



Earnings Gaps Based on Race/Ethnicity and Education Level

The last of three research briefs on lifetime earnings in Kentucky

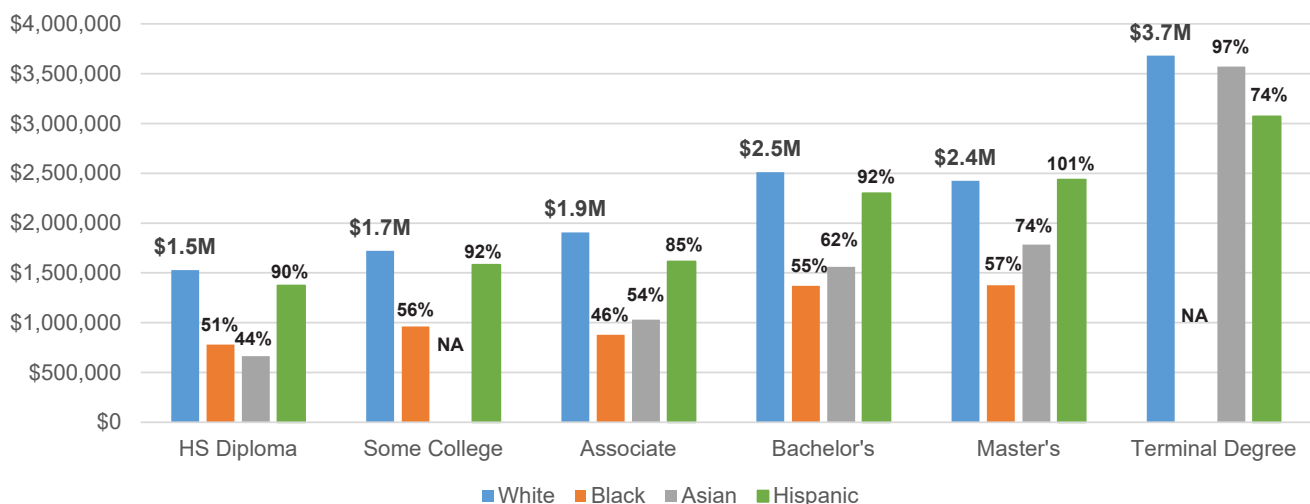
Differences in lifetime earnings between racial and ethnic groups

The last in a three-part series, this research brief examines race-based disparities in the lifetime earnings of Kentuckians at the same educational attainment level. It relies on data from the 2016-18 American Community Survey to approximate lifetime earnings for full-time workers with at least a high school diploma.¹ Note that these comparisons are statistically uncontrolled; they measure race-based disparities in median lifetime earnings regardless of job type, seniority, location, and years of experience. These data include only respondents who identified as a single race with no Hispanic ethnicity/nationality (i.e., white, Non-Hispanic; Black, Non-Hispanic; and Asian, Non-Hispanic). There were not enough respondents in the sample to estimate earnings for Asian, Non-Hispanic Kentuckians with some college, or Black, Non-Hispanic Kentuckians with a terminal degree. For purposes of this brief, Hispanic includes respondents of any Spanish race or nationality (e.g., Cuban, Mexican, Puerto Rican).

Lifetime earnings of white Kentuckians exceed nearly all others

Although the data demonstrate a positive relationship between postsecondary education and lifetime earnings across racial and ethnic groups, white Kentuckians had the greatest lifetime earnings at all educational levels. Figure 1 expresses the median lifetime earnings of Black, Asian and Hispanic Kentuckians as a percent of the lifetime earnings of white Kentuckians. For instance, Black bachelor's degree holders earned only 55% of what white bachelor's degree holders earned over a lifetime (\$2.5 million, which means Black bachelor's degree holders earned approximately \$1.4 million). Since these comparisons are uncontrolled, "occupational segregation" is a larger factor in earnings differences between Kentucky residents of color and white

Figure 1. Lifetime Earnings of Kentuckians by Educational Attainment and Race/Ethnicity²



1. U.S. Census Bureau. Oct. 2012. Creation of the Synthetic Work-Life Earnings Estimates for Field of Degree Brief and Infographics. <https://www.census.gov/library/visualizations/2012/comm/pathways-series/synthetic-work-life-earnings-estimates.html>

2. Lifetime earnings of Black, Asian, and Hispanic Kentuckians are expressed as a percentage of White, Non-Hispanic amounts at each education level.

Kentuckians. This is widely considered an opportunity gap for entry into higher paying professions, even at the same educational attainment level.³

Asian Kentuckians earn far less than similarly educated white peers

Nationally, Asian students comprise a larger proportion of admissions to selective institutions and have a greater likelihood of completing a bachelor's degree than white students.⁴ Still, the median lifetime earnings of Kentucky Asian graduates across all education levels are far less than their similarly educated white peers. Among all racial/ethnic groups, Asian high school graduates reported the lowest median lifetime earnings relative to white high school graduates (44% of white earnings). The disparities in median lifetime earnings of Asian graduates were least pronounced at the terminal degree level (97% of white earnings) and most pronounced at the associate degree level (54% of white earnings).

For Black and Hispanic Kentuckians, terminal degrees are few and often delayed

Black and Hispanic Kentuckians remain underrepresented among workers with terminal (advanced or professional) degrees. The data sample redacted Black Kentuckians under age 30 with either a doctoral or professional degree due to small sample size. Although the dataset does not enable a more thorough examination of these cases, the most probable cause is an extended timeframe to a bachelor's degree. Some Black students enter into a master's program rather than immediately matriculating into a terminal degree program. Black and Hispanic Americans also are significantly underrepresented in professions requiring a terminal degree, such as physicians and dentists.⁵ Such inequities for underrepresented minority students can delay their entry into the workforce, which ultimately decreases lifetime earnings.

Summary

Black, Asian, and Hispanic graduates in Kentucky face concerning disparities in lifetime earnings. These wage gaps weaken the value of higher education among prospective minority students. Kentucky postsecondary institutions should continue to prioritize increases in enrollment, retention and graduation for minority students, and work with employers to raise awareness of wage gaps among similarly educated minority employees. Providing early college experiences to racial/ethnic minority students, as well as leadership training and exposure to professional career paths, may also lessen wage and income disparities over time.

3. <https://www.payscale.com/data/gender-pay-gap#section14>

4. Espinosa, Lorelle L., Jonathan M. Turk, Morgan Taylor, and Hollie M. Chessman. 2019. Race and Ethnicity in Higher Education: A Status Report. Washington, DC: American Council on Education.

5. U.S. Department of Health and Human Services, Health Resources and Services Administration, National Center for Health Workforce Analysis. 2017. Sex, Race, and Ethnic Diversity of U.S. Health Occupations (2011-2015), Rockville, Maryland.

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