

Young Black America Part Four: The Wrong Way to Close the Gender Wage Gap

By Cherrie Bucknor*

Young blacks in America have had significant improvements in educational attainment since the early 1980s. They are completing high school and college at higher rates than in the past, which has helped to mitigate some of the negative employment effects of past recessions.¹ However, wages for young blacks have declined since the late 1970s, with rates for black men in particular decreasing significantly—even for those with college degrees. The wage data also continue to show that young blacks have been hit harder than whites during the recent recession and incomplete recovery.

The figures below analyze Census Bureau data to determine median hourly wages for young blacks and whites from 1979 to 2014. Data are given by race, gender, and educational attainment for young adults, ages 25 to 34.

Median wages have trended downward for the past decade, after noticeable increases in the prior decade. **Figure 1** displays median hourly wages by race and gender. In 1979, the median wage of young blacks was \$15.19 (2014 dollars). In the ensuing years, median wages for blacks significantly decreased, falling to \$12.48 in 1996, a decrease of 17.8 percent since 1979. Over the next decade, median wages for young blacks increased steadily, reaching \$15.04 in 2004. However, wages have decreased steadily since then, falling to \$12.50 in 2014. This is 17.7 percent less than the median wage of young blacks in 1979.

Median wages for young whites have followed the same trend. In 1979, the median wage for young

1 Bucknor, Cherrie. 2015. “Young Black America Part One: High School Completion Rates are at their Highest Ever.” Washington, DC: Center for Economic and Policy Research. <http://www.cepr.net/documents/black-hs-grad-rates-2015-03.pdf>; and Bucknor, Cherrie. 2015. “Young Black America Part Two: College Entry and Completion.” Washington, DC: Center for Economic and Policy Research. <http://cepr.net/documents/black-college-entry-grad-rates-2015-04.pdf>.



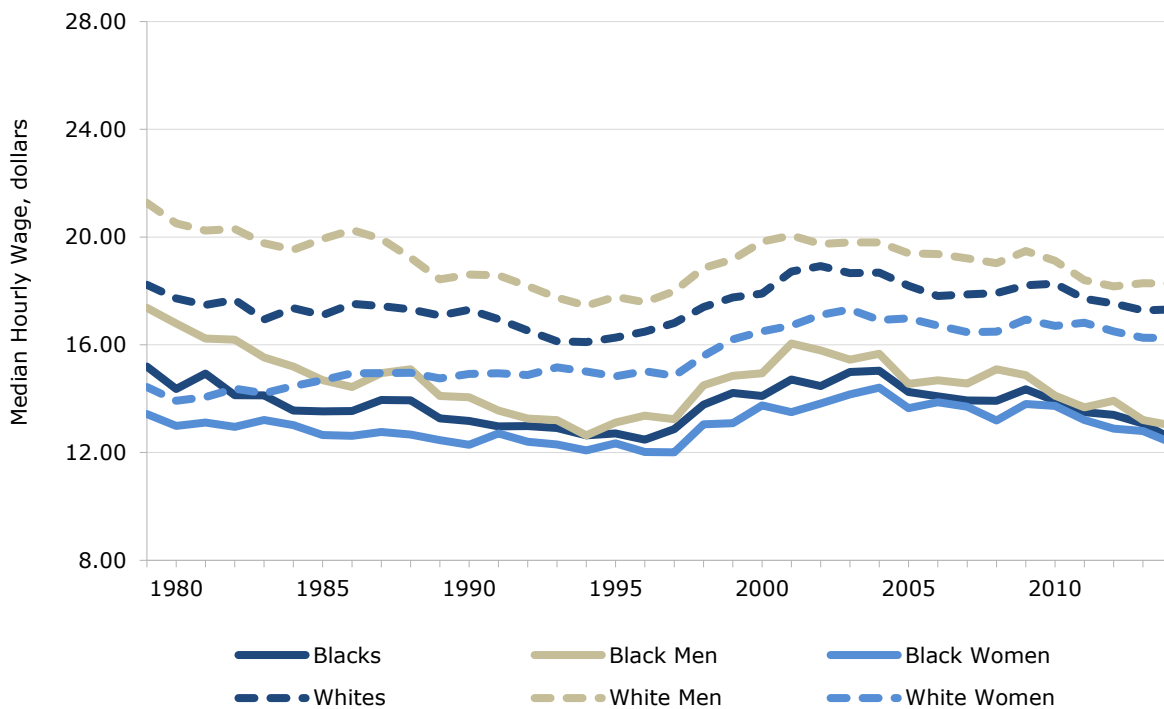
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whites was \$18.23, \$3.04 higher than the median wage of young blacks. Over the next 15 years, the median wage for whites decreased, falling to \$16.10 in 1994. The black-white wage gap also increased to \$3.46. Like blacks, young whites enjoyed a significant rise in their wages during the late 1990s to early 2000s. The median wage for young whites peaked at \$18.92 in 2002 then fell to \$17.31 in 2014—5.0 percent less than their median wage in 1979.

FIGURE 1

Median Hourly Wages of Young Adults, by Race and Gender, 1979–2014



Source and notes: Author's analysis of Current Population Survey Outgoing Rotation Group, 1979-2014. Sample restricted those ages 25-34. Wages are adjusted to 2014 dollars using CPI-U-RS.

Although both blacks and whites have seen their wages decrease, black men have been hit the worst. Young black men had a median wage of \$17.37 in 1979. Their median wage decreased sharply over the next 15 years, dropping to \$12.64 in 1994, a 27.2 percent decrease. The median wage of young black men rebounded and peaked at \$16.05 in 2001, before decreasing again and falling to \$13.00 in 2014. All in all, the median wage of young black men has fallen 25.2 percent since 1979, the largest decrease out of the groups examined in this issue brief.

White men have also seen their wages decrease, but sizable gaps remain between them and their black counterparts. From 1979 to 1994, the median wage for white men decreased from \$21.27 to \$17.45, or 18.0 percent. Despite this decrease, the black-white wage gap for men increased from

\$3.90 to \$4.81 over this period, because black men's wages decreased more sharply. Like black men, white men also saw their wages increase in the late 1990s, reaching \$20.06 in 2001, but decreasing to \$18.27 in 2014 (a 14.1 percent decrease compared to 1979). The black-white wage gap for young men was \$5.27 in 2014.

Throughout the entire period, women have had lower wages than their male counterparts, with black women having the lowest wages of all. The gender wage gap was smaller for blacks than whites in 1979 and narrowed considerably over the ensuing 35 years. In 1979, young black women had a median wage of \$13.43, and earned 77 cents for every dollar that black men did. Following the same trend as young black men, the median wage of black women also decreased during the ensuing years, although much more slowly. Black women's median wage fell to \$12.01 in 1997, increased to \$14.41 in 2004, and then fell again to \$12.35 in 2014 (an 8.0 percent decrease compared to 1979). However, since black men's median wage decreased more dramatically over this entire period, the gender pay gap for blacks still narrowed, with young black women earning 95 cents for every dollar earned by young black men in 2014.

Young white women have had the greatest wage growth since 1979, with their wages increasing 12.6 percent over this time. In 1979, the median wage of young white women was \$14.43, \$1.00 more than black women. During the same year, white women earned 68 cents for every dollar earned by white men. Unlike others who saw their wages decrease over the next 15 years, white women actually saw a slight increase in their wages to \$14.85 in 1997. Their wages rose sharply during the 1990s boom, peaking at \$17.31 in 2003. Since then, white women's median wage has decreased much more slowly than others, falling to \$16.25 in 2014, but still remaining \$3.90 higher than black women's wages. In 2014, young white women earned 89 cents for every dollar earned by young white men, due in large part to the declining wages of white men.

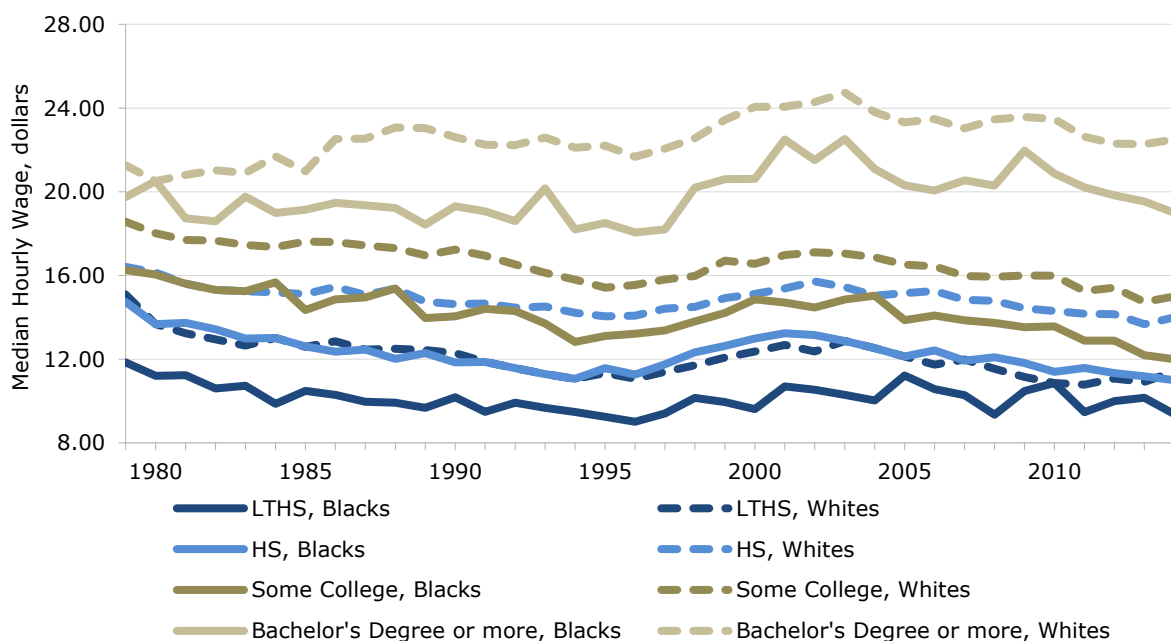
As one might expect, median wages vary based on education level, with college-educated young adults commanding higher wages than their less-educated peers. **Figure 2** shows median hourly wages of young adults by race and educational attainment. In 1979, young blacks with bachelor's degrees or higher had a median wage of \$19.75, \$5.01 higher than the median wage of high school-educated young blacks. During the same year, the college wage premium was \$4.86 for young whites, with median wages of \$16.41 and \$21.27 for high school- and college-educated whites, respectively.

From 1979 until the mid-1990s, the median wage of young adults in general decreased, but having a college degree enabled whites to actually see a slight increase in wages to \$22.21 in 1995. The same

cannot be said for young college-educated blacks, who saw their wages decrease to \$18.51 over this period (from \$19.75 in 1979). College-educated blacks and whites both saw their wages increase sharply after the mid-1990s, with wages for young college-educated blacks increasing to \$22.52 by 2003, and wages for their white counterparts increasing to \$24.74. Since 2003, wages for college-educated blacks and whites decreased again, falling to \$19.00 and \$22.50, respectively, in 2014. During the same year, the college wage premium for young blacks was \$8.00 and the premium for young whites was \$8.50. The benefits of a college degree have increased noticeably since 1979, mostly because of 14.7 percent and 25.4 percent decreases in the wages of high school-educated whites and blacks, respectively. In all, young college-educated blacks have seen their wages decrease 3.8 percent since 1979, while young college-educated whites have seen their wages increase 5.8 percent since 1979.

FIGURE 2

Median Hourly Wages of Young Adults, by Race and Educational Attainment, 1979–2014



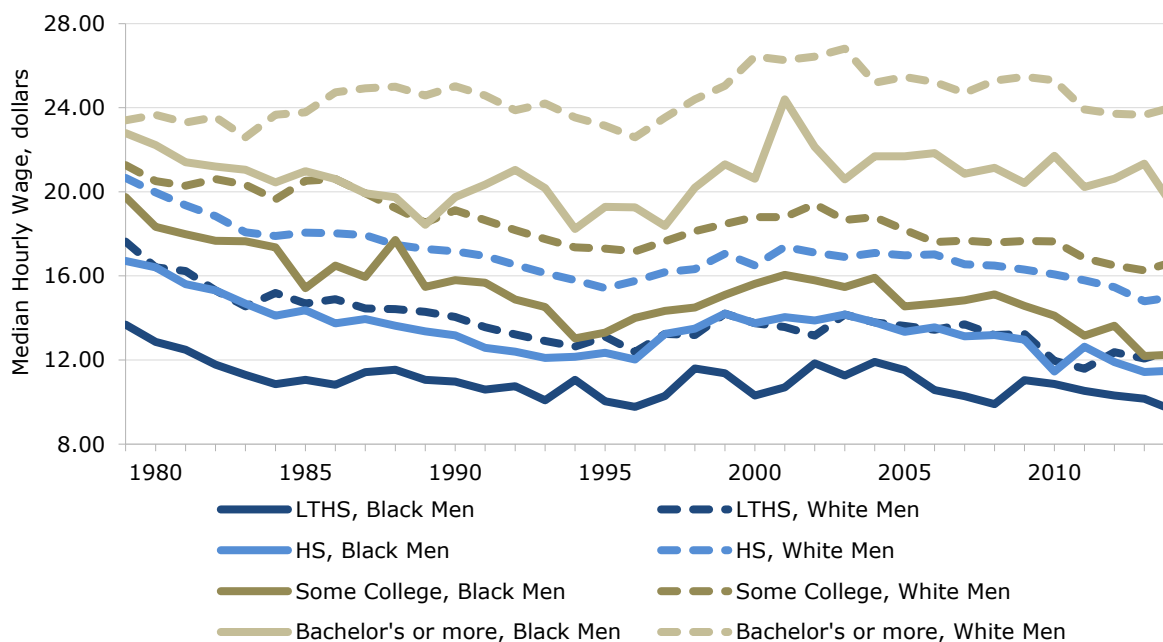
Source and notes: Author's analysis of Current Population Survey Outgoing Rotation Group, 1979-2014. Sample restricted those ages 25-34. Wages are adjusted to 2014 dollars using CPI-U-RS. LTHS = Less Than High School; HS = High School.

Although young college-educated blacks overall have seen their wages decrease since 1979, black men and black women have had noticeably different experiences. Young college-educated black men are the only group with college degrees that has seen their wages decrease since 1979. **Figure 3** displays median hourly wages of young men, by race and education level. In 1979, young black men with college degrees had a median wage of \$22.79, and their white counterparts had a median wage

of \$23.40. Since 1979, the median wage of young college-educated black men decreased to \$18.38 in 1997, increased to \$21.84 in 2006, then fell again in the years after the most recent recession. In 2014, the median wage for young college-educated black men was \$19.23, 15.6 percent less than their median wage in 1979. In the same year, young white men with college degrees had a median wage of \$24.04, 2.7 percent higher than their wages in 1979.

FIGURE 3

Median Hourly Wages of Young Men, by Race and Educational Attainment, 1979–2014



Source and notes: Author's analysis of Current Population Survey Outgoing Rotation Group, 1979–2014. Sample restricted those ages 25–34. Wages are adjusted to 2014 dollars using CPI-U-RS. LTHS = Less Than High School; HS = High School.

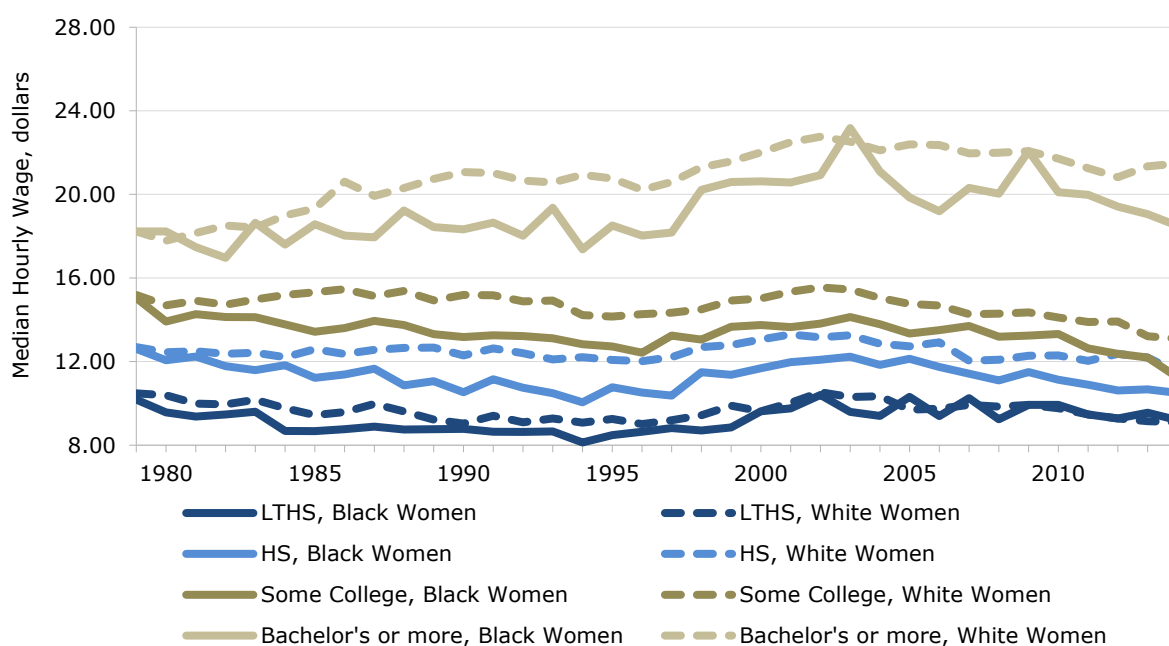
Although young college-educated black women earn less than their male counterparts, they have seen a modest 1.5 percent increase in wages since 1979. **Figure 4** shows the median hourly wages for young women, by race and education level. In 1979, the median wage of young college-educated black women was \$18.23, and they earned 80 cents for every dollar earned by young black college-educated men. After stagnant wages leading up to the mid-1990s, young black women with college degrees saw significant wage increases until the early 2000s, and then their wages began to decrease again. In 2014, young college-educated black women had a median wage of \$18.50, and they earned 96 cents for every dollar earned by black men with college degrees.

Young college-educated white women have by far enjoyed the greatest wage increase since 1979. They have also widened the gap between them and their black counterparts—a gap that was non-

existent in 1979. In 1979, the median wage for young white women with college degrees was \$18.23, and they earned 78 cents for every dollar earned by white men. They enjoyed steady wage increases until 1990, when their median wage was \$21.07. After about five years of mostly stagnant wages, their median wage increased steadily, peaking at \$22.76 in 2002, after which their wages began to fall. In 2014, the median wage of young college-educated white women was \$21.47, and they earned 89 cents for every dollar earned by white men. White women with college degrees also earned \$2.97 more than black women with college degrees in 2014.

FIGURE 4

Median Hourly Wages of Young Women, by Race and Educational Attainment, 1979–2014



Source and notes: Author's analysis of Current Population Survey Outgoing Rotation Group, 1979-2014. Sample restricted those ages 25-34. Wages are adjusted to 2014 dollars using CPI-U-RS. LTHS = Less Than High School; HS = High School.

Not only have young college-educated blacks always had lower wages than their white counterparts, but they have also been hit harder by the recent recession.² Since 2007, young college-educated blacks overall have seen their wages decline 7.5 percent, with the wages of black men and women falling 7.8 percent and 8.9 percent, respectively. Their white counterparts have had their wages decline 2.3 percent since 2007, with the wages of white men and women declining 2.7 percent and 2.2 percent, respectively.

² For more on employment and unemployment rates of young blacks, see Bucknor, Cherie. 2015. "Young Black America Part Three: Employment, Unemployment, and the Incomplete Recovery." Washington, DC: Center for Economic and Policy Research. <http://cepr.net/documents/black-employment-2015-06.pdf>.

Overall, young blacks have seen their wages decline almost 18 percent since 1979. Much of this was driven by a 25 percent decrease in the wages of black men. Young blacks with college degrees have also seen their wages decline by about 4 percent. Again, black men with college degrees experienced a much steeper decline of almost 16 percent, while college-educated black women saw a modest 1.5 percent increase in their wages. In addition, young blacks still earn less than their white counterparts. The racial wage gap for college-educated young adults was \$3.50 in 2014, over twice as large as the gap in 1979. These data show that racial differences persist, even when black men and women obtain college degrees.