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SOUTHERN CALIFORNIA'S LABOR FORCE: DIVERSITY AND AGING¹

By

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In collaboration with
Human Resources Round Table

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INTRODUCTION

To meet the demands of the changing labor market it is important for human resources management to improve and enhance their knowledge of the workforce. This report profiles the labor force in Southern California for Human Resources Round Table (HARRT) and presents key findings regarding diversity and aging. This report will provide employers with basic trends and implications and will help promote potential strategies to improve practice in shaping the quality of the workforce.

This report is structured around five research objectives:

- Analyze labor force trends in Southern California from 1980 to 2010.
- Compare Southern California to the state and nation.
- Profile labor force by gender, ethnicity, education, etc.
- Examine the size of the older labor force.
- Identify implications for employers.

We conduct a historical and projected analysis of the labor force utilizing demographic and socioeconomic characteristics from 1980 to 2010. The presentation of results is divided into five sections:

- Overall Population Trends
- Labor Force Trends
- Labor Force Composition
- Size of Older Work Force
- Implications

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Major findings include:

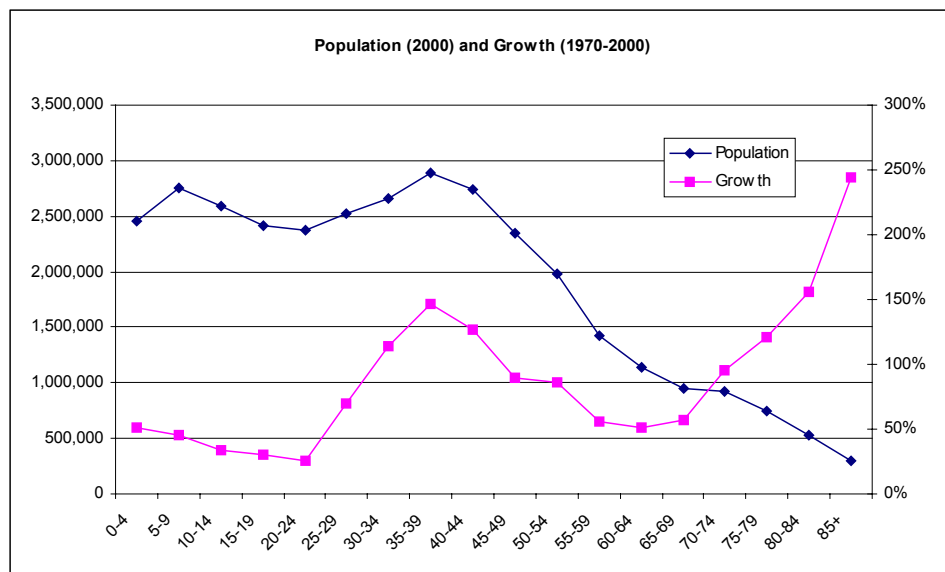
- Aging of the population is driving aging of the work force.
- There has been growth of the labor force since 1990.
- The labor force is becoming less White and more Latino.
- The region has a large less-educated work-force.
- The size of the older labor force is increasing absolutely, but retirement rates remain constant.

Section 1. Overall Population Trends

Population trends have strong implications on the composition of the labor force. This section investigates overall growth, the projected elderly population, and the race/ethnicity changes.

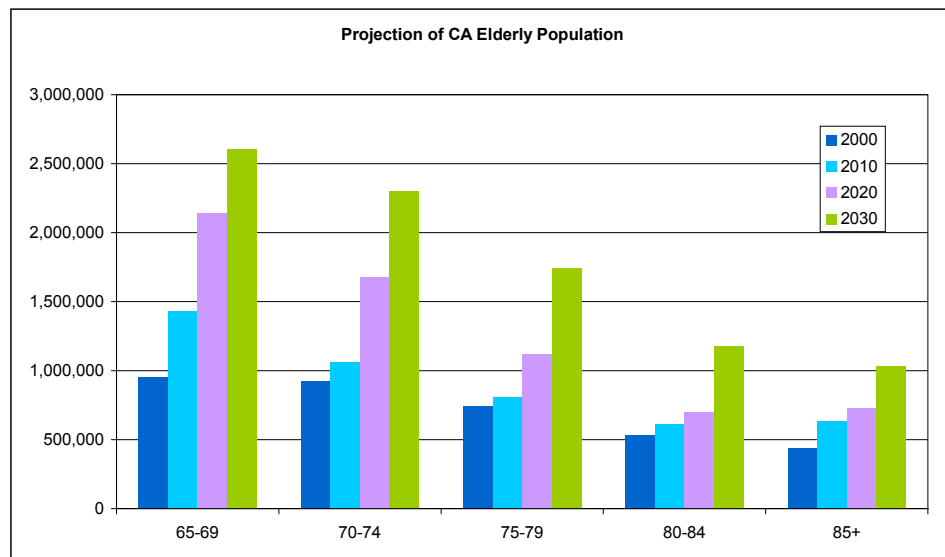
Although California has grown at an exceptional rate and experienced high overall population growth from 1970-2000, this growth varies by age and race/ethnicity. Figure 1 shows the population and growth rate for California and shows that the older population (over 70) has grown by over 100 percent. According to Figure 2 the older population is projected to continue growing. The Department of California Finance estimates that in four decades the elderly will more than double in population.

Figure 1. Overall Growth, 1970-2000.



Source: U.S. Census 5 Percent PUMS data

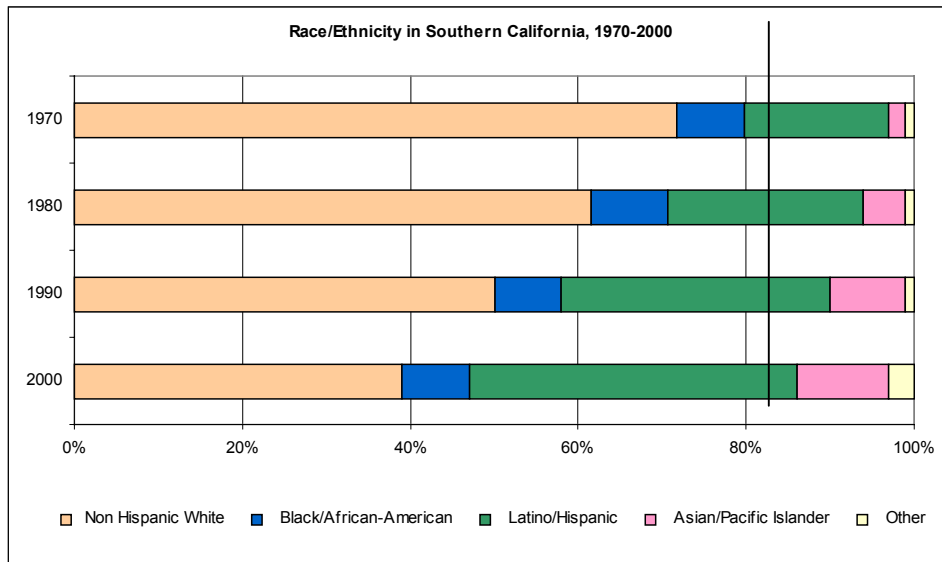
Figure 2. Projected Elderly Population, 2010-2030.



Source: Department of Finance

California is becoming a more multiethnic and multiracial state. Southern California has become increasingly comprised of Latinos between 1970 and 2000 (Figure 3). In four decades, non-Hispanic whites dropped from over 70 percent of the overall population to less than 40 percent. While the Black population remained stable, Latinos more than doubled, and Asian Pacific Islanders increased by multiple folds.

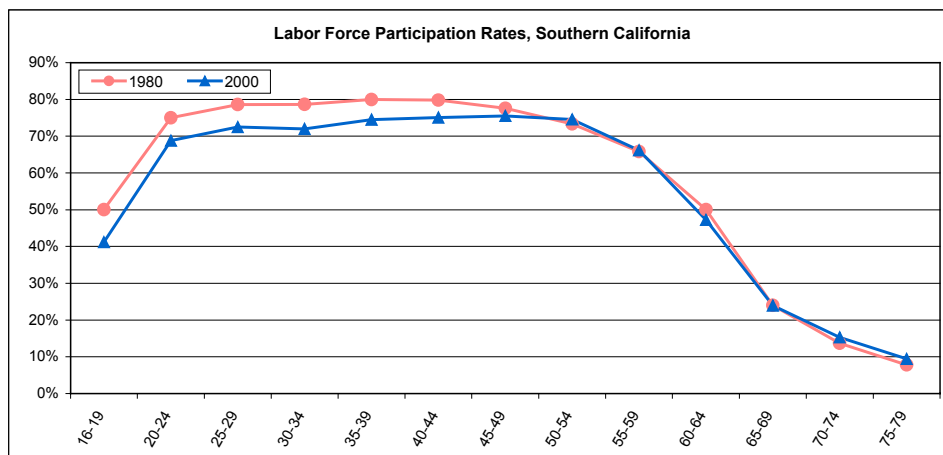
Figure 3. Race/Ethnicity, Southern California, 1970-2000.



Source: U.S. Census 5 Percent PUMS data

This population trend suggests not only racial/ethnicity shifts in the labor force in Southern California, but that other workforce components such as worker skill level and retirement age may have shifted. The labor force includes working persons and those actively seeking employment. While there is a distinct racial/ethnicity transformation of the labor force, the rates at which workers participate in the labor force have remained consistent (Figure 4). The labor force participation rate is the percentage of working-age adults who are in the labor force.

Figure 4. Labor Force Participation Rates, Southern California, 1980-2000.



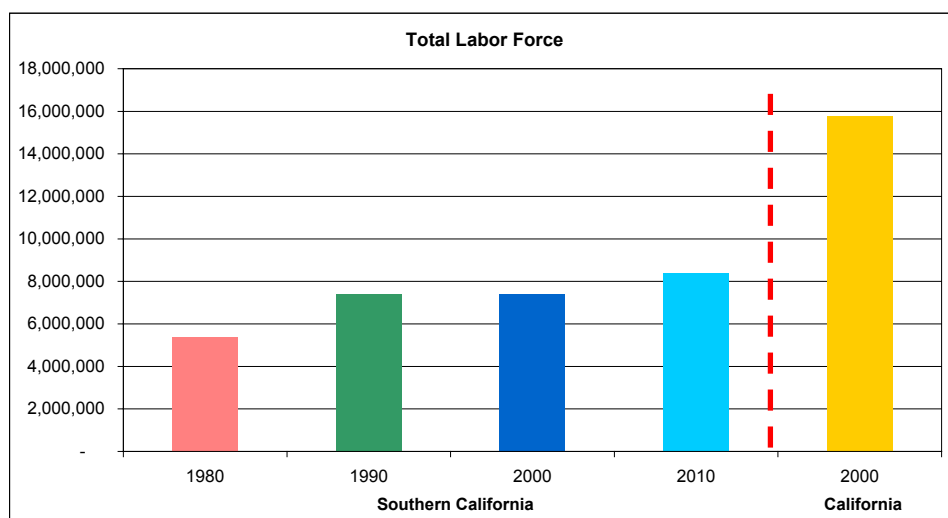
Source: U.S. Census 5 Percent PUMS data

Section 2: Labor Force Trends

This section investigates the overall labor force trends. Figure 5 depicts that overall size of the labor force increased between 1980 and 2010. In 2000 Southern California's labor force comprised almost half of California's overall labor force.

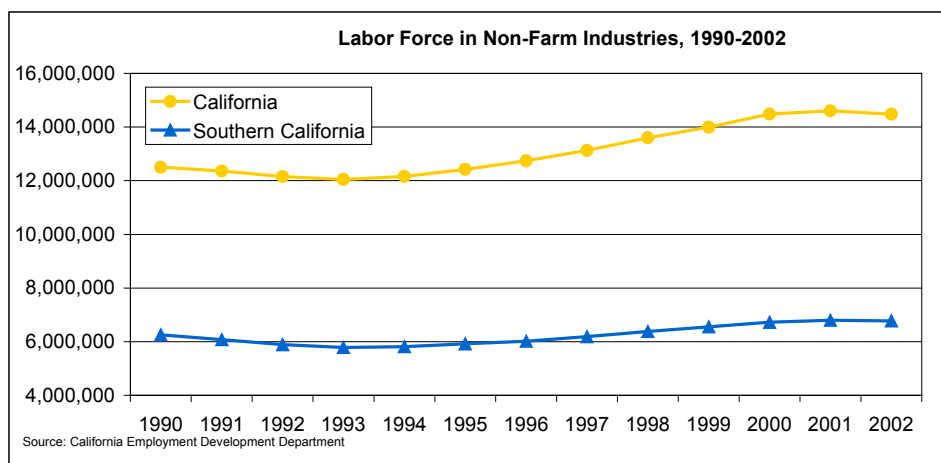
The size of the labor force is affected by the business cycle and structural changes (e.g., defense cuts). According to the business cycle in the United States during the mid 1990's, the country was in an economic slump in the early 1990's followed by unprecedented growth which stabilized by 2000. This cyclical fluctuation helps explain fluctuations in the overall size of the labor force for California and Southern California from 1990 to 2002 (Figure 6).

Figure 5. Total Labor Force



Source: U.S. Census 5 Percent PUMS data

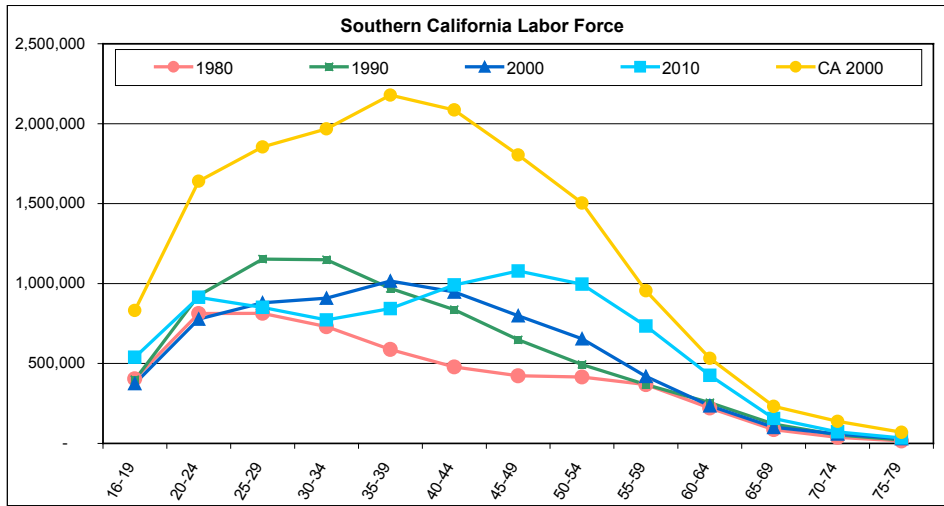
Figure 6. Labor Force In Non-Farm Industries, 1990-2002



Source: U.S. Census 5 Percent PUMS data

As previously noted, population dynamics directly impact the composition of the labor force, especially with regards to age. Persons 25-35 in 1980 aged as a group and became a group of 45-55 in 2000 (Figure 7). These pattern forms a “bump” in the labor force that “moves” across Figure 7 over time.

Figure 7. California Labor Force by Age



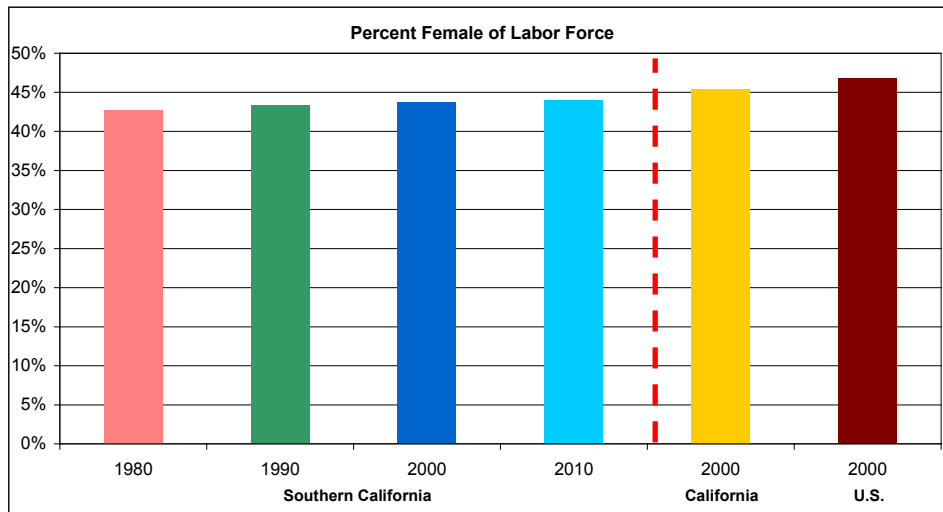
Source: U.S. Census 5 Percent PUMS data

Section 3: Labor Force Composition

This section investigates the composition of the labor force over time, including gender, race/ethnicity, immigration, and educational attainment.

Figure 8 shows a stable participation of women in the labor force. From 1980 to 2000 women make up just under 45 percent of the labor force. This trend is projected to continue.

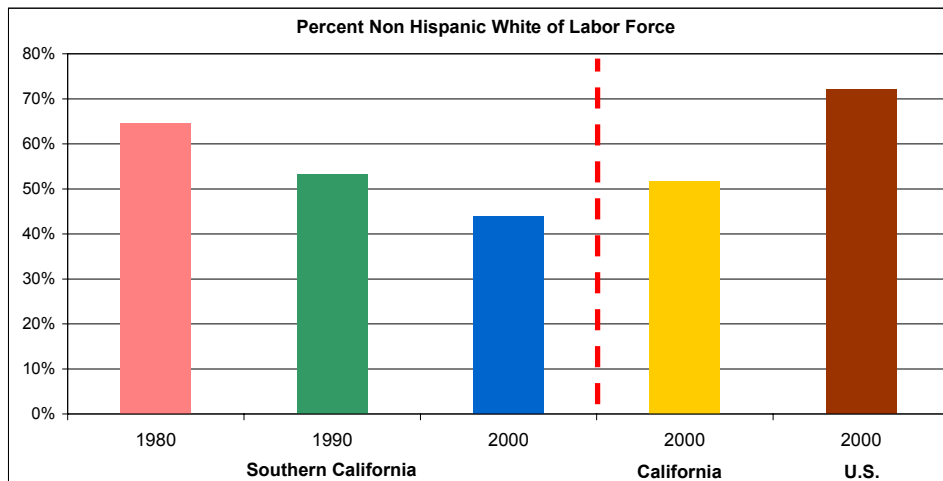
Figure 8. Percent Female of Labor Force



Source: U.S. Census 5 Percent PUMS data

Southern California's racial/ethnic composition has undergone substantial shifts. Non Hispanic whites are a declining percent of the labor force in Southern California, dropping by almost 20 percent from 1980 to 2000 (Figure 9). In 2000, non-Hispanic whites comprised 45 percent of the labor force in Southern California, compared to 77 percent at the national level.

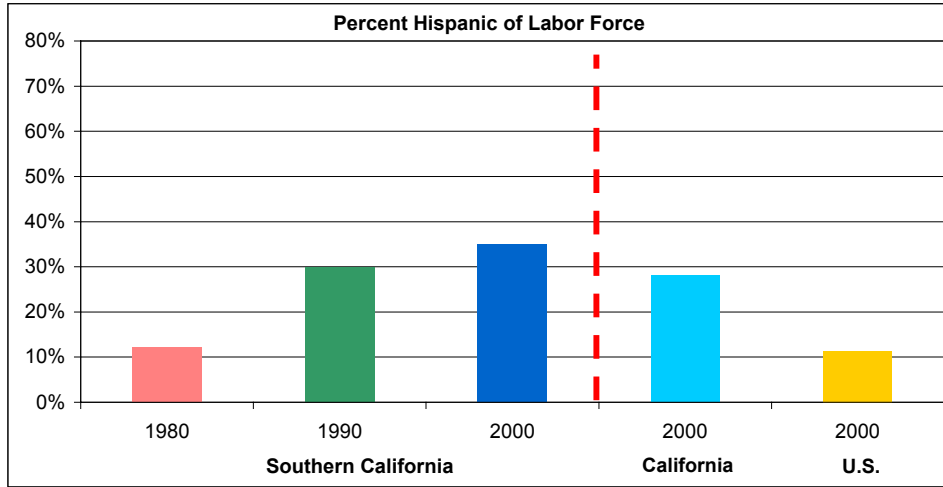
Figure 9. Percent Non Hispanic White of Labor Force



Source: U.S. Census 5 Percent PUMS data

Hispanics comprise a larger percentage of the labor force. In 2000, a third of the labor force in Southern California is of Hispanic origin.

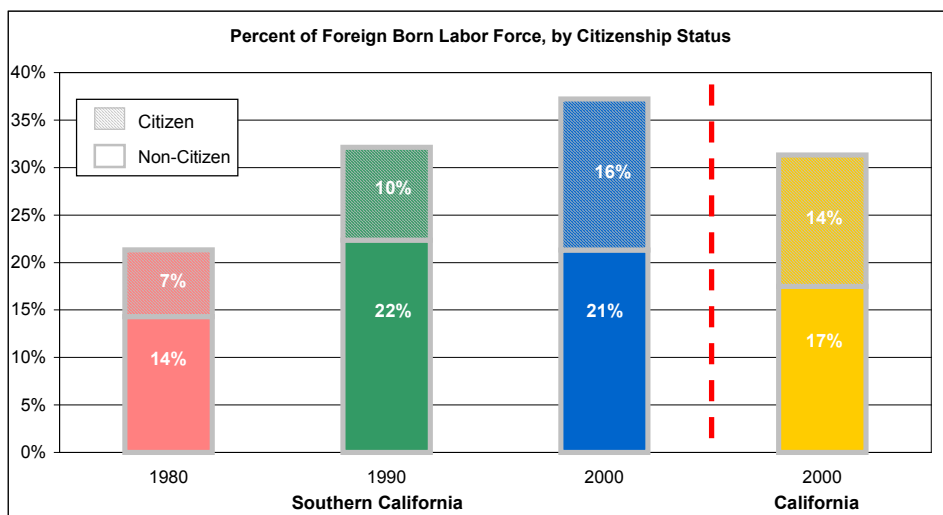
Figure 10. Percent Hispanic of Labor Force



Source: U.S. Census 5 Percent PUMS data

As the data shows an influx of racial and ethnic minorities, California has also witnessed a steady increase of immigrants. The foreign born in the labor force has steadily evolved from 1980 to 2000 (Figure 11). The participation rate in Southern California has increased from 21 percent to almost 40 percent. California’s foreign-born participation rate for 2000 is less than the 1990 rate for Southern California. Since 1980 the rate of foreign-born citizens in the labor force has more than doubled.

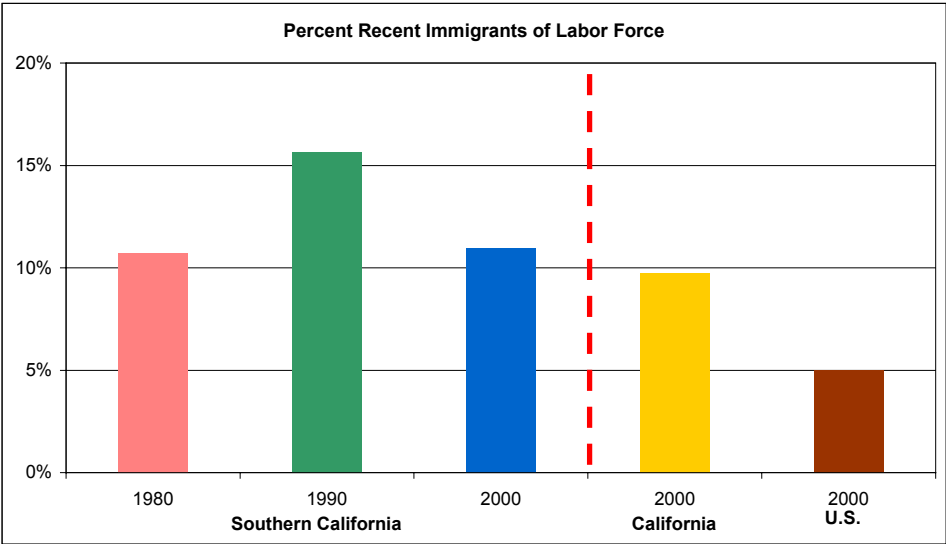
Figure 11. Foreign Born, by Citizenship Status



Source: U.S. Census 5 Percent PUMS data

Southern California’s percentage of recent immigrants in the labor force declined between 1990 and 2000. Recent immigrants are defined as foreign born residents who immigrated in the last ten years. Figure 12 shows that in 2000 the percentage of recent immigrants is almost equal to the rate in 1980. Furthermore, the percent recent immigrants in Southern California increased to over 15 percent in 1990, then declined. Despite this drop, Southern California’s rate is higher than California and the United States. In fact, Southern California has more than twice the percentage of the United States.

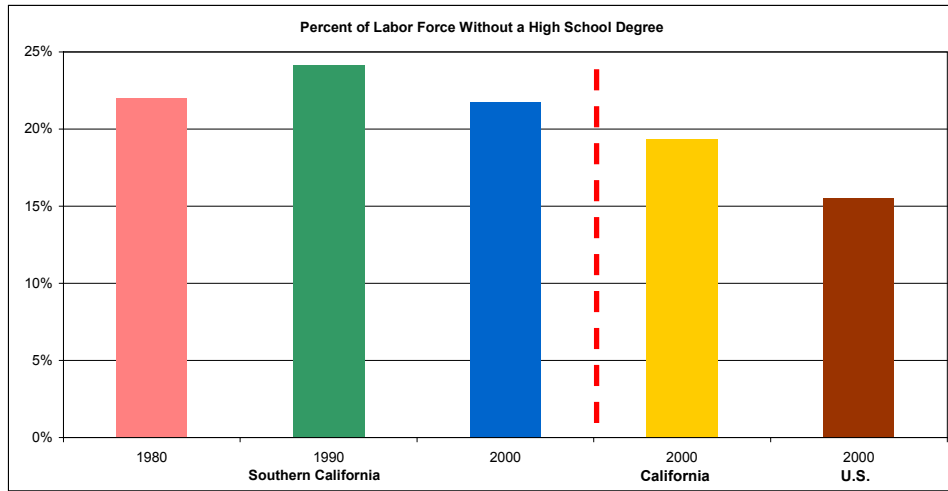
Figure 12. Recent Immigrants



Source: U.S. Census 5 Percent PUMS data

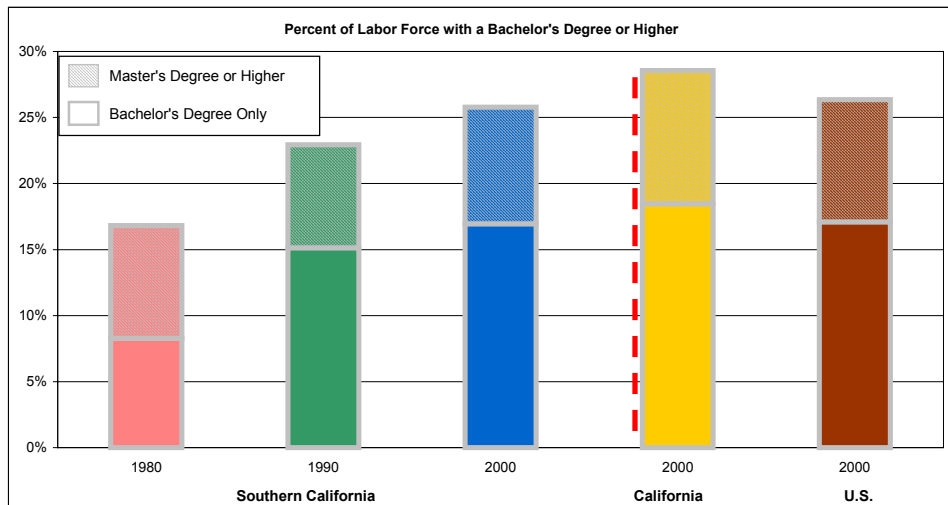
Educational attainment serves as a proxy for a worker's skill level. There was a slight drop in the percentage of the labor force without a high school education from 1990 to 2000 (Figure 13). Southern California has a higher percentage of workers without a high school degree than California and the nation. While an increased percentage in the labor force had at least a bachelor's degree between 1980 and 2000 the percentage of workers with at least a bachelor's degree in 2000 is less than California and the nation (Figure 14). The percentage of workers with a Master's degree is steady for Southern California, California, and the nation.

Figure 13. Labor Force, Without a High School Degree



Source: U.S. Census 5 Percent PUMS data

Figure 14. Labor Force, Bachelor's Degree or Higher

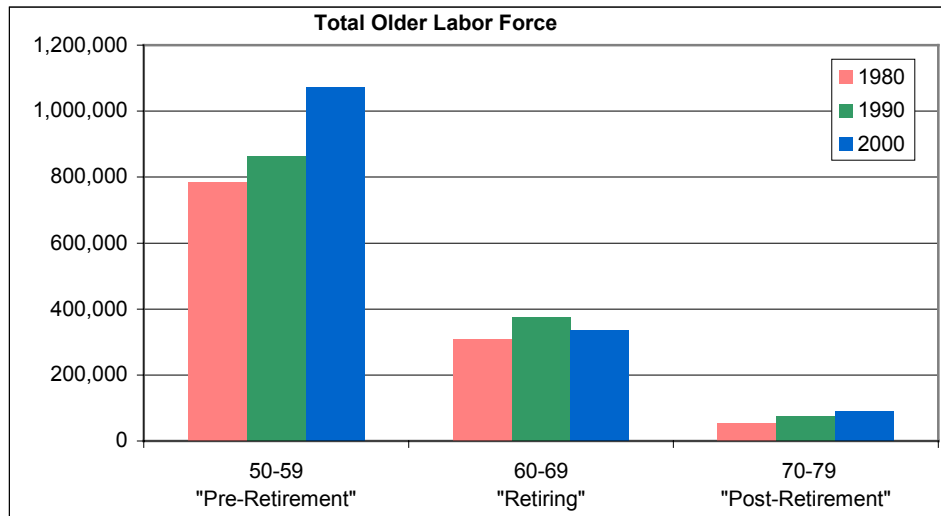


Source: U.S. Census 5 Percent PUMS data

Section 4: Size of Older Work Force

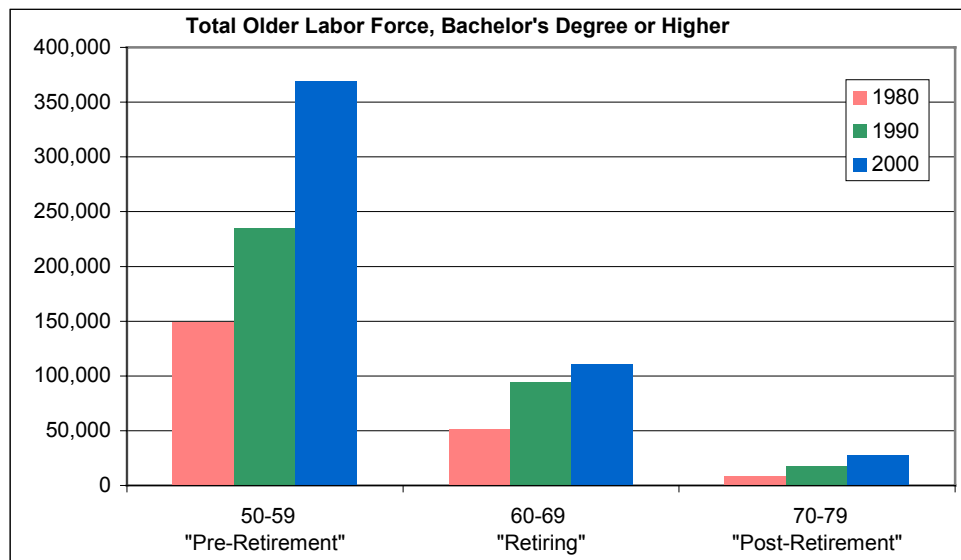
For the most part the older labor force is increasing by absolute size while the overall participation rate in the labor market remains unchanged. The number of older workers increased from 1990 to 2000 (Figure 15). The growth is especially pronounced for the highly educated (Figure 16). As for the retirement rates between 1980 and 2000 the participation rate of older workers has remained constant (Figure 17). This trend holds true for the highly educated older workers (Figure 18).

Figure 15. Older Labor Force



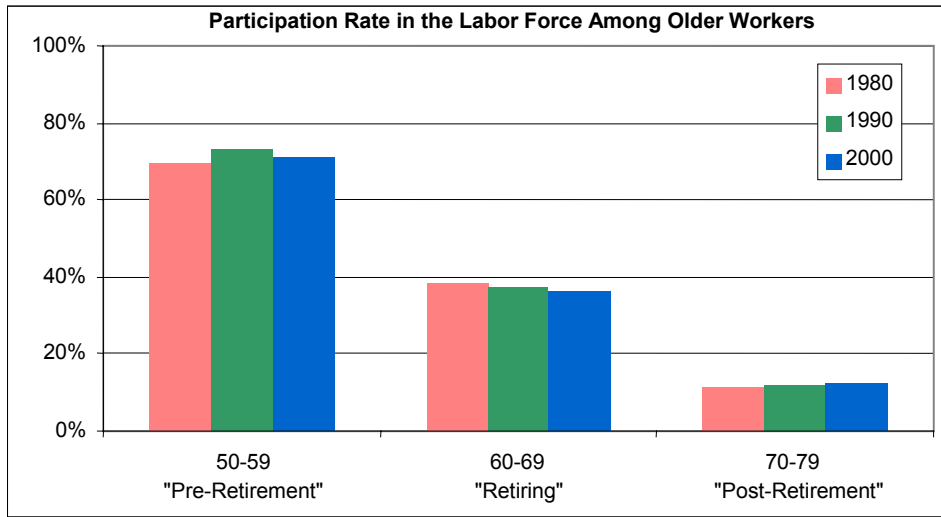
Source: U.S. Census 5 Percent PUMS data

Figure 16. Older Labor Force, Bachelor's Degree or Higher



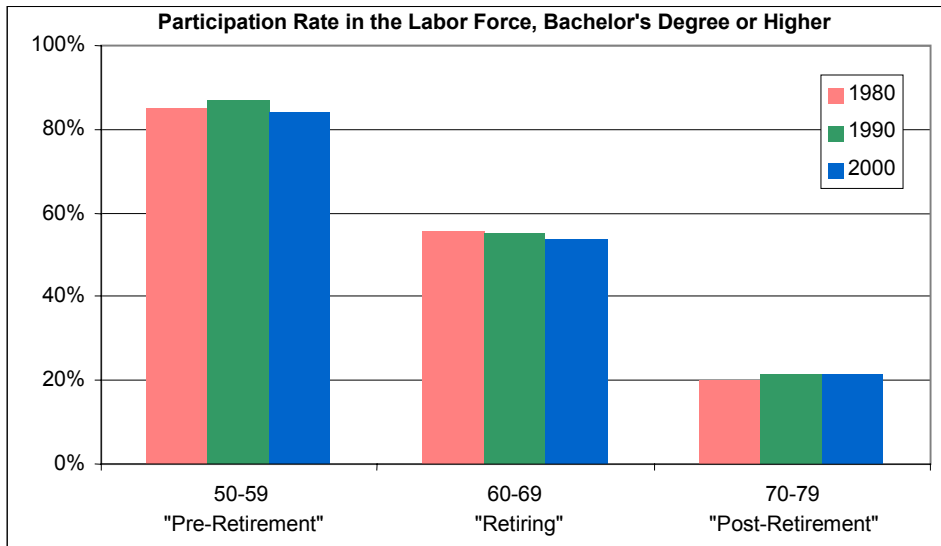
Source: U.S. Census 5 Percent PUMS data

Figure 17. Participation Rate of Older Labor Force



Source: U.S. Census 5 Percent PUMS data

Figure 18. Participation Rate of Older Labor Force, Bachelor's Degree or Higher



Source: U.S. Census 5 Percent PUMS data

Section 5: Implications for Employers

The basic trends presented in this report represent a starting point for future policy-oriented research on diversity and aging in the labor force. We have identified several implications:

- The population and work force are aging.
- Moderate job growth is likely to continue.
- Bridge and tap cultural diversity.
- Enhance the skills of the less educated.
- Attract or retain more highly educated workers.
- Accommodate the growing absolute number of older workers.
- Consider increasing the retention of educated older workers.

METHODOLOGY AND DATA

Data Sources:

For this study, we conducted a historical and projected analysis of the labor force utilizing demographic and socioeconomic characteristics. We relied primarily on 1980, 1990, and 2000 census data for statistics. The most important data sets were the 1980 PUMS (5 Percent), 1990 PUMS (5 Percent) and 2000 PUMS (1 Percent) data. Public Use Microdata Sample (PUMS) files contain records representing 5-percent or 1-percent samples of the occupied and vacant housing units in the United States and the people in the occupied units. Individual-level data were based on the U.S. Census “long form,” 2010 projections are based on California Department of Finance (DOF) data.

Classifications:

The study area includes five Southern California counties: Los Angeles, Orange, Riverside, Ventura, and San Bernardino Counties.

The labor force is comprised of working persons and those actively seeking employment. The Labor Force Participation Rate represents the percentage of the population sixteen years or older who were in the labor force. That is, those who were employed or who were actively looking for work.

We classify race and ethnicity into two groups: Non Hispanic White and Hispanics. The Non Hispanic white population represents all persons who reported having only white ancestry. The data on the Hispanic or Latino population were derived from respondents that identify as Spanish, Hispanic, and/or Latino. These terms are used interchangeably.

The Recent Immigrant represents the foreign born population who entered the United States within the last 10 years. The Foreign Born population represents those who were not born in the United States. This population was further classified as a naturalized citizen or not a citizen.

For the purposes of our report, educational attainment was used as a proxy for workers skill. The population without high school degree served as a proxy for low-skilled workers. The high school graduate to some college to AA population served as a proxy for blue-collar workers. The bachelor’s degree or higher population served as a proxy for professional workers.

While the Census Bureau does not track retirement, the data indicate persons no longer in the labor force. Retirement breaks down into “pre-retirement age” for ages 50-59, “retiring age” for ages 60-69,” and “post-retirement age” for ages 70-79.