

THE BROOKINGS INSTITUTION
BROOKINGS CAFETERIA PODCAST

WHY HIGH UNEMPLOYMENT PERSISTS FOR BLACK WORKERS

Washington, D.C.
Friday, August 27, 2021

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PROCEEDINGS

DEWS: Welcome to the Brookings Cafeteria, the podcast about ideas and the experts who have them. I'm Fred Dews.

Disparities between Black workers and white workers in employment and labor force participation existed long before the coronavirus pandemic, and the economic recovery following easing of COVID-19 restrictions has been felt unevenly, especially for Black teens. My guest today discusses her research on this problem and shares policy ideas for a more equitable economic recovery. Kristen Broady is a fellow in the Metropolitan Policy Program at Brookings and a professor of financial economics, on leave, at Dillard University in New Orleans.

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Kristen, welcome to the Brookings Cafeteria.

BROADY: Thank you, I'm happy to be here.

DEWS: So, one of the areas of research that you've been looking at recently is tracking the US unemployment rate by race and ethnicity over the past few months. Can you review that data for our listeners, in particular, the overall figures for Black workers versus white workers?

BROADY: Sure. So, I've been tracking this since the beginning of the pandemic, actually. But if we look at the last three months or so, the U.S. unemployment rate in May was 5.8 percent. But if we look at if we break it down by race for white people, it was 5.1 percent, Asian-American 5.5, Latino was much higher at 7.3, and Black was the highest, 9.1 percent for Black workers. So, if we go to June and July, things get better overall by July. So, it went up slightly in June to 5.9 percent, but then down to 5.4 percent overall. And so, we saw these decreases for other races as well. So, for Black it went from 9.1 down to 8.2 in July; for white in May from 5.1 percent down to 4.8 in July. But we still see that the Black unemployment rate is by far the highest at 8.2 percent in July.

DEWS: Then you also break it down further by gender and also by age, and my understanding is that the unemployment rate for Black women and younger Black men and women are higher than all of those averages, right?

BROADY: Yes. So, July was interesting because in July, the unemployment rates for all of the other groups went down, whether slightly or more significantly for everybody, except for Black teens ages 16 to 19. So, between June and July, their unemployment rate went from 9.3 percent, up to 13.3 for just comparing. So, for the U.S., it went from 5.9 to 5.4; for white women aged 20 and up 5 percent down to 4.5; white men, 5.2 down to 4.9; sixteen to nineteen, 9 to 8.2. So, those are just some of the comparative rates. But it was interesting to see that that for Black teens, it went up significantly, even for Latino and Hispanic teens it went from 13.2 down to 10.8.

DEWS: I do want to get to some of your views on the causes and solutions here in a minute. But there's this other data point that we hear a lot about and that you talked about in some of your research, and that's the labor force participation rate. And it's a different thing than the unemployment rate. Can you explain to listeners what that is, how it's different from the unemployment rate? And then what do you see in the data for labor force participation rate, again, when you break it down by race, when you break it down by gender and age and those sorts of factors?

BROADY: So, the labor force participation rate is the percentage of the working age population—that is the civilian noninstitutional population age 16 or older—that is in the labor force. So, what does it mean to be in the labor force? It measures how many Americans are working or actively seeking work. So, it's the sum of the employed population and unemployed workers or unemployed population, where unemployed means a person who is out of a job but has looked for work within the last four weeks. So, if you don't have a job and you become discouraged, you haven't looked for a job within the last four weeks, then you don't count in that rate. So, while white workers' labor force participation rate jumps from 61.3 percent in June to 61.6 percent in July, with a corresponding decrease in the unemployment rate from 5.2 to 4.8, the labor force

participation rate for Black workers went from 61.6 percent in June down to 60.8, meaning that there were less Black people in the labor force. At the same time, while unemployment rates also decreased for Black workers, the decrease in large part reflects the decrease in the labor force as the total number of both employed and unemployed Black workers decreased. Black workers, in particular Black teens, are experiencing the highest unemployment rates based on the data I shared before.

DEWS: And I think that measure, the labor force participation rate you use, the word discouraged, is an interesting way to capture not just the raw question of whether someone is employed or not, but sort of where they are in terms of their relationship to the job market, because a lot of people transition from job to job or maybe out of work then maybe they're doing interviews and trying to get hired again and they're hopeful. But then to see that see the decline in the labor force participation rate suggests something perhaps a little even more negative than just the raw unemployment or the employment figure.

Let's move on to some of the underlying causes of the context of what's going on and the data that I'm referring to and that you've been referring to in particular come from some posts that you've written on the Brookings website. I'll make sure they're linked to in the show notes of this episode so listeners can find them. But presumably the unemployment rates across all groups have ticked down in June and July because the COVID pandemic seem to be easing. I think a lot more businesses were opening up; people were getting vaccinated. And yet the unemployment disparities, even though if they're all decreasing, they seem to persist between Black workers and white workers. Can you talk about some of the factors that are causing the continued disparity among different people?

BROADY: So, I think the first step is to look at who is getting vaccinated. So as of August, 5, 2021, 70.4 percent of the U.S. population over the age of 18 had received at least one dose of the COVID-19 vaccine, and 49 percent of the total U.S. population had been fully vaccinated. So according to the CDC, of the 58.1 percent of people who had received at least one dose of the

vaccine and for whom we know their race or ethnicity, 61.2 percent were white, 17.2 percent were Latino or Hispanic, 12.4 were Black, and 5.8 were Asian. So, we do see that there is a disparity in who is getting vaccinated. And we know from the beginning that they started with people who are 65 years and older, and most of them we know were white because you had to have the internet to get an appointment, right? I remember my mom who is turning 75, was on two different laptops, waking up at six in the morning to try to get an appointment in Florida. And so, it was later that other people, younger people could get appointments and much later that you could get a same day appointment.

So, who has time to do that? Right. Retired people, people with money, people with flexible salary jobs. Right. Not people who don't have that flexibility, right, who may not have the internet at home. So those people were behind in getting vaccinated from the beginning. So, we can't just say now everybody has the opportunity to get vaccinated and think that that happens by magic. People have to take off work. They have to find childcare. They have to figure out where they're supposed to go to get vaccinated. They have to have transportation to get there. And that's easier said than done for some people.

Second, all of those things coming together have meant that some people, it took longer for them to get vaccinated, and even once they do that doesn't mean that the job they had previously is still there. Just because companies are saying that they're offering these bonuses, if it's a one-time bonus, that doesn't help pay the rent continually. And it doesn't mean that that job is something that everybody is qualified to do or that they have childcare for getting there, to go to the interview, or to actually start the job. I think we need to look at the individual people and figure out what actually is the problem for why they are not at work and try to solve some of those issues.

DEWS: And to stay on the vaccination question just for a moment longer, you talked about some of the barriers that older people face, are there similar kinds of barriers that younger people face, and in particular, the teens that you've looked at in some of your recent research?

BROADY: So, teens, particularly Black teens, have always had significantly higher unemployment rates than adult workers, even adult Black workers. And some of that is about education and skills that companies want people that have experience right now, no matter what the job is, they always say, we want someone with experience, and we want someone with a higher level of education. So, it's not that that teens, particularly Black teens, aren't qualified. They may just be less qualified than an older worker who has more education and experience.

And now we know that there's a lot of competition for higher paying jobs, school is getting ready to start, teens were less likely to have gotten vaccinated than older population members. Right. Because it was just recently that teens could even get vaccinated. So many of them are still trying to do so. And even once people do get vaccinated, the Delta variant, those cases are surging now. So, teens are more likely to work in jobs like servers, or cashiers, these customer facing jobs that put them at higher risk of getting COVID than a remote job or something where you would sit behind the computer. And so, if you're not vaccinated and you're going to be in a customer-facing job and many states are saying that they're not doing mask mandates, that you can't force people to get vaccines or wear masks, nobody wants to put themselves in danger of getting this virus.

DEWS: You just made two points that I want to pick up on as we continue. One is the Delta variant, but the other one that I'd like to ask you about now is the kind of job or the kind of industry sector that people are working in. And you referenced customer-facing jobs. I've talked to other of your colleagues at Brookings who look at sectors like the hospitality sector where not only is pay is lower and it's maybe riskier, it's front line, but that sector has taken a huge economic hit because of the of the lockdowns, the shutdowns over the past year and a half or so. So, can you talk about the that intersection of race, gender, age, and the sector of the economy, of the labor market, that we're looking at?

BROADY: Sure. So, I'm going to add automation into this, because it really does align. So, we know that Black and Latino workers are overrepresented in jobs at high risk of being automated. And I want to clarify so that my colleagues don't come with dissent that I generally hear, is that just

because a job has a high risk of being automated doesn't mean that it necessarily will be. It just means that a computer or machine can do a certain portion of the job. Of course, it's up to the company whether or not they are going to actually purchase that machinery and start using it or computer systems software. So, I'll start with that.

But Black people are overrepresented in 11 of the jobs that employ the most people in the U.S., the 30 times that employ the most people that are at high risk of being automated. Hispanic people are overrepresented in those jobs in addition to two more. So, what does that have to do with COVID and customer facing jobs? Well, these jobs that are at high risk of being automated are also customer-facing jobs that in the beginning, say, grocery store workers or cashiers, before those restaurants closed down those people were more likely to get COVID than someone who didn't interact with customers or who did a job that involves research, a computer, whatever. And grocery store stayed open, they never did close. They may have done some social distancing, but for the most part, they didn't close. And so Black and Hispanic workers and also younger workers are overrepresented in those jobs that are at high risk of automation and also put them at risk of getting COVID.

And so, during the pandemic, we saw many grocery stores and other places where you have cashiers increasing their use of automatic checkout machines. I think about the Wal-Mart in my parents' neighborhood. At the beginning of the pandemic, there may have been 10 registers open at any time. And now my mom complains that it's almost all automatic checkout. Same thing at the CVS that I go to, and a lot of the grocery stores and drugstores we now see more automatic checkout machines than we did cashiers before the pandemic. And again, who was doing those jobs? Generally, the cashier was a Black woman at the places that I would shop at across the country. I'm not saying that they're only Black women, but at the places that I went to, they were mostly younger Black women and now the places that I go to, I'm seeing more and more machines.

DEWS: Right, and I've seen that, too, and I'm glad that you brought up this issue of automation, and I will also include in the show notes a link to the report that you recently

coauthored on race and jobs. It's called "Race and Jobs at Risk of Being Automated in the Age of COVID-19." Kristin, let me go back to that question of the Delta variant. Are you worried that any of the gains that workers have made, especially Black workers and young Black workers have made even in just the past few months as COVID restrictions have eased could be wiped out as the Delta variant hits the country and we maybe return to some of the same kind of policies that we had in 2020.

BROADY: I feel like it's hard to talk about "gains" when we look at the Black unemployment rate period, because since the BLS started tracking unemployment by race, Black people have had the highest unemployment rate. So, I think to me gains would be for that not to be the case, for, I don't know, a month or a year even for Black people not to be the highest, because that's not been the case, it's always been the highest for Black people. Maybe somebody could point out one data point. I know that I'm talking to my colleagues at Brookings. Somebody may find one small data point, but for the most part the Black unemployment rate has been around two percentage points higher than the U.S. rate, and that's even higher than the rate for white people. So, I'm not sure that we're really talking about gains. We're still we're still trying to break even. Of course, we all want to get ahead, but we're not even to that point, honestly. Black people do have a higher unemployment rate. We have lower wealth; we are less likely to have been vaccinated. So, I think that we need to find equity before we talk about getting ahead.

DEWS: And those inequities, especially around wealth in Black households and employment rates, have persisted and existed long before COVID, right?

BROADY: Absolutely. So, we know that, again, from the time that many of these data points even started being tracked. But COVID has exacerbated many of those data points. We know that Black people were more likely to have comorbidities that would put them at risk of being getting. Of course, I'm not a medical doctor, but I have heard that there is a connection between COVID and diabetes, which we know Black people and Hispanic people are more likely to have. Again, just looking at the job types that Black people are employed in are more likely to put them at

risk of getting COVID. And then when we look at insurance and health care and access to quality health care, who gets the virus, and we still don't know what the long-term effects are. And even for people who have been vaccinated, we know that the Delta variant is more transmissible. And so even if people don't get very sick initially, we don't know what the long-term effects are for people who get COVID or the Delta variant of COVID who have been vaccinated.

DEWS: So, Kristen, as we look ahead, what kind of policies are you thinking about that could address some of these issues, especially the high unemployment rates, the persistent high unemployment rates, and lower labor force participation rates among Black workers in particular?

BROADY: I think the first step is to stop blaming them for their circumstance. Many companies complained that though they were increasing wages and offering bonuses, that they still couldn't get workers. Or saying that it was because of the various types of unemployment benefits that people weren't working because they were getting the benefits, right. But the problem is, if you make more money on the benefits than you do going to work, that in itself is a problem.

So, we've seen prices on everything else go up over the years, gas and education and all kinds of things. But wages have not gone up to match all of those prices that we've seen go up. So, we need to think about paying people a livable wage, not just Black people, but everyone so that people can actually afford to make ends meet and maybe even save some money. Right. Wouldn't that be a novel thought, that if people could actually save for a rainy day? I'm sure you've all seen the studies about the percentage of people that don't have four hundred dollars for a rainy day, let alone to make it through a whole pandemic. So, I think we need to look at what is a livable wage and helping people to be able to make that.

We need to provide education for people who want it and need it. And no, I'm not saying that because someone doesn't have a higher level of education that they shouldn't have a job. I'm simply saying that we need to increase the availability of education for people who want or need it.

We need to increase broadband so that people actually have access to the internet so that folks aren't trying to go and sit out outside of a McDonald's or Starbucks to be able to try to use

their internet to do things like try to find out where they can get a test, a COVID test, or a vaccine, or maybe look for a job.

I think we need to continue to disaggregate data and not just say that the overall U.S. unemployment rate has gone down or up or whatever and actually look, like I've been doing at these rates, by age, by gender, and by race to see what's going on with different portions of the population overall and in different states and communities so that we can figure out how to help individual communities, not just the whole country.

DEWS: I'll just again point out to listeners that in your research and in the research of many other Brookings scholars, there's so much about all of these issues that they can go and learn more about. And I've had a number of podcast discussions on some of these issues as well. But let me ask you one more question, Kristen. The term you just used "disaggregate," I remember a professor of mine in graduate school said "disaggregate, disaggregate, disaggregate." That's so key. And so when we think about policies, when you think about policies to address, again, the high unemployment rates and low labor force participation rates, are there more specific or different kinds of policies that you're thinking of, especially when it comes to Black teenagers?

BROADY: Yeah, definitely. I think some of those are related to transportation. I'm thinking about a partnership between Kentucky State University and Toyota in Kentucky, where they provided transportation for the students to get to the internship. They didn't just say here's this internship, and it wasn't all that far, but you couldn't walk. Right. And so, some of the students may have missed out on the internship if they didn't have transportation. Right. So, thinking about how to do that in a particular area—is it a metro card? Is it an ability to use Uber somehow? Right. I can't say that that's a national policy because we know that transportation availability is different in different communities. So, figuring out is that a barrier for teens to get to work? And if it is solving it in those various communities or municipalities

Is it a matter of education not matching what companies want? And if it is, talking to high schools and community colleges to figure out how what's being taught matches up with what

companies are seeking. Is there communication between the folks doing the hiring and the folks doing the training and educating and if not, make that make that particular connection.

Is it a matter of broadband and not having a computer or internet at home? And if it is then working with Comcast or Verizon or whatever the internet provider is to try to provide internet access, or to provide laptops or tablets, if that's the issue.

So, these are just some of the things, right? I mean, I'm thinking about universities that I've worked at where there was a relationship with a clothing company like J.C. Penney that could provide professional attire if that was necessary.

So, I don't want to I don't want to say any sort of like broad-based policy because I don't know for any particular population. But I think that's the whole point. We need to see what's going on in particular communities and municipalities, so that those specific issues can be fixed, not just some blanket policy that may not be effective in particular locales.

DEWS: I think that the research that scholars like yourself and others are doing is really illuminating these kinds of challenges across the board and in particular and different kinds of places. So, Kristen, I want to thank you for sharing with us your time and your expertise today.

BROADY: Thank you for having me.

DEWS: You can learn more about Kristen Broady and her research on our website, brookings.edu. A team of amazing colleagues helps make the Brookings Cafeteria possible. My thanks go out to audio engineer Gaston Reboledo; Bill Finan, director of the Brookings Institution Press, who does the book interviews; my communications colleagues Marie Wilkin, Adrianna Pita, and Chris McKenna for their collaboration. And finally, to Soren Messner-Zidell and Andrea Risotto for their guidance and support.

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