

SPECIAL REPORT

Boom, Bust, and Beyond:

THE STATE OF WORKING CALIFORNIA

Moving Ahead or

Falling Behind?

California's Fast -

Growing Latino

Workforce

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Moving Ahead or Falling Behind?

CALIFORNIA'S FAST-GROWING LATINO WORKFORCE

The California workforce is steadily becoming more Latino, but are Latino workers moving ahead or falling behind? This report presents evidence of both. Between 1995 and 2003, the inflation-adjusted hourly wage of the typical Latino worker rose faster than that of the typical non-Latino worker. On the other hand, while the Latino/non-Latino wage gap has recently been shrinking, it was substantially wider in 2003 than it was a generation earlier in 1979.

Key Findings

- Latinos represent a large and growing percentage of the California workforce. Latinos comprised nearly one-third (31.4 percent) of California workers in 2003, up from 22.3 percent in 1989 and 15.0 percent in 1979.
- Latino workers have posted strong wage gains since the mid-1990s. Between 1995 and 2003, the inflation-adjusted hourly wage of the median or typical Latino worker in California – the worker at the middle of the earnings distribution – rose by 19.9 percent. The wage of the Latino worker at the 20th percentile of the earnings distribution rose by 29.3 percent and the wage of the Latino worker at the 80th percentile of the earnings distribution rose by 14.6 percent.
- Despite recent earnings increases, a significant wage gap exists between California's Latino and non-Latino workers. In 2003, the typical Latino worker in California earned 61 cents for

every dollar earned by the typical non-Latino worker. The 2003 Latino/non-Latino wage gap was narrower than the 1995 gap, but wider than the 1979 gap.

- US-born Latino workers in California earn substantially higher wages than their foreign-born counterparts. In 2003, the typical US-born Latino worker in California earned one-and-a-half times the hourly wage of the typical foreign-born Latino worker. More than six out of 10 Latino workers in California (63.9 percent) were foreign-born.
- Latino workers with higher levels of educational attainment have higher hourly earnings. In 2003, the typical Latino worker with a high school degree earned 42.9 percent more than the typical Latino worker lacking a high school degree. The typical Latino worker with some college earned 16.7 percent more than the typical Latino worker with a high school degree, and the typical Latino worker with a bachelor's degree or higher earned 46.3

percent more than the typical Latino worker with some college.

- Educational attainment does not by itself erase the wage gap between Latino and non-Latino workers in California. In 2003, Latino workers earned less than non-Latino workers at all levels of educational attainment, with the greatest gap among workers with a bachelor's degree or higher. Latino workers with a bachelor's degree or higher earned 85 cents for every dollar earned by their non-Latino counterparts in 2003.
- Latino-headed families in California are disproportionately represented among the working poor. In 2002, a Latino headed three out of five working-poor households in California. In the same year, over half of Latino-headed working households in California with a child under 18 present (50.7 percent) had incomes below 200 percent of the federal poverty level.

Latinos Are a Large and Growing Share of the California Workforce

California's workforce is becoming substantially more Latino (Table 1). In 2003, 31.4 percent of California's workers were Latino. This represents a significant increase from 1989, when Latinos accounted for 22.3 percent of California workers, and from 1979 when 15.0 percent of workers were Latino. The trend toward an increasingly Latino workforce is likely to continue. In 2003, Latinos made up 40.3 percent of workers between the ages of 25 and 40.¹ In the third quarter of 2001, Latinos accounted for a majority of California births.²

Latino workers are younger than non-Latino workers and are more likely to be male. In 2003, 62.6 percent of working Latinos were between the ages of 25 and 40, and 60.8 percent were men. In contrast, 42.5 percent of non-Latino workers were between the ages of 25 and 40, and 50.8 percent were men. The Latino workforce is aging, however. Between 1989 and 2003, the percentage of Latino workers who were between the ages of 25 and 40 dropped substantially, by

8.0 percentage points, while the percentage between the ages of 41 and 55 increased by 8.9 percentage points.

In contrast, the percentage of Latino workers who were men remained virtually unchanged.

Latino workers have lower levels of educational attainment than non-Latino workers. In 2003, nearly two out of five Latino workers (39.6 percent) lacked a high school degree, while 11.1 percent had a bachelor's degree or higher. In contrast, only 3.9 percent of non-Latino workers had not completed high school, while 44.8 percent had a bachelor's degree or higher.

At the same time, Latino workers'

educational attainment is rising. More than one-third (34.0 percent) of Latino workers had completed at least some college in 2003, up from 26.3 percent in 1989 and 24.4 percent in 1979. The percentage of Latino workers who lacked a high school degree was down from 1989, when nearly half of all Latino workers (48.8 percent) had not completed high school.

Latino Wages Lag Those of Other Workers Despite Recent Gains

In 2003, wages for the typical or median Latino worker in California – the worker at the middle of the earnings distribution – were up substantially from the mid-1990s

Table 1: Characteristics of California's Latino and Non-Latino Workers

	1979		1989		2003	
	Latino	Non-Latino	Latino	Non-Latino	Latino	Non-Latino
Age						
25 to 40	66.0%	54.7%	70.6%	57.9%	62.6%	42.5%
41 to 55	27.9%	32.8%	23.4%	33.0%	32.3%	45.4%
56 to 64	6.1%	12.5%	6.0%	9.1%	5.0%	12.1%
Gender						
Male	63.1%	56.2%	61.6%	52.1%	60.8%	50.8%
Female	36.9%	43.8%	38.4%	47.9%	39.2%	49.2%
Education						
Less Than High School	49.9%	11.1%	48.8%	5.9%	39.6%	3.9%
High School Degree	25.7%	29.0%	25.0%	27.0%	26.4%	18.9%
Some College	17.0%	31.3%	17.8%	31.6%	22.9%	32.4%
Bachelor's Degree or Higher	7.4%	28.6%	8.5%	35.5%	11.1%	44.8%
Work Schedule						
Full-Time (35 Hours or More per Week)	92.4%	88.1%	88.9%	87.4%	87.9%	86.3%
Part-Time (Less Than 35 Hours per Week)	7.6%	11.9%	11.1%	12.6%	12.1%	13.7%

Note: These data conform to the definition of the California workforce used in this report (see methodology section).

Source: CBP analysis of Current Population Survey data

¹CBP analysis of Current Population Survey data.

²Center for Latino Health and Culture, UCLA School of Medicine, *The Latino Majority Has Emerged: Latinos Comprise More Than 50 Percent of All Births in California* (February 5, 2003), downloaded from <http://www.cesla.med.ucla.edu/html/pdf/majority.pdf> on September 27, 2003.

Table 2: Median Wage by Race and Ethnicity (2003 Dollars)

Year	Race and Ethnic Group					Latino as a Percentage of Non-Latino
	Latino	Non-Latino	White	Asian and Other	Black	
1979	\$12.11	\$16.43	\$16.95	\$14.67	\$14.09	73.7%
1989	\$10.74	\$17.19	\$17.91	\$15.00	\$14.54	62.5%
1990	\$10.92	\$17.06	\$17.74	\$15.16	\$15.01	64.0%
1991	\$10.54	\$17.12	\$17.78	\$14.49	\$15.80	61.5%
1992	\$10.73	\$17.20	\$17.99	\$14.45	\$15.42	62.4%
1993	\$10.65	\$17.52	\$18.05	\$15.04	\$15.04	60.8%
1994	\$ 9.82	\$17.19	\$17.70	\$15.58	\$15.15	57.1%
1995	\$ 9.59	\$17.28	\$17.98	\$14.98	\$14.98	55.5%
1996	\$ 9.92	\$17.05	\$17.93	\$14.79	\$14.82	58.2%
1997	\$ 9.71	\$17.14	\$17.69	\$15.38	\$13.71	56.7%
1998	\$10.14	\$17.33	\$18.31	\$14.65	\$15.17	58.5%
1999	\$10.49	\$17.66	\$18.76	\$16.39	\$15.09	59.4%
2000	\$10.68	\$18.16	\$18.49	\$17.17	\$14.68	58.8%
2001	\$10.39	\$18.65	\$19.74	\$16.62	\$14.55	55.7%
2002	\$11.25	\$18.41	\$19.67	\$17.11	\$14.87	61.1%
2003	\$11.50	\$18.75	\$20.00	\$17.00	\$14.00	61.3%
	Percent Change					
1979 to 1989	-11.3%	4.6%	5.6%	2.2%	3.2%	
1989 to 1995	-10.8%	0.5%	0.4%	-0.1%	3.0%	
1995 to 2003	19.9%	8.5%	11.2%	13.5%	-6.6%	
1979 to 2003	-5.1%	14.1%	18.0%	15.9%	-0.6%	

Source: CBP analysis of Current Population Survey data

(Table 2). Between 1995 and 2003, the hourly wage of the typical Latino worker in California rose 19.9 percent, from \$9.59 per hour to \$11.50 per hour in inflation-adjusted dollars. In percentage terms, this gain was more than double the 8.5 percent increase for the typical non-Latino worker. The wage gains of the typical Latino worker also outstripped those of the typical white worker (11.2 percent) and the typical Asian and other worker (13.5 percent), while the inflation-adjusted earnings of the typical black worker fell by 6.6 percent.

Low-wage Latino workers experienced a particularly sharp increase in earnings (Table 3). Between 1995 and 2003, the hourly wage of the Latino worker at the 20th percentile of the earnings distribution increased by 29.3 percent, from \$5.99 per hour to \$7.75 per hour in inflation-adjusted dollars. However, despite this rise in wages, in 2003, low-wage Latino workers still earned less (\$7.75) in inflation-adjusted dollars than their counterparts in 1979 (\$8.22).

Increases in California's minimum wage may, in part, explain the recent gains made by low-wage Latino

workers. Between October 1996 and January 2002, a series of state and federal actions increased California's minimum wage from \$4.25 per hour to its current level of \$6.75 per hour. Between 1997 and 2003, the wages of the Latino worker at the 10th percentile of the earnings distribution closely tracked the increasing minimum wage, suggesting a link between the rising minimum wage and the earnings of low-wage Latino workers.³

Higher-wage Latino workers – those at the 80th percentile of the earnings distribution – also made gains between 1995 and 2003, although the percentage increase was less than that for lower-wage Latinos (Table 3). After adjusting for inflation, Latino workers at the 80th percentile of the earnings distribution earned 14.6 percent more in 1995 than they did in 2003, similar to the increase (13.4 percent) for non-Latino workers at the 80th percentile.

Over the long term, however, higher-wage Latino workers failed to share in the substantial hourly wage gains of higher-wage non-Latino workers. Between 1979 and 2003, the inflation-adjusted hourly wages of the Latino worker at the 80th percentile of the earnings worker. The Latino/

³CBP analysis of Current Population Survey data. In current (not inflation-adjusted) dollars, the hourly wage of the Latino worker at the 10th percentile of the earnings distribution was \$5.00 per hour in 1997, \$5.70 per hour in 1998, \$5.75 per hour in 1999, \$5.75 per hour in 2000, \$6.25 per hour in 2001, \$6.75 per hour in 2002, and \$7.00 per hour in 2003.

Table 3: 20th, 50th, and 80th Percentile Hourly Wages (2003 Dollars)

Year	Latino			Non-Latino		
	20th Percentile	Median	80th Percentile	20th Percentile	Median	80th Percentile
1979	\$8.22	\$12.11	\$19.04	\$10.33	\$16.43	\$23.92
1989	\$7.16	\$10.74	\$17.91	\$10.74	\$17.19	\$26.86
1990	\$6.82	\$10.92	\$17.73	\$10.62	\$17.06	\$27.29
1991	\$6.68	\$10.54	\$17.78	\$10.54	\$17.12	\$26.34
1992	\$6.74	\$10.73	\$17.99	\$10.28	\$17.20	\$26.98
1993	\$6.58	\$10.65	\$17.51	\$10.65	\$17.52	\$27.58
1994	\$6.75	\$ 9.82	\$17.19	\$10.62	\$17.19	\$28.24
1995	\$5.99	\$ 9.59	\$16.78	\$10.19	\$17.28	\$27.57
1996	\$6.42	\$ 9.92	\$16.83	\$10.10	\$17.05	\$26.94
1997	\$6.59	\$ 9.71	\$16.71	\$ 9.89	\$17.14	\$27.43
1998	\$6.76	\$10.14	\$16.92	\$10.14	\$17.33	\$28.17
1999	\$6.90	\$10.49	\$17.66	\$10.49	\$17.66	\$29.44
2000	\$6.94	\$10.68	\$18.29	\$10.68	\$18.16	\$29.78
2001	\$7.27	\$10.39	\$18.70	\$10.39	\$18.65	\$30.61
2002	\$7.67	\$11.25	\$18.41	\$10.89	\$18.41	\$30.68
2003	\$7.75	\$11.50	\$19.23	\$11.00	\$18.75	\$31.25
	Percent Change					
1979 to 1989	-12.8%	-11.3%	-6.0%	4.0%	4.6%	12.3%
1989 to 1995	-16.3%	-10.8%	-6.3%	-5.2%	0.5%	2.6%
1995 to 2003	29.3%	19.9%	14.6%	8.0%	8.5%	13.4%
1979 to 2003	-5.7%	-5.1%	1.0%	6.5%	14.1%	30.6%

Source: CBP analysis of Current Population Survey data

non-Latino wage gap was widest in 1995, when the typical Latino worker earned 55.5 percent of the wage of the typical non-Latino worker (Figure 1).

Latino Wages Lower in All Industries

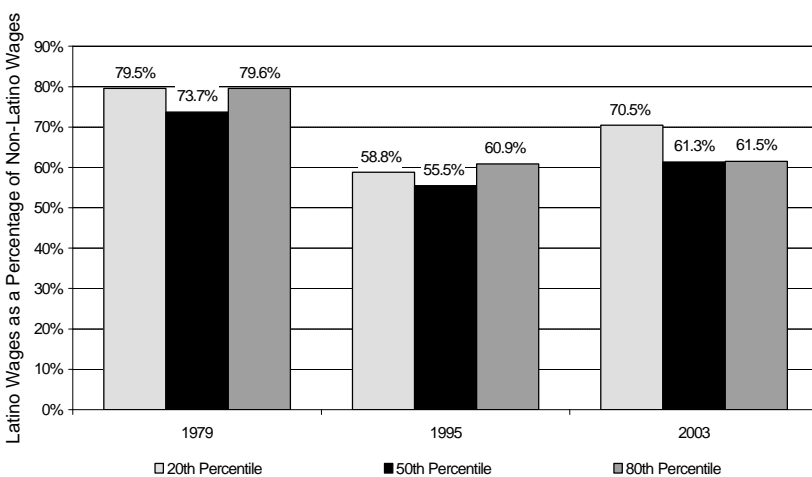
In 2003, 74.9 percent of California’s agriculture, forestry, and fishing workers were Latino, along with 51.3 percent of construction workers, 46.5 percent of workers in other services, 43.8 of workers in leisure and hospitality, and 41.0 percent of manufacturing workers (Table 4). In contrast, Latinos were underrepresented among informa-

tion and public administration workers, making up 16.0 percent and 18.3 percent of the workforce in those industries, respectively.

public administration, where the typical Latino worker earned 83.8 percent of the hourly wage of the typical non-Latino worker.

Across all major industries, however, Latino wages lagged non-Latino wages. In 2003, the largest wage gap was in professional and business services, where the typical Latino worker earned less than half (47.6 percent) the hourly wage of the typical non-Latino worker. A large wage gap also existed in manufacturing, where the typical Latino worker earned 52.8 percent of the hourly wage of the typical non-Latino worker. The narrowest gap was in

Figure 1: Latino Wages as a Percentage of Non-Latino Wages (2003 Dollars)



Source: CBP analysis of Current Population Survey data

Table 4: Latinos Earn Less in All Industries (2003)

Industry	Percentage of Workers Who Were Latino	Latino Median Wage	Non-Latino Median Wage	Latino as Percentage of Non-Latino
Agriculture, Forestry, Fishing	74.9%	\$ 7.50	*	*
Construction	51.3%	\$15.00	\$20.19	74.3%
Manufacturing	41.0%	\$11.00	\$20.83	52.8%
Wholesale and Retail Trade	31.4%	\$10.70	\$15.00	71.3%
Transportation and Utilities	33.5%	\$13.34	\$20.00	66.7%
Information	16.0%	*	\$21.00	*
Financial Activities	20.5%	\$15.58	\$20.00	77.9%
Professional and Business Services	26.0%	\$10.00	\$21.00	47.6%
Educational and Health Services	22.0%	\$13.94	\$18.51	75.3%
Leisure and Hospitality	43.8%	\$ 8.50	\$12.00	70.8%
Other Services	46.5%	\$10.00	\$12.10	82.6%
Public Administration	18.3%	\$19.00	\$22.68	83.8%
All Industries	31.4%	\$11.50	\$18.75	61.3%

* Insufficient sample size

Source: CBP analysis of Current Population Survey data

Overall, the wage of the typical Latino worker rose by a smaller percentage (4.7 percent) than the wage of the typical non-Latino worker (7.1 percent) between 1989 and 2002 (Table 5).⁴

The hourly wage of the typical Latino worker increased in the non-durable goods manufacturing; retail trade; services; and agriculture, forestry, and fisheries industries, after adjusting for inflation. The inflation-adjusted hourly wage of the typical Latino worker fell in the construction and durable goods manufacturing industries.

Latino Wages Lower in All Occupational Categories

In 2003, Latinos accounted for a majority of California workers in farming, fishing, and forestry

occupations (84.0 percent); production occupations (56.6 percent); transportation and material moving occupations (56.5 percent); and construction and extraction occupations (54.7 percent). In contrast, Latinos were under-

represented among

California workers in professional and related (13.7 percent) and management, business, and financial (13.9 percent) occupations (Table 6).

Across occupations, the hourly

Table 5: Change in Latino and Non-Latino Median Wages by Industry (2002 Dollars)

Industry	1989		2002		Percent Change 1989 to 2002	
	Latino Median Wage	Non-Latino Median Wage	Latino Median Wage	Non-Latino Median Wage	Latino Workers	Non-Latino Workers
Agriculture, Forestry, and Fisheries	\$ 7.00	*	\$ 7.50	*	7.1%	*
Construction	\$12.60	\$21.01	\$12.50	\$18.01	-0.8%	-14.3%
Manufacturing, Non-Durable Goods	\$ 9.29	\$16.81	\$10.00	\$18.50	7.7%	10.1%
Manufacturing, Durable Goods	\$11.90	\$20.21	\$11.60	\$22.50	-2.6%	11.3%
Transportation, Communication, and Utilities	*	\$18.21	\$15.00	\$18.80	*	3.3%
Retail Trade	\$ 8.40	\$11.20	\$ 9.00	\$12.21	7.1%	9.0%
Services	\$10.50	\$16.29	\$11.00	\$18.75	4.7%	15.1%
Finance, Insurance, and Real Estate	*	\$16.43	\$14.00	\$20.00	*	21.7%
Government	*	\$18.21	\$17.00	\$20.77	*	14.1%
All Industries	\$10.50	\$16.81	\$11.00	\$18.00	4.7%	7.1%

* Insufficient sample size

Source: CBP analysis of Current Population Survey data

⁴2002 is the most recent year for which consistent data are available. Coding changes introduced in 2003 result in occupational data that are not compatible with those of prior years.

Table 6: Latinos Earn Less Than Non-Latinos in All Occupational Categories (2003)

Occupation	Percentage of Workers Who Were Latino	Latino Median Wage	Non-Latino Median Wage	Latino as Percentage of Non-Latino
Management, Business, and Financial Professional and Related	13.9%	\$20.77	\$25.00	83.1%
Service	48.8%	\$ 8.75	\$10.50	83.3%
Sales and Related	23.5%	\$11.65	\$16.50	70.6%
Office and Administrative Support	27.3%	\$13.46	\$14.76	91.2%
Farming, Fishing, and Forestry	84.0%	\$ 7.50	*	*
Construction and Extraction	54.7%	\$15.00	\$20.19	74.3%
Installation, Maintenance, and Repair	40.2%	\$13.50	\$18.50	73.0%
Production	56.6%	\$ 9.50	\$13.25	71.7%
Transportation and Material Moving	56.5%	\$11.00	\$14.00	78.6%
All Occupations	31.4%	\$11.50	\$18.75	61.3%

* Insufficient sample size to present a valid result

Source: CBP analysis of Current Population Survey data

wages of Latino workers lagged those of non-Latino workers. In 2003, the widest Latino/non-Latino wage gap was in sales and related occupations, where the typical Latino worker earned 70.6 percent of the wage of the typical non-Latino worker. The narrowest wage gap was in office and administrative support occupations, where the typical Latino worker earned 91.2 percent of the wage of the typical non-Latino worker.

Latino workers experienced smaller wage gains relative to non-Latino workers in all but three occupational groups: precision production, craft, and repair occupations; machine

operator, assembler, and inspector occupations; and handler, equipment cleaner, helper, and laborer occupations (Table 7). In these three occupational groups, the inflation-adjusted wage of the typical Latino worker increased, while that of the typical non-Latino worker decreased.

The reverse was true for administrative support occupations, where the inflation-adjusted wage of the typical non-Latino worker increased, while that of the typical Latino worker decreased.⁵

Increased Education Brings Substantial Wage Gains for Latino Workers

Educational attainment substantially increases the earnings of Latino workers (Table 8). In 2003, the typical Latino worker with a high school degree earned 42.9 percent more than the typical Latino worker lacking a high school degree. The typical

Table 7: Change in Latino and Non-Latino Median Wages by Occupational Category (2002 Dollars)

Occupation	1989		2002		Percent Change 1989 to 2002	
	Latino Median Wage	Non-Latino Median Wage	Latino Median Wage	Non-Latino Median Wage	Latino Workers	Non-Latino Workers
Executive, Administrative, and Managerial	\$17.90	\$21.01	\$19.35	\$23.75	8.1%	13.1%
Professional Specialty	*	\$23.57	\$21.27	\$25.00	*	6.1%
Administrative Support, including Clerical	\$12.60	\$13.14	\$12.50	\$14.00	-0.8%	6.6%
Sales	*	\$14.71	\$12.00	\$16.25	*	10.5%
Services	\$ 8.05	\$10.50	\$ 8.00	\$10.00	-0.7%	-4.8%
Precision Production, Craft, and Repair	\$12.60	\$19.13	\$13.00	\$18.00	3.1%	-5.9%
Machine Operators, Assemblers, and Inspectors	\$ 8.40	\$14.01	\$ 8.75	\$13.00	4.1%	-7.2%
Handlers, Equipment Cleaners, Helpers, and Laborers	\$ 9.10	\$14.01	\$ 9.95	\$10.50	9.3%	-25.0%
Farming, Forestry, and Fishing	\$ 7.35	*	\$ 7.30	*	-0.7%	*
All Occupations	\$10.50	\$16.81	\$11.00	\$18.00	4.7%	7.1%

* Insufficient sample size

Source: CBP analysis of Current Population Survey data

⁵2002 is the most recent year for which consistent data are available. Coding changes introduced in 2003 result in occupational data that are not compatible with those of prior years.

Table 8: Higher Educational Attainment Is Associated with Higher Earnings (2003)

	Median Hourly Wage				Wage Differential		
	Less Than High School	High School Degree	Some College	Bachelor's Degree or Higher	High School Degree vs. Less Than High School	Some College vs. High School Degree	Bachelor's Degree or Higher vs. Some College
Latino	\$ 8.75	\$12.50	\$14.59	\$21.34	42.9%	16.7%	46.3%
Non-Latino	\$10.00	\$14.00	\$16.00	\$25.00	40.0%	14.3%	56.3%
	Latino as a Percentage of Non-Latino						
	87.5%	89.3%	91.2%	85.4%			

Source: CBP analysis of Current Population Survey data

Latino worker with some college earned 16.7 percent more than the typical Latino worker with a high school degree. In turn, the typical Latino worker with a bachelor's degree or higher earned 46.3 percent more than the typical Latino worker with some college. The percentage gain in earnings from increased education was greater for Latinos than for non-Latinos at every level of educational attainment, except bachelor's degree or higher.

Educational attainment, however, does not by itself erase the Latino/non-Latino wage gap. In 2003,

Latinos earned less than non-Latinos at all levels of educational attainment, with the greatest gap

among workers with a bachelor's degree or higher. In 2003, the typical Latino worker with a four-year college degree or higher earned 85 cents for every dollar earned by the typical non-Latino worker with a bachelor's degree or higher.

US-Born Latinos Earn Higher Wages and Are Better Educated Than Foreign-Born Latinos

A majority of California's Latino workers were born outside the United States (Table 9). In 2003, more than six out of 10 Latino workers in California (63.9 percent) were foreign-

born. In contrast, 22.9 percent of California's non-Latino workers were foreign-born.⁶

California's US-born Latino workers earn

substantially higher hourly wages than their foreign-born counterparts.⁷ In 2003, the typical US-born Latino worker in California earned one-and-a-half times the amount earned by the typical foreign-born Latino worker. A similar pattern holds for low-wage and higher-wage Latino workers. The US-born/foreign-born wage gap is wider among Latinos than among non-Latino workers.

California's US-born and foreign-born Latino workers also differ with respect to educational attainment (Table 10). In 2003, over half (55.9 percent) of California's foreign-born

Table 9: US-Born Latino Workers Earn More Than Foreign-Born Latino Workers (2003)

	Latino			Non-Latino		
	US-Born	Foreign-Born	US-Born as a Percentage of Foreign-Born	US-Born	Foreign-Born	US-Born as a Percentage of Foreign-Born
20th Percentile Wage	\$10.00	\$ 7.15	139.9%	\$11.52	\$10.00	115.2%
Median Wage	\$15.00	\$10.00	150.0%	\$19.23	\$16.83	114.3%
80th Percentile Wage	\$24.03	\$16.00	150.2%	\$31.25	\$30.76	101.6%

Source: CBP analysis of Current Population Survey data

⁶CBP analysis of Current Population Survey data.

⁷"US-born" includes individuals born in the US; individuals born in a US outlying territory; or individuals born abroad of US parents. "Foreign-born" includes both naturalized US citizens and non-citizens.

Table 10: US-Born Latino Workers Have Higher Levels of Educational Attainment Than Foreign-Born Latino Workers (2003)

	Latino			Non-Latino		
	US-Born	Foreign-Born	US-Born Minus Foreign-Born	US-Born	Foreign-Born	US-Born Minus Foreign-Born
			Percentage Point			Percentage Point
Less Than High School	10.7%	55.9%	-45.2	3.1%	6.9%	-3.8
High School Degree	31.8%	23.4%	8.4	19.1%	18.1%	1.0
Some College	39.7%	13.4%	26.3	35.5%	22.1%	13.4
Bachelor's Degree or Higher	17.8%	7.3%	10.5	42.3%	53.0%	-10.7
Total	100.0%	100.0%		100.0%	100.1%	

Note: Columns may not sum to 100 percent due to rounding.
Source: CBP analysis of Current Population Survey data

Latino workers lacked a high school degree. In contrast, only 10.7 percent of US-born Latino workers had not completed high school. One out of five foreign-born Latino workers (20.7 percent) had completed at least some college in 2003, compared to 57.5 percent of US-born Latinos. Among US-born non-Latino workers, 77.8 percent had completed at least some college.

Foreign-born Latino workers differed substantially from foreign-born non-Latino workers in terms of levels of educational attainment. In 2003, just 7.3 percent of foreign-born Latino workers in California held a bachelor's degree or higher. In contrast,

a full 53.0 percent of foreign-born non-Latino workers had a four-year college degree.

Unionized Latinos Earn Higher Wages, but Union/Non-Union Wage Gap Has Narrowed

Latino workers represented by labor unions earn significantly higher wages than their non-unionized counterparts across the earnings distribution (Table 11). In 2003, the

typical Latino worker represented by a labor union earned \$1.56 for every dollar earned by the typical Latino worker who was not represented by a union. The comparable figures

for low-wage and higher wage Latino workers were \$1.41 and \$1.44, respectively.

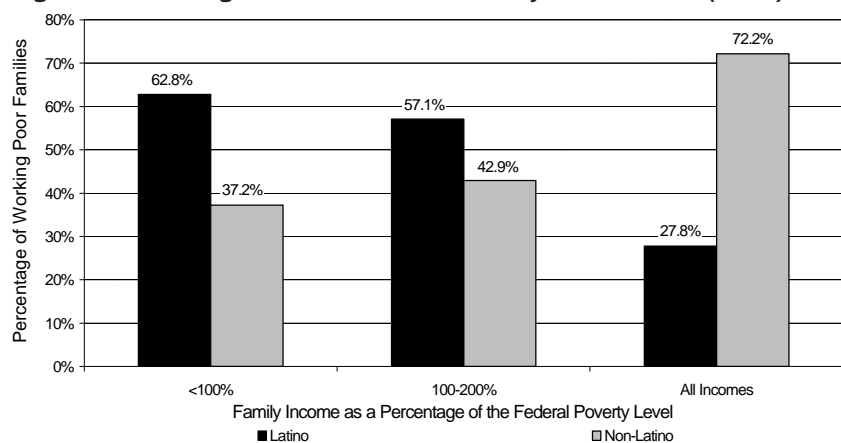
The union/non-union wage gap among Latino workers was narrower in 2003 than in 1995, in part due to strong earnings gains among non-union Latino workers. Between 1995 and 2003, the inflation-adjusted hourly wage of the typical non-union Latino worker rose by 20.8 percent, while the hourly wage of the typical

Table 11: Latino Wages in California by Unionization Status (2003 Dollars)

	20th Percentile			Median			80th Percentile		
	Union	Non-Union	Union as a Percentage	Union	Non-Union	Union as a Percentage	Union	Non-Union	Union as a Percentage
			of Non-Union			of Non-Union			of Non-Union
1989	\$11.32	\$6.70	168.8%	\$16.12	\$ 9.67	166.7%	\$22.92	\$15.18	150.9%
1995	\$ 9.59	\$5.99	160.0%	\$14.98	\$ 8.69	172.4%	\$22.06	\$14.65	150.7%
2003	\$10.60	\$7.50	141.3%	\$16.40	\$10.50	156.2%	\$25.00	\$17.33	144.3%
	Percent Change								
1989 to 1995	-15.3%	-10.6%		-7.0%	-10.1%		-3.7%	-3.5%	
1995 to 2003	10.6%	25.2%		9.5%	20.8%		13.3%	18.3%	
1989 to 2003	-6.3%	11.9%		1.8%	8.6%		9.1%	14.1%	

Note: "Union" includes union members as well as those represented under a union or "similar employee association" contract.
Source: CBP analysis of Current Population Survey data

Figure 2: Working Poor Families More Likely to Be Latino (2002)



Note: Includes only working families with at least one adult between the ages of 25 and 64 and at least one adult without an illness or disability that prevents him or her from working.

Source: CBP analysis of Current Population Survey data

Latino worker represented by a union increased by 9.5 percent. The wage of the non-union Latino worker at the 20th percentile of the earnings distribution rose by 25.2 percent and the earnings of the non-union Latino worker at the 80th percentile of the earnings distribution rose by 18.3 percent during the same period.

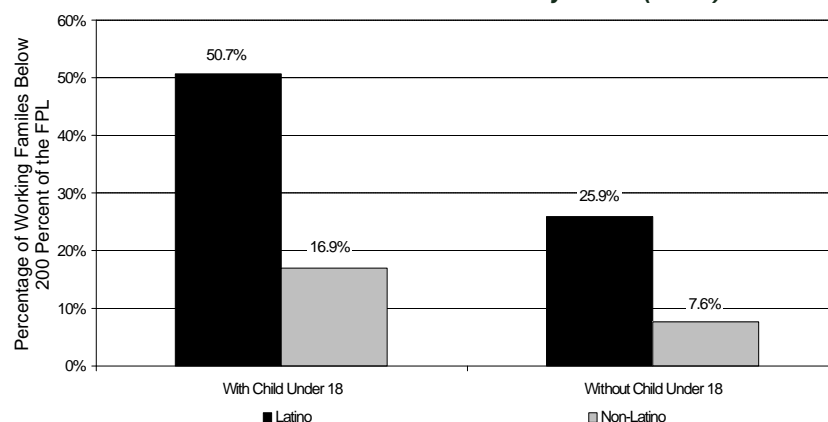
Many Latino Families Are Poor Despite Work

Latino-headed families are disproportionately represented among California's working poor (Figure 2). In 2002, nearly two-thirds (62.8 percent) of families with incomes below 100 percent of the federal poverty level (FPL) were headed by a Latino, and over half

(57.1 percent) of families with incomes between 100 percent and 200 percent of the FPL were headed by a Latino. In contrast, just over one-quarter (27.8 percent) of all working families were headed by a Latino.

Poverty despite work was especially prevalent among Latino-headed households with children (Figure 3). In 2002, more than half (50.7 percent) of Latino-headed working families with a child under 18 present had incomes below 200 percent of the FPL.⁸ In contrast, 16.9 percent of non-Latino households with a child under 18 had incomes below 200 percent of the FPL. Over one-quarter (25.9 percent) of Latino-headed households without children had incomes below 200 percent of the FPL, as compared to 7.6 percent of similar non-Latino families.

Figure 3: More Than Half of Latino Working Households with Children Had Incomes Below 200 Percent of the Poverty Level (2002)

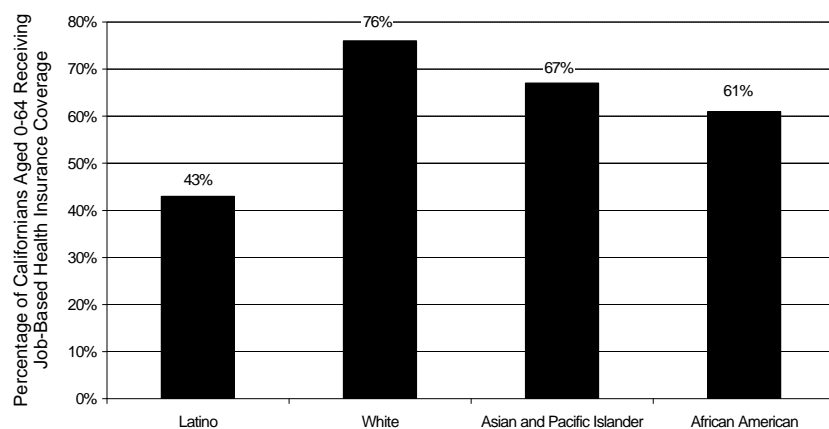


Note: Includes only working families with at least one adult between the ages of 25 and 64 and at least one adult without an illness or disability that prevents him or her from working.

Source: CBP analysis of Current Population Survey data.

⁸In 2002, the FPL was \$9,359 for one person, \$14,494 for a single-parent family with two children, and \$18,244 for a two-parent family with two children. Two hundred percent of the FPL was \$18,718 for one person, \$28,988 for a single-parent family with two children, and \$36,488 for a two-parent family with two children.

Figure 4: Latinos Were Less Likely to Receive Health Coverage as a Job-Based Benefit (2001)



Source: 2001 California Health Interview Survey, UCLA Center for Health Policy Research

Latino Workers More Likely to Lack Access to Job-Based Health Care and Pensions

California’s Latinos are more likely to lack health coverage than non-Latinos, in part because their employers do not provide coverage as a job-based benefit (Figure 4).⁹ In 2001, more than one out of every four California Latinos (28 percent) under age 65 lacked health coverage of any kind, and Latinos represented approximately half of the 4.5

million total uninsured nonelderly Californians. Fewer than half of all Latinos (43 percent) received health coverage through their job or the job of a family member. In contrast, 76 percent of whites, 67 percent of

Asians and Pacific Islanders, and 61 percent of African Americans had job-based health coverage.

Latinos also disproportionately lack employment-based pension coverage (Table 12).¹⁰ In the early 2000s, approximately one-quarter (25.9 percent) of Latino workers in California had employment-based pensions. In contrast, 48.1 percent of non-Latino workers had employment-based pensions.

Between 1979-81 and 2000-02, the share of workers with employment-based pension coverage dropped among Latino men, Latinas, and non-Latino men, while non-Latina women experienced an increase in employment-based pension coverage. Latino men experienced the greatest

Table 12: Share of Workers with Employment-Based Pension Coverage

	1979-81	1989-91	2000-2002	Percentage Point Change 1979-81 to 2000-2002
Total				
All	44.7%	38.0%	40.9%	-3.8
Latino	33.9%	23.1%	25.9%	-8.0
Non-Latino	46.9%	43.2%	48.1%	1.2
Women				
All	38.0%	36.2%	40.8%	2.8
Latina	30.4%	24.8%	27.1%	-3.3
Non-Latina	39.3%	39.5%	46.4%	7.1
Men				
All	50.4%	39.4%	40.9%	-9.5
Latino	36.4%	22.0%	25.1%	-11.3
Non-Latino	53.4%	46.3%	49.6%	-3.8

Source: Economic Policy Institute analysis of Current Population Survey data

⁹Jennifer Aguayo, et al., *Important Health Care Issues for California Latinos: Health Insurance and Health Status* (UCLA Center for Health Policy Research: January 2003), downloaded from http://www.healthpolicy.ucla.edu/pubs/files/FS_LCHC-012403.pdf on September 5, 2003.

¹⁰The Economic Policy Institute “pooled” Current Population Survey responses over a three-year period in order to obtain a sample size large enough to analyze pension coverage at the state level.

drop in pension coverage. In 1979-81, 36.4 percent of Latino men had employment-based pensions. In contrast, only 25.1 percent of Latino men had employment-based pensions in the early 2000s.

Conclusion

In 2003, almost one-third of California's workforce was Latino. Latino workers earned less and had lower levels of educational attainment than non-Latinos. Latinos also were more likely to be among the working poor and were less likely to have access to employer-provided health care and pensions.

At the same time, there is evidence that Latino workers are beginning to make real gains. Between 1995 and 2003, the percentage increase in the wage of the typical Latino worker was more than double that of the typical non-Latino worker. In addition, Latinos are achieving higher levels of educational attainment and are increasing their earnings as a result. US-born Latinos earn more and have higher levels of educational attainment than foreign-born Latinos.

These trends are good news for California. Over the next two decades, as the baby boomers retire, Latinos are likely to account for an even larger percentage of the California workforce. As such, it is essential

to the health of the state's economy that these new workers have the education and training they need to fill the jobs the baby boomers leave behind. However, the size of the education and wage gaps between Latinos and non-Latinos remains substantial and there is a real danger California could fail to make the necessary investments in its future.

Methodology

Current Population Survey data for median and average hourly wages are calculated from each year's Current Population Survey Outgoing Rotation Group (CPS ORG) files.

The California Budget Project (CBP) used a sample from the CPS ORG data for analyzing the hourly wages and the educational and demographic characteristics of respondents who:

- Were between 25 and 64 years of age;
- Were employed in the public or private sector (excluding the unincorporated self-employed);
- Worked within a range of 1 to 99 hours per week, or whose hours varied; and
- Earned hourly wages between \$0.50 and \$100 per hour (in 1989 CPI-U-RS adjusted dollars).

The CPS ORG files that the CBP used were supplied by the Economic Policy Institute (EPI) and include the

following adjustments. The EPI imputed hourly wages for individuals who did not report an hourly wage, but who reported weekly earnings or whose weekly earnings were top-coded. The hourly wage was calculated using weekly earnings divided by usual weekly hours. The hours of those who reported varying hours worked were imputed based on the usual hours worked of persons with similar characteristics. Please note that industry and occupational categories changed with the 2003 CPS. The new categories are not reported for prior years.

Current Population Survey March Supplement

The CBP used the March Supplement of the CPS, also known as the Annual Demographic File, to make estimates about the poverty status of Latino and non-Latino families in 2001. This report defines "working families" as those with a half-time worker or equivalent. In addition, this report uses the Census Bureau's definition of full-time work, which is the equivalent of at least 35 hours of work per week for at least 50 weeks per year. Finally, only families with at least one adult between the ages of 25 and 64 and at least one adult who is not prevented from working by illness or disability are included in this

report. Families include single adults, married couples, and parents with children. These definitions allow the analysis to focus on families with adults in their prime working years, who do not have significant impediments to work.

The EPI used the March Supplement of the CPS to estimate the share of workers with employer-provided pension coverage for the years 1979-81, 1989-91, and 2000-2002. This analysis included private wage and salary workers between the ages of 18 and 64 who worked at least 20 hours per week for at least 26 weeks in the previous year. EPI combined data for three years in order to increase the reliability of estimates for each period.

For a more detailed discussion of the data analyzed in this report, see the California Budget Project, *Boom, Bust, and Beyond: The State of Working California* (January 2003), pp. 114-115.

The California Budget Project (CBP) was founded in 1994 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The CBP engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. Support for this report was provided by a grant from the Rosenberg Foundation. General operating support for the CBP is provided by foundation grants, individual donations, and subscriptions.

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