

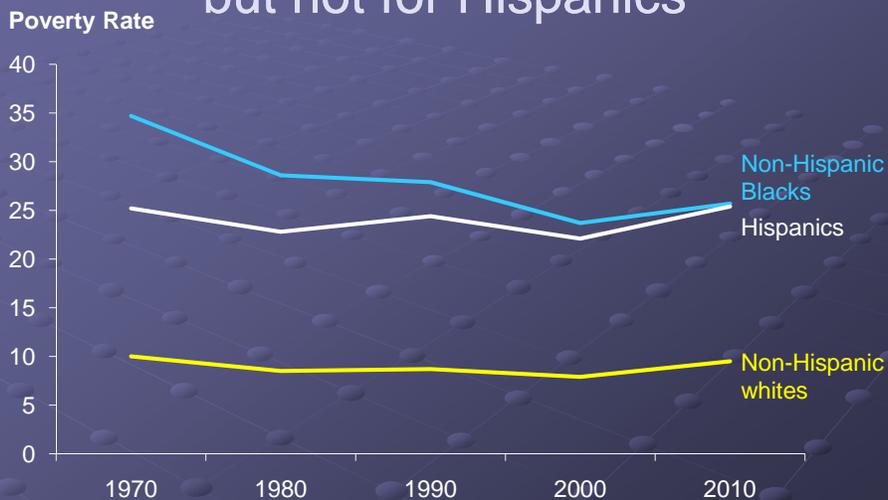
The Hispanic Economic Experience
Federal Reserve Bank of Dallas
June 16, 2011

Trends in Poverty and Inequality among Hispanics

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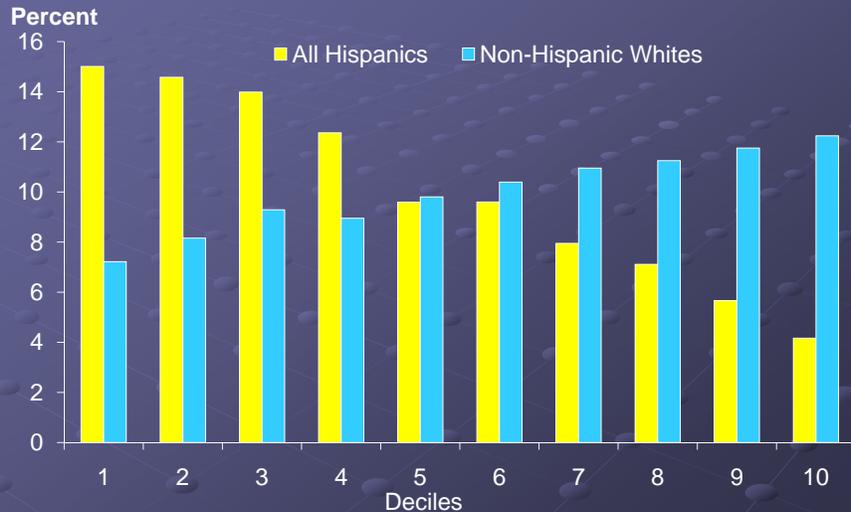
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Poverty rates declined since 1970, but not for Hispanics



Source: Authors' calculations from IPUMS data from the 1970-2000 Censuses and the 2010 March Current Population Survey.

Hispanics more likely to be at bottom of the income distribution

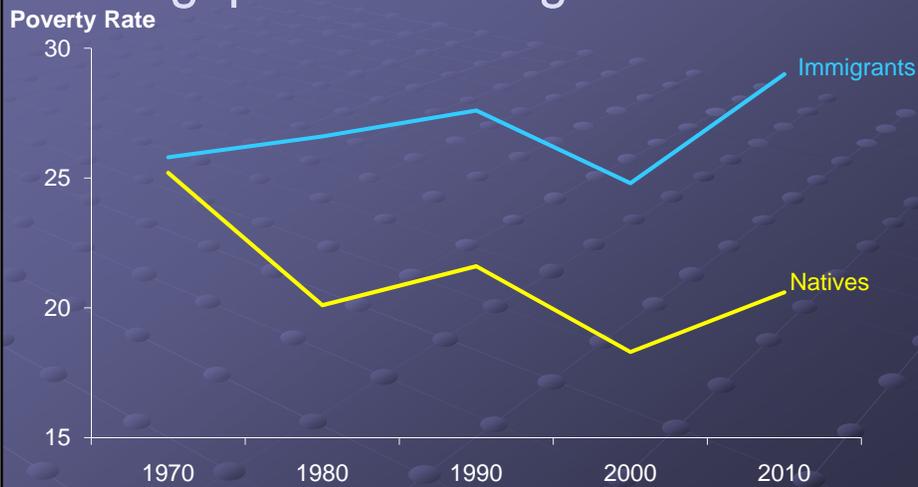


Source: Authors' calculations from IPUMS data from the 2009 American Community Survey.

Poverty Puzzle

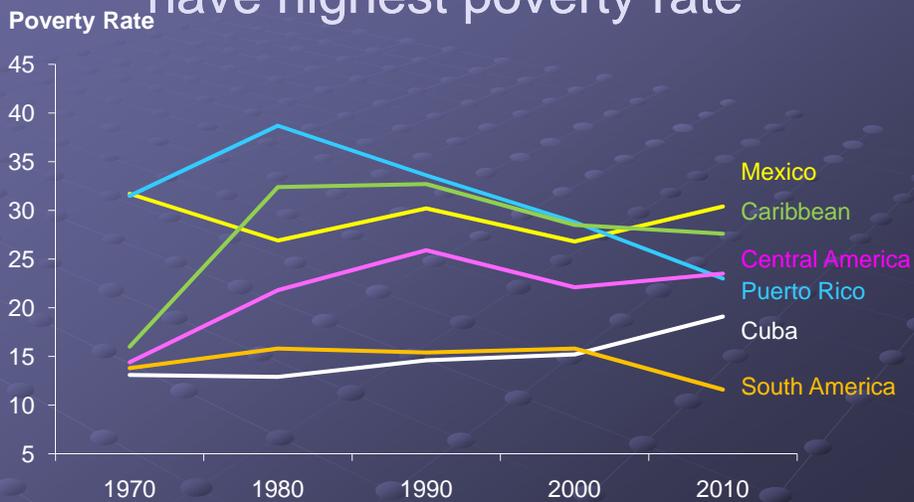
- Poverty rates for non-Hispanic blacks dropped 10 points since 1970
- Poverty rates for Hispanics stagnant
- Why?
 - Immigration?

Hispanic immigrant-native poverty gap at record high in 2010



Source: Authors' calculations from IPUMS data from the 1970-2000 Censuses and the 2010 March Current Population Survey.

Hispanic immigrants from Mexico have highest poverty rate



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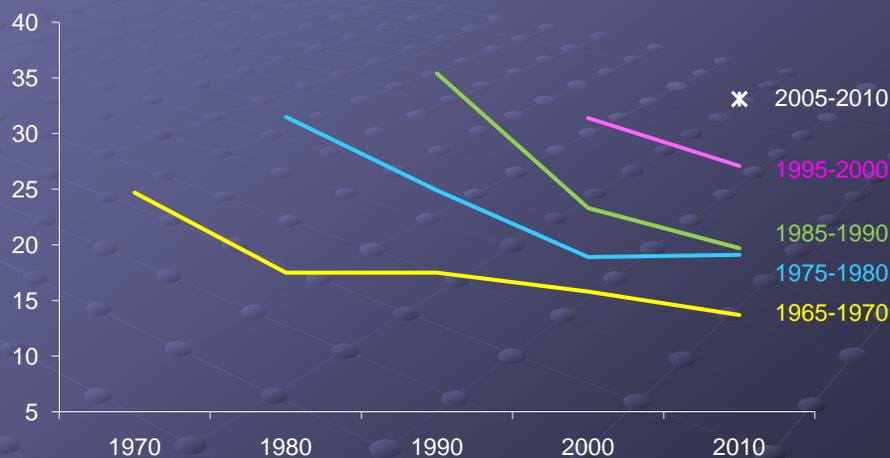
So far...

● Hispanics

- Improvement in poverty rates limited to natives
- Poverty rates for immigrants worsened in recession
- What if we follow groups over time?
 - New immigrants have higher poverty than established immigrants

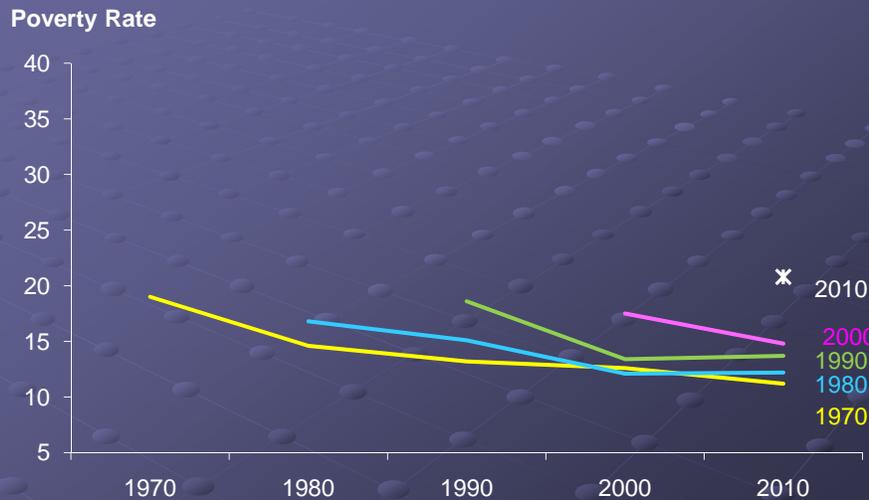
Hispanic immigrant cohorts: poverty rates drop with time in U.S.

Poverty Rate



Source: Authors' calculations from IPUMS data from the 1970-2000 Censuses and the 2010 March Current Population Survey.

Hispanic natives: poverty rates drop with age

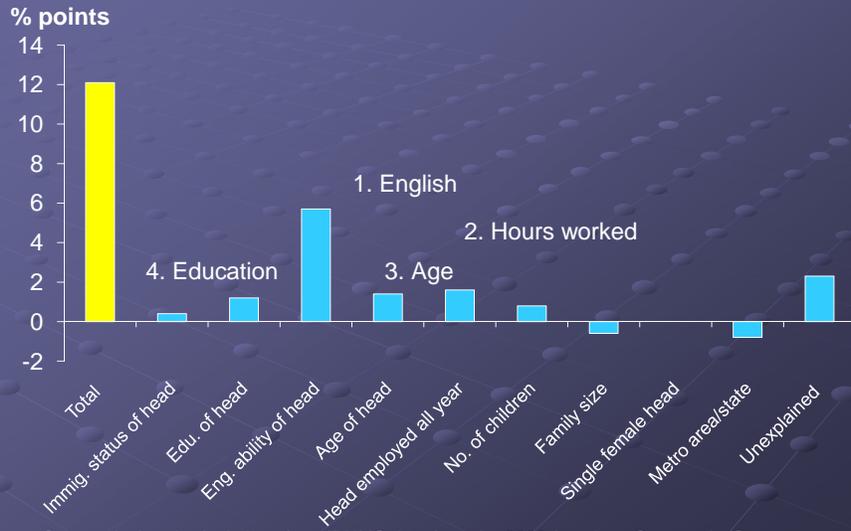


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Explaining the poverty gap

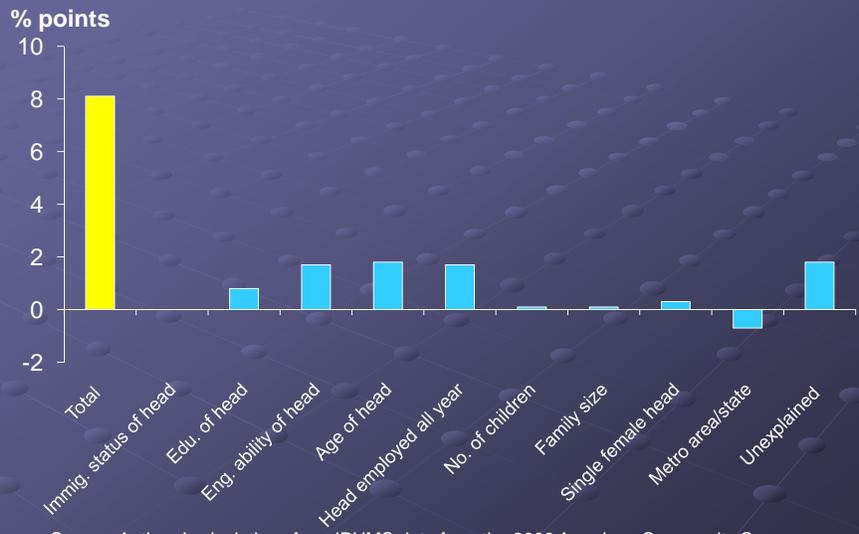
- Oaxaca decomposition (2009 ACS)
 - Gap is due to differences in characteristics (*explained*) and returns to characteristics (*unexplained*)
 - Example
 - Education differences: 9.6 % less than high school vs 39.1 % less than high school degree
 - Returns to education differ: reward for an additional year of education
 - Unexplained portion could be many factors...

What explains the poverty gap? Hispanics vs. non-Hispanic whites



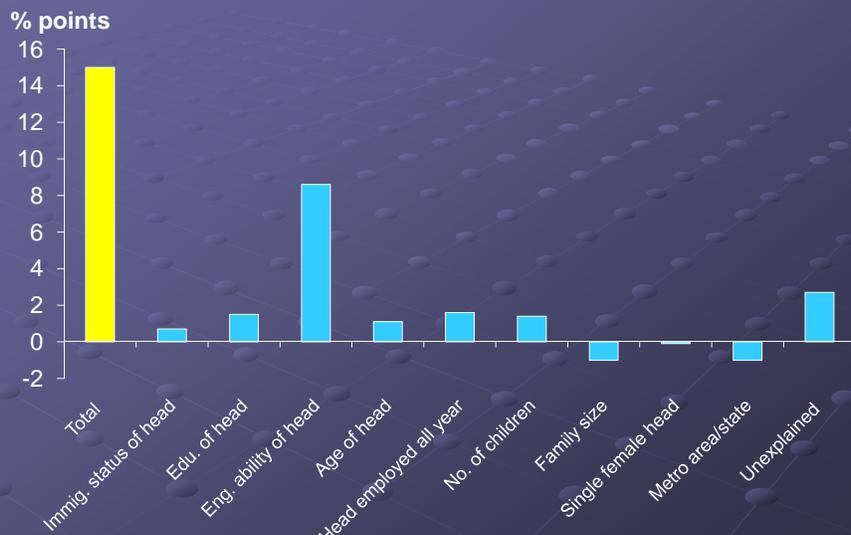
Source: Authors' calculations from IPUMS data from the 2009 American Community Survey.

What explains the poverty gap? Hispanic natives vs. non-Hispanic whites



Source: Authors' calculations from IPUMS data from the 2009 American Community Survey .

What explains the poverty gap? Hispanic immigrants vs. non-Hispanic whites



Source: Authors' calculations from IPUMS data from the 2009 American Community Survey .

Poverty gaps

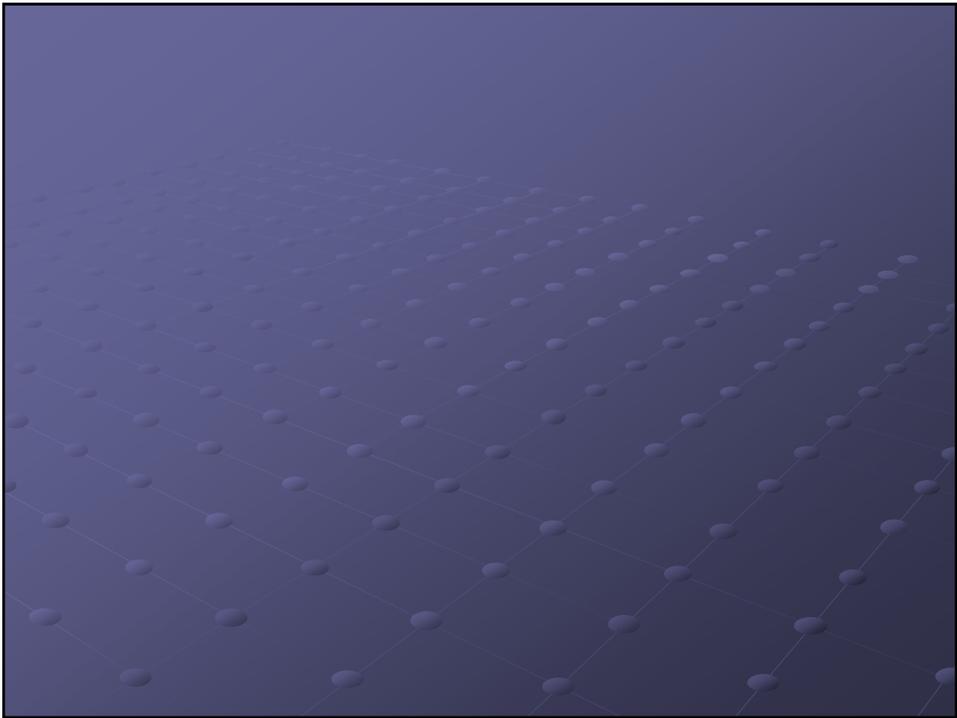
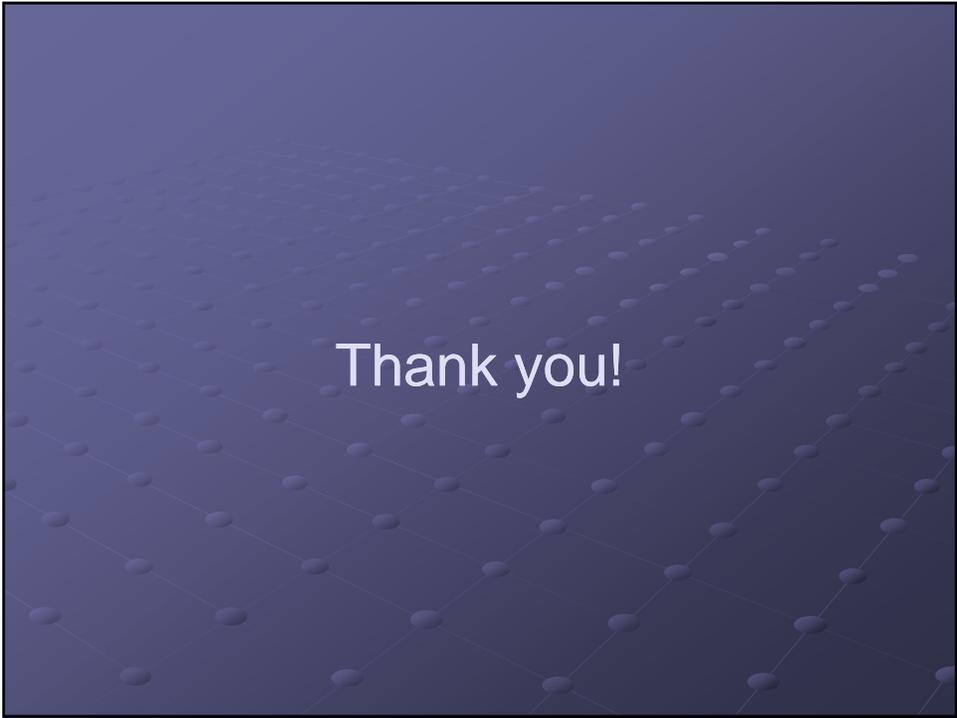
- Explained by
 - English speaking ability
 - Hours worked
 - Age
 - Education
- Unexplained portion
 - Biggest for Hispanic natives

What else?

- Lack of legal status
 - Lower wages: Work for less, change jobs more often, less training, fewer promotions, no benefits
 - Less public assistance: No cash welfare
- Great Recession

What does the future hold for Hispanics?

- Danger signs
 - One-third Hispanic children live in poor families
- Troubling trends
 - Rise in non-marital births
 - Growing elderly population
- Helpful policies
 - Education, immigration reforms



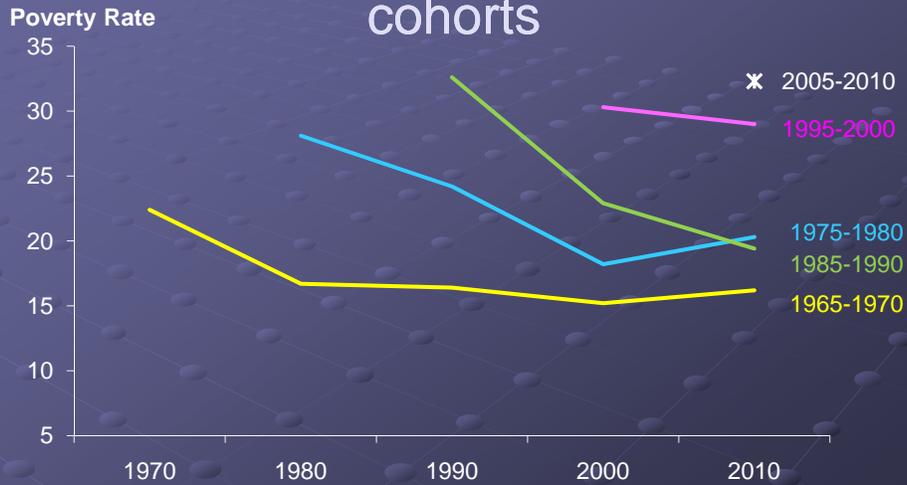
Economic summary statistics

	White Non- Hispanics	Black Non- Hispanics	Hispanics	Foreign Born Hispanics	Native Hispanics
In labor force	64.9	63.3	68.9	70.5	67
Employed	91.7	84	88.1	89.3	86.5
Wage	46,006	32,183	29,137	27,050	31,874
Family income	79,575	52,054	55,377	49,553	62,683
Poverty	9.3	20.7	19.5	22.3	16.1
Education					
Less than high school	9.6	18.4	39.1	50.6	20.7
High school	29.3	31.6	26	24	29.3
Some college	30	32.3	22.2	15.4	33.1
College or above	31.1	17.7	12.7	10.1	16.9

Demographic summary statistics

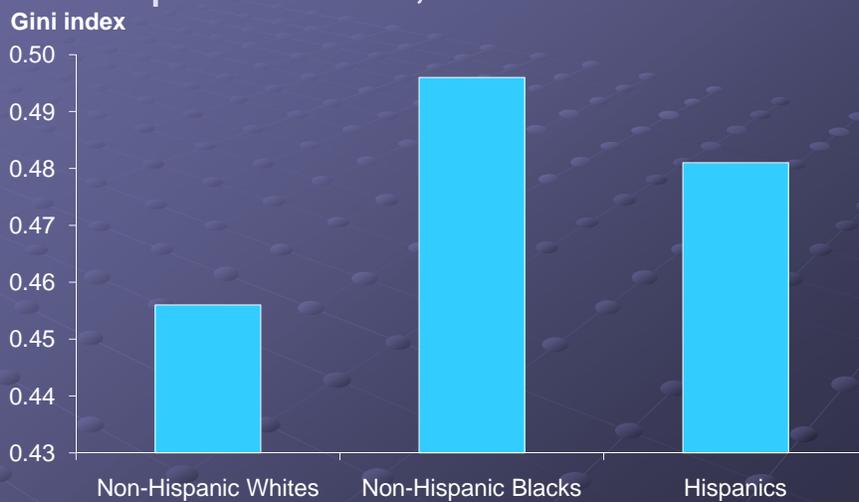
	White Non-Hispanics	Black Non-Hispanics	Hispanics	Foreign Born Hispanics	Native Hispanics
Mean age	40.1	33.7	28.9	39.8	21.6
Median age	41	32	27	38	16
Average family size	2.6	2.8	3.5	3.7	3.4
Average number of children	0.6	0.9	1.3	1.4	1
Married	54.0	30.1	46.6	55.1	36.1
Divorced	11.5	12	8.2	7.6	9
Single female head	25.4	40.7	28	24	33
Speaks English well	99.3	99.1	72.7	52.8	97.1

Poverty rate of young Hispanic immigrants over time, by arrival cohorts



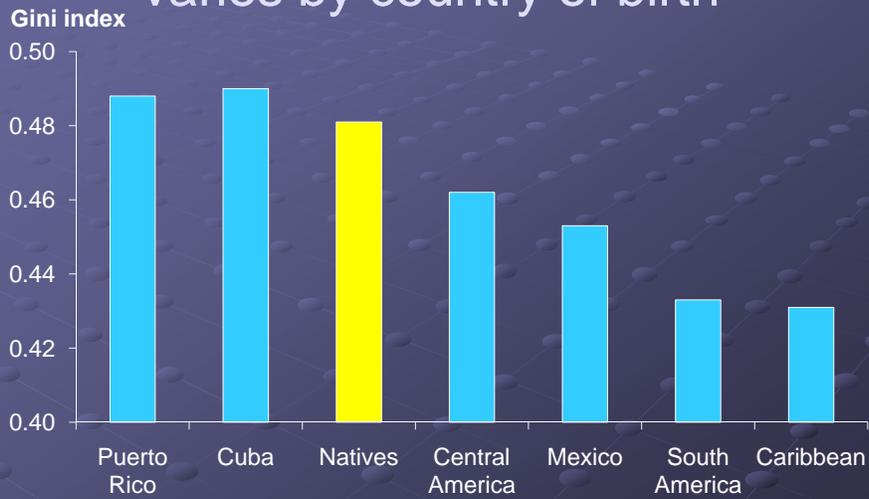
Source: Authors' calculations from IPUMS data from the 1970-2000 Censuses and the 2010 March Current Population Survey.

Hispanics have more inequality than non-Hispanic whites, less than blacks



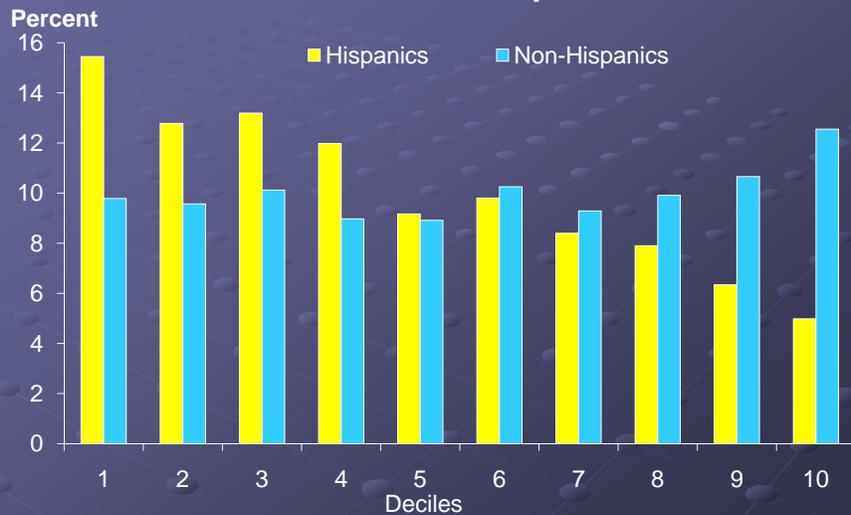
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Income inequality among Hispanics varies by country of birth



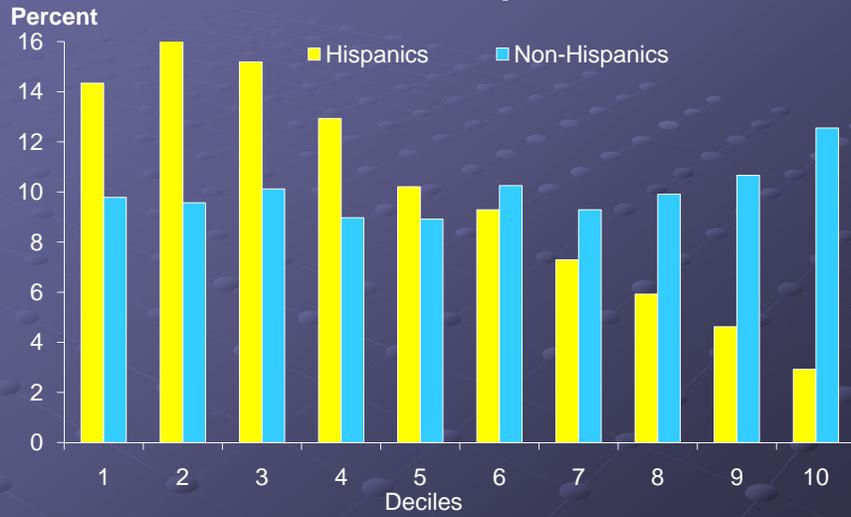
Source: Authors' calculations from IPUMS data from the 1970-2000 Censuses and the 2010 March Current Population Survey.

Percent in each decile: NB Hispanics vs. NB non-Hispanics



Source: Authors' calculations from IPUMS data from the 2009 American Community Survey .

Percent in each decile: FB Hispanic vs. FB non-Hispanic



Source: Authors' calculations from IPUMS data from the 2009 American Community Survey .