



# The Economic Status of Latinas Report

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



March 8, 2013

On behalf of the more than 46,000 Wells Fargo team members from across California, Wells Fargo is proud of our long-standing support and involvement with Hispanas Organized for Political Equality (HOPE).

We applaud HOPE for its efforts to better understand the impact of the recession on Latinas in California with its groundbreaking report: The Economic Status of Latinas Report. Wells Fargo partnered with HOPE to underwrite this study.

Latinas play a critical role in California's economy as their numbers increase. To be sure, California's fastest-growing population is Latinos. One in every three Californians is Latina. By 2020, Hispanics will be 40.8% of the state population.

With the recent economic challenges, this report provides insight on how the economic climate has impacted Latinas and what types of programs and policies will assist to further advance the economic standing of Latinas in California. As highlighted in the report, Latinas' favorable growth trends, increasing numbers in entrepreneurship, escalating buying power and rising levels of education attest to their overall upward mobility.

In reviewing this report, Wells Fargo encourages you to spend some time considering your personal financial planning. You are invited to visit any of our more than 1,000 California banking stores for a conversation with one of our knowledgeable bankers.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa Stevens", with a stylized flourish at the end.

Lisa Stevens  
President  
West Coast Regional Banking  
Wells Fargo & Company



For the past two decades, Hispanas Organized for Political Equality (HOPE) has worked to advance the status of Latinas. Specifically, our mission has been to ensure political and economic parity for Latinas. Since HOPE's founding, the majority of our work has been concentrated on leadership development and advocacy on behalf of Latinas. Through the success of The HOPE Leadership Institute (HLI) and Youth Leadership through Literacy Program (YLTL), HOPE has been a part of educating, training and promoting the ever-growing number of influential Latina leaders in California.

Following the Great Recession, as the country began to see signs of recovery, we witnessed Hispanic electoral participation break record numbers, and we at HOPE understood that we were living through a unique historic moment. We are in a moment when the realities of a post-recession U.S. economy are not only fueling new pressures to once again renegotiate and restructure our nation's economic policies, but also a moment when the growing Latino population is, for the first time, well positioned to influence the outcome of these policy negotiations. Increased rates of Hispanic electoral participation, which will only increase over time, give our community greater influence over elections while our growing Hispanic purchasing power stimulates consumer markets and our national culture.

To help us understand how best to participate in the shaping of new economic policy, HOPE felt that it was important to first understand the impact the Great Recession had on Latinas and their families. Understanding the new economic realities of Latinas helped us develop a "blueprint" that will guide us through the shaping of an economic policy agenda—an agenda that will be used to engage government and corporate leaders in productive dialogue to ensure that, as the country moves forward and our economy is rebuilt, economic parity for Latinas is at the forefront.

The "blueprint" took the form of this report—"The Economic Status of Latinas Report." To produce the report, HOPE analyzed data from a wide variety of existing sources from across the state and country and conducted our own primary research. The result is a report that highlights the critical factors affecting Latinas' economic status after the Great Recession and provides a set of policy recommendations for discussion, debate and ultimately, the creation of an economic policy agenda that will support the achievement of economic parity for Latinas in the United States.

We thank Wells Fargo for their long-standing partnership with HOPE and for providing the grant that produced this report and trained over 400 Latinas across California on how to advance their personal finances and lead an effort to influence economic policy. We would also like to thank Elsa E. Macias, Ph.D. for leading this research project.

It is our HOPE that this report inspires you to lead or join the political and economic policy debates occurring right now that will impact your future, your families, the state and nation.

To achieving political and economic parity,

Dolores Arredondo  
Board Chair, HOPE

Helen Iris Torres  
Executive Director & CEO, HOPE

# The Economic Status of Latinas Report

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

## 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.** By 2020, Hispanics will be 40.8% of the state population.



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.
- The median age of California's Hispanic population in 2010 was 27.2 years—17 years younger than the median age of the white, non-Hispanic population in California at 44.6 years. Additionally, **a third of all Hispanics in California are under the age of 18.**
- The number of Latina-owned small businesses in California rapidly expanded by 32.6% between 2002 and 2007, generating \$13 billion in sales receipts and **employing over 70,000 workers.**
- The percentages of Latinas who have higher education degrees continue to increase, and Latinas in the U.S. are outpacing Hispanic men in degree attainment. 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.
- 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.

## 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.
- Hispanic household incomes decreased through the recession and have not recovered their pre-recession levels.
- Latinas have experienced very high levels of unemployment and poverty since the beginning of the recession, and Latinas with lower levels of education were the most affected.
- In California, the percentage of Latinas earning more than \$100,000 decreased from 1.2% to 0.9%. The percentage of Latinas whose source of income was from their own business suffered a **50% decline** during the recession.
- 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 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.

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 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. The report highlights public policies that would remove barriers to higher education, support Latina small business ownership and growth, decrease the amount of debt accumulated by young Latinas, recover housing values, and structure financial programs/products that would facilitate wealth accumulation in this young and growing demographic.

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

In the United States, 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 coupled with the data presented in this report, HOPE crafted the following policy recommendations for discussion, debate, and ultimately, the creation of an economic policy agenda that will support the achievement of economic parity for Latinas in the United States.



## 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 that 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-owned small businesses.
- Encourage financial institutions to provide low interest rate loan programs for Latina-owned small businesses that are currently struggling but that have a record of success before the recession.



## Homeownership

- Revisit government programs that were structured to help homeowners recover the value of their homes since the recession. Assess the success of these programs and reconfigure them to help the overwhelming number of homeowners who are still underwater; they owe more on their mortgage than the house is worth.



## Retirement

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

Latinas must ensure that their voices are part of shaping economic, education, wage, and tax policies. Latinas must 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 our nation's economic policies. 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.



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# Introduction

As the country emerges from the worst recession in decades, Hispanics Organized for Political Equality (HOPE) sought to understand how Latinas in California weathered the challenging economic conditions. Specifically, HOPE undertook a research effort to gain insight into the current economic status of Latinas and their aspirations for improving their financial circumstances.

HOPE held a series of workshops on financial literacy in the major metropolitan areas of California where Latinas are concentrated: Oakland and San Jose (grouped as the Bay Area), Fresno, the Inland Empire, Los Angeles, and San Diego. A survey administered to participants of the workshops and other Latinas from the same geographical areas explored several questions about their economic status:

- How did Latinas in California fare during the economic recession?
- What is their present financial status?
- What are the financial aspirations of Latinas in California?
- How can Latinas increase their levels of financial literacy to improve their economic well-being?

This report highlights findings from HOPE’s survey of 400 Latinas, telephone interviews with a select group of Latinas who participated in the financial literacy workshops, along with demographic and economic indicators on Latinas in the U.S. and in California.

## Latinas in the U.S. and in California

The United States has experienced major demographic shifts driven in large part by the rapid increase in Latino populations.<sup>1</sup> According to the U.S. Census Bureau, there were 52 million Hispanics in the United States as of 2011, comprising 16.7% of the nation’s total population.<sup>1</sup> This figure is expected to rise to 30%, or 132.8 million Hispanics, by 2050.<sup>2</sup> California is the state with the largest population of Hispanics with 14 million, or 38.1%, of its total population in 2010. Even with a decrease in immigration in recent years, the growth of California’s Latino population will continue at a rapid pace. The number of Hispanics will equal that of white, non-Hispanics by June 2013, and Hispanics are poised to become a plurality, or the largest racial/ethnic demographic group, in the state by early 2014. By 2020, Hispanics are expected to increase to 40.8% of the state population, compared to 36.6% for non-Hispanic whites.<sup>3</sup>

Latinas, or Hispanic women, comprise a vibrant and highly visible segment of California’s multi-ethnic population. In 2010, 18.6%, or 6.95 million, of California’s total population were Latinas, only slightly lower than 19%, or 7.1 million, for Hispanic men. In California, 37% of all females were Latinas, or roughly 1 in 3. Nearly two thirds, or 61.3%, of Latinas in California are native-born.<sup>4</sup> Latinas are highly concentrated in the metropolitan regions of the state where HOPE provided financial literacy workshops: Bay Area (11.5% of the total population), Fresno (24.7%), Inland Empire (23.6%), Los Angeles (23.9%) and San Diego (16.2%).<sup>5</sup>

### Top metropolitan areas of California, by Hispanic population<sup>6</sup>

Metropolitan Area	Number of Hispanics
Los Angeles/Long Beach	5.7 million
Riverside/San Bernardino	2.0 million
San Francisco/Oakland/Vallejo/San Jose	1.57 million
San Diego	1.0 million
Fresno	0.5 million
Bakersfield	0.4 million
Sacramento	0.38 million
Stockton	0.27 million
Modesto	0.22 million
Merced	0.14 million



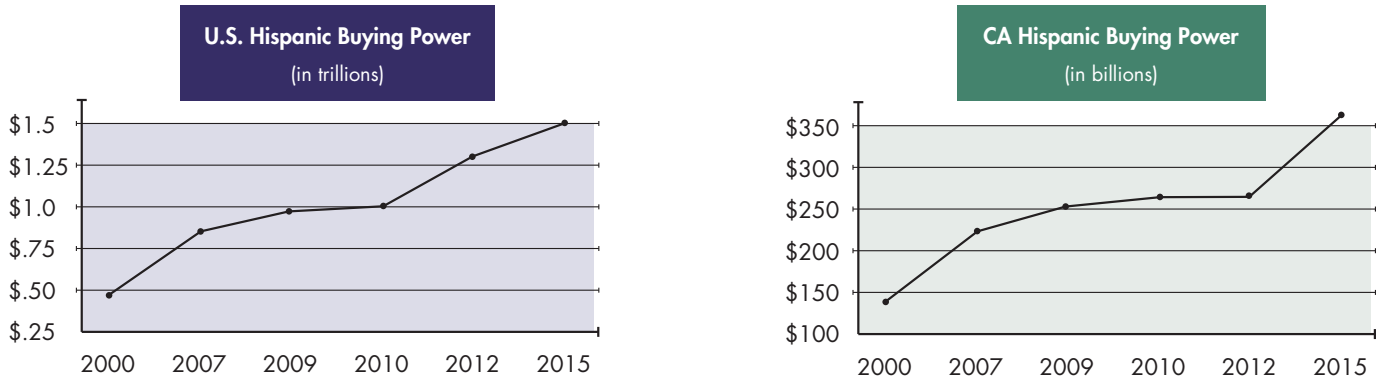
<sup>1</sup>In this report, Latina refers to a Hispanic woman. The term Hispanic is used to refer to people who trace their origin to Spanish-speaking Central and South America countries, and other Spanish cultures, regardless of race. Office of Management and Budget. Retrieved from [http://www.whitehouse.gov/omb/fedreg\\_1997standards](http://www.whitehouse.gov/omb/fedreg_1997standards).



## Latinas' buying power as a driver of the economy

Latinas contribute greatly to the state's economy and strengthen their communities through hard work in wage or salaried positions and as entrepreneurs. Despite the negative effects of the recession, Hispanic buying, or purchasing, power—defined as disposable income, or money that is available for spending after taxes—remains substantial. In 2012, Hispanic buying power was \$1.3 trillion in the U.S., up from \$1 trillion in 2010.<sup>7</sup> This already sizeable figure is expected to grow to \$1.5 trillion by 2015—making up nearly 11% of the total buying power in the country (see Figure 1). The increase is driven by escalating population growth and higher levels of education and achievement. California has the largest Hispanic market, with \$265 billion. Latina's decision-making control over many family purchases makes them a key driver of the economy.

Figure 1: A Growing Hispanic Market



**“The Latino market will be the 11th largest economy in the world by 2015—just below France, Italy and Mexico, and above South Korea, Spain and Indonesia. At \$20,400 per capita, Latino America’s purchasing power already exceeds the GDP per capita of all four BRIC countries—Brazil, Russia, India and China.”**

**—Trujillo, 2013<sup>8</sup>**

## Educational Attainment on the Rise for Latinas

Educational attainment among Hispanics presents many challenges, but there has been some notable success. Generally, the academic outcomes of Hispanic students lag behind those of white and Asian students. However, the percentage of Hispanics in the U.S. who attained a high school degree or equivalency increased dramatically from 58% in 1980 to 71% in 2011, although a large gap of 23 percentage points persists between Hispanic students and white students (94%).<sup>9</sup>

At the postsecondary level, outcomes are likewise mixed. Between 1980 and 2011 the gap in the attainment of a bachelor's degree or higher widened between White and Hispanic students from 17% to 26%. Only 13% of Hispanics in the U.S. have a bachelor's degree and only 4% have completed graduate or professional degree programs.<sup>10</sup> The gains for Latina students have been even greater, as educational outcomes for Hispanic males continue to lag behind.<sup>11</sup> Latinas continue to outpace Hispanic males in postsecondary degree attainment as the number of Latinas who have or are seeking higher education degrees continue to rise (see Table 1).

**Table 1: Educational Attainment, 2010, ages 25 and older<sup>12</sup>**

	Latinas in CA	Hispanic men in CA	White, non-Hispanic women in CA
Less than High School Graduate	33.8%	35.9%	5.1%
High School Graduate	34.0%	36.8%	30.2%
Some College (Includes AA Degree)	22.2%	19.2%	29.7%
College Graduate or Higher	9.9%	8.2%	35.1%
	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Earnings in the U.S. for bachelor's degree holders and higher are, on average, two times that of those with only a high school degree.**<sup>13</sup> In California, Hispanics who have at least a bachelor's degree will earn \$1.1 million more over their lifetimes than Hispanics who only have a high school degree, and they will spend fewer years in poverty.<sup>14</sup>

## Ensuring Latinas can compete and contribute to tomorrow's workforce

The importance of obtaining a higher education has never been more critical. California is expected to face a degree and certificate shortage of 2.3 million by 2025.<sup>15</sup> In the next decade, nine of the top-ten skilled occupations will require significant post-secondary training. Bachelor's degrees and post-graduate degrees are needed for occupations found in the Science, Technology, Engineering and Math (STEM) fields which the Bureau of Labor Statistics projects will increase by 21.3% from 2008 to 2018— more than double the growth in other occupations. On average, women with STEM degrees and jobs earn 30% more than women who do not have STEM degrees and jobs.<sup>16</sup>

One barrier to Latinas entering the STEM fields and other fields requiring post-baccalaureate training is undergraduate debt. Underrepresented students, particularly Latino students, borrow at higher rates to pay for undergraduate degrees, which limits their ability to invest in graduate and professional schools. Specifically, Latino students with high debt relative to others in their class are 17% less likely than students without debt to go on to graduate or professional school. Latino students with low debt were nearly 14% less likely.<sup>17</sup> Controlling undergraduate debt through financial aid policy can increase the number of Latino students who become scientists, engineers, and mathematicians by enabling them to continue to invest in their education beyond their bachelor's degree.

# How Latinas have fared during the economic downturn

*“Like everybody else, we’ve had to learn to tighten our belts. I drive less expensive cars and keep them at least 10 years...and the savings go toward my children’s education.”*

—Inland Empire workshop participant

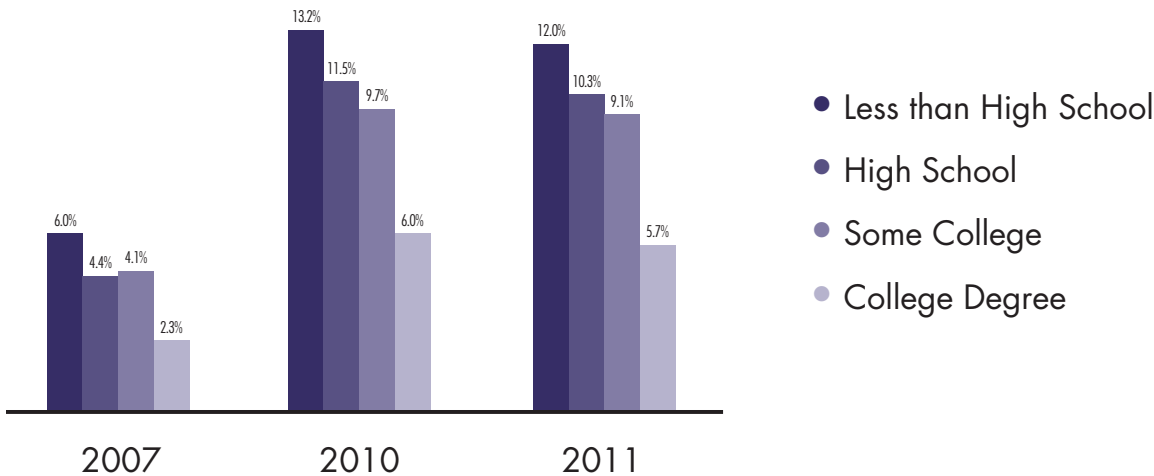
Unemployment rates are generally higher for Hispanics than for most other groups (see Table 2), and Hispanics are disproportionately affected by economic fluctuations, due in part to lower levels of education, skills, and English-language proficiency.<sup>18</sup> Their heavy concentration in the construction and hospitality industries which suffered devastating declines during the recession made them all the more vulnerable to job losses. The U.S. Hispanic unemployment rate peaked at 12.5% in 2010, but it was over 14% for Latinas in California, and they continue higher for Latinas in 2012 than for Hispanic men and white, non-Hispanics. Although the 2010 labor force participation rates for Latinas age 25 and older in California compare favorably to white, non-Hispanic women at 61.2% versus 56.8%, they are considerably lower than Hispanic men at 80.6%.<sup>19</sup> Poor labor market outcomes result in a significant loss of income and affect Latinas’ ability to save and invest.

**Table 2: Annual Unemployment Rates, 16 and older**<sup>20, 21, 22</sup>

	Total in U.S.	Hispanics in U.S.	Latinas in U.S.	Total in CA	Hispanics in CA	Latinas in CA	White, non-Hispanic women in CA
2012	8.1%	10.3%	10.9%	10.4%	12.7%	13.5%	10.2%
2011	8.9%	11.5%	11.8%	11.6%	13.8%	14.2%	11.0%
2010	9.8%	12.5%	11.4%	12.2%	14.7%	14.6%	11.2%
2007	4.7%	5.6%	5.5%	5.3%	6.4%	6.8%	5.1%

Unemployment rates correlate to educational outcomes: the higher the level of education, the lower the unemployment rates. Figure 2 highlights that unemployment rates for college educated Hispanics in the U.S. were consistently lower before and during the recession than Hispanics with lower levels of education. Hispanics with less than a high school education endured the highest levels of unemployment.

**Figure 2: Hispanic Unemployment Rates, by Educational Attainment**<sup>23</sup>



The Great Recession wreaked havoc on incomes across the country, and they have not recovered their pre-recession levels (see Table 3). Hispanic household income has consistently been about 70% of white, non-Hispanic household income. Hispanic households are on average larger, with more people per household in the labor market than in non-Hispanic households. However, per capita income is lower for Hispanics than for white, non-Hispanics.<sup>24</sup> Since more workers in Hispanic households are contributing, the median household income partially masks the effects of the recession on Hispanics.

**Table 3: Median Household Income, adjusted for inflation<sup>25</sup>**

	Total in U.S.	Hispanics in the U.S.	White, non-Hispanic in U.S.
2010	\$51,625	\$38,818	\$56,178
2007	\$55,039	\$41,956	\$59,573

Added to the effects on income is the wage differential or gap<sup>26</sup> between what women and men earn. Examining the median earnings of women working full-time and year-round as a percentage of the median earnings of men working full-time and year-round uncovers much lower earnings for women compared to her male counterparts. The women-to-men earnings ratio in the U.S. has remained constant at around 77% for the general population over the past decade—the typical woman has been paid only 77 cents for every dollar the typical man is paid. In 2011, Latinas in the U.S. working full-time, year-round earned only 55 cents for every dollar earned by white, non-Hispanic men; Hispanic men fared only slightly better, earning 61 cents for every dollar earned by white, non-Hispanic men.<sup>27</sup>

The wage gap for Latinas in California is dramatically worse. Latinas earned only 45 cents for every dollar earned by a white, non-Hispanic man in 2011; compared to white, non-Hispanic women who earned 77 cents for every dollar earned by a white, non-Hispanic man. Hispanic men, again, fared only slightly better at 47 cents (see Table 4). This is an improvement from 2010 when Latinas earned 42 cents and white, non-Hispanic women earned 76 cents for every dollar earned by a white, non-Hispanic man, figures that are only marginally better than in 2007 before the recession began. Despite some progress for Latinas in closing the wage gap relative to other demographic groups between 2007 and 2011, the wage gap between Latinas and white, non-Hispanic men is still very large. As a result of the wage gap, Latinas will earn less over their lifetimes, have fewer savings and receive fewer unemployment benefits when laid off.<sup>28</sup>



**Latinas earned only 45 cents for every dollar earned by a white, non-Hispanic man in 2011; compared to white, non-Hispanic women who earned 77 cents for every dollar earned by a white, non-Hispanic man.**

**Table 4: The Wage Gap in California, compared to white, non-Hispanic men<sup>29</sup>**

	White, non-Hispanic men	Latinas	White, non-Hispanic women	Hispanic men
2011	1.00	0.449	0.769	0.474
2007	1.00	0.417	0.755	0.485

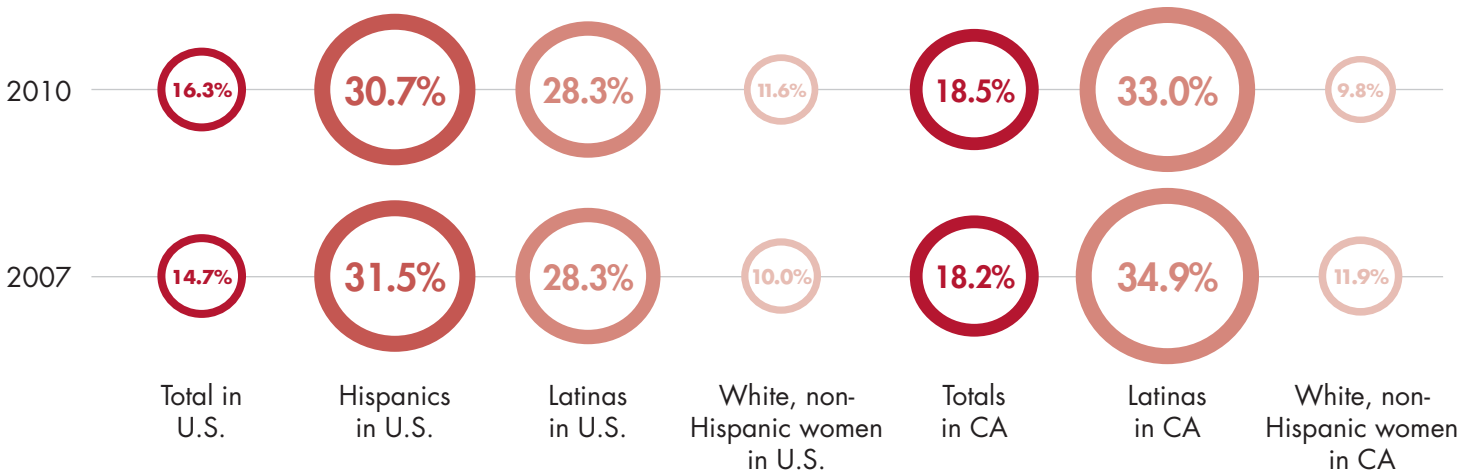
Overall, Latinas have suffered disproportionately throughout the recession. Poverty rates<sup>ii</sup> in California are higher than the national average, and many more Latinas experienced poverty during the recession than white, non-Hispanic women (see Table 5).

**Table 5: Poverty Rates**

	Total in U.S.	Hispanics in U.S.	White, non-Hispanics in U.S.	Total in CA	Latinas in CA	White, non-Hispanic women in CA
2010	15.1%	26.5%	9.9%	15.8%	34%	14%
2007	12.5%	21.5%	8.2%	12.4%	26.6%	11.5%

Another indicator of economic distress is a lack of health insurance coverage. Hispanics have the highest rates of being uninsured of any demographic group. People without health care insurance are more apt to forgo preventive and needed care, are sicker, are more likely to die prematurely, and pay more for medical services.<sup>32</sup> With the high cost of medical care, not having health insurance when someone falls ill or an accident occurs can easily result in economic disaster. The percentage of people without health insurance coverage went up overall during the recession as workers lost their jobs and could not afford coverage on their own or else employers stopped offering it, but it remained relatively constant for Hispanics. However, **Latinas have consistently had the highest uninsured rates of any racial or ethnic group within the United States.**<sup>33</sup> **In California, the rates of being uninsured are roughly three times higher for Latinas than for White, non-Hispanic women** (see Figure 3). Only 13.5% of HOPE survey respondents reported having no health insurance, placing them well above the averages for Latinas in California. The impact of health care reform via the Affordable Care Act on Hispanics promises to be tremendous, greatly reducing the differences in health insurance coverage and health status between them and white, non-Hispanics.<sup>34</sup>

**Figure 3: Lack of Health Insurance Coverage**<sup>35, 36</sup>



**“34% of Latinas in California are living in poverty, an increase from 26.6% before the recession began. By comparison, only 14% of white women in California live in poverty.”**

**—Kaiser State Health Facts,  
2010-2011 and 2006-2008**

<sup>ii</sup>Following the Office of Management and Budget’s (OMB) Statistical Policy Directive 14, the Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is in poverty.

# Latina-owned Small Businesses

*“The best feeling in the world is having the keys to your own business...and the money’s good!”*

—Linda, 51, small business owner, Inland Empire

The rapid expansion of Latina small business ventures between 2002 and 2007, the latest year for which data are available, reflects the increasingly prominent role of the Latina entrepreneur in the business community. Latina-owned small businesses experienced tremendous growth in number and size both nation-wide and in California. In 2007, Latinas owned 205,309 businesses in California and 787,914 in the U.S., generating over \$13 billion and over \$55 billion respectively in sales receipts annually.<sup>37</sup> This translates to an impressive 31.7% growth in sales in Latina-owned small businesses in California. They represent 6% of the total number of businesses in California. Furthermore, California’s Latina-owned small businesses employed more than 70,600 workers in 2007, an increase of 4.4% from 2002.

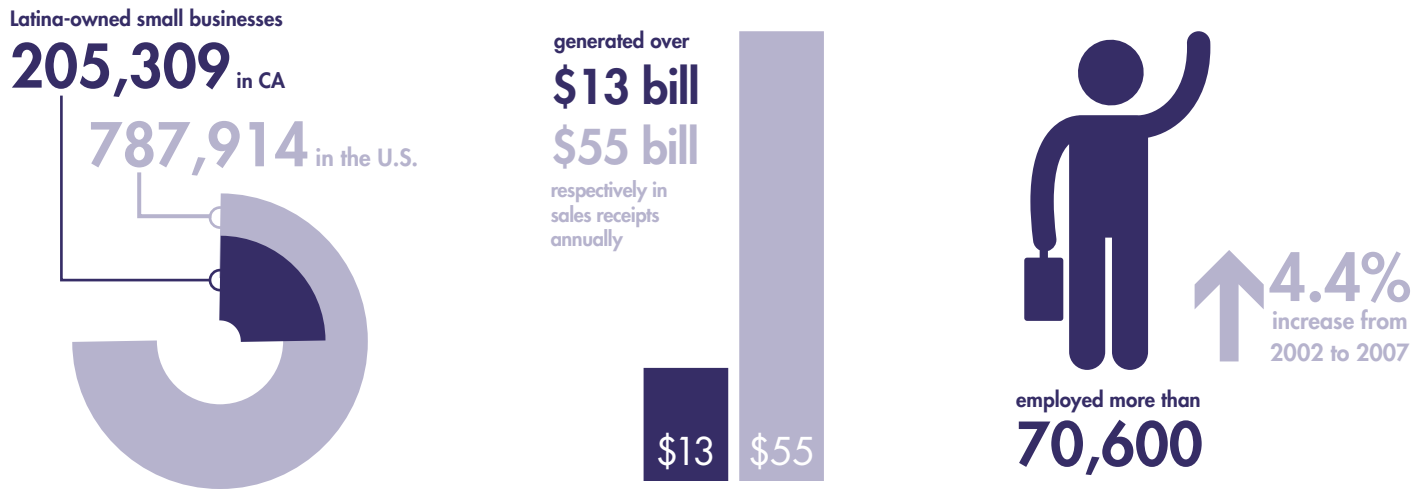


Table 6 demonstrates how exceptionally well Latina-owned small businesses fared between 2002 and 2007, compared to all female-owned small businesses in California. Latinas are showing themselves to be resourceful and industrious entrepreneurs whose revenue contributions and ability to create jobs are increasingly important to the strength of the state’s economy.

**Table 6: Robust Growth of Latina Entrepreneurship in California, 2002 to 2007<sup>38</sup>**

	Number of firms in 2007	% increase from 2002	Sales receipts in 2007	% increase from 2002	Employees in 2007	% increase from 2002
Latina-owned in CA: 6.0%	205,309	32.6%	\$13 billion	31.7%	70,627	4.4%
All female-owned in CA: 30.3%	1,039,208	19.4%	\$183 billion	32.9%	962,203	2.2%

Notwithstanding the strength of Latina-owned small businesses before the recession, small businesses generally suffered during the recession and many businesses failed. Previous research has demonstrated that as unemployment rates increase and homeownership and housing values decrease, as was the case during the recent recession, there is an increase in entrepreneurship rates that outweighs the negative effects of the recession.<sup>39</sup> In other words, more businesses are started as unemployment increases. While it is reasonable to expect that Latina-owned businesses would also have followed this pattern, data are not yet available to assess whether the growth trend for Latina-owned businesses through 2007 has held through the recession.

Across demographic groups, the percentage of individuals earning over \$100,000 has declined in California since the recession began. Furthermore, the percentage of individuals making over \$100,000 whose source of income was primarily from a business decreased since the recession began (see Table 7). The percentage of Latinas whose source of earnings was from a business decreased by half, from 11% in 2007 to 5.5% in 2010, more than for any other demographic group. The percentage of Latinas whose source of income was from wages increased from 77.9% to 81.5% in the same time period. It is possible that more Latina-owned businesses were started as unemployment increased during a recession; however, data are not yet available to assess whether the growth trend for Latina-owned businesses through 2007 has held through the recession or if these businesses are as profitable.

**Table 7: Personal Income over \$100K in California<sup>40</sup>**

		Latinas	White, non-Hispanic women	Hispanic men	White, non-Hispanic men
2010	<b>Income over \$100K</b>	0.9%	5.9%	2.6%	16.4%
	Source—Business	5.5%	6.7%	9.8%	8.7%
	Source—Wages	81.5%	74.1%	81.2%	75.8%
	Source—Other <sup>iii</sup>	12.9%	19.2%	9.1%	15.6%
2017	<b>Income over \$100K</b>	1.2%	6.2%	3.8%	20.2%
	Source—Business	11.0%	9.9%	14.4%	11.2%
	Source—Wages	77.9%	68.8%	76.2%	72.0%
	Source—Other <sup>iii</sup>	11.1%	21.3%	9.4%	16.8%

HOPE survey respondents expressed considerable interest in obtaining assistance with starting a business, and a majority of respondents who indicated that they are small business owners were interested in assistance with growing their businesses, especially in such areas as accounting, obtaining credit and marketing. Consistent with previous studies, greater autonomy and better opportunities for financial advancement despite limited education were key factors in being attracted to self-employment for Latinas in our study.<sup>41, 42</sup>

## Homeownership

***“The idea of homeownership was very important and often discussed by my parents as I was growing up. They emigrated from Mexico in search of the American dream ... of owning a home. And fortunately they were able to achieve that—a secure roof over our heads provided a lot of security.”***

—Patricia, 30, San Diego

Homeownership is closely linked with greater financial stability. HOPE survey respondents who are homeowners were significantly more likely to report that they have started planning for retirement than non-homeowners (73.1% v. 20.7%), were more likely to report being confident that they would have enough income and assets to last throughout their retirement, more likely to have life and health insurance, and significantly more likely to have an emergency fund. Moreover, respondents who are homeowners were also more likely to be small business owners and those businesses were more likely to be making a profit than the businesses of non-homeowners.

<sup>iii</sup>Other category includes income from rental properties, farms, Social Security, interest, dividends, royalties, etc. as used by IPUMSUSA.

**Table 8: Homeownership Rates<sup>43</sup>**

	Homeownership Rates, by Household, Total in U.S.	Homeownership Rates, by Household, Hispanics in U.S.	Homeownership Rates, by Household, Total in CA	Rates of Residence in Owned Homes, Latinas in CA	Rates of Residence in Owned Homes, White, non-Hispanic women in CA
2010	65.4%	47.5%	56.1%	48.2%	66.2%
2007	68.2%	49.7%	58.3%	52.3%	67.7%

The recession resulted in lower rates of homeownership (see Table 8), and steep declines in housing values and personal assets as the economy faltered.<sup>44</sup> For many Hispanics, a home is their biggest asset.<sup>45</sup> Therefore, when the housing market collapsed, Latino wealth dropped. Latino median household wealth dropped by 58% between 2005 and 2010.<sup>46</sup>

California was especially affected by the housing crisis. The rate of homeownership among Latinas was 48.2% in 2010, considerably less than the rate of 66.2% for White, non-Hispanic females.<sup>47</sup> But given demographic growth trends for Hispanics and aging white homeowners, Hispanics in California are expected to become homeowners at rates above the historical rates for white, non-Hispanics.<sup>48</sup> As aging white homeowners sell their homes, increasingly it will be younger Latinos under the age of 45 who will buy them. In 2010, 32.4% of new homeowners under the age of 45 were Hispanic.<sup>49</sup>

- 81.0% of the Latinas who participated in the HOPE study believe that buying a home is the best long-term investment. However, the women who most strongly agreed that buying a home is the best long-term investment were also more likely to be homeowners.

**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.**

## HOPE’s Survey of 400 Latinas across CA: Their financial outlook and priorities

*“One of the things that took me back to school was the [recession], and then my lifestyle changed. I’ve had to...be more strategic about where my money’s going. The field I’m in, as much as it’s a labor of love, doesn’t pay a lot so I have to gain some good [financial literacy] skills to at least start thinking about saving and paying off loans. In 10 years I hope to qualify to buy property.”*

—Janet, late 20s, graduate student, Los Angeles

While the recession took a toll on the economic status of all demographic groups, HOPE found that Latina survey respondents are generally optimistic about the future financial outlook for the country, regardless of their assessment of current economic conditions.

- 76.6% of the Latinas who responded to the HOPE survey believe that the United States will continue to be prosperous and make economic progress, and 70.9% of respondents expect that their household’s financial situation will improve over the next year.
- A majority of HOPE survey respondents (60.6%) rated the economic conditions in the country as good or fair, while 37.6% rated conditions as poor. Women who rated economic conditions as good were more likely to have higher education degrees (Bachelor, Master’s or Professional/Doctorate) and were more likely to live in higher income households.

Most HOPE survey respondents report that they enjoy a better standard of living than their parents did at the same age: 62.3% of respondents’ standard of living is much better, and an additional 18% is somewhat better than their parents’ standard of living was at the same age. However, only 44% of Latina respondents believe that their children will have a much better standard of living than they do when their children reach their same age. The reason for Latinas’ gloomy outlook about their children’s futures is unclear, but the effects of the recession on incomes and opportunities for advancement, the erosion of services such as Social Security, and the prospect of accumulating debt by the younger generation are possible factors.



## Savings

Many HOPE survey respondents report that saving for a specific goal is a top priority. The top three financial priorities they reported are:

- Saving for retirement (43.0%)
- Buying or staying in their home (39.9%)
- Saving for an emergency (39.7%)

However, a significant number of survey respondents, (82 or 19.7%), demonstrate signs of struggling financially, as they consider paying for basic household expenses such as food, utilities and housing as one of their top three priorities. In fact, women who prioritize paying for basic expenses were more likely to report that they are in substantially worse shape financially since the recession began, were less likely to be homeowners, and were slightly less optimistic that the U.S. will continue to be prosperous. Further evidence of financial distress is that 24.2% of Latinas report that they have just enough income to meet their basic expenses, while 5.5%, or 22 out of 401 respondents who answered this question, do not even have enough to meet their basic expenses.

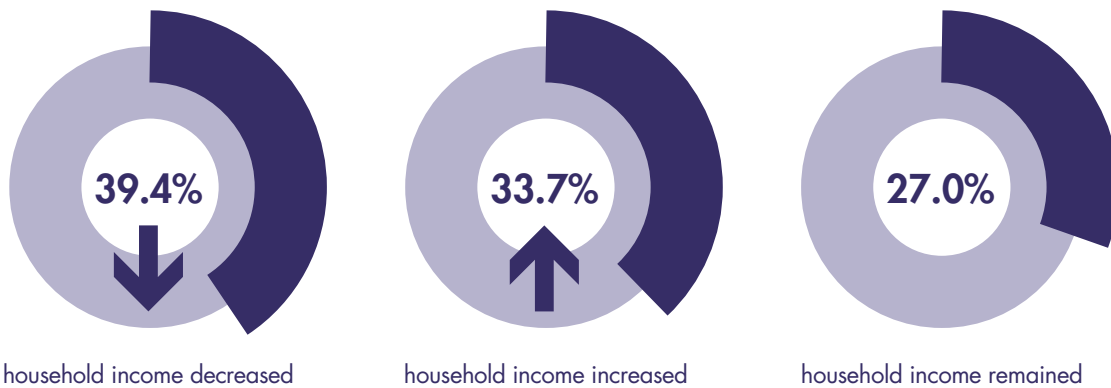
## Job Satisfaction & Stagnation

A large majority of respondents (91.1%) report being mostly or completely satisfied with their current jobs. Despite this, in order to achieve greater financial success, many Latinas say that their present employment circumstances will have to change in some form or another.

- 17.7% of the women who responded say they will need to be promoted, get a raise, or generate new business in their current job.
- 18.2% report that they will need to find a new job.
- 18.0% say they will need to start a new business or grow their existing business.

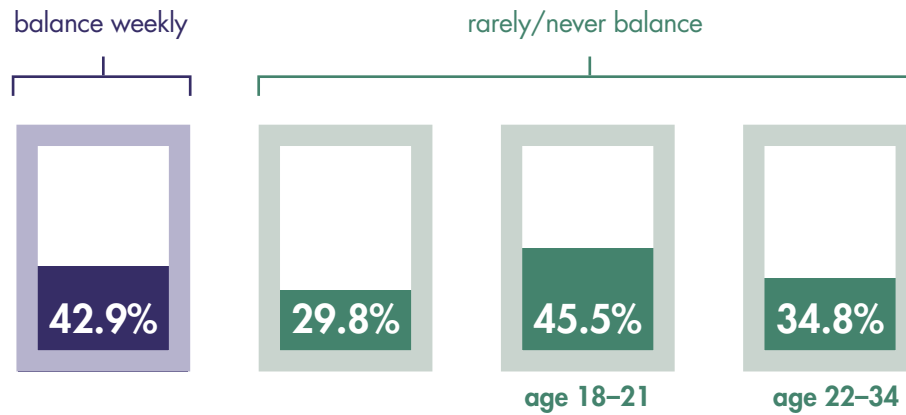
The recession resulted in changes in the way that 81.2% of HOPE survey respondents live, and some of the changes are permanent. Many respondents report cutting back on spending on non-essential items, delaying purchasing more expensive items, and spending less on entertainment and dining out since the recession began.

- Compared to what it was before the recession, the household income of 39.4% of respondents decreased; 33.7% increased, and 27.0% remained the same. However, many women commented that the cost of living had also increased substantially; creating difficulties for those women whose household income has decreased or remained the same.



- Most (74.8%) Latinas surveyed often or always look for ways to save money.
- Most respondents (51.1%) have less than \$5,000 in credit card debt, and 21.0% either have no credit card debt or else they pay off the entire credit card balance every month. However, 9.8% carry a credit card balance greater than \$10,000.
- While 42.9% of respondents balance their checking account at least weekly, a significant segment (29.8%) rarely or never balance their checking account. A larger percentage of young women rarely or never balance their checking account: 45.5% of women 18-21 years of age and 34.8% of women 22-34 years of age say they rarely or never balance their checking account.

### Surveyed respondents who balance/rarely balance their checking account weekly



## Young Latinas, Debt Accumulation and Retirement: A future economic crisis?

*“My top financial priority is paying off my credit card debt, [but this choice] overlaps with paying off my student loans. I accrued credit card debt because I was employed part-time while I was an undergrad and graduate student and it [was] difficult to pay for things out-of-pocket. So that’s become a financial burden. I’m mindful of my credit score, but having my credit cards close to maxed out worries me.”*

–Patricia, 30, San Diego

The Hispanic population in both the U.S. and in California is relatively young. In 2010 the median age of Hispanics in California was 27.2 compared to 44.6 for white, non-Hispanics—a difference of over 17 years. Table 9 illustrates this generational gap. For example, in California only 6.3% of the Latina population is over 65, compared to 19.7% for the aging population of white, non-Hispanic women. And fully a third of all Hispanics in California are under the age of 18.<sup>50</sup>

**Table 9: Age of Hispanic Population, 2010**

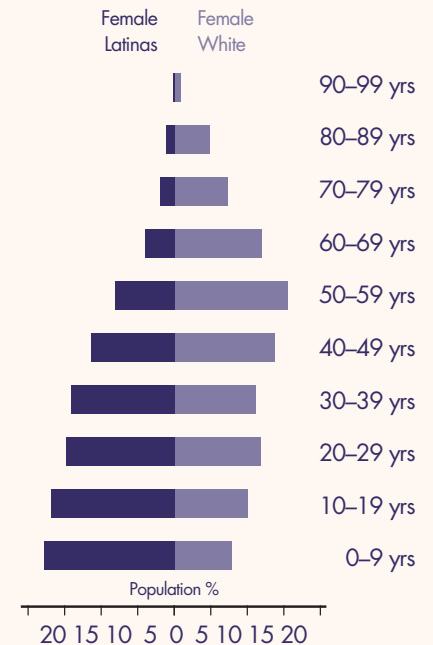
	Total U.S. Population	Hispanics in U.S.	Total CA Population	Hispanics in CA	Latinas in CA	White women in CA
Under 18	23%	35%	24.9%	33.8%	33.4%	16.4%
65 and over	14%	5%	11.4%	5.4%	6.3%	19.7%

Proportionally more Hispanics are entering the education pipeline, entering the workforce and moving up the career ladder—and Latinas are an increasingly larger proportion of the Hispanic population in California’s colleges and universities. As the current national debate on Social Security unfolds, it is important to include the voices of young Latinas. Young Latinas accumulate more debt due to student loans, leaving them with less disposable income to start saving for retirement. Additionally, their families are often struggling themselves and can offer little to no assistance with college tuition. As the population 65 and older grows more

dependent on an economically thriving Latino population, it appears that Latinas are absent from key policy discussions pertaining to the future role of Social Security. Key questions that need to be addressed by policy makers are: What does retirement look like for Latinas in thirty years or forty years? Will Latinas be able to rely on Social Security to supplement their retirement? Will they have enough earnings to invest in current retirement products, and how reliable and accessible are those products?

Although 58.8% of HOPE survey respondents report that they have started planning for their retirement, 41.2% have not. The women who have started planning for their retirement were more likely to report that saving for retirement is one of their top three financial goals, and were substantially more likely (89.2%) to have an IRA, 401(k), Keogh, 403(b) or other type of retirement account, compared to only 28.7% of Latinas who have not started planning for their retirement. The Latinas who said they were planning for their retirement also reported higher household incomes, a higher level of confidence that they would have enough income and assets to last through their retirement, were more likely to have an emergency fund, balance their checking accounts more often, and were more likely to know their credit scores. These findings point to the importance of obtaining higher paying jobs and implementing a financial plan to start making profitable investments early in order to ensure that Latinas enjoy greater economic security.

Age of Latinas vs. White/non-Hispanic Women in California, 2010



## Financial Literacy and Planning

*“I love [financial planning]! It’s the best thing I ever did! I worked my financial plan and set new goals every year. I learned how to live within my means.”*

—Corina, 62, retired 5 years, San Jose

In order to improve their finances, nearly half (46.2%) of HOPE survey respondents indicated they needed financial planning or financial literacy support. While 62% of respondents were participating in a financial literacy workshop when they filled out the survey, responses from women who did not attend a workshop, comments on the HOPE survey, workshop evaluation forms and telephone interviews, as well as the literature confirm that there is a strong need for financial literacy education among Latinas.

**The next closest type of support women requested was assistance with starting or growing a business (10.6%).**

**“Financial literacy is ‘the ability to make informed judgments and effective decisions regarding the use and management of money and wealth.’”**

—Gale and Levine, 2010<sup>51</sup>

The study’s findings reveal a clear need and interest by Latinas for further opportunities to acquire financial literacy, including culturally relevant courses of longer duration offering step-by-step assistance with specific elements of financial planning. The diversity of the women who participated in this study was reflected in the request for more information on topics for audiences at various life stages. Raising the level of financial literacy among Latinas, coupled with increasing wages, and increasing wealth creation opportunities, should lead to improved savings outcomes, a greater willingness to invest, and a higher level of economic security.

**“In my 30s and 40s I used my charge card a lot and I’d carry a balance. Now I pay off my debt every month. But that’s something I had to learn [with the help of financial literacy courses].”**

—Bay Area workshop participant

**“Financial planning will change my life and my family’s. From tracking daily expenses to paying for our children’s education, understanding our finances better will create multigenerational change.”**

—Fresno workshop participant

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

In the United States, 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 coupled with the data presented in this report, HOPE crafted the following policy recommendations for discussion, debate, and ultimately, the creation of an economic policy agenda that will support the achievement of economic parity for Latinas in the United States.



## 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 that 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-owned small businesses.
- Encourage financial institutions to provide low interest rate loan programs for Latina-owned small businesses that are currently struggling but that have a record of success before the recession.



## Homeownership

- Revisit government programs that were structured to help homeowners recover the value of their homes since the recession. Assess the success of these programs and reconfigure them to help the overwhelming number of homeowners who are still underwater; they owe more on their mortgage than the house is worth.



## Retirement

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

## Conclusion

Latinas are a major demographic segment of California's multi-ethnic population. They are playing an increasingly essential role in California's economy as their numbers increase. California's fast-growing Hispanic population numbered 14 million in 2011; one in every three females is a Latina. By 2020, Hispanics will be 40.8% of the state population.

The Economic Status of Latinas report documents 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.

This 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 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.

This 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 a larger puzzle towards achieving economic parity for Latinas. The report highlights key public policies that would remove barriers to higher education, support Latina small business ownership and growth, decrease debt accumulated by young Latinas, recover housing values, and structure financial programs/products that impact the economic status of Latinas.

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

## Methodology

Paper surveys were administered to participants of HOPE Financial Literacy workshops, and additional data were collected through an online survey during the summer and fall of 2012. More than 400 Latinas over the age of 18 were surveyed. Workshop evaluations on the usefulness of the workshops and telephone interviews with 4 Latinas from different geographical regions provided additional data, including respondents' recommendations for improving future financial literacy workshops. Most survey respondents completed an English-language survey and a small number of respondents from Los Angeles (11 or 2.6%) completed a Spanish-language survey.

The study sample of 416 Latinas includes a diverse population of Latinas, with a greater representation of well-educated younger Latinas between the ages of 22 and 34 (42.8%) earning a wide range of incomes. Most respondents are native-born, while many were born in various Latin American countries, including a larger proportion that was born in Mexico.

Region or Source	Total	Age	% of Respondents	Household Income	% of Respondents	Highest Level of Education	% of Respondents
Los Angeles	114	18-21	3.3%	Less than \$25,000	6.9%	Grade school or less	1.5%
Bay Area	103	22-34	42.8%	\$25,000 – \$49,999	15.0%	Some High School	1.8%
Inland Empire	77	35-44	25.5%	\$50,000 – \$74,999	18.1%	High School Graduate	4.5%
San Diego	43	45-54	5.3%	\$75,000 – \$99,999	15.0%	Some college	14.3%
Fresno	46	55-64	10.3%	\$100,000 – \$124,000	16.9%	AA degree	3.5%
HOPE Leadership Institute	33	65 and over	3.0%	\$125,000 – \$149,999	10.0%	Bachelor's degree	39.3%
<b>Total</b>	<b>416</b>			\$150,000 or more	18.1%	Master's degree	29.0%
						Professional/Doctorate	6.3%

	Planning for Retirement	Not Planning for Retirement
Have a Retirement Account	89.2%	28.7%
Saving for retirement is one of top three financial goals	54.9%	25.2%
Always look for ways to save	48%	27.8%
Confident that assets will last through retirement	59.5%	36.7%
Have an Emergency Fund	59.2%	28.0%
Balance Checkbook (combine daily, weekly and monthly)	69.3%	56.0%
Know credit score	73.9%	41.3%
Life insurance	70.3%	32.7%

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grown into one of the leading women's leadership and advocacy organizations in California and the United States. Ms. Torres has over twenty years of alliance building, community relations, marketing, and fundraising experience and expertise. Prior to joining HOPE, Ms. Torres was a community relations officer for United Way of Greater Los Angeles. She started her career at Burson-Marsteller, an international public relations firm.

Ms. Torres is the Chair of California Volunteers, a statewide commission focused on volunteerism, a board member of the Zero Divide Foundation, a member of the Hispanic Advisory Board for The National Campaign to Prevent Teen and Unplanned Pregnancies, and a proud graduate of the HOPE Leadership Institute. She earned a Master's degree in Urban Studies and

Communications from Michigan State University. She holds a Bachelor's degree in Communications from Michigan State University as well. Ms. Torres is a sought-out speaker on women's issues and an advisor to key projects such as "The Shriver Report: A Women's Nation Changes Everything" and is featured in *Life Moments for Women*, a book supporting The Women's Foundation of California.



**Belinda Barragan**  
**Programs & Policy Director, HOPE**

Ms. Belinda Barragan is part of the Executive Team and serves as the Director of Programs and Policy for Hispanas Organized for Political Equality (HOPE). She is responsible for managing and implementing the HOPE Leadership Institute

(HLI), an intensive training program that brings together Latina professionals from across the state representing rural and urban areas in various professional sectors. She implements HOPE's policy agenda by monitoring and analyzing legislation that impacts HOPE's main areas of focus - Education, Health and Economic Development. She is an accomplished public affairs and political management professional, with over fourteen years of experience working with government entities, Community Based Organizations, corporations and grassroots organizations. Prior to joining HOPE, Ms. Barragan was the Regional Director for the Latino Issues Forum, Los Angeles Office. Ms. Barragan has an extensive background in political campaigns as well. Her electoral accolades include the successful election of Assemblymember Tony Cardenas, Senator's Lou Correa, Alex Padilla and Richard Alarcon. Committed to advancing Latinos in the political arena, Ms. Barragan worked as a Legislative Analyst and District Director for then Assemblymember Tony Cardenas, 39th Assembly District. Ms. Barragan is currently a Board Member for the State Board of Guide Dogs for the Blind. A lifelong resident of the San Fernando Valley, Ms. Barragan received her undergraduate degree in Business Finance from the University of San Francisco.



**Angélica Durón**  
**Communications Associate, HOPE**

As a Communications Associate for HOPE, Angelica works on print and social media related to HOPE's annual conferences and the release of the Economic Status of Latinas Report. Previously, she served as a HOPE fellow, learning about

non-profit management and fundraising, and as a HOPE intern, assisting with the Youth Leadership through Literacy Program. Angelica graduated from Columbia University in 2012 with a B.A. in Political Science and a special concentration in Human Rights. Deeply committed to social justice, she plans on obtaining a J.D. and pursuing a career in constitutional law.



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- Latino Community Foundation
- Latino Network
- National Latina Business Women Association—Los Angeles (NLBWA-LA)
- Neighborhood Housing Services of the Inland Empire (NHSIE)
- New Economics for Women (NEW)
- Parent Institute for Quality Education (PIQE)
- The San Diego Foundation

# 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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