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CALIFORNIA'S LATINO WORKFORCE: GETTING AHEAD, BUT STILL FAR BEHIND

Wages are up for California's Latino workers, but still lag far behind their non-Latino colleagues.

[Sacramento] – California's Latino workers have made substantial wage gains in the past eight years as compared to non-Latinos; however, the gap between Latino and non-Latino earnings has widened since 1979, according to a new report by the California Budget Project (CBP). *Moving Ahead or Falling Behind? California's Fast-Growing Latino Workforce* takes a hard look at California's growing Latino workforce, how well it is doing financially on its own and in comparison to other workers, and in which direction it is headed.

"It is clear that the wages of California's Latino workers have risen significantly in recent years," said CBP Executive Director Jean Ross. "However, Latinos' wages lag far behind those of non-Latino workers and Latino families are more likely to struggle to make ends meet than non-Latino families."

The new report examines the economic well-being of California's Latino workers over the past decade using a range of measures. The report compares the wages of Latinos to those of non-Latinos across a number of industries and occupations. The report also examines the impact of educational attainment and place of birth (US or non-US) on earnings and concludes that:

- 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 did. 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.

"While education does not erase the wage gap between Latinos and non-Latinos, it clearly translates into higher earnings," noted Jean Ross. "As Latinos become a growing share of the California workforce, boosting their level of educational attainment will be critical, both to families and workers and to the competitiveness of the state's economy. Access to education can improve the economic well-being of Latino families and ensure that workers have the skills to meet the demands of a changing economy."

Advance copies of *Moving Ahead or Falling Behind? California's Fast-Growing Latino Workforce*, along with interviews with CBP staff, will be available to reporters who agree to abide by a September 30, 2004 embargo. To request an advance copy, please call the CBP at (916)444-0500 or send an email with your name, publication, and phone number to cbp@cbp.org. Advance copies will available on Monday, September 27.

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 the CBP comes from foundation grants, publications, and individual contributions.