

RACIAL WAGE GAP

HOW HISTORICAL AND CURRENT EVENTS
HAVE SHAPED THE RACIAL WAGE GAP AND
HOW TO ADDRESS IT

An Intelligent Partnerships Publication





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The Racial Wage Gap refers to the average difference in pay between racial and cultural groups.

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Discover how you and your company can impact the workforce by standing against the Racial Wage Gap through meaningful and realistic strategies.



What is the Racial Wage Gap?

The Racial Wage Gap – a category within the Group-to-Group Wage Gap – is the average difference in pay between racial and cultural groups. Stemming from systemic oppression and racial inequality dating back hundreds of years, the racial wage gap often highlights the pay inequality between Whites and Blacks. However, wage discrimination significantly affects multiple races— including Hispanics, Native Americans, and Asian Americans/ Pacific Islanders—and has contributed to the foundational wage discrimination against non-Whites nationwide and worldwide.

How is the Racial Wage Gap Different from the Wage Gap?

The Racial Wage Gap falls under the broader category of Wage Gap. The Wage Gap is a universally recognized phrase referring to the difference in pay between two groups of people. Historically, the worldwide implications of the Wage Gap systemically affect women and people of color. The Wage Gap falls into two general categories: Role-to-Role and Group-to-Group Wage Gap. While the Role-to-Role Wage Gap—the difference in earnings between workers performing the same tasks—has closed dramatically in the past 50 years, the primary issue is with Group-to-Group Pay Gap, which refers to the difference in pay between groups (i.e., genders, races, etc.).

Source: [Center for American Progress](#)

Source: [National Conference of State Legislatures](#)

The primary focus of this eBook is to shed light on the Racial Wage Gap and address how it continues to damage progression within our modern society. For an in-depth look at Wage Gap as a whole, check out our additional resources:

1. [Wage Gap: Addressing a Systemic Issue Through Organization Change.](#)
2. [Why the Gender Wage Gap Persists in our Modern Society](#)



Understanding the Racial Wage Gap in America

With early American history rooted in the forced labor of Africans and Native Americans, income inequality in the United States is a foundational problem that has persisted well into the 21st century. The New York Times reports that the Black-White wage gap is roughly as large today as it was in 1950, and research conducted by the U.S. Bureau of Labor Statistics shows that White men and women employees out-earn Black and Latinx employees, are more educated, and dominate the labor force by tens of thousands.

Source: [Investopedia](#)

Source: [New York](#)

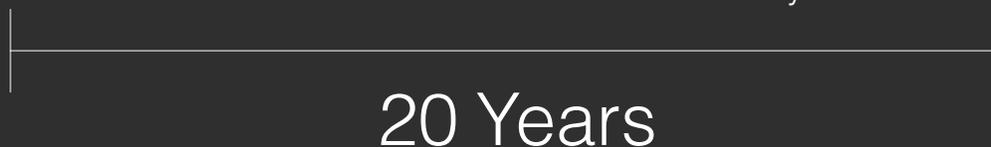
Source: [Bureau of Labor Statistics](#)

Citi Financial Institute reports that for every dollar paid to a White man, Black men, Black women, Native American women, and Latinas are paid \$0.71, \$0.63, \$0.60, and \$0.55, respectively. Over the past 20 years, the racial wage gap between Blacks and Whites alone has been responsible for \$16 trillion in lost wages and potential contribution to the United States economy. These staggering numbers represent the racial wage gap's dangers on the entire nation.

Source: [Citi](#)



The racial wage gap between Blacks and Whites alone has been responsible for **\$16 trillion** in lost wages and potential contribution to the United States economy.





U.S. History: Brief Overview of Race in America

The United States has long been a worldwide Economic Powerhouse and is consistently ranked the #1 most powerful country in the world. However, America's powerful history is rooted in forced colonization, slavery, and severe discrimination based on skin tone. To understand how racial inequality became interwoven with the story of modern America, let us take a broad look at American History.

Source: [Business Insider](#)



United States Population 1776

2.5 Million

United States Population February 2022

334 Million

Source: [World Population Review](#)



1600s: The Start of American Slavery

The American colonies would ultimately be built by hundreds of thousands of slaves over 245 years, but it all began with the arrival of one ship. In 1619, 20 enslaved Africans were brought to the British colonies against their will. Although slavery was already prominent in other parts of the world, those 20 African slaves—who were taken to the now known state of Virginia—represent the beginning of hundreds of years of forced labor.

Source and Photo: [The Guardian](#)





1640: The Concept of Race Defined

Before 1640, people were not identified by their race, instead they were classified based on their religious denomination. The concept of "race," which originated in the year 1640, was esteemed in a series of laws ultimately intended to distinguish between Whites and everyone else, particularly Africans. Thus, the introduction of slavery into the colonies ultimately established the definition of an American as a "White" individual. This 400-year-old law laid the foundation for modern society identifying race in America. Either an individual is White, or they are considered an other American (i.e., African American, Hispanic American, Asian American, Native American, etc.).

Source: [Oxford Research Encyclopedias](#)





1660 – 1776: Slavery Reinforced

As slavery became economical and profitable, more laws were put into place that further identified slaves as less than human. Slave Codes were created through the various colonies to prevent slaves from fundamental human rights such as learning to read and write, marrying, owning property, assembling without a White person present, self-defense against a White person, and much more. There was also a strict law that forbid interracial marriage, which was kept in law until the year 2000, when Alabama was the last state to repeal the ban.

Source: [Wikipedia](#)

Source: [Britannia](#)

Source: [The Crimson](#)

1776: The Declaration of Independence

In 1776, Thomas Jefferson wrote the Declaration of Independence, stating that “all men are created equal.” That equality did not extend to slaves. While there were discussions of including slaves as equal men and women, slave equality was rejected by participating delegates who did not want to give up the current slaves they owned. In the year the Declaration of Independence was signed, slaves made up more than 50% of the population, and the slave industry entered a new era of big business for America.

Source: [The Guardian](#)

In the year the Declaration of Independence was signed,
slaves made up more than

50% of the population

1776



Benjamin Franklin and John Adams meeting with Thomas Jefferson, standing, to study a draft of the Declaration of Independence. Source: [Wikimedia Commons](#)



1787: The Three-Fifths Compromise

In 1787, a compromise created between the Northern and Southern States constituted slaves as representing only three-fifths of the population. The purpose of The Three-Fifths Compromise was to determine tax proportions by “adding to the whole number of free persons, including those bound to Service for a Term of Years, and excluding Indians not taxed, three-fifths of all other persons.” Essentially, The Three-Fifths Compromise reinforced that people of color were not valued as human beings.

Source: [Britannica](#)

Source: [Wikipedia](#)

1790: Citizenship by Naturalization and Chinese Immigration

During the Industrial Revolution, which lasted from 1760-1840, the U.S. standards were established for immigrants to become citizens, known as the Citizenship by Naturalization. This law was initially limited to free White people. In 1790 Asians were deemed ineligible for citizenship due to large-scale immigration and the notion that Asians were taking jobs meant for White people. This law also limited Asians’ rights to obtain property, court representation, employment, and voting. Although this law was eliminated in 1952, the effects are still seen in modern society, specifically within the wage gap.

Source and Photo: [Immigration History](#)



CHAP. III.—*An Act to establish an uniform Rule of Naturalization.*(a)

SECTION 1. *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That any alien, being a free white person, who shall have resided within the limits and under the jurisdiction of the United States for the term of two years, may be admitted to become a citizen thereof, on application to any common law court of record, in any one of the states wherein he shall have resided for the term of one year at least, and making proof to the satisfaction of such court, that he is a person of good character, and taking the oath or affirmation prescribed by law, to support the constitution of the United States, which oath or affirmation such court shall administer; and the clerk of such court shall record such application, and the pro-*



1800 - 1845: Slavery Expansion and the Removal of Native Americans

With the expansion of slavery after the Louisiana Purchase, the trading of cash crops helped establish America as an economic powerhouse. Although the Transatlantic Slave Trade was prohibited in 1807, the domestic slave trade increased and flourished. The cotton industry alone propelled the United States into a position as one of the leading economies in the world, with the South being the most prosperous region. However, the expansion posed a severe issue for White settlers as they expanded into Native Americans' homeland. In 1814, settlers began forcing Native Americans out of their homes and claiming the land for their own. Additionally, between 1830-1847, the government passed policies that allowed the forced displacement of self-governing tribes from their ancestral homelands.

INDIAN LAND FOR SALE

GET A HOME
OF
YOUR OWN

✱

EASY PAYMENTS



PERFECT TITLE

✱

POSSESSION
WITHIN
THIRTY DAYS

FINE LANDS IN THE WEST

IRRIGATED GRAZING AGRICULTURAL
IRRIGABLE DRY FARMING

IN 1910 THE DEPARTMENT OF THE INTERIOR SOLD UNDER SEALED BIDS ALLOTTED INDIAN LAND AS FOLLOWS:

Location.	Acres.	Average Price per Acre.	Location.	Acres.	Average Price per Acre.
Colorado	5,211.21	\$7.27	Oklahoma	34,664.00	\$19.14
Idaho	17,013.00	24.85	Oregon	1,020.00	15.43
Kansas	1,684.50	33.45	South Dakota	120,445.00	16.53
Montana	11,034.00	9.86	Washington	4,879.00	41.37
Nebraska	5,641.00	36.65	Wisconsin	1,069.00	17.00
North Dakota	22,610.70	9.93	Wyoming	865.00	20.64

FOR THE YEAR 1911 IT IS ESTIMATED THAT 350,000 ACRES WILL BE OFFERED FOR SALE

For information as to the character of the land write for booklet, "INDIAN LANDS FOR SALE," to the Superintendent U. S. Indian School at any one of the following places:

CALIFORNIA: Hoopa. COLORADO: Igualco. IDAHO: Lapwai. KANSAS: Barton. Nadeau.	MINNESOTA: Onigum. MONTANA: Crow Agency. NEBRASKA: Macy. Sutton. Winnebago.	NORTH DAKOTA: Fort Totten. Fort Yates. OKLAHOMA: Anadarko. Cantonment. Colony. Darrington. Muskogee, and Pawnee.	OKLAHOMA - Con. Sac and Fox Agency. Shawnee. Wyandotte. OREGON: Klamath Agency. Pendleton. Roseburg. Siletz.	SOUTH DAKOTA: Cheyenne Agency. Crow Creek. Greenwood. Lower Brule. Pine Ridge. Resbud. Sisseton.	WASHINGTON: Fort Simcoe. Fort Spokane. Toke. Tulalip. WISCONSIN: Ouisia.
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WALTER L. FISHER, ROBERT G. VALENTINE,

Source: [Vox](#)
Source: [PBS](#)



1846-1848: Mexican-American War Fallout

The Mexican-American War, a war fought between the United States and Mexico over territory near Texas, ended with a treaty that granted 55% of Mexican territory to the United States. With the newly acquired land came new citizens. The Mexican people who chose to stay in the now U.S. territory were granted citizenship. However, with this new citizenship status came discrimination against the former Mexican citizens due to the language barrier and skin color. Because of this, Mexicans and Latinos were segregated into poor urban areas, treated as foreigners, and considered dumb because they did not speak English. From 1848 until 1928, Mexicans were lynched at a rate second only to that suffered by the African American community.

Source: [History](#)

Source: [Wikipedia](#)

1850-1865: Free States, Civil War, the 13th Amendment, and Indian Relocation

By 1850, California became the first free state declaring that slavery was outlawed at its founding. While other states would eventually adopt California's anti-slavery laws, it was not until the Civil War that real change began affecting the nation. In 1861, the Northern and Southern states began the War Between States, also known as the Civil War, which left over 600,000 soldiers dead and the South in ruin. At the end of the war, President Abraham Lincoln freed all enslaved people with the Emancipation Proclamation, and the U.S. adopted the 13th Amendment to the Constitution, which outlawed slavery. However, while slavery was being abolished, Navajo Indians were forcibly relocated to internment camps in modern-day New Mexico, where over 3,500 men, women, and children died.

Source: [NBC News](#)

Source: [History](#)



The first reading of the Emancipation Proclamation
Source: **Britannica**



1865-1877: Reconstruction Era of the South

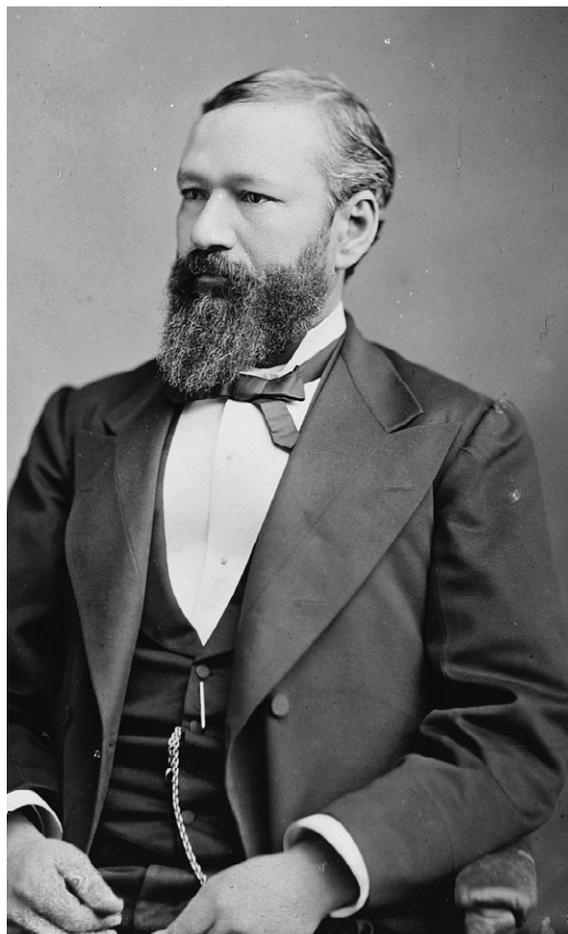
The Reconstruction Era, a period following the American Civil War, attempted to integrate the roughly 4 million recently freed slaves into the population. Although free, newly established Black Codes were legalized, which forced African Americans to sign yearly labor contracts or risk being arrested and forced into unpaid labor. African Americans were also taxed more, received inferior educational opportunities, and endured racist segregation that discouraged the progression of Black citizens. These laws not only limited the true freedom of the African American community, but outrage over any attempt to incorporate Black people into White society led to a violent backlash, including the Ku

Source: [History](#)

1896: Plessy v. Ferguson

In 1892, Homer Plessy (1/8 black and 7/8 white) boarded a train and refused to sit in the car designated for Black passengers. This resistance to segregation led to Plessy's arrest, followed by years of Blacks fighting segregation laws. In 1896, the Supreme Court ruled that segregation was a legal and constitutional way to distinguish between Whites and Blacks.

Source: [History](#)





1900s-1970: Racial Oppression and Segregation

Although slavery was illegal, White supremacists found ways to influence the nation to create legal segregation laws that significantly affected African Americans and Mexican Americans. Constant threats from the Ku Klux Klan and illegal lynching caused widespread hostility and dangers for Black people in the country. Simultaneously, the U.S. government sponsored the forced deportation of over 355,000 Mexicans, and many residential areas established laws to segregate Mexicans into poor neighbors legally. It was not until the mid-1950s that the effects of legal segregation began breaking down in America. In 1955, Rosa Parks, the mother of the Civil Rights Movement, refused to give up her bus seat to a White woman, sparking a year-long bus boycott in Montgomery, Alabama, to end the segregated seating policy. Following this, the next few years saw segregation laws fought in high schools, colleges, restaurants, bus terminals, restrooms, and more. However, the end of segregation did not eradicate racial discrimination for people of color in the United States.

Source and Photo: [History](#)

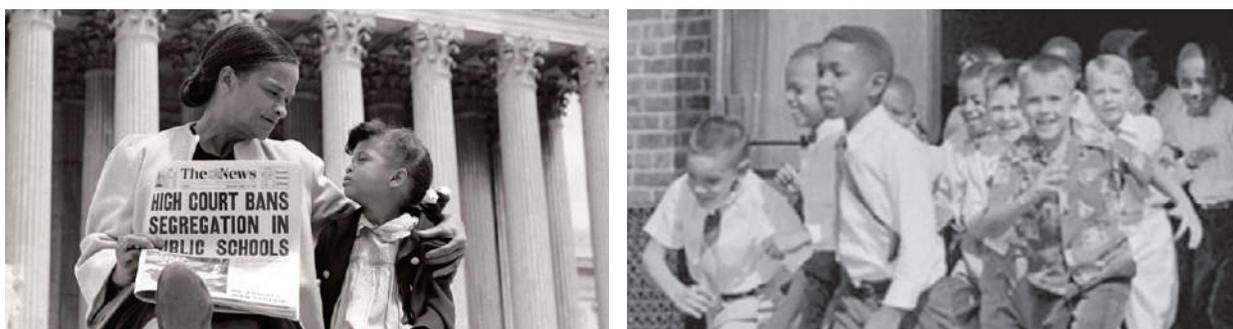




1952-1954: Brown v. Board of Education

Brown v. Board of Education was an act to appeal the segregated school system, which was said to violate the Fourteenth Amendment of the United States Constitution. The case highlighted a significant divide between the Justices of the Supreme Court, which extended the case by two years. In the end, Governor Earl Warren of California led the Justices to a unanimous decision declaring segregation in public schools unconstitutional.

Source: [US Courts](#)



1970s-2000: Persistent Discrimination and Police Brutality

Over the next 30 years, people of color dealt with severe poverty, lack of education, and job inequality. In the 1980s, discrimination against African Americans was especially present through the uneven prison sentencing of people of color and White people who committed the same crime, specifically with drug-related charges. Eventually, the Fair Sentencing Act would be passed in the year 2010, but many people of color have suffered egregious prison sentences for committing crimes that White people either received reduced or no jail sentencing. Additionally, the 90s brought to light the longstanding racial tension between police and minority communities. In 1992 after four police officers were acquitted of the brutal beating of the unarmed Rodney King, the Los Angeles Riots, which took place over six days, brought worldwide media attention to the ongoing police brutality people of color faced at the hands of law enforcement—a detrimental effect of institutional racism.

Source: [Wikipedia](#)

Source: [History](#)

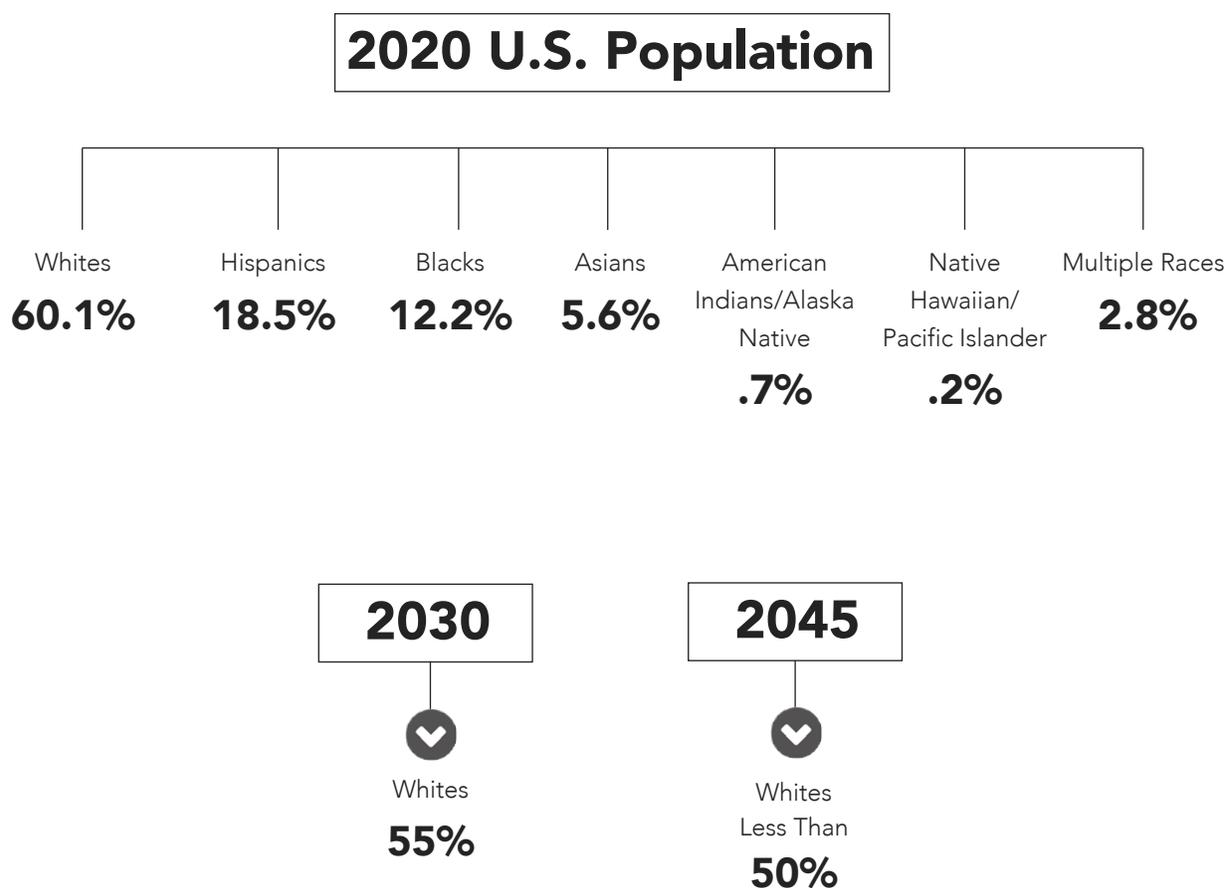


Modern Day: Racial Division and Calls for Equality

As of 2020, the Kaiser Family Foundation reports that White people make up 60.1% of the nation's population with Hispanics at 18.5%, Blacks at 12.2%, Asians at 5.6%, American Indians/Alaska Native at 0.7%, Native Hawaiian/Pacific Islander at 0.2%, and multiple races at 2.8%. It is projected that Whites will drop down to approximately 55% within ten years, and by 2045, they will become a minority group under 50% of the U.S. Population. Although these numbers show a far more even racial playing field compared to the start of the nation hundreds of years ago, people of color still face extreme discrimination within the workplace, government, of course, with pay equality.

Source: [Kaiser Family Foundation](#)

Source: [PBS](#)





Why the Racial Wage Gap Persists?

The current racial wage gap did not suddenly appear overnight but was systemically embedded into America's foundation for over 400 years. In our modern society, each race is drastically affected by pay inequity, which means there is no one-size-fits-all solution to this epidemic. The following information seeks to address the current wage gap issues for the minority races in the U.S., including African Americans, Hispanic Americans, Native Americans, and Asian Americans/Pacific Islanders.

African Americans and the Wage Gap

African Americans have historically received some of the harshest racial discrimination in the United States, which is still seen through modern-day occupational segregation, housing discrimination, educational bias, and other detrimental factors that have remained stagnant in our current climate.

According to a study done by SHRM and Statista, research notes the following factors within the African American community in the United States:

- African Americans in the United States have the lowest total employment rate at **58.6%**
- Black men have the largest uncontrolled pay gap—which refers to the average pay for men and women regardless of their job—relative to White men in the U.S.
- Black men are paid on average **\$0.71 to \$0.87** for every dollar paid to White men.
- Black men who reach executive positions are paid **\$0.97** for every dollar paid to White men with the same qualifications.
- Black women make up **10%** of the low-wage workforce, including jobs that typically pay less than **\$11.00 per hour**, or **\$22,880 annually**.
- Black women who work full time are typically paid only **\$0.63** for every dollar paid to White men.
- Black women must work **19 months** to earn what a White male earns in **12 months**.

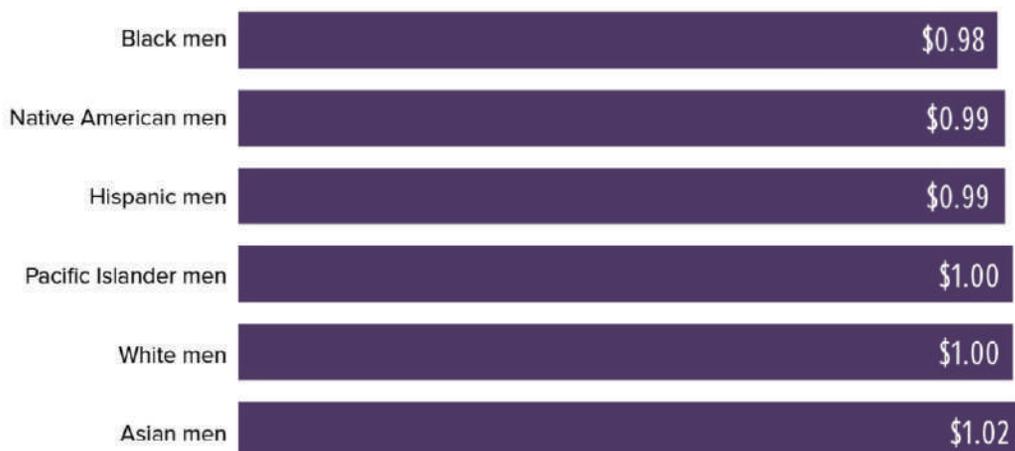
Source: [SRHM](#)

Source: [Statista](#)



Black Men's Earnings Trail Others with Similar Positions and Qualifications

On average, black men earn 98 cents for every dollar earned by men of other races with the same experience and education doing the same job in the same location.



Source: PayScale.

Black Men Earn Less on the Dollar Than Male Workers of Other Races

On average, black men in the U.S. earn 87 cents for every dollar earned by white men, based on data from a sample of 1.8 million employees surveyed between January 2017 and February 2019.



Source: PayScale.



Occupational Segregation and the African American Wage Gap

As seen in the timeline above, African Americans endured codified segregation until 1964, but the fallout is still felt across the nation through occupational segregation.

Equitable Growth defines occupational segregation as “a group’s over representation or under representation in certain jobs or fields of work.” The underrepresentation of Black males in the job market often causes workforce segregation and decreased pay overtime. While there are numerous facets of occupational segregation, African Americans especially face severe occupational crowding, which drives down wages commonly available in high-wage occupations based on employer discrimination. Over the past 40 years, Black people have been concentrated in low-paying jobs, which is seen as the primary source of wage inequity.

Source: [Equitable Growth](#)

Source: [New York Times](#)

Additionally, African Americans have long been vulnerable in the labor market. Research shows that they regularly experience higher unemployment rates, lower pay, fewer benefits, and often work in less stable jobs than White workers. According to American Progress, when the economy takes a dip, the unemployment rate for African Americans rises quicker than White employees, which is a phenomenon known as “last hired, first fired.” Furthermore, Black women face racial and gender bias, which often culminates in work devaluation that stifles better jobs and pay.

Past 40 Years

Black people have been concentrated in low-paying jobs, which is seen as the primary source of wage inequity.



It is important to note that all women of color – any race that identifies as non-Whiteface – occupational segregation due to their gender and devaluation of work. However, Black Women face the most severe earning penalty of all the races.

Source: [Equitable Growth](#)

Source: [New York Times](#)



Housing Segregation and the Wage Gap

The 1930s' housing policies meant to help America recover from The Great Depression purposefully discriminated against minority communities through a practice known today as redlining. According to Investopedia, redlining is a "discriminatory practice that puts services out of reach for residents of certain areas based on race or ethnicity." Black inner-city neighborhoods were frequently redlined, a practice where lenders would draw a red line around neighborhoods they refused to invest in. Black people and other people of color were often denied mortgages based on race rather than qualifications due to redlining.



Although redlining was outlawed in the 1960s, the effect of segregated housing is still present today. Homes in neighborhoods that fell victim to redlining still carry the reputation for being in risky areas and are typically worth less than similar quality homes in non-redlined neighborhoods. In 2019, reports showed that 45 percent of Black families own their home compared to 73.7 percent of White families, but the value of many homes owned by Black families is far lower. This egregious housing gap relates directly to the detrimental effects that redlining had on Black neighborhoods across the nation. Redlining is a direct representation of institutional racism that has prevented Black families from accumulating generational wealth, which further inhibits Black families from achieving success, especially in the education system.

Source: [Investopedia](#)

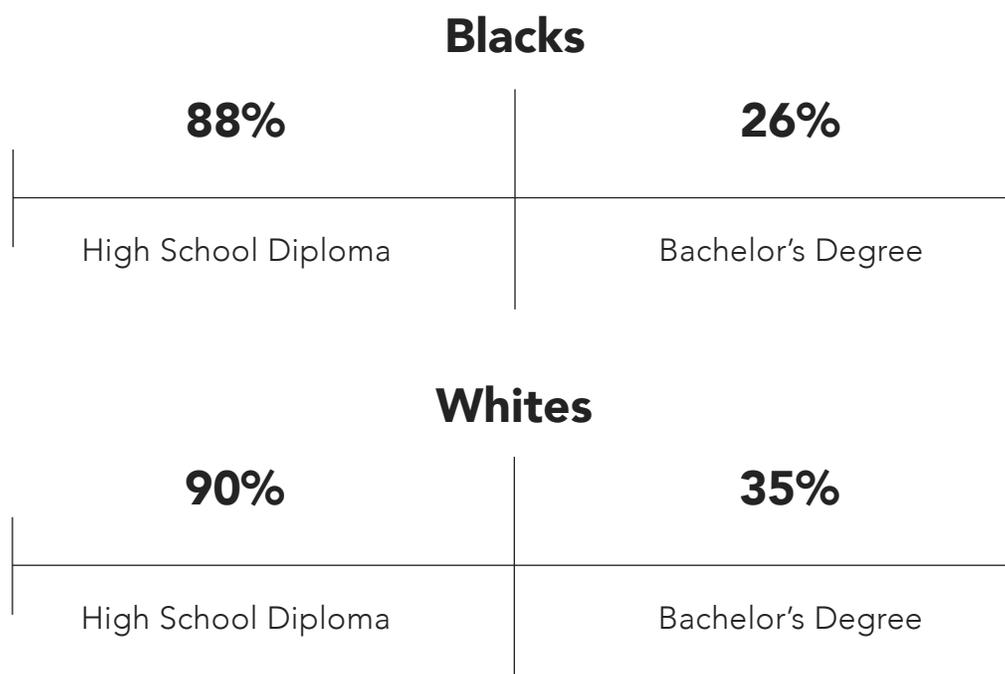
Source: [Washington Post LLC](#)



Education and the African American Wage Gap

Education is one of the largest determining factors with wage. For most employers considering a new hire, education ranges from a high school diploma to a doctorate degree. However, trends show that more living-wage jobs require a college education to compete in the job market. Since education levels and the wage gap often go together, it is important to note that many Black students have a disadvantage in the education system. According to the National School Boards Association, nearly one-third of Black students live in poverty. Among Black students living in poverty, 64% have parents whose education is less than high school. Additionally, 45% of Black students attend high-poverty schools.

As of 2020, the United States Census reports that 88% of Blacks have a high school diploma and 26% have a bachelor's degree compared to 90% and 35% of White people, respectively. The modern-day wage gap shows that even though more African Americans are going through the education system, they are paid less than Whites at every educational level. This proves that education alone is not satisfactory in closing the wage gap.



Source: [National School Boards Association](#)

Source: [Census](#)

Source: [Economic Policy Institute](#)



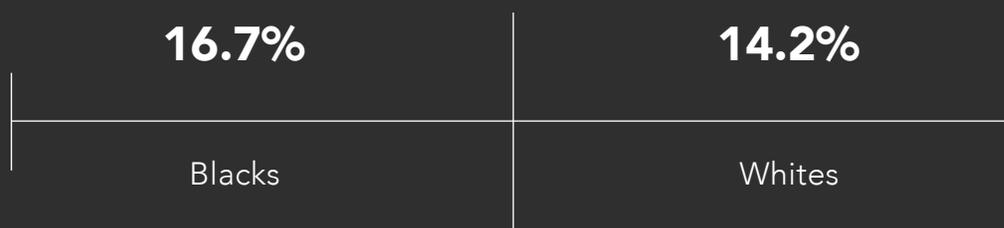
Black Workers and COVID-19

When the COVID-19 pandemic struck the world in early 2020, Black workers faced unemployment rates at 16.7% compared to 14.2% for White workers. As the pandemic continued, a higher percentage of White employees were called back to work within six months compared to Black employees. Further into the pandemic, more Black workers were permanently laid off than their White counterparts. Almost two years into the pandemic, Black workers still face the highest unemployment rate by more than 3% of White employees.

Source: [RAND](#)

Source: [Brookings](#)

COVID-19 – Unemployment



Hispanics and the Wage Gap

Hispanics (referring to Latinos, Mexicans, or any person from or has ancestors from a Spanish speaking country or territory) have been an integral part of the United States since the 19th century. The migration of Hispanics to the U.S. mainly began in the 1890s, not only for Hispanics to escape the violence of various wars but also because the mining and agriculture Southwest attracted migrant laborers. Over the next few decades, hundreds of thousands of Hispanics immigrated—legally and illegally—to America and became fundamental and irreplaceable laborers. Nevertheless, Hispanics continually face workplace and wage discrimination due primarily to occupation segregation, education, language barrier, and more.

Source: [Time](#)



A study done by Market Watch and Pew Research Center shows the following statistics when comparing Hispanic wages to that of White males and other races.

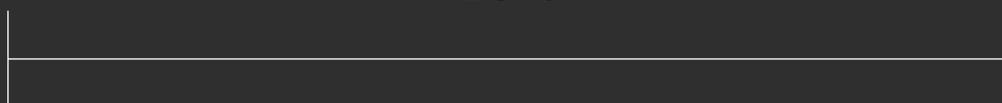
- Hispanics are the largest ethnic or racial minority in the United States making up **17.9%**
- Hispanic workers make **14.1%** less than White men
- Puerto Rican men make **11%** less than White men
- Cuban workers make **16.9%** less than White
- Latinas are paid **\$0.55** for every dollar paid to White males
- Educated Hispanic **women earn less** than all other educated races, both male and female

16%



Hispanics report being treated unfairly
in the hiring process or with pay/promotion due to race

20%



Hispanics claim their ethnicity has made it
difficult to succeed in life

Source: [Market Watch](#)

Source: [Pew Research Center](#)

Source: [US Census Bureau](#)



Occupational Segregation and the Hispanic Wage Gap

As of 2020, Hispanics make up 18% of the United States workforce but are plagued by constant unemployment, seasonal work, low-wage jobs, and substantial career trajectory barriers, contributing to their disproportional segregation in the labor force. Even before the COVID-19 pandemic, Hispanics faced a higher unemployment rate compared to White people. Research from American Progress finds that multiple factors contribute to high unemployment rates, including educational disparities—more specifically the negative consequences of language barriers within the educational system—and Hispanics holding employment in a plethora of involuntary low-wage, part-time, and seasonal jobs in industries such as agricultural, forestry, fishing, hunting, construction, and food services. Moreover, according to American Progress, a high percentage of Hispanic workers are foreign-born, causing instability in their employment as research suggests that immigrants are the first to be fired when the economy suffers.

For the population of Hispanics working in more stable industries, this population is still paid far less than their White counterparts, a ratio that has remained virtually unchanged since the year 2000. Additionally, Hispanics—especially 2nd and 3rd generation workers – carry cultural burdens and barriers that affect their status in the workforce. Many Hispanics need to learn English as a second language to pursue more professionalized careers, which potentially creates an educational debt as they must play “catch-up” in school. Because English language learners are at an educational deficit, they can't learn as fast as their peers. This stagnated trajectory means that Hispanics take more time to generate earnings of their counterparts, as other financial and contribution obligations such as health care and retirement are more easily navigated by their White and Black peers.

18%

of the United States workforce but are plagued by constant unemployment, seasonal work, low-wage jobs, and substantial career trajectory barriers



Furthermore, family tradition requires Hispanic children to stay close to home and care for prior generations, further limiting workplace opportunities. According to Pew Research Center, in 2014, 66% of Hispanics who chose to get a job or join the military rather than attend college cited the need to support family. More recently, NPR reported that the onset of the COVID-19 pandemic saw Hispanic women leaving the workforce to care for their household at three times the rate of White women and four times the rate of Black women. Furthermore, Latina women are no strangers to the motherhood penalty, potentially prohibiting Latina women from earning fair wages for full-time work if they are mothers. As of 2020, over 3 million households are financially led by Latinas – due to being single parents or earning more than their partner – and nearly one-third are below the poverty level. And while 26% of Hispanic women have a college degree, many work outside of their occupational path in order to meet debt obligations and living costs, which are not attainable at entry-level roles in their desired occupations.

66%

of Hispanics who chose to get a job or join the military rather than attend college cited the need to support family

26%

of Hispanic women have a college degree, many work outside of their occupational path in order to meet debt obligations and living costs

Source: [NPR](#)

Source: [Pew Research Center](#)

Source: [U.S. Department of Labor](#)

Source: [American Progress](#)



Education and the Hispanic Wage Gap

Since the 1980s, Hispanics have raised their education levels but have been unable to close the education gap with White men. The Education Trust reports that 27% of Hispanic women and 31% of Hispanic men have less than a high school diploma. Twenty-six percent of Hispanic women and 30% of Hispanic men have graduated from high school compared to 26% of Hispanic women and 20% of Hispanic men who have a college degree. While these numbers are a massive improvement from the past few decades, 51% of White women and 44% of White men currently have a college degree, thus showing the discrepancy between the two races.

The Education Trust reports that **27% of Hispanic women** and **31% of Hispanic men** have less than a high school diploma.



**26% of Hispanic women
and 30% of Hispanic men**

have graduated from high school

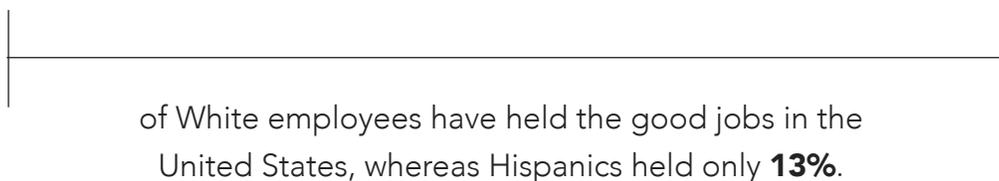
**26% of Hispanic women
and 20% of Hispanic men**

currently have a college degree



While those of Hispanic origin have successfully increased their likelihood of obtaining a good job through bettering their education, their White counterparts still hold better jobs overall. According to a study done by Inside Higher Education, a good job consists of employment that sustains a family entirely through its earnings. In the year 2016, White employees held 77% of the good jobs in the United States, whereas Hispanics held only 13%. A primary cause for this discrepancy is the systemic foundation that provides White people with an unspoken guarantee to succeed in the workplace, whereas a person of color is held back due to their race. Similar to the African American experience, an increase in education is only a small part of closing the racial wage gap. The problem lies within the foundational discrimination – biased and unbiased – of hiring a person of color versus hiring a White employee.

77%



The problem lies within the foundational discrimination – biased and unbiased – of hiring a person of color versus hiring a White employee.

Source: [Economic Policy Institute](#)

Source: [The Education Trust](#)

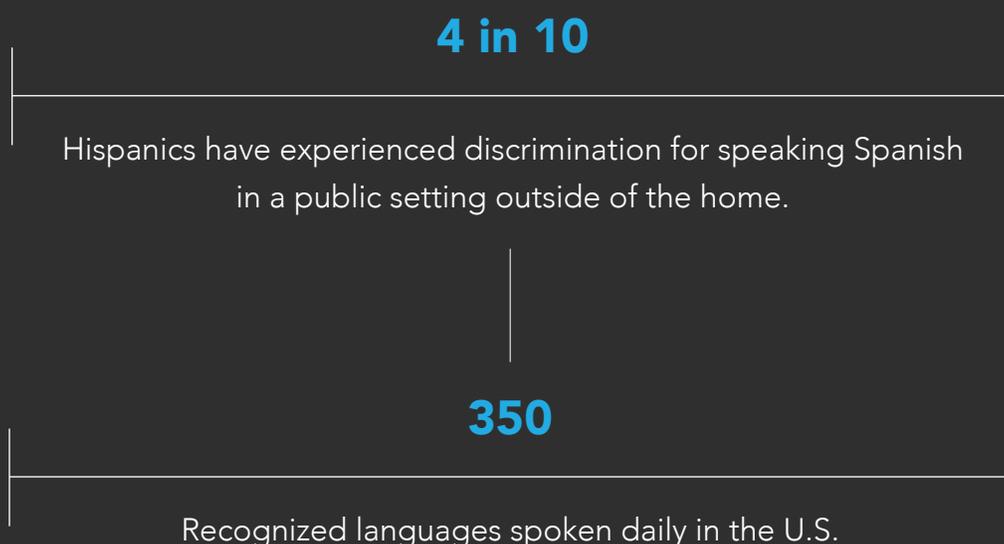
Source: [Inside Higher Education](#)



Language Barrier and the Hispanic Wage Gap

As of 2021, the United States has the second largest population of Spanish speakers globally. This widespread value of being English-Spanish bilingual in the United States is a double-edged sword for Hispanics. While many careers benefit from hiring bilingual employees, such as the health care system, retail, and education, 4 in 10 Hispanics have experienced discrimination for speaking Spanish in a public setting outside of the home.

Furthermore, there have been reports in the past few years alone of on-the-job discrimination for speaking Spanish at work. While various states have laws against barring languages other than English at the workplace, many states and businesses have legally enforced policies declaring English as the official language. Since the United States is a multilingual nation with no recognized official language, this sends mixed messages to Hispanics about the value of Spanish, especially since the U.S. is the ultimate melting pot country with over 350 recognized languages spoken daily.



Source: [Pew Research Center](#)

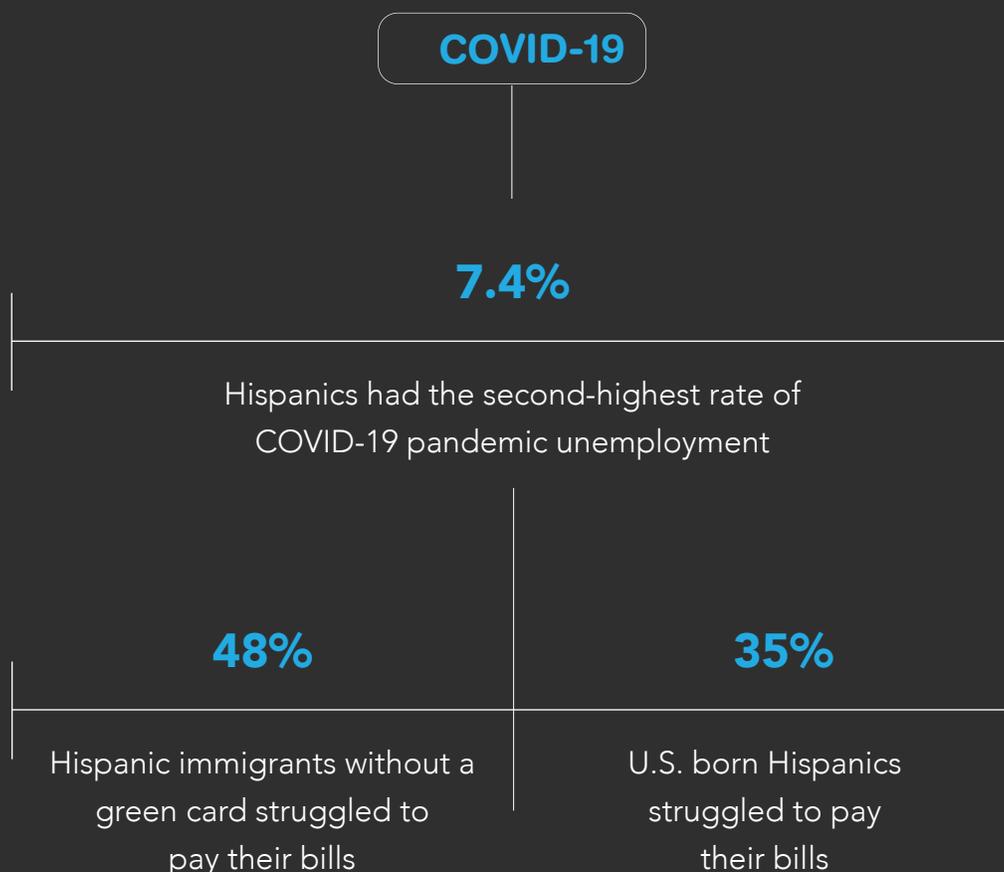
Source: [The Hill](#)

Source: [World Atlas](#)



COVID-19 and the Hispanic Wage Gap

The COVID-19 pandemic saw huge spikes in unemployment rates among all races. While Black workers had the highest rates of unemployment, Hispanics had the second-highest rate of 7.4%. Job and wage losses further affected Hispanics born in another country but living in the United States more than that of naturalized citizen immigrants. Hispanics also have a higher risk of hospitalization or death from COVID-19 compared to all other racial groups in the United States, which the CDC says relates to the lack of health care access and higher exposure to coronavirus at work. Additionally, specifically due to COVID-19, since February of 2020 48% of Hispanic immigrants without a green card struggled to pay their bills and 35% of U.S.-born Hispanics struggled to pay their bills.



Source: [Pew Research Center](#)



Native Americans and the Racial Wage Gap

Native Americans, the original founders of the United States, have been fighting for their land since the colonization of the Americas began in the 15th century. Over the past few hundred years, Native Americans—Alaska Natives and American Indians—have faced forced relocation, drastic segregation, and extreme poverty level, all of which highlight the modern-day wage gap. Native American women particularly are affected by the wage gap at an alarming rate that has only worsened due to COVID-19.

According to American Progress, research shows the following factors within the Native American community.

- Native Americans endure some of the highest levels of financial insecurity in the country
- The average home value for a Native American family is almost **\$100,000 less** than the value of a White person's home
- Native American women who work full-time are paid **40% less** than White males
- Over a 40-year career, a Native American female loses nearly **\$1 million due** to the wage gap
- Native American women need to work **20 months** to earn what a White male earns in **12 months**
- Native Americans have served in the United States military at a higher rate than any other demographic—**19% compared to 14% off all other ethnicities**—yet less than **4%** reach high-ranking officer positions.

27%

American Indian and Alaska Native people lived in poverty compared to 8% of White people

Source: [American Progress](#)

Source: [Military Times](#)

Source: [American Progress](#)

Source: [PBS](#)



Housing and Occupational Segregation and the Native American Wage Gap

During the 1900s, the government illegally seized over two-thirds of Native American land and redistributed it to White Americans. Native Americans were then encouraged to pursue agriculture work on their remaining land, although much of that land was unsuitable for farming. Over the next 100 years, national and local governments again seized hundreds of acres of tribal land, forcing many Native Americans to relocate to urban centers resulting in financial hardships and housing instability.

Although Native Americans have fought to reestablish some of their rights, the National Congress of American Indians reports that Native Americans face some of the worst housing conditions in the United States as they have limited private investment opportunities and low-functioning housing markets. Regarding their infrastructure, 40% of reservation housing is substandard, one-third of homes are overcrowded, 16% lack indoor plumbing, and less than half of the homes are connected to public sewer systems. Additionally, in November of 2021, the Bureau of Labor Statistics jobs report omitted Native Americans, claiming a lack of sample size for sufficient job reporting. It is difficult to say how severely Native Americans are oppressed by occupational segregation when then they are largely left out of the economic discussion surrounding the United States workforce. However, Native Americans lack foundational resources for stable housing and equality due to the repercussions of the wage gap.

Infrastructure

40% of reservation housing is substandard	16% lack indoor plumbing	1/3 of homes are overcrowded
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Source: [American Progress](#)

Source: [National Congress of American Indians](#)



Education and the Native American Wage Gap

The history of the education system for Native American students is also plagued with extreme discrimination seen through forced assimilation through schools such as the abusive Carlisle Indian Industrial School, ethnic cleansing, and the portrayal of Native Americans as savages. In modern days, a study done in 2020 by the National School Boards Association found that Native American students performed two to three grades lower than their White peers in reading and math and were two times more likely to drop out of school. The Native American education system on reservations is underfunded and offers inadequate programs which do not allow students sufficient opportunities compared to White students.

Performed 2 to 3 Grades Lower

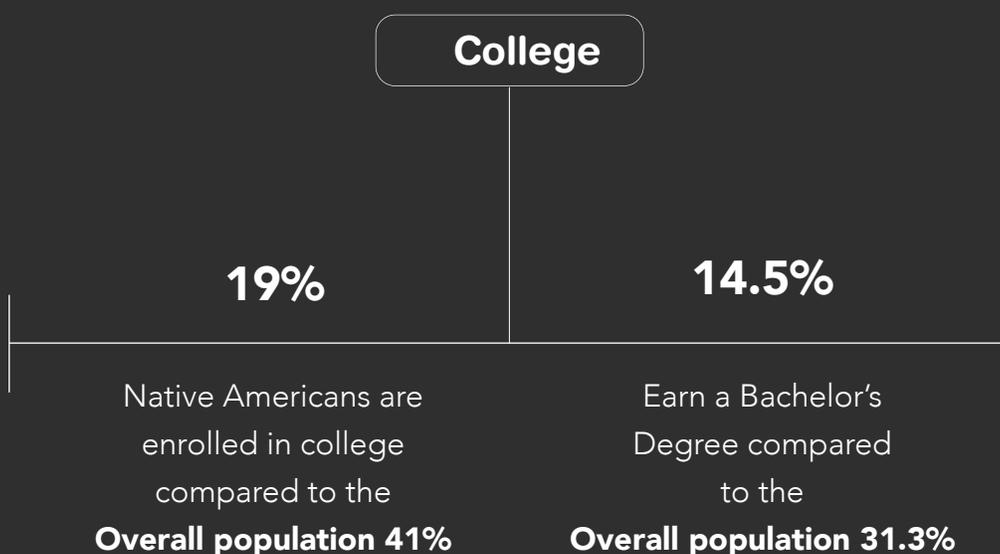
than their White peers in reading and math and were **two times** more likely to drop out of school.

“The digital divide plays a huge factor in the educational gap between Native Americans and their White counterparts. The high poverty levels that Native American families face mean they lack internet access and technical support, which was especially detrimental during the COVID-19 pandemic when learning was all online.”

Furthermore, since 1994, the National Assessment of Educational Progress reports that Native American students consistently have the lowest math and reading scores in the nation.



Additionally, only 19% of Native Americans are enrolled in college compared to 41% of the overall population, and only 14.5% of Native Americans earn a bachelor's degree compared to 31.3% of the overall population. The wage gap is the primary issue in these low education numbers for the Native American community.



Source: [National School Boards Association](#)

Source: [Postsecondary National Policy Institute](#)

Source: [United States Census Bureau](#)

To learn more about how the internet is a vital public service and is a component in the detrimental nationwide digital divide, check out Intelligent Partnerships free source [Public Power Utilities](#).



Native American Women and the Wage Gap

Native American women hold many jobs that are in low-paying industries such as health care and administrative services. Women living and working on reservations have even less opportunity for higher-paying jobs and see a wider wage gap of 53% of what their White counterpart makes.

More than 55% of Native American mothers are the sole or primary breadwinners for the household compared to 37% of White mothers. Since Native American women are over-concentrated in low-paying jobs, they have less money for basic family necessities such as rent, groceries, health care, transportation, childcare, and more. This circumstance leads to extreme poverty levels, of which the Native American population holds the highest poverty rate in America. Although Native American women are often the primary source of income, it takes 20 months for a Native American female to earn what a White male earns in just 12 months.

53%

Women living and working on reservations have even less opportunity for higher-paying jobs and see a wider wage gap

55%

Native American mothers are the sole or primary breadwinners for the household compared to 37% of White mothers

Source: [CNBC](#)

Source: [American Progress](#)



COVID-19 and Native Americans

According to CNBC, nearly 3 in 10 Native American women work the frontlines of the COVID-19 pandemic, yet they “face a staggering pay gap that the pandemic could widen.” Before the pandemic hit, Native American women already faced poverty and economic hardships. Now, they also face wage cuts and job loss.

The CDC reports that the Native American community is especially susceptible to infection and mortality of the coronavirus due to preexisting conditions such as diabetes and heart disease. The general lack of sufficient health care and nutrition on reservations further highlights the inequities Native Americans face during the dangerous and highly infectious COVID-19 disease.

3 in 10

Native American women work the frontlines of the COVID-19 pandemic, yet they “face a staggering pay gap that the pandemic could widen.” of what their White counterpart makes.

Source: [CNBC](#)

Source: [CDC](#)

Source: [American Progress](#)

Asian Americans/Pacific Islanders and the Wage Gap

Income inequality is greatest within the Asian Americans/Pacific Islanders (AAPI) group in the United States. Although Pew Research Center reports that Asians rank as the highest-earning racial and ethnic group in the U.S., the unequal wealth distribution causes a massive wage gap for lower-income Asians.

The following statistics address the inequality within the Asian community and compared to other races in America.

The following statistics address the inequality within the Asian community and compared to other races in America.

- ✓ Asian Americans—which includes Pacific Islanders—are the only minority group with a median income higher than Whites
- ✓ Asian American men have been out earning White Americans since the year 2000
- ✓ Asian women receive an hourly wage that is lower than White men but higher than Black and Hispanic men
- ✓ The closed wage gap between AAPI and White America is credited to the myth of model minority which emphasizes assimilation
- ✓ AAPI represents the highest paying and lowest paying occupational wage gap of all the races
- ✓ The Asian community is highly susceptible to the COVID-19 disease as they represent a large majority of employees in the health care system

Occupational Segregation and the Asian Wage Gap

In the United States, Asians are the most segregated group based on the distribution of employment. Although Asians are the singular race that out-earns White males, there is a large gap within the Asian culture, either being in high-paying jobs such as the medical and engineering field or low-paying jobs such as sewing machine operators and tailors. This segregation is mainly due to individual skills and the distribution of employment.

According to USA Facts, Asian Americans are the most represented group in computer and mathematical occupations, which include software development and systems analytics with 23% employee representation, despite making up only 6.4% of the nation's workforce.



23%

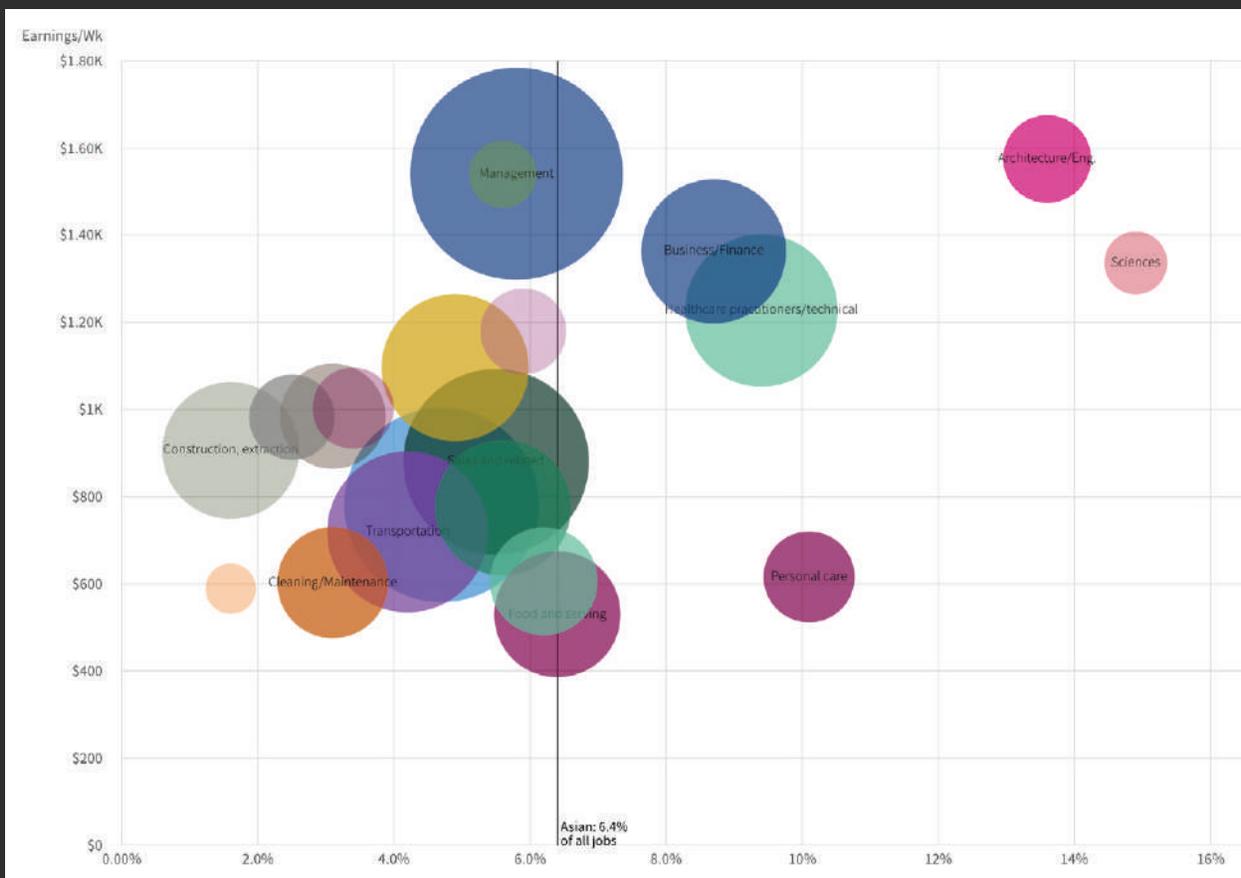
Asian Americans are the most represented group in computer and mathematical occupations, which include software development and systems analytics

AAPI is also highly represented in architecture, engineering, and science occupations. On the opposite end of the spectrum, Asian Americans make up a disproportionate share of employees in personal care and service occupations such as hairdressers, childcare workers, and nail stylists. Asian Americans make up 10% of employees in these occupations with 70% working specifically in the nail industry. This gap in employment causes interracial occupational segregation that aids in the drastic wage gap within the AAPI community.

Source: [Wikipedia](#)

Source and Photo Chart: [USA Facts](#)

Asian Americans are most represented in technical occupations as well as personal care and services.





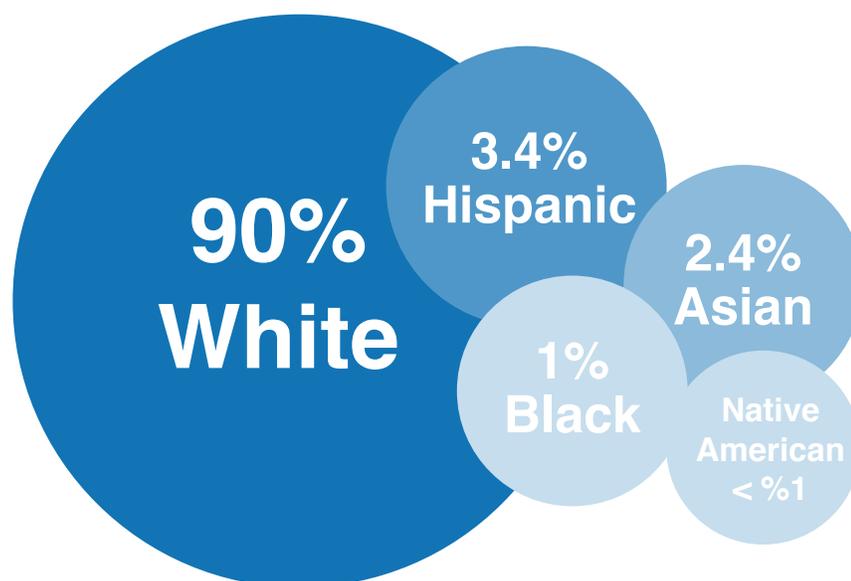
AAPI and Education

In general, it appears that the Asian American community is doing well compared to other minority groups in the United States. Brookings reports that Asian Americans live in wealthier neighborhoods, have high marriage success rates, are highly educated, and are successful in the labor market. Fifty-four percent of Asians have bachelor's degrees or higher—the most of any race in America—which has led to the model minority idea that working hard and staying committed to education and family is the key to the American Dream. However, the statistics show that the AAPI community holds the highest paying and the lowest-paying occupations reflect the social and economic disparity within the Asian community.

Source: [USA Facts](#)

Although Asian Americans and Pacific Islanders have seemingly succeeded in bridging the wage gap, they still face high-level discrepancies within the workforce. In executive and senior-level positions, Asian Americans represent 9.7% of the workforce compared to 82.6% of Whites. These drastic differences represent the so-called bamboo ceiling — the glass ceiling equivalent for the Asian community. While Asian Americans and Pacific Islanders have successfully navigated the corporate world, they still face a monumental challenge in obtaining executive or C-Suite level positions that are overrepresented by White employees.

Investopedia reports the following statistics of leaders in **Fortune 500** companies by race:



Source: [The Commonwealth Fund](#)

Source: [Health Affairs](#)

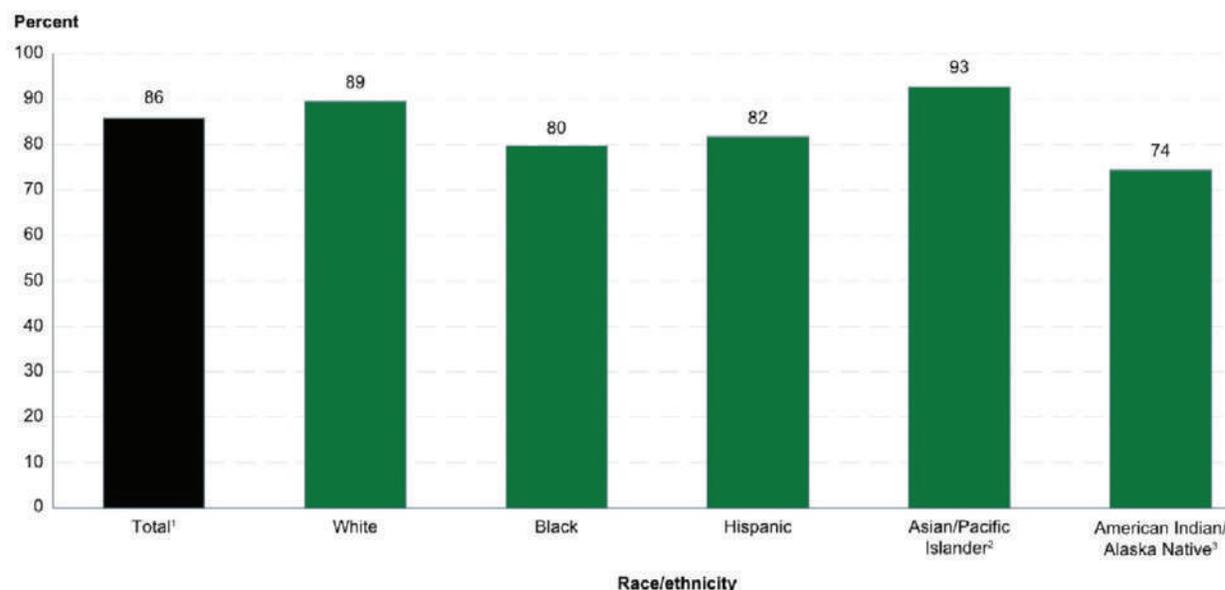
Source: [USA Facts](#)



Automation and the Racial Wage Gap

According to Massachusetts Institute of Technology economist Daron Acemoglu, automation has exacerbated the wage gap and has particularly affected employees without high school diplomas.

Adjusted cohort graduation rate (ACGR) for public high school students, by race/ethnicity: 2018–19



Because of historical occupational segregation, Black workers are more likely to work low-skilled jobs and are more at risk of being replaced due to widespread automation. Additionally, Hispanic workers' jobs are nearly as likely to suffer from the technological advancements in the workplace.

While Artificial Intelligence is eliminating jobs, it is simultaneously creating new jobs. Those new jobs require an investment in training or investment in new workforce members. Organizations can utilize Registered Apprenticeship Programs to create a sustainable, highly skilled workforce while also maintaining human capital through mentorship programs and the Apprenticeship training process. Because Apprentices are a part of the organization from the beginning of their programs, they are uniquely positioned to make immediate contributions to the organization.

Source: [The Atlantic](#)

Source: [CNBC](#)



Where to Go from Here?

Fixing the racial wage gap is a constant uphill battle that seeks to undo hundreds of years of systemic damage. People of color, especially women, potentially lose millions of dollars specifically due to race. While there are plenty of laws in place that fights against wage discrimination, the reality is that people of color are still paid less, have fewer

1 Third-Party Pay Audits

Before change can happen, employers must first recognize pay discrepancies within their payroll. This can only be done through a pay audit, preferably completed by a third-party company such as Intelligent Partnerships, Inc. A pay audit can unbiasedly assess factors such as hourly wages, bonuses, raises, retention, and more.

2 Close the Gap in Occupational Segregation

Before change can happen, employers must first recognize pay discrepancies within their payroll. This can only be done through a pay audit, preferably completed by a third-party company such as Intelligent Partnerships, Inc. A pay audit can unbiasedly assess factors such as hourly wages, bonuses, raises, retention, and more.

Source: [Forbes](#)

Source: [Forbes](#)



opportunities, and suffer the most financially in our current economy compared to that of their White counterparts. For effective and consistent change, the workplace and government systems need to aggressively prohibit discrimination while proactively correcting the racial wage gap through intentional and proven measures.

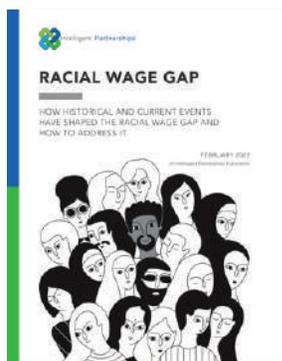
3 Eliminate Biased Hiring

A wealth of research that suggests that people with ethnic-sounding names experience bias during the hiring process and are less likely to be called for an interview. This form of discrimination favors those with “White sounding” names as employers have been known to avoid hiring those with “ghetto-sounding” or foreign names. To eliminate this bias in the hiring process, there has been a push to remove names from applications and resumes to emphasize qualifications rather than race. This can have tremendous power on improving non-racial bias hiring in the United States.

4 Mandatory DEI Initiatives

Systemic racism is the root cause of the Racial Wage Gap in the United States. Although no company would admit to not incorporating DEI policies and practices in their corporation, unintentional biases are a main factor in the continued—and even widening—pay equity gap. Forbes research proves that companies prioritizing DEI meet and often exceed their financial goals by up to 120%. All companies should require DEI strategies and emphasize diversity initiatives in order to do their part in ending the racial wage gap epidemic.

Key Takeaways



1

The racial wage gap is the unfair difference in pay that affects multiple non-White races in America.

2

Hundreds of years of systemic oppression, discrimination, and inequality against people of color have laid a complex foundational epidemic of pay inequity.

3

Black and Latinx employees have the most significant racial wage gap.

4

Native Americans face the highest levels of poverty and digital divide in the nation.

5

Asian Americans and Pacific Islands have the most significant interracial wage gap discrepancies.



Intelligent Partnerships®



FINAL THOUGHTS

HOW CAN THE U.S. FIX THE RACIAL WAGE GAP?

The racial wage gap cannot be fixed overnight. While it is incredibly disheartening to know that pay inequity due to race has been more or less stagnant over the past 50 years, and has been hit drastically by the COVID-19 pandemic, now is the time to implement action steps in order to narrow the gap and eventually close it.

- ✓ Companies can recruit more intentionally by rethinking their recruitment policies and widening their recruitment networks and pools
- ✓ Businesses can begin Registered Apprenticeship Programs to help provide more equitable access to education and employment in living wage careers
- ✓ All businesses should analyze data monthly or quarterly to get a realistic overview of employee wages and retention concerning race
- ✓ Although biased hiring practices are already illegal in the United States, companies can take the additional steps to omit names from applications and resumes to eliminate unintentional biased hiring practices

The racial wage gap is highly damaging not only for people of color but also for the United States economy. The only way to stop losing billions of dollars for the nation, and millions of dollars for families of color, is to actively promote practices that remove race as a primary focus of qualification for things like work, education, and housing. People of color are a primary foundation for the United States and will someday be the majority and not the minority. The time is now to start treating all races as valuable members of the United States.