

## **Essay #1: Inequality Pinpointed**

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The September 11<sup>th</sup> attacks and the struggling economy have led to a surge in request for food, clothing and other forms of assistance. While difficult economic times and increased demand for services have made the United Way of Greater Williamsburg's task more challenging this year, their campaign has raised over \$1.5 million. Our community's capacity to care clearly is alive and well. However, we need to remember the demand for assistance in our community can't be pinned solely on the weak economy -- the local job structure creates a persistent need for support.

This first essay presents evidence to make the case that our economic base and the resulting employment structure create a situation that ensures the persistent need for support by many in our community.

It's well known that the 1990s boom was the best economy in 30 years. The boom generated broad-based benefits nationally. Locally this did not happen. Although our unemployment rate fell from 5.5% to 2.4%, the wages of the lowest paid did not substantially increase until employers were pushed into action by the Tidewater Labor Support Committee.

Further, the percentage of K-5 children that utilized the free/reduced lunch program increased as unemployment fell. From 1992 to 1999, participation **rose** from 25% to 27%. It fell to 23% in 2000, the boom's peak. However, as economic growth slowed in 2001, participation crept back up to 25%. Over this period, no fewer than 70% of program participants utilized the free portion, meaning that these children were in families where the adults were not earning a "living wage".

This childhood poverty has a spatial aspect. In Williamsburg, the poverty rates of African American and white children are 49% and 19% respectively. In James City, they are 23% and 4%.

City and County income gaps are not limited to children. In households where the head is 55 to 64 years old, Williamsburg median income is 86% of James City median income. The figure falls to 75% when we look at households where the head is between 25 and 54.

The area's underlying employment structure generates these poverty and income differences. Two-thirds of Williamsburg residents are employed in lower-paying retail trade, education, health and social services, accommodation and food services, compared to 48% of James City residents.

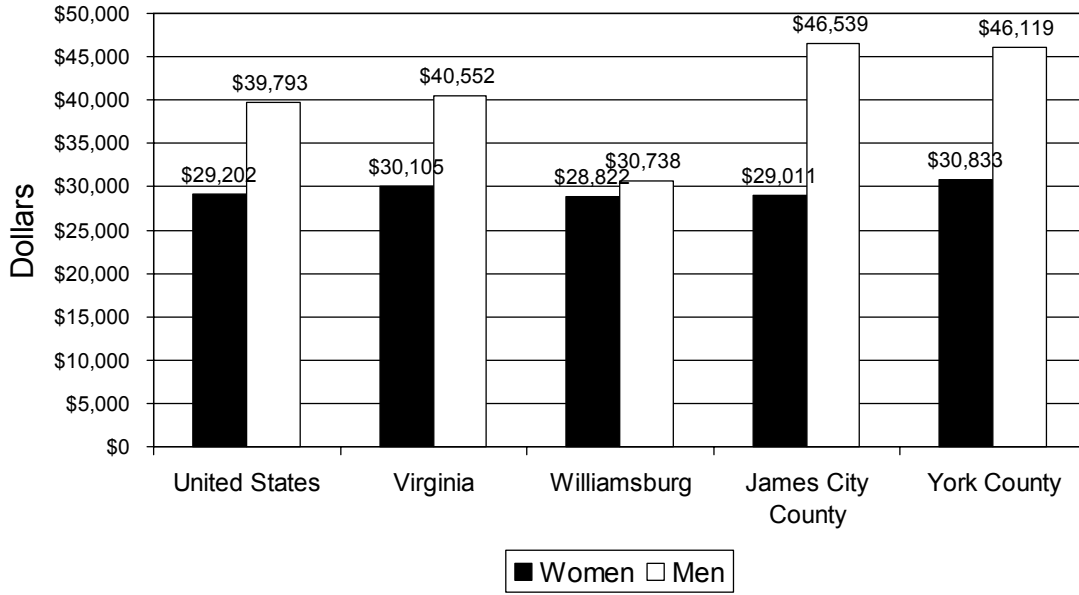
Racial income and gender pay gaps are also tied to our job structure. The gaps are structural because they show little change over time. In James City, African American median household income is 54% of the white median household income. In the city the figure is 80%, partly due to the inclusion of college students. At the national level the ratio is 66%. The ratio of the median earnings of Williamsburg men and women who work **full-time and year-round** is 94% (\$28,822 vs. \$30,738) while in James City the ratio is 62% (\$29,011 and \$46,539). The national ratio is 73%.

Education is an important factor in explaining the racial income gap. Its contribution to the gender pay gap is a small. In Williamsburg and James City, forty-seven percent of men have at least a B.A., compared to 40% of women. A larger share of men hold advanced degrees.

Differences in the type of work that blacks and whites and men and women perform are the most important reasons for the gaps. African Americans and women are concentrated in lower paying industries such as education, health and social services, accommodation and food services. Those with college degrees are concentrated in lower-wage management, professional, sales and service occupations.

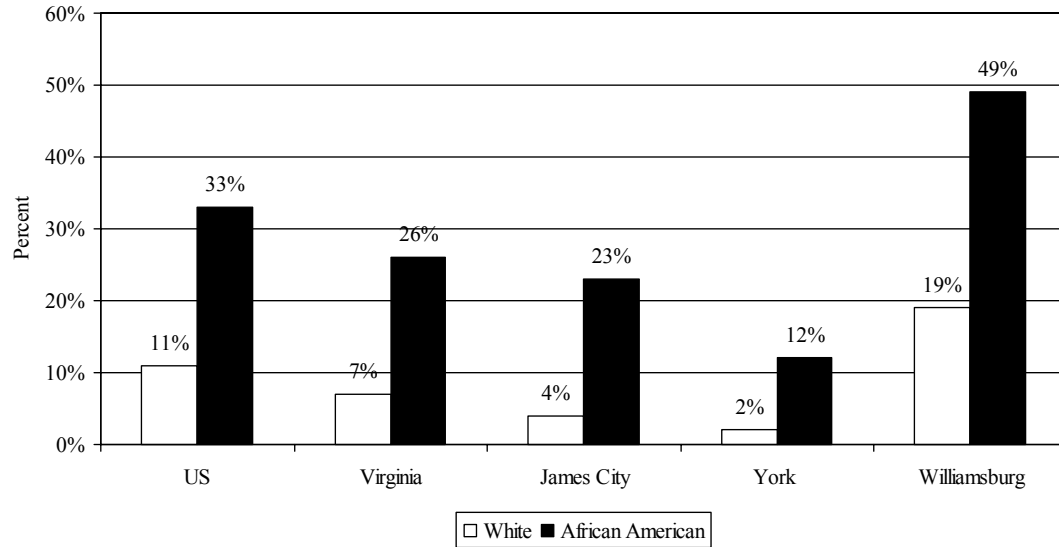
Next week, I discuss the consequences of our job structure.

## Median Earnings of Full-time, Year-Round Workers by Gender



Sources: Figures are for 1999, but have been placed in 2002 dollars. U.S. Decennial Census, 2000.

## Williamsburg Youth, especially African American Youth Have Much Higher Poverty Rates



Source: Author's tabulations from the 2000 U.S. Census.