

# Economic Overview of Hispanic Households in the United States

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# Executive Summary

Current analysis

Follow-up analysis

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## Overview of Hispanic U.S. Population

- **The Hispanic population in the United States is increasingly becoming the most significant non-White ethnic population** when evaluated by their growing population and economic contributions
  - There are 64M Hispanics in the U.S., representing 19% of the population and accounting for 1/2 of the U.S. population growth from 2010 to 2021
  - 2/3 of the Hispanic population resides in California, Texas, Florida, New York, and Illinois
  - 62% of Hispanics are of Mexican origin, followed by Puerto Rican origin (10%)
- **Hispanics' growing influence in the U.S. requires a deliberate effort to understand their communities**, as they are a group with diverse cultural backgrounds that influence their economic and social lifestyles

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## Hispanic Household Economics

- **The Hispanic population in the U.S. is still transitioning from living in the U.S. to prospering in the U.S.**, as shown by education, income, and behavioral data
- **Hispanics, on average, have lower levels of education than non-Hispanics**
  - 32% of Hispanics have at least a Bachelor's degree, while 44% of non-Hispanics do
- **Hispanic households ("HHs") generally have lower income levels than non-Hispanic HHs**, showing the importance of education for economic opportunity
  - Only 32% of Hispanic HHs earn more than \$150K annually, while 42% of non-Hispanic HHs do
- **Financial confidence remains a challenge among the Hispanic population**
  - 26% of Hispanic credit holders think they have a credit score that is very poor, poor, or fair, while the same is true for 16% of non-Hispanic credit holders
  - 15% of Hispanics indicate that they wanted credit in the last year but did not apply, while the same is true for 8% of non-Hispanics
  - 63% of Hispanic HHs own or are paying to buy their living quarters, while the same is true for 75% of non-Hispanic HHs

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## Hispanics in the Labor Force

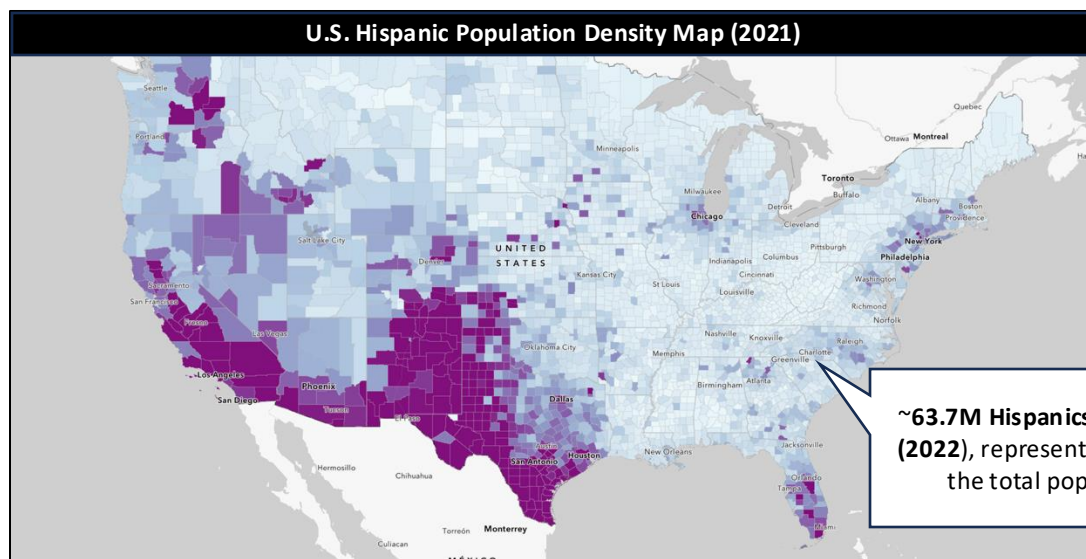
- **Hispanic HH economics demonstrate outcomes but lacks insight into Hispanics' effort to succeed in the U.S.**
  - 42M of Hispanics are in the labor force, giving Hispanics a 66% labor force participation rate—the highest of any ethnic group
- **While Hispanics are highly motivated to work, they also experience higher than average unemployment**
  - The Hispanic unemployment rate is 4.3%, while the national unemployment rate is 3.6%
- **The source of Hispanic unemployment may be due to the nature of jobs they occupy**
  - Hispanics have high representation in occupations that experience higher unemployment than the national average; those occupations are construction, farming, maintenance, production, service, and transportation
- **High unemployment among the Hispanic labor force creates job insecurity that compounds existing challenges in Hispanic HHs**
  - 33% of Hispanics report that they do not have a stable income, while the same is true for 26% of non-Hispanics
- **Income instability in HHs limits their ability to successfully plan and organize their financial lives**
  - 53% of Hispanics report that they cannot afford an emergency expense greater than \$1,000 using only their savings
- **Financially constrained HHs may lead to decision-making that sacrifices in other parts of their lives, such as health**
  - 35% of Hispanics report that they did not receive a medical treatment they needed because they could not afford it

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## Theory of Change

- This analysis contextualizes a subset of the economic lives of the Hispanic population in the U.S.; however, the **complexity and depth of Hispanics' experiences is not captured by existing sets of public data**
- **Improving outcomes for Hispanic households requires tying economic data with cultural context**; Hispanic communities, especially immigrant-led communities, have created economic systems throughout the U.S. that are not formally measured and tracked
- **There is a lack of tailored, culture-centered solutions to economic and financial experiences in Hispanic households**

# U.S. Hispanic population distributed nationally but concentration is in high-productivity states

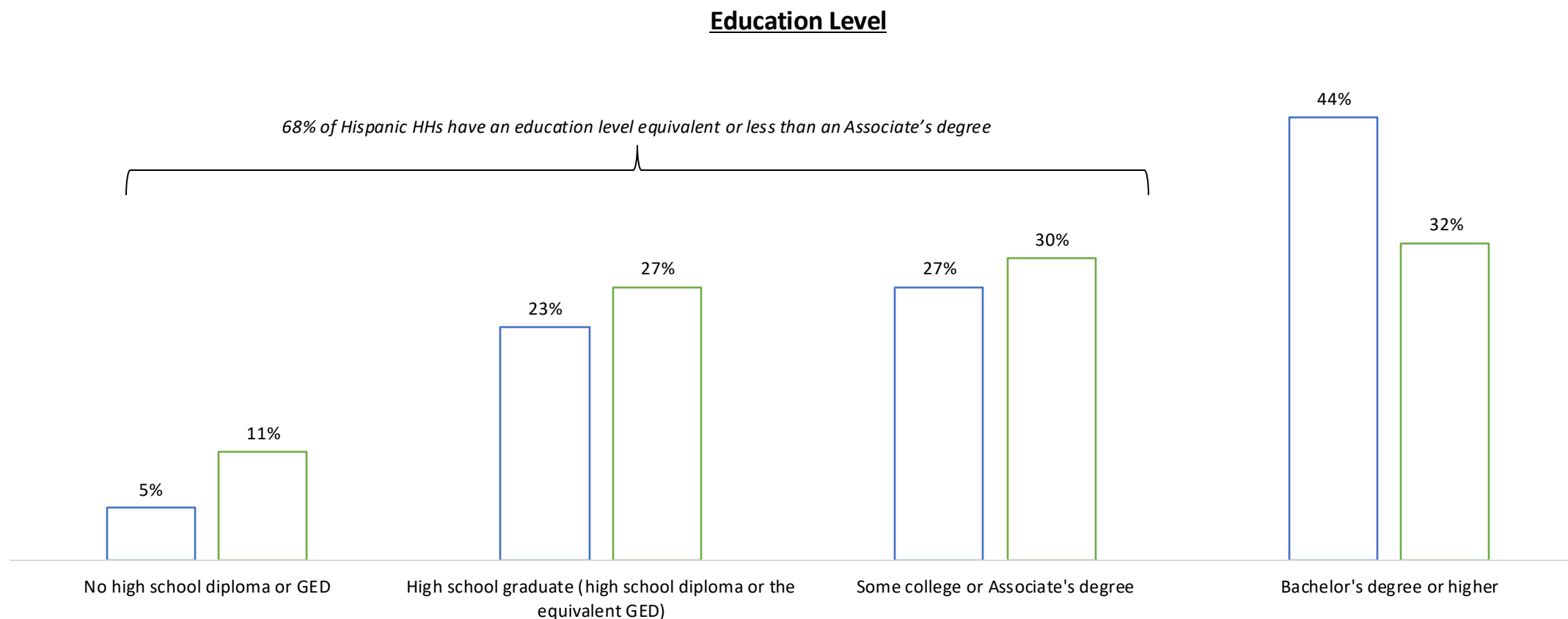


<u>Rank</u>	<u>State</u>	<u>Hispanic Pop. (% of Overall Pop.)</u>	<u>GDP (% of Nat'l GDP)</u>
1	California	15.6M (24%)	\$3.6T (14%)
2	Texas	11.6M (18%)	\$2.4T (9%)
3	Florida	5.8M (9%)	\$1.4T (5%)
4	New York	3.8M (6%)	\$2.1T (8%)
5	Illinois	2.3M (4%)	\$1.0T (4%)
<b>Total</b>		<b>39.2M (13%)</b>	<b>\$10.4T (41%)</b>

- ~2/3 of the U.S. Hispanic population reside in states that account for ~41% of national GDP
- The concentration of Hispanics around high-productivity regions indicates their **desire to participate in and contribute to the national economy, also demonstrated in national labor force statistics**
- **Among Hispanics in the United States, 61.5% indicate they are of Mexican origin**, followed by Puerto Rican origin (9.7%)
- **Hispanics accounted for 52% of the U.S. population growth from 2010 to 2021**; the share of U.S.-born Hispanics has grown among to ~68% in 2021 from ~60% in 2007

Hispanics in the U.S., on average, have lower education levels than non-Hispanics—only 32% of Hispanics have a Bachelor's degree or higher

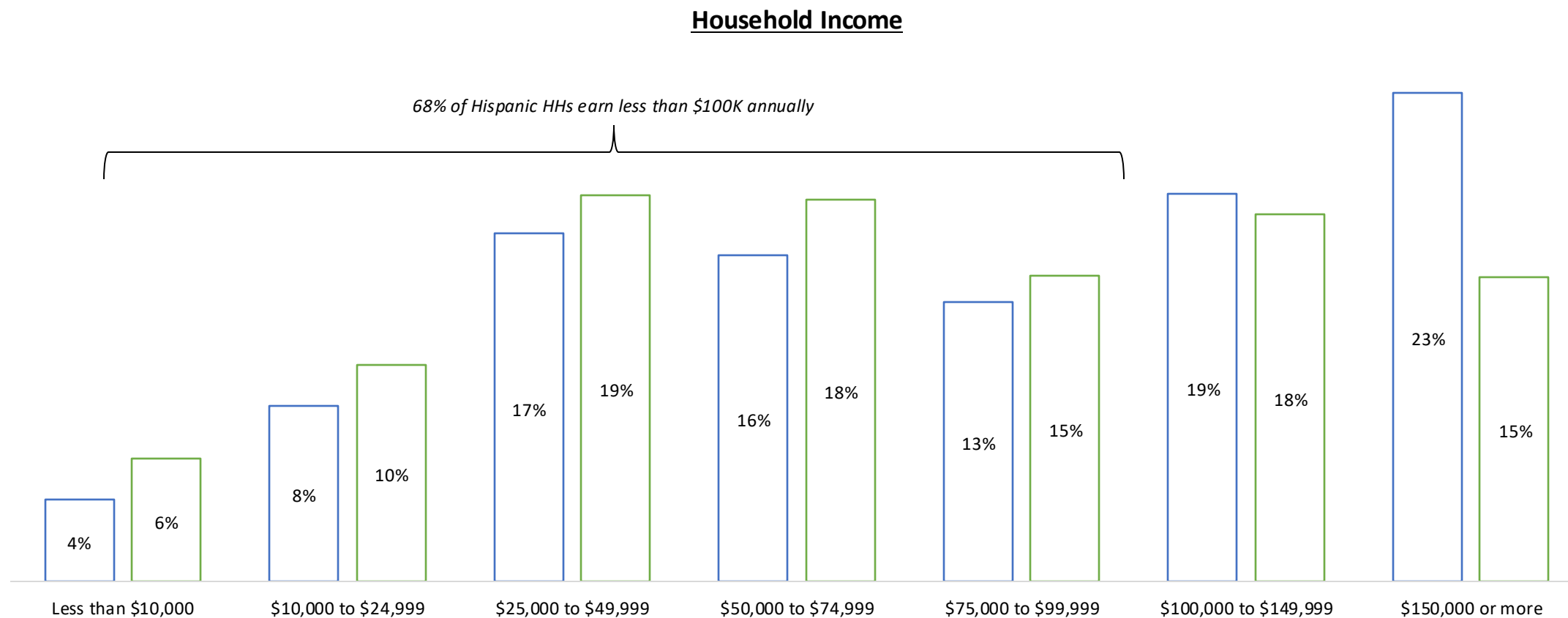
■ Non-Hispanic Respondents ■ Hispanic Respondents



Source(s): Jordy Rodriguez, 2022 Survey of Household Economics and Decision-making ("SHED") N = 11,667

Hispanic HHs in the U.S., on average, have lower income levels than non-Hispanic HHs—68% of Hispanic HHs earn less than \$100K annually

Non-Hispanic Respondents Hispanic Respondents



Source(s): Jordy Rodriguez, 2022 Survey of Household Economics and Decision-making (“SHED”) N = 11,667

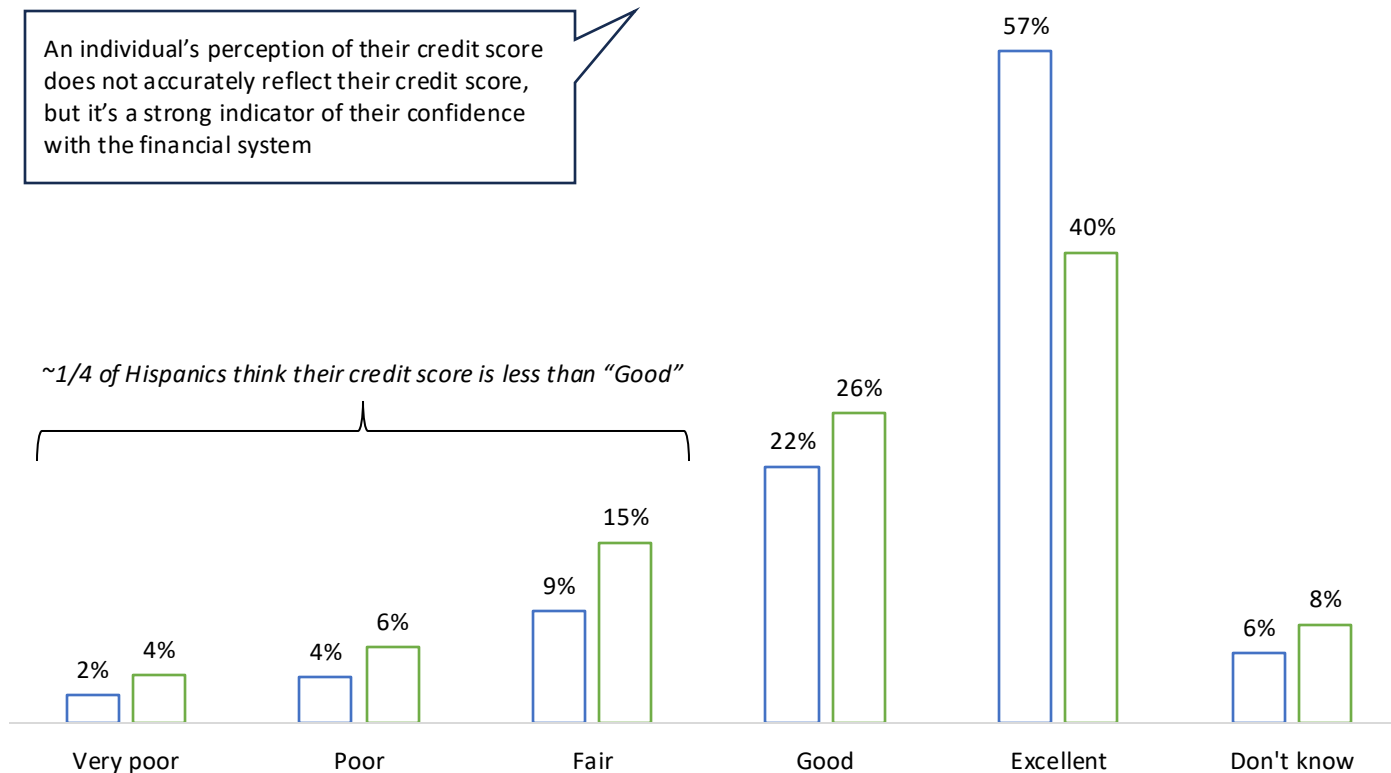
# Larger share of Hispanics lack confidence in their financial standing, given low perceptions of their credit scores and unsubmitted credit applications

■ Non-Hispanic Respondents ■ Hispanic Respondents

## Self-Perception of Credit Score

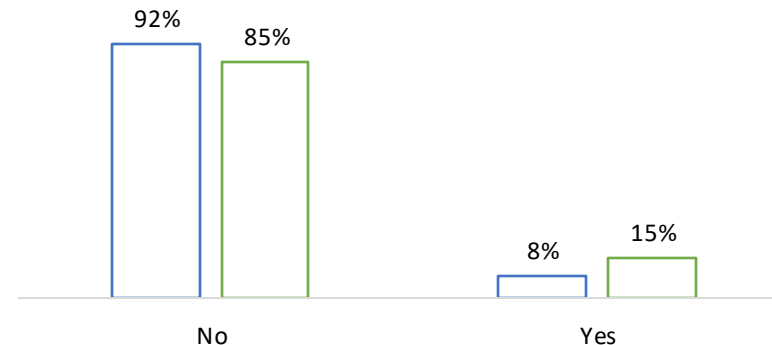
An individual's perception of their credit score does not accurately reflect their credit score, but it's a strong indicator of their confidence with the financial system

~1/4 of Hispanics think their credit score is less than "Good"



- Although there is a gap to close with the non-Hispanic population, **88% of Hispanics could evaluate their credit score**
- **More Hispanics have an unfavorable perception of their relationship with credit**, suggesting a limited understanding of or a limited ability to developing and maintaining a strong credit score
- **Nearly double the share of Hispanics than non-Hispanics did not apply for credit when they wanted credit**

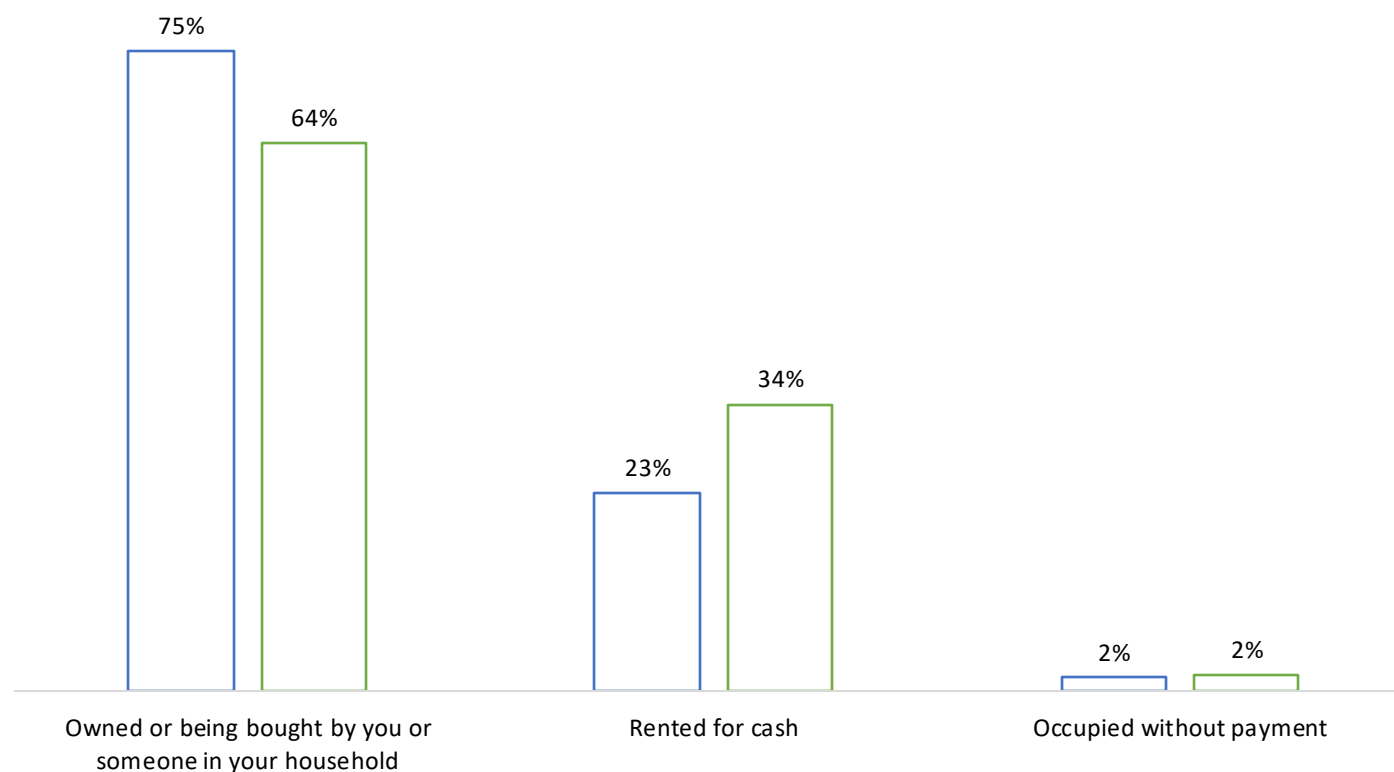
## Wanted Credit but Did Not Submit Application



# Home ownership among Hispanic HHs remains a challenge, presenting a significant challenge to wealth accumulation

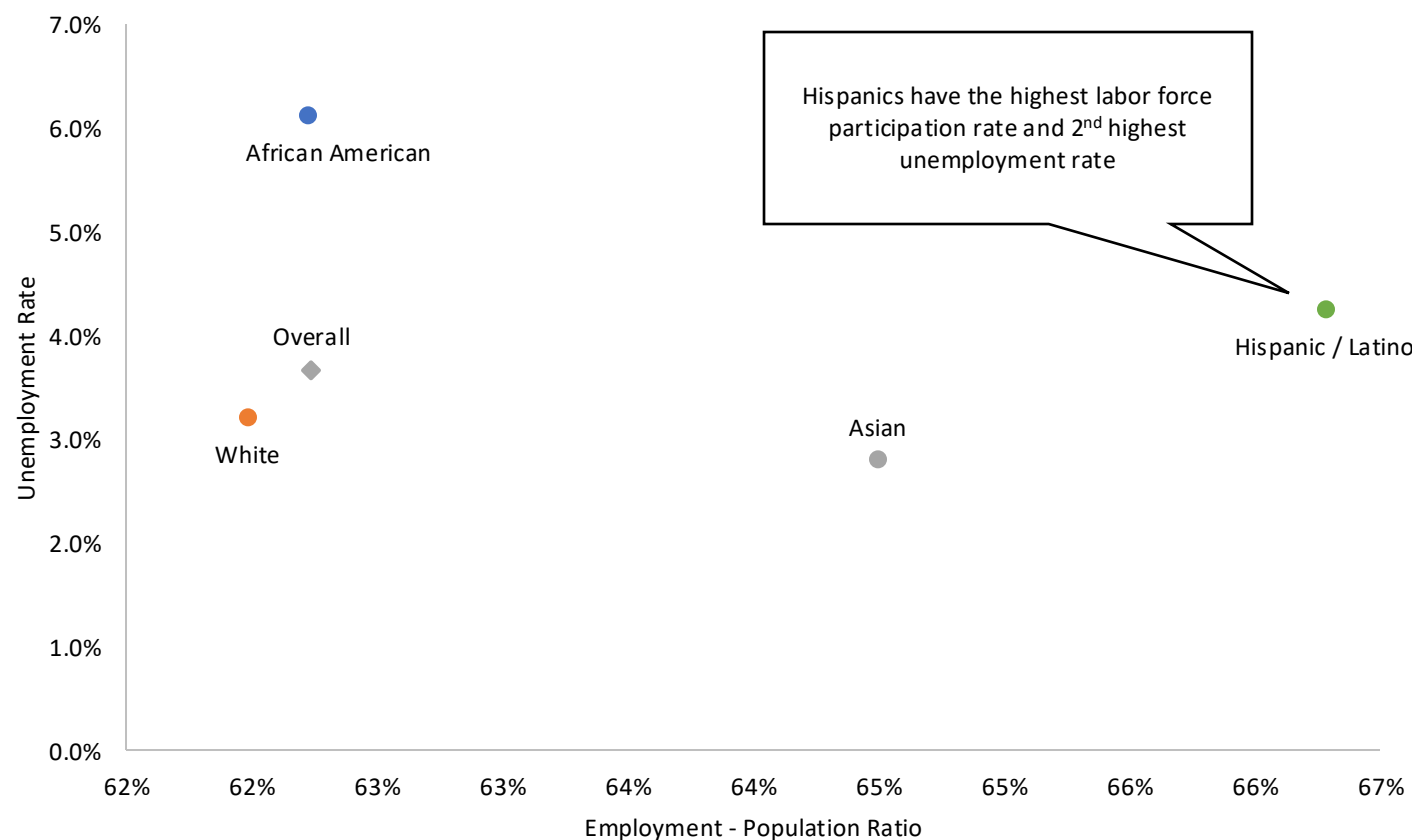
■ Non-Hispanic Respondents   ■ Hispanic Respondents

## Ownership Status of Living Quarters



- **Home ownership remains a milestone of economic success in the United States**
  - Low levels of home ownership is an important figure to track among Hispanic HHs as they continue to develop roots the country
- Independent of the state of the housing market, responsible **home ownership requires a basic level of financial literacy and access to favorable mortgage loans**
  - This study doesn't dive into the underlying causes of each data point
  - However, **lower education and income levels do not position Hispanics strongly for favorable mortgage loans**

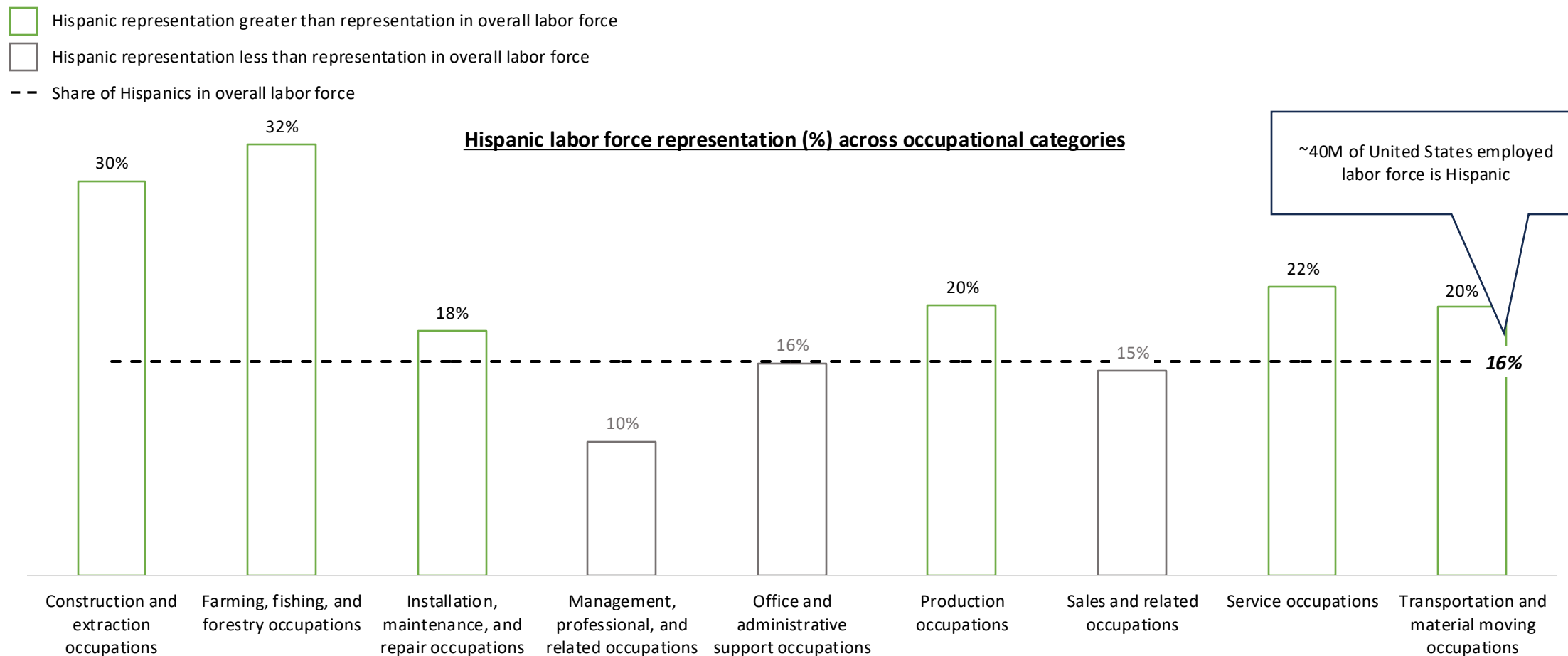
In 2022, Hispanics in the U.S. had the highest employment–population ratio but also experienced higher-than-average unemployment



- **Key Hispanic labor force figures (2022)**
  - 66.3% participation rate
  - 63.5% employment–population ratio
  - 4.3% unemployment rate
- Hispanics and African-Americans are the only racial groups with **higher representation in the unemployment pool than their representation in the overall labor force**
  - Hispanic share of labor force: 16%
  - Hispanic share of unemployed: 19%
- Hispanics, then, have **high willingness to work but with limited opportunities**
  - This leads to questions on the nature of jobs Hispanics in the U.S. occupy



# Hispanics have a high representation in 6 of 9 occupational categories created by the Bureau of Labor Statistics...



Source(s): Jordy Rodriguez, Labor Force Statistics from the Current Population Survey (2022)

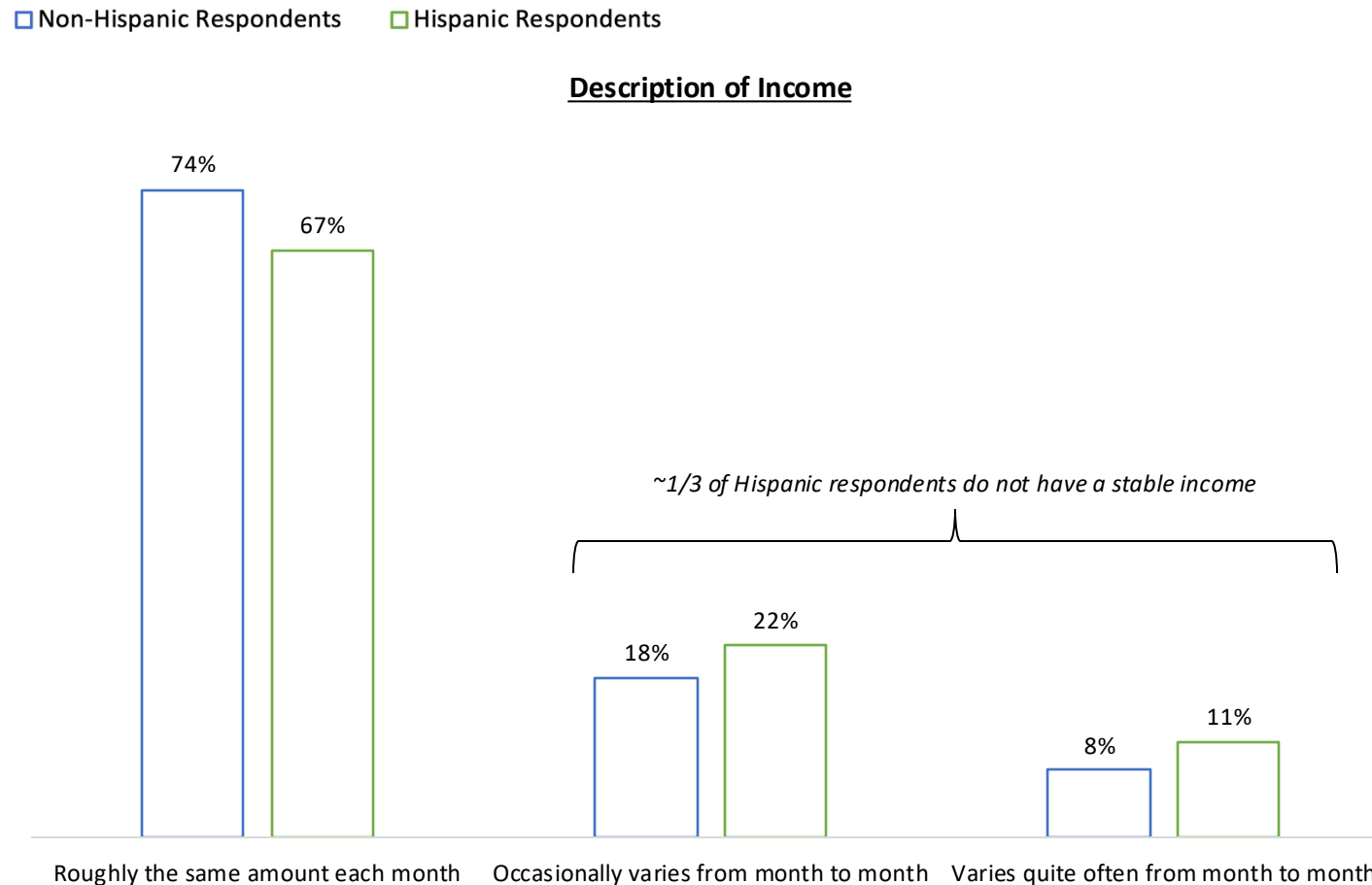
## 5 of those 6 occupational categories experience higher unemployment than the overall labor force

### Unemployment rate greater than overall unemployment rate

<u>Occupational Category</u>	<u>Unemployment Rate (2022)</u>	<u>Overall Employed Labor Force Dist.</u>	<u>Hispanic Employed Labor Force Dist.</u>
Construction and extraction occupations	5.4%	5%	12%
Farming, fishing, and forestry occupations	6.8%	1%	2%
Installation, maintenance, and repair occupations	2.2%	3%	4%
Management, professional, and related occupations	2.0%	43%	25%
Office and administrative support occupations	3.6%	10%	10%
Production occupations	3.9%	5%	7%
Sales and related occupations	3.9%	9%	9%
Service occupations	4.8%	16%	23%
Transportation and material moving occupations	5.5%	8%	10%
<b>Overall</b>	<b>3.6%</b>	<b>100%</b>	<b>100%</b>

- On average, those occupations have **1.7% higher unemployment** than the overall labor force population
- Occupations with higher-than-average Hispanic representation account for **~22.7M Hispanic employees**
- **Hispanic employees are more vulnerable to unemployment**, given the nature of their occupations
  - Occupations such as construction, service, and transportation characteristically experience higher turnover and are more susceptible to economic shocks

# National U.S. Fed survey shows ~1/3 of Hispanic HHs lack income stability, unlike only ~1/4 of the non-Hispanic HHs

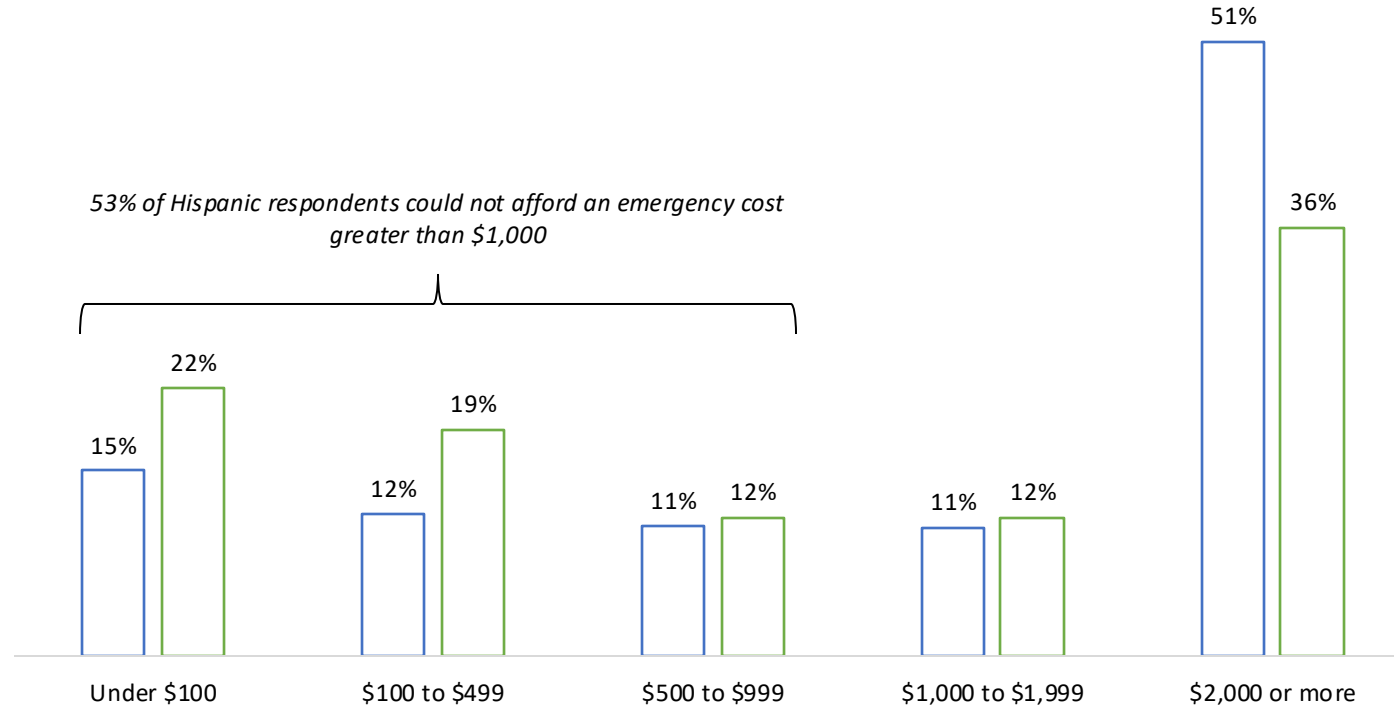


- National economic survey from the Fed shows **Hispanic population in the U.S. experience challenges with income security**
- Although income security is a result of multiple factors, labor force data suggest **it may be due to the nature of jobs occupied by Hispanic population**
  - Construction, service and transportation occupations are **more susceptible to seasonality and economic shocks** than management and office occupations
- The effects of poor income security has been widely studied in academia
  - Researchers consistently find HHs lose their ability to save, cover emergency expenses, and maintain healthy lifestyles

# Hispanic HHs are more financially constrained to cover emergency expenses than non-Hispanic HHs...

■ Non-Hispanic Respondents   ■ Hispanic Respondents

## Largest emergency expense you could afford right now only using savings

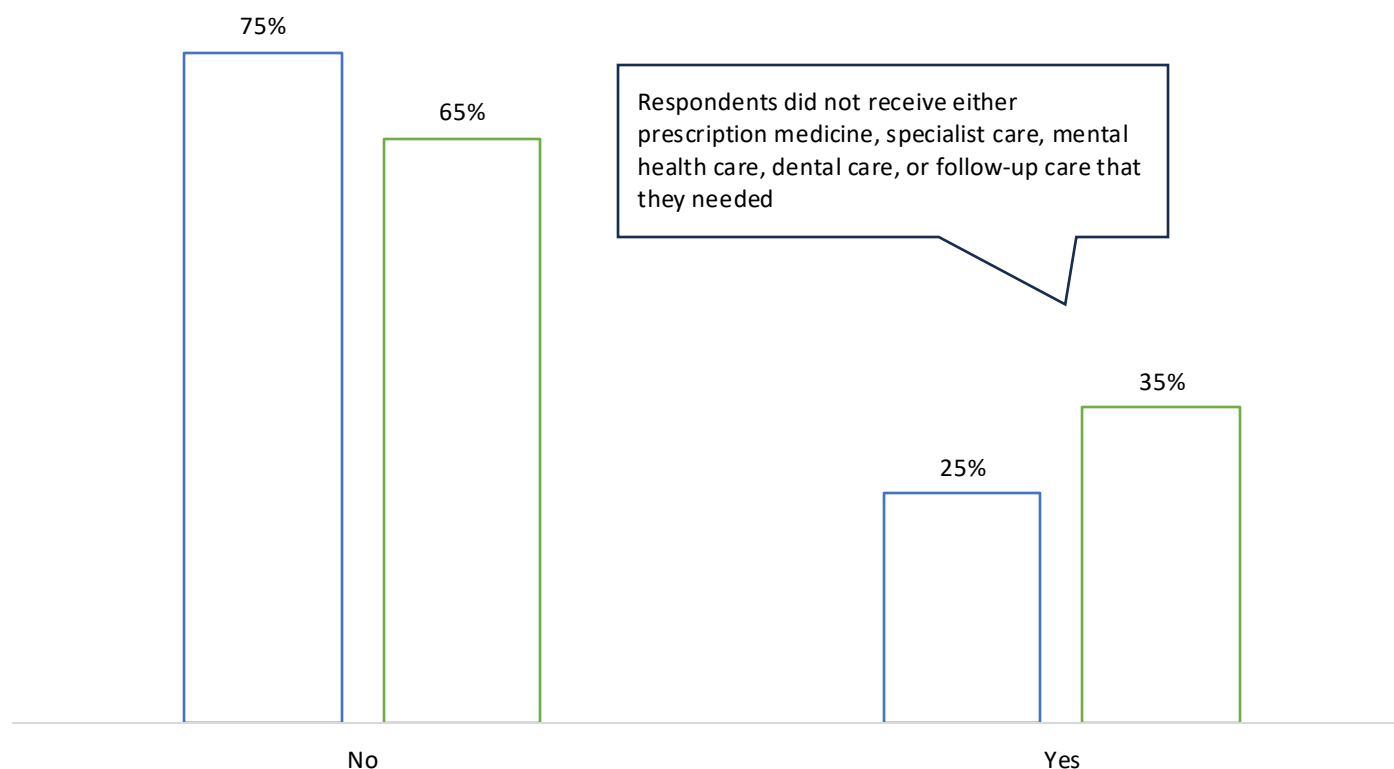


- National economic survey from the Fed show **Hispanic HHs in U.S. has less savings to cover emergency expenses**
- **“Rainy day funds”** to cover emergency expenses **offer relief to HHs by reducing stress** during unexpected negative financial events
- **Savings vehicles** also have wider economic implications, as they **help HHs smooth consumption during negative economic shocks**
  - Savings offer HHs and individuals the freedom to maintain lifestyles during downturns

This leads to sacrificing other parts of their lives, such as their health: 35% of Hispanics did not receive medical care they needed due to affordability

■ Non-Hispanic Respondents   ■ Hispanic Respondents

Did Not Receive Medical Care They Needed Because They Could Not Afford It



- **The U.S. healthcare system is routinely challenged for its inaccessibility**, primarily due to the privatization of quality care and insurance
- While those challenges impact everybody with limited resources, **outcomes are disparate, particularly challenging Hispanics' ability to receive care**
- **The economic and financial constraints Hispanic HHs hinders their ability to prioritize their health**
  - While not in the scope of this analysis, health outcomes have the potential to impact economic outcomes, creating a downward spiral