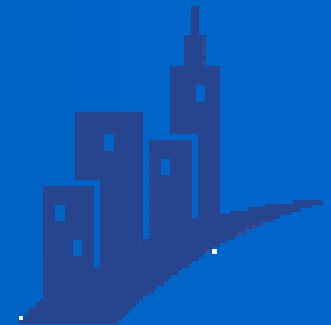




The Brookings Institution

Metropolitan Policy Program
Amy Liu, Deputy Director



Mind the Gap: Reducing Disparities to Improve Regional Competitiveness in the Twin Cities

Forum on the Business Response to Close Disparities
November 16, 2005



Main Findings of the Report

1. The Twin Cities region is blessed with a number of assets
2. Yet, underneath these broad regional successes are stark social and economic disparities
3. Reducing these disparities matters to the economic and fiscal future of the region
4. The Twin Cities has an opportunity now to address these disparities so it can remain an economically, high-quality region



First, the Twin Cities possesses enormous economic assets

- The region has one of the most highly educated populations in the country
- Median household income is the 14th highest among regions in the country; meanwhile poverty is one of the lowest
- Economy, especially in the two central cities, is diverse and rooted in the right industries
- The region has enviable natural amenities



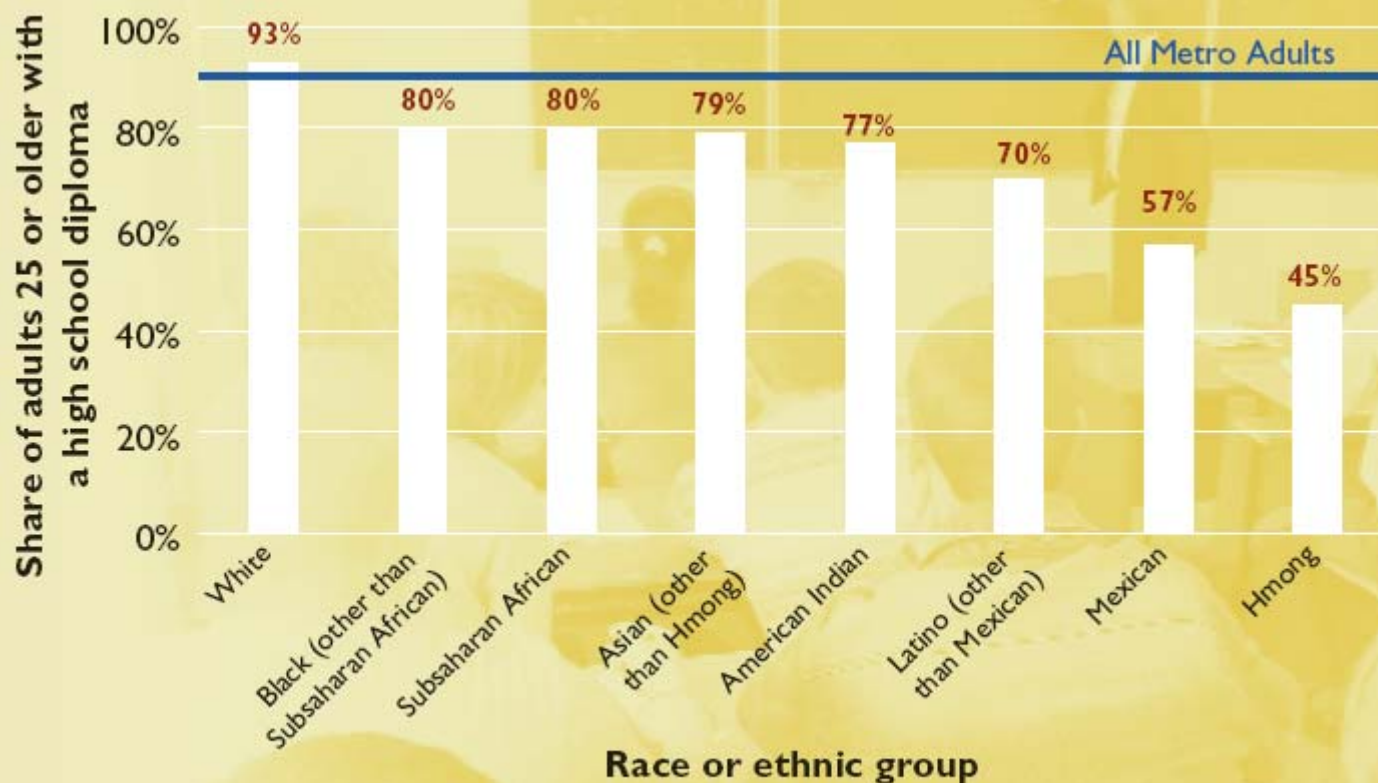
However, the broad regional strengths mask severe disparities in the Twin Cities

- Race Disparities—differences among race and ethnic groups
- Class Disparities—differences among income groups
- Place Disparities—differences between cities and suburbs (and among suburbs)



Race Disparities

The Twin Cities has the highest high school attainment rate in the country, but the rates among the Hmong, Mexicans, and other Latinos are dramatically lower



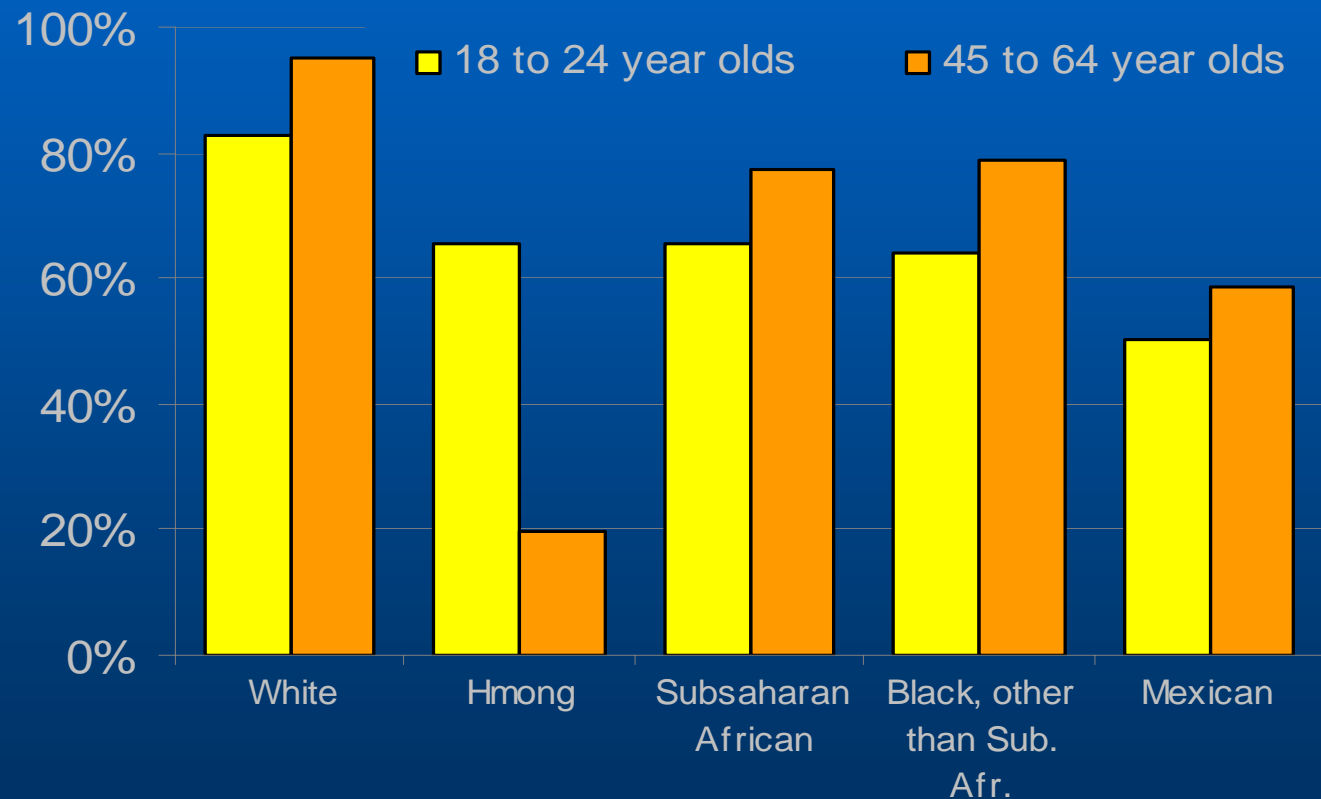
Source: U.S. Census Bureau



Race Disparities

High school attainment rates are low, even among younger generations as compared to those of older adults. The exception is Hmong young adults, who made significant gains in high school attainment, but still trail white young adults

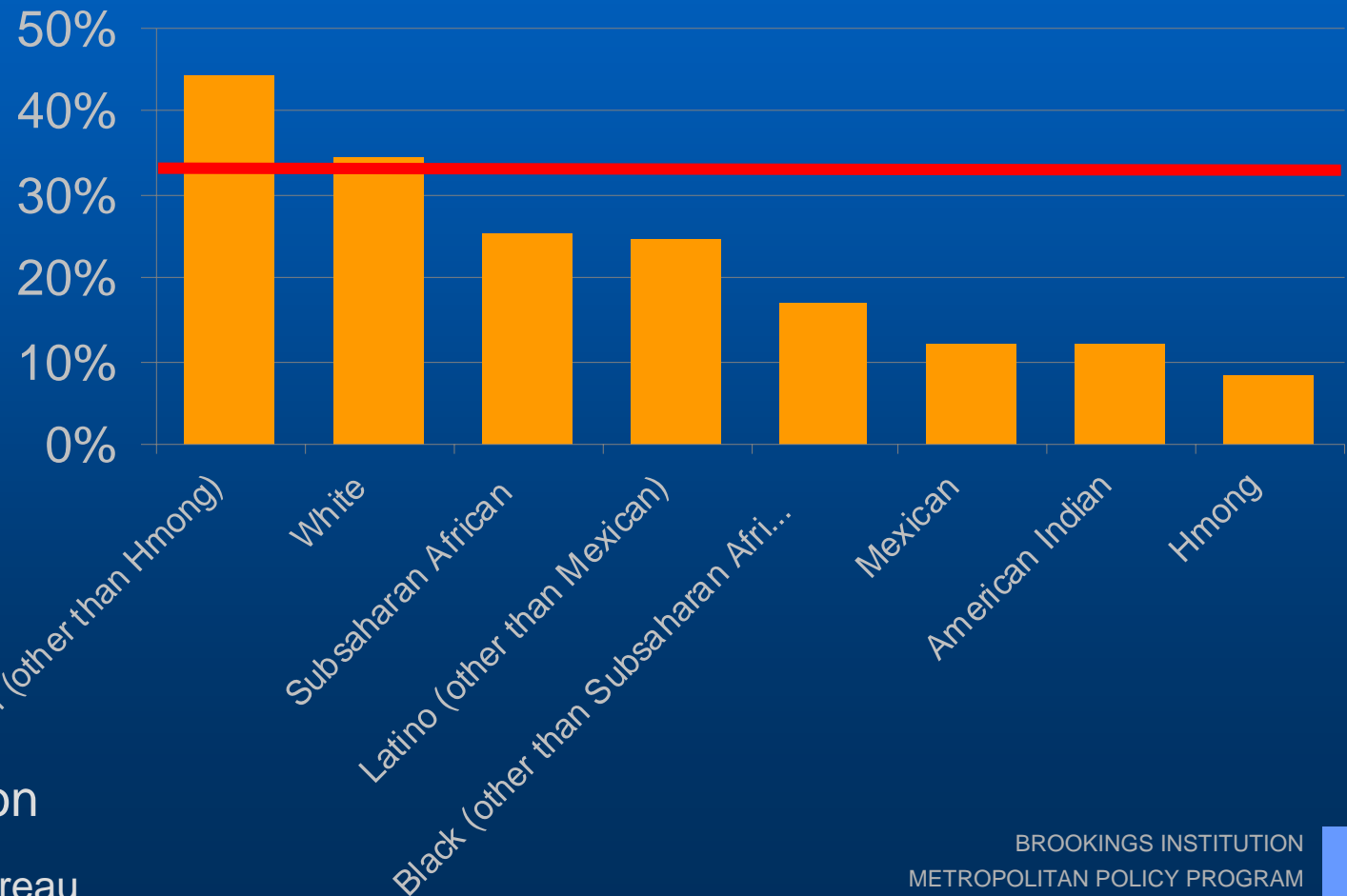
Share of adults with a high school degree by selected age groups and race/ethnic group, 2000.





Educational disparities persist when looking at college attainment rates

Share of MSA
25+ population
with BA, 2000



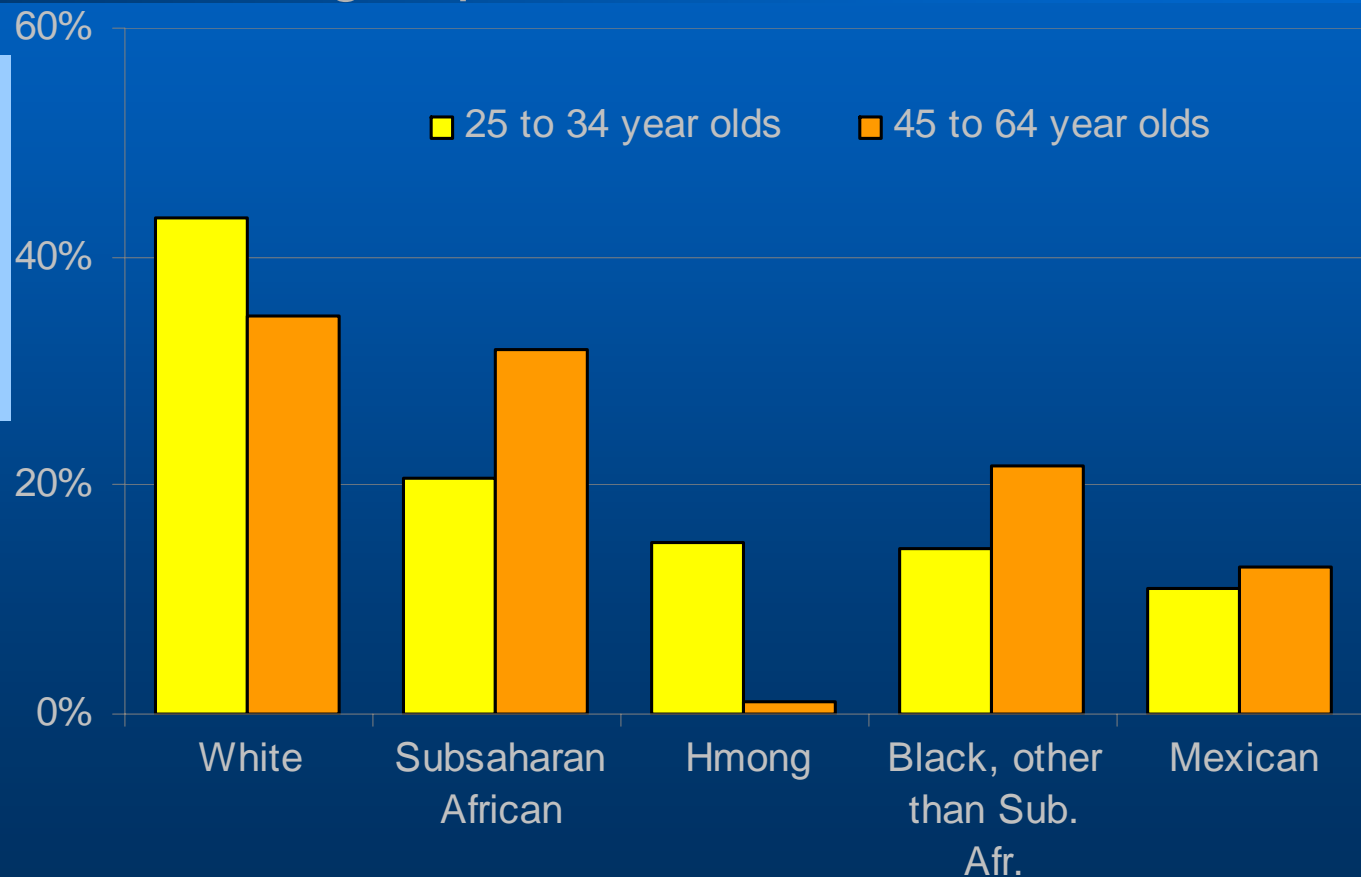
Source: U.S. Census Bureau



Race Disparities

And the divide is even more stark when looking at generational differences. While white 25-34 years olds are more likely to have a college degree than older white adults, the same is not true for most other ethnic groups.

Share of adults with a college degree or higher by selected age group and race/ethnic group, 2000.

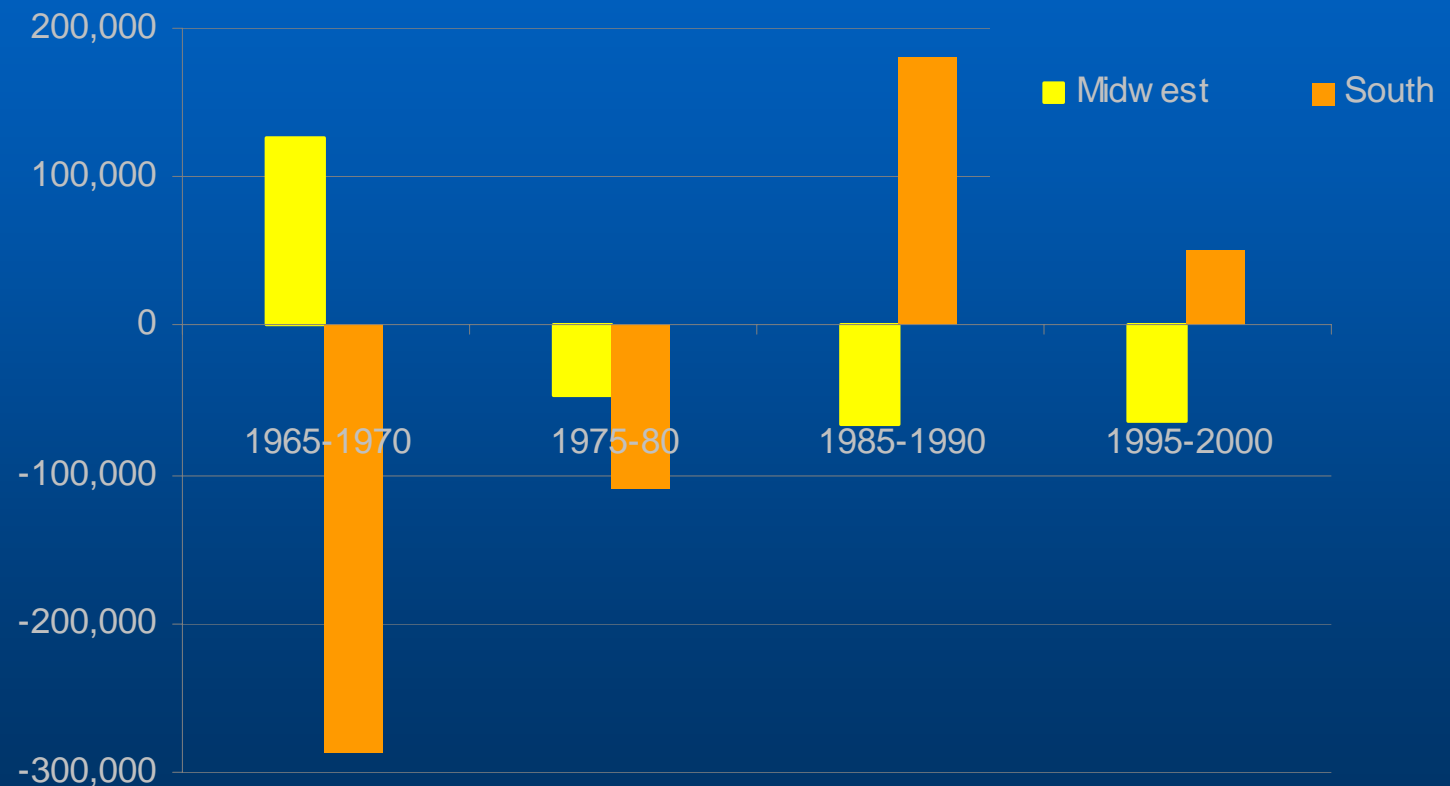




Race Disparities

While the Midwest experienced a net out-migration of African Americans since 1975, possibly explaining low college attainment rates among blacks...

Black net migration by region, 1965 to 2000



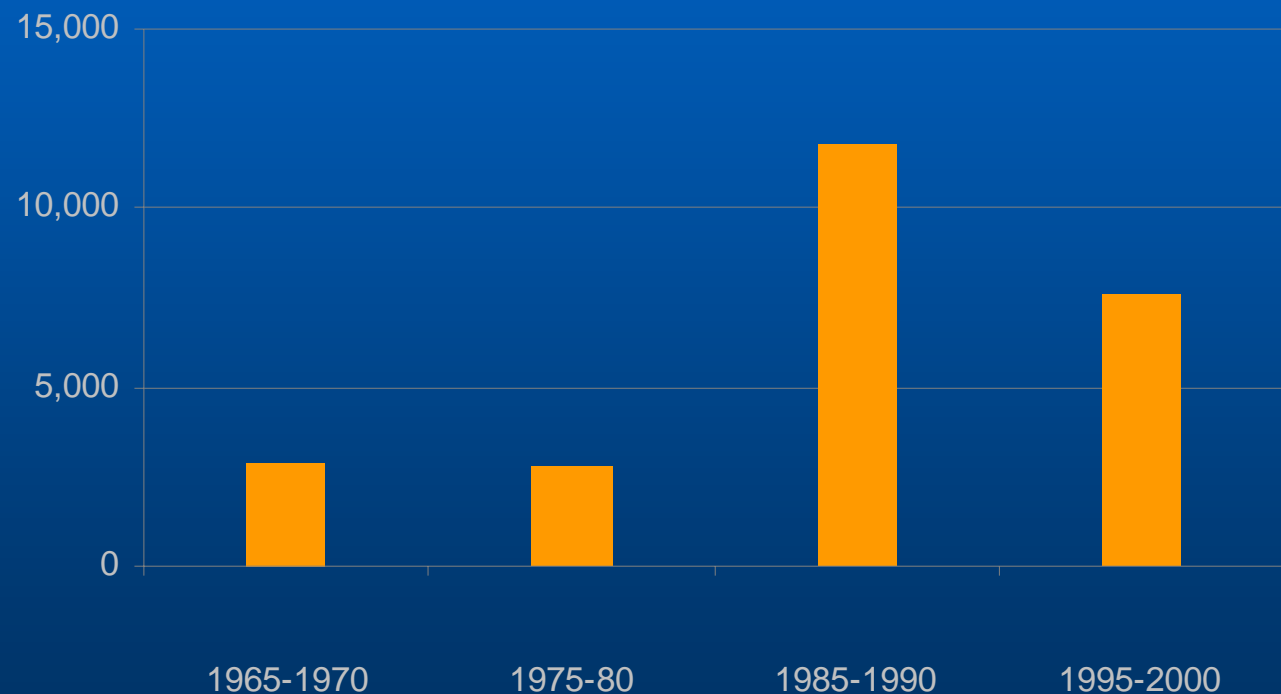
Source: William H. Frey, "The New Great Migration,"
Brookings, 2004



Race Disparities

...the Minneapolis-St. Paul metro area has actually been a net gainer of African Americans for the last four decades, attracting 7,600 net new blacks in 1995 to 2000 alone

Black net migration
Minneapolis-St.
Paul metro, 1965
to 2000



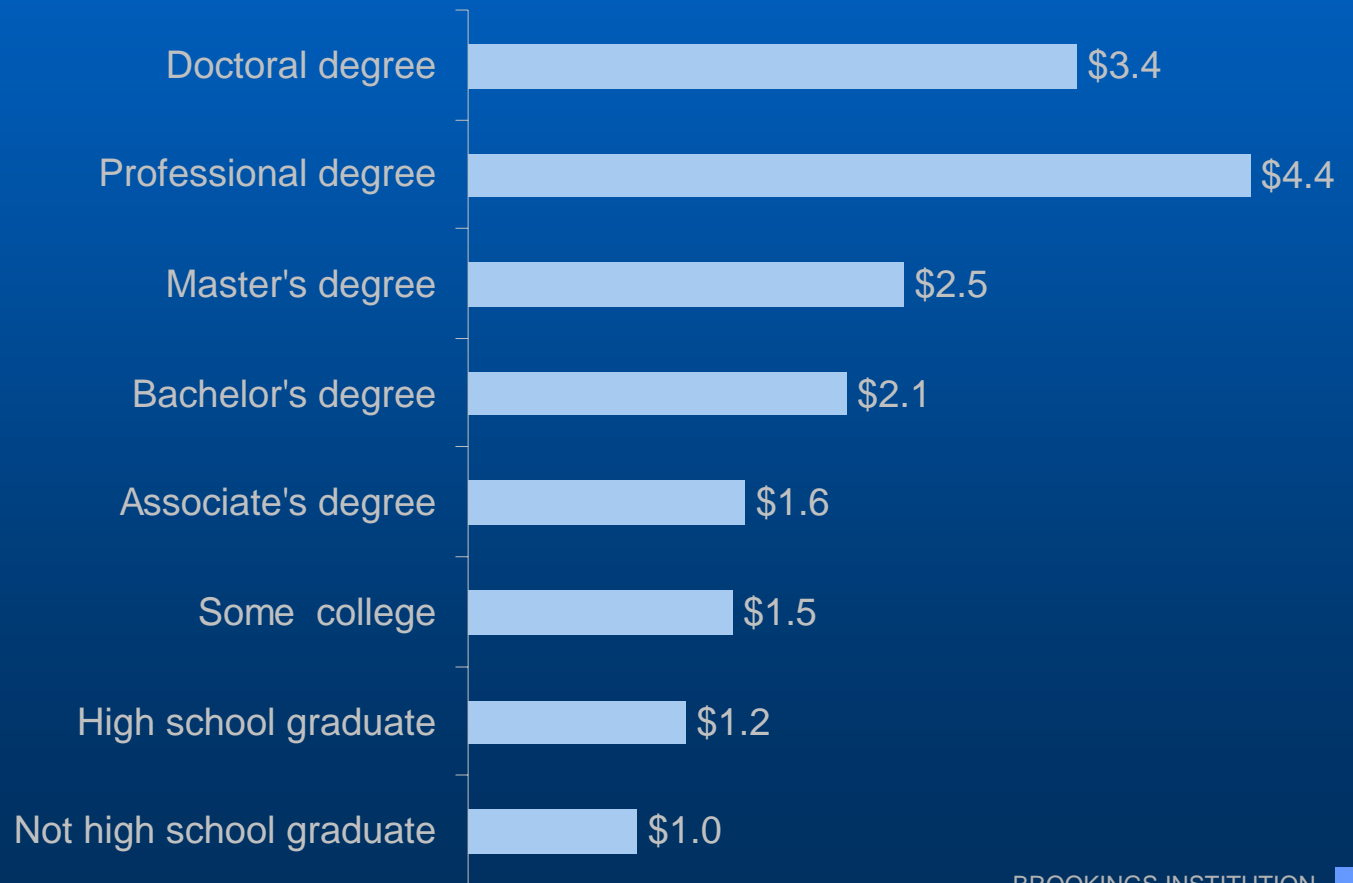
Source: William H. Frey, "The New Great Migration,"
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Education matters. Nationally, the more you learn, the more you earn

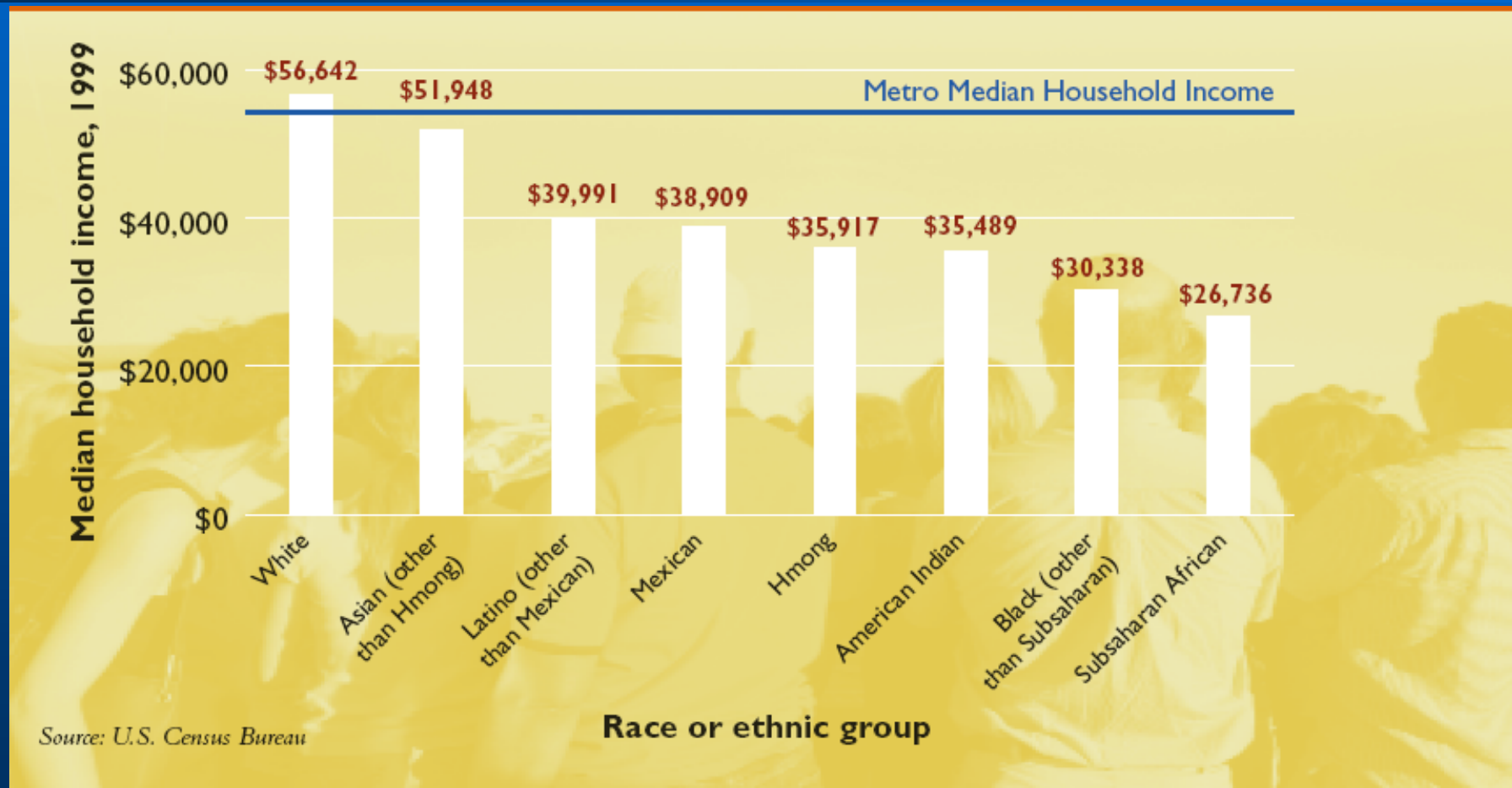
Work-life earnings estimates (millions), 1997-1999

Source:
“The Big Payoff: Educational Attainment and Estimates of Work-Life Earnings,”
U.S. Census Bureau





Thus, with overall lower education levels, minorities have lower household incomes than whites

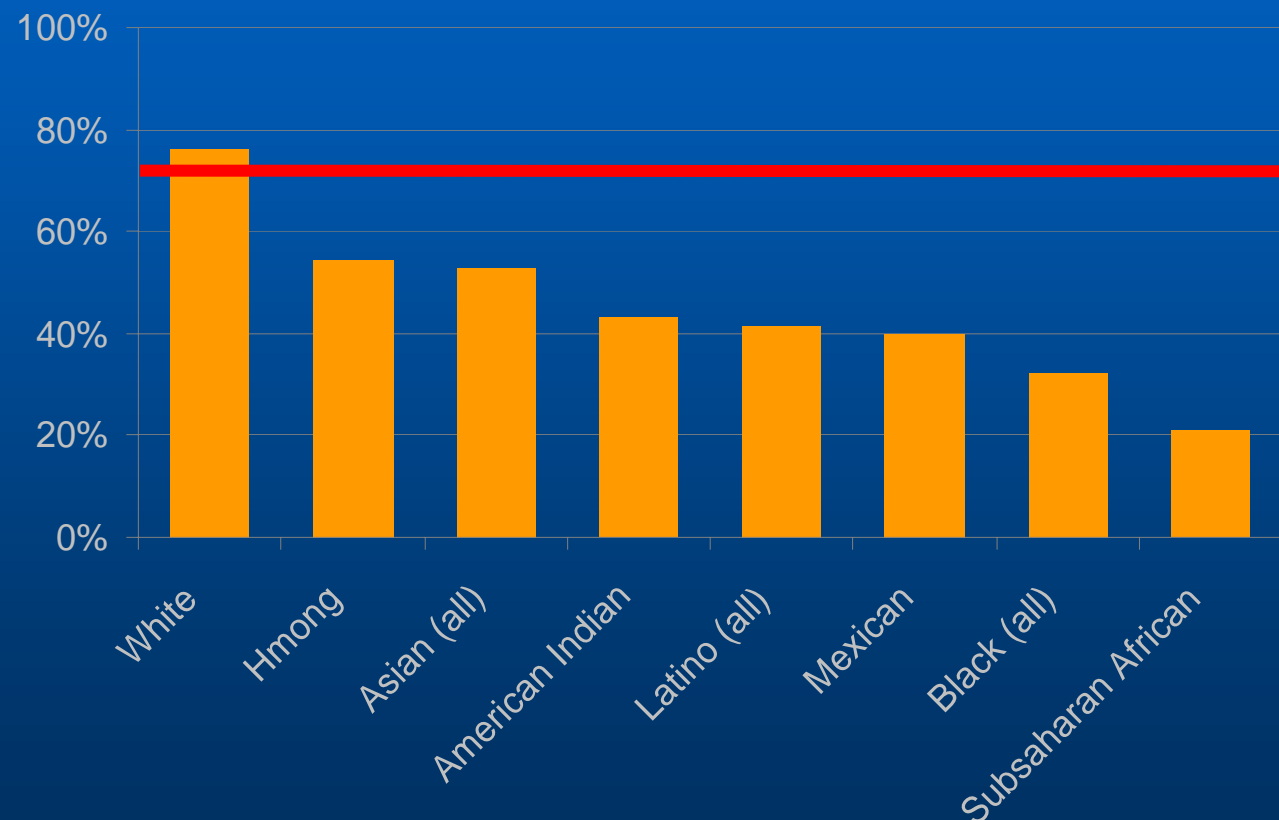




Race Disparities

Minorities also have less access to wealth; region has the 7th highest homeownership rate in the country, but again not all participate in that asset

Housing tenure by race/ethnic group, 2000



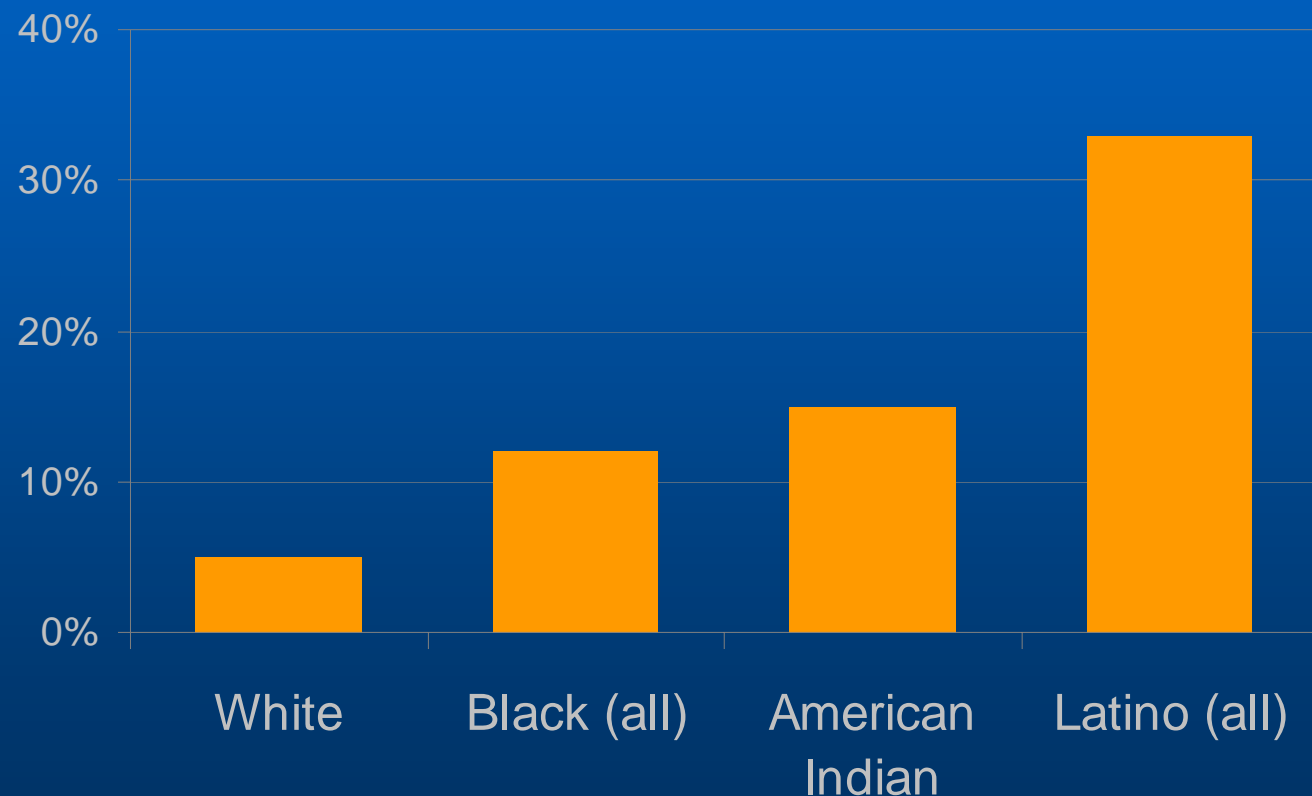
— Total population



Race Disparities

Further, there are severe healthcare disparities; about one-third of all Latinos are not covered by health insurance

Share of race/ethnic group not covered by health insurance, Twin Cities MSA, 2004

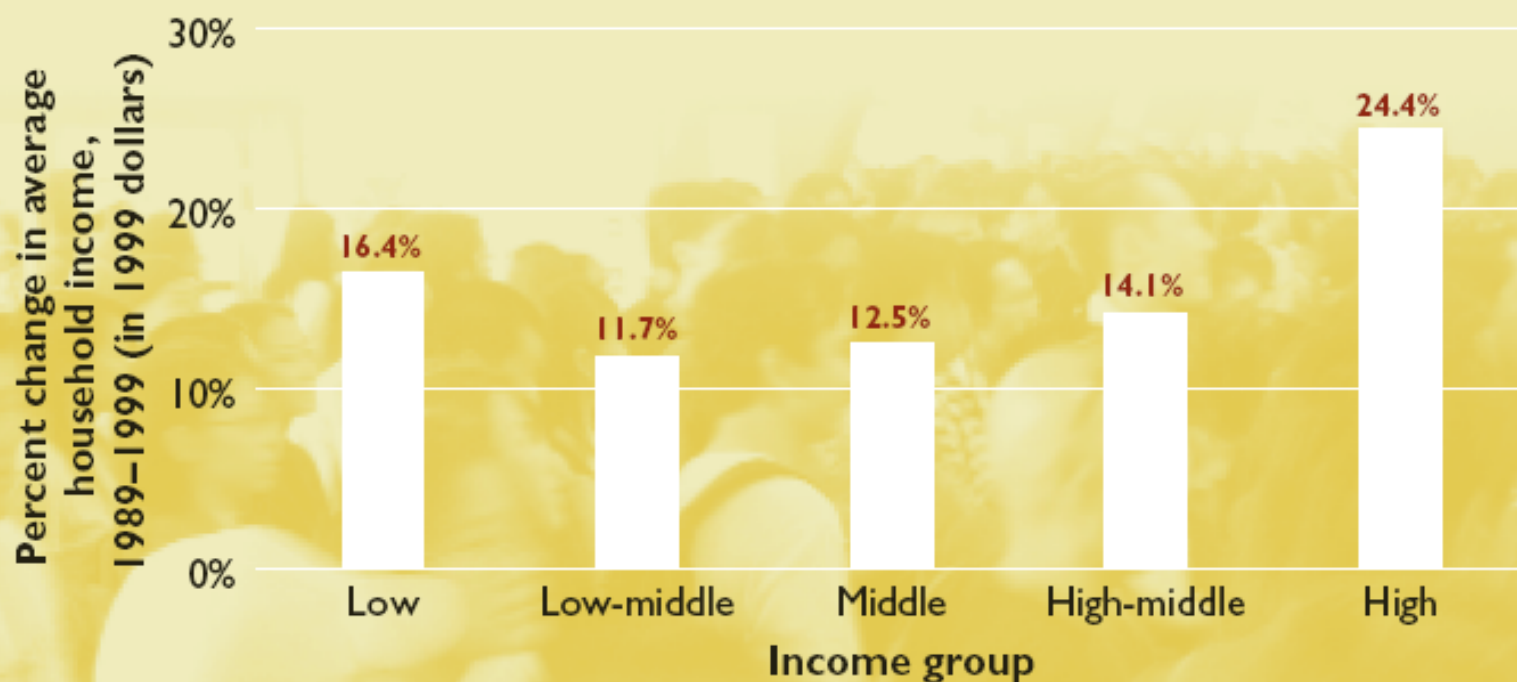


Source: Center for Health Statistics, "Populations of Color in Minnesota Health Status Report" 2004



Class Disparities

While income disparities are not stark in the region, incomes among the poorest fifth did not grow as fast as the highest earners



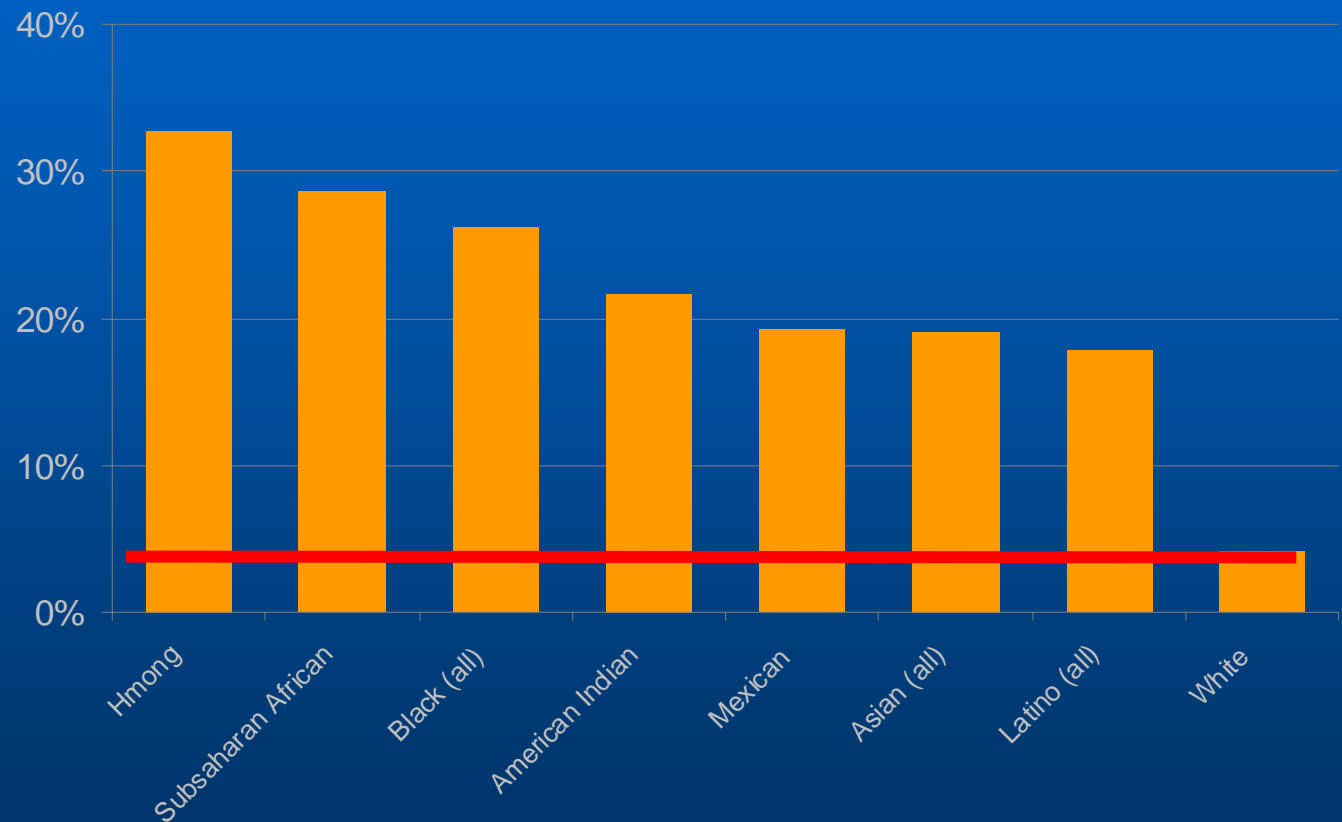
Source: Brookings calculation of PUMS data, U.S. Census Bureau



Class Disparities

The region has the third lowest poverty rates in the country, at 4 percent, but minorities are far more likely to be poor

Poverty rate by race/ethnic group, 1999



— Total population



Place Disparities

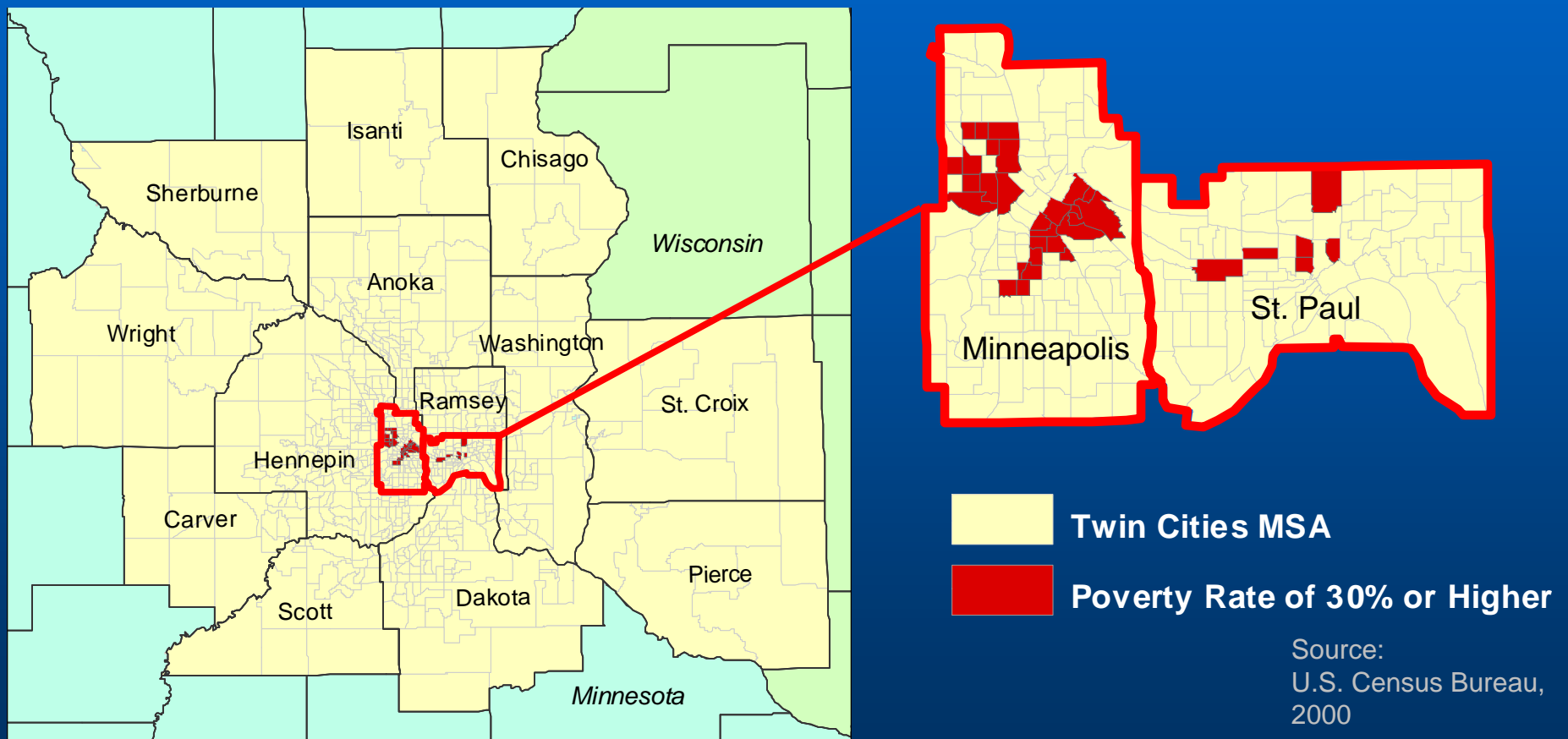
While population growth in Minneapolis and St. Paul have stayed the same in the last few decades, suburban growth has been rapid





Place Disparities

Currently, the metro area's only concentrated poverty neighborhoods are located in the two central cities





Minneapolis and St. Paul are also home to the majority of the region's families of color

- The two central cities have only 23% of the region's population
- But they have 54% of the region's minority population:
 - 87% of the Hmong population
 - 66% of the black population
 - 55% of the Mexican population
 - 50% of the Native American population



Main Findings of the Report

1. The Twin Cities is blessed with a number of assets
2. However, underneath these broad regional successes are stark social and economic disparities
3. Reducing these disparities matters to the economic and fiscal future of the region
4. The Twin Cities has an opportunity now to address these disparities so it can remain an economically, high-quality region



Reducing social and economic disparities is economically and fiscally smart

- Helps build a more competitive workforce
- Helps generate more income and cost savings for the Twin Cities metro
- Helps the suburbs build wealth

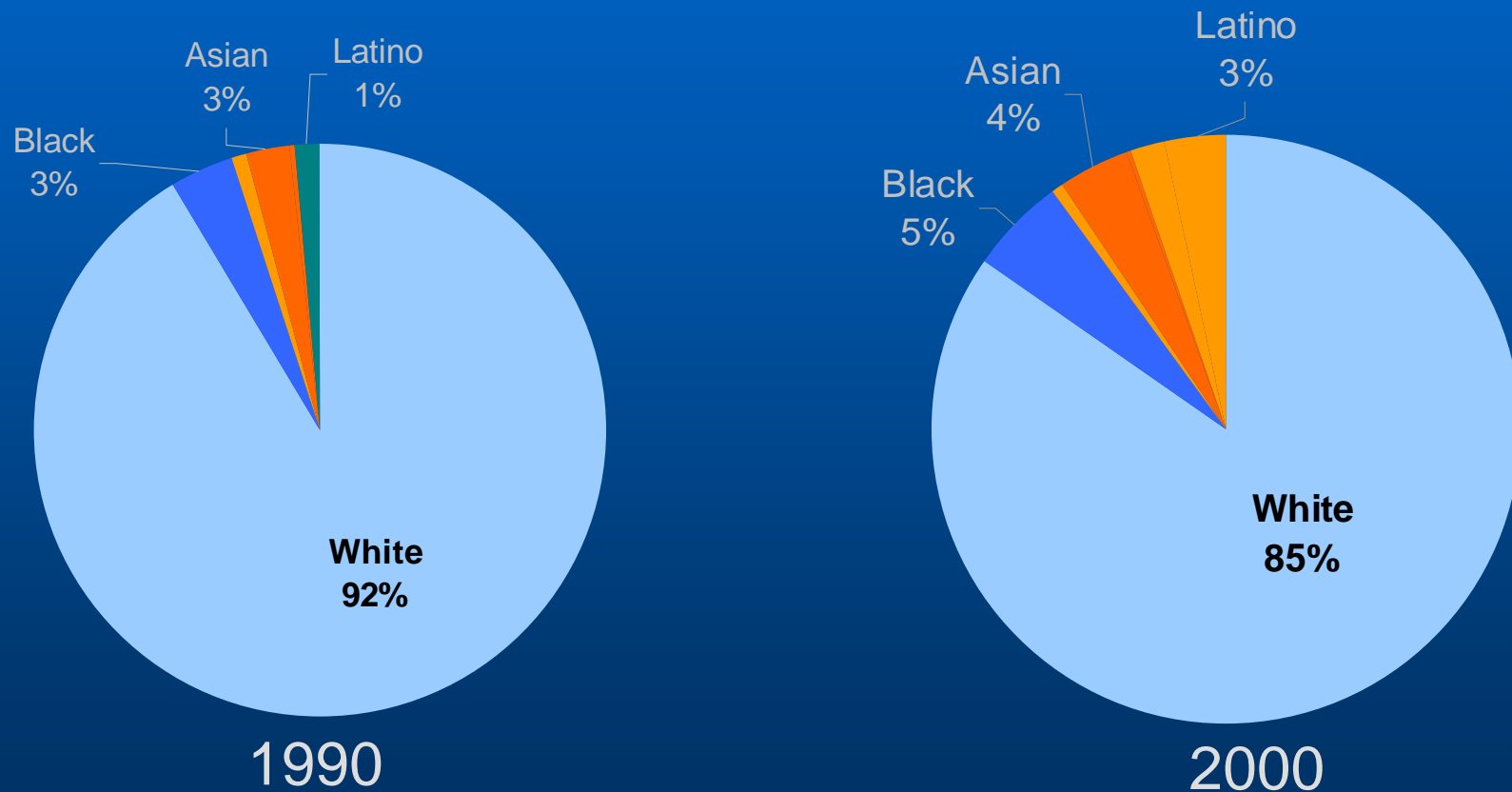


Like many regions, the Twin Cities will need to replace the retiring baby boomers

- In six years, 2011, the first of the baby boomers will begin to retire. The rest will hit retirement by 2029.
- By 2029, the region will have to replace 776,000 retirees.
- Most of those retiring are highly educated—46 percent have at least a college degree
- In other words, by 2029, the region will have to replace 350,000 highly educated workers

Future Workforce

The replacement workforce will be more diverse. While the minority share of the metro's population is small, it has doubled between 1990 and 2000





Those trends will likely continue: the region added another 63,000 minorities since 2000



Source: U.S. Census Bureau



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There are three sets of strategies to reduce disparities

- **Tailor the basics:** Make sure education, healthcare, and public safety meet the needs of the region's 21st century population
- **Increase income and wealth:** Help minority groups close the gap on economic measures (e.g., access to EITC and food stamps, homeownership, financial literacy)
- **Continue to act regionally:** Increasingly diverse households are also found in the suburbs



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