

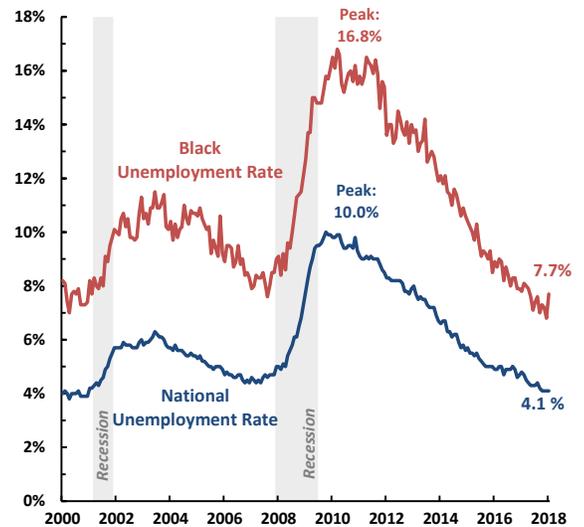


The Economic State of the Black Community in America

This fact sheet provides a snapshot of the current economic state of the black community in the United States, including employment, earnings and wealth data, among other key indicators. Together, these measures help paint a portrait of some of the challenges facing black America and its economic prospects for the future.

The unemployment rate for black workers stands at 7.7 percent in January 2018, the highest among all racial groups nationwide.¹ By comparison, the unemployment rate for white workers is currently 3.5 percent, with the national average at 4.1 percent.² The gap between white and black unemployment rates tends to be higher during economic downturns and close somewhat as the economy recovers. Though the black unemployment rate has fallen significantly over the last eight years, improvements have been uneven, with a few states still reporting black unemployment of more than 10 percent.³ Following the Great Recession, the unemployment rate for blacks hit a high of 16.8 percent in March of 2010—nearly seven points higher than the peak unemployment rate of 10.0 percent for the general population (see **Figure 1).**

Figure 1. Black Unemployment
January 2000 to January 2018

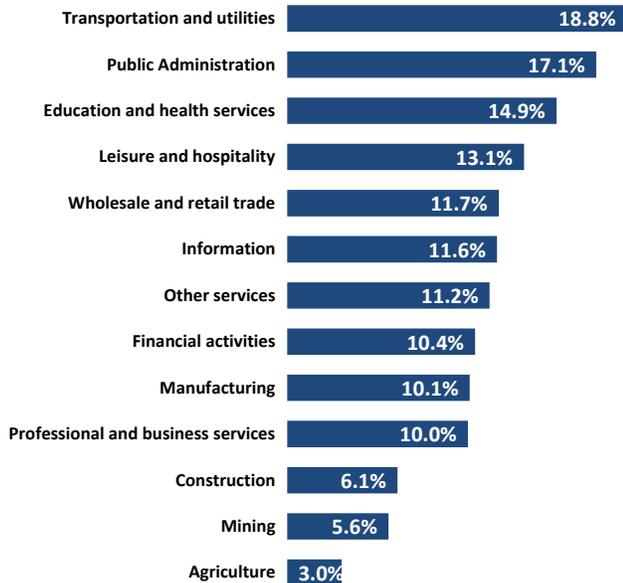


Source: Bureau of Labor Statistics
Note: Grey areas represent periods of recession as determined by the National Bureau of Economic Research

The black community accounted for a combined \$1.2 trillion in economic spending activity in 2016.⁴ The community’s spending power is projected to reach \$1.5 trillion by 2021. As of 2012, 2.6 million black-owned businesses generated \$150.2 billion in sales.⁵

The black labor force participation rate is 62.0 percent, slightly below the national average of 62.7 percent in January 2018.⁶ While labor force participation has declined overall, the decline has been faster among blacks. For instance, declines in prime-age (25-54) labor force participation rates have been the steepest for black men, who report participation rates nearly 10 percent lower than their white peers.⁷ This gap could, in part, be driven by differences in health outcomes that result in early exit from the labor force, as black workers are more likely than white non-Hispanics to cite poor health as a factor in the decision about when to retire.⁸

Figure 2. Employment Breakdown by Industry
Share of jobs held by black workers, 2017 annual averages



Source: Bureau of Labor Statistics

Note: Data includes workers 16 years and older

Blacks make up roughly 12 percent of the American workforce. The community makes up an even larger share of employment in the transportation and utilities, public administration, and education and health services industries (see **Figure 2**).

Only 34 percent of black families have a retirement account, compared to 60 percent of white non-Hispanic families and 52 percent of all families.⁹ In addition, even those black families that do have a retirement account put away significantly less than their peers. The median holding value for a black family’s retirement account is \$25,000, less than half of the national average.

Black household wealth is less than one fifth of the national average.¹⁰ The median black household had a net worth of just \$17,600 in 2016. Yet, that same year the median white household held \$171,000 in wealth while the national household median was \$97,300. Lack of wealth can have severe

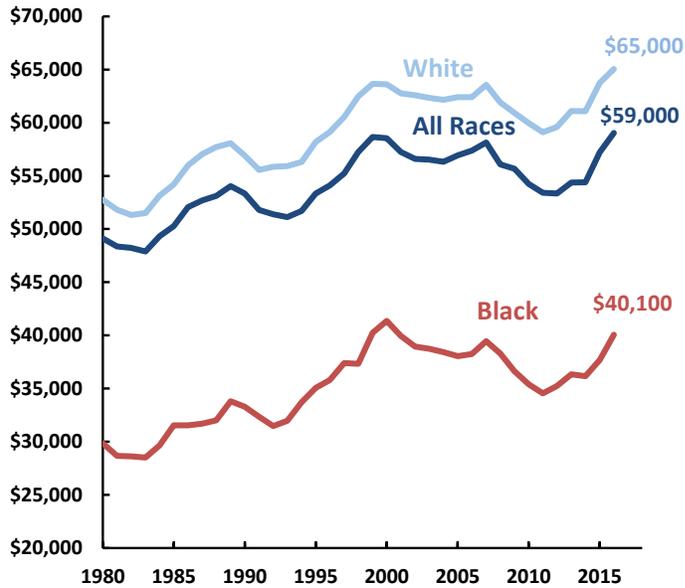
financial adverse consequences and can limit several life opportunities like starting a business or putting a child through college.

Almost one-third of black children are growing up in poverty.¹¹ Approximately 31 percent of black children live in poverty, compared to 11 percent of white children. The national average is 18 percent, putting the percent of black child poverty at more than 150 percent of the national average. Children growing up in poverty tend to experience worse health, educational, and economic outcomes than other children.

Blacks are disproportionately affected by certain states’ failure to expand Medicaid coverage.¹² In the 18 states that did not expand Medicaid, there are millions of Americans who are both ineligible for Medicaid and for marketplace subsidies under the Affordable Care Act.¹³

Figure 3. Median Household Income

Adjusted to 2016 dollars, 1980 to 2016



Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement

Notes: "White" refers to "White Alone, not Hispanic" for 2002 to 2016 and "White, not Hispanic" for 1980 to 2001; "Black" after 2001 refers to "Black alone or in combination"; income data labels rounded to nearest hundred dollars; 2013 figures are averages of data using new and old methodologies

Fourteen percent of non-elderly blacks fall into this coverage gap while only nine percent of whites find themselves in this category.

Black household income is recovering, but has yet to surpass its 2000 peak. Household income for blacks reached \$40,065 in 2016, nearing the 2000 peak of \$41,363 but still well below the current national average of \$59,039 (see **Figure 3**). Median weekly earnings for full-time black workers continued to increase, reaching \$666 in the last quarter 2017, but still \$191 below the national median.¹⁴

Blacks face disproportionately high incarceration rates compared to whites. Despite only making up 13 percent of the nation's overall population, blacks comprise 38 percent of the federal inmate population.¹⁵ State and federal policies, in conjunction

with uneven law enforcement practices, have led to these high incarceration rates, which have negatively affected black labor participation and future job opportunities. Black job applicants with criminal records are 60 percent less likely to secure an interview and may earn up to 44 percent less than those without criminal records should they secure employment.¹⁶

¹ <https://www.bls.gov/news.release/empsit.t02.htm>

² <https://www.bls.gov/news.release/empsit.t02.ht>; <https://data.bls.gov/timeseries/LNS14000000>

³ <http://www.epi.org/publication/unemployment-of-black-and-hispanic-workers-remains-high-relative-to-white-workers-in-16-states-and-the-district-of-columbia-the-african-american-unemployment-rate-is-at-least-twice-the-rate-of-white/>

⁴ <http://www.nielsen.com/content/dam/corporate/us/en/reports-downloads/2017-reports/nielsen-african-american-diverse-intelligence-report-2017.pdf>; <http://www.nielsen.com/us/en/press-room/2017/nielsen-report-black-girl-magic-and-brand-loyalty-is-propelling-black-buying-power.html>

⁵ <https://census.gov/newsroom/blogs/random-samplings/2016/02/women-are-leading-the-rise-of-black-owned-businesses.html>

⁶ <https://www.bls.gov/news.release/empsit.t02.htm>

⁷ https://www.brookings.edu/wp-content/uploads/2017/05/ccf_20170517_declining_labor_force_participation_sawhill1.pdf; JEC Democratic Staff calculations US Census Current Population Survey annual data from 2017.

⁸ <https://www.federalreserve.gov/publications/files/2016-report-economic-well-being-us-households-201705.pdf>

⁹ Federal Reserve Survey of Consumer Finances 2016.

¹⁰ <https://www.federalreserve.gov/publications/files/scf17.pdf>

¹¹ <https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-people.html> Table 3.

¹² <https://www.kff.org/report-section/health-coverage-by-race-and-ethnicity-changes-under-the-aca-issue-brief/>

¹³ <https://www.kff.org/health-reform/slide/current-status-of-the-medicaid-expansion-decision/>

¹⁴ <https://fred.stlouisfed.org/release/tables?rid=332&eid=46373;>

<https://fred.stlouisfed.org/series/LEU0252884500Q>

¹⁵ <https://www.census.gov/quickfacts/fact/table/US/PST045216;>

https://www.bop.gov/about/statistics/statistics_inmate_race.jsp

¹⁶

https://obamawhitehouse.archives.gov/sites/default/files/page/files/20160423_cea_incarceration_criminal_justice.pdf;

https://www.brookings.edu/wp-content/uploads/2016/06/v8_THP_10CrimeFacts.pdf;

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http://www.pewtrusts.org/~media/legacy/uploadedfiles/pcs_assets/2010/collateralcosts1pdf.pdf