THE STATE OF LATINOS IN THE INTERMOUNTAIN WEST

Building the Infrastructure of Opportunity for Latinos
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The Kenny C. Guinn Center for Policy Priorities (Guinn Center) is a nonprofit, bipartisan, think-do tank focused on independent, fact-based, relevant, and well-reasoned analysis of critical policy issues facing the state of Nevada. The Guinn Center engages policy-makers, experts, and the public with innovative, fact-based research, ideas, and analysis to advance policy solutions, inform the public debate, and expand public engagement. The Guinn Center does not take institutional positions on policy issues.

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II. The Infrastructure of Opportunity: An Assessment

A. The Infrastructure of Opportunity: An Assessment Executive Summary
Many of the states in the Intermountain West region stand at a pivotal point in the wake of the Great Recession. While many residents across the region continue to feel the lingering impact of the recession, it has been most difficult for Latinos and other minorities to rebound. In Nevada, Governor Brian Sandoval has placed a priority on diversifying the economy to spur growth and ensure that the state is not as severely affected by future downturns. All of the industries Governor Sandoval is working to attract require a workforce with highly technical skills. The Georgetown University Center on Education and the Workforce estimates that by 2018, the percentage of jobs requiring postsecondary training will be as follows:

- Arizona: 61 percent;
- California: 61 percent;
- Colorado: 67 percent;
- Nevada: 54 percent;
- New Mexico: 58 percent;
- Texas: 56 percent; and
- Utah: 66 percent.

To grow the economy and produce a highly skilled workforce, states need to have a quality infrastructure of opportunity, which includes four key components:

- An education and job training system that meets the needs of economically disadvantaged students and English Language Learners and produces graduates with 21st century skills;
- Access to capital to encourage entrepreneurship;
- Access to affordable health care; and
- Access to affordable housing.

In many of the states in the Intermountain West region, the current infrastructure of opportunity is largely inadequate. In particular, Nevada’s current infrastructure of opportunity for Latinos is very limited. For Latinos, this has resulted in low educational attainment levels, lower pay, and under-representation in high-wage industries. Lower wages create long-term fiscal pressures for state and local governments due to lower tax revenue and increased demand for health and social services. Key findings include:

- **Investment in the Infrastructure of Opportunity**
  - Nevada and Colorado have spent the least in the region on education, health, and welfare per $1,000 in personal income.
  - Nevada and Colorado have spent the most on public safety spending per $1,000 in personal income.

- **Education**
  - Educational attainment in Nevada for Latinos lags behind African Americans and non-Latinos.
  - Within the Intermountain West, California has the highest percentage of Latinos without a high school degree, followed by Nevada and Texas. Nevada has the lowest percentage of Latinos with some post-secondary education or higher.
o Latinos lag behind whites throughout the region in access to preschool. Nevada has the highest rate of Latino students not in preschool in the region.

o Throughout the region, Latinos participate in Head Start in greater proportions than non-Latinos.

o In fourth grade reading and math, there are persistently wide achievement gaps between white students and Latino/ African American students. The states with the lowest reading proficiency rates for Latinos in 2013 were California and Nevada and the states with the lowest math proficiency rates for Latinos were Utah, California, and Nevada.

o In Nevada, long-term English Language Learners in middle school face significant challenges achieving reading proficiency.

o Latinos are underrepresented throughout the region in advanced high school math and science courses, with the greatest underrepresentation in Arizona, California, and Nevada.

o Latinos and African American students receive a disproportionate share of student discipline across the Intermountain West.

o In 2011-12, Latinos had lower high school graduation rates than the total student population throughout the region.

o Nevada had the lowest high school graduation rate for all subgroups in the region in 2011-12.

o Latinos and African-Americans are underrepresented in college enrollment and completion of degrees, with the largest gaps in Nevada.

o Nevada had the lowest college graduation rates in the region for Latinos, African Americans, and all students.

**Wages**

o Nevada is the only state in the Intermountain West with a high concentration of Latinos in the accommodation and food service industry. The top industries for Latinos in other states are retail and health care.

o Latinos are concentrated in low wage industries throughout the Intermountain West.

o There are significant wage gaps between Latinos and non-Latinos throughout the region, with the largest gaps in California and Texas.

o The largest wage gaps throughout the region are in management of companies, which is a high paying industry.

**Business Growth**

o Latino businesses represent a small percentage of firms throughout the region. These firms have an even smaller share of receipts and employment in each state.

o There is some diversity throughout the region in the types of businesses Latinos create and the largest Latino businesses in the region are concentrated in California and Texas.

o Nationwide, Latino businesses have less access to business loans and Small Business Administration loans than other firms.

o Nevada is underserviced in microenterprise organizations and Community Development Financial Institutions compared to other states in the region.

o Interest rates for non-traditional sources of credit are high in every state except Arizona, which has placed limits on interest rates.

**Housing**

o Nevada had the highest foreclosure filing rate during and after the recession, followed by Arizona and California.
o The foreclosure crisis affected Latinos more adversely than whites throughout the Intermountain West, with the highest rates for Latinos in Nevada, Arizona, and Colorado.

o Homeownership rates decreased after the recession throughout the region, with the biggest decline in Nevada.

o The number of Latinos filing for loans after the recession decreased and the percentage of loan denials decreased.

o The percentage of households spending more than 30 percent on housing increased after the recession throughout the region, with the lowest rates in Texas and Nevada.

o There is limited availability of affordable housing throughout the Intermountain West, and Nevada has the most limited supply of affordable housing for the neediest families.

\[ \text{Healthcare} \]

o For healthcare coverage, the infrastructure of opportunity could improve with the implementation of the federal Affordable Care Act, but gaps will likely persist.

o Many Latinos eligible to participate in the health care exchange are uninsured, with the highest rates in Texas, Utah, and Nevada.

o Healthcare monthly premiums offered through the health care exchange are highest in Los Angeles, Denver, and Las Vegas, but tax credits are available to offset a portion of the cost.

\[ \text{Institutional Weakness} \]

o Nevada ranks lowest in the region in per capita federal expenditures, which is particularly troubling given that Nevada also invests the smallest amount of state and local funding in education and health and welfare expenditures in the region per $1,000 in personal income.

o Nevada is the only state in the region that does not yet have any institutions of higher education that have been designated as Hispanic Serving Institutions (HSI).

o College of Southern Nevada will be eligible to apply for HSI status and funding in 2014-2015.

o Nevada has a limited number of nonprofits serving Latinos compared to other states in the region.

\[ \text{B. Public Investments in the Infrastructure of Opportunity} \]

Providing the infrastructure of opportunity requires public investment. Nevada has historically invested less in the areas of education and health and welfare than other states in the Intermountain West region. The left panel of Figure 24 presents state and local education operations spending per $1,000 in personal income in 2006 and 2011 while the right panel shows the same information for health and welfare operations. Colorado and Nevada spent the least per $1,000 in personal income than other states in the Intermountain West. Nevada ranks the lowest in both areas in both years. However, it is important to emphasize that higher levels of funding do not guarantee better outcomes. For example, New Mexico has the highest level of spending in these areas but does not always produce substantially better K-12 educational outcomes for Latinos than Nevada. This suggests that the type and quality of services are critical to building an effective, robust infrastructure of opportunity.
One of the consequences of an inadequate infrastructure of opportunity is the need to spend funding on police, fire and corrections services. Figure 25 shows state and local public safety operations spending per $1,000 in personal income in 2006 and 2011. In 2011, Colorado and Nevada spent the most per $1,000 in income in the region. While the amount spent by each state on public safety is much less than the amount spent on education and health and welfare, the ranking of states in each of these categories is emblematic of each state’s priorities.

C. Educational Attainment

Education is one of the top issues of concern for Latinos. A 2013 survey conducted by Southern Nevada Strong found that 31 percent of Latinos felt that education was one of top two most important issues facing Southern Nevada. Data on educational attainment levels provides a good overview on the status of educational outcomes for Latinos in Nevada. Figure 26 presents data on educational attainment for Nevada’s Latinos, African-Americans, and non-Latinos in 2006 compared to 2012. While outcomes for Latinos improved slightly from 2006 to 2012, educational attainment for Latinos lags far behind non-Latinos and African-Americans. The percentage of Latinos with some post-secondary education or higher in 2012 was only 31 percent compared to 63 percent for non-Latinos and 54 percent for African-Americans. These low educational attainment levels have limited the types of jobs that Latinos can access.
Figure 26. Educational Attainment in Nevada

Source: U.S. Department of Commerce, Census Bureau, American Community Survey

Figure 27. Latino Educational Attainment in the Intermountain West

Source: U.S. Department of Commerce, Census Bureau, American Community Survey

D. Early Childhood Education

The foundation for a quality education begins before children enter kindergarten. Unfortunately, many 3 and 4-year-olds throughout the Intermountain West do not attend preschool. Figure 28 shows the percentage of 3 and 4-year-olds not in preschool for Latinos and whites in 2005-2007 and 2010-2012. This data includes free preschool funded by the state and federal government, as well as tuition based preschool. Latinos lag behind whites on this indicator throughout the region. Nevada had the highest rate of Latino students not in preschool in 2005-2007 at 84 percent. Nevada’s rate decreased to 77 percent in 2010-2012, which was the second highest rate in the region after Arizona. There are not any clear policy reasons to explain this decrease.
Table 2 provides more detailed information on the percentage of Latino 3 and 4 year olds not in preschool for each state. Over the period of analysis, Colorado witnessed the biggest decline in the percentage of Latino 3 and 4-year olds who were not enrolled in preschool, falling from 71 percent to 62 percent. Analysis suggests that the increase in Colorado’s preschool enrollment is the direct result of the launch of the Denver Preschool Program (DPP). In 2006, Denver voters approved a tax increase (12-cent sales tax on $100 purchases) to fund the Denver Preschool Program, which provides Denver families, regardless of income, tuition support to attend a high-quality preschool program. Since 2006, over 25,000 4-year-olds in Denver, Colorado have benefited from more than $40 million in tuition support.15

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Table 2. Percentage of Latino 3 and 4 Year-Olds Not in Preschool

Source: Kids Count: American Community Survey

Families with incomes below the federal poverty line are eligible for Head Start. Latinos tend to participate in federally funded Head Start pre-school programs in greater proportions than non-Latinos (see Figure 29). Nationally, only about two-fifths of eligible preschool age children participate in Head Start.16 In Nevada, only 2,629 Latino children and 2,057 non-Latino children participated in Head Start in 2012.

Source: US Department of Health and Human Services, Office of Head Start: Program Information Reports
E. K-12 Education Outcomes and Achievement Gap

Once students are in school, early literacy is a cornerstone necessary for future academic success. Research shows that achieving reading proficiency by the end of third grade is a strong predictor of high school graduation.\textsuperscript{17} Figure 30 compares fourth grade reading proficiency levels on the National Assessment of Educational Progress (NAEP) across the Intermountain West region in 2007 and 2013. Nationally, Nevada ranked 46\textsuperscript{th} in overall fourth grade reading proficiency in 2013. Within the Intermountain West region, only California and New Mexico ranked lower than Nevada.

The data also reveals that each state has persistently wide achievement gaps between white students and Latino/ African-American students. In 2013, Nevada and New Mexico had the smallest achievement gaps, at 23 percent and 21 percent, respectively. However, this was due more to the low performance of white students than to improvement in outcomes for minority students. Colorado had the highest achievement level for Latinos in 2013, but also had the highest achievement gap between whites and Latinos at 29 percent.

There are also achievement gaps in math across the Intermountain West. Figure 31 shows the percentage of fourth grade students proficient in math on the NAEP in 2007 and 2013. As with reading, Nevada ranked 46\textsuperscript{th} in the nation in math proficiency in 2013. Once again, California and New Mexico were the only states in the region that fared worse than Nevada. While math proficiency levels have generally improved across the region during this period of analysis, achievement gaps continue to be large. In 2013, California and Utah had the largest achievement gap (35 percent) between whites and Latinos. In 2013, Nevada and New Mexico had the smallest achievement gaps (22 percent). Once again, this was due more to the low performance of white students than to improvement in outcomes for minority students. The low performance rates for Latinos and African-Americans are troubling given that states in the Intermountain West need to develop a workforce with 21\textsuperscript{st} century skills in order to diversify their economies.
While early literacy is a critical to the success of Latino students, there also needs to be a stronger focus on literacy needs in middle school and high school, particularly for ELLs. For example, in Nevada’s Clark County School District (CCSD), over 70 percent of middle school ELL students have been categorized as ELLs for more than 6 years and are considered long-term ELLs. In 2013, there were 8,000 ELLs in middle school but only 2 percent exited ELL status.

Reading proficiency for ELLs in middle school tends to be lower than reading proficiency level for all Latinos in Clark County (see Figure 32). Without language growth, ELLs cannot advance in core substantive academics. The reason for ELLs’ low literacy proficiency is that their academic language grows very little during middle school.

Another key indicator that shows whether Latinos are prepared to take on more technical jobs in the future is the percentage of Latinos in advanced high school math and science courses. The data reveals that Latinos are underrepresented in these courses throughout the region (see Figure 33). The underrepresentation of Latinos in science and math classes is starker in Arizona, California, and Nevada. In addition, for each state, Latinos are more likely to take advanced science classes than advanced math classes.
There can be interaction between poor academic performance and student behavior issues. Latino and African-American students receive a disproportionate share of student discipline (see Figure 34). For Nevada, disproportionality is worse for African-Americans than for Latinos. Across the region, Colorado and Utah have the highest disproportionality for Latinos, while Nevada and Texas have the highest disproportionality for African-Americans.

Fortunately, some of the states with high disproportionality rates are taking corrective measures. In May 2012, Colorado passed SB12-046, which recognized that “zero tolerance” policies have resulted in unnecessary expulsions and suspensions, and now allows school administrators and local boards to use their discretion to determine appropriate disciplinary response to each incident with policies that apply equally to all students. As of August 2013, Colorado schools had to adopt proportionate disciplinary interventions (including in-school suspension), and plans for appropriate use of prevention, intervention, restorative justice, peer mediation, counseling, or other approaches to minimize student exposure to the criminal justice system. Nevada’s Clark County School District, the fifth largest school district in the country, released its 2014 Pledge of Achievement Strategic Plan and committed to realizing an annual decrease in the disproportionality in expulsions and suspensions by race and gender.
High School graduation provides a critical gateway to future opportunities. Unfortunately, many students in Nevada are not realizing this goal. In 2011-12, Nevada’s overall graduation rate of 63 percent ranked it the second lowest in the nation, and the lowest in the Intermountain West, followed closely by New Mexico with a 66 percent graduation rate. Nevada also had the lowest graduation rate in the Intermountain West for Latinos, African-Americans, and English Learners (see Figure 35).

The graduation rate for English learners in Arizona (24 percent) and Nevada (23 percent) is alarmingly low and reflects the lack of infrastructure in these states to help English learners succeed academically.

F. Higher Education Outcomes and Achievement Gap

Higher education outcomes are important for several reasons. Research finds that people with higher educational levels have higher incomes. In addition, institutions of higher education are critical to providing students with 21st century skills that will enable them to access higher paying jobs.

In 2012, Latinos and African-Americans were underrepresented in fall enrollment in 2- and 4-year public colleges throughout the Intermountain West (see Figure 36). The underrepresentation is more pronounced for Latinos than for African-Americans. Nevada and Arizona had the highest rates of underrepresentation of Latinos.

Another key indicator in higher education is the ethnic and racial breakdown of students receiving degrees. Figure 37 shows that the percentage of degrees awarded to Latinos and African-Americans is less than the percentage of Latinos and African-Americans in the community throughout the region. The figure shows that Nevada had the largest gap in the region for both Latino and African-American students.
Graduation rates are another critical indicator in higher education. Figure 38 shows graduation rates for Latinos, African-Americans, and all students at two and four-year colleges in the Intermountain West region in 2012. As the figure shows, graduation rates are typically higher at four-year colleges. At two year colleges, Nevada's Latino graduation rate is typical of other states. However, Nevada's graduation rate from four year colleges was the lowest in the region for all groups.

G. Latinos are concentrated in low-wage industries and earn less than Non-Latinos

The recession has also had an impact on which industries employ Latinos. As Table 3 shows, the top four industries for Nevada's Latino workers in 2006 were accommodation and food services, construction, retail, and administrative support. By 2012, the construction industry had shed 90,800 jobs\(^{20}\) and the top four industries for Latino workers had evolved to become accommodation and food services, retail, health care, and administrative support as shown in Table 4.

These two tables also illustrate the dominance of the accommodation and food service industry in Nevada both before and after the recession, employing 37 percent of Latinos in 2006 and 38 percent of Latinos in 2012. No other state in the region has such a large concentration of Latinos employed in the accommodation and food service industry. The top industries for Latinos in other states in the region are retail and health care.
Throughout the Intermountain West, Latinos tend to be over-represented in jobs that pay less than the average annual wage and under-represented in jobs paying more than the average wage. Figures 39 through 45 show the top industries in each state in the region where Latinos are over-and under-represented. The figures also show the average wage for each of these industries compared the average wage across all industries. For this analysis, Latinos are considered over-represented if the percentage of Latino workers in the industry exceeds the statewide average of Latino workers in all industries. Likewise, Latinos are considered to be under-represented if the percentage of Latino workers in the industry is less than the statewide average.

In 2012, Latinos represented 22.5 percent of all workers in Nevada and the average annual wage across all sectors was $41,930 in 2013. Figure 39 shows that Latinos in Nevada are overrepresented in industries that typically pay less than the average wage or slightly higher than the average wage, such as accommodation and food service, and manufacturing. In contrast, Latinos are under-represented in high paying industries such as utilities, professional services, and management of companies.
In Arizona, Latinos represented 25.5 percent of all workers in 2012 and the average annual wage across all sectors was $43,950 in 2013, substantially higher than the average annual wage in Nevada. Figure 40 shows that Latinos in Arizona are overrepresented in industries that typically pay significantly less than the average wage or slightly higher than the average wage, such as agriculture, construction, administration and support, and accommodation and food service. In contrast, Latinos are underrepresented in high paying industries such as utilities, professional services and management of companies.
In California, Latinos represented 30.7 percent of all workers in 2012 and the average annual wage across all sectors was $52,530 in 2013, significantly higher than the average annual wage in Nevada. Figure 41 shows that Latinos in California are overrepresented in industries that typically pay significantly less than the average wage or slightly higher than the average wage, such as agriculture, administration and support, and accommodation and food service. In contrast, Latinos are under-represented in high paying industries such as utilities, information technology, finance and insurance, professional services, and education services.

Figure 41. Latino Representation in High and Low Paying Jobs in California

Source: Authors’ analysis using US Census LED Extraction Tool: Quarterly Workforce Indicators (QWI) and Nevada Workforce Informer: Nevada Occupational Employment and Wages: Wages by Occupation and Industry

In Colorado, Latinos represented 15.6 percent of all workers in 2012 and the average annual wage across all sectors was $48,110 in 2013, significantly higher than the average annual wage in Nevada. Figure 42 shows that Latinos in Colorado are overrepresented in industries that typically pay significantly less than the average wage or slightly higher than the average wage, such as agriculture, construction, manufacturing, administration and support, and accommodation and food service. In contrast, Latinos are under-represented in high paying industries such as information technology, finance and insurance, and professional services.
In New Mexico, Latinos represented 43.3 percent of all workers in 2012 and the average annual wage across all sectors was $41,400 in 2013, which is similar to the average annual wage in Nevada. Figure 43 shows that while Latinos in New Mexico are overrepresented in industries that typically pay slightly more than the average wage, such as transportation, and health, they are also overrepresented in industries that pay significantly less than the average wage, such as agriculture and food service. In contrast, Latinos are under-represented in high paying industries such as utilities, information technology, and professional services.
In Texas, Latinos represented 30.3 percent of all workers in 2012 and the average annual wage across all sectors was $43,620 in 2013, substantially higher than the average annual wage in Nevada. Figure 44 shows that Latinos in Texas are overrepresented in industries that typically pay significantly less or slightly more than the average wage, such as agriculture, construction, retail, transport, and food service. In contrast, Latinos are under-represented in high paying industries such as utilities, information technology, finance and insurance, professional services, and management of companies.

**Figure 44. Latino Representation in High and Low Paying Jobs in Texas**

![Bar chart showing Latino representation in high and low paying jobs in Texas.](chart)

Source: Authors’ analysis using US Census LED Extraction Tool: Quarterly Workforce Indicators (QWI) and Nevada Workforce Informer: Nevada Occupational Employment and Wages: Wages by Occupation and Industry

In Utah, Latinos represented 10 percent of all workers in 2012 and the average annual wage across all sectors was $41,840 in 2013, which is similar to the average annual wage in Nevada. Figure 45 shows that Latinos in Utah are overrepresented in industries that typically pay significantly less or slightly more than the average wage, such as agriculture, construction, manufacturing, administration and support, and accommodation and food service. In contrast, Latinos are under-represented in high paying industries such as utilities, information technology, and professional services.
Another key issue facing Latinos throughout the Intermountain West is a wage gap between Latinos and non-Latinos. As Table 5 shows, Latinos are paid less than non-Latinos in every industry in every state in the region. On average Nevada's Latinos are paid 69 cents for every dollar earned by non-Latinos. In most industries, Nevada's wage gap is smaller than the more populous states of California and Texas. New Mexico stands out as the state with the smallest wage gap between Latinos and non-Latinos and is on par with the national average. In all states, wage disparities are quite significant in the management of companies; in Arizona, California, Colorado, and New Mexico, the wage gap was also large in manufacturing. In Nevada, the wage gap was smallest in the mining, agriculture, and accommodation and food services sectors.
There are a variety of factors that could influence the amount of wage disparity in each industry. For example, wage disparities could be high if Latinos generally hold lower level jobs in an industry compared to non-Latinos. In contrast, wage disparities may be low if an industry is highly unionized or pay is highly regulated, such as accommodation and food services and public administration. Figure 46 shows the percentage of people employed/ salaries of people represented by unions in 2013.

![Percent of employed/salaries represented by Unions: 2013](image)

Source: Bureau of Labor Statistics

This shows that California had the highest unionization rate at 17 percent, followed by Nevada at 16 percent. Other states in the region had much lower unionization rates, ranging from 5 percent to 9 percent.

### H. Growing Latino Businesses

Another important part of the infrastructure of opportunity is access to capital for Latino businesses and individuals. Across the region, Latino firms are a small percentage of businesses and have less access to business loans. As this section discusses, Latino businesses in the Intermountain West region are typically small and would likely need access to additional resources to grow.
At the state level, Latino firms typically represent a small percentage of firms compared to the percentage of Latinos in the general population. Figure 47 shows the percentage of Latino firms throughout the Intermountain West in 2007. New Mexico, Texas, and California had the highest percentage of Latino firms. In contrast, Nevada had the third lowest percentage of Latino firms in the region.

Source: U.S. Department of Commerce, Census Bureau, Survey of Business Owners

Figure 47 shows that Latinos businesses make up a very small percentage of total business receipts and total employment in each state. Comparing Figures 47 and 48, the percentage of receipts and employment for Latino firms is much smaller than the percentage of Latino firms for each state. For example, New Mexico’s Latino businesses had the highest percentage of receipts (4.9 percent) and payroll (8.3 percent) in the region in 2007, but these numbers are very small considering that Latino firms accounted for 24 percent of all firms. The percentage of receipts and employment for Nevada’s Latino firms was comparable to other states in the Intermountain West and slightly higher than the national average.

Figure 48. Receipts and Employment in Latino Firms

Source: U.S. Department of Commerce, Census Bureau, Survey of Business Owners

There is some diversity throughout the Intermountain West in Latino businesses by industry. Table 6 shows the distribution of Latino businesses by industry in 2007. In Nevada, the top four industries were other services, administration and support, construction, and real estate. At 10 percent, Nevada had the smallest percentage of Latino businesses in the construction industry in the region. At 6 percent, Nevada had one of the highest percentages of Latino businesses in the arts, entertainment, and recreation industry. California and Nevada had a high percentage (16 percent) of Latino businesses in the administration and support of waste management and remediation services.
Table 6. Latino Businesses by Industry

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<tr>
<th>Industry</th>
<th>Arizona</th>
<th>California</th>
<th>Colorado</th>
<th>Nevada</th>
<th>New Mexico</th>
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Source: U.S. Department of Commerce, Census Bureau, Survey of Business Owners

Figure 49. Number of Businesses in Top 500 Hispanic Businesses

The Intermountain West region boasts a number of large Latino businesses, as measured by revenue. The state with the largest number of businesses in the top 500 in 2012 was Florida, with 125 businesses. Within the Intermountain West, Texas and California had the largest number of Latino businesses in the top 500, while Nevada and Utah only had 1 business in this category (see Figure 49).

Source: HispanicBusiness.com, Hispanic Business 500 Directory

I. Access to Capital

The United States Census surveys businesses every five years about sources of capital used to start firms. Figure 50 shows that the sources of capital for Latino firms versus all firms in 2007. The main source of capital for both Latinos and firms as a whole was personal/family savings of owners. Only 9 percent of Latino firms received a business loan compared to 15 percent for firms as a whole.
A major source of business loans is through the Small Business Administration. The Real Estate and Equipment (CDC/504) Loan Program provides financing for major fixed assets such as equipment or real estate. The General Small Business 7(a) Loan Program is the most common program, and provides loans to businesses to establish a new business or to assist in the acquisition, operation, or expansion of an existing business. Latino businesses consistently only received 5 to 8 percent of loans in these programs on a national basis from 2009 to 2013 (see Figure 51).

Over the same time period, white-owned firms received 62 to 72 percent of loans, African-American firms received 2 to 7 percent of loans, and women-owned firms received 13 to 22 percent of loans.

Latinos also have access to capital though microenterprise development institutions that provide microloans and microcredit to small-scale entrepreneurs. There is tremendous variation in the number of microenterprise institutions that operate in the Intermountain West (see Table 7). In 2010, California boasted 40 microenterprise institutions that served over 25,000 individuals and more than 10,000 businesses. Nevada and Utah only had 1 microenterprise institution. The 2011 Kauffman Index of Entrepreneurial Activity ranked Nevada 7th in the nation on entrepreneurial activity. The lack of microenterprise institutions in Nevada suggests a missed opportunity to provide Latino entrepreneurs, as well as others, with opportunities to start and grow their businesses.
Community development financial institutions (CDFIs) can provide additional financial resources to communities, individuals, and entrepreneurs. According to the U.S. Treasury, CDFIs “provide a unique range of financial products and services in economically distressed target markets, such as: mortgage financing for low-income and first-time homebuyers and not-for-profit developers; flexible underwriting and risk capital for needed community facilities; and technical assistance, commercial loans and investments to small start-up or expanding businesses in low-income areas.”\(^{22}\) CDFIs include regulated institutions such as community development banks and credit unions, and non-regulated institutions such as loan and venture capital funds.

There is tremendous variation in the number of CDFIs operating in states in the region (see Figure 52). Based on information provided by the U.S. Treasury Community Development Financial Institutions Fund Award Database, California has the greatest number of CDFIs. Nevada is the state with the fewest number of CDFIs. Again, the lack of CDFIs in Nevada reveals a missed opportunity to provide Latinos and others with instruments and tools to build their asset base and support economic and community development projects.

### Table 7. Microenterprise Organizations and Activity, 2010

<table>
<thead>
<tr>
<th>State</th>
<th>Number of Organizations</th>
<th>Individuals served</th>
<th>Businesses served</th>
<th>Microloans outstanding</th>
<th>% Minorities assisted</th>
<th>Kaufmann Index of Entrepreneurial Activity, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>5</td>
<td>2,381</td>
<td>129</td>
<td>$0.681 M</td>
<td>72%</td>
<td>1</td>
</tr>
<tr>
<td>California</td>
<td>40</td>
<td>25,907</td>
<td>10,314</td>
<td>$13.8M</td>
<td>54%</td>
<td>3</td>
</tr>
<tr>
<td>Colorado</td>
<td>6</td>
<td>742</td>
<td>184</td>
<td>$0.249M</td>
<td>64%</td>
<td>3</td>
</tr>
<tr>
<td>Nevada*</td>
<td>1</td>
<td>450</td>
<td></td>
<td>$6.4M</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>New Mexico</td>
<td>3</td>
<td>2,425</td>
<td>1,038</td>
<td>$7.8M</td>
<td>37%</td>
<td>37</td>
</tr>
<tr>
<td>Texas</td>
<td>11</td>
<td>2,787</td>
<td>2,151</td>
<td>$8.4M</td>
<td>64%</td>
<td>2</td>
</tr>
<tr>
<td>Utah</td>
<td>1</td>
<td>265</td>
<td></td>
<td>$2.0M</td>
<td>0%</td>
<td>24</td>
</tr>
</tbody>
</table>


* While Microtracker did not have information for Nevada, our research indicates that Nevada has one microfinance organization.

### J. Nontraditional Sources of Credit

Many Latinos in the Intermountain West region have been denied access to traditional sources (banks, credit unions, credit cards, etc.). In many cases, Latinos “have suffered from discriminatory lending practices, including outright discrimination, redlining, excessive threshold requirements, higher interest rates and other unfair practices.” And even with fair lending legislation, Latinos “frequently lack access to credit services.”\(^{23}\) Consequently, the “use of payday lenders as a source of funds has become a growing option” for Latinos.
For example, the Southwest Center for Economic Integrity found that more than half (56 percent) of the payday loan borrowers in Pima County, Arizona were Latino. Another study reported that in California, 36 percent of payday loan borrowers were Latino; in Texas, 34 percent of payday loan borrowers were Latino.

The interest rates charged by payday lenders in the Intermountain West region are among the highest in the nation. These high rates can undermine asset formation and development for Latino families; particularly if families get caught up the payday lending debt trap (see more information at the Center for Responsible Lending). Table 8 presents information on the average interest rate for payday loans in the Intermountain West.

Table 8. Rates on Payday Loans and Regulations to Regulate Payday Lending

<table>
<thead>
<tr>
<th>State</th>
<th>Interest Rate+</th>
<th>Status of Meaningful Legislation to Regulate Payday Lending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>36 percent*</td>
<td>Has Eliminated the Payday Debt Trap Through APR Limits</td>
</tr>
<tr>
<td>California</td>
<td>426 percent</td>
<td>No Meaningful Regulation of Payday Lending</td>
</tr>
<tr>
<td>Colorado</td>
<td>214 percent</td>
<td>Has Implemented Reforms that Limit but Do Not Eliminate the Payday Lending Debt Trap</td>
</tr>
<tr>
<td>Nevada</td>
<td>521 percent</td>
<td>No Meaningful Regulation of Payday Lending</td>
</tr>
<tr>
<td>New Mexico</td>
<td>564 percent</td>
<td>No Meaningful Regulation of Payday Lending</td>
</tr>
<tr>
<td>Texas</td>
<td>417 percent</td>
<td>No Meaningful Regulation of Payday Lending</td>
</tr>
<tr>
<td>Utah</td>
<td>443 percent</td>
<td>No Meaningful Regulation of Payday Lending</td>
</tr>
</tbody>
</table>

* Source: Center for Responsible Lending
* In June 2000, Arizona legalized payday lending by passing an exemption to the state’s interest rate cap on small loans. The exemption was scheduled to sunset in July 2010, at which time payday lenders would only be able to charge a 36 percent APR. Despite the payday lending industry’s efforts to cancel the sunset (through a 2008 ballot measure Proposition 200 “Payday Loan Reform Act”), the sunset went into effect and now payday lenders operating in Arizona can only charge 36 percent.

K. Housing Challenges for Latinos

Affordable and stable housing is a key component of the infrastructure of opportunity. Unfortunately, Nevada was the hardest hit state in the housing crisis that accompanied the Great Recession.

Median home prices dropped significantly over the period 2006-2012. While this made housing more affordable for new buyers, it also resulted in negative equity for many homeowners, meaning that they owed more than the home was worth. Homeowners with negative equity were unable to refinance high cost loans.
As unemployment rose and income fell, foreclosures rose to alarming levels during the recession. Figure 53 reveals that Nevada had the largest spike in foreclosure rates in the region. Nevada’s foreclosure filing rate grew from 1.5 percent in 2006 to a high of 13.9 percent in 2009. Nevada ranked first in the nation for foreclosure filings for five years in a row from 2007 to 2011 according to RealtyTrac. By 2013, Nevada’s foreclosure filing rate had decreased to 3 percent.

As Figure 53 shows, Arizona and California also had spikes in foreclosure rates but these increases were not as severe as in Nevada. The states least affected by increases in foreclosure rates were Colorado and Texas.

The foreclosure crisis affected Latinos more adversely than whites throughout the Intermountain West. Figure 54 provides information on the foreclosure rate for Latinos and whites that originated loans from 2004 to 2008. The foreclosure rate for Nevada’s Latinos was the highest in the region, followed by Arizona and Colorado. Nevada also had the highest foreclosure rate for whites. The state with the lowest foreclosure rate was New Mexico.

The housing crisis also had an impact on homeownership rates. Figure 55 shows that homeownership rates decreased for both Latinos and non-Latinos from 2006 to 2012. In Nevada, the homeownership rate before the recession was 50 percent, which was on par with other states. After the recession, the homeownership rate for Latinos had declined to 42 percent, which is tied with California for the lowest rate in the region.
Another key component of the infrastructure of opportunity is the ability to obtain housing loans. Figure 56 reveals the percentage of home loans denied for Latinos versus non-Latinos in 2006 and 2012 for select metropolitan areas throughout the Intermountain West. The percentage of loans denied decreased across the region. However, following the recession, banks tightened lending restrictions and there were far fewer people applying for loans in 2012 than in 2006. For example, in Las Vegas, the number of Latinos applying for loans was 5 times lower in 2012 than in 2006. Las Vegas had the largest decrease in the number of Latinos applying for home loans in the region.

Looking at housing affordability, U.S. HUD has developed housing affordability standards. Families that pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care. Figure 57 shows that the percentage of Latino rental households spending 30 percent or more on housing increased from 2006 to 2012 throughout the region.
While this suggests that housing in Nevada is relatively affordable, further analysis reveals that there is limited availability of affordable housing for low-income families. Figure 58 shows the availability of affordable housing units per 100 households for households with different percentages of median income. This figure shows that Nevada has the lowest amount of affordable housing units for households with less than 30 percent of median income and the second lowest amount of affordable housing units for households with 30 to 50 percent of median income.

Source: National Low Income Housing Coalition

### L. Access to Affordable Health Care

Another intrinsic component of the infrastructure of opportunity is access to affordable health care. People without insurance are more likely to forgo preventative health care and not fill needed prescriptions, resulting in hospitalizations for preventable diseases. The uninsured are also more likely to be diagnosed in the late stage of a disease, which is more difficult and costly to treat. Persons without insurance are also often required to pay the full price for services upfront, which can create a significant financial burden.

The Affordable Care Act (ACA) created a requirement that individuals possess health insurance. It has also made several key changes to improve affordability of health care for residents in the region. First Medicaid coverage has been expanded in several states in the region. Prior to the ACA, the only populations eligible for Medicaid were low-income parents and children, the elderly, and the disabled. Effective January 1, 2014, the ACA allowed states to expand Medicaid to people under age 65 with income at or below 138 percent of the federal poverty level. Nevada chose to expand Medicaid coverage. Only two states in the Intermountain West region have chosen not to expand coverage at this time: Texas and Utah. The ACA also created a tax credit that pays a portion of an individual’s or family’s health insurance premium. To be eligible, individuals or families must have income between 138 percent and 400 percent of the federal poverty level.

In addition, the Children’s Health Insurance Program (CHIP) provides health care benefits to uninsured children from low-income families who are not eligible for Medicaid but whose family income is at or below 200 percent of the Federal Poverty Level. In Nevada, this program is called Nevada Check Up. Families participating in Nevada Check Up pay a quarterly premium, which ranges from $25 to $80 per quarter per family.
Latinos who are citizens or legal residents are eligible to participate in the healthcare marketplace, also known as the healthcare exchanges. This provides access to Medicaid, CHIP, and tax credits to eligible individuals and families. Figure 59 shows the percentage of eligible Latinos in each state who are not insured. In Nevada, 29 percent of eligible Latinos are uninsured, which equates to 158,000 people. Nevada has the third highest rate in the region, after Texas and Utah.

Individuals who choose health insurance on the health exchange can choose from four tiers: bronze, silver, gold, and platinum, which determine the percentage of average costs a consumer will have to pay towards the health care received. The lowest cost plans require the greatest cost sharing, while the highest cost plans require the lowest cost sharing.

The left panel of Figure 60 shows monthly premiums for major cities in the Intermountain West for a hypothetical family of four with income of $50,000 under the second lowest silver plan and the lowest bronze plan before the tax credit. The premium amounts vary by state and the premiums in Las Vegas, Nevada are the third highest in the region.

The second lowest silver plan is used as a benchmark to determine the tax credit. A family that is eligible for the tax credit will pay the same amount in each state under the second lowest silver plan, because the premium is based on a certain percentage of income. In the right panel of Figure 60, the premium amount for the second lowest silver plan after the tax credit is $282 in all states. The amount of the subsidy that consumers can apply to other plans is the difference between $282 and the cost of the second lowest silver plan in that metropolitan area. The right panel of Figure 60 shows the monthly premium of the lowest cost bronze plan after the tax credit. In this example, Las Vegas, NV has the third lowest premium for the lowest bronze plan after the tax credit.
M. Institutional Weaknesses

Another major component of the infrastructure of opportunity is having institutional capacity to serve the needs of Latinos. Nevada has institutional weaknesses compared to other states in the Intermountain West in the areas of federal funding, higher education, and nonprofit organizations, which make it difficult to meet the needs of Latinos.

Figure 61. Per Capita Federal Government Expenditures

In 2010, Nevada ranked last in the nation in per capital federal government expenditures (see Figure 61). New Mexico ranked the highest in the region in per capita federal government expenditures. This data is particularly troubling given that Nevada also invests the smallest amount of state and local funding in education and health and welfare expenditures in the region per $1,000 in personal income.

In the area of higher education, Nevada does not currently have any institutions that meet the federal definition of a Hispanic Serving Institution, which results in missed opportunities for funding to support instruction of Latino college students. Colleges and universities with full-time equivalent (FTE) undergraduate student enrollment of least 25 percent Latino (Hispanic) qualify to be Hispanic-Serving Institutions (HSIs) and can apply for federal grants under Title V of the Higher Education Act.

As of 2011-12, Nevada has five institutions which are considered Emerging Hispanic Serving Institutions by the Hispanic Association of Colleges and Universities because they have Latino FTE enrollment of 15 to 24.9 percent: College of Southern Nevada (CSN) (21.9 percent); Nevada State College (NSC) (20.1 percent); Truckee Meadows Community College (19.7 percent); University of Nevada Las Vegas (UNLV) (18.9 percent); and Western Nevada College (15.5 percent). These institutions do not qualify for grant funding but can develop and implement strategies to recruit and retain Latino students and can plan for how to meet student needs once HSI status is achieved.

The Nevada System of Higher Education has made HSI readiness a priority. CSN, NSC, and UNLV have all begun to prepare for HSI designation. CSN is closest to HSI designation as it met the 25 percent FTE threshold in fall 2012 and is eligible to apply for HSI status during the 2014-2015 school-year.
Given limited government investment in the infrastructure of opportunity, there is a critical role for nonprofits to play in providing services to the Latino community. There are some organizations that specifically target Latinos as well as many other organizations that serve Latinos. Despite our interest in measuring the density of Latino serving non-profits in the Intermountain West region, there is no single list of Latino serving non-profits. But, one comparative indicator, albeit limited, is the number of Latino-serving non-profit organizations that are (fee-based) network members of the National Council of La Raza, the largest national Hispanic civil rights and advocacy organization in the United States. Membership in the NCLR network has certain requirements, including a percentage of staff and board members that are of Hispanic/Latino descent.

Figure 62 presents the number of HSIs and emerging HSIs in each state in the region. California and Texas have the highest number of HSIs and Emerging HSIs. Utah is the only state that has no HSI or Emerging HSI.

Figure 63 reveals the number of Latino serving organizations that have been identified by the National Council of La Raza, which we use as a crude measure of overall institutional resources for Latinos. Nevada and Utah had the fewest number of Latino serving organizations with 3 each. States of similar size to Nevada have more Latino serving organizations, with 14 in Arizona and 9 in Colorado. Again, this is not an absolute measure, but rather a relative measure intended to reveal comparative differences.