The Immigrants Odds of Slipping into Poverty during Business Cycles: Double Jeopardy?

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THE IMMIGRANTS ODDS OF SLIPPING INTO POVERTY DURING BUSINESS CYCLES: DOUBLE JEOPARDY?*

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Abstract

This paper makes an empirical contribution in unraveling the argument that immigration is either the sole or even the most important factor behind the U.S. poverty. While this argument is understandable, the blame is misplaced. Using data from the Current Population Survey, we show that between 1994 and 2008 the national poverty rate of immigrants fell three times faster than that of natives (5.4 compared to 1.8 percentage points). The poverty rate of recent immigrants (those in the United States for less than 10 years) fell even faster at almost six times faster than that of natives (10.7 compared to 1.8 percentage points). The empirical analysis of this paper shows that the odds of experiencing poverty for both natives and immigrants depend on micro factors such as individual characteristics and macro factors such as business cycle in the U.S. economy.

Keywords: Poverty, Immigrants, and Business Cycle

JEL code: J61 (Immigrant Workers), I30 (Welfare and Poverty)

I. Introduction

The current U.S. poverty rate is much lower than the 16.9 percent observed in 1963 when President Lyndon Johnson launched the War on Poverty with the Economic Opportunity Act (EOA) of 1964, but the poverty rate has hovered around 10 percent since 1968. While a number of explanations have been offered to explain why poverty rates have remained at this level, research reports cite immigration as one of the primary causes of poverty persistency in the United States.

Camarota (1999), at the Center for Immigration Studies, finds that the poverty rate for persons living in immigrant households grew from 15.5 percent in 1979 to 18.8 percent in 1989, and to 21.8 percent in 1997. Over the same period the poverty rate for persons in native households stayed almost constant at roughly 12 percent. As a result, the gap between immigrant and native poverty has almost tripled in 20 years and widened in every region of the country and in almost all major metropolitan areas during the 1990s. Rector (2006) also paints a negative portrait against immigration, arguing that "the U.S. has imported poverty through immigration policy that permitted and encouraged the entry and residence of millions of low-skill immigrants into the nation" (p. l).[1] Some media coverage has also blamed immigrants as the main factor contributing for the persistenc of U.S. poverty. For example, Robert J. Samuelson (2007), a columnist at the Washington Post, wrote that "[t]he stubborn persistence of poverty, at least as measured by the government, is increasingly a problem associated with immigration. As more poor Hispanics enter the country, poverty goes up" (p. A21).

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[1] Due to ever-stronger persistency in intergenerational mobility, parents' poverty may perpetuate into their children's generation. Poverty is also closely related with crime, and has such public health implications as overweight, obesity, alcoholism and drug use. For example, family dissolution is closely related to poverty. When family dissolution occurs, so does the decline of home cooking, an underlying cause of obesity.

However, poverty is a multifaceted phenomenon that cannot be reduced to a single aspect (such as immigration) as many factors determine the economic status of both immigrants and natives. For instance, individual characteristics including experience in the U.S. labor market, education, age, and race are certainly associated with a person's poverty status. Also important are institutional factors such as functioning labor markets, government policies, and economic opportunities arising with business cycles. Finally, assimilation might also influence the immigrants' odds of slipping into poverty.

Therefore, an educated discussion on the relationship between immigration and poverty requires considering this issue broadly and also assessing questions such as: is poverty prevalence among diverse immigrant groups the same? what are the factors affecting immigrants' poverty incidence? during the last business cycle, did the rising tide lift all the boats, including immigrants? How were immigrants affected by the U.S. recession in the early 2000s? How did immigrants' assimilation influence their economic status during economic booms and recessions?

This paper contributes to the literature on the economic status of immigrants by i) focusing on the neglected issue of differential poverty prevalence among diverse immigrant groups, ii) drawing attention to the relationship between the assimilation of immigrants and their odds of experiencing poverty, and iii) testing for the impacts of the occurrence of economic booms and recessions on poverty incidence among immigrants and natives.

The rest of the paper is organized as follows: Section 2 discusses the patterns of U.S. poverty. Section 3 briefly presents the empirical strategy used to analyze the factors determining poverty. Section 4 reports the empirical results and discusses the findings, and Section 5 summarizes the paper's findings.

II. Patterns of Poverty in the United States

This study uses data from the Current Population Survey (CPS) from 1994 to 2008 taken from the Minnesota Population Center data archive.[2] An individual poverty status is defined based on the official poverty threshold used by the U.S. Census Bureau.[3] While the poverty definition used by the government has significant limitations, it is a consistent and frequently updated indicator that can be used to measure and compare poverty over time in the United States. In this paper, we use the term "immigrants" as synonymous with foreign-born individuals (not born of U.S. parents).[4]

Table 1 shows that overall U.S. poverty rate has dropped from 12.6 percent in 1994 to 10.6 percent in 2008. In contrast to a small decline of white population poverty rate from 8.7 percent to 7.3 percent, the poverty rate of African American, Mexican and Other Hispanic population declined by 7.6 percent (from 27.1 to 19.5 percent), 7.6 percent (from 26.3 to 18.7 percent) and 7.7 percent (from 23.3 to 15.6 percent), respectively.

Table 2 and Figures 2-5 show the poverty rates of two mutually exclusive groups: natives (who were born in the United States) and immigrants (who were born outside the United States). Table 2 shows that the poverty rate for natives has dropped 1.8 percentage points from 11.5 percent in 1994 to 9.7 percent in 2008. In contrast, during the same period the poverty rate for

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[2] Available at http://cps.ipums.org/cps

[3] See the U.S. Census Bureau website (http://www.census.gov/hhes/www/poverty/povdef.html) for a detailed discussion regarding the "official" poverty line.

[4] The U.S. Citizenship and Immigration Service (USCIS), formerly known as the U.S. Immigration and Naturalization Service, defines an immigrant as an alien admitted to the United States as a lawful permanent resident. The Immigration and Nationality Act (INA), however, broadly defines an immigrant as any alien in the United States, except one legally admitted under specific nonimmigrant categories. Therefore, an illegal alien who entered the United States without inspection, for example, would be defined as an immigrant under the INA but is not a permanent resident alien. Since the CPS does not ask respondents if they are illegal aliens, the data we use in this paper include both legal and illegal immigrants. Therefore, we use the term "immigrant" as synonymous with foreign-born individuals (not born of U.S. parents).

immigrants has dropped 5.4 percentage points from 20.4 percent to 15 percent. In 1994, the

poverty rate of immigrants was almost twice as high as that of the natives (20.4 percent vs. 11.5

percent). In 2007, the poverty rate gap between natives and immigrants was 40 percent (10

percent vs. 14 percent). While the poverty rate of Whites further declined slightly in 2008, that of

immigrants increased by 1 percentage points in 2008, leading the gap to be approximately 50

percent (9.7 percent vs. 15 percent). These data show that from 1994 to 2008 the poverty rates

fell faster for immigrants than for natives. This finding is consistent with that of Chapman and

Bernstein (2003) who also found a similar pattern from 1989 to 1999. Chapman and Bernstein

(2003) show that "over the 1994-2000 periods, immigrants' rising income offset the negative

impact of their rising shares" (p. 10).

A closer examination of the poverty rate by five major racial/ethnic groups (White,

African American, Asian, Mexican, and other Hispanics) within natives and immigrants show a

consistent pattern of decrease from 1994 to 2008. For both natives and immigrants, the poverty

rate is lower for White and Asian and higher for African American, Mexican, and other

Hispanics. The observed decline in the poverty rate for natives between 1994 and 2008 (1.8

percentage points) is not much different from the 2 percentage points decline (from 12.6 percent

to 10.6 percent) for all people. In line with Danziger and Gottschalk (2004), this suggests that the

poverty rate of the native-born group in any year is not much affected by immigration and the

increased immigration over the period from 1994 to 2008 had little effect on the *overall* poverty

rate in the United States.

The economic progress from 1994 to 2008 for immigrants relative to the natives is also

mirrored in the ratio of family income (household income) of two groups. Table 4 shows that

from 1994 to 2008, the ratio of median income of immigrants to that of natives had risen from

81.9 percent ($30,420/$37,140) to 83 percent ($53,145/$64,000). The improvement for recent immigrants (those in the United States for less than 10 years) was higher. While the recently arrived immigrants earned 70.2 percent ($26,145/$37,240) of the median income of the natives in 1994, the ratio had risen to 75 percent ($48,000/$64,000) in 2008.

Table 3 and Table 4 show that from 1994 to 2008, the economic status of both natives and immigrants has improved. However, the change in the proportion of individuals in the "150 percent and above the low-income level" category for this period is 3 percentage points (79.5 vs. 82.5) for natives compared to 6.7 percentage points (65.2 vs. 71.9) for all immigrants, and 11.9 percentage points (44.6 vs. 56.5) for Mexican immigrants.

Researchers and opinion makers who blame the immigrants as the main culprit of the persistent U.S. poverty may use the same information to support their cases. They may argue that although the economic status of immigrants has improved over the business cycles, their poverty rates are still higher than those of natives. As much as this argument holds true, the pattern of the poverty confirms that the rising tide shifted all the boats, and some boats were shifted higher than others. Moreover, excluding immigrants would have little effect on the *overall* poverty rate in the United States.

Table 5 lists summary statistics of the sample. Some of the important findings are as follows. The share of population with less than high school education is twice higher for immigrants than for natives (36.3 percent vs. 18.1 percent). Immigrants are more concentrated in metropolitan areas than natives (92.2 percent vs. 74.4 percent). Immigrants earn less than natives, and are less likely to be homeowners than natives (53.5 percent vs. 74.9 percent). Mexican and other Hispanic immigrants comprise more than half of the immigrant population. Immigrants are

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geographically concentrated in the Pacific Division. This geographic concentration is due to the fact that 23.6 percent of immigrants reside in the state of California.

III. Methodology and Empirical Model

We perform regression analysis to investigate the impacts of individual characteristics and the business cycle on the odds of both immigrants and natives in slipping into poverty. The variable of interest is the poverty status of individuals living in the United States from 1994 to 2008. We also account for the dynamics of poverty among immigrants and natives during the economic boom (1994-2000), the bust and initial recovery period (2000-2003), and recent period (2003-2008).

Our empirical strategy consists of estimating a Logit model with controls for personal characteristics including human capital and the racial/ethnic differences to test for the impacts of assimilation and the occurrence of economic booms and recessions on poverty incidence among immigrants and natives. The logistic regression model is specified as follows:

$$P_i = \frac{1}{1 + \exp\left[-\left(\alpha + \beta x_i + \varepsilon_i\right)\right]} \qquad (1)$$

where P is a dummy variable coded one if the individual i is poor and zero otherwise, x_i pertains to individual and household characteristics such as age, gender, educational attainment, location of residence, homeownership, and other immigrant-specific characteristics, and ε is the error term. Year dummies are also included in the model. The regression analysis is conducted using micro data from the Current Population Survey (CPS) from 1994 to 2008. Summary statistics of the variables included in the regression are listed in Table 5.

It is important to notice that the sign of the coefficients of the Logit model shows the direction of the relationship between the dependent variable and the explanatory variables, but the coefficients cannot be interpreted as marginal effects. We address this issue by calculating the marginal effects at the sample mean. To save space, only the estimated marginal effects are reported in Table 6.[5]

IV. Empirical Results

Four models are estimated for the pooled (native and immigrant) sample, and three models are estimated for the immigrant sample. The first model includes human capital and demographic characteristics. The second model additionally includes racial/ethnic categories and year dummies. The third model includes all the variables used in the first model and includes racial/ethnic category along with period dummies (instead of year dummies) that accounts for the 2001 economic recession and the economic expansion during the recent period (2002-2008).[6] The fourth model, only estimated for the pooled sample, includes interaction terms between immigrant status and year dummies to see how poverty incidence among immigrants has evolved over time.

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[5] We will gladly provide the Logit coefficient estimates upon request.

[6] The Business Cycle Dating Committee of the National Bureau of Economic Research determined that a peak in economic activity occurred in the U.S. economy in December 2007. The peak marks the end of the expansion that began in November 2001 and the beginning of a recession. The expansion lasted 73 months since 2001 fourth quarter: the previous expansion of the 1990s lasted 120 months from 1991 first quarter to 2001 first quarter. In line with this, three categories of "Period" variables were created (Period 1 for year < 2001, Period 2 for year=2001, and Period 3 for year >=2002) to account for the breaks of the U.S. business cycles. "Determination of the December 2007 Peak in Economic Activity" is available at http://www.nber.org/cycles/dec2008.pdf

4.1 Standard Controls

The results on standard controls (gender, race, education, age, and place of residence) conform to previous findings in the literature. We find that all coefficients on "Female" are statistically significant at the 1 percent level. This implies that women are more likely to experience poverty. The results also imply that that married individuals are about 7 percent less likely to encounter poverty. A recent study (Hoynes *et al*., 2006) finds persistent differences in poverty across groups with different marital status – "with the highest poverty rates for person in single parent families and the lowest poverty rates for persons in married couple families" (p. 60).

We analyze the relationship between educational attainment and poverty incidence by considering five educational categories and having "less than high school" as the baseline category. All of the estimated coefficients of education category variables are negative and statistically significant at 1 percent level. Table 6 shows that the marginal effects of higher levels of education are smaller (and negative) than those for lower levels of education, indicating that individuals with higher education are less likely to fall into poverty. This finding is consistent with a large literature including studies by Hoover *et al.* (2008), Gittell and Tebaldi (2007) and Partridge and Rickman (2005).

The negative parameter estimates on "Metropolitan" and "Homeowner" also conform to expectation, implying that metropolitan residents and homeowners are less likely to experience poverty. The parameter estimates of "South" variables are significantly positive in all cases, suggesting that the legacy of lower economic status of the South still prevails and the individuals in the South are more likely to experience the poverty in their lives.

The link between racial/ethnic status and poverty are investigated by considering five racial/ethnic categories. The marginal effects reported in Table 6 show that non-whites are more

likely to experience poverty in comparison with the base category Whites. While this general pattern between whites and nonwhite is true for both natives (columns 1 to 4) and immigrants (columns 5 to 7), there is an interesting difference in the pattern within nonwhites. Columns 2 and 3 (pooled sample) of Table 6 suggest that "African American" and "Mexican" are about 5 percent more likely to experience poverty compared to Whites, while "Asian" and "other Hispanics" are about 2 percent more likely to experience poverty than Whites. Columns 6 and 7 (immigrant sample) of Table 6 show that "Mexicans" are about 6 percent more likely to experience poverty. Empirical studies using aggregate data at either state or metropolitan area levels have also demonstrated a link between ethnic/racial origin and poverty and that Hispanics are more likely to experience poverty in the United States (Gittell and Tebaldi, 2007; Partridge and Rickman, 2005). In contrast, Asian immigrants are just under 1 percent more likely to experience poverty than white immigrants. These results show that the racial/ethnic poverty gap holds for both the general population (pooled sample) and also for immigrants, suggesting that individual from Mexican origin are the most vulnerable group to poverty incidence.

In order to see the impact of employment type on the poverty incidence, the regression includes a variable controlling for self employment. The ever-increasing health care cost may contribute to the higher probability of the self employed in slipping into poverty. Adequate health insurance usually comes with employment, and affordable medical insurances for the self-employed are hard to find. In addition, the self-employed are exposed to higher financial risk as they are less able to shield themselves from economic fluctuations with a limited access to financing. As a result, the more vulnerable financial position of the self-employed explains the higher probability of the self-employed in falling into poverty. The estimated marginal effects

(and coefficients) on "Self Employed" in Table 6 are all positive and significant, supporting this argument.

4.2 Immigration and Poverty

Are immigrants more likely to fall into poverty? Descriptive statistics (Tables 1-5) show that the percentage of immigrants experiencing poverty is much larger than that of the native population. However, descriptive statistics can be misleading in answering this question because it fails to distinguish individual characteristics. Regression analysis addresses this issue by *controlling* for individual characteristics. It also allows for examining the odds of hypothetical similarly endowed natives and immigrants to fall into poverty. Models 1 through 3 of Table 6 show that in contrast to some belief that immigrants are prone to fall into poverty and are a major culprit in the U.S. poverty; an immigrant is only 2.4 percent, at the most, more likely to fall into poverty compared to a similarly endowed native. When more detailed controls are used, such as racial/ethnic status, "Period" information and "years since migration," the parameter estimate declined by more than half to be just about 1 percent. This suggests that controlling for individual characteristics, nativity (or immigrant) does not matter that much in terms of determining the odds of falling into poverty. This finding is consistent with Raphael and Smolensky (2008). They find that as immigrants stay longer in the United States, their poverty rate declines quickly with wage growth and selective out-migration.

Although surprising, our estimates suggest that the sizable differential in poverty incidence across the immigrant and native populations is mostly due to differences in individual characteristics such as educational attainment, race or ethnic group, gender and place of residence. This is good news, signaling that if immigrants were given the opportunity to acquire

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human capital and be part of the mainstream society, then poverty incidence among immigrants would decrease and become similar to that of the general population.

Chapman and Bernstein (2003) also report that poverty rates declined faster for immigrants than for natives from 1989 to 1999. They further find that over the 1994-2000 period, the rising income of immigrants sufficiently counterbalance the negative impact of their rising shares. Although recent immigrants, especially Hispanic immigrants, are poorer than their predecessors, their proportion of the U.S. population is still not large enough to affect the overall poverty noticeably. And even without immigration, the U.S. poverty would not have declined any faster than it did (Hoynes *et al*., 2006).

A more complete analysis of how some characteristics influence poverty among immigrants is conducted by estimating a set of regressions considering only immigrants. The results are reported in models 5, 6 and 7 in Table 6. Naturalization to become a U.S. citizen is one important measure of assimilation. The empirical results show that naturalized U.S. citizens are about 2 percent less likely to encounter poverty compared to immigrants who are non-U.S. citizens. This finding supports the view that when immigrants fully integrate into society they do improve their economic and social status.

In 2008 CPS, 16 percent of the U.S. population were foreign-born, and about 44 percent of them had naturalized to become U.S. citizens. In 2008, the poverty rate for naturalized citizens, whose country of origin varies, were 8.9 percent while the poverty rate of non-naturalized immigrants were much higher at 19.9 percent. This is a telling example that shows the extent of heterogeneity within foreign-born population. What is also noteworthy is that the poverty rate of the naturalized citizens – 8.9 percent – is even lower than the 9.8 percent poverty rate for U.S.-born citizen (natives). The non-naturalized immigrants represent small fractions of the total

population and of the poor – 9 percent and 16.9 percent, respectively. Therefore, it is unlikely that immigrants' economic status have significantly affected the overall U.S. poverty.

We also consider "years since migration" as another proxy for immigrants' assimilation. The negative parameter estimates on "years since migration" in columns 5 through 7 in Table 6 suggest that as immigrants stay longer in the United States, their odds of slipping into poverty falls. This result is consistent with the findings in Chiswick's (1978) seminal work that the positive relationship between years since migration and earnings is a good indicator for immigrants' assimilation into the U.S. labor market. The point estimates suggest that an immigrant who lived in the United States for 10 years is about 1.5 percent less likely to experience poverty compared to a similarly endowed immigrant who just arrived.[7]

The parameter estimates on "Age" and "Age squared" show mixed results for pooled sample and immigrant sample. Figure 6 reports the results for the pooled sample and shows that there is an inverted U-curve relationship between age and the likelihood of falling into poverty. This implies that the likelihood of falling into poverty increases with age and reaches a peak when a person is about 50 years old, then it decreases with age. However, the results from the immigrant sample are quite different. Figure 7 shows that for the immigrant sample, the likelihood of falling into poverty increases with age and skyrockets after 60 years. Although our data provide no insights on how to explain these differences, one can speculate that this finding indicates that immigrants are unable to create the conditions for a smooth retirement or may not qualify for retirement benefits provided by the federal government, which ultimately leads the elderly immigrant to fall into poverty.

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[7] Although this result is encouraging as it shows a pattern of declining poverty incidence as immigrants stay longer in the United States, this finding is unable to explain the persistency of poverty or the lack thereof. One of the drawbacks in using CPS data is that we were unable to see the persistency of poverty. The CPS does not provide any information about the persistency of poverty, since it only asks about respondents' income in a given year and does not include information on income history.

Are the odds of immigrants and natives to fall into poverty during economic booms and recessions the same? Columns 2, 4 and 6 of Table 6 include "Year" dummies (baseline year is 1994) for pooled and immigrant samples, respectively. With only a few exceptions, almost all of the parameter estimates on these dummies are negative at the 1 percent level. This finding shows that individuals' poverty incidence has decreased over the last two decades. In addition, column 4 shows that the interaction terms between immigrant and year dummies are negative and statistically significant from years 1999 to 2008. This indicates that since 1999 – and comparing to the base-year (1994) – the likelihood of immigrants falling into poverty decreased faster than that of the natives. Gittell and Tebaldi (2007) also find that poverty has decreased during the last business cycle. It is worthwhile noticing that the economic downturn in 2001-2002 not only affected poverty incidence among immigrants and natives (see the 2001-2002 marginal effects), but also reduced the size of the marginal effects in the interactions terms for the years 2002 and 2003.[8] This suggests that the economic downturn in the early 2000s slowed down the "catching-up" process in terms of poverty rates between natives and immigrants. The estimates indicate that the economic slowdown in the end of 2007/beginning of 2008 has again affected this catching-up process. These results are consistent with Hines *et al.* (2001). Overall, our results suggest that both natives and immigrants have benefited from economic expansions as shown by a significant decline in the likelihood of experiencing poverty during the last business cycles. Moreover, the results also imply that economic expansions create the conditions for an accelerated reduction in poverty rates among immigrants.

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[8] Notice that the CPS data is collected in March, so the effects of the 2001-2002 economic slowdown are accounted for in the 2002-2003 data.

V. Final Remarks

The poverty rate among immigrants in the United States grew from 15.5 percent in 1979 to 20.4 percent in 1994 and then declined to 15 percent in 2008. The higher incidence of poverty among immigrants has generated public concerns about the social and economic viability of immigrants. While there are still reasons for a pessimistic view of immigrants, the empirical findings of this paper show that the odds of experiencing poverty for both natives and immigrants depend on micro factors such as individual characteristics and macro factors such as business cycle in the U.S. economy. This paper makes an empirical contribution in unraveling the argument that immigration is the sole or even the most important factor behind the U.S. poverty landscape. While the argument is understandable, the blame is misplaced.

President Lyndon Johnson, emphasizing the importance of job creation as a weapon against poverty, declared when he signed the Opportunity Act on August 20, 1964 that "Our American answer to poverty is not to make the poor more secure in their poverty but to reach down and to help them lift themselves out of the ruts of poverty and move with the large majority along the high road of hope and prosperity"[9]. The idea that improving economy benefits all members in that economy is most famously and laconically summarized in the President John F. Kennedy's remark "A rising tide lifts all boats"[10]. The finding of this paper is consistent with this aphorism. The benefit of a strong economy in the form of poverty rate fall in the United States from 1994 to 2008 applies to all racial/ethnic groups regardless of their U.S. nativity status.

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[9] Weapons against poverty: three prong attack. Lyndon Baines Johnson Library and Museum, available at http://www.lbjlib.utexas.edu/johnson/lbjforkids/pov_weapons.shtm.

[10] John T. Woolley and Gerhard Peters. *The American Presidency Project* [online]. Santa Barbara, CA: University of California (hosted), Gerhard Peters (database). Available from World Wide Web: http://www.presidency.ucsb.edu/ws/?pid=9455.

What is noteworthy and encouraging is that during this period, the rising tide lifted immigrants' boat higher than that of the natives.

Although most individuals in the United States cannot escape the negative impact of current economic downturn, immigrants, especially recent ones, are more vulnerable to this economic adversity. Immigrants tend to be in weaker position in the labor market, have inadequate or no medical insurance, and may have only limited access to financial resources. Considering all of these issues, the role of policy to effectively address poverty would be even more important as the U.S. economy continues to falter.

One policy implication of this result follows that conventional macroeconomic fiscal and monetary policies to stimulate the economy are as good as the narrowly focused economic and social policies targeted for specific racial/ethnic groups. Indeed, this seemingly "too simple" implication is a boon to policy makers, since the focus on the whole economy automatically takes care of its subsets as well. Unfortunately, the U.S. economy has slid into a recession that will have significant adverse economic and social effects. How the lifted boats in the past decade will fall down among different racial/ethnic groups by their U.S. nativity status would be a future research agenda.

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Figure 1: Foreign-born population in the United States, number and percent 1990 – 2007.
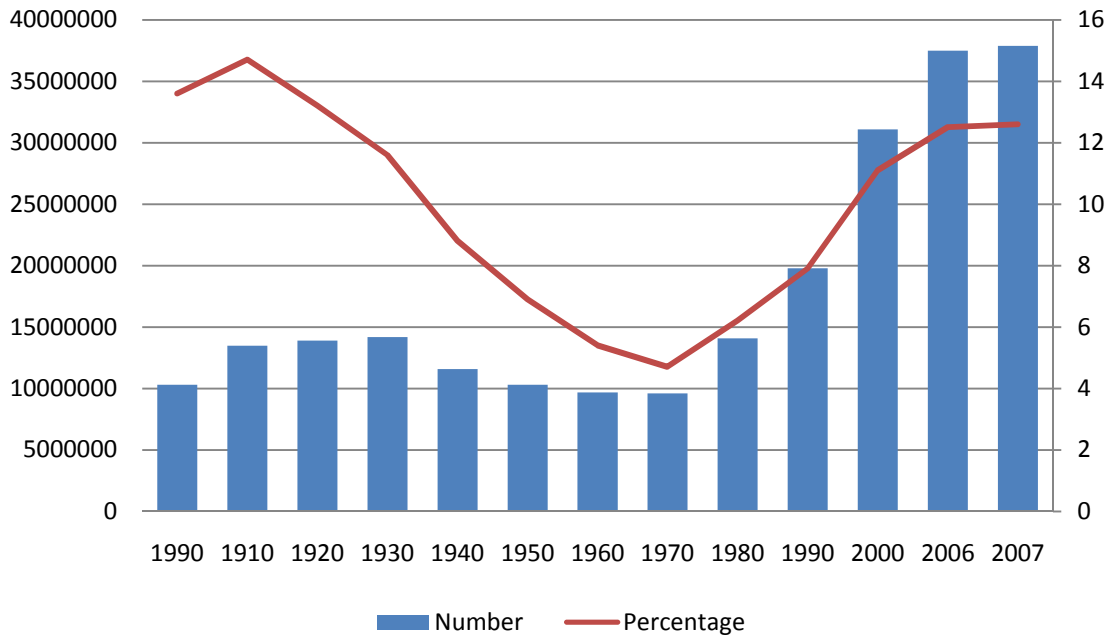

Source: Data were used from Camarota (2007: Figure 2 in page 4) and Pew Hispanic Center (2006: Table 2). Decennial Census for 1900 to 2000 were used. 2006 data were obtained from the comparison between 2000 Census (5% IPUMS) and 2006 American Community Survey (1% IPUMS). 2007 data were obtained from the Current Population Survey (CPS), which does not include those in group quarters. The 600,000 immigrants in group quarters were added to the 2007 CPS to make it comparable with the Census data.

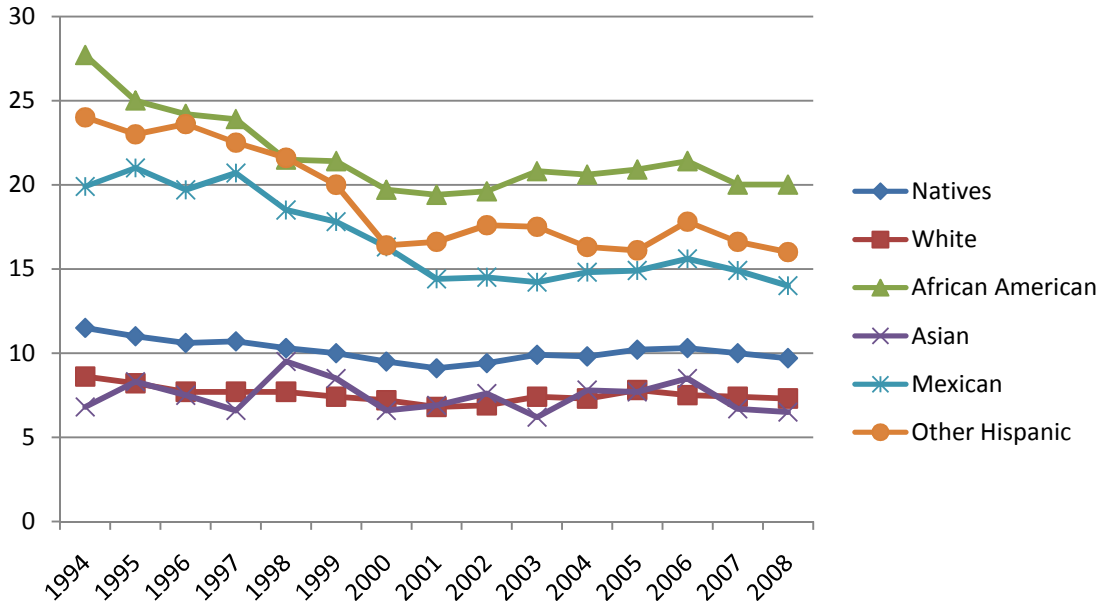Figure 2: Poverty rates of the U.S. population
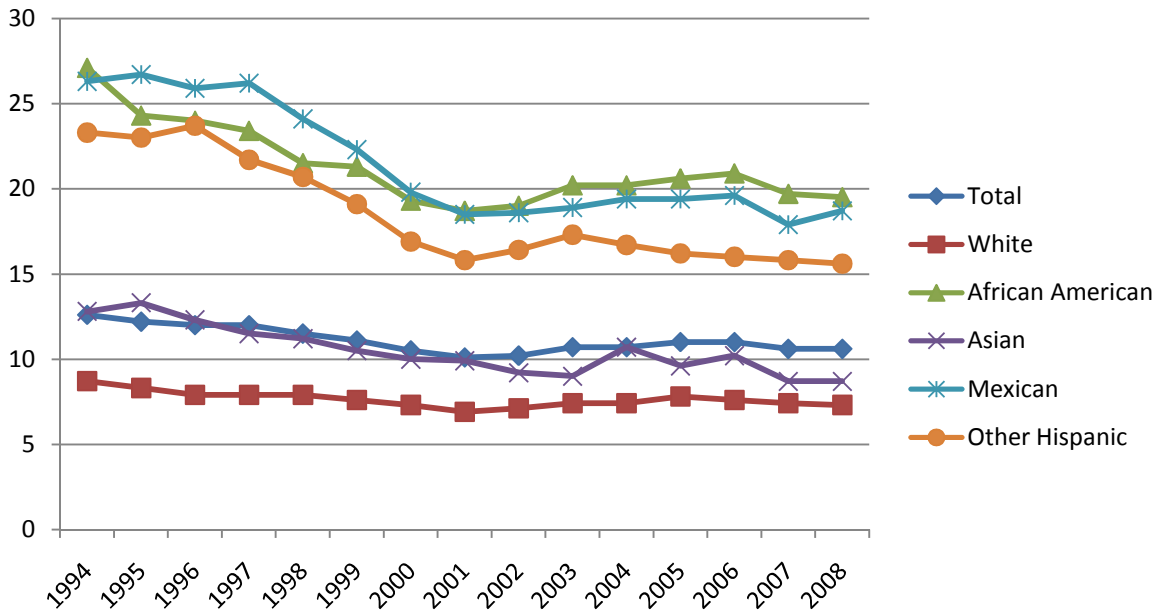
Source: Authors' compilation using CPS data.

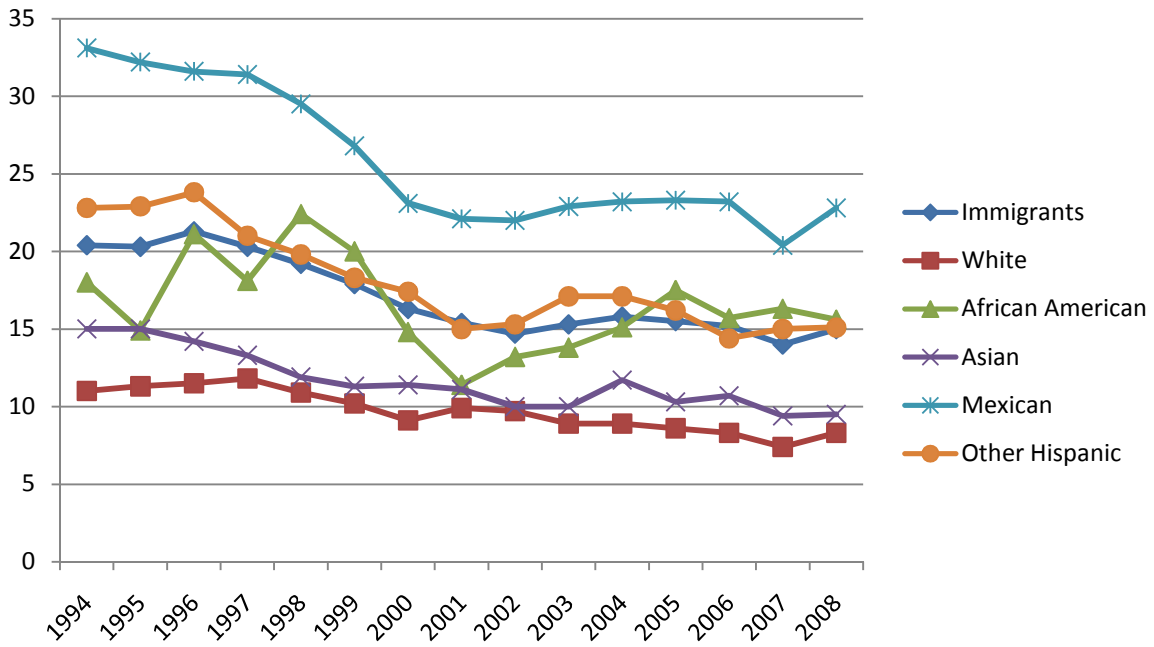Figure 3: Poverty rates of natives and immigrants
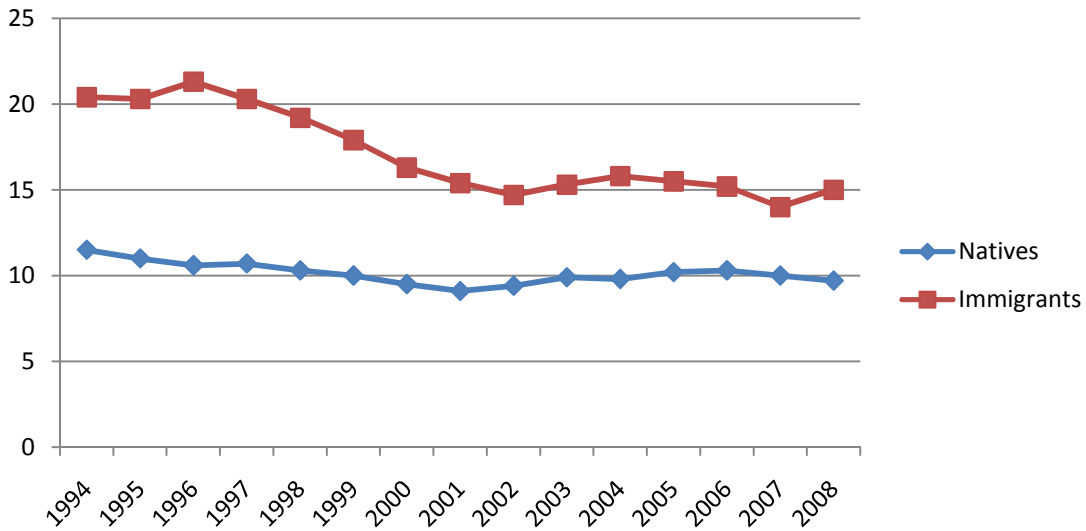
Source: Authors' compilation using CPS data.

Figure 4: Poverty rates of natives

Source: Authors' compilation using CPS data.

Figure 5: Poverty rates of immigrants

Source: Authors' compilation using CPS data.

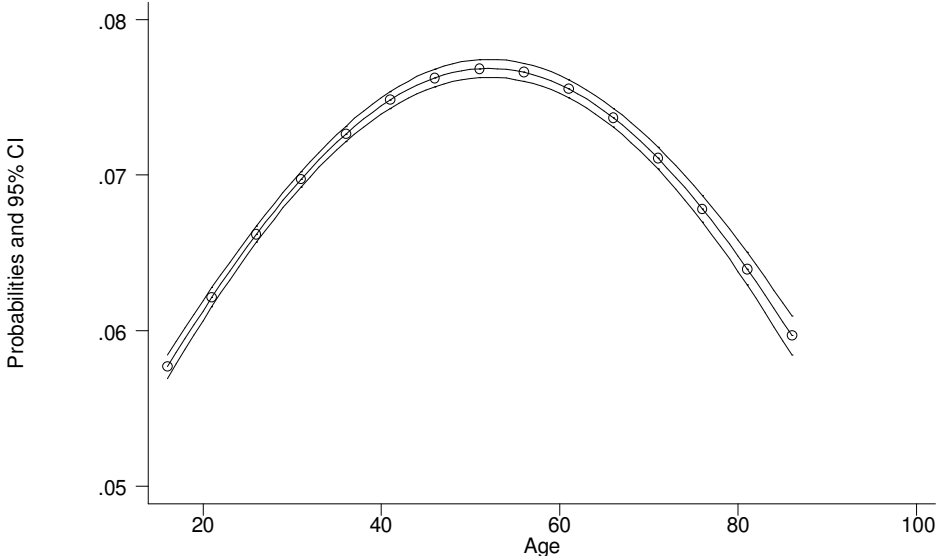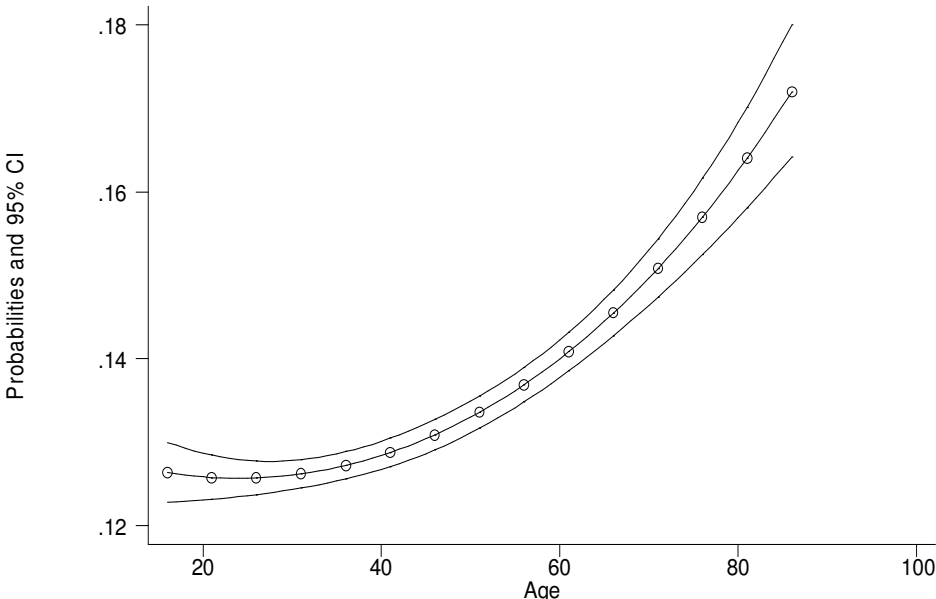Figure 6: Likelihood of Poverty Incidence and Age: Pooled Sample

Figure 7: Likelihood of Poverty Incidence and Age: Immigrants

Table 1: Poverty rates of the U.S. population

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total	12.6	12.2	12	12	11.5	11.1	10.5	10.1	10.2	10.7	10.7	11	11	10.6	10.6
White	8.7	8.3	7.9	7.9	7.9	7.6	7.3	6.9	7.1	7.4	7.4	7.8	7.6	7.4	7.3
African American	27.1	24.3	24	23.4	21.5	21.3	19.3	18.7	19	20.2	20.2	20.6	20.9	19.7	19.5
Asian	12.8	13.3	12.3	11.5	11.2	10.5	10	9.9	9.2	9	10.7	9.6	10.2	8.7	8.7
Mexican	26.3	26.7	25.9	26.2	24.1	22.3	19.8	18.5	18.6	18.9	19.4	19.4	19.6	17.9	18.7
Other Hispanic	23.3	23	23.7	21.7	20.7	19.1	16.9	15.8	16.4	17.3	16.7	16.2	16	15.8	15.6

Source: Authors' compilation using CPS data.

Table 2: Poverty rates of the U.S. population by nativity and racial/ethnic groups

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Natives	11.5	11	10.6	10.7	10.3	10	9.5	9.1	9.4	9.9	9.8	10.2	10.3	10	9.7
White	8.6	8.2	7.7	7.7	7.7	7.4	7.2	6.8	6.9	7.4	7.3	7.8	7.5	7.4	7.3
African American	27.7	25	24.2	23.9	21.5	21.4	19.7	19.4	19.6	20.8	20.6	20.9	21.4	20	20
Asian	6.8	8.3	7.5	6.6	9.5	8.5	6.6	6.9	7.6	6.2	7.8	7.7	8.5	6.7	6.5
Mexican	19.9	21	19.7	20.7	18.5	17.8	16.3	14.4	14.5	14.2	14.8	14.9	15.6	14.9	14
Other Hispanic	24	23	23.6	22.5	21.6	20	16.4	16.6	17.6	17.5	16.3	16.1	17.8	16.6	16
Immigrants	20.4	20.3	21.3	20.3	19.2	17.9	16.3	15.4	14.7	15.3	15.8	15.5	15.2	14	15
White	11	11.3	11.5	11.8	10.9	10.2	9.1	9.9	9.7	8.9	8.9	8.6	8.3	7.4	8.3
African American	18	14.9	21.1	18.1	22.4	20	14.8	11.4	13.2	13.8	15.1	17.5	15.7	16.3	15.6
Asian	15	15	14.2	13.3	11.9	11.3	11.4	11.1	10	10	11.7	10.3	10.7	9.4	9.5
Mexican	33.1	32.2	31.6	31.4	29.5	26.8	23.1	22.1	22	22.9	23.2	23.3	23.2	20.4	22.8
Other Hispanic	22.8	22.9	23.8	21	19.8	18.3	17.4	15	15.3	17.1	17.1	16.2	14.4	15	15.1

Source: Authors' compilation using CPS data.

Table 3: Detailed Poverty Incidence

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Natives															
Below poverty	11.5	11.0	10.6	10.7	10.3	10.0	9.5	9.1	9.4	9.9	9.8	10.2	10.3	9.9	9.7
100-124 percent of the low-income level	4.4	4.2	4.2	4.3	4.1	3.7	3.8	3.9	3.6	3.7	3.8	3.8	3.7	3.7	3.7
125-149 percent of the low-income level	4.6	4.7	4.6	4.4	4.3	4.0	4.3	4.1	4.0	4.2	4.1	3.8	4.0	3.9	4.1
150 percent and above the low-income level	79.5	80.2	80.6	80.6	81.4	82.3	82.4	82.9	82.9	82.2	82.3	82.2	82.0	82.6	82.5
All Immigrants															
Below poverty	20.4	20.3	21.2	20.3	19.2	17.9	16.3	15.4	14.7	15.3	15.8	15.5	15.5	14.0	15.0
100-124 percent of the low-income level	7.3	7.1	7.0	7.1	7.2	6.6	7.0	6.7	6.0	6.1	6.5	6.0	5.7	6.2	6.8
125-149 percent of the low-income level	7.1	6.6	7.3	7.4	6.2	6.8	7.0	6.5	6.5	6.8	6.9	6.1	6.7	6.4	6.3
150 percent and above the low-income level	65.2	66.1	64.5	65.2	67.4	68.8	69.7	71.4	72.8	71.8	70.7	72.5	72.5	73.4	71.9
Mexican immigrants															
Below poverty	33.1	32.2	31.6	31.4	29.5	26.8	23.1	22.1	22.0	22.9	23.2	23.3	23.2	20.4	22.8
100-124 percent of the low-income level	12.9	11.8	10.8	10.2	11.3	10.3	9.5	10.3	8.9	9.5	10.0	9.2	9.2	9.9	11.8
125-149 percent of the low-income level	9.4	8.4	10.4	10.8	9.6	10.2	9.9	9.5	9.9	10.1	11.1	9.2	10.2	10.2	9.6
150 percent and above the low-income level	44.6	47.6	47.2	47.6	49.6	52.7	57.6	58.1	59.2	57.6	55.7	58.3	57.4	59.5	56.5

Source: Authors' compilation using CPS data.

Table 4: Median Income

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Natives	37140	39189	40341	42120	44102	46616	48300	50115	53635	53714	55159	56517	58715	61004	64000
White	39750	41552	43093	45050	47071	50000	51374	53708	58148	58208	60000	61193	63900	66600	69987
African American	23845	26193	27393	29000	30900	30882	35000	35607	35065	34200	35674	36000	37200	39626	41107
Asian	54333	56035	56120	60070	60609	63660	67300	66683	67449	67020	73836	72800	77200	84000	85003
Mexican	30800	32000	31712	32762	36363	37216	40673	43175	44222	45000	45000	45700	47000	50100	52000
Other Hispanic	28665	29460	30350	32652	32480	36000	39000	40756	41886	43783	45000	46169	46675	49517	54275
Immigrants	30420	32141	32020	33987	36079	37000	40000	43240	45000	45001	45000	47240	49390	51000	53145
White	37947	38999	40600	43000	45302	48000	51000	52748	55882	57011	59996	60090	64126	66002	70002
African American	30400	37000	33000	33600	31900	35285	38189	42000	43200	45761	42936	43005	48001	50100	55000
Asian	43300	43920	45530	50000	51045	50802	56572	62100	60010	59530	61000	64499	66436	73500	75000
Mexican	23800	24500	24000	26030	26600	29060	32700	35100	35480	35000	34224	36000	36580	40000	39000
Other Hispanic	27000	28110	29460	30344	35000	36000	35666	40767	41000	40000	40461	42033	45316	48000	49476
Recent immigrants	26145	27525	27987	29000	31200	33000	35183	40070	41080	40000	40000	42000	43901	46730	48000
White	32437	32936	36112	40532	41200	41215	49469	52004	51872	50002	52400	56300	65000	62800	65000
African American	25949	31480	27361	31000	24064	26000	30000	36000	39050	42544	35518	35000	43366	44678	48540
Asian	33903	34403	36540	39740	48000	42000	43947	52847	52785	52006	51006	55553	60000	61640	68002
Mexican	21724	23000	21200	24002	24000	28600	31965	34240	34650	32480	33000	33000	34000	36121	35015
Other Hispanic	24000	24625	25341	26000	30003	32000	34100	40560	39438	39000	38000	38500	42800	46000	46000

Source: Authors' compilation using CPS data.

Table 5: Sample Statistics

Variable	Natives			Immigrants		
	Total	Non-Poverty	Poverty	Total	Non-Poverty	Poverty
Age	43.77	44.05	41.3	41.8	42.3	38.9
Male	0.473	0.484	0.37	0.485	0.496	0.426
Married	0.547	0.583	0.23	0.593	0.621	0.447
Less than High School	0.181	0.159	0.385	0.363	0.321	0.576
High School	0.319	0.316	0.342	0.245	0.251	0.218
Some College	0.195	0.198	0.162	0.121	0.127	0.088
Associate Degree	0.079	0.083	0.043	0.050	0.055	0.028
College Degree	0.154	0.164	0.052	0.141	0.156	0.065
Graduate Degree	0.073	0.08	0.016	0.08	0.091	0.026
Metropolitan	0.744	0.75	0.685	0.922	0.925	0.911
Household Income	64,767	70,480	13,869	58,519	66,974	15,960
Home Owner	0.749	0.783	0.442	0.535	0.585	0.282
Southern residence	0.313	0.306	0.373	0.264	0.262	0.273
African American	0.109	0.095	0.23	0.059	0.059	0.057
Asian	0.013	0.013	0.009	0.199	0.212	0.132
Mexican	0.047	0.043	0.075	0.307	0.276	0.459
Other Hispanics	0.032	0.029	0.059	0.198	0.195	0.211
Years Since Migration				18.5	19.3	14.5
Sample year (1994 -1998)	0.278	0.275	0.298	0.248	0.237	0.303
Sample year (1999 - 2003)	0.323	0.324	0.307	0.322	0.326	0.306
Sample year (2004 - 2008)	0.399	0.400	0.395	0.430	0.437	0.391
New England Division	0.093	0.096	0.075	0.069	0.073	0.051
Middle Atlantic Division	0.113	0.114	0.111	0.162	0.164	0.155
East North Central Division	0.139	0.140	0.126	0.078	0.082	0.060
West North Central Division	0.110	0.111	0.097	0.039	0.039	0.039
South Atlantic Division	0.169	0.168	0.180	0.165	0.170	0.140
East South Central Division	0.056	0.053	0.077	0.012	0.012	0.012
West South Central Division	0.088	0.085	0.117	0.087	0.080	0.121
Mountain Division	0.114	0.114	0.111	0.096	0.093	0.111
Pacific Division	0.118	0.119	0.106	0.292	0.288	0.311
Number of observation	1,625,173	1,461,151	164,022	277,863	231,809	46,054

Source: Authors' compilation using CPS data.

Table 6: Marginal Effects after Logit Regression   (continues)

Variable	Pooled (Natives + Immigrants): (1) - (4)				Immigrants: (5) - (7)		
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**
Age	0.00186	0.00148	0.00148	0.0015	-0.000328	-0.000493	-0.000533
	[38.56]***	[31.02]***	[30.89]***	[31.29]***	[-1.73]	[-2.60]**	[-2.81]**
Age Squared	-0.00186	-0.00142	-0.00141	-0.00143	0.000612	0.00106	0.0011
	[-36.94]***	[-28.35]***	[-28.21]***	[-28.59]***	[3.11]**	[5.37]***	[5.59]***
Female	0.0288	0.0279	0.0279	0.0278	0.0476	0.0484	0.0487
	[84.73]***	[82.84]***	[82.95]***	[82.74]***	[38.98]***	[39.87]***	[40.06]***
Immigrant	0.0237	0.0107	0.0106	0.0221			
	[44.69]***	[18.73]***	[18.70]***	[10.86]***			
Married	-0.0715	-0.0682	-0.0682	-0.0682	-0.0582	-0.0609	-0.0607
	[-164.50]***	[-157.96]***	[-157.83]***	[-157.86]***	[-42.49]***	[-44.27]***	[-44.14]***
High School	-0.0403	-0.0363	-0.0363	-0.0362	-0.0626	-0.0529	-0.0531
	[-114.79]***	[-102.27]***	[-102.41]***	[-102.18]***	[-51.73]***	[-41.53]***	[-41.71]***
Some College	-0.0511	-0.0473	-0.0473	-0.0473	-0.0769	-0.0663	-0.0664
	[-157.31]***	[-141.81]***	[-141.93]***	[-141.89]***	[-58.39]***	[-45.79]***	[-45.82]***
Associate Degree	-0.0558	-0.0525	-0.0526	-0.0525	-0.0854	-0.0755	-0.0757
	[-163.94]***	[-147.32]***	[-147.49]***	[-147.48]***	[-52.06]***	[-40.97]***	[-41.02]***
College Degree	-0.0717	-0.0669	-0.067	-0.0669	-0.106	-0.0922	-0.0925
	[-228.49]***	[-204.44]***	[-204.71]***	[-204.16]***	[-88.77]***	[-66.83]***	[-67.02]***
Graduate Degree	-0.0693	-0.0657	-0.0658	-0.0657	-0.112	-0.1	-0.1
	[-223.18]***	[-199.41]***	[-199.61]***	[-199.21]***	[-88.48]***	[-66.60]***	[-66.75]***
Metropolitan	-0.0285	-0.0351	-0.0352	-0.0352	-0.0291	-0.0266	-0.0268
	[-61.56]***	[-72.19]***	[-72.33]***	[-72.28]***	[-11.53]***	[-10.62]***	[-10.67]***
Home Owner	-0.106	-0.0976	-0.0978	-0.0976	-0.122	-0.118	-0.119
	[-191.86]***	[-180.48]***	[-180.64]***	[-180.31]***	[-86.54]***	[-83.32]***	[-83.49]***
Southern	0.0172	0.0108	0.0109	0.011	0.00929	0.00816	0.008
	[45.42]***	[28.88]***	[28.96]***	[29.25]***	[6.59]***	[5.77]***	[5.66]***
Self Employed	0.0215	0.0251	0.0253	0.0252	0.0219	0.0259	0.0262
	[24.03]***	[27.42]***	[27.55]***	[27.49]***	[6.90]***	[8.04]***	[8.11]***
African American		0.0475	0.0474	0.0473		0.0196	0.019
		[66.74]***	[66.67]***	[66.60]***		[5.86]***	[5.70]***
Asian		0.0168	0.0166	0.017		0.0074	0.00701
		[15.02]***	[14.89]***	[15.16]***		[3.17]**	[3.01]**
Mexican		0.0437	0.0434	0.044		0.0596	0.0584
		[52.06]***	[51.84]***	[52.30]***		[25.53]***	[25.14]***
Other Hispanics		0.0263	0.0262	0.0261		0.0285	0.0281
		[30.50]***	[30.41]***	[30.24]***		[12.81]***	[12.64]***
Year_1995		-0.00297		-0.00344		-0.00245	
		[-3.40]***		[-3.57]***		[-0.73]	
Year_1996		-0.00443		-0.00588		0.00203	
		[-4.97]***		[-6.02]***		[0.57]	
Year_1997		-0.00435		-0.00486		-0.0038	
		[-4.90]***		[-4.93]***		[-1.12]	
Yea_1998		-0.00594		-0.00618		-0.00822	
		[-6.77]***		[-6.33]***		[-2.46]*	
Year_1999		-0.00864		-0.00803		-0.0195	
		[-10.12]***		[-8.38]***		[-6.23]***	
Year_2000		-0.013		-0.0112		-0.0346	
		[-16.07]***		[-12.10]***		[-12.31]***	
Year_2001		-0.0157		-0.0135		-0.0405	
		[-19.76]***		[-14.76]***		[-14.99]***	
Year_2002		-0.0137		-0.0112		-0.0387	
		[-18.77]***		[-13.36]***		[-15.13]***	
Year_2003		-0.01		-0.0076		-0.0333	
		[-13.17]***		[-8.75]***		[-12.59]***	

Table 6: Marginal Effects after Logit Regression   (continuation)

Variable	Pooled (Natives + Immigrants):			(1) - (4)	Immigrants:	(5) - (7)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Year_2004		-0.00914		-0.0073		-0.028	
		[-11.85]***		[-8.33]***		[-10.29]***	
Year_2005		-0.00649		-0.00351		-0.0295	
		[-8.17]***		[-3.85]***		[-10.89]***	
Year_2006		-0.00729		-0.00395		-0.0324	
		[-9.27]***		[-4.35]***		[-12.21]***	
Year_2007		-0.0102		-0.00655		-0.0384	
		[-13.28]***		[-7.36]***		[-15.00]***	
Year_2008		-0.00993		-0.00784		-0.03	
		[-12.92]***		[-8.92]***		[-11.16]***	
Period (Year=2001)			-0.0109				-0.0325
			[-15.93]***				[-14.50]***
Period (Year=2002)			-0.00444				-0.0265
			[-12.97]***				[-20.56]***
Years Since Migration					-0.00134	-0.00149	-0.00149
					[-20.52]***	[-22.45]***	[-22.39]***
US Citizen					-0.0208	-0.012	-0.0124
					[-14.01]***	[-7.92]***	[-8.15]***
Year_1995*Immigrant				0.00195			
				[0.82]			
Year_1996*Immigrant				0.00704			
				[2.70]**			
Year_1997*Immigrant				0.00146			
				[0.60]			
Year_1998*Immigrant				-0.000117			
				[-0.05]			
Year_1999*Immigrant				-0.0046			
				[-2.02]*			
Year_2000*Immigrant				-0.0109			
				[-5.28]***			
Year_2001*Immigrant				-0.0128			
				[-6.30]***			
Year_2002*Immigrant				-0.0146			
				[-8.10]***			
Year_2003*Immigrant				-0.0134			
				[-7.40]***			
Year_2004*Immigrant				-0.0106			
				[-5.61]***			
Year_2005*Immigrant				-0.0153			
				[-8.71]***			
Year_2006*Immigrant				-0.0167			
				[-9.76]***			
Year_2007*Immigrant				-0.0183			
				[-10.85]***			
Year_2008*Immigrant				-0.0118			
				[-6.34]***			
Observations	1,903,036	1,903,036	1,903,036	1,903,036	293,821	293,821	293,821
Marginal effects; t statistics in brackets							
* significant at 5%; ** significant at 1 percent; *** significant at 0.1 percent							

Base categories: Period= year <= 2001; year= 1994; gender=male; Educational attainment =Less than High School; place of residence = Non-metropolitan residence; house ownership = Non-homeowner; geographic location = Non-south residence; Race/ethnicity =White; marital status= Not married; citizenship =Non-US citizen.