

NEW DATA SHOW THAT LATINO POVERTY IS IMPROVING BUT REMAINS ALARMINGLY HIGH

On September 16, 2014, the U.S. Census Bureau released new data measuring poverty in the United States during 2013. The statistics show that while poverty rates and income levels for the rest of the U.S. have barely budged in the last year, the Latino* poverty rate is finally beginning to drop. In absolute terms, there were 900,000 fewer Latinos, including 500,000 fewer Latino children, living in poverty in 2013 compared to the previous year. Despite the slight decline, the Latino poverty rate remains high at 23.5% for 2013, nearly twice the national poverty rate of 14.5%. In 2013, a four-person family was considered poor if income fell below \$23,624.¹

All American workers, including Latinos, might have experienced greater gains if not for harmful [budget cuts](#) in recent years. These cuts slowed economic growth and slashed investments in education, housing, and nutrition services that are vital to the Latino community. This austerity agenda, together with long-term wage stagnation, has left millions of families without income to meet their basic needs.

The new data are consistent with the views expressed by Latino voters ahead of the midterm elections. A July 2014 [poll](#) by Latino Decisions on behalf of the National Council of La Raza (NCLR) shows that while the majority of Latino voters believe the economy is improving, many continue to express concerns about jobs and personal finances. Large shares of Latino voters are anxious about losing a job, and 70% of respondents say they are not earning enough to cover their basic expenses.

The following is an analysis of the poverty and income data released on September 16 and policy recommendations to boost economic growth, raise wages, and strengthen important antipoverty programs.

Latino Poverty and Income Figures

Latino poverty in 2013 dropped significantly from its level in 2012 though remains above its prerecession level.

- The Hispanic poverty rate dropped significantly to 23.5% in 2013, versus 25.6% in 2012; among all Americans, the rate dropped slightly to 14.5% in 2013, compared to 15.0% in 2012. In 2013 there were 12.7 million Latinos living in poverty, compared to 13.6 million in 2012.²

* 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.

- Before the recession, the poverty rate of Latinos was 20.6% in 2006. Although our economy has been growing, the Latino poverty rate is still much higher, at 23.5% in 2013.³

Hispanic family income improved in 2013, though it remains below its prerecession high.

- Latino median household income in 2013 (\$40,963) improved significantly from its 2012 level of \$39,572, but it is still much lower than its prerecession high of \$43,650 in 2006. Among all American households the median household income was statistically unchanged at \$51,939 in 2013, which is also lower than its prerecession high of \$56,436 in 2007.⁴

The poverty rate for Latinos is more than twice that of Whites.

- In 2013, the poverty rate for Whites was 9.6%, compared to 23.5% for Latinos, 27.2% for Blacks, and 10.5% for Asians.⁵ Latinos were the only racial or ethnic group to experience a statistically significant change in poverty levels in 2013 compared to 2012.

Millions of hardworking Latino families are working at poverty-level wages.

- The employment picture for Hispanic workers improved between 2012 and 2013. The Latino unemployment rate fell from 10.2% in 2012 to 8.9% in September 2013 to 7.5% in August 2014.⁶
- Despite falling unemployment, more than 40% of Latino workers earn poverty-level wages.⁷

Latino child poverty fell for the third year in a row, with 500,000 fewer kids in poverty.

- In 2013, 30.4% of Latino children—our nation’s future workers, taxpayers, and voters—lived in poverty. The Latino child poverty rate continued to drop in 2013 as it had in the previous three years: in 2010 it reached a high of 34.9%. Before the recession, the Latino child poverty rate stood at 26.9%.⁸
- In 2013 there were 5.4 million Latino children in poverty, compared to 5.9 million in 2012, a difference of 500,000.⁹
- There are 14.6 million poor children overall in the United States, and 5.4 million (36.9%) of them are Latino.¹⁰
- The poverty rate of 20.2% among Latino adults in 2013 was also lower than its 2012 level of 21.6%.¹¹

Poverty among Latino seniors is more than twice as high as among all seniors.

- The poverty rate among Hispanic seniors fell to 19.8% in 2013, compared to 20.6% in 2012. The 19.8% poverty rate among Latino seniors is twice that of all seniors (9.5%).¹²

Restore investments in successful antipoverty programs.

- Latino children now make up [almost one in four students](#) enrolled in public schools.¹³ By 2050, one in three American workers and taxpayers will be Latino.¹⁴
- Program cuts affecting working families have accounted for 70% of deficit reduction achieved since 2011; by comparison, only 30% (\$600 billion) has come from new revenue.¹⁵
- Our nation must invest in children and new workers by restoring devastating budget cuts to Latino priorities such as Title I funding for high-poverty schools, workforce development, and housing.

Defend and strengthen refundable tax credits for working families.

- Tax credits that help hardworking families such as the refundable Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC) disproportionately benefit Latinos, who are overwhelmingly concentrated among low-income working families earning less than 200% of the poverty level.¹⁶
- The EITC reduced the overall child poverty rate by 18% in 2012.¹⁷ The EITC and CTC have been shown to increase [educational attainment](#) and workforce participation as these children grow into adulthood.
- Policymakers should ensure that all low-income taxpayers are eligible for the EITC and CTC and boost the size of the credits.

Raise the federal minimum wage to \$10.10 per hour.

- So far this year Congress has failed to advance popular legislation to raise the federal minimum wage to \$10.10 per hour. Raising the minimum wage would directly benefit 6.8 million Latino workers.
- Recent polling shows that the majority of Latino voters would be more likely to support a candidate who supports raising the minimum wage.

Maintain our Social Security system as the foundation of a secure retirement.

- Social Security is our nation's largest antipoverty program, keeping 20 million people out of poverty, including seniors and disabled workers. Previous studies have shown that without Social Security, the poverty rate among Latino seniors would be approximately 50%.¹⁸
- A little-known fact is that Social Security also helps over 3.3 million children whose parents passed away early or are disabled or retired.¹⁹

Strengthen the social safety net for Latino families.

- The official poverty figures released today do not count the value of many critical antipoverty programs such as the Supplemental Nutrition Assistance Program (SNAP) or the Earned Income Tax Credit. The official poverty figures only count pretax cash income. If the value of these programs were counted as income, the number and percent of people in poverty would be significantly lower.

- However, many Latinos are ineligible for these programs due to immigration status. Passing immigration reform would enable millions of newly legalized workers to, at minimum, claim tax credits designed to help hardworking families.

Endnotes

¹ Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica C. Smith, *Income, Poverty, and Health Insurance Coverage in the United States: 2013*. U.S. Census Bureau. Washington, DC, 2014, <http://www.census.gov/content/dam/Census/library/publications/2014/demo/p60-249.pdf> (accessed September 2014), 51.

² *Ibid.*, Table 3

³ U.S. Bureau of the Census, "Historical Poverty Tables," *Current Population Survey*. Washington, DC, 2013, <http://www.census.gov/hhes/www/poverty/data/historical/people.html> (accessed September 2014), Table 2.

⁴ Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica C. Smith, *Income, Poverty, and Health Insurance Coverage in the United States: 2013*, Table A-1

⁵ *Ibid.*, Table 1

⁶ U.S. Bureau of Labor Statistics, "Data Retrieval: Labor Force Statistics," *Current Population Survey*. Washington, DC, <http://www.bls.gov/cps/cpsatabs.htm> (accessed September 2014), Tables A-2 and A-3.

⁷ Economic Policy Institute, *The State of Working America*, "Share of workers earning poverty-level wages, by race and ethnicity, 1973–2011," <http://stateofworkingamerica.org/chart/swa-wages-figure-4fshare-workers-earning> (accessed April 3, 2013).

⁸ U.S. Bureau of the Census, "Historical Poverty Tables," *Current Population Survey*. Table 3.

⁹ *Ibid.*

¹⁰ *Ibid.*

¹¹ *Ibid.*

¹² *Ibid.*

¹³ National Council of La Raza, "Latino Kids Data Explorer," <http://www.nclr.org/index.php/latinokidsdata> (accessed September 2013).

¹⁴ Mitra Toossi, "Projections of the labor force to 2050: a visual essay." *Monthly Labor Review*. U.S. Department of Labor, Bureau of Labor Statistics. Washington, DC, 2012, www.bls.gov/opub/mlr/2012/10/art1full.pdf (accessed October 2013).

¹⁵ U.S. Senate Budget Committee, *Foundation for Growth: Restoring the Promise of American Opportunity*. Washington, DC, March 2013,

<http://www.budget.senate.gov/democratic/public/index.cfm/fiscal-year-2013-budget> (accessed September 2013), 2.

¹⁶ Email from Arloc Sherman, Center on Budget and Policy Priorities, to Leticia Miranda, NCLR, unpublished tables, February 21, 2013.

¹⁷ U.S. Bureau of the Census, "Income, Poverty and Health Insurance in the United States: 2012 - Tables & Figures." *Current Population Survey*. Washington, DC, 2012,

<http://www.census.gov/hhes/www/poverty/data/incpovhlth/2012/tables.html> (accessed September 2014).

¹⁸ Fernando Torres-Gil, Robert Greenstein, and David Kamin, *The Importance of Social Security to the Hispanic Community* (Washington, DC: Center on Budget and Policy Priorities, 2005), <http://www.cbpp.org/cms/?fa=view&id=436> (accessed September 2010).

¹⁹ National Academy of Social Insurance, "Who Gets Social Security?" <http://www.nasi.org/learn/socialsecurity/who-gets> (accessed September 2014).