

# Latinos in Pennsylvania: Protecting and Defending Progress in the Keystone State

Given the Latino community's size, work ethic, and resiliency, they have contributed to Pennsylvania's economic resurgence. However, despite gains, challenges lie ahead as many Pennsylvanians, including Latinos, perceive that they have been left behind by policymakers and the economy.

Hit particularly hard by the economic crisis, Hispanic\* Pennsylvanians have seen commonsense policies put in place and their hard work begin to pay off following the Great Recession. Gains across several economic indicators point to improved economic security for Latinos, despite ongoing inequities where Latinos lag behind other Pennsylvania residents.<sup>†</sup> Given the Latino community's size, work ethic, and industrious spirit, they have contributed to the Keystone State's economic resurgence. However, challenges lie ahead as the nation finds itself with a new Congress, a new president, and a public that is deeply

divided. One common thread that emerged over the past election cycle is that despite gains, too many Americans perceive that they have been left behind by policymakers and the economy. Examining Latinos' status across a range of indicators in Pennsylvania can help lawmakers and advocates better understand how far the Latino community has come since the Great Recession, what is at stake for the Keystone State's economic future if policies and protections are rolled back, and what more can be done to ensure that Latinos and all Pennsylvanians continue to advance their economic security.

\* The terms "Hispanic" and "Latino" are used interchangeably by the U.S. Census Bureau and throughout this document to refer to persons of Mexican, Puerto Rican, Cuban, Central and South American, Dominican, Spanish, and other Hispanic descent; they may be of any race.

† Those defined as cost-burdened spend 30% or more of their monthly income on rent and utilities.

	Pennsylvania Hispanic Snapshot for 2011 and 2015 <sup>2</sup>	Hispanics in Pennsylvania		All of Pennsylvania	
		2011	2015	2011	2015
	Population	751,430	870,209	12,742,886	12,802,503
	Foreign-Born	167,453	186,933	756,410	837,159
	Bachelor's Degree	8.3%	9.6%	16.6%	18.1%
	Labor Force Participation Rate*	62.4%	64.5%	62.6%	62.5%
	Unemployed	10.4%	7.4%	5.9%	3.9%
	Median Household Income	\$32,624	\$35,695	\$50,228	\$55,702
	Poverty Rate	33.3%	30.3%	13.8%	13.2%
	Uninsured Rate	20.8%	14.1%	10.1%	6.4%
	Renters Facing High Rental Costs <sup>†</sup>	61.1%	57.9%	51.4%	49.1%
	Homeownership Rate	42.1%	39.4%	69.5%	68.7%

## Latino Gains Since the Great Recession are at Stake

At the height of the Great Recession, Hispanic families were in severe financial distress. In 2011, Latinos faced a national unemployment rate of 8.4%, and a rate of 10.4% in Pennsylvania.<sup>3</sup> To help the American economy recover from crisis, a series of critical pieces of legislation were put in place to bolster Latino economic security and reward hard work. For example, the Consumer Financial Protection Bureau (CFPB), one of the most important accomplishments of Wall Street reform, has already returned nearly \$12 billion in relief to 29 million consumers in five short years.<sup>4</sup> There are also more than four million Latinos who have gained health coverage under the Affordable Care Act.<sup>5</sup> Additionally, 21,000 Pennsylvanians have become eligible for work authorization under the Deferred Action for

Childhood Arrivals (DACA) program.<sup>6</sup> These and other actions to strengthen our economy have led to improved economic footing for Pennsylvania's Latinos.

- Hispanic Gains in Health Coverage:** Between 2011 and 2015, Pennsylvania's rate of uninsured Hispanics dropped from 21% to 14%, a 32% reduction in the uninsured rate among Latinos during this period. Pennsylvanians overall also saw a drop in the uninsured rate from 10% in 2011 to 6% in 2015, a 37% reduction in the overall uninsured rate. The approximately 32,000 Latino Pennsylvanians who gained health insurance contributed to this decline in the uninsured, accounting for 7% of the overall reduction.<sup>7</sup>
- More Latinos Own a Home:** The number of Hispanics who own a home increased by 8,648 households between 2011 and 2015,

\* Foreign-born workers comprised approximately 8% of Pennsylvania's labor force in 2015, per the U.S. Census Bureau's American FactFinder.

† Those defined as cost-burdened spend 30% or more of their monthly income on rent and utilities.

representing a 10% increase in the number of Latino homeowners in Pennsylvania. However, the Latino homeownership rate is still lower in 2015 (39%) than it was in 2011 (42%) and is about 30 percentage-points lower than the state average of 69% in 2015.<sup>8</sup> Latino homeownership in Pennsylvania ranks as the 11th lowest in the nation.<sup>9</sup> Although many housing markets across the country have rebounded, a large portion of Pennsylvanians still live under the threat of foreclosure and with homes underwater. Two of Pennsylvania's three most-populated cities have some of the nation's highest incidence of negative home equity\*: Allentown (33%) and Philadelphia (26%).<sup>10</sup> Although relatively higher than the national average (2.09%), Pennsylvania's foreclosure rate of 2.51% in 2015 is lower than its foreclosure rate of 3.9% in 2010.<sup>11</sup>

• **More Latino Households Are Fully Banked:**

The number of Hispanic households in the Northeast† that are fully banked‡ increased by 41,360 between 2011 and 2015, despite a 2% reduction in the estimated number of fully banked household in the region overall. Northeast Hispanics also saw a decrease in the unbanked rate, declining from 26% in 2011 to 19% in 2015, representing an estimated 75,000 Latinos who are no longer unbanked and accounting for 64% of the regional reduction in unbanked households during this period. However, although many Northeast Latinos have entered the financial mainstream, many continued to use alternative financial services (AFS) in addition to their bank accounts. The underbanked rate among Northeast Latinos increased from 27% in 2011 to 31% in 2015, accounting for 34% of the regional increase

in underbanked households.<sup>12</sup> More than 16,542 Latino households reported using AFS (e.g., payday loans, check cashing, prepaid cards) in 2015 than in 2011, while the region overall saw a reduction of approximately 191,000 households using AFS between 2011 and 2015.<sup>13</sup>

• **Increase in Latino-Owned Businesses:**

The number of Latino-owned businesses in Pennsylvania increased by 53% between 2007 and 2012. During this same period, the overall self-owned business rate decreased by about 1%. Despite rapid growth, in 2012, Latinos in Pennsylvania only owned 4% of all self-owned businesses in the state. Latino-owned businesses in Pennsylvania generated \$3.6 million in gross receipts in 2012, a 37% increase from \$2.7 million in 2007.<sup>14</sup>

These gains are currently being threatened by administrative and legislative proposals to undermine progress. For example, actions targeting immigrants will have a profound effect on the state. An immigration policy of mass deportation would cause deep economic harm. Removing Pennsylvania's 137,000 unauthorized individuals would cause the state's GDP to decline by \$6.41 billion annually.<sup>15</sup> Further, attempts to end the refundable Child Tax Credit (CTC) for immigrant workers who pay taxes using an Individual Tax Identification Number (ITIN) would strip support for their children, most of whom are U.S. citizens. For example, over 80% of ITIN filers nationally who would lose the CTC would be Latino.<sup>16</sup> In 2013, 10.1% of Pennsylvania households received the CTC.<sup>17</sup> Additionally, some members of Congress have proposed legislation to roll back CFPB protections that would weaken the consumer agency's ability to rein in unfair, deceptive, and

\* Negative equity means that home mortgages are worth more than the value of the home.

† Due to a sample size limitation of Hispanic households in Pennsylvania, financial inclusion data is not available at the state level on FDIC's Custom Data Table Tool. For this reason, we present results for the Northeast region of the United States, aggregating data from Pennsylvania, New Jersey, New York, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire, and Maine.

‡ According to the Federal Deposit Insurance Corporation, fully-banked households hold a bank account and do not use an alternative financial service. Those who are underbanked are typically defined as individuals who own accounts but use them infrequently, and those who are unbanked do not have checking or savings accounts.

abusive practices in the financial marketplace—practices that helped give rise to the housing crisis and Great Recession. Finally, the health coverage and care of millions of Californian Latinos is at risk due to threats to undermine the Affordable Care Act, enact drastic cuts to Medicaid, and to make it more difficult for people to enroll in health coverage.<sup>18</sup>

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## Ways to protect and build gains

- Protect the progress of the Affordable Care Act.
  - Enact comprehensive immigration reform and oppose mass deportation.
  - Preserve homeownership for distressed borrowers and keep rent affordable.
  - Put more money in worker's pockets by restoring the value of the minimum wage, expanding access to refundable tax credits, and ensuring that infrastructure investments result in jobs where they are needed most.
  - Enhance long-term economic security by curbing the growth of predatory lending institutions and increasing access to safe financial products and workplace-based retirement plans.
  - Strengthen the social safety net and maintain its structure.
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## Conclusion

The gains of Latinos in recent years have been the result of targeted economic policies that invest in maintaining and increasing progress for all Pennsylvanians. As the Latino community continues to drive growth and contribute to Pennsylvania's workforce and prosperity, it is critical that local, state, and national leaders defend the progress that has been made since the Great Recession. At the same time, opportunities to continue positive trends also exist. Upcoming proposals for tax reform and infrastructure investments have the power to provide increased opportunities for more workers and families—if the policies are crafted to embody the American values of inclusivity and equity. Progress must continue, because a stronger Latino community means a stronger America.

## Endnotes

All sources were accessed February 2017.

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- 8 Ibid.
- 9 Prosperity Now, "Racial Disparity Report: Homeownership by Race," <http://scorecard.assetsandopportunity.org/latest/measure/homeownership-by-race, Pennsylvania>.
- 10 Peter Dreier et al., *Underwater American: How the So-Called housing "Recovery" is Bypassing Many American Communities* (Berkeley, CA: Haas Institute, 2014) [http://haas.institute.berkeley.edu/sites/default/files/haas.institute\\_underwateramerica\\_publish\\_0.pdf](http://haas.institute.berkeley.edu/sites/default/files/haas.institute_underwateramerica_publish_0.pdf).
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- 12 Federal Deposit Insurance Corporation, "Economic Inclusion: Custom Data Tool," <https://www.economicinclusion.gov/custom-data/index.html>.
- 13 Ibid.
- 14 U.S. Census Bureau, "American FactFinder: Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S., States, Metro Areas, Counties, and Places: 2007," [https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=SBO\\_2007\\_00CSA01&prodType=table, Table SB0700CSA01](https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=SBO_2007_00CSA01&prodType=table, Table SB0700CSA01); and U.S. Census Bureau, "American FactFinder: Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for the U.S. States, Metro Areas, Counties, and Places: 2012," [https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=SBO\\_2012\\_00CSA01&prodType=table, Table SBI200CSA01](https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=SBO_2012_00CSA01&prodType=table, Table SBI200CSA01).
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