Re-Examining Racial Disparities in Health: Does Non-Labor Income Explain Health Disparities between Black and White Adults

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Number of Tables: 3

Abstract:
Studies have documented significant and persistent disparities in health between U.S.-born blacks and whites. These disparities hold even after accounting for measures of social and economic status, such as educational attainment, income, and poverty status. Across measures of social and economic status, wealth disparities between blacks and whites are most pronounced. Few studies, however, have examined the degree to which wealth explains racial disparities in health. Using data from the 2011–2016 March Current Population Surveys, we examine whether measures of non-labor income (e.g., investment or dividend income) help explain health disparities between U.S.-born non-Hispanic black and white adults. The results show that, even after accounting for traditional measures of social and economic status, non-labor income accounts for a significant share of the gap in self-assessed health between non-Hispanic blacks and whites. Our findings highlight the role of wealth in understanding racial disparities in health.

Extended Abstract

Some of the most consequential disparities between black and white Americans appear in the domain of health and mortality (Hummer, 1993, 1996). Compared to white Americans, black Americans experience more chronic conditions, are more likely to be overweight or obese, self-report lower ratings of overall health, and have worse mortality profiles (Morris, Rhoads, Stain, & Birkmeyer, 2010; D. R. Williams & Mohammed, 2009; David R Williams, Yu, Jackson, & Anderson, 1997). Relative to white Americans, blacks also have a greater likelihood of being diagnosed with most cancers, and among those diagnosed with cancer, black Americans are more likely to die from the condition than their white counterparts (Bickell et al., 2006; Gross, Smith, Wolf, & Andersen, 2008; Ward et al., 2004).

While prior studies have shown that measures of social and economic status help explain the health and mortality gaps between black and white Americans (Grossman, 2006; Link & Phelan, 1995; Lleras-Muney, 2006; Montez & Berkman, 2014), disparities persist even after accounting for traditional measures of social and economic status. Few studies, however, have examined the degree to which wealth explains disparities between the two groups.

Wealth disparities in the U.S. are sizable. In 1983, the median wealth of white families was eight times the median wealth of black families (Kochhar & Fry, 2014). By 2013, this wealth gap had increased by 63 percent, with the median wealth of white families at $141,000 compared to $11,000 for black families (Kochhar & Fry, 2014). These disparities have significant consequences for racial disparities in overall well-being.

In addition to providing individuals with financial reserves, wealth buffers and softens the impact of financial shocks, such as periods of unemployment and medical emergencies (Shapiro, 2004). For example, during periods of unemployment, those with greater wealth may search longer for a job at their skill level rather than hastily taking a lower level job, which could affect lifetime earnings, wealth accumulation, and long-term health (Link & Phelan, 1995; Shapiro, 2004). Consequently, disparities in wealth among Americans contribute significantly to racial disparities in overall well-being.

Using data from the 2011–2016 March Current Population Surveys, we examine whether measures of non-labor income (e.g., investment or dividend income) help explain health disparities between U.S.-born non-Hispanic black and white adults. The results show that, even after accounting for traditional measures of social and economic status, non-labor income accounts for a significant share of the gap in self-assessed health between non-Hispanic blacks and whites.

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Table 1: Descriptive Statistics for U.S.-Born Non-Hispanic Blacks and Whites, Adults Ages 25-64

	Entire Sample		Investment Income>0		Investment Income=0	
	(1)	(2)	(3)	(4)	(5)	(6)
	Blacks	Whites	Blacks	Whites	Blacks	Whites
	mean	mean	mean	mean	mean	mean
Health Outcomes						
Fair/Poor Health	0.198	0.120	0.112	0.071	0.231	0.181
Demographic and Social Characteristics						
Age	43.809	45.389	45.298	46.554	43.226	43.959
Female	0.550	0.504	0.550	0.497	0.550	0.514
Married	0.360	0.635	0.482	0.713	0.312	0.539
Education	13.248	14.119	14.352	14.818	12.816	13.261
Less than HS	0.108	0.051	0.038	0.018	0.136	0.091
High School	0.350	0.280	0.228	0.209	0.398	0.369
Some College	0.326	0.294	0.342	0.280	0.319	0.312
College	0.143	0.243	0.240	0.309	0.106	0.163
College Plus	0.073	0.131	0.153	0.184	0.042	0.065
Owns Home	0.492	0.761	0.613	0.826	0.444	0.681
Return to Home Equity	2361.541	3968.174	3093.621	4554.764	2074.909	3248.413
Type of Investment Income						
Earns Interest Income (0/1)	0.269	0.528	0.955	0.958	0.000	0.000
Earns Dividend Income (0/1)	0.047	0.169	0.165	0.307	0.000	0.000
Earns Rental Income (0/1)	0.021	0.058	0.074	0.106	0.000	0.000
Amount of Investment Income						
Interest Income	360.666	1112.834	1281.835	2019.769	0.000	0.000
Dividend Income	111.231	539.623	395.322	979.403	0.000	0.000
Rental Income	92.867	376.468	330.058	683.281	0.000	0.000
Total Investment Income	564.764	2028.924	2007.215	3682.454	0.000	0.000
Region of Current Residence						
Midwest	0.180	0.267	0.179	0.282	0.180	0.247
West	0.089	0.194	0.096	0.201	0.086	0.185
South	0.607	0.352	0.595	0.313	0.611	0.399
Northeast	0.125	0.188	0.130	0.203	0.123	0.169
Observations	61220	362503	17423	201167	43797	161336

Source: 2011-2016 March Current Population Survey.

Table 2: **Odds Ratios** of Poor/Fair Health for U.S.-Born Non-Hispanic Blacks and Whites, Adults Ages 25-64

	(1) Base	(2) Home	(3) Interest	(4) Divident	(5) Rent	(6) Full
Race: (Reference: Whites)						
Blacks	1.340*** (0.017)	1.214*** (0.016)	1.119*** (0.015)	1.182*** (0.016)	1.207*** (0.016)	1.109*** (0.015)
Demographic Characteristics						
Age	1.072*** (0.004)	1.083*** (0.004)	1.086*** (0.005)	1.084*** (0.004)	1.083*** (0.004)	1.086*** (0.005)
Female	1.137*** (0.011)	1.128*** (0.011)	1.108*** (0.011)	1.112*** (0.011)	1.124*** (0.011)	1.100*** (0.011)
Married	0.532*** (0.005)	0.601*** (0.006)	0.642*** (0.007)	0.612*** (0.007)	0.604*** (0.006)	0.646*** (0.007)
Education: (Reference: Less than HS)						
High School	0.425*** (0.007)	0.446*** (0.007)	0.484*** (0.008)	0.454*** (0.007)	0.448*** (0.007)	0.485*** (0.008)
Some College	0.307*** (0.005)	0.327*** (0.006)	0.382*** (0.007)	0.341*** (0.006)	0.330*** (0.006)	0.387*** (0.007)
College	0.147*** (0.003)	0.162*** (0.003)	0.213*** (0.004)	0.182*** (0.004)	0.165*** (0.003)	0.222*** (0.005)
College Plus	0.111*** (0.003)	0.122*** (0.003)	0.171*** (0.004)	0.143*** (0.004)	0.126*** (0.003)	0.182*** (0.005)
Owns Home		0.600*** (0.007)	0.647*** (0.007)	0.617*** (0.007)	0.605*** (0.007)	0.654*** (0.008)
Type of Investment Income						
Earns Interest Income (0/1)			0.464*** (0.005)			0.503*** (0.006)
Earns Dividend Income (0/1)				0.484*** (0.010)		0.659*** (0.014)
Earns Rental Income (0/1)					0.654*** (0.018)	0.838*** (0.023)
Observations	423723	423723	423723	423723	423723	423723

Standard errors in parentheses. Source: 2011-2016 March Current Population Survey.

* p < 0.05, ** p < 0.01, *** p < 0.001

Table 3: Odds Ratios of Poor/Fair Health for U.S.-Born Non-Hispanic Blacks and Whites Adults, Ages 25-64

	(1) Base	(2) Home	(3) Interest	(4) Divident	(5) Rent	(6) Full
Race: (Reference: Whites)						
Blacks	1.340*** (0.017)	1.245*** (0.016)	1.161*** (0.015)	1.214*** (0.016)	1.239*** (0.016)	1.152*** (0.015)
Demographic Characteristics						
Age	1.072*** (0.004)	1.079*** (0.004)	1.083*** (0.004)	1.080*** (0.004)	1.079*** (0.004)	1.083*** (0.004)
Female	1.137*** (0.011)	1.131*** (0.011)	1.102*** (0.011)	1.114*** (0.011)	1.128*** (0.011)	1.096*** (0.011)
Married	0.532*** (0.005)	0.583*** (0.006)	0.614*** (0.007)	0.594*** (0.006)	0.585*** (0.006)	0.618*** (0.007)
Education: (Reference: Less than HS)						
High School	0.425*** (0.007)	0.442*** (0.007)	0.476*** (0.008)	0.449*** (0.007)	0.443*** (0.007)	0.476*** (0.008)
Some College	0.307*** (0.005)	0.322*** (0.005)	0.371*** (0.006)	0.335*** (0.006)	0.324*** (0.005)	0.374*** (0.006)
College	0.147*** (0.003)	0.159*** (0.003)	0.210*** (0.004)	0.177*** (0.004)	0.161*** (0.003)	0.216*** (0.004)
College Plus	0.111*** (0.003)	0.121*** (0.003)	0.172*** (0.005)	0.141*** (0.004)	0.124*** (0.003)	0.180*** (0.005)
Log(Return to Home Equity)		0.949*** (0.001)	0.956*** (0.001)	0.952*** (0.001)	0.950*** (0.001)	0.957*** (0.001)
Amount of Investment Income						
Log(Interest Income)			0.864*** (0.002)			0.876*** (0.002)
Log(Dividend Income)				0.896*** (0.003)		0.948*** (0.003)
Log(Rental Income)					0.947*** (0.004)	0.976*** (0.004)
Observations	423723	423723	423723	423723	423723	423723

Standard errors in parentheses. Source: 2011-2016 March Current Population Survey.

$^{*}p < 0.05, ^{**}p < 0.01, ^{***}p < 0.001$