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# Why Do Hispanic Men Have Such Low Earnings? Education? English? Enclaves?

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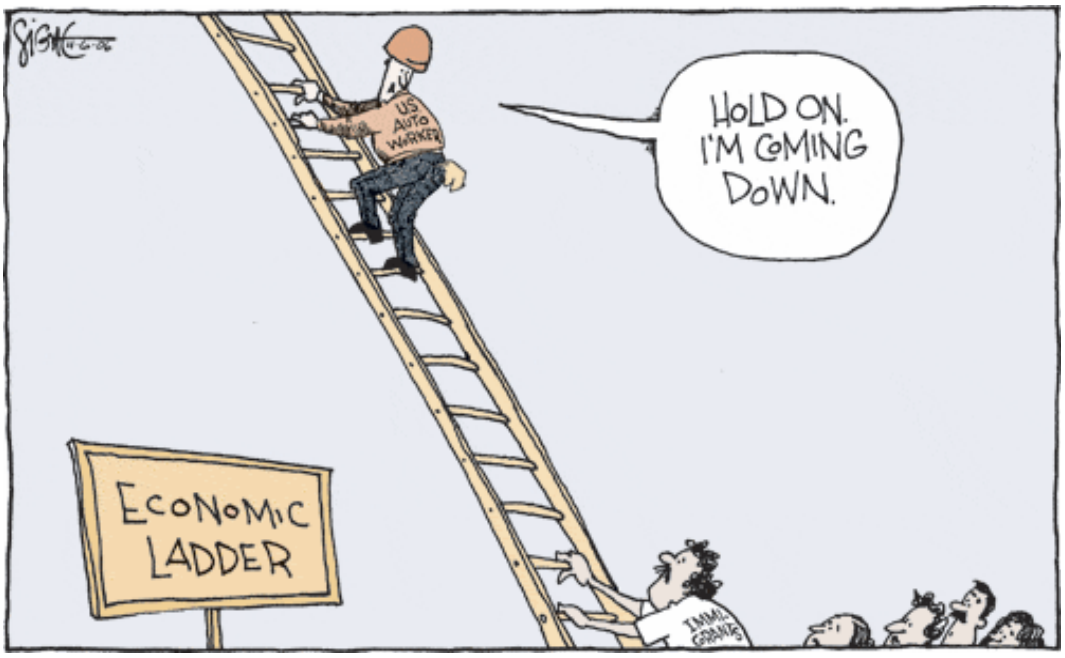


As the cartoon above suggests, the debate about immigration in the United States has been dominated by concerns about the economic impact of immigration on native workers.[1] There has been far less attention given to the labor market for immigrants themselves, particularly the Hispanic immigrants whose rising numbers have inspired the debate (we survey a few notable exceptions in the next section). Greater focus on the labor market for Hispanics in general, and immigrant Hispanics in particular, can be readily justified by appeal to poverty data: about 25% of the poor people in the United States are Hispanic and almost half of those were foreign-born.[2]

The purpose of this paper is to use microdata from Census 2000 to investigate the determinants of the earnings of prime-age Hispanic men living in metropolitan areas, both natives and immigrants. After a brief review of a few recent articles and a description of the data, our analysis begins with a basic regression model, extending the standard human capital specification by adding key variables that have proven useful for studying the earnings of immigrants. We show that this model can account for only a portion of the earnings differential between Hispanics and non-Hispanics, whether native or immigrant. We then undertake a detailed study of the effect of Hispanic enclaves on Hispanic earnings. We begin by following the lead of Chiswick and Miller (2003) in using a linguistic definition of an enclave, but then consider two alternative definitions drawn from the literature on residential segregation. Our results are consistent with the Chiswick/Miller hypothesis that linguistic concentrations are associated with lower earnings for immigrants, and for native Hispanics as well. However, we also find evidence that Hispanic earnings are often *higher* in metropolitan areas with greater residential segregation of Hispanics, especially if linguistic concentration is controlled.

[1] Card (2001a) and Borjas (2003) are high-profile examples of this scholarly dispute.
[2] <http://pubdb3.census.gov/macro/032005/pov/new29_100_01.htm>

I. Key Background Papers.

This section briefly reviews three recent contributions to the study of the labor market for immigrants that directly inspire our research design. Several papers with a more tangential relationship to our research are mentioned at the appropriate places during the presentation of results.

One of the most important recent contributions is the paper by Trejo (1997), which studies Mexican American wages during the 1980's, using Current Population Survey data. This paper emphasizes the importance of age, literacy and educational attainment, and concludes that "Mexican Americans earn low wages primarily because they possess less human capital than other workers" [p. 1235]. That observation will be the beginning point for our analysis.

Chiswick and Miller (2002) focus on the earnings of foreign-born men, using the 1990 Census PUMS. They show (pages 37-38) that after the introduction of numerous controls, there is still an earnings penalty (relative to men with Western European birthplaces) of over 20 log points for immigrant men of Mexican origin, much larger than those for immigrants from southern or eastern Europe. Among the statistically significant controls are: education, potential work experience, years since immigration, marital status, and citizenship status. English language skills are also emphasized: the point estimate of the earnings bonus for English fluency approximates the earnings effect of 3-4 years of additional education.[3]

In the paper that most directly inspires our analysis, Chiswick and Miller (2003) extend the previous paper to focus more directly on the earnings effect of residence in a linguistic enclave. They conclude that it has a negative effect on immigrants' earnings that is independent of the effect of English fluency.

Our conclusions from these key papers are that the basic human capital model is a productive starting point for the analysis of the earnings of immigrants as well as natives, that English language skills are likely to be important for immigrants, and that the effect of linguistic enclaves is worthy of further investigation.

The Census PUMS seems to be a fruitful dataset for studying immigrants' earnings, as several recently published papers have shown. (Chiswick and Miller, 2002; Butcher and DiNardo, 2002; Mora and Dávila, 2006; and Smith, 2006). In the next section we discuss that dataset and how we deploy it.

[3] Buitrago (2005) develops an extension that subdivides the Hispanic immigrant population by ethnic origin. The principal conclusion is that earnings differentials among Hispanic ethnic groups are determined primarily by differentials in a handful of traits: education, English fluency, citizenship status and occupation.

II. Data, Sample, and Variables.

As a data source we employ the 5% Public Use Microdata Sample (PUMS) from Census 2000. In Census 2000, all "Hispanics" are distinguished by having self-identified as "Spanish/Hispanic/Latino" (the question no longer contains the words "origin or descent" that appeared in the two previous Census forms). Mexicans, Puerto Ricans and Cubans were given separate boxes with which to identify themselves. In thinking about what "Hispanic/Latino" means to those who fill out the form, however, it is useful to examine the results for the "Race" question on the Census 2000 form, in which it was possible for a person to list "some other race." In fact, 41% of persons who gave their ethnicity as Hispanic or Latino also wrote in Hispanic or Latino as their sole answer to the question about ***race***, and another 5% listed Hispanic or Latino as one of two ***racial*** identifiers (Grieco and Cassidy, 2001, page 10). In other words, the distinction between "race" and "Hispanic ethnicity" that drives the standard Census tabulations is either misunderstood or rejected by about half of the Hispanic population. This must be kept in mind when we introduce a "racial" variable into the earnings equations.

Typical of the standard human capital model, the analysis variable is the logarithm of wage and salary income during the previous year.[4] We include the logarithms of weeks worked in the previous year and usual hours worked as controls. We follow the usual practice of restricting the sample to prime-age men with earnings to reduce the complications caused by gender differentials, incomplete formal education and retirement.[5] We have further restricted the dataset to the population that reported an identifiable metropolitan location, because we wish to define "enclaves" on a metropolitan basis.

The Census does not contain a measure of actual job market experience.[6] We include potential experience (age-education-5) and its square. We measure educational attainment in years.[7] Following Chiswick and Miller (2002), we measure language proficiency with a dummy variable that identifies those who speak English "not well" or not at all. We control for marital status, since marriage is well-known to be associated with higher earnings for men, though there is considerable dispute about why.[8] We also control for

[4] Chiswick and Miller (2002) add income from self-employment to their measure of earnings. While this addition makes the sample larger and more comprehensive, it is problematic in some ways. For example, what is to be done with a person who reports negative self-employment income? Such individuals presumably had positive labor productivity, but had negative returns to capital and entrepreneurship. We tested several of our specifications for sensitivity to the measure of earnings. The main effect of including self-employment earnings is to reduce the regression $R^2$.

[5] Chiswick and Miller (2002) and Mora and Dávila (2006) define "prime age" as 25-64. Because early retirement has become so common in American society, we have cut the upper age bound to 54. The sample is so large that a loss of observations is not a consideration.

[6] While it would be difficult to attain reliable evidence on actual experience from a one-time survey, the difference between potential experience and actual experience may vary widely between groups, with substantial consequences for studies of earnings differentials, as Antecol and Bedard (2004) show.

[7] In this we follow Chiswick and Miller (2002) exactly. We have experimented with measures of attainment (high school diploma, etc.), but the use of years is probably more reliable for immigrants, and also proves to be more readily interpretable.

[8] Chun and Lee (2001) provide a helpful survey and an additional contribution.

individuals who self-report as "black" (alone or in combination), though the apparent unwillingness of many Hispanics to report race in accordance with common phenotypic standards (Darity, Dietrich and Hamilton, 2002) raises questions about how to interpret the results. The distinction between "immigrants" and "natives" is determined by birthplace (usually called "nativity.") For immigrants we add two additional variables to the analysis: years in the U.S. and citizenship, both of which ought to be associated with higher earnings.

Table 1 shows the simple statistics, divided by nativity and ethnicity. It is clear that Hispanics have much lower earnings than non-Hispanics, even though they differ only modestly in hours per week or weeks worked. Given nativity, Hispanics are, on average, 2-3 years younger and less likely to be married. More important, Hispanics, particularly Hispanic immigrants, have relatively low educational attainment and English proficiency, factors that we expect to reduce earnings potential.

## III. Basic Regressions.

Table 2 shows the basic regression results. We have not included standard errors or t-statistics, because it is rare for a coefficient to be less than several times its standard error in such large samples; we have indicated the two exceptions in *italic type* in the table. Immigrants earn less of a bonus from experience than natives in the early part of their careers, though one should note that another year of experience is also another year in the U.S., so the gap is smaller than the coefficients on experience suggest. Native Hispanics also earn a smaller experience bonus early in their careers than do native non-Hispanics.[9]

The differential effects of educational attainment are large. While education generates a lower earnings differential for native Hispanics and immigrant non-Hispanics than for native non-Hispanics, the really big difference is for immigrant Hispanics: Hispanic immigrants don't just have relatively little education; they also derive relatively small wage benefits from additional education. One may question how much of this result reflects a genuine economic phenomenon and how much an econometric artifact. On the one hand, Chiswick and Miller (2005) treat it seriously enough to make it part of the title of their recent paper, "Why Is the Payoff to Schooling Smaller for Immigrants?" Their basic answer is that immigrants are not punished as severely as natives for being undereducated. On the other hand, estimates of the return to schooling in regression models of this kind are biased upward by ability bias and downward by measurement (attenuation) bias. Both factors may be at work in this case. The ability bias is larger "the more important are the comparative advantage incentives that lead individuals with higher returns to schooling to acquire more schooling" (Card, 2001b, p.1134). It is easy to imagine that these incentives are greater for natives, particularly compared to

[9] Antecol and Bedard (2004) show that for young men, the gap in the return to experience between Mexicans and White Anglos is considerably smaller if one uses actual experience rather than potential experience, largely because potential experience differentially overestimates the actual experience of the Mexicans. Their conclusion seems reasonable, though their estimates only refer to the single cohort of the NLSY.

immigrants from low-income countries, though Barrow and Rouse (2005) speculate that Hispanics who overcome the liability of inferior schooling at young ages may be *more* selected for ability than their non-Hispanic counterparts. It may also be true that immigrants, particularly poorly-educated immigrants, simply misreport educational attainment more frequently, generating a downward measurement bias for immigrants. Barrow and Rouse (2005) report that in the NLSY about 14% of the observed variance in schooling for Hispanics is due to reporting error, compared to 8% for white Anglos. If those ratios are also true of the PUMS, then only a portion of the differential can be explained by measurement bias alone.[10]

Something similar happens with English proficiency: immigrants are not only less proficient, but pay a bigger earnings penalty for being so. The one difference is that in this case non-Hispanic immigrants pay a larger penalty than Hispanic immigrants. Mora and Dávila (2006) report that Hispanic men who lack English proficiency "moved up in the earnings distribution relative to English-proficient Hispanics," suggesting that "strengthening ethnic (or Spanish-language) networks" and "rising Spanish-language employment opportunities" may be the reasons (quotations from p. 172).[11]

Immigrants seem to receive a slightly smaller marriage bonus than natives. Those Hispanics who do self-report as "black" do not seem to suffer the earnings penalties that are associated with non-Hispanic black men. The results of Darity, Dietrich and Hamilton (2002) suggest that this result may be interpreted as measurement bias.

Table 3 shows the standard Blinder/Oaxaca decomposition of the earnings differentials using the coefficients from Table 2. Using the non-Hispanic coefficients, this extended human capital model accounts for over 70% (.241/.331) of the earnings gap for natives and almost 90% (.473/.526) for immigrants. It is more conservative, and perhaps more revealing, to employ the Hispanic coefficients, estimating the counterfactual, "What proportion of the differential would disappear if Hispanics had the mean traits of non-Hispanics, but their own coefficients on those traits?" In that case, the model accounts for about 2/3 of the earnings gap for natives and slightly over half of the earnings gap for immigrants. For natives, years of education accounts for about half of the "explained" total; for immigrants, this calculation hangs on which coefficients are chosen, but even with the smaller Hispanic coefficients, years of education accounts for more than half of the "explained" total.[12] English proficiency is also rather important for the immigrants.

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[10] Under the (somewhat implausible) restriction that the measurement errors and the "true" errors are uncorrelated, the "true" coefficient is equal to the estimated coefficient times (1+*r*), where *r* is the ratio mentioned in the previous sentence in the text. If one assumes those specific ratios are applicable, the "true coefficient" would be .111*1.08=.120 for native non-Hispanics, and .092*1.14=.105 for native Hispanics. The difference would therefore be reduced from .111-.092=.019 to .120-.105=.015.

[11] Returns to language skills may also be subject to both ability bias and measurement bias. González (2005) provides a sophisticated discussion of the ability bias problem, concluding that some of the published estimates of the return to language skills are implausibly large.

[12] Antecol and Bedard (2004) report that the portion of the gap between Mexicans and white Anglos that is explained by education falls when actual experience is employed instead of potential experience.

IV. Enclaves.

Since the model presented in the previous section does not completely account for relatively low Hispanic earnings, it is natural to ask whether there are other identifiable factors that could be influencing Hispanic earnings. Chiswick and Miller (2003) posit the importance of "ethnic enclaves" for the earnings of immigrants. They identify three related channels by which enclaves may affect immigrants' earnings: 1) enclaves reduce the cost of communicating with the host society; 2) enclaves provide low-cost, ethnically specific information networks that facilitate searching for work, housing, etc.; and 3) enclaves provide access to "ethnic goods" such as ethnic foods and native-language media, that may be more expensive, or even unavailable, in other areas in the host society. They argue that these benefits of enclave life will generate an equilibrium (compensating) differential that will lead workers in enclaves to accept lower wages. They reject a "crowding" (disequilibrium) argument as inconsistent with the flexible labor markets characteristic of American society. They do not consider the possibility of selection on unobservables, by which workers who leave enclaves have more favorable unobserved productivity traits than those who don't, perhaps based on a more adaptable personality. All of these arguments work in the same direction: they argue that a worker will have lower earnings, *ceteris paribus*, if located in an ethnic enclave. One could, however, make a case that Hispanic employees are likely to be more productive, hence more highly paid, in enclaves where other employees, and perhaps also employers and managers, are also Hispanic. It would seem to be an empirical question.

If one is to provide an empirical answer, the next question is, "How does one define an 'enclave' operationally?" True to their previous (2002) work, Chiswick and Miller (2003) define an "enclave" as a "linguistic concentration area," defined as the proportion of the state's population age 18-64 that speaks the immigrant's language in the home. We have adopted the same definition adapted to our focus: the proportion of the metropolitan area's population age 18-64 that reports speaking Spanish at home. Since metropolitan areas are much closer than states to the idea of a "labor market," we expect the variable to perform at least as well as it did for Chiswick and Miller. Since "Hispanics" are an ethnic group defined by a linguistic heritage, we wish to explore whether the earnings effect of language concentration may extend to native-born Hispanics as well.

There are other ways to define an "enclave." As it happens, the Census Bureau provides data at the metropolitan area level for several measures of residential segregation of Census tracts. We would like to explore whether two of the most common of these measures may provide some insight if deployed as an operational measure of an "enclave." [13] One of these is known as an "isolation index," which measures the probability "that a minority [Hispanic] person shares a unit area [a Census tract within the

[13] Massey and Denton (1989) provide an insightful analysis of the residential segregation of Blacks and Hispanics in the 1980 Census. Wilkes and Iceland (2004) have updated that analysis for Census 2000. The principal conclusion that is relevant here is that compared to black Americans, Hispanics are much less likely to live in "hypersegregated" areas—areas with high segregation on all of the multiple measures that the authors deploy, including the two that we use here.

particular metropolitan area] with another minority person."[14] Like any probability, the isolation index can range from zero to one. It is obvious that the isolation index is likely to be associated with the prevalence of Hispanics in the city. The other index we will employ is the most common measure of residential segregation, the "dissimilarity index," typically described as "the percentage of a group's population that would have to change residence for each neighborhood [Census tract] to have the same percentage as the metropolitan area" (for source, see footnote 14). It also ranges from zero to one. It differs from the isolation index in an important regard, however: while there may be behavioral reasons why the dissimilarity index will rise as the Hispanic population rises, it is not an obvious by-product of the measurement itself. Consider, for example, a metropolitan area which is 10% Hispanic and consists entirely of tracts that are also 10% Hispanic. Its isolation index will be 0.1, but its dissimilarity index will be zero. If the Hispanic population doubles in every tract, the isolation index will increase to 0.2, but the dissimilarity index will still be zero. The isolation index seems to be closer to what Chiswick and Miller (2003) intended by the concept of an "enclave." It is also possible, however, that low Hispanic earnings are a consequence of ethnic discrimination, and that one measure of ethnic discrimination is housing segregation. To the extent it is so, we would expect Hispanic earnings to be lower in metropolitan areas with high values of the dissimilarity index. On the other hand, as we suggested earlier, it may also be the case that the productivity of Hispanic workers in higher in an enclave setting.

The top panel of Table 4 reveals the rather surprising result that native Hispanics have mean values of the enclave variables that do not differ substantially from those of the immigrants. The arguments of Chiswick and Miller summarized above suggest that the advantages of living in an enclave are greater for immigrants than for natives; if so, it is not reflected in very different choices of metropolitan areas to live in.[15]

The second panel of Table 4 shows the correlations among the measures (across persons). Note that language concentration and isolation are highly correlated, but that language concentration is practically uncorrelated with the dissimilarity index.

The next panels of Table 4 show the regression coefficients that arise when the enclave variables are added to the specifications shown in Table 2.[16] Because the usual effect of multicollinearity is increases in the standard errors of the estimates, we have reported the

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[14] See < http://www.census.gov/hhes/www/housing/housing_patterns/app_b.html>. It is arguable that the idea of an "enclave" may be more precisely captured by a variant called the "distance-decay isolation index," a measure of clustering, but it is a distinction with practically no empirical difference: The correlation between the two indices is 0.99, whether measured across areas or persons. Consequently we employ the more widely known and intuitively understandable measure.

[15] Similarly, the correlation with years in the US for immigrants is low, ranging from 0.03 for the dissimilarity index to 0.10 for the isolation index. In a recent paper, Card and Lewis (2005) show that in the last 15 years new Mexican immigrants have become more dispersed.

[16] The other coefficients just don't change enough to be worth repeating for so many specifications. None of the changes in specification increases the regression $R^2$ by as much as 0.01, and none of the other coefficients is altered by as much as 0.005 except for race, which becomes larger in absolute value when language concentration is controlled.

standard errors and the reciprocals of the variance inflation factors.[17] In thinking about the *size* of these coefficients, it is important to recognize that they measure the marginal effect of increasing the variable by 1.00, not by 0.01. This is a natural interpretation in that the enclave measures all vary from zero to one, so the coefficients can all be interpreted as the effect of increasing the enclave variable from its theoretical minimum to its theoretical maximum.

The first set of regression coefficients provide clear support for the Chiswick/Miller hypothesis that living in a linguistic enclave will reduce earnings. For example, a 15% (approximately 1 standard deviation) increase in the Hispanic language concentration is associated with an earnings reduction of roughly 4%. It is perhaps surprising, however, that the earnings of native Hispanics are reduced even more than the earnings of immigrants. It is possible, of course, that low earnings in Hispanic enclaves could arise because Hispanic enclaves might be areas where *everyone* has lower earnings. Accordingly, we also added the enclave variables to the regression for native non-Hispanics. The coefficients (which we do not report in the table) were all positive and statistically significant: native non-Hispanics receive an earnings *bonus* in metropolitan areas that more closely fit the definition of Hispanic enclaves.

The next two rows of regression coefficients substitute first the isolation index, then the dissimilarity index, for the language concentration index. The effect of the isolation index by itself is small and negative, but the effect of the dissimilarity index by itself is positive, and for native Hispanics it is large.

The next two panels enter the language concentration index along with one of the residential segregation indices. When language concentration is included along with the isolation index, the isolation coefficient becomes positive,[18] while the combination of language concentration with the dissimilarity index generates coefficients very similar to the coefficients when they enter separately. These results suggest a rather startling conclusion: given the degree of language concentration, Hispanics, especially native Hispanics, have *higher* earnings in metropolitan areas with *greater* residential segregation. The most straightforward explanation is that Hispanic workers have greater productivity in areas where their residential pattern is more concentrated, but in general this result needs additional research.

The final panel of Table 4 conducts an investigation of whether the enclave variables affect the earnings impact of either English proficiency or education. The regressions containing one enclave variable are run again with interaction terms. One might expect that speaking English poorly would be less of a liability in an enclave, in which case the coefficient would be positive. The Chiswick/Miller argument, however, is that

[17] The reciprocal of the variance inflation factor for a variable is an extension of the usual zero-order correlation test for multicollinearity. The usual rule of thumb is that when 1/v is less than 0.1, the interpretation of the individual coefficient has become problematic due to multicollinearity.

[18] The increase in the *size* of the language concentration and isolation coefficients results from the combination of two facts: they have opposite zero order correlation coefficients with the analysis variable, but are strongly correlated with each other (note that while the coefficients are getting larger, so are the standard errors, and 1/vif falls substantially).

individuals with poor English proficiency would accept a lower wage as an equilibrium differential, in which case the coefficient would be negative. For natives the coefficient is positive, but not (or barely) statistically significant. For immigrants it is negative for language concentration and isolation, but positive for the dissimilarity index. Similar arguments hold for the return to education. In a footnote, Chiswick and Miller (2003) report a negative coefficient on the interaction term with education. We do not confirm that result: our coefficients are mostly positive, small and imprecisely estimated.

## V. Conclusions.

The growth of the Hispanic population of the United States has combined with the relative poverty of that population to generate increasing interest in the economic outcomes of Hispanic workers. We show that prime-age Hispanic men in metropolitan areas have relatively low earnings, whether one compares native Hispanics to native non-Hispanics or immigrant Hispanics to immigrant non-Hispanics. The basic question is whether the insights of Chiswick and Miller (2002, 2003), particularly their insights about enclaves, can be applied to the Hispanic population, native as well as immigrant.

First, we conduct a standard human capital analysis, with a particular focus on education and language proficiency. Differences in educational attainment account for about 30-40% of the Hispanic earnings differential for natives and the combination of education and language proficiency for about 40-80% of the Hispanic earnings differential for immigrants. The reason for the rather wide range of estimates is that Hispanics in general, and immigrant Hispanics in particular, have relatively low payoffs from educational attainment, as shown repeatedly in research that dates all the way back to Chiswick (1978). The result is consistent with the Chiswick and Miller (2005) claim that immigrants are less severely punished for being undereducated. Some of the difference may be an econometric phenomenon, however, caused, for example by differential ability bias or measurement bias. The difference is large enough, and important enough to the interpretation of the data, to deserve further research.

Second, we inquire into the effects of Hispanic enclaves on Hispanic earnings. Enclaves could either increase earnings by enhancing the productivity of workers who can communicate in Spanish or decrease earnings as a compensating differential for the opportunity to live an area where ethnic networks and ethnic goods are readily available. Our results are consistent with the basic hypothesis derivable from Chiswick and Miller (2003) that Hispanics who live in areas of high linguistic concentration will have lower earnings, and we find that it is true for natives as well as immigrants. Our results are not consistent, however, with their auxiliary hypothesis that the return to education for Hispanics will be lower in a Spanish-speaking enclave. Finally, we provide evidence that areas in which Hispanics have relatively high residential segregation tend to be associated with *higher* Hispanic earnings, especially if language concentration is controlled. There is more than one operational definition of the word “enclave,” and it seems as though the choice matters quite a lot.

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Table 1- Means or Percentages of Variables, by Nativity and Ethnicity
Men Age 25-54 with Earnings from Wages or Salaries
Living in Metropolitan Areas

| Variable | Native Non-Hispanic | Native Hispanic | Immigrant Non-Hispanic | Immigrant Hispanic |
|---|---|---|---|---|
| LABOR MARKET | | | | |
| Earned Income | $49,845 | $34,779 | $48,704 | $26,388 |
| Usual Hours of Work | 44.9 | 43.2 | 44.1 | 42.7 |
| Weeks Worked | 48.6 | 46.9 | 47.3 | 45.5 |
| Potential Experience | 20.4 | 18.5 | 19.6 | 21.6 |
| Years of Education | 14.1 | 12.9 | 14.4 | 10.1 |
| Speaks English poorly | 0.3% | 2.4% | 10.2% | 41.1% |
| DEMOGRAPHICS | | | | |
| Age | 39.5 | 36.4 | 39.0 | 36.7 |
| Married | 64.5% | 58.4% | 70.9% | 68.5% |
| Black (alone or in combination) | 12.0% | 2.4% | 13.0% | 1.9% |
| OTHER | | | | |
| Years in USA | N/A | N/A | 16.7 | 15.7 |
| Citizenship | 100.0% | 100.0% | 53.6% | 33.1% |
| Sample Size | 1,355,123 | 82,299 | 179,029 | 172,079 |

Table 2- Regression Coefficients for Log Wages&Salaries, by Nativity and Ethnicity
Men Age 25-54 with Earnings from Wages or Salaries
Living in Metropolitan Areas

| Variable | Native Non-Hispanic | Native Hispanic | Immigrant Non-Hispanic | Immigrant Hispanic |
|---|---|---|---|---|
| Log of Usual Hours Worked | 0.884 | 0.780 | 0.796 | 0.577 |
| Log of Weeks Worked | 0.928 | 0.953 | 0.846 | 0.772 |
| Potential Experience | 0.038 | 0.027 | 0.011 | 0.013 |
| Potential Experience Squared/100 | -0.058 | -0.035 | -0.010 | -0.017 |
| Years of Education | 0.111 | 0.092 | 0.084 | 0.037 |
| Speaks English poorly | -0.037 | -0.054 | -0.231 | -0.133 |
| Married | 0.217 | 0.188 | 0.160 | 0.140 |
| Black (alone or in combination) | -0.184 | -0.043 | -0.171 | *-0.008* |
| Years in US | N/A | N/A | 0.006 | 0.009 |
| Citizenship | N/A | N/A | *-0.005* | 0.114 |
| R-Squared | 0.468 | 0.488 | 0.416 | 0.406 |

All coefficients are significant at .01 except those indicated in *italic type*

Table 3- Blinder/Oaxaca Decomposition of Earnings Gap Between Hispanics and Non-Hispanics, by Nativity

| | Native Non-Hispanic Coefficients | Native Hispanic Coefficients | Immigrant Non-Hispanic Coefficients | Immigrant Hispanic Coefficients |
|---|---|---|---|---|
| LOG EARNINGS GAP: Non-Hispanic - Hispanic | 0.331 | 0.331 | 0.526 | 0.526 |
| CONTRIBUTION OF EXPLANATORY VARIABLE: | | | | |
| Log of Usual Hours Worked | 0.037 | 0.033 | 0.024 | 0.017 |
| Log of Weeks Worked | 0.050 | 0.051 | 0.046 | 0.042 |
| Potential Experience (and its square) | 0.030 | 0.026 | -0.013 | -0.009 |
| Years of Education | 0.127 | 0.104 | 0.353 | 0.155 |
| Speaks English poorly | 0.001 | 0.001 | 0.070 | 0.041 |
| Married | 0.013 | 0.011 | 0.004 | 0.003 |
| Black (alone or in combination) | -0.017 | -0.004 | -0.019 | -0.001 |
| Years in US | N/A | N/A | 0.007 | 0.010 |
| Citizenship | N/A | N/A | 0.001 | 0.024 |
| TOTAL "EXPLAINED" | 0.241 | 0.222 | 0.473 | 0.282 |
| TOTAL "UNEXPLAINED" | 0.090 | 0.109 | 0.053 | 0.244 |

Table 4- Coefficients For Enclave Variables Added to Basic Model (see Table 2)
Hispanic Men Age 25-54 with Earnings from Wages or Salaries
Living in Metropolitan Areas

| | Native Hispanics | | Immigrant Hispanics | |
|---|---|---|---|---|
| SIMPLE STATISTICS | Mean | Std Dev | Mean | Std Dev |
| Spanish Language Concentration | 0.249 | 0.175 | 0.245 | 0.154 |
| Hispanic Isolation Index | 0.546 | 0.211 | 0.569 | 0.206 |
| Hispanic Dissimilarity Index | 0.500 | 0.109 | 0.531 | 0.106 |

| | | | | |
|---|---|---|---|---|
| CORRELATION COEFFICIENTS | Isolation | Dissimilarity | Isolation | Dissimilarity |
| Spanish Language Concentration | 0.795 | 0.010 | 0.778 | 0.026 |
| Hispanic Isolation Index | 1.000 | 0.537 | 1.000 | 0.597 |
| Hispanic Dissimilarity Index | 0.009 | 1.000 | 0.037 | 1.000 |

| REGRESSION COEFFICIENTS: | Native Hispanics | | | Immigrant Hispanics | | |
|---|---|---|---|---|---|---|
| | Coefficient | Std Error | 1/vif | Coefficient | Std Error | 1/vif |
| ENTERED INDIVIDUALLY | | | | | | |
| Spanish Language Concentration | -0.302 | 0.013 | 0.987 | -0.244 | 0.010 | 0.982 |
| Hispanic Isolation Index | -0.018 | 0.010 | 0.993 | -0.086 | 0.008 | 0.980 |
| Hispanic Dissimilarity Index | 0.533 | 0.020 | 0.992 | 0.093 | 0.015 | 0.993 |
| ENTERED TOGETHER | | | | | | |
| Spanish Language Concentration | -0.774 | 0.021 | 0.363 | -0.388 | 0.016 | 0.391 |
| Hispanic Isolation Index | 0.490 | 0.017 | 0.366 | 0.139 | 0.012 | 0.391 |
| ENTERED TOGETHER | | | | | | |
| Spanish Language Concentration | -0.307 | 0.013 | 0.986 | -0.247 | 0.010 | 0.981 |
| Hispanic Dissimilarity Index | 0.540 | 0.020 | 0.991 | 0.105 | 0.015 | 0.992 |