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Growth of Hispanics in Rural Workforce

Technological change and industrial restructuring in rural America in the 1990s led some employers to demand more unskilled workers relative to skilled workers (particularly males). Many of those unskilled workers were Hispanics who now represent an increased share of the rural workforce due to the rapid growth of the Hispanic population in the rural U.S. during the decade, especially in the South and Midwest.

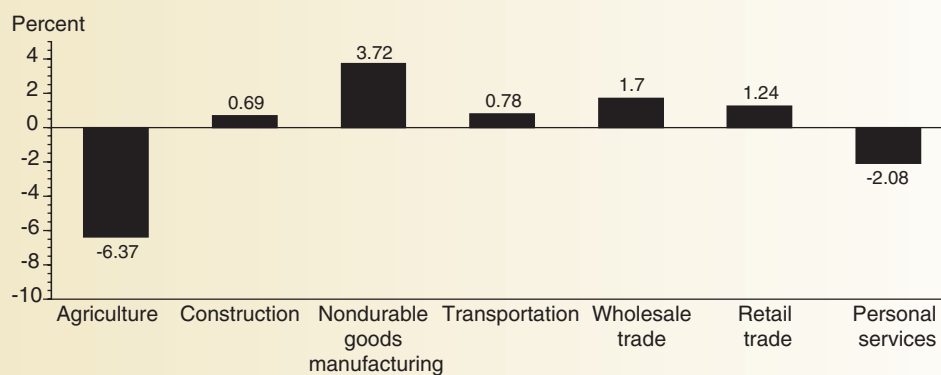
Recent ERS research found that shifts in labor demand significantly affected wages for all rural workers regardless of gender and skill level. Two types of changes occurred in labor demand over the 1990s: 1) technological change or change in the skill mix of labor demanded (unskilled, skilled, or professional), and 2) change in the total labor demanded of each skill type. Changes in the skill mix favored unskilled workers (not high school graduates) and to a lesser extent professional workers (college-educated); but the change in the skill mix occurred in a small subset of rural industries. This change positively affected the wages of unskilled workers in those industries, broadly known to be service and manufacturing industries. On the other hand, larger changes in total labor demand strongly favored skilled workers (high school graduates) and positively affected skilled workers' wages, especially for males.

Concurrent changes in the workforce due to the influx of Hispanics, however, negatively affected the wages of skilled men. The wages of other groups, such as females and unskilled males, were not affected by the increased labor supply of the Hispanic workforce. The results are not surprising when considering the large Hispanic population increases which occurred in specific regions. Though the rural Hispanic population was small to begin with, it tripled in more than a dozen States in the South and Midwest during the 1990s. Some rural industries, such as meat-



Corbis

Change in nonmetro Hispanic employment by industry, 1990 to 2000



packing, were restructured in the 1990s, and many of these industries now employ Hispanics as the majority of their workforce. During this period, the Nation's share of Hispanics employed in agriculture fell by 6 percent while the share employed in nondurable manufacturing increased by almost 4 percent.

These results suggest that some rural service and/or manufacturing industries hired unskilled labor as substitutes for skilled labor, but that this effect is dwarfed by the larger increase in total demand for skilled labor occurring in most rural industries. The integration of this new workforce presents challenges to rural communities in terms of housing and public infrastructure, but it also presents an opportunity to revitalize communities that have been losing population. *W*

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This finding is drawn from . . .

Impacts of Hispanic Population Growth on Rural Wages, by Constance Newman, AER-826, USDA/ERS, September 2003, available at: www.ers.usda.gov/publications/aer826/



Bob Nichols, USDA

Rural Homeownership Rising

Having grown for nearly a decade, U.S. homeownership rates continue to break records, particularly in rural or nonmetro areas. At the start of 2004, about 75 percent of nonmetro households and 67 percent of metro households owned their homes. On average, nonmetro homes appear to be a good investment, having appreciated in value at least as rapidly as metro homes during the past decade.

Homeownership generally helps both owners and their communities. Owning one's home has financial advantages, as homeownership serves as a hedge against rising housing costs, and contributes to investment and wealth accumulation. For most households, tax advantages also add to the benefits of homeownership. For all U.S. homeowners, the median equity in

their home accounted for over half of their total net worth in 2001. And, homeownership by low-income households is associated with their children's greater educational attainment and future financial success. Rural communities also benefit from homeownership. Homeowners tend to become more involved in their communities and work toward community improvements, such as better schools.

Homeownership levels and rates of change are distributed unevenly across geographic areas. Although the overall nonmetro homeownership rate rose 3 percentage points during the 1990s, one of every four nonmetro counties actually experienced a decline. Nonmetro homeownership rates were lowest in the West and along the Mississippi River in Arkansas

and Alabama. Nonmetro homeownership was highest in the upper Midwest, from Michigan to North Dakota.

Nonmetro homeownership rates vary by age group as well. Homeownership rates are particularly high for older persons. Over 82 percent of nonmetro households age 65 or older owned their home in 2000, compared with 76 percent in metro areas. For most age groups, nonmetro homeownership rates exceed metro rates. Nonmetro minority households and poor households consistently have rates of homeownership well below the norm, but these households are also experiencing the most rapid gains. In nonmetro areas, 59 percent of Hispanics owned their homes in 2000, up from 50 percent a decade earlier. Low-income households may benefit from Federal, State, and local programs designed to make homeownership more affordable. One such program is USDA's single-family direct home loan program, in operation for over 50 years in rural America. This has been the major Federal program to provide low-income rural families with low-interest home mortgages over the last three decades.

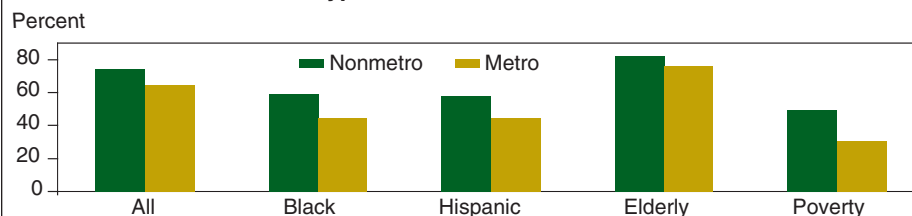
What does the future hold for homeownership in rural America? Most likely, nonmetro homeownership will continue to grow. This was even the case during the recent economic downturn, when the most vulnerable population groups experienced the largest increases. Nonmetro homes appear to be a good investment, and rural borrowers today are better off in the cost and availability of home mortgages than in the mid-1990s. **W**

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For more information on rural housing, visit . . .

The Rural Housing chapter of the ERS Briefing Room on Infrastructure and Rural Development Policy at: www.ers.usda.gov/briefing/infrastructure/ruralhousing/

Nonmetro homeownership rates exceed metro rates overall and for various household types, 2000



Source: ERS tabulations from 2000 Census data.