

Why Was the Great Recession Different for Native and Immigrant Hispanics?

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For most of us, especially Hispanics in the United States, employment is the source of our income and our homes are the source of our wealth. Hispanic employment and wealth were affected more by the Great Recession than any other group identified in many studies. A recent report on the Great Recession in the national headlines showed that median wealth fell the most for Hispanics, that they were most affected by the housing market, and that their homeownership rates fell more than any other group. The report does not specify why these changes occurred nor does it distinguish between natives and immigrants. Preliminary studies show that Hispanics experienced the worst declines in the labor market, and that immigrant Hispanics were hit harder and sooner than native Hispanics but recovered jobs earlier. The recovery, though, took place at lower earnings: the median wage for Hispanic immigrants declined 5.8 percent—the largest decline of all workers and twice as large as for native Hispanics. Conversely, studies suggest that Hispanic immigrants had almost no home loss while Hispanic natives were the most affected by home loss in the Great Recession.

We investigate the impact of job loss on home loss, and the relationship between job loss, mobility, and home loss. Within the analysis we uncover why immigrant and native outcomes are different. We estimate the causes of employment loss and home loss after controlling for covariates such as savings and other assets owned by members of the household, other earnings in the household, the contract features of ownership, mobility, language, gender, citizenship, movement into and out of the household and other demographics of households. The analysis uses event history analysis and Box-Cox models of survival and failure. The survivor function identifies differences in the timing of unemployment and its impact. Does being an immigrant just shift the survivor (duration) function or are the immigrant and native functions fundamentally different?

Preliminary results suggest that the effect of job loss on housing may be the same for immigrants and natives, but the timing and length of unemployment were different. As a result, the overall impact of job loss was weaker for immigrants. While losing jobs early in the downswing of the cycle usually implies more hardship, in the Great Recession it meant that losses for immigrants occurred before housing prices fell dramatically—allowing them more mobility at lower cost. Further, the structure of immigrant households also played a role in reducing home loss. Larger households meant more workers even when some were unemployed and the movement of individuals into and out of the household in response to unemployment or to remit money home after mobility had a protective influence on home loss during this recession. Native Hispanics, whose household structure is more like that of other natives, and whose unemployment took place deep into the recession, found their home loss more severe.

Earlier studies used two cross-sections of data and not continuous panels on the same individuals and this influenced the reporting of the pattern of immigrant and native home loss. For Hispanics in the United States, panel data suggest that the wealth losses are not as severe as reported when

panel data are used. Partly this is because the cross sections in the report do not contain the same individuals—migration back to the home country changes those statistics.

There is no panel data set with a large sample of immigrants that also covers the interval from 2004-2011. Two panels of SIPP (a large national sample) are used for this analysis—the 2004 and 2008 panel. The 2004 panel has twelve waves of information from 2004 to 2008. Six waves of the 2008 panel are already available (up to August 2010)—with more waves added every few months. One of these panels takes place before the recession and in its earliest years and one covers heart of the recession and its aftermath.