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# HISPANIC POOR AND THE EFFECTS OF IMMIGRATION REFORM

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## I. INTRODUCTION

No single statistic or number describes the Hispanic condition. If we look at the demographics of Hispanics, we find that they are relatively younger, more urbanized and concentrated in geographic regions, and less educated than most United States residents. Approximately 36 percent of Hispanics are under the age of 18. A shocking 41 percent of Hispanics have only an elementary school education or less.

If we look at today's employment rate for Hispanics, we find relatively little improvement since the early 1970's. Through good economic times and bad, Hispanics suffer from higher rates of unemployment than Whites, and have fared only slightly better than Blacks.

An examination of changes in median family income and the poverty rate during the 1970's and 1980's provides perspectives on the changes experienced by Hispanics in the U.S. economy. The demographic and unemployment figures indicate potential economic distress in the Hispanic community. Further, data regarding the earnings of Hispanics point to a definitely distressing situation. Financially, Hispanic families are falling further behind. In 1978, 2.5 million Hispanic families lived in poverty, and the median Hispanic family income was \$21,119.<sup>1</sup> In 1986, with 5.1 million Hispanic families in poverty, the median family income was \$19,995.<sup>2</sup> In 1986, 11 percent of Whites were living in poverty according to U.S. standards. Comparatively, 31 percent of Blacks and 27 percent of Hispanics were also living in poverty. The 1986 poverty rate for Whites had only increased 2 percent since 1978. Meanwhile, during the same period the 1986 poverty rate for Blacks remained constant, but the Hispanic poverty rate dramatically increased by 5

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1. This median income is measured in 1986 dollars.

2. U.S. Bureau of the Census, P-60, no. 157 (1986).

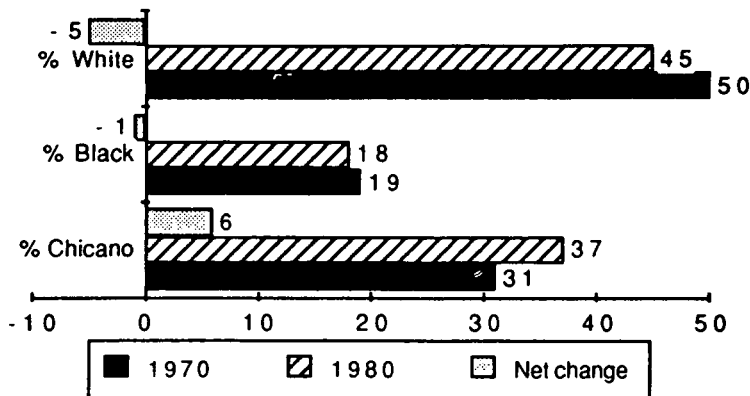
percent from 1978 to 1986. This growing rate of poverty among Hispanics is alarming.

The Southwest, which is comprised of Arizona, California, Colorado, New Mexico, and Texas, contains the major locus of Hispanic poor. A significant portion of this ever increasing underclass are people who immigrated to the U.S. from Mexico over the last decade. The following discussion focuses on Chicano poverty in the Southwest and the potential discriminatory effect of the legalization process under the Simpson-Rodino Immigration Reform and Control Act of 1986, which threatens to further increase the poverty rate in the Hispanic community.

## II. POVERTY AND FAMILY STATUS

Of the families living in the Southwest in 1980, more than 9 percent were classified as poor, an increase in relative poverty of 13.4 percent since 1970. According to U.S. Census reports, the number of families living in poverty in the Southwest grew from 915,790 in 1970 to 1,038,695 in 1980. Chicano families represent 37 percent of the total poor families in the Southwest. As Graph 1 indicates, the highest net increase in poverty levels between 1970 and 1980 was experienced by Chicano families.

Graph 1. Relative Distribution of Poverty among Ethnic/Racial Groups in the Southwest as a Percentage of All Poor Families, 1970 and 1980



Source: 1970 and 1980 Censuses of Population for Arizona, California, Colorado, New Mexico, and Texas.

While Chicanos showed an increase of 6 percent, the distribution of Black families below the poverty level decreased by 1 percent, and Whites realized a decrease of 5 percent. This trend from 1970 to

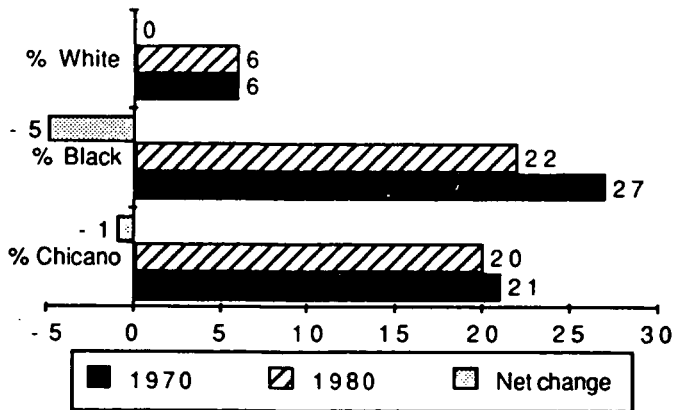
1980 signals a shift of the poverty burden to the Chicano community.

Individuals living in larger families below the poverty level tend to suffer poverty longer. The large number of dependents reduces geographic mobility thereby hindering the search for improved housing and employment. Furthermore, the total household subsistence costs increase as the number of young children in the household increases.

Average family size in the Chicano community has decreased only slightly from 4.89 members in 1970 to 4.26 members in 1980. However, these households remain larger than their Black and White counterparts and include more related children under the age of 18. Real per capita income for Chicano families averaged \$406<sup>3</sup> in 1980, compared to \$412 for Black families and \$450 for White families.<sup>4</sup> Real per capita income has declined for Chicanos by \$20 from 1970 to 1980. Black per capita income declined \$4 during the same period. White households, however, experienced an increase in per capita income of \$16. Thus, the larger size of the Chicano households reduces available income for each household member.

Graph 2 indicates that blacks experienced the highest relative concentration of poverty in both 1970 and 1980. Yet, by 1980 both Blacks and Chicanos shared similar levels of poverty. The 6 per-

Graph 2. Relative Concentration of Poverty within Racial/Ethnic Groups in the Southwest, 1970 and 1980



Source: 1970 and 1980 Censuses of Population for Arizona, California, Colorado, New Mexico, and Texas.

3. This figure is measured in 1967 dollars.  
 4. See Table 1.

cent rate of poverty experienced by Whites suggests that their likelihood of being poor is significantly lower than Chicanos and Blacks.

### III. LABOR MARKET EXPERIENCES

According to the Bureau of Labor Statistic's report for the second quarter of 1987, of the nation's 64 million families, 81 percent contained at least one employed member. Within 48 million families, at least one member worked full-time. Of the 31.9 million families with children under the age of 18, 60 percent of the mothers were employed outside the home. Median weekly earnings in families with two or more wage and salary workers averaged \$741, more than twice the weekly income of those families with only one wage earner, averaging \$353.

In 1987, Hispanic families with two or more members working demonstrated a median weekly income of \$580, the lowest in the nation. Black families with two or more working members averaged \$626, and Whites averaged \$754. Among Hispanic families, those with a female head of household had median weekly earnings of \$295, while those with a male head of household had median weekly earnings of \$391. Thus, overall Hispanics earn less than Blacks or Whites living under similar circumstances.

In part, Hispanics earn less because of high unemployment. In 1982 the average annual rate of unemployment for Chicanos 16 years old and over in the civilian labor force was 13.3 percent, compared to 9.5 percent for non-Hispanics.<sup>5</sup> The average annual unemployment rate for Chicano males was 13 percent, while Chicana females averaged 13.9 percent in 1982. During 1986, 125.8 million persons held jobs. This indicates an improvement over the 123.5 million persons employed in 1985, but the improvement did not reach the Chicano community. Most of the growth represents an increase in the full-time employment of Whites year round. Only Whites experienced a substantial decline in unemployment; joblessness among them fell from 15.6 to 15.0 percent between 1985 and 1986. On the other hand, the proportion of Hispanics experiencing unemployment was very high, an almost unchanged 22 percent.

Some researchers suggest that the aggregate rate of unemployment among Chicanos is both higher and more sensitive to downturns in the economy than it is for Whites.<sup>6</sup> Consequently, there is a concern that Chicanos are restricted to sectors inherently high in unemployment, experiencing higher rates of persistent unemploy-

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5. U.S. Bureau of the Census, Current Population Survey Reports, Series P-20, No. 396 *Persons of Spanish Origin in the United States: March 1982* (1985).

6. Garcia, P., *An Evaluation of Unemployment and Employment Differences Between Mexican Americans and Whites: The Seventies*, 20 Soc. Sci. J. 1, 51-62 (1983).

Table 1. Major Characteristics of Poor Persons, Southwest, 1970 and 1980

	White			Black			Chicano		
	1970	1980	1970	1980	1970	1980	1970	1980	
Mean family income real 1967 \$	\$1,962 1,706	\$3,561 1,426	\$2,162 1,862	\$3,800 1,524	\$2,392 2,062	\$4,314 1,730			
Number of poor persons	1,607,812	2,354,219	763,676	877,536	1,390,606	1,945,572			
Mean size of family	3.93	3.17	4.52	3.70	4.89	4.26			
Income per capita (1 + 3) real 1967 \$	\$499 434	\$1,123 450	\$478 416	\$1,027 412	\$489 426	\$1,013 406			
Mean number of related children under 18	2.98	2.29	3.41	2.45	3.45	2.69			

Source: 1970 Census, General Social and Economic Characteristics, Table 56, State Reports; Arizona, California, Colorado, New Mexico, Texas.

1980 Census, General Social and Economic Characteristics, Table 104, State Reports.

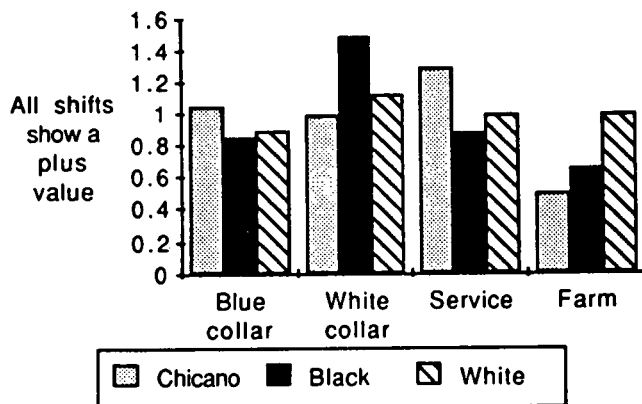
1980 Census, Detailed Population Characteristics, Table 250, State Reports.  
California Almanac, 1984-85, Table 15.2.

ment within major occupational groups than their non-Hispanic counterparts.

#### IV. OCCUPATIONAL SEGREGATION

That occupational segregation occurs among racial and ethnic groups is not a new proposition.<sup>7</sup> However, empirical data reflecting labor market segregation is limited and difficult to assess. Nonetheless, Graph 3<sup>8</sup> supports the theory that, historically, Chicanos have been concentrated primarily in blue-collar and service sector jobs. This concentration in such jobs has significantly impacted the Chicanos aggregate lower income levels. Furthermore, unlike

Graph 3. Index of Occupational Shift  
between 1970 and 1980 by Race/Ethnicity in the Southwest



An example of how the occupational shift index was calculated: Blue-collar index = (Total Number Blue Collar/Total Experienced Labor Force) 1980 divided by (Total Number Blue Collar/Total Experienced Labor Force) 1970. Blue-collar, white-collar distinctions are defined in the 1970 Census of Population.

Blacks and Whites in the Southwest, there has been virtually no movement to increase Hispanic participation in white-collar, professional or managerial employment.

Residence and workplace are intimately related. Job concentration correlates with geographic concentration, and this relation-

7. Sullivan, T., *Mexican Immigrants and Mexican Americans: An Evolving Relation* (1986).

8. This graph presents an index of occupational shifts in the Southwest between 1970 and 1980.

ship appears to affect poverty status.<sup>9</sup> According to 1980 Census data, Hispanic and non-White workers lost earnings in labor markets with a large share of minority residents. This relationship was especially pronounced for Black men. "That college educated Whites gained most from minority concentration emphasizes how both ascribed [race] and achieved [education] identifiers must coincide to generate White earnings advantages. Considered by themselves, neither racial nor educational divisions explain fully how earnings disparities are accentuated by the ethnic composition of labor markets."<sup>10</sup> Other data suggest that the most important single reason for lower Chicano and Black family incomes was the lower wage rates, even after differences in age, education, and geographic distribution were controlled.<sup>11</sup>

One overview of the Hispanic wage trends suggests that wage differentials may play an important role in Chicano poverty levels. Table 2 shows earning ratios among Hispanic, Black, and White workers between 1979 and 1984.<sup>12</sup> The Hispanic-White earnings ratio is lower than the Black-White earnings ratio, holding gender constant. Furthermore, since 1982, the overall Hispanic ratio and the Black ratio have experienced a steady decline.

#### V. GENDER DIFFERENCES: A CRITICAL FACTOR

Earnings ratios defined by gender lines differ considerably for various racial groups.<sup>13</sup> White women earn almost 66 percent of what White males earn. However, Hispanic and Black women face earnings differentials of between 76 and 80 percent of their male counterparts. Furthermore, median hourly earnings of Hispanic women are lower than those of Black or White women — only 92.9 percent of White female earnings in 1984.

Changing gender roles among Chicano families significantly affect their poverty levels, along with Chicano labor market experiences.<sup>14</sup> In the Southwest more women became head of households between 1970 and 1980.<sup>15</sup> Even so, there are differences by ethnicity and race with respect to the proportion of poor women in each group. The relative changes between 1970 and 1980 poverty levels

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9. Tienda, M. and Lii, D., *Minority Concentration and Earnings Inequality: Blacks, Hispanics, and Asians Compared*, 93 *Amer. J. Soc.* 141 (1987).

10. *Id.* at 141.

11. Reimers, C., *Sources of Family Income Differentials Among Hispanics, Blacks and White Non-Hispanics*, 89 *Amer. J. Soc.* 889 (1984).

12. Mellor, E., and Haugen, S., *Hourly Paid Workers: Who They Are And What They Earn*, *Monthly Labor Review* (Feb. 1986).

13. See Table 2.

14. Zinn, M., *Employment and Education of Mexican American Women: The Interplay of Modernity and Ethnicity in Eight Families*, 50 *Harv. Educ. Rev.* 47 (1980).

15. See Graph 4.



Table 2. Median Hourly Earnings of Workers Paid Hourly Rates by Sex, Race, and Hispanic Origin, 1979-1984 Annual Averages

Median Hourly Earnings	1979	1980	1981	1982	1983	1984
Total	\$4.48	\$4.91	\$5.27	\$5.46	\$5.66	\$5.95
Men	5.73	6.28	6.72	6.99	7.08	7.27
Women	3.66	4.01	4.35	4.65	4.89	5.08
White	4.55	4.97	5.30	5.51	5.74	6.02
Men	5.89	6.42	6.84	7.14	7.21	7.39
Women	3.66	4.02	4.36	4.66	4.89	5.09
Black	4.20	4.49	5.01	5.17	5.27	5.43
Men	5.03	5.30	5.93	6.11	6.09	6.28
Women	3.60	3.94	4.27	4.52	4.79	4.99
Hispanic origin	4.16	4.48	4.90	5.13	5.23	5.39
Men	4.88	5.14	5.45	5.80	5.92	6.17
Women	3.45	3.84	4.15	4.41	4.46	4.73
Earnings ratios (%)						
Female-to-male	63.9	63.9	64.7	66.5	69.3	69.9
White	62.1	62.6	63.7	65.3	67.8	68.9
Black	71.6	74.3	72.0	74.0	76.7	79.5
Hispanic	70.7	74.7	76.1	76.0	75.3	76.7
Black-to-White	92.3	90.3	94.5	93.8	91.8	90.2
Men	85.4	82.6	86.7	85.6	84.5	85.0
Women	98.4	98.0	97.9	97.0	98.0	98.0
Hispanic-to-White	91.4	90.1	92.5	93.1	91.1	89.5
Men	82.9	80.1	79.7	81.2	82.1	83.5
Women	94.3	95.5	95.2	94.6	91.2	92.9

Source: Mellor and Hangan, *Monthly Labor Review*, February 1986.

for Black, White and Hispanic women also differ.<sup>16</sup> Over 40 percent of all Chicana and Black female headed families were poor in 1980, whereas only 18 percent of White female headed households in the Southwest were poor. There was a 17 percent net decrease of White women in poverty between 1970 and 1980 in the Southwest. Comparatively, there was a net increase of 10 percent for Chicanas and 7 percent for Black women living in poverty during the same ten year period of 1970 to 1980. Therefore, Chicana and Black women in the Southwest suffer a disproportionately high rate of poverty relative to White women. This evidence suggests that changing family structure among Chicano families may be an additional critical variable in explaining the increased levels of Chicano poverty.

## VI. THE IMPACT OF IRCA

Given the changes in family structure, occupational and geo-

16. See Graph 5.

graphic concentration, and rapid growth of the Hispanic community, the increasing trend of Chicano poverty will grow worse without immediate policy interventions to ameliorate the situation. The solutions to reversing the poverty trends are complex. However, the economic indicators that describe the problems can be influenced by modern political and legal institutions. For example, changing laws relating to health care, education, and welfare would prove helpful. It is particularly important to assess the potential impact of the Immigration Reform and Control Act (IRCA),<sup>17</sup> given the increased number of immigrants from Mexico who constitute a growing portion of the poor Chicano community.

According to several conservative estimates, 2 million undocumented workers have entered and now reside in the U.S. Over half of these workers live in California, with the highest concentration in Los Angeles. Almost 75 percent of California's undocumented population is of Mexican origin. These Mexican born immigrants are predominantly young adults. About 21 percent are under the age of 15 and 70 percent are between the ages of 15 and 39. This relatively young undocumented population is 55 percent male. At ages over 40, however, the undocumented population becomes progressively more female.<sup>18</sup>

The "undocumented problem" is one primarily of undocumented Mexicans located in the Southwest, primarily in California. The demographic profile of this group reflects a younger age distribution than is found in the general population, but is similar to the current demographic profile of the Hispanic household. As more of these immigrants are granted legal status, the likelihood of Chicano poverty increases. The problems associated with occupational and geographic concentration and segmentation predictably increase as well.

Many American citizens maintain a general apprehension that increasing numbers of undocumented workers will strain the public welfare system. Several studies indicate that immigrants (particularly undocumented, short-term, and cyclical workers) seldom make use of public services.<sup>19</sup> Nonetheless, IRCA makes it more difficult for immigrants, as opposed to U.S. citizens, to obtain poverty.

Both the number and the amount of time that Chicanos live in

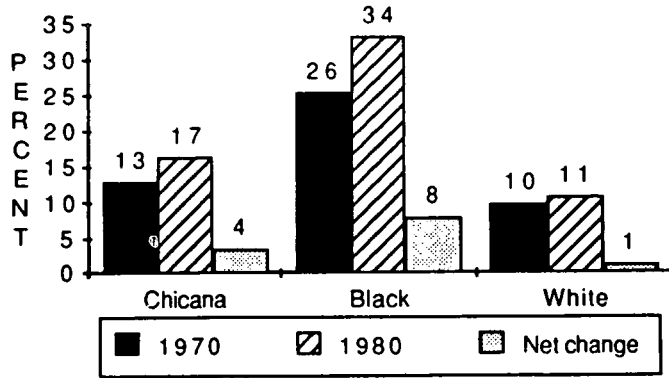
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17. 8 U.S.C. section 1324 (1987).

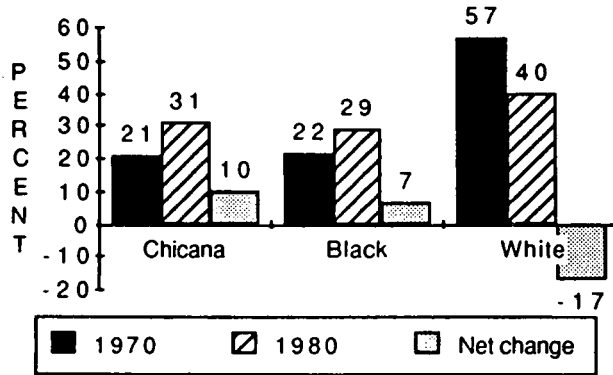
18. A unique situation occurs in the border cities of Texas. Although large numbers of undocumented workers may be identified in Texas border towns at any given time, this population is largely migratory, and does not permanently reside in the Texas cities, unlike the immigrants who travel to the Los Angeles area.

19. McCarthy, K., and Valdez, R., *Current and Future Effects of Mexican Immigration in California* (May 1986); Borjas, G. and Tienda, M., *The Economic Consequences of Immigration*, 235 *Science* 645 (1987).

Graph 4. Trends in the Percentage of Female Heads of Households in the Southwest, 1970 and 1980



Graph 5. Distribution of Poor Female-Headed Households by Racial/Ethnic Groups in the Southwest, 1970 and 1980



Source for Graphs 4 and 5: 1970 Census, General Social and Economic Characteristics, Table 58, State Reports: Arizona, California, Colorado, New Mexico, and Texas. 1980 Census, General Social and Economic Characteristics, Table 104, State Reports. 1980 Census, Detailed Population Characteristics, Table 250, State Reports. California Almanac, 1984-85, Table 15.2.

poverty will be directly affected by the implementation of IRCA section 121. Section 121 amends the Social Security Act, by imposing a verification of immigration status requirement in order for applicants to qualify for AFDC, Medicaid, Unemployment Compensation, and Food Stamp programs. Financial assistance for housing under Section 214 of the Housing and Community Development Act of 1980 and the program of grants, loans, and work assistance under Title IV of the Higher Education Act of 1965 were amended in a similar fashion by various IRCA provisions.<sup>20</sup>

If implemented as intended, the Systematic Alien Verification for Entitlement Program (SAVE)<sup>21</sup> will track individual use of social services by immigrant status. This provides the basis for limiting services not only to documented individuals, but also to selected individuals who have entered the U.S. under the amnesty provision of IRCA. Thus, the requirement of immigration status verification has the effect of restricting access to certain public services by non-U.S. citizens, and favoring those who choose to enter the legalization process. For example, the federal AFDC program provides benefits to temporary, permanent, and special agricultural workers. However, with certain exceptions, temporary and permanent residents are excluded from Medicaid eligibility: the aged, the blind, the disabled, "aliens" under 18, Cuban or Haitian immigrants who receive Refugee Medical Assistance, and emergency and other services for children and pregnant women. Comparatively, citizen restrictions for eligibility are applied to Food Stamp use.<sup>22</sup>

Although state and local public assistance programs may provide services to non-U.S. citizens, many of these facilities are facing ever-dwindling resources and greater caseloads. County hospitals, which are the major providers of care for indigent patients, are most severely affected. It thus becomes highly unlikely that local and regional programs can satisfy the federal public welfare needs of those excluded under IRCA. Because of the potential cost to states with large numbers of eligible entrants, Congress included IRCA Section 204, the State Legalisation Impact Assistance Grants<sup>23</sup> (SLIAG), to offset the additional strain on local and state health, education and welfare programs. Beginning with the 1988 fiscal year and continuing each year thereafter, one billion dollars has been allocated by the federal government in order to administer and

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20. See e.g. 20 U.S.C. 1091.

21. Immigration Reform and Control Act of 1986, P.L. NO. 99-603, § 204, 100 Stat. 3359, 3405-3411.

22. National Center for Immigrants' Rights, Chart of Public Benefit Eligibility for Temporary and Permanent Residents under the Immigration Reform and Control Act of 1986.

23. Immigration Reform and Control Act of 1986, P.L. No. 99-603, § 204, 100 Stat. 3359, 3405-3411.

provide needed programs at the state and local level. California, as a major center of potentially eligible legalized aliens, has been allocated \$233.59 million, roughly 50 percent of the SLIAG funds for the first half of the 1988 fiscal year.<sup>24</sup> The extent to which the SLIAG funds can provide an adequate cushion to state health, education, and welfare programs servicing this new population remains to be seen. However, even if these programs are adequately funded, the critical question remains whether the eligible legalized aliens will take advantage of these programs.

Legalized aliens may not take advantage of the need-based programs. A critical criterion in obtaining U.S. citizenship for eligible legalized aliens is their ability to prove that they will not become a public charge. Historically, the federal poverty income line was used to determine who was a public charge. Those who fell under the poverty line were likely to become public charges. Congress anticipated that many of the new eligible immigrants would fall below the federal poverty level. Thus, under IRCA, "history of employment" has replaced the importance of the poverty guideline. "Applicants whose income is well below the poverty guidelines will not be automatically ineligible for legalization provided they can show a history of self-support without receipt of public cash assistance."<sup>25</sup>

A "catch-22" situation exists for eligible legalized aliens who need public assistance. On one hand, short term use of public assistance programs may be essential to their traversing the poverty line. At the same time, however, their use of cash-based programs could signal to the INS that they are potential public charges, possibly jeopardizing citizenship.

Unless these eligible legalized aliens are able to distinguish between cash and non-cash need-based programs, they are not likely to fully utilize health, education, and welfare programs available to them under SLIAG funding. As a result, programs available under IRCA may be significantly diminished. Thus, it is important to assess the adequacy of these programs and whether they meet the needs of the impoverished immigrant population.

Many may choose to use such programs only during a severe economic or health crisis in order to avoid the potential being labeled a public charge. However, as long as eligible legalized aliens are fearful or misinformed of their rights and do not use the need-

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24. Fed. Reg. 30211 (August 13, 1987).

25. National Center for Immigrants' Rights, *Likely to Become a Public Charge As a Ground for Exclusion from Legalization*, 3. Although the regulations, such as AFDC regulations, link public cash assistance to the likelihood of becoming a public charge, noncash assistance programs are not to be considered by the INS. Noncash programs would include certain medical services, foodstamps, and public housing, where payment was administered through the appropriate agency.

based programs, accurately assessing the adequacy of these programs will be impossible.

Limiting access to public health, education and welfare programs for potential citizens who are near or below the poverty line relegates a significant and growing number of Hispanics, particularly those of Mexican origin, to a life in the lower income class. Such limitations are undeserved during a time when the Hispanic population continues to make significant contributions to society. Many Hispanic organizations and entrepreneurs are providing labor and energy needed in order to improve markets and Hispanic entry thereto. Hispanic voters are growing in unity of purpose and political effectiveness. However, IRCA and ascending poverty rates continue to polarize the Chicano poor, deterring Hispanic progress and forcing Hispanics to bear an increasingly large burden of society's poor.

The level and distribution of Chicano poverty will also be impacted by IRCA's attempt to prevent continued undocumented Mexican immigration. Mexico's rising debt to foreign countries, its dependency on foreign oil, and its underdeveloped industrial sector combined with hyperinflation and a stagnating agricultural sector have created an extremely weak economic base. Mexico's economy cannot absorb its rapidly growing unemployed population. Thus, the push factors for Mexican immigration to the U.S. are both overwhelming and relentless. The net impact on Chicano poverty levels is an increase in the number of undocumented workers and a decrease in the benefits and resources available to that growing poverty stricken community. Increased employer penalties and enforcement of legal status verification procedures under IRCA for most need-based programs therefore could be devastating to the health and welfare of the undocumented workers. Undocumented workers virtually will be forced to retreat even further into the "underground" communities, thereby preventing even sketchy appraisals of their economic situation or the adequacy of benefit programs, forcing policy analysts to rely more on conjecture rather than actual evidence.

Available data suggest a rise in absolute and relative Chicano poverty levels, anticipating the detrimental effect of the implementation and enforcement of IRCA. The emergence of a new underclass of legalized Chicano poor, and the continued flow of a more oppressed and hidden group of undocumented workers are the direct and almost inevitable result of IRCA. The disparate impact that IRCA will have on the Chicano community should be monitored, acknowledged, and eliminated before the Chicano poor and undocumented immigrants are sentenced to life in a Third World: the poverty stricken barrios of the U.S.