The Cost of Segregation

Lost income. Lost lives. Lost potential.

The steep costs all of us in the Chicago region pay by living so separately from each other.
Our Process

- MPC’s report on the economic impact of racial and economic segregation in the Chicago region: March 2017
- Policy Development: In partnership with neighborhood groups, local advocates and national advisors
- Early 2018: Release policy recommendations to create a more inclusive region by 2040
Driving Research Questions

• What does it cost all of us in metropolitan Chicago to live so separately from each other by race and income?
• What can we do to change these patterns of segregation, so that everyone living in our region can participate in and create a stronger future?
Methods

• We examined three types of segregation: economic, African American-white and Latino-white

• We measured costs by examining these variables, 1990-2010:
  • Household median income
  • Per capita income
  • Proportion of residents ages 25 or older with 4-year college degrees
  • Life expectancy of residents
  • Homicide rate
Methods

• Examined impacts if the Chicago region reduced its level of segregation to the median of the nation’s 100 biggest metros

What Does Segregation Cost Us?

<table>
<thead>
<tr>
<th>Lost income</th>
<th>Lost lives</th>
<th>Lost potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4.4 billion in annual regional income</td>
<td>30 percent more homicides</td>
<td>83,000 Bachelor’s degrees</td>
</tr>
</tbody>
</table>
Lost Income

If we reduced the levels of economic and African American-white segregation to the national median...

Incomes for African Americans in the Chicago region would rise an average of $2,982 per person per year.

The region as a whole would earn an additional $4.4 billion in income, resulting in an $8 billion boost to the region’s GDP.
Lost Lives

The Chicago region’s homicide rate would drop by 30 percent—the equivalent of saving 229 lives in the city of Chicago in 2016—if we reduced the level of segregation between African Americans and whites to the national median.

If the region’s homicide rate had been 30 percent lower in 2010...

167 more people would have lived that year, earning some $170 million over the course of their lifetimes.

The region would have saved some $65 million in policing costs and an estimated $218 million in corrections costs.

Residential real estate values would have increased by at least $6 billion.
Lost Potential

83,000 more people in the Chicago region would have bachelor’s degrees if we reduced the level of African American-white segregation to the national median.

The Chicago region is losing out on some $90 billion in total lifetime earnings as a result of our education gap.
National Findings

Comparing the nation:
Ranking of combined racial and economic segregation in 100 largest U.S. metro areas, 2010

How the Chicago Region Compares

- In 2010, the Chicago region had the...
How the Chicago Region Compares

How Chicago compares to three moderately segregated regions

African American-white segregation as measured by Spatial Proximity Index

Source: Urban Institute, based on 2011-2015 American Community Survey (ACS) five-year estimates.
How the Chicago Region Compares

Chicago region: Concentrated racial segregation

- 1 dot = 1,000 people
- Population: 8,505,977
- White (52.2%)
- African American (17.0%)
- Latino (22.4%)

Houston region: Moderate racial segregation

- 1 dot = 1,000 people
- Population: 6,076,171
- White (37.8%)
- African American (17.0%)
- Latino (36.3%)

Source: Maps by MPC, based on Urban Institute map and analysis of 2011-2015 American Community Survey (ACS) five-year estimates
What Would It Take to Reduce Segregation in the Chicago Region?

Major drops needed in the Chicago region to reach national median level of segregation

<table>
<thead>
<tr>
<th></th>
<th>Drop from 1990 to 2000</th>
<th>Drop from 2000 to 2010</th>
<th>Drop required to reach 2010 national median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic segregation</td>
<td>-4.6%</td>
<td>-5.3%</td>
<td>-18.5%</td>
</tr>
<tr>
<td>African American-white</td>
<td>-3.0%</td>
<td>-8.3%</td>
<td>-36.1%</td>
</tr>
<tr>
<td>Latino-white segregation</td>
<td>-2.9%</td>
<td>-7.3%</td>
<td>-28.0%</td>
</tr>
</tbody>
</table>

How Segregation Impacts Latinos

While Latinos make up 25 percent of the Chicago Housing Authority’s eligible public housing population, they occupy just 9 percent of available units and only one in ten individuals on waiting lists is Latino.

While the overall Latino population is increasing in the Chicago region, 92 percent of majority-Latino suburbs in the Chicago region lost population between 2014 and 2015.

61 percent of all Latino students in the Chicago region attend a majority-Latino school; 78 percent of the students attending these majority-Latino schools identify as low-income.
How Segregation Impacts Latinos

Dramatic change in Latino-white population balance in Chicago’s Pilsen and Logan Square neighborhoods, 2000 to 2013

- Pilsen: Latino population -26%, White population 22%
- Logan Square: Latino population -35%, White population 44%

Source: Graph by MPC, based on analysis of 2006-2010 and 2011-2015 American Community Survey (ACS) five-year estimates
Where Do We Go From Here?

- Phase Two:
  - With Urban Institute, map population projections to 2030
  - Work with neighborhood groups, local advocates & national advisors on effective policies
  - Learn from other places
  - Recommend strategies for desegregation and equity