

Executive Summary

The Economic and Social Implications of the Growing Latino Population in South Carolina



A Study for the South Carolina Commission for Minority Affairs

prepared by
The Consortium for Latino Immigration Studies



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Executive Summary

One of the most visible trends in South Carolina during the early 21st century is the rapid growth of the Latino population. In fact, the U.S. Bureau of the Census reports that South Carolina's foreign-born population grew more rapidly between 2000 and 2005 than did that of any other state in the United States. Most of the Palmetto state's foreign-born are Latinos.*

Latinos reside, work, shop, and worship in communities across the state, and add a new dimension to South Carolina's demographic, social/cultural, and economic profile. Many Latinos are recent immigrants, predominantly from Mexico and Central America. South Carolina's Latinos include both authorized and unauthorized residents. As the recent national debate over immigration indicates, the public wants to know more about the current and longer term implications of the growing Latino presence.

The rising Latino population raises questions about population trends, housing, education, health care, social services, and economic development at the state and local levels. This study addresses these issues in South Carolina and presents new evidence on the role that Latinos play in the state. The aim is to provide a better understanding of this mostly (but not entirely) low-income population to inform

* "Latinos" include those of Latin American origin, while "Hispanics" include all those with origins in Spanish-speaking countries, including Spain. This report generally focuses on the state's Latino population, but some data (especially Census data and some other public records) classify this population group as "Hispanic."

state policy makers as they respond to unique challenges.

The information compiled for the study comes from published and unpublished U.S. Census data (including the American Community Survey) and a special 2006-07 survey of documented and undocumented Latinos in South Carolina undertaken by University of South Carolina researchers (USC Survey). In all, 503 Latinos living in 23 South Carolina counties responded to the detailed questionnaire, a copy of which can be found in Appendix I. Administered anonymously to representatives of all major Latino groups, the survey's uniform set of questions were asked in Spanish by a team of students and associates of the University of South Carolina.

Since most Latinos in the state (and in the United States) are of Mexican origin, the majority of the respondents in this study were of Mexican origin. Most Mexican immigrants were surveyed when the Mexican Consulate for the Carolinas, based in Raleigh, North Carolina, came to various parts of South Carolina to hold *consulados móviles* (mobile consulates). These events draw thousands of Mexican immigrants from across the region, who visit the mobile consulates to secure documents, including passports, birth certificates, and identification cards, among others. Given that the U.S. Census undercount of Latinos is most likely greater for Mexicans, Central Americans, and Colombians, a special effort was made to sample these populations in the 2006-2007 USC survey.

The study shows that South Carolina's Latino community, although growing rapidly, still represents a relatively small share of the total population. The latest official tally puts the Hispanic or Latino share of South Carolina at just 3.3 percent. This is a diverse population and hard to stereotype, but this study uncovers some distinct characteristics: South Carolina's Latino population includes more males than does the population at large; many have arrived in the state within the past five years and are relatively young—largely working age. Looking at the working Latino population in depth, this study reveals that many new Latino workers add to South Carolina's low-skill labor force. Accordingly, the state and local governments, along with school districts, will have to find ways to accommodate this growing low-income population. In the rest of this executive summary, we present the major findings in more detail.

Highlights of the Study

Characteristics of the South Carolina Latino Population

According to U.S. Census data, the majority of South Carolina's Latinos are of Mexican origin (62 percent). The population originating from all other Central American countries accounts for 11 percent of the total Latino population, while those of South American origin comprise 7 percent. Ten percent of the Latino population is of Puerto Rican origin. Males comprise 56 percent of the total Latino population in the state, according to the 2005 American Community Survey. In the 2006-2007 USC survey, 65 percent of the respondents were male.

The USC survey found that the average length of time Latinos have been in the United States is 7.9 years, while their average stay in South Carolina has been 4.8 years. The relatively

short duration suggests that most of South Carolina's Latino population is still in a pattern of early settlement. The recent arrivals have been attracted to the Southeast by employment opportunities and social networks.

Unlike the state's overall population, many Latinos live in temporary situations as they work and settle into communities. A majority of survey respondents (68 percent) reported living with non-immediate family members. Many (41 percent) said they shared a residence with a roommate, acquaintance, or friend, while others (27 percent) reported living with extended family members or in-laws. The household size averaged 5.1 persons in the USC survey. Sixty percent of these respondents live in mobile homes (35 percent) or apartments (25 percent), often resulting in overcrowding. Based on the experiences of states with a longer history of Latino immigration, over time South Carolina's Latino immigrant population will likely include more families with children. At the same time, some Latinos, especially male workers, will likely return to their home countries.

Lack of English language skills is a challenge many Latinos face in the settlement process. The U.S. Census reports that 37 percent of all South Carolina Latinos do not speak English well or do not speak the language at all. Over half of the USC survey respondents (age 16 and over) reported that they spoke no English or only a few words of English, and another 25 percent described their English skills as poor. That means that over three-quarters of those surveyed (age 16 and over) do not speak English well, which is understandable given the relatively short time most Latino immigrants have been in the state. English language abilities of the subjects' children proved far better, however: 78 percent of USC Survey subjects described their children's English speaking abilities as "good" or "excellent."

Implications for the Educational System

A commonly voiced concern about the growing Latino population is related to potential stress on the state's educational system. According to recent data (2006), only 3.7 percent of all South Carolina public school students were identified as Hispanic. Note that this figure is slightly above the total Hispanic share of South Carolina's population in 2005, according to the American Community Survey. Reflecting the relatively young age of the state's Latino population, most Latino youth are enrolled in kindergarten and the lower elementary grades in South Carolina public schools. The largest enrollments of Latinos can be found in Greenville County, followed by Beaufort, Spartanburg, Horry, Lexington, Charleston, Richland, Berkeley, and York counties.

Some South Carolinians fear that Latino students increase education costs because they lack English language skills. While such costs have increased somewhat, this report demonstrates that English Language Learners (ELL) represent only 2 percent of the total public school population, and 62 percent of the total Latino student population, indicating that almost 40 percent of Latino students are fluent in English and fully integrated in "mainstream" classrooms. Additionally, we must recognize that these students bring other benefits to the state: because of these students' Spanish-language skills, the South Carolina public school system has an opportunity to graduate an increasing number of fluent bilingual and multilingual speakers in the years ahead, particularly if Spanish-speaking students have opportunities to develop literacy proficiency in their native language.

In South Carolina and the nation as a whole, among educators' concerns regarding Latino students is their relative low graduation rate: South Carolina's Latino graduation rates fall in line with those of other minority groups.

According to the latest data, Latino students graduated at a rate of 68 percent, close to that of African-American students.

Implications for the Health Care System

Many health care providers in South Carolina have seen a large increase in the number of Latinos seeking medical care. This has posed a particular challenge because, as has been stated, many Latinos have limited English language skills. It appears, however, that Latinos are generally in good health. Most of the USC survey respondents (84 percent) reported that their health status was good or very good, and about 70 percent said that their health has not changed since they arrived in the United States. Fifty-seven percent of the respondents to the USC survey reported that they had sought medical care for themselves or a member(s) of their family during the previous year, and the most commonly cited reason for accessing medical care was for their children's check-ups and vaccines. About 17 percent of the doctor's visits were related to respiratory conditions, namely, flu, colds, allergies, and asthma. Approximately 14 percent of the health care visits were related to delivering babies. Still, the USC survey data demonstrate that almost half of Latinos in South Carolina are not seeking medical treatment, either because they lack health insurance (roughly 74 percent fall into that category) or they see no need (most respondents rated their health status as "good" or "very good").

Therefore, despite an increasing Latino presence in health care facilities, Latinos do not appear to be overwhelming the system. For example, in 2005 Latinos made up only 1.6 percent of all the hospital discharges (inpatient, outpatient, and/or emergency room visits). In comparison, 33.6 percent of all discharges were African-Americans, and 64.8 percent were Whites. Further, only 1.3 percent of all

Latinos who had been hospitalized for any reason were classified as "indigent," and only 0.6 percent of Latinos who had emergency room care were classified as "indigent."

Implications for Employee Benefits

This study analyzed the benefits status of Latinos. National and state data show the disparity between private group insurance benefits for service and other non-service jobs. The U.S. Chamber of Commerce indicates that while 49 percent of employees on average receive group life insurance, on average, only 24 percent of employees in "service occupations" receive group life insurance. Similarly, while an average of 53 percent of all U.S. workers have group medical insurance, only about 27 percent of employees in service occupations receive group medical insurance. The USC Survey data for S.C. Latinos are consistent with such findings: of Latino respondents asked whether their employer offered health insurance, only 46.8 percent responded "yes." Of those offered coverage, only 58.3 percent chose to take the group insurance.

Overall, the USC Survey indicates that employers are more likely to offer health benefits than other benefits (46 percent compared with 29 percent), but when offered benefits the Latino employees are more likely to take other benefits than they are to take health benefits (65 percent compared with 58 percent). Since the primary reason given, in the USC Survey, for declining any type of benefit coverage is reported as "economic impossibility," this result is not surprising: group medical insurance is by far the most costly employee benefit, so even if offered, it is harder to accept given the cost to the worker.

Implications for the Economy

The impact of the Latino population on wages and employment is given special attention in this study. South Carolina is a state with relatively low per capita income and a large, low-wage labor force with limited educational attainment. The study made a special effort to uncover significant employment and wage trends in the South Carolina Latino labor market.

The study shows that much of the Latino working population has limited education and thus is likely to work in low-skill occupations. In fact, according to the USC survey, only 16 percent of Latinos had completed high school, and a large part of the male working population has little formal education: 39 percent of Latino males age 25 and older had attended school less than nine years. Just 16 percent of Latino males had some college. The American Community Survey shows that 25 percent of all Latino males over 25 years of age have less than a ninth-grade education.

This report reviews the national evidence on wage and employment related to an increasing Latino population. Some prominent economic studies find a negative impact on wages for native-born, low-skilled workers when low-skilled immigrants are added to the labor force. Accordingly, this study examined wage trends from 2000-2005 in South Carolina.

Normally, we would expect higher earnings along with economic prosperity, but real (or inflation-adjusted) median earnings for many full-time workers declined in South Carolina in recent years. Overall, median wages fell by 3.1 percent between 2000 and 2005. According to U.S. Census data, the median wage only exhibits positive growth for White South

Carolina workers from 2000 to 2005—at 1.2 percent. For Black South Carolinians, the inflation-adjusted earnings of full-time workers fell by one percent. For Hispanics (U.S. Census definition), real median earnings declined by much more: 9.6 percent.

At the same time that more Latinos are entering South Carolina's work force, median wages for those at the low-skill end of the spectrum are dropping. According to the USC survey, the median annual earnings for Latinos was \$20,400, far below the median earnings for South Carolinians in general. The effects of a larger Latino work force are most evident in specific industries. Construction appears to be the predominant economic activity drawing Latinos to South Carolina: this industry accounts for approximately 38 percent of Latino employment in the USC survey. The survey also found that the median annual wage for Latinos working in construction is \$21,840.

According to U.S. Census data, among construction workers real median earnings for Latinos dropped approximately 12 percent from 2000 to 2005, even as the number of construction workers expanded 181 percent. Black construction labor saw inflation-adjusted earnings fall two percent. It is also surprising to find that total Black employment dropped by 24 percent during the construction boom. Meanwhile, employment among White construction workers grew four percent, but their median earnings fell by more than that of Black construction workers.

After construction, the U.S. Census records the greatest numbers of Hispanics working in Animal Slaughtering. For this industry (which includes poultry processing), Hispanic employment increased by 12.6 percent while real annual median earnings for full-time workers declined almost 19 percent. By 2005, meanwhile, Black workers saw jobs dramatically drop 43.4 percent when compared with 1999.

In this case, however, the median earnings for the remaining Black workers retained in the Animal Slaughtering industry rose about 15 percent. Thus, it could be said that the lack of employment opportunities, not falling wages, has been the trend in this sector. One could speculate that Black workers who remained in Animal Slaughtering were more highly skilled, while low-skill work went to Latino labor. In the 2006-2007 South Carolina Latino survey, food processing workers (including poultry slaughtering, vegetable packing, and meat packing) had a median wage of \$15,600.

The U.S. Census data reveal that the third largest sector employing Latinos is Landscaping Services. The USC survey found that the median wage for that sector is \$17,750. In this case, a different picture emerges. Many Hispanics found full-time jobs between 2000 and 2005 in Landscaping Services (with a 67 percent increase in the number working in that sector), although, again, real median earnings fell by 14 percent. For Blacks, Landscaping Service employment grew over the period (unlike the other two sectors), but real earnings fell approximately 10 percent. For Whites working in landscaping, employment and earnings declined by 1.5 percent and 5.3 percent, respectively.

Overall, for each of the three largest sectors with a Latino work force in South Carolina, African-Americans either lost jobs, saw earnings decline, or both (as was the case in the construction sector).

It is also worth noting that there are large sectors of the South Carolina economy where one does not see a large or growing Latino work force. A case in point is the automotive sector (Motor Vehicle and Motor Vehicle Equipment). This manufacturing backbone of the South Carolina economy witnessed a 63 percent increase in Black full-time employment between 2000 and 2005. Blacks also

witnessed a 37 percent jump in real earnings, and Whites did well in the sector, both in earnings and employment growth. However, for Latinos, employment and median earnings fell from 2000 to 2005.

Next, this study of economic characteristics among Latinos turns to poverty and use of social services. Since Latinos have seen median earnings fall from 2000 to 2005 as the population has grown, we would expect that poverty status may have risen. In fact, for the Latino population as a whole, the poverty rate edged up slightly to 25.7 percent. Alternative data from the American Community Survey show the Hispanic poverty rate higher—at 29 percent. At the same time, Black poverty levels in South Carolina fell to 25.1 percent in 2005, making poverty rates almost identical for Blacks and Hispanics in the state. Whites, on the other hand, exhibit a much smaller poverty rate: 9.3 percent.

Despite the large percentage of Latinos in the state living below the poverty line, their use of social services in the state is minimal. According to Census data, only 8 percent of Hispanics in the state received food stamps in 2005, compared with 23 percent of Blacks and 5 percent of the state's White population. The state Department of Social Services (DSS) reported that Hispanics (state definition) represented 2.3 percent of food stamp recipients in early

2007, while Blacks represented 62.6 percent of recipients and Whites 34.5 percent. Other than public education, the only state service for which unauthorized immigrants are eligible is DSS's Women, Infants, and Children's Program (WIC). DSS reports that, while 48 percent of WIC recipients in 2006 were African-American and 39 percent were White, Hispanics comprised 12 percent.

In sum, the economic effects of the Latino presence in the state are mixed. Wage depression may be occurring in some sectors. At the same time, for native Black workers, just as for native White workers, one could conclude that the strong, growing economy in South Carolina could absorb new entrants from Latin America and also provide opportunities for the native work force. This can be seen in the automotive sector, which, more than any other, has helped elevate Black workers into the middle-class in South Carolina in the recent period.

To date, most evidence shows that Latinos do not place a high burden on state and local social services. Given the still small (but rapidly growing) Latino presence in South Carolina, education and health care costs are small as well. Nevertheless, it is imperative that we learn more about this population if we are to assess the full costs and benefits to state and local governments.