



The Economic State of the Latino Community in America

This fact sheet provides a snapshot of the current economic state of the Latino community in the United States. It includes the latest statistics on the economic well-being for the nation’s Latino community, including population, employment, and earnings data, among other key indicators. Together, these measures help paint a portrait of Latinos and their economic prospects for the future.¹

Latinos continue to be one of the fastest growing minority groups in the United States.

More than 58 million people of Hispanic or Latino ethnicity live in the United States today, comprising over 18 percent of the country’s total population.² On average, Latinos are nine years younger—with a median age of 28 years old—than the rest of the U.S. population but the population has started to trend older.³

The Latino community accounted for a combined \$2.13 trillion in economic spending activity in 2015.⁴

The community is projected to account for nearly a quarter of total U.S. GDP growth by 2020.⁵ U.S. born Latinos also own 600,000 businesses in the United States, accounting for \$26 billion in business income.⁶ Non-U.S. born Latinos own 1.2 million businesses in the United States, accounting for \$36.5 billion in business income.⁷

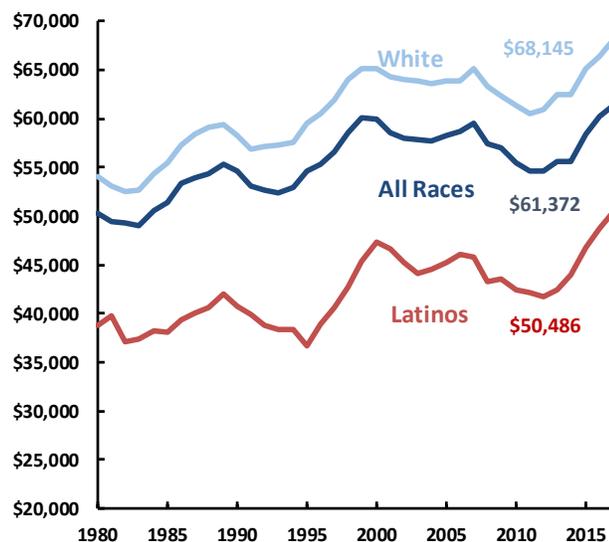
The unemployment rate for Latino workers stands at 4.7 percent.⁸

By comparison, the unemployment rate for white workers is currently 3.4 percent, with the national average at 3.9 percent.⁹ Unemployment rates for Latinos have historically been higher than for non-Latino whites and for the population as a whole. Following the Great Recession, the unemployment rate for Latinos hit a high of 13.0 percent in the summer of 2009—three points higher than the peak unemployment rate of 10.0 percent for the general population (see **Figure 1**).

Latinos are more likely than the general population to become entrepreneurs.¹⁰ In recent years, Latinos have become entrepreneurs at a faster

Figure 3. Median Household Income

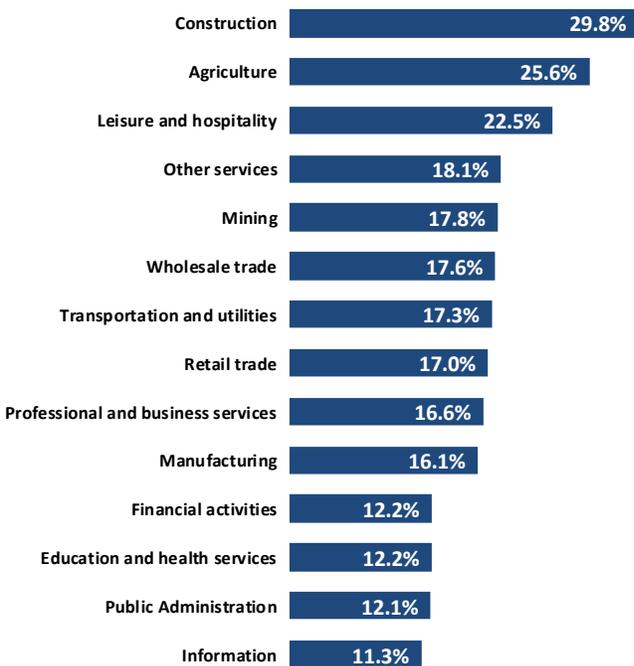
Adjusted to 2017 dollars, 1980 to 2017



Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement

Notes: "White" refers to "White Alone, not Hispanic" for 2002 to 2016 and "White, not Hispanic" for 1980 to 2001; "Latinos" refers to "Latino(any race)"; income data labels rounded to nearest hundred dollars; 2013 figures are averages of data using new and old methodologies

Figure 2. Latino Employment
Share of jobs held by Latino workers, 2017 annual averages



Source: Bureau of Labor Statistics
Note: Data includes workers 16 years and older

rate than all other major racial or ethnic groups, accounting for 24 percent of all new entrepreneurs.¹¹ Latinas have been strong contributors to the high rates of entrepreneurship among Latinos as well.¹² Latino entrepreneurs enter the field despite facing daunting challenges. Because a high number of Hispanic entrepreneurs are immigrants, Latino business owners often must overcome large hurdles to be successful, including lack of access to capital and occupational licensing barriers.¹³

Latinos make up nearly 17 percent of the workforce.¹⁴ The community makes up an even larger share of the employment in the construction, agriculture and leisure and hospitality industries (see **Figure 2**).¹⁵ The Latino community accounted for a significant portion of the total workforce’s increase in the first half of this decade.

More than one in six Latinos lived in poverty in 2017. Last year, 18.3 percent of Latinos lived below the poverty line, a slight decrease from the prior year but well above the national average and the average for non-Latino white people.¹⁶

Latino household income has surpassed the 2000 peak. Household income for Latinos reached \$50,486, surpassing the late 2000 peak but still well below the current national average of \$61,372 (see **Figure 3**). Median weekly earnings for full-time Latino workers has reached \$674, still \$233 below the median weekly earnings for white full-time workers and \$202 below the general population.¹⁷

Disparities in employment and earnings, and changes to retirement accounts all contribute to the fact that many Latinos are ill prepared for retirement. Latinos are less likely than other workers to have the opportunity to participate in employer-sponsored retirement plans.¹⁸ Exacerbating the retirement crisis in the community is the shift from defined benefit plans, like traditional employer-sponsored pensions, to defined contribution plans, like 401ks and IRAs. According to a 2013 report by the National Institute for Retirement Security, only 12 percent of Latino households have access to a defined benefit pension that guarantees lifetime income—half the rate of white and black households.¹⁹ Additionally, only 30 percent of Latino households have a retirement account, compared to 60 percent of white households.²⁰

Latino households still lag in household wealth but maintain high homeownership rates. In 2016, the median net wealth for Latino families was \$20,700, \$150,300 less than white

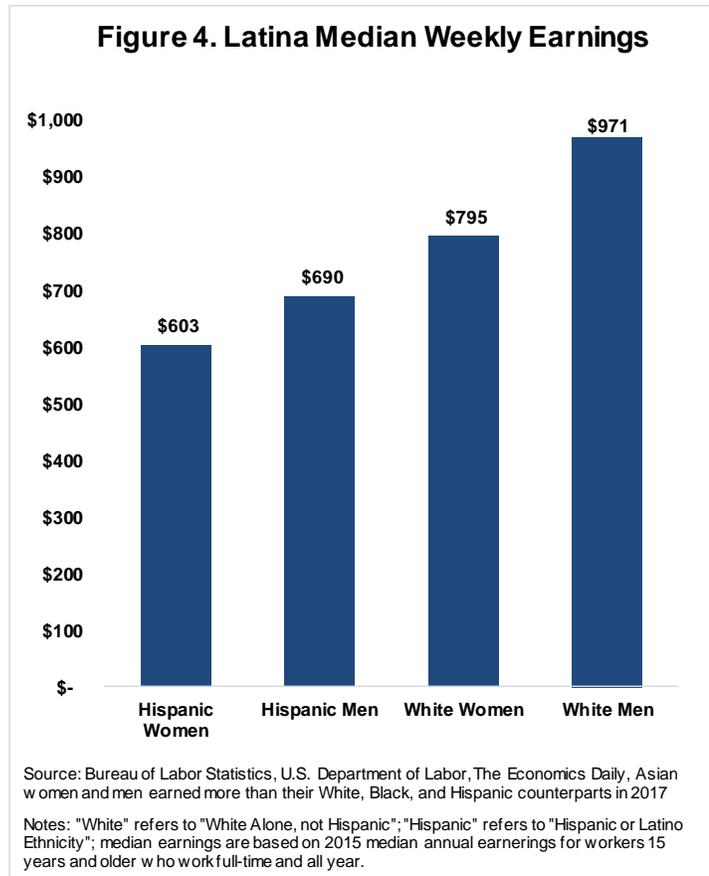
families.²¹ Between 2013 and 2016, median net worth for Latino households grew by more than 45 percent but overall net worth for Latino households still lags well behind white households.²² While these gains are significant, the decline in wealth in the three-year period prior (2010–2013) highlights the persistent impact the Great Recession had on Latino wealth. In fact, during that three-year period, Latino wealth fell an additional 20 percent while white wealth remained essentially unchanged.²³ The impact is in part due to the large investments Latinos made in housing.

Homeownership rates for Latinos are among the highest of many racial groups. Homeownership rates for Latinos have made minor improvements from post-crisis declines, hovering around 45 percent since 2013, yet have failed to reach pre-crisis highs of nearly 50 percent.²⁴

Additionally, the homeownership rates for the community are well below national and non-Hispanic white averages.²⁵

Education attainment and enrollment among Latinos continues upward trend. Latinos have seen large education related gains over the last decade, including a sharp decline in dropout rates and increases in both college enrollment.²⁶ In 2015, 36 percent of Latinos between the age of 18 to 24 were enrolled in college (either a four-year or two-year program), a more than ten percentage point jump from just five years earlier and on par with the general population.²⁷ Compared to other groups, Latinos are more likely to attend two-year public institutions, like community colleges.²⁸ Latino families are also the least likely to have education related debt.²⁹ While the community has made major gains, many barriers still exist. Degree completion among Latinos enrolled in bachelor programs remains well behind all other groups, with just 15 percent of Latino students between the ages of 25 to 29 having completed their degrees.³⁰

The role of Latina women in the workforce is ever growing. Latinas play an important role in the economic security of their families and make significant contributions to the economy. In 2017, there were over 11 million Latina women in the labor force.³¹ The participation rate and labor force engagement of Latina women is only expected to increase—reaching nearly 14 million by 2024—in the coming years as the Latino community becomes a larger portion of the labor force and population.³²



Despite their important family and economic contributions, Hispanic women suffer vast disparities in the workplace.³³ Latina women take home median weekly earnings over \$300 less than white male counterparts (see **Figure 4**). When compared to white non-Latina women, Latina women still make nearly \$200 less in median weekly earnings.³⁴

Many factors contribute to the pay gap facing Latina workers. Chief among them is that Latinas are more often employed in jobs with no access to paid sick leave, paid family leave, or flexible scheduling, making it more difficult to balance work and family responsibilities.³⁵ Latinas are also more likely to work in service (31.8 percent) and sales and office occupations (30.4 percent), jobs where they are more likely to earn very low wages.³⁶ It is estimated that raising the minimum wage to \$12.00 per hour would benefit more than four in ten working Latinas.³⁷ Further, Latinas, like other women of color, are more likely to work in jobs with reduced hours and to work part time involuntarily than their white counterparts.³⁸

¹ In this report, the term “Latino” refers to persons who identified themselves as being Spanish, Hispanic, or Latino. Persons of Hispanic or Latino ethnicity may be of any race.

² <http://www.pewresearch.org/fact-tank/2017/09/18/how-the-u-s-hispanic-population-is-changing/>

³ Ibid.

⁴ <http://latinodonorcollaborative.org/latino-gdp-report/>

⁵ Ibid.

⁶ https://www.sba.gov/sites/default/files/Latino-Business-Ownership-Research-Paper_.pdf

⁷ Ibid.

⁸ <http://www.bls.gov/news.release/empsit.t02.htm>; <https://www.bls.gov/news.release/empsit.t03.htm>; and <https://data.bls.gov/timeseries/LNS14000000>

⁹ Ibid.

¹⁰ <http://www.kauffman.org/kauffman-index/reporting/startup-activity>

¹¹ Ibid.

¹² <https://www.americanprogress.org/issues/race/reports/2012/07/17/11923/the-state-of-women-of-color-in-the-united-states/>

¹³ https://goldwaterinstitute.org/wp-content/uploads/cms_page_media/2015/4/15/OccLicensingKauffman.pdf

¹⁴ <http://www.bls.gov/cps/cpsaat18.htm>

¹⁵ Ibid.

¹⁶ <https://www.census.gov/library/publications/2018/demo/p60-263.html>, and Table 3. People and Families in Poverty by Selected Characteristic, 2016 and 2017.

¹⁷ JEC calculation of Bureau of Labor Statistics, [Table 3. Median usual weekly earnings for full-time wage and salary workers by race](#), as of September 2018.

¹⁸ <http://www.epi.org/publication/hispanic-workers-are-less-likely-to-have-the-opportunity-to-participate-in-retirement-plans/>

¹⁹ <http://www.nirsonline.org/index.php?option=content&task=view&id=810>

²⁰ <https://www.federalreserve.gov/econres/notes/feds-notes/recent-trends-in-wealth-holding-by-race-and-ethnicity-evidence-from-the-survey-of-consumer-finances-20170927.htm>

²¹ JEC staff calculation of Federal Reserve Survey of Consumer Finances (SCF), 2016 Survey.

²² <https://www.federalreserve.gov/econres/notes/feds-notes/recent-trends-in-wealth-holding-by-race-and-ethnicity-evidence-from-the-survey-of-consumer-finances-20170927.htm>

²³ Ibid.

²⁴ <https://www.census.gov/housing/hvs/data/charts/fig08.pdf>

²⁵ Ibid.

²⁶ <http://www.pewresearch.org/fact-tank/2016/07/28/5-facts-about-latinos-and-education/>

²⁷ <http://www.pewhispanic.org/2017/09/18/facts-on-u-s-latinos-current-data/>

²⁸ <http://www.pewresearch.org/fact-tank/2016/07/28/5-facts-about-latinos-and-education/>

²⁹ <https://www.federalreserve.gov/econres/notes/feds-notes/recent-trends-in-wealth-holding-by-race-and-ethnicity-evidence-from-the-survey-of-consumer-finances-20170927.htm>

³⁰ <http://www.pewresearch.org/fact-tank/2016/07/28/5-facts-about-latinos-and-education/>

³¹ <https://www.bls.gov/cps/cpsaat10.htm>

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- ³² <https://www.dol.gov/wb/stats/NEWSTATS/latest/demographics.htm#two>
- ³³ <https://www.jec.senate.gov/public/cache/files/0779dc2f-4a4e-4386-b847-9ae919735acc/gender-pay-inequality---us-congress-joint-economic-committee.pdf>
- ³⁴ JEC staff calculation of Bureau of Labor Statistics, U.S. Department of Labor, The Economics Daily, Asian women and men earned more than their White, Black, and Hispanic counterparts in 2017.
- ³⁵ https://obamawhitehouse.archives.gov/sites/default/files/docs/leave_report_final.pdf; and https://obamawhitehouse.archives.gov/sites/default/files/docs/updated_workplace_flex_report_final_0.pdf
- ³⁶ https://www.dol.gov/wb/resources/hispanic_wlf_infographic.pdf
- ³⁷ https://www.nwlc.org/wp-content/uploads/2015/08/fair_pay_for_latinas_requires_a_fair_minimum_wage.pdf
- ³⁸ <https://cdn.americanprogress.org/wp-content/uploads/2015/04/WomenOfColorWageGap-brief.pdf>