

The Economic Plight of African American Men in Hampton Roads



THE ECONOMIC PLIGHT OF AFRICAN AMERICAN MEN IN HAMPTON ROADS

A Bleak 30 Years for Black Men

– Headline of an article in the *Regional Economist*, a publication of the Federal Reserve Bank of St. Louis (July 2010)

The worldwide recession that began in November 2007 did great economic damage to many people, business firms, industries and even nations. However, the damage done to African American men in the United States was particularly severe. African American men lost jobs, their unemployment rate more than doubled, millions simply dropped out of the labor force, and their incomes grew more slowly than those of any other major racial or ethnic group.

The cold numbers of Table 1 summarize what occurred. **Between 2007 and 2009, the unemployment rate for African American men increased 9.1 percent to 17.5 percent. The percentage of African American men employed relative to their population declined from 58.4 percent to 53.7 percent.**

Particularly disturbing is the reality that these changes merely accelerated longer-term movements in the same direction. For decades, the unemployment rate of African American men has been edging upward compared to other men, and for many years, ever-smaller proportions of African American men have entered the labor force. Further, as Graph 1 demonstrates, the median weekly earnings of full-time African American male employees grew much more slowly than those of any other major racial or ethnic group between 2000 and 2009.

What is playing out before our eyes is nothing less than a societal tragedy. Most of the readers of the State of the Region report do not find themselves in such unfortunate circumstances and therefore can, if they so choose, avert their eyes. Literally, we can collectively “drive by” and continue on our respective ways to our more comfortable circumstances.

Nevertheless, there are inevitable costs associated with the economic plight of many African American men. Few American citizens and virtually no taxpayers can avoid the costs that come with the deteriorating economic circumstances facing many African American men. Shattered lives, broken families, disadvantaged children, school dropouts and an increase in contacts with the criminal justice system – all of these are among the frequent results.

Yet, as Mitch Albom put it in his book *“The Five People You Meet in Heaven,”* “We are all connected ... You can no more separate one life from another than you can separate a breeze from the wind. ...” If nothing else captures the attention of society, then this should: **When government is pushed to find resources to support those who do not have regular employment and steady incomes, either higher taxes or a deterioration of services is the almost inevitable consequence. Thus, there is a fiscal bottom line associated with the plight of African American men and, quite apart from humanitarian considerations, this should capture the attention of those who otherwise might choose to “drive by.”**

TABLE 1

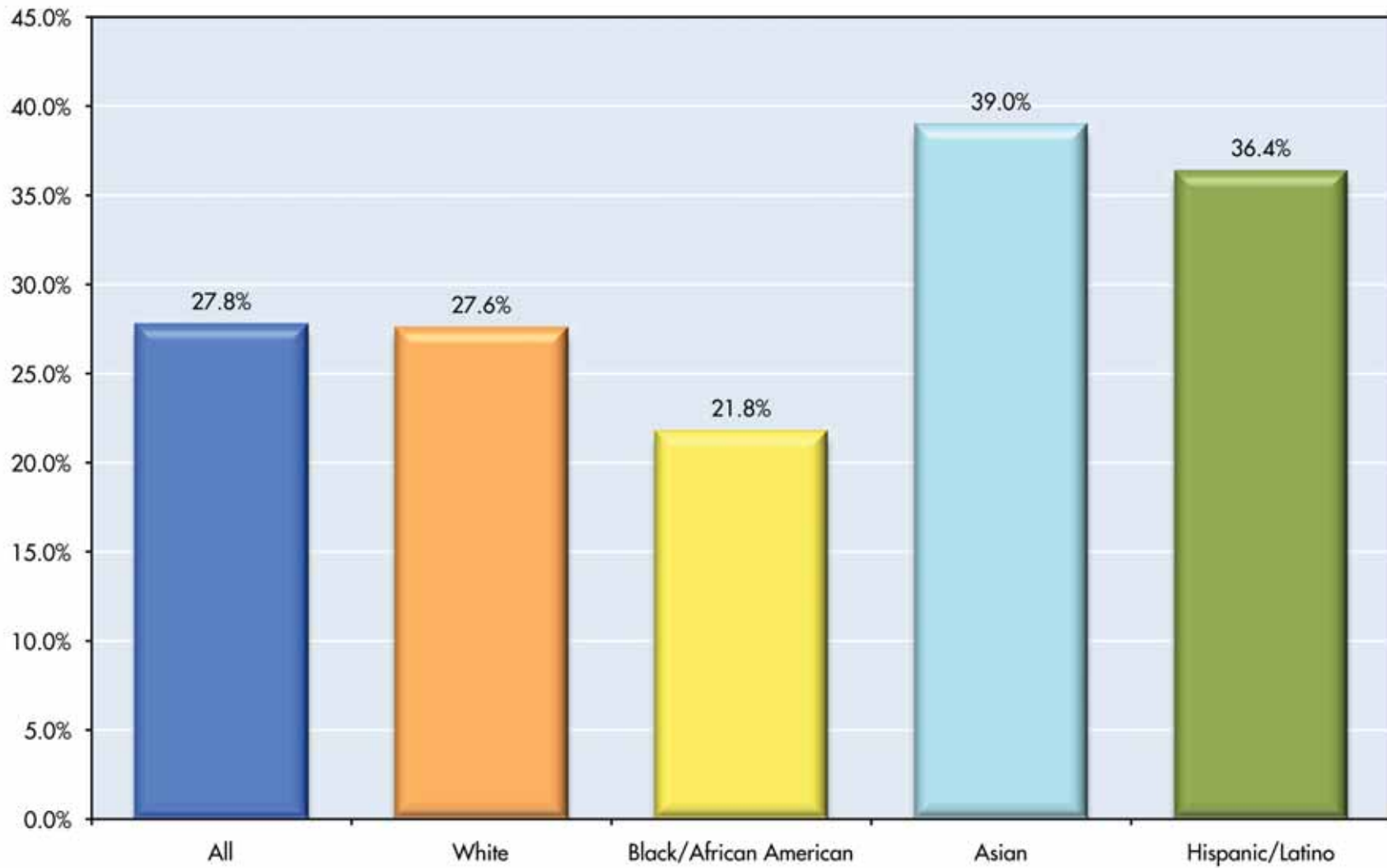
THE DETERIORATING ECONOMIC FORTUNES OF BLACK MEN

	All Men	White Men	Black/ Afr. Amer. Men	Asian Men	Hisp./ Latino Men
2000					
Employment/ Population Ratio	71.9%	73.0%	63.6%	73.3%	77.4%
Unemployment Rate	3.9%	3.4%	8.0%	3.6%	5.0%
Median Weekly Earnings (FT)	\$641	\$662	\$510	\$685	\$417
2007					
Employment/ Population Ratio	69.8%	70.9%	58.4%	72.8%	76.2%
Unemployment Rate	4.7%	4.2%	9.1%	3.1%	5.3%
Median Weekly Earnings (FT)	\$766	\$788	\$600	\$936	\$520
2009					
Employment/ Population Ratio	64.5%	66.0%	53.7%	68.7%	68.9%
Unemployment Rate	10.3%	9.4%	17.5%	7.9%	12.5%
Median Weekly Earnings (FT)	\$819	\$845	\$621	\$952	\$569
Source: "Current Population Reports," Bureau of Labor Statistics, U.S. Department of Labor, www.bls.gov					



GRAPH 1

PERCENTAGE GROWTH IN MEDIAN WEEKLY EARNINGS, U.S. MEN, 2000-2009



Source: "Current Population Reports," Bureau of Labor Statistics, U.S. Department of Labor, www.bls.gov

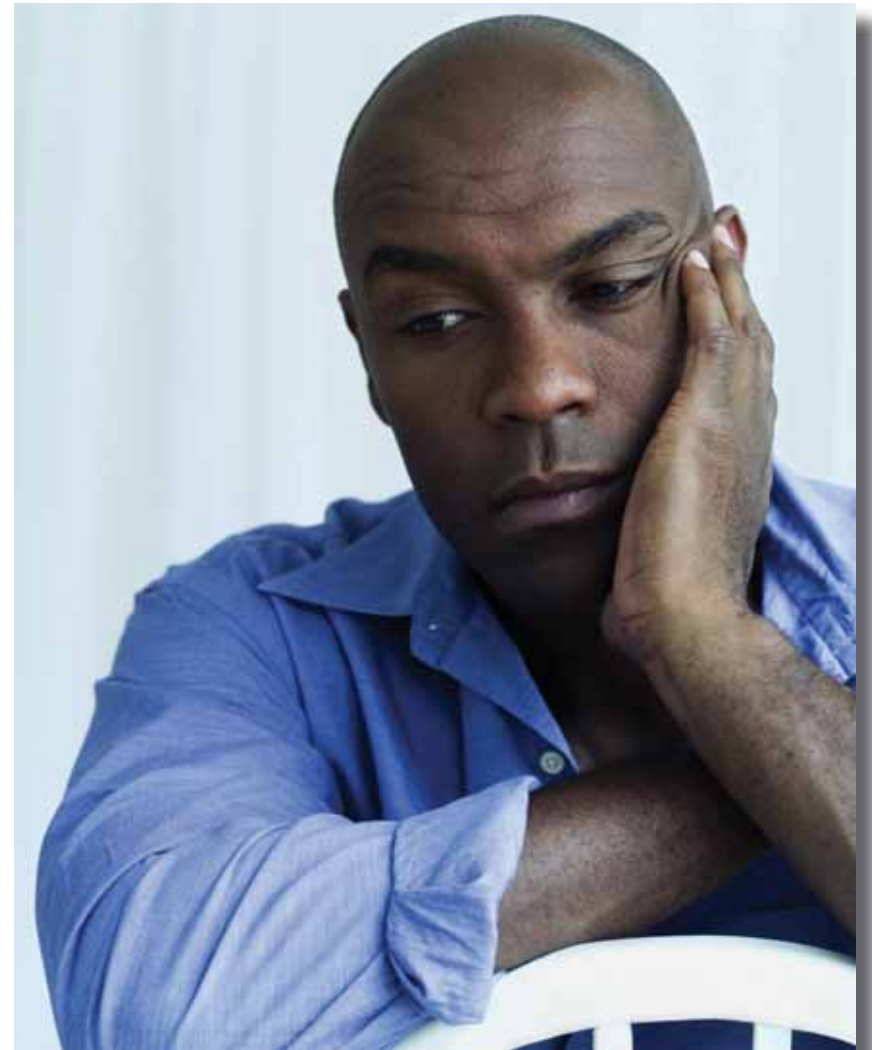
Parsing The Impact Of The Recession: National Effects

THE IMPACT OF GENDER

Recent years have not been good ones for the typical adult male in the United States. Graph 2 and Table 2 illustrate why. Between November 2007 and May 2009, male workers suffered much deeper job losses than female workers in the United States. Among working adults 16 years of age and older, males, in comparison to their female counterparts, experienced the greatest level of civilian job loss (-6.8 percent of their jobs versus -2.3 percent for women).

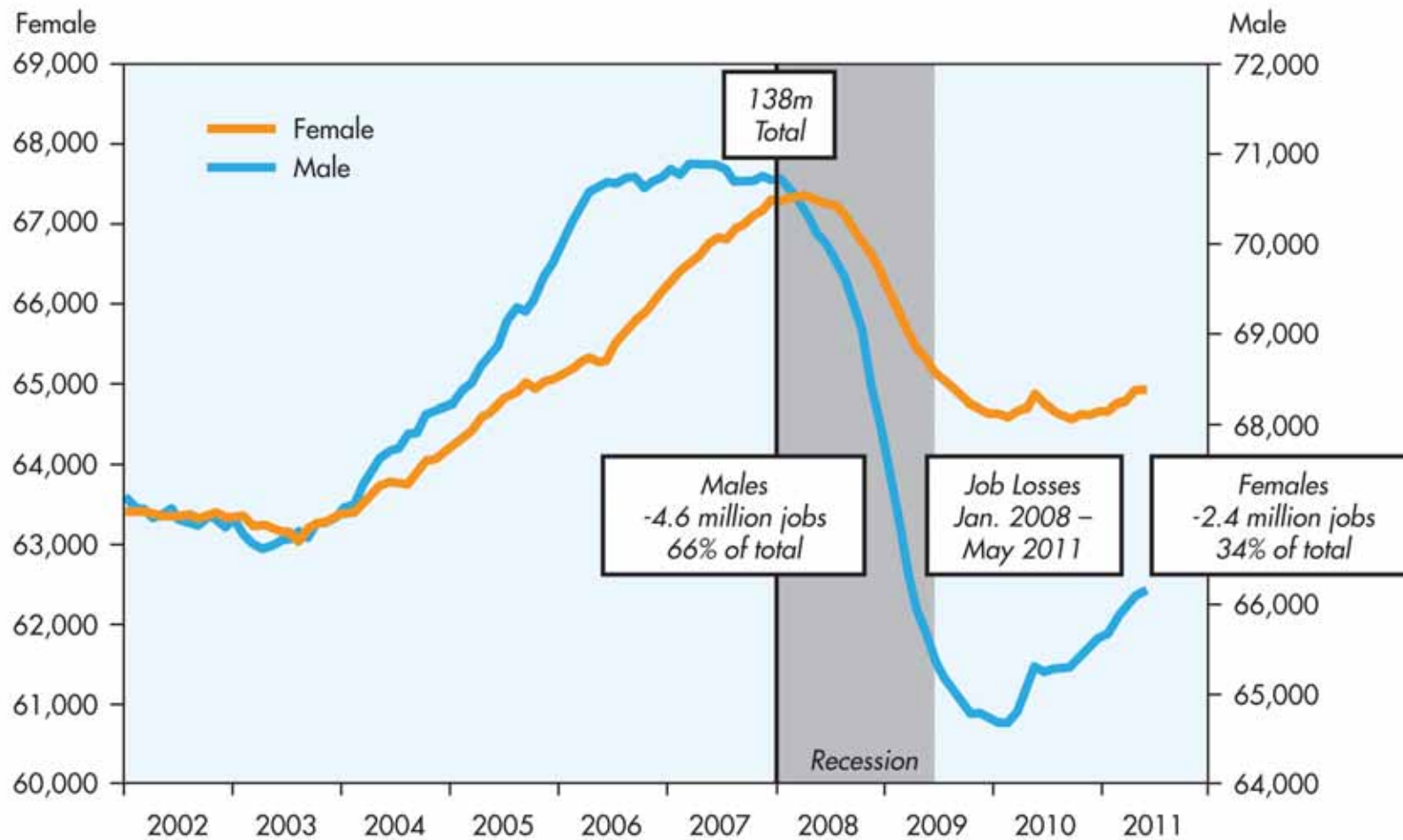
This impact was particularly high for African American men. Among the major racial and ethnic groups, African American men experienced the largest civilian job loss (-9.4 percent of all existing jobs), while job loss among white (-5.3 percent) and Hispanic/Latino (-5.7 percent) males was considerably smaller. Only Asian men fared worse than African American men.

The differentially large and negative impact the recession had upon men has prompted some to talk of a “mancession.” Employed men tended to dominate occupations in manufacturing and construction that lost the most jobs, while employed women tended to dominate occupations in education and the health professions that shed the fewest jobs. **A recent study published by the Federal Reserve Bank of St. Louis (The Regional Economist, July 2010) documented that the deindustrialization associated with the recession was particularly destructive to African American men, who were overrepresented in the occupations that contracted the most.**



GRAPH 2

PAYROLL EMPLOYMENT: MALE VS. FEMALE, JANUARY 2002 TO FEBRUARY 2011



Source: Carpe Diem Blog, www.mjerry.blogspot.com

TABLE 2

PERCENT OF CIVILIAN JOBS LOST IN THE RECESSION, BY RACIAL OR ETHNIC GROUP, AGE 16 AND OLDER, NOVEMBER 2007 TO MAY 2009

Racial/Ethnic Group	Males	Females	Percent Difference
All	-6.8%	2.3%	-4.5%
African American	-5.5%	-2.0%	-3.5%
Asian	-9.4%	-2.5%	-6.9%
Hispanic/Latino	-5.7%	-0.8%	-4.9%
White	-5.3%	-2.1%	-3.2%

Source: U.S. Bureau of Labor Statistics, www.bls.gov

Note: Hispanic/Latino individuals are self-identified. Data seasonally adjusted, except for Asians.

THE ROLE OF AGE

African American male civilian job losses varied substantially across age groups. **African American men in their prime working and earning years (age 25-54) suffered the most devastating loss of civilian positions between 2007 and 2009** (see Table 3). Overall, the job loss nationally for black males age 25-54 was -11 percent, with the highest year-to-year percentage change for the 25-34-year-old cohort (-15 percent) followed by the 35-44-year-old cohort (-13 percent). African American males age 55-64 actually gained jobs during the recession.

THE ROLE OF EDUCATION

Table 4 focuses on the numbers of employed African American males 25 and older by their educational attainment in 2007 and 2009. Nationally, black men experienced job losses at all educational levels. However, what is striking is that job losses were high among those who had earned a bachelor's degree or higher (-12 percent) and those losses were surpassed only by the job losses experienced by African American men with less than a high school education (-15 percent). High school graduates (-4 percent) and those with some college (-6 percent) fared much better.

TABLE 3

NUMBER OF EMPLOYED AFRICAN AMERICAN MALES BY AGE (000s)

Age Group	2007	2009	Absolute Change	Percent Change
16 – 19	238	189	-49	-21
20 – 24	821	698	-123	-15
25 – 34	1,866	1,590	-276	-15
35 – 44	1,922	1,667	-255	-13
45 – 54	1,731	1,608	-123	-7
55 – 64	736	814	78	+10
65+	220	211	-9	-4
Total	7,534	6,777	-757	-10

Source: www.bls.gov

The apparent negative impact of advanced education on the employability of African American men is surprising, since this generally did not hold true among other racial and ethnic groups. Education, after all, was sold to many African American men as a ticket to higher incomes and employment stability. And, as Graph 3 reveals, education did provide some protection against unemployment in the past. But, for reasons not yet clearly understood, this did not hold true for African American males between 2007 and 2009.

TABLE 4

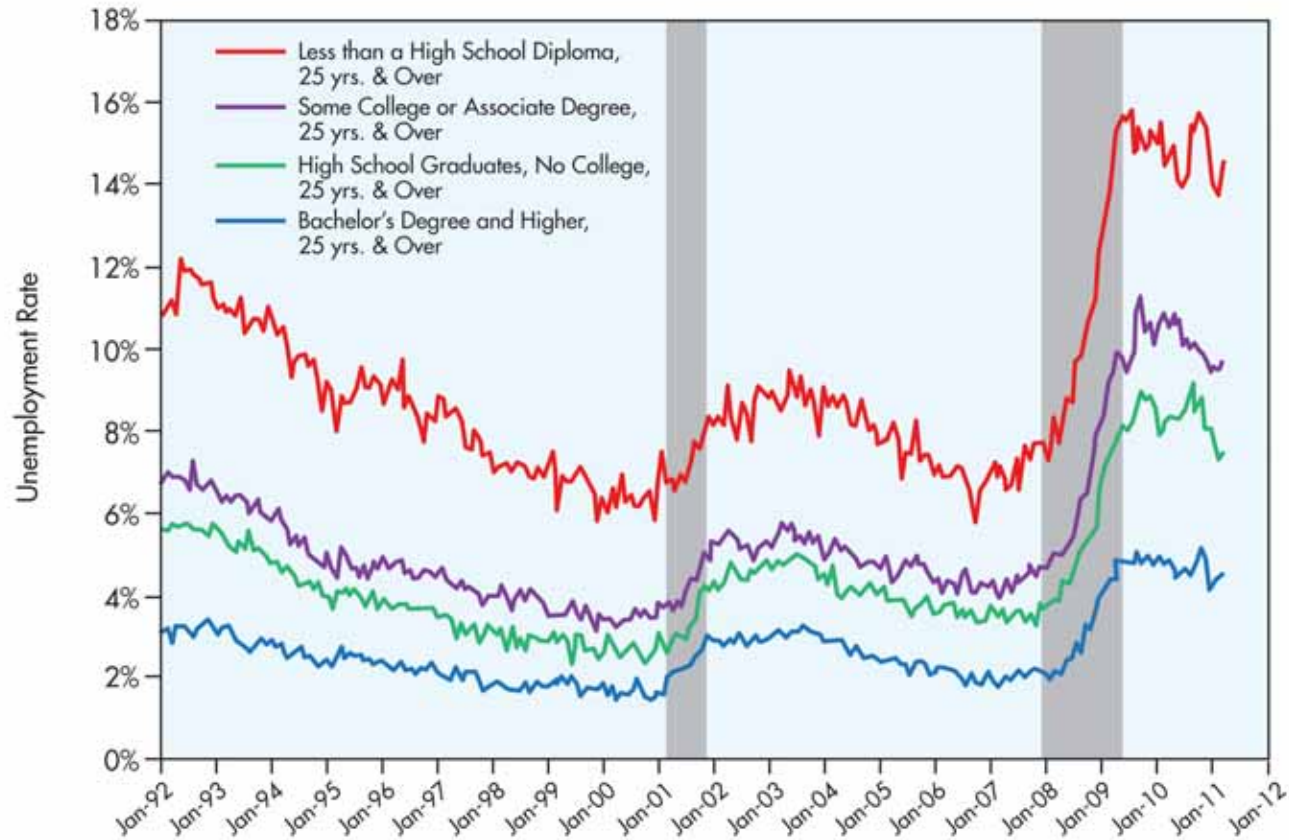
NUMBER OF EMPLOYED AFRICAN AMERICAN MALES AGE 25 OR OLDER BY EDUCATIONAL ATTAINMENT (000s)

Educational Attainment	2007	2009	Absolute Change	Percent Change
Less than HS/No GED	538	455	-83	-15
HS Graduate	2,256	2,178	-78	-4
1-3 Years College	1,938	1,823	-115	-6
Bachelor's or Higher	1,477	1,296	-181	-12

Source: www.bls.gov

GRAPH 3

UNEMPLOYMENT RATES BY LEVEL OF EDUCATION, UNITED STATES, 1992-2011



Source: Calculated Risk Blog, May 6, 2011, www.calculatedriskblog.com

The Recession's Impact In Hampton Roads

REGIONAL JOB LOSSES

The recession's regional impact was not the same as its impact nationally. Table 5 shows both the absolute and percentage change in African American male civilian employment in the Virginia Beach-Norfolk-Newport News-North Carolina metropolitan statistical area (Hampton Roads). **Younger African American males in our region experienced huge job losses (-56.5 percent), more than twice as large as the national percentage decline.** The minimum wage type of employment that often attracts high school-age workers seems to have virtually disappeared in Hampton Roads for young African American males during the recession. However, African American males age 20-24 actually gained jobs, something not true nationally. As was true nationally, those age 25-64 experienced job losses and those 65-69 actually gained jobs.

TABLE 5

NUMBER OF AFRICAN AMERICAN MEN EMPLOYED IN HAMPTON ROADS MSA, 2007 AND 2009

	2007	2009	Absolute Chg	Percent Chg
MSA 16 -19	8,275	3,603	4,672	-56.5%
20 - 24	11,276	12,103	+827	+7.3%
25 - 54	73,347	65,838	-7,509	-10.2%
55 - 64	10,251	13,157	+2,906	+28.3%
65 - 69	1,742	2,116	+374	+21.4%
70 and over	2,017	1,355	-662	-32.8%
Totals	106,908	98,172	-8,736	-8.2%

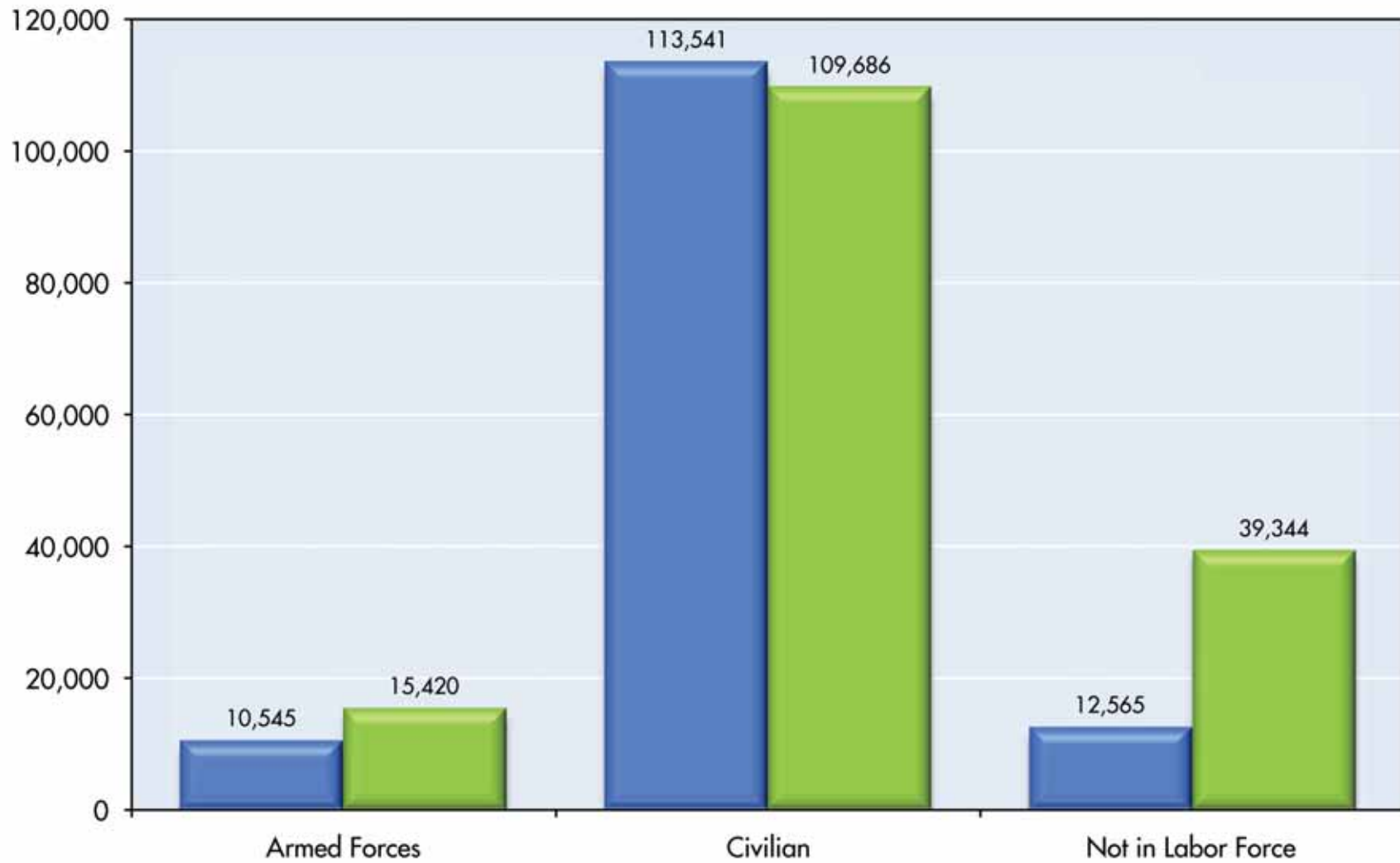
Source: www.bls.gov

Here in Hampton Roads, the decline in African American male civilian employment was moderated by an increase in African American military employment. Graph 4 illustrates this development, which relates to a slightly different time period (2006 to 2009) than Table 5.



GRAPH 4

NUMBER OF AFRICAN AMERICAN MEN AND THEIR EMPLOYMENT STATUS, HAMPTON ROADS 2000 AND 2009



Source: "Current Population Reports," Bureau of Labor Statistics, U.S. Department of Labor, www.bls.gov

THE REGIONAL UNEMPLOYMENT RATE

Another key indicator of economic health is the rate of unemployment. Table 6 examines regional rates of unemployment for all civilian employees between 2006 and 2009. The rate of unemployment in Hampton Roads was consistently below the national rate for all racial and ethnic groups. Thus, in 2009, the rate of unemployment for African American males was 17.3 percent nationally, but only 11 percent in Hampton Roads.

Nevertheless, one can see that the rate of unemployment for African American men in Hampton Roads always has been higher than that for white men in Hampton Roads. And, ever since regional unemployment rates have been computed for Asian men and Hispanic/Latino men, the African American rate always has been higher than the rates for those groups.

Is it appropriate to compare and contrast the economic performances of minority groups such as African Americans, Asian Americans and Hispanic/Latino Americans? Yes and no. All of these minority groups have been challenged by discrimination. However, a variety of studies has shown that white resistance and negative attitudes toward Asians and Hispanics/Latinos typically are less prevalent than those directed toward African Americans. Further, many Asians in the United States are relatively recent immigrants and it is likely that selection bias exists in terms of their education, assets and motivation. Hispanic/Latino Americans would appear to be a more appropriate comparator with African Americans, but once again the circumstances and histories of the two groups are quite different. Approximately 10 million Hispanic/Latino immigrants reside in the United States illegally, but they did not come to the country as slaves and many are not as easily identified visually as are African Americans. Hence, one must be cautious in drawing strong conclusions about the meaning of observed statistical differences among racial and ethnic groups. Their circumstances are not always easily comparable.

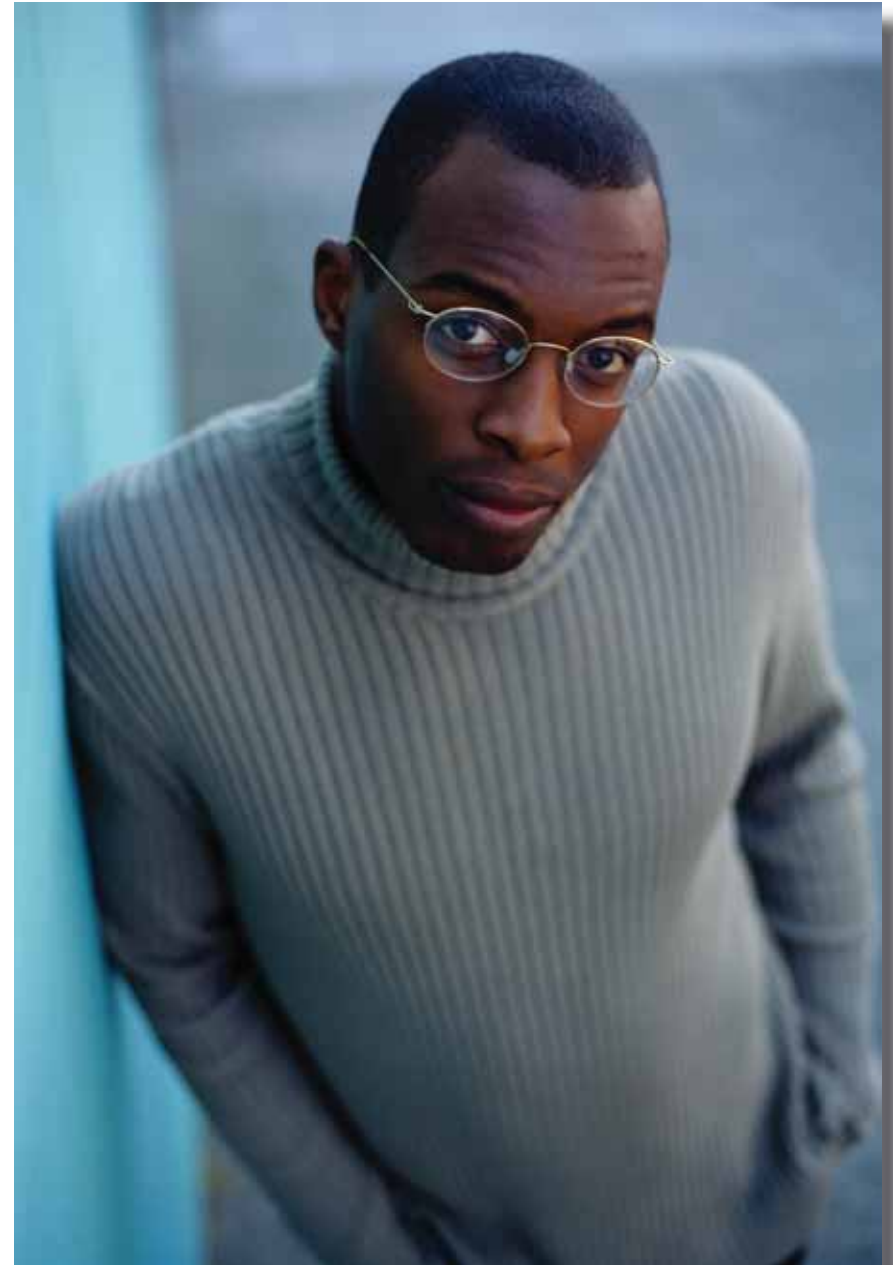


TABLE 6
RATES OF UNEMPLOYMENT IN HAMPTON ROADS, 2006-2009

	2006	2007	2008	2009
Total	2.8	3.1	4.7	6.3
Men	2.5	3.5	5.0	6.4
Women	3.2	2.6	4.4	6.2
Men Only				
Black, not Hispanic	4.8	4.8	5.9	11.0
White	1.6	3.0	4.7	4.3
Hispanic/Latino	*	*	*	8.4
Asian	*	*	*	7.2

Source: www.bls.gov.
Includes only estimates for all demographic groups that met the minimum base standard of statistical reliability.

CIVILIAN LABOR FORCE PARTICIPATION

The civilian labor force participation rate (LFPR) is a key measure of workforce activity. The LFPR is the percentage of the conventional working-age population that is actively seeking a job. Table 7 reports LFPRs for selected groups in Hampton Roads, 2006 through 2009. Bucking national trends, the overall Hampton Roads LFPR increased from 65.4 percent in 2006 to 71 percent in 2008. In 2009, when the official end of the recession was declared, a decline in the region’s civilian labor force participation rate occurred (from 71 percent in 2008 to 68.4 percent in 2009). The comparable national LFPR was only 64.7 percent in December 2009.

Note, however, that the LFPR for African American males age 16 or older fell by 5.4 percent during the 2007-09 time period, to 65.4 percent. This continues a long-term trend and reflects the reality that, for a variety of reasons, an increasing proportion of African American males no longer is actively seeking work. As noted above, many of these individuals are “discouraged workers” – those who have stopped looking for work because they believe they can’t find a job. A review of Graph 4 reveals that the number of African American males not in the labor force (that is, not actively seeking a job, but of conventional working

age) climbed by almost 27,000 between 2006 and 2009, an astonishing increase of more than 200 percent.

It’s worth noting that labor force participation has been declining nationally as well, both for African American men and most other men. Earlier retirements are one cause of this phenomenon, but discouraged workers – those who have stopped looking for work because they do not believe they can find a job – also appear to be a major factor. Whatever the cause, the decline in labor force participation for African American males spans nearly all age groups, and LFPRs for African American males are well below comparable numbers for other major racial and ethnic groups.

The declining labor force participation of African American men is an obvious matter of concern, and not simply because they no longer have earned incomes. What do unemployed men of conventional working age who are not attempting to find jobs do with their time? How do they relate to other people, including their families? Do they continue to function as viable members of society?

TABLE 7
CIVILIAN LABOR FORCE PARTICIPATION RATES IN HAMPTON ROADS, ADULTS 16 YEARS AND OLDER, 2006 TO 2009, BY PERCENT

	2006	2007	2008	2009
Total MSA	65.4	66.0	71.0	68.4
Men	73.1	72.7	75.8	74.7
Women	59.6	59.7	59.5	59.0
Males Only				
Black, not Hispanic	70.8	68.6	66.7	65.4
White	74.0	75.2	80.1	79.4
Hispanic	*	*	*	86.2
Asian	*	*	*	80.9

Source: www.bls.gov

INCOME AND POVERTY

A review of Graph 1, which is based upon data from Table 1, reveals that between 2000 and 2009, the average median weekly earnings of a full-time African American worker increased by only 21.8 percent, well below the 27.8 percent increase for all men and far below comparable increases for Asian men (39 percent) and Hispanic/Latino men (36.4 percent). These data demonstrate that the earnings growth of African American men has been lagging that of other men for some time.

Table 8 shows the change in median income for African American men in Hampton Roads cities between 2007 and 2009. The table reveals that even while median earnings increased for the Virginia Beach-Norfolk-Newport News-North Carolina metropolitan statistical area and for most of the cities in Hampton Roads, median earnings decreased for African American men in Hampton (-14 percent), Newport News (-3.1 percent) and Virginia Beach (-4.4 percent). There were gains in median earnings for African American men in the following cities: Chesapeake (9.7 percent), Norfolk (9.4 percent) and Portsmouth (19.8 percent). The reasons for Portsmouth's relative prosperity are not clear, but the opening of the Tidewater Community College campus in that city may be one factor.

City	2007	2009	Percent Change
Chesapeake	38,962	42,724	9.7%
Hampton	38,929	33,474	-14.0%
Newport News	36,395	35,258	-3.1%
Norfolk	30,489	33,346	9.4%
Portsmouth	31,386	37,603	19.8%
Virginia Beach	40,322	38,574	-4.4%
Suffolk	38,865	38,926	0.7%

Source: www.bls.gov

EDUCATIONAL ATTAINMENT

Even while bad things were happening during the recession for many African American men in Hampton Roads in terms of their economic status, the typical African American man was becoming better educated. Table 9 reports that between 2006 and 2009, the number of black males with less than a high school education declined significantly, from 28,151 to 21,768, or more than 22 percent. Meanwhile, the number of African American men in the region with "some college" increased from 41,150 to 49,889, up 21 percent, and the number of black men with bachelor's degrees increased from 17,928 to 19,265, up 7.5 percent.

In the long term, the increasing educational attainment of African American men will redound to their benefit, though much the same "better educated" phenomenon was true for other major racial and ethnic groups during the same time period. Nevertheless, as we have already seen, increased education did not protect African American men from major economic distress during the 2007-09 recession.

	2006	2009	Change	Percent Change
Less than High School	28,151	21,768	-6,383	-30.2%
High School	48,124	47,025	-1,099	-2.3%
Some College	41,150	49,889	8,739	21.2%
Bachelor's Degree	17,928	19,265	1,337	7.5%

Source: www.bls.gov

Graph 5 shows the mean annual earnings of African American men with various levels of education in 2009 in Hampton Roads. Education ordinarily does pay off for African American men. Those with a bachelor's degree or more earned 55 percent higher incomes than high school graduates.

THE CRIMINAL JUSTICE SYSTEM AND JAIL

There are other unfortunate social consequences associated with low educational attainment. Among the most pressing are high rates of contact with the criminal justice system and low rates of marriage. Graph 6 depicts the disproportionately high rate of incarceration of African American men compared to other major racial and ethnic groups. Fully 4.75 percent of adult African American men were in jail in 2009, according to the Department of Justice ("Incarceration in the United States," www.wikipedia.com).

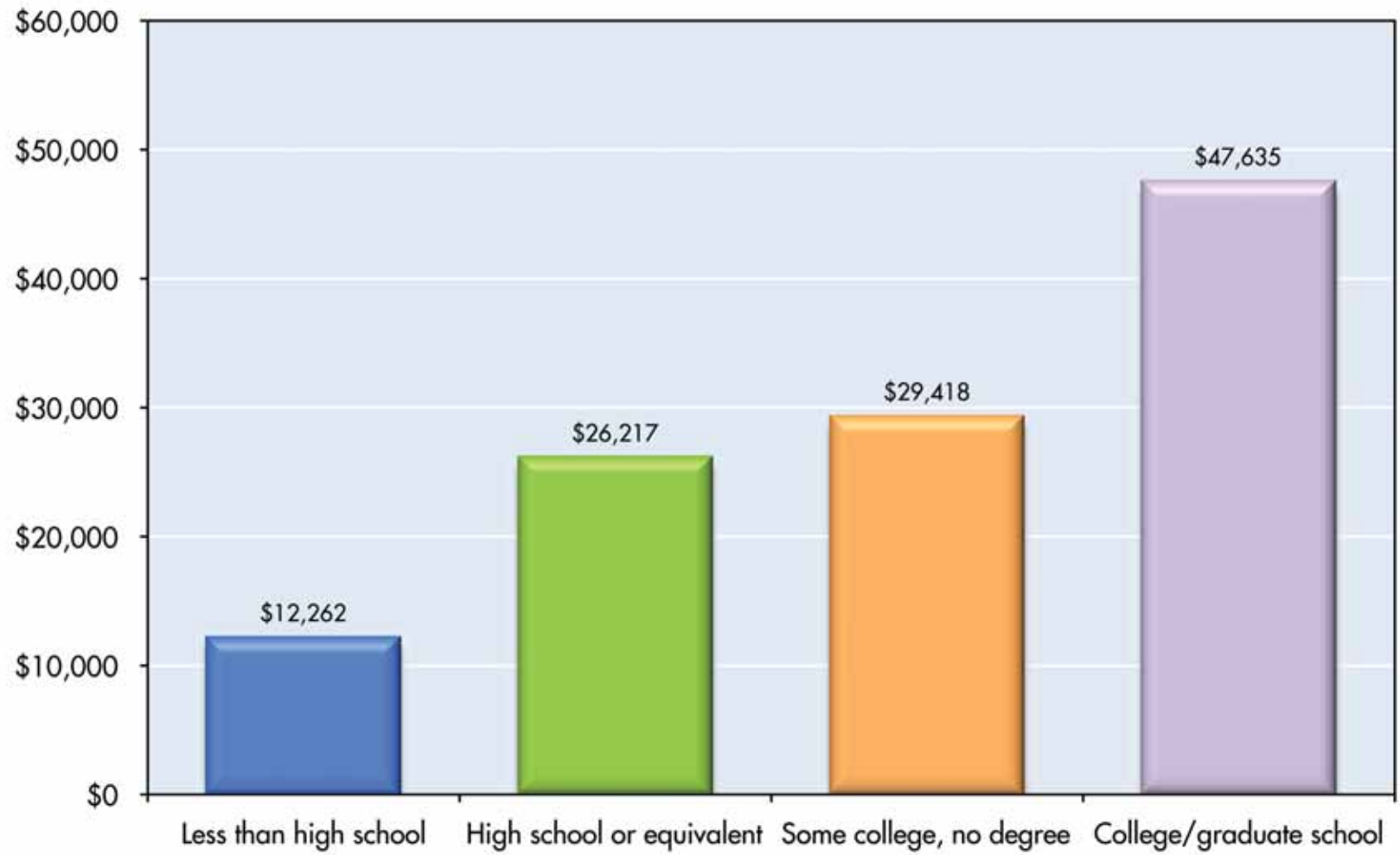
Reality is that this not only seriously diminishes the economic prospects of those who are institutionalized, but it also destroys families. Even when these individuals leave prison, they operate at a disadvantage. An unpublished 2006 study (Finlay, University of California, Irvine) estimated that criminal background checks, which have become a routine part of pre-employment screening, lower the relative employment of young black men by more than 2 percent in states where the records of former criminal offenders are available on the Internet, when compared with states where this information is not available online. Criminal records relentlessly follow those who have been imprisoned.

Not so coincidentally, high rates of incarceration of African American men mean that fewer get married, or stay married. Low marriage rates result in approximately 70 percent of African American babies being born to parents out of wedlock and 84 percent of all single-parent African American families being headed by a woman (Census Bureau, 2010). Of course, there are economic consequences as well. Almost 30 percent of these single-parent families end up in poverty, as defined by the U.S. Department of Labor.



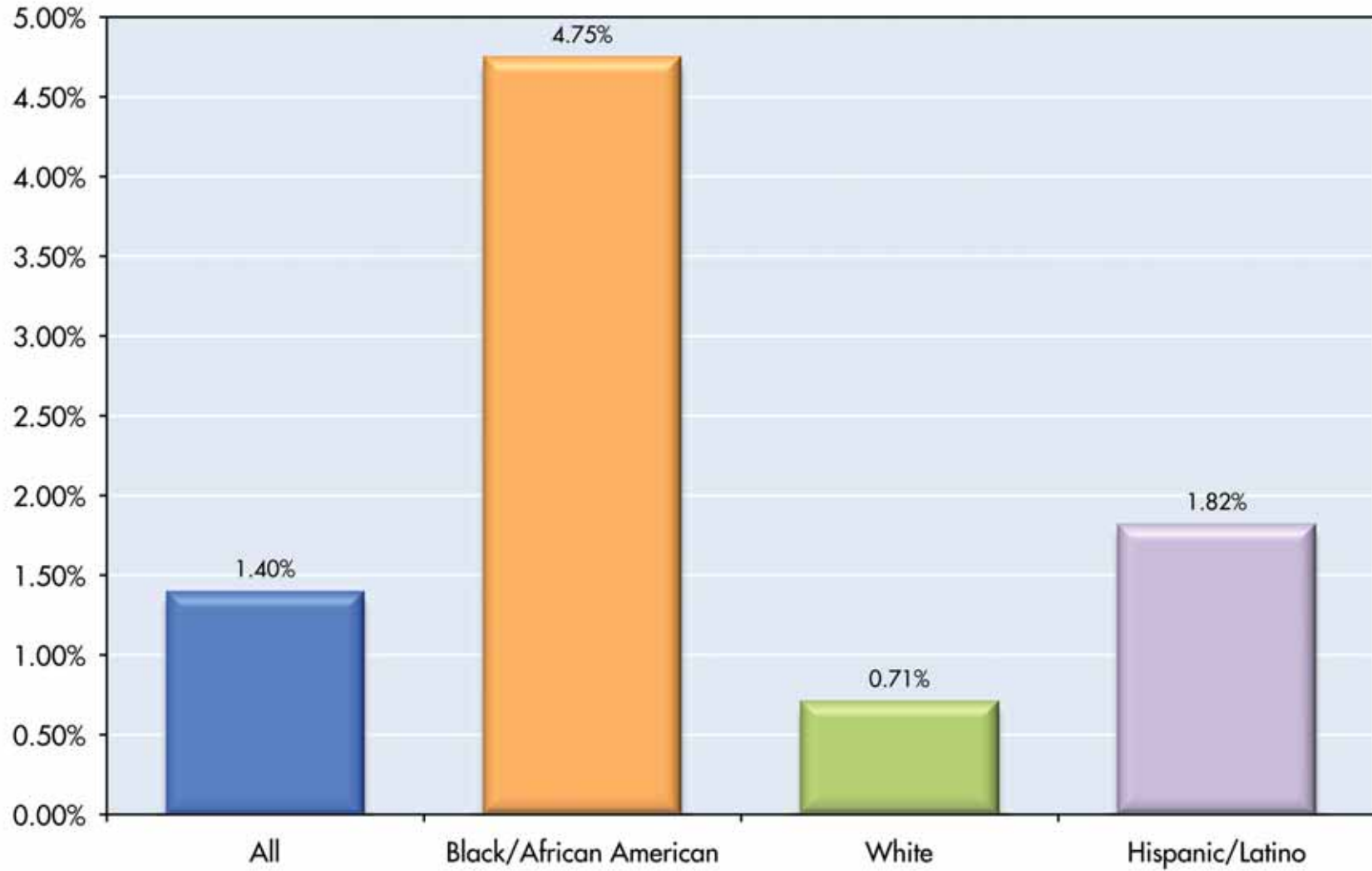
GRAPH 5

MEAN ANNUAL EARNINGS OF AFRICAN AMERICAN MEN



Source: "Current Population Reports," Bureau of Labor Statistics, U.S. Department of Labor, www.bls.gov

GRAPH 6
INCARCERATION RATES FOR U.S. MEN, 2009



Source: "Current Population Reports," Bureau of Labor Statistics, U.S. Department of Labor, www.bls.gov

Can We Explain The Economic Plight Of African American Men?

The economic plight of African American men is a complex phenomenon and no single factor is capable of explaining all of what we observe. A persistent explanation, however, is continued discrimination against African American men. **Even after one controls for critical variables such as educational attainment and experience, most economic studies reveal the existence of labor market discrimination against African American men, though discrimination does not explain all of the large gap in economic performance that exists between African American men and males from other racial and ethnic groups.**

As noted earlier, the employment of African American men historically has been heavily concentrated in those industries and occupations that in recent years have suffered the largest declines in employment – notably construction and manufacturing. Further, even after taking stimulus funding into account, there has been a net decline in government employment of African Americans, particularly at the state and local levels. Because African Americans are heavily represented in public employment, the fiscal crises afflicting most state and local government units have damaged African Americans relatively more than other major racial ethnic groups.

The distinctive nature of the employment of African American men also has other consequences. Partially because of their own educational choice-making, African American men remain underrepresented in expanding scientific, technical, financial and health profession fields where larger numbers of well-compensated positions are available. African American men also are less likely to be entrepreneurs who start their own businesses (Kauffman Index of Entrepreneurial Activity, 1996-2010, pp. 8-9). These factors mean they have been less likely to participate in the significant income growth that has accrued to many men from other major racial and ethnic groups.

There may exist cultural reasons why the labor force participation rates of African American men trail those of other major racial and ethnic groups. Table 1, for example, disclosed that the employment/population ratio for Hispanic and Latino men was 68.9 percent in 2009, but only 53.7 percent for African American men in the same year. This was despite the fact that work on average was about 9 percent less lucrative for Hispanic/Latino men than for African American men, as measured by median weekly earnings of full-time employees. Why is this so? Many Hispanic/Latino men are less-educated immigrants (“How Immigration Works for America,” 2010 Annual Report of the Federal Reserve Bank of Dallas). Are they accorded favored treatment relative to African Americans when employment decisions are made, or are they willing to toil at jobs that others, including African Americans, will not?

The very high rate of incarceration of African American men also is a factor. Slightly more than one-third of all prisoners in the United States are African American men and approximately one of every 20 African American men is behind bars. While the old bromide, “If you do the crime, you must do the time,” is substantially true, the differentially high rate of incarceration of African American men relative to other population groups invites accusations of unequal treatment and discrimination. Whatever the actual truth, the high rate of incarceration clearly affects most of the economic measures we have discussed – especially labor force participation, perceived employability and income earned.

The incarceration issue underlines how it is often difficult to separate the appropriate functioning of labor markets and the justice system from the reality that, to some extent, both are influenced by discrimination. How can one disentangle economic results legitimately based upon differential merit from those that have their roots in discrimination? And, even if one can separate merit from discrimination (and many economists have published such studies), what should we do with that information? If a man commits a significant crime, then most people believe he should be subjected to appropriate penalties in the criminal justice system. Should the rate of unemployment and/or the presence of discrimination influence what penalty the man receives? Or, is a burglary a burglary, regardless of who commits it? These are hard questions, not easily addressed.

Final Thoughts

The data presented above leave no doubt that for some time African American men have been falling behind, economically speaking. The recent recession appears to have accelerated this trend. Assuming this is true, what should society do?

First, all of us must recognize that there is a problem. Some otherwise well-informed people seem largely unaware that African American men have been doing so poorly, economically speaking, in recent years.

Second, government must be vigilant and active in identifying and rooting out discrimination, including discrimination that has economic manifestations.

Third, governments at all levels should eliminate the perverse incentives that cause families to be better off financially if the parents officially are not together.

Fourth, programs designed to improve the labor market skills of African American men, especially those leaving the criminal justice system, have demonstrated productivity and are sound economic investments for governments. Related to this, need-based scholarship aid for higher-education students at all levels would have an especially favorable impact on African American men, who now constitute only about 40 percent of African American college enrollment.

Fifth, displaced workers of all racial and ethnic groups should be offered incentives to move where available jobs are located. The first thought of an African American man may not be to move to North Dakota. However, in March 2011, the rate of unemployment in North Dakota was 3.6 percent versus a 9 percent rate nationally. African American men must avoid tethering themselves to urban poverty traps.

Sixth, African Americans must recognize that even though they have been and continue to be the victims of unjust discrimination, they nonetheless bear significant responsibility for improving their own economic situation. Consider the example of a man who, through no fault of his own, has been badly injured in an automobile accident. Now he must undertake long-term physical rehabilitation in order to recover. While others might supply equipment and

encouragement to him, only through his ability and determination to do the disciplined exercises will he overcome the effects of the accident. So also it is for many African American men. They must take many of the actions that will make a difference, whether it is entering the labor force for jobs at low pay levels, or taking responsibility for and staying with their children and families. While this strong counsel may seem unfair, given the discriminatory genesis of some of the problems African American men face, the reality is that only they can take many of the actions that will improve their situation. Government is unlikely to provide solutions for many of their problems.

Seventh, candid discussions both inside and outside the African American community are required regarding the economic plight of African American men. For example, how do we explain the large gap in labor force participation between African American and Hispanic/Latino men? Why do African American men save lower proportions of their incomes than Asians and Hispanics/Latinos, even after one has controlled for education, income and wealth levels? Do some ethnic groups place a greater positive emphasis on education than African Americans and, if so, why? Do some ethnic communities “pull together” more than African Americans and find ways to provide financial support for their members’ higher education, capital for starting businesses, etc.?

Eighth, and finally, **while a rising economic tide doesn’t lift all boats, an expanding economy does raise many boats, and this is especially true for those occupied by African American men. At the end of the day, economic recovery and a robust economy that generates numerous jobs is likely to be the best medicine of all.**



