

# Income and Poverty

## Part of the “State of Asian Americans and Pacific Islanders” Series

By Karthick Ramakrishnan and Farah Z. Ahmad July 21, 2014

The story of income and poverty among Asian Americans and Pacific Islanders, or AAPIs, is a tale of contrasts. On the one hand are certain groups with household incomes that are higher than the national average, such as Indian and Filipino Americans whose selective migration patterns to the United States are characterized by a relatively high level of employer-based, high-skilled visas. Conversely, Southeast Asian populations such as Cambodian, Hmong, and Laotian Americans—who predominantly came to the United States as refugees with limited educational attainment in their home countries—have relatively high levels of poverty and low levels of household income. Poverty rates are also high among particular Pacific Islander groups, and there are also important variations in poverty rates by geography and nativity.

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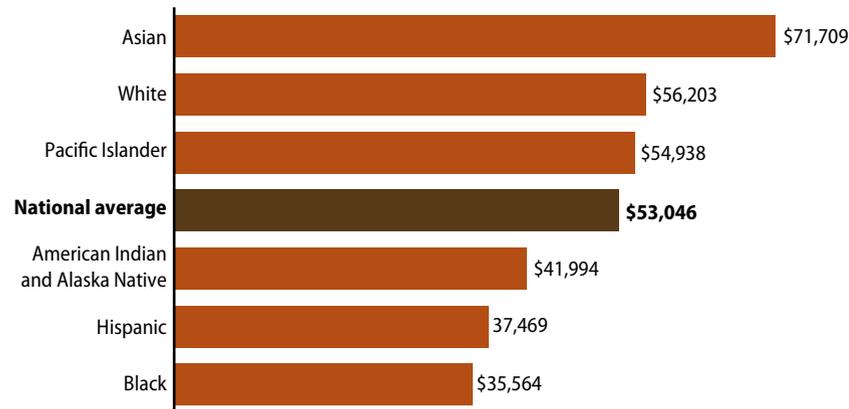
### Asian Americans have the highest average household incomes, but there is considerable internal group variation

Asian Americans and Pacific Islanders, on average, have relatively high levels of household income. As the data from the American Community Survey between 2008 and 2012 reveal, the median household income among Asian Americans averaged about \$72,000—well above the median household income of \$53,000 for the country, and the average of \$56,000 among whites. (see Figure 1) By contrast, Pacific Islanders had median household incomes that were slightly below those among whites, averaging about \$55,000 from 2008 to 2012.

FIGURE 8.1

## Median household income by race and ethnicity

Median household income in the past 12 months, 5-year estimates  
(in 2012 inflation-adjusted dollars)



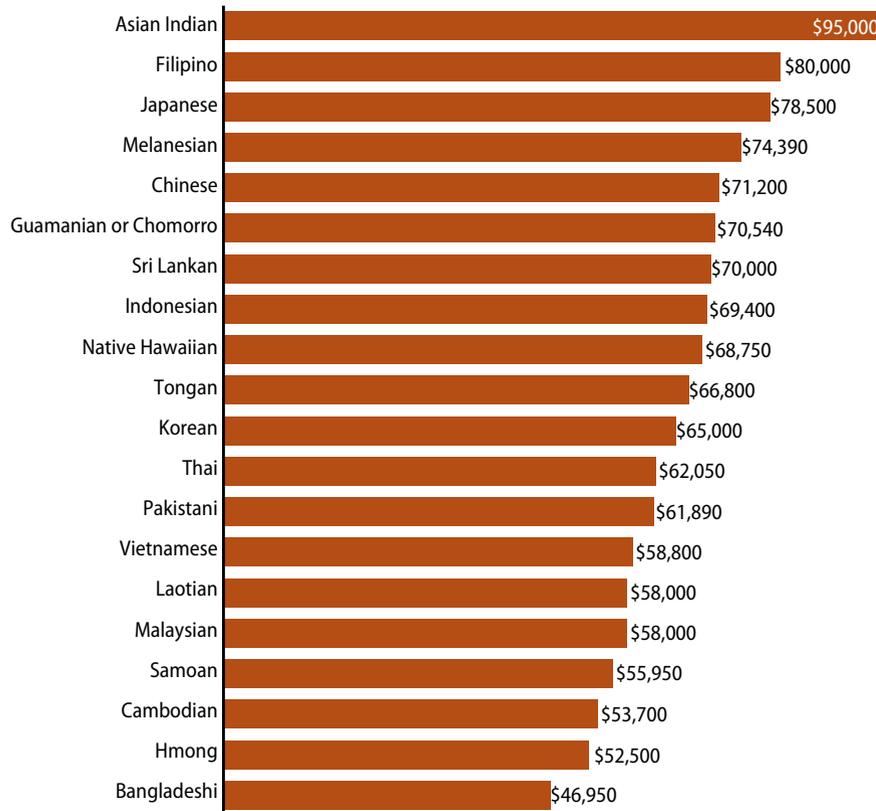
Source: Authors' analysis of Bureau of the Census, "Table B19013: Median Household in the Past 12 Months (in 2012 Inflation-Adjusted Dollars) (2008-2012), available at [http://factfinder2.census.gov/bkmk/table/1.0/en/ACS/12\\_5YR/B19013](http://factfinder2.census.gov/bkmk/table/1.0/en/ACS/12_5YR/B19013) (last accessed June 2014).

At the same time, there is considerable variation in median household income within the broader racial categories of Asian and Native Hawaiian and other Pacific Islander, or NHPI. Our analysis of American Community Survey data from 2008 to 2012 reveals stark differences in the median household incomes of AAPIs across national origins. (see Figure 2) Asian Indians and Filipinos have the highest levels of household income, which reflects their relatively high levels of educational attainment<sup>1</sup> and selective patterns of high-skill immigration to the United States.<sup>2</sup> By contrast, Hmong, Cambodian, and Bangladeshi Americans have the lowest levels of household income for Asian Americans, and lower than the national average of \$53,000. Finally, among Pacific Islanders, too, there is considerable variation in median household income, as Guamanians and Native Hawaiians have considerably higher levels of household income than Samoans.

FIGURE 8.2

### Median household income by detailed origin

Median household income in the past 12 months, 5-year estimates  
(in 2012 inflation-adjusted dollars)



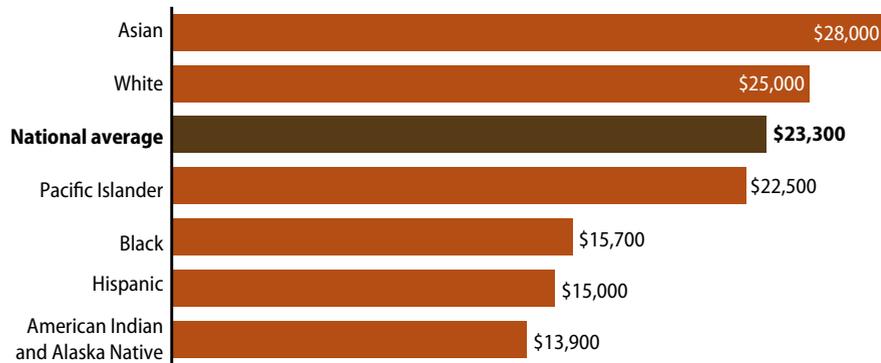
Source: Authors' analysis of data from Bureau of the Census, "American Community Survey 2008-2012 5-Year Estimates," available at [https://www.census.gov/acs/www/data\\_documentation/2012\\_release/](https://www.census.gov/acs/www/data_documentation/2012_release/) (last accessed July 2014).

### Income figures for Asian Americans and Pacific Islanders look very different when adjusting for household size and cost of living

Asian Americans and Pacific Islanders have larger households—with an average of 3.02 and 3.63 persons, respectively—than the national average of 2.58 persons and white households that have an average size of 2.46 persons. As a consequence, the ordering of per-capita income figures by race and ethnicity looks very different. Unlike in the case of median household income, we find that per-capita income among Asian Americans is comparable to those among whites, and the per-capita income among Pacific Islanders is comparable to the national average. (see Figure 3)

**FIGURE 8.3**  
**Per-capita household income by race and ethnicity**

Average per-capita income in the past twelve months, 5-year estimates  
(in 2012 inflation-adjusted dollars)



Authors' analysis of data from Bureau of the Census, "American Community Survey 2008-2012 5-Year Estimates," available at [https://www.census.gov/acs/www/data\\_documentation/2012\\_release/](https://www.census.gov/acs/www/data_documentation/2012_release/) (last accessed July 2014).

Finally, Asian Americans and Pacific Islanders are disproportionately more likely to live in states and metropolitan areas with the highest costs of living. According to the Bureau of Economic Analysis, states with the highest regional price parity scores—a measure that compares regional prices for goods to the national average—are Hawaii, New York, New Jersey, and California.<sup>3</sup> Together, these four states account for a disproportionately high share of the AAPI population in the United States: 50 percent of all Asian Americans and 58 percent of all Pacific Islanders live in Hawaii, New York, New Jersey, and California, in comparison to 19 percent of whites.<sup>4</sup> Thus, accounting for regional costs of living would lead to adjusted estimates of per-capita income that would be significantly lower for Asian Americans than for whites. Furthermore, the disadvantage faced by Pacific Islanders would be even starker than what we find in the case of per-capita income without cost-of-living adjustments.

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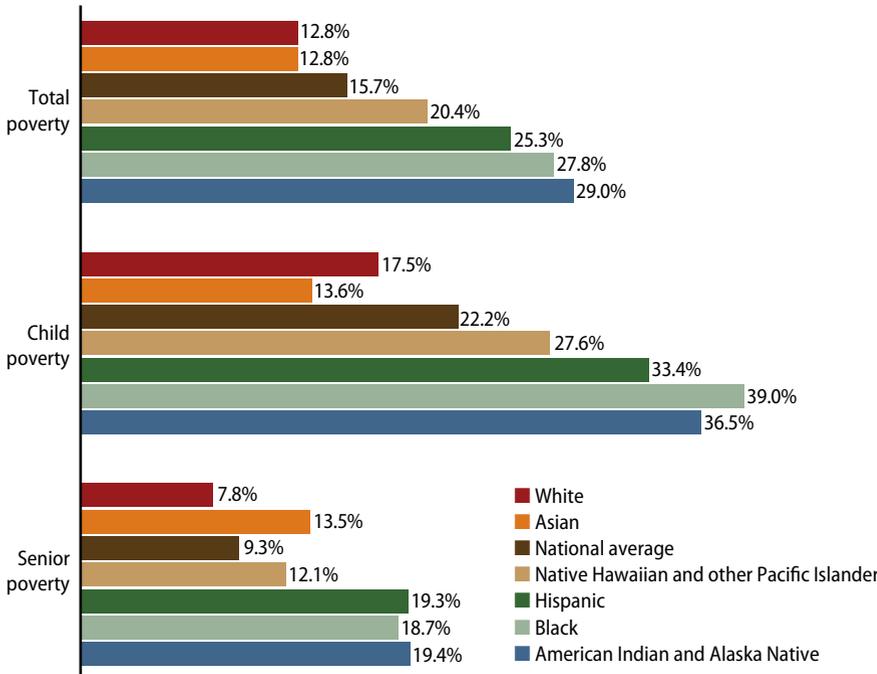
Poverty rates are lowest among Asian Americans, but are twice as high for Pacific Islanders, particularly for Pacific Islander children

Given that the household incomes vary highly among the Asian American community, it is no surprise that poverty rates reflect that same variation. In the aggregate, Asian Americans have the lowest poverty rates among all racial and ethnic groups. According to the 2012 American Community Survey's three-year estimates, Asian Americans had a poverty rate of 12.8 percent and Pacific Islanders

had a poverty rate of 20.4 percent, as compared to whites at 12.8 percent, African Americans at 27.8 percent, Hispanics at 25.3 percent, and Native Americans at 29 percent.<sup>5</sup> (see Figure 4) The poverty picture looks different, however, when examining children and seniors in particular. For all groups, the child poverty rate was greater than the total poverty rate, but the child poverty rate was lowest for Asian American children compared to children of other races. By contrast, Pacific Islander children had a poverty rate of 27.6 percent, more than twice the child poverty rate of their Asian American counterparts—13.6 percent. This pattern is not found, however, among seniors—those aged 65 years and older. Unlike in the case of children, Pacific Islander seniors had a lower poverty rate than Asian Americans, but at 12.1 percent it was still higher than the national average for seniors of 9.3 percent. Asian American seniors, too, have a comparatively high poverty rate of 13.5 percent. This statistic stands in sharp relief with the national average, and in particular with the average of white seniors, 7.8 percent.

**FIGURE 8.4**  
**Poverty status by race and ethnicity**

Total poverty, child poverty, and senior poverty



Source: Bureau of the Census, "Poverty Status in the Past 12 Months by Sex and Age," available at [http://factfinder2.census.gov/bkmk/table/1.0/en/ACS/12\\_3YR/C17001](http://factfinder2.census.gov/bkmk/table/1.0/en/ACS/12_3YR/C17001) (last accessed June 2014).

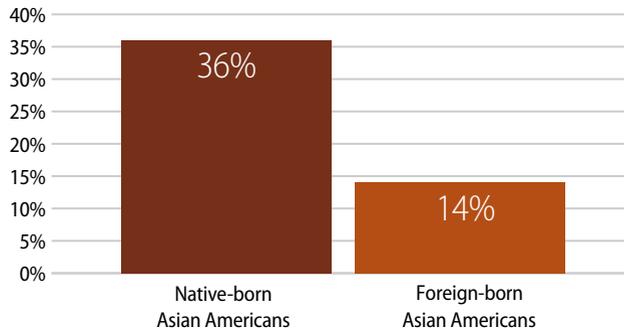
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## Asian Americans experienced the fastest growth rates in poverty, with high poverty growth among native-born Asian Americans

A closer look at the data reveals that just as AAPIs are one of the fastest-growing populations in the United States, they are also one of the fastest-growing populations in poverty since the Great Recession. In fact, from 2007 to 2011, the number of Asian Americans in poverty increased by 37 percent and Pacific Islander poverty increased by 60 percent—far higher than any other group and well surpassing the U.S. national increase of 27 percent.<sup>6</sup> Interestingly, 58 percent of the net increase of poverty among AAPIs comes from an increasing native-born poor population, while the majority of the population growth of non-poor Asian Americans is due to immigration.<sup>7</sup> In fact, the native-born Asian American population in poverty grew by 36 percent from 2000 to 2010, while the foreign-born Asian American population in poverty grew by only 14 percent during that same time period. (see Figure 5)

**FIGURE 8.5**  
**Growth in poverty among AAPIs by nativity, 2000 to 2010**

Average percent growth in poverty in the past 12 months, 10-year estimates



Source: Josh Ishimatsu, "Spotlight on Asian American and Pacific Islander Poverty: A Demographic Profile" (Washington: National Coalition for Asian Pacific American Community Development, 2013), available at <http://assetbuildingpolicynetwork.org/wp-content/uploads/2013/08/National-CAPACD-Asian-American-and-Pacific-Islander-Poverty.pdf>.

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## Poverty in the AAPI community is concentrated in some ethnic groups much more than others

Because the AAPI population includes a vast array of ethnic diversity, so too does AAPI poverty. For example, primarily due to the large size of their populations, the ethnic groups with the most people in poverty in 2010 were Chinese Americans, with 449,356 people living in poverty, and Asian Indian Americans, with 246,399

people living in poverty. However, these ethnic groups' 2006 to 2010 aggregate poverty rates were relatively low, at 12.2 percent and 8.5 percent, respectively. Furthermore, the ethnic groups with the highest concentrations of poverty have some of the smallest representation in the total U.S. population. The 2006 to 2010 aggregate poverty rate for Hmong Americans was 27 percent and it was 21.1 percent for Bangladeshi Americans. While those rates are relatively high, the actual number of people in poverty was only 63,553 and 21,284, respectively.<sup>8</sup> The Pacific Islander ethnic groups with the highest poverty rates are Tongan Americans, at 18.9 percent, and Samoan Americans, at 16.2 percent, while the actual number of people in poverty in both groups in 2010 was 9,562 Tongan Americans and 24,333 Samoan Americans.<sup>9</sup> And while the poverty rate did increase among AAPIs, the poor AAPI population did not increase significantly within any ethnic groups.<sup>10</sup> One hypothesis is that Asian Americans, who have high rates of limited English proficiency, or LEP—defined by the Census Bureau as those who those who speak a language other than English at home and who speak English “less than very well”<sup>11</sup>—are more likely to be in poverty.<sup>12</sup> In fact, 35 percent of the Asian population alone is limited English proficient, similar to the LEP rates among Latinos.<sup>13</sup>

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### Asian American and Pacific Islander poverty is concentrated

Pacific Islanders are the most concentrated group in poverty, closely followed by Asian Americans. In fact, 50 percent of poor Asian Americans and 55 percent of poor Pacific Islanders reside in just 10 metropolitan statistical areas, or MSAs.<sup>14</sup> The top 10 MSAs with the most Asian Americans living in poverty are New York, New York; Los Angeles, California; San Francisco, California; Chicago, Illinois; San Jose, California; Houston, Texas; Sacramento, California; Philadelphia, Pennsylvania; Boston, Massachusetts; and Seattle, Washington. The top 10 MSAs with the most Native Hawaiian and other Pacific Islanders living in poverty are Honolulu, Hawaii; Los Angeles, California; Hilo, Hawaii; Seattle, Washington; San Francisco, California; Salt Lake City, Utah; Kahului, Hawaii; San Diego, California; Fayetteville, North Carolina; and Las Vegas, Nevada.<sup>15</sup> Many of these areas are contain some of the most expensive housing markets in the country. In fact, nearly half of all poor AAPIs live in the 20 most expensive housing markets.<sup>16</sup> And while poor AAPIs generally live in close proximity to one another, they also cluster near other poor people in general, regardless of race.<sup>17</sup> Additionally, poor AAPIs are most likely to live in diverse multicultural neighborhoods with no single population as the majority—most poor AAPIs live in neighborhoods where the majority of residents are people of color.<sup>18</sup>

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## References

Newly released reports and infographics are available at <http://aapidata.com/poverty>.

Austin, Algernon. 2013. "The impact of geography on Asian American poverty." Washington: Economic Policy Institute. Available at <http://www.epi.org/publication/impact-geography-asian-american-poverty/>.

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## Acknowledgements

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## Endnotes

- 1 Karthick Ramakrishnan and Farah Z. Ahmad, "Education: Part of the 'State of Asian Americans and Pacific Islanders' Series" (Washington: Center for American Progress, 2014), available at <http://cdn.americanprogress.org/wp-content/uploads/2014/04/AAPL-Education.pdf>.
- 2 Karthick Ramakrishnan and Farah Z. Ahmad, "Immigration: Part of the 'State of Asian Americans and Pacific Islanders' Series" (Washington: Center for American Progress, 2014), available at <http://cdn.americanprogress.org/wp-content/uploads/2014/04/AAPL-Immigration1.pdf>.
- 3 The Bureau of Economic Analysis produces estimates of regional price parities, or RPPs, which "measure the differences in the price levels of goods and services across states and metropolitan areas for a given year" when compared to the overall national price level for each year. For more information, see Bureau of Economic Analysis, "Real Personal Income for States and Metropolitan Areas, 2008–2012," Press release, April 24, 2014, available at <http://www.bea.gov/newsreleases/regional/rpp/2014/pdf/rpp0414.pdf>.
- 4 Authors' calculations based on Bureau of the Census, "2008–2012 American Community Survey 5-Year Estimates," available at <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t> (last accessed June 2014).
- 5 Authors' calculations based on Bureau of the Census, "2010–2012 3-Year American Community Survey Estimates," available at [http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_12\\_3YR\\_DP02&prodType=table](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_12_3YR_DP02&prodType=table) (last accessed June 2014).
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- 11 Camille Ryan, "Language Use in the United States: 2011" (Washington: Bureau of the Census, 2013), available at <http://www.census.gov/prod/2013pubs/acs-22.pdf>.
- 12 Ishimatsu, "Spotlight on Asian American and Pacific Islander Poverty."
- 13 Karthick Ramakrishnan and Farah Z. Ahmad, "Language Diversity and English Proficiency: Part of the 'State of Asian Americans and Pacific Islanders' Series" (Washington: Center for American Progress, 2014), available at <http://cdn.americanprogress.org/wp-content/uploads/2014/04/AAPL-LanguageAccess1.pdf>.
- 14 Ishimatsu, "Spotlight on Asian American and Pacific Islander Poverty."
- 15 Ibid.
- 16 Ibid.
- 17 Ibid.
- 18 Ibid.