TWIN CITIES METRO AREA

State(s): Minnesota and Wisconsin
Census Designation: Minneapolis-St. Paul-Bloomington, MN-WI

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The story of racially divided development in the Minneapolis/St. Paul area (or simply the Twin Cities area) is quite similar to that of Kansas City, though with somewhat different interstate dynamics. Like Kansas City, the Twin Cities area serves a majority-white student population (about 63 percent) with substantial between-district segregation of these white students from their Black and Hispanic peers (see Table 3).

Early residential development in the Twin Cities area, largely within the two cities' boundaries (particularly Minneapolis), occurred during the 1910s through 1950s. Subsequently, like many cities in landlocked middle America, Minneapolis experienced rapid, federal loan insurance-fueled suburban expansion through the middle part of the 20th century.

As in Kansas City and elsewhere, racially restrictive covenants dominated the Twin Cities area's residential landscape prior to (and after) the suburbanization that started in the 1940s. Thanks to researchers at the University of Minnesota, who have compiled a database of covenants in Hennepin County (home to Minneapolis), there is a great deal of documentation of the prevalence of these discriminatory contracts in the county (Ehrman-Solberg et al. 2020). At the peak of covenants' proliferation in the area, as many as one in five homes in all of Hennepin County were covenanted when they were first sold (Sood, Speagle, and Ehrman-Solberg 2019).

Real estate developers continued to introduce these restrictions even after the 1948 *Shelley* ruling that precluded their judicial enforcement, prompting the Minnesota Legislature to outlaw recording any new covenants in 1953; the state later outlawed covenants entirely in 1962. Recent empirical analyses have exploited the Hennepin County dataset and found persistent effects of those covenants on segregation and housing values today. One study, for example, found that covenanted houses (i.e., those forbidden to be sold to nonwhite buyers) are, on average, 15 percent higher in value than non-covenanted houses, and that a 1 percent increase in the share of covenanted lots on a given Census block is associated with a decrease of 14 percent in Black residency and a decrease of 19 percent in Black homeownership (Sood et al. 2019). Presently, Minneapolis is home to one of the largest Black-white home ownership gaps in the country (Freemark et al. 2021).

And, like elsewhere in the United States, various forms of housing and mortgage lending discrimination persist in the Twin Cities area. One recent analysis found disproportionately high foreclosure rates in north Minneapolis (which, as we'll see below, consists primarily of Black and Hispanic residents), and also that communities of color generally experience higher foreclosure rates citywide (Chin, Hollingshead, and Phillips 2011).

The intensity of residential housing segregation in Minneapolis ultimately led to the *Hollman v. Cisneros* lawsuit, which was settled by a consent decree in 1995 *(Hollman v. Cisneros* 1995). The decree attempted, among other things, to promote relocation of low-income families concentrated in certain neighborhoods, with the goal of integrating family public housing. But, like many similar policies, the settlement achieved only limited success (Goetz 2004). Figure 25 presents the composition map for the Twin Cities metro area districts surrounding Minneapolis and St. Paul. By the time the HOLC's redlining maps were drawn up in 1935-40, residential development remained primarily within Minneapolis and St. Paul, as is evident in the fact that all but one of the HOLC zones are at least partially located within those two modern-day districts, and the correspondence of their borders is unusually tight.

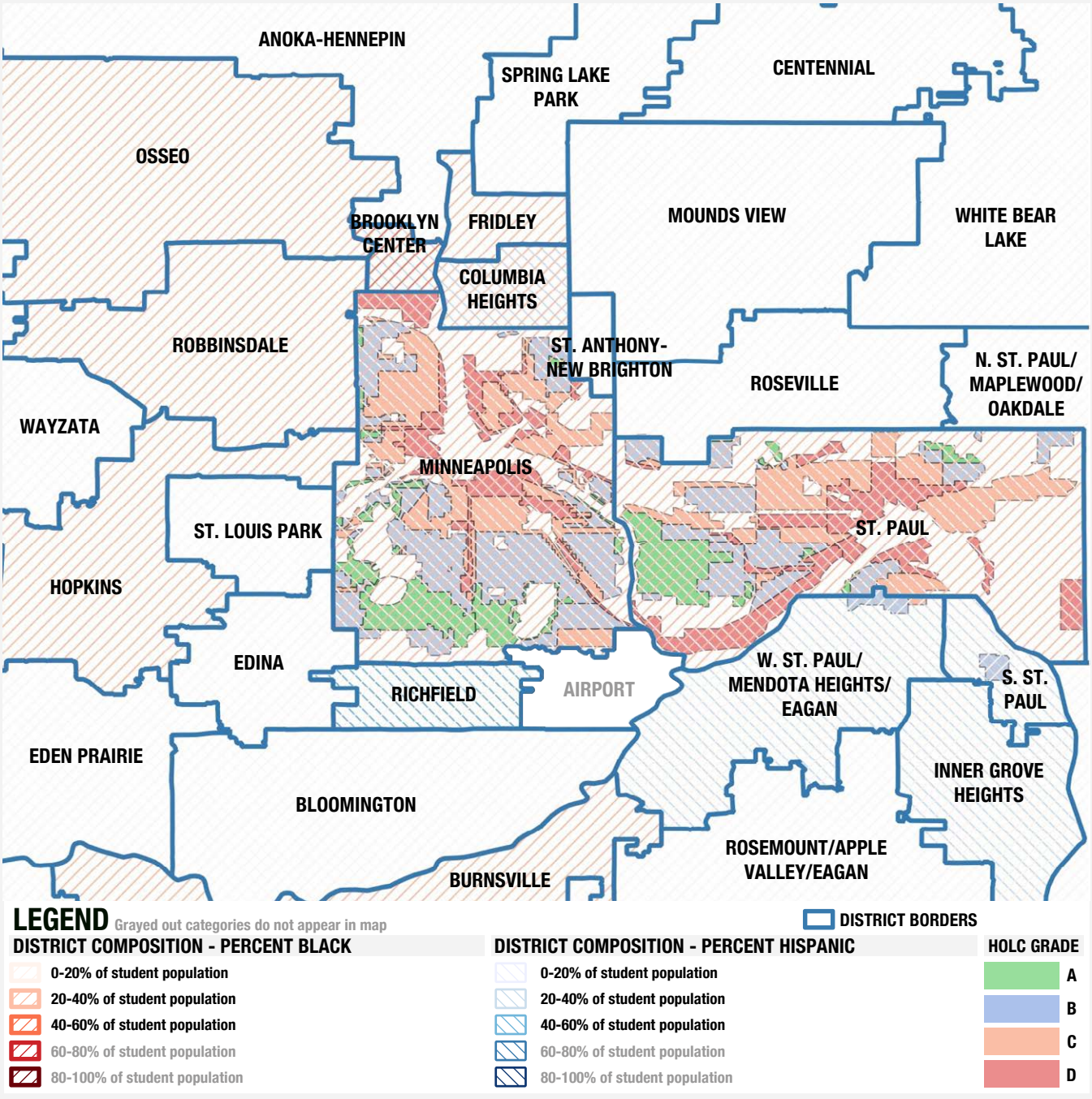
It follows, of course, that the C- and D-graded areas in the HOLC maps are located entirely within today's Minneapolis and St. Paul school districts, which are today among the handful in the area that serve substantial proportions of Black and Hispanic students (in 2018, the shares in Minneapolis and St. Paul were 54 and 41 percent, respectively). As elsewhere, HOLC risk assessment in these cities was quite decisively based on the characteristics of residents (and not

always strictly race and ethnicity). One D-graded area in Minneapolis, for instance, is described in the HOLC notes as "badly in need of rehabilitation," with "most of the population today ... of the poorer class of Jew and colored people" (Nelson et al. 2022).

The neighborhoods surrounding the Minneapolis Public School District on its southern and western borders were extensively covenanted (Ehrman-Solberg et al. 2020), keeping them white for decades, but the racial/ethnic composition in the area has changed a great deal in more recent decades. Specifically, in 1980, the nonwhite resident population of the area in the

Figure 25

SCHOOL DISTRICT STUDENT RACIAL/ETHNIC COMPOSITION MAP, TWIN CITIES METRO AREA, 2018



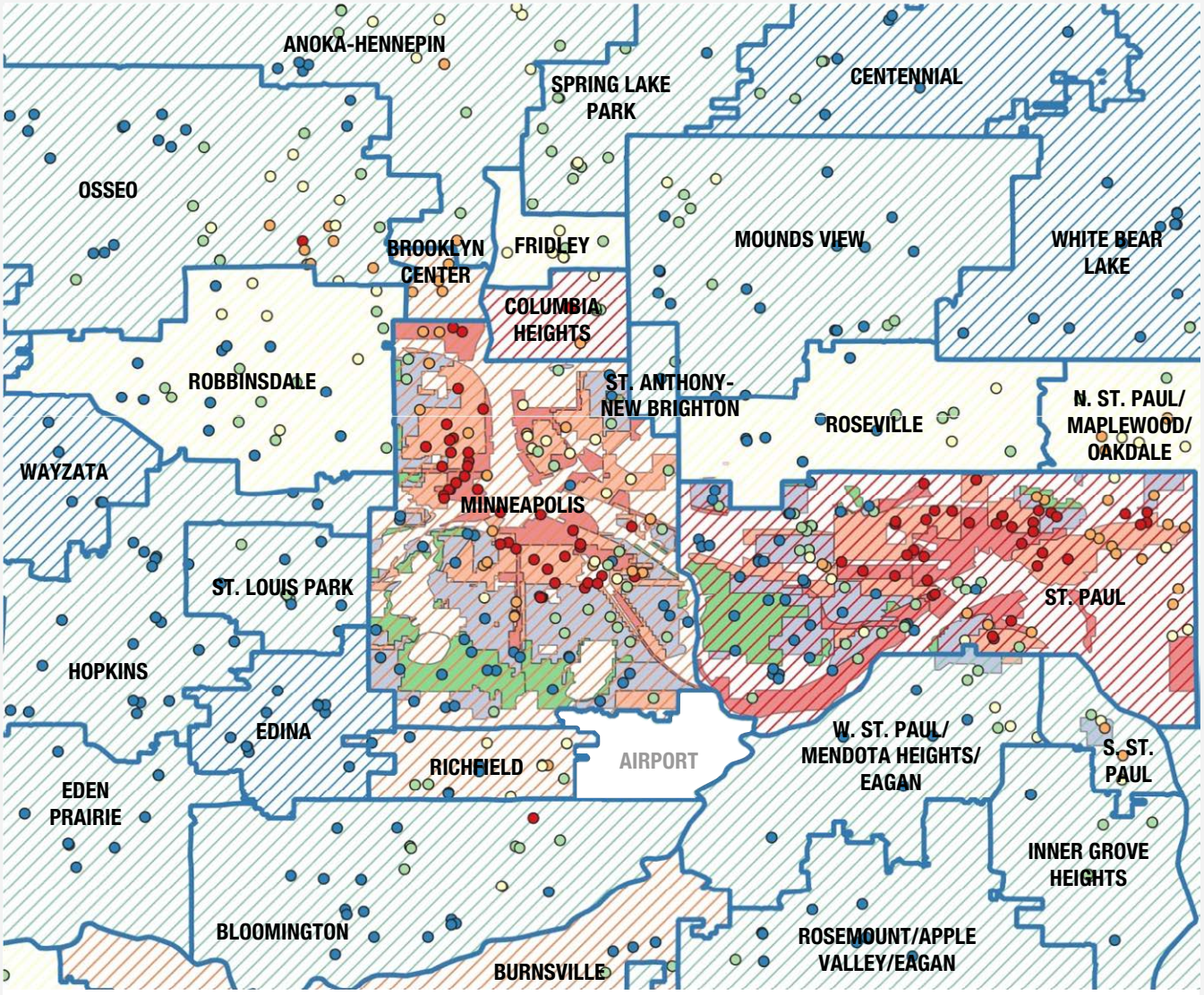
To improve visibility of HOLC zones, map does not include entire metro area. See Box 1 for information on measures.

map was concentrated almost exclusively within the Minneapolis and St. Paul districts (Orfield and Stancil 2017). By 2018, Columbia Heights and Brooklyn Center (directly above Minneapolis to the north) and Richfield (to the south) all served majority-Black/Hispanic students, while a few geographically large districts to the west, such as Hopkins, Osseo, and Robbinsdale, all served sub-majority but still relatively large minority student populations (30-45 percent).

This may be explained in part by efforts in the area to use public housing to promote integration of the suburbs during the 1970s and 1980s, which may have been a factor in creating the significant Black shares

Figure 26

SCHOOL DISTRICT FUNDING ADEQUACY MAP, TWIN CITIES METRO AREA, 2018



To improve visibility of HOLC zones, map does not include entire metro area. See Box 1 for information on measures.

of enrollment in the map's northwest areas, even if the erosion of these efforts, combined with an increase in the area's Hispanic population, have stemmed the integrative tide. Orfield and Stancil (2017) argue that the "poverty housing industry" in Minneapolis serves to perpetuate segregation in the area today.

Note also that the districts in the map serve just over half the metro area's students but over 80 percent of its Black and Hispanic students; the over 60 districts outside the map, while comparatively small in terms of enrollment, serve disproportionately white students. In other words, while the limited integration of the suburbs in the vicinity of the Twin Cities likely attenuated between-district segregation, it remains very strong areawide.

The area's funding map, presented in Figure 26, shows, first, that lower-income school neighborhoods are concentrated almost exclusively in areas that were rated C or D over 80 years ago, whereas the higher-rated A/B HOLC zones (green- and blue-shaded areas) in the southern portion of Minneapolis and the western area of St. Paul are almost entirely home to schools in lower-poverty neighborhoods.

Similarly, to reiterate, every single C- and D-graded area is located entirely within Minneapolis and St. Paul, which, not coincidentally, are among the only districts in the area with substantial negative (i.e., inadequate) funding gaps. In general, K-12 funding throughout Minnesota is more generous (relative to costs) than it is in most other states, and state and local revenue, on average, is progressive—i.e., higher-poverty districts receive more funding (Baker, Di Carlo, Reist et al. 2021). Yet every one of the state's majority-Black/Hispanic school districts, half of which are located in the Twin Cities metro area (Brooklyn Center, Columbia Heights, Minneapolis, and Richfield), are funded below estimated adequate levels (St. Paul, also funded below adequate levels, is just over 40 percent Black and Hispanic). In contrast, the rest of the metro area's districts are adequately funded, most by large margins.

A more systematic visualization of the relationship between composition/segregation and adequacy, as well as its implications of this connection for student outcomes, is presented in Figure 27. All four of the majority-Black/Hispanic districts listed above have below-average testing outcomes to match their inadequate funding levels, and they are therefore located in the bottom left quadrant of the plot. The large gray circle that is also relatively far to the bottom left of the plot is St. Paul.

In contrast, the vast majority of the area's remaining districts (68 of 86) are located in the upper right quadrant, with funding above adequate levels and testing outcomes that exceed the U.S. mean. Almost all of these are majority-white districts. Among the 56 districts in the area that serve a white student share of 75 percent or greater, 50 are located in the upper right quadrant, and only two are in the lower left.

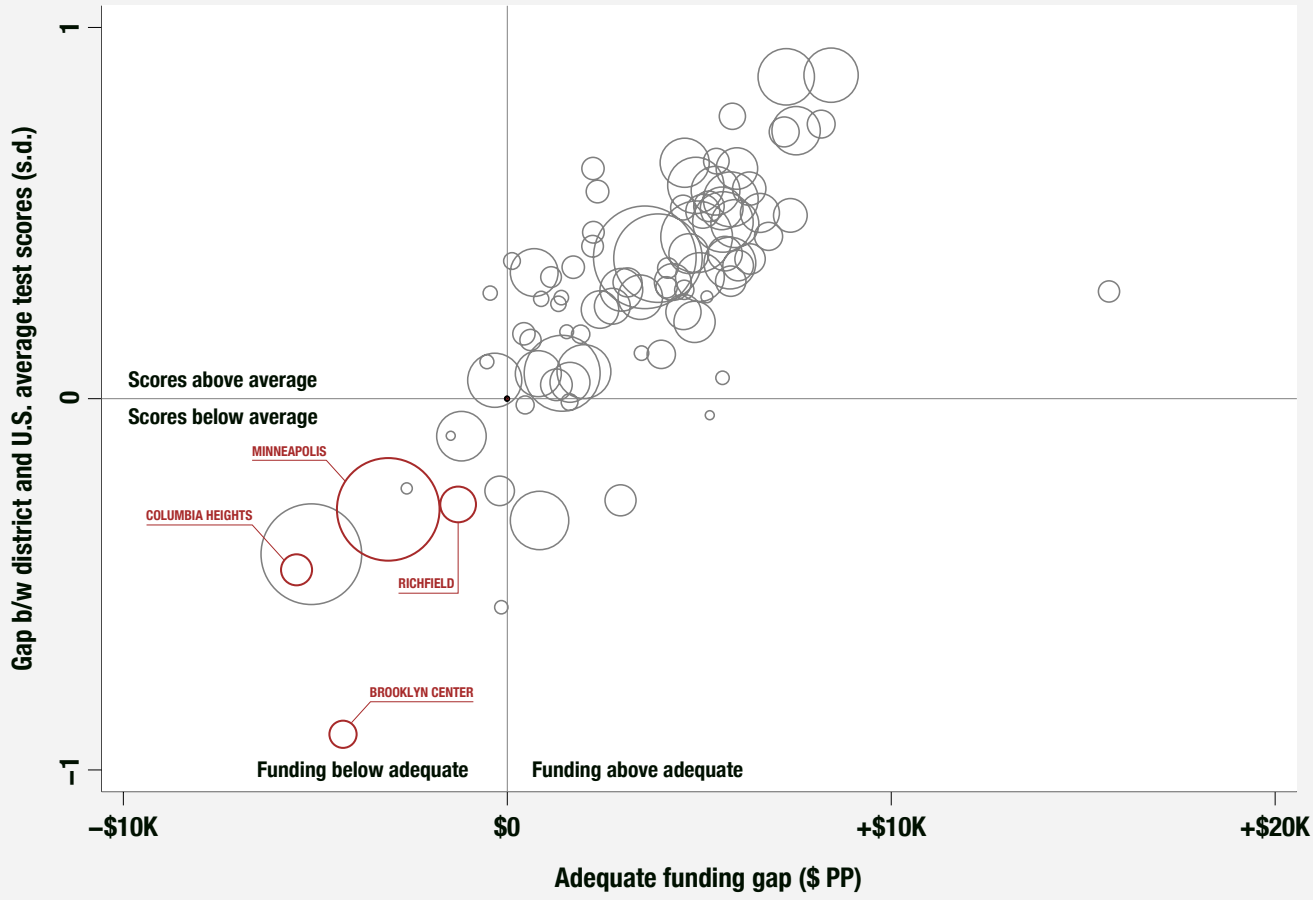
Given that the share of the white student population across the Twin Cities metro area is almost three times that of the combined Black and Hispanic share, we once again present the same alternative plot as we did for the Bay Area and San Antonio metro areas. Like its counterparts, Figure 28 defines racial/ethnic composition not in absolute terms (majority or percent Black/Hispanic) but rather relative to the metro area (i.e., the difference, in percentage points, between each district's Black/Hispanic percentage and that of the metro area overall). Districts with either higher positive or lower negative values on the vertical axis (markers toward the top or bottom of the plot) are those that contribute to between-district segregation in the area and serve more racially/ethnically isolated student populations.

Similarly, on the horizontal axis, funding gaps are also presented relative to the metro, with adequacy defined as the difference (in dollars per pupil) between each district's funding gap and the overall metro area gap. Once again, this visualizes the relationship between segregation and equal opportunity in a manner that "controls for" the fact that metro areas vary in their racial/ethnic composition as well as their overall funding adequacy.

The alternative plot does a slightly better job visualizing the relationship between segregation and funding adequacy in the Twin Cities area. And one thing that jumps out from the plot is that the segregation/adequacy relationship, expressed relatively, is not as consistent as it is elsewhere in the bottom half of the plot. Specifically, the districts in which Black/Hispanic students are underrepresented,

Figure 27

STUDENT OUTCOME GAPS BY ADEQUATE FUNDING GAPS, TWIN CITIES METRO AREA DISTRICTS, 2018



Red markers with labels are majority–Black/Hispanic districts

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Data source: School Finance Indicators Database; Stanford Education Data Archive

Note: Markers weighted by student enrollment. Outcome gaps (y-axis) are the difference in average math and reading scores (in standard deviations) between each district and the U.S. average. Funding gaps (x-axis) are the difference between actual spending per pupil and estimated spending required to achieve national average test scores.

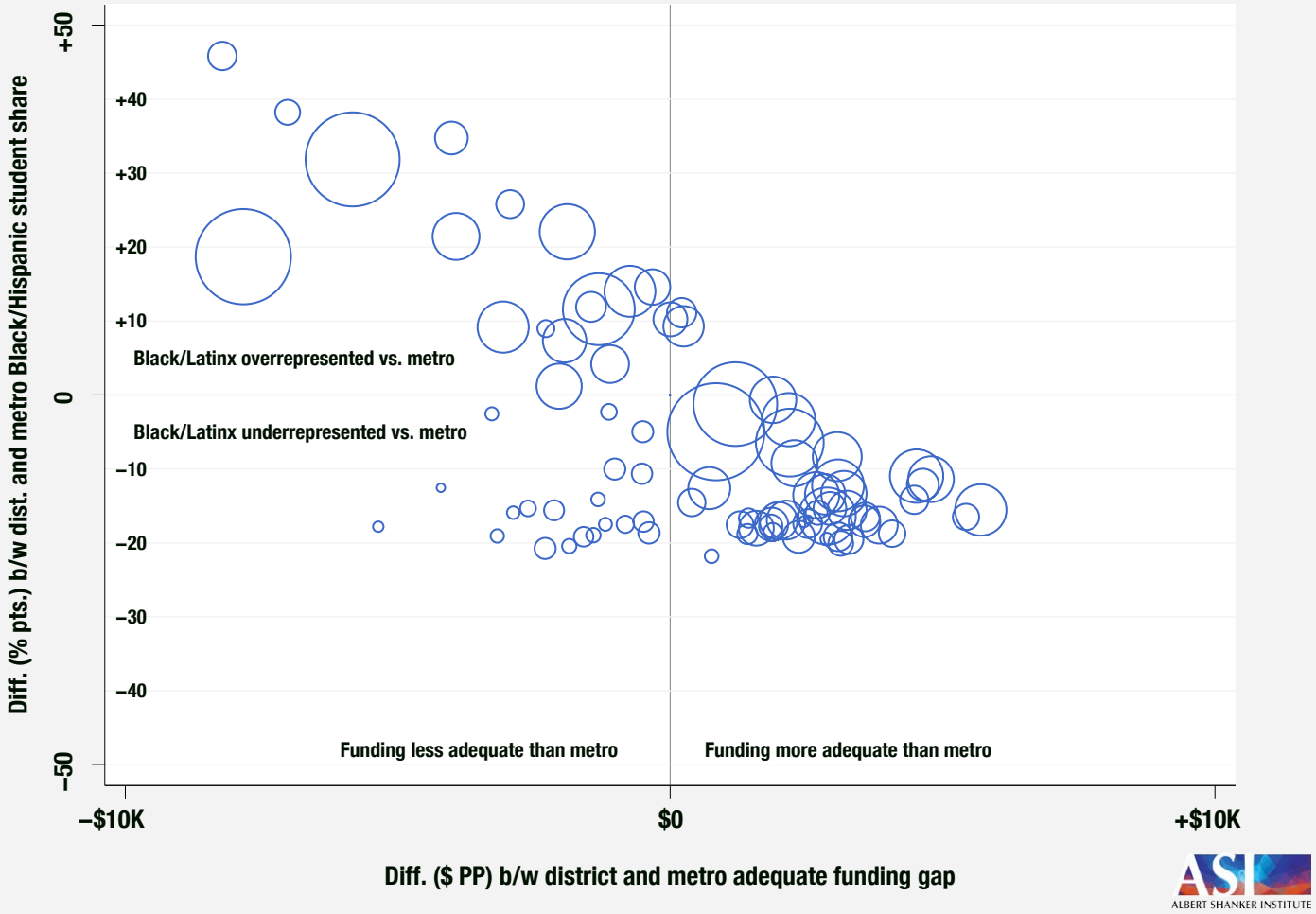
which in the Twin Cities area means they generally serve extremely large shares of white students, are a slightly mixed bag in terms of relative adequacy. There are a group of around 20 (mostly smaller) districts in which Black and Hispanic students are underrepresented by at least 10 percentage points but funding is less adequate than that of the area's typical district (these are the circles in the bottom left quadrant of Figure 28).

In fact, across the over 350 districts in all seven of our case study metro areas, only about 50 meet these criteria (underrepresentation of Black/Hispanic students by at least 10 points and inadequate funding); 17 of them are in the Twin Cities area. Two of these districts—Isle and especially Onamia—serve large shares of Native American students and have higher Census child poverty rates. And several others are 85-90 percent white but still have high poverty rates

Figure 28

This section is from the report, "**Segregation and School Funding: How Housing Discrimination Reproduces Unequal Inequality**," available at: http://shankerinstitute.org/segfunding

RELATIVE BLACK/HISPANIC STUDENT SHARE BY RELATIVE ADEQUATE FUNDING GAP, TWIN CITIES METRO AREA, 2018



Data source: School Finance Indicators Database

Note: Markers weighted by student enrollment. Relative Black/Hispanic share (y-axis) is the difference (percentage points) between each district's Black/Hispanic student share and that of its metro area overall. Funding gaps (x-axis) are the difference between districts and their metro areas in the gap between actual spending per pupil and estimated spending required to achieve national average test scores. Plot includes districts with non-missing adequacy estimates in the metro area.

relative to other districts in the area with similarly large white population shares. In any case, it's telling that merely finding a small group of districts that are disproportionately white but funded less adequately than the area is cause for further investigation (and, by the way, all but three of these districts spend above our estimated adequate levels in absolute terms).

That said, Figure 28 still paints a very clear picture: Every district in which the Black/Hispanic student share is at least 15-20 points higher than that of the metro area is funded less adequately than the area overall. In fact, every district in which Black/Hispanic students are overrepresented to any extent—i.e., all districts in the top half of the plot—is funded either less adequately or comparably to the metro area. And, conversely, districts in which Black/Hispanic students are underrepresented are generally more adequately funded than the metro, a handful of exceptions aside.