

Economic Status of Latinas Report

A SNAPSHOT OF THE NATION, CALIFORNIA AND THE HOPE SAMPLE

The second in a series of Latina case studies



Latina Millennial

- Born in the U.S.
- English-dominant
- Renting or living with parents



HOPE Latina Survey Sample

- Born in the U.S., first generation
- 71% Bachelor's degree or higher
- 46.6% homeownership rate



Latina Baby Boomer

- Foreign-born
- High school graduate or less
- \$36,000 median personal income



Latina Business Owner

- Foreign-born
- 89% are sole proprietors
- Younger than non-Hispanic white business owners

The above statistics reflect the average for each Latina demographic.



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Executive Summary

Latinas now represent **8.7% of the total U.S. population** and 19.2% of California's total population with projections calling for sustained growth over the coming decades. What this means for the country and the state is that the economic well-being of Latinas is inextricably tied to the economic well-being of the country and state as a whole.

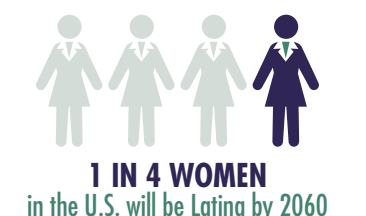
Latinas continue to drive small business creation and the rise in levels of educational attainment has escalated buying power, higher income, and reduced poverty. While disparities still exist between Latinas and white women and men, progress is being made to close those gaps.

This report provides information on the economic status of Latinas in the nation, state, and of the women who participated in a survey study conducted by HOPE, referenced throughout the report as the HOPE sample. The report is meant to be a starting point for discussion on the corporate and public policies that can be implemented to foster the economic health of Latinas to benefit all of our communities, the state and the nation.

Key Demographic Findings



- Increasing educational attainment: High school graduation rates for Latinas in California are at **83.3%**, increasing by **6.9%** between 2011 and 2015, significantly narrowing the achievement gap with white women whose graduation rate increased by 1.9%.⁹
- Incoming college students will increasingly be Latina students, and many will be first-generation, low-income Latina students.



Key Economic Findings

- Optimistic Outlook: Latinas remain cautiously optimistic about what the next year will bring for the economy and for their personal finances.
- Above average income growth: Latinas experienced above-average **income growth of 5.2%** between 2014 and 2015 and saw a 2.2% reduction in their poverty rate — the largest of any demographic group.¹⁰
- Increasing purchasing power: Hispanics in the U.S. held **\$1.4 trillion in purchasing power** in 2016, up 167% since 2000, and is projected to reach \$1.8 trillion by 2021. In California, the Hispanic purchasing power of **\$359 billion** was 19.5% of the state total in 2016.¹¹
- Growing wage gap: The wage gap between Latinas and white, non-Hispanic men in California grew by nearly 5% between 2011 and 2015.¹² Latinas earned **less than 43 cents** for every dollar earned by white, non-Hispanic men, lower than the 45 cents they earned in 2011. Latinas in the San Jose and Los Angeles metropolitan regions fared even worse, earning only **35.5 and 37.5 cents**, respectively, for every dollar earned by a white man.¹³
- More small business growth: Latina-owned businesses in California posted impressive growth with 433,300 firms in 2016, a **111% increase** from 2007.¹⁴
- Educational debt stress: Latinas are seeking relief from their share of educational debt, an **average of \$22,000**, which is at an all-time high of \$1.2 trillion for all U.S. students in 2016.¹⁵
- Leading in home purchases: Latinas are outpacing all other demographic groups on home purchases nationally and are predicted to drive growth in an otherwise flat market.¹⁶
- Variation in metropolitan regions: The status of Latinas living in the large urban areas where they tend to be concentrated varied considerably. Latina housing outcomes were better in Fresno and the Inland Empire, while educational and income metrics in the Los Angeles and San Jose (Silicon Valley) regions where the cost of living is highest suggest that the average Latina there is faring more poorly.



- A growing population: There are 27.9 million Latinas in the U.S. By 2060 over **1 in every 4** women in the U.S. will be Latina.^{1,2}
- There are 7.4 million Latinas in California: **1 in 5** people in California are Latina³ and 1 in 4 people in Fresno, L.A. and Inland Empire are Latina.⁴
- A young population: Latinas are a young demographic with the average age of Latinas in California **17.8 years younger** than white women.⁵ One in 4 Latinas in the both the nation and California are millennials.⁶
- Large proportion of K-12 students: **1 in every 4 children** in U.S. public K-12 schools was a Latino in 2016.⁷ In California, **1 in every 2 children** in any (public and private) K-12 schools was a Latino in 2015.⁸

Policy Recommendations: A framework for corporate, government and Latina decision makers

In order to foster the positive economic trends experienced by Latinas and to remedy areas where persistent gaps in success exist, HOPE recommends the following to policymakers, corporate leaders and Latinas.



Wage Parity

- Ensure corporate management and Human Resources professionals are properly trained to adhere to state laws on wage parity and are committed to wage equity for Latinas.
- Invest in exposing Latinas to more diverse educational and career paths to ensure Latinas are prepared for higher paying jobs, such as in STEM fields.



Education

- State legislators should evaluate and review “community college free tuition” plans and determine their viability to help reduce student loan debt.
- The Federal government should reduce the interest rate on student loan debt.
- Colleges and universities should invest in helping students and their families make informed financial decisions:
 - Improve the rate at which Latinas apply for federal financial aid and take advantage of grant opportunities before taking out loans.
 - Improve student loan services in order to increase student access to a variety of loans and to provide them with comprehensive information about educational loans, including what to expect after graduation.
- Encourage Latinas to leverage their rising numbers in the higher education system by earning degrees and advanced degrees in fast-growing and high-paying fields that substantially increase their lifetime earnings.



Small Business

- Government and corporations should increase their investment in Latina small businesses through substantial and sustainable public and private contracts.
- Financial institutions should facilitate access to capital for Latina microbusiness owners.



Financial Literacy

- Provide access to financial literacy education and resources tailored to the needs of 1st generation Latinas.

Conclusion

The Economic Status of Latinas Report concludes that Latinas are displaying favorable population growth trends, strong interest in entrepreneurial ventures, escalating buying power and rising levels of educational attainment. These demographic and economic trends attest to Latinas’ increasing impact on business, education, political and government sectors. Many disparities can still be found between Latinas other demographic groups, particularly white women and men, but progress is being made to bridge those gaps.

As our economy has only recently rebounded from the Great Recession, remaining competitive on a global scale will increasingly depend on developing Latina talent. The greatest opportunity for the state, and indeed the nation, to prosper now and in the future is through inclusion, and Latinas are taking a major role in ensuring our economy’s long-term health. Likewise, Latinas have a responsibility as the fastest growing population to advocate for themselves and hold corporate and government decision makers accountable, not only for their own financial well-being, but for a prosperous state and nation. Latinas are an increasingly diverse and dynamic population, poised to be the shepherds and guardians of beneficial economic and social policies for all Americans.

¹ Ruggles, S., Genadek, K., Goeken, R., Grover, J. & Sobek, M. (2015). *Integrated Public Use Microdata Series: Version 6.0* [MRDF]. Minneapolis, MN: University of Minnesota.

² U.S. Census Bureau. (2014). *2014 National Population Projections*.

³ Ruggles, S., Genadek, K., Goeken, R., Grover, J. & Sobek, M. (2015). *Integrated Public Use Microdata Series: Version 6.0* [MRDF]. Minneapolis, MN: University of Minnesota.

⁴ U.S. Census Bureau. (2015). *2011-2015 American Community Survey 5-year estimates* [Tables B01002I, B01001I, B05003I].

⁵ U.S. Census Bureau. (2015). *2011-2015 American Community Survey 5-year estimates* [Tables B01002H and B01002J].

⁶ Ruggles, S., Genadek, K., Goeken, R., Grover, J. & Sobek, M. (2015). *Integrated Public Use Microdata Series: Version 6.0* [MRDF]. Minneapolis, MN: University of Minnesota.

⁷ Hussar, W.J., & Bailey, T.M. (2016). *Projections of Education Statistics to 2023* (NCES Publication No. 2015-073). Washington, DC: U.S. Department of Education, National Center for Education Statistics. Retrieved from <http://nces.ed.gov/pub2015/2015073.pdf>.

⁸ U.S. Census Bureau. (2015). *2015 American Community Survey 1-year estimates*, [Tables B14007 and B14007I].

⁹ California Department of Education Data Reporting Office. (2015). *California Longitudinal Pupil Achievement Data System (CALPADS): Cohort Outcome Data*.

¹⁰ Proctor, B.D., Semega, J.L., & Kollar, M.A. (2016). *Income and Poverty in the United States: 2015* (U.S. Census Bureau Report Publication No. P60-256). Washington, DC: U.S. Government Printing Office.

¹¹ Selig Center for Economic Growth. (2016). *The Multicultural Economy 2016*. Athens, GA: Humphrey, J.

¹² National Women’s Law Center. (2015). *Calculations based on American Community Survey data for 2011 for California and the Los Angeles-Long Beach-Santa Ana MSA and for 2015 for California and the Los Angeles-Long Beach-Anaheim MSA* [Tables B20017, B20017I, and B20017H].

¹³ U.S. Census Bureau. 2011-2015 American Community Survey 5-year estimates. [Tables B20017, B20017I, and B20017H].

¹⁴ American Express OPEN. (2016). *The 2016 State of Women-Owned Businesses Report, A Summary of Important Trends, 2007-2016*. Retrieved from http://www.womenable.com/content/userfiles/2016_State_of_Women-Owned_Businesses_Executive_Report.pdf.

¹⁵ College Board. (2016). *Trends in Higher Education*. New York, NY.

¹⁶ Hispanic Wealth Project. (2015). *State of Hispanic Homeownership Report*. San Diego, CA: Becerra, A. & Calderon, M.

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.

Leadership of HOPE

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