

# Working for Cents on the Dollar

## Race and Ethnic Wage Gaps in the Noncollege Labor Market

*Gregory Acs and Pamela Loprest*

**Low-Income Working Families**

Paper 13

*March 2009*



**The Urban Institute**

2100 M Street, NW

Washington, DC 20037

---

Copyright © March 2009. The Urban Institute. All rights reserved. Except for short quotes, no part of this paper may be reproduced in any form or used in any form by any means, electronic or mechanical, including photocopying, recording, or by information storage or retrieval system, without written permission from the Urban Institute.

This report is part of the Urban Institute's Low-Income Working Families project, a multiyear effort that focuses on the private- and public-sector contexts for families' success or failure. Both contexts offer opportunities for better helping families meet their needs.

The Low-Income Working Families project is currently supported by The Annie E. Casey Foundation and The John D. and Catherine T. MacArthur Foundation.

This paper was made possible by support from the Annie E. Casey Foundation. The Survey of Employers in the Low-Skill Labor Market was jointly funded by the U.S. Department of Health and Human Services and the Ford Foundation. The survey data were gathered by Mathematica Policy Research.

The nonpartisan Urban Institute publishes studies, reports, and books on timely topics worthy of public consideration. The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders.

# CONTENTS

Data	2
Differences across Race and Ethnicity in New Hires' Characteristics, Jobs, and Employers	2
Race/Ethnicity, Job Skills, and Employer Type as Factors Determining Wage Rates	4
Decomposing Wage Differentials	7
Discussion	7
Notes	9
References	11
About the Authors	13



# WORKING FOR CENTS ON THE DOLLAR

While the wages earned by whites and nonwhites in the United States have become closer over the past quarter-century, a gap persists. In 2005, the median hourly wage of black men was \$12.48, compared with \$17.42 for white men (Mishel, Bernstein, and Allegretto 2007, table 3.24). Racial and ethnic pay gaps have been the subject of much concern and analysis. According to past research, differences in the education, skills, and experiences of white and nonwhite workers along with differences in the industries and types of firms that employ them account for some of this gap (Couch and Daly 2000; Fry and Lowell 2006; Holzer 2001; Welch 2003). Differences in these factors, however, can themselves be the result of discrimination (Maxwell 1994).

Some may consider any residual gap in wages after controlling for observed factors to reflect discrimination in the labor market. Others suggest that unobserved but very real differences in workers and jobs account for the remaining pay gap. The research disagrees over whether such factors as test scores, which may or may not closely reflect ability, can totally explain the difference in race wage differentials (Lang and Manove 2006; Neal and Johnson 1996; O'Neill and O'Neill 2005).

Another avenue to understanding differences in wages across race and ethnicity is to examine the differences in the type of jobs workers hold—what the job requires and what the worker does. Employers who know workers' job skills sort them into different types of jobs; this may account for some of the pay differences between racial and ethnic groups. Assuming that employers sort on merit and the sorting itself does not reflect discrimination, racial and ethnic pay gaps may largely be explained by differences in the jobs held by members of different groups. Because job requirements and job characteristics are often not available in the data researchers commonly use, they have rarely been considered in understanding pay differentials.

---

This paper uses data from the 2007 Survey of Employers in the Low-Skill Labor Market to analyze whether wage differences among workers of different races and ethnicities in the low-skill labor market remain after controlling for individual, job, and employer characteristics. We focus on the less-skilled labor market because workers in this sector are likely to be new entrants or re-entrants to the labor market or to be struggling to make ends meet. Policymakers are concerned about how to improve these workers' earnings generally, along with specific issues for young black men and immigrant workers. Understanding racial and ethnic wage differences for less-skilled workers and the potential role of discrimination will help address the need for and creation of targeted policies to improve wages for these workers.

Our analysis uses employer-provided data that include detailed information on job requirements and employer characteristics rarely available in household surveys. We first examine the differences in jobs held by workers of different race and ethnicity in the less-skilled labor market. We then analyze whether wage differentials remain after controlling for specific requirements of the job in addition to workers' characteristics. In this analysis, we are also able to take into account employer characteristics, such as size of firm and industry, that are typically correlated with wages (Acs and Loprest 2008). We then assess how much of the disparity in wages across race and ethnic groups can be accounted for by differences in the types of jobs they hold.

## Data

The Survey of Employers in the Low-Skill Labor market is a national survey of employers in the non-college labor market. Private-sector employers with four or more employees who had hired a worker into a job that did not require a college degree (noncollege jobs) within the past two years were surveyed, representing about 2.1 million business establishments. Data were collected in spring and summer 2007, with a final sample of 1,060 employers and a response rate of 54 percent. Additional technical details about the survey can be found in Ensor, Potter, and Verghese (2008).

The survey includes information about employer characteristics, characteristics of the most recent non-college hire, and wages and benefits of the most recently filled noncollege job. Employers were also asked about various skill requirements for the most recently filled job that did not require a college degree. We asked about the importance of having a high school education, prior job-specific experience, and prior training or skill certification as job requirements. Employers responses were "extremely important," "somewhat important," or "not very important" for each requirement. We also asked employers about eight job tasks—working in a team or group, speaking with customers, reading documents, filling out forms, writing notes/memos/e-mails, using arithmetic, monitoring instruments, and using a computer—and we asked if the employee performs the task daily, sometimes, or never.

### **Differences across Race and Ethnicity in New Hires' Characteristics, Jobs, and Employers**

Among workers recently hired into noncollege jobs, wages, job requirements, and employer characteristics differ considerably across racial and ethnic lines. Newly hired white noncollege workers earn higher wages, on average, than blacks or Hispanics (table 1). The average hourly wage of white workers in non-college jobs is \$13.08, compared with \$10.23 for black workers and \$11.46 for Hispanic workers. However, job benefits such as health insurance and paid leave are similar across these groups. For all three groups of workers, more than two-thirds hold jobs that include an offer of health insurance coverage.<sup>1</sup> Paid leave (including vacation, sick days, and personal days) is available to 71 percent of white workers

TABLE 1. Characteristics by Race/Ethnicity of Newly Hired Noncollege Workers

	White	Black	Hispanic
<b>Wages and benefits</b>			
Average wage	\$13.08	\$10.23*	\$11.46*
% offered health insurance	69.5	73.2	71.0
% with paid leave	71.0	83.2*	63.5
<b>Job requirements (%)</b>			
Factor is extremely important/required for job			
High school degree	60.3	45.3*	38.9*
Prior related experience	45.5	26.4*	37.4
Previous training/certification	30.3	23.1	22.7
Entry-level job <sup>a</sup>	25.9	42.8*	44.1*
<b>Employer characteristics (%)</b>			
Firm size > 100	49.9	67.6*	51.0
Industry with low average wages	34.5	48.3	30.1
Nonrural firm location	82.2	93.8*	91.2*
<b>Worker characteristics (%)</b>			
Male	47.4	53.0	50.8
Age			
Younger than 25	21.4	17.6	24.0
25 to 44	54.9	58.5	60.3
45 and older	19.6	9.7	5.1*
Immigrant	2.6	4.4	23.0*
Education			
Less than high school	7.3	5.0	12.2
High school	64.7	70.4	57.1
More than high school	22.7	18.5	19.5
Has specific skills training	35.0	38.7	33.8

Source: Authors' analysis of 2007 Survey of Employers in the Low-Skill Labor Market.

\* Difference from white workers is statistically significant at the  $p < .10$  level.

a. An entry-level job is one where none of the job requirements (a high school degree, prior related experience, and previous training or certification) are extremely important.

and 64 percent of Hispanic workers. Compared with whites and Hispanics, more black workers have access to paid leave (83 percent).

These variations in compensation may reflect differences in the skills workers possess, the employers for whom they work, and the skills and tasks that the jobs demand. For example, blacks and Hispanics hired into noncollege jobs are more likely to have jobs with lower education and skill requirements. Compared with white workers, fewer black workers and Hispanic workers are hired into noncollege jobs where having a high school degree or prior related job experience is extremely important or required, as reported by the employer. For example, 45 percent of black workers and 39 percent of Hispanic workers hold jobs where having a high school degree is extremely important or required, compared with 60 percent of white workers. Black and Hispanic hires are more likely to work in entry-level jobs, jobs where none of these requirements are extremely important. About one-quarter of whites newly hired into noncollege jobs are in entry-level noncollege jobs, compared with more than two-fifths of blacks and Hispanics.

In addition, the daily tasks performed on noncollege jobs held by white, black, and Hispanic workers differ substantially. In the less-skilled labor market, Hispanic workers are significantly less likely than

---

white workers to hold jobs that require daily reading of documents, writing, speaking with customers, doing arithmetic, using computers, or filling out forms. Some of these differences are quite large. For example, only 39 percent of Hispanic workers hold jobs that require daily use of computers, compared with 67 percent of white workers. For most job tasks, a similar percentage of black and white workers hold jobs that require them. The two exceptions are arithmetic and computer use. Only 41 percent of black workers use computers daily, compared with 67 percent of white workers. And nearly half of white workers in noncollege jobs use arithmetic daily, compared with one-quarter of blacks.

Employer characteristics also differ with the race and ethnicity of workers. About half of white and Hispanic noncollege hires work in firms with more than 100 employees. However, more than two-thirds of blacks work in these larger firms. This could account for the higher rates of employer-sponsored health insurance offers among black workers, as health insurance offers to workers are more common among larger firms (Kaiser Family Foundation 2007). The distribution of jobs across broad industries for these race/ethnicity groups (not shown) does not show significant differences. Grouping industries into those with lower and higher average wages, black workers are somewhat more likely than white and Hispanic workers to hold jobs in low-wage industries, but the difference is not statistically significant. Although the vast majority of newly filled noncollege jobs are in nonrural areas (including urban and suburban areas), black and Hispanic workers are even more likely than white workers to hold jobs in nonrural areas.

Finally, the survey asks about whether the employer is a minority-owned or woman-owned business. Although a slightly higher percentage of black and Hispanic workers in recently filled noncollege jobs are employed by minority-owned firms, the difference is not statistically significant. A significantly lower percentage of black workers are employed by woman-owned firms; 6 percent, compared with 11 percent of white workers and 15 percent of Hispanic workers.

Despite differences in wages, job requirements, and employer characteristics across race and ethnicity of workers, there are relatively few significant differences in the characteristics of the newly hired workers themselves. A similar percentage of white, black, and Hispanic newly hired noncollege workers are male, less than 25 years old, and between 25 and 44 years old. Fewer Hispanic workers are 45 and older than white or black workers. The largest difference is in immigrant status. Employers report that 23 percent of newly hired noncollege Hispanic workers are immigrants, compared with 3 to 4 percent of white and black workers. There is no significant difference in the education levels of these workers either; most have a high school education, and about a fifth have education beyond high school. The percentages of workers with specific skill training are also similar across groups.

### **Race/Ethnicity, Job Skills, and Employer Type as Factors Determining Wage Rates**

The straightforward comparison of average wage rates shown above demonstrates that wages among recently hired workers in noncollege jobs differ across racial and ethnic lines. Past research demonstrates, however, that several factors correlated with race or ethnicity can lead to differences in wages, such as worker education or experience. A multivariate regression analysis allows us to control for multiple factors at once and measure whether the wage differences across race and ethnicity remain after differences in workers and the jobs they hold are taken into account. In addition to controlling for worker characteristics as in traditional wage equation regressions, our data allow us to control for job requirements and employer characteristics that might also influence wage rates and differ across race and ethnicity.<sup>2</sup>

Table 2 shows the results of our wage estimation in three stages. The first model controls only for worker characteristics, including race, ethnicity, gender, immigrant status, age, education, and prior training.

TABLE 2. Regression of Wage Rates on Worker Characteristics, Job Skill Requirements, Firm Characteristics, and Job Attributes

Variable	Model 1		Model 2		Model 3	
	Coefficient	Std error	Coefficient	Std error	Coefficient	Std error
Worker characteristics						
Employee is black non-Hispanic	-0.173**	0.043	-0.128**	0.041	-0.122**	0.039
Employee is Hispanic	-0.066	0.051	-0.026	0.046	-0.042	0.043
Employee is male	0.062	0.185	0.195**	0.036	0.141**	0.034
Employee is an immigrant	-0.060	0.056	-0.066	0.047	-0.059	0.046
Employee is younger than 25	-0.482**	0.122	-0.274**	0.056	-0.251**	0.049
Employee is age 25 to 44	-0.199*	0.120	-0.078	0.055	-0.108**	0.050
Employee has high school degree or GED	0.169	0.075	0.048	0.076	0.032	0.055
Employee has some college	0.150**	0.085	0.012	0.091	0.044	0.070
Employee has college degree	0.389*	0.107	0.209**	0.105	0.212**	0.079
Employee has special training	0.125**	0.052	0.062	0.038	0.051	0.034
Specific job requirements						
High school education very important			0.086**	0.043	0.027	0.037
Experience very important			0.186**	0.044	0.120**	0.039
Training very important			0.104**	0.050	0.153**	0.042
Job requires speaking with customers daily			-0.059*	0.034	-0.025	0.036
Job requires group work daily			0.032	0.037	-0.006	0.037
Job requires reading daily			-0.063	0.043	-0.044	0.037
Job requires writing daily			0.107**	0.043	0.082**	0.037
Job requires arithmetic daily			-0.076**	0.037	-0.061*	0.035
Job requires filling out forms daily			0.072	0.046	0.069*	0.039
Job requires using a computer daily			0.149**	0.042	0.138**	0.039
Job requires monitoring instruments daily			0.045	0.035	0.062*	0.033
Firm characteristics						
< 100 employees					-0.056*	0.032
Rural					-0.121**	0.028
Nonprofit					-0.083**	0.037
Nonunion					-0.129**	0.046
Agriculture, forestry, fishing, or mineral					0.127	0.090
Construction, extraction, or maintenance					0.146**	0.067
Transportation, communication, or utilities					0.002	0.061
Wholesale trade					-0.056	0.066
Retail trade					-0.170**	0.066
Finance, insurance, and real estate					-0.064	0.063
Health services					-0.057	0.058
Other services					-0.048	0.060
Unidentified or don't know industry					-0.176**	0.087
Job attributes						
Employer provides formal training					0.005	0.028
Employee works less than 35 hours a week					-0.106**	0.034
Employer has flexible time policy					0.014	0.036
Employee found through public, private, or temp agency					0.016	0.054
Employee found through referral					0.057	0.043

(continued)

TABLE 2. (continued)

Variable	Model 1		Model 2		Model 3	
	Coefficient	Std error	Coefficient	Std error	Coefficient	Std error
Employee found through advertisement					0.024	0.039
Employee has excellent chance of promotion					0.040	0.031
Constant	2.521**	0.139	2.176**	0.087	2.464**	0.108
Number of observations	951		951		951	
Mean of log of hourly wage	\$12.30		\$12.30		\$12.30	

Source: Authors' analysis of 2007 Survey of Employers in the Low-Skill Labor Market.

Notes: Missing data flags are included but not shown. Regressions are weighted and standard errors are adjusted for complex survey design.

\* Difference from white workers is statistically significant at the  $p < .10$  level.

\*\* Difference from white workers is statistically significant at the  $p < .05$  level.

The second model adds controls for job requirements—the employer's report of the importance of education, prior experience, and skill training for the job as well as the daily performance of specific tasks on the job. The third model adds employer characteristics including firm size, location, whether non-profit or nonunion, and industry. It also includes job attributes measured in the survey including whether the employer provides training for the job, if hours are part time, whether the employer has a flexible time policy, what method was used in hiring the worker, and the employers' report of chances for promotion on the job. In all models, the dependent variable is the natural log of hourly wages—as such, the estimated coefficients can be interpreted in terms of percentage differences in wages.

Results from the first model with only worker characteristics show that average wages are significantly lower for black workers than for white workers. Black workers recently hired into noncollege jobs earn about 17 percent less than white workers in this model. Hispanic workers' wages are lower, but the difference is not statistically significant. It is interesting to note that age, education, and training are all significant as is commonly found in traditional wage regressions even though our sample is only the group of workers newly hired into jobs that do not require college educations. Gender and immigration status are not significantly correlated with wages.<sup>3</sup>

The second model adds specific requirements and job tasks of the jobs held—information generally not available in traditional household surveys. After controlling for these factors, the black-white wage differential declines but remains significant. In this model, black workers earn on average 13 percent less than white workers. The coefficient on Hispanic workers also falls but remains statistically insignificant. Many job requirements and skills are significantly related to higher wages for workers. Holding a job where a high school degree, past experience, or specific related training is very important is associated with higher wages, as are jobs that require daily writing or computer use. Jobs that use arithmetic daily actually pay significantly lower wages on average.

The third model adds employer characteristics and other job attributes to the wage regression. While many of these characteristics are significantly correlated with wages, adding these factors has little impact on the estimated coefficient for black workers, which falls slightly. The coefficient for Hispanic workers also changes very little. Small, rural, nonprofit, and nonunion firms pay lower wages on average. Wages

---

differ across industry as well, with retail trade paying relatively lower wages and construction paying relatively higher wages (using manufacturing as the reference industry). Other job attributes are for the most part not significantly associated with higher or lower wages, except for part-time work. Jobs that are part time pay about 11 percent lower wages per hour than full-time jobs.

### **Decomposing Wage Differentials**

The results above show that even after controlling for worker, job, and employer characteristics, significant wage differences remain for black and white workers in the less-skilled labor market. Another approach to understanding the wage differences between workers in different racial and ethnic groups is to decompose the raw wage differentials shown in table 1 into the portion that is due to differences in the characteristics across groups (sometimes called the explained part) and the portion that is due to different returns to characteristics across groups (sometimes called the unexplained part). In the absence of discrimination, we generally expect the returns to specific factors (that is, the measured association with wages over and above other factors) should not differ across race or ethnic groups. For example, there may be differences in the education levels across groups, but we do not expect the positive bump from having a higher education to differ for whites and blacks. The same is true for all factors in our model including job and employer characteristics. Thus, the unexplained part of the wage differential is sometimes labeled discrimination.<sup>4</sup>

Using a standard Oaxaca decomposition (Oaxaca 1973), we decompose the white-black wage differential and the white-Hispanic wage differential into these two components. About 50 percent of the white-black wage differential for workers recently hired into noncollege jobs results from differences in their characteristics and 50 percent results from returns to those characteristics. This holds true whether the effects are evaluated using coefficients from either the white or black regression models.<sup>5</sup> For white and Hispanic workers, we find that the share of the wage differential coming from differences in characteristics ranges from 69 to 99 percent depending on whether coefficients from the white or Hispanic regressions are used to evaluate the effect. The higher percentage of the white-Hispanic wage differential due to characteristics is consistent with our earlier finding that after controlling for worker, job, and employer characteristics, there is no significant differences in wages for these groups.

### **Discussion**

These results show that average wages for workers in the less-skilled labor market differ significantly across racial and ethnic groups. There are few differences, however, in such benefits as employer health insurance and paid leave.

For Hispanic workers, wage differences are no longer significant once we control for worker, job, and employer characteristics. In fact, for these workers in less-skilled jobs, there is no significant wage difference after controlling only for worker characteristics. Hispanic workers are less likely to hold jobs requiring daily performance of specific tasks that are associated with higher wages in this labor market, especially writing and using a computer.

Black workers earn significantly less than white workers in the less-skilled labor market, and a significant difference remains even after controlling for worker, job, and employer characteristics. Our results show that controlling for differences in the requirements and tasks of the jobs held does account for some of the difference in wages between black and white workers. The difference in wages between black and

---

white workers falls from 17 to 12 percent after controlling for job and employer factors. Black workers are less likely to hold jobs with requirements that are associated with higher wages in this labor market. For example, fewer blacks hold jobs that require prior related experience or that use computers, both of which are positively associated with wages.

Our decomposition of wages reflects the results that a larger part of the black-white wage differential than the Hispanic-white wage differential is due to differences in returns to factors than in levels of characteristics. Differences in factors may reflect discrimination on the part of employers or other unobservable factors.

The lower percentage of black and Hispanic workers holding jobs with requirements that are associated with higher wages, such as daily computer use, suggests that these groups have less access to these particular jobs. This could reflect that black and Hispanic workers have fewer skills in these areas, beyond what our control for education level captures. If this is the case, additional experience and specific skill training could reduce the wage gap. Proven programs to improve occupational skills, such as career academies (Kemple and Willner 2008) and high-quality training programs, could be helpful. It is also possible that some workers with the requisite skills lack the networks or access to job information to connect to these jobs. In this case, job intermediaries could help match workers to higher-paying jobs.

However, it is also possible that lack of access to high-paying noncollege jobs with specific skill requirements itself reflects discriminatory behavior by employers hiring for these jobs. Assumptions by employers that black or Hispanic workers do not have the requisite skills for certain higher-paying jobs could be behind these differences. In this case, job intermediaries that conduct prescreening and gain the trust of employers may be able to place skilled black and Hispanic workers in higher-paying jobs.

The fact that a significant black-white wage differential remains even after controlling for individual, job, and employer characteristics needs to be addressed. Some past literature would suggest that our inability to control more directly for ability or skill using something like test scores means the remaining gap is reflecting unobserved differences in these factors (Neal and Johnson 1996; O'Neill and O'Neill 2005). Other, more recent research suggests the story is more complicated and remaining gaps might indeed reflect discrimination (Lang and Manove 2006). In addition, all these results must be interpreted in the context that our analysis is limited to workers newly hired into noncollege jobs. Therefore, it does not reflect the entire labor market nor long-term workers holding jobs that do not require college education. However, given the policy focus on low-wage labor markets and programs to help improve wages of low-skilled workers, understanding the racial and ethnic wage gaps in this market is important.

## NOTES

1. The survey did not collect information on whether the individual worker took up this offer of health insurance because it was not clear if the person being interviewed who was knowledgeable about hiring for the job would know this information. Actual health insurance coverage could differ significantly across these groups of workers if take-up of employer offers and alternate sources of coverage differ.
2. We do not have direct information on workers' prior years of experience. We include age as a rough proxy.
3. We also estimated all three models including an interaction for Hispanic and immigrant to check whether Hispanic immigrants were paid significantly less than other Hispanic workers relative to white nonimmigrant workers. Almost two-thirds of immigrant workers in the sample are Hispanic. While this interaction was negative ( $-.137$ ), it was not significant in any of these models.
4. Differences across race groups in the levels of characteristics, such as education or job training, can themselves be the result of discrimination, so it is not necessarily true that the "unexplained" part of the wage difference is the only portion that can be attributed to discrimination. Explained means that portion is accounted for by differences in characteristics across groups.
5. In an Oaxaca decomposition, differences due to measured characteristics (i.e., differences in the means—the explained portion) can be evaluated using the returns to those characteristics (i.e., the regression coefficients) for either group (here, whites or blacks). Because returns to characteristics vary by group, the total amount of the explained difference can vary. Unless one believes that one group represents the "true" returns to characteristics, it is useful to show how the "explained" portion of the wage gap differs based on the set of coefficients used.



## REFERENCES

- Acs, Gregory, and Pamela Loprest. 2008. "Understanding the Demand Side of the Low-Wage Labor Market." Washington, DC: The Urban Institute.
- Couch, Kenneth, and Mary Daly. 2000. "Black-White Wage Inequality in the 1990s: A Decade of Progress." *Economic Inquiry* 40:31–41.
- Ensor, Todd, Frank Potter, and Shinu Verghese. 2008. "Understanding the Demand Side of the TANF Labor Market: National Survey of Business Establishments." Princeton, NJ: Mathematica Policy Research.
- Fry, Richard, and Lindsay Lowell. 2006. "The Wage Structure of Latino-Origin Groups across Generations." *Industrial Relations* 45(2): 147–68.
- Holzer, Harry J. 2001. "Racial Differences in Labor Market Outcomes among Men." In *America Becoming: Racial Trends and Their Consequences*, volume 2, edited by Neil J. Smelser, William Julius Wilson, and Faith Mitchell (98–123). Washington, DC: National Academy Press.
- Kaiser Family Foundation and Health Research and Educational Trust. 2007. "Employer Health Benefits: 2007 Summary of Findings." Menlo Park, CA, and Chicago: Kaiser Family Foundation and Health Research and Educational Trust. <http://www.kff.org/insurance/7672/upload/Summary-of-Findings-EHBS-2007.pdf>
- Kemple, James, and Cynthia Willner. 2008. *Career Academies: Long-Term Impacts on Labor Market Outcomes, Educational Attainment, and Transitions to Adulthood*. New York: MDRC.
- Lang, Kevin, and Michael Manove. 2006. "Education and Labor Market Discrimination." Working Paper 12257. Cambridge, MA: National Bureau of Economic Research.
- Maxwell, Nan. 1994. "The Effect on Black-White Wage Differentials of Differences in the Quantity and Quality of Education." *Industrial and Labor Relations Review* 47(2): 249–64.
- Mishel, Lawrence, Jared Bernstein, and Sylvia Allegretto. 2007. *The State of Working America 2006/2007*. Ithaca, NY: ILR Press.

- 
- Neal, Derek, and William Johnson. 1996. "The Role of Pre-Market Factors in Black-White Wage Differences." *Journal of Political Economy* 104(5): 869–95.
- Oaxaca, Ronald. 1973. "Male-Female Wage Differentials in Urban Labor Markets." *International Economic Review* 14(3): 693–709.
- O'Neill, June, and David O'Neill. 2005. "What Do Wage Differentials Tell Us about Labor Market Discrimination?" Working Paper 11240. Cambridge, MA: National Bureau of Economic Research.
- Welch, Finis. 2003. "Catching Up: Wages of Black Men." *American Economic Review* 93(2): 320–22.

## ABOUT THE AUTHORS

**Gregory Acs** is a senior fellow in the Urban Institute's Income and Benefits Policy Center. His research focuses on social insurance, social welfare, and worker compensation. Currently, he is studying low-wage workers, low-income working families, income security, and economic mobility.

**Pamela Loprest** is a senior fellow in the Income and Benefits Policy Center. Dr. Loprest's research focuses on low-wage labor markets and public policies to enhance the economic well-being of disadvantaged persons, particularly low-income families and persons with disabilities. Her recent studies examine the demand for low-wage workers and issues for individuals with multiple barriers to work.

