

# LATINO POVERTY AND INCOME IN FOCUS: EXAMINING THE 2008 CENSUS DATA

## Overview

**New data from the Census Bureau reveal that the poverty rate for Hispanic\* Americans increased and income fell between 2007 and 2008.** The experience of Latinos parallels the decline in economic well-being experienced by Americans throughout the country who are affected by the current deep recession. The recession has erased ten years of economic progress among Hispanic Americans.

**While poverty rose for Americans overall, Latinos and Blacks are nearly three times as likely to live in poverty compared to Whites.** The poverty rate in 2008 was 23.2% for Latinos, 24.7% for Blacks, and 8.6% for Whites† (see Figure 1).

**The Latino poverty rate grew from 21.3% in 2007 to 23.2% in 2008, reflecting the increase in unemployment associated with the beginning of the economic recession.** The Latino poverty rate has not reached this level since 1999 (see Figure 2). Eleven million Latinos were counted as poor in 2008, which represents an increase of one million since 2007. In 2008, a four-person family was considered poor if earnings fell below \$22,025.

**The continuing rise in the Hispanic unemployment rate in 2009—which jumped dramatically from 7.9% in September 2008 to 13% in August 2009<sup>1</sup>—has undoubtedly pushed more Latinos into poverty since the beginning of 2009, though 2009 poverty data are not yet available.** Between September 2008 and August 2009, more than one million Latinos were added to the unemployed.

**Hispanic household income is now at its lowest level in ten years.** The median income of Hispanic households declined more sharply than for any other group—a drop of 5.6% to \$37,913 between 2007 and 2008 (see Figure 3). By comparison, the income decline was 2.6% for White households and 2.8% for Black households. White household income is now \$55,530 and Black household income is \$34,218.

**All Latino age groups experienced an increase in poverty between 2007 and 2008 (see Figure 2).** Latino children are more likely to be poor than seniors and adults; the 2008 poverty rate for Latino children was 30.6%, while for seniors and adults it was 19.3%.

**Overall, foreign-born Latinos are slightly more likely to be poor than native-born Latinos.** The poverty rate for foreign-born Latinos was 24% in 2008, compared to 22.7% for native-born Latinos. In 2008, 63% of Latinos were native-born while 37% were foreign-born.

**Poverty among Latinos dropped during the same time frame that Latino immigration increased.** The number of foreign-born Hispanics increased from 7.8 million in 1990<sup>2</sup> to 17.7 million in 2008. Also, the proportion of the Hispanic population that is foreign-born rose from 35.6% in 1990<sup>3</sup> to 37% in 2008. At the same time, the poverty rate for all Hispanics decreased from 28.1% in 1990 to 23.2% in 2008 (see Figures 1 and 2).

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\* 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.

† Unless otherwise noted, all data cited in this document are from U.S. Census Bureau, “Annual Social and Economic Supplement.” *Current Population Survey*. Washington, DC, 2009.

**The percent of poor Latino families that are headed by female householders has remained virtually unchanged since 1973.** In 1973, 39.9% of poor Latino families were headed by female householders, compared to 40.3% in 2008. Similarly, 39.9% of poor White families are headed by female householders. Tracking this proportion is important because poverty rates among single female-headed households are generally two to three times higher than among other families.

**In continuation of a long-term trend, poor Latinos are more likely than all other groups to be working full-time year-round.** In 2008, 15.3% of poor Latinos over age 16 were working full-time year-round, compared to 8% of Whites, 8.7% of Blacks, and 14.2% of Asians.

## Reasons for Growing Latino Poverty

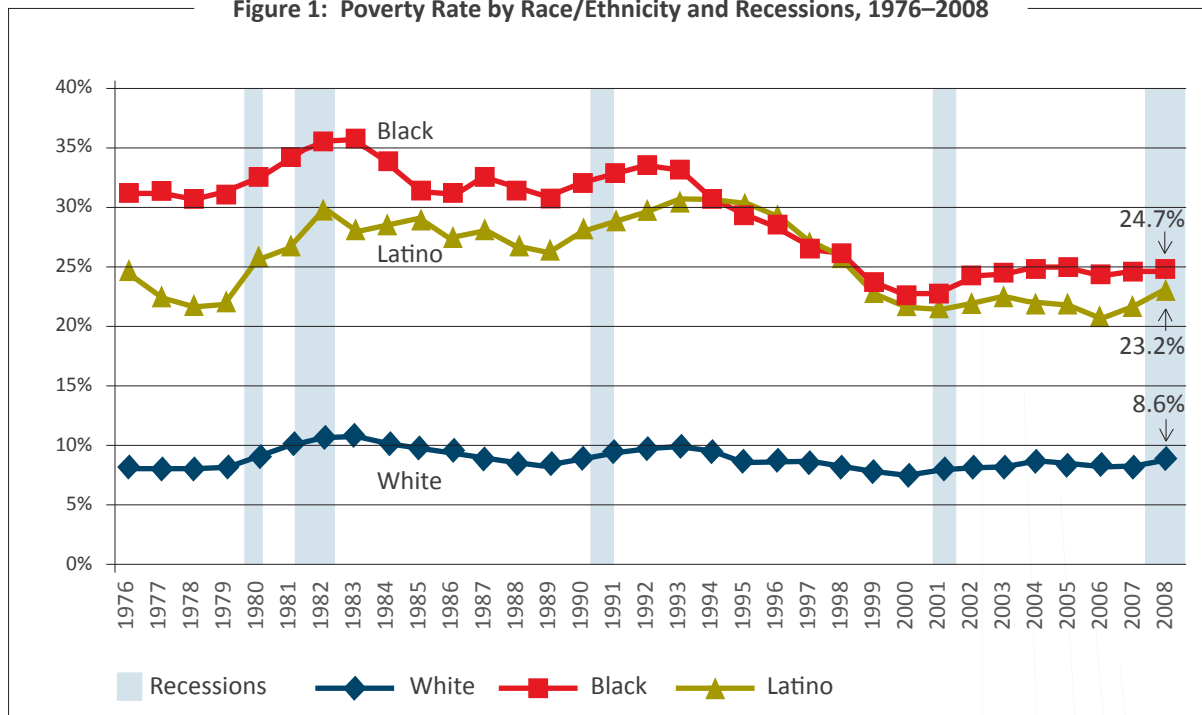
- **High unemployment.** The current recession has pushed unemployment to almost unprecedented levels in the Hispanic community (13% as of August 2009) (see Figure 4). Latinos who are unemployed or underemployed are not earning enough to keep their families out of poverty.
- **Concentration in the hard-hit construction industry.** More Latinos (2.5 million) work as construction or extraction workers than in any other occupation, and these Latino workers are predominantly foreign-born (1.9 million).<sup>4</sup> Between 2006 and 2009, the June unemployment rate among workers in construction tripled to 17.4%, which is the highest of all industries.<sup>5</sup>
- **Concentration in low-wage jobs.** More than two in five (41.8%) Latino workers earn less than \$10.20 per hour, which is too low to lift a family of four out of poverty. Among White and Black workers, 21.9% and 34% earn poverty-level wages, respectively.<sup>6</sup>
- **Reliance on one worker.** While the labor force participation rate for Hispanic men (78%) is higher than that of other groups, Hispanic women have the lowest labor force participation rate (55%).<sup>7</sup> This pattern is more pronounced for immigrants, with foreign-born Latino men participating in the workforce at 86% and women at 52%.<sup>8</sup> Moreover, Census data show that 33% of Hispanic spouses did not work

in 2008, compared to 29% of non-Hispanic spouses. All of this points to greater reliance on one worker in Hispanic families.

## What Can Be Done

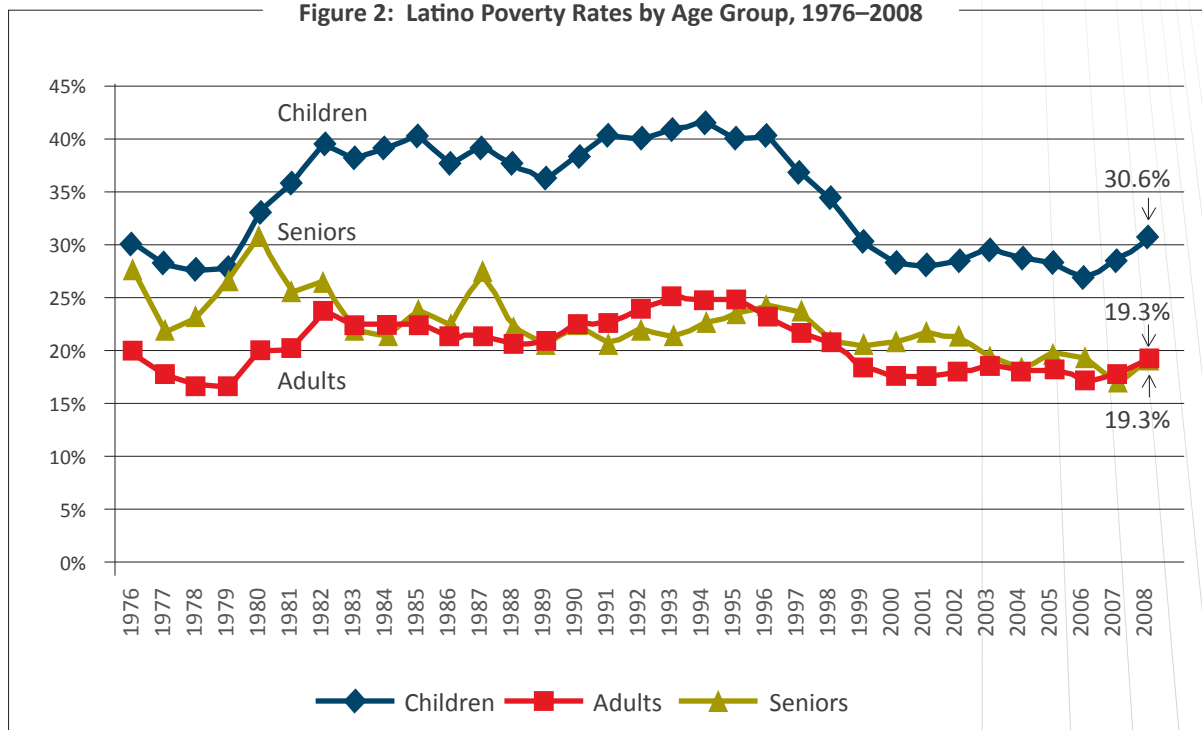
- **Latino workers are ready and willing to work to pull themselves out of poverty; the economy must grow again to create jobs.** Despite rising unemployment and growing poverty, in a July 2009 poll conducted by the Allstate/National Journal Heartland Monitor, Hispanics were more likely than any other group of Americans polled to believe that increased opportunity comes from personal effort. Fifty-five percent of Latinos agreed with this statement, compared to 40% of all poll respondents.
- **Funds from the American Recovery and Reinvestment Act of 2009 should be targeted to the hardest-hit communities, where unemployment and poverty are particularly high.** Targeted investments to stimulate jobs in low-income communities are needed. In addition, job training and education must be effectively tailored and delivered through groups that know how to serve particular communities such as foreign-born Latinos, many of whom need basic education and English instruction integrated with job training to improve their earning potential.
- **The unemployment insurance program compensates workers who lose their jobs so that they can continue to meet basic family needs during spells of unemployment; however, this program does not serve Latino workers very well.** Many low-income Latino workers do not make enough money to qualify for unemployment insurance or have been in and out of a job at such rates that they are ineligible for it. In 2003, 13.5% of Hispanic workers received unemployment insurance in their first quarter of unemployment, compared to 22.4% of White workers.<sup>9</sup> States should modernize their unemployment insurance system to better serve workers who earn low wages, frequently change jobs, or hold multiple jobs.

Figure 1: Poverty Rate by Race/Ethnicity and Recessions, 1976–2008

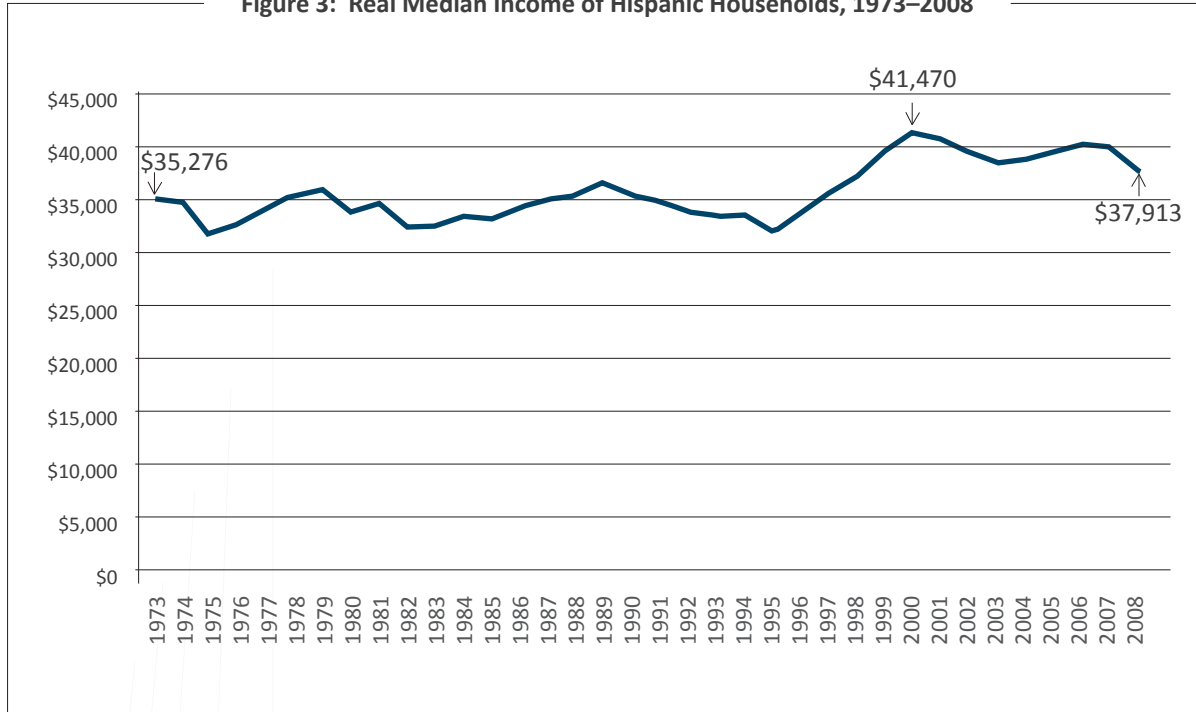


Source: U.S. Bureau of the Census, "Historical Poverty Tables." *Current Population Survey*. Washington, DC, 2009, <http://www.census.gov/hhes/www/poverty/histpov/perindex.html> (accessed September 2009), Table 24.

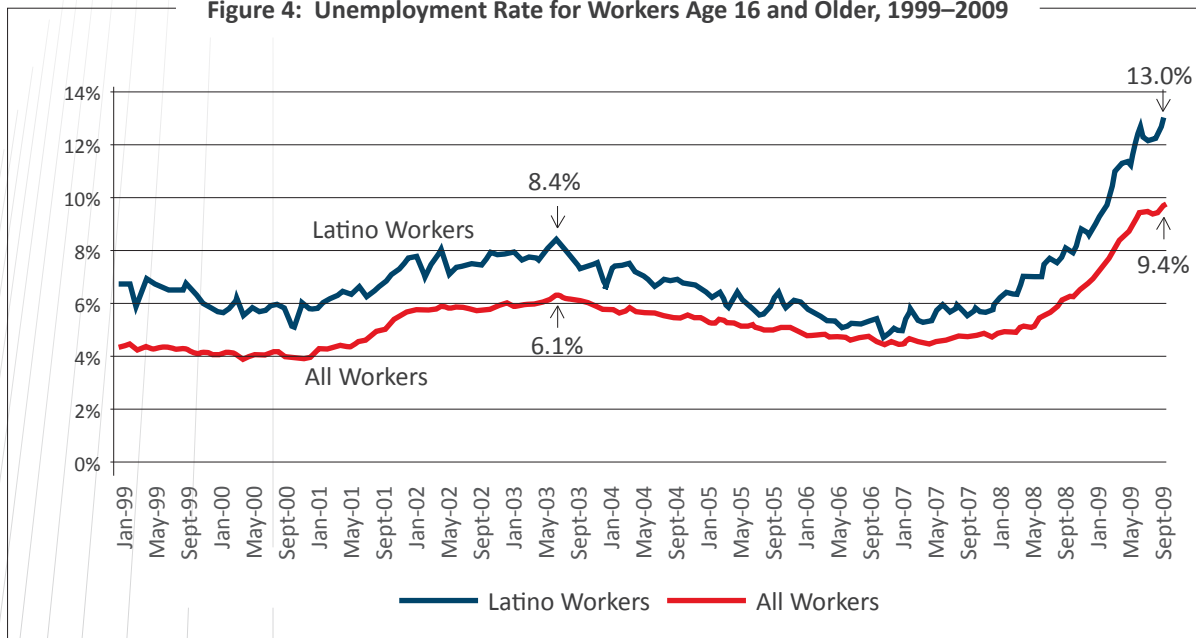
Figure 2: Latino Poverty Rates by Age Group, 1976–2008



Source: U.S. Bureau of the Census, "Historical Poverty Tables." *Current Population Survey*. Washington, DC, 2009, <http://www.census.gov/hhes/www/poverty/histpov/perindex.html> (accessed September 2009), Table 3.

**Figure 3: Real Median Income of Hispanic Households, 1973–2008**

Source: Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica C. Smith, *Income, Poverty, and Health Insurance Coverage in the United States: 2008*. U.S. Census Bureau. Washington, DC, September 2009, <http://www.census.gov/prod/2009pubs/p60-236.pdf> (accessed September 2009), Table A-1.

**Figure 4: Unemployment Rate for Workers Age 16 and Older, 1999–2009**

Source: 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 2009), Tables A-2 and A-3.

## Endnotes

<sup>1</sup> 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 2009), Tables A-2 and A-3.

<sup>2</sup> Elizabeth Grieco, *Foreign Born Hispanics in the United States* (Washington, DC: Migration Policy Institute, 2003), [http://www.migrationinformation.org/feb03\\_spotlight\\_table.cfm](http://www.migrationinformation.org/feb03_spotlight_table.cfm) (accessed October 2009).

<sup>3</sup> Ibid.

<sup>4</sup> Catherine Singley, *Fractures in the Foundation: The Latino Worker’s Experience in an Era of Declining Job Quality* (Washington, DC: National Council of La Raza, 2009), 8.

<sup>5</sup> U.S. Bureau of Labor Statistics, “Data Retrieval: Labor Force Statistics.”

<sup>6</sup> Catherine Singley, *Fractures in the Foundation*, 13.

<sup>7</sup> Ibid., 3.

<sup>8</sup> Ibid., 3.

<sup>9</sup> National Employment Law Project, *Why Should Latino Workers and the Families Care About Unemployment Insurance?* (New York, NY: National Employment Law Project, 2005), [http://www.nelp.org/site/issues/category/changing\\_workforce\\_changing\\_economy](http://www.nelp.org/site/issues/category/changing_workforce_changing_economy) (accessed November 2008).