

The Economic Progress of Mexican Americans

Mexican immigrants and their descendants constitute a sizable and rapidly growing segment of the U.S. population. This is particularly true in California, where more than 20 percent of the population is of Mexican descent. Mexican Americans also constitute one of the most economically disadvantaged groups in the United States, with an average household income more than 40 percent below the comparable average for non-Hispanic whites.

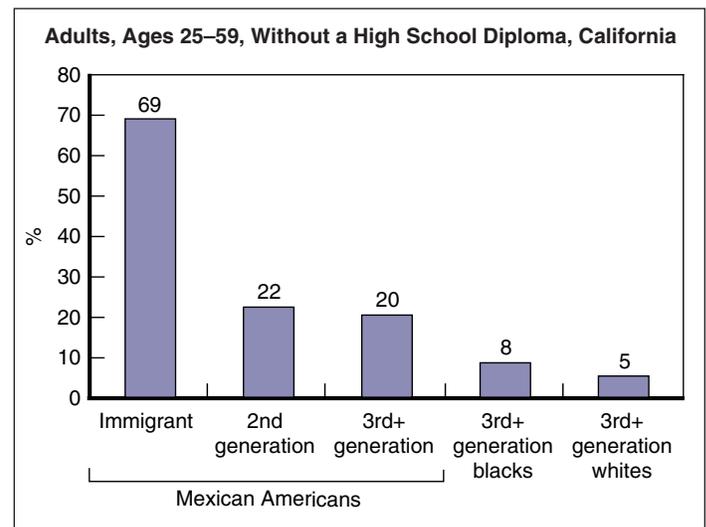
To better understand the current and future economic prospects of Mexican Americans, Jeffrey Grogger and Stephen Trejo analyzed the intergenerational progress of Mexican-origin workers in the California and U.S. labor markets. In *Falling Behind or Moving Up? The Intergenerational Progress of Mexican Americans*, they compare the educational attainment and hourly earnings of whites, blacks, and three generations of Mexican Americans (with the first generation consisting of Mexican immigrants, the second generation including the U.S.-born children of Mexican immigrants, and the third generation comprising the grandchildren and later descendants of Mexican immigrants). They find that people of Mexican descent acquire much less schooling than other groups in the United States and that this educational deficit is the main reason for the relatively low earnings of Mexican-origin workers.

High School Graduation Rates Among Mexican Americans

Immigration plays a tremendous role in the Mexican-white high school graduation gap, even among young adults ages 19 to 21. Mexican youths who immigrated to the United States between ages 15 and 21 have high school completion rates of only 28 percent, in contrast to the 87 percent completion rate of U.S.-born white youths and the 78 percent completion rate of U.S.-born black youths. Mexican youths who arrive in the United States between ages 5 and 15 do only slightly better: 40 percent of this group eventually complete high school. Children who arrive before age 5 do

much better. Indeed, their graduation rate is similar to that of U.S.-born Mexican Americans, who complete high school at a rate of 70 percent.

Consistent with prior findings on racial and ethnic disparities in graduation levels, the study found that family income plays an important role, explaining as much as 75 percent of the Mexican-white graduation gap. Surprisingly, maternal education has little independent effect on graduation prospects for Mexican Americans after the effect of income is accounted for. This finding is in sharp contrast to the finding for blacks, for whom maternal education strongly predicts graduation and explains an important fraction of the black-white graduation gap.



Although U.S.-born children of Mexican immigrants close much of the education gap, people of Mexican descent are less likely to complete high school than blacks or non-Hispanic whites.

Education and Wage Patterns

Among Mexican Americans, there are dramatic gains in education and earnings between the first and second generations. Second-generation Mexican Americans in California

have an average of about four years more schooling and more than 35 percent higher wages than do Mexican immigrants. However, intergenerational progress for Mexican Americans appears to stall after the second generation, with the third generation showing only modest improvement in educational attainment and no wage growth.

Substantial education and wage deficits persist between people of Mexican descent and other Americans. Third-generation Mexican Americans in California average a year and a half less schooling and about 25 percent lower wages than non-Hispanic whites. Observable indicators of skill—in this case, age and especially years of schooling—explain from one-half to three-quarters of the wage gap between Mexican American and white workers. In contrast, observable skill differences account for only about one-third of black-white wage gap.

The study also found that the labor market payoff to acquiring a high school diploma through an equivalency exam such as the GED, rather than through the usual coursework, is substantially higher for Mexican immigrants than for U.S.-born workers of any race/ethnicity.

Conclusions and Implications

An important implication of the study's findings is that Mexican immigrants and U.S.-born Mexican Americans are distinct groups with very different education levels and labor market opportunities. Analyses that do not distinguish between these groups can give a misleading impression of Mexican economic progress in the United States. Although perhaps an obvious point, and not a new one, it bears

repeating because many media and policy discussions of Mexican Americans continue to lump together immigrants and U.S. natives. Given the strikingly low education and wages of Mexican immigrants, aggregation masks the substantial intergenerational gains that occur. The experiences of second- and third-generation Mexican Americans reveal the long-term economic prospects of the Mexican-origin population, and these prospects are considerably brighter than what is suggested by statistics that do not distinguish between foreign-born and U.S.-born Mexican Americans.

The findings also indicate that increasing educational attainment is the key to improving the economic status of Mexican Americans. That more and better schooling would help any group has the ring of a truism, especially in times of rising demand for skilled workers. But to a much larger extent than is the case for blacks and other disadvantaged groups, educational improvements are crucial to the earnings progress of Mexican Americans because their schooling levels lag behind those of almost all other groups in America. Moreover, the economic payoff to educational investments is about as high for U.S.-born Mexican Americans as it is for other U.S. natives, especially in California. Finding a way to eliminate the educational disadvantage of Mexican Americans would go a long way toward bringing more members of this group into the economic mainstream. For Mexican immigrants who arrive as teenagers or adults, the GED is a promising avenue for increasing education and ultimate earnings. The GED seems to provide a mechanism through which immigrants can certify their educational qualifications for U.S. employers who do not know how to evaluate credentials earned in Mexico or other foreign countries.

This research brief summarizes a report by Jeffrey Grogger and Stephen J. Trejo, Falling Behind or Moving Up? The Intergenerational Progress of Mexican Americans (2002, 132 pp., \$12.00, ISBN 1-58213-049-3). The report may be ordered by phone at (800) 232-5343 [U.S. mainland] or (415) 291-4400 [Canada, Hawaii, overseas] or through the Internet at www.ppic.org. The Public Policy Institute of California is a private, nonprofit organization dedicated to independent, objective, nonpartisan research on economic, social, and political issues affecting California. This project was supported by PPIC through an Extramural Research Program contract.