As the COVID-19 pandemic severely disrupted America’s economic and social life, it also exposed long-standing inequities across racial and ethnic groups. Latinx communities were among the most disproportionately impacted by this far-reaching public health and economic crisis. Overrepresented in essential frontline positions, Latinx were among the most severely impacted by COVID-19 infections, hospitalizations, and deaths. The pandemic also took a significant economic toll in terms of job loss and business closures, with Latinx workers and business owners once again disproportionately affected.

While unemployment rates have steadily fallen over the course of the pandemic recovery, job creation and business reopenings have not benefited all segments of the workforce equally, as the Latinx-White unemployment gap remains significant. At the same time, the pandemic has also accelerated technological changes across industries and verticals, reinforcing the dynamism and centrality of the technological sector. Thus, as the American economy rebuilds from the impact of the COVID-19 pandemic, the commitment of the high growth technology sector to expand the participation, inclusion, and investment in Latinx professionals is central to ensuring that our future economy equally benefits all segments of the U.S. population.

The global economy is currently undergoing a new industrial revolution catalyzed by advancement in technologies such as Artificial Intelligence (AI), machine learning, blockchain or autonomous vehicles, and the Internet of Things (IoT), among others. In this context, Latinx adults represent the demographic most at risk of losing jobs due to the impact of automation and digitalization, with a 26% rate of potential job displacement for Latinx workers. Overrepresented in some of the economic sectors that will be most impacted by this technological revolution, such as retail, construction, hospitality, manufacturing or agriculture, Latinx workers and entrepreneurs will need to develop new digital and technological skills to remain competitive in the job market. Additionally, much more work needs to be done in the K-12 and post-secondary education systems to ensure that Latinx students have access to the foundational computational skills needed across all industries, but especially to participate in the technology sector.

Representation in the technology sector matters, not only for equitable access to lucrative and high-opportunity jobs, but also to ensure that the workforce is equipped with the competencies needed to create ethical, responsible, and functional technological advances that do not harm users or society (e.g., algorithmic bias), especially groups historically excluded from the technology creation, design, and decision-making. The underrepresentation of Latinx in the technology sector also creates a misalignment between the design of technological tools and companies and the needs and expectations of Latinx communities.

Latinx Underrepresentation in the Tech Workforce

Latinx representation in the U.S. workforce has steadily increased in the last few decades, from 10% in 1998 to 18% in 2019, and is projected to reach 21% by 2028. According to the 2020 Census, there were 62.1 million Latinx in the U.S. in 2020, representing nearly one-in-five people (19%) and accounting for 51% of total U.S. population growth between 2010 and 2020. Nonetheless, Latinx professionals have been historically underrepresented in the technology sector, making up merely 7% of tech occupations.

While tech companies have continually stated their commitment to diversifying their workforce and leadership teams, the data continue to show little to no progress. Among top-grossing tech companies like Google, Apple, and Facebook, all headquartered in Silicon Valley where Latinx make up approximately 26% of the population, there has been virtually zero growth in the size of the Latinx tech workforce. Over the past four years, the Latinx tech workforce has only seen a marginal increase of one percentage point. At this rate, Latinx tech employees would only achieve parity by the year 2062. In one of the fastest growing and highest paid industries in the nation, decision makers must move with greater urgency to ensure equitable access, participation, and success among Latinx professionals.

Despite comprising 18% of the total United States workforce, Latinx talent represent:

- 7% of tech occupations
- 4% of tech leadership
- 2% of tech board members
- 2% of venture capital investment professionals
- 2% of tech startup founders

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9 Based on author analysis of the 30 largest tech companies by market capitalization and reporting on Latinx representation in technical roles, if data were publicly available.
11 Author analysis of most recent EEO-1 Report and/or company data publicly available from 26 of the top 30 largest US-based tech companies by market capitalization
13 LatinX VC (2021, August). State of Latinx VCs. Retrieved from
14 Analysis is based on data from Crunchbase accessed in October 2021.
While greater entry of Latinx professionals is essential to the progress of Latinx representation in the tech industry, data also reveal that companies must act to change inequitable policies, practices, and systems that impact these same professionals. As it currently stands, Latinx tech professionals continue to be impacted by wage discrimination. The average annual wage for technology occupations is $146K, more than three times higher than the median wage of the country’s workforce. Yet, while salaries have continued to increase annually, substantial racial/ethnic and gender gaps in salary remain. Both Black and Latinx tech professionals continue to be underpaid in comparison to Asian and white men. Moreover, Black and Latinx women are often extended offers with even lower salaries. See Figure 2.

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15 The companies identified in Figure 1 were selected as a result of being the largest tech companies by market capitalization and reporting on Latinx representation in technical roles. Several companies were omitted from the figure due to lack of reporting on diversity data with such specificity.
Figure 2. Salary Gaps for Tech Professionals (in 2020), by Race/Ethnicity and Gender

Latinx Underrepresentation in Tech Entrepreneurship

Venture capitalists (VCs) play a critical role in the diversification of tech through the deployment of capital to entrepreneurs who launch new businesses capable of significant innovation, scale, and impact. In the first half of 2021 alone, $288B in venture capital funding has been deployed globally. Yet, an analysis of Crunchbase data reveals Latinx founders only account for approximately 2% of companies funded over the past five years, and funding for Latinx founders continues to remain a small proportion of the total capital deployed to all founders. Between October 2019 and October 2020, Latinx founders only received $2.8B in funding of the total $118B deployed. While the amount of capital deployed to Latinx founders increased in the past year ($2.8B to $3.2B), the raised capital still only represents 2% of funding. See Figures 3 and 4. The disaggregation of financial data suggests additional barriers to entrepreneurship for Latinx women that lay at the intersection of race/ethnicity and gender. Between 2009 and 2017, data revealed that less than 0.4% of funding went towards Latinx women founders.20

Over the last year, just 2% of the $159B deployed went to Latinx founders, with less than 0.4% distributed to Latinx women founders.

Figure 3. Percent of Latinx-Founded Companies Funded between October 2017 and October 202121

<table>
<thead>
<tr>
<th>Period</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/2016-10/2017</td>
<td>2.4%</td>
</tr>
<tr>
<td>10/2017-10/2018</td>
<td>2.5%</td>
</tr>
<tr>
<td>10/2018-10/2019</td>
<td>2.8%</td>
</tr>
<tr>
<td>10/2019-10/2020</td>
<td>2.9%</td>
</tr>
<tr>
<td>10/2020-Present</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

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20 Hinchliffe, E. (2018). Latinx Female Founders Receive Only 0.4% of Venture Capital Funding.
21 Analysis used data from Crunchbase accessed in 2021. This analysis included data only from founders and investors who were US-based to account for shifts in the US investment landscape. Investments were filtered for solely those that were seed stage, early, or late stage ventures (i.e., analyses excluded mergers & acquisitions, private equity, and IPO) and analyzed the last funding round raised between the time periods noted (vs. total amount raised).
The lack of founder diversity reflects the current makeup of investment teams within VC firms - the majority of whom are white, men, and Ivy League-educated. A recent report found that only 2% of total venture capital investment professionals and 1% of partner-level venture capital investment professionals at institutional VC firms are Latinx. Latinx women representation remains low in the investment space at only 0.5%. To transform the tech industry into a more inclusive space, greater efforts to stop exclusionary practices to diversify the population of investment professionals must occur concurrently.

**Latinx Women Spotlight**

Despite being 30 million strong and representing 8% of the U.S. workforce, Latinx women continue to see greater disparities in the industry in comparison to their male peers:

- Latinx women only earn $0.92 for every $.98 earned by Latinx men, $1.00 earned by white men, and $1.02 earned by Asian men in tech occupations

- Less than 0.4% of $277B in funding went towards Latinx women founders between 2018 and 2019

- Less than 1% of tech leadership roles are held by Latinx women in comparison to 3% held by Latinx men

- There are 50% fewer investment professionals who are Latinx women in comparison to Latinx men

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22 Analysis used data from Crunchbase accessed in 2021. This analysis included data only from founders and investors who were US-based to account for shifts in the US investment landscape. Investments were filtered for solely those that were seed stage, early, or late stage ventures (i.e., analyses excluded mergers & acquisitions, private equity, and IPO) and analyzed the last funding round raised between the time periods noted (vs. total amount raised).


24 LatinX VC (2021, August). *State of Latinx VCs*.


26 Author analysis of most recent EEO-1 Reports available from 21 of the top 30 largest US-based tech companies by market capitalization

27 Hinchcliffe, E. (2018). *Latinx Female Founders Receive Only 0.4% of Venture Capital Funding*.

28 LatinX VC (2021, August). *State of Latinx VCs*.
The Time for Action is Now

This report aims to contribute to a robust discussion about the importance of Latinx representation in an industry that is changing virtually every aspect of our economy and society. As the first edition of an annual series, tracking tech workforce, entrepreneurship, and venture capital data, it provides a baseline against which to evaluate the progress made by the technology sector, increase public transparency, and hold tech companies accountable.

The historical deficit in Latinx representation within one of the most strategic and prosperous industries in the U.S. has several roots and causes. Systemic racism has traditionally limited opportunities for Latinx and other historically excluded racial/ethnic groups in the U.S., contributing to current disparities in education, housing, health, and wealth.

Moving ahead, it is important to debunk myths that harm Latinx professionals and entrepreneurs in the industry, address obstacles, and promote alternative pathways for Latinx talent to enter the tech pipeline to professional development, advancement, and leadership in the sector. Similarly, unequal access to capital and support networks remain significant challenges for many Latinx entrepreneurs as they set up to launch their startups or scale their businesses. As such, A Roadmap to Empowerment, a report recently published by Aspen Latinos & Society and Aspen Digital, outlines policies and actions that relevant stakeholders can implement to support further inclusion of Latinx talent in the technology sector.29 Some of the recommendations include:

**Invest in Equitable Computing Education:** Latinx students are rapidly growing as a share of students in K-12 education and higher education, yet they are still vastly underrepresented in computer science-related courses, majors, and degrees conferred.30,31 Significant investment is needed to address disparities in access to K-12 CS courses, ensure culturally relevant and responsive pedagogy and curriculum, and support undergraduate programs, faculty and universities with a track record of success supporting Latinx students. At the same time, investing in Latinx community-based organizations whose aim is to engage young people in computing will help to expand the pipeline.

**Create Diverse Pathways to Tech Roles:** Employers must diversify their current recruitment strategies by identifying new outreach opportunities and building partnerships, such as recruiting from Hispanic-Serving Institutions, providing pathways for established contractors to transition from contracting gigs to permanent roles, and developing internship and apprenticeship opportunities to create entry points into tech pathways. In tandem, policymakers must incentivize companies to invest in digital upskilling for workers in low and middle wage roles.

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31 Smith, A.A., & Rosales, B.M. (2020). Latino students make up largest ethnic group of students admitted to UC.
Integrate DEI Standards and Practices Across the Organization: To achieve a diverse, equitable, and inclusive workplace with respect to Latinx talent, an audit of current recruitment, hiring, promotion, compensation, and organizational culture will be required. This must be part of an explicit and comprehensive commitment to ensuring Latinx representation across all levels of the company, from entry-level to the C-Suite and Board level.

Earmark Funding to Support Latinx Tech Professionals: Within corporations, budgets must include allocating financial resources towards Employee Resource Groups to support Latinx and other historically-excluded groups and earmarking professional development, coaching, and mentorship to entry-level professionals to advance in their careers.

Invest in Latinx Entrepreneurs and Fund Managers: In order to invest in the future innovation to drive impact and economic mobility for Latinx communities, venture capital firms must play a significant role in deploying capital to Latinx founders and fund managers, support the diversification of the entrepreneurship pipeline, and employ more Latinx investors.

Ensure Data Transparency and Accountability: The lack of progress on Latinx representation in tech is concerning and must be continually tracked to understand progress (or lack of progress) and to hold companies accountable. Data must include a specific breakdown of Latinx representation and should be compared to overall workforce trends as well as local workforce demographics. With a growing proportion of Latinx identifying as multiracial (as the 2020 census has shown), the currently available data often fails to account for these identities. The ability to disaggregate the data by different subgroups, such as AfroLatinx, Asian Latinx, Indigenous Latinx or White Latinx, among others, can further provide inputs to address inequalities within the Latinx communities.

Suggested Citation: Deleersnyder, D., Koshy, S., Scott, A., Lynch, D., & Gangas, L. (2021). Expanding the Latinx tech pipeline: The time for action is now.