Hispanic Economic Outlook

Spring 2017

The Report of the Hispanic Economic Outlook Committee

The American Society of Hispanic Economists (ASHE)—a member of the Allied Social Science Association—is a professional association of economists and other social scientists who are concerned with the under-representation of Hispanic Americans in the economics profession and with the lack of research generated on Hispanic American economic and policy issues. Our primary goals include:

1. Promoting the vitality of Hispanics in the economics profession through education, service, and excellence;
2. Promoting rigorous research on economic and policy issues affecting US Hispanic communities and the nation as a whole; and
3. Engaging more Hispanic Americans to effectively participate in the economics profession.

For more information about ASHE, please contact our current president Luisa Blanco at lblanco@pepperdine.edu. Alberto.Davila@utrgv.edu or visit our website at www.asheweb.net.

Letter from the President

Luisa Blanco*

As we welcome 2017, we have an exciting year ahead as we work together towards ASHE goals to promote the vitality of Hispanics in the economic profession, conduct rigorous research on issues affecting Hispanics and engaging more Hispanics to participate in the economic profession. ASHE has been fortunate to have individuals like you to work hard towards accomplishing these goals in the past years. I invite you to continue participating actively with ASHE, and if you want to become more involved to please let us know. It is through your involvement that ASHE will continue to grow, and we have several projects underway that will benefit significantly from getting more of our constituents actively involved with ASHE.

I would like to invite you to visit our brand new webpage (http://asheweb.net/). Many have contributed significantly to the development of the new ASHE website, but special thanks should go to Belinda Roman, Derek Moy, and Joe Guzman (ASHE Past President). I also would like to welcome new ASHE President Elect Susan Pozo from Western Michigan University.

An important project for the coming year will be to design the ASHE handbook. The handbook will document the important information of the logistics and functioning of ASHE. We will also explore in this year any needed revisions to ASHE bylaws. Your participation is most welcomed.

I invite you to attend the ASHE sponsored sessions at the ASSA meetings and the ASHE business meeting in Chicago (information provided below). We also plan to have ASHE sponsored sessions at WEAI and SEA in 2017. This year the WEAI meeting will take place in San Diego, California in June 25-29. Please send your abstracts with authors' information (name, institution, email) by January 27th to lblanco@pepperdine.edu. If you are willing to serve as a discussant or chair (in addition to presenting a paper, or just be a discussant/chair at our sessions if you already sent an abstract for the general call for papers) please also note that in your email. There are no specific topics as topics will arise based on submissions, and a call for proposals will also be sent as the conferences approach.

The current HEO issue provides short notes related to three important issues that pertain to the wellbeing of Hispanics: labor market conditions, health care coverage and access to financial services. This year, we would like to have a second issue of the HEO report. We would like to invite you to submit an article (contact any member of the board if you are interested). As you will see below, our articles are short and a summary of your ongoing projects or papers. It is a nice opportunity to let the ASHE community know what you are working on. Finally, if you would like to be part of ASHE committees and working groups please contact me at lblanco@pepperdine.edu.

I look forward working with you in this coming year.

Regards,
Luisa R. Blanco
ASHE President

ASHE Sponsored Sessions at the ASSA Meetings (January 2017)*

CSMGEP, ASHE, and NEA Cocktail Reception

Event - Friday, Jan. 6, 2017; 6:00 PM – 8:00 PM
Hyatt Regency Chicago, Toronto

ASHE Business Meeting

Event - Saturday, Jan. 7, 2017; 5:00 PM – 6:30 PM
Hyatt Regency Chicago, New Orleans
Hosted By: American Society of Hispanic Economists

Hispanic Household Economic Decisions (joint session with NEA)

Paper Session - Friday, Jan. 6, 2017; 10:15 AM– 12:15 PM
Hyatt Regency Chicago, Atlanta
Chair: Joseph Guzman, Michigan State University
Discussants: Andres Vargas, Purdue University; Pia Orrenius, Federal Reserve Bank of Dallas; Alfonso Flores-Lagunes , Syracuse University; William A. Darity, Jr., Duke University

- Determinants of Private Health Insurance Coverage Among Mexican-American Women, 2010-2014;
  by Richard Santos, University of New Mexico, David van der Goes, University of New Mexico
- Understanding the Racial/Ethnic Gap in Bank Account Ownership Among Older Adults;
  by Luisa Blanco, Pepperdine University, Emma Aguila, University of Southern California, Marco Angrisani , University of Southern California
- How Children With Disabilities Affect Household Investment Decisions;
  by Vicki Bogan, Cornell University, Jose M. Fernandez, University of Louisville
- Consumption Smoothing and Frequency of Benefit Payments of Cash Transfer Programs;
  by Emma Aguila, University of Southern California, Arie Kapteyn, University of Southern California, Francisco Perez-Arce, RAND Corporation

Stratification: Impact of Race, Gender and Ethnicity on Labor, Migration and Crime (joint session with NEA)

Paper Session - Saturday, Jan. 7, 2017; 2:30 PM– 4:30 PM
Hyatt Regency Chicago, Wright
Chair: Miesha J. Williams, Morehouse College
Discussants: Conrad Miller, University of California-Berkeley, Ngina Sayini Chiteji, New York University, William A. Darity, Jr. , Duke University, Jose G. Caraballo, University of Puerto Rico-Cayey

- Acculturation and the Labor Market in Mexico;
  by Javier Cano-Urbina, Florida State University, Patrick Mason, Florida State University
- How Does Crime Affect Migration? Evidence of the Recent Mexican Crime Wave,
  by Luisa Blanco, Pepperdine University, Isabel Ruiz , Harris Manchester College and University of Oxford, Carlos Vargas-Silva , University of Oxford
- Does a Rising Tide Lift All Boats? Occupational Segregation of Black Men and Women Over the Business Cycle;
  by Charles L. Betsey, Howard University
- Gender Inequality: The Intersectionality of Race, Ethnicity and Gender
  by Wifag Adnan, Zayed University

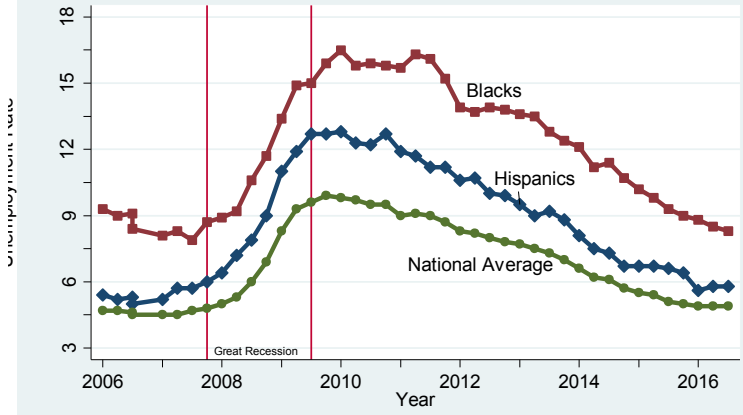
*All ASSA sessions open to everyone, please come, especially to ASHE reception and business meeting

A Decade of Hispanic Employment Outcomes: 2006-2016

Marie T. Mora and Alberto Dávila*

In 2016, Hispanic unemployment rates fell to their lowest levels before the Great Recession started (5.6% in the first quarter, and 5.8% in the second and third quarters).[1] The decline continued a general pattern, as seen in Figure 1. After reaching its high during the past decade of 12.8% in the first quarter of 2010, Hispanic unemployment rates generally fell and then stabilized between the third quarter of 2014 and the fourth quarter of 2015. Still, despite this decline, Hispanic unemployment in 2016 had yet to return to the rates observed in 2006.

Figure 1: U.S. Quarterly Unemployment Rates
QI 2006 - QIII 2016



Source: Authors' use of seasonally-adjusted BLS data. See Footnote 1 for details.

Compared to national average and African American unemployment rates, the evidence is mixed. While the unemployment rate of Hispanics is lower than that of Blacks in recent times, it is still above that of the overall unemployment rate. That said, the Hispanic unemployment rate has shown a slight relative improvement to the overall rate, which narrowed their gap with the national average. The Black unemployment rate also declined from its peak of 16.5 percent in the first quarter of 2010, and has fallen steadily since then, reaching its lowest rate in the third quarter of 2016 (8.3%) in nearly a decade.

Clearly, these observations must be tempered by the corresponding trends in the labor force participation rates (LFPR) of these groups, to account for potential added and discouraged worker effects. In particular, as Figure 2 shows, the LFPR of Hispanics had generally been falling since the Great Recession up until mid-2012; since then, they have been relatively stable, hovering around the 66 percent mark. These LFPRs remain approximately three-percentage points below its peak during the decade of 69.1 percent in the first quarter of 2007.

The decline in the LFPR is more dramatic when the population at large is considered, as Figure 2 shows. In this light, Hispanics have not comparatively had the declines of that of the national average. At 62.9% in the third quarter of 2006, the national average was 3.4 percentage points below its peak in the past decade

* *Marie T. Mora is Professor of Economics at The University of Texas Rio Grande Valley, and a past President of ASHE; Alberto Davila is Professor of Economics at The University of Texas Rio Grande Valley, and Immediate Past President of ASHE.*

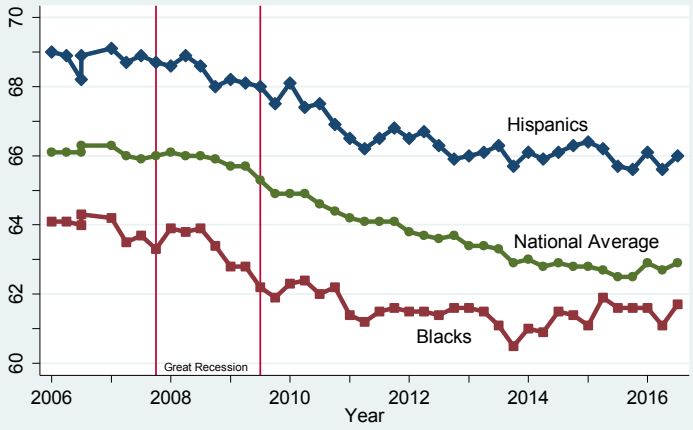
[1] The labor force statistics discussed here were downloaded from the Bureau of Labor Statistics website (www.bls.gov) during December 2016. Unless otherwise noted, these statistics are seasonally adjusted. Because the BLS treats ethnicity separately from race, Hispanics can be of any race, and the statistics for Blacks do not exclude Black Hispanics.

(66.3% in the fourth quarter of 2006 and first quarter of 2007). The relatively sharp declines among the national LFPRs meant that its gap with Hispanics widened during this time, particularly since 2012.

Compared to Blacks (who have the lowest LFPRs of the three groups shown), Hispanics have not fared as well with respect to the LFPR declines since 2006. In the third quarter of 2016, the Black LFPR of 61.7% was 2.6 percentage points below its high during the decade of 64.3% in the fourth quarter of 2006.

Regardless, while all the groups in question experienced a decline in unemployment rates in recent times, these declines occurred when LFPRs were also falling. This signals the presence of discouraged worker effects in explaining part of the recently falling unemployment rates.

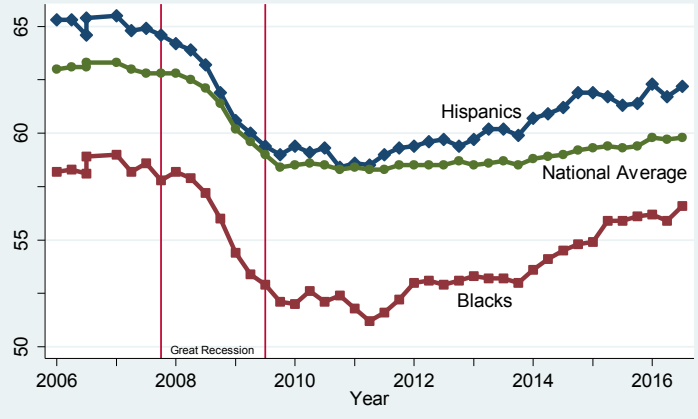
Figure 2: U.S. Quarterly Labor Force Participation Rates
QI 2006 - QIII 2016



Source: Authors' use of seasonally-adjusted BLS data. See Footnote 1 for details.

This point is further emphasized when considering the employment/population ratios (EPRs) of these groups over the last 10 years. As seen in Figure 3, the EPRs fell sharply for the three groups, especially Hispanics and Blacks, during the Great Recession; this has been discussed in previous reports in this Outlook. Throughout most of the 2000s, Hispanics had higher EP ratios than the national average, but the relatively acute deterioration in their employment rates during and shortly after the recession narrowed this gap, essentially reaching parity during, and shortly after, the recession.

Figure 3: U.S. Quarterly Employment/Population Ratios
QI 2006 - QIII 2016

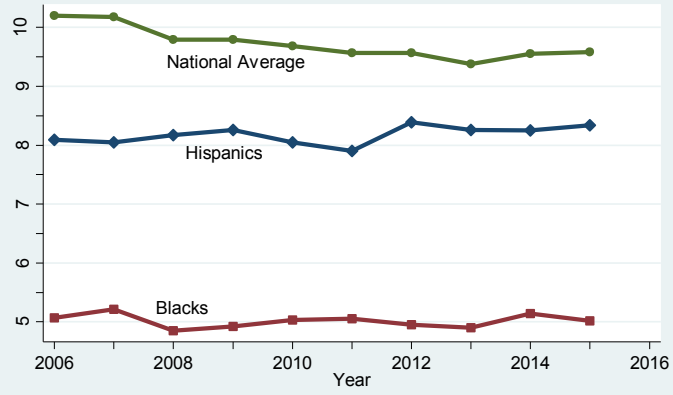


Source: Authors' use of seasonally-adjusted BLS data. See Footnote 1 for details.

They continued falling after the recession ended, reaching their lows of 58.4% among Hispanics in the fourth quarter of 2010, and 51.2% among Blacks in the second quarter of 2011. They have generally been recovering since then, reaching their highest rates in 2016 since the recession (62.5% among Hispanics in the first quarter, and 56.6% among Blacks in the third quarter). Still, they remain well below their pre-recession highs of the past decade (65.5% and 59.0%, respectively, both in the first quarter of 2007). These patterns support the view that the 2016 labor market has yet to achieve the strength it had some 10 years ago.

Another aspect of labor market strength (or weakness) can be gauged by self-employment rates. Between 2006 and 2015 (the most recent year for which we have data available),[2] as Figure 4 indicates, Hispanic self-employment rates tended to rise during the nine-year period; at 8.3% in 2015, this rate was significantly higher than the 8.1% self-employment rate in 2006. The general increase occurred despite a relatively sharp decline at the end of the Great Recession (at which time, Hispanic self-employment rates fell from 8.3% to 7.9% between 2009 and 2011). In some of our previous work (Dávila and Mora 2013), we observed a rising self-employment tendency among Hispanics in the first decade of the 2000s; it appears this was temporarily halted after the Great Recession, but has since been restored. We also found that much of this increase in self-employment propensities was driven by Mexican immigrants (particularly women). The declining presence of immigrants among the Hispanic population in recent years (e.g., López and Patten 2015), in conjunction with the slow labor market recovery after the Great Recession, may explain the temporary decline in Hispanic self-employment.

Figure 4: U.S. Self-Employment Rates
2006 - 2015



Source: Authors' use of ACS data in the IPUMS. See Footnote 3.

Despite this temporary decline, Hispanic self-employment continues to go against national trends. For much of this time period, self-employment rates fell among workers in general (falling from a high of 10.2% in 2006 to a low of 9.4% in 2013), and remained relatively flat among Blacks, hovering around five percent for much of this period.

On a cautionary note, our previous findings further indicated that much of the Hispanic entrepreneurial growth occurred in microenterprises, suggesting that this type of employment resulted more from self-employment "push" rather than "pull" factors. Additional in-depth empirical analyses will be necessary to determine if this continues to be the case.

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Ruggles, Steven, J. Trent Alexander, Katie Genadek, Ronald Goeken, Matthew B. Schroeder, and Matthew Sobek. 2016. *Integrated Public Use Microdata Series: Version 5.0* [Machine-readable database]. Minneapolis: University of Minnesota. www.ipums.org.

[2] Our analysis of self-employment rates is based on 2006-2015 data from the pubic-use microdata samples of the American Community Survey (ACS), made available by Steven Ruggles and his colleagues (2016) in the Integrated Public Use Microdata Series (IPUMS). We focus on civilians ages 16 and above who were in the labor force. Our results do not include the Commonwealth of Puerto Rico.

The Affordable Care Act, Employed Mexican Americans, and Private Health Insurance Coverage

David van der Goes and Richard Santos*

In the United States, the lack of health insurance coverage among Hispanics is striking; about 27 percent of the Hispanics age 19-64 were not covered in 2015 by either private or public insurance as compared to 17 percent of blacks and 11 percent of whites (Barnett & Vornovitsky, 2016). Mexican Americans are the largest group in the Hispanic population and account for about 2 in every 3 Hispanics residing in the U.S (López, 2015). Mexican Americans have the most unfavorable health insurance coverage of any population group in the nation; one in every 3 Mexican Americans age 64 years and under did not have health insurance coverage in 2012 (Centers for Disease Control and Prevention, 2012). Nearly a fourth of the nation's 46.7 million uninsured population in 2013 were Mexican Americans (López, 2015).

Using a national sample of employed adults age 18-64 from the 2012-2015 National Health Interview Survey (NHIS),[3] we estimate that 48 percent of Mexican American men and 55 percent of Mexican American women have private health insurance in comparison to about 80 percent of Non-Hispanic workers. Mexican American men in 2014 had comparable employment/population ratios and Mexican American women less so relative to white workers (Bucknor, 2016). Once employed, Mexican Americans are one of the least likely group of workers to be covered by private health insurance. Our current research seeks to identify the major determinants that contribute to the gap in the rate of private health insurance coverage (insurance obtained through the workplace or individual purchased insurance) among employed Mexican Americans men and women as compared to other non-Hispanic workers[4] before and after the implementation of key provisions of the Affordable Care Act (ACA) in 2010. We concentrate exclusively on the impact of the ACA on private health insurance because employers have historically been the major source of health insurance for workers and their families (Barnett & Vornovitsky, 2016). Furthermore, the employer mandate provision of the ACA underscores the important role of the private sector in providing health insurance coverage to millions of Americans.

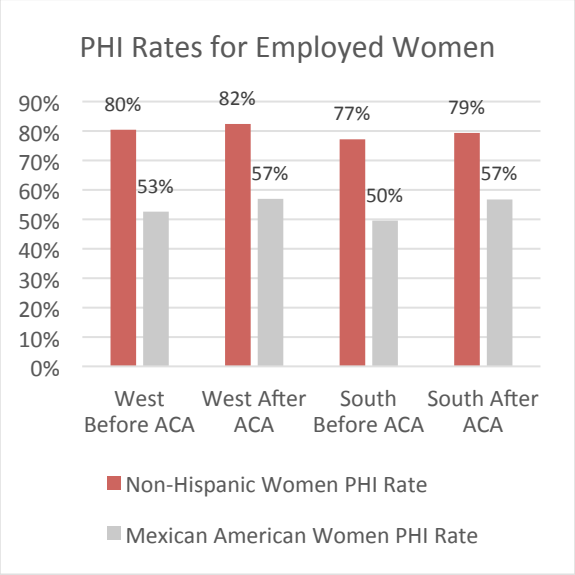
The Integrated Health Interview Survey (IHIS) version of the National Health Interview Surveys (HIS) is the data source for our research (Minnesota Population Center State Health Access Data Assistance Center, 2016). To study the determinants of private health insurance for Mexican Americans, we use a non-linear Blinder-Oaxaca decomposition to illustrate the contributing factors to the coverage gap. Additionally, sub-group decompositions care performed to investigate changes in disparities before and after implementation of major provisions of the Affordable Care Act.

For Mexican American men, the results of the decomposition analysis showed that family income relative to the Federal Poverty Level (FPL), education, language, and being foreign born are the major determinants that explain nearly 90 percent of the PHI gap between Mexican Americans and other non-Hispanics. These identical determinants (except for being foreign born) explained 80 percent of the PHI disparity gap of Mexican American women. Income relative to the FPL is the dominant contributing explanatory variable to the disparity gap in private health insurance for Mexican Americans, irrespective of gender. The results show

[3] We use the IPUMS Integrated Health Interview Series (IHIS) version of the NHIS.
[4] Our two groups are working Mexican Americans 18 to 64 and working non-Hispanics age 18 to 64.

that nearly all of the private health insurance coverage gap among employed Mexican American women and other non-Hispanic workers is attributable to differences in income and other human capital characteristics such as education and language.

Figure 1: PHI Rates for Employed Men and Women



These findings suggest that the current provisions of the ACA may be insufficient to increase the private health insurance coverage of Mexican American in the workplace, given their disadvantaged socioeconomic status. Focusing on the Southern and Western regions of the United States (more than 85 percent of Mexican Americans live in these two regions), we calculate that after ACA implementation the private health insurance rate for working Mexican Americans rose modestly – Figure 1. Among Mexican Americans, the private health insurance coverage rose by 5 percentage points for men and 7 percentage points for women, while the coverage rate of working non-Mexicans increased by about 2 percentage points; the PHI gap decreased but the decomposition results are essentially identical before and after the Medicaid expansion under the ACA. Despite the increase in private health insurance coverage for Mexican Americans, it was still only 51 and 57 percent for men and women respectively – in both the South and West regions. Our results support the existence of a ceiling for Mexican American's private health insurance coverage rate under the ACA. We conclude that the ACA is incapable of closing the private health insurance coverage gap among workers with lower socioeconomic status and educational attainment. The next steps in this research are to explore how the gap will change as newer data, in a post-ACA political environment, become available.

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With ACA and without ACA: What is next for Children of Latino Immigrants' use of Healthcare and Health Outcomes

Monica Garcia-Perez*

In the United States, the lack of health insurance coverage among Hispanics is striking; about 23 percent of the Hispanics age 19-64 were not covered in 2015 by either private or public insurance as compared to 17 percent of blacks and 11 percent of whites (Barnett & Vornovitsky, 2016). Mexican Americans are the largest group in the Hispanic population and account for about 2 in every 3 Hispanics residing in the U.S (López, 2015). Mexican Americans have the most unfavorable health insurance coverage of any population group in the nation; one in every 3 Mexican Americans age 64 years and under did not have health insurance coverage in 2012 (Centers for Disease Control and Prevention, 2012).

Nearly a fourth of the children of immigrants tend to visit the doctor less frequently than the children of US natives. This, as a standalone statement may sound positive. However, when we combine it with the fact that the low frequency is due to having not visited the doctor at least once in a year, we understand that the low usage of care could be most likely due to lack of access to care than to a positive reason such as good health. As expected, children outcomes are generally influenced by their family income, structure, work schedule, health insurance status, and any additional benefit or cost faced by their parents. In the case of children of immigrants, there are other elements that would affect their development and behavior towards health. Regardless of their place of birth, children of immigrants are influenced by additional unique factors such as: parents' legal status, cultural assimilation, and language barriers. All these added barriers would usually dissipate with the passage of time and access to information.

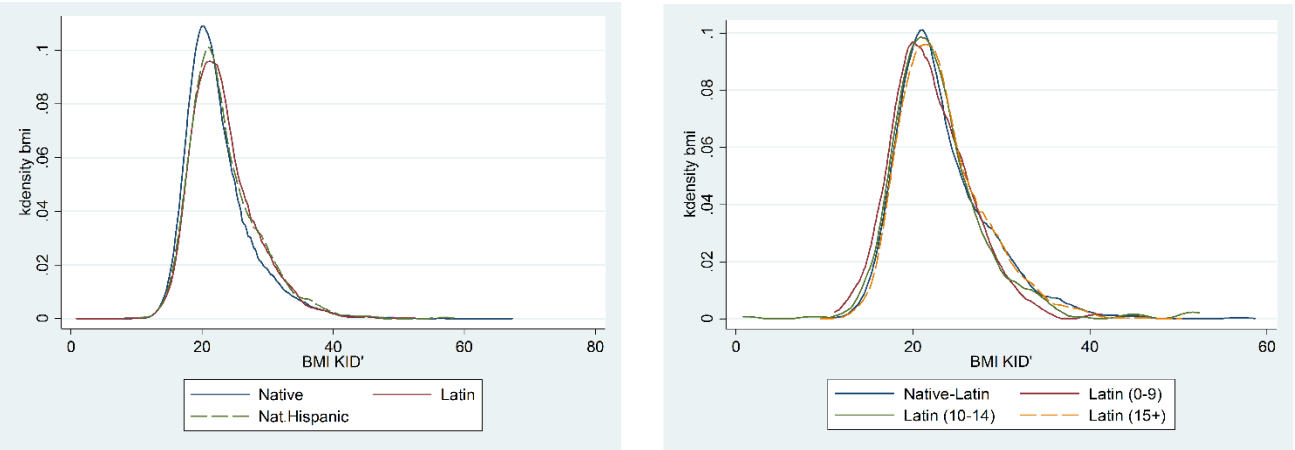
During the transition towards the implementation of the Affordable Care Act (ACA), families with citizen kids and immigrant parents were defined as mixed-status families. With ACA, healthcare coverage and eligibility are connected to families' tax records. Although it varies by state, only citizens and lawfully present immigrants are eligible to buy insurance and get tax-credit subsidies in the healthcare marketplace created under this law. Meanwhile, dreamers (DACA and DAPH) and undocumented immigrants are excluded. Although parents can apply for their eligible kids without having to offer information about their own immigration status, when a family receives a subsidy or participates in the market, they need to provide either their SSN or proof that the minor is eligible, and proof of income (ITIN information would not apply). Several organizations have been offering informational services to these families because of the complexity of the process and its timeline. Healthcare coverage is still a complicated process that confuses many people. Addressing the eligibility of their kids becomes more cumbersome for families who already move within informal labor markets. In particular, immigrants with limited information health-care policies, or immigrants who have a tendency to stay away from federal and state services owing to fear of deportation, are not likely to follow the process regarding an individual's proof of eligibility via tax return forms or other documents. In addition, recent immigrants have little knowledge about the mechanism behind local institutions, language, and forms. Even if they have resided in the country for more than 5 years, these difficulties would also apply to parents who are undocumented or poor.

* Mónica García-Pérez is an Associate Professor at Department of Economics at St. Cloud State University

Overall, children are more likely to have health insurance when their parents are also insured. As noted, for children of immigrants there are other factors limiting their access to resources. If a kid's parent is a non-citizen or undocumented immigrant, the child is more likely to be uninsured, even if the (s)he was born in the US. Among children of Latino families, 61% have non-citizen parents, while more than 80% of these kids are US born. Compared to other immigrant groups, Latinos have higher relative proportions of non-citizen parents with citizen kids. For this reason, Latinos are one of the most vulnerable populations regarding coverage and access to healthcare, even after the implementation of the ACA. As of 2014, more than 40% of the parents of Latino children lacked coverage and almost 60% did not have a usual place of care. In general, this trend of lacking preventive care and access to healthcare would affect not only immigrant kids but also citizen children who after ACA became eligible for healthcare coverage and resources.

Following the literature on evaluating health trends and outcomes, I look at children of Latino immigrants' BMI, coverage and use of care, and frequency of doctor visits to analyze relevant patterns in this population. I separate children of Latino immigrants by their parental arrival cohort (0-9 years, 10-14 years, and 15+ years) and include children of Latino native parents as a comparison group in addition to children of native parents. Children of Latino immigrants tend to look more similar, in terms of BMI levels, to kids of native Latinos than to natives overall (Figure 1, left side graph). This may sound obvious, given the similarities that exist between these groups in terms of culture and features. The right side graph of Figure 1 shows the same distribution but it separates children of Latino immigrants the years their parents have resided in the country. The longer their parents have lived in the US, the closer their distributions are to their counterparts with native Latino parents - especially around BMI levels that would identify kids as overweight/obese. Kids of newly arrived Latinos have on average lower BMIs compared to those whose parents have resided longer in the country.

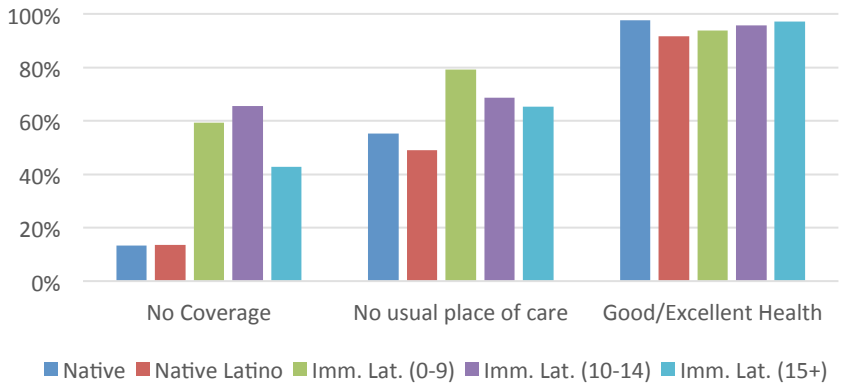
Figure 1 Kid's BMI distribution for children of native, native Hispanic and Latino immigrant parents.



Many researchers have studied the observed convergence of immigrant adults' health outcomes towards to their native counterparts, but we know little in this regard about children of immigrants. The simple distribution I show here gives us a clue on whether this trend also happens among children of immigrants. In a unique way, it seems that kids' outcomes would converge to their native counterparts. Yet, the convergence towards 'similar' native groups needs to be compared in other terms such as access and utilization of care.

Figure 2 offers a comparative view of coverage and access to health among groups. Children of Latino immigrants are almost 4 times more likely to lack healthcare coverage, and not having a usual place of care is more common among children of Latino immigrants. Nevertheless, these odds are reduced the longer their parents have resided in the country. This trend could be explained by the learning process that families need to go through so they finally have a better understanding on how to use available services for their kids. The difference among groups, however, is not significant regarding their kids' perceived health levels. Without further analysis, we cannot tell if time is also a factor that changes parental perception towards health outcomes versus actual health status.

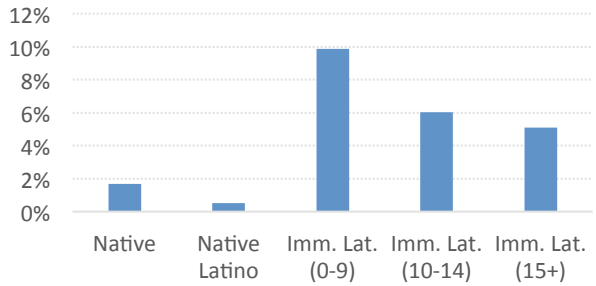
Figure 2 Children of native, native Latinos, and immigrant Latinos: Coverage, Usual Place of Care, and Health Status.



Source: Author's calculation using IHIS (2008-2014).

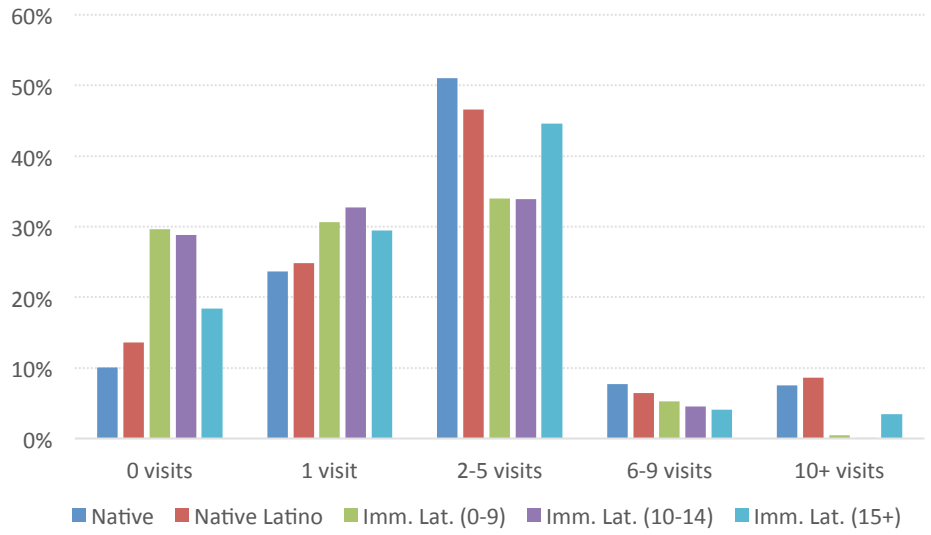
If we look deeper, among the kids reporting having a usual place of care, some of them would report using outpatient and/or ER services as their regular care (Figure 3). The proportions are significant among children of recently arrived Latino immigrants compared to the rest. The use of this services for preventive care is inefficient for both the patient and the system. The cost of an ER visit is five to ten times higher than a typical doctor visit. However, the reasons behind the use of this expensive care as preventive or usual care are not clear yet. A combination of lack of typical preventive care and parental immigration status could be part of what explains it.

Figure 3 Children of native, native Latinos, and immigrant Latinos: Having as Usual Place of Care Outpatient in Clinic and Hospital or ER Visits.



Despite the reported gaps in coverage and usual place of care among groups, we could still assume that families, given the priorities they may give to their kids' health, would decide to regularly take their kids to the doctor for at least an annual wellbeing check-up and/or urgent care. So, if our assumption were right, we should see them using the system similarly to native groups. Figure 4 shows the frequency of doctor visits across groups. At first sight, we can identify the large gap in doctor visits between children of immigrants and children of natives. Despite the general medical recommendation that children have at least one annual check-up, it is significantly more common for children of immigrants to have not visited the doctor in one year. The average kid of natives visits the doctor 2 to 5 times a year. The literature has not provided an optimal number of doctor visits for kids, but it possible that natives may be overusing the system because they have access to less costly services while immigrants may be underusing them because of legal and informational barriers and costs.

Figure 4 Children of native, native Latinos, and immigrant Latinos: Doctor Visits.



Source: Authors calculation using IHIS (2008-2014).

Given the complexity of the system, the Affordable Care Act may not be able to change the trends of the Latino immigrant population unless stronger efforts are in place to directly address the informational gap that exist among adult immigrants, especially those who have recently arrived and those who are undocumented. It is unlikely, however, that this will be part of a health-policy discussion that would be taking place in the following years. The fate of the Affordable Care Act is uncertain. For the next years, the conversation would probably concentrate on whether to repeal it or to change portions of the Act. We can easily expect that the preventive care and educational emphasis in the current law would lose priority, as well as the relevance of addressing the issues of vulnerable populations such as children of Latino immigrants, resulting in probably worse outcomes than the ones documented in this article. We need to keep analyzing these trends, be informed of current changes, and wait and see what will become of ACA.

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Access to financial Services and the Wellbeing of Middle Aged and Older Hispanics in the United States

Luisa Blanco*

According to statistics from the 2015 National Survey of Unbanked and Underbanked Households of the Federal Deposit Insurance Corporation unbanked rates are much higher for minorities (FDIC, 2016). While the unbanked rate among White households was 3%, Black and Hispanic households have unbanked rates of 18% and 16%, respectively (FDIC, 2016). The racial and ethnic gap in bank account ownership is much higher among the middle aged and older population. Data from the Health and Retirement Study (HRS) shows that in 2012, households with a White financial respondent have an unbanked rate of 11%, while households with a Black and Hispanic financial respondent have an unbanked rate of 39% and 50%, respectively (Aguila et al. 2016).[5]

While there has been extensive work on the determinants of access to financial services among minorities that focus on Hispanics (Barcellos et al., 2012; Bohn and Pearlman, 2013; Rhine and Greene, 2006; among others), work that studies the access to financial services and the wellbeing of middle age and older Hispanics in the United States has been scant. Studying middle aged and older Hispanics is important since they are more likely to be foreign born and have different levels of acculturation than the younger Hispanics, which consequently relates to their participation in the formal financial sector and their financial behavior. Through a pilot study funded by the National Institute of Health/National Institute of Aging (NIH/NIA) we aim at filling this gap in the literature.[6] We conducted quantitative and qualitative analyses to develop a better understanding of the determinants of access to financial services and the impact of access to finance on the wellbeing of older minorities, with a focus on Blacks and Hispanics. We used data from the HRS to empirically study what are the economic, cultural, and psychological barriers towards bank account ownership facing middle aged older Blacks and Hispanics (Aguila et al, 2016a). We also study the relationship between bank account ownership and health outcomes using the HRS data (Aguila et al., 2016b). We collected qualitative data from focus groups using a convenience sample in Los Angeles area to study the use of financial services and saving behavior among middle older African Americans and Hispanics (Blanco et al., 2015). The discussion here focuses on the results from these studies that are specific to Hispanics.

In Aguila et al. (2016a), we use HRS data during the period 2000-2012 to study the determinants of bank account ownership and find that after controlling for socio-economic status (SES) and demographic

* *Luisa Blanco is Associate Professor at Pepperdine University School of Public Policy and the current president at ASHE.*

[5] In the HRS the financial respondent is assigned to the person in the household who is most knowledgeable of the household finances. Households are considered unbanked in the HRS as those individuals who answer no to the question "Do you [or your husband/wife/partner] have any checking or savings accounts or money market funds?" HRS is representative for the population 51 and older. Please refer to Aguila et al. (2016a) for more discussion on the HRS data.

[6] The pilot study "Financial exclusion and the wellbeing of minority elders in the United States" was funded from the University of California, Los Angeles, Resource Centers for Minority Aging Research Center for Health Improvement of Minority Elderly (RCMAR/CHIME) under NIH/NIA Grant P30-AG021684, and *NIH/NCATS UCLA CTSI Grant Number UL1TR001881.*

characteristics, Hispanics are less likely than Whites to own a bank account by 18 percentage points.[7] We find that the racial/ethnic gap is reduced by 50 percent for Hispanics when we add to our model other variables that account for important barriers/facilitators to bank account ownership (asset ownership, health, cognition, nativity status, taste for privacy, language skills, and neighborhood characteristics), where Hispanics are less likely to own a bank account than Whites by 9 percentage points. We find that lack of English proficiency is the factor contribution the most to the gap, where language accounts for 6 percentage points. We also find that wealth is an important determinant of bank account ownership among Hispanics. While Hispanics with wealth above or equal to the median are less likely to own a bank account than Whites by 5 percentage points, Hispanics with wealth below the median are less likely to own a bank account than Whites by 10 percentage points (difference across these groups is statistically significant).

Using data from the HRS during the period 2010-2012 to also explore the relationship of bank account ownership with health outcomes among middle aged and older individuals, we find that bank account ownership is associated with a positive effect on mental health for Hispanics (Aguila et al. 2016b). We also find that for Hispanics in less well-off neighborhoods ownership of a bank account is associated with greater mental-health benefits.[8]

We complement our quantitative data analyses using the HRS with a qualitative data analysis to better understand the barriers that middle aged and older Hispanics face for bank account ownership and the impact of bank account ownership on their wellbeing. In Blanco et al. (2015) we collected data through focus groups conducted in Los Angeles area.[9] In this study we analyzed qualitative data from 42 low and middle income Hispanics and find that lower income older Hispanic participants were less likely to own a bank account than middle income older Hispanics and African Americans. We find that behavioral and cultural factors are important explaining the lack of bank account ownership among lower income older Hispanic participants, where distrust in banks and perceptions about the required minimum balance and bank fees kept them from opening an account. We also find that most study participants did not have significant savings and/or an emergency fund and were unprepared to face unexpected health expenses that are not covered by Medicare and Medi-Cal.

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[7] Our sample includes individuals who are 51 to 90 years old. We exclude 91 and older individuals who have higher incidence of impairments, which is likely to result in higher likelihood of being unbanked. We use the race and ethnicity of the financial respondent in the household, we also explore spousal peer effects, where we consider the race and ethnicity of the spouse as well. Please refer for Aguila et al. (2016a) for a discussion on spousal spillover effects on bank account ownership

[8] It is important to note that Aguila et al (2016a, 2016b) are preliminary in their attempts to uncover a casual link. Refer to Aguila et al (2016a, 2016b) for more discussion on this.

[9] While we used a convenience sample in this study and cannot claim that our findings apply to the entire population, this exploratory work provides relevant information that can be used for the design of national surveys and to inform policy makers on potential issues that should be explored in more detail in order to reduced unbanked rates among minorities.

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2016-2017 Hispanic Economic Outlook Committee Members

Luisa Blanco
President of ASHE and
HEO Committee Co-Chair and
Associate Professor
School of Public Policy
Pepperdine University
24255 Pacific Coast Hwy.
Malibu, CA 90263
(310) 562-2364; fax (575) 562-2252
lblanco@pepperdine.edu
Areas of specialty: Economic Development; International Economics, Latin America

Alberto Dávila
Professor of Economics
Department of Economics and Finance
The University of Texas Rio Grande Valley
Edinburg, TX 78539
(956) 665-3315; fax (956) 665-5020
Alberto.Davila@utrgv.edu
Areas of specialty: Hispanic Entrepreneurship; Hispanic Labor Markets

Mark Hugo López
Director
Pew Research Center Hispanic Trends Project
1615 L Street NW, Suite 700
Washington, DC 20036
(202) 419-3617
mlopez@pewresearch.org
Areas of specialty: Civic Engagement; Hispanic Youth; Economics of Education

Marie T. Mora
Professor of Economics
Department of Economics and Finance
The University of Texas Rio Grande Valley
Edinburg, TX 78539
(956) 665-7913; fax (956) 665-5020
Marie.Mora@utrgv.edu
Areas of specialty: Hispanic labor markets; Hispanic social mobility outcomes

Isabel Ruiz
HEO Committee Co-Chair and
Official Fellow in Economics
Harris Manchester College
University of Oxford
Oxford, OX1 1HY
United Kingdom
+44(0)1865 271026
Isabel.ruiz@economics.ox.ac.uk
Areas of specialty: International Economics/Development; Capital Flows; Migration Issues; Latin America

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