

# Has Education Paid Off for Black Workers?

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## Executive Summary

Over the past three decades, the “human capital” of the employed black workforce has increased enormously.

In 1979, only one in ten (10.4 percent) black workers had a four-year college degree or more. By 2011, more than one in four (26.2 percent) had a college education or more.

Over the same period, the share of black workers with less than a high school degree fell from almost one-third (31.6 percent) to only about one in 20 (5.3 percent).

The black workforce has also grown considerably older. In 1979, the median employed black worker was 33 years old; today, the median is 39.

Economists expect that increases in education and work experience will increase workers' productivity and translate into higher compensation. But, the share of black workers in a “good job” – one that pays at least \$19 per hour (in inflation-adjusted 2011 dollars), has employer-provided health insurance, and an employer-sponsored retirement plan – has actually declined.

The share of black workers in good jobs fell from 20.8 percent in 1979, to 19.6 percent in 2011.

Over the same period, black women saw a modest increase in good jobs, with the share rising 3.9 percentage points, from 14.5 percent in 1979 to 18.4 percent in 2011. Meanwhile, the share of black men in good jobs decreased 5.5 percentage points, falling from 26.4 percent in 1979 to 20.9 percent in 2011.

Despite relative and absolute improvements for black women, they were less likely to be in a good job than black men at every point in our sample.

Black workers at every age and education level are less likely to be in a good job today than they were in 1979.

Black workers at every age and education level are less likely to be in a good job than comparable white workers.

Universal policies including universal health insurance or a universal retirement plan (over and above Social Security) would have a large impact on the quality of jobs for black workers. So too would pay equity with white male workers, increasing unionization, and further increases in college attainment.

## Introduction

Over the past three decades, the educational attainment of the employed black workforce has increased enormously. In 1979, 31.6 percent of black workers had less than a high school degree and only 10.4 percent had a four-year college degree or more. By 2011, only 5.3 percent had not completed high school and more than 26.2 percent had a college education or more. Over the same period, the black workforce also grew considerably older.<sup>1</sup> In 1979, the median black worker was 33 years old; today, the median is 39.

Economists expect that increases in education and work experience will increase workers' productivity and translate into higher compensation. In this report, however, we document that the dramatic increase in the educational attainment of black workers, coupled with a large increase in their median age, has coincided with a *decrease* in the share of black workers holding what we define as a “good job” (one that pays at least \$19 per hour, has employer-provided health insurance, and some form of retirement plan). Over this period, black men saw a particularly sharp drop in job quality. At the same time, the share of black women in good jobs managed to rise, but black women started and ended the period with a lower rate of good jobs than black men, despite surpassing black men's educational attainment.

The lack of a payoff to rising educational attainment and age is not unique to black workers. As we've documented elsewhere, over the same period the overall workforce experienced similar increases in educational attainment and age but also saw the share of good jobs decline.<sup>2</sup> Black workers, however, have consistently trailed white workers by large margins, even when the comparison is limited to workers with the same gender, age, and educational attainment.

Over the last many decades, black workers have made significant – and often overlooked – investments in education. Nevertheless, black workers have little to show for these investments. A lack of “human capital” does not appear to be causing the difficulties black workers face in the labor market. The factors that lie behind the poor outcomes for black workers include ongoing labor-market discrimination,<sup>3</sup> but also the same long-term, policy-driven deterioration in bargaining power experienced by low- and middle-wage workers in general. The key elements of this decline in bargaining power include: a fall in the inflation-adjusted value of the federal minimum wage; a sharp drop in the unionization rate in the private sector; the privatization of many state and local government functions; the deregulation of many well-paid industries such as trucking, airlines, and telecommunications; a fall-off in the enforcement of existing labor standards; trade deals that placed low- and middle-wage workers in direct competition with foreign workers; a dysfunctional immigration policy that pits immigrant workers with no rights against US-born workers with few rights; and macroeconomic policy that has kept the unemployment rate well above full employment

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1 We limit our analysis to workers ages 18 to 64.

2 For analysis of the workforce as a whole, and a more detailed discussion of the data and definitions used here, see Schmitt (2005, 2007, 2008) and Schmitt and Jones (2012a, 2012b, 2013).

3 For discussion of role of racism in the contemporary labor market, see Cancio, Maume, and Evans (1996), Altonji and Blank (1999), Dreher and Cox (2000). For audit studies on this topic, see Bart, Hass, Philbrick, Sparks, and Williams (1997), Bertrand and Mullainathan (2003), Pager, Bonikowski, and Western (2009). For critiques, see Heckman (1998), and Fryer and Levitt (2004).

for most of the last four decades.<sup>4</sup> Black workers are disproportionately among the low- and middle-wage workers that have been most negatively affected by these policies. Our analysis suggests that these political factors together with ongoing racial discrimination – not a failure to invest in “human capital” – explain the stagnation and decline in black labor-market outcomes since the end of the 1970s.

**TABLE 1**  
**Increases in Age and Educational Attainment of the Black Workforce, 1979-2011**  
**(percent of employees, 18-64)**

	1979	2007	2011
<i>(a) All</i>			
Education			
Less than High School	31.6	7.4	5.3
High School	38.2	35.7	33.5
Some College	19.8	33.9	35.0
College or more	10.4	23.0	26.2
Age			
18-34	48.6	36.0	35.6
35-54	40.7	51.5	49.5
55-64	10.7	12.5	14.9
<i>(b) Women</i>			
Education			
Less than High School	26.6	6.4	4.9
High School	40.1	33.3	30.0
Some College	20.4	35.8	36.6
College or more	12.9	24.5	28.5
Age			
18-34	49.6	35.4	36.0
35-54	40.5	51.6	49.0
55-64	9.9	13.0	15.1
<i>(c) Men</i>			
Education			
Less than High School	36.0	8.6	5.7
High School	36.6	38.4	37.7
Some College	19.3	31.7	33.2
College or more	8.1	21.3	23.4
Age			
18-34	47.8	36.7	35.3
35-54	40.9	51.4	50.1
55-64	11.3	11.9	14.7

Notes: Authors' analysis of March Current Population Survey.

4 For a further discussion of the broad erosion since the end of the 1970s in workers' bargaining power, see Baker (2007), Bernstein and Baker (2003), Bivens (2011), Mishel, Bernstein, and Shierholz (2009), and Schmitt (2009).

## Educational Upgrading

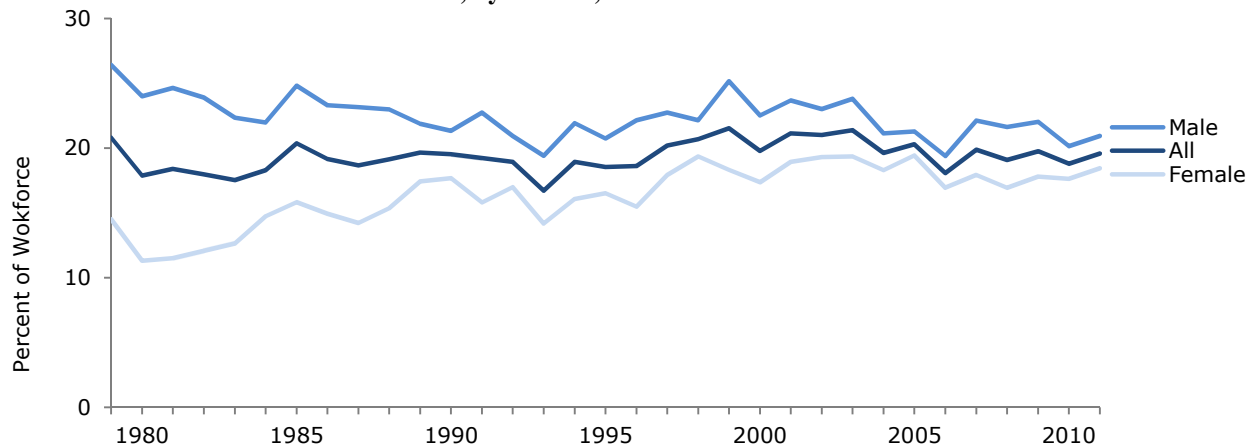
Over the last three decades, the educational attainment of the employed black workforce increased substantially (see **Table 1**). In 1979, nearly one-third (31.6 percent) of black workers had less than a high school degree; by 2011, that share dropped to just one in twenty (5.3 percent). In 1979, 19.8 percent of black workers had education beyond high school but short of a four-year degree; by 2011, the share had increased to 35.0 percent. In 1979, about one in ten black workers had a four-year college degree or more (10.4 percent); by 2011, the share more than doubled to over one in four (26.2 percent).

The black workforce has also grown older since the end of the 1970s, further contributing to an increase in “human capital” in the form of greater work experience. In 1979, 48.6 percent of black workers were between 18 and 34 years old. By 2011, the share of workers in this age range fell to 35.6 percent. Over the same period, the share of workers in the 35 to 54 year-old range increased from 40.7 percent to 49.5 percent; and the share of workers just below retirement age, 55 to 64 year-olds, grew from 10.7 percent to 14.9 percent. These demographic shifts caused the median age of the black workforce to rise from 33 years old in 1979 to 39 years old in 2011.

## Trends in Good Jobs

By our definition, a “good job” is one that pays at least \$19 an hour (in inflation-adjusted 2011 dollars), has employer-provided health insurance, and an employer-sponsored retirement plan. **Figure 1** demonstrates that, by our measure, the share of black workers in good jobs fell slightly, from 20.8 percent in 1979, to 19.6 percent in 2011. Trends differed sharply for black women and black men. Black women saw their share of good jobs modestly improve, with the share in a good job rising 3.9 percentage points, from 14.5 percent in 1979 to 18.4 percent in 2011. Black men had the opposite experience. The share of black men in good jobs decreased 5.5 percentage points, falling from 26.4 percent in 1979 to 20.9 percent in 2011. Despite relative and absolute improvement for black women, at every point in our sample, black women were less likely to be in a good job than black men.

**FIGURE 1**  
Share of Black Workers with Good Jobs, by Gender, 1979-2011



Source: Authors' analysis of March Current Population Survey.

## Components of a “Good Job”

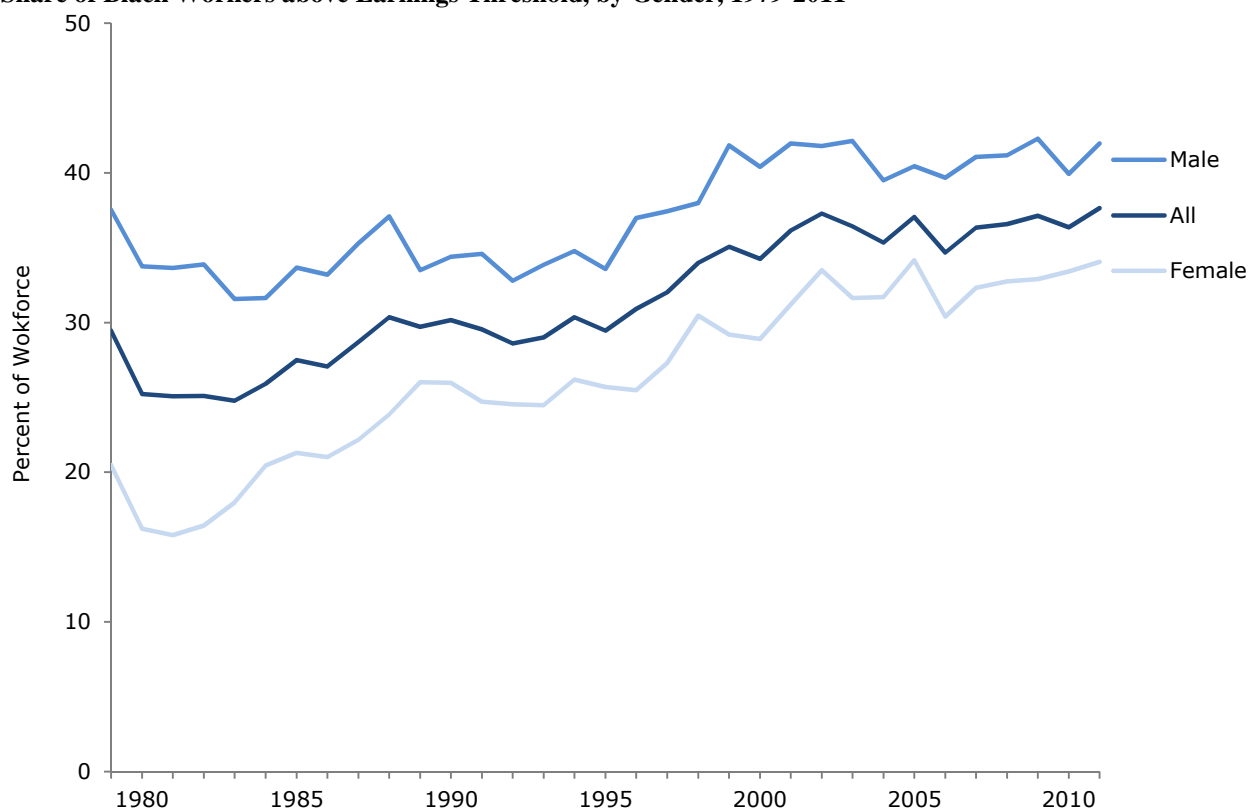
Our good jobs measure contains three separate components. In this section, we look at the separate trends in the three criteria for earnings, health insurance, and a retirement plan.

### Earnings

By our definition, a “good job” must pay at least \$19.00 per hour, or about \$40,000 annually.<sup>5</sup> This cutoff was the median hourly pay, in inflation-adjusted 2011 dollars, for all men in 1979.

**Figure 2** shows that the share of black workers above this earnings cutoff has gradually increased. In 2011, 37.6 percent of the black workforce was at or above the earnings threshold, up from 29.4 percent in 1979. The share of black women above the earnings threshold increased by 13.6 percentage points, from 20.5 percent in 1979 to 34.1 percent in 2011. The share of black men above the cut-off increased only 4.5 percentage points, from 37.5 percent in 1979 to 42.0 percent by 2011.

**FIGURE 2**  
Share of Black Workers above Earnings Threshold, by Gender, 1979-2011



Source: Authors' analysis of March Current Population Survey.

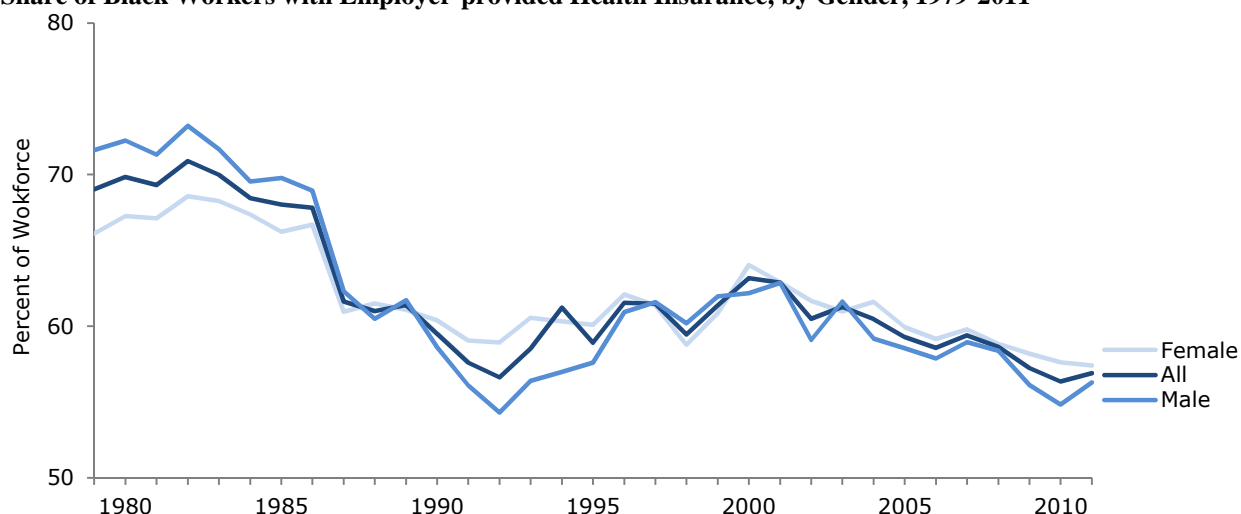
<sup>5</sup> The values in the text are rounded from \$19.02 per hour and \$39,562 per year, calculated as 2080 hours a year earning \$19.02 per hour. All dollar figures in this report are in constant 2011 dollars, deflated using the CPI-U-RS.

## Health Insurance

The second component of our good job definition is employer-provided health insurance. For the full period, 1979-2011, the March CPS data we analyze allows us to determine whether a worker had health insurance provided through his or her own employer.<sup>6</sup>

**Figure 3** shows that, between 1979 and 2011, the share of all black workers with employer-provided health insurance declined, from 69.0 percent to 56.9 percent. There were large declines in the share of workers with health insurance through the mid-1990s, followed by more modest increases until 2000. Since 2000, however, the downward trend resumed. By 2011, black women were more likely to have employer-provided health insurance than black men. Over the full period 1979-2011, the share of black women with coverage decreased from 66.1 percent to 57.4 percent. For black men, the share with coverage declined even more, from 71.6 percent in 1979 to 56.3 percent in 2011.

**FIGURE 3**  
Share of Black Workers with Employer-provided Health Insurance, by Gender, 1979-2011



Source: Authors' analysis of March Current Population Survey.

## Retirement

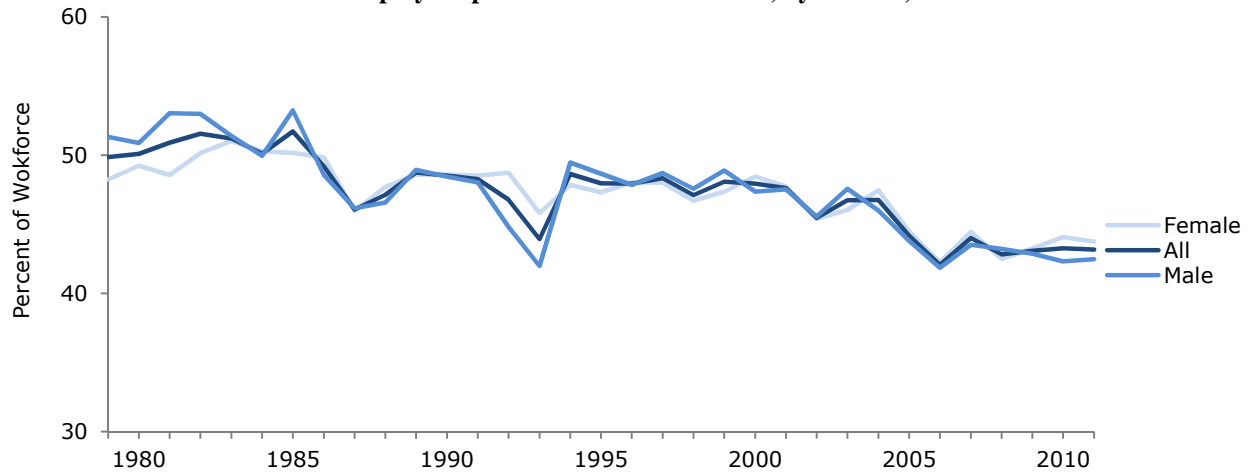
The final component of our definition is participation in an employer-sponsored retirement plan. **Figure 4** presents the share of the black workforce with some kind of retirement plan through their current employer.

The share of black workers participating in a retirement plan at work declined from 49.9 percent in 1979 to 43.2 percent in 2011. The share of black men fell from 51.3 percent to 42.5 percent; and the share of black women, from 48.2 percent to 43.7 percent. By 2011, black women were more likely to participate in an employer-sponsored retirement plan than black men.

6 For a detailed discussion of the health insurance indicator in our definition, see Schmitt and Jones (2012a). For a detailed discussion of changes to CPS health insurance questions, see Rho and Schmitt (2010). For a fuller analysis of workers' health-insurance coverage from all sources, see Rho and Schmitt (2010) and Schmitt (2012).



**FIGURE 4**  
**Share of Black Workers with Employer-sponsored Retirement Plan, by Gender, 1979-2011**

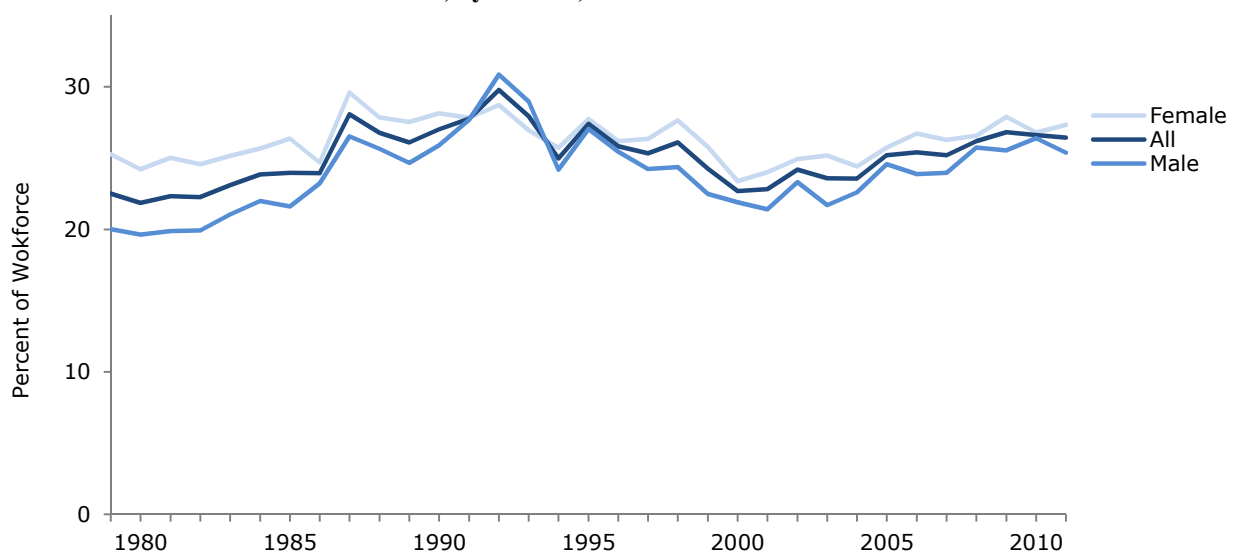


Source: Authors' analysis of March Current Population Survey.

## Bad Jobs

Our criteria also allow us to identify jobs that are particularly bad. Specifically, we define a “bad job” as one that pays less than \$19 an hour *and* lacks employer-provided health insurance *and* lacks an employer-sponsored retirement plan. **Figure 5** demonstrates that even as the black workforce achieved large increases in educational attainment, the share of black workers in bad jobs increased. In 1979, 22.5 percent of black workers were in bad jobs; by 2011, the share had increased to 26.4 percent. The only period when bad jobs declined was in the second half of the 1990s, when several years of sustained low unemployment increased the bargaining power of low- and middle-wage workers, raising their wages and access to health and retirement benefits.

**FIGURE 5**  
**Share of Black Workers with Bad Jobs, by Gender, 1979-2011**



Source: Authors' analysis of March Current Population Survey.

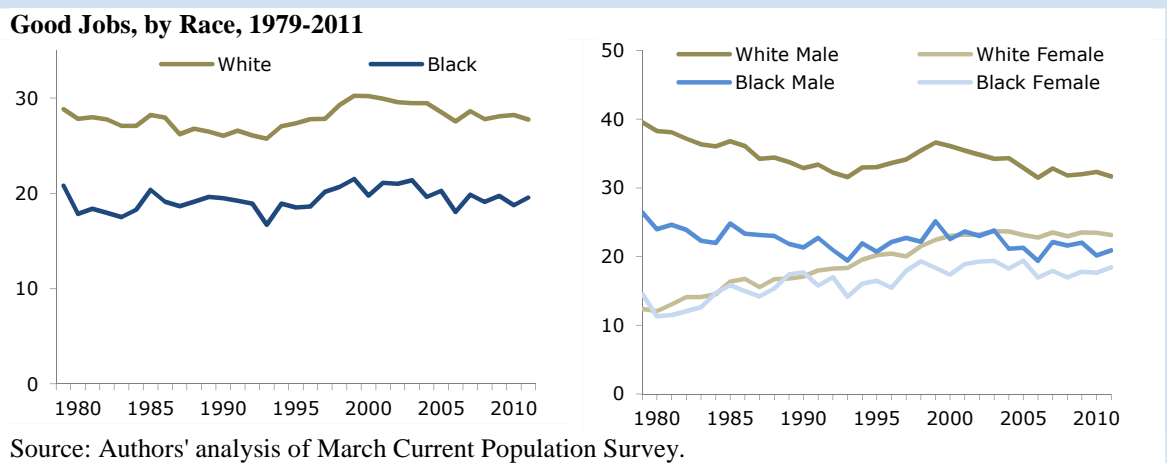
We see similar patterns for black women and black men, with faster growth in bad jobs for black men. In 1979, 25.3 percent of black women were in bad jobs compared to 20.0 percent of black men. By 2011, the bad-jobs rate increased 2.0 percentage points, to 27.3 percent, for black women and 5.3 percentage points, to 25.4 percent, for black men. With the exception of a few years in the early 1990s, black women have always been more likely to be in bad jobs than black men.

### Good Jobs Relative to White Workers

Over the last three decades, the good-jobs rate for black workers has generally tracked trends in the good-jobs rates for white workers, albeit at a much lower level. The figure below shows the trends in good jobs for all black and all white workers from 1979 through 2011. Over this period, the good-jobs share for white workers fell slightly, from 28.9 percent to 27.8 percent. In 1979, a white worker was 8.1 percentage points more likely to be in a good job than a black worker, essentially identical to the 8.2 percentage-point gap in 2011.

Good-jobs trends by gender were also broadly similar for black and white workers. The figure below also displays the good-jobs rate by gender and race. The share of white men in good jobs declined from 39.5 percent in 1979 to 31.7 percent in 2011. In 1979, white men were 13.1 percentage points more likely to be in a good job than black men; by 2011, the gap had narrowed slightly to 10.7 percentage points. For men, the good-jobs race gap narrowed only because white men experienced larger declines in good jobs than black men did, not because the circumstances of black men improved.

Both black and white women saw modest increases in their good-jobs rates, but gains for white women were larger than they were for black women. In fact, from 1979 through the end of the 1980s, almost identical shares of black and white women were in good jobs. After the early 1990s, both groups continued to see progress, but gains were smaller for black women. By 2011, black women were about 4.7 percentage points behind white women.



## Accounting for Educational Upgrading

Black workers with more education are consistently more likely to be in good jobs than black workers with less education. Over the last three decades, however, the good-jobs rate declined for workers at every education level, including those with at least a four-year college degree (**Table 2** and **Figure 6**). In 2011, only 2.7 percent of black workers with less than a high school degree were in a good job, down from 11.4 percent in 1979. Among black high school graduates, 10.7 percent were in a good job in 2011, down from 19.9 percent in 1979. For black workers with a four-year degree or more, 37.4 percent were in a good job in 2011, a sharp drop from 44.3 percent in 1979. This decline for black workers with a four-year college degree or more is especially striking because, over the same period, the share with an advanced degree more than doubled, from 3.1 percent of all black workers in 1979 to 8.5 percent in 2011.

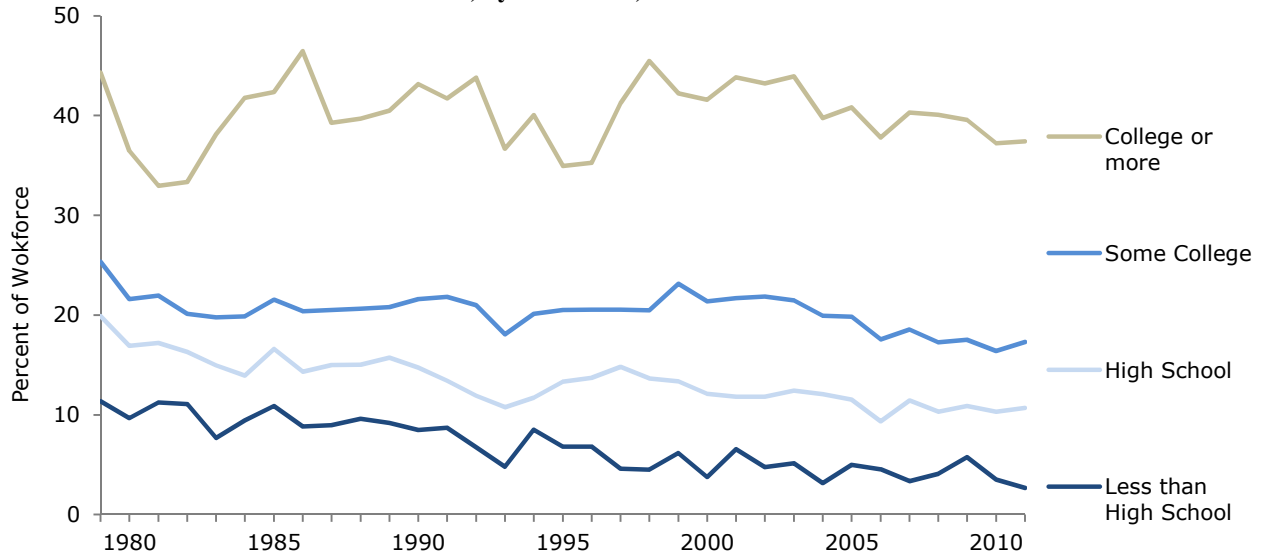
**TABLE 2**  
**Good Jobs, by Education and Age Groups, Black Workforce, 1979-2011 (percent of employees, 18-64)**

	1979	2007	2011
<i>(a) All</i>			
Education			
Less than High School	11.4	3.4	2.7
High School	19.9	11.4	10.7
Some College	25.3	18.5	17.3
College or more	44.3	40.3	37.4
Age			
18-34	16.2	11.7	10.2
35-54	26.1	24.3	24.3
55-64	21.8	25.3	26.4
<i>(b) Women</i>			
Education			
Less than High School	4.2	1.6	1.7
High School	12.5	8.1	7.5
Some College	15.4	15.5	15.4
College or more	40.8	38.9	36.8
Age			
18-34	12.5	10.1	8.9
35-54	17.8	21.8	23.2
55-64	11.4	23.8	25.6
<i>(c) Men</i>			
Education			
Less than High School	16.1	4.8	3.7
High School	27.2	14.7	13.7
Some College	34.6	22.4	19.8
College or more	49.4	42.0	38.4
Age			
18-34	19.7	13.4	11.6
35-54	33.3	27.2	25.6
55-64	29.9	27.1	27.3

Source: Authors' analysis of March Current Population Survey.

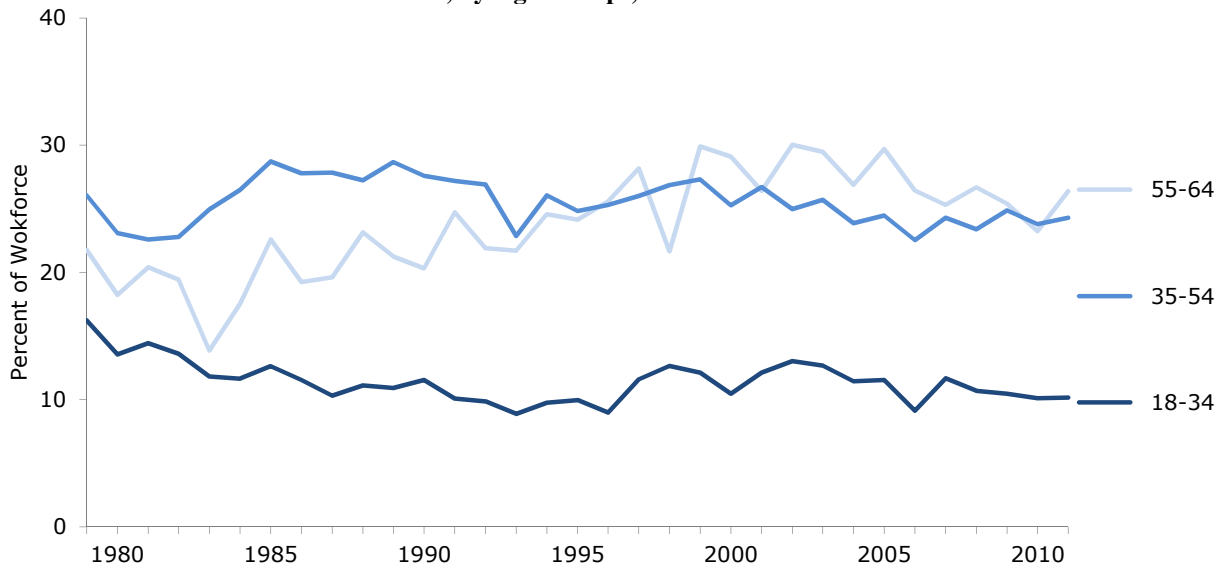
Changes over time in good jobs rates are more mixed when we look at different age groups (see **Table 2** and **Figure 7**). The good-jobs rate for young black workers, 18-34 year olds, was 10.2 percent in 2011, down from 16.2 percent in 1979. The good-jobs rate for middle-aged workers, 35-54 year olds, was 24.3 percent in 2011, down from 26.1 percent in 1979. The good-jobs rate for older black workers, ages 55-64 years old, however, was 26.4 percent in 2011, up from 21.8 percent in 1979.

**FIGURE 6**  
**Share of Black Workers with a Good Job, by Education, 1979-2011**



Source: Authors' analysis of March Current Population Survey.

**FIGURE 7**  
**Share of Black Workers with a Good Job, by Age Groups, 1979-2011**



Source: Authors' analysis of March Current Population Survey.

## Shift-Share Analysis

Thus far, we have seen that even as the black workforce grew older and more educated, black workers became less likely to hold a good job, suggesting a deterioration in the ability of the economy to create good jobs. **Table 3** summarizes a more formal analysis that attempts to quantify the degree to which the economy has lost its ability to generate good jobs. For 1979, 2007, and 2011, we divide the black workforce into twelve age-and-education groups. (We show the results for 2007, a business-cycle peak like 1979, in order to separate out the effect of the Great Recession from the long-term trend.) For each of these 12 groups, separately for each year, we calculate the share of workers with a good job. For example, in 1979, 13.6 percent of black workers with less than a high school degree and between the ages of 35 and 54 were in a good job. We also calculate the share of the black workforce in each year in each of these same 12 age-and-education categories. For example, in 1979, 15.8 percent of black workers were in the group with less than a high school degree and between the ages of 35 and 54. Within each year, the share of the 12 groups sums to 100 percent, or the total black workforce between the ages of 18 and 64. The good-jobs rate for “All” is the weighted average of the good-jobs rate for each group, where the weights are each group’s share in total employment.

**TABLE 3**  
**Distribution of Good Jobs, by Age and Educational Attainment, Black Workforce, 1979-2011**  
**(percent of employees, 18-64)**

Education, Age	1979 Share of total workforce	1979 Good job rate	2007 Share of total workforce	2007 Good job rate	2011 Share of total workforce	2011 Good job rate
Less than High school, 18-34	9.5	5.8	2.4	0.0	1.8	1.1
Less than High school, 35-54	15.8	13.6	3.7	4.6	2.4	2.6
Less than High school, 55-64	6.3	14.2	1.3	6.2	1.1	5.3
High school, 18-34	20.7	14.2	13.5	5.8	11.9	5.4
High school, 35-54	14.9	26.5	17.7	14.3	16.5	13.2
High school, 55-64	2.6	27.5	4.5	16.9	5.1	14.7
Some college, 18-34	12.8	19.7	12.9	9.4	13.6	7.8
Some college, 35-54	5.9	35.6	17.4	24.3	16.7	22.6
Some college, 55-64	1.1	35.5	3.6	23.3	4.7	25.8
College or more, 18-34	5.6	33.2	7.2	30.6	8.3	22.7
College or more, 35-54	4.2	58.5	12.7	44.0	13.8	43.4
College or more, 55-64	0.6	49.6	3.1	47.7	4.0	47.5
All	100.0	20.8	100.0	19.9	100.0	19.6

Source: Authors' analysis of March Current Population Survey.

This feature of the overall good-jobs rate – that it is simply the weighted average of the shares for the 12 age-and-education categories – allows us to examine the effects on the overall good jobs rate of changes in the age-and-education mix of the black workforce. We can ask, for example, what the overall good-jobs share would have been in 2011 if we had not had the age and educational upgrading experienced after 1979. To see this, we take the age-and-education distribution of the

1979 black workforce (column one of Table 3), rather than the actual distribution in 2011 (column 5), and multiply it by the actual 2011 good-jobs rate for the same age-and-education groups (column six).

As the resulting calculation in **Table 4** suggests, if the black workforce had not experienced any educational upgrading between 1979 and 2011, the overall good-jobs rate would have fallen from its actual 1979 rate of 20.8 percent to only 10.3 percent in 2011 (shaded cell in the first row of panel a). The 10.5 percentage-point decline in the good-jobs rate that would have taken place without educational upgrading and the aging of the black workforce suggests that the primary reason that black workers were able to roughly hold on to their 1979 level of good jobs was because they engaged in a large-scale increase in their educational attainment. The large estimated decline in good jobs that would have occurred in the absence of the workforce upgrading also gives an idea of the deterioration in the underlying capacity of the economy to generate good jobs. Without the age-and-educational upgrading of the black workforce, the share of good jobs would have fallen about 50 percent (10.5/20.8).

**TABLE 4**  
**Effects of Aging Population and Educational Upgrading on Good Jobs, Black Workforce, 1979-2011**  
**(percent of employees, ages 18-64, with a good job)**

Workforce from:	Good-Job Rates from:		Difference
	1979	2011	
<i>(a) All</i>			
1979	20.8	10.3	-10.5
2011	31.2	19.6	-11.6
Difference	10.4	9.3	
<i>(b) Women</i>			
1979	14.5	9.3	-5.2
2011	23.8	18.4	-5.4
Difference	9.3	9.1	
<i>(c) Men</i>			
1979	26.4	11.3	-15.1
2011	38.6	20.9	-17.7
Difference	12.2	9.6	

Notes: The entries on the main diagonal -for all, 20.8 and 19.6, for women, 14.5 and 18.4, and for men, 26.4 and 20.9-give the actual good-jobs rates in 1979 and 2011. The shaded, off-diagonal entries give the counterfactual good-jobs rates. For 2007 (not shown in table), the actual rate of good-jobs was 19.9 percent for all, 17.9 percent for women and 22.1 percent for men. For all workers, the overall rate of good jobs using the 1979 age-and-education distribution and the 2007 good-jobs rate would be 11.6 percent. The overall rate of good jobs using the 2007 age-and-education distribution and the 1979 good-job rates would be 30.0 percent. Separating by gender, the overall rate of good jobs using the 1979 age-and-education distribution and the 2007 good-jobs rate would be 10.3 percent for women and 13.1 percent for men. The overall rate of good jobs using the 2007 age-and-education distribution and the 1979 good-job rates would be 22.5 percent for women and 37.4 percent for men.

We can also use the data in Table 3 to ask a different question: what would the good-job rate have been in 2011 if the economy had not lost any of the capacity to generate good jobs that it had in 1979, that is, if the economy were still able to provide workers in all of the age-and-education groups with a good job at the same, higher, rate in place in 1979? We answer this using the actual

distribution of workers in 2011 (column 5 of Table 3), and the corresponding rate of good jobs held by each age and education group in 1979 (column 2). As Table 4 displays, if the economy had sustained the same capacity to generate good jobs in 2011 that it had had in 1979, the good jobs rate would have been 31.2 percent (shaded cell in the second row of panel a), instead of the actual rate of 19.6 percent.

## By Gender

Black women and black men have both seen large increases in educational attainment in recent decades (**Table 5**). Two-thirds (66.7 percent) of black women had only a high school degree or less in 1979; today it is about one-third (34.9 percent in 2011). For black men, the share with a high school degree or less fell from almost three-quarters (72.6 percent) in 1979 to less than half today (43.4 percent in 2011). Over the last three decades, the share of black women with a four-year college degree more than doubled (from 12.9 percent in 1979 to 28.5 percent in 2011), while the share of black men with a college degree nearly tripled (from 8.1 percent in 1979 to 23.4 percent in 2011).

Although there were large improvements in educational attainment for both black women and black men, only black women experienced a payoff in the form of a greater likelihood of being in a good job (**Figure 1**). The share of black women in a good job increased from 14.5 percent in 1979 to 18.4 percent in 2011, while the share of black men in a good job decreased from 26.4 percent to 20.9 percent over the same period. Despite these gains for black women, in every year since 1979, they were less likely than black men to be in a good job.

As mentioned, black women and black men at every education level were less likely to be in a good job in 2011 than they had been in 1979 (**Table 2**). Between 1979 and 2011, the share of black workers with education beyond high school but short of a four-year degree increased significantly. However, the share of these workers in good jobs barely changed for black women (a 0.1 percentage point decline) and fell steeply for black men (down 14.8 percentage points). As the share of black men with a college degree nearly tripled, the portion in a good job dropped by 11.0 percentage points (from 49.4 percent in 1979 to 38.4 percent in 2011). Similarly, as black women more than doubled their college share, those with a good job fell from 40.8 percent in 1979 to 36.8 percent in 2011. Although black women have made educational improvements and increased their share in good jobs, at every education level they were less likely to be in a good job in 2011 than in 1979 and less likely, in every year, than black men to be in a good job.

The aging of the overall black workforce seen in Table 1 also holds by gender. Between 1979 and 2011, the share of black female workers between 18 and 34 years old decreased from 49.6 percent to 36.0 percent; the share between 35 and 54 years old increased from 40.5 percent to 49.0 percent; and the share between 55 and 64 increased from 9.9 percent to 15.1 percent. As the shares of middle aged and older black female workers increased, their good-jobs rates increased as well, from 17.8 percent to 23.2 percent, and from 11.4 percent to 25.6 percent, respectively. The share of 18-34 year old black women workers in good jobs went from 12.5 percent in 1979 to 8.9 percent in 2011. The patterns are broadly similar for black men. The share of black male workers between 18 and 34 years old decreased (from 47.8 percent in 1979 to 35.3 percent in 2011), while the share of middle aged and older black male workers increased (from 40.9 percent to 50.1 percent, and from 11.3 percent to 14.7 percent, respectively). Unlike black women, black men in each age group were less likely to be

in a good job in 2011 than in 1979. During this time, the good jobs rate decreased from 19.7 percent to 11.6 percent for young black male workers, and from 33.3 percent to 25.6 percent for 35-54 year olds. Older black male workers saw the smallest decline, from 29.9 percent in 1979 to 27.3 percent in 2011.

**TABLE 5**  
**Distribution of Good Jobs, by Gender, Age, and Educational Attainment, Black Workforce, 1979-2011**  
**(percent of employees, 18-64)**

Education, Age	1979 Share of total workforce	1979 Good job rate	2007 Share of total workforce	2007 Good job rate	2011 Share of total workforce	2011 Good job rate
<i>(a) Women</i>						
Less than High school, 18-34	7.7	4.5	2.1	0.0	1.7	0.0
Less than High school, 35-54	13.4	4.7	3.1	2.1	2.4	2.5
Less than High school, 55-64	5.6	2.2	1.2	3.2	0.8	2.9
High school, 18-34	21.9	9.7	12.2	5.1	10.7	2.4
High school, 35-54	15.6	16.0	16.4	9.5	14.4	9.5
High school, 55-64	2.7	14.5	4.7	11.2	4.9	13.2
Some college, 18-34	13.0	12.8	14.0	7.2	14.3	6.3
Some college, 35-54	6.5	19.2	18.2	20.4	17.4	20.8
Some college, 55-64	0.9	26.3	3.6	23.2	4.9	22.1
College or more, 18-34	7.1	29.1	7.2	27.1	9.2	22.3
College or more, 35-54	5.1	56.2	13.9	42.6	14.8	42.7
College or more, 55-64	0.8	47.4	3.4	49.4	4.5	47.3
All Women	100.0	14.5	100.0	17.9	100.0	18.4
<i>(b) Men</i>						
Less than High school, 18-34	11.2	6.6	2.9	0.0	1.8	2.3
Less than High school, 35-54	17.9	19.4	4.4	6.5	2.4	2.8
Less than High school, 55-64	7.0	22.8	1.3	9.4	1.4	7.0
High school, 18-34	19.7	18.7	15.0	6.5	13.3	8.4
High school, 35-54	14.3	36.6	19.2	19.0	19.1	16.6
High school, 55-64	2.6	39.1	4.3	24.1	5.3	16.3
Some college, 18-34	12.6	26.1	11.7	12.4	12.9	9.8
Some college, 35-54	5.4	53.0	16.4	29.4	15.9	24.9
Some college, 55-64	1.3	41.4	3.6	23.4	4.4	30.7
College or more, 18-34	4.3	39.4	7.2	34.7	7.2	23.4
College or more, 35-54	3.3	61.7	11.4	45.9	12.7	44.3
College or more, 55-64	0.5	53.1	2.8	45.3	3.5	47.9
All Men	100.0	26.4	100.0	22.1	100.0	20.9

Source: Authors' analysis of March Current Population Survey.



**Table 5** presents a more formal, gender-specific analyses of the impact of these age and educational changes on the good jobs rates for men and women. Following the procedure already laid out in Table 3, the two tables display the share of the workforce and the good-jobs rate for 1979, 2007, and 2011, for each of the twelve age-and-education groups, by gender. **Table 4** shows that without increases in age and education after 1979, the 2011 economy would have generated a good-jobs rate of only 9.3 percent for black women (shaded cell in first row of panel b), and 11.3 percent for black men (shaded cell in first row of panel c). On the other hand, if we take into account the upgrading of the human capital undertaken by black workers but hold the economy's ability to generate good jobs at its 1979 level, the good-jobs rate would have been 23.8 percent for black women (shaded cell in second row of panel b), and 38.6 percent for black men (shaded cell in second row of panel c).

## Policy Simulations

In this section, we evaluate the impact of five potential policies that seek to improve job quality: (1) a universal health-insurance system, (2) a universal retirement plan, (3) a 10 percentage-point increase in the share of the black workforce with a college degree, (4) a 10 percentage-point increase in the unionized black workforce, and (5) racial and gender pay equity for black workers. For each policy, we simulate the impact in 2011 on good jobs, bad jobs, and the three components of our good-jobs definition. The simulations look first at the entire black workforce, and then separately by gender. In each case, our main interest is with the likely impact of successfully implemented versions of each of these proposals, rather than the specific features of each policy.

### Universal health care

The first policy simulation analyzes the impact of a universal health insurance system. In 2011, 56.9 percent of black workers had health insurance through their current employer. **Table 6** (row two, panel a) shows the results of giving every black worker health insurance, while the other two criteria remain at their actual 2011 levels.<sup>7</sup> With the implementation of this policy, the share of black workers in a good job increases to 23.0 percent from the actual share of 19.6 percent. By definition, giving every worker health insurance eliminates all bad jobs, so the bad-jobs rate goes to zero.<sup>8</sup>

### Universal retirement plan

The next simulation gives all black workers a retirement plan, without changing the share of those who meet the earnings cutoff and have health insurance.<sup>9</sup> This policy has an even larger impact than providing universal health insurance. The share of black workers in a good job increases to 27.7 percent (row 3 of Table 6). The effect is larger here because fewer black workers have employer-provided retirement plans (43.2 percent) than employer-provided health insurance (56.9 percent). As with health insurance, a policy of universal retirement plans decreases the bad-jobs rate by 26.4 percentage points to zero.

7 We are assuming that the increase in health insurance coverage does not come at the expense of cuts in pay or retirement benefits.

8 In practice, we use the actual March 2012 CPS microdata, where all observations are assigned the value of one for the zero-one variable for employer-provided health insurance.

9 We imagine policies along the lines of Dean Baker's (2006) "Universal Voluntary Accounts" or Teresa Ghilarducci's (2007) "Guaranteed Retirement Accounts."

**TABLE 6**  
**Good Jobs, Components of Good Jobs, and Bad Jobs, Black Workers, 2011**

	Good Jobs	Earnings Cutoff	Retirement Plan	Health Insurance	Bad Jobs
<i>(a) All Workers</i>					
Actual	19.6	37.6	43.2	56.9	26.4
Universal Healthcare	23.0	37.6	43.2	100.0	0.0
Universal Retirement Plan	27.7	37.6	100.0	56.9	0.0
Universal Healthcare and Retirement Plan	36.5	37.6	100.0	100.0	0.0
Increase in College Attainment	24.1	44.1	47.6	60.4	22.6
Increase in Unionization Rate	25.6	42.0	53.9	65.7	20.1
Pay Equity	27.5	56.4	43.2	56.9	22.3
<i>(b) Female</i>					
Actual	18.4	34.1	43.7	57.4	27.3
Universal Healthcare	21.7	34.1	43.7	100.0	0.0
Universal Retirement Plan	25.6	34.1	100.0	57.4	0.0
Universal Healthcare and Retirement Plan	33.3	34.1	100.0	100.0	0.0
Increase in College Attainment	23.0	40.9	48.3	60.9	23.2
Increase in Unionization Rate	22.2	36.2	52.4	64.3	22.1
Pay Equity	28.6	55.8	43.7	57.4	24.5
<i>(c) Male</i>					
Actual	20.9	42.0	42.5	56.3	25.4
Universal Healthcare	24.5	42.0	42.5	100.0	0.0
Universal Retirement Plan	30.2	42.0	100.0	56.3	0.0
Universal Healthcare and Retirement Plan	40.3	42.0	100.0	100.0	0.0
Increase in College Attainment	25.5	48.1	46.7	59.8	21.9
Increase in Unionization Rate	29.8	49.2	55.8	67.5	17.7
Pay Equity	26.2	53.3	42.5	56.3	26.0

Source: Authors' analysis of March Current Population Survey.

### Universal health insurance and universal retirement plan

The fourth row of Table 6 presents the results of universal health insurance and universal retirement plans implemented simultaneously. The two policies together would increase the good jobs share to 36.5 percent, a 16.9 percentage-point increase. The combination of these universal policies would, by definition, eliminate all bad jobs, decreasing the bad jobs rate to zero.

### Increase in college attainment

Slightly more than one-fourth of the black workforce has a four-year college degree or more. Table 6 (row 5) shows the results of increasing the share of college graduates by 10 percentage points, from 26.2 percent (the actual rate in 2011) to 36.2 percent of all black workers.<sup>10</sup>

<sup>10</sup> We do this by increasing the CPS weights of college-educated black workers and decreasing the corresponding weights of non-college-educated black workers.

Unlike our previous simulations, a 10 percentage-point increase in the college-graduate share has an effect on all three components of the good and bad jobs definitions. The increase in black college graduates raises the share of workers: at or above earnings cutoff by 6.4 percentage points, to 44.1 percent; with employer-provided retirement plans by 4.4 percentage points, to 47.6 percent; and with employer-provided health insurance by 3.5 percentage points, to 60.4 percent. Combined, these improvements boost the good-jobs rate by 4.5 percentage points, to 24.1 percent, and shrink the bad-jobs rate by 3.8 percentage points, to 22.6 percent.

### Increase in unionization rate

Our next policy simulation assumes an expansion of the black unionization rate by 10 percentage points, the same percentage-point increase as the college attainment simulation above. Table 6 (row six) displays the impact of an increase from the actual black unionization rate of 18.4 percent to 28.4 percent.<sup>11</sup>

The increase in the unionization rate has the biggest impact on the share of black workers with retirement plans (up 10.8 percentage points, to 53.9 percent) and health insurance (up 8.8 percentage points, to 65.7 percent). Increased unionization also raises the share of workers at or above the earnings cutoff, up 4.4 percentage points, from 37.6 percent to 42.0 percent. Together, these improvements increase the good jobs share by 6.0 percentage points, to 25.6 percent, and decrease the bad jobs share by 6.3 percentage points, to 20.1 percent.

### Pay Equity

White workers, especially white men, are substantially more likely than black workers to have good jobs. The most important reason for this gap is the much lower share of black workers (37.6 percent) than white workers (52.9 percent) who meet the earnings cutoff. The racial differences for health insurance (56.9 percent for blacks, versus 59.9 percent for whites) and retirement plans (43.2 percent for blacks, versus 49.9 percent for whites) are somewhat smaller.

The final policy simulation analyzes the impact of this race and gender pay gap. We assume black workers (both women and men) receive the same pay as white male workers with the same level of education (less than high school, high school, some college, college or more), which we simulate by raising the pay of blacks and leaving the pay of white males unchanged.<sup>12</sup> Table 6 (row seven) gives the results of this simulation. Pay equity between all blacks and white males increases the share of the black workforce that meets the earnings cutoff by 18.8 percentage points, up to 56.4 percent;<sup>13</sup> increases the good jobs rate by 8.0 percentage points, up to 27.5 percent; and decreases the bad jobs rate by 4.1 percentage points, down to 22.3 percent.

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11 Similar to the college-share simulation, the CPS weights of black unionized workers are increased and the CPS weights for non-unionized black workers are decreased to produce a new workforce with a unionization rate 10 percent higher than the actual 2011 black workforce. The union variable in the March CPS is drawn from the CPS Outgoing Rotation Group; union status refers to the worker's job as of March of the current year, and is available for only one-fourth of the total sample. Our procedure here and elsewhere does not factor in general equilibrium effects.

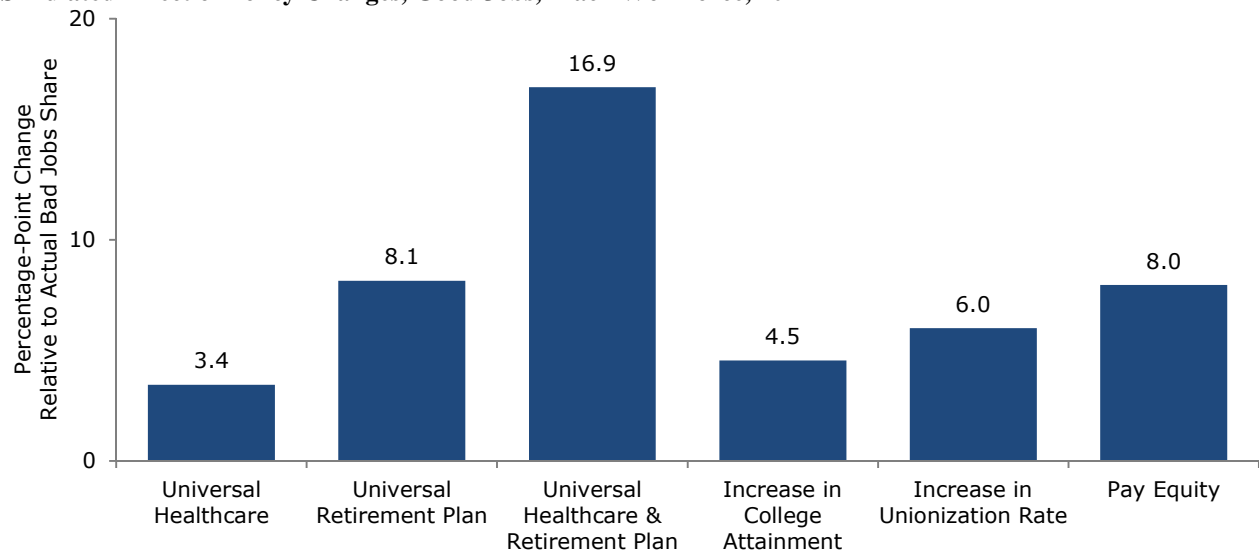
12 Within each of the four education categories, white males are first ordered from the least to the best paid, then each of the four education groups are divided into 25 equally sized groups. We calculate the average pay within each of these 25 groups within each of the education categories, and then assign this average for white men to black men and black women in the corresponding education-earnings groups in the black male and black female distributions.

13 In this scenario, racial and gender pay equity leaves other forms of compensation unchanged.

## Comparing Policies

The impact on good and bad jobs for the black workforce varies significantly across the different policies outlined above. **Figure 8** summarizes the impact of the various policy simulations on the good-jobs measure. The most effective policy, by far, is the combination of universal health care and universal retirement plan. These policies together increase the share of good jobs by 16.9 percentage points. The universal retirement plan on its own has a larger impact (8.1 percentage points) than universal health care (3.4 percentage points). The sum of these two universal policies implemented separately (11.5 percentage points) is far less than the impact on good jobs when they are implemented simultaneously (16.9 percentage points). Pay equity between black workers and white male workers has the next-biggest impact, increasing the share of good jobs by 8.0 percentage points. Raising the unionization rate by 10 percentage points would boost the share of good jobs by 6.0 percentage points, which is more than the impact of a 10 percentage-point increase in the share of black workers with a college degree (4.5 percentage points). Thus, while education is important, a higher union share has a bigger impact on job quality for black workers.

**FIGURE 8**  
**Simulated Effect of Policy Changes, Good Jobs, Black Workforce, 2011**

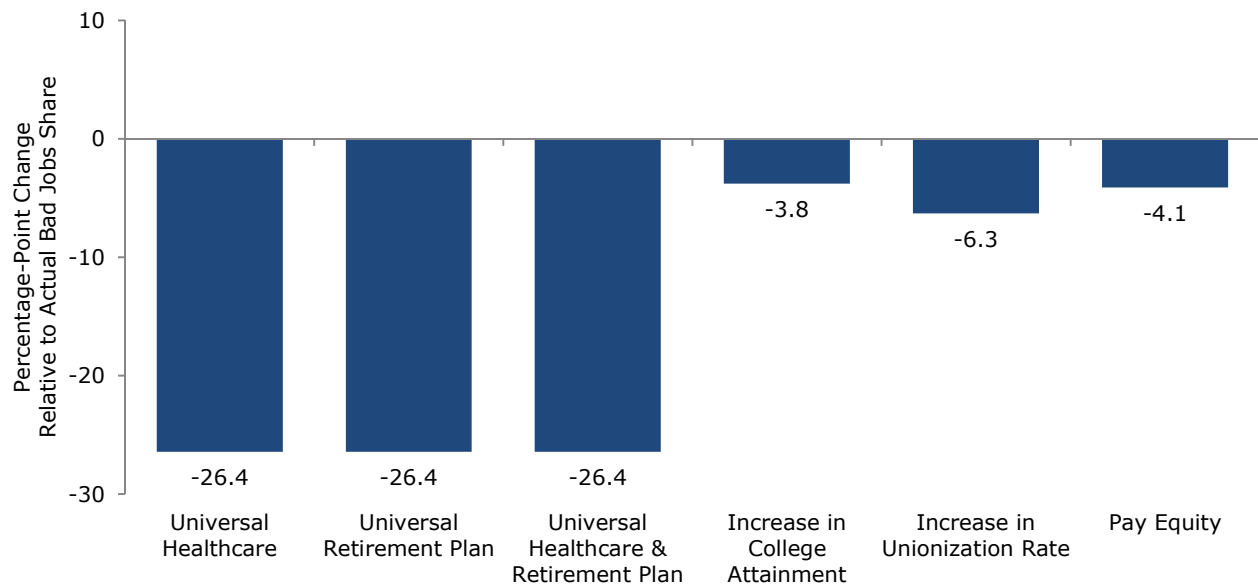


Note: Figures may differ slightly from table due to rounding.

Source: Authors' analysis of March Current Population Survey.

**Figure 9** looks at the impact of our policy simulations on bad jobs. Since our definition of a bad job is one that meets none of our criteria, policies that provide universal health insurance or a universal retirement plan eliminate all bad jobs. Thus, a policy that implements universal health care, universal retirement, or a combination of the two cuts all bad jobs by 26.4 percentage points, down to zero. The increase in unionization had the next largest impact, cutting bad jobs by 6.3 percentage points. Pay equity between black workers and white males would reduce bad jobs by 4.1 percentage points. An increase in college attainment share had the smallest impact on bad jobs, causing a 3.8 percentage-point decline. A higher unionization rate not only creates more good jobs than an increase in college attainment, it also eliminates more bad jobs.

**FIGURE 9**  
**Simulated Effect of Policy Changes, Bad Jobs, Black Workforce, 2011**



Note: Figures may differ slightly from table due to rounding.

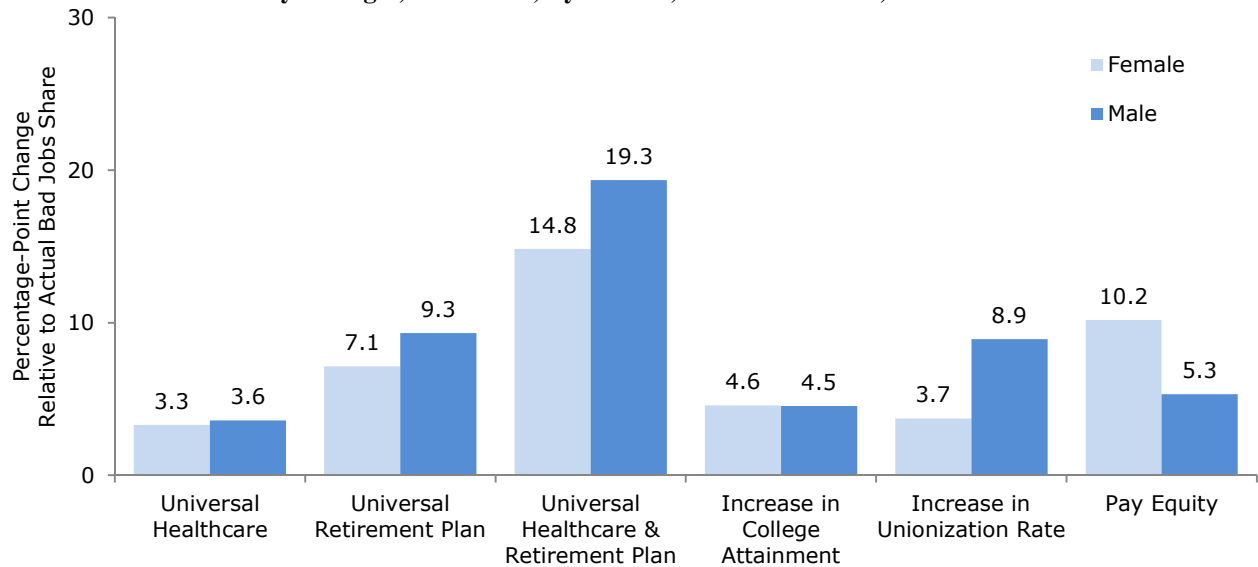
Source: Authors' analysis of March Current Population Survey.

## Policy Simulation Results by Gender

**Table 6** gives gender breakdowns for the same set of policy simulations. The first row in each panel – panel (b) for black women and panel (c) for black men – shows the actual 2011 share of workers in good jobs, in bad jobs, and that meet each of the three separate criteria. In 2011, black women were less likely than black men to be in good jobs (18.4 percent of women, compared to 20.9 percent of men) due to fewer women meeting the earnings cutoff (34.1 percent) than men (42.0 percent). However, black women were somewhat more likely to have retirement plans (43.7 percent for women, versus 42.5 percent for men) and health insurance through their current employers (57.4 percent for women, versus 56.3 percent for men). In the same year, black women were also more likely to be in bad jobs (27.3 percent) than black men were (25.4 percent).

**Figure 10** shows the policy impacts on good jobs for black women and black men in 2011. The policy that has the biggest impact on both women and men is a combination of a universal retirement plan and universal health insurance, which increases the share of black women in good jobs by 14.8 percentage points and black men by 19.3 percentage points. For black women, the next largest impacts are, in descending order: pay equity with white males (up 10.2 percentage points), a universal retirement plan (up 7.1 percentage points), an increase in college attainment (up 4.6 percentage points), and an increase in unionization (up 3.7 percentage points). For black men, the next largest impacts are: a universal retirement plan (up 9.3 percentage points), an increase in the unionization rate (up 8.9 percentage points), pay equity with white males (up 5.3 percentage points), and increase in the college-share (up 4.5 percentage points). On its own, universal health insurance has the smallest impact for both women (increase of 3.3 percentage points) and men (increase of 3.6 percentage points). For black men, a higher unionization rate has a much larger positive impact than a high college share. For black women, more college graduates creates more good jobs than a higher unionization, although the difference in impact, at 0.9 percentage points, is fairly small.

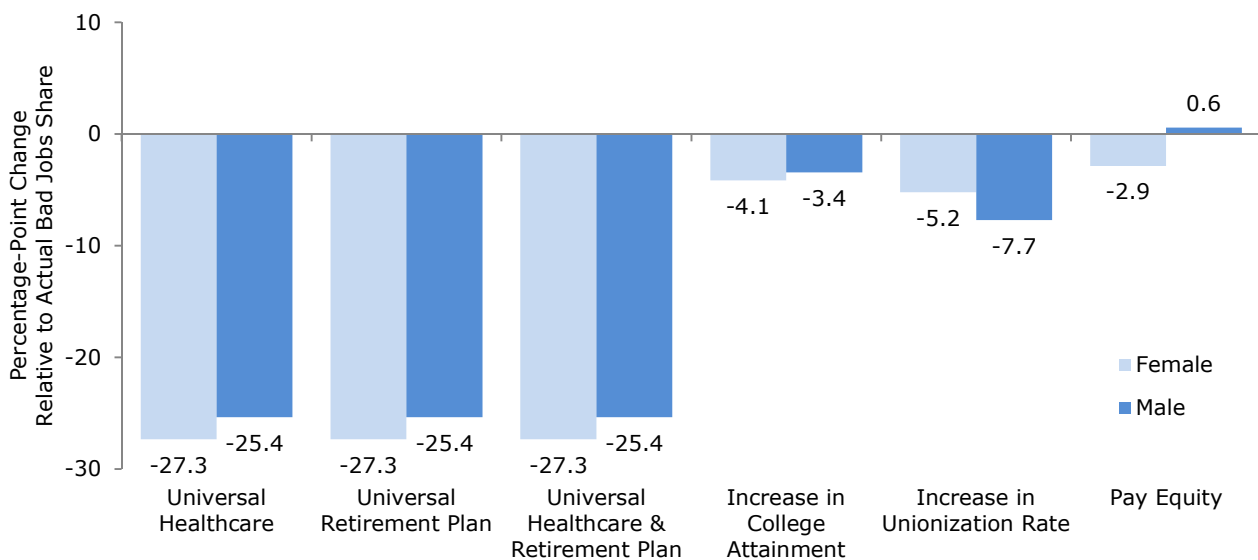
**FIGURE 10**  
**Simulated Effect of Policy Changes, Good Jobs, By Gender, Black Workforce, 2011**



Note: Figures may differ slightly from table due to rounding.  
 Source: Authors' analysis of March Current Population Survey.

**Figure 11** displays similar results for bad jobs. All universal policies have the largest impact on bad jobs because, by definition, they shrink the rate of bad jobs to zero (from 27.3 percent for black women and 25.4 percent for black men). A higher unionization rate had the next largest impact in reducing bad jobs for both black women (down 5.2 percentage points) and black men (down 7.7 percentage points). An increase in college attainment had smaller effects on bad jobs (down 4.1 percentage points for women and 3.4 percentage points for men). Equal pay with white men decreased the share of bad jobs for black women (2.9 percentage points), but had little effect on the bad jobs rate for black men (0.6 percentage point increase).

**FIGURE 11**  
**Simulated Effect of Policy Changes, Bad Jobs, By Gender, Black Workforce, 2011**



Note: Figures may differ slightly from table due to rounding.  
 Source: Authors' analysis of March Current Population Survey.

## Conclusion

Black workers are much better educated today than they were three decades ago. They are also, on average, about six years older than they were at the end of the 1970s. Economic theory suggests that an older, better-educated workforce should fare better in the labor market. Nevertheless, black workers, as a whole, are actually less likely to be in a good job today than they were at the end of the 1970s. The deterioration over time in the labor-market outcomes hold for workers at every age and education level, including those with a four-year college degree or more.

Black women did see important increases in good jobs, but these gains were more than offset by declines for men. Black women's progress still left them with lower rates of good jobs than men, results that hold for every age and education group we examine.

Of the three components of our good jobs measure – earnings, health insurance, and retirement plan – only the share of black workers at or above the earnings threshold has increased since the late 1970s. The share of workers with employer-provided health insurance and employer-sponsored retirement plans both fell.

Our estimates suggest that without the strong educational upgrading of the black workforce that did take place, the good-jobs rate for black workers would have fallen from the actual 1979 rate of 20.8 to only 10.3 percent in 2011. Only the large-scale educational upgrading undertaken by black workers managed to keep the fall in the good-jobs rate to one percentage point (a 19.6 percent rate in 2011). If the economy had sustained through 2011 the same capacity to generate good jobs that it had in 1979, the educational and experience upgrading of the workforce that took place over the last three decades would have pushed the good jobs rate up to 31.2 percent.

Our policy simulations show that universal policies such as universal health insurance and a universal pension plan (over and above Social Security) have, by far, the biggest impact on creating good jobs and eliminating bad jobs for black workers. Universal health insurance and retirement plans implemented simultaneously have a larger impact than each plan implemented separately.

The simulations also suggest that for the overall black workforce, an increase in the unionization rate would create more good jobs, and eliminate more bad jobs, than a comparably sized increase in college attainment. Since creating a higher union share is likely to be cheaper and faster than creating more black college graduates, these findings suggest the importance of emphasizing union organizing alongside the push for higher college completion rates.

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