

# 2021 State Latino GDP Report



## California

generously funded by  
the Bank of America Charitable Foundation

### Authors

Dan Hamilton, Ph.D. and Matthew Fienup, Ph.D.  
California Lutheran University

David Hayes-Bautista, Ph.D. and Paul Hsu, Ph.D.  
UCLA Geffen School of Medicine

California  
Lutheran  
University

**UCLA** Health

Center for the Study of  
Latino Health and Culture

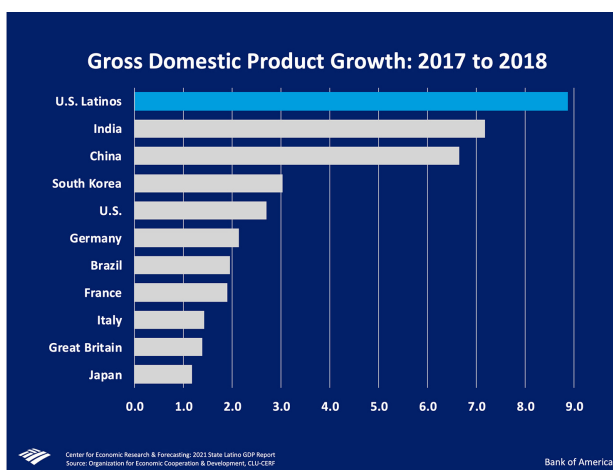
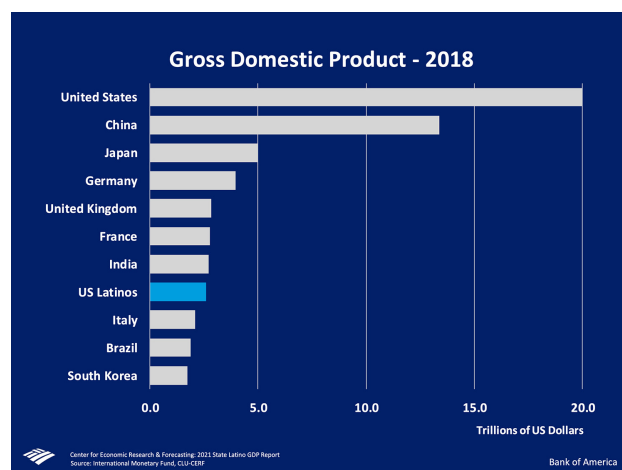


## CALIFORNIA: 2021 State Latino GDP Executive Summary

The *2021 State Latino GDP Report*<sup>1</sup> builds on prior analysis by providing state-level calculations of the total economic contribution of Latinos living in the United States. Arizona, California, Florida, Illinois, New Jersey, New Mexico, New York, and Texas collectively contain nearly three-quarters of the Nation's Latino population. This report provides detailed analysis of the state-level Latino GDPs for these 8 states, benchmarked against the broader U.S. Latino GDP.

The *2020 LDC U.S. Latino GDP Report*<sup>2</sup> provides a factual view of the large and rapidly growing economic contribution of Latinos living in the United States. In that report, we estimate the U.S. Latino GDP based on a detailed, bottom-up construction which leverages publicly available data from major U.S. agencies. At the time of its release, the most recent year for which the core building block was available is 2018. Thus, the report provides a snapshot of the total economic contribution of U.S. Latinos in that year.

As a summary statistic for the economic performance of U.S. Latinos, the 2018 Latino GDP is breathtaking. The total economic output (or GDP) of Latinos in the United States was \$2.6 trillion in 2018. If Latinos living in the United States were an independent country, the U.S. Latino GDP would be the eighth largest GDP in the world. The U.S. Latino GDP is larger even than the GDPs of Italy, Brazil or South Korea.



While impressive for its size, the U.S. Latino GDP is most noteworthy for its extraordinary growth. Among the world's 10 largest GDPs in 2018, the Latino GDP was the single fastest growing. Latino real GDP grew 21 percent faster than India's and 30 percent faster than China's. Over the entire period from 2010 to 2018, the Latino GDP was the third fastest growing, while the broader U.S. economy ranked fifth. Latino GDP grew a remarkable 74 percent faster than non-Latino GDP from 2010 to 2018.

As with the broader U.S. Latino cohort, the performance of Latinos in the eight states targeted in this report is extremely impressive. The eight states had a combined 2018 Latino GDP of \$2.0 trillion, representing 76 percent of the U.S. Latino GDP. If these Latinos were a single state, they

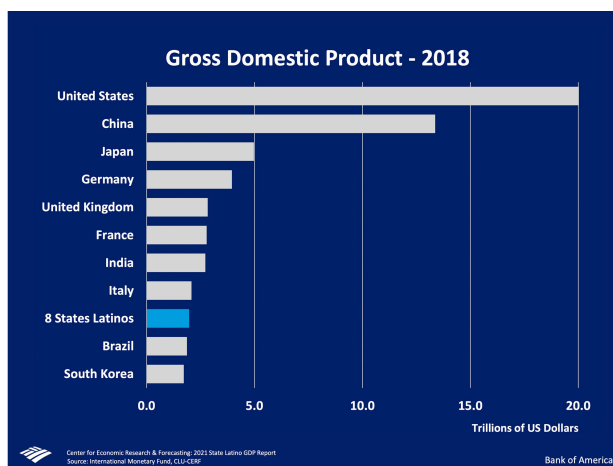
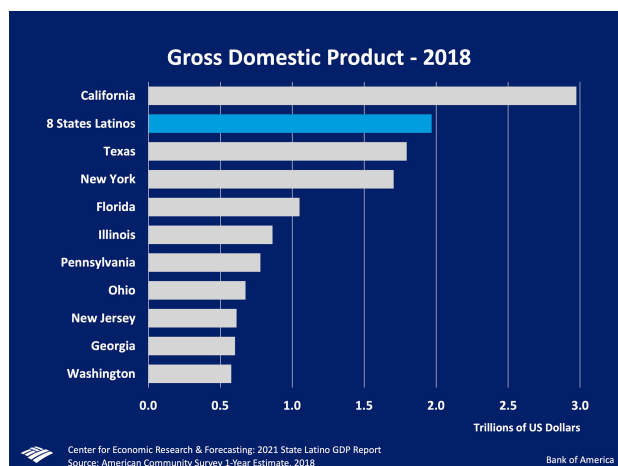
<sup>1</sup> For questions about this report, please contact: Matthew Fienup, Chief Economist, [www.clucerf.org](http://www.clucerf.org), (805)493-3668; David Hayes-Bautista, Chief Demographer, [www.uclahealth.org/ceslac](http://www.uclahealth.org/ceslac), (310)794-0663

<sup>2</sup> 2020 LDC U.S. Latino GDP Report: <https://www.clucerf.org/2020/09/28/2020-ldc-u-s-latino-gdp-report/>



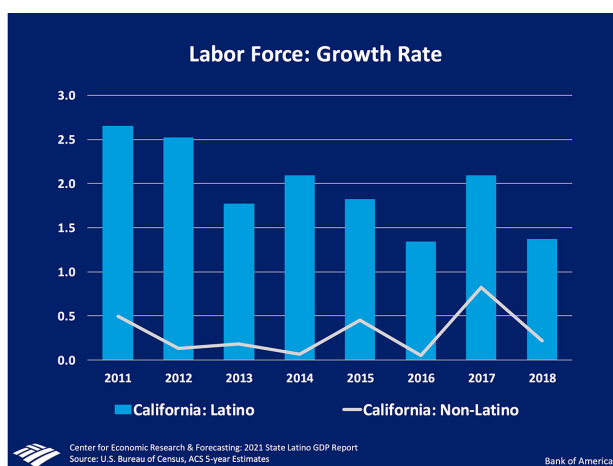
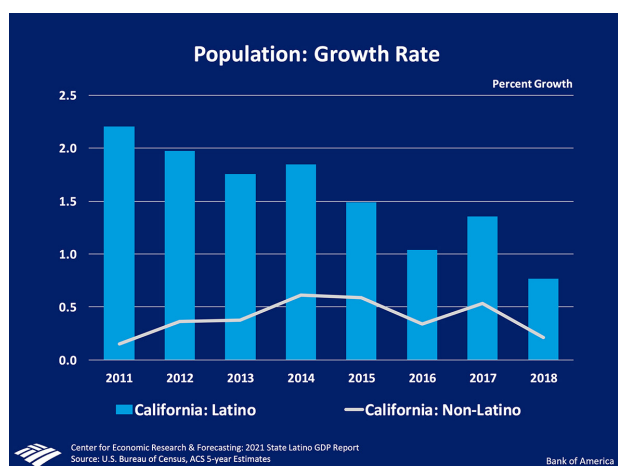
would produce the second largest state GDP in the nation. Second only to California, their GDP is 10 percent larger than the entire economy of Texas.

These eight state Latino GDPs are large even on the world stage. Treated as a single economy, Latinos in these eight states produce greater economic activity than the entire country of South Korea or Brazil. Latinos in these eight states are the equivalent of the world's 9<sup>th</sup> largest GDP.



A primary component of the dramatic economic performance of Latinos is personal consumption. From 2010 to 2018, real consumption among U.S. Latinos grew 135 percent faster than Non-Latino. 2018 aggregate consumption among Latinos in the 8 target states is \$1.36 trillion. This represents a consumption market that is 30 percent larger than the entire economic output of the state of Florida. Robust consumption and rapid consumption growth are driven, in turn, by rapid gains in human capital and strong labor force participation.

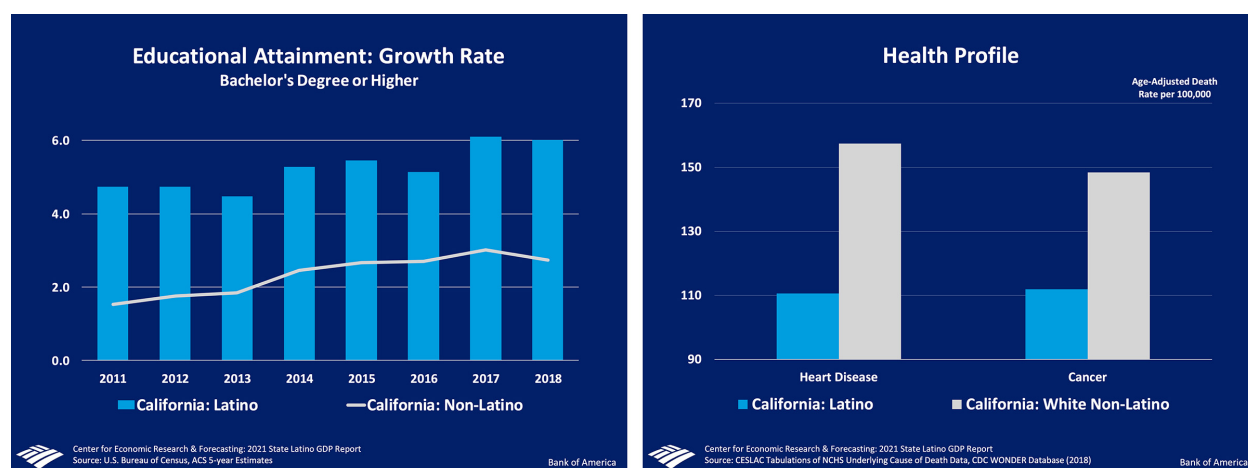
California's 2018 Latino GDP is \$706.6 billion, larger than the entire economic output of the state of Ohio. The state's top three 2018 Latino GDP sectors are: Education & Healthcare (16.0% share of the California Latino GDP), Professional & Business Services (12.6%), and Government (8.2%). As with the U.S. Latino GDP, the largest component of California's Latino GDP is personal consumption. Latino consumption totaled more than \$489.4 billion in California in 2018.





Latinos are making strong and consistent contributions to California's population and labor force. While the population of California increased steadily from 2010 to 2018, Latino population growth was more than four times that of Non-Latinos. From 2010 to 2018, California's Non-Latino population grew by 3 percent. Over that same period, the state's Latino population grew by 13 percent. The Latino labor force growth premium is even more impressive. From 2010-18, California's Latino labor force grew nearly seven times as quickly as the Non-Latino labor force (16.8 percent growth for Latinos compared to 2.4 percent for Non-Latinos).

As we do in the U.S. Latino GDP report, we note that the importance of labor force growth cannot be overstated. According to Federal Reserve economists, the number of people retiring in the U.S. is forecast to increase substantially over the next year, peaking in 2022 at close to 350,000 mostly non-Latino Baby-Boomers retiring each month. This dangerous shortage of workers is a demographic crisis which threatens the country's ability to maintain even modest economic growth. Fortunately, Latinos are already well on their way to mitigating this demographic time bomb, adding substantial numbers to the population of working age adults and to the labor force.



The economic contribution of Latinos in California, as with U.S. Latinos broadly, is driven by rapid gains in human capital, strong work ethic, and a positive health profile. From 2010 to 2018, Latino educational attainment grew at a rate 2.5 times faster than the educational attainment of Non-Latinos. Over those 9 years, California Latino's labor force participation rate was an average of 4.6 percentage points higher than Non-Latinos. In 2018, Latino labor force participation was 5.0 percentage points higher. Latinos in California also boast lower age-adjusted mortality rates across the leading causes of death. California Latinos' age-adjusted mortality rate is 25 percent lower than the state's White Non-Latinos for cancer and 30 percent lower for heart disease. California Latinos enjoy greater longevity, with a life expectancy that is nearly three years longer than White Non-Latinos (83.6 years compared to 80.8).

The family values, hard work, and strong health profile of Latinos in California and in the U.S. are a tremendous source of economic vitality.