



Updated June 11, 2020

The Economic State of Black America in 2020

Over the past half-century, Black Americans have made substantial social and economic progress, gaining political rights that long had been denied to them, entering professions from which they had been blocked and largely overcoming centuries of overt racism and oppression.

While there were only five Black Members of Congress when the Civil Rights Act became law in 1964, there currently are 56 Black Members of Congress, including 12% of the House of Representatives. Black activists, scholars, and social commentators have raised awareness about the importance of diversity and shaped the national conversation around race and inequality. There has been a proliferation of Black writers, screenwriters, artists, poets, athletes and musicians who have become superstars in their respective fields. And the 21st century saw the election of the first Black American, Barack Obama, as president of the United States.

Millions of Black Americans also have benefited from the opportunities created by the de jure end of Jim Crow, entering the middle class for the first time, earning undergraduate and advanced degrees, receiving higher wages, achieving professional success and raising children who will build on their achievements. Leading indicators of economic prosperity and other measures of well-being also have trended upward for most of this period, with increased life expectancy, increased household incomes and substantial gains in educational attainment.

However, these very visible signs of improvement mask deep inequities that relegate tens of millions of Black Americans to second-class status, with far fewer opportunities to achieve good health, political influence, prosperity and security than other Americans. The majority of Americans fail to recognize the magnitude of these problems. For example, a 2019 study found that over 97% of respondents vastly underestimated the huge gap between the median wealth held by the Black families (\$17,000) and White families (\$171,000)—a ratio of 10 to one. Respondents estimated the gap to be 80 percentage points smaller than the actual divide.

The data reveal a much different story, with leading indicators of social and economic well-being showing that, on average, Black Americans face much more difficult circumstances than their White counterparts. For example, Black Americans take home less income, are far less likely to own their homes and live shorter lives than White Americans.

Evaluating the economic state of Black America requires acknowledging that while the United States has made some progress, very large disparities continue to exist. Recognizing both the progress and the challenges is essential to ensuring that every American, including Black Americans, has a realistic chance to achieve success.

KEY POINTS

- Despite significant economic progress over the past decades, Black Americans experience far worse economic conditions than Whites or the population as a whole.
- Historically, the unemployment rate for Black Americans has been approximately twice the rate for Whites. The pandemic-induced recession has broken that trend because Black workers are concentrated in many of the service occupations deemed essential, leading to a smaller than expected increase in unemployment.
- The difference in the unemployment rates for Blacks and Whites shrinks for college graduates; however, even in the current strong economy the unemployment rate is 50% higher for Black Americans.
- During the majority of the past 50 years Black Americans have experienced unemployment rates that, were they experienced by the entire population, would be seen as recessionary.
- Black workers have been disproportionately hurt by the overall decline in union membership and the decreasing power of unions.
- The typical Black households earns a fraction of White households--just 59 cents for every dollar. The gap between Black and White annual household incomes is about \$29,000 per year.
- Black Americans are over twice as likely to live in poverty as White Americans.
- Black children are three times as likely to live in poverty as White children.
- The median wealth of Black families (\$17,000) – is less than one-tenth that of White families (\$171,000).
- The wealth gap between Black and White households increases with education.
- Much less than half (42%) of Black families own their homes, compared to almost three-quarters (73%) of White families.
- High school graduation rates for Black and White Americans have nearly converged.
- The share of Blacks who are college graduates has more than doubled since 1990, from 11% to 25%—but still lags far behind Whites.
- Persistent segregation leads to large disparities in the quality of secondary education, leading to worse economic outcomes.
- The incarceration rate for Black Americans is falling, but is still nearly six times the rate for White Americans.

The Economic State of Black America in 2020

- The COVID-19 mortality rate for Black Americans is over twice that for White Americans. Black Americans make up 22% of COVID-19 deaths, despite making up just 12.5% of the U.S population.
- Nearly 1 in 1,000 Black men and boys can expect to die from police violence over their life course, nearly twice the rate of American men on average.
- Non-Hispanic Black Americans have a life expectancy 3.6 years lower than Non-Hispanic White Americans.

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EMPLOYMENT

The unemployment rate for Black Americans historically is about twice what it is for Whites

The U.S. economy provides Black Americans with far fewer opportunities for stable, well-paying employment than their White counterparts. Over the past 50 years, the unemployment rate for Blacks consistently has been approximately twice that of Whites.

The spread between White and Black unemployment generally increases when overall unemployment rises and decreases when it falls. In 1983, when Federal Reserve Chair Paul Volcker pushed through very large increases in interest rates to combat inflation, Black unemployment skyrocketed to 21.2%, more than twice White unemployment.

Often, even in a strong economy like the one the United States was experiencing until March, the labor market for Black Americans is similar to what White Americans experience during a recession. In general, African Americans benefit when the economy improves, but when it sputters, they are the first to be fired. For this reason, policies that help support a strong economy close to full employment are particularly beneficial for Black Americans and help reduce racial disparities.

The Black unemployment rate has skyrocketed as a result of the coronavirus recession—but the gap between White and Black is smaller than expected

As a result of the pandemic, the Black unemployment rate has more than tripled, from 5.8% in February to 16.8% in May 2020—matching the highest Black unemployment rate stemming from the Great Recession. At the same time, the White unemployment rate quadrupled from 3.1% to 12.4%, far exceeding the peak rate for 9.2% peak for Whites in May 2009. The roughly 2:1 ratio of the unemployment rates between Black and White job-seekers shrank to “only” 1.35:1, raising questions about how the current recession differs from the nearly 50 years before it.

The historically-low unemployment ratio between Black and White job-seekers is a result of the peculiar nature of a recession caused by a pandemic, which impacts workers differently depending on the type of job they hold, the industry and their working conditions. In the current economic and public health crisis, exposure to the labor market comes with significantly more health risk than under normal conditions. Workers in service occupations, such as food preparation, and health care support, where Black workers are overrepresented, are less likely to have access to telework options, and are less likely to have access to paid sick leave. This combined with the close personal contact these sorts of jobs often require means that workers in the service occupations, along with other essential employees are at a higher risk of exposure to COVID-19.

The Black unemployment rate’s smaller-than-expected increase may then reflect Black workers’ inability to take advantage of the social distancing measures that have benefited others. If that is the case, then we should expect more of the currently high Black unemployment rate to “stick” past the re-opening of the economy. Indeed, this is what the data shows so far; while

unemployment rates dropped significantly for most groups from April to May, with the White unemployment rate falling from 14.2% to 12.4% and the Hispanic unemployment rate dropping from 18.9% to 17.6%. Meanwhile, the Black unemployment remained effectively unchanged, increasing slightly from 16.7% to 16.8%.



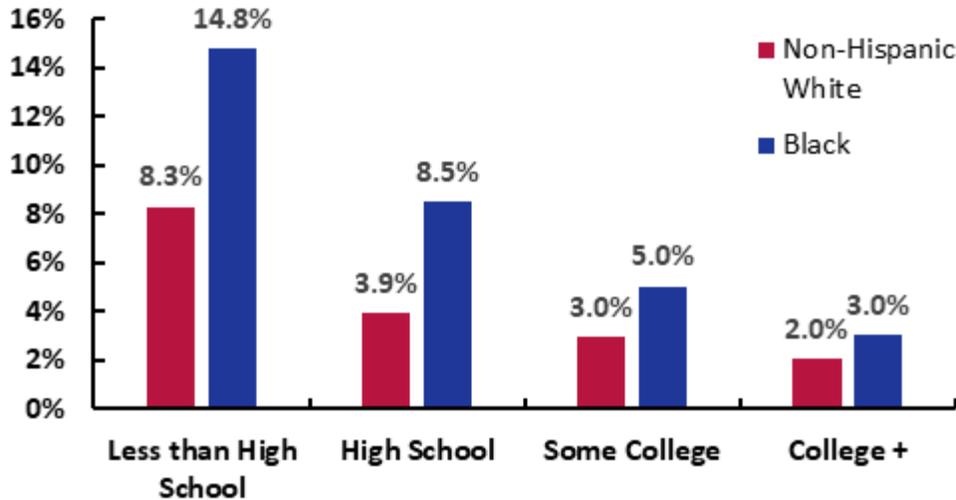
Source: Bureau of Labor Statistics, National Bureau of Economic Research, Haver Analytics.
Note: Unemployment rate for those 16 years and over; data are seasonally adjusted. Shading reflects periods of recession.

Racial disparities in unemployment rates exist at every education level

The largest gaps in unemployment exist between Black and White workers without a college education. The average unemployment rate in 2019 for Black workers with just a high school education was 8.5%, more than twice the 3.9% rate for similarly educated White workers. Unemployment rates for both Blacks and Whites with at least a bachelor’s degree were much lower, 2.0% for Whites and 3.0% for Blacks—50% higher.

Racial Unemployment Gaps Are Widest for Employees Without College Degrees

Unemployment Rate by Level of Education and Race, 2019



Source: JEC Democratic Staff Calculations, Current Population Survey 12-Month Moving Average January 2019-December 2019.

Note: "Some College" includes associate degrees; "College+" refers to bachelor's degrees and more. "Black" refers to Black Alone or in Combination, Non-Hispanic. "Non-Hispanic White" refers to White Alone, Not Hispanic.

A smaller share of Black Americans are in the labor force

The pandemic-induced recession has also reversed the decade-long convergence in labor force participation rates for Black and White workers. Between January 2010 and February 2020 the gap in labor force participation fell from 3 percentage points to just 0.2 percentage points. This downward trend reversed abruptly with the onset of social distancing and the shutdown of the economy. By May 2020 the gap had increased to 1.4 percentage points, erasing nearly half the gains made over the previous 10 years.

The previous economic expansion, which began in 2009 under President Obama and was the longest on record, had helped increase the share of Black Americans in the labor force. As the labor market tightened, the difference between labor force participation rates for Blacks and Whites almost disappeared. This undermines the persistent stereotype that Blacks are less inclined to seek work than Whites, suggesting instead that they have fewer opportunities to seek employment when the economy is not operating at its peak.

Black women and men traditionally have had labor force participation rates that are much similar than those of White women and men, reflecting a more gender-equitable division of labor both within and outside the home.¹ This in part may be due to difficult labor market conditions and discrimination against Black men, which makes Black women's participation critical to their families.² The labor force participation rates of Black women and men were 58.4% and 61.1% in May 2020, compared to 54.8% and 67.4% for White women and men.

Discrimination and occupational segregation are significant causes of racial disparities

Field experiments have shown that resumes with typically “Black sounding” names received significantly fewer callbacks for job interviews than those with “White sounding” names, even when candidates had identical qualifications.³ A meta-analysis of these experiments has shown almost no change in the level of hiring discrimination among Blacks over the past 25 years.⁴ There also is evidence of Black employment being concentrated in occupations that have a higher risk of unemployment, often because of automation.⁵ Black workers also are at higher risk of being the first fired in the event of an economic downturn.⁶

UNIONIZATION

Black workers are more likely to be members of labor unions

Labor unions have played a key role in helping Black workers secure higher wages, more comprehensive benefits and better working conditions, offering millions of Blacks a pathway for joining the American middle class. Black workers have higher rates of union membership than White workers, with membership rates of 11.2% compared to 10.3% for White workers.⁷

Union membership reduces wage differentials between Blacks and Whites

Unionization has narrowed the wage disparity between Blacks and Whites, but has not eliminated it. In 2019, unionized Black men earned \$948 per week compared to \$1,181 for unionized White men, a relative pay gap of 80 cents to the dollar. Non-unionized Black men earned \$746 compared to \$1,012 for non-unionized White men, or 74 cents to the dollar.

Unionization made virtually no difference in the wage gap between Black and White women; unionized Black women earned \$874 to unionized White women’s \$1,044 (84 cents to the dollar), while non-unionized Black women earned \$683 to non-unionized White women’s \$810 (84 cents).⁸ Given the reduced racial earnings gaps between unionized men and that a larger share of Black workers overall is unionized, earnings gaps between Black and White workers would likely be larger without unions.⁹

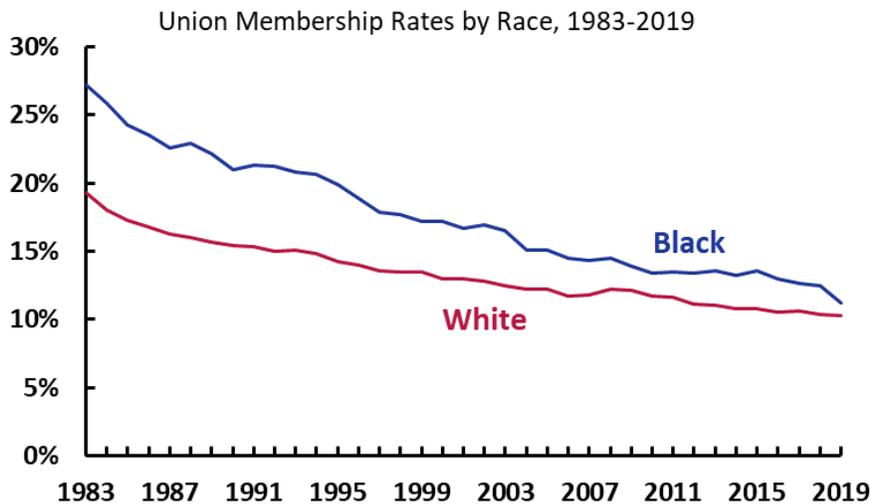
In addition to helping secure better wages and working conditions for Black Americans, unions also played a key role in the Civil Rights movement, improving the lives and economic fates of all Black Americans. Civil Rights leaders, in turn, championed organized labor. A. Phillip Randolph founded the Brotherhood of Sleeping Car Porters, the first Black labor organization chartered by the American Federation of Labor (AFL), and went on to become one of the architects of the Civil Rights Movement.¹⁰ Martin Luther King, Jr. was an outspoken advocate for the labor movement and created the Poor People’s Campaign, a multiracial working-class movement dedicated to economic equality and social justice, with strong ties to organized labor.¹¹

Falling union membership rates are particularly harmful to Black workers

Union membership as a share of employment has been declining steeply for all Americans since the 1980s, declining by nearly half overall from 20.1% in 1983 to 10.3% in 2019. The decline for Blacks has been the steepest, from 27.2% in 1983 to 11.2% in 2019.¹²

In recent years, the most significant drops have been among Black Americans, whose union membership fell from 12.5% to 11.2% from 2018 to 2019. In comparison, White union membership remained relatively unchanged (from 10.4% in 2018 to 10.3% in 2019). The passage of “right-to-work” laws in states across the country, President Trump’s executive orders restricting union activities and recent Supreme Court decisions that jeopardize collective bargaining, likely will cause this decline will continue.

Black Workers Remain More Likely to Be Unionized, But Rates Are Falling Across the Board



Source: Bureau of Labor Statistics, Union Affiliation Data from the Current Population Survey.

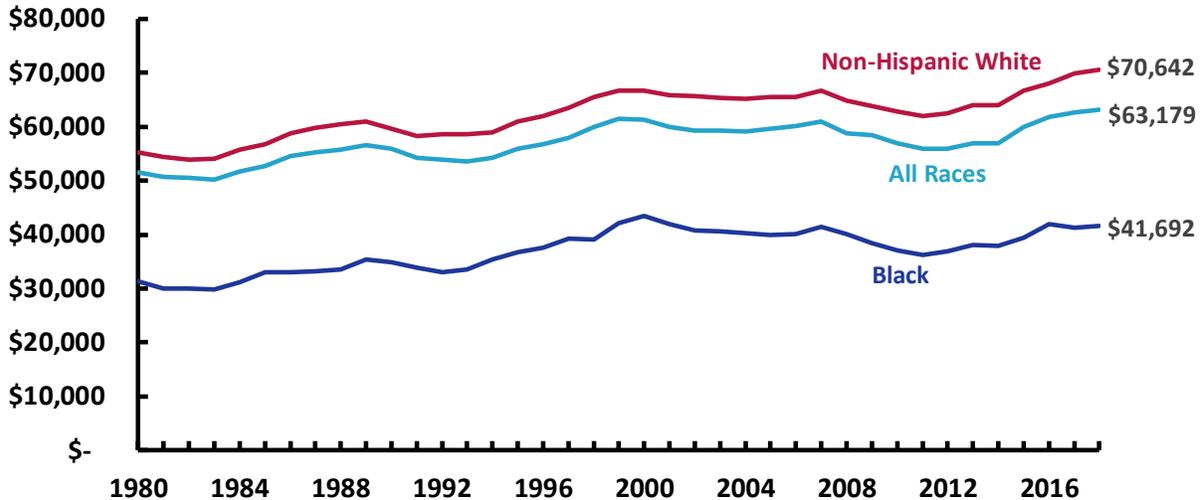
WAGES AND INCOME

Black households earn a fraction of what White households earn

The median annual household income for Black households in 2018 (the last year for which household data are available) was \$41,692, more than \$21,000 less than all households and nearly \$29,000 less than for White households, which had a median income of \$70,642. In other words, for every dollar earned by the typical White household, the typical Black household

**Black Families Earn Far Less than White Families and All Families
Nationwide**

Median Household Income, Adjusted to 2018 Dollars, 1980-2018



Source: U.S. Census Bureau, "Income and Poverty in the United States: 2018," Table A-2.
 Note: Income in 2018 CPI-U-RS adjusted dollars. Households as of March of the following year. "Black" refers to Black Alone or in Combination (2002-2018)/Black (1980-2001). "Non-Hispanic White" refers to White Alone, Not Hispanic (2002-2018)/White, Not Hispanic (1980-2001).

earned only 59 cents. This is significantly worse than in 2000, when the typical Black household earned about 65 cents for every dollar earned by a White household.¹³

Between 2000 and 2018, wage growth for White and Hispanic workers was faster at every decile of income than for Black workers; as a result, the gap in hourly wages between Black and White workers is larger now at every decile of income than in 2000.¹⁴ The past 40 years have seen rising wage inequality and stagnating wage growth in the United States; this trend has coincided with increasing racial disparities in wages and wage growth. Wages have grown fastest for those at the top of the income distribution, including for high-earning Black workers. However, because Black workers make up a disproportionate share of the bottom of the income distribution, slow wage gains at the bottom have hit the Black community hardest.

Black workers are more likely to earn the minimum wage

Black workers are significantly more likely to work at or below the minimum wage than White workers; 2.4% of Black workers worked at or below the federal minimum wage of \$7.25 in 2019 compared to 1.9% of White workers. In 2018, Black workers made up 18% of minimum wage workers despite being only 12.5% of the population.¹⁵

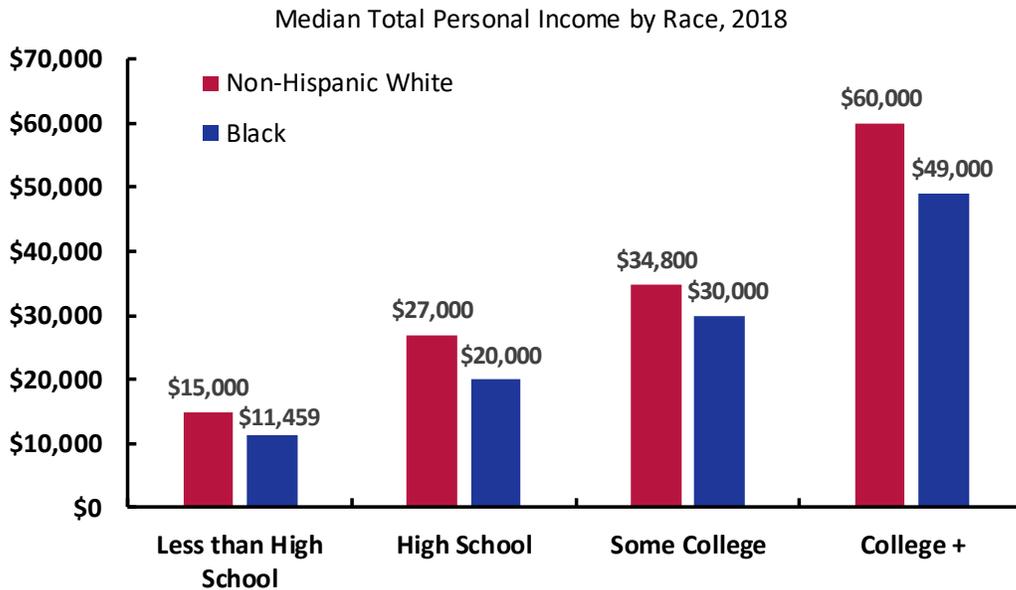
Black Americans would especially benefit from increases in the minimum wage. Research shows that this not only would raise wages for workers who receive the minimum wage, but those earning more than the minimum wage.¹⁶ As a result, 38% of Black workers would benefit from a proposal to raise the minimum wage to \$15 by 2024, compared to 23.2% of White workers.¹⁷

College-educated Black workers fare worse in comparison to White workers

Ironically, college-educated Black workers face a larger absolute income gap relative to Whites than those without a college education. While Black workers with less than a high school education earned \$3,500 less than similarly educated White workers in 2018, Black workers with a bachelor’s degree and above earned \$11,000 less than their White counterparts.

College-educated Black workers are also at a higher risk than their White counterparts of being underemployed—working in occupations that do not make use of their education and consequently pay less. Almost 40% (39.4) of Black college graduates underemployed compared to 31% of White graduates.¹⁸

Racial Pay Gaps Are Widest for Employees with College Degrees



Source: JEC Democratic Staff Calculations, Current Population Survey, ASEC 2019.
Note: "Some College" includes associate degrees, "College +" refers to bachelor's degrees and more. "Black" refers to Black Alone or in Combination. "Non-Hispanic White" refers to White Alone, Not Hispanic.

Black women are doubly disadvantaged

Black women face a double-penalty in income, earning less due to both racial and gender disparities. This income penalty can be traced in part to discrimination and occupational segregation. Black women earned 68 cents for every dollar earned by White men in 2019, improving from 65 cents in 2018.¹⁹ This gender-racial gap in earnings between Black women and White men translates to a lifetime earnings difference of over \$900,000 (assuming a 40-year career).²⁰

Reductions in occupational segregation began to slow significantly in the 1980s, and there has been little to no progress in reducing occupational segregation since in the 21st century.²¹ Between 2000 and 2016, the share of Black women who would have to change occupations in

order to eliminate occupational segregation between Black women and White men fell only three percentage points, from 59% to 56%.²²

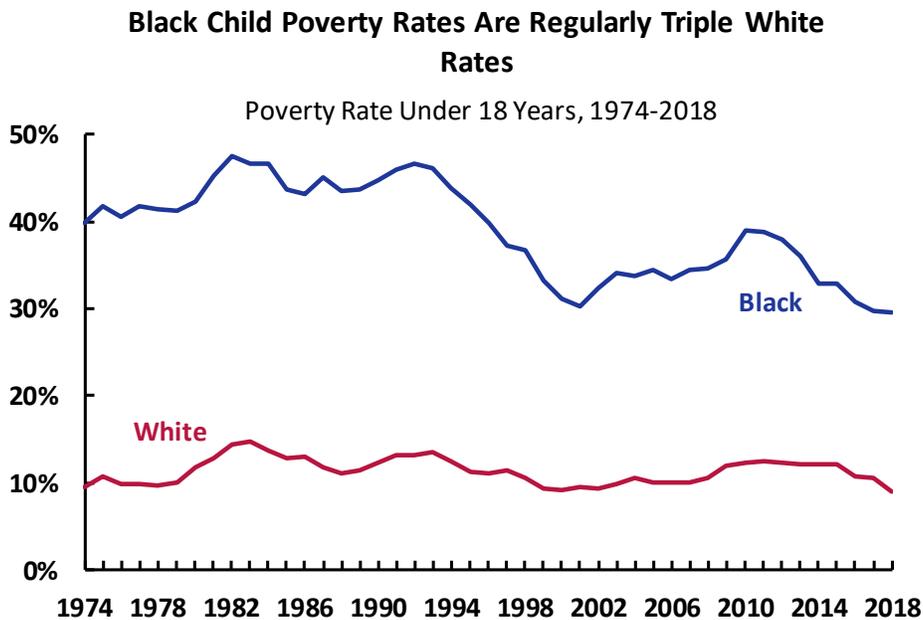
POVERTY AND ECONOMIC MOBILITY

Black Americans are over twice as likely to live in poverty as White Americans

In 2018, almost one-in-12 (8.1%) non-Hispanic White Americans lived under the poverty line. More than two and a half times that percentage of Black Americans (20.8%) lived in poverty. The share of Black Americans living below the poverty line has not fallen below 20%, nor has the share of White Americans living below the poverty line risen above 11% since at least 1959.²³

Black workers generally are more likely to work at what are known as “poverty-level wages”—at which one person working full time, year-round, would still earn less than the federal poverty line for their family size. In 2017, 14.3% of Black workers earned poverty-level wages, compared to just 8.6% of White workers.²⁴

Black Americans also face high rates of child poverty in America, with under-18 poverty rates close to or exceeding 30% dating back to 1974. The poverty rate for Black children regularly triples the rate for White children.²⁵



Source: U.S. Census Bureau, Historical Poverty Tables: Table 3. "Poverty Status of People by Age, Race, and Hispanic Origin."

Note: "Black" refers to Black Alone (2002-2018)/Black (1974-2001). "White" refers to White Alone, Not Hispanic (2002-2018)/White, Not Hispanic (1974-2001).

High poverty rates among Black Americans have lifelong consequences

The consequences of high poverty rates are felt throughout the life cycle for Black Americans. Poverty has well-documented adverse effects on children’s educational outcomes and limits young adults’ ability to pursue post-secondary education.²⁶ Those born to families at or below the poverty line are more than twice as likely to be in poor health as adults as those born into families with income more than twice the poverty line.²⁷

Black Americans experience far less upward economic mobility

Black Americans face more limited upward economic mobility than White Americans and face a higher risk of downward mobility, even when not born into poverty. Black children born into families in the bottom income quintile are twice as likely as poor White children to stay in the bottom income quintile as adults. The wealthiest Black children are nearly just as likely to remain in the top income quintile as they are to fall to the bottom as adults, whereas it is rare for rich White children to become impoverished as adults.²⁸

Black Americans depend more on the social safety net

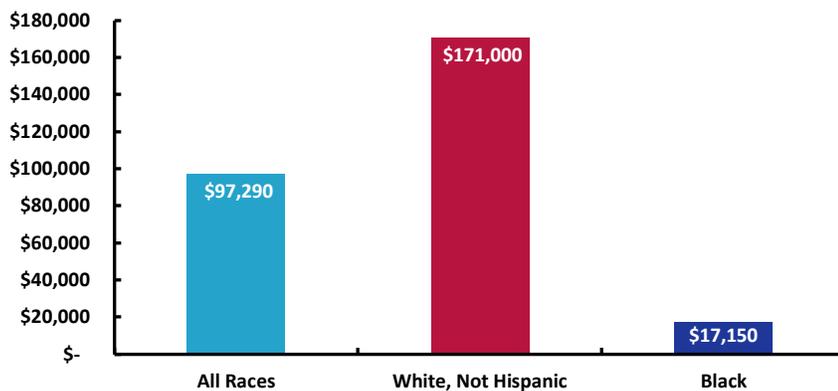
Safety net programs like SNAP, unemployment insurance, Medicare, Medicaid and Social Security have wide-ranging benefits for demographic groups throughout the economy. They also help to stabilize the economy in the event of an economic downturn by sustaining spending when the economy weakens.²⁹ Safety net programs disproportionately benefit Black Americans because a larger share lives close to or below the poverty line.

WEALTH

The median wealth of Black families is only one-tenth that of White families

The median net worth of White families is \$171,000, nearly 10 times the median net worth of Black families, which was only \$17,150 in 2016. The median Black net worth is less than one year’s subsistence at the federal poverty level for a family of three.³⁰

White Families Own Nearly Ten Times the Wealth of Black Families
Median Family Net Worth, 2016



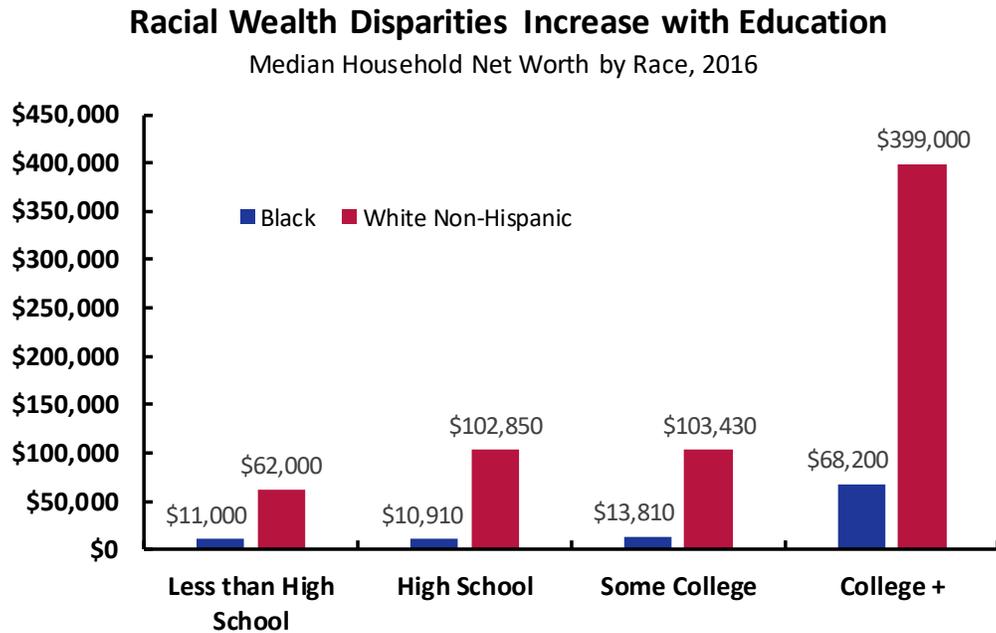
Source: JEC Democratic Staff Calculations, Federal Reserve Survey of Consumer Finances, 2016.

Among households with wealth, Black median household wealth hovered between 5% and 17% of the level of White household wealth between 1989 and 2016. Black households have never held more than 5% of the nation's total wealth, while White households held 85% in 2019, despite Blacks making up around 13% of the population.³¹ A 2016 study found that Americans underestimated the size of the Black-White wealth gap by 80 percentage points.³²

If these trends persist, White median household wealth will increase while Black and Hispanic household wealth continues to fall. At the current pace of decline, median household wealth could reach zero by 2053 for Black households and by 2073 for Hispanic households.³³

A college education does not decrease the wealth gap

Racial wealth disparities are larger for more highly educated Blacks and Whites than for those with less education. While the Black-White gap in wealth was \$51,000 for those with less than a high school education in 2016, for those with a bachelor's degree or higher, the gap was over



Source: 2016 Survey of Consumer Finances.

Note: "Some College" includes those with associates degrees; "College +" refers to bachelor's degrees and more.

\$300,000. The median net worth of college-educated Black families was \$68,200, while for White families it was \$399,000.

Historical disparities perpetuate the Black-White wealth gap

Intergenerational wealth transfers are a determining factor in the distribution of wealth in the United States and of the racial wealth gap in particular.³⁴ Throughout history, Black Americans have been excluded from programs that allowed a White middle class to emerge and build

wealth, and the wealth Blacks were able to build despite these hurdles was often destroyed through acts of domestic terrorism (i.e. Wilmington, NC in 1898, Tulsa, OK in 1921, and countless other smaller lynchings throughout the 19th and 20th centuries).³⁵ Institutional practices like redlining, the undervaluation of homes in majority-Black neighborhoods, and predatory lending continue to exacerbate racial wealth disparities. The failure to fully address these inequities further sustains the wealth gap from generation to generation.

Many Black college graduates have difficulty paying off student loan debt

Twenty years after starting college, the typical Black borrower still owes 95% of his or her original balance, while the typical White borrower owes only 6%.³⁶ This student debt burden contributes to the difficulty Black adults have in building wealth, preparing for retirement and passing wealth to the next generation.

Black Americans approaching retirement have far less savings

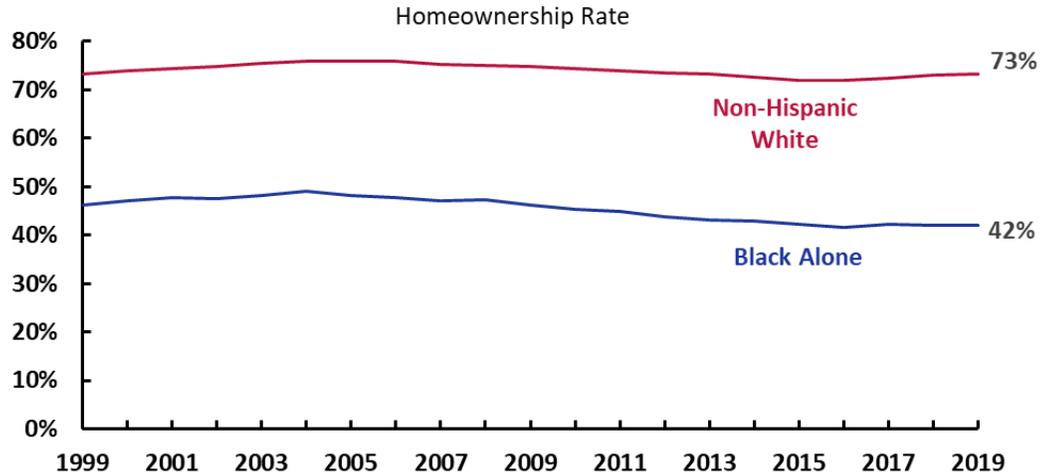
Racial disparities in wealth and income continue across lifetimes and lead to disparities in retirement readiness. There are significant gaps in retirement account savings across both race and gender, with Black men and women aged 55-64 each only holding \$30,000 in savings compared to White men's \$101,000 and White women's \$60,000.³⁷

HOMEOWNERSHIP

Black Americans are far less likely to own their own homes than White Americans

Less than half of Black families own their homes (42%), compared to nearly three-quarters of White families (73%). This is a significant decline from the peak Black homeownership rate of 49% in 2004. The collapse of the housing market in 2008 hit Black homeowners particularly hard, with Black households over 70% more likely to have faced foreclosure than non-Hispanic White households.

The Black Homeownership Rate Has Not Risen Above Fifty Percent this Century, While Nearly Three-Quarters of White Families Own Their Homes



Source: U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey. Table 16: Homeownership Rate by Race and Ethnicity of Householder: 1994 to Present.

Homes in majority-Black neighborhoods are valued lower

Fifty years after the passage of the Fair Housing Act, which prohibited discrimination in housing sales, rentals or financing based on religion, race or national origin, residential segregation is still widespread in the United States. Across the 51 metropolitan areas in the United States with at least 1 million residents, the average segregation index was at still nearly 60—where 0 represents full integration and 100 represents complete separation of racial groups. Homes in majority-Black neighborhoods are valued at \$48,000 less on average than homes in neighborhoods with few or no Black residents, even when controlling for home quality and neighborhood amenities.

Black Americans overall pay higher mortgage interest rates

During the housing boom of the early and mid-2000s, Black loan applicants living in majority-Black neighborhoods were more likely to receive high risk and high-cost mortgage terms than those living in majority White neighborhoods. Research shows that Black applicants of a similar age, employment history and credit score, seeking to purchase a home in a similar metro area, were almost 8% more likely to have a high-cost mortgage than White applicants.³⁸

Black homeownership rates are trending downward

Black millennials (aged 21-36) had a homeownership rate of just 16% in 2017. This is slightly less than one-third the 46% rate of non-Hispanic White millennials. The millennial Black-White homeownership gap substantially exceeds that of every previous generation of Americans since World War II.

The relatively low rate of homeownership for Black millennials is strongly influenced by disparities in employment rates, income, student debt burdens and wealth. Many Americans rely on homeownership and rising home prices as a form of savings; therefore, the low rate of homeownership among young Blacks will make it more difficult for them to build wealth and prepare for retirement.

Over half of Black households (58%) rent their homes, while only 28% of White households rent.³⁹ Black families often find it more challenging to cover the cost of rent due to a combination of the disparities in income and wages and because of the general crisis in housing affordability in the United States.

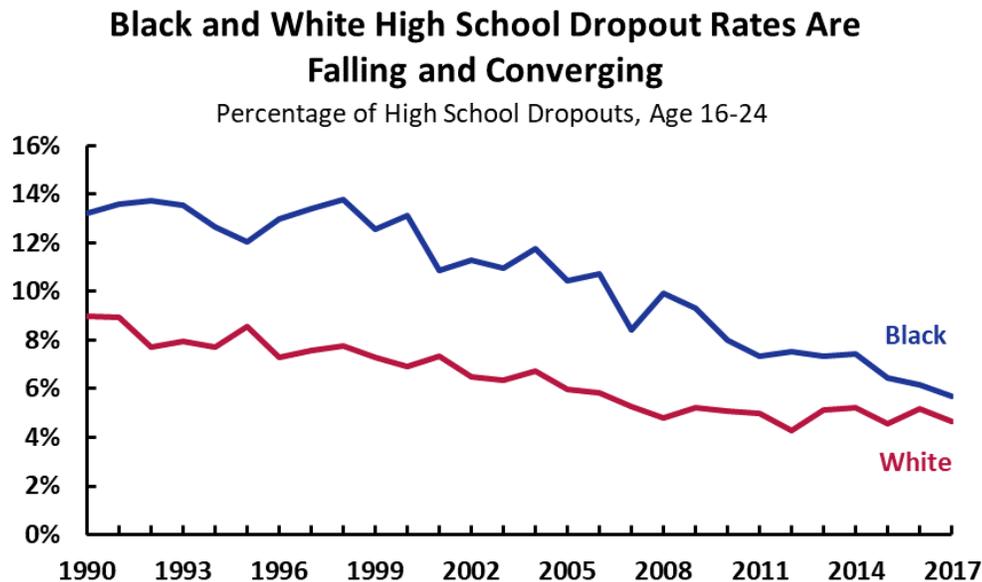
The pandemic-induced recession may lead to an increase in both foreclosures and evictions for Black American homeowners and renters

Black American homeowners and renters were significantly more likely to have missed a mortgage or rent payment between April 23rd and May 21st, according to the Census Bureau's Household Pulse Survey.⁴⁰ Given that home equity makes up more than half of Black American's total wealth⁴¹, and that total amount is already small relative to White wealth, a wave of foreclosures centered on the Black community could increase drastically the size of the racial wealth gap. A wave of evictions would further exacerbate the large racial gap in homelessness; Black Americans make up 40% of the homeless population in the United States, despite making up just 12.5% of the total population.⁴²

EDUCATION

High school graduation and dropout shares for Blacks and Whites have nearly converged

Between 1990 and 2017, increasing shares of both Black and White youth have finished high school. The shares of Black and White adults with high school diplomas or GEDs have nearly converged, with Black rates rising from 66% to 88% and White rates rising from 79% to 90%. The shares of Black and White youths (aged 15-24) who are high school dropouts are converging as well, with Black rates falling from 13.2% to 5.7% from 1990 to 2017, and White rates falling from 9% to 4.6%.

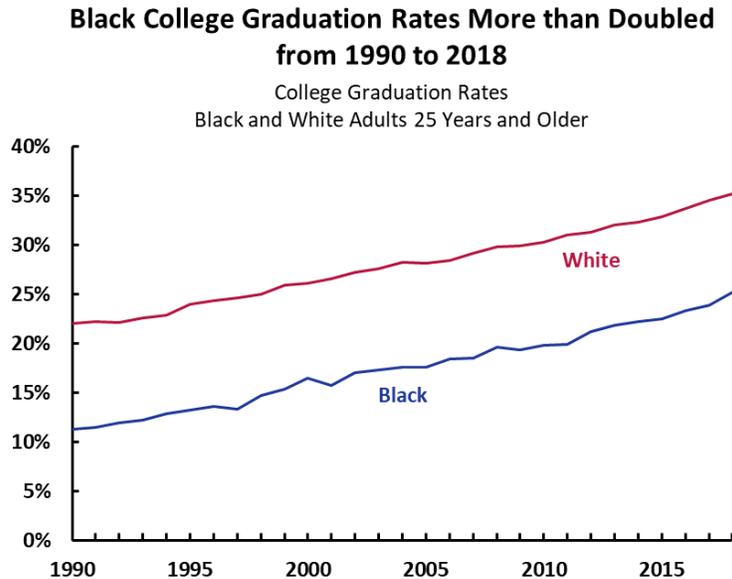


Source: Digest of Education Statistics; Current Population Survey, 1990-2017.

The share of Black college graduates has doubled – but still lags far behind whites

Between 2000 and 2017, college enrollment increased markedly for all groups, such that the share of Black women enrolled in college (40%) exceeded the share of White men enrolled (38%).⁴³

However, large disparities in college graduation rates remain. While 67% of White students who enrolled in college in 2012 had completed their degrees by 2018, just 41% of Black students finished their degrees.⁴⁴ Moreover, although the share of Black adults with college degrees more than doubled since 1990, the gap in the share of Black and White college graduates has remained mostly unchanged. Differences in Black and White college completion outcomes reflect differences in institution type and access to resources like parental wealth for financial support during enrollment.



Source: US Census Bureau, CPS Historical Time Series Tables, Table A-2. Percent of People 25 Years and Over Who Have Completed High School or College, by Race, Hispanic Origin and Sex: Selected Years 1940 to 2018

Racial segregation leads to large educational disparities

Enrollment, graduation, and dropout rates alone do not reflect the degree of educational disparities based on race. Economic success depends not only on whether an individual received an education but on whether he or she got a good education sufficient to lead to a well-paying career. In recent decades, the economic returns to education have increased substantially, and more education often is required to achieve a basic level of financial success.

A landmark study (Reardon, et al, 2019) finds that poverty drives the racial achievement gap in education, rather than racial segregation itself.⁴⁵ The quality of primary and secondary schools is highly correlated with the wealth of a community, as school funding primarily is dependent on local property taxes, which in turn are driven by the wealth of residents. For this reason, wealthy families have very high incentives to live in proximity to other wealthy families, sending their children to better-funded primary and secondary schools. Likewise, working-class families have high incentives to live in the best neighborhoods they can afford. This residential sorting leads affluent families and poor families to live in increasingly separate and homogenous communities.

Race is highly linked to income and wealth, and therefore many poor neighborhoods are also Black neighborhoods. The most impoverished families most often live in the poorest neighborhoods with the worst schools; even if their children graduate high school or college, they will face steeper odds than their middle- or upper-class counterparts. Schools with high concentrations of minority students are often lower performing than schools with more White children not because of race per se, but because they are impoverished.

As such, racial segregation concentrates minority students in high-poverty schools, which are generally less effective than lower-poverty schools.⁴⁶

Concentrated poverty leads to weak student performance

Segregated districts have large achievement gaps, not solely due to the racial composition of the student body, but because poverty makes it difficult for students to excel at school. In the 2016-17 school year, 74% of Black students, compared to 31% of White students, were in mid-high or high poverty schools, with 44% of the Black students in high-poverty schools, compared to 8% of White students.⁴⁷ The children at these schools come from high-stress environments, surrounded by more crime and violence than affluent White children, adding extra barriers to achievement.⁴⁸

A lack of teacher diversity worsens outcomes

Students perform better when their teacher is of the same race/ethnicity and data show that schools with more racial/ethnic diversity among their students also have more diversity among their teachers.⁴⁹ There was little change in the racial/ethnic composition of public elementary and secondary school teachers between 2003-04 and 2015-16; an overwhelming majority of public elementary and secondary school teachers were White.

Nonwhite school districts as a whole are more poorly funded

Recent research finds evidence supporting that higher school funding improves student outcomes.⁵⁰ When Black students increasingly are concentrated in separate school districts from White students in the same state, total revenue to schools shifts unfavorably away from the typical Black student's district.⁵¹ Majority non-White school districts as a whole receive \$23 billion less than majority White districts, despite serving the same number of students.⁵² Disparities in private fundraising can help to explain achievement gaps even among equally-funded schools. Schools with higher private funding can support extracurricular activities, like sports and music groups, which have been found to yield consistent benefits to student academic achievement.⁵³

As a result of segregation, many Black Americans are held back by wide differences in school quality. This is a powerful determinant of economic outcomes, undermining the notion that every American has roughly the same chance of achieving economic success.

INCARCERATION

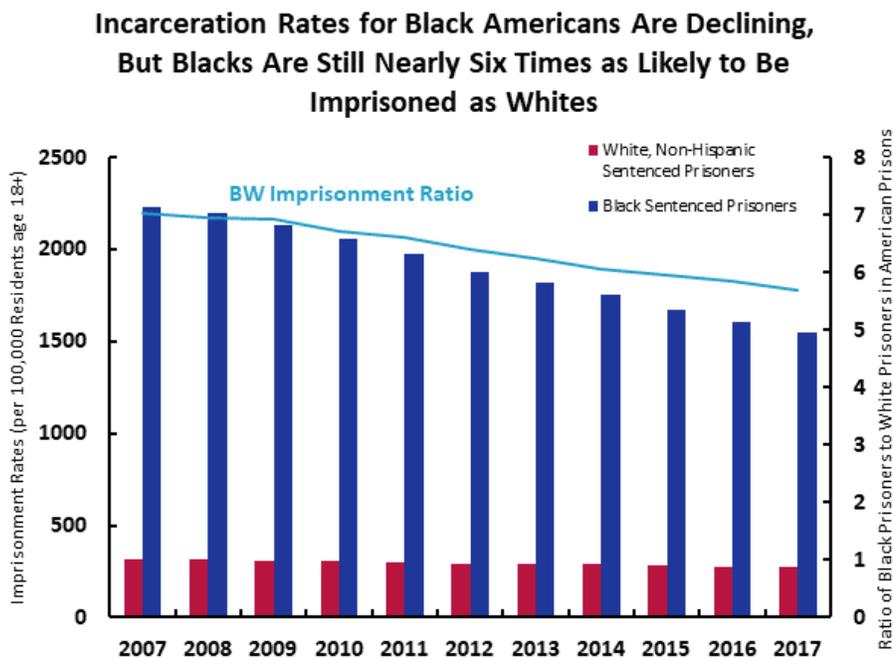
One in three Black men will be incarcerated over his lifetime

The United States has the highest incarceration rate in the world, with 440 persons per 100,000 sentenced to prison in 2017.⁵⁴ The incarceration rate for Black Americans is more than three times higher than the overall U.S. rate at 1,549 per 100,000. Black Americans made up 33% of the sentenced prison population in 2017, despite comprising only about 13% of the U.S adult population.⁵⁵

The vast disparity in incarceration rates is driven substantially by the unequal application of U.S. laws. For example, Black Americans are 3.7 times more likely than White Americans to be arrested for marijuana possession despite comparable rates of use and are twice as likely to be charged with crimes that carry mandatory minimum sentences.⁵⁶ Over their lifetime, Black men have a one in three chance of being sent to prison and are 2.5 times more likely to be killed by police than White men.⁵⁷

The incarceration rate for Black Americans is falling, but nearly six times the rate for White Americans

Incarceration rates for all racial groups have fallen significantly over the past decade, with Black rates falling the most sharply. The incarceration rate for Black Americans fell by 31% between 2007 and 2017. Blacks were still nearly six times more likely than Whites to be imprisoned in 2017, though this is down from seven times more likely in 2007.⁵⁸



Source: JEC Democratic Staff Calculations; Bronson, J, Carson, EA. "Prisoners in 2017." Bureau of Justice Statistics. NCJ 252156. Table 5. Imprisonment rates of sentenced prisoners under jurisdiction of state or federal correctional authorities, by jurisdiction and demographic characteristics, 2007-2017.

These reductions come as the result of more than a decade of criminal justice reform, directed at ending mass incarceration, at the federal and state levels, including the 2010 Fair Sentencing Act, which reduced the disparity in sentencing between crack and powder cocaine offenses that had led to Black Americans often receiving much harsher sentences.⁵⁹

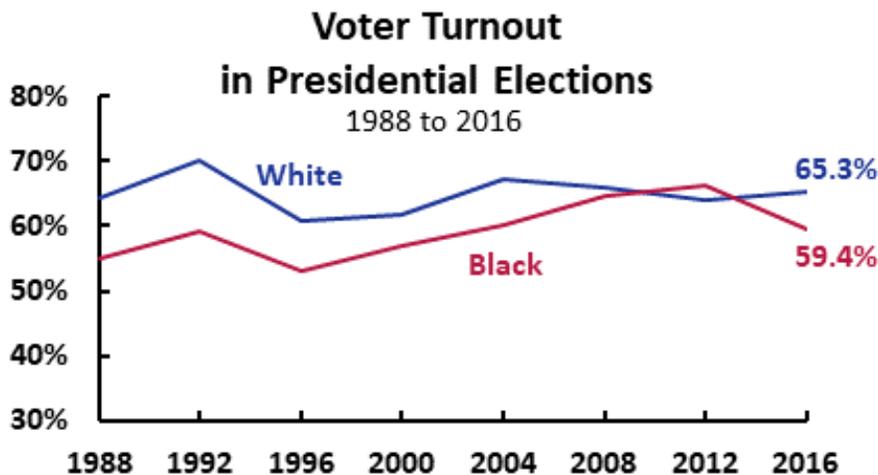
The economic impact of mass incarceration on the Black community has been devastating. While incarceration makes success in the labor market more difficult in general, it is particularly harmful for Black Americans. Formerly incarcerated Blacks have lower earnings than their White counterparts, even when controlling for differences in health, skills, social background, type of crime committed and job readiness.⁶⁰ A criminal record restricts employment prospects significantly, with ex-offenders being much less likely to be considered for employment than non-offenders. However, White applicants with criminal records have been shown to receive as many callbacks for interviews as similarly qualified Black applicants without criminal records.⁶¹

The impacts of imprisonment can extend well beyond the individual to negative consequences for families and communities. When parents are incarcerated, children have worse health and educational development outcomes, as well as worse economic outcomes as adults.⁶² When the formerly incarcerated return to their communities, they often return to diminished job prospects, lower earnings potential and other challenges.

VOTING RIGHTS

Black voter turnout decreased in 2016

Being able to reliably access and shape government at all levels is essential to the economic health of a community. Monitoring trends in voting and voter suppression throughout the country allows us to see where communities can voice their economic concerns and be heard, and where those voices have the potential to go unheard.



Source: U.S. Census Bureau.

Note: Percentage of eligible voters who say they voted. Eligible voters are U.S. citizens ages 18 and older. "White" and "Black" include only non-Hispanics.

Turnout among Black voters dropped for the first time in 20 years in a presidential election to 59.4% in 2016, down from a record-high of 66.6% in 2012. This coincides with increased efforts to suppress the votes of people of color following the 2013 Supreme Court decision, *Shelby County v. Holder*, which effectively struck down the core of the Voting Rights Act, allowing states to change their election laws without federal approval.⁶³

Decreased voter turnout is partly a result of voter suppression

Efforts to suppress voting rights have been made under the guise of neutrality and voter fraud prevention; however, they largely target racial minorities. For example, the “exact match” law in Georgia, which faced repeated legal challenges, disenfranchised Black and Latino voters when nearly 70% of the more than 53,000 voters who had their registration put on hold before the 2018 election were Black.⁶⁴

Suppressing the votes of people of color paves the way for state legislators to enact socially conservative agendas and gerrymander districts to establish strangleholds on legislative seats, continuing the cycle of voter disenfranchisement and disempowerment. Partisan gerrymandering in 2010 allowed Republicans in several states to draw districts concentrating Black voters in as few districts as possible, maximizing the number of heavily White Republican seats and minimizing the electoral influence of Black voters.⁶⁵

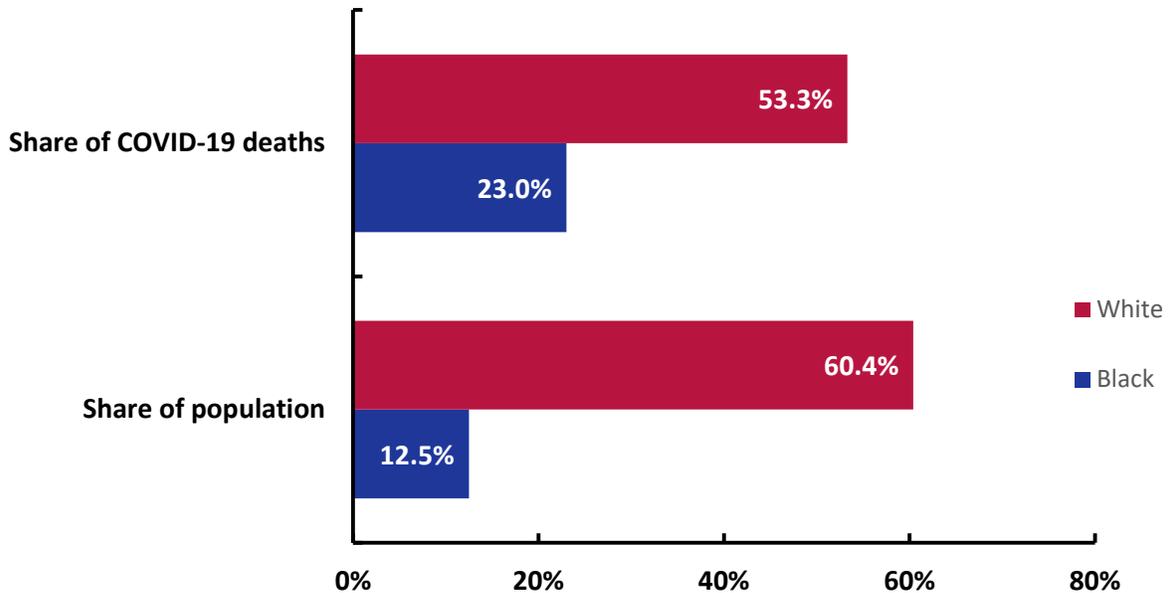
The Trump administration attempted to use the 2020 Census to suppress minority voting by adding a citizenship question that opponents argued was intended to make some nonwhite residents less likely to participate.⁶⁶ This was blocked by the Supreme Court. Data from the decennial census drive the geographic distribution of federal dollars and electoral representation and underlie key indices that measure economic health. A citizenship question would have led to an undercount in the survey due to disproportionately lower response rates among Blacks and Latinos, thus diverting much-needed funds and representation away from states and communities with higher proportions of minorities.

HEALTH

Black Americans face a higher mortality rate from COVID-19

As a result of a variety of systemic factors—occupational segregation, poor working conditions, discrimination in health care, and an overabundance of pre-existing health conditions, Black Americans are contracting and dying from COVID-19 at disproportionate rates. Black Americans make up nearly a quarter of all coronavirus related deaths in the United States, despite making up only 12.5% of the population.⁶⁷ Black Americans’ mortality rate from COVID-19 has yet to fall below twice that of all other groups, at 2.3 times that of White and Asian Americans and 2.2 times that of Latino Americans.⁶⁸

Black Americans Make up a Disproportionate Share of COVID-19 Deaths



Source: “Provisional Death Counts for Coronavirus Disease (COVID-19): Weekly State-Specific Data Updates.” Centers for Disease Control and Prevention, Centers for Disease Control and Prevention, <https://data.cdc.gov/NCHS/Provisional-Death-Counts-for-Coronavirus-Disease-C/pj7m-y5uh/data>. 6/10/2020.

This higher mortality and morbidity risk is only made worse by the overrepresentation of Black workers in “essential” and service occupations which require them to show up in-person to work and interact with customers in close proximity. Ironically many of the occupations which provided a reliable path to the middle class for Black workers now expose them to an additional source of mortality risk from COVID-19. Tragic reports are surfacing daily of public transit workers, grocery store workers and health care assistants being exposed to coronavirus, contracting COVID-19 and in some cases dying because they did not have the choice to stop working to protect themselves.⁶⁹

Black Americans face a significantly higher mortality rate from police interactions than other groups

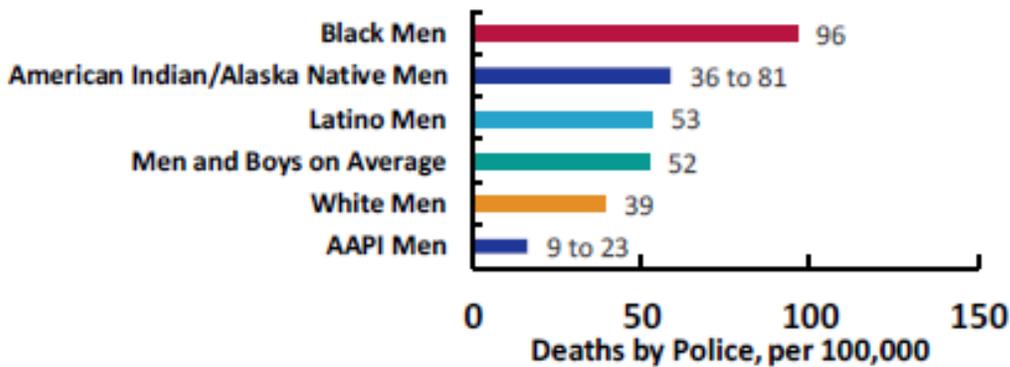
Black men in the United States are about twice as likely as the average American man to be killed by the police, and 2.5 times more likely than White men. Nearly 1 in 1,000 Black American men will die at the hands of law enforcement, making police brutality a leading cause of death for Black men in the United States.⁷⁰

Police killings only represent the tip of an iceberg of unequal treatment Black Americans face in their dealings with the law enforcement arm of the criminal justice system. New research suggests differences in the way that Black and White officers interact with civilians in minority neighborhoods, with white officers five times more likely to use gun force in those

neighborhoods than Black officers.⁷¹ There is preliminary evidence that Black individuals are more likely to be killed by the police in counties with active White supremacist groups, a history of Ku Klux Klan presence in the past, or a high number of anti-Black hate crimes than in counties without them.⁷²

1 in 1,000 Black Men and Boys Will Be Killed by Police

Male Deaths by Police over the Life Course, per 100,000



Source: Edwards, Lee, and Esposito, "Risk of being killed by police use of force in the United States by age, race-ethnicity, and sex." PNAS August 20, 2019 116 (34) 16793-16798.

Police misconduct places a significant mental health strain on Black Americans

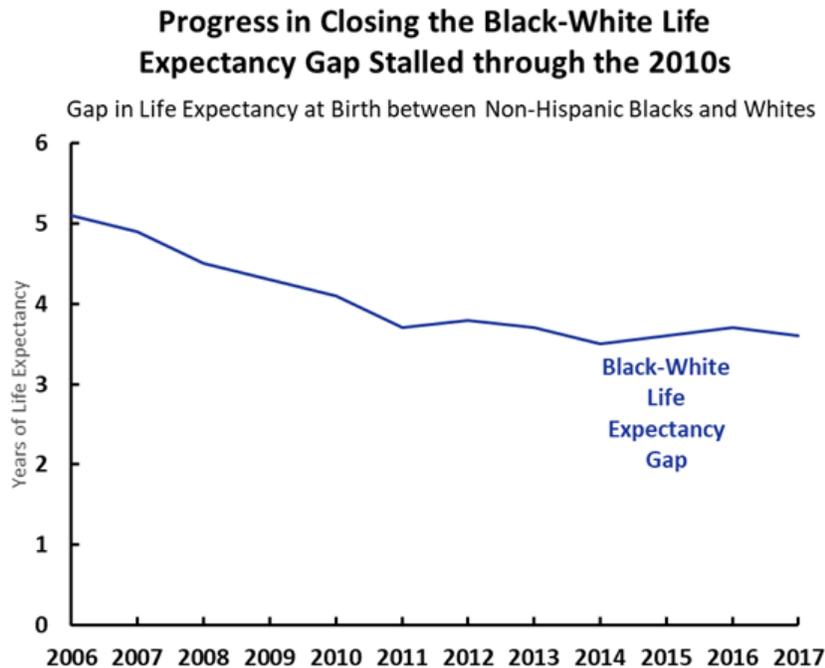
While comprehensive data on police misconduct in general is scarce, much less racial data, the existing data suggests that Black Americans' interactions with the police result in a significant amount of mental health strain. A systemic review of studies on the effects of police interactions on mental health found statistically significant associations between police interactions and mental health, with those reporting interactions with the police also reporting poor mental health with twice as often.⁷³ The recent string of high-profile police killings of Black Americans, including the recent murder of George Floyd, was followed by a significant rise in self-reported anxiety and depression among Blacks surveyed in the 2020 Household Pulse Survey, run by the Census Bureau.⁷⁴

Black Americans have a significantly lower life expectancy than Whites

The life expectancy at birth for non-Hispanic Black Americans is 74.9 years – 3.6 years lower than for non-Hispanic Whites. The disparity is worse for Black men, whose life expectancy is only 71.5 years—4.6 years lower than White men. Black women have a life expectancy of 78.1 years—2.9 years lower than White women.

Life expectancy in the United States rose consistently from as far back as 1900 up until 2014, when it reached 78.9 years. During the same period, life expectancy for Black men and women rose from 33 years to 75.3 years.⁷⁵ However, this upward trend stalled in the 2010s, and by 2018 the life expectancy for all Americans had fallen to 78.7 years—the same level at which it had been in 2010.

The gap in life expectancy between Blacks and Whites decreased from 5.1 years in 2006 and to 4.1 years in 2010. However, progress in closing racial disparities in life expectancy also stalled in the 2010s, with the life expectancy gap between non-Hispanic Blacks and Whites falling to 3.7 years in 2011 and only falling an additional 0.1 year by 2017.



Source: Center for Disease Control, *Health, United States 2018*. Life expectancy at birth, at age 65, and at age 75, by sex, race, and Hispanic origin: United States, selected years 1900-2017.

Blacks have a lower life expectancy despite White “deaths of despair”

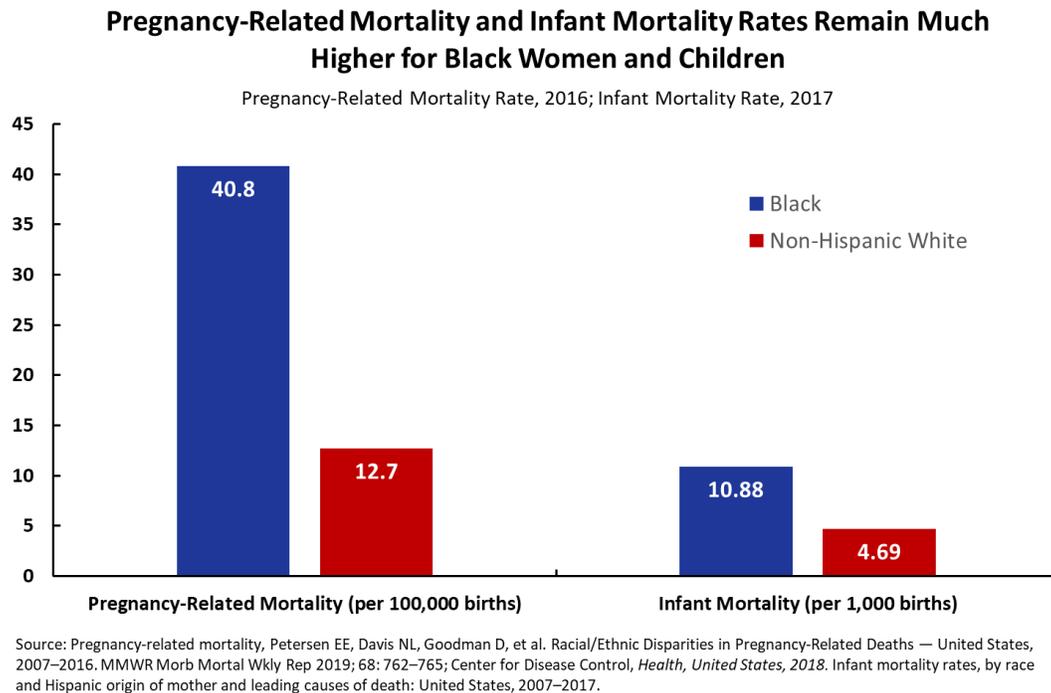
Much attention has been given to the increased mortality rates among middle-aged White men and women attributable to suicides and accidental poisonings—collectively referred to as ‘deaths of despair.’ However, while life expectancy for non-Hispanic Whites decreased from 78.8 years to 78.5 years between 2014 and 2017, it still at its lowest point exceeded Black life expectancy by 3.6 years.⁷⁶

Disparities are smaller for those who make it to age 65, with White men living just under two years longer than Black men and White women living just one year longer than Black women. Disparities in life expectancy often decrease with age due to ‘weathering’—the least healthy

Black Americans die earlier, meaning that those who make it to age 65 are relatively healthier than Whites of the same age.⁷⁷

Black Americans suffer far higher rates of infant and pregnancy-related mortality

Pregnant Black women and Black babies suffer far higher rates of death than their White counterparts. Black mothers are over three times as likely to die from complications with



pregnancy or childbirth as White mothers (40.8 per 100,000 versus 12.7 per 100,000). Black infant mortality rates are twice as high as White rates (10.9 per 100,000 versus 4.7 per 100,000).

Discrimination may contribute to worse health outcomes

Racial disparities in mortality rates and the incidence of sickness and disability are partially the result of disparities in access to the resources that protect and promote good health. The relationship between socioeconomic status and life expectancy is well-established in the United States, and a large portion of the life expectancy gap between Black and White Americans can be attributed to disparities in income and educational attainment.⁷⁸ However, even when controlling for income, education and wealth, racial disparities in health remain. These unexplained disparities suggest that discrimination and racial bias play a role in determining poorer health outcomes for Black Americans.

Exposure to discrimination is correlated with worse physical and mental health as well, suggesting a direct effect of racism and racial bias on health beyond their effects on

socioeconomic status.⁷⁹ Racial residential segregation results in minority neighborhoods having fewer places for recreational activity, higher exposure to pollutants, a higher concentration of ads for unhealthy substances like fast food, tobacco and alcohol and hospitals with reduced access to technology.⁸⁰ There is also evidence that Black Americans receive lower-quality health care than White Americans do, even when controlling for access to insurance, income and symptoms.

Health insurance rates for Blacks rose under Obama, then have fallen under Trump

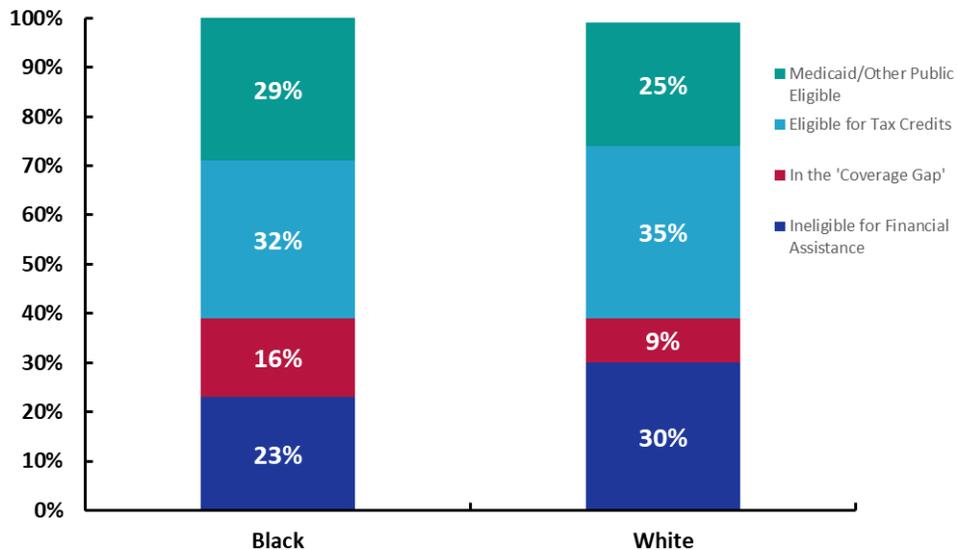
As recently as 2013, almost one-in-five Black Americans (19%) did not have health insurance; in contrast, only 12% of White Americans were not insured. This gap is due in part to the fact that a higher percentage of Black Americans are employed in low-wage jobs and industries which do not provide health care benefits.

The Affordable Care Act (“Obamacare”) provided new coverage options for low- and moderate-income individuals. From 2013 to 2016, the uninsured rate for African Americans was cut from 19% to 11%, while rates for Whites were cut from 12% to 7%, and overall rates were cut from nearly 17% to 10%.

However, within a year of President Trump taking office, his administration implemented administrative changes to the ACA that resulted in an increase in the percentage of Americans without health insurance. The overall percent of uninsured individuals rose 0.2%; the uninsured rate for nonelderly Blacks slipped backward by 0.5%—more than 167,000 people.

A Larger Share of Uninsured Black Americans Falls in the Health Insurance "Coverage Gap"

Eligibility for ACA Coverage Among the Uninsured Nonelderly by Race



Source: Kaiser Family Foundation analysis based on 2018 Medicaid eligibility levels and the 2017 American Community Survey. Artiga, Orgera, Damico 2019. "Changes in Health Coverage by Race and Ethnicity since Implementation of the ACA, 2013-2017."

More Black Americans than any other racial/ethnic group experience a gap in health care coverage, with incomes above Medicaid eligibility levels but below the poverty level, which is the lower limit to qualify for Marketplace subsidies. Almost 16% of Black Americans fall within the coverage gap. In 2012, the Supreme Court decided against a section of the ACA requiring states implement an expansion of Medicaid benefits to cover this gap. In states that chose not to implement Medicaid expansion, the percentage of uninsured, nonelderly Blacks is 6% higher than in states that expanded Medicaid.

Research has shown that going without health insurance negatively impacts the timing and quality of health care treatment, as well as long-term health outcomes.⁸¹ This in turn can substantially reduce financial security, wealth, retirement readiness and other aspects of economic well-being.

CONCLUSION

America made significant progress in reducing social and economic disparities in the latter half of the 20th century, as discriminatory policies like segregation, redlining, employment discrimination and restricted voting rights were outlawed. Black Americans have achieved success in many visible fields, from sports and entertainment to politics. That said, there are still deep inequities across social and economic indicators that will take awareness and concerted effort to address.

Black Americans have made more progress in the 21st century in reducing gaps in educational attainment than in other areas. At the secondary level, the shares of Black and White young adults who have dropped out are falling and converging, while the shares of Black and White adults with high school diplomas or GEDs are rising and converging. Black Americans have made progress in attaining postsecondary education as well, doubling the share of Black college graduates since 1990.

However, very deep social and economic inequities persist. Many Americans are poorly aware of the magnitude of these entrenched problems. In many years, Blacks experience recession-like conditions even in an economy in which others thrive. Blacks suffer about twice the unemployment rate as Whites. The typical Black household earns about \$29,000 less annual income than its White counterpart. Black children are three times as likely as white children to grow up in poverty, and they are much more likely to remain there.

Black Americans also face significant challenges in other areas that affect the quality of life and overall prosperity. Homeownership rates are stagnant among all Black households and are falling for Black millennials. Voting rights have once again been put in jeopardy in ways that disproportionately affect minority communities, making it more difficult for Blacks to advocate for better policies. Significant racial disparities in health outcomes remain, while the Trump administration makes it more difficult to access affordable health insurance.

There are few signs that these inequities will diminish in the near future or that market forces alone will address them. Bold economic policies will be necessary to improve the economic state of Black America moving into the future, but the first steps are to recognize just what progress has been made, and how much further we have yet to go.

The Economic State of Black America in 2020

STATE CHART

Current Measures of Economic Well-Being for the Black Population by State (2018)							
State	Black Share of State Population	Unemployment Rate		Median Household Income		Poverty	
		Black	White, Not Hispanic	Black	White, Not Hispanic	Black	White, Not Hispanic
Alabama	26.7%	9.3%	4.2%	\$33,539	\$58,257	27.7%	11.3%
Alaska	3.4%	4.1%	4.9%	\$63,198	\$83,245	11.3%	7.4%
Arizona	4.7%	8.0%	4.5%	\$50,068	\$64,876	19.5%	9.0%
Arkansas	15.2%	8.2%	3.8%	\$30,769	\$50,831	30.4%	13.5%
California	5.8%	9.4%	4.6%	\$53,565	\$87,078	19.4%	9.0%
Colorado	4.2%	5.9%	3.5%	\$49,081	\$77,732	18.0%	7.5%
Connecticut	11.0%	9.5%	4.4%	\$50,113	\$87,666	18.6%	6.1%
Delaware	22.5%	9.3%	4.6%	\$44,666	\$70,623	20.2%	8.3%
District of Columb	45.5%	14.3%	2.4%	\$45,193	\$142,544	25.3%	6.4%
Florida	16.0%	8.3%	4.4%	\$41,416	\$61,446	21.2%	9.8%
Georgia	31.6%	7.2%	3.8%	\$45,100	\$68,055	20.0%	9.9%
Hawaii	2.0%	11.2%	4.3%	\$70,185	\$80,940	5.5%	9.3%
Idaho	0.7%	NA	3.6%	\$41,326	\$57,506	25.9%	10.2%
Illinois	14.1%	12.9%	3.9%	\$39,719	\$72,280	24.8%	8.4%
Indiana	9.5%	10.8%	3.7%	\$34,290	\$59,587	26.8%	10.4%
Iowa	3.6%	12.9%	3.0%	\$31,992	\$61,540	30.7%	9.4%
Kansas	5.9%	8.0%	3.2%	\$35,412	\$61,447	25.3%	9.5%
Kentucky	7.9%	9.6%	4.7%	\$35,565	\$52,165	28.1%	15.4%
Louisiana	32.4%	10.0%	4.5%	\$30,188	\$59,942	30.0%	12.2%
Maine	1.4%	5.5%	3.4%	\$48,840	\$55,932	20.2%	11.0%
Maryland	30.0%	7.1%	3.7%	\$66,926	\$93,745	13.2%	5.9%
Massachusetts	7.8%	7.7%	4.0%	\$53,270	\$86,087	17.9%	6.7%
Michigan	13.8%	11.1%	4.3%	\$34,503	\$61,331	27.4%	11.0%
Minnesota	6.6%	7.6%	2.8%	\$36,849	\$73,608	27.2%	7.0%
Mississippi	38.0%	10.2%	5.3%	\$30,612	\$55,820	30.7%	11.9%
Missouri	11.5%	8.5%	3.6%	\$35,998	\$57,999	25.7%	11.0%
Montana	0.5%	NA	3.1%	\$41,981	\$57,025	NA	11.4%
Nebraska	4.7%	9.0%	2.9%	\$37,986	\$62,422	23.7%	8.5%
Nevada	9.2%	8.3%	4.8%	\$40,560	\$66,540	21.5%	8.9%
New Hampshire	1.7%	9.1%	3.3%	\$47,625	\$75,948	27.5%	6.7%
New Jersey	13.6%	9.0%	4.1%	\$55,072	\$93,031	16.2%	5.5%
New Mexico	2.2%	6.9%	4.3%	\$29,629	\$58,981	26.7%	11.7%
New York	15.7%	8.2%	3.7%	\$48,347	\$77,897	20.0%	9.1%
North Carolina	21.4%	7.8%	3.9%	\$38,597	\$61,695	21.1%	9.8%
North Dakota	3.4%	13.0%	2.2%	\$45,802	\$67,352	25.1%	8.8%
Ohio	12.4%	9.5%	4.1%	\$33,590	\$61,056	28.7%	10.8%
Oklahoma	7.3%	8.0%	3.7%	\$35,887	\$56,312	27.6%	12.3%
Oregon	2.0%	5.5%	4.8%	\$46,076	\$65,236	20.1%	11.1%
Pennsylvania	11.2%	11.3%	3.8%	\$37,201	\$65,326	26.1%	8.7%
Puerto Rico	12.5%	17.6%	9.6%	\$19,476	\$26,840	44.7%	38.7%
Rhode Island	6.7%	7.6%	4.6%	\$48,961	\$71,366	17.9%	8.3%
South Carolina	26.6%	8.0%	4.1%	\$34,576	\$61,600	25.4%	10.0%
South Dakota	2.2%	NA	1.9%	\$43,686	\$60,239	15.5%	8.4%
Tennessee	16.8%	10.0%	4.5%	\$36,533	\$56,968	26.4%	12.0%
Texas	12.3%	7.4%	4.1%	\$45,545	\$74,509	19.6%	8.5%
Utah	1.3%	6.7%	3.0%	\$44,090	\$75,399	20.9%	7.2%
Vermont	1.2%	NA	3.6%	\$40,509	\$62,235	13.4%	10.5%
Virginia	19.2%	6.7%	3.5%	\$50,064	\$78,745	17.4%	8.5%
Washington	3.9%	7.4%	3.9%	\$55,661	\$76,521	20.0%	8.2%
West Virginia	3.8%	10.8%	5.6%	\$30,925	\$44,840	28.6%	17.1%
Wisconsin	6.4%	7.6%	2.7%	\$30,798	\$63,906	31.8%	8.4%
Wyoming	0.6%	NA	3.8%	\$88,951	\$62,507	NA	9.8%

Source: JEC Democratic staff analysis based on 2018 American Community Survey 1-Year Estimates

Note: Black refers to African American or Black not in combination with any other race. White, Not Hispanic refers to White not in combination with any other race without Hispanic or Latino ethnicity.

ENDNOTES

- ¹ Wight, V. R., Bianchi, S. M. and Hunt, B. R. (2013). “Explaining Racial/Ethnic Variation in Partnered Women's and Men's Housework: Does One Size Fit All?” *Journal of Family Issues*, 34(3), 394–427. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4242524/>.
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