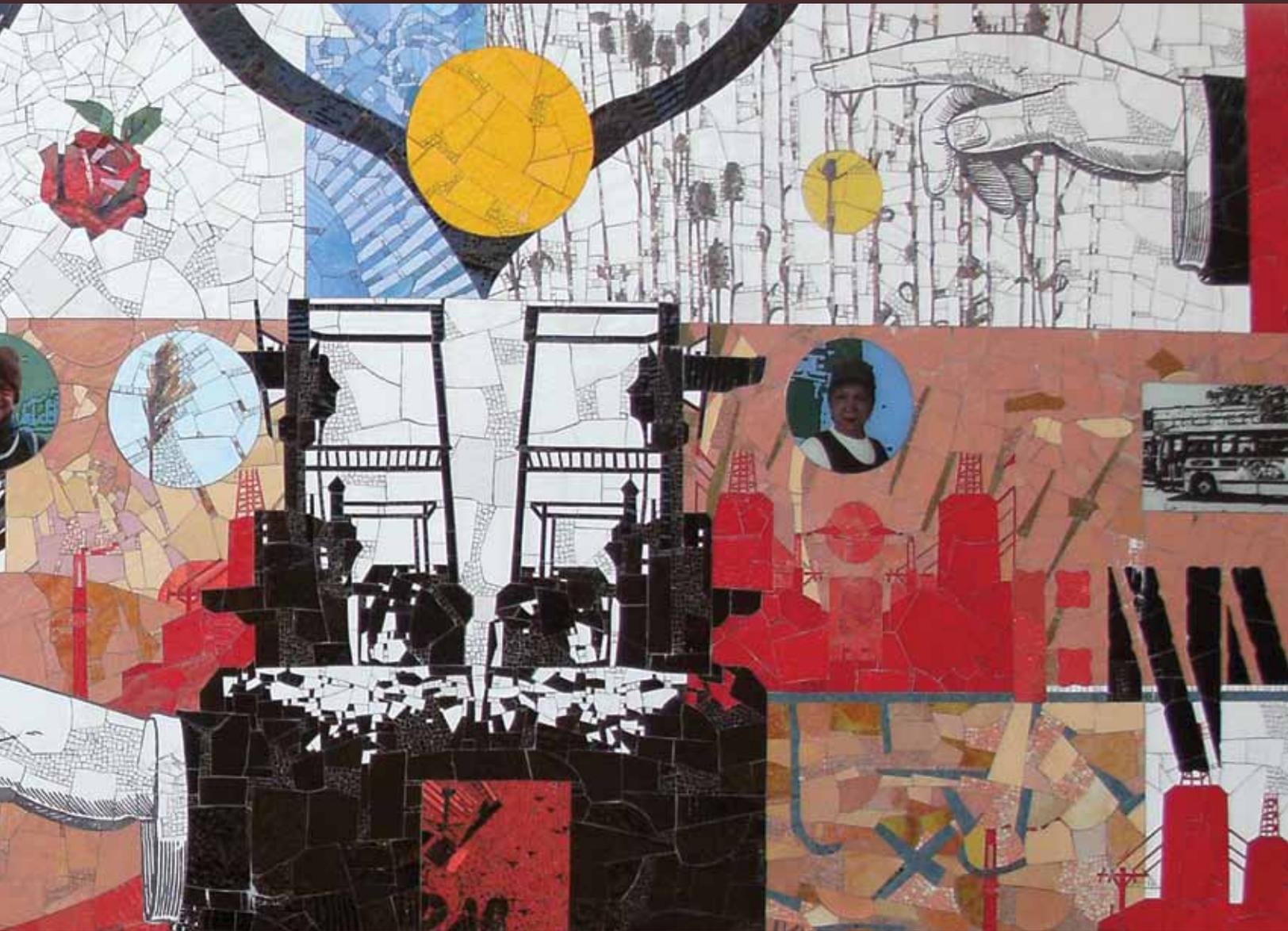


The State of Latino Chicago 2010

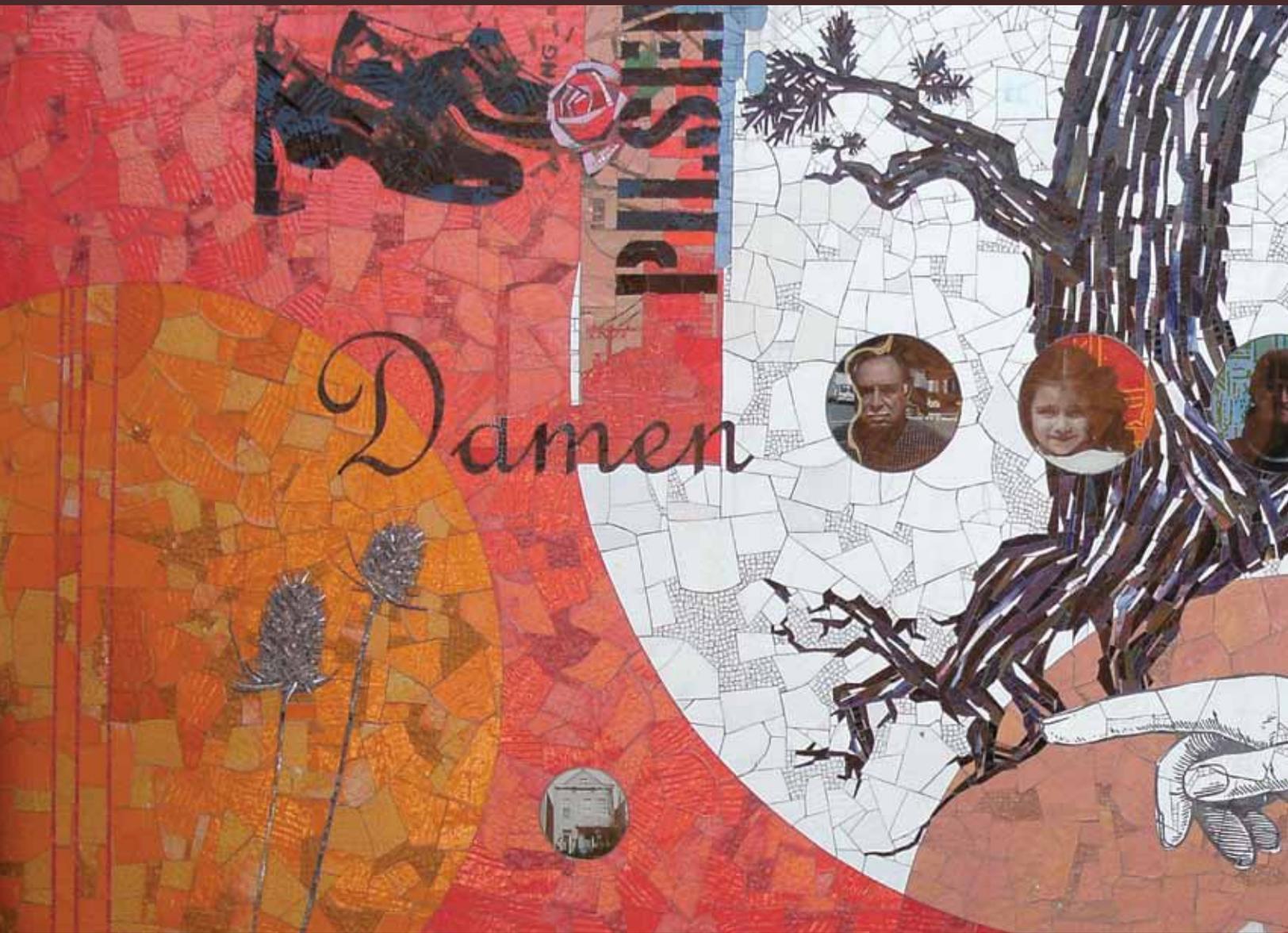


THE NEW EQUATION



UNIVERSITY OF
NOTRE DAME

Institute for Latino Studies



The State of Latino Chicago 2010
THE NEW EQUATION

Juan Carlos Guzmán
Allert Brown-Gort
Andrew Deliyannides
Roger A. Knight



INSTITUTE for



Latino Studies

UNIVERSITY OF NOTRE DAME

The Institute for Latino Studies, in keeping with the distinctive mission, values, and traditions of the University of Notre Dame, promotes understanding and appreciation of the social, cultural, and religious life of US Latinos through advancing research, expanding knowledge, and strengthening community.

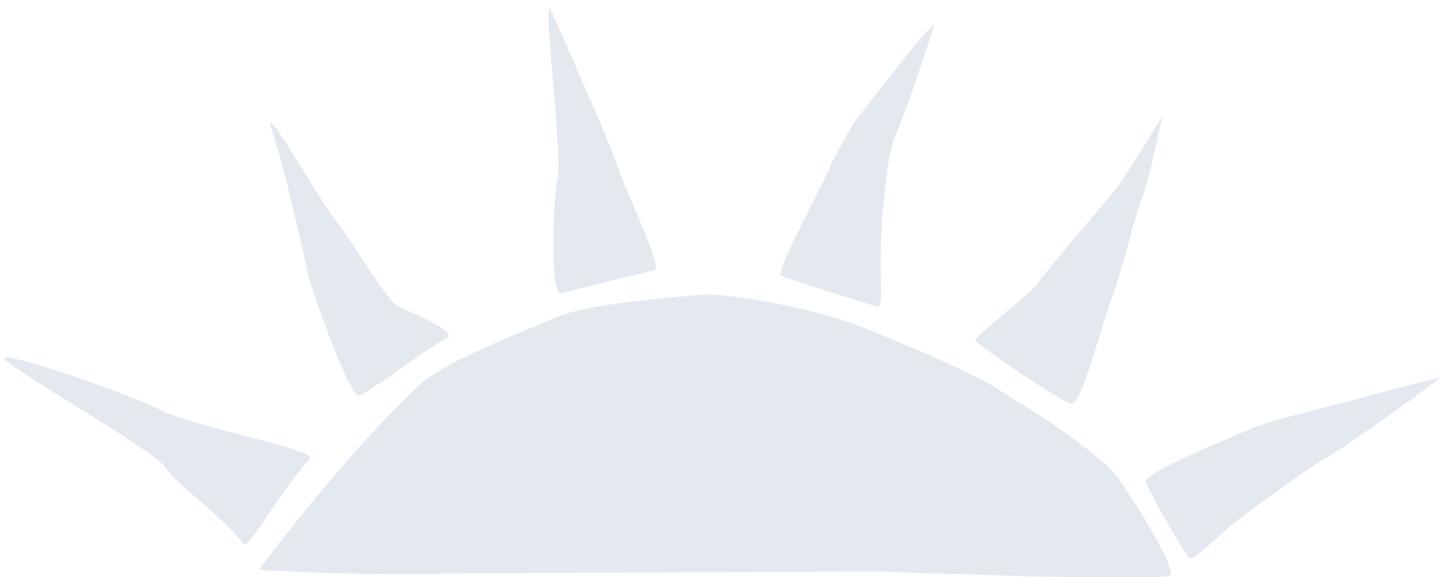


Table of Contents

Acknowledgments	iv
Preface	v
Executive Summary	1
Section 1: The Economic Contribution of Latinos in Context	3
Demographic Profile	3
Economic Profile	4
The Economic Crisis	5
Section 2: The Economic Impact of Latinos in Metropolitan Chicago	7
Labor Participation	7
Business Ownership	8
The Impact of Latino Spending Power	8
Section 3: The Fiscal Impact of Latinos in Metropolitan Chicago	13
Latino Tax Contributions to Local Governments	13
The Cost of Public Services Provided to Latinos	16
Revenue and Cost in the Balance	18
Conclusion	21
Appendix: State of Latino Chicago Indicators	23
Demographics	23
Education	26
Economics	28
Health	32
Voting	34
References	36
About the Authors	38

Acknowledgements

The Institute would like to thank the Chicago Community Trust (CCT) whose generous support funded the research and production of this report. We would also like to thank both the CCT and the Arthur Foundation for their long-term support of the Institute for Latino Studies and our work in the Chicago metropolitan region.

Juan Carlos Guzmán was the lead author and manager of the report. The work was carried out under the guidance of Allert Brown-Gort, associate director, and the overall supervision of Gilberto Cárdenas, director, Institute for Latino Studies. The core team for the report included Roger A. Knight, Maria Awal, and Raul C. Jara, Institute Research Department staff; student researchers Stella Yoon, Daniel Barrera, and Susan Esquivel; and Andrew Deliyannides, senior editor for the Institute.

We thank the following Institute fellows and staff members for their assistance during the research, writing, and production this report: Cynthia Duarte, John Koval, and Mariano Torras, Institute fellows; Angela Anderson and María Elena Estrada, director and administrative assistant respectively at the Institute's Center for Metropolitan Chicago Initiatives; and Zoë Samora, publications coordinator.

We also wish to thank Caroline Domingo, editorial consultant, and Belinda Reyes, director of the César E. Chaves Institute at San Francisco State University, for their expert and invaluable review of earlier drafts of this report. Jane Norton of Creative Solutions served as our very able graphic designer. The cover photo of a Chicago area wall mural was captured by Javier Hernández as well as the photo on page 3; the remaining photos are courtesy of Alan Pogue. And finally, we thank Sylvia Puente and Martin Torres of the Latino Policy Forum and Laurie R. Glenn of Thinkinc. for generously contributing their wise counsel to shape the vision of this publication.

The three wavy lines shown throughout are a symbol from ancient times representing the human intellect in action. From *The Book of Signs*, collected, drawn, and explained by Rudolf Koch (London: The First Edition Club, 1930, page 8).



Preface

This is the second report in the *State of Latino Chicago* series published by the University of Notre Dame's Institute for Latino Studies. Our first report, subtitled *This is Home Now*, examined the emergence of Latinos as the largest minority in metropolitan Chicago. One key element of that report was our observation that metropolitan Chicago Latinos' economic clout had grown in tandem with the population. This second edition of *The State of Latino Chicago* explores in greater detail the current economic contribution of Latinos to the Chicago-area economy. Findings demonstrate that Latinos in Chicago are active and vital economic actors. Moreover, although Latinos have often been accused of taking more from US society than they contribute, our findings show that this negative view is mistaken. It is this vision that generates the subtitle *The New Equation*.

This report is divided into three sections. The first section sets the context by establishing a basic demographic and economic profile of the Latino population in metropolitan Chicago. The second section examines the contribution of Latinos to the Chicago-area economy through their labor participation, business ownership, and the direct and indirect impact of their spending power. The third section explores Latinos' fiscal impact—that is, the Latino population's effects on public finances—by weighing the public cost of services rendered to Latinos against the local tax revenues generated by Latinos. These analyses were performed using the latest data available, from the 2009 American Community Survey and other sources.

Though the main message of this report is heartening for all Chicagoans, we must recognize that, although they are contributing their fair share to the economic success of Chicago, Latinos are lagging behind in many dimensions. Furthermore, we are aware that this report appears at a time when many—Latino and non-Latino alike—are suffering the effects of the global economic crisis. The impact of the recession on Chicago and its population is beyond the scope of this report; nevertheless, the fact that Latinos have made the economic and fiscal contributions chronicled in this report even in the midst of the economic downturn only serves to underscore the significance of Latino economic power in metropolitan Chicago.

The influence of Latinos on the economic, civic, and cultural life of metropolitan Chicago is already enormous and will become much larger still when the current generation of children begins to make its mark in the next few years. Strong, principled, and factually informed leadership can help to ensure that Chicago-area Latinos continue to prosper and contribute fully to the future vitality of metropolitan Chicago. We hope that the information presented in this report spurs dialogue on these issues and will help efforts directed towards a better future for all.



Gilberto Cárdenas

Assistant Provost, University of Notre Dame, and Director, Institute for Latino Studies

Executive Summary

This report examines the vital economic and fiscal contribution of Chicago's burgeoning Latino population. At over 1.8 million, Latinos account for 22 percent of metropolitan Chicago's 8.4 million people. In 2009 the percentage of Chicago-area Latinos who lived in the suburbs was 57 percent. With the highest labor participation rates of any group, Latinos comprise 20 percent of the metropolitan Chicago labor force and are poised to comprise 25 percent of the labor force by 2015. Latinos have under two-thirds the median household income of whites and their median income dropped 13 percent between 1999 and 2008, compared to an 8 percent drop for whites.

Latinos' \$12.3 billion in spending power yields a total impact of \$23 billion on the metropolitan Chicago economy.

Despite these economic disparities, Latinos contribute to the economy as an increasingly important segment of the labor force and as business owners who strengthen the economic growth of the region. Latinos earned \$26.2 billion in 2009, which translates to \$12.3 billion in spending power in metropolitan Chicago once money saved, spent on taxes, or spent outside the region is deducted. When added to the indirect impact of spending on goods and services stimulated by Latino consumption, that \$12.3 billion in Latino spending power yields a total impact of \$23 billion on the metropolitan Chicago economy.

An examination of tax revenues generated by Latinos and costs of public services rendered to Latinos reveals that the widespread perception that Latinos represent a net drain on the system is unfounded. Latinos contributed \$4.3 billion directly to local fiscal coffers through taxes paid. When we add the taxes paid by businesses as an indirect effect of Latino spending (\$724 million), the total fiscal contribution either paid directly or stimulated by Latino spending totals more than \$5 billion. The cost of public services provided to metropolitan Chicago Latinos (education, health services, public safety, etc.) is nearly \$3.9 billion. In other words, Latinos account for almost \$1.2 billion more in tax revenues than they cost in the delivery of public services.

On balance, for every dollar whites and Asians pay in taxes, local governments pay 35 cents and 44 cents in services, respectively. Local governments spend more on African Americans and Latinos, relative to whites and Asians, for every dollar they pay in taxes: 70 cents and 77 cents, respectively. These disparities arise from the overall lower economic status of Latinos and African Americans relative to whites and Asians. In light of these disparities the positive balance of \$1.2 billion in Latinos' fiscal contributions is all the more striking.

Latinos account for \$1.2 billion more in tax revenues than they cost in the delivery of public services.





Section 1: The Economic Contribution of Latinos in Context

Latinos account for 22 percent of metropolitan Chicago's 8.4 million people. The Latino population of Chicago is now expanding at a slower rate.

Our first *State of Latino Chicago* report, subtitled *This is Home Now*, was designed to provide a general overview of the Latino population in the Chicago Metropolitan area. This follow-up report examines the contributions Latinos make to Chicago-area economic activity and to local fiscal coffers. In order to provide context for that discussion, this section updates the basic demographic and economic profile of the Latino population with the most current data available from the US Census Bureau (2009).¹ The discussion in this section draws on a more detailed discussion of selected demographic and socioeconomic indicators presented in the appendix found on pages 23–35.

Demographic Profile

At over 1.8 million, Latinos account for 22 percent of metropolitan Chicago's 8.4 million people. However, after experiencing tremendous growth between 1970 and 2000, the Latino population of Chicago is now expanding at a slower rate. Between 1990 and 2000 the Latino population increase averaged 6.8 percent per year, but since 2000 it has slowed to an average of 2.6 percent per year.

Despite this recent slowing, the ethnic composition of Chicago is still rapidly changing. Between 2000 and 2009 the population of Chicago grew by 4 percent, with Latinos accounting for much of the growth in those years while most other groups decreased. Chicago's Asian

¹ The bulk of the data in this report comes from the 2009 American Community Survey. Although the 2010 Census is the most recent available data for basic demographic information, it does not provide enough detail for the socioeconomic analysis needed for this report. The latest available information on business ownership that is reliable at the county level comes from the 2007 Economic Census. Any other source will be referenced in the text. To estimate the economic impact of Latino spending in metropolitan Chicago we used the IMPLAN input-output model. For more information see the sidebar "The IMPLAN Model" on page 9.

A Note on Geographical Terms

In this report, unless otherwise noted, we use the term “metropolitan Chicago” or “Chicago area” to designate the seven-county Illinois area of Cook, including the city of Chicago; DuPage; Kane; Kendall; Lake; McHenry; and Will. By “urban” we mean the city of Chicago proper and by “suburban” we mean the rest of the seven-county area surrounding the city. “Metropolitan area,” as used in the tables and figures, designates the total of the city of Chicago and the suburbs.

population is the exception, increasing at a faster rate than its Latino population but growing from a much smaller base. Whites, and to a lesser extent African Americans, accounted for a population loss of over 107,000, but Latinos increased by three times that number. The percentage of the population that is white has dropped from 58 percent to 54 percent, while the share of African Americans in the region remains unchanged.

Between 2000 and 2009 Latinos crossed two key demographic thresholds with respect to nativity and area of residence:

Nativity

While Latino growth used to be driven by immigration, currently 72 percent of metropolitan Chicago’s Latino growth is due to natural increase. Though the percentage of immigrants in the Latino population had been steadily increasing since 1980, in recent years the growth rate of foreign-born Latinos has slowed to what it was prior to the immigration boom of the 1990s.² The proportion of Latino children who are foreign born fell dramatically by over 50 percent between 2000 and 2009.³ Now over 92 percent of Latino children in the Chicago area are US born. As a result of these trends, the proportion of Latinos who are US born continues to increase, from barely over half in 2000 to 58 percent in 2009.

Suburbanization

When we published the first *State of Latino Chicago* in 2005 a major finding was the growing suburbanization of Latinos in metropolitan Chicago: in 2000 Chicago’s urban Latinos still outnumbered those living in the suburbs by 54 to 46 percent, but by 2004 those percentages had exactly reversed. Although Latino demographics in the region are changing, with population growth now driven more by natural increase than by immigration, the suburbanization trend seems to be continuing, though more slowly. By 2009 the percentage of Chicago-area Latinos who lived in the suburbs had grown to 57 percent, while the percentage of suburban residents who were Latino had risen to 18.2 percent, up two percentage points since 2004. Now a significant majority of Chicago’s Latinos live in the suburbs.

Economic Profile

The demographic profile demonstrates that the Latino population continues to grow in importance in the Chicago area. In order to set the economic contributions of Latinos in context, we need to establish a basic economic profile.

Labor Market Participation

Latinos represent almost 20 percent of Chicago-area workers and make up large parts of the workforce in certain sectors. With a participation rate of 73.6 percent—three points higher than either whites or Asians—Latinos show a higher level of participation in the labor market than any other group. Given the much higher proportion of children in the Latino population, it is significant that their participation rate is roughly equal to their presence in the general population.

The data confirm that Latinos, African Americans, and whites face structural differences in the labor market. For example, a higher percentage of Latinos are private sector employees than either whites or African Americans, which may suggest that Latinos have fewer resources than whites to become self-employed and less access than either to public-sector jobs. Although Latinos

2 Source: Ruggles et al. 2010; US Census Bureau, Census 1980–2000 and 2009 American Community Survey.

3 For purposes of this report “adults” refers to persons 18 years and older and “children” to persons under the age of 18.

represent almost 20 percent of the labor force, their contributions only count for 13 percent of the total payroll taxes collected in metropolitan Chicago.⁴ Since payroll taxes are proportionate to wages, this indicates that Latinos are disproportionately found in low-paying jobs.

Wealth

Metropolitan Chicago racial and ethnic groups face many economic disparities. African Americans have only 49 percent of the median household income of whites, and Latinos 64 percent. Latinos and African Americans experienced 13 and 18 percent drops, respectively, in median household income from 1999 to 2008, compared to an 8 percent drop for whites, and between 2007 and 2008 Latinos saw the largest drop in median income (7 percent).

Similar disparities exist among Chicago's racial and ethnic groups in home ownership rates. Latino rates of home ownership are higher than those of African Americans and have increased at a pace similar to that of whites, but they still lag 23 points behind. Latinos are faring better in the suburbs with respect to home ownership (62 percent owner occupation in the suburbs compared to 46 percent in the city). The reason for this relatively high ownership rate may be explained by the fact that, for Latinos, the *mean* property value of houses in the suburbs is 9 percent lower than in the city and the *median* property value is 15 percent lower.

The Economic Crisis

Our discussion of the economic profile of Latinos would not be complete without acknowledging the ongoing economic crisis. A full analysis of the consequences is beyond the scope of this report, partly due to the limitations of the available data. However, by comparing the 2008 and 2009 American Community Survey data we can make a few basic observations:

African Americans and Latinos suffered the largest increases in unemployment between 2008 and 2009. While white unemployment reached 8.6 percent (a 66 percent increase from 2008) and Asian unemployment reached 7.8 percent (a 58 percent increase), African Americans and Latinos both saw double-digit unemployment figures in 2009. Black unemployment reached 21.0 percent, a 47 percent increase from 2008, and Latino unemployment increased from 7.2 percent in 2008 to 12.1 percent in 2009 (a 68 percent increase), the largest of any group. This rise in unemployment is one factor that contributed to a 9 percent drop in aggregate household income and an 8 percent drop in median income for Latinos between 2008 and 2009.⁵ Though the economic crisis has affected everyone, minorities, including Latinos, have been especially hard hit.

In the midst of the current economic crisis and polarized immigration debate, Latinos have often been accused of taking more from US society than they contribute. But our analysis shows that this negative view of Latinos as a drain on society is not only mistaken in the current context; it is even more so in a future context, given the relative youth of the increasingly US-born Latino population. Due to its size, growth, and economic participation, the Latino community will play an increasingly important role in the ongoing development of metropolitan Chicago. In Section 2 we examine the economic contribution of Latinos through their supply of and demand for goods and services. In Section 3 we examine the balance between what Latinos contribute to local coffers versus what they cost in provision of services by local governments.

Our analysis shows that the view of Latinos as a drain on society is not only mistaken in the current context; it is even more so in a future context.

4 Source: Author's calculation based on US Census Bureau, 2009 American Community Survey Public-Use Microdata Sample.

5 Source: Ibid.



Damen

PULSE



Section 2: The Economic Impact of Latinos in Metropolitan Chicago

*Latinos
comprise
20 percent
of the labor
force and
are poised
to become
a quarter of
the labor force
by 2015.*

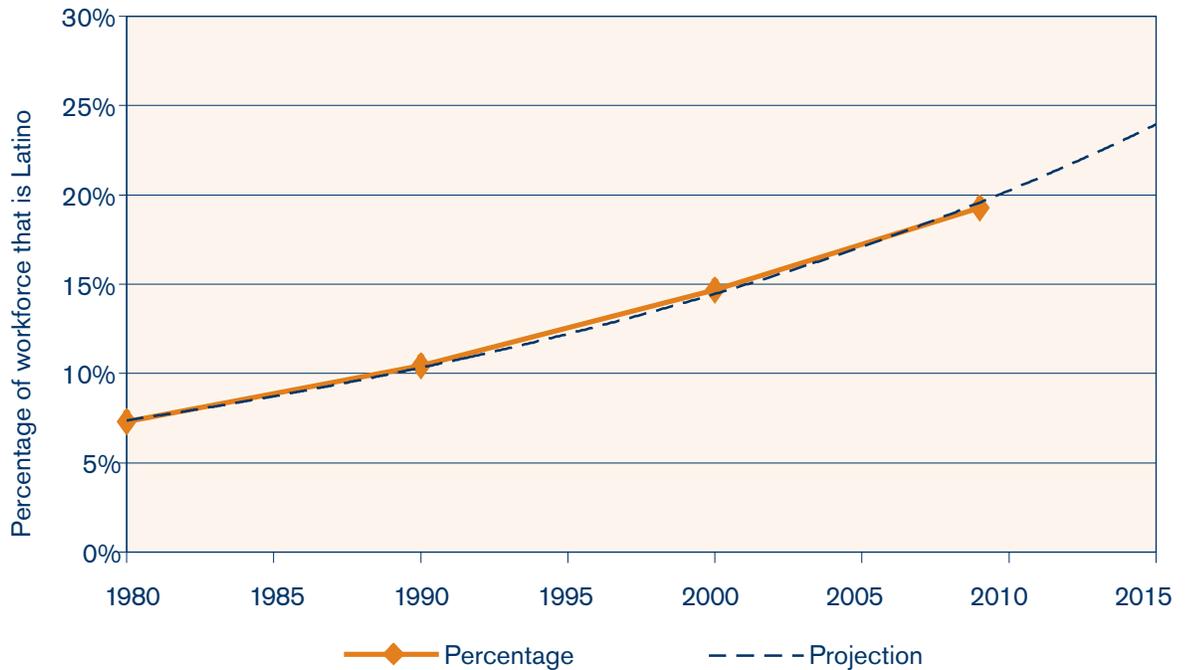
The demographic and economic profile in Section 1 established that Latinos play a vital role in the economic landscape of Chicago. In order to understand and quantify their economic contribution to metropolitan Chicago, in this section we examine labor participation, business ownership, and consumer spending. Our analysis shows that 1) Latinos comprise almost 20 percent of the labor force, which is proportional to their share of the population. 2) Latinos own more than 56,000 businesses, which comprise 6.5 percent of all businesses in the region. 3) Latinos contributed an estimated \$23 billion in consumer spending in 2009, helping to sustain more than 170,000 jobs in the region.

Labor Participation

Latinos' economic contribution begins with their participation in the labor market. Latinos are an increasingly important segment of the labor force, and they also are business owners contributing to the economic growth of the region. As we saw in the previous section, Latinos participate in the labor force at slightly higher rates than other groups and comprise 20 percent of the labor force, which is roughly proportional to their share of the population.

Given the youth of the Latino population, coupled with the aging of the white population, Latinos will comprise an increasing share of the labor force in the coming years. Figure 2-1 shows the share of the Chicago-area workforce that is Latino. The Latino workforce increased from 7 percent in 1980 to almost 20 percent in 2009, representing an overall growth of 3.5 percent a year. Given this rate of growth, and assuming the economy returns to normalcy, Latinos are poised to become a quarter of the labor force by 2015.

Figure 2-1. Latino Workforce in Metropolitan Chicago: 1980–2015



Source: US Census Bureau, Census 1980–2010.

Latinos contributed an estimated \$23 billion in consumer spending in 2009, helping to sustain more than 170,000 jobs in the region.

Business Ownership

According to the 2007 Economic Census, Latinos own almost 56,000 businesses in the metropolitan Chicago area. These businesses had over 77,000 employees with an overall payroll of \$2.2 billion and total annual revenue of more than \$10.4 billion. More than 71 percent of the Latino-owned firms were located in Cook County. Despite these numbers, Latino access to businesses or business ownership is very limited compared to other groups. The number of Latino-owned businesses accounts for only 6.5 percent of the total businesses in metropolitan Chicago. This percentage is low compared to the number of businesses owned by African Americans, which account for 11.9 percent of all businesses in the area.

The Impact of Latino Spending Power

The participation of Latinos in the labor market and their ownership of businesses translate into spending power. Latino spending in the local economy supports wages, employment, business income, consumer spending, tax revenue, and overall economic output. Local Latino spending affects Chicago-area businesses in two ways: 1) an initial or *direct* impact of the purchases of regional commodities and services by the Latino population and 2) a multiplier effect or *indirect* impact on various sectors of the local economy needed to meet the demand created by Latino spending. In 2009 Latino spending contributed, directly and indirectly, an estimated \$23 billion to the economy of metropolitan Chicago, helping to sustain more than 170,000 jobs in the region.

Latinos earned more than \$26.2 billion, but 53 percent of that income was paid in taxes, saved, or spent outside of metropolitan Chicago.

The IMPLAN Model

To estimate the economic impact of Latino spending in metropolitan Chicago we used the IMPLAN input-output model, an economic-impact estimation methodology used in several earlier studies. A notable recent use of the IMPLAN model with respect to the Chicago economy is Chicago United's report "Building a Stronger Regional Economy through Minority Business Development" (2007). With spending power data as the primary input, IMPLAN bases its calculations on purchasing and consumption patterns, both business-to-business and business-to-consumer, using data obtained primarily from the US Bureau of Economic Analysis and the Bureau of Labor Statistics. IMPLAN follows consumer spending through over 500 sectors of metropolitan Chicago's economy in order to estimate any of a variety of impacts that would result from certain hypothetical changes. We used it to calculate the effect of Latino consumer spending on the Chicago-area economy. Certain adjustments were necessary to produce a reliable estimate of Latino consumption, including reducing Latino household income by remittances, savings, and consumer spending outside of metropolitan Chicago. For more information about the IMPLAN model see www.implan.com.

Direct Economic Contribution: Latino Spending Power

Latinos spent more than \$12.3 billion in local goods and services in metropolitan Chicago in 2009. They earned more than \$26.2 billion, but 53 percent of that income was paid in taxes, saved, or spent outside of metropolitan Chicago.

In order to calculate Latino spending power in the region, we began with the aggregate household income figure⁶ and subtracted from it taxes, savings, remittances, and purchases outside of the region. Table 2-1 presents our estimates of income and payroll taxes,⁷ remittances⁸ and personal savings,⁹ property taxes,¹⁰ and imports.¹¹ According to these estimates, Latinos in metropolitan Chicago had \$12.3 billion in spending power in 2009.

Figure 2-2 shows how the gross income that Latinos received in 2009 was distributed among various expenditure categories. More than 86 percent of the income went to local consumer spending or taxes. More than two-fifths of the taxes paid went to property taxes while three-fifths were paid in income and payroll taxes. (Latinos' contribution to local tax revenues will be discussed in greater detail in Section 3.) Less than one-tenth of the total income earned by Latinos is spent outside of the region in form of remittances (8 percent) or imports (1 percent).

6 Source: Authors' calculation based on US Census Bureau, 2009 American Community Survey.

7 To arrive at this estimate we applied the 2009 state and federal income tax schedule to household income.

8 Sources: Inter-American Development Bank's Multilateral Investment Fund, US Census Bureau, 2009 American Community Survey. To arrive at this estimate we calculated the percentage of adult Latino Illinois residents living in metropolitan Chicago and multiplied this percentage by the total amount of remittances sent to Latin America from Illinois. Finally, we multiplied this result by 85 percent, which reflects the 15 percent overall decrease in remittances to Latin America observed between 2008 and 2009.

9 Source: US Bureau of Economic Analysis National Income and Product Accounts (NIPA) tables. To arrive at this estimate we applied the average national personal savings rates from 2008 (2.7 percent) and 2009 (5.9 percent) to the total household income after taxes.

10 Source: Authors' calculation based on US Census Bureau, 2009 American Community Survey. The property taxes were calculated from the total amount reported by homeowners plus 50 percent of the total rent paid by Latino renters.

11 Source: Author's calculation. "Imports" account for the portion of household buying power that does not benefit the local economy. "Imports" include both consumer purchases made outside the local area (which account for 3 percent of income after deducting taxes, savings, remittances, and property taxes) as well as local demand for goods or services that requires businesses or industries to expend money outside the local area. This latter category, "production imports," was excluded from the local economic impact assessment but not from our calculations of Latino spending power.

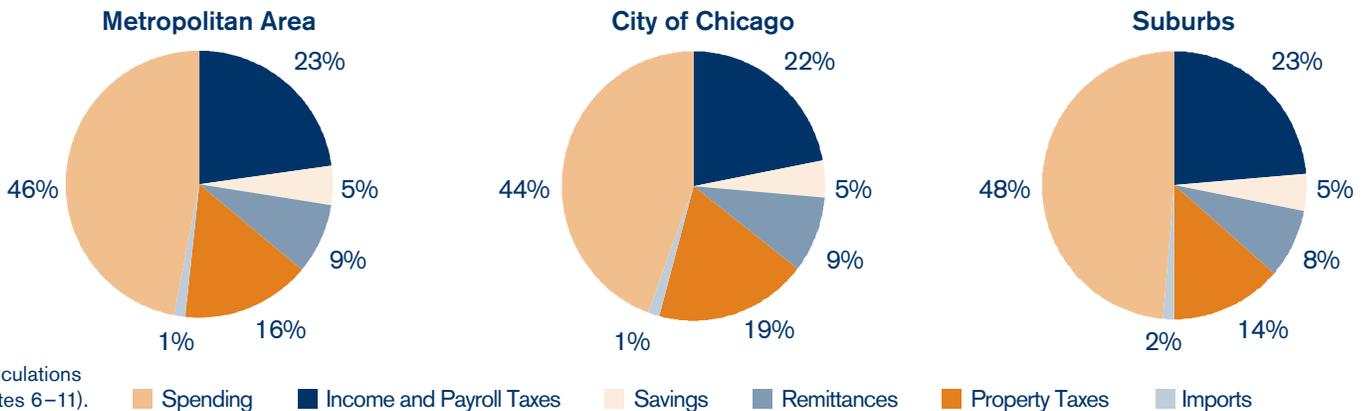
Table 2-1. Estimating Latino Spending Power in Metropolitan Chicago: 2009 (in millions)

Expenditure Categories	Metropolitan Area		City of Chicago		Suburbs	
	2009	2008	2009	2008	2009	2008
Latino Household Income	\$26,198	\$28,907	\$10,692	\$11,075	\$15,506	\$17,831
Income and Payroll Taxes	(\$6,003)	(\$6,128)	(\$2,340)	(\$2,191)	(\$3,663)	(\$3,936)
Savings	(\$1,197)	(\$615)	(\$495)	(\$240)	(\$702)	(\$375)
Remittances	(\$2,229)	(\$2,142)	(\$966)	(\$532)	(\$1,263)	(\$1,610)
Property Taxes	(\$4,131)	(\$3,409)	(\$2,004)	(\$1,604)	(\$2,127)	(\$1,805)
Imports	(\$379)	(\$498)	(\$147)	(\$195)	(\$233)	(\$303)
Latino Spending Power	\$12,259	\$16,115	\$4,741	\$6,314	\$7,518	\$9,802

Source: Author's calculations (see footnotes 6–11).

It should be noted that Latino spending power decreased between 2009 and 2008 by more than 24 percent. Table 2-1 shows how Latinos distributed their gross income in the different expenditure categories in 2008 and 2009. There were significant changes not only in the amount of income earned, but also in the major categories of expenditure. The decrease in spending power in 2009 far exceeded the 9 percent drop in Latino household income, mainly because the amount of property taxes paid in the aggregate increased, for whatever reason, by 21 percent¹² and the amount of savings almost doubled.

Figure 2-2. Household Income of Latinos in Metropolitan Chicago, by Expenditure Type: 2009



Source: Author's calculations (see footnotes 6–11).

When we break down the numbers by area of residence we find that Latinos in the suburbs have more spending power than Latinos in the city. The main differentiating factor is their relative tax burdens. While suburban Latinos pay slightly more in income and payroll taxes, Latinos in the city of Chicago spent 5 percent more of their income on property taxes than suburban Latinos. Latinos in the city of Chicago spent almost as much on property taxes as those in the suburbs despite being outnumbered 3 to 2. The increased spending power of suburban Latinos suggests that the movement of Latinos to the suburbs boosts Latinos' contribution to the metropolitan Chicago economy. An increasingly suburban Latino population also means that approximately three-fifths of the impact of Latino economic activity is felt in the suburbs with their expanding Latino labor force. Slightly more than 60 percent of every Latino dollar is now spent in the Chicago suburbs where 57 percent of Latinos reside.

¹² Source: Author's calculation based on US Census Bureau, 2009 American Community Survey Public-Use Microdata Sample.

An increasingly suburban Latino population also means that approximately three-fifths of the impact of Latino economic activity is felt in the suburbs.

Indirect Economic Contribution: The Multiplier Effect of Latino Spending Power

Evaluating the full impact of the consumer spending of a specific segment of the population on the local economy is not an easy task.¹³ As Latinos expend their dollars on goods and services from local businesses, these businesses require intermediate goods for the production of those goods and services, which in turn, creates demand for more goods and services, and so on. The accumulation of all these demands and provision of goods and services yields the indirect impact of Latino spending. The demand generated by Latinos' \$12.3 billion spending power has a multiplier effect that stimulates more spending, in the amount of \$10.7 billion, as businesses and industries move to meet that demand. The total economic impact of Latinos can be estimated by summing the direct impact of Latino spending and the indirect impact stimulated by that spending. Table 2-2 shows that, according to the IMPLAN model, the total economic impact of Latinos on the local economy is an estimated \$23 billion in 2009. Even though 57 percent of the Latino population lives in the suburbs, suburban Latinos contribute 71 percent (\$16.2 billion) of the total Latino economic contribution to the regional economy. In other words, suburban Latinos contribute proportionally more than Latinos in the city due to their greater spending power, as described above.

Table 2-2. Total Economic Impact of Latino Spending in Metropolitan Chicago: 2009 (in millions)

	Metropolitan Area	City of Chicago	Suburbs
Direct Impact	\$12,259	\$4,741	\$7,518
Indirect Impact	\$10,696	\$2,001	\$8,695
Total Economic Impact	\$22,955	\$6,742	\$16,213

Source: IMPLAN.

Note: Details may not sum to totals because of rounding.

Latino spending in the regional economy also translates into jobs and wages at all places where Latinos spend money. While the Chicago economy shed 193,000 jobs between the first quarter of 2008 and the first quarter of 2009,¹⁴ according to the IMPLAN model, the demand for goods and services generated by Latino spending helped sustain almost 173,000 jobs. Latino consumption in metropolitan Chicago produced an additional \$8.4 billion in labor income in 2009, and here, as above, we find that the suburbs accounted for 72 percent of the jobs and 72 percent of the labor income indirectly stimulated by Latino spending.

As Latinos contribute to the metropolitan Chicago economy through their labor and their spending power, they also contribute to state, local, and federal coffers through income, payroll, and property taxes. How much of these tax revenues accrues to local municipalities and how much it costs locally to provide services to Latinos will be examined in the next section of this report.

¹³ In this section we are guided by similar studies for North Carolina (Kasarda and Johnson 2006), Washington DC (Capps, Passel, and Fix 2006), Texas (Strayhorn 2006), New York's Nassau and Suffolk Counties (Torrás and Skinner 2007), Nevada (Ginsburg 2007), Arkansas (Capps et al. 2007), Southeast Michigan (Center for Urban Studies 2008), and initial analysis of 2004 data for Chicago by Torrás and Knight (2007).

¹⁴ Source: Workforce Boards of Metropolitan Chicago.



Damen

PULSE



Section 3: The Fiscal Impact of Latinos in Metropolitan Chicago

Latinos contribute more to the local government than they cost in the provision of services.

This section considers the fiscal impact of Latinos on major public costs—primary and secondary education, health service delivery, and public services—and their contribution to local fiscal coffers. Our analysis demonstrates that Latinos contribute more to the local government than they cost in the provision of services. We found that the total tax revenue generated directly and indirectly by Latinos amounts to just over \$5 billion, while the public services that Latinos use cost nearly \$3.9 billion, producing a net gain of almost \$1.2 billion for local governments.

Latino Tax Contributions to Local Governments

One of the difficulties in determining local tax revenues arises from the fact that almost three-fifths (59 percent) of taxes paid by metropolitan Chicago Latinos goes to federal and state coffers. Of the \$10.2 billion paid by Chicago-area Latinos in taxes in 2009 the majority of the benefit, \$5.4 billion, accrued to the federal government. A further \$611 million went in state taxes to the State of Illinois.¹⁵ Latinos contribute to a number of taxes, such as sales, motor fuel, and home rule taxes¹⁶ that primarily accrue to state and local coffers. Besides local sales tax, Latinos contribute to the region's economy through taxes on their earnings and property that are partially returned to the local governments by the state.

¹⁵ Source: Author's calculation based on US Census Bureau, 2009 American Community Survey Public-Use Microdata Sample. Some of Chicago-area Latinos' contributions to federal income tax and social security trickle back to the State of Illinois and metropolitan Chicago, but these potential benefits cannot be calculated with any degree of precision.

¹⁶ Home rule gives cities, towns, and villages power to levy any tax needed for local purposes except for taxes on earnings, income, and occupations. While a home-rule community cannot levy its own sales tax, it can increase the local portion of the state sales tax that is collected within its boundaries (Banovetz and Kelty 2003).

Nonetheless, when we factor out the taxes paid to federal and state governments the Latino fiscal contribution to metropolitan Chicago *per se* is far from negligible. In 2009 Latinos paid 4.3 billion in local taxes in metropolitan Chicago. This represents about one-fifth (19 percent) of the total local tax revenue of metropolitan Chicago (\$22.7 billion).¹⁷ On the whole, Latino residents were responsible for approximately \$4.2 billion in personal (property and income) taxes and \$70 million in sales taxes. About 52 percent of the revenue collected from Latinos comes from the suburbs.

Just as Latino spending has a multiplier effect as it stimulates other economic activity (described in Section 2 above), the same effect generates tax revenue that accrues to local coffers as an indirect effect of Latino spending. Table 3-1 shows the origin and distribution of the major categories of local tax revenues paid directly or stimulated indirectly Latinos. The indirect tax revenues were calculated by the IMPLAN model on the basis of Latino spending power. The taxes paid by businesses as an indirect effect of Latino spending (\$724 million), when added to the \$4.3 billion directly paid by Latinos, bring the total fiscal contribution of Latinos to just over \$5 billion.

**Table 3-1. Latino Local Tax Impact Estimates for Metropolitan Chicago: 2009
(in millions)**

	Total	Direct	Indirect Business
Metropolitan Area			
Total	\$5,047	\$4,323	\$724
Property Tax	\$4,722	\$4,131	\$591
Sales Tax	\$170	\$70	\$101
Income Tax	\$140	\$122	\$18
Other Taxes or Fees	\$13	*	\$13
City of Chicago			
Total	\$2,289	\$2,086	\$203
Property Tax	\$2,170	\$2,004	\$166
Sales Tax	\$60	\$32	\$28
Income Tax	\$54	\$50	\$4
Other Taxes or Fees	\$4	*	\$4
Suburbs			
Total	\$2,758	\$2,237	\$521
Property Tax	\$2,552	\$2,127	\$425
Sales Tax	\$110	\$38	\$72
Income Tax	\$86	\$72	\$14
Other Taxes or Fees	\$10	*	\$10

*Estimate is not available. Note: Details may not sum to totals because of rounding.

Source: IMPLAN and author's calculation based on county financial statements and population shares.

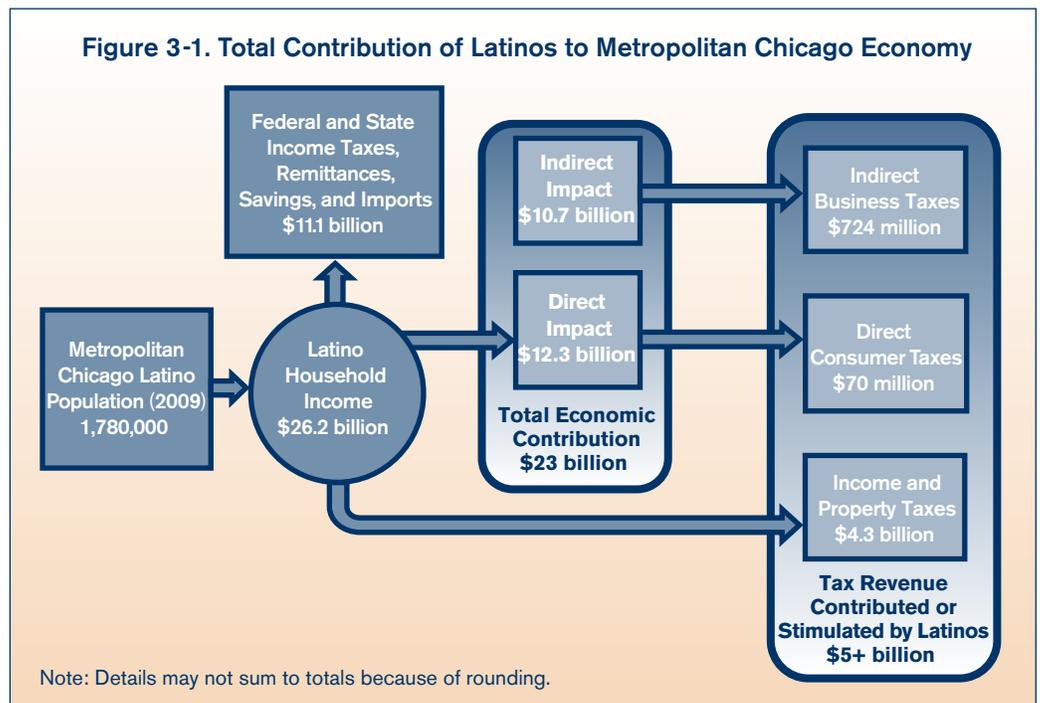
¹⁷ Source: Authors' calculation based on the financial reports for the year ending November 30, 2009, of Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will Counties.

We arrived at the direct impact figures as follows:

Property taxes—The American Community Survey asks homeowners how much they pay in property taxes. Because these values are reported as intervals (e.g., \$50–99, \$100–149, etc.) in 62 categories, in order to calculate each homeowner’s expenditure on property taxes we used the mean point of each category. The property taxes were calculated from the total amount reported by homeowners, to which we added 50 percent of the total rent paid by Latino renters in order to capture property taxes paid on residences rented by Latinos.¹⁸

Sales taxes—In addition to income and property taxes, Latinos also pay taxes on their consumer spending. These taxes were calculated on the basis of Latinos’ share of spending on taxable goods and services, based on the Consumer Expenditure Survey, and the local sales tax rate by county. According to the Illinois Department of Revenue (IDOR), 20 percent of the sales taxes collected are distributed to each county, and the other 80 percent goes to state coffers. We adjusted our sales tax estimates accordingly. We determined the contribution of Chicago-area Latinos to local sales tax revenues to be \$31.9 million in Chicago proper and that of Latinos elsewhere in the suburbs to be \$37.8 million for a total of \$69.7 million for metropolitan Chicago as a whole.

Other taxes—In addition to sales taxes, there are a number of taxes collected by each county and municipality. However, most of these taxes come from consumption of specific goods and services such as motor oil tax, gambling taxes, fees, etc. Each county and municipality might have different tariffs for each tax. Since information about the race or ethnicity of the payer is not collected and the tax system is very complex, we decided that the conservative course of action would be not to assign an amount in this category of direct contribution.



¹⁸ We arrived at this rate of 50 percent in an effort to account for taxes paid by landlords on rental income and property. This figure was suggested by a panel of experienced economists from the Notre Dame Department of Economics at a presentation of our preliminary findings in October, 2010.

The total contribution of Latinos to the metropolitan Chicago economy through spending and tax revenues is summarized graphically in Figure 3-1. The distribution of the Latino contribution is explained in the box at the far right-hand side. The total contribution to local tax revenue consists of sales taxes, income and property taxes, and indirect personal and business taxes.

The Cost of Public Services Provided to Latinos

Despite the demonstrable economic and fiscal contributions of Latinos to the region, there have been growing concerns about the cost of public aid programs and their effects on local budgets. By gathering data from a number of public sources and calculating the share of costs attributable to Latinos, county by county, we estimate that the provision of services to the Latino community paid by local counties and municipalities amounts to \$3.9 billion. In this section we examine the impact of the Latino population on local and regional budgets in three public sectors: primary and secondary education, health services delivery, and public services. Table 3-2 summarizes the costs associated with the provision of services to the Latino community, and the rest of this section describes how we arrived to those numbers.

Table 3-2. Cost of Public Services Rendered to Latinos in Metropolitan Chicago: 2009 (in millions)

	Metropolitan Area	City of Chicago	Suburbs
Total	\$3,870	\$1,687	\$2,183
Education	\$1,854	\$521	\$1,333
Public Health	\$264	\$52	\$212
Medicaid	\$793	\$572	\$221
Public Safety, Transportation, and Community Development	\$959	\$542	\$417

Source: Author's calculations (see footnotes 19–21, and 24).

Education (\$1.9 billion)

It is well known that the major share of expenditures for local government units throughout the nation consists of public elementary and secondary school education. Using a calculation that includes expenditures for instruction and for food and transportation services, we estimate the costs of public school education for Latinos to be \$1.9 billion for metropolitan Chicago in the 2009 school year, the latest year for which these data were available.¹⁹ Cook County accounts for almost three-fifths (\$1.1 billion) of the total, of which almost half is due to the city of Chicago (\$521 million). Our estimate excludes long-term expenditures (like capital outlays), debt service, and expenditures beyond the scope of public, elementary, and secondary education as well as fixed costs such as operation and maintenance of buildings, administration, and business services.

¹⁹ Sources: National Center for Education Statistics, Common Core of Data (CCD), "Public Elementary/Secondary School Universe Survey," 2008–09 v.1c, "Local Education Agency Universe Survey," 2008–09 v.1c, "School District Finance Survey (Form F-33)," 2008-09 (FY 2008) v.1a. To arrive at this estimate we multiplied spending on instruction and food and transportation services for each school district by the share of total revenue from local sources and then multiplied again by the share of Latino enrollment. Note: Total expenditures per student are total expenditures made by school districts divided by the fall membership as reported in the district finance file. The total expenditures are first reduced by current expenditures made on behalf of students not included in the fall membership. Subtracted expenditures include current spending for public charter schools, current spending for private schools, and payments to other school systems.

Health (\$1.2 billion)

The total cost of providing health services to Latinos equals \$1.1 billion in 2009. Most of this amount is spent through Medicaid (\$793 million) and the rest on public health programs (\$264 million).

Our estimate for total Medicaid costs that can be attributed to Latinos in Chicago corresponds to approximately 7.7 percent of total Medicaid spending in the state of Illinois in 2009, a total of \$793 million.²⁰ To estimate Medicaid costs attributable to Latinos, we used enrollment data by county from the Illinois Department of Healthcare and Family Services (IDHFS, formerly the Illinois Department of Public Aid).

In addition to Medicaid spending, the Latino population's share of the cost of promoting and protecting the health and well-being of all residents through public health departments is \$264 million, of which \$52 million is paid by Chicago proper. These services include the prevention of communicable diseases, cancer screenings, dental services and primary care through county health clinics, environmental services, immunizations, and STD prevention and control, among others. To estimate this cost, we aggregated the expenditures of each county on the provision of public health and multiplied this amount by the proportion of the population that is Latino in each county.²¹

Our estimate might overstate the cost of health care, since Latinos are less likely on average to avail themselves of such services.²² Given the demographic and economic characteristics of the Latino population (high percentage immigrant, below-average income levels, higher-than-average birth rate), some have argued that Latinos may require Medicaid benefits to a greater extent than the average non-Latino. This argument, however, ignores the fact that Latinos disproportionately fall on the younger side of the age distribution, indicating that Latinos are probably healthier on average, and therefore less likely to utilize nonemergency health services, than their non-Latino counterparts. In addition, researchers have found mixed results regarding the effects of Medicaid eligibility on actual enrollment and healthcare utilization among Latino and/or immigrant families.²³

20 Sources: US Census Bureau, 2009 American Community Survey; 2006 payment data from the Urban Institute and Kaiser Commission on Medicaid and the Uninsured based on data from Medicaid Statistical Information System (MSIS) reports from the Centers for Medicare and Medicaid Services (CMS); Illinois Department of Healthcare and Family Services (DHFS) Fiscal Year 2011 Budget Overview and 2004 IDPA Beneficiaries. To arrive at this estimate we gathered enrollment data by county from 2009 IDPA and multiplied it, for each age group, by the proportion of population eligible for Medicaid that is Latino. Then we multiplied enrollment by the average payment per enrollee in the state of Illinois for state funding from MSIS.

21 Sources: 2009 American Community Survey, 2009 Cook County Comprehensive Annual Financial Report, 2009 DuPage County Health Department Report, 2009 Kane County Health Department Report, 2009 Lake County Health Department and Community Health Center Report, 2009 McHenry County Health Department Report, 2009 Will County Health Department and Community Health Center Report, 2009 City of Chicago Budget Program and Budget Summary. To arrive at this estimate we multiplied the total annual budget for county public health and the City of Chicago Public Health Department by the share of the Latino population in each county and city respectively.

22 The claim is sometimes made that Latinos put a heavy cost burden on local hospitals by disproportionate use of emergency department services. As a recent report from the National Center for Health Statistics (Garcia, Bernstein, and Bush 2010) demonstrates, however, Latinos nationally make fewer visits to the emergency room than either whites or African Americans. Moreover, contrary to the often-made assumption that the uninsured use emergency rooms excessively and for non-urgent conditions, emergency department visits by the uninsured are no more likely to be triaged as non-urgent than visits by those with private insurance or Medicaid coverage, and the uninsured were less likely to use emergency department services than those covered by Medicaid and only slightly more likely than those with private insurance.

23 In a study of immigrant families Currie and Fahr (2005) find that despite a higher percentage of immigrant children eligible for Medicaid, program eligibility expansions increased coverage only among native-born children. Halfon et al. (1997) describe how continuous Medicaid enrollment is associated with access rather than demographic characteristics among Latino families.

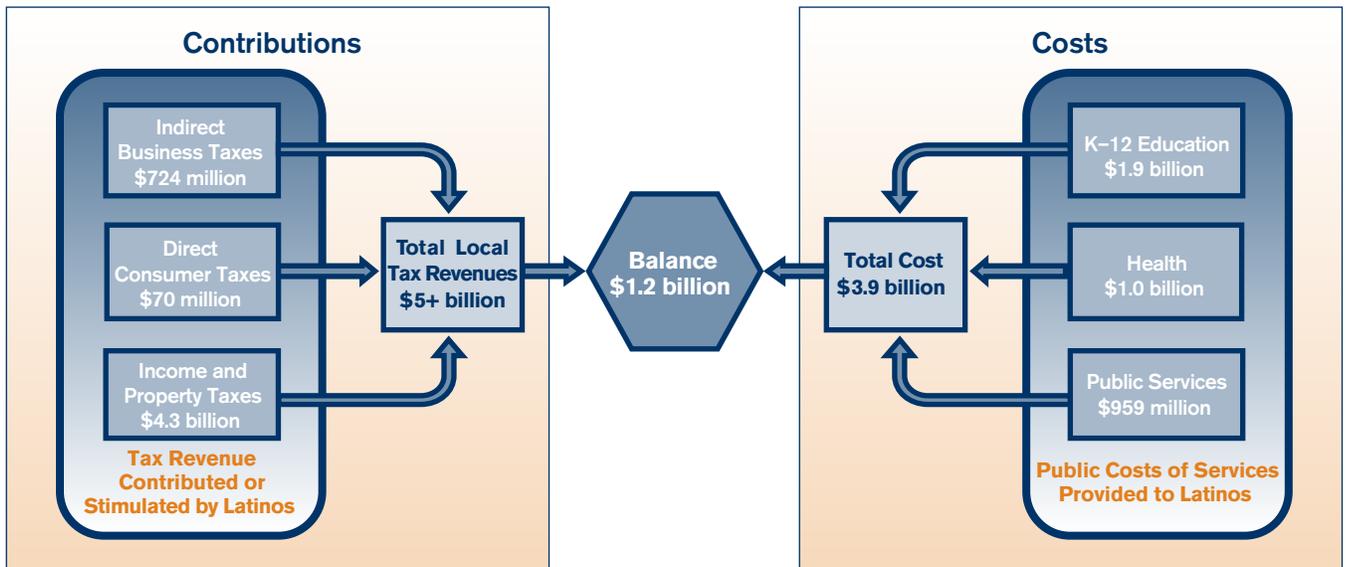
Public Services (\$959 million)

All residents of metropolitan Chicago benefit from a variety of public services provided by the local governments, these services can be grouped in large categories such as public safety, transportation, and community development. By assigning the cost of providing all these services proportionally to the share of the population of each county that is Latino, we find that the Latino share in those costs is \$959 million.²⁴

Revenue and Cost in the Balance

When we compare the total cost of services provided to the Latino community with the tax revenues paid by Latinos or stimulated by Latino spending we find that the Latino tax contribution exceeds the cost of services provided to Latinos by almost \$1.2 billion (Figure 3-2). The balance of revenue versus cost is positive in both the city of Chicago and in the suburbs. In 2009 the cost of providing services to the Latino community in Chicago cost \$322 million less than what Latinos contribute to local coffers and in the suburbs that difference was \$736 million.

Figure 3-2. Tax Contributions versus Cost of Services



Note: Details may not sum to totals because of rounding.

Though a detailed comparison of Chicago’s racial and ethnic groups is beyond the scope of this report, Table 3-3 presents a basic comparison following the same assumptions we have made regarding Latinos in this report. Whites, representing 54 percent of the Chicago-area population, contribute 3.6 times more to local coffers than Latinos (\$18.1 billion), while Asians, representing 6 percent of the population, have the smallest contribution among Chicago’s racial and ethnic groups (\$1.7 billion). African Americans contribute roughly the same amount as Latinos (\$5 billion). Their higher per capita tax contribution may result from the higher proportion of African American households in the city of Chicago, with its greater tax burden.

²⁴ Source: Authors’ calculation based on the financial reports for the year ending November 30, 2009, of Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will Counties.

Table 3-3. Local Tax Contributions and Cost of Public Services in Metropolitan Chicago, by Race/Ethnicity: 2009 (in millions)

	Tax Contribution to Local Governments	Cost of Provision of Services	Balance
White	\$18,136	\$6,308	\$11,828
Black	\$5,010	\$3,494	\$1,516
Latino	\$5,047	\$3,870	\$1,177
Asian	\$1,731	\$765	\$965

Source: IMPLAN and author's calculations based on county financial statements and population shares.

The provision of services to whites amounts to \$6.3 billion, which is 63 percent higher than for Latinos. Whites and Asians incur less cost per capita in public services than African Americans or Latinos, given their higher mean household income and proportionally fewer school-age children. On balance, for every dollar whites and Asians pay in taxes, local governments spend 35 cents and 44 cents in services, respectively. Local governments spend more on African Americans and Latinos, relative to whites and Asians, for every dollar they pay in taxes: 70 cents and 77 cents, respectively. Again, these disparities arise from the lower overall economic status of Latinos and African Americans relative to whites and Asians. In light of these disparities the positive balance of \$1.2 billion in Latinos' fiscal contributions is all the more striking.

In 2009 the cost of providing services to the Latino community in Chicago was \$322 million less than what Latinos contribute to local coffers and in the suburbs that difference was \$736 million.



Damen

PULSE

Conclusion

It is difficult to see how Chicago can continue to prosper if Latinos do not prosper. That is, what is good for Chicago for Chicago is good for Chicago as a whole.

This study demonstrates both the economic contribution of Latinos' labor productivity and spending power, and more importantly, that as a group they contribute more to local fiscal coffers than they demand in services.

Currently in the United States there exists a widespread perception—stemming from, but also fueling, anti-immigration rhetoric—that Latinos represent a net drain on the system, demanding more in public services than they contribute in tax revenues. This perception arises mostly from two widely held misperceptions: that most Latinos are immigrants, and that immigrants not only have access to, but indeed are the main beneficiaries of, public assistance.

For the first, although Latinos are indeed a highly-immigrant community, fully 74 percent are citizens, whether by birth (63 percent) or by naturalization (11 percent).²⁵ As for the second, even before the passage of the Immigration Reform and Immigrant Responsibility Act (IRIRA), access to public benefits was scarce, and passage of the law in 1996 severely curtailed access, even for permanent legal residents. Currently, public benefits that all immigrants have access to are restricted essentially to K–12 education and emergency medical care. Nevertheless, since Latino immigrants tend to be grouped at the bottom of the wage scale, have low rates of educational attainment, are younger, and tend to have larger families, most experts have usually determined that their payments to the public coffers were at best a wash, and probably negative if one included public education costs. Now, quite apart from the philosophical question of whether education is an expense or an investment, we see that Latinos' productive power provide the economic activity not only to increase the size and performance of Chicago's economy, but also to help power local government.

Given the size, growth, and relative youth of the Latino population—coupled with what this study has demonstrated about Latinos' economic and fiscal contribution to the region—it is difficult to see how Chicago can continue to prosper if Latinos do not prosper. That is, what is good for Chicago Latinos is good for Chicago as a whole. Chicagoans need to see the mutual dependency of their city's young minority populations and the Anglo majority.

For instance, education is the chief contributing factor to economic power, and yet Latinos lag behind in several key indicators. The average level of educational attainment of US-born Latinos is much higher than that of their foreign-born counterparts but still very low. Future success in the workplace and in other arenas largely depends on dramatically improving educational outcomes. Many Latino children are among those with the greatest needs, but they tend to be enrolled in schools with the fewest resources. Illinois's funding disparity between school districts serving affluent versus low-income students is the largest in the nation. Eliminating these disparities will greatly influence the shared destiny of the entire region.

Furthermore, although the Latino population exhibits many of the classic characteristics of metropolitan Chicago's previous immigrants, the structure of today's economy makes it far more difficult for Latinos to advance. Today's Latinos are hard-working, young, and ambitious, but the knowledge-based and services-oriented economy of the twenty-first century generally demands a level of technical training or educational credentials that many do not possess. If we want to unleash the economic potential of this young and growing population we need

²⁵ Source: Pew Hispanic Center.

to understand spending on public services such as education not as a “drain” but rather as an investment in Chicago’s future. Thus, more resources should be made available to those students with the greatest needs. However, to make a difference, the resources must also be wisely used so that Latino children, in coordination with their teachers, families, and communities, become engaged in learning, graduate from high school, and go on to college and other educational programs.

The future of metropolitan Chicago depends on the successful incorporation of Latinos into the economic, social, and political life of the region. Absent deliberate planning, the best-case scenario is that the current pattern of fragmented and uneven progress will continue. However, with well-informed policies and with political will sufficient to match the formidable challenges that lie ahead, Chicago can and will do better. We hope that this report will serve to inform discussion about the incorporation of this large and growing community into the economic life of Chicago, now and in the future.

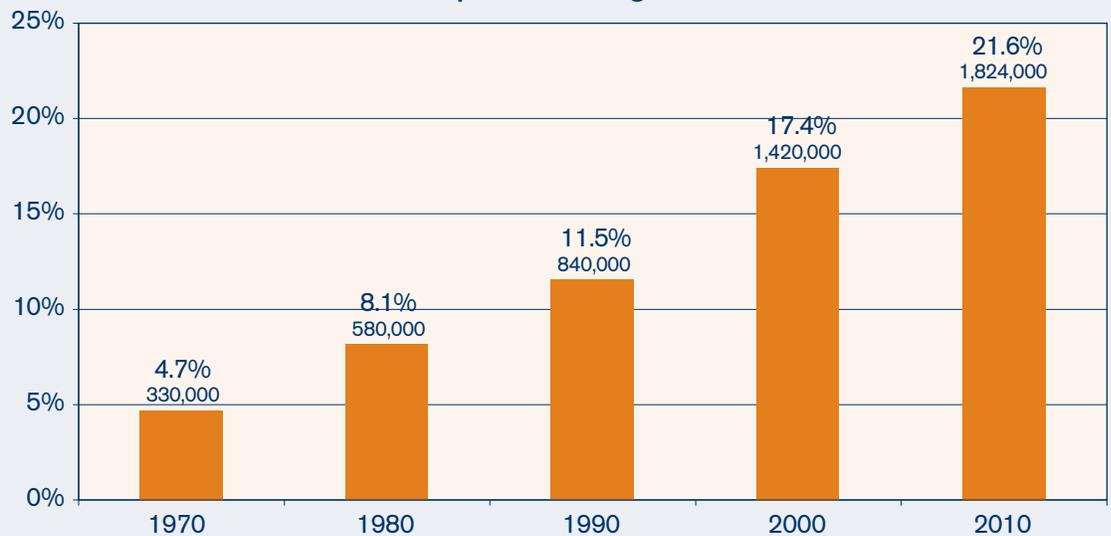


Appendix: State of Latino Chicago Indicators

Demographics

The Latino population boom in metropolitan Chicago that began in the 1970s has continued into this decade. At over 1.8 million, Latinos account for 22 percent of Chicago’s 8.4 million people. The rate of Latino population growth has slowed, however. Between 1990 and 2000 the Latino population increase averaged 6.8 percent per year, but since 2001 it has slowed to an average of 2.6 percent per year. Chicago Latinos have always been and remain predominately of Mexican origin. Chicago’s 1.42 million Mexicans comprise the fourth largest Mexican-origin population in the nation. While the foreign born still represent a sizable proportion of the metropolitan Chicago Latino population (42 percent), that proportion is now on a downward trend. Between 2000 and 2009, Latinos crossed several key demographic thresholds. Where Latinos once primarily settled in urban communities, a significant migration away from urban centers has occurred. Now a significant majority (57 percent) of Chicago’s Latinos live in the suburbs. While Latino growth used to be driven by immigration, now 72 percent of Chicago’s Latino growth is due to natural increase. As a result, the proportion of US-born Latinos continues to increase, from barely over half in 2000 to 58 percent in 2009. Taken as measures of progress, all three of these demographic trends suggest a community that is increasingly well integrated with US society. However, Latinos still face many challenges, lagging behind whites on key economic and educational measures, as well as access to health care.

Figure A-1. Latinos as a Percentage of the Population in Metropolitan Chicago: 1970–2010



Source: US Census Bureau, Census 1970–2010.

Figure A-2. Population of Metropolitan Chicago, by Race/Ethnicity: 2000 and 2010

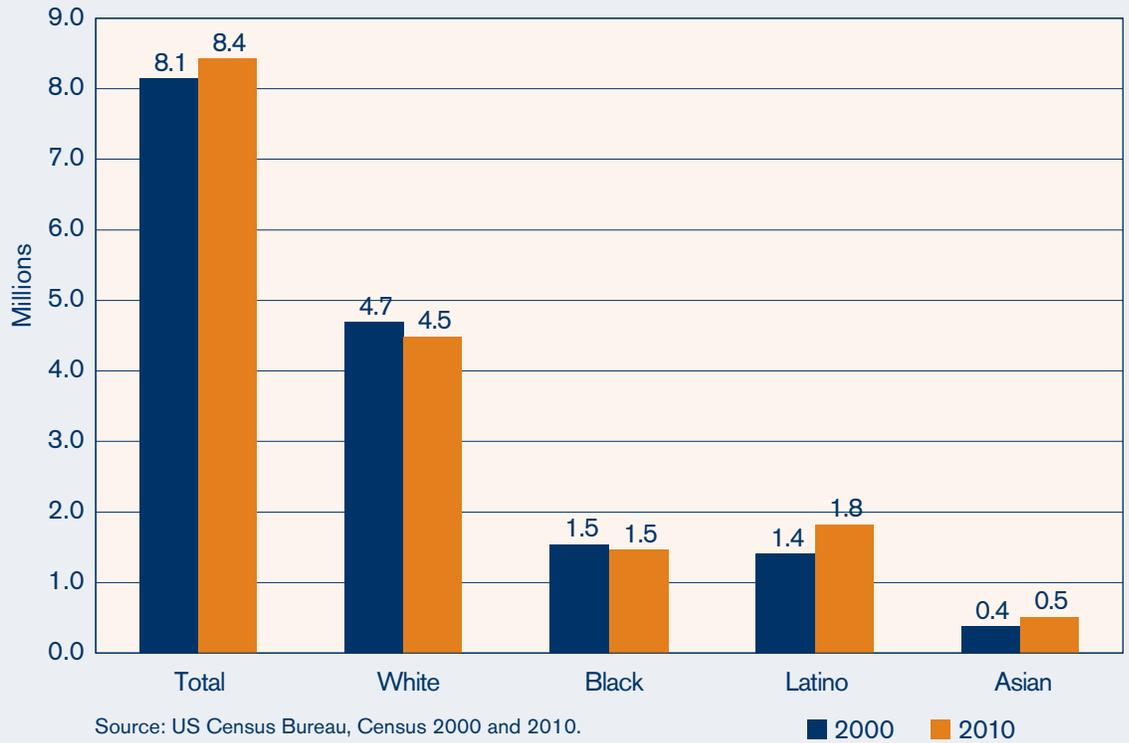


Figure A-3. Percentage of Latinos in Metropolitan Chicago Who Are Foreign Born, by Age Group: 1980–2009

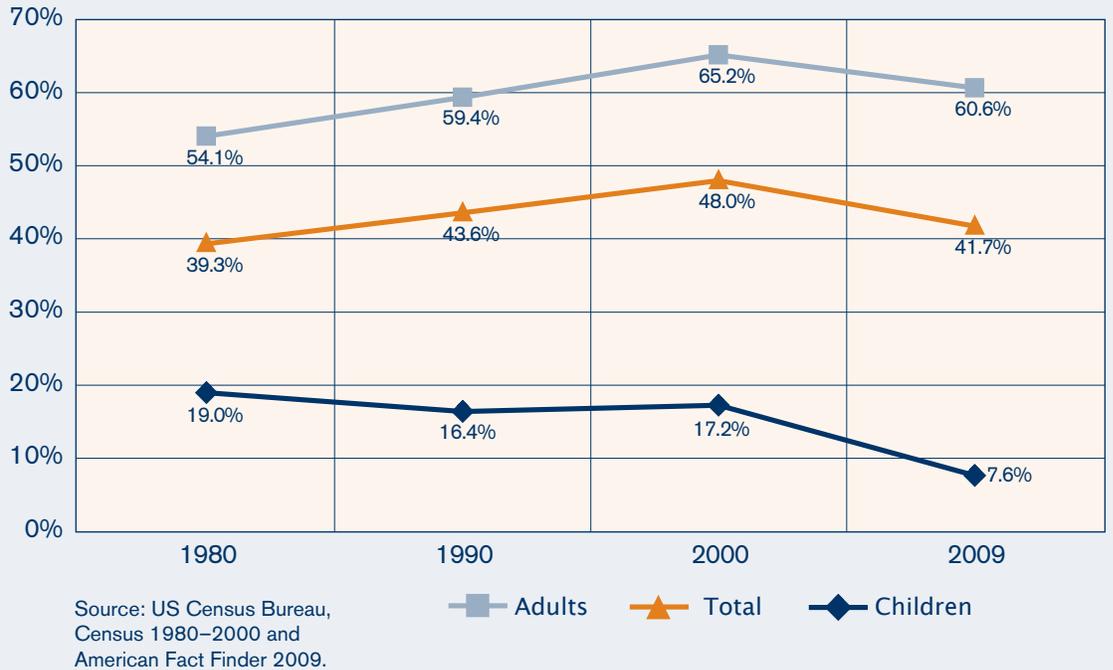
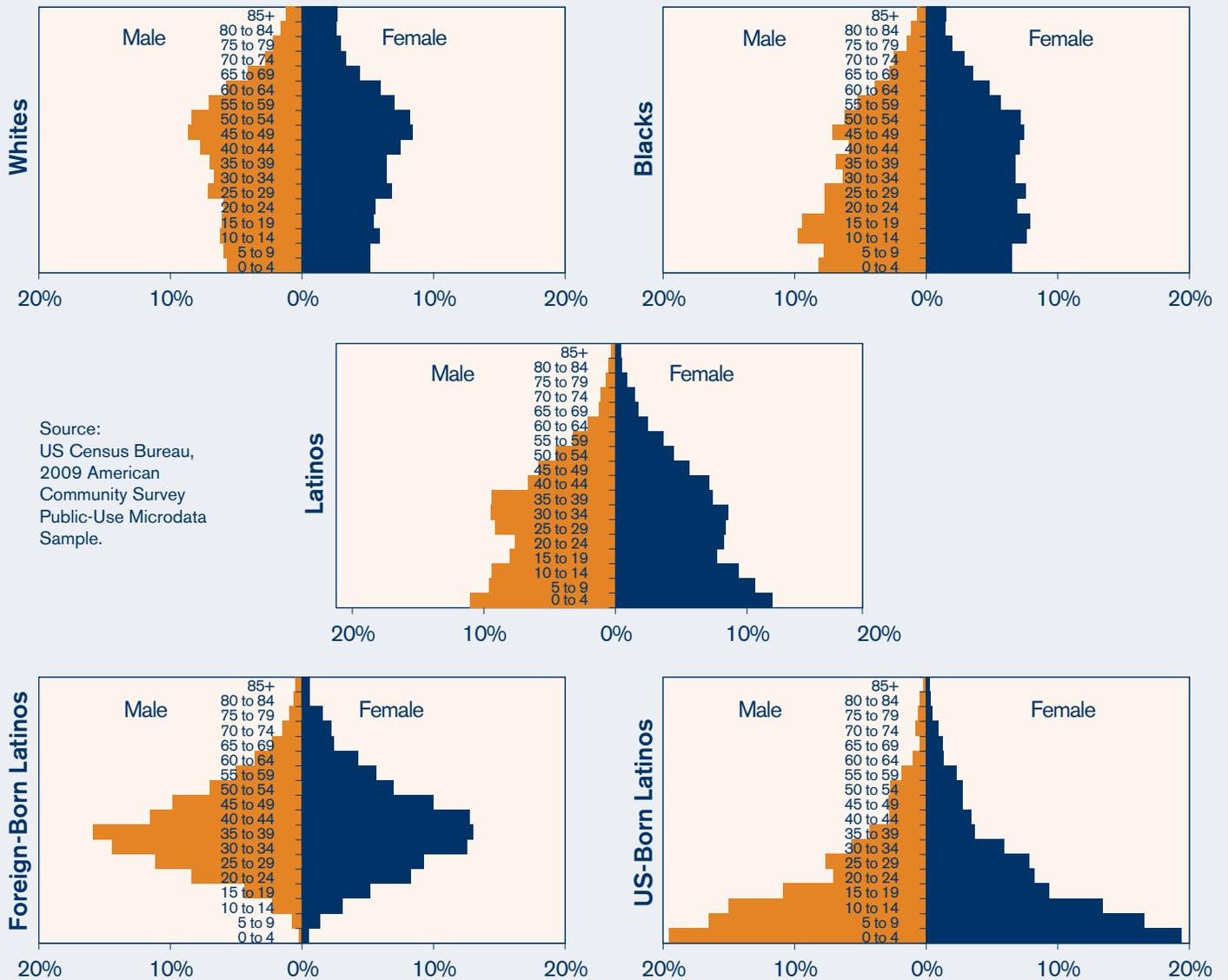
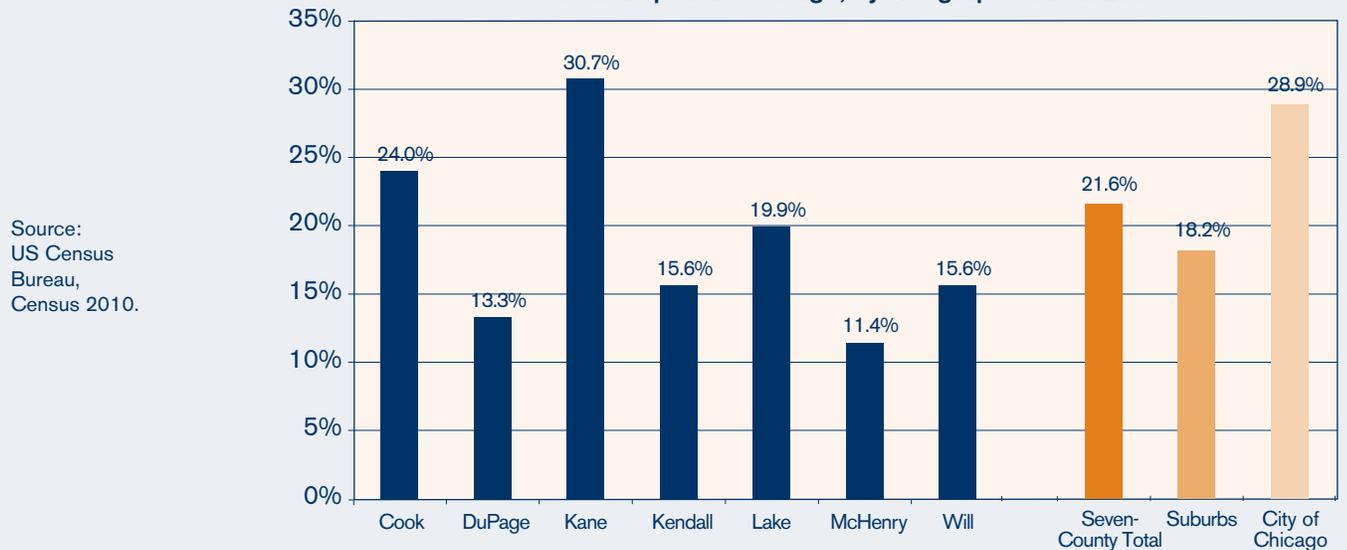


Figure A-4. Age Distribution of Metropolitan Chicago Population, by Race/Ethnicity: 2009



Source:
US Census Bureau,
2009 American
Community Survey
Public-Use Microdata
Sample.

Figure A-5. Latinos as a Percentage of the Population in Metropolitan Chicago, by Geographic Area: 2010



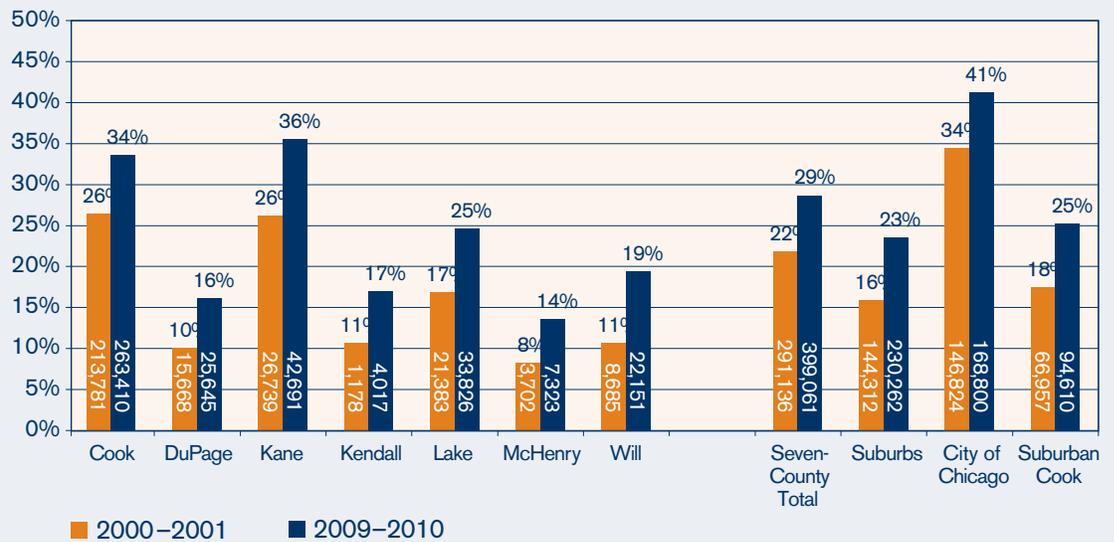
Source:
US Census
Bureau,
Census 2010.

Education

Latino educational attainment is the lowest among all racial and ethnic groups in metropolitan Chicago. The relative youth of the Latino population means that Latino children are entering public schools in increasing numbers. The metropolitan Chicago counties with the largest Latino populations saw significant increases in public school enrollment between 2000/01 and 2009/10. In the city of Chicago more than 40 percent of all students are Latino, but the growth between 2000 and 2009 has been most dramatic in the suburbs: a 60 percent increase in the number of Latino students, making almost one in four students (23 percent) Latino. In metropolitan Chicago overall more than a quarter (29 percent) of all public school enrollees are Latino. Regionally public schools saw a 37 percent increase in the number of Latino enrollments between 2000 and 2009, but it is the counties with smaller Latino populations whose schools are seeing the fastest demographic change. The traditional view that educational outcomes are better in suburbs²⁶ appears to hold true for the increasing number of suburban Chicago Latinos. Figure A-8 shows that as Latinos move to the suburbs their children are much more likely to graduate from high school than their counterparts in the city.

²⁶ See, for example, Coleman et al. 1966; Coleman 1990.

Figure A-6. Latino Public School Enrollment in Metropolitan Chicago, by Geographic Area: 2000–01 and 2009–10



Sources: National Center for Education Statistics, Common Core of Data (CCD), "Public Elementary/Secondary School Universe Survey," 2000–2001 and Illinois State Board of Education 2009–2010.

Figure A-7. Educational Attainment of the Population 25 Years of Age or Older in Chicago, by Race/Ethnicity: 2009

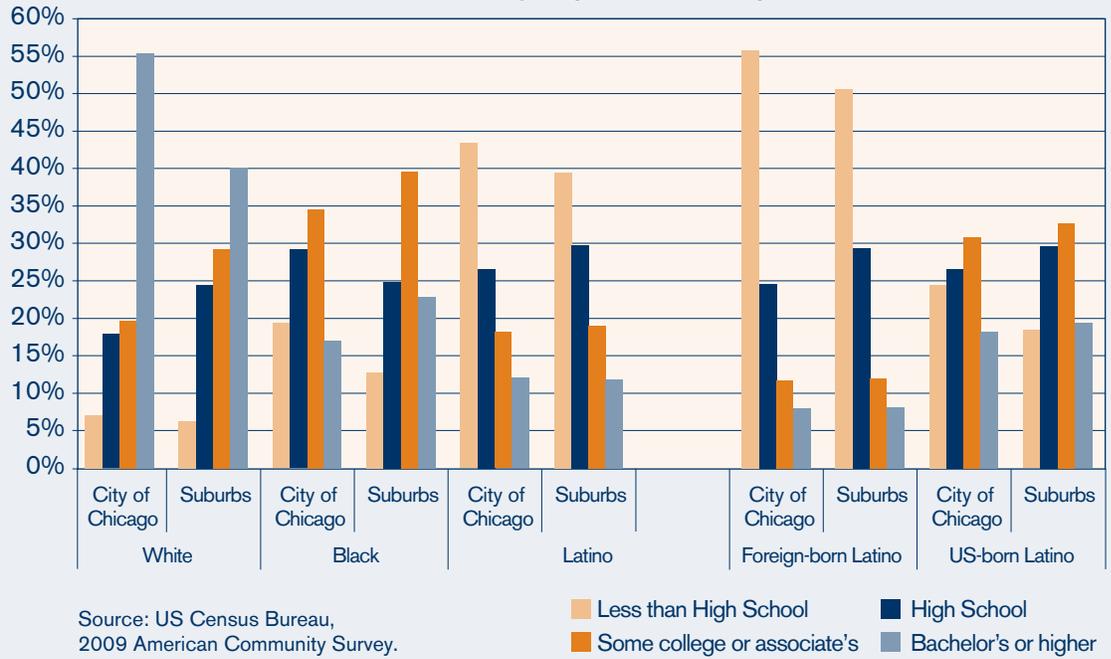
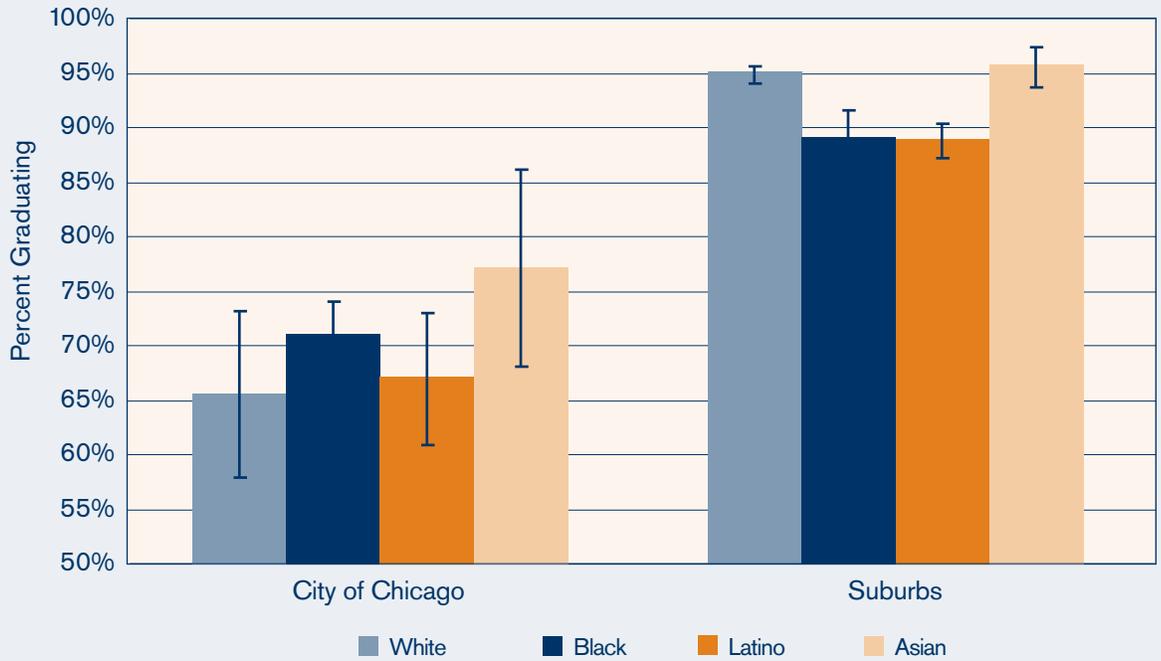


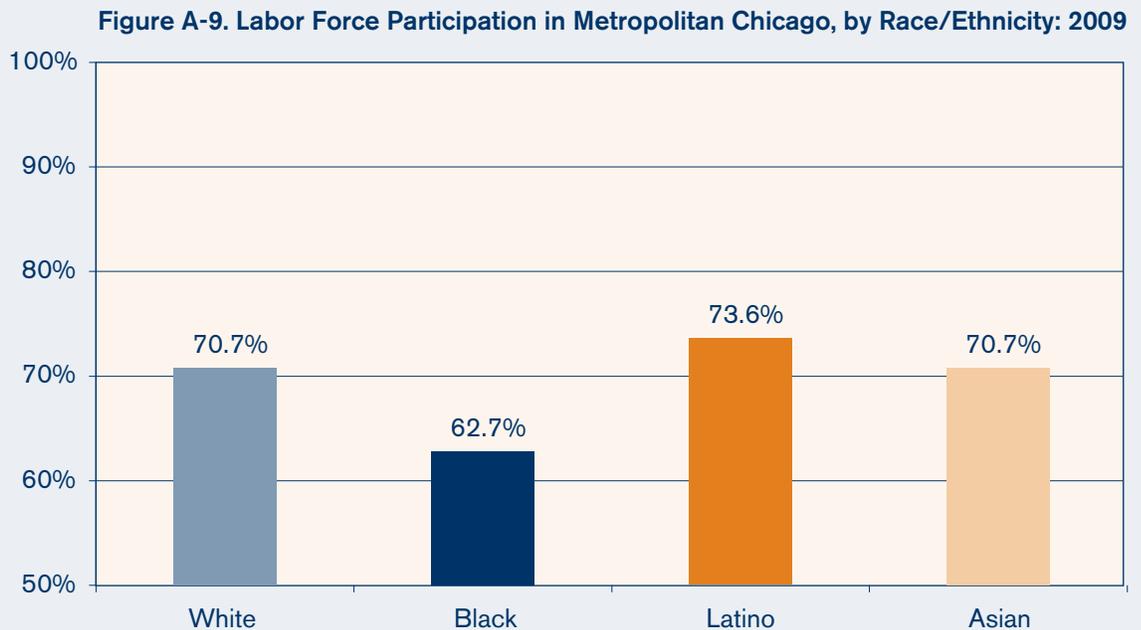
Figure A-8. Graduation Rates, by Race/Ethnicity and Geographic Area: 2009–2010



Economics

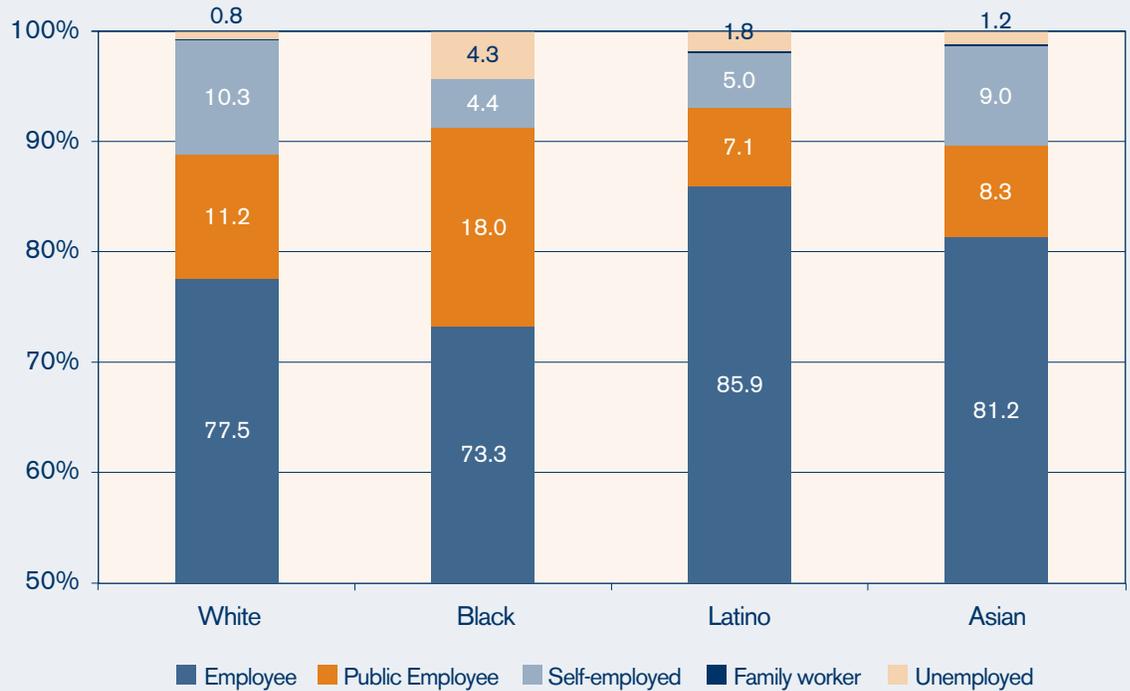
Latinos represent almost 20 percent of the working-age population and make up large parts of the workforce in certain sectors.²⁷ With a participation rate of 73.6 percent, Latinos show a higher participation rate in the labor market than any other group (Figure A-9). Latinos, African Americans, and whites face structural differences in the labor market. A higher percentage of Latinos are private sector employees than either whites or African Americans, which suggests that Latinos have fewer resources than whites to become self-employed and less access than either to public-sector jobs (Figure A-10). Metropolitan Chicago racial and ethnic groups face many economic disparities. African Americans have only 49 percent of the median household income of whites, and Latinos 64 percent (Figure A-11). Latinos and African Americans experienced 13 and 18 percent drops, respectively, in median household income from 1999 to 2008, compared to an 8 percent drop for whites, and between 2007 and 2008 Latinos saw the largest drop in median income (7 percent). Latino rates of home ownership are higher than those of African Americans and have increased at a pace similar to that of whites, but they still lag 23 points behind (Figure A-13). Latinos are faring better in the suburbs with respect to home ownership. For Latinos, the *mean* property value of houses in the suburbs is 9 percent lower than in the city and the *median* property value is 15 percent lower (Figure A-14).

27 Source: Author's calculation based on US Census Bureau, 2009 American Community Survey Fact Finder.



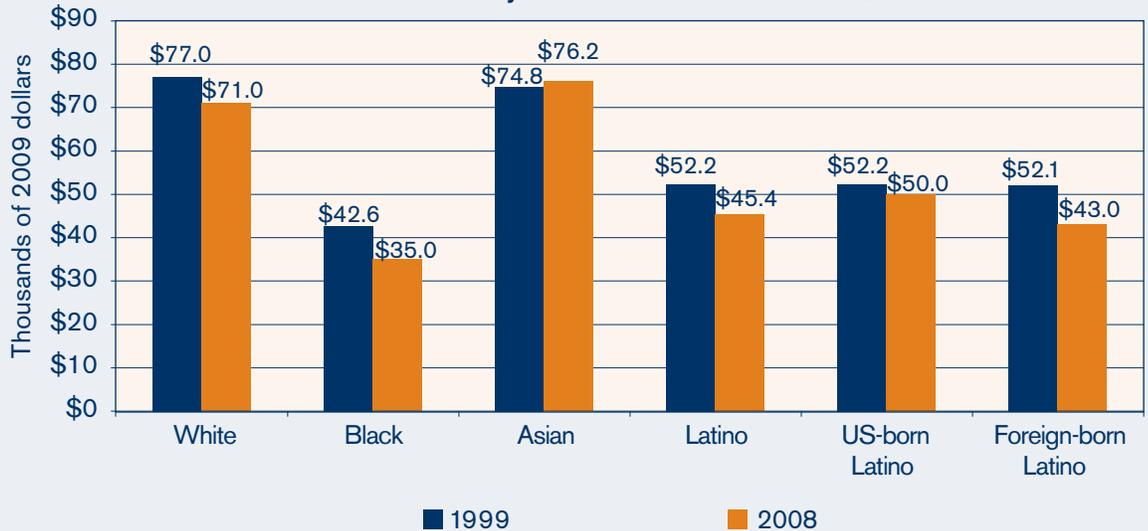
Source: US Census Bureau, 2009 American Community Survey Public-Use Microdata Sample.

Figure A-10. Workers in Metropolitan Chicago, by Type of Job and Race/Ethnicity: 2009



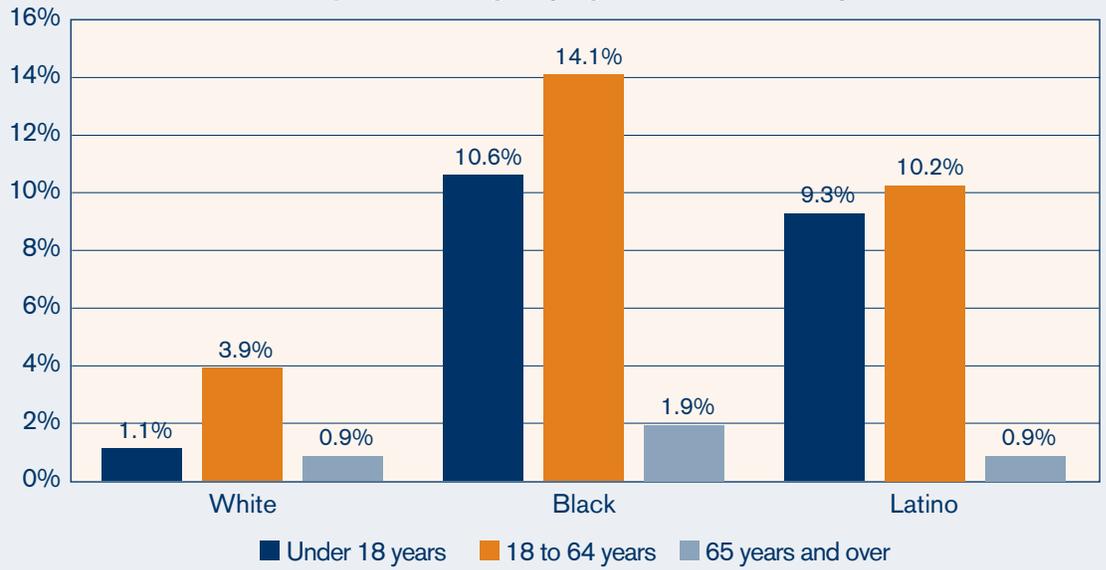
Source: US Census Bureau, 2009 American Community Survey Public-Use Microdata Sample.

Figure A-11. Median Income in Metropolitan Chicago by Race/Ethnicity and Nativity of Householders: 1999 and 2008



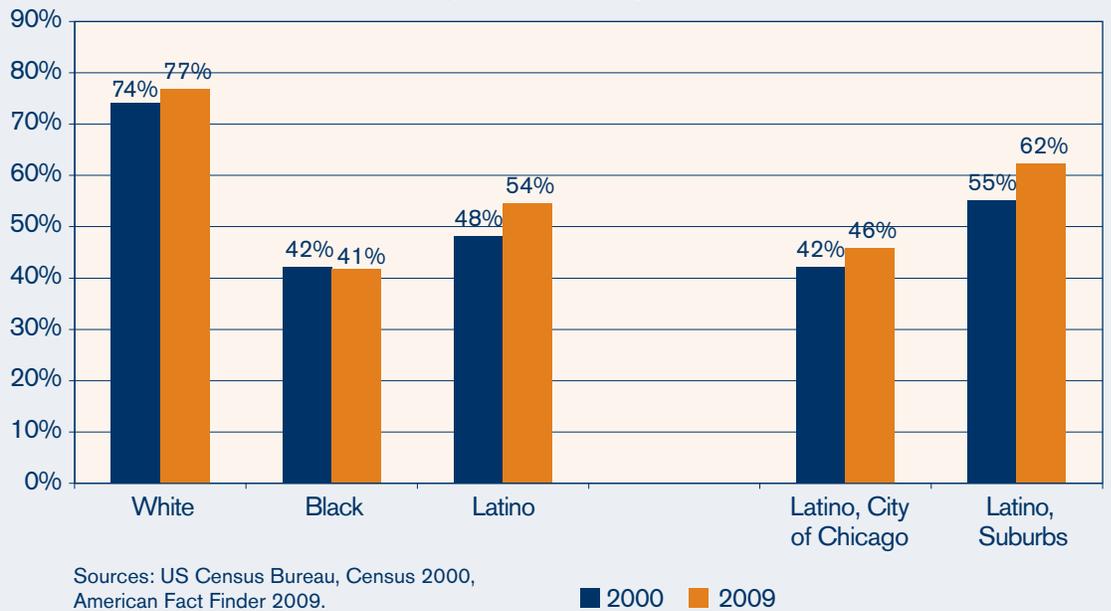
Source: US Census Bureau, Census 2000 and 2009 American Community Survey Public-Use Microdata Sample.

Figure A-12. Percentage of People Below the Poverty Line in Metropolitan Chicago, by Age and Race/Ethnicity: 2009



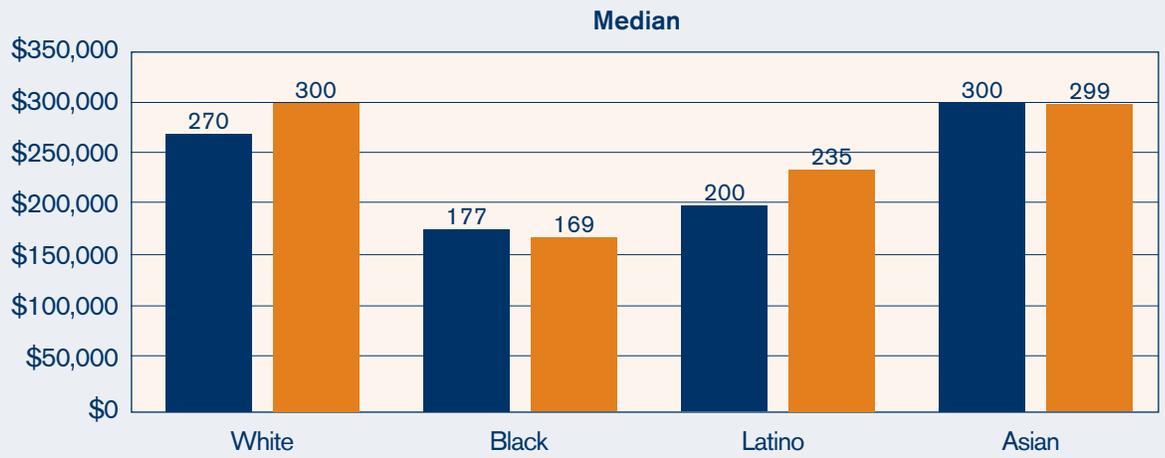
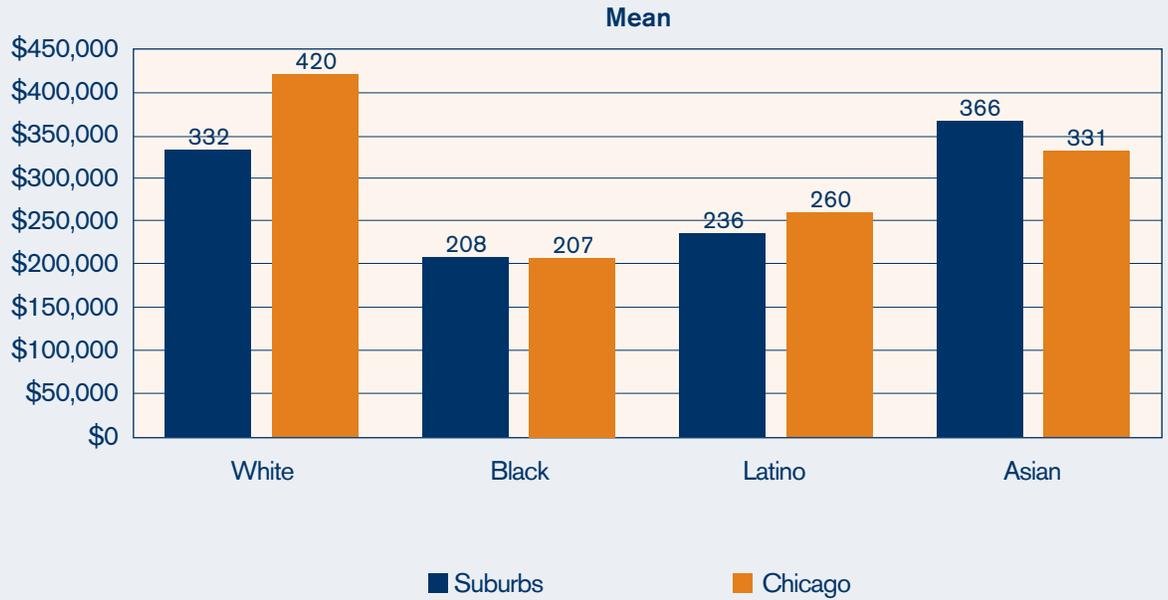
Source: US Census Bureau, American Fact Finder 2009.

Figure A-13. Homeownership Rates in Metropolitan Chicago, by Race/Ethnicity: 2000 and 2009



Sources: US Census Bureau, Census 2000, American Fact Finder 2009.

Figure A-14. Mean and Median Property Values in Metropolitan Chicago, by Race/Ethnicity: 2009

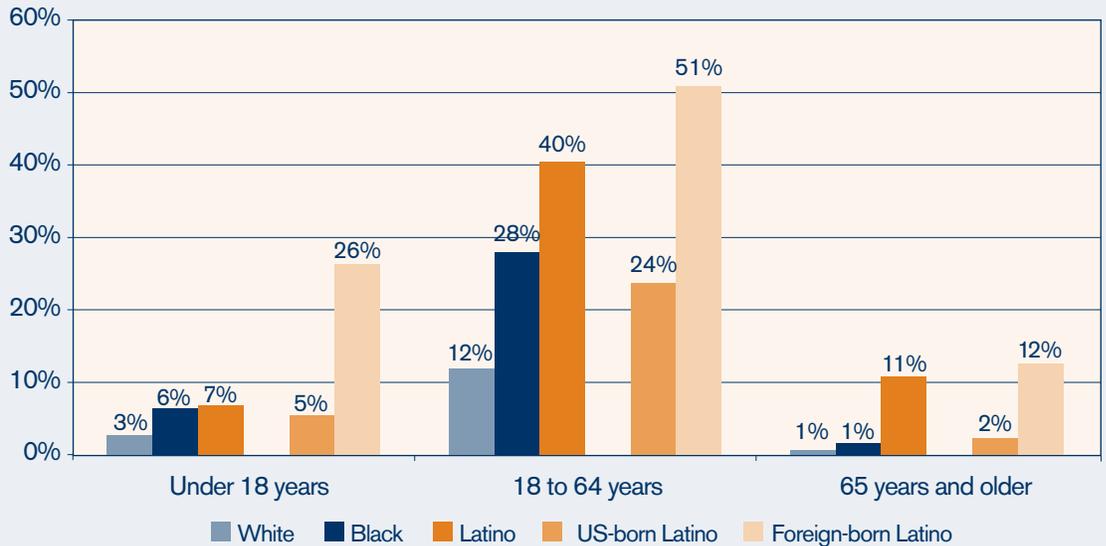


Source: Author's calculations based on US Census Bureau, 2009 American Community Survey Public-Use Microdata Sample.

Health

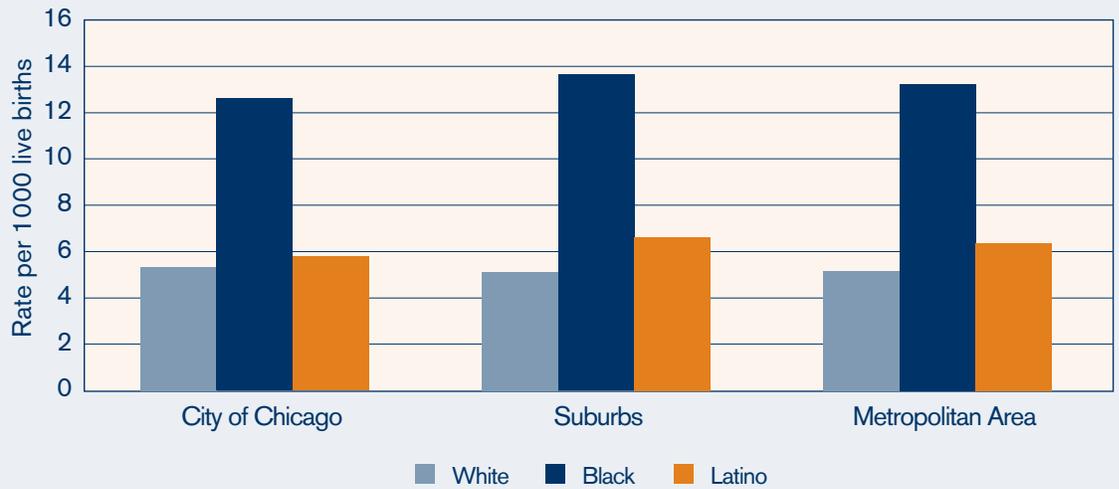
Considered in the aggregate metropolitan Chicago Latinos fare the worst relative to whites and African Americans in their access to health insurance (Figure A-15). Latinos' access to health insurance is slightly better in the suburbs. Despite a similar lack of access to healthcare—or much worse when we consider the foreign born—Latinos fare better than African Americans in regard to infant mortality (Figure A-16). This may be an instance of the “Latino Health Paradox,” in which Latinos generally exhibit better health across the board relative to other racial and ethnic groups, despite their relatively disadvantaged socioeconomic condition. However, this advantage is threatened by the obesity epidemic. Health disparities are often reflected in rates of overweight and obesity because these have been identified as risk factors for chronic diseases such as diabetes and heart disease. Figure A-17 shows that both Latinos and African Americans have higher rates of overweight and obesity than whites. Moreover, though Illinois rates are higher than the national averages across the board, the Illinois Latino population exceeds the national average by almost 6 percentage points, compared to 2.6 percentage points for whites.

Figure A-15. Percentage of People Who Are Uninsured in Metropolitan Chicago, by Age Group and Race/Ethnicity: 2009



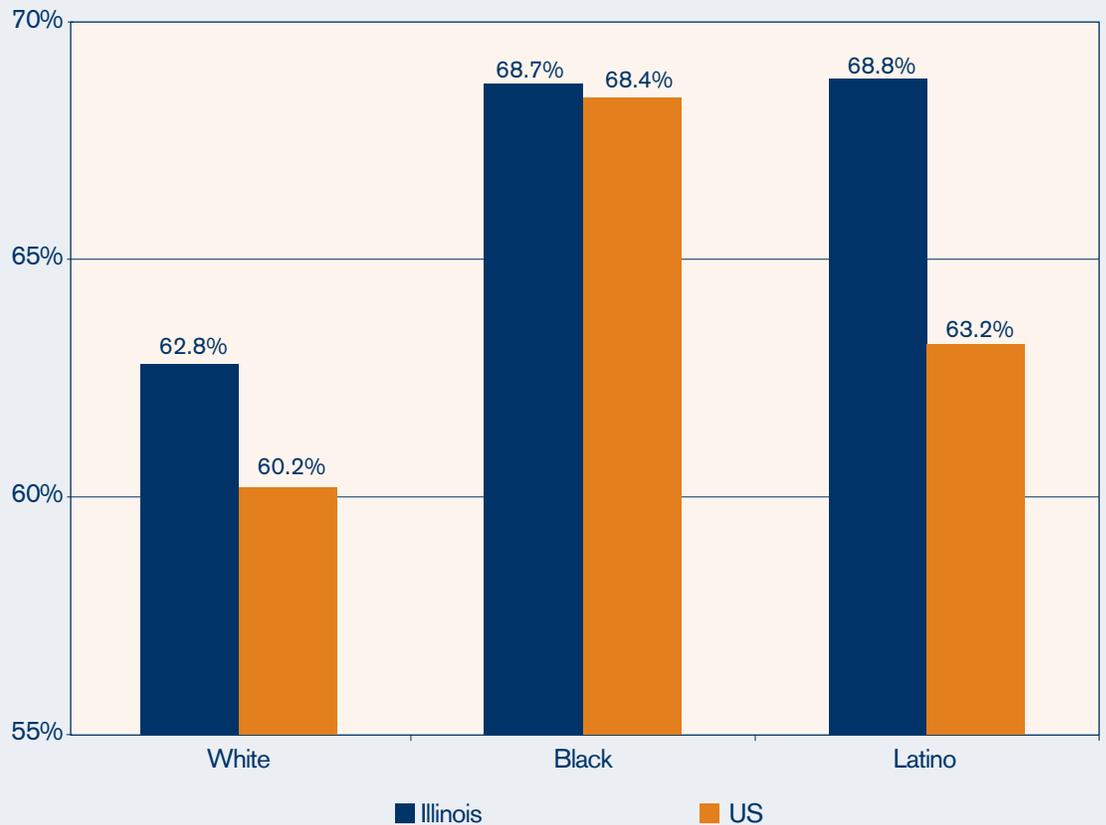
Source: US Census Bureau, 2009 American Community Survey.

Figure A-16. Infant Mortality Rates in Metropolitan Chicago, by Race/Ethnicity and Geographic Area: 2006



Source: Author's calculations based on Illinois Department of Public Health 2006 data.

Figure A-17. Rates of Overweight and Obesity for Adults in Illinois, by Race/Ethnicity: 2009

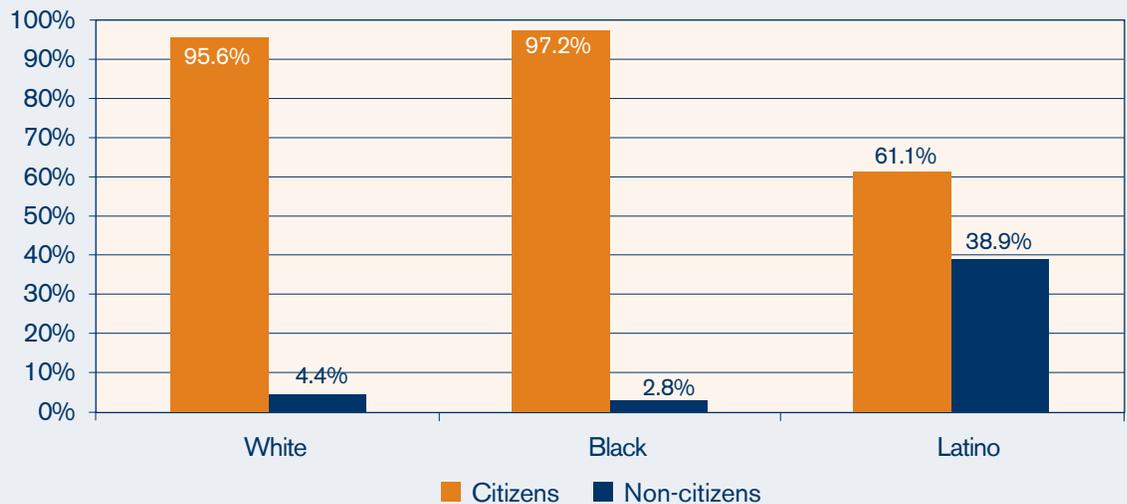


Source: statehealthfacts.org.

Voting

Voting activity is a measure of civic participation and therefore, to some extent, a proxy measure for Latinos' sense of belonging and engagement with the larger community. With 58 percent of US-born Latinos under the age of 18, Latino youth are poised to be a formidable force in the Chicago political landscape as they become eligible to vote in the coming years. Currently, however, Chicago Latinos are lagging considerably behind other groups in electoral participation. Compared to their white and African American counterparts Latinos have the lowest percentage of persons eligible to vote. And of those registered to vote, Latinos have the lowest percentage of voters who actually voted in the last Presidential election (slightly over half). Civic education, outreach, and community involvement are clearly needed to encourage more Latino adults to participate in the electoral process and to ensure that young Latino citizens take full advantage of their political potential.

Figure A-18. Persons of Voting Age in Metropolitan Chicago Who Are Citizens, by Race/Ethnicity: 2008–2010



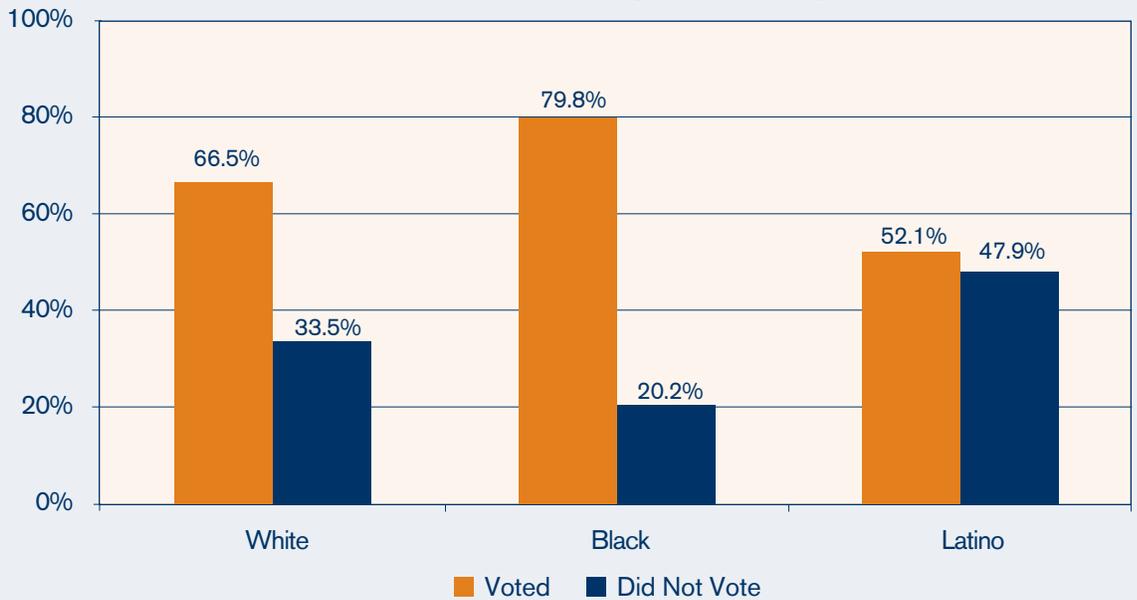
Source: Bureau of Labor Statistics, Pooled Data from Current Population Survey Voting Supplement, 2008 and 2010.

Figure A-19. Citizens of Voting Age in Metropolitan Chicago Who Are Registered to Vote, by Race/Ethnicity: 2008–2010



Source: Bureau of Labor Statistics, Pooled Data from Current Population Survey Voting Supplement, 2008 and 2010.

Figure A-20. Registered Voters in Metropolitan Chicago Who Voted in the Last Presidential Election, by Race/Ethnicity: 2008–2010



Source: Bureau of Labor Statistics, Pooled Data from Current Population Survey Voting Supplement, 2008 and 2010.

References

- Alejo, Berenice, with Roger Knight. 2008. *The Latino Landscape: A Metro Chicago Guide and Non-Profit Directory*. Notre Dame: University of Notre Dame, Institute for Latino Studies.
- Alejo, Berenice, and Sylvia Puente. 2007. *Forging the Tools for Unity: A Report on Metro Chicago's Mayors Roundtables on Latino Integration*. Notre Dame: University of Notre Dame, Institute for Latino Studies.
- Banovetz, James M., and Thomas W. Kely. 2003. "Home Rule and Taxes," *The Status of Illinois Home Rule*, Part II. *Illinois Municipal Review*, 7 (March). www.cityoflakeforest.com/pdf/cg/HR05.pdf.
- Capps, Randolph, Everett Henderson, John D. Kasarda, James H. Johnson, Stephen J. Appold, Derek L. Croney, Donald J. Hernandez, and Michael E. Fix. 2007. *A Profile of Immigrants in Arkansas*. Washington, DC: Urban Institute.
- Capps, Randolph, Everett Henderson, Jeffrey S. Passel, and Michael E. Fix. 2006. "Civic Contributions: Taxes Paid by Immigrants in the Washington DC Metropolitan Area." Urban Institute/Community Foundation for the National Capital Area. www.urban.org/UploadedPDF/411338_civic_contributions.pdf.
- Center for Urban Studies. 2008. "The Hispanic Population of Southeast Michigan: Characteristics and Economic Contributions." Wayne State University. www.cus.wayne.edu/content/publications/Hispanic2sidefler.pdf.
- Chicago United. 2007. "Building a Stronger Regional Economy through Minority Business Development." Chicago: Chicago United. www.chicago-united.org/PDFs/2008-CU_Five_Forward-FullReport.pdf
- Coleman, J. S. 1990. *Equality and Achievement in Education*. Boulder, CO: Westview Press.
- Coleman, J. S., et al. 1966. *Equality of Educational Opportunity*. Washington, DC: US Government Printing Office.
- Currie, Janet, and John Fahr. 2005. "Medicaid Managed Care: Effects on Children's Medicaid Coverage and Utilization." *Journal of Public Economics* 89, 1 (January): 85–108.
- Garcia, Tamyra Carroll, Amy B. Bernstein, and Mary Ann Bush. 2010. "Emergency Department Visitors and Visits: Who Used the Emergency Room in 2007?" US Department of Health and Human Services Centers for Disease Control and Prevention, National Center for Health Statistics, NCHS Brief No. 38, May. www.cdc.gov/nchs/data/databriefs/db38.htm.
- Ginsburg, Robert. 2007. "Vital Beyond Belief: The Demographic and Economic Facts about Hispanic Immigrants in Nevada." Report of the Progressive Leadership Alliance of Nevada (PLAN, www.planevada.org).
- Halfon, Neal, David L. Wood, R. Burciaga Valdez, Margaret Pereyra, and Naihua Duan. 1997. "Medicaid Enrollment and Health Services Access by Latino Children in Inner-city Los Angeles." *Journal of the American Medical Association* 277 (8): 636–41.
- Kasarda, John D., and James H. Johnson, Jr. 2006. *The Economic Impact of the Hispanic Population on the State of North Carolina*. Chapel Hill, NC: Frank Hawkins Kenan Institute of Private Enterprise.
- Koval, John P., ed. 2010. *Latinos in Chicago: Reflections of an American Landscape*. Notre Dame: University of Notre Dame, Institute for Latino Studies.
- Ready, Timothy, and Allert Brown-Gort. 2005. *The State of Latino Chicago: This Is Home Now*. Notre Dame: University of Notre Dame, Institute for Latino Studies.

- Ruggles, Steven, J. Trent Alexander, Katie Genadek, Ronald Goeken, Matthew B. Schroeder, and Matthew Sobek. 2010. *Integrated Public Use Microdata Series: Version 5.0* (Machine-readable database). Minneapolis: University of Minnesota.
- Strayhorn, C. K. 2006. "Undocumented Immigrants in Texas: A Financial Analysis of the Impact to the State Budget and Economy." Texas, Office of the Comptroller. www.window.state.tx.us/specialrpt/undocumented.
- Torras, M., and R. Knight. "The Economic Impact of Metro Chicago's Latino Population." Unpublished manuscript, University of Notre Dame, Institute for Latino Studies.
- Torras, M., and C. Skinner. 2007. "The Economic Impact of the Hispanic Population on Long Island, New York." Research Report, Horace Hagedorn Foundation, Port Washington, NY.

About the Authors

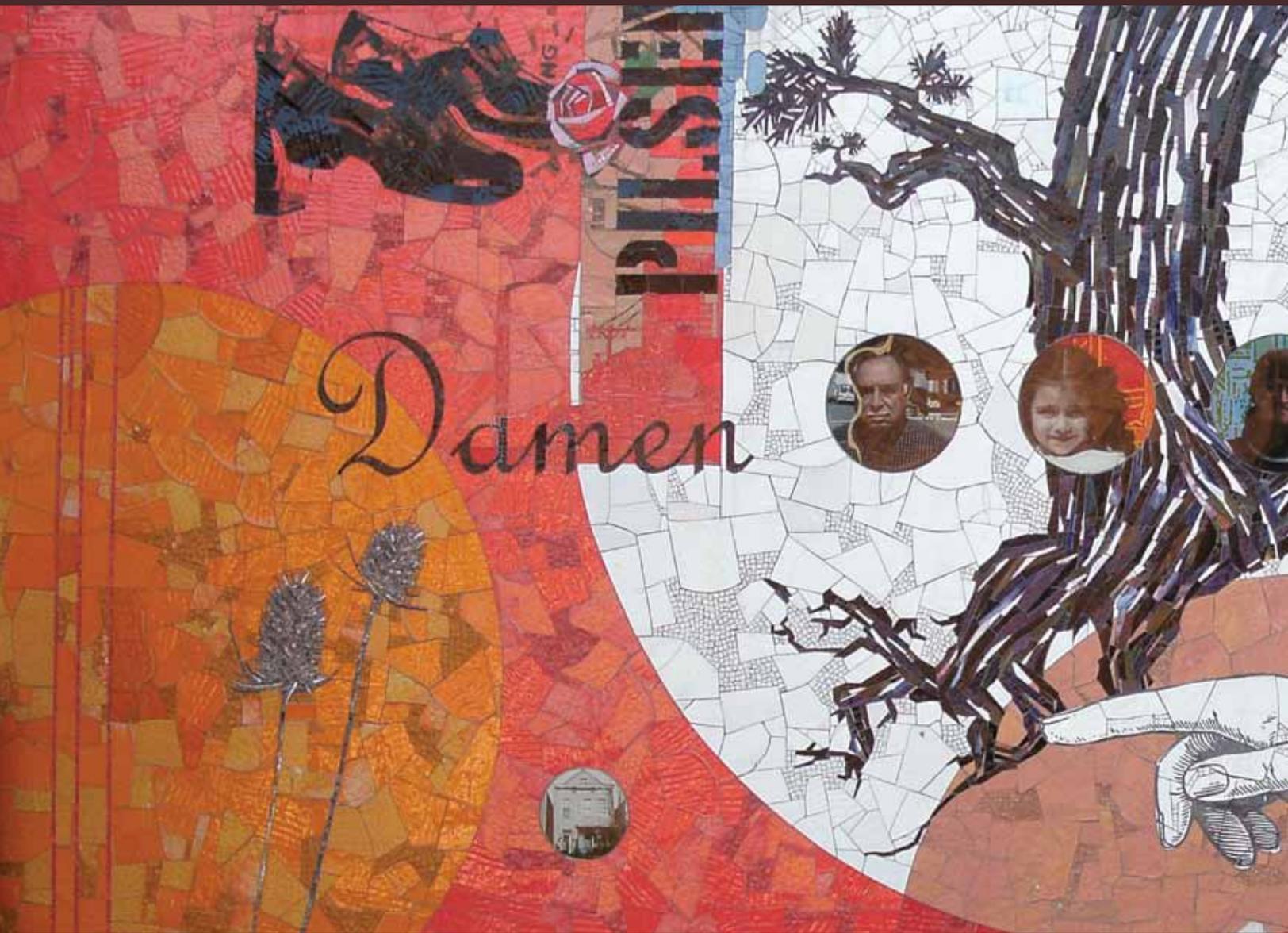
Juan Carlos Guzmán is the Institute's director of research. He holds a PhD in Public Affairs from Princeton University, where he specialized in demography in the Office of Population Research. After obtaining his degree Dr. Guzmán moved to Washington DC where he worked in international education for the American Institutes for Research (AIR) and then in the Gender and Development Unit in the World Bank. His current work focuses on impact evaluation of programs in public health, research on the economics of education, and demographic dynamics. Dr. Guzmán's publications are in the area of migration, remittances, school-to-work transition, and educational achievement. Dr. Guzmán is member of the Population Association of America and a faculty fellow in the Institute for Education Initiatives, the Center for Children and Families, the Center for Social Concerns, and the Kellogg Institute for International Studies at the University of Notre Dame.

Allert Brown-Gort is the Institute's associate director. A citizen of both the United States and Mexico, he has worked at the University of Texas at Austin, the Autonomous Technological Institute of Mexico, and Televisa in Mexico City, and at Columbia University. In these capacities he has worked on Latino, NAFTA, and Latin American issues. His major research interests are immigration policy and issues of national culture and psychology in the political arena. He has served as an advisor to the US Senate Hispanic Task Force, and his op-eds on immigration issues have appeared in the *Boston Globe*, *Chicago Tribune*, *Dallas Morning News*, and *Indianapolis Star*.

Andrew Deliyannides holds a PhD in English from the University of Notre Dame. As senior editor and writer for the Institute he has provided content analysis and editorial guidance for such publications as *Toward the Preservation of a Heritage: Latin American and Latino Art in the Midwestern United States*, *Forging the Tools for Unity: A Report on Metro Chicago's Mayors Roundtables on Latino Integration*, and *Latinos in North Central Indiana*, Volumes 1–3. He is also the managing editor of the Institute's *Latino Perspectives* book series with the University of Notre Dame Press.

Roger A. Knight holds a bachelor's degree in sociology from the University of Notre Dame, and he has quantitative research experience in a variety of topics regarding the Hispanic population in the United States. He has contributed to the National Society for Hispanic Professionals blog. In addition, Knight has professional experience in qualitative evaluation and research. He has previously held positions in database management and data analysis. Knight is currently a community outreach and engagement coordinator for the National Children's Study—Greater Chicago Study Center, a collaborative of Northwestern University, the University of Illinois at Chicago, and the National Opinion Research Center at the University of Chicago.





INSTITUTE *for*



Latino Studies

UNIVERSITY OF NOTRE DAME

230 McKenna Hall, Notre Dame, IN 46556
(866) 460-5586 · latinostudies.nd.edu