

Exploring the Racial Wealth Gap: Financial Well-Being and Opportunities in Illinois

Preliminary Findings



IABG | Illinois Asset Building Group
Building financially strong families and communities

SOCIAL IMPACT RESEARCH CENTER
...dynamic information on contemporary social issues

Presented by Lindy Carrow, Research Associate
November 2012

The Racial Wealth Gap in Illinois

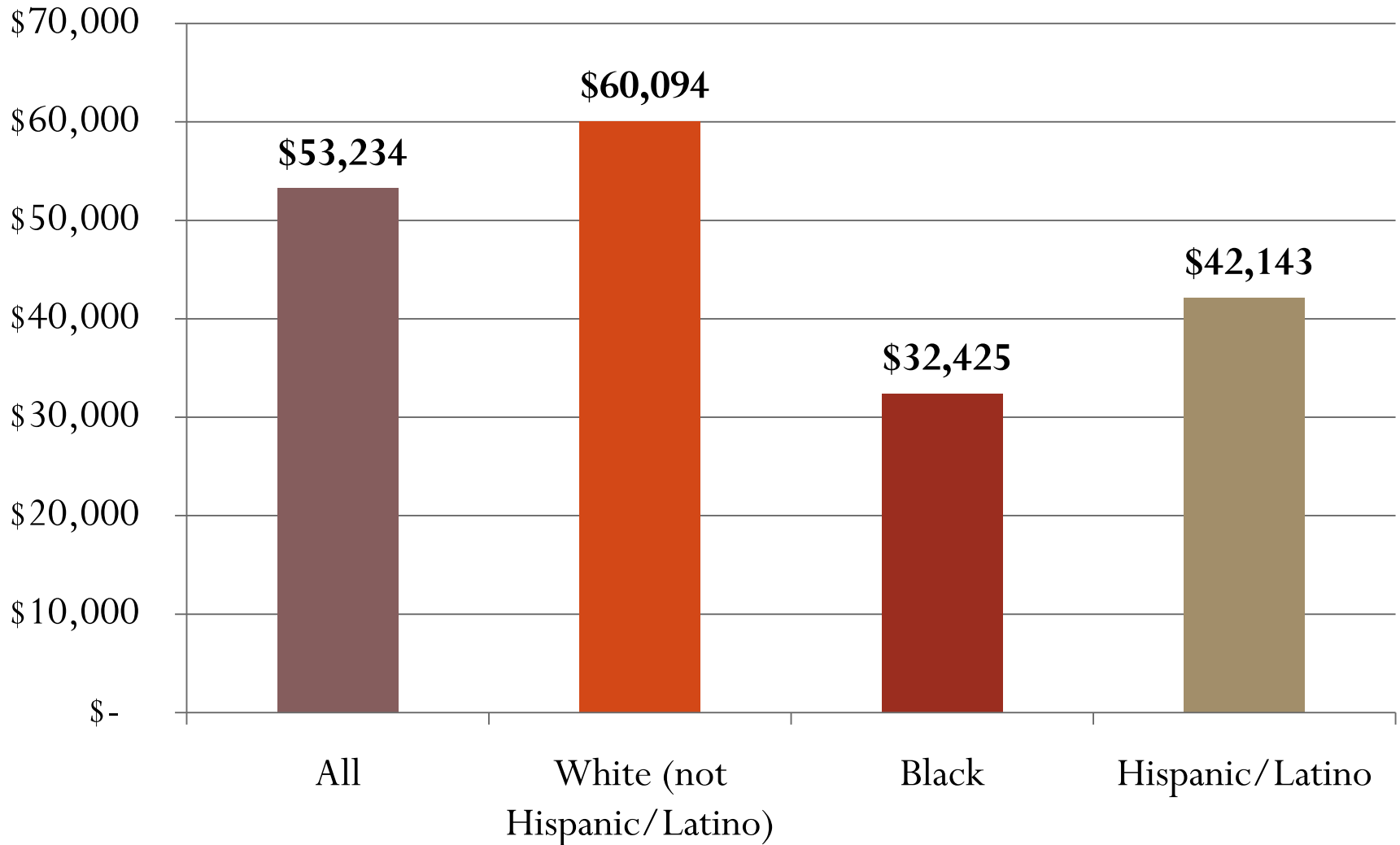
- Income
- Poverty
- Debt
- Late payments
- Credit limit utilization
- Credit score
- Unbanked households
- Households per financial institution

Contributors to the Racial Wealth Gap

- Income disparity
- Poverty disparity

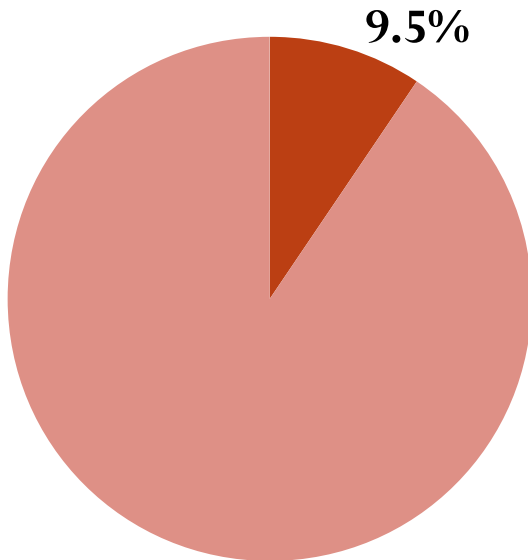
**Data obtained from U.S. Census Bureau's 2011 American Community Survey 1-year estimates program.*

Median Household Income, 2011

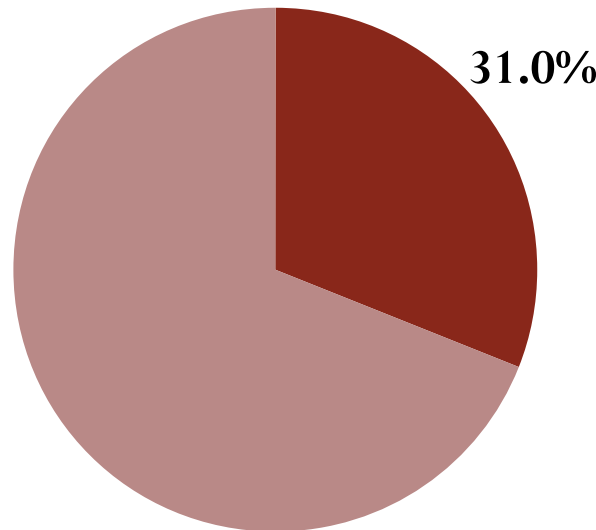


Illinois Poverty Rates, 2011

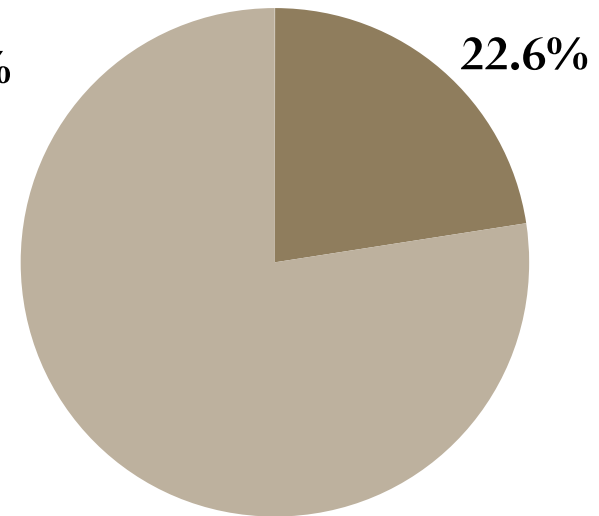
White
(not Hispanic/Latino)



Black

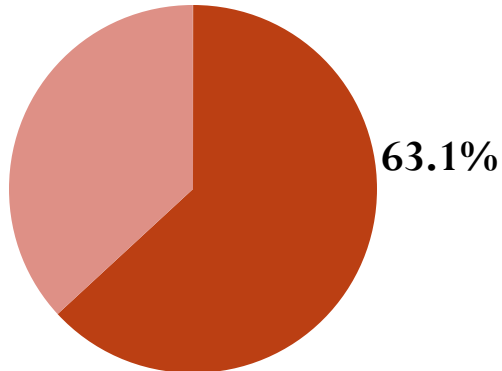


Hispanic/Latino



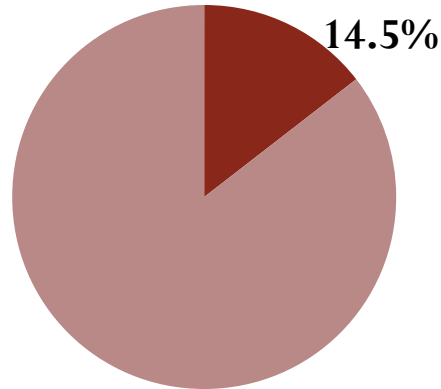
Disproportionate Poverty, 2011

% of Illinois population

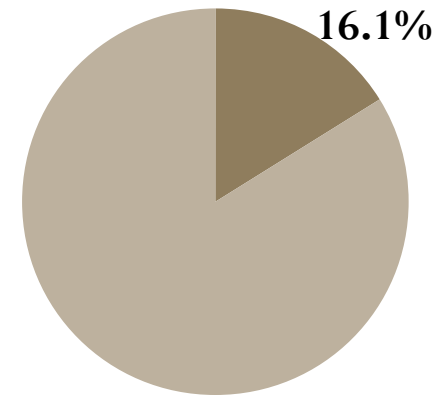


White

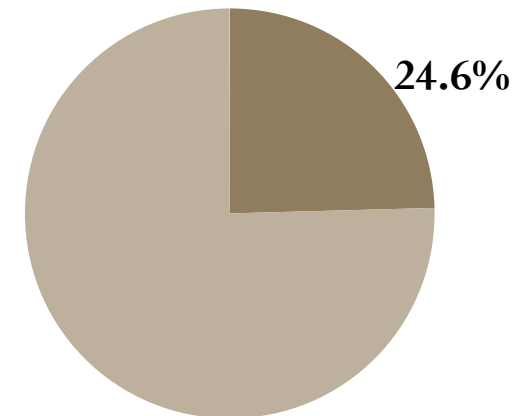
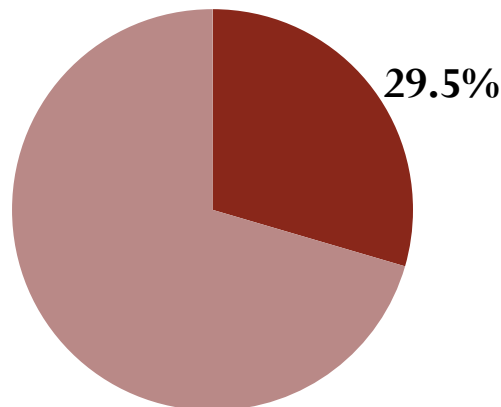
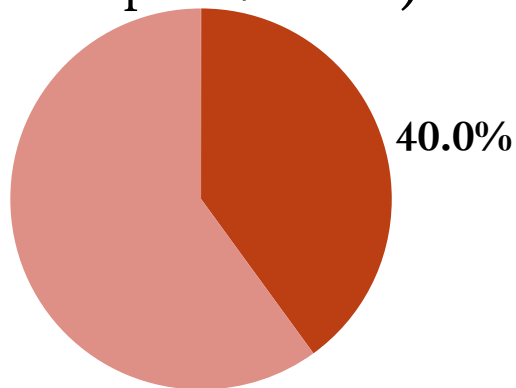
(not Hispanic/Latino)



Black



Hispanic/Latino



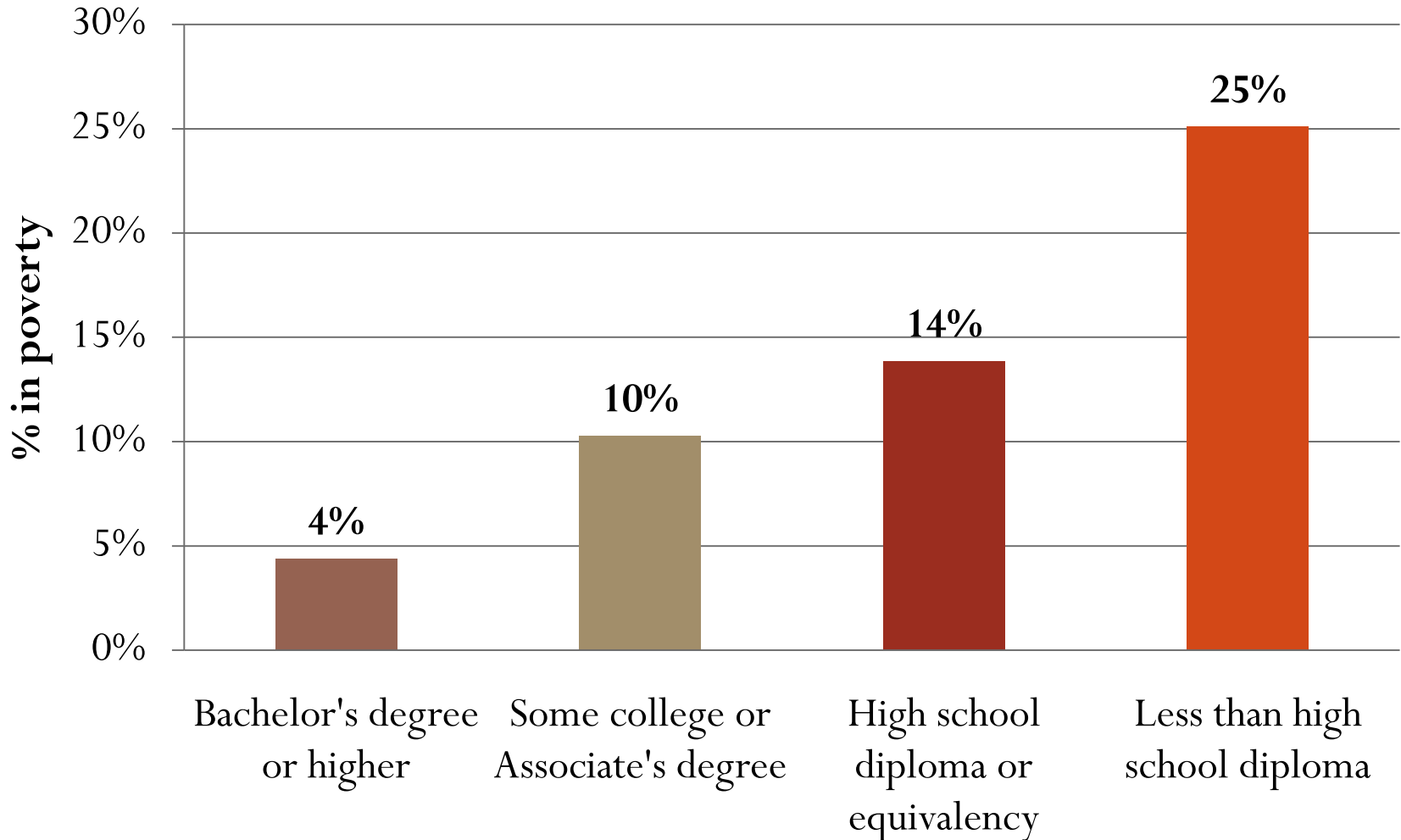
% of Illinois population living in poverty

Predictors of Poverty

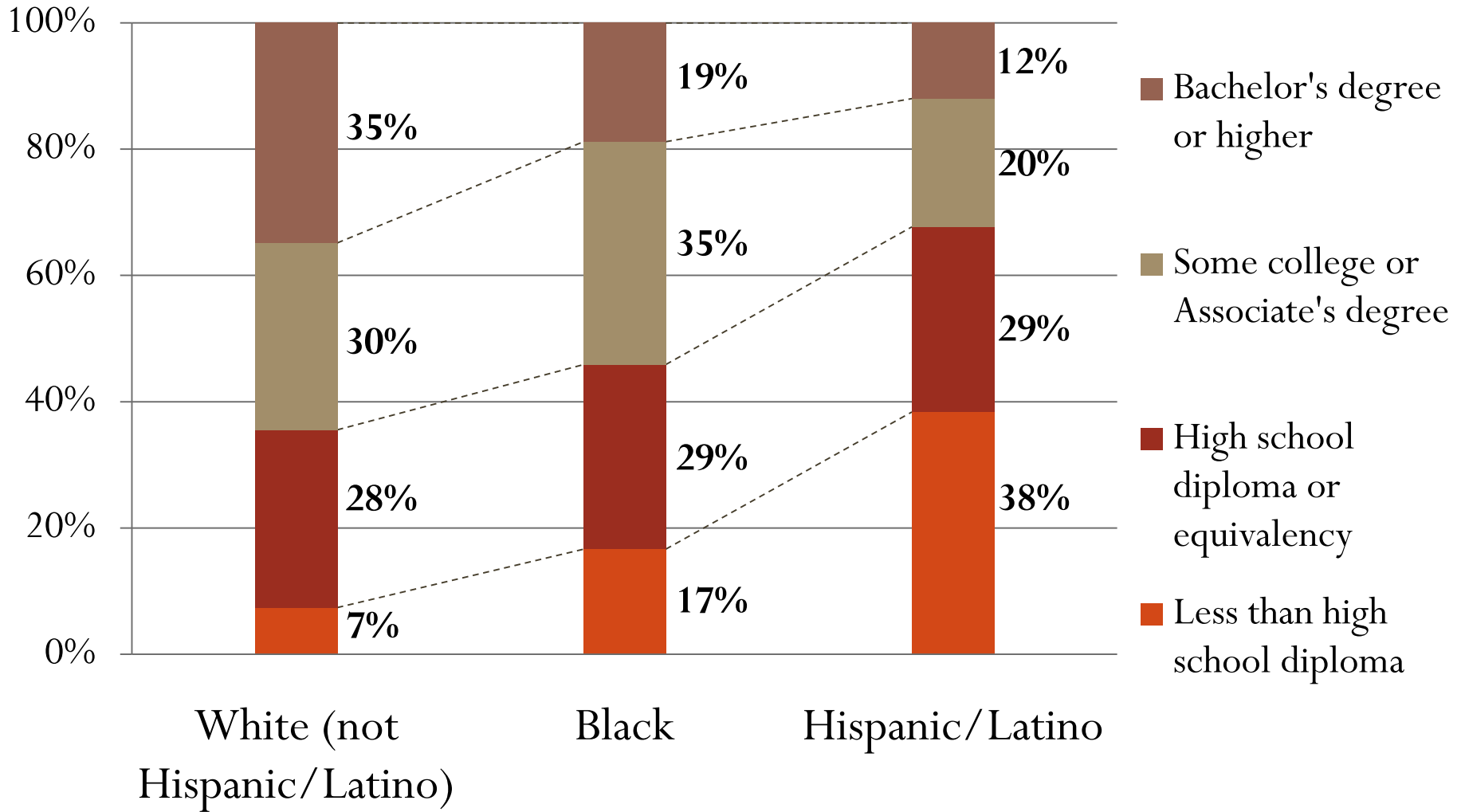
- Low Educational Attainment
- Family Composition
- Home Ownership

**Data obtained from U.S. Census Bureau's 2011 American Community Survey 1-year estimates program.*

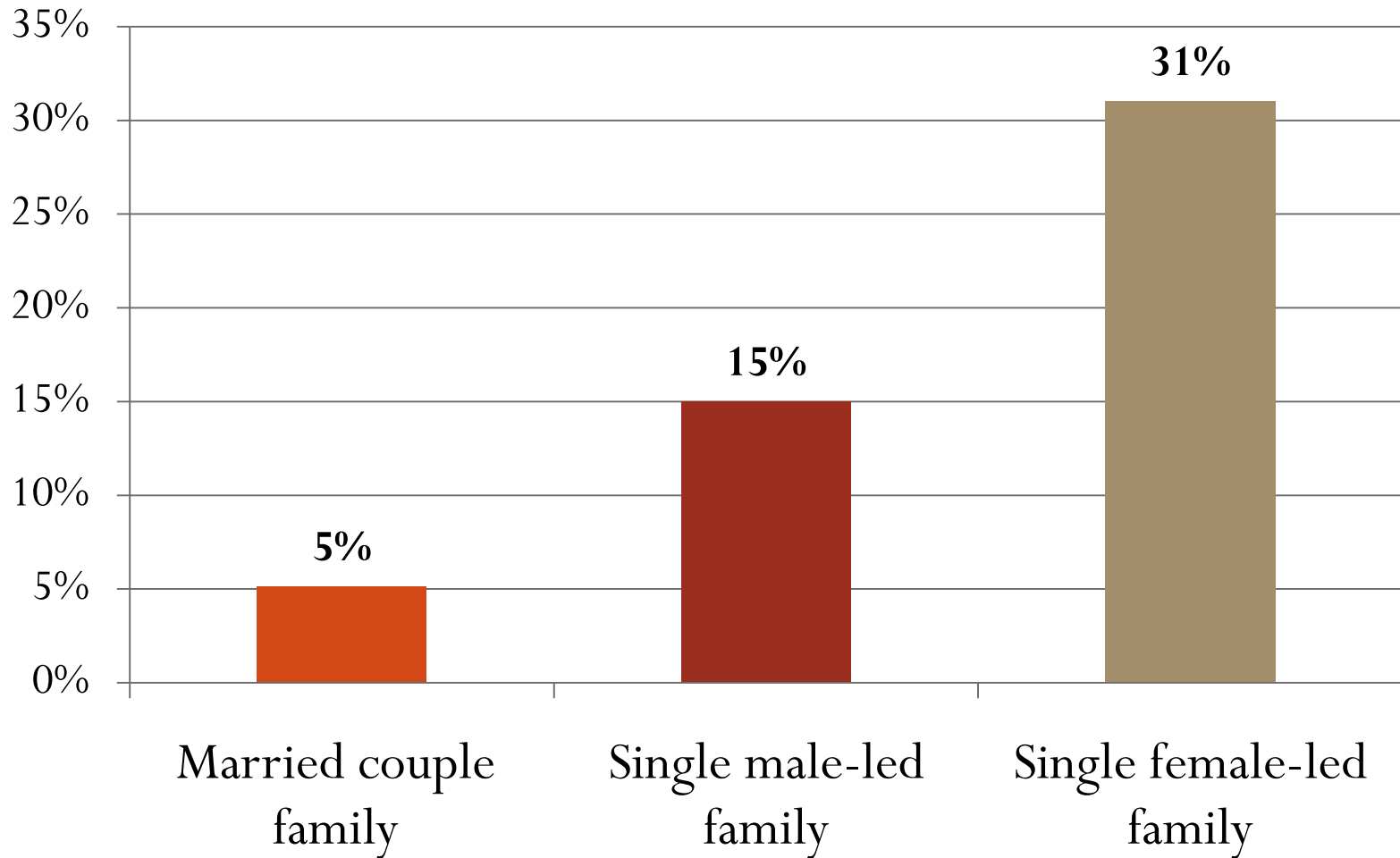
Poverty by Education Level, 2011



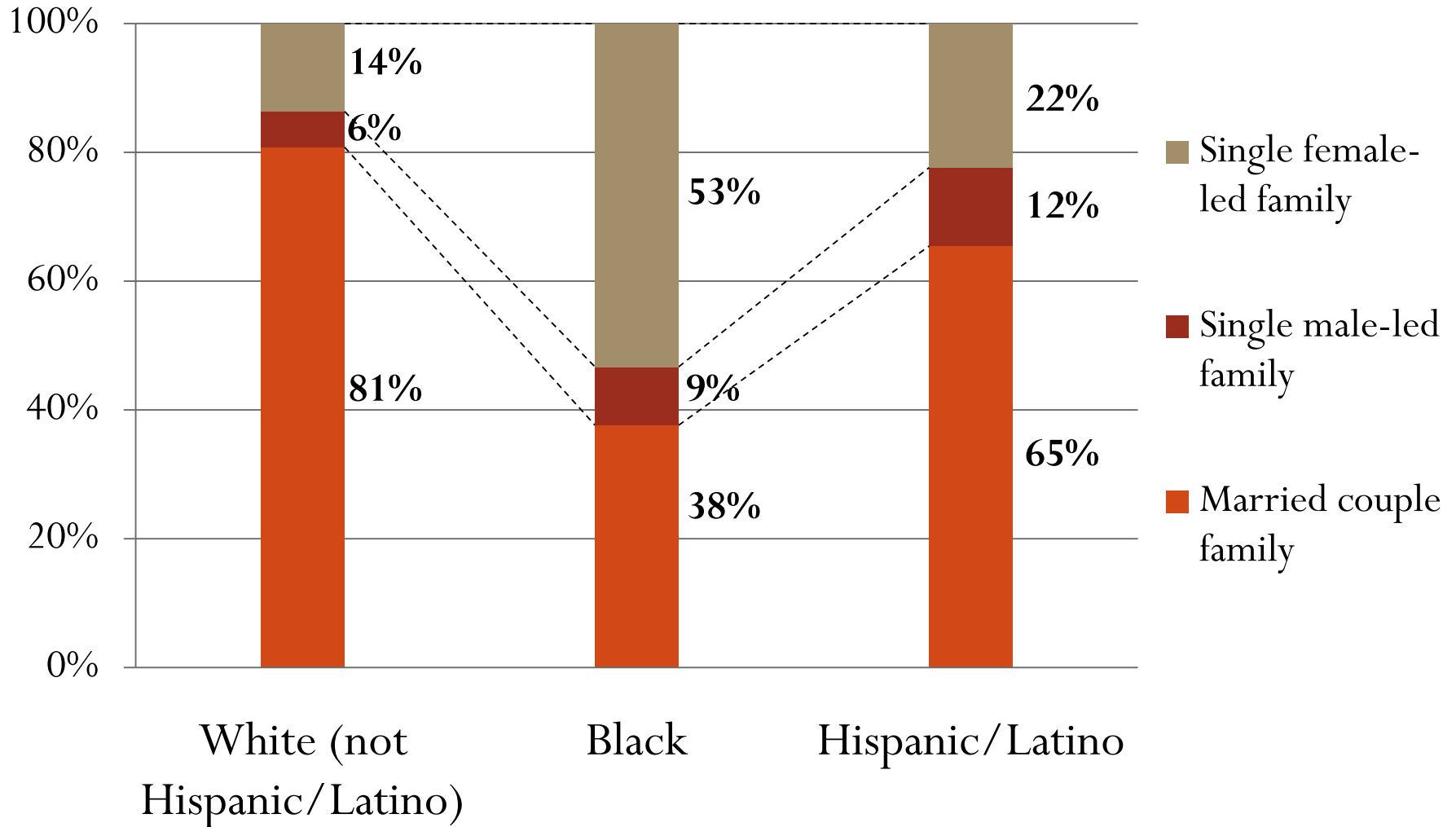
Education by Race, 2011



Poverty by Family Composition, 2011

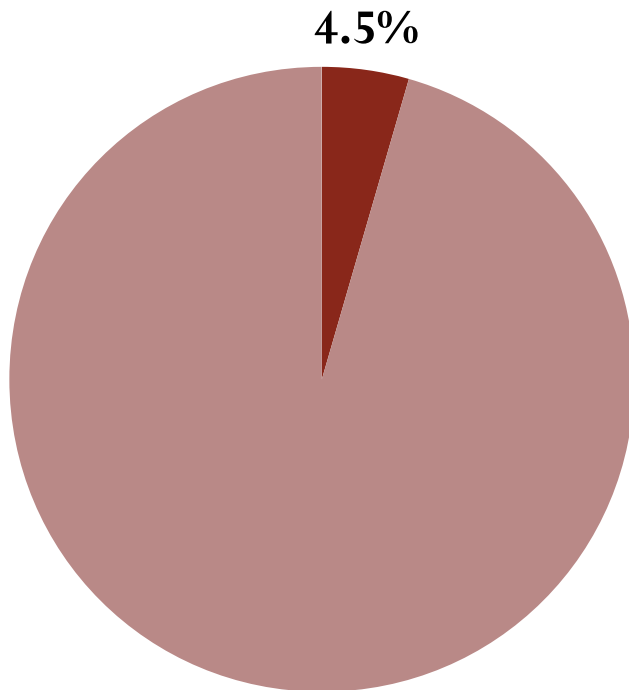


Family Type by Race, 2011

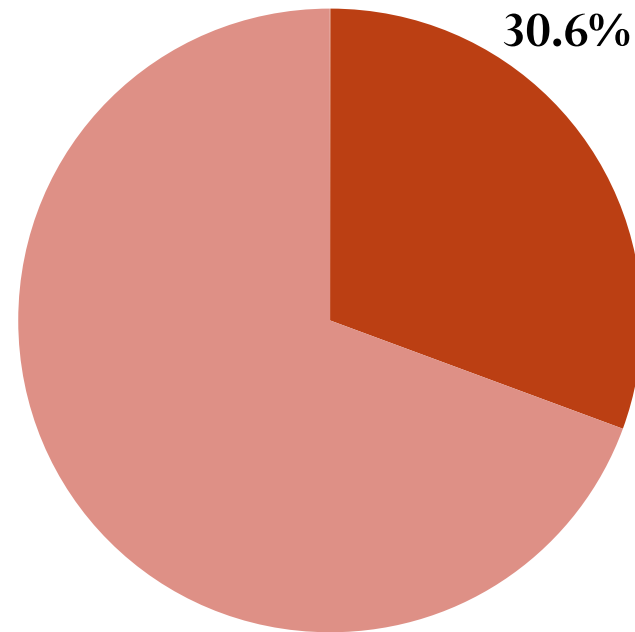


Illinois Poverty Rates, 2011

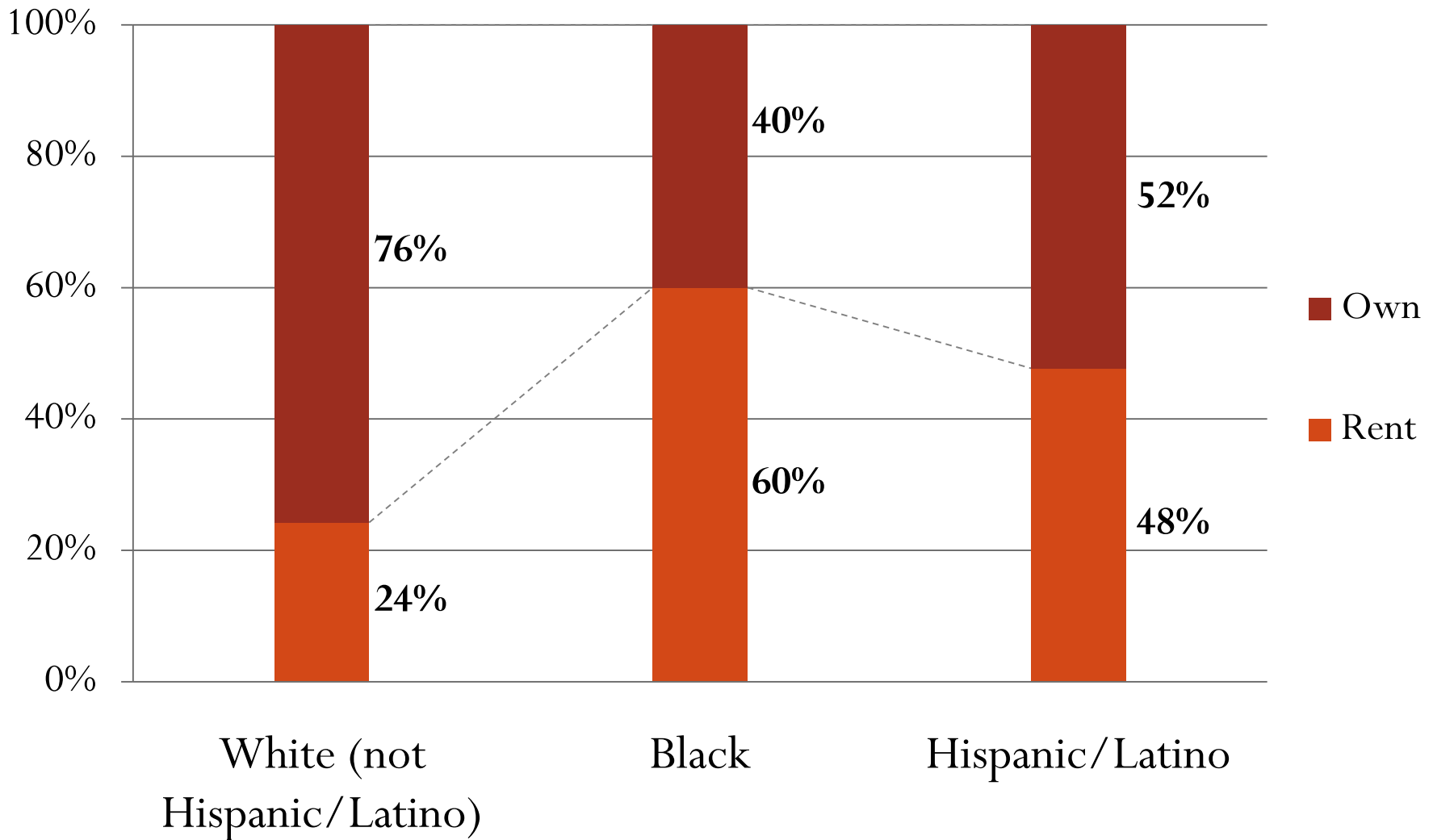
Home Owners



Renters



Home Ownership by Race, 2011



Data Sources

- **Credit and Debt Data**

- From a large national credit bureau
- Point-in-time, June 2012
- Levels of debt by tradeline
- Credit scores

- **Race, Ethnicity Data**

- U.S. Census Bureau's 2010 American Community Survey 5-year estimates program

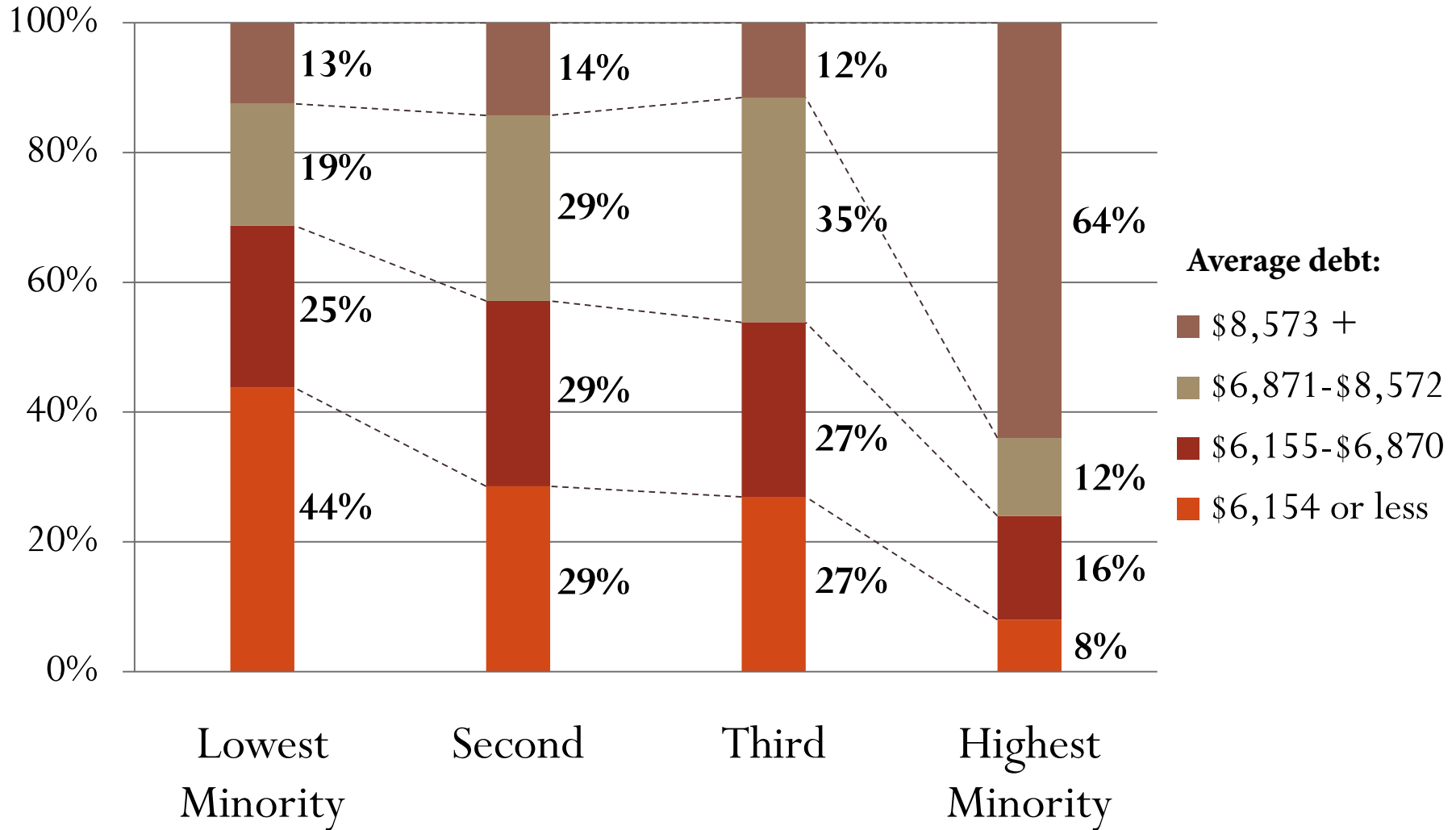
Definitions & Methods

- Minority Presence
 - Percent of population that is not white (non-Latino)
- Analysis
 - Correlating indicators of debt and credit in Illinois' 102 counties with minority presence

Indicators of Financial Well-Being

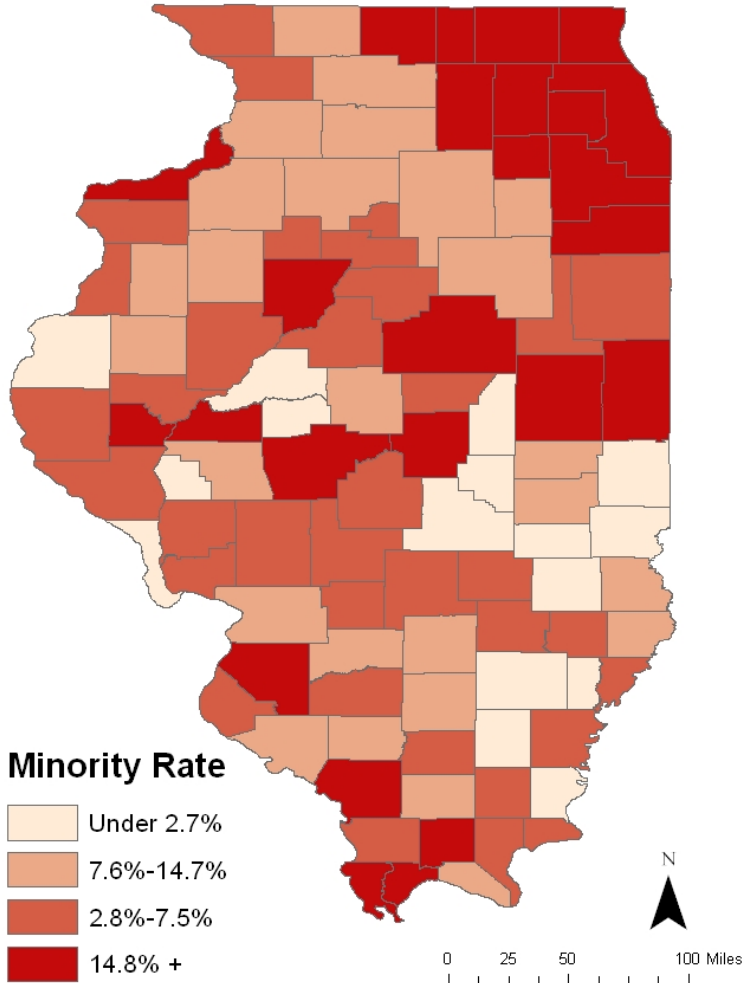
- Debt (*IL = \$12,602*)
- Late payments (*IL = 3.0%*)
- Credit limit utilization (*IL = 70.1%*)
- Credit score (*IL = 705*)

Average Debt by Minority Presence

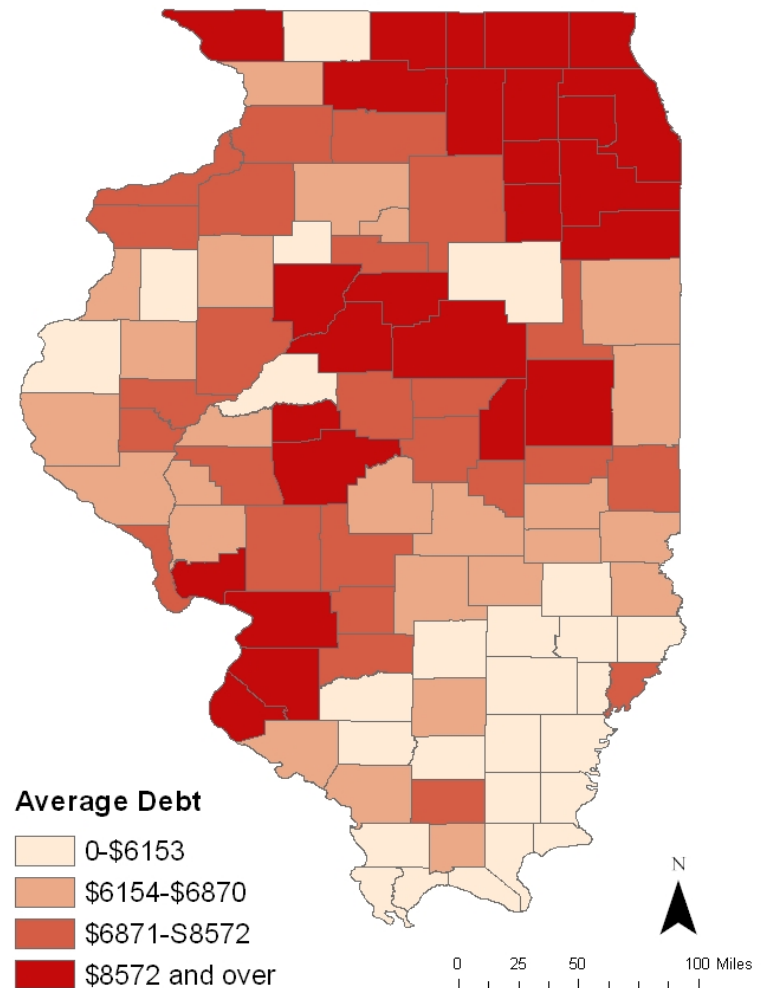


Illinois Counties by Minority Presence

Illinois Minority Presence by County



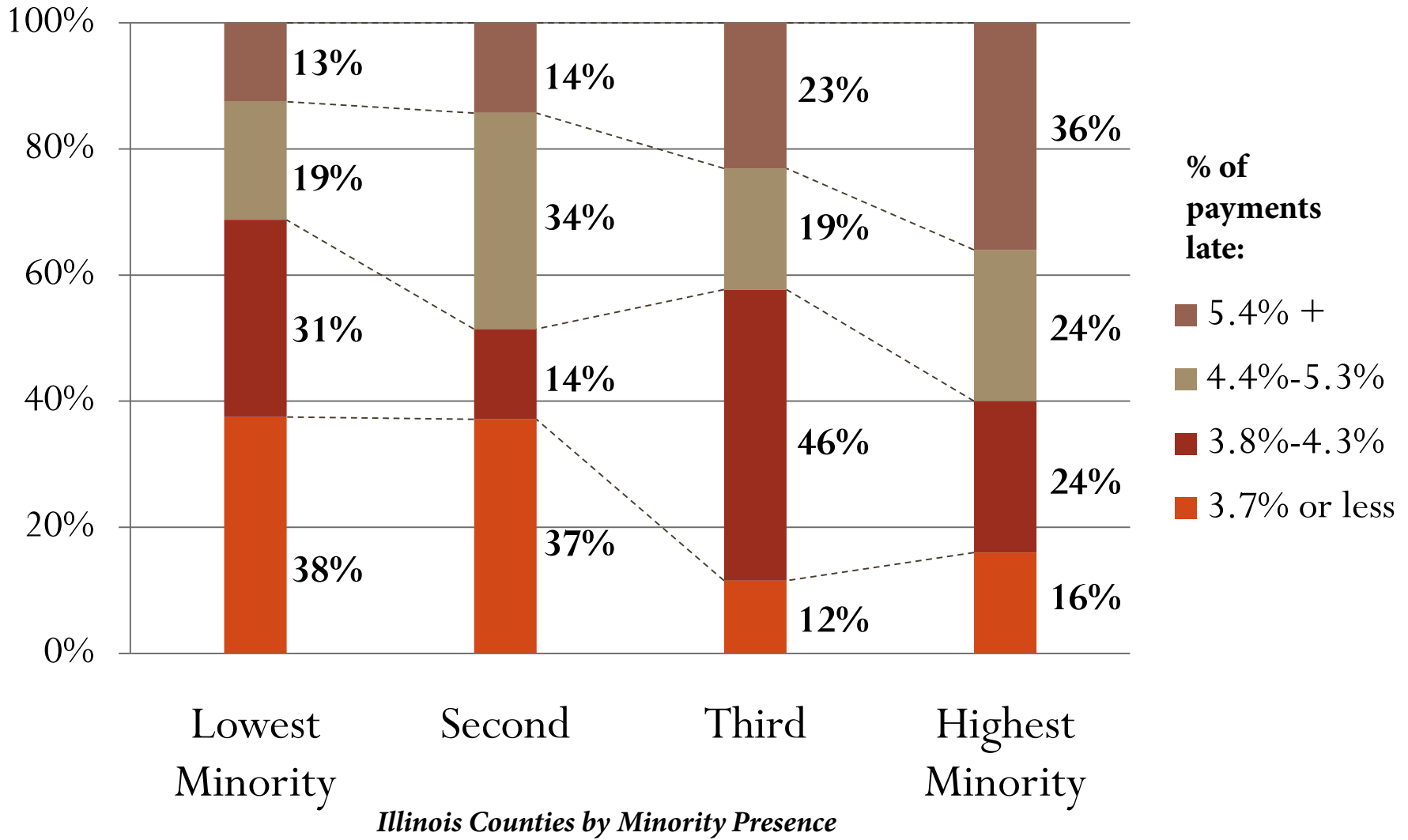
Illinois Average Debt by County



Specific Types of Debt– Correlation with Minority Presence

Strong Correlation	Moderate Correlation
First mortgage (agency) (.560)	Auto Bank (.336)
First mortgage (non-agency) (.607)	Bankcard (.419)
Home equity installment (.593)	
Retail (.578)	
Student loans (.547)	

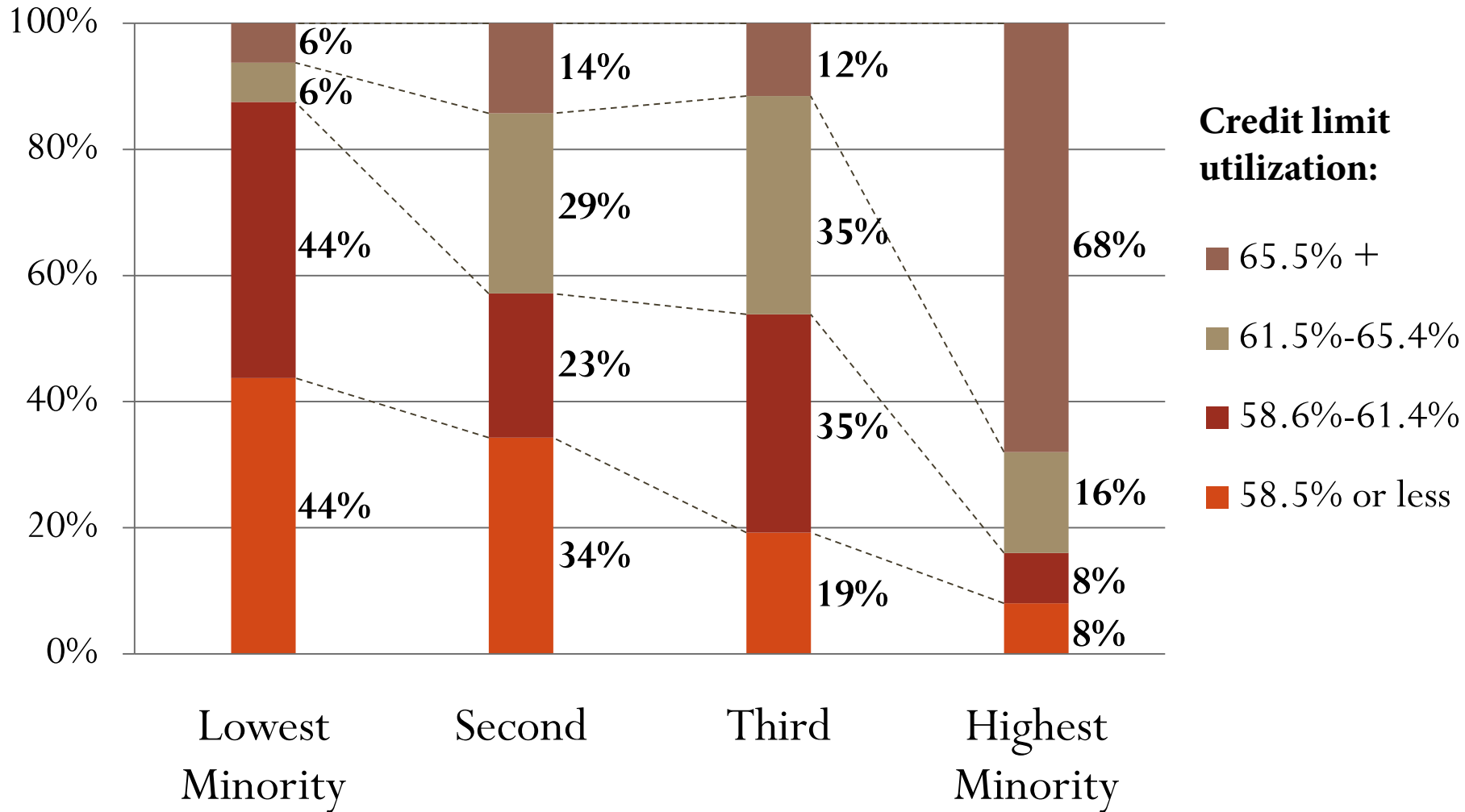
Late Payments by Minority Presence



Late Payments– Correlation with Minority Presence

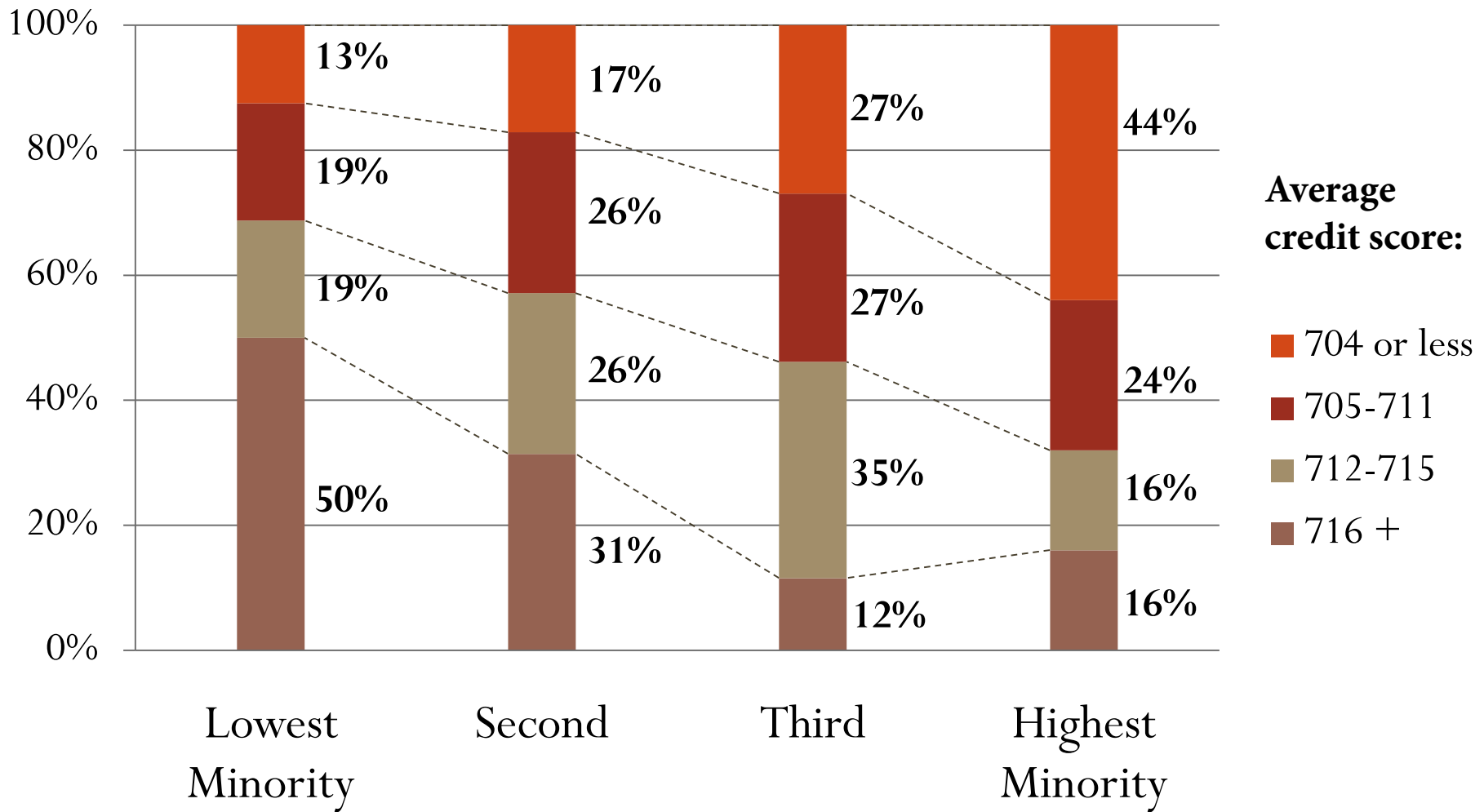
Moderate Positive Correlation	Moderate Negative Correlation
Past Due 90 Days (.325)	On-time (-.382)
Past Due 120 Days (.480)	
In Foreclosure (.492)	
Severe Derogatory (.327)	
Bankruptcy (.374)	

Credit Limit Utilization by Minority Presence



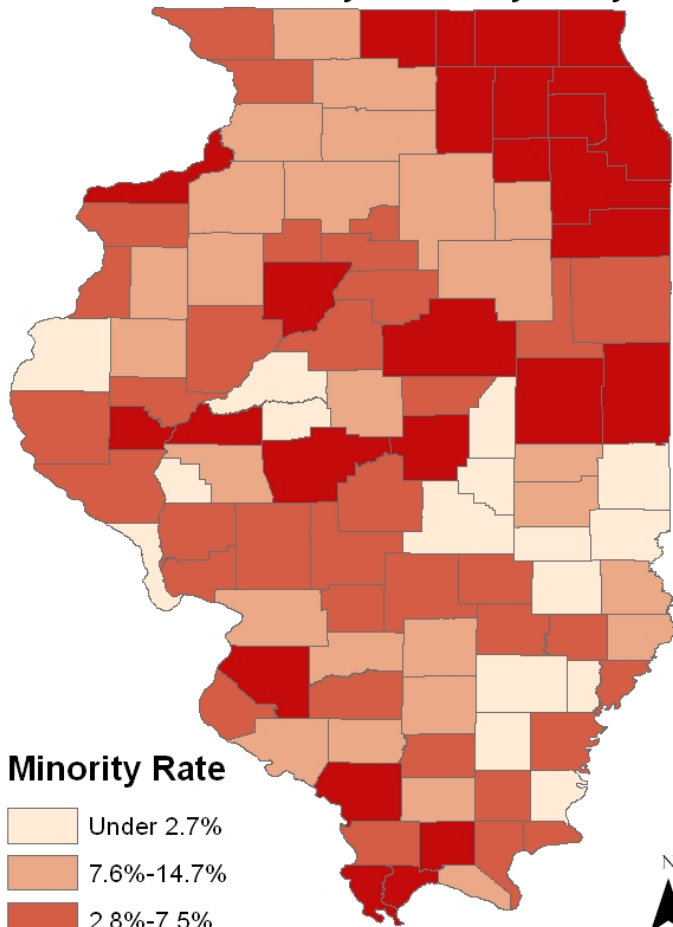
Illinois Counties by Minority Presence

Average Credit Score by Minority Presence



Illinois Counties by Minority Presence

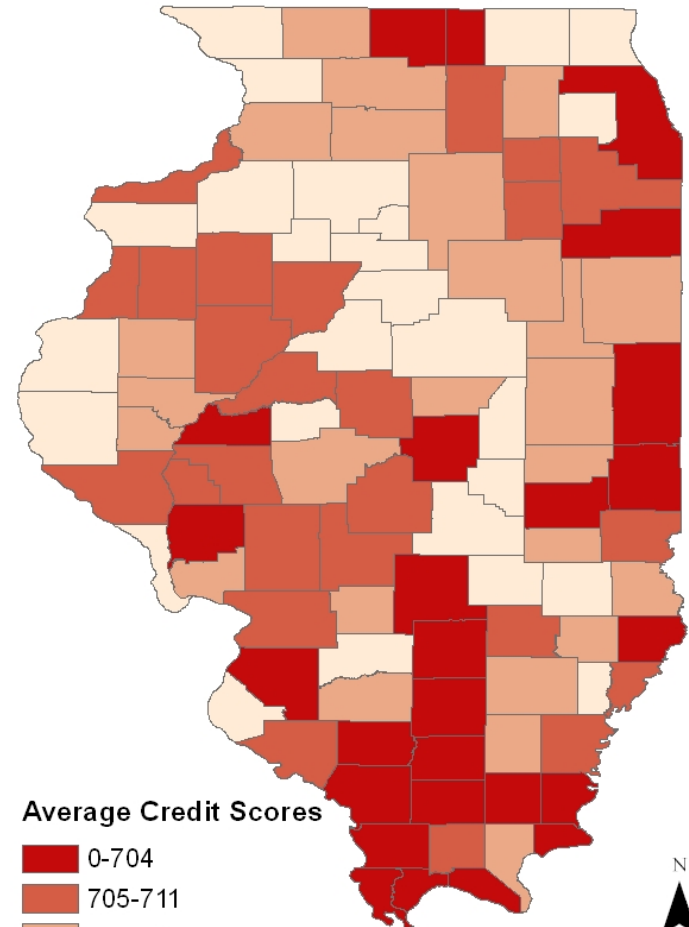
Illinois Minority Presence by County



0 25 50 100 Miles



Illinois Credit Scores by County



0 25 50 100 Miles



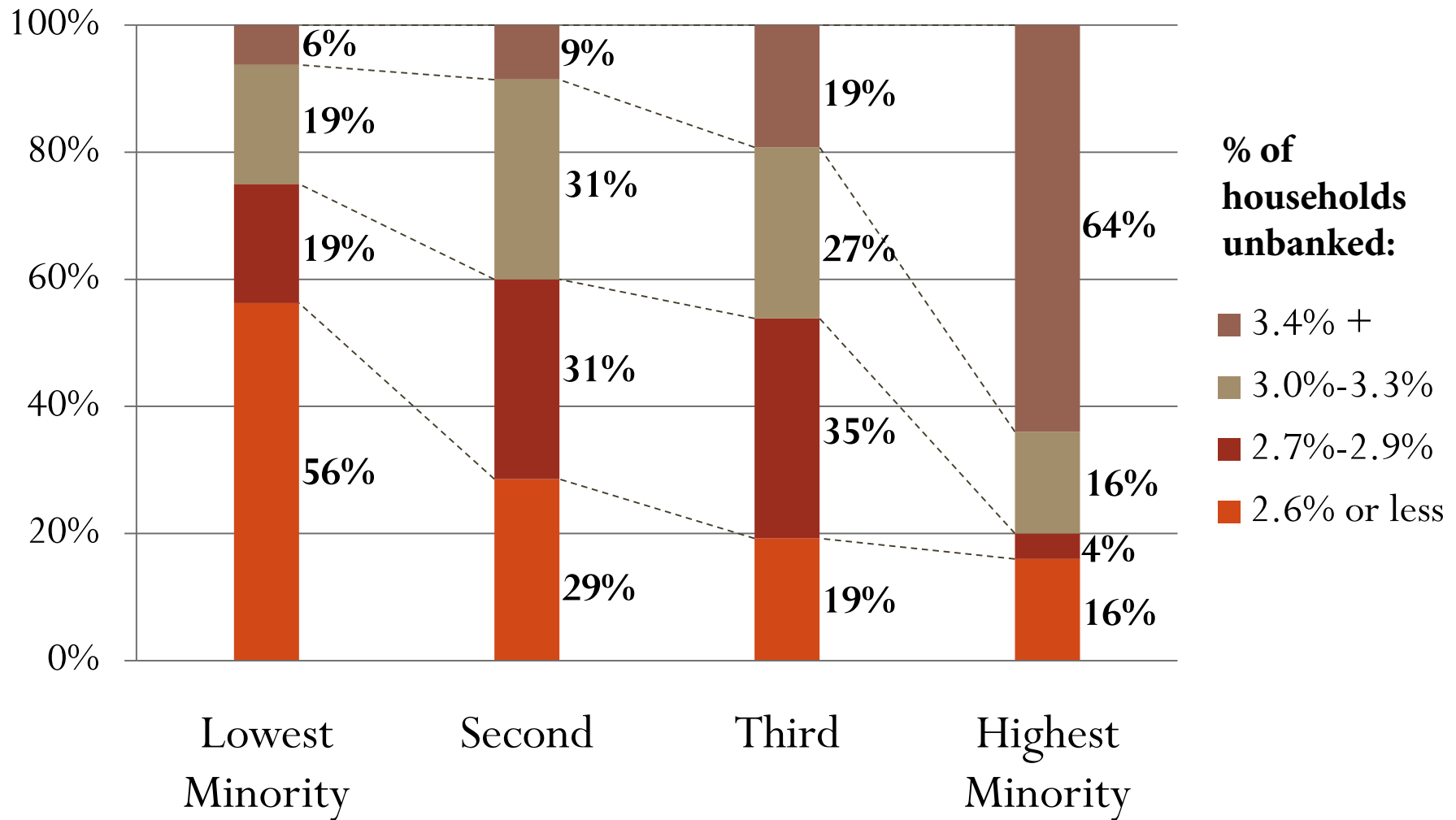
Credit Score & Credit Limit Utilization – Correlation with Minority Presence

Strong Positive Correlation	Moderate Positive Correlation	Moderate Negative Correlation
Credit Limit Utilization (.544)	Credit scores 280-579 (.443)	Average credit score (-.418)
	Credit scores 580-599 (.401)	Credit scores 740-850 (-.407)
	Credit scores 600-619 (.345)	
	Credit scores 620-639 (.304)	

Indicators of Financial Opportunity

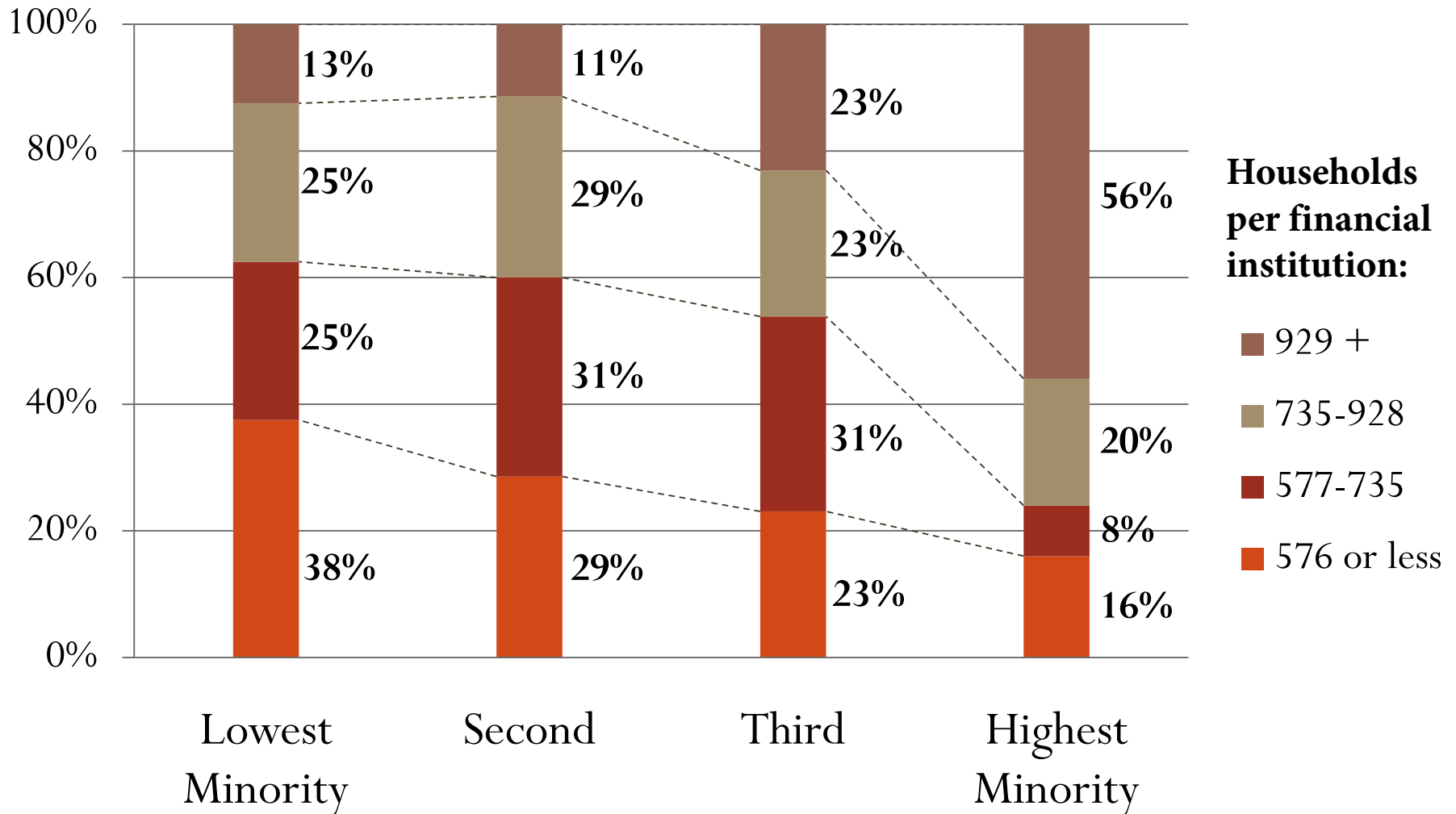
- Unbanked households ($IL = 6.7\%$)
- Households per financial institution ($IL = 961:1$)

Unbanked Households by Minority Presence



Illinois Counties by Minority Presence

Households per Financial Institution by Minority Presence



Illinois Counties by Minority Presence

Unbanked Households & Households per Financial Institution– Correlation with Minority Presence

Strong Correlation	Moderate Correlation
% of households unbanked (.535)	Households per financial institution (.306)

Take-Aways

- As minority presence increases in Illinois counties,
 - Average debt increases
 - Late payments increase
 - Credit limit utilization increases
 - Unbanked households increase
 - Average credit score decreases

Thank you!

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