BEYOND THE NUMBERS

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PRICES AND SPENDING

covid19-Hispanic household spending in 2015

By Ann C. Foster

Although the Hispanic population has grown more slowly in recent years,[1] it still exerts a powerful influence on the U.S. economy. Consumer Expenditure Survey (CE) data show that, in 2015, households with a reference person[2] of Hispanic or Latino origin were 13 percent of the sample, compared with 12.2 percent in 2010 and 10.6 percent in 2005.[3]

This **Beyond the Numbers** article uses 2015 CE data to examine spending by households with a Hispanic or Latino reference person, compared with households without a Hispanic or Latino reference person. (In the article, for convenience, “Hispanic or Latino” is shortened to “Hispanic.”) Spending by Hispanic households is compared

with spending by households with a non-Hispanic White reference person and spending by households with a non-Hispanic Black or African-American reference person.

Demographic characteristics

In 2015, Hispanic households made up 13 percent of the CE sample, compared with 12.7 percent of (non-Hispanic) households with a Black or African American reference person and 74.3 percent of (non-Hispanic) households with a reference person categorized as White, Asian, or of some other race. In almost all (98 percent) Hispanic households, the race of the reference person was categorized as White, Asian, or of some other race.[4] (See table 1.) Although Hispanics can be of any race, for simplicity the article will use the designation "White" for households with a reference person who is not categorized as Hispanic but who is categorized as White or of some other race.[5] Similarly, the designation "Black" is used for households with a reference person who is categorized, not as Hispanic, but as Black or African-American.[6]

Table 1. Consumer unit characteristics, by Hispanic or Latino origin of reference person, Consumer Expenditure Survey, 2015

Category	All	Hispanic or Latino	Not Hispanic or Latino		
			All	Black or African American	White and all other races[(1)]
Number of consumer units (in thousands)	128,437	16,728	111,710	16,301	95,409
Percentage of consumer units	100.0	13.0	87.0	12.7	74.3
Consumer unit characteristics:					
Pretax income	$69,627	$54,746	$71,855	$48,387	$75,864
Age of reference person	50.5	43.9	51.5	52.2	47.9
Average number of people in consumer unit	2.5	3.1	2.4	2.4	2.4
Children under 18	.6	1.0	.5	.6	.5
People 65 and older	.4	.2	.4	.3	.4
Earners	1.3	1.6	1.2	1.2	1.3
Vehicles	1.9	1.7	1.9	1.3	2.0
Percent distribution					
Gender (reference person):					
Male	47	45	47	36	49
Female	53	55	53	64	51
Race (reference person):					
Black or African-American	13	2	15	100	(2)
White, Asian, and all other races	87	98	85	(2)	100
Hispanic or Latino origin (reference person):					
Hispanic or Latino	13	100	(2)	(2)	(2)
Not Hispanic or Latino	87	(2)	100	100	100
Education (reference person):					
Elementary school (1–8)	3	11	2	2	2
High school (9–12)	32	43	31	40	29
College	64	45	67	58	69
Never attended and other	(3)	1	(3)	(3)	(3)
Housing tenure					

Table 1. Consumer unit characteristics, by Hispanic or Latino origin of reference person, Consumer Expenditure Survey, 2015

Category	All	Hispanic or Latino	Not Hispanic or Latino		
			All	Black or African American	White and all other races[1]
Homeowner	62	45	65	41	69
With mortgage	35	30	36	25	38
Without mortgage	27	15	29	16	31
Renter	38	55	35	59	31
At least one vehicle owned or leased	87	83	88	74	90

[1] All other races: Native Hawaiian or other Pacific Islander, American Indian or Alaska Native, and approximately 1 percent reporting more than one race.
[2] Not applicable.
[3] Value is too small to display.
Source: U.S. Bureau of Labor Statistics.

Average pretax income among Hispanic households was $54,746, lower than the $75,864 for White households but not statistically different from the $48,387 for Black households.[7]

The reference person in Hispanic households was younger (43.9 years, compared with 47.9 years for White households and 52.2 years for Black households). Also, household size was larger in Hispanic households (3.1 people, compared with 2.4 for both White and Black households). In addition, Hispanic households were more likely to have children under 18 but less likely to have members 65 and older. Hispanic households averaged more earners (1.6, compared with 1.3 earners for White households and 1.2 for Black households), and, on average, Hispanic households had 1.7 vehicles, compared with 2.0 vehicles for White households and 1.3 vehicles for Black households. Finally, 45 percent of Hispanic households owned their own home, compared with 69 percent of White households and 41 percent of Black households.

Annual expenditures

In 2015, total expenditures by Hispanic households were $47,663, lower than the $60,072 spent by White households but more than the $40,421 spent by Black households. (See table 2.)

Table 2. Average expenditures, by Hispanic or Latino origin of reference person, Consumer Expenditure Survey, 2015

Expenditure category	All	Hispanic or Latino	Not Hispanic or Latino		
			All	Black or African American	White and all other races[1]
Total annual expenditures:					
Mean	$55,978	$47,663	$57,223	$40,421	$60,072
Share	100.0	100.0	100.0	100.0	100.0
Food:					
Mean	7,023	6,929	7,037	4,632	7,437
Share	12.5	14.5	12.3	11.5	12.4
Food at home					
Mean	4,015	4,182	3,990	2,785	4,190
Share	7.2	8.8	7.0	6.9	7.0

Table 2. Average expenditures, by Hispanic or Latino origin of reference person, Consumer Expenditure Survey, 2015

Expenditure category	All	Hispanic or Latino	Not Hispanic or Latino		
			All	Black or African American	White and all other races[1]
Food away from home					
Mean	3,008	2,747	3,047	1,847	3,247
Share	5.4	5.8	5.3	4.6	5.4
Housing					
Mean	18,409	16,855	18,641	15,228	19,222
Share	32.9	35.4	32.6	37.7	32.0
Clothing					
Mean	1,846	2,035	1,818	1,444	1,881
Share	3.3	4.3	3.2	3.6	3.1
Transportation					
Mean	9,503	9,101	9,563	7,501	9,915
Share	17.0	19.1	16.7	18.6	16.5
Healthcare					
Mean	4,342	2,632	4,598	2,318	4,987
Share	7.8	5.5	8.0	5.7	8.3
Entertainment					
Mean	2,842	1,771	3,002	1,499	3,256
Share	5.1	3.7	5.2	3.7	5.4
Pensions and Social Security					
Mean	6,016	4,657	6,219	3,881	6,619
Share	10.7	9.8	10.9	9.6	11.0
Other[2]					
Mean	5,999	3,684	6,345	3,919	6,756
Share	10.6	7.6	11.0	9.7	11.2

[1] All other races: Native Hawaiian or other Pacific Islander, American Indian or Alaska Native, and approximately 1 percent reporting more than one race.
[2] Includes cash contributions, alcohol, tobacco, personal care products and services, reading, education, life and personal insurance, and miscellaneous expenses.
Source: U.S. Bureau of Labor Statistics.

Total food spending accounted for 14.5 percent of the budget of Hispanic households, compared with 12.4 percent for White households and 11.5 percent for Black households. There was no statistically significant difference between the $6,929 spent by Hispanic households and the $7,437 spent by White households. Both groups spent substantially more on total food than Black households. Spending on food at home and spending on food away from home, the components of total food spending, followed a similar pattern: Hispanic and White households did not differ significantly in the amounts spent, but both groups spent more than Black households. Higher pretax income most likely accounted for the findings for White households, while a larger household size most likely accounted for the findings for Hispanic households compared with Black households.

The proportion of the household budget devoted to *housing* ranged from 32.0 percent for White households to 37.7 percent for Black households. The Hispanic share was 35.4 percent. In dollar amount, however, White households spent significantly more ($19,222) on housing than either Hispanic households ($16,855) or Black households ($15,228) did. Spending differences between Hispanic and Black households were also statistically significant.

Family size most likely accounted for the significantly greater spending by Hispanic households, compared with Black households.

Clothing expenditures accounted for a relatively small proportion of the household budget, ranging from 3.1 percent for White households to 4.3 percent for Hispanic households. The $1,881 spent by White households was not statistically different from either the $2,035 spent by Hispanic households or the $1,444 spent by Black households. Hispanic households, however, did spend significantly more on clothing than Black households.

Transportation spending ranged from an average of $7,501 for Black households to $9,915 for White households. The $9,101 spent by Hispanic households was not significantly different from the amounts spent by the other two groups. The amount that White households spent on transportation, however, was significantly higher than the amount spent by Black households. These findings may hold because Black households had fewer earners, reducing those households' job-related transportation expenses, and owned fewer cars, reducing their insurance, maintenance, and other expenses related to vehicle ownership

Healthcare spending by White households averaged $4,987, significantly higher than the $2,632 spent by Hispanic household and the $2,318 spent by Black households. The amounts spent by Hispanic and Black households, however, were not statistically different from each other. One reason is that Hispanic and Black households are less likely to have health insurance coverage than White (non-Hispanic) households. Also, Hispanic and Black households are more likely to have government coverage (Medicaid and Medicare) and have higher uninsured rates than White (non-Hispanic) households.[8] Research using 2014 CE data found that low-income households (those with income less than 138 percent of the federal poverty Line) that were receiving Medicaid benefits or that were uninsured spent less on healthcare both in dollar amounts and as a percentage of the household budget than did households with private health insurance.[9]

Hispanic households spent $1,771 on *entertainment*,[10] more than the $1,499 spent by Black households, but less than the $3,256 spent by White households. Higher pretax income most likely accounted for the significantly greater spending by White households. Family size most likely accounted for the significantly greater spending by Hispanic households compared with Black households.

Outlays on *pensions and Social Security* ranged from $3,881 for Black households to $6,619 for White households. The average outlay for Hispanic households ($4,657) was not significantly different from the average outlay for Black households. The $6,619 contributed by White households, however, was higher than the contributions made by the other two groups. One factor in the higher outlay for Whites is the higher wage and salary income of White households ($58,467, compared with $46,105 for Hispanic households and $39,145 for Black households), an income that would result in higher Social Security taxes. The higher wage and salary income of White households also increases the probability that they would contribute to pension plans at work. The higher pretax income of White households indicates that they would be more able to contribute to a pension plan, either through work or as individuals.[11]

Conclusions

Although Hispanic households had more earners than White households and Black households, their pretax income was lower than that of White households but not statistically different from that of Black households. Total annual expenditures for Hispanic households were lower than those for White households but higher than those for Black households. The higher pretax income among White households most likely accounted for their higher

total expenditures compared with Hispanic and Black households' expenditures. The fact that Hispanic households were the largest of the three groups and averaged the most children under 18 years old most likely accounted for these households' higher annual expenditures relative to those of Black households.

A different pattern emerged with expenditure categories. For example, there was no significant difference between Hispanic and White households in spending on total food, food at home, food away from home, and clothing. Moreover, both groups spent more on these items than Black households. White households spent significantly more on healthcare and on contributions to pensions and Social Security than Hispanic and Black households. Hispanic household spending on the two categories did not differ significantly from spending by Black households.

Although this article reflects spending patterns among Hispanic households in 2015, future research may not uncover the same patterns. A major reason is the fact that the U.S. Hispanic population is disproportionately young. For example, in 2014, about one-third (17.9 million) of the U.S. Hispanic population was younger than 18 years old and about one-fourth (14.6 million) were Millennials (ages 18–33). Altogether, nearly 60 percent of the Hispanic population were Millennials or younger, compared with half of the Black population and 39 percent of the White population.[12] Because age is associated with differences in household expenditures, future spending by Hispanic households could be different from that of Hispanic households in 2015. The greater share of those who are Millennials or younger could also affect spending differences between Hispanic households and Black and White households found in future Consumer Expenditure Surveys.[13]

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NOTES

[1] From 2000 to 2007, the U.S. Hispanic population grew an average of 4.4 percent, compared with an average of 2.8 percent from 2007 to 2014. (For more information, see Renee Stepler and Mark Hugo Lopez, "U.S. Latino population growth and dispersion has slowed since onset of the Great Recession" *Hispanic Trends* (Washington, DC: Pew Research Center, September 8, 2016), http://www.pewhispanic.org/2016/09/08/latino-population-growth-and-dispersion-has-slowed-since-the-onset-of-the-great-recession/.)

[2] In the Consumer Expenditure Survey (CE), the consumer unit is the entity on which expenditure reports are based and collected. Consumer units are defined as families, single persons living alone or sharing a household with others but who are financially

independent, or two or more persons living together who share expenses. Although "consumer unit" is the proper technical term for the purposes of the CE, it is often used interchangeably with "household" or "family" for convenience. This article uses "household" instead of "consumer unit."

The reference person is the first household member mentioned by the CE respondent when asked to “Start with the name of the person, or one of the persons, who owns or rents the home.” It is with respect to this person that the relationship of the other consumer unit members is determined. (For more information, see CE Glossary of Terms, Characteristics Section, https://www.bls.gov/cex/csxgloss.htm.)

[3] See “Table 2200. Hispanic or Latino origin of reference person: Annual expenditure means, shares, standard errors, and coefficients of variation, Consumer Expenditure Survey, 2015” (U.S. Bureau of Labor Statistics, August 2016), https://www.bls.gov/cex/2015/combined/hispanic.pdf; “Table 2200. Hispanic or Latino origin of reference person: Average annual expenditures and characteristics, Consumer Expenditure Survey, 2010” (U.S. Bureau of Labor Statistics, September 2011), https://www.bls.gov/cex/2010/Standard/hispanic.pdf; and “Table 2200. Hispanic or Latino origin of reference person: Average annual expenditures and characteristics, Consumer Expenditure Survey, 2005” (U.S. Bureau of Labor Statistics), https://www.bls.gov/cex/2005/Standard/hispanic.pdf.

[4] Unpublished CE data indicate that 95 percent of Hispanic households categorized the race of the reference person as White, 2 percent as Black, 2 percent as being of some other race, and 1 percent as Asian. The U.S. Office of Management and Budget (OMB) requires federal agencies to use a minimum of two ethnicities in collecting and reporting data: “Hispanic or Latino” and “Not Hispanic or Latino,” in the case of Hispanics or Latinos. OMB defines "Hispanic or Latino" as “a person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin regardless of race.” (See “About Hispanic Origin” (U.S. Census Bureau, January 26, 2017), https://www.census.gov/topics/population/hispanic-origin/about.html.)

[5] Although Hispanics can be of any race, U.S. Census Bureau findings suggest that standard U.S. racial categories might be confusing or might not provide relevant options for Hispanics to describe their racial identity. A Pew Research Center Survey found that two-thirds of Hispanics were not inclined to separate their Hispanic background from their racial background. This finding suggests that Hispanics have a unique view of race that does not necessarily fit within the official U.S. definitions—a fact that complicates understanding the effect of race on studies like the one reported in this article. (For more information, see Ana Gonzalez-Berrera and Mark Hugo Lopez, “Is being Hispanic a matter of race, ethnicity or both?” *Fact Tank* (Washington, DC: Pew Research Center, June 15, 2015), http://www.pewresearch.org/fact-tank/2015/06/15/is-being-hispanic-a-matter-of-race-ethnicity-or-both/.)

[6] See “Table 2200. Hispanic or Latino origin of reference person: Annual expenditure means, shares, standard errors, and coefficients of variation, Consumer Expenditure Survey, 2015.”

[7] Like data from other surveys, CE data have some degree of variability, meaning that a reported estimate, such as that for pretax income, is an average of sampled observations. In CE tables, the degree of variability is indicated by the standard error (SE) and the coefficient of variance (CV). These measures of variability indicate the range of possible values for a particular data point or estimate. One can determine whether one estimate is greater than another if there is a gap between the two estimates after considering their variability. However, one cannot determine which estimate is larger if the value of the two estimates overlap. For example, the range of values for Hispanic households and White households did not overlap, so one can determine that average pretax income for White households was greater than that for Hispanic households. By contrast, the range of values for Hispanic households and Black households overlapped, so it was determined that average pretax income for the one group was not statistically different from that for the other. (For more information, see Aaron Cobet, “Consumer Expenditure Survey program: How does the variability of Consumer Expenditure data impact your analysis?” (U.S. Bureau of Labor Statistics, February 3, 2017), https://www.bls.gov/cex/impact_of_variance_on_pumd.htm.)

[8] "Table 5. Percentage of people by type of health insurance coverage by selected demographic characteristics: 2014 and 2015," in Jessica C. Barnett and Marina S. Vornovitsky, *Health Insurance Coverage in the United States: 2015*, Current Population Reports, P60-257(RV) (U.S. Census Bureau, September 2016), p. 16, https://www.census.gov/content/dam/Census/library/publications/2016/demo/p60-257.pdf.

[9] For more information, see Melissa Majerol, Jennifer Tolbert, and Anthony Damico, *Health care spending among low-income households with and without Medicaid*, Issue Brief (Washington, DC: The Henry Kaiser Family Foundation, February 4, 2016), http://kff.org/medicaid/issue-brief/health-care-spending-among-low-income-households-with-and-without-medicaid/.

[10] Entertainment includes fees and admissions; television, radio, and sound equipment; pets, toys, and hobby equipment; and other entertainment equipment and supplies such as athletic shoes, bicycles, and photographic equipment. (For more information, see Consumer Expenditure Survey Glossary of Terms, https://www.bls.gov/cex/csxgloss.htm.)

[11] Research using data from Wave 1 (1992) of the(University of Michigan Health and Retirement Study, matched with Social Security administrative data and employer-provided pension information, found that Hispanic and Black households were less likely than White households to have pension and Social Security wealth. For example, 47 percent of Hispanic households and 57 percent of Black households had pension wealth, compared with 79 percent of White households. The average value of pension wealth among pension owners was $32,581 for Hispanic households, $65,897 for Black households, and $100,865 for White households. Social Security wealth was held by 83 percent of Hispanic households, 87 percent of Black households, and 96 percent of White households. For those with Social Security wealth, Hispanic households averaged $86,412, Black households averaged $78,806, and White households averaged$134,431. (For more information, see Sharmila Choudhury, "Racial and ethnic differences in wealth and asset choices," *Social Security Bulletin,* 2001/2002, vol. 64, no. 4, https://www.ssa.gov/policy/docs/ssb/v64n4/v64n4p1.html.)

[12] In the U.S. Asian population, 46 percent were Millennials or younger in 2014. (For more information, see Eileen Patten, "The nation's Latino population is defined by its youth," *Hispanic Trends* (Washington, DC: Pew Research Center, April 20, 2016), http://www.pewhispanic.org/2016/04/20/the-nations-latino-population-is-defined-by-its-youth/.)

[13] See Ann C. Foster, "A closer look at the spending patterns of older Americans," *Beyond the Numbers*, March 2016, vol. 5, no. 4, https://www.bls.gov/opub/btn/volume-5/spending-patterns-of-older-americans.htm, and "Consumer expenditures vary by age," *Beyond the Numbers*, December 2015, vol. 4, no. 14, https://www.bls.gov/opub/btn/volume-4/consumer-expenditures-vary-by-age.htm.

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