

Latino Workers in the Ongoing Recession: 2007 to 2008

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Executive Summary

A small but significant decline has occurred during the current recession in the share of Latino immigrants active in the U.S. labor force, according to a Pew Hispanic Center analysis of Census Bureau data. In a year when jobs have become scarce for everyone, the proportion of working-age Latino immigrants participating in the labor force has fallen, at least through the third quarter of 2008, while the proportion of all non-Hispanics as well as of native-born Hispanics has held steady.

Jobs attract many Hispanic immigrants to the United States, and their labor force participation rate — the proportion of the working-age population that is either working or actively seeking work — is typically higher than the rate in the native-born population. That remains the case now.

However, among Latino immigrants, 71.3% were in the labor force at the close of the third quarter of 2008, compared with 72.4% a year earlier. This 1.1 percentage point decrease follows on the heels of a steady increase in the labor force participation rate of foreign-born Latinos since 2003 when the economy started its recovery from the 2001 recession.¹ The drop in labor market activity was about twice as high among immigrants from Mexico and among immigrants who arrived in the U.S. since 2000. Among all non-Hispanics, the labor force participation rate was essentially unchanged during this period — it was 66.2% at the end of the third quarter of 2008, up marginally from 66.0% a year earlier. Among native-born Hispanics, the rate was 66.4%, up from 66.0% a year earlier.

The absolute number of immigrant Latinos in the labor force did increase slightly — by 150,000 — between the third quarters of 2007 and 2008. But this increase is much smaller than it had been in previous years. And because it is also much smaller than the growth in the working-age population of Latino immigrants, the share that is active in the labor force has declined.

It is not possible to conclude from these data whether or not some of the foreign-born Latinos who left the labor force have returned to their countries of origin. The growth in the immigrant Latino population has leveled off in recent years, but it is not clear whether this has been due to an increased outflow of migrants. [Passel and Cohn \(2008\)](#) do find a decrease in the annual inflow of undocumented

¹ The labor force participation rate of foreign-born Hispanics had decreased by somewhat larger magnitudes in 2003 in comparison with 2002. That year marked the tail end of a nearly three-year long period of an economic slowdown, including a recession in 2001.

migrants to the U.S. since 2005. About four-in-five undocumented migrants come from Latin America.

The labor market data do not paint an unrelentingly negative picture for Latino immigrants, who make up about 8% of the total U.S. labor force. Their unemployment rate in the third quarter of 2008 was 6.4%, not much higher than the 6.1% rate for the total U.S. workforce and much lower than the 9.6% rate for native-born Hispanics (who account for about 45% of the Hispanic labor force in this country). However, workers who withdraw from the labor force are not counted among the unemployed. If foreign-born Latinos had remained as active in the labor market in 2008 as they were in 2007, their unemployment rate would be much higher today.

This report analyzes labor market outcomes for workers using a variety of indicators. Some labor market indicators, such as the working-age population (those 16 and older) and the size of the labor force (those either employed or actively seeking work), respond principally to demographic forces. For immigrants, economic forces may play a stronger role in shaping the working-age population and labor force by triggering changes in inflows and outflows of migrants. Tracking those indicators establishes the size of a racial or ethnic group in the labor market and whether its relative size is expanding or shrinking.

Other important labor market indicators respond principally to economic developments. Those include employment levels and the employment, unemployment and labor force participation rates. The employment rate is the percentage of the working-age population that is employed and the unemployment rate is the percentage of the labor force that is unemployed and looking for work. Tracking those indicators, along with estimating wages, is the key to understanding economic outcomes for workers.

The data for this report are derived from the [Current Population Survey](#), a monthly survey of about 55,000 households conducted jointly by the Bureau of Labor Statistics and the Census Bureau. Data from three monthly surveys were combined to create larger sample sizes and to conduct the analysis on a quarterly basis.

About the Author

Rakesh Kochhar has more than 20 years of research experience in the areas of labor economics and price and wage measurement and analysis. Prior to joining the Pew Hispanic Center, he was senior economist at Joel Popkin and Co., where he served as a consultant to government agencies, private firms, international agencies and labor unions. He is a past president of the Society of Government Economists. His doctoral thesis at Brown University focused on the theory of labor migration

A Note on Terminology

The terms “Hispanic” and “Latino” are used interchangeably in this report. The terms “whites,” “blacks” and “Asians” are used to refer to the non-Hispanic components of their population.

Foreign-born refers to an individual who is born outside of the United States, Puerto Rico or other U.S. territories and whose parents are not U.S. citizens.

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

Unless otherwise indicated, estimates are not seasonally adjusted.

Most of the analysis discusses changes in labor market indicators from the third quarter of 2007 to the third quarter of 2008. The shorthand “in the recession” or “in the past year” is used to refer to changes in those time periods.

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Introduction

This report focuses on economic outcomes for Hispanic and non-Hispanic workers during the ongoing recession. According to the [National Bureau of Economic Research](#), the semiofficial arbiter of these dates, the U.S. economy entered a recession in December 2007. Earlier this year, the Pew Hispanic Center released a [report](#) that analyzed labor market developments for Latinos through the first quarter of 2008.² That report showed that outcomes for Latino workers, such as the unemployment rate, had turned markedly worse during 2007, even prior to the recession.

A year into the recession, it is now feasible to update labor market outcomes through the third quarter of 2008. These outcomes are compared with the labor market status of workers in the third quarter of 2007.³ Developments over that one-year period provide a fuller understanding of the effects of the recession on Hispanic and non-Hispanic workers, as well as on native-born and foreign-born workers.

Prior to the onset of the recession in December 2007, Latino workers seemed to be feeling the brunt of the slump in the construction sector ([Kochhar, 2008](#)). Their unemployment rate had climbed sharply in 2007, much more so than for non-Hispanics. Moreover, the impact on foreign-born Hispanics had been especially hard. In the first quarter of 2008, the unemployment rate for foreign-born Latinos exceeded the rate for native-born Latinos. That was the first such occurrence since 2003.

The impact of the deepening recession is now pervasive as job losses and rising unemployment affect all workers. From the third quarter of 2007 to the third quarter of 2008, 1.7 million non-Hispanics, 287,000 native-born Hispanics and 239,000 foreign-born Hispanics are newly unemployed.

This report analyzes labor market outcomes for workers using a variety of indicators. Some labor market indicators, such as the working-age population (those 16 and older) and the size of the labor force (those either employed or actively seeking work), respond principally to demographic forces. For immigrants, economic forces may play a stronger role in shaping the working-age population and labor force by triggering changes in inflows and outflows of

² Released in June 2008, this report focused on the impact of the construction slowdown on Latino workers (see [Kochhar, 2008](#)).

³ Estimates in this report account for the annual revisions to the weights in the source data, the Current Population Survey. Details are provided in Appendix A.

migrants. Tracking those indicators establishes the size of a racial or ethnic group in the labor market and whether its relative size is expanding or shrinking.

Working-Age Population, or the Workforce: The population of persons ages 16 and older.

Labor Force: Persons ages 16 and older who are employed or actively looking for work.

Employment Rate: Percentage of the working-age population that is employed.

Labor Force Participation Rate: Percentage of the working-age population that is employed or actively looking for work.

Unemployment Rate: Percentage of the labor force that is without work and is actively looking for work.

Other important labor market indicators respond principally to economic developments. Those include employment levels and the employment, unemployment and labor force participation rates (see definitions in the text box). Tracking those indicators, along with estimating wages, is the key to understanding economic outcomes for workers.

The data for this report are derived from the [Current Population Survey](#), a monthly survey of about 55,000 households conducted jointly by the Bureau of Labor Statistics and the Census Bureau. Data from three monthly surveys were combined to create larger sample sizes and to conduct the analysis on a quarterly basis.

This report is not able to identify immigrant workers by whether they are documented or undocumented because the immigration status of workers is not recorded in the source data. However, estimates by the Pew Hispanic Center show that unauthorized migrants account for about 5% of the U.S. labor force and about one-third of the foreign-born labor force. They are overrepresented in certain industries such as construction, where they account for 12% of employment ([Passel, 2006](#)). Most unauthorized migrants are from Latin American countries, with those from Mexico accounting for about 55% of the total.

The principal findings of the analysis, organized by major labor market indicators, are below. More detailed analysis and data are presented in subsequent sections and the appendices.

Working-Age Population

- Latinos have remained an important source of workers to the U.S. economy during the recession. Their working-age population increased 1.1

million between the third quarters of 2007 and 2008, accounting for 42% of the total increase in the U.S. working-age population.

- The contribution of foreign-born Latinos to the growth in the working-age population has leveled off. The number of immigrant Hispanics in the workforce increased 470,000 from the third quarter of 2007 to the third quarter of 2008. That was similar to the previous two years.

Labor Force

- The number of Hispanic immigrants in the labor force increased by 150,000 between the third quarters of 2007 and 2008. That was not a statistically significant change, however, meaning one cannot say with certainty that the estimated change is different from zero.⁴
- The modest growth in the foreign-born Hispanic labor force is due to diminishing numbers of those who entered the U.S. between 1990 and 1999. The working-age population of that group of immigrants is estimated to have fallen by 234,000, either as a result of deaths or departures from the U.S.
- Relative to the size of their population, fewer immigrant Latino workers were either employed or actively seeking work in the third quarter of 2008 compared with a year ago. The labor force participation rate for foreign-born Latinos fell from 72.4% in the third quarter of 2007 to 71.3% in the third quarter of 2008, a drop of 1.1 percentage points.
- The decrease in labor force activity among foreign-born Hispanics was led by those from Mexico or those who arrived in the U.S. in 2000 or more recently.
- In contrast, the labor force participation rates for native-born Hispanics and all non-Hispanics were up slightly in the third quarter of 2008 compared with a year earlier.

Employment

- Employment growth came to a halt between the third quarter of 2007 and the same period in 2008. Employment of Hispanic workers increased by 88,000, but employment of non-Hispanic workers fell by 323,000. Thus, total employment was down 235,000.

⁴ All tests of statistical significance in this report are conducted at the 90% level of confidence. If a number is not significantly different from zero, it means that there is a 90% chance the number lies within a range that encompasses zero.

- Employment of foreign-born Hispanics decreased by 90,000 and their employment rate fell from 69.1% in the third quarter of 2007 to 66.7% in the third quarter of 2008, a drop of 2.4 percentage points. The decrease in the employment rate of foreign-born Hispanics exceeded that for native-born Hispanics and non-Hispanics.

Unemployment and Job Losses

- About 2.2 million workers joined the ranks of the unemployed from the third quarter of 2007 to the third quarter of 2008. The breakdown is 1.7 million non-Hispanics, 287,000 native-born Hispanics and 239,000 foreign-born Hispanics.
- The unemployment rate for Hispanics increased from 5.7% to 7.9%. The 2.2 percentage point rise was greater than the 1.2 percentage point increase for non-Hispanics, whose unemployment rate went from 4.6% to 5.8%.
- The unemployment rate for native-born Hispanics rose sharply from 7.1% in the third quarter of 2007 to 9.6% by the third quarter of 2008, an increase of 2.5 percentage points.
- The unemployment rate for immigrant Latinos, which stood higher than the rate for native-born Hispanics in the first quarter of 2008, has now dropped to its familiar perch below. For foreign-born Hispanics, the rate increased from 4.5% to 6.4% between the third quarters of 2007 and 2008.
- The increase in the unemployment rate for foreign-born Hispanics would have been greater if not for the fact that many of these workers withdrew from the labor market. Absent any withdrawal from the labor market, it is estimated the unemployment rate for foreign-born Hispanics in the third quarter of 2008 would have been 7.8% rather than 6.4%. That means their unemployment rate would have increased 3.3 percentage points since the third quarter of 2007, the greatest increase among the groups examined in this study.
- The construction sector was the leading source of job losses for both Hispanic and non-Hispanic workers. Hispanics lost 156,000 jobs in this industry, and non-Hispanics lost 544,000 jobs.

Wages

- Median weekly wages in constant dollars fell 1.4% for non-Hispanics from the third quarter of 2007 to the third quarter of 2008. Wages for Hispanic workers, however, were unchanged.

- Weekly wages for native-born Hispanics decreased 1.9%. Surprisingly, wages for foreign-born Hispanics are estimated to have increased 5.5% since the third quarter of 2007. That may be a result of low-wage immigrants departing the labor force.

Changes in the Labor Force

Latinos are still an important source of workers to the U.S. economy. However, this growth is now led more by native-born Hispanics and less by immigrant workers. The growth in the working-age population of foreign-born Latinos has leveled off. Moreover, the growth in the number of immigrant Latinos in the U.S. labor force from the third quarter of 2007 to the third quarter of 2008 was less than in the recent past. But the extent to which this slowdown is due to an increased outflow of migrants is not clear. [Passel and Cohn \(2008\)](#) found a decrease in the annual flow of undocumented migrants to the U.S. Most of those migrants are from Latin American countries.

The slowdown in growth in the number of immigrant Latinos who are in the labor force is a notable development. It is also a testament to the character and depth of the current recession, which was triggered by the slump in housing markets. Latino immigrants, many undocumented, had found plentiful job opportunities in the construction boom earlier this decade. It was a sector in the economy that grew even during the 2001 recession. Therefore, there had been sizable annual growth, albeit with some fluctuations, in the labor force of immigrant Latinos over the past decade and more.⁵

The Working-Age Population

The Latino working-age population continues to grow at a faster rate than average. From the third quarter of 2007 to the third quarter of 2008, the total working-age population in the U.S. increased by 2.6 million, or 1.1% (Table 1). The Hispanic working-age population increased by 1.1 million, or 3.5%.

Thus, Latinos remain a significant source of workers to the U.S. economy. They accounted for 41.7% of the total increase in the working-age population from the third quarter of 2007 to the third quarter of 2008. That is much higher than the current share of Latinos in the U.S. working-age population — 32.3 million out of 234.1 million, or 13.8%.

⁵ In both 2006 and 2007, more than 300,000 foreign-born Hispanic workers had entered the U.S. labor force ([Kochhar, 2008](#)). Growth in preceding years had been even greater ([Kochhar, 2006](#) and [Kochhar, 2005](#)). The role of the construction sector in employment for immigrant Latinos has also been documented in previous reports published by the Pew Hispanic Center ([Kochhar, 2007](#)). See [Passel and Suro \(2005\)](#) for longer term trends in U.S. immigration.

Table 1
Working-Age Population and Labor Force, Third Quarter 2007 to Third Quarter 2008
(nonseasonally adjusted, numbers in thousands)

	YEAR AND QUARTER		CHANGE
	2007:3	2008:3	2007:3 to 2008:3
All Workers			
Population (ages 16 and older)	231,473	234,078	2,605
Labor Force	153,906	155,894	1,988
Labor Force Participation Rate (%)	66.5	66.6	0.1
Non-Hispanics			
Population (ages 16 and older)	200,289	201,807	1,518
Labor Force	132,254	133,628	1,374
Labor Force Participation Rate (%)	66.0	66.2	0.2
Hispanics			
Population (ages 16 and older)	31,184	32,272	1,087
Labor Force	21,651	22,266	614
Labor Force Participation Rate (%)	69.4	69.0	-0.4

Note: Data for 2007 have been adjusted to account for the effects of annual revisions to the CPS. All numbers and percentages are rounded after shares or year-to-year changes have been computed.
Source: Pew Hispanic Center tabulations of Current Population Survey data

The Labor Force

The total growth in the labor force kept pace with the growth in the working-age population. From the third quarter of 2007 to the third quarter of 2008, an additional 2.0 million workers streamed into the labor market (Table 1). That kept the labor force participation rate virtually unchanged — 66.6% in the third quarter of 2008 compared with 66.5% in the third quarter of 2007.

However, the growth in the Latino labor force lagged behind the growth in the working-age population. Latinos added 614,000 workers to the labor force from the third quarter of 2007 to the third quarter of 2008. That was an increase of 2.8%, less than the increase of 3.5% in the Hispanic working-age population. Thus, the Latino labor force participation rate fell from 69.4% in the third quarter of 2007 to 69.0% in the third quarter of 2008. But that decline is not statistically significant, implying that labor force participation among all Latinos may have held steady in the first year of the recession.

Foreign-Born Hispanics in the Labor Force

The growth in the foreign-born Hispanic working-age population appears to have leveled off (Table 2). This population increased by 470,000 from the third quarter of 2007 to the third quarter of 2008, similar to the increases in 2007 and 2006 ([Kochhar, 2008](#)). But recent increases in the working-age population of foreign-

born Latinos are less than in preceding years. For example, in 2005, this population had increased by 784,000.⁶

One cannot conclude from these labor market trends that foreign-born Latinos are returning to their countries of origin due to the recession. The exact cause of the slowdown in the growth of the working-age immigrant population is not clear. Research by [Passel and Cohn \(2008\)](#) suggests that slower growth in the Latino immigrant working-age population is partly associated with reduced inflows of undocumented migrants since 2005. However, the role played by increased outflows of workers is not known.

	YEAR AND QUARTER		CHANGE
	2007:3	2008:3	2007:3 to 2008:3
Native-Born Hispanics			
Population (ages 16 and older)	14,531	15,149	617
Labor Force	9,589	10,053	464
Labor Force Participation Rate (%)	66.0	66.4	0.4
Foreign-Born Hispanics			
Population (ages 16 and older)	16,653	17,123	470
Labor Force	12,062	12,212	150
Labor Force Participation Rate (%)	72.4	71.3	-1.1

Note: Data for 2007 have been adjusted to account for the effects of annual revisions to the CPS. All numbers and percentages are rounded after shares or year-to-year changes have been computed.
Source: Pew Hispanic Center tabulations of Current Population Survey data

Foreign-born Latinos, however, appear to be withdrawing from the labor force in the face of the recession. From the third quarter of 2007 to the third quarter of 2008 only 150,000 foreign-born Latinos are estimated to have entered the labor force (Table 2). That change is not statistically significant, meaning there is a 90% chance the estimated change lies within a range that encompasses zero.

The virtual lack of growth in the Hispanic foreign-born labor force contrasted with the relatively steady growth in the working-age population. Therefore, the labor force participation rate for foreign-born Latinos fell from 72.4% in the third quarter of 2007 to 71.3% in the third quarter of 2008, a statistically significant drop of 1.1 percentage points (Table 2). This means that, relative to the size of their population, fewer immigrant Latino workers were either employed or actively seeking work in the third quarter of 2008 compared with a year ago.

⁶ Unpublished Pew Hispanic Center estimate from the Current Population Survey.

Immigrants from Mexico also entered the labor force in reduced numbers between the third quarters of 2007 and 2008. In particular, the Mexican-born labor force increased by 225,000 workers in that one-year period (Table 3). But this growth was less than the 404,000 Mexican-born workers who entered the labor force in 2007 (Kochhar, 2008). It also did not keep pace with the increase in the Mexican-born working-age population. Consequently, there was a significant decline in the labor force participation rate for Mexican-born workers — from 72.7% in the third quarter of 2007 to 70.7% in the third quarter of 2008.

Table 3
Working-Age Population and Labor Force of Foreign-Born Hispanics, by Origin,
Third Quarter 2007 to Third Quarter 2008
(nonseasonally adjusted, numbers in thousands)

	YEAR AND QUARTER		CHANGE
	2007:3	2008:3	2007:3 to 2008:3
Mexico			
Population (ages 16 and older)	10,511	11,124	612
Labor Force	7,642	7,868	225
Labor Force Participation Rate (%)	72.7	70.7	-2.0
Central America			
Population (ages 16 and older)	2,295	2,332	37
Labor Force	1,842	1,853	12
Labor Force Participation Rate (%)	80.2	79.5	-0.8
South America			
Population (ages 16 and older)	1,767	1,616	-151
Labor Force	1,289	1,201	-88
Labor Force Participation Rate (%)	72.9	74.3	1.4

Note: Data for 2007 have been adjusted to account for the effects of annual revisions to the CPS. All numbers and percentages are rounded after shares or year-to-year changes have been computed. Data for foreign-born Hispanics whose family origin is not Mexico, Central America or South America are not shown.
Source: Pew Hispanic Center tabulations of Current Population Survey data

Immigrants from Central or South America did not register an increase in either their working-age population or their labor force from the third quarter of 2007 to the third quarter of 2008. Estimates suggest a decline in the immigrant workforce from South America, but it is not a statistically significant change.

The overall lack of growth in the foreign-born Hispanics labor force is driven by declining numbers of those who entered the U.S. between 1990 and 1999 (Table 4). From the third quarter of 2007 to the third quarter of 2008, the size of this labor force decreased by 217,000, a statistically significant decline. That is roughly the same as the change in the working-age population of this group of immigrants. This population can change for one of two reasons — deaths or departures from the U.S. Therefore, these trends suggest that at least some foreign-born Latinos are not only leaving the labor force but, perhaps, also returning to their countries of origin.

Table 4
 Working-Age Population and Labor Force of Foreign-Born Hispanics,
 by Period of Arrival, Third Quarter 2007 to Third Quarter 2008
(nonseasonally adjusted, numbers in thousands)

	YEAR AND QUARTER		CHANGE
	2007:3	2008:3	2007:3 to 2008:3
Before 1980			
Population (ages 16 and older)	2,974	3,029	55
Labor Force	1,722	1,766	44
Labor Force Participation Rate (%)	57.9	58.3	0.4
1980 to 1989			
Population (ages 16 and older)	3,896	3,957	61
Labor Force	3,027	3,028	0
Labor Force Participation Rate (%)	77.7	76.5	-1.2
1990 to 1999			
Population (ages 16 and older)	5,537	5,303	-234
Labor Force	4,156	3,939	-217
Labor Force Participation Rate (%)	75.1	74.3	-0.8
2000 or later			
Population (ages 16 and older)	4,242	4,834	592
Labor Force	3,154	3,479	326
Labor Force Participation Rate (%)	74.3	72.0	-2.4

Note: Data for 2007 have been adjusted to account for the effects of annual revisions to the CPS. All numbers and percentages are rounded after shares or year-to-year changes have been computed.

Source: Pew Hispanic Center tabulations of Current Population Survey data

Changes in Employment

The current recession has led to sharp increases in unemployment for all groups of workers. Unemployment among Hispanics increased more than for non-Hispanics from the third quarter of 2007 to the third quarter of 2008. Also, the unemployment rate for native-born Hispanics rose more than the rate for foreign-born Hispanics. However, increases in measured unemployment for immigrant Latinos were dampened by their apparent exit from the labor force in large numbers. Absent their withdrawal from the labor force, the unemployment rate for foreign-born Latinos may have registered the largest increase among all groups of workers.

Employment Fails to Grow, and Unemployment Increases Sharply

Growth in employment has come to a halt in the ongoing recession. The U.S. economy employed 146.7 million workers in the third quarter of 2007 and 146.4 million workers in the third quarter of 2008 (Table 5). That represented a loss of more than 200,000 jobs. While this was not a statistically significant change, it was a sharp turnaround from the period before the recession. From the first

quarter of 2007 to the first quarter of 2008, the economy had added nearly 700,000 jobs ([Kochhar, 2008](#)).

	YEAR AND QUARTER		CHANGE
	2007:3	2008:3	2007:3 to 2008:3
All Workers			
Employment	146,650	146,416	-235
Employment Rate (%)	63.4	62.5	-0.8
Unemployment	7,254	9,478	2,224
Unemployment Rate (%)	4.7	6.1	1.4
Non-Hispanics			
Employment	126,225	125,903	-323
Employment Rate (%)	63.0	62.4	-0.6
Unemployment	6,028	7,725	1,698
Unemployment Rate (%)	4.6	5.8	1.2
Hispanics			
Employment	20,425	20,513	88
Employment Rate (%)	65.5	63.6	-1.9
Unemployment	1,227	1,753	526
Unemployment Rate (%)	5.7	7.9	2.2

Note: Data for 2007 have been adjusted to account for the effects of annual revisions to the CPS. All numbers and percentages are rounded after shares or year-to-year changes have been computed.
Source: Pew Hispanic Center tabulations of Current Population Survey data

The most notable manifestation of the recession is the addition of 2.2 million workers to the ranks of the unemployed. Consequently, the unemployment rate climbed from 4.7% in the third quarter of 2007 to 6.1% in the third quarter of 2008. The increase in unemployment also means that a smaller proportion of the working-age population is now employed. That can be seen in the decline in the employment rate, from 63.4% in the third quarter of 2007 to 62.5% in the third quarter of 2008.

The increase in the unemployment rate was much greater for Hispanics than for non-Hispanics. For Latinos, the unemployment rate increased by 2.2 percentage points, from 5.7% in the third quarter of 2007 to 7.9% in the third quarter of 2008. The unemployment rate for non-Hispanics increased by less and remains well below the rate for Hispanics. It increased from 4.6% in the third quarter of 2007 to 5.8% in the third quarter of 2008.

Neither Hispanics nor non-Hispanics registered significant changes in employment in the past year. As a result, smaller proportions of both populations were employed in the third quarter of 2008 compared with the third quarter of 2007. For Hispanics, the employment rate fell from 65.5% to 63.6%, a decrease of

1.9 percentage points (Table 5). For non-Hispanics, the employment rate fell from 63.0% to 62.4%, a decrease of 0.6 percentage points.

Native and Foreign-Born Hispanics Feel the Effects of the Recession

Both native-born and foreign-born Hispanics have felt the effects of the recession. While the estimates suggest a modest growth of 178,000 in employment for native-born Hispanics and a decline of 90,000 jobs for foreign-born Hispanics, neither change was statistically significant. For both groups of workers, however, there were significant increases in unemployment and significant decreases in the shares who were employed.

	YEAR AND QUARTER		CHANGE
	2007:3	2008:3	2007:3 to 2008:3
Native-Born Hispanics			
Employment	8,910	9,087	178
Employment Rate (%)	61.3	60.0	-1.3
Unemployment	679	966	287
Unemployment Rate (%)	7.1	9.6	2.5
Foreign-Born Hispanics			
Employment	11,515	11,426	-90
Employment Rate (%)	69.1	66.7	-2.4
Unemployment	547	787	239
Unemployment Rate (%)	4.5	6.4	1.9

Note: Data for 2007 have been adjusted to account for the effects of annual revisions to the CPS. All numbers and percentages are rounded after shares or year-to-year changes have been computed.
Source: Pew Hispanic Center tabulations of Current Population Survey data

The unemployment rate for immigrant Latinos increased from 4.5% to 6.4% from the third quarter of 2007 to the third quarter of 2008 (Table 6). The increase in the unemployment rate would have been even greater if not for the fact that many foreign-born Latinos withdrew from the labor market (see Table 2 above). If a worker withdraws from the labor force — in other words, does not actively look for employment for any reason — that worker is not counted as unemployed.

By reducing their labor force participation rate, foreign-born Latinos, in effect, curbed the observed increase in their unemployment rate. If immigrant Hispanics had maintained the same level of labor force participation in the third quarter of 2008 as in the third quarter of 2007 (72.4%), 185,000 more workers would have been added to the ranks of the unemployed in the period. As a result, the unemployment rate for foreign-born Hispanics in the third quarter of 2008 would have been 7.8%, not 6.4%, and their unemployment rate would have increased by as much as 3.3 percentage points.

The unemployment rate for native-born Hispanics is now approaching double digits. Starting at 7.1% in the third quarter of 2007, the unemployment rate for native-born Latinos shot up to 9.6% by the third quarter of 2008, an increase of 2.5 percentage points.

The Experiences of Mexican Immigrants and New Arrivals

The experiences of Mexican-born workers reflect the trends for the foreign-born Hispanic workforce. That is not surprising because Mexican-born workers account for two-thirds of Latinos immigrants in the workforce. Thus, there was no significant change in the employment of Mexican-born workers from the third quarter of 2007 to the third quarter of 2008. Absent employment growth, the proportion of the Mexican-born population that is employed fell sharply from 69.6% to 66.3%, a 3.3 percentage point decrease since the third quarter of 2007 (Table 7).

	YEAR AND QUARTER		CHANGE
	2007:3	2008:3	2007:3 to 2008:3
Mexico			
Employment	7,316	7,370	54
Employment Rate (%)	69.6	66.3	-3.3
Unemployment	326	498	171
Unemployment Rate (%)	4.3	6.3	2.1
Central America			
Employment	1,759	1,723	-36
Employment Rate (%)	76.6	73.9	-2.8
Unemployment	83	130	47
Unemployment Rate (%)	4.5	7.0	2.5
South America			
Employment	1,225	1,126	-100
Employment Rate (%)	69.3	69.7	0.3
Unemployment	64	75	11
Unemployment Rate (%)	4.9	6.2	1.3

Note: Data for 2007 have been adjusted to account for the effects of annual revisions to the CPS. All numbers and percentages are rounded after shares or year-to-year changes have been computed. Data for foreign-born Hispanics whose family origin is not Mexico, Central America or South America are not shown.

Source: Pew Hispanic Center tabulations of Current Population Survey data

The number of unemployed Mexican-born workers increased from 326,000 in the third quarter of 2007 to 498,000 in the third quarter of 2008. That led to an increase in the unemployment rate from 4.3% to 6.3% (Table 7). As noted above for all foreign-born Latinos, the unemployment rate for Mexican-born workers would have increased even more if their labor force participation rate had remained unchanged from the third quarter of 2007 to the third quarter of 2008.

Under those hypothetical circumstances, it is estimated that the unemployment rate for Mexican-born workers, which was 6.3% in the third quarter of 2008, would have been as high as 8.9%.

Newly arrived foreign-born Hispanics — those who arrived in 2000 or later — registered the largest decline in the employment rate among the various groups of workers examined in this report. These immigrants secured 247,000 new jobs in the past year (Table 8). But these gains notably lagged behind the growth in their working-age population, and their employment rate fell from 70.3% in the third quarter of 2007 to 66.8% in the third quarter of 2008, a decline of 3.5 percentage points.

Table 8
 Employment Status of Foreign-Born Hispanics, by Period of Arrival,
 Third Quarter 2007 to Third Quarter 2008
(nonseasonally adjusted, numbers in thousands)

	YEAR AND QUARTER		CHANGE
	2007:3	2008:3	2007:3 to 2008:3
Before 1980			
Employment	1,665	1,672	6
Employment Rate (%)	56.0	55.2	-0.8
Unemployment	57	95	38
Unemployment Rate (%)	3.3	5.4	2.1
1980 to 1989			
Employment	2,895	2,862	-33
Employment Rate (%)	74.3	72.3	-2.0
Unemployment	132	166	34
Unemployment Rate (%)	4.4	5.5	1.1
1990 to 1999			
Employment	3,970	3,663	-307
Employment Rate (%)	71.7	69.1	-2.6
Unemployment	186	275	89
Unemployment Rate (%)	4.5	7.0	2.5
2000 or later			
Employment	2,982	3,229	247
Employment Rate (%)	70.3	66.8	-3.5
Unemployment	172	250	78
Unemployment Rate (%)	5.5	7.2	1.7

Note: Data for 2007 have been adjusted to account for the effects of annual revisions to the CPS. All numbers and percentages are rounded after shares or year-to-year changes have been computed.
 Source: Pew Hispanic Center tabulations of Current Population Survey data

Newly arrived Latino immigrants also added 78,000 workers to the unemployment rolls. Thus, the unemployment rate for these workers jumped from 5.5% to 7.2% from the third quarter of 2007 to the third quarter of 2008.

Immigrant Hispanics who arrived between 1990 and 1999 lost 307,000 jobs since the third quarter of 2007 (Table 8). That trend is consistent with the decrease in the working-age population and labor force of this group (Table 4). As noted

above, this may be due, at least in part, to the emigration of some of these workers. For these workers, the unemployment rate increased from 4.5% to 7.0% from the third quarter of 2007 to the third quarter of 2008.

Jobs Losses and Gains by Industry

Not surprisingly, the construction industry led all sectors in shedding jobs for both Hispanics and non-Hispanics. But in most other respects, the experiences of Hispanics and non-Hispanics have differed since the third quarter of 2007. These workers tended to lose and gain jobs in different industries. That also proved to be true of the experiences of native-born and foreign-born Latinos.

Employment of Latinos in the construction industry fell by 156,000 workers, or 5.3%, from the third quarter of 2007 to the third quarter of 2008 (Table 9). Similarly, employment of non-Latinos in the industry decreased by 544,000 workers, or 5.9%. These trends, of course, reflect the source and character of the ongoing recession.

Hispanic workers also lost jobs in another mainstay industry — professional and other business services. This industry is the third-largest employer of Hispanics and offers myriad job opportunities, ranging from landscaping services to janitorial services to waste disposal. However, Hispanics found themselves with 65,000 fewer jobs in this industry in the third quarter of 2008 compared with the third quarter of 2007.

Table 9
 Employment Gains and Losses, by Industry: Top Three Industries,
 Third Quarter 2007 to Third Quarter 2008
(nonseasonally adjusted, numbers in thousands)

	EMPLOYMENT		
	2007:3	2008:3	Change
EMPLOYMENT GAIN			
Hispanics			
Agriculture, Forestry, Fishing and Mining	514	617	103
Repair and Maintenance Services	372	461	88
Transportation and Warehousing	966	1,034	69
Non-Hispanics			
Educational Services	11,078	11,432	354
Hospitals and Other Health Services	13,450	13,744	294
Eating, Drinking and Lodging Services	7,665	7,905	240
EMPLOYMENT LOSS			
Hispanics			
Construction	2,918	2,762	-156
Finance, Insurance and Real Estate	1,096	1,031	-66
Professional and Other Business Services	2,453	2,388	-65
Non-Hispanics			
Construction	9,147	8,602	-544
Wholesale and Retail Trade	18,004	17,674	-329
Manufacturing - Nondurable Goods	5,037	4,710	-327

Note: Data for 2007 have been adjusted to account for the effects of annual revisions to the CPS. All numbers and percentages are rounded after shares or year-to-year changes have been computed.
 Source: Pew Hispanic Center tabulations of Current Population Survey data

Latinos also lost 66,000 jobs in finance, insurance and real estate, an industry that is rich in white-collar jobs. Indeed, most of these job losses accrued to native-born Latinos. Compared with foreign-born Latinos, the native born have higher levels of education and are more likely to work in white-collar occupations.

Despite the recession, Hispanics found more job opportunities in three industries: agriculture, forestry, fishing and mining; repair and maintenance services; and transportation and warehousing. Non-Hispanics found new employment in educational services; hospitals and other health services; and eating, drinking and lodging services.

Employment trends by industry reveal that foreign-born and native-born Hispanics have had differing experiences in the current recession (Table 10). Although foreign-born Hispanics lost a total of 198,000 jobs in wholesale and retail trade and in eating, drinking and lodging services, native-born Hispanics gained 182,000 jobs in the same industries. Overall, native and foreign-born Latinos have tended to lose and gain jobs in different industries.

Table 10
 Employment Gains and Losses for Native-Born and Foreign-Born Hispanics:
 Top Three Industries, Third Quarter 2007 to Third Quarter 2008
(nonseasonally adjusted, numbers in thousands)

	EMPLOYMENT		
	2007:3	2008:3	Change
EMPLOYMENT GAIN			
Native Born			
Wholesale and Retail Trade	1,435	1,537	103
Transportation and Warehousing	447	530	83
Eating, Drinking and Lodging Services	622	701	79
Foreign Born			
Agriculture, Forestry, Fishing and Mining	393	469	75
Repair and Maintenance Services	268	326	57
Educational Services	312	363	50
EMPLOYMENT LOSS			
Native Born			
Construction	758	698	-60
Finance, Insurance and Real Estate	671	621	-50
Professional and Other Business Services	987	952	-35
Foreign Born			
Wholesale and Retail Trade	1,383	1,263	-120
Construction	2,160	2,063	-96
Eating, Drinking and Lodging Services	1,407	1,329	-78

Note: Data for 2007 have been adjusted to account for the effects of annual revisions to the CPS. All numbers and percentages are rounded after shares or year-to-year changes have been computed.
 Source: Pew Hispanic Center tabulations of Current Population Survey data

Trends in Wages

Most workers suffered a loss in real earnings in the past year. Wage declines were greater for non-Hispanics than for Hispanics. Indeed, median wages for foreign-born Hispanics are estimated to have increased since the third quarter of 2007. Although this appears paradoxical in light of the ongoing recession, it may simply be a result of low-wage immigrant workers exiting the labor force. At the same time, median earnings of recently arrived Latino immigrants decreased sharply from the third quarter of 2007 to the third quarter of 2008.

In the third quarter of 2007, the median weekly wage in the economy was \$632 — half of workers earned more and the other half earned less (Table 11). The median earnings of non-Hispanics — \$683 — were higher than for all workers. However, Hispanic workers earned much less in the third quarter of 2007 — \$486 per week (all wages expressed in third quarter, 2008 dollars).

Real wages of Hispanic workers were unchanged from the third quarter of 2007 to the third quarter of 2008. However, weekly wages for non-Hispanics fell to \$673, a loss of 1.4%. For all workers combined, wages dropped to \$625, 1.1% less compared with the third quarter of 2007.

	YEAR AND QUARTER		CHANGE
	2007:3	2008:3	2007:3 to 2008:3
All Workers	\$632	\$625	-1.1%
Non-Hispanics	\$683	\$673	-1.4%
Hispanics	\$486	\$486	0.0%
Hispanics by Nativity			
Native born	\$568	\$558	-1.9%
Foreign born	\$426	\$450	5.5%
Foreign-Born Hispanics			
Mexican born	\$421	\$423	0.5%
Arrival: 1990 to 1999*	\$421	\$440	4.5%
Arrival: 2000 or later*	\$421	\$399	-5.2%
Construction Industry			
All workers	\$674	\$692	2.7%
All Hispanics	\$526	\$540	2.6%
Foreign-born Hispanics	\$505	\$500	-1.1%

*From all countries, including Mexico
 Note: Those without pay and unincorporated self-employed are excluded. The median wage divides workers into two equal groups, with half earning more than the median wage and the other half earning less. All numbers and percentages are rounded after year-to-year changes have been computed.
 Source: Pew Hispanic Center tabulations of Current Population Survey data

Losses incurred by native-born Hispanics were larger than average. Their weekly wage decreased from \$568 in the third quarter of 2007 to \$558 in the third quarter of 2008, a loss of 1.9%.

In sharp contrast, wages of foreign-born Hispanics are estimated to have increased 5.5%, from \$426 to \$450, over the same period. That gain, however, may be illusory. As noted above, there are indications that some Latino immigrant workers have exited the labor force in the past year. If those departing from the labor force were low-wage workers — a fairly likely outcome in a recession — that would raise the median wage observed for foreign-born Latinos who remained in the labor force.

Support for this possibility comes from the divergent trend in wages for two groups of immigrant Latinos — those who arrived between 1990 and 1999 and those who arrived in 2000 or since. The median wage of the former group of workers increased 4.5% from the third quarter of 2007 to the third quarter of 2008, while the median wage of the more recent arrivals fell 5.2%. The key difference between these two groups is that the working-age population, labor force and employment of Latino immigrants who arrived between 1990 and 1999 has decreased in large numbers since the third quarter of 2007 (Tables 4 and 8 above).

Median wages in the construction industry are also estimated to have increased since the third quarter of 2007. Median wages for all workers in construction were 2.7% higher in the third quarter of 2008 and median wages of Latinos in construction were 2.6% higher. This trend may also be due to a disproportionate number of departures of low-wage workers from the industry.

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Appendix A: Revisions of the CPS

Each January, the U.S. Census Bureau makes adjustments to the population controls in the Current Population Survey. These adjustments are typically based on revised estimates of net international migration and updated vital statistics. According to a note released by the Bureau of Labor Statistics (“[Adjustments to Household Survey Population Estimates in January 2008](#)”), the cumulative effect of the adjustment in January 2008 was to reduce the estimate of the Hispanic working-age population by 349,000, the Hispanic labor force by 270,000 and the number of employed Hispanics by 252,000.

The BLS has also published a methodology that can be used to adjust previously published CPS data for the effects of ongoing January revisions (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 2007 and earlier years.

It is assumed in this report that the principal force underlying revisions in the CPS population controls is 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 for Hispanics was assumed to apply to first-generation Hispanics arriving in the U.S. in 2000 or later. Previously computed distributions of the Hispanic first generation by education, age, industry, occupation and other categories were then utilized to distribute the total change in the Hispanic population along those dimensions.

The January 2008 revisions also affected estimates of the non-Hispanic population. The estimates for all non-Hispanics are adjusted to reflect those revisions. However, no adjustments were made to the data for non-Hispanic whites, blacks, Asians and others. For whites and blacks, those revisions were relatively small in proportion to their working-age population and have a negligible effect on comparability of the data over time. However, estimates of the working-age population, labor force, employment and unemployment of non-Hispanic Asians are sensitive to the effects of CPS revisions and should be treated with caution. Rates — for employment, labor force participation and unemployment — are not affected by the January CPS revisions.

Appendix B: Data Tables

	YEAR AND QUARTER		CHANGE
	2007:3	2008:3	2007:3 to 2008:3
Hispanics			
Population (ages 16 and older)	31,184	32,272	1,087
Labor Force	21,651	22,266	614
Labor Force Participation Rate (%)	69.4	69.0	-0.4
Employment	20,425	20,513	88
Employment Rate (%)	65.5	63.6	-1.9
Unemployment	1,227	1,753	526
Unemployment Rate (%)	5.7	7.9	2.2
Whites			
Population (ages 16 and older)	159,159	159,704	545
Labor Force	105,541	106,157	615
Labor Force Participation Rate (%)	66.3	66.5	0.2
Employment	101,342	100,910	-432
Employment Rate (%)	63.7	63.2	-0.5
Unemployment	4,199	5,247	1,047
Unemployment Rate (%)	4.0	4.9	1.0
Blacks			
Population (ages 16 and older)	26,604	26,936	332
Labor Force	17,099	17,388	289
Labor Force Participation Rate (%)	64.3	64.6	0.3
Employment	15,671	15,455	-216
Employment Rate (%)	58.9	57.4	-1.5
Unemployment	1,429	1,933	504
Unemployment Rate (%)	8.4	11.1	2.8
Asians			
Population (ages 16 and older)	11,013	11,193	180
Labor Force	7,400	7,547	146
Labor Force Participation Rate (%)	67.2	67.4	0.2
Employment	7,161	7,237	76
Employment Rate (%)	65.0	64.7	-0.4
Unemployment	239	310	70
Unemployment Rate (%)	3.2	4.1	0.9
Others			
Population (ages 16 and older)	3,898	3,974	76
Labor Force	2,571	2,536	-34
Labor Force Participation Rate (%)	66.0	63.8	-2.1
Employment	2,389	2,301	-88
Employment Rate (%)	61.3	57.9	-3.4
Unemployment	182	236	54
Unemployment Rate (%)	7.1	9.3	2.2

Note: Data for Hispanics for 2007 have been adjusted to account for the effects of annual revisions to the CPS. All numbers and percentages are rounded after shares or year-to-year changes have been computed. The terms "Whites," "Blacks," "Asians" and "Others" refer to their non-Hispanic components.

Source: Pew Hispanic Center tabulations of Current Population Survey data

	YEAR AND QUARTER		CHANGE
	2007:3	2008:3	2007:3 to 2008:3
All Non-Hispanics			
Population (ages 16 and older)	200,289	201,807	1,518
Labor Force	132,254	133,628	1,374
Labor Force Participation Rate (%)	66.0	66.2	0.2
Employment	126,225	125,903	-323
Employment Rate (%)	63.0	62.4	-0.6
Unemployment	6,028	7,725	1,698
Unemployment Rate (%)	4.6	5.8	1.2
Native-Born Non-Hispanics			
Population (ages 16 and older)	182,603	183,436	833
Labor Force	120,531	121,306	775
Labor Force Participation Rate (%)	66.0	66.1	0.1
Employment	114,926	114,197	-729
Employment Rate (%)	62.9	62.3	-0.7
Unemployment	5,605	7,109	1,504
Unemployment Rate (%)	4.6	5.9	1.2
Foreign-Born Non-Hispanics			
Population (ages 16 and older)	17,686	18,371	685
Labor Force	11,723	12,322	599
Labor Force Participation Rate (%)	66.3	67.1	0.8
Employment	11,299	11,705	407
Employment Rate (%)	63.9	63.7	-0.2
Unemployment	423	616	193
Unemployment Rate (%)	3.6	5.0	1.4

Note: Foreign-born non-Hispanics receive the full amount of the non-Hispanic adjustment for the 2007 CPS revisions. All numbers and percentages are rounded after shares or year-to-year changes have been computed.

Source: Pew Hispanic Center tabulations of Current Population Survey data

Appendix C: Long-Term Trends in Labor Market Indicators





