Buying Power 2009

Hispanic Influence Rises

The recession curtailed economic activity throughout the state in 2009, but the influence of Idaho's largest minority still grew 10 times faster than the rest of the state.

IDAHO
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Front cover: The photo depicts a portion of a mural inside the Hispanic Cultural Center of Idaho.

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Idaho's worst recession since World War II tempered, but did not check, Hispanics rising economic influence on the state

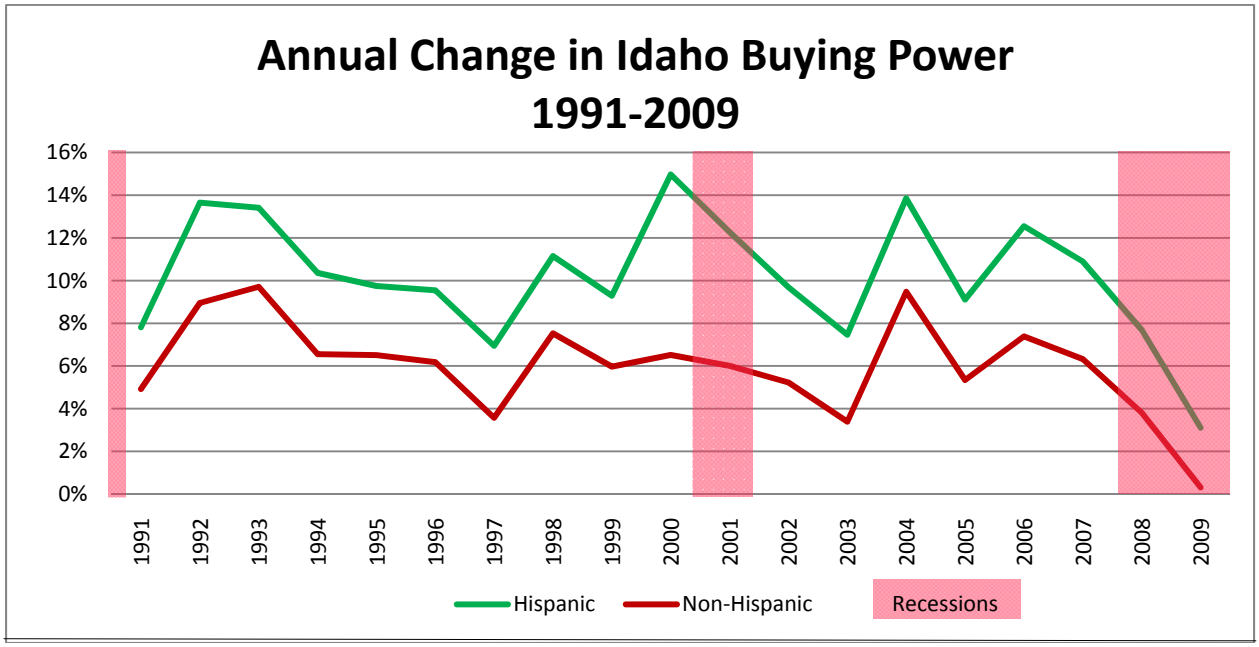
The recession took a significant bite out of Idaho's economy in 2009. But while the buying power of all 1.5 million Idahoans increased just a half percent from 2008, Hispanic buying power grew 10 times faster than the buying power of the state's non-Hispanic majority, according to estimates from the Selig Center for Economic Growth at the University of Georgia.

The buying power of Idaho's Hispanic population rose 3.1 percent in 2009 to $2.5 billion. That was less than half the 7.7 percent increase that pushed 2008 buying power over $2.4 billion, but it still exceeded the national growth of 2.8 percent, the sixth straight year Idaho Hispanics have fared better than Hispanics nationwide.

By contrast, non-Hispanic buying power was up just three-tenths of a percent in 2009 to $41.3 billion compared to 3.8 percent growth in 2008. It was the second year in a row that buying power for non-Hispanics in Idaho grew less than for non-Hispanics nationally.

That growth ratio of 10 to one is higher than the ratio for all but 11 other states.

Buying power is the after-tax personal income people have to spend on virtually everything from necessities like food, clothing and housing to luxuries like recreation equipment and vacations. It does not include money borrowed or saved from previous years or spent by tourists from other states or countries.



In the last 20 years, the Hispanic share of Idaho's total buying power has doubled from 2.8 percent to 5.7 percent. The increase is primarily the result of a growing Hispanic population, which since 1990 has doubled as a percentage of total population to 10.2 percent. But the multibillion-dollar influence being exerted by Hispanics in Idaho has culturally and economically diversified the state and generated business opportunities across the board.

The recession's impact has been telling, but while Hispanics in 14 counties saw their buying power decline from 2008 to 2009, non-Hispanics felt the same contraction in 31 of the 44 counties.

In line with the state trend, only five of the 14 counties where Hispanic buying power declined saw the Hispanic share of countywide buying power decline. In the others, the decline in Hispanic buying power was not as severe as it was for non-Hispanics, and in fact the decline for non-Hispanics in three counties – Adams, Elmore and Power – was so great compared to the Hispanic decline that Hispanics still increased their share of total buying power.

At the same time, the Census Bureau estimates that one in three Idaho Hispanics lived in poverty in 2008, a 40 percent increase from the one-in-four rate of 2000. While that is substantially higher than the poverty rate for non-Hispanics, the non-Hispanic poverty rate jumped more than 70 percent in the same period from just over one in 10 to nearly one in five.

The 2010-2014 Selig Center forecast estimates the economic influence of Hispanics will continue growing faster than non-Hispanics as the state pulls out of the recession. While 2010 will be slow – 3.6 percent growth for Hispanics and 0.8 percent for non-Hispanics – the center's projections see Hispanic buying power up 5.7 percent in 2011, twice the rate for non-Hispanics, and over 8 percent in each of the three subsequent years to exceed $3.5 billion in 2014.

In 2007, the most recent year for which data is available, Hispanic households nationally spent 76 percent of their income on essentials — food, clothing, shelter and transportation — while non-Hispanic households spent an average of 67 percent. That was an increase of two percentage points from pre-recession 2007 for Hispanics – primarily in the cost for housing – while the non-Hispanic households remained unchanged.

Hispanic households spent 15 percent more on food, both at home and away; 23 percent more on clothing; 10 percent more on housing and 10 percent more on transportation.

The growth of Idaho's Hispanic population and its economic influence is a statewide phenomenon, but the impact varies from county to county.

2007 Household Spending as a Percentage of Income

Item	Hispanic	Non-Hispanic
Total	100%	100%
Food at Home	8.3%	6.8%
Food Away From Home	6.0%	5.3%
Alcoholic Beverages	0.8%	1.1%
Housing	37.5%	33.7%
Apparel and Services	4.8%	3.7%
Transportation	19.4%	17.5%
Health Care	3.6%	6.0%
Entertainment	4.0%	5.6%
Personal Care	1.3%	1.2%
Reading	0.1%	0.3%
Education	1.0%	2.0%
Tobacco Products	0.4%	0.7%
Miscellaneous	1.2%	1.7%
Cash Contributions	2.6%	3.8%
Personal Insurance and Pensions	9.2%	10.9%

Source: Selig Center for Economic Growth, U.S. Bureau of Labor Statistics' 2007 U.S. Consumer Expenditure Survey.

In Clark County, Idaho's smallest with fewer than 1,000 residents, Hispanics make up 40 percent of the population and accounted for 30 percent of the buying power in 2009, up more than a percentage point from 2008. In eight other southern Idaho counties, Hispanics accounted for 11 percent to 18 percent of the buying power, and in each county their influence increased from 2008.

In contrast, 11 counties primarily in northern Idaho saw less than 2 percent of their buying power exercised by Hispanics. The lowest was under 1.1 percent in Idaho County.

In 2008, the most recent year for which figures are available, the Census Bureau estimated that over 15 percent of Idaho Hispanics 25 years of age and older had less than a high school education and 21 percent worked in agriculture or food service. By comparison, only 9 percent of the non-Hispanic population over 25 had no high school diploma, and just 8 percent worked in agriculture or food service.

Hispanic Buying Power by County, 2008 and 2009

	2008			2009	
	Buying Power	% of Total	% of Population	Buying Power	% of Total
State	$2,419,740,267	5.5%	10.2%	$2,494,917,631	5.7%
Ada	$478,872,226	3.6%	6.8%	$495,865,215	3.7%
Adams	$1,693,416	2.1%	3.3%	$1,692,094	2.2%
Bannock	$72,083,117	3.1%	5.9%	$74,028,983	3.2%
Bear Lake	$5,383,780	3.6%	3.4%	$5,339,968	3.6%
Benewah	$3,263,764	1.4%	2.4%	$3,247,496	1.4%
Bingham	$111,884,765	9.1%	15.9%	$116,024,965	9.5%
Blaine	$48,072,457	6.1%	17.5%	$49,543,338	6.3%
Boise	$6,780,402	3.0%	4.4%	$6,799,613	3.0%
Bonner	$14,463,834	1.4%	2.5%	$15,270,329	1.5%
Bonneville	$154,743,498	5.0%	9.9%	$164,712,584	5.3%
Boundary	$7,089,774	2.6%	3.9%	$6,992,403	2.6%
Butte	$1,398,756	2.1%	5.7%	$1,400,068	2.1%
Camas	$1,068,934	3.7%	7.2%	$1,062,478	3.6%
Canyon	$653,160,866	13.7%	21.5%	$674,116,738	13.9%
Caribou	$3,352,724	1.7%	4.8%	$3,461,759	1.7%
Cassia	$56,957,006	10.9%	23.4%	$59,361,169	11.3%
Clark	$5,775,225	29.1%	40.4%	$6,012,586	30.4%
Clearwater	$3,531,762	1.7%	2.6%	$3,467,093	1.7%
Custer	$3,492,671	3.4%	5.4%	$3,413,875	3.2%
Elmore	$60,690,938	7.8%	13.6%	$60,606,353	7.9%
Franklin	$11,674,391	3.4%	7.0%	$11,871,400	3.5%
Fremont	$20,954,760	6.6%	13.2%	$21,302,993	6.8%
Gem	$23,122,945	5.3%	8.2%	$23,193,387	5.4%
Gooding	$50,489,005	15.3%	24.3%	$51,248,174	15.6%
Idaho	$3,814,125	1.1%	2.0%	$3,794,544	1.1%
Jefferson	$37,858,600	5.7%	9.8%	$38,534,547	5.6%
Jerome	$72,964,354	14.7%	27.3%	$77,598,511	15.6%
Kootenai	$93,177,796	2.3%	3.6%	$95,479,978	2.4%
Latah	$15,951,024	1.7%	2.9%	$15,901,960	1.7%
Lemhi	$3,724,538	2.0%	3.0%	$3,853,979	2.1%
Lewis	$2,278,517	2.6%	3.1%	$2,278,218	2.6%

Lincoln	$14,427,284	13.3%	20.5%	$14,704,782	13.7%
Madison	$19,110,044	2.0%	4.3%	$18,631,392	1.9%
Minidoka	$76,045,141	17.6%	30.2%	$77,085,544	18.0%
Nez Perce	$12,427,013	1.1%	2.6%	$12,395,835	1.1%
Oneida	$1,470,487	1.3%	3.1%	$1,502,243	1.4%
Owyhee	$36,767,775	15.7%	25.6%	$38,219,352	16.4%
Payette	$52,142,979	9.1%	15.0%	$52,987,250	9.3%
Power	$31,033,075	17.1%	27.1%	$30,850,094	17.2%
Shoshone	$5,743,528	2.0%	2.4%	$5,693,819	2.0%
Teton	$21,368,409	8.0%	12.9%	$21,917,559	7.8%
Twin Falls	$137,788,663	7.1%	12.3%	$143,828,563	7.4%
Valley	$3,741,802	1.5%	4.2%	$3,895,590	1.5%
Washington	$26,493,465	11.3%	17.7%	$26,780,730	11.5%

Source: Selig Center for Economic Growth, U.S. Census Bureau; Idaho Department of Labor

Non-Hispanic Buying Power by County, 2008 and 2009

	2008	2009	% Change
State	$41,219,543,191	$41,347,393,050	0.3%
Ada	$12,936,923,061	$13,020,606,130	0.6%
Adams	$77,300,209	$75,812,292	-1.9%
Bannock	$2,251,232,801	$2,244,877,622	-0.3%
Bear Lake	$144,266,083	$141,314,876	-2.0%
Benewah	$228,523,760	$228,982,212	0.2%
Bingham	$1,116,831,340	$1,108,912,008	-0.7%
Blaine	$744,226,062	$739,879,243	-0.6%
Boise	$222,882,780	$218,898,152	-1.8%
Bonner	$1,045,785,136	$1,036,139,378	-0.9%
Bonneville	$2,938,916,408	$2,971,652,942	1.1%
Boundary	$263,143,157	$262,906,325	-0.1%
Butte	$65,279,409	$64,316,353	-1.5%
Camas	$28,201,646	$28,666,789	1.6%
Canyon	$4,123,352,307	$4,171,062,764	1.2%
Caribou	$198,652,104	$195,452,918	-1.6%
Cassia	$465,739,314	$464,343,201	-0.3%
Clark	$14,056,817	$13,740,032	-2.3%
Clearwater	$203,476,994	$200,062,695	-1.7%
Custer	$100,316,472	$101,641,851	1.3%
Elmore	$716,367,829	$709,846,106	-0.9%
Franklin	$328,383,884	$332,162,084	1.2%
Fremont	$294,870,963	$291,229,251	-1.2%
Gem	$411,186,422	$407,148,495	-1.0%
Gooding	$280,573,080	$277,568,095	-1.1%
Idaho	$356,167,444	$355,018,510	-0.3%
Jefferson	$621,391,257	$644,032,999	3.6%
Jerome	$424,201,634	$420,702,215	-0.8%
Kootenai	$3,896,949,580	$3,942,232,123	1.2%
Latah	$917,154,645	$910,117,174	-0.8%

Lemhi	$179,528,445	$179,895,365	0.2%
Lewis	$86,677,280	$86,330,856	-0.4%
Lincoln	$93,766,966	$92,565,019	-1.3%
Madison	$935,357,743	$937,283,859	0.2%
Minidoka	$357,040,918	$351,722,126	-1.5%
Nez Perce	$1,113,193,537	$1,104,194,722	-0.8%
Oneida	$108,328,214	$107,949,236	-0.3%
Owyhee	$197,737,350	$194,435,251	-1.7%
Payette	$518,531,141	$516,691,490	-0.4%
Power	$150,031,299	$148,512,253	-1.0%
Shoshone	$284,384,609	$283,345,756	-0.4%
Teton	$246,648,608	$260,345,859	5.6%
Twin Falls	$1,795,362,051	$1,799,113,247	0.2%
Valley	$254,043,424	$248,608,616	-2.1%
Washington	$207,531,282	$206,599,731	-0.4%

Source: Selig Center for Economic Growth, U.S. Census Bureau; Idaho Department of Labor

Methodology

The Selig Center for Economic Growth at the University of Georgia calculated buying power for various races and ethnicities, including Hispanics and non-Hispanics, for the nation and each of the 50 states. These estimates were calculated using national and regional economic models, univariate forecasting techniques and data from various federal government sources. The model developed by the Selig Center integrates statistical methods used in regional economics with those of market research. In general, the process has two parts: estimating disposable personal income and allocating that estimate by race or ethnicity based on both population estimates and variances in per capita income. The estimates of disposable personal income, or the total buying power of all groups regardless of race or ethnicity, for 1990-2008 equal disposable personal income as reported in the National Income and Product Accounts tables by the U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System. Based on that data, the Selig Center prepared projections of total buying power for 2009-2014.

Because the Selig Center defines buying power as disposable personal income, the state-by-state estimates of the total buying power of all consumers for 1990-2008 are identical to the estimates of disposable personal income issued by the U.S. Bureau of Economic Analysis in 2009. Based on trends in the historical data, the Selig Center prepared independent estimates of total buying power for 2009-2014.

Buying power is not the equivalent of aggregate money income as defined by the Census Bureau. Because the Selig Center's estimates are based on disposable personal income data obtained from the Commerce Department rather than money income values issued by the Census Bureau, the result is significantly higher estimates of buying power. The difference primarily results from the fact that the Census Bureau data are gathered through a nationwide survey sample of households and respondents tend to underreport their income. It should also be emphasized that the Selig Center's estimates are not equivalent to aggregate consumer expenditures as reported in the Consumer Expenditure Survey that is conducted each year by the U.S. Bureau of Labor Statistics.

The Selig Center's estimates of total buying power were allocated to each racial group and Hispanics based on Census Bureau population estimates and variances in per capita personal income by race or ethnicity.

For 1990-2014, a relative income adjustment factor was estimated for each group for each geographic area to compensate for the variation in per capita personal income, and by extension, in per capita disposable personal income, that is accounted for by race or ethnicity. These factors were calculated on an annual basis using data regarding income by race and Hispanic origin from Census 2000 and per capita money income data by race for local areas that were gathered during the 1990 Census of Population and Housing. The Selig Center also relied on national-level data obtained from the Census Bureau's Current Population Surveys.

The absence of current detailed data at the state and sub-state level clearly makes the buying power estimates and projections for all of the racial or ethnic groups less precise, increasing their statistical error.

The center's buying power estimates for Idaho where allocated among the counties on a per capita basis. Then this was adjusted by the ratio that the median Hispanic and non-Hispanic household incomes of each county had to the median Hispanic and non-Hispanic household incomes of the state. The county median household income data from the 2000 census was adjusted for wage inflation of disposable income.