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THE LATINO WORKFORCE AT MID-DECADE

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AND
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The Latino workforce is increasingly critical to the vitality of the U.S. economy. Despite the importance of Latinos in the labor market, their economic contributions are limited by significant disadvantages. This research report provides an overview of Latino workers in the United States at mid-decade. We provide background information on labor force share and labor force participation, then we delve into how Latinos are faring in the labor market by examining educational preparation, occupations, earnings, employment sectors, and unemployment. The presentation is intended to inform public discussion of Latino workforce incorporation and to guide policy interventions that will improve employment prospects for Latino workers.

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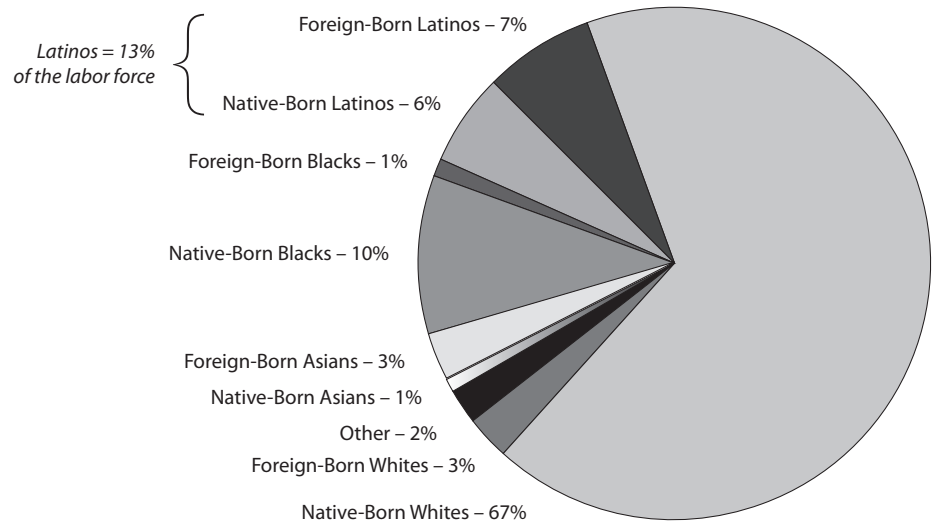
OVERVIEW OF THE LATINO WORKFORCE

Latinos constitute a sizeable share of the current U.S. workforce, and their numbers are expected to rise disproportionately in coming years. Figure 1 illustrates the composition of the labor force in 2005 in terms of race/ethnicity and nativity.¹ Latino workers numbered 19.8 million and comprised 13% of the workforce (7% foreign-born, 6% native-born). By mid-decade they had passed blacks (11%) as the largest minority racial/ethnic group.

The Latino presence will be of increasing importance in coming years. Our calculations, drawn from data collected by the U.S. Census Bureau, project that Latinos will account for almost half of the population growth in the United States between 2000 and 2020 (see table 1b, U.S. Census Bureau 2004). The number of Latinos in the workforce will also grow disproportionately. Immigration will account for a large fraction of the increase, but more important will be the rising numbers of native-born, particularly second-generation, Latinos (Suro and Passell 2003).

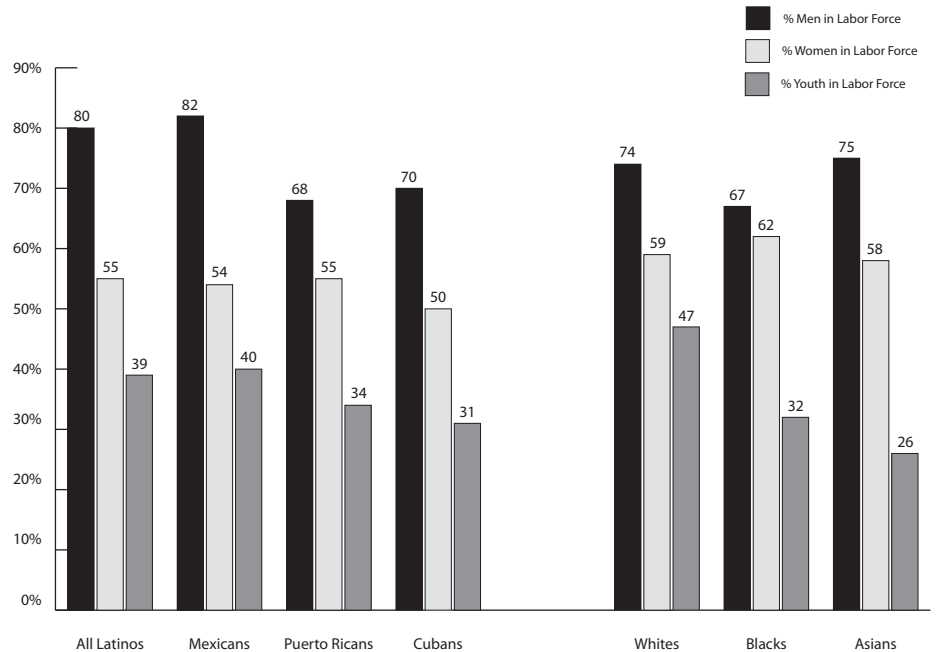
How do Latino labor force participation (LFP) rates compare with those of other groups? Figure 2 shows the percentages of economically active men, women, and youth (ages 16 through 19) for Latinos overall, the three largest Latino ethnic groups, and for whites, blacks, and Asians. Latino men are more likely to work than any other group—80% were in the labor force in 2005. Among Latino groups, Mexican men have considerably higher LFP rates than Puerto Ricans or Cubans (82% versus 68% and 70%, respectively). This strong work ethic among Latino men is uncharacteristic of less-educated workers, but it may be explained in part by the large share of economically motivated immigrants: Mosisa (2002) found that immigrant Latino men are more likely to work than native Latinos. The opposite is true for Latina

Figure 1. Labor Force, by Race/Ethnicity and Nativity, 2005



Source: Table 1, U.S. Department of Labor 2006b.
 Note: The categories Whites, Blacks, Asians, and Other do not include Latinos.

Figure 2. Labor Force Participation Rates, by Latino Ethnicity, Race, Sex, and Age, 2005



Source: Author calculations from tables 5 and 6, U.S. Department of Labor 2006a.
 Note: The categories Whites, Blacks, and Asians include Latinos. Youth are ages 16 through 19.

women, however, and this is partially responsible for the low overall LFP rate for Latinas (55%). Other contributing

factors are high fertility and marriage rates and low educational attainment (Mosisa 2002).

LABOR MARKET POSITION

Although Latinos have a strong work ethic, they come into the labor market at a distinct disadvantage. The majority of these workers are immigrants from lower socioeconomic backgrounds, and many face language issues. Further, Latinos have markedly low education levels. These individual-level factors certainly influence labor market outcomes, but Latinos are also limited by employment discrimination, occupational segregation, overrepresentation in less secure forms of employment, and heightened vulnerability to structural economic shifts.

EDUCATIONAL PREPARATION

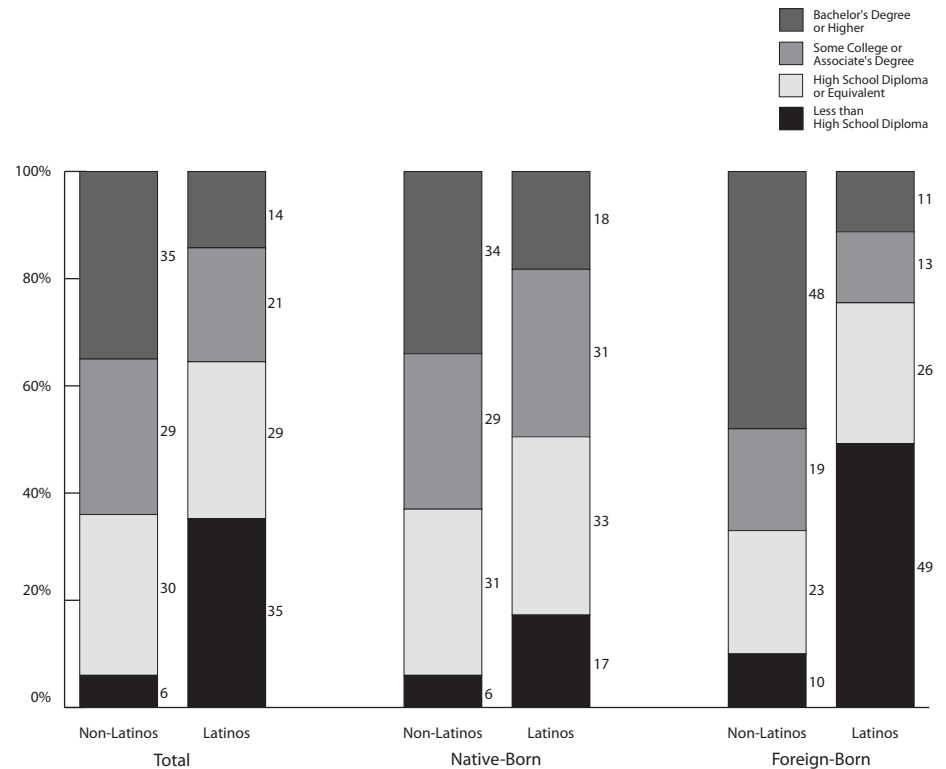
Latinos are poorly educated in comparison with other workers, both native and immigrant. Figure 3 provides information, by nativity, on the educational composition of the Latino labor force relative to non-Latino workers.

The educational distribution for Latinos is distinctly bottom heavy. More than one in three—35%—had not completed high school in 2005; the comparable figure for non-Latinos was only 6%. With respect to college degrees (bachelor's and above), Latino workers also show a pronounced deficit: only 14% held such degrees, versus 35% of the non-Latino workforce.

The educational disadvantage for native-born Latino workers is less pronounced but still striking. They are far more likely than non-Latino natives to have less than a high school education (17% versus 6%) and far less likely to obtain a college degree (18% versus 34%). Educational attainment is especially low for immigrant Latinos: 49% completed fewer than twelve years of schooling, and only 11% earned a higher degree, in stark contrast to other foreign-born workers.

In the economy as a whole, less-educated workers face declining prospects (Blackburn, Bloom, and Freeman 1990; Juhn, Murphy, and Brooks 1993); bet-

Figure 3. Educational Attainment of Labor Force, by Nativity, for Latinos and Non-Latinos, 2005 (Percentage Breakdown)



Source: Author calculations from tables 1 and 3, U.S. Department of Labor 2006b.

Note: Categories include only workers ages 25 and older. Columns may not total 100% because of rounding.

ter-paid manufacturing occupations are on the decline and lower-paid service employment is increasing. These shifts are particularly important for poorly educated Latinos.

OCCUPATIONS

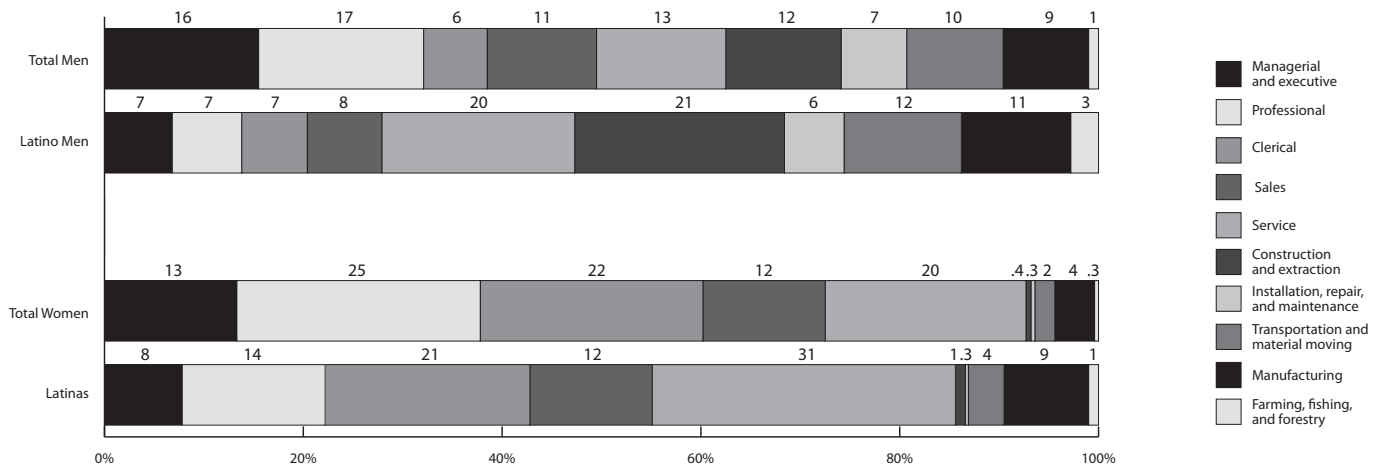
Labor market locations are critical to wage attainment and worker mobility. An examination of broad occupational categories shows pronounced disparities between Latinos and other workers. Figure 4 illustrates the share of Latinos compared to the total workforce, by sex, in each of the ten major occupation groups (MOGs). MOG divisions are not ordered in terms of earnings; they roughly correspond to formal schooling requirements.

Latinos are overwhelmingly concentrated in less-skilled fields. Very small shares are in managerial and executive occupations (7% of men, 8% of women) relative to the total workforce

(16% of men, 13% of women). Similarly, professional occupations employ a relatively small share of Latino men (7% versus 17% of the total male workforce) and women (14% versus 25% of the total female workforce). Note that women in professional occupations are heavily concentrated in a limited set of female-dominated “semi-professions” in education, health care, and social services. Women in general, and Latinas in particular, are underrepresented in the better-paying and more prestigious professional occupations (table 11, U.S. Department of Labor 2006). At the other extreme, Latino men and women are disproportionately employed in service and manufacturing jobs (20% and 11% of Latino men versus 13% and 9% of all men, and 31% and 9% of Latinas versus 20% and 4% of all women, respectively).

The MOG data also reflect substantial gender segregation. The most

Figure 4. Major Occupation Groups, by Sex, for Latinos and the Total Labor Force, 2005 (Percentage Breakdown)



Source: Table 10, U.S. Department of Labor 2006a.

Note: Rows may not total 100% because of rounding.

common MOG for Latino men is construction and extraction (21% of Latino men versus 12% of men overall). Latinas, by contrast, are most commonly in service jobs (31%) and—like other women—are well represented in clerical jobs (21% versus 22% of all women).

EARNINGS

Breaking occupations into the detailed categories used by the census reveals hyper-segregation in certain menial occupations that offer only low wages. Table 1 lists occupations with pronounced overrepresentations of Latinos, along with the median weekly earnings in these job ghettos.

Latinos represented 13% of the total employed labor force in 2005, yet in each of the occupations in table 1 they comprised more than twice that share of workers. These “brown-collar” occupations are poorly paid, with median wages substantially below the labor force average of \$651 weekly. Pay is particularly low in female-dominated fields.

This employment segregation constitutes a formidable structural barrier to Latino advancement. Research demonstrates that working in brown-collar jobs severely limits Latinos’ wages, even after accounting for English proficiency,

Table 1. Median Weekly Earnings in Occupations with an Overrepresentation of Latinos, 2005

Occupation	Percentage of Latinos	Median Weekly Earnings
Total Labor Force	13%	\$651
Cement masons, concrete finishers, and terrazzo workers	54	519
Drywall installers, ceiling tile installers, and tapers	47	511
Roofers	42	500
Butchers and other meat, poultry, and fish processing workers	42	444
Packers and packagers—hand	42 ^a	372
Construction laborers	41	502
Graders and sorters—agricultural products	41 ^a	402
Carpet, floor, and tile installers and finishers	40	482
Helpers—construction trades	39	437
Helpers—production workers	38	n/a
Packaging and filling machine operators and tenders	38 ^b	n/a
Grounds maintenance workers	37	389
Pressers, textile, garment, and related materials	36 ^a	n/a
Dishwashers	35	296
Maids and housekeeping cleaners	35 ^a	335
Painters—construction and maintenance	35	466
Brickmasons, blockmasons, and stonemasons	34	598
Sewing machine operators	34 ^a	360
Cleaners of vehicles and equipment	34	385
Dining room and cafeteria attendants and bartender helpers	30 ^b	347
Laundry and dry-cleaning workers	29 ^a	372
Cooks	29 ^b	336
Cutting workers	29	496
Pest control workers	28	508
Janitors and building cleaners	27 ^b	408
Upholsterers	27	n/a
Miscellaneous media and communication workers	27 ^b	n/a

Source: Tables 11 and 39, U.S. Department of Labor 2006a.

Note: Overrepresentation is defined as more than 2 times labor force share; n/a = not available.

^aOccupation is heavily female (over 60%).

^bOccupation is gender integrated (30% to 60% female).

education, labor market experience, and other factors (Catanzarite 2000, 2002, 2003; Catanzarite and Aguilera 2002).

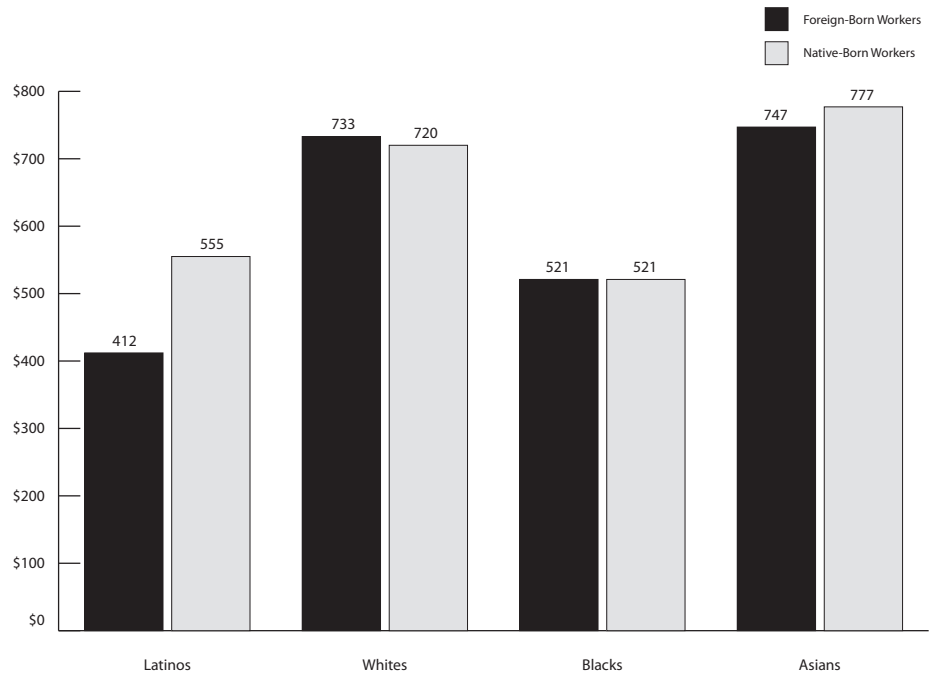
Earnings data for all workers further illustrate the disadvantages that Latinos face, as figure 5 shows. Foreign-born Latinos are by far the poorest-paid full-time workers, with median weekly earnings of \$412. Native Latinos achieve higher wages, at \$555, but this is still only 77% of what native-born whites earn—\$720.

EMPLOYMENTS SECTORS

Labor force opportunity is further shaped by employment sector, which constitutes a rough proxy for employment stability. The public sector is more secure than the private sector. Self-employment is often insecure, and earnings vary widely, from very good to very poor. How do Latinos fare in terms of these indicators? Figure 6 provides data for the total workforce, all Latinos, and the three largest Latino groups. When compared to the workforce as a whole, Latinos are more prevalent in the private sector (84% versus 79% of all workers), with Mexicans most likely to be in private employment, followed by Cubans, then Puerto Ricans. By contrast, self-employment is less common for Latinos as a whole (6%) than for the overall workforce (7%), with the important exception of Cubans, whose self-employment rate is relatively high (8%).

Public sector employment is currently rarer for Latinos (10%) than for the total labor force (15%). Puerto Ricans constitute an important exception, with 16% in government employment. Scholarship on Latinos' public sector employment is scarce (but see McClain 1993; Sisneros 1993). We suspect that the government is a significant employer for native-born Latinos and that the number of Latinos in the public sector will increase in importance as the Latino population grows and achieves more schooling.²

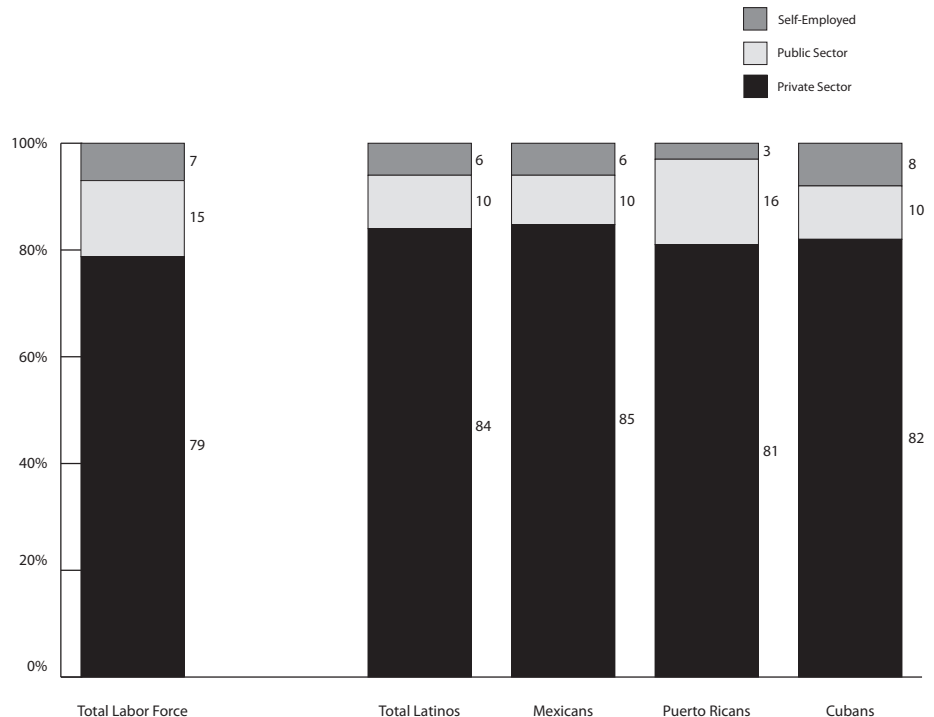
Figure 5. Median Weekly Earnings, by Race/Ethnicity and Nativity, for Full-time Workers, 2005 (in Dollars)



Source: Table 5, U.S. Department of Labor 2006b.

Note: The categories Whites, Blacks, and Asians do not include Latinos. Full-time workers are wage and salary workers ages 16 and older who work at least 35 hours a week.

Figure 6. Employment Sectors for Total Labor Force, Latinos, and Largest Latino Groups (Percentage Breakdown)



Source: Author calculations from tables 13 and 15, U.S. Department of Labor 2006a.

Note: Nonagricultural paid labor force. Columns may not total 100% because of rounding.

UNEMPLOYMENT

What of those whose job searches are unsuccessful? Figure 7 provides unemployment rates by race/ethnicity, sex, and age.³ Unemployment rates for all Latino men are lower than those for blacks and higher than those for whites and Asians, but, in contrast to gender differences for other groups, Latinas are *more* likely to be unemployed than Latino men. Unemployment rates for youth follow the same pattern, with all Latinos (18%) falling between blacks (33%), and whites (14%) and Asians (12%).

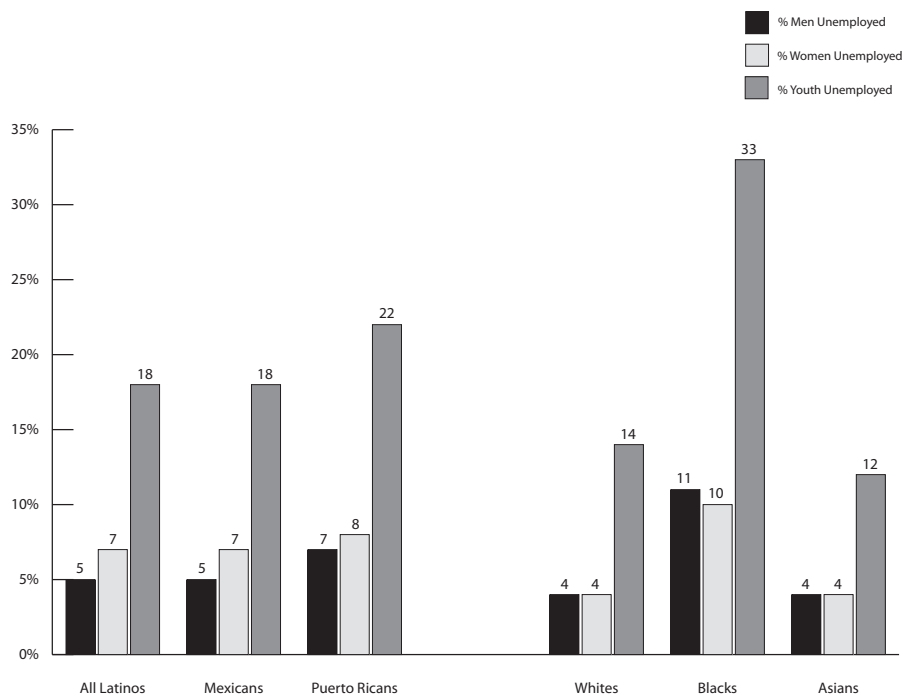
Latinos' relatively low levels of education and years of work experience contribute to their higher unemployment rates. Other factors are hiring discrimination against Latino workers (see, for example, Kenney and Wissoker 1994) and the negative effects of economic restructuring and declining manufacturing employment (see, for example, Morales 2000; Ortiz 1991; Toussaint-Comeau, Smith, and Comeau 2005).

Latino unemployment, particularly for youth, is likely to become a greater problem in the future, given the high dropout rates among both native and immigrant Latinos and the expected increase in the number of native Latinos in the labor force (Suro and Passell 2003). Unemployment among Latinas merits further attention, as the secular increase in women's workforce participation and the decline in men's real wages continue. Moreover, employment for poor Latina household heads will be critical in the context of the mandatory work requirements and time limits imposed by the 1996 welfare reform.

RECOMMENDATIONS

Despite their significant work ethic, Latinos are heavily concentrated at the low end of the labor market, and they make up a disproportionate share of the working poor. The welfare and immigration reforms of the late 1990s will put more pressure on Latinos' wages in several ways. Wages will be

Figure 7. Unemployment, by Latino Ethnicity, Race, Sex, and Age, 2005



Source: Author calculations from tables 5 and 6, U.S. Department of Labor 2006a.

Note: The categories Whites, Blacks, and Asians include Latinos. Youth are ages 16 through 19.

more important to Latino economic well-being, given the cutbacks in public assistance programs, particularly for immigrants. At the same time, the low end of the market will be more competitive because of increased labor force participation of former welfare recipients (Bartik 2000; Burtless 2000). Further, the new emphasis on expansions to the Earned Income Tax Credit, while beneficial to the working poor who file taxes, gives no relief to those who do not, including the substantial population of undocumented immigrants among Latinos.

Latinos' prospects in the labor force can be improved by undertaking the following:

- Index the federal minimum wage to inflation.
- Develop new initiatives that provide relief in the areas of health insurance and retirement benefits to compensate for Latinos' limited access to employer-provided benefits.

- Regularize the legal status of undocumented workers through an amnesty program, which will broaden employment options and decrease segregation and its attendant wage consequences.
- Create policy initiatives that will reduce discrimination and the structural disadvantages that disproportionately affect Latinos.

NOTES

1. All charts and tables are for the civilian labor force, ages 16 and up, in 2005.

2. The public sector has been a critical source of opportunity and mobility for black workers in the past half-century, particularly for the better educated, who have encountered less discrimination in the public sector than in the private (Carrington, McCue, and Pierce 1996; Hout 1984; Long 1975; Pomer 1986).

3. Cubans are omitted from this figure because the base of 16 through 19 years old is smaller than the Bureau of Labor Statistics cutoff for published data. Unemployment rates for Cuban men and women are 3% and 4%, respectively. Thus, Cubans fare better than other Latinos and whites.

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