

# METROSTATS

Exploring regional issues that matter.

April 2016

## Diving Deeper: Understanding Disparities between Asian and White Residents in the Twin Cities Region

### Key Findings

In September 2015, we released our second annual report ([PDF](#)) on racial disparities in the 16-county Twin Cities metropolitan area. Much like our first report ([PDF](#)), data from the U.S. Census Bureau's 2014 American Community Survey showed that among the 25 most populous metro areas, the Twin Cities metro has the largest—or among the largest—disparities between persons of color and White, non-Latinos in poverty rates, homeownership, employment, and level of education. The gap between our metro's Asian and White residents' employment rate is the largest such disparity across other large U.S. metros, and disparities in income and homeownership rank among the top five.

Some question whether these disparities are, in fact, based on race at all. This line of thinking accepts that economic outcomes are worse for Asian residents but rather than seeing race as the distinguishing characteristic, point to underlying demographics as the main drivers of these inequities. For example, younger people (of any race or ethnicity) may be less likely to be employed, show lower overall income, and are less likely to own their home. If Asian residents tend to be younger, today's racial disparities in economic outcomes may be more the result of age than race. Said another way, if the region's Asian and White residents had the same demographic profile, our region's racial disparities would be drastically reduced. **Our analysis shows that underlying demographic differences cannot fully explain away our region's disparities in employment between Asian and White residents. However, racial disparities in income and homeownership are largely influenced by these demographic factors.**

Our focus	Are there meaningful demographic differences between Asian and White residents?	To what extent do demographic differences drive the region's large racial disparities in employment, income, and homeownership?	What other evidence suggests the region's disparities are strongly tied to race and not the result of other trends?
Our findings	<p><b>Yes.</b></p> <p>Compared with the region's White residents, Asian residents are 1) younger, 2) more likely to have been born outside the U.S.—and if so, immigrated more recently, and 3) more likely to self-report lower English language skills. These differences matter because they are associated with lower employment rates, less income and lower homeownership rates.</p> <p style="text-align: right;"><a href="#">Page 3</a></p>	<p><b>Quite a bit.</b></p> <p>Our analysis shows that differences in age, immigration profile, and English language skills between Asian and White residents drive the disparities in homeownership and average hourly wage. When the influence of those demographic factors is removed, the disparities are statistically erased. Disparity in employment rates persists, however.</p> <p style="text-align: right;"><a href="#">Page 5</a></p>	<p><b>Plenty.</b></p> <p>Racial and ethnic disparities in employment, income, and homeownership have persisted in the Twin Cities region since 1990, even as patterns in Asian immigration to the Twin Cities region have changed. Further, other U.S. metros with similar shares of residents of color do not have racial disparities as large or as persistent as those in our region.</p> <p style="text-align: right;"><a href="#">Page 7</a></p>

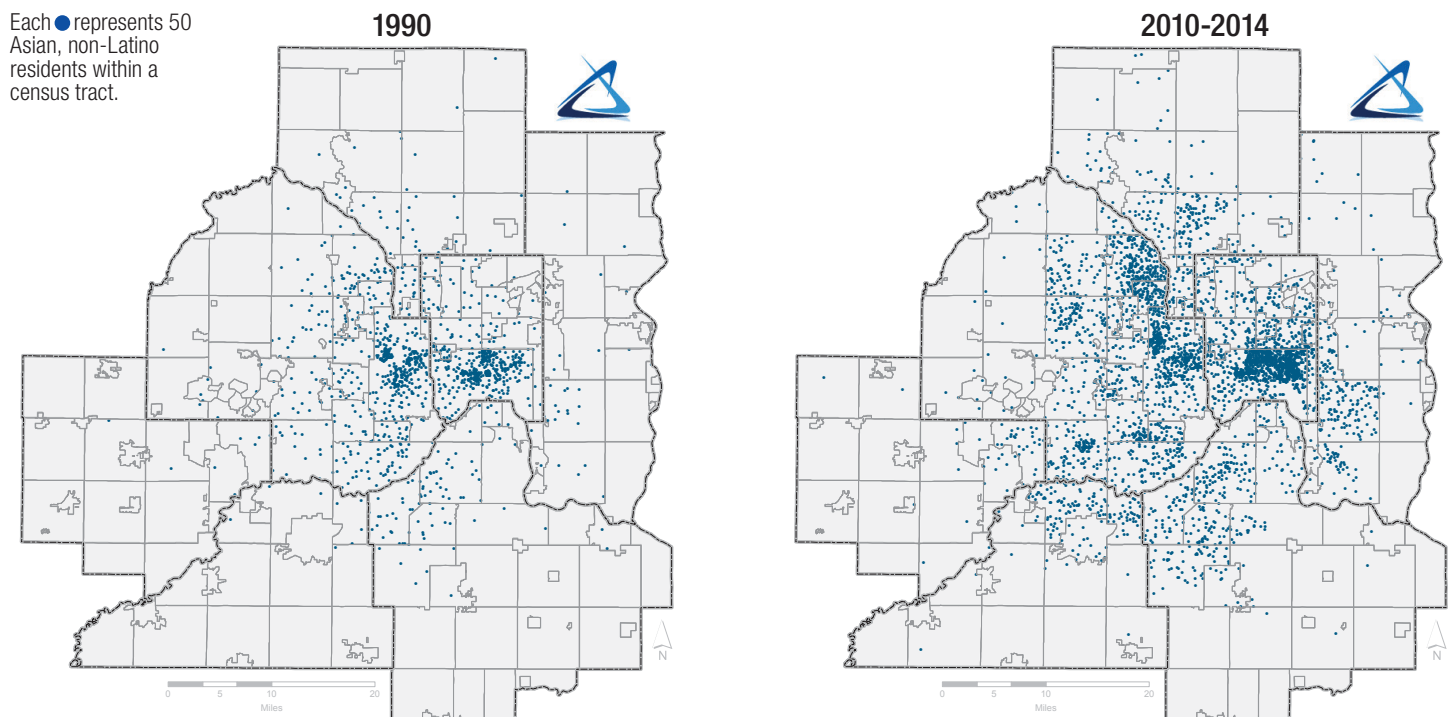
## Background: The Twin Cities region's Asian residents

The most recent American Community Survey data show that nearly 198,000 Asian persons lived in the seven-county Twin Cities region in the 2010-2014 period. For national context, other large metro areas whose share of Asian residents is similar to the 16-county Minneapolis-Saint Paul-Bloomington metro area include Chicago, Portland, Dallas, and Philadelphia.

Between 1990 and 2010-2014, the region's Asian population increased 213% while the total population increased by 28%. Currently Asian residents account for 6.8% of the region's total population, up from 2.8% in 1990. Although this report looks at the region's Asian population as a whole, it is worth noting that the Asian community in the Twin Cities is multicultural and include residents who identify as Hmong, Chinese, Vietnamese, Korean, Filipino, and Karen, as well as Asian residents with other ethnic backgrounds.<sup>1</sup>

As Figure 1 shows, a considerable number of Asian residents lived in Saint Paul and Minneapolis in 1990. By 2010-2014, the presence of Asian residents deepened in Saint Paul and Minneapolis, and also expanded into suburban Hennepin and Ramsey counties. The cities with the largest share of Asian residents in 2010-2014 include Saint Paul (15.9%), Brooklyn Center (15.2%), Brooklyn Park (15.1%), Maplewood (14.5%), and Falcon Heights (12.8%). By number, the top five cities are Saint Paul, Minneapolis, Brooklyn Park, Eden Prairie, and Woodbury. Our previous research ([PDF](#)) shows that the region's Asian residents are more likely to live in Areas of Concentrated Poverty than White residents are. (Areas of Concentrated Poverty are census tracts where at least 40% of the residents have incomes at or below 185% of the federal poverty threshold.)

**FIGURE 1. ASIAN, NON-LATINO RESIDENTS IN THE TWIN CITIES REGION IN 1990 AND 2010-2014**



Source: U.S. Census Bureau, Decennial Census, 1990; American Community Survey 5-year Estimates, 2010–2014.

## Understanding the demographic differences between the region's Asian and White residents

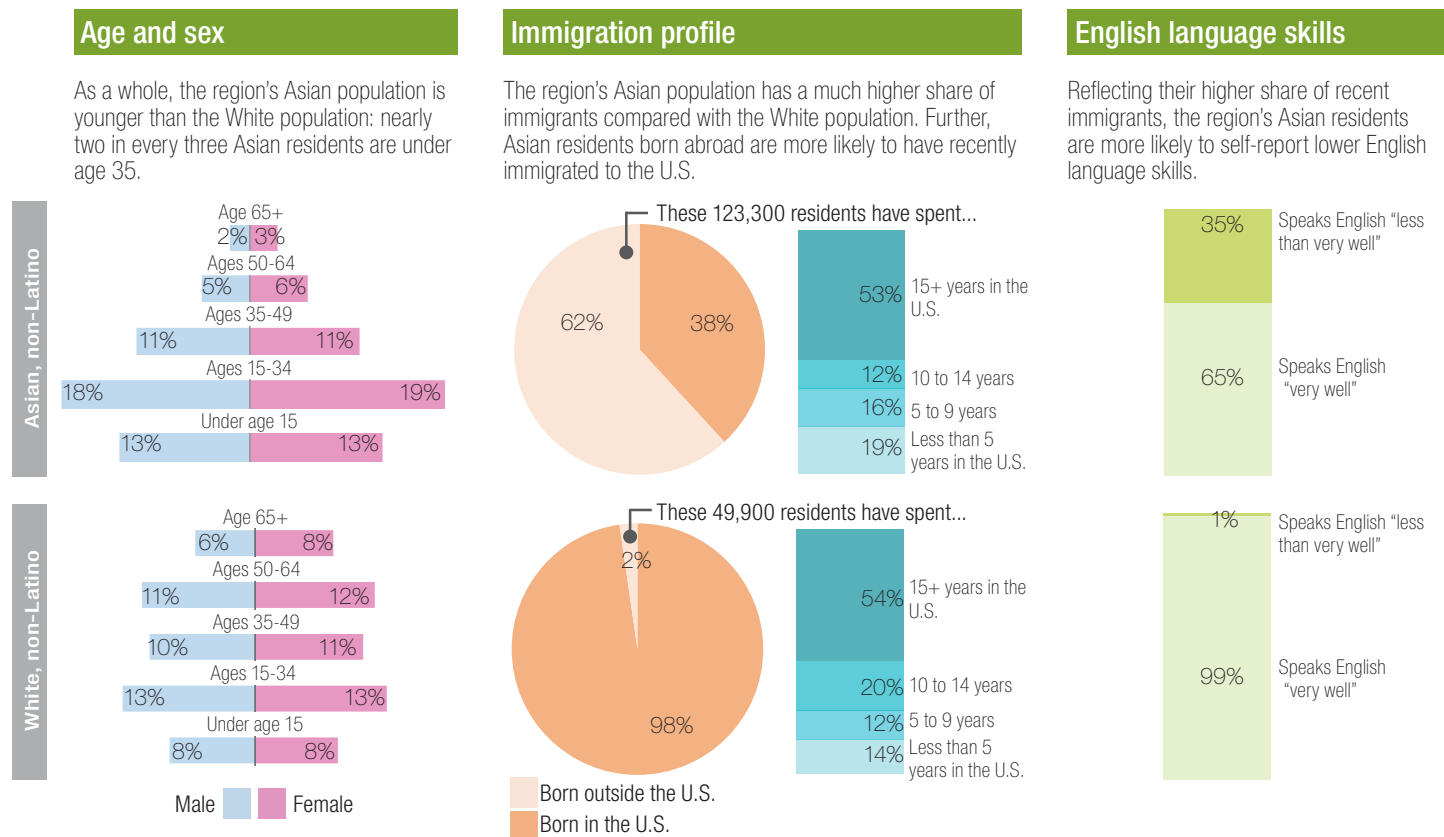
The focus of this *MetroStats* is to explore the region's racial disparities in employment, income, and homeownership and to better understand if they are wholly race-based or if other demographic differences between Asian and White residents drive these inequities. We begin by taking a closer look at whether demographic differences between the region's Asian and White residents exist, and if so, what they are, how large they are, and why they matter to economic outcomes.

**In fact, the overall demographic profile of the region’s Asian residents does differ from that of White residents in ways that may affect outcomes like employment, homeownership, and income.** Asian residents—as a whole—are younger: data from 2010-2014 show about two-thirds of Asian residents (63%) are under age 35 compared with 43% of Whites (Figure 2). Twin Cities residents under age 35 are less likely to be employed or own their homes, and have lower incomes than older residents (Figure 3).

Another key difference between Asian and White residents is their respective share of immigrants: nearly two in every three Asian residents (62%) were born outside the U.S., compared with only 2% of White residents (Figure 2). Further, Asian immigrants are more likely to have spent fewer years in the U.S. than White immigrants living in the region. Recent immigrants of both races show lower rates of employment and homeownership and lower incomes than their U.S.-born counterparts (Figure 3). However, both Asian and White immigrants who have spent 10 or more years in the U.S. show higher employment, income, and homeownership than native-born residents.<sup>2</sup> This is especially true with per capita income, which is twice as high for the region's Asian immigrants than U.S.-born Asian residents.

Lastly, reflecting a higher share of recent immigrants, Asian residents are more likely to self-report speaking English “less than very well” compared with White residents (Figure 2). Residents who report higher English skills typically show higher employment, income, and homeownership than those with lower English skills (Figure 3). For Asians, employment, followed by income, is most affected by lower English language skills.

**FIGURE 2. DEMOGRAPHIC DIFFERENCES BETWEEN THE REGION’S ASIAN AND WHITE RESIDENTS**



Source: Metropolitan Council analysis of U.S. Census Bureau, American Community Survey Public Use Microdata Sample, 2010-2014.

**FIGURE 3. WHY DEMOGRAPHIC DIFFERENCES BETWEEN THE REGION'S ASIAN AND WHITE RESIDENTS MATTER**

	Outcomes by age	Outcomes by immigration profile	Outcomes by English skills
Employment	<p>Younger residents are slightly less likely to be employed than older residents.</p> <p>Asian residents in any age group have lower employment rates than White residents. The largest gaps are between Asian and Whites that are over age 50 (16.7 percentage points) and under age 35 (11.7 percentage points).</p>	<p>Recent immigrants are less likely to be employed than U.S.-born residents.</p> <p>Asian immigrants who have spent at least 5 years in the U.S. show a considerably lower employment rate than Asian residents born in the U.S. or that immigrated more than 10 years ago. The largest gap in employment is between Asians and Whites born in the U.S., while the employment between immigrants of both races is similar.</p>	<p>Employment differs slightly based on English skills.</p> <p>The employment rate of Asian residents who speak English "less than very well" is lower than that of Asian residents who report higher English skills by about 15 percentage points. This gap is similar for White residents (14 percentage points).</p>
Per capita income	<p>Younger residents have lower per capita income than older residents.</p> <p>Asian residents' per capita income differs from that of White residents most dramatically in older age groups (age 50 plus). The per capita income of younger Asian residents is about \$3,000 lower than that of younger Whites.</p>	<p>Immigrants who have lived in the U.S. for more than 15 years show higher incomes than U.S.-born residents.</p> <p>Very recent Asian immigrants (in the U.S. less than 5 years) have a per capita income half that of their White counterparts. This gap is much smaller between immigrants who have lived in the U.S. over 10 years. U.S.-born Asian residents show the lowest income (\$10,000), which are about a fourth of U.S.-born White residents.</p>	<p>Residents with lower English skills have much lower incomes.</p> <p>Incomes for White residents with lower English skill are half that of those who report speaking English "very well." This same pattern applies to Asian residents, though the income gap is greater for residents that report higher English skills.</p>
Homeownership	<p>Younger residents (under age 35) are less likely to own their homes than older residents.</p> <p>Young Asian householders are least likely to own a home: a third of Asian householders between ages 18 and 34 own their home (versus 50% of White householders in this age group).</p>	<p>Recent immigrants (in the U.S. for less than 10 years) are less likely to own their homes than residents born in the U.S.</p> <p>White households, regardless of their immigration profile, have higher homeownership rates than those of Asian households. However, Asian immigrants who have spent at least 10 years in the U.S. are more than twice as likely to own their home as more recent Asian immigrants.</p>	<p>Residents with lower English skills are less likely to own their homes than those who speak English "very well."</p> <p>Asian householders who speak English "very well" have a slightly higher homeownership rate than Asian householders who report lower English skills. This pattern is similar, but more pronounced, for White households.</p>

Source: Metropolitan Council analysis of U.S. Census Bureau, American Community Survey Public Use Microdata Sample, 2010-2014.

So far we've determined:

- There are demographic differences between the region's Asian and White residents. As a whole, Asian residents are younger, are much more likely to have been born abroad and immigrated more recently, and are more likely to self-report lower English language skills compared with White residents.
- Employment, income, and homeownership can vary based on one's age, immigration profile, and English language skills.
- Most groupings by age, immigration profile, and English language skills show Asian residents with lower employment, income, and homeownership than White residents.

The question remains, however: to what extent are these underlying demographic differences between Asian and White residents driving the region's large racial disparities? Or is race the primary factor in these gaps?

## Untangling other demographic factors from race: What drives disparities?

Compared with White residents, employment, and income are lower for Asian residents in most cases—whether they are U.S.-born or born abroad, whether they are older or younger, and whether they self-report speaking English "very well" or "less than very well."

Clearly demographics play some role in these outcomes but the disparities along racial lines are consistent. Our next step is to better understand the influence of demographics—like age, immigration profile, and English language skills—on economic outcomes. **If we remove the demographic differences between Asian and White residents, will the disparities decrease?**

To investigate, we used regression modeling—a type of statistical analysis that detects patterns in data and calculates the contributions of many different factors on outcomes (here, employment, income, and homeownership). Using regression models, we calculated what the outcomes for Asian residents would be if Asian residents had the same demographic profile as White residents. This allowed us to look at the economic outcomes of Asian and White residents holding all else constant—and, potentially, untangle the contribution of race from these other demographic characteristics.

*“If Asian residents had the same demographic profile as White residents, would regional disparities decrease?”*

A few caveats worth noting: our regression models are limited to characteristics that appear in the U.S. Census Bureau’s American Community Survey data. In our first model, we look specifically at age, immigration profile, and English language skills. We then created a second model that included those characteristics as well as additional factors like disability status, level of education, and whether someone recently moved to the region from another U.S. state (migration), among others. We recognize that our analysis does not include every factor that could affect homeownership, employment, or income.<sup>3</sup> Our intent was not to develop an exhaustive or definitive statistical model that fully explains all factors involved in our region’s racial disparities. Rather, our goal was to estimate what the disparities between Asian and White residents of our region would be if Asians and Whites had a similar demographic profile. In essence, we are removing demographic factors’ contribution to racial disparities to see what remains. ([See page 8](#) for technical notes on our regression analysis.)

*To find out, we used regression models that removed the influence of these underlying demographics, then recalculated the outcomes.*

**After accounting for demographic differences in age, immigration profile, and English language skills between the region's Asian and White residents, the disparity in homeownership and income is statistically erased. However, even after adjusting for these, and other demographic differences, a disparity in employment would remain.** This suggests that race—or other factors closely aligned with race—are involved (Figure 4).

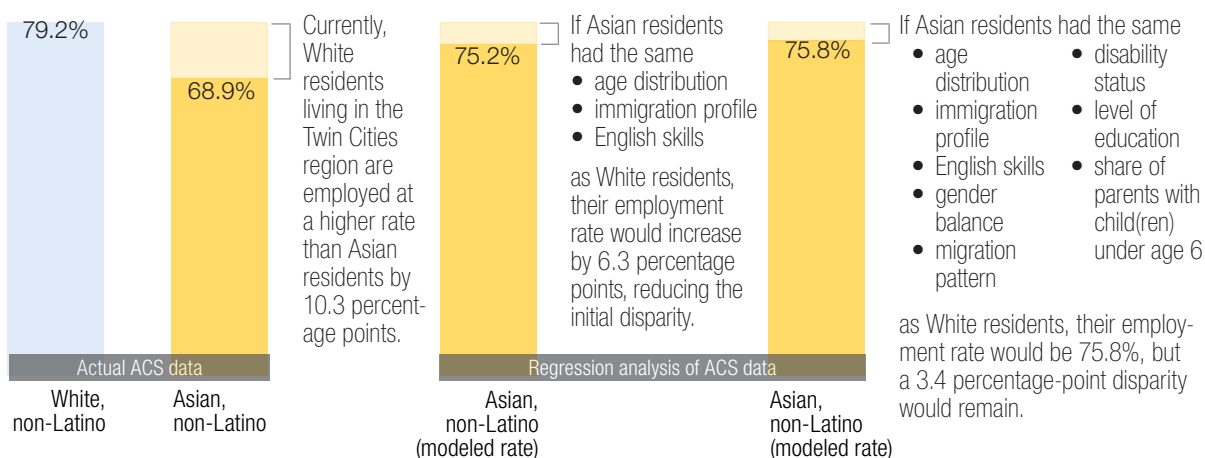
More specifically, consider that:

- After removing the influence of eight demographic differences between Asian and White residents, the Asian employment rate would increase by 6.9 percentage points, going from 68.9% to 75.8%. The employment rate for White residents is 79.2%.
- After removing the influence of differences in age, immigration profile, and English language skills between Asian and White residents, the average hourly wage for Asian workers would be statistically indistinguishable from that of White workers.
- After removing the influence of differences in age, immigration profile, and English language skills between Asian and White residents, the homeownership rate for Asian households would be statistically indistinguishable from that of White households.

**FIGURE 4. REMOVING DEMOGRAPHIC DIFFERENCES BETWEEN ASIAN AND WHITE RESIDENTS**

### Employment rate

When demographic differences are removed through modeling, the employment rate for Asian residents would increase by 6.9 percentage points. Compared with White residents, a small disparity in employment would remain.

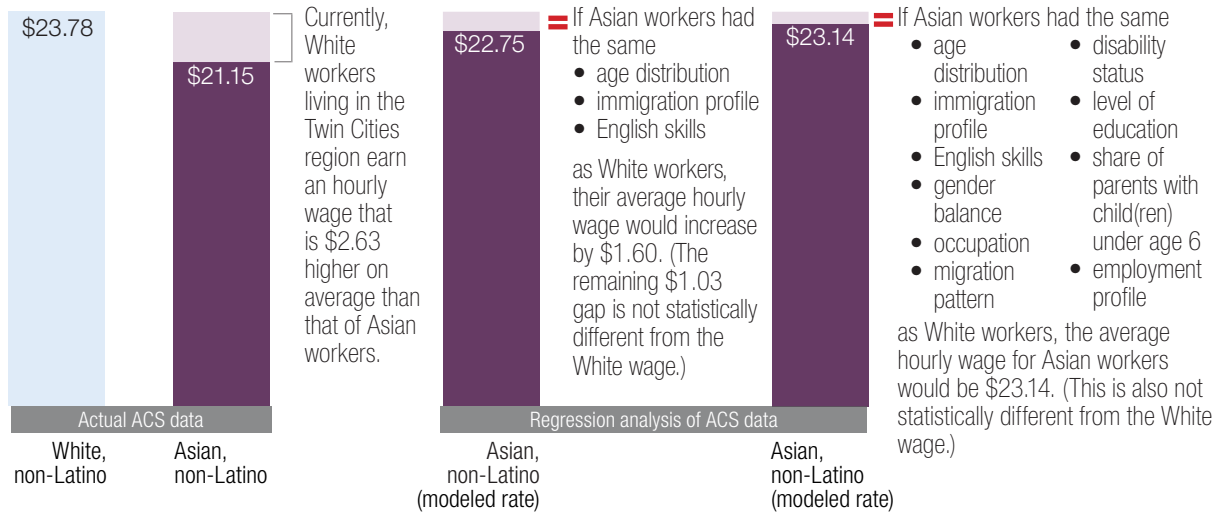




**FIGURE 4 (Continued): REMOVING DEMOGRAPHIC DIFFERENCES BETWEEN ASIAN AND WHITE RESIDENTS**

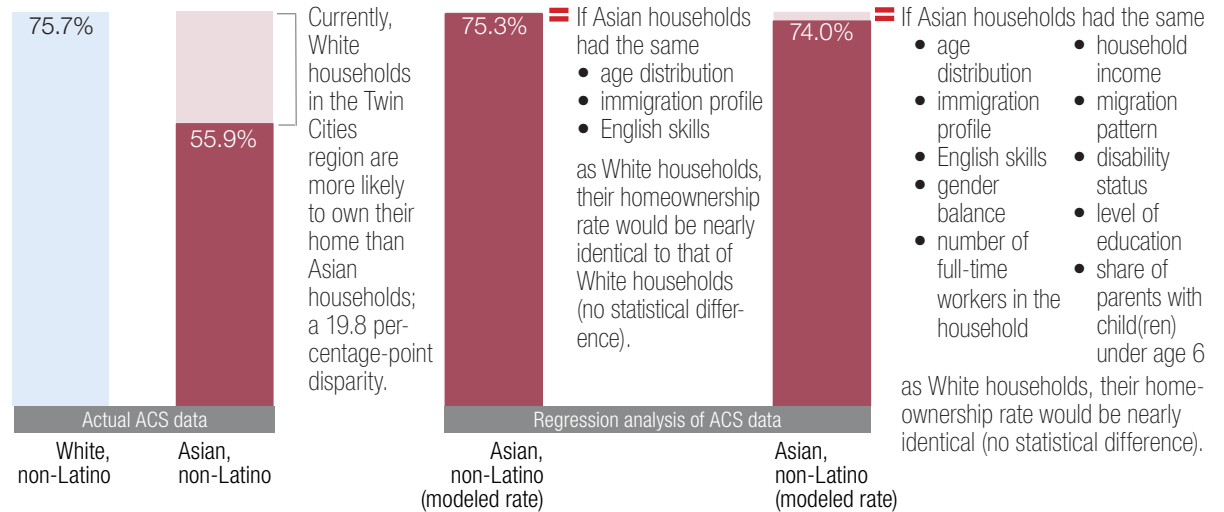
### Average hourly wage

The average hourly wage of Asian workers is \$2.63 below that of White workers. Removing demographic differences in age, immigration, and English would effectively close the wage gap, as would accounting for a wider range of demographic differences.



### Homeownership rate

White households' homeownership rate is higher than that of Asian households. When demographic differences are removed through modeling, the Asian homeownership rate would increase and become statistically equivalent to that of White households.



Source: U.S. Census Bureau, American Community Survey Public Use Microdata Sample, 2010-2014. [See page 8](#) for technical notes on our regression analysis.

By applying regression analysis to 2010-2014 American Community Survey data, we've established:

- that removing the collective influence of demographic differences between the region's Asian and White residents—in particular, age, immigration profile, and English language skills—eliminates the disparities in average hourly wage and homeownership to a statistically undetectable degree; and
- when we remove the influence of an even wider range of demographic differences available in the dataset, the disparity in employment rate is reduced by two-thirds.

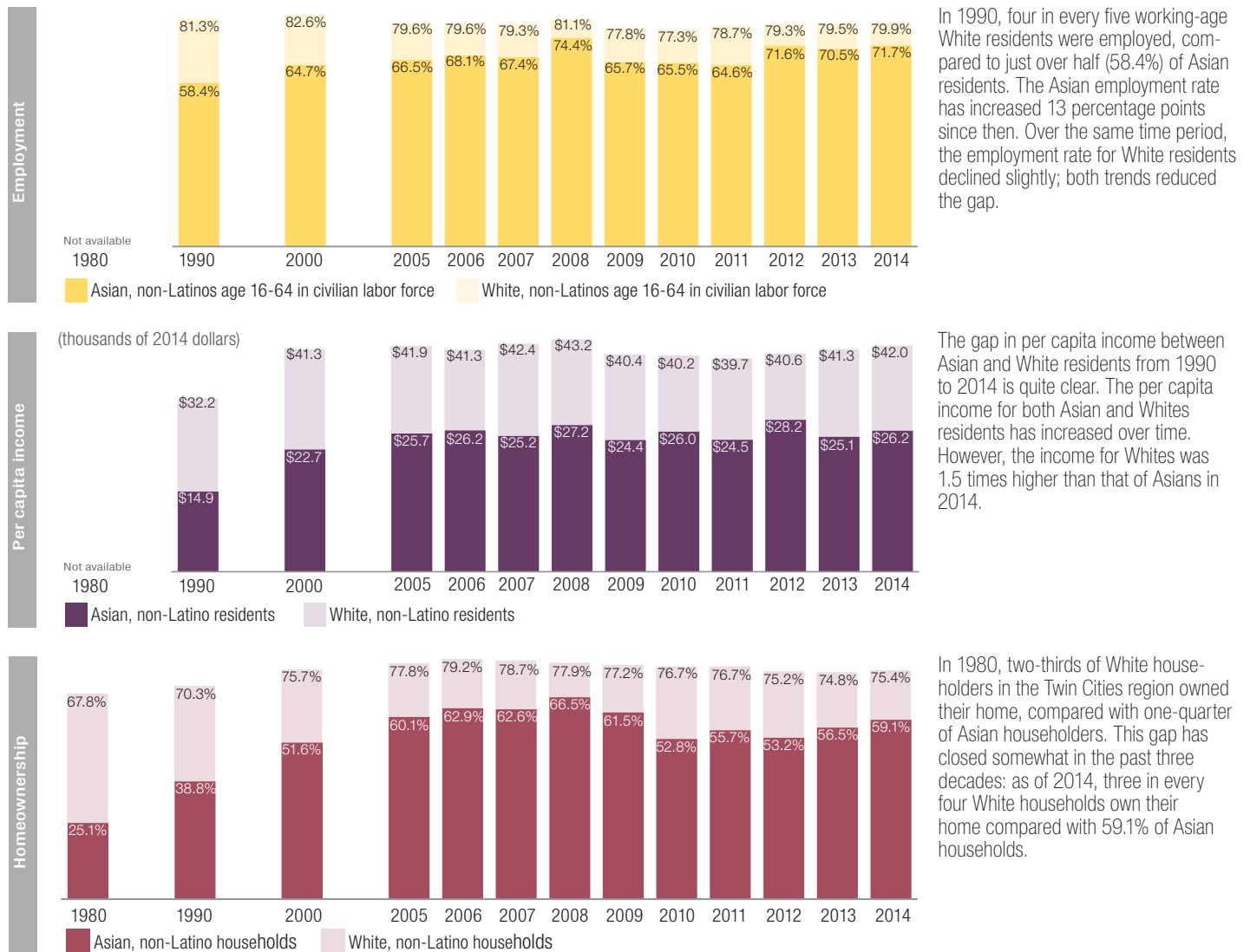
These results show that disparities in income and homeownership between the region's Asian and White residents are, in fact, largely the result of demographic differences, specifically in age, immigration profile, and English language skills. That a disparity in employment would remain after accounting for these and other demographic differences suggests that race—or factors closely associated with race—are involved in employment opportunities for Asian residents. While this analysis does not (and cannot) account for all factors that could play a role in racial disparities, other research supports the claim that systemic racial discrimination is part of the equation.<sup>4</sup>

## A well-established history of racial disparities in The Twin Cities region

Another misconception we hear about the Twin Cities region's racial disparities is that they are a recent phenomenon, and largely associated with growth in the share of residents of color, especially immigrants. However, as Figure 5 shows, racial disparities between Asian and White residents have been present in the region for over 30 years.

Between 2000 and 2010-2014, the Asian population in the Twin Cities region as a whole has become older, and the share of Asians born abroad and Asian residents with lower English skills has decreased. Despite these trends, which are effectively reducing the demographic differences between Asian and White residents, the disparities in employment, income, and homeownership are still considerable in 2014.

**FIGURE 5. RACIAL DISPARITIES IN THE TWIN CITIES REGION ACROSS THREE DECADES**

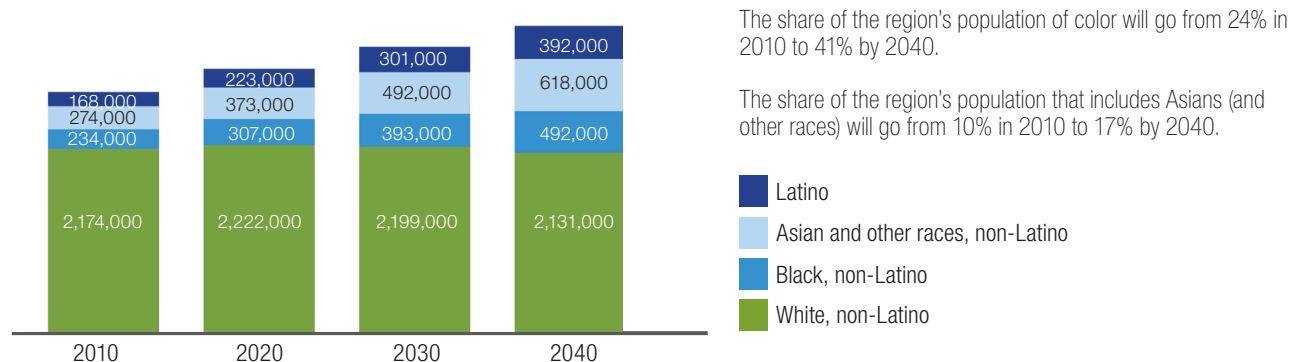


Source: U.S. Census Bureau, Decennial Census 1980, 1990 and 2000; American Community Survey Public Use Microdata Sample, 2005-2014.

## Looking ahead: How racial disparities undermine our region's future prosperity

The Twin Cities region is among the most prosperous regions in the U.S.: overall, our unemployment rate, home affordability and per capita income rank favorably compared with the 25 largest metropolitan areas. However, even with these assets, the presence and potential growth of our region's disparities between White residents and residents of color may undermine our economic competitiveness and prosperity. Other metro areas like Portland, Pittsburgh, and Boston, have a similar share of residents of color as the Twin Cities but do not show racial disparities as large or as persistent as those in our region when it comes to key economic outcomes. Our Thrive MSP 2040 regional forecast shows that our region's share of residents of color is expected to grow significantly over the next three decades (Figure 6). With nearly all of our region's workforce growth coming from residents of color in the coming decades, all residents of the Twin Cities region need access to opportunity if the region is to have a healthy and prosperous future.

**FIGURE 6. REGIONAL POPULATION FORECAST BY RACE AND ETHNICITY, 2010-2040**



Source: U.S. Census Bureau, Decennial Census, 2010 and Metropolitan Council regional forecast (March 2015).

## Technical notes

Unless otherwise noted, the source for all analyses in this *MetroStats* was based on U.S. Census Bureau's American Community Survey (ACS) Public Use Microdata Sample (PUMS). All regression models are based on 2010-2014 five-year ACS PUMS and employed the successive difference replicate weights that accompany the PUMS files. These weights reflect the complex sampling design of the ACS and result in more accurate statistical inference. Please note that our ACS regression models are estimates that are subject to sampling error. Additionally, different tweaks to the models may yield slightly different results (though the overall story about disparities would not change). For these reasons, the numbers discussed throughout this report should be interpreted as our best approximations of what is happening across the region rather than exact or precise determinations. The full methodology is available here ([PDF](#)).

## Endnotes

<sup>1</sup> Both demographics and key economic outcomes differ by cultural group. The Minnesota State Demographic Center's [The Economic Status of Minnesotans](#) provides a summary of these differences at the state level.

<sup>2</sup> This is consistent with other economic research. Immigrants are not randomly selected from their countries of origin—they tend to have high levels of education or are refugees who have an incentive to make a new life in the U.S. That said, the histories and circumstances of different immigrant groups vary considerably, which affects the pattern of results presented here. [This research by the Social Security Administration provides additional context.](#)

<sup>3</sup> See, for example: Board of Governors of the Federal Reserve (2010). [Does Credit Scoring Produce a Disparate Impact?](#); American Civil Liberties Union (2015).

<sup>4</sup> See, for example: Institute on Metropolitan Opportunity (2014). [Twin Cities in Crisis: Unequal Treatment of Communities of Color in Mortgage Lending](#); Minnesota Advisory Committee to the U.S. Commission on Civil Rights (2013). [Unemployment Disparity in Minnesota](#).

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