

5. Economic Well-Being

The economic well-being of any group of youths ages 16 to 25 depends in part on the economic status of the households in which they live and in part on their own personal engagement with the labor market. On both fronts, Latino youths lag well behind white youths. But they surpass black youths on most measures of economic well-being and are more active in the labor market than Asian youths.

Among Latino youths, there are significant differences on most of these measures by nativity. Foreign-born Latino youths on average live in households with lower incomes than those of the native born. The foreign born also are more likely than the native born to live in poverty, less likely to live in owner-occupied homes, more likely to lack health insurance and more likely to have a lower-skill job.

But compared with native-born Latino youths, foreign-born Latino youths are more active in the labor force and a smaller share is unemployed. This is partly because foreign-born Latino youths are relatively older (they skew more toward the upper end of the 16-to-25 age range) and less likely to be enrolled in school.

Household Well-Being

Latino youths are more likely than other youths to live in families whose income is below the poverty level. The U.S. government calculates poverty based on a combination of household income and the number of people living in the household. For instance, a family of four, including two related children, with an

	All Youths	All Hispanics	Whites	Blacks	Asians
Family Income, 2008					
Below poverty level	18	23	13	28	18
1 to 2 times poverty level	20	29	16	25	18
2 times or higher than poverty level	62	48	70	47	64
Household Income, 2008					
Less than \$25,000	18	23	13	30	18
\$25,000 to \$49,999	24	30	21	30	20
\$50,000 to \$74,999	19	20	20	15	19
\$75,000 to \$99,999	14	12	15	11	14
\$100,000 or more	25	15	31	13	30
Living in Owner-occupied Home, 2009	59	47	66	44	58
No Health Insurance, 2008	26	41	20	30	27

Notes: "Youths" refers to 16- to 25-year-olds. Whites, blacks and Asians include only non-Hispanics. Asians includes Native Hawaiians and Pacific Islanders. A household may consist of one or more families. Numbers may not total due to rounding.

Source: Pew Hispanic Center tabulations of the March 2009 Current Population Survey, Annual Social and Economic Supplement

income of less than \$21,834 in 2008 was defined to be living below the poverty threshold.¹¹

Some 23% of Latino youths lived in families whose income was below the poverty level in 2008. That was less than the share of black youths (28%) who lived in poverty but was well above the shares of white (13%) and Asian (18%) youths who lived in poverty.

Another yardstick of well-being is household income. In 2008, more than half of Latino youths (53%) lived in households with incomes less than \$50,000, compared with 34% of white youths, 38% of Asian youths and 60% of black youths. Some 15% of Hispanic youths lived in households with incomes of \$100,000 or more, about the same as black youths but much below the shares of white (31%) and Asian (30%) youths.

Likewise, Latino youths are less likely than average to live in owner-occupied homes—47% versus 59% of all youths—and more likely than average to lack health insurance—41% compared with 26% of all youths.

Table 5.2
Economic Well-Being of Latino Youths, by Generation
(%)

	All Youths	All Hispanics	Native-born Hispanics	HISPANICS BY GENERATION		
				First	Second	Third and Higher
Family Income, 2008						
Below poverty level	18	23	20	29	19	21
1 to 2 times poverty level	20	29	27	34	29	23
2 times or higher than poverty level	62	48	53	36	52	55
Household Income, 2008						
Less than \$25,000	18	23	21	26	21	22
\$25,000 to \$49,999	24	30	27	35	29	25
\$50,000 to \$74,999	19	20	21	18	22	20
\$75,000 to \$99,999	14	12	13	11	14	12
\$100,000 or more	25	15	18	10	15	21
Living in Owner-occupied home, 2009	59	47	56	30	57	54
No Health Insurance, 2008	26	41	31	61	34	28

Notes: "Youths" refers to 16- to 25-year-olds. First generation refers to persons born outside the 50 states or the District of Columbia, including those born in Puerto Rico. Second generation refers to persons born in the U.S. with at least one first-generation parent. Third and higher generations refers to persons born in the U.S. with both parents born in the U.S. Numbers may not total due to rounding.
Source: Pew Hispanic Center tabulations of the March 2009 Current Population Survey, Annual Social and Economic Supplement

¹¹ Poverty thresholds, as defined by the U.S. Census Bureau, are available at <http://www.census.gov/hhes/www/poverty/threshld/thresh08.html>.

Among Latino youths, the household well-being of foreign-born youths lags behind the household well-being of native-born youths by wide margins. Some 29% of foreign-born Latino youths lived below the poverty line in 2008. That is markedly higher than the poverty rates among the second generation (19%) or the third and higher generations (21%).

Similar outcomes are evident with respect to household income, homeownership and health insurance. Six-in-ten (61%) of foreign-born Hispanic youths live in households with incomes of less than \$50,000, compared with 48% of native-born youths. Only 30% of the foreign born live in owner-occupied homes, compared with 56% of native-born Latino youths. And 61% of foreign-born Latino youths lack health insurance, compared with 31% of the native born. The differences between second- and third-generation youths are not large.

Labor Market Outcomes

The Great Recession has been hard on young workers, and Latino youths are no exception. The unemployment rate for Latino youths reached 20.4% in the third quarter of 2009, three points higher than the rate for all youths (17.5%).¹² The national unemployment rate at the same time was 9.6%.

	All Youths	Hispanics	Whites	Blacks	Asians
Population	41,701	7,558	25,313	5,940	1,796
Employed	21,140	3,542	14,177	2,221	737
Unemployed	4,486	907	2,435	869	138
Not in labor force	16,074	3,109	8,702	2,850	920
Labor force participation rate (%)	61.5	58.9	65.6	52.0	48.7
Employment rate (%)	50.7	46.9	56.0	37.4	41.0
Unemployment rate (%)	17.5	20.4	14.7	28.1	15.8

Notes: "Youths" refers to 16- to 25-year-olds. Whites, blacks and Asians include only non-Hispanics. Asians includes Native Hawaiians and Pacific Islanders.
Source: Pew Hispanic Center tabulations of Current Population Survey data for July, August and September 2009

¹² Bureau of Labor Statistics (BLS) data show that Hispanic youths last experienced unemployment rates higher than 20% in 1983. Other youths and all workers in general are also experiencing the highest unemployment rates in nearly three decades. BLS data are for ages 16 to 24, slightly different than the 16-to-25 age group that defines youths in this report.

Underneath the aggregate statistic are notable differences in labor market experiences between foreign-born and native-born Latino youths. Those who are foreign born are more likely to be active in the labor force, and a smaller share of them is unemployed. That is because they are relatively older and less likely to be enrolled in school. But young foreign-born workers are concentrated in a handful of lower-skill occupations, a likely consequence both of their low levels of education and of the fact that more than half are in the country illegally.

This section explores the labor market outcomes of Latino youths during the third quarter of 2009, more than 1½ years into the ongoing recession. The unemployment rate (or the share of the labor force that is looking for work) is but one indicator of labor market outcomes. Two other key indicators examined in this section are the labor force participation rate—the share of the population that is either employed or looking for work—and the employment rate—the share of the population that is employed.

Latino youths are nearly as active in the labor market as all youths. Some 58.9% of Latino youths participate in the labor market, compared with 61.5% of all youths. Labor force participation among young Hispanics exceeds that among blacks and Asians but falls short of the rate (65.6%) among whites. Consistent with these trends, a greater share of Latino youths (46.9%) is employed than black (37.4%) or Asian (41.0%) youths. However, the employment rate among white youths is higher (56.0%).

With respect to unemployment, the rates for black youths tend to run much higher than those of others groups, and this is true both in good and bad economic times. The unemployment rate for black youths (28.1%) in the third quarter of 2009 is well above that of Hispanic (20.4%), Asian (15.8%) and white (14.7%) youths.

Among Latino youths, labor market outcomes for the foreign born appear better than for the native born by most measures. In the third quarter of 2009, the unemployment rate for first-generation Latino youth—16.7%—was six percentage points less than the rate for native-born youth—22.6%.

Foreign-born Latino youths are also more active in the labor market than their native-born peers. Of the 7.6 million Latinos ages 16 to 25, some 58.9% were active in the labor force in the third quarter of 2009.¹³ However, 64.2% of foreign-born Latino youths were participating in the labor force, compared with 56.1% of native-born youths. Likewise, a greater share of the foreign-born Latino youth population is employed—53.5% for the foreign born, compared with 43.4% of the native born.

¹³ The population estimates in this section differ slightly from preceding estimates in this report that are derived from the March 2009 Current Population Survey, Annual Social and Economic Supplement.

Table 5.4
Labor Force Status of Youths, by Nativity, Third Quarter, 2009
(thousands, unless otherwise noted; non-seasonally adjusted)

	ALL YOUTHS			HISPANIC YOUTHS		
	All	Native Born	Foreign Born	All	Native Born	Foreign Born
Population	41,701	37,347	4,354	7,558	4,957	2,601
Employed	21,140	18,963	2,177	3,542	2,152	1,391
Unemployed	4,486	4,085	400	907	627	280
Not in labor force	16,074	14,298	1,776	3,109	2,178	930
Labor force participation rate (%)	61.5	61.7	59.2	58.9	56.1	64.2
Employment rate (%)	50.7	50.8	50.0	46.9	43.4	53.5
Unemployment rate (%)	17.5	17.7	15.5	20.4	22.6	16.7

Notes: "Youths" refers to 16- to 25-year-olds. Foreign born includes persons born in Puerto Rico.
Source: Pew Hispanic Center tabulations of Current Population Survey data for July, August and September 2009

The greater engagement of foreign-born Latino youths with the labor market is most likely a result of their age and school enrollment—they are both older and less likely to be in school. With respect to age, the majority of foreign-born youths in the 16-to-25 cohort—54.1%—are ages 22 to 25, compared with only 34.7% of native-born youths (Table 2.2 above). As shown in Table 5.5, labor market outcomes improve steadily with age, for Hispanic youths as well as for all youths.

With respect to school enrollment, foreign-born Latino youths are less likely to be enrolled in high school or college than are native-born Latino youth—34.3% versus 58.9% in March 2009 (Table 6.2 below). That gap also contributes to observed differences in labor market outcomes because those enrolled in school, especially those enrolled full time, are less engaged with the labor market.

Table 5.5
Labor Force Status of Youths, by Age, Third Quarter, 2009
(non-seasonally adjusted, %)

	AGE			
	16 - 17	18 - 19	20 - 21	22 - 25
All Youths				
Labor force participation rate	28.9	54.7	67.9	79.0
Employment rate	21.5	41.6	56.4	68.0
Unemployment rate	25.7	23.9	17.0	13.9
Hispanic Youths				
Labor force participation rate	23.0	51.7	69.7	76.1
Employment rate	15.0	36.5	56.2	64.4
Unemployment rate	34.6	29.4	19.4	15.3

Note: "Youths" refers to 16- to 25-year-olds.
Source: Pew Hispanic Center tabulations of Current Population Survey data for July, August and September 2009

For example, only 18.2% of Latino youths enrolled full time in high school in the third quarter of 2009 participated in the labor force. That compares with participation rates of 41.8% among part-time high school attendees, 46.7% among full-time college enrollees and 79.5% among those attending college part time.

The participation rate among Latino youths not enrolled in either college or high school is 70.1%. Because native-born Latino youths are more likely to be of high school age and more likely to attend school than foreign-born youths, they are more restrained in their labor market activities.

Table 5.6
Labor Force Status of Youths Ages 16 to 24,
by School Enrollment, Third Quarter, 2009
(non-seasonally adjusted, %)

	SCHOOL ENROLLEES				NOT ENROLLED
	High School		College		
	Full time	Part time	Full time	Part time	
All Youths					
Labor force participation rate	23.5	47.7	49.1	78.2	74.0
Employment rate	17.5	26.7	42.5	68.9	59.9
Unemployment rate	25.4	44.1	13.4	11.8	19.1
Hispanic Youths					
Labor force participation rate	18.2	41.8	46.7	79.5	70.1
Employment rate	11.6	23.7	37.9	69.2	55.6
Unemployment rate	36.0	43.3	18.8	13.0	20.7

Note: Estimates are restricted to ages 16 to 24 because that is the universe for the school enrollment data from the Current Population Survey.
Source: Pew Hispanic Center tabulations of Current Population Survey data for July, August and September 2009

Foreign-born Latinos differ from native-born youths in one other important aspect—their occupational status. While they are less likely to be without a job, the majority of foreign-born youths with a job—52.4%—are employed in only four lower-skill occupations—food preparation and serving; building and grounds cleaning and maintenance; construction and extraction; and production.¹⁴ Lower levels of education and unauthorized status are likely reasons that foreign-born Latino youths face a limited choice of jobs.

In contrast, native-born Latino youths are more dispersed across occupations, including in white-collar occupations. The occupational distribution of native-born Latino youths closely resembles the occupational distribution of all U.S. youths. Sales and related occupations are the most popular choice for both cohorts of employed youths. And native-born youths, in general or Latinos in particular, are much less likely than their foreign-born peers to work in construction or production occupations.

Within the population of native-born Latino youths, there is little difference in labor market outcomes between the second generation and the third and higher

¹⁴ Another 10.8% of foreign-born Latino youths are in sales and related occupations, implying that nearly two-thirds work in just five occupations.

generations. The second generation of youths is somewhat less likely to participate in the labor force—53.8% versus 59.0% for the third and higher generations. Consequently, a smaller share of the second generation (41.4%) is employed compared with the third and higher generations (46.0%). However, the unemployment rate across these generations is virtually identical—23.0% for the second generation and 22.1% for the third and higher generations. Overall, the differences between native-born and foreign-born Latino youths are more acute than are differences across native-born generations.

Table 5.7
Occupational Distribution of Youths,
by Nativity, Third Quarter, 2009
(employed persons only; non-seasonally adjusted, %)

	ALL		HISPANICS	
	Native Born	Foreign Born	Native Born	Foreign Born
Total	100.0	100.0	100.0	100.0
Management, business and financial	5.9	4.3	4.0	2.6
Computer, architecture and scientific	3.0	4.4	1.2	1.1
Legal and social services	1.4	0.8	0.9	0.7
Arts, entertainment, sports and media	2.1	1.0	1.9	0.8
Education, training and library	3.5	2.4	3.7	1.6
Health care	6.2	3.5	5.0	1.4
Sales and related	17.0	13.3	19.7	10.8
Office and administrative support	14.2	10.4	18.6	8.8
Protective services	2.7	1.4	2.3	0.8
Personal care and services	6.0	3.9	4.6	2.6
Food preparation and serving related	16.2	14.0	14.4	15.3
Building, grounds cleaning and maintenance	3.9	8.2	3.8	11.4
Construction and extraction	4.1	10.8	4.2	15.0
Installation, maintenance and repair	3.1	3.1	3.1	3.9
Production	3.8	8.8	4.4	10.7
Transportation and material moving	5.9	6.9	7.3	8.2
Farming, fishing and forestry	1.1	2.8	0.8	4.2

Notes: "Youths" refers to 16- to 25-year-olds. Foreign born includes persons born in Puerto Rico. Numbers may not total due to rounding.
Source: Pew Hispanic Center tabulations of Current Population Survey data for July, August and September 2009

“You’re bilingual so that you have a major opportunity in jobs. So you know, most jobs nowadays...the Hispanic population is getting so much bigger that [jobs] are requiring people who know two languages...so you have an advantage over whites and blacks.”

25-old-Hispanic female

Table 5.8
Labor Force Status of Hispanic Youths,
by Generation, Third Quarter, 2009
(thousands, unless otherwise noted; non-seasonally adjusted)

	HISPANIC GENERATIONS		
	First	Second	Third and Higher
Population	2,601	2,799	2,158
Employed	1,391	1,160	992
Unemployed	280	346	281
Not in labor force	930	1,294	885
Labor force participation rate (%)	64.2	53.8	59.0
Employment rate (%)	53.5	41.4	46.0
Unemployment rate (%)	16.7	23.0	22.1

Notes: "Youths" refers to 16- to 25-year-olds. First generation refers to persons born outside the 50 states or the District of Columbia, including those born in Puerto Rico. Second generation refers to persons born in the U.S. with at least one first-generation parent. Third and higher generations refers to persons born in the U.S. with both parents born in the U.S.
Source: Pew Hispanic Center tabulations of Current Population Survey data for July, August and September 2009