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Black Workers and the Public Sector

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## **RESEARCH BRIEF:** **Black Workers and the Public Sector** By Steven Pitts<sup>1</sup>

### Introduction

The standoff in Wisconsin highlights the fiscal crisis facing state and local governments across the country. Required by law to balance their budgets, politicians in state legislatures, school boards, and city councils are faced with the choices of cutting public services and laying off workers, raising revenue, or some combination of the two. They are deciding these choices in an economic context where the Great Recession caused the deficits and any deficit-reduction option exerts a drag on the recovery.<sup>i</sup>

Since January 2009, state and local governments have laid off 429,000 workers.<sup>ii</sup> As governments contemplate additional layoffs, it is important to note that few commentators have examined the racial implications of this reduction in government employment. This is an important question to address because often policy prescriptions that, on the surface, are race-neutral can have decidedly racial impacts. This research brief explores the issue by analyzing the nature of Black employment in the public sector. In July 2010, the Center for Labor Research and Education released a report examining the state of Black workers in the years 2005-07, before the onset of the Great Recession. This report partially updates that report by examining how Black workers have fared during the past three years of recession and recovery. The sections below examine the importance of the public sector to Black employment prospects in both time periods and how the wage inequality that Black workers face differs between public and private sectors.

The results of this study are striking:

- The public sector is the single most important source of employment for African Americans.
- During 2008-2010, 21.2% of all Black workers are public employees, compared with 16.3% of non-Black workers. Both before and after the onset of the Great Recession, African Americans were 30% more likely than other workers to be employed in the public sector.

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- The public sector is also a critical source of decent-paying jobs for Black Americans. For both men and women, the median wage earned by Black employees is significantly higher in the public sector than in other industries.
- Prior to the recession, the wage differential between Black and white workers was less in the public sector than in the overall economy
- Examining the five primary industries employing Black workers, the public sector employed the greatest proportion of Black men and Black women in the higher paying occupations
- In these same industries, the public sector employed the lowest proportion of Black women in lower paying occupations.

Changes in the Importance of the Public Sector to Black Employment Prospects Between 2005-2007 and 2008-2010<sup>iii</sup>

Of the thirteen major industry sectors, Public Administration was the leading employer of Black<sup>iv</sup> workers both before (2005-2007) and after the onset of the Great Recession (2008-2010). (When the Bureau of Labor Statistics reports data for the thirteen major industry sector, some workers who are employed by governmental authorities are included in categories other than Public Administration (i.e. public school teachers are included in the category Educational and Health Services). In this report, the category Public Administration includes all workers originally in that major industry sector and all workers in the other twelve sectors who employed by governmental authorities. The terms public administration and public sector will be used interchangeably in this report.) In both time periods, the public sector was the leading employer of Black men and the second leading employer of Black women. Table 1 presents data on the proportion of Black workers in the public sector.

Table 1  
The Proportion of Black Workers Employed in the Public Sector  
2005-2007 and 2008-2010

	Black Workers		
	All	Male	Female
2005-2007	20.9%	18.0%	23.3%
2008-2010	21.2%	18.3%	23.6%

The public sector is also the leading employer of non-Black workers in both time periods; however, the proportion of non-Black workers in the public sector is significantly lower. (The public sector is the third leading employer of non-Black men in both time periods and the second leading employer of non-Black women in both time periods.) Table 2 presents this data.

Table 2  
The Proportion of Non-Black Workers Employed in the Public Sector  
2005-2007 and 2008-2010

	Non-Black Workers		
	All	Male	Female
2005-2007	15.7%	12.9%	19.0%
2008-2010	16.3%	13.6%	19.4%

Another way to consider the importance of public sector employment for African Americans is to compare the likelihood that a Black worker is employed in the public sector to the likelihood that a non-Black worker is employed in the public sector. For example, prior to the Great Recession, 20.9% of Black workers were employed in the public sector compared to 15.7% of non-Black workers; consequently, a Black worker was 33% more likely to be employed in the public sector compared to a non-Black worker ( $20.9/15.7 = 1.33$ ). Table 3 presents these likelihoods.

Table 3  
The Greater Likelihood That a Black Worker is Employed  
in the Public Sector Compared to a Non-Black Worker  
2005-2007 and 2008-2010

	All	Male	Female
2005-2007	33%	40%	23%
2008-2010	30%	35%	22%

The Importance of the Public Sector to Black Employment Prospects: 2005-2007

During the three years prior to the Great Recession (2005-2007), five of the thirteen major industry sectors employed 70.6% of all Black workers: Public Administration, Education and Health Services, Wholesale and Retail Trade, Manufacturing, and Professional and Business Services. Table 4 presents data on the proportion of Black workers that were employed in these sectors.

Table 4  
The Proportion of All Black Workers Employed  
in the Five Top Industries Employing Black Workers:  
2005-2007

Major Industry	Black Workers		
	All	Male	Female
Public Administration	20.9%	18.0%	23.3%
Educational and Health Services	18.5%	8.4%	27.0%
Wholesale and Retail Trade	12.6%	14.3%	11.2%
Manufacturing	10.6%	14.7%	7.1%
Professional and Business Services	8.0%	9.0%	7.2%
Total	70.6%	64.4%	75.8%

Public Administration employed 20.9% of all Black workers and led all industries. It was also the leading employer of Black men (18.0%) and the second leading employer of Black women (23.3%). Table 5 presents corresponding data for white workers.

Table 5  
The Proportion of All White Workers Employed  
in the Five Top Industries Employing Black Workers  
2005-2007

Major Industry	White Workers		
	All	Male	Female
Public Administration	16.9%	14.2%	19.8%
Educational and Health Services	14.1%	5.8%	23.1%
Wholesale and Retail Trade	15.1%	16.1%	14.1%
Manufacturing	12.6%	17.6%	7.2%
Professional and Business Services	9.0%	9.3%	8.6%
Total	67.7%	62.9%	72.8%

While Public Administration was the largest employer of white workers, the proportion of white workers in the public sector (16.9%) was less than the proportion of Black workers in the public sector. In addition, while the public sector was the leading employer of white women, it was only the third leading employer of white men. For women and men, the share of white workers in the public sector was less than the share of Black workers in the public sector.<sup>v</sup>

The Importance of the Public Sector in Providing Good Jobs for the Black Community

These facts demonstrate the importance of the public sector in providing jobs for the Black community. In addition to the provision of jobs, employment in the public sector paid more than jobs typically held by private sector Black workers.<sup>vi</sup> Tables 6 and 7 present data on the median wages earned by Black workers.

Table 6  
Median Wages for Black Workers  
2005-2007

Major Industry	Male	Female
All Industries	\$13.75	\$12.36
Public Administration	\$17.00	\$15.50
Educational and Health Services	\$14.00	\$12.23
Wholesale and Retail Trade	\$11.31	\$9.88
Manufacturing	\$13.70	\$11.85
Professional and Business Services	\$13.00	\$12.86

Note: All wages are in 2007 dollars

Table 7  
Median Wages for Black Workers in the Public Sector  
as a Percentage of Median Wages for All Black Workers  
2005-2007

Major Industry	Male	Female
All Industries	123.6%	125.4%
Educational and Health Services	121.4%	126.7%
Wholesale and Retail Trade	150.3%	156.9%
Manufacturing	124.1%	130.8%
Professional and Business Services	130.8%	120.5%

Median wages for Black workers in the public sector were \$17.00 (men) and \$15.50 (women). These figures were higher than the four other leading industries and the workforce-wide median. Black men in the public sector earned 23.6% more than Black men in the entire workforce; Black women in the public sector earned 25.4% more than Black women in the entire workforce.

#### The Importance of the Public Sector for Reducing Wage Inequality

The public sector was also important in reducing the level of wage inequality in employment. This can be seen in two dimensions. The first dimension of wage inequality reflects racial inequality. The Black-white wage disparity is less in the public sector compared to the entire workforce. Black male and female workers in the public sector earned 80.0% and 89.1% of white workers in the public sector, respectively. In all industries, the comparable percentages were 74.3% and 85.4%. The lower racial wage disparity was true for Black men and women in all of the four other leading industries except for Black women in Wholesale and Retail Trade. Table 8 presents these data.

Table 8  
Black Median Wages as a Percentage of White Median Wages  
2005-2007

Major Industry	Male	Female
All Industries	74.3%	85.4%
Public Administration	80.0%	89.1%
Educational and Health Services	68.1%	77.9%
Wholesale and Retail Trade	74.0%	91.2%
Manufacturing	72.0%	79.7%
Professional and Business Services	56.9%	79.2%

A second dimension of wage inequality reflects distribution of workers within industries. There was less compression of Black workers into the lowest paying jobs of the public sector compared to the other leading industries. One approach to measure this distribution is to stratify the industry by wages, divide the entire workforce into terciles (each containing 33.3% of the workforce), and observe the distribution of Black workers among each of the terciles. If parity exists, then one-third (33.3%) of all Black workers in the industry would be in each tercile. Table 9 presents these data. Compared to the other leading industries, the public sector had the lowest proportion of Black women in the least paid tercile and the highest

proportion of Black women in the highest paid tercile. The public sector was on par with Educational and Health Services and Wholesale and Retail Trade in terms of the proportion of Black men in the least paid tercile and on par with Wholesale and Retail Trade in the terms of the proportion of Black men in the highest paid tercile.

Table 9  
Distribution of Black Workers by Wage Terciles  
2005-2007

Major Industry	Tercile	Male	Female
Public Administration	Lowest	40.5%	46.5%
	Middle	31.7%	29.7%
	Top	27.8%	23.8%
Educational and Health Services	Lowest	40.2%	51.0%
	Middle	36.0%	32.2%
	Top	23.8%	16.8%
Wholesale and Retail Trade	Lowest	39.5%	54.6%
	Middle	33.0%	30.0%
	Top	27.4%	15.4%
Manufacturing	Lowest	46.3%	60.1%
	Middle	34.7%	25.4%
	Top	19.0%	14.5%
Professional and Business Services	Lowest	51.1%	53.3%
	Middle	30.7%	32.1%
	Top	18.2%	14.6%

Note: parity would exist if 33.3% of Black workers were in each segment

### Conclusion

This research brief documents that the public sector plays a unique role in the labor market outcomes for the Black community. The public sector is the largest employer of Black workers; there is a greater likelihood that a Black worker will be employed in the public sector compared to a non-Black worker; wages earned by Blacks in that industry are higher than those earned by Blacks in other sectors; and inequality within an industry is less in the public sector compared to other industries. It is important to note that this data reflects the national workforce; it is a plausible assumption that in many cities where Blacks are a larger proportion of the general population and a larger proportion of the workforce, the importance of the public sector to Black employment prospects will rise. Consequently, any analysis of the impact to society of additional layoffs in the public sector as a strategy to address the fiscal crisis should take into account the disproportionate impact that reductions in government employment have on the Black community.

## Endnotes

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<sup>i</sup> Cutting services and/or laying off workers reduce the spending in the economy as the government spending falls or laid-off workers spend less; tax increases reduce the spending power of consumers as after-tax income falls. In either case, overall demand for goods and services fall which, in turns, slows the pace of the economic recovery.

<sup>ii</sup> <http://www.bls.gov/bls/unemployment.htm>

<sup>iii</sup> The numbers in this brief was calculated using data from the Current Population Survey. In order to generate a reliable sample, data were pooled together from the years 2005-2007 and 2008-2010.

<sup>vi</sup> In this analysis, "Blacks" are defined as non-Latino Blacks and "whites" are defined as non-Latino whites. Non-Latino Blacks, non-Latino whites, and Latinos are mutually exclusive categories.

<sup>vii</sup> It is important to note that the fact that Blacks in the public sector earn more than Blacks who are not employed in the public sector does not imply that Black government workers are overpaid. Two distinct questions are involved: 1) are Black workers in the public sector paid more than their skill-equivalent in the private sector; and 2) do Black workers in the public sector represent a strata in the Black community that earn more than what is typical in the Black community



**Appendix A**

**Industrial Distribution of Employment (columns sum to 100%)**

<b>Major Industry</b>	<b>White</b>			<b>Black</b>			<b>Latino</b>		
	<b>Male</b>	<b>Female</b>	<b>All</b>	<b>Male</b>	<b>Female</b>	<b>All</b>	<b>Male</b>	<b>Female</b>	<b>All</b>
Agriculture	0.9%	0.3%	0.6%	0.6%	0.1%	0.3%	3.0%	1.0%	2.2%
Mining	1.0%	0.2%	0.6%	0.4%	0.0%	0.2%	0.8%	0.1%	0.5%
Construction	10.5%	1.6%	6.2%	6.2%	0.4%	3.1%	21.9%	1.4%	13.7%
Manufacturing	17.6%	7.2%	12.6%	14.7%	7.1%	10.6%	14.4%	10.7%	12.9%
Wholesale and retail trade	16.1%	14.1%	15.1%	14.3%	11.2%	12.6%	13.6%	14.6%	14.0%
Transportation and utilities	6.3%	1.9%	4.1%	9.3%	2.7%	5.7%	5.3%	2.2%	4.1%
Information	2.9%	2.2%	2.6%	2.7%	2.4%	2.6%	1.6%	1.8%	1.7%
Financial activities	6.0%	8.9%	7.4%	4.9%	7.5%	6.3%	3.7%	7.3%	5.1%
Professional and business services	9.3%	8.6%	9.0%	9.0%	7.2%	8.0%	9.6%	8.6%	9.2%
Educational and health services	5.8%	23.1%	14.1%	8.4%	27.0%	18.5%	3.4%	17.7%	9.1%
Leisure and hospitality	5.9%	7.9%	6.8%	7.6%	7.5%	7.5%	10.9%	12.8%	11.7%
Other services	3.7%	4.4%	4.0%	3.9%	3.5%	3.7%	4.3%	7.0%	5.4%
Public Administration	14.2%	19.8%	16.9%	18.0%	23.3%	20.9%	7.5%	14.9%	10.5%

## Appendix B

### Industrial Distribution of Employment (Rankings)

Major Industry	White			Black			Latino		
	Male	Female	All	Male	Female	All	Male	Female	All
Public Administration	3	2	1	1	2	1	6	2	5
Educational and health services	9	1	3	6	1	2	10	1	7
Wholesale and retail trade	2	3	2	3	3	3	3	3	1
Manufacturing	1	7	4	2	7	4	2	5	3
Professional and business services	5	5	5	5	6	5	5	6	6
Leisure and hospitality	8	6	7	7	4	6	4	4	4
Financial activities	7	4	6	9	5	7	9	7	9
Transportation and utilities	6	10	9	4	9	8	7	9	10
Other services	10	8	10	10	8	9	8	8	8
Construction	4	11	8	8	11	10	1	11	2
Information	11	9	11	11	10	11	12	10	12
Agriculture	13	12	13	12	12	12	11	12	11
Mining	12	13	12	13	13	13	13	13	13

### Appendix C

<b>Median Wage</b>						
<b>Major Industry</b>	<b>White</b>		<b>Black</b>		<b>Latino</b>	
	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
<b>All Industries</b>	\$ 18.51	\$ 14.47	\$ 13.75	\$ 12.36	\$ 12.25	\$ 10.62

  

	<b>White</b>		<b>Black</b>		<b>Latino</b>	
	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
Agriculture	\$ 10.62	\$ 10.28	\$ 8.55	\$ 9.60	\$ 8.50	\$ 7.75
Mining	\$ 20.57	\$ 17.50	\$ 16.95	\$ 15.43	\$ 15.93	\$ 17.77
Construction	\$ 18.00	\$ 15.00	\$ 14.00	\$ 15.93	\$ 12.50	\$ 12.34
Manufacturing	\$ 19.03	\$ 14.87	\$ 13.70	\$ 11.85	\$ 12.34	\$ 10.00
Wholesale and retail trade	\$ 15.28	\$ 10.83	\$ 11.31	\$ 9.88	\$ 11.87	\$ 9.56
Transportation and utilities	\$ 18.59	\$ 15.40	\$ 14.40	\$ 12.89	\$ 13.81	\$ 12.00
Information	\$ 23.08	\$ 17.11	\$ 17.63	\$ 14.87	\$ 16.16	\$ 13.68
Financial activities	\$ 24.51	\$ 16.00	\$ 15.43	\$ 14.87	\$ 15.43	\$ 13.50
Professional and business services	\$ 22.84	\$ 16.24	\$ 13.00	\$ 12.86	\$ 11.00	\$ 10.50
Educational and health services	\$ 20.57	\$ 15.70	\$ 14.00	\$ 12.23	\$ 15.00	\$ 12.00
Leisure and hospitality	\$ 10.00	\$ 8.23	\$ 9.45	\$ 8.50	\$ 9.26	\$ 8.23
Other services	\$ 16.00	\$ 11.68	\$ 13.20	\$ 10.81	\$ 11.68	\$ 9.27
Public Administration	\$ 21.24	\$ 17.39	\$ 17.00	\$ 15.50	\$ 18.28	\$ 15.00



## Appendix E

### Distribution of Workers by Income Terciles

Major Industry	Tercile Level	White		Black		Latino	
		Males	Females	Males	Females	Males	Females
Agriculture, forestry, fishing, and hunting	Lowest	26.5%	29.6%	43.4%	41.6%	50.1%	63.6%
	Middle	28.1%	26.9%	23.8%	15.3%	34.7%	21.5%
	Top	45.3%	43.5%	32.7%	43.1%	15.2%	14.9%
Mining	Lowest	34.0%	47.2%	52.6%	56.0%	55.2%	47.3%
	Middle	34.5%	23.7%	29.6%	17.8%	25.7%	24.2%
	Top	31.6%	29.1%	17.8%	26.2%	19.1%	28.4%
Construction	Lowest	25.6%	36.7%	45.8%	33.9%	56.8%	56.5%
	Middle	33.8%	35.9%	32.8%	35.7%	28.3%	30.3%
	Top	40.5%	27.4%	21.4%	30.4%	14.9%	13.1%
Manufacturing	Lowest	21.6%	38.1%	46.3%	60.1%	55.8%	75.4%
	Middle	34.7%	34.5%	34.7%	25.4%	28.7%	17.2%
	Top	43.7%	27.5%	19.0%	14.5%	15.5%	7.4%
Wholesale and retail trade	Lowest	23.4%	42.2%	39.5%	54.6%	35.0%	56.1%
	Middle	29.2%	32.8%	33.0%	30.0%	35.9%	30.1%
	Top	47.4%	25.0%	27.4%	15.4%	29.1%	13.8%
Transportation and utilities	Lowest	27.6%	37.2%	47.0%	55.6%	48.8%	61.8%
	Middle	32.9%	36.4%	32.6%	31.2%	29.1%	25.5%
	Top	39.5%	26.4%	20.4%	13.2%	22.1%	12.7%
Information	Lowest	22.6%	39.2%	39.4%	51.5%	43.2%	55.7%
	Middle	32.9%	34.4%	33.8%	32.3%	32.7%	28.0%
	Top	44.6%	26.4%	26.7%	16.2%	24.1%	16.3%
Financial activities	Lowest	19.6%	37.2%	43.3%	44.0%	43.4%	52.9%
	Middle	27.4%	37.0%	31.9%	38.1%	32.3%	32.0%
	Top	53.0%	25.8%	24.8%	17.9%	24.3%	15.1%
Professional and business services	Lowest	21.3%	34.3%	51.1%	53.3%	60.2%	65.0%
	Middle	30.9%	38.4%	30.7%	32.1%	25.2%	24.5%
	Top	47.8%	27.3%	18.2%	14.6%	14.6%	10.4%
Educational and health services	Lowest	21.3%	31.6%	40.2%	51.0%	34.5%	51.3%
	Middle	29.0%	35.0%	36.0%	32.2%	35.3%	32.6%
	Top	49.7%	33.3%	23.8%	16.8%	30.2%	16.1%
Leisure and hospitality	Lowest	28.7%	41.9%	31.2%	36.7%	28.2%	41.1%
	Middle	29.1%	30.3%	36.0%	38.5%	39.8%	39.2%
	Top	42.2%	27.8%	32.8%	24.8%	32.0%	19.8%
Other services	Lowest	20.3%	39.0%	34.5%	45.1%	38.1%	59.6%
	Middle	30.7%	34.6%	35.2%	36.0%	36.7%	28.9%
	Top	49.0%	26.3%	30.3%	18.9%	25.3%	11.5%
Public Administration	Lowest	23.7%	35.5%	40.5%	46.5%	32.9%	47.0%
	Middle	32.5%	34.8%	31.7%	29.7%	35.4%	31.8%
	Top	43.8%	29.8%	27.8%	23.8%	31.7%	21.2%