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From wealthy enclaves to asset deserts: What the geography of asset income signals about wealth distribution in the United States

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INTRODUCTION

Key Findings

- One-fifth of personal income in the United States is derived from dividends, interest, or rent—in other words, income from assets or wealth.
- Income from assets has become more geographically concentrated as it has risen in national importance. Asset income per capita has nearly doubled since 1990 for the top 10 percent of counties (1.7 times higher), while it has hardly changed for the bottom 90 percent.
- The number of counties with asset income per capita two times the national level rose from 26 in 1990 to 54 in 2019. Today's asset income hotspots are overwhelmingly centers of finance, technology, mining, or recreation. Only five are in the Midwest.
- Among the 100 most populous counties, Manhattan leads with $64,200 in asset income per capita in 2019, while Bronx County, NY, and Hidalgo County, TX, report the lowest levels of asset income per capita, $4,800 and $3,200, respectively.
- Highlighting the racial wealth gap, the residents of Cleveland's least diverse neighborhood earned a total of $262 million in dividends in the 2018 tax year, or $15,800 per a person, compared to a total of $27,000 that went to residents of its most diverse neighborhood, or around a dollar per a person.

Prosperity is not just a function of wages but also of access to reliable ways to save and invest. Asset ownership has unique benefits: assets allow people to have something to fall back on during difficult periods of their lives, be it unemployment, illness, or other financial challenges. Access to assets allows people to plan for the future, set aside for long-term goals like their children's education or retirement, and invest in their communities or pass something on to future generations. Asset ownership gives individuals and families a seat at the table in our economic system beyond the wages they earn from their employer. Household financial stability—the freedom to not have to live paycheck to paycheck—is thus a cornerstone of inclusive prosperity. Yet only a minority of Americans own any assets beyond the main three: their homes, cars, and retirement accounts.

This analysis uses data on reported income from assets to illuminate the underlying geography of asset ownership in the United States. It takes particular interest in places where residents have relatively little asset income and where asset poverty is therefore likely high. Asset poverty, defined as insufficient net worth to cover three months of living expenses absent any labor income, is much more pervasive in the United States than income poverty, with an estimated 77 percent of low- to moderate-income American households defined as asset poor.[1] While there is

[1] Rothwell, David, Leanne Giordono and Jennifer Robson, "Public income transfers and wealth accumulation at the bottom: Within and between country differences in Canada and the United States," Cross-National Data Center in Luxembourg, 2020.

readily available data to measure poverty down to the neighborhood level in the United States, there are no comparable metrics for asset poverty. This analysis aims to partially fill the void using data from the Bureau of Economic Analysis (BEA) to explore the income that households draw from certain assets in the form of dividends, interest, and rent at the county level going back to 1969, the first year the federal government collected the data.

» **Dividends** refers to payments in cash to individual shareholders.

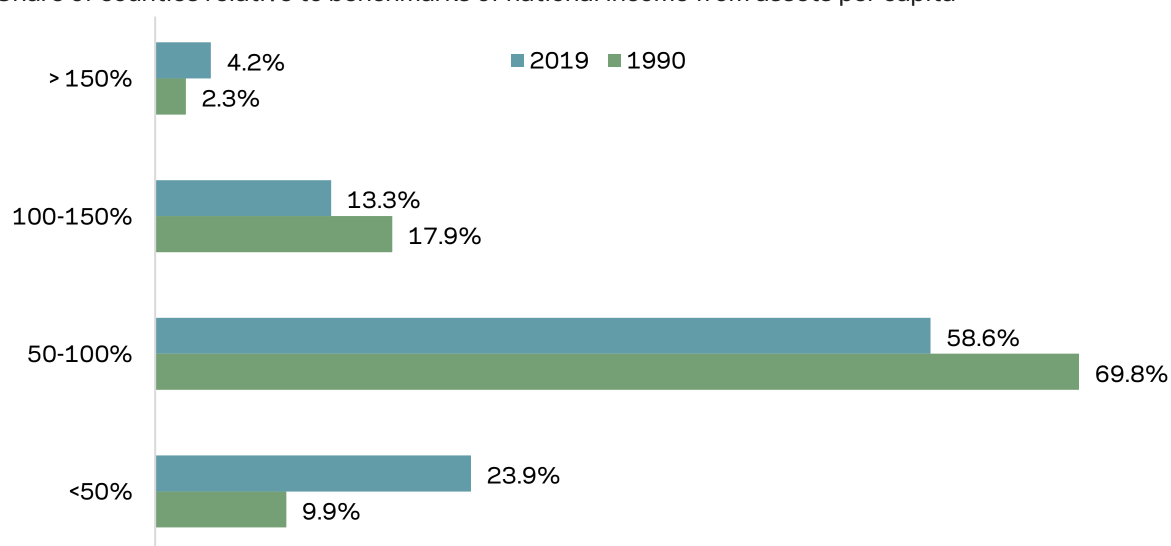
» **Interest** refers to payouts from money deposited at a bank or invested in government bonds, or loaned in some other way.

» **Rent** captures income from investments in real estate or land, but excludes the income of individuals who are primarily engaged in the real estate business. It can capture money from renting farmland and royalty payments to individuals who lease mineral rights.[2] It also includes imputed rent.[3]

[2] Lawson, Megan, "The role of non-labor income in the west," Headwaters Economics, 2014.
[3] A net measure obtained by subtracting housing expenses from the gross rental value of owner-occupied housing services

While the map of income from assets does not provide a complete picture of asset poverty or the distribution of wealth across the United States (it does not shed light on the distribution of asset income across households within a county, for example), it does illuminate the geography of asset income and asset ownership generally, and how this geography has become increasingly uneven. Altogether, 24 percent of counties have per capita income from assets less than half the national rate. In 1990, that number was 10 percent. The share of counties with asset income per capita between 50 and 150 percent of the nationwide figure has fallen, while the share of counties outside of those bounds, with significantly more or less asset income per head, has increased, providing a stark indicator of the growing inequality between places.

Share of counties relative to benchmarks of national income from assets per capita



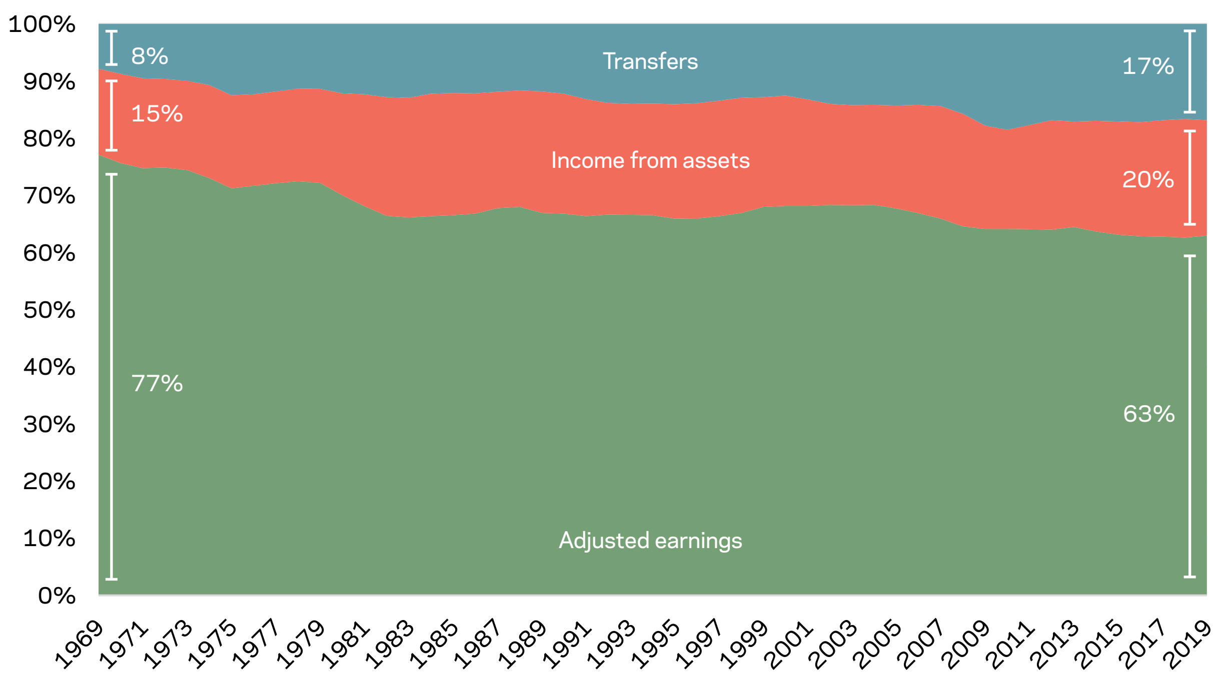
THE NATIONAL STORY

The growing importance of income from assets

The BEA breaks out sources of personal income into three discrete categories: wages and earnings, federal transfers (e.g. unemployment, food stamps, social security, Medicare, and other government assistance programs), and dividends, interest and rent (income from owning assets like stocks and bonds, or housing). In both absolute terms and as a share of total personal income, non-labor income (income from assets and transfers) has expanded significantly since 1969.

Non-labor income has increased from 23 percent of personal income in 1969 to 37 percent in 2019. In 2019, earnings represented 63 percent of income, compared to 17 percent for transfers and 20 percent for income from assets. This 50-year trend is in large part driven by increased income from assets for the wealthy and increased government transfers to the poor. One of the biggest differences between the period of economic growth in the 1990s versus the 2010s is that earnings saw more robust growth than asset income in the 1990s, whereas the reverse was true for most of the 2010s. From 2010 to 2019, assets grew by 73 percent, while earnings grew by just 45 percent.

Earnings, transfers and income from assets as a share of personal income, 1969-2019



INEQUALITY OF INCOME FROM ASSETS AMONG U.S. COUNTIES

Asset-rich areas have pulled away

Income from assets has skyrocketed in many of the country's most prosperous places and stagnated in many of the most distressed ones. While almost all U.S. counties have seen at least some increase in income from assets over the past 50 years (just two counties had less income from assets per capita in 2019 versus 1969 in real terms), those increases have been relatively small for the majority of counties.

> Nearly one-quarter of all counties now have asset income per capita less than half the national rate, compared to only 10 percent in 1990.

Almost two-thirds of counties had asset income per capita below the average of all U.S. counties in 2019, compared to around half in 1969. In other words, the median American county has fallen behind the county average over time as more asset income concentrates in fewer places. The gap between the county with the lowest and highest asset income per capita doubled from 1969 to 1990 and then increased by a factor of six from 1990 to 2019.

Per capita asset income, lowest and highest county, 2019 dollars, thousands

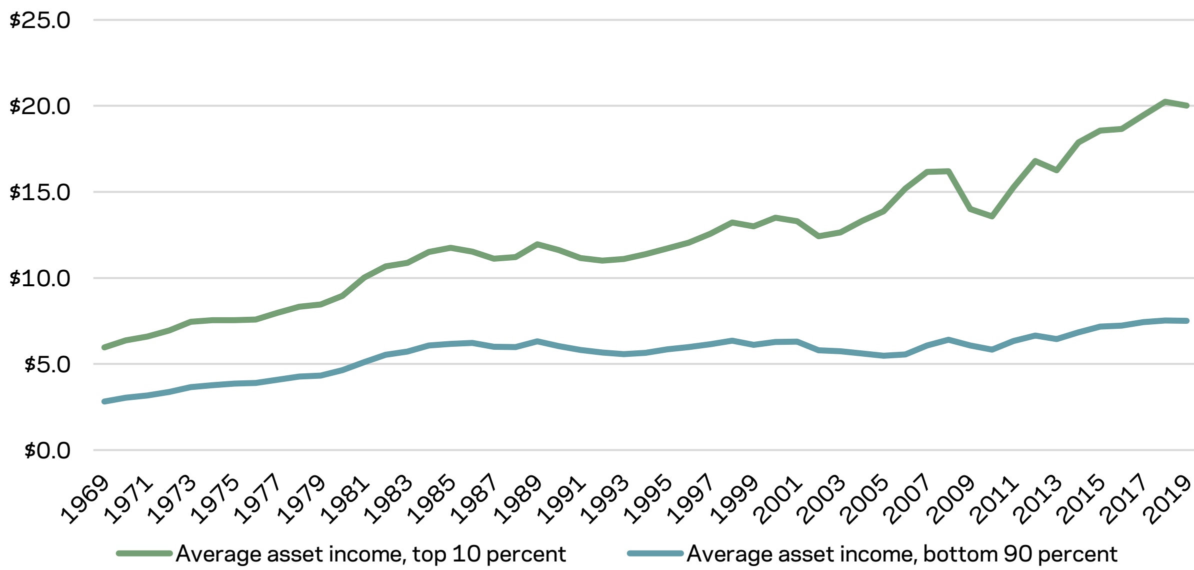
Year	Least asset income per capita	Most asset income per capita	Gap	National asset income per capita
1969	$0.4	$13.3	$12.9	$4.1
1990	$1.6	$28.6	$27.1	$8.1
2019	$2.4	$161.4	$159.0	$11.4

Another way to look at this trend is to compare the average asset income per capita (adjusted to 2019 dollars) for the top 10 percent and bottom 90 percent of counties each year over the past 50 years. That gap has steadily widened each decade but expanded dramatically in the 2010s when

> The gap between the county with the lowest and highest asset income per capita increased by a factor of six from 1990 to 2019.

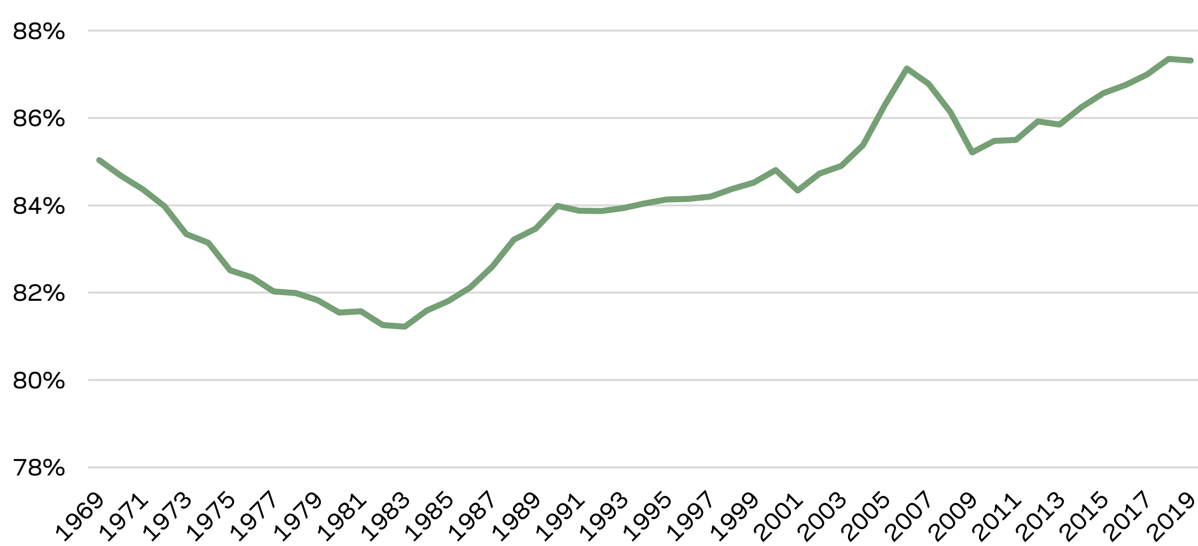
the average asset income per capita grew by 47.3 percent in the top decile of counties, compared to 28.7 percent growth for all the rest. Asset income per capita has nearly doubled since 1990 for the top 10 percent of counties (1.7 times higher). By contrast, most gains for the bottom 90 percent of counties had already been achieved by the early 1980s; since then, growth in asset income has more or less stagnated.

Average asset income per capita, top 10 percent and bottom 90 percent of counties, 1969-2019, 2019 dollars, thousands



Beginning in the 1980s, the top 20 percent of counties with the most income from assets in absolute terms have captured an ever-growing share of all national asset income, completely reversing the 1970s trend of declining spatial inequality. Their share reached an all time high of 87.4 percent in 2018 and remained about the same in 2019. With the top 20 percent of counties home to 79.6 percent of the population, income from assets is more concentrated in these places than the geographic distribution of the country's population alone would predict. Meanwhile, the share of national asset income claimed by the bottom 50 percent of counties fell from 4.5 percent in 1969 to 3.4 percent in 2019. Population decline is one explanation for this trend, with these mostly rural counties making up 6 percent of the country's population in 2019 compared to 9 percent in 1969.

Share of national asset income located in the top 20 percent of counties (based on county's asset income)



The national map of county-level asset income shows a widespread dearth across much of the country

The country's asset income largely concentrates in hubs of technology, finance, mining, and recreation. The 2019 map of asset income per capita shows intense concentration in a handful of major metropolitan areas and pockets of the Mountain West and Texas. The map also reveals a widespread dearth elsewhere, with asset holdings comprising a negligible source of income across Appalachia and the Deep South especially. In communities across the entire Midwest, asset income runs well below the national average on a per capita basis.

Using inflation-adjusted dollars, the number of counties with asset income per capita two times the county average more than doubled from 1990 to 2019: 117 in 2019 compared to 50 in 1990. These 117 counties accounted for a little more than a quarter of the national total income from assets. Just seven of them were in the Midwest.

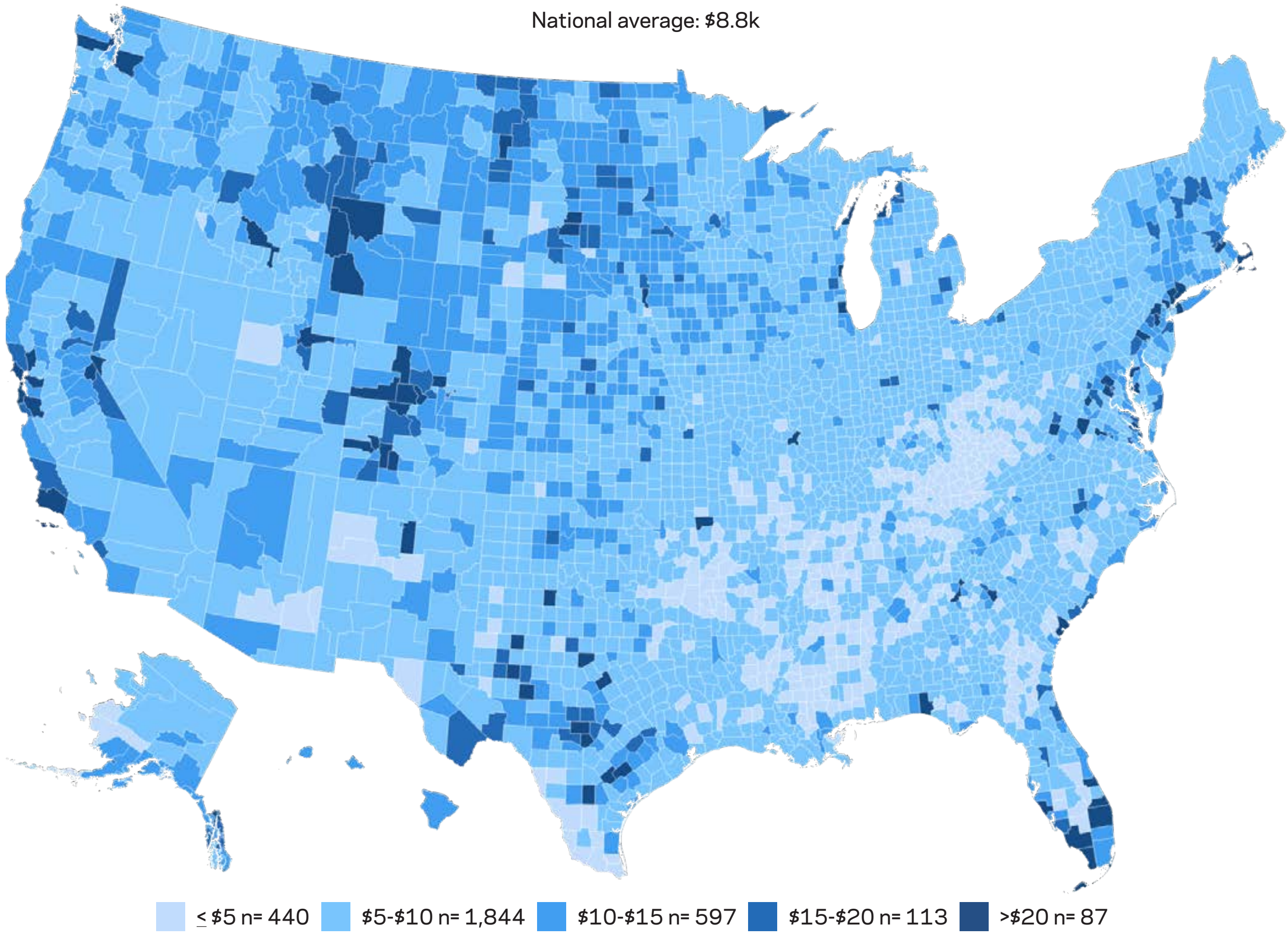
According to USDA county typologies, 47 of these 117 counties are specialized in recreation, many of them the preferred rural vacation destinations for the wealthy. Examples include Teton, WY, and Nantucket, MA. Another 22 counties are specialized in mining or agriculture, which reflects the income generated from land rents and oil and gas dividends in counties like McMullen, TX, and Golden Valley, MT, and explains the generally elevated levels of asset income across the northern Great Plains. A few top counties are specialized in manufacturing, including suburban Ozaukee, WI, north of Milwaukee. Others are centers for federal and state government,

The number of counties with asset income per capita two times the county average more than doubled from 1990 to 2019: 117 in 2019 compared to 50 in 1990.

including the highly-educated counties around the District of Columbia and some rural areas with high levels of federal land ownership. The 34 more diversified counties encompass larger urban and exurban counties that are generally well-populated. Many of these are in superstar metro areas, like New York City and the Bay Area. Leaders in the middle of the country, like Benton, AR; Fulton, GA (Atlanta); Hennepin, MN (Minneapolis); and St. Louis, MO, tend to be home to large, blue-chip corporate anchors.

Mountain West states contain some of the greatest asset income inequality in the country

The gap in income from assets within states is especially wide in the Mountain West, where some recreation-based rural counties register intense concentrations of wealth, while other rural counties suffer from isolation and high levels of economic distress. In Wyoming, for example, Asset income per capita by county, thousands, 2019

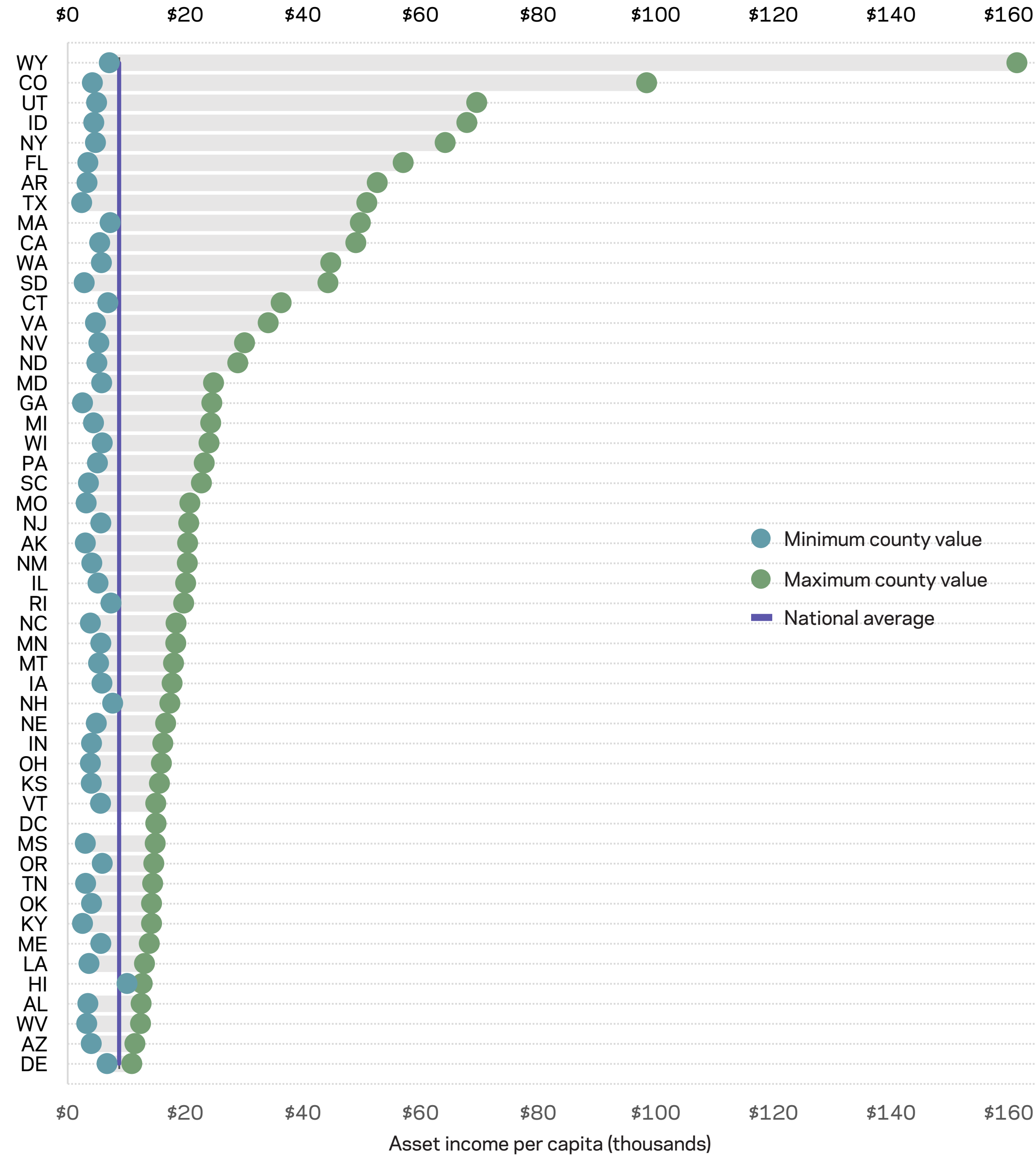


Teton County (Jackson Hole) is a preferred domicile of the super-rich and has the highest income from assets per capita in the country at $161,400, while Uinta County has just $7,100 per capita. As substantial as this gap is, Uinta is not far from the national average. By contrast, in South Dakota, the county with the lowest asset income per capita, Oglala Lakota, which includes the Pine Ridge Indian Reservation, has just $2,800 in income from assets per capita, one-third of the

Teton County, WY has the highest income from assets per capita in the country at $161,400.

national average. South Dakota's county with the most income from assets, Union (near Sioux City, IA), has five times the national average. The gap between counties is much smaller in asset poor states like Alabama and West Virginia where even the counties with the most income from assets only exceed the national average by a relatively small amount, and in places like New Hampshire, where the county with the lowest asset income per capita is close to the national average.

County with the highest and lowest income from assets by state, 2019



Stark inequalities are visible across the country's most populous counties

Among the country's 100 most populous counties, the top county derives 20 times as much income from assets per resident than the bottom county. Three New York City area counties (Manhattan, Westchester, and Nassau) and three Bay Area counties (San Francisco, San Mateo, and Santa Clara) in the top 15 represent the heavy concentration of income from assets in the technology and financial hubs anchored on both coasts. These industries are not only lucrative, but equity stakes are also often significant features of employee compensation packages.

According to one estimate, 40 percent of compensation to high-skilled workers is equity-based.[4] St. Louis is the only Midwestern county to break the top 15. Its performance is likely only partially attributable to its continued role as a blue-chip corporate headquarters location; the much more economically distressed City of St. Louis (asset income per capita: $8,700) is independent, and its absence will inflate the per capita numbers of the surrounding suburban areas encompassed in St. Louis County.

At the other end of the spectrum, many of the bottom 15 counties on this measure are affordable working class hubs, such as the counties containing Orlando and Lakeland in Florida; Will County (Joliet), IL; or Riverside, CA. Many are also predominantly minority, be they very urban parts of the Northeast (Bronx, Queens, and Philadelphia) or immigration hubs in the Southwest (El Paso and Hidalgo in Texas or hardscrabble parts of California's Central Valley). On average, the bottom 15 counties are 64 percent non-white, compared to 47 percent for the top 15. Among the top 15 counties, 52 percent of residents on average have at least a Bachelor's degree, compared to 25 percent for the bottom 15 counties.

Top 15 counties based on 2019 income from assets per capita (100 largest counties)

County	2019 DIR per capita (thousands)	2019 population
Manhattan, NY	$64.2	1,628,700
San Mateo, CA	$38.7	766,600
Palm Beach, FL	$38.4	1,496,800
San Francisco, CA	$37.5	881,500
Fairfield, CT	$36.3	943,300
Westchester, NY	$32.2	967,500
Santa Clara, CA	$24.5	1,927,900
King, WA (Seattle)	$24.1	2,252,800
Nassau, NY	$23.3	1,356,900
Montgomery, PA	$23.3	830,900
Norfolk, MA	$22.7	706,800
Fulton, GA (Atlanta)	$21.1	1,063,900
Montgomery, MD	$21.0	1,050,700
St. Louis, MO	$20.8	994,200
Fairfax, VA	$20.8	1,186,200

Bottom 15 counties based on 2019 income from assets per capita (100 largest counties)

County	2019 DIR per capita (thousands)	2019 population
Orange, FL	$7.7	1,393,500
Philadelphia, PA	$7.5	1,584,100
Queens, NY	$7.5	2,253,900
Will, IL	$7.2	690,700
San Joaquin, CA	$7.2	762,100
Polk, FL	$7.2	724,800
Riverside, CA	$7.0	2,470,500
Wayne, MI (Detroit)	$6.9	1,749,300
Macomb, MI	$6.7	874,000
Kern, CA	$6.7	900,200
San Bernardino, CA	$6.3	2,180,100
Gwinnett, GA	$5.9	936,300
El Paso, TX	$5.9	839,200
Bronx, NY	$4.8	1,418,200
Hidalgo, TX	$3.2	868,700

By and large, asset income is sticky. Of the 15 top-ranking large counties in 2019, fully 10 of them also ranked in the top 15 in 1990. At the bottom end of the distribution, nine counties carried over between both periods, too.

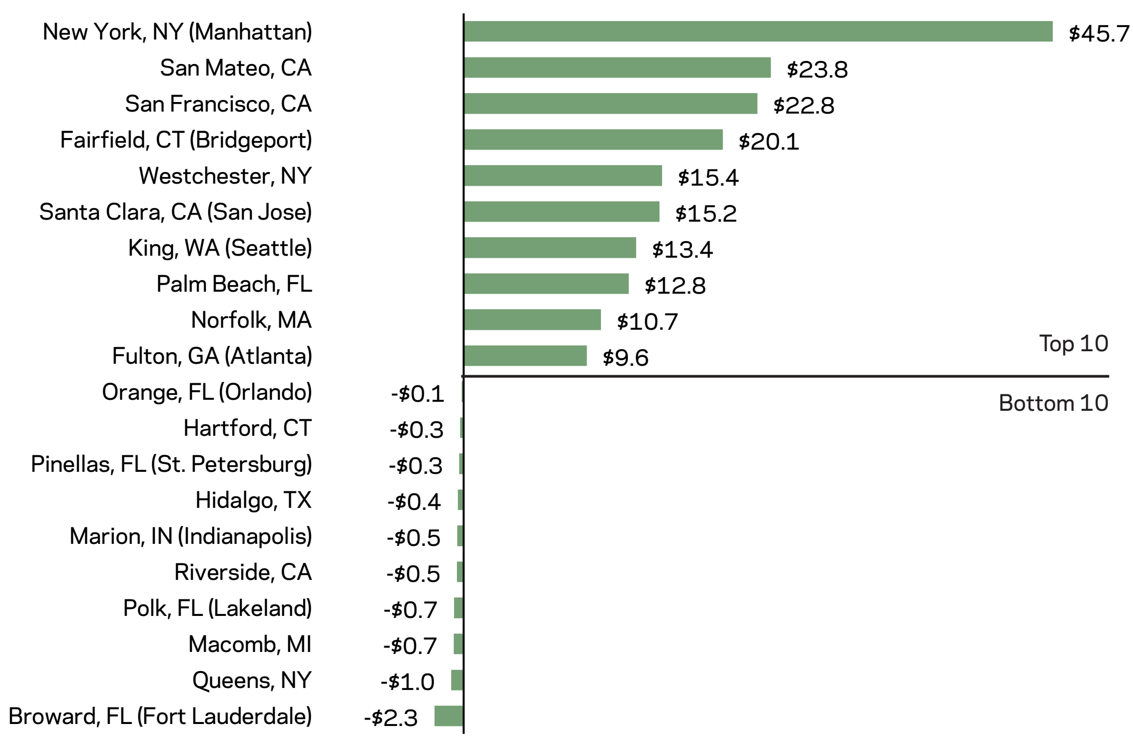
4 Eisfeldt, Andrea L. et al, "Human capitalists," NBER, 2021.

Asset income has boomed in finance and tech hubs

In the past 30 years, income from assets has soared in certain parts of the country even as it has shown marginal changes in others, reflecting the expanding and deepening map of spatial inequality. The rise of the tech industry precipitated one of the biggest transformations of the asset income map over the past few decades. Across the 100 most populous counties, no large western county made it into the top 10 in terms of asset income per capita in 1990; by 2019, four western tech hubs were represented, all posting some of the largest increases in asset income per capita in the nation. From 1990 to 2019, San Mateo, CA saw its asset income per capita almost double, increasing from $14,900 to $38,000, while even a relatively fast-growing, economically successful Midwestern county like Marion, IN (Indianapolis), saw its asset income per capita decline from $8,400 in 1990 to $7,900 in 2019. Three finance-intensive New York area counties, meanwhile, posted three of the largest increases in asset income per capita.

Even counties in relatively close proximity to each other can have very different trajectories. Both Palm Beach and Broward counties in Florida ranked in the top 10 among all large counties for asset income per capita in 1990. By 2019, however, Palm Beach, which hosts the super-wealthy enclave of West Palm Beach, saw its asset income per capita increase by $12,800, while its southern neighbor, Broward (Fort Lauderdale), saw a $2,300 decrease. Similarly, Fairfield, CT (Greenwich) increased from $16,200 in 1990 to $36,300, while Hartford, CT declined slightly from $10,400 to $10,100.

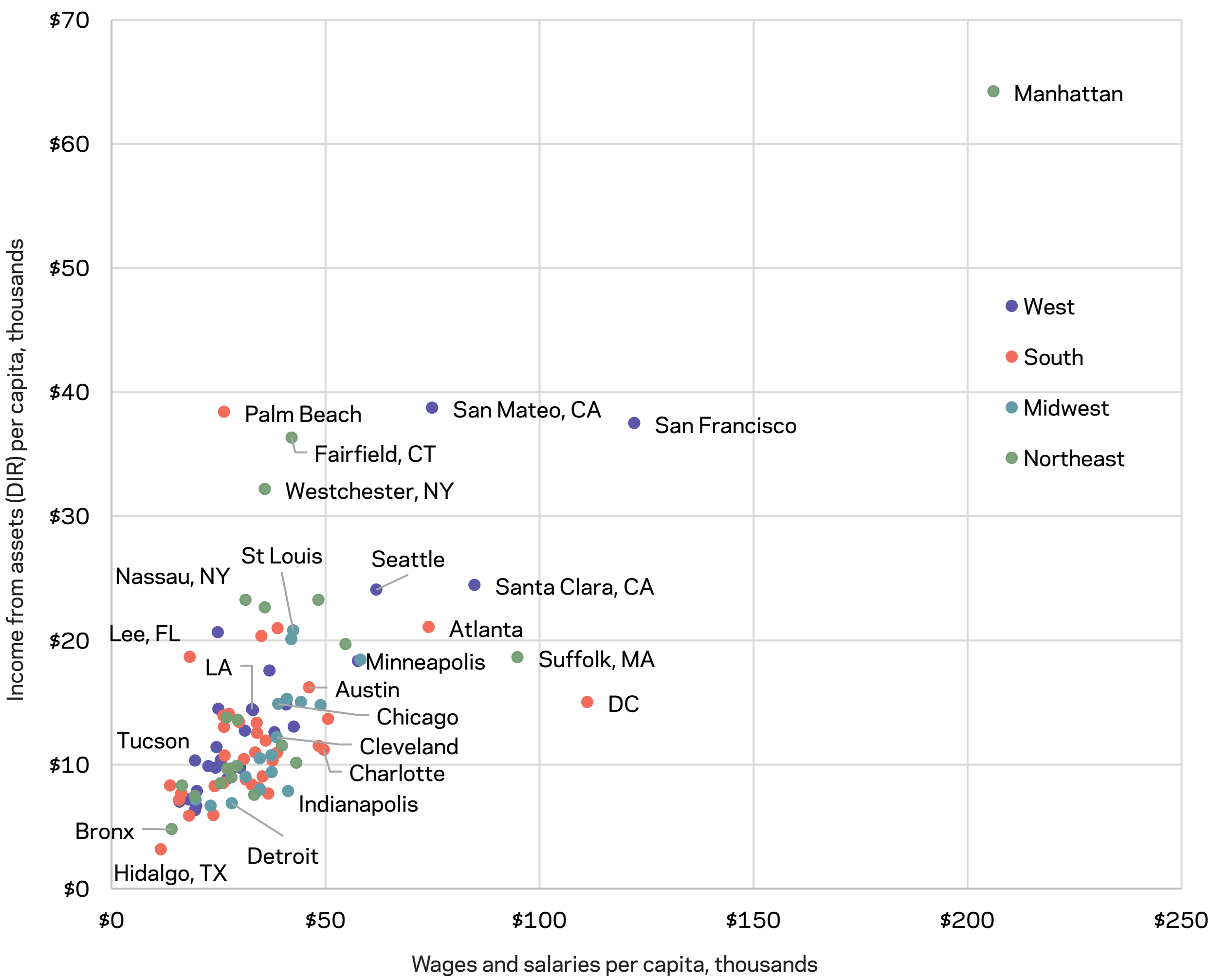
Largest and smallest change in asset income per capita, 100 largest counties, 1990-2019, thousands, 2019 dollars



Wages and salaries only explain some of the divergence in income from assets

Where the country's capital earners live is not always the same as where the country's most highly-paid workers reside. This scatterplot shows asset income per capita for the 100 most populous counties along the y-axis and wages and salaries for those counties along the x-axis. It demonstrates a general correlation, but not one that is especially tight. New York (Manhattan) is an extreme outlier with very high earnings and very high income from assets. Only a few other counties, like San Francisco and King, WA (Seattle), have high earnings and high asset income. By contrast, brainy, but not particularly corporate, DC has lower asset income per capita than one might expect given its high earnings. Many wealthy enclaves, like Palm Beach, FL, and Westchester, NY, have very high income from assets, but comparatively low earnings. Westchester, for example, has nearly three times the asset income per capita of Cuyahoga County, OH (Cleveland), but lower wages and salaries per capita. These highly unequal counties tend to be home to extremely wealthy enclaves (driving the income from assets numbers) but large working class populations (driving the earnings figures) as well.

Income from assets per capita and wages and salary per capita for 100 largest counties, 2019



COMMUNITY COMPARISONS

Asset income is unevenly distributed within most counties

County-level asset income data says nothing about the distribution of income from assets within counties. In both urban and rural areas, asset income can be highly concentrated in the hands of a small subset of the population. In order to better understand the likely distribution of asset income within counties, we explored IRS data on reported income from dividends at the zip code level.[5] This data does not include interest and rent and therefore offers a less complete picture of income from assets. However, it does show whether income-generating wealth is concentrated in small pockets within a county or spread more evenly throughout—a proxy for how well it may be shared across households as well.

In very wealthy, suburban counties, such as Westchester, NY, 51 of its 66 zip codes have dividends per capita above the national average, suggesting a relatively even distribution of this type of income across the county. However, even that masks the divide between its bucolic, low-density suburbs and more urban and economically struggling areas such as Yonkers and Mount Vernon. Tellingly, the two zip codes in Westchester County with the lowest dividends per capita are its only two majority Black zip codes, both in Mount Vernon.

A very different distribution can be found in a county like Benton County, AR (headquarters of Walmart and JB Hunt), where only one-quarter of zip codes in the county have dividends per capita above the national average. Those zip codes average $31,400 in dividends per capita on account of a single zip code with $120,900 per capita—one of the 10 zip codes in the country with the most dividends per capita. Meanwhile, the rest of the zip codes in the county average just $390. In Benton, income from assets is likely dominated by a small number of large fortunes and neighborhoods where individuals with valuable corporate equity stakes cluster together, while in Westchester far more people likely receive asset income on smaller scales (by the standards of the nation's super-wealthy enclaves, that is).

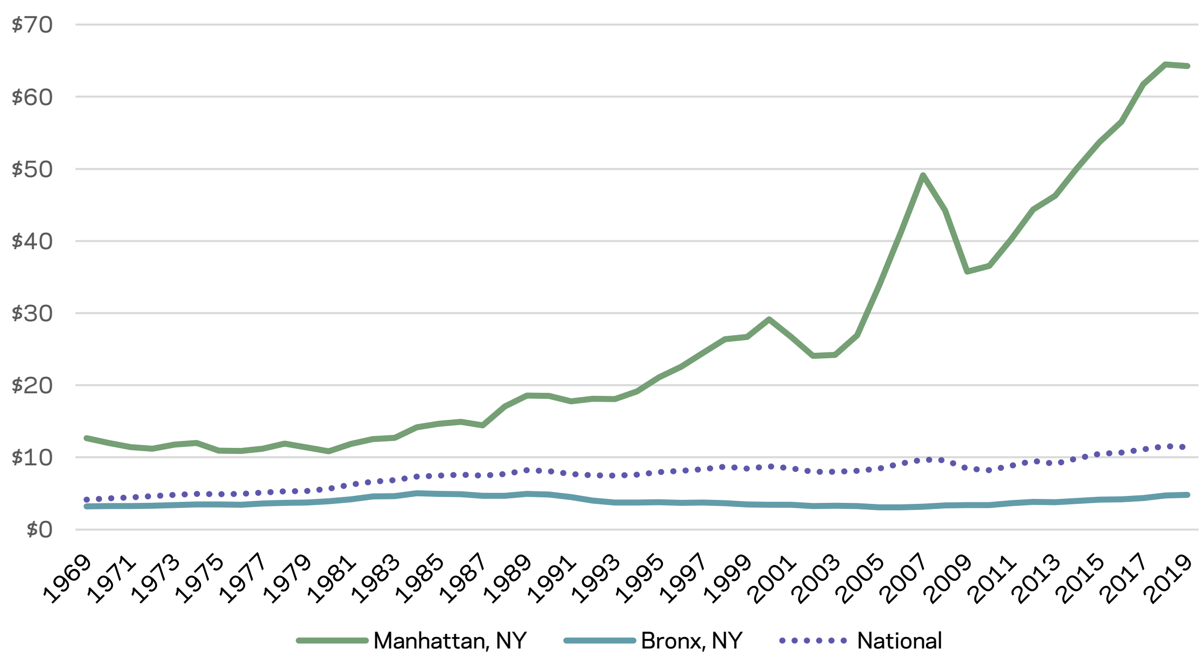
Both cases demonstrate that the geography of asset income naturally reflects the location of wealthy people. In few places does asset income appear very broadly shared, and where it is, those places are generally home to large populations of well-off workers with stock options and the like. Even under unequal circumstances, however, income from assets can still matter for places. Benton County's wealth also makes it a hub of philanthropic activity dedicated to improving economic opportunity and quality of life locally. That has set it apart from many other places in its region and endowed the county with an enviable quality of life.

[5] This analysis excludes some zip codes based on low population or a lack of available data. The universe of zip codes used in this analysis contains 90 percent of zip codes with dividends data published through the IRS.

Bronx and New York (Manhattan), New York

No two places embody geographic inequality like the neighbors of the Bronx and Manhattan. The median household income in Manhattan is more than double that of the Bronx. Twenty-eight percent of the Bronx's residents live below the poverty line and 27 percent do not have a high school diploma—more than the 20 percent who have a college degree. In Manhattan, by contrast, 61 percent of adults have obtained at least a Bachelor's degree. It is therefore not surprising that there would be a massive gap in asset income per capita between the two places. Until the 1990s, that gap was relatively modest until income from assets began to shoot up in Manhattan alongside stock market valuations and asset prices while stagnating in the Bronx. Today, Manhattan numbers among the counties with the highest asset income per capita in the country, next to a few Mountain West counties that are popular second-home destinations for the wealthy. In absolute dollars, Manhattan's asset income is only surpassed by Los Angeles County, which has six times the population.

Asset income per capita, 2019 dollars, thousands, Bronx, NY and Manhattan, NY

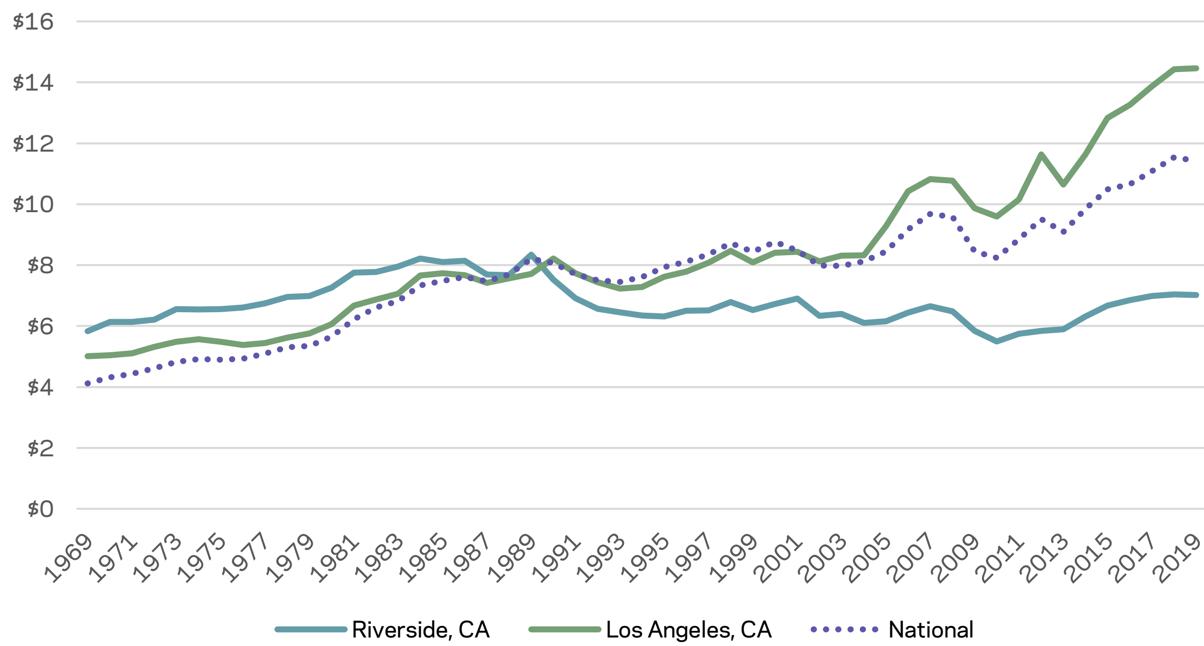


Most of Manhattan's wealthiest zip codes cluster around Central Park. The zip code with the most dividends, 10021, has a population of 46,000 but earned more dividends in 2018 than all of Wayne County (Detroit), with its population of 1.8 million. As a general rule, these Manhattan zip codes with exceptionally high dividends per capita are majority white with a few splitting between white and Asian. All of Manhattan's zip codes that are majority Black or Hispanic are below the national average for dividends per capita and are clustered in and above Harlem. In the Bronx, where over 90 percent of residents are people of color, growth in income from assets has completely stagnated since 1990—now representing only 8 percent of neighboring Manhattan's on a per capita basis.

Los Angeles and Riverside, California

Both of these sprawling California counties are nearly half Hispanic with an almost identical median household income around $68,000. However, Los Angeles is home to far more wealth and has a much higher educational attainment than Riverside (33 percent of its residents have a Bachelor's degree or higher compared to 22 percent for Riverside). Until the early 2000s, there was only a small gap between each county's asset income. But per capita asset income in Riverside peaked in the late 1980s. Los Angeles, by contrast, nearly doubled its asset income capita over the course of the 2000s and 2010s—likely both industry-driven and a case of wealth begetting wealth.

Asset income per capita, 2019 dollars, thousands, Riverside, CA and Los Angeles, CA

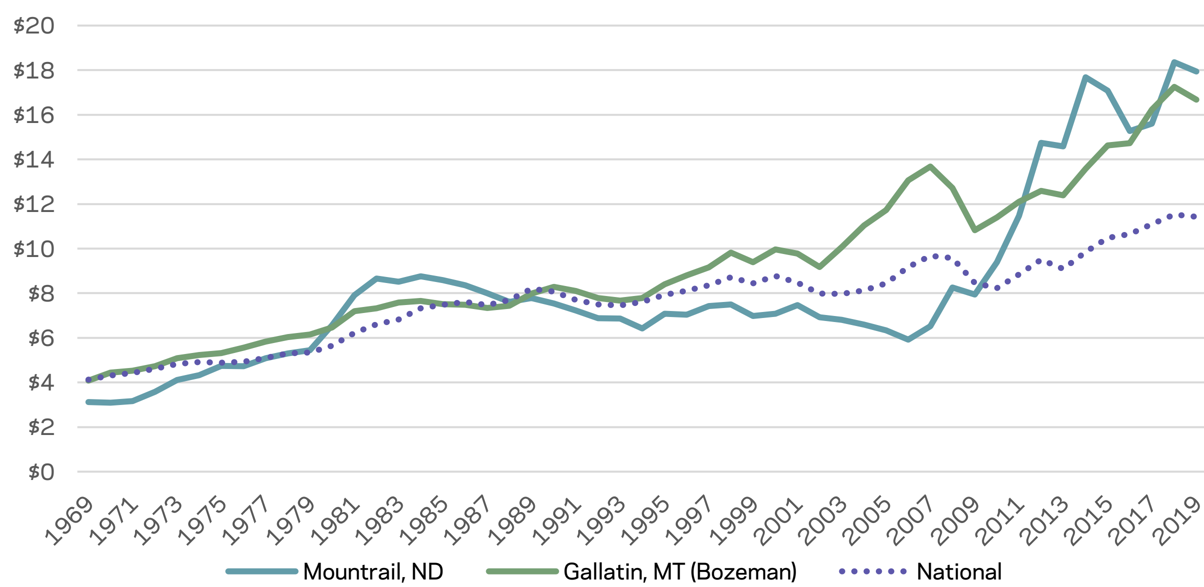


Nearly all of the zip codes in Riverside that have above average per capita dividends are located around Palm Springs, a mountainside away from the county's more working class population centers. Nine of the 10 Riverside zip codes with the highest dividends per capita are all majority white, while the 10 zip codes with the lowest dividends per capita are all majority Hispanic. Los Angeles' 10 zip codes with the highest dividends per capita are all majority white except one majority Asian zip code and, like Riverside, its bottom 10 zip codes are all majority Hispanic. Zip codes with above average dividends in Los Angeles County all cluster along the coast and in the northeastern corner of the county, stretching from Malibu down through Santa Monica and ranging up to Burbank.

Gallatin, Montana (Bozeman) and Mountrail, North Dakota

Gallatin County, Montana, is a mid-sized county with Bozeman at its center, surrounded by sparsely populated rural land, whereas Mountrail is predominantly rural and includes part of the Fort Berthold Indian Reservation. Both are emblematic of rural places that have seen a boom in asset income alongside rapid population growth. Bozeman—one of the Mountain West's new remote-work boomtowns and a gateway to Yellowstone with its 4 million visitors annually—can likely attribute its robust growth in income from assets to the in-migration of wealthy residents as well as resort communities such as Big Sky, while Mountrail can attribute its growth to the North Dakota shale oil (fracking) boom that began in 2006. Nearly 35 percent of Mountrail's workforce is employed in the oil and gas industry with an additional 21 percent employed in the closely-related transportation and warehousing industry. Bozeman has its highest employment shares in retail and accommodation and food services, reflecting its recreation and service sector-oriented economy. Its professional services sector has nearly tripled the labor force since 2000, too. Since the North Dakota oil boom lost momentum in 2014, Mountrail has seen its growth in asset income slow down, while Bozeman has shown more stable growth.

Asset income per capita, 2019 dollars, thousands, Mountrail, ND and Gallatin, MT (Bozeman)

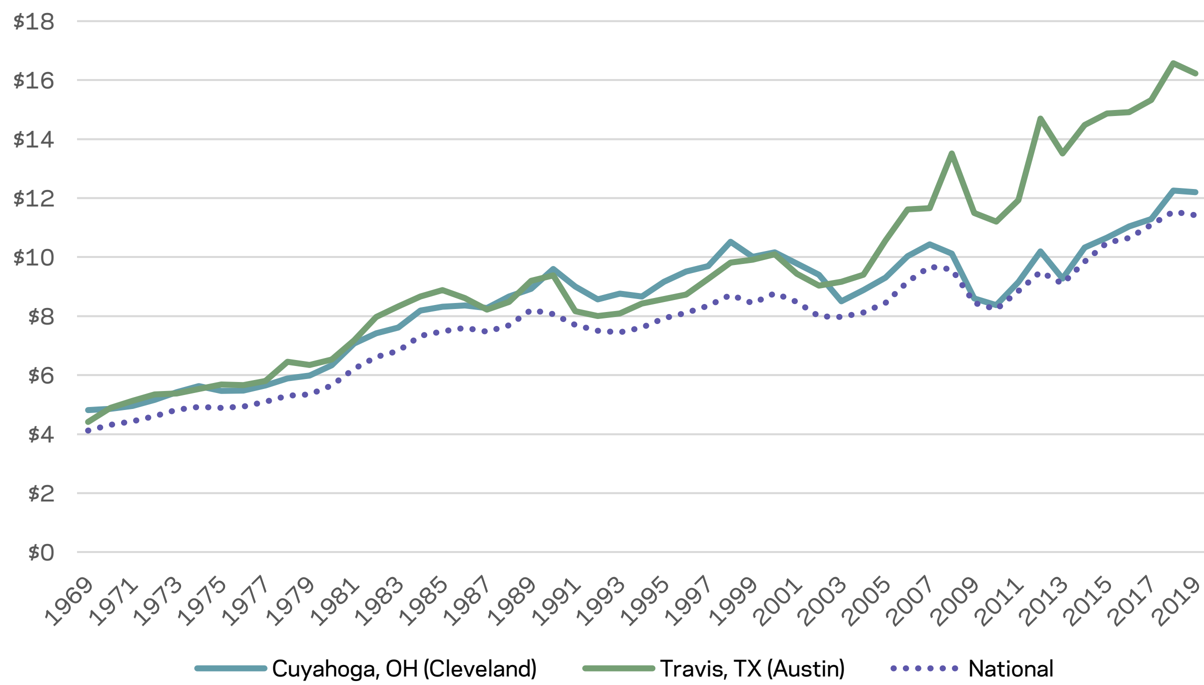


Within Mountrail County prosperity is not shared equally. Although fracking revenues are not directly reflected in IRS dividends data, they can generate a great deal of wealth for their recipients, and consequently Mountrail has a single zip code where dividends per capita are comfortably above the national average. This zip code is 84 percent white and has six times the total dividends of its neighbor to the south, which is 62 percent Native American, even though that zip code is more populous. The county's most asset poor zip code, however, is 97 percent white, an indication that while most asset rich zip codes are majority white, many majority white zip codes also lack access to asset wealth.

Cuyahoga, Ohio (Cleveland) and Travis, Texas (Austin)

A comparison between Cuyahoga County, Ohio (Cleveland) and Travis County, Texas (Austin) shows how changing economic fortunes—Rust Belt versus Sun Belt—are reflected in income from assets. Both counties are similarly sized, thanks to decades of population loss in Cleveland and decades of population gain in Austin. Per capita asset income data shows that income from assets in the two counties moved in lockstep throughout the 1990s but diverged in the early 2000s. From 2000 to 2019, asset income per capita in Cleveland grew by just 20 percent, compared to 61 percent growth for Austin.

Asset income per capita, 2019 dollars, thousands, Cuyahoga, OH (Cleveland) and Travis, TX (Austin)



Yet in both Cleveland and Austin, asset income is highly segregated. Dividends are concentrated in defined, suburban geographies: In Austin, the zip codes that extend to the northwest of its central city, and in the case of Cleveland, a cluster of zip codes to the east of downtown that includes the majority white, high-income neighborhoods of Shaker Heights and Cleveland Heights. In both cases, the dominant minority group (Hispanic in Austin, Black in Cleveland) represents just 15 percent of the population in typical zip code with above-average income from assets, about half of each group's county-wide shares. Highlighting the racial wealth gap, the residents of Cleveland's least diverse neighborhood earned a total of $262 million in dividends in the 2018 tax year, or $15,800 per a person, compared to a total of $27,000 that went to residents of its most diverse neighborhood, or around a dollar per a person.

CONCLUSION

This analysis is meant to shine a light on how few American communities have a substantial ownership stake in the wealth created by the U.S. economy. While work is the primary way through which most Americans participate in the economy and government transfers such as Social Security remain a pillar of our economic system, understanding the distribution and geography of asset ownership is critical for thinking holistically about how to build a more inclusive economy. Beyond primary residences, vehicles, and, for roughly half of households, retirement accounts, only small minorities of Americans own other types of assets. For example, only 15 percent of households own stocks and 13 percent hold business equity or other residential property, according to the Survey of Consumer Finances.[6] With assets now generating one-fifth of total personal income in the United States, lawmakers should consider ways in which public policy can open up more pathways to asset ownership for a wider array of Americans.

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This analysis raises important questions. It finds that industry mix is a crucial determinant of asset ownership and wealth income in places; certain industries, such as tech, finance, and mining, tend to have more opportunities for participatory wealth creation, at least for some. And beyond documenting the connection between where the wealthy like to live and where the nation's asset income flows, this analysis should compel one to ask: if more Americans had ownership stakes in the economy's wealth creation, how would this map look different? If wealth holdings were more broad-based across households and communities, how would the geography of American well-being change?

There are many possible ways to expand asset ownership in the United States. Home ownership, for example, has been a traditional pathway for wealth creation, but it has become inaccessible for many Americans, and it can just as easily be a financial loss as a source of equity in communities where lower-income Americans tend to reside—those most in need of wealth creation. New digital platforms may help democratize stock ownership, but they can also carry risks for the uninitiated, those without access to trusted investment advice, and those with lower levels of financial literacy.[7] Crowdfunding, too, has lowered the barriers to entry for investing into startups and property, but it has yet to radically transform how Americans build

[6] Board of Governors of the Federal Reserve System, "Changes in U.S. Family Finances from 2016 to 2019: Evidence from the Survey of Consumer Finances," Federal Reserve Bulletin, 2020.
[7] Ghilarducci , Teresa, "Where Typical Americans Have Their Wealth," Testimony before the U.S. Senate Committee on Banking, Housing, and Urban Affairs, March 9, 2021.

wealth. Companies themselves can take steps to broaden asset ownership in the United States by expanding the sort of equity-based compensation schemes typically reserved for executives and top talent or by broadening the use of employee stock ownership plans, which already cover approximately 14 million Americans and are most common in the manufacturing industry.[8]

Another safe and reliable pathway to asset ownership and wealth-building is a well-regulated, well-managed retirement savings plan. Policies to expand access to and participation in retirement plans, if structured properly, could give the country's low-income workforce and the places that are populated with those workers a powerful new tool for building wealth. The dividends and interest accrued on top of retirement savings can not only support an individual during retirement, but also be passed onto the next generation, furthering intergenerational economic mobility. For these reasons, progressive economist Theresa Ghilarducci recently came together with conservative economist Kevin Hassett to publish a proposal with EIG to expand access to a retirement savings plan modeled after the federal Thrift Savings Plan, including a federally-matched contribution for lower-income workers without access to an employer-provided plan.[9] Innovative policy ideas that address asset poverty head-on are crucial components of any national agenda to improve American economic well-being, foster social cohesion, and further inclusive growth.

[8] National Center for Employee Ownership, "Employee Ownership by the Numbers," March 2021.
[9] Ghilarducci, Teresa and Kevin Hassett, "How to Build Wealth, Reward Work, and Boost Well-Being for Millions of American Workers," Economic Innovation Group, March 2021.

INCLUSIVE WEALTH BUILDING INITIATIVE

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