

Policy Summit 2021: Pathways to Economic Resilience in Our Communities
Federal Reserve Bank of Cleveland
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Praise Is Not Enough: Solutions for Closing the Pay Gap for Our Essential Workers

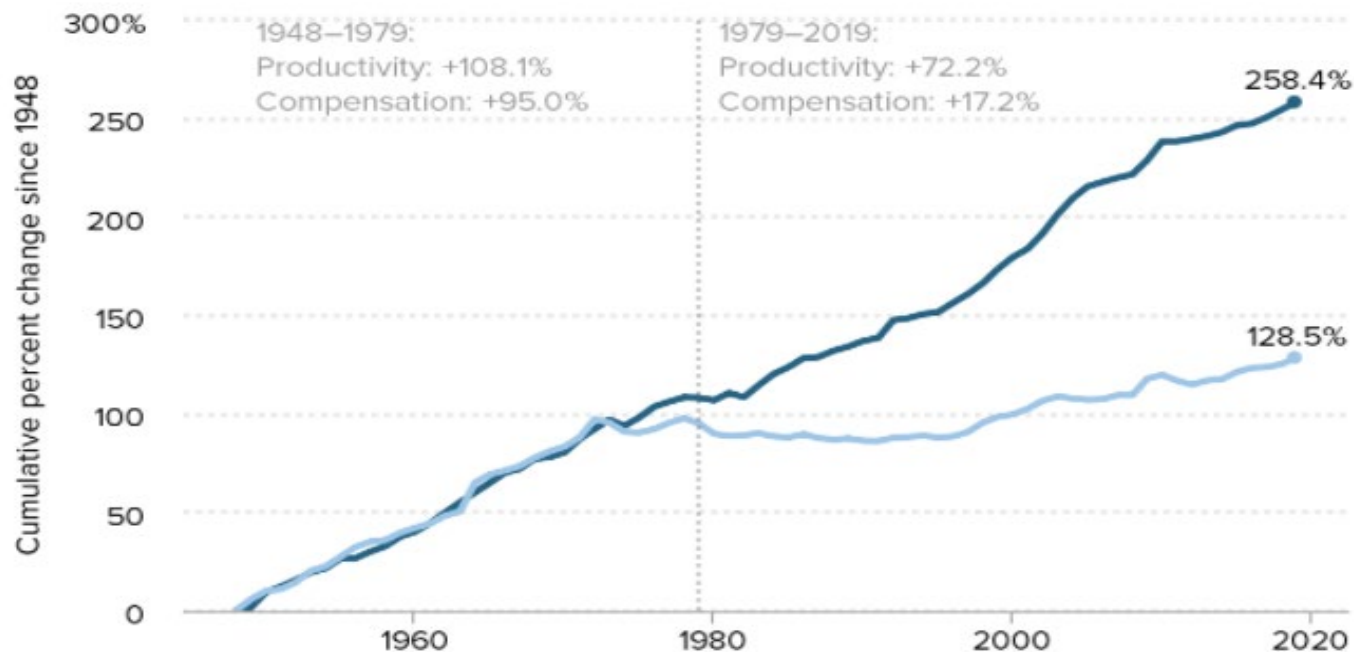
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- Underlying inequalities existed in the pre-covid labor market.
- The pandemic magnified these underlying disparities.
- What can be done?

- Underlying inequalities existed in the pre-covid labor market.

The gap between productivity and a typical worker's compensation has increased dramatically since 1979

Productivity growth and hourly compensation growth, 1948–2019



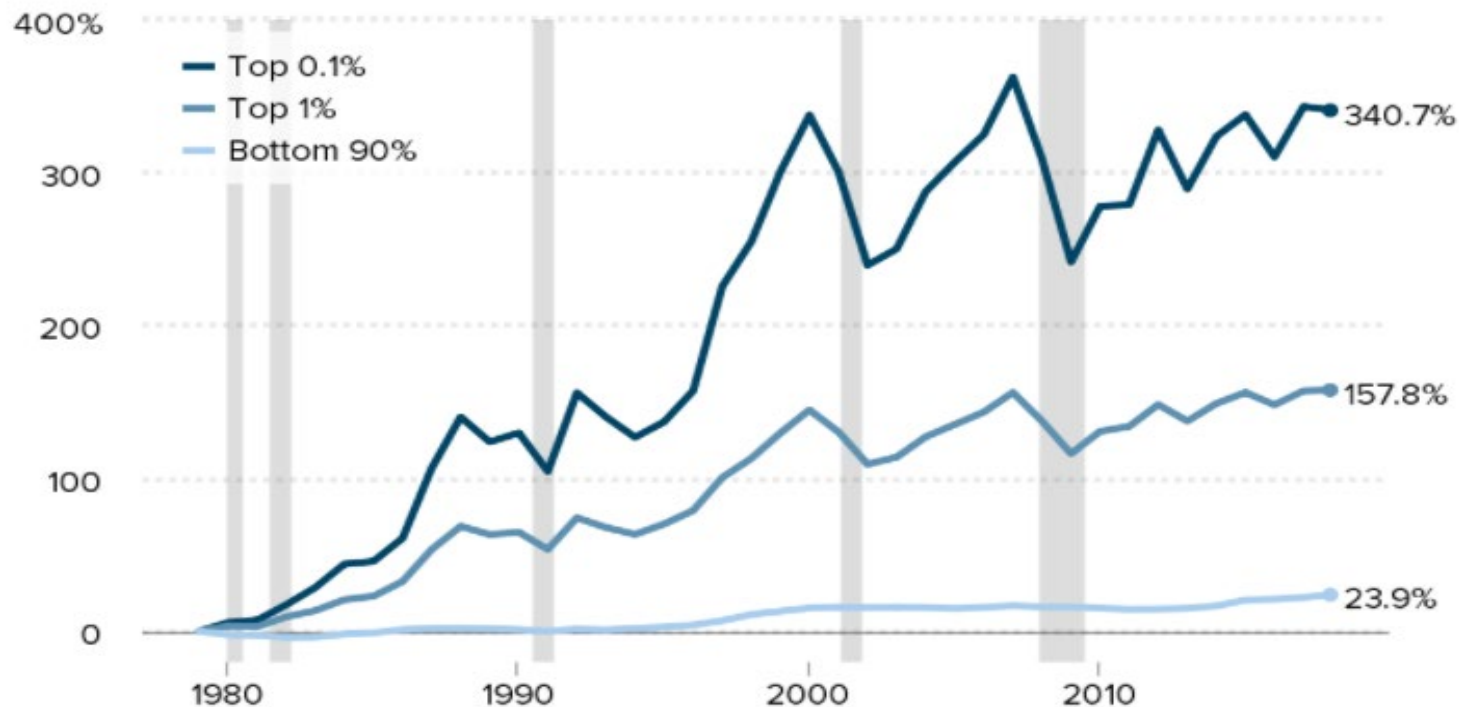
Notes: Data are for compensation (wages and benefits) of production/nonsupervisory workers in the private sector and net productivity of the total economy. "Net productivity" is the growth of output of goods and services less depreciation per hour worked.

Source: EPI analysis of unpublished Total Economy Productivity data from Bureau of Labor Statistics (BLS) Labor Productivity and Costs program, wage data from the BLS Current Employment Statistics, BLS Employment Cost Trends, BLS Consumer Price Index, and Bureau of Economic Analysis National Income and Product Accounts

Updated from Figure A in *Raising America's Pay: Why It's Our Central Economic Policy Challenge* (Bivens et al. 2014)

Top 0.1% earnings grew 15 times as fast as 90% earnings

Cumulative percent change in real annual earnings, by earnings group, 1979–2018

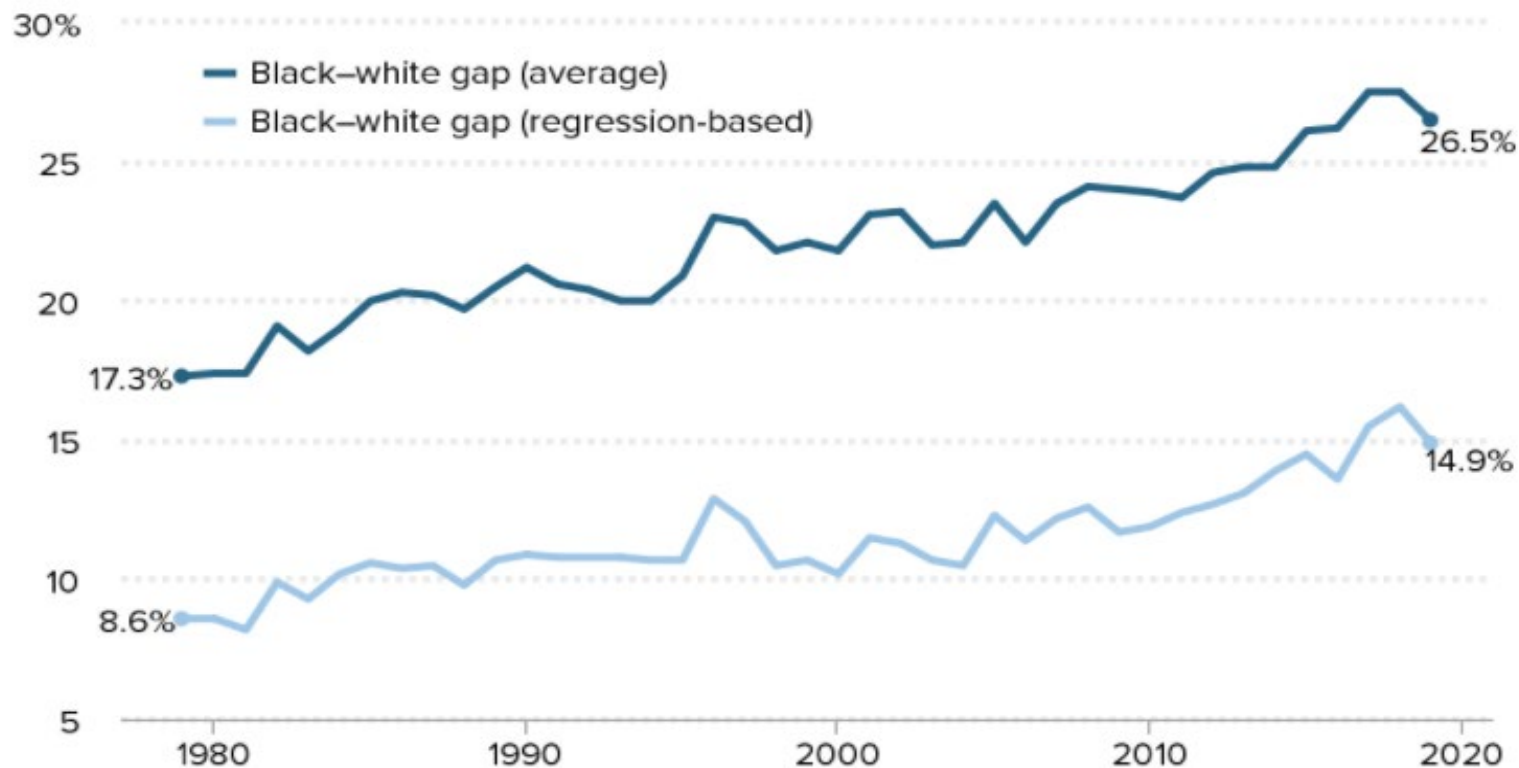


Note: Shaded areas denote recessions.

Source: EPI analysis of Kopczuk, Saez, and Song, *Earnings Inequality and Mobility in the United States: Evidence from Social Security Data Since 1937* (2010), Table A3, and Social Security Administration wage statistics, as constructed by Mishel and Kassa; see “[Top 1.0% of Earners See Wages Up 157.8% Since 1979](#)” (December 2019)

Black–white wage gaps are wider now than 40 years ago and largely unexplained by factors associated with individual productivity

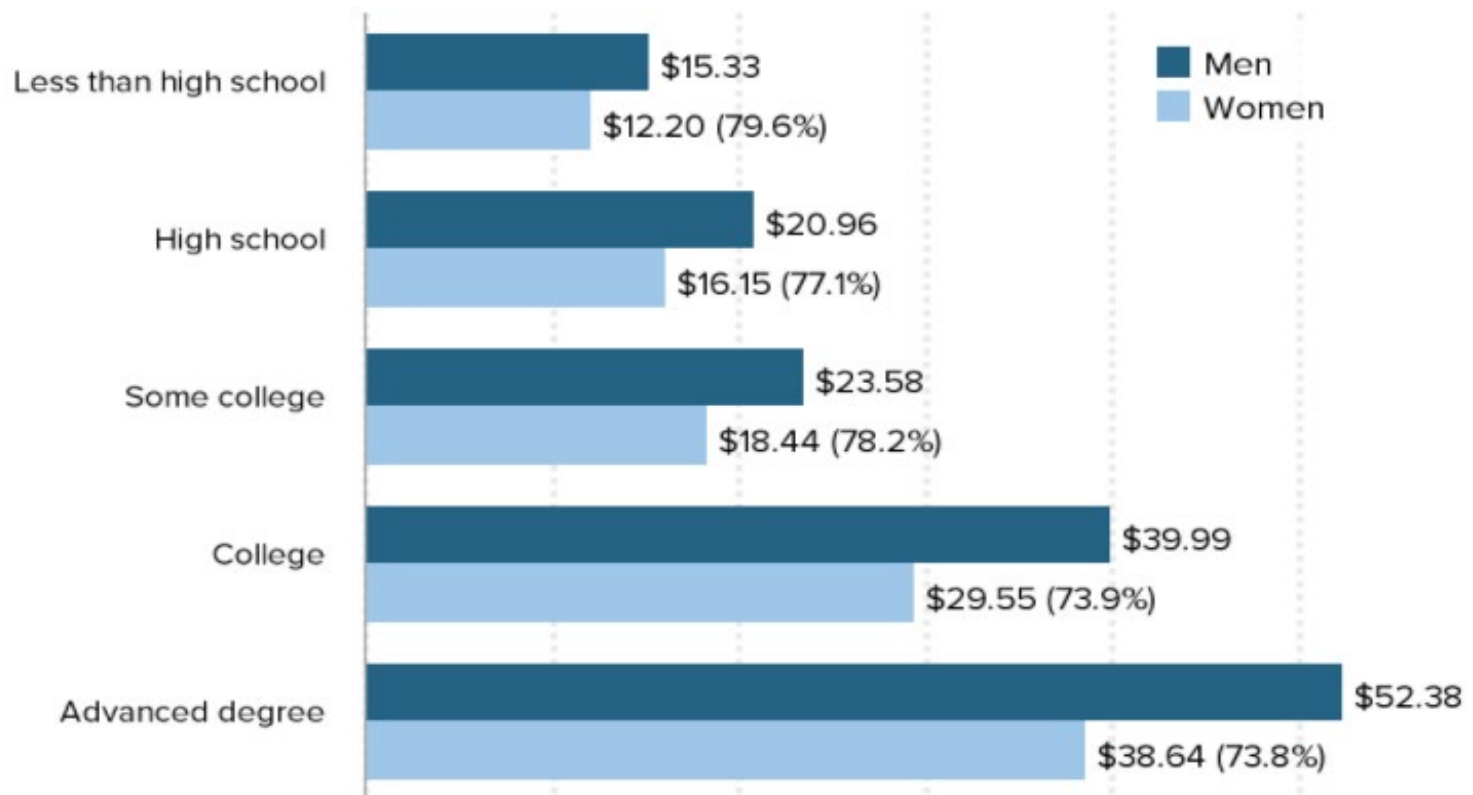
Average and regression-adjusted Black–white wage gaps, 1979–2019



Source: Economic Policy Institute (EPI). 2020. Current Population Survey Extracts, Version 1.0.4, <https://microdata.epi.org>.

On average, men are paid more than women at every education level

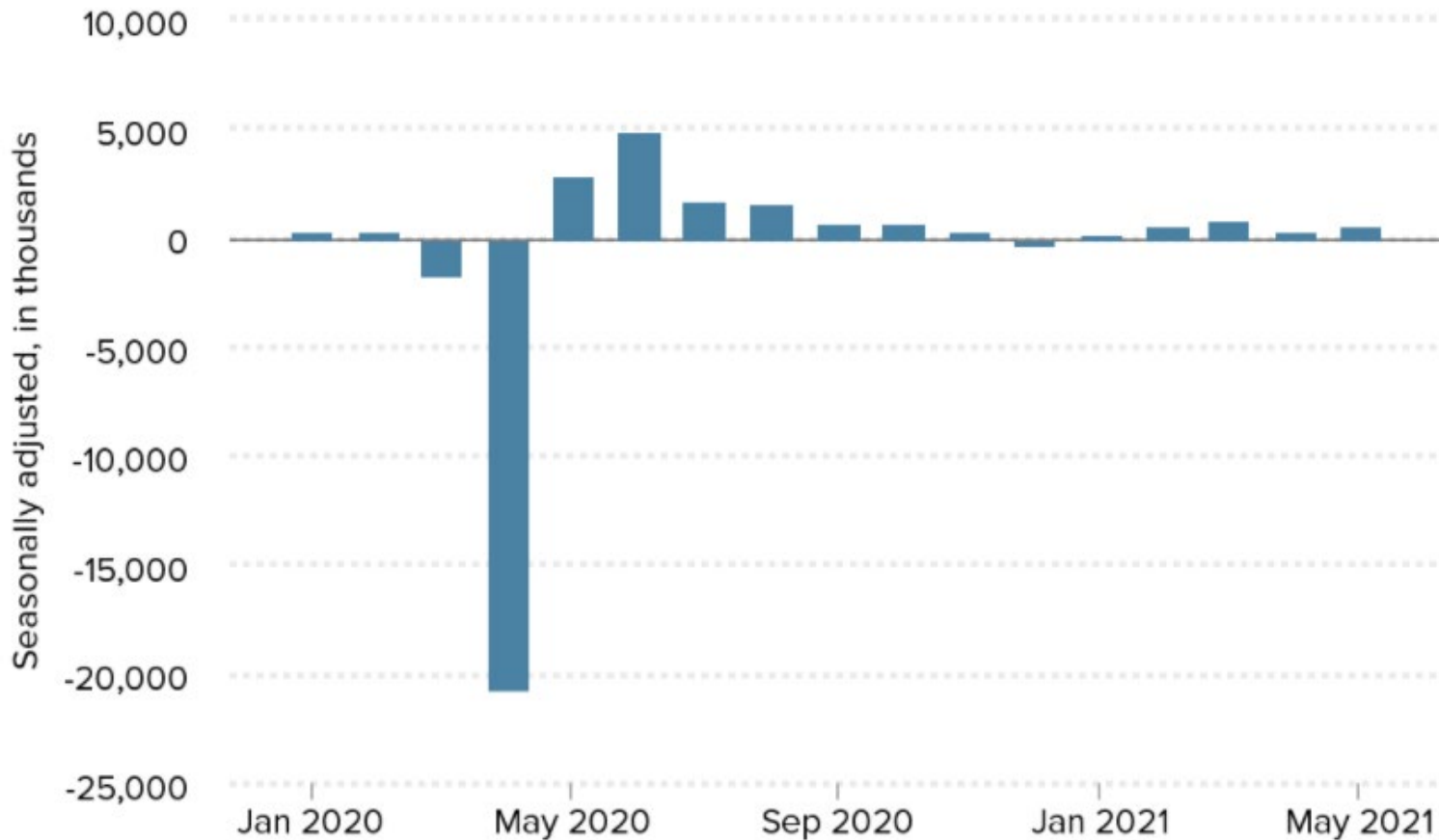
Average hourly wages by gender and education, 2019



Source: EPI analysis of Current Population Survey Outgoing Rotation Group microdata from the U.S. Census Bureau

- The pandemic magnified these underlying disparities.

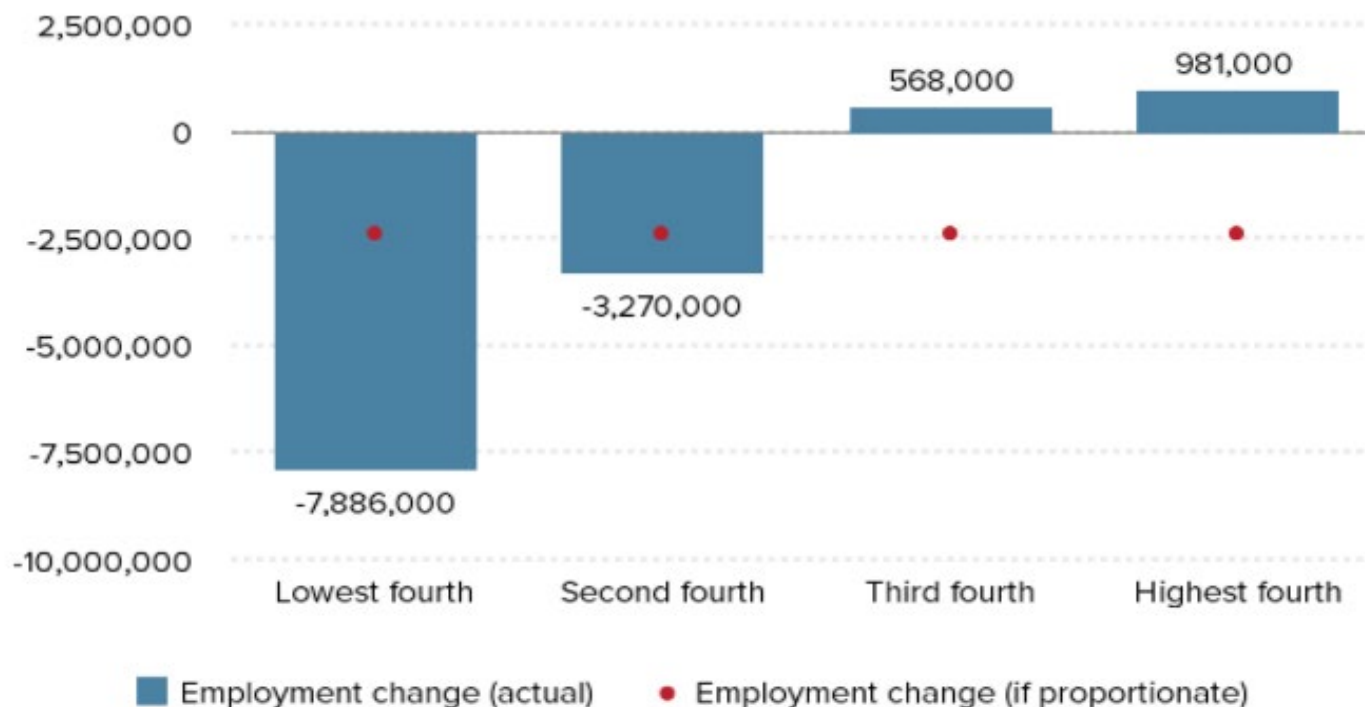
Monthly change in payroll employment, January 2020–May 2021



Source: EPI analysis of Bureau of Labor Statistics' Current Employment Statistics public data series

Lowest-wage workers lost nearly 7.9 million jobs, while the highest-wage workers *gained* nearly a million

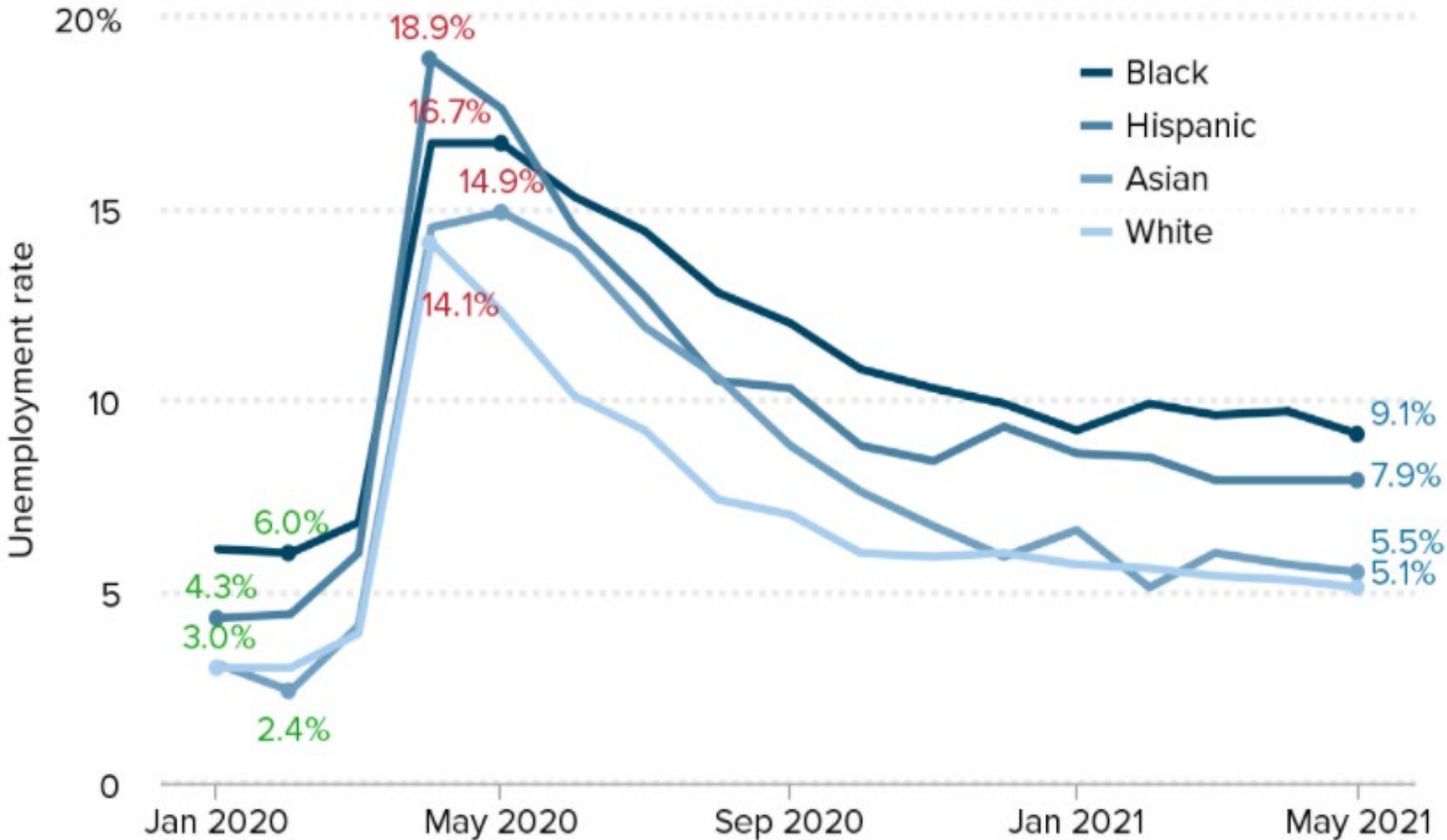
Employment change from 2019 to 2020, by wage level



Notes: Wages adjusted for inflation using the CPI-U-RS. Employment changes in blue are calculated between 2019 and 2020 in the quartiles set by the 2019 data. Red dots reflect employment changes in 2020 if they were proportionate to the 2019 employment shares. A small amount of noise was added to the wage data when setting wage quartiles to minimize clumping at particular values to ensure equal bin size.

Source: Authors' analysis of Current Population Survey Outgoing Rotation Group microdata.

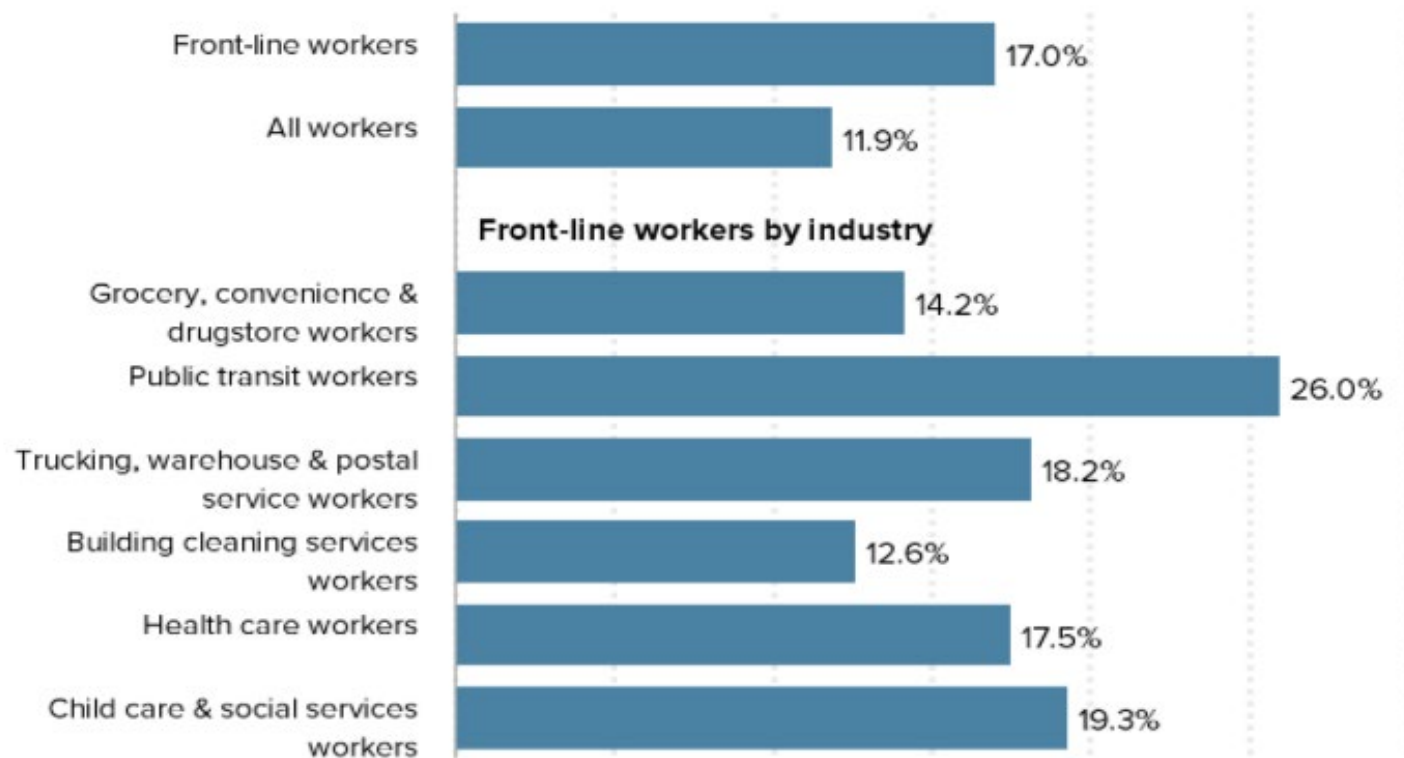
Unemployment rate of workers age 16 and older by race and ethnicity, January 2020–May 2021



Source: Bureau of Labor Statistics' Current Population Survey, public data series

Black workers are more likely than other workers to be in front-line jobs

Black workers as a share of all workers in a given industry

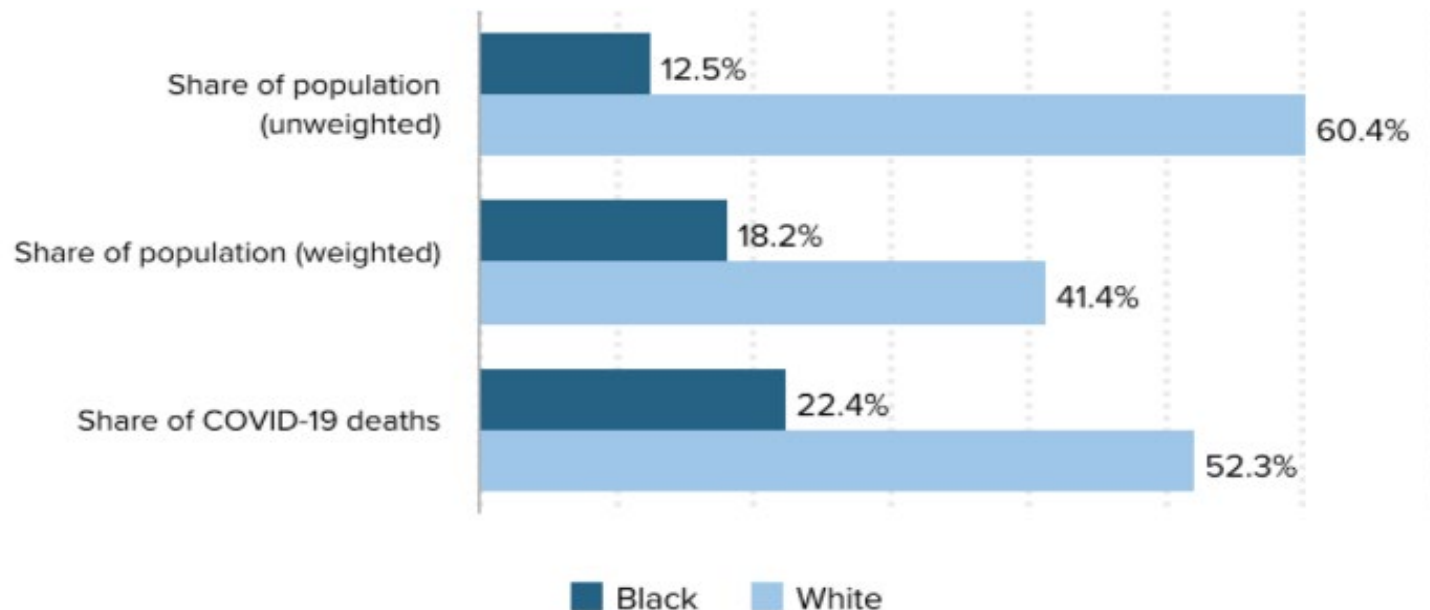


Notes: The front-line industry categories used here are the categories used in the CEPR report (see Source below for more information). Sample is a 2014–2018 five-year estimate.

Source: EPI analysis of data from the Center for Economic Policy Research (CEPR) report *A Basic Demographic Profile of Workers in Frontline Industries* (April 2020).

Black Americans make up 12.5% of the U.S. population but account for 22.4% of COVID-19 deaths

Shares of population vs. shares of COVID-19 deaths, by race



Notes: White refers to non-Hispanic whites, black refers to blacks alone. All shares are as of May 13, 2020. Shares of COVID-19 deaths are based on provisional death counts. Weighted population shares reflect the racial distribution of the geographic locations where COVID-19 outbreaks are occurring, and help to ascertain whether disproportionate deaths are occurring within certain racial groups.

Source: Centers for Disease Control and Prevention (CDC), [Provisional Death Counts for Coronavirus Disease \(COVID-19\): Weekly State-Specific Data Updates](#).

Women in health care: Exposed and underpaid?



Women health care workers are providing care on the front lines. But they are paid less than their male peers.

Physicians and surgeons



Registered nurses



Women in hospitality: At risk and underpaid?



Leisure and hospitality workers are losing wages and jobs due to COVID-19. Many women in these sectors were already on shaky financial footing, given how much less they are paid than their male peers.

Wait staff



Hotel, motel, and resort desk clerks



↓

Black women in jobs critical to COVID-19 recovery make 11% to 27% less than white men

On average, Black women doctors, nurses, teachers, child care workers, wait staff, and cashiers make less than white men in those jobs.

Source: Economic Policy Institute • go.epi.org/blackgenderpaygap



Black women teaching and providing child care are paid less than white men in those jobs.



Elementary and middle school teachers



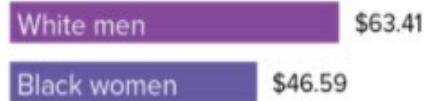
Child care workers



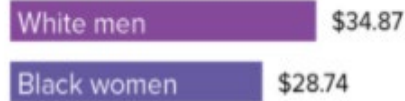
Black women providing health care on the front lines are paid less than frontline white men.



Physicians and surgeons



Registered nurses



Black women in risky service jobs are paid less than white men in those jobs.



Wait staff



Cashiers



Graph compares average hourly wages of Black women with average hourly wages of non-Hispanic white men in those jobs.

Source: Economic Policy Institute • go.epi.org/blackgenderpaygap





Latina workers in jobs critical to COVID-19 recovery make 6% to 32% less than white men.

On average, Latina doctors, nurses, teachers, child care workers, wait staff, and cashiers make less than white men in those jobs.

Analysis compares average hourly wages of Latina workers with average hourly wages of non-Hispanic white men in the same jobs.
Source: Economic Policy Institute • go.epi.org/latinagenderpaygap



Latina workers in risky service jobs are paid less than white men in those jobs.



Wait staff



Cashiers



Latina workers providing health care on the front lines are paid less than frontline white men.



Physicians and surgeons



Registered nurses



Latina workers teaching and providing child care are paid less than white men in those jobs.



Elementary and middle school teachers



Child care workers



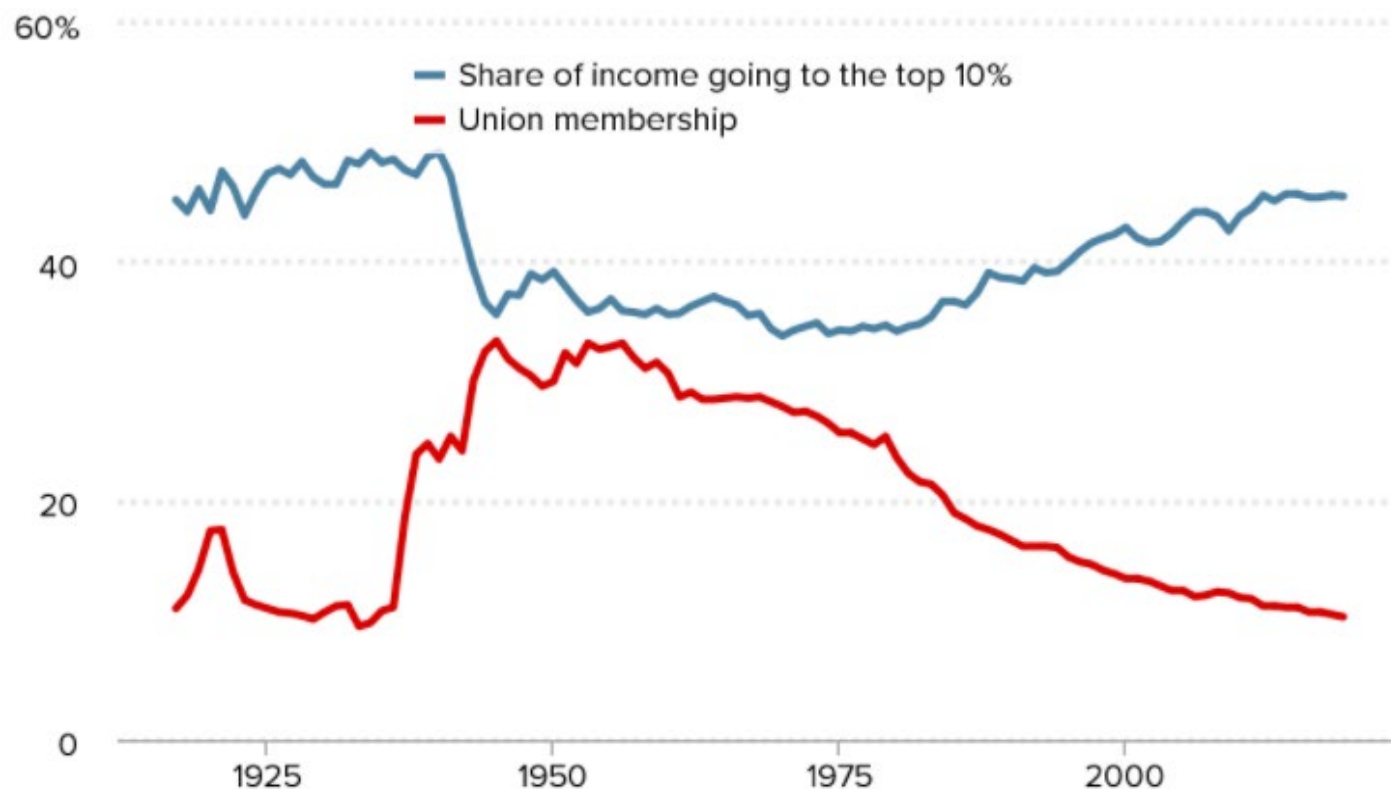
Graph compares average hourly wages of Hispanic women with average hourly wages of non-Hispanic white men in these jobs.
Source: Economic Policy Institute • go.epi.org/latinagenderpaygap



- What can be done?

As union membership has declined, income inequality has grown

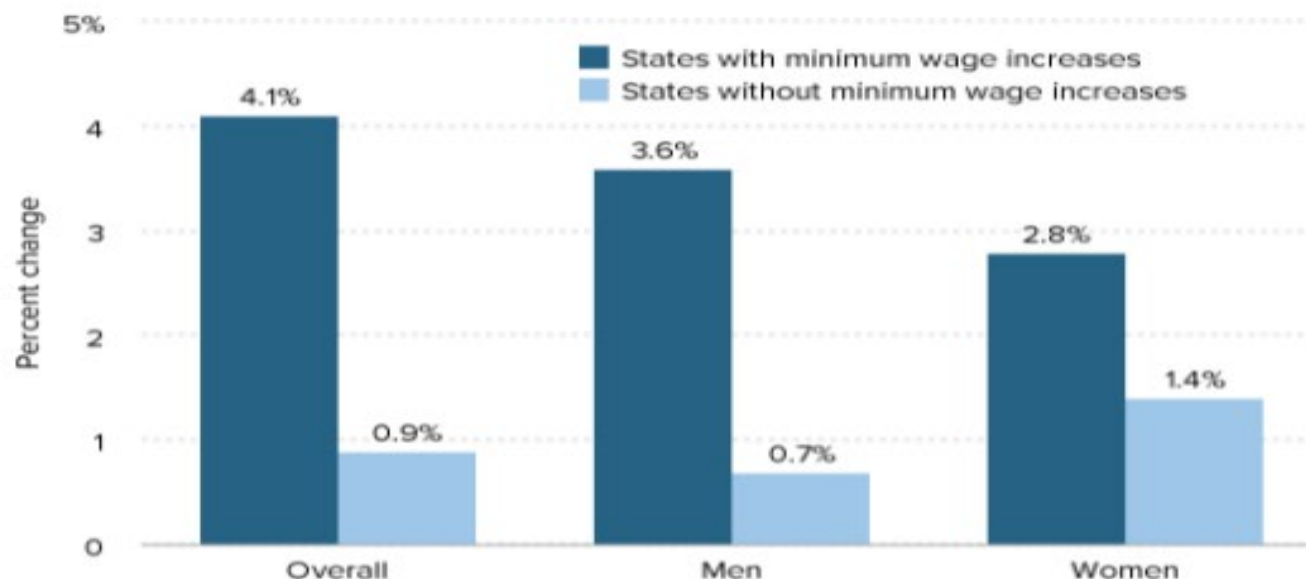
Union membership and share of income going to the top 10%, 1917–2019



Sources: Data on union density follows the composite series found in Historical Statistics of the United States, updated to 2019 from unionstats.com. Income inequality (share of income to top 10%) data is from the World Inequality database.

Wage growth at the bottom was strongest in states with minimum wage increases in 2019

10th-percentile wage growth, by presence of 2019 state minimum wage increase and by gender, 2018–2019

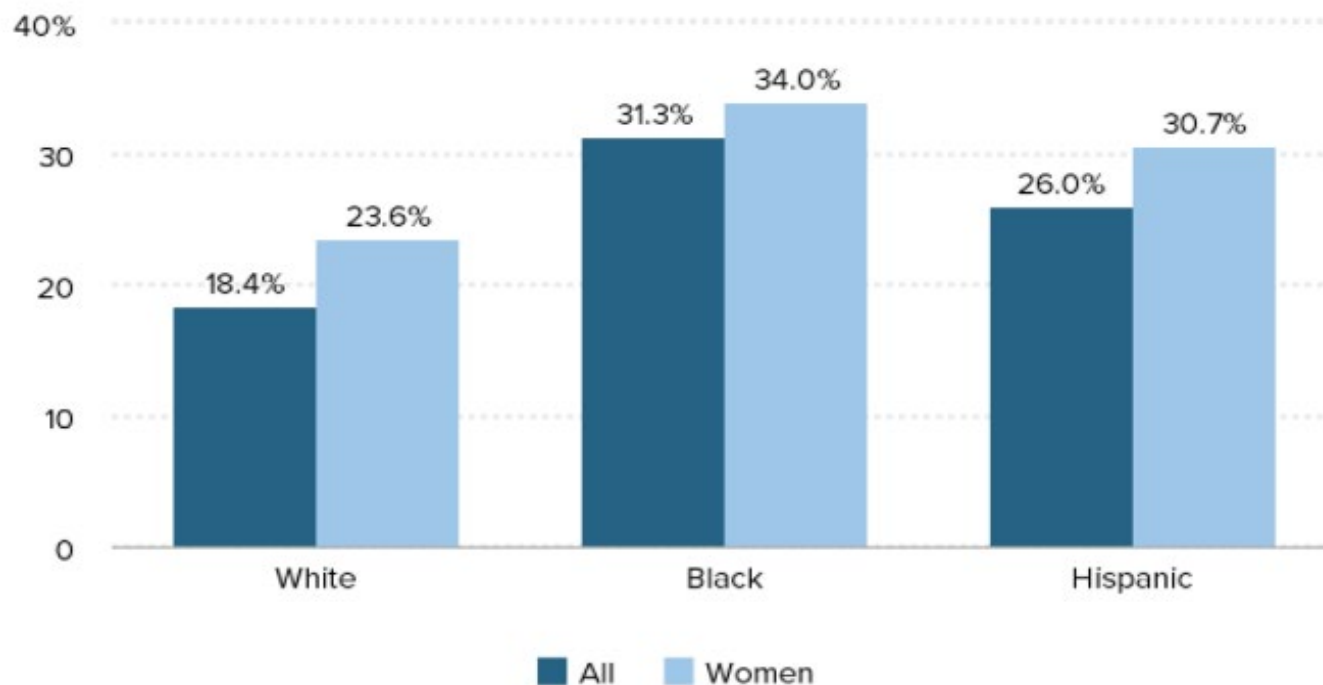


Notes: Minimum wage increases passed through either legislation or ballot measure took effect on January 1, 2019, in Arkansas, Arizona, California, Colorado, Delaware, Maine, Massachusetts, Michigan, Missouri, New York, Rhode Island, and Washington. Alaska, Florida, Minnesota, Montana, New Jersey, Ohio, South Dakota, and Vermont increased their minimum wages in 2019 because of indexing to inflation. New Jersey, Oregon, and Washington, D.C., legislated minimum wage increases that took effect on July 1, 2019. Note that Connecticut legislated a minimum wage increase that took effect on October 1, 2019. This sample considers all changes after January 2018 and before December 2019; therefore, Maryland is included even though the legislated minimum wage increase for Maryland took effect on July 1, 2018. Note that after indexing to inflation on January 1, 2019, New Jersey legislated a minimum wage increase on July 1, 2019; therefore, New Jersey appears twice in these lists.

Sources: Author's analysis of EPI Current Population Survey Extracts, Version 1.0 (2020), <https://microdata.epi.org>, and EPI analysis of state minimum wage laws. See EPI's [minimum wage tracker](#) for the most current state-level minimum wage information.

Black and Hispanic workers would disproportionately benefit from a \$15 minimum wage in 2025

Share of workers in each race/ethnicity category who would get a direct or indirect pay raise under the Raise the Wage Act of 2021

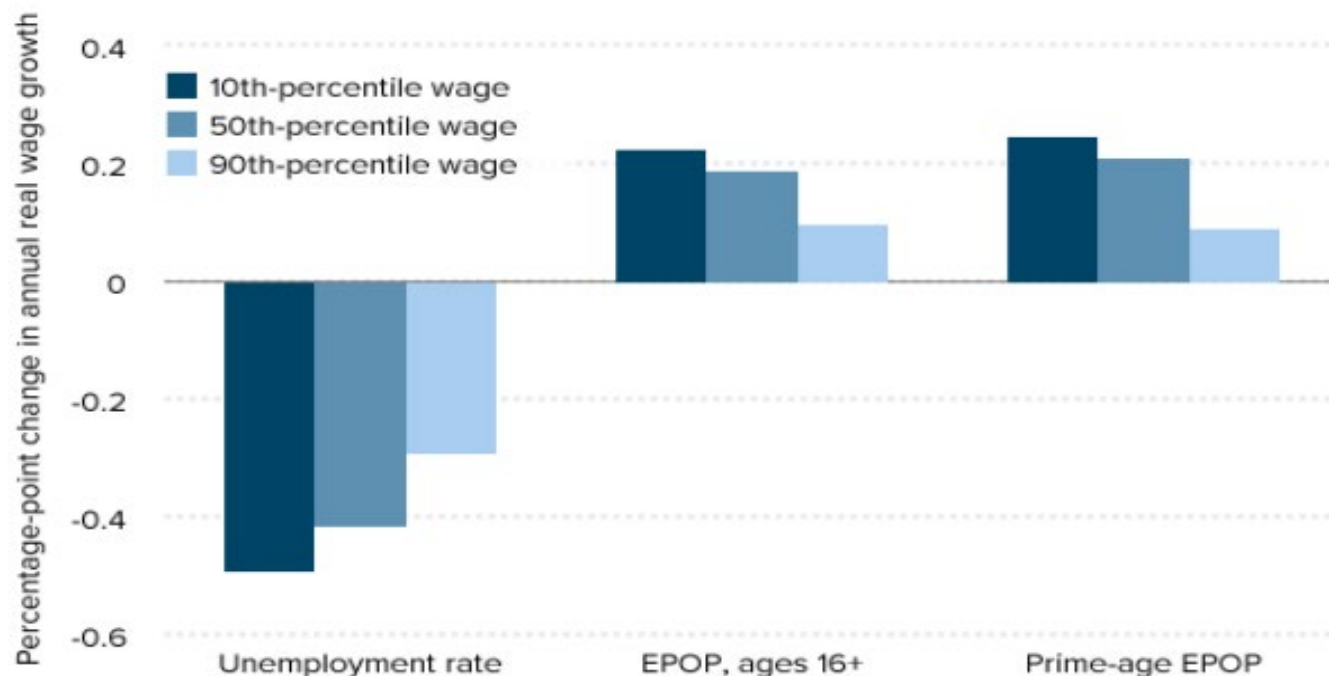


Note: Directly affected workers will see their wages rise to the new minimum wage; indirectly affected workers have wages just above the new minimum and (up to 115% of the new minimum) and will receive a raise as employer pay scales are adjusted upward.

Source: Economic Policy Institute Wage Simulation Model; see *Technical Methodology* by Cooper, Mokhiber, and Zipperer (2019).

Low- and middle-wage workers' wages grow more quickly in response to an improving labor market than high-income workers' wages

Change in average annual real wage growth in response to a 1-percentage-point increase in unemployment or employment rates over the 1980–2016 period, by wage percentile



Notes: Each bar is the coefficient from the regression of the real annual percent change in a given percentile's wage on the measure of labor market tightness. Regressions include state and year fixed effects. Additional details and estimates are in the appendix. EPOP refers to the employment-to-population ratio; prime-age refers to adults ages 25–54.

Source: Authors' analysis of annual, state-level aggregations of Current Population Survey Outgoing Rotation Group microdata, 1979–2016

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