Enhancing Economic Security for the Latino Community

March 21, 2012

Presented at a Symposium Honoring the Center for Policy Research on Aging’s 15th Anniversary

Aging in a Minority-Majority Nation: Interracial and Intergenerational Tensions and Opportunities
The Latinos & Economic Security Project

• Spearheaded by Fernando Torres-Gil, Principal Investigator
• With funding from the Ford Foundation (2005 to present)
  – Grant #1: The impact of Social Security and various reform options on Latino retirees
  – Grant #2: Economic security Latino Baby Boomers (the under-studied intersection of two populations)
  – Grant #3: Economic security of the U.S. workforce (Gen Xers & beyond)
  – Grant #4: Dissemination and enhancement of research agenda
• Early policy evaluation has led to current demographic analysis
• Conference funding from the Archstone Foundation
Study Team

The Research Perspective

The Applied Perspective
What We’ve Produced

• All available on our website [http://latinoeconomicsecurity.org](http://latinoeconomicsecurity.org)

• Policy Briefs

• Research Reports

• Congressional Briefing in Washington, DC – July 2011

• Plus various presentations & academic publications
Race/Ethnicity Terminology

- Latino refers to individuals of “Mexican, Puerto Rican, Cuban, South or Central American, or other Spanish culture or origin, regardless of race”
  - Office of Management and Budget (1997)
    - Treat Latino & Hispanic synonymously – self report
- White, African American, and Asian all refer to non-Latino members of those groups
- African American includes individuals from Central and South America who are black and do not identify as Latino
- Asian includes Asian Americans and Pacific Islanders
Major Data Sources

• U.S. Census Bureau
  – American Community Survey (ACS)
  – Population projections
  – Decennial Census

• Health & Retirement Study (HRS)
Overview

• Demographic changes in the U.S. population
• Characteristics and economic security of three populations:
  – Older adults (age 65+)
    • Income and Latinos’ reliance on Social Security
  – Baby Boomers (born 1946-1964)
    • The Latino imperative for attaining economic security is education
  – Generation X (born 1965-1981)
• Impending changes to the composition of the U.S. workforce
  – Growth over the next 20 years will be driven by the Latino population
• Implications for the U.S. economy
• How Latinos fit into the future of the U.S.
1: Changing Complexion of the U.S.

- The U.S. population is simultaneously graying and browning
Latinos are a small percent of 65+ population and an increasingly large percent of the working-age population.
Graying and Browning

• 40.3 million aged 65+ in 2010
  – 13% of total population
• 50.5 million Latinos in 2010
  – 16% of total population
• 2.8 million Latinos aged 65+
  – 7% of population 65+
  – 6% of Latino population
2: Focus on the 65+ Population

![Graph showing population distribution by age and gender, with categories from 0 to 4, 5 to 9, 10 to 14, etc., up to 85+ for both males and females. The graphic includes bars for Latinos and Non-Latinos.](image-url)
Social Security & Economic Security

• Latinos age 65+ are highly reliant on income from Social Security
The Four Legged Stool of Retirement Income

• Social Security
• Pensions
• Asset-based/savings
• Work/earnings
Latino Elders Rely Heavily on Social Security in Retirement

The graph illustrates the percent of income received from various sources by different ethnic groups in retirement. The sources include earnings, other, asset-based, pensions, welfare, SSI, and Social Security. The graph shows that Latino elders rely heavily on Social Security compared to other sources, indicating a significant reliance on this income stream.
More Latino Elders (65+) are In & Near Poverty

![Bar chart showing the percentage of poverty levels among different ethnic groups.](chart.png)

- **White**: 95% are in poverty (75% at 200% & above, 20% at 150% to <200%, 5% at 100% to <150%, 0% at <100%)
- **African Am.**: 90% are in poverty (70% at 200% & above, 20% at 150% to <200%, 5% at 100% to <150%, 5% at <100%)
- **Asian**: 75% are in poverty (50% at 200% & above, 20% at 150% to <200%, 10% at 100% to <150%, 5% at <100%)
- **Latino**: 85% are in poverty (60% at 200% & above, 20% at 150% to <200%, 15% at 100% to <150%, 0% at <100%)
Social Security Even More Important for Those within 200% of Poverty Line
Social Security Is a Major Source of Income for Latinos

• Among Latino elders who received Social Security in 2011:
  – 44% of couples relied on it for 90%+ of their income
  – 61% of single people relied on it for 90%+ of their income
2: Recap – 65+ Population

• Latinos aged 65+ comprise a small sub-set of the aging population (the tip of the pyramid)
• Latinos 65+ depend heavily on Social Security for their retirement income
3: Focus on Baby Boomers (1946-1964)
The Baby Boomers and the Generational Divide: Two Growing Populations

• Rapidly increasing aging population
  – 78.8 Million Boomers in 2010 (born 1946-1964)
  – Entering retirement over the next 20 years

• Growing Latino population
  – 50.5 million in 2010
  – Fastest growing U.S. racial/ethnic group
A Confluence of Two Populations: The “Hidden Boomers”

• In 2010, 11% of Boomers were Latino
Latino Boomers have lower levels of education than other racial/ethnic groups.
Citizenship Status: Latino vs. Asian Boomers

• Trends are similar; higher rates of naturalization (attaining citizenship status) are seen among Asians
Boomer Income in 2011

- Latinos have lower individual income than Whites & Asians
- Latinos’ individual income is similar to African Americans
Boomer Income

Latino

African Am.
Boomer Income

- Latino
- African Am.
- Naturalized
- Non-citizen

Income Range: -$4,000 - $8,000
Boomer Income

- $4,000 to $2,000
- $0
- $2,000
- $4,000
- $6,000
- $8,000

Latino
African Am.
Naturalized
Non-citizen
High School
Some college
College degree
Near-Retirement Wealth, by Race/Ethnicity

- Comparing generations before retirement age (ages 54-62)
- Latinos have less household wealth than Whites
- Increases in wealth for Latino Boomers, compared to Latino members of the Silent Generation
3: Recap – Baby Boomers

• Most of the Latino income disparity can be explained by naturalization & education

• Latino wealth disparities have decreased from Silent Generation to Baby Boomers

• The Latino imperative for attaining economic security is education
4: Focus on Generation X (1965-1981)
The Interests of Younger Latinos & Baby Boomers Are Linked

• Aging Boomers will rely on working-age Latinos
  – Pay into Social Security, Medicare, etc.
  – Tax revenues to support public services
  – Fill manpower needs in health & long-term care
Gen X has less variation in education levels, but still a stark Latino disparity
Gex X Citizenship Status

• Similar pattern to Boomers; fewer Latinos are naturalized citizens

![Chart showing the comparison between Latino and Asian citizenship status](chart.png)
Gen X Income in 2011

- Same patterns as for Boomers, only Asians higher

![Bar chart showing income distribution for White, African Am., Asian, and Latino populations.](chart.png)
Gen X Income

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Latino</th>
<th>African Am.</th>
</tr>
</thead>
<tbody>
<tr>
<td>$-4,000$</td>
<td>$-2,000$</td>
<td></td>
</tr>
<tr>
<td>$0$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$2,000$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$4,000$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$6,000$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$8,000$</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Gen X Income

- -$4,000 - $2,000
- 0
- $2,000
- $4,000
- $6,000
- $8,000

Latino
African Am.
Naturalized
Non-citizen
Gen X Income

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Latino</th>
<th>African Am.</th>
<th>Naturalized</th>
<th>Non-citizen</th>
<th>High School</th>
<th>Some college</th>
<th>College degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Range</td>
<td>-$4,000 - $2,000</td>
<td>$0</td>
<td>$2,000</td>
<td>$4,000</td>
<td>$6,000</td>
<td>$8,000</td>
<td></td>
</tr>
</tbody>
</table>
4: Recap – Generation X

- Education and citizenship remain key imperatives
- Not yet subjected to prolonged cumulative disadvantage – opportunity for lifelong cumulative advantage
5: Workforce Changes

• Growth in the U.S. workforce over the next 20 years will be driven by the growing Latino population
Working-Age Population (25-64): 2010

[Bar graph showing the working-age population (25-64) by age and gender for Latinos and Non-Latinos.]
Working-Age Population (25-64): 2030

- **Millions**
  - Latinos
  - Non-Latinos

- **Male**
  - 85+
  - 80 to 84
  - 75 to 79
  - 70 to 74
  - 65 to 69
  - 60 to 64
  - 55 to 59
  - 50 to 54
  - 45 to 49
  - 40 to 44
  - 35 to 39
  - 30 to 34
  - 25 to 29
  - 20 to 24
  - 15 to 19
  - 10 to 14
  - 5 to 9
  - 0 to 4

- **Female**
  - 85+
  - 80 to 84
  - 75 to 79
  - 70 to 74
  - 65 to 69
  - 60 to 64
  - 55 to 59
  - 50 to 54
  - 45 to 49
  - 40 to 44
  - 35 to 39
  - 30 to 34
  - 25 to 29
  - 20 to 24
  - 15 to 19
  - 10 to 14
  - 5 to 9
  - 0 to 4
Working-Age Population (25-64): 2050

- Male
  - 85+
  - 80 to 84
  - 75 to 79
  - 70 to 74
  - 65 to 69
  - 60 to 64
  - 55 to 59
  - 50 to 54
  - 45 to 49
  - 40 to 44
  - 35 to 39
  - 30 to 34
  - 25 to 29
  - 20 to 24
  - 15 to 19
  - 10 to 14
  - 5 to 9
  - 0 to 4

- Female
  - 85+
  - 80 to 84
  - 75 to 79
  - 70 to 74
  - 65 to 69
  - 60 to 64
  - 55 to 59
  - 50 to 54
  - 45 to 49
  - 40 to 44
  - 35 to 39
  - 30 to 34
  - 25 to 29
  - 20 to 24
  - 15 to 19
  - 10 to 14
  - 5 to 9
  - 0 to 4

- Latinos
- Non-Latinos
U.S. Population Growth Will Cause Changes in Working-Age Population

- Projected population growth, 2010 to 2030 (in millions)

- Whites will cease to be majority in September 2042

- 50 million to 79 million for Latinos
- 197 million to 199 million for Whites
Growth Will Change the Working-age Population

- By 2030, the Latino workforce will have grown by 59%
  - 24 million to 39 million for Latinos
  - 107 million to 95 million for Whites

- 93% of the growth of the working-age population by 2050 will be immigrants and their U.S.-born children (National Journal/Pew Research Center)
5: Recap – Workforce Changes

• The U.S. has a growing Latino workforce that is supporting current retirees
• Baby boomers will rely increasingly on Latino workers to support entitlements
Higher Income Leads to Increased Tax Revenues

- Elevating Latino education & naturalization to non-Latino levels increases income & payroll tax (Social Security & Medicare) revenues
Latino Economic Security is Good for the U.S.

• Investing in the education and development of workers of tomorrow is critical for the well-being of the U.S.

• Supporting Latino education and naturalization will benefit the U.S. economy overall
Bridging the Generational Divide

Key Points

- The U.S. has an aging population that is largely white and a growing Latino workforce that is supporting current retirees.
- Latinos 65+ depend heavily on Social Security for their retirement income.
- Education and citizenship are key to economic security.
- Investing in the education and development of workers of tomorrow is critical for the well-being of the U.S.
What Kind of Future?

“The future of America is in this question: Will the Baby Boomers recognize that they have a responsibility and a personal stake in ensuring that this next generation of largely Latino and African-American kids are prepared to succeed?”

“This ethnic transformation could be the greatest asset this county will have, with a young multilingual, well-educated workforce. Or it could tear us apart and become a major liability.”

-Stephen Klineberg, Rice University
(as reported by Ron Brownstein, 2010)
For More Information

http://latinoeconomicsecurity.org

The Research Team (USC)
   – Zach Gassoumis (gassoumi@usc.edu)
   – Kate Wilber (wilber@usc.edu)

The Applied Team (UCLA)
   – Chon Noriega (cnoriega@ucla.edu)
   – Max Benavidez (maxbenavidez@gmail.com)