

Federal Reserve Bank of Boston

The Color of Wealth in Boston

A Joint Publication with Duke University and The New School



Federal Reserve Bank of Boston

The Color of Wealth in Boston

A Joint Publication with Duke University and The New School

The information, analyses, and conclusions set forth are those of the individual authors and do not necessarily indicate concurrence by the Board of Governors of the Federal Reserve System, the Federal Reserve Banks, or members of their staffs.

Authors

Ana Patricia Muñoz

Marlene Kim

Mariko Chang

Regine O. Jackson

Darrick Hamilton

William A. Darity Jr.

Acknowledgments

This project is made possible by the generous support of the Ford Foundation's Building Economic Security Over a Lifetime (BESOL) initiative and the Federal Reserve Bank of Boston. William A. Darity Jr. (Research Network on Racial and Ethnic Inequality at the Duke Consortium on Social Equity, Duke University) and Darrick Hamilton (Milano School of International Affairs, Management, and Urban Policy at The New School) serve as primary investigators; Kilolo Kijakazi served as the Ford Foundation's program officer. The National Asset Scorecard for Communities of Color–Boston project manager is Ana Patricia Muñoz (Federal Reserve Bank of Boston).

The authors are grateful to Prabal Chakrabarti, Erin Graves, Jeff Fuhrer, and Anna Steiger (Federal Reserve Bank of Boston); Ray Boshara (Federal Reserve Bank of St. Louis); and Tatjana Meschede (Brandeis University and visiting scholar at the Federal Reserve Bank of Boston) for reviewing this report and providing valuable insights and feedback. Rebecca Leung provided excellent research assistance. Marcin Hitczenko (Federal Reserve Bank of Boston) and Kobi Abayomi (Columbia University) provided helpful methodological suggestions. Tom M. Guterbock (University of Virginia) directed the survey collection process.

The views expressed in this report are solely those of the authors and do not necessarily represent those of the Ford Foundation, the Federal Reserve Bank of Boston, or the Federal Reserve System.

Additional talent that went into this publication:

Copyeditor:

Beth Magura

Illustrator:

Ken Dubrowski

Visit www.bostonfed.org/commdev

The Color of Wealth in Boston

Table of Contents

Summary of Findings1

Introduction3

Demographic Changes in the Boston MSA4

Methodology8

Assets, Debt, and Net Worth Estimates10

The Implications of Racial Disparities22

About the Authors24

References25

Endnotes28

Appendix31

Abstract

The widening wealth gap in the United States is a worrisome sign that millions of families nationwide do not have enough in assets to offer better opportunities for future generations. Wealth allows families to make investments in homes, in education, and in business creation. On the basis of data collected using the National Asset Scorecard for Communities of Color (NASCC) survey, we report that, when analyzed by race, wealth accumulation is vastly unequal. By means of the NASCC survey, researchers have collected, for the first time, detailed data on assets and debts among subpopulations, according to race, ethnicity, and country of origin—granular detail ordinarily unavailable in public datasets. In this analysis we focus on estimates for U.S. born blacks, Caribbean blacks, Cape Verdeans, Puerto Ricans, and Dominicans in the Boston Metropolitan Statistical Area (MSA). Our analysis shows that with respect to types and size of assets and debt held, the data collected on white households and nonwhite households exhibit large differences. The result is that the net worth of whites as compared with nonwhites is staggeringly divergent.

Summary of findings

- While it has been common to lump the experiences of all blacks and all Hispanics together, in fact, subcategories of blacks and Hispanics—for example, Puerto Ricans and Dominicans, or U.S. blacks and Caribbean black immigrants—exhibit important differences. The level of detail needed to differentiate among these groups has not been available until the implementation of the NASCC survey.
- There exist key differences in liquid assets, which may be thought of as representing buffers to income and expenditure shocks. The typical white household in Boston is more likely than nonwhite households to own every type of liquid asset. For example, close to half of Puerto Ricans and a quarter of U.S. blacks are unbanked (that is, they do not have bank accounts) compared with only 7 percent of whites. For every dollar, the typical white household has in liquid assets (excluding cash), U.S. blacks have 2 cents, Caribbean blacks 14 cents, and Puerto Ricans and Dominicans less than 1 cent.
- Whites and nonwhites also exhibit key differences in less-liquid assets that are primarily associated with homeownership, basic transportation, and retirement or health savings. While most white households (56 percent) own retirement accounts, only one-fifth of U.S. and Caribbean blacks have them. Only 8 percent of Dominicans and 16 percent of Puerto Ricans have such accounts. Most whites—79 percent—own a home, whereas only one-third of U.S. blacks, less than one-fifth of Dominicans and Puerto Ricans, and only half of Caribbean blacks are homeowners.
- Although members of communities of color are less likely to own homes, among homeowners they are more likely to have mortgage debt. Nonwhite households are more likely than whites to have student loans and medical debt.
- Thus nonwhites are likely to experience far more short-term financial disruptions due to their lack of liquid buffer assets. They are also more likely to experience much poorer longer-term housing and retirement outcomes as a consequence of their lack of homeownership, housing equity, and retirement savings. The result is that the net worth of whites as compared with nonwhites is staggeringly divergent.

- Nonwhite households have only a fraction of the net worth attributed to white households. While white households have a median wealth of \$247,500, Dominicans and U.S. blacks have a median wealth of close to zero. Of all nonwhite groups for which estimates could be made, Caribbean black households have the highest median wealth with \$12,000, which is only 5 percent of the wealth attributed to white households in the Boston MSA.
- In the coming decades, a significant rise in the share of nonwhite populations is projected nationwide. Population growth in the Boston MSA is already driven by the nonwhite population increase. Thus, the financial well-being of communities of color is central to ensuring the inclusive long-term growth and prosperity of the Boston MSA. Unless net worth outcomes in communities of color improve, the aggregate magnitude of the wealth disparity will increase. This is a first-order public policy problem requiring immediate attention.

Introduction

The widening wealth gap in the United States is a worrisome sign that millions of families nationwide do not have enough in assets to offer better opportunities for future generations. Wealth (or net worth) provides a more complete picture of the disparity than the narrower measure of income. While income is a flow that provides a snapshot of a family's resources at a given point in time, wealth reflects the stock that a family accumulates over the long term. Whereas income helps families cover their current needs, wealth allows them to make investments in homes, in education, and in business creation. It provides safety during times of family crisis or economic insecurity, such as during a stretch of unemployment or when a family member faces a serious illness. Without being able to draw upon assets such as savings accounts, a head of household must pay for his or her family's financial needs from current or future income (that is, by borrowing)—which, for many in the United States, is often insufficient to cover large and critically important unexpected expenses.

Yet wealth accumulation is vastly unequal in the United States, with a small population owning most of the wealth (Saez 2014). Such wealth disparities are problematic in this country. Nationally and regionally, economic growth would be greater if wealth were dispersed more evenly, some economists argue (Rugaber 2013). Even Federal Reserve Chair Janet Yellen has stated that “the extent of and continuing increase in inequality in the United States greatly concerns” her. She has asked whether this trend of widening wealth inequality “is compatible with values rooted in our nation's history, among them the high value Americans have traditionally placed on equality of opportunity” (Yellen 2014). In addition, wealth is transmitted intergenerationally—with the few who own wealth bequeathing inheritances and house down payments to their progeny, which serves to perpetuate inequality in wealth and impede social mobility for those who are not similarly advantaged.

As this report will show, accrual of wealth is vastly unequal when race is taken into account. In part, racial differences in net worth are derived from racially based differences in income because nonwhites generally earn less (Gittleman and Wolff 2007). But racial differences in income and racial differences in wealth are only weakly correlated. Rather, the racially based gulf in wealth accumulation widens as income increases (Tippett et al. 2014, see Figure 1) and because wealth differences reflect an accumulated lifetime of income disparities, compounded by asset returns (or lack thereof), the racial wealth gap is much greater than the income differences. Over the past 30 years, this gap has widened (McKernan et al. 2013). Furthermore, nonwhites seem to have fewer opportunities than whites to build wealth by means of income gains (Shapiro et al. 2013). In addition, intergenerational transmission of wealth and the opportunities this provides are unequal when race is taken into account. Black families who attain higher levels of income typically have greater transfer demands from their less well-off kin networks in comparison to their white peers, further reducing the resources earmarked for savings (Chiteji and Hamilton 2002; Heflin and Pattillo 2000). Furthermore, intergenerational transmissions of wealth and the opportunities these provide are also unequal by race (Blau and Graham 1990; Menchik and Jianakoplos 1997; Gittleman and Wolff 2007). Consequently, nonwhites have more limited opportunities—lacking parents who can provide college educations, down payments, or inheritances. Wealth disparity on the basis of race will persist in part because of lower rates of intergenerational transmission of assets.

Acknowledging the existence of differing levels of net worth transmission and striving to implement policies that help to level the playing field are of greater importance than ever, given the rapid growth of communities of color across the nation. This report examines racial wealth inequality in the Boston MSA and discusses its implications. Using the NASCC survey, we have examined subpopulations by race, ethnicity and country of origin. The NASCC survey has addressed two shortcomings of the public datasets (see Appendix for more information) that have data on assets and debts, that is, a lack of information (1) for small geographic areas and (2) for race, ethnicity and/or ancestral origin. Because relevant geographic distinctions exist within asset markets and variations exist in racial composition across geographies, the NASCC survey was designed to collect data at the level of the metropolitan statistical area. In addition, because nonwhite groups are not monolithic, the NASCC survey gathered more detailed data, such as country of origin for certain groups.¹

This report provides a brief overview of the demographic changes in the Boston MSA, revealing the growing presence of nonwhite groups. The second section summarizes the NASCC methodology, and the third part analyzes asset and debt ownership and estimates the wealth position of various communities of color in the Boston metro area. The last section discusses the implication of racial disparities.

Demographic Changes in the Boston MSA

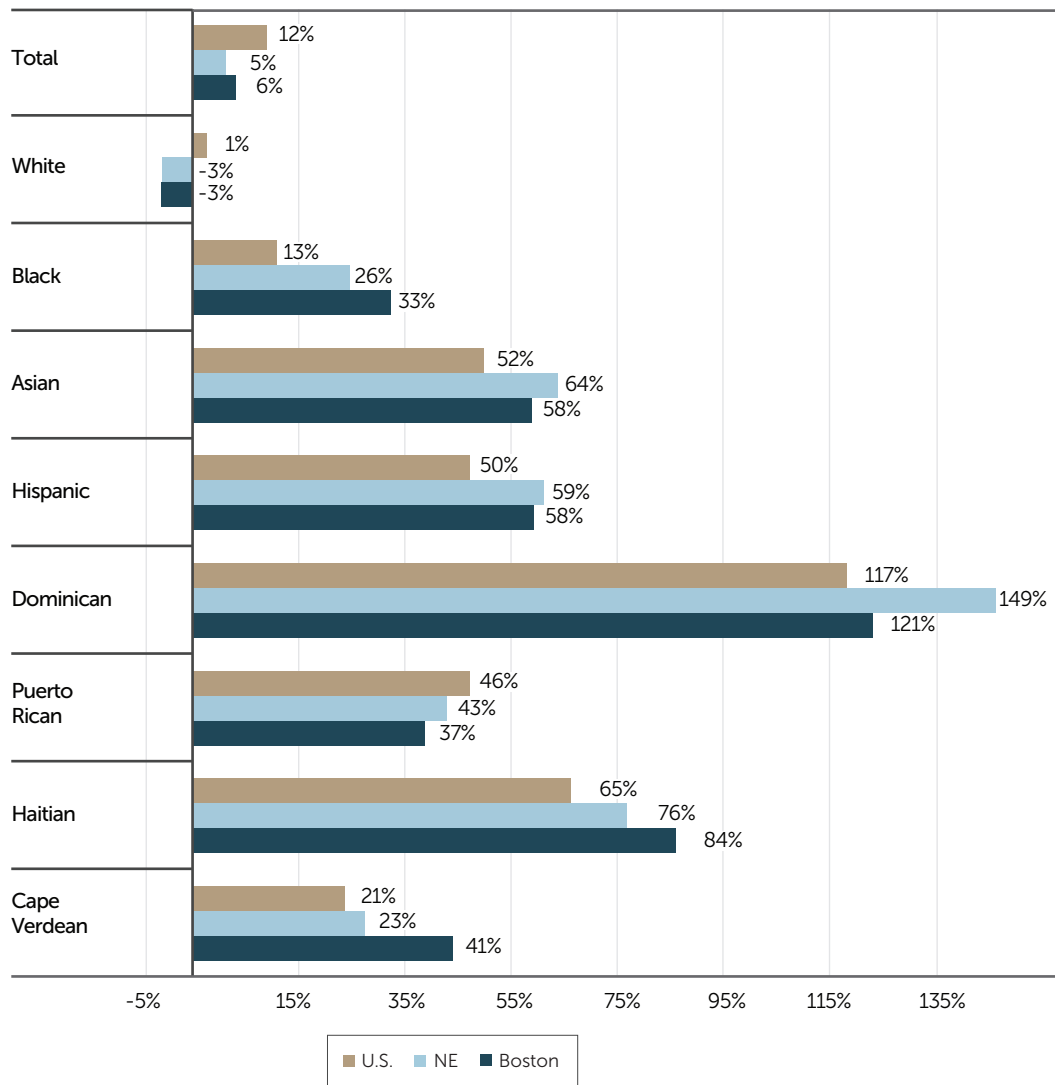
The Boston MSA, which is home to 4.6 million residents and accounts for almost one-third of New England's population,² has experienced noteworthy demographic changes over the past decade or so. The non-Hispanic white population declined 3 percent from 2000 to 2012.³ During the same period, the number of Asian and Hispanic residents in the Boston MSA increased 58 percent and the number of non-Hispanic blacks increased 33 percent.⁴ According to recent estimates, Hispanics accounted for 10 percent of the total population, up four percentage points since 2000. The proportion of non-Hispanic black residents in the Boston MSA increased from 6 to 7 percent.⁵

The nationality and ethnic breakdown within these broadly defined racial and ethnic groups is a distinctive feature of the Boston MSA. According to the 2012 U.S. Census, of the 368,133 black residents in the metropolitan area, 34 percent (126,200) were foreign born and 10.5 percent (38,686) were of Hispanic origin.

The origin of most Hispanics in the Northeast is also distinct from what is found in the rest of the United States. In the country as a whole, Mexicans represented more than two-thirds of the Hispanic population, whereas they accounted for less than 7 percent in the Boston metro area. The two largest Hispanic groups in the Boston MSA were Puerto Ricans and Dominicans, who represented 29 percent and 23 percent of the Hispanic population, respectively.⁶ The number of Dominicans grew 121 percent to 100,850 from 2000 to 2012, the largest percentage increase of any group in the Boston metro area (Figure 1).

Two other groups living in the Boston metropolitan area, whose numbers are on the rise, were Haitians and Cape Verdeans. Close to 9 percent of Haitians living in the United States—about 75,600—resided in the Boston MSA. The concentration of Cape Verdeans was even greater, with about 45 percent of the 87,000 Cape Verdeans living in the United States residing in the Boston metro area.

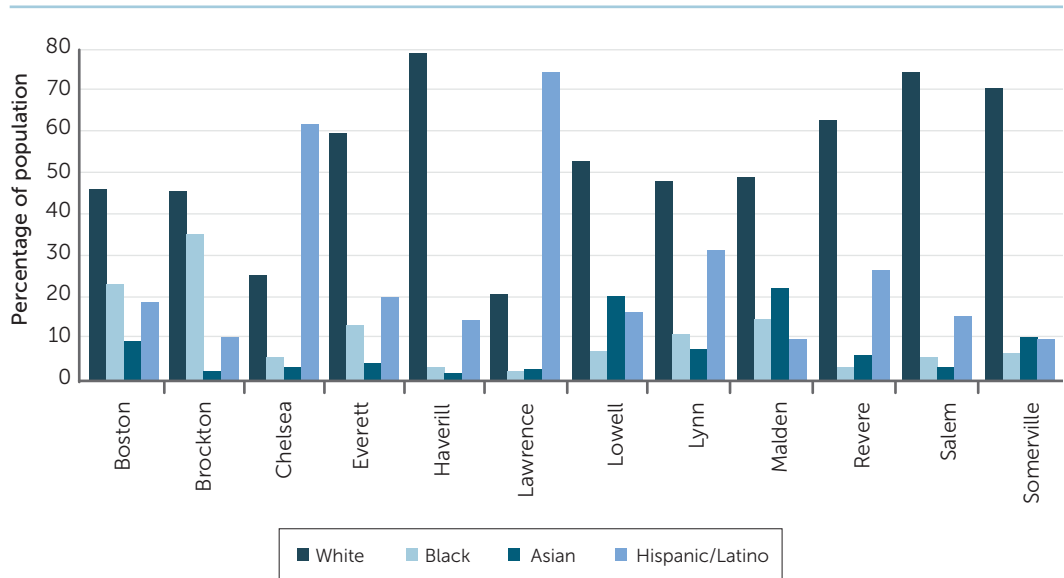
Figure 1.
Population change, 2000-2012, U.S., New England and Boston MSA



Source: U.S. Census Bureau, American Community Survey 2012, 1 year estimates

These groups were not distributed evenly in the cities and towns of the Boston MSA. Although overall the Boston metro area was 74 percent white, the city of Boston and most gateway cities (or “working cities”)⁷ in the Boston metropolitan area have high concentrations of nonwhite populations. On average, only 53 percent of the population in working cities located in the metro area was white, whereas in the city of Boston whites constituted approximately 46 percent of the residents. The highest concentration of black residents was found in the city of Boston; and in Brockton, more than one-third of the population was black. The majority of the population in Chelsea (62 percent) and Lawrence (74 percent) was Hispanic. In addition, close to 30 percent of the population in Lynn and Revere and 20 percent in Everett were Hispanic. In Lowell and Malden, Asians accounted for about 20 percent of residents (Figure 2).

Figure 2.
Percentage of total population by race and ethnicity, 2012, for Boston and working cities



Source: U.S. Census Bureau, American Community Survey 2012, 1 year estimates

What's behind the numbers?

A closer look at the population in the Boston metropolitan area revealed the distinctive characteristics of its communities of color and their histories, which have implications for better understanding inequality in the accrual of wealth. Our analysis confirmed that the nonwhite population is far from homogenous.

Since the end of World War II, the region and the MSA have attracted growing numbers of Latin American, Caribbean, Asian, and African immigrants. As of 2012, close to 17 percent of the population of the Boston MSA was foreign-born and less than 20 percent of these immigrants came from Europe.⁸ Migrants from Haiti, China, Vietnam, the Dominican Republic, Cape Verde, Jamaica, Brazil, El Salvador, and Colombia have contributed significantly to the increase in Boston's foreign-born population.

Compared with Asians and Latin Americans, black immigrants from the Caribbean and Africa were still a relatively small group, accounting for less than 10 percent of 40 million immigrants nationwide and for 15 percent of nearly 775,000 foreign-born residents in the Boston area. But roughly one-third of blacks in the Boston MSA were immigrants, compared with nearly 9 percent nationwide.

Violet Johnson's book *The Other Black Bostonians: West Indians in Boston, 1900–1950* focuses on the West Indian community that began to take shape in Boston on the eve of World War I (Johnson 2006). This mostly black and working class migration of both men and women (unlike the privileged mulatto men who preceded them in late 19th century) grew into a visible presence until the Immigration and Nationality Act of 1952 (also known as the McCarran-Walter Act) denied Afro-Caribbeans the right to take advantage of the quotas set for Great Britain. Johnson credits the United Fruit Company, headquartered in Boston, for

setting in motion the estimated 5,000 émigrés from the English-speaking Caribbean colonies—mainly Barbados, Jamaica, and Montserrat—that eventually settled in Greater Boston.

Today 50 percent of Boston's Caribbean population is made up of Haitian immigrants and their descendants. The earliest wave of Haitian immigrants began to arrive in Massachusetts as early as 1950 (Jackson 2011). The registered population, statewide, increased twofold in 1970. By the late 1970s, pockets of Haitians could be identified in various sections of the city, and in the early 1980s these communities began to crystallize. There are sizeable clusters of Haitians residing throughout the southern precincts of the City of Boston, in the suburbs of Milton, Randolph, and Brockton, as well as in other cities in the larger metropolitan area, such as Cambridge and Somerville. Jackson argues that the two- and three-decker homes widely available in Dorchester for \$24,000 to \$26,000 in the 1970s, helped to stabilize the Haitian community, creating a new class of homeowners and landlords that gave Haitian renters a low-cost alternative to public housing (Jackson 2011; see also Jackson 2007).⁹

African immigrants and refugees also contributed to the diversity of the black community. Cape Verdeans are the African immigrants of longest duration in the city and the greatest in number. The first voluntary African emigrants to the United States, they began arriving in the area in the 1900s to work in the whaling industry. As Gibau notes, "There are Cape Verdeans who came to the U.S. twenty years ago and others who have just arrived a few months ago. Likewise, there are Cape Verdeans who were born in Boston fifty years ago and others just two years ago" (Gibau 2008, p. 263).

Unlike New Bedford, MA, or Providence, RI, there are more Cape Verdean immigrants living in the Boston area than second- and third-generation Cape Verdean Americans. Their numbers increased as a result of post-1965 and especially post-independence (1975) relocations to the area (Ibid.). Since the 1950s, the American-born Cape Verdeans of Boston migrated from the smaller South Shore communities of Massachusetts, such as Taunton and New Bedford, and also from Cape Cod (Gibau 2008).

Likewise, Hispanics are not a monolithic group. Puerto Ricans arrived in the region in great numbers after World War II. According to Hernandez (2006), as the original Hispanics, Puerto Ricans were instrumental in laying the groundwork for the metropolitan area's Hispanic community. As U.S. citizens, Puerto Ricans were spared problems with visas, had access to social services, and could vote. It was not till the 1980s that diversity in the Hispanic population of Boston became visible for the first time (Uriarte et al. 2003) as Dominican immigrants began to arrive. The Dominican population grew more slowly (Hernandez 2006). Central Americans from El Salvador are the more recent arrivals.

A brief history of Boston's heterogeneous population suggests the likelihood of a wide array of economic positions and prospects among these diverse racial and ethnic groups in metropolitan Boston.

Methodology

A research initiative known as the National Asset Scorecard for Communities of Color (NASCC) has embarked on the design and implementation of a pilot survey in targeted metropolitan areas to collect data about the asset and debt positions of racial and ethnic groups at a detailed ancestral origin level. In the past, other efforts have studied the net worth position of broadly defined ethnic groups, such as Latinos or Asians taken collectively. In contrast, the NASCC survey collects asset and debt information on key subgroups within the broader categories—from such subgroups as Mexicans, Puerto Ricans, and Cubans or Asian Indians, Chinese, Filipinos, Koreans, Vietnamese, and Japanese. The NASCC data collection also includes information about native Americans, disaggregated by tribal affiliation, and about black Americans, disaggregated by ancestral origin, that is, whether from the Caribbean or recently from the African continent. To date, little had been known about the asset positions of these subgroups.

The survey was conducted in the Boston MSA and in four other metropolitan areas (Los Angeles, CA; Miami, FL; Tulsa, OK; and Washington, DC). These areas were chosen using a systematic approach to ascertain the geographic and demographic national representativeness of the ethnic groups defined at the ancestral origin level. Criteria for choosing metropolitan areas to be included in the sampling were primarily ethnic plurality and other variables such as geographical representation, area size, and access to certain ethnic groups that might be hard to identify in an urban context.

The survey instrument was designed primarily to gather information about a respondent's specific assets, liabilities, financial resources, and personal savings and investment activity at the household level. Net worth is estimated by subtracting debts from assets. Assets included financial assets (savings and checking accounts, money market funds, government bonds, stocks, retirement accounts, business equity, life insurance) and tangible assets (houses, vehicles, and other real estate). Debts included credit card debt, student loans, installment loans, medical debt, mortgages, and vehicle debt.

Additional areas of inquiry included remittance behavior, that is, sending assets or other resources abroad, and support for relatives in the United States. In addition, the survey collects information on home ownership, foreclosure experiences, and the equity status of homes. The survey also solicits additional information relevant to the financial experiences of lower wealth nonwhite individuals, such as the use of payday lenders. Core demographic characteristics, such as age, sex, educational attainment, household composition, nativity, income, and family background, are included in the survey.¹⁰

The asset and debt module of the questionnaire replicates questions used in the Panel Study of Income Dynamics (PSID), the longest running national longitudinal household survey that collects data on employment, income, wealth, expenditures, health, marriage, education, and numerous other topics. For the non asset and debt-based questions, the NASCC survey replicated many questions found on the Multi-City Study of Urban Inequality (MCSUI) survey, which in the early 1990s was a cross-sectional four-city survey aimed at gathering socioeconomic data across ethnic and racial groups.

Various sampling techniques were used to locate and identify an ethnically plural sample consisting of the specifically defined ethnic groups. The techniques included the following: directory-listed landline samples targeted to census tracts where specific ethnic

groups were known to reside; cell phone random digit dialing samples drawn from rate centers that covered the targeted ethnic group ZIP codes; samples drawn from targeted ZIP codes on the basis of billing address; and the use of surname-based lists targeting specific national origin groups.

Race and ethnic identity for this study was based on self-identification of the family respondent best qualified to discuss family financial matters. The statistics in the sample used weights based on family characteristics in the U.S. Census Bureau's American Community Survey to generate results representative of specific ethnic group characteristics in the respondent's metropolitan area of residence. Overall, the results computed from the unweighted NASCC sample are not dissimilar from those using the weighted NASCC sample, suggesting that the specific ethnic group observations in the metropolitan areas covered by the study were fairly representative of their populations at large.

The 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, chiefly housing prices, associated with particular geographic areas.

The Boston sample targeted five nonwhite groups: multigenerational African Americans (referred here as U.S. blacks), Caribbean blacks (including Haitians), Cape Verdeans (both black and white), Puerto Ricans, and Dominicans.¹¹ The sample also collected information on whites. In the Boston MSA, 403 surveys were completed.¹²

Table 1.

Boston Metropolitan Statistical Area sample characteristics

	Number of observations	Bachelor's degree or higher	Married	Median age	Median family income
White	78	55.2	54.0	55	90,000
U.S. Black	71	43.4	24.8	55	41,200
Caribbean Black	51	44.2	32.1	50	55,000
Cape Verdean	21	33.3	32.1	37	46,000
Puerto Rican	38	16.7	18.4	44	25,000
Dominican	51	10.5	32.1	40	37,000
Other Hispanic	43	38.0	34.4	51	65,000
NEC ^a	36	57.2	40.8	49	50,000
Asian	14	72.7	58.0	43	96,000

Source: NASCC survey, authors' calculations

^a The "not elsewhere classified" (NEC) category includes mainly respondents that chose more than one race (30 respondents).

As shown in Table 1, in general, white households in the sample were older, much more educated,¹³ more likely to be married,¹⁴ and have higher income¹⁵ than nonwhite groups in the study.

Assets, Debt, and Net Worth Estimates

Survey respondents were asked if they owned various assets and debts and, if so, to estimate their value. In the following analysis, we used the weighted sample and reported the percentage of households that owned different types of assets and debts. We evaluated whether the data for whites and nonwhites differ in a statistically significant way. Note that what we report here as statistically significance results are considered to be conservative.¹⁶ Small sample sizes limit the statistical power to detect meaningful differences even when there is good reason to suspect that group-based differences in assets levels and debts exist.

In addition, even when respondents owned assets, many did not report estimated values. The result is that asset values were often not statistically significant when examined separately, but they were statistically significant when combined. Finally, we use the median rather than the mean (or average) to measure asset values because medians more accurately represent the typical holdings of families within each racial or ethnic group.¹⁷ Unfortunately, the sample size for Asians is too small to make any inferences.

Financial Assets:

The Boston NASCC survey results show that white households were more likely to hold assets than every other racial and ethnic group; this held true for every type of asset. The differences were all statistically significant with a few exceptions (Table 2).

In general, among communities of color, Cape Verdeans, Caribbean blacks, and racial groups not otherwise classified were the most likely to own an asset, whereas Puerto Ricans and Dominicans were generally the most asset poor.

Liquid assets:

Liquid assets include checking accounts, savings accounts, money market funds, certificates of deposit, and government bonds. Table 2 shows that nearly all whites in the Boston area—96 percent—owned liquid assets. In comparison, the proportion of the other racial groups was considerably lower. Eighty-three percent of blacks born in the United States held a liquid asset, whereas the share for Caribbean blacks and Cape Verdeans was 85 percent and 74 percent, respectively. The groups least likely to own a liquid asset were Puerto Ricans, Dominicans, and other Hispanics; among those three groups, 57 percent, 63 percent, and 67 percent owned any type of liquid asset, respectively.¹⁸

Checking and savings accounts:

Being banked, or having a checking or savings account, is critical for everyday financial efficacy. Yet surprisingly, most Puerto Ricans, Dominicans, and other Hispanics did not hold either type of account. Rather than using a bank for financial transactions, many in these populations may use alternative financial institutions, which charge transaction fees for cashier's checks or money orders or for wiring money.

Within these populations, only 39 percent of Puerto Ricans, 37 percent of Dominicans, and 48 percent of other Hispanics had savings accounts. Although they were more likely to own checking accounts, these numbers remained surprisingly low: 53 percent of Puerto Ricans, 62 percent of Dominicans, and 54 percent of other Hispanics held such accounts. In contrast, almost all whites were likely to hold checking or savings accounts (93 percent).¹⁹

The remaining racial and ethnic groups were also significantly less likely than whites to be banked. Close to 75 percent of U.S. blacks and Cape Verdeans and 84 percent of Caribbean blacks held either a checking or savings account.²⁰

Table 2.

Comparison of percentage of white and nonwhite households owning any type of liquid asset, a checking account, or a savings account

	Liquid Assets		Checking Account		Savings Account	
	Percent	Percentage point difference from whites	Percent	Percentage point difference from whites	Percent	Percentage point difference from whites
White	95.7	0.0	91.8	0.0	73.7	0.0
U.S. Black	82.6	-13.1***	73.8	-18.0***	55.1	-18.6**
Caribbean Black	84.8	-10.9**	82.2	-9.6*	74.8	1.1
Cape Verdean	73.7	-22.0**	72.8	-19.0	65.9	-7.8
Puerto Rican	57.2	-38.5***	52.9	-38.9***	39.0	-34.7***
Dominican	63.3	-32.4***	61.5	-30.3***	37.1	-36.6***
Other Hispanic	67.5	-28.2**	54.0	-37.8***	47.6	-26.2***
NEC ^a	94.5	-1.2	80.0	-11.8*	65.5	-8.2

Source: NASCC survey, authors' calculations

Note: The difference in the percentage of nonwhites as compared with the percentage of white households is statistically significant at the ***99%, **95%, *90% level. The percentage of Puerto Rican households holding liquid assets as compared with Dominican households does not differ in a statistically significant manner. Percentage of U.S. black households holding liquid assets as compared with Caribbean black households is statistically significant for savings accounts at the 95% level.

^a The "not elsewhere classified" (NEC) category includes mainly respondents that chose more than one race.

It is possible that those who are unbanked may have more cash on hand. Research has suggested that populations that are unbanked fail to meet the minimum amounts of cash needed for free checking or savings accounts. Paying the higher transaction fees of alternative financial services—and these are notably more expensive—may actually be more prudent than paying even higher fees or penalties due to overdrafts at traditional banks and savings institutions (Servon 2014).

However prudent it may seem to remain unbanked and thus pay high transaction fees, these circumstances make it difficult to accumulate savings and begin to earn interest on owned funds. In addition, such low rates of being banked indicate that many in these populations are living paycheck to paycheck—unable to save enough money in their accounts to meet the minimum banking requirements.

Other financial assets:

What is striking about ownership of other financial assets is the general absence of ownership by all nonwhite groups analyzed in this report. This indicates that most families lacked resources for long-term investment and economic security.

Stocks, mutual funds, and investments trusts:

As Table 3 illustrates, even among white households, only 40 percent owned other types of assets such as stocks, mutual funds, or other investments or trusts. Ownership of these assets among other racial groups was markedly lower than among whites. Only 10 percent of U.S. blacks, 8 percent of Caribbean blacks, and 6 percent of Cape Verdeans possessed any of these other types of financial assets. The percentage of Dominican, Puerto Rican, and other Hispanic households possessing these types of financial assets was much lower in comparison to whites: 6 percent, 9 percent, and 19 percent, respectively.

Retirement funds:

Few families owned Individual Retirement Accounts (IRAs) or private annuities, which is consistent with our interpretation of the data collected thus far. We speculate that most families are spending a majority of their earnings and have little to save toward long-term goals despite the fact that compound interest and the income tax savings or tax deferments associated with IRAs is a key step toward building future financial security in retirement. This is consistent with other studies reporting that most Americans are not able to save sufficiently to support themselves during retirement (Ghilarducci 2012, Sommer 2013).

Table 3.

Percentage of white and nonwhite households owning stocks, an Individual Retirement Account (IRA) or private annuity

	Stocks		IRA or Private Annuity	
	Percentage of households owning these	Percentage point from white households	Percentage of households owning these	Percentage point from white households
White	39.5	0.0	56.2	0.0
U.S. Black	9.6	-29.9***	21.2	-34.9***
Caribbean Black	8.3	-31.2***	21.1	-35.1*
Cape Verdean	5.6	-33.9**	38.6	-17.6
Puerto Rican	9.4	-30.1***	16.2	-40***
Dominican	6.0	-33.5***	7.5	-48.7***
Other Hispanic	19.4	-20.1**	28.1	-28.1***
NEC ^a	30.3	-9.2	33.8	-22.4**

Source: NASCC survey, authors' calculations

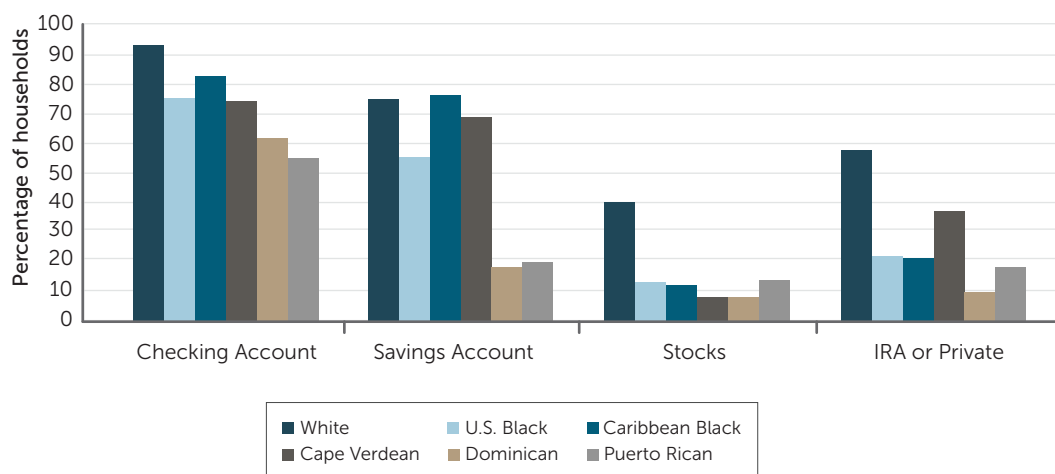
Note: The difference in the percentage of nonwhites as compared with the percentage of white households is statistically significant at the ***99%, **95%, *90% level.

^aThe "not elsewhere classified" (NEC) category includes mainly respondents that chose more than one race.

Except for Cape Verdeans, the white–nonwhite disparity is greater for ownership of private retirement assets than ownership of stocks and other financial investment assets discussed above. While most white households (56 percent) own either an IRA or a private annuity, most racial and ethnic groups do not hold such retirement funds (see Table 3). Only one-fifth of U.S. and Caribbean blacks have retirement accounts. Only 8 percent of Dominicans and 16 percent of Puerto Ricans hold such accounts.²¹ These results suggest that, if not for the federally structured Social Security program, many households, particularly black and Hispanic ones, would have virtually no financial assets of their own at retirement.²²

Figure 3.

Percentage of households having financial assets by type of asset



Source: NASCC survey, authors' calculations

Unsecured debt:

Unsecured debt refers to debt not backed by an underlying asset and includes credit card debt, student loans, and medical debt.

Credit card debt:

Credit card debt is usually debt associated with consumption goods that have no investment value. Hence, credit card debt is generally considered to be less “healthy” than other forms of debt, which, for example, may be associated with a good that could appreciate over time. Most households in the sample had credit card debt; Cape Verdeans were least likely to have credit card debt (27 percent). In contrast, approximately half of whites, U.S. blacks, Caribbean blacks, and Dominican households have such debt. The differences in the percentage of white and nonwhite households having credit card debt did not differ in a statistically significant way. However, nonwhites often have credit cards with less favorable terms, such as higher interest rates (Weller 2007), further inhibiting their ability to pay down their credit card debt (see Table 5).

Student loans:

Since 2008, student loan debt nationwide has increased 84 percent to \$1.1 trillion (Federal Reserve Bank of New York 2014). Given the relatively lower levels of household income among nonwhites, student loan debt may be more relevant for nonwhite college students

than their white peers. For example, black and Hispanic students graduate from college with substantially higher debt than their white peers (Baum and Steele 2010). As shown in Table 4, nonwhite households were more likely to have student loan debt than white households with Caribbean blacks and other Hispanics almost twice as likely to have student loan debt. Although obtaining a college degree provides greater lifetime earnings potential than having only a high school diploma, clear disadvantages are associated with a debt-burdened degree.

Medical debt:

While only 2 percent of Cape Verdeans reported having medical debt, most respondents from communities of color reported similar or higher percentages of medical debt as compared with whites (11 percent). However, Dominicans and other Hispanics are about twice as likely as whites to have medical debt: 20 percent and 24 percent, respectively.²³ One reason medical debt may be higher generally for Hispanic groups is that Hispanics are least likely to have health insurance (Brown and Patten 2014) and, within the Hispanic population, Puerto Ricans are more likely to have health insurance than other Hispanics (Motel and Patten 2012). This is consistent with our findings that Puerto Ricans were less likely to have medical debt than Dominicans and other Hispanics. Likewise, blacks were less likely to have health insurance than whites (Brown and Patten 2014) and were more likely to report having medical debt (although the percentage difference among households reporting medical debt was statistically insignificant).²⁴

Table 4.

Percentage of households having various types of debt

	Credit Card		Student Loan		Medical Debt	
	Percentage of households having a credit card	Percentage point difference from white households	Percentage of households having a student loan	Percentage point difference from white households	Percentage of households having medical debt	Percentage point difference from white households
White	46.5	0.0	18.9	0.0	10.9	0.0
U.S. Black	52.3	5.8	28.0	9.1	17.1	6.2
Caribbean Black	52.7	6.1	33.7	14.8*	17.1	6.2
Cape Verdean	26.8	-19.8	25.5	6.6	2.0	-8.9*
Puerto Rican	40.8	-5.7	19.4	0.5	10.6	-0.2
Dominican	54.8	8.3	21.1	2.2	19.8	8.9
Other Hispanic	39.6	-6.9	34.4	15.5*	24.1	13.3*
NEC ^a	60.1	13.6	28.9	10.0	13.9	3.0

Source: NASCC survey, authors' calculations

Note: The difference in the percentage of nonwhites as compared with the percentage of white households is statistically significant at the ***99%, **95%, *90% level.

^a The "not elsewhere classified" (NEC) category includes mainly respondents that chose more than one race.

Tangible assets and secured debt:

Tangible assets include houses, vehicles, and other property households may own.

Homeownership:

Homeownership serves as the primary asset in which most Americans build and store their wealth. The federal tax code also incentivizes homeownership by providing tax savings associated with mortgage interest deductions. Furthermore, there are other positive attributes that owning a home, particularly in a certain neighborhood, may offer, such as access to a good public school district and other neighborhood amenities such as convenient shops and access to parks. Finally, the purchase of a home and regular on-time payments of a mortgage lead to higher Fair Isaac Corporation (FICO) credit scores than for families who regularly make on-time payments for rent.

Yet the percentage of households owning a home differs radically by race and ethnicity in Boston. Most whites—79 percent—are homeowners, whereas most nonwhites are not. Caribbean blacks were most likely to own a home (49 percent) in Boston among the analyzed nonwhite groups. Only one-third of U.S. blacks and other Hispanics owned their homes²⁵ (see Table 5).

Twenty-nine percent of Cape Verdeans owned their home, as did 21 percent of Puerto Ricans. Dominicans had the lowest rate of home ownership—only 17 percent owned or were in the process of purchasing a home.

Table 5.

Percentage of households that have tangible assets by type of asset

	House		Vehicle	
	Percentage of households owning a home	Percentage point difference from white households	Percentage of households owning a vehicle	Percentage point difference from white households
White	79.1	0.0	83.6	0.0
U.S. Black	33.8	-45.3***	50.7	-32.8***
Caribbean Black	48.7	-30.4**	84.1	0.5
Cape Verdean	29.4	-49.7**	85.4	1.9
Puerto Rican	21.2	-57.9***	61.1	-22.4**
Dominican	17.3	-61.9***	69.0	-14.5*
Other Hispanic	34.0	-45.1**	77.2	-6.3
NEC ^a	42.8	-36.3***	83.5	-0.1

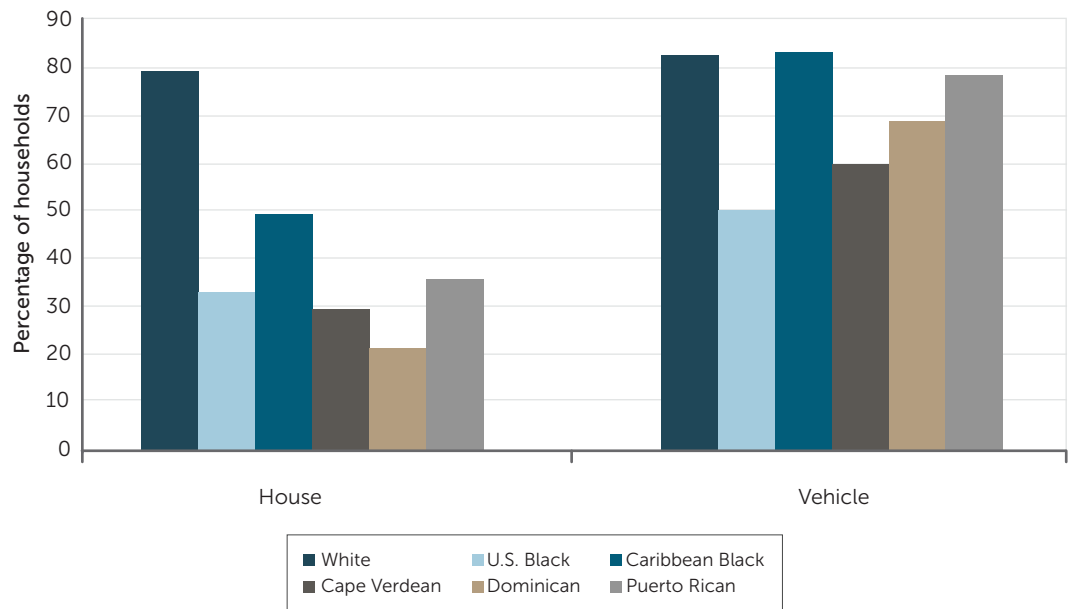
Source: NASCC survey, authors' calculations

Note: The difference in the percentage of nonwhites as compared with the percentage of white households is statistically significant at the ***99%, **95%, *90% level.

Note: The percentage of Puerto Rican households holding tangible assets as compared with Dominican households did not differ in a statistically significant way. The percentage of U.S. black households owning homes and vehicles differed significantly when compared with Caribbean black households as follows: for homes, at a 90% level, and for vehicles, at a 99% level.

^aThe "not elsewhere classified" (NEC) category includes mainly respondents that chose more than one race.

Figure 4.
Percentage of households that have tangible assets by type of asset



Source: NASCC survey, authors' calculations

Mortgages:

Across all households, whites were most likely to have mortgage debt with 47 percent of white households reporting mortgage debt (Table 6). In contrast, only 15 percent of Dominicans, 18 percent of Puerto Ricans and 29 percent of U.S. blacks²⁶ had mortgage debt. In regard to the percentage of households having mortgage debt, whites, Cape Verdeans, and Caribbean blacks did not differ in a statistically significant way.

When the sample is restricted to homeowners, white households are least likely to have mortgage debt than the other racial and ethnic groups. To put it differently, whites are more likely to own their own homes outright. Although 60 percent of white homeowners have mortgage debt, the proportion of homeowners with mortgage debt is much higher for other groups. Close to 90 percent of U.S. blacks,²⁷ Caribbean blacks, and Dominican homeowners have a mortgage. While mortgage debt for Puerto Ricans and other Hispanics also is higher than for white homeowners, the percentage difference was not statistically significant.

Of all types of debt, mortgage debt is potentially the most beneficial for long-term asset building if the total amount is not excessive, if it is not accompanied by high interest rates, and if home prices do not drop dramatically. Very few people can afford to become homeowners without acquiring mortgage debt, and, if conditions are favorable, homeownership is often a primary mechanism for building assets, especially for the middle class. However, our analysis of the survey data suggests that racial and ethnic minorities are not benefiting to the same extent as white households from the potential wealth-enhancing effects of homeownership. Why? Because racial and ethnic minorities are less likely to own homes and because, when they do own homes, they are much more likely than whites to have mortgage debt.

Vehicles:

Like homeownership, owning a vehicle has far-reaching implications. Those who own vehicles have access to job opportunities beyond the zones of public transportation, and they can work late or take unusual shifts because of having their own transportation. For this reason, patterns of vehicle ownership analyzed on the basis of race were noteworthy. U.S. blacks had the lowest rates—only 50 percent owned a vehicle (Table 5). Puerto Ricans and Dominicans also had relatively low rates of ownership (61 percent and 69 percent, respectively). In contrast, close to 85 percent of whites, Cape Verdeans, and Caribbean blacks owned a vehicle.

Vehicle debt:

Compared with the percentage of white households having vehicle debt, U.S. blacks and Puerto Ricans were less likely to be so encumbered; the difference in the percent of other racial groups with vehicle debt as compared with whites was not statistically different. Whereas 30 percent of whites had vehicle debt, 21 percent of U.S. blacks and 16 percent of Puerto Ricans had vehicle debt. However, as shown in Table 6, U.S. blacks and Puerto Ricans were much less likely to own vehicles than whites. Interestingly, among households owning vehicles, no statistically significant differences in vehicle debt were noted.

Table 6.

Comparison of the percentage of white and nonwhite households having vehicle debt or mortgage

	Vehicle Debt				Mortgage			
	Among all households		Among households that own vehicles		Among all households		Among homeowners	
	Among all households, percentage with vehicle debt	Percentage point difference from white households	Among households that own vehicles, percentage with vehicle debt	Percentage point difference from white households	Among all households, percentage with mortgage debt	Percentage point difference from white households	Among homeowners, percentage with mortgage debt	Percentage point difference from white households
White	30.3	0.0	36.3	0.0	47.2	0.0	59.7	0.0
U.S. Black	21.4	-8.9***	42.2	5.9	28.9	-18.3**	85.5	25.8**
Caribbean Black	39.9	9.5	47.4	11.1	44.4	-2.8	91.3	31.6***
Cape Verdean	21.2	-9.1	34.7	-1.6	28.6	-18.7	97.0	37.3***
Puerto Rican	16.1	-14.2*	26.4	-9.9	17.7	-29.5***	83.6	23.9
Dominican	25.8	-1.5	41.7	5.4	15.1	-32.21***	87.5	27.8**
Other Hispanic	24.1	-6.2	34.1	-2.2	26.7	-20.5**	78.4	18.7
NEC ^a	22.7	-7.6	27.2	-9.1	37.3	-10.0	87.1	27.4**

Source: NASCC survey, authors' calculations

Note: The difference in the percentage of nonwhites as compared with the percentage of white households was statistically significant at the ***99%, **95%, *90% level.

Note: The difference between the percentage of U.S. blacks having mortgages (among all households) as compared with Caribbean blacks was statistically significant at ***99 percent. The difference between the percentage of U.S. blacks having mortgages (among all homeowners) as compared with Cape Verdeans was statistically significant at the 90% significance level. The difference between the percentage of U.S. blacks having vehicle debt (among all households) as compared with Caribbean blacks was statistically significant at the 99% significance level.

^aThe "not elsewhere classified" (NEC) category includes mainly respondents that chose more than one race.

Asset, debt and net worth values:**Asset Values:**

Whites own far more in assets than every other racial group, and comparisons of asset data for racial groups exhibited statistically significant differences. We analyzed not only the prevalence of these assets but also their estimated value. We looked at liquid and total assets separately. Liquid assets, which can quickly be converted into cash, include money in savings and checking accounts, stocks, money market, and government bonds.²⁸ The median value of liquid assets for Puerto Ricans and Dominicans was only \$150 and \$20, respectively. Some of these families may hold cash in hand, but most of them have no formal savings. The median value of liquid assets among U.S. blacks and other Hispanics was close to \$700, whereas the median level of liquid assets in white households was \$25,000. A typical Caribbean black household has \$3,500 in liquid assets. In case of an emergency, half of members of the nonwhite groups in this analysis would be unable to weather an unexpected expenditure shock of even \$700 with their own savings.²⁹

We totaled the value of all assets held by each racial group, including the value of all liquid assets, financial assets, retirement, home and vehicle equity, and the values of all other assets (these include life insurance policies and valuables such as jewelry). White households had by far the highest values; the median total value of assets was \$256,500. The median asset values for communities of color were far below this threshold, at best, barely approaching 20 percent of the median asset value of white households (Table 7).

Table 7.

Comparison of the value of assets held by white and nonwhite households

	Liquid Assets		Total Assets	
	Median amount (U.S.dollars)	Nonwhite household percentage of white household liquid assets	Median amount (U.S.dollars)	Nonwhite household percentage of white household liquid assets
White	25,000	100.0	256,500	100.0
U.S. Black	670	2.7**	700	0.3**
Caribbean Black	3,500	14.0*	12,000	4.7***
Cape Verdean ^b	150	0.6**	—	—
Puerto Rican	20	0.1**	3,020	1.2***
Dominican	150	0.6**	1,724	0.7***
Other Hispanic	700	2.8**	15,000	5.8***
NEC ^a	4,000	16.0***	18,000	7.0***

Source: NASCC survey, authors' calculations

Note: The difference in the percentage of nonwhites as compared with the percentage of white households was statistically significant at the ***99%, **95%, *90% level.

^a The "not elsewhere classified" (NEC) category includes mainly respondents that chose more than one race.

^b Values for Cape Verdeans were not calculated because sample sizes were too small.

Blacks had the lowest median asset value, \$700, which is less than 0.3 percent of the median asset value of whites. The median asset value of Puerto Ricans and Dominicans was only 1 percent of the median asset value of whites. Caribbean blacks were slightly better off, at 5 percent of the median asset value of whites. The median asset value of other Hispanics was 6 percent that of whites. All told, our analysis of these data substantiates the existence of a staggering racial wealth gap in the Boston MSA.³⁰

Debt values:

Among the various racial and ethnic groups, the percentage of nonwhite group members carrying various forms of debt differed; the groups are heterogeneous in regard to debt. Our data analysis also revealed that the amount of debt owned by whites as compared with other racial and ethnic groups differed only slightly (Table 8). A noteworthy exception was that Dominicans, other Hispanics, U.S. blacks, and Caribbean blacks had significantly lower median mortgage debt than white households. The lower median mortgage debt is likely a result of whites being able to purchase homes valued at higher prices (and thus having higher mortgages).³¹

In this study, the lack of statistical significance stemming from our analysis of white and nonwhite median debt burden should not be misconstrued as indicating equity in the burden of debt for white and nonwhite households.³² Minority households often pay more for their debt as a result of carrying higher fees and interest rates, for example; they have higher debt-to-income ratios; and they are more likely to be denied credit (Weller 2007).

Table 8.

Comparison of total median nonhousing debt for white and nonwhite households

	Median amount (U.S. dollars)
White	2,000
U.S. Black	3,000
Caribbean Black	6,000
Cape Verdean	2,200
Puerto Rican	300
Dominican	2,200
Other Hispanic	5,000
NEC ^a	4,000

Source: NASCC survey, authors' calculations

^aThe "not elsewhere classified" (NEC) category includes mainly respondents that chose more than one race.

Net worth:

Net worth (or wealth), the sum of the value of total assets minus the value of debts, provides a snapshot of household financial well-being. Striking racial differences are evident when looking at total household wealth. Nonwhite households have only a fraction of the wealth of white households. Whereas white households have a median wealth³³ of \$247,500, Dominicans and U.S. blacks have a median wealth of close to zero (see Table 9). Of all nonwhite groups for which estimates could be made, Caribbean black households had the highest median wealth with \$12,000, which represents only 5 percent as much wealth as white households.³⁴

Racial and ethnic differences in net worth demonstrate the extreme financial vulnerability faced by nonwhite households. Possessing less than 5 percent of the wealth of white households, nonwhites are less likely to have the financial resources to draw upon in times of financial stress. In addition, they have fewer resources to invest in their own future and those of their children.

Racial differences in asset ownership, particularly homeownership, contribute to vast racial disparities in net worth. Homes—the most valuable asset owned by middle-class households—comprise the bulk of middle-class wealth. However, unequal opportunities (past and present) to build other assets and to reduce debt are contributors to the vast racial wealth gap substantiated in this analysis.

Table 9.

Comparison of white and nonwhite household median net worth

	Median net worth	
	Amount (U.S. dollars)	Nonwhite household percentage of white household median net worth
White	247,500	100.0
U.S. Black	8	0.0***
Caribbean Black	12,000	4.8***
Cape Verdean ^b	—	—
Puerto Rican	3,020	1.2***
Dominican	0	0.0***
Other Hispanic	2,700	1.1***
NEC ^a	12,000	4.8***

Source: NASCC survey, authors' calculations

Note: Difference in findings of nonwhite household median or mean net worth values were statistically significant at the ***99 percent level.

^a The "not elsewhere classified" (NEC) category includes mainly respondents that chose more than one race.

^b Net worth values for Cape Verdeans were not calculated because sample sizes were too small.

Some of the differences observed may be driven by differences in age or educational attainment. In general, nonwhites in the survey were younger and had much lower educational attainment rates. Unfortunately, it was not possible to provide data broken down by age for all the groups analyzed in Boston, because the sample size was too small. So we have focused on how whites, blacks, and Hispanics differ. Even among highly educated households, black and Hispanics were less likely than whites to be banked and to own a house. Almost all whites with a bachelor's degree or higher had either a savings or a checking account, whereas a quarter of Hispanics and 11 percent of blacks³⁵ did not have either (Table 10). Homeownership rates differed widely. Among Hispanics and blacks having bachelor's degrees, less than half owned a home, whereas 82 percent of comparably educated whites were homeowners.³⁶ A majority of households with high educational attainment owned a vehicle. In this regard, whites, blacks, and Hispanics did not differ in a statistically meaningful way.

Age may greatly influence a family's assets and debts. One expects lower or negative savings during the early years when individuals do not have enough income to save and incur debt to buy assets or finance their education. Generally, the middle-aged working population tends to save and prepare for retirement. In this analysis, we focused on two age brackets: 31- to 50-year-olds and 51- to 65-year-olds. Interestingly, for the 31- to 50-year-old bracket, whites and blacks had a similar percentage of banked households, at close to 90 percent. Among Hispanics in the same age category, only 60 percent had either a savings or checking account. However, disparity in homeownership rates were considerable when comparing groups in the same age bracket. Close to 80 percent of white households were homeowners, compared to 45 percent of blacks and 25 percent of Hispanics. Vehicle ownership did not differ significantly in the 31- to 50-year-old category. Taking into account heads of households 51 to 65 years old, a much higher percentage of white households were banked and owned a home and a vehicle than black households and Hispanic households.

Table 10.

Comparison of the percentage of banked households, homeownership, and vehicle ownership rates, and net worth values for white and nonwhite households by college education and age group

	Bachelor's Degree or Higher			Age: 31 to 50 Years			Age: 51 to 65 Years		
	White	Black	Hispanic	White	Black	Hispanic	White	Black	Hispanic
Percentage of banked households	98.1	88.7**	74.7***	87.5	91.7	58.5	95.5	69.1***	52.3***
Homeownership rate	82.4	47.9***	49.3***	78.9	44.7***	25.7***	82.3	45.3***	32.8***
Vehicle ownership rate	84.1	79.0	90.6	87.1	76.0	69.9	87.9	57.9***	61.8**
Net worth (U.S. dollars)	313,500	12,000*	– ^b	– ^b	– ^b	– ^b	311,000	4,000***	– ^b

Source: NASCC survey, authors' calculations

Note: The difference in the figures of nonwhites as compared with the figures of white households was statistically significant at the ***99%, **95%, *90% level.

^b Values not calculated because sample size is too small.

The net worth differences of whites and blacks were remarkable even when level of education or age were considered. Median wealth among black households that have a bachelor's degree or higher (\$12,000) was 4 percent of the median for white households (\$313,500). Similarly, if we look at households in the 51- to 65-year-old bracket, the typical white household holds \$311,000 in wealth, compared with only \$4,000 for the typical black household (Table 10).

The Implications of Racial Disparities

Assets are important for financial security and have long-term implications for communities and families. In our analysis, the data revealed disparities in both financial and tangible assets that are striking. The extremely low homeownership rates among communities of color in Boston are worrisome. Most nonwhite groups do not have enough liquid savings to serve as buffers to income and expenditure shocks. Lack of retirement and financial savings not only implies possible hardship in the long term, it also makes short-term disruption much more likely. Any problem—a car breaking down, losing a job, medical needs—is likely to become a crisis. The stress experienced when someone is unable to meet family needs, fix the car, buy school supplies, or take care of medical ailments can be long-term and debilitating (Fiscella 2004, Massey 2004).

With respect to debt, several key findings emerged from our analysis. Although members of communities of color are less likely to own homes, among homeowners they are more likely to have mortgage debt. Also, data on student loans and medical debt for whites and racial/ethnic minorities suggest that whites are often less likely to have these forms of debt. Because households from communities of color often have higher-cost debt, have higher debt-to-income ratios, and are more likely to be denied credit, their ability to build assets is crippled and contributes to lower asset ownership and lower asset values when compared with white households.

It is beyond the scope of this report to identify the major drivers of the enormous wealth gap that exists in the Boston MSA. However, a review of the economic literature (Hamilton and Chiteji 2013) demonstrates that inheritances, bequests, and intrafamily transfers account for more of the racial wealth gap than any other demographic and socioeconomic indicators, including education, income, and household structure (see, for example, Blau and Graham 1990, Menchik and Jianakoplos 1997, Conley 1999, Chietji and Hamilton 2002, Charles and Hurst 2003, Gittleman and Wolff 2007).

So what explains the racial differences in resource transfers across generations?

Blacks experienced deprivation of property, especially the land of former slaves between the period 1880 to 1910 (Darity 2008). More recently, general housing and lending discrimination through restrictive covenants, redlining and other lending practices has inhibited blacks from accumulating wealth (Lui et al. 2005, Katznelson 2005, Oliver and Shapiro 2006, Munnell et al. 1996, Hamilton and Darity 2010).

Moreover, people of color were excluded from post-Depression and World War II (1939–1945) public policy, which was largely responsible for the asset development of an American middle class (for example, racially discriminatory local implementation of Federal Housing Administration loans and G.I. Bill benefits; see Lui et al. 2005, Katznelson 2005, and Oliver and Shapiro 2006). Thus, explanations that attribute the lack of assets among minority groups to a relative deficiency in current savings behaviors are at the very least an oversimplification the problem.³⁷

The cumulative consequences of a lack of net worth exacerbate the enormous racial divide in wealth in Boston. The staggering disparities identified in this analysis should urge us to find policies that can help narrow the wealth divide by: providing opportunities for asset development; ensuring fair access to housing, credit, and financial services; ensuring equal opportunity to good-paying jobs regardless of race or ethnicity; strengthening retirement incomes; promoting access to education without overburdening individuals with debt; and providing access to healthcare while helping minimize medical debt.³⁸ All policies aimed at bridging the wealth gap should also consider the wide diversity among nonwhite populations and be targeted or adapted accordingly. Policy solutions are complex and need to use a multifaceted approach that includes input from practitioners who are familiar with the unique needs and challenges different communities of color face.

Finally, this analysis highlights the importance of collecting data on assets and debts at the local level, including disaggregated information for nonwhite groups. This is the first time this kind of data has been collected, and it is an important step to help shape policymakers', practitioners', and foundations' responses to the enormous challenges communities of color experience across the country. More needs to be done to ensure that the diverse voices of nonwhite groups are included in public debates and to understand the reasons behind the enormous differences uncovered in this analysis. Having a qualitative research component is also going to be important for a deeper understanding.

About the Authors

Ana Patricia Muñoz is the community development research director in the Regional and Community Outreach department at the Federal Reserve Bank of Boston. She conducts applied research on issues that impact low- and-moderate-income (LMI) families and is interested in issues related to wealth inequality, asset building, equal access to credit, and immigration. Muñoz holds a master's degree in economics from the Université de Montréal, a master of public affairs from Brown University, and a B.S in economics from the Universidad Católica del Ecuador.

Marlene Kim is a professor of economics at the University of Massachusetts, Boston. She edited *Race and Economic Opportunity in the Twenty-First Century* (Routledge 2007) and is the recipient of the first Rhonda Williams Prize for her work on race and gender discrimination. She is the associate editor of *Feminist Economics* and serves on the editorial boards of *Industrial Relations*, the *Review of Radical Political Economy*, *Signs*, and *Panoeconomicus*. She holds a Ph.D. in economics from the University of California, Berkeley.

Mariko Chang is a former associate professor of sociology at Harvard and the author of *Shortchanged: Why Women Have Less Wealth and What Can Be Done about It*. She is also the primary author of the Insight Center report "Lifting As We Climb: Women of Color, Wealth and America's Future." In addition to her work on the wealth gap, she works as a consultant and external program evaluator to help universities diversify their faculty. Further information can be found at www.mariko-chang.com.

Regine O. Jackson is an associate professor of sociology at Agnes Scott College. She has a B.A. from Brown University in Providence and a Ph.D. from the University of Michigan, Ann Arbor. She specializes in Haitian migration and diaspora studies, contemporary Caribbean and African communities in the United States, and place/urban studies. She is the author of *Boston Haitians: Navigating Race, Place and Belonging in a Majority-Minority City* (manuscript) and editor of *Geographies of the Haitian Diaspora* (Routledge, 2011).

Darrick Hamilton is an associate professor of economics and urban policy at the New School, an affiliate scholar at the Center for American Progress, and co-associate director of the Diversity Initiative for Tenure in Economics Program. He serves on the board of overseers for the General Social Survey and is the president-elect of the National Economic Association. Hamilton is a stratification economist, whose work focuses on the causes, consequences, and remedies of intergroup inequality.

William A. ("Sandy") Darity Jr. is the Samuel DuBois Cook Professor of Public Policy, African and African American Studies, and Economics and the director of the Duke Consortium on Social Equity at Duke University. He was the founding director of the Research Network on Racial and Ethnic Inequality at Duke. Darity's research focuses on inequality by race, class, and ethnicity, stratification economics, schooling, and the racial achievement gap. He received the Samuel Z. Westerfield Award in 2012 from the National Economic Association, the organization's highest honor.

References

Aja, Alan, Daniel Bustillo, William Darity, Jr., and Darrick Hamilton. 2014. "From a Tangle of Pathology to a Race Fair America." *Dissent Magazine*. pp. 38-42. Retrieved from <http://www.dissentmagazine.org/article/from-a-tangle-of-pathology-to-a-race-fair-america>

Baum, Sandy, and Patricia Steele. 2010. "Who Borrows Most? Bachelor's Degree Recipients with High Levels of Student Debt." College Board, *Trends in Higher Education Series*, 2010. Retrieved from <https://trends.collegeboard.org/sites/default/files/trends-2010-who-borrows-most-brief.pdf>

Blau, Francine D., and John W. Graham. 1990. "Black-White Differences in Wealth and Asset Composition." *Quarterly Journal of Economics*, 105(2), 321-39.

Brown, Anna, and Eileen Patten. April 2014. "Statistical Portrait of Hispanics in the United States, 2012." Pew Research Center's Hispanic Trends Project, 2014.

Charles, Kerwin, and Erik Hurst. 2003. "The Correlation of Wealth across Generations." *Journal of Political Economy*, 111(6), 1155-1182.

Chiteji, Ngina, and Darrick Hamilton. 2002. "Family Connections and the Black-White Wealth Gap Among Middle Class Families." *Review of Black Political Economy*, 30(1), 9-27.

Conley, Dalton. 1999. *Being Black, Living in the Red: Race, Wealth, and Social Policy in America*. Berkeley, CA: University of California Press.

Darity, William Jr. 2008. "Forty Acres and a Mule in the 21st Century," *Social Science Quarterly* 89(3), 656-64.

Federal Reserve Bank of New York. August 2014. *Quarterly Report on Household Debt and Credit*. Retrieved from http://www.newyorkfed.org/householdcredit/2014-q2/data/pdf/HHDC_2014Q2.pdf

Fiscella, Kevin, and David R. Williams. 2004. "Health Disparities Based on Socioeconomic Inequities: Implications for Urban Health Care." *Academic Medicine*, 79(12), 1139-1147.

Ghilarducci, Teresa. 2012, July 21. "Our Ridiculous Approach to Retirement." *New York Times*, p. SR5.

Gibau, Gina Sanchez. 2008. "Cape Verdean Diasporic Identity Formation." In Luís Batalha and Jørgen Carling (Eds.), *Transnational archipelago: Perspectives on Cape Verdean migration and diaspora* (pp. 262-263). Amsterdam University Press.

Gittleman, Maury, and Edward N. Wolff. 2007. "Racial and Ethnic Differences in Wealth." In Marlene Kim (Ed.), *Race and Economic Opportunity in the Twenty-First Century, Chapter 2*. London: Routledge.

Hamilton, Darrick, and Ngina Chiteji. 2013. "Wealth." In Patrick L. Mason (ed.), *International Encyclopedia of Race and Racism* (2nd ed). Macmillan Reference, USA.

- Hamilton, Darrick, and William Darity, Jr. 2010. "Can 'Baby Bonds' Eliminate the Racial Wealth Gap in Putative Post-Racial America?" *Review of Black Political Economy*, 37(3,4):207-216.
- Heflin, Colleen M., and Mary Pattillo. 2000. "Kin Effects on Black-White Account and Home Ownership." *Sociological Inquiry* 72(2), 220-239.
- Hernandez, Deborah Pacini. 2006. "Quiet Crisis: A Community History of Latinos in Cambridge, Massachusetts. In Andres Torres (Ed.)." *Latinos in New England*, pp. 149-170. Philadelphia, PA: Temple University Press.
- Jackson, Regine O. 2007. "After the Exodus: The New Catholics in Boston's Old Ethnic Neighborhoods." *Religion and American Culture*, 17(2), 191-212.
- Jackson, Regine O. 2011. "The Uses of Diaspora among Haitians in Boston." In R. Jackson (Ed.)." *Geographies of the Haitian Diaspora*, pp. 136-162. New York: Routledge.
- Johnson, Violet. 2006. *The Other Black Bostonians: West Indians in Boston, 1900-1950*. Bloomington, IN: Indiana University Press.
- Krim, Arthur J. 1977 Dec. 30. *Three Deckers of Dorchester: An Architectural Historical Survey*. Boston Redevelopment Authority. Retrieved from <http://www.sidewalkmemories.org/archives/The%20Three-Deckers%20of%20Dorchester.pdf>
- Katznelson, Ira. 2005. *When Affirmative Action Was White: An Untold History of Racial Inequality in Twentieth-Century America*. New York: W.W. Norton & Co.
- Lui, Meizhu, Barbara Robles, Betsy Leondar-Wright, Rose Brewer, and Rebecca Adamson. 2005. *The Color of Wealth: The Story Behind the U.S. Racial Wealth Divide*. New York, NY: The New Press
- Massey, Douglas S. 2004. "Segregation and Stratification: A Biosocial Perspective." *Du Bois Review*, 1(1), 7-25.
- Menchik, Paul L., and Nancy Ammon Jianakoplos. 1997. "Black-White Wealth Inequality: Is Inheritance the Reason?" *Economic Inquiry*, 35(2), 428-442.
- Motel, Seth, and Eileen Patten. 2012. "Hispanics of Puerto Rican Origin in the United States, 2010 (statistical profile)." Pew Research Center, Pew Research Hispanic Trends Project. Retrieved from <http://www.pewhispanic.org/2012/06/27/hispanics-of-puerto-rican-origin-in-the-united-states-2010/>
- Motel, Seth, and Eileen Patten. 2014. "Statistical Portrait of Hispanics in the United States." Pew Research Center, Pew Research Hispanic Trends Project . Retrieved from <http://www.pewhispanic.org/2014/04/29/statistical-portrait-of-hispanics-in-the-united-states-2012/#persons-without-health-insurance-by-age-race-and-ethnicity-2012>
- McKernan, Signe-Mary and Michael Sherraden (Eds). 2008. (Eds.) *Asset building and low-income families*. Washington, DC: Urban Institute Press.

McKernan, Signe-Mary, Caroline Ratcliffe, Eugene Steuerle, and Sisi Zhang. 2013. "Less Than Equal: Racial Disparities in Wealth Accumulation." Washington, DC: Urban Institute. Retrieved from <http://www.urban.org/UploadedPDF/412802-Less-Than-Equal-Racial-Disparities-in-Wealth-Accumulation.pdf>

Munnell, Alicia H., Geoffrey M. B. Tootell, Lynn E. Browne, and James McEneaney. 1996. "Mortgage Lending in Boston: Interpreting the HMDA Data." *American Economic Review* 86(1), 25-53.

Oliver, Melvin, and Thomas Shapiro. 2006. *Black Wealth/White Wealth: A New Perspective on Racial Inequality* (2nd Ed). New York: Routledge.

Rugaber, Christopher S. 2013 Dec. 17. "Income Inequality Is Hurting the Economy, 3 Dozen Economists Say." *Huffington Post*. Retrieved from http://www.huffingtonpost.com/2013/12/17/income-inequality-economy_n_4460725.html

Saez, Emmanuel, and Gabriel Zucman. 2014. "Wealth Inequality in the United States since 1913: Evidence from Capitalized Income Tax Data." *NBER Working Paper No. 20625*. Cambridge, MA: National Bureau of Economic Research. Retrieved from <http://eml.berkeley.edu/~saez/saez-zucmanNBER14wealth.pdf>

Shapiro Thomas, Tatjana Meschede, and Sam Osoro. 2013. "The Roots of the Widening Racial Wealth Gap: Explaining the Black-White Economic Divide." Waltham, MA: Brandeis University, Institute on Assets and Social Policy. Retrieved from <http://iasp.brandeis.edu/pdfs/Author/shapiro-thomas-m/racialwealthgapbrief.pdf>

Servon, Lisa. 2014, Oct. 29. "Are Banks too Expensive to Use?" *New York Times*, p. A 29.

Sommer, Jeff. 2013, June 8. "For Retirees, a Million-Dollar Illusion." *New York Times*, p. BU1.

Tippett, Rebecca, Avis Jones-DeWeever, Maya Rockey Moore, Darrick Hamilton, William Darity Jr. 2014. "*Beyond Broke: Why Closing the Racial Wealth Gap Is a Priority for National Economic Security*." Durham, NC: Duke Center for Global Policy Solutions. Retrieved from http://globalpolicysolutions.org/wp-content/uploads/2014/04/Beyond_Broke_FINAL.pdf

Uriarte, Miren, Phillip Granberry, Megan Halloran, Susan Kelly, and Rob Kramer. 2003. "Salvadorans, Guatemalans, Hondurans, and Colombians: A Scan of Needs of Recent Latin American Immigrants to the Boston Area." Boston, MA: University of Massachusetts, Gastón Institute. Retrieved from http://scholarworks.umb.edu/gaston_pubs/134

Weller, Christian E. 2007. "Access Denied: Low-Income and Minority Families Face More Credit Constraints and Higher Borrowing Costs." Washington, DC: Center for American Progress. Retrieved from http://cdn.americanprogress.org/wp-content/uploads/issues/2007/08/pdf/credit_access.pdf

Yellen, Janet L. 2014, Oct. 17. "Perspectives on Inequality and Opportunity from the Survey of Consumer Finances." Remarks at the Conference on Economic Opportunity and Inequality, Federal Reserve Bank of Boston, Boston, MA). Retrieved from <http://www.federalreserve.gov/newsevents/speech/yellen20141017a.htm>

Endnotes

- ¹ As defined by the U.S. Census Bureau, race categories reflect a social definition of race recognized in the United States. Categories of race are based on respondents' self-identification and include the following: White, Black or African American, American Indian and Alaska Native, Asian, and Native Hawaiian and Other Pacific Islander. The concept of race is separate from the concept of Hispanic origin or ethnicity. In addition to race and ethnicity, the NASCC survey asked about ancestry and country of origin.
- ² The Boston MSA includes the following counties: Essex, Middlesex, Norfolk, Plymouth, and Suffolk in Massachusetts; and Rockingham and Strafford New Hampshire.
- ³ All population figures come from the 2012 American Community Survey 1-year estimates. The share of the non-Hispanic white population declined from 81 percent in 2000 to 74 percent in 2012.
- ⁴ As of 2012, there were 3,435,332 white residents; 329,500 black residents; 318,181 Asians and Pacific Islanders; and 444,517 Hispanics in the Boston MSA. These categories do not include mixed-race individuals with the exception of Hispanics/Latinos who may be of any race. Most Hispanics self-identify as "other race" in the U.S. Census.
- ⁵ U.S. Census projections at the national level estimate that by 2030 non-Hispanic whites will account for 55 percent of the nation's population. Hispanics and non-Hispanic blacks will represent 22% and 13%, respectively. Unfortunately, population projections at the state level by race and ethnicity are not available.
- ⁶ In the United States in 2012, Puerto Ricans and Dominicans accounted for 9.4 percent and 3.1 percent of the Hispanic population, respectively.
- ⁷ Gateway cities in Massachusetts are economically struggling mid-size urban centers. In this report, we use the Federal Reserve Bank of Boston's definition of "working cities," that is, cities in Massachusetts with a population above 35,000 (excluding Boston) that have below median family income and above median poverty rates.
- ⁸ U.S. Census Bureau, 2012 American Community Survey, 1-year estimates.
- ⁹ The "three-decker" is a unique housing type characteristic of New England cities in the early 20th century. Generally defined, it is a freestanding, three-story wood frame structure on a narrow lot. Triple-deckers (as they are also called) are designed as multifamily housing with one family living on each floor, including the owner who typically pays the mortgage by renting the other two units. They are the dominant housing stock in Dorchester where nearly 5,000 such structures exist (see Krim 1977).
- ¹⁰ The Center for Survey Research (CSR) at the University of Virginia was the subcontractor that administered the survey. Tom M. Guterbock, director for the CSR, directed the survey administration. The surveys were translated into Spanish and Portuguese for the Boston study sample. To complete the survey took an average of 39 minutes.
- ¹¹ The sample also includes a smaller sample of Asians (14) that we don't analyze in this report because the sample is not large enough and because we are not able to differentiate among different subgroups within the Asian category.
- ¹² For the NASCC project in general, about 70,000 personalized advanced letters were sent, 87,000 telephone numbers dialed 448,000 times, and 12,113 interviewer hours were spent across three shops to conduct 2,746 completed surveys.
- ¹³ Among NASCC households, a higher percentage of heads of household have completed college as compared with households represented in the U.S. Census Bureau's American Community Survey (ACS) data. For example, for black households the percentage was 21 percent (ACS data) as compared with 42 percent (NASCC data). Among Hispanics, NASCC data on educational attainment is similar to the ACS data.
- ¹⁴ In general, the median age of the head of household and the percentage of married households was higher in the NASCC dataset than in the ACS dataset.
- ¹⁵ The median family income for blacks and whites was 10% lower among NASCC households than among ACS households.
- ¹⁶ We report significance at the 90%, 95% and 99% levels. However, given our small sample sizes it may be difficult to detect significance at those levels even if differences exist. This is particularly true when estimating asset, debt, and net worth values. The p-values will be conservative, increasing the likelihood of not detecting significance when, in fact, there may be significance. Thus, differences in medians can be treated as meaningful in some cases even when statistical significance is not found at traditional levels.
- ¹⁷ Because of some very high values, using the mean, skews upward estimates of what a typical family owns when measuring wealth. This is especially relevant when comparing groups with small sample sizes, where arithmetic means will be even more sensitive to outlier values.
- ¹⁸ Cash is not included in these calculations.
- ¹⁹ Tippett et al. (2014) found that 80 percent of whites, 55 percent of blacks, and 60% of Hispanics held checking accounts.
- ²⁰ It is worth noting that the percentage of Caribbean black households owning savings accounts and the percentage of Cape Verdean households owning savings accounts did not differ in a statistically significant way.

- ²¹ In addition to asking about IRAs or private annuities, the survey asked whether the respondent had a benefit plan at the workplace that would provide money or other benefits after retirement. Less than 1 percent of respondents who did not have an IRA or private annuity reported that they had a retirement plan provided by their employer.
- ²² Tippett et al. (2014) report that in the United States, as a whole, 58 percent of whites had retirement accounts compared with 32 percent of blacks and 28 percent of Hispanics.
- ²³ Only the percentage of white households having medical debt as compared with other Hispanic households differed in a statistically significant way.
- ²⁴ Some of these differences may be attributed in part to other observable characteristics like age or education. Unfortunately, because of small sample sizes, we cannot break down these tables by age and education.
- ²⁵ The percentage of U.S. blacks owning a home as compared to the percentage of Caribbean blacks differed in a statistically significant manner.
- ²⁶ The percentage of U.S. black households and Caribbean black/Haitian households differed in a statistically significant way, revealing that meaningful ethnic distinctions may exist even within a single racial category.
- ²⁷ The percentage of U.S. black homeowners and Cape Verdean homeowners differed in a statistically significant way, another example of how ethnic groups may differ.
- ²⁸ Excluding IRA and private annuities. Liquid asset values are calculated adding stock values to the total values of checking, saving, money market, Government bonds values.
- ²⁹ Total asset values for Cape Verdeans and Asians were not calculated because sample sizes were too small. For those groups for which the data are reported, the estimation excluded “missing values,” that is, cases where the respondents indicated that they had an asset or debt but had not assigned a value.
- ³⁰ A recent analysis based on U.S. Census Bureau’s Survey of Income and Program Participation data shows that nationwide, as of 2011, African Americans and Hispanics had median liquid assets of only \$200 and \$340, respectively, as compared with \$23,000 held by whites. For details, see Tippett et al. (2014).
- ³¹ Most median debt values were zero because the proportion of households that have debts is less than 50 percent in most cases.
- ³² Among households that reported having debt, debt-to-income ratios (excluding mortgages) range from 13 percent among whites to 30 percent among U.S. blacks.
- ³³ When examining differences in mean wealth, nonwhite groups seemingly fared better with respect to the share of white-owned wealth. But because wealth is so unequally distributed, a few high-wealth households pulled the average up, rendering the mean less representative of the typical household. For this reason, the median is preferred as a summary measure of the wealth holdings of the typical household.
- ³⁴ Net worth values for Cape Verdean were not calculated because sample sizes were too small. For those groups for which the data are reported, the estimation excluded “missing values,” that is, cases where the respondents indicated that they had an asset or debt but had not assigned a value.
- ³⁵ The percentage of blacks with a bachelor’s degree or higher as compared with similarly educated whites differed statistically at the 95% level. The percentage of Hispanics with a bachelor’s degree or higher as compared with similarly educated whites differed statistically at the 99% level.
- ³⁶ These differences were statistically significant at the 99% level.
- ³⁷ Economists ranging from Milton Friedman (1957), to Marjorie Galenson (1972), to Marcus Alexis (1971), have found that, after accounting for household income, blacks have a slightly higher savings rate than whites. More recently, Maury Gittleman and Edward Wolff (2004) using the Panel Study on Income Dynamics (PSID) have found that, after controlling for household income, if anything blacks had a mild savings advantage compared to whites (Hamilton and Chietji 2013).
- ³⁸ Two of the authors of this report have previously proposed universal gradationally endowed based familial wealth position at birth child trust accounts, “baby bonds.” The accounts would be used as seed money to purchase an asset like a home or a new business that might appreciate over a lifetime (Hamilton and Darity 2009, and Aja et. al. 2014).

Appendix

Measuring wealth

As in any company, families have to balance what they own with what they owe. Wealth, also called net worth, captures what families have at their disposal to use in case of emergencies or to invest for future gains. Wealth is measured by taking into account the difference between assets (financial assets that include liquid assets such as savings and checking accounts, government bonds, and stocks and other financial assets such as retirement accounts and nonfinancial assets including homes and vehicles) and liabilities (mortgages, auto loans, credit card debt, and family loans).

Three main 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 SCF provides detailed information on assets and liabilities and provides insights into changes in family income and net worth. The survey is conducted every three years; it includes detailed information on family balance sheets, on the use of financial services, on pensions, on labor force participation, and on demographic characteristics. The SCF is sponsored by the Federal Reserve Board. More information available at <http://www.federalreserve.gov/econresdata/scf/scfindex.htm>

The PSID is a longitudinal survey conducted every other year, which allows for intergenerational studies. This nationally representative panel include 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.

The SIPP is administered by the U.S. 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.

The SCF is different from the PSID in that it oversamples higher income households, 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 have 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 and ethnicity. At the most, using these surveys, comparative analyses can be done for whites and nonwhites and, in some cases, for whites, Hispanics, and blacks.

+ Assets	– Debts
<p>Financial assets</p> <p>Liquid assets (assets that can be quickly converted into cash): Checking or savings accounts, money market funds, certificates of deposit, government savings bonds, stocks</p> <p>Other financial assets: Individual retirement accounts, private annuities value, business equitive net value</p> <p>Tangible assets</p> <p>Home, vehicles, other real estate</p>	<p>Credit card debt</p> <p>Medical Debt</p> <p>Student loans</p> <p>Installment loans</p> <p>Loans from family and friends</p> <p>Secured debt</p> <p>Mortgage, Vehicle debt</p>
<p>Wealth (net worth) = Assets-Debts</p>	



THE NEW SCHOOL