



Black workers in the U.S. economy

Marianne Wanamaker

October 2024

It is no secret that Black workers in the United States have historically experienced weaker employment and wage outcomes than either White or Hispanic workers. The wage disadvantage extends to our earliest recorded data on occupation and income.¹

This racial disparity is stubbornly persistent across generations, and much of it remains unexplained by the observable characteristics of workers, including major wage determinants like age, education, location, or even industry and occupation.²

Landmark civil rights legislation in the 1960s pushed the American economy to both employ and pay workers without regard to race, and evidence suggests that the acts made an immediate impact.³ But in the 60 years that followed, there has not been a full racial convergence in labor market outcomes in the U.S.

Encouragingly, the economic expansion currently underway in the United States has started to chip away at some long-standing labor market gaps facing Black Americans, even while progress on other measures remains elusive.

The long economic expansion and employment gaps

Black workers are sometimes referred to as “last in, first out” workers, meaning that employers hire Black employees last in an economic expansion and that Black workers experience job loss first in an economic contraction.

The phenomenon may be partially attributed to factors correlated with race, reflecting the combination of industry, occupation, education, and geographic differences that have resulted from decades of different lived experiences for Black workers relative to their White peers. Black workers, for example, have lower average levels of education than White workers, and there is some evidence that Black employment is concentrated in more economically volatile industries.⁴

Whatever the reason, patterns in the economic data are consistent with this characterization.

Throughout the long economic expansion — and associated tightening of the labor market — since the Great Recession ended in 2009, the gap between the share of Black Americans who are employed and the same share for White Americans has fallen.⁵

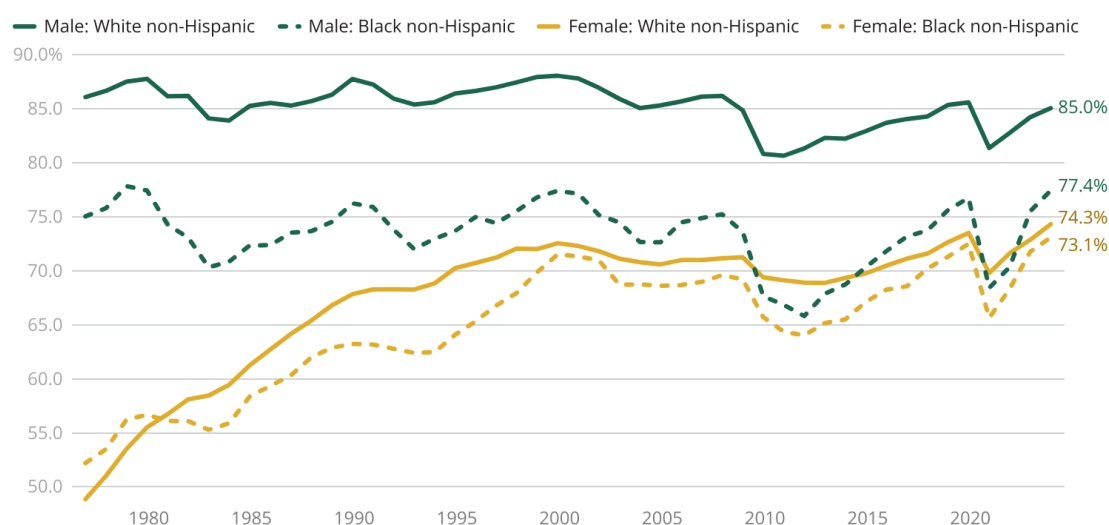
But to properly understand just how Black employment rates have compared to White employment through the decades, we first need to adjust for age and gender.

The White population in America is much older than the Black population, in part because of higher mortality among Black Americans. As of 2022, 21 percent of the White population was aged 65 and over, compared to 13 percent of the Black population.⁶ And because older workers are also less likely to be employed, the appropriate comparison is between White and Black workers in their prime working ages of 25 to 54.

Furthermore, the periods of convergence (and divergence) through the years between White and Black employment have sometimes differed for men and women.

As shown in Figure 1, employment rates for the prime-age cohorts of both Black men and Black women stood at or near all-time highs in 2023.

Figure 1: Prime-age employment-to-population ratio across select sex, race, and ethnicity



Note: Annual average employment-to-population ratio among prime age respondents (25 to 54 years old)

Source: Current Population Survey, 1976 to 2023.

As of 2023, the employment ratio of prime-age Black women was close to that of White women, trailing by just more than a single percentage point.

For Black men, however, the employment ratio still lagged the White male employment ratio by 7.6 percentage points.

But, while the long economic expansion since 2009 has not fully closed the gap for prime-age men, the gap is still the lowest recorded in a data series that extends back to 1976 — and the trajectory of employment suggests further convergence ahead. The three years with the smallest gaps in prime-age employment ratios on record for Black men have all occurred since 2019.

Tight labor markets and racial compensation gaps

Although employment-to-population ratios show remarkable racial convergence after 1976, wages and other indicators of worker compensation do not reflect the same progress.

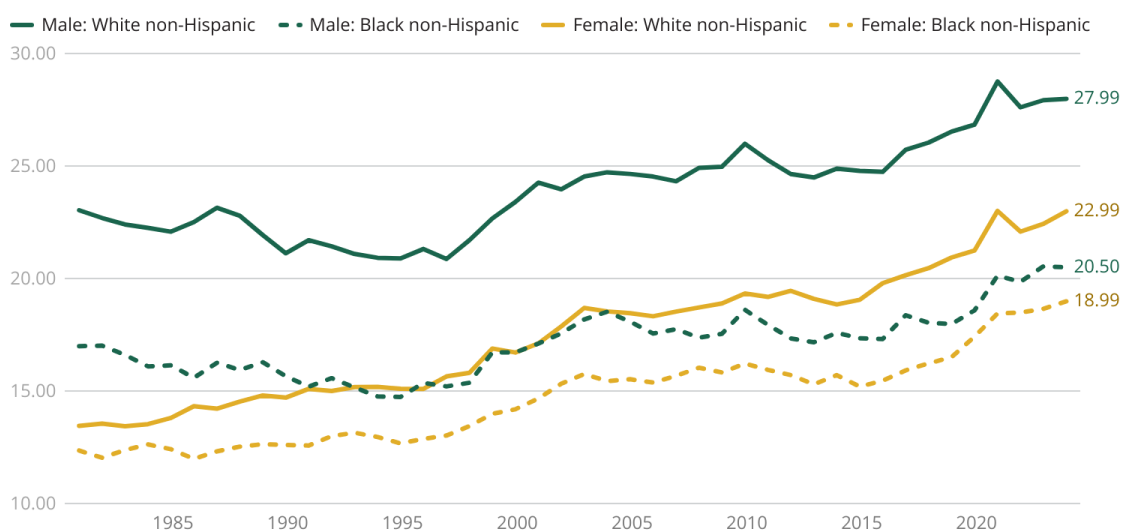
Figure 2 contains simple measures of median wages for Black and White workers, both male and female, dating back to 1980.

White women stand out relative to other groups for the consistent, steep upward trajectory of wage growth since 1980. All other groups have experienced periods of wage stagnation within this timeframe, though for differing lengths of time. White women have enjoyed 71 percent real median hourly wage growth over the period, compared to 54 percent for Black women.

All four groups have seen steadily rising real wages since roughly 2012. By 2023, hourly wages for White men (\$27.99 per hour) exceeded those for Black men (\$20.50 per hour) by \$7.49. For women, the 2023 gap was \$4.00 (\$22.99 versus \$18.99).

For full-time, year-round workers, these differences amount to a \$15,579 income advantage for White men and an \$8,320 income advantage for White women.⁷

Figure 2: Real median hourly earnings across select sex, race, and ethnicity



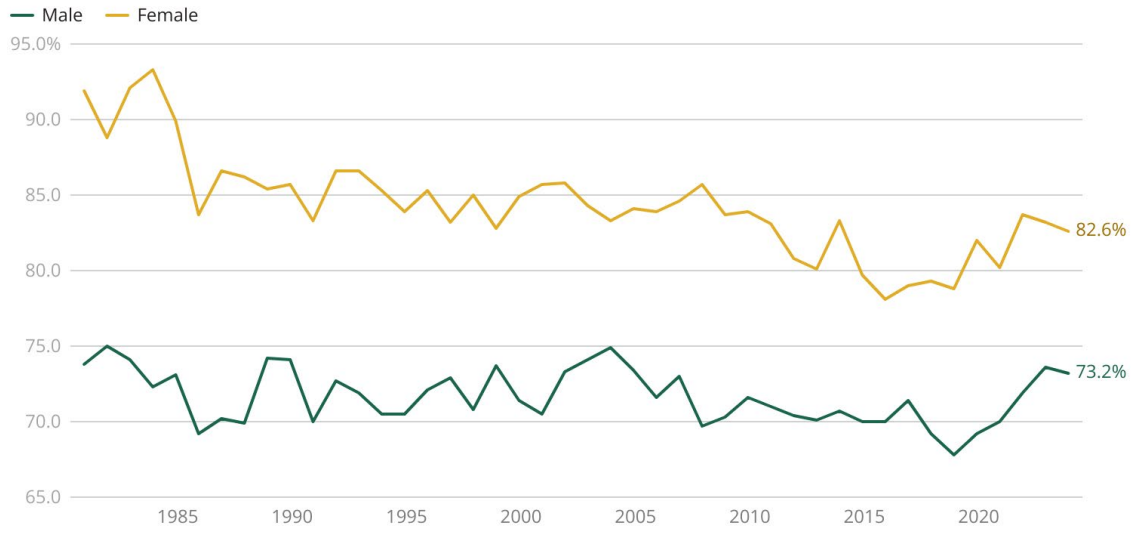
Source: Current Population Survey Merged Outgoing Rotation Group, 1980 to 2023.

Figure 3 makes clear that, just as periods of economic stagnation have been damaging for both Black and White men, the most recent rise in real wages has advantaged both groups, too. This is evidenced in the relative stability of the ratio of median wages for Black men relative to White men, which has hovered between 70 and 75 percent for the past four decades with very few exceptions (although it reached a low point in 2018).

The stagnancy of the wage ratio has held despite a substantial convergence in employment ratios for the two groups after 2009. Thus, while the most recent economic expansion has served to close employment gaps, it has not served to close the racial hourly wage gap among men who are employed.

The story for women is quite different, as evidenced by the downward sloping line in Figure 3. Median hourly earnings for Black women lagged the earnings of White women through 2015, even as the employment ratios of Black and White women closely paralleled each other.

Figure 3: Black to White ratio of median hourly earnings across sex

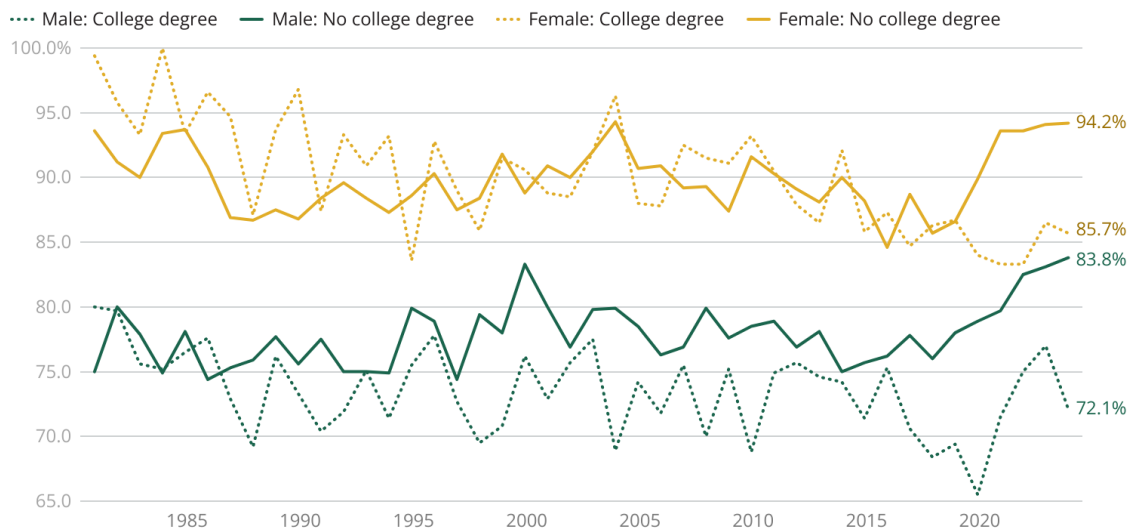


Source: Current Population Survey Merged Outgoing Rotation Group, 1980 to 2023.

In 1980, Black women earned more than 90 percent of White women's hourly wage. But by 2015, the ratio had declined to 78 percent. In the years after 2015, the ratio recovered somewhat and averaged 83 percent between 2021 and 2023.

Breaking down the disparities by education, Figure 4 includes ratios for two categories: workers with and without a college degree.

Figure 4: Black to White ratio of median hourly earnings across sex and education



Source: Current Population Survey Merged Outgoing Rotation Group, 1980 to 2023.

What the trendlines in Figure 4 show is a real improvement in the relative wages of Black workers **without a college degree**, particularly since the mid-2010s.

While median wages for Black workers with a college degree have shown little persistent improvement relative to White workers, non-college-educated Black workers have increased median hourly earnings relative to White workers by roughly 9 percentage points for men since 2013 and 9.5 percentage points for women since 2015. These data can be somewhat volatile, but even a simple comparison of 2019–2023 averages relative to 2014–2018 averages shows a gain in relative wages of 4.9 percentage points for men and 6.4 percentage points for women.

Non-college-educated Blacks are making much stronger progress toward wage convergence than college-educated Blacks. For workers **with a college degree**, relative wages between White and Black workers have been steady for men and declining for women. On a 5-year basis (comparing 2019–2023 to 2014–2018), Black women with a college degree have experienced a deterioration in relative earnings power of 1.6 percentage points while Black men’s relative wages have improved by 1.2 percentage points.

Thus, the current economic expansion has served to raise the wages of Black workers without a college degree relative to their white peers without materially affecting aggregate racial wage gaps.

Industry of employment and the wage gap

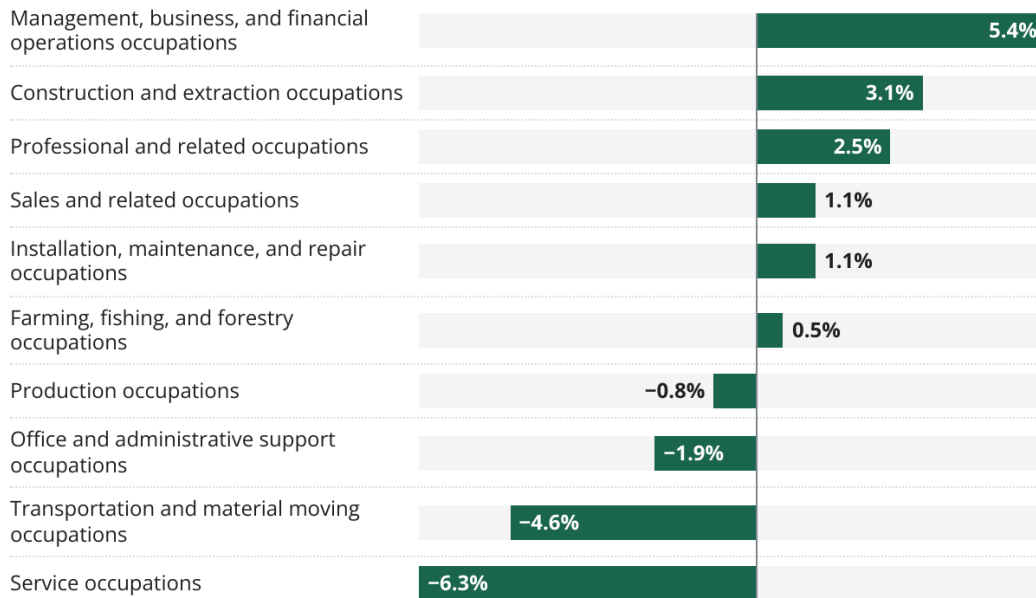
The persistent gaps in wages for Black and White workers likely reflect a combination of factors, including discrimination and higher levels of incarceration among Black men. Another important contribution to persistent wage gaps is occupational sorting. Black Americans are more heavily represented in occupations that, on average, pay less than occupations in which White workers are disproportionately concentrated.

Figure 5 shows the Black-White gap in employment in major occupation categories. Black workers are more heavily employed in Food Prep, Personal Care, and Other Services occupations and in Production and Transportation occupations.

Economic expansions and contractions do not universally favor or disfavor specific occupations, but certainly the Food Prep, Personal Care, and Other Services occupation was severely impacted by the Covid downturn, even while Production and Transportation occupations were positively impacted.

The economists Ashley Jardina, Peter Q. Blair, Justin Heck, and Papia Debroy conclude that the occupational segregation apparent in Figure 5 is both static (meaning there has been little movement in these gaps in the last 20 years) and consequential for wage inequality.⁸

Figure 5: Difference in the shares of the share of the population working in each occupation



Note: Data comes from the Bureau of Labor Statistics Current Population Statics table 10. Employed persons by occupation, race, Hispanic or Latino ethnicity, or sex.

Source: BLS CPS Tables, Annual Averages.

What's next for Black workers

Looking to the future, worker characteristics and individual attributes will remain instrumental in determining how different demographic groups weather economic change. As the American labor market continues to evolve — because of technological advances, changes in industrial and social policies, and other inevitable trends — differences in the underlying characteristics of groups will at least partially determine their resulting labor market outcomes. These differences can include acquired skills, industry, occupation, geography, and education levels.

One example is the difference between Black and White populations in the share of workers with a college degree. Higher levels of education tend to fortify workers against economic downturns. Among the population aged 25 to 64, there is a 14.2 percentage point gap in the share with a college degree (41.8 percent for White adults versus 27.6 percent for Black adults, as of 2022).⁹

That snapshot masks important trends within each cohort, however. Educational attainment is rising faster, from a lower base, for younger generations of Black workers than it is for White ones. And among recent high school graduates, the racial gap in college enrollment has closed in recent years — thanks in part to post-secondary enrollment for Whites falling to new lows. The shares fluctuate quite a lot from year to year, but in 2023, Black Americans aged 16 to 24 who recently graduated from high school were enrolled in college at a nearly identical rate as White Americans — 59.6 percent to 59.9 percent, respectively. This convergence followed a slow, general, long-term trend of the past few decades in which enrollment rates for Black students have been catching up to White enrollment rates.¹⁰

This is one encouraging sign for the future resilience of Black workers to economic downturns and future convergence with White workers in their employment outcomes — though it is also worth noting that Black Americans still have lower graduation rates once they reach higher education.

Geography might also facilitate additional improvement in labor market outcomes. Black Americans are geographically concentrated in urban locations and in the South. A 2021 report by McKinsey & Company found that 56.5 percent of Black workers reside in Southern states.¹¹ These states have seen disproportionate increases in population since 2020, driving economic growth and labor market opportunities.¹²

Black Americans are among those flocking to the Sun Belt in what demographer Bill Frey calls a “reverse Great Migration”.¹³ Many are pulled by amenities (including neighborhood quality), affordability and perceptions of greater opportunity. These sorts of geographic dynamics would tend to favor the earnings of Black workers going forward.

Characteristics like education and geography alone will not determine whether there will be further convergence in labor market outcomes between Black workers and White workers. Policy matters too. A critical lesson from the long economic expansion that was punctuated by Covid before quickly regaining its stride is the importance of tight labor markets in improving outcomes for Black workers in particular.

Tight labor markets drive wage growth for workers at lower pay levels and with less education, and full-employment conditions foster convergence in labor market outcomes across demographics by pulling marginalized workers into the fold. Racial gaps remain large across key labor market indicators, but the conditions for closing some of those long-standing gaps are better today than they have been in decades.

Marianne Wanamaker is a Professor of Economics and Executive Director of the Howard H. Baker Jr. Center for Public Policy at the University of Tennessee.

Explore the Economic Innovation Group’s American Worker Project [here](#).

¹ See William J. Collins and Marianne H. Wanamaker, “African American Intergenerational Mobility since 1880”, *American Economic Journal: Applied* 14(3), 2022. and Marianne H. Wanamaker, “150 Years of Economic Progress for African American Men”, *Economic History of Developing Regions* 32(3), 2017.

² Council of Economic Advisers, “Racial Discrimination in Contemporary America”, July 03, 2024.

³ See John Donohue and James Heckman, “Continuous vs. Economic Change: The Impact of Civil Rights Policy on the Economic Status of Blacks”, *Journal of Economic Literature* 29, 1991.

⁴ See Christian Weller, “African Americans Face Systematic Obstacles to Getting Good Jobs”, Center for American Progress. Weller writes: “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.”

⁵ The current economic expansion that began in 2009 was briefly (if severely) interrupted by the Covid recession, which ended almost as quickly as it started. The economy quickly returned to its pre-Covid path on important labor market metrics.

⁶ Based on Decennial Census data from 2000 and American Community Survey data from 2022.

⁷ Based on 2,080 hours worked per year.

⁸ Ashley Jardina, Peter Q. Blair, Justin Heck, and Papia Debroy, “The Limits of Educational Attainment in Mitigating Occupational Segregation between Black and White Workers”, NBER Working Paper. August 2023.

⁹ See data from the U.S. Census Bureau [here](#).

¹⁰ As cited by the Bureau of Labor Statistics, [here](#).

¹¹ McKinsey and Company. “[Race in the Workplace: The Black Experience in the U.S. Private Sector](#)”, February 21, 2021.

¹² Of course, Southern growth has also generated above-average increases in housing costs, raising the cost of living for workers in these locations.

¹³ William H. Frey, “[A ‘New Great Migration’ is bringing Black Americans back to the South](#)”, Brookings Institution, September 12, 2022.