

Latinos in New Jersey: Protecting and Defending Progress in the Garden State

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Hit particularly hard by the economic crisis, Hispanics* in New Jersey 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. Given the Latino community's size, work ethic, and resiliency, they have contributed to the Garden State's economic resurgence. However, despite gains, challenges lie ahead as many in New Jersey, including Latinos, perceive that they have been left behind by policymakers and the economy.

Examining Latinos' status across a range of indicators in New Jersey can help lawmakers and advocates better understand how far the Latino community has come since the Great Recession, what is at stake for the Garden State's economic future if policies and protections are rolled back, and what more can be done to ensure that Latinos and all of New Jersey's residents continue to advance their economic security. UnidosUS is committed to advocating for policies that allow Latinos to contribute to the economy, and share in the Garden State's economic opportunities.

* 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.

New Jersey Hispanic Snapshot for 2011 and 2015¹

| | | Hispanics in New Jersey | | All of New Jersey | |
|--|-----------------------------------|-------------------------|-----------|-------------------|----------|
| | | 2011 | 2015 | 2011 | 2015 |
|  | Population | 1,601,000 | 1,762,000 | 8,821,000 | 8,958,00 |
|  | Foreign-Born | 43% | 41% | 21% | 22% |
|  | Bachelor's Degree | 11% | 13% | 22% | 23% |
|  | Labor Force Participation Rate* | 71% | 69% | 67% | 65% |
|  | Unemployed | 9% | 5% | 7% | 4% |
|  | Median Household Income | \$46,100 | \$47,400 | \$67,500 | \$72,200 |
|  | Poverty Rate | 20% | 20% | 10% | 11% |
|  | Uninsured Rate | 29% | 20% | 13% | 9% |
|  | Renters Facing High Rental Costs† | 61% | 62% | 55% | 54% |
|  | Homeownership Rate | 36% | 35% | 65% | 63% |

Latino Gains Since the Great Recession Are at Stake

At the height of the Great Recession, New Jersey Hispanic families were in severe financial distress. In 2011, Latinos faced a national unemployment rate of 11.5%, and a rate of 9% in New Jersey.² Additionally in 2011, New Jersey's foreclosure rate of 8.1% was well above the national average of 4.4%.³ To help the American economy recover from the crisis, a series of critical pieces of legislation were put in place to bolster Latino economic security and reward hard work. For example, there are more than four million Latinos who have gained health care coverage under the Affordable Care Act (ACA) since 2013.⁴ Nationally, there are also 1.9 million individuals in the United States who have become eligible for work authorization under the Deferred Action for Childhood Arrivals (DACA) program, including 71,000 in New Jersey.⁵ Further, the Consumer Financial Protection Bureau (CFPB), one of the most important accomplishments of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act, has already enacted much-needed mortgage servicing standards and, in less than six years, returned nearly \$12 billion in relief to 29 million consumers nationwide.⁶ These and other actions that were undertaken to strengthen our economy have led to improved economic footing for New Jersey's Latinos.

- **Hispanic Gains in Health Coverage:** Between 2011 and 2015, New Jersey's rate of uninsured Hispanics dropped approximately nine percentage points, a 31% reduction in the uninsured rate among Latinos. New Jersey overall also saw a four percentage point drop in the uninsured rate between 2011 and 2015, a 31% reduction in the overall uninsured rate. This reduction was largely driven by Latino gains in health coverage under the ACA. Approximately 104,000 Latinos in

New Jersey acquired health insurance between 2011 and 2015, accounting for 28% of the overall reduction.⁷

- **More Latinos Own a Home:** After a sharp decline in Hispanic homeownership due to the foreclosure crisis, the number of Hispanics who own a home rebounded between 2011 and 2015, increasing by approximately 17,700 households. However, the Latino homeownership rate was still lower in 2015 (35%) than it was in 2011 (36%) and is 28 percentage points lower than the state average of 63% in 2015.⁸ New Jersey's foreclosure rate of 7.3% in 2015 was an improvement on its foreclosure rate of 8.1% in 2011.⁹ Although many housing markets across the country have rebounded, a large portion of residents in New Jersey are still struggling in homes with underwater mortgages. Four New Jersey cities have some of the nation's highest incidence of negative home equity:^{*} Newark (54%), Elizabeth (52%), Paterson (49%), and Jersey City (34%).¹⁰
- **More Latino Households Enter the Financial Mainstream:** The share of Hispanic households in New Jersey that are fully-banked[†] increased by approximately seven percentage points between 2013 (45%) and 2015 (52%). At the same time, the share of Hispanic households that are unbanked fell by six percentage points between 2013 (23%) and 2015 (17%). Additionally, the share of Hispanic households in 2015 that reported using an alternative financial service (e.g., payday loans, prepaid cards) is 21 percentage points less than the Hispanic usage rate in 2013 (47%).¹¹
- **Increase in Latino-Owned Businesses:** The number of Latino-owned businesses in New Jersey increased by 27% between 2007 and 2012. During this same period, the overall self-owned business rate increased by only 1%. In 2012, Latinos in New Jersey owned approximately 68,400 businesses, compared to nearly 781,600 self-owned businesses statewide. Latino-owned businesses in New Jersey generated \$12.2 billion in gross receipts in 2012, a 20% increase from \$10.2 billion in 2007.¹²

These gains are threatened by 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 harms. Removing New Jersey's 498,000 unauthorized individuals is estimated to cause the state's GDP to decline by \$6.03 billion annually.¹³ Further, the Trump administration's budget request for fiscal year 2018 aims to undermine federal anti-poverty programs by imposing unprecedented cuts to fund tax breaks for both corporations and the extremely wealthy.¹⁴ Proposed cuts to these programs would have a significant effect on the millions of Latinos who struggle to make ends meet. In particular, 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. Nationally, more than 80% of ITIN filers losing the CTC would be Latino.¹⁵ In New Jersey, the latest Census data show that Latinos account for 43% of all households that receive the CTC.¹⁶ Additionally, some members of Congress have proposed legislation to roll back CFPB protections that would weaken the agency's ability to rein in abusive practices in the financial marketplace. Finally, there are also attempts to repeal the Affordable Care Act, which would take health coverage away from 30 million Americans, including six million Latinos.¹⁷

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

† According to the Federal Deposit Insurance Corporation, fully-banked households hold a bank account and do not use an alternative financial service and unbanked households do not have an account at a financial institution or other financial institution.



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 workers' 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 federal anti-poverty programs and maintain their structure.

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 in New Jersey. As the Latino community continues to drive growth and contribute to New Jersey'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. Forthcoming congressional 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 accessed June 2017.

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- 11 Federal Deposit Insurance Corporation, "Economic Inclusion: Custom Data Tool," <https://www.economicinclusion.gov/custom-data/index.html>.
- 12 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; 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.
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