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

April 13, 2016

Metropolitan Council

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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

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Winter 2015-2016: Reporting

TwinCities.com
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 19, 2016 — 6:08PM

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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
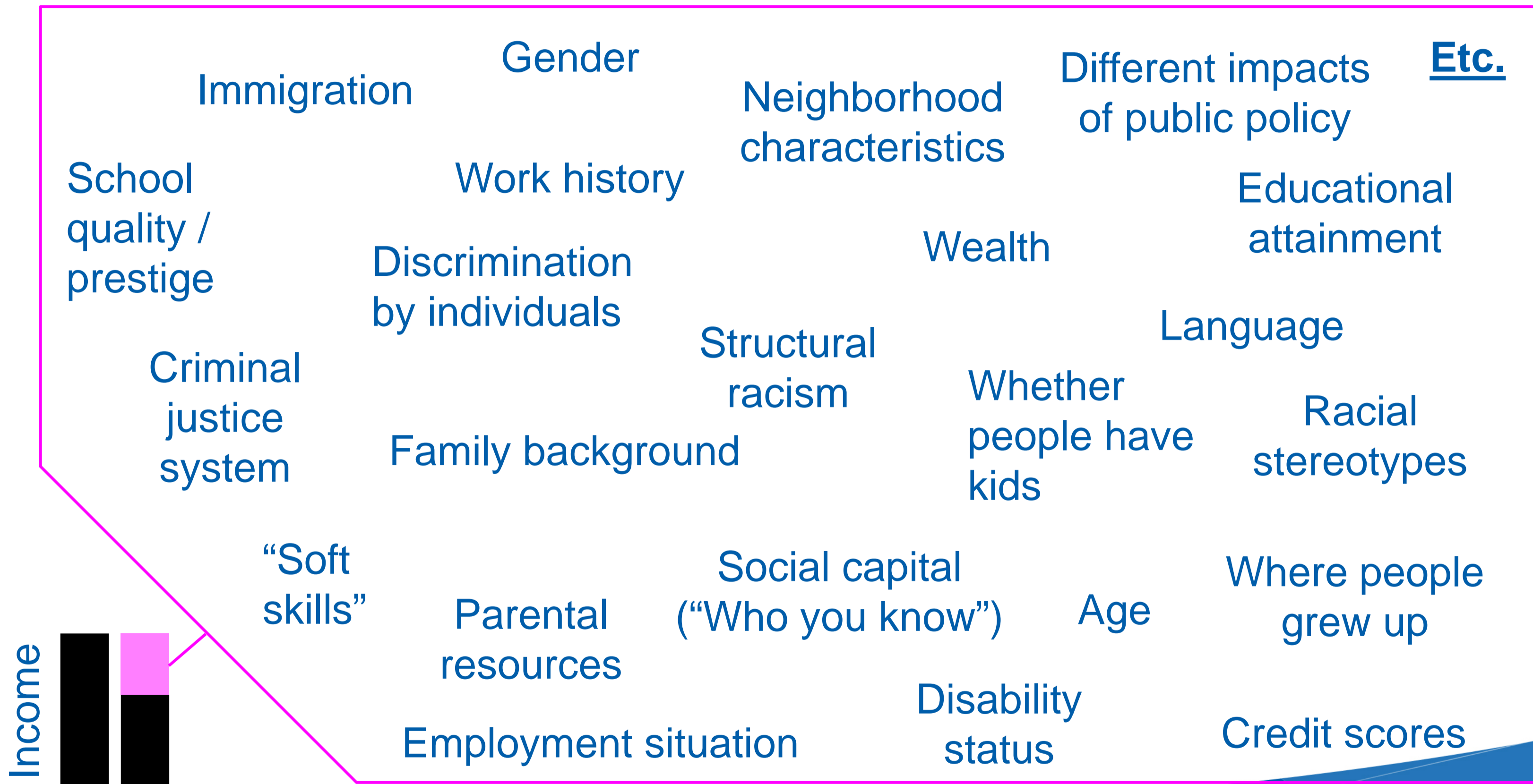
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Why are disparities so large?

Employment rates
Average incomes
Homeownership rates
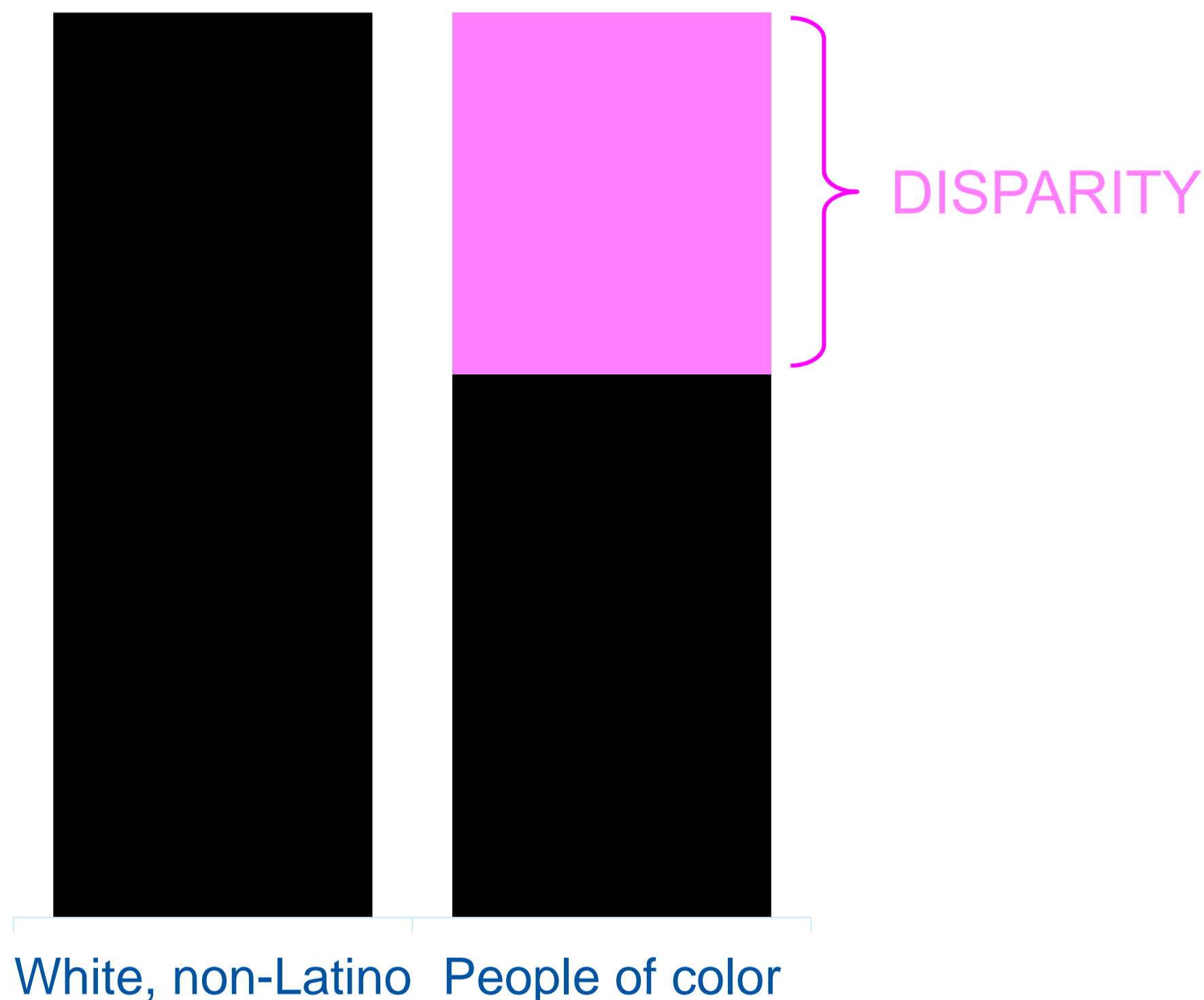
- *These are rates and averages, not destiny*

- *Much variation within racial/ethnic groups*

DISPARITY

White, non-Latino People of color

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Why are disparities so large?

Gender

Immigration

Neighborhood characteristics

Different impacts of public policy

School quality / prestige

Work history

Educational attainment

Discrimination by individuals

Wealth

Criminal justice system

Structural racism

Language

Family background

Whether people have kids

Racial stereotypes

"Soft skills"

Social capital ("Who you know")

Age

Where people grew up

Parental resources

Employment situation

Disability status

Credit scores

Income

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Three pieces of evidence

1. Trends over time

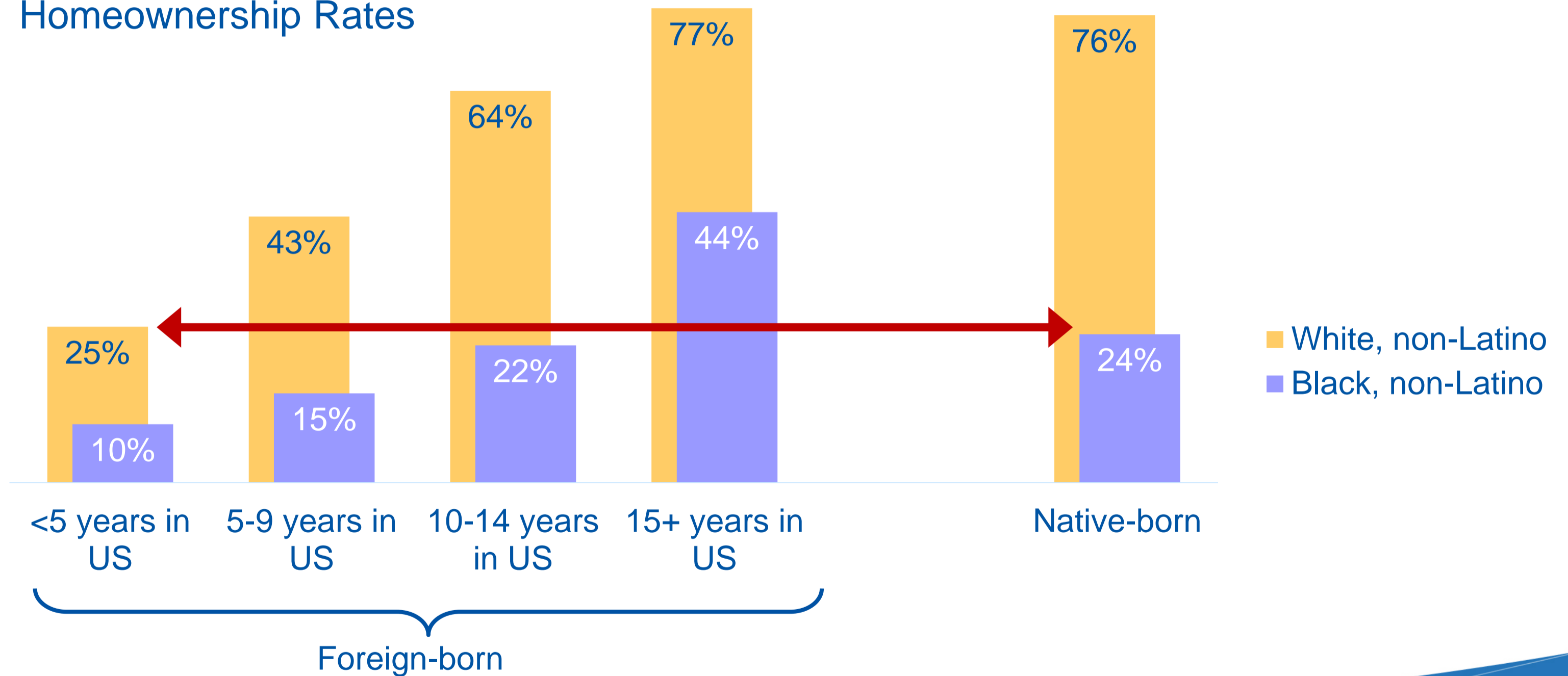2. Patterns within demographic categories

3. Statistical adjustments

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Disparities predate immigration

Homeownership Rates

Legend: White, non-Latino (yellow); Black, non-Latino (purple)
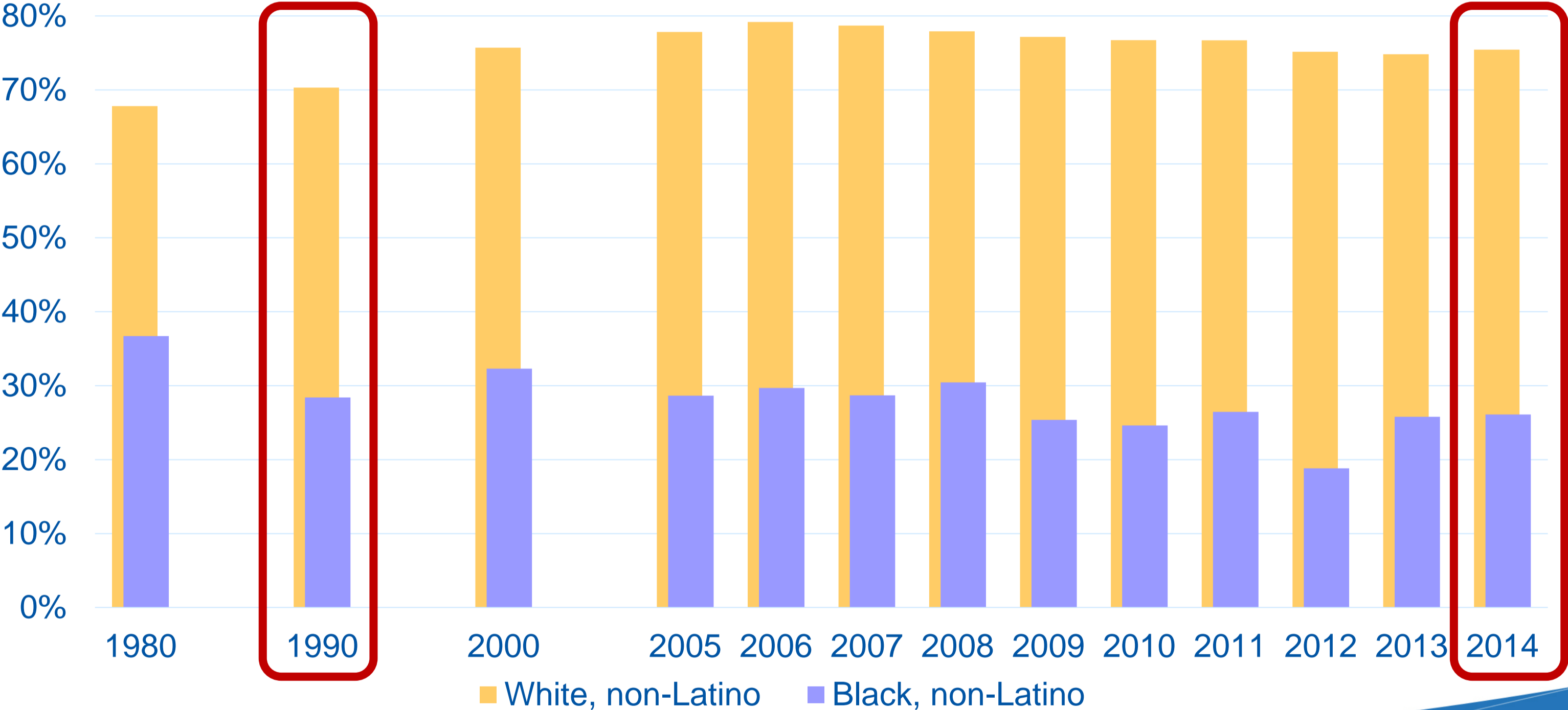
1990:   5% of Black residents were born outside the US
2014: 31% of Black residents were born outside the US

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Disparities exist within immigration categories

Homeownership Rates

Legend:
- White, non-Latino
- Black, non-Latino

Chart data:

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

Foreign-born

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Disparities exist within age groups

Homeownership Rates
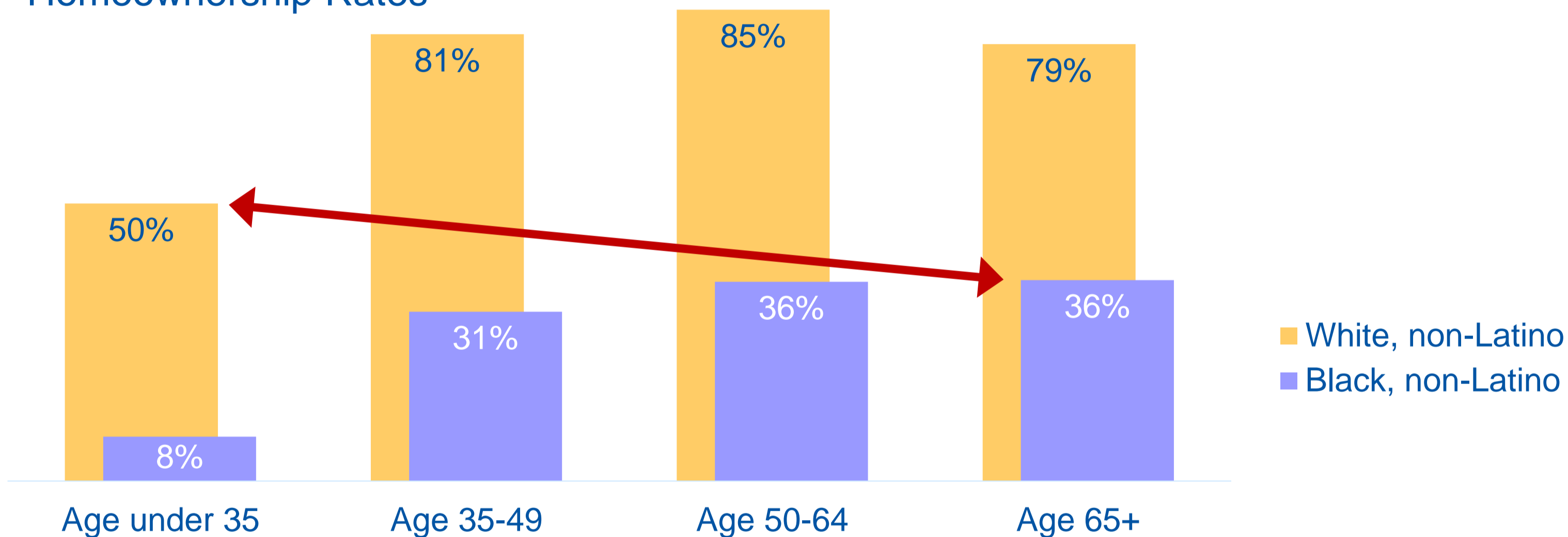
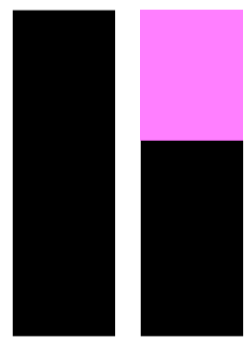|	Age under 35	Age 35-49	Age 50-64	Age 65+
White, non-Latino	50%	81%	85%	79%
Black, non-Latino	8%	31%	36%	36%

White, non-Latino
Black, non-Latino

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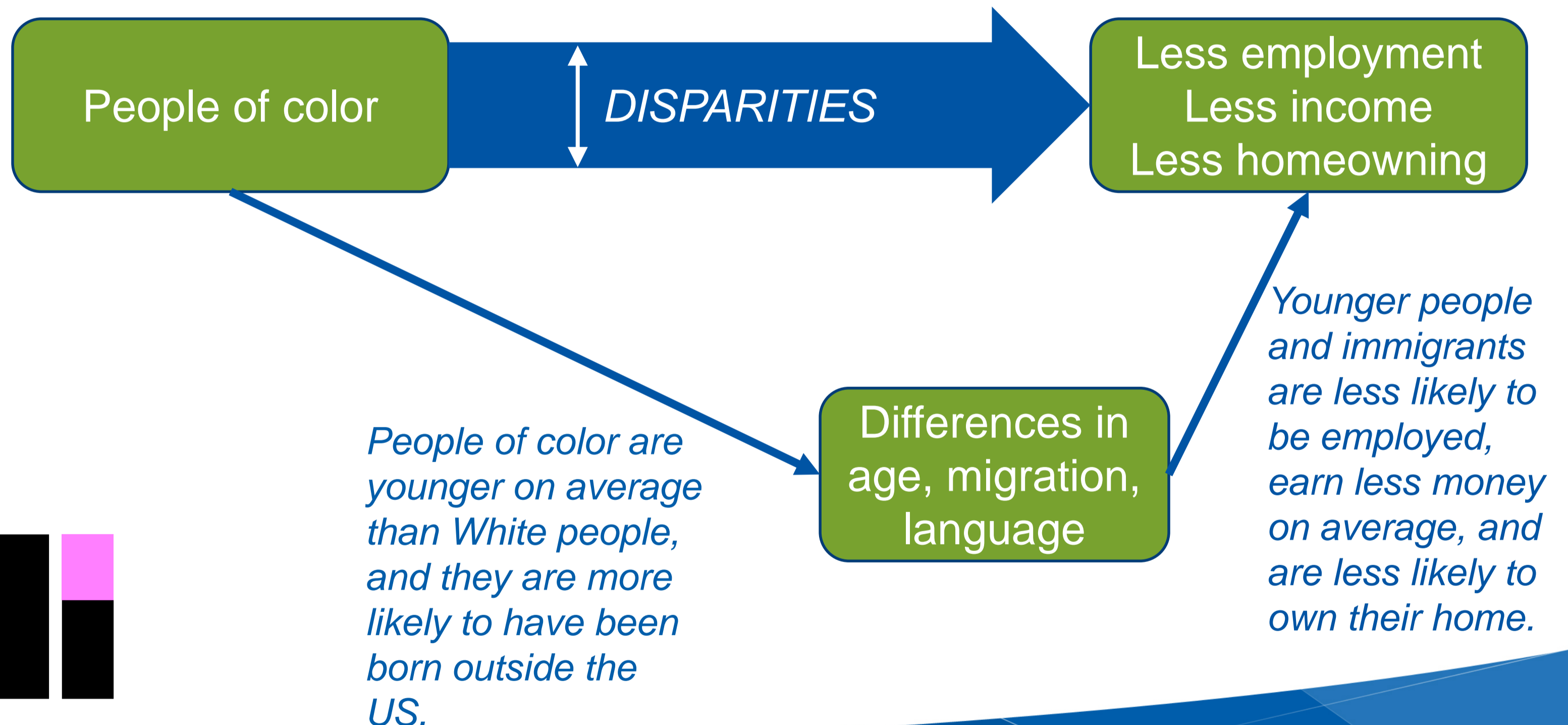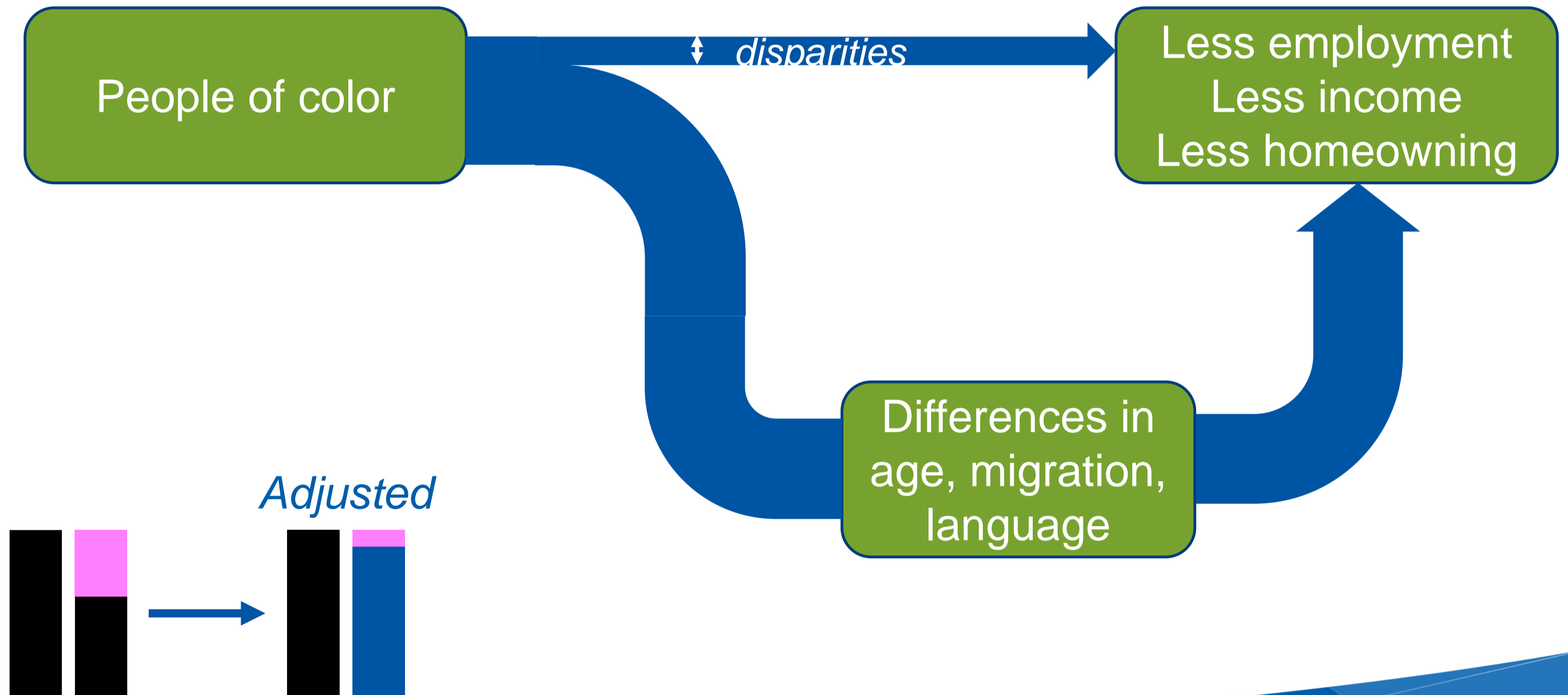
Statistical adjustments

- "What would disparities look like if White residents and residents of color had the same demographic profile?"

- Statistical models predicting:
  - Employment rates
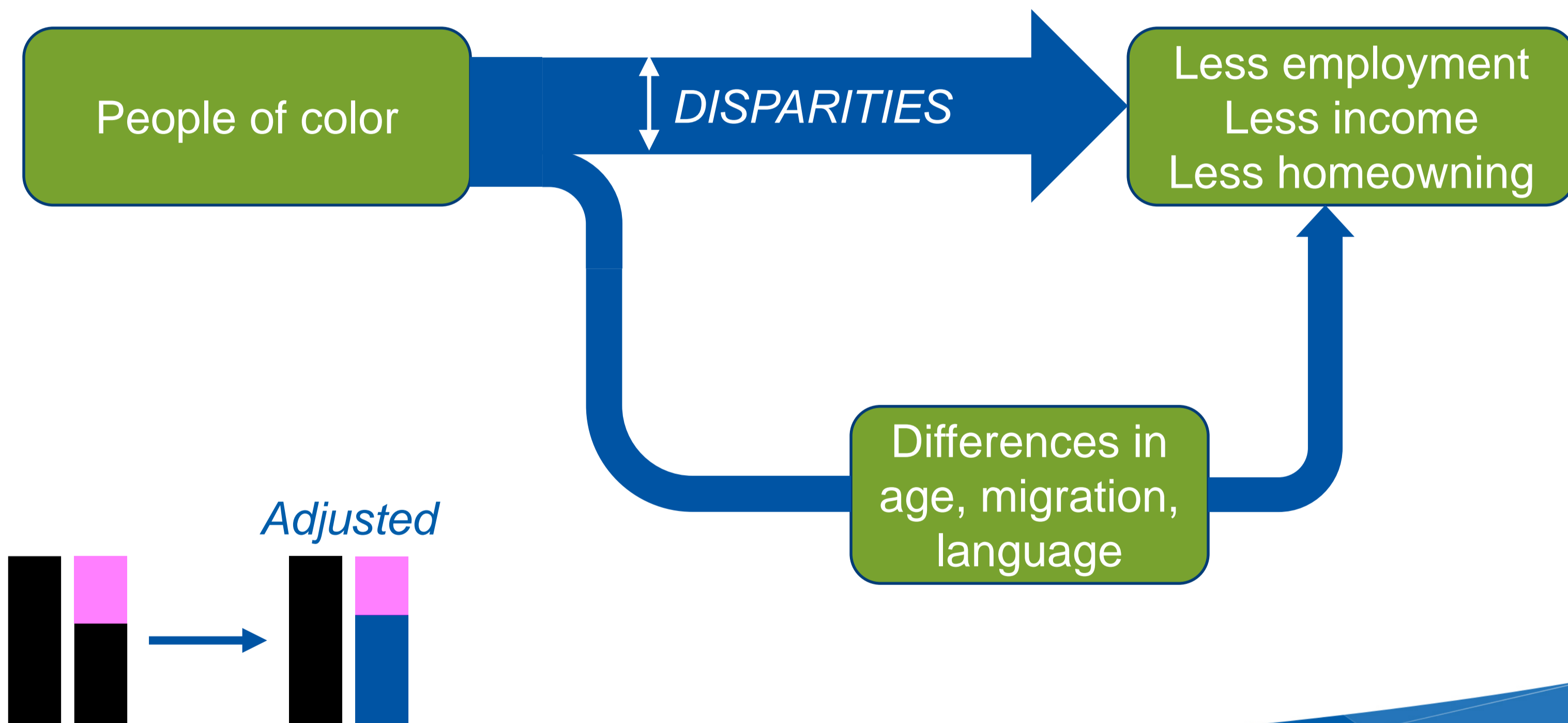 - Average hourly wages
  - Homeownership rates

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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.

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Are disparities _small_ after adjusting for demographics?

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

Differences in age, migration, language

Adjusted

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Are disparities _large_ even after adjusting for demographics?

People of color

DISPARITIES

Less employment
Less income
Less homeowning

Differences in age, migration, language

Adjusted

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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	

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Statistical adjustments: Employment rates
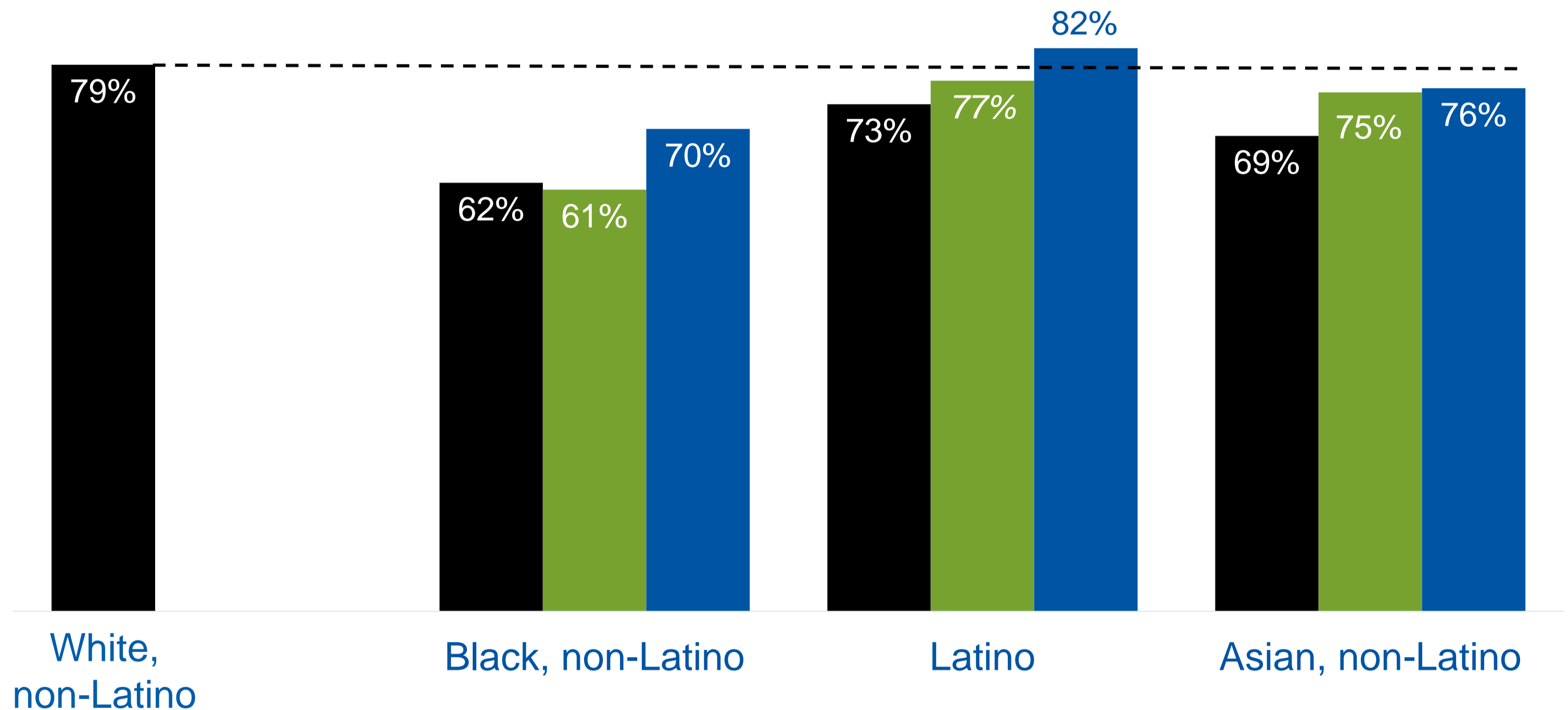
White, non-Latino: 79%

Black, non-Latino: 62%, 61%, 70%

Latino: 73%, 77%, 82%

Asian, non-Latino: 69%, 75%, 76%

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

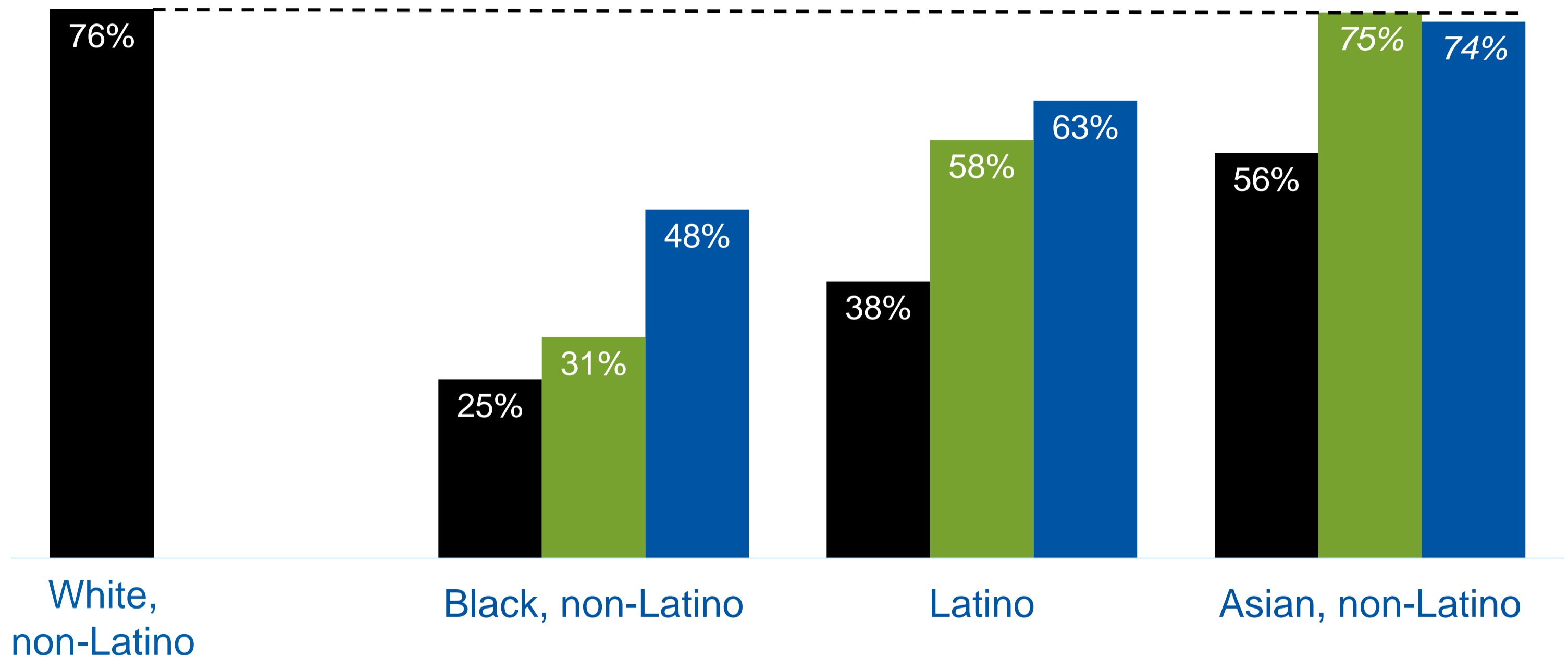*Numbers in italics are not significantly different from the White, non-Latino number (95% confidence)*

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Statistical adjustments: Average hourly wages
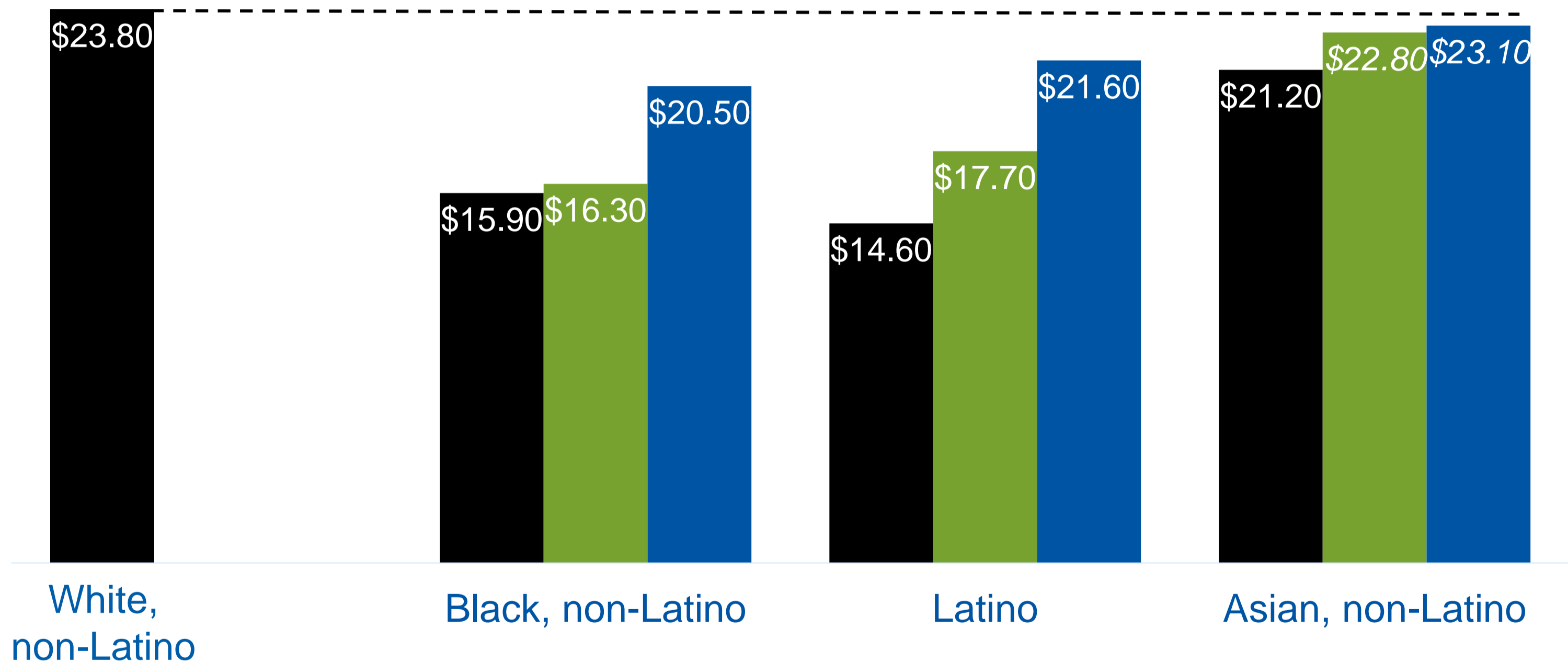
White, non-Latino
- $23.80 (ACS data, unadjusted)

Black, non-Latino
- $15.90 (ACS data, unadjusted)
- $16.30 (1. Adjust for age / immigration / English proficiency)
- $20.50 (2. Adjust for broad set of demographic characteristics)

Latino
- $14.60 (ACS data, unadjusted)
- $17.70 (1. Adjust for age / immigration / English proficiency)
- $21.60 (2. Adjust for broad set of demographic characteristics)

Asian, non-Latino
- $21.20 (ACS data, unadjusted)
- *$22.80* (1. Adjust for age / immigration / English proficiency)
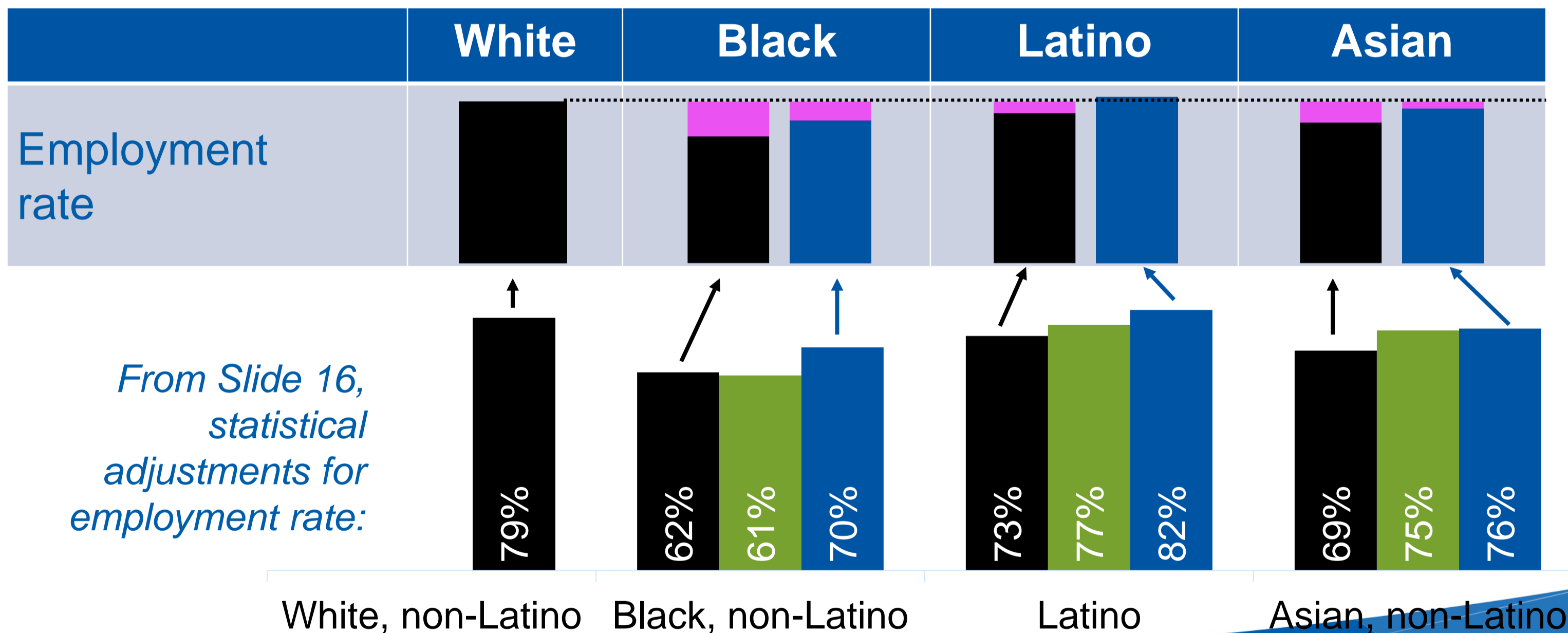- *$23.10* (2. Adjust for broad set of demographic characteristics)

Legend:
- ■ 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)

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Statistical adjustments: Homeownership rates

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:

	White	Black	Latino	Asian
Employment rate				

From Slide 16, statistical adjustments for employment rate:

White, non-Latino: 79%

Black, non-Latino: 62% 61% 70%

Latino: 73% 77% 82%

Asian, non-Latino: 69% 75% 76%

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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:
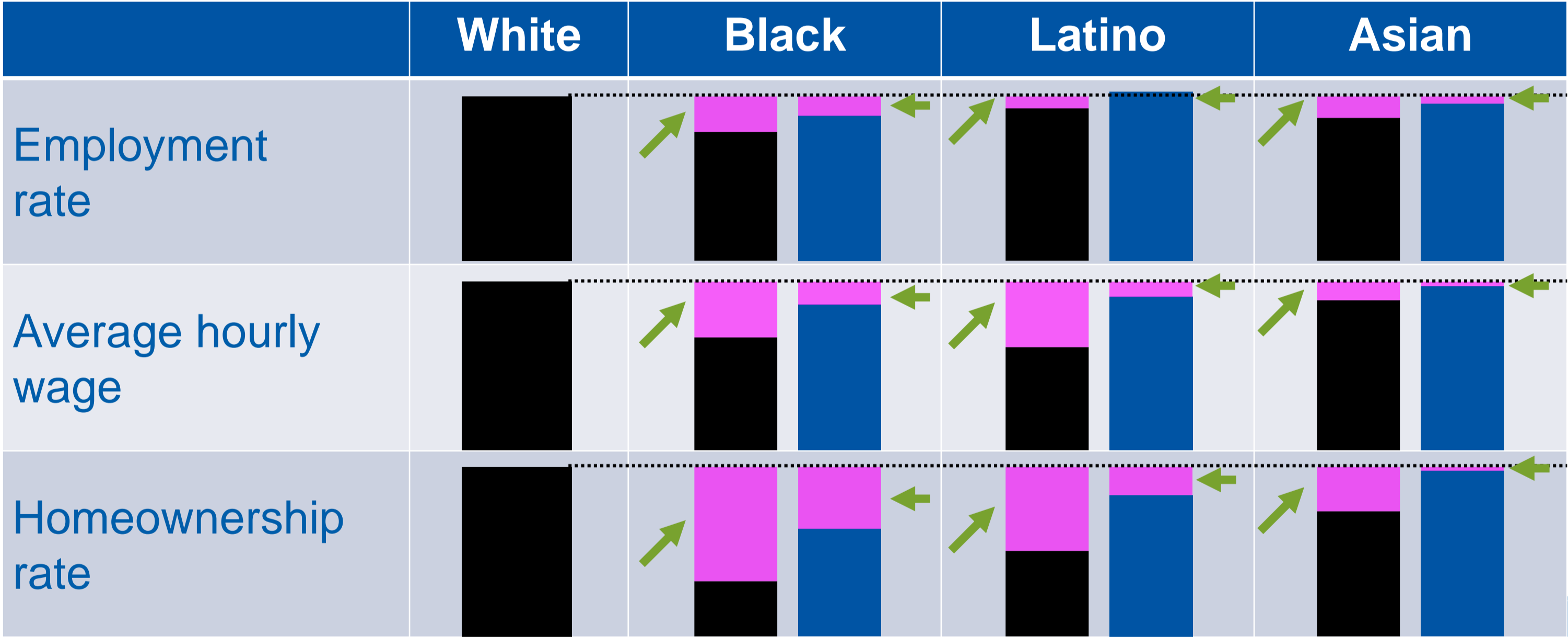
Summing up

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

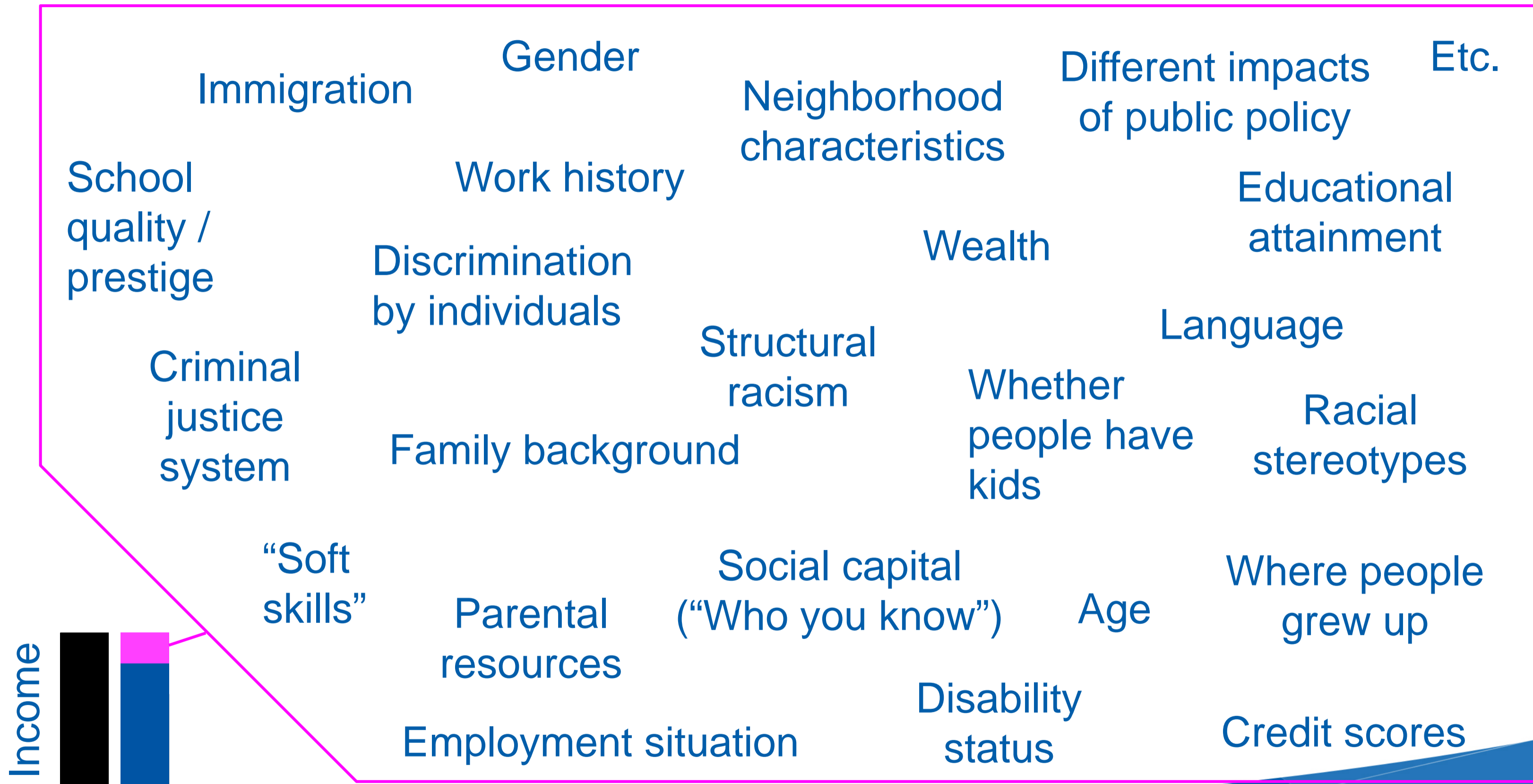|	Black-White disparity?	Latino-White disparity?	Asian-White disparity?
Employment	Yes	No*	Yes
Average wages	Yes	Yes	No**
Homeownership	Yes	Yes	No**

- Demographic differences are an incomplete explanation of disparities
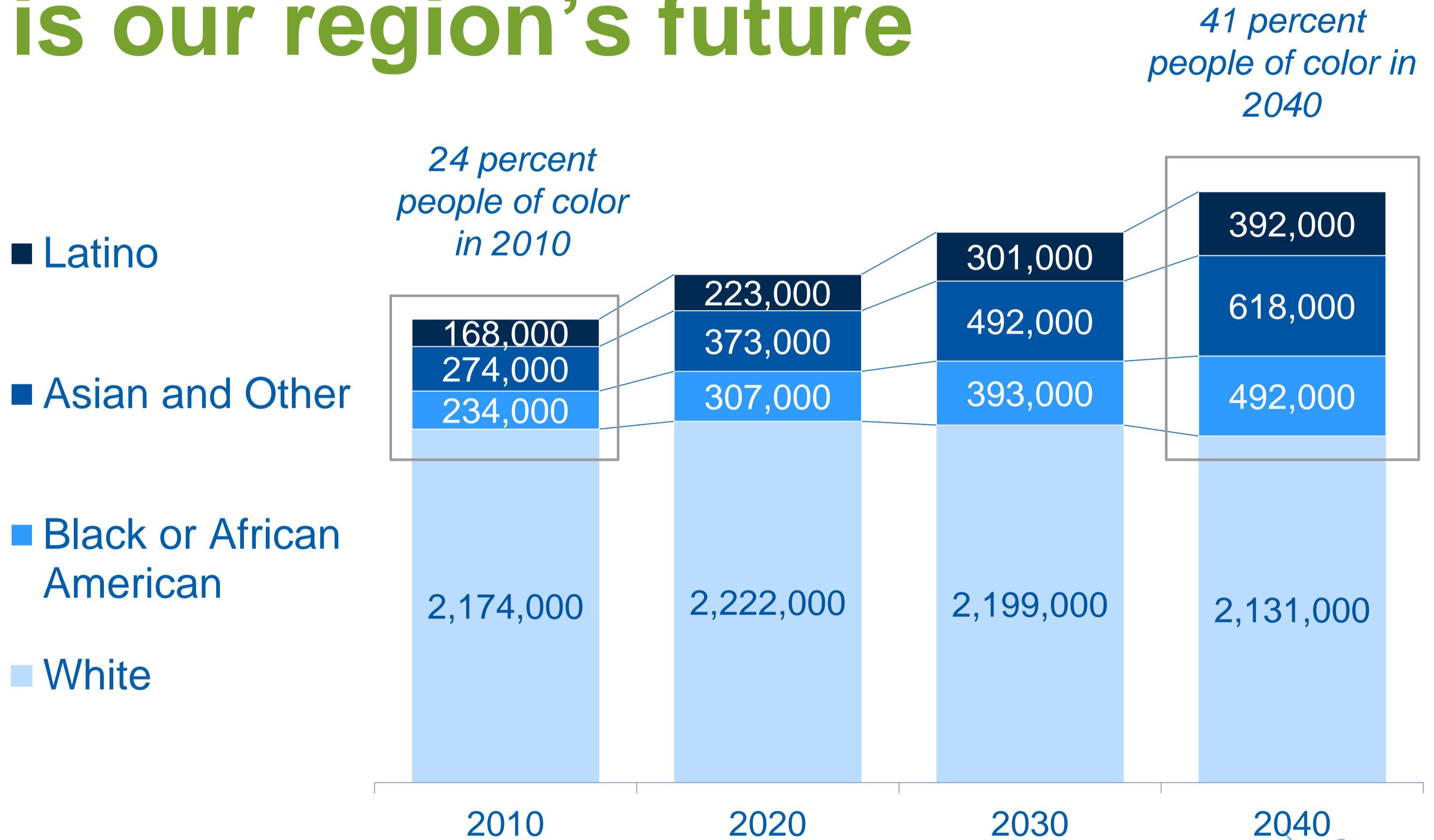
Latinos have a higher adjusted employment rate than Whites

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

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Reports available at
metrocouncil.org/data