

# Introduction

The 2000 census counted not only more people than had been projected, but more diversity than had been expected. Now, with the 21st century well underway, the composition of the U.S. population is continuing its rapid change. Hispanics have become the largest minority. Asians are the most affluent segment of the population. Blacks are making significant gains in education and earning power. Only by understanding each of these increasingly important segments of the population can policymakers and business people hope to tailor their programs and products to the wants and needs of more than 300 million Americans.

The first edition of *Who We Are: Hispanics* provides a comprehensive look at the characteristics of this fast growing segment of the U.S. population as the 21st century unfolds. In addition to detailed estimates of the numbers of Hispanics nationally and by state and metropolitan area, *Who We Are: Hispanics* includes the latest socioeconomic data on the Hispanic population. It has detailed spending data for Hispanic households and the latest data on Hispanic household wealth. Results from the American Time Use Survey are also presented here, profiling Hispanic time use and comparing it to the averages.

Understanding the demographics and lifestyles of racial and ethnic groups is of vital importance to researchers and policy makers. *Who We Are: Hispanics* provides the key to understanding both the similarities and the differences between Hispanics and other Americans. Regardless of race or ethnic origin, there is no doubt Americans are more alike than different, and *Who We Are: Hispanics* documents our many similarities. But there are also important differences among racial and ethnic groups that, if not taken into account, can derail public policy efforts and business strategies. The living arrangements, educational attainment, and occupational distribution of Hispanics differ from those of the average American, for example, and those differences affect not only lifestyles but also consumer behavior.

## **Race and Hispanic origin classifications**

The 2000 census transformed racial and ethnic classification in the United States. The census allowed Americans, for the first time in modern history, to identify themselves as belonging to more than one racial group. This makes the analysis of racial and ethnic diversity more complex—and more rewarding—than ever before. Most of the government's ongoing surveys now use the new racial classification scheme. Consequently, researchers have a wealth of racial and ethnic data available to them.

For those researching the Hispanic population, keep in mind that Hispanic is not considered a race in the government's racial classification system. Hispanics are an ethnic group rather than a race. Consequently, Hispanics can be black, white, Asian, or even American Indian. Ninety-three percent of Hispanics identify themselves as white alone, 4 percent are black alone, and 2 percent are American Indian or Asian alone. One percent of Hispanics say they are multiracial.

To understand the meaning of the term "white alone" requires a review of the terminology used in the new racial classification system. Three terms distinguish races from one another. The "race alone" population consists of people who identify themselves as being of only one race. The "race in combination" population consists of people who identify themselves as being of more than one race, such as black and white. The "race, alone or in combination" population includes both those who identify themselves as being of one race and those who identify themselves as being of more than one race. For example, the "black, alone or in combination" population includes those who say they are black alone and those who say they are black and white and those who say they are black, white, and Asian, and so on.

While the new classification system is a goldmine for researchers, the numbers no longer add up. This may frustrate some, but it provides a more accurate picture of each racial group than the previous methodology did, which required the multiracial to align with only one race.

### **How to use this book**

*Who We Are: Hispanics* is designed for easy use. It is divided into 10 chapters arranged alphabetically: Education, Health, Housing, Income, Labor Force, Living Arrangements, Population, Spending, Time Use, and Wealth. Descriptive text and charts accompany most of the tables, highlighting the important trends.

Most of the tables in *Who We Are: Hispanics* are based on data collected by the federal government, in particular the Census Bureau, the Bureau of Labor Statistics, the National Center for Education Statistics, and the National Center for Health Statistics. The federal government continues to be the best source of up-to-date, reliable information on the changing characteristics of Americans.

Several government surveys are of particular importance to *Who We Are: Hispanics*. One is the Census Bureau's Current Population Survey. The CPS is a nationally representative survey of the civilian noninstitutional population aged 15 or older. The Census Bureau takes it monthly, collecting information from 50,000 households on employment and unemployment. Each year, the March survey includes a demographic supplement that is the source of most national data on the

characteristics of Americans, such as their educational attainment, living arrangements, and incomes. CPS data appear in many tables of this book.

The American Community Survey is another important source of data for *Who We Are: Hispanics*. The ACS, an ongoing nationwide survey of 250,000 households per month, provides detailed demographic data at the community level. Designed to replace the census long-form questionnaire, the ACS includes more than 60 questions that formerly appeared on the long form, such as inquiries about the language spoken at home, householders' income and education. ACS data are available for the nation, regions, states, counties, metropolitan areas, and smaller geographic units.

The Consumer Expenditure Survey is the data source for the Spending chapter. Sponsored by the Bureau of Labor Statistics, the CEX is an ongoing study of the day-to-day spending of American households. The data collected by the survey are used to update prices for the Consumer Price Index. The CEX includes an interview survey and a diary survey administered to two separate, nationally representative samples. The average spending figures shown in the Spending chapter of this book are the integrated data from both the diary and interview components of the survey. For the interview survey, about 7,500 consumer units are interviewed on a rotating panel basis each quarter for five consecutive quarters. For the diary survey, another 7,500 consumer units keep weekly diaries of spending for two consecutive weeks.

The Bureau of Labor Statistics' American Time Use Survey is the source of data for the Time Use chapter. Through telephone interviews with a nationally representative sample of noninstitutionalized Americans aged 15 or older, the ATUS collects information in minute detail about what survey respondents did during the previous 24 hours—or diary day. Time use data allow social scientists to better understand our economy and lifestyle and how policy decisions affect our lives.

The data in the Wealth chapter comes from the Survey of Consumer Finances, a triennial survey taken by the Federal Reserve Board. The SCF collects data on the assets, debt, and net worth of American households. The latest data available are from the 2004 survey, for which the Federal Reserve Board interviewed a representative sample of 4,522 households. The SCF provides wealth data for only two racial and ethnic groups: “non-Hispanic whites” and “non-whites and Hispanics.”

### **Value added**

While the government collected the data presented in *Who We Are: Hispanics*, the tables published here are not reprints from government reports—as is the case in many reference books. Instead, New Strategist's editors spent hundreds of hours

scouring web sites, compiling numbers into meaningful statistics, and creating tables with calculations that reveal the trends. Government web sites are useful for obtaining generalized summary data or for tapping into complex databases that often require statistical programs to analyze. New Strategist has done the work for you, delving into the data and providing analysis and comparisons, placing the important information about Hispanics at your fingertips. Researchers who want even more can use the source listed at the bottom of each table to explore the original data. The book contains a comprehensive table list to help readers locate the information they need. For a more detailed search, use the index at the back of the book. Also in the back of the book is the glossary, which defines most of the terms commonly used in the tables and text.

*Who We Are: Hispanics* gives you the opportunity to discover and become familiar with the growing Hispanic population and its many unique characteristics. Armed with such knowledge, you will be closer to understanding what the future holds for our vast and complex nation.

## Executive Summary

### What You Need to Know about Hispanics

The United States is rapidly becoming more diverse. To keep track of the changing racial and ethnic makeup of the nation requires more than hearsay and hunches. It requires an understanding of the size and characteristics of the country's growing minority populations. Whether you are a marketer, retailer, manufacturer, politician, policy maker, or social service provider, the nation's Asians, blacks, and Hispanics are a growing share of your customers and constituents.

Unfortunately, many Americans know little about the racial and ethnic make-up of the population. The public often wildly overestimates the size of minority groups while at the same time underestimating or even ignoring their powerful influence. In these fast-changing times, getting it wrong may be the difference between profit and loss, winning and losing, successful programs and failures. To keep you informed, the summary charts below highlight the most important facts you need to know about Hispanics. More details are available in the chapters that follow. Use these charts as a starting point for generating product ideas, developing marketing insights, and creating innovative policies.

#### 1. Hispanics are the largest minority in the United States

Shortly after the 2000 census, the number of Hispanics surpassed the number of blacks, making Hispanics the largest minority group in the United States. Because the Asian, black, and Hispanic populations are growing faster than the non-Hispanic white population, the non-Hispanic white share of the population is shrinking. The nation's minorities now account for one in three Americans. (For more information, see the Population chapter.)

#### Fifteen percent of Americans are Hispanic

*(percent distribution of population by race and Hispanic origin, 2006)*

