

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

May 16, 2016

Homeownership Opportunity Alliance



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

TwinCities
PIONEER PRESS

Black Minnesota household incomes declining

"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.'"

StarTribune

LOCAL

Fast-growing numbers of blacks, many from other countries or states, serving to widen income gap

Broaden the focus on Minnesota's racial disparities

Legislative working group should stay on task through 2016 session.

By Editorial Board Star Tribune | JANUARY 15, 2016 -- 6:08PM

3



April 2016: MetroStats series

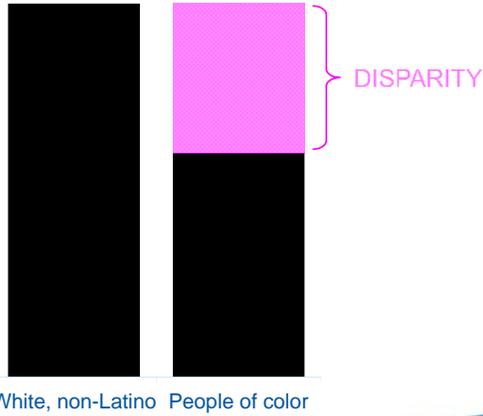
- Closer examination of employment, income, and homeownership disparities in our region
 1. Black, non-Latino
 2. Latino
 3. Asian, non-Latino
 4. American Indians (limited data)
 } versus White, non-Latino
- Drawing on American Community Survey microdata
 - A slice of actual responses to the American Community Survey, altered to protect confidentiality
 - Can examine the interrelationship of many factors

4



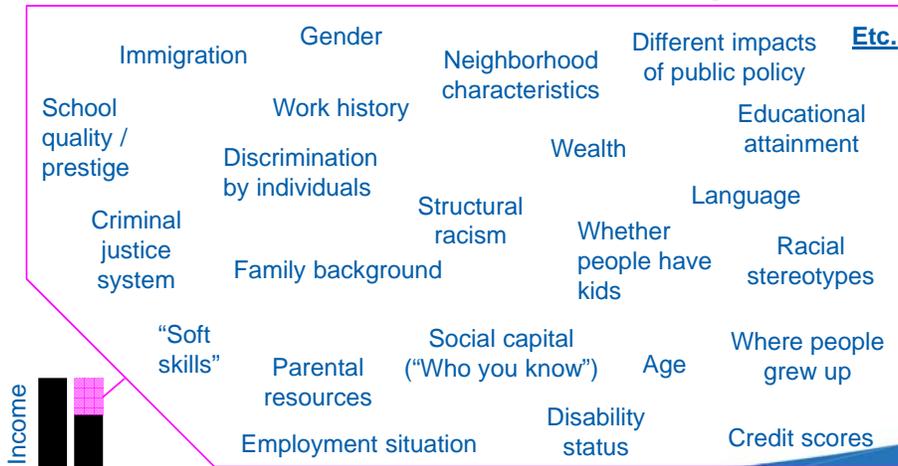
Why are disparities so large?

Employment rates
Average incomes
Homeownership rates



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

Why are disparities so large?



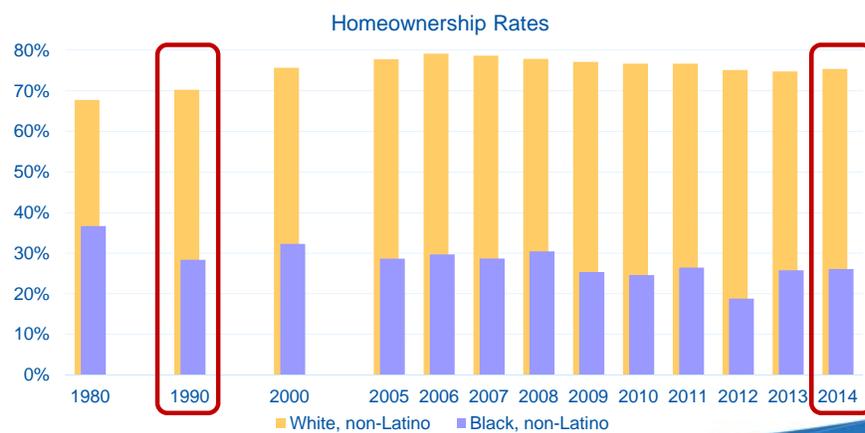
Three pieces of evidence

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

7



Disparities predate immigration



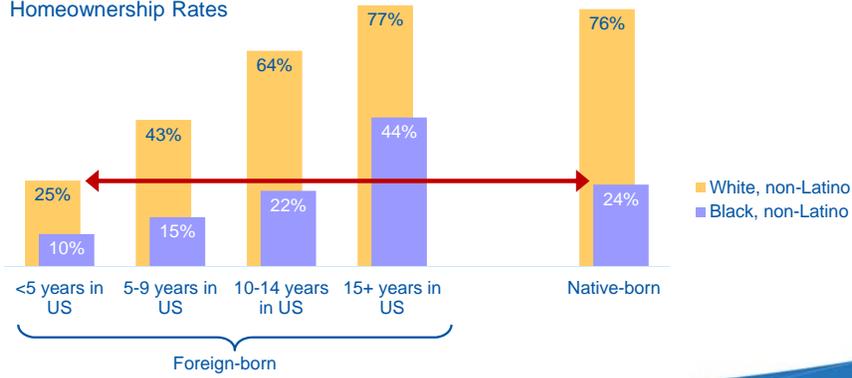
1990: 5% of Black residents were born outside the US
 2014: 31% of Black residents were born outside the US

8



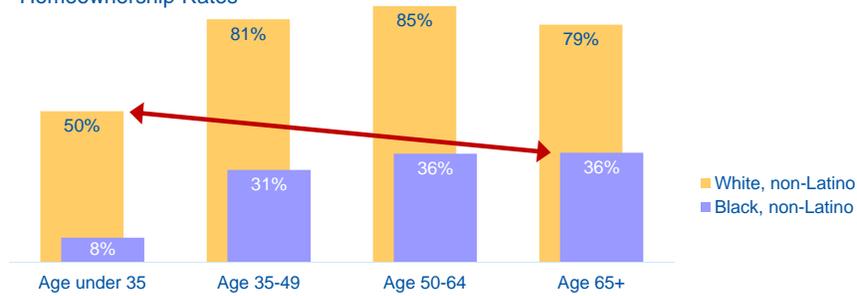
Disparities exist within immigration categories

Homeownership Rates



Disparities exist within age groups

Homeownership Rates



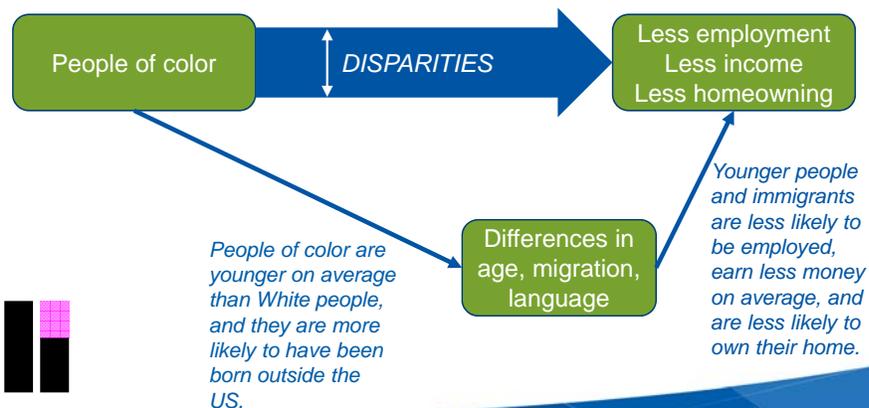
Statistical adjustments

- “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

11



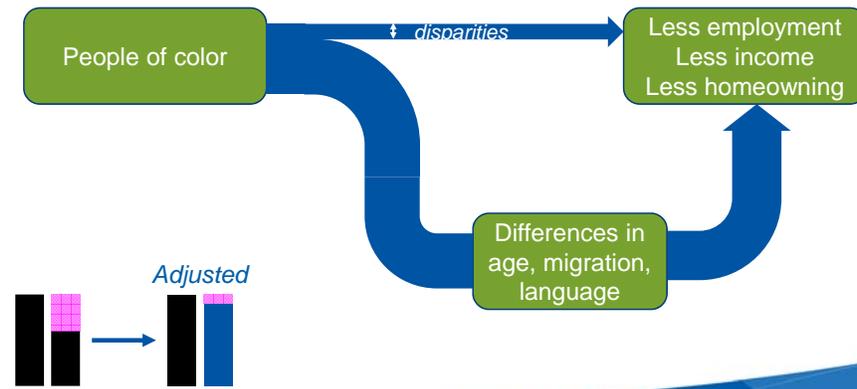
What does it mean to adjust for demographics?



12

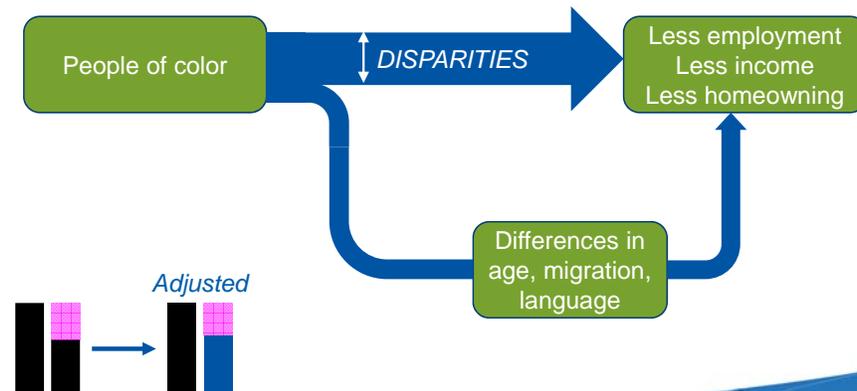


Are disparities small after adjusting for demographics?



13

Are disparities large even after adjusting for demographics?



14

Statistical adjustments

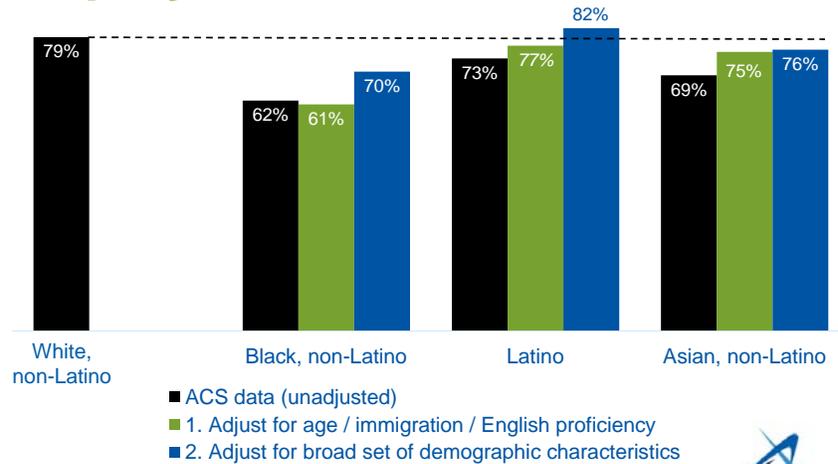
- “What would disparities look like if White residents and residents of color had the same demographic profile?”
 1. Adjust for age, immigration, and English proficiency
 2. Adjust for a broader set of demographic characteristics: age, immigration, self-reported English proficiency, gender, parental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

Employment	Wages	Homeownership
Educational attainment	Educational attainment	Educational attainment
	Whether employed full-time year-round	Number of full-time, year-round employees
	Public/private sector	Household income
	Occupation	

15



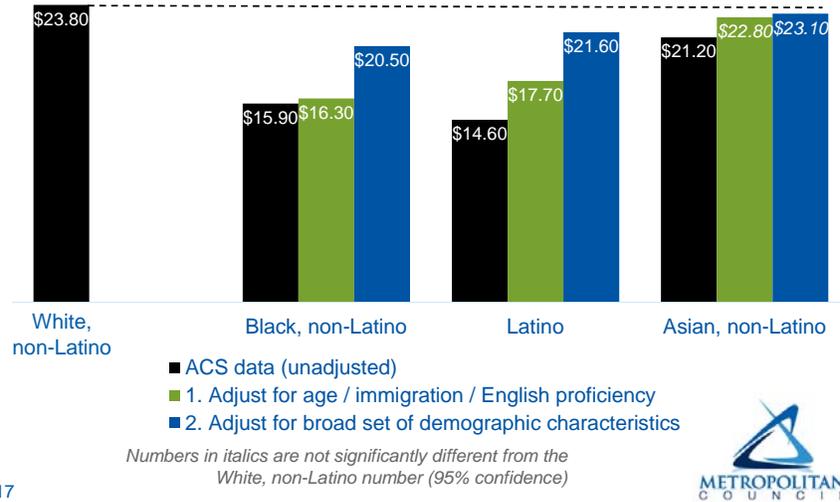
Statistical adjustments: Employment rates



16

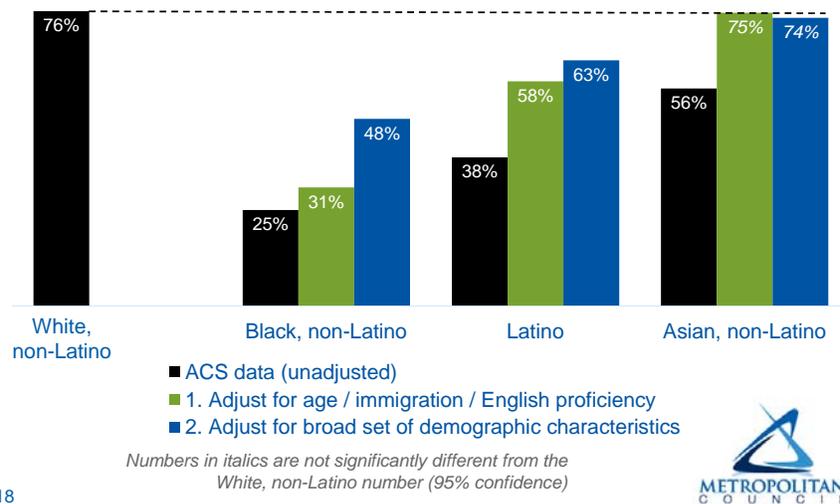


Statistical adjustments: Average hourly wages



17

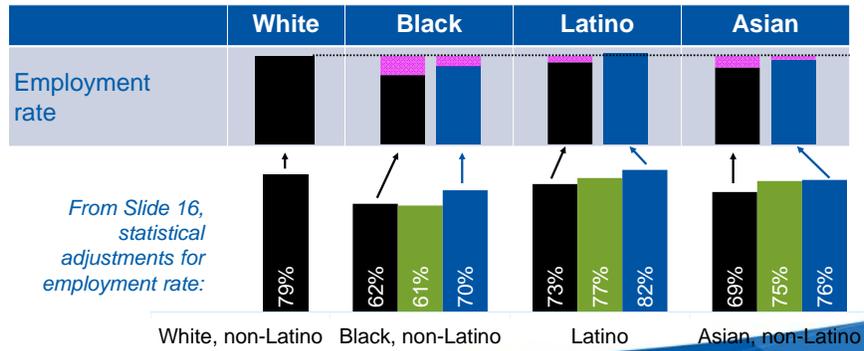
Statistical adjustments: Homeownership rates



18

Summarizing disparities

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

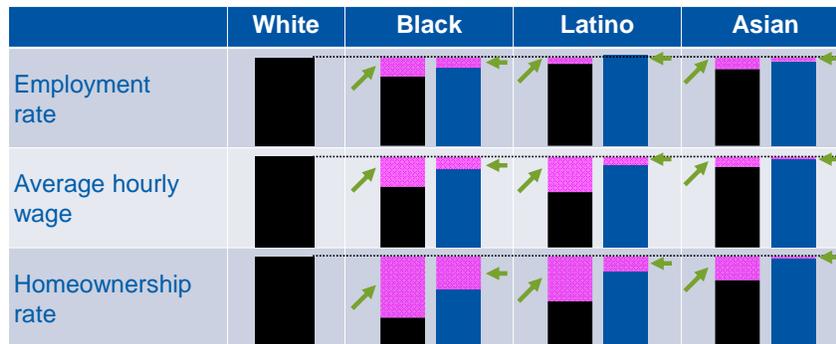


19



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:



20

Unadjusted
Adjusted



Summing up

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

	Black-White disparity?	Latino-White disparity?	Asian-White disparity?
Employment	Yes	No*	Yes
Average wages	Yes	Yes	No**
Homeownership	Yes	Yes	No**

- Demographic differences are an incomplete explanation of disparities

* Latinos have a higher adjusted employment rate than Whites

** Adjusted wages and homeownership rate are not statistically different from Whites

21



Why are disparities so large?



22



Racial and ethnic diversity is our region's future



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



Reports available at metro council.org/data

