



## THE COLOR OF WEALTH IN MIAMI

### REPORT SUMMARY

#### About this Report?

This report highlights the particular importance of wealth accumulation in better understanding economic inequality and ensuring financial security. There are very limited data sources on wealth and these data are largely unavailable at a local level. A major shortcoming of all the existing data on wealth in the U.S. is the lack of detailed information by race and ethnicity. At the most, using these data, comparative analyses can only be done for whites and nonwhites and, in some cases, for whites, Latinos, and blacks.

The National Asset Scorecard on Communities of Color (NASCC) is an ongoing survey project that gathers information about asset and debt levels at a detailed racial and national origin level.

This report represents NASCC data for Greater Miami include asset and debt information on a number of disaggregated groups, thereby improving understanding of key disparities in income and wealth.

**NASCC compares the following local communities: U.S. blacks (U.S slave descendant black Americans), Caribbean blacks (of West Indian ancestry, including Haitians), Cubans, Puerto Ricans, South Americans (most of whom self-reported as Colombian) and Other Latinos of all “races.” The sub-group “Other Latinos” is comprised largely of Latino respondents who identified themselves of Mexican or Central American ancestry.** The study also collected information on whites (non-Latinos). The composition of wealth varies across communities of color in Miami, especially when viewed in comparison to (non-Latinx) whites. While it is difficult to identify explicit causal mechanisms of wealth disparities in a cross-section, the NASCC project offers a framework to identify potential factors influencing different patterns of wealth accumulation across racial and ethnic groups.

Race and ethnic identity for this study is based on self-identification of the family respondent self-identified as best qualified to discuss family financial matters. The statistics in the sample used weights based on family characteristics in the U.S. Census Bureau’s American Community Survey to generate results representative of specific ethnic group characteristics in the respondent’s metropolitan area of residence.

#### Demographics

- Communities of color outnumber whites (non-Latinos)
- The Miami MSA (Miami-Ft. Lauderdale-West Palm Beach Metropolitan Statistical Area) is home to 5.9 million people, the eighth largest metropolitan area in the United States (U.S. Census Bureau, 2014). The region includes one of the nation’s emergent Latinx-demographic majority counties,

Miami-Dade County, with 65% of its population identified as Hispanic/Latino 2016 Bureau of the Census).

- The region is also home to the largest share of Colombian, Honduran, and Peruvian populations in the United States and at present, holds the largest concentration of Haitians in the country. The Puerto Rican population in Florida is also growing, especially in the I-4 corridors of Tampa and Orlando, following internal flows of migration from traditional settlement regions such as the Northeast as well as from the island due to an ongoing debt crisis. Also, the region has experienced a sizable new “wave” of Cuban immigrants related to the renewal of diplomatic relations between the United States and Cuba during the Obama administration.

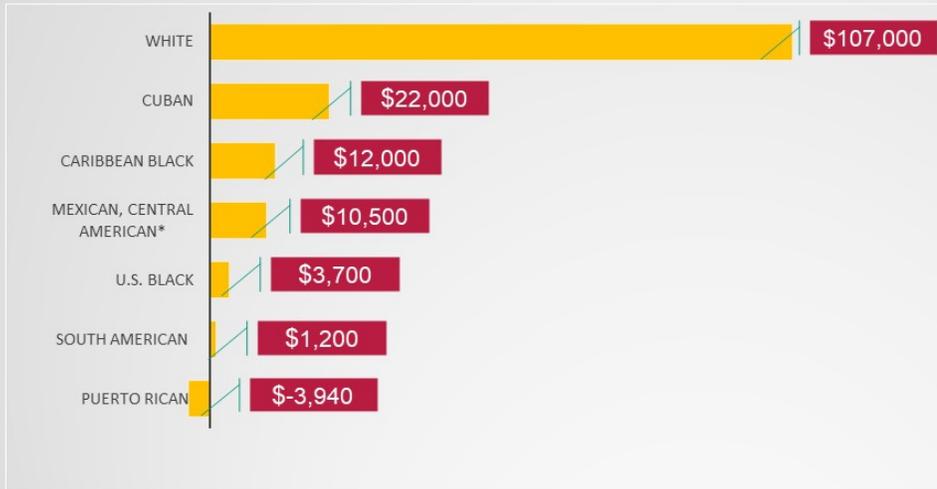
## Assets and Wealth

### Wealth indicates economic opportunity, security, and overall well-being.

Wealth, what your own minus what you owe, 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).

- Wealth provides for a *human capabilities* approach to economic development.
  - The primary source is intergenerational — *structural* not behavioral.
  - Wealth is the economic indicator in which whites and communities of color are most disparate.
- The Miami NASCC survey results reveal that no matter the asset type, white households are far more likely to hold assets than any other racial or ethnic group. The differences were all statistically significant.
  - White (non-Latino) advantage in wealth accumulation in the region is much greater than income which debunks the myth that income is driver of wealth
  - In general, white and Cuban households were the most likely to own an asset, whereas Puerto Rican, U.S. black, and South American households had markedly fewer assets.
  - Cuban wealth accumulation generally similar to other groups in region, myth of Cuban “model minority”

## Median Wealth of Miami MSA Households by Race and Ethnicity



Source: The Color of Wealth in Miami. A joint publication of The Kirwan Institute for the Study of Race and Ethnicity at The Ohio State University, The Samuel DuBois Cook Center on Social Equity at Duke University, and the Insight Center for Community Economic Development.

\*Other Hispanics\* are comprised largely of Latinx respondents who identified themselves of Mexican or Central American ancestry

There are stark differences in wealth by race/ethnicity

White households have:

5x the wealth of Cubans

9x the wealth of Caribbean Blacks

10x the wealth of Mexicans, Central Americans

28x the wealth of U.S. Blacks

89x the wealth of South Americans

## Liquid Wealth of Miami MSA Households by Race and Ethnicity



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The disparity in communities of color from economic well-being is even greater when we consider assets that can quickly be converted into cash (liquid assets). Many Americans do not have a sufficient financial buffer to offset the loss of a job, a medical emergency or relationship break up to maintain a middle-income standard of living.

In the Miami MSA, the typical U.S. black and Puerto Rican family essentially has no economic cushion to weather an unexpected expenditure shock

- There are large disparities in checking and savings account access between whites and other racial and ethnic groups. The findings suggest a possible market gap for affordable and appropriate financial services in communities of color in Miami.

Miami MSA Comparison of White and Nonwhite Households Owning Any Type of Liquid Asset, Checking Account or Savings Account

	<b>Liquid Assets</b>	<b>Savings</b>	<b>Checking</b>
White	94.9	75.1	93.2
U.S. Black	58.9	44.4	57.0
Caribbean Black	72.9	50.5	71.1
Puerto Rican	79.2	39.0	69.7
Cuban	86.0	56.7	83.6
South American	79.6	56.2	76.9
Other Hispanic	70.7	59.3	66.2

- Few households had retirement assets — including IRAs or private annuities. While white households possess more stocks and IRAs/private annuities than other ethnic/racial groups, only 40 percent of white households owned stocks, mutual funds, or other investments or trusts.

Percentage of households owning stocks, IRA or private annuity

	<b>Stocks</b>	<b>IRA or private annuity</b>
White	39.7	39.4
U.S. Black	10.8	22.7
Caribbean Black	8.6	16.3
Puerto Rican	12.7	28.4
Cuban	17.4	31.6
South American	8.3	23.7
Other Hispanic	14.4	20.0

Source: NASCC survey, authors' calculations

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

- Credit card debt levels are similar across all groups, with one-third to one-half of respondents holding some. Student loan debt is highest for Caribbean blacks and South Americans. More troubling, U.S. blacks report high amounts of student loan debt but a low rate of degree attainment. This means they lack the labor market returns conferred by bachelor’s degrees but still carry the burden of student loan debt. Medical debt exhibited more variation, with Puerto Ricans having the highest burden and Other Hispanics having the lowest.

Percentage of Miami MSA households having various types of debt

	<b>Credit Card</b>	<b>Student Loans</b>	<b>Medical</b>
<b>White</b>	45.5	13.4	19.5
<b>U.S. Black</b>	42.1	20.1	12.6
<b>Caribbean Black</b>	47.4	26.5	15.4
<b>Puerto Rican</b>	37.0	12.2	29.0
<b>Cuban</b>	44.1	12.9	17.0
<b>South American</b>	32.6	30.2	13.0
<b>Other Hispanic</b>	41.6	11.7	8.0

Source: NASCC survey, authors’ calculations

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

- Differences in racial wealth are likely driven by asset ownership, rather than debt. Median non-household debt did not differ significantly across groups, with Cubans having the lowest median debt levels at zero.

Total median non-housing debt for white and nonwhite households

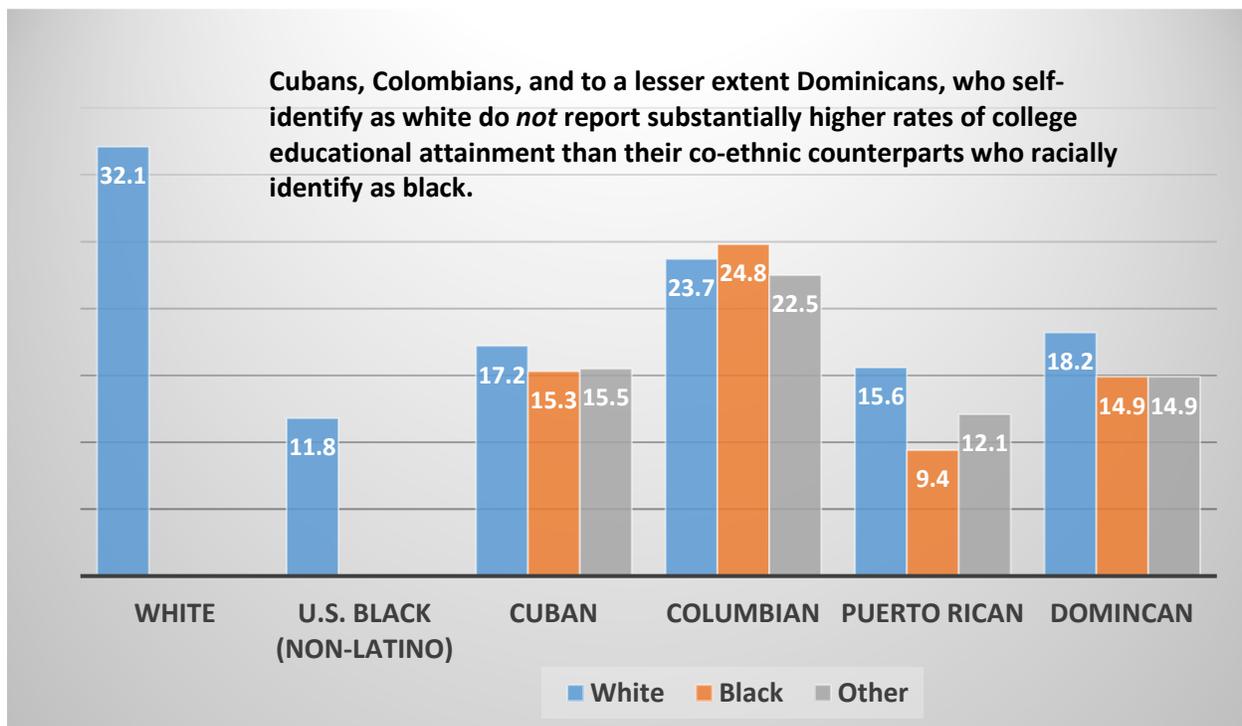
*Median amount*

<i>White</i>	<b>\$2,000</b>
<i>U.S. Black</i>	<b>\$2,000</b>
<i>Caribbean Black</i>	<b>\$5,000</b>
<i>Puerto Rican</i>	<b>\$1,800</b>
<i>Cuban</i>	<b>\$0</b>
<i>South American</i>	<b>\$3,200</b>
<i>Other Hispanic</i>	<b>\$900</b>

## Racial/Ethnic Identification and Economic Outcomes

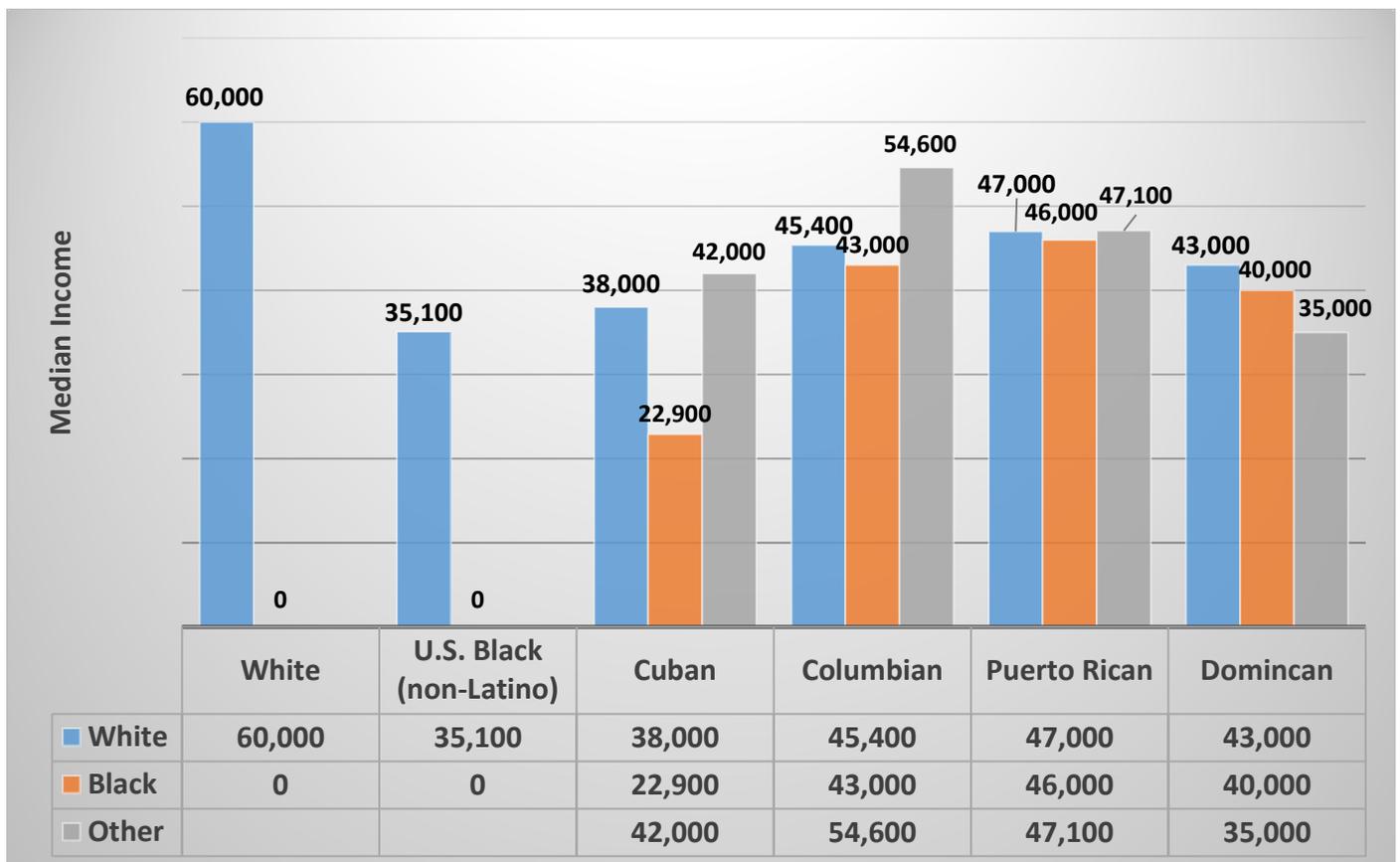
- Latinx groups disaggregated by race using ACS is informed by a series of studies that find that racial identification “matters” within subpopulations identified by ethnicity. In terms of identification, overwhelmingly, Latino census respondents self-classify as either racially white or “other,” while a small fraction choose a racially black identity.
- When disaggregating Miami Latinxs by race using U.S. census data, we find that, even amongst Latinx groups, race appeared to have some impact on socioeconomic outcomes. Self-reported white Latinos attain higher economic outcomes, despite having only slightly higher levels of educational attainment than their racially self-identified black counterparts.

Percentage of Household Heads with Bachelor’s Degree or Higher in Miami MSA



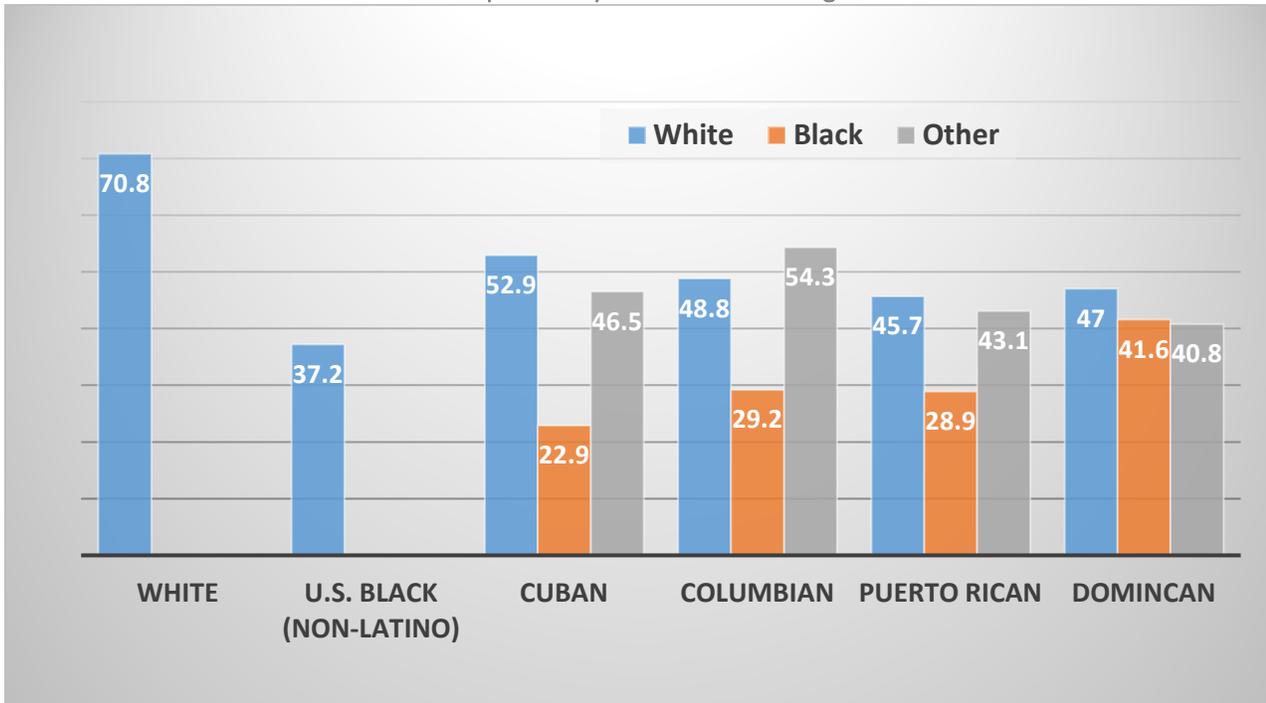
- While income generated from employment does not constitute wealth, it can provide a foundation for meeting household needs. The ability to build wealth over a lifetime largely depends on having surplus income, transfers or an endowment. White households (\$60,000) in the Miami MSA have much higher median incomes than other groups. Cubans who identify as white have a lower median income than other Latinx groups who identify as white.

Median Household Income by Latin Ancestral Origin in Miami MSA



- Cubans, who self-identified as white, and Colombians who self-identified as white, had homeownership rates at 53 and 49 percent respectively; which is more than 40 and nearly 60 percent higher than the respective rates of black self-identified Cubans and Colombians. There is a stark pattern of racial disparity in home ownership rates both across and within groups, with black Miamians at the bottom regardless of national origin.

Homeownership Rates by Latin Ancestral Origin in Miami MSA



- Similarities between U.S. blacks and the more populous Haitian ancestry of Greater Miami residents, while Jamaican and Trinidad and Tobago descendants report significantly better outcomes than black residents. We also include a category of “black Latinxs” who are respondents who self-identify as racially black and claim Latinx or Hispanic origin, but are not included in one of the other ancestral categories
- These data reveal that for most socioeconomic indicators, with the noteworthy exception of education where less than 10 percent of black household heads of Haitian descent attained a BA whereas more than 20 percent of Trinidadian and Tobagonians did, the disparities across race among Latinxs tend to be larger than the disparities amongst self-identified blacks across ancestral origin.

Demographic and Socioeconomic Characteristics by Caribbean Ancestral Origin in Miami MSA

	Number of Observations	Foreign Born	Bachelor's Degree or higher	Unemployment rate	Median Total Household Income	Percent Home Ownership
White (non-Latino)	64,495	13.8%	32.1%	6.2%	\$ 60,000	70.8%
U.S. Black (non-Latino)	12,071	2.2%	11.8%	15.9%	\$ 35,100	37.2%
Haitian	6,681	63.9%	9.3%	14.5%	\$ 37,000	40.8%
Jamaican	4,038	72.7%	18.0%	11.6%	\$ 42,000	54.6%
Trinidadian / Tobagonian	360	72.6%	20.5%	15.0%	\$ 49,000	59.5%
Black Latinos	1,533	60.1%	14.1%	9.4%	\$ 35,000	33.1%

Source: US Census Bureau, American Community Survey, three-year estimates, 2013-2015.

Note: Foreign born U.S. black are individuals born abroad but that identify as being Afro or African American. Black Latinos are individuals that do not identify ancestral origin as Afo or African american, but identify as racially black and latino