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Convergence and Disadvantage in Poverty Trends (1980–2010): What is Driving the Relative Socioeconomic Position of Hispanics and Whites?

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Title:

Poverty Trends (1980-2010):

What is Driving the Relative Socioeconomic Position of Hispanics and Whites?

Abstract: The gap between White and Hispanic poverty has remained stable for decades despite dramatic changes in the size and composition of the two groups. The gap, however, conceals crucial differences within the Hispanic population whereby some leverage education and smaller families to stave off poverty while others facing barriers to citizenship and English language acquisition face particularly high rates. In this paper, we use Decennial Census and American Community Survey data to examine poverty rates between Hispanic and non-Hispanic, White heads of household. We find the *usual suspects* stratify poverty risks: gender, age, employment, education, marital status, family size, and metro area status. In addition, Hispanic ethnicity has become a weaker indicator of poverty. We then decompose trends in poverty gaps between racial/ethnic groups. Between 1980 and 2010, poverty gaps persisted between Whites and Hispanics. We find support for a *convergence of advantages* hypothesis and only partial support (among Hispanic noncitizens and Hispanics with limited English language proficiency) for a *rising disadvantages* hypothesis. Poverty-reducing gains in educational attainment alongside smaller families kept White-Hispanic poverty gaps from rising. If educational attainment continues to rise and family size drops further, poverty rates could fall, particularly for Hispanics who still have lower education and larger families, on average. Gains toward citizenship and greater English language proficiency would also serve to reduce the Hispanic-White poverty gap.

Keywords: poverty, Hispanics, decomposition, immigration, trends

Introduction

Just over forty years ago, Hispanics comprised less than five percent of the U.S. population, according to the 1970 Decennial Census. By 2010, they represented approximately one-sixth of the U.S. population, registering in excess of 50 million people. Additionally, the Hispanic population is young and will continue to grow rapidly (Johnson, Schaefer, Lichter, & Rogers, 2014). Indeed, the Census Bureau projects the United States will become a majority-minority nation by 2043 (Bernstein, 2012). By 2050, Whites would be the largest racial/ethnic group (47 percent), followed by Hispanics (29 percent) (Passel & Cohn, 2008). Concurrent with the growth in the Hispanic population is a shift in the heritage of Hispanics. Historically, Mexicans dominated the Hispanic population in the U.S., representing 69 percent of U.S.-born Hispanics and 47 percent of foreign-born Hispanics in 1970. By 2010, their share had shifted to 66 percent of the U.S.-born Hispanic population and 62 percent of the foreign-born Hispanic population. Though Hispanic immigrants remain overwhelmingly Mexican, analyses by year of immigration suggest a shift toward an increasing share of immigrants from Guatemala and—to a lesser degree—El Salvador and the Dominican Republic while the Cuban share of immigrants fell during this time (analyses not shown).

The growing share of the population identifying as Hispanic demands a deeper understanding of how Hispanics have fared over time. Examining key indicators can inform what we know about the social position of Hispanics relative to other racial/ethnic groups in the country (Bean, Feliciano, Lee, & Van Hook, 2009; Massey & Eggers, 1990; Tienda & Lii, 1987; Waldinger, 1999). A long-term view can help inform research, debate, and policy geared toward addressing challenges and opportunities facing growing Hispanic populations. This is particularly critical in the current policy landscape, where discussions about immigration—

especially undocumented immigration—are at the fore. Understanding the characteristics of Hispanics can illuminate the potential impact of proposed legislation.

This paper carefully considers the poverty experiences of Hispanics over the past forty years, including the impact of the Great Recession's disproportionate impact on Hispanic employment (Taylor, Lopez, Velasco, & Motel, 2012; *author*; Young, 2012). Using Decennial Census and American Community Survey data, we ask: have Hispanic poverty rates deteriorated relative to those of Whites? And, just as importantly, what factors explain both changes in Hispanic poverty and the gaps between Hispanics and Whites since 1980? In order to answer these questions, we analyze how well key social and economic indicators explain changes in Hispanic poverty.

Literature Review

The relative position of Hispanics to Whites, as measured by poverty rates, has changed little over the past four decades. Exploring the persistence of this gap, Orrenius and Zavodny (2013) find language, work hours, age, and educational differences are driving poverty rate differences. They also suggest differences between U.S.-born and foreign-born Hispanics drive the stagnation in Hispanic poverty rates, due largely to English language skills. Indeed, the longer Hispanic immigrants are in the United States, the lower their poverty rates. This finding is echoed in our analyses of Census data (analyses not shown): while the poverty of U.S.-born Hispanics has declined somewhat since 1980, immigrant poverty has increased.

Determinants of Hispanic Poverty

Poverty researchers have demonstrated clear linkages between a host of demographic characteristics and poverty. Analyzing poverty rates among Hispanics entails accounting for factors affecting the general population as well as capturing the influence of the foreign-born

population and English language proficiency on Hispanic poverty rates. Many studies find Hispanic poverty is driven, in large part, by *known suspects*, including age, gender, educational attainment, family composition, and fertility (Aponte, 1991; Garcia, 2011; Lopez, 2013).¹ However, some evidence suggests lack of employment and single parenthood may be particularly detrimental for Hispanics. Lopez (2013) identifies labor market attachment as being even more closely associated with Hispanic poverty compared to the general population. Specifically, the absence of full-time, full-year work is more closely associated with poverty among Hispanics than non-Hispanics. In her study of poverty among married couples with children in the Southwest, Garcia (2011) also finds differential effects of labor market participation on Hispanic poverty. She finds Mexican American and Black poverty remain higher than both White and Asian poverty, and legal status particularly constrains Mexican noncitizens.

Since most undocumented immigrants are Hispanic, past research has indirectly examined the role of legal status as a predictor of poverty. Passel and Cohn (2009) estimated one-fifth of undocumented Hispanic adults lived below the poverty line, and one-third of children with undocumented parents lived in poverty. Orrenius and Zavodny (2013) find immigrant status explains part (about half as much as educational attainment) of the poverty gap between Hispanics and non-Hispanic, Whites. Among Mexican immigrants, Garcia (2011) finds likely undocumented status (a proxy indicator based on English proficiency among other variables) strongly predicted poverty as much as did being unemployed, followed by working in an immigrant job, defined as low-status and low-wage jobs typically occupied by immigrants.

¹ See Siordia & Leyser-Whalen (2014) who argue cohort size seems to be unrelated to Mexican American poverty.

Notably, education reduced the odds of poverty among non-Mexican immigrants but offered only limited protection from poverty among Mexican immigrants. Moreover, Sullivan and Ziegert (2008) find years of education and family hours of work effort decrease marginal probabilities of being in poverty among Hispanics. In addition, if a Hispanic household head does not speak English fluently, the household is more likely to be in poverty.

Decomposition of Gaps in Poverty

Scholars have raised additional questions regarding Hispanic poverty, including: What accounts for the gap between Hispanic poverty and poverty among other groups? What changes in the underlying composition of Hispanic populations would make the most impact in reducing poverty? Knowing the relative importance of the contributing factors related to poverty has clear implications for addressing disparities in poverty.

Two known studies have employed Blinder-Oaxaca decompositions to estimate how well different correlates of poverty explain the White-Hispanic gap in poverty rates. Orrenius and Zavodny (2013) compare U.S.-born and foreign-born Hispanic poverty to poverty among non-Hispanic Whites. Sullivan and Ziegert (2008) compare Hispanic immigrants (across different countries of origin) to the non-Hispanic, foreign-born population. Both studies find Hispanic heads of households' English proficiency and educational attainment best explain the gap in poverty between Hispanic populations and other groups. Both studies suggest that if Hispanic educational attainment and English language proficiency more closely resembled those of non-Hispanic Whites and immigrants, then Hispanic poverty rates would be lower. The 2000 poverty gap between Hispanic immigrants and other immigrants would drop by half in this scenario (Sullivan & Ziegert, 2008). The 2009 White-Hispanic poverty gap would drop by more than half (from roughly 12.1 to 2.3 percent) if Hispanics had the same characteristics as Whites; driven in

large part by the education and English proficiency differences between Whites and Hispanics (Orrenius & Zavodny, 2013). Finally, the observed influence of language and education on Hispanic poverty is partially offset by “a relatively high level of family work effort” (Sullivan & Ziegert, 2008, p683).

Van Hook, Brown, and Kwenda (2004) decompose the absolute rise in child poverty and the relative difference in poverty between children of immigrants and other children. They find education, employment, and work experience explain the rise in immigrant child poverty. Such factors tended to affect all groups, immigrant and U.S.-born alike. Moreover, differences in racial/ethnic composition, parental education, and employment help account for some of the poverty gap between children of immigrants and other children.

Hispanic Poverty Trends Over Time

Key studies have examined poverty trends over time. While overall Hispanic poverty has remained fairly constant over the past four decades, several within-Hispanic variations in poverty trends are evident. Lopez (2013) notes, among heads of household, Hispanic female poverty fell between 1990 (38 percent) and 2000 (32 percent)—and then again by 2006-08 (to 27 percent)—but stood twice as high as Hispanic male poverty at each time period. In addition, Hispanic poverty rates differ by nativity. Hispanic immigrant male poverty outpaced poverty among U.S.-born men at each time period. Among Hispanic women, immigrant poverty was slightly lower than among the U.S.-born in 1990 before climbing in 2000 to surpass U.S.-born Hispanic female poverty and rising further still in 2006-08 (Lopez, 2013, p55-57).

Van Hook et al. (2004) document differences in child poverty by parents’ nativity between 1970 and 2000. They find poverty remained stable among children with U.S.-born parents. Poverty among Mexican Hispanic children with U.S.-born parents was higher than other

Hispanic children (30 and 23 percent, respectively), but their poverty rates converged by 2010 (25 and 26 percent, respectively). Among children of immigrants, Mexican child poverty remained very high (above 30 percent) between 1970 and 2000, while poverty among other Hispanic children of immigrants rose from 15 to 25 percent during this time.

Iceland (2003) also examines poverty trends over the long-term. He finds the largest declines in poverty—due chiefly to income growth—took place before 1970. He writes, “As economic growth slowed in the 1970s and 1980s, inequality and demographic changes together served to keep it that way. Yet the strong economy, coupled with the waning effect of income inequality and demographic change, once again decreased absolute poverty in the 1990s” (Iceland, 2003, p516). In addition, he attributes poverty among Hispanics to rising income inequality in the 1970s. Whereas Hispanic concentration in low-wage work appears to have prevented their poverty rate from falling after 1970, family structure had a prominent effect in increasing poverty among Blacks (but not Hispanics) through 1990.

Taken together, these studies highlight the importance of examining Hispanic trends broadly. In this paper, we examine how demographic correlates of poverty influence Hispanic poverty rates. We also analyze Hispanic poverty across time, through the recent recession.

Research Question

Our approach directly informs debates regarding the future of Hispanics’ socioeconomic position compared to Whites. The extant literature finds support for two competing scenarios: (a) the increasing entrenchment of a new underclass of Hispanics (Garcia, 2011 on Mexican immigrants in the southwest; Massey & Pren, 2012) and (b) the potential for resilient Hispanic households whose likelihood of poverty may drop (Orrenius & Zavodny, 2013) and become less tied to ethnic background than in the past (Van Hook et al., 2004). Our detailed analyses allow us

to consider the weight of the evidence in favor of pessimistic and optimistic accounts of Hispanic poverty compared to Whites.

We first describe how poverty rates among Hispanics change relative to Whites between 1980 and 2010. We pay close attention to differences by U.S. nativity, citizenship status, and English language proficiency. We then consider how key explanatory factors account for changes in poverty gaps. Measuring determinants of poverty, we examine how individual and household characteristics predict Hispanic poverty status over time in comparison to non-Hispanic Whites. After measuring the relative position of Hispanic and White householders over time, we then answer our central research question:

What factors are behind the poverty gaps between Hispanics and both non-Hispanic Whites between 1980 and 2010? That is, are the apparent *drivers* of differences in poverty by race/ethnicity due to rising disadvantages or a convergence of advantages across these two groups?

Specifically, if Hispanic disadvantages (i.e., poverty-enhancing characteristics relative to Whites) have grown or become more closely related to poverty over time, then we expect the poverty gaps across groups to stem from rising disadvantages. We call this the *rising racial/ethnic disadvantage* hypothesis. By contrast, the observed racial/ethnic gaps in poverty may be increasingly driven by poverty-reducing gains made across the groups. We call this the *convergence of advantages* hypothesis. We measure changes in each group's characteristics over time not whether the returns to these characteristics differ along racial/ethnic lines. Past work has established wage inequality, for example, can be partially explained by a skill premium enjoyed by Whites as well as discrimination affecting Blacks (Kim, 2010).

Data and Methods

This paper addresses changes in poverty trends among Hispanics between 1980 and 2010 using Census data. Using the Integrated Public Use Microdata Series (IPUMS) from the Minnesota Population Center, we combine data from the Decennial Census (1980, 1990, 2000) and the American Community Survey (ACS, 2006-2010, *hereafter 2010*) (Ruggles, Genadek, Goeken, Grover, & Sobek, 2015). We chose the 1990 metropolitan (1-in-100) sample because it allows us account for differences by metropolitan area status.² Only the Decennial Census (prior to 2010) and the ACS include measures of poverty, English language proficiency, and U.S. nativity.

We use IPUMS data to analyze poverty trends across racial/ethnic groups over time. In addition to presenting descriptive analyses and regression models predicting poverty for each decennial year, we also use decomposition techniques to better understand what factors are driving change across time. Data limitations preclude similar analysis before 1980 because English language proficiency, an important correlate of Hispanic poverty, is not included in earlier censuses. Consistent with earlier research (Garcia, 2011; Lopez, 2013; Orrenius & Zavodny, 2013), our analyses are limited to heads of household. We limit our analysis to household heads age 25 and over to observe respondents who have had an opportunity to complete formal education. All analyses use household-level weights.³

Variables

Following is a discussion of variables in our analyses. Table 1 presents descriptive statistics for all independent variables by year.

[Table 1 About Here]

² Data from Ruggles et al. (2015): 1980 Decennial Census (5 percent state sample); 1990 Decennial Census (1 percent sample); 2000 Decennial Census (5 percent sample); 2006-2010 ACS (5-year sample). Retrieved from <https://usa.ipums.org>.

³ In preliminary analyses, we observed similar results when all adults over age 25 were included.

Dependent Variable

Our dependent variable is *poverty* status. We predict whether or not the head of household's total family income was below the official poverty threshold (versus at or above the threshold) for their family size and composition in the previous year.⁴ The Official Poverty Measure can be calculated across time, which allows for analyses of poverty trends over several decades. Across the years, between 9.7 and 10.2 percent of the full analysis sample were poor (Table 1).

Independent Variables

Race/ethnicity: We begin with descriptive comparisons and consider differences between Hispanics and non-Hispanic Whites. Although Whites remain the majority across years, the sample became more diverse by race/ethnicity across the decades (Table 1). To help answer our main question, we discuss the relationship between Hispanic ethnicity and poverty over time relative to Whites (Table 2).⁵ Finally, the decomposition models focus on two groups (Hispanics and Whites) because decomposition methods are meaningful where poverty gaps remain large and persistent across all time periods. By contrast, other poverty gaps nearly converged by 2010 (e.g., Asian and White; Hispanic and Black), and narrow disparities limit the applicability of decomposition methods.⁶

English language proficiency: We also include an indicator of English language proficiency. We examine the effect of knowing English “not well” or “not at all” compared to

⁴ See: www.census.gov/hhes/www/poverty/about/overview/measure.html.

⁵ Black-White and Black-Hispanic decomposition results available from the authors upon request. Although not the focus of this paper, thorough analyses of Black-White poverty inequality are well-known and documented in the literature on segregation (Rugh & Massey, 2014), urban poverty (Iceland, 1997), decomposition of Black-White wage inequality (Couch & Daly, 2002; Kim, 2010), and decomposition of Black-White unemployment (Couch & Fairlie, 2010).

⁶ Since multiracial identity is not recorded until 2000, we omit people who report two or more race.

speaking English “well” or fluently (“only English”) as the reference category. While in 1980, only 1.9 percent of the sample (Hispanics and non-Hispanics combined) did not have strong English proficiency, by 2010 this had grown to 4.1 percent.

Nativity and citizenship: We include a three-category variable to capture nativity and citizenship status: U.S.-born (including those born in territories and those born abroad to U.S. citizen parents), our reference category; naturalized citizen; and non-citizen. In 2010, the proportion of non-citizens was more than twice as large as in 1980, and naturalized citizens also represented a larger share of the population.

Other Explanatory Variables: In addition to accounting for diversity by race, Hispanic origin, language, nativity, and citizenship status, we also examine poverty by: employment (working in a low-wage job typically associated with immigrant workers, hereafter ‘immigrant job’⁷; working in a professional occupation; number of adults working in the family; whether the household head worked 50 or more weeks the previous year); gender (coded 0 for male, 1 for female); age (ten year intervals from 25-34 to include only people who have had a chance to complete schooling; householders age 55-64 are the reference category); educational attainment (less than high school; 12 years of education; some college, the reference category; and four or more years of college); marital status (married with both spouses present, the reference category; married with one spouse present; divorced; separated; never married; widowed); the presence of young children (coded 1 for presence of any children under five); number of children (categorical variable for number of own children under age 18—from 0 to 3 or more with 1 child

⁷ ‘Immigrant job’ is operationalized by Douglas and Saenz (2008) and employed by Garcia (2011), including immigrant jobs typically held by women and those held by men. We use 38 total codes covering occupations between 1980 and 2010 in order to identify such low-wage work and harmonize occupations across decades.

as the reference category); and metropolitan status (suburban, the reference category; rural; urban; other metro; and not identifiable).

Analyses

We begin by presenting Hispanic and White differences in poverty rates in 1980, 1990, 2000, and 2010 (Figure 1 and Table 1). Next, we use logistic regression models to predict poverty status among heads of household age 25 and older (Table 2). Logistic regressions for each decade allow us to address whether the relationship between poverty and educational attainment, for example, remains significant net of other characteristics.

Finally, we examine *characteristics* associated with poverty gaps over time between Whites and Hispanics. We employ Fairlie decompositions to estimate the portion of the poverty gap due to differences in characteristics between two groups (for a detailed discussion, see Van Hook et al., 2004). Fairlie decompositions are expressed as a nonlinear equation

$$P_a - P_b = \left[\sum_{i=1}^{N_a} \frac{F(X_i^a \beta_b)}{N_a} - \sum_{i=1}^{N_b} \frac{F(X_i^b \beta_b)}{N_b} \right] + \left[\sum_{i=1}^{N_a} \frac{F(X_i^a \beta_a)}{N_a} - \sum_{i=1}^{N_a} \frac{F(X_i^a \beta_b)}{N_a} \right],$$

where N is the sample size for each group (N_a and N_b) (Fairlie, 2006). Similar to other decomposition methods, the Fairlie approach estimates what would happen to poverty if Hispanics as a group had higher mean levels of, for example, educational attainment and English language proficiency without also assuming Hispanics had the same *returns* to those characteristics as Whites. Unlike Blinder-Oaxaca decompositions—a common alternative approach—the Fairlie method was developed to analyze nonlinear outcomes.⁸ The equation

⁸ Although the general patterns are consistent across these models, the findings from the Fairlie decompositions are generally more conservative because the method averages results across 100 iterations. We also ran separate models for each comparison using the Blinder-Oaxaca

above allows the mean poverty rate to differ across two logistic functions (F) predicting the relationship between poverty and characteristics and coefficients for two groups. Fairlie decompositions feature other advantages. The calculation of the Fairlie estimates adjusts for differences in (a) the underlying size of the two groups being compared and (b) the distribution of characteristics between the two groups. The Fairlie method draws random subsamples of two groups to ensure both are equal in size. Then, the random subsamples are ranked according to each person's predicted probability of being in poverty to account for the contribution of group differences (in characteristics) to the poverty gap. Finally, the decomposition technique repeats the process, randomizes the ordering of the explanatory variables, and reports mean results across 100 replications.

Results

Descriptive Statistics

Since 1980, poverty rates have remained relatively stable among Hispanics even as the number and proportion of Hispanics has grown. In 1980, 21.4 percent of Hispanics heads of household (age 25 and older), or over 753 thousand households, lived in poverty. Thirty years later, the percent of Hispanics in poverty remained similar (22.1 percent, Figure 1), yet the number of households in poverty had increased to over 2.7 million (analyses not shown), more than a three-fold increase. The stable trend in poverty rates persisted even as immigration and natural increase contributed to Hispanic population growth and as Hispanic populations became increasingly diverse. Mexicans remain the largest group of both U.S.-born and foreign-born Hispanics and comprise the vast majority of undocumented Hispanic immigrants (Massey &

decomposition method (Jann, 2008) as well as a decomposition method (KHB) developed to address the problem of rescaling in nonlinear models (Kohler, Karlson, & Holm, 2011). The results (available upon request) closely mirror the Fairlie results.

Pren, 2012a). However, other Hispanic origin groups have grown in number, especially Central Americans (Massey & Pren, 2012b). By 2010, most (60 percent) immigrants from Latin America had arrived in the US after 1990 (analyses not shown). Yet, despite the presence of new waves of arrivals, poverty among Hispanics as a group did not increase. The relative stability in the Hispanic poverty rate appears to be driven by U.S.-born Hispanics.

[Figures 1 About Here]

Compared to the rest of the population, Hispanics have occupied a middle position between non-Hispanic Whites and non-Hispanic Blacks for decades, although Black and Hispanic poverty rates have converged over time (Firebaugh & Farrell, 2016; *author*). In our sample, among household heads age 25 and older in 1980, the poverty rate among Blacks (27.6 percent) exceeded the White poverty rate (9.0 percent) nearly three to one. At the time, the Hispanic poverty rate (21.4 percent) represented a relatively middle position between Black and White poverty (Figure 1). Importantly, poverty declined for all groups between 1980 and 2000, but increased slightly by 2010, concurrent with the Great Recession. Despite the gains represented by a falling poverty rate, Black poverty—which fell 10 percentage points between 1970 and 2007, before the Great Recession (analyses not shown)—remained nearly 2.5 times higher than White poverty by 2010 (Figure 1).

Multivariate analyses

Each of our multivariate models presents findings for each decade: 1980, 1990, 2000 and 2010. Echoing our descriptive findings, a very strong relationship between race/ethnicity and poverty is apparent (Table 2). However, consistent with research on the declining significance of race (Wilson, 2015) and Hispanic child poverty (Van Hook et al., 2004), we see that the magnitude of

the relationship appears to decline over time.⁹ The models also show the consistent importance of English language proficiency, and the reversal of U.S. nativity. In 1980, naturalized citizens were less often poor than their U.S.-born counterparts but by 2010, they were 20 percent more likely to be poor. Non-citizens have consistently been at higher risk of poverty than the U.S.-born, and their risk of being poor has increased over time. Notably, working in an immigrant job (low-wage occupations typically associated with immigrant workers) was associated with 1.3 times the odds of living in poverty in 2010 but roughly the same as working other jobs before 2010. The other explanatory variables in the models acted as we might anticipate: working outside of a professional occupation, fewer workers, fewer weeks of employment, being female, being younger, having completed less education, having more children, having a young child, and living outside of the suburbs are all associated living above the poverty threshold.

[Table 2 About Here]

Next, we consider what explains the gaps in poverty rates between Hispanics and Whites (Table 3). For example, English language proficiency accounts for a substantial portion of the White-Hispanic poverty gap. English proficiency matters at each time period and is tied to 22 percent of the *explained* difference in 2010 (1.8 percent out of the 8.1 percent total) in the Fairlie decomposition results.¹⁰ Notably, we can account for a much larger portion of the Hispanic-White poverty gap in recent years than in 1980. By 2010, the gap is primarily a function of

⁹ Differences across time were statistically tested by comparing 1980 and 2010 using t-tests, calculated as follows: $c_1 - c_2 / \sqrt{(\sigma\chi_1)^2 + (\sigma\chi_2)^2}$, where c_1 is the coefficient for the first model, c_2 is the coefficient for the second model, $\sigma\chi_1$ is the standard error corresponding to c_1 , and $\sigma\chi_2$ is the standard deviation corresponding to c_2 .

¹⁰ We present the explained difference in poverty gaps attributable to underlying differences in key characteristics between each set of groups. In Table 3, we display the net effects of the correlates of poverty we employ in our logistic regressions, and we summarize (see row labeled "Total") statistically significant effects with a p-value less than 0.01.

differences in the characteristics of Hispanic and White householders rather than race/ethnicity alone. In other words, knowing a householder's racial/ethnic identification (e.g., Hispanic or non-Hispanic White or Black) in 1980 was more informative about the household's likelihood of living in poverty than it was in 2010. These results echo the multivariate findings: racial/ethnic classification seems to decline as a correlate of poverty, net of compositional differences.

[Table 3 About Here]

The Hispanic-White gap *persisted* largely unchanged during between 1980 and 2010 (Table 3). Most of the persistent White-Hispanic gap (ranging from 11.6 to 13.5 percentage points across the decades) can be traced to differences in the two groups' characteristics. Taken together, three main differences in the two groups account for approximately half of the full White-Hispanic gap (regardless of the time period): having less than a high school education, having three or more children, and English language proficiency. Education is the key driver of differences in White-Hispanic poverty rates. Notably, the White-Hispanic educational attainment gap grew between 1980 and 2010, even as attainment rose among household heads in both groups. In retrospect, although a substantial education gap remains, rising education attainment among Hispanics may explain why Hispanic poverty did not increase over time. In addition, English language proficiency among householders helps explain the White-Hispanic gap. English may be more important among some Hispanic groups than others, however. Indeed, English proficiency improved among Puerto Rican and Cuban Hispanics in our sample but declined among Mexican and other Hispanics observed at each decade.

By 2010, three competing factors mattered more than in earlier decades and held the White-Hispanic poverty gap from widening or shrinking. On the one hand, single and noncitizen householders became more common among Hispanics than in earlier time periods. Given the

growing share of Hispanic householders who were non-citizens (24 percent in 1980 and 33 percent in 2010) or single (10 percent in 1980 and 20 percent in 2010), we would have expected Hispanic poverty to increase over time, absent other compositional shifts. On the other hand, the number of adult workers in Hispanic households (1.25 in 1980 and 1.31 in 2010) outpaced White households (1.14 in 1980 and 1.09 in 2010). It appears adult workers in Hispanic households roughly canceled out the poverty-inducing effects of single and noncitizen householders.

Looking ahead, two divergent futures await the White-Hispanic poverty gap: (a) rising educational attainment and smaller family sizes narrowing the gap as Hispanic householders rely on high numbers of adult workers or (b) rising poverty as Hispanic households are increasingly headed by single and noncitizen adults.

Discussion

We set out to better understand changes in Hispanic poverty over time relative to non-Hispanic Whites. We find Hispanics have poverty risks that are closer to Whites in 2010 than in 1980. We also find the persistent White-Hispanic poverty gap is, at least in part, attributable to demographic differences. Based on our results, the likelihood of living in poverty is less tied to being Hispanic in 1980 than in 2010, at which point poverty status operates primarily through Hispanic-White disparities in education and other correlates of poverty. Next, we discuss how we should characterize Hispanics' socioeconomic position relative to Whites.

We set out to understand the following question: *are the apparent drivers of differences in poverty by race/ethnicity due to rising disadvantages or a convergence of advantages across groups?* We find support for our *convergence of advantages* hypothesis because of poverty-reducing gains made by both Hispanic- and White-headed households. White poverty remained lower than Hispanic poverty at each point in time due, in part, to White householders' relative

advantage in educational attainment and family size. Hispanic poverty, however, would have been higher if not for gains on both of these poverty-reducing characteristics. Looking ahead, the potential for poverty reduction is greater among Hispanics households because so many such householders have lower education and larger families compared to Whites. In 2010, Hispanics reported the highest share of householders with less than a high school education (33 percent compared to 8 percent among Whites) and three or more children (19 percent compared to 6 percent among Whites) (analyses not shown). Holding other factors at current levels, if both groups make equal gains in educational attainment (say, a one-third reduction in householders with less than a high school degree) in years to come, poverty rates among Hispanic householders would fall relative to Whites.

We find only partial support for the *rising disadvantages* hypothesis because Hispanic householders' poverty-enhancing disadvantages (relative to Whites) are either in slow decline or offset by other factors. First, relative to Whites, Hispanic households remain disadvantaged by limited English language proficiency and citizenship status. Even these relative disadvantages, however, are not currently large enough to offset Hispanic households' major advantage compared to Whites (i.e., more adult workers per household); which kept Hispanic poverty rates from rising through 2010. Whether citizenship status will continue to disadvantage Hispanics depends on changes in immigration policy affecting Hispanic immigrants.

Based on the decomposition results, we can also describe how many Hispanic households enjoy poverty-reducing advantages. As discussed above, Hispanic poverty would have fallen if Hispanic characteristics more closely resembled those of White householders. We pinpoint six poverty-related factors along which the two groups differ: (1) educational attainment, (2) English language proficiency, (3) number of children, (4) lack of US citizenship, (5) number of adult

workers, and (6) number of adult workers. We also know how many Hispanic households report these risk factors, which helps further answer whether the study period is a time of rising disadvantages or a convergence of advantages between Hispanics and Whites. Table 4 splits the sample at each time period into Hispanic households reporting (a) two or fewer of the above factors (*advantaged Hispanics*) versus (b) three or more of the same factors (*disadvantaged Hispanics*). First, the Hispanic poverty rate is now on par with Whites among advantaged Hispanic households. Among this group, poverty fell from 12-13 percent in 1980 and 1990 to 10-11 percent in 2000 and 2010. These households kept poverty rates from increasing, and they represent a sizeable portion (approximately 60 percent) of Hispanic households in our study. In stark contrast, the remaining Hispanic households reported a consistently high (between 32 and 38 percent) poverty rate.

Hispanics as a group have made strides in keeping poverty from rising over the past 30 years, and a majority of Hispanic households enjoy a convergence of advantages with a typical White household. On balance, advantaged Hispanics report lower poverty largely because their characteristics are less associated with the determinants of poverty identified above. Although the weight of the evidence recommends optimism regarding the potential for a falling poverty rate, we also find cause for concern for cleavages within the Hispanic population. Indeed, a segment of Hispanic households face multiple risks associated with especially high poverty rates. As displayed in Table 4, a majority of these households were headed by noncitizens since 1990 and a majority also did not speak English very well. Moreover, very few (less than seven percent in 2010) of the multiply disadvantaged householders completed any college, and a third are headed by a single parent.

[Table 4 About Here]

The decomposition results presented rely on counterfactuals; namely, determining how much poverty rates would change if one group enjoyed the compositional advantages (e.g., more and better employment opportunities) of a second group. Of course, although the results are instructive and provide valuable insights into poverty trends along race/ethnicity lines, we cannot determine whether the trends observed through 2010 will hold in the future. Gains in educational attainment could, we suppose, translate into a drop in poverty rates as observed thus far, but we cannot be certain. It is possible the gaps in poverty between Whites and Hispanics could remain high if gains in educational attainment become stratified along racial/ethnic lines. For example, even if Hispanics enroll in post-secondary schools in greater numbers, the options available to these groups could be, on average, qualitatively different (and with lower expected earnings) than the options available to Whites. In addition to these limitations, the analyses use cross-sectional data. Longitudinal and nationally representative data with large Hispanic samples dating back to 1980, however, do not exist. Moreover, we do not assign legal status among non-citizens, a particularly disadvantaged group. This precludes us from directly analyzing the importance of being undocumented above and beyond the factors we know can disproportionately affect undocumented immigrants (e.g., education, citizenship, language proficiency, and working in an immigrant job). Despite these limitations, this paper presents a range of trends over a long period of time. The approach helps identify how trends in poverty have evolved and suggests explanations for such changes.

Understanding trends in Hispanic poverty is important for two related reasons. First, the Hispanic population will continue to grow and already comprises a rising proportion of the youth population. Understanding how demographic characteristics are related to poverty, both among Hispanics and in comparison to other groups, can help determine how similar (or different)

Hispanic poverty is compared to other groups. For example, it appears Hispanic poverty rates can fall with investments in human capital (educational attainment and English language learning) as well as legalization routes for noncitizens. Indeed, Hispanic immigrants who have been in the country a long time tend to report lower poverty rates. Orrenius & Zavodny (2013) observe a downward trend in poverty rates among Hispanic immigrants who arrived in earlier time periods, which suggests a road for socioeconomic assimilation evolving today. At the same time, research on White-Hispanic segregation trends suggests the potential for persistent and growing inequality between Whites and disadvantaged Hispanics (Firebaugh & Farrell, 2016; Iceland & Wilkes, 2006; Lichter, Parisi, & Taquino, 2012). Based on our results, if Hispanics with low educational attainment, limited English proficiency, and/or lack of US citizenship remain excluded from socioeconomic opportunities, then the White-Hispanic poverty gap may not drop in the foreseeable future.

Second, if we document what we already know about Hispanic poverty, such information can inform efforts to address poverty among Hispanic subgroups. These lessons could be applicable in current policy contexts, especially contentious immigration reform debates. For example, we know Hispanic women and youth tend to be in poverty more than others and that Hispanics (especially Mexicans and Central Americans) are overrepresented among undocumented immigrants. Lifting legal status restrictions alone is unlikely to address the challenges facing Hispanics whose odds of being in poverty are especially high. For example, undocumented Hispanic women with young children may face additional obstacles to climbing out of poverty aside from their immigration status, especially if they are single mothers. However, adjusting their legal status may open new opportunities. Such a change may be at the heart of President Obama's plan, announced on November 20, 2014, to extend temporary relief

Convergence and Disadvantage in Poverty Trends (1980-2010)

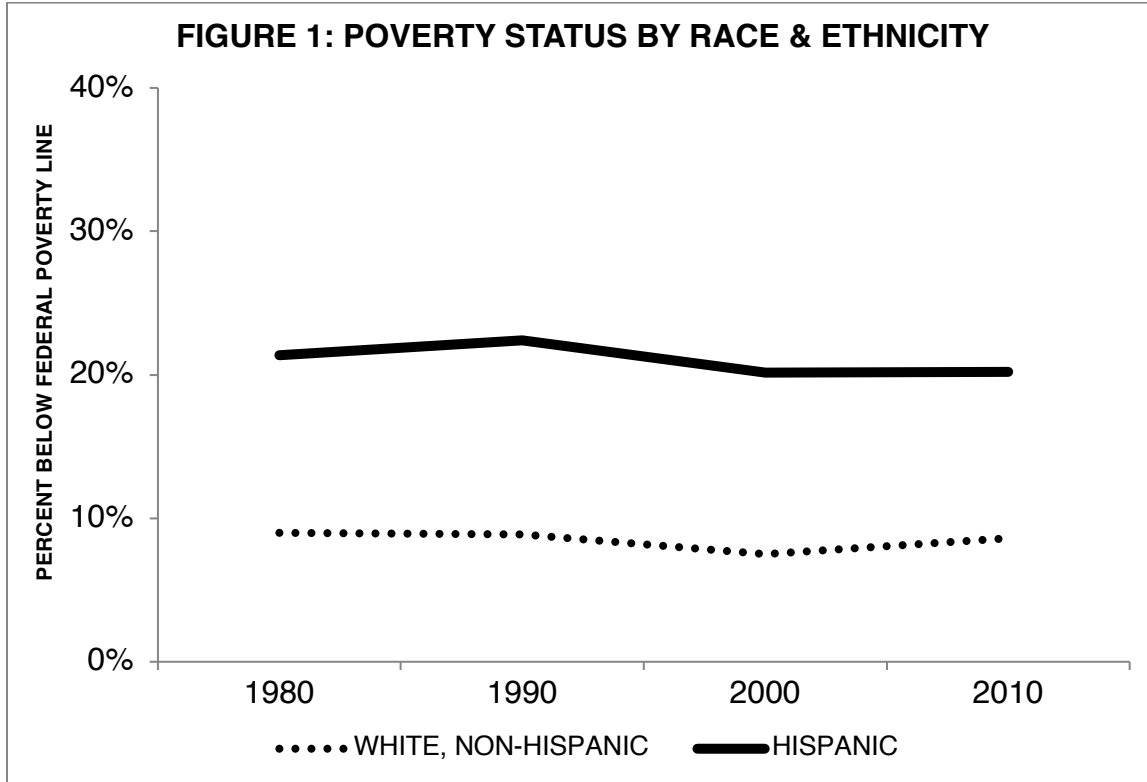
to undocumented immigrants willing to ‘play by the rules,’ that is, those who have been here more than five years or who have children with legal status, pass a background check, and pay taxes. Under such a rule, parents could safely (and without fear of deportation) access services for their children and enhance their own educational and occupational status. These, in turn, might help the nation realize declines in Hispanic poverty. However, with the current administration, these protections are in jeopardy and undocumented immigrants face an uphill battle in accessing services, and finding pathways to citizenship.

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Figure 1: White and Hispanic Poverty, 1980-2010



Caption: Authors' calculations of IPUMS data from Ruggles et al. (2015). Analysis sample of heads of household age 25 years and older (excludes group quarters). White figures reflect non-Hispanic populations. Hispanic figures include Hispanics of any race.

Table 1: Descriptive Statistics for All Variables Used in Multivariate Analyses

	1980 Total	1990 Total	2000 Total	2010 Total
Total households (millions)				
Unweighted	3.24	0.77	4.27	4.84
Weighted	64.84	75.24	83.86	89.65
	Percent	Percent	Percent	Percent
Poverty rate	9.66	9.84	8.77	10.16
Race/Ethnicity				
White, non-Hispanic	94.56	92.95	89.98	86.65
Hispanic, any race	5.44	7.05	10.02	13.35
Mexican	2.96	3.94	5.41	7.89
Puerto Rican	0.79	0.93	1.17	1.46
Cuban	0.41	0.49	0.55	0.65
Other	1.27	1.69	2.89	3.35
English language proficiency				
Does not speak English well	1.90	2.24	3.21	4.11
U.S. nativity				
U.S.-born, including territories	92.79	92.75	90.78	88.92
Naturalized citizen	4.75	3.91	4.60	5.37
Noncitizen	2.46	3.34	4.63	5.71
Employment				
Professional occupation	40.06	43.96	45.44	48.37
Immigrant job	8.64	8.65	10.48	9.39
0 adult workers in family	25.17	26.31	26.97	26.49
1 adult workers in family	42.26	38.42	39.71	41.45
2 adult workers in family	27.03	29.45	28.35	27.16
>2 adult workers in family	5.53	5.83	4.97	4.90
Householder employed 50+ weeks last year	55.56	54.78	55.91	54.68

Table 1 (continued): Descriptive Statistics for All Variables Used in Multivariate Analyses

	1980 Percent	1990 Percent	2000 Percent	2010 Percent
Gender				
Female	25.62	29.96	31.93	43.87
Age Group				
25-34	24.53	22.02	17.23	15.82
35-44	18.53	22.74	23.2	19.63
45-54	16.94	16.29	21.12	22.41
55-64	17.45	14.47	14.5	18.59
65-74	13.86	13.97	12.19	11.98
75+	8.68	10.5	11.75	11.56
Education				
Less than High School	32.86	20.81	14.86	11.33
High School, 12 years	31.76	31.18	37.65	35.50
Some College, 1-3 years	15.93	24.88	20.41	22.46
College, 4+ years	19.45	23.14	27.08	30.72
Marital status				
Married, spouse present	64.65	59.31	56.28	53.69
Married, spouse absent	0.86	1.04	1.32	1.85
Separated	2.40	2.44	2.44	2.65
Divorced	9.95	13.06	15.46	16.63
Widowed	13.72	13.30	11.97	10.65
Never married, single	8.43	10.85	12.53	14.54
Children in household				
None	52.86	56.14	58.31	60.12
One	18.06	18.88	18.04	17.52
Two	16.84	16.15	15.18	14.40
Three or more	12.24	8.83	8.47	7.96
No children under 5	87.23	87.33	88.72	89.66
Metropolitan area status				
Not in metro area	20.01	22.47	17.94	17.71
In metro area (outside central city)	33.09	31.01	31.46	31.56
In metro area (central city)	18.13	16.05	13.15	12.42
In metro area (other)	17.36	27.32	29.64	30.38
Metro status not identifiable	11.41	3.14	7.82	7.93

Caption: Authors' calculations of IPUMS data from Ruggles et al. (2015). Analysis sample of heads of household age 25 years and older (excludes group quarters).

Table 2: Odds Ratios Predicting Poverty Status (Household Heads)

VARIABLES	(1) 1980	(2) 1990	(3) 2000	(4) 2010
Race/ethnicity				
White, Non-Hispanic (<i>reference</i>)				
Hispanic, any race(s)	1.65***	1.58***	1.28***	1.31***
Speaks English not well or not at all	1.63***	1.58***	1.49***	1.82***
U.S. nativity				
U.S.-born, including territories (<i>reference</i>)				
Naturalized citizen	0.87***	0.93**	1.03**	1.20***
Noncitizen	1.26***	1.33***	1.29***	1.48***
Employment				
Professional occupation	0.66***	0.64***	0.69***	0.67***
Working in a typical 'immigrant job'	0.92***	1.09***	1.06***	1.30***
Number of adult workers in family	0.38***	0.33***	0.35***	0.24***
Head employed <50 weeks last year	4.01***	5.92***	6.25***	3.86***
Female	1.64***	1.67***	1.57***	1.56***
Age Group				
25-34	1.74***	2.26***	1.77***	1.97***
35-44	1.50***	1.88***	1.49***	1.55***
45-54	1.35***	1.74***	1.42***	1.51***
55-64 (<i>reference</i>)				
65-74	0.52***	0.42***	0.33***	0.35***
75+	0.61***	0.46***	0.30***	0.31***

Table 2 (continued): Odds Ratios Predicting Poverty Status (Household Heads)

VARIABLES	(1) 1980	(2) 1990	(3) 2000	(4) 2010
Education				
Less than High School	2.18***	2.54***	2.49***	2.39***
High School, 12 years	1.17***	1.31***	1.32***	1.31***
Some College, 1-3 years (<i>reference</i>)				
College, 4+ years	0.73***	0.59***	0.62***	0.60***
Family				
Married, spouse present (<i>reference</i>)				
Married, spouse absent	3.41***	3.12***	3.26***	3.75***
Separated	3.38***	3.36***	3.53***	4.22***
Divorced	2.46***	2.63***	2.80***	3.30***
Widowed	1.92***	2.03***	2.02***	2.15***
Never married, single	2.42***	2.63***	3.01***	3.70***
Number of Children Under 18				
None	1.08***	0.93***	0.95***	0.81***
One (<i>reference</i>)				
Two	1.58***	1.78***	1.63***	1.65***
Three or more	2.89***	3.58***	3.28***	3.50***
Presence of a child under age 5	1.54***	1.41***	1.40***	1.36***
Metro area status				
Not in metro area	1.97***	2.11***	1.79***	1.65***
Metro area, outside central city (<i>reference</i>)				
Metro area, central city	1.26***	1.28***	1.38***	1.41***
Other metro	1.33***	1.34***	1.25***	1.25***
Metro status not identifiable	1.77***	1.53***	1.59***	1.47***
Constant	0.02***	0.02***	0.02***	0.03***
Observations	308,569	65,245	368,516	341,578

Caption: *** p<0.001, ** p<0.01, * p<0.5 (two-tailed test). Standard errors in parentheses. Authors' calculations of IPUMS data from Ruggles et al. (2015). Analysis sample of heads of household age 25 years and older (excludes group quarters).

Table 3: Fairlie Decomposition Models

Hispanic-White Poverty				
	1980	1990	2000	2010
Gap	12.4%	13.5%	12.7%	11.6%
Change in Hispanic Poverty				
Variable	1980	1990	2000	2010
Speaks English not well or not at all	0.01941	0.01607	0.01115	0.01777
Foreign-born, naturalized citizen	-0.00072	n.s.	-0.00294	-0.00150
Foreign-born, noncitizen	n.s.	0.00606	0.00601	0.01252
Professional occupation	0.00392	0.00425	0.00555	0.00456
Working in a typical ‘immigrant job’	n.s.	0.00166	n.s.	0.00519
Number of adult workers in family	-0.01632	-0.02308	-0.01042	-0.03529
Head employed <50 weeks last year	0.00360	0.00368	0.00244	-0.01054
Female	0.00022*	n.s.	-0.00159	0.00032
25-34 years old	0.00422	0.00575	0.00433	0.00458
35-44 years old	0.00172	0.00237	0.00146	0.00178
45-54 years old	0.00043	0.00091	0.00015	0.00016
65-74 years old	0.00469	0.00729	0.00529	0.00522
75+ years old	0.00378	0.00717	0.00965	0.01053
Less than high school	0.01778	0.02352	0.02365	0.01992
High school, 12 years	-0.00223	-0.00410	-0.00393	-0.00279
College, 4+ years	0.00120	0.00318	0.00287	0.00479
Married, spouse absent	0.00131	0.00110	0.00185	0.00217
Separated	0.00518	0.00394	0.00492	0.00514
Divorced	0.00078	n.s.	-0.00283	-0.00380
Widowed	-0.00338	-0.00495	-0.00701	-0.00550
Never married, single	0.00115	0.00219	0.00342	0.00671
No children under age 18	n.s.	0.00413	-0.00192	0.00663
Two children under age 18	0.00258	0.00502	0.00464	0.00610
Three children under age 18	0.02354	0.02527	0.02218	0.02157
Presence of a child under age 5	0.00537	0.00387	0.00631	0.00430
Not in metro area	n.s.	n.s.	-0.00203	-0.00272
Metro area, central city	-0.00964	n.s.	n.s.	0.00279
Other metro	0.00265	n.s.	0.00132	0.00040
Metro status not identifiable	0.00062	n.s.	-0.00030	n.s.
Total ^a	7.2%	9.5%	8.4%	8.1%
Proportion of Gap Explained	58%	71%	67%	70%

Caption: P-values are <0.01 (two-tailed tests) unless otherwise noted (* p<0.05; “n.s.” denotes p>0.05). Authors’ calculations of IPUMS data from Ruggles et al. (2015). Analysis sample of heads of household age 25 years and older (excludes group quarters).

^a Total includes only coefficients with p-value <0.01

Table 4: Hispanic Poverty & Characteristics by Factors Associated with White-Hispanic Poverty Gap (1980-2010)

		1980	1990	2000
2 or fewer risk factors	Poverty rate	12.5%	13.0%	11.2%
	Speak English very well or only English	3.5%	3.7%	3.8%
	Some college or college graduate	33.3%	45.7%	43.7%
	Three or more children under 18	15.0%	11.8%	10.6%
	Multiple adult workers present	46.6%	48.6%	45.2%
	Noncitizen householder	7.3%	10.7%	9.5%
	Single	4.5%	7.4%	7.9%
3+ Risk Factors	Poverty rate	35.1%	37.7%	32.4%
	Speak English very well or only English	56.2%	56.0%	55.9%
	Some college or college graduate	3.5%	5.5%	5.2%
	Three or more children under 18	43.9%	40.0%	36.8%
	Multiple adult workers present	18.0%	24.2%	20.0%
	Noncitizen householder	49.6%	60.8%	62.8%
	Single	17.7%	22.9%	25.6%

Caption: Authors' calculations of IPUMS data from Ruggles et al. (2015). Analysis sample of heads of household age 25 years and older (excludes group quarters). The table is limited to Hispanic households in the sample. Households are displayed as two groups: (a) those reporting 2 or fewer of the top six factors from decomposition results accounting for the White-Hispanic poverty gap; and (b) those reporting 3 or more of the same factors.

Appendix A: Blinder-Oaxaca Decomposition Models

Hispanic-White Poverty				
	1980	1990	2000	2010
Gap	12.4%	13.5%	12.7%	11.6%
Change in Hispanic Poverty				
Variable	1980	1990	2000	2010
Speaks English not well or not at all	0.00945	0.00889	0.01900	0.02909
Foreign-born, naturalized citizen	-0.00192	-0.00173	0.00086	0.00300
Foreign-born, noncitizen	0.00773	0.00901	0.00984	0.00655
Professional occupation	0.00382	0.00363	0.00290	0.00334
Working in a typical ‘immigrant job’	-0.00159	n.s.	0.00032	0.00288
Number of adult workers in family	-0.00533	-0.00983	-0.00507	-0.01326
Head employed <50 weeks last year	0.00442	0.00602	0.00671	-0.00673
Female	0.00035	0.00029*	0.00009	0.00036
25-34 years old	0.00224	0.00404	0.00299	0.00332
35-44 years old	0.00066	0.00108	0.00074	0.00073
45-54 years old	0.00033	0.00025	-0.00039	-0.00019
65-74 years old	0.00454	0.00620	0.00606	0.00608
75+ years old	0.00210	0.00562	0.01007	0.01031
Less than high school	0.01596	0.02405	0.02676	0.02909
High school, 12 years	-0.00061	-0.00083	-0.00086	-0.00056
College, 4+ years	0.00076	0.00186	0.00265	0.00392
Married, spouse absent	0.00185	0.00165	0.00188	0.00291
Separated	0.00533	0.00484	0.00398	0.00514
Divorced	0.00061	n.s.	-0.00141	-0.00258
Widowed	-0.00349	-0.00358	-0.00248	-0.00258
Never married, single	0.00058	0.00132	0.00171	0.00502
No children under age 18	0.00045	0.00334	0.00295	0.00539
Two children under age 18	0.00116	0.00215	0.00215	0.00233
Three children under age 18	0.01030	0.01193	0.00965	0.00873
Presence of a child under age 5	0.00276	0.00205	0.00175	0.00171
Not in metro area	-0.00130	-0.00400	-0.00114	-0.00115
Metro area, central city	-0.00588	-0.00318	-0.00195	-0.00140
Other metro	0.00169	0.00052	0.00082	0.00029
Metro status not identifiable	0.00052	0.00069	-0.00055	-0.00063
Total ^a	5.7%	7.6%	10.0%	10.1%
Proportion of Gap Explained	46%	56%	79%	87%

Caption: P-values are <0.01 (two-tailed tests) unless otherwise noted: * p<0.05 or “n.s.” (p>0.05). Authors’ calculations of IPUMS data from Ruggles et al. (2015). Analysis sample of heads of household age 25 years and older (excludes group quarters).

^a Total includes only coefficients with p-value <0.01