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**One Step Forward, Two Steps Back:**

**The Increase in Immigrant Child Poverty from 1970 to 2000**

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ABSTRACT

Prior research on child poverty has focused heavily on the roles of family structure and, to a lesser extent, parental work patterns to explain trends over time and differences across groups. However, immigrant child poverty has increased significantly over the past three decades even though labor force participation is high among immigrants and immigrant families are likely to be headed by a married couple. We document the levels and determinants of child poverty trends among children of immigrants and children of natives from 1970 through 2000. We find that much of the increase in immigrant child poverty can be linked to changing conditions in the U.S. economy that make it more difficult to lift a family out of poverty than thirty years ago as indicated by declining returns to parental education and employment and increasing poverty levels among larger families. One interpretation of this finding is that the ongoing macro-economic shifts from a manufacturing- to an information-based economy may have put in place significant new barriers to immigrant incorporation in the U.S.

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**Introduction**

Poverty levels among all children in the United States have tended to fluctuate in the last thirty years, increasing during the 1980s and then declining in the mid-1990s (Annie E. Casey Foundation, 2001). However, among the children of immigrants, child poverty increased steadily and rapidly from about 12 percent in 1970 to 33 percent in the late 1990s (Camarota 1999a, 1999b; Hernandez 1993; Jensen 2001; Van Hook and Fix 2000). This trend warrants attention because children of immigrants (including both the foreign-born and U.S. born children of immigrants) are the fastest growing segment of the U.S. population under age 18 and now comprise 20 percent of the school-aged population (Van Hook and Fix 2000). Child poverty has been linked to a number of long-lasting developmental and social problems that continue into adulthood (Lichter 1997; McLanahan and Sandefur 1994; Stier and Tienda 2001). For immigrants, child poverty and its accompanying social problems may slow or even reverse the process of economic and social incorporation into American society (Hernandez and Charney 1998).

For immigration scholars, understanding why immigrant child poverty has increased is important because growth in poverty may signal a negative shift in the types of legal and undocumented immigrants coming to the United States (Borjas 1990; Camarota 1999b). Of particular concern is whether increases in child poverty can be linked to declines in immigrant educational attainments and increases in race and ethnic diversity, which may be viewed by some researchers as evidence that immigration admissions and border policies should be changed

(Brimelow 1997). Alternatively, the increases in immigrant child poverty may signal a change in the U.S. receiving context (such as shifts in the economy) that makes it more difficult for immigrants today to lift their families out of poverty than similar immigrants in the past, implying that steps could be taken to better accommodate new arrivals.

In this paper, we use U.S. Census and Current Population Survey data to identify key factors that underlie the increase in immigrant child poverty from 1970 to 2000. We investigate whether changes in immigrant child poverty can be linked to changes in the types of immigrant families living in the U.S. (e.g., their educational attainments, family size and structure, work patterns, and ethnicity) or to changes in the “returns” to their characteristics. We find that much of the increase in immigrant child poverty is associated with declining returns to parental education and employment and increasing poverty levels among large families.

### **Prior Research**

Prior research on child poverty has focused on the significance of family structure and living arrangements to explain differentials, especially those observed across racial-ethnic groups. Family structure is closely tied to poverty; whereas fewer than 10 percent of married-couple families are poor, about 50 percent of single-mother families are in poverty (McLanahan and Sandefur 1994). Researchers have been able to explain between 50 and 70 percent of the variation in child poverty in recent years by changes in family composition (Eggebeen and Lichter 1991; Lichter 1997).

Racial differences in family structure account for much of the racial-ethnic variation in child poverty. Although just 11 percent of white children are poor, the figures for black and Latino children are more than three times higher (37 and 36 percent, respectively) (Federal

Interagency Forum on Child and Family Statistics 1999). The higher rates of poverty characterizing nonwhite children are largely due to their disproportionate concentration in single-mother families. Fewer than 20 percent of white children reside with a single mother. The figures for black and Latino children are 51 and 27 percent, respectively (Casper and Bianchi 2002). Family structure differences account for 50 percent of the difference in poverty between Puerto Rican and black children versus non-Latino white children (Lichter and Landale 1995) and two-thirds of the black-white difference in child poverty (Lichter and Eggebeen 1994).

Apart from family structure, parental employment appears to account for some of the racial-ethnic differences in child poverty. Parental employment is related to family structure both because single-mother families have just one potential earner and single mothers are less likely than married parents to be working full-time. But even among single-mother households, higher poverty levels among Puerto Rican children compared with non-Hispanics white and other Latino groups can be attributed to relatively lower employment rates among Puerto Rican mothers (Landale and Lichter 1997; Lichter and Landale 1995). On the other hand, the black-white gap in child poverty is primarily due to family structure and wage differences rather than variation in parental employment (Lichter and Eggebeen 1994). Black parents earn less on average than do their white counterparts, making them more susceptible to poverty.

Child poverty is also linked to family size. Despite recent declines in fertility across all income groups, about one-quarter of the increase in poverty during the 1980s was due to the growing differential in family size between poor and nonpoor families (Eggebeen and Lichter 1991; Lichter 1997). That is, the rise in poverty during this time period reflects declining and low fertility among the nonpoor. Consequently, “poor families contain a disproportionate and

*growing* share of all American children” (Eggebeen and Lichter 1991: 813, emphasis in original).

Studies that focus on the determinants of immigrant child poverty have continued to examine the influences of family structure and, to a lesser extent, parental employment. To our knowledge, no one has examined the influence of family size on immigrant child poverty, even though average family size among immigrants is larger than that for natives, particularly among recent arrivals and Latino groups (Martin and Midgley 1999). Oropesa and Landale (1997) note that there is some correspondence between poverty and family structure across various ethnic and generational groups. For instance, Asian immigrant children are less likely to be poor and more likely to reside with two parent families than are Latino children. Other groups, including Dominicans and Puerto Ricans, appear more similar to African American children as they experience both high levels of poverty and single parenthood. Poverty and family structure also vary by generational status such that the second generation is least likely to be poor and most likely to live with married parents (Oropesa and Landale 1997).

However, family structure and work patterns may not adequately explain patterns and trends in immigrant child poverty. Of families with children under 18, the percent that are headed by a married couple is the same for immigrant and native families (roughly 70 percent) (U.S. Census Bureau 2001), yet poverty is higher among immigrant families. Moreover, immigrant child poverty has increased over time even though the rate of single-parent families remains relatively low. The incongruence is even more problematic among Latinos. Immigrant children from Mexico have high rates of poverty yet low rates of single-mother families (Oropesa and Landale 1997). In addition, male labor force participation tends to be higher

among immigrants than natives (79.6% versus 73.4%), and is especially high among immigrants from Latin America (84.9%) (U.S. Census Bureau 2001).

Other factors may be important for explaining trends in immigrant child poverty in addition to family structure, parental employment, and family size. Three explanations can be derived from prominent ideas in the immigration and economic literature. The first emphasizes the role of declines in human capital among immigrants, the second stresses the increasing race and ethnic diversity among immigrants, and the third focuses on declining returns to education due to broad shifts in the economy.

*Declining Human Capital.* Some critics of current immigration admissions policy argue that the “quality” of immigrants has declined since the passage of the 1965 Immigration Act (Camarota 1999a; Borjas 1990; Brimelow 1997). The argument is that the United States has increasingly attracted large numbers of low-skilled workers with low levels of education due to changing criteria for immigrant admissions based on family reunification, a growing welfare state, and amnesties that legalized over one-million illegal immigrants in the 1980s. This position leads to the expectation that the increases in immigrant child poverty are likely to be associated with declines in the educational levels of immigrant parents.

The evidence about trends in immigrants’ educational attainments varies depending on whether one examines relative versus absolute levels of education. Absolute levels of immigrant education increased since 1970, but not as quickly as did native educational levels. Thus the *gap* between immigrants and natives in education increased since the 1950s and 60s (Borjas 1990, 1994). By 2000, 33 percent of the foreign born age 25 and older had not completed high school compared with only 13.4 percent of natives (U.S. Census Bureau 2001). Somewhat misleading has been a report suggesting that absolute levels of immigrant education have declined



(Camarota 1999a; cited in Martin and Midgley 1999). The evidence for this is that among those in the labor force in 2000, recently-arrived immigrants have much lower levels of education than immigrants who arrived prior to 1970 (34 versus 19 percent had not finished high school). But restricting the sample to those in the labor force excludes many retirees from the pre-1970 cohorts thereby biasing the results. When all immigrants age 25 and older are included, the differences by entry cohort are not large: 33.1 percent of those who arrived in the 1990s compared with 30.1 percent of those who arrived prior to 1970 had not completed high school (U.S. Census Bureau 2001).

Trends in immigrant education also vary depending on whether one examines the upper or the lower end of the educational distribution. Immigrants and natives are equally likely to have a college degree (26%), and the percentage is higher among immigrants who arrived in the 1990s (29%) than those who arrived before 1970 (24%) (U.S. Census Bureau 2001). Although we know of no published statistics about the educational attainments of immigrant parents, it seems plausible that increases in immigrant child poverty may be linked to small increases in the proportion of children with parents with low educational attainments. But this may be offset by increases in immigrant parents with college degrees.

*Race/ethnic Diversity.* Another potential explanation for the increase in immigrant child poverty relates to the increasing race/ethnic diversity among immigrants. The 1965 Immigration Act opened the doors of immigration to non-European countries. Since then, the proportion of newly-admitted immigrants of European origin declined from 40 percent during the 1960s to 13 percent during the 1990s (Martin and Midgley 1999). Due to persistent racial discrimination in American society, immigrants today may be less able to incorporate economically than immigrants from the earlier half of the twentieth century (Portes and Sensenbrenner 1993; Portes

and Zhou 1993; Waters 1994, 1999; for discussion of this argument see Alba and Nee 1997).

This position leads to the expectation that the increase in immigrant child poverty is likely to be associated with increases in the proportion of immigrant children living in minority families.

Child poverty levels are higher among racial and ethnic minority groups than among non-Hispanic whites (Lichter 1997). As noted above, much but not all of the variation across race and ethnic groups can be accounted for by differences in family structure and work patterns. In addition, lower educational attainment explains only part of the race/ethnic difference; poverty levels are higher among minority groups at every level of education (Pollard and O'Hare 1999). This suggests that an important part of the explanation for high poverty levels among minority families is a pattern of racial discrimination that results in minority workers earning less than similar non-Hispanic white workers (Lichter and Eggebeen 1994). In addition, the disadvantages associated with race are greater than those related to being an immigrant. DeJong and Madamba (2001) present evidence that underemployment (including unemployment, part-time employment, being working poor, and being overqualified for a job) among immigrants is linked to their race/ethnic composition and not to their immigration status. After accounting for relevant economic and demographic factors, nativity differences in underemployment are reduced substantially while race/ethnic differences persist.

*Returns to Education.* Another explanation for the increase in immigrant child poverty relates to the fact that economic returns to education have declined, particularly for those without a college degree. Since 1979, earnings growth has been confined to those with a college degree. Those who did not complete high school experienced a 30% decline in real wages (Wilson 1999). At the same time, the wage gap between college-graduates and non-college graduates

increased. In the 1950s and 60s, college graduates earned 20% more than high school graduates; this increased to 83 percent by 1992 (Freeman 1999; Krueger 1997; Wilson 1999).

Rising wage inequality has been attributed in part to economic restructuring in which jobs for skilled and semi-skilled workers in manufacturing have declined relative to both highly paid professional occupations at the top and dead-end service-sector jobs at the bottom of the pay scale (Chevon and Stokes 2001). The growth of the “working poor” and under-employed population in the United States, particularly among racial minority groups, has been widely attributed to these macro-economic shifts (Danziger, Sandefur and Weinberg 1994; Lichter 1997; Wilson 1987, 1996). Similarly, some immigration scholars argue that the declines in returns to education have made it more difficult for today’s new arrivals to gain a foothold in the economy than earlier waves of immigrants with similar skills and educational levels (Zhou 1997). This leads to the expectation that fluctuations in both immigrant and native child poverty levels are likely to be linked to increases in the rates of poverty among those with a high school education or less. The effect of declining returns to education is likely to result in rising poverty levels most prominently in the case of immigrant families because of their relatively low levels of parental education.

Although social scientists now know a great deal about child poverty, very few studies have been conducted about child poverty among immigrants, and no study has investigated in a comprehensive way the determinants of the increase in immigrant child poverty. In this paper, we use U.S. Census data from 1970, 1980, and 1990 and the March 2000 Current Population Survey (CPS) to describe changes in the levels and determinants of poverty among children of immigrants and children of natives. To evaluate the various ideas about child poverty presented above, we use multivariate decomposition techniques to assess the extent to which fluctuations in

immigrant child poverty can be linked to compositional shifts in family structure and size, parental employment patterns, parental education, and race/ethnicity, and shifts in the associations of these characteristics with poverty.

## **Methods**

*Sample.* We use the 1970, 1980, and 1990 one percent Public Use Microdata Samples (PUMS) and the March 2000 Current Population Survey (CPS) (US Census Bureau 1970, 1980, 1990, 2000). We use the full samples of the 1970 PUMs and 2000 CPS, and extracts of the 1980 and 1990 PUMS that include all persons living in households containing at least one foreign-born person and persons living in a one-in-five random sample of all other households. Our analytical sample consists of children age 17 and younger. Because we are interested in the influence of parental characteristics on child poverty, we confine the sample to children living with a parent or step-parent. Children heading their own household or subfamily and children who are unrelated to the householder are dropped from the sample. In this way, we eliminate the majority of foster children, children living in dormitories or other institutions, and foreign exchange students living with an American sponsor. The numbers of cases in the 1970, 1980, 1990, and 2000 samples are 655,845; 289,608; 262,080; and 34,148, respectively.

*Generational Status.* Foreign-born children are counted as “foreign born” unless they were born abroad of American parents. Following Oropesa and Landale (1997), children born in Puerto Rico are classified as “foreign born.” Even though they are not immigrants in any legal sense, Puerto Ricans share many of the same migration experiences of immigrants. Among the remaining “U.S.-born” children, if one or more co-residential parents of the child are foreign born and not born abroad of American parents, we classify the child as a child of an immigrant.

The place of birth of the child's parents is asked directly in the CPS and in 1970 PUMS but not in the 1980 and 1990 PUMS. To maintain consistency across all years, we do not use direct information on parentage and instead construct parents' place of birth. For all data files, we match children to parents or stepparents in their household based on information about the children's relationship to the householder and subfamily membership. Usually, the householder and the spouse of the householder (if present) are designated as the children's parent(s). For children living in subfamilies, the subfamily reference person and the spouse of the reference person (if present) are classified as the children's parent(s). To examine whether experience in the United States affects poverty outcomes, we further make a distinction between children of immigrants whose parent(s) arrived within the past ten years of survey date, and those with at least one parent who is U.S. born or had been in the United States for at least ten years.

*Poverty.* Poverty status is measured as a dichotomous variable indicating whether the child is living in a family whose income fell below the federally designated poverty threshold during the previous calendar year. The poverty threshold varies by family size and age composition, and is adjusted for inflation (US Census Bureau 1970, 1980, 1990, 2000).

*Living Arrangement.* To describe the living arrangements for children, we create a variable that combines family headship and extended family living arrangements. We distinguish among children living in couple-headed, father-only, and mother-only families (Lichter and Landale 1995). Within each of these categories, we further distinguish between those living in extended and non-extended households. Extended households are households containing two or more minimal household units (MHU). The MHU, previously relied on in research on extended family households, refers to the smallest identifiable unit within households based on marriage and parentage of minor children (Biddlecom 1994; Ermish and

Overton 1985; Glick, Bean, and Van Hook 1997). Independent of whomever they live with, married couples, single adults age 25 and older, and parents with minor children are counted as separate MHUs. Non-extended households contain only one MHU (or two or more non-related MHUs), while extended family households are made up of two or more related MHUs.

*Parental Employment.* In prior research on the effects of parental work patterns on child poverty, parental work has often been measured with a series of dummy variables that describe which parent(s) is in the labor force (mother only, father only, both parents) and work hours (full-time, part-time) (Lichter and Eggebeen 1994; Lichter and Landale 1995). When measured this way, parental employment is inseparable from family structure. Children who live with two full-time-working parents are by definition living in couple-headed families. Because we are interested in the relative contributions of changes in family structure and parental work patterns on changes in child poverty, we develop a measure of parental work effort that is more independent of family structure than the measures used in prior work. This measure is a ratio of actual parental work hours to expected work hours if each residential parent worked full-time, full-year. Using the Census Bureau's definition, we define work hours for full-time, full-year workers as 35 hours per week for 50 weeks (for single-parent families this is  $1 \times 50 \times 35 = 1,750$ ; for couple-headed families this is  $2 \times 50 \times 35 = 3,500$ ). Actual parental work hours are usual hours worked per week multiplied by the number of weeks worked in the previous calendar year. This is summed across both parents in couple-headed families. Thus, our measure assigns the same amount of work effort to both the full-time-employed single parent and the dual-earner couple because both are working as much as could reasonably be expected.

*Other Demographic Characteristics.* We measure parental education based on degree obtained: college or more, some college, high school graduate, and less than high school. In the

case of two-parent families, we use the education of the parent who attained the higher level. Race/ethnicity is based on the child’s reported race and ethnicity (non-Hispanic white, non-Hispanic black, Mexican, Cuban, Puerto Rican, other Hispanic, Asian, and American Indian). Family size is measured as the number of children in the family. Because income and poverty are likely to vary by a family’s lifecycle stage, we also include indicators of the age of the child (categorized as 0 to 4, 5 to 11, and 12 to 17 years), and the age of the parent(s). For two-parent families, we use the average age of the parents.

*Multivariate Analysis and Decomposition.* We estimate logistic regression models of the likelihood of being in poverty separately by year (1970, 1980, 1990, and 2000) and generational status (children of immigrants, children of natives). We use the estimated coefficients together with sample means to estimate the amount of change in child poverty over time that can be attributed to changes in population composition (the “composition” component) and changes in sub-category poverty levels (the “returns” component). We use a decomposition technique for logistic regression that has been used in prior research (Bean, Van Hook, and Glick 1997; Glick and Van Hook 2002; Van Hook 2000), and which is a modification of standard decomposition technique for OLS models (Winsborough and Dickinson 1969; Althausser and Wigler 1972). The logistic regression model takes the form:

$$\ln\left(\frac{\pi_i}{1-\pi_i}\right) = \sum X_{k,i} \cdot b_{k,i}$$

where  $\pi_i$  is the probability of being poor (DeMaris 1992). The change in the proportion in poverty between two years ( $\Delta\Pi = \Pi_{2000} - \Pi_{1970}$ ) can be decomposed as follows:

$$\Delta\Pi = \sum \Delta b_k \bar{\bar{x}}_k \omega + \sum \Delta \bar{x}_k \bar{b}_k \omega + R,$$

where:

$$\omega = \left[ \frac{(\Pi_{2000} + \Pi_{1990} + \Pi_{1980} + \Pi_{1970})}{4} \right] \cdot \left[ 1 - \frac{(\Pi_{2000} + \Pi_{1990} + \Pi_{1980} + \Pi_{1970})}{4} \right]$$

$$\Delta \bar{x}_k = \bar{x}_{k,2000} - \bar{x}_{k,1970}$$

$$\bar{\bar{x}}_k = (\bar{x}_{k,2000} + \bar{x}_{k,1990} + \bar{x}_{k,1980} + \bar{x}_{k,1970})/4$$

$$\Delta b_k = b_{k,2000} - b_{k,1970}$$

$$\bar{b}_k = (b_{k,2000} + b_{k,1990} + b_{k,1980} + b_{k,1970})/4$$

R = residual

The first term is the percentage point change in poverty due to changes in the sub-category likelihood of being poor and the second term is the amount due to changes in composition. A residual remains because of the non-linear nature of the logit function. There is no clear interpretation of the residual, and we therefore distribute it across all components in proportion to their absolute values.

## Results

Poverty levels increased more among children of immigrants than children of natives (Table 1). In 1970, the percentage in poverty was actually higher among children of natives (14.4 versus 11.7 percent). This reversed by 1980, when one in five children of immigrants was poor, a level that was one-third higher than among children of natives. Although poverty levels dropped between 1990 and 2000 for both groups, this did not significantly narrow the gap between the two groups. Poverty rates among children of immigrants were about fifty percent higher than among children of natives in both 1990 and 2000. Thus, when one considers the entire three-decade period, the contrast is striking. Poverty levels among children of immigrants increased by nearly ten percentage points compared with only 0.4 percentage points among children of natives.



[Table 1 here]

Despite the nearly doubling of poverty among children of immigrants, the characteristics of children of immigrants and their families have not changed in ways that are likely to produce large disproportionate increases in poverty with the exception of changes in race/ethnic composition (Table 2). Some characteristics barely changed such as time in the U.S. and age of the parent(s) and children. Other characteristics changed in ways that are likely to produce a decline in poverty rather than an increase. In particular, parental educational attainment increased for both groups of children. The percentage with at least some college increased while the percentage with a high school diploma or less declined. It is noteworthy that this trend is not as pronounced among children of immigrants. The percentage without a high school diploma remained especially high among immigrants in comparison to natives (30 versus 8 percent in 2000). Along these same lines, parental work effort increased (most likely on account of increases in mothers' labor force participation) and family size declined, but these changes were greater among children of natives than children of immigrants.

[Table 2 here]

Family structure changed in ways that could lead to an increase in poverty, but these changes occurred disproportionately among children of natives. Even though the percentage of children living in single-parent families increased among children of immigrants (from 6 to 17 percent since 1970), the increase was even greater among children of natives (13 to 29 percent). In 2000, children of immigrants were much less likely to live in a single-parent family than children of natives (17 versus 29 percent). Among those in single-parent families, children of immigrants still remain more protected as they were more likely to live in an extended family household (54 versus 42 percent). Thus only eight percent of children of immigrants compared

with 17 percent of children of natives live in a single-parent family in which there are no other relatives present.

In contrast to other compositional factors, changes in race/ethnic composition are likely to have contributed to the disproportionate increase in child poverty among immigrants. Since 1970, the share of immigrant children who reported as non-Hispanic white declined from 68 to 24 percent and the proportion Hispanic and Asian increased dramatically. The share of Mexican-origin children increased from 15 to 39 percent, “other Hispanic” increased from 5 to 11 percent, and Asian-origin increased from 5 to 17 percent. Relative to children of immigrants, the race/ethnic composition of children of natives barely changed.

Apart from compositional changes in race/ethnicity, the disproportionate growth in poverty among children of immigrants could be linked to changes in U.S. social and economic context that makes it more difficult for immigrant parents to lift their families out of poverty. To evaluate changes in the effects of social, economic, and demographic characteristics on poverty, we estimate logistic regression models of child poverty for each year and by generational status. The estimated odds ratios derived from the 1970 and 2000 models are presented in Table 3. In both time periods, child poverty tends to be more common among children with single parents (particularly single mothers in non-extended households), children with parents with low levels of education, children with recently-arrived immigrant parents, race/ethnic minority groups (particularly Hispanic and non-Hispanic black), and children in larger families.

[Table 3 here]

The effects of some factors changed in ways that would not lead to a disproportionate increase in poverty among children of immigrants. For example, the disadvantages associated with single-mother families declined between 1970 and 2000 for children of immigrants but

increased for children of natives. In addition, among both children of immigrants and children of natives the odds of poverty declined among non-Hispanic black, Mexican-origin, and Asian-origin children. It is difficult to determine whether the likelihood of poverty actually declined among some of the numerically small Hispanic-origin groups, such as Puerto Ricans, because of the relatively small number of cases in the 2000 CPS. Hence we hesitate to make much of the large decline in the odds ratio for Puerto Rican children from 3.0 to 0.9.<sup>1</sup>

The effects of other factors changed in ways that suggest a deterioration of child well being in disadvantaged homes. Poverty levels associated with low levels of parental education increased substantially over time. In 1970, children of immigrants with parents without a high school diploma were nearly three times as likely to be poor compared with children whose parents are college graduates. By 2000, they were four times as likely to be poor. Among children of natives, the educational differences are even greater. In 1970, children of natives with parents without a high school diploma were nearly eight times as likely to be poor, and by 2000, they were 13 times as likely. In addition, the odds of poverty increased among children of recently arrived immigrants and among larger families.

Clearly, immigrant and native families have changed in ways that could lead to higher poverty levels, but they have also changed in ways that may compensate for these changes. In addition, the effects of these characteristics have shifted in ways that could increase poverty, but also in ways that could decrease poverty. With this information alone, it is difficult to develop a coherent explanation of the increase in immigrant child poverty. We therefore use

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<sup>1</sup> Others have found that parental work patterns and family structure explain much of the poverty differential between Puerto Rican and non-Hispanic white children (Lichter and Landale 1995; Landale and Lichter 1997). Therefore the insignificant odds ratio for Puerto Rican children in the 2000 models should not be too surprising.

decomposition methods to quantify the extent to which changes in characteristics and shifts in the returns to these characteristics have brought about increases or decreases in child poverty.

Table 4 displays the full results of the decomposition analysis for the change in immigrant child poverty from 1970 to 2000. The first two columns simply repackage the information provided in Tables 2 and 3. The first column (“Change in Composition”) is the change from 1970 to 2000 in the observed percentages or means, and the second column (“Change in Returns to Characteristics”) is the change in the logged-odds of poverty associated with each factor. For example, the percentage of children in 2-parent extended family households increased by 2.25 percentage points, and for children in this living arrangement, the logged odds of being poor increased by 0.19. The third and fourth columns present estimates of the change in poverty that is associated with specific changes in composition and changes in the effects of specific characteristics. The estimates in these two columns sum to the total 9.8 percentage point change observed in immigrant child poverty from 1970 to 2000. Thus the small increase of the proportion of children living in 2-parent extended family households may be associated with a 0.17 percentage point decline in child poverty (because poverty levels are typically lower in these types of families). But at the same time, the increase in poverty among these types of families is associated with a 0.56 percentage point increase in the child poverty rate among all children of immigrants.

[Table 4 here]

The components of change are summarized for each variable (or set of variables) in the lower panel of Table 4. The results suggest that the “family structure” explanation for child poverty is not particularly relevant for understanding trends in immigrant child poverty. Compositional shifts in living arrangements, primarily the increase in the proportion of children

living with single-mothers, explain only a small portion of the increase in immigrant child poverty (roughly one-twelve). In addition, relative increases in poverty among certain types of living arrangements (primarily extended family households) contribute only an additional 0.32 percentage point increase in poverty.

In addition, the results provide no support for the “declining human capital” argument. Immigrant child poverty would have declined on account of *increases* in parental educational attainments and employment had it not been for the offsetting effects of other factors. Also, even though shifts in race/ethnic composition account for 4.7 of the 9.8 percentage point increase in poverty, declining inequality between race/ethnic groups offsets this effect (as indicated by the negative 4.8 in the “returns” column). This suggests that accommodation of new race/ethnic minority groups in the U.S. labor force has improved over time just enough to keep up with compositional shifts brought about by the new waves of immigration.

Other explanations receive greater support. First, declining returns to parental education account for a large share of the increase in poverty (4.4 percentage points). Parents’ education on average increased but not enough to compensate for declines in real wages among non-college-graduates. Second, 5.6 percentage points of the increase in immigrant child poverty can be linked to increases in poverty among families with certain demographic characteristics, specifically families with many children. This effect may arise from changes in the relationship between socioeconomic status and fertility, and is *not* counterbalanced by the relatively small declines observed in immigrant family sizes.

The decomposition analysis for children of immigrants provides some insight into the social and economic forces contributing to the increase in immigrant child poverty. But why did poverty levels between children of immigrants and children of natives diverge? To help answer

this question, we repeat the decomposition analysis for the three-decade change (1970-2000) and for each of the three decades. The results are summarized in Table 5 separately for children of immigrants (upper panel) and children of natives (lower panel).

[Table 5 here]

For the 1990s but not the other decades, nearly all of the growth in immigrant child poverty can be attributed to net changes in sub-category poverty rates among disadvantaged families rather than net compositional changes. It is notable that the late 1990s also brought about declines in child poverty. The economic boom of the late 1990s apparently raised all boats (as indicated by the large negative intercept term) but also masked the ongoing deterioration of the value of parental work and education.

Native families also experienced decline in the value of parental employment and education and increases in poverty among large families, particularly during the 1980s and 1990s. In addition, native children experienced greater change in living arrangements that contributed to increases in child poverty. Thus the “family structure” argument for child poverty appears more relevant for children of natives than children of immigrants. Despite this, poverty among children of natives barely increased between 1970 and 2000 (by only 0.4 percentage points) largely because of big improvements in parental education, parental employment, and declines in family size.

## **Discussion**

The increase in immigrant child poverty and divergence from native poverty levels cannot be linked to any single factor or explanation. The encouraging news is that the growing race and ethnic diversity of immigrants is unlikely to be responsible; growth in immigrant child

poverty associated with shifts in race/ethnic composition is completely offset by growing economic equality among race and ethnic groups. More problematic than race *per se* are changing conditions in the United States that make it difficult for immigrant and native parents of all race/ethnic groups to support their families. It takes more education, more employment, and greater restrictions in family size to lift families out of poverty today than thirty years ago. In short, the U.S. context of immigrant reception has changed. Poverty increased among children of immigrants and not children of natives because native families adapted more quickly to the rapidly changing economic environment. For example, as poverty levels increased among non-college graduates, parental educational levels increased among both natives and immigrants, but more rapidly among natives. Similarly, as poverty levels increased substantially among families with large numbers of children, family sizes declined for both groups, but the decline was steeper among native families.

For children of natives, shifts in family-level characteristics over the past three decades have been large enough to compensate for the accompanying changes in family structure and the macro-economic environment. As they make “two steps forward” with respect to their human capital and demographic characteristics, the declining value of these characteristics pull them “two steps back.” Even though the family-level human capital, demographic, and employment characteristics of children of immigrants have improved over time, they have not kept up with what is now required to maintain above-poverty incomes. Thus children of immigrants have made only “one step forward” yet are still pulled “two steps back.”

What does this mean for immigration admissions and settlement policies? Current debates about immigration tend to be divided between those advocating changes in immigrant admissions criteria and border policy as a means of increasing the human capital and economic

well-being of immigrants, and those advocating increasing the level of economic and social support for new arrivals. Such debates tend to be value-driven and cannot be resolved with empirical evidence alone. This includes the issue of the growth in immigrant child poverty. The results presented here suggest that changes in the economic context of reception for new arrivals are responsible for the deterioration of economic well being among immigrant children, not declining “quality” of immigrants. It is difficult to find empirical evidence to support the idea that the increase in immigrant child poverty is a result of the 1965 changes in admissions policy (with accompanying shifts in race/ethnic composition and alleged declines in human capital). But the results do not put an end to the argument that immigration admissions policy should be changed. A more moderate position is that if higher levels of education, parental employment, and smaller family sizes are now required to succeed in the U.S. economy, then immigration admissions policy should be changed to reflect this fact. Post-1965 immigration policy may have worked well in the past, but now may be unsuccessful in selecting immigrants that are best fit for the current economic environment.

Consideration of the linkages between the source of immigration flows and immigrant poverty would permit the identification of some practical constraints of alternative immigration policy strategies. It may seem odd that immigration flows to the United States have accelerated at the same time that economic success has become increasingly difficult to attain. Why would immigrants with low chances of success continue to come? Explanations tend to focus on the idea of relative deprivation (the situation is worse for immigrants in their country of origin) (Oropesa and Landale 2000) and the role of social networks for maintaining pre-existing immigration flows (Massey, Durand, and Malone 2002). World systems theorists develop a more encompassing explanation by linking the process of globalization to both the declining



returns to education in developed (“core”) countries and the emigration of low-wage labor from developing (“periphery”) countries (Sassen 1991, 1995; Repak 1994). The argument focuses on the social consequences of the growing tendency for multinational corporations to move production to developing countries. In large cities in developed countries, demand increases for both highly-educated workers to help manage corporations and low-skilled workers to serve the professional class. In developing countries, the presence of multinational corporations both increases feelings of deprivation and sparks the development of social networks that extend across international boundaries. Thus the social and economic forces that create a two-tiered work force and the accompanying declining returns to education in developed countries, also create conditions in developing countries that make the emigration of low-skilled workers more likely.

How does this help us develop policies that would improve the lives of children?

Discouraging the immigration of low-skilled workers through changing admissions criteria and border enforcement policy would probably reduce poverty levels among children of immigrants in the U.S. But this may not be politically or practically feasible given the current demand for low-skilled service workers and macro-level social and economic circumstances that foster immigration from less developed countries (Massey et al. 2002; Cornelius 2001). Besides, children of immigrants probably have access to more income than they would if their parents had not migrated (Oropesa and Landale 2000; Jasso et al. 2000).

A recent policy development that has been gaining momentum as a way to reduce child poverty is marriage promotion (Lichter and Jayakody 2002). But this strategy would be ineffective among immigrant families because large proportions of immigrant parents are already married. An alternative strategy is to invest in education for immigrants and (especially) their

children so they will be better able to compete in the U.S. labor force. One advantage of this approach is that it would help native as well as immigrant children. Declining returns to education is an important contributor to poverty among both groups. Policies that aim to increase employment and educational opportunities may be difficult to implement but could potentially have a greater long-term impact and garner broader political support than policies that aim to alter admissions criteria and border policy.

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