

## Young Black America Part Three: Employment, Unemployment, and the Incomplete Recovery

By Cherrie Bucknor\*

As documented in parts one and two of this series, young blacks are completing high school and college at higher rates than in the past.<sup>1</sup> This third installment and subsequent reports will examine whether these increases in educational attainment have led to better labor market outcomes. The data show that education does make a difference. College-educated young blacks have higher employment rates than less-educated blacks. However, blacks overall still suffer from lower employment rates than whites. This gap in employment rates increased during the recent recession and is still larger than its pre-recession level.

The figures below analyze Census Bureau data to determine the employment and unemployment rates for young blacks and whites, ages 25–34, from 1979 to 2014. The employment rate is the share of the population that is employed.<sup>2</sup> The unemployment rate is the share of those in the labor force who are unemployed. The employment rate is often a more useful labor market measure since the unemployment rate may decline either because workers find a job or because they give up looking out of frustration.

Overall, young blacks have had lower employment rates than young whites. But, employment rates vary widely depending on education level, especially among blacks. **Figure 1** displays employment rates by educational attainment, for blacks and whites. Throughout the entire period, blacks with less than a high school degree (LTHS) were less likely than their white counterparts to be employed.

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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>.

2 The employment rate is also referred to as the employment-to-population (EPOP) ratio.



Center for Economic and Policy Research  
1611 Connecticut Ave. NW  
Suite 400  
Washington, DC 20009

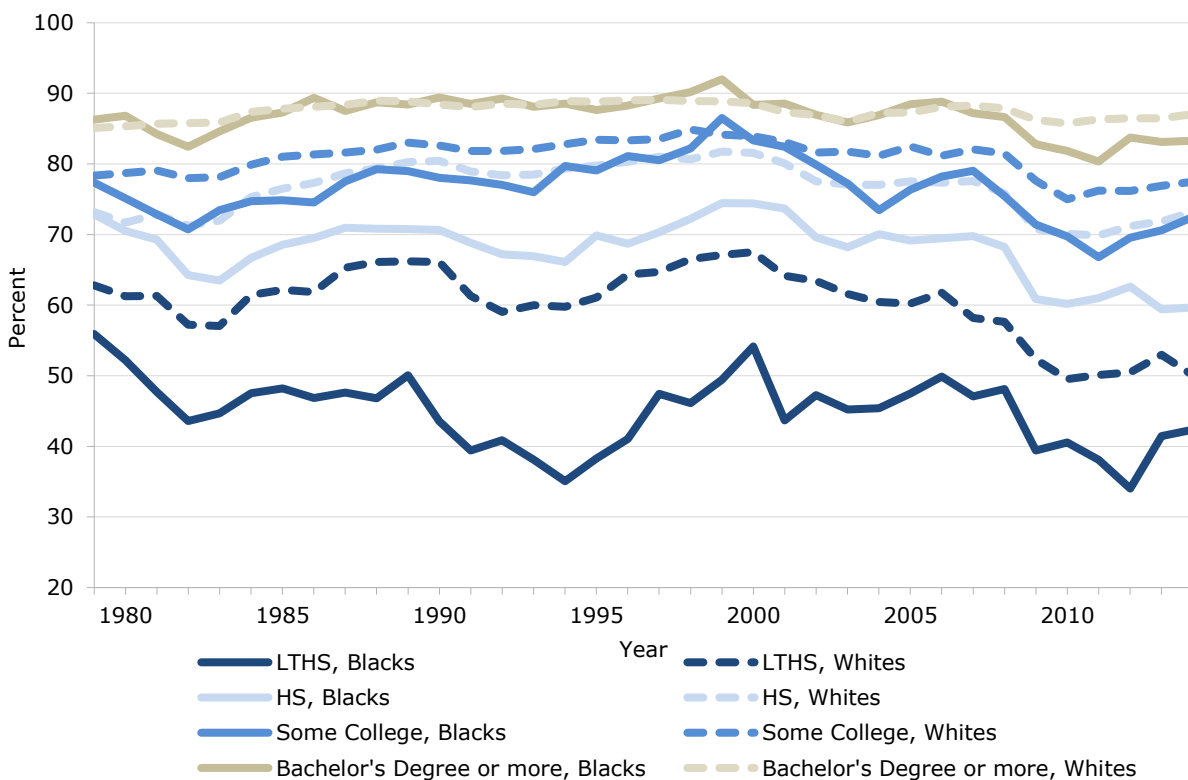
tel: 202-293-5380  
fax: 202-588-1356  
[www.cepr.net](http://www.cepr.net)

More specifically, the employment rate for blacks with less than a high school degree in 1979 was 6.9 percentage points lower than the rate for whites with the same level of education. This gap has persisted and was 7.7 percentage points in 2014.

The data on college graduates<sup>3</sup> tell a different story. Among those with college or advanced degrees, black employment rates have been very close to or higher than white employment rates for most of the period. However, after the onset of the Great Recession in late 2007, the advantage that blacks enjoyed disappeared. Since then, whites with college degrees have consistently had higher employment rates than blacks with college degrees. This was mostly due to the fact that blacks were disproportionately affected by the disemployment effects of the Great Recession. The employment rate for college-educated blacks fell 6.9 percentage points during the recent recession and recovery, while the rate for whites fell only 2.6 percentage points. This phenomenon is similar to what happened during the previous recessions covered over this period, with black employment falling sharply and white employment falling moderately.

**FIGURE 1**

**Employment Rate of Young Adults, By Race and Educational Attainment, 1979–2014**



Source: Author's analysis of CEPR extract of Current Population Survey Outgoing Rotation Group. Sample is restricted to those ages 25–34. Employment rates are the share of the population that are employed.

<sup>3</sup> Throughout this report, college refers to those with bachelor's degrees or higher.

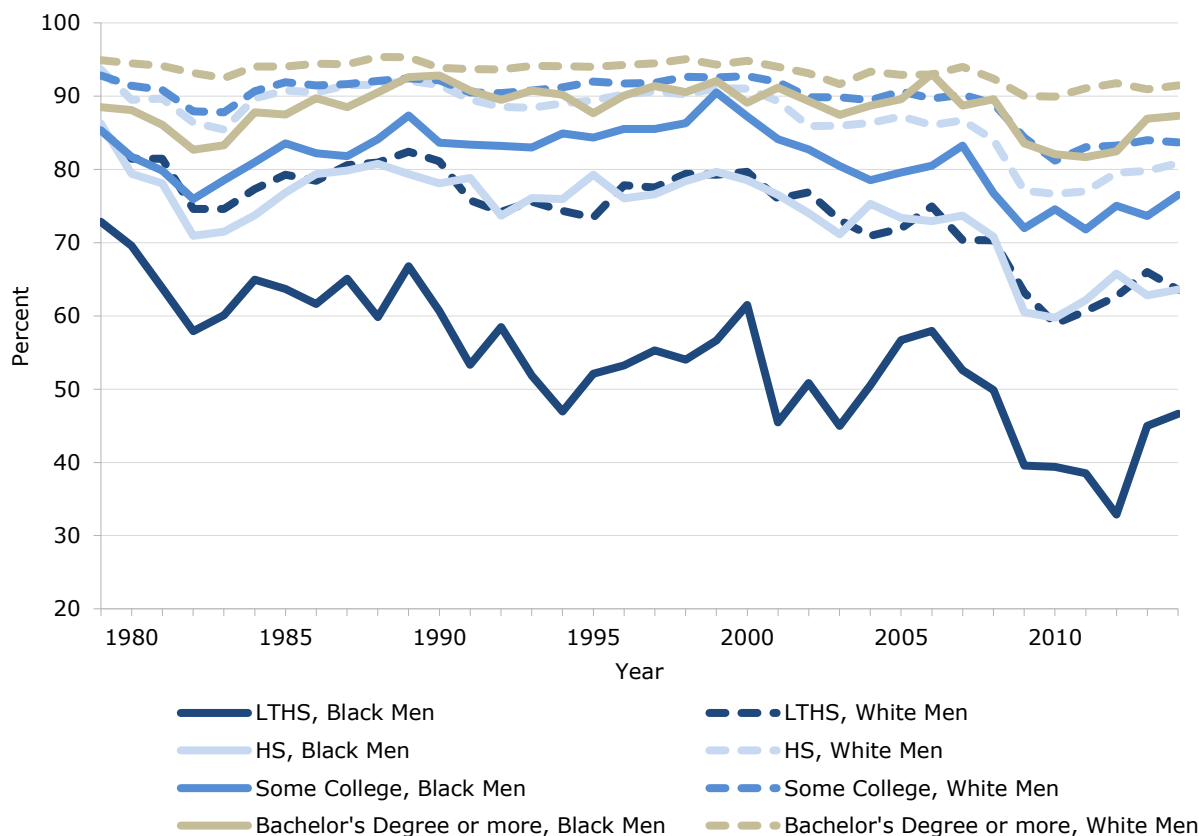
For young men, there has been a downward trend in employment rates for those with less than a high school degree, but until recently, rates for those with at least some college experience or a degree have remained mostly steady. **Figure 2** shows employment rates for young black and white men, by educational attainment. As with blacks and whites in general, young black and white men are more likely to be employed if they have higher levels of education. However, the employment rates for white men with different levels of education are much more compressed than the rates for black men. In 1979, white men with a high school degree were 1.2 percentage points less likely than white men with a college degree to be employed. Since then, this gap has increased at a slow pace, reaching 10.5 percentage points in 2014.

For black men, the college education employment premium has risen substantially since 1979. The difference in employment rates for black men with a high school degree and the rate for black men with a college degree was 2.2 percentage points in 1979, and has trended upward ever since, with the recession exacerbating this difference. In 2014, college-educated black men had an employment rate of 87.3 percent and high school-educated black men had an employment rate of 63.6 percent, for a gap of 23.7 percentage points.

Throughout the entire period, black men with college degrees had consistently lower employment rates than their white counterparts. In 1979, the black-white gap for male college graduates was 6.4 percentage points, and trended downward for the next 27 years. However, black men have been hard hit during the Great Recession and recovery. Black men with college degrees were not immune from these negative effects, and the gap in employment rates between them and college-educated white men peaked at 9.4 percentage points in 2011, and fell to 4.1 percentage points in 2014.

**FIGURE 2**

**Employment Rate of Young Men, By Race and Educational Attainment, 1979–2014**



Source: Author's analysis of CEPR extract of Current Population Survey Outgoing Rotation Group. Sample is restricted to those ages 25–34. Employment rates are the share of the population that are employed.

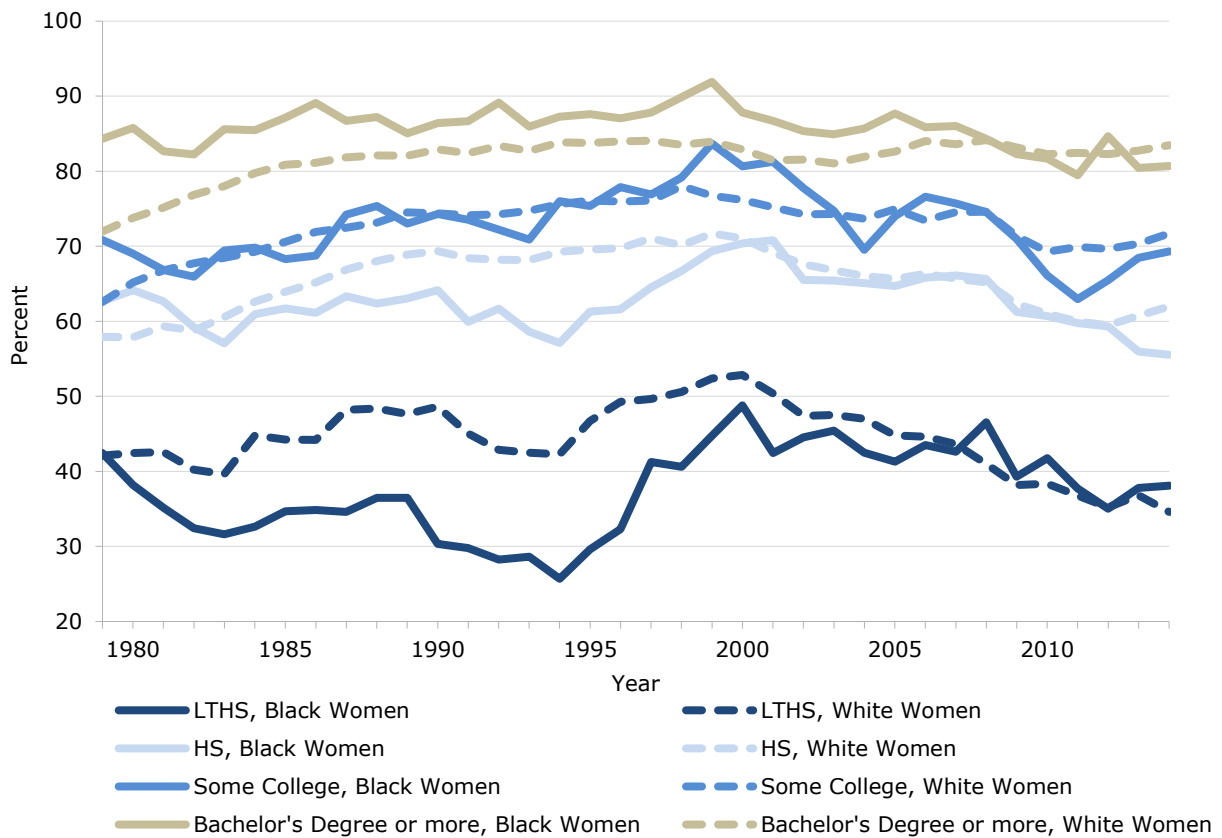
Unlike black men, college-educated black women have had higher employment rates than their white counterparts. **Figure 3** displays employment rates by educational attainment, for black and white women. In 1979, the black-white gap in employment rates for college-educated women was 12.4 percentage points in favor of black women. Over the years, this gap has decreased, but remained in favor of black women until the onset of the Great Recession. In 2014, the employment rate for college-educated black women was 80.7 percent and the rate for college-educated white women was 83.4 percent.

While college education employment premiums have increased sharply for black men, black women have always enjoyed a high premium, which has remained steady for most of this period. The gap in employment rates between black women with only a high school degree and those who have a college degree is higher than the gap for all the other demographic groups mentioned. In 1979, this gap for black women was 21.6 percentage points. Since then, this gap has remained steady with small increases over the years, and stood at 25.2 percentage points in 2014.

White women have also enjoyed high college education employment premiums, especially in recent years. In 1979, the employment rate for college-educated white women was 71.9 percent, while the rate for white women with only a high school degree was 57.9 percent, for a gap of 14.0 percentage points. This gap remained under 20.0 percent until 2009. In 2014, this gap was 21.4 percentage points.

**FIGURE 3**

**Employment Rate of Young Women, By Race and Educational Attainment, 1979–2014**



Source: Author's analysis of CEPR extract of Current Population Survey Outgoing Rotation Group. Sample is restricted to those ages 25–34. Employment rates are the share of the population that are employed.

As with employment rates, unemployment rates vary greatly depending on education level. Throughout the entire period, blacks have had much higher unemployment rates than whites. **Figure 4** shows unemployment rates by educational attainment for young blacks and whites. In general, those with higher levels of education have lower unemployment rates. However, for most of the period, blacks at each educational level had higher unemployment rates than whites with less education. For example, black college graduates had higher unemployment rates than whites with only some college experience, and blacks with some college experience had higher unemployment

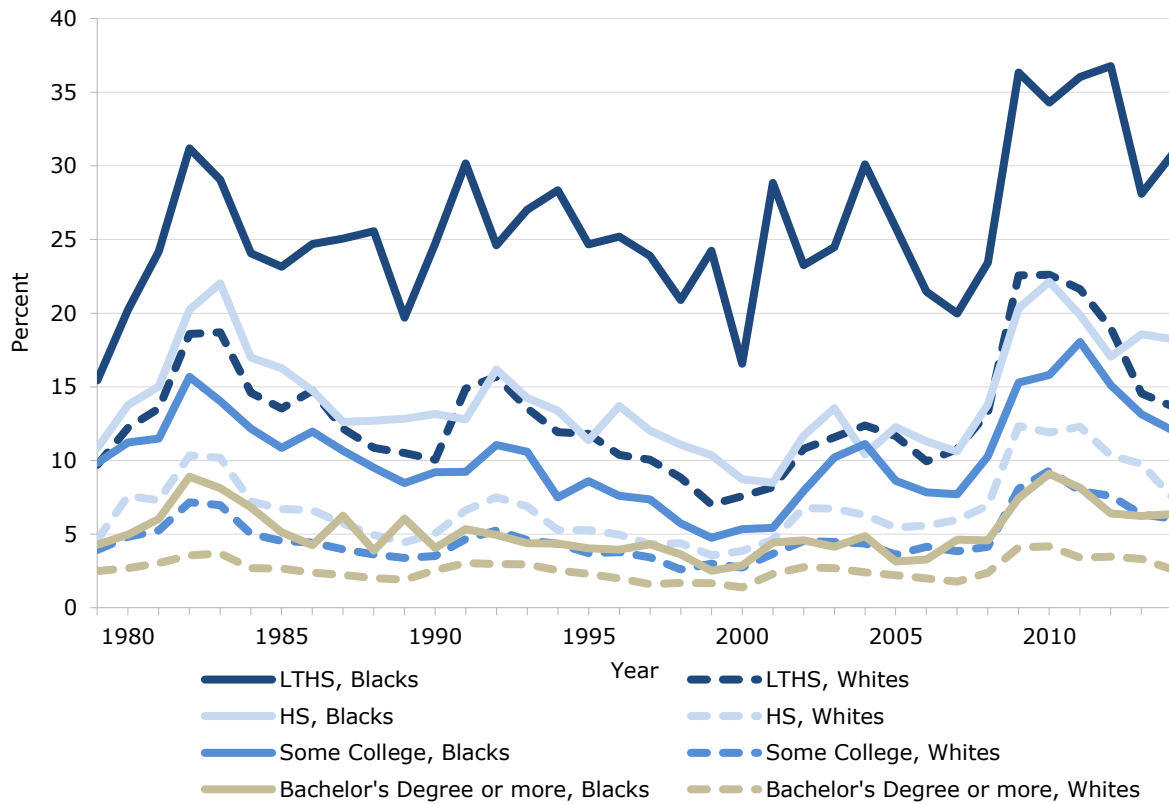
rates than whites with only a high school degree.

There were also notable racial differences in unemployment rates for those with college degrees. In 1979, college-educated young blacks had an unemployment rate of 4.3 percent, while the rate for their white counterparts was 2.5 percent, for a black-white gap of 1.8 percentage points. During the ensuing years, this gap has remained around 2.0 percentage points with spikes during the various recessions. During the recession of the early 1980s, the black-white gap in unemployment rates for those with college degrees increased to 5.3 percentage points, with a black unemployment rate of 8.9 percent, and a white unemployment rate of 3.6 percent. During the Great Recession and subsequent recovery, the black unemployment rate for college graduates increased to 9.1 percent, and the white unemployment rate peaked at 4.2 percent. In the years before the recession, unemployment rates were as low as 3.2 percent for college-educated blacks (in 2005) and 1.8 percent for college-educated whites (in 2007).

In the case of unemployment, the benefit of a college degree compared to a high school degree is greater for blacks than whites. In 1979, college-educated blacks had an unemployment rate of 4.3 percent and high school-educated blacks had an unemployment rate of 10.8 percent, for a college education premium of 6.5 percentage points. This premium has averaged 9.1 percentage points throughout the entire period, but has been largest during economic downturns. During the Great Recession and recovery, the gap in unemployment rates between college-educated blacks and high school-educated blacks peaked at 13.0 percentage points in 2010, and was 11.9 percentage points in 2014. In contrast, the gap for whites was 2.1 percentage points in 1979 and peaked at 8.9 percentage points in 2011, before falling to 4.9 percentage points in 2014.

**FIGURE 4**

**Unemployment Rate of Young Adults, By Race and Educational Attainment, 1979–2014**



Source: Author's analysis of CEPR extract of Current Population Survey Outgoing Rotation Group. Sample is restricted to those ages 25–34. Unemployment rates are the share of the labor force that are unemployed.

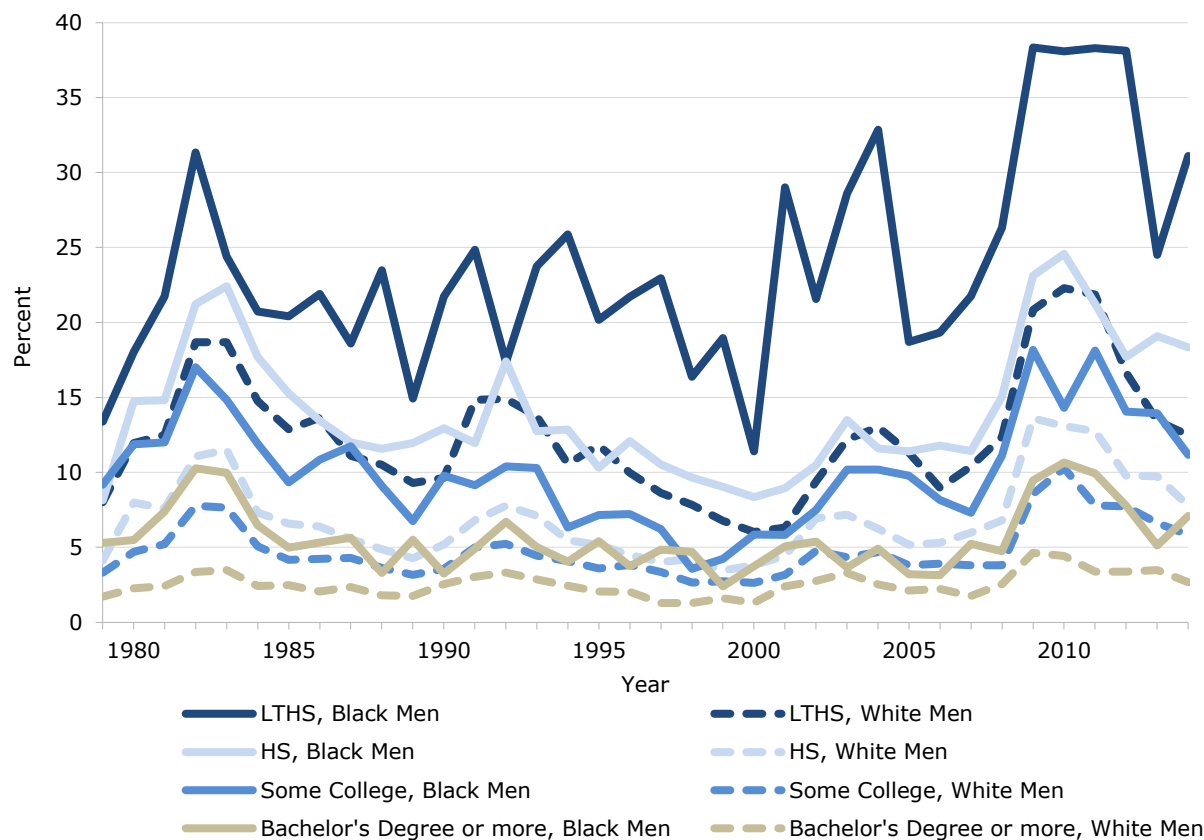
Unemployment rates for young black men have been consistently higher than those of white men throughout the entire period. This has been true at every education level. **Figure 5** displays unemployment rates by educational attainment, for young black and white men. The gap in unemployment rates between young black men with less than a high school degree and their white counterparts was 5.4 percentage points in 1979. This gap has increased drastically since then, and has been especially striking in recent years, reaching 21.5 percentage points in 2012, and falling to 18.6 percentage points in 2014.

Black men with college degrees also have higher unemployment rates than white men with college degrees. In fact, throughout much of the period, college-educated black men have had unemployment rates that are at least twice as high as their white peers. In 1979, black men with college degrees had an unemployment rate of 5.3 percent, and white men with college degrees had an unemployment rate of 1.7 percent. As with employment rates, the black-white gap in unemployment rates for men was greatest during recessions, particularly the recession of the early

1980s, and the Great Recession. During the Great Recession and recovery, the unemployment rate for college-educated black men peaked in 2010 at 10.7 percent, and the rate for their white counterparts was 4.4 percent during that year.

**FIGURE 5**

**Unemployment Rate of Young Men, By Race and Educational Attainment, 1979–2014**



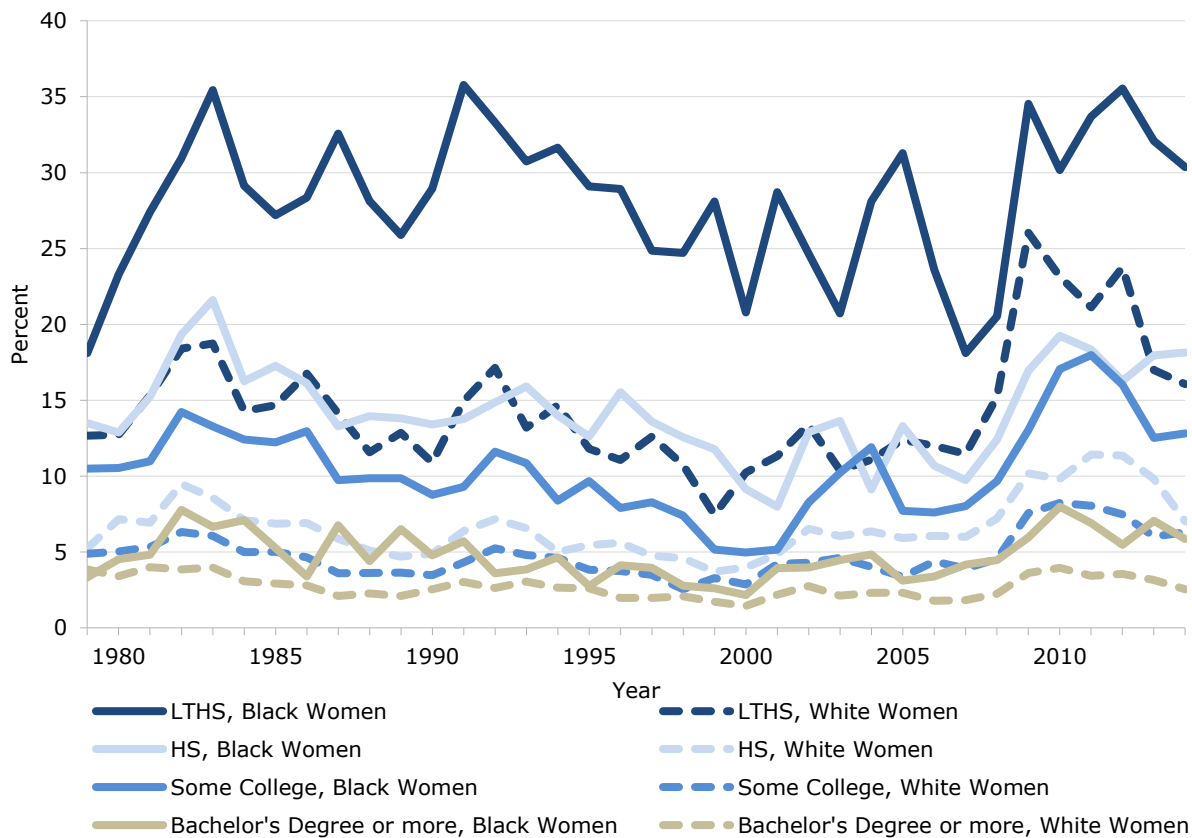
Source: Author's analysis of CEPR extract of Current Population Survey Outgoing Rotation Group. Sample is restricted to those ages 25–34. Unemployment rates are the share of the labor force that are unemployed.

Black women have had high unemployment rates relative to white women, and in recent years this gap has been smaller than the gap between black and white men. **Figure 6** shows unemployment rates by educational attainment, for black and white women. For every year except 1979, college-educated black women had higher unemployment rates than white women. In 1980, the unemployment rate for college-educated black women was 4.5 percent, and the rate for white women was 3.4 percent. This gap has remained mostly steady throughout the period, but increased slightly during the most recent recession. In 2010, the gap in unemployment rates between black and white college-educated women was 4.0 percentage points, and in 2014 this gap was 3.3 percentage points.



Although college-educated black women have had noticeably higher unemployment rates than white women, for most of the period their unemployment rates have been comparable to those of college-educated black men. In 1979, the unemployment rate for college-educated black women was 3.3 percent, and their male counterparts had an unemployment rate that was 2.0 percentage points higher, at 5.3 percent. Since then, the unemployment rate for college-educated black women has closely followed the rate for their male counterparts, and often the unemployment rate for black women has actually been higher than that of black men. The largest differences between college-educated black women and men have been during recessions, especially around the early 1980s and the Great Recession. During the early 1980s, the gap between unemployment rates for black women and men with college degrees reached 3.3 percentage points, while the gap reached 3.5 percentage points in 2009.

**FIGURE 6**  
**Unemployment Rate of Young Women, By Race and Educational Attainment, 1979–2014**



Source: Author's analysis of CEPR extract of Current Population Survey Outgoing Rotation Group. Sample is restricted to those ages 25–34. Unemployment rates are the share of the labor force that are unemployed.

Young blacks overall have historically lagged far behind their white counterparts in employment rates, while also maintaining relatively high unemployment rates. This has been even more apparent during the recent recession and recovery, with black employment and unemployment rates still far from their respective pre-recession peak and trough—suggesting that the recovery is still incomplete. The data show that education can make a difference, with college-educated black women and men having employment rates that are about 24 percentage points higher than their high school-educated peers. Young black women and men with college degrees are also about 12 percentage points less likely to be unemployed than their less-educated peers. Despite this progress, blacks still have higher unemployment rates than their white counterparts, and this holds true at every education level. Future reports in this series will focus on other labor market outcomes for young blacks, with the next one focusing on wages.