

DOCUMENT RESUME

ED 360 465

UD 029 424

AUTHOR Perez, Sonia M.; Martinez, Deirdre
 TITLE State of Hispanic America 1993: Toward a Latino Anti-Poverty Agenda.
 INSTITUTION National Council of La Raza, Washington, DC. Office of Research Advocacy and Legislation.
 PUB DATE Jul 93
 NOTE 52p.
 PUB TYPE Reports - Evaluative/Feasibility (142)

EDRS PRICE MF01/PC03 Plus Postage.
 DESCRIPTORS Affirmative Action; Children; Civil Rights; Disadvantaged Youth; Economically Disadvantaged; Educational Attainment; Elementary Secondary Education; Equal Education; *Equal Opportunities (Jobs); Fatherless Family; *Hispanic Americans; Housing; *Policy Formation; *Poverty; *Public Policy; Racial Discrimination; *Urban Problems
 IDENTIFIERS *Latinos

ABSTRACT

With this report the National Council of La Raza begins to formulate a coherent framework for assessing proposed solutions to the problems of Hispanic American poverty. Poverty among Hispanic Americans is persistent and severe. More than one in four Hispanic Americans and two in five Hispanic children are poor. This discussion of the dimensions of Latino poverty reveals that the disadvantaged economic situation can be explained largely by the poverty of the four groups: the working poor; female-headed households; Puerto Ricans; and children. The outcomes of the following four public policy strategies on Hispanic poverty are considered: (1) equalizing educational attainment; (2) eliminating the effects of employment discrimination; (3) making work more rewarding; and (4) guaranteeing affordable housing. Other issues cannot be ignored, but anti-poverty approaches that address these four issues have the potential to reduce the number of Hispanic poor significantly. In addition, these strategies are amenable to statistical analysis to determine their real effects. Of the four approaches, equalizing educational attainment appears to have the most significant effect on poverty. Looking beyond the traditional civil rights issues to broader policy concerns will benefit the Hispanic American community. Nine figures illustrate the report. (SLD)

 * Reproductions supplied by EDRS are the best that can be made *
 * from the original document. *

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION
CENTER (ERIC)

This document has been reproduced as received from the person or organization originating it.
 Minor changes have been made to improve reproduction quality.

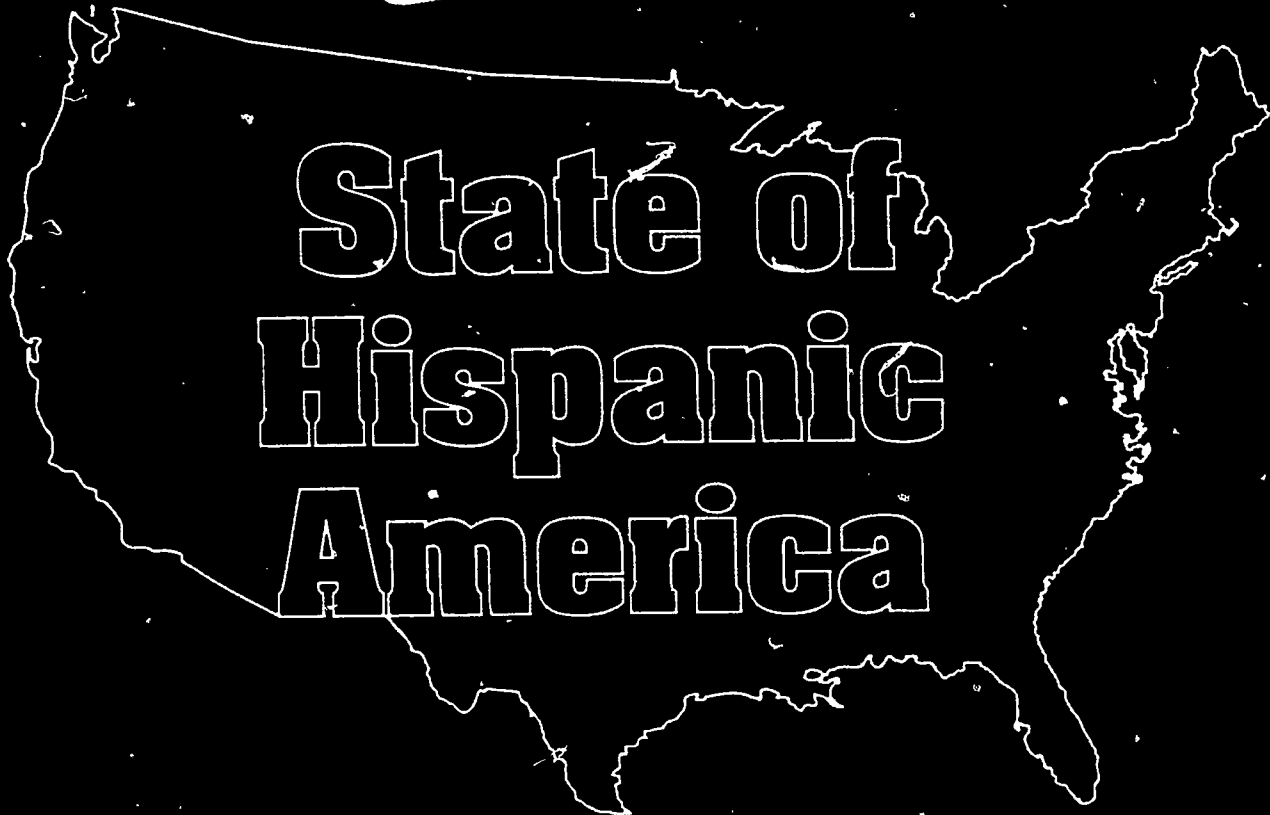
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

A. Escudero

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

ED360465



State of Hispanic America

Toward A Latino Anti-Poverty
Agenda

BEST COPY AVAILABLE

421 5204

THE NATIONAL COUNCIL OF LA RAZA (NCLR)

The National Council of La Raza (NCLR), the largest constituency-based national Hispanic organization, exists to improve life opportunities for the more than 22 million Americans of Hispanic descent. In addition to its Washington, D.C. headquarters, NCLR maintains field offices in Los Angeles, California; Phoenix, Arizona; McAllen, Texas; and Chicago, Illinois. NCLR has four missions: applied research, policy analysis, and advocacy on behalf of the entire Hispanic community; capacity-building assistance to support and strengthen Hispanic community-based organizations; public information activities designed to provide accurate information and positive images of Hispanics; and special innovative, catalytic, and international projects. NCLR acts as an umbrella for 160 affiliates — Hispanic community-based organizations which together serve 37 states, Puerto Rico, and the District of Columbia, and reach more than two million Hispanics annually.

The Poverty Project

The Poverty Project serves as NCLR's base for information and advocacy regarding Hispanic poverty in the United States. The Poverty Project develops research and policy analysis reports, monitors poverty policy and legislation, provides policy analysis training to local affiliates, and disseminates information about Latino poverty and related issues to Congress, the media, national and local organizations, and the general public.

STATE OF HISPANIC AMERICA 1993: TOWARD A LATINO ANTI-POVERTY AGENDA

Prepared by:

Sonia M. Pérez

and

Deirdre Martínez

Policy Analysis Center
Office of Research, Advocacy, and Legislation
National Council of La Raza

Raúl Yzaguirre
President

810 First Street, NE
Suite 300
Washington, D.C 20002
Telephone: (202) 289-1380
Fax: (202) 289-8173

© July 1993

About the Authors:

Sonia M. Pérez and **Deirdre Martínez** are Senior Policy Analyst and Director, and Policy Analyst, respectively, for the NCLR Poverty Project.

Acknowledgments

This report reflects the ideas, input, and advice of numerous contributors.

In particular, the authors acknowledge the suggestions and guidance of Charles Kamasaki, Senior Vice President, Office of Research, Advocacy, and Legislation, who assisted in every aspect of the report's preparation and provided direction for its completion.

The authors also wish to express special appreciation to:

- ❖ Cushing Dolbear, NCLR Consultant, who prepared the report's housing calculation and contributed helpful comments on that analysis;
- ❖ Deirdre Gaquin, NCLR Consultant, who provided Census data analyses in a timely, dependable way; and
- ❖ Arloc Sherman, Program Associate at the Children's Defense Fund, who generously provided valuable comments and expertise on the report's analyses.

In addition, the authors would like to thank Luis Duany, NCLR Consultant, for helpful comments and edits on several drafts of the report; Carlyle Maw, Statistician for the National Center for Education Statistics, for suggestions on the report's analysis; and Fred Romero, NCLR Consultant, for reviewing early drafts of this report and providing guidance and expertise throughout.

Several NCLR staff were instrumental in helping to complete this report. Emily Gantz McKay, Senior Vice President for Institutional Development, and Diane Cabrales, Senior Materials Specialist, provided expert editorial assistance and review. Marcus Johnson, Administrative Assistant, contributed graphics and formatting expertise; Steven Cruz, Poverty Research Associate, assisted with verifying research references and compiling the endnotes; Claire Gonzales, Senior Civil Rights Policy Analyst, contributed to earlier versions of the discrimination calculation, as well as provided relevant research; Zixta Martínez, Housing Policy Analyst, provided housing information; and Rosemary Aguilera Francis, Desktop Publisher, was responsible for layout design and publishing.

The views and opinions reflected in this report are those of the authors and NCLR and do not necessarily reflect the positions of any NCLR funders or any of the individuals who provided assistance.

Table of Contents

Foreword	<i>i</i>
Executive Summary	<i>iii</i>
Introduction	1
Targeting Four Groups: Exploring the Causes of Hispanic Poverty	6
The Hispanic Working Poor: An American Paradox	7
Hispanic Female-Headed Households: The Relationship Between Gender and Poverty	12
Puerto Ricans: U.S. Citizens in Poverty	17
Hispanic Children: One-Half of the Hispanic Poor	23
Addressing Latino Poverty: Weighing Public Policy Strategy "Outcomes"	31
Equalizing Educational Attainment	32
Eliminating the Effects of Employment Discrimination	34
Making Work More Rewarding.....	36
Guaranteeing Affordable Housing	37
Conclusions and Implications.....	40

Foreword

With this report, the National Council of La Raza (NCLR) continues the process begun one year ago with the publication of *The State of Hispanic America: 1991: An Overview*. In that report, NCLR provided a brief "snapshot" of the Hispanic community in five key areas: demographics, education, poverty, health, and civil rights. This year, we seek to begin the process of going beyond mere descriptions of the problems to the more difficult task of formulating a coherent framework for assessing proposed solutions.

Over the past several decades, Latino perspectives typically have been "marginalized" in public policy debates. In some cases, Hispanics were entirely excluded from the process; in others, Hispanics were brought into the debate as an afterthought. In still others, Latinos were "pigeonholed" into addressing only those issues — for example, bilingual education or immigration — that were perceived to be "Hispanic issues." Despite a presence in what is now the United States that pre-dates the founding of this nation, the experiences of Hispanic Americans are still not well known to most policy makers or the American public. As a result, much of the energy of Latino advocates in the past focused principally on documenting problems or seeking visibility.

There is now, however, growing attention to our community. The 1990 Census documented the tremendous population growth of Hispanics, and demographers now predict that we will become the nation's largest minority early in the next century. We are concentrated in the states with the greatest electoral clout, like California, Florida, and New York; we own over half a million small businesses and have registered impressive increases in aggregate purchasing power; and we have 19 elected Hispanic representatives in the 103rd Congress and more than 5,000 Latinos in elected positions at the state and local level.

The Hispanic community's heightened visibility has also been accompanied by growing clout in the policy-making process in recent years. Hispanic organizations, working in concert with the Congressional Hispanic Caucus and others, have won a series of victories including maintaining an open and generous legal immigration system, extending and expanding the language assistance provisions of the Voting Rights Act, preserving bilingual education and stopping so-called "English-Only" measures, improving Latino access to higher education, and many others. At the state level, we have taken the first step in moving toward educational equity as a result of our victory in the *Edgewood vs. Kirby* school finance decision.

Despite the Hispanic community's growing visibility and the undeniable progress in achieving discrete policy objectives in recent years, a significant segment of the U.S. Latino population continues to experience disproportionate and severe social and economic disadvantage compared to non-Hispanics. For example, Hispanics were the only major racial/ethnic group to experience an absolute decline in income over the 1980s; research demonstrates that discrimination against Hispanics in the labor and housing markets is persistent and pervasive; Latinos remain the nation's most undereducated group; and, despite high levels of work effort, Hispanics are more likely than either Whites or Blacks to have no health insurance.

This realization has led NCLR to develop a qualitatively different way of thinking about our work. We have challenged ourselves to meet a new, higher standard in our public policy work — having a "macro-level" impact on the conditions faced by Hispanic Americans. We can no longer afford to define success in terms of achieving a specific policy objective; instead, our goal must be to effect tangible, measurable improvements in the socioeconomic status of our community. The establish-

ment of this new standard, in turn, led to the recognition that having such an impact would inevitably require the development of a Latino public policy agenda.

Too often, existing policy agendas proposed by Hispanic organizations and advocates are either subsets of others' ideological agendas or resemble "laundry lists" of desirable programs and policies. Little effort has been made to carefully weigh or assess competing policy options from the perspective of the extent to which they would benefit the Latino community. With this report, NCLR begins the process of moving beyond simply describing the problem, or seeking a "Latino piece" of someone else's agenda. We attempt to advance the process of clearly defining and developing, proactively rather than reactively, policy approaches that would most benefit the Latino community.

As a community, Latinos must move in this direction for two reasons. First, it is crucial that we assess and help shape the impact of public policies on our community since we are in the best position to understand our own needs and strengths. Second, we must ensure that policy makers understand that our community may not fit traditional "left-right" paradigms. NCLR recognizes that many "liberal" programs for disadvantaged Americans do not equitably serve Hispanics, or do not address the unique characteristics of our community. Similarly, we believe that "conservative" policies that cite Latinos' strong work ethic and traditional family values to rationalize government indifference are equally unacceptable.

NCLR also recognizes that simply having an agenda is not enough. As a community, Hispanics must be more sophisticated in how we organize around and advocate for that agenda. In this respect, we must overcome several formidable challenges, including ethnic diversity within our own community, the fragility of our institutions, and the continuing underrepresentation of Latinos in the policy making process. I, for one, believe we can, and must.

Raúl Yzaguirre, President
National Council of La Raza
July 1993

Executive Summary

Poverty among Hispanics in the U.S. is persistent and severe. More than one in four Hispanics (28.7%) — and two in five Hispanic children (40.4%) — are poor. The following report, the second in an annual series intended to educate the American public about the conditions faced by Hispanic Americans, is the culmination of an extensive review of Latino poverty research and data. It documents and describes the dimensions of Latino poverty and reveals that the disadvantaged socioeconomic situation facing Hispanics can be explained largely by the poverty of four groups:

- **The Working Poor.** A significant proportion of poor Hispanic families have an adult who works full-time, year-round. In 1991, 27.5% of all Hispanic families below poverty had at least one year-round, full-time worker. This compares to 21.8% of White and 11.9% of Black families in poverty.
- **Female-Headed Households.** Hispanic female-headed families have the highest poverty rate of all family types. While about one in five Hispanic married-couple families was below the poverty level in 1991, one in two Hispanic female-headed households was poor (19.1% vs. 49.7%).
- **Puerto Ricans.** Among Hispanic subgroups, families of Puerto Rican origin are the most likely to be poor. Almost two in five (37.5%) Puerto Rican families were living below the poverty line in 1991, compared to one in four (25.0%) Hispanic families and about one in ten (9.5%) non-Hispanic families.
- **Children.** Although persons under age 18 represent more than one-third (34.9%) of the Hispanic population, about one-half of all Hispanic persons in poverty were under 18 years old (47.7%) in 1990.

As the report indicates, the complexity of Latino poverty suggests that developing and implementing effective initiatives to improve the social and economic status of Hispanics requires action on many fronts. For example, Hispanics were the only major subgroup to experience a decline in income over the 1980s; research demonstrates that discrimination against Hispanics in the labor and housing markets is pervasive; Latinos remain the nation's most undereducated group; and despite high levels of work effort, Hispanics are more likely than either Whites or Blacks to have no health insurance.

While there continues to be a need for additional research on the causes and consequences of Latino poverty, the analysis suggests that part of the answer lies in moving beyond description of the problems toward the development of a Latino anti-poverty agenda. Moreover, it is important that the elements of this agenda examine broader issues that have enormous effects on the Hispanic community and that the agenda not be confined to traditional Hispanic issues like bilingual education, voting rights, and immigration.

Therefore, based on the research review and analysis, the report considers the outcomes of four public policy strategies on Hispanic poverty: equalizing educational attainment, eliminating the effects of employment discrimination, making work more rewarding, and guaranteeing affordable housing. Other current anti-poverty proposals, such as child support, welfare reform, teenage pregnancy prevention, and universal health care coverage, should not be ignored and merit further analysis for their impact on Hispanic poverty. Yet, as the Latino poverty literature suggests, anti-poverty strategies that encompass these broad approaches have the potential for measurably and significantly reducing the number of Hispanic poor. Second, these strategies appear to address the underlying factors associated with the poverty of each of the four Latino poverty groups — all are

affected by inadequate education levels, employment discrimination, jobs that pay poorly and offer few benefits, and the lack of affordable housing.

Third, since each of the strategies is amenable to a common form of statistical analysis, this permits meaningful comparisons of their impact on the Hispanic poor. Finally, these strategies are at least potentially achievable since each is directly connected to current public policy debates. The analysis presented illustrates that:

- If there were no differences in educational attainment between Hispanics and Whites, 29.6% of all poor Hispanics over 25 would be lifted above the poverty line.
- If Hispanics did not experience employment discrimination, 26.5% of all poor Hispanic families with a full-time worker would be lifted above poverty.
- If all full-time, year-round workers in families earned above poverty-level wages, 23.6% of all poor Hispanic families would be lifted above poverty.
- If poor Hispanic householders received a housing subsidy for the difference between 30% of income and actual housing costs, an estimated 20% of poor Hispanic households would be lifted above the poverty level.

While this report confirms that reducing Hispanic poverty requires multiple approaches, the research and analysis underscores that poverty in the Latino community is hardly intractable. Several conclusions stand out:

- **Poverty in the Latino Community appears to be amenable to policy intervention.** This analysis presents to both policy makers and the Latino community itself a framework for comparing and assessing the absolute and relative impacts of various policy strategies, approaches, and proposals on the Latino poor, and establishes a series of benchmarks against which research and analyses on other approaches can be compared.
- **Equalizing educational attainment levels appears to have the most significant effect on poverty.** Increasing educational attainment to the levels currently attained by Whites is a logical approach to measurably reducing Hispanic poverty. However, as the analysis also illustrates, even if educational outcomes for Hispanics were equalized to levels comparable to those of Whites, Hispanic poverty would still be significantly greater than for White non-Hispanics.
- **The "make work more rewarding" approach appears to be both effective and viable.** The proposed expansion of the Earned Income Tax Credit (EITC), universal health insurance coverage, and minimum wage increases are initiatives which appear to be very effective in reducing Hispanic poverty and are currently being considered by the Administration and the Congress.
- **The degree to which strategies eliminating discrimination and guaranteeing housing affordability would reduce Latino poverty is surprising to many.** The analysis suggests that both of these hold promise as public policy strategies to reduce Hispanic poverty, yet they present formidable challenges that almost certainly require multiple policy interventions as well as attitudinal changes.

Finally, this report suggests that future Hispanic-focused research and policy analysis efforts should be simultaneously more expansive and more focused: more expansive in the sense that broad issues outside the traditional "rights" or "equity" agendas require significant attention, more focused in the sense that analyses of the impact of specific policy interventions on Hispanics are critically needed.

The findings of this report represent the beginning, rather than the end, of the process of establishing a Latino anti-poverty agenda. They provide an opportunity to reexamine current anti-poverty strategies for the Hispanic community, determine new directions for future anti-poverty policy, and create an anti-poverty agenda that can help both poor Hispanics and other poor Americans.

Introduction

Poverty in the United States

More than one in every seven people in the U.S. is below the official government poverty line. As this line has not kept up with inflation and changes in consumer costs¹, more than one in seven people living in this country rarely have enough to eat, live in substandard housing, and struggle every day to provide for themselves and their children. Those at or near the poverty line, however, are far from a homogeneous group; they span the spectrum of age, gender, and family characteristics. Of course, the severity of poverty and the effectiveness of current anti-poverty measures differ among these groups. The following data illustrate the diversity and complexity of poverty in the U.S.²

Children are increasingly overrepresented in the ranks of the poor. Four in ten (40.2%) of the nation's poor are children. The poverty rate for children continues, as it has since 1975 to be higher than for any other age group.

Many of the poor have jobs. Over half (58.3%) of poor families include at least one individual who worked during the year, with almost one-third (31.7%) working year-round, full-time. Almost one in six poor families (16.8%) include two or more workers.

Female-headed households are especially likely to be poor. Families with a female householder represent 53.9% of poor families. More than one in three families (35.6%) with a female householder is below the poverty line.

Minority group members are disproportionately affected by poverty. While the actual number of poor Whites is greater than the number of poor Blacks and Hispanics, the likelihood of living below the poverty level is greater for Blacks and Hispanics. In 1990, one in three Blacks (32.7%), more than one in four Hispanics (28.7%), and about one in ten Whites (11.3%) were poor.

During the recession of the early 1980s, many Americans suffered serious economic hardship. At the close of the decade — years into a widely touted economic recovery — while most Americans had regained the economic ground lost during the early 1980s, Hispanics remained the only major racial/ethnic group to experience no benefits from the recovery.

What is Poverty?

A family is officially classified as poor if its cash income is less than the poverty threshold, which, as of 1992, was \$14,350 for a family of four. When the poverty line was first established in the mid-1960s, it was determined that families generally spent about one-third of their income on food. A poverty line was then calculated by determining the lowest-cost "nutritionally adequate" diet and multiplying this by three.¹ The current poverty threshold is established each year simply by increasing the previous year's threshold by the change in the Consumer Price Index.

There has been considerable debate over the adequacy of the official poverty line in determining poverty. The conservative argument is that the value of government benefits should be included as income when measuring poverty. The liberal argument is that the current measurement of poverty is woefully inadequate and should be adjusted upward. In fact, over the past three decades, the cost of various goods and services has changed. The average American family now spends less on food, while the share devoted to housing, health care, and child care costs has increased.² As a result, many individuals are "unofficially," but for all practical purposes, poor.

¹ Committee on Ways and Means, U.S. House of Representatives, *Overview of Entitlement Programs*. Washington, D.C.: U.S. Government Printing Office, 1992.

² O'Hare, William, et. al., *Real Life Poverty in America*. Washington, D.C.: Families USA Foundation: 1990.

Hispanic Poverty

Although Census data show that two-thirds of Hispanics were born in the U.S. and that the community is united by culture and language and faces similar problems, the U.S. Latino population is far from monolithic. Among the more than 20 ethnic groups that constitute the U.S. Latino community, there are those who can trace their ancestry in this country back 17 generations, as well as those who arrived in the U.S. recently. This diversity poses a unique challenge to the formulation of effective anti-poverty strategies. Nevertheless, when examining Hispanics in poverty, there are clear commonalities. Many are undereducated, face employment and housing discrimination, are geographically concentrated in central cities in which the impact of economic difficulties has arguably been greatest, and are employed in low-paying jobs which do not enable them to lift their families above poverty. Hispanic income remains well below that of non-Hispanics, and the Hispanic unemployment rate is higher than that of non-Hispanics. Hispanic poverty affects more than one-fourth of the population (28.7%) and, as the trend data in Figure 1 below illustrate, is at a higher level now than it was in 1980.

A detailed examination of data and literature on Latino poverty reveals that the disadvantaged socioeconomic situation facing Hispanics can be explained largely by the poverty of the working poor, female-headed households, Puerto Ricans, and children.³

- **Hispanics represent a significant segment of the working poor.** In 1991, 27.5% of all Hispanic families below poverty had at least one year-round, full-time worker. This compares to 21.8% of White and 11.9% of Black families in poverty.⁴

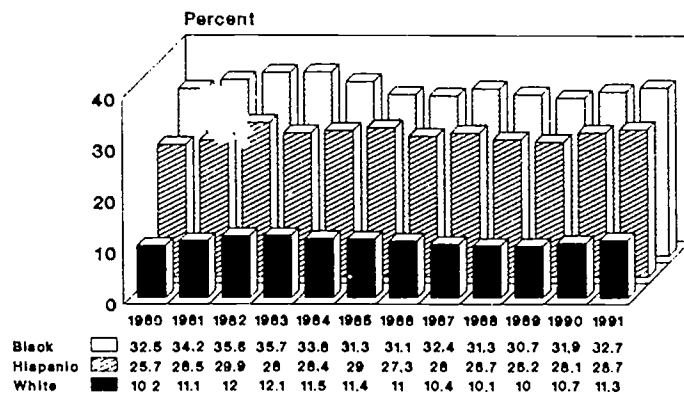
- **Hispanic female-headed families are especially likely to be living below the poverty line.** Almost half of Hispanic female-headed families (48.3%) lived in poverty in 1990, and mainland Puerto Rican female-headed households had the highest poverty rate (64.4%).

In comparison, less than one-third (31.7%) of non-Hispanic female-headed families were poor.

- **Among Hispanic sub-groups, families of Puerto**

Figure 1

Persons Below Poverty Level,
By Race and Ethnicity
1980-1991



Census Bureau, CPS, Series P-60

Rican origin are the most likely to be in poverty. Despite their citizenship status and higher levels of educational attainment in comparison to other Hispanics, almost two in five (37.5%) Puerto Rican families were living below the poverty line in 1990, compared to one in four (25.0%) Hispanic families and about one in ten (9.5%) non-Hispanic families.

- **Hispanic children are disproportionately represented among the poor.** Although persons under age 18 represent more than one-third (34.9%) of the Hispanic population, about one-half of all Hispanic persons in poverty were under 18 years old (47.7%) in 1990; almost two-fifths (38.4%) of Hispanic children were living in poverty compared to less than one-fifth (18.3%) of non-Hispanic children.

Although there is considerable overlap when discussing the poverty of each of these four groups, the poverty they face provides a framework for understanding the widening disparities between Latinos and non-Latinos. Furthermore, it may serve to guide a set of public policies that will allow Latinos and other disadvantaged groups to realize economic prosperity and contribute to the future growth of this nation.

ENDNOTES

- ¹ Substantial work has been done on the subject of the poverty line. Established in the mid-1960s, the method for calculating the official poverty line has never undergone substantial revision. Changes in consumption patterns and changing concepts of what constitutes a minimally adequate standard of living have led many researchers to advocate for a new poverty line. For more information, see Ruggles, Patricia, *Drawing the Line: Alternative Poverty Measures and Their Implications for Public Policy*. Washington, D.C.: Urban Institute, 1992.
- ² All data below are from Bureau of the Census, *Poverty in the United States: 1991*, Current Population Reports, Series P-60, No. 181, Washington, D.C.: U.S. Government Printing Office, 1992; calculations completed by NCLR.
- ³ Unless otherwise noted, data below are from Bureau of the Census, *The Hispanic Population in the United States: March 1991*, Current Population Reports, Series P-20, No. 455, Washington, D.C.: U.S. Government Printing Office, 1991.
- ⁴ *Poverty in the United States: 1991, op. cit.*

TARGETING FOUR GROUPS:

Exploring Hispanic Poverty

The Hispanic Working Poor: An American Paradox

Profile

Like most American families, Latino families depend on work to maintain and improve their lives. However, unlike most other American workers, many Hispanics are unable to depend on their jobs for economic stability or success. Employment and poverty statistics bear this out; as Figure 2 below shows, Latino men have higher rates of labor force participation than non-Latino men, yet Latino families are more than twice as likely as non-Latino families to live in poverty (25.0% vs. 9.5%). As the following data illustrate, despite a commitment to work, Hispanic families have lower earnings and higher poverty than non-Hispanic families.¹

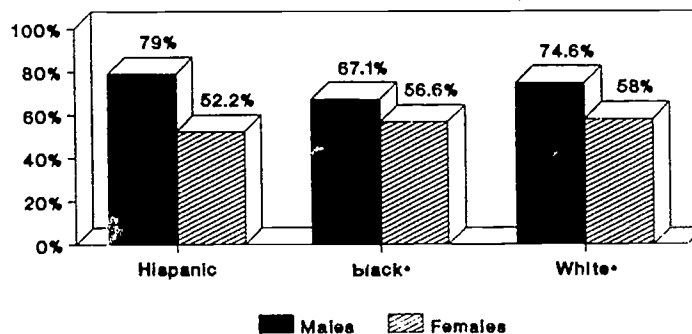
- **Hispanic families with a worker are more likely than comparable Black or White families to be in poverty.** In 1991, 15.5% of Hispanic families with a full-time worker were living in poverty compared to 9.9% of Black families and 3.9% of White families.
- **Most poor Hispanic families are working families.** More than three in five poor Hispanic families (63.8%) included one or more individuals who worked for part or all of the year in 1991. This compares to 61.8% of White families and 50.5% of Black families.
- **Hispanic married-couple families are more likely than Black or White married-couple families to be poor.** As shown in Figure 3 on the next page, almost one in five Hispanic married-couple families (19.1%) were poor in 1991, compared to about one in nine Black (11.2%) and less than one in 20 White married-couple families (5.5%).
- **Hispanic median earnings are lower than White or Black median earnings.** Hispanic male median earnings in 1991 were \$14,500; male median earnings were \$15,494 and \$22,732 for Blacks and Whites, respectively. Hispanic females earned \$10,404, while the median for White and Black females was \$12,992 and \$12,212, respectively.²

Noteworthy Research: The Working Poor

- Rafael Valdivieso and Cary Davis found that Hispanics are overrepresented in lower-skilled jobs that are expected to decline in the coming years, and underrepresented in service sector occupations that demand more education and are the fastest-growing. They calculate that if Hispanics maintained their current level of skill and education, they would be able to fill only 5% of all jobs in the year 2000.

Figure 2

Labor Force Participation Rates By Race and Ethnicity 1992



Census Bureau, CPS 1992
Unpublished data
*Not of Hispanic Origin

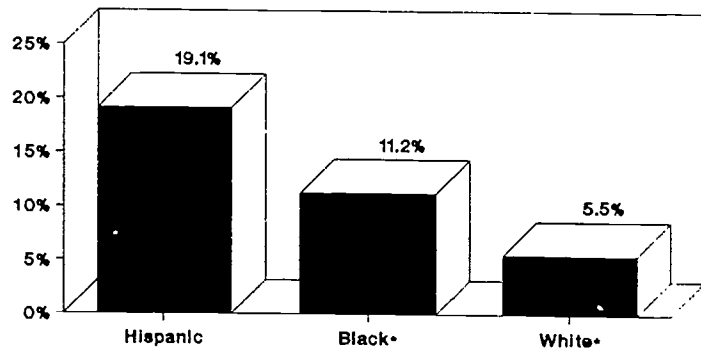
suggesting that Latinos must acquire new skills to be qualified for jobs in the 1990s and into the 21st century.⁴

- In a recent report by the Inter-University Program for Latino research, the authors found that the principal dynamics driving increased wage inequality since the mid- 1970s include widening gaps in higher and lower educational achievement, renewed or increased ethno-racial wage discrimination, and a widening gap between immigrant and non-immigrant incomes.⁴

- A study completed by Edwin Meléndez found that, combined with discrimination, labor market location affects the demand for Hispanic labor. The effect of this on earnings is a determinant as important as other measurable characteristics, such as education. These findings re-

Figure 3

Married-Couple Family Poverty By Race and Ethnicity 1991



Census Bureau, CPS 1992
Unpublished data
*Not of Hispanic Origin

- Research such as that of Jorge Chapa, Paul Ong, and Abel Valenzuela⁵ indicates that immigration is not the sole reason for Hispanics' poor socioeconomic status. Their studies show that second- and third-generation Mexican Americans continue to be concentrated more heavily than Whites in low-wage occupations and that the poverty rate of native-born Hispanics is twice that of Whites.

- A Center on Budget and Policy Priorities study completed in 1988 found that the failure of Hispanics to benefit more from the economic recovery cannot be attributed to lack of work effort. The proportion of adults working or looking for work was higher among Hispanics than among Blacks or Whites, the Center reported. The report found that Hispanics have been affected by decreasing wage levels for workers without a college education and erosion of the minimum wage. Additional Center research found that poor Mexican-American families are especially likely to be working families.⁶

Key Issues Affecting the Working Poor

Structural Changes

A shift in job creation from manufacturing to the service sector has resulted in a decrease in jobs with high pay and benefits. Until recent years, many Hispanics were employed in manufacturing jobs, which provided good benefits and wages. Since 1979, almost nine out of every ten new jobs created have been in retail trade, personnel, and business and health services, which are among the lowest paying industries. Hispanics have been forced to find jobs in this sector, where their skills are not transferable.⁶

Higher-salary jobs now require greater education. Low educational levels have led to restricted access to high-salary jobs and industries for Latinos." An increasing number of existing jobs and many of those in new fields now require higher levels of literacy and numeracy, as suggested in the Hudson Institute report, *Workforce 2000*. As illustrated in Figure 4 on this page, the lower educational levels of Hispanics compared to non-Hispanics strongly indicate that, without improvement, Hispanics will find themselves unprepared for new jobs which require more than a high school diploma."¹⁰

Inadequate Social Policies

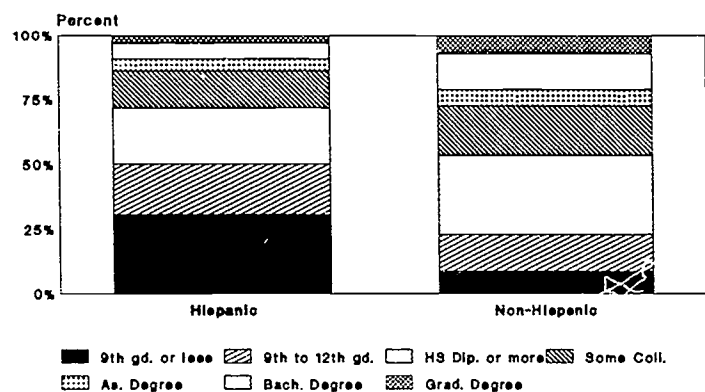
The proportion of workers receiving unemployment insurance has fallen markedly in recent years, and this disproportionately affects Hispanics. Although almost all salaried workers have jobs that are covered by unemployment insurance, a recent report by the Center on Budget and Policy Priorities found that in 1989, fewer than one in five unemployed Hispanic workers received insurance benefits in an average month.¹¹ This low level of reciprocity is due to state unemployment insurance rules and policy and administrative decisions which restrict eligibility. In addition, employment patterns, such as seasonal work, make eligibility for unemployment insurance difficult.

Hispanics often suffer the consequences of a low minimum wage. Although many non-Hispanics earning the minimum wage live in families with other sources of income, a majority of Hispanic minimum-wage earners are primary providers. In fact, Hispanic minimum wage workers were four times as likely to be poor as non-Hispanic minimum wage workers in 1987, the most recent year for which these data were compiled.¹²

Hispanics are far more likely than either Blacks or Whites to lack health insurance. Almost one-third of Hispanics (32%) are uninsured, compared to 20% of Blacks and 13% of Whites. Further, more than one-half of near-poor Hispanic families (51%) are uninsured.¹³

Figure 4

Educational Attainment of Persons
25 Years of Age and Over
1990



Source: *Hispanic Americans Today*
Census Bureau 6/93

A Working Family in Poverty

The case of the fictitious López family in Houston, Texas depicts what it means to be part of the working poor to a married-couple family with two children. José López works full-time as a mechanic's assistant, earning the minimum wage. His annual earnings annual approximately \$8,800, before taxes. His wife works part-time, year-round and earns \$4,400, before taxes. If the family receives the Earned Income Tax Credit, it would have an additional \$1,100 in income. This would result in an annual income of \$14,300. Over the course of the year, the family would incur the following expenses:

Rent:	\$6,192 ¹
Food:	\$3,972 ²
Health Care:	\$1,580 ³
Clothing:	\$1,000 (\$250 per family member)
Transportation:	\$3,251 ⁴
Total:	\$15,995

The total expenses incurred by the López family are \$1,695 over their annual income. This estimate of expenses does not include purchases such as household cleaning items, personal hygiene items, furniture, household goods, gifts to any of the family members, entertainment costs, or taxes.

¹ The rent level for a two-bedroom unit, including all utilities, defined by the federal government as a low-cost unit for its programs to assist low-income families, plus a telephone. Monthly rent, \$375; utility bills, \$123; and telephone bill, \$18. For further information, see Schwarz, John E. and Thomas Volgy. *The Forgotten Americans*, New York: WW Norton & Company, 1992.

² The lowest cost established by the federal government to provide minimally adequate nutrition for a family of four: \$331 per month.

³ *Statistical Abstract of the United States: 1992*. U.S. Department of Commerce, 1993.

⁴ This estimate is 15% beneath the average annual cost for one automobile over ten years and 100,000 miles, including depreciation, financing, fuel, tires, repairs, insurance, and taxes. The average American family of four has 2.1 cars, and nearly 90% of all households have at least one car. For more information, see Schwarz, John E. and Thomas J. Volgy. *op. cit.*

Hispanic households spend a considerable proportion of household income on housing. Slightly fewer than one in five Hispanic households (18%) spent at least half their household income on housing in 1989, compared to less than one in ten non-Hispanic White households (9%). Research shows that although Hispanic families direct a substantial proportion of household income to housing, the housing is often characterized by moderate to severe physical deficiencies and is likely to be overcrowded.¹⁴

Conclusion

As a result of these and other factors, Latinos remain concentrated in low-wage, low-benefit work. By the 21st century, a new generation of Hispanic workers — including those with low skills and insufficient education — will not only be responsible for themselves and their families, but will be increasingly necessary to support the nation's elderly. Hispanics have higher labor force participation rates and earn less than non-Hispanics. Perplexingly, work does not provide an escape from poverty for Hispanics. The Hispanic working poor are truly an American paradox.

ENDNOTES

- ¹ Unless otherwise noted, data below are from Bureau of the Census, *Poverty in the United States: 1991*. Current Population Reports. Series P-60, No. 181, Washington, D.C.: U.S. Government Printing Office, 1992.
- ² Bureau of the Census, *Money Income of Households, Families, and Persons in the United States: 1991*. Current Population Reports. Series P-60, No. 180, Washington, D.C.: U.S. Government Printing Office, 1992.
- ³ Valdivieso, Rafael, and Cary Davis, *U.S. Hispanics: Challenging Issues for the 1990s*. Washington, D.C.: Population Reference Bureau, Inc., 1988.
- ⁴ Carnoy, Martin, Hugh Daley, and Raúl Hinojosa Ojeda, *Latinos in a Changing Economy: Comparative Perspectives on the U.S. Labor Market Since 1939*. New York: Research Foundation of the City University of New York, 1990.
- ⁵ Meléndez, Edwin, "Labor Market Structure and Wage Differences in New York City: A Comparative Analysis of Hispanics and Non-Hispanic Blacks and Whites," in Edwin Meléndez, et al., eds., *Hispanics in the Labor Force. Issues and Policies*. New York: Plenum Press, 1991.
- ⁶ See, for example Chapa, Jorge, "The Question of Mexican American Assimilation: Socioeconomic Parity or Underclass Formation?" *Public Affairs Comment*, Vol. 35, pp. 1-4; Chapa, Jorge, "The Myth of Hispanic Progress: Trends in the Educational and Economic Attainment of Mexican Americans," *Journal of Hispanic Policy*, Vol. 4, pp. 3-18 ; Ong, Paul, "The Hispanization of L.A.'s Poor, Research Note," UCLA, Graduate School of Architecture and Urban Planning, December 1988; and Valenzuela, Abel, "Hispanic Poverty, Is It An Immigrant Problem?" *Journal of Hispanic Policy*, Vol. 5, 1991.
- ⁷ Greenstein, Robert et. al., *Shortchanged: Recent Developments in Hispanic Poverty, Income and Employment*. Washington, D.C.: Center on Budget and Policy Priorities, 1988.
- ⁸ Mishel, Lawrence, and David M. Frankel, *State of Working America*. Washington, D.C.: Economic Policy Institute, 1991.
- ⁹ *Latinos in a Changing Economy: Comparative Perspectives on the U.S. Labor Market Since 1939*, op. cit.
- ¹⁰ Johnston, William B., and Arnold H. Packer, *Workforce 2000: Work and Workers for the Twenty-First Century*. Indianapolis, Indiana: Hudson Institute, 1987.
- ¹¹ Nichols, Marion E., Isaac Shapiro, and Robert Greenstein, *Unemployment Insurance in States with Large Hispanic Populations*. Washington, D.C.: Center on Budget and Policy Priorities, 1991.
- ¹² Shapiro, Isaac, and Robert Greenstein, *Hispanics and the Minimum Wage*. Washington, D.C.: Center on Budget and Policy Priorities, 1991.
- ¹³ Aguilera, Esther, *Hispanics and Health Insurance, Volume 2*. Washington, D.C.: National Council of La Raza, 1992.
- ¹⁴ Lazere, Edward, Paul A. Leonard, Cushing N. Dolbeare, and Barry Zigas, *A Place to Call Home*. Washington, D.C.: Center on Budget and Policy Priorities, 1991; and U.S. Department of Housing and Urban Development, *American Housing Survey for the United States in 1989*. Current Housing Reports, H 150/89, Washington, D.C.: U.S. Department of Commerce, 1990.

Hispanic Female-Headed Households:

The Relationship Between Gender and Poverty

Profile

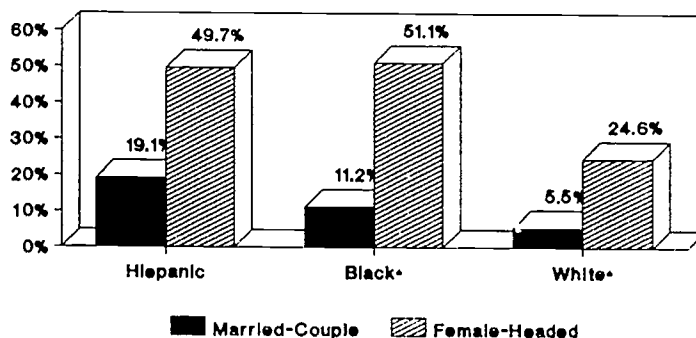
The relationship between gender and poverty is critical to the discussion of Latino poverty, because almost one-half of all Hispanic poor families (45.7%) are maintained by a woman. Female-headed households are faced with both a weakened family support structure and social policy which creates disincentives to improving their economic situation. As a result of few employment options, jobs that restrict benefits, and lack of child care, many single mothers are forced to depend on public assistance to support themselves and their families. As indicated below, female-headed households are becoming a significant part of both the Hispanic and poor populations.¹

- **The number of Hispanic single parents has increased at a faster rate than Black or White female-headed families.** The rise in single-parent families has been experienced by all racial and ethnic groups in this country. Yet the number of Hispanic single parents increased an average of 7% per year from 1980 to 1990. Comparable figures for Whites and Blacks are 3.1% and 3.8%, respectively.
- **A significant portion of Hispanic families are maintained by a woman.** By 1990, almost three in ten Hispanic families (29%) were maintained by a woman only, compared to almost one-fifth (19%) of White families and more than one-half (56%) of Black families.
- **Living in a female-headed family greatly increases the chances of living in poverty.** As shown in Figure 5 below, while about one in five Hispanic married-couple families was below the poverty level in 1991, one in two Hispanic female-headed households was poor (19.1% vs. 49.7%).

Noteworthy Research: Female-Headed Households

Figure 5

Poverty by Family Type
By Race and Ethnicity
1991



Census Bureau, CPS 1992
Unpublished data
*Not of Hispanic Origin

- Studies have shown that family structure is a strong predictor of family and child poverty. For Hispanic women in particular, three factors contribute to the poverty that Hispanic single-

mother families experience. First, as Marta Tienda and Patricia Guhleman point out, Hispanic women are at a critical disadvantage with respect to education.² A second factor is their low labor force participation rate, which provides little mobility and low wages. Third, data on all single mothers from the Economic Policy Institute show that they suffer from low child support levels and poor enforcement of child support laws.³ In addition, these mothers often do not have access to quality child care or health insurance.⁴

- James P. Smith notes that although the high incidence of female-headed households is largely cast as a Black problem, one could just as accurately portray the rising rates of female headship among Puerto Ricans in the late 1980s as reaching epidemic proportions. In contrast, Mexican American families have remained stable, with only a slight rise in the relative numbers of families headed by women during the 1970s and 1980s.⁵ Recent data from the Census, however, show that the percentage of single-mother families is increasing for all groups.
- In a comparative study of women of color, Vilma Ortiz found that poverty levels were highest for Puerto Rican female-headed families. Further, while poverty rates have decreased for White and Black single-mother families over the last decade, they have not done so for comparable Hispanic families — most of whom have not experienced a change in their poverty status and some of whom, like Puerto Ricans, have experienced an increase in poverty during this same time.⁶
- Based on focus group research with Mexican American and Puerto Rican recipients of AFDC, NCLR and the National Puerto Rican Coalition (NPRC) identified some of the barriers to self-sufficiency that Hispanic single mothers faced. These include family responsibilities, lack of basic skills and relevant job training, the cost and logistics of transportation, and housing costs. Both studies found that child care was a particularly crucial issue in these

The Costs of Work

As females with children move off welfare and find employment, they are confronted with decreasing returns for their efforts. As an example, Kathia Cruz is a single head of household in New York City with two children, ages three and seven. She receives Aid to Families with Dependent Children (AFDC) benefits of \$530 per month. In addition, she receives \$170 per month in Food Stamps and medical coverage through Medicaid.¹ In an effort to regain her independence, she takes a job. The following is what happens to her financial stability when she goes to work:

- Working full-time at a fast-food restaurant with no health insurance benefits, she is paid \$5.00 per hour and earns \$800 per month, before taxes. She continues to receive Medicaid but her Food Stamp benefits are reduced and she must also now pay \$200 per month for day care for her three-year old child.
- With an increase to \$6.00 an hour working full-time, she earns \$960 per month.
- However, at \$6.00 an hour, even under the new JOBS program designed to move people from welfare to work, Kathia loses her Medicaid benefits despite having a job which provides no health care benefits. This effectively reduces her disposable income to about what she would receive if she were not working at all but receiving AFDC, and leaves her and her children vulnerable to unexpected medical expenses. In addition, she loses her Food Stamp benefits. Working full-time, Kathia now has \$110 less in monthly income than when she was on welfare — and no health insurance.²

¹ U.S. Bureau of the Census, *Statistical Abstract: 1992* (112th edition.) Washington, D.C., 1992.

² Bane, Mary Jo, and David T. Ellwood, "Is American Business Working for the Poor?" *Harvard Business Review*, September-October 1991.

women's lives. The NCLR reports found that lack of health care was a critical factor in causing Mexican American women to need welfare, while NPRC documented lack of English proficiency as a barrier to the employment of Puerto Rican women.⁷

Factors Associated with the Poverty of Hispanic Female-Headed Households

Low Educational Attainment

Young Hispanic women are more likely to drop out of school than their Black and White counterparts, limiting employment opportunities and contributing to higher poverty rates. According to 1991 Census data comparing high school dropout rates for women between the ages of 16-24, 31.1% of Hispanic women had dropped out, compared with 16.7% of Black women and 8.9% of White women.⁸

Restricted Employment Options

Female heads of household are typically employed in low-wage or part-time jobs which offer no or inadequate benefits. Due in large part to low educational attainment and comparatively lower levels of job experience and skills, female heads of household are often limited to jobs which are vulnerable to changes in the economy — such instability contributes to the unemployment of single mothers.

Opportunities are also limited due to the scarcity of high quality, affordable child care. When a single mother decides to work, she often finds her wages are so low that they are not sufficient to pay for child care. The single mother who is without the support of an extended family often finds that she is forced to remain unemployed in order to care for her children.

Insufficient Child Support

A major reason for the poverty of female-headed families is the failure of non-custodial fathers to fulfill their economic responsibilities. In 1989, only about one-half of all single mothers obtained child support awards. Of these, only about one-half received what they were owed, one-quarter received less than the amount they were owed, and the remaining quarter received no payment at all. The data also indicate that Black and Hispanic women may be much less likely to be awarded support than their White counterparts, possibly due to the lower incomes of Hispanic and Black males.⁹

AFDC Restrictions

AFDC rules undermine the strength, stability, and autonomy of female-headed families. Research suggests that many mothers receiving AFDC benefits feel they cannot "afford" to go to work because they will lose their health coverage, Food Stamps, and housing subsidies. In many states, a woman will lose Medicare benefits for herself and her children as soon as she goes to work or shortly thereafter. Studies show women often have to quit no-benefits jobs when their children get sick in order to obtain Medicaid — which is rarely available to working women, even those below the poverty level. In addition, if a single mother receiving AFDC marries, she risks losing her AFDC benefits — even if her

spouse cannot adequately support the family or provide health insurance. Finally, savings are allowed only to a maximum of \$1,000, or lower if the state so desires. In sum, the rules governing AFDC forbid persons to behave in a way that is perceived to reflect "middle-class values."

Conclusion

The options for Hispanic female-headed households are limited and the obstacles to success are substantial. Current policy positions serve only to discourage these mothers and thwart their attempts at self-sufficiency. This sets a trap not only for the family today but for its children and the generations which follow.

ENDNOTES

- ¹ All data below are from Bureau of the Census, *Household and Family Characteristics: March 1990 and 1989*, Series P-20, No. 447, Washington, D.C.: U.S. Government Printing Office, 1991; and Bureau of the Census, *Poverty in the United States: 1991*, Current Population Reports, Series I 60, No. 181, Washington, D.C.: U.S. Government Printing Office, 1992.
- ² Tienda, Marta, and Patricia Gubleman, "The Occupational Position of Employed Hispanic Women," in George J. Borjas and Marta Tienda, eds., *Hispanics in the U.S. Economy*, Orlando, Florida: Academic Press, Inc., 1985.
- ³ Mishel, Lawrence, and David M. Frankel, *The State of Working America*, Washington, D.C.: Economic Policy Institute, 1990.
- ⁴ Cruz, José E., *Implementing the Family Support Act: Perspectives of Puerto Rican Clients*, Washington, D.C.: National Puerto Rican Coalition, May 1991; and Cruz, José E., *Puerto Rican Participation in Job Opportunities and Basic Skills (JOBS) Programs, A Preliminary Assessment*, Washington, D.C.: National Puerto Rican Coalition, November 1992. Quiroz, Julia Teresa, and Regina Tosca, *On My Own: Mexican American Women, Self-Sufficiency, and the Family Support Act*, Washington D.C.: National Council of La Raza, December 1990; and Quiroz, Julia Teresa, and Regina Tosca, *For My Children: Mexican American Women, Work, and Welfare*, Washington D.C.: National Council of La Raza, March 1992.
- ⁵ Smith, James P., "Poverty and the Family," in *Divided Opportunities*, New York: Plenum Press, 1988.
- ⁶ Ortiz, Vilma, *Women of Color: A Demographic Overview*, New York: Manpower Demonstration Research Corporation, 1988.
- ⁷ *Implementing the Family Support Act. Perspectives of Puerto Rican Clients, op. cit.; Puerto Rican Participation in Job Opportunities and Basic Skills (JOBS) Programs, A Preliminary Assessment, op. cit.; On My Own: Mexican-American Women, Self-Sufficiency, and the Family Support Act, op. cit.; For My Children: Mexican American Women, Work and Welfare, op. cit.*
- ⁸ National Center for Education Statistics, *Dropout Rates in the United States: 1991*, Washington, D.C.: U.S. Department of Education, Office of Educational Research and Improvement, 1992.
- ⁹ Ooms, Theodora, and Todd Owen, *Encouraging Unwed Fathers to Be Responsible: Paternity Establishment, Child Support and JOBS Strategies*, Washington, D.C.: The Family Impact Seminar, The AAMFT Research and Education Foundation, 1990.

Puerto Ricans: U.S. Citizens in Poverty

Profile

Despite the fact that Puerto Ricans are native-born U.S. citizens, economic and social indicators illustrate that Puerto Ricans have fared worse than all other Latino subgroups in terms of socioeconomic status. Many of the issues previously discussed apply to Puerto Ricans, often to a greater degree than to other Latinos. As Figure 6 below shows, Puerto Ricans have the highest poverty rate among all Hispanic subgroups. The following data illustrate the critical situation facing Puerto Ricans.¹

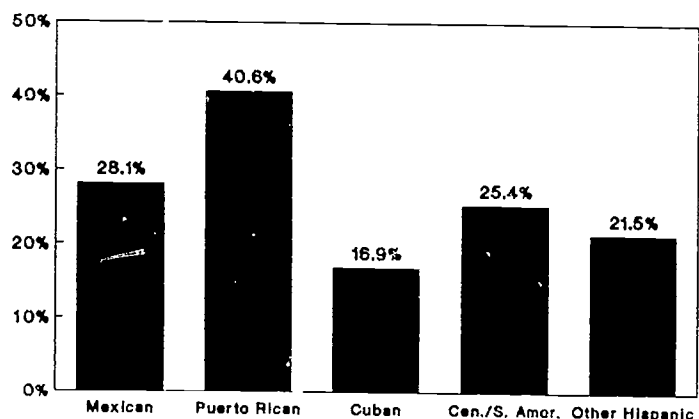
- **The poverty rate of Puerto Rican families is four times that of White families and slightly higher than that of Black families.** In 1990, almost two-fifths of all Puerto Rican families (37.5%) lived below the poverty level, compared to three in ten Black families (29.3%), one in four Hispanic families (25.0%), and one in 12 White families (8.1%).
- **The probability of being poor is highest for Puerto Rican female-headed households.** Of all Puerto Rican families, 43.3% were headed by a female in 1990; of this group, fully 64.4% were poor. For the Hispanic population as a whole, 23.8% of all families were headed by a female and 48.3% of these families were poor.
- **The poverty rate for all Puerto Rican children is three and one-half times that of White children, and Puerto Rican children are the poorest children of any major racial/ethnic group in the United States.** More than half of all Puerto Rican children under 18 (56.7%) were poor in 1990, compared to more than two-fifths of all Black children (44.8%), almost two-fifths all Hispanic children (38.4%), and about one-sixth of White children (15.9%). As Figure 7 on the next page shows, the poverty of Puerto Rican children in female-headed households is even more severe; more than four in five such children (83.2%) were poor in 1991.

Noteworthy Research: Puerto Ricans

- Puerto Rican poverty defies the frameworks that researchers have proposed to explain persistent poverty among Latino immigrant groups — since Puerto Ricans are U.S. citizens. Several Puerto Rican researchers offer additional hypotheses: Robert Aponte has shown that urban concentration has hurt a significant proportion of Puerto Ricans who have been unable to transfer their skills to growing service industries.² Labor market research by Andrés Torres suggests that Puerto Rican poverty results not so much from low wages as from unemployment. Moreover, Torres documents the role that em-

Figure 6

Hispanic Poverty by Subgroup 1990



Hispanic Population in the U.S.:
March 1991

ployment discrimination plays in limiting the socioeconomic opportunities of Puerto Ricans, especially in cities like New York.³

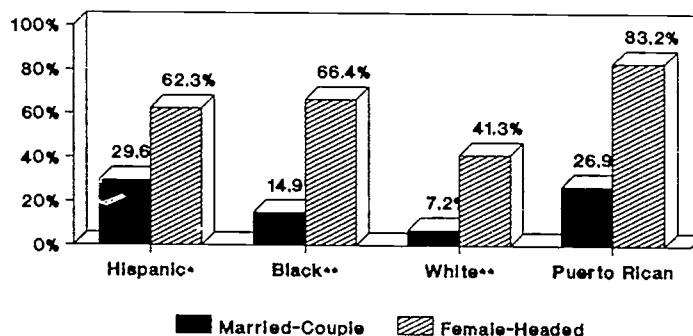
- Selective migration from the island to the mainland and the "circular migration theory" have been proposed by researchers to help explain Puerto Rican

family poverty. For example, data from the early 1980s analyzed by Douglas Gurak and Luis Falcón indicate that Puerto Rican migration during that time was selective: women with less work experience, less education, more children, and more marital instability were especially likely to migrate.⁴ But migration as a contributor to Puerto Rican poverty is difficult to confirm because Puerto Rican migration data are not regularly, nor scientifically, collected. Clara Rodríguez argues that Puerto Ricans migrate in search of better economic opportunity "because they are not progressing."⁵ A recent analysis by Edwin Meléndez suggests that circular migration is "not a significant factor contributing to poverty among Puerto Rican communities."⁶ These findings suggest that the role of migration in Puerto Rican poverty needs further clarification.

- The large proportion of Puerto Rican families maintained by women is critical to Puerto Rican poverty because of their low labor force participation rates and the growth of Puerto Rican female-headed families receiving AFDC. Marta Tienda suggests that many Puerto Rican female workers, dislocated because of declines in low-skilled job markets, have become "discouraged" from re-entering the labor force.⁷ Low education and high fertility are considered barriers to Puerto Rican female employment by Rosemary Santana Cooney and Alice Colón,⁸ while Janis Barry Figueroa shows that, in New York City, access to extended family networks has a significant impact on the decisions of Puerto Rican women to work.⁹ In terms of AFDC, studies by Terry Rosenberg show that the proportion of Puerto Rican single mothers in New York who receive AFDC has increased dramatically over the past decade — at a time when the total Puerto Rican population in the city has decreased.¹⁰ Finally, research by José Cruz shows that recent attempts at welfare reform are having a modest impact on

Figure 7

Child Poverty by Family Type By Race and Ethnicity 1991



Census Bureau, CPS 1992, Unpublished data, *Not including Puerto Rican
**Not of Hispanic Origin

Puerto Rican welfare recipients; in particular, policy makers need to address issues of child care and relevant training if low-skilled welfare recipients are required to work.¹¹

- Partly as a result of the high rate of growth of Puerto Rican female-headed families, recent research has begun to examine the role that Puerto Rican men play in forming and maintaining families. Preliminary analyses by María Enchautegui, Vilma Ortiz, Sonia Pérez, and Mercer Sullivan¹² point to several areas that need additional examination, including: the effect of poor educational opportunities and negative school experiences on employment and higher educational opportunities; the declining earnings of minority men, in particular, since the 1970s; the high rate of Puerto Rican unemployment; the impact of discrimination on the earnings and job opportunities of Puerto Rican men; and the impact of AIDS, substance abuse, delinquency, crime, and incarceration on Puerto Rican families.

Factors Associated with Puerto Rican Poverty

Low Educational Levels

Although Puerto Ricans have higher educational attainment than other Hispanics, the educational attainment gap between Puerto Ricans and non-Hispanics remains wide, and gains in recent years have been modest. Less than three in five Puerto Ricans 25 years old and over had completed four years of high school or more in 1991 (58.0%), compared to a little more than half of all Hispanics (51.3%), 43.6% of Mexican Americans, and four-fifths of non-Hispanics (80.5%). Corresponding data from 1982 show that 41.7% of Puerto Ricans, compared to 40.2% of Mexican Americans, and 75.5% of non-Hispanics, were high school graduates.¹¹

Socioeconomic Condition of Northeastern Cities

Many cities experienced a massive "deindustrialization" of manufacturing industries between the 1960s and the 1980s—a phenomenon that occurred in cities with heavy concentrations of Puerto Rican laborers.¹⁴ Statistics show that, during this time, Puerto Rican men were largely employed in "transformative" industries, which include textile and miscellaneous manufacturing.¹⁵ During that 20-year period, the nine cities where the majority of U.S. Puerto Ricans lived experienced a 44% loss in manufacturing—a loss of almost one million jobs.¹⁶ As a result, Puerto Ricans registered a 38% decline in manufacturing industry employment between 1960 and 1980.¹⁷

Geographic concentration limits the possibility of decent jobs and affordable housing. Almost all Puerto Rican families (97%) lived in urban areas in 1989, a higher percentage than the general Hispanic population (92%). This has implications not only for job availability—unemployment is high in inner cities—but also for access to schools and affordable housing. While their concentration in the Northeast has declined in the last several years, as Puerto Ricans have moved to other parts of the country, it still contributes to limited housing, education, and employment opportunities for Puerto Ricans.

High Rate of Female-Headed Households

An important factor in Puerto Rican poverty is the large proportion of women heading families in the Puerto Rican community. As described earlier, single-parent families, especially those headed

by women, experience higher rates of poverty, have lower incomes, are more vulnerable to layoffs, often lack paid leave and health insurance, and have relatively high expenses for child care.¹³ The high proportion of Puerto Rican mother-only families has serious implications for their future well-being.

Conclusion

While the socioeconomic problems facing Puerto Ricans are critical to the states and cities in which Puerto Ricans are concentrated — primarily in the Northeast — the issues that help to explain their poverty have implications for other major population groups, such as Hispanic subgroups and African Americans. An in-depth study focusing on Puerto Ricans is necessary because of their extraordinary rates of poverty. Such a study could also serve to highlight possible policy approaches to eliminate poverty, such as strategies to address urban poverty and the poverty of single-parent families.

ENDNOTES

- ¹ All data below are from Bureau of the Census, *Poverty in the United States: 1991*, Current Population Reports, Series P-60, No. 181, Washington, D.C.: U.S. Government Printing Office, 1992; and Bureau of the Census, *The Hispanic Population in the United States: March 1991*, Current Population Reports, Series P-20, No. 455. Washington, D.C.: U.S. Government Printing Office, 1991.
- ² "Employment and Poverty Among Blacks and Puerto Ricans in the Urban North," paper presented at the conference, *Employment Policy: Puerto Ricans and Jobs*, Department of Urban Studies and Planning, Massachusetts Institute of Technology, April 8, 1988.
- ³ Torres, Andrés, "Explaining Puerto Rican Poverty," in *Boletín del Centro de Estudios Puertorriqueños*, Vol. 11, No. 2, Winter 1987-88; and Torres, Andrés, "Nativity, Gender, and Earnings Discrimination," in *Hispanic Journal of Behavioral Sciences*, Vol. 14, No. 1, February 1992.
- ⁴ "The Puerto Rican Family and Poverty: Complex Paths to Poor Outcomes," in *Puerto Ricans: Breaking Out of the Cycle of Poverty*, Washington, D.C.: National Puerto Rican Coalition, June 1990.
- ⁵ Rodríguez, Clara, "Puerto Ricans and the Circular Migration Thesis," in *Journal of Hispanic Policy*, Cambridge, Massachusetts: Kennedy School of Government, Harvard University, Vol. 3, 1988-89.
- ⁶ Meléndez, Edwin, "Los Que Se Van. Los Que Regresan: Puerto Rican Migration to and from the United States, 1982-1988," paper presented at the conference, *Puerto Rican Poverty and Migration*, New School for Social Research, New York City, May 1, 1990.
- ⁷ Tienda, Marta, Katharine Donato, and Hector Cordero Guzmán, "Queuing and Labor Force Activity of Minority Women," paper presented at the 1990 meeting of the Population Association of America, Toronto Canada.
- ⁸ Cooney, Rosemary Santana, and Alicia Colón, "Work and Family: The Recent Struggles of Puerto Rican Females," in Clara Rodríguez, et al., eds., *The Puerto Rican Struggle: Essays on Survival in the U.S.*, New Jersey: Waterfront Press, 1980.
- ⁹ Barry Figueroa, Janis, "A Comparison of Labor Supply Behavior among Single and Married Puerto Rican Mothers," in Edwin Meléndez, et al., eds., *Hispanics in the Labor Force, Issues and Policies*, New York: Plenum Press, 1991.
- ¹⁰ Rosenberg, Terry, *Poverty in New York City, 1991: A Research Bulletin*, New York: Community Services Society, 1992.
- ¹¹ Cruz, José E., *Implementing the Family Support Act: Perspectives of Puerto Rican Clients*, Washington, D.C.: National Puerto Rican Coalition, May 1991, and Cruz, José E., *Puerto Rican Participation in Job Opportunities and Basic Skills (JOBS) Programs. A Preliminary Assessment*, Washington, D.C.: National Puerto Rican Coalition, November 1992.
- ¹² See, for example, Enchautegui, Marfa, "Work and Wages of Puerto Rican Men During the Eighties," Washington, D.C.: The Urban Institute, February 1992; Ortiz, Vilma, and D.T. Gurak, "School-to-Work Transition: A Comparative Analysis of Hispanic and White Youth," New York: Hispanic Research Center, Fordham University, May 1982; Pérez, Sonia M., "Puerto Rican Young Men and Economic Instability: Implications for Puerto Rican Family Poverty," unpublished paper prepared for the Young Puerto Rican Men and Poverty Project Round Table, National Council of La Raza, Washington, D.C., April 13, 1992; and Mercer Sullivan's presentation as discussed in *Urban Poverty Roundtable #3 on Inner City Males: Recent Research and Its Policy Implications*, Washington, D.C.: Joint Center for Political and Economic Studies, October 21, 1988.
- ¹³ *The Hispanic Population in the United States: March 1991*, op. cit.; Bureau of the Census, *The Hispanic Population in the United States: 1985*, Current Population Reports, Series P-20, No. 422. Washington, D.C.: U.S. Government Printing Office, 1988.
- ¹⁴ For more information, see Bluestone, Barry, and Bennett Harrison, *The Great U-Turn: Corporate Restructuring and the Polarizing of America*, New York: Basic Books, 1988; Rodríguez, Clara, *Puerto Ricans: Born in the U.S.A.* Boston: Unwin Hyman, 1989. National Puerto Rican Coalition, *Puerto Ricans: Breaking Out of the Cycle of Poverty*, Washington, D.C.: 1990.

- ¹⁵ Bean, Frank D., and Marta Tienda. *The Hispanic Population of the United States*. New York: The National Committee for Research on the 1980 Census, 1987.
- ¹⁶ National Puerto Rican Coalition. *A Blueprint for Change: A Puerto Rican Agenda for the 1990's*. Washington, D.C.: February 8, 1991.
- ¹⁷ *The Hispanic Population of the United States. op. cit.*
- ¹⁸ General Accounting Office. *Mother-Only Families: Low Earnings Will keep Many Children in Poverty*. Washington, D.C.: U.S. Government Printing Office, 1991.

Hispanic Children: One-Half of the Hispanic Poor

Profile

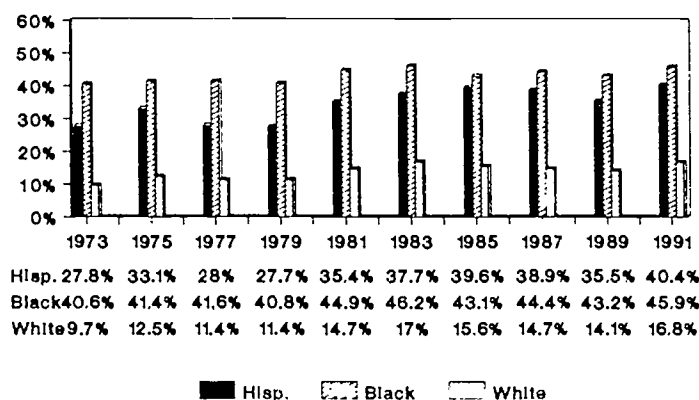
The most measurable and severe result of Hispanic family poverty is that Hispanic children grow up economically and socially disadvantaged. Families are typically forced by financial circumstances into dilapidated housing in areas where jobs are hard to find, pay is low, schools are least effective, and crime is prevalent. Poverty and its consequences impede the family's—and the child's—chances of achieving economic and social stability. Without adequate supports and opportunities, poverty is likely to be passed on to future generations. It is, therefore, of great concern that children constitute almost one-half (47.7%) of the Hispanic poor.

- **Hispanics are a young population.** According to Census data, about 30% of Hispanics, compared to 22% of non-Hispanics, were under 15 years of age in 1991. Conversely, about twice as many non-Hispanics (22%) were 55 years of age or older, compared to Hispanics (11%).¹
- **Hispanic children are almost two and one-half times as likely as White children to be poor.** Two in every five Hispanic children (40.4%) in this country were poor in 1991, compared to less than one in five White children (16.8%) and more than two in five Black children (45.9%). As Figure 8 below shows, this disparity has been consistent for almost two decades: the Hispanic child poverty rate is now higher than it has been in the last 20 years.²
- **Hispanic children in two-parent families are much more likely to be poor than their White or Black peers.** As illustrated in Figure 9 on the following page, fully 28.8% of Hispanic children in married-couple families were poor in 1991, compared to 9.8% of White children and 15.1% of Black children in married-couple families.³

Noteworthy Research: Children

Figure 8

Children in Poverty 1973 - 1991



Statistical Abstract of the U.S., 1992
Poverty in the U.S., 1991

- Much research continues to appropriately document the high rate of poverty among Black children, but fails to include similar statistics on, or comparisons with, Latinos. In addition, some important data have only recently

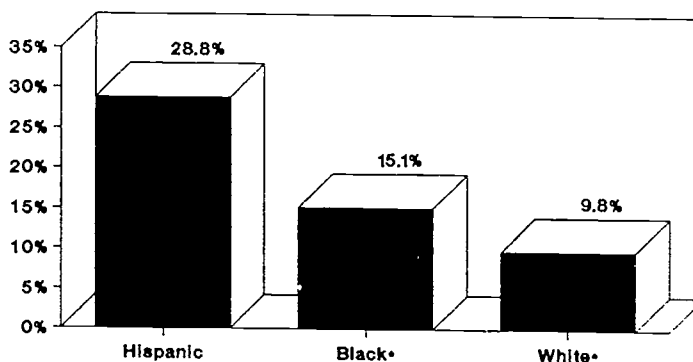
begun to be collected by Hispanic origin. Angela L. Carrasquillo suggests that additional data and research are needed on Hispanic children and youth, since available information shows that they suffer economic deprivation, lag far behind the majority population on educational measures, are dis-

proportionately represented in the criminal justice system, and suffer from poor health and limited prevention and health-related services.⁴ Similar arguments were made at the First National Conference on Latino Children in Poverty held in 1987.⁵

- In a report prepared for the Children's Defense Fund (CDF), Leticia Miranda illustrated that Latino child poverty had increased faster than Black or White child poverty between 1980 and 1990.⁶ Additional CDF research by Luis Duany and Karen Pittman shows that Latino children and youth represent a significant proportion of the future workforce, yet social, educational, and economic indicators show that serious efforts are needed to change current achievement patterns and prepare them adequately for the jobs of the next century.⁷
- Testimony from a Congressional hearing on Latino children and their families underscored the need for greater attention on their status. Presenters warned that Hispanic poverty and low levels of educational attainment among Hispanic youth have serious implications for Hispanic economic opportunities, social stability, and the nation's growth.⁸
- Educational analyses by ASPIRA, the Hispanic Policy Development Project, and the National Council of La Raza document the poor quality of education received by Latinos, the high school dropout rate among Latino youth, and the consequences that lack of educational preparation has on their opportunities in the labor market. Recommendations include greater emphasis on relevant education and training alternatives; increased and better-targeted federal funding for Head Start, Chapter 1, and bilingual education programs; and a review of school financing formulas to ensure educational equity.⁹

Figure 9

Child Poverty In Married-Couple Families By Race and Ethnicity 1991



Census Bureau, CPS 1992
Unpublished data
*Not of Hispanic origin

Factors That Contribute to Hispanic Child Poverty

Parental Education

Hispanic children whose parents have low levels of educational attainment are especially likely to be poor. Research shows that Latino families are more likely than non-Hispanic families to be headed by persons without a high school diploma, which makes them more vulnerable to recent changes in the economy that have weakened employment and earnings levels, especially for those without a high school diploma. In 1991, almost two in five Latino families with children headed by a high school dropout were poor (38.6%), compared with almost one in five (19.2%) of Latino families headed by a high school graduate.¹⁰ Parental education is also influential in determining a child's educational experience: as a National Council of La Raza analysis illustrates, Mexican Americans, who have the lowest rate of graduation from high school, also have the highest proportion of parents with less than a high school education. Similarly, Puerto Rican students are more likely to graduate from high school and are less likely to have parents who lack a high school education.¹¹

Family Composition

Hispanic children who grow up in single-parent families are more likely than those in married-couple families to be poor. Recent child poverty research indicates that the economic well-being of Hispanic and other children has been adversely affected by changes in family structure.¹² Census Bureau data confirm that child poverty rates are higher for children in single-parent families, compared to those in married-couple families; in 1991, Hispanic children in single-parent families were about two and one-half times as likely as their counterparts in two-parent families to be poor (68.6% vs. 28.8%). As the data show, however, even Hispanic children in married-couple families face high poverty rates; three in ten were poor in 1991, compared to less than one in ten comparable White children (28.8% vs. 9.8%).¹³

Family Status

Issues that affect a family's overall well-being, including work status, family size, and living conditions, are key factors in Hispanic child poverty. In addition to parental education and family composition, other factors contribute to high Hispanic child poverty. Poor Hispanic children are likely to have parents whose limited education confines them to low-wage jobs that offer few benefits, like health insurance. Also, the gap between White and Hispanic single mothers who work in the paid labor force makes it more difficult for such Hispanic families to escape poverty. Hispanic families are larger, on average, than White families, and low-paying jobs make it more difficult to lift the family above poverty. Further, Hispanic children are likely to live in housing which is physically debilitated and overcrowded, making a most basic childhood need — decent shelter — unattainable.

Reducing Child Poverty — An International Comparison

In a recently released study comparing the U.S. tax and transfer system to other industrialized nations, the authors found that most of the families who became poor in the mid-1980s in this country and abroad did so because of labor market changes, not solely as a result of a change in marital status. In the United States, 17.5% of all families with children were in "more severe poverty"¹ in the mid-1980s. This compares to 9.3% in Canada and 8.6% in the United Kingdom. The high poverty rate in the U.S. shows that, for families with a worker, past expansion of the Earned Income Tax Credit program was not sufficient to offset declining earnings and deliberate cutbacks in public assistance programs.²

In addition, compared to other industrialized nations, the U.S. tax and transfer system is the least effective in reducing child poverty among children in single-parent families. In 1979, the U.S. tax and transfer system reduced poverty among children in single-parent families by 8.1 percentage points; by 1986, the effect had decreased to 3.9 percentage points. The average reduction among eight industrialized nations was 33.7 percentage points by 1986.³

¹ "More severe poverty" is defined here as household income of less than 40% of national adjusted median income. This 40% cut-off is roughly equivalent to the federal poverty line used by the U.S. government.

² McFate, Katherine. *Poverty, Inequality and the Crisis of Social Policy*. Washington, D.C.: Joint Center for Political and Economic Studies, 1991.

³ Smeeding, Timothy M. "Cross National Perspectives on Trends in Child Poverty and the Effectiveness of Government Policies in Preventing Poverty among Families with Children in the 1980s: The First Evidence from LIS." Unpublished manuscript, 1992.

Conclusion

Hispanic children represent a growing proportion of the current school-age population and future U.S. adult labor force. Children who grow up without economic stability and adequate social supports are likely to become adults with few resources to offer a workforce which demands highly-skilled workers. The consequences for the nation are serious. An inadequately trained, underemployed labor force will impede economic growth, while increasing demand for public assistance and diminishing the tax base necessary for the support of essential government services. Because of the impact of Hispanic children on the nation's current reality and near future, it is important that policy makers, human service practitioners, and public and private employers fully understand the implications of their socioeconomic status, as well as the opportunities they represent.

ENDNOTES

- ¹ Bureau of the Census, *The Hispanic Population in the United States: March 1991*, Current Population Reports, Series P-20, No. 455. Washington, D.C.: U.S. Government Printing Office, 1991.
- ² Bureau of the Census, *Poverty in the United States: 1991*, Current Population Reports, Series P-60, No. 181, Washington, D.C.: U.S. Government Printing Office, 1992.
- ³ Bureau of the Census, unpublished data. Current Population Survey, March 1992.
- ⁴ Carrasquillo, Angela L., *Hispanic Children and Youth in the United States. A Resource Guide*. New York: Garland Publishing, Inc., 1991.
- ⁵ Proceedings from the First National Conference on Latino Children in Poverty, National Association of Latino Elected and Appointed Officials (NALEO) Education Fund, Washington, D.C.: June 12, 1987.
- ⁶ Miranda, Leticia C., *Latino Child Poverty in the United States*. Washington, D.C.: Children's Defense Fund, 1991.
- ⁷ Duany, Luis, and Karen Pittman, *Latino Youths at a Crossroads*. Washington, D.C.: Children's Defense Fund, 1990.
- ⁸ "Hispanic Children and Their Families: A Key to Our Nation's Future," transcript of the Hearing before the Select Committee on Children, Youth, and Families, House of Representatives, 101st Congress, September 25, 1989, Washington, D.C.: U.S. Government Printing Office, 1989.
- ⁹ See, for example Petrovich, Janice, *Northeast Hispanic Needs: A Guide for Action, Volume II*, Washington, D.C.: ASPIRA Institute for Policy Research, 1987; Miller, S. M., et. al., *Too Late to Patch, Reconsidering Second-Chance Opportunities for Hispanic and Other Dropouts*, Washington, D.C.: Hispanic Policy Development Project, 1988; and De La Rosa, Denise, and Carlyle E. Maw, *Hispanic Education: A Statistical Portrait, 1990*. Washington, D.C.: National Council of La Raza, October 1990.
- ¹⁰ *Latino Child Poverty in the United States, op. cit.*
- ¹¹ *Hispanic Education: A Statistical Portrait 1990, op. cit.*
- ¹² See, for example Danziger, Sheldon, and Jonathan Stern, "The Causes and Consequences of Child Poverty in the United States," paper prepared for UNICEF International Child Development Center, Project on Child Poverty and Deprivation in Industrialized Countries, University of Michigan, Ann Arbor, September 1990; and *Latino Child Poverty in the United States, op. cit.*
- ¹³ Bureau of the Census, unpublished data. *op. cit.*

ADDRESSING LATINO POVERTY:

Weighing Public Policy Strategy
“Outcomes”

Overview

The research and data presented thus far underscore the notion that Latino poverty can best be explained and understood through close examination of the condition of four principal groups: the working poor, female-headed households, Puerto Ricans, and children. The following analysis considers the impact of four public policy strategy "outcomes" on Hispanic poverty: equalizing educational attainment, eliminating the effects of employment discrimination, making work more rewarding, and guaranteeing affordable housing. These four broad "outcomes" were selected for several reasons.

First, they evolved from the review of Latino poverty data and research which suggests that anti-poverty strategies that encompass these broad approaches have the potential for measurably and significantly reducing the number of Hispanic poor. Second, these strategies appear to address the underlying factors associated with the poverty of each of the four Latino poverty groups discussed earlier — all are affected by inadequate education levels, employment discrimination, jobs that pay poorly and offer few benefits, and the lack of affordable housing.

Third, each of the strategies is amenable to a common form of statistical analysis, thus permitting meaningful comparisons of their impact on the Hispanic poor. Fourth, these strategies are at least potentially achievable; each is directly connected to current public policy debates.

It is recognized that this analysis represents the beginning, rather than the end, of the process of establishing a Latino anti-poverty agenda: it does not, in and of itself, purport to present a menu of specific, actionable policy proposals that can "solve" the problem of poverty in the Hispanic community.

What this analysis does provide, for the first time, is comparative data on the impact of possible policy "outcomes" or "remedies" on Latino poverty. It presents to both policy makers and the Latino community itself a framework for comparing and assessing the absolute and relative impacts of various policy strategies, approaches, and proposals on the Latino poor. It establishes a series of benchmarks against which research and analyses on other approaches can be compared. Finally, the analysis provides specific direction to policy makers and Hispanic advocates regarding policy priorities and resource allocation decisions. The following section illustrates the extent to which each of the proposed "remedies" lifts Hispanic families above the poverty threshold.

Equalizing Educational Attainment

Hispanics remain the most undereducated major segment of the U.S. population. While educational attainment levels have improved modestly over the past decade, Hispanics continue to enter school later, leave school earlier, and receive proportionately fewer high school diplomas and college degrees than other Americans.

In order to determine the value of an education that is comparable to that received by Whites, NCLR calculated the number of Hispanic individuals over 25 who would be lifted above poverty if they had the same educational attainment levels as Whites.

Result

Almost one-third (29.6%) of poor Hispanic individuals 25 years of age and over would be lifted above the poverty level if educational attainment rates were equal to those of their White counterparts.

Method

Using the poverty rates of Hispanics by educational attainment provided by 1991 Census data, NCLR obtained the actual number of poor Whites by educational attainment levels. Due to data limitations, the calculation was completed using individuals 25 years of age and over.

To calculate the percentage of Hispanics who would be poor if they had the same educational attainment levels as Whites, the following was done: First, NCLR multiplied the poverty rate of Hispanic dropouts by the actual number of White dropouts. This was done for each educational attainment level.⁴

Poverty rate of Hispanic dropouts (X) the actual number of White dropouts:

$$32.0\% \times 26,337,000 = 8,427,840$$

Poverty rate of Hispanic "high school only" (X) the actual number of White "high school only":

$$15.2\% \times 50,045,000 = 7,606,840$$

Poverty rate of Hispanic "some college" (X) the actual number of White "some college":

$$8.8\% \times 30,912,000 = 2,720,250$$

Poverty rate of "4 years college or more" (X) the actual number of White "4 years plus":

$$6.3\% \times 30,352,000 = 1,912,176$$

Second, the resulting sums of hypothetical poor Whites were added and that total was divided by the number of Whites, thus calculating the hypothetical Hispanic poverty rate.

$$\text{Add totals} = 20,667,100$$

$$\text{Divide sum by total number of Whites: } 20,667,100 / 137,646,000 = 15.0\%$$

Therefore, 15.0% of *all* Hispanics aged 25 and over would be poor if they had the same educational attainment levels as Whites. To determine the proportion of *poor* Hispanics who would still be poor even if they had the same education levels as Whites, 15.0% was divided by 21.3%, the actual poverty

Data Source: Bureau of the Census, *Poverty in the U.S., 1991*, Table 11

rate of Whites. As a result, it was found that 70.4% of all poor Hispanics would still be poor even if they had the same educational levels as Whites.

Since we are interested in the proportion of Hispanics who would no longer be poor under the new scenario, we subtract 70.4% from 100.00%. This analysis shows that 29.6% of poor Hispanics 25 years of age and older would be lifted above the poverty level if they had the same educational attainment levels as their White counterparts.

Eliminating the Effects of Employment Discrimination

Employment discrimination is rarely considered a factor which contributes to Hispanic poverty. In fact, while many dismiss its effects as negligible, the previously cited research suggests that employment discrimination does help to explain the high and persistent Hispanic poverty rate.

In order to determine the extent to which the earnings of poor Hispanic workers and their families would be affected by the elimination of employment discrimination, NCLR estimated the amount of additional income that Hispanics would earn if employment discrimination were nonexistent.

Result

One-fourth of Hispanic families with a full-time, full-year worker (26.5%) would be lifted above the poverty level if employment discrimination were eliminated.

Method

Based on an analysis of the results of three studies on the disparity in earnings and income among Hispanics and Whites, the following was estimated¹:

- The percentage of the income gap between Hispanic males and White males which is attributable to employment discrimination falls within a 10%-18% range; NCLR used the midpoint of this range, 14%, as the percent of the wage gap attributable to discrimination.
- The percentage of the Hispanic female-White male income gap attributable to employment discrimination falls within a 30%-40% range; NCLR used 35% as the percent of the wage gap attributable to discrimination.

Two separate calculations were then completed, one for male heads of households and one for females in single-parent-headed households.

First, NCLR calculated the percentage by which White male earnings exceed Hispanic male and Hispanic female earnings²:

White male mean earnings (\$)	35,425.60	35,425.60
Hispanic mean earnings (\$)	23,488.20 (male)	18,607.60 (female)
Difference	11,937.40	16,818.00
% Difference	$11,937.4/23,488.2 = 50.8\%$	$16,818/18,607.60 = 90.3\%$

White males earn 50.8% more than Hispanic males, and 90.4% more than Hispanic females.

¹ The three studies are: U.S. Commission on Civil Rights, *Unemployment and Underemployment Among Blacks, Hispanics, and Women*, Washington, D.C.: November 1982; Franklin J. James, *The Lack of Hispanic Economic Progress During the 1970s: Preliminary Observations*, University of Colorado at Denver, paper delivered at North American Meetings of the Regional Science Association, November 9, 1984; and Martin Carnoy, Hugh Daley, and Raúl Hinojosa Cordera, *Latinos in a Changing U.S. Economy: Comparative Perspectives on the Labor Market Since 1939*, Inter-University Program for Latino Research, New York: Research Foundation of the City University of New York, 1990. For additional analysis of the studies, see the Civil Rights section of *State of Hispanic America 1991: An Overview*, Washington, D.C.: National Council of La Raza, 1992.

² Data Source: Bureau of the Census, unpublished data, Current Population Survey, March 1992.

Second, NCLR multiplied the percent of the wage gap attributable to discrimination by the percentage difference in mean earnings between Hispanic and White males and between White males and Hispanic females:

$$\text{Males: } (.14)(.508) = 7.1\% \qquad \text{Females: } (.35)(.904) = 31.6\%$$

The result is the percent by which Hispanic male and female earnings would increase if discrimination were eliminated.

To calculate the impact on Hispanic poverty, these percentages were added to the incomes of poor Hispanic families, according to the gender of the head of household. Due to data limitations, it was not known whether a male or female headed the married-couple families; because most Hispanic married-couple families are headed by males, the male percentage increase was added to the earnings of married-couple families.

Of 328,064 married-couple and single-parent poor Hispanic families with a full-time, full-year worker, 86,963 (26.5%) would be lifted above the poverty level if their family incomes were adjusted upward to account for discrimination.

43

Making Work More Rewarding

Lacking the Benefits of Work: Health Care and Pension Plans

The Hidden Cost of Health Care

The official poverty line, set annually by the federal government, excludes the value of health care coverage, although it is widely recognized that health insurance is as essential as food, shelter, and housing. Because Hispanics are disproportionately uninsured, NCLR explored the consequences of being uninsured on the poverty status of Hispanics, in the context of other efforts to lift families out of poverty. In "Making Work More Rewarding," NCLR found that 328,064 families with at least one full-time, full-year worker would be lifted above the poverty level if the value of work was such that at least one individual working full-time, full-year could support a family.

Yet, data showed that 208,153 of those working families are uninsured. While it is difficult to place a monetary value on health care, and health care costs vary widely, the absence of health insurance undeniably results in a precarious financial situation for Hispanic families and their children.

Using an estimate of the annual cost of health care for a family of four (\$1,568) from the *Statistical Abstract of the United States, 1992*, NCLR determined that if the value of such health insurance was added to the incomes of the 208,153 families who are uninsured, 47,299 (22.7%) of these uninsured working poor Hispanic families would be lifted from poverty. While it is clear that universal health care coverage by itself would not significantly reduce Hispanic poverty, the data demonstrate that lack of health care is a serious impediment to the economic stability of poor families, and that living above the poverty level does not ensure that Hispanic working families and their children would not suffer from other effects of low socioeconomic status.

Poor Retired Workers

It has been shown that many Hispanics spend their entire working lives in jobs that pay little and provide few benefits. Many Hispanics have little or no financial flexibility and are unable to save for retirement — suggesting that Hispanic poverty is long-lasting and affects the elderly. In addition, Hispanics are far less likely than either Blacks or Whites to participate in an employer-provided or employer-directed pension plan. The Census Bureau found that 68% of both Whites and Blacks were covered by a pension plan in 1991, compared to 52% of Hispanics. Coverage rates were lowest for the agriculture, forestry, and fisheries industries (34%) and personal services industries — house cleaners, gardeners, and the like — (37%), both of which have a high concentration of Hispanic workers.

"Make work pay" is increasingly becoming the phrase of choice to advocate for minimum wage increases, the Earned Income Tax Credit, and other tax policies designed to ensure that no family with a year-round, full-time worker is poor.

In order to determine the value of a combination of such policies for Hispanic working-poor families, NCLR calculated the number of Hispanic families with year-round, full-time workers living below the poverty level.

Result

Almost one-fourth (23.6%) of poor Hispanic families would be lifted above the poverty level if the value of work was such that at least one individual working full-time, full-year could support a family.

Method

Using the March 1992 Current Population Survey, NCLR found the number of Hispanic families with a full-time, year-round worker currently below the poverty line (328,064 families). This number was then divided by the total number of Hispanic poor families (1,372,000 families) to find the proportion of families that would not be poor if earnings from full-time, year-round work could lift a family above the poverty line. The result is 23.6%.

43

Guaranteeing Affordable Housing

Although the federal housing affordability standard assumes that households spend about one-third of their income on housing, a recent study by the Center on Budget and Policy Priorities found that, in 1989, four in five poor renters (81%) spent more than 30% of their income on housing. Further, Hispanic households face particularly serious housing problems. Hispanics are more likely than either Whites or Blacks to be poor, to live in deficient housing, and to experience overcrowding.¹

In order to determine the impact of a proposed housing subsidy on Hispanic households, an NCLR consultant estimated the extent to which the Hispanic poverty rate would be reduced if Hispanics spent 30% of their income on housing.

Result

Approximately one-fifth (20%) of poor Hispanic householders would be lifted above the poverty level if they spent only 30% of their income on housing. The impact is greatest for renters.

Method

Using raw data from the 1989 American Housing Survey, conducted by the Census Bureau and the Department of Housing and Urban Development, an NCLR consultant found the number of Hispanic renters paying more than 30% of their income for housing (1,556,000).

The effect of a subsidy equal to the difference between 30% of income and actual housing costs was calculated as follows: the subsidy required to reduce housing costs to 30% of income was added to the reported income of poor Hispanic households, and these new income levels were used to estimate the impact on Hispanic renters and owners of providing the subsidy.

The result was that an estimated 22% of poor Hispanic renter households (238,000 of 1,099,000) and 13% of poor Hispanic owners (40,000 of 295,000) would be lifted above the poverty level.

In all, some 278,000, or 20%, of the 1.4 million poor Hispanic households would be lifted above the poverty level if they received assistance to reduce their housing costs to 30% of their incomes.

¹ For a discussion of Hispanic housing issues, see Leonard, Paul A. and Edward B. Lazere, *A Place to Call Home: The Low Income Housing Crisis in 44 Major Metropolitan Areas*. Washington, D.C.: Center on Budget and Policy Priorities, 1992.

CONCLUSIONS AND IMPLICATIONS

Poverty in the Latino community appears to be amenable to policy intervention. While this report confirms that Hispanic poverty is a complex phenomenon requiring action on many fronts, the preceding analysis suggests that Latino poverty is hardly intractable. The data both reinforce conventional beliefs regarding how to reduce Hispanic poverty, and also highlight additional — and innovative — areas that researchers, policy makers, and others concerned about reducing Hispanic poverty should examine.

Several conclusions stand out. In particular, the extent to which certain strategy “outcomes” would reduce poverty among Hispanics and the resulting order of priority is both significant, and in some cases, surprising. For example, NCLR — along with virtually every other Latino organization — has long believed that low educational attainment is, by far, both the most critical problem facing the Latino community currently and the most significant predictor of high poverty among Hispanics. Increasing educational attainment to the levels currently attained by Whites, then, is a logical approach to measurably reducing Hispanic poverty. The above analysis both verifies and contradicts that assumption. Among the “outcomes” identified, equalizing educational attainment levels appears to have the most significant effect on poverty. However, as the analysis also illustrates, even if educational outcomes for Hispanics were equalized to levels comparable to those of Whites, Hispanic poverty would still be significantly greater than for White non-Hispanics. Similarly, the degree to which strategies eliminating discrimination and guaranteeing housing affordability would reduce Latino poverty may be surprising to many. Both of these hold promise as public policy strategies to reduce Hispanic poverty, yet they present formidable challenges that almost certainly require multiple policy interventions as well as attitudinal changes.

A second implication that surfaces relates to the ability to translate these “desirable outcomes” into specific public policy proposals that are both **effective** and **achievable**. This varies considerably by issue area. For example:

- **The prospects for equalizing educational outcomes are uncertain.** In education, there remains significant controversy over how effective various types of school reforms would be in improving educational outcomes for all children in general, and Hispanic children in particular. Additionally, many school reform agendas either ignore the needs and interests of Hispanic children, particularly those with limited English proficiency, or propose initiatives such as increased use of standardized tests that may actually be harmful to Latino school children. Moreover, major expansions of demonstrably effective pedagogical approaches for language minority adults do not appear to be achievable in the current political climate. Furthermore, major restructuring of state school finance systems to assure even modestly more equitable distribution of educational resources between affluent and poor communities appears to be extremely unlikely in the short term.
- **There is little basis for confidence that existing policies can effectively and significantly reduce labor market discrimination against Hispanics.** Although many civil rights advocates argue convincingly that there has been a reduction in the civil rights enforcement effort in recent years, the truth is that the civil rights enforcement system has never effectively or equitably served Latinos, under either Republican or Democratic Administrations. Nor is it clear that the current combination of a small, complaint-based individual enforcement system, supplemented by private civil rights legal assistance frequently focusing on “impact litigation,” can, even with significant increases in resources, measur-

ably reduce employment discrimination against Hispanics. The one promising enforcement tool, the use of paired "testers," is well-developed in the housing discrimination field, but much less developed in the employment discrimination context.

- **The "make work more rewarding" approach is more developed in terms of both effectiveness and viability.** For example, the proposed expansion of the Earned Income Tax Credit (EITC), universal health insurance coverage, and minimum wage increases are initiatives which appear to be very effective in reducing Hispanic poverty and are currently being considered by the Administration and the Congress; consequently, they appear to be both effective and eminently achievable in the short term.
- **The housing approach is straightforward from an effectiveness standpoint, but somewhat uncertain with respect to feasibility.** A housing affordability "entitlement" program similar to that described in the report and as proposed by several housing policy advocates would lift 20% of poor Hispanic households above the poverty line. Whether such a program could be achievable is another question. By some accounts, the costs of such a program, estimated to be in the tens of billions of dollars, are prohibitive. On the other hand, much the same could have been said even five or six years ago about universal health care coverage, or "full funding" of Head Start, or an EITC program with a tax expenditure of between \$18 and \$28 billion over five years, yet all appear to be on the verge of enactment. Moreover, it would be possible to administer this type of program through the tax system by providing a tax credit for a portion of rental costs, as former Presidential Candidate Jerry Brown proposed.

A third implication from the report is that future Hispanic-focused research and policy analysis efforts should be simultaneously more expansive and more focused: more expansive in the sense that broad issues outside the traditional "rights" or "equity" agendas require significant attention, more focused in the sense that analyses of the impact of specific policy interventions on Hispanics are critically needed. For example:

- **The effects of macroeconomic policies on Latinos should be addressed.** While most Latino poverty analyses note the severe, negative effects that economic restructuring has had on low-wage workers in general and Hispanic workers in particular, Latinos are, with few exceptions, virtually absent from discussions on macroeconomic policy issues, like tax policy or proposals to reduce the federal deficit — policies which have profound effects on the socioeconomic status of Hispanics.
- **Another area that should be assessed from an Hispanic perspective concerns economic growth.** Economic conservatives frequently challenge minority group advocates to focus less on distribution and more on growth. As the preceding analysis implies, assessing the absolute, as well as relative, effects of economic growth on rates of Hispanic poverty would appear to make sense, notwithstanding the current controversy over how to stimulate such growth.
- **There are additional broad "social" issue areas that should be considered as part of a comprehensive Latino anti-poverty agenda.** Other approaches not included in this report should also be evaluated for their potential impact on Hispanic poverty. For example, the provision of child support is currently viewed as one promising strategy for improving the status of single-mother families. Similarly, the rise in unmarried Hispanic teenage births

and its consequences for Latino poverty strongly imply that adolescent pregnancy prevention can and should be viewed as a potentially significant Latino anti-poverty strategy.

More specific, rigorous, and focused analyses are also needed for each of the four major "outcome" areas outlined above. In these areas, the critical need is for research and analysis modeled on program evaluation principles; in other words, "what works" analyses from a Latino perspective.

Among the other areas in need of more focused attention are those that relate to improving the "human capital" characteristics of Hispanic adults and out-of-school youth. Current consideration of strategies to address concerns relating to work-readiness, in the form of apprenticeships and school-to-work efforts, suggest that some action in this area is likely, so the question is one of effectiveness, not of viability. Similarly, it appears that major reform efforts in the broader employment and training field appear imminent. It is essential that these areas be explored because, even if equal educational outcomes for children could be achieved immediately, there is still the question of assisting Hispanic adults who constitute a significant part of the current labor force and require improved workforce skills to compete in a rapidly-changing labor market.

Finally, any comprehensive Latino anti-poverty effort must focus special attention on certain subgroups. As this report demonstrates, the magnitude of disadvantage is particularly severe for Hispanic women, Latino children and Puerto Ricans. Notwithstanding the need for and value of aggregate research and analyses of the entire Hispanic community, specific assessments of the impact of various policy options on these groups are critically important.

NCLR recognizes that this report marks the beginning of a process: it provides a path, a "roadmap," for analysts and advocates to follow in the future. This report, the second in an annual series, begins to lay out a basic framework for assessing four promising approaches that could result in measurable, significant reductions in Hispanic poverty rates. It is expected that subsequent reports in this series, as well as research and analyses produced by others, will both address approaches not covered in this report and propose more specific, focused, and developed interventions within the broad approaches outlined by this analysis. It is NCLR's hope that, through this report, it has provided a modest contribution towards the development — and implementation — of an anti-poverty agenda that works, not just for Latinos, but for all Americans.

NCLR POVERTY PROJECT

Selected Publications

- Poverty Project, *Poverty Project Newsletter*, Washington, D.C.: National Council of La Raza, 1992. FREE

Quarterly newsletter covering current research findings, policy news, Census data, and legislation on Hispanic poverty and related issues. Established Spring 1989.

- Pérez, Sonia M. and Denise De La Rosa Salazar, "Economic, Labor Force, and Social Implications of Latino Education and Population Trends," May 1993 (41 pages).

Article published in *Hispanic Journal of Behavioral Sciences*, Vol. 15, No. 2, May 1993. Includes numerous charts and graphs. Available from Sage Publications, Inc., (805) 499-0721.

- Pérez, Sonia M. and Steven Cruz, *Puerto Rican and African American Young Men: A Comparative Analysis*. May 1993 (46 pages).

Paper prepared for the William Monroe Trotter Institute, University of Massachusetts. Includes several charts and graphs. Available from the Trotter Institute, (617) 287-5880.

- Pérez, Sonia M. and Luis A. Duany, *Reducing Hispanic Teenage Pregnancy and Family Poverty: A Replication Guide*. July 1992 (122 pages). \$15.00

A replication guide for community-based organizations interested in developing and implementing a teenage pregnancy prevention and/or parenting program targeted to Hispanic youth.

- Quiroz, Julia T. and Regina Tosca, *For My Children: Mexican American Women, Work, and Welfare*. April 1992 (40 pages). \$7.50

The second and final report of a two-year project which examined the impact of welfare reform legislation (the Family Support Act) on Mexican American families.

- Quiroz, Julia T. and Regina Tosca, *On My Own: Mexican American Women, Self-Sufficiency and the Family Support Act*. December 1990 (50 pages). \$7.50

Presents findings from the first year of a two-year study on the impact of the Family Support Act on Mexican American single mothers.

- Quiroz, Julia T., *Twenty-Two Hispanic Leaders Discuss Poverty*. November 1990 (26 pages). \$5.00

Presents findings from interviews with 22 national Hispanic leaders who discussed their perspectives on the nature of Hispanic poverty and current policy responses.

- Miranda, Leticia and Julia T. Quiroz, *The Decade of the Hispanic: An Economic Retrospective*. April 1990 (27 pages). \$7.50

Provides a discussion of the most important economic trends experienced by Hispanics in the 1980s, an analysis of their causes, and public policy recommendations. Includes 27 descriptive charts.

To Order

Please mail your request
with a check payable to

NCLR
Publications Department
810 First Street, N.E.
Suite 300
Washington, D.C. 20002

National Council of La Raza Board of Directors

EXECUTIVE COMMITTEE

CHAIRPERSON

Dr. Audrey Alvarado
Dir. of Affirmative Action
University of Colorado
Denver, CO

FIRST VICE CHAIRPERSON

John Huerta, Esq.
Staff Attorney
Western Cntr. on Law & Poverty
Los Angeles, CA

SECOND VICE CHAIRPERSON

Irma Flores-Gonzales
Consultant
W.K. Kellogg Foundation
Portland, OR

SECRETARY/TREASURER

Amos Atencio
Executive Director
Siete Del Norte
Embudo, NM

AT-LARGE MEMBERS

Patricia Asip
Mgr., Special Segment Mktg.
J.C. Penney Company, Inc.
Dallas, TX

Rita DiMartino
Dir., Federal Government Affairs
AT&T
Washington, D.C.

Herminio Martinez, Ph.D.
Baruch College
School of Education
City University of New York
New York, NY

NCLR PRESIDENT & CEO

Raúl Yzaguirre
President
National Council of La Raza
Washington, D.C.

GENERAL MEMBERSHIP

Ed Avila
Administrator
Community Redevelopment Agency
Los Angeles, CA

Dr. Gloria Bonilla-Santiago
Graduate School of Social Work
Rutgers University
Camden, NJ

Mateo Camarillo
Quetzal Communications, Inc.
Chula Vista, CA

Tony Enriquez
T.M.E., Inc.
Tucson, AZ

The Honorable Fernando Ferrer
Bronx Borough President
Bronx, NY

Humberto Fuentes
Executive Director
Idaho Migrant Council
Caldwell, ID

Catalina Garcia, M.D.
Anesthesiologist
Dallas, TX

Pedro Jose Greer, Jr., M.D.
Medical Director
Camillus Health Concern
Miami, FL

Ana Sol Gutierrez
Member
Board of Education
Montgomery County, MD

Helen Hernandez
President
The Legacy Group
Encino, CA

Alicia G. Martinez
Soc. Svcs. Administrator
City of San Antonio
San Antonio, TX

Arabella Martinez
Chief Executive Officer
Spanish Speaking Unity Council
Oakland, CA

Ramon Murguia
Attorney at Law
Watson & Dameron
Kansas City, MO

Ella Ochoa
Executive Director
Nebraska Assoc. of Farmworkers
North Platte, NE

Daniel Ortega, Jr., Esq.
Partner
Ortega & Moreno, P.C.
Phoenix, AZ

Deborah Szekely
Washington, D.C.

The Honorable Carlos Truan
State Senator, District 20
Corpus Christi, TX

The Honorable Mary Rose Wilcox
Supervisor, District 5
Maricopa County Board of Supervisors
Phoenix, AZ

EMERITUS DIRECTORS

Herman Gallegos
Brisbane, CA

Dr. Julian Samora
Department of Sociology
University of Notre Dame

R.P. (Bob) Sanchez, J.D.
Attorney at Law
McAllen, TX

Mitchell Sviridoff
APCO Associates
New York, NY

Gilbert R. Vasquez, C.P.A.
President
Vasquez and Company
Los Angeles, CA

LEGAL COUNSEL

Christopher Lipsett, Esq.
Wilmer, Cutler and Pickering
Washington, D.C.