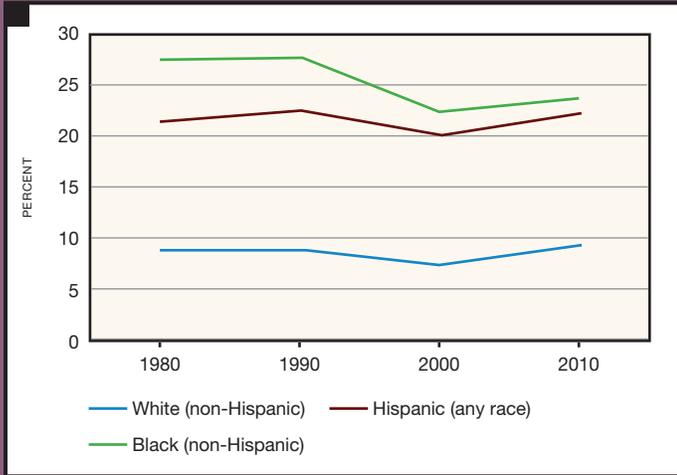


WHY
ISN'T THE
HISPANIC
POVERTY
RATE
RISING?

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We all know that poverty within the Hispanic population has increased substantially over the last several decades, as changing immigration laws increased the size of the economically vulnerable unauthorized population. Right? Although many would agree with this characterization of trends in Hispanic poverty, it is, in fact, very wrong indeed. The Hispanic poverty rate in 1980 was 21.4 percent, and it was only slightly higher in 2010, registering at 22.1 percent. As shown in Figure 1, black (non-Hispanic) poverty declined during this period, while that of Hispanics and white non-Hispanics has been quite stable. What accounts for the surprising stability in the Hispanic poverty rate, despite a substantial rise in the number of unauthorized Hispanics?

FIGURE 1. Poverty by race-ethnicity (heads of household, age 25 & older).



Source: Analysis samples limited to heads of household age 25 years and older. 1980 Decennial Census (5% state sample); 1990 Decennial Census (1% sample); 2000 Decennial Census (5% sample); 2010 ACS (1% sample). Retrieved from <https://usa.ipums.org> (Ruggles et al., 2010).

There can be no denying that, by virtue of changes in federal law and enhanced border enforcement, the Hispanic population has increasingly become an unauthorized one. As noted in Massey's contribution in this issue, these changes interrupted long-standing patterns of cyclical migration, effectively "trapping" millions of unauthorized workers, primarily from Mexico, in the United States. These workers had once regularly moved back and forth between the two countries, but after the changes in immigration law and border enforcement, they usually decided to remain permanently in the United States; otherwise, they ran the risk of being unable to return. As a result, the population of noncitizens has risen from nearly one-quarter of all Hispanics in 1980 to almost one-third in 2010 (data not shown).

There is also no denying that the unauthorized population is more vulnerable to poverty because their access to education and work opportunities is compromised. Given the rising numbers of unauthorized and noncitizen Hispanics, and given the special challenges facing these groups, we would accordingly have expected Hispanic poverty to rise during this period.

But it didn't. And the main purpose of this article is to understand why it didn't. We know that, beneath the legal forces making for an increase in Hispanic poverty, there are evidently some important countervailing protective forces. If immigration law is ultimately reformed and has the effect of improving the economic situation of noncitizens, these countervailing forces could then operate unimpeded and may bring about a substantial reduction in Hispanic poverty. The plausibility of such a scenario depends, however, on precisely what these countervailing forces are. We turn now to the task of uncovering them.

How to Proceed?

We take on this question by examining trends in poverty among heads of household, age 25 and over, within the 1980 Decennial Census and the 2010 American Community Survey data. The approach that we apply to these data is a resolutely demographic one. We ask two related questions about the size of compositional effects on poverty rates:

Assessing the effects of the changing composition of the Hispanic population: First, we take a given trait, like citizenship, and ask what the 2010 poverty rate would have been had the proportion of the Hispanic population with that trait remained unchanged since 1980. In the case of citizenship, we know that there's been a decline in the proportion of the Hispanic population that is a U.S. citizen, and we further know that citizens have a lower poverty rate than noncitizens. If we were to raise the citizenship rate in 2010 to the 1980 level, then of course poverty would be lower (because citizens are less likely to be in poverty). But exactly how much lower? We use the methods of standardization to answer that question.

Assessing the effects of white-Hispanic differences: In a second set of analyses, we apply the same standardization technique again, but now do so by assigning the 2010 composition of the (non-Hispanic) white population to the 2010 Hispanic population. We do so sequentially for a host of different traits (e.g., citizenship, marital status, educational attainment), each time asking to what extent compositional differences between the Hispanic and non-Hispanic white populations account for differences in the poverty rates between those two populations.

The results from these two exercises are presented in Tables 2 and 3. By way of illustration, let's start by considering the effects of citizenship, as it's the declining rate of citizenship that led us to expect a rise in Hispanic poverty in the first place. What if that change in citizenship composition *hadn't* happened (see Table 2)? Not surprisingly, had the Hispanic population maintained its 1980 citizenship composition (when 24 percent were noncitizens), poverty would have been 0.9 percentage point lower in 2010 (when 32 percent were noncitizens) than it actually is. Although we knew that the Hispanic poverty rate would be lower under this particular exercise, it's perhaps surprising that it wouldn't have been all that much lower (just 0.9 percentage point). This is largely due to the dramatic rise in the poverty rate among Hispanic noncitizens: an 8.5 percentage point increase from 1980 to 2010. By contrast, we can drive the Hispanic poverty rate down to 18.6 percent if instead the very high white citizenship rate (96 percent in 2010) is applied, with the reduction in this case equaling a full 3.5 percentage points (relative to the actual Hispanic poverty rate in 2010). The balance of the discussion below examines the effects of other compositional changes and differences.

The Puzzle Gets More Difficult

There have also been quite substantial changes in the national origins of Hispanics. This matters for the poverty rate because

different Hispanic origin groups have very different poverty rates. For example, Puerto Rican and Mexican poverty rates are highest among Hispanics (see Table 1), although in this case the compositional effects are potentially offsetting, as the relative size of the Mexican population (with a rising poverty rate) has increased, while that of the Puerto Rican population (with a high but falling poverty rate) has decreased.

Which of these offsetting compositional effects is more important? As shown in Table 2, our standardization indicates that poverty would have been no different if the 1980 composition remained in force, a result that suggests that the growth of the Mexican origin group was offset by the decline of the Puerto Rican group. This result is consistent with the relatively flat Hispanic poverty rate observed between 1980 and 2010. What we're looking for, however, is a compositional effect that offsets the rise in poverty generated by the decline in citizenship among Hispanics. We have not yet found that offsetting effect.

It gets even more puzzling when we next consider the compositional effects of marital status. The key point here is that Hispanics who are married and living with their spouses have poverty rates well below those who are separated, divorced, widowed, or never married (see Table 1). As the share of Hispanics living with their spouse falls (as it did between 1980 and 2010), the Hispanic poverty rate should increase. We see precisely this result in Table 2. That is, when we assume that the share of Hispanics living with their spouse remains unchanged (since 1980), the implied poverty rate is 20.2 percent, which is 1.9 percentage points lower than what is actually observed in 2010. It follows that changes in Hispanic marital practices, along with changes in citizenship, are working to increase Hispanic poverty. This is all to suggest, yet again, that there were good reasons to have anticipated a substantial increase in Hispanic poverty over the last 30 years.

Resolving the Puzzle

We now turn to consideration of other compositional changes that have counteracted these effects and that explain why the Hispanic poverty rate has—seemingly against all odds—in fact remained stable. The main counteracting force, as shown in Table 2, is that Hispanics have increasingly been investing in education. Whereas more than three-quarters of Hispanic heads of households in 1980 had 12 years of education or less, more than one-third of all Hispanic heads of households in 2010 had attended some college (or graduated from college). This increase in college attendance protected Hispanic households against poverty. Our standardization shows that, had Hispanics continued to invest in education at their very low 1980 levels, poverty would have been as high as 26.7 percent in 2010 (see Table 2). This investment in education, which is a profound measure of ongoing assimilative forces, is a main reason why we haven't witnessed a substantial increase in Hispanic poverty.

It is not, however, the only reason. There are two other trends in play, both pertaining to household composition, that have had poverty-reducing effects. The first, a decline in the number of

TABLE 1. Hispanic poverty rates (heads of household age 25 & over; any race or nationality).

	1980	2010
Overall	21.4%	22.1%
Citizenship Status		
Birthright citizen	21.5%	18.5%
Naturalized citizen	17.4%	15.3%
Noncitizen	23.3%	31.8%
Hispanic Origin Groups		
Mexican	20.8%	23.2%
Puerto Rican	33.0%	25.4%
Cuban	15.5%	18.6%
Other	17.3%	18.6%
Marital Status		
Married (2 spouses present)	13.6%	14.8%
Married (1 spouse present)	34.7%	29.1%
Separated	47.8%	38.1%
Divorced	29.0%	23.7%
Widowed	37.6%	28.7%
Single (never married)	29.6%	31.2%
Educational Attainment		
Less than high school	9.8%	13.9%
High school	29.0%	34.6%
Some college	14.4%	21.8%
College+	7.2%	7.2%
Number of Children		
No children	15.1%	16.1%
One child	21.1%	18.7%
Two children	17.5%	21.3%
Three or more children	29.3%	36.2%
Number of Adult Workers in the Household		
0 workers	54.8%	52.8%
1 worker	17.7%	22.0%
2 workers	6.7%	6.7%
3+ workers	4.4%	2.9%

Source: Analysis samples limited to heads of household age 25 years and older. 1980 Decennial Census (5% state sample); 1990 Decennial Census (1% sample); 2000 Decennial Census (5% sample); 2010 ACS (1% sample). Retrieved from <https://usa.ipums.org> (Ruggles et. al., 2010).

TABLE 2. Standardized poverty rates (household heads age 25+): Hispanics then and now.

If we assume the 1980 Hispanic composition...	Then the 2010 poverty rates suggest overall Hispanic poverty in 2010 would be...
Citizenship	21.2%
Hispanic origin	22.1%
Marital status	20.2%
Educational attainment	26.7%
Number of children	23.4%
Number of workers in the household	22.7%

Source: Analysis samples limited to heads of household age 25 years and older. 1980 Decennial Census (5% state sample); 2010 ACS (1% sample). Retrieved from <https://usa.ipums.org> (Ruggles et. al., 2010).

TABLE 3. Standardized poverty rates (household heads age 25+): Hispanics compared with whites.

If we assume the 2010 white composition...	Then the 2010 poverty rates suggest overall Hispanic poverty in 2010 would be...
Citizenship	18.6%
Marital status	21.0%
Educational attainment	15.9%
Number of children	19.7%
Number of workers in the household	26.3%

Source: Analysis samples limited to heads of household age 25 years and older. 1980 Decennial Census (5% state sample); 2010 ACS (1% sample). Retrieved from <https://usa.ipums.org> (Ruggles et. al., 2010).

children within Hispanic households, is consequential because Hispanic families with three or more children have poverty rates (36.2 percent in 2010) twice as high as those of Hispanic families with no children (16.1 percent in 2010). If Hispanic families had not reduced their fertility since 1980, poverty would come in at an estimated 23.4 percent, which is 2.1 percentage points *higher* than in 1980. The second trend, a decline in the proportion of Hispanic households with no workers, is obviously likewise a poverty-reducing change. If the number of workers had remained the same, the poverty rate would be somewhat higher at 22.7 percent in 2010. Although these two forces had a less important protective effect than education, they are nonetheless also part of the reason why the Hispanic poverty remained stable. It bears noting that these trends, like rising educational investments, suggest that Hispanic households are becoming more similar to white (non-Hispanic) households.

What Does the Future Hold?

The foregoing assimilative forces, although already important in protecting against a rise in poverty, could prove yet more important in the future. If ongoing legal issues are resolved and citizenship rates increase, the continuing effects of these forces could bring about substantial declines in Hispanic poverty. This point is demonstrated by recalculating the poverty rate under the assumption that Hispanics invest in education at the same level as non-Hispanic whites. Although educational investments have already increased substantially among Hispanics (as discussed above), they still remain much lower than those of non-Hispanic whites. What if the investments were the same? As shown in Table 3, the poverty rate under this assumption would be as low as 15.9 percent, the most dramatic reduction in any of our standardization exercises. This result shows that, for all the educational progress Hispanics have made, the effects of further educational investments would be substantial. ■

Additional Resources

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