**Latino Bright Spot in California's Population Gloom:
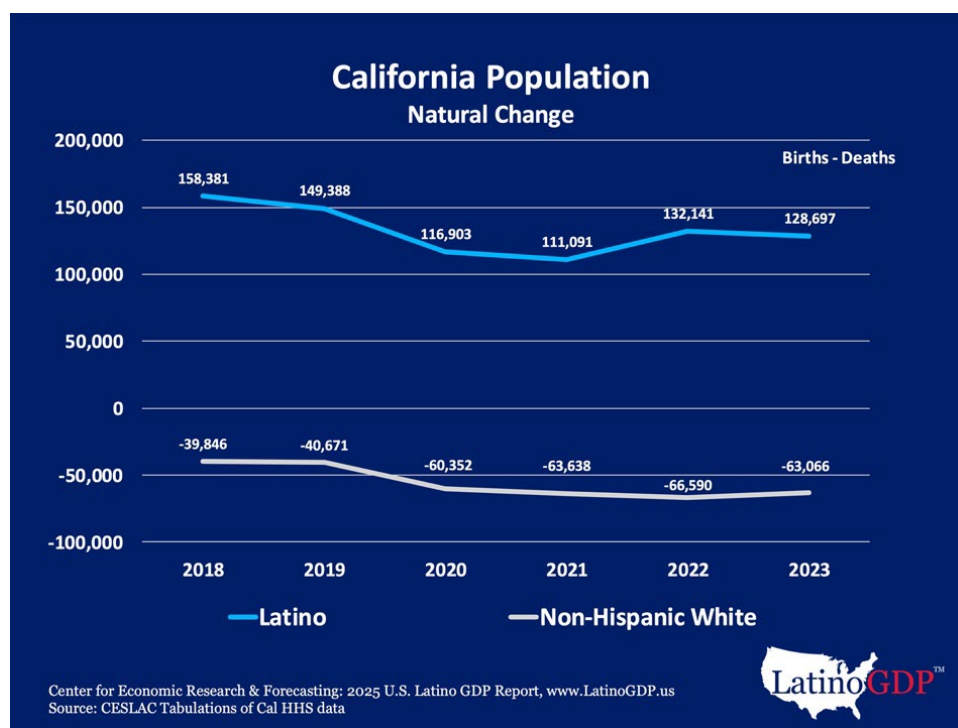How the Latino Labor Force Grows**

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While analysts lament California's population doldrums and an aging labor force with slowing participation[1], Latinos offer a bright spot amidst the gloom: a young, growing portion of the state's labor force, with a very high work ethic, ready to move the California economy into 2040 and beyond.

The major foreseeable force driving the size of the state's labor force is its natural increase, *i.e.*, the number of births minus the number of deaths. A population grows when it has more births than deaths but shrinks when it has more deaths than births.

The state's Latino labor force benefits from a high rate of natural increase. Between 2018 and 2023, there were more than 1.2 million Latino births in California. With only 410,688 deaths in that time period, Latinos added a net 796,601 people to the state's population. Latinos born between 2018 and 2023 will enter the state's labor force between 2034 and 2040. Latinos' natural increase means that their contribution to the California labor force is growing. In contrast, because of more deaths than births during this same period, the non-Hispanic white population shrank by 334,163. This means that the non-Hispanic white contribution to the California labor force is shrinking.

California Population
Natural Change

Center for Economic Research & Forecasting: 2025 U.S. Latino GDP Report, www.LatinoGDP.us
Source: CESLAC Tabulations of Cal HHS data

The California labor force of 2040 already has been born. The importance of these new labor force entrants is the result of the differences in natural increase shown in Figure 1: specifically, strong growth in the Latino portion of the labor force, driven by a large natural increase, contrasted with slow shrinkage in the non-Hispanic white portion, driven by natural decrease.

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[1] PPIC 2024. Supporting older workers in a changing labor market. Blog post, August 22, 2024. https://www.ppic.org/blog/supporting-older-workers-in-a-changing-labor-market/

Latino labor force entrants also demonstrate demographic force multipliers that will further strengthen the California labor market in the decades ahead. First, Latinos are more likely to be actively working or seeking work than their non-Latino counterparts. In California in 2023, the Latino labor force's participation rate was 6.1 percentage points higher than non-Latino participation rate. Latinos also are more likely to work in the private sector than their non-Latino counterparts; in 2023, 86.5 percent of California's Latinos worked in the private sector, compared to 83.6 percent of non-Latinos.

A major variable that will influence the productivity of Latinos in the labor force will be the achievement of higher education. While the Latino high school graduation rate is nearly equal to the non-Latino rate, Latinos' bachelor's degree rate lags somewhat, and in the crucial areas of graduate education (Ph.D., M.D., D.D.S., etc.) that will produce new knowledge needed to keep the California economy competitive, the Latino degree rate is far behind what it should be for optimal state GDP growth.

Investment in Latino higher education will be a wise investment in California's economic future.

Sources
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For more information, or to arrange a telephone interview with the Center's Director, David E. Hayes-Bautista, Ph.D., Distinguished Professor of Medicine, please contact Adriana Valdez at cesla@ucla.edu.

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Center for the Study of Latino Health & Culture (CESLAC)

Since 1992, CESLAC has provided cutting-edge research, education, and public information about Latinos, their health, and their impact on California's economy and society. CESLAC is a resource for community members, business leaders, and policy makers who want insightful research and factual information about Latinos. It offers unparalleled insight into Latino issues through an approach combining cultural research, demographic trends, and historical perspective. In addition, CESLAC helps the University of California meet its public service goal by increasing the effectiveness of their outreach to the Latino community.

Center for Economic Research & Forecasting (CERF)

CERF is a nationally recognized economic forecasting center. CERF economists Matthew Fienup and Dan Hamilton are members of the Wall Street Journal Economic Forecasting Survey, the National Association of Business Economics (NABE) Economic Outlook survey, and the Zillow (formerly Case-Schiller) Home Price Expectations Survey. They were recipients of 2019, 2020, and 2021 Crystal Ball Awards for the Zillow Home Price Expectations Survey, having earned multiple top-three rankings among more than 100 competing forecasts. CERF is housed at California Lutheran University, a federally designated Hispanic Serving Institution.

The History of the Latino GDP Project

The effort to calculate the Latino GDP began with David E. Hayes-Bautista around 2004. His idea was to use established government data to calculate robust summary statistics for the economic performance of U.S. Latinos. The original U.S. Latino GDP algorithm was developed by Hayes-Bautista and Werner Schink, former Chief Economist of the California Labor Department. They produced the inaugural Latino Gross Domestic Product (GDP) Report in 2017, partially funded by the Latino Donor Collaborative. After Schink's untimely passing in 2018, Hayes-Bautista found new collaborators in Dan Hamilton and Matthew Fienup, of California Lutheran University. Hayes-Bautista, UCLA colleague Paul Hsu, Hamilton, and Fienup have made refinements to the Latino GDP methodology and have produced U.S. Latino GDP Reports every year since 2019. With generous support from Bank of America, the Latino GDP Project was significantly expanded in 2021 and now includes calculation of the Latino GDP for targeted states and major metropolitan areas, as well as the inaugural U.S. *Latina* GDP Report. For more information and to view reports, visit www.LatinoGDP.us and www.LatinaGDP.us.