Hispanics at the age crossroads: Opportunities and risks

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October 17, 2006, is etched in demographic history as the day the U.S. population reached 300 million. Comparisons of the 1967 footprint, when the U.S. population reached 200 million, with the 2006 footprint are instructive as to how the population has changed over the past 40 years. Average life expectancy was just over 70 years then compared with nearly 78 today; about 40 percent of women ages 16 and over were in the labor force in 1967 versus nearly 60 percent in 2006; and 51 percent of adults ages 25 and over achieved high school diplomas in the mid-1960s compared with about 85 percent now.[1]

Hispanics—both immigrants and their offspring—accounted for over one-third of the 100 million persons added to the U.S. population since the mid-1960s.[2] Less than 5 percent of the U.S. population was Hispanic in 1960 versus approximately 14 percent in 2006.[3] In addition, the Hispanic population became more diverse both in its origins and destinations. Less than 20 percent of the Hispanic population was foreign-born in 1967, but by 2006, over 40 percent of Hispanics were born abroad.[4] Of these, approximately 2 in 5 are undocumented.

Today, not only are Hispanics the largest "minority" population, a milestone reached in 2003, but currently 1 of every 2 people added to the U.S. population are Hispanic.[5] These recent Hispanic demographic trends have profound implications for the future of America because they are unfolding amidst a major transformation in the

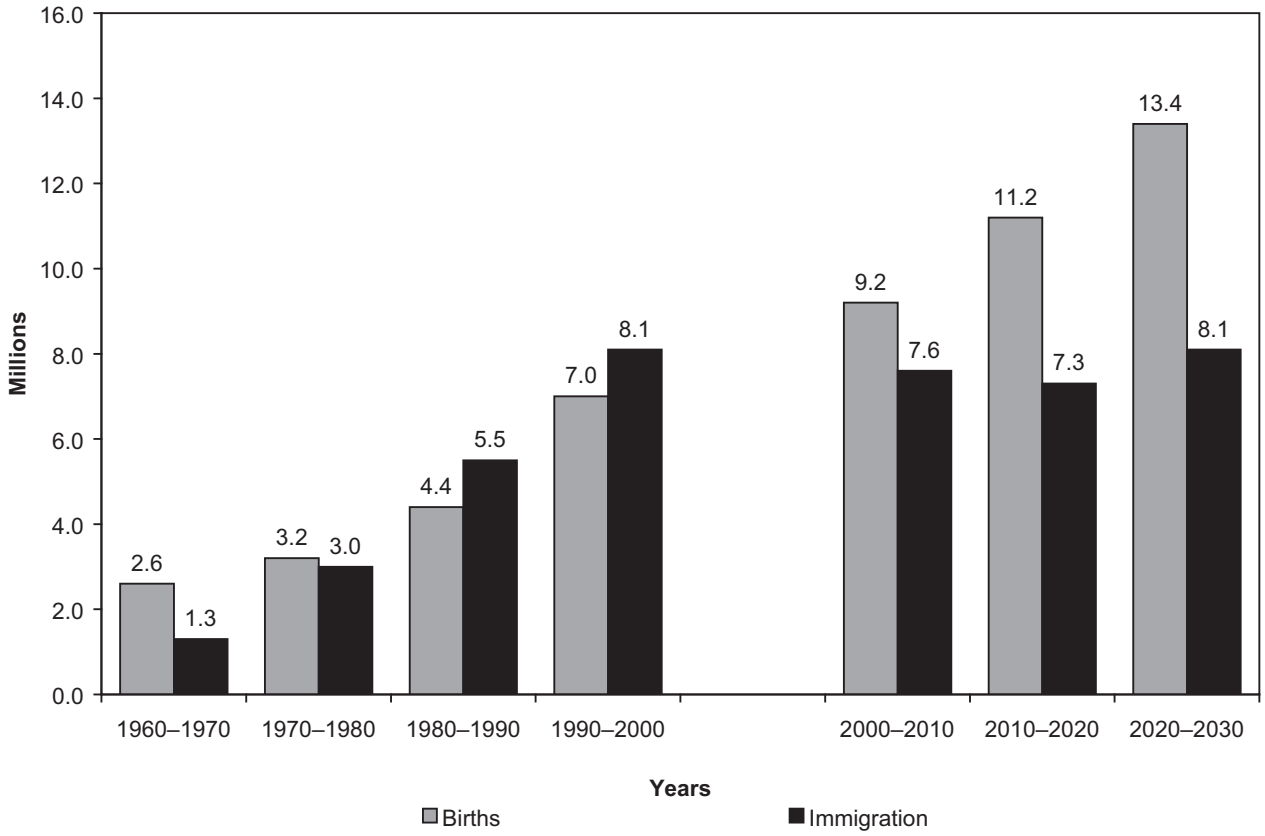

Figure 1. Hispanic births and net immigration by decade: 1960–2030.

Source: M. Tienda and F. Mitchell (eds.), *Multiple Origins, Uncertain Destinies: Hispanics and the American Future* (Washington, DC: National Academies Press, 2006), Chapter 2.

social context of childbearing and child rearing, because Hispanics are forging their national presence at a time of rising inequality, and because Hispanics are a young population amidst an aging white majority.

I discuss each of these trends briefly to provide a glimpse of future opportunities and risks. Specifically, I argue that the youthfulness of the Hispanic population provides an opportunity to attenuate the social and economic consequences of rising old-age dependency ratios, but caution that the demographic dividend will not materialize unless growing educational gaps and poverty rates are improved.

Demographic narrative

In 1967, as the U.S. population reached 200 million, Hispanic demographic growth was spurred by childbearing, not immigration. During the 1960s, births outpaced immigrants by about 2 to 1, but these growth components equalized during the following decade. The last two decades of the twentieth century reversed the relative contribution of these components, as both immigration and births surged. During the 1990s, net immigration added about 8 million to the Hispanic population, compared with 7 million births. The U.S. foreign-born population surged to 31 million by 2000, with over 16 million from Latin America alone.[6] Although immigration will remain an important driver of Hispanic demographic growth for the foreseeable future, already fertility has yet again exceeded immigration. Hispanic births are projected to exceed new immigrants by 17 percent in 2010 and by 40 percent in 2030. This change in the components of growth has set in motion an unprecedented generational transition that will redefine the contours of ethnic stratification during the first quarter of the twenty-first century.

In 1960 over half of all Hispanics were third generation or higher, compared with about one-third now. By 2030, just under 1 in 3 will be third or higher generation. As was the case in 2000, just over 1 in 4 Hispanics in 2030 are expected to be second generation. However, there will be 26 million second-generation Hispanics in 2030 versus 10 million in 2000, and the second-generation Hispanics of 2030 will be older than is now the case. With a median age under 13, the majority of the second generation is now in school; by 2030, the majority of the second generation will be in the labor force. Despite the intense media attention on immigration, and especially the unprecedented number undocumented among the foreign-born, today the children and grandchildren of Latin American immigrants are spurring Hispanic population growth. The generational transition now under way is pivotal for the nation because it coincides with rising labor market insecurity, population aging, and growing educational disparities along racial and ethnic lines.

Are Hispanics unique?

Subsuming 20 different nationalities, Hispanics include the descendants of early Spanish settlers, multiple cohorts of immigrants from Latin America, and a swelling second generation. Hispanics share a common language and have low average educational levels, a large segment of their foreign-born population that is undocumented, and a youthful age structure. None of these attributes are distinguishing by themselves, but collectively they define a profile that differs from that of most immigrant and minority groups today and in the past. This distinctive profile has important implications for the integration prospects not only of recent immigrants, but also of their U.S.-born offspring.

The rise in family disruption and nonmarital childbearing among Hispanics bodes ill for the socioeconomic prospects of future generations. Among Mexican and other Hispanic-origin women, the share of births to unmarried women nearly doubled between 1980 and 2000, rising from 23 percent to 41 percent.[7] Although Cuban women have the lowest levels of nonmarital fertility, births to unmarried Cuban women also rose, nearly tripling during this period. By 2001, nearly 60 percent of all Puerto Rican births were to unmarried mothers, up from less than half in 1980. Whether or not these trends signal a retreat from marriage, the rise of nonmarital fertility indicates that growing numbers of youth have family arrangements that offer less economic and emotional security. Furthermore, children raised in single-parent families are at higher risk of school failure, and daughters are more likely to become single mothers themselves.

In many ways Hispanics appear to be repeating the patterns of prior immigrant groups. Trends in earnings, in household income, and in home ownership indicate that rising numbers of Hispanics are ascending to the middle class. Yet there are troubling signs that economic mobility appears to stagnate after the second generation; moreover, collectively Hispanics show signs of losing economic ground relative to non-Hispanic whites.[8] In part, this is because of the continued influx of a large number of low-skilled immigrants, many of them undocumented, who overwhelm gradual advances made by the native-born. In large measure, though, the limited economic mobility of U.S.-born Hispanics reflects their low stock of human capital.

Although the economic boom in the United States during the late 1990s drove down poverty rates for all demographic groups—by 3 and 4 percentage points for Hispanics and blacks, respectively—Hispanic poverty remained over double that of whites. In 2005, over 1 in 5 Hispanics lived below the official poverty line.[9] Currently about 23 percent of Hispanics are living below the poverty line, compared with about 26 percent of blacks and less than 10 percent of whites.

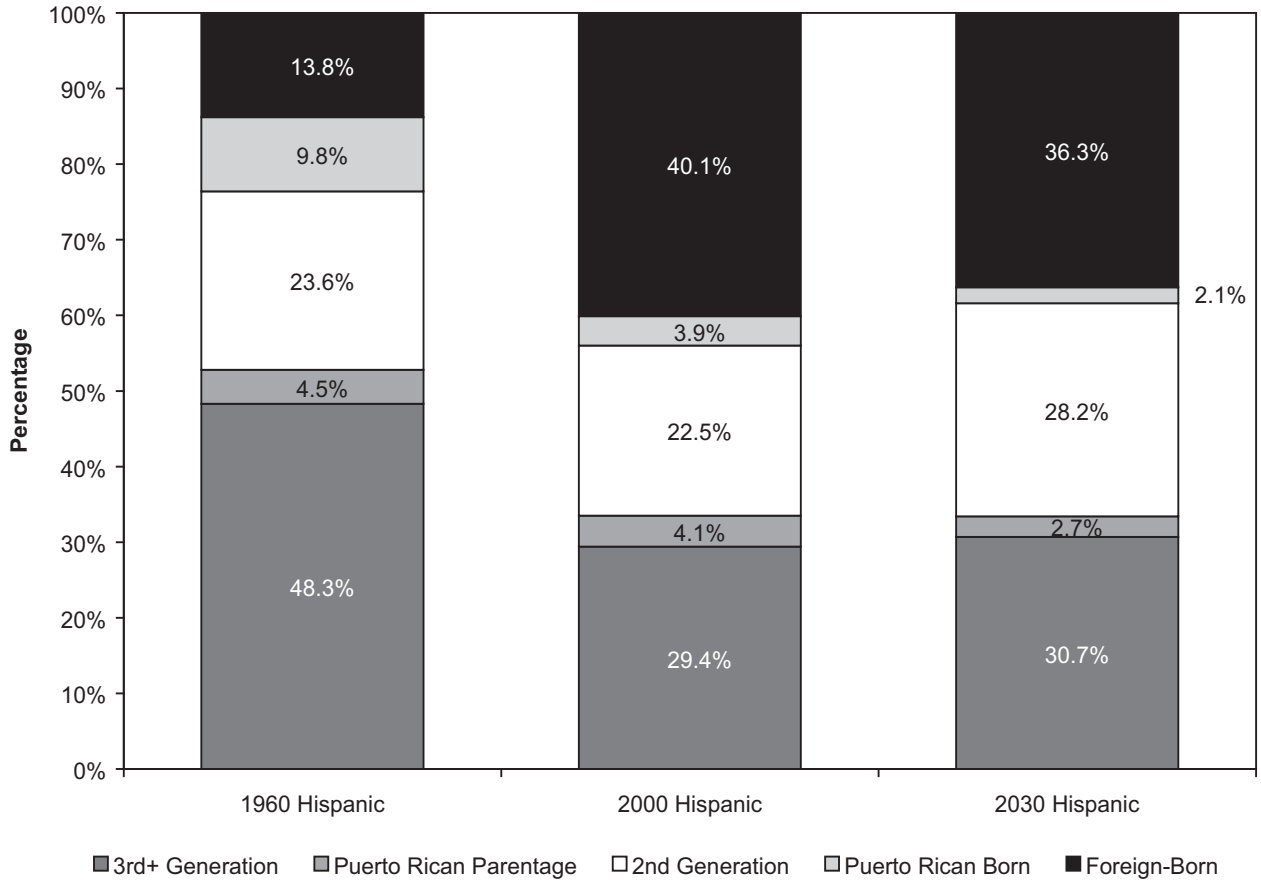

Figure 2. Generational transition of U.S. Hispanics: 1960, 2000, and 2030.

Source: M. Tienda and F. Mitchell (eds.), *Multiple Origins, Uncertain Destinies: Hispanics and the American Future* (Washington, DC: National Academies Press, 2006), Chapter 4.

Poverty is especially pernicious for children because it undermines academic achievement, thwarts normal development, and undermines long-term productive potential. Immigrant children are at high risk of poverty, but so too are the U.S.-born children of unskilled immigrant parents with low earnings capacity. Despite decreases in poverty risks across generations, the rates for second-generation Hispanic youth are now on a par with those of black youth. In 2001 over 1 in 3 second-generation Hispanic youth lived in poor families, as did over 40 percent of foreign-born children. Because immigrant children and the children of immigrants represent the major source of future labor force growth, recent trends in child poverty rates are worrisome.

Reversing these trends will depend heavily on raising the educational levels of Hispanics. Although they have experienced appreciable increases in educational attainment since 1960, Hispanics average lower levels of formal schooling than any other demographic group. Not only are educational shortfalls a major obstacle to closing wage and occupation gaps, but Hispanic students who fail to master English also face lifelong difficulties in achieving meaningful civic engagement. That recent Latin American immigration largely involves low-education workers implies large numbers of second-generation youth reared in homes where both parents lack high school or college training. Because parents with low educational levels are less likely to read to their children, large numbers of Hispanic youth have limited opportunity to acquire preliteracy skills. Already in kindergarten, Hispanics trail their classmates in math and reading skills.[10] Even as Hispanic college enrollment reaches an all-time high, the white-Hispanic college gap continues to grow because white enrollment and graduation rates are rising faster and because Hispanic college students are more likely than whites to enroll in a two-year institution, lowering their likelihood of completing a bachelor's degree.

Coming of age in an aging society

Two additional considerations are germane for understanding the opportunities and risks presented by the burgeoning Hispanic population in the years ahead, namely their unprecedented geographic dispersal and the coincidence of the Hispanic generational transition with U.S. population aging.

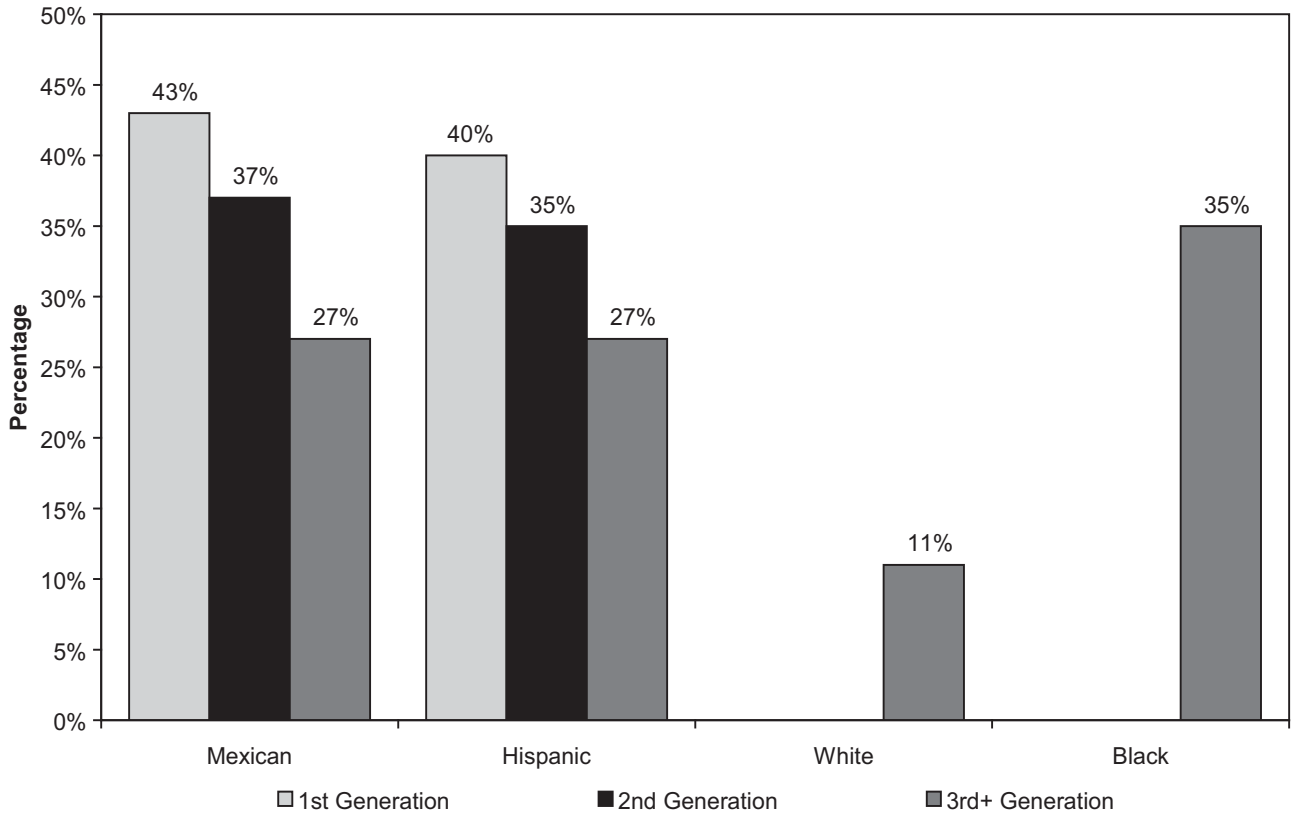

Figure 3. Child poverty by ethnicity and immigrant generation, 1997–2001.

Source: C. Reimers "Economic Well-Being," Chapter 7 in M. Tienda and F. Mitchell (eds.), *Hispanics and the Future of America* (Washington, DC: National Academies Press, 2006.) Adapted from Table A-2.

Given recent demographic trends, we know with reasonable certainty that the Hispanic population share will compose between 20 and 25 percent of U.S. residents by 2030. But the social and political significance of this composition hinges on where Hispanics settle. Historically Hispanics were concentrated in just a few states, and that remains the case today. In 2000, 70 percent of Hispanics resided in five states—New York, New Jersey, Texas, California, and Florida. However, since 1980, and especially during the 1990s, Hispanics have experienced a historically unprecedented dispersal that was largely driven by recent immigrants. For example, North Carolina's Hispanic population grew fivefold during the 1990s, while that of Georgia quadrupled and Nevada's tripled.

One might think that dispersal to new destinations increases the chances of integration because the relative size of new flows is small. Trends are mixed, however. Although there is some evidence that racial segregation levels are declining in areas where new immigrants have begun to settle, Hispanic residential and school segregation levels are on the rise in both the traditional settlement communities and many new southern destinations.[11] Whether the unprecedented Hispanic geographic dispersal energizes economic growth of the new destination states is highly uncertain. Will they change educational investment patterns in ways that strengthen the Hispanic educational pipeline so that college is a realistic possibility for the burgeoning second generation? Or will the youthful Hispanic population be seen as a drain on public education? More than any other trend, educational investments made today will ultimately define the Hispanic imprint on the United States.

Many suburbanites welcome new immigrants as hard-working people, but in a growing number of places where the foreign-born had not settled before, the newcomers have experienced a backlash of rejection, often triggered by the sight of day laborers anxious for a chance to work who often congregate on street corners or informal hiring sites. The broad social and political implications of the immigrant residential dispersal are not yet certain, but the proliferation of local ordinances and vigilante activities to restrict and exclude the foreign-born signals rising class divisions disguised as cultural clashes.

Whether or not immigration is reduced in the near future, the growth of the Hispanic population will continue for the foreseeable future because of the demographic momentum implied by its youthful age structure. In 2000 the median age of Hispanics was 27, compared with 39 for whites. By 2030, when the baby boom generation will be fully retired, the median age of the majority white

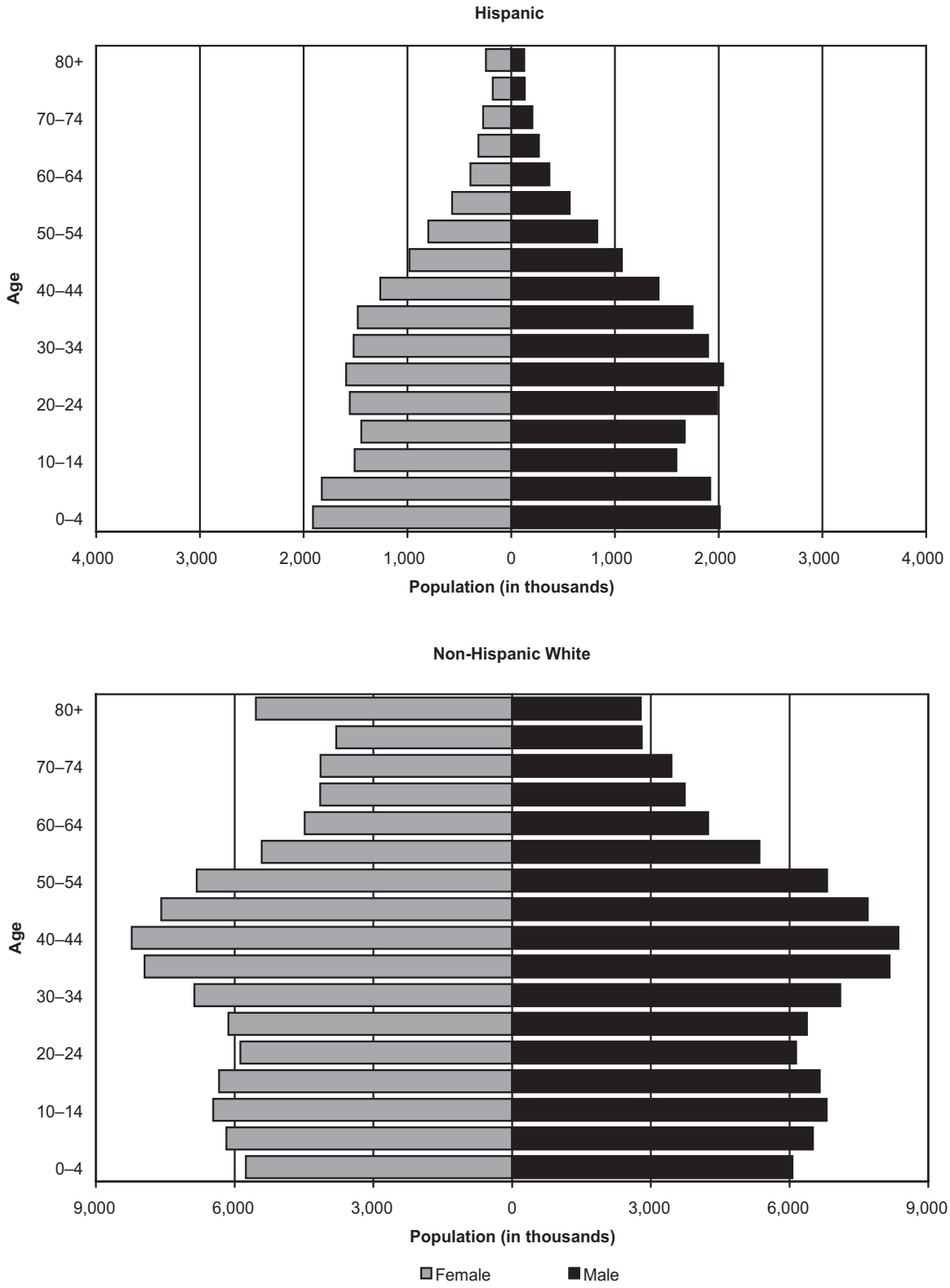

Figure 4. Age pyramids for Hispanic and non-Hispanic white populations: 2000.

Source: M. Tienda and F. Mitchell (eds.), *Multiple Origins, Uncertain Destinies: Hispanics and the American Future* (Washington, DC: National Academies Press, 2006), Chapter 4.

population will approach 43 years, compared with 31 for Hispanics. Hispanics' projected age structure indicates that demand for education will remain strong, especially in states that experienced high immigration for a protracted period, but also including the new Hispanic destination states. By 2030, when most of the baby boomers will have long retired, the lower end of today's Hispanic age bubble will be finishing college. Or will they?

Today, more than ever before, higher education is necessary to harness the demographic dividend afforded by the Hispanic generational transition. Failure to close Hispanic-white educational and poverty gaps will have enduring consequences because the fastest-growing and best-paying jobs now require some postsecondary education. In 1999, nearly 6 out of 10 jobs required college level skills, including many that had not required postsecondary training in the past. In some rapidly growing occupations, such as health services, nearly 3 in 4 jobs require some college education.[12]

Realizing the demographic dividend afforded by the infusion of young Hispanics into an aging white society requires lowering poverty rates, closing achievement gaps, and raising college enrollment and graduation rates. Failure to lower child poverty rates and to narrow educational gaps risks deepening class divisions between Hispanics and whites. Alternatively, the swelling second generation of Hispanics could provide a needed increase in human capital to meet the needs of an aging society and to maintain U.S. competitiveness as China and India become major players in the global economy. With fertility declining throughout the world, including the large immigrant sending nations, the window of opportunity to harness the Hispanic demographic bonus is limited.

The key policy challenge is to capitalize on the generational transition of Hispanics by reducing child poverty and closing educational gaps so that the second and subsequent generations are well prepared to be productive workers. The risk is that the growing ranks of elderly white voters may see educational expenditures and anti-poverty programs as "costs" rather than as "investments" in their own future. Not only will a highly productive workforce generate the social security earnings needed to support the growing number of retirees, but future workers must also be trained to assume the high-skilled jobs in the health services industries that cater to an aging population.

It is too early to tell whether the nation will garner the Hispanic demographic dividend by closing the educational and income gaps between Hispanics and whites as the burgeoning second generation replenishes retiring baby boomers. The evidence to date is mixed, suggesting signs of hope and reasons for concern. What is certain is that the nation ignores the potential Hispanic demographic dividend at its peril.■

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[1]S. Roberts, "The 300 Millionth Footprint on U.S. Soil," *New York Times Week in Review*, October 8, 2006, p. 2.

[2]Pew Hispanic Center, "From 200 Million to 300 Million: The Numbers behind Population Growth; Fact Sheet." http://pewhispanic.org/files/factsheets/25.pdf. Accessed December 9, 2006.

[3]F. D. Bean and M. Tienda, *The Hispanic Population of the United States* (New York: Russell Sage Foundation, 1987); U.S. Census Bureau, "Hispanic Americans by the Numbers." http://www.infoplease.com/spot/hhmcensus1.html. Accessed December 4, 2006.

[4]U.S. Census Bureau. "Census of Population: 1970, Subject Reports: Persons of Spanish Origin, Final Report PC(2)-1C" (Washington, DC: US GPO, 1973), Table 5; Pew Hispanic Center. "A Statistical Portrait of the Foreign-Born Population at Mid-Decade," 2006, http://pewhispanic.org/docs/print.php?DocID=%2011.

[5]U.S. Census Bureau, "Hispanic Americans by the Numbers."

[6]N. Malone, K. F. Baluja, J. M. Costanzo, and C. J. Davis, "The Foreign-Born Population: 2000," Census 2000 Brief, Washington, DC: U.S. Census Bureau, C2KBR-34, 2003.

[7]N. S. Landale, R. S. Oropesa, and C. Bradatan, "Hispanic Families in the United Status: Family Structure and Process in an Era of Family Change." Chapter 5 in M. Tienda and F. Mitchell (eds.), *Hispanics and the Future of America* (Washington, DC: National Academies Press, 2006.)

[8]M. Tienda and F. Mitchell. (eds.). *Multiple Origins, Uncertain Destinies: Hispanics and the American Future* (Washington, DC: National Academies Press, 2006.)

[9]U.S. Census Bureau, "Poverty, 2005." www.census.gov/hhes/www/poverty/poverty05/table5.html. Accessed 23 October, 2006.

[10]B. Schneider, S. Martínez, and A. Owens, "Barriers to Educational Opportunities for Hispanics in the United States," Chapter 6 in M. Tienda and F. Mitchell (eds.) *Hispanics and the Future of America*

[11]M. Tienda and F. Mitchell (eds.), *Multiple Origins, Uncertain Destinies: Hispanics and the American Future.*

[12]M. Tienda and F. Mitchell (eds.), *Multiple Origins, Uncertain Destinies: Hispanics and the American Future.*