



## **Building Prosperity: A Blueprint to Close California's Latino Wealth Gap**

**Prepared for the Select Committee on Minority Economic Development  
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Good morning, Chair Rubio and members of the Committee. Thank you for this opportunity to address one of California's most pressing economic challenges.

I'm Orson Aguilar, President and CEO of LatinoProsperity, a national nonprofit organization dedicated to closing the Latino wealth gap through national, state, and local advocacy. Our core strategy focuses on relentless advocacy for equitable policies that empower Latinos to build and sustain wealth. We bring together leaders from diverse sectors, conduct research to inform our policy recommendations, and advocate vigorously for their adoption and implementation. Our efforts are rooted in the lived experiences of Latino community members and enriched by insights from academics, community organizations, government, and business leaders.

Our work in the state focuses on California's 16 million Latinos—approximately 40% of the state's population—whose economic future is closely linked to California's overall prosperity.

### **The Crisis: California's Staggering Latino Wealth Gap**

Today, I present findings from our forthcoming report, "Building Prosperity: A Blueprint to Close California's Latino-White Wealth Gap"—the most comprehensive analysis to date of Latino wealth trends in our state, co-authored by Dr. Marlene Orozco and made possible by funding from PNC Bank and DailyPay.

The scale of California's Latino wealth gap is unprecedented. Latino households hold just 11% of the wealth of White households—a devastating nine-to-one gap that is more than twice the national Latino-White wealth divide. This makes California home to one of the widest racial wealth gaps for Latinos anywhere in the country.

While income differences contribute—Latino households earn a median of \$99,000 compared to \$136,000 for White households—the true divide emerges in net worth, not wages. Wealth represents accumulated assets that build security and are transferred

across generations. It's in this critical measure where Latino families face the greatest barriers.

#### **Four Critical Barriers to Latino Wealth Creation**

First, homeownership remains the primary wealth-building vehicle for Latinos, yet only 46% of Latino households own their homes compared to 66% of White households. When Latinos do purchase homes, they face triple jeopardy: buying at peak market prices, having limited down payment support, and experiencing slow equity growth. A growing crisis looms: Latino homeowners are disproportionately concentrated in wildfire- and flood-prone regions like the Central Valley and Inland Empire, threatening their primary source of wealth accumulation.

Second, Latino-owned businesses in California grew by 38% in just five years, yet they remain systematically undercapitalized and underbanked. Here's the opportunity cost: If Latino-owned businesses generated the same average revenue as White-owned businesses, it would inject an additional \$268 billion into California's economy. That's the scale of prosperity we're leaving on the table due to persistent lending discrimination and limited access to growth capital.

Third, only 38% of Latino households have retirement savings accounts compared to 60% of White households. Latinos are underrepresented in jobs that offer equity and or retirement plans. Yet when Latinos do have access to retirement plans, their participation rate exceeds 95%. The lesson is clear: The barrier isn't interest—it's access.

Fourth, within the Latino community, disparities are stark: Latinas earn just 52 cents for every dollar earned by White men; immigrant and undocumented families face heightened financial exclusion; and Latinos in the Inland Empire and Central Valley may have higher homeownership rates, but confront lower wages and fewer quality job opportunities. These internal gaps necessitate targeted solutions, not one-size-fits-all approaches.

We cannot ignore the current climate of fear in immigrant communities driven by increased immigration enforcement and raids. This fear is already forcing Latino families—including those with legal status—to retreat from financial institutions, avoid opening bank accounts, and withdraw from economic participation. When families live in constant fear of deportation, they cannot engage in the long-term financial planning essential for wealth building. Parents are pulling children from school programs, families are avoiding interactions with government agencies that provide vital services, and entrepreneurs are hesitant to formalize their businesses. This climate of fear will have devastating consequences for Latino wealth accumulation in California and across the nation.

## **The Path Forward: Bold Action for California's Future**

Latinos are the backbone of California's economy. We comprise 40% of the population and drive growth in labor, entrepreneurship, and consumer spending. Yet the systems that enable wealth-building are not working for us.

California cannot thrive unless all residents—including 16 million Latinos—have a fair shot at building and passing on wealth.

Our forthcoming Blueprint for Latino Wealth Creation will include policy recommendations to expand access to homeownership through down payment assistance and climate-resilient housing development; improve financial inclusion by strengthening banking access and digital financial services; increase capital access for Latino-owned businesses through targeted lending programs; and promote workforce mobility with wage equity initiatives and expanded retirement benefits.

### **A Call for Leadership**

Closing California's Latino wealth gap will require bold, equity-centered decisions, much like the Governor's recent CEQA reforms that will accelerate housing and infrastructure development. Just as those changes recognized that outdated systems hinder progress, addressing the racial wealth divide requires similarly ambitious action.

The time for incremental change has passed. Whether it's removing barriers to homeownership, unlocking capital for Latino-owned businesses, or expanding access to retirement savings, we need policy solutions that match the scale of this challenge.

### **Our Commitment to This Work**

I look forward to sharing our complete "Building Prosperity" report with this Committee in the coming weeks. This represents just one piece of our broader research agenda. In the months ahead, we'll release additional reports, including a Fintech and Latinos Report examining digital financial inclusion; a Home Lending to Latinos in California Report analyzing mortgage trends and disparities; and a national Latina Wealth Report exploring unique financial barriers faced by Latinas nationwide.

We welcome the opportunity to keep this Committee informed and engaged as we continue this vital work. We are eager to partner with this committee and state leaders to ensure that Latino prosperity becomes California's prosperity.

Thank you for your leadership. I'm happy to answer any questions you may have.

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