



September 2021

KENTUCKY LABOR FORCE UPDATE

Racial and Ethnic Employment and Wage Inequalities During the Coronavirus Pandemic

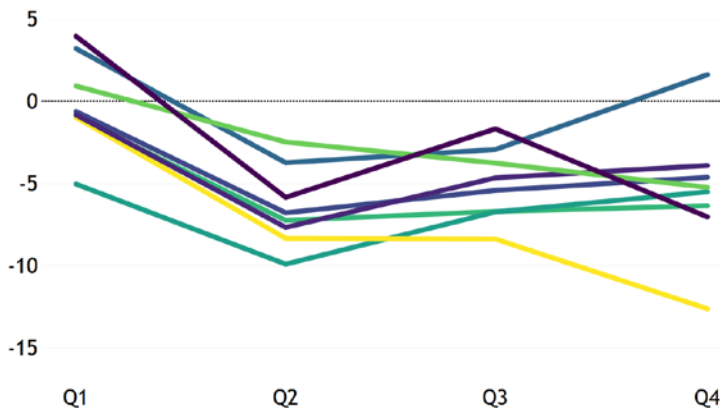
Whether you're perusing articles or releases from the [popular press](#), the [U.S. Bureau of Labor Statistics](#), the [U.S. Census Bureau](#), the [Federal Reserve](#), or even the [Kentucky Center for Statistics](#), evidence abounds that the Coronavirus Pandemic has had (and continues to have) a disproportionately negative effect on the economic situations of minority workers across the country and in our state. The following article leverages employment and demographic data from the Kentucky Longitudinal Data System (KLDS)¹ to examine this phenomenon as it relates to Kentucky workers covered by the state's Unemployment Insurance (UI) program.

The number of covered Kentucky workers varies substantially between racial/ethnic groups², and so one compelling way to examine the economic effects of the pandemic is to consider the year-to-year changes in employment within racial/ethnic groups from 2019 to 2020.

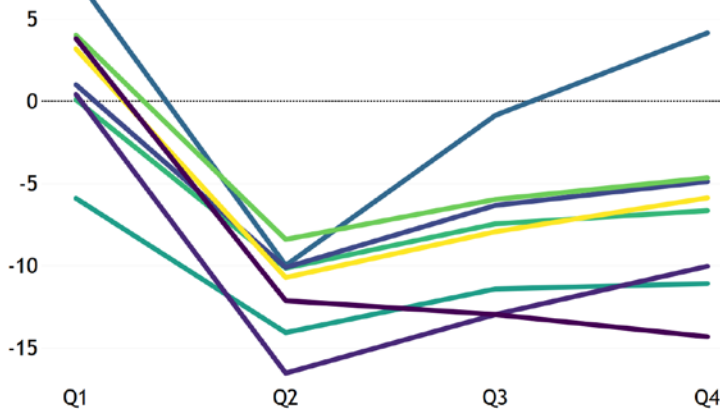
At the height of the pandemic (Q2 2020), more jobs were lost among Black workers in Service-Providing industries than in any other segment of the workforce.

2019 to 2020 Change in Covered Employment by Industry and Race / Ethnicity

Goods-Producing



Service-Providing



	Qtr	Goods-Producing		Service-Providing	
		Change	Pct Change	Change	Pct Change
American Indian (or Alaska Native)	2	-25	-5.8	-255	-12.1
	3	-7	-1.7	-282	-13.0
	4	-31	-7.0	-311	-14.3
Asian	2	-88	-2.5	-1,197	-8.4
	3	-136	-3.8	-872	-6.0
	4	-188	-5.2	-655	-4.7
Black	2	-2,041	-7.7	-25,940	-16.5
	3	-1,252	-4.7	-21,092	-13.0
	4	-1,041	-3.9	-16,504	-10.0
Native Hawaiian (or other Pacific Islander)	2	-17	-8.3	-93	-10.7
	3	-17	-8.4	-69	-7.9
	4	-27	-12.6	-51	-5.9
Hispanic, Any Race	2	-873	-6.8	-6,018	-10.1
	3	-706	-5.4	-3,867	-6.3
	4	-592	-4.6	-2,964	-4.9
Other Races	2	-288	-9.9	-2,378	-14.1
	3	-193	-6.7	-1,923	-11.4
	4	-154	-5.5	-1,846	-11.1
Two or More Races	2	-72	-3.7	-1,393	-10.0
	3	-58	-2.9	-124	-0.8
	4	31	1.6	581	4.2
White	2	-18,531	-7.2	-110,975	-10.1
	3	-17,307	-6.7	-82,390	-7.4
	4	-16,164	-6.3	-72,647	-6.6

Source: Kentucky Longitudinal Data System (KLDS), Kentucky Center for Statistics (KYSTATS)

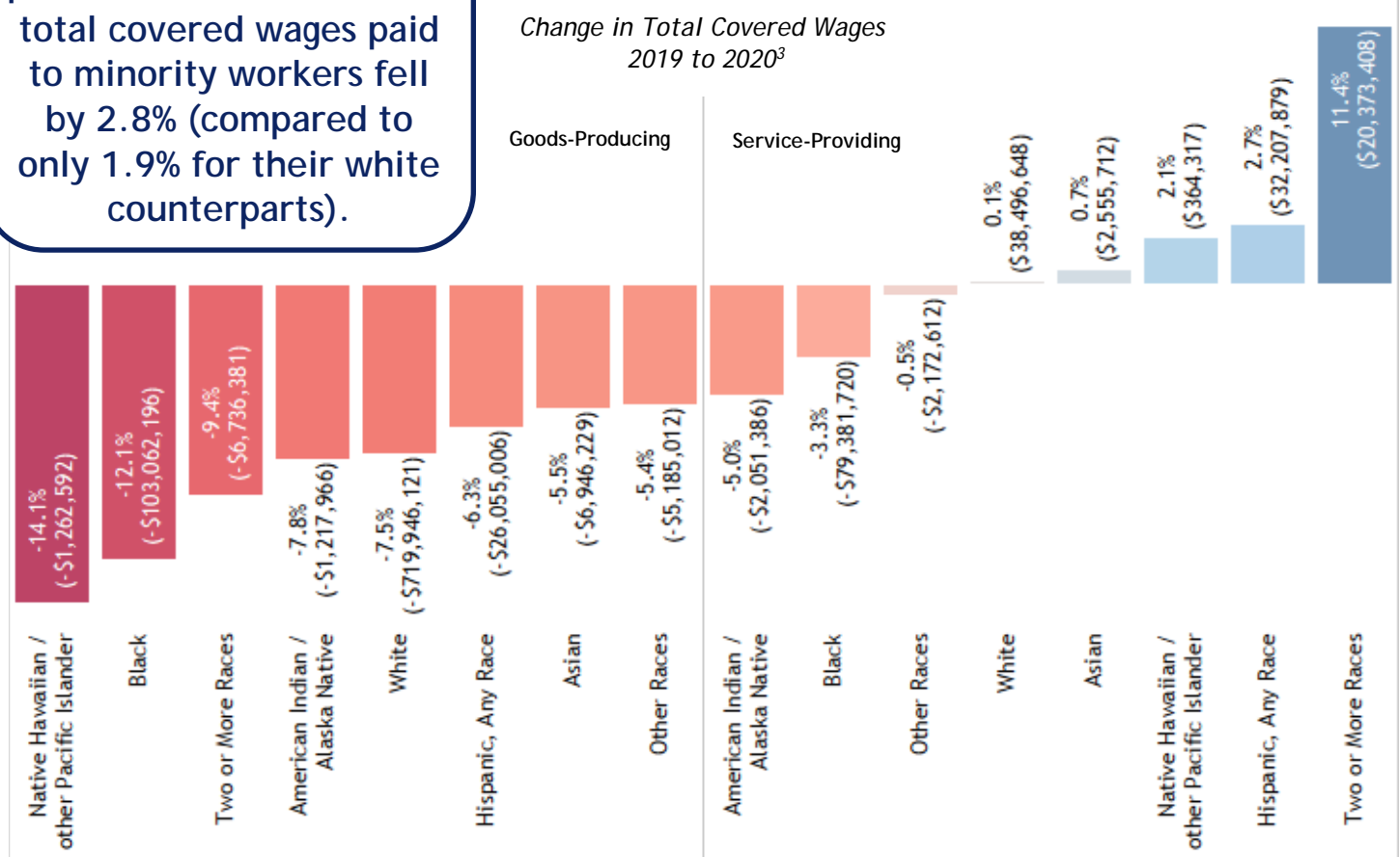


Racial and Ethnic Employment and Wage Inequalities During the Coronavirus Pandemic

At the most basic level of industry distinction (Goods-Producing vs. Service-Providing), workers in Service-Providing industries fared worse than their Goods-Producing counterparts across the majority of racial/ethnic categories throughout 2020. At the height of the pandemic (Q2 2020), there were nearly 26,000 (16.5%) fewer jobs in Service-providing industries occupied by Black workers than there were one year prior. American Indian workers and those identifying as belonging to an 'Other' racial category also experienced sustained employment declines in Service-Providing industries, with both groups experiencing double-digit over-the-year declines in each post-pandemic quarter of 2020.

From the onset of the pandemic, the total covered wages paid to minority workers also lagged in a disproportionate way, as they were paid nearly \$180 million less during a 2020 comparison period³ than they were one year prior (a decline of 2.8%). The majority of this discrepancy is accounted for by the \$103 million over-the-year decrease in wages paid to Black workers in Goods-Producing industries (a relative decline of 12.1%, exceeded only by that of Native Hawaiians/other Pacific Islanders). It is noteworthy that minority workers from some racial/ethnic backgrounds in Service industries actually experienced total wage gains during the comparison period- multiracial workers collectively experienced the highest relative wage gains (+11.4%), while Hispanic workers experienced the largest collective wage gains by volume (+\$32 million).

Between comparable periods³ in 2019 vs. 2020, total covered wages paid to minority workers fell by 2.8% (compared to only 1.9% for their white counterparts).



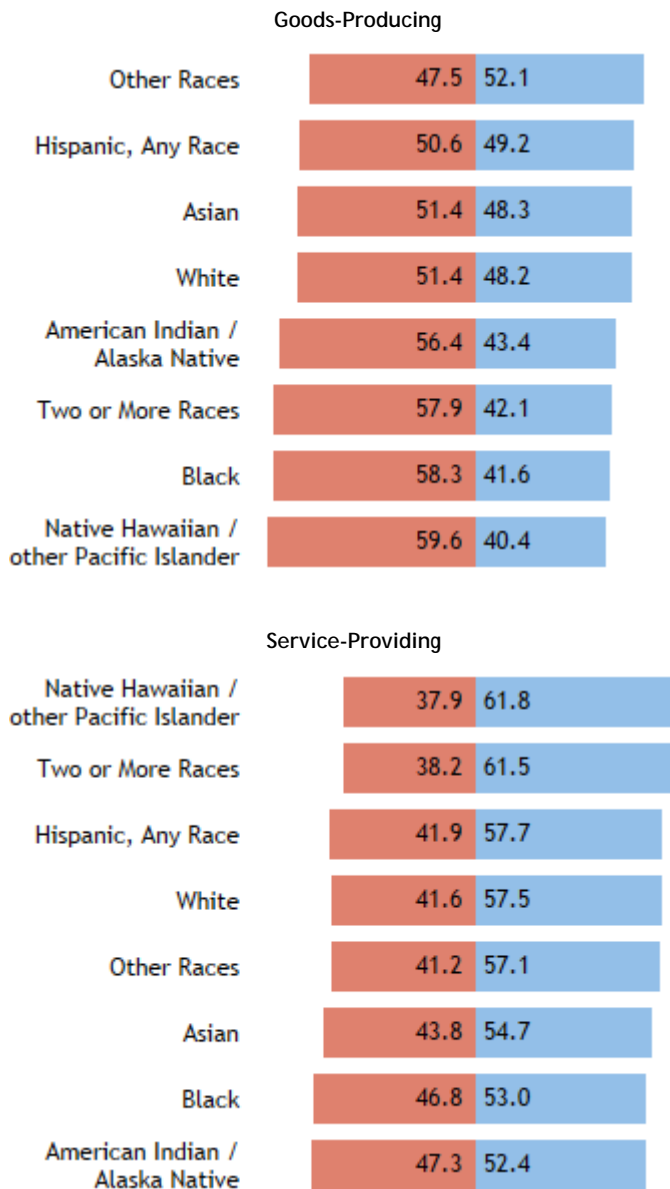
Source: Kentucky Longitudinal Data System (KLDS), Kentucky Center for Statistics (KYSTATS)

So as to not obscure workers' specific economic situations by focusing solely on total covered wages, relative changes in total covered wages at the individual level can also be examined using data from the KLDS.



Racial and Ethnic Employment and Wage Inequalities During the Coronavirus Pandemic

Percentage of Workers Whose Covered Wages
Increased vs. Decreased from 2019 to 2020³



Source: Kentucky Longitudinal Data System (KLDS),
Kentucky Center for Statistics (KYSTATS)

Among workers who earned covered wages in both 2019 and 2020³, a greater percentage of minority workers (46.1%) saw their wages decline than their white counterparts (43.4%).

Among all workers who earned any covered wages in both the 2019 and 2020 comparison periods, more than 115,000 (or, 46.1% of) minority workers experienced a reduction in wages. A plurality (almost 69,000) of these were black workers, 48.3% of whom were paid lower wages in the 2020 comparison period.

Those who identified as coming from an 'Other' racial and/or ethnic background were the only contingent of workers in Goods-Producing industries in which the majority (52%) experienced an over-the-year increase in wages. Though the causes are unclear (and a potential subject of future research), the majority of workers in Service-Providing industries who *did* work at some point in both comparison periods experienced over-the-year wage increases, regardless of racial/ethnic - background.

Summary and future research

Comparing workers' employment and wage trends using the KLDS as a source, minority workers experienced the greatest proportional employment loss in mid-to-late 2020, as well as the greatest declines in collective and individual wages. Black workers in particular, belonging to the second most common racial/ethnic background within Kentucky's workforce, experienced some of the highest declines in employment and wages, both by raw volume and percentage change from 2019 levels. In the future, more nuanced work could build upon this analysis by increasing the specificity to which workers' outcomes are examined within industries or geographies, as well as exploring the intersections of race/ethnicity with gender, age, educational background, or any of several other demographic dimensions that can be addressed with data from the KLDS.

¹Note that, while demographic data in the KLDS are drawn from a wide variety of sources, there are workers with wage records for whom demographic data are unavailable. These workers, accounting for (at most) ~25% of KLDS wage records, are excluded from the present analysis.

²This analysis combines race and ethnicity in such a way as to include all individuals identifying as Hispanic into 'Hispanic, Any Race', leaving only non-Hispanic individuals to comprise the other categories discussed here.

³The comparison periods for 2019 and 2020 are constituted by quarterly records from quarters two, three, and four of their respective years.



KYSTATS NEWS

UPDATED

[Kentucky Commuting Patterns Report](#)

Nearly 2 million people commute to or from Kentucky for their primary job — where are they going? This interactive report shows commuting patterns for each county in Kentucky, allowing users to view where people are coming from and going to for work.

UPDATED

[High School Feedback Report](#)

Postsecondary credentials are increasingly serving as prerequisites for high-paying jobs in growing sectors of the economy. Are Kentucky students successfully graduating from high school, earning credentials, and gaining employment? This interactive report allows users to explore data to help answer these questions.

Want to join

OUR

TEAM?

KYSTATS is hiring for several positions! If interested, please send a cover letter and resumé to KYSTATS@ky.gov. Examples of our most recent work can be found [here](#).

Kentucky Labor Force Update

A monthly publication of the
Kentucky Center for Statistics (KYSTATS)
Jessica Cunningham, Ph.D., Executive Director
Ashley Jones, Labor Market Information Branch Manager

Kentucky Center for Statistics
500 Mero Street, 5th Floor SC
Frankfort, KY 40601
KYSTATS.KY.GOV

For requests and inquiries, contact
Kimberly Gester • KGester@ky.gov • 502.782.3066

Contributors to *Kentucky Labor Force Update* this month:
Sam Keathley, Beth Kelly, Barrett Ross

This workforce product was funded by a grant awarded by the U.S. Department of Labor's Employment and Training Administration. The product was created by the recipient and does not necessarily reflect the official position of the U.S. Department of Labor. The U.S. Department of Labor makes no guarantees, warranties, or assurances of any kind, express or implied, with respect to such information, including any information on linked sites and including, but not limited to, accuracy of the information or its completeness, timeliness, usefulness, adequacy, continued availability, or ownership. This product is copyrighted by the institution that created it. Internal use by an organization and/or personal use by an individual for non-commercial purposes is permissible. ALL other uses require prior authorization by the copyright owner.

Published 9/30/2021
