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Latino Workers Hitting a Blue-Collar Ceiling

Young Latinos Poised to Shape Chicago's Productivity, but Regional Competitiveness Depends on Their Mobility, Early and Steady Education Investment

Chicago has a dynamic history of embracing change, evolving from an agricultural and commercial hub to the steel powerhouse that would undergird America's industrial revolution. The "City of Big Shoulders" now bears a sizeable burden, one that again requires it to embrace change. The metro area must shift to an economy built on knowledge industries and high-tech firms, relying on a dramatically shifting labor force that lacks the versatile skills demanded by emerging industries.

Latinos were three of every five new entrants to the region's labor force over the past decade.[1] Most have roots in Chicago, but many remain poorly educated. If current trends continue, many of the younger generation are bound for low-paying, semi-skilled jobs at best, entering the workforce with neither the human capital nor cultural connections that will boost the local economy's productivity or attract cutting-edge firms.[2] Eager Latino workers are flooding a metro labor force that may reflect stagnant productivity and fail to provide the upward mobility. This threatens to dampen Chicago's economic vitality.

It's not that young Latinos don't want to work or work hard: Prior research has shown that Latino children and youth display agile social and critical "soft skills". Many Latino parents — the majority of whom are US citizens — work long hours, often labor at low-paying jobs, as we detail on page 2. But limited educational opportunities for young Latinos — from declining access to preschool to eye-popping high school dropout rates — will pose challenges to Metro Chicago's ability to compete in a global, tech- and information-driven marketplace.

At the same time, Baby Boomers are leaving the labor market in growing numbers, expecting to enjoy a comfortable retirement. Yet the quality of their health care, the size of their Social Security checks, and life inside nursing homes all rest on engaged and productive young workers. Here too, without a solid academic foundation for Latino workers, provided by robust early education and quality schools, everyone will suffer from less robust firms and deteriorating human services.

This brief presents new research that illustrates how both Mexican immigrants *and* many of their US-born counterparts — Latinos of Mexican origin — are overrepresented in low-skilled, low-pay manufacturing, food service, and construction industries.[3] Given the grim economic implications of a regional economy built on the shoulders of a low-skilled workforce, the brief calls for investment in education — particularly early childhood education — as a critical means to build a well-equipped, competitive workforce. A companion working paper, authored by Dr. John Koval, senior research fellow with DePaul University's Egan Urban Center, offers additional details and is available through the Latino Ed Beat portal (http://latinoedbeat.org/research/).

A Tale of Two Economies

Beyond looking at Latinos overall, who accounted for 14 percent of Illinois' workers in 2009,[4] an examination of the local workforce must focus on Latinos of Mexican origin, both foreign- and native-born, whose numbers in the labor force have increased by more than 400 percent over the last three decades, as illustrated in Chart 1.[5]

Ominously, the overall trend for this fast-growing sector of the labor force does not bode well for Metro Chicago's economic future: Regardless of gender or nativity, the analysis reveals that Mexican immigrants — and many of their US-born Mexican-American counterparts — live and work within a stable and tightly-confined contingent of service and blue-collar industries. Earlier research suggests a link between Latinos' persistently low academic outcomes and the cyclical nature of their limited career options.[6]

Analysis of the 481 occupations identified by the Census shows that Mexico-born workers are

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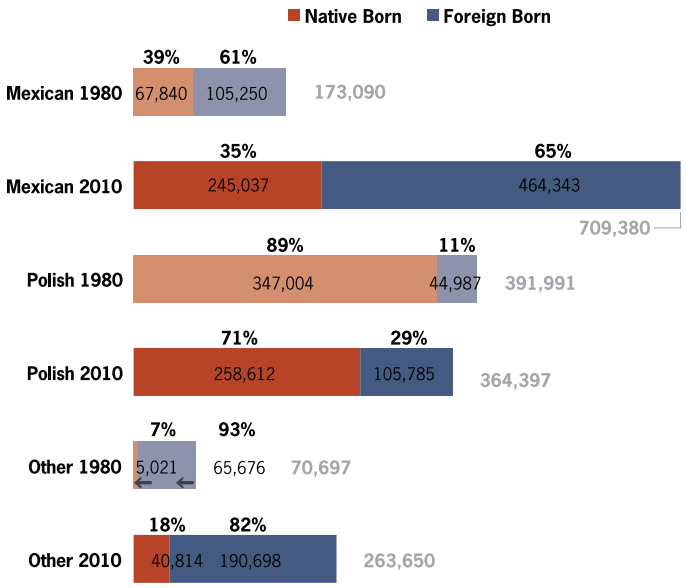
Chart 1. Chicago Metropolitan Historical Area Growth and Total of the Ethnic Labor Force 1980-2010 (by country of origin)



Source: US Census Bureau, 1980 and 2010 Census, 1% Public Use Micro-Sample (PUMS)

employed almost exclusively in the areas of manufacturing, food service, and construction. A narrow list of 30 to 45 low-skilled occupations employed more than 70 percent of Chicago's Mexico-born workers in 2009 — and this trend has not changed over the last decade. However, it is important to note that such a limited scope of employment is not unique to Mexican immigrants. It is typical of other immigrant groups as well.[7]

As more than 65 percent of the Latino labor force in Metro Chicago is foreign-born, economic mobility for Mexican immigrants is cause for immediate concern. However, Chicago's future challenges in building a globally competitive workforce are revealed by shifting the lens to US-born, Mexican-American workers — a group that will comprise an increasingly large proportion of the region's future Latino workforce. Nearly 20 percent of US-born Latinos are currently under the age of five — and many of them are children of immigrant workers. In two decades' time, these US-born youth will comprise a significant proportion of a majority-minority workforce.

However, analysis of the past decade reveals that a full 40 percent of US-born workers are largely unable to break out of the blue-collar confines that limit their foreign-born counterparts. In other words, if current trends continue, too many US-born, Mexican-American children are heading for work in the same industries as their immigrant parents.

Charts 2A and 2B show that many native-born workers workers—second-, third-, or fourth-generation US-born citizens — are concentrated in the same low-skilled industries as their foreign-born counterparts. And this trend, like that for Mexican-born immigrants, has remained largely unchanged over the last decade. While native-born Mexican-American women are found in different industries than their native-born male or foreign-born female counterparts, there is no evidence of mobility for this group over the last decade.

The conclusion has dramatic implications for the region: Whether native-born or foreign-born, Latinos of Mexican origin have almost stagnant intergenerational mobility (Charts 2A and 2B).[8]

Mobility and Productivity

It is necessary to think outside the box to fully grasp the implications of limited mobility for Latinos of Mexican origin. For what is not included in Charts 2A and 2B is just as important as what is: That is, this growing portion of the workforce remains significantly underrepresented in professional, technical,

Chart 2A. Industrial Concentrations of Metropolitan Chicago Native-Born and Foreign-Born Mexican **Men**

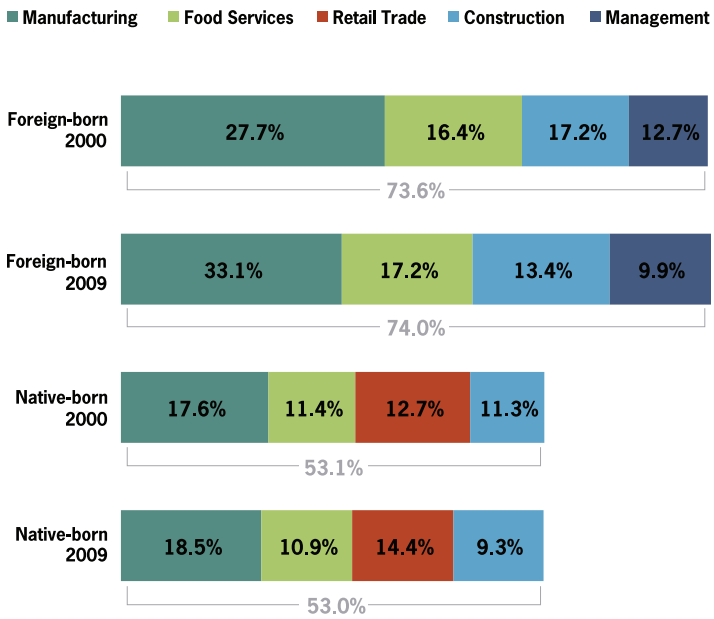
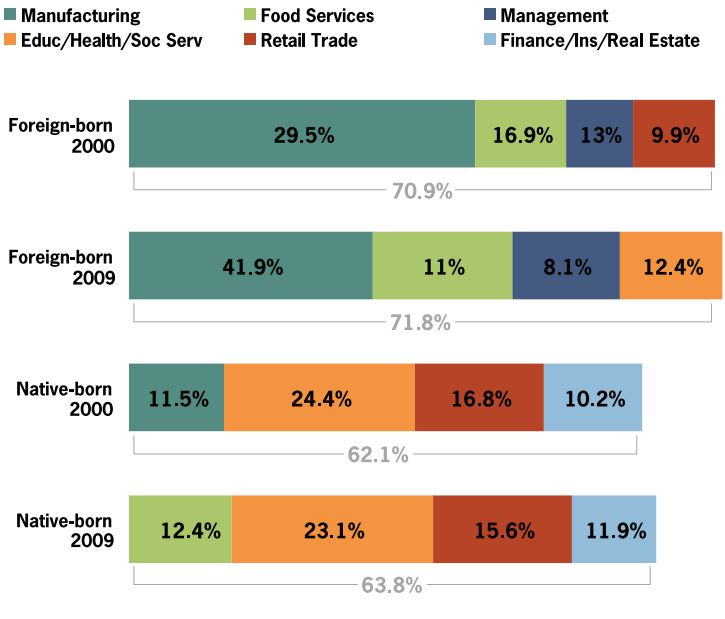


Chart 2B. Industrial Concentrations of Metropolitan Chicago Native-Born and Foreign-Born Mexican **Women**



Source: US Census Bureau, 2000 Census, 1% PUMS and US Census Bureau, American Community Survey (ACS), 2005-2009 PUMS

Chart 3A. Median Personal Income for **Males** in 6-County Metro Chicago Area

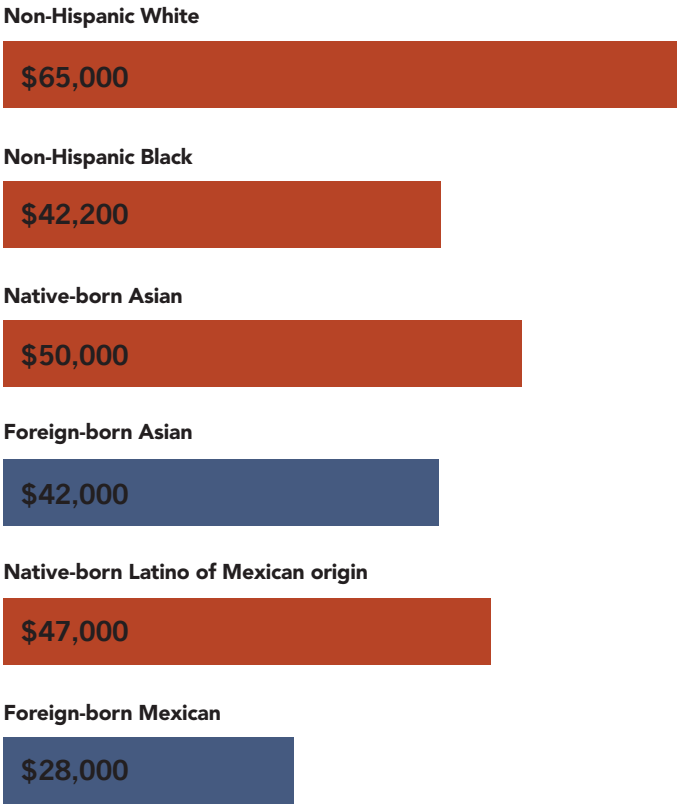
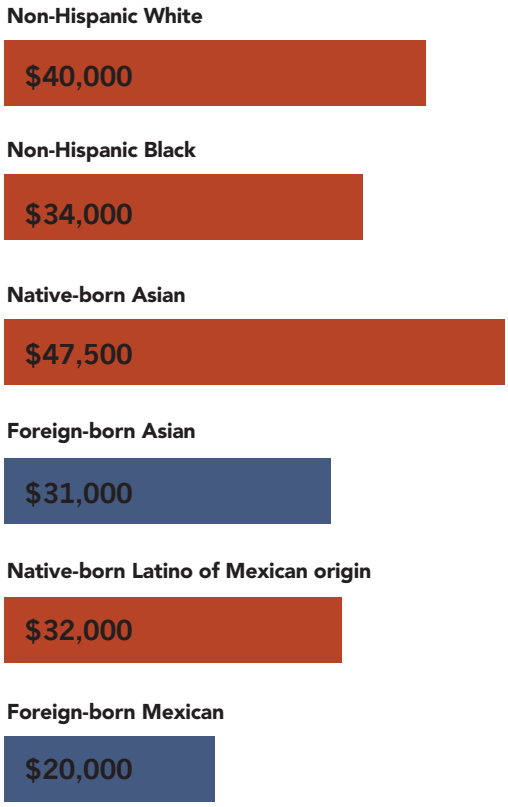


Chart 3B. Median Pesonal Income for **Females** in 6-County Metro Chicago Area



Source: US Census Bureau, ACS, 2005-2009 PUMS

scientific or white-collar jobs,[9] the very type of work necessary to carry Chicago forward as a robust post-industrial economy.

Low-skilled work translates to low-scale pay, and current wage gaps further illustrate the challenges our region will face as retiring high-skilled, predominately white workers are replaced by both native- and foreign-born Latinos of Mexican origin. At $65,000 the median income of Chicago's white males is significantly larger than the $42,000 median income of Chicago's native-born, Mexican-American males. When compared to male Mexican immigrants, Chicago's white males earn more than double (Chart 3A). The situation is the same for women, with both foreign- and US-born Latinas of Mexican origin earning less than white women (Chart 3B).[10] If earning trends continue, the future Social Security checks of retiring Boomers will be drawn from a radically declining income base.

Beyond issues of wage equity, the current recession has increased the urgency of the call for widened career prospects for both native- and foreign-born Latino workers of Mexican origin. The bursting housing bubble decimated the construction industry several years ago.[11] Manufacturing jobs, where workers of Mexican origin are most concentrated, have been long in decline in the region.[12] In recent years, manufacturing jobs have been even harder to find, with more than 700 Illinois manufacturing companies shuttering between November 2008 and November 2009.[13] If Metro Chicago's growing Latino workforce continues to be confined to these declining industries, regional unemployment rates could remain high.

In sum, Metro Chicago's future economic prosperity will depend on the strength of its workforce, on the agility of well-educated workers to move out of declining industries and lure innovators and investment to the region. Regional economic growth, however, will remain elusive so long as the educational attainment rates of an emerging majority of its workforce remain low. We must equip Latino children—particularly the children of Mexican immigrants, a group poised to comprise a significant portion of our future workforce, with the tools they need to break through the "brown ceiling" that has limited options for their parents and grandparents. Beyond questions of fairness and community development, educational parity for an emerging Latino majority is pivotal for our nation's economy.

Is College the Key?

The possession of a bachelor's degree has become the threshold credential that separates the successful from the less-than-successful.[14] The fact that just one in 10 Metro Chicago Latinos has completed, at minimum, a bachelor's degree[15] certainly contributes to the cyclical nature of low-wage, low-skill employment in Latino communities.

There has been nominal progress. Latino education trends are on a moderate upswing: At nearly 59 percent, Chicago's Latino high school graduation rate is the highest it has even been, even though it still lags significantly behind that of whites and Asians, at nearly 64 and 80 percent, respectively.[16] And with college completion a key to upward mobility, Latino college enrollment rates are improving across the country, having grown from 13 percent in 1972 to 32 percent in 2010.[17] The 2009-2010 school year saw a 24 percent surge in Latino enrollment rates, a spike that can be only partly explained by an overall seven percent growth in 18-to-24-year-old Latinos.[18]

In spite of these gains in enrollment, the white/Latino higher education completion gap has widened since 1990, and currently stands at 19 percentage points.[19] The factors behind this phenomenon are complex and are no longer limited to conventional notions of failing urban schools. Latinos are now more likely to live in Chicago's suburbs than they are in the City of Chicago itself; the majority-minority classes of the city are now the norm in K-12 cohorts in many suburban communities.[20]

But increasing the numbers of suburban Latino students does not necessarily guarantee integration — one suburban Chicago school district has the highest Latino Segregation Index of any school district in the country[21] — or improved academic outcomes. While data suggest that suburban Latino high school graduation rates are higher than those of urban Latinos, research is tentative at best.[22]

Starting Early

Addressing Latino students' achievement woes in high school is already too late: Research suggests that the factors influencing success in — and eventual completion of — high school or college are set in motion before students even step foot in kindergarten. While strong parenting practices put Latino children socially and emotionally on-par with their peers,[23] the average Latino preschooler starts school about six months cognitively behind his or her classmates.[24] These cognitive gaps persist as students advance through school.

Cognitive foundations are laid early, from birth to age five. Early childhood education has been credited with fostering cognitive skills along with the "soft skills" of attentiveness, motivation, self-control and, sociability[25] — all critical for successfully advancing through school and into the work world.

A variety of factors, however — including a lack of open slots or local programs in Latino communities, cuts in government funding, unemployment levels in Latino families, and linguistic and cultural barriers — keep the solid foundation provided by preschool out of reach for many Latino children. In Illinois, just one-in-three Latino children are enrolled in early education programs, compared with two-thirds of their peers across the state.[26] And these trends in Illinois are mirrored nationally: Despite enrollment gains earlier in the decade, the share of Latino four-year-olds attending preschool fell nationwide between 2005 and 2009, from 53 percent to 48 percent.[27]

The bottom line: Nearly 20 percent of Metro Chicago's native-born Latino population is under five years of age,[28] ripe for opportunities in early childhood education. If the region's future economic vitality depends on these young Latinos academically and professionally outpacing their parents, their access to quality early childhood education programs is essential.

Moving Forward as a Region

The shift in Metro Chicago's labor force is not a simple matter of white faces being replaced by black and brown ones and smoothly transitioning from an industrial to a postindustrial economy. Instead, Chicago's changing workforce must evolve with market demands — The City of Big Shoulders must continue to reinvent itself.

The evolving economy already places a premium on workers who have acquired the educational background, occupational skills, and cultural sophistication to adapt to hi-tech industries. Chicago's ability to remain competitive depends on its ability to improve educational outcomes for the children of today's blue-collar Latino workers — an ambitious undertaking that begins with an investment in the community's youngest learners through early childhood education.

References

[1] Latinos accounted for 61.3% of the increase in the 6-county region's (Lake, Cook, DuPage, Kane, Will and McHenry counties) labor force between 2000 and 2009. Source: US Census Bureau, 2009 American Community Survey 1-Year Estimate; US Census Bureau, Census 2000 Summary Profile 2.

[2] US Census Bureau, 2006 ACS, 1-Year Estimate, US Census Bureau, Census 2000 Summary Profile 2.

[3] As Latinos of Mexican origin comprise 79% of all Latinos in Chicago, they constitute the core Latino population analyzed in this report. With the exception of Puerto Ricans at nine percent, none of the remaining 20-plus Latino national origin populations are over one percent.

[4] US Census Bureau, 2009 ACS 1-Year Estimate.

[5] US Census Bureau, 1980 and 2010 Census, 1% Public Use Micro-Sample (PUMS)

[6] Creticos, P. and Rosenberg, S. "Latino Engagement and Mobility in the Labor Force and Economy of Metropolitan Chicago," http://latinostudies.nd.edu/publications/pubs/Latinos_in_Chicago.pdf (pg. 125-170).

[7] 75 percent of all Polish and Filipino immigrant workers can be found in just 45 jobs – less than 10 percent of all possible 481 occupations. Source: US Census Bureau, 2000 Census, 1% PUMS.

[8] Koval, John P. "Latinos in Metropolitan Chicago: Growth, Mobility and Future Prospects." WORKING PAPER

[9] Less than 1 percent of Mexico-born workers and less than 10 percent of US-born workers of Mexican origin are employed in the Education, Health, Social Service, Public Administration, Transportation, and Public Utilities sectors. Less than 7 percent of Latinos overall are employed in STEM (Science, Technology, Engineering and Mathematics) sectors. Source: "Not Many Latinos in STEM Careers." National Society for Hispanic Professionals, Washington, D.C. 7/23/08.

[10] US Census Bureau, ACS 2005-2007, Public Use Microdata.

[11] Congressional Research Service. "Job Loss and Infrastructure Job Creation During the Recession." http://fpc.state.gov/documents/organization/122480.pdf

[12] The Brookings Institution, "Bearing the Brunt: Manufacturing Job Loss in the Great Lakes Region, 1995-2005.

[13] Manufacturers' News Inc., as cited by Medill News Service, 1/12/2010: http://news.medill.northwestern.edu/chicago/news.aspx?id=153390

[14] Koval, John P. "Latinos in Metropolitan Chicago: Growth, Mobility and Future Prospects." November 2011.

[15] See Citation 12.

[16] Chicago Public Schools Rolling Database

[17] "Hispanic College Enrollment Spikes, Narrowing Gaps with Other Groups." PEW Hispanic Center, 8/25/11

[18] See Citation 17.

[19] As of March 2010, 33.2% of whites ages 25-29 had completed a bachelor's degree or higher, whereas only 13.9% of Latinos had done so. National Center for Education Statistics, Digest of Education Statistics. http://nces.ed.gov/programs/digest/d10/tables/dt10_008.asp

[20] See Citation 12.

[21] Fry, Richard, "The Rapid Growth and Changing Complexion of Suburban Public Schools." Pew Hispanic Center, Washington, D.C. 2009. P.15

[22] "The State of Latino Chicago 2010: The New Equation." Institute for Latino Studies, University of Notre Dame, 2011.

[23] "Learning From Latinos: Contexts, Families, and Child Development: Introduction to the Special Issue." Developmental Psychology. Vol. 46, No. 3

[24] "The Health and Cognitive Growth of Latino Toddlers: At Risk or Immigrant Paradox?" Maternal and Child Health Journal. Volume 13, No. 6.

[25] Dr. James Heckman. www.heckmanequation.org

[26] "Few Slots for Latino Children." New Journalism on Latino Children. November 2010.

[27] "Latino Access to Preschool Stalls after Earlier Gains." New Journalism on Latino Children. April 2011.

[28] US Census Bureau, ACS 2005-2009, PUMS.