RESEARCH REPORT

Labor Market Policies for Racial Equity

What Does the Evidence Tell Us about How to Ensure the Future of Work Does Not Replicate the Disparities of Today?

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Executive Summary

Black American workers' labor market outcomes today reflect the enduring consequences of centuries of US policies and practices, including those explicitly designed to obstruct Black workers' opportunities for economic security and upward mobility. Racial disparities between Black and white workers persist today across nearly every labor market outcome available: Black workers face higher rates of unemployment and underemployment, lower wages and earnings, lower rates of access to programs designed to support workers (e.g., unemployment insurance, paid leave), and lower rates of earnings growth over the course of a lifetime as compared with white workers.

These persistent gaps are not attributable to individual choices, nor are they explained by educational inequities alone. Indeed, some of the largest gaps in labor market outcomes are between white and Black workers with college degrees (Hamilton et al. 2021). Today's labor market outcomes for Black workers are the product of policy choices, unequal enforcement of employment protections in the face of ongoing discrimination in labor markets, and a lack of investment in individuals and communities harmed by discrimination. Ensuring that the future of work does not replicate the disparities of today will require a multipronged policy approach that tackles structural racism across the labor market.

In this report, we review how historical and contemporary policy choices in the US have contributed to these racial disparities. We also identify a corresponding set of policy changes, suggested and supported by evidence on how these changes are key building blocks toward building an economy in which Black workers can attain better labor market outcomes. Given the breadth of topics covered, the report is not comprehensive, but it attempts to provide an evidence-backed framework for understanding three key drivers of labor market outcomes where reforms can significantly expand opportunities:

- **Labor demand** determines both the number of jobs available and affects the wage rate that employers are willing to pay.
- **Workers' rights** includes worker protections with respect to pay and scheduling, as well as the right to collective bargaining.

- **Worker support programs** ensure workers against the inevitable interruptions to work, such as job loss or a caregiving responsibility that requires time away from work.

Labor Demand

Strong labor demand is crucial for creating opportunities in the labor market, leading to job growth, wage increases, and improved employment prospects for workers. The key policy levers for labor demand are fiscal and monetary policy.

Implications and Directions for Policy

Policy directions for racial equity include the following:

- Policymakers should prioritize fiscal and monetary policies that support full employment and reduce racial disparities in labor market outcomes.
- Fiscal policy measures can affect racial disparities in labor outcomes through their effects on overall demand and the design of specific programs.
- Fiscal policy can also directly pursue reforms to address disparities in programs like unemployment insurance that contribute to unequal outcomes for Black workers.
- Monetary policy should consider the impact on racial disparities in employment and earnings.

Worker Rights and Protections

Labor market policy aims not only to ensure job availability but also to guarantee the quality of available jobs. Quality factors include wages, hours, and worker empowerment. Key worker rights and protections policy areas include wage and hour policy and collective bargaining.

Implications and Directions for Policy

Policy directions for racial equity include the following:

- The US federal minimum wage, which has been stagnant since 2009 at $7.25 per hour, has eroded in value over time. Raising the minimum wage to $15 per hour would benefit millions of workers, with Black workers being disproportionately affected.

- Fair Workweek policies, including notice, compensation, and voice rights, have shown promise in enhancing worker well-being and reducing income volatility.
- Policies to make it easier for workers to form unions and to bargain collectively, as well as more robust enforcement of existing labor laws protecting workers' rights to organize would particularly benefit Black workers. Collective bargaining has proven to be an important avenue through which unionized Black workers have attained better outcomes and working conditions.

Worker Support Programs

Worker supports are designed to ease the economic shock triggered by job loss or the need to be temporarily away from work to care for a loved one. Key worker support policies include unemployment insurance and paid family and medical leave.

Implications and Directions for Policy

Policy directions for racial equity include:

- Expanded and equalized UI benefit levels, durations, and eligibility under a federalized system would close gaps in access and generosity between Black and white workers, and it would allow UI to be a more meaningful source of income replacement during times of job loss, provide workers with sufficient time to look for new employment best matched to their skills, and act as a more effective macroeconomic stabilizer by helping boost aggregate demand.
- Universal access to paid family and medical leave using a social insurance model would significantly expand access to income support during caregiving for Black workers.
- A federal paid family and medical leave policy using a social insurance model would set a national "floor" to buffer against state-level economic and political forces that systematically disadvantage Black workers.

Taken together, these policy considerations offer a framework for addressing racial disparities in the labor market. By prioritizing equity and inclusion in policy design and implementation, policymakers can dismantle systemic barriers Black workers face and foster shared prosperity for all. Through structural reforms and targeted interventions, we can create a more equitable and inclusive labor market, paving the way for a more just and prosperous future.

Labor Market Policies for Racial Equity

Black American workers' labor market outcomes today reflect the enduring consequences of centuries of policies and practices, including those explicitly designed to obstruct Black workers' opportunities for economic security and upward mobility. Racial disparities between Black and white workers persist today across nearly every labor market outcome available: Black workers face higher rates of unemployment and underemployment, lower wages and earnings, lower rates of access to programs designed to support workers (e.g., unemployment insurance, paid leave), and lower rates of earnings growth over the course of a lifetime as compared with white workers.

Further, Black workers are more likely than white workers to be employed in occupations with low levels of job quality, including low wages, unpredictable schedules, and limited access to paid time off, health insurance, retirement benefits, or educational assistance (Langston, Scoggins, and Walsh 2020). This occupational segregation is the enduring legacy of restrictions on occupational choice by Black workers, who faced both legal and other barriers to entering or advancing in some industries and occupations that persisted well into the 20th century. And occupational segregation is one of many ongoing inequities between white and Black Americans that endure today despite the repeal or abandonment of many racist laws and policies (Pager and Shepherd 2008).

Some of the largest gaps in labor market outcomes are between white and Black workers with college degrees.

These persistent worker gaps are not attributable to individual choices, nor are they explained by educational inequities alone. Although racial disparities in educational opportunity and attainment remain, significant labor market inequities between Black and white workers with similar levels of education persist. Indeed, some of the largest gaps in labor market outcomes are between white and Black workers with college degrees (Hamilton et al. 2021). Today's labor market outcomes for Black workers are the product of policy choices, unequal enforcement of employment protections in the face of ongoing discrimination in labor markets, and a lack of investment in individuals and communities harmed by discrimination. The result is unequal labor market opportunity for Black Americans. Ensuring that the future of work does not replicate the disparities of today will require a multipronged policy approach that tackles structural racism across the labor market.

Moreover, centering Black lives in making choices about policy design both increases the economic well-being for Black workers and their families and is a strategy for strengthening collective prosperity (Bozarth, Western, and Jones 2020). A growing body of research shows that closing racial disparities can benefit not only Black workers but all workers and the economy as a whole. By supporting opportunity for all workers to earn a family-supporting wage and increase their earnings over time, labor market policies can raise total national income and contribute to economic growth. More fundamentally, extending opportunity in the labor market to include all workers creates an economy that more effectively harnesses the nation's full talent and innovation potential, which ultimately drives economic growth and leads to higher living standards for all (Choi et al. 2021; Cook, Richardson, and Tankersley 2021; Hsieh et al. 2019). Without policy reforms that intentionally address the structural factors that shape opportunity for workers in the US today, our nation's economic prosperity will continue to be constrained.

State of the US Labor Market

Labor market dynamics and the varying outcomes they generate for workers play a vital role in the economic lives of those workers and their communities. At any moment, broad economic conditions (e.g., Is the economy growing or in a recession?) and longstanding labor market trends with deep historical roots have a wide range of implications for workers' daily realities (e.g., their wages, their likelihood of becoming unemployed). These underlying labor market conditions are driven by both historical and contemporary social forces and policy choices, including policy inaction, and they have disparate effects on white and Black workers. Understanding these conditions is a starting point for understanding Black workers' economic lives and building a labor market where Black workers can thrive.

Without specific efforts to correct for the flaws in the underlying design of labor market policies and practices, those racial disparities will continue into the future—regardless of whether or not the intentions and aims of today's policies are different from those of the past.

Historical Underpinnings of Racial Disparities in the Current US Labor Market

The state of the US labor market today is a function and consequence of many longstanding structural factors. Racial disparities woven into the creation of modern labor market policies have ripple effects that endure today between and across specific policies and programs.

In the absence of specific efforts to correct for the flaws in the underlying design of labor market policies and practices, those racial disparities will continue—regardless of whether the intentions and aims of today's policies differ from those of the past.

HISTORICALLY, KEY WORKER SUPPORTS AND PROTECTIONS EXCLUDED BLACK WORKERS

Discriminatory policies and practices meant that most Black workers had just two occupations to choose from in the early 20th century: agricultural and domestic work. These occupations were also the two excluded from most landmark New Deal labor reforms, including the Social Security Act of 1935, establishing the Social Security program and unemployment insurance (Wolfe et al. 2020)[11] and the Fair Labor Standards Act of 1938 establishing the minimum wage (Derenoncourt and Montailoux 2021). Occupational restrictions meant that about 65 percent of Black workers were excluded from coverage when the programs were enacted, as compared to 27 percent of white workers.[22]

Black workers were also excluded from the 1937 National Labor Relations Act, which codified the right to collective bargaining for the first time in American history. For decades, unions had implicit permission to exclude Black workers from membership and the protections extended to unionized workplaces (Rothstein 2017). Although the National Labor Relations Board began refusing to certify whites-only unions in 1964, Black workers were not admitted into most AFL-CIO craft unions for another decade. Seniority rules meant that Black workers would need many years on the job to catch up to their white peers' earnings. Unions play an influential role in building the middle class, wielding their collective bargaining power to generate family-sustaining wages and benefits for their members. In later decades, unions would serve as a powerful force for building labor market opportunities for Black workers, and today serve as key labor market institutions supporting equitable opportunity.

These racialized foundations of labor market policy mean that Black workers' contemporary opportunities are embedded in historical disadvantage, and that Black Americans were excluded from the labor market transformations that powered the nation's post-World War II economic growth (Turner and Bound 2003). Black Americans were also excluded from other complementary policies aimed at wealth building while at the same time facing ongoing active discrimination, outright violence, and other injustices (Darity, Mullen, and Slaughter 2022).

Outcomes for Black Workers in Today's Labor Market

The coupling of these political and policy choices, along with occupational segregation's enduring effects, and a contemporary suite of policy design choices means that structural racism continues to drive disparities in key worker outcomes. The consequences of these policies are evident in the persistent and significant disparities in key labor market outcomes, including the occupations workers have access to, the resulting quality of their jobs and the wages they earn, and their likelihood of finding employment.

Occupational segregation is one of the cumulative consequences of some of these persistent dynamics, where Black workers are often concentrated in precarious or demanding occupations that pay lower wages and benefits and have worse working conditions. Lower-wage jobs are also often more susceptible to economic downturns, exposing workers to greater risk of un- and underemployment, as was sharply shown at the start of the COVID-19 pandemic (Holder, Jones, and Masterson 2021). Crowding in such occupations, and on the other end, crowding out of higher-wage occupational sectors, have contributed towards the persistence of racial wage gaps after controlling for educational attainment (Hamilton, Austin, and Darity 2011; Holder 2018). Several decades after Bergmann's (1971) seminal work on modeling occupational crowding, empirical work since then, including a recent study from Jardina and colleagues (2023) looking at data from 1980 to 2019, shows that attaining higher education is insufficient to eliminate occupational segregation, contrary to the narrative about education being an equalizer.

Partly as a consequence, contemporary labor markets continue to show significant, persistent racial disparities in the wages workers earn:

- **The median wage for Black workers is roughly 75 percent of the median wage for white workers,** a gap that has shown no consistent trend toward closing over the last four decades.
- **Since 1979, while median wages have grown slowly for all workers**, **the median wage for Black workers has grown more slowly than for white workers**. Existing research also shows that between 1979 and 2020, although the typical worker's pay only grew by 23.1 percent relative to a 61.7 percent increase in productivity, this pay-productivity gap and wage stagnation are even sharper for certain groups.3[3]

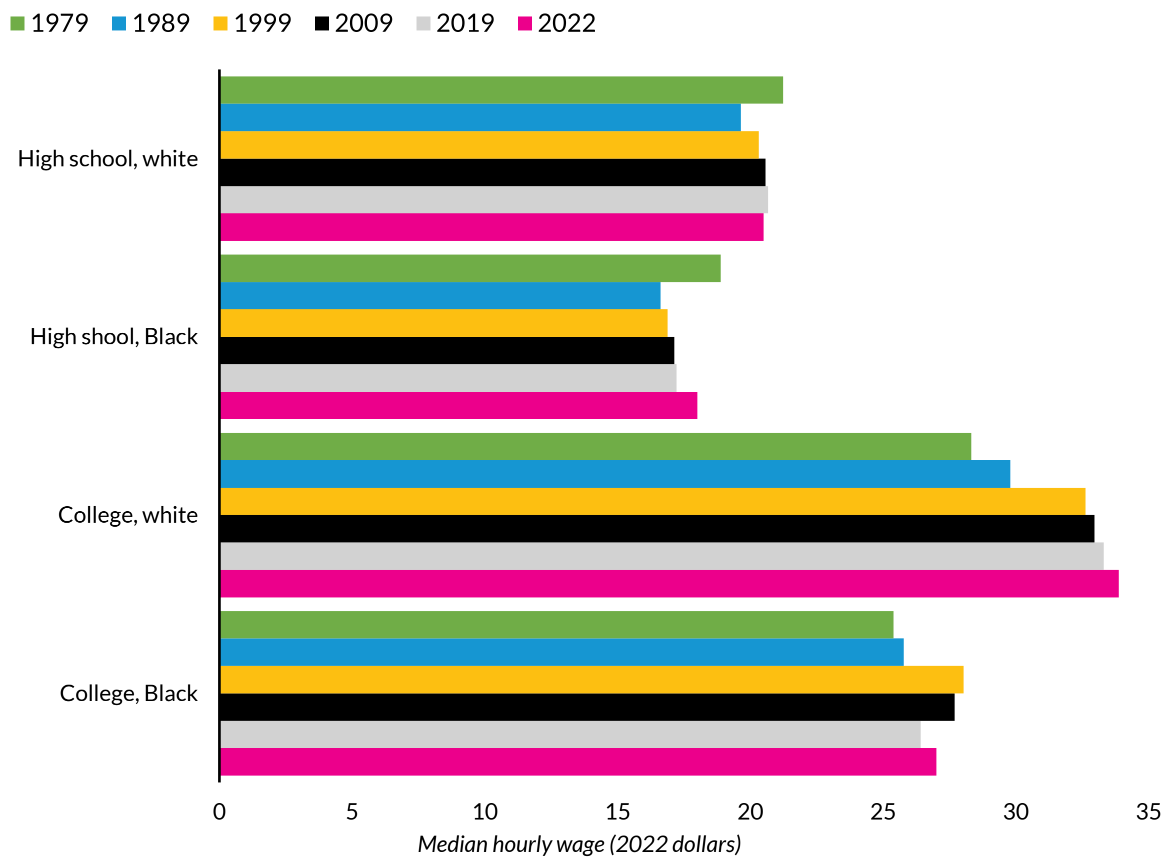
- **Wages for Black and Hispanic workers grew by a concerning 18.9 percent and 16.7 percent, respectively, relative to a 30.1 percent growth for white workers.**[4]

These trends and differences are still both apparent and stark when comparing median wages over time for Black and white workers with similar levels of education (figure 1).

FIGURE 1

Median Wage for Black and White Workers, by Education, 1979 to 2022

The wage gap between Black and white workers is large and persistent even within education levels



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Sources: Authors' calculations of US Bureau of Labor Statistics and Economic Policy Institute data. "Consumer Price Index (R-CPI-U-RS Homepage)," US Bureau of Labor Statistics, updated March 26, 2024, https://www.bls.gov/cpi/research-series/r-cpi-u-rs-home.htm. Median wages are calculated using Current Population Survey Outgoing Rotation Group (ORG) data: Economic Policy Institute , Current Population Survey Extracts, Version 1.0.48, 2024, https://microdata.epi.org.

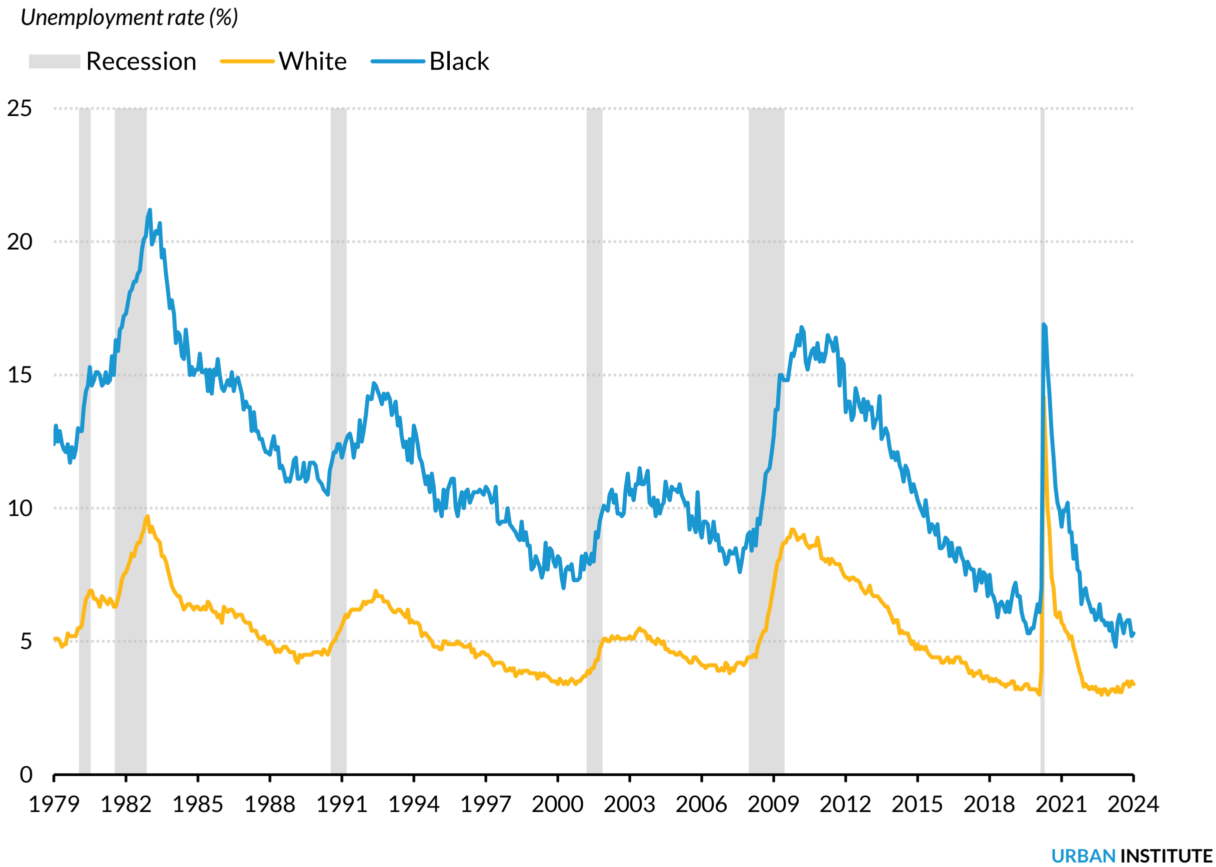
Notes: Figure shows median real wages for prime-age (ages 25–64) workers for selected years, 1979 to 2022, by race and education level; wages are inflation adjusted using the Consumer Price Index retroactive series using current methods.

Finally, these factors combine to generate significant disadvantages for Black workers in the quality of work obtained by employed workers and the overall likelihood of employment. Among the longstanding features of the US labor market is a persistently higher unemployment rate Black workers face than the headline unemployment rate averaged for all workers and for white workers in particular. **Black workers regularly face roughly twice the unemployment rate of white workers, during both recessions and periods of economic growth**. We see this in figure 2, which plots the monthly unemployment rate for Black workers and white workers from January 1979 to January 2024.

FIGURE 2

Unemployment Rates for Black and White Workers, 1979 to 2024

The gap in unemployment rates between Black and white workers is large and persistent



Sources: US Bureau of Labor Statistics ; National Bureau of Economic Research. Data retrieved from US Bureau of Labor Statistics, Unemployment Rate - White [LNS14000003], retrieved from FRED, Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/series/LNS14000003; Unemployment Rate - Black or African American [LNS1400006] https://fred.stlouisfed.org/series/LNS1400006; Recession indicators, https://fred.stlouisfed.org/series/USREC .

Notes: Figure shows the monthly unemployment rate for white and Black workers, respectively, from January 1979 to January 2024. Shaded bars indicate periods of recession, according to the National Bureau of Economic Research.

Labor Demand as a Key Driver of Opportunity

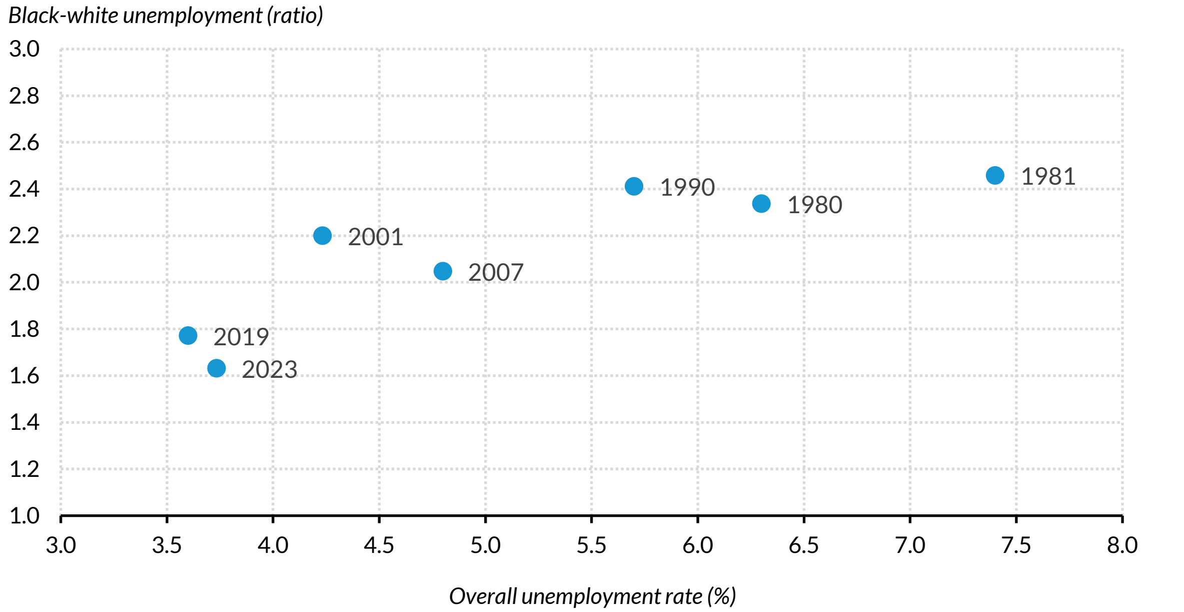
Strong labor demand—reflected in economic conditions sometimes referred to as tight labor markets or full employment—is a key driver of labor market opportunity. When overall economic conditions are good, jobs become more plentiful, employers raise wages to attract and compete for workers, and workers are better able to find and move to higher paying jobs (Bivens and Zipperer 2018; Katz and Krueger 1999; Okun 1973). Although these macroeconomic issues can sometimes feel abstract, they condition the employment and earnings prospects of individual workers. Strong demand and tight labor markets, for example, create conditions that help workers climb job ladders (Haltiwanger et al. 2018; Moscarini and Postel-Vinay 2018) and can lead to long-term improvements in employment prospects (Newman and Jacobs 2023). Conversely, weak labor demand raises unemployment, not only in recessions but in periods of weak economic growth, which can depress workers' earnings immediately and in the longer term (Davis and Von Wachter 2011).

The current economic moment illustrates the importance of labor demand for both employment and earnings. The ongoing recovery from the 2020 COVID pandemic recession has generated one of the tightest labor markets in decades and with it, not just low overall unemployment, but also rapid real-wage growth for workers in the bottom part of the wage distribution (Autor, Dube, McGrew 2023). This current economic recovery starkly contrasts with the recovery from the Great Recession, which left labor markets slack for an extended time, only generating significant wage growth for low-wage workers after nearly a decade (Bernstein 2018; Maron 2020). The differing experiences illustrate the central importance of tight labor markets for shaping whether and how other labor policy tools operate and for whom. When labor demand slackens, the full range of other labor policy levers, like employment and training programs, operate in the face of overpowering headwinds. However, when labor demand is tight, those same broad economic forces favor workers (figure 3).

FIGURE 3

Overall Unemployment and Black-White Unemployment Gaps

When the overall unemployment rate is lower, the Black-white unemployment gap is narrower



Sources: Authors' calculations of US Bureau of Labor Statistics and National Bureau of Economic Research data. Unemployment data : Bureau of Labor Statistics, Unemployment Rate - White [LNS14000003], retrieved from FRED, Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org/series/LNS14000003; Unemployment Rate - Black or African American [LNS1400006] https://fred.stlouisfed.org/series/LNS1400006; Unemployment Rate [UNRATE], https://fred.stlouisfed.org/series/UNRATE. Business cycle peak quarters are from: "US Business Cycle Expansions and Contractions" (Washington, DC: National Bureau of Economic Research, last updated March 14, 2023), https://www.nber.org/research/data/us-business-cycle-expansions-and-contractions.

Notes: Figure adapted from Josh Bivens, Melissa Boteach, Rachel Deutsch, Francisco Díez, Rebecca Dixon, Brian Galle, Alix Gould-Werth et al., "Reforming Unemployment Insurance: Stabilizing a System in Crisis and Laying the Foundation for Equity," (Washington, DC: Center for American Progress, Center for Popular Democracy, Economic Policy Institute, Groundwork Collaborative, National Employment Law Project, National Women's Law Center, and Washington Center for Equitable Growth, 2021, https://www.epi.org/publication/unemployment-insurance-reform/.) Plotted points show the ratio of Black to white unemployment rates against the overall unemployment rate for National Bureau of Economic Research peak quarters since 1980, with the exception of 2023, which shows the value for the most recent quarter of data in the current, still ongoing, expansion (Quarter 4 of 2023). Unemployment rate figures are quarterly averages.

Beyond the general relationship between labor demand and worker outcomes, research also increasingly shows the critical importance of labor demand for Black workers specifically. A persistent feature of the US labor market over the past half century has been an unemployment rate for Black workers that has been roughly double the unemployment rate for white workers. When labor markets are tighter, however, this gap narrows. Figure 3, adapted from Bivens (2021), illustrates this relationship, showing the ratio of the Black unemployment rate to the white unemployment rate is lower when the overall level of unemployment is lower—that is, when labor demand is stronger.[5]

Further, a growing body of empirical research finds consistent evidence that tight labor markets deliver especially powerful benefits to Black workers (Wilson 2015). Some evidence suggests this relationship arises both because recessions and slack demand worsen wage gaps between Black and white workers, as Black workers are more likely to lose jobs or face reduced hours (e.g., Chattopadhyay and Bianchi 2021). And because earnings growth for Black workers may be more sensitive to demand than for white workers (Bivens 2021), in part because of relatively positive effects of tight labor markets for Black workers in both wages and hours (Bernstein and Bentele 2019). Some evidence suggests that these effects may be partly attributed to firms engaging in less discrimination when labor markets are stronger (e.g., Boulware and Kuttner 2019).

From a policy standpoint, the central question is whether labor demand can be managed, by which policy mechanisms, and to what effect? Labor demand fluctuates partly in response to external forces—such as the collapse in demand precipitated by a once-in-a-century pandemic. But labor demand is also shaped substantially by powerful sets of policy levers that can be employed both in response to such business cycle events and also, potentially, over the longer run. Given the importance of labor demand for Black worker outcomes, these are critical policy tools for Black workers. These tools fall under two broad classes of demand management policy—fiscal policy and monetary policy:

- **Fiscal policy** refers to spending by the federal government intended to directly raise or lower aggregate demand to stabilize economic conditions across the business cycle, close a secular demand shortfall, and/or shift the composition of demand.
- **Monetary policy** refers to operations conducted by the Federal Reserve, principally setting or targeting short-term interest rates, to raise or lower aggregate demand to achieve a balance between price stability and full employment.

Fiscal Policy

Fiscal policy is federal spending designed to directly raise aggregate demand and stabilize overall economic conditions. The specific policy tools in the fiscal policy toolbox are wide-ranging and include government spending or tax cuts enacted as temporary responses to economic conditions, such as the economic relief payments made during the COVID-19 recession. Fiscal policy also encompasses spending or tax relief that comes in the form of automatic stabilizers, programs such as UI that by design spend more or tax less as economic conditions fluctuate. Fiscal policy measures can operate indirectly to improve outcomes for workers by raising the aggregate demand for goods and services and as a result supporting the employment of workers (Seliski et al. 2020). In other instances, fiscal policy measures directly target and subsidize employment through programs such as the Paycheck Protection

Program (PPP) implemented during the COVID-19 recession. An important limitation of fiscal policy is that, generally, it can increase overall labor demand only when there is an output gap, as in a recession, or when monetary policy is accommodative.[6]

HOW FISCAL POLICY MATTERS FOR BLACK WORKERS

Fiscal policy has contributed to racial disparities in labor outcomes through at least two channels. First, because of the disparate effects of slack demand, when fiscal policy fails to stabilize employment or support full employment in total, Black workers are disproportionately harmed. The costs to workers of slack labor markets are unevenly distributed and fall heavily on Black workers. As a result, fiscal policy choices, and mistakes, such as the belt-tightening that began before the recovery from the Great Recession was complete, likely contributed to poor employment and earnings outcomes for Black workers and the persistence of gaps between Black and white workers. This form of policy error is costly both over the business cycle and potentially over the longer term, as under some economic conditions slack demand might persist for long stretches even outside of official recessions (Rachel and Summers 2019).

Second, beyond the effects that operate through the overall level of demand, evidence indicates that various forms of fiscal policy have historically reflected or embedded racial inequities that tended to relatively disadvantage Black workers. One source of this disparity is due to programs that vary at the state level, such as (UI). A growing body of evidence (discussed at length, below) identifies racial disparities in the program, finding that it fails to reach Black workers as effectively as other groups (e.g., GAO 2021; Kuka and Stuart 2021; O'Leary, Spriggs, and Wandner 2022). Some evidence suggests this is driven because of restrictions and limitations applied by southern states.[7] Racial disparities are also apparent in more fully federal programs such as the Supplemental Nutrition Assistance Program (SNAP) or the PPP. Research finds, for example, Black-owned businesses were less likely than otherwise similar firms with white owners to benefit from the PPP (Autor et al. 2022; Chernenko et al. 2023; Chernenko and Scharfstein 2022). One explanation is that disparate outcomes for Black Americans are attributable in part to barriers to access or administrative burdens (Howell et al. 2022).[8] And, consistent with this evidence, some research has found that that racial gaps in economic relief payments, which flow more directly to individuals with minimal burden, while present, are relatively smaller (Clark et al. 2023).

IMPLICATIONS AND DIRECTIONS FOR FISCAL POLICY

The main implication of this research is to highlight the importance of fiscal policy measures that, in their timing and overall level, aim to support full employment and achieve the type of tight labor markets that appear to reduce racial disparities in labor market outcomes. Over the business cycle, this means achieving an adequate, timely counter-cyclical policy response through combinations of both emergency federal spending and targeted tax relief. It also points to the importance of designing and supporting effective automatic stabilizers that raise spending or reduce taxes in recessions, such as UI (see, e.g., Boushey, Nunn, and Shambaugh 2019). Finally, even outside of recessions, extended periods of slack demand point to the potential need for sustained fiscal policy—that is, federal spending designed to ensure adequate aggregate demand and full employment even in slow growth periods.[9]

Beyond the overall level and timing of fiscal policy, research finding racial disparities are driven in some instances by features of policy that embed features of structural racism suggests the need for fiscal policy that is more conscious of and responsive to racial disparities and inequities (Bernstein and Jones 2020). While monetary policy is a powerful factor for shaping overall demand, it is a blunt instrument. Fiscal policy has potentially greater scope to explicitly target racial gaps and design and reform constituent policies, programs, and systems to address racial disparities.[10] Reforms to programs like UI, such as making benefits more generous, extending coverage to more workers, or strengthening its automatic triggers, could help to close racial gaps while improving outcomes for the economy overall. Fiscal policy should also consider weighting the form of emergency responses further in favor of programs, like direct relief payments, which might operate in ways that embed less racial inequity than other programmatic responses.

Monetary Policy

Monetary policy is conducted by the Federal Reserve, which has a dual mandate established in federal legislation to use the policy tools at its discretion to achieve both price stability and maximum employment.[11] At its core, monetary policy concerns decisions related to setting or influencing short-term interest rates.[12] These interest rates, which make it more expensive or less expensive for firms and consumers to borrow money, in turn, affect the level of overall or aggregate demand in the economy—the total demand for goods and services—and the corresponding demand for labor that is needed to produce and provide those goods and services. Raising these rates leads firms to reduce their economic activity, slow hiring, or reduce employment levels (e.g., Bernanke and Gertler 1995; Christiano, Eichenbaum, and Evans 2005). It also affects workers and families directly through falling asset prices and rising costs of borrowing for consumers (e.g., mortgage rates, car loans), which can further reduce demand and employment.[13] These effects combine to mean that higher interest rates typically drive unemployment up and lead to worse outcomes for workers.

MONETARY POLICY AND OUTCOMES FOR BLACK WORKERS

Given what we know about how Black workers are disproportionately harmed by slack labor demand, how often and to what extent the Federal Reserve guides the American economy toward full employment has potentially outsized the effects on Black workers. Some evidence suggests that, before recent revisions to the Federal Reserve's policy framework, the Federal Reserve may have prioritized price stability at the expense of full employment. One piece of consistent evidence finds, for example, that the US labor market was slack far more often than it was tight in the decades leading up to and including the slow recovery from the Great Recession (Bernstein 2018). The result was an era of monetary policy, at least in the decades before the COVID-19 recession, policy response, and rapid recovery, that potentially underperformed on behalf of workers in general and may have particularly disadvantaged Black workers.

A growing body of research also illustrates inequalities in the effects of macroeconomic policy on different populations, showing that labor market conditions for Black workers may respond differentially to monetary policy changes. For example, Black workers' labor market outcomes may be more sensitive to monetary policy movements, such as changes in interest rates (Carpenter and Rodgers 2004; Rodgers 2008; Zavodny and Zha 2000). Evidence suggests that more accommodative monetary policy—generally in the form of lower interest rates—reduces Black workers' unemployment rates faster than those of white workers and raises the earnings of Black workers faster than those of white workers (Bartscher et al. 2022). Consequently, this evidence suggests that monetary policy that tends to err in the direction of not overheating the economy—of keeping aggregate demand, and therefore demand for labor, in check—can result in worse employment and earnings outcomes for Black workers.

IMPLICATIONS AND DIRECTIONS FOR MONETARY POLICY

The available research suggests several directions for monetary policy that prioritizes outcomes in labor markets and recognizes the nature of racial disparities in labor markets. First, the Federal Reserve could more effectively prioritize its full employment mandate. Tighter labor markets benefit workers in general, and Black workers and low-wage workers specifically. These facts have potentially gone underappreciated in policymakers' calculus when determining when and by how much to adjust interest rates. Combined with forecasting errors that in some periods may have tended to systematically assess the "natural rate" of unemployment at too high a rate, the result may have been periods with relatively slack labor demand (the pandemic recovery being a notable exception), which may have hindered Black workers' labor market opportunities in particular. Partly as a response, the Federal Reserve's most recent policy framework included shifts that, in part, reflected some of these factors and considerations.[14]

Second, monetary policymaking could be more explicitly conscious of and responsive to racial disparities and inequities in employment outcomes. Specific applications of such a policy approach include proposals for tracking, modeling, and/or targeting the unemployment rate for Black workers specifically, also to the overall unemployment rate (Bernstein and Jones 2020).

Finally, understanding the role of the other, equally important, target of monetary policy: inflation. Under some circumstances, monetary policy faces tradeoffs between its dual mandates of stabilizing prices (i.e., controlling inflation) and maximizing employment. In today's context of (relatively) high-but-moderating inflation rates, macroeconomists are actively debating when these tradeoffs arise, and from what sources. See, for example, Blanchard and Bernanke (2023), for a recent analysis and discussion). One important and relevant dimension of this argument is evidence of the distribution of the burden of inflation, including racial inequalities in the effects of rising prices. For example, Black workers might be exposed to greater price volatility (Avtar et al. 2022; Lee, Macaluso, and Schwartzman 2022). The implication for policy here is that an approach that considers racial disparities needs to consider the racial equity dimensions to both unemployment and inflation and meaningfully factor these into how to weigh these tradeoffs.

Worker Rights and Protections

Beyond ensuring that workers are in demand and jobs are available, labor market policy also aims to ensure that available jobs are good quality jobs. The quality of jobs depends on such factors as the wages they pay, the predictability and terms of the hours and schedules they offer, and other benefits or terms of employment (Congdon et al. 2020). Job quality also depends on how much workers are empowered at work, for its intrinsic value and the way that power can be used to obtain better pay and working conditions (Marinescu and Rosenfeld 2021). To support and improve the quality of work, a second key group of labor market policies are those that define and guarantee worker rights and protections. These rights and protections include policies and regulations that set labor market and workplace standards, such as minimum wage laws or fair scheduling laws. It also includes the legal frameworks under which workers have the right to organize, such as by forming a union.

Evolving and modern worker rights and protections are necessary to directly improve the quality of jobs in the US labor market, including those held by and available to Black workers. **Stark wage gaps**

between Black and white workers are a persistent feature of the labor market. Beyond wages, the evidence tends to show that the quality of work on other dimensions, including scheduling, benefits, working conditions, and voice, is poorer for Black workers than for white workers (Biu et al. 2023). And research attributes a substantial portion of poor labor market outcomes for workers over the past half-century to changes in the institutional features of the economy, including the erosion of the minimum wage and the decline in unionization, that have led to broad deteriorations in worker power (Stansbury and Summers 2020).

Existing US labor standards fail in part because they reflect a legacy of racial exclusion. Strengthening labor standards and extending their coverage would have disproportionately positive impacts on Black workers. Below, we discuss two broad classes of relevant policy: wage and hour policy, with a focus on minimum wage and scheduling, and the policy environment concerning collective bargaining:

- **Wage and hour policy** policies that set legal, enforceable standards governing worker pay and aspects of their hours and schedules, including minimum wages, overtime protections, and fair scheduling laws; policy is set in federal law laws and by some states and local governments.
- **Collective bargaining** a set of laws establishing both worker rights to organize and bargain with their employer, such as by forming a union, as well as employer obligations; federal law establishes a governing framework under which state laws can change some terms.

Wage and Hour Policy

Two important elements of jobs are the wages they pay and the hours of work (more broadly, schedules). To combat market failures, such as wage-setting power on the part of firms, wages and schedules are not left for labor markets to determine alone, but policy sets standards that includes federal, state, and local law. Below we discuss two important issues in wage and hour policy: minimum wages and fair scheduling.

MINIMUM WAGES

Minimum wages set a floor on the wages employers can pay covered workers. At the federal level, the minimum wage is established in legislation under the Fair Labor Standards Act, initially passed in 1938, which governs several terms of both public and private employment in the US, including minimum wages and overtime pay and other aspects of employment. Unchanged since 2009, the federal minimum wage of $7.25 per hour has eroded substantially in value relative to both inflation and the distribution of real wages. In the context of a stagnant federal minimum wage, minimum wages established by states and local governments, which can be set higher than the federal level, have taken on increased importance—for most workers, a higher state or city minimum wage is now the relevant minimum wage.[15]

Minimum wage policy is also defined by who it covers and how it is enforced. All workers are not entitled to the full minimum wage, and this set of excluded workers is a policy choice. Perhaps most notably, for workers who earn tips, employers have to pay a wage of only $2.13 per hour, so long as that amount together with a worker's tips exceeds the minimum wage. Tipped minimum workers are disproportionately Black (Gupta 2019). Coverage and exclusion of state minimum wages correspondingly vary with state laws. Concerning compliance and enforcement, minimum wage policy includes penalties for firms that violate the standard and associated enforcement activities. Wage theft associated with firms paying less than the minimum wage is not trivial. Research suggests that millions of workers collectively lose billions of dollars each year in minimum wage underpayments alone (Cooper and Kroeger 2017; ERG 2014), and that these losses are disproportionately borne by low-income workers, Black workers, and women (Marinescu, Qiu, and Sojourner 2021).

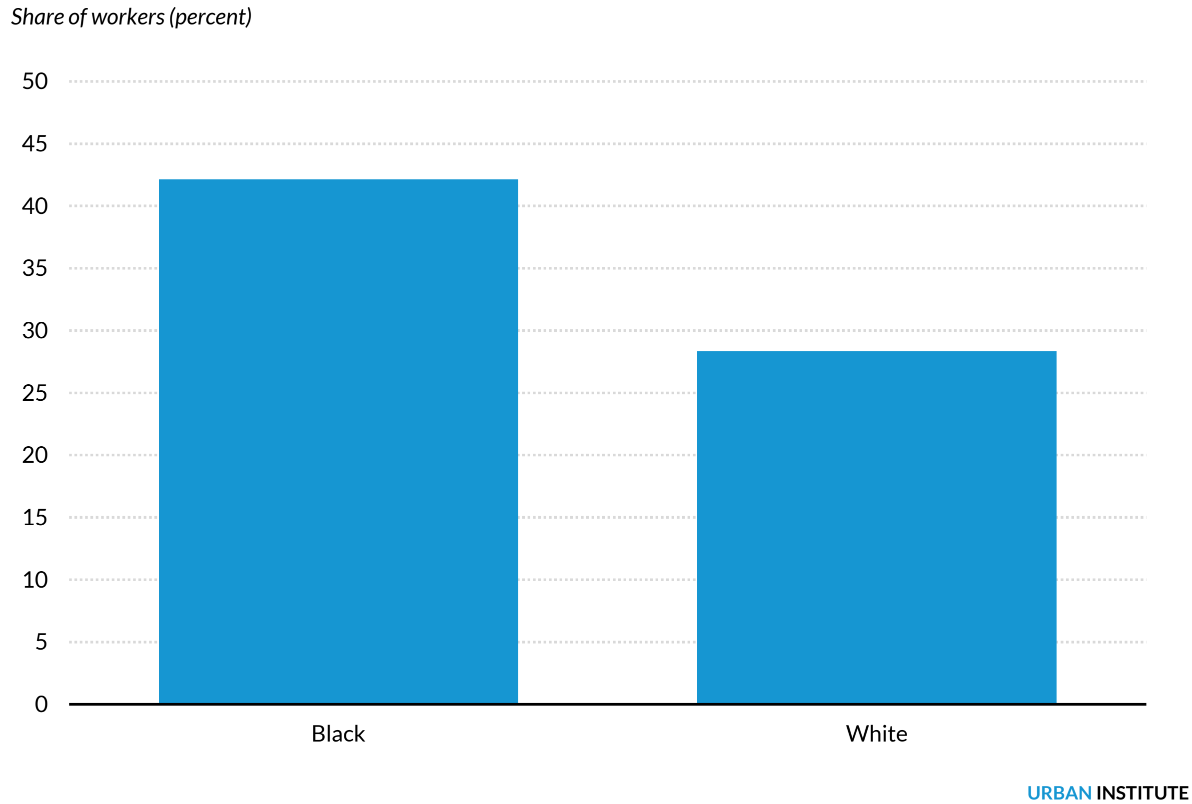
All else equal, a higher minimum wage helps employed, low-wage workers directly by raising their earnings, and there is also evidence of broader effects on the wage distribution, as a higher minimum wage leads wages to also rise for workers with higher earnings (Dube 2019b; Fortin, Lemieux, and Lloyd 2021). Although there are concerns that raising the minimum wage could lead to reductions in employment for these same workers, for minimum wages in the range currently observed and debated, the evidence generally suggests overall employment effects are modest and often not distinguishable from zero (Congressional Budget Office 2019; Dube 2019a). This absence of large employment effects is consistent with minimum wages operating in labor markets where firms hold the upper hand in setting wages (Azar et al. 2019). And although there is some evidence of negative effects of raising the minimum wage on work hours or other margins of work (Jardim et al. 2022), or for some groups such as younger workers (Neumark, Salas, and Wascher 2014), or for consequences that may emerge only in the longer run (Hurst et al. 2022), these negative effects tend to be relatively smaller compared with the broader benefits.

The minimum wage and outcomes for Black workers. A low and falling real federal minimum wage disproportionately harms Black workers, who are overrepresented in low-wage jobs where the minimum wage has both direct and indirect effects on wage levels. This overrepresentation of Black workers in low-wage work reflects, in part, the broad set of decisions—in policy and practice, as discussed above—that has limited Black workers' opportunities compared with white workers in the labor market. Black workers are crowded into lower-wage occupations (Hamilton et al. 2021) because of ongoing factors such as discrimination in hiring (Kline, Rose, and Walters 2022). And because Black workers are overrepresented in jobs that pay low wages, allowing the real value of the minimum wage to fall harms Black workers disproportionately. Figure 4 shows the share of workers estimated to be affected by raising the minimum wage to $15, showing how a larger share of Black workers than white workers are estimated to be affected (Acs et al. 2022).

FIGURE 4

Share of Workers Estimated to Be Affected by a $15 Minimum Wage, by Race

Black workers would disproportionately benefit from raising the minimum wage



Source: Gregory Acs, Linda Giannarelli, Kevin Werner, and Ofronama Biu, "Exploring the Effects of a $15 an Hour Minimum Wage on Poverty, Income and Employment" (Washington, DC: Urban Institute, 2022).

Notes: Figure shows the share of Black and white workers, respectively, estimated to be affected by an increase in the federal minimum wage to $15 an hour.

The effects of a low federal minimum wage for Black workers are further magnified by the erosion of the value and relevance of the federal minimum wage, as a national wage floor has led to geographic variation in the level of the binding minimum wage by city, state, and region. Many states and cities have implemented and raised local minimum wages above the federal level. But states that either have no minimum wage of their own or have left their minimum wage equal to the federal level are disproportionately concentrated in the South, the region of the country that is home to the majority of the Black labor force. The resulting policy environment further contributes to disparities in the effects of minimum wage policy by race.

In addition to the racial impacts of the level of the minimum wage, race-informed exclusions from coverage, and their eventual reforms have also played an important role in the impact of the policy for Black workers. As passed in 1938, the Fair Labor Standards Act originally covered a smaller portion of the workforce and had much broader exclusions, many of which, such as the exclusion of agricultural workers, disproportionately harmed Black workers. Later expansions of coverage in the 1960s and 1970s, particularly a civil rights-era expansion in 1966, covered workers in industries including both agriculture and service sector industries such as leisure and hospitality, education, and health care. Derenoncourt and Montailoux (2021) estimate that this expansion explains a substantial portion the Black-white wage gap reduction in the 1960s and 1970s.

Remaining exclusions and exceptions, such as the subminimum minimum wage for tipped work for many service workers, potentially continue to contribute to disparities that harm Black workers, in part by leaving tipped workers' earnings vulnerable to discrimination on the part of customers (Lynn et al. 2008). Additionally, the real value of the minimum wage has declined because of the lack of automatic inflation adjustments and how infrequently it is increased. In real terms, the current federal minimum wage of $7.25 hit a 66-year low in 2023 when the value of previous years are inflation-adjusted into 2023 dollars.[16] The peak value occurs in 1968 at $12.50 in 2023 dollars.

Implications and policy directions for minimum wages. Altogether, the research suggests that the benefits of raising the minimum wage within the ranges considered in current debates would almost certainly outweigh their costs, would disproportionately benefit Black workers, and could contribute to closing Black-white pay gaps. Raising the federal minimum wage to $15 an hour, for example, is projected to substantially benefit tens of millions of workers, among whom Black workers are overrepresented (Acs et al. 2022). Doing so would also work to close gaps in effective minimum wages across states and regions that currently disadvantage Black workers. Finally, to prevent future erosion in the real value of the federal minimum wage, raising the minimum wage could also be accompanied by reforms that index its value to inflation (as is already the case in several states) or to rates of median real-wage growth (as in recently proposed legislation).

Beyond raising the minimum wage, policymakers can also consider and study other dimensions of policy that may benefit Black workers. One direction is to consider closing remaining exclusions and exceptions, including the subminimum wage for tipped work. Another important direction for minimum wage policy is to improve enforcement and compliance. Current enforcement mechanisms are relatively weak noncompliance leads to employers' wage theft that collectively costs workers substantial sums of money, including Black workers. Enforcement is partly a matter of ensuring that penalties for violations create corresponding incentives for compliance; Stansbury (2021) suggests that current levels of fines and probabilities of detection are only a modest deterrent to firms. This is also a matter of increasing enforcement efficiency through strategic approaches (Weil 2010, 2018), strengthening antiretaliation provisions, and improving whistleblower protections to encourage worker complaints (GAO 2020).

An added and closely complementary approach to the minimum wage also worth consideration is the creation of wage boards, which set minimum pay across a given industry and occupation. Whereas the minimum wage targets and affects workers at the bottom of the wage distribution, wage boards are a policy lever to improve compensation for more middle-income workers (Dube 2020). Wage boards can benefit the well-being of Black workers who earn above the minimum wage by creating industry-wide minimum standards that are likely to reduce racially driven differences in compensation for otherwise similar workers (Madland 2018).

FAIR SCHEDULING

In the past several decades, technological advances coupled with market pressure to minimize labor costs have accelerated employers' development of human resource management strategies that apply a wide range of "just-in-time" scheduling practices across industries. These practices include minimal advance notice of work schedules, last-minute shift cancellations, and an expectation that workers remain available for on call shifts (Lambert 2008). The application of these practices has created disruptions in workers' ability to predict and manage their time and cash flow, with disparate effects across racial groups. Growing evidence suggests that these disruptions have come at the expense of worker well-being. The failure to create new regulatory standards that set an adequate "floor" for workers could further hinder labor market opportunity for Black workers.

For example, ample evidence shows the harmful effects that scheduling instability has on workers' outcomes. Workers with precarious schedules experience 50 percent higher rates of hunger hardship and 75 percent higher rates of housing hardship than similarly situated workers with stable, predictable hours (Schneider and Harknett 2021). Scheduling precarity is a major driver of both earnings and income instability (Sichel, Dynan, and Elmendorf 2012). Of the one-third of Federal Reserve survey respondents who reported that household income varies from month-to-month, 40 percent reported that volatility was because of "an irregular work schedule" (Board of Governors of the Federal Reserve

System 2017). Week-to-week variation in hours and working a variable or rotating schedule are significantly related to higher income volatility (Schneider and Harknett 2016).

Irregular work schedules may also interfere with family formation and stability (Schneider, Harknett, and Stimpson 2018). The effects of scheduling instability bleed across generations, affecting the children of workers with unstable schedules (Carrillo et al. 2017; Henly and Lambert 2005). Young children of parents who work on-call and experience last-minute scheduling changes are more likely to spend days in the care of a sibling younger than 10 or with no child care at all than parents with stable schedules (Harknett, Schneider, and Luhr 2022; Perez and Gould-Werth 2019). Children's behavioral instability is linked to scheduling instability: sad behaviors (worrying, feeling guilty, depressed, or insecure) and mad behaviors (arguing, disobedience, tantrums, or aggression) increase as scheduling precarity increase (Joshi and Bogen 2007; Schneider and Harknett 2022). In light of evidence on the importance of family and economic stability in children's lives as a predictor of future labor market success, the generational spillover effects of precarious scheduling in contemporary labor market practices may be undercutting the productivity of the workforce in the future.

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Scheduling and outcomes for Black workers. For generations, people of color have worked nonstandard schedules, including evening and overnight shifts, at higher rates than their white peers (Presser 2005, 2011). Scheduling precarity is especially intense in the industries in which Black workers are disproportionately concentrated, including health care, service, and retail (Dwyer and Wright 2019)—these three industries employ 45 percent of Black private-sector workers (about 6.7 million people) (Hancock et al. 2021). In retail and food service, Black workers are nearly 15 percent more likely to experience scheduling instability than white workers (Ananat, Gassman-Pines, and Fitz-Henly 2022; Perez and Gould-Werth 2019; Storer, Schneider, and Harknett 2020). Black workers are also exposed to disproportionately high rates of just-in-time scheduling practices.

For instance, among hourly employees in all industries:

- **49 percent of Black workers receive a week or less advance notice of their schedules**, as compared with 39 percent of white employees.
- **55 percent of Black employees are significantly more likely to have no input into their work schedule** as compared with 47 percent of white employees (Lambert, Fugiel, and Henly 2014).
- **Black workers are more likely to be involuntarily underemployed than their white peers**. For example, one in five Black retail workers are employed involuntarily part-time, as compared with fewer than one in seven white retail workers (Ruetschlin and Asante-Muhammad 2015).

Although some of the race gap in scheduling precarity is related to occupational and industry concentration, significant racial differences persist even when comparing virtually identical Black and white workers (figure 5). For instance, Black workers in the food and retail sector are 9 percent more likely to experience scheduling precarity than white workers, even after adjusting for individual workers' differences in human capital (e.g., education and work experience), age, managerial status, and other characteristics (McCrate 2012; Storer, Schneider, and Harknett 2020). Racial disparities persist even when comparing similar workers within the same firm. Racial disparities between frontline workers and their managers are responsible for 25 percent of the racial scheduling precarity gap: Black workers with white managers face higher levels of scheduling precarity than Black workers with Black managers (Storer, Schneider, and Harknett 2020).

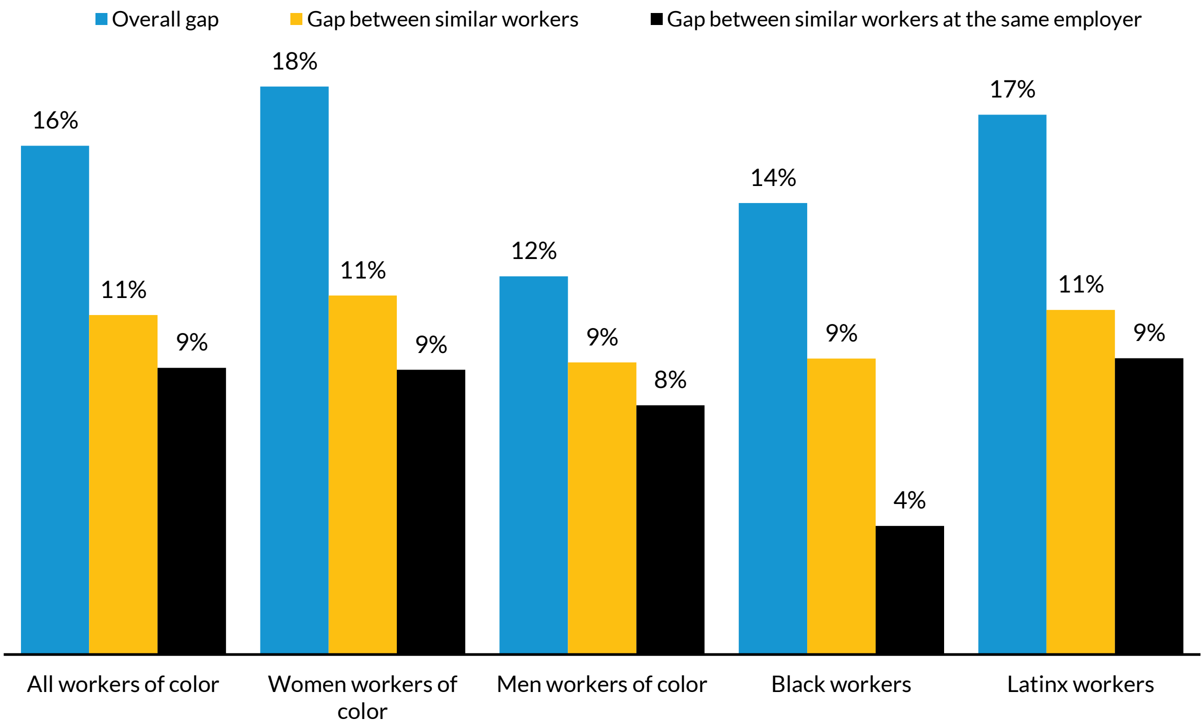
Black workers with white managers face higher levels of scheduling precarity than Black workers with Black managers.

FIGURE 5

Differences in Exposure to Precarious Scheduling Practices, by Race and Gender

Black workers in the food and retail sector are disproportionately exposed to precarious scheduling, even when comparing similar workers employed by the same businesses

Differences in share of those experiencing precarious scheduling practices, as compared with white workers (percent)



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Source: Adam Storer, Daniel Schneider, and Kristen Harknett, "What Explains Racial/Ethnic Inequality in Job Quality in the Service Sector?," *American Sociological Review* 85 (4): 537–72, 2022,https://doi.org/10.1177/0003122420930018.
Notes: "Precarious scheduling" is measured by a scale counting a worker's exposure to the following practices: canceled shift, on-call shift, involuntary part-time hours, difficulty getting time off when needed, clopening shift. "Similar workers" includes controls for age, relationship status, presence of children, education, current student status, hourly wage, job tenure, and managerial status. Analysis of groups compares with the relevant white group (e.g., women workers of color) are compared with white women. Data are from the SHIFT Project.

The racial gap in scheduling uncertainty translates into racial gaps in both earnings and income security because, as discussed above, scheduling precarity is a driving force behind family income insecurity. Black families' earnings are substantially less stable than those of white families' (Ziliak, Hokayem, and Bollinger 2023), with rates of year-to-year variation as much as 48 percent greater than those of white families (Carr and Hardy 2022; Hardy et al. 2018). Moreover, Black families' income instability has risen more rapidly than that of white families (Hardy and Ziliak 2014). For nearly one in four jobs, paycheck-to-paycheck amounts varied by more than 30 percent, and this within-job pay variation explains 86 percent of month-to-month variation in earnings (Farrell and Greig 2016).

Implications and directions for policy for fair scheduling. As evidence of the harms of scheduling precarity on workers and their families has grown increasingly difficult to ignore, policymakers have updated regulatory frameworks to include "Fair Workweek" labor standards designed to reign in the use of just-in-time scheduling practices. The state of Oregon implemented scheduling regulations in 2017. Many local areas (including Chicago, Los Angeles, New York City, Philadelphia, and Seattle) have updated their labor standards to include fair scheduling provisions. At a federal level, the proposed Schedules That Work Act (S.3642/H.R. 6670) borrows from many state-level initiatives and includes a specific reference to racial disparities in access to fair scheduling practices as a key factor driving the bill's design.[17]

- **Fair Workweek** policy frameworks typically bundle worker protections across five categories: (1) *notice*: the right to receive advance notice of their schedules; (2) *compensation*: the right to receive compensation for last-minute scheduling changes and/or split shifts (i.e., a shift composed of two or more discrete lengths of time across one day); (3) *hours*: the right for part-time workers to be offered additional hours before new workers are hired; (4) *voice*: the right to request a change in a previously determined schedule; and (5) *rest*: the right to rest at least 10 hours between a closing and opening shift (i.e., a "clopenings" ban).
- **Local jurisdictions'** experience with the roll-out, implementation, and enforcement of Fair Workweek policies also suggests that robust support for outreach and enforcement is crucial to supporting workers' outcomes, as well as those of employers, especially small-to-medium-size firms with limited human resources capacity.

The implementation of bundled Fair Workweek regulations has been accompanied by positive outcomes for both workers and firms. For instance, after the state of Oregon implemented its Fair Workweek Act for firms with 500 or more employees, workers reported improvements in rest times between shifts and an increase in their receipt of advance notice of schedules. Weekly earnings for those workers affected by the law increased by 5 percent, and underemployment decreased by 1 percent as compared with similar workers across the rest of the country. Employers bound by the scheduling regulations saw a decline in worker turnover and an increase in tenure relative to the national average (Loustaunau et al. 2020). After Seattle implemented its Fair Workweek regulations, the share of retail and food service workers receiving their schedule at least 14 days in advance increased by 20 percent, the share of workers receiving compensation for employer-initiated scheduled changes increased by 7 percent, workers' satisfaction with both their schedules and their jobs increased (by 10 percentage points and 8 percentage points, respectively), workers' overall happiness and sleep quality increased, and workers' material hardship decreased by 10 percentage points (Haley-Lock et al. 2019).[a]

The effects of scheduling stability are particularly robust for working parents. Following the rollout of Emeryville, California's Fair Workweek regulations, parents in covered jobs (large retail and service firms) with young children saw significant decreases in schedule changes, especially last-minute schedule changes and surprise shifts (Ananat, Gassman-Pines, and Fitz-Henly II 2022). Parents also saw an increase in total work hours, largely attributable to an increase in shift length on workdays. This effect may be because of the law's discouraging short and on-call shifts and suggests that scheduling reforms are an effective tool for reducing involuntary part-time work. Working parents also saw a significant increase in sleep quality and improvements in mood. In light of extensive literature on the importance of sleep quality for health and the importance of parental mood for parenting quality, and in turn children's outcomes, the Emeryville results provide additional evidence suggesting Fair Workweek scheduling reforms are a powerful lever for improving the well-being of vulnerable workers (Ananat et al. 2017; Da Estrela et al. 2017).[b]

Although Fair Workweek regulations have moved the needle in the right direction, the need for more effective worker and employer education and enforcement of scheduling-related policies is clear. For instance, studies of the Oregon experience suggest that an absence of adequate funding for education and enforcement (along with other provisions in the legislation, including those that allow a worker to waive their rights to scheduling predictability) have undermined the law's intent. In the absence of robust enforcement, unpredictable scheduling practices persist as a form of disciplinary control over workers by employers (Petrucci et al. 2021). Emerging efforts to support small and Black, Indigenous, and other people of color (BIPOC)-owned businesses in implementing scheduling regulatory policies and other worker protections are a promising new direction for delivering on the promise of fair scheduling. This approach combines traditional "stick"-based enforcement methodologies (i.e., the threat of fines and fees) with "carrot"-based strategies such as education,

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[a] The sample in both years of the Seattle study includes a representative share of covered workers who are Black, but the numbers are too small to generate racially disaggregated data on outcomes.

[b] Black parents of young children composed 45 percent of the participants in the Emeryville study. The total sample size is too small to make statistically meaningful comparisons of the impact of scheduling regulation across racial groups.

outreach, and access to low-cost or free scheduling software and other forms of technology that smaller, low-overhead businesses may not otherwise be able to access.

Collective Bargaining

The experiences of Black workers, including across key dimensions discussed in this report so far, acutely and persistently showcase how commonly held assumptions about what drives labor market outcomes do not hold when applied specifically to Black workers (Wilson and Darity 2022). Beyond the attributes typically associated with determining employment and wage outcomes, such as education and experience, power and identity play notable roles. Thus, historically, **collective bargaining was and remains an important vehicle for Black workers in particular to improve their labor market outcomes because of its potential to shift power dynamics between employers and employees and its emphasis on shifting action from the individual level.**[18] Given the systemic nature of these labor market disparities, moving from the individual level to the collective is a key feature of unions that has made them powerful for Black workers when they have been able to participate amid having to overcome discrimination within organized labor.[19] Indeed, examination of the Civil Rights Movement and its aftermath illustrate that contemporary norms distinguishing between civil rights and labor rights are in sharp contrast to the theory of change and applied goals of the Civil Rights Movement.[20]

The experiences of Black workers, including across key dimensions discussed in this paper…acutely and persistently showcase the ways in which commonly held assumptions about what drives labor market outcomes do not hold when applied specifically to Black workers.

The 1963 March on Washington for Jobs and Freedom is an illustrative case. Although the march is primarily remembered for Dr. Martin Luther King Jr.'s famous "I Have a Dream" speech, its impetus was the deep connections between economic and racial justice—civil rights violations stifled economic opportunity for Black and Brown workers, their families, and their communities. Key goals for march organizers and participants included bringing about a national minimum wage to cover a decent standard of living and an inclusive expansion of the Fair Labor Standards Act to cover excluded areas of employment (Maye 2023). Black labor organizer A. Philip Randolph was a key leader of the March on Washington and played an instrumental role in organizing Black workers, fighting discrimination within the labor movement, and highlighting how civil rights are incomplete without the necessary economic counterparts of fair wages, safe working conditions, and labor standards and protection.

An active body of literature has shown the benefits of collective bargaining for many workers. For example, as a recent report from the US Treasury details, unions play a vital role in maintaining and strengthening the middle class (US Department of the Treasury 2023). Much empirical evidence exists also for the benefits of unions for Black workers specifically. A common strand in this literature is estimating a union premium, which is an estimate of the how much more union members or those covered by a collective bargaining agreement make in wages than otherwise similar workers who are not unionized (Callaway and Collins 2017; Farber et al. 2021). Other research finds, much as with the minimum wage, that unions might also generate indirect or spillover effects, raising wages for workers even among nonmembers (e.g., Fortin, Lemieux, and Lloyd 2021).

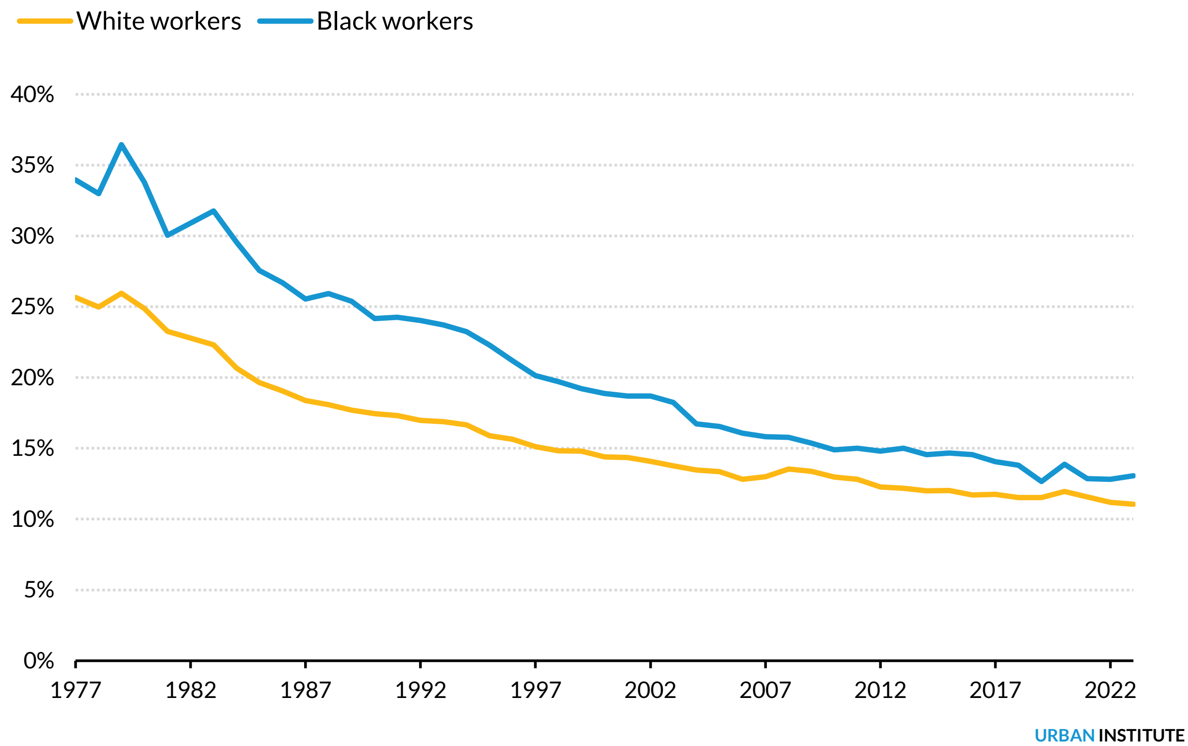
Research shows that unions play a role in reducing racial inequality. The Black-white wage gap, for example, is consistently found to be narrower for union workers, in sectors of the economy where more workers are covered by union contracts and in industries that enjoy the spillover positive effects of unionization (Bivens et al. 2023; Bucknor 2016; Wilson and Darity Jr 2022).[21] This primarily results from the greater standardization of wage rates for workers, increased transparency from the collective bargaining process, and clearer defined pay structures. Union members are also shown to have notably higher levels of wealth, especially for Black union workers (Glass, Madland, and Weller 2023). The median wealth holding of Black households with a union member is estimated at four times more than that of Black households without a union member. Relatedly, the Black-white wealth gap is smaller among unionized households.

Beyond the higher union premiums Black workers get from unionizing, the second factor in why unions help reduce inequality is that Black workers historically have had higher unionization rates. We see this in figure 6, which shows union coverage for Black workers, white workers, and all workers from 1977–2023. For each group, union coverage represents the percentage of workers who are members of a union and/or are covered by a collective bargaining agreement (CBA). During this period, peak unionization occurred for Black workers (and all workers) in the late 1970s; in 1979, 36.3 percent of Black workers were in a union or covered by a CBA. Unionization rates have since declined. In 2022, an estimated 12.6 percent of Black workers were covered by a union contract, the highest for any major racial or ethnic group (Shierholz, Poydock, and McNicholas 2023).

FIGURE 6

Union Coverage by Race, 1977 to 2023

The share of workers covered by unions has declined for all workers, but relatively more for Black workers



Source: US Bureau of Labor Statistics; "Union Membership, Coverage, and Earnings from the CPS," using BLS methods, https://www.unionstats.com/, completed January 16, 2024.
Notes: Figure shows the share of Black and white workers, respectively, that are members of unions or covered by a collective bargaining agreement.

IMPLICATIONS AND DIRECTIONS FOR POLICY FOR COLLECTIVE BARGAINING

Research shows that unions not only improve wages and other benefits and working conditions such as scheduling, the likelihood of retirement plan offering, employer contributions to a retirement plan, and better workplace safety (US Department of the Treasury 2023; Weil 1991). One of the factors identified behind declining unionization is the set of obstacles workers face in trying to form unions, including illegal practices (McNicholas et al. 2019; Shierholz, Poydock, and McNicholas 2023). Policies to make it easier for workers to form unions and to enforce existing labor laws would particularly benefit Black workers. Collective bargaining, by its nature, is a more structural approach to securing better working conditions and compensation and moves the locus from individual efforts that are likely to make Black workers especially susceptible to more workplace discrimination. Provisions in legislation like the Protecting the Right to Organize (PRO) Act include key features that address current barriers to organizing (McNicholas, Poydock, and Rhinehart 2021). These include the assessment of penalties on employers who violate their employees' rights under the National Labor Relations Act (NLRA), where currently they face no penalties. Among the illegal practices currently used by employers are retaliation against workers engaging in organizing efforts, including firing them.

Worker Supports

The United States has some existing systems designed to buffer the shock for workers' and their families' economic well-being when there are inevitable interruptions to work; however, these buffers systematically exclude Black workers. Updating and expanding worker supports, especially those designed to ease the economic shock triggered by job loss or the need to be temporarily away from work to care for a loved one, is key to promoting racial equity in the labor market. Regardless of the intentions behind the design of policy, key programs such as UI systematically exclude Black workers in ways that generate durable racial gaps in labor market opportunity and family income security. Moreover, the absence of certain types of public support—including paid family medical leave—worsen existing racial disparities and create barriers to the possibility of an equitable future for workers.

Worker supports are essential for Black workers, given the persistence of the racial wealth gap (Derenoncourt et al. 2023).[22] The relative strength of a workers' non-earnings-based resources is a key factor in determining workers' labor market bargaining power (Stelzner and Bahn 2022). Those workers with lower levels of wealth or lower levels of access to income support are fundamentally disempowered. Those workers with more resources and therefore more power have the option to "exit" a low-quality job (Marinescu and Rosenfeld 2022). The one-two punch of racial wealth disparities and racial disparities in access to income-smoothing supports tied to work combine to systematically undermine Black workers' labor market opportunity.[23]

Moreover, worker support programs are a critical complement to other efforts to build Black wealth. Earnings gaps between Black and white workers translate into racial disparities in the ability to accrue private savings for a rainy day (Sabelhaus and Thompson 2021; Weller and Madland 2022). Racial wealth gaps result from the interaction of these labor market disparities and enduring structural discrimination that hampers Black families' ability to accrue capital, such as historic and persistent discrimination in housing and credit markets (Derenoncourt et al. 2022).[24]

In the next section, we discuss two broad classes of worker support policies, unemployment insurance, and paid family and medical leave:

- **Unemployment insurance is** social insurance that provides workers with income support during job loss or, in some instances, loss of hours.
- **Paid family and medical leave** are policies that provide for wage replacement when a worker needs to take time away from work for medical reasons or to provide care to family members.

Unemployment Insurance

Unemployment insurance (UI) is a cornerstone social insurance program and labor market policy, the full significance of which is often revealed only during crises. At its core, UI is meant to cover a portion of workers' lost wages during periods of being out of work. UI also acts as a macroeconomic stabilizer by helping boost aggregate demand and supporting spending when it would have otherwise declined because of wage losses (Bivens and Banerjee 2021).[25] An effective UI system serves the dual role of addressing the direct needs of workers and supporting the economy as a whole.

The height of the COVID-19 pandemic revealed the depths of problems with our UI system and the power of policy in addressing some of these challenges. In March and April 2020, as millions of people who were newly unemployed attempted to file for unemployment, state UI systems poorly designed to meet the needs of claimants during normal economic periods were ill-prepared for the historic influx of claims (Bivens et al. 2021). This resulted in the amplification of ongoing challenges UI systems experience, including payment delays caused by insufficient administrative capacity and outdated technology (Congdon and Vroman 2022).

A consistent body of evidence shows how UI improves measures of worker well-being, providing workers a needed source of income and protecting them against sharp falls in consumption (Coombs et al. 2022; Farrell et al. 2020; Ganong, Noel, and Vavra 2020; Gruber 1997; Farber, Rothstein, and Valletta 2017). When benefits are generous, as was the case under some of the emergency measures provided during the COVID-19 recession, UI can even help workers to preserve or accumulate savings (Ganong et al. 2021). In doing so, UI benefits can prevent other forms of hardship and protect forms of wealth, providing workers with income that, for example, helps them to avoid foreclosures (Hsu, Matsa, and Melzer 2018). In addition to directly helping unemployed workers by supporting demand, in the aggregate, UI generates broader macroeconomic benefits as discussed above in the fiscal and monetary policy sections, especially in times of recession (Vroman 2010).

In addition to providing direct financial support to unemployed workers, UI affects labor market behaviors and outcomes that often tend to generally improve outcomes for workers. For example, research has found that by providing financial support to workers after losing work, UI benefits help keep workers in the labor force and looking for new jobs, rather than becoming discouraged and dropping out of the labor force entirely (Farber, Rothstein, and Valletta 2015; Rothstein 2011). Related research has found that by providing financial support that gives workers time to search for a job that is a good fit, UI can lead to better eventual employment outcomes, such as workers returning to work in higher-wage jobs (Farooq, Kugler, and Muratori 2020). The main countervailing concern sometimes raised is that UI might lead workers to remain unemployed for longer by dulling incentives to return to work (Baily 1978; Chetty 2008), or otherwise distorting labor markets; however, modern empirical evidence generally finds that although these effects are sometimes present (e.g. Holzer, Hubbard, and Strain 2021), they tend to be relatively modest (Chodorow-Reich, Coglianese, and Karabarbounis 2019; Dube 2021a; Marinescu 2017).

Notwithstanding the benefits of the UI system, racism has been a design feature of it from the beginning. The UI system in the US is a federal-state partnership where the overall system is primarily run by individual states, within broad parameters established in federal legislation, with some additional federal programs and support that are triggered during recessions (additional emergency federal measures are often enacted in recessions, as well). When UI was created through the Social Security Act in 1935, domestic and agricultural workers were excluded.[26] Black workers were concentrated in these two occupations, and their exclusion automatically disqualified 65 percent of Black workers from benefitting from the newly created programs.

The wide latitude given to the states in designing and running UI systems represents an ongoing channel through which racism is baked into UI. The cumulation of these factors has been that empirically, states with a higher Black population share are the places where workers, on average, have a lower share of their lost wages replaced and face greater difficulty accessing UI.[27] The growing body of research finding that UI fails to reach Black workers as effectively as other groups of workers generally finds this effect is driven in part by these states, and southern states in particular, having less generous and accessible programs (e.g., Kuka and Stuart 2021; O'Leary, Spriggs, and Wandner 2022).

IMPLICATIONS AND DIRECTIONS FOR UNEMPLOYMENT INSURANCE POLICY

The start of the COVID-19 pandemic and the temporary federal UI programs offered a picture of what necessary reforms of the UI system could look like and what they would mean for workers. Three specific core areas for reform are benefit level, duration, and eligibility. These were all expanded under the temporary federal programs (Congdon and Vroman 2022). The Pandemic Unemployment Assistance (PUA) program expanded eligibility by covering workers typically ineligible for UI such as gig workers, self-employed people, and those affected by COVID-19 but who would otherwise not have qualified for benefits because of such reasons as insufficient work or earnings history. The Federal Pandemic Unemployment Compensation (FPUC) program expanded benefit levels, initially by $600 per week and then by $300 per week, significantly higher than most states' average benefit levels. The Pandemic Emergency Unemployment Compensation (PEUC) expanded duration by providing workers up to 53 weeks of added coverage.

These reflect the key reforms that are needed for the UI system permanently. One direction suggested for policy reform is to federalize the UI system (Dube 2021b). The latitude given to states has enabled persistent inequitable outcomes (O'Leary, Spriggs, and Wandner 2022). For example, Kuka and Stuart (2021) find that Black workers who lose a job are 24 percent less likely than white workers to receive UI benefits. Half of this gap is explained by Black workers being more likely to live in the South and having average lower pre-unemployment earnings. A federalized program that set more generous floors for weeks of benefits and wage replacement rates, expanded eligibility like PUA to include the likes of part-time and gig workers, included workers with more limited earnings history, and improved and equalized the accessibility of benefits across states would address these issues.

Furthermore, expanded benefit levels and durations would allow UI to be a more meaningful source of income replacement during times of job loss, provide workers with sufficient time to look for new employment best matched to their skills, and act as a more effective macroeconomic stabilizer by helping boost aggregate demand. The current UI system left as is compounds with the other inequities of the higher burden of unemployment on Black workers and racial wage and wealth gaps to intensify economic precarity precisely when workers need support.

Paid Family and Medical Leave

Unemployment insurance is a prime example of an existing public program where the legacy of structural racism interacts with a failure to modernize the policy to fulfill its purpose in the context of modern labor markets. The result is persistent and pernicious racial inequity in access to income supports. In contrast, paid family and medical leave is an example of a policy gap where the absence of public policy worsens racial inequities. Indeed, the United States is one of only seven countries in the world without national paid maternity leave. The majority of our peer nations also offer robust supports for caregiving leaves to attend to one's health or to care for a loved one with a serious medical condition (Heymann and Sprague 2022). This lag in modernizing policy has macroeconomic consequences: for instance, the US's outlier status on family policy explains nearly a third of the decline of women's labor supply relative to other Organisation for Economic Co-operation and Development countries (Blau and Kahn 2013).

The United States is one of only seven countries in the world without national paid maternity leave. The majority of our peer nations also offer robust supports for caregiving leaves to attend to one's own health or to care for a loved one with a serious medical condition.

Paid leave offers economic stability by providing wages during the inevitable periods when a worker needs to take time away from work to provide care. At its core, paid leave is fundamentally a labor market policy in that recipients must be working to be eligible. Substantial research on the outcomes associated with access to paid family and medical leave suggests that paid leave boosts labor force participation rates and earnings mobility substantially over the life course (Rossin-Slater, Ruhm, and Waldfogel 2013; Waldfogel, Higuchi, and Abe 1999). Paid leave is also strongly associated with positive health outcomes for both the working caregiver and for the recipient of care, which may be one of the key channels through which lifetime employment and earnings effects operate (Jacobs 2018; 2020b). The health effects are particularly robust for parental leave, where myriad studies show clear causal effects of paid parental leave on maternal mental and physical health, as well as on child outcomes include infant mortality and breastfeeding rates (Baker and Milligan 2008; Huang and Yang 2015; Jacobs 2018; Rossin-Slater 2011). Paid leave has also been linked to significant positive effects for employers: higher rates of retention, increased worker productivity, and improved levels of innovation and entrepreneurship (Bartel et al. 2016, 2017, 2021).

Policymakers' failure to include a paid leave program in the suite of work- and income-support policies ushered in by the New Deal and the Great Society shows a lack of consideration for the realities of Black families—then and now. Until the dramatic rise in mothers' labor force participation in the 1980s, most white families had a stay-at-home mother whose unpaid labor complemented that of a breadwinner (man) spouse (Boushey 2016; Boushey and Jacobs 2018; Boushey and Vaghul 2016; Jacobs 2018, 2020a). In contrast, Black women have long been major contributors to family income through paid work. In 1880, 35.4 percent of married Black women and 73.3 percent of single black women were in the labor force, compared with just 7.3 percent of married white women and 23.8 percent of single white women (Goldin 1977).[28] Today, 80 percent of Black women are the primary breadwinners for their families.[29] Although the importance of Black women breadwinners stems in part from higher rates of single motherhood in Black families as compared with white families, married Black mothers have long been breadwinners for their families as well (Institute for Women's Policy Research 2016; Lundberg, Pollak, and Stearns 2016; Wicks-Lim 2019).[30] The increased attention to the tension between work and care, including the passage of a limited right to job protection under the Family and Medical Leave Act in 1992, almost certainly reflects the fact that what had long been a challenge for Black families had now become a central challenge for many white families as well.

Several factors suggest that Black workers' demand for paid time away from work may be greater than that of white workers. Racial disparities in population health result in racial differences in the rate and severity of illness (Bailey et al. 2017).[31] These health disparities affect both workers and workers' families. As a result of health disparities, demand for medical leave (i.e., paid time away from work to care for one's serious medical condition) may higher for Black workers than for white workers. Demand for caregiving leave, i.e., paid time away from work to care for a loved one's serious medical condition, may be higher for Black workers than for white workers. Large racial disparities in maternal health mean that parental leave may be especially important for both Black mothers and Black children (Taylor 2020). **The critical importance of Black women as breadwinners for their families puts more weight on the importance of Black women's earnings for family income stability.**

Without a federal paid leave policy, most workers who receive wage replacement during a family or medical leave are paid through a voluntary employer-sponsored policy**. Black workers are 12.7 percentage points less likely than white workers to have access to paid leave, with less than half (41.7 percent) of Black workers reporting access** (Goodman, Richardson, and Dow 2022). Racial gaps in access to employer-sponsored paid leave shrink considerably once industry and occupational differences and work arrangements (including work hours) are taken into consideration, indicating that a substantial share of the racial differences in access to employer-provided leave stems from labor market occupational segregation (Bartel et al. 2019). That said, research on racial bias in manager-employee relationships shows a substantial gap in outcomes for Black workers with white managers, suggesting that racial discrimination may also play a role in explaining the race gap in access to leave (Giuliano, Levine, and Leonard 2011).

IMPLICATIONS AND DIRECTIONS FOR PAID AND MEDICAL LEAVE POLICY

Experimentation with paid family and medical leave policies at a state level provides a growing body of evidence for how to effectively modernize worker supports to meet the needs of 21st-century workers:

- Universal access to paid family and medical leave using a social insurance model can significantly expand access to income support during caregiving for Black workers.
- A federal paid family and medical leave policy using a social insurance model would set a national "floor" to buffer against state-level economic and political forces that systematically disadvantage Black workers.

A growing number of state-level public paid leave programs are important accelerators in providing broader, more equitable access to paid family and medical leave for workers—especially low-wage workers and workers of color. Since 2020, 4 states have enacted new paid family and medical leave programs, bringing the total to 11 states (California, Colorado, Connecticut, Delaware, Maryland, Massachusetts, New Jersey, New York, Oregon, Rhode Island, Washington) as well as the District of Columbia (National Partnership for Women & Families 2022). Policies vary in design specifics, but all state programs use a social insurance model where all workers contribute a small percentage of their earnings to a public trust that then pays out benefits to eligible recipients.

Wage replacement is available at a sliding scale based on earnings to any worker who has consistently paid into the system, including part-time, self-employed, and contract "gig" workers. The result has been significantly higher rates of equity in terms of coverage. For example, California's paid family and medical leave program is associated with large reductions in racial and ethnic disparities in maternity leave-taking. (AEI-Brookings Working Group on Paid Family Leave 2018; Bartel et al. 2018; Baum 2003; Baum and Ruhm 2016; Das and Polacheck 2014; Han, Ruhm, and Waldfogel 2009; Rossin-Slater, Ruhm, and Waldfogel 2013). Absent federal action, continued expansion of state-level programs is an important path forward for progress, providing equitable supports for workers and balancing caregiving and work.

Efforts to enact a federal-level paid family leave program have gained significant momentum over the last decade, including a first-ever national program enacted as a temporary measure as part of the Families First Coronavirus Response Act (FFCRA) during the COVID-19 pandemic.[32] Although state-level experimentation has yielded positive effects for workers, the absence of federal action continues to drive inequities. First, because the most effective paid leave programs are premised on social insurance (much like Social Security), bringing as large and diversified a population as possible under the same umbrella makes logical sense for smoothing risk across populations and places. Second, many employers operate across multiple states. The creation of myriad state programs with separate eligibility rules, creates a hornet's nest of extra administrative overhead for employers and delays and confusion for workers looking to receive benefits. Third, the stark differences in state politics mean that workers are excluded from basic social protections based on geography in ways that continue to drive racial disparities in outcomes and that reflect regional history.

The most widely sponsored legislative proposal for a national paid family and medical leave program is the Family and Medical Insurance Leave (FAMILY) Act (S.248/H.R. 804) introduced in 2021.[33] Under the FAMILY Act, eligible workers could take up to 12 weeks of paid leave when they need time off work for their own serious health condition (including pregnancy and childbirth recovery); the serious health condition of a child, parent, spouse, or domestic partner; the birth or adoption of a child; and for some military caregiving and leave purposes. Workers must meet specific eligibility criteria, including earnings over the previous 12 months and a work history that qualifies them for "insured" status under the Social Security Disability Insurance program. Eligible workers would receive 66 percent of their monthly earnings up to $4,000, with a minimum benefit of $580. Benefits are financed through a payroll tax of 0.4 percent of covered wages, and employees would be covered regardless of the firm size.

Projections of the impact of the FAMILY Act suggest that it would increase access and use of paid leave benefits for all workers and would reduce gaps in access for Black and Hispanic workers (Balu et al. 2022). Based on a set of modeling assumptions using access and uptake data from the three longest-running state-level paid family and medical leave programs (California, New Jersey, and Rhode Island), simulations of the FAMILY Act's effects show a 22 percentage point increase in the share of Black workers receiving pay while on leave. The policy does not result in equal rates of access or use of paid leave for workers across racial lines. Still, it would close the racial gap substantially: the 9 percentage point gap between white and Black workers receiving paid leave would narrow to 4 percentage points. Persistent racial wage gaps mean that the fixed replacement rate of 66 percent would result in higher, on average, benefits for white workers. Based on median wages by race in 2020, the estimated median benefits for white workers would be $4,288 compared with $3,211 for Black workers. A policy that instead used a progressive wage replacement rate (such as that used by the Social Security program) could narrow the gap in benefits.

Conclusion

The contemporary labor market continues to generate outcomes for Black workers that consistently and persistently lag those of white workers. Without taking structural reforms seriously, policy interventions that focus narrowly on individuals' skills, attitudes, or social networks will continue to underperform for Black workers (Camardelle et al. 2022; Peck et al. 2021). Today's disparities are the consequences of decisions that perpetuate unequal opportunity across time, including failures to update existing policies to effectively correct for race-based exclusions and an unmet need to enact new policies that respond to present-day shifts in how labor markets work in a highly racially stratified society.

Relying on the evidence, we offer a policy framework that tackles structural labor market problems vis-à-vis three overlapping complementary approaches:

1. **We suggest a fresh approach to policies designed to shape labor demand.** The fundamental underpinnings of the labor market context determines whether jobs are available, how much employers are willing to pay workers to fill those jobs, and which workers can effectively advocate for their needs.
2. **We provide a set of evidence-informed implications for updating worker protections to correct historical policy choices that continue to reproduce racial inequities today**. This includes having an updated minimum wage policy, more robust protections for workers' right to organize and bargain collectively, and new regulatory policies designed to create fair, predictable scheduling practices.
3. **We review the evidence on the importance of robust worker supports as a driver of economic security and economic mobility and highlight critical updates to the existing unemployment insurance system as well as the need for a new federal paid family and medical leave program.**

In all three cases, universally targeted federal policies that center the Black experience in decisionmaking concerning policy design and goals (vis-à-vis the use of racially disaggregated data and a deep understanding of the ways in which policies play out differently across groups) could make a difference for all workers who are currently struggling to make a living with disproportionate gains for Black workers and their families.

The federal response to the early stages of the COVID-19 pandemic and its impact showcase the types of multipronged policies proposed here are both feasible and crucial. Historic (temporary) public investments and the massive fiscal response to the pandemic in 2020 and beyond played a critical role in avoiding the collapse of the US labor market, with important effects on Black workers' real-time economic well-being and future labor market opportunities (Center on Budget and Policy Priorities 2023; Ross, Pathak, and Hanlon 2022). The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 and the American Rescue Plan Act of 2021 changed the course of the material hardship and sharp deteriorations in labor market outcomes that mirrored the human suffering brought on by the pandemic (Center on Budget and Policy Priorities 2023).[34]

Tomorrow's labor market does not have to replicate the inequities of today's. Indeed, we can create more opportunities in the labor market. Research on myriad dimensions of labor market policy point to clear implications for policy that, if taken seriously, could dramatically accelerate economic opportunity for Black workers. Prioritizing Black lives in the policymaking process would not only boost the well-being for Black workers and their families but could fortify inclusive institutions and enhance shared prosperity. In many instances, the reforms suggested by the evidence are broad-based rather than explicitly targeting race, but their advantages would disproportionately uplift Black workers, given the complex interplay of race and other sociodemographic factors shaped by historical structural racism. Closing racial disparities benefits not only Black workers but all workers and the economy as a whole.

Notes

[1]HYPERLINK \l "_ERef1"[1] Kathryn A. Edwards, "'Holes Just Big Enough': Unemployment's History with Black Workers," *The RAND Blog* (blog), October 5, 2020, https://www.rand.org/blog/2020/10/holes-just-big-enough-unemployments-history-with-black.html.

[2]HYPERLINK \l "_ERef2"[2] Edwards, "'Holes Just Big Enough.'"

[3] Kyle K. Moore and Asha Banerjee, "Black and Brown Workers Saw the Weakest Wage Gains over a 40-Year Period in Which Employers Failed to Increase Wages with Productivity," *Working Economics Blog* (blog), Economic Policy Institute, September 16, 2021, https://www.epi.org/blog/black-and-brown-workers-saw-the-weakest-wage-gains-over-40-year-period .

[4] Moore and Banerjee, "Black and Brown Workers."

[5] This has also been illustrated in the current moment: in March 2023, for the first time in the history of the data series, the employed share of the Black population was as high as for white workers.

[6] Even at full employment, however, policies of this form can be used to shift the composition and distribution of employment in important ways, as through forms of industrial or place-based policy that seek to manage the shape of aggregate and labor demand even if not necessarily their levels.

[7] Kathryn A. Edwards, "The Racial Disparity in Unemployment Benefits," *The RAND Blog* (blog), July 15, 2020, https://www.rand.org/pubs/commentary/2020/07/the-racial-disparity-in-unemployment-benefits.html.

[8] On the intersection between racial equity and barriers to access in federal policy, note the discussion in Advancing Racial Equity and Support of Underserved Communities Through the Federal Government, Exec. Order No. 13985, 86 FR 7009 (2021), https://www.federalregister.gov/documents/2021/01/25/2021-01753/advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government; Medicaid, like unemployment insurance, also varies in important ways at the state level.

[9] Jason Furman, "The New View of Fiscal Policy and Its Application," *VoxEU.Org* (blog), November 2, 2016, https://voxeu.org/article/new-view-fiscal-policy-and-its-application.

[10] In addition, even under conditions of full employment, fiscal policy can play an important role in terms of demand composition, as in, for example, the industrial policy or place-based policy features of recent legislation. Policies of this form can target the spatial and industrial mix of employment in ways that can explicitly address racial disparities in employment and earnings outcomes, such as by considering access to job quality, issues of occupational crowding, and so on.

[11] See "Federal Reserve Act, Section 2A. Monetary policy objectives," Board of Governors of the Federal Reserve System, February 13, 2017, https://www.federalreserve.gov/aboutthefed/section2a.htm; for the current framework; see "Statement on Longer-Run Goals and Monetary Policy Strategy," FR-2021-01-25, Board of Governors of the Federal Reserve, January 25, 2021, https://www.federalreserve.gov/monetarypolicy/files/FOMC_LongerRunGoals.pdf.

[12] The main tool at the disposal of the central bank is setting and managing a target for the federal funds rate (the rate at which banks borrow and lend to each other), which then affects market interest rates throughout the economy.

[13] There are other channels by which monetary policy affects consumer welfare outside of labor markets, such as through its effects on borrowing costs or wealth effects directly, that are outside the scope of this discussion but have important implications for racial disparities in other economic outcomes. See Bartscher et al. (2022) for a discussion of some of these additional effects.

[14] See the most recent framework, "Review of Monetary Policy Strategy, Tools, and Communications, 2019–2020 Review," https://www.federalreserve.gov/monetarypolicy/review-of-monetary-policy-strategy-tools-and-communications.htm; for a discussion on this framework, see here: https://www.brookings.edu/articles/what-lessons-from-the-inflation-of-the-2020s-should-the-federal-reserve-remember-when-it-revisits-its-policy-framework/.

[15] Ernie Tedeschi, "Americans Are Seeing Highest Minimum Wage in History (Without Federal Help)," *The New York Times*, April 24, 2019, https://www.nytimes.com/2019/04/24/upshot/why-america-may-already-have-its-highest-minimum-wage.html.

[16] Jasmine Payne-Patterson and Adewale A. Maye, "A History of the Federal Minimum Wage: 85 Years Later, the Minimum Wage Is Far from Equitable," *Working Economics Blog* (blog), Economic Policy Institute, August 31, 2023, https://www.epi.org/blog/a-history-of-the-federal-minimum-wage-85-years-later-the-minimum-wage-is-far-from-equitable/.

[17] Schedules That Work Act, HR 6670, 117th Congress (2021-2022). http://www.congress.gov/bill/117th-congress/house-bill/6670/text .

[18] Kyle K. Moore, "Labor Rights and Civil Rights: One Intertwined Struggle for All Workers," Working Economics Blog, (blog), Economic Policy Institute, June 1, 2021, https://www.epi.org/blog/labor-rights-and-civil-rights-one-intertwined-struggle-for-all-workers/.

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[20] Kyle K. More, "Labor Rights and Civil Rights."

[21] Natalie Spievack, "Can Labor Unions Help Close the Black-White Wage Gap?" *UrbanWire* (blog), Urban Institute, February 1, 2019, https://www.urban.org/urban-wire/can-labor-unions-help-close-black-white-wage-gap.

[22] Signe-Mary McKernan, Caroline Ratcliffe, C. Eugene Steuerle, Caleb Quakenbush, and Emma Kalish, "Nine Charts about Wealth Inequality in America (Updated)," Urban Institute, last updated October 5, 2017, http://urbn.is/wealthcharts.

[23] For this paper, we focus explicitly on worker supports designed as "earned" benefits that support labor market participants across the ebb and flow of work opportunity as determined by both economic conditions (e.g., rising unemployment rates resulting in job loss) and personal conditions (e.g., the birth of a baby or a major medical event resulting in the need for time away from work). Racial animus has been a powerful force in the design of need-based assistance as well, including Temporary Aid to Needy Families and its predecessor, Aid for Families with Dependent Children (Gilens 2000; Mendelberg 2001; Schram, Soss, and Fording 2003).

[24] McKernan, Ratcliffe, Steuerle, Quakenbush, and Kalish, "Nine Charts about Wealth Inequality in America (Updated).

[25] William J. Congdon, Archana Pyati, and Joe Peck, "Lessons from Unemployment Benefit Expansions during the COVID-19 and Great Recessions, *WorkRise Network* (blog), Urban Institute, October 12, 2021, https://www.workrisenetwork.org/working-knowledge/lessons-unemployment-benefit-expansions-during-covid-19-and-great-recessions.

[26] Edwards, '"Holes Just Big Enough'."

[27] Andrew Stettner and Laura Valle-Guiterrez, "Unemployment Insurance and Racial Equity Explorer," The Century Foundation, June 22, 2022, https://tcf.org/content/data/unemployment-insurance-and-racial-equity-explorer/.

[28] Nina Banks, "Black Women's Labor Market History Reveals Deep-Seated Race and Gender Discrimination," *Working Economics Blog*, Economic Policy Institute, February 19, 2019, https://www.epi.org/blog/black-womens-labor-market-history-reveals-deep-seated-race-and-gender-discrimination/.

[29] Banks, "Black Women's Labor Market History."

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[33] Family and Medical Insurance Leave Act or the FAMILY Act, S. 248, 117th Congress (2021–2022), https://www.congress.gov/bill/117thcongress/senate-bill/248 .

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Statement of Independence

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