

Latino Labor Report, 2006: Strong Gains in Employment

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The Hispanic unemployment rate reached a historic low of 5.2% in the second quarter of 2006. The gap between the seasonally-adjusted unemployment rates for Latinos and non-Latinos was just 0.6 percentage points—the smallest since 1973, when employment data on Latinos first became available. Wages for Latino workers also rose between the second quarters of 2005 and 2006, and at a faster rate than for other workers. Those developments reflect significant improvement in the labor market for Hispanic workers in 2005-06 and indicate that the jobs recovery from the recession in 2001 is nearing completion for Latinos. The improved economic performance coincided with continuing demographic growth for Hispanics, and their labor force and employment grew faster than for any other group.

The healthy job market for Hispanic workers has been driven by the construction industry. The industry added nearly a half a million jobs between the second quarters of 2005 and 2006, the majority of them filled by foreign-born Latinos. Since the jobs recovery began in 2003, nearly 1 million Latinos have found work in construction, accounting for about 40% of all new jobs gained by Hispanics. The construction sector, however, is showing signs of a slowdown, and that could impact Latino employment in the near future.

About this report: The study is based on data from the Bureau of Labor Statistics and the Census Bureau. Most of the data is from the Current Population Survey, a monthly Census Bureau survey of approximately 60,000 households. Data from three to six monthly surveys were combined to create larger sample sizes and to conduct the analysis on a quarterly or semi-annual basis.

About the Pew Hispanic Center: Founded in 2001, the Pew Hispanic Center is a nonpartisan research organization supported by The Pew Charitable Trusts, a Philadelphia-based charity. The Pew Hispanic Center's mission is to improve understanding of the diverse Hispanic population and to chronicle Latinos' growing impact on the nation. The Pew Hispanic Center is a project of the Pew Research Center, a nonpartisan "fact tank" in Washington, D.C., that provides information on the issues, attitudes, and trends shaping America and the world; it does not advocate for or take positions on policy issues.

Executive Summary

The Hispanic unemployment rate reached a historic low of 5.2% in the second quarter of 2006. The gap between the seasonally-adjusted unemployment rates for Latinos and non-Latinos was just 0.6 percentage points—the smallest since 1973, when employment data on Latinos first became available. Wages for Latino workers also rose between the second quarters of 2005 and 2006, and at a faster rate than for other workers. Those developments reflect significant improvement in the labor market for Latinos in 2005-06 and indicate that the jobs recovery from the recession in 2001 is nearing completion for Hispanic workers.

The healthy job market for Latinos has been driven by the construction industry. Construction added nearly a half a million jobs alone between the second quarters of 2005 and 2006, the majority of them filled by foreign-born Latinos. Since the jobs recovery began in 2003, nearly 1 million Latinos have found jobs in construction, accounting for about 40% of all new jobs gained by Hispanics. The construction sector, however, is showing signs of a slowdown, and that could have an impact on Latino employment.

The Hispanic labor force continues to grow, primarily as a result of immigration. The rate of growth in the Latino labor force exceeds that of any other group, and the new entrants have been successful in finding employment, especially in the construction industry. Wages, however, have not kept pace with the growth in employment for all Hispanic workers. For foreign-born Latino workers, median wages decreased from the second quarter of 2005 to the second quarter of 2006.

Other groups of workers also fared well in the improving labor market. Among Asian workers, the growth in the labor force and in employment in 2005-06 rivaled that of Hispanics. Non-Hispanic whites and blacks, whose population growth is slower, also experienced an increase in the number of employed workers, though at a slower pace than Latinos and Asians. For white workers, the unemployment rate dropped below 4%, second only to Asians. Among black workers, the unemployment rate fell by nearly one percentage point, but that was due in part to reduced participation in the labor market.

Wage growth, while inconsistent across groups, tended to favor minority workers. Median wages for Latino and black workers, which started at lower levels and remained lower, increased in 2005-06, while wages of Asian and white workers declined slightly. But among foreign-born Hispanics, who represent the biggest share in the Latino labor pool, the median wage actually declined. Latinos also still have the lowest median wage of all racial and ethnic groups.

This analysis is based on data from the Bureau of Labor Statistics and the Census Bureau. Most of the data is from the Current Population Survey, a monthly Census Bureau survey of approximately 60,000 households. Data from three to six monthly surveys were combined to create larger sample sizes and to conduct the analysis on a quarterly basis or semi-annual basis.

The study reports on trends in several key labor market indicators in the past year and also since 2000, the last year for the economic expansion in the 1990s. Some of these indicators, such as the working-age population (16 and older) and the size of the labor force, respond principally to demographic forces. Tracking those indicators establishes the size of a racial or ethnic group in the labor market and whether its relative size is shrinking or expanding.

Other important labor market indicators respond more to economic developments for a racial or ethnic group. Those include employment levels, the employment rate, the unemployment rate and the labor force participation rate. Tracking those indicators, along with estimating wages, is the key to understanding the economic outcomes for Hispanic and non-Hispanic workers.

Among the major findings of this report:

- The Hispanic unemployment rate in the second quarter of 2006 was 5.2% on a seasonally adjusted basis, a historic low. The non-seasonally adjusted unemployment rate was 4.9% in the second quarter of 2006, a decrease from 5.8% a year earlier.
- In the second quarter of 2006, the gap between the seasonally adjusted unemployment rate for Hispanics and non-Hispanics was 0.6 percentage points, the lowest since 1973, when data on Latinos first became available.
- The Latino labor force added 867,000 workers between the second quarters of 2005 and 2006, more than any other group. That accounted for about 40% of all workers added to the U.S. labor force.
- Overall employment for Latinos increased by 993,000, rising 5.3% over the previous 12-month period. Hispanics, who were only 13% of the U.S. labor force, represented 37% of the total increase in employment.
- Foreign-born Latinos continued to dominate the Hispanic labor force. About eight out of every 10 new jobs landed by Latinos in 2005-06 went to foreign-born Latinos. The foreign-born Hispanic labor force also accounted for nine of every 10 new Latino workers in the labor force.
- The unemployment rate for foreign-born Latinos was 3.9% in the second quarter of 2006, a decrease from 4.6% a year earlier. Among native-born

Hispanics, the unemployment rate in the second quarter of 2006 was 6.2%, down from 7.2% in the second quarter of 2005.

- The construction industry added jobs for 471,000 Hispanic workers in 2005-06. That was 47% of the total increase in Latino employment. Latinos also had significant employment gains in two other industries, business and other professional services, and wholesale and retail trade.
- About 1 million Latino workers have been hired by the construction industry since the jobs recovery began in 2003. More than 90% of those jobs have been filled by foreign-born Latinos. In that time, the proportion of Hispanics working in construction has risen from 11% to 15%. For foreign-born Hispanics, the proportion in construction has risen from 14% to 20%.
- The growth in construction jobs for Latinos is almost entirely in the South and the West. Together, those two regions account for more than 90 percent of all construction jobs filled by Hispanics since 2003.
- After two years of declines, the median weekly earnings for Latino workers rose from \$423 in the second quarter of 2005 to \$431 in the second quarter of 2006. Hispanics still have the lowest median wage of any ethnic or racial group.
- The Asian labor force added 283,000 workers, an increase of 4.3%, between the second quarters of 2005 and 2006. Economic outcomes for Asian workers also improved and, in the second quarter of 2006, unemployment rate for Asians was 3.5%, the lowest among all racial and ethnic groups.
- The unemployment rate for black workers dropped from 9.9% in the second quarter of 2005 to 9% in the second quarter of 2006. In part, the decline may have been due to a decrease in their labor force participation rate—from 65% to 64.5%—over the same time period.
- The white labor force increased by 781,000, or only 0.8%, between the second quarters of 2005 and 2006. However, employment for white workers increased by 1 million and their unemployment rate decreased from 4.1% to 3.9%.

About the Author

Rakesh Kochhar has more than 15 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.

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Introduction

At the end of 2000, the labor market reflected the economic growth that prevailed for most of the 1990s. Unemployment rates were at their lowest point in 30 years—below 6% for Hispanics and less than 4% for non-Hispanics. The percent of the population 16 and older that was employed, or the employment rate, was at its peak. Greater proportions of Latinos and non-Latinos were active in the labor market, either employed or seeking work, than ever before.

The recession that struck in the spring of 2001, as well as the resulting economic slowdown, reversed many of the gains of the 1990s. The unemployment rate increased, and the employment rate and the labor force participation rate both fell steadily.

By the middle of 2003, employment prospects began to improve. For Hispanics, who have been the principal source of new workers for the U.S. economy this decade, the recovery would prove to be generally steady. While the labor market for Latinos improved faster over the next two years than it did for most others, the gains still fell short of the benchmarks reached after the economic boom in the 1990s.

Now, after three consecutive years of improvement, the labor market for Hispanics has equaled or in some instances surpassed the pre-recession indicators. Labor market indicators for other groups of workers—whites, blacks and Asians—also showed progress in 2005-06, but at a slower pace. While the labor market for Hispanics is showing impressive gains, the number of Latinos who are employed or actively seeking work is still below what it was in 2000, and wages for Latinos remain low compared to other workers.

For Latinos, the engine driving the growth remains immigration. First-generation Hispanics, or immigrants, continue to dominate the Latino labor market. That demographic component is critical to understanding current employment trends. Latinos, while only 14% of the total workforce, are the only group in the current U.S. labor market that continues to grow in a substantial way. The working-age population remains predominantly non-Hispanic white, but among new workers entering the labor force Latinos are a significant component. Between the second quarter of 2005 and the second quarter of 2006, for example, the overall labor force grew by 2.1 million. Of those, 867,000 workers, or about 40%, were Latino.

Labor market outcomes for Latino workers paralleled the growth in their numbers. The seasonally-adjusted unemployment rate for Hispanics fell from 8.4% in June 2003 to 5.3% in July 2006. The gap between the unemployment rate

for Hispanics and non-Hispanics, historically about two percentage points, is now the lowest since 1973, when data on Latinos first became available.

There are other key indicators that show how the labor market for Latinos has improved significantly in 2005-06. For example, the proportion of the Hispanic population that is employed—or the employment rate for those 16 and older—increased steadily from the second quarter of 2005 to the second quarter of 2006. The proportion of Latinos 16 and older choosing to participate in the labor force also rose. However, both indicators remain below the peaks attained in 2000.

The construction industry has proven a fertile ground for the employment of Hispanic workers. Construction has been responsible for more than one-third of the gain in Hispanic employment since 2003 and has been an especially important source of jobs for foreign-born Latinos. However, the construction industry may be entering a period of contraction. If that occurs, it could potentially have harmful effects on employment prospects for Hispanic workers in the near future.

Reflecting gains in employment, wages for Latinos went up between 2005 and 2006, a reversal after two years of declines. But behind that gain was a significant loss: Foreign-born Hispanics, the dominant factor in the Latino labor pool, experienced a decline in the median wage. Latinos also continue to have the lowest median wages of any ethnic or racial group.

Labor market outcomes for other groups of workers also improved in 2005-06. Demographic trends for Asian workers, reflected by the growth in their working-age population and labor force, mirror the trends for Hispanics. Employment of Asian workers also grew at a rapid pace, although wages decreased modestly in 2005-06.

The shares of white and black workers in the labor market decreased because of relatively slow growth in their working-age population and labor force. However, the unemployment rate for both groups of workers fell in 2005-06, and black workers, other than Hispanics, were the only group whose wages increased.

This report examines changes in employment and wages principally between the second quarter of 2005 and the second quarter of 2006 by race, ethnic group and nativity. The analysis then looks at employment by industry, with a special focus on the construction sector because of its relevance to Latinos. The last section examines the growth in wages by race, ethnicity and nativity.

The analysis of economic developments in the labor market is accompanied by an analysis of the demographic trends. Two key indicators—the working-age population and the labor force—are used to establish demographic trends for the different race and ethnic groups. As the working-age population and labor force of a group increases, growth in employment is likely. However, growth in

numbers alone does not readily translate into improvements in economic outcomes, as reflected in the unemployment rate and wages.

The report does not distinguish Latino workers by immigration status. For more information on unauthorized workers in the U.S. labor market, see Passel (2006). The report also does not examine job displacement or the relationship between immigration and wages of native-born workers.

Changes in Employment, 2000-06

The year 2000 marked a high point for the U.S. labor market. Driven by a lengthy economic expansion in the 1990s, unemployment rates in 2000 were at their lowest levels in 30 years—below 6% for Hispanics and less than 4% for non-Hispanics. The percent of the population 16 and older that was employed, or the employment rate, peaked after rising for three decades. Greater proportions of Latinos and non-Latinos were active in the labor market, either employed or seeking work, than ever before.

The recession in 2001 and the economic slowdown that persisted into 2003 altered the labor market. The unemployment rate increased, and the employment rate and the labor force participation rate fell steadily. By the end of 2003, the labor-market effects of the recession were beginning to lift, but the recovery would prove to be slow. Most labor market indicators in 2006 fall short of the benchmarks reached after the economic boom in the 1990s.

Employment Rate: Percent of the population 16 and older that is employed.

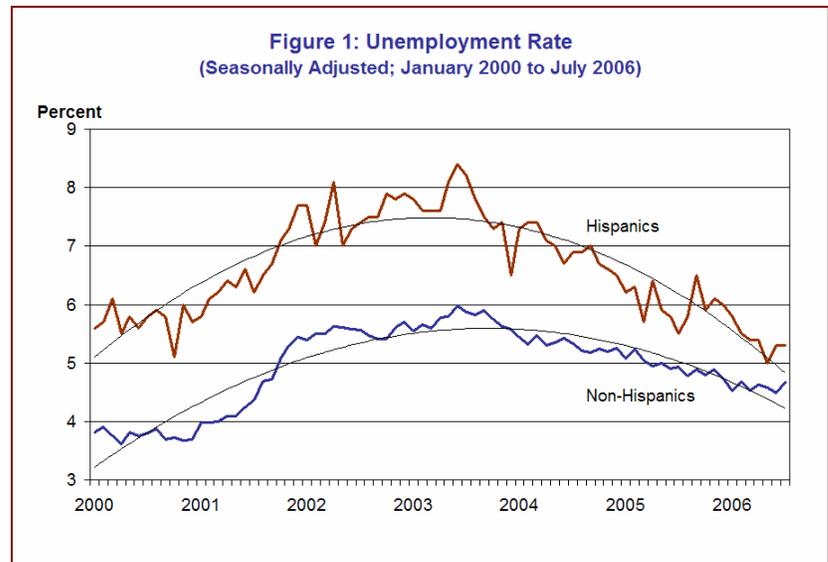
Labor Force Participation Rate: Percent of the population 16 and older that is employed or actively looking for work.

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

Unemployment Rate for Hispanics and Non-Hispanics: 2000-06

Following the recession in 2001, the unemployment rate for Hispanics and non-Hispanics peaked in mid-2003. Since then, the unemployment rate has fallen steadily for both groups, but the recovery for Hispanics has proceeded at a faster pace. As a result, the gap between the seasonally-adjusted unemployment rate for Hispanics and non-Hispanics, historically about two percentage points, is now the lowest since 1973, when data on Latinos first became available.

The seasonally adjusted unemployment rate for Hispanics in July 2006 was 5.3%, well below the most recent peak of 8.4% in June 2003 (Figure 1). Moreover, the unemployment rate for Hispanics was less than 6% from January through July



Source: Bureau of Labor Statistics

Note: The comparability of the data over time is affected slightly by annual revisions in the Current Population Survey methodology.

2006. The last time the Latino unemployment rate was less than 6% for seven months in a row was in 2000.

For non-Hispanics, the seasonally adjusted unemployment rate in July 2006 was 4.7%. That is more than one percentage point less than the most recent peak of 6% in June 2003. However, the non-Hispanic unemployment rate in 2000 was consistently less than 4%, reaching its lowest level (3.6%) in April 2000. As a result, the unemployment rate for non-Hispanic workers has not yet recovered to its pre-recession levels.

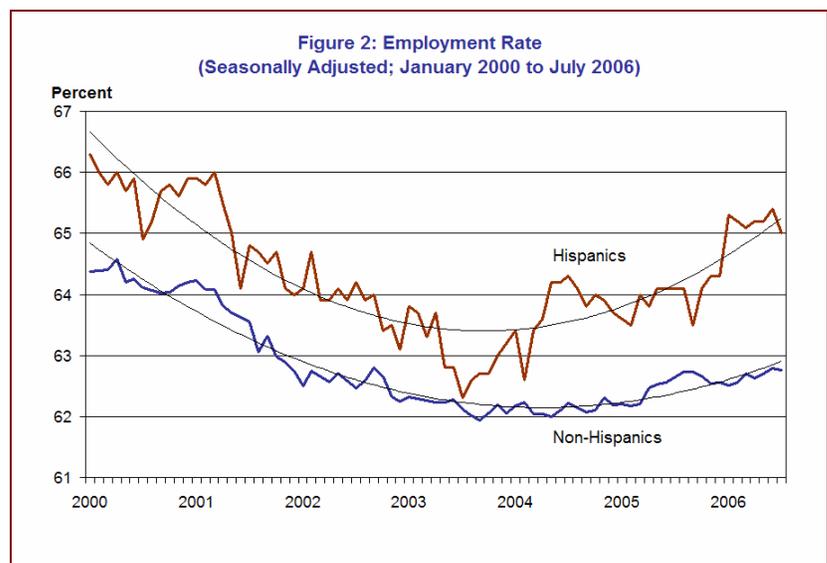
Given the trend, it is possible that the Latino unemployment rate could soon converge with the non-Latino rate. That gap in the unemployment rate has historically been about two percentage points or more in favor of non-Hispanics (Figure A1 in Appendix A). However, recent declines in the unemployment rate have occurred at a faster pace for Hispanics than for non-Hispanics (Figure 1) As a result, the seasonally-adjusted unemployment rate for Hispanics in July 2006 was only 0.6 percentage points higher than the non-Hispanic rate (the gap was also 0.6 percentage points in the second quarter of 2006, as shown in Figure A1).

Employment Rate for Hispanics and Non-Hispanics: 2000-06

The employment rate measures the percent of the population 16 and older that is employed. As an indicator of labor market conditions, it is considered a valuable alternative to the unemployment rate. That is because the unemployment rate can often move in unexpected directions. For example, the unemployment rate can increase during economic expansions as more workers are drawn into the labor market to seek work. The employment rate is less likely to show counterintuitive behavior.

The seasonally adjusted employment rate for Hispanics in July 2006 was 65% (Figure 2). Three years earlier, in July 2003, the employment rate for Hispanics had reached a low of 62.3%. While the recovery in the employment rate is proceeding steadily, it has not yet reached the pre-recession level of 66%.

Among non-Hispanics, the seasonally adjusted employment rate in July 2006 was 62.8%. That, too, represented the result of a consistent, albeit slow, recovery from the most recent low of 61.9% in September 2003. The employment rate for non-Hispanics in July 2006 remained well below its high point of 64.6% in April 2000.



Source: Bureau of Labor Statistics

Note: The comparability of the data over time is affected slightly by annual revisions in the Current Population Survey methodology.

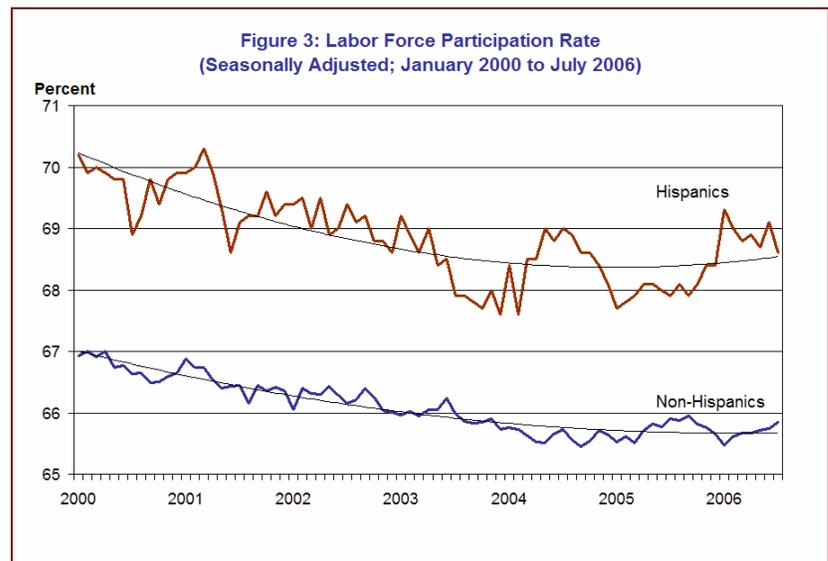
Like the unemployment rate, the recovery in the employment rate has been faster for Hispanics. In July 2006, the gap in the employment rates was more than two percentage points in favor of Latinos—the highest it has been in the past three decades (Figure A2 in Appendix A).

Labor Force Participation for Hispanics and Non-Hispanics: 2000-06

The labor force participation rate, which measures the percent of the working age population (16 and older) that is employed or actively seeking work, is the one indicator that continues to show signs of a sluggish recovery. Even as employment itself has increased, the participation rate has not yet begun to climb for either Hispanics or non-Hispanics. That indicates a lingering surplus in the labor market as some workers may be waiting to actively seek jobs.

For Hispanics, the seasonally adjusted labor force participation rate in July 2006 was 68.6%, or one percentage point higher than in February 2004 (Figure 3). However, the recovery in the labor force participation rate has occurred in fits and starts, with temporary peaks followed by declines. Hispanics remained below the 70% rate reached in 2000.

The seasonally adjusted labor force participation rate for non-Hispanics was 65.8% in July 2006, slightly higher than the low point of 65.5% in April 2004. The labor force participation rate for non-Hispanics appeared to show no signs of recovery since 2004 and remained more than one percentage point less than it was at the beginning of 2000 (67%).



Source: Bureau of Labor Statistics

Note: The comparability of the data over time is affected slightly by annual revisions in the Current Population Survey methodology.

Changes in Employment, 2005 and 2006

From the second quarter of 2005 to the second quarter of 2006, the working-age population (16 and older) in the U.S. increased by 2.8 million (Table 1). Most of this growth, 1.9 million, could be attributed to minorities, with Hispanics the single largest source. Total employment increased by 2.7 million in the same time period. Most of that gain, 1.6 million jobs, was also distributed among minority groups. Hispanic and Asian workers, two groups that are majority foreign-born, enjoyed considerable success in the past year. For non-Hispanic blacks and whites, the number of employed workers increased while the number of unemployed workers decreased, though both at a slower pace compared with Latinos and Asians.

Table 1
Labor Market Status of All Workers
 Second Quarter 2004 to Second Quarter 2006 (non-seasonally adjusted, in thousands)

	Year and Quarter			Change	
	2004:2	2005:2	2006:2	2004:2 to 2005:2	2005:2 to 2006:2
All Workers					
Population (Age 16+)	222,886	225,594	228,387	2,709	2,793
Labor Force	147,167	149,596	151,697	2,429	2,102
Labor Force Participation Rate (%)	66.0	66.3	66.4	0.3	0.1
Employment	139,082	142,046	144,719	2,964	2,673
Employment Rate (%)	62.4	63.0	63.4	0.6	0.4
Unemployment	8,085	7,549	6,978	-535	-572
Unemployment Rate (%)	5.5	5.0	4.6	-0.4	-0.4

Source: Pew Hispanic Center tabulations of Current Population Survey data

Note: Data for 2004 and 2005 have been adjusted to account for the effects of annual revisions to the CPS. All numbers and percentages are rounded after year-to-year changes have been computed.

Latino Hiring Boom

Latinos currently account for about 13% of the working-age population in the U.S. However, the growth in the Latino population 16 and older and labor force exceeded that of any other racial or ethnic group. Between the second quarters of 2005 and 2006, Hispanics were responsible for about 40% of the growth in the labor force. The growth in their numbers was matched by an improved economic outlook with significant employment gains for Hispanics, reductions in the number unemployed and a notable decline in the unemployment rate.

The Latino population 16 and older was 30 million in the second quarter of 2006 (Table 2). That represented an increase of 1.1 million, or 3.7%, since the second quarter of 2005. The Hispanic labor force grew by 867,000 (4.4%), from 19.9 million to 20.7 million. Employment rose by 993,000 (5.3%), from 18.7 million to 19.7 million. The number of unemployed Hispanics decreased by 126,000 (11%), from 1.1 million to 1 million. At the same time, the unemployment rate dropped from 5.8% to 4.9%, the employment rate increased from 64.8% to 65.8%, and the labor force participation rate increased from 68.7% to 69.2%.

Compared to all workers, gains in demographic indicators for Hispanics were often considerably higher. For Latinos, the growth in the labor force was about three times what it was for all workers—4.4% versus 1.4%. Similarly, employment growth for Hispanics (5.3%) was nearly three times the increase of 1.9% in total employment growth. A key economic indicator—the unemployment rate in 2006—was slightly higher among Hispanics (4.9% vs. 4.6% overall), but compared to all workers Hispanics experienced a greater decline in unemployment rate between 2005 and 2006.

Table 2
Labor Market Status of Hispanics
Second Quarter 2004 to Second Quarter 2006 (non-seasonally adjusted, in thousands)

	Year and Quarter			Change	
	2004:2	2005:2	2006:2	2004:2 to 2005:2	2005:2 to 2006:2
Hispanics					
Population (Age 16+)	27,840	28,891	29,965	1,051	1,074
Labor Force	19,225	19,861	20,728	636	867
Labor Force Participation Rate (%)	69.1	68.7	69.2	-0.3	0.4
Employment	17,968	18,716	19,709	749	993
Employment Rate (%)	64.5	64.8	65.8	0.2	1.0
Unemployment	1,258	1,145	1,019	-113	-126
Unemployment Rate (%)	6.5	5.8	4.9	-0.8	-0.8

Source: Pew Hispanic Center tabulations of Current Population Survey data

Note: Data for 2004 and 2005 have been adjusted to account for the effects of annual revisions to the CPS. All numbers and percentages are rounded after year-to-year changes have been computed.

The employment gains for Hispanics were also higher than in the previous 12-month period (the second quarter of 2004 to the second quarter of 2005), when it was 749,000. The decrease in the number unemployed was also greater—126,000 in the 2005-06 time period compared with 113,000 in the previous year.

The Latino unemployment rate, which fell by 0.8 percentage points in 2005-06, had fallen by the same amount in 2004-05. Over the past two years, the Hispanic unemployment rate has decreased by a total of 1.6 percentage points—from 6.5% in the second quarter of 2004 to only 4.9% in the second quarter of 2006. The

gains in employment outcomes have considerably narrowed the gap between Hispanic and non-Hispanic white workers in recent years.

Gains for Whites

Non-Hispanic white workers constitute by far the largest segment of the labor market. Between the second quarters of 2005 and 2006, non-Hispanic white workers also showed improvement in employment outcomes. But the growth of the working-age population was slower, in percentage terms, for whites. That demographic trend translated into a relatively slow rate of increase in employment.

Table 3
Labor Market Status of Non-Hispanic Whites
Second Quarter 2004 to Second Quarter 2006 (non-seasonally adjusted, in thousands)

	Year and Quarter			Change	
	2004:2	2005:2	2006:2	2004:2 to 2005:2	2005:2 to 2006:2
Non-Hispanic Whites					
Population (Age 16+)	156,431	157,248	158,175	816	928
Labor Force	103,171	104,060	104,841	888	781
Labor Force Participation Rate (%)	66.0	66.2	66.3	0.2	0.1
Employment	98,454	99,763	100,787	1,309	1,024
Employment Rate (%)	62.9	63.4	63.7	0.5	0.3
Unemployment	4,717	4,297	4,053	-421	-243
Unemployment Rate (%)	4.6	4.1	3.9	-0.4	-0.3

Source: Pew Hispanic Center tabulations of Current Population Survey data

Note: All numbers and percentages are rounded after year-to-year changes have been computed.

The non-Hispanic white population 16 and older was 158 million in the second quarter of 2006, an increase of 928,000, or 0.6%, since the second quarter of 2005 (Table 3). The labor force for non-Hispanic whites increased by 781,000 (0.8%), from 104 million to 104.8 million. Employment rose by 1 million (1%), from 99.8 million to 100.8 million. The number of unemployed non-Hispanic whites decreased by 243,000 (5.7%), from 4.3 million to 4.1 million. The unemployment rate dropped from 4.1% to 3.9%, the employment rate increased from 63.4% to 63.7% and the labor force participation rate nudged up from 66.2% to 66.3% in the past year.

Demographic trends show that the relative size of the non-Hispanic white working-age population is shrinking. Between the second quarters of 2005 and 2006, the white population 16 and older grew at half the rate of all workers—0.6% compared with 1.2%. The same is true for the growth in the white labor force and employment compared with all workers. Even though whites constitute

nearly 70% of the U.S. labor force, the increase in their employment (1 million) was less than 40% of the total increase (2.7 million) in employment in 2005-06.

Turning to economic indicators, non-Hispanic whites had a considerably lower unemployment rate compared with all workers—3.9% versus 4.6%. The unemployment rate for non-Hispanic whites fell by 0.3 percentage points in 2005-06 compared to 0.4 percentage points in 2004-05. Over the past two years, the non-Hispanic white unemployment rate decreased by a total of 0.7 percentage points—from 4.6% in the second quarter of 2004 to 3.9% in the second quarter of 2006. The gains in employment outcomes, however, have not been as pronounced as they have been among Hispanics. As a result, the gap between the unemployment rates for non-Hispanic whites and Hispanics has narrowed rapidly in recent years.

For Blacks, Uneven Results

Black workers also experienced gains between the second quarter of 2005 and the second quarter of 2006. The drop in their unemployment rate was particularly notable. But the economic recovery for blacks was uneven. Blacks, for example, were the only group to experience a decline in the labor force participation rate.

The black working-age population was 26 million in the second quarter of 2006, an increase of 430,000 since the second quarter of 2005 (Table 4). The labor force for blacks increased by 156,000 (0.9%), from 16.6 million to 16.8 million. Employment rose by 294,000 (2%), from 15 million to 15.3 million. The number of unemployed blacks decreased by 137,000 (8.4%), from 1.6 million to 1.5 million. The unemployment rate dropped from 9.9% to 9%, the employment rate increased slightly from 58.6% to 58.8%, and the labor force participation rate decreased from 65% to 64.5%.

Table 4
Labor Market Status of Non-Hispanic Blacks
 Second Quarter 2004 to Second Quarter 2006 (non-seasonally adjusted, in thousands)

	Year and Quarter			Change	
	2004:2	2005:2	2006:2	2004:2 to 2005:2	2005:2 to 2006:2
Non-Hispanic Blacks					
Population (Age 16+)	25,180	25,530	25,959	350	430
Labor Force	16,059	16,598	16,754	539	156
Labor Force Participation Rate (%)	63.8	65.0	64.5	1.2	-0.5
Employment	14,460	14,960	15,254	500	294
Employment Rate (%)	57.4	58.6	58.8	1.2	0.2
Unemployment	1,599	1,638	1,500	39	-137
Unemployment Rate (%)	10.0	9.9	9.0	-0.1	-0.9

Source: Pew Hispanic Center tabulations of Current Population Survey data
 Note: All numbers and percentages are rounded after year-to-year changes have been computed.

By most measures, black workers had a successful year in the labor market. The drop in their unemployment rate (0.9 percentage points) was the largest among all racial and ethnic groups. However, at least part of that decrease was due to a fall in the labor force participation rate. As relatively fewer workers seek work, the number unemployed and the unemployment rate tend to decrease. Economists point to a number of reasons that labor force participation and employment rates for blacks are relatively low. Holzer (2006) argues that the key problems facing black workers are low levels of education, discrimination, migration of jobs away from central cities, incarceration and child support obligations.

Asians

Non-Hispanic Asians account for about 5% of the working-age population in the U.S. But the rate of growth in their population and labor force nearly matches that of Hispanics. Asian workers, like their Hispanic counterparts, also experienced significant economic gains. The unemployment rate for Asian workers was the lowest of any racial or ethnic group.

The Asian population 16 and older was 10.4 million in the second quarter of 2006, an increase of 350,000 (3.5%) since the second quarter of 2005 (Table 5). The number of Asians in the labor force increased by 283,000 (4.3%), from 6.6 million to 6.9 million. Employment of Asians increased by 306,000 (4.8%), from 6.4 million to 6.7 million. The number of unemployed Asians decreased by 23,000 (8.6%), from 264,000 to 242,000. The unemployment rate dropped from 4% to 3.5%, the employment rate increased from 63.2% to 64%, and the labor force participation rate increased from 65.8% to 66.3%.

Table 5
Labor Market Status of Non-Hispanic Asians
Second Quarter 2004 to Second Quarter 2006 (non-seasonally adjusted, in thousands)

	Year and Quarter			Change	
	2004:2	2005:2	2006:2	2004:2 to 2005:2	2005:2 to 2006:2
Non-Hispanic Asians					
Population (Age 16+)	9,783	10,091	10,441	308	350
Labor Force	6,416	6,640	6,923	224	283
Labor Force Participation Rate (%)	65.6	65.8	66.3	0.2	0.5
Employment	6,123	6,376	6,682	253	306
Employment Rate (%)	62.6	63.2	64.0	0.6	0.8
Unemployment	293	264	242	-29	-23
Unemployment Rate (%)	4.6	4.0	3.5	-0.6	-0.5

Source: Pew Hispanic Center tabulations of Current Population Survey data

Note: All numbers and percentages are rounded after year-to-year changes have been computed.

In terms of the three major economic indicators, Asian workers most resembled whites. Their labor force participation rates and employment rates were similar, and they were the only two groups with unemployment rates less than 4%. However, Asians and whites differed in one critical demographic dimension. Driven by immigration, the Asian working-age population and labor force grew at nearly six times the rate for white workers. Like Hispanic workers, Asians will play an increasingly important role in the U.S. labor market in the near future.

Changes in Employment by Nativity

The foreign-born workforce in the U.S. is growing at a greater rate than the native-born workforce. Even though foreign-born workers represent only 15% of the total labor force, they accounted for 50% of the growth in the labor force from the second quarter of 2005 to the second quarter of 2006. Almost matching the rapid growth in their numbers, foreign-born workers also accounted for a large share (43%) of the increase in employment.

The foreign-born population 16 and older was 33.6 million in the second quarter of 2006, an increase of 1 million (3.1%) since the second quarter of 2005 (Table 6). The native-born population 16 and older increased by 1.8 million, to 194.8 million, but that represented an increase of only 0.9%. The growth in the foreign-born labor force was 1.1 million (4.8%) compared to an increase of 1 million (0.8%) in the native-born labor force. Economic outcomes for foreign-born workers also improved. Employment of foreign-born workers increased by 1.2 million (5.5%), from 21.1 million to 22.3 million. By comparison, employment of native-born workers increased by 1.5 million (1.3%). The unemployment rate for foreign-born workers is nearly one percentage point lower than for native-born workers (3.8% vs. 4.7%).

	Native Born			Foreign Born		
	2005:2	2006:2	Change	2005:2	2006:2	Change
All Workers						
Population (Age 16+)	192,991	194,772	1,781	32,603	33,615	1,012
Labor Force	127,502	128,547	1,045	22,094	23,150	1,056
Labor Force Participation Rate (%)	66.1	66.0	-0.1	67.8	68.9	1.1
Employment	120,935	122,456	1,521	21,111	22,263	1,152
Employment Rate (%)	62.7	62.9	0.2	64.8	66.2	1.5
Unemployment	6,567	6,091	-475	983	886	-96
Unemployment Rate (%)	5.2	4.7	-0.4	4.4	3.8	-0.6

Source: Pew Hispanic Center tabulations of Current Population Survey data

Note: Data for 2005 have been adjusted to account for the effects of annual revisions to the CPS. All numbers and percentages are rounded after year-to-year changes have been computed.

Foreign-born workers also have higher employment rates and labor force participation rates. Their employment rate increased from 64.8% to 66.2%, and the labor force participation rate increased from 67.8% to 68.9% in 2005-06. However, those two economic indicators were virtually unchanged for native-born workers.

The 2005-06 period sustained the recent trend for foreign-born workers. The Bureau of Labor Statistics reported that foreign-born workers accounted for about one-third of the increase in employment in the U.S. economy from 2004 to 2005 (U.S. Department of Labor, 2006). The BLS also estimated that the unemployment rate for foreign-born workers fell below that of native-born workers in 2005.

In the foreign-born workforce, there are two distinct racial and ethnic groups, Hispanics and Asians. For both groups, foreign-born workers constitute the majorities of their population 16 and older. For non-Hispanic whites and blacks, the foreign-born workforces are small and their impact is not pronounced. However, among Hispanics and Asians, the growth in the foreign-born population and its employment prospects defined the outcomes for the respective groups.

Hispanic Workers

The Latino workforce has more foreign-born workers than native-born workers (Table 7). In the second quarter of 2006, there were 16.1 million foreign-born Hispanics (16 and older), compared with 13.9 million native-born Hispanics. More significantly, the foreign-born workforce is growing at a greater pace than the native-born workforce. The Latino foreign-born population 16 and older increased by 823,000 (5.4%) in comparison with an increase of only 251,000 (1.8%) in the native-born Hispanic population. Much of the growth in the Hispanic foreign-born population is estimated to arise from unauthorized migration (Passel, 2006).

Between the second quarters of 2005 and 2006, the Latino foreign-born labor force increased by 761,000, about seven times the growth of the Latino native-born workforce (106,000). Keeping pace with demographic trends, employment outcomes for foreign-born Latino workers also appeared better than for the native born. Overall Hispanic employment increased by 993,000, but the vast majority of those jobs, 803,000, or 81%, went to foreign-born Latino workers. For native-born Hispanic workers, employment increased by a comparatively modest 190,000.

The unemployment rate for foreign-born Hispanic workers declined from 4.6% to 3.9% between 2005 and 2006. By comparison, among native-born Hispanic workers this key economic indicator decreased from 7.2% to 6.2%. And while the labor force participation rate for foreign-born Latino workers increased (71% to

Table 7
Labor Market Status of Hispanics by Nativity
Second Quarter 2005 to Second Quarter 2006 (non-seasonally adjusted, in thousands)

	Native Born			Foreign Born		
	2005:2	2006:2	Change	2005:2	2006:2	Change
Hispanics						
Population (Age 16+)	13,623	13,874	251	15,268	16,091	823
Labor Force	9,028	9,133	106	10,833	11,594	761
Labor Force Participation Rate (%)	66.3	65.8	-0.4	71.0	72.1	1.1
Employment	8,380	8,570	190	10,336	11,139	803
Employment Rate (%)	61.5	61.8	0.3	67.7	69.2	1.5
Unemployment	648	563	-84	497	455	-42
Unemployment Rate (%)	7.2	6.2	-1.0	4.6	3.9	-0.7

Source: Pew Hispanic Center tabulations of Current Population Survey data

Note: Data for 2005 have been adjusted to account for the effects of annual revisions to the CPS. All numbers and percentages are rounded after year-to-year changes have been computed.

72.1%), it declined among the native born (66.3% to 65.8%). As shown in Table 7, the employment rate for foreign-born Hispanics is not only higher than for native-born Hispanics but it also increased by more.

Asian Workers

The Asian workforce, even more so than that of Hispanics, is defined by foreign-born workers. The foreign-born Asian population 16 and older outnumbered its native counterpart by nearly three to one in the second quarter of 2006—7.7 million compared with 2.7 million (Table 8). Thus, three-fourths of the Asian working-age population is foreign born.

The foreign-born Asian labor force also greatly outnumbers the native-born (5.2 million compared with 1.7 million). The increase in the Asian foreign-born labor force in 2005-06 was 218,000, about three times that of native-born Asians (65,000). However, in percentage terms the growth in the foreign-born and native-born labor forces was similar—4.3% versus 4.1%.

For Asians, overall employment increased by 306,000 between the second quarters of 2005 and 2006. Of these new jobs, 251,000, or 82%, went to foreign-born workers. For native-born Asian workers, the increase in employment was a comparatively modest 55,000.

Table 8
Labor Market Status of Non-Hispanic Asians by Nativity
Second Quarter 2005 to Second Quarter 2006 (non-seasonally adjusted, in thousands)

	Native Born			Foreign Born		
	2005:2	2006:2	Change	2005:2	2006:2	Change
Non-Hispanic Asians						
Population (Age 16+)	2,585	2,725	140	7,506	7,716	210
Labor Force	1,612	1,677	65	5,029	5,246	218
Labor Force Participation Rate (%)	62.3	61.5	-0.8	67.0	68.0	1.0
Employment	1,543	1,598	55	4,832	5,083	251
Employment Rate (%)	59.7	58.7	-1.0	64.4	65.9	1.5
Unemployment	68	78	10	196	163	-33
Unemployment Rate (%)	4.2	4.7	0.4	3.9	3.1	-0.8

Source: Pew Hispanic Center tabulations of Current Population Survey data

Note: All numbers and percentages are rounded after year-to-year changes have been computed.

Unlike other workers, native-born Asians did not benefit from the jobs recovery. The unemployment rate for foreign-born Asians was only 3.1% in the second quarter of 2006, the lowest among all ethnic and racial groups and down from 3.9% in the second quarter of 2005. By comparison, the unemployment rate for native-born Asians was 4.7% in 2006, up from 4.2% in 2005. Native-born Asians were the only racial and ethnic group of workers for whom the unemployment rate increased in the past year.

Also in contrast with economic outcomes for most other groups, the labor force participation rate for native-born Asians decreased by 0.8 percentage points and the employment rate fell by one percentage point. For foreign-born Asians, the labor force participation rate increased from 67% to 68% and the employment rate went up from 64.4% to 65.9%.

White and Black Workers

Immigrants are not a significant presence within the non-Hispanic white or the black populations of working age. Both non-Hispanic whites and blacks in general benefited from the improved economy. While the employment outcomes for the foreign-born workforces of each group differed, the overall trend for both was defined by how the much larger share of native-born workers fared (Table 9).

The non-Hispanic white population 16 and older is overwhelmingly native born (151 million versus 7.2 million). The native-born white labor force increased by 793,000 between the second quarters of 2005 and 2006 but the foreign-born white labor force decreased by 13,000. At the same time, employment of native-born whites increased by 1 million while employment among the much smaller foreign-born white workforce increased by 8,000.

Table 9
Labor Market Status of Non-Hispanic Whites and Blacks by Nativity
Second Quarter 2005 to Second Quarter 2006 (non-seasonally adjusted, in thousands)

	Native Born			Foreign Born		
	2005:2	2006:2	Change	2005:2	2006:2	Change
Non-Hispanic Whites						
Population (Age 16+)	149,984	150,972	989	7,264	7,203	-61
Labor Force	99,692	100,486	793	4,368	4,355	-13
Labor Force Participation Rate (%)	66.5	66.6	0.1	60.1	60.5	0.3
Employment	95,578	96,594	1,016	4,185	4,193	8
Employment Rate (%)	63.7	64.0	0.3	57.6	58.2	0.6
Unemployment	4,114	3,891	-222	183	162	-21
Unemployment Rate (%)	4.1	3.9	-0.3	4.2	3.7	-0.5
Non-Hispanic Blacks						
Population (Age 16+)	23,122	23,482	360	2,408	2,478	70
Labor Force	14,785	14,895	110	1,813	1,859	46
Labor Force Participation Rate (%)	63.9	63.4	-0.5	75.3	75.0	-0.3
Employment	13,252	13,495	243	1,708	1,758	50
Employment Rate (%)	57.3	57.5	0.2	70.9	71.0	0.0
Unemployment	1,532	1,400	-133	105	101	-4
Unemployment Rate (%)	10.4	9.4	-1.0	5.8	5.4	-0.4

Source: Pew Hispanic Center tabulations of Current Population Survey data

Note: All numbers and percentages are rounded after year-to-year changes have been computed.

The unemployment rate for native-born non-Hispanic whites decreased from 4.1% to 3.9%. Among foreign-born non-Hispanic whites, it decreased from 4.2% to 3.7%. The labor force participation rate for non-Hispanic white workers was essentially unchanged between mid-2005 and mid-2006 while it increased moderately among foreign-born non-Hispanic whites (60.1% versus 60.5%).

The black population of working age is also overwhelmingly native born (23.5 million native born compared with 2.5 million foreign born). Employment for native-born blacks increased by 243,000 between the second quarters of 2005 and 2006. Among the much smaller population of foreign-born blacks, employment increased by 50,000.

The unemployment rate for native-born black workers decreased from 10.4% to 9.4%. However, part of the decline may reflect a drop in the labor force participation rate among blacks (63.9% to 63.4%) because fewer workers seeking work means fewer register as being unemployed. Among foreign-born black workers, the unemployment rate fell from 5.8% to 5.4%, and the labor force participation rate decreased from 75.3% to 75%.

Employment by Industry

Three years into the jobs recovery, most industries added workers to their payrolls between the second quarter of 2005 and the second quarter of 2006. Some industries stood out for both the absolute and percentage growth in their employment. Payroll employment data from the BLS identify these industries as construction, professional and business services, health services, financial services and food services.¹ Job growth in those industries benefited most workers—Hispanic and non-Hispanic, native born and foreign born.

This section presents evidence on job gains and losses by industry for Hispanic and non-Hispanics workers from the second quarter of 2005 to the second quarter of 2006. Foreign-born Hispanic workers fared especially well in the construction industry. The construction industry, in fact, has played a vital role in employment growth for Hispanic workers for several years. A more detailed analysis of the role of construction in Latino employment trends is presented in the next section.

Job Gains by Industry

For Latinos, construction, business and professional services, manufacturing, and wholesale and retail trade have been key employers. All of those industries added jobs between the second quarter of 2005 and the second quarter of 2006 (Table 10).

In that time frame, most of the jobs gained by native-born Hispanic workers were in manufacturing - durable goods (82,000), followed by wholesale and retail trade (79,000), publishing, broadcasting, communication and information services (55,000) and construction (54,000).

Foreign-born Hispanics had the most job gains in construction (417,000), followed by business and professional services (179,000). Together, those two industries accounted for almost three-quarters (74%) of all jobs gained by foreign-born Latinos between 2005 and 2006.

The business and professional services sector, which ranges from management and technical services to janitorial, landscaping and waste management services,

¹ This statement is based on data downloaded from the following Web site on August 18, 2006: <ftp://ftp.bls.gov/pub/suppl/empsit.tab4.txt>. These are establishment payroll data and differ from the household survey data used in this report.

Table 10
Gains in Employment for Native and Foreign-born Workers: Top Five Industries
Second Quarter 2005 to Second Quarter 2006 (non-seasonally adjusted, in thousands)

	Employment		
	2005:2	2006:2	Change
Native-born Hispanics: All industries	8,380	8,570	190
Manufacturing - Durable Goods	410	493	82
Wholesale and Retail Trade	1,360	1,438	79
Publishing/Broadcasting/Communication/Information Services	195	250	55
Construction	637	691	54
Hospitals and Other Health Services	742	785	43
Foreign-born Hispanics: All industries	10,336	11,139	803
Construction	1,906	2,323	417
Professional and Other Business Services	1,071	1,250	179
Educational Services	293	352	59
Agriculture, Forestry, Fishing and Mining	398	457	58
Wholesale and Retail Trade	1,217	1,275	58
Native-born Non-Hispanics: All industries	112,555	113,886	1,331
Professional and Other Business Services	13,388	13,715	327
Finance, Insurance and Real Estate	7,839	8,104	265
Social Services	2,303	2,530	227
Transportation and Warehousing	4,707	4,900	193
Eating, Drinking and Lodging Services	6,561	6,744	183
Foreign-born Non-Hispanics: All industries	10,775	11,125	350
Hospitals and Other Health Services	1,484	1,619	135
Professional and Other Business Services	1,415	1,498	83
Manufacturing - Durable Goods	878	942	64
Personal and Laundry Services/Private Household Services	332	392	60
Publishing/Broadcasting/Communication/Information Services	217	269	53

Source: Pew Hispanic Center tabulations of Current Population Survey data

Note: Data for 2005 have been adjusted to account for the effects of annual revisions to the CPS. All numbers and percentages are rounded after year-to-year changes have been computed.

is also a key employer for non-Hispanic workers. Of the total increase in employment in 2005-06, non-Hispanic workers accounted for 410,000, native-born workers 327,000 and foreign-born workers 83,000.

Other important sources of new jobs for native-born non-Hispanic workers were finance, insurance and real estate (265,000) and the social services industry (227,000). For foreign-born non-Hispanic workers, employment growth was also strong in hospital services (135,000) and manufacturing - durable goods (64,000).

Job Losses by Industry

Job losses were scattered across a variety of industries (Table 11). In absolute numbers, the most significant losses were among native-born non-Hispanics in arts and entertainment (307,000) and manufacturing - nondurable goods (222,000).

Other sectors that shed a notable number of jobs ranged from transportation and warehousing (native-born Hispanics) to repair and maintenance services (all foreign-born workers) to educational services (native-born Hispanics and foreign-born non-Hispanics). In the public administration sector, there were job losses for all groups except native-born non-Hispanics.

	Employment		
	2005:2	2006:2	Change
Native-born Hispanics			
Transportation and Warehousing	429	369	-61
Educational Services	699	656	-43
Public Administration	476	444	-33
Social Services	258	228	-30
Eating, Drinking and Lodging Services	650	625	-25
Foreign-born Hispanics			
Repair and Maintenance Services	325	239	-86
Manufacturing - Durable Goods	913	878	-36
Publishing/Broadcasting/Communication/Information Services	121	91	-30
Public Administration	109	90	-19
Social Services	172	155	-17
Native-born Non-Hispanics			
Arts and Entertainment	2,554	2,247	-307
Manufacturing - Nondurable Goods	4,515	4,293	-222
Agriculture, Forestry, Fishing and Mining	2,408	2,326	-82
Utilities	1,060	1,053	-7
Personal and Laundry Services/Private Household Services	2,071	2,069	-1
Foreign-born Non-Hispanics			
Educational Services	763	699	-64
Construction	570	510	-60
Finance, Insurance and Real Estate	827	785	-42
Repair and Maintenance Services	161	152	-10
Public Administration	318	312	-6

Source: Pew Hispanic Center tabulations of Current Population Survey data

Note: Data for 2005 have been adjusted to account for the effects of annual revisions to the CPS. All numbers and percentages are rounded after year-to-year changes have been computed.

Employment in Construction

No industry has been as vital to the employment of foreign-born workers—and Latinos in particular—as construction. Since 2003, when the labor market began to recover from the recession, the construction industry has accounted for about 40% of the total growth in employment for Latinos. In that time, Latinos have gained almost 1 million jobs in construction, an increase of 52%.²

In the period from 2003 to 2006, Latino employment in construction increased from 1.9 million to 2.9 million (Table 12). The industry added about 345,000 Latino workers between 2003 and 2004, 256,000 in 2004-05 and 381,000 in 2005-06. The proportion of Hispanic workers employed in the construction industry increased from 11% to 15%.

	Employment: First Six Months of Year				Change in Employment Over Last Year			
	2003	2004	2005	2006	2004	2005	2006	Total
All Hispanics								
Total	16,838	17,552	18,418	19,408	713	867	990	2,569
Construction	1,874	2,219	2,475	2,855	345	256	381	981
Share of Construction	11%	13%	13%	15%	48%	30%	38%	38%
Foreign-born Hispanics								
Total	8,974	9,516	10,054	10,832	543	537	778	1,858
Construction	1,287	1,601	1,880	2,201	314	279	321	914
Share of Construction	14%	17%	19%	20%	58%	52%	41%	49%
Foreign-born Hispanics: Year of entry 2000 or later								
Total	777	1,444	2,026	2,702	667	582	675	1,924
Construction	141	355	532	812	214	178	280	671
Share of Construction	18%	25%	26%	30%	32%	31%	41%	35%

Source: Pew Hispanic Center tabulations of Current Population Survey data

Note: Data for 2003, 2004 and 2005 have been adjusted to account for the effects of annual revisions to the CPS. Employment data represent the average employment for the first six months of each year. All numbers and percentages are rounded after year-to-year changes have been computed.

² The time periods used in this section and the following are the first six months of each year (in contrast with quarterly data in the preceding sections). That boosts the sample size needed to analyze data for newly-arrived foreign-born workers. Annual data could have been used for 2003 through 2005, but only the first six months of data are used for comparability with 2006.

A Boon for Foreign-Born Hispanics

The beneficiaries of the employment boom in construction have largely been foreign-born Hispanics. Between 2003 and 2006, the employment of foreign-born Latino workers in construction increased by 914,000. This means that more than nine out of every 10 construction jobs (93%) landed by Latinos have been filled by foreign-born Hispanics.

More notably, recently arrived Hispanic workers (those who entered the U.S. in 2000 or later) have streamed into the construction industry in large numbers. The employment of those workers in the construction industry increased 671,000 from 2003 to 2006. As a result, the proportion of foreign-born Hispanics who entered in 2000 or later and are employed in the construction industry increased from 18% in 2003 to 30% in 2006.

Jobs Mostly in South and West

Construction jobs for Latinos have been largely concentrated in the South and West. The two regions accounted for 92% of all new construction industry jobs filled by Latinos between 2003 and 2006.

More than half of the job growth (52%) was in the South, where Latino employment in construction increased by 513,000 between 2003 and 2006, by far the most of any region (Table 13). The South, which includes Texas and Florida, is also home to 1.4 million Latino construction workers, again the most of any region.

In the West, which includes California, Nevada and Arizona, 385,000 new construction jobs were filled by Latinos between 2003 and 2006. That accounted for 39% of all the growth in construction jobs for Hispanics.

	Employment: First Six Months of Year				Change in Employment Over Last Year		
	2003	2004	2005	2006	2004	2005	2006
Total	1,874	2,219	2,475	2,855	345	256	381
Northeast	160	169	155	235	10	-14	80
Midwest	136	160	135	144	24	-25	10
South	874	1,024	1,211	1,387	149	187	176
West	704	866	974	1,089	162	108	115

Source: Pew Hispanic Center tabulations of Current Population Survey data
 Note: Data for 2003, 2004 and 2005 have been adjusted to account for the effects of annual revisions to the CPS. Employment data represent the average employment for the first six months of each year. All numbers and percentages are rounded after year-to-year changes have been computed.

By comparison, the construction industry in the Northeast and the Midwest did not attract as many Hispanic workers. Employment in the Northeast increased by 75,000 between 2003 and 2006. In the Midwest, it increased by 8,000.

A Katrina Effect?

The South includes Louisiana and Mississippi, both seriously impacted by Hurricane Katrina. Recent trends by region, however, do not reveal that the hurricane had an impact on construction-sector employment for Hispanic workers.

The growth in construction employment for Hispanic workers in the South was not unusual, given recent trends. Between 2005 and 2006, the South added 176,000 Latino workers in the construction industry, compared with 187,000 between 2004 and 2005 (before Hurricane Katrina) and 149,000 between 2003 and 2004.

The recent pattern in employment does not necessarily mean that Hispanic workers did not show up in relatively large numbers in the hurricane-affected areas. To the extent that this was true, the data suggest that it was more a result of Hispanic construction workers relocating from neighboring areas in the South. There is no clear sign that Hurricane Katrina gave an unusual boost to employment in construction for Latino workers either in the South or in the nation at large between mid-2005 and mid-2006.

A Slowdown?

How long can Latinos count on construction? The Department of Commerce recently reported a sharp decline in residential building permits and in housing starts (August 2005 to August 2006). Latinos have benefited from residential construction in recent years and any slowdown could have a serious impact on overall Hispanic employment. On the other hand, industry economists anticipate that job growth in nonresidential construction might make up for the recent slowdown in residential construction (Associated General Contractors of America, 2006).

Growth in Wages, 2005-06

The growth in wages reflected the trends in employment growth. Hispanics and blacks, who experienced relatively large drops in their rates of unemployment, also witnessed higher wage growth. For non-Hispanic whites and Asians, who have much higher median incomes compared to Latinos and blacks, wages showed little or no movement from the previous year.

Among Hispanics, the wage picture varied by nativity. While overall Latino wages went up between 2005 and 2006, after two years of decline, the gain nevertheless masked a significant loss. Foreign-born Hispanics—the biggest part of the Latino labor pool and the ones who have benefited the most in terms of employment—actually experienced a decline in the median wage.

Latinos also earn less than any other racial or ethnic group. The unemployment gap between Hispanic workers and non-Hispanic whites may be tightening, but the wage gap remains.

At the other end of the earnings scale were Asians, both foreign and native born, who have the highest median wage among all workers.

The improvement in wages for Latinos and blacks in 2005-06 appears to have narrowed the earnings gap between low-income and high-income workers. The modest improvement notwithstanding, the gap was still higher than it was before the recession and remains high in absolute terms.

Latino Wages, Rise and Fall

The median weekly earnings of Hispanic workers grew faster than the earnings of other racial and ethnic groups. The median weekly wage for Latinos in the first half of 2006 increased 1.8% compared with the first half of 2005, or from \$423 to \$431 (Table 14).

Despite the increase, the median wage for Hispanic workers remains the lowest among all workers. For blacks, the median wage in 2006 was \$487, or 13% higher than for Hispanics. White and Asian workers earn between 45% and 50% more than Latinos.

Among native-born Latinos, the median wage increased from \$481 to \$487. For foreign-born Latinos, the median wage decreased from \$400 in 2005 to \$389 in 2006. Foreign-born Hispanic workers have the lowest earnings among the groups represented in Table 14.

	2005	2006	Change
All Workers	\$577	\$577	0.0%
Hispanics	\$423	\$431	1.8%
Native born	\$481	\$487	1.3%
Foreign born	\$400	\$389	-2.6%
Non-Hispanic Whites	\$624	\$623	-0.1%
Native born	\$622	\$623	0.2%
Foreign born	\$673	\$657	-2.4%
Non-Hispanic Blacks	\$480	\$487	1.4%
Native born	\$480	\$487	1.4%
Foreign born	\$480	\$521	8.5%
Non-Hispanic Asians	\$665	\$662	-0.4%
Native born	\$640	\$655	2.4%
Foreign born	\$673	\$674	0.1%

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

Note: Data represent the first six months of each year. Non-Hispanic Asians include Native Hawaiian and Pacific Islanders. Those without pay, unincorporated self-employed, and those with a wage less than \$50 per week are excluded. The median wage divides workers into two equal groups, with one-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.

Asians

The median weekly earnings for Asians decreased 0.4% between 2005 and 2006, dropping from \$665 to \$662 (Table 14). Wages for native-born Asians increased from \$640 to \$655. Among foreign-born Asians, however, the median wage was essentially unchanged (\$673 in 2005 and \$674 in 2006). Asian workers, however, continued to have the highest median earnings of all racial and ethnic groups.

Blacks and Whites

Black workers, like their Latino counterparts, experienced an increase in median weekly earnings between 2005 and 2006. For blacks, the median wage increased from \$480 in 2005 to \$487 in 2006, or 1.4% (Table 14).

The median weekly earnings for non-Hispanic white workers decreased marginally between 2005 and 2006. For these workers, the median wage dropped from \$624 in 2005 to \$623, or 0.1%.

The foreign-born population for both non-Hispanic whites and blacks is small. Therefore, the overall wage trends for these racial and ethnic groups mirror the experiences of native-born workers.

Closing the Wage Gap?

Workers at the top of the income scale experienced a decline in their median weekly income from mid-2004 to mid-2006. At the same time, workers at the bottom of the income scale experienced an increase. The result is modest tightening of the income gap—though those at the top were still earning more than six times as much as those at the bottom.

The strongest growth in wages between 2004 and 2006 was among low-income workers, or those who were in the first quintile (Table 15). For those workers, many of whom are Hispanic or black, the median weekly wage increased from \$207 in 2004 to \$214 in 2006, or 3.6%. Meanwhile, for workers in the fifth quintile, more likely to be white or Asian, the median wage decreased from \$1,432 in 2004 to \$1,404 in 2006, or 1.9%.

Described another way, high-income workers in 2004 earned 6.9 times as much as low-income workers. By 2006, they were earning 6.6 times as much. The earnings gap is still high in absolute terms and it remains higher than it was before the recession.

	2004	2005	2006	Change Over Last Year	
				2005	2006
All Workers	\$579	\$577	\$577	-0.4%	0.0%
Wage Quintile					
First	\$207	\$207	\$214	0.1%	3.5%
Second	\$393	\$400	\$389	1.8%	-2.6%
Third	\$584	\$577	\$580	-1.2%	0.6%
Fourth	\$835	\$830	\$842	-0.7%	1.5%
Fifth	\$1,432	\$1,400	\$1,404	-2.2%	0.3%

Source: Pew Hispanic Center tabulations of Current Population Survey data.
 Note: Data represent the first six months of each year. Those without pay, unincorporated self-employed, and those with a wage less than \$50 per week are excluded. Each quintile consists of one-fifth of all workers. The first quintile consists of the lowest income workers and the fifth quintile consists of the highest income workers. The median wage divides workers into two equal groups, with one-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.

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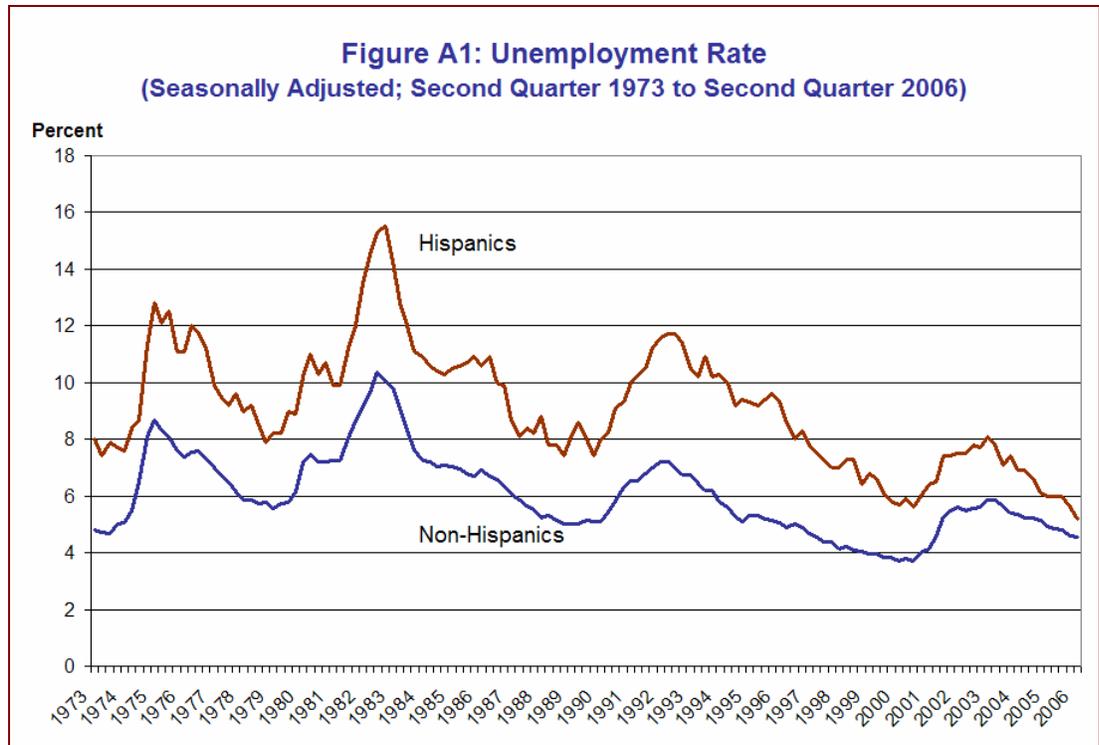
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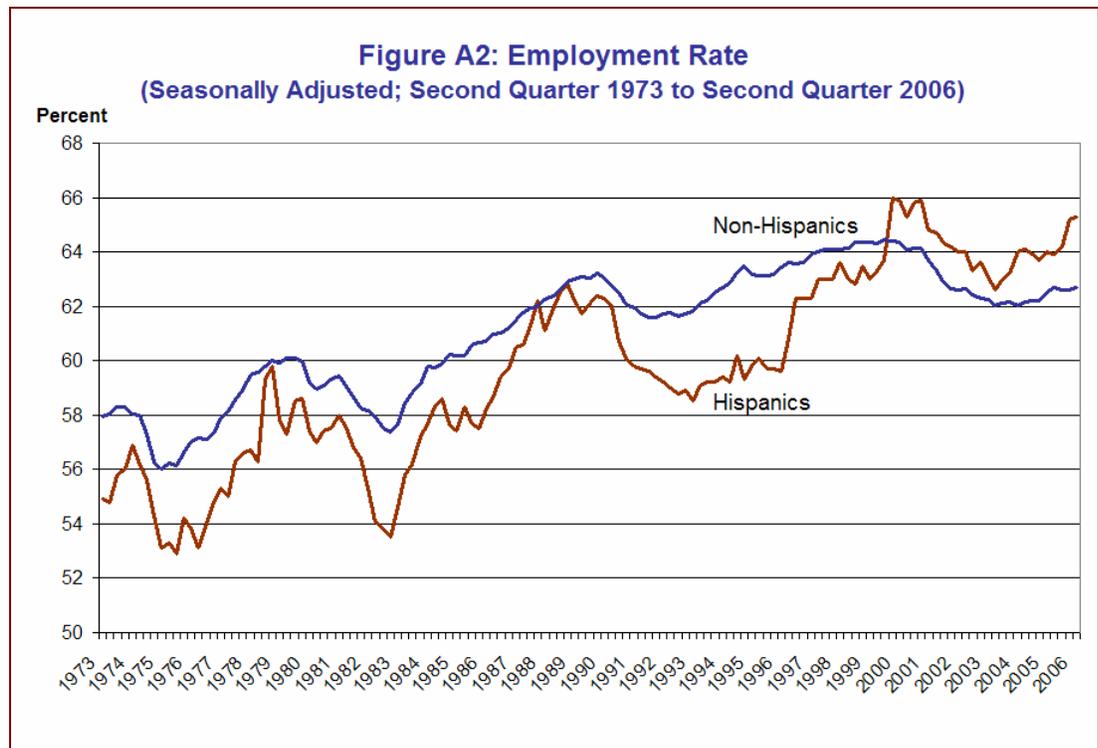
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Appendix A: Figures A1-A3



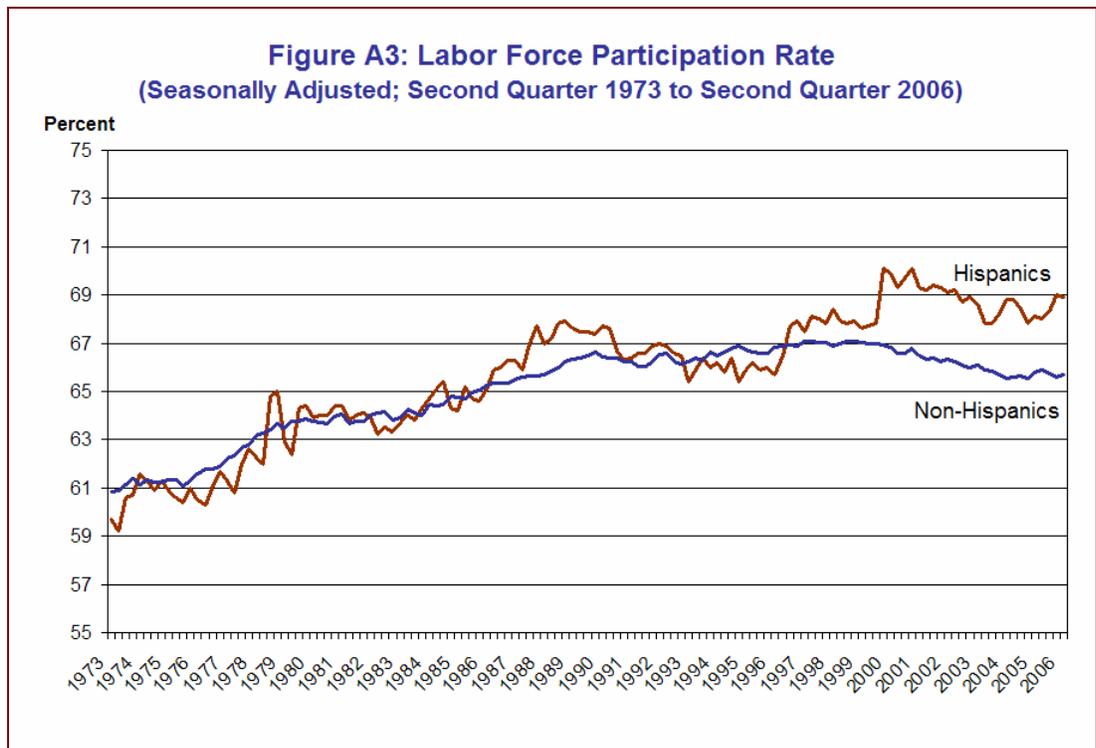
Source: Bureau of Labor Statistics

Note: The comparability of the data over time is affected slightly by annual revisions in the Current Population Survey methodology.



Source: Bureau of Labor Statistics

Note: The comparability of the data over time is affected slightly by annual revisions in the Current Population Survey methodology.



Source: Bureau of Labor Statistics

Note: The comparability of the data over time is affected slightly by annual revisions in the Current Population Survey methodology.

Appendix B: 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 BLS (“Adjustments to Household Survey Population Estimates in January 2006”), the cumulative effect of the adjustment in January 2006 was to reduce the estimate of the Hispanic working-age population by 108,000, the Hispanic labor force by 87,000 and the number of employed Hispanics by 81,000.

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 2005 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, etc. were then utilized to distribute the total change in the Hispanic population along those dimensions.

The January 2005 revisions also affected estimates of the non-Hispanic population, but no adjustments were made to the data to account for the revisions. For whites and blacks, those revisions were very 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—the employment rate, labor force participation rate and the unemployment rate—are not affected by the January CPS revisions.