

Racial Disparities in Employment Outcomes After College

March 23, 2017

Alessia Leibert, Research Project Manager
Labor Market Information Office

Minnesota Department of Employment and Economic Development

Research framework and presentation plan

1. Are there racial disparities/gaps in labor market returns to higher education?
2. How do they develop?
3. How can research results inform policies to address the problem?

How do we measure the labor market outcomes of recent graduates? Longitudinal analysis

200,000 records representing graduates from 139 post-secondary schools, both public and private

Track employment and wages over time (Minnesota only)

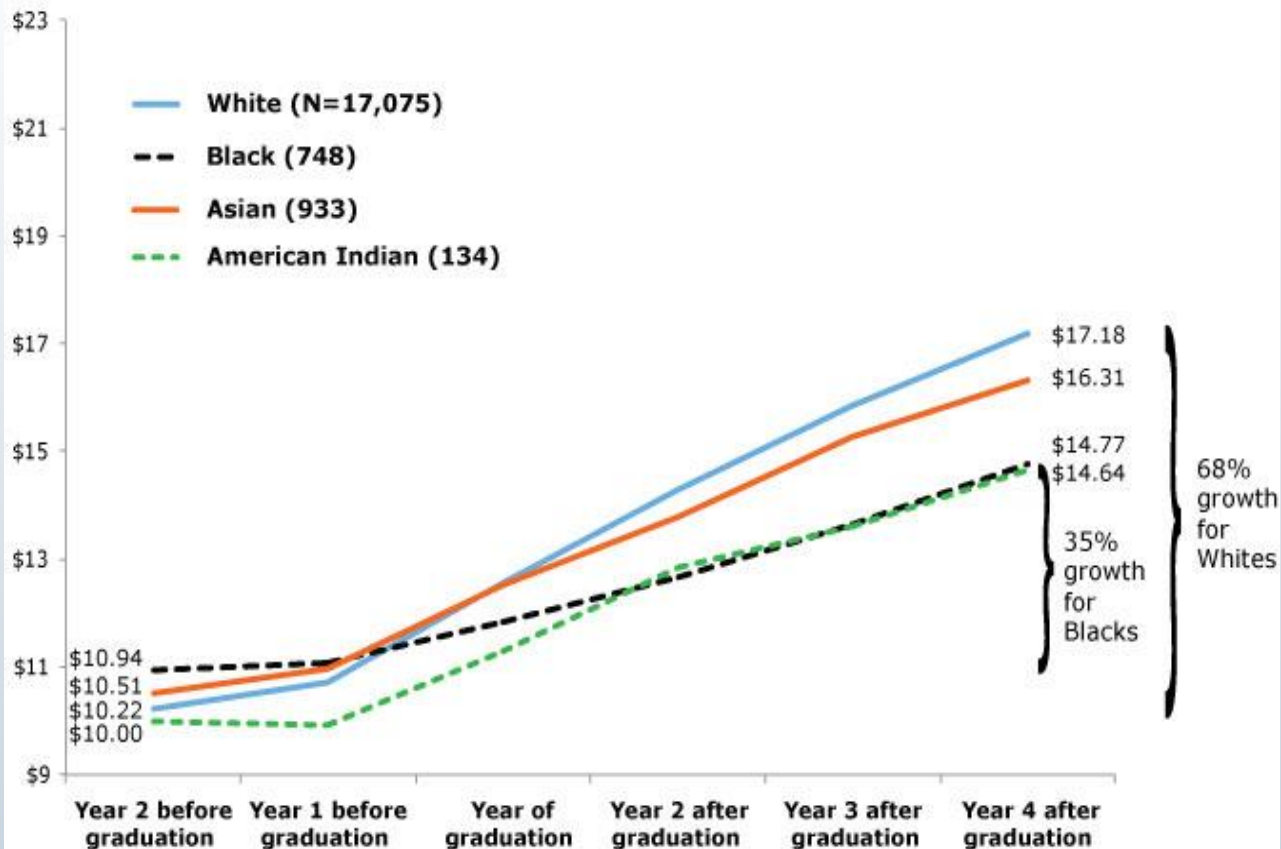


Three indicators of racial disparities in labor market outcomes after graduation

1. Earnings Gap
2. Job Quality Gap
(measured by steady, full-time employment)
3. Career Advancement Opportunity Gap
(measured by industry of employment)

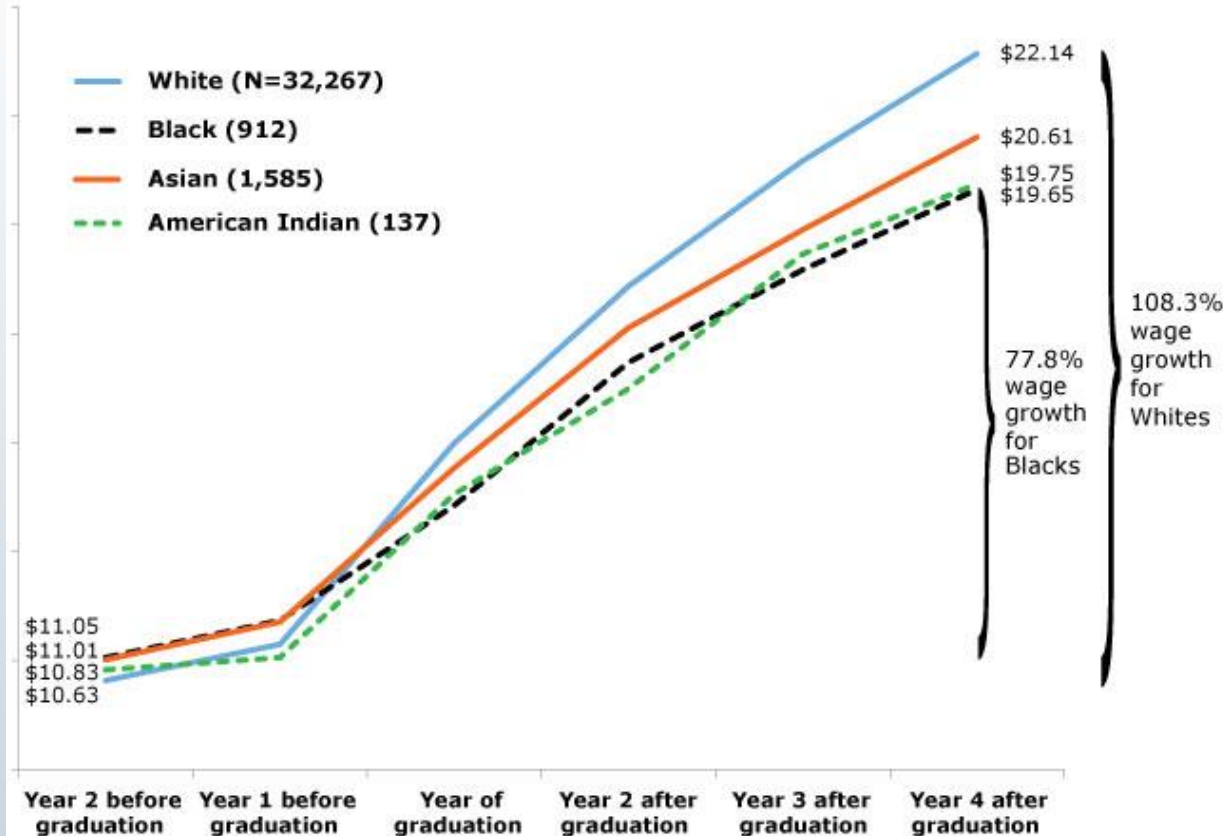
Earnings Gap: White and Asian graduates earn higher wages after graduation than Blacks and American Indians with the same education level

Median Hourly Wage Growth for Completers of Associate's Degrees and Certificates from 1 to 2 Years in Length, by Race, Age 20-25 at Graduation, Cohorts 2011-2013



The data represent only individuals who were employed in MN before graduation and in the 4th year after graduation. All wage figures have been adjusted for inflation to be in terms of constant 2015 U.S. dollars

Median Hourly Wage Growth for Completers of Bachelor's Degrees by Race, Age 20-25 at Graduation, Cohorts 2011-2013



Job Quality Gap

Incidence of full-time year-round employment by education level and race, Age at graduation 20-30

Education level	Race group	% employed full-time year-round over total employed in 3rd year	Annual median wages in 3rd year	Earnings ratio to whites
Below Bachelor	American Indian	32%	\$ 21,346	72.9%
	Black	32%	\$ 23,514	80.3%
	Asian	44%	\$ 28,498	97.3%
	White	44%	\$ 29,294	100.0%
Bachelor and above	American Indian	44%	\$ 34,898	87.8%
	Black	46%	\$ 34,529	86.9%
	Asian	54%	\$ 37,996	95.6%
	White	52%	\$ 39,742	100.0%

Black and American Indian graduates are systematically more likely to land a part-time or temporary/seasonal job while Whites and Asians are more likely to secure stable, full-time jobs after graduation.

Wage gaps are minimized when graduates earn a bachelor or above by age 30.

Why is continuous/full-time employment indicative of job quality?

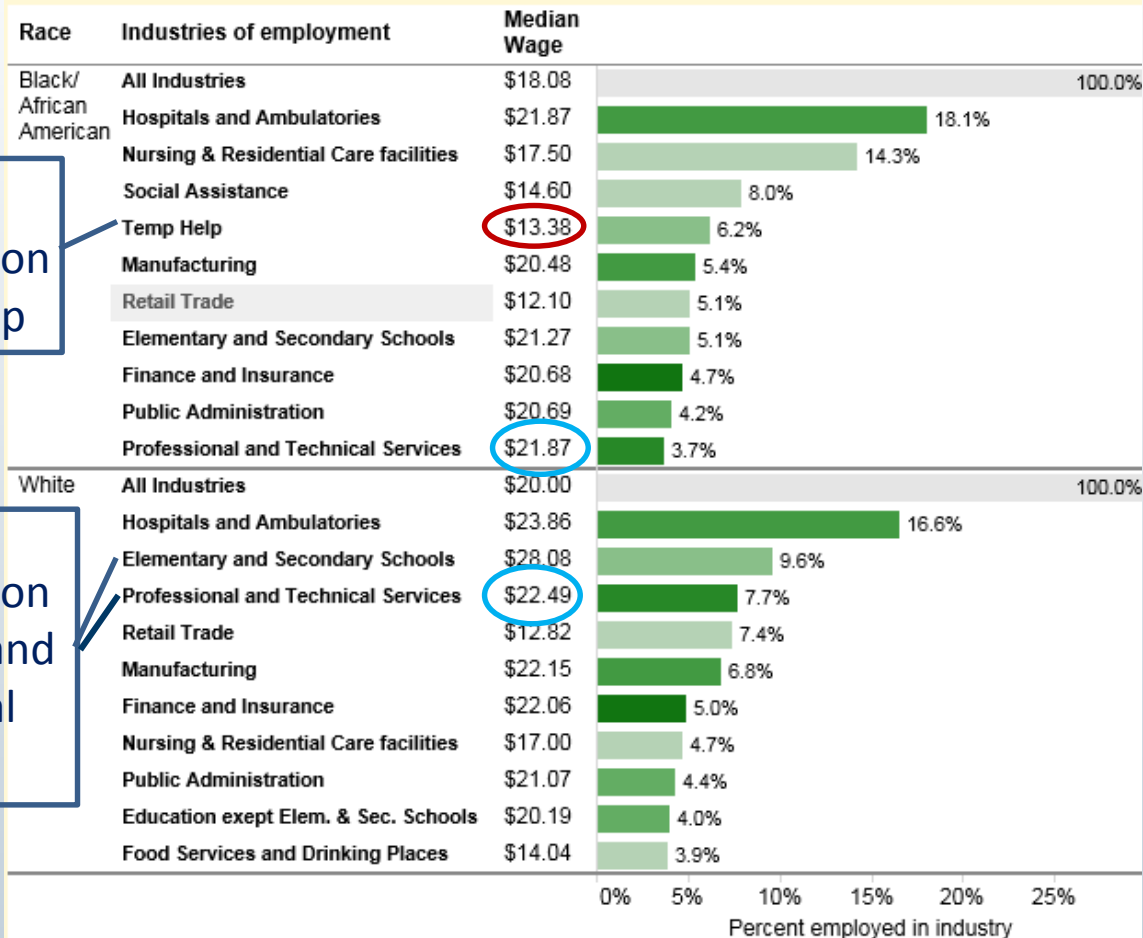
- Continuous work histories tend to translate into higher long-term earnings and better career prospects over time.
- Full-time jobs typically offer health care benefits and an opportunity to save for retirement.

According to the MN Job Vacancy Survey 82% of full-time vacancies offer healthcare benefits while only 18% of part-time vacancies do.

Disparities in industry of employment cause a gap in access to career advancement opportunities

Top 10 Industries of Employment 24 Months After Graduation

Bars represent the share of graduates employed in the industry. Bar colors represent average weekly wages earned by all workers in the industry, from light green (low wages) to dark green (high wages)



High concentration in temp help

High concentration in schools and professional services

Industry of employment is an indicator of the skill level of a job as well as access to opportunities for full-time work and career growth.

Minority graduates are more likely to work in low-wage, low skill industries. Those who did find jobs in high-wage/high skill industries had smaller wage gaps.

Differences in industry mix are partially but not entirely explained by educational characteristics such as degree level and field of study.

How do gaps develop?

Educational attainment and age at graduation

Age at Graduation	Education Level
<input checked="" type="radio"/> Total, Age 20-55	<input type="radio"/> Total, All Awards
<input type="radio"/> Age 20-30	<input checked="" type="radio"/> Below Bachelor's
<input type="radio"/> Age 31-55	<input type="radio"/> Bachelor's and above

Educational Attainment by Race

Race group	Number of graduates in race group	As a share of race group	
American Indian	775	52.9%	●
Asian	3,265	36.1%	●
Black/ African American	5,334	52.6%	●
Hispanic/ Latino	2,519	46.7%	●
Two or more races	2,065	49.9%	●
White	64,435	37.9%	●

The majority of American Indian and Black completers obtained a sub-baccalaureate award as their terminal degree compared to other race groups who were more likely to complete a Bachelor's degree or higher.

American Indians and Blacks are also more likely to complete a post-secondary credential after age 30.

How do gaps develop?

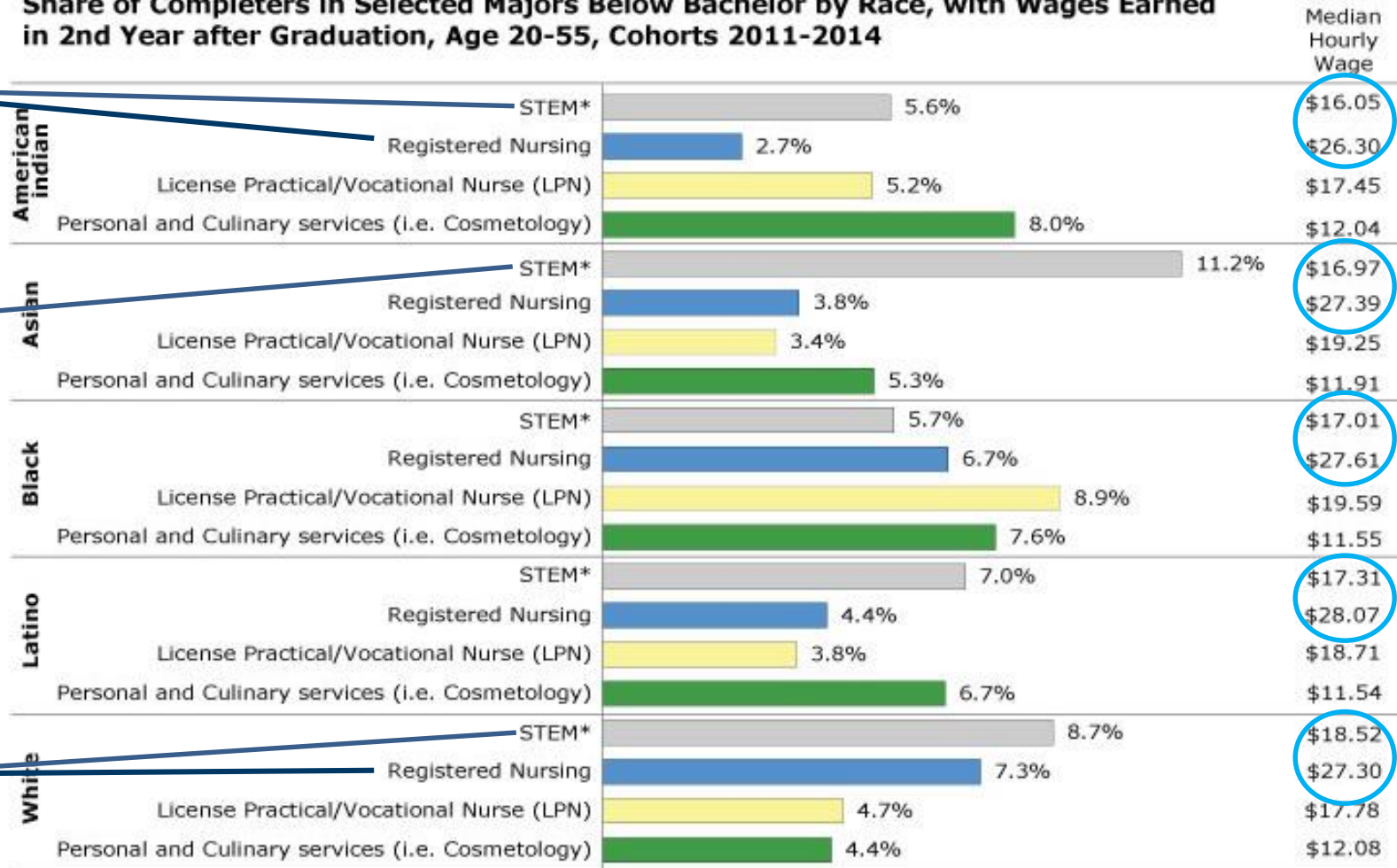
Choice of major

Lower concentration in STEM + RN

Higher concentration in STEM

Higher concentration in STEM + RN

Share of Completers in Selected Majors Below Bachelor by Race, with Wages Earned in 2nd Year after Graduation, Age 20-55, Cohorts 2011-2014



*Such as IT, Engineering Technologies, Accounting

Summary of findings

Factors contributing to racial gaps in labor market outcomes:

- Educational characteristics: Degree, major, time of completion
- Minority graduates struggle more than Whites to find jobs in an industry/occupation closely related to their field of study. Why?
 - Family income limiting job search options

Among those in the 20-30 age cohort who attended a public high school in MN, 47% of Blacks attended schools with high rates of students eligible for free or reduced lunch (>50%) compared to Whites at 7.7%.
 - Information gaps
 - Hiring bias

Recommendations for reducing racial disparities in graduate employment outcomes

1. Increase the number of individuals from racial minorities who complete a post-secondary credential by age 30 in fields that lead to viable careers. This would also require improving K-12 preparation of minority students for STEM and other in-demand fields.
2. Increase in-school support to ensure that minority students learn about employers' expectations, gain early career experience especially in an industry related to the field of study, and conduct a well-targeted job search.
3. Increase recruitment and hiring of racial minorities by the business community to the same rate as Whites with comparable credentials.



Useful links and resources

Online dashboard:

<http://mn.gov/deed/data/data-tools/graduate-employment-outcomes/race-geo.jsp>

Explore our research in more detail:

<http://mn.gov/deed/data/research/graduate-employment-outcomes/>

Contact information:

Alessia.Leibert@state.mn.us