Which racial group in the US has the highest employment rate for 16-24 year olds with a college degree (recent college graduates)? Which racial group in the US has the lowest employment rate for people aged 25 and over with a college degree? The answers may surprise you.

In her August 7th 2015 article on the racial gap in the economic recovery in *The Atlantic*, Gillian White concludes,

“It’s also important to consider why this stubborn gap persists in the first place. Perhaps most troubling is the fact is that discrepancies in unemployment haven’t improved much over time, despite the fact that younger generations of minorities are graduating from college at higher rates. The stubbornness of the unemployment gap points to other issues—such as systemic discrimination and racial biases—that existed long before the recession and its sluggish, unequal recovery.”

Well yes, we should consider what causes employment gaps to exist and do something about them. Empirically, is racial discrimination the dominant cause of joblessness amongst American adults? Is it the current state of the macro economy that is impairing working rates? Or are employment gaps between races a reflection of an education/skills gap? If policy makers are going to design policies to improve employment rates for people, or subgroups of people, it is fundamentally important to know why those gaps exist.

The following table, compiled from data from the U.S. Bureau of Labor Statistics, provides the employment/population ratio by educational attainment for four racial/ethnic groups in the US. The employment/population ratio is the percentage of adults with a job. The number in parenthesis indicates the gain in employment to each group from an added level of education.

 **July 2015Employment/ Population Ratio Age 25+**

 **(Gain in employment due to next higher level of education)**

**Race/Ethnicity < High School High School Some College BA or Higher**

White 43.6 53.8 (10.3) 62.8 (9.0) 71.4 (8.6)

African-American 29.9 53.6 (23.7) 63.8 (10.2) 73.5 (9.7)

Asian 39.7 51.7 (12.0) 66.9 (15.2) 71.7 (4.8)

Hispanic 54.9 65.8 (10.9) 70.5 ( 4.7) 76.4 (5.9)

There are some basic, but very important, takeaways from this chart. The first is that the power of increased educational attainment dwarfs the power of the macro economy. If the national unemployment rate increases from 5% to 10% (a massive recession) that will only correspond to roughly a three percentage point decline in employment. Finishing high school for every racial group improves employment by over ten percentage points. So a high school degree is three times as powerful as the macro economy at finding an individual a job.

The gains from education do not stop there. Higher educational attainment results in higher employment rates for all racial/ethnic groups. While every group’s job prospects improve with education, no group’s employment is more helped by education than African Americans. African Americans with a college degree are more likely to be employed than Whites, or Asians. Hispanics with a college degree have even higher employment rates. Of college graduates, Whites have the lowest employment rate of any race.

A look at the next chart reveals that for recent college graduates, African Americans have the highest employment rate of any group. The unemployment rate for older African American college graduates is barely distinguishable from other groups. With a 3.1 percentage unemployment rate (compared to a national average of 5.3%), it is hard to argue that labor market discrimination is the largest determinant of employment in America.

**July 2015 employment to population ratios by educational attainment and race**

 **Bachelor’s Degree or Higher**

 **Age 16-24 Age 25+**

 **Employed Employed Unemployed**

White 89.2 71.4 2.8

African American 90.9 73.5 3.1

Asian 87.1 71.7 2.7

Hispanic 84.9 76.4 4.0

In truth, the only educational attainment level where African Americans trail all other groups for employment is for high school dropouts. But in that category it is not even close. Less than a third of African American high school dropouts have a job as an adult. That is a big problem, both for society, and for the individuals and communities who have to deal with mass joblessness. Could it be that racism is to blame for this one statistical outlier? Why is the evidence of racial labor force disparity only found for high school dropouts?

The story of high unemployment rates for African Americans is one of failed institutions. Public schools charged with educating African American students, are not, on the whole, getting the job done. Neither, perhaps, are African American households where the institution of marriage is in rapid decline. A full 72% of African American children are born to single parents. An article needs to be written about problems in education and family culture long before we decide that it must be racial discrimination in labor markets that is holding people back from employment.

What about the claim that it is the poor economic recovery that is to blame for joblessness? Between December 2007 and July 2015, the national employment/population ratio has fallen by 3.4 percentage points from 62.7 to 59.3. Again, finishing a high school degree is approximately three times a powerful at improving joblessness as would be an improving economy, except, that in this case, the economic “recovery” actually saw a *decrease* in employment. The macro economy currently is pretty pathetic at increasing employment.

**Change in Employment/Population Ratio December 2007 to July 2015 Age 25+**

 < High School High School Some College BA or Higher

White .8 -6.2 -6.3 -5.0

African-American -4.2 -5.5 -7.5 -7.3

Asian -5.2 -10.7 -.8 -2.8

Hispanic -3.2 -4.2 -5.1 -4.1

White high school dropouts are the only racial/educational attainment subcategory to increase its employment/population ratio between December 2007 and July 2015. The current economic recovery has helped white high school dropouts’ employment prospects, but no one else’s.

Ms. White is right about one thing. For people with at least some college education President Obama’s “recovery” has hurt African Americans job prospects more than any other racial group. For those with a high school degree or less education, Asian Americans have seen the biggest decline in employment since 2007.

Riddle: If the average employment rate for the country fell by 3.4 points, how is it that 12 of the 16 categories above fell by even more? The answer is that the overall decline in emplolyment would have been greater but for the influx of Hispanic workers whose employment rates are the highest of any racial group in America.

In summary, educational attainment matters a lot for employment. It matters much more than the state of the macro economy or discriminatory labor markets (at least in 21st Century America). When people bring skills to the labor market that are in demand, they easily find employment. It is difficult to locate large numbers of unemployed engineers or nurses, regardless of race. When skills are absent, so too are job prospects. The increasingly global economy does not lack for a supply of unskilled labor. As such, the education/skill premium for employment is dramatic in the US. The real problem worth addressing is how to prevent individuals or groups from dooming their employment prospects by dropping out of high school, and ensuring that publicly funded education achieves its stated goals of leaving no child behind.