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POLICY BRIEF

In a Vulnerable State

Hispanic Essential Workers in California

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Background

The COVID-19 pandemic has disrupted the global order, halting economic activity in all but the most critical industries. Yet questions remain: What is “essential” work? How have distinct groups of essential workers experienced the pandemic? And can policy reforms mitigate specific challenges to their well-being?

Using 2019 Current Population Survey data, this policy brief examines California’s essential workforce by race, occupation, and benefits. This analysis demonstrates that Hispanic essential workers are particularly vulnerable due to their concentration in specific occupations. Compared with the state’s overall essential worker population, Hispanic essential workers earn lower wages, have less access to health care, and are less likely to work from home.

Understanding California’s essential worker population is critical to ensuring that the state addresses these economic vulnerabilities during the pandemic. The brief closes with a series of policy recommendations to close key gaps in the short term, including adjustments to compensation and benefits.¹

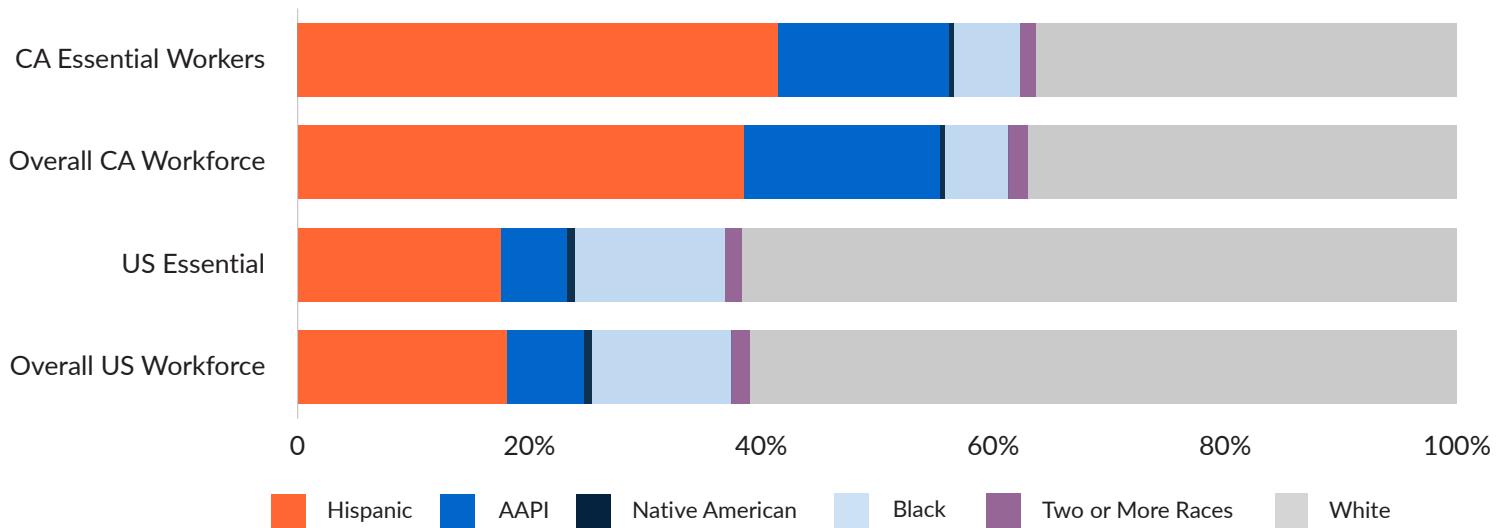
Essential Workers in California

The US Department of Homeland Security has specified “essential critical infrastructure” roles for workers whose jobs are vital to the country’s basic functioning. These individuals “need to be able to operate resiliently during the COVID-19 pandemic response.”² By this definition, roughly half of California’s workforce—about 8.3 million people overall—are essential.

These workers span many different industries and occupations. Popular narratives of essential workers depict doctors and nurses treating patients, cashiers and stock clerks keeping grocery stores running, and agricultural workers harvesting food. The data mostly match this conception. However, not every demographic group is equally represented in California’s essential workforce.

Hispanics³ are overrepresented in essential roles when compared to the state’s overall workforce. In 2019, they formed 38.4 percent of California’s total workforce but 41.5 percent of the state’s essential workforce (Figure 1). Hispanics comprise a plurality of essential workers in the state. In contrast, Hispanics are relatively underrepresented at the national level, where they form a smaller share of the US essential workforce.

Figure 1. Hispanics Are Overrepresented in California’s Essential Workforce
Workers by Race and Ethnicity, 2019



Source: Milken Institute analysis of Current Population Survey public use microdata (2019)
Note: AAPI refers to Asian-American and Pacific Islander. Hispanic includes any race designation.

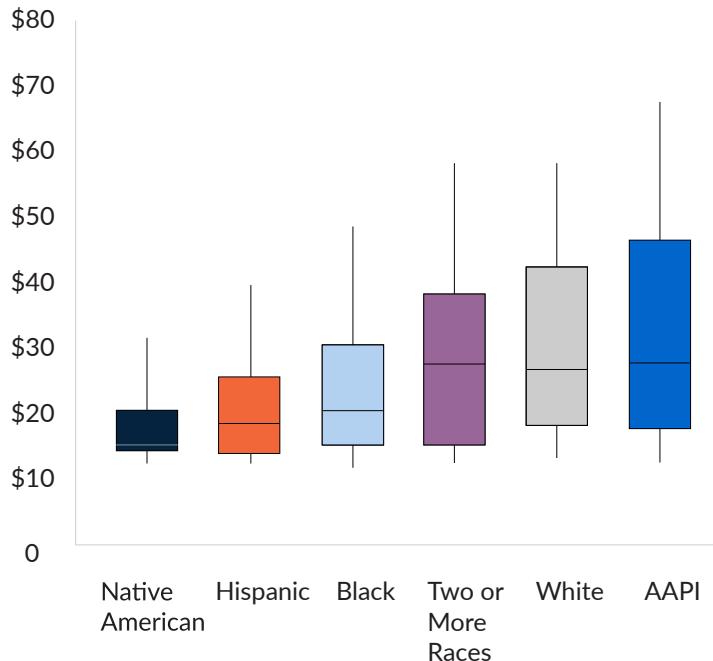
Table 1. California: Top 15 Essential Workforce Occupations (2019)

Title	Number of Workers	Essential Workforce Share	Share Who Are Hispanic	Median Hourly Wage
Registered Nurses	325,102	3.9%	14.3%	\$38.65
Elementary and Middle School Teachers	320,442	3.9%	27.5%	\$32.05
Driver/Sales Workers and Truck Drivers	272,769	3.3%	54.7%	\$18.75
Construction Laborers	259,784	3.1%	71.0%	\$18.00
Managers, All Other	242,365	2.9%	17.6%	\$38.46
Miscellaneous Agricultural Workers	217,041	2.6%	89.0%	\$12.00
Secretaries and Administrative Assistants	190,886	2.3%	29.7%	\$21.50
Laborers and Freight, Stock, and Material Movers	185,392	2.2%	59.2%	\$15.50
Office Clerks, General	178,789	2.2%	43.9%	\$17.39
Janitors and Building Cleaners	174,455	2.1%	65.2%	\$15.00
Cashiers	160,357	1.9%	56.4%	\$13.10
Customer Service Representatives	151,540	1.8%	41.8%	\$17.00
Teacher Assistants	125,812	1.5%	49.7%	\$16.00
Postsecondary Teachers	125,393	1.5%	18.1%	\$35.00
Nursing, Psychiatric, and Home Health Aides	120,633	1.5%	42.9%	\$15.00
Top 15 Essential Workforce Occupations	3,050,761	36.9%	45.0%	\$19.23

Source: Milken Institute analysis of Current Population Survey public use microdata (2019)

Note: Current state minimum wage is \$12, set to increase to \$15 by 2023. The state's overall median wage is \$20 (2019). Occupational roles are based on 2010 Census classification scheme.

Figure 2. Hispanic Essential Workers Tend to Earn Less than Other Groups
Wage Distribution for Essential Workers by Race and Ethnicity, 2019



Hispanic workers hold a majority of lower-wage jobs in the state's largest essential industries.

These jobs include miscellaneous agricultural work (median wages of \$12 per hour), janitorial and building cleaning (\$15 per hour), and cashier work (\$13 per hour). There is strong Hispanic participation in several industries with slightly higher wages, including construction (\$18 per hour) and truck driving (\$19 per hour). Yet far fewer Hispanics work in higher-wage essential occupations like nursing (\$39 per hour) and teaching (\$32 per hour) (Table 1).⁴

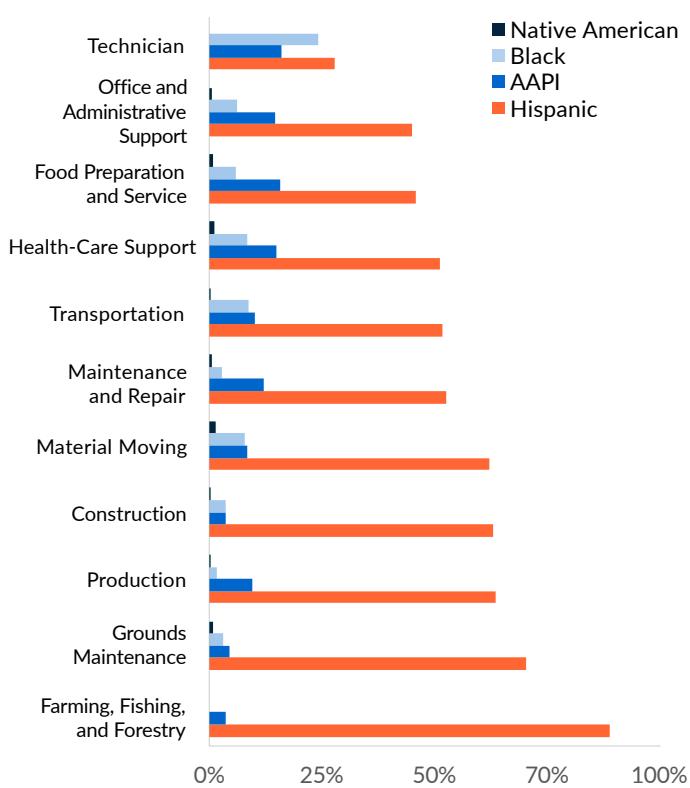
Hispanic essential workers also earn less, on average, than all but Native Americans. Given the overrepresentation of Hispanic essential workers in low-wage essential jobs, the average Hispanic essential worker in California earned roughly \$18 per hour in 2019 compared to \$22 per hour for the state's entire population of essential workers. The pay range for Hispanic essential workers is also significantly narrower than it is for other demographic groups (Figure 2).

Source: Milken Institute analysis of Current Population Survey public use microdata (2019)

Note: Boxplot ends represent the 10th and 90th percentiles. Black bar represents median wage.

Figure 3. Hispanic Essential Workers Fill a Majority of Physical Service Roles

Essential Workers by Occupation Group, Race and Ethnicity, 2019



Source: Milken Institute analysis of Current Population Survey public use microdata (2019)

Hispanic essential workers perform a disproportionate share of essential work providing physical services, which tend to pay low wages. This variation in occupational roles explains some of the wage differences between Hispanic workers and other essential workers. These roles include categories like farming, fishing, and forestry (\$12 per hour), grounds maintenance (\$15 per hour), production (\$17 per hour), and food preparation and service (\$15 per hour) (Figure 3).

In contrast, roles paying higher wages—for instance, financial specialists (\$26 per hour) and management roles (\$36 per hour)—have fewer Hispanic workers.

Hispanic essential workers performing physical service roles are less likely to work from home.

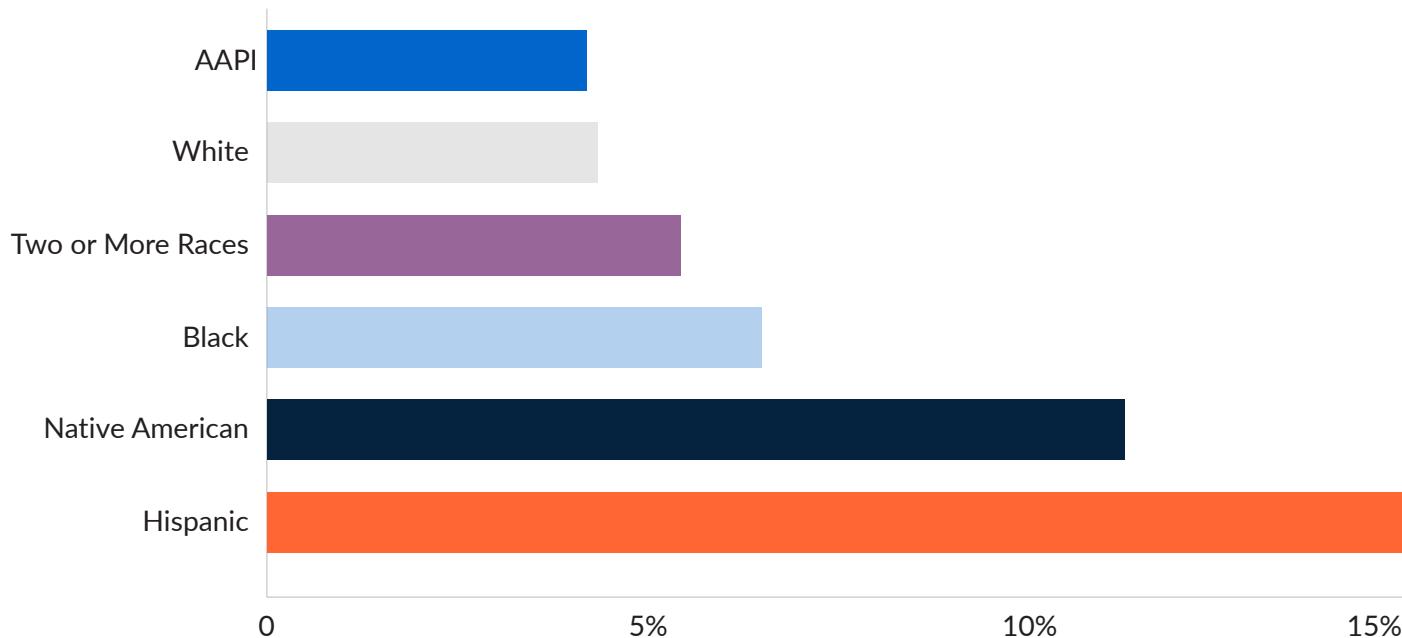
In addition to earning relatively lower wages, physical service workers must report to job sites where they encounter customers or coworkers face-to-face. For instance, agricultural workers must report to worksites to harvest crops, feed or care for livestock, and prepare the soil. Similarly, grounds maintenance roles require being physically present at private residences or commercial spaces.

According to the 2014-18 American Community Survey (ACS) data, only 1.5 percent of Hispanic essential workers reported working from home full-time, compared to 3.8 percent of all state workers.⁵ The Bureau of Labor Statistics reports that only one in five Hispanics nationwide worked from home due to the pandemic in June 2020, compared to one in three White workers.⁶ Unsurprisingly, working-age Hispanics are experiencing elevated COVID-19 rates in California, and many are justifiably worried about infecting household members if exposed at work.⁷

The concentration of Hispanic essential workers in agriculture and food production has played an outsized role in limiting opportunities to work from home and potentially subjecting them to higher levels of exposure to COVID-19. Significant outbreaks have been linked to these activities,⁸ demonstrating the importance of employers providing workers reporting for on-site duties with personal protective equipment (PPE) and the enforcement of health and safety measures by state inspectors.

It also shows the long-term effects of California's decision to defund prior investments in a mobile hospital program and a stockpile of medical supplies and equipment, casualties of the budget cuts following the Great Recession.⁹ By some estimates, at least 15,800 essential workers would not have contracted COVID-19 had the state collected and provided sufficient PPE.¹⁰

Figure 4. Hispanic Essential Workers Face Severe Health-Care Gaps
Uninsured Essential Workers by Race/Ethnicity (Percent), 2014-18



Source: Milken Institute analysis of American Community Survey public use microdata (2014-18)

Hispanic essential workers are more likely than other groups to lack access to health insurance coverage. According to ACS data, nearly 15 percent of Hispanic essential workers have no coverage, more than triple the proportion of white essential workers (Figure 4). More broadly, only one-third of Hispanics are insured through their employers, while one-fifth of eligible Hispanics are not enrolled in Medicaid.¹¹

This lack of coverage can discourage sick workers from seeking early treatment, especially when it requires payment on delivery of health-care services. But it can also make health care far more costly for individuals and families forced to pay medical costs out-of-pocket, thereby increasing the overall financial burden that they face.¹²

Policy Recommendations

As California continues to combat the spread of COVID-19, it is imperative to protect the state's essential workers.¹³ In the short term, stricter safety protections, expanded access to unemployment and health insurance, and improved compensation can provide Hispanic essential workers with key safeguards against the pandemic's adverse effects and resulting economic downturn. State officials can begin by implementing the following measures to support Hispanic essential workers during the pandemic:

- **Improve compensation for essential work through hazard pay.** This question is more salient in the face of expiring private-sector hazard pay initiatives and a lack of Congressional action on the issue.¹⁴ New rules should specifically target essential workers earning below-median wages who must physically report to work—like cashiers, food production workers, and farmworkers—by offering tax credits to employers that provide a pay increase.

As a benchmark, the state can use the Fair Labor Standards Act rate for overtime, which is 1.5 times the regular pay rate for each hour beyond 40 hours in a workweek, and apply this premium to all hours worked by essential workers.¹⁵ Per this standard, California can offer tax credits for up to \$6 per hour in hazard pay, or half the current minimum wage

- **Offer income tax relief through the Earned Income Tax Credit (CalEITC).** This tax credit provides a potential source of additional support to essential workers who may remain employed but work fewer hours, thus further driving down incomes for jobs where pay is already lower than average.

By revising current CalEITC rules, the state can provide a faster cash influx to low-income essential workers, allowing them to amend their 2019 returns within six months of the July 15 filing deadline and helping them claim these tax credits.

- **Expand state unemployment insurance (UI) access and enrollment.** Many Hispanic essential workers cannot reliably access the existing insurance system.¹⁶ Requirements for individuals to submit a resume online and certify that they are seeking another full-time position may put UI benefits beyond the reach of seasonal, part-time workers and those with low levels of education or limited English fluency.

Targeted information campaigns and direct assistance with UI sign-ups can ensure that fewer Hispanic essential workers face trade-offs between risking their health by reporting for work or preserving their safety while forgoing an income.

Policy Recommendations (continued)

- **Increase enrollment in the Medical Assistance Program (MediCal).** The state should maximize MediCal enrollment among eligible but uninsured Hispanic essential workers. Engagement of the Hispanic population is critical to ensure equitable access to health coverage, particularly because a previously anticipated surge in MediCal enrollments did not materialize during the early months of the pandemic.¹⁷

The state should open more special enrollment periods for state-run insurance exchanges, employ culturally competent outreach campaigns, and reduce administrative challenges by assisting eligible individuals with registration. It should also use informational campaigns to tell workers about specific services covered under MediCal and encourage testing as a preventative measure.

Looking Ahead

While it appears the novel coronavirus will affect California for an extended period, Hispanic essential workers do not have to remain vulnerable to its effects. By taking strong and decisive steps to reduce the risks of exposure to the virus, improving compensation, and strengthening access to social insurance, the state can preserve the well-being of essential workers who help maintain our society. Implementing better policies to support essential workers on the front lines will also prepare California for the road to economic recovery.

Subsequent policy briefs by the Center for Regional Economics on the [Future of Work](#) will consider additional issues affecting workers beyond the pandemic. These include education and training, employer engagement, and place-based investment to provide workers with access to a broader range of career opportunities.

Endnotes

1. Similar policy recommendations from the Milken Institute were included in a prior brief on COVID-19 response and recovery. See “Regional Response and Recovery Framework” (Milken Institute, April 13, 2020), https://milkeninstitute.org/sites/default/files/2020-04/COVID-19%20CRE%20Regional%20Response%20Recovery%20Framework-0413_April%202021.pdf.
2. We define essential workers using two filters: essential industries and essential job roles. We define essential industries using the Department of Homeland Security’s guidance. Essential job roles are based on the Labor Market Institute’s mapping to the 2018 Standard Occupation Codes. See Christopher C. Krebs, “Advisory Memorandum on Identification of Essential Critical Infrastructure Workers during Covid-19 Response” (Department of Homeland Security, March 28, 2020), https://www.cisa.gov/sites/default/files/publications/Version_3.0_CISA_Guidance_on_Essential_Critical_Infrastructure_Workers_1.pdf; and William Cook, “Many US Workers in Critical Occupations in the Fight against COVID-19,” Labor Market Information Institute, revised March 29, 2020, <https://www.lmiontheweb.org/more-than-half-of-us-workers-in-critical-occupations-in-the-fight-against-covid-19/>.
3. Throughout this document, Hispanic refers to self-identifying people of Hispanic, Latino, or Spanish origin, and can be of any race. See “About Hispanic Origin,” US Census Bureau, revised April 21, 2020, <https://www.census.gov/topics/population/hispanic-origin/about.html>.
4. Hourly wages were estimated using the Outgoing Rotation Group subsample of the Current Population Survey, roughly following the Economic Policy Institute’s methodology. Our analysis is limited to persons in the labor force aged 16 and older—employed in the public or private sector—with valid time and wage data. We removed outliers from the data but did not enforce smoothing or replace top-coded values. See “Methodology for Measuring Wages and Benefits” (Economic Policy Institute, February 21, 2019), <https://www.epi.org/data/methodology/>.
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