

# Hispanic Poverty: A County Contrast

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## ABSTRACT

*This study examines Hispanic ethnic poverty rates at the county level. The specific ethnic groups examined are Cubans, Mexicans and Puerto Ricans as well as Other Hispanics and the counties include the Bronx, Los Angeles and Miami-Dade. The primary goal is to separate high Hispanic poverty into an ethnicity factor and a geographic/economic factor. The evidence is clear. Although ethnicity has some influence on the group specific poverty rates of Hispanic-Americans, it is overshadowed by local economies. Location is far more influential than cultural lineage in affecting group poverty rates.*

## INTRODUCTION AND GOALS

In the decennial census of 1970, Hispanics accounted for 4.6% of the U.S. total population and 7.9% of overall poverty. By census year 2000, Hispanic shares of the population and poverty had risen to 12.5% and 23% respectively. Over three decades, the increase in Hispanic poverty persons was 262%. By year 2000, Hispanics accounted for almost twice their proportionate population share of national poverty.

However, the Hispanic-American community is not homogeneous, as it consists of diverse cultural and ethnic lineages. And, these diverse ethnic groups exhibit different levels and temporal patterns of poverty. For example, in year 2000 Mexicans accounted for 7.3% of the U.S. population and 14.2% of overall poverty, Puerto Ricans represented 1.2% of the population and 2.5% of poverty, while the Cuban shares were 0.44% of the population and 0.52% of poverty. Together, these three ethnic groups represented 72% of the total Hispanic-American population and 75% of all Hispanic-American poverty.

This study will examine and compare the temporal patterns of poverty among the major ethnic groups of Hispanic-Americans. Their diverse patterns will be contrasted at the sub-national level in order to achieve some degree of control over varying regional economic circumstances. Three counties will be chosen to yield a comparative economic picture. A single county will be chosen to represent each group on the basis of a particular ethnic Hispanic population concentration. Bronx County within New York City will primarily represent Puerto Ricans, Los Angeles County will primarily represent Mexicans and Miami-Dade County will primarily represent Cubans. Comparisons of poverty rates will be both among the three counties and among the ethnic groups within each county. The geographically dispersed counties offer a contrast in economic diversity which, it is anticipated, will yield a clarifying contrast in poverty among the Hispanic-American ethnicities.

The analysis will begin with discussions first of the Hispanic classification as employed by the U.S. Census Bureau over the years and then of the definition of poverty as used by the Bureau.

## HISPANIC CLASSIFICATION

The “Hispanic” classification, as defined by the U.S. Bureau of the Census, has undergone a major change since 1970. In the 1970 decennial census, the national definition was “Persons of Spanish language.” Simultaneously, however, the Census definition for five Southwestern states (Arizona, California, Colorado, New Mexico and Texas) was “Persons of Spanish language or Spanish surname,” while for three Middle Atlantic states (New Jersey, New York and Pennsylvania) it was “Persons of Puerto Rican birth or parentage.” The census question on Spanish origin or heritage was asked of only a five percent sample of the Nation’s total population.

Decennial censuses of 1980, 1990 and 2000 employed a different approach to identifying persons of Spanish descent. Consequently, whereas data on Hispanic origin are generally comparable among the latter censuses, they are not directly comparable to 1970 census data. In each of the more recent three decennial censuses, the question of Hispanic origin was asked of all persons. In addition, the Bureau identified the specific countries of descent as Mexico, Puerto Rico, Cuba and Other, where Other is used as a residual category. These more recent censuses used interchangeable identifying terms of Spanish, Spanish-American, Chicano, Hispanic or Latino. Origin or descent consists of the culture, heritage, ancestry, nationality group, lineage or country in which a person, parents or ancestors were born.

## **DEFINITION OF POVERTY**

The definition of poverty that is employed by the Census Bureau was originally developed in 1964 by Mollie Orshansky of the Social Security Administration (Orshansky: 1969, July 1965, Jan. 1965). The definition was subsequently revised in 1969 and again in 1980 by federal interagency committees and is used by all federal agencies. Income levels for delineating the poor are determined by the cost of a low-income nutritionally adequate food plan called an Economy Food Plan. The Plan was based upon a Household Food Consumption Survey conducted in 1955 by the Department of Agriculture. In that survey, it was found that families of three or more persons across all income levels spent roughly one-third of after-tax income on food. Consequently, the cost of a subsistence food plan was multiplied by three in order to obtain the poverty thresholds. The other two-thirds of income were presumed to be used to cover minimal needs for clothing, shelter and other living essentials. Specific thresholds were established for families of varying size and composition – that is, for the number of adults and children and for the age of the family head. In the 2000 decennial census, for example, the Census Bureau used 48 separate thresholds for determining the poverty levels of families and unrelated individuals.

Poverty status was not determined for institutionalized persons, service personnel in military group quarters, students in college dormitories, or unrelated children below age 15 in the 1980, 1990 and 2000 censuses and below age 14 in the 1970 census. The decennial census of 1960 included all unrelated impoverished individuals regardless of age. Beginning with the 1980 census, the distinction in thresholds was eliminated between those households with a female head and other households. Also in the 1980 census, the income distinction between farm and nonfarm families was discontinued.

Poverty indexes are determined by pre-tax money income only and are adjusted annually for changes in the national cost of living, as reflected by the Consumer Price Index for urban dwellers. As an example; the official threshold for a family of four has grown from \$2,973 in 1959 to \$20,144 in 2005. Regional differences in living costs are not recognized by the indexes and thresholds are the same for all sections of the Nation.

## **THE EVIDENCE**

### **Tables And Graphs**

Table 1 and Figure 1 present the rates of poverty for Cubans, Mexicans, Puerto Ricans and Other Hispanic ethnic groups within Bronx County, as compiled by the U.S. Census Bureau in decennial censuses. The ethnic patterns are mixed. Whereas poverty rates typically declined during the 1990s among several groups, the rate within the Mexican community rose abruptly from 34.4% to 41.8%. This increase can be tied in large part to the rise in the Mexican population, which exploded by 175% from 12,481 to 34,377 (Table 2) – since the influx of poorly skilled workers further depressed earnings. In contrast, although the population of Other Hispanics also rose rapidly (from 152,523 to 282,855) over the same period, their poverty rate did not rise but declined from 38.5% to 36.3%. Consequently, the unique increase in Mexican poverty was likely a reflection of the comparative quality of the newer Mexican immigrants and workers. It is also worth noting that the primary Hispanic ethnic group in the Bronx has traditionally been Puerto Rican. And, the Puerto Rican population and poverty rate both peaked in the 1990 Census.

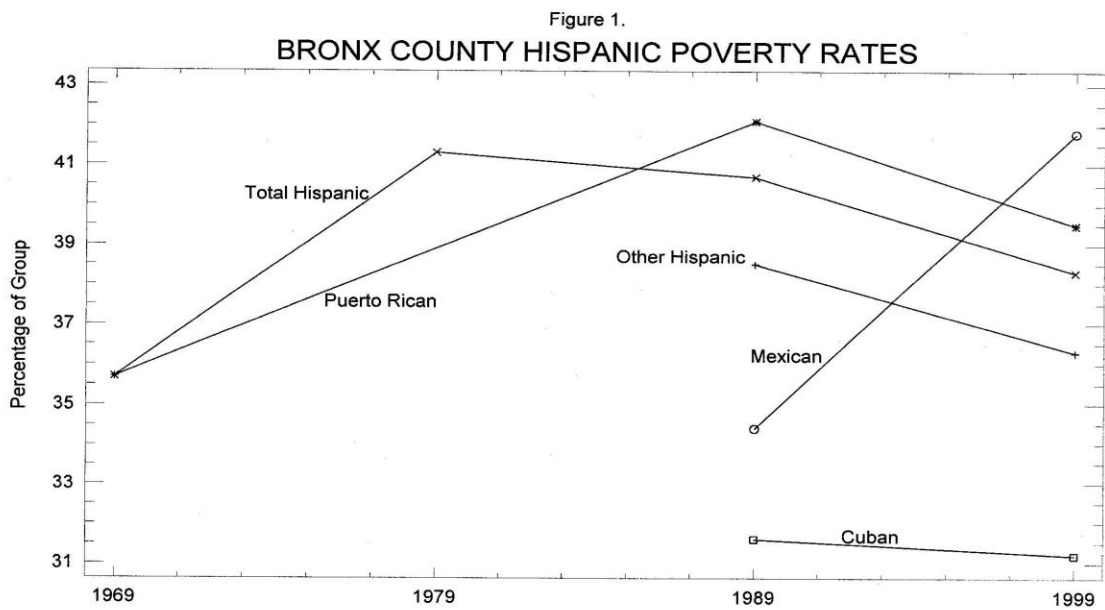
**Table 1**  
**Hispanic County Poverty**  
**(Percentage Of Group)**

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	<b>Bronx</b>	<b>Los Angeles</b>	<b>Miami-Dade</b>
Cuban			
1969	na	na	na
1979	na	na	na
1989	31.6	10.8	15.9
1999	31.2	12.8	15.6
Mexican			
1969	na	na	na
1979	na	na	na
1989	34.4	22.9	32.1
1999	41.8	24.2	26.3
Puerto Rican			
1969	35.7	na	na
1979	na	na	na
1989	42.1	17.6	22.9
1999	39.5	19.4	19.9
Other Hispanic			
1969	na	na	na
1979	na	na	na
1989	38.5	24.1	24.5
1999	36.3	23.0	18.5
Total Hispanic			
1969	35.7	14.7	14.9
1979	41.3	20.5	16.9
1989	40.7	22.9	19.5
1999	38.3	24.2	17.5

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Source: Bureau of the Census, U.S. Department of Commerce and calculations by the author.



Source: Census Bureau, U.S. Dept. of Commerce and author calculations.

**Table 2**  
**Hispanic County Populations**  
**(In Thousands)**

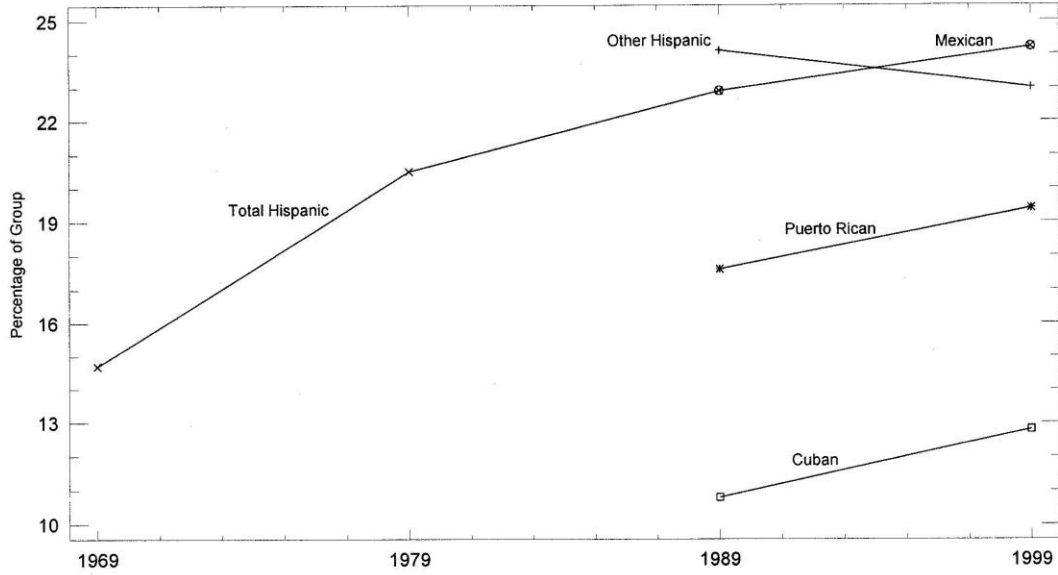
	<b>Bronx</b>	<b>Los Angeles</b>	<b>Miami-Dade</b>
<b>Cuban</b>			
1970	12.3	37.0	217.9
1980	8.2	44.3	405.8
1990	9.0	45.9	564.0
2000	8.2	38.7	650.6
<b>Mexican</b>			
1970	1.7	509.3	2.5
1980	3.9	1650.9	12.6
1990	12.5	2527.2	23.1
2000	34.4	3042.0	38.1
<b>Puerto Rican</b>			
1970	316.8	21.3	17.4
1980	318.4	36.7	45.8
1990	349.1	40.1	72.8
2000	319.2	37.9	80.3
<b>Other Hispanic</b>			
1970	55.8	483.7	42.2
1980	64.7	334.2	116.8
1990	152.5	738.1	293.5
2000	282.9	1123.7	522.7
<b>Total Hispanic</b>			
1970	386.6	1051.4	280.1
1980	395.1	2066.1	581.0
1990	523.1	3351.2	953.4
2000	644.7	4242.2	1291.7

Source: Bureau of the Census, U.S. Department of Commerce and calculations by the author.

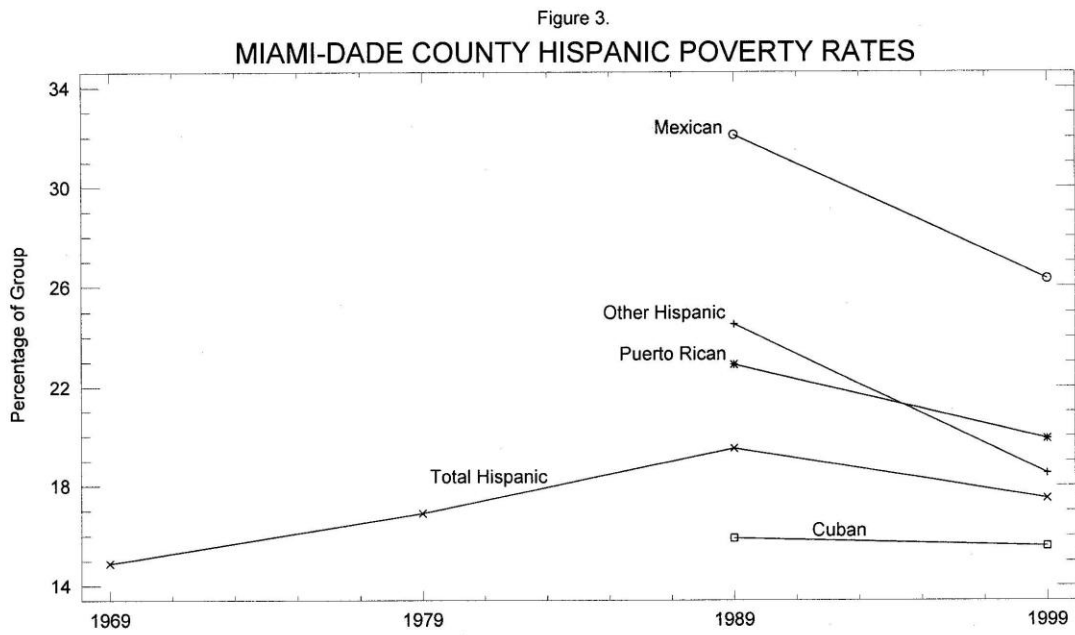
Los Angeles County also provides mixed evidence among the Hispanic groups during the 1990s (Table 1, Figure 2). Poverty rates rose uniformly for Cubans, Mexicans and Puerto Ricans, but declined for Other Hispanics. Yet, populations rose for both Mexicans and Others only (Table 2). Thus, Other Hispanics experienced declining poverty both in Los Angeles and in the Bronx despite rapidly rising populations. In contrast, Mexican poverty rates rose in Los Angeles as well as in the Bronx. Both Cuban and Puerto Rican rates rose in Los Angeles but not in the Bronx.

The County of Miami-Dade provides a third variation in ethnic Hispanic poverty. As shown in Table 1 and in Figure 3, rates declined for all ethnic classifications, but particularly for Mexicans and Others. Hence, economic conditions within the County served to improve the well-being of all groups – although not uniformly. Over the decade, the population of each ethnic group also increased but, again, especially for Mexicans and Others (Table 2).

Figure 2.  
LOS ANGELES COUNTY HISPANIC POVERTY RATES



Source: Census Bureau, U.S. Dept. of Commerce and author calculations.



Source: Census Bureau, U.S. Dept. of Commerce and author calculations.

Thus, in brief: over the decade of the 1990s Cubans experienced rising poverty rates in Los Angeles only, Mexicans enjoyed declining rates in Miami-Dade alone and Puerto Ricans found only Los Angeles increasingly inhospitable. Other Hispanics saw falling poverty in all three counties, but especially in Miami-Dade. Los Angeles and Miami-Dade were far more hospitable to Hispanic ethnic groups individually and overall and the Bronx was least hospitable.

**Inferential Evidence**

The emerging question to now be addressed is: which has the greater influence on Hispanic ethnic poverty rates – cultural identity (with its inherent group socio-economic and psychological characteristics) or geographic location? That is, is Hispanic group poverty rates influenced more by ethnic identity or by the economic environment?

To help answer this question we turn to inferential techniques of analysis of variance and regression. Using one-way ANOVA to “explain” ethnic Hispanic county poverty rates, we find that the *F* test statistic for the County factor is 61.74, while the *F* ratio for the ethnic effect is only 1.11 (Table 3). In other words, whereas the significance level for geographic location is below a .01% alpha level, the alpha level for ethnicity is 36.7%.

A similar outcome is obtained from two-way ANOVA. The dependent variable is again ethnic Hispanic county poverty rates, while the dual treatment effects are the county and the group ethnicity. Each main effect is statistically significant at least at the .01% alpha level. But, the comparative variance ratios tell the real story. The resulting two *F* test statistics are 112.95 for the county effect and only 8.24 for ethnicity. Thus, the picture from ANOVA is clear – geographic location far exceeds group identity in influencing ethnic Hispanic poverty rates.

**Table 3**  
**Anova Evidence**  
**The Dependent Variable Is The County Ethnic Hispanic Poverty Rate**

Source	Variation	DF	Variance	F-Ratio	P-Value
One-Way Summary Tables					
County	2556.04	2	1278.02	61.74	0.0000
Residual	703.76	34	20.70		
Hispanic Group					
Residual	398.58	4	99.64	1.11	0.3669
	2861.22	32	89.41		
Two-Way Summary Table					
County	2525.80	2	1262.90	112.95	0.0000
Hispanic Group	368.34	4	92.08	8.24	0.0001
Residual	335.42	30	11.18		

Results from regressions can elaborate on and augment this outcome (see Table 4). The dependent variable is again ethnic Hispanic county poverty rates. The explanatory variables are expressed in dummy form and consist of the County and the Hispanic ethnicity (see lower portion of Table 4). Although only 53.4% of the total variation in poverty rates is jointly accounted for by the two independent variables, the County factor dominates over the Hispanic Group. The *t* test statistics are 4.7 and 1.7 respectively. County is statistically significant at the .01% alpha level, while Hispanic Group is significant at the 10.6% level.



**Table 4**  
**Regression Evidence**  
**The Dependent Variable Is The County Ethnic Hispanic Poverty Rate**

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Simple, Independent Variable = County

<b>Parameter</b>	<b>Coefficient</b>	<b>Standard Error</b>	<b>T Statistic</b>	<b>P-Value</b>	
Intercept	41.36	3.55	11.65	0.0000	
Slope	-7.60	1.67	-4.55	0.0001	
ANOVA					
<b>Source</b>	<b>Variation</b>	<b>DF</b>	<b>Variance</b>	<b>F-Ratio</b>	<b>P-Value</b>
Model	980.22	1	980.22	20.71	0.0001
Residual	1088.54	23	47.33		
			$R^2 = 47.38\%$		
			$R^2 = 45.09\%$		
			a		

Standard Error of Estimate = 6.88

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Simple, Independent Variable = Hispanic Group

<b>Parameter</b>	<b>Coefficient</b>	<b>Standard Error</b>	<b>T Statistic</b>	<b>P-Value</b>	
Intercept	21.05	4.58	4.60	0.0001	
Slope	2.15	1.67	1.29	0.2099	
ANOVA					
<b>Source</b>	<b>Variation</b>	<b>DF</b>	<b>Variance</b>	<b>F-Ratio</b>	<b>P-Value</b>
Model	139.58	1	139.58	1.66	0.2099
Residual	1929.18	23	83.88		
			$R^2 = 6.75\%$		
			$R^2 = 2.69\%$		
			a		

Standard Error of Estimate = 9.16

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Multiple, Independent Variables = County & Hispanic Group

<b>Parameter</b>	<b>Coefficient</b>	<b>Standard Error</b>	<b>T Statistic</b>	<b>P-Value</b>	
Intercept	36.14	4.61	7.83	0.0000	
County	-7.54	1.61	-4.69	0.0001	
Hispanic Grp.	2.03	1.20	1.68	0.1062	
ANOVA					
<b>Source</b>	<b>Variation</b>	<b>DF</b>	<b>Variance</b>	<b>F-Ratio</b>	<b>P-Value</b>
Model	1104.61	2	552.31	12.60	0.0002
Residual	964.15	22	43.82		
			$R^2 = 53.40\%$		
			$R^2 = 49.16\%$		
			a		

Standard Error of Estimate = 6.62

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Simple regressions tell a similar story but even more dramatically (see *upper* portion of Table 4). The County variable alone “explains” 47.4% of the variation in Hispanic ethnic poverty rates across the three disparate locations and the slope coefficient is statistically significant at the .01% level. In contrast, the Hispanic ethnicity variable alone accounts for just 6.7% of the total variation in poverty rates and its slope coefficient is significant at the 21% alpha level.

Hence, the evidence is abundantly clear as well as consistent. The poverty rates of ethnic Hispanic groups are primarily and overwhelmingly affected by the geographic locations of the groups and much less influenced by separate ethnicities. This is not to say that cultural lineage is of no importance, but the economic environment of a locale creates a far more consistent impact.

## **SUMMARY AND CONCLUSIONS**

This study examined Hispanic ethnic poverty rates at the sub-national level. Separate counties were selected based upon the ethnicity concentrations of the three major Hispanic groups within the United States. Bronx County primarily represented Puerto Ricans, Los Angeles County represented Mexicans and Miami-Dade County represented Cubans. The poverty rates of the three groups as well as those of Other Hispanics were examined over time, to the degree that data permitted.

Evidence was presented in tables, in graphs and through the inferential statistical techniques of analysis of variance and regression. The underlying goal was to determine whether the high poverty rates of Hispanics were primarily a function of separate ethnic lineages or of the economies of their regional concentrations.

The evidence is clear. Although ethnic lineage does have an influence on comparative rates of poverty, it is overshadowed by the influence of the regional economy. There are substantial poverty differences among the various Hispanic ethnic groups, but regional economic effects are much more consistent in impact than are the differences caused by ethnic heritage.

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