Diving Deeper: Understanding Racial and Ethnic Disparities in the Twin Cities Region

Fall 2015

- *MetroStats* released (9/18): “Disparities Unmasked”
  - Overall, our metro area has some of the **highest overall rates** of employment and homeownership in the country
  - Our metro area also has some of the **largest disparities by race and ethnicity** in the country
  - Disparities are particularly striking for African Americans compared to Whites

- Next step: Follow-up analysis of demographic diversity within each group and how it might influence disparities
Winter 2015-2016: Reporting

In the coming weeks, Minnesota state demographer Susan Brower and her staff will analyze the data and... try to understand what may have caused Minnesota's steep decline.

"What we will do in this particular case is to look at whether there have been any compositional changes in that group that would explain the change," Brower said. "Whether there have been changes in occupations; whether there is a change in earnings; if there has been a shift from full time to part time; whether there has been migration in or migration out that could explain that difference."

April 2016: MetroStats series

- Closer examination of employment, income, and homeownership disparities in our region
  1. Black, non-Latino
  2. Latino
  3. Asian, non-Latino
  4. American Indians (limited data)

- Drawing on American Community Survey microdata
  - A slice of actual responses to the American Community Survey, altered to protect confidentiality
  - Can examine the interrelationship of many factors
Why are disparities so large?

Employment rates
Average incomes
Homeownership rates

• These are *rates and averages*, not destiny
• Much variation within racial/ethnic groups

Why are disparities so large?

Immigration
Age
Language
Educational attainment
Social capital
(“Who you know”)
Criminal justice system
“Soft skills”
Parental resources
School quality / prestige
Family background
Neighborhood characteristics
Discrimination by individuals
Structural racism
Wealth
Gender
Work history
Structural racism
Whether people have kids
Age
Disability status
Credit scores
Income
Different impacts of public policy
Educational attainment
Racial stereotypes
Where people grew up
Three pieces of evidence

1. Trends over time
2. Patterns within demographic categories
3. Statistical adjustments

Disparities predate immigration

1990: 5% of Black residents were born outside the US
2014: 31% of Black residents were born outside the US
Disparities exist within immigration categories

Homeownership Rates

- <5 years in US: 25% (White, non-Latino), 10% (Black, non-Latino)
- 5-9 years in US: 43% (White, non-Latino), 15% (Black, non-Latino)
- 10-14 years in US: 64% (White, non-Latino), 22% (Black, non-Latino)
- 15+ years in US: 77% (White, non-Latino), 44% (Black, non-Latino)
- Native-born: 76% (White, non-Latino), 24% (Black, non-Latino)

Disparities exist within age groups

Homeownership Rates

- Age under 35: 50% (White, non-Latino), 8% (Black, non-Latino)
- Age 35-49: 81% (White, non-Latino), 31% (Black, non-Latino)
- Age 50-64: 85% (White, non-Latino), 36% (Black, non-Latino)
- Age 65+: 79% (White, non-Latino), 36% (Black, non-Latino)
Statistical adjustments

• “What would disparities look like if White residents and residents of color had the same demographic profile?”

• Statistical models predicting:
  – Employment rates
  – Average hourly wages
  – Homeownership rates

What does it mean to adjust for demographics?

People of color

DISPARITIES

Less employment
Less income
Less homeowning

People of color are younger on average than White people, and they are more likely to have been born outside the US.

Differences in age, migration, language

Younger people and immigrants are less likely to be employed, earn less money on average, and are less likely to own their home.
Are disparities **small** after adjusting for demographics?

People of color --- disparities --- Less employment  
Less income  
Less homeowning

Differences in age, migration, language

Are disparities **large** even after adjusting for demographics?

People of color --- **DISPARITIES** --- Less employment  
Less income  
Less homeowning

Differences in age, migration, language
**Statistical adjustments**

- “What would disparities look like if White residents and residents of color had the same demographic profile?”
  1. Adjust for age, immigration, and English proficiency
  2. Adjust for a broader set of demographic characteristics: age, immigration, self-reported English proficiency, gender, parental status, disability status, recent move to region, and:

<table>
<thead>
<tr>
<th>Employment</th>
<th>Wages</th>
<th>Homeownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational attainment</td>
<td>Educational attainment</td>
<td>Educational attainment</td>
</tr>
<tr>
<td>Whether employed full-time year-round</td>
<td>Number of full-time, year-round employees</td>
<td></td>
</tr>
<tr>
<td>Public/private sector</td>
<td>Household income</td>
<td></td>
</tr>
<tr>
<td>Occupation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Statistical adjustments: Employment rates**

- ACS data (unadjusted)
- 1. Adjust for age / immigration / English proficiency
- 2. Adjust for broad set of demographic characteristics

Numbers in italics are not significantly different from the White, non-Latino number (95% confidence)
Statistical adjustments: Average hourly wages

ACS data (unadjusted)
1. Adjust for age / immigration / English proficiency
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Statistical adjustments: Homeownership rates

ACS data (unadjusted)
1. Adjust for age / immigration / English proficiency
2. Adjust for broad set of demographic characteristics

Numbers in italics are not significantly different from the White, non-Latino number (95% confidence)
Summarizing disparities

Summarizing the previous charts to view the size of the disparities when adjusted for the broad set of demographic differences:

<table>
<thead>
<tr>
<th></th>
<th>White</th>
<th>Black</th>
<th>Latino</th>
<th>Asian</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>78%</td>
<td>62%</td>
<td>75%</td>
<td>69%</td>
</tr>
</tbody>
</table>

From Slide 16, statistical adjustments for employment rate:

<table>
<thead>
<tr>
<th></th>
<th>White, non-Latino</th>
<th>Black, non-Latino</th>
<th>Latino</th>
<th>Asian, non-Latino</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>78%</td>
<td>62%</td>
<td>75%</td>
<td>69%</td>
</tr>
<tr>
<td></td>
<td>61%</td>
<td>77%</td>
<td>75%</td>
<td>76%</td>
</tr>
</tbody>
</table>

Large Black-White disparities

Even after adjusting for a broad set of demographic differences (shown by the blue columns)—including education, employment (for average hourly wage) and income (for homeownership)—disparities (the pink area) are consistently largest for Black residents:

<table>
<thead>
<tr>
<th></th>
<th>White</th>
<th>Black</th>
<th>Latino</th>
<th>Asian</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average hourly wage</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Homeownership rate</td>
<td></td>
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</tbody>
</table>
Summing up

- Even after adjusting for a broad set of demographic characteristics:

<table>
<thead>
<tr>
<th></th>
<th>Black-White disparity?</th>
<th>Latino-White disparity?</th>
<th>Asian-White disparity?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>Yes</td>
<td>No*</td>
<td>Yes</td>
</tr>
<tr>
<td>Average wages</td>
<td>Yes</td>
<td>Yes</td>
<td>No**</td>
</tr>
<tr>
<td>Homeownership</td>
<td>Yes</td>
<td>Yes</td>
<td>No**</td>
</tr>
</tbody>
</table>

- Demographic differences are an incomplete explanation of disparities

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* Latinos have a higher adjusted employment rate than Whites

** Adjusted wages and homeownership rate are not statistically different from Whites
Racial and ethnic diversity is our region’s future

- Latino: 24% of the population in 2010, expected to rise to 41% in 2040.
- Asian and Other: 24% of the population in 2010, expected to remain at 20% in 2040.
- Black or African American: 24% of the population in 2010, expected to remain at 20% in 2040.
- White: 24% of the population in 2010, expected to remain at 20% in 2040.

Source: 2010 population data from the U.S. Census Bureau; 2020-2040 forecasts from the Metropolitan Council (March 2015)

Reports available at metrocouncil.org/data