



An Update on the State of Minorities

Key indicators show that minorities continue to fare poorly in the current economy.

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The economic state of minorities is not strong, the latest data from federal sources show. While the economy has been in decline in 2008, data from the Census show that our nation's families have been suffering much longer. In fact, the economic expansion of this decade failed to deliver rising incomes for most families. Although all U.S. households have not made gains, Hispanic and African-American households are more vulnerable; they are likely to suffer first and to suffer more in an economy that does not produce widely shared prosperity. Rapidly increasing amounts of debt, high job losses, skyrocketing gas and food prices, and a tidal wave of foreclosures are driving many American families to the edge of financial ruin.

The Center for American Progress has updated its "[State of Minorities: How Are Minorities Faring in the Economy?](#)" fact sheet with the latest data from federal sources. As seen in the analysis below, the 1990s were fruitful for both Hispanics and African Americans, because both groups made gains across several economic indicators and narrowed the gap between their economic standing and that of whites. While the data released for 2007 did show modest gains for some economic indicators between 2006 and 2007, the overall story has not changed: many of the gains that Hispanics and African Americans made in the 1990s have been slowed or reversed between 2000 and 2007.

Take a look at these key indicators of African Americans' and Hispanics' standing in the economy. When possible, the indicators reference data that is already available for the first half of 2008 in order to include the effects that the slowing economy has had on minorities since the start of this year. All dollar figures are expressed in inflation-adjusted terms.

Family Income

Hispanics' median family income declined by an average of 0.5 percent per year from 2000 to 2007, after rising an average of 1.5 percent per year in the 1990s. From 1990 to 2000, Hispanics' median income rose from \$34,341 to \$39,935 (in 2007 dollars), an

annualized average growth rate of 1.5 percent. Yet from 2000 to 2007, their median income *decreased* from \$39,935 to \$38,679, an annualized average decline of 0.5 percent. Whites' median income also decreased during this time, but by \$12 (in 2007 dollars). In 2007, whites' median family income stood at \$54,920, which was 1.4 times higher than Hispanics' median family income of \$38,679.

African Americans' median income declined by an average of 0.7 percent per year from 2000 to 2007, after having risen by an average of 2.2 percent per year in the 1990s. From 1990 to 2000, African Americans' median income rose dramatically from \$28,721 to \$35,720 (in 2007 dollars). But this number actually *declined* from \$35,720 in 2000 to \$34,091 in 2007, an annualized average decline of 0.7 percent. Whites' median income decreased during this time as well, but by \$12 (in 2007 dollars). In 2007, whites' median income was \$54,920, which is 1.6 times greater than African Americans' median income in that year.

Unemployment

Hispanics' unemployment rate has increased at approximately the same rate as whites' since 2000, after declining more quickly than whites' on average throughout the 1990s. Between the fourth quarter of 1990 and the fourth quarter of 2000, the unemployment rate for Hispanics declined by an average of 0.4 percent each year, but has increased by an average of 0.2 percent each year between the fourth quarter of 2000 and the second quarter of 2008. The unemployment rate for whites decreased at a moderately slower rate than Hispanics' throughout the 1990s—an average of 0.2 percent each year—but has risen at the same rate as Hispanics' between the fourth quarter of 2000 and the second quarter of 2008, at an average annual rate of 0.2 percent each year. Hispanics, however, continue to have a strikingly higher unemployment rate than whites. In the second quarter of 2008, Hispanics' unemployment rate stood at 7.2 percent while whites' was 4.7 percent—a 2.5 percentage point gap.

Unemployment levels for African Americans have increased an average of 0.2 percent since 2000 after consistently decreasing during the 1990s. The unemployment rate for African Americans declined by an average of 0.5 percent each year between the fourth quarter of 1990 and the fourth quarter of 2000, while the rate for whites declined by an annual average of 0.2 percent. Yet between the fourth quarter of 2000 and the second quarter of 2008, the unemployment rate has averaged an annual increase of 0.2 percent for both African Americans and whites. African Americans' unemployment rate, however, is almost double that of whites', standing at 9.1 percent in the second quarter of 2008—4.4 percentage points higher than whites' 4.7 percent unemployment rate.

Health Care

The percent of Hispanics not covered by health insurance decreased slightly, by an average of 0.1 percent per year from 2000 to 2007, after holding steady during the 1990s. During the more prosperous economic times of the 1990s, the percent of Hispanics not covered by health insurance effectively held steady, decreasing by an annual percent difference of less than 0.1 percent from 1990 to 2000. This number decreased slightly since 2000, from 32.6 percent to 32.1 percent in 2007. Only 10.4 percent of whites were not covered in 2007, as compared to 32.1 percent of Hispanics.

The percent of African Americans not covered by health insurance increased by an average of 0.1 percent per year from 2000 to 2007, after having *decreased* significantly in the 1990s. The number of African Americans without health insurance decreased from 19.7 percent in 1990 to 18.3 percent in 2000, an average annual decline of 0.2 percentage points. But from 2000 to 2007, the number of uninsured African-American individuals increased from 18.3 percent to 19.2 percent, an average annual rise of 0.1 percentage points. In 2007, 19.2 percent of African Americans were not covered by health insurance, compared to only 10.4 percent of whites who were not covered.

Retirement Plan Participation

Less than one-third of Hispanics participated in an employer-sponsored retirement plan in 2007, compared to over half of whites. Hispanics were already less likely than whites to participate in an employer-sponsored retirement plan in 2002, with only 31.1 percent of Hispanics participating in 2002 compared to 58.8 percent of whites. Between 2002 and 2007, the share of Hispanics who participated in an employer-sponsored retirement plan in the private sector declined by an average rate of 0.1 percentage points per year while whites' declined by an average rate of 0.2 percentage points per year. Importantly, in 2007, the percentage of Hispanics who participated in an employer-sponsored retirement plan remained considerably lower than that of whites, falling to 30.6 percent, well below the 57.6 percent of whites who participated.

Only 47.1 percent of African Americans participated in an employer-sponsored retirement plan in 2007, compared to 57.6 percent of whites. In 2002, 47.5 percent of blacks participated in an employer-sponsored retirement plan compared to 58.8 percent of whites. Between 2002 and 2007, the percent of African Americans who participated in an employer-sponsored retirement plan in the private sector declined by an average annual rate of 0.1 percentage points while whites' declined by an average annual rate of 0.2 percentage points. Importantly, the share of blacks participating in an employee-sponsored retirement plan remained significantly lower than that of whites, with just 30.1 percent of Hispanics' participating compared to 57.6 percent of whites—a 27.0 percentage point difference.

High-Cost Mortgages

Nearly 29 percent of home-purchase loans made to Hispanics in 2007 were high-cost, as opposed to only 11 percent for whites. Many more Hispanics got high-cost mortgages than did whites. Data collected under the Home Mortgage Disclosure Act show that 83,393 loans made to Hispanics were high cost, as opposed to 208,253 that were market rate.

Of home-purchase loans made to African Americans in 2007, more than 34 percent were high cost, as opposed to only 11 percent for whites. Many more African Americans received high-cost mortgages than whites. Data collected under the Home Mortgage Disclosure Act show that 67,480 loans made to African Americans were high cost, as opposed to only 130,985 that were market rate.

Earnings

A large earnings gap between Hispanics and whites persists even though Hispanics' usual median weekly earnings have grown at a faster average annualized rate than whites' since 2000. Between the second quarter of 2000 and the second quarter of 2008, the usual median weekly earnings of Hispanics in 2007 dollars grew at an average annualized rate of 1.0 percent, while whites' earnings grew at an average annualized rate of 0.04 percent. Despite the almost one percentage point difference between Hispanics' and whites' earnings growth rates, Hispanics' usual median weekly earnings were a troubling \$192.80 less than those of whites in the second quarter of 2008. Hispanics' usual median weekly earnings stood at just \$515.10 (in 2007 dollars) in the second quarter of 2008, while whites' were \$707.90.

The earnings gap between African Americans' and whites' usual median weekly earnings has grown since 2000. African Americans' usual median weekly earnings (in 2007 dollars) have declined slightly since 2000, at an average annualized rate of -0.001 percent between the second quarter of 2000 and the second quarter of 2008, while whites' earnings grew at an average annualized rate of 0.04 percent during this period. African Americans' earnings, stood at \$566.90 in the second quarter of 2008 compared to whites' \$707.90. Importantly, the earnings gap between African Americans and whites also continued to widen, from a \$132.63 gap in the second quarter of 2000 to \$141.01 in the second quarter of 2008.

Poverty

The percent of Hispanics living in poverty increased from 2000 to 2007 by an average of 0.3 percent per year, after having declined significantly in the 1990s. In 1990, 25.0 percent of Hispanics were living in poverty, but by 2000, this number dropped to

19.2 percent, an average decrease of 0.7 percent per year. Yet from 2000 to 2007, the percent of Hispanics living in poverty *increased*, rising from 19.2 percent to 21.5 percent, or an annual percentage point difference of 0.3 percent. In 2007, the most recent year for which data is available, only 8.2 percent of whites were in poverty, compared to 21.5 percent of Hispanics.

The percent of African Americans living in poverty increased slightly from 2000 to 2007, after having declined by an average of 1.25 percent per year in the 1990s. The percent of African Americans in poverty decreased significantly from 29.3 percent in 1990 to 19.3 percent in 2000, an annual decline of 1.3 percent. But much of these gains were lost from 2000 to 2007. The percent of African Americans in poverty jumped from 19.3 percent in 2000 to 24.4 percent in 2007, an annual increase of 0.7 percent. In 2007, only 8.2 percent of whites were in poverty, compared to the 24.4 percent of African Americans.

Homeownership Rate

Hispanics' homeownership rose from 2000 to 2007, but at a much slower rate than from 1994 to 2000. The homeownership rate for Hispanics increased from 41.2 percent to 46.3 percent between 1994 and 2000—an annual increase of 0.85 percent. While it continued to rise from 2000 to 2007, it did so more slowly, rising from 46.3 percent to 49.7 percent, an annual increase of 0.5 percent. The homeownership rate for whites in 2007 was 75.2 percent, as compared to only 49.7 percent for Hispanics. Homeownership data by race are not available before 1994.

The African-American homeownership rate was the same in 2007 as it was in 2000, after having risen by an average of 0.8 percent per year during the 1990s. The homeownership rate for African Americans rose to its highest level in 2004, but in 2000 had declined to 47.2 percent, the same level it was in 2000. Whites' homeownership rate, in comparison, increased by an average annual growth rate of 0.2 percent from 2000 to 2007. This is compared to the 1990s, when African Americans' homeownership rate increased by an average annual growth rate of 0.8 percent from 1994 to 2000. Whites' rate was 0.6 percent during this time. Homeownership data by race are not available before 1994.

Employment Level

Hispanics' average annualized employment growth rate has markedly declined since the 1990s. The robust economy that dominated the later portion of the 1990s allowed the number of employed individuals to grow, a trend that was especially evident for Hispanics. Between the fourth quarter of 1990 and the fourth quarter of 2000, the number of employed Hispanics grew on average by an impressive 4.9 percent each year, while the number of employed whites grew by an average rate of 1.2 percent each year. Yet since

2000, these growth rates have markedly declined. The average annual employment growth rate for Hispanics shrank by roughly a third during this period from 4.9 percent in the fourth quarter of 2000 to 3.3 percent in the second quarter of 2008; the rate for whites declined from 1.6 percent to 0.6 percent during the same period.

African Americans' employment rate has grown on average more than 60 percent more slowly since 2000 than it did throughout the 1990s. The robust economy that dominated the later portion of the 1990s allowed the number of employed individuals of all races to grow at steady rates. Between the fourth quarter of 1990 and the fourth quarter of 2000, the number of employed African Americans increased at an average rate of 2.2 percent each year, and the number of employed whites grew by an average rate of 1.2 percent each year. Yet since then, the average annual employment growth rate for African Americans fell by more than 60 percent from 2.2 percent in the fourth quarter of 2000 to 0.9 percent in the second quarter of 2008; the rate for whites declined from 1.2 percent to 0.6 percent during the same period.

Employment to Population Ratio

The employment to population ratio for Hispanics has *declined* at the same rate as whites' since 2000 after growing faster than whites' throughout the 1990s. The employment to population ratio for Hispanics—the percentage of the civilian population that is employed—increased by an average of 0.5 percentage points each year between the fourth quarter of 1990 and the fourth quarter of 2000. Since then, the ratio has declined by an average of 0.2 percentage points each year. Whites' employment to population ratio grew slower on average than Hispanics' throughout the 1990s, increasing on average by 0.2 percent each year, and has declined by an average of 0.2 percent every year between the fourth quarter of 2000 and the second quarter of 2008.

The employment to population ratio for African Americans has shrunk at a faster rate than whites' since 2000 after growing at a faster rate during the 1990s. The employment to population ratio for African Americans increased by an average of 0.5 percentage points each year between 1990 and 2000, compared to whites' average growth rate of just 0.2 percentage points each year. Yet between the fourth quarter of 2000 and the second quarter of 2008, the employment to population ratio for African Americans has declined on average by 0.4 percentage points each year—more quickly than whites' average decline of 0.2 percentage points per year. Importantly, the employment to population ratio of African Americans still lags behind that of whites, standing at 58.0 percent in the second quarter of 2008 compared to 63.2 percent for whites.

Sources

Family Income: U.S. Bureau of the Census, Historical Income Tables. White refers to white non-Hispanic. Beginning with 2002, data represent white non-Hispanic alone, which includes people who reported white alone or in combination. Beginning with 2005, data represent black alone or in combination. People of Hispanic origin may be of any race.

Unemployment: U.S. Department of Labor, Bureau of Labor Statistics, “Current Population Survey.” African American refers to blacks and African Americans, and Hispanic refers to Hispanics and Latinos. Quarterly data is used in order to include unemployment data available for 2008.

Health Care: U.S. Bureau of the Census, Historical Health Insurance Tables. White refers to white non-Hispanic. Beginning with 2002, data represent white non-Hispanic alone, which includes people who reported white alone or in combination. Beginning with 2005, data represent black alone or in combination. People of Hispanic origin may be of any race.

Retirement Savings: Purcell, Patrick. 2008. “Pension Sponsorship and Participation: Summary of Recent Trends.” Washington: Congressional Research Service. White refers to white non-Hispanic and African American refers to black non-Hispanic. 2002 was the first year the ‘Current Population Survey,’ the survey Purcell analyzed, used expanded categories of race and ethnicity, making comparisons with earlier years problematic.

High-Cost Mortgages: Home Mortgage Disclosure Act data. White refers to white non-Hispanic. People of Hispanic origin may be of any race. High-cost mortgages are defined as those with a rate three points or greater than the treasury rate when the loan was enacted.

Usual Median Weekly Earnings: U.S. Department of Labor, Bureau of Labor Statistics, “Current Population Survey.” African American refers to blacks and African Americans, and Hispanic refers to Hispanics and Latinos. Usual median weekly earnings refer to the median weekly earnings of a full-time non-self-employed wage and salary earner before taxes, including overtime pay, commissions, and tips earned from a primary job. Quarterly data is used in order to include earnings data already available for 2008. Second quarter data is referenced for both 2000 and 2008 because seasonally adjusted usual median weekly earnings is not available by race.

Poverty: U.S. Bureau of the Census, 2008 Statistical Abstract, Income, Expenditures, Poverty, and Wealth section. White refers to white non-Hispanic. Beginning with 2002, data represent white non-Hispanic alone, which includes people who reported white alone or in combination. Beginning with 2005, data represent black alone or in combination. People of Hispanic origin may be of any race.

Homeownership Rate: U.S. Bureau of the Census, Housing Vacancies, and Homeownership. White refers to white non-Hispanic. Beginning with 2002, data represent white non-Hispanic alone, which includes people who reported white alone or in combination. African American refers to African American only. People of Hispanic origin may be of any race.

Employment Level: U.S. Department of Labor, Bureau of Labor Statistics, “Current Population Survey.” African American refers to blacks and African Americans, and Hispanic refers to Hispanics and Latinos. Quarterly data is used in order to include employment data already available for 2008.

Employment to Population Level: U.S. Department of Labor, Bureau of Labor Statistics, “Current Population Survey.” African American refers to blacks and African Americans, and Hispanic refers to Hispanics and Latinos. Quarterly data is used in order to include employment data already available for 2008.