



FACT SHEET

MAY 2024

Where Is the Latino Middle Class?

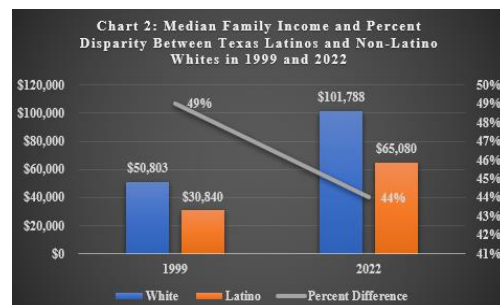
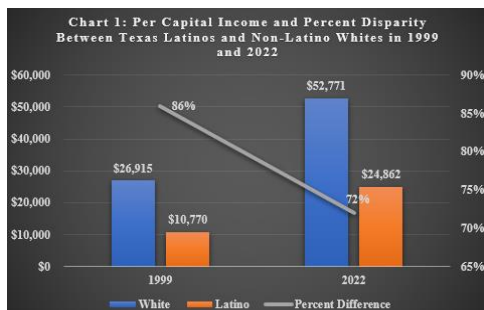
By Juan H. Flores

This fact sheet highlights the persistent Latino income disparities, a pressing issue that has spanned decades. The data¹ targets Texas adults ages 19 to 64, of which Latinos represent 39% compared to non-Latino Whites at 40%.

We underscore the link between financial security, economic-related asset accumulation, and improved family *bienestar*² (well-being). We must direct our advocacy for policies that build Latinos' economic mobility, foster financially stable families and supportive communities, and achieve developmental, health, and educational milestones for themselves and their children.

In a previous [brief](#), we highlighted the significant role of Latinos in driving the state’s population and labor growth, underscoring their substantial economic contribution. However, the size of the contribution is much less due to continuing disparities in wages and benefits, home ownership, debt, savings, and retirement assets, posing urgent policy challenges to growing the Latino middle class – currently 47% compared to 70% for non-Latino Whites. The Latino wage earnings disparity relative to \$1 dollar for non-Latino White Workers is .67 cents³. These disparities not only pose challenges to economic well-being but also significantly undermine the increase of Latino political power and policy influence.

Charts 1 and 2 highlight the small reduction, over a 23-year period, in the per capita and median family income disparities between Latinos and non-Latino Whites. The per-capital disparity was reduced by 14%, from 86% to 72%, while the median family income disparity was reduced by 5%, dropping from 49% to 44%.



Differing voices are reporting on and marketing the growing Latino economic powerhouse, as demonstrated by their contribution to the Gross Domestic Product (GDP) - 10% or 3.2 trillion and 20% or 476 billion of the national and Texas GDP, respectively⁴. Latino population growth is the major reason (more workers, income earners, and consumer purchasing) for the current economic increases, as opposed to any significant impact from a growing middle class. While it is important to acknowledge Latinos' growing influence on the economy, we must not lose sight of the troubling economic mobility and wealth-building barriers that persist and must be solved.

We argue that Texas' historical and current inequitable and often racialized policymaking limits human capital investments that target equalizing the opportunity playing field for economic mobility⁵. Invariably, it is a significant barrier to growing a more robust Latino middle class.

For example, while education can significantly reduce the economic disparities gap, the Latino higher education disparity gap persists. Chart 3 demonstrates that they have the lowest college achievement rate (17%). Texas continues to not sufficiently and equitably fund its public schools⁶. There were 5.4 million children enrolled in Texas public schools in the 2021-22 school year. The Fall 2021 enrollment headcount in higher education was 1,551,000. Students of color comprised 72.2% and 59.9% of public school and higher education enrollment, respectively. Latino enrollment was 52.7% and 40%, respectively.

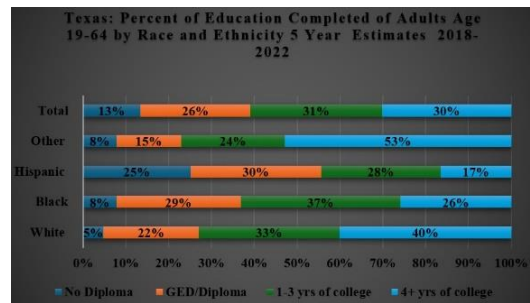
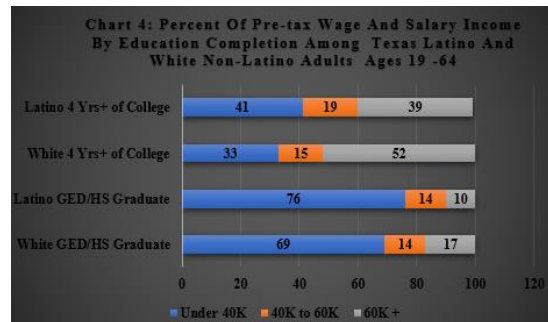


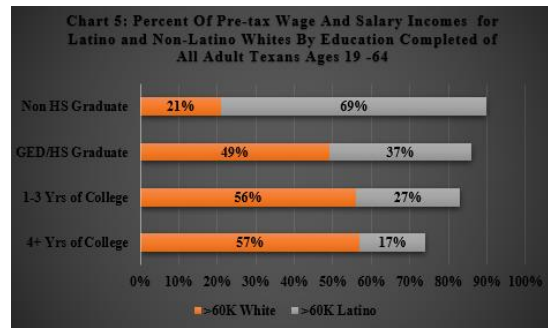
Chart 4 illustrates the percentage of wage and salary incomes by levels of education completed for Latinos and non-Latino Whites. Latino high school graduates have a greater percentage (76%) with incomes under \$40,000 compared to non-Latino Whites at 69%. Among both groups, 14% have \$40,000 to \$60,000 incomes.



Latinos with four or more years of college completion and incomes less than \$40K and \$40K to \$60K are slightly greater at 41% and 19% compared to non-Latino Whites at 33% and 15%, respectively. However, Non-Latino Whites with incomes over \$60K are 52% compared to Latinos at 39%.

Differences in wage and salary incomes can be partly attributed to both years in the workforce resulting from age demographics, older non-Latino Whites versus younger Latinos, and occupations and their higher or lower salaries. After accounting for these factors, researchers conclude that inequitable labor and economic development policies and discrimination contribute to persistent income disparities.⁷

Chart 5 focuses on the percentage of Latino and non-Latino Whites with income over \$60K among all Texas adults ages 19 -64. For example, non-Latino Whites comprise 57% of all Texans with income over \$60K compared to Latinos at 17% - recall that they represent 41% and 39% of all adults ages 19 – 64.



A family’s financial status is a proven determinant of child development and future opportunities. Living in poverty is sustenance survival, and living at 200% above poverty (low income) barely pays the bills; both limit opportunities for economic mobility. The middle-class income goal is to achieve 250% to 350% above poverty. Poverty is not simply a low-income level. It is about lost economic power and the substantive freedom to have options to make decisions for *bienestar* improvements.

Because money and power are connected, increasing the Latino middle class from 47% to 70% is crucial. It's imperative that policy strategies and messaging have an economic and financial underpinning.

“Addressing the barriers preventing Latinos from full economic participation could have a multitrillion-dollar impact, further unleashing their entrepreneurial spirit, creating millions of jobs, driving consumer spending, and building intergenerational wealth.”⁸

¹ U.S. Census, American Community Survey, 5-Year Estimates.

² *Bienestar* is defined as the quality-of-life status of individuals, families, and communities affected by social, environmental, and systemic factors. Given the Latino experience with institutionalized racism and harmful public policies, it also embodies social justice concerns.

³ <https://www.dol.gov/agencies/ofccp/about/data/earnings/race-and-ethnicity>. The 2017 - 2019 dataset was the most current data available when this analysis was conducted in 2020.

⁴ See “The Role of the U.S. Latino Community in the U.S. Economy,” Latino Donor Collaborative, 2023; and U.S. Latino GDP Report, UCLA Center for the Study of Latino Health and Culture and California Lutheran University, 2023.

⁵ See <https://everytexan.org/2024/03/14/texas-is-the-tale-of-two-economies/>, and “The Texas Way to Economic Miracles: Generations of Inequality”, October 2023.

⁶ <https://www.texasaft.org/policy/funding/new-national-report-reveals-inadequacy-of-texas-school-funding/>

⁷ See <https://cew.georgetown.edu/cew-reports/raceandgoodjobs/>; <https://www.census.gov/library/stories/2023/12/education-does-not-resolve-gender-wage-gap.html>; and <https://texaslatinopolicysymposium.org/wp-content/uploads/2020/04/TEXANS.YOUNG-FUTURE-WORK-FORCE.SCONTREAS.pdf>

⁸ “The economic state of Latinos in America: The American dream deferred”, McKinsey & Company, December 2021.