

## Missing Opportunities: Racial and Ethnic Disparities in the Twin Cities Metro in 2016

### Key findings

Using newly released data from the U.S. Census Bureau, we compare the 16-county Minneapolis-Saint Paul-Bloomington metropolitan statistical area (the Twin Cities metro) to other large metros in the U.S. Specifically, we examine three indicators that demonstrate interrelated aspects of "quality of life"—employment, poverty, and homeownership rates—by race and ethnicity. We explore the racial and ethnic disparities within these indicators, noting their duration and the scale at which they've affected opportunities in the Twin Cities region.

<b>Our focus</b>	<b>What do the 2016 data tell us about the Twin Cities metro's racial and ethnic disparities in employment, poverty, and homeownership?</b>	<b>Has the Twin Cities metro's racial and ethnic disparities in employment, poverty, and homeownership always stood out as the nation's largest?</b>	<b>What opportunities lie ahead for the Twin Cities metro if racial and ethnic disparities in employment, poverty, and homeownership are resolved?</b>
<b>Our findings</b>	<b>The Twin Cities metro continues to rank highly for its impressive economic profile. However, disparities in employment, poverty, and homeownership between White residents and residents of color persist and are once again the largest in the U.S.</b>	<b>Yes, mostly. The disparities between White, non-Latinx residents and residents of color do vary by group, indicator, and year, but for the most part, the metro's racial and ethnic disparities are ranked the largest (or near largest) since 1990.</b>	<b>If racial and ethnic disparities were closed, the gains for the Twin Cities could be substantial, especially considering the demographic shifts expected over the next 30 years. The Twin Cities region does not have to miss these future opportunities.</b>

### Our metro's economic profile is impressive but not shared by all residents

The Twin Cities metro continues to have an impressive social and economic profile in 2016. Overall, nearly four in every five working-age residents are employed, only one in every 11 residents have incomes below the federal poverty threshold, and more than two in every three households own their home (Figure 1). When these indicators are calculated by race and ethnicity, however, significant disparities surface: the Twin Cities metro continues to have the largest racial and ethnic disparities in the U.S. between White, non-Latinx residents and residents of color in employment, poverty, and homeownership rates.

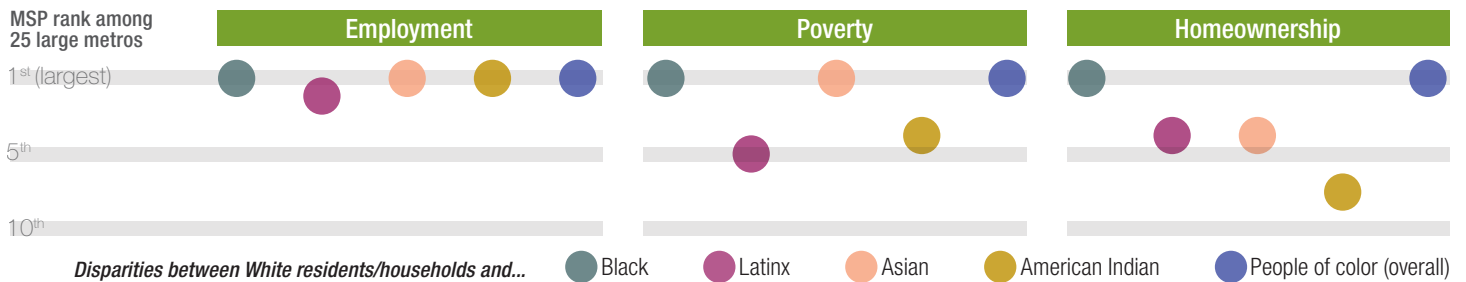
**FIGURE 1. RACIAL AND ETHNIC DISPARITIES IN THE TWIN CITIES METRO IN 2016**

Indicator	All metro residents	White metro residents	Rank among 25 metros (1=best)	Metro residents of color	Rank among 25 metros (1=best)	Disparity
						Rank among 25 metros (1=largest)
Share of working-age population that is employed	79.6%	81.8%	1	70.5%	5	1
Share of people with incomes below poverty	8.8%	5.3%	2	20.1%	21	1
Share of households who own their home	69.2%	75.1%	5 (tied)	40.4%	23	1

Source: U.S. Census Bureau, American Community Survey, one-year estimates, 2016.

Drilling down into the 2016 data to further disaggregate 'residents of color' into more specific racial and ethnic groups, the story is largely the same: the Twin Cities metro's racial and ethnic disparities are some of the largest in the U.S. (Figure 2).<sup>1</sup> Disparities in employment, poverty, and homeownership between the metro's White and Black residents rank number one, while White—Asian and White—Latinx disparities vary somewhat by indicator (though all rank in the top 5 nationwide).

**FIGURE 2. 2016 DISPARITIES BETWEEN WHITE RESIDENTS AND COMMUNITIES OF COLOR, RANKED**



Source: U.S. Census Bureau, American Community Survey, one-year estimates, 2016.

### Persistent racial and ethnic disparities are missed opportunities for the Twin Cities region

Initial analysis of new American Community Survey data typically highlight changes—positive and negative—from the previous year. (This year was no exception; modest income gains among Black households between 2015 and 2016 were reported, for example.<sup>2</sup>) Instead of annual comparisons, we prefer to describe trends between 2013 and 2016, which show a sustained direction on indicators that may be missed in year-to-year analysis:

- The metro's White and Black residents both experienced statistically significant gains in employment between 2013 and 2016. During this period, both White and Asian metro residents experienced real declines in poverty.
- Further, the data suggest employment gains for both Latinx and American Indian working-age residents and increased homeownership among Asian, Latinx, and American Indian households between 2013 and 2016—but we need additional data to be statistically confident.

In other words, where there are discernible trends, they are positive and show that the Twin Cities metro continues to show recovery from the Great Recession. **But the overarching narrative—that the Twin Cities metro ranks highly on economic indicators overall but continues to have large racial and ethnic disparities—has not changed for many years.**

Our prior analyses have explored oft-cited explanations surrounding regional racial and ethnic disparities:

- *Are demographic differences—such as the share of residents outside the U.S. or median age—between our region's White residents and residents of color driving regional disparities?* Not really: our findings show that accounting for underlying demographic differences only partially explains our region's racial and ethnic disparities in employment, income, and homeownership ([see our Diving Deeper series \[LINK\]](#)).
- *We know the Twin Cities metro has the largest racial and ethnic disparities in the U.S. overall, but how do we stack up against our peers—that is, are disparities in the Twin Cities growing wider or closing relative to other large metros?* Since 2000, poverty and homeownership for the Twin Cities metro's Black, Latinx, and Asian residents have not improved as much as they have among many of our 11 peer metros ([see Behind the Curve for more details \[PDF\]](#)).

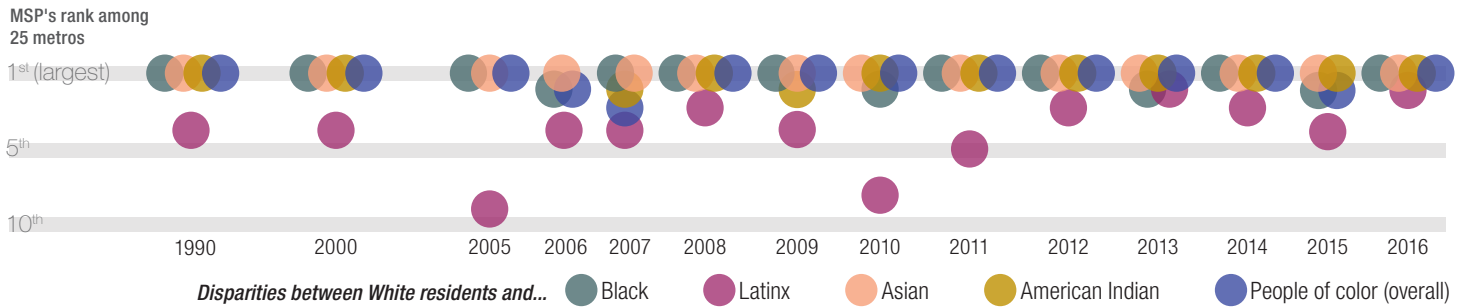
**This year, our focus is summarizing how racial and ethnic disparities in these critical 'quality-of-life' indicators have compounded over time: 25 (plus)-years of the largest disparities in the U.S. amounts to many missed opportunities for the Twin Cities region, especially for communities of color.** From increased employment and expanded homeownership to significant reductions of residents' poverty, closing racial and ethnic disparities is important to the region's long-term economic competitiveness: our demographic forecast for the next 30 years shows considerable growth in the region's residents of color, which will only exacerbate these large and longstanding gaps if nothing changes.<sup>3</sup>

## Employment

(Here, we're specifically looking at civilians aged 16 to 64.)

The Twin Cities metro's White—Asian employment gap for working-age residents was consistently the largest in the nation, ranking number one among the 25 most populous U.S. metros since 1990 (Figure 3). The disparity in employment between White and Black working-age residents ranked number one in 10 of the 14 years studied. The White—American Indian disparity ranked number one in ten of the 12 years with available data. Only the White—Latinx employment gap varied much over time (notably, this disparity has ranked higher following the recession).

**FIGURE 3. RANKING OF THE TWIN CITIES METRO'S EMPLOYMENT DISPARITIES SINCE 1990**



Source: U.S. Census Bureau, Decennial Census, 1990 and 2000; U.S. Census Bureau, American Community Survey, one-year estimates, 2005-2016.

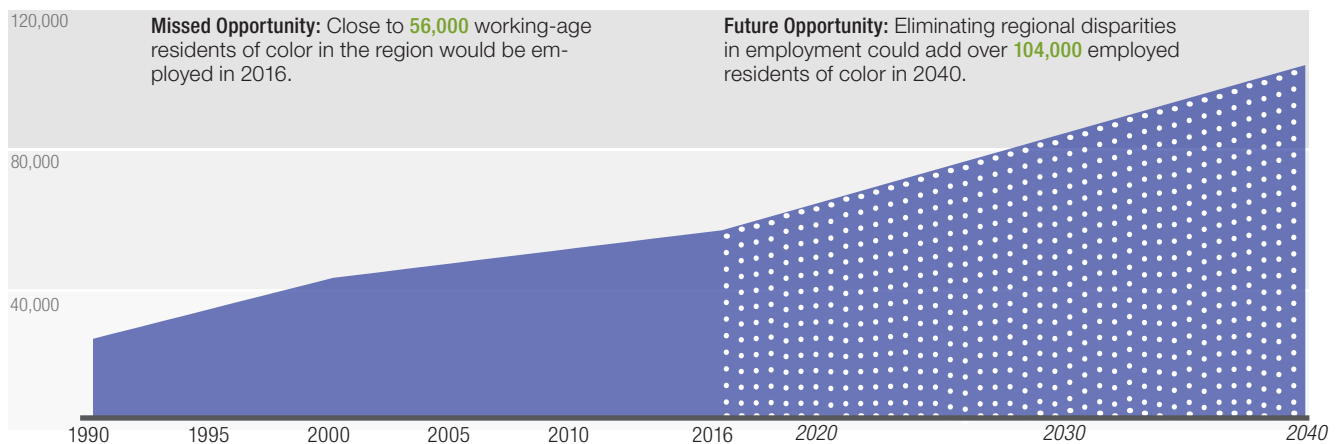
Notes: 1) "Asian" households also include peoples indigenous to the Pacific Northwest and 2) rankings are among the 25 most populous metro areas in the U.S. as defined by the United States Office of Management and Budget (OMB) for that year.

**What if the region's residents of color were employed at the same rate as White, non-Latinx residents?** In other words, how many additional residents of color would have been employed absent racial and ethnic employment disparities?

In 1990, the employment rate for people of color was 61.8%, compared with 81.6% for White working-age residents. Had this gap not existed, just over 23,500 additional residents of color would have been employed (Figure 4). The employment disparity between White residents and residents of color fell to 16.2 percentage points by 2000, but the number of additional residents of color that would have been employed nearly doubled to 41,700. In 2016, 55,800 additional residents of color would be employed. (We're not commenting on the actual availability of or accessibility to jobs. Rather, we're illustrating the scale of the employment gap and its collective impact over time.)

By 2040, the Twin Cities region could gain an additional 104,000 employed residents of color by eliminating racial and ethnic disparities in employment.

**FIGURE 4. A REGION WITHOUT DISPARITIES—ADDITIONAL EMPLOYED RESIDENTS OF COLOR**



Source: U.S. Census Bureau, Decennial Census, 1990 and 2000; U.S. Census Bureau, American Community Survey, one-year estimates, 2016; and Metropolitan Council, regional forecast (September 2017).

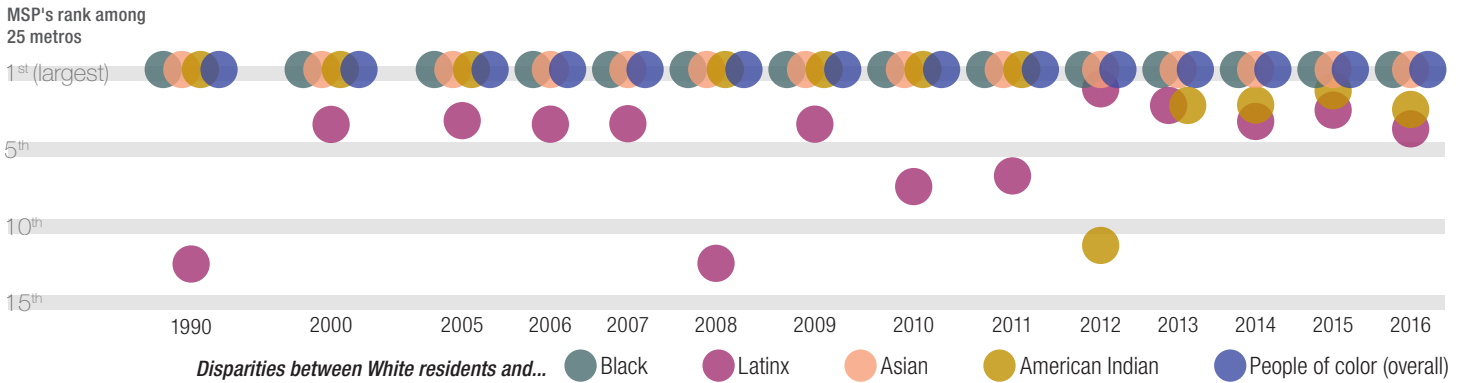
Note: We multiplied the number of 16-to-64-year-old civilian people of color by the difference (in percentage points) between the White employment rate and the employment rate for people of color in 1990, 2000, 2016, and 2040.

## Poverty

(Individuals with income below the federal poverty threshold.<sup>4</sup>)

The metro's White—Black and White—Asian poverty gaps were consistently the largest in the nation, ranking number one among the 25 most populous U.S. metros since 1990 (Figure 5). The White—American Indian poverty gap ranked number one in seven of the 12 years with available data. Like employment, the ranking of the White—Latinx poverty disparity has changed year-to-year, sometimes dropping past the "top" 5. More recently, this disparity has ranked in the top 5 among other U.S. metros even though the gap between these groups has actually closed slightly over time.<sup>5</sup>

**FIGURE 5. RANKING OF THE TWIN CITIES METRO'S POVERTY DISPARITIES SINCE 1990**



Source: U.S. Census Bureau, Decennial Census, 1990 and 2000; U.S. Census Bureau, American Community Survey, one-year estimates, 2005-2016.

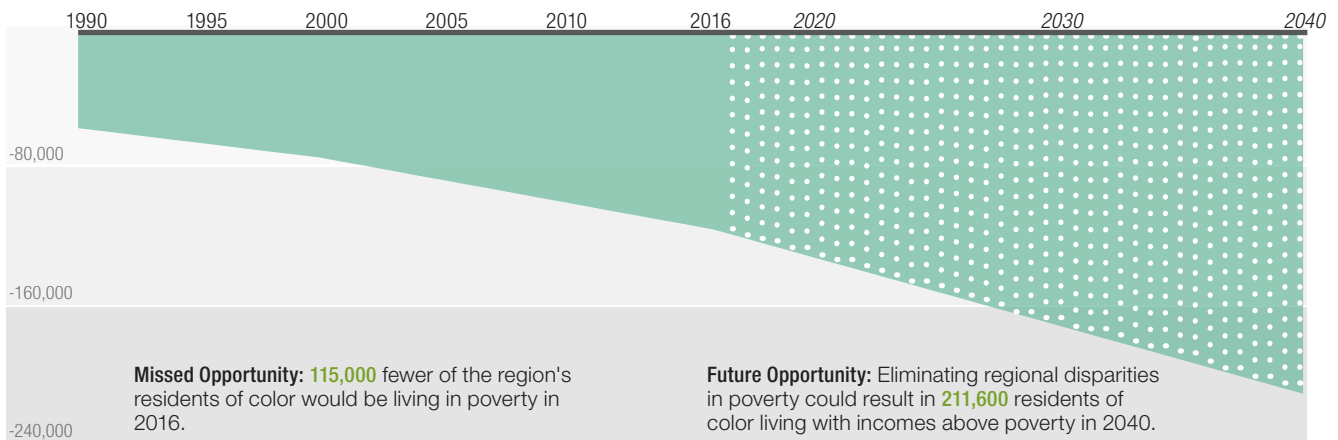
Notes: 1) "Asian" households also include peoples indigenous to the Pacific Northwest and 2) rankings are among the 25 most populous metro areas in the U.S. as defined by the United States Office of Management and Budget (OMB) for that year.

**What if the region's residents of color had the same low poverty rate as White, non-Latinx residents?** In other words, how many fewer residents of color would have been in poverty absent racial and ethnic disparities?-

In 1990, the poverty rate for people of color was 32.7%, nearly six times that of White residents; had racial and ethnic disparities in poverty not existed, 55,600 fewer residents of color would have been in poverty (Figure 6). The poverty gap closed slightly by 2000 (to 17 percentage points); still, 73,200 fewer residents of color would have been in poverty without disparities. In 2016, 115,000 fewer residents of color would have been in poverty. (Again, we're expressing the disparity in number of residents for scale, not claiming to factor in how systems and individual circumstances apply.)

By 2040, the Twin Cities region could have 211,600 fewer residents of color living in poverty by eliminating racial and ethnic disparities.

**FIGURE 6. A REGION WITHOUT DISPARITIES—REDUCTION OF HOUSEHOLDS OF COLOR IN POVERTY**



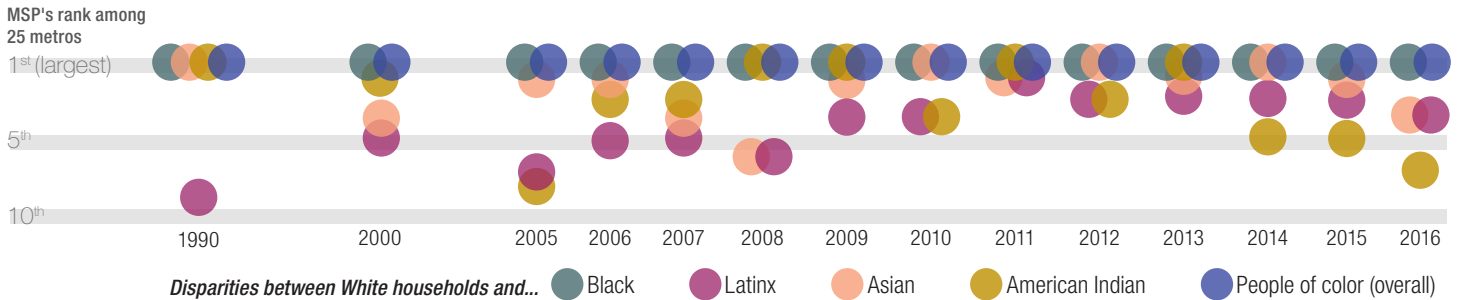
Source: U.S. Census Bureau, Decennial Census, 1990 and 2000; U.S. Census Bureau, American Community Survey, one-year estimates, 2016; and Metropolitan Council, regional forecast (September 2017).

Note: We multiplied the number of people of color by the difference (in percentage points) between the White poverty rate and the poverty rate for people of color in 1990, 2000, 2016, and 2040.

## Homeownership

The homeownership gap between the Twin Cities metro's White—Black households was consistently the largest in the nation, ranking number one among the 25 most populous U.S. metros since 1990 (Figure 7). In this case, the actual White—Black disparity grew between these two groups over this 25-year period, as it did between White and Latinx households, resulting in a heightened rank over time. In contrast, White—Asian and White—American Indian disparities in homeownership have closed slightly since 1990, dropping their respective rankings in recent years.

**FIGURE 7. RANKING OF THE TWIN CITIES METRO'S HOMEOWNERSHIP DISPARITIES SINCE 1990**



Source: U.S. Census Bureau, Decennial Census, 1990 and 2000; U.S. Census Bureau, American Community Survey, one-year estimates, 2005-2016.

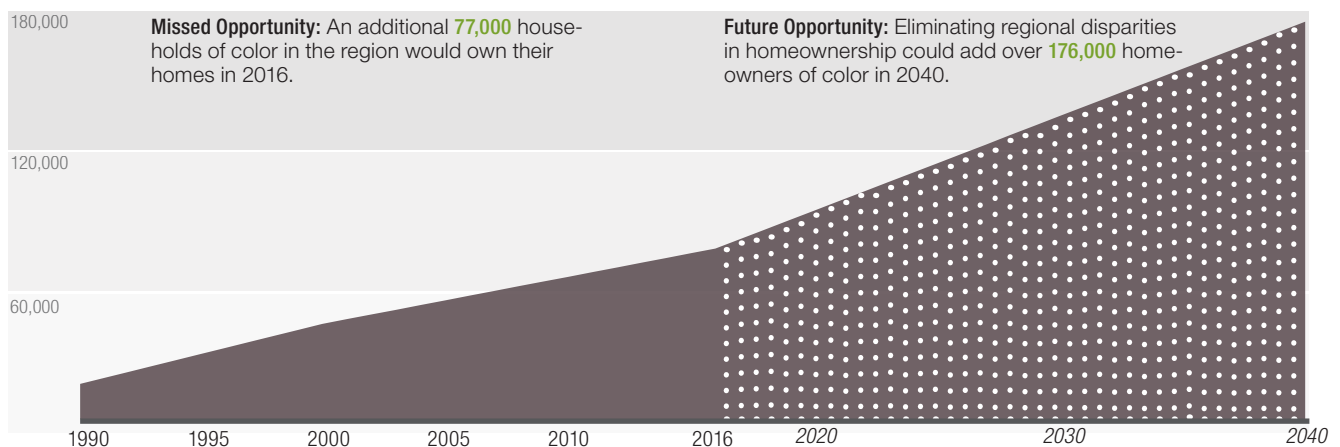
Notes: 1) "Asian" households also include peoples indigenous to the Pacific Northwest and 2) rankings are among the 25 most populous metro areas in the U.S. as defined by the United States Office of Management and Budget (OMB) for that year.

**What if households of color had the same rate of homeownership as White, non-Latinx households?** In other words, how many additional households of color in the region would have owned their homes absent racial and ethnic disparities?

In 1990, 70.4% of White households owned their home, compared with 39.9% of households of color, a 30-percentage point disparity (Figure 8). Had households of color owned their homes at the same rate as White households, an additional 17,200 homeowners of color would have been homeowners. This gap grew slightly in 2000 (to 35.6 percentage points, bringing the number of would-be homeowners of color to 43,900). In 2016, there would have been an additional 76,960 additional homeowners of color in the region.

By 2040, the Twin Cities region could gain an additional 176,000 homeowners of color by eliminating racial and ethnic disparities.

**FIGURE 8. A REGION WITHOUT DISPARITIES—ADDITIONAL HOMEOWNERS OF COLOR**



Source: U.S. Census Bureau, Decennial Census, 1990 and 2000; U.S. Census Bureau, American Community Survey, one-year estimates, 2016; and Metropolitan Council, regional forecast (September 2017).

Note: We multiplied the number of households of color by the difference (in percentage points) between the White homeownership rate and the homeownership rate for households of color in 1990, 2000, 2016, and 2040.

## Endnotes

<sup>1</sup> Using Census-designated racial and ethnic categories, like "Black," "Asian," and "Latino," masks considerable complexity within these groups. For example, those categorized here as "Asian" include people born in many different countries and people whose ancestors have lived in America for generations. Second—and relatedly—these nuanced differences within racial and ethnic groups, such as their immigration profile, English language skills, and age, play out across both geography and time. Demographic characteristics like these can make a substantial difference in economic outcomes across racial and ethnic groups (please see our [MetroStats series, "Diving Deeper" for an in-depth analysis on this topic \[PDF\]](#)).

<sup>2</sup> See, for example, "New census data show how Twin Cities is recovering from recession," Star Tribune (September 2017) available at [\[LINK\]](#).

<sup>3</sup> For more information on the regional forecast, see our *MetroStats* report, "[The Twin Cities Regional Forecast to 2040: Steady Growth and Big Changes Ahead](#)" [\[PDF\]](#).

<sup>4</sup> Current and historic federal poverty thresholds are published by the U.S. Census Bureau [\[LINK\]](#).

<sup>5</sup> See our *MetroStats* report, "[Behind the Curve: Racial and Ethnic Disparities in the Twin Cities Region in 2015](#)" [\[PDF\]](#).

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