

FEBRUARY 2014

## **African American History Month 2014 An Update on the Economic Well-Being of the African American Community**

February is African American History Month, a time to recognize the contributions African Americans have made to our country's culture and economy. In terms of economic progress, African American workers have continued to regain much of the ground they lost during the Great Recession, reflecting improvements in the overall U.S. economy and labor markets. The unemployment rate among African Americans has fallen significantly over the last several years, and many African American workers are now benefiting from expanded employment prospects. Nonetheless, the African American community still faces economic challenges, including disproportionately high rates of unemployment and poverty. Congress must act to address these disparities and ensure that African American workers and their families benefit from the growing economy.

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**THE U.S. CONGRESS JOINT ECONOMIC COMMITTEE DEMOCRATIC STAFF  
Senator Amy Klobuchar, Vice Chair**

## Overview

The current unemployment rate for African American<sup>1</sup> workers is 12.1 percent, well below the high of 16.9 percent reached in March 2010 (**Figure 1**).<sup>2</sup> Despite significant improvement over the past several years, this rate still remains well above the overall unemployment rate of 6.6 percent.<sup>3</sup> High unemployment has long been a problem for the African American community: even before the recent recession, African Americans were almost twice as likely to be unemployed as white workers.<sup>4</sup> African Americans are also more likely to experience long-term unemployment (unemployment lasting for more than six months), have lower wages and live in poverty.<sup>5</sup>

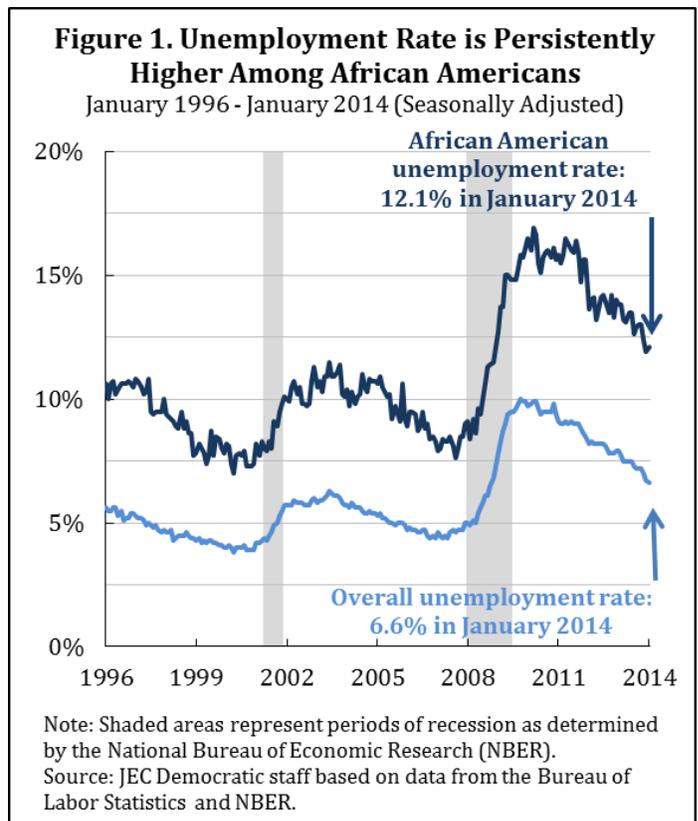
Education is vital to improving economic security within the African American community. Average annual earnings are more than two and a half times higher among African American workers with a bachelor's degree than among those who have not completed high school.<sup>6</sup> As with workers of all races and ethnicities, African Americans with a college education also have lower unemployment rates than those with less education.<sup>7</sup>

A number of existing policies continue to benefit African Americans, including the Earned Income Tax Credit (EITC) and Small Business Administration programs designed to support minority business owners. However, Congress can take additional steps to ensure that the economic well-being of the African American community, and all workers, continues to improve. Restoring temporary federal unemployment insurance benefits for the long-term unemployed can provide immediate relief to the jobless, and increasing the minimum wage can help those who are already working yet still struggling to make ends meet. Investing in education and job training programs, including Head Start, Pell Grants and programs funded through the Workforce Investment Act, would help address poverty, growing income inequality and low economic mobility.

The following statistics provide an update on the economic situation of the African American community.

## Employment and Unemployment

- During 2013, 18.6 million African Americans 16 years and older were either working or actively seeking employment. Of those, 3.0 million were between the ages of 16 and 24, and 3.1 million were 55 years or older.<sup>8</sup>
- African Americans made up 12.4 percent of the population ages 16 and older in 2013, and 12.0 percent of the labor force.<sup>9</sup> On average last year, 61.2 percent of African Americans 16 years and older were in the labor force, compared to 63.5 percent of whites and 66.0 percent of Hispanics.<sup>10</sup>

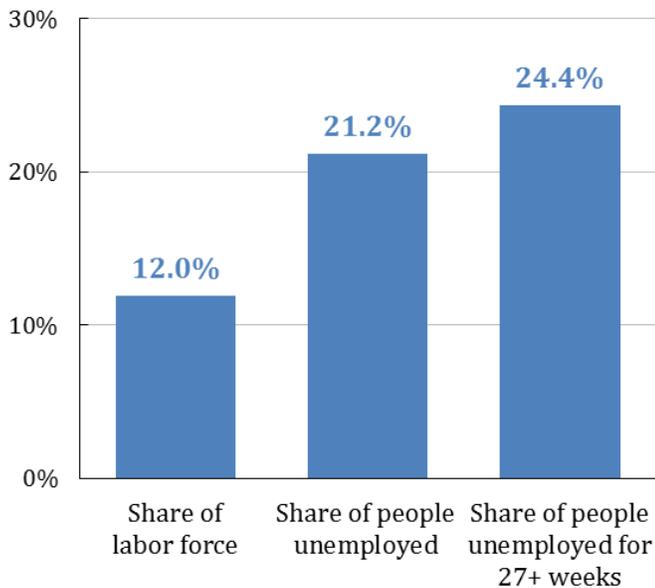


- The current unemployment rate among African Americans is 12.1 percent (January 2014). More than 2.2 million African Americans are looking for work.<sup>11</sup>
- African Americans make up a disproportionately large share of the unemployed and long-term unemployed. In 2013, they were 21.2 percent of the total unemployed population and 24.4 percent of those unemployed for more than six months, double their share of the labor force (**Figure 2**).<sup>12</sup>
- The median jobless spell for unemployed African Americans (21.5 weeks in 2013) lasts over four weeks longer than it does for all workers.<sup>13</sup>

## Education

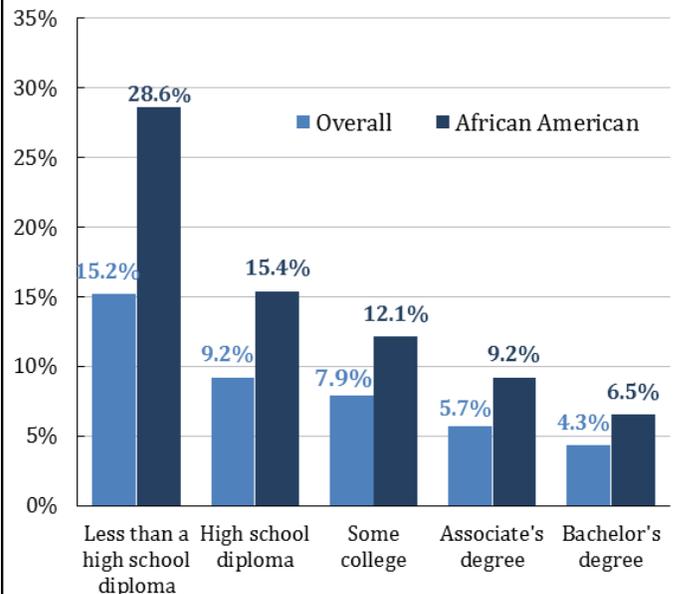
- Roughly 90 percent of African Americans in the labor force (16 and over) have at least a high school diploma, and 24 percent have at least a bachelor's degree.<sup>14</sup>
- Education generally reduces unemployment among African Americans: the unemployment rate for African Americans without a high school diploma averaged 28.6 percent last year, compared with 15.4 percent for those with only a high school diploma and 6.5 percent for those with a bachelor's degree (**Figure 3**).<sup>15</sup>
- African Americans are more likely to be unemployed than the overall population across all levels of educational attainment, but the gap is smaller for those with higher levels of education. In 2013, the unemployment rate for African Americans without a high school diploma was nearly double the rate for all workers without a high school diploma (15.2 percent), while the unemployment rate for African Americans with a bachelor's degree was 50 percent higher than the rate for all workers with a bachelor's degree (4.3 percent).<sup>16</sup>

**Figure 2. African American Workers Make Up a Disproportionate Share of Unemployed and Long-Term Unemployed**  
2013 annual averages



Source: JEC Democratic staff calculations based on data from the Bureau of Labor Statistics, Current Population Survey.

**Figure 3. Education Reduces Unemployment for African Americans, but Disparities Remain**  
Unemployment rate by educational attainment and race  
2013 annual averages



Source: JEC Democratic staff calculations based on data from the Bureau of Labor Statistics, Current Population Survey.

- Education boosts earnings for African Americans. In 2012, average annual earnings for African American workers with a bachelor's degree were nearly \$49,000, compared to average earnings of \$26,625 for African American workers with only a high school diploma and \$18,937 for those who had not completed high school.<sup>17</sup>

## **Income and Poverty**

- The median income for African American households was \$33,321 in 2012, 42 percent less than the median income for white households.<sup>18</sup>
- As with many racial and ethnic groups, median income for African American households is still well below its pre-recession peak: in 2012, median income for African American households was nearly 16 percent lower than it was in 2000 (adjusted for inflation).<sup>19</sup>
- In 2012, the poverty rate among African Americans was 27.2 percent, compared to 15.0 percent among the general population. That number is down slightly from 27.6 percent one year earlier but is still higher than it was at the start of the recession (24.5 percent).<sup>20</sup>
- Of the 10.9 million African Americans living in poverty in 2012, 4.2 million were children under the age of 18 and 1.3 million were children under the age of five.<sup>21</sup>
- Nearly half (49.2 percent) of African Americans in families headed by a single woman were living in poverty in 2012, compared to 39.2 percent of people living in comparable white families.<sup>22</sup>

## **Conclusion**

Improving educational opportunities continues to be one of the best policies for ensuring the economic well-being of all Americans, regardless of race or ethnicity. In particular, expanding access to affordable, quality preschool education can help close the gap in school readiness that exists between some African American children and their peers and may also help improve high school graduation rates for African American students.<sup>23</sup> Among high school graduates, African American teens are now enrolling in college at a rate roughly equal to that of white and Hispanic students, but they are less likely to complete their degree.<sup>24</sup> With the cost of attending college on the rise, providing funding for Pell Grants can help more students afford postsecondary education, increasing the graduation rate among African Americans and improving their employment prospects.

African Americans are underrepresented in some of the fastest growing segments of the economy, including industries and occupations that require science, technology, engineering and math (STEM) skills. They are less likely than the overall population to earn a degree in STEM at a time when many employers are looking for workers with those skills.<sup>25</sup> On average, STEM jobs pay higher wages than other jobs, and racial and ethnic wage disparities are smaller in STEM fields. Efforts to expand STEM education would encourage more students to enter those fields. The Innovate America Act (S. 1777) would fund 100 new STEM-focused high schools, and the Women and Minorities in STEM Booster Act (S. 288) would provide grants to fund programs focused on boosting participation of underrepresented groups in STEM. Over the next ten years, the economy will need nearly one million more STEM professionals than the country is on pace to produce. Increasing the number of African Americans with STEM skills would prepare them for those future job opportunities.

Congress should act to solidify social safety net programs that keep millions of Americans out of poverty. Congress should also continue to support programs and policies that help build strong, vibrant communities and that help families move into the middle class.

**Sources:**

- <sup>1</sup> In this report African American refers to people identified as non-Hispanic black by the U.S. Census Bureau.
- <sup>2</sup> Bureau of Labor Statistics, “Table A-2. Employment status of the civilian population by race, sex and age,” as of January 2014, <http://www.bls.gov/news.release/empstat.t02.htm>.
- <sup>3</sup> Bureau of Labor Statistics, “Table A-1. Employment status of the civilian population by sex and age,” as of January 2014, <http://www.bls.gov/news.release/empstat.t01.htm>.
- <sup>4</sup> At the start of the recession in December 2007, the unemployment rate for African Americans was 9.0 percent, while the overall unemployment rate was 5.0 percent.
- <sup>5</sup> JEC Democratic staff calculations based on data from the Bureau of Labor Statistics, “Table 31. Unemployed persons by duration of unemployment, age, sex, race, and Hispanic or Latino ethnicity, Annual Average 2013” 2013 Annual Averages; Bureau of Labor Statistics, “Table 3. Median usual weekly earnings of full-time wage and salary workers by age, race, Hispanic or Latino ethnicity, and sex, fourth quarter 2013 averages, not seasonally adjusted” <http://www.bls.gov/news.release/wkyeng.t03.htm>; U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2012*, “Table 3. People in Poverty by Selected Characteristics: 2011 and 2012,” <http://www.census.gov/hhes/www/poverty/data/inctpovhlth/2012/table3.pdf>.
- <sup>6</sup> U.S. Census Bureau, “Table PINC-04. Educational Attainment – People 18 Years Old and Over, by Total Money Earnings in 2012, Work Experience in 2012, Age, Race, Hispanic Origin, and Sex” (Black alone), [http://www.census.gov/hhes/www/cpstables/032013/perinc/pinc04\\_000.htm](http://www.census.gov/hhes/www/cpstables/032013/perinc/pinc04_000.htm).
- <sup>7</sup> Bureau of Labor Statistics, “Table 10. Employment status of the civilian noninstitutional population by educational attainment, age, sex, race, and Hispanic or Latino and Non-Hispanic ethnicity, Annual Average 2013.” Table provided by the Bureau of Labor Statistics on January 19, 2014.
- <sup>8</sup> JEC Democratic staff calculations based on data from the Bureau of Labor Statistics, “Table 10. Employment status of the civilian noninstitutional population by educational attainment, age, sex, race, and Hispanic or Latino and Non-Hispanic ethnicity, Annual Average 2013.” Table provided by the Bureau of Labor Statistics on January 19, 2014.
- <sup>9</sup> Ibid.
- <sup>10</sup> Ibid.
- <sup>11</sup> Bureau of Labor Statistics, “Table A-2. Employment status of the civilian population by race, sex and age,” as of January 2014, <http://www.bls.gov/news.release/empstat.t02.htm>.
- <sup>12</sup> JEC Democratic staff calculations based on data from Bureau of Labor Statistics, “Table 31. Unemployed persons by duration of unemployment, age, sex, race and Hispanic or Latino ethnicity: 2013 Annual Averages.” Table provided by the Bureau of Labor Statistics on January 19, 2014.
- <sup>13</sup> Bureau of Labor Statistics, “Table 31. Unemployed persons by duration of unemployment, age, sex, race, and Hispanic or Latino ethnicity, Annual Average 2013” 2013 Annual Averages.
- <sup>14</sup> JEC Democratic staff calculations based on data from Bureau of Labor Statistics, “Table 10. Employment status of the civilian noninstitutional population by educational attainment, age, sex, race and Hispanic or Latino and Non-Hispanic ethnicity” 2013 Annual Averages. Table provided by the Bureau of Labor Statistics on January 19, 2014.
- <sup>15</sup> Ibid.
- <sup>16</sup> Ibid.
- <sup>17</sup> U.S. Census Bureau, “Table PINC-04. Educational Attainment – People 18 Years Old and Over, by Total Money Earnings in 2012, Work Experience in 2012, Age, Race, Hispanic Origin, and Sex” (Black alone), [http://www.census.gov/hhes/www/cpstables/032013/perinc/pinc04\\_000.htm](http://www.census.gov/hhes/www/cpstables/032013/perinc/pinc04_000.htm).
- <sup>18</sup> U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2012*, page 8. <http://www.census.gov/prod/2013pubs/p60-245.pdf>.
- <sup>19</sup> Ibid.
- <sup>20</sup> U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2012*, “Table B-1. Poverty Status of People by Family Relationship, Race, and Hispanic Origin: 1959 to 2012” (Black alone), <http://www.census.gov/prod/2013pubs/p60-245.pdf>.

<sup>21</sup> U.S. Census Bureau, “Table POV01. Age and Sex of All People, Family Members and Unrelated Individuals Iterated by Income-to-Poverty Ratio and Race: 2012” (Black alone), [http://www.census.gov/hhes/www/cpstables/032013/pov/pov01\\_100.htm](http://www.census.gov/hhes/www/cpstables/032013/pov/pov01_100.htm).

<sup>22</sup> U.S. Census Bureau, “Table POV03. People in Families with Related Children Under 18 by Family Structure, Age, and Sex, Iterated by Income-to-Poverty Ratio and Race: 2012” (Black alone and white alone), [http://www.census.gov/hhes/www/cpstables/032013/pov/pov03\\_100.htm](http://www.census.gov/hhes/www/cpstables/032013/pov/pov03_100.htm).

<sup>23</sup> Children’s Defense Fund, *Portrait of Inequality 2012 – Black Children in America* (Children’s Defense Fund, November 2012), <http://www.childrensdefense.org/child-research-data-publications/data/portrait-of-inequality-2011.html>.

<sup>24</sup> Drew DeSilver, “College enrollment among low-income students still trails richer groups,” *Fact Tank – News in the Numbers*, Pew Research Center (January 15, 2014), <http://www.pewresearch.org/fact-tank/2014/01/15/college-enrollment-among-low-income-students-still-trails-richer-groups/>; and National Center for Education Statistics, “Table 376. Percentage of first-time full-time bachelor’s degree-seeking students at 4-year institutions who completed a bachelor’s degree, by race/ethnicity, time to completion, sex and control of institution: Selected cohort entry years, 1996 through 2005” (November 2012), [http://nces.ed.gov/programs/digest/d12/tables/dt12\\_376.asp](http://nces.ed.gov/programs/digest/d12/tables/dt12_376.asp).

<sup>25</sup> Joint Economic Committee Democratic staff, *STEM Education for the Innovation Economy* (January 2014), [http://www.jec.senate.gov/public/?a=Files.Serve&File\\_id=9bfced75-07a0-466b-a94b-8ab399582995](http://www.jec.senate.gov/public/?a=Files.Serve&File_id=9bfced75-07a0-466b-a94b-8ab399582995).