

**Employment and Economic Status  
of Minnesota Resettled Refugees**

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## Introduction

“Amid a growing number of arrivals from other states, Minnesota has seen an increase in Somali food and cash assistance participation since 2010. A recent report comparing various groups in the state paints a “stark” picture of the challenges Somali Minnesotans face, said Susan Brower, the state’s demographer. Almost 60 percent live under the poverty line, compared with 11 percent of all Minnesota.”<sup>1</sup>

In my extensive search for timely, objective, reliable and unbiased information concerning the employment and economic status of resettled refugees living in Minnesota, the Office of State Demographer has provided the definitive report. The information presented in this paper has been taken directly from the report referred to by Susan Brower, Minnesota State Demographer, in the direct quote from the August 7, 2016 Star Tribune article used to start this paper. The report was prepared by the Office of State Demographer and is titled: “The Economic Status of Minnesotans: A Chartbook With Data For 17 Cultural Groups, January 2016”. The tables used for this work have been directly taken from the report and placed into this document. Format limitations did require slight changes in how the data appears; but, the reader can access the full report in it’s original format at <https://mn.gov/admin/demography/data-by-topic/immigration-language/>.

In the interest of avoiding duplication of footnotes to the data tables they are provided here:

All data are approximate and contain error margins around them.

Error margins for a 95% confidence interval are shown in the table and graph.

“S” means the data were suppressed due to too few survey respondents.

The brief narratives are written to bring attention and interpretation to what the author believes to be the main findings from the data presented. The major findings along with some information on the welfare costs for refugees and the general welfare budget for FY 2014 will be listed at the end of the work. The paper ends with a discussion, summary and some general conclusions.

## Employment Information

Labor force participation is one of the two primary metrics used to assess the employment status of a group of people. The second metric most commonly reported is the unemployment rate. About 17% of Whites ages 16-64 were not participants in the Labor Force in 2015 which is 15, 6, 13, and 9 percentage points greater than Blacks, Mexicans, Hmong, and Somali respectively. This means the four largest minority groups in Minnesota in 2015 all were substantially less engaged in the Labor Force than White Minnesotans. If you are not actively seeking work or in the Labor Force, you are dependent on your savings, government programs, and or charity to cover your, and your dependents, living expenses. Based on the estimated percentage of Blacks, Mexicans, Hmong and Somali in the labor force about 42,300 Blacks, 25,100 Mexicans,

12,200 Hmong and 6,300 Somali people were out of the labor force and dependent on savings, government programs or charity to cover their, and their dependents living expenses.

Table 12: People Ages 16-64 by Labor Force Participation in Labor Force

Cultural Group	Not in the Labor Force	Not in the Labor Force, Margin of Error (+/-)	In the Labor Force	In the Labor Force, Margin of Error (+/-)
Dakota	2,000	400	2,000	500
Ojibwe	7,800	900	13,600	1,300
Asian Indian	6,200	1,000	23,500	2,400
Chinese	4,800	1,100	15,000	1,700
Filipino	1,400	500	8,100	1,300
Hmong	<b>12,200</b>	1,800	29,000	2,200
Korean	3,400	800	11,400	1,900
Lao	2,500	900	6,300	1,300
Vietnamese	4,800	1,200	15,900	2,200
African-American	<b>42,300</b>	2,600	90,600	3,700
Ethiopian	1,900	800	9,700	1,900
Liberian	2,000	800	8,700	1,600
Somali	<b>6,300</b>	1,200	17,600	2,800
Mexican	<b>25,100</b>	2,000	85,500	2,900
Puerto Rican	1,800	600	6,100	1,200
Russian	1,500	600	3,900	1,000
White	502,700	8,200	2,411,000	8,000
All Minnesotans, 16-64	661,000	9,800	2,855,800	9,400

Not in Labor Force for All Minnesotans, 16-64 19%  
 Five Largest Cultural Groups Not in Labor Force

White	17%	Hmong	30%
Black	32%	Somali	26%
Mexican	23%		

Table 15: People Ages 16-64 in the labor Force, By Employment Status

Cultural Group	Unemployed	Unemployed, Margin of Error (+/-)	Employed	Employed, Margin of Error (+/-)
Dakota	S	S	S	S
Ojibwe	2,500	500	11,100	1,100
Asian Indian	1,500	700	22,000	2,400
Chinese	1,000	400	14,100	1,700
Filipino	400	200	7,700	1,300
Hmong	<b>3,300</b>	700	25,700	2,100
Korean	1,000	500	10,500	1,800
Lao	300	200	6,000	1,200
Vietnamese	700	400	15,100	2,000
African-American	<b>17,400</b>	1,800	73,100	3,500
Ethiopian	1,600	700	8,100	1,600
Liberian	1,400	600	7,300	1,500
Somali	<b>3,300</b>	1,000	14,200	2,500
Mexican	<b>8,200</b>	1,400	77,200	2,800
Puerto Rican	600	400	5,400	1,100
Russian	S	S	S	S
White	133,000	4,100	2,278,000	9,100
All Minnesotans, 16–64, in LF	186,700	5,100	2,669,100	10,100

In Labor Force Unemployed

	All Minnesotans, 16-64		7%
Five Largest Cultural Groups	In Labor Force Unemployed		
White	6%	Hmong	11%
Black	19%	Somali	19%
Mexican	10%		

In 2015, Whites had the lowest unemployment among Minnesotans in the labor force and Blacks and Somalis had the highest unemployment among Minnesotans in the labor force. The unemployment rate for Blacks and Somalis (19%) was over three times greater than the White unemployment rate (6%) in 2015. The total estimated number of unemployed individuals from the Black (17,400), Mexican (8,200), Hmong (3,300) and Somali (3,300) groups was 32,200. This disparity is magnified by the lower labor force participation rates of Blacks (32%) and Somalis (26%). (See Table 15 on the previous page)

The economic status of Blacks and Somalis is negatively impacted by an unemployment rate approaching 1 in 5 workers further stressing an individual's ability to cover their and their dependents living expenses. Less employment in the groups means more reliance on government programs and charity.

When those in each population group who are out of the labor force are included with the unemployed from each group, the total number of individuals from the four largest non white groups dependent on government or charitable support is known. That number is estimated to be 118,200 disaggregated as follows: Blacks 59,700, Mexican 33,300, Hmong 15,500 and Somali 9,700. (See Table 16 on the next page)

When percent of unemployed and out of the labor force are examined, the largest percentage, for a group, of 16-64 year olds out of the labor force or unemployed is among African-Americans at 45%. Somalis have the second largest percentage with 40% of their 16-64 year olds out of the labor force or unemployed. It is twice as likely that an African-American will be unemployed or out of the labor force than a White Minnesotan (22%), Somalis are nearly twice as likely to be out of the labor force or unemployed than Whites. African-Americans and Somalis are much more dependent on government and charitable support to meet their economic needs than are White Minnesotans.

## **Economic Status**

Employment data is only one way to look at the economic status of a population. The following findings will provide insight into the annual incomes of groups of Minnesotans.

Median income is the point at which half the individuals earn less than that amount and half earn more. In 2015, the Median household income of Minnesotans was \$60,900. Whites had a median household income of \$64,100 with the next four largest groups of Minnesotans (Blacks, Mexicans, Hmong and Somali) having a substantially lower median household incomes than Whites. In order of median income, Hmong had the highest median income at \$53,000 and Somalis had the lowest median income at \$18,400. Black median income was \$28,800 and Mexican medium income was \$38,500 in 2015.

When the percent of household income above and below \$35,000 (an amount at or near the poverty level) is examined, more information about the distribution of income within a group is identified.

As with medium household income, Whites have the greatest percent of households earning more than \$35,000 (74%). Blacks (42%) and Somalis (25%) have the lowest percent of households earning more than \$35,000 (See Table 22 on page 8). The percentage of White households making more than \$35,000 annually is 32 percentage points greater than Black households (74% v. 42%). The percent of White households making more than \$35,000 is 51 percentage points greater than Somali households (74% v. 25%). (continued on page 7)

Table 16: All People Ages 16–64, By Employment and in Labor Force

Cultural Group	Unemployed or Not in Labor Force	Unemployed or Not in Labor Force, Margin of Error (+/-)	Employed	Employed, Margin of Error (+/-)
Dakota	2,400	500	1,700	500
Ojibwe	10,300	1,000	11,100	1,100
Asian Indian	7,600	1,200	22,000	2,400
Chinese	5,800	1,100	14,100	1,700
Filipino	1,800	500	7,700	1,300
Hmong	<b>15,500</b>	1,800	25,700	2,100
Korean	4,300	900	10,500	1,800
Lao	2,800	900	6,000	1,200
Vietnamese	5,600	1,200	15,100	2,000
African-American	<b>59,700</b>	3,100	73,100	3,500
Ethiopian	3,400	1,100	8,100	1,600
Liberian	3,400	1,000	7,300	1,500
Somali	<b>9,700</b>	1,800	14,200	2,500
Mexican	<b>33,300</b>	2,400	77,200	2,800
Puerto Rican	2,400	700	5,400	1,100
Russian	1,600	600	3,800	1,100
White	635,700	9,100	2,278,000	9,100
All Minnesotans, 16–64	847,700	10,400	2,669,100	10,100

Not in Labor Force or Unemployed

	All Minnesotans, 16-64		24%
Five Largest Cultural Groups			
White	22%	Hmong	38%
Black	45%	Somali	40%
Mexican	30		

**Table 21: Median Household Income (in 2014 dollars)**

Cultural Group	Median Household Income	Median Household Income, Margin of Error (+/-)
Dakota	S	S
Ojibwe	\$28,100	\$3,200
Asian Indian	\$89,300	\$9,700
Chinese	\$71,900	\$13,800
Filipino	\$74,900	\$13,100
Hmong	<b>\$53,000</b>	\$4,000
Korean	\$56,300	\$14,400
Lao	S	S
Vietnamese	\$67,800	\$15,100
African-American	<b>\$28,800</b>	\$2,400
Ethiopian	S	S
Liberian	S	S
Somali	<b>\$18,400</b>	\$3,700
Mexican	<b>\$38,500</b>	\$2,200
Puerto Rican	S	S
Russian	S	S
White	<b>\$64,100</b>	\$500
All Minnesota Households	\$60,900	\$400

(from page 6) Black and Somali households have much less income on average than White households and they, on average, are more likely to need government assistance or charity to pay for household's living expenses.

Another way to look at income and dependence on government and charitable aid is to examine percent of a population living at, or nearly at, the federally defined poverty level. (See Table 23 on page 9) There is wide disparity in the percent of Minnesotans living in poverty in 2015. The overall poverty rate for Minnesotans in 2015 was 11% with whites having the lowest percentage (8%) of people living in poverty and Somalis having the highest percent (57%) living in poverty. When those living nearly in poverty (100%-199% of poverty level) are added to those living in poverty, the low and high groups remain the same. Whites have the lowest percent (21%) and Somalis have the highest percent (83%) living below, or near, the federally defined poverty level.

**Table 22: Households With Gross Annual Income Above and Below \$35,000 (in 2014 dollars)**

Cultural Group	Households With Income Less Than \$35,000	Households With Income Less Than \$35,000, Margin of Error (+/-)	Households With Income of \$35,000 or More	Households With Income of \$35,000 or More, Margin of Error (+/-)
Dakota	S	S	S	S
Ojibwe	7,300	800	5,300	800
Asian Indian	2,200	700	12,600	1,400
Chinese	2,300	600	6,600	1,100
Filipino	S	S	S	S
Hmong	4,500	800	9,200	1,100
Korean	2,000	700	4,300	1,000
Lao	S	S	S	S
Vietnamese	2,100	700	6,000	1,100
African-American	38,300	2,600	28,000	2,300
Ethiopian	S	S	S	S
Liberian	S	S	S	S
Somali	10,100	1,600	3,400	1,100
Mexican	19,600	1,800	24,300	1,900
Puerto Rican	S	S	S	S
Russian	S	S	S	S
White	470,400	6,900	1,369,200	7,200
All Minnesota Households	591,600	6,700	1,518,100	7,800

	Household Income Below \$35,000		
	All Minnesotans, 16-64		28%
Five Largest Cultural Groups			
White	26%	Hmong	33%
Black	58%	Somali	75%
Mexican	45%		

The largest Minnesota refugee-related population (Hmong), in 2015, have almost three times more of their population living below or near the poverty level than White Minnesotans (61% v. 21%). When the most recent (Somali) and second largest, refugee-related population are compared to White Minnesotans based on percent living below or near the poverty level, nearly four times more Somalis (21% v. 83%) live below or nearly below the poverty level than Whites. When the most recent refugee population (Somali) in Minnesota are compared to the largest and nearly 30 year resident refugee population (Hmong) in Minnesota, it appears that resettled refugees experience great challenges in escaping poverty and low-income status in the decades following resettlement.

With 61% of Hmong living below or near the poverty level after nearly 30 years of Minnesota residence and with Somalis having 83% of their group living below or nearly at poverty level, it looks like it will take a very long time for resettled refugees to escape poverty. This finding is supported by an examination of the two largest minority group's poverty levels. African-Americans (60%) and Hispanic (58%) Minnesotans experience very similar levels of poverty to the Hmong. With the three largest non-white populations having poverty levels nearly three times higher than White Minnesotans, the challenge to escape poverty are great for refugee and minority populations. It is commonly known that poverty has persisted within the African-American and Hispanic Minnesota population for multiple decades. With the second most recent group of refugees (Hmong) still having a poverty level almost 3 times as high as Whites, the challenge to escape poverty faced by the newly arrived Somalis may be overwhelming. (See page 10)

Federal refugee programs support refugees for as little as eight months and as much as five years after their arrival in the U.S. Like other state residents, refugees are eligible to receive various federal, state, and local government services and benefits. In Fiscal Year 2015, DHS spent \$81 million in state funds on benefits for refugees, such as healthcare and Minnesota Family Investment Program support.<sup>2</sup> Although the state and federal governments spend a large amount of money to (cont. on page 11)

Table 23: People in Poverty and Near Poverty (100–199% of Poverty Threshold)

Cultural Group	Living in Poverty	Living in Poverty Margin of Error (+/-)	Near Poverty (100–199% Poverty)	Near Poverty Margin of Error (+/-)
Dakota	1,800	600	1,300	600
Ojibwe	12,200	1,500	8,400	1,100
Asian Indian	2,700	1,500	4,000	1,600
Chinese	2,600	700	3,700	1,100
Filipino	1,000	400	1,900	700
Hmong	<b>17,700</b>	3,000	<b>22,300</b>	3,400
Korean	1,900	600	3,400	1,000
Lao	1,500	600	3,300	1,200
Vietnamese	4,300	1,600	5,100	1,600
African-American	<b>72,800</b>	5,400	<b>51,500</b>	5,600
Ethiopian	5,900	2,500	3,600	1,300
Liberian	2,800	1,100	4,500	1,600
Somali	<b>26,400</b>	5,200	<b>11,700</b>	2,900
Mexican	<b>47,100</b>	4,400	<b>57,200</b>	5,200
Puerto Rican	2,600	1,000	1,600	900
Russian	1,200	700	2,000	1,200
White	346,800	11,600	578,300	13,500
All Minnesotans	594,400	16,900	809,000	18,600

The federal poverty threshold in 2014 for a family with two parents and two children was about \$24,000 annually. (Writers note: 199% equals \$47,760)

#### Percent in Poverty    Percent Near Poverty    Percent at/or Near

All Minnesotans, 16-64	11%	15%	26%
White	8%	13%	21%
Black	35%	25%	60%
Mexican	26%	32%	58%
Hmong	27%	34%	61%
Somali	57%	26%	83%

( from page 9) support refugees, some state costs related to refugees are known while others are not (housing subsidy).

In Fiscal Year 2015, DHS spent \$81 million in state funds to support refugees, including: \$72.3 million on Medical Assistance; \$805,000 on MinnesotaCare; \$6.4 million on the Minnesota Family Investment Program; and \$1.2 million on General Assistance.<sup>3</sup> The following gives a snap shot of welfare spending in FY 2015:

House Research Department Minnesota Family Assistance

Table 1-6

Program	Expenditures	Funding Source	Federal Expenditures	State Expenditures	Average Monthly Recipients or Enrollees	Per Average Recipient
<b>General Assist.</b>	\$51,124,719	State 100%	0	\$51,124,719	23,019	\$2,221
<b>MFIP plus DWP and Work</b>	\$297,431,102	Fed. 72% State 28%	\$213,503,404	\$83,927,698	104,116	\$2,857
<b>MSA</b>	\$36,478,561	State 100%	\$0	\$36,478,561.00	30,454	\$1,198
<b>SSI</b>	\$637,649,000	Federal 100%	\$637,649,000	\$0.00	942,252	\$677
<b>MA</b>	\$9,265,115,272	Federal 53% State 45 % County 2%	\$4,887,865,664	\$4,210,265,009.00	838,256	\$10,854
<b>MnCare</b>	\$520,005,344	Enrollee 6% Fed. 47% State 47%	\$242,472,885	\$247,010,076.00	101,646	\$4,816
<b>MnSure</b>	\$30,958,985	Federal 100%	\$30,958,985	\$0.00	38,900	\$796
<b>Child Care</b>	\$122,844,578	Federal 52% State 48%	\$45,187,653	\$35,240,908.00	8,080	\$9,954
	\$10,961,607,561		\$6,057,637,591	\$4,664,046,971		

Updated: February 2016 Appendix III Program Expenditures and Caseload Data (State Fiscal Year 2014) <sup>4</sup>

## Summary, Conclusions and Discussion

With a large percentage of minority population living below or nearly below the poverty line, the demands on both governmental and charity for the poor are great and these demands appear to be unending. In the 2015 comparison to All Minnesotans, Resettled Somali Refugees had...

1. a higher than average “Not in Labor Force” rate (26%).
2. one of the highest “In Labor Force Unemployed” rates (19%).
3. one of the highest “Unemployed or Not in Labor Force” rate (41%).
4. the lowest household median income (\$18,400).
5. the highest “Percentage at/or Near Poverty” level (83%).
6. a greater dependance on government programs and charity
7. income levels qualifying them for refundable tax credits and
8. very low taxable income.

The poor employment metrics, poverty rate, and household median income of Resettled Somali Refugees is placing increased demands on local and state government as well as local charities. The preceding information supports the findings presented by the Minnesota Office of the Legislative Auditor in the 2006 report, “Economic Impact of Immigrants”.<sup>7</sup> Even though funding for family assistance programs is primarily shared by Federal and State resources, local governments are experiencing increased indirect cost (e.g. interpreters, increased personnel and office space) in response to growing high need populations.

The Resettled Somali Refugee household median income of \$18,400 suggests this group has little chance of economic success in my home region (Central Minnesota Economic Development Region of Benton, Sherburne, Stearns, and Wright counties). The yearly cost of living for this region ranges from a low of \$30,264 for a single individual to a high of \$57,852 for a married couple working full time with one child.<sup>6</sup> The cost of living only goes up for each additional child and in high living cost regions of the state.

With the experience of Hmong refugees and the continuing economic challenges faced by African-American and Hispanic Minnesotans, a pause in resettling of new high needs refugees, like Somalis, is needed. A pause provides an opportunity for a more focused and improved effort to enhance the employment and economic status of resettled refugees and other minority groups. Without a pause, more and more people will be competing to escape poverty. This makes it less likely that Minnesota will see improvement in both employment and economic status of the most needy among us.

Further, a rising demand for social services will mean a rise in the financial demands placed on local and state government entities. In Minnesota the demands exceeded \$81 million in 2015. These state and local costs created by the Refugee Act of 1980

were acknowledge by Senator Edward Kennedy, sponsor of the Act, in his paper recounting the conference committee process that lead to passage of the Act:

Because the admission of refugees is a federal decision and lies outside normal immigration procedures, the federal government has a clear responsibility to assist communities in resettling refugees and helping them to become self-supporting. ... State and local agencies were insistent that federal assistance must continue long enough to assure that local citizens will not be taxed for programs they did not initiate and for which they were not responsible.<sup>8</sup>

Other facts regard the Refugee Act reported in the Select Commission on Immigration and Refugee Policy's Final Report:

- authorized three years of federal medical support and cash support for those refugees who do *not* qualify for cash welfare or Medicaid. (now 8 months)
- authorized federal reimbursement to the states for three years of the state's portion of Medicaid, TANF, SSI, etc. paid on behalf of each refugee resettled in the state. (no longer in place)
- intended to insulate states from refugee costs. (not being achieved)
- three years of federal support was understood to be inadequate. (now 8 months)
- passed its costs to state and local governments, .... that "Areas with high concentrations of refugees are adversely effected by increased pressures on schools, hospitals and other community services."<sup>9</sup>

About a decade after passage of the Refugee Act of 1980 the Federal Government took action to reduce support to state governments for the costs related to resettled refugees. A 1990 GAO report reviewing the history of the program found that,

"With reductions in federal refugee assistance, costs for cash and medical assistance have shifted to state and local governments."<sup>10</sup>

The National Governors Association periodically issues complaints about the obligations placed upon states without consultation by the program.<sup>11</sup> The Senate report from the 1992 Reauthorization of the Refugee Resettlement Act acknowledged that the decision to stop reimbursing states for the state cost of Medicaid and cash welfare was causing pain at the state level:

*[S]ome smaller states indicate that they may eliminate their refugee programs entirely with such a cut [reimbursement to states]. And a consequence of such funding cuts is pressure to reduce the number of refugees admitted for resettlement at a time when commitments continue to Vietnamese political prisoners, Amerasian children, Soviet Jews, and others. The prospect of these cuts has jeopardized the current refugee program.<sup>12</sup>*

Based on the employment and economic experience of resettled refugees and the inadequate funding for the short and long term economic support of refugees, the need for reform of the current system is apparent. The Federal funds which are being spent upon immediate placement of refugees might be better spent on programs that reduce refugees dependence on welfare programs. This reprogramming of funding from placement of refugees to programs that reduce dependence will require a reduction in new placements. However, as refugees become less dependent on government programs those funds could be reprogramed to bring new refugees to our country.

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## **Endnotes**

1. "Donald Trump's comments about Minnesota Somalis met with outrage", Mila Koumpilova Star Tribune AUGUST 7, 2016 — 7:06AM
2. "Fiscal Impact of the Federal Refugee Resettlement Program Topic Selection Background Paper" Minnesota Office of Legislative Auditor April 2017 does not provide sufficient aid to minimize the impact of refugees on community services.
3. Ibid.
4. Family Assistance, Minnesota House Research Department (Updated 2016).
5. <http://www.auditor.leg.state.mn.us/ped/pedrep/ecoimpact.pdf>
6. <https://mn.gov/deed/data/data-tools/col/>
7. <https://www.auditor.leg.state.mn.us/ped/pedrep/ecoimpact.pdf>
8. Edward M. Kennedy, "Refugee Act of 1980", *International Migration Review*, v. 15 no. 1-2, Spring-Summer 1981.
9. "U.S. Immigration Policy And the National Interest: e Final Report and Recommendations of the Select Commission on Immigration and Refugee Policy with Supplemental Views by Commissioners", Select Commission on Immigration and Refugee Policy, March 1, 1981.
10. "Refugee Resettlement: Federal Support to the States Has Declined", U.S. General Accounting Once, December 1990.
11. National Governors Association website. e complaints come and go, perhaps depending on NGA leadership. From NGA website 2009:
12. "Refugee Resettlement Reauthorization Act of 1992: Report (to accompany S. 1941)", U.S. Senate. Committee on the Judiciary.