

Income Inequality in the Twin Cities Region: Part II

With our high rates of employment and homeownership and low poverty, the Twin Cities has an impressive social and economic profile compared to other large U.S. metro areas.¹ However, these successes do not insulate our region from disparities and inequality. Inspired by a *New York Times* analysis published in September 2016, "[The Geography of U.S. Inequality](#)" [LINK], we're analyzing income inequality in the Twin Cities region between 1990 and 2015 in a three-part series.

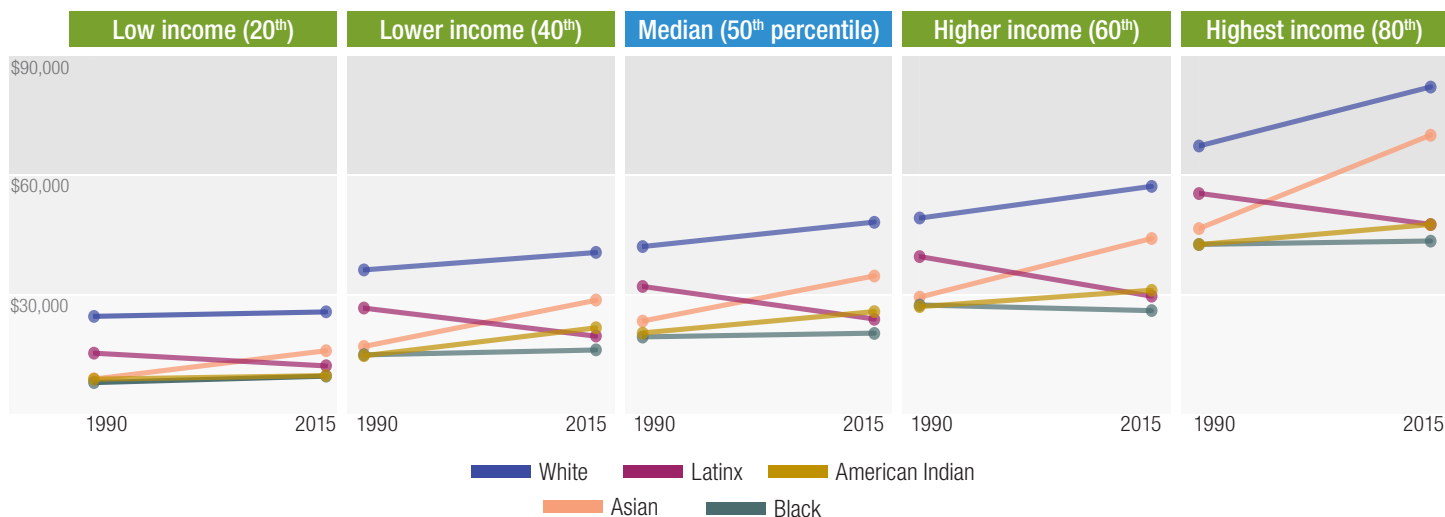
Part One of our series concluded income inequality had increased among the Twin Cities region's households between 1990 and 2011-2015. Like the U.S. overall, the region's growing income inequality was the result of two divergent trends along the income spectrum. First, low- and middle-income households suffered the greatest losses during the Great Recession and since, have experienced the most stunted recovery. For example, households with incomes at the 20th percentile saw a 7.1% decline in income over the past 25 years. Second, the region's higher-income households gained considerably: households with incomes at the 80th percentile rose by 17.3% over the same period. (Read the summary, "[Income Inequality in the Twin Cities Region: Part I](#)" [PDF].)

Income inequality trends differ by race and ethnicity

Most of our prior analyses on income and race and ethnicity are centered on disparities—that is, how rates of poverty, employment, and homeownership for communities of color differ from that of White residents.² Those comparisons are certainly revealing: for example, Black household income at the 80th percentile (highest income) in 2011-2015 is about equal to that White households' median income (that is, the 50th percentile) in 1990 (Figure 1). However, we also want to explore trends and lift up findings occurring within communities of color. Here, we explore patterns of income inequality *within* communities of color: did low- and high-income Black (or Asian or Latinx or American Indian) households grow further apart after 1990?

And in fact, income inequality trends over the past 25 years *do* differ by race and ethnicity (Figure 1). **Since 1990 income inequality increased the most among the region's Asian households, followed by inequality among White households.**

FIGURE 1. CHANGE IN HOUSEHOLD INCOMES BY PERCENTILE AND RACE/ETHNICITY



Source: U.S. Census Bureau, Public Use Microdata Samples, 1990, 2000, and 2011-2015.

Note(s): We adjusted the household income for household size to best reflect how much money is available to different households using the U.S. Census Bureau's methodology [LINK]. Therefore, our medians and percentiles here (all in 2015 dollars, rounded to nearest \$10) may differ from other published data at metro council.org/data.

Their respective paths to greater income inequality are distinct, however. White households largely mirror the findings at the regional level—that is, gains for higher-income households outpaced the near-frozen incomes of low- and middle-income households between 1990 and 2011-2015. Income inequality rose among Asian households because gains for above-median households just edged out those of low-income households: Asian household income at the 20th percentile nearly doubled between 1990 and 2011-2015, going from \$7,970 to \$15,200. **Income inequality increased slightly among American Indian households too.** American Indian households with incomes at the 40th percentile saw the largest increases over this period (+\$5,440) followed by households with incomes at the 80th percentile (+\$5,150), resulting in a slightly larger gap overall.

Unlike Asian and White households, income inequality among Black households was unchanged over this period. Black households with incomes at the 20th percentile had modest gains—going from \$7,061 in 1990 to \$8,700 in 2011-2015. However, households at nearly every other income level saw no growth or experienced declines in income. The income range between households at the 20th and 80th percentiles decreased \$800 during this time.

Meanwhile, income inequality among Latinx households decreased. Between 1990 and 2011-2015, Latinx households at every income level experienced losses in income, about -25% on average (except for households with income at the 80th percentile, where incomes fell by only 14%). Latinx households are the only group studied that experienced both 1) an overall decline in median income (from \$31,750 to \$23,430) and 2) income losses for households at the 60th and 80th percentiles between 1990 and 2011-2015.

Our series will conclude with a final installment released later in 2017: How does income inequality in the Twin Cities metro compare with other large metro areas?

Endnotes

¹ See our *MetroStats*, "[Behind the Curve: Racial and Ethnic Disparities in the Twin Cities Metro in 2015](#)," [LINK] for a full discussion.

² *Ibid.*