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THE 2024 OFFICIAL LDC U.S. LATINO GDP REPORT™ 7th ANNUAL EDITION

Youth, Entrepreneurship,
Human Capital and Education

Authors:

Dennis Hoffman, Ph.D.
and José A. Jurado, Ph.D.
Arizona State University

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The Latino Donor Collaborative (LDC) is an independently funded 501(c)(3) non-profit organization and think tank. LDC has consistently provided economic and business data through meticulous research and fact-based insights. Its reports have become essential tools for American resource allocators, highlighting the growing opportunities emanating from the myriad contributions of U.S. Latinos across the societal spectrum. Learn more at www.latinodonorcollaborative.org.



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A LETTER FROM OUR CO-FOUNDER AND CHAIRMAN

As a CEO, I understand the critical questions every CEO must answer are, “Where can we find growth in a low population growth economy? Is there growth to be captured this year, this decade, and am I moving faster than my competitors to capture the current and future wave of growth? The great news for the U.S. as a mature economy is that we do have a growth cohort unlike other mature economies...that is the U.S. Latino cohort. This *2024 Official LDC U.S. Latino GDP Report™* provides the facts and data demonstrating the U.S. Latino cohort is the growth cohort in our country.

If it were a stand-alone country, the U.S. Latino cohort accounts for the fifth-largest economy in the world, now producing \$3.6 trillion in GDP, surpassing India, the U.K., and France, and just behind Japan and Germany. It is also the fastest growing part of our U.S. economy and, in fact, is the second fastest growing economy among all the world’s mature economies surpassed only by China.

This report also details that U.S. Latino Purchasing Power is now at an impressive \$3.78 trillion. The growth of the Latino economy is extraordinary. Over the past decade, Latino annualized income growth has outpaced non-Latinos by a wide margin—4.8% compared to 1.8%. Latino consumption and purchasing power have also grown 2.5 times faster than that of non-Latinos, demonstrating the crucial role this community plays in driving economic growth in the U.S.

An important aspect of this growth is the strength of Latino contributions to manufacturing, the largest component of the Latino economy, reaching \$457.4 billion or 17% of total U.S. manufacturing. This sector is vital for revitalizing U.S. manufacturing, especially amid supply chain disruptions and our nation’s desire to onshore work being done elsewhere.

U.S. Latinos and Latinas are not only leading in GDP growth, but also in entrepreneurship, innovation, productivity, and labor force expansion. Investing in this cohort means investing in the current and future prosperity and competitiveness of our entire country. We began significant investment in China thirty years ago and India twenty years ago. Now, focusing on our own U.S. Latino cohort could unleash significant economic opportunities right here within our own borders. Our U.S. Latino demographic is clearly helping our mature economy not fall prey to what is happening to other mature economies around the world.

The U.S. Latino cohort is essential to our country’s future. As the youngest demographic group in the nation, they are entering the workforce at higher rates than any other group, accounting for nearly 80% of net labor force growth. The U.S. Census Bureau and Department of Commerce report that Latinos participate in the labor force at higher rates than the general population. Their productivity is further bolstered by increasing educational attainment, with the growth rate of Latinas and Latinos earning bachelor’s and graduate degrees more than double that of non-Latinos.

The influence of the Latino workforce extends beyond just the traditional states with large Latino populations. U.S. Latino population growth is nearly ubiquitous across the country. In states beyond California, Texas, and Florida, Latino economic growth is also expanding at a faster rate than their non-Latino counterparts in states such as North Dakota, Washington, and Georgia. Between 2021 and 2022, while the number of working-age non-Latinos decreased by 673,000, the Latino cohort added 725,000 working-age individuals, more than compensating for the national decline. Latinos are filling job vacancies and are critical to maintaining our nation’s economic momentum.

Latino economic contributions are not limited to lower and middle-income brackets. From 2017 to 2022, the number of high-income Latino earners grew six times faster than that of non-Latinos. If this trend continues, 39% of new high-income earners over the next decade will be U.S. Latinos. This underscores the vast economic potential within the U.S. Latino community.

There is no doubt that the U.S. Latino economy is a formidable force, characterized by strong GDP growth, significant population expansion, high workforce participation, and increased educational achievements. It is imperative that we invest in the future of the U.S. by investing in Latinos. This is not a matter of diversity and inclusion; it is a critical business strategy.

When boards of directors include Latinas and Latinos, those companies can better understand how to capture the U.S. Latino cohort, its growth rates, its needs, and how to build customer brand affinity. Having Latinas and Latinos in C-Suites and in key roles across the organization enables companies to understand how to expand their products and services, strategize their marketing strategies, and gain competitive advantage with the cohort that will continue to drive growth for decades to come. After all, a young Latino in the U.S. turns 18 every thirty seconds.

Investing in the U.S. Latino cohort is an obvious business strategy in 21st Century America and represents capitalism at its best...knowing to invest capital where the growth is for the year, the decade, and perhaps the rest of the century...and investing in it as capitalists would and should.

If we aim to maintain our position as a global economic leader, now is the time to act. Leveraging the unique and powerful opportunities presented by the U.S. Latino market will benefit every American, both today and in the future, ensuring sustained economic growth...assuming capital, talent and resources are deployed into this cohort. This cohort offers a competitive advantage unmatched by any cohort in any other major economy around the world.

The latest *2024 Official LDC U.S. Latino GDP Report™* clearly shows that investing in the U.S. Latino cohort is an investment in every American's future

Sol Trujillo
Co-Founder and Chairman of the Board
Latino Donor Collaborative



A LETTER FROM OUR PRESIDENT AND CEO

We are pleased to present the seventh annual edition of *The 2024 Official LDC U.S. Latino GDP Report™*, continuing our tradition of groundbreaking research. This year, we have made substantial enhancements to the report, deepening our understanding of the Latino community's impact on both national and state economies. Notably, this edition introduces projections for the Latino economy through 2029, demonstrating its anticipated growth trajectory, and offers insights into young Latino demographics, underscoring their critical role in the current and future labor force.

In today's rapidly evolving business environment, understanding your market and identifying growth opportunities are essential for success. Analysts and strategists are increasingly focused on identifying target audiences, pinpointing sources of growth, and developing effective engagement strategies for these expanding markets.

With this in mind, we are thrilled to highlight that the U.S. Latino cohort continues its rapid growth, now contributing an impressive \$3.6 trillion to the GDP. This positions the U.S. Latino economy as the fifth largest in the world if it were a standalone entity—surpassing the economies of India, Russia, the United Kingdom, and France.

This report includes key indicators that comprehensively assess the contribution of Latinos to the U.S. economy: Latino income reached \$2.83 trillion, and Latino Purchasing Power (LPP) was calculated at \$3.78 trillion. Even more remarkable are the growth rates associated with these figures: Latino income grew at a real annualized rate of 4.8%, compared to 1.8% for non-Latinos. Moreover, the growth in consumption and purchasing power was 2.5X faster for Latinos compared to non-Latinos, underscoring the pivotal role this community plays in driving the consumption of goods and services in this country.

Additionally, this edition highlights the significant influence of the U.S. Latino population, providing data on economic growth in well-known Latino states like California, Texas, and Florida, as well as in less expected states such as Washington and Georgia, where Latino economies grew at a faster rate than their non-Latino counterparts.

Over the past seven years, the Latino Donor Collaborative (LDC) has shared these insights with some of the most influential entities and forums nationwide. From the U.S. Federal Reserve to the Joint Economic Committee in Congress, and within numerous C-suites and boardrooms, the LDC has disseminated these reports on leading financial news platforms and top business publications both nationally and internationally. Through this substantial investment of time, resources, and dedication, we have brought these extraordinary findings to various industries, fostering intentional strategies to optimize future outcomes, success, and profits by enhancing the representation of U.S. Latinos.

We sincerely thank the LDC Board of Directors and Wells Fargo for their steadfast support in fully funding these seven annual reports since their inception. No one had undertaken this type of analysis before the LDC's Board of Directors launched this initiative. Their vision, commitment to the community and country, and business-focused mindset have driven the report's success since its first publication in 2017.

We hope that the data and insights in this report will empower individuals, organizations, and policymakers to refine their strategies and seize growth opportunities, maximizing the vast potential of the U.S. Latino market.

All the best,

Ana Valdez
President and CEO
Latino Donor Collaborative

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Seidman Research Institute

The Seidman Research Institute is the consultancy arm of W. P. Carey School of Business, Arizona State University. First established in 1985 to serve as an applied business research and consultancy resource for the southwest business community, Seidman currently offers a diverse range of business and economics consulting services to public and private sector clients throughout North America. Visit seidmaninstitute.com.

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The goal of the 2024 LDC Official U.S. Latino GDP Report™ is to present an accurate picture of the significant and quickly expanding economic contribution made by U.S. Latinos, who represent 19.5% of the U.S. population. This report utilizes the most reputable publicly available data from official U.S. agencies to calculate Latino Gross Domestic Product (GDP) and other Latino metrics in the United States.

The 2024 Official U.S. Latino GDP Report™ features three additional innovations compared to last year:

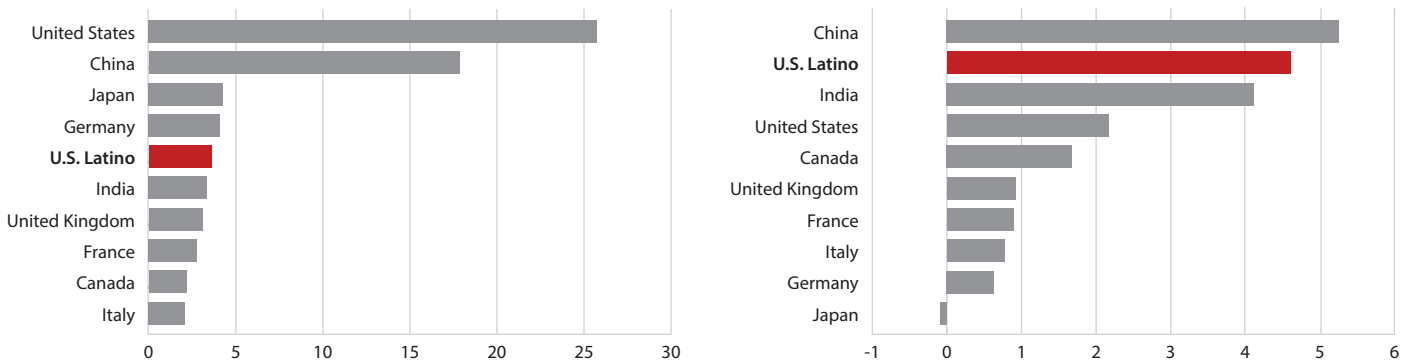
- Forecasts of the Latino economy through 2029.
- A new section on U.S. Latino entrepreneurs, analyzing firm creation, employment generation, receipts, revenue, and payroll by Latino origin, industry, and firm size.
- In-depth analysis of young Latino cohorts, who make a significant contribution to the current and future labor force.

U.S. LATINO GDP AND MAIN ECONOMIC INDEXES

U.S. Latino GDP was \$3.6 trillion in 2022 – the most recent data available. As a standalone economy, it would be the fifth largest economy in the world, surpassing major economies like India, United Kingdom, France, and Canada. The growth trajectory of U.S. Latino GDP is particularly striking. It was the second fastest-growing among the world’s ten largest economies between 2017 and 2022, with a 4.6% annual average real growth rate, following China (5.3%).

U.S. Latino GDP grew by 13% from \$3.2 trillion in 2021 to \$3.6 trillion in 2022.

Figure 2.03: U.S. Latino GDP in the World Stage



A. The world’s leading economies in 2022 compared to the U.S. Latino GDP as estimated from expenditures made “by and on behalf” of members of this demographic. Figure corresponds to trillions of current U.S. dollars.

B. Real, annualized percent GDP growth among the world’s leading economies between 2017 and 2022 compared to the growth in the U.S. Latino GDP as measured from expenditures made “by and on behalf” of members of this demographic. Figure corresponds to chained growth rates.

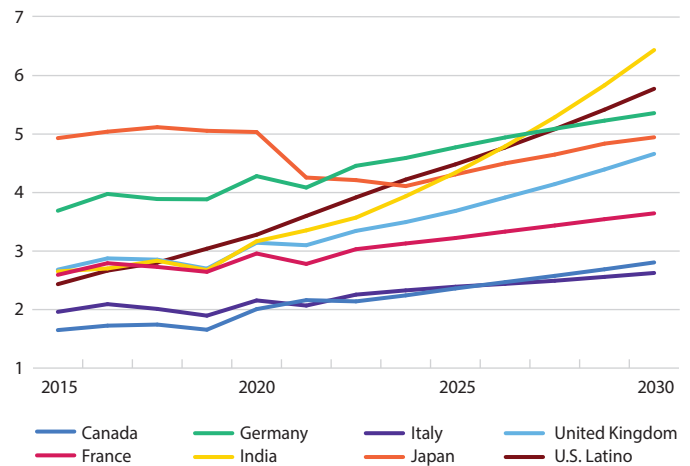
Sources: World Bank; U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Commerce, Census Bureau, American Community Survey; and U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey.

This growth is projected to continue, with the U.S. Latino economy expected to surpass Japan's economy by 2024 and Germany's by 2027. It could be outranked by India in 2026, making it the fourth-largest economy by 2029. These projections are based on national GDP forecasts from the International Monetary Fund (IMF) along with Seidman's of the future share of U.S. Latino GDP¹.

The U.S. Latino economy is expected to continue expanding faster than most first-world economies, supported by population growth, youth, business formation, improvements in educational attainment, and general upward mobility.

The U.S. Latino economy is estimated to surpass IMF projections for Japan by 2024 and Germany by 2027.

Figure 2.04: Growth Trajectories of Major World Economies (trillions of current dollars)



Forecasted gross domestic product growth for eight major economies. The U.S. and China are excluded for ease of interpretation.

Sources: World Bank; U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Commerce, Census Bureau, American Community Survey; U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey; and International Monetary Fund.

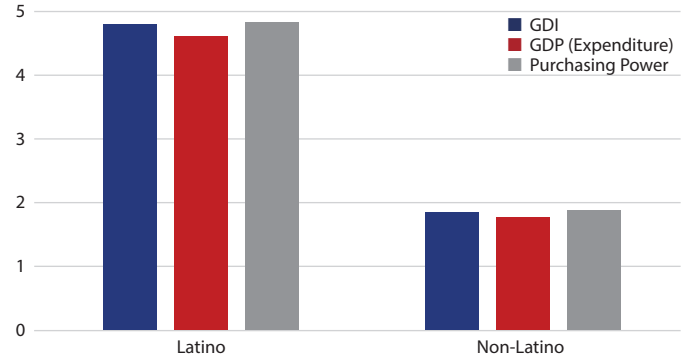
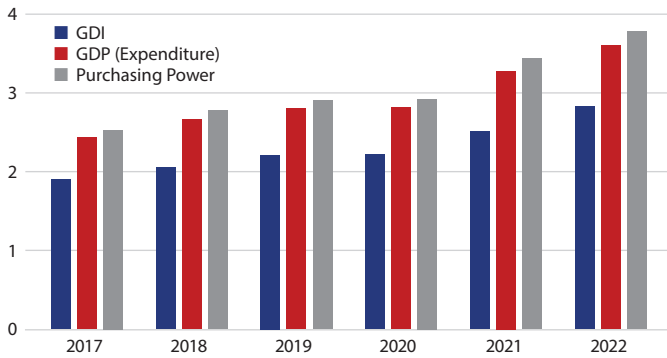
U.S. LATINO GROSS DOMESTIC INCOME (GDI) AND PURCHASING POWER (LPP)

The U.S. Latino economy enjoyed robust growth between 2021 and 2022. U.S. Latino Gross Domestic Product (GDP) increased by \$321 billion to \$3.6 trillion. Gross Domestic Income (GDI) added \$316 billion to \$2.83 trillion, while U.S. Latino Purchasing Power (LPP) rose by \$338 billion to \$3.78 trillion.

From 2017 to 2022, U.S. Latino GDP increased on average by 4.6% annually. That was 2.6 times the rate of the rest of the economy. U.S. Latino GDI and LPP both increased on average by 4.8% per year, which was 2.7 times and 2.5 times faster than the rest of the economy, respectively. Furthermore, the Latino cohort was responsible for 28.3% of total additions to national GDP over that time period.

¹ Seidman estimates that the Latino share of GDP will reach 16.5% by 2029, from 14.1% in 2022.

Figure 2.01: The U.S. Latino Economy at a Glance



A. Trillions of current dollars. GDI stands for “Gross Domestic Income.” Latino GDP is estimated using an expenditure approach.

B. Real annual growth rates. Figures correspond to percentage growth between 2017 and 2022.

Sources: U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Commerce, Census Bureau, American Community Survey; and U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey.

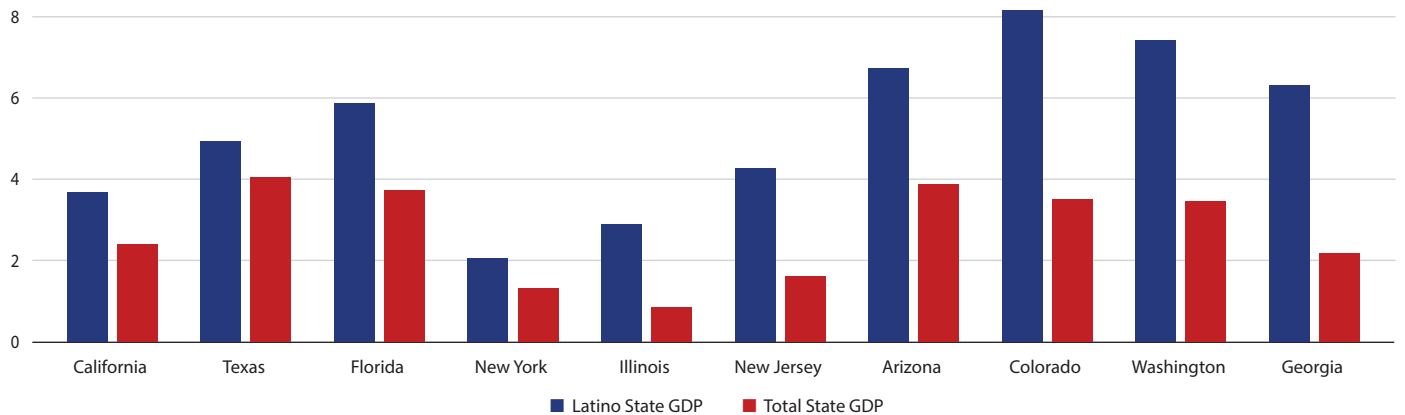
INCOME COMPONENTS SUSTAINING GROWTH

The solid growth in GDI was the result of large increases in U.S. Latino income. Real compensation among U.S. Latinos surged by 3.28% annually to \$1.8 trillion, compared to a 0.36% decline among non-Latinos. The growth in U.S. Latino compensation led to an overall 0.12% growth in real compensation nationally. U.S. Latino incomes were highly reliant on compensation, which made up 65.2% of their total income (compared to 53.2% nationally).

U.S. LATINO GDP BY STATE

The U.S. Latino community generates substantial economic activity across states, particularly in the south. The five largest state Latino economies by GDP in 2022 were California (\$935.2 billion), Texas (\$686.6 billion), Florida (\$347.8 billion), New York (\$268 billion), and Illinois (\$125 billion). The size of the 10 largest Latino economies grew at a faster rate than their non-Latino counterparts between 2017.

Figure 7.05: Average Annual Percentage Real Growth by State (2017-2022)



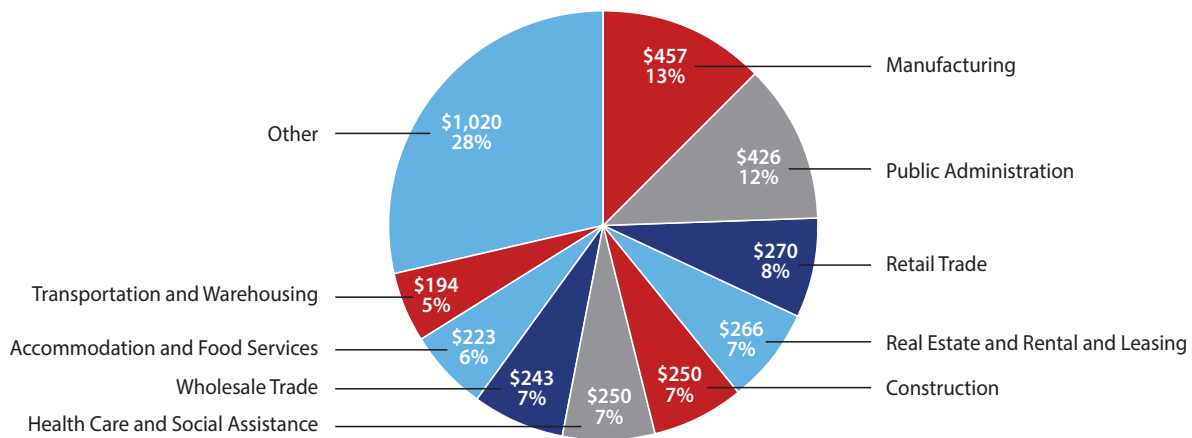
Sources: U.S. Department of Commerce, Bureau of Economic Analysis; and U.S. Department of Commerce, Census Bureau, American Community Survey.

KEY INDUSTRY SECTORS DRIVING GROWTH

In 2022, manufacturing was the biggest driver of U.S. Latino economic growth, which reached \$457.4 billion, a 48.4% year-over-year increase. U.S. Latinos in 2022 accounted for 17% of the nation’s total manufacturing. This was a welcome development within the broader effort to bring manufacturing back to the United States, driven by increasing supply chain disruptions, geopolitical tensions, and uneven economic growth, which has negatively impacted some industrial areas of the country.

Retail trade also contributed substantially to the growth of the U.S. Latino economy, with a 14.1% increase to \$270.3 billion, representing 16% of the United States total. Similarly, construction reported a 9.3% increase to \$250.3 billion, or a 23% nationwide share.

Figure 2.02: Key Industry Sectors Driving Latino Economic Growth (2022)



Note: Figures correspond to the size of industry contributions expressed in billions of 2022 dollars and as industry shares of U.S. Latino GDP.

Sources: U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Commerce, Census Bureau, American Community Survey; and U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey.

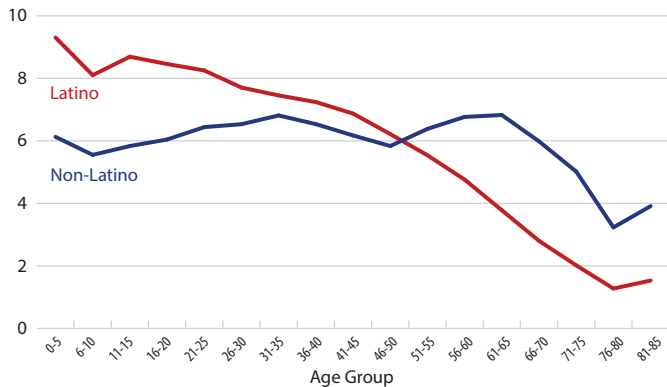
U.S. LATINO LABOR FORCE PARTICIPATION

The U.S. Latino economy benefits from several key advantages. According to the Census Bureau and U.S. Department of Commerce, U.S. Latinos participate in the labor force at a higher rate than the rest of the population. The U.S. Latino population is also growing 4.8 times faster in numerical terms and 20.6 times faster in percentage terms than their non-Latino peers.

Between 2021 and 2022, the U.S. Latino population increased by 1.65%, while non-Latinos grew by just 0.08%. This rapid growth has made the Latino population significantly younger than its peers, with a large share of Latinos yet to enter the labor market. As a result, the U.S. economy is increasingly reliant on U.S. Latinos to replenish its working-age population.

While the rest of the economy saw a decrease of 673,000 working-age individuals between 2021 and 2022, the U.S. Latino cohort added 725,000 to more than offset the national loss. These trends are expected to continue as increasing numbers of older non-Latinos retire, and the younger cohort (dominated by U.S. Latinos) enters the labor force. Current trends in birth and death rates also ensures that the U.S. Latino cohort will continue to be responsible for sustaining growth in the United States labor force.

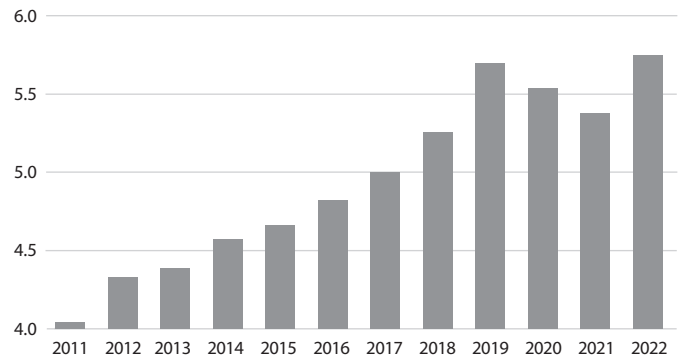
Figure 3.04: Age Composition of Latinos and Non-Latinos



Population distribution. Figures correspond to the share of the total population in each age group in 2022 and add up to 100%.

Source: U.S. Department of Commerce, Census Bureau, Population Estimates.

Figure 3.01: Labor Force Participation Premium



Labor Force Participation Premium is defined as the difference in the labor force participation rates for U.S. Latinos and non-Latinos.

Source: U.S. Department of Commerce, Census Bureau, American Community Survey.

U.S. LATINO ENTREPRENEURSHIP

Latinos do not simply contribute to the economy as workers. They also play a key role in driving U.S. entrepreneurship. In 2021, U.S. Latinos owned 5.1 million of the 34.4 total employer and nonemployer businesses in the United States.

Focusing first on businesses with at least one employee in addition to the owner, U.S. Latinos owned 10% of all accommodation and food services businesses nationally in 2021, 6% of all healthcare and social assistance firms, 11% of administrative and other services firms, and 12.2% of all construction firms. These were the four largest U.S. industries by number of workers in 2021.

U.S. Latino businesses employed 5% to 8% of the workforce and paid 4.2% to 8% of payroll expenses within these four industries. Notably, these figures showed an increasing trend during the 2018-2021 study period. For example, the number of Latino-owned accommodation and food firms grew by 8% between 2018 and 2021 to 55,000. Similarly, U.S. Latino-owned healthcare and social assistance firms grew 15% from 36,200 in 2018 to 41,700 in 2021. U.S. Latino-owned administrative and other service firms grew by 20% from 35,900 in 2018 to 43,000 in 2021; and U.S. Latino-owned construction firms grew 31.5% from 59,200 in 2018 to 77,900 in 2021.

Latino business owners also played a significant role among firms with less than half a million dollars in annual receipts and fewer than 50 employees. The State of Latino Entrepreneurship report² concluded that Latino-owned businesses tend to be younger than comparable White-owned businesses. U.S. Latino-owned businesses were also innovating by tapping into cutting-edge technologies, such as AI. In fact, Latino-owned businesses were implementing AI technologies at twice the rate of White-owned businesses among employer firms with at least \$10,000 in revenue.

2 Rodriguez, Isaac (Stanford Graduate School of Business). State of Latino Entrepreneurship. 2023. <https://www.gsb.stanford.edu/sites/default/files/publication/pdfs/state-latino-entrepreneurship-2023.pdf>

U.S. LATINO EDUCATIONAL ATTAINMENT (2010-2022)

There have also been significant improvements in U.S. Latino educational attainment. Between 2010 and 2022, the percentage of U.S. Latinos holding at least a bachelor's degree increased from 8.9% to 13.6%, while those with a graduate or professional degree rose from 4.1% to 6.8%. The number of U.S. Latinos leaving High School without a diploma also declined. On a year-over-year basis, the growth rate for Latinos with bachelor's and graduate degrees in 2022 was 2.8 times and two times faster, respectively, relative to non-Latinos.

Table 5.01: Changes in Educational Attainment, 2021-2022 (25 and older, in percent)

| Education Bracket | Latino | Non-Latino |
|---|--------|------------|
| High School Graduate (Includes Equivalency) | 2.3% | -0.6% |
| Some College, No Degree | 1.3% | -0.8% |
| Associate Degree | 5.1% | 0.7% |
| Bachelor's Degree | 5.6% | 2.0% |
| Graduate or Professional Degree | 5.1% | 2.5% |

Source: U.S. Department of Commerce, Census Bureau, American Community Survey.

While the levels of educational attainment have room to improve, the pace at which U.S. Latinos are now earning bachelor's and graduate degrees is encouraging. This progress is primarily driven by younger cohorts who invest in their education at higher rates than previous generations and women who obtain advanced degrees at higher rates on average.

As new generations enter the labor market and older ones exit, a new equilibrium in educational investment is anticipated, characterized by much higher rates of advanced degree completion and significantly fewer individuals with less than a high school diploma.

SECTION II

THE U.S. LATINO ECONOMY AT A GLANCE



The U.S. Latino community significantly contributes to the economy as consumers, producers, and business leaders. This influence stretches both domestically and internationally.

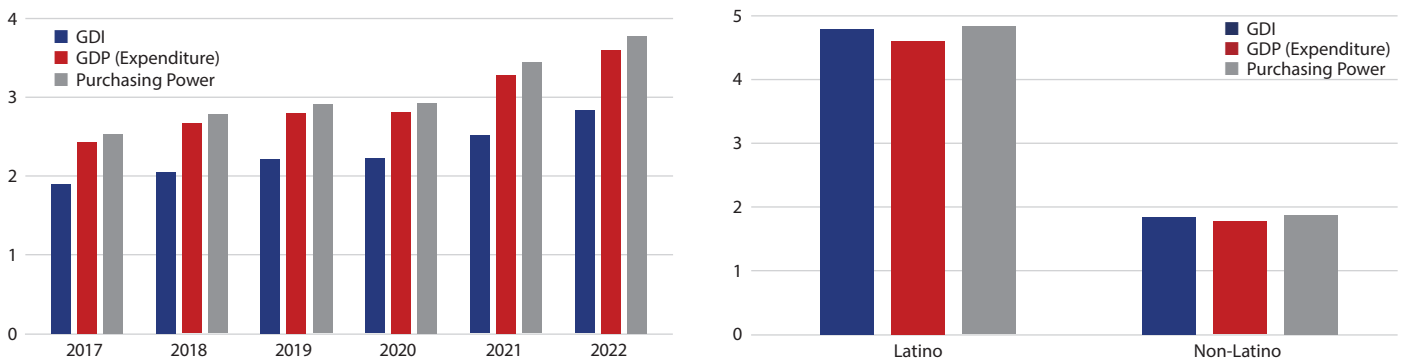
The size of U.S. Latino contributions is primarily determined by their labor force participation rate, their overall productivity and their share in the U.S. population. Increasing human capital, driven foremost by progress in educational attainment, is key in the rapid development of the U.S. Latino economy. This report will examine each of these areas.

THE U.S. LATINO ECONOMY CONTINUES TO GROW

2022 was a year of significant annual growth for the U.S. Latino economy. U.S. Latino Gross Domestic Income (GDI) increased by \$316 billion to \$2.83 trillion. U.S. Latino Gross Domestic Product (GDP), representing purchases made “by and on behalf of Latinos”, rose by \$321 billion to \$3.6 trillion.

Figure 2.01 summarizes the U.S. Latino economy between 2017 and 2022. U.S. Latino GDI grew 4.8% annually in real terms, and U.S. Latino GDP grew 4.6% annually in real terms, compared to 1.8% for either measure for the rest of the economy. U.S. Latino Purchasing Power grew 4.8% annually in real terms, compared to 1.9% among non-Latinos.

Figure 2.01: The U.S. Latino Economy at a Glance



A. Trillions of current dollars. GDI stands for “Gross Domestic Income.” Latino GDP is estimated using an expenditure approach.¹

B. Real annual growth rates. Figures correspond to percentage growth between 2017 and 2022.

Sources: U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Commerce, Census Bureau, American Community Survey; and U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey. ¹ Because of the major disruptions caused by COVID in the data collection process of the American Community Survey, we have created 2020 estimates by interpolating values from the years 2019 and 2021.

MANUFACTURING AND OTHER KEY INDUSTRY DRIVERS

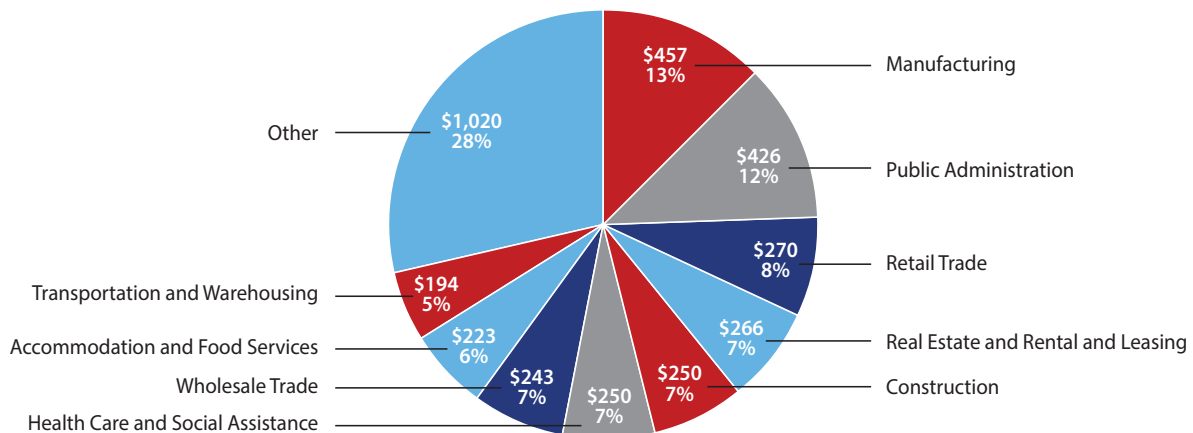
An analysis of U.S. Latino GDP by industry highlights the sectors that contributed the most economic growth.

Manufacturing was the key driver. It accounted for \$457.4 billion of U.S. Latino GDP and over 17% of total manufacturing in the United States. Five other sectors significantly contributing to U.S. Latino GDP in 2022 were: public administration (\$425.9 billion); retail trade (\$270.3 billion); real estate and rental and leasing (\$265.9 billion); construction (\$250.3 billion); and health care and social assistance (\$250.1 billion).

The sectors experiencing higher U.S. Latino growth compared to the nation in percentage terms in 2022 included manufacturing (48.4% compared to -0.8% nationally); retail trade (14.1% compared to 8.9% nationally); arts, entertainment and recreation (22.5% compared to 15.7% nationally); and other services except public administration (12.2% compared to 8.3% nationally). Note that industry sector output varies year-over-year and, thus, annual growth rates should not be used as a measure of future performance.

The U.S. Latino contribution contracted in a small number of sectors, but these predominantly occurred in industries representing less than 8% of the total U.S. Latino economy. They were also significantly offset by U.S. Latino growth in other areas.

Figure 2.02: Key Industry Sectors Driving Latino Economic Growth (2022)



Note: Figures correspond to the size of industry contributions expressed in billions of 2022 dollars and as industry shares of U.S. Latino GDP.

Sources: U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Commerce, Census Bureau, American Community Survey; and U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey.

Table 2.01: GDP by Industry Components of 2022 GDP (*billions of current dollars)

| Industry | Latino* | Percent of Latino GDP | U.S.* | Percent of U.S. GDP | Latino Share of U.S. GDP |
|--|------------------|-----------------------|-------------------|---------------------|--------------------------|
| Manufacturing | \$457.4 | 12.7% | \$2,649.7 | 10.3% | 17.26% |
| Public Administration | \$425.9 | 11.8% | \$2,936.6 | 11.4% | 14.50% |
| Retail Trade | \$270.3 | 7.5% | \$1,621.0 | 6.3% | 16.67% |
| Real Estate and Rental and Leasing | \$265.9 | 7.4% | \$3,396.9 | 13.2% | 7.83% |
| Construction | \$250.3 | 7.0% | \$1,090.1 | 4.2% | 22.96% |
| Health Care and Social Assistance | \$250.1 | 6.9% | \$1,856.4 | 7.2% | 13.47% |
| Wholesale Trade | \$243.3 | 6.8% | \$1,546.8 | 6.0% | 15.73% |
| Accommodation and Food Services | \$222.9 | 6.2% | \$810.4 | 3.1% | 27.50% |
| Transportation and Warehousing | \$194.3 | 5.4% | \$920.5 | 3.6% | 21.11% |
| Administrative and Support and Waste Management and Remediation Services | \$186.4 | 5.2% | \$820.6 | 3.2% | 22.72% |
| Professional, Scientific, and Technical Services | \$183.8 | 5.1% | \$2,013.4 | 7.8% | 9.13% |
| Finance and Insurance | \$183.2 | 5.1% | \$1,932.9 | 7.5% | 9.48% |
| Information | \$114.7 | 3.2% | \$1,392.8 | 5.4% | 8.24% |
| Other Services (Except Public Administration) | \$95.2 | 2.6% | \$544.4 | 2.1% | 17.49% |
| Management of Companies and Enterprises | \$62.4 | 1.7% | \$480.4 | 1.9% | 12.99% |
| Mining, Quarrying, and Oil and Gas Extraction | \$47.6 | 1.3% | \$457.4 | 1.8% | 10.41% |
| Utilities | \$42.8 | 1.2% | \$438.2 | 1.7% | 9.77% |
| Educational Services | \$39.9 | 1.1% | \$293.5 | 1.1% | 13.59% |
| Arts, Entertainment, and Recreation | \$34.1 | 0.9% | \$271.2 | 1.1% | 12.57% |
| Agriculture, Forestry, and Fishing and Hunting | \$29.9 | 0.8% | \$270.8 | 1.1% | 11.04% |
| TOTAL | \$3,600.4 | 100.0% | \$25,744.0 | 100.0% | |

Sources: U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Commerce, Census Bureau, American Community Survey; and U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey.

Table 2.02: Industrial Growth in 2022 (in percent)

| Industry | Latino | U.S. |
|--|---------------|-------|
| Manufacturing | 48.4% | -0.8% |
| Public Administration | -9.3% | -2.5% |
| Retail Trade | 14.1% | 8.9% |
| Real Estate and Rental and Leasing | -10.8% | 8.4% |
| Construction | 9.3% | 7.8% |
| Health Care and Social Assistance | -2.1% | -0.1% |
| Wholesale Trade | -2.2% | 0.1% |
| Accommodation and Food Services | 10.8% | 10.3% |
| Transportation and Warehousing | 4.1% | 25.0% |
| Administrative and Support and Waste Management and Remediation Services | -2.2% | 2.8% |
| Professional, Scientific, and Technical Services | 3.0% | 2.0% |
| Finance and Insurance | -2.0% | -7.8% |
| Information | -23.0% | -0.9% |
| Other Services (Except Public Administration) | 12.2% | 8.3% |
| Management of Companies and Enterprises | -8.8% | 0.1% |
| Mining, Quarrying, and Oil and Gas Extraction | 16.1% | 28.0% |
| Utilities | -0.1% | 8.2% |
| Educational Services | -2.3% | 1.7% |
| Arts, Entertainment, and Recreation | 22.5% | 15.7% |
| Agriculture, Forestry, and Fishing and Hunting | 17.8% | 22.5% |

Note: Figures denote real percent growth rates of individual components between 2021 and 2022.

Sources: U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Commerce, Census Bureau, American Community Survey; and U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey.

U.S. LATINO INCOME GROWTH

U.S. Latino compensation surpassed \$1.8 trillion in 2022, a key component of U.S. Latino GDI. It constituted 65.2% of total U.S. Latino income, compared to 53.2% nationally. Adjusting for inflation, U.S. Latinos enjoyed a 3.28% increase in real compensation in 2022, compared to a 0.36% decline for non-Latinos and an 0.12% aggregate increase. U.S. Latino GDI in 2022 also grew at a higher rate (5.19%) than non-Latino GDI (1.57%) and national GDI (1.95%).

Table 2.03: GDI Components for 2021 and 2022 (billions of nominal dollars)

| Category | 2021 | | | 2022 | | |
|--|-------------------|------------------|-------------------|-------------------|------------------|-------------------|
| | U.S. | Latino | Non-Latino | U.S. | Latino | Non-Latino |
| Compensation | \$12,556.6 | \$1,669.2 | \$10,887.4 | \$13,455.2 | \$1,845.1 | \$11,610.1 |
| Dividends, Interest, and Rent | \$4,024.3 | \$189.9 | \$3,834.3 | \$4,305.0 | \$199.6 | \$4,105.4 |
| Proprietors' Income | \$1,754.6 | \$239.1 | \$1,515.5 | \$1,790.6 | \$256.1 | \$1,534.5 |
| Gross Operating Surplus other than Proprietors' Income | \$4,069.4 | \$192.1 | \$3,877.3 | \$4,510.5 | \$209.1 | \$4,301.4 |
| Net Taxes on Production and Income | \$1,189.2 | \$224.0 | \$965.1 | \$1,682.8 | \$320.9 | \$1,361.9 |
| GROSS DOMESTIC INCOME | \$23,594.0 | \$2,514.4 | \$21,079.6 | \$25,744.1 | \$2,830.8 | \$22,913.3 |

Table 2.04: GDI (Inflation adjusted) Growth by Income Component 2021-2022 (in percent)

| Category | U.S. | Latino | Non-Latino |
|--|--------------|---------------|--------------|
| Compensation | 0.12% | 3.28% | -0.36% |
| Dividends, Interest, and Rent | -0.05% | -1.82% | 0.04% |
| Proprietors' Income | -4.64% | 0.07% | -5.39% |
| Gross Operating Surplus other than Proprietors' Income | 3.57% | 1.73% | 3.66% |
| Net Taxes on Production and Income | 32.22% | 33.81% | 31.85% |
| GROSS DOMESTIC INCOME | 1.95% | 5.19% | 1.57% |

Note: Figures denote real annualized percent growth rates of individual components between 2021 and 2022.

Sources: U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Commerce, Census Bureau, American Community Survey; and U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey.

U.S. LATINO CONSUMPTION

U.S. Latinos purchased \$2.25 trillion of final goods and services in 2022. This represented 2.72% real growth for U.S. Latinos compared to 1.99% real growth nationwide. U.S. Latino imports (the share of goods produced abroad purchased by U.S. Latino consumers) increased by 9.51% to \$509 billion. Non-residential U.S. Latino investment (4.95%) and exports (13.23%) also grew at faster rates than the nation as a whole or for non-Latinos. The contraction in U.S. Latino residential investment (2.06%) was lower than the rates for the nation as a whole (3.23%) or non-Latinos (3.50%).

Table 2.05: GDP by Aggregate Expenditures Component 2021-2022 (billions of nominal dollars)

| Category | 2021 | | | 2022 | | |
|-----------------------------------|------------|------------------|------------|------------|------------------|------------|
| | U.S. | Latino | Non-Latino | U.S. | Latino | Non-Latino |
| Consumption | \$16,043.0 | \$2,045.9 | \$13,997.1 | \$17,511.7 | \$2,249.2 | \$15,262.5 |
| Government Expenditure | \$4,193.1 | \$790.0 | \$3,403.1 | \$4,446.8 | \$847.9 | \$3,598.9 |
| Imports | \$3,408.3 | \$434.7 | \$2,973.6 | \$3,966.2 | \$509.4 | \$3,456.8 |
| Non-residential Investment | \$3,078.4 | \$392.6 | \$2,685.8 | \$3,433.0 | \$440.9 | \$2,992.1 |
| Exports | \$2,550.0 | \$271.8 | \$2,278.2 | \$2,995.0 | \$329.3 | \$2,665.7 |
| Residential Investment | \$1,126.2 | \$212.2 | \$914.0 | \$1,166.4 | \$222.4 | \$944.0 |
| Inventory Adjustments | \$11.7 | \$1.5 | \$10.2 | \$157.3 | \$20.2 | \$137.1 |

Sources: U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Commerce, Census Bureau, American Community Survey; and U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey.

Table 2.06: Inflation Adjusted Change in GDP Expenditures Component 2021-2022 (in percent)

| Category | U.S. | Latino | Non-Latino |
|----------------------------|----------|-----------------|------------|
| Consumption | 1.99% | 2.72% | 1.88% |
| Government Expenditure | -0.91% | 0.28% | -1.19% |
| Imports | 8.73% | 9.51% | 8.62% |
| Non-residential Investment | 4.20% | 4.95% | 4.09% |
| Exports | 9.74% | 13.23% | 9.33% |
| Residential Investment | -3.23% | -2.06% | -3.50% |
| Inventory Adjustments | 1156.21% | 1165.20% | 1154.90% |

Note: Figures correspond to real percent changes from 2021 to 2022. Latino shares represent expenditures “by and on behalf of Latinos.”

Sources: U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Commerce, Census Bureau, American Community Survey; and U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey.

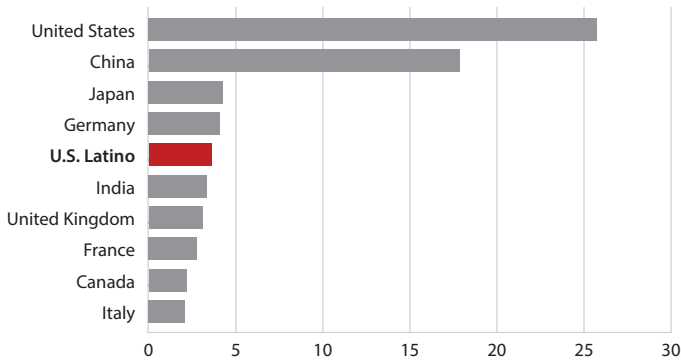
THE FIFTH-LARGEST GLOBAL ECONOMY

U.S. Latino GDP was \$3.6 trillion in 2022. Considered as a separate country, this would make U.S. Latino GDP the fifth largest global economy, behind the U.S. (\$25.74 trillion), China (\$17.85 trillion), Japan (\$4.25 trillion), and Germany (\$4.09 trillion). Between 2017 and 2022, U.S. Latino GDP was the second fastest-growing economy globally, with a 4.6% real annualized growth rate, trailing China (5.3%). This rapid growth is expected to continue, outperforming other major economies. Based on IMF forecasts of national GDP (including the U.S. economy) and Seidman estimates of the future share of U.S. Latino GDP³, the U.S. Latino economy is projected to surpass Japan’s GDP in 2024 and Germany’s in 2027. By 2029, Seidman expects the U.S. Latino economy to rank as the fourth largest worldwide at \$5.7 trillion.⁴

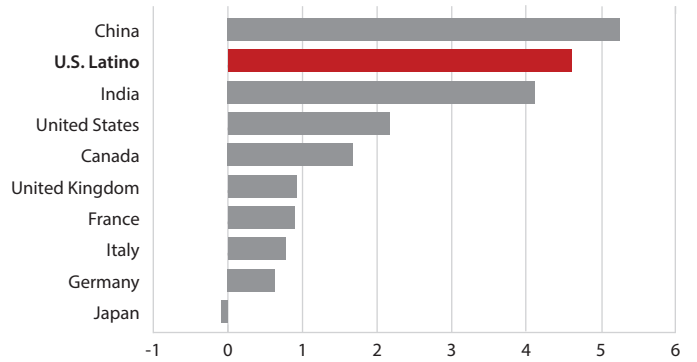
³ Seidman estimates that the Latino share of GDP will reach 16.5% by 2029, from 14.1% in 2022.

⁴ The Russian Federation has been omitted from this analysis due to concerns about the accuracy of its national accounts. The IMF estimates Russian GDP at \$2.7 trillion, placing it as the ninth largest economy.

Figure 2.03: The Latino GDP in the World Stage



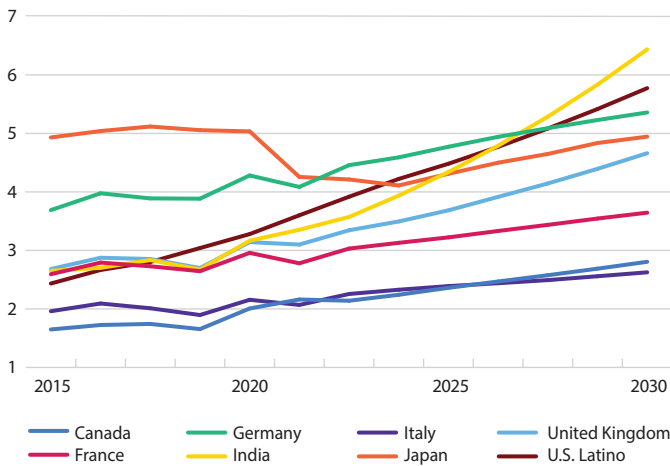
A. The world's leading economies in 2022 compared to the U.S. Latino GDP as estimated from expenditures made "by and on behalf" of members of this demographic. Figure corresponds to trillions of current U.S. dollars.



B. Real, annualized percent GDP growth among the world's leading economies between 2017 and 2022 compared to the growth in the U.S. Latino GDP as measured from expenditures made "by and on behalf" of members of this demographic. Figure corresponds to chained growth rates.

Sources: World Bank; U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Commerce, Census Bureau, American Community Survey; and U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey.

Figure 2.04: Growth Trajectories of Major World Economies (trillions of current dollars)



Forecasted gross domestic product growth for eight major economies. The U.S. and China are excluded for ease of interpretation.

Sources: World Bank; U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Commerce, Census Bureau, American Community Survey; U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey; and International Monetary Fund.

Estimates of future U.S. Latino GDP are based on recent trends. No adjustments have been made to the pace of immigration laws or enforcement policies. They also do not reflect recent CBO estimates of an estimated immigration-induced nominal U.S. GDP surge of \$8.9 trillion over the next decade due to the recent influx of asylum seekers. These factors suggest that the recent trends may actually understate future growth.

SECTION III

THE U.S. LATINO LABOR FORCE

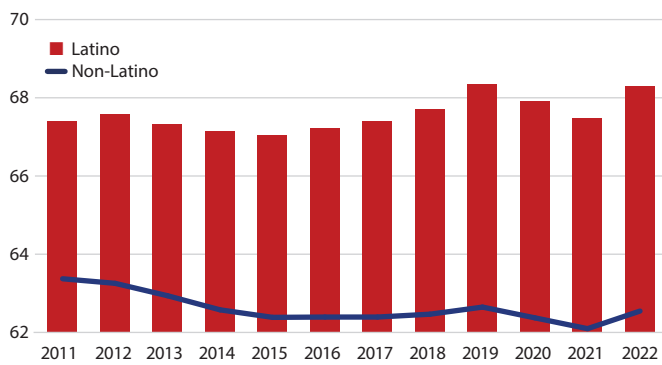


One factor underpinning the significant contribution U.S. Latinos make to the economy is their high labor force participation.⁵ In fact, U.S. Latinos consistently contribute a higher labor force participation rate than non-Latinos. In 2022, over 68% of U.S. Latinos participated in the U.S. labor force, compared to 62% of non-Latinos.

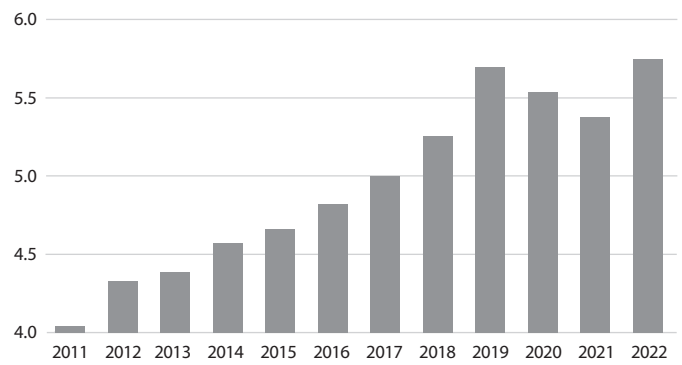
U.S. LATINO LABOR FORCE PARTICIPATION

Figure 3.01 shows the upward trajectory for U.S. Latinos labor force participation. This contrasts sharply with the decline in labor force participation among non-Latinos. While both cohorts experienced a decline during the COVID-19 global pandemic, the rate of decline among non-Latinos was greater. In 2022, the labor force participation rates for both the Latino and non-Latino cohorts recovered to their 2019 levels. However, the Latino labor force participation rate was nearly six percentage points higher.

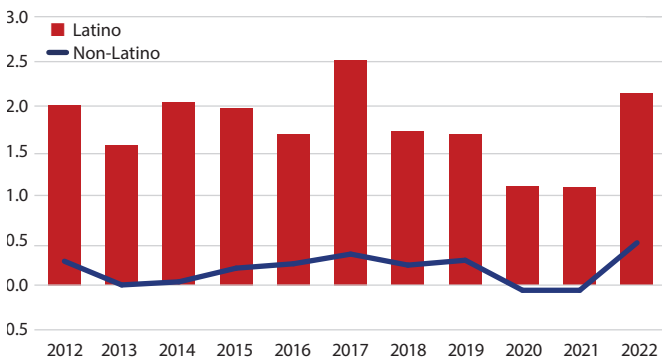
Figure 3.01: Labor Force Participation



A. Labor force participation among those 16 years and older, as percentage of the total respective population.



B. Labor force participation premium, which is defined as the difference in labor force participation rate between U.S. Latinos and non-Latinos.



C. Percentage annual growth in labor force participation among those 16 years and older.

Source: U.S. Department of Commerce, Census Bureau, American Community Survey.

⁵ Labor force participation rate refers to the number of people who are either working or actively seeking work as a share of the working-age population.

U.S. LATINO DEMOGRAPHICS AND LABOR FORCE PARTICIPATION

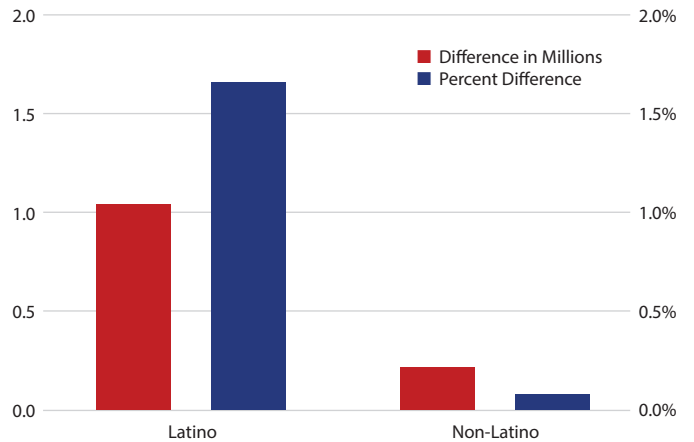
Population growth coupled with high workforce participation rates are key for the significant contribution U.S. Latinos make to the national economy.

The population growth rate among U.S. Latinos in 2022 was 4.8 times higher than that of non-Latinos (Figure 3.02). Relatively young, the U.S. Latino population is also uniformly growing faster than the non-Latino population.

Figure 3.03 shows the population change for the U.S. Latino and non-Latino working-age cohorts, defined as individuals between the ages of 16 and 64.

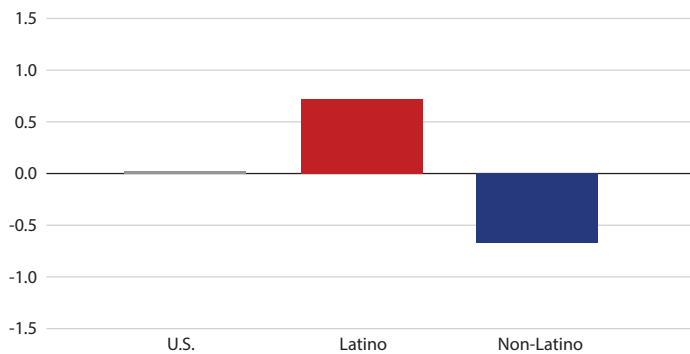
In 2022, the population of working U.S. Latinos grew by about 725,000 while the number of working-age non-Latinos fell by 673,000. This was the result of two significant factors. The first was the large number of individuals in the baby boomer generation who reached age 65 in 2022, exiting the working-age cohort. The second factor was the declining birth rate of non-Latinos. Overall, the total working-age population in the United States grew only slightly. However, it would have fallen significantly without the large influx of young U.S. Latinos.

Figure 3.02: Comparing Latino and Non-Latino Population Growth (2021-2022)



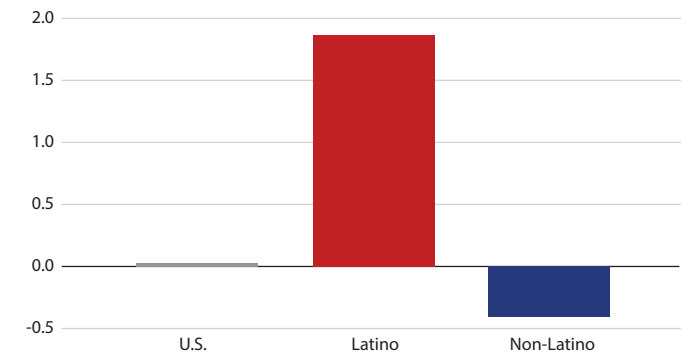
Source: U.S. Department of Commerce, Census Bureau, American Community Survey.

Figure 3.03: Working Age Population Changes



A. Numeric growth in working-age population (2021-2022, millions).

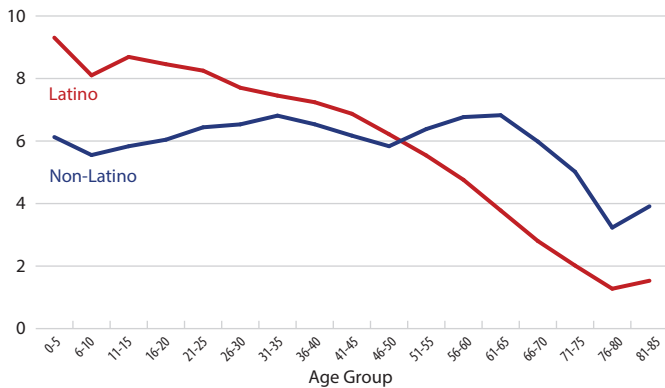
Source: U.S. Department of Commerce, Census Bureau, American Community Survey.



B. Percentage growth in working-age population (2021-2022).

A stagnating working-age population will be a challenge to the U.S. labor force for the foreseeable future due primarily to aging and the plummeting fertility rates of non-Latinos. However, this will be partly offset by the increasing number of U.S. Latinos expected to join the pool of potential workers, who tend to be significantly younger than their non-Latino counterparts, as shown in Figure 3.04.

Figure 3.04: Age Composition of Latinos and Non-Latinos

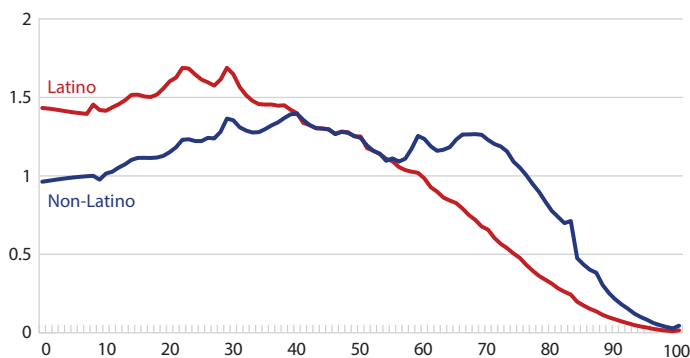


Population distribution. Figures correspond to the share of the total population in each age group in 2022 and add up to 100%.

Source: U.S. Department of Commerce, Census Bureau, Population Estimates.

Figure 3.05 compares the projected age distribution for U.S. Latinos and non-Latinos in 2030. It suggests that the U.S. Latino population will continue to be dominated by youths and young adults, with more than twice as many 20-year-olds as 70-year-olds. In contrast, among non-Latinos in the U.S., there will be as many 70-year-olds as 20-year-olds.

Figure 3.05: Age Distribution (in percent)



Baseline scenario.

Comparative age distribution of Latinos and Non-Latinos under a baseline scenario in 2030. Two additional scenarios were considered to assess the sensitivity of our estimates to changes in the volume of international migration. The U.S. Census Bureau created a high scenario by increasing the baseline estimates of foreign-born by 50%. Low-scenario estimates are constructed by taking and subtracting the log values of the high and low scenarios, subsequently subtracting this difference from the log baseline value, and finally reversing the log transformation. The “high” and “low” scenarios are omitted as they are virtually identical to the baseline density function.

Source: U.S. Department of Commerce, Census Bureau, 2023 National Population Projections.

The long-term demographics of the U.S. suggest that the non-Latino population will likely fall or remain static over time as non-Latino births decline and deaths accelerate. However, the U.S. Latino cohort has the momentum to offset this trend.

SECTION IV

U.S. LATINO
ENTREPRENEURSHIP AND
BUSINESS CREATION



U.S. Latino business owners play a crucial role in firm creation, job generation, and wealth creation, particularly in smaller firms and specific industries. Positive trends in employment, payroll, and revenue generation highlight the growing influence of U.S. Latino-owned businesses in the United States economy. This occurs despite members of this cohort being significantly younger on average, which likely limits their ability to amass capital to fund businesses (refer to Section III and figure 3.04).

The latest U.S. Census data available on business ownership is for 2021. The U.S. Census distinguishes two types of businesses. These are employer businesses who have one or more employees in addition to the owner, and nonemployer businesses who are one-person (owner) firms with no additional employees.

In 2021, 5.1 million of all 34.4 million employer and nonemployer businesses in the nation were U.S. Latino-owned.

These U.S. Latino-owned businesses (LOBs) generated \$766.8 billion in receipts, over 70% of which was generated by U.S. Latino-owned employer businesses.⁶

The State of Latino Entrepreneurship report⁷ reports that LOBs tend to be younger than comparable White-owned businesses (WOBs). LOBs have also innovated by tapping into cutting-edge technologies, such as AI. In fact, LOBs were implementing AI technologies at twice the rate of WOBs among employer firms with at least \$10,000 in revenue according to this report.

Historical data from the Annual Business Survey (ABS) for 2018 to 2021 provides additional detail on U.S. Latino-owned employer businesses (LOEBs), which is the primary focus of this section. 2017 was excluded due to data inconsistencies. Firms with at least 50% Latino ownership are described as “U.S. Latino-owned”. A firm is defined as a company with one or more domestic establishments.

U.S. LATINOS ARE BUSINESS OWNERS

The four largest industries by number of employees for all Latino and non-Latino-owned businesses in the U.S. in 2021 were:

- Accommodation and food services: 500,000 firms
- Health care and social assistance: 600,000 firms
- Administrative and Other Services: 350,000 firms
- Construction: 700,000 firms

To what extent are U.S. Latinos owners of firms in these four industries?

In 2021, approximately 10% of these accommodation and food services firms were LOEBs. They accounted for almost 8% of all people employed within the industry, and 10% of total payroll expenses.

Almost 6% of health care and social assistance firms in 2021 were LOEBs. They accounted for more than 5% of all people employed within the industry, and approximately 6% of total payroll expenses.

Up to 12% of administrative and other services firms in 2021 were LOEBs. They accounted for more than 7% of all people employed within the industry, and 12% of total payroll expenses.

U.S. Latinos also owned 12.2% of U.S. construction firms in 2021. They accounted for more than 7% of all people employed within the industry, and 10% of total payroll expenses.

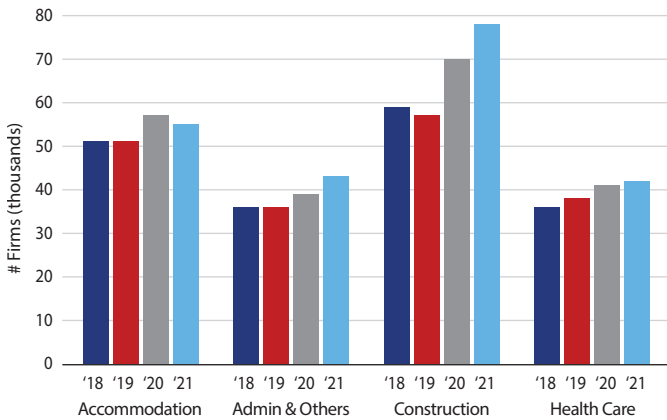
⁶ A detailed analysis of the Census Bureau’s recently released nonemployer businesses data for 2021 will be posted in the online database.

⁷ Rodriguez, Isaac (Stanford Graduate School of Business). State of Latino Entrepreneurship. 2023.
<https://www.gsb.stanford.edu/sites/default/files/publication/pdfs/state-latino-entrepreneurship-2023.pdf>

Figure 4.01 shows the number of LOEBs in each of the four industries, 2018 to 2021. U.S. Latino-owned employer businesses were most commonly found in the construction industry. Positive upward trajectories were also apparent for LOEBs in both administrative and other services, and health care and social assistance.

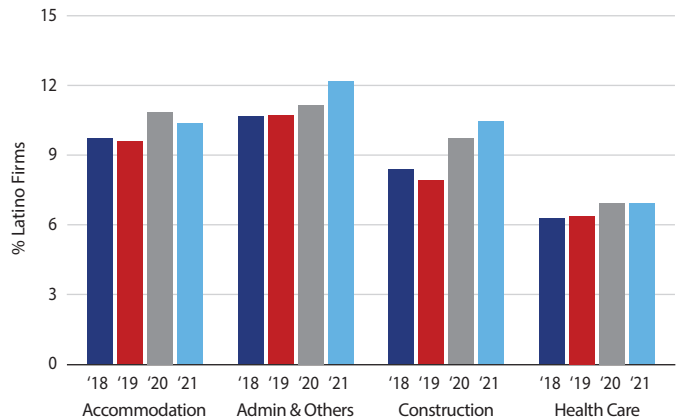
Figure 4.02 summarizes the percent of LOEBs in each of the four industries, 2018-2021. U.S. Latinos currently enjoy the greatest percent share ownership of firms in the administrative and other services industry.

Figure 4.01: Number of U.S. Latino-Owned Employer Businesses by Industry (2018-2021)



Source: U.S. Department of Commerce, Census Bureau, Annual Business Survey.

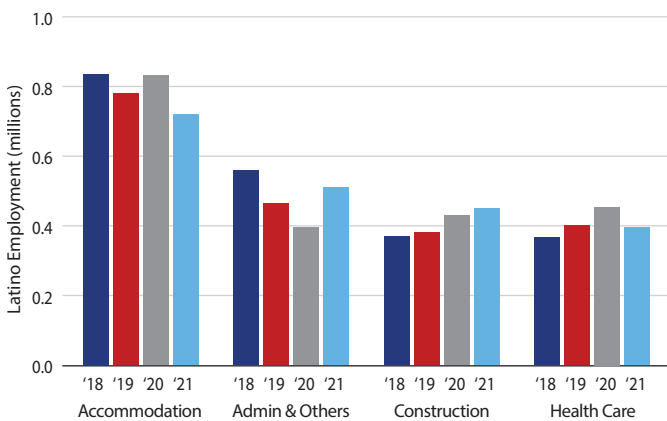
Figure 4.02: Share of Latino-Owned Employer Businesses among the Four Largest Industries (2018-2021)



Source: U.S. Department of Commerce, Census Bureau, Annual Business Survey.

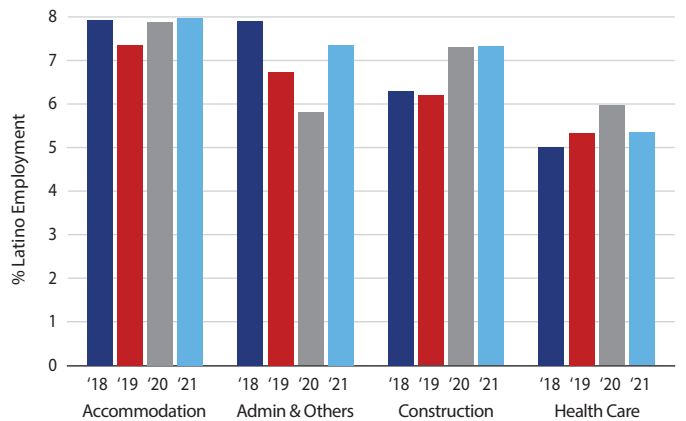
Figures 4.03 and 4.04 summarize the total employment in LOEBs, and their percent share of total employment within each industry. U.S. Latino-owned accommodation and food services businesses offered the most employment among the four examined industries. However, expressed as a percentage share of total employment within each industry, U.S. Latino-owned businesses enjoyed a 7% to 8% share in three of the industries examined in 2021. The one exception was health care and social assistance, where LOEBs accounted for 5% of total employment within the industry in 2021.

Figure 4.03: Total Employment in U.S. Latino-Owned Employer Businesses by Industry (2018-2021)



Source: U.S. Department of Commerce, Census Bureau, Annual Business Survey.

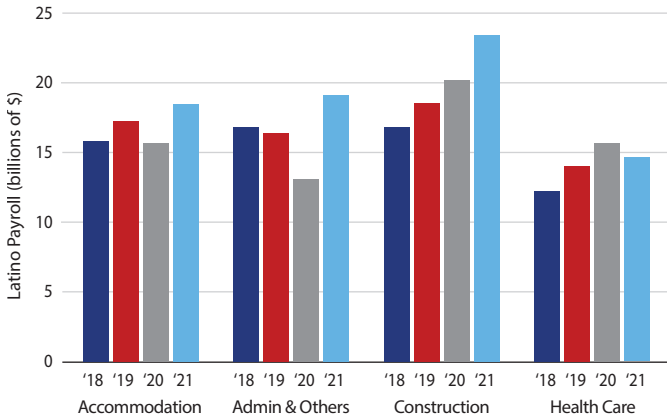
Figure 4.04: Percent Share of Industry Employment Attributed to U.S. Latino-Owned Businesses (2018-2021)



Source: U.S. Department of Commerce, Census Bureau, Annual Business Survey.

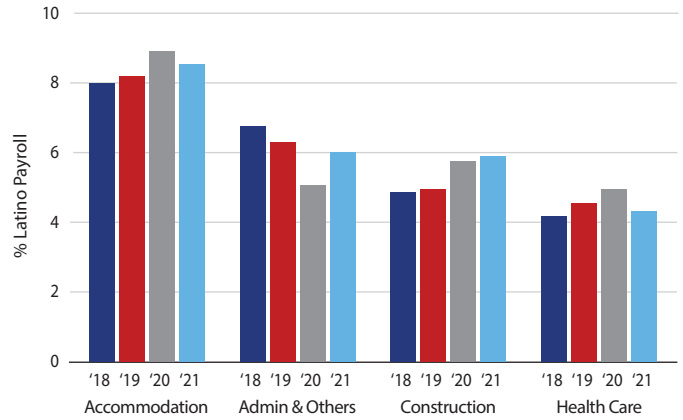
Figures 4.05 and 4.06 focus on the payrolls of LOEBs in the nation's four largest industries for employment. The payroll (in dollars) was highest for U.S. Latino-owned constructions firms. The total percentage share of industry payroll attributed to LOEBs was higher, though, within accommodation and food services.

Figure 4.05: Total Payroll of U.S. Latino-Owned Employer Businesses by Industry (2018-2021)



Source: U.S. Department of Commerce, Census Bureau, Annual Business Survey.

Figure 4.06: Percent Share of Industry Payroll Attributed to U.S. Latino-Owned Businesses (2018-2021)



Source: U.S. Department of Commerce, Census Bureau, Annual Business Survey.

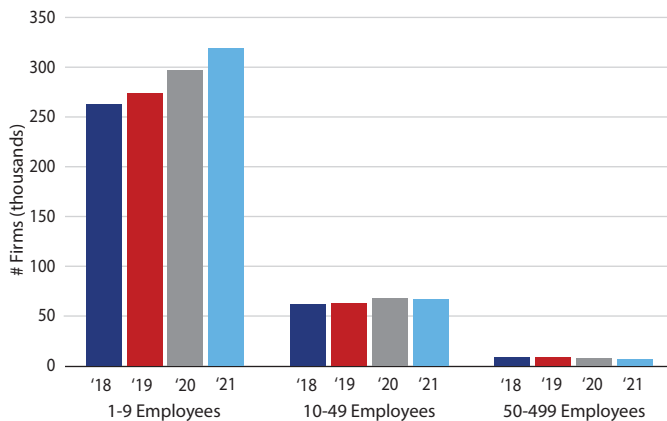
U.S. LATINO-OWNED FIRM SIZES, PAYROLL AND REVENUES

Figures 4.07 to 4.13 offer further insights on U.S. Latino Entrepreneurship by number of employees using ABS data for 2018 through 2021. Three categories of firm size are examined. These are 1-9 employees, 10-49 employees, and 50-499 employees.

Figure 4.07 suggests that U.S. Latino-owned firms predominantly hired 1-9 employees between 2018 and 2021.

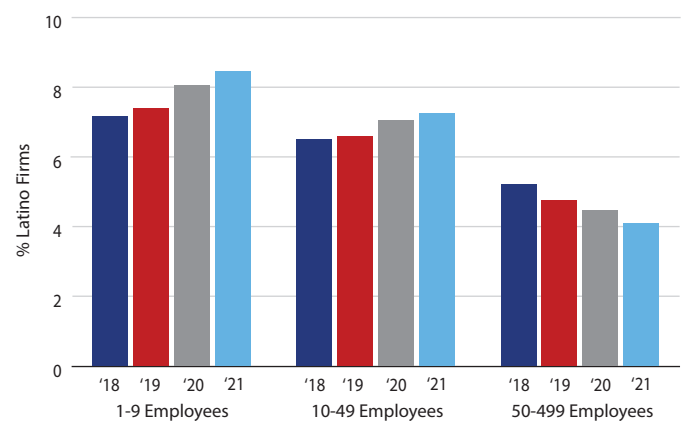
Figure 4.08 shows that the shares of U.S. Latino firms hiring 1-9 or 10-49 employees per year grew steadily over the same four-year time horizon.

Figure 4.07: U.S. Latino-Owned Employers by Firm Size (2018-2021)



Source: U.S. Department of Commerce, Census Bureau, Annual Business Survey.

Figure 4.08: Percent Share of Firm Size Attributed to U.S. Latino-Owned Employers (2018-2021)

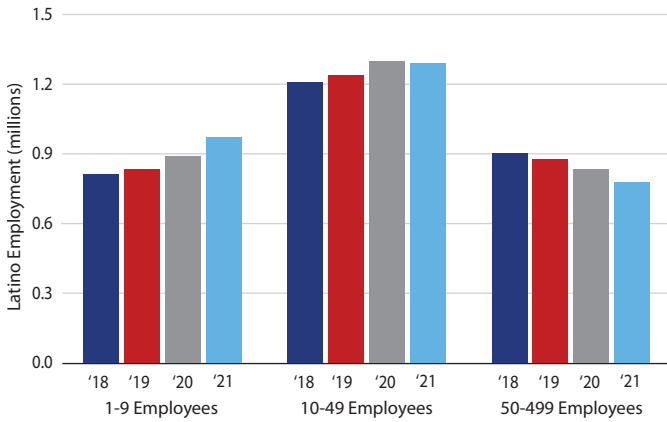


Source: U.S. Department of Commerce, Census Bureau, Annual Business Survey.

Figure 4.09 shows year-on-year employment among U.S. Latino firms hiring 1-9 or 10-49 employees, 2018 through 2021.

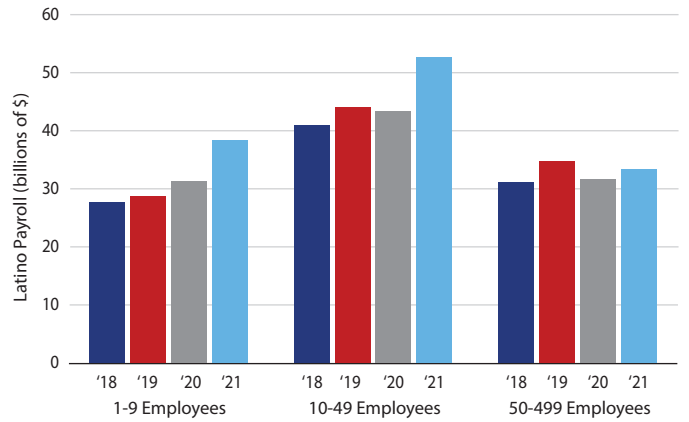
Figure 4.10 shows year-on-year payroll among U.S. Latino firms hiring 1-9 employees per year. The payroll among U.S. Latino firms hiring 10-49 employees was also significantly higher in 2021 than in 2018.

Figure 4.09: Firm Size for U.S. Latino-Owned Employers (2018-2021)



Source: U.S. Department of Commerce, Census Bureau, Annual Business Survey.

Figure 4.10: Payroll by Firm Size for U.S. Latino-Owned Employers (2018-2021)

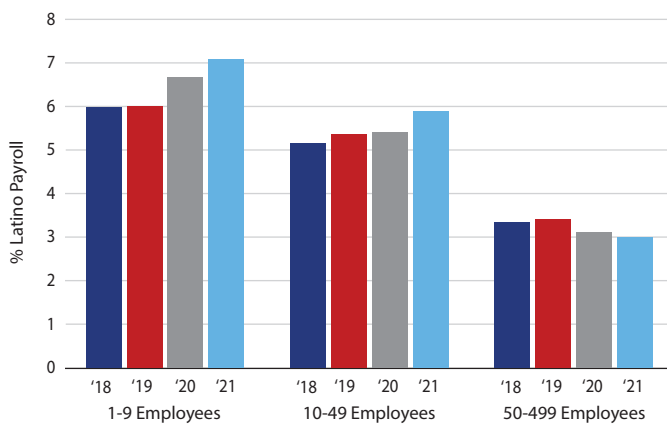


Source: U.S. Department of Commerce, Census Bureau, Annual Business Survey.

Figure 4.11 shows that the percent shares of total payroll attributed to U.S. Latino employer firms increased among all firms with 1-9 employees or 10-49 employees during the four-year time horizon.

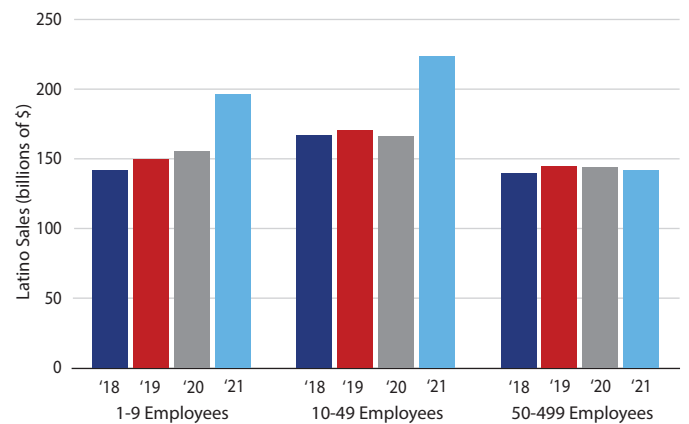
Figure 4.12 summarizes the sales, value of shipments or total revenue for LOEBs for the three categories of firm size. The total values, expressed in billions of dollars, are significantly higher in 2021 for LOEBs with 1-9 or 10-49 employees, compared to the situation in 2018.

Figure 4.11: Percent Share of Total Payroll by Firm Size for U.S. Latino-Owned Employers (2018-2021)



Source: U.S. Department of Commerce, Census Bureau, Annual Business Survey.

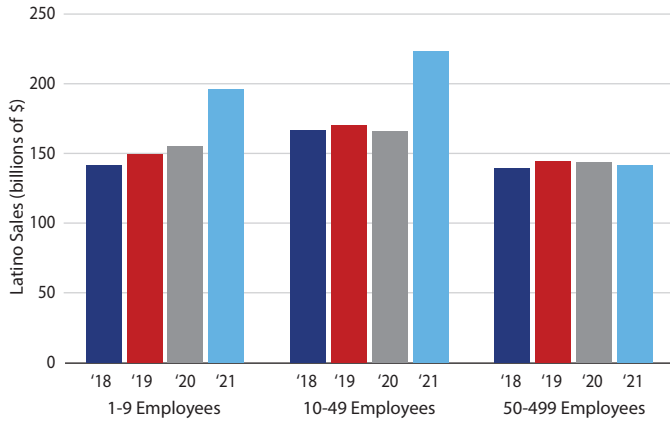
Figure 4.12: Sales, Value of Shipments or Revenue by Firm Size for U.S. Latino-Owned Employers (2018-2021)



Source: U.S. Department of Commerce, Census Bureau, Annual Business Survey.

Figure 4.13 shows that the percent shares of total revenue generation attributed to U.S. Latino employer firms with 1-9 employees or 10-49 employees were also higher in 2021 than in 2018.

Figure 4.13: Percent Share of Total Revenue by Firm Size for U.S. Latino-Owned Employers (2018-2021)



Source: U.S. Department of Commerce, Census Bureau, Annual Business Survey.

U.S. LATINO-OWNED NON-EMPLOYER FIRMS

Approximately half of all U.S. Latino-owned nonemployer businesses in 2021 were in the following three industries:

- Transportation and warehousing, representing 18.5% of Latino-owned nonemployer businesses.
- Construction, representing 16.0% of Latino-owned nonemployer businesses.
- Administrative and support services, representing 15.0% of Hispanic-owned nonemployer businesses.

SECTION V

U.S. LATINO
EDUCATIONAL ATTAINMENT
AND HUMAN CAPITAL



As the U.S. Latino economy matures, human capital accumulation will become increasingly important to sustain growth. Emerging and disruptive technologies will require new skill sets that can be acquired through practical training and education. This section examines the state of educational attainment among U.S. Latinos, current trends, and the impact of factors such as age, race, and ethnicity.

U.S. LATINO EDUCATIONAL ATTAINMENT IN 2022

U.S. Latino educational attainment is on the rise – a key factor in the continued growth of the U.S. Latino economy. In 2022, U.S. Latino educational attainment improved at a faster rate relative to the rest of the population at every level, according to data from the Census (Table 5.01).

Year-over-year, the number of U.S. Latinos with high school qualifications increased by 2.3% in 2022.

The number of U.S. Latinos with an associate degree increased by 5.1% in 2022, and there were 5.6% more U.S. Latinos with a bachelor’s degree.

Table 5.01: Changes in Educational Attainment, 2021-2022 (25 and older, in percent)

| Education Bracket | Latino | Non-Latino |
|---|--------|------------|
| High School Graduate (Includes Equivalency) | 2.3% | -0.6% |
| Some College, No Degree | 1.3% | -0.8% |
| Associate Degree | 5.1% | 0.7% |
| Bachelor’s Degree | 5.6% | 2.0% |
| Graduate or Professional Degree | 5.1% | 2.5% |

Source: U.S. Department of Commerce, Census Bureau, American Community Survey.

Importantly, 2022 was not an anomaly. Between 2010 and 2022, the share of U.S. Latinos with bachelor’s degrees rose from 8.9% to 13.6%. The share of U.S. Latinos with graduate degrees also increased from 4.1% to 6.8%.

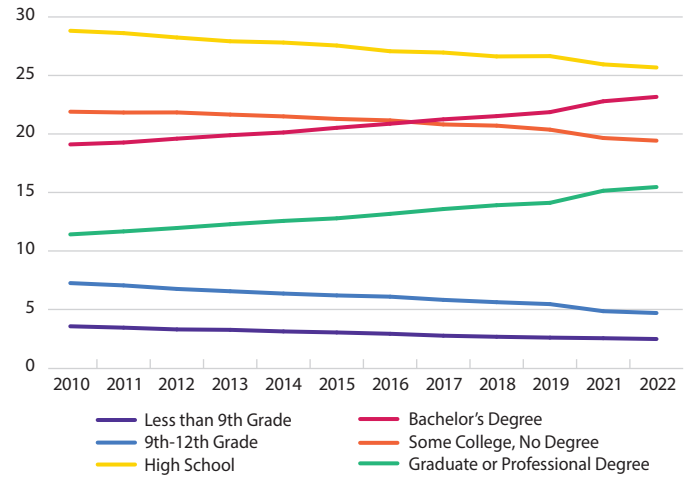
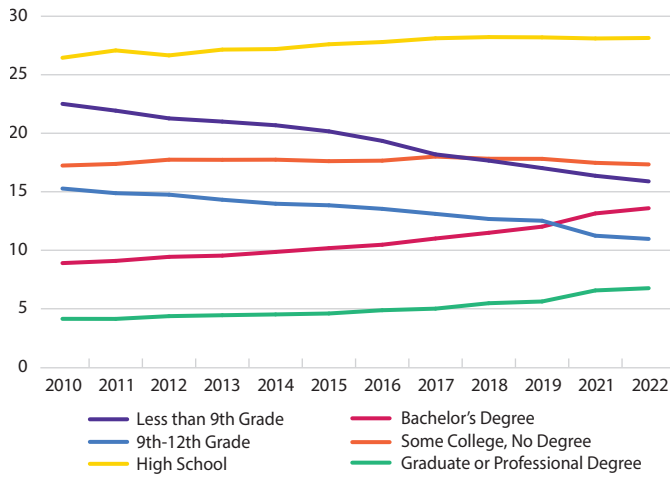
The number of U.S. Hispanics in the adult population with a bachelor’s degree increased by 37.8% over the last five years.

Additionally, the share of U.S. Latinos with less than a 9th-grade education decreased from 22.5% to 15.9%, and those with less than a high school education declined from 15.3% to 11% over the same period.

These improvements are encouraging, yet there is still significant opportunity for growth.

Figure 5.01 visually presents the changes described above in educational attainment among U.S. Latinos ages 25 and older, 2010 through 2022.

Figure 5.01: Educational Attainment among U.S. Latinos Ages 25 and Older



Latinos

Non-Latinos

Note: Figures correspond to the percentage of individuals 25 years and older by highest educational attainment level.

Sources: U.S. Department of Commerce, Census Bureau, American Community Survey.

IMPACT OF AGE AND GENDER ON U.S. LATINO EDUCATIONAL ATTAINMENT

Figure 5.02 breaks down the observed changes in educational attainment by U.S. Latino age cohorts. Fewer U.S. Latinos are now classified as “without a high school degree.” Younger U.S. Latino cohorts are also obtaining high school diplomas or equivalents at much higher rates.

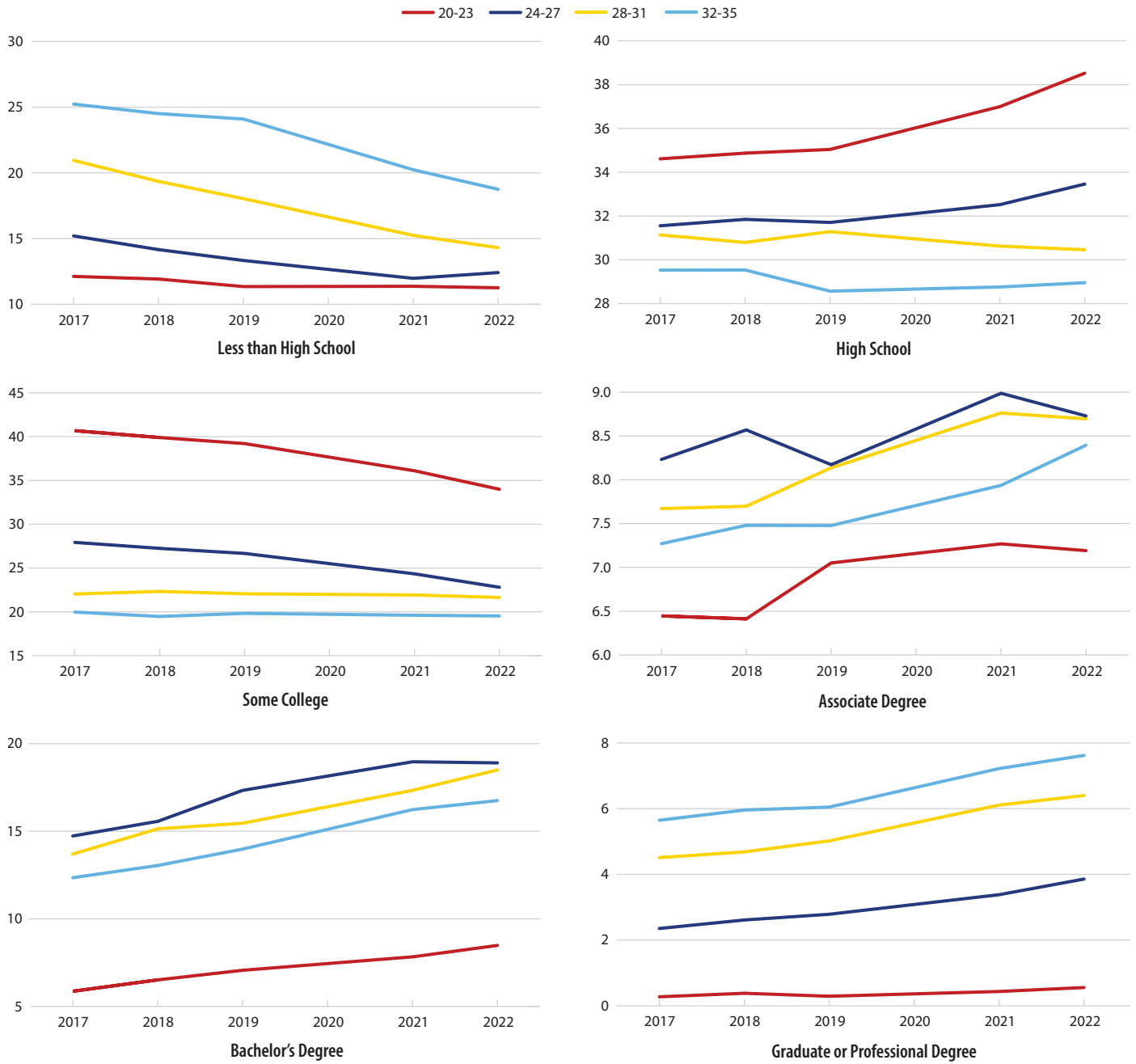
Older generations have had more time to finish college into their adult years and pursue graduate degrees. This is reflected in the upward trend in graduate degree completion over time and significant differences across age cohorts, with older cohorts more likely to obtain these degrees. As a result, there are fewer 32-35-year-old U.S. Latinos in percentage terms with only a bachelor’s or associate degree compared to 24-27 and 28-31-year-olds. Encouragingly, the percentage of U.S. Hispanics exhibited higher rates of higher education completion and lower rates of high school as a terminal degree compared to the average among Latinos.

These trends show that each new generation is achieving higher levels of education, and that people are also gaining more skills and knowledge as they progress through their careers. As the U.S. Latino population ages, higher human capital accumulation is expected, supporting continued economic growth.

CONCLUSIONS

The evidence suggests that the educational attainment of U.S. Latinos will continue its upward trajectory. There has been a significant decline in the percentage of U.S. Latinos entering the workforce with less than a high school education, and sustained growth in advanced degree attainment among this demographic. Ongoing progress in educational attainment will contribute to the sustained growth of the U.S. Latino economy.

Figure 5.02: Trends in Educational Attainment among Latino Age Cohorts (in percent)



Source: U.S. Department of Commerce, Census Bureau, American Community Survey 5-year PUMS.

SECTION VI

U.S. LATINO HOMEOWNERSHIP AND EARNINGS



The significant contribution U.S. Latinos continue to make to the U.S. economy is corroborated by an increase in their rate of homeownership, and by the fact that more U.S. Latinos are becoming high earners.

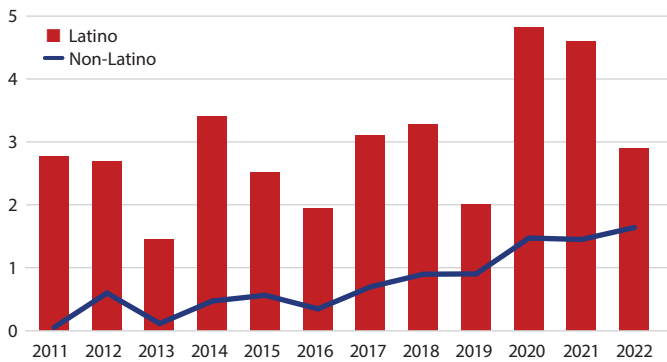
U.S. LATINO HOUSEHOLD FORMATION AND HOMEOWNERSHIP

The share of U.S. Latino households has significantly increased since 2010.

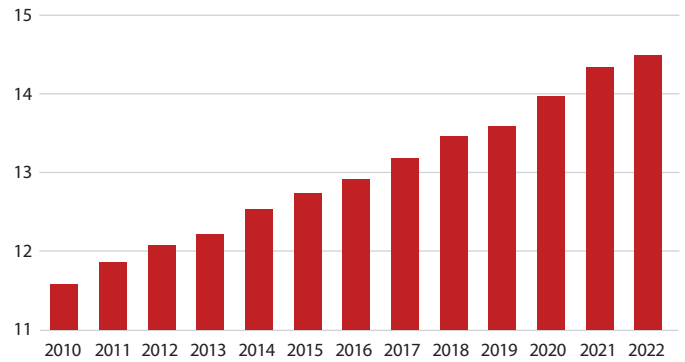
Figure 6.01 depicts trends in household formation that reflect the increasingly central role of the U.S. Latino community. Growth in U.S. Latino household formation is outperforming that of the rest of the population by one to three percentage points per year.

The pace of U.S. Latino homeownership is strong, as displayed by Figure 6.02. The growth in homeownership among U.S. Latinos has outpaced non-Latinos by 2-5 percentage points over the past 12 years. As a result, U.S. Latino homeownership has grown from about 47% in 2010 to 51% in 2022, while non-Latino homeownership rates have fallen slightly over the same period to around 65%. Changing demographics will, in all probability, result in more U.S. Latinos becoming homeowners in the future.

Figure 6.01: U.S. Latino Households



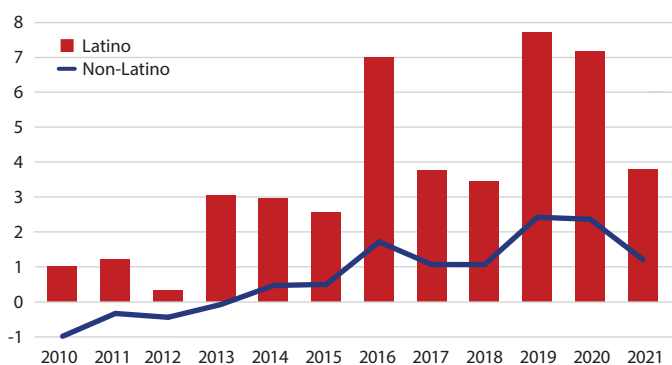
A. Percentage annual growth in number of households by Latino origin.



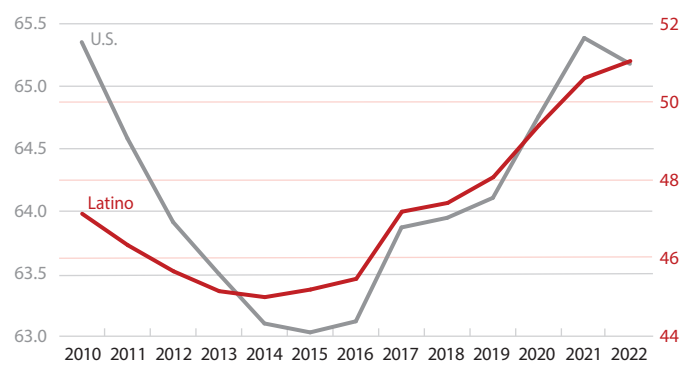
B. Percentage share of households identifying as Latino.

Source: U.S. Department of Commerce, Census Bureau, American Community Survey.

Figure 6.02: U.S. Latino Homeownership



A. Annual growth rate in homeownership.



B. Percentage of the population who owns a home.

Source: U.S. Department of Commerce, Census Bureau, U.S. Census, American Community Survey.

MORE U.S. LATINOS ARE BECOMING HIGH-INCOME EARNERS

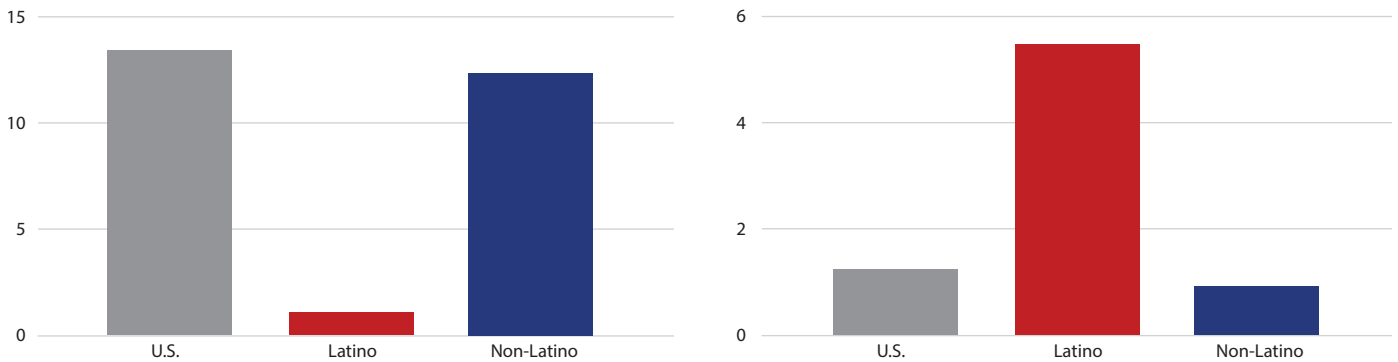
Between 2017 and 2022, the growth of U.S. Latino high-income earners outpaced that of non-Latinos by a factor of six.

High-income earners are individuals with incomes in the 95th percentile and above.

There were approximately 12 times more non-Latino high-income earners than U.S. Latino high-income earners in 2022. However, the rate of growth among the U.S. Latino high economy cohort is much bigger, as shown in panel B of Figure 6.03. The growth rate for the U.S. Latino cohort significantly outstripped their non-Latino counterparts. At current rates, over 39% of new high-income earners will be U.S. Latino through the next decade.

Seidman also expects the upward economic mobility of U.S. Latinos to be sustained in part through higher levels of educational attainment and the acquisition of skills which will open the door to higher earnings.

Figure 6.03: High Earners



A. High earners in millions.

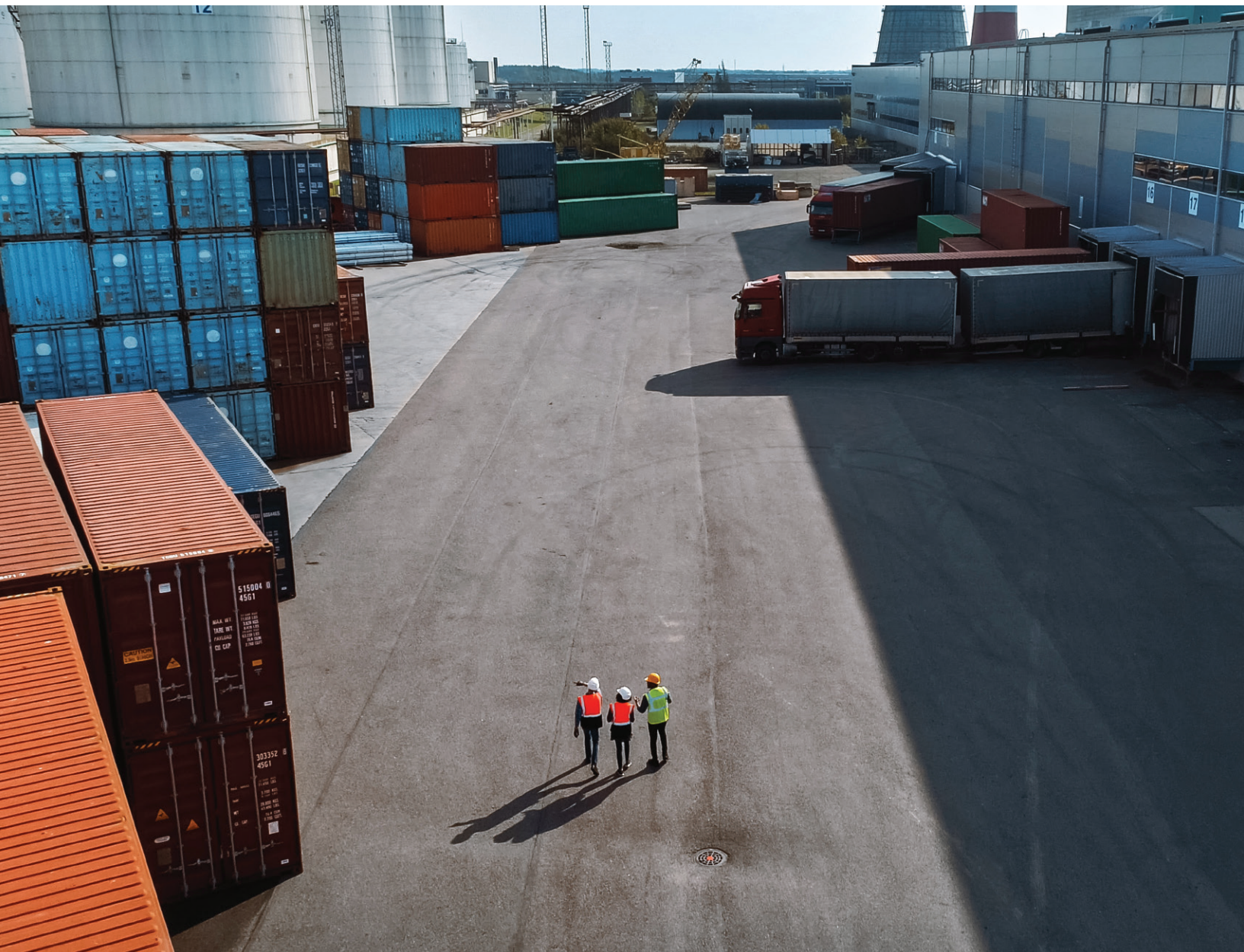
B. Annualized growth rate between 2017 and 2022 in the number of high earners.

“High earner” is defined as an individual who reports wage and salary income in the 95th or higher percentile.

Source: U.S. Department of Commerce, Census Bureau, American Community Survey.

SECTION VII

U.S. LATINO CONTRIBUTIONS TO STATE ECONOMIES



If the U.S. Latino economy was a standalone country, it would be the fifth largest economy in the world at \$3.6 trillion GDP in 2022. This trend is also reflected at the state-level, with U.S. Latinos contributing \$2.8 trillion in GDP in the 10 largest U.S. Latino state economies in 2022. These states, which are mostly located in the southwest, account for 77.8% of the U.S. Latino economy.

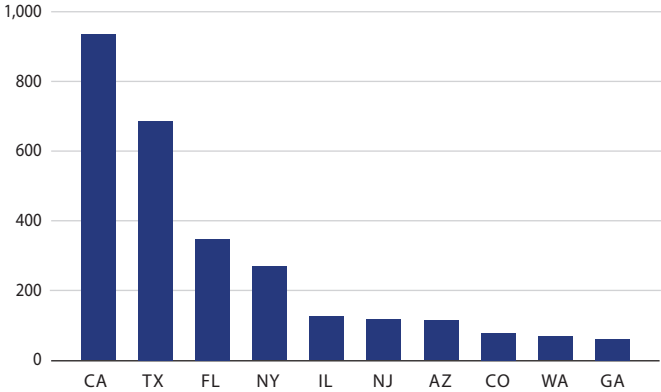
TOP TEN STATES WITH U.S. LATINO GDP CONTRIBUTIONS (2022)

The top 10 U.S. Latino State GDP contributions in 2022 were as follows:

- California: \$935.2 billion
- Texas: \$686.6 billion
- Florida: \$347.8 billion
- New York: \$268 billion
- Illinois: \$125 billion
- New Jersey: \$116.2 billion
- Arizona: \$112.8 billion
- Colorado: \$77.9 billion
- Washington: \$67.8 billion
- Georgia: \$60.4 billion

Figure 7.01 summarizes these 2022 contributions measured in billions of 2022 dollars.

Figure 7.01: U.S. Latino GDP Contributions in the Top 10 States (2022)



Sources: U.S. Department of Commerce, Bureau of Economic Analysis; and U.S. Department of Commerce, Census Bureau, American Community Survey.

CONTRIBUTIONS TO OVERALL ECONOMIC GROWTH (2017-2022)

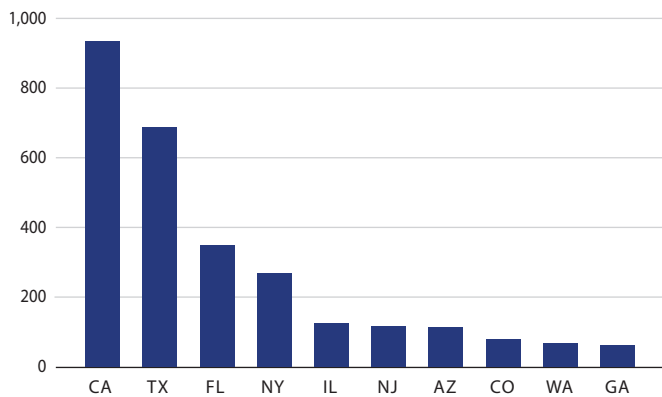
Between 2017 and 2022, the U.S. Latinos made substantial contributions to the overall economic growth of each of the ten states. The total contributions in real terms made by U.S. Latinos to the top 10 states were as follows:

- California: \$154.6 billion
- Texas: \$147.2 billion
- Florida: \$86.4 billion
- New York: \$26.1 billion
- Illinois: \$16.7 billion
- New Jersey: \$22.0 billion
- Arizona: \$31.4 billion
- Colorado: \$25.3 billion
- Washington: \$20.4 billion
- Georgia: \$15.9 billion

The California, Texas and Florida economies benefited most from U.S. Latinos during the six-year time horizon.

Figure 7.02 summarizes the U.S. Latino contributions to State GDP in real terms in each of the ten states between 2017 and 2022.

Figure 7.02 U.S. Latino Additions to State GDP (2017-2022)

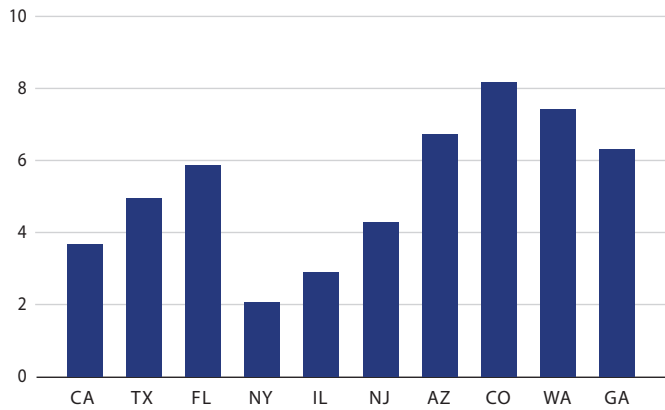


Sources: U.S. Department of Commerce, Bureau of Economic Analysis; and U.S. Department of Commerce, Census Bureau, American Community Survey.

Figure 7.03 summarizes the real annualized percent growth rates for U.S. Latino State GDP in each of the ten states for 2017-2022.

The three states with the highest annual growth rates attributed to U.S. Latinos were Colorado (8.2%), Washington (7.4%) and Arizona (6.8%).

Figure 7.03 Real annualized percent growth rates of U.S. Latino State GDP between 2017 and 2022

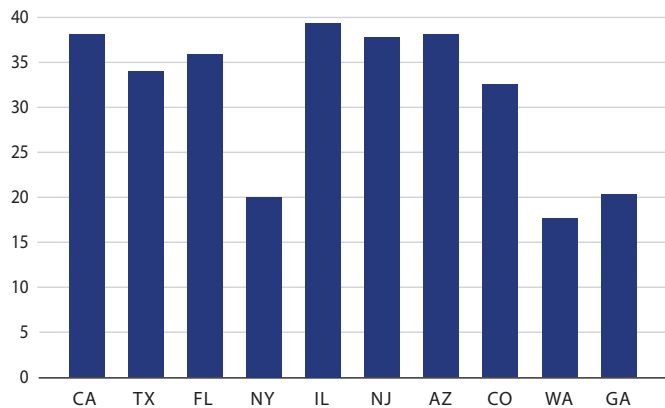


Sources: U.S. Department of Commerce, Bureau of Economic Analysis; and U.S. Department of Commerce, Census Bureau, American Community Survey.

ECONOMIC GROWTH SHARE BY STATE (2017-2022)

The share of overall economic growth attributed to U.S. Latinos in each of the 10 states is also noteworthy, shown in Figure 7.04. The top three states for overall economic growth between 2017 and 2022 attributed to U.S. Latinos were Illinois (9.4%), California (38.1%) and Arizona (38.1%). New Jersey was ranked fourth (37.8%), Florida fifth (35.9%) and Texas sixth (34.0%). Colorado came in seventh (32.5%), followed by Georgia (20.3%), New York (20.1%) and Washington (17.7%).

Figure 7.04 Percent Share of State GDP Growth Attributed to U.S. Latinos (2017-2022)

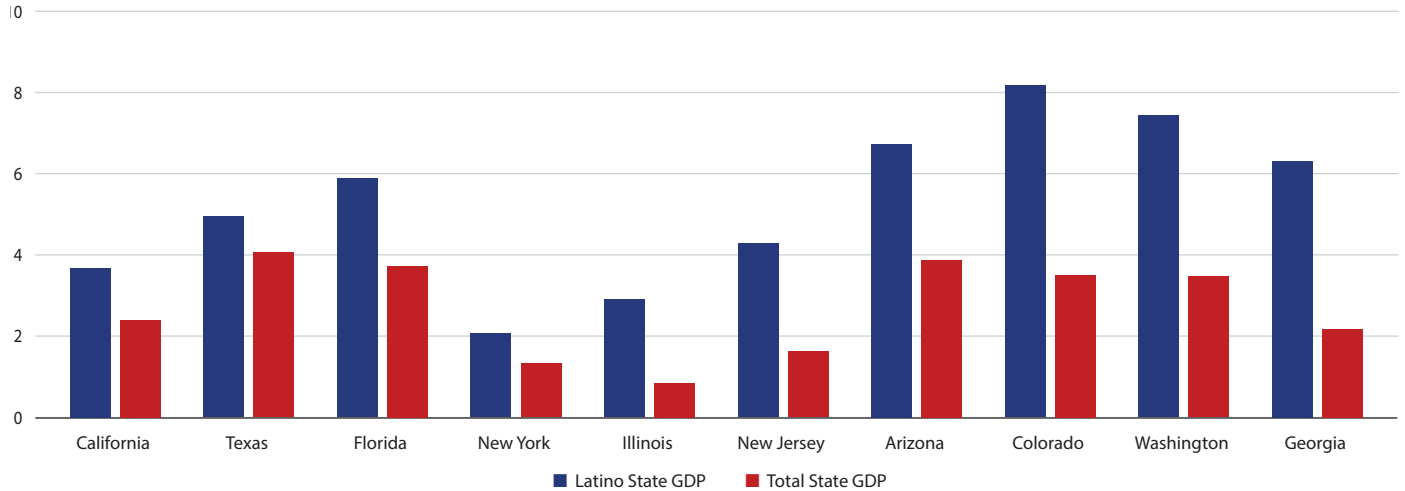


Sources: U.S. Department of Commerce, Bureau of Economic Analysis; and U.S. Department of Commerce, Census Bureau, American Community Survey.

Figure 7.05 compares the average annual real growth of total State GDP in each of ten states with the average annual real growth of the U.S. Latino GDP in the same geographies.

Note how the average annual growth rate for U.S. Latino GDP in each of the top 10 states was higher than the average annual real growth rate for total State GDP. This again demonstrates the growing importance of U.S. Latinos to state economies.

Figure 7.05. Average Annual Real Growth by State (2017-2022)



Sources: U.S. Department of Commerce, Bureau of Economic Analysis; and U.S. Department of Commerce, Census Bureau, American Community Survey.

CONCLUSIONS

This section has highlighted the significant role of U.S. Latinos in driving economic growth in key states, particularly in the south and southwest.

U.S. Latinos made particularly large contributions (in absolute dollars) to the California, Texas and Florida economies, 2017 to 2022.

The three states with the highest annual growth rates attributed to U.S. Latinos, though, were Colorado (8.2%), Washington (7.4%) and Arizona (6.8%).

Seidman also notes that the average annual growth rate of U.S. Latino GDP in each of the 10 states was faster than the growth rate of their total host state economies as a whole.

For additional raw data on these economies, and insights about the methodologies used by Seidman, please refer to the Online Appendix at <https://latinodonorcollaborative.org/reports/the-2024-official-ldc-u-s-latino-gdp>.⁸

⁸ **Note about measuring GDP:** Based on reader feedback from the 2023 report, Seidman now reports Latino contributions to GDP rather than GDI. To calculate this, Seidman first estimates the Latino share of GDI, then multiplies this share by State GDP estimates from the Bureau of Economic Analysis (BEA). Seidman then applies a constant factor, derived from the ratio of Latino GDP to Latino GDI, to arrive at the final GDP figures.

Table 7.01: Summary of Local Latino Economies (Billions of 2022\$)

| State | Percent Latino Population | Latino GDP (Billions 2022\$) | GDP (Billions 2022\$) | Percent Latino GDP | Real Annual Percent Latino Growth 2017-2022 | Real Annual Percent Growth 2017-2022 | Real Additions to Latino GDP (Billion 2022\$, 2017-2022) | Real Additions to GDP (Billion 2022\$, 2017-2022) |
|----------------------|---------------------------|------------------------------|-----------------------|--------------------|---|--------------------------------------|--|---|
| Alabama | 4.82% | 9.97 | 281.57 | 3.54% | 6.86% | 1.94% | 2.82 | 25.81 |
| Alaska | 7.71% | 5.16 | 65.70 | 7.86% | 5.95% | 0.77% | 1.30 | 2.47 |
| Arizona | 32.46% | 112.83 | 475.65 | 23.72% | 6.73% | 3.88% | 31.36 | 82.36 |
| Arkansas | 8.37% | 10.49 | 165.99 | 6.32% | 5.74% | 2.56% | 2.56 | 19.72 |
| California | 40.31% | 935.18 | 3,641.64 | 25.68% | 3.68% | 2.39% | 154.61 | 405.82 |
| Colorado | 22.51% | 77.86 | 491.29 | 15.85% | 8.17% | 3.51% | 25.29 | 77.79 |
| Connecticut | 18.17% | 35.33 | 319.34 | 11.06% | 3.74% | -0.25% | 5.93 | -4.03 |
| Delaware | 10.36% | 5.82 | 90.21 | 6.46% | 9.45% | 1.90% | 2.12 | 8.08 |
| District of Columbia | 11.73% | 19.51 | 165.06 | 11.82% | 5.56% | 0.81% | 4.63 | 6.49 |
| Florida | 27.08% | 347.79 | 1,439.07 | 24.17% | 5.88% | 3.73% | 86.37 | 240.79 |
| Georgia | 10.38% | 60.35 | 767.38 | 7.86% | 6.31% | 2.18% | 15.91 | 78.38 |
| Hawaii | 11.07% | 8.80 | 101.08 | 8.71% | 2.16% | -0.42% | 0.89 | -2.16 |
| Idaho | 13.53% | 10.66 | 110.87 | 9.61% | 10.90% | 5.18% | 4.30 | 24.76 |
| Illinois | 18.27% | 125.07 | 1,025.67 | 12.19% | 2.90% | 0.85% | 16.67 | 42.33 |
| Indiana | 7.81% | 27.11 | 470.32 | 5.76% | 6.92% | 2.18% | 7.71 | 48.17 |
| Iowa | 6.83% | 10.90 | 238.34 | 4.57% | 6.03% | 1.53% | 2.76 | 17.40 |
| Kansas | 12.99% | 16.66 | 209.33 | 7.96% | 3.09% | 1.29% | 2.35 | 13.00 |
| Kentucky | 4.17% | 11.23 | 258.98 | 4.34% | 11.04% | 1.50% | 4.58 | 18.63 |
| Louisiana | 5.70% | 17.13 | 291.95 | 5.87% | 5.97% | 0.61% | 4.31 | 8.78 |
| Maine | 2.05% | 1.58 | 85.80 | 1.84% | 14.61% | 2.90% | 0.78 | 11.42 |
| Maryland | 11.44% | 36.52 | 480.11 | 7.61% | 1.52% | 0.34% | 2.65 | 8.16 |
| Massachusetts | 13.06% | 53.71 | 691.46 | 7.77% | 3.30% | 2.01% | 8.06 | 65.53 |
| Michigan | 5.68% | 27.93 | 622.56 | 4.49% | 4.64% | 0.86% | 5.66 | 26.18 |
| Minnesota | 5.84% | 17.50 | 448.03 | 3.91% | 6.72% | 1.36% | 4.86 | 29.20 |
| Mississippi | 3.31% | 3.81 | 139.98 | 2.72% | 2.32% | 1.46% | 0.41 | 9.76 |
| Missouri | 4.75% | 13.42 | 396.89 | 3.38% | 3.41% | 1.55% | 2.07 | 29.36 |
| Montana | 4.41% | 1.90 | 67.07 | 2.83% | 4.28% | 3.22% | 0.36 | 9.84 |

| State | Percent Latino Population | Latino GDP (Billions 2022\$) | GDP (Billions 2022\$) | Percent Latino GDP | Real Annual Percent Latino Growth 2017-2022 | Real Annual Percent Growth 2017-2022 | Real Additions to Latino GDP (Billion 2022\$, 2017-2022) | Real Additions to GDP (Billion 2022\$, 2017-2022) |
|--------------------------|---------------------------|------------------------------|-----------------------|--------------------|---|--------------------------------------|--|---|
| Nebraska | 12.31% | 11.87 | 164.93 | 7.20% | 6.26% | 2.54% | 3.11 | 19.45 |
| Nevada | 30.26% | 45.70 | 222.94 | 20.50% | 4.05% | 2.96% | 8.23 | 30.25 |
| New Hampshire | 4.54% | 4.25 | 105.02 | 4.04% | 12.55% | 1.84% | 1.90 | 9.17 |
| New Jersey | 21.91% | 116.22 | 754.95 | 15.39% | 4.28% | 1.62% | 21.99 | 58.22 |
| New Mexico | 50.15% | 49.68 | 125.54 | 39.57% | 2.75% | 2.67% | 6.30 | 15.49 |
| New York | 19.66% | 268.07 | 2,048.40 | 13.09% | 2.07% | 1.32% | 26.06 | 129.97 |
| North Carolina | 10.42% | 48.00 | 715.97 | 6.70% | 7.23% | 2.09% | 14.15 | 70.34 |
| North Dakota | 4.38% | 1.85 | 72.65 | 2.55% | 6.53% | 1.71% | 0.50 | 5.90 |
| Ohio | 4.39% | 28.73 | 825.99 | 3.48% | 7.95% | 1.41% | 9.13 | 55.94 |
| Oklahoma | 12.10% | 23.40 | 242.74 | 9.64% | 8.08% | 1.32% | 7.53 | 15.40 |
| Oregon | 14.37% | 27.75 | 297.31 | 9.33% | 3.97% | 2.23% | 4.91 | 31.02 |
| Pennsylvania | 8.61% | 53.22 | 911.81 | 5.84% | 4.49% | 0.47% | 10.48 | 21.17 |
| Rhode Island | 17.59% | 9.29 | 72.77 | 12.76% | 6.34% | 0.96% | 2.46 | 3.38 |
| South Carolina | 6.52% | 16.08 | 297.55 | 5.40% | 3.81% | 2.30% | 2.74 | 31.96 |
| South Dakota | 4.64% | 2.61 | 68.78 | 3.80% | 20.92% | 2.45% | 1.60 | 7.84 |
| Tennessee | 6.27% | 22.45 | 485.66 | 4.62% | 5.69% | 2.96% | 5.42 | 66.01 |
| Texas | 40.19% | 686.62 | 2,402.14 | 28.58% | 4.95% | 4.06% | 147.24 | 433.50 |
| Utah | 15.15% | 24.86 | 256.37 | 9.70% | 5.44% | 4.76% | 5.78 | 53.20 |
| Vermont | 2.28% | 0.78 | 40.83 | 1.90% | 4.59% | 1.19% | 0.16 | 2.35 |
| Virginia | 10.43% | 58.03 | 663.11 | 8.75% | 6.73% | 1.74% | 16.13 | 54.84 |
| Washington | 14.04% | 67.79 | 738.10 | 9.18% | 7.43% | 3.47% | 20.42 | 115.66 |
| West Virginia | 1.96% | 1.55 | 97.42 | 1.59% | 16.52% | 1.88% | 0.83 | 8.66 |
| Wisconsin | 7.57% | 22.42 | 396.21 | 5.66% | 6.04% | 0.84% | 5.70 | 16.15 |
| Wyoming | 10.88% | 4.98 | 49.08 | 10.15% | 11.88% | 2.02% | 2.14 | 4.66 |
| TOTAL⁹ | 19.10% | 3,600.40 | 25,597.62 | 14.07% | 4.61% | 2.13% | 726.21 | 2,564.55 |

9 Note: Table 7.01's GDP total consists of only the 50 states and the District of Columbia. It excludes the GDP of the U.S. territories. When the GDP for the U.S. territories are added to the \$25.6 trillion total GDP quoted in this table, U.S. GDP sums to \$25.74 trillion.

Sources: U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Commerce, Census Bureau, American Community Survey; and U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey.

SECTION VIII

ONLINE APPENDIX AND METHODOLOGY

For additional raw data, please refer to our Online Appendix at <https://latinodonorcollaborative.org/reports/the-2024-official-ldc-u-s-latino-gdp>.





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