in Chicago and Cook County," January 31, 2023, Financial Health Network)

Similarly, one-third (30 percent) of White families said they had received a substantial gift of $1,000 or more from their parents, grandparents, or other relatives. In contrast, 9 percent of Black families received a family gift of $1,000 or more. For foreign-born Mexican respondents, that rate was 6 percent, while 9 percent of US-born Mexican respondents and just 3 percent of Puerto Rican respondents had received a substantial gift. We observed similar patterns when families answered if their parents had received a substantial inheritance, gift, or insurance settlement—17 percent of White families responded affirmatively compared to just 5 percent of Black families, 2 percent of foreign-born Mexican families, six percent of US-born Mexican families, and 2 percent of Puerto Rican families (Table 14).

The historical and current tax preference afforded to home interest deductions, capital gains (e.g., from stocks, investments, and other financial assets) over labor income (e.g., income from wages and salaries) by the US tax code plays a crucial role in the systematic perpetuation and production of the racial wealth gap. By law, wealthy individuals and corporations have been favored by the US tax code and, subsequently, White Americans remain overrepresented in the highest wealth and income distributions. The accumulation of wealth through this tax-preferential treatment also enables families to provide and pass on gifts and inheritances to their children (and other family) to cyclically perpetuate generational racial wealth inequities (Brown 2021; Chiteji and Hamilton 2002; Nieves et al. 2020; Saez and Zucman 2019; Saez and Zucman 2020).

## DEMOGRAPHIC BREAKDOWN OF ASSETS AND DEBTS:

### The Relationships between Education, Family Formation, Incarceration Status, and Wealth

Table 15 stratifies our sample in terms of educational attainment comparing White families to other racial groups with similar educational attainment. This analysis allows us to descriptively observe the relationship between educational attainment and financial well-being across race and ethnicity. We examine if and how educational attainment relates to asset and debt disparities across race and ethnicity.

Notably, despite the conventional wisdom that racial disparities are the result of educational attainment differences, wealth disparities increase at higher levels of education (Hamilton and Darity 2017). For example, when comparing respondents without bachelor's degrees, White families have $135,700 more wealth than Black families. This gap increases to $260,000 for Black and White respondents with a bachelor's degree.

Unsurprisingly, when it comes to having a bank account, stocks, retirement accounts, or owning a home, respondents of all races and ethnicities with a bachelor's degree are more likely to have these assets than those without a bachelor's degree. For instance, White families with a bachelor of arts (BA) degree or higher were about 1.4 times more likely to own a home than similarly educated Black families.

In terms of family income and net worth, all respondents with a BA or higher had higher income and wealth than their intraracial and ethnic counterparts without a BA (Table 15). However, there were again stark differences between the income and net worth of the various families of the non-White groups compared to White families. While White families with a bachelor's degree had a median family income of $140,000, Black families with a bachelor's degree had 50 percent less income ($70,000) and foreign-born Mexican families with a bachelor's degree had about 42 percent less income at $80,500. With net worth, White families with a BA or higher had a median net worth of $294,000, while the other families had a fraction of that wealth. The median net worth of foreign-born Mexican families with a bachelor's degree or higher was negative at -$13,000. For highly educated Black families, wealth was just $34,000. Puerto Rican families with a BA and US-born Mexican families with a BA fared somewhat better, but White families still had a little over 3.5 times the wealth of similarly educated Puerto Rican families and about 2.9 times the wealth of US-born Mexican families.

**Table 15: Assets By Education**

| | Banked | Stocks | Retirement | Home Ownership | Own Business | Median Family Income | Median Net Worth |
|---|---|---|---|---|---|---|---|
| **Black** *with BA or Higher* | 84%*** | 25%*** | 20%*** | 56%*** | 6% | $70,000*** | $34,000*** |
| **Black** *with Less than BA* | 54%*** | 7%*** | 2%*** | 26%*** | 1%** | $30,000*** | -$1,700*** |
| **Mexican** *Foreign-born with BA or Higher* | 84%* | 25%* | 12%** | 48%* | 0%a | $80,500*** | -$13,000*** |
| **Mexican** *Foreign-born with Less than BA* | 53%*** | 5%*** | 4%*** | 58% | 0%***a | $55,000 | $6,000*** |
| **Mexican** *U.S. Born with BA or Higher* | 93% | 33%* | 24%** | 66% | 3% | $102,600 | $112,000* |
| **Mexican** *U.S. Born with Less than BA* | 72%* | 8%*** | 5%*** | 55% | 2% | $58,000 | $26,000** |
| **Puerto Rican** *with BA or Higher* | 98% | 15%*** | 17%** | 76% | 6% | $110,000 | $83,500*** |
| **Puerto Rican** *with Less than BA* | 65%* | 12%* | 6%** | 40%** | 0%a | $60,000 | $7,000** |
| **White** *with BA or Higher* | 96% | 55% | 52% | 76% | 7% | $140,000 | $294,000 |
| **White** *with Less than BA* | 85% | 32% | 30% | 68% | 5% | $70,000 | $134,000 |

*Source: Color of Wealth in Chicago survey, authors' calculations.*
*Note: The difference in the percentage of noted groups as compared with the percentage of White families is statistically significant at the ***99%, **95%, *90% level.*
a: There were no respondents from these categories in our data who responded that they owned a business. This 0% finding is likely not reflective of the true rates of business ownership, but rather is an artifact of our sample size.

Table 16 presents the percentages of families with payday lending usage and unsecured debts. Overall, White families had lower debts compared to other non-White families.

Among respondents with a bachelor's degree or higher, White families were statistically less likely than Black families to have unsecured debts, such as student or medical, or engage in payday lending loans. The rates for student loan debts among college-educated US-born Mexican respondents (51 percent) were statistically significantly higher compared to college-educated White respondents (28 percent). Compared to college-educated White respondents (34 percent), the percentages of credit card usage among college-educated Black and US-born Mexican families (62 percent and 56 percent, respectively) were statistically higher. In terms of taking loans from relatives, college-educated Puerto Rican respondents (16 percent) were statistically more likely to take loans from their relatives compared to White respondents (4 percent).

Among those with less than a BA degree, we find that White families (8 percent) were less likely to use payday lending compared to Black, US-born Mexican, and Puerto Rican families (16 percent, 16 percent, and 15 percent, respectively). Within the same education category, White families (19 percent) had lower student loans compared to Black families (37 percent). However, the opposite was true for foreign-born Mexican (17 percent) and Puerto Rican (11 percent) families, who had the least debt compared to White families. Black (14 percent) and US-born Mexican (17 percent) families with less than a BA degree were more likely to receive loans from relatives compared to their White counterparts (7 percent) (Table 16).

White families with less than a BA degree had lower median nontangible debts ($10,000) compared to their US-born Mexican counterparts ($12,000) (Table 16). Within the same educational category, the median debts for foreign-born Mexican respondents ($8,000) and Puerto Rican respondents ($8,000) were lower compared to their White counterparts ($10,000). Among Black college-educated families, median nontangible debts were significantly higher ($59,500) than White college-educated families ($25,000).

**Table 16: Debts By Education**

| | Payday Lending | Student Loan Debt | Medical Debt | Legal Debt | Loans From Relative | Credit Card Debt | Median Total Non-Tangible Debt |
|---|---|---|---|---|---|---|---|
| **Black** *with BA or Higher* | 22%*** | 66%*** | 34%*** | 15%*** | 18%*** | 62%*** | $59,500*** |
| **Black** *with Less than BA* | 16%*** | 37%*** | 28% | 6% | 14% | 45% | $9,200 |
| **Mexican** *Foreign-born with BA or Higher* | 9% | 42% | 50%*** | 0%a | 4% | 56% | -b |
| **Mexican** *Foreign-born with Less than BA* | 6% | 17% | 24% | 3% | 11% | 62% | $8,000 |
| **Mexican** *U.S. Born with BA or Higher* | 4%** | 51%** | 20% | 3% | 3% | 56%** | $25,500 |
| **Mexican** *U.S. Born with Less than BA* | 16% | 20% | 32% | 4% | 17%* | 57% | $12,000 |
| **Puerto Rican** *with BA or Higher* | 0%a | 43% | 27% | 0%a | 16%* | 61% | -b |
| **Puerto Rican** *with Less than BA* | 15% | 11% | 19% | 5% | 8% | 63% | $8,000 |
| **White** *with BA or Higher* | 4% | 28% | 12% | 3% | 4% | 34% | $25,000 |
| **White** *with Less than BA* | 8% | 19% | 23% | 6% | 7% | 52% | $10,000 |

Source: Color of Wealth in Chicago survey, authors' calculations.
Note: The difference in the percentage of noted groups as compared with the percentage of comparable White families is statistically significant at the ***99%, **95%, *90% level.
a: There were no respondents from these categories in our data. This 0% finding is likely not reflective of the true rates of legal debt, but rather is an artifact of our sample size.
b: Insufficient number of responses to report

Table 17 stratifies our sample into two marital status subgroups comparing currently married Whites to other racial groups with similar marital status. In terms of assets, White families were significantly more likely to have financial assets (e.g., checking or saving accounts, stocks, and retirement accounts) as well as home ownership compared to Black and Latina/o/e/x families, regardless of marital status.

Similar to education, a conventional wisdom is that racial differences in marriage rates is explanatory of the racial wealth gap. Even among married families, White families were 33 times more wealthy than foreign-born Mexican families, about 6.7 times more wealthy than US-born Mexican families, and 6 times more wealthy than Black married families.[38]

**Table 17: Assets By Family Formation**

| | Banked | Stocks | Retirement | Home Ownership | Own Business | Median Family Income | Median Net Worth |
|---|---|---|---|---|---|---|---|
| **Black** *Currently Married* | 73%*** | 18%** | 7%*** | 68%** | 3% | $72,000*** | $49,000*** |
| **Black** *Not Married* | 58%*** | 10%*** | 7%*** | 21%*** | 2% | $30,000*** | -$3000*** |
| **Mexican** *Foreign-born, Currently Married* | 58%*** | 9%*** | 6%*** | 68%* | 0%a | $56,000*** | $9,000*** |
| **Mexican** *Foreign-born, Not Married* | 50%*** | 3%*** | 3%*** | 34%* | 1%* | $30,000*** | $3,700*** |
| **Mexican** *U.S. Born, Currently Married* | 82%* | 17%*** | 10%*** | 69%** | 4% | $72,000** | $44,500*** |
| **Mexican** *U.S. Born, Not Married* | 73%* | 12%*** | 10%*** | 47% | 1%* | $53,500 | $17,000 |
| **Puerto Rican** *Currently Married* | 87% | 18%** | 14%** | 82% | 4% | $80,000** | $191,000 |
| **Puerto Rican** *Not Married* | 66%* | 9%** | 5%*** | 29%* | 0%a | $39,300 | $5,000*** |
| **White** *Currently Married* | 93% | 48% | 50% | 87% | 8% | $120,000 | $297,000 |
| **White** *Not Married* | 87% | 36% | 30% | 55% | 5% | $60,000 | $72,700 |

Source: Color of Wealth in Chicago survey, authors' calculations.
Note: The difference in the percentage of noted groups as compared with the percentage of comparable White families is statistically significant at the ***99%, **95%, *90% level.
a: There were no respondents from these categories in our data who responded that they owned a business. This 0% finding is likely not reflective of the true rates of business ownership, but rather is an artifact of our sample size.

38 Additionally, research has pointed out how the US tax code deepens racial wealth gaps between White and Black married families, where the joint filing of taxes by spouses privileges wealthier White married spouses in building intergenerational wealth (Brown 2021).

In terms of debts, White families, irrespective of their marital status, were less likely than other families to have unsecured debts and use payday lending excluding nonmarried, foreign-born Mexicans. It's worth noting that, among those who are currently married, Black families consistently had higher debts across all categories compared to their White counterparts. We were unable to detect statistical significance for certain variables, perhaps due at least in part to statistical power and sample sizes. For example, results related to legal debts did not yield significant differences for any of the groups relative to White families, excluding currently married Black families (Table 18).

Within the same racial and ethnic category, married families have higher median nontangible debts than their nonmarried counterparts. Most median nontangible debt values were similar to those of their White married and nonmarried counterparts. The two exceptions were married Black families and nonmarried foreign-born Mexican families. Black married families had higher median nontangible debts than all other categories ($46,000 compared to $4,000 to $14,500). Nonmarried foreign-born Mexican families had the lowest median nontangible debts ($4,000).

**Table 18: Debts by Family Formation**

| | Payday Lending | Student Loan | Medical Debt | Legal Debt | Loans From Relative | Credit Card | Median Total Non-Tangible Debt |
|---|---|---|---|---|---|---|---|
| **Black** *Currently Married* | 25%** | 48%** | 42%** | 17%** | 21%*** | 60% | $46,000 |
| **Black** *Not Married* | 15%*** | 44%*** | 25% | 5% | 12% | 45% | $13,500 |
| **Mexican** *Foreign-born, Currently Married* | 6% | 24% | 30% | 3% | 14%** | 59% | $10,000 |
| **Mexican** *Foreign-born, Not Married* | 8% | 11% | 17% | 1% | 5% | 66%* | $4,000** |
| **Mexican** *U.S. Born, Currently Married* | 6% | 30% | 25% | 2% | 17%*** | 70%** | $14,500 |
| **Mexican** *U.S. Born, Not Married* | 19% | 26% | 31%* | 6% | 9% | 45% | $10,600 |
| **Puerto Rican** *Currently Married* | 4% | 27% | 34% | 0%a | 6% | 78%* | $9,000 |
| **Puerto Rican** *Not Married* | 16% | 15% | 12% | 6% | 13% | 52% | $8,000 |
| **White** *Currently Married* | 3% | 23% | 18% | 5% | 3% | 43% | $15,000 |
| **White** *Not Married* | 9% | 23% | 19% | 5% | 9% | 45% | $14,000 |

Source: Color of Wealth in Chicago survey, authors' calculations.
Note: The difference in the percentage of noted groups as compared with the percentage of comparable White families is statistically significant at the ***99%, **95%, *90% level.
a: There were no respondents from these categories in our data that responded that they had legal debt. This 0% finding is likely not reflective of the true rates of legal debt, but rather is an artifact of our sample size.

The US carceral system (that includes jails, prisons, and detention centers) and policing practices play a pivotal role in the amplification of the racial wealth gaps among Black and Latina/o/e/x communities and those with low wealth. Mass incarceration not only casts a long shadow over an individual's lifetime and livelihood (such as negatively impacting future earnings, educational aspirations, employment prospects, housing security, health status, legal debts, and wealth positions) but also upon the neighborhood, communities, families, and family members associated with incarcerated individuals. An individual with limited resources to navigate the legal criminal system has a higher likelihood of being incarcerated (Harris et al. 2010; Alexander 2021; Zaw et al. 2016; Pettit and Western 2004).

According to an analysis done by Pew Research (2020), the Black population accounted for 12 percent of the US adult population but 33 percent of the prison population. Hispanics represented 16 percent of the US population but 23 percent of the prison population.

In contrast, White people formed 64 percent of the US population but, proportionately, only 30 percent of the prison population.

The distributional effects of COVID-19 were compounded by the effects of incarceration and policing. Research has found that "in Chicago, although Black residents make up only 30 percent of the population, they represent 75 percent of the Cook County Jail population and 72 percent of the city's COVID-19-related deaths" (Reinhart and Chen 2020). In April 2020, Cook County Jail, the nation's second-largest jail, made the national news when it was identified as a major hotspot for COVID-19 outbreaks.[39] Research on "jail churn" (high rates of unnecessary stays in jail for "minor offenses") in March 2020 in Cook County Jail was associated with a 13 percent increase in all COVID-19 cases in Chicago and COVID-19 spread at a disproportionate rate in majority Black and Latina/o/e/x zip codes in Chicago. Ninety percent of Cook County Jail is Black or Latina/o/e/x (Reinhart and Chen 2021).

In our study, respondents were asked if they or an immediate family member had spent time in prison, jail, or reform school. Black families had the highest rates of exposure to incarceration in Chicago at 28 percent. For Puerto Ricans, the rate of incarceration exposure is 12 percent, followed by the US-born Mexican (14 percent) and White (13 percent) families. Families of foreign-born Mexicans had the lowest incarceration exposure rate at 8 percent. The rate of incarceration exposure for Black families is statistically different from those of White families (Table 19).

**Table 19: Incarceration Exposure in Chicago**

| | Respondent or Immediate Family Formerly Incarcerated |
|---|---|
| **Black** | 28%*** |
| **Mexican** *foreign-born* | 8% |
| **Mexican** *U.S. born* | 14% |
| **Puerto Rican** | 12% |
| **White** | 13% |

Source: Color of Wealth in Chicago survey, authors' calculations; US Census Bureau, Bureau of Justice Statistics, 2017.
Note: The difference in the percentage of noted groups as compared with the percentage of White families is statistically significant at the ***99%, **95%, *90% level.

Table 20 stratifies our sample in terms of incarceration exposure comparing White families to other racial groups with similar incarceration status, which allows us to descriptively examine the differential race, ethnic, and nativity relationships between family exposure to incarceration and financial well-being. Due to sample size, we were unable to disaggregate findings for foreign-born Mexican families, US-born Mexican families, and Puerto Rican families. The latter were combined into a broad category of "Latinx."

Notably, White families with a history of incarceration still had higher income ($75,600) than Latinx families with no incarceration ($60,000) and Black families with no incarceration ($38,000). Median net worth for White families with a history of incarceration was also much higher than for the non-White respondent groups without a history of incarceration—White families that reported previous incarceration had a median net worth of $112,000 while Latinx families with no incarceration had just $13,000 and Black families had $1000 in wealth. Among families with incarceration history, wealth was particularly low for Black and Latinx families with net worths under $0 for both groups (-$4,500 and -$2,500 respectively).

39 Overcrowding; inability to practice social distancing or quarantine; exposure to violence and abuse; low-quality medical care; the sharing of soap, phones, and toilets; as well as being more immunocompromised were all contributing factors in higher rates of infections and deaths in prisons, jails, and detention centers. Nationally (by June 2020) the infection rates for incarcerated persons were over five times higher than the US population.

**Table 20: Assets By Incarceration Status Across Racial Groups**

| | Banked | Stocks | Retirement | Home Ownership | Own Business | Median Family Income | Median Net Worth |
|---|---|---|---|---|---|---|---|
| **Black** *with No Previous Incarceration* | 60%*** | 15%*** | 6%*** | 38%*** | 3% | $38,000*** | $1000*** |
| **Black** *with Previous Incarceration* | 66% | 6%** | 9%** | 22%*** | 1%* | $33,300* | -$4,500* |
| **Latinx** *with No Previous Incarceration* | 67%*** | 12%*** | 8%*** | 59%*** | 2%*** | $60,000*** | $13,000*** |
| **Latinx** *with Previous Incarceration* | 61% | 5%*** | 4%*** | 37% | 0%a | $36,000* | -$2,500* |
| **White** *with No Previous Incarceration* | 92% | 44% | 41% | 74% | 6% | $95,000 | $219,000 |
| **White** *with Previous Incarceration* | 80% | 31% | 29% | 56% | 6% | $75,600 | $112,000 |

Source: Color of Wealth in Chicago survey, authors' calculations.
Note: The difference in the percentage of noted groups as compared with the percentage of White family counterparts is statistically significant at the ***99%, **95%, *90% level.
a: There were no respondents from these categories in our data who responded that they owned a business. This 0% finding is likely not reflective of the true rates of business ownership, but rather is an artifact of our sample size.

In terms of debt, a large share of Black families, both with and without a history of incarceration, had student loan debt (50 percent and 42 percent respectively, with the families with no previous incarceration having significantly larger rates as compared to similar White families at 22 percent) (Table 21). Black (25 percent), Latinx (21 percent), and White (9 percent) families with incarceration history were more likely than their same race/ethnicity counterparts without incarceration history to have taken out payday loans, but rates were much higher for all groups as compared to White families. Legal debt was also higher for families with incarceration experience compared to similar race/ethnicity families without incarceration experience; rates for Black and Latinx families were not significantly different as compared to White families. Median nontangible debt was slightly higher for Latinx and White families with incarceration experience ($10,000 and $16,000, respectively) than those without ($8,000 and $15,000). For Black families, however, this was reversed. Black families without incarceration experience ($17,000) had higher median nontangible debt than Black families with no incarceration experience ($10,500). Taken together, even when Black and Latinx families had no experience with incarceration, they generally were financially worse off than White families with incarceration exposure, and this is especially the case when it comes to net worth.

**Table 21: Debts by Incarceration Status across Racial Groups**

| | Payday Lending | Student Loan | Medical Debt | Legal Debt | Loans From Relative | Credit Card Debt | Median Total Non-Tangible Debt |
|---|---|---|---|---|---|---|---|
| **Black** *with No Previous Incarceration* | 13%*** | 42%*** | 25% | 5% | 13%** | 50% | $17,000 |
| **Black** *with Previous Incarceration* | 25%* | 50%* | 40%* | 12% | 19% | 53% | $10,500 |
| **Latinx** *with No Previous Incarceration* | 8% | 23% | 24% | 2% | 11%* | 58%** | $8,000* |
| **Latinx** *with Previous Incarceration* | 21% | 16% | 48%* | 14% | 16% | 72% | $10,000 |
| **White** *with No Previous Incarceration* | 6% | 22% | 18% | 4% | 5% | 44% | $15,000 |
| **White** *with Previous Incarceration* | 9% | 30% | 22% | 9% | 12% | 48% | $16,000 |

Source: Color of Wealth in Chicago survey, authors' calculations.
Note: The difference in the percentage of noted groups as compared with the percentage of White family counterparts is statistically significant at the ***99%, **95%, *90% level.

## POLITICAL SENTIMENTS AND POLICY PROPOSALS

The previous section illustrates that even when non-White families acquire higher levels of education, are married, and/or have no exposure to incarceration, they typically have less wealth than White families. In this section, we report findings based on our surveyed respondents in the Chicago metropolitan area's political participation and political sentiment on various policy proposals that could lead to greater economic inclusion for communities of color.

Most Black, US-born Mexican, Puerto Rican, and White Chicagoans were engaged politically and registered to vote. Only 44 percent of foreign-born Mexicans were registered to vote, likely due, at least in part, to legal eligibility—indeed, 46 percent of foreign-born Mexicans said they were not registered because they do not meet residency requirements (Table 22). Additionally, most participants (83 percent) said they voted in the 2020 presidential election, a rate higher than the 73 percent general population in Chicago (Chicago Board of Election Commissioners, nd).

**Table 22: Percentage of Respondents Who Are Registered to Vote and Voted in 2020**

| | Registered to Vote | Voted in 2020 Election |
|---|---|---|
| **Black** | 94% | 87% |
| **Mexican** *foreign-born* | 44%*** | 43%*** |
| **Mexican** *U.S. born* | 87% | 80%* |
| **Puerto Rican** | 92% | 84% |
| **White** | 93% | 88% |
| **TOTAL** | **87%** | **83%** |

Source: Color of Wealth in Chicago survey, authors' calculations.
Note: Only those who indicated they were registered to vote were asked who they voted for in 2020.
Note: The difference in the percentage of noted groups as compared with the percentage of White families is statistically significant at the ***99%, **95%, *90% level.

Additionally, respondents were asked about three topics (or policy proposals) that could lead to greater economic, social, and political inclusion: (1) a government-funded trust account established at birth, particularly targeted at babies born into low-resourced families, to be used as an adult as capital to purchase an asset for wealth building purposes ("Baby Bonds"); (2) government-funded unconditional cash transfers for low resourced families ("guaranteed income"); and, (3) government-guaranteed health care ("Medicare for All"). We examine the support for these proposals, not only across race, ethnicity, and nativity but, further, stratified by whether the family has high or low wealth.

Our survey asked respondents about investing in wealth building at an early age: "Would you favor or oppose the federal government providing every child at birth a publicly funded trust account, with more generous funding for lower-income families? The money accumulated in the account could later be used by the child to help pay for higher education, housing, or to start a business." (Table 23). This policy, known as "baby bonds," has been proposed in several states and has passed in Washington, DC, and Connecticut (Hamilton 2023).[40]

Overall, there was a plurality of support for all three policy proposals among Black, Puerto Rican, White, and US- and foreign-born Mexican families. There was even considerable support expressed by higher wealth and White respondents. Notably, 58 percent of all respondents in the Chicago region were in favor of baby bonds, with 90 percent of foreign-born Mexican, 82 percent of Black, 70 percent of Puerto Rican, 56 percent of US-born Mexican, and 49 percent of White families indicating support for the policy proposal. For foreign-born Mexican families, the support was at 95 percent (for those below the median net worth) and 89 percent (for those at or above the median net worth). For Black families, the support was at 87 percent (for below median net worth) and 70 percent (for those at or above the median net worth). Levels of support varied across wealth positions—with a 17 percent point difference between US-born Mexican families and Black families,

40 "Why This Economist Wants to Give Every Poor Child $50,000," The Ezra Klein Show (podcast), The New York Times, 2023; also, while not a baby bonds program, the State of Illinois in 2019 enacted a child savings account (CSA) program which sets up a 529 savings account for every child born in the state that can later be used for higher education. See more about the Illinois program here: https://csgmidwest.org/2022/12/14/illinois-opening-college-savings-accounts-for-every-newborn-up-to-50-in-seed-money-per-newborn/. Read the text of the act here: https://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=101-0466.

and a 25 percent point difference for White families.[41] (Table 23)

The survey also asked Chicagoans the following: "Would you favor or oppose the federal government providing a guaranteed income of about $1,000 a month for all adult citizens (regardless of whether they're working)?" (Table 23).[42] Guaranteed income is being piloted in several cities (Mayors for a Guaranteed Income, nd); a three-year guaranteed-income pilot was introduced into the House by Representative Bonne Watson Coleman in 2021 (HR 4342). Simulations of a guaranteed income program (up to $12,500 to families with additional funds for each child) predict the virtual elimination of poverty (for those living under the poverty line, as defined by the federal government) for all racial groups in the US (Zewde et al. 2021).

Notably, 52 percent of all respondents in the Chicago region were in favor of guaranteed income, with 75 percent of Black, 71 percent of foreign-born Mexican, 59 percent of US-born Mexican, 57 percent of Puerto Rican, and 44 percent of White families indicating support for the policy proposal.[43] [44] (Table 23)

Black and foreign-born Mexican families across wealth positions showed significant support for guaranteed income. At or above the median net worth, 59 percent of Black and 64 percent of foreign-born Mexican families favored guaranteed income policies; and below the median net worth, 80 percent of Black families and 73 percent of foreign-born Mexican families supported guaranteed income (Table 23).

For foreign-born Mexican families, the difference in support for this policy, across wealth positions, was 9 percentage points. For Black families, the difference in support for guaranteed income, across wealth positions, was higher at 21 percentage points. Among White families, the difference in support across wealth positions for guaranteed income was 21 percentage points (Table 23).

The survey asked Chicagoans about their support for national health insurance (Table 23).[45] Specifically, the question asked, "Do you think health insurance should be provided through a single national health insurance system run by the government (like Medicare for All), or should it continue to be provided through a mix of private insurance companies and government programs?"

For Medicare for All, 48 percent of all respondents in the Chicago region were in favor, with 66 percent of foreign-born Mexican, 55 percent of Puerto Rican, 53 percent of Black, 48 percent of US-born Mexican, and 45 percent of White families indicating support for the policy proposal. For foreign-born Mexican families, 72 percent (at or above median net worth) and 67 percent (below median net worth) favored the proposal. For Black families, 66 percent (at or above median net worth) and 56 percent (below median net worth) supported Medicare for All (Table 23).

In a national Pew survey that took place in summer 2020, notably, support was highest among foreign-born Mexican families (66 percent), significantly more so than White families (45 percent). A little more than half of Black families (53 percent) were in favor of single-payer health insurance, followed by 55 percent of Puerto Rican families, and 48 percent of US-born Mexican families.

41 The median net worth for the entire Chicago region was $122,800. When disaggregated by race, ethnicity, and nativity we found that the net worth for Black families was $0, foreign-born Mexican families was $6,000, Puerto Rican families was $24,000, US-born Mexican families was $40,500, and White families was $210,000.

42 Cook County in Chicago has a pilot guaranteed-income program that is the largest in the nation and provides "unconditional $500 monthly cash payments to 3,250 low-to-moderate income families in Cook County for a period of two years" (Cook County Government, nd). Information can be found here: https://arpa.cookcountyil.gov/promise-guaranteed-income-pilot-program. In addition, the City of Chicago launched the Chicago Resilient Communities Pilot program to give 5,000 residents $500 a month for a year, with no restrictions on spending. See more here: https://www.chicago.gov/city/en/sites/resilient-communities-pilot/home.html.

43 In contrast, in a Pew summer 2020 national survey, less than half (45 percent) of Americans were in favor of guaranteed income of $1,000 a month.

44 Among families with wealth at or above the median of $122,800, sample sizes were as follows: Black families: 49; foreign-born Mexican families: 24; US-born Mexican families: 67; Puerto Rican families: 17; and White families: 497.

45 Cook County is the first local government entity to use American Rescue Plan Act (ARPA) funds to address medical debt, pledging to use $12 million for this effort. Source: Cook County Government (nd), Cook County Medical Debt Relief Initiative (MDRI), https://arpa.cookcountyil.gov/medical-debt-relief-initiative.

**Table 23: Support for Policy Proposals**

| | Baby Bonds | | | Guaranteed Income | | | Medicare for All | | |
|---|---|---|---|---|---|---|---|---|---|
| | **All** | **Wealth>= Median** | **Wealth< Median** | **All** | **Wealth>= Median** | **Wealth< Median** | **All** | **Wealth>= Median** | **Wealth< Median** |
| **Black** | 82%*** | 70%** | 87%*** | 75%*** | 59%* | 80%*** | 53% | 66%** | 56% |
| **Mexican** *foreign-born* | 90%*** | 89%*** | 95%*** | 71%*** | 64%* | 73% | 66%** | 72%** | 67% |
| **Mexican** *U.S. born* | 56% | 46% | 63% | 59%** | 52%* | 63% | 48% | 32% | 54% |
| **Puerto Rican** | 70%** | – | 68% | 57% | – | 60% | 55% | – | 56% |
| **White** | 49% | 38% | 63% | 44% | 34% | 56% | 45% | 41% | 51% |
| **TOTAL** | 58% | 47% | 71% | 52% | 42% | 63% | 48% | 43% | 53% |

Source: Color of Wealth in Chicago survey, authors' calculations.
Note: Missing values represent insufficient sample size.
Note: The difference in the percentage of noted groups as compared with the percentage of White families is statistically significant at the ***99%, **95%, *90% level.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# SUMMARY AND IMPLICATIONS

The findings from the Color of Wealth in Chicago survey underscores the deep inequities in wealth by race/ethnicity and immigration status in the Chicago metro region. At least since the National Housing Act (NHA) of 1934 that created the Federal Housing Administration (FHA) and facilitated access to long-term low interest low down payment mortgages, home ownership has served as a core asset by which many Americans have been able to attain and grow their net worth and pass down middle-class lifestyles. However, access to the benefits of mortgages with favorable loan terms and subsequently home ownership with the publicly supported wealth building amenities legislated by the NHA and administered by the FHA have never been equally distributed across racial and ethnic groups. Moreover, the COVID-19 pandemic reinforced, deepened, and exposed longstanding racial, geopolitical, and class fault lines of wealth and health inequalities especially for Black and Brown communities in Chicago.

## POLICIES FOR ECONOMIC, SOCIAL, AND POLITICAL INCLUSION

The realization of racial and economic justice depends on upending multiple interconnected structures of inequity and includes resilient public investment measures that center people in racially inclusive and targeted ways.

The Color of Wealth in Chicago study reveals broad public support, across race and ethnicity, for, a few and certainly not extensive, bold interventions in the Chicago region that would have a meaningful impact on racial wealth inequities. Three policy areas: early wealth building (Baby Bonds), guaranteed income, and Medicare for All garnered significant support. Baby Bonds were most favorably supported by foreign-born Mexican families (at 90 percent) and Black American families (at 82 percent). Guaranteed Income proposals were most favorably viewed by Black American families (at 75 percent) and foreign-born Mexican families (at 71 percent). And Medicare for All was most favorably viewed by foreign-born Mexican families (at 66 percent) and Puerto Rican families (at 55 percent).

Many policymakers in the Chicago region are directionally moving toward some elements of these three policies. In fall 2022, Cook County launched the nation's largest guaranteed income pilot program, providing $500 per month in cash payments to 3,250 families over a twenty-four-month period.[46] While the pilot is funded by American Rescue Plan Act (ARPA) recovery dollars, the county has committed to establishing a permanent program after the pilot's completion.[47] While Medicare for All is not yet federal policy, Cook County has taken steps to address the challenge of medical debt, becoming the first jurisdiction to use a portion of its ARPA funds to eliminate medical debt. Policymakers can build on these successes to expand and sustain the number of residents participating in such programs.

Chicago's policymakers could consider joining jurisdictions that are implementing baby bonds. Policies advocating for Baby Bonds have now been proposed in several US states, have legislatively passed in Washington, DC, and Connecticut, and continue to grow in momentum.

In addition to these three policies, Chicago's policymakers should strongly commit to complementary efforts that increase access to sustainable homeownership, build equitable entrepreneurial environments, and build a justice system founded on prevention rather than excessive unjust surveillance, policing, and incarceration.

Racial inequities in homeownership and home equity are ongoing consequences of a long history of redlining, urban renewal, and extractive financial institutions in the Chicago region. Housing policies need to address the multidimensional aspects of housing inequity: protecting renters from eviction and displacement, producing quality affordable homes, increasing access to sustainable homeownership financing and community wealth-building options like equitable community land trusts, and making public investments that bring services and institutions (e.g., parks, libraries, city services, health centers, public colleges, and schools) into racially segregated neighborhoods.[48] [49]

Our report has shown that the experience of being a Black, Mexican (US- and foreign-born), and Puerto Rican individual overdetermines the experience of incarceration, which fuels the systemic cyclical nature of racial wealth inequality. Policies must address ending mass incarceration, wrongful arrests, and excessive punishments in courts; advocate for sentencing reform; end fees and fines; build investments in low-wealth communities and communities of color; expand voting rights for formerly incarcerated individuals; and address policing practices. Reentry support (in areas such as quality employment, health care, housing, and education) is vital, as are investments and policies that aim to ensure that all residents can access good jobs that provide full benefits and opportunities.[50]

Baby bonds, guaranteed income, Medicare for All (and reparations programs aimed at redressing the injustices of the past) are not in conflict nor are they redundant, rather, they fit within a larger vision of a Human Rights Economy where people and communities are empowered with essential goods and services to have authentic agency. Jobs, income, and capital are different dimensions of inequality and well-being and they facilitate one another in a larger concept of the role of governments and finding the particular attributes for which people need resources.

Multiple complementary and simultaneous policies, including those identified in the report, with an eye toward structural and cultural change, are vital for building economic, social, and political inclusion in the Chicago region for Black, Brown, Indigenous, and low-wealth communities.

46 The Promise Guaranteed Income Pilot Program: https://arpa.cookcountyil.gov/promise-guaranteed-income-pilot-program

47 https://www.cookcountyil.gov/news/president-preckwinkle-announces-cook-county-promise-guaranteed-income-pilot#:~:text=The%20pilot%20is%20the%20nation%27s,3%2C250%20residents%20for%20two%20years

48 https://racepowerpolicy.org/measuring-what-matters/measuring-what-matters-chicago/

49 To address inequities in business ownership and success, policymakers need to ensure fair opportunities to access the capital, information, and networks needed to start, grow, and sustain a business. Research on the Paycheck Protection Program (PPP) has pointed out that PPP policies that are not race-conscious and designed to reach very small businesses and sole proprietorships (the majority of businesses owned by non-White people and/or women-owned) will fail. Approximately 66 percent to 77 percent of the PPP funds went to business owners and shareholders of higher-income families (Autor et al. 2022). Almost "95 percent of Black-owned firms" and "91 percent of Latino-owned firms" are sole proprietorships (CRL 2020). Realizing equity requires meaningful support for small businesses to help start, grow, and sustain as well as the adoption of inclusive procurement and contracting policies that make it possible for small businesses owned by non-White people and/or are women-owned to access larger markets for their goods and services. This type of support can lead to generational wealth building.

50 In July 2023, Illinois became the first state in the US to end cash bail via the Fairness in Pretrial Act.

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