

Diving Deeper Summary: Understanding the Twin Cities Region's Racial and Ethnic Disparities

Data from the U.S. Census Bureau's 2014 American Community Survey showed that among the 25 most populous metro areas, the 16-county Twin Cities metro area 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 (PDF). While some have questioned whether these disparities result primarily from demographic variations across race and ethnicity, our analysis shows accounting for underlying demographic differences partially closes but does not fully explain our region's disparities in employment, income, and homeownership between White residents and Black, Latino, and Asian residents.¹

As a whole, the region's Black, Latino, and Asian residents are younger, more likely to be immigrants, and less confident speaking English compared with White residents.

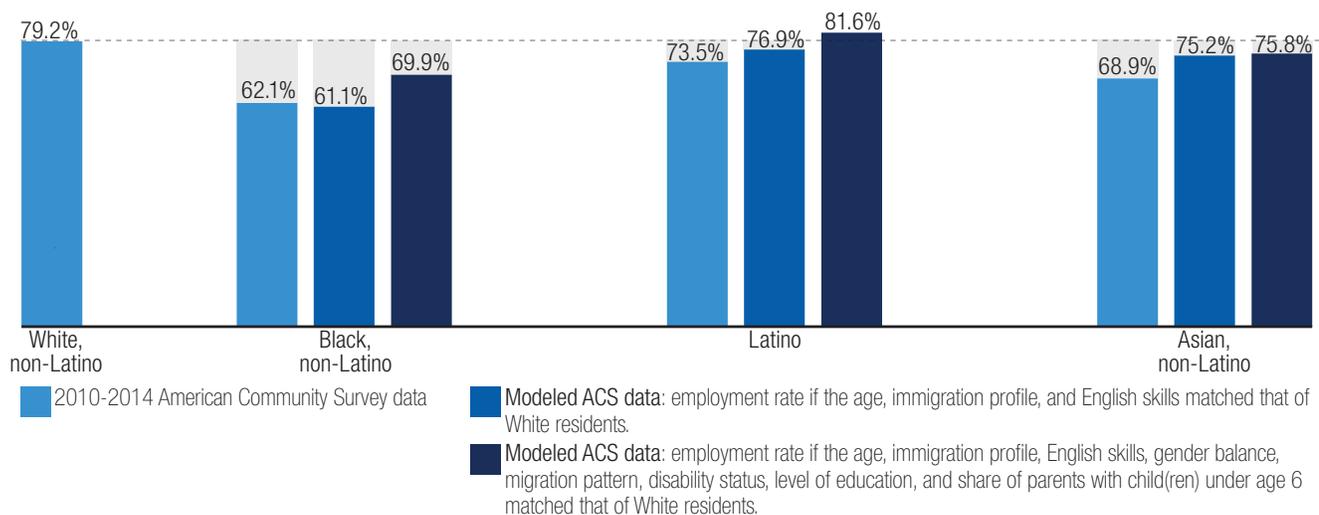
These demographic differences between White residents and residents of color are meaningful because the employment rate, income, and homeownership rate for younger residents and immigrants are typically lower compared to older, U.S.-born residents. The question remains, however: to what extent are these underlying demographic differences between White residents and residents of color driving the region's large disparities?

When the influence of demographic differences between White residents and Black, Latino, and Asian residents is removed through statistical modeling, many of the disparities in employment, average hourly wage, and homeownership remain.

Employment rates

Adjusting for differences in age, immigration profile, and English skills somewhat closes the gap in employment rates for Asians and Latinos but not for Black residents (Figure 1). Removing the influence of eight demographic differences completely eliminates the gap for Latino residents relative to White residents but the employment rate for Blacks and Asians would remain below that of White residents.

FIGURE 1. TO WHAT EXTENT DO DEMOGRAPHIC DIFFERENCES EXPLAIN DISPARITIES IN EMPLOYMENT RATES?

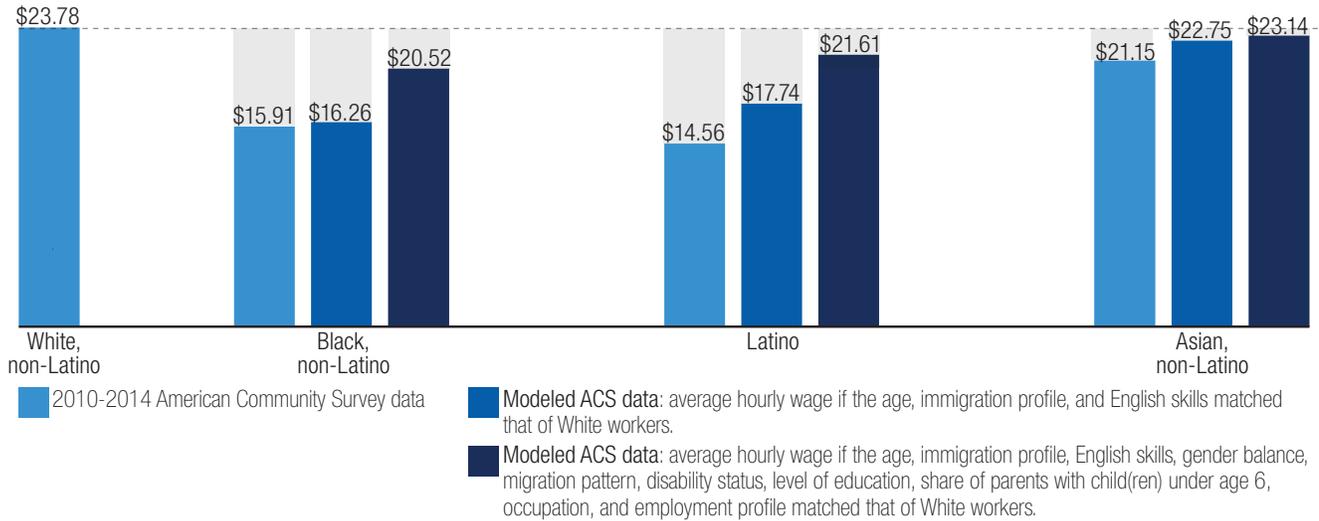


¹ The Twin Cities region's disparities between American Indian residents and White, non-Latino residents are also very large. However, the U.S. Census Bureau's American Community Survey Public Use Microdata Sample does not contain enough records from American Indian respondents to perform the same analysis.

Average hourly wage

The wage gap between White and Asian workers would close completely if differences in age, immigration profile, and English skills were removed (Figure 2). However, it would only partially close the gap for Latino workers and would barely close the wage gap for Black workers. Even after removing the influence of eight demographic differences, the disparities in average hourly wage for Latino and Black workers relative to White workers would remain, amounting to thousands of dollars less per year.

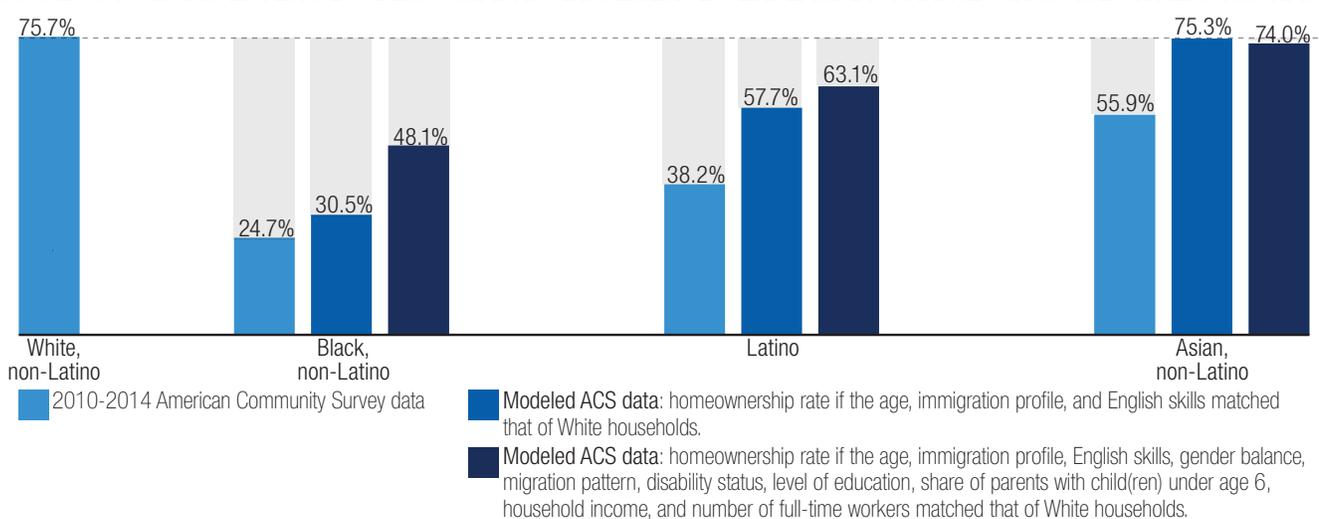
FIGURE 2. TO WHAT EXTENT DO DEMOGRAPHIC DIFFERENCES EXPLAIN DISPARITIES IN AVERAGE HOURLY WAGES?



Homeownership

Adjusting for differences in age, immigration profile, and English skills would eliminate the disparities in homeownership rates between Asian households and White households, but would only partially close the gap for Latino households and only slightly increase homeownership for Black households. Even after removing the influence of 10 demographic differences, Black homeownership would remain well below that of White households.

FIGURE 3. TO WHAT EXTENT DO DEMOGRAPHIC DIFFERENCES EXPLAIN DISPARITIES IN HOMEOWNERSHIP RATES?



Even when demographic differences between the region's White residents and residents of color are taken into account, the disparities in employment, income, and homeownership would remain.

The presence and potential growth of our region's disparities between White residents and residents of color may undermine our economic competitiveness and prosperity. 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.