

COLORADO'S RACIAL WEALTH GAP: WAGES & LABOR

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Labor has always been a central piece of our American story. From slavery and indentured servitude and the original revolutionary Republican promise of independence, to the now-familiar necessity of wage-earning workers, America's history has been largely shaped by the relationship of workers to their bosses and the purchasing power of the American worker. One often overlooked aspect of this history is the role race played in shaping and defining who the "average" American worker is, and how this history can be accounted for in our present moment.

This final brief in the Bell's current racial wealth gap series will examine the reality of wages and occupations by race in Colorado, how the history of American labor relations has shaped this reality, and how we can use the information in this brief and this research series to chart a path to a better, more prosperous future.

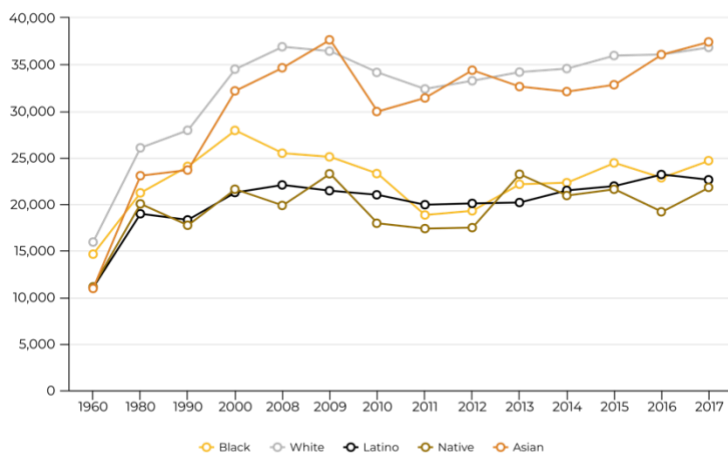
Colorado Wages Today

As of 2017, the latest year U.S. Census data¹ is available, the average black worker in Colorado makes 34 percent less than the average white worker. The average non-white Latinx worker makes 38 percent less than the average white worker, and the average Native American worker makes over 40 percent less.

These disparities also exist for those Coloradans of color who have achieved upward mobility: The top 25 percent of each of these demographics make 30 percent less, 34 percent less, and 40 percent less than their white counterparts, respectively. This wage gap has largely remained the same since the 1980s, consistent with national data.

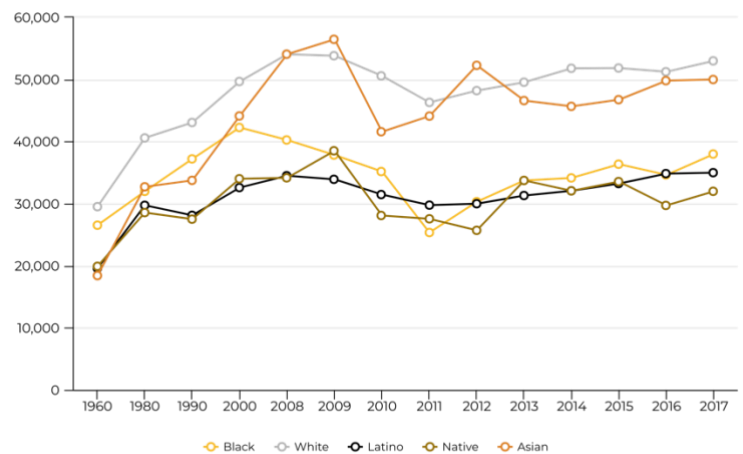
Women of color in Colorado fare much worse, with the average black woman making 65 cents on the dollar compared to the average non-Latinx white man, Latinx women making 48 cents on the dollar, and Native American women making 32 cents on the dollar. Additionally, black women in Colorado make 25 percent less than white women, while Latinx women make 35 percent less, and Native American women make 42 percent less.

AVERAGE WAGE & SALARY INCOME BY RACE



Source: Bell analysis of US Census data, 2017 dollars

TOP 25 PERCENT WAGE & SALARY INCOME BY RACE



Source: Bell analysis of US Census data, 2017 dollars

Average Colorado Wages by Race & Gender, 2017

Race	Average Wage (Men)	Average Wage (Women)
White	\$36,829	\$27,032
Black	\$24,669	\$20,449
Latinx	\$22,618	\$17,727
Native American	\$21,801	\$15,690

Source: Bell analysis of US Census Data, 2017

Nationwide, the Economic Policy Institute [explains](#) differences in observable factors, such as education and experience levels can explain roughly a quarter of the racial wage gap. Unobservable factors like racial wage discrimination, racial differences in unobserved or unmeasured skills, and the effects of mass incarceration, along with a limited political appetite for fighting labor market discrimination, continue to be leading factors explaining the persistence of the racial wage gap.

Differences Between & Within Occupations

According to the [Bureau of Labor Statistics](#), some of the top occupation categories in the state of Colorado are office and administrative support occupations; sales and related occupations; food preparation and serving-related occupations; business and finance occupations; and management occupations. For the purposes of our analysis, we focus on management occupations and the business and finance occupations as these sectors combined represent roughly 10 percent of the Colorado workforce. The disparities in these sectors demonstrate longstanding inequity in accessing these professions and large pay gaps within the profession. While these same issues are present in many other occupations, the income distribution is flatter across race because of lower wages with the occupation as a whole.

In Colorado's management sector, we estimate there are 97 percent fewer black workers than white workers and 87 percent fewer Latinx workers. The data set for Native Americans in this sector was too small to produce a representative result. The disparity in wages follows other trends, with black workers in management occupations making 22 percent less on average than their white counterparts and Latinx Coloradans making 33 percent less on average. In hard dollar figures, this translates to a difference in annual average wages of nearly \$18,000 for black workers and over \$26,000 for Latinx workers.

Among women, we estimate there are 99 percent fewer black women in management occupations than white men and 91 percent fewer Latinx women than white men. Black women in management occupations make 41 percent less on average than white men, while Latinx women make 48 percent less on average than white men. White women also make 31 percent less on average than white men. This translates to a difference in annual average wages of over \$28,000 for white women, over \$37,000 for black women, and nearly \$50,000 for Latinx women.

Coloradans by Race & Gender in Management Occupations, 2017

Race	Estimated Size of Workforce (Men)	Average Wage (Men)	Estimated Size of Workforce (Women)	Average Wage (Women)
White	211,349	\$90,415	141,014	\$61,920
Black	8,563	\$65,194	3,982	\$52,679
Latinx	22,711	\$63,394	19,760	\$40,635

Source: Bell analysis of US Census data, 2017

In Colorado's business and finance sector, we estimate there are 97 percent fewer black workers than white workers and 88 percent fewer Latinx workers. The data set for Native Americans in this sector was once again too small to produce a representative result. Wages in this sector are similarly disparate, with the average black worker making 23 percent less than white workers and Latinx workers making 26 percent less. This amounts to a difference in annual average wages of over \$14,000 for black workers and over \$16,000 for Latinx workers.

Among Coloradan women who work in business and finance, we estimate there are more women than men across all races, however they are paid much less than white men. Black women in business and finance make 28 percent less on average than white men and Latinx women make 41 percent less on average. White women make 25 percent less on average than white men. This is a difference in annual average wages of nearly \$15,000 for white women, over \$20,000 for black women, and nearly \$30,000 for Latinx women.

Coloradans by Race & Gender in Business & Finance Occupations, 2017

Race	Estimated Size of Workforce (Men)	Average Wage (Men)	Estimated Size of Workforce (Women)	Average Wage (Women)
White	74,147	\$71,554	80,469	\$56,208
Black	2,749	\$47,040	3,239	\$50,850
Latinx	5,973	\$55,580	11,149	\$42,426

Source: Bell analysis of US Census data, 2017

The preceding analysis shows white Coloradans, especially white men, are significantly overrepresented and paid higher wages in both the management sector as well as the business and finance sectors of Colorado’s economy. In addition to the differences in size of the labor force by race, those people of color who do work in these industries are paid much less than their white counterparts. The largest disparities are seen among women in the management sector, where Latinx women make roughly half that of their white male counterparts. These findings point to the existence of not only a large racial wage gap in Colorado, but also a much larger gender pay gap, especially for women of color.

A Brief Historical Analysis

America’s labor history is one that’s intimately intertwined with our changing racial dynamics. Historian [David Roediger](#) explains in America’s early days, the specter of slavery was used to develop a revolutionary spirit among the colonies, which feared Great Britain was seeking to enslave them by making them dependent on the crown and the wealthy merchant class. The revolutionary promise of independence was developed from this ideal: Every “freedman” had the right to pursue his own independent economic prosperity, and no freedman could be required to be dependent on another. Therefore, slavery was dependence and the white “freedman” existed in a rigid alternative category to the unfreedom experienced by an enslaved person.

According to Roediger, the early proponents of American republicanism feared the wealthy elites would seek to eliminate the freedom of the average American by conspiring with the lower classes to destroy the republic. Therefore, the freedom of the white freedman required keeping the lower classes — in the early days, enslaved people — in their oppressed position, so as to maintain a rigid category and definition of freedom and independence. The emancipation of enslaved people threatened this rigid category of “freedman,” so another method needed to be developed to prevent, in their minds, the destruction of the republic. It was around this time major unions in the country [began formalizing racism](#) in the workplace via their negotiated contracts, which specifically prevented black workers and other workers of color from occupying management positions or earning higher wages than their white counterparts. This paralleled the creation of separate labor unions for black workers. These black unions did achieve some wins for their members, but their negotiation power and affiliation with larger trade federations was limited by employers and federation leadership.

As a result, they were largely unable to force substantive changes to the contracts negotiated by their white counterparts, despite strategic alliances forged by white unions to bring employers to the negotiation table. In the process, a separate and unequal labor market was created for black workers and other workers of color, with opportunities for advancement, access to particular industries, and higher wages largely reserved for white workers. Here again, in the absence of slavery, we see the construction of a rigid category with the purpose of preserving white economic freedom as the opposite of the unfreedom experienced by black people and other people of color. Fast-forwarding to the civil rights movement, legislation passed in the 1960s sought to end this formalized discrimination and build true equality into all parts of our society.

Unfortunately, these laws went largely unenforced in the labor market despite the integration of many trade unions and the trade federations. Furthermore, between the 1970s and the present there has been a massive decline in overall union membership, further limiting the ability of black workers and other workers of color to use their collective power in the workplace to negotiate for better treatment.

Today, data show this system continues to function as designed in Colorado. Further, we see a continued lack of a political appetite to enforce anti-discrimination law in the workplace through underfunding, a lack of data collection capabilities, and insufficient staffing of enforcement agencies. Colorado also has a very small unionized labor force, and these factors combine with previously explored disparities in access to education, mass incarceration, and access to foundational capital to reinforce the racial wage gap, and in turn the racial wealth gap. The racial wealth gap represents a self-replicating system that has been built to keep most black Americans and other peoples of color from experiencing the American dream and upward mobility via the force of the criminal justice system, the selective inadequacy of public education, and discrimination in the labor market.

Recommendations

Since this is in all-inclusive, self-replicating system, the solutions explored in the previous sections of our research on Colorado's racial wealth gap are essential. Namely, addressing mass incarceration, police brutality, educational inequity, and access to foundational capital. In addition to these things, our state and our nation ought to take up intentional reforms of our labor market. A few solutions worth considering are explored here.

- **Enforce Anti-Discrimination & Labor Law**

Many statisticians and researchers have sought to quantify discrimination for the purposes of generating policy solutions to address labor market discrimination. [These analyses](#) show discrimination in different forms are absolutely occurring in the labor market, and the [Economic Policy Institute](#) shows this discrimination compounds based on other inequities present in our economy and society. However, as [shown by researchers William Darity and Darrick Hamilton](#), it is clear access to education alone will not address the wage gap. One of the major contributing factors to the racial wage gap is the uneven enforcement of anti-discrimination laws in the labor market, spurred on by a lack of financial and political support for these activities. Colorado can take direct action on this by furnishing the Colorado Civil Rights Division with the funding, technical support, and political support to analyze market trends in discrimination and promote transparency in order to robustly enforce the state's anti-discrimination laws in the areas of hiring, promotion, and pay. In addition, the state should provide the Civil Rights Division with resources and support to explore related phenomena such as wage theft, misclassification, and discriminatory scheduling.

- **Access to Unions and Raising the Minimum Wage**

Nationwide, a worker [covered by a union contract](#) earns 13.2 percent more than a similar worker who is not covered by a union contract. For black workers, this figure is 17.9 percent. Colorado has seen the same precipitous decline in union membership that has been experienced nationwide, and [the Economic Policy Institute finds](#) that this is largely because of employers' anti-union activities. [The Center for Economic and Policy Research finds](#) further that that more than 1 in 7 union organizers and activists are illegally fired while trying to organize unions at their place of work. The state should take clear and direct action to support unionization and prevent employers from retaliating against their employees who seek to organize. In addition, Colorado and communities across the state should continue to raise the minimum wage to the goal of a living wage that adjusts to meet inflation and the cost of living. Across all races, wages have stagnated for decades and raising the minimum wage raises the wages of black workers and other workers of color. The few areas where wages have increased while adjusting for inflation have been areas [where minimum wages have been increased](#).

- **Worker-Cooperatives**

Governor Jared Polis [launched](#) the Colorado Commission on Employee Ownership (CCEO) in April 2019 saying, “We know that wages simply haven’t kept up with economic growth. A big part of that solution is participatory capitalism, allowing people to own part of the upside they create through the value of their labor.” The CCEO primarily supports what are called Employee Stock Ownership Plans (ESOP), in which employees are given stock in their company as part of their overall compensation. Political support for developing employee ownership is surely a good thing, but [as the Century Foundation finds](#), the ESOP model has been vulnerable to abuses and less worker power than the traditional workplace. Instead, the Century Foundation [recommends](#) supporting democratically-run worker cooperatives that combine employee ownership with democratic employee control of the business. This means that employees are included in management and decision-making processes, as well as sharing in the profits generated by their labor. Worker-cooperatives could be a path toward ensuring fair labor practices, the enforcement of antidiscrimination law, as well as higher wages and greater wealth for communities of color. However, given the lack of access to capital and credit in many communities of color, the state should consider supporting worker-cooperatives with startup costs as well as legal and administrative support to ensure their longevity, accessibility, and success.

This brief outlines some of the major problems present in Colorado’s economy as it relates to race, wages and the labor market but there are many more areas of our economy and society where these problems are present. In order to fully account for the ways in which our economy continues to operate in a separate and unequal way, we must tackle these issues head on with the resources and attention they deserve. Expect the Bell Policy Center to continue researching these issues and fighting for racial economic justice and economic mobility for all Coloradans.

¹ Steven Ruggles, Sarah Flood, Ronald Goeken, Josiah Grover, Erin Meyer, Jose Pacas, and Matthew Sobek. IPUMS USA: Version 10.0 [dataset]. Minneapolis, MN: IPUMS, 2020. <https://doi.org/10.18128/D010.V10.0>