

# The Main Street Economist

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## MINORITIES IN THE TENTH DISTRICT: ARE THEY READY FOR THE JOBS OF THE FUTURE?

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The Tenth Federal Reserve District is becoming increasingly diverse, with racial and ethnic minorities making up a quarter of the region's population. These groups are expected to grow even larger in the years ahead. It is becoming increasingly important to understand the current economic conditions of minorities and their ability to contribute to future regional economic growth.

Most minority groups in the Tenth District remain heavily concentrated in low-paying occupations, primarily due to their lower educational levels.<sup>1</sup> As a result, the median pay for the region's Hispanics, blacks, and Native Americans, in particular, lags considerably. In the years ahead, jobs requiring postsecondary education are expected to grow much faster than jobs requiring less education, a trend that threatens to leave some minority groups behind.

The outlook for boosting regional minority education is somewhat mixed. Minority enrollment and especially graduation rates at four-year colleges and universities in Tenth District states are below average. Research suggests that raising such numbers takes considerable time and resources. Nevertheless, minority presence in the region's associate degree and vocational programs is sizable, and jobs requiring such degrees are expected to increase rapidly in the years ahead. Policymakers may be wise to continue

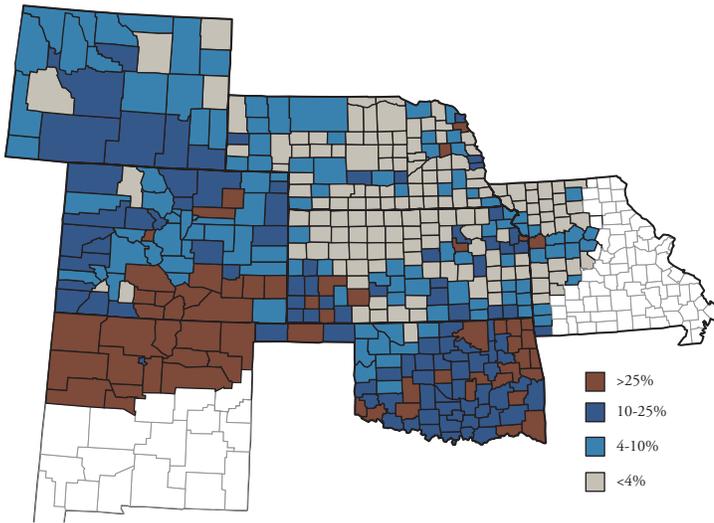
to focus resources on minorities attending community colleges and vocational schools, in addition to boosting the ability of minorities to achieve higher levels of education more generally.

### THE TENTH DISTRICT'S MINORITY WORKFORCE

A number of minority groups have sizable presences in the Tenth District. The largest minority group in the region is Hispanics, with 12 percent of total regional population in 2005, followed by blacks (6 percent), Native Americans (2.5 percent), and Asians (1.7 percent). The highest concentrations of minorities in the region can be found in northern New Mexico and southern Colorado (mostly Hispanic and Native American), eastern and southwestern Oklahoma (all races), and southwestern Kansas (primarily Hispanic), as well as in most of the region's largest metropolitan areas (Map 1). Denver, Kansas City, Oklahoma City, and Albuquerque, in particular, have sizable minority populations.

Since 1970, the proportion of racial and ethnic minorities in the Tenth District has roughly doubled, reaching 25 percent in 2005. Minority growth in the region has been especially rapid since 1990, exceeding 3 percent annually, compared with less than 0.5 percent for the

**MAP 1**  
**MINORITY SHARE OF POPULATION, 2000**  
**TENTH DISTRICT COUNTIES**



Source: U.S. Census Bureau

district's non-Hispanic white population. Census projections call for continued rapid growth for minorities in the years ahead. Such strong recent growth has been driven in part by the sizable immigration of Hispanics to Kansas, Missouri, Nebraska, and Oklahoma. In addition, all minority groups in the region continue to have higher birthrates than non-Hispanic whites.

As in the past, district minorities typically work at lower-paying jobs—for example, in production and services. In 2000, the district's Hispanics, blacks, and Native Americans worked in management positions—the highest-paying occupational group—but at only slightly more than half the rate of all races combined (Chart 1). And these minorities' presence in high-paying professional occupations—such as doctors, lawyers, and scientists—also lagged markedly.

Management and professional jobs account for about a third of total employment in the district. Thus, the median earnings of Hispanics, blacks, and Native Americans lag the district average by 15 percent to 25 percent. The median earnings of Asians in the district, who also have a smaller

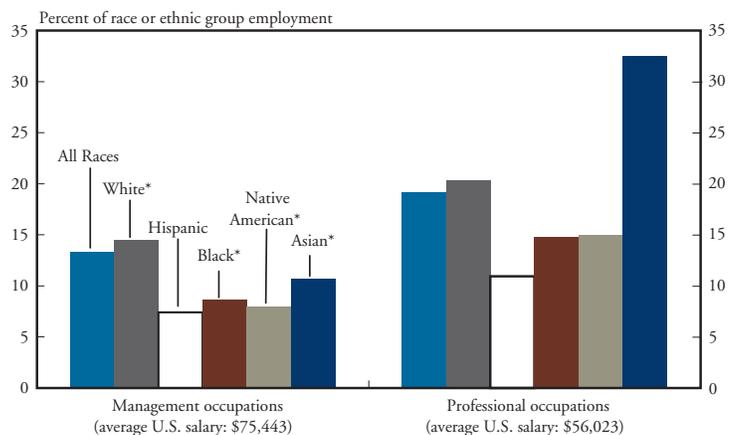
presence in management positions, lag those of non-Hispanic whites by a slight margin as well.

The intermediate-term outlook for minority jobs is equally as bleak. The growth of jobs held by the region's Hispanics, blacks, and Native Americans is projected to be average to slightly below average.<sup>2</sup> Moreover, while higher-paying jobs for non-Hispanic whites are expected to grow faster than lower-paying jobs, this is less true for Hispanics, blacks, and Native Americans. As a result, the median earnings of these groups could lag further behind in the years ahead, unless current and future minority workers are able to move into higher-paying occupations.

**MINORITY EDUCATION AND THE JOBS OF THE FUTURE**

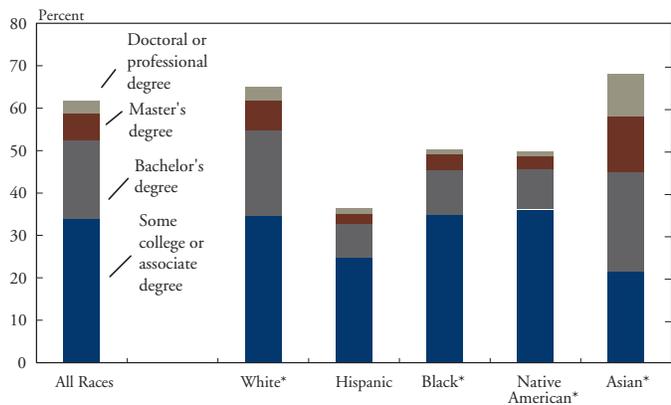
A number of factors may contribute to the concentration of minorities in lower-paying occupations. Some examples often cited include labor market discrimination, lack of geographic mobility, and differing degrees of immigrant assimilation. Many studies show that each of these factors can explain part of the differing labor market outcomes across races.<sup>3</sup> However, most research shows that the overarching reason minorities remain concentrated in lower-paying occupations is they have less education.<sup>4</sup> And economic forecasters predict that the importance of postsecondary

**CHART 1**  
**EMPLOYMENT IN HIGH-PAYING OCCUPATIONS, 2000**  
**TENTH DISTRICT STATES**



\*Non-Hispanic  
 Source: U.S. Census Bureau

**CHART 2**  
**POSTSECONDARY EDUCATIONAL ATTAINMENT, 2000**  
**TENTH DISTRICT STATES**  
**(POPULATION AGED 20 AND OLDER)**



\*Non-Hispanic  
 Source: U.S. Census Bureau

education for workers' job prospects will continue to increase in the years ahead.

The education of Hispanics, blacks, and Native Americans in the Tenth District lags the overall regional average by a sizable margin, especially at higher levels (Chart 2). Moreover, the gap at the bachelor's degree and above level—the level required for many of the highest-paying occupations—widened during the 1990s. For example, while the share of the region's overall population with bachelor's degrees rose by more than 4 percentage points from 1990 to 2000, the percentage increase among blacks was less than 3 percent, and Hispanics showed no increase at all.<sup>5</sup> People of Asian descent in the region, by contrast, have slightly higher-than-average educational attainment, especially at the graduate degree level.

The importance of postsecondary education for workers' job prospects is expected to rise in the years ahead. According to the U.S. Bureau of Labor Statistics, jobs requiring vocational awards or higher degrees are expected to grow considerably faster through 2014 than jobs requiring a high school diploma or less (Chart 3). Specifically, jobs requiring postsecondary education are expected to grow from 1.6 percent to 2.7 percent annually, depending on education level. In contrast, jobs requiring only on-the-job training or previous work experience are expected to grow just 0.8 percent to 1.1 percent annually.

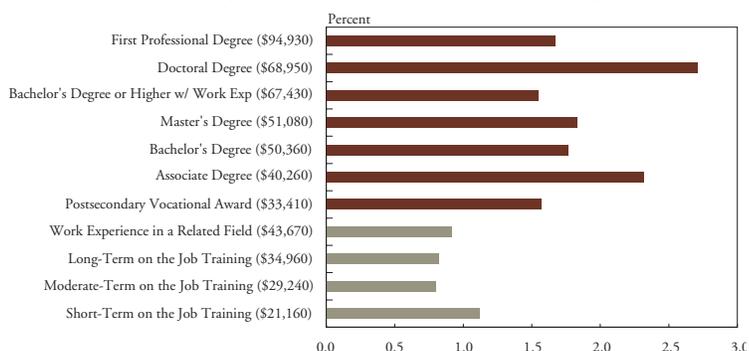
Notably, however, projected job growth is not proportionately higher with each additional level of education. For example, jobs requiring doctoral degrees are expected to grow fastest, but jobs requiring associate degrees are expected to grow the next strongest. Some of the associate-degree jobs projected to grow the fastest include dental hygienists, legal assistants, medical records technicians, and computer support specialists.

It is also notable that the outlook for jobs requiring vocational awards—the first level of postsecondary education—is considerably better than the outlook for jobs requiring on-the-job training or work experience in other fields, jobs typically filled by high school graduates or dropouts. Some vocational award occupations expected to grow the most in coming years include emergency medical technicians, appraisers and assessors, security and fire alarm installers, licensed practical nurses, and hairdressers.

Clearly, the completion of some type of postsecondary education will be an important factor in Tenth District workers' own future economic success and thus also to the success of the overall regional economy. So unless the educational attainment of the largest minority groups in the region increases, these groups' future economic success and contributions could be constrained.

Close investigation of educational attainment data by race and age reveals very little difference in the educational attainment of older minorities in the district relative to younger minorities. This would suggest that the overall

**CHART 3**  
**ANNUAL PROJECTED U.S. JOB GROWTH, 2004-2014,**  
**BY PRIMARY EDUCATION OR TRAINING REQUIREMENTS**  
**(RANKED BY DEGREE AND MEDIAN SALARY)**



Source: U.S. Bureau of Labor Statistics

educational attainment of the region's minorities is unlikely to change considerably in the years ahead due simply to retirement of less-educated workers. But what about minorities just preparing for or entering the workforce? Are they being trained for the fast-growing, high-paying jobs of the future?

### ARE THE REGION'S COLLEGES GRADUATING ENOUGH MINORITIES?

Recent minority enrollment and graduation statistics show that minorities are generally well-represented at two-year-and-under institutions in the region—but not at institutions providing higher levels of education. For example, for the 2003-04 school year, blacks and Native Americans had high enrollment levels at two-year-and-under colleges in Tenth District states. Each group had a larger presence at such schools than their college-age population share (Chart 4). Both groups also have roughly average enrollment numbers at four-year institutions in the region. In the case of blacks, however, the presence of several historically black colleges in Missouri and Oklahoma may provide an extra boost to these numbers.<sup>6</sup>

On the other hand, college-age Hispanics in the region are generally not well-represented at postsecondary institutions, especially at four-year universities. This is likely due in part, of course, to many recent immigrants not having the prior educational background necessary for postsecondary education. Research shows that immigrants' educational attainment and overall economic success tends to increase markedly by the second and third generations.

Data on degrees granted to minorities in the region are generally less encouraging than the enrollment data. Most minority groups' graduation rates from colleges and universities in Tenth District states during the 2002-03 school year were below average and were also lower than comparable enrollment rates, suggesting minority completion of advanced schooling may also lag (Chart 5). The exception to the trend was Asians, who received similar numbers of bachelor's degree and higher awards from institutions in the region as their college-age population share.

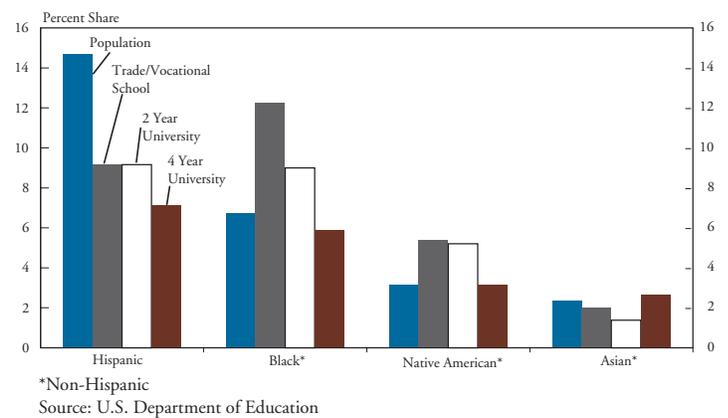
Overall, the lower graduation rates than enrollment rates of minorities from regional colleges and universities

present an unwelcome trend. It is encouraging, though, that minorities have a sizable presence in two-year-and-under postsecondary programs in the region. Still, to close the sizable earnings gaps that most minority groups in the region have, they will need to achieve further levels of education.

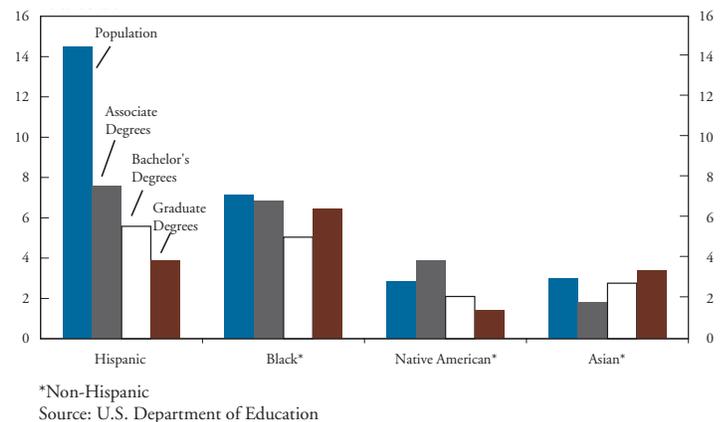
### CAN PUBLIC POLICY HELP ENHANCE MINORITY EDUCATIONAL ATTAINMENT?

Most minority groups in the Tenth District currently have less earnings ability than non-Hispanic whites, and the intermediate-term outlook for jobs held by minorities is

**CHART 4**  
**MINORITY SHARE OF POPULATION (AGED 18-34) AND COLLEGE ENROLLMENT IN TENTH DISTRICT STATES, 2003-2004 SCHOOL YEAR**



**CHART 5**  
**MINORITY SHARE OF POPULATION (AGED 20-34) AND COLLEGE DEGREES GRANTED IN TENTH DISTRICT STATES, 2002-03 SCHOOL YEAR**



not encouraging. The key factor, of course, is education. Is there a role for public policy in helping minorities gain the education they need to increase their economic success and contribute more fully to the regional economy?

To be sure, policies can help provide financial resources for minority high school students to attend four-year-and-higher colleges and universities. Such policies are valuable because the majority of college graduates tend to stay in the state in which they graduate.<sup>7</sup> Nevertheless, most research suggests that perhaps the best focus of resources for increasing ultimate educational attainment is to ensure that students receive educational, family, and financial support early in life.<sup>8</sup>

As such, policies that encourage early childhood education, such as public preschool programs, can provide both early exposure to teaching for young students and increased ability for parents to work. Some analysts suggest this may be the most beneficial strategy in raising the long-term educational attainment of minorities in the region.

Policies designed to increase early education efforts, however, typically take considerable time and resources to reap ultimate benefits. Thus, a more immediate angle of attack might be to focus on the positive finding that jobs requiring degrees from community colleges and vocational schools are expected to grow rapidly in the years ahead. This focus seems particularly prudent, given that graduates of such schools tend to stay in their state of graduation more often than graduates of four-year schools.<sup>9</sup>

In short, jobs requiring associate degrees and vocational awards typically pay less than bachelor degree and higher jobs—but achieving just one or two additional levels of education beyond high school can greatly enhance job and earnings prospects for minorities. Some minority groups already have sizable presence in two-year-and-under postsecondary programs. But policies that promote further minority enrollment in, and graduation from, such programs appear likely to pay valuable dividends.

## ENDNOTES

- <sup>1</sup> The Tenth Federal Reserve District includes the entire states of Colorado, Kansas, Nebraska, Oklahoma, and Wyoming, plus the northern half of New Mexico and western third of Missouri.
- <sup>2</sup> Wilkerson and Williams.
- <sup>3</sup> Anderson and Shapiro; Darity and Mason; Fix and Struyk; Borjas; Chiswick and Miller; Hurst.
- <sup>4</sup> Holzer; O'Neill and O'Neill.
- <sup>5</sup> The immigration of large numbers of unskilled Hispanics to the District during the 1990s undoubtedly contributed to this trend. While Hispanics' overall earnings are likely to be held down as a result, past research has shown that by the third generation, Mexican workers' wages, for example, were similar to the overall average for people with similar human capital traits (Trejo).
- <sup>6</sup> For example, Langston University in Oklahoma and Harris-Stowe College and Lincoln University in Missouri each had over 800 black students enrolled. These totals accounted for more than 30 percent of each of these states' black four-year student populations and for more than 20 percent of the entire region's black four-year student population.
- <sup>7</sup> Data from 2001 reveal that, nationally, approximately 70 percent of college graduates were still living in their college's state one year after graduation. This share varies somewhat across the Tenth District, but the majority of recent graduates were still residing in the same state the year after graduation.
- <sup>8</sup> Altonji and Dunn; Cameron and Heckman; Neal and Johnson.
- <sup>9</sup> For example, a 1998 study by the state of Oklahoma showed that while retention rates of four-year institutions in the state was 74 percent, retention at two-year schools was somewhat higher, at 84 percent.

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