

Latinos in California: Protecting and Defending Progress in the Golden State

Given the Latino community's size, work ethic, and resiliency, they have contributed to California's economic resurgence. However, despite gains, challenges lie ahead as many Californians, including Latinos, perceive that they have been left behind by policymakers and the economy.

Hit particularly hard by the economic crisis, Hispanic Californians have seen commonsense policies put in place and their hard work begin to pay off following the Great Recession. Gains across several economic indicators point to improved economic security for Latinos. Given the Latino community's size, work ethic, and resiliency, they have contributed to the Golden State's economic resurgence. However, despite gains, challenges lie ahead as many Californians, including Latinos, perceive that they have been left behind by policymakers and the economy.












Examining Latinos' status across a range of indicators in California can help lawmakers and advocates better understand how far the Latino community has come since the Great Recession, what is at stake for the Golden State's economic future if policies and protections are rolled back, and what

more can be done to ensure that Latinos and all Californians continue to advance their economic security. UnidosUS is committed to advocating for policies that not only allow Latinos to contribute to the economy, but also share in the Golden State's economic opportunities.¹

Latino Gains Since the Great Recession Are at Stake

At the height of the Great Recession, California Hispanic families were in severe financial distress. In 2009, Latinos faced a national unemployment rate of 8%, and a rate of 13% in California.⁴ Additionally in 2009, California's foreclosure rate of 5.8% was well above the national average of 4.3%.⁵ To help the American economy recover from the crisis, a series of targeted pieces of legislation were put in place to bolster economic

* The terms "Hispanic" and "Latino" are used interchangeably by the U.S. Census Bureau and throughout this document to refer to persons of Mexican, Puerto Rican, Cuban, Central and South American, Dominican, Spanish, and other Hispanic descent; they may be of any race.

| California Hispanic Snapshot for 2011 and 2016 | | Hispanics in California ² | | All of California | |
|---|---|--------------------------------------|------------|-------------------|------------|
| | | 2011 | 2016 | 2011 | 2016 |
|  | Population | 14,359,500 | 15,280,776 | 37,691,912 | 39,250,017 |
|  | Foreign-Born | 37% | 35% | 27% | 27% |
|  | Bachelor's Degree | 8% | 9% | 19% | 21% |
|  | Labor Force Participation Rate ¹ | 67% | 67% | 64% | 63% |
|  | Unemployed | 10% | 5% | 8% | 4% |
|  | Median Household Income | \$44,377 | \$52,403 | \$57,287 | \$67,739 |
|  | Overall Poverty Rate | 23% | 19% | 17% | 14% |
|  | Child Poverty Rate | 31% | 27% | 27% | 20% |
|  | Uninsured Rate | 28% | 12% | 18% | 7% |
|  | Renters Facing High Rental Costs [‡] | 63% | 60% | 58% | 55% |
|  | Homeownership Rate | 43% | 42% | 55% | 54% |

security and reward hard work. For example, there are more than four million Latinos who have gained health care coverage under the Affordable Care Act (ACA) since 2013.⁶ Nationally, there are also 1.9 million individuals in the U.S. who have become eligible for work authorization under the Deferred Action for Childhood Arrivals (DACA) program, including 561,000 Californians.⁷ Further, the Consumer Financial Protection Bureau (CFPB), one of the most important accomplishments of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act, has already enacted much-needed mortgage servicing standards and, in six years, returned nearly \$12 billion in relief to 29 million consumers nationwide.⁸

These and other actions to strengthen our economy have led to improved economic footing for California's Latinos.

• **Hispanic Gains in Health Coverage:**

Between 2011 and 2016, California's rate of uninsured Hispanics dropped approximately 16 percentage points, a 57% reduction in the uninsured rate among Latinos. Californians overall experienced an 11 percentage point drop in the uninsured rate between 2011 and 2016, a 61% reduction in the overall uninsured rate. This reduction was largely driven by Latino gains in health coverage under the ACA. Approximately 2.1 million Latino Californians acquired health insurance

¹ Foreign-born workers comprised 34% of California's labor force in 2011 and 2016, per the U.S. Census Bureau's American FactFinder.

² Those defined as cost-burdened spend 30% or more of their monthly income on rent and utilities.

between 2011 and 2016, accounting for 54% of the overall reduction.⁹

- **More Latinos Own a Home:** After a sharp decline in Hispanic homeownership due to the foreclosure crisis, the number of Hispanics who own a home rose between 2011 and 2016, increasing by approximately 100,000 households. However, the Latino homeownership rate decreased by a percentage point between 2011 (43%) and 2016 (42%) and is 12 percentage points lower than the state average in 2016 (54%).¹⁰ Although many housing markets across the country have rebounded, a considerable portion of Californians are still struggling in homes with underwater mortgages; 18 of the nation's top 100 cities with the highest incidence of negative home equity* are in California.¹¹
- **Decrease in Latino poverty:** The Hispanic child poverty rate dropped by an estimated four percentage points between 2011 and 2016. An estimated 218,000 Latino children who were lifted out of poverty during this period, accounting for approximately 72% of California's total child poverty reduction between 2011 and 2016. During this same period, approximately 441,000 Hispanics overall were lifted out of poverty, accounting for 69% of the state's total reduction in poverty.¹²
- **More Latino Households Are Fully Banked:** The number of Hispanic households in California that are fully banked† increased by 109,000 between 2011 and 2015, accounting for 24% of the state's increase in fully banked households during this period. California Hispanics also saw a decrease in the unbanked rate, declining from 17% in 2011 to 15% in 2015. However, although many California Latinos entered the financial mainstream, many continued to use alternative financial services (AFS). Approximately 1.5 million California Latino households (36%) reported using an AFS

(e.g., payday loans, check cashing, prepaid cards) in 2015, a considerably higher share than the state overall (23%).¹³

- **Increase in Latino-Owned Businesses:** The number of Latino-owned businesses in California increased by 44% between 2007 and 2012. During this same period, the overall number of self-owned businesses increased by only 4%. In 2012, Latinos in California owned approximately 815,000 businesses of the estimated 3.5 million self-owned businesses statewide. Latino-owned businesses in California generated \$98.9 billion in gross receipts in 2012, an estimated 23% increase from 2007.¹⁴

These gains are threatened by proposals to undermine progress. For example, actions targeting immigrants will have a profound effect on the state. An immigration policy of mass deportation would cause deep economic harms. Removing California's three million undocumented individuals is estimated to cause the state's GDP to decline by \$103.3 billion annually.¹⁵ Further, attempts to end the refundable Child Tax Credit (CTC) for immigrant workers who pay taxes using an Individual Tax Identification Number (ITIN) would strip support for their children, most of whom are U.S. citizens. Nationally, more than 80% of ITIN filers losing the CTC would be Latino.¹⁶ In California, Latinos account for 67% of all households who receive the CTC.¹⁷ Additionally, some members of Congress have proposed legislation to roll back CFPB protections that would weaken the agency's ability to rein in unfair, deceptive, and abusive practices in the financial marketplace—practices that helped give rise to the housing crisis and recession. Finally, the health coverage and care of millions of Californian Latinos is at risk due to threats to undermine the Affordable Care Act, enact drastic cuts to Medicaid, and to make it more difficult for people to enroll in health coverage.¹⁸

* Negative equity means that home mortgages are worth more than the value of the home.

† According to the Federal Deposit Insurance Corporation, fully-banked households hold a bank account and do not use an alternative financial service. Those who are underbanked are typically defined as individuals who own accounts but use them infrequently, and those who are unbanked do not have checking or savings accounts.

Conclusion

The gains of Latinos in recent years have been the result of targeted economic policies that invest in maintaining and increasing progress for all Californians. As the Latino community continues to drive growth and contribute to California's workforce and prosperity, it is critical that local, state, and national leaders defend the progress that has been made since the Great Recession. At the same time, opportunities to continue positive trends also exist. Forthcoming congressional proposals for tax reform and infrastructure investments have the power to provide increased opportunities for more workers and families—if the policies are crafted to embody the American values of inclusivity and equity. Progress must continue, because a stronger Latino community means a stronger America.



Ways to Protect and Build Gains

- Protect the progress of the Affordable Care Act.
- Enact comprehensive immigration reform and oppose mass deportation.
- Preserve homeownership for distressed borrowers and keep rent affordable.
- Put more money in workers' pockets by restoring the value of the minimum wage, expanding access to refundable tax credits, and ensuring that infrastructure investments result in jobs where they are needed most.
- Enhance long-term economic security by curbing the growth of predatory lending institutions and increasing access to safe financial products and workplace-based retirement plans.
- Strengthen the social safety net and maintain its structure.

Endnotes

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