



Los Angeles American Indian and Alaska Native Project

The Status of American Indians/Alaska Natives in Los Angeles: WORKING BUT STRUGGLING¹

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Over the last half century, American workers have not fared well as earnings have stagnated. Global competition, technological changes, and weaker unions have disrupted the labor market. Minorities face the additional burden of employment discrimination and unequal access to education and training. American Indians and Alaskan Natives (AIANs) have been among the most disadvantaged. They have a harder time finding work and earn less, resulting in being disproportionately concentrated in the low-income sector.

Table 1 summarizes the labor-market status of the 16 years and older population in Los Angeles. The broadest measure of the level of economic activity is the labor-force participation rate (LFPR), the share of the population that is either employed or actively seeking a job. AIAN LFPRs are roughly comparable to those for the total population and for non-Hispanic Whites (NHWs), and this holds true regardless of sex. In other words, the data show that AIANs are economically active.

Table 1: Labor Market Status

	Total	NHWs	Asians	Blacks	AIANs	Hispanics
Both Sexes, 16 & older						
Labor Force Participation	65.1%	64.5%	62.9%	60.7%	64.7%	67.2%
Unemployment Rate	9.8%	8.3%	7.5%	14.6%	12.0%	10.6%
Full-Time/Full-Year	61.2%	59.1%	64.9%	60.3%	58.6%	61.9%
Male						
Labor Force Participation	72.6%	71.3%	68.7%	61.7%	71.0%	77.0%
Unemployment Rate	9.8%	8.8%	8.0%	16.1%	11.2%	10.0%
Full-Time/Full-Year	66.1%	64.6%	69.0%	61.0%	63.7%	67.3%
Female						
Labor Force Participation	58.0%	57.7%	58.0%	59.8%	58.2%	57.6%
Unemployment Rate	9.8%	7.8%	7.2%	13.1%	12.8%	11.5%
Full-Time/Full-Year	55.4%	52.5%	60.8%	59.7%	51.9%	54.7%

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Despite being active in the labor market, AIANs have a harder time finding work. Nearly one in eight AIANs in the labor market is without a job, about one and a half times as prevalent as for NH whites. Along with higher unemployment rates, AIANs are less likely to work full time and full year (FTFY, those who worked at least 50 weeks in the previous year, averaging at least 35 hours per week). Their FTFY rate is lower than for other minorities, although there is variation by gender. The NHW rate is lower because of the relatively larger number of retired elderly.

AIANs are also disadvantaged in terms of annual earnings, as shown in Table 2. The typical (median) AIAN worker earned 58¢ for every dollar earned by the typical NHW worker, an amazingly large disparity. The disparity is slightly lower among FTFY workers but still substantial, with AIANs earning 60¢ for every dollar earned by the typical NHW worker, but the AIAN-NHW gap is larger among those working less than FTFY. The AIAN-NHW earnings gap is larger among males than among females. The latter phenomenon (smaller gap among females) is due in part to the fact

Table 2: Median earnings in the past 12 months

	Total	NH Whites	Asians	Blacks	AIANs	Hispanics
Both Sexes						
Total	\$29,348	\$44,446	\$36,100	\$31,714	\$25,797	\$21,510
FTFY	\$41,334	\$63,157	\$48,052	\$44,190	\$38,000	\$29,255
Not FTFY	\$12,758	\$17,242	\$13,918	\$12,085	\$11,192	\$11,145
Male						
Total	\$31,972	\$52,719	\$39,795	\$32,459	\$27,446	\$23,892
FTFY	\$42,377	\$71,638	\$50,800	\$45,389	\$39,180	\$30,024
Not FTFY	\$14,218	\$20,086	\$14,973	\$12,479	\$11,735	\$12,489
Female						
Total	\$25,920	\$36,601	\$32,387	\$31,064	\$22,343	\$18,674
FTFY	\$39,399	\$54,029	\$44,989	\$42,975	\$36,321	\$27,381
Not FTFY	\$11,749	\$15,626	\$13,077	\$11,738	\$10,641	\$9,984

that NHW females earn considerably less than their male counterparts (NHW males). Nonetheless, the data indicate that AIAN females earn less because of their race and gender.

As a consequence of earning less, AIANs are more concentrated in the lower economic rungs, which can be seen in Table 3. The top half of the table reports the percent of each group falling into two low-income categories, those earning less than \$10,000 and those earning between \$10,000 and \$19,999. Among all workers (both FTFY and non-FTFY), AIANs have the highest odds of being in the two lowest categories, with nearly one in five earning less than \$10,000. In other words, AIANs are disproportionately more likely to be low-income workers, to be among the “working poor.”

An alternative measure of the economic status of workers is the economic well-being of their families relative to the federal poverty line (FPL). Nearly one in five AIAN

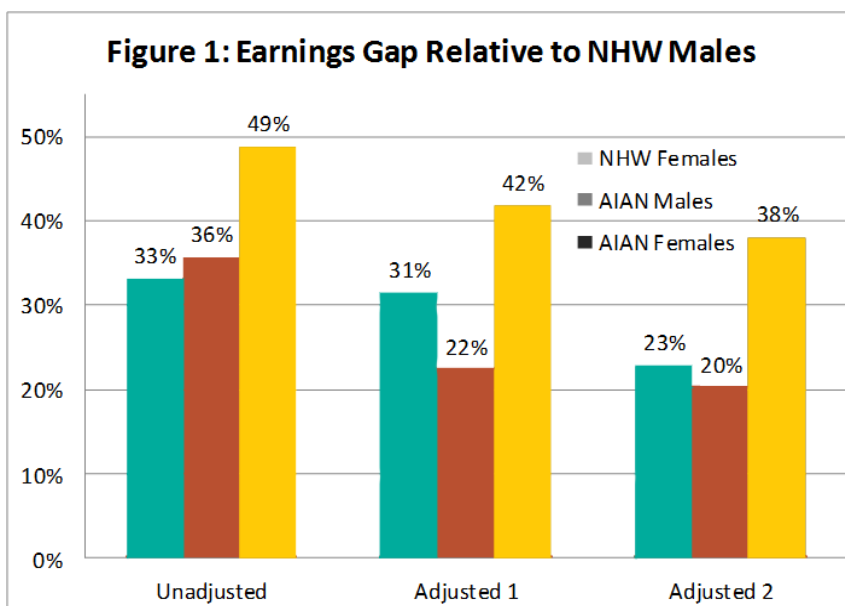
workers lives in a poor family (those with income less than 1.5 times the FPL), a proportion higher than all other groups except Hispanics. Another one in five AIAN workers lives in a lower-income family. Working FTFY lowers the percentages, but does not change the relative positions of racial/ethnic groups. AIAN FTFY workers are more likely to be at the bottom end of the economic ladder relative to NH whites, Asians, and Blacks.

Table 3: Employed by Earnings and Poverty Categories

	Total	NHWs	Asians	Blacks	AIANs	Hispanics
By Annual Earnings						
All Employed						
\$9,999 or Less	17.1%	15.0%	14.9%	18.3%	20.2%	18.9%
\$10,000 to \$19,999	18.8%	10.8%	13.6%	14.6%	19.8%	27.2%
FTFY Employed						
\$9,999 or Less	2.2%	1.5%	1.8%	1.9%	3.5%	2.8%
\$10,000 to \$19,999	15.2%	5.1%	9.1%	9.5%	13.6%	25.5%
By Poverty Status						
All Employed						
Less Than 1.5x FPL	16.9%	8.4%	11.0%	16.7%	19.3%	25.1%
1.5-2.49x FPL	18.2%	9.3%	14.2%	16.7%	22.0%	26.3%
FTFY Employed						
Less Than 1.5x FPL	11.4%	3.1%	5.6%	7.7%	9.3%	20.1%
1.5-2.49x FPL	17.4%	7.1%	12.8%	15.2%	20.0%	26.7%

The earnings disparity is due to a number of factors, including demographic differences, variations in educational attainment and access to on-the-job training. Moreover, minorities and women are treated less favorably than NH white males in terms of recruitment, screening, hiring, retention, and promotion. Many of these practices are discriminatory, both overt and subtle. One way to decompose the earnings gap is to analyze the differences between US-born AIANs and NHWs. Figure 1 summarizes the results. The left-most three bars report the gaps without accounting for demographic and human-capital differences. The

middle three report the gaps after accounting for human capital factors and the year of survey. Comparing the two sets shows that the gaps decrease by more than a third, indicating that some of the earnings gap is due to variations in education and experience. The sizable residual differences indicate that other factors such as discrimination contribute significantly to disadvantaging AIANs. AIAN males earned about 22% less, and AIAN females earned 42% less. The final three bars contain the results for an alternative that accounts for the interaction between gender and other personal characteristics. This modification lowers the gaps but only marginally.



Improving educational opportunities is one potential strategy to improving the labor-market outcome for AIANs. AIANs have lower educational attainment than NH whites, which is detailed below. Closing the education gap between NH whites and AIANs would cut the earnings gap in half. Moreover, there are substantial economic returns for each additional year of education, about 14% for AIAN males and 8% for AIAN females. Increasing schooling for AIANs is not a panacea, but promoting education should be a necessary element of a multi-pronged strategy to improve the economic well-being of AIANs and their families.

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