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Gasoline Costs and Affordability Pressures in California: Impacts on Latino Households

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Introduction

Gasoline prices have been on the rise in recent months amid global instability and could cost Latino households in California between \$5.9 billion and \$7.4 billion annually in added costs. In California, where gasoline prices are among the highest in the nation, these increases are placing additional strain on households already facing significant affordability pressures. These pressures are occurring at a time when households increasingly report deteriorating financial conditions and rising expectations for gas prices and inflation.¹

Latino households, in particular, often have fewer financial resources to absorb rising costs, reflecting persistent disparities in wealth,² wages, and housing costs³ that shape overall affordability. For many Latino households, rising gasoline prices are compounded by the need to travel longer distances to and from work,⁴ as high housing costs push households farther from job centers.⁵ At the same time, Latino households drive older, less fuel-efficient vehicles, thereby increasing household gasoline costs.

We live in a car-dependent society, and even households facing significant financial constraints must rely on driving to access work and daily needs. Together, these dynamics highlight how work, travel patterns, vehicle access, and housing affordability intersect to shape economic vulnerability for Latino and other lower-income households in California as costs like gasoline continue to rise.

This factsheet examines gasoline spending alongside housing cost burdens and transportation patterns to better understand how rising gasoline prices are intensifying affordability pressures across households in California, with a focus on disparities affecting Latino households

Data & Approach

This analysis draws on multiple data sources, including the 2022 and 2023 Consumer Expenditure Survey (CES), the 2024 American Community Survey Public Use Microdata Sample (ACS PUMS), and the 2017 National Household Travel Survey (NHTS) California add-on. We combine information on gasoline expenditures, vehicle ownership, and travel behavior to estimate how recent gasoline price increases affect household gasoline costs. Additional details on data sources and methodology are provided in the Appendix.



Road and saguaro cactus during sunset. Photo Credit: Jaclyne Ortiz



Afternoon sun shines on an urban city core. Photo Credit: MattGush

Key Findings

1. Latino households face higher gasoline costs and greater financial pressure.

Latino households in California spend more on gasoline and allocate a larger share of their budgets to gasoline, despite having fewer overall resources to spend. Figure 1 presents average annual gasoline expenditures and fuel spending as a share of total household budgets by Latino ethnicity in California. On average, Latino households spend about \$1,300 more per year on gasoline than non-Latino households (about 36% more; \$4,900 vs. \$3,600 annually), and gasoline accounts for a larger share of their total spending (6% vs. 4% for non-Latino households). At the same time, Latino households have lower total expenditures (\$82,300 vs. \$99,700). These higher housing costs leave Latino households with less room in their budget to absorb rising gasoline costs. This creates a compounded disadvantage: lower overall resources and higher exposure to gasoline costs. While these estimates reflect spending patterns prior to recent price increases, rising gasoline prices suggest that current affordability pressures may be even greater.

Figure 1. Average Annual Gasoline Expenditures and Share of Total Spending by Latino Ethnicity, California

	Total Expenditures	Gas	Gas Share of Expenditures
Latino	\$82.3K	\$4.9K	6%
Non-Latino	\$99.7K	\$3.6K	4%
Total	\$94.3K	\$4.0K	4%

Note: All dollar values are reported in 2025 dollars and adjusted using the Consumer Price Index Research Series (CPI-U-RS).

Source: Author's tabulations of the 2022 and 2023 Consumer Expenditure Survey (Interview).

2. Latino households rely more on private vehicles and gasoline-dependent transportation.

Higher gasoline spending among Latino households is closely tied to transportation patterns. Figure 2 shows the commute mode for Latinos and non-Latino workers in California. Latino workers are more likely to drive alone (71% vs. 66%) and carpool (13% vs. 8%) than non-Latino workers. Together, these patterns reflect a greater overall reliance on driving and private vehicle use. At the same time, they are less likely to work from home (8% vs. 18%), which limits their ability to avoid daily travel. Vehicles in Latino households are also driven more miles annually, further increasing gasoline use, on average, by more than 800 additional miles per year (see Figure 3).

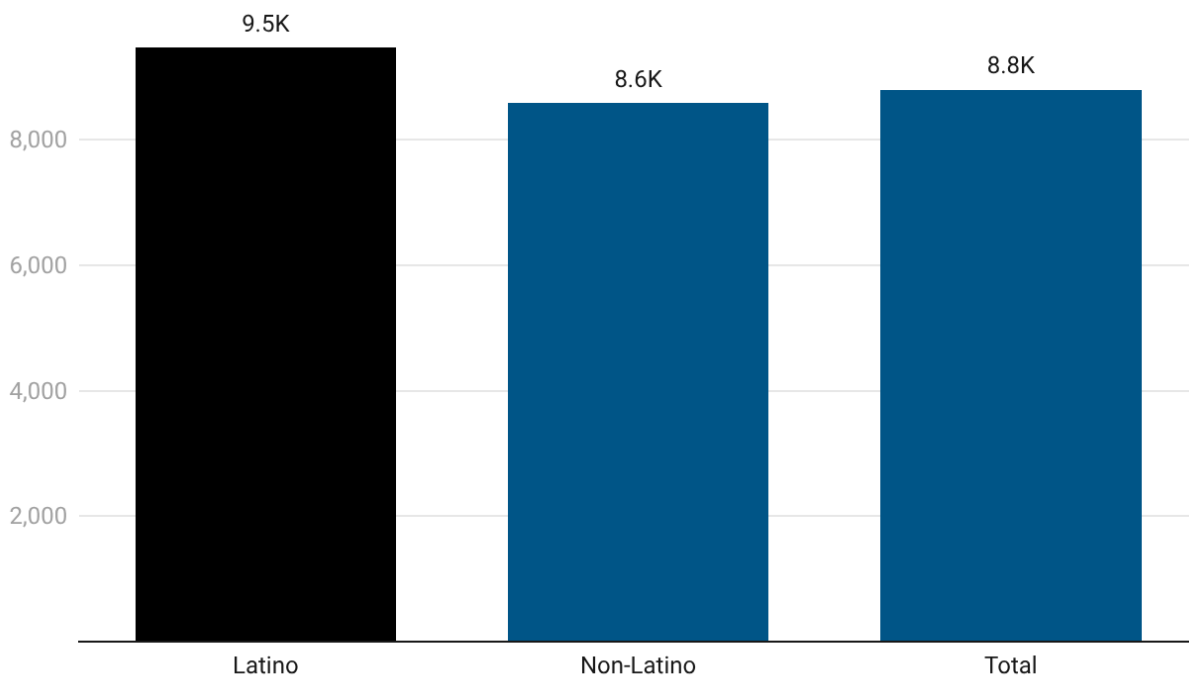
Figure 2. Commute Mode by Latino Ethnicity Among Workers, California

	Drove alone	Carpooled	Transit	Other	Work From Home
Latino	71%	13%	3%	5%	8%
Non-Latino	66%	8%	3%	5%	18%
Total	68%	10%	3%	5%	14%

Note: Estimates are based on employed civilian workers age 16 and over. "Transit" includes public transportation (bus, subway, rail, ferry, and similar modes), and "Other" includes walking, biking, taxi, and similar modes.

Source: Author's tabulations of 2024 1-year American Community Survey Public Use Microdata Sample.

Figure 3. Average Annual Vehicle Miles Traveled per Vehicle by Latino Ethnicity, California



Note: Estimates represent mean annual miles traveled per vehicle.

Source: Author's tabulations of the 2017 National Household Transportation Survey (California add-on).

3. Gasoline costs already constrain travel for Latino households.

Higher gasoline prices are not only a financial burden but also shape daily travel behavior. Before recent increases in gasoline prices, many households were already reducing trips and limiting their travel in response to gasoline costs. Using the most recent data available, Figure 4 shows the share of households reporting that gasoline prices limit the number of places they can go. Latino households are more likely than non-Latino households to limit their travel due to the price of gasoline (61% vs. 44%). These effects are evident across both homeowners and renters, but are most pronounced among renters. Nearly two-thirds (64%) of Latino renters report limiting travel due to gasoline prices, compared to lower shares among Latino homeowners (58%) and non-Latino households (44%).

Figure 4. Share of Households Reporting Limited Travel Due to Gasoline Prices by Latino Ethnicity and Tenure, California

Latino	61%	58%	64%
Non-Latino	44%	41%	49%
Total	49%	45%	54%

Note: "Reports limiting travel due to gas prices" refers to households that selected "Strongly Agree" or "Agree" to the statement that gas prices limit the number of places they go.

Source: Author's tabulations of the 2017 National Household Transportation Survey (California add-on).

4. Limited access to fuel-efficient vehicles increases gasoline costs.

Latino households are less likely to have access to newer and more fuel-efficient vehicles. Vehicles in Latino households are slightly older on average and are less likely to be hybrid or electric compared to those in non-Latino households (3% vs. 6%; see Figure 4).⁶ This suggests more limited access to fuel-efficient or alternative-fuel options, which can increase gasoline consumption and the costs of driving.

Figure 5. Characteristics of Vehicles in Latino and Non-Latino Households, California

	<5 years	5-9 years	10–19 years	20+ years	Hybrid/Electric
Latino	25%	20%	45%	10%	3%
Non-Latino	27%	23%	41%	9%	6%
Total	26%	22%	42%	9%	5%

Source: Author's tabulations of the 2017 National Household Transportation Survey (California add-on).



Exterior view of the Phillips 66 Los Angeles Refinery in Wilmington. Photo Credit: hapabapa

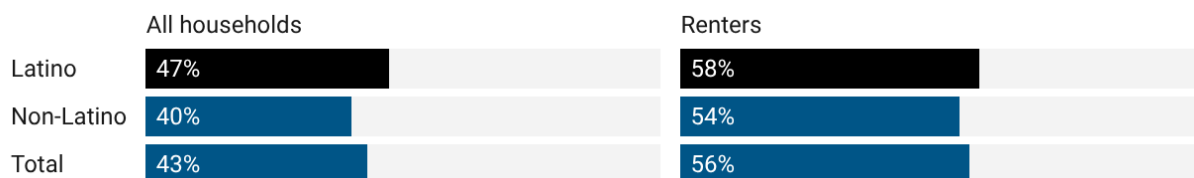


Smoke from nearby wildfires covers downtown Los Angeles.. Photo Credit: MattGush

5. Housing costs compound affordability pressures, especially for renters.

Housing costs across California already leave households with less ability to absorb additional unexpected expenses. Housing and transportation costs combine to create compounded affordability pressures. Figure 6 shows the housing cost burden by Latino ethnicity and tenure in California. Nearly half (47%) of Latino households already experience a housing cost burden (spending at least 30% of income on housing) compared to 40% of non-Latino households. These higher housing costs leave Latino households with less flexibility in their budget to absorb rising gasoline prices. Among renters, the housing cost burden is even more pronounced, with nearly 58% of Latino renters cost-burdened.

Figure 6. Housing Cost Burden by Latino Ethnicity and Tenure, California



Note: Housing cost burden is defined as households spending 30% or more of their income on housing costs. Estimates are based on occupied housing units.

Source: Author's tabulations of 2024 1-year American Community Survey Public Use Microdata Sample.

6. Rising gasoline prices could add billions in additional costs for Latino households statewide.

Latino households in California own approximately 9.4 million vehicles across 4.4 million households, averaging about 2.1 vehicles per household.⁷ This higher level of vehicle ownership, combined with greater reliance on driving (see Figure 3) and more limited access to fuel-efficient vehicles (see Figure 5), is not only making everyday travel more expensive for Latino households but could cost Latino households billions of dollars.

Between January and April 2026, regular unleaded gasoline prices in California increased by approximately \$1.65 per gallon.⁸ Considering a range of vehicle fuel-efficiency scenarios (20 and 25 miles per gallon), this increase could raise gasoline costs by roughly \$1,300 to \$1,700 per household, on average, in additional annual costs (see Figure 7). This is assuming no change in driving behavior, fuel efficiency, or vehicle ownership, and that recent price increases persist over time. Applying this price increase to data on vehicle ownership and annual vehicle miles traveled, we estimate that Latino households statewide could face approximately \$5.9 billion in additional annual gasoline costs, with costs potentially exceeding \$7.4 billion under lower fuel-efficiency scenarios. Even if gasoline prices decline over time, they may adjust more slowly following periods of rapid increases.⁹ As a result, households may continue to face elevated costs beyond the initial price spike.

Figure 7. Estimated Increase in Annual Gasoline Costs for Latino Households, Based on Fuel Efficiency Scenarios, California

	Per Vehicle	Per Household	Statewide (Billion)
Higher Fuel Efficiency Scenario (25 MPG)			
Before Increase	\$1.5K	\$3.3K	\$14.5
After Increase	\$2.2K	\$4.6K	\$20.3
Additional Cost	\$600	\$1.3K	\$5.9
Lower Fuel Efficiency Scenario (20 MPG)			
Before Increase	\$1.9K	\$4.1K	\$18.1
After Increase	\$2.7K	\$5.8K	\$25.4
Additional Cost	\$800	\$1.7K	\$7.4

Note: All dollar values are reported in 2026 dollars.

Source: Author's calculations using the 2024 1-year American Community Survey Public Use Microdata Sample, 2017 National Household Transportation Survey (California add-on), and GasBuddy data.



The skyline of Los Angeles during sunset. Photo Credit: frankpeters

Conclusion

This analysis shows that rising gasoline prices are placing a disproportionate burden on Latino households in California. Latino households tend to have longer commutes, rely more on driving, and are more likely to rely on older and less fuel-efficient vehicles than non-Latino households. These patterns increase both gasoline spending and overall exposure to rising gasoline costs, while higher housing cost burdens, particularly among renters, further limit households' ability to absorb these additional expenses.

Importantly, these dynamics were already present before the most recent increases in gasoline prices, suggesting that current affordability pressures may be even more severe. Even if gasoline prices decline, reductions are often gradual, meaning Latino households remain vulnerable not only to current cost pressures but also to future price increases.

California remains a highly car-dependent state, and even households facing significant financial strain must rely on driving to access work and daily needs. Addressing rising gasoline costs will require coordinated efforts to reduce both transportation and housing cost burdens in the short and long term.

Appendix: Data and Methods

The analysis draws on multiple data sources, including the 2022 and 2023 Consumer Expenditure Survey (CES), the 2024 American Community Survey Public Use Microdata Sample (ACS PUMS), and the 2017 National Household Travel Survey (NHTS) California add-on, to capture household gasoline expenditures, overall spending patterns, commute behavior, vehicle miles traveled, and housing cost burdens. While the NHTS data in this factsheet reflect spending patterns prior to recent price increases, they provide an important baseline for understanding how households allocate their spending toward gasoline.

To estimate the impact of recent gasoline price increases, we combine observed changes in gasoline prices with information on vehicle ownership and annual vehicle miles traveled to calculate baseline gasoline consumption. We then apply the observed increase in gasoline prices to estimate changes in household gasoline costs.

We estimate the increase in gasoline prices using data from GasBuddy.com for January 14, 2026 (the lowest point thus far in the year) to April 14, 2026 (near peak).¹⁰ Over this period, California gasoline prices rose from about \$4.05 to \$5.70 per gallon, an increase of roughly \$1.65 per gallon. These trends were verified against data from AAA.com.¹¹

Estimates are presented as a range based on two fuel-efficiency assumptions (20 and 25 miles per gallon) to reflect variation in vehicle characteristics among Latino households. The 25 MPG assumption reflects typical fuel efficiency for light-duty vehicles, while the lower-efficiency scenario (20 MPG) reflects evidence that Latino households are more likely to rely on older and less fuel-efficient vehicles. These patterns are consistent with income disparities¹² and structural barriers to automobile ownership, including factors such as nativity.¹³ Latino households may also be more likely to drive larger vehicles, which can further reduce fuel efficiency.¹⁴

All estimates assume no change in driving behavior in response to higher gasoline prices, although households may reduce travel or adjust commuting patterns. The analysis also assumes that gasoline price increases persist over time and are annualized, which may overstate costs if prices decline. In addition, vehicle miles traveled are based on average estimates from 2017 NHTS data and may not fully reflect current travel behavior.

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Palm trees frame an urban downtown city core. Photo Credit: MattGush

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