RESIDENTIAL LOCATION AND THE EARNINGS OF AFRICAN AMERICAN WOMEN

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In comparing the earnings of African American women to three reference groups—white women, African American men, and white men—three principal findings emerge. First, African American women residing in the suburbs are worse off than any other suburban group. Second, central city African American women are worse off than any other group of central city residents. Third, while central city residence imposes a statistically significant earnings penalty on men of both races, no such penalty is found for African American or white women. Therefore, African American women will enjoy no earnings advantage if they move to the suburbs. This finding underscores the importance of including women in studies of residential location and the socioeconomic status of African Americans. A narrow focus on male data to inform policy is clearly insufficient.

INTRODUCTION

Kain's seminal article on the spatial dimension of racial inequality has spawned a spirited debate over the extent to which residential location influences the socioeconomic well-being of whites and African Americans. Indeed, much of the recent empirical literature on the spatial dimension of racial inequality can be viewed as responding to Kain's central hypothesis that residential segregation—coupled with the post-World War II suburbanization of employment—has had a pronounced negative impact on the socioeconomic status of African Americans. Subsequent research on the relationship between residential location and socioeconomic status has produced decidedly mixed results. While Danziger and Weinstein, for instance, find that African American earnings are independent of residential location, more recent studies by Price and Mills; Reid, Sexton, and Hoffnar; and Greene suggest that (a) everything else being equal, central city residents earn significantly less than suburban
males and (b) central city residence imposes a larger earnings penalty on African Americans than whites.

The purpose of this research note is to assess the impact of residential location on the earnings of African American women. Such an examination is warranted for at least two reasons. First, and perhaps most importantly, much of the extant literature is characterized by a singular focus on the role of residential location in the determination of male earnings. Sexton, Price and Mills, and Hoffnar and Greene, for instance, evidence no concern for how (a) location and gender may interact to influence the earnings of women nor (b) whether this effect is different for African American than white women. This neglect results in an incomplete, and possibly misleading, depiction of the spatial dimension of earnings determination. Second, among the few studies that do examine the impact of residential location on the earnings of African American women, the dominant tendency has been to either compare the earnings of central city African American women either to suburban African American women or to central city white women. We contend that a thorough approach requires a comparison of African American females to white women, to African American males, and to the most frequently used reference group: white males. Thus, there are compelling reasons for revisiting the issue of the manner in which race and sex interact to determine individual earnings.

The remainder of this research note is organized as follows. The next section outlines the empirical model employed here, as well as discusses the data underlying our findings. The following section presents and discusses our empirical results, while the final section underscores the implications of our findings both for public policy activities and for future research concerning the socioeconomic status of African American females.

EMPIRICAL MODEL AND DATA

The primary purpose of this research note is to measure the impact of residential location on African American women relative to three reference groups: white men, African American men, and African American women. More formally, we estimate a baseline earnings model, which controls for sample selection:

\[(1) \quad Y_i = \beta X_i + \delta \lambda_i + \epsilon_i\]