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**Author**

Cruz-Viesca, Melany De La

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# Disaggregation Matters: Asian Americans and Wealth Data

Melany De La Cruz-Viesca

## Summary

This policy brief explores the usefulness and limitations of existing federal government data sets in better understanding the wealth position and asset-building needs of Asian Americans. As Asian Americans continue to be one of the fastest-growing racial groups in the United States, it is critical for federal data sets to disaggregate Asian Americans by ethnicity and by immigrant versus nonimmigrant status, in order to provide a more accurate and nuanced analysis of the Asian American experience with asset accumulation. The lumping of all Asian American ethnic groups under the aggregate “Asian” category masks a high degree of variation in social and economic status across these subgroups.

## Introduction

Asian Americans occupy a unique and often-misunderstood position within the U.S. racial hierarchy, in general and in the area of wealth holdings (Kim, 1999; Ong and Liu, 2000; Ong and Patraporn, 2006; Zhou, 2004). By a number of traditional aggregate indicators (e.g., income, home ownership, entrepreneurship, and educational attainment) Asian Americans are at near parity with non-Hispanic whites, and this has led some scholars and policy makers to utilize a new racial dichotomy with Asian Americans and non-Hispanic whites at the top and blacks and Latinos at the bottom (Patraporn, Ong, and Houston, 2009). However, this dichotomy buries some critical nuances among Asian Americans, and what is equally important is that it may lead scholars to dismiss an in-depth analysis of Asian Americans and asset building.

Moreover, aggregate numbers often mask tremendous differences between groups, and traditional indicators often overlook hidden issues and obstacles. A major concern with federal public data sets is that Asian American populations get combined with

Native American and Pacific Islander populations into one category, the “Other,” or sample sizes are too small to generate reliable estimates.

#### Survey of Consumer Finance and Panel Survey of Income Dynamics

Two major national surveys that track wealth and record excellent wealth variables, are limited in providing data on Asian Americans. The Survey of Consumer Finance public data set combines Asian American or Pacific Islander, Native American/Eskimo/Aleut, and Other into one category. Thus, in conducting empirical work it is impossible to separate Asian American and Pacific Islanders (AAPIs) from Native American/Eskimo/Aleut. Similarly, the Panel Survey of Income Dynamics (PSID) usually lacks enough AAPI respondents to make the information useful in examining the wealth status of Asian American communities in the United States. AAPIs are collapsed into a single category and cannot be sorted by country of origin in the PSID.

#### Home Mortgage Disclosure Act Data

Although helpful, the Home Mortgage Disclosure Act (HMDA) data set provides knowledge about mortgages but not about Asian American use of other financial products and services. In cases in which such detailed data is available, samples may not include information on Asian Americans due to data-suppression practices associated with confidentiality requirements because the sample sizes are so small. The sample sizes are so small that even if they were accessible they would not necessarily be reliable. An example of the latter problem is the Federal Reserve’s Survey of Small Business Finance.

#### Survey of Income and Program Participation

The Survey of Income and Program Participation (SIPP), an economic questionnaire distributed periodically to tens of thousands of households by the U.S. Census Bureau, is considered the most comprehensive source of data about household wealth in the United States by race and ethnicity. However, it does not provide data for Asian Americans by subgroup.

Only the American Community Survey (ACS), when multiple years are combined, and the U.S. decennial census have large enough samples to look at the wealth status of Asian Americans

by subgroup. The ACS and the decennial census provide disaggregated data for up to sixteen Asian subgroups, depending on various levels of geography, with the ability to distinguish separately among people of Chinese, Japanese, Korean, Indian, Pakistani, or Filipino origin. However, the quality and depth of questions capturing wealth information are not very high on either the ACS or the decennial census. As a result, there is a significant dearth of data on assets, liabilities, and economic behavior (e.g., savings vs. spending trends) that accurately reflect the enormous cultural and economic diversity within the Asian American community.

### Asian American Population and Wealth Trends

At the national level, the Asian American population increased by 43 percent between 2000 and 2010, more than any other major race group.<sup>1</sup> According to the 2009 ACS estimates, Asian Americans remain a largely foreign-born population (60%) compared with the total U.S. population (13%). During the first part of this decade, Asian Americans made considerable progress in closing the wealth gap with non-Hispanic whites through the rapid appreciation of home values. From 2000 to 2005, the average value of homes for Asian American homeowners increased by 73 percent, compared to only 60 percent for non-Hispanic white homeowners, a difference of 13 percent (Patraporn, Ong, and Houston, 2009). In the fifteen metropolitan areas with the largest absolute number of Asian Americans, which make up two-thirds (66%) of all Asian Americans in the United States, mean values of owner-occupied housing units increased by 78 percent, while the rest of the nation experienced only a 54 percent increase (Patraporn, Ong, and Houston, 2009).<sup>2</sup> Only one-quarter of non-Hispanic whites lived in these fifteen metropolitan areas, hence a smaller proportion was able to benefit from the higher rate of appreciation (Patraporn, Ong, and Houston, 2009).

The most recent findings by the Pew Research Center indicate those gains have been wiped out due to the housing crisis. The housing market bubble burst in 2006, triggering the Great Recession in 2007 and a stock market collapse in 2007 and 2008 (Kochhar, Fry, and Taylor, 2011). Although housing values fell sooner than stock prices, the housing market has not begun to recover unlike the stock market in 2010. Thus minority households experienced greater losses because they are more dependent on home equity

as a source of wealth. In 2005, median Asian American household wealth had been greater than the median for white households, but by 2009 Asian Americans lost their position at the top of the wealth ranking. The net worth of Asian American households is estimated to have fallen by 54 percent, from \$168,103 in 2005 to \$78,066 in 2009 (Kochhar, Fry, and Taylor, 2011).<sup>3</sup> Asian Americans are geographically concentrated in places, such as California, that were hit hard by the housing market meltdown. The arrival of new Asian American immigrants since 2004 also contributed significantly to the estimated decline in the overall wealth of this racial group. Absent the immigrants who arrived during this period, the median wealth of Asian American households is estimated to have dropped 31 percent from 2005 to 2009 (Kochhar, Fry, and Taylor, 2011).

In general, the net worth of the standard U.S. household decreased from \$96,894 in 2005 to \$70,000 in 2009, a loss of \$26,894 (Kochhar, Fry, and Taylor, 2011). However, median net worth in assets other than home equity fell by only \$3,522, from \$17,088 in 2005 to \$13,566 in 2009 (Kochhar, Fry, and Taylor, 2011). These estimates suggest that the total loss in net worth emanated principally from declining levels of home equity. For Asian American households, the net worth decreased from \$168,103 in 2005 to \$78,066 in 2009, a loss of \$90,037. However, median net worth excluding home equity fell by only \$6,837, from \$27,137 in 2005 to \$20,300 in 2009 (Kochhar, Fry, and Taylor, 2011).

The housing downturn that began in 2006 had noticeable geographic patterns. From the end of 2005 to the end of 2009, median home prices decreased by more than 30 percent in five states: Nevada (49%), Florida (38%), Arizona (38%), California (37%), and Michigan (34%).<sup>4</sup> According to the Pew Research Center, more than two in five of the nation's Latino and Asian American households resided in Arizona, California, Florida, Michigan, and Nevada, the five states with the steepest declines in home prices in 2005; whereas, only about one in five of the nation's white or black households resided in these states. Thus Hispanic and Asian American households were more exposed to the housing downturn than were other households.

The estimates of household net worth by region reveal the differential impact of the housing downturn. Asian American residents of Arizona, California, Florida, Michigan, and Nevada ex-

perienced far greater drops in their net worth than residents elsewhere. For Asian Americans in these five states, median net worth fell from \$187,762 in 2005 to \$66,683 in 2009, a drop of 64 percent. In contrast, the median net worth of Asian Americans in all other states dropped from \$147,901 in 2005 to \$82,924 in 2009, a drop of 44 percent. Asian Americans residing in Arizona, California, Florida, Michigan, and Nevada now have lower levels of wealth. Hence, declining value, not declining ownership, is central to the loss in household wealth.

Overall, the cost of owning a home has increased more rapidly than household income, and the burden has grown more rapidly for Asian Americans than for non-Hispanic whites. As seen in Table 1,

Table 1: Percentage of Selected Monthly Owner Costs (SMOC), 2005 and 2009

	2005	2009	% change, 2005–09
	<b>SMOC exceeds 30% or more of income</b>	<b>SMOC exceeds 30% or more of income</b>	
Total Population	28.3%	37.6%	9%
Non-Hispanic White	25.5%	34.1%	9%
Black	39.6%	48.3%	9%
Latino	42.3%	52.9%	11%
Asian	37.3%	47.3%	10%
Asian Indian	35.7%	41.8%	6%
Cambodian	42.8%	56.5%	14%
Chinese	35.4%	46.2%	11%
Filipino	38.1%	47.9%	10%
Hmong	47.7%	51.8%	4%
Japanese	26.8%	39.1%	12%
Korean	46.3%	54.6%	8%
Laotian	43.1%	46.3%	3%
Pakistani	51.7%	53.3%	2%
Thai	42.2%	51.9%	10%
Vietnamese	41.0%	55.7%	15%

Source: U.S. Census Bureau, American Community Survey, 2005 1-year and 2009 1-year estimates, Selected Population Profiles Table S0201.

the proportion of Asian American households that pay 30 percent or more of their income toward selected monthly owner costs has risen significantly from 2005 to 2009.<sup>5</sup> On average, Asian American households experienced a 10 percent increase in housing costs from 2005 to 2009, with six Asian American subgroups incurring costs of 10 percent or more: Filipinos (10%), Thai (10%), Chinese (11%), Japanese (12%), Cambodian (14%), and Vietnamese (15%).

In 2009, the proportion of Cambodian, Vietnamese, Thai, Hmong, Korean, and Pakistani households—ranging from 52 to 57 percent—were paying 30 percent or more of their income toward housing costs. Table 1 underscores the importance of disaggregating data for Asian Americans, noting how Southeast Asian groups face similar or sometimes greater wealth disparities as do Latinos and blacks. The majority of Southeast Asians, such as the Vietnamese, Hmong, and Cambodians, immigrated as political refugees and tend to have lower wealth than those who immigrated under policies aimed to fill quotas for more highly educated and skilled workers (Patraporn, Ong, and Houston, 2009). See Table 2 for more

Table 2: Mean Household Income and Assets  
in the United States by Asian Ethnicity

	Mean Income	Mean Interest, Dividend, and Rental Income	Mean Home Value	Mean Home Equity
All Asians	81,500	2,000	283,300	104,400
	<i>Parity Index (relative to all Asians)</i>			
Asian Indian	1.22	1.10	0.93	0.76
Chinese	1.01	1.35	1.14	1.29
Filipino	1.04	0.50	1.09	0.99
Japanese	0.99	1.65	1.18	1.84
Korean	0.86	1.00	0.88	0.68
Vietnamese	0.82	0.45	0.90	1.06
Other Southeast Asian	0.68	0.15	0.53	0.40
Other Asian	0.87	0.65	0.78	0.67

Source: U.S. Bureau of the Census, American Community Survey 2006, 1% Public Use Microdata Sample

Note: "Mean income" and "mean interest, dividend, and rental income" include negative and zero dollar amounts. "Mean home value" includes those who do not own their own home. For those who do not own their home, home value was considered to be zero.

details illustrating how wealth varies across various Asian American ethnic groups by different asset types.

### Nonhousing Asian American Asset Trends

According to the Pew Research Center, Asian American households experienced a 12 percent decline in the value of their 401(k) and thrift accounts and little change in their individual retirement accounts (IRAs) and Keogh accounts. The median value of unsecured liabilities for Asian Americans increased from \$5,494 to \$7,000, or by 27 percent (Kochhar, Fry, and Taylor, 2011). Stocks and mutual funds owned by Asian Americans actually increased in value, rising 19 percent from \$25,270 in 2005 to \$30,000 in 2009 (Kochhar, Fry, and Taylor, 2011). Business equity for Asian Americans dropped from \$54,935 to \$27,000 (Kochhar, Fry, and Taylor, 2011). However, the largest single contributor to Asian American's total net worth is an owned home.

### Conclusion

According to the Pew Research Center, since the official end of the recession in mid-2009, the housing market in the United States has remained in a slump while the stock market has recaptured much of the value it lost from 2007 to 2009. Given that a much higher share of whites than minorities own stocks—as well as mutual funds and 401(k) or IRAs—the stock market rebound since 2009 is likely to have benefited white households more than minority households.

Because the majority of Asian American homeowners, particularly the foreign-born, carry their net worth in their home, the loss of this asset is particularly devastating to their financial security. The analysis in this policy brief provides a baseline for understanding Asian American asset-building trends in the aftermath of the Great Recession and foreclosure crisis during the last decade. However, more research and quality data are needed to better capture the assets, liabilities, and economic behavior (e.g., savings vs. spending trends) that accurately reflect the enormous cultural and economic diversity within the Asian American community.

### Recommendations

1. **Home Mortgage Disclosure Act (HMDA) Data:** Require more granular reporting of certain race categories, such



as “Asian.”<sup>6</sup> Currently, the HMDA utilizes “Asian” as one of its racial categories. However, this category includes a tremendously diverse population of people with origins in the world’s most populous continent. Thus the category is so broad as to be meaningless.

Analysis of HMDA data has generally shown that “Asian” borrowers have similar experiences as do non-Hispanic white borrowers. Yet community-based organizations working in the AAPI community know that several subpopulations in the community have a starkly different experience, and that the broad “Asian” race category has the effect of masking these differing experiences. This category should be broken down further. Additionally, community groups in California have long raised concerns with the Federal Reserve about limited English proficient borrowers being victimized by brokers and lenders. Although census data shows that 18 percent of Americans speak languages other than English in their homes, almost 40 percent of Californians fall into this category; more than half of this population speaks English less than “very well” (U.S. Census Bureau, 2003). Spanish, Chinese, Tagalog, Vietnamese, and Korean are spoken by approximately 83 percent of all Californians who speak a language other than English in their homes. Specifically, HMDA should be enhanced to require the reporting of loan data that include:

- Disaggregated data for “Asian” borrowers that allow borrowers to identify as Chinese, Filipino, Indian, Japanese, Korean, Thai, or Vietnamese American;
  - The primary language spoken by the loan or loan modification applicant; and
  - The language in which the loan or loan modification application and contract were negotiated.
2. **Survey of Income and Program Participation (SIPP):** Develop a special survey in connection with the SIPP that oversamples Asian Americans on characteristics in relation to assets, liabilities, and economic behavior (e.g., savings vs. spending trends) and requires more granular reporting of certain Asian American subgroups.
  3. **American Community Survey (ACS):** Develop a special survey in connection with the ACS that oversamples Asian Americans on certain characteristics related to assets, liabilities, and economic behavior (e.g., savings vs. spending trends).

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## Notes

1. According to the 2010 Census Briefs, these statistics are based on Asian-alone data. The race-alone population is defined as "individuals who responded to the question on race by indicating only one race or the group that reported only one race category."
2. The 15 metro areas consisted of: 1) Los Angeles-Long Beach-Santa Ana, CA; 2) New York-Northern New Jersey-Long Island, NY-NJ-PA; 3) San Francisco-Oakland-Fremont, CA; 4) San Jose-Sunnyvale-Santa Clara, CA; 5) Chicago-Naperville-Joliet, IL-IN-WI; 6) Washington-Arlington-Alexandria, DC-VA-MD-WV; 7) Honolulu, HI; 8) Seattle-Tacoma-Bellevue, WA; 9) San Diego-Carlsbad-San Marcos, CA; 10) Houston-Sugar Land-Baytown, TX; 11) Dallas-Fort Worth-Arlington, TX; 12) Boston-Cambridge-Quincy, MA-NH; 13) Philadelphia-Camden-Wilmington, PA-NJ-DE-MD; 14) Sacramento-Arden-Arcade-Roseville, CA; and 15) Riverside-San Bernardino-Ontario, CA.
3. The recorded decrease in the wealth of Asian American households, more than three-quarters of which are headed by immigrants, is sensitive to the arrival of new immigrants between 2005 and 2009. The accumulation of assets takes time, and immigrants initially tend to have low levels of wealth.
4. Includes one-unit, noncondominium properties only.
5. Selected monthly owner costs are calculated from the sum of payment for mortgages, real estate taxes, various insurances, utilities, fuels, mobile home costs, and condominium fees. This item is used to measure housing affordability and excessive shelter costs. E.g., many government agencies define excessive as costs that exceed 30% of household income.
6. Author assisted with the California Reinvestment Coalition's recommendations to the Board of Governors of the Federal Reserve System by providing them with data about Asian Americans.

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MELANY DE LA CRUZ-VIESCA is the Assistant Director of the UCLA Asian American Studies Center. She is also the Co-Managing Editor of the *AAPINexus Journal*, in addition to Director of the center's AAPI Community Development Census Information Center, a joint partnership with the National Coalition of Asian Pacific American Community Development and the U.S. Census Bureau. She was appointed by Los Angeles Mayor Antonio Villaraigosa in 2008 to the Human Relations Commission of the City of Los Angeles.