



Ask an Economist: Strong labor market has narrowed gaps between Black and white non-college men

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Research shows large gains in employment since the COVID-19 pandemic-led recession.

Consistent with previous downturns in the U.S. economy, Black and Hispanic prime-age workers faced disproportionately larger declines in their labor force participation and employment rates than white prime-age workers during COVID-19 pandemic-led recession. After April 2020, the labor market has experienced a strong recovery, with large gains in employment.

But how has the recovery changed the disparities in labor market outcomes among prime-age workers of different race and ethnicities? These gaps in labor market outcomes are among the dynamics explored in research by Senior Economist Didem Tüzemen and Research Associate Deepak Venkatasubramanian. Their findings are detailed in a [November 2023 Economic Review article](#).

What did your study reveal about labor market outcomes for Black and white workers since the start of the pandemic?

Although aggregate statistics from the U.S. Census Bureau's Current Population Survey (CPS) show that the labor force participation and employment rates of prime-age individuals have more than fully recovered since the start of the pandemic, we found important differences across race and ethnicity groups:

- Black individuals have experienced the largest improvements in their labor market outcomes during the recovery, especially during its later phase.
- Black men who do not hold a bachelor's degree had the largest increase in their labor force participation rate, driven by strong employment gains.
- Black men without a bachelor's degree experienced larger wage gains compared with other men without a bachelor's degree and compared with the average wage gains across all prime-age individuals.

As a result of these gains, we found that gaps in the labor force participation and employment rates between white and Black men without a bachelor's degree have narrowed during the recovery from the pandemic recession.

What historical context do these findings provide?

They provide additional support for previous research showing that when the labor market is already strong, a further tightening in labor market conditions can benefit some historically disadvantaged groups

How does educational attainment play a role?

The labor force participation rates of less educated individuals have tended to decline more during economic downturns than for their more educated counterparts. To facilitate comparison, we sorted Black individuals into one of four groups: Men with less than a bachelor's degree ("non-college men"); men with a bachelor's degree or higher ("college men"); women with less than a bachelor's degree ("non-college women"), and women with a bachelor's degree or higher ("college women").

Historically, higher educational attainment has been associated with a higher labor force participation rate among Black individuals. Before the pandemic, the participation rate of Black men with a college degree was 94.0 percent, around 18 percentage points higher than for non-college Black men. Similarly, in February 2020, the participation rate of college Black women was 87.1 percent, 12 percentage points higher than for non-college Black women.

Although the labor force participation rates declined for all four groups during the pandemic-led recession, non-college men and college women were the least affected. The participation rate also recovered the most quickly for non-college men during the recovery periods. Notably, non-college Black men had the largest rise in their participation rate during the late recovery period, when the labor market was already tight. By September 2023, the participation rate of non-college Black men reached 81.1 percent, 5.3 percentage points higher than its pre-pandemic level. In contrast, the participation rate of college-educated Black men remained 0.9 percentage points below its pre-pandemic level. For Black women, the participation rates of both college and non-college women remained 1.6 percentage points below their pre-pandemic levels.

The strong increase in the labor force participation rate among non-college Black men was driven by strong employment gains. In February 2020, the employment rate of non-college Black men was 68.9 percent, the lowest of all four groups. However, non-college Black men experienced the largest gains in employment during the recovery periods.

As of September 2023, the employment rate of non-college Black men was 75.4 percent, 6.5 percentage points higher than its pre-pandemic level. This stands in stark contrast to the September 2023 employment rates of the other three groups, which remained below their February 2020 levels. Therefore, the labor market gains for Black individuals in general were driven by improvements in the labor market outcomes of non-college Black men.

Media

Black men without a college degree have seen especially strong gains in employment and wages during the pandemic recovery. Learn more in this video with Kansas City Fed Economists Didem Tüzemen and Deepak Venkatasubramanian.
<https://www.youtube.com/watch?v=qcrBuw0jC9g&feature=youtu.be>



Senior Economist Didem Tüzemen and Research Associate Deepak Venkatasubramanian.