

ADDRESSING INEQUITIES:

**A CLOSER LOOK AT THE ECONOMIC, EMPLOYMENT
AND EDUCATIONAL CHALLENGES FACED BY
BLACK AND LATINO AMERICANS**

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NCHEMS

About this Brief

This brief, produced by Communication**Works**, LLC, examines the particular economic, employment and educational challenges faced by Black and Latino workers, why it is imperative that workforce development systems address the needs of these workers, and how the Data for the American Dream initiative is tackling this challenge.

Governmental agencies, policy organizations and researchers vary in their use of the terms Latino and Hispanic in their research and publications. For consistency, we use the term Latino throughout this brief other than when quoting or sharing data from organizations who use the term Hispanic.

About Data for the American Dream

Data for the American Dream (D4AD) is a consortium bringing together Schmidt Futures, Lumina Foundation, Walmart Foundation, and the Walton Family Foundation. D4AD currently funds pilot initiatives in three states (Colorado, Michigan, and New Jersey) that will help provide low-income, lower-skilled, underemployed, and unemployed workers access to current and actionable data, enlisting local case managers from public and private agencies to counsel jobseekers, help them access needed services, and reach the most underserved populations.

The National Center for Higher Education Management Systems (NCHEMS) is the implementation partner of D4AD. NCHEMS is a private nonprofit organization whose mission is to improve strategic decision making in postsecondary education for states, systems, institutions, and workforce development organizations in the United States and abroad.



INTRODUCTION

The COVID-19 pandemic has had a significant socioeconomic impact on virtually every American, exacerbating long-standing healthcare, employment and educational inequities in our nation. In particular, Black and Latino Americans have contracted COVID-19 at higher rates than other groups and experienced higher unemployment rates, greater loss of income and more disruption in their educational pursuits. The pandemic, as well as the current unrest around social justice issues, has made it clear that we cannot address the economic, employment and educational challenges our increasingly diverse country faces if we do not address the needs of these communities

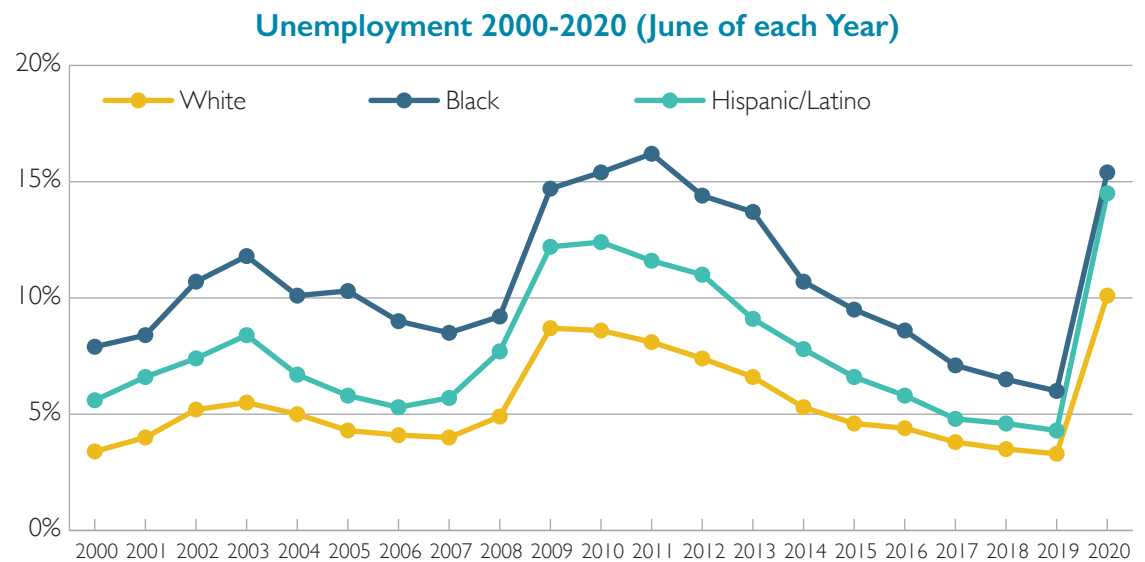
The goal of the Data for the American Dream initiative is to help students, workers and jobseekers gain access to better jobs and education opportunities and make better career decisions in a changing economy by providing robust workforce and education information systems with multiple access points, including effective online tools and resources. Achieving this goal depends on identifying and targeting groups that include a large and disproportionate number of vulnerable workers. D4AD is especially focused on helping our country's most vulnerable students, workers and jobseekers—those who are low-income, lower-skilled, underemployed, and unemployed.

This brief looks at the specific circumstances and challenges faced by Black and Latino workers and suggests one part of the solution going forward is to strengthen and sharpen the focus of our workforce development and training systems to better serve these communities.



PERSISTENT GAPS IN UNEMPLOYMENT AND UNDEREMPLOYMENT

Focusing on communities of color is a critical component of D4AD initiatives as historically, Black and Latino Americans have had higher rates of unemployment than whites. Employment gaps are particularly pronounced during economic downturns such as the Great Recession years of 2009-2012 and this trend is once again evident in the current economic downturn due to COVID-19.



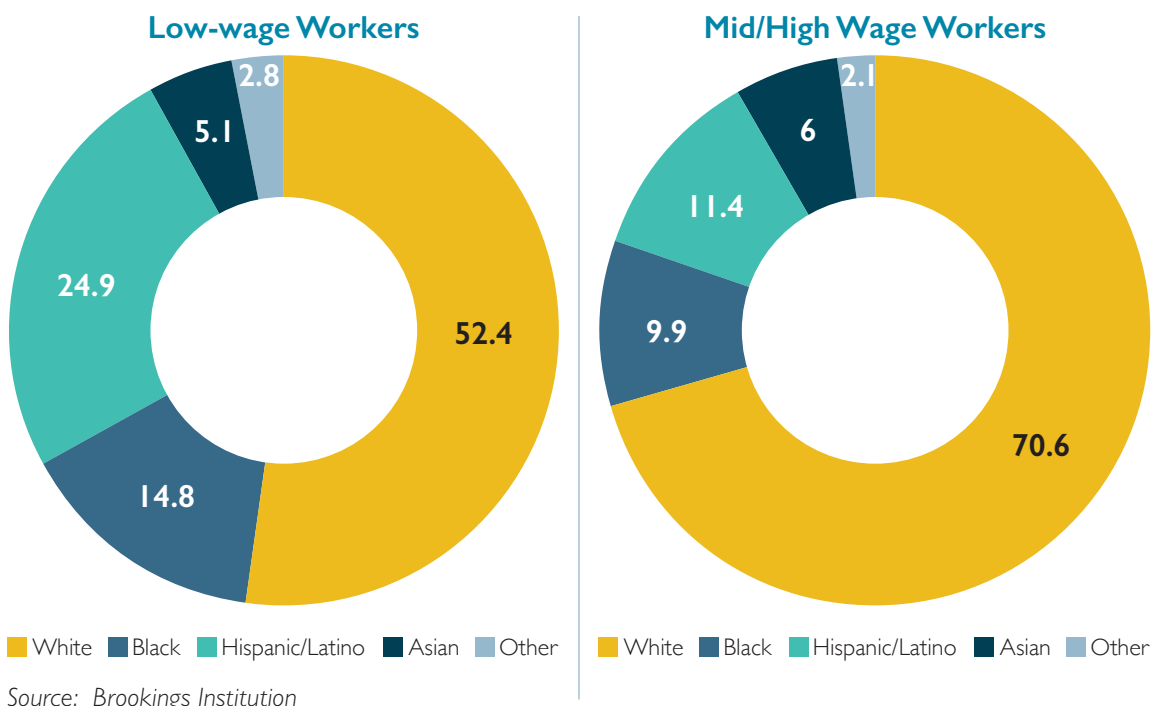
Source: Bureau of Labor Statistics

According to Strada Education Network, “Black Americans (23%) and Latinos (24%) are more likely than white Americans (15%) and Asian Americans (13%) to have been laid off” during the pandemic.¹

In addition, Black and Latino Americans are historically more likely to be underemployed than white and Asian-Americans. The Bureau of Labor Statistics defines underemployed workers as those working part-time although they would rather have a full-time job (working part-time for economic reasons) or those who want and can take a job but have not looked for work in the past four weeks (marginally attached). As the Brookings Institution reported, “Like the standard unemployment rate, the underemployment rate reveals very different labor market outcomes for black, Hispanic, and white workers...White workers have lower underemployment rates than black or Hispanic workers at all points in the business cycle. In fact, the peak white underemployment rate in the wake of the Great Recession was only slightly higher than the prerecession low for black underemployment.”²

WAGE, INCOME AND WEALTH GAPS

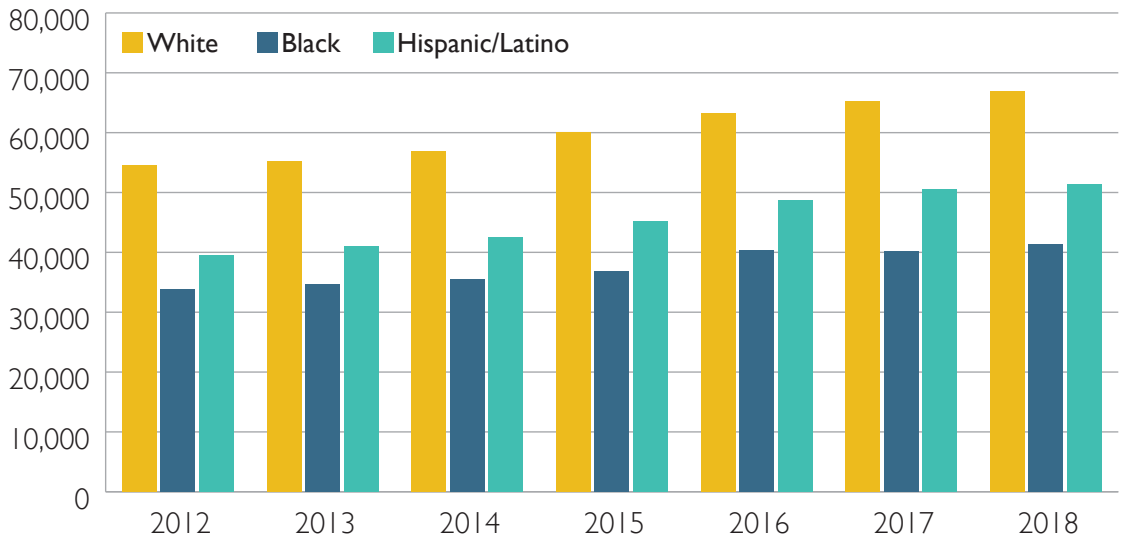
Focusing on un- and underemployed workers only addresses part of economic and employment challenges our country faces. Equally important to the work of D4AD is a focus on low-income workers. In its November 2019 study, *Meet the Low-Wage Workforce*, the Brookings Institution reports that Black and Latino Americans are overrepresented relative to their share of the workforce. Latinos (24.9 percent vs. 17 percent of the overall workforce) and Blacks (14.8 percent vs. 11 percent of the overall workforce) comprise nearly 40 percent of all low-wage workers, but only 28 percent of the overall workforce. In addition, their share of the mid- to high-wage workforce is significantly less—only about 2 in 10 Blacks and Latinos (9.9 percent Black, 11.4 percent Latino) are mid- or high-wage workers.



Data from the Economic Policy Institute's *State of Working America Wages 2019* report reveal that the wage gap among Black and Latino workers and their white counterparts is significant and widening. The report notes that in 2000 average wages for Black workers were only about 80 percent of average wages for white workers and shrank to about three quarters (75.6 percent) by 2019. And while, Latino workers in the bottom 70 percent of the wage distribution have been slowly closing the gap from 69.7% of white wages in 2000 to 74.6% in 2019, the wage gap is now only roughly equivalent to the gap between Blacks and whites.³

The wage gap also shows up in median household earnings. Between 2012 and 2018 as the economy was strengthening after the Great Recession, Black and Latino median household income remained consistently behind that of white Americans.

Median Household Income by Race 2012-2018



Source: U.S. Census Bureau

When looking beyond just median income at the overall wealth of households by race, the gap is even more pronounced. According to research by the Pew Research Center, “In 2016, the median wealth of white households was \$171,000. That’s 10 times the wealth of black households (\$17,100) and eight times that of Hispanic households (\$20,600).”⁴ This gap is not as great when looking at white lower-income households compared to lower-income Black or Hispanic households, but even at this level white households have four times as much wealth.

COVID-19 has had a significant economic impact on most U.S. household incomes. A recent Georgetown University Center on Education and the Workforce analysis of employment income data from the U.S. Census Bureau, shows that Latino and Black/African-American individuals

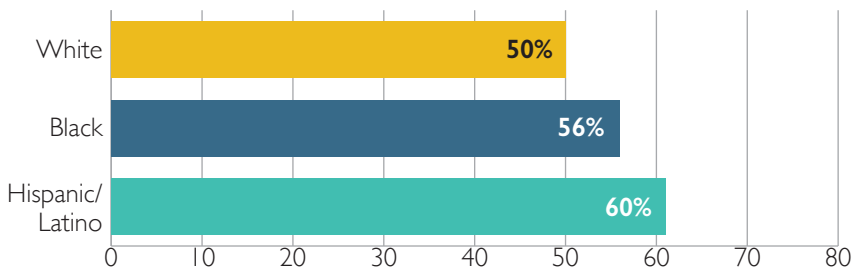
experienced the greatest loss of employment income over a three-month period after the start of the pandemic.⁵

And given the significantly lower overall assets held by Blacks and Latinos it is little surprise that a recent Pew survey revealed that “nearly three-quarters of black (73%) and Hispanic adults (70%) said they did not have emergency funds to cover three months of expenses; around half of white adults (47%) said the same.”⁶

Testifying before the Senate Banking, Housing and Urban Affairs Committee, Federal Reserve

Chair Jerome H. Powell highlighted the heavy job losses for low-income households and minority-owned businesses caused by the pandemic. “The burden of the downturn has not fallen equally on all Americans. Instead, those least able to withstand the downturn have been affected the most.”⁷

Percentage of adults who experienced loss of employment income in their households (March-May 2020)



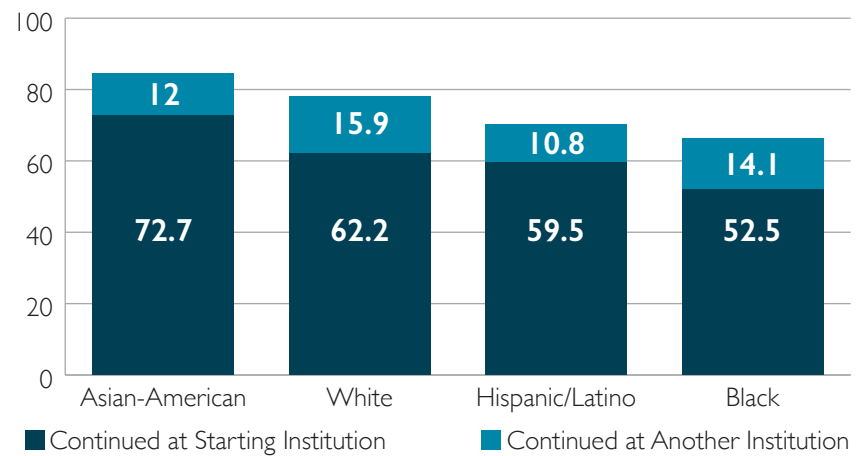
Source: Georgetown Center on Education and the Workforce based on data from U.S. Census Bureau Household Pulse Survey, May 21–May 26, 2020

THE PATH TO GOOD JOBS

Increasing educational attainment—and particularly bachelor’s degree attainment—leads to lower unemployment, higher long-term earning potential,⁸ and other socioeconomic, health, and personal benefits,⁹ research shows. But Blacks and Latinos still trail their white and Asian-American counterparts in college persistence and attainment.

According to the National Student Clearinghouse, Black and Latino students in the Fall 2017 entering cohort trailed white and Asian-American students in first-year persistence rates (the percentage of students who continued enrollment at their starting institution or another institution).¹⁰

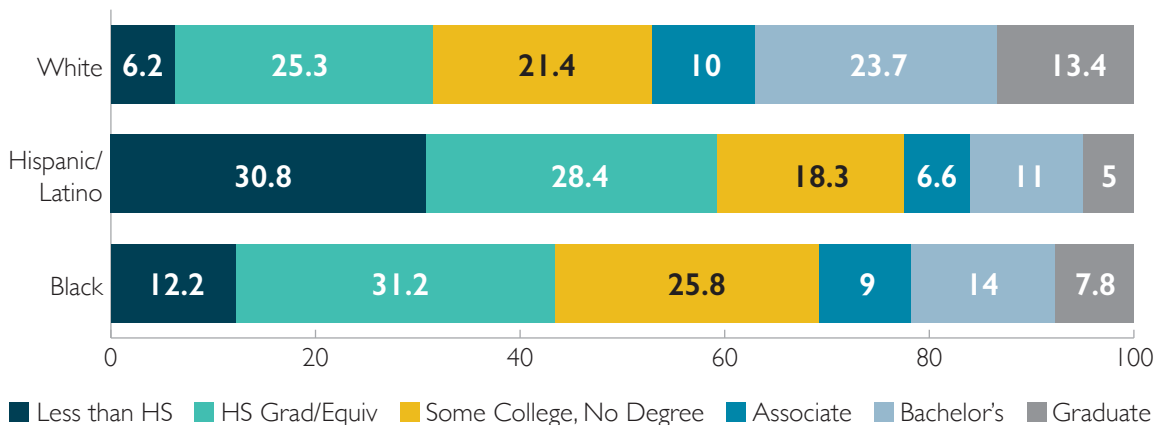
First Year Persistence by Race and Ethnicity, Fall Cohort 2017



Source: National Student Clearinghouse

And according to research by The Education Trust, “Black adults are two-thirds as likely to hold a college degree as Whites, and Latinos are only half as likely.”¹¹

Degree Attainment by Race and Ethnicity (2016)



Source: The Education Trust

Recent enrollment data from Fall 2020 suggest these trends may worsen going forward for students of color. According to the National Student Clearinghouse, enrollments at community colleges which traditionally serve a key role in workforce development, particularly during economic downturns, saw enrollment decreases of almost ten percent (9.4%). Students of color showed the largest enrollment declines at community colleges with Black student enrollment decreasing by 14.2 percent and Latino student enrollment decreasing by 12.7 percent.¹²

The cost of college is often a barrier to pursuing higher education or can lead to students dropping out. But even for those Black and Latino students who do pursue a college degree, there are often economic risks associated with paying for college. As the American Council on Education documented in 2019 its *Race and Ethnicity in Higher Education: A Status Report*, “[a]mong dependent undergraduates, 75.1 percent of Blacks and 70.8 percent of Hispanics came from families in the bottom two income quartiles, the most of any racial or ethnic group.” For Black students in particular this often results in higher amounts of student borrowing and resulting student debt. The report shows that nearly 9 out of the 10 Black 2016 bachelor’s degree recipients who borrowed owed \$34,010 on average—about \$5,000 more than all bachelor’s degree recipients who owed \$29,669. Meanwhile more than two-thirds (67%) of Black associate degree recipients who borrowed owed \$22,303, more than \$3,000 for associate degree recipients overall who owed \$18,501.¹³

While Latino students do not borrow as frequently or as much as Black students, both groups disproportionately struggle to pay off student loan debt. A recent analysis by the Student Borrower Protection Center found that on average after 12 years, the median white borrower owes 65 percent of their student loan balance while the median Latino borrower owes more than 80 percent and after 20 years the median white borrower has paid down almost 95 percent of their balance while Black borrowers still owed 95 percent of their initial student loan balance.¹⁴

Student loan debt further places Black and Latino workers and families in a perilous economic situation. As a recent report by the New Jersey Institute of Social Justice noted “[t]he long-term implications of these disparities in student loan borrowing are enormous. Student debt contributes to economic fragility among the Black middle class, who already face a more precarious financial position than their white peers due to the wealth disparities created by ongoing and historical barriers to wealth-building.”¹⁵ The economic impact of COVID-19 for those families already struggling with student loan debt will create yet another set of long-term economic, educational and employment challenges. But even degree attainment does not guarantee equity in the job market. As the Georgetown Center on Education and the Workforce documented in their 2019 report, *The Unequal Race for Good Jobs* “[w]hile Blacks and[Latinos have made progress in educational attainment, their odds of having a good job are not as good as those of White workers with the same level of education, reflecting persistent racial disparities in the workforce. In fact, White workers are more likely than Black or Latino workers to have a good job at every level of educational attainment [high school or less, middle skills, bachelor’s].”¹⁶

This suggests that other structural problems exist as Blacks and Latinos pursue employment. Hiring practices are a major area of discrimination. One meta-analysis, published by the National Academy of Sciences, reported “no change in the level of hiring discrimination against African Americans over the past 25 years, although we find modest evidence of a decline in discrimination against Latinos.” The analysis finds that “[s]ince 1989, whites receive on average 36% more callbacks than African Americans, and 24% more callbacks than Latinos.”¹⁷ And in a 2016 study, researchers at the Harvard Business School compared call back rates based on resumes that were “whitened” versus those that were not. Some resumes included “information that clearly pointed out the applicants’ minority status, while others were whitened, or scrubbed of racial clues.” Researchers found that “companies are more than twice as likely to call minority applicants for interviews if they submit whitened resumes than candidates who reveal their race—and this discriminatory practice is just as strong for businesses that claim to value diversity as those that don’t.”¹⁸

MORE DATA NEEDED

The data in the previous section only take into account those individuals who are entering into higher education programs that report data to either the U.S. Department of Education and/or the National Student Clearinghouse. They do not account for the thousands of workers who pursue training through the network of public and private training providers that make up the workforce development sector. Unfortunately, even in the public sector, data about the effectiveness of the workforce system is limited. In “Strategy and Capacity of Public Workforce Systems,” Richard Hobbie, former executive director of the National Association of State Workforce Agencies, points out that workforce development advocates face several challenges including poor information on the benefits of programs, the lack of recognition of workforce development spending as investment, and uneven state capacity in research and evaluation or programs.¹⁹

Developing better data on systematic participation and outcomes in workforce development is critical for developing a better understanding of programs and strategies that are effective and those that are not and how those services are addressing the needs of Black and Latino workers and other vulnerable populations.



D4AD: ONE PIECE OF THE SOLUTION PUZZLE

The breadth and depth of racial inequality in education, employment, and income in the United States has been repeatedly demonstrated in both research and the lived experiences of our country's Black and Latino communities. A wide range of policies and practices will need to change to address these challenges and multiple institutions will need to make commitments to focus specifically on the needs of Black and Latino Americans. D4AD is one initiative that is working to ensure that state and community workforce agencies pay particular attention to the needs of underserved groups, including underrepresented populations. That work may include efforts to:

- Partner with organizations and leaders who work to improve educational and employment opportunities for Black and Latino Americans.
- Include Black and Latino students, workers and jobseekers in research that will underpin the development of new tools and resources that can help workers more easily identify education, training and employment opportunities.
- Work with employers that are seeking to diversify their workforce and provide stable jobs with career pathways that lead to improved economic security for workers of color.
- Ensure that data tools carefully track the impact of race and ethnicity on outcomes and use that data to improve outcomes for workers of color.
- Promote policies, practices and partners that have been effective in closing education, employment and economic equity gaps.
- Help level the playing field by making sure that underrepresented populations disproportionately affected by the pandemic will have customized and personalized tools—and assistance in using them—to help them upskill and make wise career plans.

As the United States continues to become more diverse with projections to become a “majority-minority” nation by the mid-21st century, it is imperative that we ensure that all Americans truly have access to the American Dream. That work must start by addressing the needs of those who have been systematically denied that access throughout our history.

ENDNOTES

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