BUILDING AN EQUITABLE RECOVERY: THE ROLE OF RACE, LABOR MARKETS, AND EDUCATION

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Education *is not* the "great equalizer" for economic security and social mobility

Conventional wisdom

- Black workers worse off due to how they are distributed along educational attainment

Our finding

- Across Recession, college educated Black workers actually are most harmed relative to White peers

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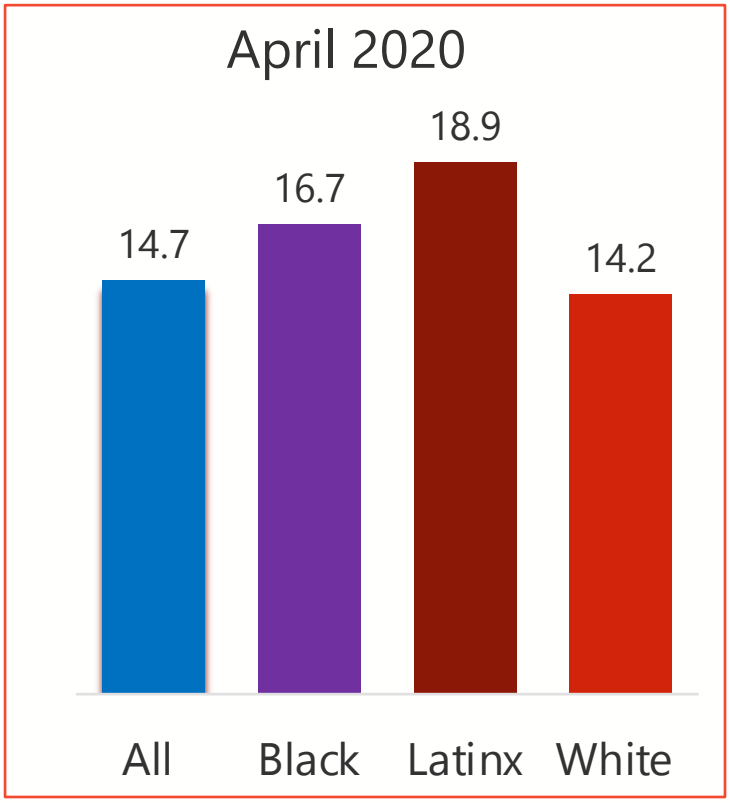
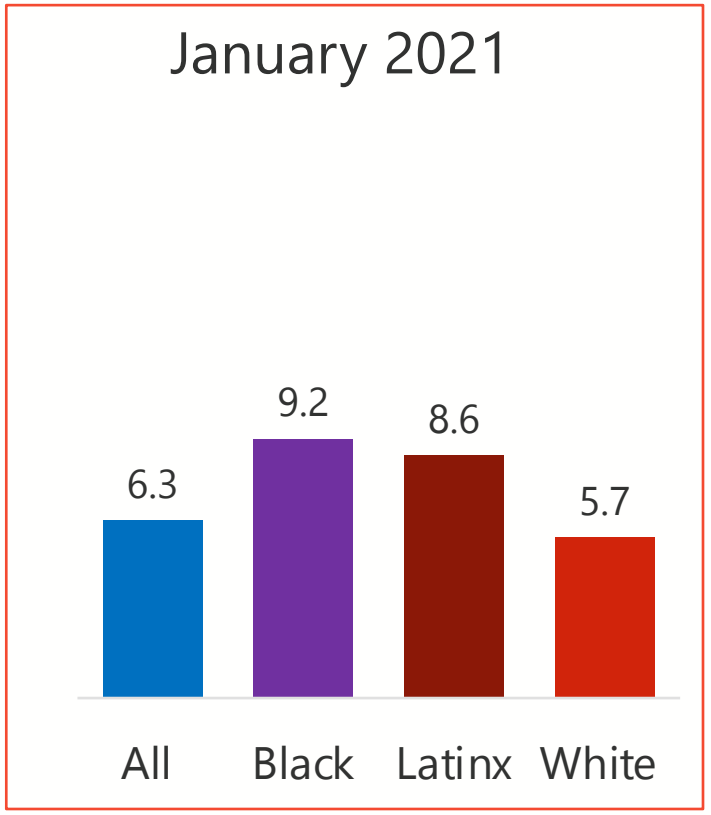
Education matters within group, but social structures *have never* permitted Black people to convert education into desired outcomes at the same rate as White people; *particularly true across recession*

This recession is different

Unemployment in the pandemic





Source: Bureau of Labor Statistics. Civilian unemployment rate, seasonally adjusted. *Economic Releases.*

Racial and Ethnic Disparities in COVID-19

Rate ratios compared to White, Non-Hispanic persons	American Indian or Alaska Native, Non-Hispanic persons	Asian, Non-Hispanic persons	Black or African American, Non-Hispanic persons	Hispanic or Latino persons
Cases[1]	1.8x	0.6x	1.4x	1.7x
Hospitalization[2]	4.0x	1.2x	3.7x	4.1x
Death[3]	2.6x	1.1x	2.8x	2.8x

Image Source: Centers for Disease Control and Prevention (CDC). Cases, Data & Surveillance

Who's "Essential"?

Workers aged 25-64	Share in essential jobs
Black	0.52
Women	0.55
Men	0.50
Latinx	0.50
Women	0.48
Men	0.52
White	0.42
Women	0.43

Essential sectors include:

Chemical Sector

Commercial Services

Communications and IT

Critical Manufacturing

Defense

Emergency Services

Energy

Financial Sector

Food and Agriculture

Healthcare

Government and Community Based Service

Transportation, Warehouse, and Delivery

Water and Wastewater management

Occupational Crowding and Wages Differences Amongst Essential Workers

Reference Group	Crowding Index	Share of Avg. Wages*	Change in Crowding as Wages Increase by $10K
Black women v. White women	1.2	0.81	-0.04***
Black women v. White men	1.3	0.61	-0.16***
Black men v. White men	1.1	0.69	-.009***
Latinx women v. White women	1.2	0.72	-0.04***
Latinx women v. White men	1.3	0.54	-.016***
Latinx men v. White men	1.4	0.68	-0.06***
White women v. White men	1.0	0.83	-0.05***
White Men v. Everyone	0.87	1.30	0.07***

* $p<0.05$ ** $p<0.01$ *** $p<0.001$

Data source: American Community Survey 2018 5 Year Estimates. Minneapolis, MN: IPUMS, 2020

Food and Agriculture

High-Risk and Low-Wage

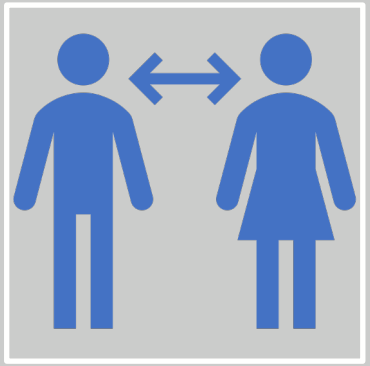
Latinx Workers in Food and Agriculture

	Crowd Index	Percent of Avg Wages*
Non-citizens		
Latinx Women v. White women	3.5	0.72
Latinx Women v. White men	3.9	0.50
Latinx Men v. White men	3.4	0.71
Citizens		
Latinx Women v. White women	1.1	0.91
Latinx Women v. White men	1.2	0.64
Latinx Men v. White men	1.3	0.84

Data source: American Community Survey 2018 5 Year Estimates. Minneapolis, MN: IPUMS, 2020

Work and Risk of COVID

Proximity (arm's length) to Customers and Coworkers



All Others

Arm's length

U.S. Department of Labor Employment and Training Administration's O*NET OnLine

Essential Work with High Proximity to Customers and Coworkers

Reference Group	Crowding Index	Share of Avg. Wages*
Black women v. White women	1.8	1.00
Black women v. White men	2.2	0.82
Black men v. White men	1.4	0.90
Latinx women v. White women	1.1	0.97
Latinx women v. White men	2.2	0.79
Latinx men v. White men	1.2	0.90
White women v. White men	1.2	0.88
White Men v. Everyone	0.88	1.20

Data source: American Community Survey 2018 5 Year Estimates. Minneapolis, MN: IPUMS, 2020

Relaxing Shelter In-Place and Business Re-Openings

Table 4: Physical Proximity and Occupational Crowding (All Occupations, including Nonessential)

	High Physical Proximity		Lower Physical Proximity	
	Average Income: $47,614[13]		Average Income: $59,986	
Reference Group	**Crowding Index**	**Share of Average Wages***	**Crowding Index**	**Share of Average Wages***
Black Women v. White Women	1.10	0.86	0.90	0.82
Black Women v. White Men	1.80	0.63	0.80	0.58
Black Men v. White Men	1.10	0.72	1.00	0.64
Latinx Women v. White Women	1.00	0.79	1.10	0.71
Latinx Women v. White Men	1.70	0.57	1.00	0.50
Latinx Men v. White Men	1.40	0.72	1.10	0.64
White Women v. White Men	1.40	0.84	0.90	0.80
White Men v. Everyone	0.60	1.40	1.00	1.30

Crowding Index: <0.9 = Underrepresented; 0.9–1.1 = Proportionally Represented; >1.1 = Overrepresented
*Note: The share of average wages refers to the average annual wages of the two comparison groups (e.g., Black Women and White Men)
Data Source: *American Community Survey 2018 Five Year Estimates. Minneapolis, MN: IPUMS, 2020.*

Black-White Wage Disparity Across Business Cycles

Figure 3: Average Black Wages as a Percent of White Wages (1988–2017)

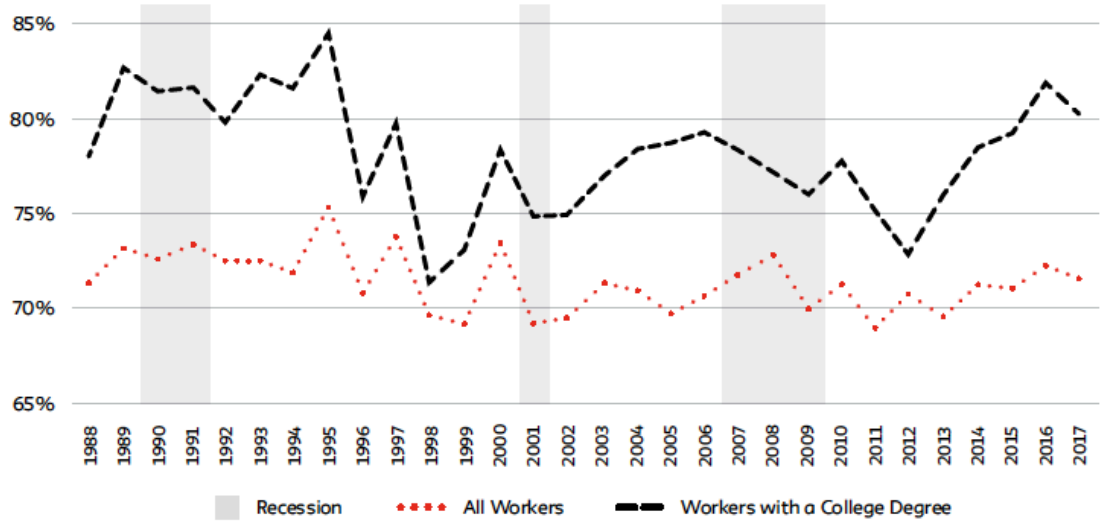
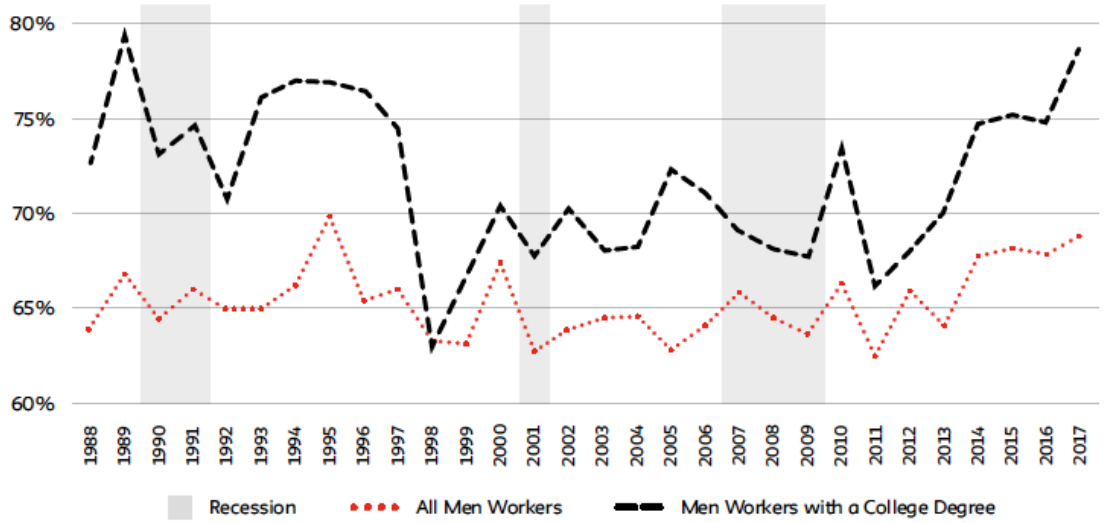


Figure 4: Average Black Men's Wages as a Percent of White Wages (1988–2017)

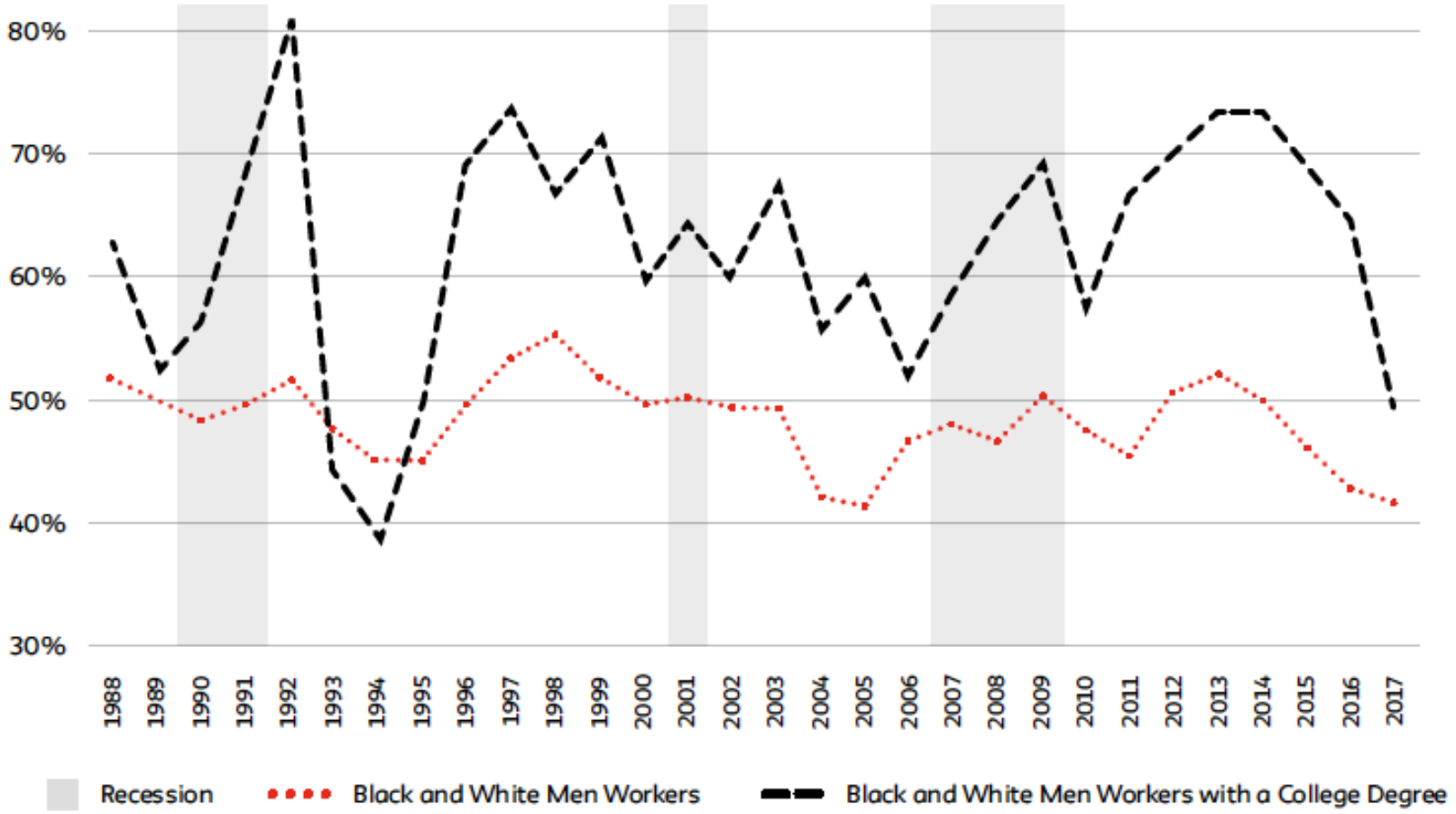


We conduct Oaxaca-Blinder decompositions to measure racial and ethnic difference in efficacy in converting labor market characteristics into desired outcomes

The socioeconomic and demographic characteristics controlled

- Age
- Marital status
- Number of children in household
- If public sector worker
- If in metro area
- Geographical region
- Industry
- Occupation

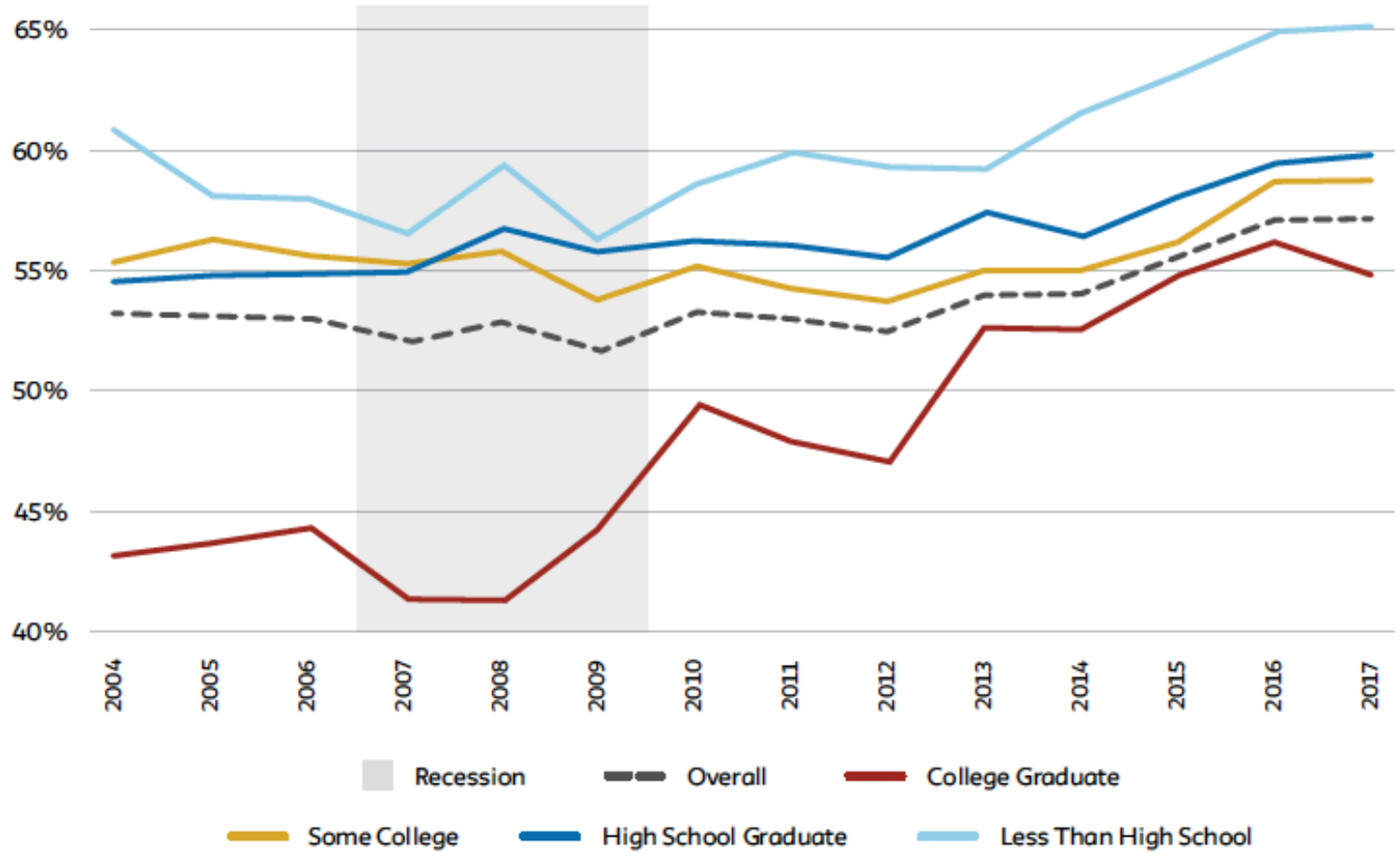
Figure 5: The Component of Racial Wage Disparity Due to Differential Treatment of Labor Market Characteristics (1988–2017)



Trends are based on estimates from repeated cross sections of CPS-ASEC, 1988 to 2017. Analysis is of postive wage earners.

Source: *Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles, and J. Robert Warren (2020). "Integrated Public Use Microdata Series, Current Population Survey: Version 7.0)" [dataset]. Minneapolis, MN: IPUMS.*

Figure 6: The Component of Homeownership Disparity Due to Differential Treatment of Housing Market Characteristics (2004–2017)



Trend-based estimates from repeated cross sections of ACS-1 Year Samples from 2004 to 2017. Analysis is of household heads.

Source: *Steven Ruggles, Sarah Flood, Ronald Goeken, Josiah Grover, Erin Meyer, Jose Pacas, and Matthew Sobek. IPUMS USA: Version 10.0 [dataset]. Minneapolis, MN: IPUMS, 2020.*

Recommendations:
Invest

- **Invest in ending the pandemic**
- **Provide massive additional federal aid to state and local governments**
- **Expand the social safety net**
- **Expand public sector employment**

Recommendations:
create conditions for progress

- **Measure how policies impact racial equity**
- **Harness the education system to empower public problem-solving**
- **Restore state and federal support for higher education**

Recommendations: Transform

- **End inequitable tax policies**
- **Break the connection between local property taxes and school funding**
- **Reduce intergenerational wealth mobility**

Recommendations:
reduce Inequalities in power

- **Restore labor power and stop low-road employment practices**
- **Support Black, Latinx, and Indigenous leaders, organizations, and researchers**

Thank you!

- The Bill and Melinda Gates Foundation
- The panelists
- My co-authors
- WorkRise and The Urban Institute
- The Institute on Race and Political Economy at The New School
- The Kirwan Institute for the Study of Race and Ethnicity at The Ohio State University
- The Peterson Institute for International Economics
- The Scholars Strategy Network

Stay in touch!

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The New School's Institute on Race and Political Economy

The Institute on Race and Political Economy conducts research to understand the structures of inequality and advance new knowledge about the pivotal roles of race, power, and social stratification. Building relationships beyond the academy, Institute researchers work to identify, implement, and scale transformative ideas to promote economic inclusion, civic empowerment, and social equity. The Institute also works to foster the next generation of scholars bringing diverse backgrounds, perspectives, and new thinking to society's biggest challenges. Learn more at www.newschool.edu/irpe

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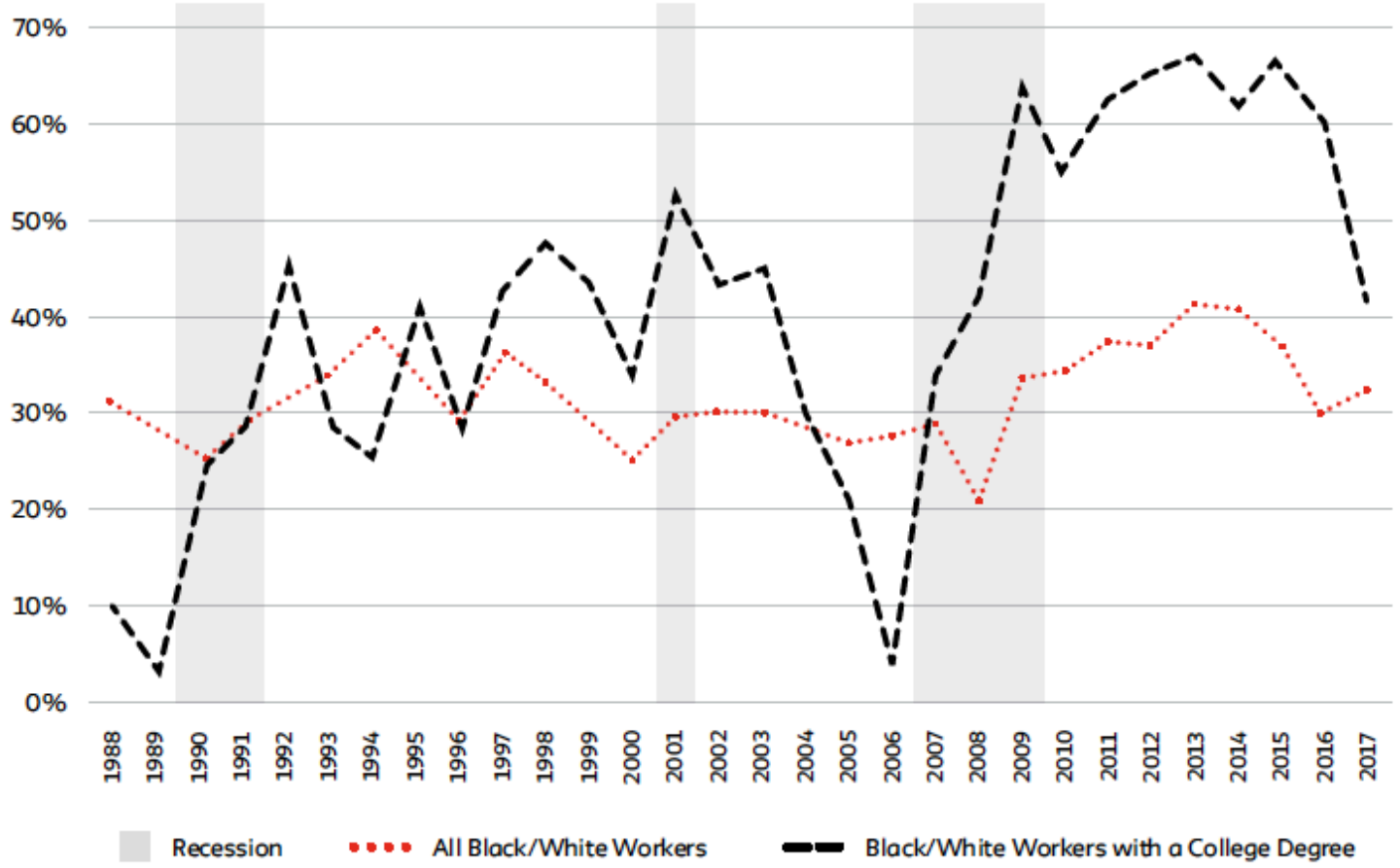
Appendix

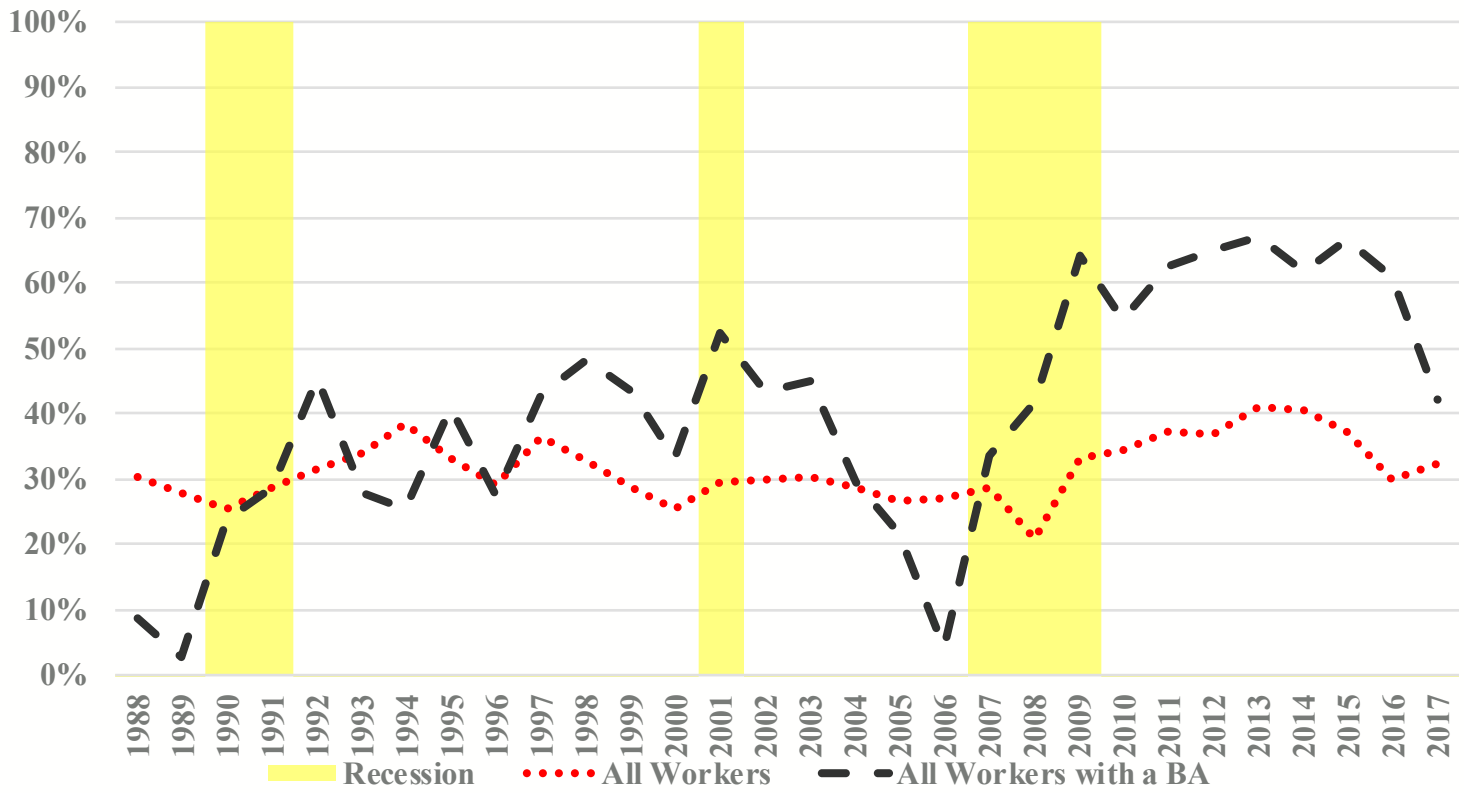
Figure A: The Component of Racial Wage Disparity Due to Differential Treatment of Labor Market Characteristics (1988–2017)



Trend-based estimates from repeated cross sections of CPS-ASEC, 1988 to 2017. Analysis is of postive wage earners.

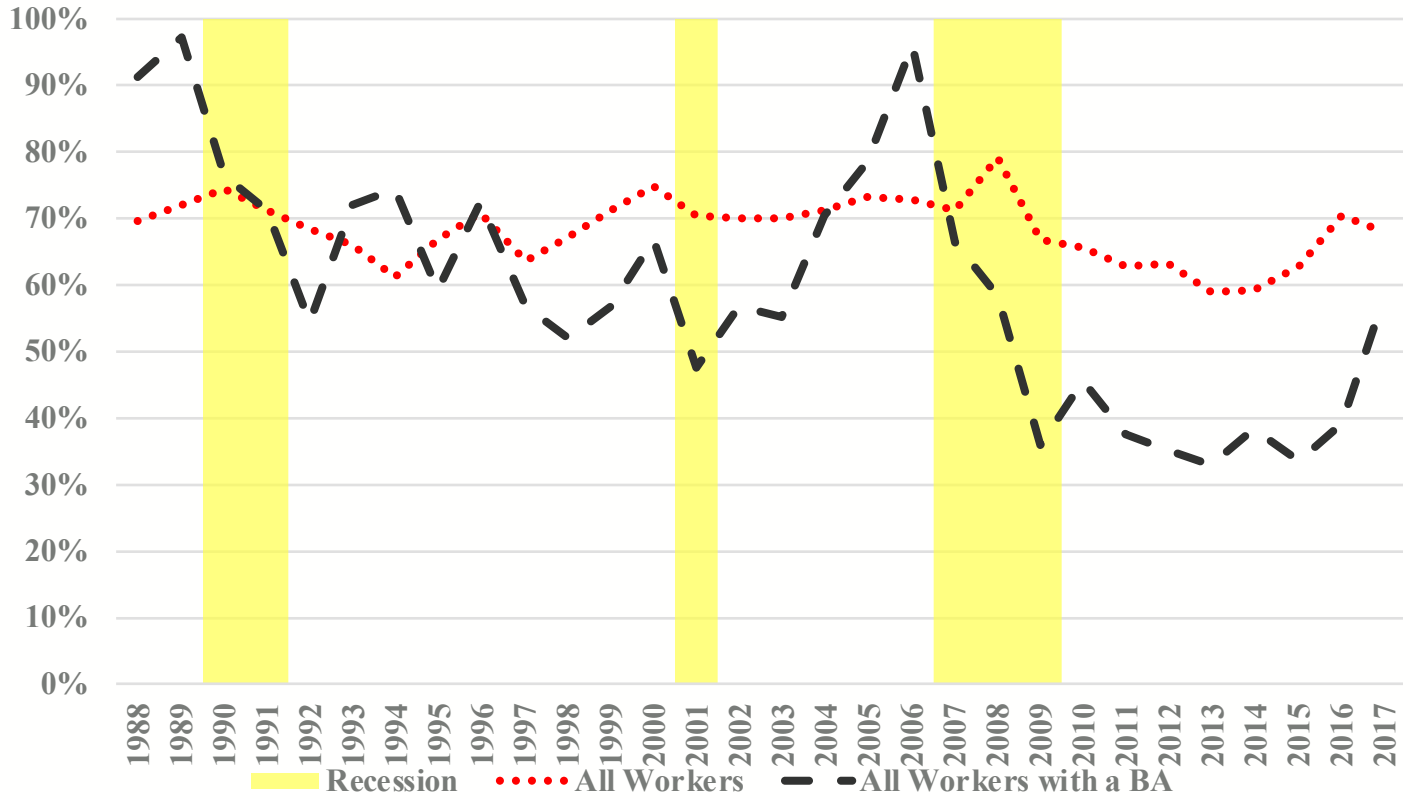
Source: *Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles, and J. Robert Warren (2020). "Integrated Public Use Microdata Series, Current Population Survey: Version 7.0)" [dataset]. Minneapolis, MN: IPUMS.*

*For **all** college educated workers, discrimination accounts for more of the disparity during recessions*



Note: Trend-based on estimates from repeated cross sections of CPS-ASEC, 1988 to 2017. Analysis is of working age, positive wage earners in civilian population. Data Source: Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles and J. Robert Warren (2020). "Integrated Public Use Microdata Series, Current Population Survey: Version 7.0" [dataset]. Minneapolis, MN: IPUMS.

*For **all** college educated workers, characteristics account for less of the disparity during recessions*



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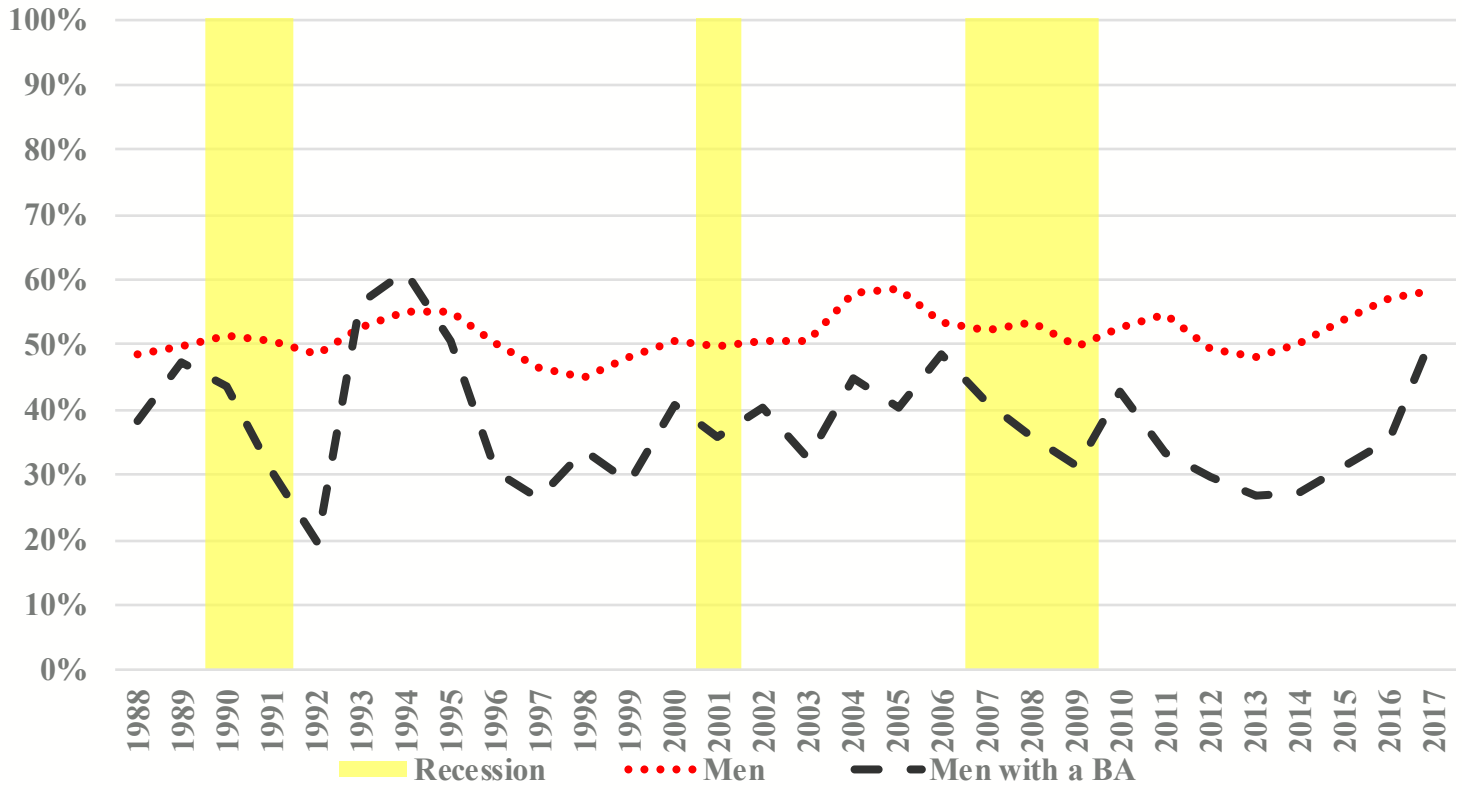
For college educated workers WHO ARE MEN, characteristics account for less of the disparity during recessions



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Occupational Crowding

$$CROWD\_INDEX_X^i = \left\{ \frac{Actual\ Share_X^i}{Expected\ Share_X^i} \right\} = \left\{ \frac{\frac{X^i}{Y^i}}{\frac{X^{k^i}}{Y^{k^i}}} \right\}$$

Source: Hamilton (2013)

We conclude with twelve recommended actions that would promote a more equitable recover induced collapse:

- Invest in ending the pandemic
- Expand the social safety net
- Provide massive additional federal aid to state and local governments
- Expand public sector employment
- Restore labor power and stop low-road employment practices
- Reduce intergenerational wealth inequality
- End inequitable tax policies
- Harness the education system to empower public problem-solving
- Break the connection between local property taxes and school funding
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- Support Black, Latinx, and Indigenous organizations, leaders, and researchers