



THE 2023 OFFICIAL LDC U.S. LATINO GDP REPORT™ 6th ANNUAL EDITION

The Role of the U.S. Latino Community
in the U.S. Economy

Authors:

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

Produced by the Latino Donor Collaborative in partnership with Wells Fargo

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DATA
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THINK TANK

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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 know how important it is to be aware of the latest economic trends and opportunities. In addition how important it is to have good news in a somewhat downbeat market. A major trend today is that global economic growth is slowing, due in large part to the effects of the Chinese economy. So the big question is, "Where is the opportunity today for improved margins and sustained growth for the next few decades?" The answer is, the U.S. Latino cohort, which is the fifth largest economy in the world embedded inside the United States of America.

We know this, thanks in large part, to The 2023 Official LDC U.S. Latino GDP Report™, about to be released, which shows the latest Latino Gross Domestic Product (GDP) is \$3.2 trillion, and the Latino Purchasing Power (LPP) is an impressive \$3.4 trillion. If U.S. Latinos were a country, they would be the 5th largest economy in the world, only ranking behind the U.S., China, Germany, and Japan. U.S. Latinos are not a niche market, nor small, nor as sometimes described as a market of the future. It is already the third fastest growing economy on the planet, and may soon rival China's growth rates.

The growth trajectory of the Latino economy is remarkable, as over the past decade, Latino annualized income growth has outpaced non-Latinos by a significant margin, with a 4.7% increase compared to 1.9%. This pattern is not limited to income growth; Latino consumption and purchasing power have been growing 2.1x to 2.4x faster than non-Latinos.

From 2011 to 2021 U.S. Latinos were responsible for 20.9% of the real GDP growth in the United States. U.S. Latinos are leading the growth of our country's GDP, entrepreneurship, consumption, innovation, productivity, and labor force. That is why I believe investing in this cohort is investing in the present and future of all Americans.

And all of this has been happening with what I characterize as an under-investment in the cohort, whether through capital or engagement of Latinos in boards, in senior management, as well as in supply chains. I retained Bain & Company to analyze the percent of capital flowing into the Latino market two years ago, and they found that less than 1% of invested capital by VCs and PEs was flowing to Latino-owned companies. Likewise, the percentage of U.S. Latinos on boards and senior management also reflects dramatic under-engagement.

I like to postulate what growth rates could be like if the deployment of capital, talent, and suppliers were accelerated based on competencies, capabilities, and innovation. How much more growth could we capture as we invested thirty years ago in China, twenty years ago in India, and what we could be investing today in our own country through this cohort?

That's why I believe investing in this cohort would be a further accelerant of opportunity in our country and as a global growth leader.

Certainly, the U.S. Latino cohort is the future of our country as the youngest cohort in the U.S. The most common age group is 10 to 14, compared to 58 among non-Latino Anglo-Americans.

They are aging into the labor force at a greater rate than any other cohort, accounting for nearly 80% of net labor force growth. U.S. Latinos also have the highest labor force participation rate, a full 5.4% higher rate than all others.

Also driving their productivity growth has been their increased educational attainment. During the past decade, individuals with a bachelor's degree or higher grew by 6.8% among Latinos, while non-Latinos saw a growth rate of only 2.8%.

The Latino workforce in the U.S. is pivotal to the success of state economies. To illustrate, in Florida, out of 1.6 million new jobs, Latinos filled over 900 thousand, accounting for 58% of the total. In Texas, Latinos occupied 1.2 million out of 2 million new jobs or 59%. In California, a staggering 87% of the new jobs, which is 1.2 million out of 1.3 million, were taken by Latinos. Washington, a hub for cutting edge tech, saw 160 thousand new jobs (out of a total of 480 thousand or 33.8% of total) filled by Latinos. Arizona is another case in point: out of 520 thousand new jobs, Latinos were able to fill 310 thousand, or 60% of the total.

Essentially, in many regions of the U.S., a Latino worker is more often than not the one filling a new job vacancy. At a time when our nation is experiencing tight labor markets and employment gaps, Latinos have provided the human capital needed to keep the economy running.

Additional indicators of the significant impact of U.S. Latinos on our New Mainstream Economy include a 29% increase in share of wage and salary income growth in the U.S. In fact, Latino community incomes have grown at twice the rate of non-Latinos, with a 3.7% growth compared to 1.8% for non-Latinos (inflation-adjusted).

Furthermore, U.S. Latino income growth extends far beyond low- and middle-income wage earners. Latino high earners' average annual growth rate is approximately 10 times greater than that of non-Latinos, which further demonstrates the breadth and depth of the economic opportunity associated with the U.S. Latino community.

Without question, the U.S. Latino economy is a force to be reckoned with, driven by robust GDP growth, significant population growth, the strongest workforce participation rate, and increased educational attainment. It is imperative that we now invest in the future of our country by investing in U.S. Latinos. This is not about diversity and inclusion. This is just business.

It is time to act. If we want our country to sustain our global economic leadership. The fact is that leveraging our unique and powerful U.S. Latino opportunity will benefit every American, today and for decades to come, assuming we all seek sustained economic growth. This cohort is a unique, competitive advantage versus virtually all other major economies in the world. I believe this latest The 2023 Official LDC U.S. Latino GDP Report confirms that investing in the U.S. Latino cohort is investing in America.

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



A LETTER FROM OUR PRESIDENT AND CEO

Dear Readers,

We are delighted to present to you **The Official 2023 LDC U.S. Latino GDP Report™**, the sixth annual edition of our ground-breaking publication. It gives us great pleasure to highlight the Latino Donor Collaborative's improvements to this year's report. Our new partnership with the **W.P. Carey School of Business at Arizona State University (ASU)** has allowed us to deliver new depth and insights into the data, providing an even more comprehensive view of the Latino community's impact on both the national and state-level GDP.

In today's ever-evolving business landscape, understanding your market and identifying growth opportunities are crucial for success. Both buy-side and sell-side analysts now place greater emphasis on identifying target audiences, discerning the sources of growth, and devising effective engagement strategies within these expanding customer bases.

With this in mind, we are thrilled to share with you the fact that the **U.S. Latino cohort is generating an astounding \$3.2 trillion in GDP** as measured by expenditure. This achievement places the U.S. Latino economy as the fifth largest in the world, surpassing the economies of France, the U.K., and India.

This 2023 report bring you new key measures that comprehensively assess how Latinos benefit the U.S. economy: **Latino income in the U.S. amounted to \$2.5 trillion**, while **Latino Purchasing Power (LPP) was measured at \$3.4 trillion**. More impressive still are the associated **growth rates**: income grew at a real annualized rate of **4.7% compared to 1.9% for non-Latinos**. Consumption and purchasing power also saw impressive growth rates, effectively **2.1-to-2.4 times faster** than non-Latino counterparts, highlighting this community's significant role in propelling the U.S. economy forward.

Our objective with this new and improved analysis is to afford readers a more profound understanding of this vibrant and integral U.S. community.

In addition, this year's edition showcases the impressive impact of the U.S Latino cohort beyond traditional states, and provides data that examines emerging areas of economic growth powered by the Latino workforce, in states such as South Dakota, Tennessee, Indiana, Maine, Georgia, Idaho, Oregon, and Arkansas.

Throughout these six years of the report, the Latino Donor Collaborative (LDC) has shared this data to be used by some of the most important entities and forums around the nation. From the U.S. Federal Reserve to the Joint Economic Committee in Congress and in numerous C-suites and boards of directors, the LDC has been able to release these reports LIVE of economic and financial news leading shows and top business national and international publications. Through this enormous investment of time, resources and passion we have been able to bring these incredible numbers to various industries. These data have created intentionality to maximize future results, success, and profits by improving U.S. Latino quantity and quality of representation.

We extend our sincere gratitude to the LDC Board of Directors and our partner, Wells Fargo, for their unwavering support in fully funding these six annual reports since inception. Nobody had ever done this kind of analysis before the Latino Donor Collaborative's Board of Directors took on this initiative. It is through their vision, selfless dedication to the community and our country, and business-focused approach that this report has achieved remarkable success since the Latino Donor Collaborative published it for the first time in 2017.

We hope that the data and insights provided in this report will empower individuals, organizations, and policymakers to align their strategies and unlock growth opportunities that maximize their success and 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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SECTION I

EXECUTIVE SUMMARY



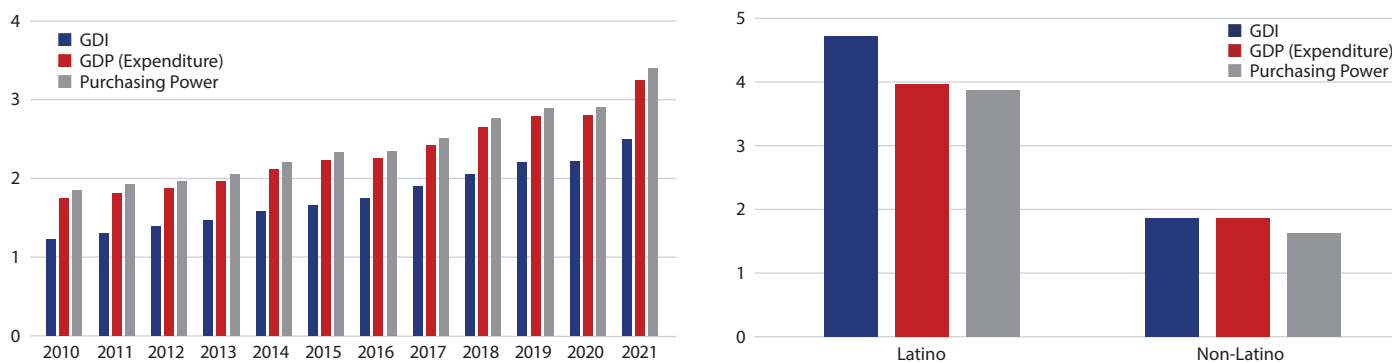
The U.S. Latino cohort continues to disproportionately contribute to our country’s economy in various capacities as consumers, producers, and business leaders. This influence stretches both domestically and internationally.

The LDC has been producing the groundbreaking annual **LDC U.S. Latino GDP Report** since 2017, focusing predominantly on the role played by this growing demographic as an engine for expenditure. In this year’s report—the sixth annual LDC U.S. Latino GDP Report—we are continuing to innovate by also studying the unique role the U.S. Latino community plays as producer of goods and services. **Thanks to our new partnership with Arizona State University (ASU)**, this year we expand the scope of our analysis: deepening our understanding of state Latino economies, identifying rapidly emerging Latino markets, and preparing businesses to better understand their customer value.

We are proud to present to you this year’s LDC U.S. Latino GDP Report newly designed to serve a variety of interests. Domestic businesses involved in marketing and distribution will find value in understanding the vast purchasing power of the Latino community. Exporters can find it useful to compare Latino GDP production with the total output of other countries. Government officials, policymakers, and think tanks will gain added insight from understanding the complete range of contributions, thus enabling them to track historical growth patterns and make comparisons with the non-Latino population.

Last year’s LDC U.S. Latino GDP Report reflected a U.S. Latino economy valued at \$2.8 trillion in GDP. This year’s report shows the U.S. Latino economy has continued its remarkable growth and is now a \$3.2 trillion economy. It is, in fact, growing two and a half times faster than the non-Latino equivalent (Figure 1).

Figure 1: The Latino Economy at a Glance



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

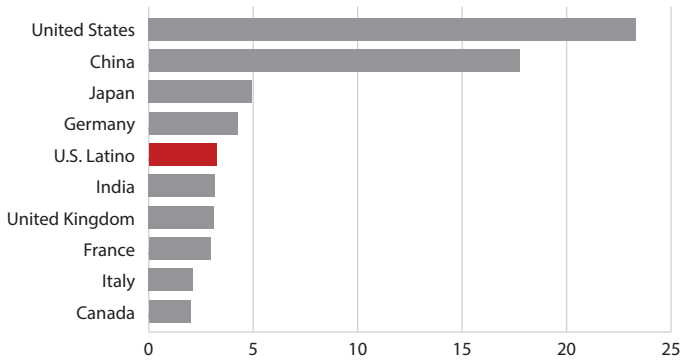
Because of the major disruptions caused by COVID in the data collection process of the American Community Survey, we have created 2020 estimates by interpolating values from the years 2019 and 2021.

B. Real annual growth rates. Figures correspond to percentage growth between 2011 and 2021.

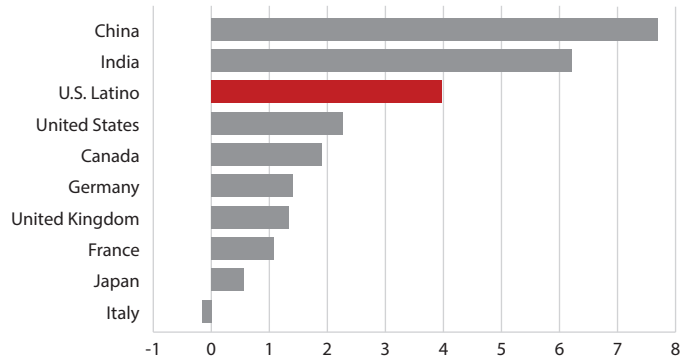
Sources: U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Commerce, Census Bureau, American Community Survey; and U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey.

Latinos’ economic influence continues to expand rapidly. From 2011 to 2021, their income grew at an annualized rate of 4.7% compared to 1.9% for non-Latinos, purchases made “by and on behalf of Latinos” grew at 4% (vs 1.9% for non-Latinos), and Latino purchasing power did so at 3.9% (vs 1.6% for non-Latinos), highlighting this community’s significant role in propelling the U.S. economy forward (Figure 1B). As this cohort prospers, it will also free trillions of dollars of new investment that will power the next generation of American entrepreneurship. Internationally, the U.S. Latino economy would rank as the world’s 5th largest. Between 2011 and 2021, it was the third-fastest growing among major economies, trailing only China (7.7%) and India (6.2%). See Figure 2).

Figure 2: The Latino GDP in the World Stage



A. The world's leading economies in 2021 compared to the U.S. Latino GDP as estimated from expenditures made "by and on behalf" of members of this demographic. Figures correspond to trillions of current U.S. dollars.

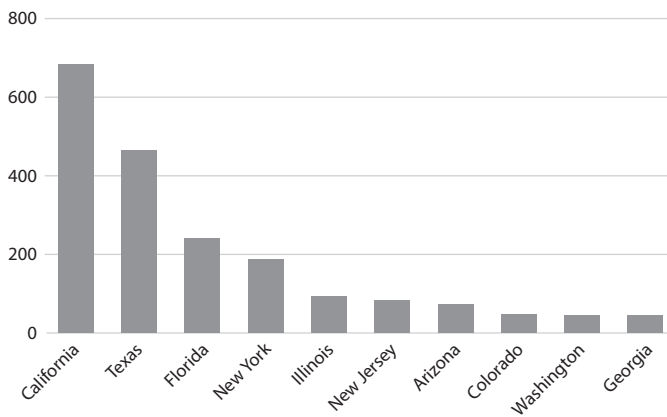


B. Real, annualized percent GDP growth among the world's leading economies between 2011 and 2021 compared to the growth in the U.S. Latino GDP as measured from expenditures made "by and on behalf" of members of this demographic. Figure correspond to chained growth rates.

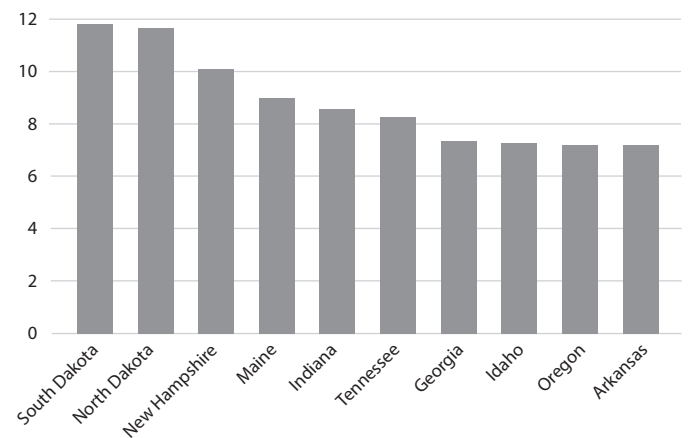
Sources: World Bank; U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Commerce, Census Bureau, American Community Survey; and U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey.

How much U.S. Latinos contribute to our country's GDP is primarily determined by their share in the U.S. population, their labor force participation (highest among all cohorts), and their overall productivity. Human capital, driven foremost by progress in educational attainment, is key to the rapid development of the U.S. Latino economy. Hence, this year's report also pays close attention to the solid progress Latinos have made in the classroom as well.

Figure 3: State Latino GDP



A. States with the largest Latino GDP in 2021, as measured by income received from productive activities. Figures correspond to billions of current dollars.



B. States with the highest real annualized percentage GDP growth rates between 2011 and 2021.

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.

Lastly, the 2023 U.S. Latino GDP report, for the first time, provides a breakdown of the Latino economy across all states in the U.S. Significant Latino economies exist in California, Texas, and Florida (among other states), amounting to \$682 billion, \$465 billion, and \$240 billion respectively (Figure 3). The California Latino economy *alone* would rank as the 21st largest in the world, nestled between Poland and Switzerland.

SECTION II

THE U.S. LATINO ECONOMY

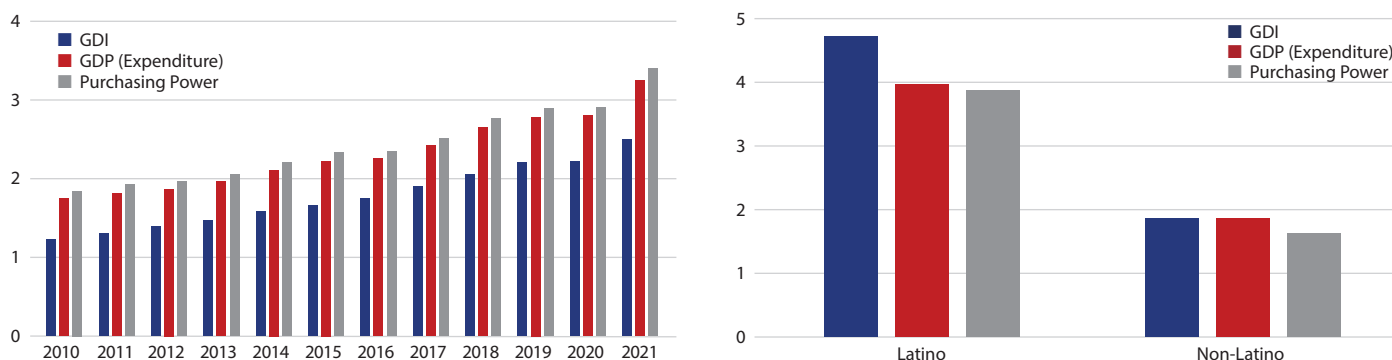


This year's U.S. Latino GDP report pioneers an approach that includes three unique assessments of Latino contributions to the U.S. economy.

Firstly, we highlight the significance of Latinos as consumption drivers by reporting the total value of purchases made “by and on behalf of” Latinos. This method closely aligns with past LDC reports, and hence is referred to as **U.S. Latino GDP**. Secondly, we assess the income earned by Latinos from their productive activities, which we denote as **Gross Domestic Income (GDI)**. Finally, we estimate the **Latino Purchasing Power (LPP)**, which represents the combined ability of Latinos to purchase goods and services, regardless of the products’ origin, among all Latinos residing in the U.S. The methodology behind these estimations can be found in [Section VI](#).

These various estimators are tailored to meet the needs of our diverse readers. For instance, LPP will be particularly pertinent for marketing teams interested in understanding the size of the Latino market for goods and services. Policymakers, think tanks, and exporters might also find these estimates useful for comparison purposes. Notably, our GDI measurement facilitates estimating the Latino economy’s size at the state level. These statewide estimates can be found in [Section V](#).

Figure 4: The Latino Economy at a Glance



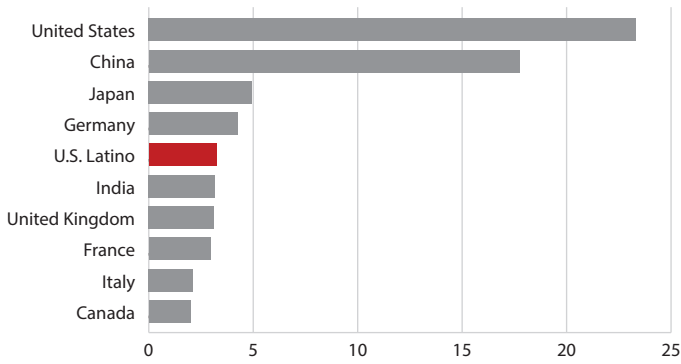
A. Trillions of current dollars. GDI stands for “Gross Domestic Income.” Latino GDP is estimated using an expenditure approach.

B. Real annual growth rates. Figures correspond to percentage growth between 2011 and 2021.

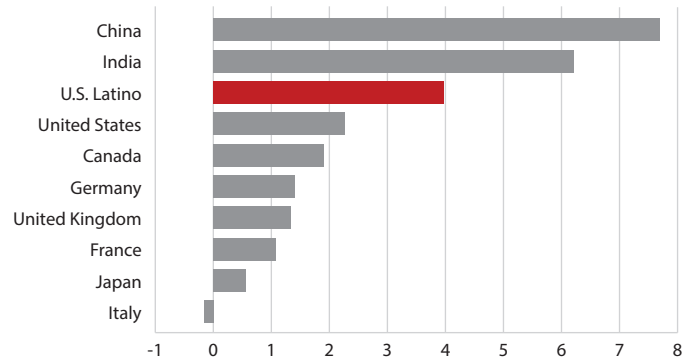
Sources: U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Commerce, Census Bureau, American Community Survey; and U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey.

Between 2011 and 2021, the U.S. Latino economy expanded significantly, playing an integral role in our nation’s economic progress. In 2021, Latino income in the U.S. amounted to \$2.5 trillion with their expenditure value topping \$3.2 trillion. Latino Purchasing Power was measured at \$3.4 trillion. More impressive still are the associated growth rates: income grew at a real annualized rate of 4.7% compared to 1.9% for non-Latinos. Consumption and purchasing power also saw impressive growth rates, effectively 2.1-to-2.4 times faster than non-Latino counterparts, highlighting this community’s significant role in propelling the U.S. economy forward (Figure 4). Nationally, Latinos contributed 20.9% of real GDP growth between 2011 and 2021. Measured by GDP, the U.S. Latino economy would rank as the world’s 5th largest. From 2011 to 2021, it was the third-fastest growing among major economies, trailing only China (7.7%) and India (6.2%. See Figure 5).

Figure 5: The Latino GDP in the World Stage



A. The world’s leading economies in 2021 compared to the U.S. Latino GDP as estimated from expenditures made “by and on behalf” of members of this demographic. Figures correspond to trillions of current dollars.



B. Real, annualized percent GDP growth among the world’s leading economies between 2011 and 2021 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 correspond 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.

Table 1 shows that the largest industrial component of the U.S. Latino economy is public administration, accounting for \$438.8 billion or 15.6% of value added in 2021 by that industry, followed by manufacturing (\$288 billion/11.5%), real estate and rental and leasing (\$278.6 billion/9.5%), health care and social assistance (\$238.7 billion/13.7%), and wholesale trade (\$232.6 billion/16.1%). This broad industry spread demonstrates the Latino economy’s diversified nature.

The Latino GDI is primarily fueled by wage and salary compensation (\$1.67 trillion), followed by proprietors’ income (\$241 billion), and net taxes on production and income (\$222.6 billion. See Table 2). These components have witnessed substantial growth rates from 2011 to 2021, notably higher than those in the non-Latino economy. Income from dividends, interest, and rent has experienced annualized growth rates of 7.63% over the time period of reference reaching a valuation of \$185.1 billion in 2021 (Table 3).

Table 1: Industrial Breakdown of GDP in 2021

Industry	Latino	Percentage of Latino GDP	U.S.	Percentage of U.S. GDP	Latino Share of U.S. GDP
Public Administration	\$438.8	13.5%	\$2,812.9	12.1%	15.6%
Manufacturing	\$288.0	8.9%	\$2,496.8	10.7%	11.5%
Real Estate and Rental and Leasing	\$278.6	8.6%	\$2,926.7	12.6%	9.5%
Health Care and Social Assistance	\$238.7	7.4%	\$1,735.8	7.4%	13.7%
Wholesale Trade	\$232.6	7.2%	\$1,444.5	6.2%	16.1%
Retail Trade	\$221.4	6.8%	\$1,391.1	6.0%	15.9%
Construction	\$214.1	6.6%	\$945.3	4.1%	22.6%
Accommodation and Food Services	\$188.0	5.8%	\$686.5	2.9%	27.4%
Administrative and Support and Waste Management and Remediation Services	\$178.0	5.5%	\$745.7	3.2%	23.9%
Finance and Insurance	\$174.6	5.4%	\$1,959.0	8.4%	8.9%
Transportation and Warehousing	\$174.5	5.4%	\$688.2	3.0%	25.4%
Professional, Scientific, and Technical Services	\$166.7	5.1%	\$1,843.5	7.9%	9.0%
Information	\$139.3	4.3%	\$1,313.3	5.6%	10.6%
Other Services (Except Public Administration)	\$79.3	2.4%	\$469.9	2.0%	16.9%
Management of Companies and Enterprises	\$63.9	2.0%	\$448.3	1.9%	14.3%
Utilities	\$40.1	1.2%	\$378.4	1.6%	10.6%
Mining, Quarrying, and Oil and Gas Extraction	\$38.3	1.2%	\$333.9	1.4%	11.5%
Educational Services	\$38.2	1.2%	\$269.7	1.2%	14.1%
Arts, Entertainment, and Recreation	\$26.0	0.8%	\$219.0	0.9%	11.9%
Agriculture, Forestry, and Fishing and Hunting	\$23.7	0.7%	\$206.6	0.9%	11.5%
Total	\$3,242.6	100.0%	\$23,315.1	100.0%	13.9%

Note: Figures are expressed in terms of billions of current U.S. dollars.

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: Gross Domestic Income Breakdown

Gross Domestic Income	2011			2021		
	U.S.	Latino	Non-Latino	U.S.	Latino	Non-Latino
Compensation	\$8,234.0	\$863.2	\$7,370.8	\$12,549.1	\$1,668.2	\$10,880.9
Dividend, Interest, and Rent	\$2,439.3	\$73.2	\$2,366.0	\$3,921.3	\$185.1	\$3,736.2
Proprietors' Income	\$1,235.7	\$112.8	\$1,122.9	\$1,768.6	\$241.0	\$1,527.6
Gross Operating Surplus other than Proprietors' Income	\$2,647.1	\$79.5	\$2,567.6	\$3,894.6	\$183.8	\$3,710.7
Net Taxes on Production and Income	\$1,043.7	\$173.9	\$869.8	\$1,181.5	\$222.6	\$958.9
Gross Domestic Income	\$15,599.7	\$1,302.7	\$14,297.1	\$23,315.1	\$2,500.7	\$20,814.3

Note: Figures denote billions of current U.S. dollars.

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 3: Growth Rate of Gross Domestic Income Components

Gross Domestic Income	% Change from 2011 to 2021		
	U.S.	Latino	Non-Latino
Compensation	2.33%	4.79%	2.00%
Dividend, Interest, and Rent	2.87	7.63	2.69
Proprietors' Income	1.69	5.85	1.17
Gross Operating Surplus other than Proprietors' Income	1.97	6.68	1.78
Net Taxes on Production and Income	-0.67	0.55	-0.93
Gross Domestic Income	2.13	4.72	1.86

Note: Figures denote real annualized growth rates of individual components between 2011 and 2021.

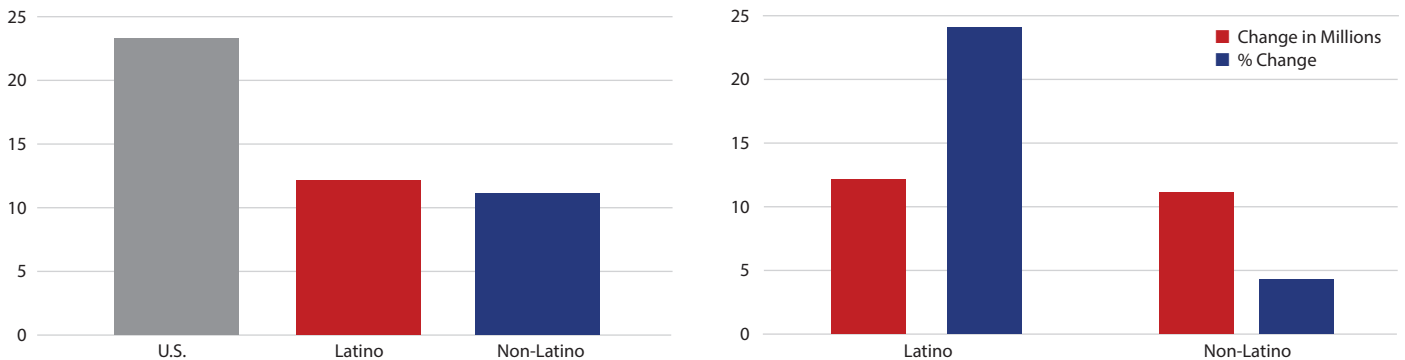
Sources: U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Department of Commerce, Census Bureau, American Community Survey; and U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey.

SECTION III
SECTION III
BEHIND THE GROWTH



Latinos play a significant role in bolstering the U.S. economy through three primary channels: population growth, a high degree of workforce participation, and increased productivity linked to educational attainment. From 2010 to 2021, the Latino population saw a surge of 12.1 million individuals, one million more than the non-Latino population. This constituted 52% of the total U.S. population growth during that time, translating into a 24.1% increase in the Latino population, compared to a 4.3% rise among non-Latinos (Figure 6).

Figure 6: Population Growth



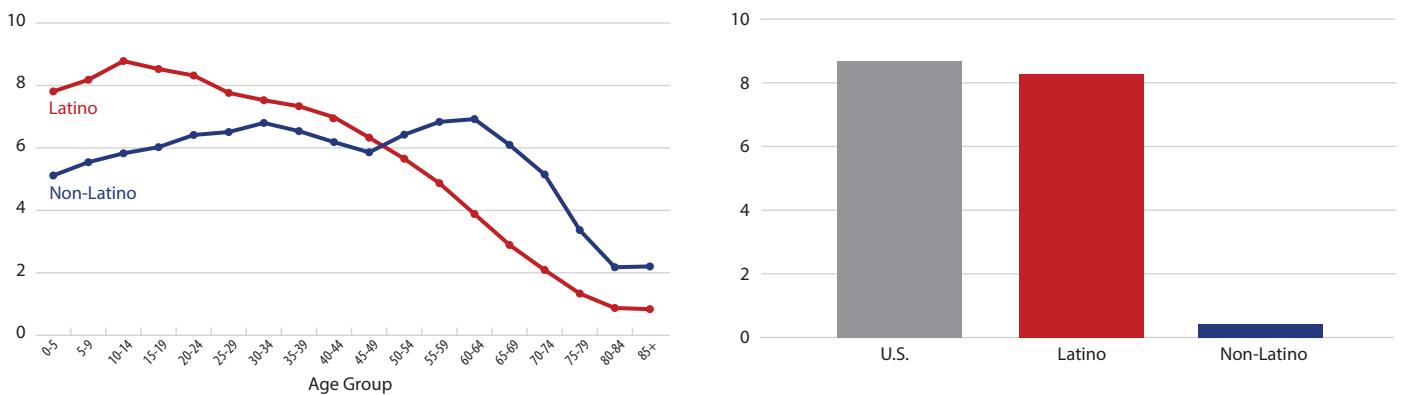
A. Change in population in millions between 2010 and 2021, by Hispanic or Latino origin.

B. Percentage change in population between 2010 and 2021, by Hispanic or Latino origin.

Sources: U.S. Department of Commerce, Census Bureau, U.S. Census.

It is noteworthy that the Latino demographic is significantly younger than other groups, with the majority of them being under 25 and the most common age range being 10-to-14 years, compared to 60-to-64 years among non-Latinos. The younger age of Latinos, paired with their significant population growth, results in this group comprising nearly all new additions to the 18-to-64 age bracket cohort (Figure 7). As older non-Latino workers retire, younger Latinos are stepping into the labor market, contributing tax revenue and boosting spending.

Figure 7: Population Distribution and Contributions to 18-64 Cohort



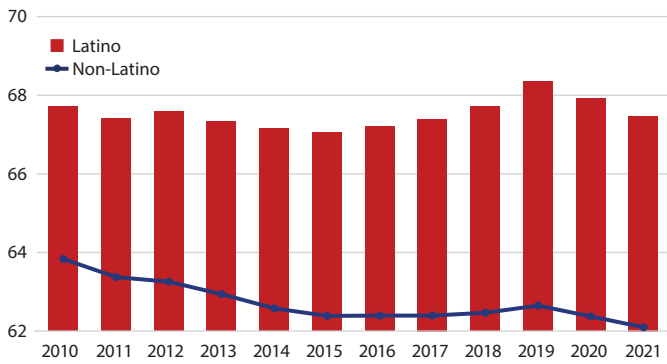
A. Population distribution. Figures correspond to the share of the total population in each age group in 2021 and add up to 100%.

B. Contribution to the change in the population of the 18-to-64 cohort between 2010 and 2021. Figures correspond to millions of individuals.

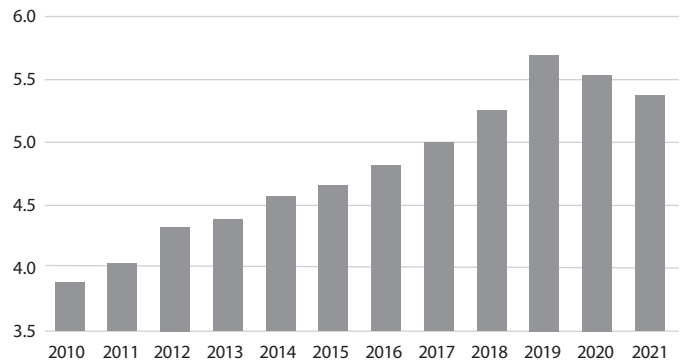
Sources: U.S. Department of Commerce, Census Bureau, U.S. Census.

Moreover, Latinos above the age of 16 have consistently shown a higher propensity to join the labor force, a trend that persists. In 2021, the labor force participation rate of Latinos was 5.4 percentage points higher than that of non-Latinos (Figure 8), aiding industries during a period of tight labor markets.

Figure 8: Labor Force Participation



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

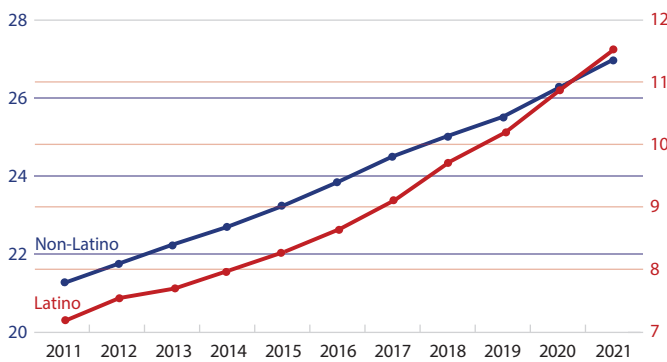


B. Labor force participation premium, which is defined as the difference in labor force participation rate between U.S. Latinos and non-Latinos.

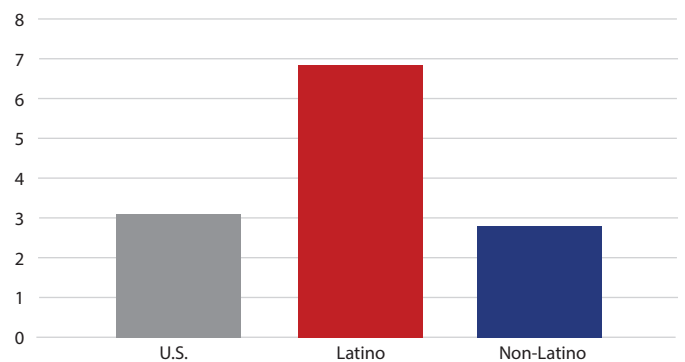
Sources: U.S. Department of Commerce, Census Bureau, American Community Survey.

Finally, Latinos have made strides in education, with the number of individuals holding a bachelor’s degree or higher increasing by 6.8% on an annualized basis between 2011 and 2021, compared to 2.8% for non-Latinos, a 2.4-fold higher growth rate. The total number of Latinos with advanced degrees, however, remains below the national mean (Figure 9). Thus, there is still significant upside in terms of increased productivity. This combination of robust population growth, high labor force participation, and increasing human capital will continue to drive the dynamic growth witnessed so far.

Figure 9: Educational Advancement



A. Fraction of the population with a bachelor’s degree or higher.



B. Annualized percentage growth rate in the number of individuals with a bachelor’s degree or higher between 2011 and 2021.

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

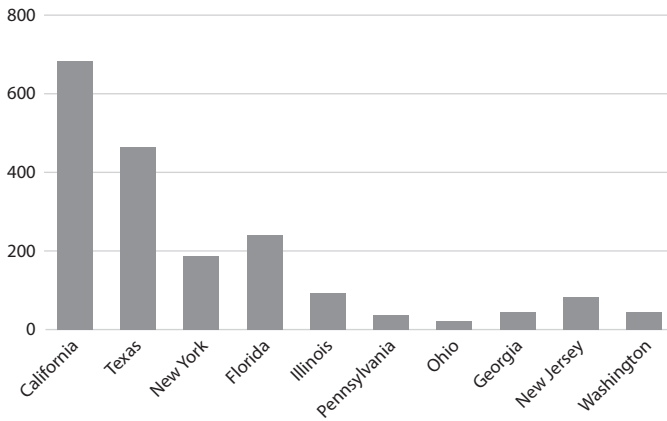
SECTION IV

STATE ECONOMIES

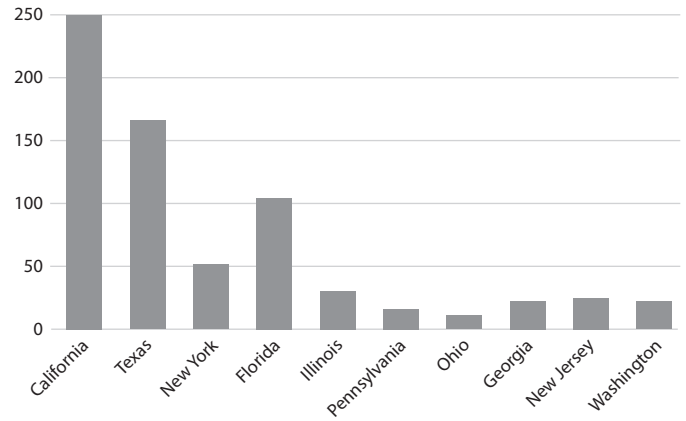


Latino workforce participation positively influences all American states, but certain southern states benefit to a higher degree from this demographic. Figure 10A represents the economic contribution of Latinos in the top 10 states by GDP. With Latino Gross Domestic Incomes (GDI)s of \$682 billion, \$465 billion, \$240 billion, and \$186 billion respectively, California, Texas, Florida, and New York are prime examples. Notably, the Latino economy in California alone is comparable to the world's 21st largest economy, between Poland and Switzerland.

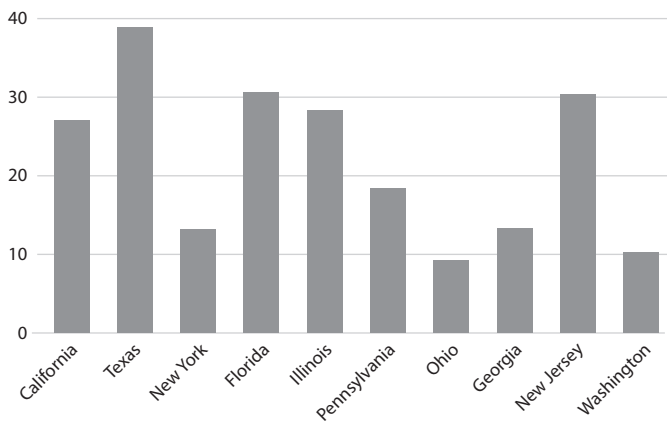
Figure 10: U.S. Latino Contributions in the Top 10 State Economies



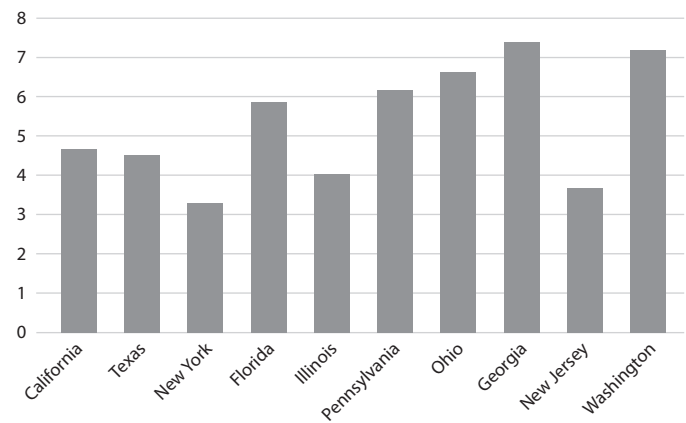
A: Latino Gross Domestic Income in 2021 among the 10 largest U.S. states measured by GDP. Figures correspond to billions of current dollars.



B. Additions to real state GDI by Latinos between 2011 and 2021. Figures correspond to billions of dollars from 2021.



C: Share of real state GDI growth between 2011 and 2021 that is attributable to Latinos.



D. Real annualized percent growth rates of Latino state GDI between 2011 and 2021.

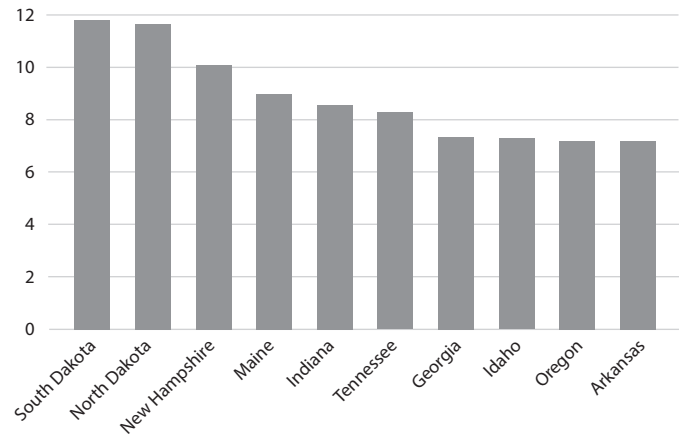
Sources: U.S. Department of Commerce, Bureau of Economic Analysis; and U.S. Department of Commerce, Census Bureau, American Community Survey.

Figure 10B further analyzes these data, revealing the actual economic contributions of Latinos to state GDIs from 2011 to 2021, based on 2021-dollar values. Over this decade, Latino contributions to GDI reached \$250 billion in California, \$166 billion in Texas, \$104 billion in Florida, and \$51.5 billion in New York. Latinos were responsible for 27.1% of California's growth, 38.9% of Texas's, 30.6% of Florida's, and 13.2% of New York's (Figure 10C).

Latino GDI in these states has grown quickly over the decade of reference: 4.7% in California, 4.5% in Texas, 5.9% in Florida, and 3.3% in New York, per year and adjusted for inflation. Still, even faster Latino GDI growth is observed in other states among the top 10 economies, including Georgia, Washington, Ohio, and Pennsylvania (Figure 10D).

It is among smaller U.S. state economies, however, where we observe a silent revolution taking place (see Figure 11). South Dakota, typically celebrated for its breathtaking national parks and rich Native American heritage, has seen a surprising surge in its Latino economy. It grew at a real, annual rate of 11.8%, slightly outpacing its northern neighbor, and significantly higher than virtually any national economy, including those in Southeast Asia. Businesses operating in these areas must stay ahead of these substantial changes to ensure they remain relevant and able to meet the needs of their evolving customer base.

Figure 11: States with the Highest Latino GDI Growth



Real annualized percentage GDI growth between 2011 and 2021.
Data sources: Bureau of Economic Analysis (BEA), U.S. Census Bureau, American Community Survey (ACS).

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

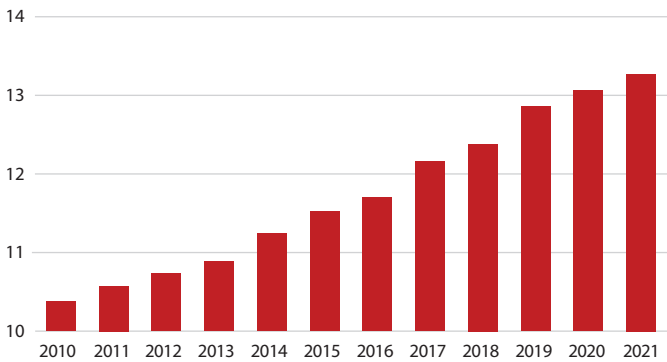
SECTION V

OTHER INDICATORS OF SIGNIFICANT LATINO PROGRESS

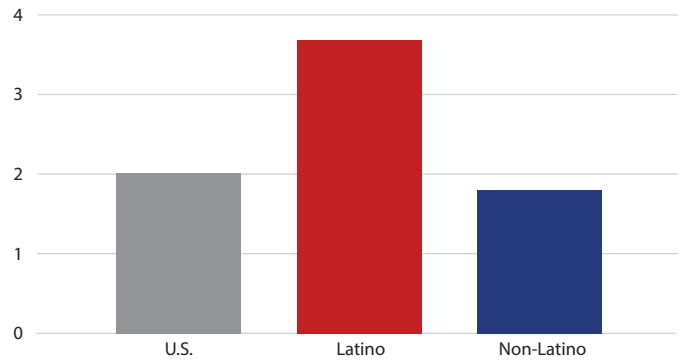


Evidence of economic progress by members of the Latino community is abundant. Figure 12A reveals that the share of Latino wage and salary income as reported in American Community Survey statistics has risen sharply over the past decade. The share has risen from just over 10.3% of total U.S. income to 13.3%—a 29% rise in share. Figure 12B illustrates this growth on an average annual basis, demonstrating that inflation-adjusted incomes of the Latino community have grown twice as fast as those of non-Latinos between 2011 and 2021 at 3.7% per year compared with 1.8% for non-Latinos.

Figure 12: Wage and Salary Income



A: Share of wage and salary income earned by Latinos between 2010 and 2021.



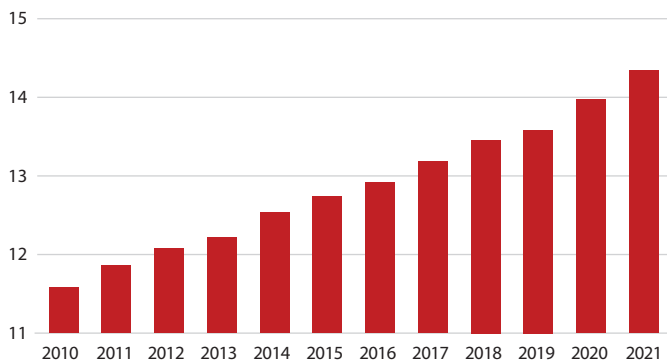
B. Real annualized wage and salary income growth between 2011 and 2021 by Latino origin.

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

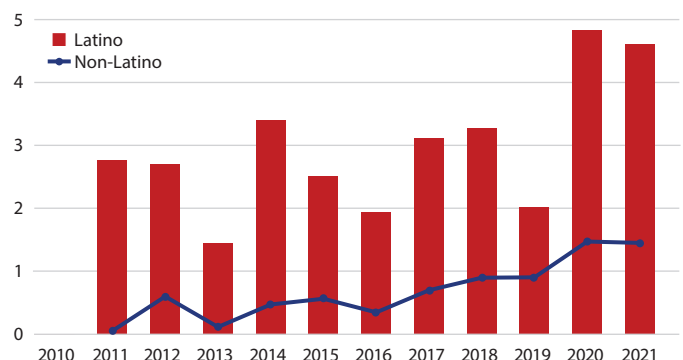
Figure 13A reveals that the share of households in the United States identifying as Latino has risen from 11.6% in 2010 to 14.4% in 2021. Figure 13B illustrates the faster growth of Latino households. Over the past decade, annual Latino household growth generally varied from 2% and 3%, never dropping below 1%. However, in the last two years, this growth has accelerated to nearly 5% per year. This is a stark contrast to the growth rate of non-Latino households, which remained at or below 1% over most of the decade, slightly increasing to 1.5% in the recent two years.

Household formation is an important consideration in ASU’s estimates of the Latino share of residential fixed investment, which is itself a component of GDP. The decision to put housing (both single and multifamily) in place is made based on the current and expected trajectory of the demand for housing. The Latino community is fueling this demand, which, in turn, is incorporated into ASU’s estimates of the Latino share of residential fixed investment (Figure 12).

Figure 13: Latino Households



A: Percentage share of households identifying as Latino.

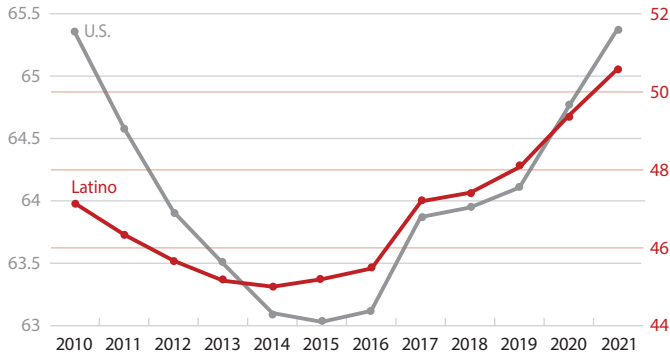


B. Percentage annual growth in number of households by Latino origin.

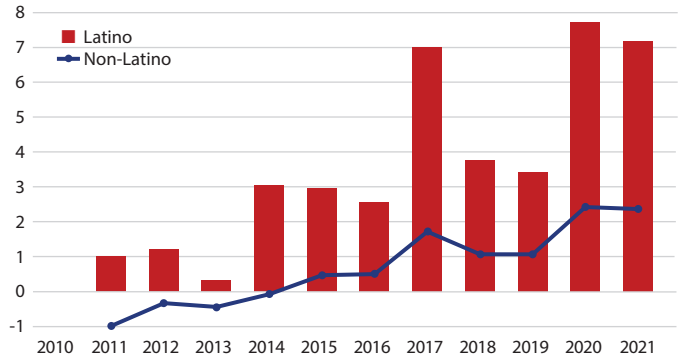
Sources: U.S. Department of Commerce, Census Bureau.

Data on consumer spending reveals that Latino households typically allocate more funds toward rent compared to other demographic groups. Despite lower homeownership rates among Latinos, the growth rate of home acquisition within this group is noticeably faster (see Figure 14).

Figure 14: Home Ownership



A. Percentage of the population who owns a home, by Latino origin.

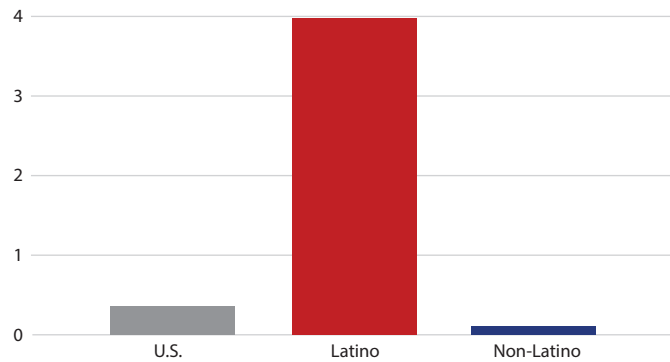


B. Annual growth rate in homeownership.

Sources: U.S. Department of Commerce, Census Bureau, U.S. Census.

Figure 15 emphasizes that Latino income growth extends beyond low- and middle-income wage earners. A review of high-income earners (those in the 95th percentile and above) shows the average annual growth rate among Latino high earners to be approximately 10 times greater than that of non-Latinos.

Figure 15: High Earners



Annualized growth rate between 2011 and 2021 in the number of high earners by Latino origin.

“High earner” is defined as an individual who reports wage and salary income in the 95th percentile during a given year.

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

SECTION VI

METHODOLOGY



The Latino Donor Collaborative (LDC) has been producing an annual measure of Latino contributions to the U.S. economy, known as the U.S. Latino GDP Report, since 2017. The original methodology was developed by Dr. Werner Schink. He used an expenditure approach, categorizing purchases of final goods into seven distinct categories: consumption, residential investment, nonresidential investment, inventory adjustment, exports, imports, and government purchases. Dr. Schink then allocated the Latino contribution to each category using available data, detailed transaction analyses, and various assumptions. The total of these allocations formed previous estimates of Latino GDP.

In 2023, ASU researchers refined this methodology for the Latino GDP report. They identified several ways the Latino community impacts the U.S. economy, including one method that captures GDP-linked expenditures made by or on behalf of Latinos. This approach is rooted in Dr. Schink's methodology but relies on ASU's unique methods and assumptions. ASU also found that Latino contributions to U.S. GDP can be identified at both the national and state level using a production or income-based approach. This approach, in turn, can be linked to literature discussing the relationship between income and education levels, which is an important contribution of ASU to LDC's effort in understanding the Latino community's impact on the U.S. economy.

The 2023 U.S. Latino GDP Report includes three measures that comprehensively assess how Latinos benefit the U.S. economy. The first measures GDP purchases made "by and on behalf of" Latinos. We refer to this metric throughout the report as Latino GDP, and we rely on it for all international comparisons. The second evaluates GDP produced by Latinos, which is measured through the incomes earned by Latinos residing in the U.S. and is referred to as *Gross Domestic Income* (GDI). The third, Latino Purchasing Power (LPP), measures the total expenditures of Latinos, extending beyond GDP, which will be especially useful to businesses seeking to expand their marketing and distribution efforts. This estimate is broader than GDP by design.

Latinos as Purchasers: GDP purchases include consumer and investment goods, as well as public goods produced by individuals and businesses. The Latino share of these purchases is estimated from the share of GDP purchases made "by and on behalf of" the Latino community using Dr. Schink's approach of bucketizing GDP purchases into seven expenditure categories. Latino allocations are then estimated as follows:

- **Consumption:** The share of total Latino household expenditures, as reported in the Consumer Expenditure Survey, is used as a proxy for overall Latino GDP purchases and assigned to the aggregate GDP consumption figure. The 2021 figure is 12.8%.
- **Investment (three subcategories):** ASU divides gross private domestic investment into residential, nonresidential, and inventory adjustments. Estimates of Latino investment activity are informed by their growing roles as consumers of both goods and housing services. In light of the high rental expenditures by Latino households, ASU assigns residential housing activity to Latinos on a per capita basis. The 2021 figure is 18.8%. Nonresidential investment is allocated at the same rate as aggregate consumption, assuming that new investments are intended to cater to the growing Latino market. While members of this community are not assumed to be directly responsible for these investments, ASU assumes that these investments are the result of the current and anticipated size of the Latino market.
- **Exports:** U.S. exports, purchased by international consumers, are attributed to Latinos based on their overall estimated production share, which we also refer to as the Gross Domestic Income share of Latinos. The 2021 figure is 10.7%.

- Imports: As GDP measures domestic production, imports are deducted from total expenditures in its calculation. While consumption of domestic and imported goods and services may differ in composition, ASU assigns the aggregate consumption share of Latino households to total imports.
- Government Purchases: Government purchases are made on behalf of all U.S. residents. ASU estimates the Latino share of government purchases using the overall estimated population share of Latinos, following Dr. Schink’s original approach. The 2021 figure is 18.8%.

ASU’s allocations, although inspired by the methodology used in previous reports, involve unique assumptions and produce different empirical estimates.

Latinos as Producers: We assess Latino contributions using income data. This approach is based on the assumption that individuals’ income reflects the value they add to production. We categorize Gross Domestic Income (GDI) into five buckets, then allocate the Latino share according to data from the American Community Survey.

- Compensation: The proportion of wage and salary income, along with income from self-employment, serves as a gauge for total Latino compensation. The figure for 2021 stands at 13.3%.
- Dividends, Interest, and Rent: This category is allocated based on the reported income from interest, dividends, and net rental income over the past year. The 2021 figure is 4.7%.
- Proprietors’ Income: This refers to the surplus revenue beyond production costs of businesses owned and operated by individuals, and is formally part of Gross Operating Surplus. The Latino share of this income category is determined by the percentage of self-employment income earned by Latinos. In 2021, this figure was 13.6%.
- Gross Operating Surplus (excluding proprietors’ income): This allocation is based on the percentage of income derived from interests, dividends, and net rental income.
- Net Taxes on Production and Income (TOPI): ASU allocates TOPI on a per capita basis, following the same convention used to assign government purchases in the “Latinos as Purchasers” approach. The figure for 2021 is 18.8%.

Latino Purchasing Power (LPP): This captures the Latino community’s wider economic impact beyond GDP contributions. Many U.S. businesses are engaged in the marketing, distribution, and transportation of imported goods to U.S. consumers, as well. LPP excludes exports and imports from the “Latinos as Purchasers” measure. While not a GDP equivalent, this measure of overall Latino purchasing power is highly relevant to many U.S. businesses.

Table A1: Overview of Latino State Economies

State	Latino GDI (billions of 2021 dollars)	Latino Percentage of GDI	Real Additions to Latino GDI (2011-2021)	Latino Share of Real GDI Growth (2011-2021)	Real GDI Annual Growth (2011-2021)	Real Latino GDI Annual Growth (2011-2021)
Alabama	6.8	2.7%	2.0	6.4%	1.3%	3.6%
Alaska	2.6	4.5%	-0.1	0.5%	-1.8%	-0.2%
Arizona	72.6	17.3%	26.7	25.6%	2.9%	4.7%
Arkansas	8.1	5.5%	4.1	19.7%	1.5%	7.2%
California	682.4	20.2%	249.8	27.1%	3.2%	4.7%
Colorado	48.0	11.0%	19.3	17.2%	3.0%	5.3%
Connecticut	24.1	8.1%	7.9	49.3%	0.6%	4.1%
Delaware	3.7	4.5%	0.0	-0.2%	0.9%	0.0%
District of Columbia	13.8	9.0%	4.4	21.3%	1.5%	3.9%
Florida	239.9	19.1%	104.3	30.6%	3.2%	5.9%
Georgia	44.0	6.4%	22.4	13.3%	2.8%	7.4%
Hawaii	6.7	7.3%	2.5	33.3%	0.9%	4.8%
Idaho	7.6	7.9%	3.8	14.1%	3.4%	7.3%
Illinois	92.6	9.8%	30.2	28.4%	1.2%	4.0%
Indiana	21.4	5.2%	12.0	19.9%	1.6%	8.6%
Iowa	6.1	2.8%	2.4	6.5%	1.9%	5.2%
Kansas	12.6	6.6%	5.1	19.2%	1.5%	5.3%
Kentucky	5.3	2.2%	1.5	5.1%	1.3%	3.4%
Louisiana	14.6	5.6%	5.4	-26.9%	-0.7%	4.7%
Maine	1.1	1.5%	0.7	4.6%	2.0%	9.0%
Maryland	29.0	6.5%	11.8	24.2%	1.2%	5.4%
Massachusetts	38.3	6.0%	18.3	14.5%	2.2%	6.7%
Michigan	19.6	3.4%	8.0	9.7%	1.6%	5.4%
Minnesota	10.7	2.6%	4.1	6.3%	1.7%	4.9%
Mississippi	2.3	1.8%	0.6	5.9%	0.9%	3.4%
Missouri	12.4	3.5%	5.9	14.3%	1.2%	6.7%

State	Latino GDI (billions of 2021 dollars)	Latino Percentage of GDI	Real Additions to Latino GDI (2011-2021)	Latino Share of Real GDI Growth (2011-2021)	Real GDI Annual Growth (2011-2021)	Real Latino GDI Annual Growth (2011-2021)
Montana	1.7	2.9%	0.7	7.7%	1.7%	5.4%
Nebraska	7.3	5.0%	3.3	12.9%	1.9%	6.1%
Nevada	35.9	18.5%	16.2	40.7%	2.3%	6.2%
New Hampshire	2.7	2.7%	1.7	8.5%	2.2%	10.1%
New Jersey	82.3	12.0%	24.9	30.3%	1.3%	3.7%
New Mexico	35.8	32.7%	6.5	157.4%	0.4%	2.0%
New York	185.9	9.8%	51.5	13.2%	2.3%	3.3%
North Carolina	33.9	5.1%	15.1	10.9%	2.4%	6.1%
North Dakota	1.3	2.0%	0.9	6.5%	2.4%	11.7%
Ohio	22.8	3.0%	10.8	9.2%	1.7%	6.6%
Oklahoma	12.5	5.8%	3.4	24.4%	0.7%	3.3%
Oregon	21.7	8.0%	11.0	16.7%	2.8%	7.3%
Pennsylvania	35.9	4.2%	16.2	18.4%	1.1%	6.2%
Rhode Island	5.6	8.3%	1.9	32.7%	0.9%	4.2%
South Carolina	9.8	3.6%	3.4	5.5%	2.6%	4.3%
South Dakota	1.7	2.7%	1.1	10.2%	2.0%	11.8%
Tennessee	17.2	4.0%	9.4	9.4%	2.7%	8.3%
Texas	464.9	22.7%	166.1	38.9%	2.4%	4.5%
Utah	15.2	6.7%	6.1	8.3%	4.0%	5.3%
Vermont	0.6	1.7%	0.3	11.5%	0.8%	6.8%
Virginia	42.9	7.1%	17.9	23.0%	1.4%	5.6%
Washington	44.4	6.6%	22.2	10.2%	4.0%	7.2%
West Virginia	1.0	1.1%	0.5	28.4%	0.2%	6.4%
Wisconsin	13.7	3.7%	5.2	11.2%	1.3%	4.8%
Wyoming	1.9	4.6%	-0.1	1.4%	-1.5%	-0.5%

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 A2: Latino Labor Force

State	Latino Labor Force (thousands)	Latino Percentage of Labor Force	Additions to Labor Force (2011-2021, thousands)	Latino Additions to Labor Force (2011-2021, thousands)	Latino Share of Additions to Labor Force	Labor Force Annual Growth (2011-2021)	Latino Labor Force Annual Growth (2011-2021)
Alabama	91.9	4.3%	55.7	7.6	13.7%	0.3%	0.9%
Alaska	26.4	7.8%	-32.3	5.9		-0.9%	2.6%
Arizona	1,049.3	32.8%	403.1	276.5	68.6%	1.4%	3.1%
Arkansas	110.1	8.5%	33.0	33.4	101.4%	0.3%	3.7%
California	7,287.8	39.7%	768.4	940.7	122.4%	0.4%	1.4%
Colorado	595.0	20.4%	348.2	134.7	38.7%	1.3%	2.6%
Connecticut	294.4	16.9%	-42.8	65.3		-0.2%	2.5%
Delaware	47.1	10.4%	32.9	14.8	45.0%	0.8%	3.8%
District of Columbia	42.0	11.6%	30.3	7.5	24.8%	0.9%	2.0%
Florida	2,878.9	29.8%	1,104.9	814.3	73.7%	1.2%	3.4%
Georgia	479.9	9.7%	428.5	83.2	19.4%	0.9%	1.9%
Hawaii	68.4	10.3%	3.0	16.2	544.5%	0.0%	2.7%
Idaho	114.1	13.5%	142.4	41.3	29.0%	1.9%	4.6%
Illinois	1,077.2	18.1%	-200.4	130.7		-0.3%	1.3%
Indiana	220.3	7.1%	76.9	57.9	75.3%	0.3%	3.1%
Iowa	93.3	6.2%	4.1	28.2	687.4%	0.0%	3.7%
Kansas	164.5	12.3%	-35.7	35.4		-0.3%	2.5%
Kentucky	74.8	3.9%	34.2	19.6	57.2%	0.2%	3.1%
Louisiana	107.6	5.5%	-83.6	10.9		-0.4%	1.1%
Maine	13.2	2.1%	-6.9	7.7		-0.1%	9.2%
Maryland	325.7	10.9%	48.2	68.4	142.0%	0.2%	2.4%
Massachusetts	410.1	11.8%	171.3	129.5	75.6%	0.5%	3.9%
Michigan	246.9	5.5%	38.1	55.3	145.3%	0.1%	2.6%
Minnesota	154.4	5.5%	90.0	48.7	54.1%	0.3%	3.9%
Mississippi	37.9	3.2%	-44.3	6.6		-0.4%	1.9%
Missouri	122.0	4.3%	22.7	30.7	135.3%	0.1%	2.9%

State	Latino Labor Force (thousands)	Latino Percentage of Labor Force	Additions to Labor Force (2011-2021, thousands)	Latino Additions to Labor Force (2011-2021, thousands)	Latino Share of Additions to Labor Force	Labor Force Annual Growth (2011-2021)	Latino Labor Force Annual Growth (2011-2021)
Montana	20.1	4.1%	16.0	5.4	33.9%	0.3%	3.2%
Nebraska	106.0	11.3%	15.8	30.1	190.2%	0.2%	3.4%
Nevada	444.7	30.5%	164.3	118.3	72.0%	1.2%	3.1%
New Hampshire	28.8	4.2%	18.5	12.7	68.8%	0.3%	6.0%
New Jersey	963.4	21.6%	155.9	185.6	119.0%	0.4%	2.2%
New Mexico	436.3	50.3%	-33.2	30.1		-0.4%	0.7%
New York	1,777.6	19.2%	23.3	191.6	822.2%	0.0%	1.1%
North Carolina	460.7	9.6%	332.4	95.7	28.8%	0.7%	2.4%
North Dakota	15.1	4.0%	32.7	9.0	27.4%	0.9%	9.4%
Ohio	218.8	4.1%	-18.9	66.7		0.0%	3.7%
Oklahoma	197.4	11.4%	61.6	52.6	85.4%	0.4%	3.1%
Oregon	280.2	14.3%	140.0	83.8	59.9%	0.7%	3.6%
Pennsylvania	458.5	7.7%	55.7	161.3	289.5%	0.1%	4.4%
Rhode Island	82.8	15.5%	12.7	24.7	193.6%	0.2%	3.6%
South Carolina	141.1	6.3%	161.3	32.3	20.1%	0.7%	2.6%
South Dakota	15.7	3.8%	19.4	5.7	29.3%	0.5%	4.6%
Tennessee	176.6	5.7%	229.1	43.8	19.1%	0.8%	2.9%
Texas	5,242.7	38.6%	1,872.2	1,141.6	61.0%	1.5%	2.5%
Utah	225.2	14.6%	286.8	64.9	22.6%	2.1%	3.5%
Vermont	6.9	2.3%	-17.4	2.2		-0.6%	3.8%
Virginia	437.3	10.6%	159.9	101.0	63.1%	0.4%	2.7%
Washington	486.2	13.2%	379.9	151.0	39.8%	1.1%	3.8%
West Virginia	13.4	1.9%	-56.1	5.8		-0.8%	5.8%
Wisconsin	192.8	6.9%	-24.4	50.8		-0.1%	3.1%
Wyoming	26.7	10.1%	-15.5	7.3		-0.6%	3.2%

Note: The data presented pertain to the year 2021, except where noted otherwise. In cases where the change in either the total labor force or the Latino labor force was negative, the Latino share of additions to the labor force is not defined and has been omitted. It should be noted that the values may exceed 100% if there was an increase in the Latino labor force over the referenced time period, even as the overall labor force within the state declined.

Source: Bureau, American Community Survey.



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