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Rising Young Hispanics in Texas Poised to Pick Up Aging Tab

By Laurel Brubaker Calkins - Feb 18, 2011

Whites who dominated [Texas](#)'s population for generations are growing older and more dependent on the earning power and taxes of younger Hispanics, now poised to take over as the state's largest demographic group.

Of the 25,145,561 people counted in Texas in the 2010 Census, 37.6 percent were Hispanic and 45.3 percent were non-Hispanic whites. Yet Hispanics disproportionately fill the ranks of younger Texans. Hispanics comprise 48.3 percent of Texans under the age of 18, up from 40.5 percent in 2000. The percentage of non-Hispanic whites in the same age group fell to 33.8 percent from 42.6 percent in 2000, according to census data released yesterday.

"All the institutions and services that affect children in Texas will need to really pay attention," said demographer [William Frey](#), a senior fellow at the [Brookings Institution](#) in [Washington](#). "These people may not yet vote but they will in the future. They're going to be an important part of the electorate, and this will really put an exclamation point on that."

The data confirm Hispanics are on pace to become the biggest ethnic group in the state by 2015, said Steve Murdock, a former U.S. Census director who teaches sociology at Rice University in Houston. A gap is forming, he said, between youthful Hispanics and aging non-Hispanic whites, known colloquially in Texas as "Anglos."

Non-Hispanic whites now account for 68 percent of Texans 65 years and older, compared with Hispanics' 20 percent share of that age segment, Murdock calculates.

Two Populations

"Texas has two distinct populations now, and each of these groups is dependent on the other," Murdock said. "The older Anglo generation that's dying off has a big stake in the younger Hispanic population, which has to pay for the roads, fire protection and medical services the older generation needs."

In southern border regions and particularly in Texas, the population shift between non-Hispanic whites and Hispanics has riveted politicians who are grappling with how to spread education and health-care dollars between young and old, and businesses that are keen to profit from a changing market.

Texas foreshadows population trends in the rest of the nation, Murdock said.

Houston, [Dallas](#)

Hispanics are now the largest ethnic bloc in the state's two most-populous counties, home to Houston and Dallas, Murdock said, after reviewing the census data. Since 2000, non-Hispanic whites in Dallas County fell to 33.1 percent from 44.3 percent of the local population, while Hispanics increased to 38.3 percent from 29.9 percent, according to census data. Houston's Harris County experienced a nearly identical shift during the same period.

One concern with the demographic swing: Hispanics tend to earn less and are less educated than non-Hispanic whites, said Lloyd Potter, the state's official demographer who heads a [data center](#) at the [University of Texas](#) at [San Antonio](#). That lower education level means fewer job skills, Potter said.

The question is "whether Texas will be able to attract the jobs it wants in the future," Potter said. "Education is synonymous with income."

The future of Texas's labor market can be seen in its 15- to-24 year olds, the age group when most people enter the workforce. Citing state education agency data, Murdock said that about 43 percent of Hispanics left high school before graduating in 2008, compared with 8.5 percent for non-Hispanic whites.

Budget Deficit

"By 2040, 30 percent of Texas households will have less than a high-school education," if nothing is done to boost the graduation rates of Hispanics, Murdock said. Projecting that into earning potential, the state's average household income in 2040 will be \$6,500 smaller than in 2000, he said.

Texas lawmakers face a budget deficit estimated as high as \$27 billion and education cutbacks are being targeted. In a state with no income tax, the debate is shaping up as a contest between the health-care needs of those 65 years old and older, the segment dominated by non-Hispanic whites, versus the health and education needs of Texans younger than 35, a group increasingly made up of Hispanics.

Older non-Hispanic whites may have the edge, at least for now, said Bob Stein, who teaches politics at [Rice University](#). The group makes up the base of the Republican majority in Texas and may be more inclined to push for cuts in education spending.

"Older whites no longer have children in the public schools and don't want to pay more property taxes for benefits, such as education, that they do not receive," Stein said.

'Kicking Grandma Out'

At the same time, older non-Hispanic whites will be more concerned about “kicking grandma out of the nursing home,” said Representative Craig Eiland, a Galveston Democrat, who serves on the [Texas House Appropriations Committee](#).

Non-Hispanic whites remain the biggest demographic group in Texas and have greater income than Hispanics. Annual income per capita for non-Hispanic whites was \$27,461 in 2009 compared with \$14,646 for Hispanics, census figures show.

“Graying baby boomers need to realize that it’s in their self-interest to invest in education to teach the necessary skills to these young Hispanics, so they can get better-paying jobs and we can then tax the daylights out of them to support ourselves,” said Stephen Klineberg, a Rice University sociologist who has studied Houston demographics for 30 years.

Hispanic Consumer

Politicians may worry about new budget demands while companies “are going bananas over the Hispanic consumer segment,” said Ed Rincon, an Hispanic marketing specialist whose Dallas-based Rincon & Associates advises units of [AT&T Inc.](#), [Toyota Motor Corp.](#) and PepsiCo Inc.

“Because in spite of the poverty statistics, this group spends a lot of money,” Rincon said.

Hispanics are more loyal to brands and retailers than their Anglo counterparts, Rincon said his research shows. They spend disproportionately on cars, food and fashions, and they favor brands that appeal to young families and teenagers.

In Dallas, some grocery stores in older neighborhoods revitalized their business by stocking shelves with goods from Goya Foods Inc. and Mexico City-based Grupo Bimbo SAB, he said. “They were on the verge of closing, and now they’re growing and very healthy,” Rincon said.

[Wal-Mart Stores Inc.](#) looked to Texas to devise its strategy to sell more baby products to Hispanics because the Hispanic birth rate in several Texas cities already exceeds the national average, said Gerry Loreda, director of business analytics at Lopez Negrete Communications, an [advertising agency](#) in Houston.

Dr Pepper’s Strategy

He considers Texas an ideal test market for brands looking to appeal to a diverse consumer base. Loreda’s agency has crafted Hispanic marketing campaigns for Wal-Mart, Bank of America Corp., [Kraft Foods Inc.](#) and [Dr Pepper Snapple Group Inc.](#)

Dr Pepper Snapple was the only carbonated-beverage maker to increase both sales volume and its share of the market between 2008 and 2010, Loreda said. Nationwide, rival soda sales declined since 2005.

Dr Pepper attracted Hispanic teenagers in Texas with a jingle sung in a blend of English and Spanish. The campaign has since switched to ads with Latino rapper “Pit Bull,” who performs in both languages and has partnered with hip-hop artist Usher and singer Enrique Iglesias.

“They bucked the trend and targeted bi-cultural Hispanic youth, and it worked,” Loreda said.

The 2010 Census defines Hispanic as an ethnic distinction. People participating in the census self-identified race and ethnicity, and the census took note of both. Race is defined as white, black, Asian and Native America. Hispanics include people who indicate Mexican, Puerto Rican, Cuban, Central or South American and other Latin American origins.

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