



The Economic Status of Latinas Report

Impacts of the Great Recession and Ensuring a Bright Economic Future for the United States



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Executive Summary

Latinas comprise a vibrant and highly visible segment of California's multi-ethnic population. They are playing a critical role in California's economy as their numbers increase. California's fast-growing Latino population reached over 14 million in 2010, with just under half, or 6.95 million, being Latinas. **One in every three women in the state is a Latina.**¹ By 2020, Hispanics will be 40.8% of the state population.²



The Economic Status of Latinas Report examines how Latinas have weathered the challenging economic conditions of the Great Recession that started in late 2007, and their opportunities for future economic success based on survey findings and demographic and economic indicators.

Key Population Findings

- Latinas who were surveyed by HOPE are generally optimistic about the future financial outlook for the country.
- Strong growth among California's Hispanic population will continue into the century.³ While the median age of the white, non-Hispanic population was 44.6 years in 2010, the median age of the Hispanic population was 27.2 years, 17 years younger than the white, non-Hispanic population. Additionally, the Hispanic population under the age of 18 is growing.⁴
- The number of Latina-owned businesses in California rapidly expanded by 32.6% between 2002 and 2007, generating \$13 billion in sales receipts and employing over **70,000 workers**.⁵
- The percentages of Latinas who have higher education degrees continue to increase.⁶ In 2010, 459,279 Latinas over the age of 25 had a Bachelor's degree or higher, compared to 384,017 Hispanic men.
- Hispanics wielded **\$265 billion of buying power** in California in 2012 and this is expected to increase to \$363 billion by 2015.⁷
- While overall homeownership rates decreased during the recession, Hispanic homeownership rates have seen small increases among younger Hispanics who are expected to drive the growth of California's future housing market.⁸

Key Recession Findings

- Latinas in California earned only **42 cents** for every dollar earned by a white, non-Hispanic man in 2010, compared to white, non-Hispanic women who earned 76 cents for every dollar earned by a white, non-Hispanic man.⁹
- Hispanic household incomes decreased through the recession and have not recovered their pre-recession levels.¹⁰
- Latinas have experienced very high levels of unemployment and poverty since the beginning of the recession,^{11, 12, 13} and Latinas with lower levels of education were the most affected.¹⁴
- In California, the percentage of Latinas earning more than \$100,000 decreased from 1.2% to 0.9%. The percentage whose source of income was from their own business suffered a **50% decline** during the recession.¹⁵
- Latinas who were surveyed by HOPE reported that saving for a specific goal is a top priority, yet many were not saving for retirement and did not have an emergency fund. In order to improve their finances, nearly half (46.2%) of HOPE survey respondents indicated they needed financial planning or financial literacy support.
- Just under half (48.6%) of the HOPE survey respondents were homeowners, and of those, 45.4% are "upside down" on their mortgages; they owe more on their mortgage than they could sell their house for today.

Personal Income over \$100K in California

		Latinas	White, non-Hispanic women	Hispanic men	White, non-Hispanic men
2010	Income over \$100K	0.9%	5.9%	2.6%	16.4%
	Source — Business	5.5%	6.7%	9.8%	8.7%
2007	Income over \$100K	1.2%	6.2%	3.8%	20.2%
	Source — Business	11.0%	9.9%	14.4%	11.2%

Policy Recommendations: A framework for an economic parity agenda for Latinas

In the U.S., small business creation, advanced educational degrees, homeownership and diverse investment strategies have been the gateways to wealth creation. Equally important, tax policy has been designed to help individuals protect their wealth. This has been particularly effective during economic downturns and in retirement. Taking these factors into account and applying them against the data presented in this report, HOPE has crafted the following policy recommendations for discussion, debate, and ultimately implementation in an economic policy agenda that will support the achievement of economic parity for Latinas in the U.S.



Education and Job Preparedness

- Increase grants, not just loan opportunities, for students seeking higher education; especially in the areas of Science, Technology, Engineering and Math (STEM).
- Ensure student loan interest rates remain low or are lowered to decrease the amount of debt students accumulate.
- Support educational policy recommendations that promote both access to and completion of higher education for Latinas.
- Fund job development training programs for low-income wage earners in an effort to increase their wages.



Wages

- Address the wage gap between men and women to ensure that Latinas are paid fairly for equal work.
- Support tax policies that benefit middle class wage earners.



Small Business

- Increase investments, technical assistance and educational resources by the private and public sector in Latina small businesses.
- Encourage financial institutions to provide low interest rate loan programs for Latina small businesses currently struggling but who have a record of success before the recession.



Homeownership

- Revisit government programs that were structured to help homeowners recover their value in their homes after the recession; assess their success and reconfigure to help the overwhelming number of homeowners still underwater.



Retirement

- Create programs that would facilitate opportunities for Latinas to invest in their retirement regardless of income.

Conclusion:

The Economic Status of Latinas report concludes that Latinas' favorable population growth trends, increases in levels of entrepreneurial participation, escalating buying power and rising levels of educational attainment attest to their potential for upward mobility. Despite many opportunities for improvement, current trends demonstrate that Latinas are positioned to have increasingly stronger impacts on political, business, education and government sectors across the state and the nation.

The report also finds that Latinas overwhelmingly have a desire to take control of their financial future through financial literacy education. However, financial literacy education is only one piece of the larger puzzle towards achieving economic parity for Latinas. Other key pieces of the puzzle include public policies that would remove barriers to higher education, support Latina small business ownership and growth, decrease debt accumulated by young Latinas, recover homeowners housing values and structure financial programs/products that would facilitate wealth accumulation in this young and growing demographic. Included in the report are key economic policies that impact the economic status of Latinas and are a road map towards economic parity.

Lastly, Latinas must ensure that their voices are part of shaping economic, education, wage, and tax policies. Latinas need to become their own financial advocates, holding elected officials, corporate leaders, and themselves accountable. This is particularly important as the realities of a post-recession U.S. economy are fueling new pressures to once again renegotiate and restructure economic policy. Failure to engage in these policy debates and to influence the policies as they relate to Latinas' economic interests will unfortunately leave Latinas' future financial well-being up to chance — and the consequences will be detrimental for Latinas, the state, and the nation.

The failure of Latinas to engage in the economic policy debate will leave their financial well-being up to chance and the consequences will be detrimental for Latinas, the state, and the nation.

¹ U.S. Census Bureau. American Community Survey, 2009-2011, 3-year estimates.

² California Department of Finance.

http://www.dof.ca.gov/research/demographic/reports/projections/P-1/documents/Projections_Press_Release_2010-2060.pdf.

³ Ibid.

⁴ U.S. Census Bureau. American Community Survey, 2009-2011, 3-year estimates.

⁵ U.S. Census Bureau. 2002-2007, 5-year estimates.

⁶ U.S. Census Bureau. American Community Survey, 2009-2011, 3-year estimates.

⁷ Selig Center for Economic Growth. (2012 and 2010). Multicultural Economy Report. Terry College of Business, The University of Georgia.

⁸ Myers, D. (2011). Attrition of Homeownership in California in the 2000s: Now Seeking Generational Replacements. Population Dynamics Research Group.

⁹ U.S. Census Bureau. American Community Survey, 2009-2011, 3-year estimates, and Vanessa Cárdenas and Sophia Kerby. (2012). The State of Working America: Key Numbers. Economic Policy Institute.

⁹ National Women's Law Center. (2012). The Importance of Fair Pay for California Women and The Wage Gap is Stagnant in Last Decade. Washington, DC.

¹⁰ U.S. Census Bureau. Income, Poverty, and Health Insurance Coverage in the United States: 2011. Washington, DC.

¹¹ Bureau of Labor Statistics. Current Population Survey, 2003-2013, seasonally adjusted

¹² U.S. Census Bureau. Income, Poverty, and Health Insurance Coverage in the United States: 2007. Washington, DC.

¹³ U.S. Census Bureau. Income, Poverty, and Health Insurance Coverage in the United States: 2011. Washington, DC.

¹⁴ U.S. Department of Labor (2012). The Latino Labor Force in the Recovery. Washington DC.

¹⁵ U.S. Census Bureau. American Community Survey, 2009-2011 and 2006-2008, 3-year estimates.

Hispanas Organized for Political Equality (HOPE)

Vision

Latinas inspiring, empowering, and engaging leadership to strengthen all communities.

Mission

HOPE is a nonprofit, nonpartisan organization committed to ensuring political and economic parity for Latinas through leadership, advocacy, and education to the benefit of all communities and the status of women.

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