

REWORKED: A CONVERSATION ON EQUITY IN RECOVERY FOR WORKERS

Targeting Interventions to the Most Impacted Women

Q&A

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Without question, the current economic crisis has had an outsized impact on women. This recovery is also time to grapple with another reality: The gains for women in a recovery are not broadly shared across racial and ethnic groups. Research shows that Black, Hispanic, and immigrant women often see disproportionate job losses during an economic downturn and often lag in recovery.¹ A National Women's Law Center study of the 2008 recession and recovery showed that Black women lost around 258,000 jobs in that recovery, more than they did during the recession.² During the same time period, White women gained jobs and income.³

In the current economic crisis, early data are showing we could see similar trends. If we really want to make strides in closing the gender equity gap, we need to focus on the women who are most at risk in our economy: women of color. To understand how to prevent these trends from recurring, Ashley Putnam from the Economic Growth & Mobility Project asked several experts⁴ about long-term policy solutions to help women weather economic crises.

1 See Kendra Bozarth, Grace Western, and Janelle Jones, *Black Women Best: The Framework We Need for an Equitable Economy*, New York: The Roosevelt Institute, September 2020. Available at rooseveltinstitute.org/wp-content/uploads/2020/09/RI_Black-Women-Best_IssueBrief-202009.pdf.

2 See *Employment Crisis Worsens for Black Women During the Recovery*, Washington, D.C.: National Women's Law Center, August 2011, available at www.nwlc.org/sites/default/files/pdfs/blackadulthoodemploymenttwoyearsrecovery_-_august2011.pdf.

3 See Chandra Childers and Gladys McLean, *Black and Hispanic Women Lag in Recovering from the Recession*, Washington, D.C.: The Institute for Women's Policy Research, August 2017, available at iwpr.org/wp-content/uploads/2020/08/C458.pdf.

4 Conversations with experts were hosted individually and the responses are presented in conversation with one another. The views expressed here are those of the authors and do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

Q What should policymakers do to support the women most impacted so they're better able to weather future downturns?

A **Rhonda Sharpe:** We ultimately need targeted policies, not blanket ones. For example, there are policies to address inequities, but we see time and time again that Black women are left behind. We need to disaggregate data and avoid grouping people under terms like "women of color" to understand women's different experiences in the labor market and craft effective targeted policies.

A **Michelle Holder:** For individuals and families with children to weather a downturn and engage in income-smoothing behaviors, we have to acknowledge wage disparities. We save from what we earn. This can be difficult for workers earning low wages. The majority of minimum wage workers are women. In order for families with children to be able to position themselves for these cyclical downturns, we need to improve incomes and raise the minimum wage, because wages for middle- and working-class families have been stagnant.

A **Kathryn Edwards:** There is also another issue: We inherited a two-tiered minimum wage system of a minimum wage and a tipped minimum wage. This echoes past wage regulatory structures, in which some occupations were covered by a minimum

wage, like industrial production workers, but others, like laundry workers, were not. Those uncovered occupations are typically where we saw women of color congregate within the labor market. We see a similar scenario play out today in tipped-wage occupations, where, again, there are large numbers of women of color. As we saw in Derenocourt's work⁵ on racial inequality and multitier wage systems, if you end the tipped minimum wage, you'd likely see gains for women of color.

A Michelle Holder: One of the practices of employers that negatively affects closing the gender wage gap is asking for previous salary history. With similar credentials and experience, White men typically earn more than White women. This is also an issue that disproportionately impacts people and women of color. The racial wage gap is another issue that impacts Black women. Thirty-five percent to 37 percent of whites complete a college degree; around 22 percent of Blacks complete college, and this is something that affect the ability to demand higher wages. There is an argument here that says hiring practices requiring college degrees are a form of exclusion.

A Kathryn Edwards: This is another question of constraints versus discrimination. Black workers are discriminated against in the labor market, particularly in job searches; the evidence supporting that is very robust. That discrimination can create constraints about what jobs individuals apply for, which jobs individuals get, and how individuals are compensated, as well as the path dependency of all three. Not asking about pay or prior salaries is a way to lessen the influence of historic discrimination and reduce the constraints it creates.

A Jhumpa Bhattacharya: Research shows that Black women and Latinx women are overcrowded in specific jobs. Targeted interventions like some of the pilots on

⁵ See Ellora Derenocourt and Claire Montialoux, "Minimum Wages and Racial Inequality," working paper, 2018, available at scholar.harvard.edu/files/elloraderenocourt/files/montialoux_jmp_2018.pdf.



guaranteed income focus on the women who are often left behind: Black and brown women, and particularly mothers. We have to understand that targeted interventions are not new; the New Deal was targeted to White men, let's be real about that. The only difference now is that the focus is on people of color. This is necessary because we have targeted problems that only impact certain groups of people.

A Michelle Holder: We also need to consider the kinds of jobs we are creating and who will have access to them. Investments in infrastructure will create millions of jobs over the next eight years, and those jobs are largely projected to go to men. We need to find a way to carve out funding to train women for these nontraditional occupations, or else they'll be left behind.

A Rhonda Sharpe: To ensure the economy recovers, we need to target policies and opportunities for the most vulnerable women. Targeted policies are not new, but we do not like them when they are at the intersection of race and gender. We have targeted policies to increase homeownership and college attendance but not for different labor market situations. Even with essential workers, we need to disaggregate the data to understand the diverse experiences of cashiers versus health-care workers. When we try to promote one-size-fits-all solutions, the same women will continue to be left behind.



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Caught at the Intersection: Race and Gender Equity

These responses demonstrate that to build a more equitable recovery, we need to be specific about which women have been impacted by this crisis. Not only did Black, Hispanic, and immigrant women experience greater job loss but also their jobs are also more likely to be automated.⁶ We know that downturns are cyclical, and Black and Hispanic women often fare poorly in these crises. To help women be prepared to weather future downturns, they need jobs that provide them the opportunity to save for a crisis.

Experts suggest that to ensure our recovery is resilient, we need to consider longer-term policy interventions around job quality, benefits, and paid leave. We also need to be thoughtful around targeted interventions to individuals who have historically been left on the sidelines of our labor market. Indeed, the gains for women in the labor market over the past 30 years have not been broadly shared across racial and ethnic groups. An equitable recovery requires thinking about policy interventions at the intersection of race and gender and ensuring that all women have economic security and a pathway to economic mobility.

*The Reworked series aims to change narratives, challenge conversations, and elevate ways that we can change work together to advance an equitable workforce recovery. How is your organization addressing these issues? Share what you've learned and follow the conversation online: **#EquityInRecovery.***

⁶ See Lei Ding and Julieth Saenz Molina, "'Forced Automation' by COVID-19? Early Trends from Current Population Survey Data," Federal Reserve Bank of Philadelphia discussion paper, September 2020, available at www.philadelphiafed.org/community-development/workforce-and-economic-development/forced-automation-by-covid-19.