FEDERAL RESERVE BANK
OF SAN FRANCISCO

The Color of Wealth in Los Angeles

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Paul M. Ong
Darrick Hamilton
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A Joint Publication of
Duke University, The New School, the University of California, Los Angeles
and the Insight Center for Community Economic Development

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The information, analyses, and conclusions set forth are those of the authors and do not necessarily represent those of the Ford Foundation, the Federal Reserve Bank of San Francisco, or the Federal Reserve System.

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The Great Wall of Los Angeles is one of Los Angeles' true cultural landmarks. The Great Wall is a landmark pictorial representation of the history of ethnic peoples of California from prehistoric times to the 1950's, conceived by SPARC'S artistic director and founder Judy Baca. Begun in 1974 and completed over five summers, the Great Wall employed over 400 youth and their families from diverse social and economic backgrounds working with artists, oral historians, ethnologists, scholars, and hundreds of community members. (Source: Social and Public Art Resource Center)

"Division of the Barrios & Chavez Ravine"

Image credit: Social and Public Art Resource Center (SPARC)

The Color of Wealth in Los Angeles

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"Dr. Charles Drew"
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"Indian Assimilation" and "Asians Gain Citizenship & Property"

Image credit: Social and Public Art Resource Center (SPARC)

Abstract

The rapid growth of asset poverty in the United States is a troublesome sign that millions of families nationwide lack the resources necessary to secure a more stable financial future. These include the resources that would provide a financial reserve in periods of uncertainty (e.g, job loss, illness, etc.), enable a home purchase, assure quality secondary education for children, and insure retirement income. In addition, many families are challenged to earn sufficient income to afford basic needs like housing, food, transportation, and medical care. Wealth is iterative; it allows families to make investments in homes, education, child well-being, and business development, thereby offering better opportunities for future generations.

The findings in this report from the National Asset Scorecard for Communities of Color (NASCC) survey reveal major disparities in wealth accumulation across various racial and ethnic groups in Los Angeles. The NASCC survey was developed to supplement existing national data sets that collect data on household wealth in the United States but rarely collect data that is disaggregated by specific national origin.

The NASCC survey collects detailed data on assets and debts among subpopulations, according to race, ethnicity, and country of origin. This report features estimates for U.S.-born blacks, blacks who are recent immigrants from Africa (African blacks), Mexicans, other Latinos, Asian Indians, Chinese, Filipino, Japanese, Korean, and Vietnamese in the Los Angeles Metropolitan Statistical Area (MSA). Our analysis shows that with respect to types and size of household assets and debt, there are significant differences across race, ethnicity and ancestral origin. The report explores what factors are related to wealth accumulation for particular racial and ethnic groups, such as historical context, local asset markets, and intergenerational wealth transfers. Wealth is the paramount indicator of economic inequality.

Summary of Findings

- Existing research primarily has focused on the net worth position of broadly defined ethnoracial groups, such as Latinos or Asians taken collectively. The NASCC data for Los Angeles includes asset and debt information on a number of disaggregated groups, thereby improving understanding of key disparities in income and wealth. These groups include the following in Los Angeles: Mexicans, other Latinos (inclusive of Puerto Ricans, Cubans, Salvadorans, other South Americans, other Central Americans, and Europeans), Asian Indians, Chinese (inclusive of Taiwanese), Japanese, Korean, Filipino, and Vietnamese. Among African Americans, data are disaggregated by nativity—U.S. black descendants and recent immigrants from the African continent.

- White households in Los Angeles have a median net worth of $355,000. In comparison, Mexicans and U.S. blacks have a median wealth of $3,500 and $4,000, respectively. Among nonwhite groups, Japanese ($592,000), Asian Indian ($460,000), and Chinese ($408,200)

households had higher median wealth than whites. All other racial and ethnic groups had much lower median net worth than white households—African blacks ($72,000), other Latinos ($42,500), Koreans ($23,400), Vietnamese ($61,500), and Filipinos ($243,000).

- Racial and ethnic differences in net worth show the extreme financial vulnerability faced by some nonwhite households. U.S. black and Mexican households have 1 percent of the wealth of whites in Los Angeles—or one cent for every dollar of wealth held by the average white household in the metro area. Koreans hold 7 percent, other Latinos have 12 percent, and Vietnamese possess 17 percent of the wealth of white households.

- The median value of liquid assets for Mexicans and other Latinos is striking, zero dollars and only $7, respectively, whereas, the median value of liquid assets for white households was $110,000. This not only implies possible financial hardship in the long term, but it also makes short-term financial disruption much more likely.

- Japanese households had by far the highest median total value of assets at $595,000. Asian Indians ($460,000), Chinese ($408,500), and white households ($355,000) were also among those with high median values of total assets. Filipino and African black households fall in the middle of the distribution—$243,000 and $152,000 respectively. Median total asset values for all other racial and ethnic groups were significantly lower—U.S. black ($30,000), Mexican ($5,000), other Latino ($43,000), Korean ($28,400), and Vietnamese ($40,000) households. The data reveal an astounding racial wealth divide in the Los Angeles metropolitan area.

- Mexicans were the least likely to be banked and most likely to lack financial savings. In the NASCC sample, Mexicans (47.1 percent), other Latinos (54.6 percent), U.S. blacks (68.1 percent), and Vietnamese (54.8 percent) are far less likely to own checking accounts than white (90.1 percent) and Japanese (93.3 percent) households. Mexicans, other Latinos, and Vietnamese also owned savings accounts at a lower rate than white households—39.8 percent of Mexicans, 44 percent of other Latinos, and 37.4 percent of Vietnamese owned a savings account compared with 71.9 percent of whites. Fifty-six percent of U.S. black and 57.8 percent of Korean households held a savings account.

- Wealth differentials across racial groups in the Los Angeles NASCC survey are far more pronounced than income differentials. White households (40.7 percent) were far more likely to hold assets in stocks, mutual funds, and investment trusts. Only 18 percent of African black, 21.5 percent of U.S. blacks, 7.6 percent of Mexicans, 7.3 percent of other Latinos, 23.6 percent of Korean, and 9.9 percent of Vietnamese owned stocks, mutual funds, or other investments or trusts. The percentage of Chinese, Japanese and Asian Indian that have these types of financial assets was much higher when compared with whites—48.8 percent, 60.8 percent, and 58.6 percent, respectively.

- The racial and ethnic disparity is large across all asset types and even larger across private retirement assets. Sixty-four percent of white households have an IRA or private annuity

compared with 8.2 percent of other Latino, 15 percent of Mexican, and 17.7 percent of Vietnamese households. Japanese, Filipino, African black, and Chinese households were also likely to own an IRA although at lower rates than whites—62.3 percent, 55.6 percent, 48.5 percent, and 48.3 percent, respectively. The nonwhite groups less likely to own an IRA included Koreans (27 percent), U.S. black households (37.9 percent), and Asian Indians (38.6 percent). The results suggest that many households, especially black, Latino, and some Asian ones, would have virtually no financial assets of their own at retirement if not for federal insurance provided by the Social Security program.

- White households are more likely to be homeowners (68 percent), along with Chinese (68 percent) and Japanese (64 percent) households. By contrast, approximately two-fifths of U.S. blacks, 44 percent of African blacks, and 45 percent of Mexican households were homeowners. Fifty-seven percent of Filipinos were more likely to own a home, which was slightly higher than 53 percent of Vietnamese. Both Korean (40 percent) and Asian Indian (40 percent) households were among the least likely groups to be homeowners.

- In our analysis of debt, the outcomes were nuanced. Although some households of color are less likely to own homes, among home owners they are more likely to have high debt to equity ratios on their homes, especially 88.1 percent of Filipinos, 80.5 percent of other Latino, 77.1 percent of Mexican, 78.4 percent of U.S. black, and 76.3 percent of African black homeowners.

- Similar to homeownership, owning a vehicle has far-reaching repercussions. Those who own vehicles have access to job opportunities beyond the zones of public transportation. It enables them to work late or take unusual shifts because they have their own transportation. Those least likely to own a vehicle were U.S. black (72 percent) and Vietnamese (83 percent) households. In comparison, 87 percent of whites in the Los Angeles MSA own a vehicle.

- Chinese households (16.7 percent) were least likely to have credit card debt, followed by 25.6 percent of Asian Indian and 27.7 percent of white households. More than one-third of Mexican and 38.7 percent of other Latino households were likely to have credit card debt. In contrast, approximately half of Filipino, 57.3 percent of U.S. black, and 64.7 percent of African black households were likely to have credit card debt.

- The percentage of white households that reported having student loan debt was 15.3 percent. Other Latino (4.8 percent), Japanese (8.1 percent), and Asian Indian (4.5 percent) households were the least likely to have student loan debt. In comparison, U.S. black (20.5 percent), Korean (15.9 percent) and Filipino (15.5 percent) households were more likely to have student loan debt. Although obtaining a college degree provides greater lifetime earnings potential than only a high school diploma, clear disadvantages are associated with a debt-burdened college degree.

- Because communities of color often have higher-cost debt and higher debt-to-income ratios, they are more likely to be denied credit and their ability to build assets is limited. Although, research has shown that when blacks have similar credits scores as whites, they are still more likely to be denied credit. This contributes to lower asset ownership and lower asset values when compared with white households. However, this is not the case for all Asian national origin groups. Aggregate numbers often mask tremendous differences between groups, and traditional indicators often overlook hidden issues and obstacles (De La Cruz-Viesca et al., 2015). The heterogeneity of Asian Americans results in different wealth outcomes by ethnic group.

- Selectivity in immigration, return migration, and family formation, combined with intergenerational transmission of socioeconomic status, can explain the economic achievement of Japanese Americans relative to other racial minorities (Darity, Dietrich, and Guilkey, 1997; Takaki, 1989; Suzuki, 2002). Darity (1989) contends that it is class background, and not national culture, that distinguishes the relative success of immigrant groups such as Jewish, West Indian, Japanese, and Chinese Americans. When the socioeconomic origins of immigrants are taken into account, their economic achievement reflects *lateral* rather than *upward* mobility.

- The socioeconomic status of immigrants prior to entering the United States plays an important role in influencing the wealth position of particular groups. The majority of immigrants who came to the United States after the passage of the 1965 Immigration Act are highly educated, possess higher levels of wealth than the average American, and are highly skilled professionals who are more likely to hold jobs with higher earnings levels. One exception is the Vietnamese, a community who came to the United States as refugees generally with limited financial resources. The NASCC findings are consistent with this general pattern. For example, African blacks have a relatively better economic status in comparison with U.S. blacks. This is further demonstrated by the wealth position outcomes of more successful Asian Indian and Chinese households compared with their Vietnamese counterparts. Los Angeles has been a magnet for immigrants due to the many employment opportunities in the finance, insurance, and real estate industry; international trade via the ports at Los Angeles and Long Beach; higher educational institutions; medical, science, technology research firms; Silicon Beach which is home to over 500 technology and startup companies, and much more. Thus, the selectivity status of black and Asian migrants to Los Angeles has vital implications for their ability to accumulate assets over time.

Introduction

The color of wealth in Los Angeles is complicated by racial and ethnic diversity, age, timing of immigration, and intergenerational wealth transfers over time. Moreover, a tapestry of industries—Hollywood entertainment; finance, insurance, and real estate; international trade via ports at Los Angeles and Long Beach; higher education institutions; medical, science, and technology research firms; Silicon Beach; and retail enterprises—converge to create wealth opportunities and profound inequalities in Los Angeles. This report explores factors related to wealth accumulation for particular racial and ethnic groups.

This report builds on the report *The Color of Wealth in Boston* (Muñoz et al., 2015) utilizing the National Asset Scorecard for Communities of Color (NASCC) data collected to improve understanding of the economic well-being of peoples of color in several cities in the United States. Wealth or net worth—what one owns minus what one owes—is a stock of financial resources and an indicator of financial security for families. It offers a more complete measure of household capability and functioning than the more limited measure of income. While income helps families cover their current expenses, wealth allows them to make investments in a home, education, or business. Assets, such as savings accounts, allow families to pay for unexpected expenses rather than borrow money from banks, friends, or family or rely upon credit card—or worse, predatory lending products like payday loans, which have exorbitantly high interest rates.

The more wealth that is passed down from generation to generation, the more assets are accumulated over time, resulting in greater financial security and stability (Oliver and Shapiro, 2006). Studies on the intergenerational transmission of wealth have demonstrated that people of color have more limited access to such transfers; they tend not to have parents who can provide funding for a college education, down payments on a home, or inheritances (Muñoz et al., 2015).

For communities of color, especially blacks and Latinos, it has never been "easy" to build assets of any type because of low levels of intergenerational transfers of funds (Hamilton and Darity, 2014). The situation for some Asian groups is quite different though; the mortgage crisis decimated relatively high initial levels of wealth (Ibid.; De La Cruz-Viesca et al., 2015). According to the Pew Research Center, the racial wealth gap increased significantly after the Great Recession when the housing market bubble burst (Kochhar, Fry, and Taylor, 2011). Many households of color experienced major losses because of their greater dependence on home equity as a source of wealth.

The demographic and spatial development of the Los Angeles metropolitan area is highly complex because the MSA grew by accumulation of geographic fragments in the 1920s (Scott and Soja, 1996). During the first decades of the twentieth century, Los Angeles was established by a network of fairly dense but separate cities linked by rail (Abu-Lughod, 1999). By 1930, the ascendance of

the automobile helped fill in the gaps between commuter towns with lower-density settlements. As a result, the boundaries between the Los Angeles central city and surrounding suburban areas became blurred, making it difficult to fit Los Angeles into a conventional urban/suburban typology or dichotomy. Unlike New York or San Francisco, Los Angeles is decentralized in its structure. Its major commercial, financial, and cultural institutions are geographically dispersed rather than concentrated in a single downtown or central urban core.

The growth of Los Angeles was connected intimately to racial discrimination. In the early 1950s, the City of Los Angeles used eminent domain with funds from the Federal Housing Act of 1949 to acquire land largely owned by Mexican Americans in Los Angeles' Chavez Ravine (Normark, 1999). The City of Los Angeles employed California's redevelopment law for massive "poor removal" and uprooted more than one thousand Mexican Americans (Davis, 1992; Becerra, 2012). The land then was used to construct Dodger Stadium.

In the 1960s, federal subsidies for urban sprawl led to disinvestment in the central city and increased development of suburban areas. Along with a combination of other factors (e.g., restrictive covenants in housing and mortgage lending, disadvantaging communities of color), this facilitated "white flight," in which many of the wealthy and white abandoned the central city for the suburbs (Davis, 1992; De Graaf and Taylor, 2001). Consequently, employment and commercial growth would follow the population exodus to outlying areas, creating problems of spatial mismatch for the central-city poor (Pastor, 2001b). As a result, racial and social tensions escalated in Los Angeles.

The 1965 Watts Civil Unrest, 1968 Chicano Blowouts and the 1992 Los Angeles Uprising marked significant moments in Los Angeles history where communities of color took to the streets to protest police brutality by the Los Angeles Police Department and high unemployment, poor schools, and other impoverished conditions in their neighborhoods. The earlier Zoot Suit Riots in 1943 were also part of this trajectory, when a series of racial attacks on primarily Mexican youth by American military servicemen occurred during World War II, a period when many migrants arrived for the defense effort and newly assigned servicemen engulfed the city.

Los Angeles recovered from the recessions of the 1980s and 1990s in part from the global restructuring of the economy, especially from financial investments from the Asia Pacific region and the utilization of labor from Mexico by multinational corporations. Today, the greater Los Angeles metropolitan area has greater density than any other metropolitan area in the country (U.S. Census, 2012). This density is attributable to many of the city's suburbs and satellite cities with high population concentration rates. In addition, transit-oriented development, new urbanism, and smart growth development projects have been introduced to revitalize the forgotten central Los Angeles neighborhoods. Although the intent of city officials was to create neighborhoods with a more balanced development of small business, jobs, and housing, these

efforts have led to gentrification, in particular the displacement of lower-income families and small businesses. Against this backdrop, Los Angeles was one of the hardest hit areas by the housing crisis in the latter half of the first decade of the 21st century.

The housing downturn that began in 2006 had distinctive geographic patterns. The Pew Research Center reported that more than two in five of the nation's Latino and Asian American households lived in Arizona, California, Florida, Michigan, and Nevada. These five states had the steepest declines in home prices in 2005. In contrast, about one in five of the nation's white or black households lived in these five states and were not affected as severely by the decline in home values (Kochhar, Fry, and Taylor, 2011).

Nationally, the net worth of Asian American households is estimated to have fallen by 54 percent, from $176,225 in 2005 to $81,291 in 2009. Asian households lost the most in terms of absolute dollars (-$92,259) and lost 53 percent of their wealth during that period. Hispanic households suffered the largest relative decline in net worth, a drop of 65 percent from $19,228 to $6,668. Black households experienced a 54 percent decline (from $12,840 to $6,081); more than a third (37percent) of their fall in net worth was attributable to factors *apart* from losses in home equity. In contrast, across the nation the white decline in median net worth between 2005 and 2009 was 16 percent ($142,335 to $119,152) (Tippett et al., 2014).[1]

Foreclosure, higher unemployment rates, housing cost burdens, and home value declines varied by racial and ethnic group in Los Angeles during the recession. African Americans and Latinos experienced greater exposure to foreclosure, joblessness, and home value declines than other groups (Bocian et al., 2010; U.S. Census, 2010). Although Asian Americans experienced lower foreclosure and unemployment rates and home value declines than non-Hispanic whites, they were more likely to experience increased housing cost burden, spending a larger portion of their income on housing than other racial groups (U.S. Census, 2010).[2]

In turn, foreclosure rates experienced by some Asian American ethnic groups, such as Filipinos, Koreans, and Cambodians, approached those experienced by African Americans and Latinos (Ong et al., 2014).[3] It is critical to consider the *local* nature of asset markets, especially the unequal geographic distributional effects of the housing crisis in combination with other asset opportunities and challenges, in having an effect on the wealth status of communities of color (Hamilton and Darity, 2014).

Using the NASCC survey, we have examined subpopulations by race, ethnicity, and country of origin. The NASCC survey addresses two shortcomings of public datasets (see the appendix for more information) that have data on assets and debts as follows: (1) lack of information for specific geographic areas and (2) limited disaggregated information 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 MSA. In addition, because communities of color are not monolithic, the NASCC survey gathered more detailed data, such as country of origin for certain groups.[4]

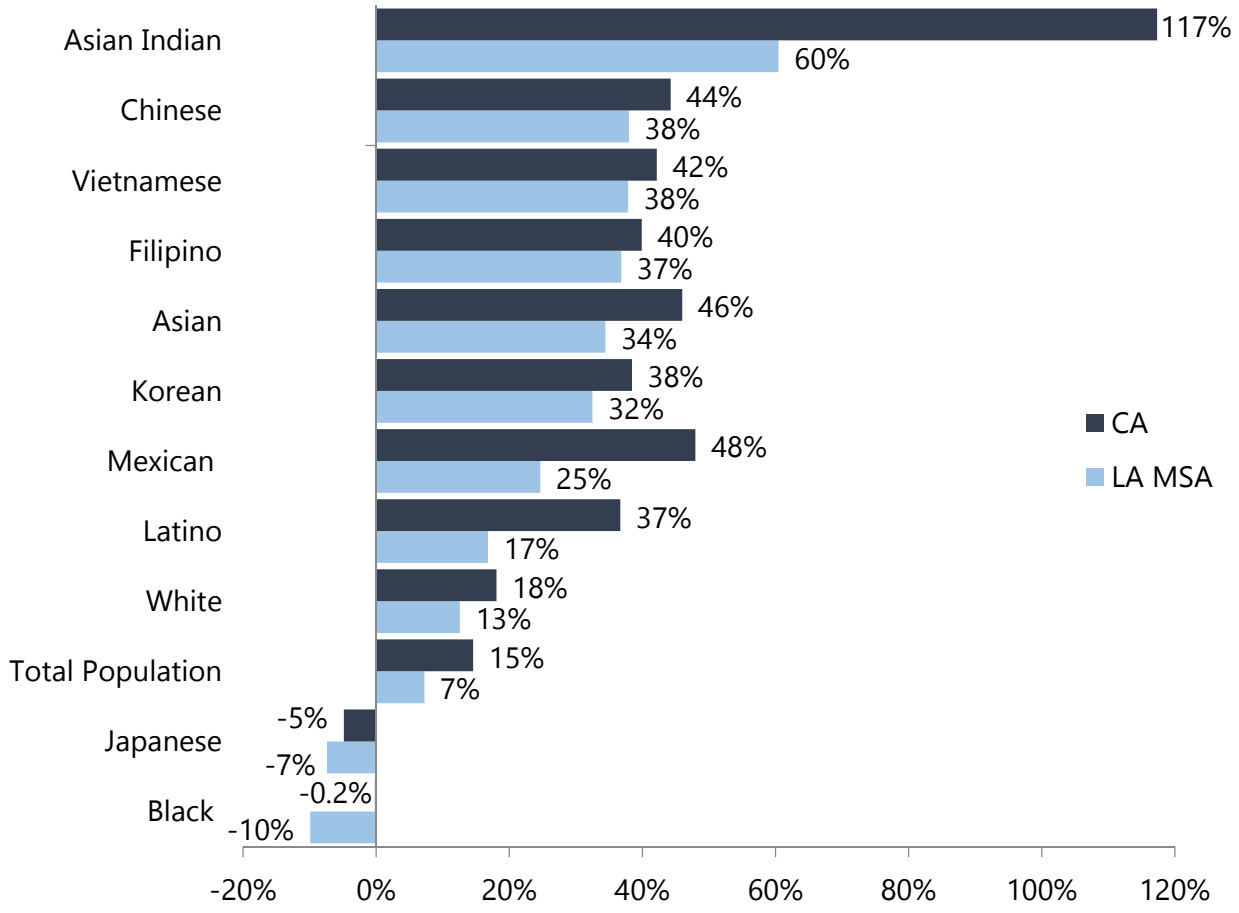
This report begins with a brief overview of the demographic changes in the Los Angeles MSA followed by a second section summarizing the NASCC methodology, and a third part analyzing asset and debt ownership and estimates of the wealth position for various communities of color in the Los Angeles metro area. The last section discusses the implication of racial disparities.

Demographic Changes in the Los Angeles Metropolitan Statistical Area

The Los Angeles MSA has the second-largest population (13 million) in the United States after the New York MSA (18 million).[5] Its residents make up more than one-third of California's population. The San Francisco MSA is the next largest and accounts for 12 percent of California's population.[6] During the past decade, significant demographic changes occurred both in terms of population growth and loss. The non-Hispanic white population increased by 13 percent between 2000 and 2014 (see Figure 1).[7] The black population declined by 10 percent, mainly due to outmigration of young people searching for jobs or attending college in the South (Arax, 2004), In addition, older blacks looking to retire moved away from Los Angeles to urban fringe cities near Los Angeles such as Rancho Cucamonga and other cities in the Inland Empire with lower costs of living (Pfeiffer, 2011). The decline in American-born blacks locally has been partially offset by the entry of recent black immigrants from Africa, the Caribbean, and other parts of the Americas who, collectively, have sustained a small population growth of 1 percent since 2000 ("Black Population in L.A. County Declines," 2014). According to the 2013 American Community Survey's (ACS) five-year estimate sample, the three largest black immigrant groups in Los Angeles are from Belize (16 percent), Nigeria (14 percent), and Ethiopia (12 percent). In contrast, the Asian and Latino populations grew substantially by 34 percent and by 25 percent, respectively.[8]

The Los Angeles MSA is home to the highest concentration of Latinos and Asians in the nation, and it is basically these groups that were the primary sources of population growth between 2000 and 2014. Of the six largest Asian ethnic groups, Asian Indians were the fastest-growing population (60 percent) in Los Angeles, followed by Vietnamese and Chinese, which both grew at 38 percent rates. The Mexican population grew by 25 percent, a faster rate than the overall Latino population that grew by 17 percent.

Figure 1. Population Change, 2000 – 2014, California and Los Angeles MSA

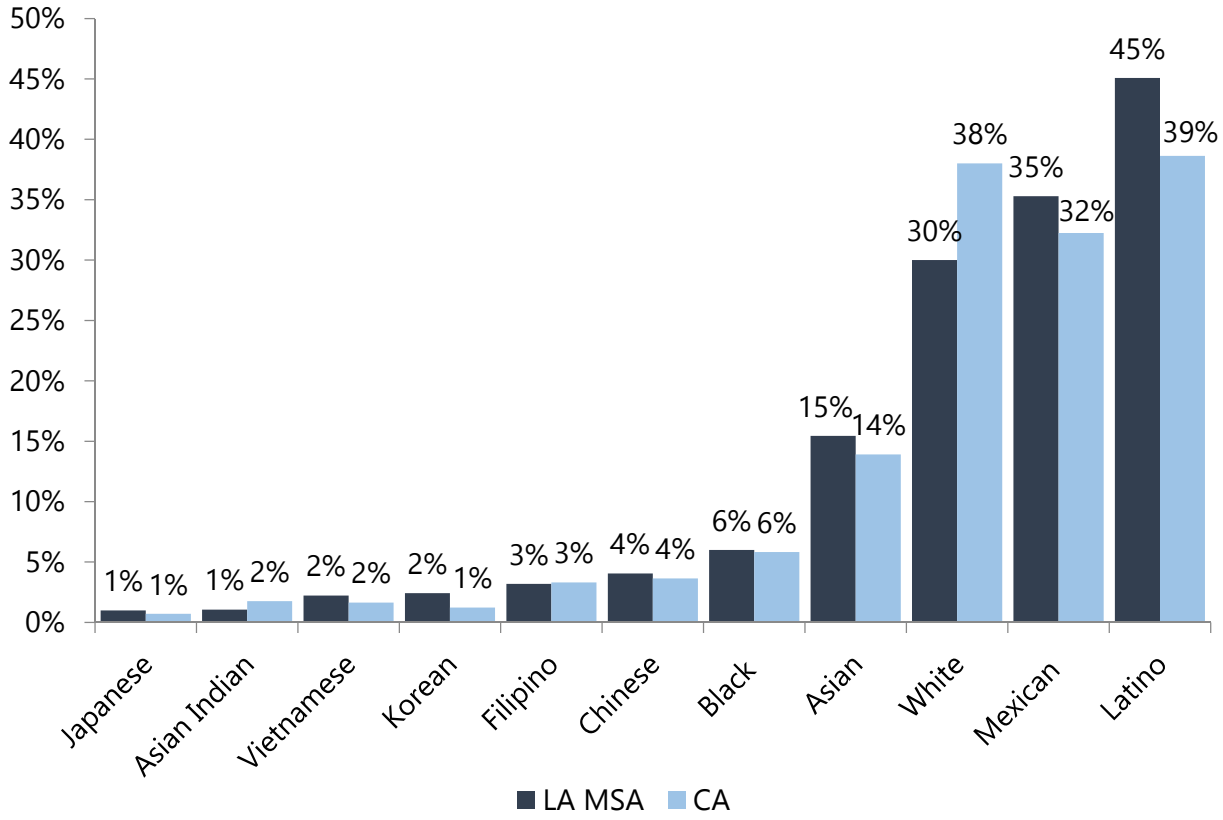


Source: U.S. Census Bureau, Decennial Census Survey, 2000; ACS, 2014, one-year estimates

The 5 percent decrease in the Japanese population in the MSA may be attributable to increased mixed race ancestry, as a result of high rates of outmarriage, or marriage to someone outside their racial or ethnic group. Since Figure 1 only includes data for those who self-reported a single race,it does not capture the growth of the multiracial Japanese population. Across the board, the growth rates for all racial groups in Los Angeles were lower than the California growth rates for each respective racial and ethnic group.

In 2014, Latinos made up the largest proportion of the total population (45 percent), followed by whites (30 percent) in the Los Angeles MSA. The share of Asian residents was 15 percent and for blacks 6 percent of the total population. Among the Asian ethnic groups, Chinese made up 4 percent of the total population, followed by Filipinos (3 percent), Koreans and Vietnamese (each 2 percent), and Japanese and Asian Indians (each 1percent) as seen in Figure 2.

Figure 2. Percentage of Total Population by Race and Ethnicity, 2014, California and Los Angeles MSA



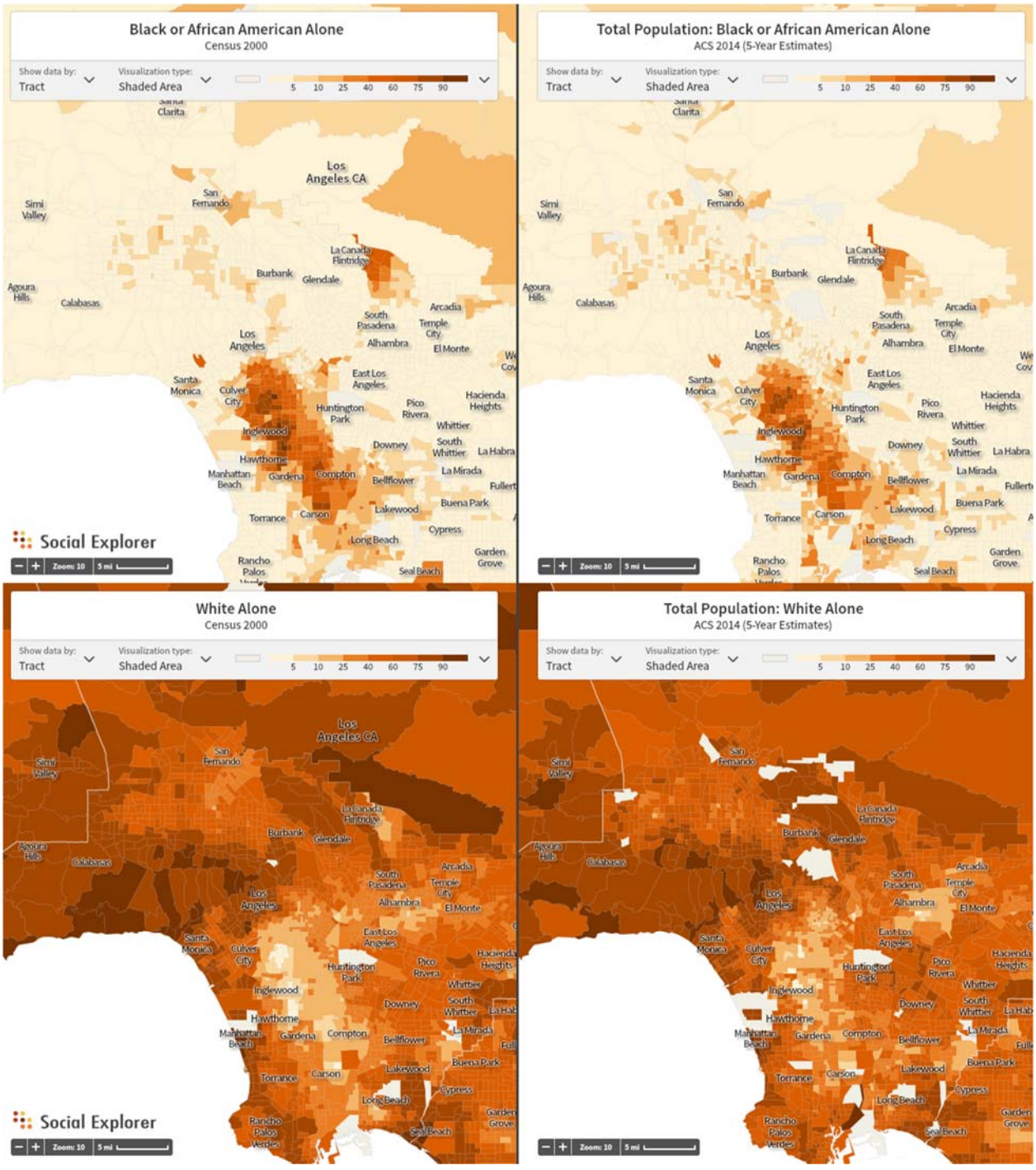
Source: U.S. Census Bureau, ACS, 2014, one-year estimates

Along with population growth, it is important to consider how population shifts and residential settlement patterns contribute to asset-building opportunities of certain racial groups. The first set of maps in Figure 3 compare population concentrations by race in 2000 and 2014.

The black population is largely concentrated in the southern part of Los Angeles County in the neighborhoods of Inglewood, Hawthorne, Compton, and Carson. The majority of South Los Angeles consists of low- and moderate-income residents. There is also a sizeable population in La Cañada Flintridge and near South Pasadena, which is more middle-income. From 2000 to 2014, the population shifts out of South Los Angeles and grows in the outer fringe cities of Burbank and Bellflower.

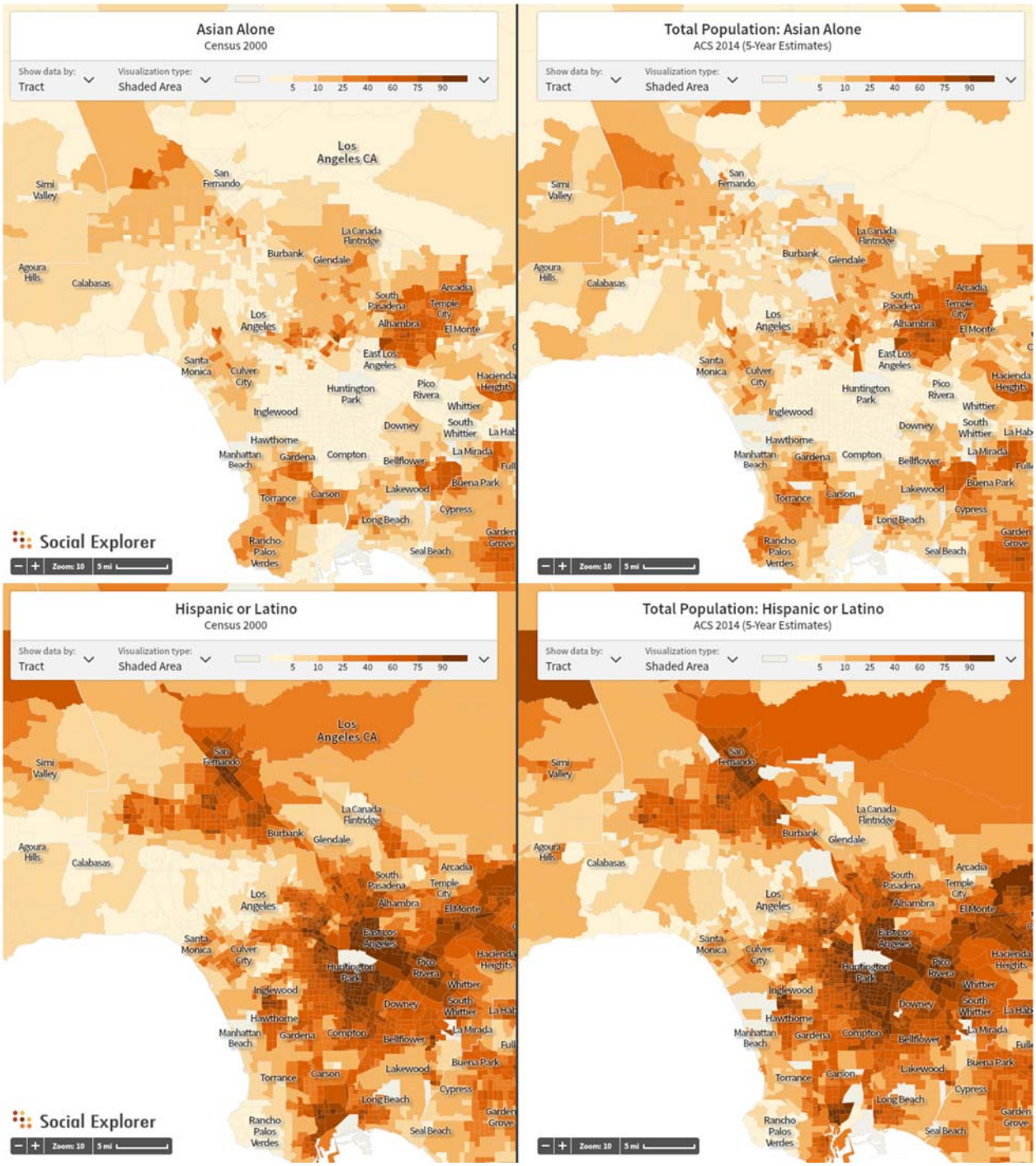
The white population predominantly resides on the west side of Los Angeles County in cities such as Calabasas, Santa Monica, and Manhattan Beach–areas with prime and expensive real estate. Interestingly, between 2000 and 2014 the inverse occurs with the white population where the shift is from the west into the central parts and eastern parts of Los Angeles, such as the neighborhoods of East Los Angeles, Pico Rivera and Glendale.

Figure 3. Los Angeles County, Population by Race in 2000 and 2014



Source: Decennial Census 2000 and ACS 2014, prepared by Social Explorer

Figure 3. Los Angeles County, Population by Race in 2000 and 2014 (continued)



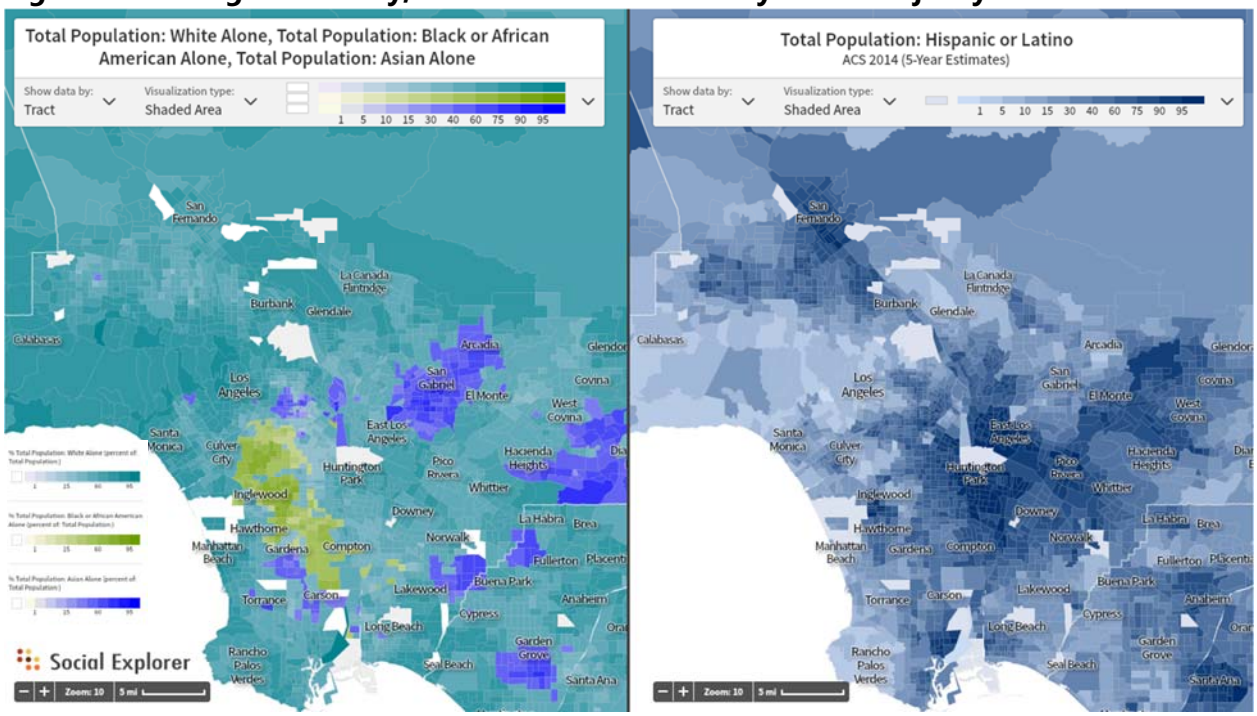
Source: Decennial Census 2000 and ACS 2014, prepared by Social Explorer

The Asian population is largely concentrated in the eastern part of Los Angeles County in the cities of Alhambra, El Monte, part of what is known as San Gabriel Valley and southern areas such as Gardena, Carson, and Bellflower. There is also a sizeable population in the San Fernando Valley. From 2000 to 2014, the population continues to grow in both the San Gabriel and San Fernando valleys, as well as in the Los Angeles city neighborhoods of Koreatown and Hollywood.

The Latino population primarily resides in the southeast and eastern parts of Los Angeles County in cities such as Huntington Park, Pico Rivera and East Los Angeles. Similarly, the population continues to grow rather than shift between 2000 and 2014. Latinos continued to make a greater share of residents in South Los Angeles. In addition, a larger proportion settled in the suburbs of San Gabriel Valley in cities such as Arcadia, El Monte, and Hacienda Heights.

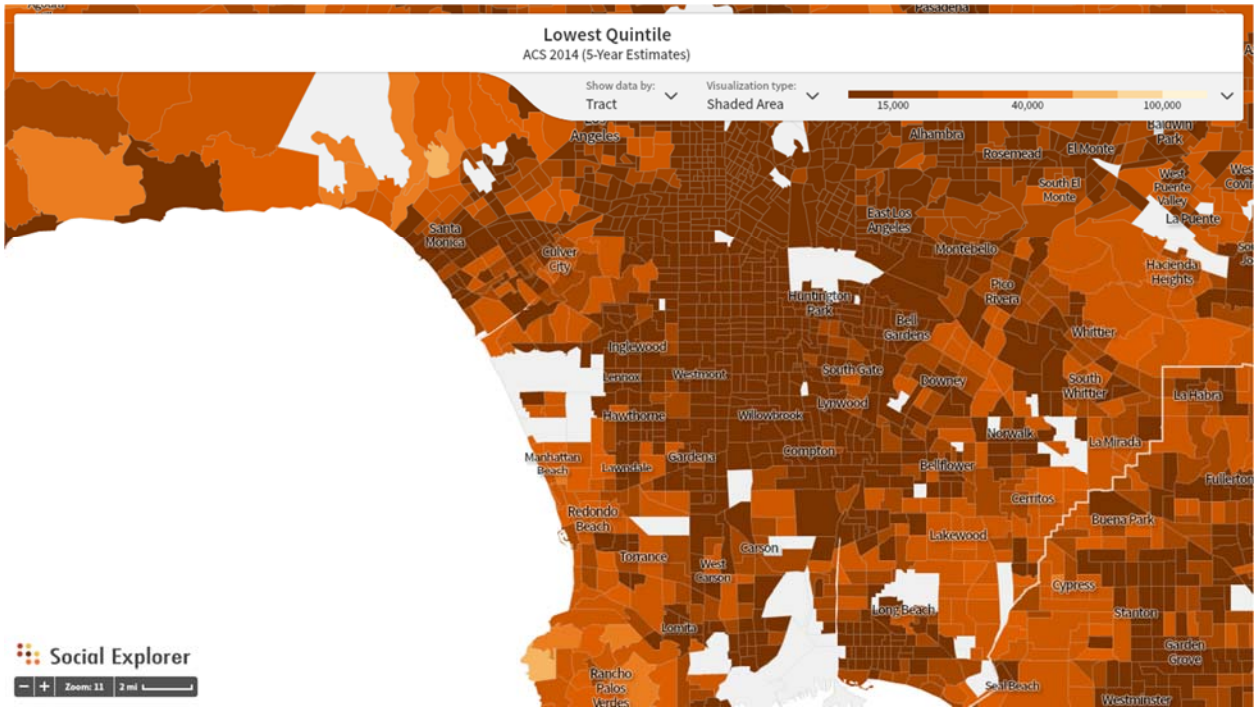
A close look at settlement patterns and low-income distribution of the total population reveals how blacks, Latinos, and Asians live in lower-income neighborhoods in the geographic areas of South Los Angeles, East Los Angeles, and San Gabriel Valley.

Figure 4. Los Angeles County, Residential Settlement by Racial Majority



Source: ACS 2014, prepared by Social Explorer

Figure 5. Los Angeles County, Low-Income Population Distribution



Source: ACS 2014, prepared by Social Explorer

What's Behind the Numbers?

Los Angeles has been one of the major gateway cities for Asian and Latino immigrants since the early 1900s, serving among the top tier of cities that are both global economic centers and immigration magnets. A growing post–World War II economy coupled with a severe labor shortage of highly educated professions resulted in a shift in immigration policy from the late 1960s through the 1990s. A significant turning point occurred with the passage of the 1965 Hart-Cellar Immigration Act, which abolished the National Origins formula that had been in place since the 1924 Immigration Act (Chan, 1991).[9] A surge of immigrants from Asia, Latin America, Africa, and the Caribbean arrived in the United States to fill a range of niches from professional to industrial- and service-sector jobs.

The fall of Saigon, the end of the Vietnam War, and the passage of the Indochina Migration and Refugee Act of 1975 established a program of domestic resettlement assistance for refugees who fled from Cambodia and Vietnam. This prompted large-scale immigration from Southeast Asia, with the majority of the population settling in the Midwest and California (Takaki, 1989; Chan, 1991; Ong, Bonacich, and Cheng, 1994).

Political upheaval in Latin America during the 1970s and 1980s, in particular the Central American nations of El Salvador, Guatemala, Honduras, and Nicaragua, also contributed to significant new Latin American immigration to the United States (Chinchilla and Hamilton, 2004). One of the largest clusters of Salvadorans resides in Los Angeles. Moreover, the ratification of the North American Free Trade Agreement in 1994 has created favorable economic conditions and in-sourcing of immigrant labor from Mexico for U.S. firms (Kelly and Massey, 2006).

Despite deindustrialization of the late 1970s, Los Angeles was able to thrive because of federal spending on defense in the Reagan-Bush era. It became a key center of the military industrial complex, primarily creating low-skilled assembly and manufacturing firms alongside higher-tech firms linked to electronics and media (Pastor, 2001a). However, the majority of jobs created were of lower quality than those eliminated in the older deindustrialized sectors. Immigrant cities, such as Los Angeles, have grown rapidly in population size due to globalization and the acceleration of immigrant flows driven by income differentials, social networks, and various state policies (Modares, 2003).

The most recent data from the U.S. Census Bureau confirms that in 2009, for the first time since this annual data series has been released, less than one-half of all the three-year-old children in the United States were white.[10] This racial and ethnic shift will be even greater over the next several decades, as the Asian population is expected to nearly double to constitute 9 percent of the population and Latinos are expected to double and become 29 percent of the total population by mid-century.[11]

Due to its proximity to the Pacific region and the U.S.-Mexico border, Los Angeles is unique insofar as it is comprised of largely Mexicans and approximately twenty-one different Asian ethnic groups. The six largest Asian ethnic groups, from largest to smallest, are Chinese (including Taiwanese), Filipino, Korean, Vietnamese, Japanese, and Asian Indians.

Methodology

The NASCC survey was developed to supplement existing national data sets that collect data on household wealth in the United States, but rarely collect data that is disaggregated in detail by race and ethnicity. The survey targets five metropolitan areas in order to collect data about the asset and debt positions of racial and ethnic groups at a detailed ancestral origin level.

In the past, other surveys have collected data on 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—including Mexicans, Puerto Ricans, and Cubans or Asian Indians, Chinese, Filipinos, Koreans, Vietnamese, and Japanese. The NASCC data collection also provides 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. Moreover, the lumping of ethnic groups under aggregate racial categories masks a high degree of variation in social and economic status across these subgroups.

A telephone survey was conducted in the Los Angeles MSA (including Los Angeles and Orange counties) and in four other metropolitan areas (Boston, MA; 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, and 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. Interviewers also solicited additional information particularly 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.

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. The MCSUI was a cross-section survey of four-cities—Atlanta, Boston, Detroit and Los Angeles—collected from 1991 to 1994 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.

Racial and ethnic identity for this report is 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 ACS 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 NASCC data set includes data on a number of disaggregated groups, which aids in understanding key disparities in income and wealth. For the Los Angeles sample, data is available for African Americans, Latinos, Asian Americans, and whites. Data are also available for the following ethnic groups: Mexican, other Latino, Asian Indians, Chinese (which includes Taiwanese), Japanese, Korean, Filipino, and Vietnamese. Among African Americans, data are disaggregated by nativity—U.S. black descendent, or "U.S. black," and African black.[12]

Some limitations to NASCC data should be noted. First, while NASCC does ask detailed questions on wealth–including debt type (e.g., education loan, vehicle, first and second mortgages), liquid assets, and other variables–for some respondents there are a number of missing responses, which complicates the task of examining all of the relevant variables. NASCC is also cross-sectional; hence there are no longitudinal data, and historical comparisons cannot be made because only one year of data is available.

In addition, the survey is not nationally representative because of its focus on comparisons within the Los Angeles metropolitan area—consequently, this approach highlights the importance of conducting a larger and more comprehensive survey in other geographical contexts to enhance existing national surveys. A total of 733 surveys were completed for the Los Angeles MSA. Sometimes questions were not answered, which resulted in fewer respondents for some of the questions.[13]

Table 1. Los Angeles Metropolitan Statistical Area Sample Characteristics

	Numbers of Observations	Bachelor's Degree or Higher	Married	Median Age	Median Family Income
White	56	56.9	49.4	63	95,000
U.S. Black	45	44.0	28.0	59	53,500
African Black	23	58.9	59.2	54	115,000
Mexican	100	17.8	45.3	45	50,000
Other Latino	31	45.7	37.0	62	40,000
Chinese	75	68.4	54.2	53	70,000
Japanese	68	68.6	48.5	63	75,000
Korean	77	57.1	58.0	57	60,000
Vietnamese	124	36.5	55.2	51	50,000
Filipino	42	76.7	52.7	59	80,000
Asian Indian	41	79.2	70.5	50	100,000

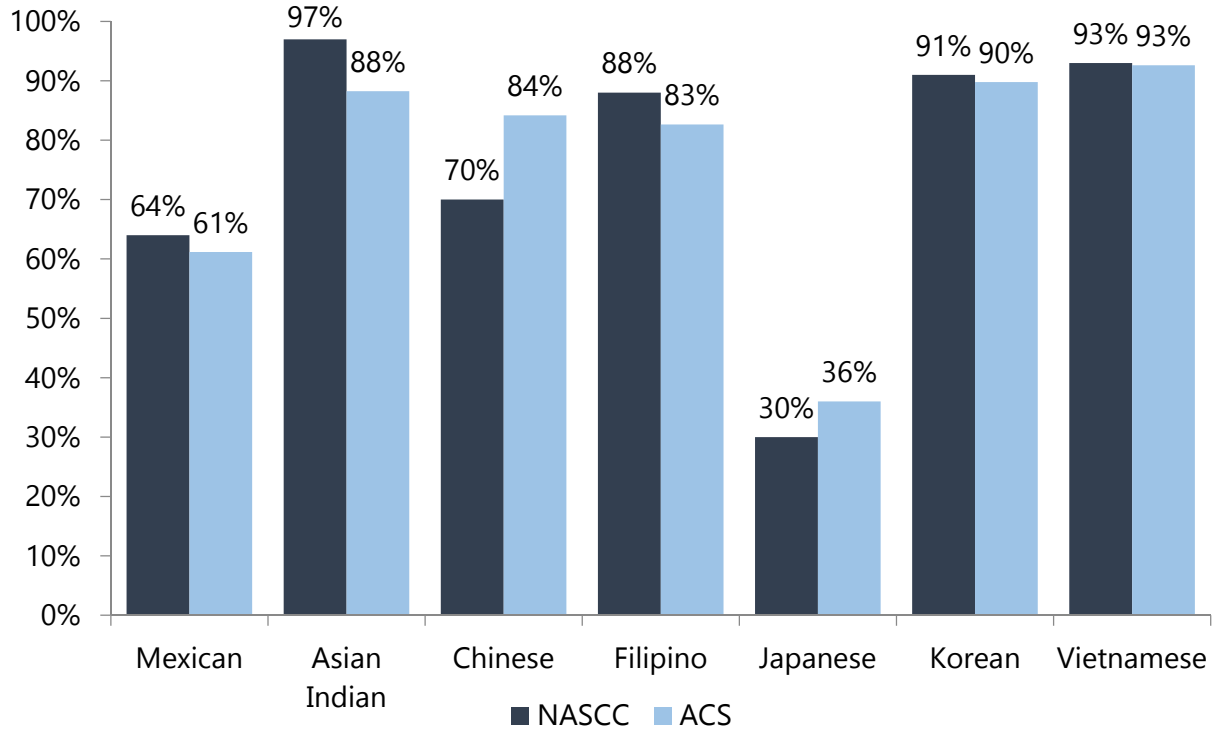
Source: NASCC survey, authors' calculations

Table 1 presents descriptive results for the sample. Educational attainment rates varied significantly by race and ethnicity, with a higher proportion of African black (58.9 percent), Chinese (68.4 percent), Japanese (68.6 percent), Korean (57.1 percent), Filipino (76.7 percent), and Asian Indian (79.2 percent) household heads holding a Bachelor's degree or higher compared with whites (56.9 percent). Mexican, other Latino, U.S. black, and Vietnamese household holds were less likely to hold a Bachelor's degree or higher—17.8 percent, 45.7 percent, 44 percent, and 36.5 percent respectively.

African black, Chinese, Korean, Vietnamese, Filipino, and Asian Indian households also were more likely to include married couples compared with white households. The NASCC sample also is skewed toward those that are older in the life cycle with the predominant ages ranging from 45 to 63 years old; these are persons who have had the greatest opportunity to accumulate assets over time. White and Japanese households in the sample had the oldest heads. Typically, white households had higher incomes than nonwhite groups, except for African blacks and Asian Indians, in the study.[14]

As mentioned earlier, Los Angeles has been one of the major entry points for Asian and Latino immigrants to America. More than one-third of the population is foreign born in Los Angeles. Seventy percent of Asian Americans and 40 percent of Latinos are foreign born compared to 18 percent of whites and 7 percent of African Americans (U.S. Census, 2012).

Figure 6. Percent Foreign Born by Ethnicity, NASCC Survey vs. ACS Survey



Source: NASCC survey, authors' calculations; U.S. Census Bureau, ACS, 2013, five-year estimates, Public Use Microdata Sample

Note: ACS estimates are for head of household in the Los Angeles MSA

Figure 6 shows the percentage of Los Angeles households that are foreign born in the NASCC sample compared with 2013 Census data from ACS. The ACS is one of the largest and most reliable samples of the U.S. population. The proportions of foreign born for the groups in the NASCC sample percentages are roughly consistent with the ACS estimates for Vietnamese, Koreans, Filipinos, and Mexicans. It is striking that the majority of Asian groups in the NASCC sample are foreign-born, in particular 97 percent of Asian Indian, 93 percent of Vietnamese, and 91 percent of Korean households.

Among Asian origin groups, the Japanese population has the lowest percentage of foreign born (30 percent), which reflects lower rates of recent migration from Japan. The population in Los Angeles is now composed mostly of fourth or fifth generation Japanese Americans (Azuma, 2005). As seen later in the report, findings from the NASCC data illustrate how the generational status of Japanese Americans is potentially one of the factors in influencing wealth accumulation. Some researchers argue that the selectivity in the processes of immigration, return migration, and family formation, combined with intergenerational transmission of socioeconomic status, can explain the economic achievement of Japanese Americans relative to other racial minorities (Darity, Dietrich, and Guilkey, 1997; Takaki, 1989; Suzuki, 2002). Darity (1989) contends that it is prior class background, and not national culture, that distinguishes the relative success of immigrant groups.

When the socioeconomic origins of immigrants are taken into account, their economic achievement reflects *lateral* rather than *upward* mobility. The immigration factor is important to consider because the majority of immigrants from Africa and Asia who came to America after the passage of the 1965 Immigration Act are highly educated and hold jobs with higher earnings levels.

Assets, Debt, and Net Worth Estimates

Survey respondents were asked if they owned various assets and debts. If there was ownership, they were asked to estimate the value. In the following analysis, we used the weighted sample and report the percentage of households owning different types of assets and debts. We assess whether there is a statistical difference in the ownership patterns for whites and various other racial and ethnic groups. In some cases small sample sizes limit the statistical power to detect statistical differences even when there is good reason to suspect that group-based differences in assets levels and debts exist.

The result is that asset values often were not statistically significant when disaggregated, but they were statistically significant when combined. Finally, we use the median rather than the arithmetic mean to measure asset values because medians more accurately represent the standard or typical holdings of families within each racial or ethnic group, not skewed by extreme outliers.[15]

Financial Assets

The Los Angeles NASCC survey results reveal that wealth differentials across ethnic and racial groups are far more pronounced than income differentials. On average, white households were far more likely to hold assets in stocks, mutual funds, and investment trusts than U.S. black, African black, Mexican, other Latino, Korean, and Vietnamese households. The differences were all statistically significant (see Table 2). In addition, the racial and ethnic disparity was even greater for ownership of private retirement accounts.

In general, among communities of color, Asian Indians, Chinese, and Japanese were the most likely to own an asset, whereas U.S. black, Mexican, other Latino households, and Vietnamese generally had the highest levels of asset poverty.

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		Saving Account	
	Percent	Percentage point difference from whites	Percent	Percentage point difference from whites	Percent	Percentage point difference from whites
White	91.6	0.0	90.1	0.0	71.9	0.0
U.S. Black	62.3	-29.3***	68.1	-22.0**	55.5	-16.4
African Black	87.0	-4.6	80.3	-9.8	80.3	8.4
Mexican	53.8	-37.8***	47.1	-43.0***	39.8	-32.1***
Other Latino	61.3	-30.3***	54.6	-35.5***	44.0	-27.9**
Chinese	90.2	-1.3	85.3	-4.8	81.6	9.7
Japanese	93.3	1.7	93.3	3.2	86.4	14.5
Korean	88.8	-2.8	81.3	-8.8	57.8	-14.1
Vietnamese	70.2	-21.4***	54.8	-35.3***	37.4	-34.5***
Filipino	85.6	-6.0	83.7	-6.4	74.6	2.7
Asian Indian	95.0	3.4	86.2	-3.9	76.9	4.9

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 Japanese households holding liquid assets compared with other nonwhite households is statistically significant for savings accounts at the 95% level.

Liquid Assets

Liquid assets—financial assets, unlike a home, which can be quickly converted into cash in times of reduced income or increased costs—include checking accounts, savings accounts, money market funds, certificates of deposit, and government bonds. Table 2 shows that a large share of white households in the Los Angeles area—91.6 percent—owned liquid assets alongside 93.3 percent of Japanese and 95 percent of Asian Indian households. In comparison, the proportion was slightly lower for African blacks (87 percent), Chinese (90.2 percent), Koreans (88.8 percent), and Filipinos (85.6 percent). Sixty-two percent of blacks born in the United States held a liquid asset, whereas the share for other Latinos and Mexicans was 61.3 percent and 53.8 percent respectively, and 70.2 percent for Vietnamese.[16]

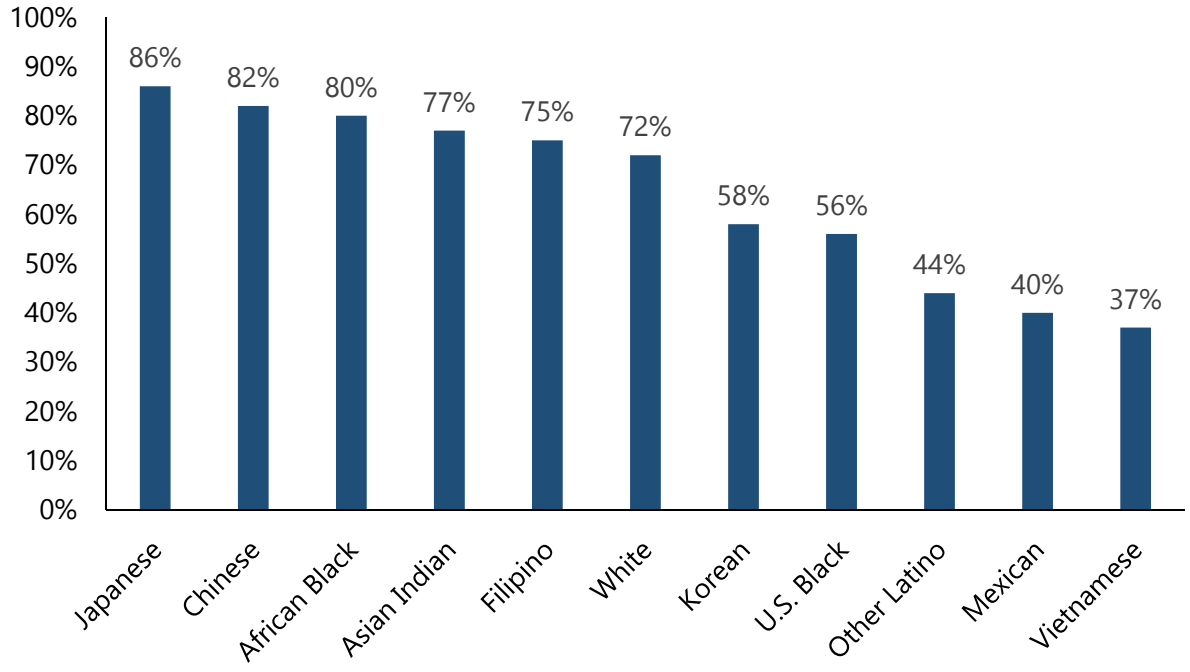
Checking and Savings Accounts

Being banked, or having a checking or savings account, is critical for everyday financial efficacy. Consistent with existing research, the NASCC survey results reinforce the conclusion that Latinos are less likely to hold either type of account (Alliance for Stabilizing Our Communities, 2014). Given the minimum account value requirements to avoid fees at most banks, rather than using a bank for financial transactions, many in these communities may use alternative financial institutions, which charge higher rate transaction fees than banks for cashier's checks, money orders, or wiring money.

In the NASCC sample, Mexicans (47.1 percent), other Latinos (54.6 percent), U.S. blacks (68.1 percent), and Vietnamese (54.8 percent) are far less likely to own checking accounts than white (90.1 percent) and Japanese (93.3 percent) households.[17] The remaining racial and ethnic groups were slightly less likely than whites and Japanese to be banked. Eighty percent of African blacks, 85.3 percent of Chinese, 81.3 percent of Korean, 83.7 percent of Filipinos, and 86.2 percent of Asian Indian households held a checking account.

Mexicans, other Latinos, and Vietnamese also owned savings accounts at a lower rate than white households—39.8 percent of Mexicans, 44 percent of other Latinos, and 37.4 percent of Vietnamese owned a savings account compared with 71.9 percent of whites (Figure 7). Fifty-six percent of U.S. black and 57.8 percent of Korean households held a savings account. African black (80.3 percent), Chinese (81.6 percent), Japanese (86.4 percent), Filipino (74.6 percent) and Asian Indian (76.9 percent) households were more likely than whites to hold a savings account.

Figure 7. Percentage of Households Owning a Savings Account



Source: NASCC survey, authors' calculations

Studies have shown that populations that are unbanked often fail to meet the minimum amounts of cash needed for a free checking or savings account. Thus, it is more practical for them to pay the significantly high transaction fees of alternative financial services than paying even higher fees or penalties due to overdrafts at traditional banks and savings institutions (Alliance for Stabilizing Our Communities, 2014).

However judicious it may seem to remain unbanked and pay high transaction fees, these circumstances make it difficult to accumulate savings and begin to earn interest on owned funds. In the Los Angeles NASCC sample, there are considerable shares of Mexican, other Latino, U.S. black, and Vietnamese households that are not banked. Those who are less likely to be banked may be living paycheck to paycheck and unable to save enough money in their accounts to meet the minimum banking requirements (Alliance for Stabilizing Our Communities, 2014).

Other Financial Assets

The ownership of other financial assets varied across nonwhite groups analyzed in this report. Most nonwhite households were less likely than whites to own other financial assets, which indicate that most families lacked resources for long-term investment and economic security.

Stocks, Mutual Funds, and Investments Trusts

Table 3 shows 40.7 percent of white households owned other types of assets such as stocks, mutual funds, or other investments or trusts at a greater share than U.S. black, African black, Mexican, other Latino, Korean and Vietnamese households.

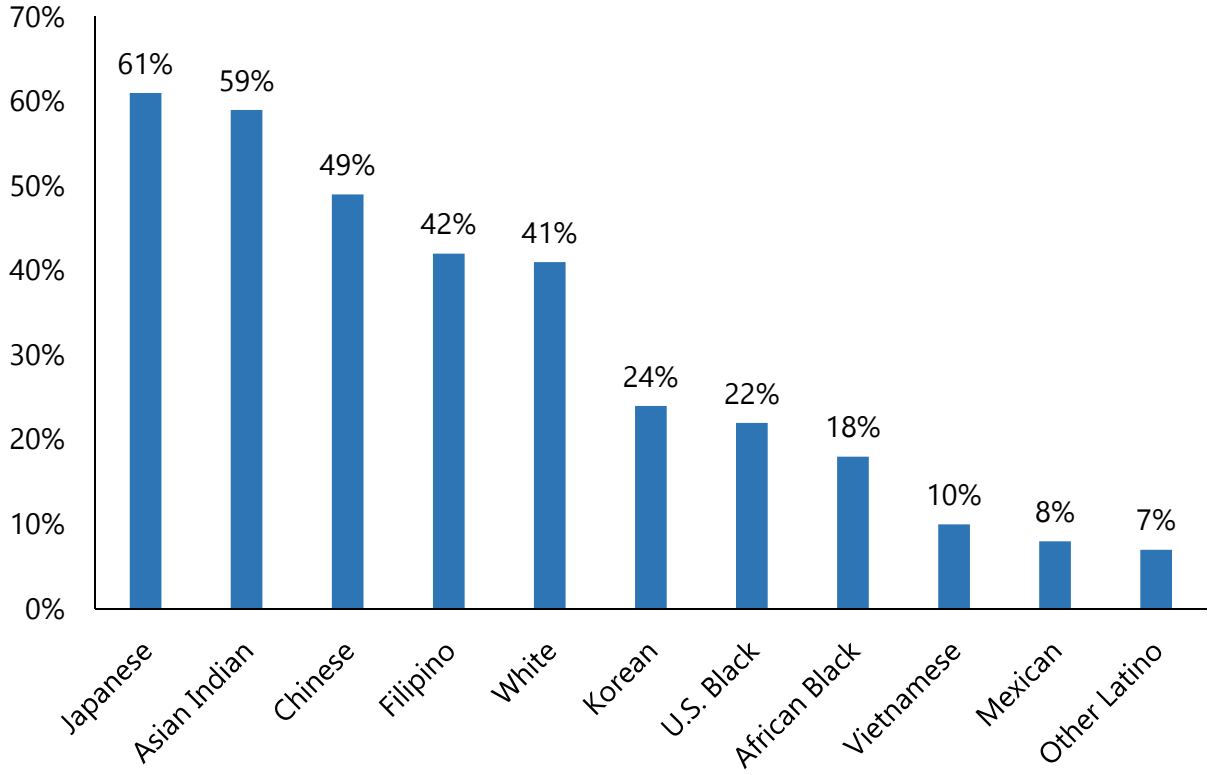
Table 3. Percentage of White and Nonwhite Households Owning Stocks, an Individual Retirement Account, or Private Annuity

	Stocks		IRA or Private Annuity	
	Percent	Percentage point difference from white households	Percent	Percentage point difference from white households
White	40.7	0.0	63.6	0.0
U.S. Black	21.5	-19.3*	37.9	-25.7**
African Black	18.0	-22.7	48.5	-15.1
Mexican	7.6	-33.1***	15.0	-48.5***
Other Latino	7.3	-33.5***	8.2	-55.3***
Chinese	48.8	8.1	48.3	-15.3
Japanese	60.8	20.0**	62.3	-1.3
Korean	23.6	-17.1**	27.0	-36.6***
Vietnamese	9.9	-30.8***	17.7	-45.9***
Filipino	41.9	1.2	55.6	-8.0
Asian Indian	58.6	17.8	38.6	-25.0**

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.

Only 18 percent of African black, 21.5 percent of U.S. blacks, 7.6 percent of Mexicans, 7.3 percent of other Latinos, 23.6 percent of Korean, and 9.9 percent of Vietnamese owned stocks, mutual funds, or other investments or trusts. The percentage of Chinese, Japanese and Asian Indian that have these types of financial assets was much higher when compared with whites—48.8 percent, 60.8 percent, and 58.6 percent, respectively (see Figure 8).

Figure 8. Percentage of Households Owning Stocks, Mutual Funds, and Investments Trusts

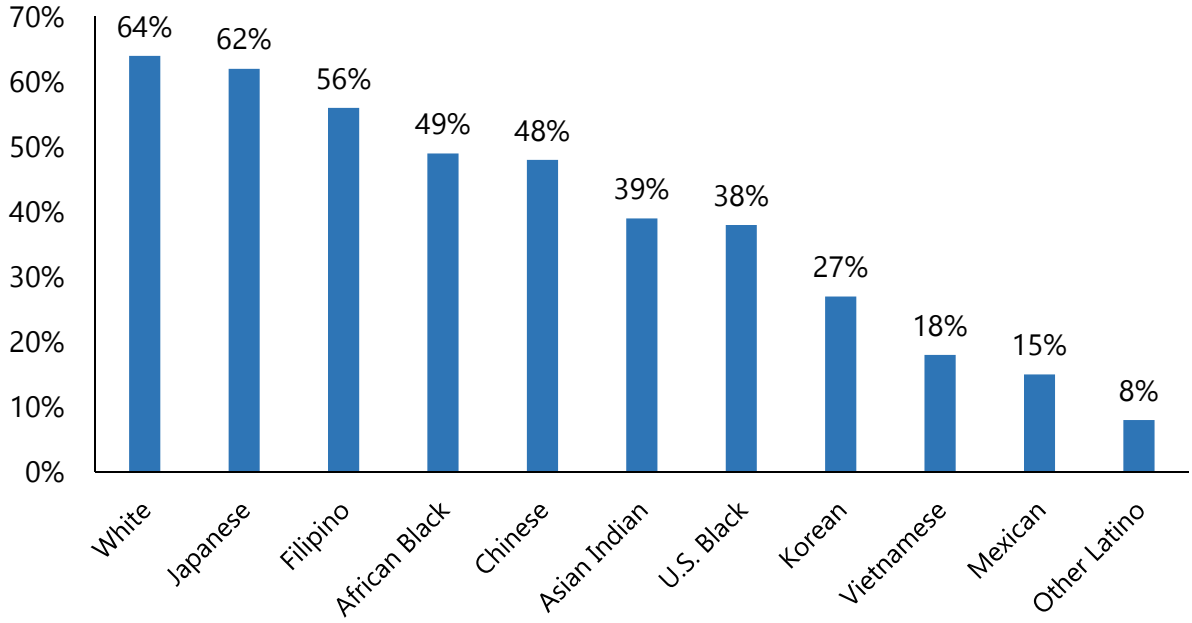


Source: NASCC survey, authors' calculations

Retirement Funds

A sizable number of households owned Individual Retirement Accounts (IRAs) or private annuities, but white households were the most likely to own an IRA (63.6 percent) as seen in Figure 9. Japanese, Filipino, African black, and Chinese households were also likely to own an IRA although at lower rates than whites—62.3 percent, 55.6 percent, 48.5 percent, and 48.3 percent, respectively. Among the nonwhite groups less likely to own an IRA were other Latinos (8.2 percent), Mexicans (15 percent), Vietnamese (17.7 percent), Koreans (27 percent), U.S. black households (37.9 percent), and Asian Indians (38.6 percent). These types of financial assets are critical in building future financial security in retirement. This is consistent with other studies reporting that most Americans are not able to save sufficient amounts to support themselves during retirement (Ghilarducci, 2012; Sommer, 2013).

Figure 9. Percentage of Households That Own an IRA or Private Annuity



Source: NASCC survey, authors' calculations

The results suggest that many households, especially black, Latino, and some Asian ones would have virtually no financial assets of their own at retirement if not for federal insurance provided by the Social Security program.[18]

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. Further, the growing context of income and work hours volatility makes access to short-term credit even more essential. Credit card debt is generally considered to be less "healthy" than other forms of debt, which, for example, may be associated with a good whose value could appreciate over time. Most households in the sample had credit card debt. As seen in Table 4, Chinese (16.7 percent) were least likely to have credit card debt, followed by 25.6 percent of Asian Indians and 27.7 percent of whites. More than one-third of Mexican and 38.7 percent of other Latino households were likely to have credit card debt. In contrast, approximately half of Filipino, 57.3 percent of U.S. black, and 64.7 percent of African black households were likely to have credit card debt. To compound matters nonwhite groups often have credit cards with less favorable terms, such as higher interest rates (Weller, 2007), which further hinders their ability to pay down their credit card debt.

Student Loans

Since 2008, student loan debt nationwide has increased by 84 percent to $1.1 trillion (Federal Reserve Bank of New York, 2014). Given the relatively lower levels of household income among many nonwhite groups, student loan debt may affect nonwhite college students more adversely than their white peers. Studies have indicated that black and Latino students graduate from college with substantially higher debt than their white peers (Baum and Steele, 2010).

In Table 4, 15.3 percent of white households were likely to have student loan debt. Other Latino (4.8 percent), Japanese (8.1 percent), and Asian Indian (4.5 percent) households were the least likely to have student loan debt. In comparison, U.S. black (20.5 percent), Korean (15.9 percent) and Filipino (15.5 percent) households were more 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 college degree.

Table 4. Percentage of Households Having Various Types of Debt

	Credit Card		Student Loan		Medical Debt	
	Percent	Percentage point difference from white households	Percent	Percentage point difference from white households	Percent	Percentage point difference from white households
White	27.7	0.0	15.3	0.0	6.8	0.0
U.S. Black	57.3	29.6***	20.5	5.2	4.7	-2.2
African Black	64.7	37.0***	13.5	-1.8	3.4	-3.4
Mexican	34.2	6.5	12.4	-2.9	9.0	2.2
Other Latino	38.7	11.0	4.8	-10.4	4.1	-2.7
Chinese	16.7	-11.0	14.2	-1.1	0.001	-6.8**
Japanese	42.4	14.7	8.1	-7.1	2.0	-4.9
Korean	28.9	1.3	15.9	0.6	1.6	-5.2
Vietnamese	23.9	-3.8	12.9	-2.4	1.5	-5.4**
Filipino	47.9	20.2*	15.5	0.2	4.5	-2.4
Asian Indian	25.6	-2.1	4.5	-10.8*	0.001	-6.8

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.

Medical Debt

While Chinese and Asian Indian households reported having no medical debt, most nonwhite respondents reported lower percentages of medical debt compared with whites (6.8 percent).[19] Mexicans (9 percent) are the exception and were more likely than whites to have medical debt. One reason medical debt may be higher generally for a Latino group is that they are less likely to have health insurance (Brown and Patten, 2014). Likewise, studies have shown that blacks were less likely to have health insurance than whites and were more likely to report having medical debt. However, in the NASCC sample, the percentage difference among households reporting medical debt was statistically insignificant.[20]

Tangible Assets and Secured Debt

Tangible assets include houses, vehicles, and other property households may own. Secured debts are those in which some asset is given up by the borrower as collateral with a promise to repay the debt.

Homeownership

Homeownership serves as the primary asset in which the majority of Americans build and carry their net worth. The federal tax code also incentivizes homeownership by providing tax savings associated with mortgage interest deductions for those homeowners with enough taxable income to forego the standard deduction and itemize their deductions. Moreover, there are other positive qualities from owning a home. This is the case if one resides in a certain neighborhood that may offer 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 mortgage payments lead to higher Fair Isaac Corporation (FICO) credit scores in contrast to families that regularly make on-time payments for rent. However, existing research demonstrates that homeownership may not be a smart investment for blacks because they own homes in majority black neighborhoods that do not appreciate as much as homes in overwhelmingly white neighborhoods (Brown, 2012). Also, homeownership contributes somewhat to job-lock, where workers are less regionally mobile if they buy a home.

The percentage of households owning a home differs dramatically by race and ethnicity in Los Angeles, which has lower than average homeownership across other U.S. cities. As Table 5 demonstrates, white households are more likely to be homeowners (68.3 percent) compared with most nonwhites.

Table 5. Percentage of Households That Have Tangible Assets by Type of Asset

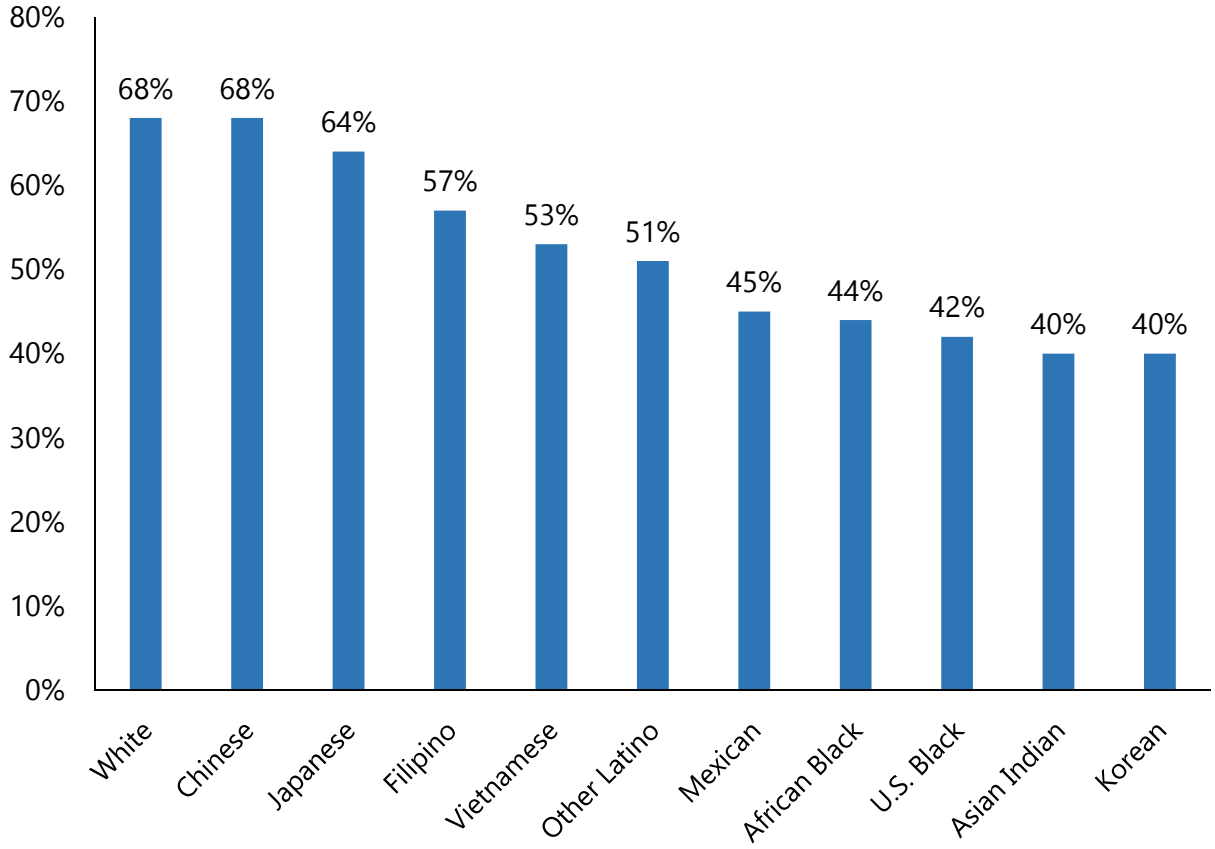
	House		Vehicle	
	Percent	Percentage point difference from white households	Percent	Percentage point difference from white households
White	68.3	0.0	87.4	0.0
U.S. Black	41.5	-26.8*	72.2	-15.2**
African Black	42.9	-25.4*	99.9	12.6
Mexican	44.9	-23.4**	87.9	0.5
Other Latino	51.3	-17.0	93.9	6.5
Chinese	67.5	-0.8	97.4	10.0*
Japanese	63.7	-4.5	91.3	3.9
Korean	40.2	-28.1***	89.6	2.2
Vietnamese	53.0	-15.3	83.0	-4.4
Filipino	56.7	-11.6	99.9	12.6**
Asian Indian	40.4	-27.8**	99.6	12.2***

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 U.S. black households owning vehicles differed significantly when compared with African black households at the 95% level. All of the 23 African Black respondents and the 42 Filipino respondents reported someone in their family owned a vehicle.

Chinese (67.5 percent) and Japanese (63.7 percent) were slightly less likely than whites to own homes. By contrast, approximately two-fifths of U.S. blacks, 44.3 percent of African blacks, and 44.9 percent of Mexican households were homeowners. Fifty-seven percent of Filipinos were more likely to own a home, which was slightly higher than 53 percent of Vietnamese. Both Korean and Asian Indian households (40 percent) were among the least likely groups to be homeowners (Figure 10). It is noteworthy that Asian Indian households rank amongst the lowest households in terms of homeownership, but amongst the highest in terms of liquid asset and net worth accumulation (see Tables 7 and 9).

Figure 10. Percentage of Households That Own a Home



Source: NASCC survey, authors' calculations

Mortgages

As seen in Table 6, among all households, whites and Filipinos were the most likely to have mortgage debt with 46.2 percent and 49.9 percent, respectively, reporting mortgage debt. In contrast, only 24.2 percent of Asian Indians, 26 percent of Koreans, and 32.5 percent of U.S. blacks reported mortgage debt. With respect to the proportion of all households having mortgage debt, white and nonwhite households—except Koreans and Asian Indians—did not differ in a statistically significant way.

Table 6. Percentage of White and Nonwhite Households Having Mortgage Debt

	Among all households		Among homeowners	
	Percent	Percentage Point Difference from white households	Percent	Percentage Point Difference from white households
White	46.2	0.0	67.7	0.0
U.S. Black	32.5	-13.7	78.4	10.7
African Black	32.7	-13.5	76.3	8.6
Mexican	34.6	-11.6	77.1	9.4
Other Latino	41.3	-4.9	80.5	12.8
Chinese	40.3	-5.9	59.7	-7.9
Japanese	37.4	-8.8	58.7	-8.9
Korean	26.0	-20.2**	64.6	-3.0
Vietnamese	36.2	-10.0	68.2	0.5
Filipino	49.9	3.7	88.1	20.4*
Asian Indian	24.2	-22.0**	59.8	-7.8

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.

When the sample is restricted to homeowners, white (67.7 percent), Chinese (59.7 percent), Japanese (58.7 percent), Korean (64.6 percent), and Asian Indian (59.8 percent) households are less likely to have mortgage debt than the other racial and ethnic groups. In short, these populations are more likely to own their own homes "free and clear" of any payments. Although 67.7 percent of white homeowners have mortgage debt, the proportion of homeowners with mortgage debt is much higher for other nonwhite groups, such as 88.1 percent of Filipinos, 80.5 percent of other Latino, 77.1 percent of Mexican, 78.4 percent of U.S. black, 76.3 percent of African black, and 68.2 percent of Vietnamese homeowners that reported mortgage debt. While mortgage debt for U.S. black, Mexican, other Latino, Vietnamese, and Korean households were also higher than for white homeowners, the percentage difference was not statistically significant.

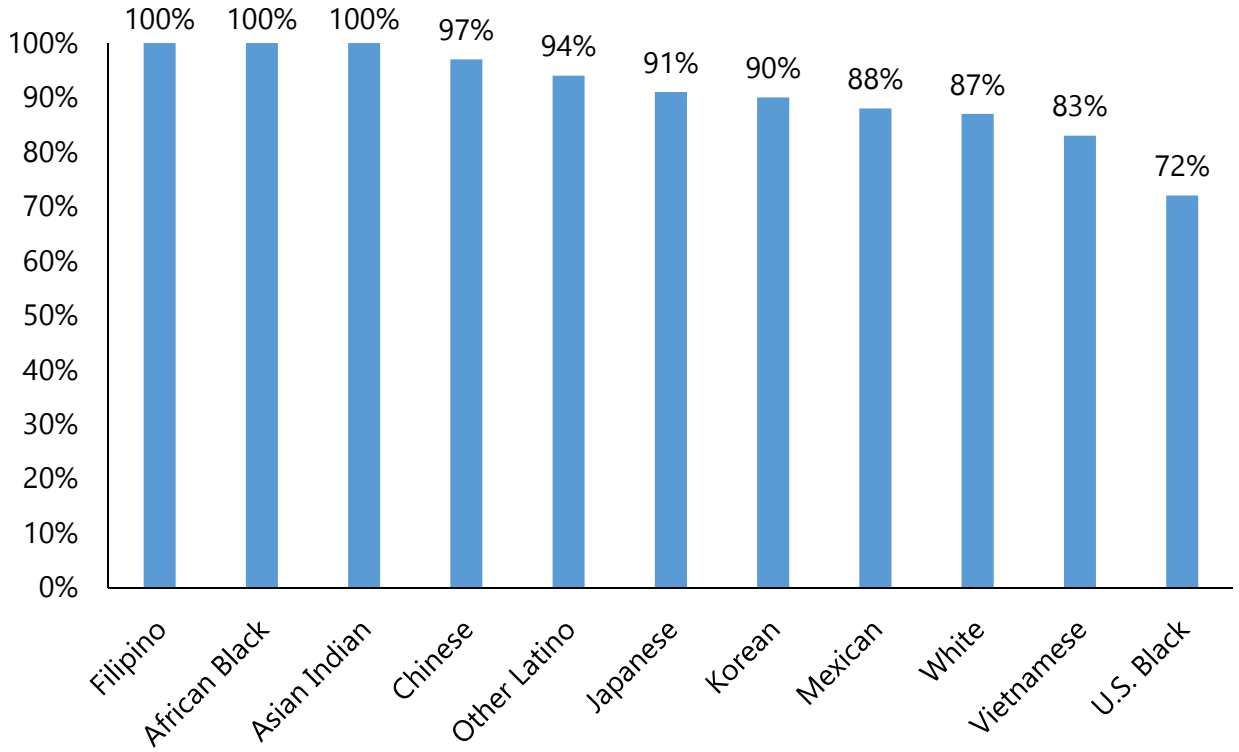
Some of the findings can be explained by immigrants' mortgage practices and how they may differ from those of the native born. Because they originate from countries with diverse institutional lending structures, immigrants may be unfamiliar with U.S. lending processes and distrust mainstream banking and government institutions (Freddie Mac, 2005; Pfeiffer et al., 2014). Those from countries lacking a formal banking system, such as Vietnam, or having an unstable or corrupt banking system, such as Mexico or China, may have an aversion to being in debt (Williams, 2001; Freddie Mac, 2005).

Among 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 severely. It is very uncommon for people to become homeowners without acquiring mortgage debt. If conditions are advantageous, homeownership is often a primary approach for building assets in particular for the middle class. However, Asian Indians, who have a high wealth level in Los Angeles, given their low homeownership rates, present an exception. Nonetheless, our analysis suggests that several racial and ethnic groups are not benefiting at the same level as whites from the potential wealth-enhancing effects of homeownership.

Vehicles

Similar to homeownership but to a lesser extent, owning a vehicle has consumption value as well as resource generating implications. Those who own vehicles have access to job opportunities beyond the zones of public transportation. It enables them to work late or take unusual shifts because they have their own transportation. Moreover, given the geographical dispersion of Los Angeles, a car may be of particular use. In Figure 11, 72 percent of U.S. black and 83 percent of Vietnamese households were the least likely to own a vehicle. In comparison to 87 percent of whites, all other nonwhite groups were more likely to own a vehicle—Mexicans (88 percent), other Latinos (94 percent), Chinese (97 percent), Japanese (91 percent), Korean (90 percent), and 100 percent of African black, Filipino, and Asian Indian households.[21]

Figure 11. Percentage of Households That Own a Vehicle



Source: NASCC survey, authors' calculations

Vehicle Debt

Among all households with vehicle debt, a significant proportion of African black households (48.5 percent) were the most likely to report vehicle debt. All other racial and ethnic groups in comparison to whites (18.3 percent) did not differ in a statistically significant way.

As illustrated in Table 7, when we restrict the sample to households that own vehicles, 21.3 percent of white households have vehicle debt. Among those who were the least likely to report vehicle debt were Chinese (17.6 percent), Japanese (20 percent), Vietnamese (11.4 percent), and Asian Indian (12 percent) households in the NASCC survey. The remaining racial and ethnic groups had similar or higher rates of vehicle debt compared with white households—35.6 percent of U.S. black households; 34 percent of Mexican and 21.8 percent of other Latino households; and 25.1 percent of Korean, and 28.3 percent of Filipino households. African black households that own vehicles (48.5 percent) were the most likely to report vehicle debt.

Table 7. Percentage of White and Nonwhite Households Having Auto Debt

	Among all households		**Among households that own vehicles**	
	Percent	Percentage Point Difference from white households	Percent	Percentage Point Difference from white households
White	18.3	0.0	21.3	0.0
U.S. Black	25.6	7.3	35.6	14.3
African Black	48.5	30.2**	48.5	27.2*
Mexican	29.5	11.3	34.0	12.7
Other Latino	20.3	2.0	21.8	0.5
Chinese	17.1	-1.2	17.6	-3.7
Japanese	18.2	-0.1	20.0	-1.3
Korean	22.1	3.9	25.1	3.8
Vietnamese	9.0	-9.3	11.4	-9.9
Filipino	28.3	10.1	28.3	7.0
Asian Indian	11.9	-6.3	12.0	-9.3

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.

Asset, Debt, and Net Worth Values

Asset Values

Whites own considerably more in assets along with Asian Indians, Japanese, and Chinese. In Table 8, we analyzed not only the frequency of these assets but also their estimated value. We examined liquid and total assets separately. Liquid assets, which can quickly be converted into cash, include money in savings and checking accounts, stocks, money market funds, and government bonds.[22] The median value of liquid assets for Mexicans, and other Latinos is striking, $0 and only $7, 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 was a mere $200 but it was $60,000 for African blacks, and the median value of liquid assets for white households was $110,000. Vietnamese and Korean households also have low median level of liquid assets—$500 and $3,000, respectively. In case of an emergency, half of the members of the nonwhite groups in this analysis would be unable to weather an unexpected expenditure shock of even $700 with their own savings.

Table 8. Value of Assets Held by White and Nonwhite Households

	Liquid Assets		Total Assets	
	Median Value	Percentage of white household liquid assets	Median Value	Percentage of white household liquid assets
White	110,000	100.0	355,000	100.0
U.S. Black	200	0.2	30,000	8.5**
African Black	60,000	54.5	152,000	42.8
Mexican	0	0.0	5,000	1.4**
Other Latino	7	0.0	43,000	12.3*
Chinese	130,000	118.2	408,500	115.1
Japanese	140,000	127.3	595,000	167.6
Korean	3,000	2.7	28,400	8.0**
Vietnamese	500	0.5	40,000	11.3*
Filipino	80,000	72.7	243,000	68.5
Asian Indian	245,000	222.7	460,000	129.6

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.

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, and any debt owed to the family).

Japanese households had by far the highest median total value of assets of $595,000. Asian Indians ($460,000), Chinese ($408,500), and white households ($355,000) were also among those with high median value of total assets. Filipino and African black households fall in the middle of the distribution—$243,000 and $152,000 respectively. Median total asset values for all other racial and ethnic groups were significantly lower—U.S. black ($30,000), Mexican ($5,000), other Latino ($43,000), Korean ($28,400), and Vietnamese ($40,000). The data reveal an astounding racial wealth divide that exists in the Los Angeles MSA.[23]

Debt Values

The data analysis uncovered little difference in the total median non-housing debt between white and nonwhite households (see Table 9). African black households were the most likely to report non-housing debt ($15,000), followed by Filipinos ($7,000) and U.S. black ($5,000). Chinese, Vietnamese, and Asian Indian households had similar levels of median non-housing debt as whites ($0). Generally, the other racial and ethnic groups tended to have more non-housing debt than whites—$800 for Mexican, $400 for other Latino, $200 for Japanese, and $8 for Koreans.

The NASCC data show that differences in debt burden between white and nonwhite households are statistically insignificant. This should not be misinterpreted as demonstrating equality in the burden of debt for white and nonwhite households. Nonwhite households often pay more for their debt as a result of carrying higher fees and interest rates. In addition, they have higher debt-to-income ratios and are more likely to be denied credit (Weller, 2007).

Table 9. Total Median Nonhousing Debt for White and Nonwhite Households

	Median Amount
White	0
U.S. Black	5,000
African Black	15,000
Mexican	800
Other Latino	400
Chinese	0
Japanese	200
Korean	8
Vietnamese	0
Filipino	7,000
Asian Indian	0

Source: NASCC survey, authors' calculations

Net Worth

Net worth (or wealth), the sum of the value of total assets minus the value of debts, provides a significant snapshot of household financial well-being. Striking ethnoracial differences are noticeable when examining total household wealth. In Table 10, some nonwhite households have only a fraction of the wealth of white households. Whereas white households have a median net worth of $355,000, Mexicans and U.S. blacks have a median wealth of $3,500 and $4,000, respectively.[24] Among nonwhite groups, Japanese ($592,000), Asian Indian ($460,000), and Chinese ($408,200) households had higher median wealth than whites. All other racial and ethnic groups had much lower median net worth than white households—African black ($72,000), other Latino ($42,500), Korean ($23,400), Vietnamese ($61,500), and Filipinos ($243,000). The data uncovers the nuanced racial wealth divide that exists in Los Angeles.

Table 10. Comparison of White and Nonwhite Household Median Net Worth

	Amount	Nonwhite household percentage of white household median net worth
White	355,000	100.0
U.S. Black	4,000	1.1**
African Black	72,000	20.3
Mexican	3,500	1.0**
Other Latino	42,500	12.0*
Chinese	408,200	115.0
Japanese	592,000	166.8
Korean	23,400	6.6**
Vietnamese	61,500	17.3*
Filipino	243,000	68.5
Asian Indian	460,000	129.6

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.

Racial and ethnic differences in net worth show the extreme financial vulnerability faced by some nonwhite households. U.S. black and Mexican households have 1 percent of the wealth of whites in Los Angeles—or one cent for every dollar of wealth held by the average white household in the MSA. Koreans hold 7 percent, other Latinos have 12 percent, and Vietnamese possess 17 percent of the wealth of white households. Obviously, these groups are far less likely to have the financial resources to draw upon in times of financial distress. Furthermore, 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 and ethnic disparities in net worth. A home is the most valuable asset owned by middle-class households and comprises the majority of middle-class wealth. However, Oliver and Shapiro (2005), demonstrate that structural barriers—such as certain socioeconomic policies and systems—have prevented the majority of communities of color from building other assets and reducing debt. These are key contributors to the ever-increasing racial wealth gap displayed in this report.

The differences in wealth position across racial groups also can be explained partially through business ownership patterns. In Table 11, white households are more likely along with Chinese and Koreans to own businesses—11.7 percent, 15.1 percent, and 19.6 percent, respectively. Bogan and Darity (2008) explain that in the case of Korean entrepreneurial success, class resources, urban racial segregation patterns, and immigrant disadvantages in the American labor market all have had a substantial impact on Korean Americans' capacity to become self-employed. Although Koreans have the highest business ownership rate, their net worth position is well below average (see Table 9). Hence, a high business ownership rate does not translate into high wealth positions for all groups. In contrast, U.S. blacks (3.1 percent), Mexicans (3.5 percent), and Vietnamese (2.4 percent) were the least likely to own a business.

Table 11. Percentage of White and Nonwhite Households That Own a Business

	Percentage	Percentage point difference from white households
White	11.7	0.0
U.S. Black	3.1	-8.6**
African Black	6.0	-5.7
Mexican	3.5	-8.2*
Other Latino	4.2	-7.5
Chinese	15.1	3.4
Japanese	10.8	-0.9
Korean	19.6	7.9
Vietnamese	2.4	-9.2**
Filipino	8.4	-3.3
Asian Indian	10.5	-1.1

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.

Immigrants often turn to small business because they are disadvantaged or discriminated against in the general labor market and it is an alternative to low-paying, menial jobs in the secondary sector (Bogan and Darity, 2008). The language barrier is also cited as a main reason why immigrant groups start their own business (Bates, 1999). Moreover, self-employment is seen by immigrants and communities of color as an opportunity for economic success (Portes and Zhou, 1996). Table 12 shows that 28.8 percent of Chinese and 31.6 percent of Japanese and 31.7 of Korean households are more likely to be self-employed compared with white households. As seen in Table 11, Chinese and Koreans owned businesses at a higher proportion. This suggests that some Asian ethnic groups may have more access to financial resources to start their own businesses compared to others because of the resources held at the time of entry into the United States. Furthermore, some groups—Koreans in particular—have benefited greatly from United States government assistance in establishing small businesses through resources such as Small Business Administration loans (Nopper, 2010). In comparison, African black (10.6 percent), Mexican (13.1 percent), and Vietnamese (10 percent) households were the least likely to be self-employed.

Across all groups, Filipinos were the most likely to hold a job in the public sector (21.4 percent), followed by U.S. black (11.2 percent) households compared with 7 percent of white households. African black households were the least likely to work in the public sector, followed by Asian Indians (1.1 percent) and Chinese (4.2 percent).

Table 12. White and Nonwhite Households' Occupation Type

	Self-Employed		Public Sector		Private Sector	
	Percentage of households	Percentage point from white households	Percentage of households	Percentage point from white households	Percentage of households	Percentage point from white households
White	5.9	0.0	7.0	0.0	14.3	0.0
U.S. Black	6.6	0.7	11.2	4.2	6.6	-7.7
African Black	6.1	0.2	0.0	-7.0	7.9	-6.4
Mexican	6.6	0.7	9.5	2.5	10.6	-3.7
Other Latino	13.8	7.9	5.3	-1.7	18.1	3.8
Chinese	13.8	7.9	4.2	-2.8	16.3	2.0
Japanese	13.5	7.6	7.0	0.0	27.1	12.8
Korean	13.2	7.3	7.3	0.3	18.9	4.6
Vietnamese	5.6	-0.3	10.3	3.3	35.4	21.1***
Filipino	11.3	5.4	21.4	14.4	22.7	8.4
Asian Indian	9.4	3.5	1.1	-5.9***	35.0	20.7**

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 public sector includes non-profits.

In general, the majority of households in the NASCC sample worked in the private sector. White (14.3 percent) households were more likely to hold jobs in the private sector, along with other Latino (18.1 percent), Chinese (16.3 percent), Japanese (27.1 percent), Korean (18.9 percent), Vietnamese (35.4 percent), and Asian Indian (35 percent) households. Nevertheless, there were significant differences in occupational type in public sector and private sector employment.

The socioeconomic status of immigrants prior to entering the United States plays an important role in influencing the wealth position of particular groups. The majority of immigrants who came to the United States after the passage of the 1965 Immigration Act are highly educated, possess higher levels of wealth than the average American, and high-skilled professionals who are more likely to hold jobs with higher earnings levels. One exception is the Vietnamese, who came to the United States as refugees with limited financial resources. The NASCC findings are consistent with this general pattern. For example, African blacks have a higher economic status in comparison with U.S. blacks. This is further demonstrated by the wealth position outcomes of more successful Asian Indian and Chinese households compared with their Vietnamese counterpart. Los Angeles has been a magnet for immigrants due to the many employment opportunities in the finance, insurance, and real estate industry; international trade via the ports at Los Angeles and Long Beach; higher educational institutions; medical, science, technology research firms; Silicon Beach which is home to over 500 technology and startup companies, and much more. Thus, the selectivity status of black and Asian migrants to Los Angeles has vital implications for how they are able to accumulate assets over time.[25]

The Implications of Racial Disparities in Los Angeles

The color of wealth in Los Angeles affords a mixed picture when whites are compared with various communities of color. It is beyond the scope of this report to identify the *causal* mechanisms influencing wealth disparity in Los Angeles, but the NASCC findings do help us identify *potential* factors influencing wealth accumulation. Assets are important for financial security and have long-term repercussions for communities and families. The findings demonstrate disparities in both financial and tangible assets that are stark. In some cases, Japanese, Chinese, and Asian Indians have greater assets than whites. Across all types of assets, U.S. blacks, Mexicans, and other Latinos had lower levels of wealth compared with whites. Sometimes Koreans and Vietnamese also had lower wealth comparable with U.S. blacks, Mexicans, and other Latinos, depending on the type of assets. African blacks and Filipinos fall in the middle of the distribution in terms of median net worth.

The majority of racial and ethnic groups owned some liquid assets, but the amounts varied dramatically. Mexicans were the least likely to be banked. Most nonwhite groups lacked retirement and financial savings. This not only implies possible hardship in the long term, but it also makes short-term disruption much more likely. Any problem—a car breaking down, losing a job, losing

a home, medical needs—is likely to become a crisis. The anxiety felt 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 and Williams, 2004; Massey, 2004).

In our analysis of debt, the outcomes are once again complex. Although some members of communities of color are less likely to own homes, among home owners they are more likely to have high debt to equity ratios, such as U.S. blacks, African blacks, and Filipinos. Also, data on student loans and medical debt for whites and most racial/ethnic groups suggest that whites, Chinese, and Asian Indians 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. However, this is not the case for all Asian national origin groups. Aggregate numbers often mask tremendous differences between groups, and traditional indicators often overlook hidden issues and obstacles (De La Cruz-Viesca et al., 2015). Thus, the heterogeneity of Asian Americans results in different wealth outcomes by ethnic group.

The report's findings provide us with a better understanding of what might influence wealth building. A review of the economic literature (Hamilton and Chiteji, 2013) demonstrates that inheritances, bequests, and intra-family transfers account for more of the racial wealth divide than any other demographic and socioeconomic indicators, including education, income, and household structure (see, e.g., Blau and Graham, 1990; Menchik and Jianakoplos, 1997; Conley, 1999; Chietji and Hamilton, 2002; Charles and Hurst, 2003; Gittleman and Wolff, 2007). Thus, it is important to understand the racial differences in resource transfers across generations.

After being denied a promised allocation of 40 acres of land per family immediately after the Civil War, blacks managed to accumulate 15 million acres of southern land between 1880 and the early decades of the 20th century. Thereafter, blacks were subjected to extreme deprivation of land via theft, seizure, and fraud; by the 1980s blacks only possessed about 1 million acres of land in the South (Darity, 2008). More recently, general housing and lending discrimination through restrictive covenants, redlining, and other lending practices have inhibited blacks from accumulating wealth (Munnell et al., 1996; Katznelson, 2005; Lui et al., 2005; Oliver and Shapiro, 2006; Hamilton and Darity, 2010).

Moreover, people of color were excluded from post-Depression and World War II (1939–45) policies that were largely responsible for the asset development of an American middle class (e.g., racially discriminatory local implementation of Federal Housing Administration loans and G.I. Bill benefits; see Katznelson, 2005; Lui et al., 2005; 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 of the problem.[26]

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 health care while helping minimize medical debt.[27] All policies aimed at bridging the wealth gap also should 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.

We also need to broaden the analysis of how transnational capital has affected household assets. For example, the importance of remittances for many immigrants inhibits their ability to save or accumulate assets in the United States or abroad. The Alliance for Stabilizing Our Communities (2014) found that about 22 percent of low- and moderate-income Asian American and Pacific Islander survey respondents used remittances or wire transfers—a rate slightly higher than Latinos (17 percent). Moreover, some studies have shown that the Tonga, Samoa, and Fiji islands are dependent on remittances, where family members are identified to work abroad so as to increase economic returns for the family (Brown, Connell, and Jiminez-Soto, 2014). However, there are few studies that focus on how remitters in America are impacted in their ability to build assets either in the United States or abroad.

Finally, this analysis highlights the importance of collecting data on assets and debts at the local level, including disaggregated information for specific national origin groups. This is the first time this kind of data has been collected, and it is an important step to help shape policy makers', practitioners', and foundations' responses to the enormous challenges communities of color experience across the country. Wealth is perhaps more important than income in better understanding economic inequality, and wealth is critical in ensuring financial security and opportunity for future American families.

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. A qualitative research component is also going to be important for a deeper understanding (see Jackson et al. 2015, for example). More than ever, it is important to include data and analysis of indigenous communities and communities of color that are often overlooked in traditional studies in the development of a more inclusive, fair, and comprehensive narrative about racial inequality and financial justice in America.

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About the Organizations

The Samuel DuBois Cook Center on Social Equity at Duke University
The Duke Samuel DuBois Cook Center on Social Equity is a scholarly collaborative engaged in the study of the causes and consequences of inequality and in the assessment and redesign of remedies for inequality and its adverse effects. Concerned with the economic, political, social and cultural dimensions of uneven and inequitable access to resources, opportunity and capabilities, Cook Center researchers take a cross-national comparative approach to the study of human difference and disparity. Ranging from the global to the local, Cook Center scholars not only address the overarching social problem of general inequality, but they also explore social problems associated with gender, race, ethnicity and religious affiliation. For more information, visit: https://socialequity.duke.edu/

The Milano School of International Affairs, Management and Urban Policy at The New School
The Milano School of International Affairs, Management, and Urban Policy offers graduate programs in Environmental Policy and Sustainability Management, International Affairs, Nonprofit Management, Organizational Change Management, Urban Policy Analysis and Management, and Public and Urban Policy at The New School in the heart of New York City. Milano blends critical theory with hands-on practice, progressive thinking with social engagement, and research with reflection in action. The unparalleled faculty of scholars and practitioners engage in multidisciplinary, critical approaches that challenge prevailing wisdom. http://www.newschool.edu/public-engagement/milano-school/

UCLA Asian American Studies Center
The UCLA Asian American Studies Center, founded in 1969, is dedicated to programs in research, teaching, publications and other endeavors that enrich the understanding of the history, cultural heritage and experiences of Asian Americans and Pacific Islanders. The center is one of the four ethnic studies research centers under the Institute of American Cultures. The center is recognized today as the premier research and teaching institution in the field of Asian American Studies. For more information, visit: www.aasc.ucla.edu.

Insight Center for Community Economic Development

The Insight Center for Community Economic Development is a national research, consulting, and legal organization dedicated to building economic health and opportunity in distressed communities. The Closing the Racial Wealth Gap Initiative (CRWG) at the Insight Center is a national effort to build awareness and support for efforts to address racial and ethnic wealth inequities based on structural factors. For more information, visit www.racialwealthgap.org.

Federal Reserve Bank of San Francisco

The SF Fed's community development team works with a wide range of organizations to create economic opportunity for lower income Americans. Our economy can only reach its full potential when everyone is educated, healthy, and has an affordable place to call home. Addressing the complex, long-standing challenges that limit opportunity requires collaboration across sectors and disciplines. The SF Fed develops and connects best practices and emerging ideas with organizations best positioned to make meaningful change in our communities. For more information, visit www.frbsf.org/community-development.

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

Notes

[1] As a result of the great recession, the loss in median net worth for white households beyond home equity was -$3,888. For black and Latino households, the loss in median net worth beyond home equity was -$657 and -$436, respectively.

[2] According to the Department of Housing and Urban Development, families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care. An estimated 12 million renter and homeowner households now pay more than 50 percent of their annual incomes for housing. For more information see: http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/ (accessed January 25, 2016)

[3]The authors' estimates indicate that Filipinos (11%), Koreans (10%), and Cambodians (9%) were hit hardest by the housing crisis, with foreclosure rates over two times higher than all Asians (4%).

[4] 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.

[5] The NY MSA is made up of New York Northern New Jersey-Long Island, NY-NJ-PA MSA. The LA MSA consists of Los Angeles-Long Beach-Santa Ana, CA MSA, which includes Los Angeles and Orange counties.

[6] The San Francisco Oakland-Fremont, CA MSA includes the following counties: Alameda, Contra Costa, Marin, San Francisco, and San Mateo.

[7] All population figures come from the 2014 American Community Survey 1-year estimates and the 2000 Decennial Census.

[8] As of 2013, there were 4,025,519 white residents; 884,129 black residents; 1,995,734 Asians; and 5,900,913 Latinos in the Los Angeles MSA. These categories do not include mixed-race individuals with the exception of Latinos who may be of any race. Most Latinos self-identify as "other race" in the U.S. Census.

[9] The National Origins Formula was an American system of immigration quotas, between 1921 and 1965, which restricted immigration on the basis of existing proportions of the population. It aimed to reduce the overall number of unskilled immigrants, to allow families to re-unite, and to prevent immigration from changing the ethnic distribution of the population. The 1924 Immigration Act included the Asian Exclusion Act that barred specific origins from the Asia–Pacific Triangle, which included Japan, China, the Philippines, Thailand, Laos, Vietnam, Cambodia, Singapore, Korea, Indonesia, Burma, India, Sri Lanka, and Malaysia. https://en.wikipedia.org/wiki/National_Origins_Formula (accessed January 25, 2016)

[10] U. S. Census Bureau, 2010
[11] U. S. Census Bureau, 2010; Rockeymoore , 2011
[12] The “Other Latino" group consists of 31 observations: Puerto Rican (1), Cuban (3), Salvadorian (4) Other South American (5), Other Central American (6), European (8). For the "African Black" category, we are unable to provide detailed subgroup information because respondents did not specify their ethnicity.
[13] 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.
[14] 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 2011-13 American Community Survey 3-year estimates. For instance, the educational attainment rate for white households is 33 percent (ACS) in contrast to 67% (NASCC), black households is 24 percent (ACS) compared with 55 percent (NASCC), and Vietnamese households is 29 percent (ACS) versus 56 percent (NASCC). The median age of the head of household and the percentage of married households was higher in the NASCC than in the ACS. For example, the median age for white households is 37 years (ACS) compared with 63 years (NASCC). The percentage of married Latino households is 41 percent (ACS) versus 46 percent (NASCC).
[15] 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.
[16] Cash is not included in these calculations.
[17] Tippett et al. (2014) found that 80 percent of whites, 55 percent of blacks, and 60% of Hispanics held checking accounts.
[18] 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.
[19] These are cases where we have no observations or all observation responding affirmatively to a binary (yes/no) variable. All the respondents in our sample either responded “no” or” yes” to the particular statistic of interest, but it is unlikely that all the respondents in the population either had or did not have the particular debt.
[20] 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.
[21] These are cases where we have no observations or all observation responding affirmatively to a binary (yes/no) variable. All the respondents in our sample either responded “no” or” yes” to the particular statistic of interest, but it is unlikely that all the respondents in the population either had or did not have the particular asset.
[22] 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.
[23] 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).
[24] 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.
[25] It is noteworthy that the wealth outcomes of African blacks and U.S. Blacks are very similar in the NASCC data collected in the Washington, DC area.
[26] 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).
[27] 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).