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Determinants of Minority–White Differentials in Child Poverty

by

Yuval Elmelech
Bard College

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The Levy Economics Institute
P.O. Box 5000
Annandale-on-Hudson, NY 12504-5000
http://www.levy.org

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ABSTRACT

This paper uses data from the 1993–2001 March Current Population Survey to estimate the extent to which child living arrangements, parental work patterns, and immigration attributes shape racial and ethnic variation in child poverty. Results from multivariate analyses and a standardization technique reveal that parental work patterns as well as child living arrangements are especially consequential for black and Puerto-Rican economic circumstances. Child immigration generation and parental length of residence seem to play a detrimental role in shaping poverty among Asian, Mexican, and Central/South American children. We also found that the extent to which differences in the composition of and returns to parental resources determine white-minority economic gaps varies substantially across racial and ethnic lines. The social and economic implications of the findings for understanding racial and ethnic inequality are discussed in the final section of the article.

Keywords: child poverty, racial and ethnic inequality, immigration
JEL Codes: J-15, I-30, I-32

INTRODUCTION

One consistent finding from research on poverty in the U.S. is that children are more likely than adults to live in poverty. From 1973 through the mid 1990s, the relative risk of poverty increased for children, particularly in comparison to the elderly (Bianchi 1999; U.S. Bureau of the Census 2002). Even with the economic prosperity of the 1990s, the child poverty rate remains substantial. As of 2000, almost 12 million children lived in poverty, and the poverty rate was 16.2 percent, considerably higher than both the elderly (10.2 percent) and the non-elderly adult (9.4 percent) poverty rates (Dalaker 2001: figure 2, p. 4). However, aggregate data on child poverty mask substantial racial/ethnic variation. In 2000, 9 percent of white, non-Hispanic children lived in poverty, compared with 30 percent of black children and 27 percent of Hispanic children (America's Children 2002). The depth of poverty also varies across racial and ethnic lines; as compared with whites, the proportion of minority people living in extreme poverty, defined as those who live in families with income below half of the poverty threshold (in 2000, for example, the extreme poverty line was $6,940 for a family of three), is substantially larger (Iceland 2003a: Figure 4.2, 44; see also Corcoran and Chadury 1997).

Most previous studies on racial differences in child poverty have focused on the black-white poverty gap. However, the altered racial/ethnic composition of the population, due to variation in fertility rates and changes in the makeup of immigration flows, necessitates the consideration of socioeconomic inequality as it exists among other racial and ethnic minority groups (Borjas, 1994; Massey 1995; Zhou 1997). Between 1990 and 2000, the foreign-born population in the U.S. had increased by 57 percent. This increase in immigration has given rise to a record number of children who are raised in immigrant families. It is estimated that one out of every five children under the age of 18 has at least one foreign-born parent, and about one in four children of immigrants live in poverty (Lu et al., 2004). In order to understand and develop strategies to address the economic hardship faced by children in multi-ethnic societies it is important to identify the particular demographic and socioeconomic characteristics of racial and ethnic minority children.

Using data from the 1993-2001 March CPS, this paper aims to contribute to our understanding of the sources of racial and ethnic disparities in child poverty in the U.S. during a decade of economic prosperity and large-scale migration. Specifically, this study extends previous research in two notable ways. First, this analysis more carefully explores racial and

ethnic stratification by including the Asian and the American Indian populations and by disaggregating the Hispanic population. Second, by incorporating labor-market characteristics, child's living arrangement, and immigration information, and by utilizing a standardization technique that decomposes the minority-white poverty gaps, we are able to estimate the extent to which racial/ethnic-specific composition of, and returns to, demographic characteristics shape the minority-white poverty gap.

LITERATURE REVIEW

Poverty is a family characteristic. The official poverty status is based on a set of income thresholds that vary by family size and composition. If a family's total income is less than the family's threshold, then that family and every individual member of the family are considered poor. Since the official definition of poverty is a function of both income and family size and composition, and because family structure varies across racial and ethnic lines, poverty status more adequately reflects the economic hardship faced by children than do other measures of socioeconomic inequality such as income, parental education and employment (Hernandez 1999). As such, consideration of racial/ethnic differentials in family structure and parental labor market characteristics are critical to an understanding of trends and disparities in child poverty (Lichter 1997).

Research has documented the significant role that parental education and work patterns play in shaping the juvenilization of poverty (Bianchi 1999). In the context of racial and ethnic differences, the effects of education and labor market attributes are critical. Lack of adequate education and labor market experience is underscored in explaining the higher levels of unemployment and poverty among American Indian black, and some Hispanic groups (Lichter and Eggebeen 1994; Lichter 1997; Snipp 1992; Waters and Eschbach 1995). In reference to the Hispanic population, studies report substantial intra-group variation in human capital (e.g. education, language skills, experience) and poverty rates, and reiterate the need to disaggregate this growing population along ethnic lines and nativity-status (Aponte 1991; Tienda and Jensen 1988). In this context, the effect of immigration on the economic well-being of minority families cannot be ignored. Since the mid 1960s, immigration has led to one of the most profound demographic transformations of American society. In the early 2000s, about 32.5 million foreign-born people lived in the U.S., representing 11.5% of the population (Schmidley

2003). The post-1965 immigration has been overwhelmingly non-European in origin, and has radically altered the racial/ethnic makeup of the U.S. population (see Massey, 1995; Zhou 1997). In 2002, 52.2% of foreign-born Americans were born in Latin America, 25.5% were born in Asia, and only 14.0% were born in Europe. The remaining 8.3% were born in other regions of the world (Schmidley 2003). This population is expected to increase. Recent estimates suggest that between 1999 and 2050, the total number of foreign-born Americans will more than double, from 26 millions to 53.8 million, to make up 13 percent of the population.

As the number of minority immigrants increases, more attention has been given to the role that immigration plays in determining the unequal distribution of economic resources across racial and ethnic lines. Research documents that foreign-born populations are exposed to a different, less favorable opportunity structure than that which the native-born population encounters. Empirical evidence on immigration and social inequality suggests that many recent immigrants will remain economically disadvantaged throughout their working lives and that this disadvantage may be partly transmitted to their children (Borjas 1994). Whereas copious literature has documented the strong association between length of residence and economic advancement, patterns of socioeconomic assimilation may vary by racial/ethnic origin. Moreover, most of the research to date has focused on families or adult immigrants as the unit of analysis for poverty studies (but see Eggebeen and Lichter 1991; Hernandez 1999). Because immigrant families tend to be large and diverse in terms of size and structure, previous analyses may not adequately reflect the economic well-being of children. Recent evidence indicates that first-generation children, i.e. those born in a foreign country, are more likely to be poor than are children of native born parents (Jensen 2001), and that the demographic determinants of economic impoverishment vary across immigration status. For example, Hernandez's (1999) research on children in poverty found that the percentage of children that live in single-parent families is higher among children of native-born parents than first- and second-generation children.

The breakup of the husband-wife family and the increase in female-headed families since 1960 have been cited as a major demographic trend that affects the economic well-being of children (Bianchi 1999; Rodgers 1987; Smith and Ward 1989). The literature underscores the economic advantages associated with economies of scale—the sharing of a house, car and other domestic commodities—which enable two-parent families to maintain higher standards of living than do single people with similar socioeconomic characteristics (Hao 1996; Waite and

Gallagher 2000). Studies report that two-parent families benefit from the expansion of social networks and are more likely than single-parent families to receive family transfers of financial resources (Coleman and Hoffer 1987; Mcadoo 1997; Waite and Gallagher 2000). Changes in family structure are particularly critical to analyses of racial/ethnic differences in child economic circumstances. Previous studies emphasized the detrimental role that child living arrangement plays in shaping poverty among African-Americans and Puerto-Ricans (Lichter and Landale 1995). While American Indian and Mexican families experience a comparatively high rate of poverty, they are more likely than black families to live in traditional households of married couples and children (Sandefur and Sakamoto 1988; see also Farley 1984; Jaynes and Williams 1989). Studies report that among divorced women with children it is more probable that whites will receive child support and other financial assets as part of a divorce settlement (Cherlin 1992; Glick 1997). In this context, Mcadoo (1997) asserts that family support system perpetuates the black middle class across generations and suggests that socioeconomic attainment of black individuals is often impossible without the intensive effort of family members. Using data from the decennial censuses and from the Census Bureau's Current Population Survey (CPS) for the years 1960-1980, proposes a "demographic approach" to explain the economic polarization among African Americans, stressing that families headed by women are falling further behind husband-wife black families. While the "breakdown of the family" was seen as a major factor that shaped child poverty during the 1970s and 1980s, this explanation may be less relevant to the understanding of racial and ethnic variation in child poverty in the 1990s. Analyzing trends in poverty between 1949-1999, Iceland (2003b: 516) reports that by the 1990s, changing patterns of family formation seem to no longer have any "association with trends in the poverty rates of African Americans or others." This finding is in line with the recent evidence on the increase in the number of black children who live in two-parent families—from 33.3% in 1994 to 38.4% in 2002 (based on U.S. Census Bureau, 2003), and the distinct living arrangement seen among the growing population of immigrant families. While children of immigrants are more likely to live in poor families than children of native-born parents, the percentage of first- and second-generation children that live in single-parent families is relatively low (Hernandez 1999; Elmelech et al. 2002).

In line with the above considerations, the aims of the present investigation are to describe contemporary racial/ethnic variation in child poverty and to analyze the extent to which demographic and human capital attributes shape these differentials. Drawing on the

demographic explanation, we hypothesize that children's living arrangements will play a key role in determining the relatively high poverty rates among minority children, particularly black and Puerto-Rican. Finally, we predict that immigration will be a critical determinant of poverty among minority children. Specifically, we expect to find that the relatively high number of children in immigrant families will have a substantial effect on the likelihood of Asian and Hispanic children to live in poverty.

DATA AND VARIABLES

The data for this study come from the March Current Population Survey (CPS) 1994-2002, which contains data collected in the calendar years 1993-2001. The CPS is a nationally representative sample survey of the civilian noninstitutional population, and the March demographic supplement and is a primary source of information on the economic well-being of children in the U.S. Due to the sampling design of the survey, we skipped years to avoid repeated observations of adjacent years. The pooled sample encompasses 209,748 children under the age of 18, living with at least one of their parents. The variables included in the analysis are described in Table 1. The dependent variable is a dummy variable for which a value of 1 indicates poverty status as defined by the U.S. Census Bureau. In addition to racial/ethnic origin, three sets of independent variables are of special interest to this study: child living arrangements, parental human capital and work patterns, and immigration status.

Table 1: Description of the Variables Used in the Analyses

Poverty Status	Dummy variable based on the Official Poverty Measure used by the Census Bureau: 1-Poor 0- Other.
Race/Ethnicity	Seven racial/ethnic groups (dummy variables): Non-Hispanic Whites; Non-Hispanic Blacks; Non-Hispanic American Indians; Asians and Pacific Islanders; Mexicans; Puerto Ricans; Central and Southern Americans.
Child's Age	Three dummy variables: age range 0-18.
Child's Sex	Dummy variable: 1-Male 0-Female.
Parental Age	Four dummy variables: Less Than 25; 26-35; 36-40; 41and Higher. Based on mother's age, except for father-headed families.
Number of Persons	Number of persons in household.
Living Arrangement	Three dummy variables: Married parents; Single Father; Single Mother.
Parental Education	Three dummy variables measure educational attainment of the parent with the higher educational level: Less than High school; High School; More than High School.
Parental Employment	Three dummy variables that measure employment of the parent with the higher labor force participation: Full-time employment; Part-time employment; Parents are unemployed or not in labor force.
Immigration Status	Three dummy variables: First-generation (foreign-born to foreign-born parents); Second generation (Native-born to foreign-born parents); Third- and higher- generation (Native-born to native-born parents).
Years Since Migration	Three dummy variables measuring length of residence of foreign-born parents: Less than 10 years; Between 10-20 years; More than 20 years or Native-born.
Year of Survey	Five dummy variables identifying the year of the CPS survey (1994-2002)

We distinguish among seven racial and ethnic categories. In addition to the racial categories Non-Hispanic Whites, Non-Hispanic Blacks, Non-Hispanic American Indians, and Non-Hispanic Asians and Pacific Islanders, the variable Hispanic Origin is used to identify three Hispanic groups—Mexicans, Puerto Ricans, and Central and South (C/S) Americans. Each of these groups can be identified in the CPS data, and each has a large enough number of cases to be included in the analyses. Since the sample size is too small to include some characteristics in our multivariate analyses, Cuban children are not included. Also, due to lack of information on Asian subgroups, we are not able to disaggregate the Asian population. In line with our previously stated assumptions as to the association between child's living arrangement and the racial/ethnic poverty gap, parental Marital status was divided into three dummy variables: Married parents; Single-father and; Single-mother. Number of Persons in the household is a continuous variable. Using the information on mother's age for children who live in either female-headed or two-parent families, Parental age was divided into four dummy variables: Less than 25; 25-35 years; 36-40 years and more than 40. In line with the assumptions that underlie the human capital framework in the context of poverty status, we expect to find that parental educational attainment and employment will decrease the likelihood of poverty. Using the educational information of the parent with the higher number of years of schooling, Parental Educational Attainment was divided into three dummy variables: Less than High School, High School, and More than High-School. Parental Employment status was divided into three dummy variables identifying the work patterns of at least one parent in two-parent families: Full-time employment; Part-time employment; and Unemployed or not in labor force. Since 1994, the CPS provides information on nativity and immigration and became one of the most important sources to document the socioeconomic status of immigrants and their children (Farley and Alba 2002). Based on these items three immigrant generation categories among children can be identified (Hernandez, 1999; Jensen 2001; Oropesa and Landale, 1997): First-generation (foreign-born child to at least one foreign-born parent); Second-generation (native-born child to at least one foreign-born parent); and Third- and higher-generation (native-born child to native born parents). Years Since Migration includes a set of three control variables that measure parental length of residence in the U.S: Less than 10 years; Between 10 to 20 years, and; More than 20 years or native-born. The variables Child's age and Gender (male) were included primarily as control variables. Child age was measured by three dummy variables: Less than 6

years; 7 to 12 years and; 13 to 18 years. In addition, a set of five dummy variables that identified the calendar year of the CPS data was included in the models.

The ensuing analysis has been divided into three sections. In the first section, we describe the racial/ethnic gaps in child poverty and the socioeconomic and demographic characteristic of white and minority children. In the second section, we use multivariate analyses to assess the extent to which socioeconomic and demographic attributes shape racial and ethnic variation in child poverty. In the third section, we employ a standardization technique, as part of an effort to decompose the racial/ethnic poverty differentials between minority and white children.

RACIAL AND ETHNIC VARIATION IN POVERTY AND FAMILY CHARACTERISTICS

Table 2 displays socioeconomic and demographic data for each of the racial and ethnic groups. The Table reveals substantial racial/ethnic differences in poverty. In accordance with our expectations, minority children are disproportionately represented among the poor. With a poverty rate of 10.6%, white children are the least likely to live in poverty followed by Asian children (15.4%). At 45.4%, Puerto Rican children are at a greater risk of living in poverty than any other minority group followed by black and Native American children (36.5% and 36.3 %, respectively). Among the Hispanic categories, Central and South American children are less likely to live in poverty than are other groups (27.3%). In terms of the demographic and socioeconomic variables, the first pattern that merits attention is the substantial racial/ethnic differentials in immigration status. First-generation children comprise almost one quarter of all Asian and C/S American children (22.0% and 23.2%, respectively). About two thirds of Asian and C/S American children (62.5% and 69%, respectively) are second-generation children, born in the U.S. to foreign-born parents. Comparable figures for Mexican children are high as well (52.1%). The data reveal that approximately one half (47.4%) of Central and South American parents are newcomers who, at the time of the survey, resided in the U.S. for less than 10 years. The figures for Asian and Mexican parents are 38.4% and 31.6%, respectively.

Information on family structure highlights the distinct living arrangements of black and Puerto-Rican children. More than half of black and Puerto Rican children live in female-headed families (56.3 and 52.0%, respectively). Asian children are more likely to live with married parents (84.7%), followed by white and Mexican children (79.3 and 71.3%, respectively).

Mexican children are more likely than white and other minority status children to live in larger households. Puerto Rican parents tend to be relatively young; about 15.8% of the parents are younger than 25 years. Asian parents are less likely than other groups to be younger than 25 years (4.5%), and more likely to be over 40 years old (36.7%). Finally, Mexican children are the youngest group in the population; about 45.2% of Mexican children are younger than 6 years, and less than a quarter (22.5%) are older than 12.

Table 2: Means of Poverty and Independent Variables Used in the Analyses: Children Under age 18, 1993-2001

	White	Black	Asian	Puerto Rican	Mexi-can	C/S America	American Indian
Poverty Status:							
Poverty %	.106	.365	.154	.454	.344	.273	.363
Immigrant generation:							
First-generation	.009	.017	.220	.006	.125	.232	.006
Second-generation	.050	.063	.625	.065	.521	.690	.040
Third and higher-generation	.941	.920	.155	.929	.354	.078	.954
Parental Years Since Migration							
Less than 10 years	.021	.037	.384	.187	.316	.474	.012
11-20 years	.016	.028	.330	.149	.215	.326	.021
21-high and Native-born	.963	.935	.285	.663	.467	.199	.967
Child Living Arrangement:							
Two-parent	.793	.390	.847	.430	.713	.683	.553
Father only	.041	.047	.027	.050	.045	.044	.082
Mother only	.166	.563	.125	.520	.242	.273	.364
Parental age: Less than 25	.067	.149	.045	.158	.156	.102	.118
26-35	.376	.428	.320	.454	.460	.407	.431
36-40	.268	.212	.267	.200	.205	.249	.227
40+	.287	.209	.367	.186	.178	.240	.222
Number of persons in household	4.27	4.37	4.73	4.34	5.05	4.53	4.58
Child Sex (Male)	.510	.510	.500	.510	.510	.510	.510
Child Age:							
Less than 6	.381	.395	.397	.408	.452	.430	.374
Age 7-12	.339	.339	.322	.333	.323	.322	.350
Age 13-18	.270	.266	.281	.259	.225	.248	.276
Region (South)	.312	.556	.172	.207	.320	.318	.287
Parental Employment:							
Full-time Employment	.820	.579	.786	.489	.678	.702	.562
Part-time Employment	.133	.234	.129	.189	.214	.183	.276
Unemployed	.046	.186	.084	.321	.108	.113	.161
Parental Education:							
Less than High School	.055	.177	.111	.325	.467	.325	.164
High School	.264	.353	.178	.298	.273	.272	.367
More than High School	.680	.469	.711	.377	.260	.403	.469
N	137,632	23,776	7,546	4,017	25,458	4,804	3,390

Measures of human capital and labor force participation reveal some striking disparities. Mexican children are about nine times more likely to have parents with lower than high school education than are white children. Relatively low levels of education are also apparent among Puerto-Ricans and Central and South Americans. Asian children are more likely to live with parents that have relatively high (more than high school) education. Black and American-Indian parents are more likely than non-Asian minority groups to have high education. However, this relative advantage in human capital characteristics does not necessarily translate into high rates of labor force participation. Whereas approximately 82% of white children live in families in which at least one parent works full time, the comparable figures for black and Native American children are substantially lower (57.9% and 56.2% respectively). Puerto-Rican parents are the least likely to engage in full-time employment (48.9%) and unemployment rates among Puerto-Rican parents are particularly high (32.1%), a pattern that is likely to be detrimental to the economic well-being of Puerto Rican children.

DETERMINANTS OF RACIAL AND ETHNIC DIFFERENTIALS IN CHILD POVERTY

Table 3 reports results from five logistic regression analyses that predict the likelihood of poverty. These models help us examine the social and demographic determinants of the patterns documented by our exploratory approach above within a multivariate context and with significance tests. The dependent variable is a binary variable, defined by coding poor and non-poor as 1 and 0, respectively, based on the Official Poverty Line.

Drawing on the human capital and demographic explanations for the racial and ethnic differences in child poverty, five models are presented in Table 3. To correct for within-family correlation among multiple children from the same family, the standard errors in the models are adjusted, and robust standard errors are used in the models. As a point of departure, we have specified a baseline model (Model 1), which includes the variables Race/ethnicity, Sex, Region (South), Child's age, and Year of CPS survey. Reiterating the patterns shown in Table 2 the results reported in the baseline model reveal that as compared with whites, minority group children are more likely to live in poverty. For example, black children are more than four times more likely to be poor than are white children ($e^{1.519} = 4.56$). Also, as expected, age is negatively

associated with poverty; the older the child is the lower the likelihood that she or he would live in poverty.

Table 3: Logistic Regression Coefficients Predicting Poverty: Children under 18, 1993-2001

	(1) Baseline	(2) Immigration	(3) Model 2+ Education & Work Patterns	(4) Model 2+ Living Arrangements	(5) Full
Racial/ethnic Origin[a]:					
Black	1.519***	1.509***	.888***	.604***	.555***
	(.026)	(.027)	(.033)	(.030)	(.035)
C/S American	1.074***	.808***	.267**	.206**	.088
	(.052)	(.060)	(.077)	(.067)	(.078)
Asian	.337***	.114	.026	-.127	-.053
	(.059)	(.063)	(.080)	(.068)	(.079)
Puerto-Rican	1.863***	1.728***	.700***	1.019***	.509***
	(.053)	(.054)	(.071)	(.059)	(.073)
Mexican	1.432***	1.277***	.637***	.774***	.484***
	(.027)	(.032)	(.042)	(.036)	(.043)
Indian-American	1.541***	1.551***	.920***	1.047***	.781***
	(.063)	(.063)	(.083)	(.073)	(.084)
Sex (Male)	-.023	-.025*	-.036*	-.009	-.022
	(.012)	(.012)	(.015)	(.013)	(.015)
Child's Age [b]: 6-12	-.156***	-.161***	-.043**	.046**	.051**
	(.014)	(.014)	(.018)	(.017)	(.019)
12-18	-.439***	-.447***	-.409***	-.080**	-.136***
	(.018)	(.018)	(.023)	(.023)	(.026)
Region (South)	.073**	.082***	.196***	.190***	.239***
	(.021)	(.021)	(.026)	(.023)	(.027)
Immigrant generation [c]:					
First-generation		.232***	.099	.587***	.301***
		(.060)	(.074)	(.066)	(.075)
Second-generation		-.258***	-.269***	.161**	-.030
		(.048)	(.059)	(.052)	(.060)
Years Since Migration[d]:					
0-10 Years		.561***	.583***	.673***	.572***
		(.051)	(.064)	(.056)	(.064)
11-20 Years		.377***	.395***	.435***	.361***
		(.055)	(.069)	(.059)	(.069)
Living Arrangements[e]:					
Mother Only				2.221***	.983***
				(.025)	(.031)
Father Only				1.316***	.364***
				(.046)	(.053)
Parental age [f]: 25-35				-.486***	-.013
				(.032)	(.039)
36-40 years				-.896***	-.296***
				(.038)	(.045)
40 + years				-1.121***	-.633***
				(.040)	(.047)

Table 3 (Cont.): Logistic Regression Coefficients Predicting Poverty: Children under 18, 1993-2001

	Baseline	Immigration	Model 2+ Work Patterns	Model 2+ Living Arrangements	Full Model
Number of Persons in HH				.228***	.128***
				(.009)	(.011)
Parental Education[g]:					
High School			-.718***		-.623***
			(.036)		(.036)
More than High School			-1.667***		-1.438***
			(.036)		(.037)
Parental Employment[h]:					
Part-Time			-1.199***		-1.032***
			(.036)		(.038)
Full-Time			-3.338**		-2.935***
			(.036)		(.039)
Constant	-2.193	-2.650	1.451	-3.431	.231
	(.024)	(.025)	(.051)	(.055)	(.079)
N 209,748					
2Log Likelihood	180829.1	179938.1	126401.0	153130.5	122512.1

[a] Omitted Category: Non-Hispanic White
[b] Omitted category: Age 0-6
[c] Omitted category: Third and Later generation
[d] Omitted category: More than 21 years and Native born
[e] Omitted Category: Two-parent family
[f] Omitted Category: Less than 25
[g] Omitted Category: Less than High School
[h] Omitted category: Unemployed
Note: Control variables include year of CPS
*p<.05 **p<.01 ***p<.001

Model 2 tests the hypothesis that immigration mediates the relationship between race/ethnicity and poverty status. After controlling for parental length of residence and child's immigration status (First-, Second- and higher-generation), the coefficient estimates of the racial/ethnic origin variables remain almost intact for black and Indian-American children but a reduction in the coefficient estimates is evident for other minority groups. Specifically, immigration attributes seem to play a key role in shaping the economic status of Asian children; the Asian coefficient reduces from (b=.337) in Model 1 to (b=.114) in Model 2, and is no longer statistically significant. The results from Model 2 also indicate that first-generation children are

about 26% more likely to be poor ($e^{.232} = 1.26$) and second-generation children are less likely to be poor ($e^{-.258} = .77$) than third and higher-generation children. Furthermore, there is a clear association between parental years since migration and child poverty: children of newcomer parents are at a higher risk of living in poverty.

Indicators of parental labor market attributes and child living arrangements were added in Models 3 and 4, respectively. The aim is to estimate the extent to which these variables mediate the association between racial/ethnic origin and poverty. The findings reported in Model 3 reveal that, as expected, parental employment, and educational attainment are negatively associated with poverty. The results confirm our expectations that white-minority differentials in parental education and work patterns are key to understanding racial and ethnic variation in child poverty. After controlling for parental education and employment attributes, the coefficient estimates of the racial and ethnic indicators decrease. Thus, for example, compared with the reference category "white" the coefficient estimate for C/S American decreases from (b=.808) in Model 2 to (b=.267) in Model 3 . A comparison of the coefficient estimates from model 2 and model 3 shows that parental education and work patterns account for about half of the original effect of Mexican, compared with white origin, on the likelihood of poverty; the coefficient estimate for Mexican decreases from (b=1.277) in Model 2 to (b=.637) in Model 3. Another finding that merits attention is the decrease in the estimated effect of first-generation children from (b=.232) in model 2 to (b=.099) in Model 3 (the coefficient is no longer statistically significant). This finding denotes the critical role that parental education and employment characteristics play in determining the distinct economic circumstances of foreign-born children.

In Model 4, parental marital status, parental age, and the number of persons in the household were added to Model 2. The results support the demographic explanation, indicating that racial/ethnic variation in family structure plays a substantial role in determining minority-white differentials in child poverty. However, the effect varies across racial/ethnic lines. When differences in family attributes are controlled for, a substantial reduction in the coefficient estimate is apparent for black children; the coefficient estimate decreases from (b=1.509) in Model 2, to (b=.604) in Model 4. Interestingly, the coefficient estimate for first-generation children increases from (b=.232) to (b=.587), and the coefficient for second-generation children is positive (b=.161). These results indicate that the distinct family characteristics of immigrant children and children of immigrants protect them from an even more severe economic hardship.

This pattern is consistent with the evidence on the relatively higher number of first-generation children who are living in two-parent families (Jensen 2001: Elmelech et al. 2002).

The Full Model (Model 5) incorporates all controls, including immigration, child living arrangement and human capital characteristics. The first finding that merits attention is that the coefficient estimates of the racial and ethnic variables decrease substantially. The coefficient estimate of C/S American children, for example, is no longer statistically significant, and the coefficient estimate of black children reduces from (b=1.509) in Model 4 to (b=.555) in Model 5. We also estimated a model that excludes the immigration variables from Model 5 (not shown); the results showed that the effects of both "C/S American" and "Asian" were positive and significant, reiterating the substantial role of immigration in shaping the economic well being of Asian and C\S American children. The full model also illuminates the strong association between child living arrangements and parental education and work patterns. While living in female-headed family is significantly associated with poverty, the coefficient estimate of "Mother-Only" reduces from (b=2.221) in Model 4 to (b=.983) in Model 5. Finally, in Model 5, the economic disadvantage associated with second-generation children is reduced to a non-significant level, and when compared with third and higher-generation children, the effect of first generation children decreases from (b=.587) in Model 4 to (b=.286) in Model 5. This finding underlines the critical role that variation in parental education and labor market attributes plays in shaping poverty differentials along immigration lines.

DISTINCT EFFECTS ACROSS RACIAL AND ETHNIC LINES

The results from the multivariate analysis presented above elucidate the important role that racial/ethnic variation in socioeconomic and demographic characteristics plays in shaping the minority-white poverty differentials. However, the pooled-sample analysis assumes the same subgroup returns on demographic and socioeconomic attributes among whites and minority groups. Previous studies suggest that the effects of these factors may vary substantially across racial and ethnic lines. Differential returns on education and employment are said to be due to differences in quality of human capital (e.g. school quality, language proficiency) (Bratsberg and Dek 2002; Chiswick 1978), as well as differences in opportunity structure and discrimination, both individual and institutional (see Borjas and Tienda 1993; Butcher 1994; Phillips and Massey 1999). Though some Asian minority groups, for example, have relatively

high levels of education and labor force participation, research reports that Asians' returns to education are lower relative to whites' (Barringer et al. 1990), a pattern that may explain the higher poverty rates among Asian relative to white children. In a recent study on labor market remuneration of Mexican immigrants in the U.S. Phillips and Massey (1999) found decreasing returns on labor market participation since the passage of the Immigration Control and Reform Act (IRCA) in 1986. Finally, returns to marital status are likely to vary by racial and ethnic origin. Assuming that marital status is correlated with "unobserved abilities that are valued in the workplace" (Butcher 1994: 277) the returns to marriage are likely to vary by racial/ethnic origin.

Table 4 reports results from separate logistic regression analyses for each racial and ethnic category. These results enable us to examine the extent to which the predictors of poverty vary by racial and ethnic origin. For the sake of parsimony, the comparison between white and minority groups will focus on the key determinants of poverty: parental educational and work patterns, living arrangement, and immigration characteristics. With few exceptions, the cross racial/ethnic comparison of respondents' resources (i.e. parental education and work patterns) shows patterns somewhat similar. As expected, education attainment and employment are negatively associated with poverty. For example, white children whose parents have low educational attainment (Less than High School) are 4.5 times more likely to be poor than are children whose parents have more than High School education ($e^{1.506} = 4.50$). Parental full-time employment exerts a strong negative effect on the likelihood of poverty. Note, however, the racial\ethnic variation in the effect of work patterns; when compared with the reference category "unemployed," the coefficient estimate of "full time employment" is smaller among Mexican (b=-2.25) than whites (b=-3.18).

Table 4: Logistic regression Coefficients used to Predict Poverty by racial and ethnic Origin: Children Under 18, 1993-2001

	White	Black	Asian	Puerto Rican	Mexican	C/S American	Indian-American
Parental Educ [a]: HS	-.711***	-.457***	-.552*	-.287	-.634***	-.530**	-.922***
	(.062)	(.086)	(.221)	(.180)	(.063)	(.153)	(.228)
Parental Educ: More than HS	-1.50***	-1.38***	-1.43***	-1.29***	-1.32***	-1.00***	-1.33***
	(.063)	(.087)	(.204)	(.200)	(.077)	(.159)	(.223)
Parental Employment [b]: FT	-3.18***	-2.94***	-2.96***	-3.42***	-2.25***	-2.92***	-2.51***
	(.059)	(.084)	(.211)	(.206)	(.090)	(.200)	(.227)
Parental Employment: PT	-1.133***	-.899***	-.897***	-1.24***	-.830***	-1.37***	-.737***
	(.056)	(.083)	(.202)	(.186)	(.092)	(.199)	(.210)
First Generation [c]	.549**	-.382	-.150	___	.273*	.698*	___
	(.185)	(.329)	(.266)		(.114)	(.276)	
Second Generation	.085	-.508	-.463	___	.008	.221	___
	(.118)	(.260)	(.269)		(.093)	(.245)	
YSM: LT 10 [d]	.438*	.394	.782**	.751***	.569***	.311	___
	(.156)	(.295)	(.251)	(.182)	(.096)	(.189)	
YSM: 11-20	.055	.006	.800**	.424	.315**	.137	___
	(.174)	(.340)	(.270)	(.224)	(.097)	(.199)	
Mother-only [e]	1.11***	1.09***	.452*	1.11***	.706***	.615***	.877***
	(.045)	(.077)	(.191)	(.195)	(.071)	(.151)	(.181)
Father-only	.601***	.218	-.900*	1.01**	-.010	.593**	.530*
	(.073)	(.141)	(.414)	(.342)	(.123)	(.229)	(.259)
Number of Persons in HH	.202***	.103***	.070	.200**	.072***	-.023	.194**
	(.017)	(.024)	(.048)	(.063)	(.018)	(.050)	(.057)
Parental age: 25-35 [f]	-.228***	.279**	-.324	.474*	.088	.157	.070
	(.058)	(.088)	(.300)	(.217)	(.074)	(.215)	(.225)
Parental age: 36-40	-.625***	-.036	-.484	.263	-.053	.399	.163
	(.066)	(.104)	(.327)	(.268)	(.092)	(.236)	(.252)
Parental age: more than 40	-.934***	-.298**	-1.09**	.079	-.382***	-.082	-.155
	(.070)	(.109)	(.323)	(.291)	(.096)	(.240)	(.262)
Region (South)	.242***	.130*	.322**	-.082	.344***	.058	.190
	(.038)	(.061)	(.120)	(.209)	(.059)	(.140)	(.196)
Sex	.004	.004	-.024	.098	-.073*	-.179*	-.186*
	(.022)	(.038)	(.077)	(.096)	(.031)	(.082)	(.090)
Child Age 6-12 [g]	.084**	-.051	.269*	-.071	.045	-.210*	.002
	(.028)	(.048)	(.111)	(.127)	(.039)	(.098)	(.111)
Child Age 13-18	-.103*	-.184**	.159	-.362*	-.147**	-.468**	-.218
	(.040)	(.062)	(.154)	(.175)	(.056)	(.140)	(.145)
Intercept	.309*	.597**	.919	-.103	.364*	.823	.319***
	(.121)	(.184)	(.494)	(.455)	(.160)	(.429)	(.430)
N	137,632	23,776	7,546	4,017	25,458	4,804	3,390
2-Log Likelihood	60306.2	18909.7	4160.2	2916.7	25275.7	4037.3	3115.1

[a] Omitted category: Less than High School
[b] Omitted category: Unemployed
[c] Omitted Category: Third and Later generation
[d] Omitted Category: 21 years or Native born
*p<.05 **p<.01 ***p<.001

[e] Omitted Category: Two parent family
[f] Omitted category: Less than 25
g Omitted Category: Age 0-6
Note: Control variables include year of CPS

An intriguing pattern is seen for the immigration generation variables. Whereas the variable "first generation" exerts a positive effect among white, Mexican and C/S American categories, the black and Asian models show a different pattern. Among Asian and black children, the variables "first-generation" and "second generation" are negatively associated with poverty (the coefficients are not statistically significant). Since the data used here are cross-sectional, these findings may reflect changes in the socioeconomic characteristics of immigrant cohorts, particularly in ethnically heterogeneous populations. Analysis (not shown) reveals that when parental time of migration is excluded from the model, first-generation Asian children are more likely to be poor than later generations (See also Kalmaijn 1996 for labor market remuneration among African Americans and black immigrants). The results reported in table 4 also reveal the existence of distinctive racial and ethnic effects of child living arrangement. While living in a female-headed family is associated with higher likelihood of poverty, this pattern is more apparent among whites, blacks and Puerto-Ricans. Among Asian children, in particular, parental marital status seems to play a more marginal role in shaping child poverty. Finally, with the exception of Puerto-Rican, Indian-American and C/S American children, the likelihood of poverty seems to alleviate with parental age.[1] Specifically, living with older parents (40 years and more) is associated with lower likelihood of poverty.

DECOMPOSING WHITE-MINORITY DIFFERENTIALS

To further explore white-minority differences in child poverty, we use the results reported in table 4 to perform a standardization analysis that decomposes the poverty gap (see for example Casper et al. 1994; Lee and Aytac 1998). Our goal here is to estimate the extent to which race/ethnic-specific differentials in the composition of, and the returns on, each of the distinct factors emphasized in this study—parental work patterns, child's living arrangements and immigration attributes—shape racial/ethnic variation in child poverty. This procedure involves three stages. First, we produce the weighted mean values and specify separate logistic regression equations for each racial/ethnic group. Second, we estimate the predicted racial/ethnic specific child poverty rates by using the following formula:

[1] Results from a baseline model, which includes parental age indicators and the year of the survey (not shown) revealed a negative correlation between parental age and the likelihood of poverty among Puerto-Ricans and C/S Americans. However, this pattern altered when labor market and demographic attributes were added to the model

$$\text{Prob (poverty)}=\frac{1}{1+e^{-(\hat{\beta}_0+\sum_{i=1}^{I}\hat{\beta}_i\bar{X}_i)}}$$

Where $\hat{\beta}_0$ is the estimated intercept of the model; $\hat{\beta}_i$ is the estimated coefficient of the model and the sub-*i*s indicate explanatory variables included in the logistic regression models. $\overline{X}_i$ is the sample mean for the corresponding variable. In order to estimate the predicted poverty rate, we imputed the sample mean, for each variable *i*, $\overline{X}_i$ and, based on the logistic regression models, applied the estimated coefficient, $\hat{\beta}_i$. Third, a standardization technique is used to assess the extent to which racial/ethnic differences in composition and returns on parental labor-market characteristics, child's living arrangement, and immigration characteristics explain differences in racial and ethnic poverty gaps. Using this method, two questions are examined:

1. What would the racial/ethnic poverty gap between minority and white children be if minority groups had the same demographic and socioeconomic composition as whites?
2. What would the racial/ethnic poverty gap between minority and white children be if minority groups had the same returns on socioeconomic and demographic characteristics as whites?

In order to estimate the extent to which differences in demographic and socioeconomic composition (e.g. child living arrangements, immigration status, parental education and employment) determine the minority-white poverty gaps, we imputed the mean values of whites' characteristics into the logistic regression models for minority children. In order to estimate the extent to which returns on demographic and socioeconomic characteristics determine the racial/ethnic poverty gaps, we imputed the estimated coefficients of whites' into the models for minority children. For example, to estimate what the poverty rate of Mexican children would be if Mexican parents had the same educational composition as white parents, we used the intercept, coefficient estimates and sample means obtained from the Mexicans' model. We then substituted the mean value of education for whites and, based on the imputed value, predicted the poverty rate for Mexican children. The difference between the predicted poverty ratio with the imputed mean and the predicted poverty ratio without the imputation has been interpreted as the percentage of change in racial/ethnic poverty ratio that is explained by white-minority differentials in educational attainment (see Casper et al. 1994). To calculate the effect of racial differences in returns to demographic and socioeconomic attributes we imputed

the coefficient estimate $\hat{\beta}_i$, of whites into the models for minority children while holding the sample means constant and following the same steps.

COMPOSITIONAL AND RETURN DIFFERENTIALS

Table 5 reports the results from standardization analyses. The upper panel reports changes in the white-minority poverty gap if minority children had the same sample mean (e.g. parental education, immigrant generation, age) as whites while the lower panel depicts changes in the poverty gap if minority children had the same returns (coefficients) as whites. Four sets of variables are reported in each panel: Immigration, Employment, Education and Child Living Arrangement. The findings reported in the upper panel reveal that minority-white differences in parental work patterns appear to be a critical obstacle confronting minority children relative to whites. For black and Puerto-Rican children, however, these variables are particularly detrimental. If, for example, black parents had the employment composition of white parents, the black-white poverty ratio would be reduced by 37%. For Puerto-Rican children, racial/ethnic variation in parental work patterns explains about 53% of the racial/ethnic poverty gap. As expected, white-minority variation in parental employment patterns plays a marginal role in explaining white-Asian poverty differentials (9%), a finding that reflects the relatively high rate of labor-force participation among Asian parents (see Table 1). With the exception of Asian children, the educational composition of minority parents is associated with higher child poverty rates relative to whites (Upper panel). Parental educational characteristics are particularly critical for the economic well being of Mexican children; the relatively high percentage of parents with less than high school education is a major determinant of poverty among Mexican children. If, for example, Mexican parents had the educational composition of white parents, the Mexican-white poverty ratio would be reduced by 33%. We also assess the role that variation in both education and labor force participation play in shaping the racial gaps in child poverty. Substituting the white educational and labor force compositions for the equivalent black composition (Upper panel) reduces the black-white poverty gap by about 49%. With the exception of Asians (9%), the comparable figures for other minority groups are substantial and range from 36% for C/S Americans to 66% for Puerto-Ricans.

Regarding the demographic explanation, the analysis reveals that with the exception of black and Puerto-Rican children, compositional differences in child living arrangements play a

relatively marginal role in determining white-minority gaps in poverty. However, substituting the parental marital status composition of black and Puerto-Rican parents for the equivalent white composition reduces the poverty gap between the two groups about 28% and 23%, respectively. Differences in parental age composition have a marginal effect on the racial gaps in poverty. As expected, immigration attributes—immigrant generation and parental length of residence—are critical to the understanding of the economic circumstances of Asian and Hispanic children. Substituting the immigration composition of C/S Americans and Mexicans for the equivalent white composition reduces the minority-white poverty gap by about 32% and 17%, respectively. The equivalent figure for Asian-white poverty differentials is 19%.

Our analysis of differential returns on parental and family resources reveals some intriguing patterns. The role of intercept differentials, which reflect differences in the reference (omitted) categories (e.g. low level of education, unemployment, young parents, two-parent families etc.), is substantial for Asian, C/S American, and black children. If we assume the same intercepts for C/S Americans and Asians as we assume for whites, the poverty gap between the two minority groups and whites would decrease by 34% and 43%, respectively. A distinct pattern is seen for Puerto-Ricans; when we substitute the intercept of Puerto-Rican children for the white intercept, the poverty gap increases by 25%. However, when we assume the same coefficient (slope) of parental labor force participation for minority as for white children, two interesting patterns emerge. First, contrary to the patterns derived from the compositional analysis reported earlier, returns on parental employment seem to be less detrimental for blacks and Puerto-Ricans, but more critical to the understanding of Mexicans' and American-Indians' economic well being. For example, if we assume the same coefficients of parental employment for Mexican and American-Indian as for white parents, the white-minority poverty ratio would decrease respectively by 40% and 31%. Second, with few exceptions, the contribution of coefficient differences is more visible among higher levels of parental education and employment status. This pattern reiterates findings from previous studies suggesting that white-minority gaps in returns to education tend to increase with the level of education and skill (see Butcher 1994: 275-6).

Table 5: Racial/Ethnic Differences in Children's Poverty: Percent Reduction in Minority to White Children Ratios, 1993-2001

Standardized on Whites sample means (X)

Variable	Black	Asian	Puerto Rican	Mexican	C/S American	American Indian
Parental Employment:						
Full-time employment	.42	.09	.55	.20	.24	.39
Part-time employment	-.06	.00	-.04	-.04	-.05	-.07
Employment (Part- and Full-time)	.37	.09	.53	.16	.20	.33
Parental Education:						
High School	-.03	.04	-.00	-.00	-.00	-.06
More than High School	.19	-.04	.22	.34	.20	.18
Education (LT HS & HS)	.16	.00	.22	.33	.20	.12
Employment +Education:	.49	.09	.66	.46	.36	.43
Living Arrangements:						
Parental Marital status	.28	-.00	.23	.03	.05	.13
Parental age	.02	-.06	.00	.03	.01	-.00
Immigration:	-.00	.19	.10	.17	.32	___

Standardized on Whites coefficients (B)

Variable	Black	Asian	Puerto Rican	Mexican	C/S American	American Indian
Intercept:	.19	.43	-.25	.03	.34	-.04
Parental Employment:						
Full-time employment	.09	.14	-.07	.37	.13	.24
Part-time employment	.04	.02	-.01	.04	-.03	.07
Employment (Part- and Full-time)	.13	.17	-.08	.40	.10	.31
Parental Education:						
High School	.06	.02	.07	.01	.03	-.04
More than High School	.04	.04	.04	.03	.14	.06
Education (LT HS & HS)	.10	.06	.12	.04	.18	.01
Employment +Education:	.22	.22	.04	.44	.27	.32
Living Arrangements:						
Parental Marital status	-.01	-.11	.01	-.08	-.11	-.05
Parental age	.30	-.05	.37	.23	.42	.27
Immigration:	-.04	-.11	.03	.01	.07	___

Minority-white coefficient differences in child's living arrangement account for a small percentage of the minority-white gap in child poverty, and are particularly insignificant for interracial and interethnic gaps between white and black, Puerto-Rican and American-Indian children. Moreover, minority-white coefficient differences in living arrangement seem to be more detrimental for white children, than some minority children. If we assume, for example, the same coefficient of parental marital status for Asians as for whites, the white-Asian poverty gap would increase by 11%. This pattern reflects the relatively smaller economic advantage associated with two-parent families relative to single-parent families among the Asian population (See Table 4). Another interesting pattern emerges from the association between parental age and poverty status. For all minority groups, except Asians, returns on parental age account for a substantial share of the white-minority poverty gap, ranging from about 23% (for Mexicans) to 42% (for Puerto-Ricans). This pattern corroborates previous findings indicating that child poverty among whites substantially alleviates with parental age (see Table 4). Contrary to our expectations, the contribution of immigration coefficients to the minority-white poverty gap is marginal. While immigration attributes play a key role in shaping child poverty, the results indicate that the immigration coefficient differences are relatively small across racial and ethnic lines. An interesting pattern is seen for the White-Asian poverty gap. If we assume the same coefficients of immigration generation and parental length of residence for Asian children as for white children, the white-Asian poverty ratio would increase by 11%. Results from Table 4 illuminate this pattern; contrary to the white model, first-generation Asian children are as likely as third-generation to live in poverty.

DISCUSSION AND CONCLUSIONS

Family economic deprivation has harmful impacts on children's health, and cognitive development, as well as educational attainment and labor market success later in life (Duncan & Brooks-Gunn 1997). While the rate of child poverty has been reduced between 1993 and 2001, the decline stalled in 2001, and the percentage of children who live in extreme poverty has increased (Lu et al. 2004). Although more white children are living below the poverty line, minority children are disproportionately represented among the segments of the population who live in poverty. Utilizing contemporary data on poverty in the U.S., this study demonstrates a substantial and enduring racial/ethnic variation in child poverty rates across a range of

socioeconomic and demographic characteristics, including parental employment and education, child living arrangements, and immigration attributes.

With the exception of the Asian population, the educational composition of minority parents is detrimental in shaping the white-minority gaps in child poverty. Increasing educational equality between groups could reduce economic gaps among children. However, in the absence of such equality, and given the substantial income differentials across levels of educational attainment, interracial and interethnic gaps in child poverty are likely to endure (Lichter 1997). In addition, one of the main obstacles facing minority parents is securing employment that guarantees sufficient remuneration. Our findings reinforce the view that policies aimed at boosting full-time employment could narrow the racial/ethnic gap in child poverty, especially among blacks and Puerto-Ricans. However, compositional differentials may account for only part of the apparent disparities between minority and white children. For many minority children, poverty is embedded not only in less favorable parental education and employment characteristics but also in distinct, unfavorable, returns on these resources. Mexican children seem to be particularly vulnerable to the cumulative disadvantage deriving from both compositional and return differentials. While the specific source of differential returns on employment is beyond the scope of our analysis, research attributes these patterns to the relatively small number of two-earner families (Lichter and Landale 1995), as well as differences that stem from the "quality" of workers (e.g. schooling quality, language skills), and institutional discrimination in the labor market (Bratsberg and Dek 2002; Phillips and Massey 1999).

While during the 1990s, changing patterns of family formation played an insignificant role in shaping *trends* in poverty rates among racial and ethnic groups (Iceland 2003b), our analysis reveals that interethnic and interracial variation in child living arrangements remains substantial, and is key to the understanding of high poverty rates among black and Puerto-Rican children. While these findings reiterate the economic advantages associated with living in a two-parent family, marriage itself may not sufficiently remedy racial/ethnic gaps in child poverty. Policies that advocate marriage as a way out of poverty for single mothers should consider the potential pool of men who can provide financial support to women and children (Wilson and Neckerman 1986). Finally, this analysis reveals that a principal cause of poverty among Asian and Hispanic children is their distinct immigration circumstances. Specifically, parental length of residence plays a substantial role in shaping the white-minority poverty gap; since recency of

arrival is associated with greater economic hardship, the relatively high number of newcomer parents of Asian and Hispanic—particularly C/S American and Mexican—origin has a critical effect on the economic circumstances of their young children. As the children of the post-1965 immigrants grow up and their number in the labor market is expected to increase, the economic deprivation they experienced as children may be detrimental to their educational attainment and socioeconomic success later in life (Borjas 1994; Perlmann and Waldinger 1997). Future research on racial and ethnic inequality should weigh the growing number of immigrant families and take into account their distinct demographic and socioeconomic characteristics.

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