

NCLR

NATIONAL COUNCIL OF LA RAZA

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Can you
write a
response?

March 13, 1998

Dr. Janet L. Yellen
Chair, Council of Economic Advisors
The White House
1600 Pennsylvania Avenue
Washington DC 20500

Dear Dr. Yellen:

I am writing to thank you for having contacted the National Council of La Raza (NCLR) to participate in a conference call on the President's Economic Report. In addition, I would like to express our appreciation for your having included important Hispanic-specific economic data in the President's Report. For almost a decade, the NCLR Poverty Project has worked to bring greater public attention to the economic issues that Latinos face. We believe that Hispanic economic status is an increasingly critical piece of the overall U.S. economic picture, and for this reason we believe it was an important first step to have had economic data on Hispanics highlighted in certain sections of the President's Report.

However, there are several issues regarding the report that deeply concern us. Specifically, as we will explain further, while we believe it is reasonable to suggest that the "booming" U.S. economy has had some net positive impacts on Hispanic Americans overall, we do not believe that it is an accurate depiction of Latino children to state that "the picture has improved" between 1993 and 1996. In addition, we are especially concerned at the role given to immigration in the report, to the exclusion of other serious factors, in determining Hispanic economic outcomes, which we believe overstates the case dramatically.

Hispanic Child Poverty

The section of the President's report on the well-being of children notes several critical pieces of data that are essential to determining the economic well-being of Hispanic children. For example, as the report illustrates, the prosperous economy has benefited most American families and there has been a decrease in the child poverty rate overall. The report also notes that data show that 40.3% of Hispanic children in 1996 were poor, compared to 39.9% of Black children and 16.3% of White children. However, the report failed to acknowledge that for Latinos, in particular, this poverty rate represents a 47.9% increase in the number of Hispanic poor children since 1990; over this time period, 1.4 million more Hispanic children became poor.



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LA RAZA: The Hispanic People of the New World

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In addition, the President's report did not appear to consider Hispanic sub-group, regional, and family composition issues in determining the economic well-being of Hispanic children. If the report did include these data it would find that two in five Mexican children (41.0%) and almost half of Puerto Rican children (49.9%) lived below the poverty level in 1996. Compared to 1990, these data show a slight increase in child poverty for Mexican Americans and a modest decrease in Puerto Rican children's poverty status, although it remains disturbingly high. The latest data also show that, in 1993, more than one-quarter (27.0%) of Cuban children were poor, an increase over the 1990 rate of 21.3%.

Furthermore, as noted in the report, child poverty varies by family composition. Yet the report failed to note that for Hispanics in 1996 nearly one-third (29.4%) of Hispanic children living in married-couple families (those presumably able to fare better in the economy) were poor, compared to one in ten White children (9.2%), and more than one in eight (13.9%) Black children.

In addition, state data point to some notable variations in Latino child poverty that the report did not acknowledge. The states which have the highest levels of child poverty are located in the Northeastern U.S. According to 1990 Census Bureau data, Hispanic child poverty is worst in New York (41.9%), Massachusetts (49.1%), Pennsylvania (46.7%), and Rhode Island (41.3%).

Consideration of all of these data are especially important to determining the overall well-being of Hispanic children for several reasons:

First, more than one-third of the U.S. Hispanic population is under 18 (35.1% in 1997). Coupled with the growth in the overall Hispanic population, the depth and persistence of Latino child poverty in spite of overall economic prosperity has serious implications, not only for the Hispanic community, but also for the entire nation, as well as for the economies of the cities and states where these children live.

Second, these data show that Hispanic child poverty does not fit the traditional mold, and this requires a distinct policy approach. According to the Census Bureau, the vast majority of Latino children live in two-parent families. Analyses conducted by the Children's Defense Fund have shown that one-half of all poor Hispanic children live in married-couple families, and that even full-time work by at least one parent does not provide any assurance of low child poverty rates. Indeed, both NCLR studies and other research have documented that one of the principal factors associated with the high rate of child poverty among Hispanics is the poor occupational distribution of Hispanic adult (particularly male) workers. In this sense, the primary issue for a large segment of the Latino poor include skills, wages, and labor force prospects, rather than detachment from employment. Consequently policy solutions that work from the traditional poverty perspective may not be as effective for Latinos.

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Third, Hispanic subgroup data show that Hispanic child poverty is more prevalent in the U.S.-citizen Puerto Rican population than in other Hispanic subgroups, strongly suggesting that immigration may not be the most important factor in determining economic status of U.S. Hispanic children (more on this issue below). Given that Puerto Ricans tend to be concentrated in the Northeast, this helps to explain why that region of the country has the highest Latino child poverty rates. Research has shown that this severe poverty is due, in part, to the high proportion of Puerto Rican single-mother families, relative to both Whites and other Latino subgroups, the poor economic status of these women, and their low labor force participation rate. As the President's economic report points out, however, changes in family structure explain about one-fifth of the income and poverty gaps between Blacks and Whites; similar studies of Hispanics have not been done.

Still, the majority of Latino poor children live with two parents, at least one of whom works. Yet, despite the work and family ethic environment in which Latino children are raised, two in five are poor – a rate which has steadily climbed since the 1980s. Moreover, a substantial share of these children are native-born (84.3%). Therefore, we believe that the manner in which the state of America's children has been characterized by the report is misleading with respect to America's Hispanic children.

As you know, Hispanics are the only group in the U.S. to have experienced a rise in poverty and a decline in income during the economic growth phase that the U.S. has experienced. We believe that the high poverty facing Hispanic children is directly related to their parents' poor outcomes in this economy, and are working actively with the White House to develop policy initiatives to address this disparity. Furthermore, as the report notes, because family income is more strongly correlated with children's achievement than parental schooling or family structure, the unacceptable disparities in Hispanic income levels relative to Whites is a national concern.

Hispanic Poverty and Immigrants

We are especially disappointed – and strongly disagree with – the economic report's almost exclusive reliance on immigration to explain and characterize Hispanic education, poverty, income levels, and overall economic status. We know, as several highly-regarded studies show, that as a whole immigrants tend to have a lower socioeconomic status than persons who are native-born; as a group, Hispanic immigrants have lower education levels than their native-born counterparts and tend to have language barriers which limit their prospects and outcomes in the labor market. As a result, the use of data which include Hispanic immigrants to make statistical comparisons between Hispanics and non-Hispanics may slightly overstate the differences that exist between these groups. This may be especially true of recent immigrants, whom data suggest have lower education levels than previous cohorts of immigrants.

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However, we believe that there are other factors like the education and employment levels of Hispanics, particularly native-born Hispanics (the vast majority of the population), that are far more important than immigration in explaining the economic well-being of Hispanic Americans. We believe these factors are increasingly important because even when immigration data concerns are held constant, there continue to be gaps in both education and poverty levels between native-born Mexicans (the largest Latino subgroup) and Whites. For example, regarding education, we know that only slightly more than half of native-born Hispanics 25 years and older (55.9%) have attained a high school education level, while the same is true for only one-third of comparable Hispanic foreign born persons. The rates are closer for higher education, with little more than one in ten native-born Hispanics (11.5%) attaining college level education, compared to fewer than one in ten (7.4%) foreign-born Hispanics 25 or older. The report notes that "the slow progress in high school attainment among Hispanics is in large part explained by the increasing representation of immigrants with less education" and that low college attainment rates "appear to be due partly to low rates among immigrants." While the report acknowledges that "a substantial gap in high school completion rates" remains between native-born Hispanics and non-Hispanic Whites, from our reading, the report inaccurately overemphasizes the immigration influence.

Recent research by Dr. Frank D. Bean and Dr. Jorge Chapa (LBJ School of Public Affairs, University of Texas at Austin) indicates that while education does tend to increase with generation, third-generation Mexican Americans have not attained educational levels comparable to that of non-Hispanic White natives. Moreover, when the Mexican population is disaggregated by birth cohort, data show that both male and female third-generation Mexican Americans of the most recent cohorts have lower education levels than those in the second generation; in other words, educational attainment is actually decreasing with each generation.

Notwithstanding this fact, the report links "large inflows of less educated immigrants" to the "flat" educational attainment rate of Hispanics and the "deterioration" in Hispanic pay. Multiple variables have kept Hispanic education levels low, even as those for African Americans have risen to approach those of Whites. In part because the high school and college completion rates of native-born Hispanics have not significantly improved over the past 20 years, native-born Hispanic workers continue to be segregated in unstable, low-paying jobs with little growth potential and few benefits. Furthermore, Hispanic workers (including Puerto Ricans in the Northeast and Mexican American workers in the Southwest) have experienced high levels of worker displacement because of structural changes in the economy, especially declines in the manufacturing sector.

With respect to overall population growth figures, the report overemphasizes the increase in immigration over the past two decades as the principle demographic factor which determines Hispanic population growth and economic status. Immigration is, without dispute, a critical

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factor in explaining the increased number of Latinos in the U.S., but Census data also show that natural increase accounts for fully half of U.S. Hispanic population growth. $\frac{1}{2}$ and $\frac{1}{2}$

With respect to poverty, we believe that there is both confusion and distortion regarding the extent to which immigration affects or influences the Hispanic poverty rate. According to the 1990 Census (the most recent data which allow us to make comparisons between native and foreign-born Hispanics), U.S.-born Mexicans have only a slightly lower poverty rate than their foreign-born counterparts (24.0% and 28.6%, respectively), while both foreign and native-born Cubans have a remarkably similar rate (14.5%, and 14.3% respectively). Compared to native-born Whites, who in 1990 had a poverty rate of 8.0%, even U.S.-born Mexicans are three times more likely to be poor. Therefore, even when foreign-born Mexicans are "removed" to allow for native-born ("apples to apples") comparisons, a significant difference exists between U.S.-born Mexican and White poverty rates.

✓ Several other pieces of data suggest that the status of foreign-born Hispanics is not the key factor which determines the overall economic well-being of Hispanics and their children, as many believe. In fact, these data suggest that the presence of immigrants in the Latino community, with their strong work ethic, family unity, and espousal of core American values, reinforces Latino families overall. For example, a 1991 Children's Defense Fund report on child poverty found that "male Latino immigrants are more likely to be working or seeking work than male Latinos born in the U.S." Moreover, data on homeownership – a key indicator of economic stability – show that more than half (57.1%) of Hispanic foreign-born householders were homeowners in 1996, a proportion that approaches the national homeownership rate of 65.4%. By comparison, 48.1% of native-born Hispanics are homeowners.

From a public policy perspective, we believe that while it may appear to be intuitively logical, the report's overemphasis on the link between immigration and the overall socio-economic status of Latinos is inaccurate. Moreover, this assessment, on the merits, is especially harmful to efforts to improve the economic well-being of Hispanics for several reasons. First, it is a fallacy which allows some people to assume that this pattern is economically natural and, therefore, will correct itself over generations without any policy intervention.

Second, the assertion that immigration is the explanation for poor education levels, high poverty, and poor economic outcomes among Latinos reinforces the worst opinions and stereotypes that most Americans have about both Hispanics – and poor people. In particular, it tends to obscure the very complicated reasons why Latinos are actually poor (including their heavy concentration in low-paying jobs). It also confirms most Americans' gut feelings about poverty – that people are poor due not to outside forces but to their personal characteristics and weaknesses, or, in this case, being "foreign."

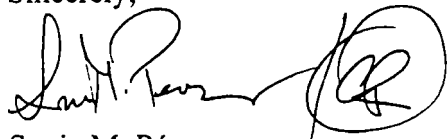
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Third, reinforcing the myth that most Hispanics are foreign-born perpetuates discrimination against Latinos, because many employers misperceive Hispanics as "foreign." A 1990 GAO report found that an estimated 10% of surveyed employers adopted discriminatory practices against U.S. citizen and legal permanent resident employees or job applicants solely on the basis of national origin characteristics.

Worst of all, such a theory results in no public policies that respond to the true nature of poverty or to the factors associated with low educational attainment and wage deterioration. It leads both the public and policy makers to believe that if you reduce immigration you "solve" these "Latino" problems. As a result, critical issues which NCLR and other researchers have documented as contributing to high levels of poverty among Hispanics, including inadequate education and job preparation; underrepresentation in professional levels and areas of the economy that are experiencing job growth; low wages and few fringe benefits; and the failure of many existing anti-poverty strategies to address the unique needs of Hispanics; are not addressed by public policy. Finally, it characterizes these concerns not as those of America, but as those only of Hispanics ("immigrants"). Given the significant growth of the Latino population expected over the next few years, regardless of immigration policy, such a view may create divisiveness and adversely affect the potential contributions of Hispanics to the future American economy.

If you would like additional information on these issues, we would be happy to meet with you, as well as send pertinent reports and research. We are hopeful that the White House and the Council of Economic Advisors will review these concerns and make appropriate changes to future documents which discuss the economic progress of Americans.

Sincerely,

A handwritten signature in black ink, appearing to read "Sonia M. Pérez", followed by a large, stylized circular flourish or initial.

Sonia M. Pérez
Director, Poverty and Employment Projects

John:

Can you go to
a Products Liability
Principals meeting at
2:00 ?

Jim.