

December 5, 2016

RE: Earnings and Employment Trends by Race and Gender

Forensic economists have good reason to know the trends suggested above, because these trends may be a foundation for lost earning capacity calculations in a select group of cases. These are primarily earnings projections for minor children and young adults, but include any case where the deceased or injured person's earnings history did not exist or for some reason was irrelevant to likely, future earnings. Worklife expectancy calculations, however, are affected in most personal injury and wrongful death cases. Recently, The Washington Post contacted our office about this topic, and George is quoted in the October 25, 2016 article, "In one corner of the law, minorities and women are often valued less." Meanwhile, Mike was updating our research in this area for a spring 2017 speech to the International Association of Mediators (IAM). Mike had previously addressed the IAM group about issues of economic damages in 2008 and was asked back to the 2017 annual meeting in Memphis. A theme of the meeting is race, and legal issues of race, since the 1968 assassination in Memphis of Dr. Martin Luther King.

Let us use this newsletter and the next to share this discussion with our attorney clients. In this newsletter we will share and explain the relevant Bureau of Labor Statistics (BLS) data. In the next newsletter, we will explain the history and current status of disaggregations of data by race and gender, and how the actual U. S. experience might affect this public policy debate, or not.

How have blacks (the BLS continues to use this terminology for African Americans) fared versus whites in key measures of earnings and of work probabilities since consistent measures began? How have females fared versus males? We choose to use median annual earnings ratios of blacks-to-whites and females-to-males as our measure of earnings levels. Two work-related measures are used. The participation (P) rate is the percentage of a population who try to find and hold a job. In our office, we call it the "rate of try." The employment (E) rate is the percentage employed of those who try. The P is a decision by individuals to try or not, whereas the E is a decision by employers to hire or not, but the product of  $P \times E$ --the joint PE--reflects the chance of working in a particular year.

Because of space constraints, we will show three years of data for each comparative ratio--the earliest value, 2000, and 2015--but contact us if you would like the annual data.

Table 1  
Ratio of Median Annual Wages: Black Males to White Males

Year	Black Males	White Males	Ratio: Black Males to White Males
1979	\$11,804	\$15,496	76.17%
2000	\$26,520	\$34,323	77.04%
2015	\$35,360	\$47,840	73.91%

Table 2  
Ratio of Median Annual Wage: Black Females to White Females

Year	Black Females	White Females	Ratio: Black Females to White Females
1979	\$ 8,788	\$ 9,568	91.85%
2000	\$22,308	\$26,104	85.46%
2015	\$31,980	\$38,840	82.77%

Table 3  
Ratio of U. S. Participation and Employment Rates: Black Males to White Males

Year	<u>Participation (P) Rates</u>			<u>Employment (E) Rates</u>		
	Black Males	White Males	Black Males to White Males Ratio	Black Males	White Males	Black Males to White Males Ratio
1972	78.5%	82.0%	95.7%	93.0%	96.4%	96.5%
2000	72.8%	77.1%	94.4%	93.1%	97.2%	95.8%
2015	67.3%	72.0%	93.5%	90.5%	95.7%	94.6%

Table 4  
Ratio of U. S. Participation and Employment Rates: Black Females to White Females

Year	<u>Participation (P) Rates</u>			<u>Employment (E) Rates</u>		
	Black Females	White Females	Black Females to White Females Ratio	Black Females	White Females	Black Females to White Females Ratio
1972	51.2%	42.7%	1.20%	91.0%	95.1%	95.7%
2000	65.4%	59.9%	1.09%	93.8%	96.9%	96.8%
2015	62.0%	57.5%	1.08%	91.8%	95.9%	95.7%

Table 5  
Ratio of Median Annual Wage: Females to Males

Year	Females	Males	Ratio: Females to Males
1979	\$9,464	\$15,184	62.33%
2000	\$25,636	\$33,332	76.91%
2015	\$37,752	\$45,292	83.35%

Table 6  
Ratio of U. S. Participation and Employment Rates: Females to Males

<u>Year</u>	<u>Participation (P) Rates</u>			<u>Employment (E) Rates</u>		
	Females	Males	Females to Males Ratio	Females	Males	Females to Males Ratio
1972	43.7%	81.6%	53.6%	94.6%	96.0%	98.5%
2000	60.6%	76.7%	79.0%	96.4%	96.7%	99.7%
2015	58.2%	71.7%	81.2%	95.2%	95.1%	1.00%

The "catch-up" measured by these ratios, or more notably the lack of catch-up by race, will be discussed in the next newsletter, as this might affect current or future calculations of lost earning capacity. Please give us a call if we can answer questions, and we are always happy to speak to groups of plaintiff and defense trial attorneys about issues of economic damages.

Sincerely,

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