



REPORT

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Latino Labor Report, 2004: More Jobs for New Immigrants but at Lower Wages

by

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Executive Summary

Hispanic workers enjoyed significant gains in employment in 2004. But the concentration of Latinos in relatively low-skill occupations contributed to reduced earnings for them for the second year in a row. No other major group of workers has suffered a two-year decline in wages. Recently arrived Hispanic immigrants were a leading source of new workers to the economy but also among the principal recipients of wage cuts in 2004. And while the economic recovery in 2004 added many new jobs for Latinos and non-Latinos alike, it did little to reduce the differences between them in their occupational distributions. Job growth for Hispanics and whites, the two largest groups of workers in the economy, occurred mostly in different occupational clusters and they appeared to be on separate paths in the labor market.¹

A Pew Hispanic Center analysis of the latest data from the Bureau of Labor Statistics and the Census Bureau finds that Hispanics maintained their role as a primary force of change in the labor market in 2004.² The demand for immigrant labor remains high and the economy created jobs for nearly one million more foreign-born Latinos. One result has been a rapid decline in the Hispanic unemployment rate in the past 18 months. A key source of new jobs for all workers in 2004 was the construction industry.³ The broader recovery in 2004 also saw the addition of significant numbers of workers in eating, drinking and lodging services, educational services, hospitals and other health services, and professional services.

The vast majority of new jobs for Hispanic workers were in relatively low-skill occupations calling for little other than a high school education. In contrast, non-Hispanic workers secured large increases in employment in higher-skill occupations requiring at least some college education. This polarization contributed to a growing gap in earnings between Hispanic and non-Hispanic workers. The fall in wages for Latinos was greatest among immigrants who arrived in the United States in the past five years. Thus, the new immigrants who are enjoying significant growth in employment are doing so at the expense of lower wages. This trend is, no doubt, exacerbated by their concentration in occupations calling for minimal skills and education. Despite strong demand for immigrant workers, their growing supply and concentration in certain occupations suggests that the newest arrivals are competing with each other in the labor market to their own detriment.

¹ The terms Hispanic and Latino are used interchangeably in this report. The terms “whites” and “blacks” are used to refer to the non-Hispanic components of their population. The definition of immigrant is the same as the one used by the Bureau of Labor Statistics. Immigrants are persons born outside of the United States, Puerto Rico or other U.S. territories to parents neither of whom was a U.S. citizen. This represents a change from previous labor market reports issued by the Pew Hispanic Center which treated Puerto Ricans as immigrants based on their cultural identity with other foreign-born Hispanics.

² Most of the data in this report come from the Current Population Survey, a monthly survey of approximately 60,000 households conducted by the Census Bureau for the Bureau of Labor Statistics. The CPS contains detailed information on the demographic characteristics and labor market status of respondents.

³ The terms “jobs” and “employment” are used interchangeably in the report although they are not necessarily the same—a single worker can hold more than one job and a job can be filled by more than one worker.

Major findings of this report include:

- Hispanic employment increased by 1 million workers, or by 6 percent, from the fourth quarter of 2003 to the fourth quarter of 2004. The number of unemployed Latinos fell by 48,000 workers.
- Latino gains were driven by immigrants who entered the country between 2000 and 2004. The employment of this group increased by 914,000 in 2004, and accounted for more than one-third of the total increase in employment in the economy last year.
- Non-Hispanic employment increased by 1.5 million, or by 1.2 percent, from the fourth quarter of 2003 to the fourth quarter of 2004. The ranks of unemployed non-Hispanics decreased by 461,000 in 2004.
- The unemployment rate for Hispanics has fallen by more than two percentage points since mid-2003 and is now closer to the unemployment rate for non-Hispanics than at any point since 2000.
- Eighty-one percent of new jobs for foreign-born Latinos and 76 percent of new jobs for native-born Latinos were in occupations requiring minimal formal education. In contrast, 64 percent of new jobs for native-born white workers were in occupations requiring a college degree or more.
- Hispanic immigrants and native-born workers tend to satisfy demands for different types of work. Foreign-born Latinos account for high shares of employment in several occupations, indicating especially high demand for them in certain lines of work. But occupations with very high concentrations of Latino immigrants, such as, plasterers and stucco masons and garment pressers, are not important sources of employment for native-born workers.
- Real weekly earnings for Hispanics declined by 2.2 percent in 2003 and by another 2.6 percent in 2004. Latinos are the only major group of workers whose wages have fallen for two consecutive years.
- Meanwhile, wages of non-Hispanic white and black workers increased in 2003 but declined by 1.8 percent and 1 percent respectively in 2004. Asian workers are the only group to have increased their earnings each of the past two years.
- Recently arrived Latino immigrants saw their wages fall by 2.6 percent in 2004. This was matched by recently arrived non-Hispanic immigrants whose earnings fell by the same amount in 2004.

1. Introduction: Long-term Trends Show Progress in 2004

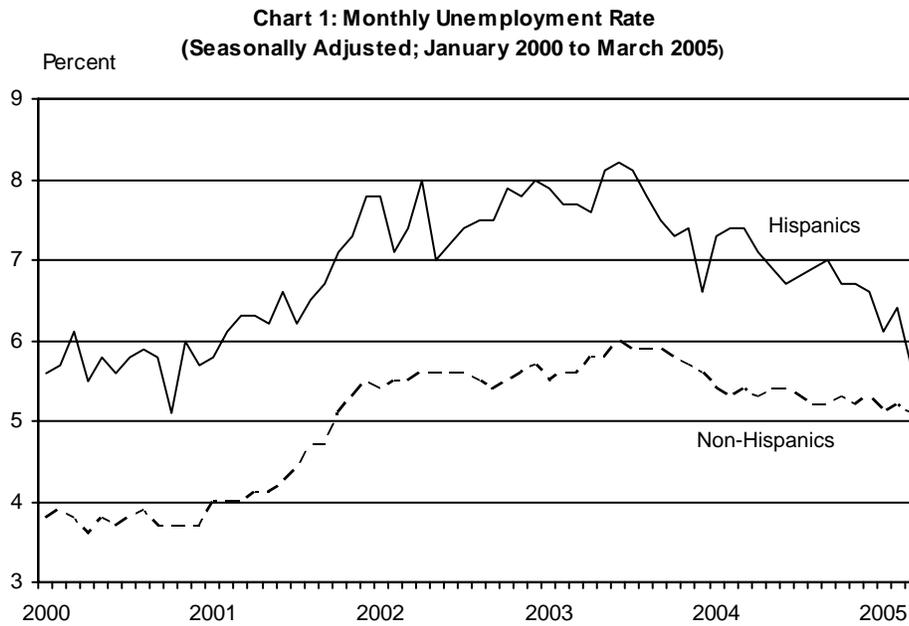
This report analyzes labor market outcomes for Hispanic and immigrant workers in the one-year period from the fourth quarter of 2003 to the fourth quarter of 2004. The present section of the report sets the stage by reviewing trends in the major labor market indicators from 2000 to 2004. The main analysis begins in the second section which reports on changes in employment and related outcomes in 2004. The third to fifth sections examine changes in employment by selected characteristics of workers and occupations. That is followed by an analysis of the concentration of immigrant Hispanics in specific occupations. The final section presents data on the wages of different groups of workers.

The analysis of long-term trends in this section finds signs of improvement in the major labor market indicators in 2004. The improvement for Hispanic workers, especially in the unemployment rate, was more notable than for non-Hispanic workers. As a result, Hispanic workers closed the gap in the unemployment rate in comparison with non-Hispanics and this gap is now the smallest it has been at any point since 2000. For some indicators the progress in 2004 was the first positive development since 2000. Employment growth began to keep pace with changes in the working-age population and the ongoing decline in the propensity of workers to participate in the labor force was partially stemmed in 2004. But participation in the labor force remains at low levels compared with 2000 and suggests a lack of confidence on the part of both Hispanic and non-Hispanic workers.

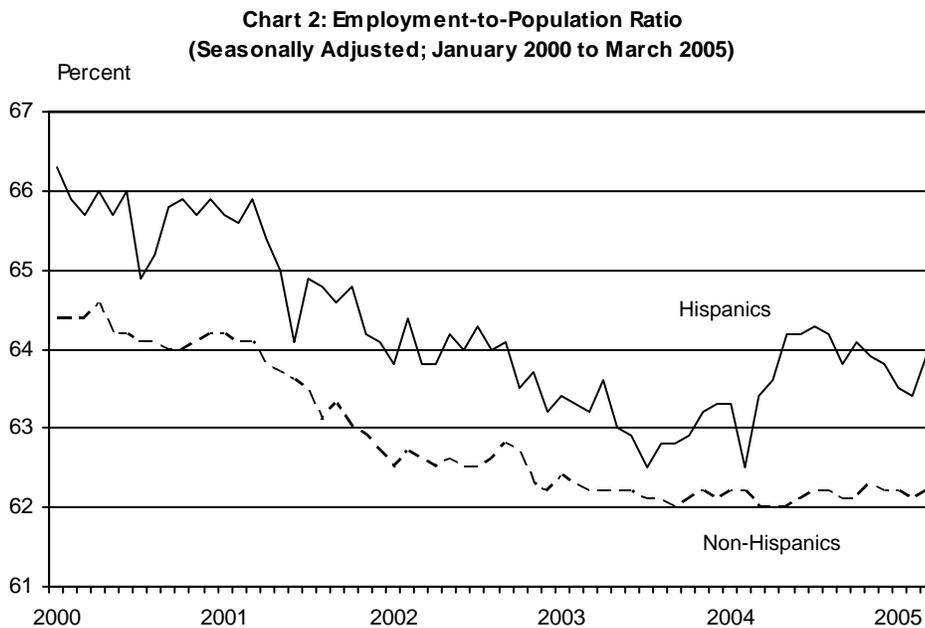
The long-term trends in key labor market indicators and their progress in 2004 are summarized in Charts 1 to 3. The year 2000 was the highpoint for all major employment related indicators. The unemployment rates for Hispanics and non-Hispanics were at their lowest levels in decades—below 6 percent for Hispanics and less than 4 percent for non-Hispanics. Similarly, a greater proportion of the working-age (ages 16 and older) population, as measured by the employment-to-population ratio, was employed in comparison with previous decades. Fueled by high demand, the proportion of the working-age population choosing to participate in the labor force, or the labor force participation rate, had also climbed to its highest level in decades. But all this came to an end with a recession in 2001 and an economic slowdown that persisted into 2003. The unemployment rate increased from the beginning of 2001 to the middle of 2003 and the employment-to-population ratio and the labor force participation rate fell steadily from 2001 to the end of 2003. In a long awaited development, the first positive signs of change appeared in mid-2003 when job growth began to accelerate for both Hispanic and non-Hispanic workers.⁴ These gains have been largely sustained through 2004.

The unemployment rate for Hispanics has declined sharply in the past 18 months and at a faster pace than for non-Hispanics. Following the recession, the unemployment rate for Hispanics peaked at 8.2 percent in mid-2003. It has declined steadily thereafter (Chart 1). There was a temporary reversal in the trend at the start of 2004 but for most of the year the Latino

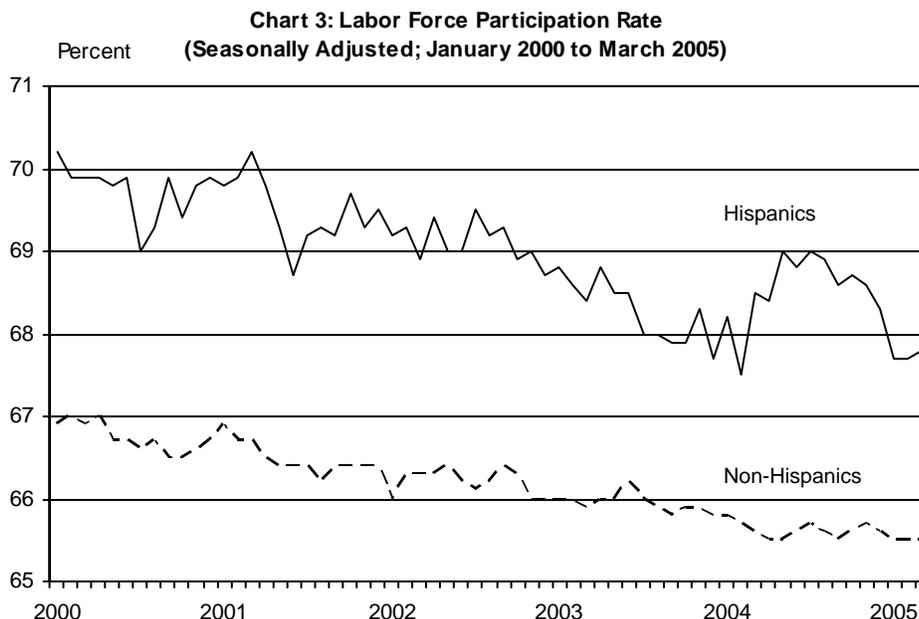
⁴ The experiences of Hispanic workers during the recession and in the subsequent jobless recovery were documented in three earlier reports by the Pew Hispanic Center: “Jobs Lost, Jobs Gained: The Latino Experience in the Recession and Recovery” (October 2003), “Latino Labor Report, 2003: Strong but Uneven Gains in Employment” (February 2004), and “Latino Labor Report, First Quarter, 2004: Wage Growth Lags Gains in Employment” (June 2004).



Source: Bureau of Labor Statistics. The data for 2000-2003 have been adjusted by the Pew Hispanic Center to account for the effects of the population adjustments in the Current Population Survey in January 2003 and January 2004. See the text on page 22 for more detail on the adjustments.



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unemployment rate remained less than 7 percent. That contrasts with 2003 when the unemployment rate for Hispanics was consistently greater than 7 percent. The improvement was sustained into 2005 and by the end of March the Latino unemployment rate had dipped to 5.7 percent, almost as low as the levels attained before the 2001 recession. The unemployment rate for non-Hispanics has also decreased since mid-2003 but at a slower pace. Consequently, the gap in the unemployment rate between Hispanics and non-Hispanics is currently the smallest it has been at any point since 2000.

The economic recovery in 2004 was sufficient to reverse a four-year decline in the employment-to-population ratio for Hispanics (Chart 2).⁵ The proportion of the Hispanic working-age population that is employed had hit bottom at 62.5 percent in early 2004. While the ratio remains below its peak in 2000 it showed the first consistent signs of improvement in five years in 2004. Non-Hispanics also stemmed the long-lasting decline in the employment-to-population ratio but, for them, 2004 is best described as a holding pattern rather than a year of forward movement in this indicator. Overall, the turnaround in the employment-to-population ratio in 2004 was more impressive for Latinos.

The labor force participation rate is one indicator that continues to signal the presence of slack in the labor market (Chart 3).⁶ Hispanics appear to have stopped the four-year decline in this indicator but the same cannot be said of non-Hispanics. For Latinos, the low point for the

⁵ The employment-to-population ratio is the ratio of the number employed to the working-age population (ages 16 and older).

⁶ The labor force participation rate is the proportion of the working-age population that is either at work or actively seeking work.

labor force participation rate—67.5 percent—was reached in early 2004. After showing mixed progress for the next few months, the Latino participation rate is currently slightly greater than its low point in early 2004. But the losses sustained by this indicator since 2000 remain largely in place. The situation remains more unsettled for non-Latino workers as they continue to participate in the labor market at a lesser rate than before. For non-Hispanics, the labor force participation rate at the end of 2004 was smaller than at any point since 2000.

In sum, long-term trends in key labor market indicators showed improvement in 2004, largely for the first time since 2000. Progress for Hispanic workers, especially with respect to the unemployment rate, was more rapid than for non-Hispanic workers. The growth in employment also kept pace with the change in the working-age population for the first time in five years. But, compared with 2000, the labor force participation rate remains at low levels and reveals a lack of confidence on the part of both Hispanic and non-Hispanic workers. The lack of improvement in the labor force participation rate means that there is a pool of workers waiting to reenter the labor market as economic conditions improve. When they return to the labor force, many will count among the unemployed until they secure a job and the initial result could be an increase in the unemployment rate. Thus, it will take more rapid economic growth to sustain both an increase in labor market participation and a reduction in the unemployment rate for all workers.

2. Changes in Employment in 2004

Hispanics maintained their role as a primary force of change in the labor market as the economic recovery gathered momentum in 2004. Both Hispanics and non-Hispanics scored gains in 2004 as total employment increased by 2.5 million workers. In absolute terms, the increase in the number employed for non-Latinos was more than for Latinos, and the reduction in the number unemployed was also greater for non-Latinos in 2004. That is as expected since non-Hispanics outnumber Hispanics in the labor force by a margin of nearly seven-to-one. Surprisingly, it was the first time since 2000 that the absolute gain in employment for non-Hispanics has exceeded the absolute gain for Hispanics. Nonetheless, the pace of growth in Latino employment continues to be much faster and the fall in the unemployment rate was also greater among Hispanic workers.

The latest tabulations by the Pew Hispanic Center show large increases in the numbers of employed workers during 2004. As shown in Table 1, the improved conditions in the labor market in 2004 translated into jobs for an additional 1 million Hispanic workers between the fourth quarters of 2003 and 2004.⁷ This was an increase of 6 percent in the space of one year. The increase in Latino employment over the course of this period slightly exceeded the growth in the Latino labor force. Thus, in the year ending in the fourth quarter of 2004, the number of unemployed Hispanic workers decreased by 48,000 and the unemployment rate for Hispanics declined from 7.1 percent to 6.5 percent.

⁷ The choice of a quarter as the unit of time permits the gathering of a larger sample size as it brings together three months of data from the Current Population Survey. That is useful for the analysis of Hispanic workers by detailed characteristics. In comparison to monthly data, the choice of a quarter also dampens, even if it does not eliminate, the seasonal fluctuations that are an inevitable part of the behavior of most labor market variables.

**Table 1: Labor Market Status of Hispanics and Non-Hispanics
Fourth Quarter, 2002 to Fourth Quarter, 2004 (Non-seasonally adjusted, in thousands)**

	Year and Quarter			Change	
	2002:4	2003:4	2004:4	2002:4 to 2003:4	2003:4 to 2004:4
Hispanics					
Population (Age 16+)	26,296	27,429	28,514	1,133	1,086
Labor Force	18,145	18,609	19,596	465	986
Labor Force Participation Rate (%)	69	67.8	68.7	-1.2	0.9
Employment	16,773	17,291	18,325	518	1,034
Employment-to-Population Ratio (%)	63.8	63	64.3	-0.7	1.2
Unemployment	1,372	1,318	1,270	-53	-48
Unemployment Rate (%)	7.6	7.1	6.5	-0.5	-0.6
Non-Hispanics					
Population (Age 16+)	192,565	194,222	195,856	1,657	1,634
Labor Force	127,437	127,969	128,999	531	1,030
Labor Force Participation Rate (%)	66.2	65.9	65.9	-0.3	0.0
Employment	120,784	121,099	122,590	315	1,492
Employment-to-Population Ratio (%)	62.7	62.4	62.6	-0.4	0.2
Unemployment	6,653	6,870	6,409	217	-461
Unemployment Rate (%)	5.2	5.4	5.0	0.1	-0.4

Source: Pew Hispanic Center tabulations of Current Population Survey data. Data for 2002 and 2003 have been adjusted (see page 22) to reflect the effects of the January 2003 and January 2004 revisions in the CPS.

The employment gains for Hispanics were twice as high as the prior year’s increase of 518,000 (as measured from the fourth quarter of 2002 to the fourth quarter of 2003). But the decrease in the number unemployed was about the same—in the neighborhood of 50,000 workers—in both years. The Latino unemployment rate also fell by about 0.5 percentage points in both 2003 and 2004. Thus, in the past two years the Hispanic unemployment rate has fallen by over one percentage point—from 7.6 percent in the fourth quarter of 2002 to 6.5 percent in the fourth quarter of 2004. With consistent progress in unemployment and larger gains in the number employed one can conclude that the year ending in the fourth quarter of 2004 was a more successful year for Latino workers than the preceding year.

The turnaround in employment for non-Hispanic workers was also impressive. For these workers, employment increased by 1.5 million workers from the fourth quarter of 2003 to the fourth quarter of 2004. That is an increase of 1.2 percent over the previous year, compared to the 6 percent increase for Hispanics. The absolute change in employment in 2004 was nearly five times as high as the increase of 315,000 for the same period in 2002-2003. Unemployment among non-Hispanic workers also fell by 461,000 in the year ending in the fourth quarter of 2004, in sharp contrast to an increase of 217,000 in the previous year. After rising slightly in 2003, the unemployment rate for non-Hispanic workers fell in 2004, from 5.4 percent in the fourth quarter of 2003 to 5 percent in the fourth quarter of 2004.

Overall, the evidence shows that Hispanics continued to be the driving force for change in the labor market in 2004. Non-Hispanics, who outnumber Hispanics by a margin of seven-to-one in the labor force, did secure a higher absolute gain in employment in 2004. That is notable only because in each year between 2000 and 2003 Latino gains in employment were greater than for non-Hispanics despite the fact that Hispanics make up only 13 percent of the labor force. But,

in percentage terms, the growth in employment for Latinos was five times more than the growth in employment for non-Latinos in 2004. The unemployment rate is also falling faster for Latino workers. In the last two years the Hispanic unemployment rate has dropped by over one percentage point and has significantly reduced the gap with respect to the non-Hispanic unemployment rate.

3. Changes in Employment by Nativity and Period of Arrival

The demand for immigrant labor remains robust and foreign-born workers were a major component of change in the labor market in 2004. Those who entered the U.S. between 2000 and 2004 were significant contributors to labor force and employment growth, especially among Hispanics. In contrast with recent years, native-born workers also shared in the job growth. Overall, growth in employment was more balanced in other respects as well. It is shown in the next section that, as in the recent past, the construction industry remains an important source of new jobs in the economy. But other industries also played a significant role in hiring Latinos and non-Latinos in 2004, a sign of stronger and more widespread economic growth.

Hispanic immigrants who arrived in the U.S. between 2000 and 2004 secured nearly 1 million new jobs in 2004. That is a significant number as it amounts to over one-third of the total growth in employment in the economy in 2004. Newly arrived immigrants also accounted for almost all of the increase in employment of Latino workers in 2004. To be more exact, the employment of newly arrived immigrants increased by 914,000 in 2004, accounting for 88 percent of the total increase in Latino employment (Table 2). These immigrants were also responsible for adding 955,000 workers to the labor force in 2004, or 97 percent of the total increase in the Hispanic labor force. The large numbers in which Latino immigrants continue to contribute to the labor force and employment suggests the presence of both ongoing immigrant flows from Latin America and strong demand for the skills they bring to the labor market. Approximately 70 percent of the Latino foreign-born workers who entered the United States since 2000 are illegal migrants and lack the authorization to work, according to Pew Hispanic Center estimates based on Current Population Survey data.⁸

The growth in the employment of native-born Hispanic workers was more modest than their foreign-born counterparts, adding 245,000 workers to the employment rolls. Thus, the addition of native-born Latinos to overall employment was only about one-fourth as high as the growth of newly arrived Latino immigrants. The employment of Hispanic immigrants who entered the U.S. before 2000 decreased by 125,000 workers. But, their labor force also fell by 207,000 workers at the same time and so did their working-age population—by 292,000 workers. Thus, the loss in employment among these immigrants is most likely not a sign of declining economic fortunes but a consequence of emigration, retirement or deaths.

The contributions of newly arrived immigrants were also important to the growth in employment of non-Hispanic workers in 2004. New immigrants, primarily of Asian origin, were responsible for nearly one-in-five new jobs for non-Hispanics in 2004. That is notable because

⁸ See Jeffrey S. Passel, “Estimates of the Size and Characteristics of the Undocumented Population,” Pew Hispanic Center, March 2005.

Table 2: Labor Market Status of Hispanics and Non-Hispanics by Nativity and Period of Arrival Fourth Quarter, 2003 to Fourth Quarter, 2004 (Non-seasonally adjusted, in thousands)

	Hispanics			Non-Hispanics		
	2003:4	2004:4	Change	2003:4	2004:4	Change
All Workers						
Population	27,429	28,514	1,086	194,222	195,856	1,634
Labor Force	18,609	19,596	986	127,969	128,999	1,030
Employment	17,291	18,325	1,034	121,099	122,590	1,492
Unemployment	1,318	1,270	-48	6,870	6,409	-461
Unemployment Rate (%)	7.1	6.5	-0.6	5.4	5.0	-0.4
Year of Entry: 2000 or later						
Population	1,804	2,980	1,176	2,218	2,601	383
Labor Force	1,170	2,125	955	1,296	1,603	307
Employment	1,081	1,995	914	1,183	1,459	275
Unemployment	89	130	41	112	144	32
Unemployment Rate (%)	7.6	6.1	-1.5	8.7	9.0	0.3
Year of Entry: Pre-2000						
Population	12,489	12,197	-292	14,644	14,331	-313
Labor Force	8,738	8,531	-207	9,861	9,590	-271
Employment	8,226	8,101	-125	9,317	9,200	-117
Unemployment	513	431	-82	543	390	-154
Unemployment Rate (%)	5.9	5.0	-0.8	5.5	4.1	-1.4
Native Born						
Population	13,136	13,337	202	177,360	178,924	1,564
Labor Force	8,701	8,939	238	116,812	117,807	994
Employment	7,985	8,230	245	110,598	111,932	1,334
Unemployment	717	709	-7	6,214	5,875	-339
Unemployment Rate (%)	8.2	7.9	-0.3	5.3	5.0	-0.3

Source: Pew Hispanic Center tabulations of Current Population Survey data. Hispanic data for 2003 have been adjusted (see page 22) to reflect the effects of the January 2004 revisions in the CPS.

immigrants make up less than one-tenth of the non-Hispanic labor force. More specifically, non-Hispanic immigrants arriving between 2000 and 2004 added 307,000 workers to the labor force in 2004 (Table 2). Nearly matching their contribution to the labor force, they increased their number employed by 275,000 workers. Native-born non-Hispanics added 994,000 workers to the labor force but raised their employment by 1.3 million workers. That was achieved by a reduction in their number unemployed by 339,000 workers in 2004. Non-Hispanic immigrants who arrived in the U.S. before 2000 played a diminished role, showing losses in their working-age population, labor force and number employed. Overall, the trends for non-Hispanics also reveal the increasing importance of newly arrived foreign-born workers in fulfilling the demand for workers in the U.S. economy.

4. Changes in Employment by Industry

The construction industry continued to lean on foreign-born Latinos to fill its need for workers in 2004. These workers presently make up almost 20 percent of the construction work force. Immigrant Latinos added 226,000 workers to the construction industry payroll in 2004 (Table 3). That amounted to 40 percent of the total growth in employment of 571,000 in the

Table 3: The Change in Employment of Native and Foreign-born Workers: Five Industries With the Highest Growth Fourth Quarter, 2003 to Fourth Quarter, 2004 (Non-seasonally adjusted, in thousands)

	Employment		
	2003:4	2004:4	Change
Native-born Hispanics: All industries	7,985	8,230	245
Hospitals and other health services	682	809	127
Wholesale and retail trade	1,420	1,506	86
Educational services	619	688	68
Eating, drinking and lodging services	523	591	68
Publishing/broadcasting/communication/information services	183	226	42
Foreign-born Hispanics: All industries	9,307	10,096	789
Construction	1,540	1,766	226
Professional and other business services	1,154	1,297	143
Eating, drinking and lodging services	1,091	1,219	128
Manufacturing - durable goods	697	797	101
Hospitals and other health services	361	441	80
Native-born Non-Hispanics: All industries	110,598	111,932	1,334
Eating, drinking and lodging services	6,102	6,422	319
Construction	7,714	8,030	316
Educational services	10,537	10,821	284
Professional and other business services	13,033	13,235	202
Hospitals and other health services	11,074	11,236	162
Foreign-born Non-Hispanics: All industries	10,500	10,659	159
Professional and other business services	1,250	1,447	197
Transportation and warehousing	415	466	52
Social services	166	216	50
Arts and entertainment	154	188	34
Personal and laundry services/private household services	356	388	32

Source: Pew Hispanic Center tabulations of Current Population Survey data. Hispanic data for 2003 have been adjusted (see page 22) to reflect the effects of the January 2004 revisions in the CPS.

construction industry. The construction industry also created jobs for 316,000 native-born non-Hispanic workers but present trends indicate that their role in the industry is diminishing.

Foreign-born Hispanics and native-born non-Hispanics shared sizeable job growth in three other industries: professional and other business services; eating, drinking and lodging services; and hospitals and other health services. Collectively, these industries generated 351,000 jobs for immigrant Latinos and 683,000 jobs for native-born non-Latinos in 2004. Two of these industries—eating, drinking and lodging services and hospitals and other health services—created 195,000 new jobs for native-born Hispanic workers. Another leading source of new jobs for native-born Latinos was the wholesale and retail trade industry.

Repeating a simple and well known pattern, manufacturing continued to shed jobs for Hispanic and non-Hispanic workers in 2004. That result is evident in Table 4 which shows the five industries that led to the biggest losses in employment for the different groups of workers during 2004. Native-born Hispanics lost 96,000 jobs in manufacturing, durable and nondurable, and 367,000 native-born non-Hispanics shared their loss in 2004. Foreign-born Hispanics also

Table 4: The Change in Employment of Native and Foreign-born Workers: Five Industries With the Biggest Losses Fourth Quarter, 2003 to Fourth Quarter, 2004 (Non-seasonally adjusted, in thousands)

	Employment		
	2003:4	2004:4	Change
Native-born Hispanics			
Manufacturing - durable goods	479	426	-53
Personal and laundry services/private household services	177	134	-44
Manufacturing - nondurable goods	370	327	-43
Transportation and warehousing	423	380	-42
Repair and maintenance services	147	123	-24
Foreign-born Hispanics			
Manufacturing - nondurable goods	805	727	-79
Agriculture, forestry, fishing and mining	418	370	-48
Utilities	32	17	-14
Wholesale and retail trade	1,244	1,234	-9
Native-born Non-Hispanics			
Manufacturing - durable goods	8,446	8,254	-191
Manufacturing - nondurable goods	4,612	4,436	-176
Publishing/broadcasting/communication/information services	2,960	2,835	-125
Wholesale and retail trade	17,183	17,074	-109
Repair and maintenance services	1,654	1,571	-83
Foreign-born Non-Hispanics			
Wholesale and retail trade	1,641	1,550	-91
Educational services	791	740	-51
Publishing/broadcasting/communication/information services	262	213	-49
Hospitals and other health services	1,447	1,431	-16
Repair and maintenance services	167	155	-12

Note: Foreign-born Hispanic workers lost jobs in only four industries.

Source: Pew Hispanic Center tabulations of Current Population Survey data. Hispanic data for 2003 have been adjusted (see page 22) to reflect the effects of the January 2004 revisions in the CPS.

lost some manufacturing jobs, namely, 79,000 in the nondurable goods sector. However, in a major exception, foreign-born Hispanics gained 101,000 jobs in durable goods manufacturing in 2004 (see Table 3).

In addition to manufacturing, another sector that shed jobs almost across the board was repair and maintenance services. Native-born Hispanics lost 24,000 jobs in this industry. However, immigrant Hispanics secured an additional 31,000 jobs in repair and maintenance services (data not shown in table). Another pair of opposing trends was in the personal and laundry services and private household services industries. Native-born Hispanics lost 44,000 jobs in these industries in 2004 even as foreign-born Latinos gained 41,000 jobs at the same time (data not shown). For non-Hispanics, publishing, broadcasting, communication and information services proved to be second biggest source of job losses after manufacturing.

Overall, the evidence on the change in employment by industry shows that there was a degree of commonality in the industries that hired and shed Hispanic and non-Hispanic workers. But, as shown in the next section, there remains a considerable difference in the type of jobs these workers perform. That difference—a consequence of the difference in age, education and nativity—is reflected in the employment trends for Latino and other workers by occupation in 2004.

5. Employment Change in Occupations Grouped by Education Clusters

An analysis of changes in employment by occupation shows that Latino and non-Latino workers were moving on different paths in the labor market in 2004. While the two groups of workers tended to gain and lose jobs in the same industries, there is a considerable gap in the kinds of work in which they are engaged. Employment gains for non-Hispanics in 2004 were fed by the rising demand for workers in higher-skill occupations requiring at least some college education. But new jobs for Hispanic workers, mostly filled by recently arrived immigrants, were concentrated in relatively low-skill occupations calling for little other than a high school education. As shown in the final section, the concentration of Latinos in lower skill occupations has also contributed to declining wages for them over the past two years.

Table 5(a) shows the distribution of Latino and non-Latino workers across occupations classified into five clusters. These clusters are based on the levels of education required for most workers to become fully qualified for work in an occupation.⁹ Over 80 percent of workers in the typical occupation in the “high school” cluster have a high school education or less. Examples of such occupations are maids and housekeeping cleaners, grounds maintenance workers, dishwashers, construction laborers, and miscellaneous agricultural workers. Conversely, occupations in the “college” cluster are almost entirely populated by workers with a four-year college or higher level of education. These are occupations such as accountants and auditors, computer software engineers, medical scientists, lawyers, and postsecondary teachers. In between these two clusters are three occupational clusters calling upon a mix of education levels.

Almost all foreign-born Hispanic workers were employed in the two lowest-skill-level occupations in 2004. As shown in Table 5(a), 82.9 percent of immigrant Latino workers were engaged in work calling for either a high school or some college level of education, where some college refers to less than four years of college.¹⁰ The same is true for nearly two-thirds of native-born Latino workers. However, less than one-half of non-Hispanic workers work in the two lowest rungs of occupations grouped by skill. At the other end of the ladder, fewer than 10 percent of immigrant Latinos, but one-third of foreign-born non-Hispanic workers, are employed in occupations calling for some college or a four-year college education.

Changes in employment between 2003 and 2004 show that Latinos and non-Latinos were on different paths and filled different needs in the labor market. More than 80 percent of the new jobs for immigrant Hispanics and 76 percent of the new employment for native-born Hispanics were in the two lowest-skill-level occupational clusters (see Table 5(b)). To a large extent, this reflects the age, education and nativity of the Hispanic labor force. In contrast, 45 to 50 percent

⁹ The assignment of an education cluster to an occupation is done by the Bureau of Labor Statistics. See the *Occupational Outlook Handbook, 2004-05 Edition* and *Occupational Projections and Training Data, 2004-05 Edition*. These assignments are given to detailed occupations that correspond to the Standard Occupational Classification (SOC). The Census Bureau provides a crosswalk for mapping the SOC occupations to the detailed occupation classification used in the Current Population Survey.

¹⁰ It is worth emphasizing that this does not mean 82.9 percent of foreign-born Latino workers have at least some college education. What this statistic means is that 82.9 percent of foreign-born Latinos, whatever their education level may be, are employed in occupations where the majorities of workers have a high school education or some college education. Data on the schooling level of employed Hispanic workers show that 89 percent of foreign-born Latinos and 86 percent of native-born Latinos have an education level equal to or less than some college.

**Table 5(a): Employment of Native and Foreign-born Workers in Occupations Grouped by Education Clusters
Annual Data for 2004 (numbers in thousands)**

	Employment, 2004				Percentage Distribution			
	Hispanics		Non-Hispanics		Hispanics		Non-Hispanics	
	Native Born	Foreign Born	Native Born	Foreign Born	Native Born	Foreign Born	Native Born	Foreign Born
All Occupations	8,137	9,815	110,519	10,438	100.0	100.0	100.0	100.0
<i>Occupations Grouped by Education Clusters</i>								
High School	1,134	4,207	10,215	1,117	13.9	42.9	9.2	10.7
High School/Some College	3,957	3,929	45,076	3,853	48.6	40.0	40.8	36.9
High School/Some College/College	1,589	985	24,490	2,070	19.5	10.0	22.2	19.8
Some College/College	791	367	15,011	1,497	9.7	3.7	13.6	14.3
College	666	326	15,728	1,902	8.2	3.3	14.2	18.2

**Table 5(b): The Change in Employment of Native and Foreign-born Workers in Occupations
Grouped by Education Clusters, 2003 to 2004 (numbers in thousands)**

	Change in Employment, 2003 to 2004				Percentage Distribution			
	Hispanics		Non-Hispanics		Hispanics		Non-Hispanics	
	Native Born	Foreign Born	Native Born	Foreign Born	Native Born	Foreign Born	Native Born	Foreign Born
All Occupations	291	676	830	234	100.0	100.0	100.0	100.0
<i>Occupations Grouped by Education Clusters</i>								
High School	49	258	57	-33	16.7	38.2	6.8	-13.9
High School/Some College	171	290	281	103	58.8	43.0	33.9	43.9
High School/Some College/College	-13	46	89	58	-4.4	6.8	10.7	24.9
Some College/College	37	65	74	57	12.6	9.6	8.9	24.2
College	48	17	330	49	16.3	2.5	39.7	20.9

Note: The employment figures are based on annual data and differ from the quarterly data reported above. Annual data are used to classify workers into approximately 500 detailed occupations in the CPS. Those occupations are further classified into the five clusters listed in the table. The term “college” refers to a four-year college degree. Source: Pew Hispanic Center tabulations of Current Population Survey data. Hispanic data for 2003 have been adjusted (see page 22) to reflect the effects of the January 2004 revisions in the CPS.

of the newly employed non-Hispanic workers, native or foreign born, were hired into the two highest-skill-level occupational clusters. The figure is even greater for native-born white workers—64 percent of the new jobs for them were in occupations at the highest rungs of training and education requirements (data not shown in table). These disparate trends in employment suggest that the occupational clustering of Hispanic and non-Hispanic workers is likely to continue in the coming years.

6. The Occupational Concentration of Hispanic Workers

The preceding sections have made clear that newly arrived immigrants played a major role in the growth of the labor force and the number employed in 2004. It was also shown that Hispanic workers, the majority of whom are foreign-born, are grouped into relatively low-skill occupations with limited education requirements. But what specifically are these occupations? Are immigrants concentrated in niche occupations that are not populated by the native born? Using annual data for 2004, this section probes these questions by looking at the employment of

foreign-born Hispanic workers in finely detailed occupations. It is shown that Latino immigrants alone account for nearly 40 percent or more of workers in several occupations. However, the occupations with high concentrations of foreign-born Latino workers are generally not significant sources of jobs for native-born workers.

Signs of concentration among foreign-born Latinos are evident even in their distribution across broadly defined industries and occupations. Nearly 55 percent of immigrant Hispanic workers were employed in just four industries in 2004—construction, wholesale and retail trade, professional and other business services, and eating, drinking and lodging services. In contrast, these same four industries employed 40 percent of all native-born workers (see Table 6). The most important industry for immigrant Latinos is construction. In 2004, 17 percent of foreign-born Hispanics worked in construction in comparison with only 7.2 percent of native-born workers.¹¹

Latino immigrants also tended to work in different occupations in 2004. For example, more than 13 percent of foreign-born Hispanics were employed in building and grounds cleaning and maintenance occupations compared with only 2.9 percent of native-born workers (Table 5). On the other hand, only 4 percent of Latino immigrants are in management occupations, less than one-half the rate of 11 percent for native-born workers. Foreign-born Hispanics are best represented in construction and production occupations—16.3 percent and 14 percent respectively. Native-born workers are most likely to be found in white-collar occupations, such as, management, sales, and administrative support.

The concentration of Latino immigrants in certain occupations suggests that they may be filling demand in niche occupations that engage few other workers. This issue is explored further in two ways in Table 7 below. The Census Bureau, when collecting labor force data in the Current Population Survey, classifies the work people do at their jobs into approximately 500 detailed occupations. One indication of the demand for Hispanic immigrants is their share of employment in any one of those detailed occupations. The labor market employed 9.8 million Latino immigrants in 2004. That amounted to 7 percent of the total employment of 139.5 million.¹² Thus, an occupational niche for Hispanic immigrants might be said to exist if their share in the employment of an occupation was well in excess of 7 percent. An alternative approach is to simply focus on occupations that employ the highest number of immigrant Latino workers. Unusually high numbers of foreign-born workers in a few occupations would also be suggestive of high demand for them in those types of work.

¹¹ It is worth noting that the industry distributions of immigrant Hispanic workers differ from the distributions of their native-born counterparts. For example, only 7.8 percent of native-born Hispanics are employed in construction. Overall, native-born Hispanic workers are spread across industries in a manner that more closely resembles other native-born workers than immigrant Latino and Asian workers.

¹² These data were compiled by the Pew Hispanic Center from the Current Population Survey.

Table 6: The Industry and Occupation Distributions of Native and Foreign-born Workers in 2004 (Percent)

	Native-born Workers	Foreign-born Workers	
		All	Hispanics
Industry			
Agriculture, forestry, fishing and mining	2.0	2.2	3.8
Construction	7.2	10.6	17.0
Manufacturing - durable goods	7.3	8.1	7.9
Manufacturing - nondurable goods	4.1	6.0	7.9
Wholesale and retail trade	15.2	13.6	12.3
Transportation and warehousing	4.2	4.2	3.9
Utilities	0.9	0.3	0.2
Publishing/broadcasting/communication/information services	2.6	1.5	0.9
Finance, insurance and real estate	7.1	5.1	3.1
Professional and other business services	11.7	12.9	12.5
Educational services	9.3	5.2	3.1
Hospitals and other health services	10.1	9.1	4.4
Social services	2.1	1.7	1.6
Arts and entertainment	2.0	1.4	1.3
Eating, drinking and lodging services	5.9	10.4	12.3
Repair and maintenance services	1.4	2.0	2.5
Personal and laundry services/private household services	1.8	3.8	4.0
Public administration	5.0	1.9	1.0
Occupation			
Management occupations	11.0	7.1	4.0
Business and financial operations occupations	4.3	2.7	1.1
Computer and mathematical science occupations	2.1	3.0	0.6
Architecture and engineering occupations	2.0	2.1	0.6
Life, physical and social science occupations	1.0	1.1	0.2
Community and social service occupations	1.7	0.9	0.7
Legal occupations	1.2	0.5	0.2
Education, training and library occupations	6.1	3.2	1.6
Arts, design, entertainment, sports and media	2.0	1.5	0.9
Healthcare practitioner and technical occupations	4.9	4.4	1.2
Healthcare support occupations	2.1	2.3	1.5
Protective service occupations	2.2	1.0	0.7
Food preparation and serving related occupations	4.9	7.5	9.5
Building and grounds cleaning and maintenance	2.9	8.4	13.4
Personal care and service occupations	3.2	3.6	2.6
Sales and related occupations	11.9	9.2	6.9
Office and administrative support occupations	14.8	9.2	7.4
Farming, fishing and forestry occupations	0.5	1.8	3.3
Construction and extraction occupations	5.5	9.7	16.3
Installation, maintenance and repair occupations	3.7	3.2	3.9
Production occupations	6.1	10.6	14.0
Transportation and material moving occupations	6.0	6.8	9.5

Source: Pew Hispanic Center tabulations of Current Population Survey data (annual averages for 2004)

Table 7: Occupations with High Concentrations of Foreign-born Hispanic Workers, 2004

	Foreign-born Hispanics		Education Cluster
	Employment	% Share of Occ. Emp.	
Highest Ranking Occupations by Share of Employment			
Plasterers and stucco masons	18,572	48	High School
Pressers, textile garment and related materials	34,291	45	High School
Drywall installers, ceiling tile installers and tapers	95,595	45	High School
Miscellaneous agricultural workers	270,985	40	High School
Cement masons concrete finishers and terrazzo workers	43,508	38	High School
Packers and packagers, hand	158,989	37	High School
Graders and sorters, agricultural products	24,957	37	High School
Packaging and filling machine operators and tenders	112,550	35	High School
Roofers	94,041	35	High School
Grounds maintenance workers	427,440	33	High School
Hazardous materials removal workers	9,220	33	High School
Maids and housekeeping cleaners	444,587	32	High School
Butchers and other meat poultry and fish processing workers	97,354	32	High School
Construction laborers	386,238	31	High School
Textile apparel and furnishings workers, all other	11,793	30	High School
Sewing machine operators	84,472	30	High School
Painters, construction and maintenance	211,655	29	High School
Insulation workers	13,159	29	High School/Some College
Brick masons, block masons and stonemasons	68,831	29	High School
Helpers, construction trades	34,318	28	High School
Highest Ranking Occupations by Number Employed			
Maids and housekeeping cleaners	444,587	32	High School
Grounds maintenance workers	427,440	33	High School
Janitors and building cleaners	405,232	20	High School
Construction laborers	386,238	31	High School
Cooks	384,287	21	High School
Carpenters	299,145	17	High School/Some College
Driver sales workers and truck drivers	294,655	9	High School/Some College
Miscellaneous agricultural workers	270,985	40	High School
Painters, construction and maintenance	211,655	29	High School
Laborers and freight stock and material movers, hand	208,191	12	High School/Some College
Cashiers	196,278	7	High School/Some College
Packers and packagers, hand	158,989	37	High School
Production workers, all other	155,599	16	High School/Some College
Retail salespersons	139,420	4	High School/Some College/College
Miscellaneous assemblers and fabricators	128,027	12	High School/Some College
Waiters and waitresses	127,409	7	High School/Some College
Automotive service technicians and mechanics	121,681	13	High School/Some College
First-line supervisors/managers of retail sales workers	120,474	4	High School/Some College/College
Nursing psychiatric and home health aides	114,118	6	High School/Some College
Packaging and filling machine operators and tenders	112,550	35	High School

Source: Bureau of Labor Statistics for education clusters, and Pew Hispanic Center tabulations of Current Population Survey data (annual averages for 2004)

Note: The sample of occupations is restricted to those with a total employment of 25,000 or more.

Table 7 shows the occupations with the highest concentrations of foreign-born Hispanic workers. There are two groups of occupations in the table. The first group shows the 20 occupations in which Latino immigrants held the highest share of employment in 2004.¹³ The data show that nearly one out of every two plasterers and stucco masons is a foreign-born Latino. Latino immigrants also accounted for at least 40 percent on employment in the following occupations: pressers, textile garments and related materials; drywall installers, ceiling tile installers, and tapers; and miscellaneous agricultural workers. In the lowest of the 20 occupations ranked by employment share in Table 7—helpers, construction trades—foreign-born Latinos held a 28 percent share. That is four times greater than their share of total employment in the economy.

The 20 occupations in which immigrant Latinos have high shares of employment also provide jobs for significant numbers of Latinos. As shown in Table 7, these occupations employed a total of 2.6 million Latino immigrants, or 27 percent of all foreign-born Hispanic workers in 2004. But these occupations do not employ a significant number of native-born workers. Only 4 percent of all native-born workers, and 6 percent of native-born Hispanics, were employed in these occupations in 2004 (data not shown in table). Another characteristic of these occupations is that they require low levels of skill and education. Only one occupation—insulation workers—requires anything beyond a high school education and skill requirements can be generally met with short-term or moderate on-the-job training. In sum, the 20 occupations in which Latinos have high shares of employment, and which may fairly be regarded as niche occupations for foreign-born Latinos, are low-skill occupations that are not significant sources of jobs for native-born workers.

Occupations in which foreign-born Hispanics have the largest shares of employment are not necessarily the ones in which large numbers of them are employed. Table 7 also shows the 20 occupations in which the greatest numbers of immigrant Latinos have secured jobs. The top two occupations are maids and housekeeping cleaners and grounds maintenance workers. These two occupations employ 872,000 foreign-born Latinos, or nearly 9 percent of all foreign-born Hispanic workers. The two lists in Table 7 share seven occupations. These are occupations with high numbers of foreign-born Latinos who also make up at least 28 percent of employment in the occupation. Collectively, these seven occupations employ slightly more than 2 million foreign-born Latinos, or 20 percent of all immigrant Hispanics. But in the remaining 13 occupations with high numbers of immigrant Hispanics, Latinos do not necessarily have high shares of employment. In particular, foreign-born Hispanic workers have below average shares, i.e. less than a 7 percent share, in the following five occupations: cashiers; retail salespersons; waiters and waitresses; first-line supervisors/managers of retail sales workers; and nursing, psychiatric and home health aides. These occupations account for 698,000 foreign-born Latinos, or 7 percent of their total employment.

¹³ In order to diminish the impact of anomalies caused by small sample sizes, the occupations in this list are restricted to those with a total employment of at least 25,000 workers in 2004. This led to the exclusion of the following three occupations which would have made the list based on employment share alone: textile cutting machine setters, operators and tenders; plating and coating machine setters, operators and tenders, metal and plastic; and mining and geological engineers, including mining safety engineers.

The 20 occupations with the highest numbers of foreign-born Latinos employ 4.7 million of them and make up 48 percent of their total employment. These occupations also employ many native-born workers—25.7 million— accounting for 22 percent of their total employment (data not shown). Thus, these are occupations with high levels of overall employment and they attract significant numbers of all workers. Some of these may be considered niche occupations for foreign-born Latinos but in many others they have low employment shares. In general, these occupations also require relatively low levels of skills, mostly in the form of short-term to moderate on-the-job training. Roughly one-half do require some college education but only two of these occupations employ significant numbers of college-educated workers.

In sum, the analysis in this section shows that Hispanic immigrants and native-born workers often satisfy demands for different types of work. Most foreign-born Latino workers are engaged in occupations with minimal training and education requirements. They also account for high shares of employment in several occupations, indicating especially high demand for them in certain lines of work. But occupations with very high concentrations of Latino immigrants are not important sources of employment for native-born workers.

7. Wage Growth in 2004

The rapid growth in Hispanic employment appears to have come at the price of lower wages. Contributing to this trend is their concentration in specific segments of the labor market, in particular, the lower-skill occupations. Consequently, real wages for Hispanic workers declined for the second consecutive year in 2004. The cumulative decline over the past two years amounts to 5 percent, and, as a result, the earnings of Hispanic workers have fallen even further behind the earnings of non-Hispanic workers. The decrease in the earnings of Latino workers has been led by new immigrants who have accounted for the vast majority of new jobs for Hispanics but at relatively low wages. Those immigrants also suffered among the largest losses in earnings in 2004. The fact that employers were able to fill their payrolls without having to bid up wages is evidence that some slack remains in the labor market.

Hispanics are the only group of workers in the economy whose wages have fallen for two consecutive years. In 2004 the median weekly wage (in 2004 prices) for Hispanics fell by 2.6 percent in 2004—from \$411 in 2003 to \$400 in 2004 (Table 8 and Chart 4). The median wage divides the income distribution into two, with one-half of workers earning more and the other half earning less than the median wage. This mid-point for Hispanics had also tumbled in 2003, falling by 2.2 percent from its level of \$420 in 2002. Thus, the median weekly earning of Hispanic workers has eroded by \$20 over the past two years.

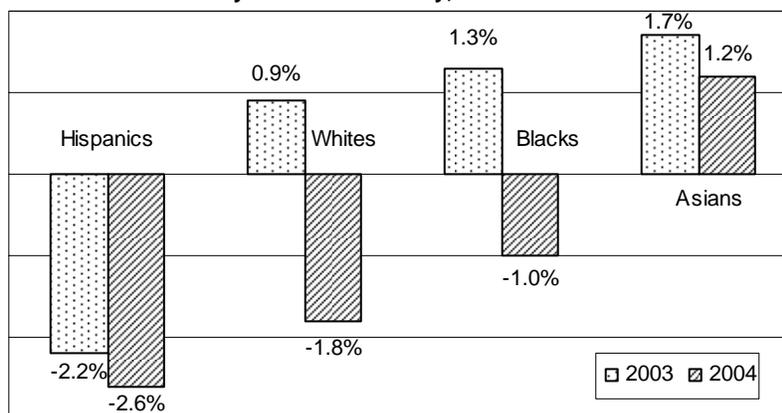
The wages of white and black workers also fell in 2004 but by much less than the fall experienced by Hispanic workers. Moreover, the wages for these workers had increased in 2003. Thus, over the two-year period from 2002 to 2004 the weekly earnings of white and black workers are best described as unchanging. That stands out in contrast to the 5 percent erosion suffered by Hispanic workers between 2002 and 2004. Asian workers are the only group to have increased their earnings each of the past two years. Overall, the earnings of non-Hispanic workers were up modestly in 2003 and down slightly in 2004.

Table 8: Median Weekly Earnings in Real Dollars for Hispanics and Non-Hispanics Annual Averages, 2002 to 2004

Year and Quarter	Hispanics	Non-Hispanics			
		All Non-Hispanics	Whites	Blacks	Asians
Median Wage (2004 prices)					
2002	420	588	606	479	606
2003	411	591	611	485	616
2004	400	590	600	480	623
Percentage Change in the Wage Over Last Year					
2003	-2.2	0.6	0.9	1.3	1.7
2004	-2.6	-0.2	-1.8	-1.0	1.2

Source: Pew Hispanic Center tabulations of Current Population Survey data.

Chart 4: Percentage Change in Real Median Weekly Earnings by Race and Ethnicity, 2003 and 2004



Source: Pew Hispanic Center tabulations of Current Population Survey data.

A more detailed examination of wage trends reveals that the recent decline in wages for Hispanic workers was led by immigrants who arrived in the U.S. in 2000 or later years. As shown above, newly arrived immigrants have accounted for the vast majority of new jobs for Hispanics. But their wages are well below the median wage for all Hispanics (Table 9). Thus, even though the wages of new Latino immigrants increased in 2003, their rapid influx substantially expanded the pool of low-wage workers. Consequently, the median wage for all Hispanics declined in 2003. Moreover, recently arrived foreign-born Latinos suffered a decline of 2.6 percent in their real earnings in 2004. The number of recently-arrived Hispanic immigrants added to the ranks of low-wage workers was again sufficient to produce a loss for all Hispanics combined in 2004. In contrast to the experience of new immigrants, native-born Latinos increased their earnings in both 2003 and 2004. Thus, the large inflow of new immigrants and their concentration in lower-skill occupations has had a strong impact on the earning status of the overall Hispanic work force.

Table 9: Real Median Weekly Earnings for Hispanics and Non-Hispanics by Nativity, Annual Averages, 2002 to 2004

	Real Median Weekly Wages in 2004 Prices			Change Over Last Year (Percent)	
	2002	2003	2004	2003	2004
All Hispanics	420	411	400	-2.2	-2.6
Native born	462	473	480	2.4	1.4
Foreign born	378	390	384	3.2	-1.6
Year of Entry: 2000 or later	319	329	320	2.9	-2.6
All Non-Hispanics	588	591	590	0.6	-0.2
Native born	588	591	587	0.6	-0.8
Foreign born	586	592	600	1.1	1.3
Year of Entry: 2000 or later	464	452	440	-2.7	-2.6

Source: Pew Hispanic Center tabulations of Current Population Survey data.

Newly arrived non-Hispanic immigrants did not fare any better than their Hispanic counterparts. The median weekly earnings of these workers fell from \$464 in 2002 to \$440 in 2004 (Table 9). However, non-Hispanic immigrants as a whole have seen modest gains in wages in each of the past two years. Among the native born, non-Hispanics saw their wages decrease in 2004. Since native-born workers are the dominant component of the non-Hispanic work force, the overall wage trend for non-Hispanics resembles the experience of the native born. In sum, the lasting impression from the wage trends in 2004 is that workers streaming into the labor force in relatively large numbers—the new immigrants—are doing so at the price of lower wages. This could be a consequence of competition among immigrants or the nature of the job opportunities available to them, particularly for foreign-born Hispanics who are concentrated in specific segments of the labor market.

Conclusions

Employment growth, which first showed signs of recovery in 2003, maintained its momentum in 2004 as the economy added 2.5 million new jobs. Hispanic workers secured 1 million of the new jobs while the remainder went to non-Hispanic workers. Almost all of the increase in Hispanic employment was accounted for by newly arrived immigrants. The demand for immigrant workers remains strong and foreign-born Latinos, by accounting for over one-third of the total increase in employment, continue to extend their presence in the labor market. The economic recovery in 2004 was relatively widespread and several industries contributed significantly to employment increases. The most notable industries are construction, professional and other business services, eating, drinking and lodging services, and hospitals and other health services. These industries hired significant numbers of both foreign-born and native-born workers in 2004.

While the foreign-born and native-born and Latino and non-Latino workers tended to gain or lose jobs in the same industries, these workers appeared to be on different paths in the labor market in some key respects. Hispanics, in general, and Latino immigrants, in particular, are concentrated in jobs with minimal training and education requirements. More than 80 percent

of foreign-born Latinos and nearly two-thirds of native-born Hispanics work in such occupations. The employment trends in 2004 fueled this concentration as almost all jobs gained by foreign-born Latinos were also centered on those occupations. In contrast, nearly one-half of new jobs for native-born workers, and almost two-thirds of new jobs for native-born white workers, were in occupations at the highest rungs of training and education requirements. Thus, job growth for Hispanics and whites, the two largest groups of workers in the economy, appeared to fulfill different needs in the labor market in 2004.

Recent economic growth, however, has not led to wage growth. For Hispanic workers, 2004 marked the second consecutive year of decline in wages and their earnings continue to fall relative to the earnings of other workers. The fall in wages for Latinos was led by immigrants who arrived in the U.S. in the past five years. Thus, the new immigrants who are enjoying significant growth in employment are doing so at the expense of lower wages. This trend is, no doubt, exacerbated by their concentration in occupations calling for minimal skills and education. The fact that employers have been able to add to their payrolls without bidding up wages also indicates that some slack lingers in the labor market. In conclusion, recent economic growth has been characterized by three features: high demand for immigrant workers, low wage growth, and segmentation in the labor market. Whether this is the temporary nature of the economic recovery or a long-term trend remains to be seen.

The Effect of January 2004 Revisions in the Current Population Survey

In January 2004, the U.S. Census Bureau made a downward adjustment to the population controls in the Current Population Survey. This adjustment was based on revised estimates of net international migration from 2000 to 2003. According to a note released by the BLS (“Adjustments to Household Survey Population Estimates in January 2004”), the cumulative effect of this adjustment was to reduce the estimate of the Hispanic working-age population by 583,000, the Hispanic labor force by 446,000 and the number of employed Hispanics by 421,000. The BLS has also published a methodology that can be used to estimate the effects of the January 2004 revisions on previously published data series for the intervening months in the 2000 to 2003 time period (see “Creating Comparability in CPS Employment Series,” by Marisa L. Di Natale). That methodology was applied to make revisions to estimates of the Hispanic population, labor force and employment in 2003 and earlier years. The latest revisions to the CPS population controls are based on revised estimates of net international migration. In principle, that means some of the revision could be attributed to emigration by second and third generation Hispanics. However, that effect is assumed to be negligible in the current analysis and the full extent of the CPS revision was assumed to apply to first-generation Hispanics arriving in the U.S. since 2000, all of whom are assumed to be non-citizens. Previously computed distributions of the Hispanic first generation by education, age, industry, occupation, etc. were then utilized to distribute the total change in the Hispanic population along these dimensions.

The January 2004 revisions also affected estimates of the non-Hispanic population. However, those revisions were very small in proportion to the working-age population of non-Hispanics and were ignored for the purposes of this paper.

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