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Racial Inequality in Chicago: Income and Education

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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. Similar levels of inequality can be found in terms of income. The average Black household income is only 63% of average white household income. Economic inequalities are produced by and contribute to racial segregation, by limiting the affordability of housing and reinvestment 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, 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**

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.