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Racial Inequality in Chicago: Income and Education

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Richard Melstrom and Cassidy Redding

Introduction

Chicago is a racially diverse but highly segregated city. This segregation developed as a result of attitudes, actions and policies aimed at erecting barriers to residential mobility and racial integration, such as bank redlining, discriminatory lending, and city zoning that limited opportunity for Black residents to secure mortgages and protect housing values. This has led to pronounced levels of racial economic inequality. In fact, the racial wealth gap has widened more substantially in Chicago than the rest of the United States.¹ Similar levels of inequality can be found in terms of income. The average Black household income is only 63% of average white household income.² Economic inequalities are produced by and contribute to racial segregation, by limiting the affordability of housing and re-investment resources among disadvantaged race groups.

In this fact sheet, we present key statistics on differences in residential location, income and education by between Black and white Chicago residents. Statistical summaries of income by race groups are generally not reported at the city or neighborhood level. We fill this knowledge gap by summarizing population and income statistics of Black and white households reported in the 2018 American Community Survey (ACS). The ACS publishes these statistics at the census tract level. Chicago contains more than 800 census tracts. In the next section, which we reference by their corresponding numbers.

Difference in Median Incomes Across Community Areas by Race

Overall, there is a substantial difference in Black and white households' income in Chicago. Although the range in median income across census tracts is quite similar between these groups (\$5,000 to \$247,888 for Black households, \$5,000 to \$235,536 for white households), in most census tracts Black households earn much less than white households. The average difference in median income between Black and white households is \$19,002.

Figure 1 shows income differences summarized by Chicago community areas (see Appendix for all community area numbers). Each bar indicates the average tract-level median household income by race group in a community area. By this measure, white household incomes exceed median Black household incomes in most areas of the city. The most equal community areas are West Pullman (53 – see Figure 2) and Dunning (17). Note that these community areas are highly segregated: 93% of West Pullman residents are Black, and only 2% of Dunning residents are Black. Near South Side (33) has the largest average disparity between the median income of white and Black households at approximately \$92,500. This community area, which has experienced substantial gentrification over several decades, is 47.5% white and 24.5% Black. In several community areas the Black-white gap is opposite the rest of the city (i.e. Black residents making more than white residents). These community areas also tend to be highly segregated with only a few Black households with very high incomes present. In Norwood Park (10), the difference is -\$91,000, but the population is only 1% Black.

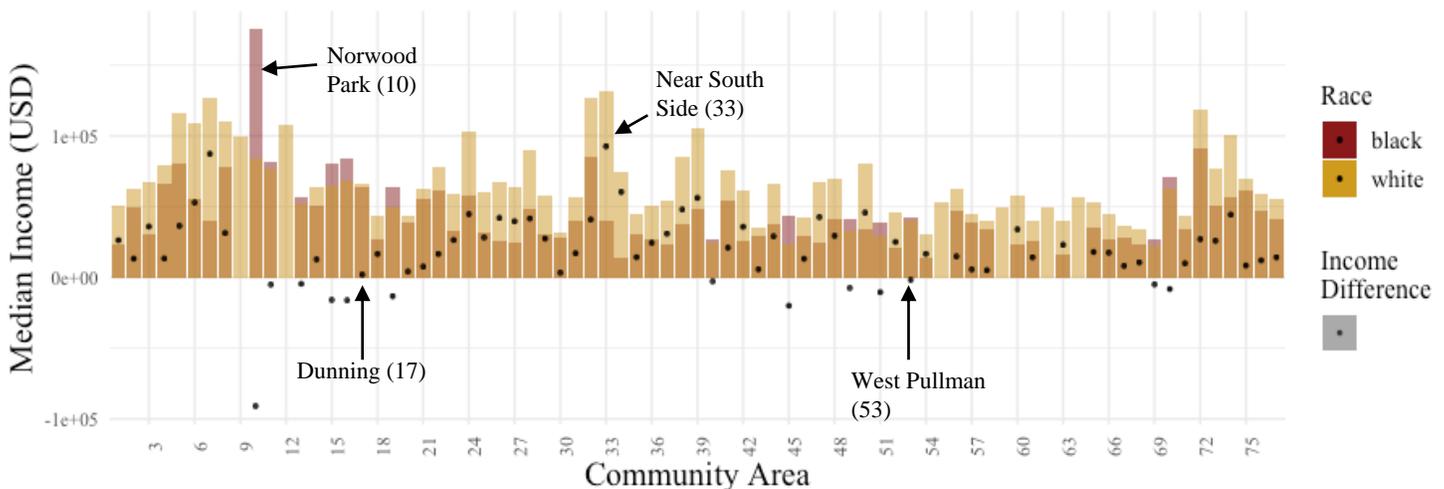


Fig. 1 – Community area average tract-level median household incomes, separated by race group. The dots show the difference between the medians in each group in each community area (see Appendix 1 for complete list of community areas on axis).

Income and Education

Income differences between Black and white residents exist even controlling for college education. In 67% of the tracts where at least half of both Black and white populations held college degrees, white residents typically made more than Black residents in 2018.

Many more white than Black residents in Chicago have received a college education. Across census tracts, 33% of white residents at least 25 years old hold a college degree, compared to 25% of Black residents at least 25 years old. This difference can explain part but not all income inequality by race.

Figure 3 presents a scatter plot of median household income and percent college education by race in Chicago's census tracts. The figure clearly shows a positive association between income and education: the larger the share of Black or white residents with a college degree in a tract, the higher income tends to be for that group of residents. This is true regardless of race. The figure also illustrates the disparity in income and education between these two groups. For white residents, there is a loose group of census tracts in the upper right of the graph where most (white) residents hold a college degree and earn income in the \$50,000-\$150,000 range. In contrast, for Black residents, there is a compact group of census tracts in the lower left of the graph where most (Black) residents earn less than \$50,000 and do not hold a college degree.

Income inequality between race groups is greatest when Black residents do not hold a college degree,

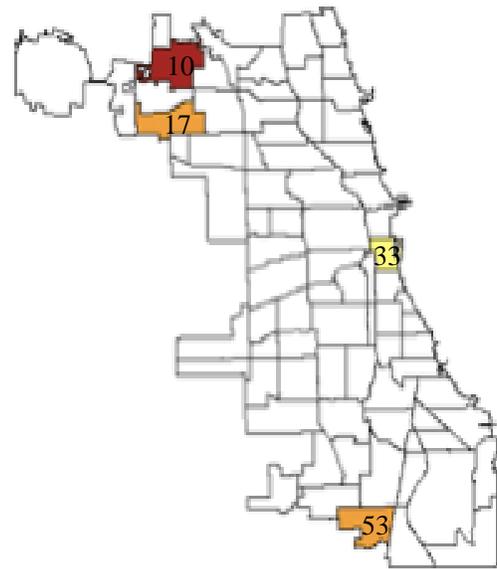


Fig. 2 – Map of Chicago community areas, where 17 and 53 have the most equal median incomes between white and Black households, 33 has the largest disparity between white and Black households (white households earning more), and 10 has the largest disparity with Black households earning more.

regardless of white residents' college degree status. In tracts where either less than 50% of Black or white residents hold a college degree, white residents' median household incomes are typically higher (even though in these tracts Black residents are slightly more likely to hold a college degree).

References

1. Grabinsky, Jonathan and Reeves, Richard V. *The most American City: Chicago, Race, and Inequality*. Brookings. 21 Dec. 2015.
2. Schaeffer, Katherine. *6 Facts About Economic Inequality in the US*. Pew Research Center. 7 Feb. 2020.

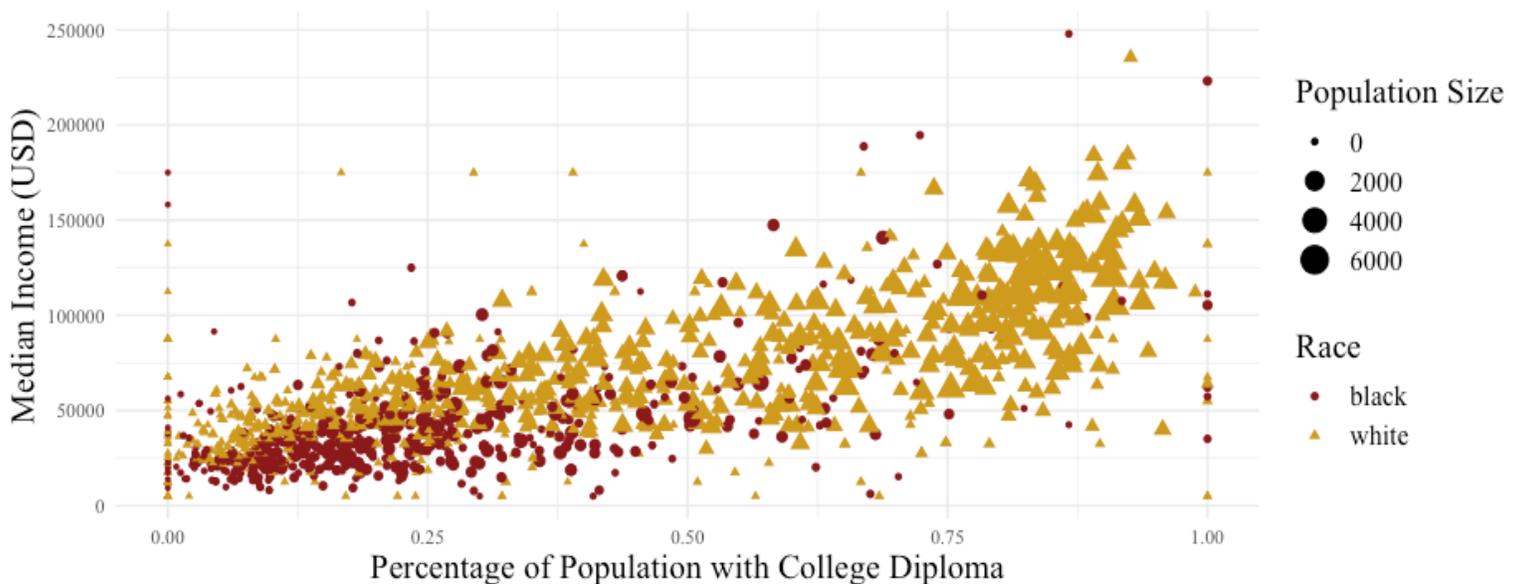
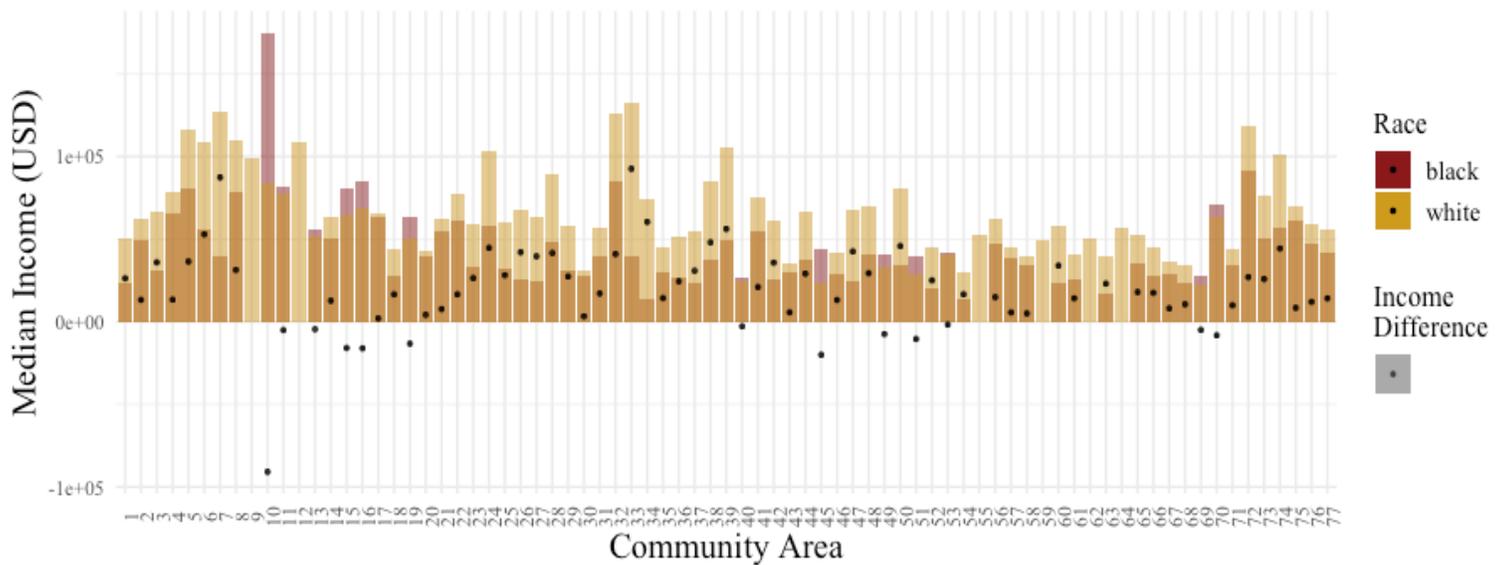


Fig. 3 – Median income and percent college education of Black and white residents' in Chicago census tracts

Appendix



Appendix 1 – Community area average of tract-level median household incomes, separated by race group. The dots show the difference between the averages in each group in each community area. All community area numbers are shown on x-axis.

- | | | |
|-------------------------|-------------------------|-----------------------------|
| 1 – Rogers Park | 27 – East Garfield Park | 53 – West Pullman |
| 2 – West Ridge | 28 – Near West Side | 54 – Riverdale |
| 3 – Uptown | 29 – North Lawndale | 55 – Hegewisch |
| 4 – Lincoln Square | 30 – South Lawndale | 56 – Garfield Ridge |
| 5 – North Center | 31 – Lower West Side | 57 – Archer Heights |
| 6 – Lake View | 32 – The Loop | 58 – Brighton Park |
| 7 – Lincoln Park | 33 – Near South Side | 59 – McKinley Park |
| 8 – Near North Side | 34 – Armour Square | 60 – Bridgeport |
| 9 – Edison Park | 35 – Douglas | 61 – New City |
| 10 – Norwood Park | 36 – Oakland | 62 – West Elsdon |
| 11 – Jefferson Park | 37 – Fuller Park | 63 – Gage Park |
| 12 – Forest Glen | 38 – Grand Boulevard | 64 – Clearing |
| 13 – North Park | 39 – Kenwood | 65 – West Lawn |
| 14 – Albany Park | 40 – Washington Park | 66 – Chicago Lawn |
| 15 – Portage Park | 41 – Hyde Park | 67 – West Englewood |
| 16 – Irving Park | 42 – Woodlawn | 68 – Englewood |
| 17 – Dunning | 43 – South Shore | 69 – Greater Grand Crossing |
| 18 – Montclare | 44 – Chatham | 70 – Ashburn |
| 19 – Belmont Cragin | 45 – Avalon Park | 71 – Auburn Gresham |
| 20 – Hermosa | 46 – South Chicago | 72 – Beverly |
| 21 – Avondale | 47 – Burnside | 73 – Washington Heights |
| 22 – Logan Square | 48 – Calumet Heights | 74 – Mount Greenwood |
| 23 – Humboldt Park | 49 – Roseland | 75 – Morgan Park |
| 24 – West Town | 50 – Pullman | 76 – O’Hare |
| 25 – Austin | 51 – South Deering | 77 – Edgewater |
| 26 – West Garfield Park | 52 – East Side | |

Appendix 2 – List of community areas and their corresponding numerical assignments.