

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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Policy Analysis Report

To: Supervisor Myrna Melgar
From: Budget and Legislative Analyst's Office
Re: Economic Contributions of Central American Immigrants in San Francisco
Date: October 11, 2023



Summary of Requested Action

Your office requested that the Budget and Legislative Analyst conduct an analysis on the economic contributions of immigrants from Central America in San Francisco, with an emphasis on women. The study was to consider contributions to the local economy through buying power, creation of jobs through starting businesses and the fulfillment of jobs in the workforce, as well as the multiplier effect that each worker can have.

For further information about this report, please contact Fred Brousseau, Director of Policy Analysis, at the Budget and Legislative Analyst's Office.

Executive Summary

- There were 20,877 San Francisco residents born in Central America (Central American born) as of 2021 according to the U.S. Census Bureau's American Community Survey. This group includes immigrants, or lawful permanent residents born in another country, temporary migrants such as foreign students, humanitarian migrants such as refugees and asylees, and unauthorized migrants.
- We found that Central American born residents of San Francisco make contributions to the economy in several ways. Of these 20,877 San Francisco residents, 12,131 were in the labor force and employed as of 2021. While these individuals worked in all occupation groups, the highest proportion worked in service occupations, such as healthcare support, food preparation, and building and grounds maintenance, followed by management, business, science, and arts occupations.
- As is true nationally for all Latinos, Central American born residents are overrepresented in service occupations and underrepresented in management, business, science, and arts occupations relative to the total population of San Francisco, as detailed in Exhibit A.

Budget and Legislative Analyst

Exhibit A: Occupation Categories of Employed Central American Born San Francisco Residents, 2021

Occupation Category	Estimated Workers	Percentage of Total
Management, Business, Science, and Arts Occupations	2,426	20.0%
Service Occupations	5,119	42.2%
Sales and Office Occupations	1,674	13.8%
Natural Resources, Construction, and Maintenance Occupations	1,225	10.1%
Production, Transportation, and Material Moving Occupations	1,686	13.9%
Total	12,131	100.0%

- Mean household income for Central American born households in San Francisco was \$92,351 in 2021. While lower than the \$121,286 mean for all households in San Francisco, the buying power and impact on economic activity of the Latino population, including the Central American born, has and will continue to grow if national trends prevail. At the national level, the number of Latino wage earners is projected to grow from 17.3 percent of the U.S. labor force in 2021 to 22.4 percent by 2030 and to 30 percent by 2060.
- We estimate that between 1,730 and 2,707 businesses in San Francisco are owned by Central American born residents. Applying female business ownership rates of between 37 and 42 percent based on previous BLA research, we estimate that approximately 640 to 1,137 of businesses owned by Central American born residents are woman owned.
- We estimate annual spending by Central American born households in San Francisco to be approximately \$482.8 million. This was derived by applying the U.S. Bureau of Labor Statistics estimated expenditure level of 80.1 percent of pre-tax income for comparable households to the \$92,351 mean household income of the 6,528 Central

Central American born in San Francisco	
2021 Population: 20,877	
Male: 10,710	Female: 10,167
Median age: 47.4	
Number aged 16+ in labor force: 12,786	
Mean household income: \$92,351	
Estimated annual spending: \$482.8 million	
Estimated number of businesses owned: 1,730 – 2,707	
Estimated number of woman-owned businesses: 640 – 1,137	

American born households in San Francisco. This spending covers items such as housing, food, and entertainment.

- As another measure of economic impact, we estimate that for the 12,131 employed Central American born workers in San Francisco, another, another 7,279 jobs have been created. This estimate is based on the .6 job multiplier developed by the nonpartisan Upjohn Institute for Employment Research.

Policy Options

The Board of Supervisors should:

1. Request that the Office of Economic and Workforce Development report back on methods and metrics for ensuring that Hispanic or Latino immigrant-owned small businesses, including those owned by immigrants from Central American countries, have access to departmental programs that reduce disparities and advance the economic self-sufficiency of this population.

<i>Project Staff: Fred Brousseau, Reuben Holober</i>
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Overview of Central American Born in San Francisco

Population Overview

According to the U.S. Census Bureau’s 2021 American Community Survey (ACS) 5-Year Estimate, approximately 20,877 immigrants and others born in Central American countries (excluding Mexico) live in San Francisco, comprising approximately 2.6 percent of the City’s total population of 815,201 as of 2021.¹ Most of this population comes from El Salvador (approximately 45.9 percent of the total population), Nicaragua (21.5 percent), Guatemala (18.5 percent), or Honduras (10.4 percent). The estimated population by country of origin is shown in Exhibit 1 below.

Exhibit 1: Central American Born in San Francisco by Country of Origin, 2021

Country of Origin	Estimated Population	Percentage of Total
El Salvador	9,580	45.9%
Nicaragua	4,498	21.5%
Guatemala	3,860	18.5%
Honduras	2,175	10.4%
Panama	404	1.9%
Costa Rica	280	1.3%
Belize	77	0.4%
Other Central America	3	0.0%
Total	20,877	100.0%

Source: 2021 American Community Survey (ACS), Table B05006

The total Latin America-born population in San Francisco, including those from Central America, South America, and Mexico was approximately 53,004 in 2021.

Of the total population of the Central American born in San Francisco, approximately 51.3 percent is female and approximately 48.7 percent is male. Approximately 6.4 percent is under age 18 and approximately 93.6 percent is age 18 or older. The median age is approximately 47.4 years. According to the Migration Policy Institute, of the 20,877 Central American born in San Francisco, approximately 7,000, or 33.6 percent, are unauthorized migrants.

¹ Most of the data presented in this report for those born in Central American countries is from the U.S. Census Bureau’s American Community Survey which identifies the foreign born by country. This group is defined by the Census Bureau as immigrants, or lawful permanent residents born in another country, temporary migrants such as foreign students, humanitarian migrants such as refugees and asylees, and unauthorized migrants. We refer to this group as “Central American Born” in this report.

Education

Approximately 18,701 of the Central American born in San Francisco are age 25 and older. Of this population, approximately 39.1 percent had not graduated high school, approximately 26.0 percent had graduated high school (or equivalent), approximately 20.6 percent had completed some college or an associate’s degree, approximately 11.2 percent had a bachelor’s degree, and approximately 3.2 percent had a graduate or professional degree.

Employment and Occupation Data

According to the 2021 ACS, approximately 19,641 Central American born San Franciscans are age 16 or older. Of this population, approximately 65.1 percent, or 12,786, are in the labor force, and approximately 34.9 percent, or 6,855 are not in the labor force. Of the 12,786 people in the labor force, approximately 94.9 percent, or 12,131, are employed, and approximately 5.1 percent are unemployed. Participation in the underground economy by Central American born residents and any reluctance to report job and income information to government authorities could result in underreporting of employment and income figures in ACS surveys.

Of the 12,131 Central American born in San Francisco who are employed, approximately 79.0 percent are private wage and salary workers, approximately 11.1 percent are government workers, approximately 9.5 percent are self-employed workers in their own not incorporated businesses, and approximately 0.4 percent are unpaid family workers. The estimated number of workers by occupation category according to the 2021 American Community Survey is shown in Exhibit 2 below. A comparison between the distribution of occupation categories for the Central American born and those of San Francisco’s population as a whole is also presented in Exhibit 2. As can be seen, service occupations are the highest share of all occupations for the Central American born in San Francisco, followed by management, business, science, and arts occupations.

Exhibit 2: Occupation Categories of the Employed Central American Born in San Francisco, 2021

Occupation Category	Estimated Workers	Percentage of Total	SF Total Population
Management, Business, Science, and Arts Occupations	2,426	20.0%	65.8%
Service Occupations	5,119	42.2%	11.9%
Sales and Office Occupations	1,674	13.8%	14.3%
Natural Resources, Construction, and Maintenance Occupations	1,225	10.1%	2.6%
Production, Transportation, and Material Moving Occupations	1,686	13.9%	5.4%
Total	12,131	100.0%	100.0%

Source: 2021 American Community Survey

Nationally, McKinsey & Co. reports the Latino population as a whole is overrepresented in lower wage service jobs and underrepresented in higher paying management, business, science and arts occupations, as is also the case in San Francisco. However, the impact of Latino workers on the national economy is expected to increase as the number of Latino wage earners nationally is projected to grow from 17.3 percent of the U.S. labor force in 2021 to 22.4 percent by 2030 and to 30 percent by 2060. Further, the number of Latino households nationally earning more than \$75,000 per year increased by a compound annual rate of 6.6 percent over the ten-year period through 2021.² Assuming the same patterns apply to San Francisco, the buying power and impact of the Central American born population on economic activity has and will continue to grow.

The 2021 ACS does not provide more detailed occupational data beyond these categories for the Central American born in San Francisco, but it does provide more detailed occupational data for all San Francisco residents of Hispanic or Latino origin. By applying the proportions of more detailed occupations within each larger category among all people of Hispanic or Latino origin in San Francisco, we have estimated more detailed occupations of the Central American born in San Francisco, as shown in Exhibit 3 below. We note that these estimates are imprecise, and that the shares of occupational categories shown in Exhibit 2 differ between Central American immigrants in San Francisco and all residents of Hispanic or Latino origin.³

Exhibit 3: Estimated Occupations by Occupation Category for the Central American Born in San Francisco

Occupation	Estimated Workers
<i>Management, Business, Science, and Arts Occupations</i>	<i>2,426</i>
Management Occupations	584
Business and Financial Operations Occupations	285
Computer and Mathematical Occupations	416
Architecture and Engineering Occupations	35
Life, Physical, and Social Science Occupations	145
Community and Social Service Occupations	131
Legal Occupations	73
Educational Instruction and Library Occupations	254

² “The Economic State of Latinos in America: The American Dream Deferred” McKinsey & Co., December 9, 2021.

³ Among all residents of Hispanic or Latino origin in San Francisco, approximately 44.0 percent of workers are in Management, Business, Science, and Arts Occupations, 23.1 percent are in Service Occupations, 18.1 percent are in Sales and Office Occupations, 6.4 percent are in Natural Resources, Construction, and Maintenance Occupations, and 8.5 percent are in Production, Transportation, and Material Moving Occupations.

Arts, Design, Entertainment, Sports, and Media Occupations	198
Health Diagnosing and Treating Practitioners and Other Technical Occupations	239
Health Technologists and Technicians	66
<i>Service Occupations</i>	<i>5,119</i>
Healthcare Support Occupations	1,098
Firefighting and Prevention, and Other Protective Service Workers, Including Supervisors	293
Law Enforcement Workers, Including Supervisors	281
Food Preparation and Serving Related Occupations	1,445
Building and Grounds Cleaning and Maintenance Occupations	1,454
Personal Care and Service Occupations	548
<i>Sales and Office Occupations</i>	<i>1,674</i>
Sales and Related Occupations	859
Office and Administrative Support Occupations	815
<i>Natural Resources, Construction, and Maintenance Occupations</i>	<i>1,225</i>
Farming, Fishing, and Forestry Occupations	15
Construction and Extraction Occupations	831
Installation, Maintenance, and Repair Occupations	379
<i>Production, Transportation, and Material Moving Occupations</i>	<i>1,686</i>
Production Occupations	466
Transportation Occupations	612
Material Moving Occupations	608
Total	12,131

Source: BLA Estimates Using 2021 ACS data for all residents of Latino or Hispanic origin.

The 2021 ACS also includes industry data for employed Central American born workers in San Francisco. The estimated number of workers by industry reported in the 2021 ACS is shown in Exhibit 4 below along with percentage distributions for the Central American born vs. the San Francisco population as a whole.

Exhibit 4: Industry of Employed Central American Born in San Francisco, 2021 ACS

Industry	Central American Born		SF Total Population
	Estimated Workers	Percentage of Total	
Agriculture, Forestry, Fishing and Hunting, and Mining	0	0.0%	0.3%
Construction	1,140	9.4%	2.6%
Manufacturing	497	4.1%	4.5%
Wholesale Trade	279	2.3%	2.1%
Retail Trade	1,213	10.0%	7.8%
Transportation and Warehousing, and Utilities	631	5.2%	4.6%
Information	158	1.3%	6.5%
Finance and Insurance, and Real Estate and Rental Leasing	534	4.4%	7.7%
Professional, Scientific, and Management, and Administrative and Waste Management Services	1,929	15.9%	27.7%
Educational Services, and Health Care and Social Assistance	2,111	17.4%	21.8%
Arts, Entertainment, and Recreation, and Accommodation and Food Services	2,426	20.0%	6.8%
Other Services (Except Public Administration)	1,055	8.7%	3.9%
Public Administration	170	1.4%	3.7%
Total	12,131	100.0%	100.0%

Source: 2021 ACS

Occupation Distribution for all Women of Hispanic or Latino Origin

The 2021 ACS does not break down occupational category data for the Central American born by gender, but it does break down occupational data by gender for all people of Hispanic or Latino origin. Among women of Hispanic or Latino origin in San Francisco, the most common occupations were:

- Office and Administrative Support Occupations: 13.1 percent,
- Management Occupations: 13.0 percent,
- Healthcare Support Occupations: 9.3 percent,
- Sales and Related Occupations: 8.7 percent,
- Health Diagnosing and Treating Practitioners and Other Related Occupations: 6.5 percent,
- Building and Grounds Cleaning and Maintenance Occupations: 5.6 percent,
- Personal Care and Service Occupations: 5.5 percent,

- Business and Financial Operations Occupations: 5.1 percent,
- Educational Instruction and Library Occupations: 4.9 percent, and
- Food Preparation and Serving Related Occupations: 4.7 percent.

Income and Poverty

According to the 2021 ACS, approximately 8,972 Central American born in San Franciscans age 16 and older worked full-time, year-round, and had earnings. The median earnings for this population for full-time, year-round workers were \$45,829 for males and \$34,913 for females.

The 2021 ACS states that there are 8,030 households with Central American born residents in San Francisco. Of these, approximately 81.3 percent, or 6,528 households, had earnings. The mean earnings of this group in the past 12 months was \$92,351. Overall, the median household income for households with Central American born residents was \$67,519. Each household had approximately 1.73 workers, on average. For all San Francisco households as of 2021, median household income was \$121,826. The disparity in household income between the Central American born and the total population of San Francisco is consistent with national patterns for the Latino population as a whole.⁴

According to the 2021 ACS, approximately 14.7 percent of the Central American born in San Francisco were below 100 percent of the poverty level, 20.3 percent were between 100 and 199 percent of the poverty level, and 65.1 percent were above 200 percent of the poverty level. The poverty rate for families was 9.5 percent. The poverty rate was lower among married-couple families (5.1 percent) than female householder families with no spouse present (19.0 percent). For San Francisco as a whole, approximately 11.3 percent of the population was below the federal poverty level as of 2021.

Businesses Owned by the Central American Born in San Francisco

Our search for credible documentation did not identify reliable counts or estimates for the number of businesses in San Francisco owned by Central American born residents. To attempt to identify an estimate, we grounded a possible range by first attempting to estimate the number of total businesses in San Francisco using the methodology we had used in our previous report, “Financial Assistance Provided to Women-Owned Businesses During the Covid-19 Pandemic,” issued in July 2021.⁵ For a high-end estimate, we used the Treasurer-Tax Collector’s database of entities with a business account number. After filtering out entities that were closed or are physically located outside of San Francisco, we estimated the total number was approximately 98,452 entities. This database excludes non-profit organizations but includes sole proprietors.

⁴ See McKinsey & Co report, December 9, 2021.

⁵ “Financial Assistance Provided to Women-Owned Businesses During the Covid-19 Pandemic”. Policy Analysis report to Supervisor Myrna Melgar. Budget and Legislative Analyst’s Office. July 13, 2021.

For a low-end estimate, we used the U.S. Bureau of Labor Statistics' Quarterly Census of Employment and Wages for the Fourth Quarter (October through December) of 2022. This source listed 62,907 establishments in San Francisco but excludes certain businesses and professions such as sole proprietors of professional services.

According to the 2021 ACS, the Central American born comprise approximately 2.75 percent of the total San Francisco population aged 16 and older. If this proportion is applied to the low and high-end estimates for the total number of businesses in San Francisco, we estimate that the total number of businesses owned by the Central American born in San Francisco ranges from approximately 1,730 to 2,707, as shown in Exhibit 5 below.

Exhibit 5: Low and High-End Estimates of Businesses Owned by Central American Born Residents of San Francisco (Data Sources from 2021 through 2023)

	Total Businesses in SF	Central American Born Population Share (Age 16 & Over)	Estimated Central American Born Owned Businesses in SF
Low-End	62,907	2.75%	1,730
High-End	98,452	2.75%	2,707

Source: BLA estimates using data from 2021 ACS, San Francisco Treasurer-Tax Collector entities with business account numbers, and U.S. Bureau of Labor Statistics' Quarterly Census of Employment and Wages for the Fourth Quarter of 2022.

New American Economy, a bipartisan immigration research and advocacy organization, estimates that the entrepreneurship rate for Hispanic immigrants was approximately 11.1 percent as of 2014.⁶ Nationally, McKinsey and Co. reports that for the five years through 2021, all Latino-owned employer firms grew by 12.5 percent vs. 5.3 percent for White-owned firms, with Latinos as a whole, including Central Americans, starting more businesses per capita than any other racial or ethnic group. This is in spite of documented national trends for all Latino-owned businesses that show Latinos have the lowest rate of bank and financial institution loans to start businesses compared to all other racial and ethnic groups and are less likely than White-owned business to receive all funds for which they apply.⁷

New American Economy estimates that all immigrants (Hispanic and otherwise) make up approximately 38.6 percent of entrepreneurs in California, exceeding the overall state immigrant population share of 26.7 percent (as of 2019). If the 11.1 percent Hispanic immigrant entrepreneurship rate is applied to the 19,641 Central American born San Franciscans age 16 and

⁶ New American Economy uses Census data for the percentage of workers who are self-employed to determine the entrepreneurship rate. In this case, approximately 11.1 percent of Hispanic immigrant workers in the United States were self-employed in 2014, according to New American Economy.

⁷ McKinsey & Co. report, December 9, 2021

over, the total number of Central American born entrepreneurs would be approximately 2,180. This estimate is roughly in the middle of our low and high-end estimates of approximately 1,730 to 2,707 Central American born businesses in San Francisco shown above, which helps to validate this estimate.

In our previous report “Financial Assistance Provided to Women-Owned Businesses During the Covid-19 Pandemic,” we used two sources to estimate that approximately 37 to 42 percent of businesses are owned by women.⁸ If we apply these estimates to the approximately 1,730 to 2,707 businesses owned by the Central American born in San Francisco, we estimate that approximately 640 to 1,137 of these businesses are woman-owned.

Other Sources

- The Hispanic Chambers of Commerce of San Francisco (HCCSF) is an umbrella organization of Hispanic-owned businesses in San Francisco and the Bay Area. HCCSF has four subsidiary organizations: the Nicaraguan-American Chamber, the Central-American Chamber, the Guatemalan-American Chamber, and the Latin American and Caribbean Chamber. HCCSF reports over 900 members, but it could not confirm for our office how many of those businesses are owned by the Central American born and are physically located in San Francisco. As of the writing of this report, HCCSF has not provided the membership numbers of its four affiliated organizations.
- The Office of Economic and Workforce Development (OEWD) requests demographic information from business owners applying for services, grants, and loans. OEWD’s SmallBusinessCentral system lists 85 businesses that had applied for Community Development Block Grant (CDBG) funded programs from January through June 2023 that are identified as Hispanic or Latino-owned. Of these, 50 are also identified as immigrant-owned, but OEWD does not ask for country of origin. SmallBusinessCentral also lists 97 entrepreneurs who are identified as Hispanic or Latino but does not specify immigrant status. In addition, OEWD’s old database includes 169 businesses with owners identified as Hispanic or Latino and 78 entrepreneurs but does not specify immigrant status. OEWD staff notes that totals from the previous database may include duplicate clients. Of the 1,661 small business clients served by OEWD for CDBG-funded programs in FY 2022-23, approximately 25.8 percent were owned by owners who identified as Hispanic or Latino. Approximately 18 percent of small business owners seeking services primarily speak Spanish.

⁸ The Census Bureau’s 2012 Survey of Business Owners found that 37 percent of businesses nationwide are owned by women. OEWD uses this study to assume that 37 percent of businesses in San Francisco are owned by women. Alternatively, a 2019 study conducted by American Express estimated that 42 percent of businesses nationwide are owned by women.

- OEWD operated the Latino Small Business Fund from December 2020 through September 2021 in response to the COVID-19 pandemic. During this period, the fund issued 75 loans for a total amount of \$2,459,000. As of May 2023, \$822,771 has been repaid and \$1,636,229 is outstanding. The number of Central American immigrant business owners receiving loans is unknown.

Buying Power of Central American Born in San Francisco and Economic Multiplier Effects

As mentioned above, the 2021 ACS stated that approximately 6,528 Central American born households in San Francisco had earnings and the mean household earnings of this group in the past 12 months was \$92,351. Therefore, the total annual earnings of Central American born households in San Francisco were approximately \$602.9 million.

To estimate the buying power of this population, we used the U.S. Bureau of Labor Statistics' Consumer Expenditure Survey (CES). The CES provides consumer expenditure data nationally, broken down by household income bracket, or regionally, without income bracket breakdowns. We decided to use the national data because the mean household income of Central American born households in San Francisco was closer to the national mean (\$87,432) than the San Francisco metropolitan statistical area mean (\$154,091).⁹ We note that San Francisco typically has higher costs than national averages, particularly for housing, and that households in San Francisco likely spend a larger percentage of income than national averages.

According to the 2021 CES, households in the \$70,000 to \$99,999 income bracket spent approximately 80.1 percent of pre-tax income. If this average is applied to the total \$602,867,328 in earnings of Central American born households in San Francisco, the total expenditures from this population are approximately \$482,817,042. The estimated breakdown of these expenditures, using national averages, are shown in Exhibit 6 below.

⁹ The San Francisco metropolitan statistical area includes Alameda, Contra Costa, Marin, San Francisco, and San Mateo Counties.

Exhibit 6: Estimated Annual Expenditures of the Central American Born in San Francisco

Expenditure Category	Estimated Expenditures	Percentage of Total
Housing ¹⁰	\$167,054,697	34.6%
Transportation	85,458,616	17.7%
Food	59,869,313	12.4%
Personal Insurance and Pensions	54,558,326	11.3%
Healthcare	40,556,632	8.4%
Entertainment	24,623,669	5.1%
Other ¹¹	50,695,789	10.5%
Total	\$482,817,042	100.0%

Source: BLA estimates using 2021 ACS and 2021 U.S Bureau of Labor Statistics Consumer Expenditure Survey data

Nationally, consumption by all Latinos was reported to have grown by six percent a year for the eight years through 2021, fueled by an increase in the number of high-income Latino households. Latino wealth is reported to have grown by approximately seven percent annually, or more than twice the rate of non-Latino White wealth.¹²

Economic Multiplier Effects

Numerous economic studies have attempted to calculate the extent to which each new job impacts the creation of other jobs, whether at the local, state, or national level. While we are unable to evaluate which study is the most accurate, we feel that a 2019 study from the Upjohn Institute provides reasonable, conservative estimates.¹³ The Upjohn Institute study estimates a job multiplier effect of 1.6 at the local level, meaning that each new job creates approximately 0.6 additional jobs. Upjohn Institute uses U.S. Department of Agriculture commuting zones to define local level.¹⁴ It is unclear whether this estimate only applies to new jobs or also to the fulfillment of existing jobs. If it can be applied to the 12,131 employed Central American born living in San Francisco, we estimate that this population contributes to approximately 7,279 additional jobs within San Francisco’s commuting zone.

¹⁰ Housing includes shelter (such as rent or mortgage payments), utilities, furnishings, and other household expenses.

¹¹ Other expenditures include alcoholic beverages, apparel, personal care products and services, reading, education, tobacco products, and miscellaneous expenses.

¹² McKinsey & Co. report. December 9, 2021.

¹³ The W.E. Upjohn Institute for Economic Research is a not-for-profit, non-partisan research organization that studies policy-related issues around employment and unemployment.

¹⁴ San Francisco’s commuting zone also includes Alameda, Contra Costa, Marin, Napa, San Mateo, Solano, and Sonoma Counties.

Policy Options

The Board of Supervisors should:

1. Request that the Office of Economic and Workforce Development report back on methods and metrics for ensuring that Hispanic or Latino immigrant-owned small businesses, including those owned by immigrants from Central American countries, have access to departmental programs that reduce disparities and advance the economic self-sufficiency of this population.