

FIRST TO FALL, LAST TO CLIMB: BLACK WORKERS IN THE NEW ECONOMY

AUGUST 2011

A true recovery can leave no community behind. Unemployment and job insecurity can be decreased among Black workers by increasing funding for job creation programs, promoting workforce development and training opportunities that create career pathways, and providing employer incentives to recruit, retain, and promote workers of color in the labor force.



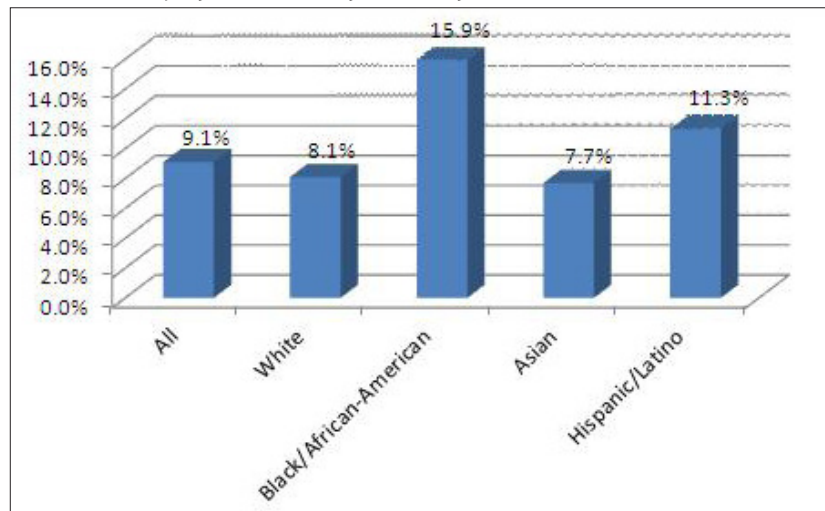
INCLUSION.

After decades of slow, but steady economic progress, the Great Recession of 2007-2009 erased many of the previous gains made by Blacks in the labor market. Recently, two economic reports—the Department of Labor’s report on ‘The Black Labor Force in the Recovery’¹ and the Bureau of Labor Statistics’ July jobs report²—underscored the extent to which workers of color, Blacks in particular, have been left behind in both the recession and in the nascent economic recovery. This policy brief provides a snapshot of how Black workers are faring in the labor market and poses recommendations for building the long-term economic security of Black workers, their families, and communities.

Black Unemployment

At the start of the Great Recession in December 2007, unemployment for Blacks hovered around 9 percent. Though the recession was declared officially over by the National Bureau of Economic Research in June 2009, Black unemployment rates have consistently climbed over the last two years, peaking at 16.5 percent in January, March, and April 2010. The most recent unemployment figures for July 2011 (Figure 1) show that the Black unemployment rate remains the highest of all documented racial and ethnic groups at 15.9 percent—nearly twice as high as the white unemployment rate of 8.1 percent. For Black youth between the ages of 16 and 19, the unemployment rate is a staggering 39 percent,³ and the current percentage of employed Black men has fallen to the lowest level since the Department of Labor began tracking employment rates in the 1970s.⁴

Figure 1. Unemployment Rates by Race, July 2011

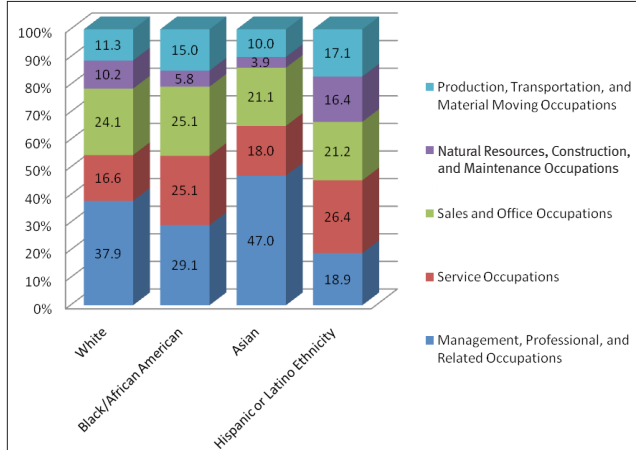


Source: Bureau of Labor Statistics, Employment Situation News Release.

The Black Employed

Among Black workers who are employed—about half of the Black civilian non-institutional population⁵—approximately one quarter are college graduates (26 percent), over half are women (54 percent), and median weekly earnings amount to \$611.⁶ Black workers are disproportionately represented in low-wage and low-skill industries that offer few benefits or opportunities for career advancement. As illustrated in Figure 2, one quarter of all Black workers work in service occupations—a sector that employs less than 17 percent of whites. Conversely, only 29 percent of Black workers hold management and professional occupations, such as business and financial operations, whereas approximately 38 percent of white workers are employed in this sector.

Figure 2. Occupational Segmentation by Race and Ethnicity, 2010



Source: Bureau of Labor Statistics, *Current Population Survey, Employed Persons by Occupation, Race, Hispanic or Latino Ethnicity, and Sex. Tabulations by the Women of Color Policy Network, NYU Wagner.*

As a result of labor segmentation, lower lifetime earnings, historical disenfranchisement, and other factors, Black workers and families have fewer resources than their white counterparts to fall on in hard times. In 2009, the median worth for white households was \$98,860, whereas the median Black net worth was merely \$2,170.⁷ Median white household wealth is 20 times that of Black households,⁸ and over half—60 percent—of Black middle-class households live paycheck to paycheck without any net financial assets.⁹ Black single mothers have even fewer assets at their disposal and report a median wealth of zero, whereas white women have a median wealth of \$6,000.¹⁰

Recommendations

While the Obama Administration has made some efforts to support the Black labor force, targeted and aggressive programs and work supports are needed to effectively reduce unemployment, promote career advancement opportunities, and expand access to quality jobs for Black workers. Specifically, the Network recommends the following:

- 1) Extend federal unemployment insurance benefits, a second line of support for unemployed workers. Federal unemployment insurance extensions for workers who are still unemployed after exhausting their state unemployment benefits will expire on January 1, 2012 unless Congress renews the extensions before the end of the year. Not doing so will have a profound impact on unemployed Blacks, who are disproportionately represented among the long-term unemployed: In 2010, 48 percent of all Black unemployed workers were unemployed 27 weeks or longer, compared to 42 percent of unemployed whites.¹¹
- 2) Expand jobless benefits at the state level, a baseline safety net support for the unemployed. As a result of budget constraints, many states—including Michigan, a state that experienced the longest double-digit unemployment rates in the nation¹²—recently passed laws shortening state-level unemployment insurance coverage, often from the federal standard of 26 weeks to just 20 weeks. At a time when unemployment rates continue to rise throughout the nation, state legislatures should reinstate payments to the long-term unemployed.
- 3) Support early links to the labor market and educational opportunities for people of color in low-income and economically disadvantaged communities. Education and training programs should focus on preparing workers to enter occupations and fields with greater opportunities for career advancement and growth. Training programs and initiatives should include soft- as well as hard-skill development and focus on employment maintained over time rather than on placement alone.
- 4) Utilize allocated resources, affirmative action programs, and antidiscrimination legislation to increase the representation and promote the advancement of racial and ethnic minorities in the workforce, particularly in targeted middle- or higher-wage occupations that offer workers greater economic security. Policies and programs should provide incentives to encourage businesses to recruit, retain, and promote employees of color and counter racial, ethnic, and gender discrimination in the labor market.

A true recovery can leave no community behind. Unemployment and job insecurity can be decreased among Black workers by increasing funding for job creation programs, promoting workforce development and training opportunities that create career pathways, and providing employer incentives to recruit, retain, and promote workers of color in the labor force.

(Endnotes)

¹ U.S. Department of Labor, *The Black Labor Force in the Recovery*, available at http://www.dol.gov/_sec/media/reports/BlackLaborForce/BlackLaborForce.pdf (last accessed July 12, 2011).

² U.S. Department of Labor, Bureau of Labor Statistics, *The Employment Situation – July 2011*, available at <http://www.bls.gov/news.release/pdf/empst.pdf> (last accessed August 8, 2011).

³ Ibid.

⁴ Chicago Sun-Times, *Spending Cuts Add to Jobs Crisis*, available at <http://www.suntimes.com/news/jackson/6462667-452/spending-cuts-add-to-jobs-crisis.html> (last accessed August 8, 2011).

⁵ U.S. Department of Labor, *supra* note 2.

⁶ U.S. Department of Labor, *supra* note 1.

⁷ Economic Policy Institute, as cited in The Washington Post, *After Decades of Hard-Fought Progress, Black Economic Gains Were Reversed in Great Recession*, available at http://www.washingtonpost.com/national/after-decades-of-hard-fought-progress-black-economic-gains-were-reversed-in-great-recession/2011/07/09/gIQApej05H_story.html (last accessed July 12, 2011).

⁸ Pew Research Center, *Wealth Gaps Rise to Record Highs Between Whites, Blacks, and Hispanics*, available at <http://pewsocialtrends.org/2011/07/26/wealth-gaps-rise-to-record-highs-between-whites-blacks-hispanics/>

⁹ Women of Color Policy Network, *At Rope's End*, available at <http://wagner.nyu.edu/wocpn/publications/files/AtRopesEnd.pdf> (last accessed July 13, 2011).

¹⁰ Ibid.

¹¹ U.S. Department of Labor, *supra* note 1.

¹² Toledo Blade, *Benefits Cut Short*, available at <http://www.toledoblade.com/Editorials/2011/04/11/Benefits-cut-short.html> (last accessed July 12, 2011).