

Accounting for Regional Differences in the Economic Status of Asian Americans:

The Case of New York and Los Angeles

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One persistent stereotype of Asian Americans (AAs) is that of being economically successful, and much of this perception is based on national income statistics that often show that this group fare better than any other racial group. These numbers, however, do not account for enormous geographic differences, nor account for the fact that AAs are heavily concentrated in the largest metropolitan areas, where the cost of living are higher, which is partially compensated by higher wages. Accounting for regional and urban/suburban differences produces a very different picture of the relative economic status of Asian Americans. This technical memo examines this reality in three parts. The first part compares income statistics for AAs in five geographic regions: Los Angeles County; the balance of the Los Angeles Consolidated Statistical Area; New York City; the balance of the New York Consolidated Statistical Area; and the balance of the United States outside of the two CSAs. Part two examines annual employment status and earnings of AAs in those regions. The final section addresses the question of how AAs are situated within each region relative to Non-Hispanic whites and other minorities.

Table 1 reports broad measures of the economic status of Asian American households. Clearly, place matters, with noticeable income diversity by the listed geographies. There are several noticeable patterns. Those in the urban core fare worse than the rest of the nation, while those in the surrounding suburban ring fare better. Average (mean) HH incomes are lower in the two core urban areas (Los Angeles County and New York City) than the national average, while the surrounding areas fare considerably better. The disparity in the New York is substantial, mirroring the traditional urban/suburban divide. In fact, the balance of the NY CSA has the highest average HH income for the five reporting areas, while NY City has the lowest average. The Los Angeles metropolitan area, on the other hand, is not as stratified, in part because of its complex and more recent development that is less defined by a simple urban/suburban dichotomy.

The regional variations are also apparent in the other statistics in Table 1. Over a third of AA households in New York City reported less than \$35,000 in annual income, considerably higher than any of the other four geographies. At the same time, over half of the households in the surrounding New

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York ring reported income of at least \$100,000, a proportion that is one and a half times higher for the rest of the nation. While Los Angeles also shows that households in the surrounding ring are more likely to be in the top income category, the differences are smaller. Not surprisingly, the statistics on per capita income show the same hierarchy as mean household income, ranked from the highest to lowest: New York suburban ring, the balance of the United States, Los Angeles suburban ring, Los Angeles County, and New York City. Poverty rates have the opposite order, with over one-in-six AA New Yorkers living below the federal poverty line.

The inter-regional differences in income are rooted in variations in earnings, which are reported in Table 2. The levels of labor-market activity among Asian Americans 16 years and older are very similar in Los Angeles County, the balance of the LA metropolitan area, and New York City. Slightly more than two-fifth worked full-time and full-year, and about a quarter worked less than FT/FY. On the other hand, nearly half of those in the NY suburban ring worked FT/FY, which contributes to the higher household and per capita incomes reported above. Greater labor-market attachment, however, is only a small factor in generating geographic disparities, and a more important factor is higher earnings. For example, half of AA workers in the NY suburban ring earned at least \$50,000 annually, while the proportion for the other regions is closer to one-third. Among FT/FY workers in the former region, half earned on the average nearly \$82,000 annually, nearly one and a half times more than the average of those in New York City.

Table 3 reports how well Asian Americans fare within each region relative to non-Hispanic Whites (NHWs) and others (comprised mainly of Latinos and African Americans). Since NHW income is the benchmark, their parity values are all equal to 1.00 and not reported. Any parity value for income and earnings below 1.00 means that group within that region fares worse than NHWs, and the lower the value, the greater the disparity. Values above 1.00 mean that the group within a region fares better than NHWs. The parity index has the opposite interpretation for poverty.

Although much has been asserted about Asian Americans being a model minority that has “out white whites”, the statistics show a different and nuanced picture. In terms of mean household income, Asian Americans certainly fare better than other minorities, but Asian Americans are below parity relative to NHWs in Los Angeles County, the Los Angeles suburban ring, and New York City. Household-level statistics, however, do not take into account that Asian American households tend to be large. Per capita income does. Asian Americans again fare better than other minorities, but are not at parity with NHWs in all five regions. The same pattern holds in terms of mean FT/FY earnings and poverty. The lower average earnings are intriguing given that Asian Americans have higher levels of educational attainment in most regions. This group receives a lower economic return to schooling because many highly educated Asian immigrants experience significant downward mobility. The analysis is also consistent with the assertion that national statistics are misleading because they do not take into account that Asian Americans are over concentrated in high-income and high-cost metropolitan areas such as Honolulu, the San Francisco Bay Area, and Washington D.C. Overall, the analysis indicates that Asian Americans occupy a middle ground in this country’s racialized economic stratification with considerable geographic differences.

TABLES:

Source: Tabulation by author from 2006-08 ACS Public Use Micro Samples

Table 1: AA Income by Location

	Los Angeles County	Rest of LA CSA	New York City	Rest of NY CSA	Rest of U.S.
Asian Alone HHs	412,323	224,390	301,594	273,845	2,948,112
Mean HH Income	\$84,672	\$96,296	\$76,481	\$125,665	\$88,139
HHs by Income Category					
Less than \$34,999	28.1%	22.4%	34.6%	14.1%	25.3%
\$35,000 to \$99,999	41.6%	39.8%	41.6%	35.1%	43.0%
\$100,000 or more	30.3%	37.8%	23.8%	50.8%	31.7%
Per Capita Income	\$29,437	\$30,755	\$25,630	\$40,520	\$29,823
Poverty Rate	10.6%	9.7%	17.3%	5.6%	10.5%

Table 2: AA Earnings by Location

	Los Angeles County	Rest of LA CSA	New York City	Rest of NY CSA	Rest of U.S.
16 and Older Population	1,067,713	614,951	788,350	697,623	7,381,304
Full-Time and Full-Year	41.1%	41.9%	42.5%	48.4%	43.1%
Less than FT/FY	24.3%	24.9%	24.2%	23.8%	27.5%
Annual Earnings, all workers					
\$1 to \$19,999	28.9%	27.6%	35.7%	22.0%	31.1%
\$20,000 to \$49,999	36.5%	33.7%	35.1%	27.5%	35.0%
\$50,000 or more	34.6%	38.7%	29.2%	50.5%	33.9%
Mean FT/FY Earnings	\$59,203	\$64,793	\$55,320	\$81,946	\$61,666

Table 3: Within Region Income Stratification  
 (Normalized to NH White values within region)

	Los Angeles County	Rest of LA CSA	New York City	Rest of NY CSA	Rest of U.S.
Mean HH Income					
Asian Alone HHs	0.81	0.98	0.70	1.11	1.20
Other Minority HHs	0.56	0.68	0.47	0.60	0.67
Per Capita Income					
Asian Alone	0.62	0.76	0.51	0.92	0.97
Other	0.36	0.43	0.37	0.49	0.54
Poverty Rate					
Asian Alone	1.30	1.47	1.55	1.14	1.11
Other Minorities	2.41	2.36	2.12	3.04	2.47
Mean FT/FY Earnings					
Asian Alone	0.69	0.84	0.58	0.95	1.07
Other Minorities	0.44	0.54	0.44	0.54	0.67