



African Americans Face Systematic Obstacles to Getting Good Jobs

By Christian E. Weller | December 5, 2019

Author's note: CAP uses “Black” and “African American” interchangeably throughout many of our products. We chose to capitalize “Black” in order to reflect that we are discussing a group of people and to be consistent with the capitalization of “African American.”

The U.S. labor market has now seen a record 108 months of uninterrupted job growth, with the overall unemployment rate falling to its lowest level in 50 years. (see Figure 1) However, African American workers still face more hurdles to get a job, never mind a good one, than their white counterparts. They continue to face systematically higher unemployment rates, fewer job opportunities, lower pay, poorer benefits, and greater job instability. These persistent differences reflect systematic barriers to quality jobs, such as outright discrimination against African American workers,¹ as well as occupational segregation—whereby African American workers often end up in lower-paid jobs than whites²—and segmented labor markets in which Black workers are less likely than white workers to get hired into stable, well-paying jobs.³ Despite African American workers having increased access to jobs and actually getting more jobs, labor market outcomes—including higher unemployment and fewer good jobs—continue to be worse for African American workers and their families.

These differences are not new, and the longest labor market expansion on record has not eliminated them. African Americans have always been more vulnerable in the labor market. They regularly experience higher unemployment rates and work in worse jobs, which feature lower pay and fewer benefits, than whites. Moreover, they tend to work in jobs that are less stable than those held by white workers. For example, African American workers often see their unemployment rates go up sooner than white workers when the economy sours, and their unemployment rates also take longer to decline when the economy improves than is the case for whites—a phenomenon often described as “last hired, first fired.” Moreover, unemployed Black workers look longer to find and secure a new job than do white workers.

The labor market experience for African Americans has historically been worse than that for whites, and this continues today. There are several factors that have contributed and continue to contribute to this. These include repeated violent oppression of

African Americans such as the riots that destroyed Black business owners' wealth on the Black Wall Street in Tulsa, Oklahoma in 1921, codified segregation, legal racial terrorism during the almost centurylong period from Reconstruction to the civil rights era, systematic exclusions of African Americans from better-paying jobs, and continued occupational segregation.⁴ Despite notable improvement, today's Black workers still have a harder time than whites securing good employment. For Black women, the intersection of race and gender bias has had a combined effect on their labor market experiences, too often devaluing their work and confining their opportunities.

To close these persistent labor market gaps, African American families need more wealth to begin with. Wealth makes it easier for families to invest in their own futures. For example, wealth can be used to support both children's and parents' education, to start a business, to buy a house in a neighborhood with access to good jobs, and to move to new places when better opportunities arise. Each of these benefits gives families access to more and better jobs. People with a college degree typically have lower unemployment rates and greater access to well-paying, stable jobs with decent benefits; starting a business gives people more control over their own lives and thus the potential to avoid the uncertainty that can come from working for somebody else in a low-paying job with irregular hours; and buying a house closer to where good jobs are located makes it easier to switch jobs when one does not pan out as expected. Similarly, wealth allows families to move to a new location when jobs in one area decline or disappear altogether. Having less wealth makes all these benefits much harder to achieve for African Americans.

This issue brief examines African Americans' and white workers' labor market experiences in the current labor market expansion. The data summary looks first at differences in unemployment rates, followed by indicators of employment opportunities. The discussion then turns to measures of job quality, starting with wages, followed by benefits, and concluding with job stability. Regardless of the observed labor market outcome, African Americans always fare worse than whites, with Black women often experiencing the harshest impacts. Worse labor market outcomes—higher unemployment, fewer benefits, and less job stability—contribute in part to the growing racial wealth gap, leaving African Americans in a more precarious financial situation.

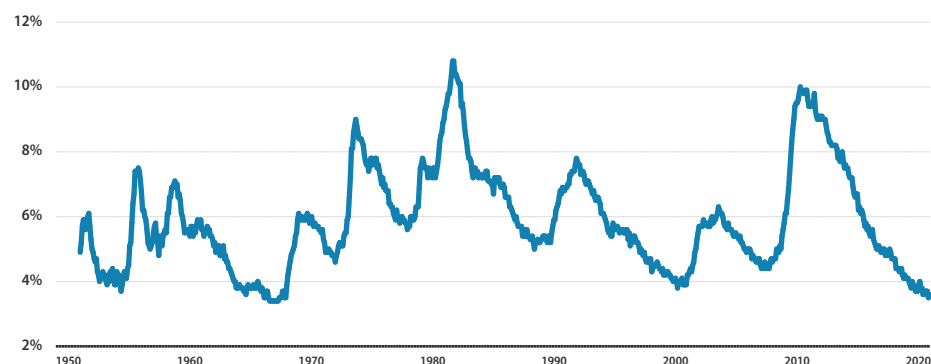
Black workers have higher unemployment rates than whites

African American workers regularly face higher unemployment rates than whites. There are several explanations for this. Blacks often face outright discrimination in the labor market.⁵ They also are less likely to attend and graduate from college, which stems from the fact that African Americans face greater financial barriers to getting a college education,⁶ ending up with more debt than white graduates and paying more for their loans.⁷ Yet even among college graduates, African Americans often face greater job instability and higher unemployment rates, as the data below show.

For a decade now, the unemployment rate has fallen, improving the labor market outlook for many groups along the way. The U.S. unemployment rate for all workers who are 16 years old and older was down to 3.5 percent in September 2019 from its peak of 10 percent in October 2019, reaching its lowest point in 50 years. (see Figure 1) Amid the improving labor market, the African American unemployment rate fell to a historic low of 5.5 percent, and the rate for whites reached a 50-year low of 3.2 percent at the same time. More importantly, the unemployment rate for prime-age workers—those who are ages 25 to 54—fell to an average of 5.2 percent for Black workers and an average of 2.8 percent for whites for the period from November 2018 to October 2019.⁸ This was the lowest unemployment rate on record for Black prime-age workers dating back to 1973 and the lowest for white prime-age workers since 2000. (see Figure 2)

FIGURE 1
The unemployment rate has fallen to a 50-year low

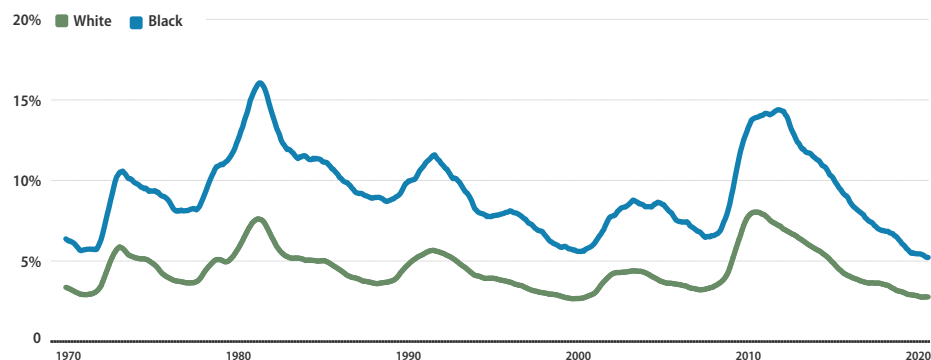
U.S. unemployment rate, 1954–2019



Note: Data are seasonally adjusted. The unemployment rate is the share of workers ages 16 and older who are out of a job and looking for work. Source: U.S. Bureau of Labor Statistics, "Current Population Surveys, 1954–2019" (Washington: U.S. Department of Labor, 1954–2019), available at <https://www.bls.gov/cps/>.

FIGURE 2
Prime-age unemployment is historically higher for Black workers than white workers

U.S. unemployment rate by race, 1973–2019

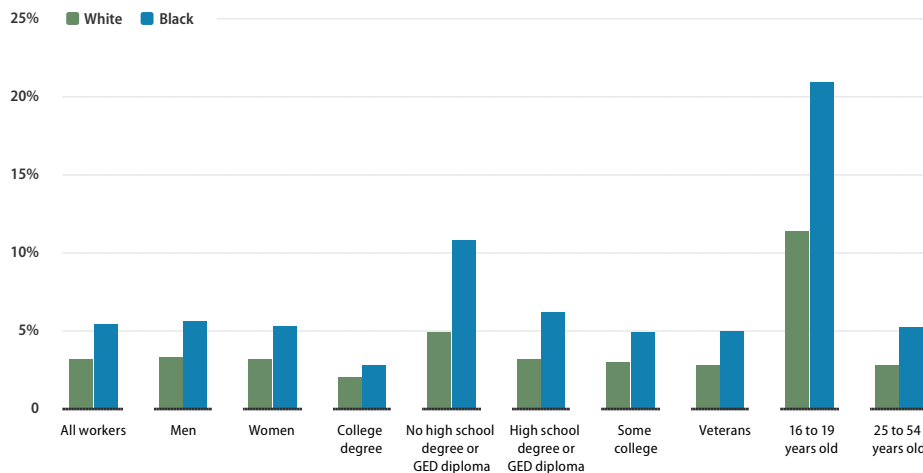


Note: Data are 12-month averages and are not seasonally adjusted. The prime-age unemployment rate is the share of workers ages 25 to 54 who are out of a job and looking for work. Source: U.S. Bureau of Labor Statistics, "Current Population Surveys, 1972–2019" (Washington: U.S. Department of Labor, 1972–2019), available at <https://www.bls.gov/cps/>.

The trend toward ever-lower unemployment rates should not obscure the fact that African Americans systematically suffer higher unemployment rates than whites, even in a good labor market. The unemployment rate for Black workers remains higher than that for white workers even when looking at subpopulations. The data further show that African Americans typically face higher unemployment than whites regardless of age, gender, education, and veteran status. (see Figure 3)

FIGURE 3
Black workers experience higher unemployment rates than white workers across multiple categories

U.S. unemployment rates by race across multiple subpopulations, October 2019



Notes: Data for "all workers," "men," "women," and workers ages 16 to 19 are seasonally adjusted. Otherwise, the data are 12-month averages and are not seasonally adjusted. The unemployment rate for each subpopulation is the share of workers who are out of a job and looking for work. Source: U.S. Bureau of Labor Statistics, "Current Population Surveys, 2019" (Washington: U.S. Department of Labor, 2019), available at <https://www.bls.gov/cps/>.

Regardless of educational attainment by Black workers, they typically have a higher rate of unemployment than their white college-educated counterparts. Among college graduates, for example, the Black unemployment rate averaged 2.8 percent from November 2018 to October 2019, 40 percent higher than the 2 percent rate for white college graduates in the same period. (see Figure 3) While college attainment helps all workers get more access to better-paying, stable jobs with better benefits, the advantages are not evenly distributed. Black workers, no matter their level of education, still face impediments in the labor market—employment discrimination, occupational segregation, and unequal pay.

Black women are caught between bad jobs and widespread financial burdens

Black women face unique burdens in the labor market. They are more likely to work than white women: 84.4 percent of Black mothers are breadwinners, which represents a larger share than for any other racial or ethnic group.⁹ Black women also often shoulder disproportionate financial burdens due to caregiving responsibilities for children, grandchildren, and aging parents.¹⁰ Moreover, Black women have a much harder time finding a job than white women and white men. The employed share of Black women was 57.2 percent in September 2019, slightly higher than the 55.2 percent of white women with a job. (see Figure 3) Yet their unemployment rate was 5.1 percent in September 2019, much higher than the 2.7 percent of white women who were out of work and looking for a job during that same period.

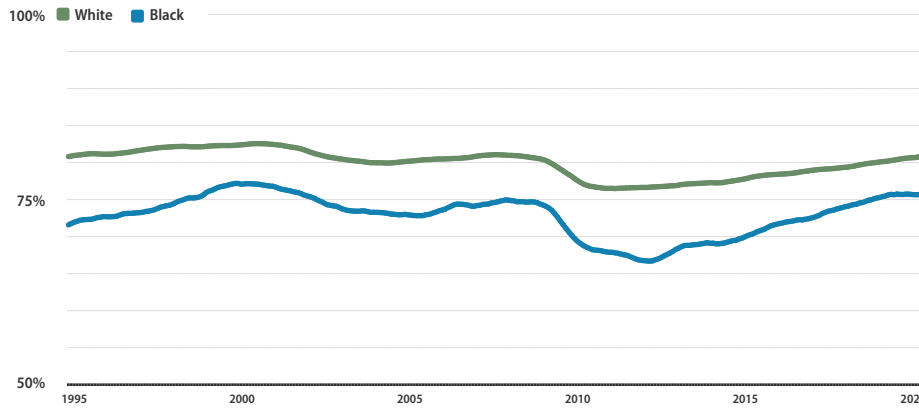
African American women also work in lower-paying jobs than Black men or white women, which translates to a particularly steep pay gap for Black women. Among those who worked full time all year in 2018, Black women earned 61.9 cents for every dollar that white men earned. In comparison, Black men earned 70.2 cents for every dollar earned by white men, and white women earned 78.6 cents.¹¹ African American women are also more likely than white women to juggle caregiving responsibilities for family members such as children and grandchildren.¹² The lack of access to jobs in general, and to good jobs in particular, further exacerbates the financial challenges of these responsibilities. In the same vein, getting more education shrinks the wage gap but doesn't close it, indicating that Black women face systematic obstacles in getting good jobs.¹³ Therefore, it is important to note that even obtaining a job, and sometimes a good job, is still not enough for Black women because of systemic barriers—sometimes rooted in race and gender bias—that drive how the U.S. economy values different types of work and the policies available to support women's caregiving responsibilities.

Black workers have less access to jobs than whites

Importantly, the employed share of both prime-age Black and white workers was still below the peaks recorded in the late 1990s, suggesting that the labor market is not as strong as the unemployment rate shows. (see Figure 4) Moreover, there is a persistent racial gap. The employed share of prime-age Black workers stood at 75.7 percent from November 2018 to October 2019, while it averaged 80.8 percent for white workers in this age group. (see Figure 4) Even after a decade of labor market gains, Black workers face more impediments to finding work than is the case for white workers. Fewer job opportunities make it harder for people to save for their futures.

FIGURE 4
Black workers have fewer employment opportunities than white workers

Employment-to-population ratio by race for workers ages 25 to 54, 1995–2019



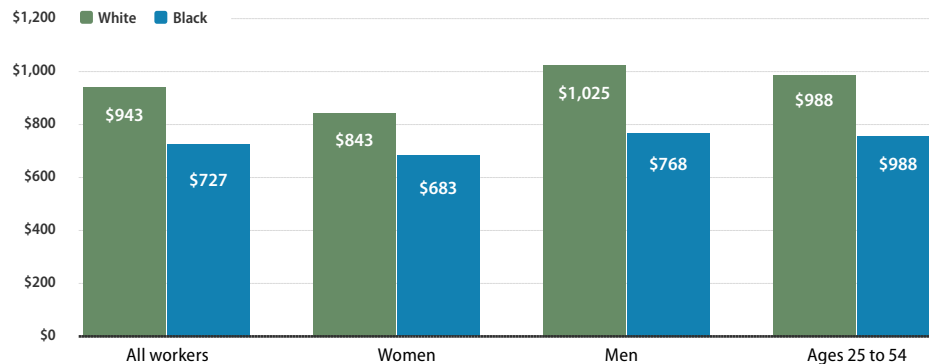
Note: Data are 12-month averages and are not seasonally adjusted. The prime-age unemployment rate is the share of workers ages 25 to 54 who are out of a job and looking for work.
 Source: U.S. Bureau of Labor Statistics, "Current Population Surveys, 1972–2019" (Washington: U.S. Department of Labor, 1972–2019), available at <https://www.bls.gov/cps/>.

Black workers have fewer well-paying, stable jobs with decent benefits than white workers

The hurdles that African Americans face in the labor market from discrimination, pay inequality, and occupational steering are also apparent in indicators of job quality and not just in measures of job availability. Black workers, for example, typically get paid a great deal less than white workers. The typical median weekly earnings for Black full-time employees was \$727 from July 2019 to September 2019, compared with \$943 for whites. (see Figure 5) Comparing wages for men and women broken down by race and age again shows that these wage differences persist among full-time workers, indicating that massive gaps in economic security persist even when the labor market is strong. Lower wages for Black workers then translate into lower savings as families have less money left over after paying their bills.

FIGURE 5
Black workers earn significantly less than white workers across subpopulations

Median usual weekly earnings, third quarter 2019



Note: Data are for full-time, full-year employees.
 Source: U.S. Bureau of Labor Statistics, "Current Population Surveys, 2019" (Washington: U.S. Department of Labor, 2019), available at <https://www.bls.gov/cps/>.

African Americans also receive fewer employer-provided benefits than white workers. Only a little more than half of African Americans—55.4 percent—had private health insurance in 2018, compared with 74.8 percent of whites.¹⁴ Craig Copeland, a researcher at the Employee Benefits Research Institute, estimates that among full-time, year-round workers, African American workers were 14 percent less likely than white workers to have any type of retirement plan through their employer.¹⁵ Fewer workplace benefits make it harder for African Americans to save, since they face higher costs and less help in preparing for retirement than their white counterparts.

Not only do African Americans work for less pay with fewer benefits, they also face much greater job instability than whites. African Americans often work in occupations and industries that are economically less stable, such as retail services and parts of the health care sector including home health aides and nursing home workers. Moreover, African Americans tend to feel the fallout from a recession more intensely than do whites, as discussed below, and they then tend to be out of a job longer than other unemployed workers. (see Figure 6)

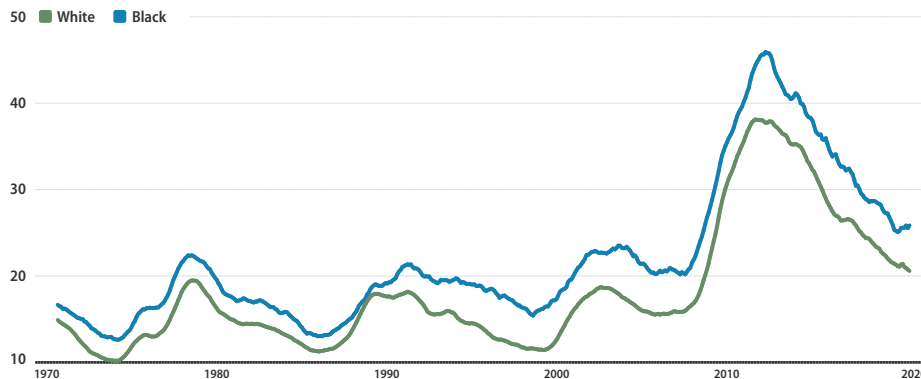
African Americans' employment fluctuates more than it does for whites. The employed share of prime-age African American workers fell by 8.3 percentage points from 75 percent just before the Great Recession started in September 2007 to a low of 66.7 percent in October 2011. (see Figure 5) In comparison, the respective share of white workers dropped by only 4.5 percentage points, from 81 percent in November 2007 to 76.5 percent in July 2010.

Moreover, jobs for African Americans tend to disappear sooner when the economy sours and come back later when the economy improves—a phenomenon often described as “last hired, first fired.” The decline in prime-age employment rates associated with the Great Recession started two months sooner for African Americans than whites and lasted 15 months longer than it did for white workers. (see Figure 5)

Unemployed African American workers look longer for a new job than whites. From September 2018 to September 2019, the average length of unemployment for unemployed African American workers was 25.5 weeks, compared with only 20.8 weeks for unemployed white workers. (see Figure 6)

FIGURE 6
Unemployed Black workers spend more time looking for jobs than unemployed white workers

Average number of weeks of unemployment by race, 1977–2019



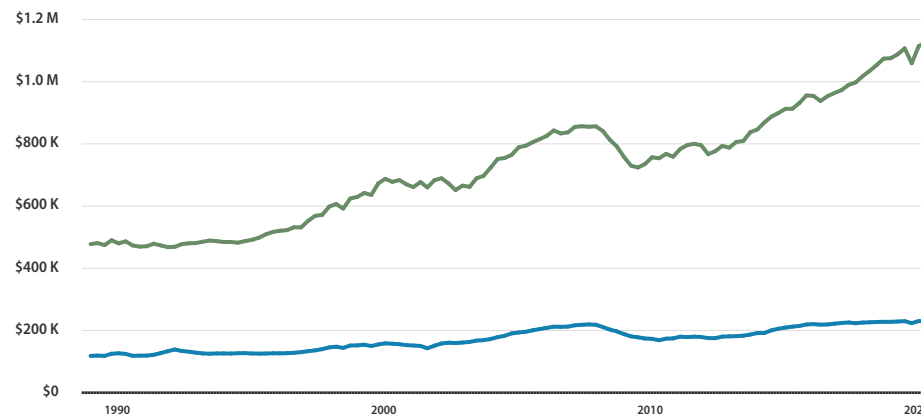
Note: Data are 12-month averages and are not seasonally adjusted.
 Source: U.S. Bureau of Labor Statistics, "Current Population Surveys, 1976–2019" (Washington: U.S. Department of Labor, 1976–2019), available at <https://www.bls.gov/cps/>.

The racial wealth gap continues to grow

African American families need wealth to increase access to good job opportunities. For example, wealth increases the likelihood of people being able to support education for themselves and their children, as well as being able to move to areas with more and better jobs. Yet African American families own much less wealth than whites, and the gap has only widened in recent years. On average, Black families now own about one-fifth of the total wealth, including the imputed wealth of defined benefit pensions, owned by whites. Just before the Great Recession, this gap had shrunk to one-fourth. (see Figure 7). However, African American families lost more wealth during and after the financial and economic crisis of 2007 to 2009. (see Figure 7) This resulted in a widening racial wealth gap over the past decade.

FIGURE 7
The racial wealth gap has widened since the Great Recession

Average household wealth by race, 1989–2019



Sources: Wealth data are from Board of Governors of the Federal Reserve System, "Distributional Financial Accounts," available at <https://www.federalreserve.gov/releases/efa/efa-distributional-financial-accounts.htm> (last accessed November 2019). The data are deflated using the price index for personal consumption expenditures from the Bureau of Economic Analysis, "National Income and Product Accounts," available at https://apps.bea.gov/table/index_nipa.cfm (last accessed November 2019). The number of households is taken from Board of Governors of the Federal Reserve System, "Survey of Consumer Finances (SCF)," available at <https://www.federalreserve.gov/econres/scfindex.htm> (last accessed November 2019). Missing observations are linearly interpolated.

Many factors will have to come together to overcome systematic obstacles that hinder African Americans' ability to build wealth. A prolonged labor market expansion is a good start, but it is not enough, as the most recent data clearly show. More hiring has lowered the unemployment rate and created more employment opportunities, but African Americans are still more likely to be unemployed, have fewer job opportunities, get paid less, have fewer employer-sponsored benefits, and work in less stable jobs. All of these elements further widen the already large racial wealth gap.¹⁶

Conclusion

The U.S. labor market has been expanding for almost a decade, with workers of all races benefiting from this expansion. However, the progress has not erased systematic racial differences in labor market outcomes. African Americans still face persistently higher unemployment and have less access to good jobs than whites. These systematically different experiences in the labor market exacerbate the need for more wealth for African Americans but also make it more difficult to build that wealth in the first place. Making sure that Black workers have the same access to good jobs as white workers does not only require labor market policies but also new and innovative approaches to shrinking the racial wealth gap.¹⁷

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Endnotes

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- 10 Renee R. Ellis and Tavia Simmons, "Coresident Grandparents and Their Grandchildren: 2012" (Washington: U.S. Census Bureau, 2014), available at <https://www.census.gov/content/dam/Census/library/publications/2014/demo/p20-576.pdf>.
- 11 Calculations based on Jessica Semega and others, "Income and Poverty In the United States: 2018" (Washington: U.S. Census Bureau, 2019), Table P-38, available at <https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-income-people.html>.
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- 13 American Association of University Women, "How Does Race Affect the Gender Wage Gap?" available at <https://www.aauw.org/2014/04/03/race-and-the-gender-wage-gap/> (last accessed November 2019).
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