

Hispanic-American Poverty

Robert G. Mogull, (E-mail: mogullr@csus.edu), California State University at Sacramento

ABSTRACT

Since 1970, the Hispanic-American population has grown rapidly and has become a progressively larger proportion of the overall American population. Over the same time period, the Hispanic share of total American poverty has grown at an even more rapid pace. Hispanic-Americans, however, are not a homogeneous cultural or economic segment of the population. Although Hispanics in general have experienced poverty rates which far exceed the national rates, there are large differences among various Hispanic ethnic groups. The purpose of this article is to examine the patterns of poverty within the Hispanic-American community.

INTRODUCTION

In the decennial census of 1970, 9.3 million Americans were “persons of Spanish language” and they accounted for 4.6% of the total population of the United States. By year 2000, however, 35.3 million persons were of Hispanic origin and represented 12.5% of the population. The increase in the Hispanic-American population has been 280% over a 30-year period, compared to an overall U.S. population increase of “just” 38%.

This population growth has been accompanied over the same time span by a 25% rise in overall American poverty, from 27.2 million to 33.9 million persons. But, poverty among Hispanic-Americans rose a massive 262%, from 2.2 million in 1969 to 7.8 million in 1999. In the latest decennial census, Hispanics accounted for 23% of total poverty within the United States -- almost twice their share of the population. Hispanic poverty, therefore, has had a major impact on national poverty. And in some states and counties, the Hispanic impact on overall poverty has been dominant (Mogull: forthcoming).

Yet, the Hispanic community in America is not homogeneous either ethnically or culturally, as it consists of many separate nationality lineages. Within the Hispanic-American community, the diverse ethnicities also exhibit different levels and different temporal patterns of poverty. The purpose of this article is to examine the varying patterns of poverty exhibited by the major ethnic segments of Hispanic-Americans. The principal Hispanic groups in the U.S. consist of Mexicans, Puerto Ricans and Cubans. These three segments jointly accounted for 72% of the entire Hispanic community in the Nation in year 2000.

HISPANIC CLASSIFICATION

The Hispanic classification, as defined by the Bureau of the Census, has undergone a major change between 1970 and later years. In the decennial census of 1970, the national definition was “Persons of Spanish language.” Simultaneously; 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 decennial census question on Spanish origin or heritage was asked of only a 5-percent sample of the Nation’s population.

The decennial censuses of 1980, 1990 and 2000 employed a different approach to identifying persons of Spanish or of Hispanic descent. Consequently, whereas data on Hispanic origin are generally comparable among these three latter censuses, they are “not directly comparable” to the 1970 census data. In each of the more recent decennial censuses, the Hispanic origin question was asked of *all* persons. In addition, they specifically identified the countries of descent as Mexico, Puerto Rico, Cuba or Other. The Other Hispanic origin has been used as a residual Hispanic classification and includes the nations of Spain, the Dominican Republic and the Spanish-speaking countries

of Central and South America and the West Indies. These three more recent censuses used identifying terms of Spanish, Spanish-American, Chicano, Hispanic or Latino interchangeably. In any case, origin or descent consists of the culture, heritage, ancestry, nationality group, lineage or country in which a person or person's parents or ancestors were born. Since persons of Hispanic origin can be of any race, they are double classified in the census as Hispanic and according to the individual's racial designation.

The Bureau explains that a "large" portion of the increase in the number of Hispanic-Americans identified after 1970 can be attributed to several factors: the universal coverage of requesting Hispanic identification, the improved design of the origin question and the adoption of a more effective public relations campaign. These efforts also resulted in the census inclusion of a sizable but unknown number of Hispanics who were illegally residing in the country.

DEFINITION OF POVERTY

The Census Bureau uses a definition of poverty that was originally developed in 1964 by Mollie Orshansky of the Social Security Administration (Orshansky: Jan. 1965, July 1965, 1969). The definition was subsequently revised in 1969 and in 1980 by federal interagency committees for use 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 which was 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 their after-tax income on food. Consequently, the cost of a subsistence food plan was multiplied by three in order to obtain 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 year 2000 decennial census, for example, the Census Bureau used 48 separate thresholds for determining the poverty levels of families and unrelated individuals.

Poverty status is not determined for institutionalized persons, service personnel in military group quarters, students in college dormitories, and 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 individuals regardless of age. Beginning with the 1980 census, the distinction in thresholds was eliminated between those families with a female head of household and other families. Also in the 1980 census, the income distinction between farm and non-farm families was eliminated.

The poverty indexes are determined by pre-tax money income only and are adjusted annually for changes in the cost of living, as reflected by the Consumer Price Index for urban dwellers. The official threshold for a family of four, for example, has grown from \$2,973 in 1959 to \$18,810 in 2003. Regional differences in living costs are not accounted for and the thresholds are the same for all sections of the Nation.

DATA

The Census Bureau surveys and estimates poverty primarily through the decennial censuses and through the Current Population Surveys (which are conducted annually in March). But, the results of the two surveys can differ greatly. Table 1 indicates the discrepancies both in poverty counts and in poverty rates as reported by the Current Population Surveys (CPS) and the decennial censuses. For example; whereas the CPS estimate of national poverty for 1999 was 32.3 million persons, the decennial census estimate was 33.9 million. Further, the CPS estimated a national poverty rate of 11.8%, while the Census estimate was 12.4%. The table reveals a lack of consistency as to which of the two sources arrives at a higher estimate. There is also the puzzling case for Hispanics in 1999 where, although the CPS estimate of the number of impoverished persons is smaller than the Census estimate by almost 359 thousand or by 4.6%, the CPS estimate of the rate of poverty is larger than the Census estimate by 0.88% (22.8% versus 22.6%).

Table 1: Poverty Estimate By Source

Year	Entire U.S. Population				Hispanic-Americans			
	CPS		Census		CPS		Census	
	Persons	%	Persons	%	Persons	%	Persons	%
1959	39,490,000	22.4	38,684,545	22.1	na	na	na	na
1969	24,147,000	12.1	27,208,583	13.7	na	na	2,153,834	23.5
1979	26,072,000	11.7	27,392,580	12.4	2,921,000	21.8	3,371,134	23.5
1989	31,528,000	12.8	31,742,864	13.1	5,430,000	26.2	5,403,492	25.3
1999	32,258,000	11.8	33,899,812	12.4	7,439,000	22.8	7,797,874	22.6

Source: Bureau of the Census, U.S. Department of Commerce

In this study, estimates of Hispanic-American poverty are obtained solely from the decennial censuses for two reasons. First; whereas the CPS have employed national monthly sample sizes of between 33,500 and 68,000 households, the decennial censuses have compiled statistics from far larger samples of between 15% and 25% of all housing units. For example; in year 2000, roughly 17.6 million households were surveyed for data on income in the decennial census in contrast to only 51,016 surveyed by the CPS. The relatively small sample sizes have had profound effects on the reliability of the CPS estimates. And, this lower reliability was further aggravated when statistics were computed for individual population segments, such as for Hispanics.

Table 2: U.S. & Hispanic-American Population & Poverty

Year	Population	Poverty Persons	Poverty Rate
Entire U.S.			
1970	203,302,031	27,208,583	13.7
1980	226,542,203	27,392,580	12.4
1990	248,709,873	31,742,864	13.1
2000	281,421,906	33,899,812	12.4
All Hispanics			
1970	9,294,509	2,153,834	23.5
1980	14,608,673	3,371,134	23.5
1990	22,354,059	5,403,492	25.3
2000	35,305,818	7,797,874	22.6
Cubans			
1970	544,600	na	na
1980	803,226	105,212	13.2
1990	1,043,932	149,825	14.6
2000	1,241,685	177,935	14.6
Mexicans			
1970	4,532,435	na	na
1980	8,740,439	1,987,957	23.3
1990	13,495,938	3,447,149	26.3
2000	20,640,711	4,814,500	23.5
Puerto Ricans			
1970	1,429,396	na	na
1980	2,013,945	709,755	36.3
1990	2,727,754	812,798	31.7
2000	3,406,178	853,443	25.8
Other Ethnic Hispanics			
1970	2,788,078	na	na
1980	3,051,063	568,210	18.6
1990	5,086,435	993,720	19.5
2000	10,017,244	1,951,996	19.5

Source: Bureau of the Census, U.S. Department of Commerce.

The second reason for choosing to exclusively employ decennial census statistics is because the CPS does not provide a detailed ethnic breakdown of poverty within the broad Hispanic classification. That is, although estimates of Hispanic poverty are available from the CPS annually (for the Nation only), statistics are not reported separately for Cubans, Mexicans, Puerto Ricans and Other Hispanic-Americans. Consequently, the statistical information desired for this study is simply not available from the CPS reports.

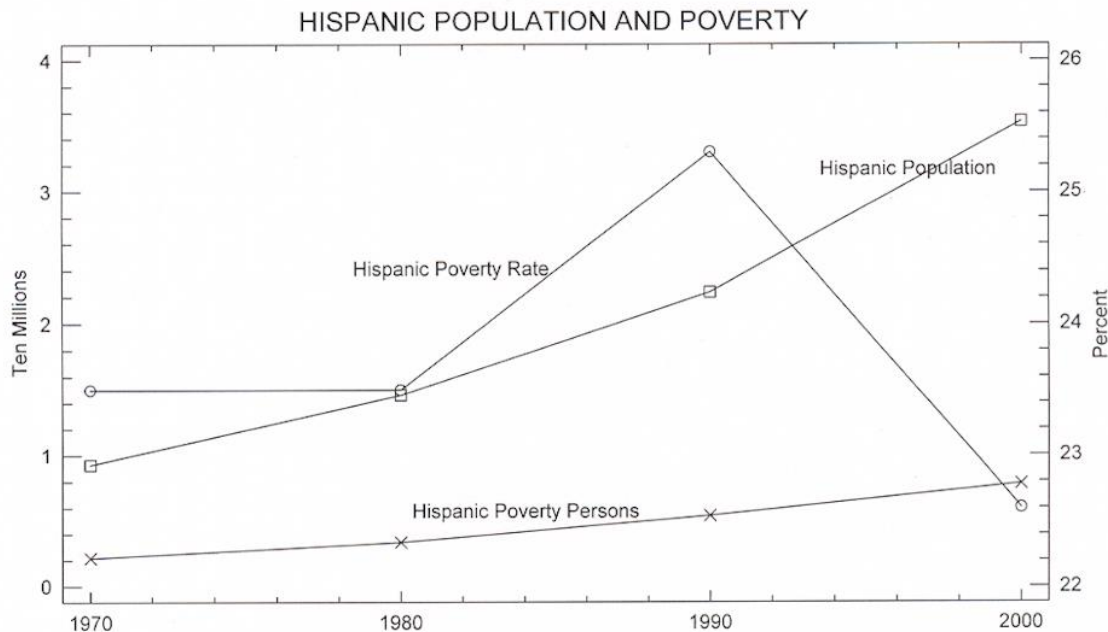
The evidence for this study consists of population and poverty statistics for the national population and for the major ethnic segments of Hispanic-Americans. Whereas poverty statistics have been available since the 1960 decennial census, poverty statistics for Hispanic-Americans have been available since the 1970 Census and an ethnic breakdown of Hispanic poverty has been available only since the 1980 decennial census. (Census estimates of poverty are for the immediate prior calendar years.) Table 2 and Figures 1 through 5 present the universe of Hispanic statistical evidence computed by the Bureau for the decennial census years 1970 through 2000.

DESCRIPTIVE STATISTICAL EVIDENCE

All Hispanics

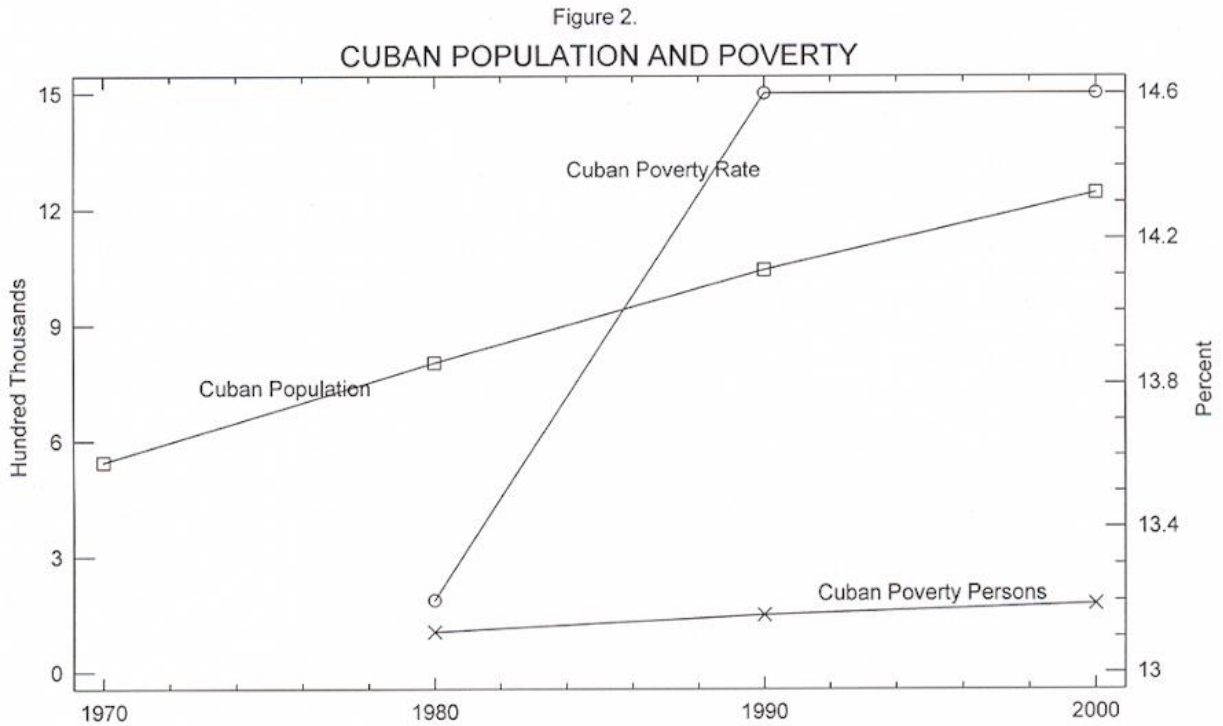
As shown in Table 2 and in Figure 1, the Hispanic segment continues to be of greater and greater national importance in terms both of population and of poverty. Between 1970 and 2000, the overall U.S. population grew by 38.4%, while the Hispanic-American population exploded by 279.9% or by an annual average of 9.3%. In 1970, the Hispanic community accounted for just 4.6% of the total population. That share increased each decade until it represented 12.5% of all Americans in year 2000. During the same time span, there was a 24.6% increase in the number of Americans beneath the poverty threshold but a massive 262% increase in impoverished Hispanic-Americans. Over 30 years, the Hispanic rate of poverty has fallen by 3.8% in contrast to a 9.5% drop in the overall national rate. In 1970, the Hispanic poverty rate exceeded the national rate by 72% and, in year 2000, it exceeded the national rate by 82%. In still other terms; whereas 7.9% of all impoverished Americans were Hispanic in 1970, by year 2000 that share had jumped almost 3-fold to 23.0%. However, during the most recent decade, whereas the poverty rate for all Americans dropped 5.3% from 13.1% to 12.4%, the Hispanic poverty rate fell by 10.7% from 25.3% to 22.6%. Thus, the most recent decade shows a decline in the Hispanic poverty rate which was twice the national decline.

Figure 1.



Cubans

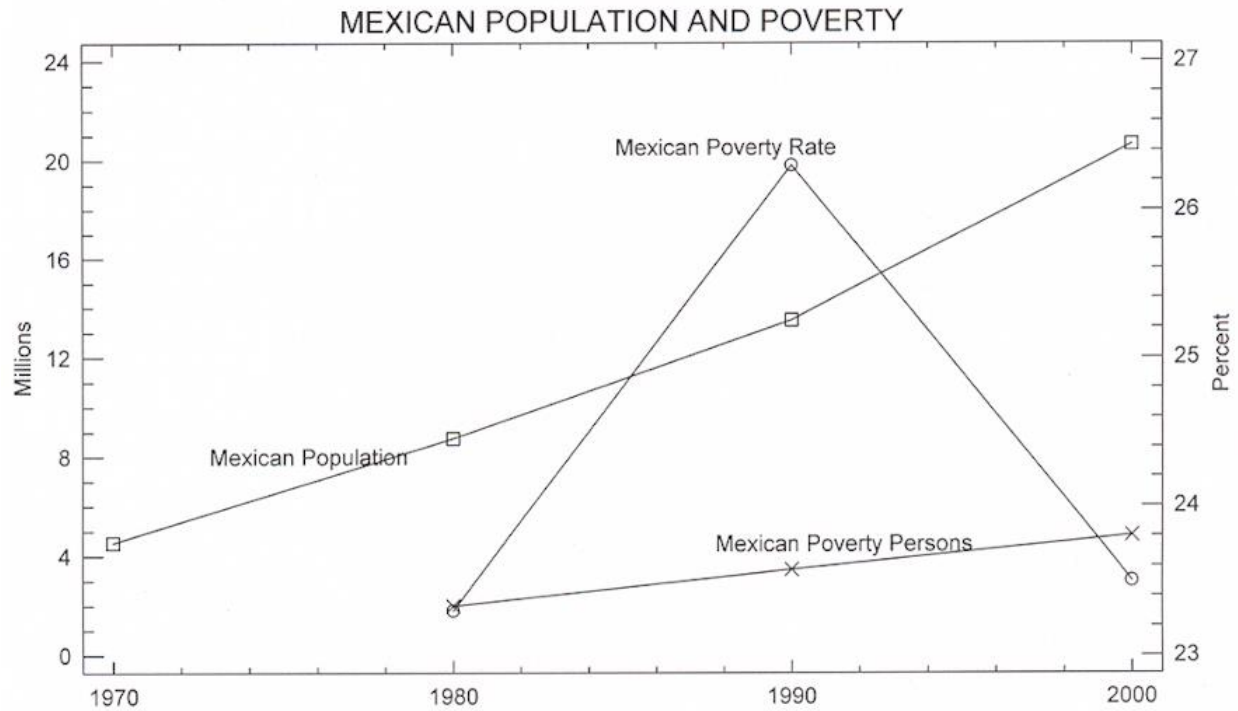
Between 1970 and 2000, the Cuban-American population rose by 128% from 545 thousand to 1.2 million persons or by about 4.3% per year. Whereas the Cuban population increased by 54.6% between 1980 and 2000, the number of Cubans in poverty rose by 69.1%. Thus, their rate of poverty increased by 10.6% from 13.2% to 14.6%. Between 1990 and 2000, the Cuban poverty rate leveled off at 14.6%. The Cuban rate of poverty has consistently been the lowest among all ethnic Hispanics. As a proportion of all impoverished Hispanics, the Cuban share has declined from 3.1% to 2.3% over the past two decades.



Mexicans

Over the past three decades, the Mexican-American population has risen by 355.4% from 4.5 million to 20.6 million persons or by about 11.8% annually. The past two decades has seen a much smaller population increase of 136.2% or of 6.8% per year. Over the same 20-year period, the number of impoverished Mexicans has increased by 142.2% from 2.0 million to 4.8 million. Consequently, the Mexican rate of poverty, although highly erratic, has insignificantly edged up by 0.86% from 23.3% to 23.5%. In addition; the Mexican share of total Hispanic poverty has grown from 59.0% in 1980 to 61.7% in 2000 and remains the largest ethnic share of Hispanic poverty. Historically, Mexicans have accounted for about 3/5's of all impoverished Hispanic-Americans.

Figure 3.



Puerto Ricans

From 1970 to 2000, the Puerto Rican population rose by 138.3% from 1.4 million to 3.4 million individuals or by an annual average of 4.6%. Over the past two decades, while their population grew by 69.1%, the number of impoverished Puerto Ricans increased by “only” 20.2%. Consequently, although the Puerto Rican rate of poverty consistently exceeded all other ethnic Hispanics between 1980 and 2000, it has declined dramatically from 36.3% to 25.8%. As a proportion of all Hispanic poor, the Puerto Rican share has fallen sharply, from 21.1% in 1980 to 10.9% in 2000.

Other Ethnic Hispanics

As a residual classification of Hispanic ethnicities, Other Ethnic Hispanic-Americans have become a significant-sized minority. In 1970, they numbered 2.8 million and by 2000 they numbered 10 million for a 259.3% increase or an annual average increase of 8.6%. Between 1970 and 1980, the Other Hispanic population rose at a rate of just 9.4%; from 1980 to 1990, their population increased by 66.7%; and between 1990 and 2000, there was a 96.9% jump. Thus, as illustrated in Figure 5, this population segment is increasing at an increasing rate. In 1980, Other Hispanics accounted for just 20.9% of all Hispanic-Americans. Ten years later, this share grew to 22.8% and by year 2000 they represented 28.4%. From 1980 to 2000, the number of impoverished Other Hispanics increased by a massive 243.5% from .6 million to 2.0 million or by 12.2% annually. Between 1980 and 1990, there was a 75% increase in Other Hispanic poor persons and, between 1990 and 2000, the rate of increase was 96%. The percentage increase far exceeded that of any other Hispanic ethnic group. Although their rate of poverty has also grown, it has leveled off at about 19.5%. As a share of total Hispanic-American poverty, Other Hispanics have leaped strikingly from 16.9% in 1980 to 18.4% in 1990 and to 25% in 2000. This latest 25% share of all impoverished Hispanics, however, is less than their current 28.4% share of the overall Hispanic population.

Figure 4.

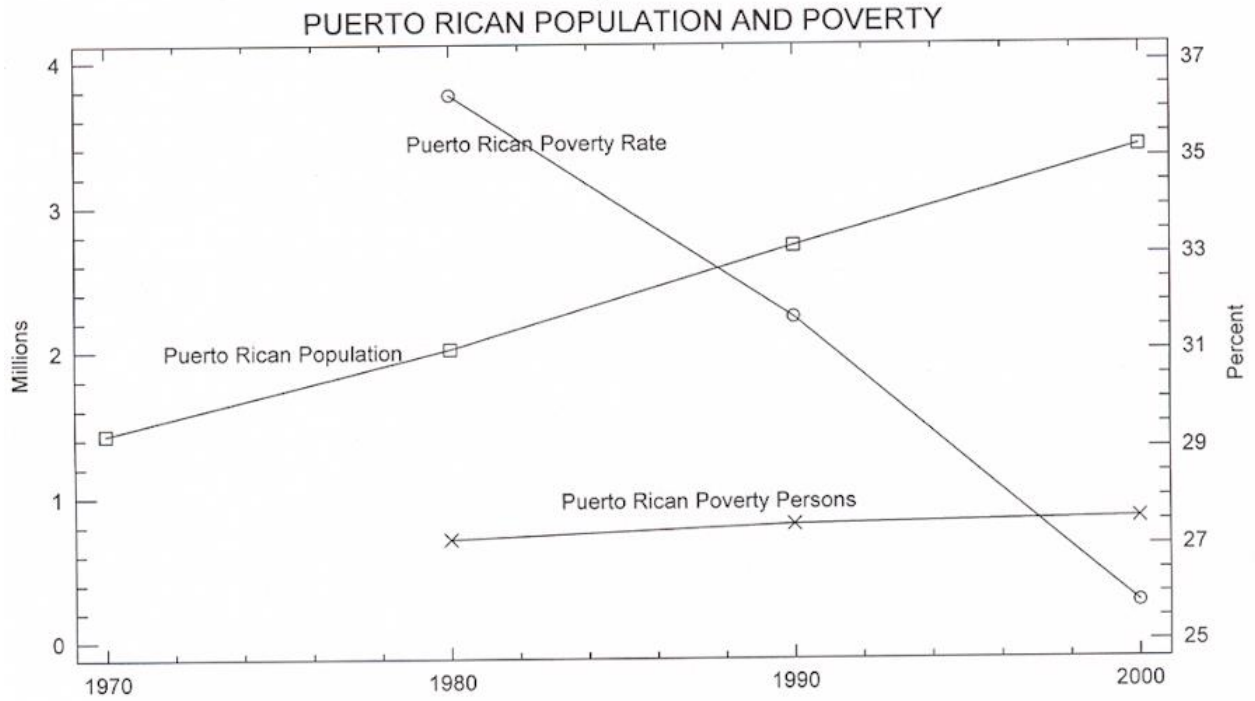
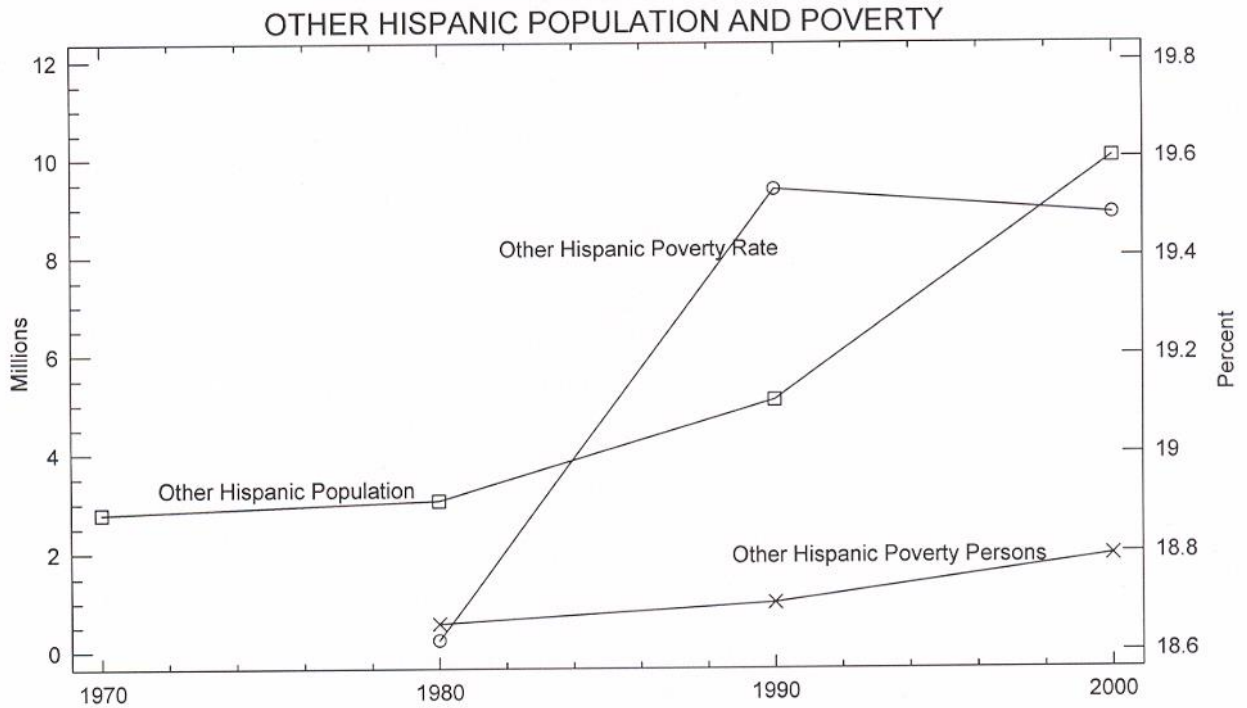


Figure 5.



Latest Cross-Sectional Snapshot

Before turning our attention to the evidence from regressions, let us look at the descriptive statistical evidence from the most recent decennial census.

Figure 6 illustrates comparative rates of poverty among the Hispanic ethnic groups in 1999 (which were obtained from the 2000 decennial census). The overall poverty rate for All Hispanics was 22.6%. That rate was exceeded by Puerto Ricans (25.8%) and by Mexicans (23.5%). The rates of poverty for Other Ethnic Hispanics (19.5%) and for Cubans (14.6%) were smaller than for overall Hispanics. Thus, the incidence of poverty ranged from 14.6% for Cubans to 25.8% for Puerto Ricans -- a 76.7% ethnic differential between extremes.

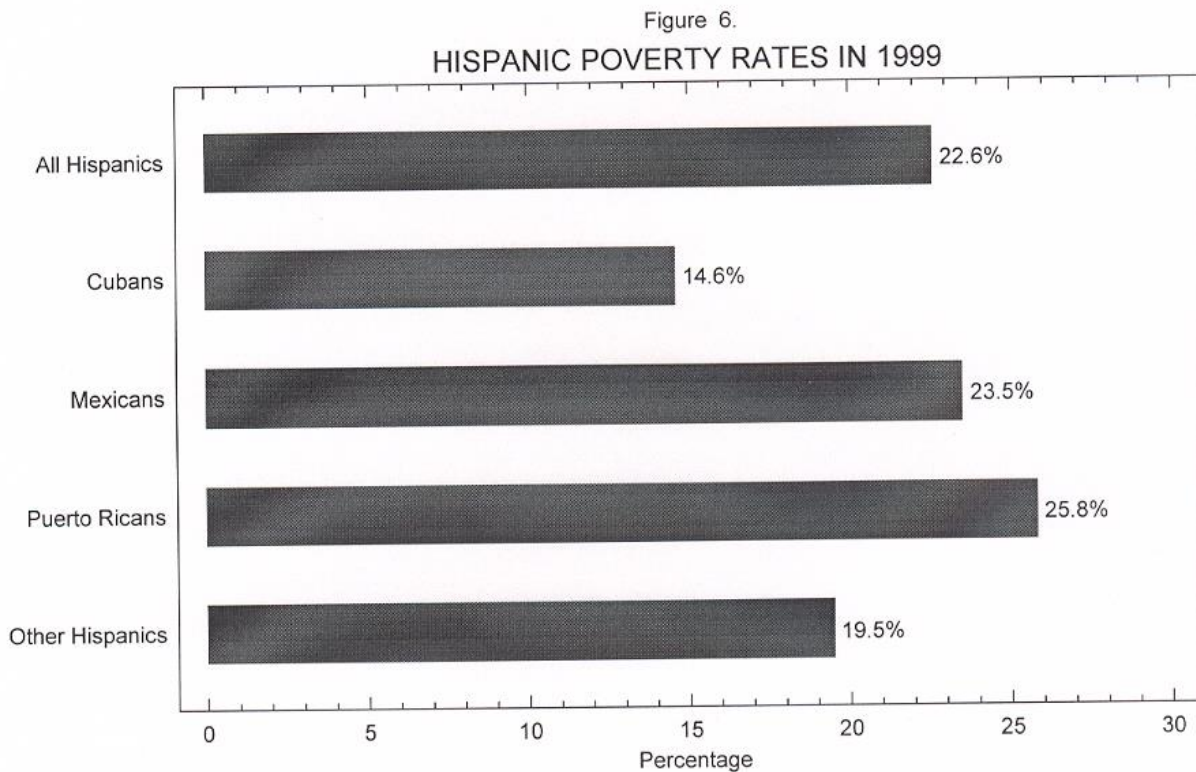
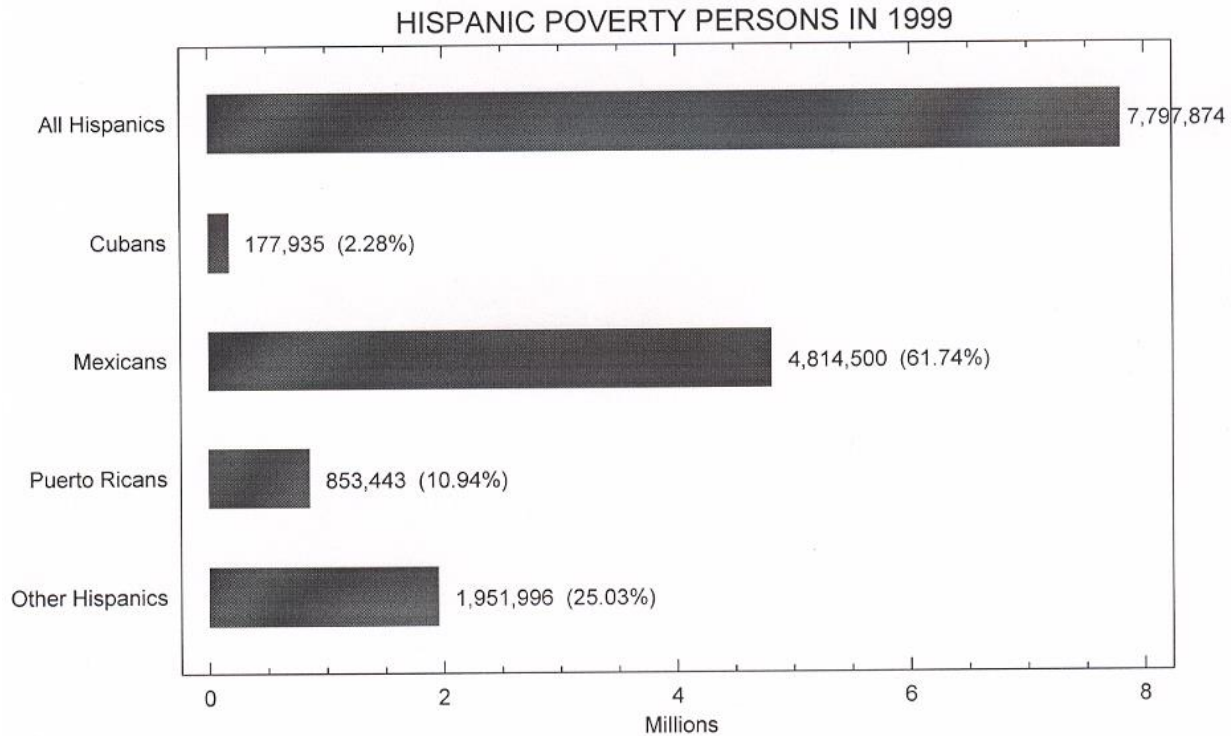


Figure 7 illustrates the number of persons below the poverty threshold for the separate Hispanic ethnic groups. There were 7.8 million total Hispanic-American poor in 1999. The largest share came from Mexicans with 4.8 million persons, while Other Hispanics accounted for about 2 million, Puerto Ricans for .85 million and Cubans for .18 million. In 1999, therefore, Mexicans accounted for 61.7% of all impoverished Hispanic-Americans, followed by Other Ethnic Hispanics (25%), Puerto Ricans (10.9%) and Cubans (2.3%).

Figure 7.



REGRESSION EVIDENCE

The results of linear regressions are presented in Table 3, which serve to describe the linear time-series patterns of the universe of data points. The governing variable for each regression is “Year,” where the discrete decennial years range either from 1970 to 2000 or from 1980 to 2000. The regressions’ trend evidence is employed to provide comparisons between population and poverty among the Hispanic ethnic groups. Only the minimal necessary statistics are reported, as other statistics would be superfluous for our purposes.

All Hispanics

The slope of the regression line for the population of All Hispanics is roughly 858 thousand. This indicates that, on the average over the 30 years of measurement (1970-2000), the Hispanic-American population increased by 858 thousand persons per year. The coefficient of determination is $r^2 = 96.1\%$, which shows the high percentage of the variation in population that is accounted for by the *linear* trend line. There are four decennial census data points ($N = 4$) in this regression. The slope for poverty persons is about 190 thousand and also is positive. Hence, on the average over 30 years, the number of Hispanic poverty persons increased by 190 thousand each year. About 98.1% of the variation in poverty persons over the past 30 years is accounted for by a linear trend line. The slope for the overall Hispanic poverty rate is negative 0.009. Thus, on the average over 30 years, the annual rate of poverty declined a modest 0.009%. (It will be seen that this negative slope is due entirely to the decline in the poverty rate for Puerto Ricans.) The r^2 value indicates that only 1.1% of the long-term variation in the poverty rate is accounted for by a linear trend line. The low magnitude of r^2 is a reflection of the highly erratic temporal behavior of the overall Hispanic poverty rate, as can be seen in Figure 1 above.

Table 3: Regression Results

	Slope	r²%	N
All Hispanics			
Population	857,793.0	96.1	4
Poverty Persons	189,645.0	98.1	4
Poverty Rate	-0.009	1.1	4
Cubans			
Population	23,319.6	99.6	4
Poverty Persons	3,636.15	98.3	3
Poverty Rate	0.07	75.0	3
Mexicans			
Population	530,803.0	98.4	4
Poverty Persons	141,327.0	100.0	3
Poverty Rate	0.01	0.4	3
Puerto Ricans			
Population	66,441.6	99.8	4
Poverty Persons	7,184.4	94.1	3
Poverty Rate	-0.525	99.5	3
Other Ethnic Hispanics			
Population	237,229.0	83.6	4
Poverty Persons	69,189.3	95.3	3
Poverty Rate	0.043	70.6	3

Cubans

The slope of the Cuban population regression line indicates that, on the average over 30 years, the Cuban-American population rose by about 23 thousand persons per year. The coefficient of determination of 99.6% reflects an almost perfect linear pattern in population growth. The slope for Cuban poverty persons is a positive 3.6 thousand. Hence, on the average over 20 years (1980-2000), this number of Cubans was added to poverty rolls annually. The r² value of 98.3% again indicates an almost perfect linear trend. The Cuban rate of poverty grew at a comparatively substantial 0.07% annual average over 20 years and exceeds that of any other ethnic Hispanic group. The r² = 75% reflects the relatively low degree of trend variation accounted for by the linear model.

Mexicans

The Mexican slope for population indicates an average annual increase over 30 years of about 531 thousand persons. Thus, each year, 62% of all new Hispanic-Americans have been of Mexican ancestry. The coefficient of determination of 98.4% reveals a highly linear population trend. During the past two decades, the number of poor Mexican-Americans has increased by 141 thousand annually and the trend is perfectly linear over the three data points (r² = 100%). Although the Mexican poverty rate has increased by an annual average 0.01%, it has been highly volatile. This erratic behavior in the rate of poverty is revealed both in Figure 3 and by the scant 0.4% coefficient of determination. A linear model is entirely ineffective in describing the pattern of Mexican-American poverty rates between 1980 and 2000.

Puerto Ricans

All the trends for Puerto Ricans have been highly linear -- for population, for poverty persons and for poverty rates. In each case, the coefficient of determination is close to 100%. On the average, the Puerto Rican population increased by 66.4 thousand annually. But, the average number of impoverished Puerto Rican persons increased each year by only 7.2 thousand and, consequently, their average annual rate of poverty fell by 0.525%. The drop in the poverty rate of Puerto Ricans is the most consistent and the most pronounced among all Hispanic-American ethnic groups over the past 20 years. The negative slope to the Puerto Rican poverty rate is the only continuous negative

slope found among the Hispanic ethnic groups. And, the *strength* of the negatively sloped Puerto Rican rate is responsible for the downward slope of the overall poverty rate computed for All Hispanic-Americans. Without the Puerto Rican ethnic component, the slope of the overall Hispanic poverty rate between 1980 and 2000 would be a *positive* 0.032%.

Other Ethnic Hispanics

Over the past 30 years the Other Ethnic Hispanic population has increased by an annual average 237 thousand persons -- over 10 times the rate for Cubans, 3.6 times the rate for Puerto Ricans and 0.45 of the rate of increase for Mexicans. As illustrated in Figure 5 above, their population has been growing at an increasing rate. Thus, the r^2 value for linear population trend is a comparatively low 83.6%. Impoverished Other Hispanics has been rising by an annual average 69.2 thousand persons. The slope for the rate of poverty indicates a yearly increase of 0.04%. A relatively low 70.6% of the variation in the poverty rate is accounted for by the linear model.

SUMMARY & CONCLUSIONS

Between 1970 and 2000, the Hispanic share of the overall American population climbed from 4.6% to 12.5%, while their share of overall American poverty grew even more rapidly -- from 7.9% to 23%. But, Hispanic-Americans are not a homogeneous cultural or economic population segment. The purpose of this article has been to examine ethnic patterns of poverty within the Hispanic community.

Although Hispanics have had poverty rates that far exceed the overall national rates, there are large differences among the various Hispanic-American ethnicities. The poverty rates of Cubans have been roughly comparable to those of non-Hispanic-Americans. Rates for Puerto Ricans and Mexicans, however, have been much higher -- especially those for Puerto Ricans. Despite the extreme rates of poverty among Puerto Ricans, there has been a continuous and strong downward trend. This negative trend in the Puerto Rican poverty rate is responsible for the decline in the overall Hispanic poverty rate over the past two decades. Without the Puerto Rican ethnic component, the trend in the overall Hispanic poverty rate would be positive. Nevertheless, the poverty rates of Puerto Ricans consistently exceeded those of other Hispanics.

In terms of number of Hispanic persons in poverty, Mexicans historically account for the greatest shares. In the latest decennial census, 62% of all Hispanic-Americans below the poverty line were of Mexican heritage. Poverty among Other Ethnic Hispanics has been growing by a massive 12.2% annual average and currently accounts for one-quarter of all impoverished Hispanic-Americans. The percentage increase far exceeds that of any other Hispanic ethnic group.

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NOTES