



Hispanic Economic Outlook

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About the HEO 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. 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 U.S. Hispanic communities and the nation as a whole; and
3. Engaging more Hispanics to effectively participate in the economics profession.

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Letter from the Editor

Hispanics are one of the fastest growing demographic groups in the country. As such, their importance for the U.S. economy is critical. In this issue of the Hispanic Economic Outlook by the American Society of Hispanic Economists we focus on recent labor market trends surrounding the outcomes of Hispanics. We include four different short articles that highlight changes in the occupational choices and skills of the Hispanic population in the United States.

The first article, written by the author, documents the changes in the composition of self-employed individuals in America. While the rate and number of native-born Americans engaging in self-employment activities has been in decline, immigrant entrepreneurship has grown. In part, this pattern is a result of the increase in self-employment rates among (foreign-born) Hispanics. In the aggregate, the average entrepreneur is more likely to have some college education today than two decades ago, although this does not seem to hold for all groups. Policies aimed at fostering entrepreneurship in the U.S. should consider the outcome variation observed across demographic groups to maximize the likelihood of achieving their end goal, encouraging job creation.

Fernando Lozano, at Pomona College, contributes with an article that shows how internal mobility within the U.S. differs by ethnicity. He shows that Latinos tend to have lower internal mobility than non-Latinos, especially individuals who were born abroad, are younger, and have lower schooling levels. He argues that the lower mobility could be a result of internal immigration enforcement as some Latinos might be undocumented. According to the author, less mobility could hinder access to better job opportunities.

A third piece, by Chunbei Wang and Le Wang, highlights the observed increase in self-employment among undocumented Hispanic immigrants. They associate it with a shift towards necessity entrepreneurship, driven by adverse labor market conditions and policy constraints. The phenomenon raises concerns about the quality and sustainability of these entrepreneurial ventures, emphasizing the need for a better understanding of the motivations behind self-employment in this community.

Lastly, Camila Morales and Daniel Vargas explore changes in the high school completion rate among young Hispanics in the US over the past two decades. They show substantial gains in the percentage of Latinos with at least a high school degree, nearly 90 percent by 2020, and narrowing disparities between Hispanics and other race-ethnic groups.

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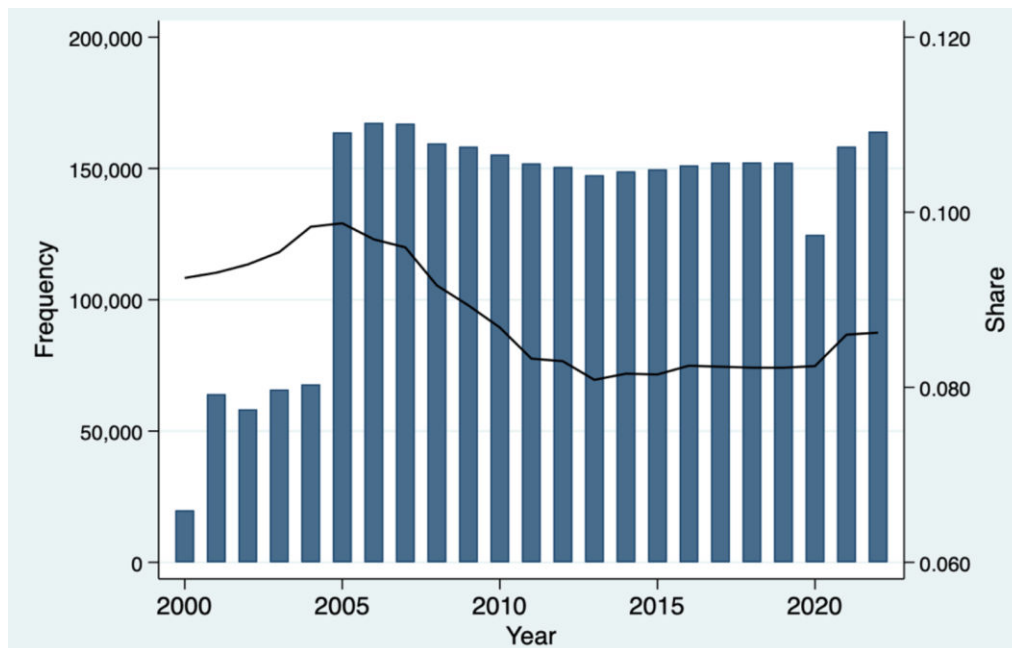
Entrepreneurship Trends in the United States

Alejandro Gutierrez-Li, Ph.D.
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Entrepreneurship has long been seen as an engine of growth. At the individual level, successful businesses can lead to high earnings, as well as allow individuals to be their own boss. At the aggregate level, certain types of self-employment can spur innovation, job creation, and hence economic growth. Despite its benefits, deciding to become self-employed carries costs, like raising capital to carry out a business idea or giving up benefits normally associated with wage work like health insurance at cheaper rates. Most importantly, opening a business can be risky, as income volatility is higher than in salaried occupations. In this context, there is usually a bimodal distribution of self-employed individuals. On one hand, there are high capital high earnings entrepreneurs. These are usually the ones touted in the press, like owners of large-scale corporations. At the other end of the spectrum, we find people whose skills are not as valued in the wage marketplace. Such individuals are usually "forced" into self-employment activities out of necessity.

One concern among policy makers is that the self-employment rate has not increased well above 10% in the last two decades. As shown in Figure 1, the share of Americans reporting being self-employed peaked around 2005, when it was about 10%. Between that year and 2011 there was a decline in the share, which has remained relatively steady since then, hovering around 9%.

Figure 1. Self-Employment in the United States: 2000-2022

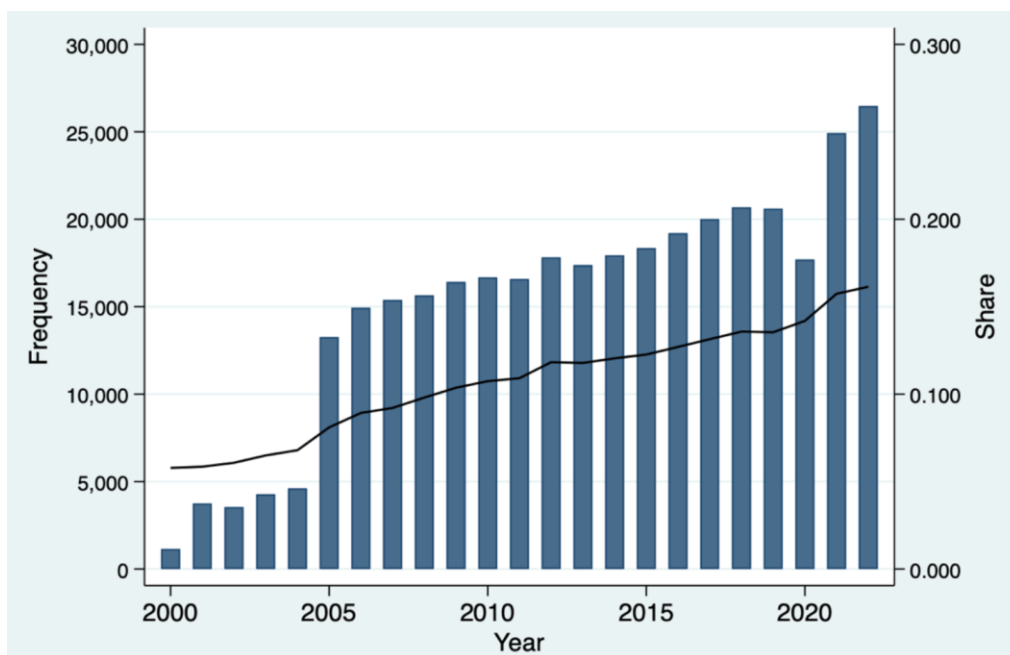


Notes: Data from the American Community Survey. The bars represent the number of self-employed individuals while the line shows their share in the sample.

The relative stagnation of the self-employment share in the U.S. masks key trends among different demographic groups. First, there has been a decline in self-employment among the native-born. At the same time, the opposite has happened for the foreign-born population. Prior work has documented the higher rates of entrepreneurship among immigrants. Explanations for this pattern (which has also been observed in other countries) vary. Emigrating to another country is a risky decision, usually driven by so-called push factors (like limited opportunities or political turmoil in the homeland) and pull factors (ambition or higher quality jobs abroad). Less risk aversion, a trait associated with emigrating, has also been positively linked to starting a business. Studies have shown that immigrant entrepreneurs in the United States are more likely to have been drawn from the pool of immigrants that were self-employed in their origin countries (Gutierrez-Li, 2024). On the other hand, in the case of Mexicans, having a small business in Mexico has been associated with a lower probability of leaving to the U.S. (Gutierrez-Li, 2022).

The increase in immigrant entrepreneurship in the United States, which has countered the decline in self-employment among the native-born, has been driven in part by a rise in business formation among Hispanics. In the span of slightly more than two decades, the share of self-employed individuals reporting to be Hispanic went from less than 5% in 2000, to more than 15% in 2022 (Figure 2). In part, this change is a result of the increase in immigrant entrepreneurship among individuals coming from Latin American countries, as opposed to a rise in self-employment among native-born Hispanics.

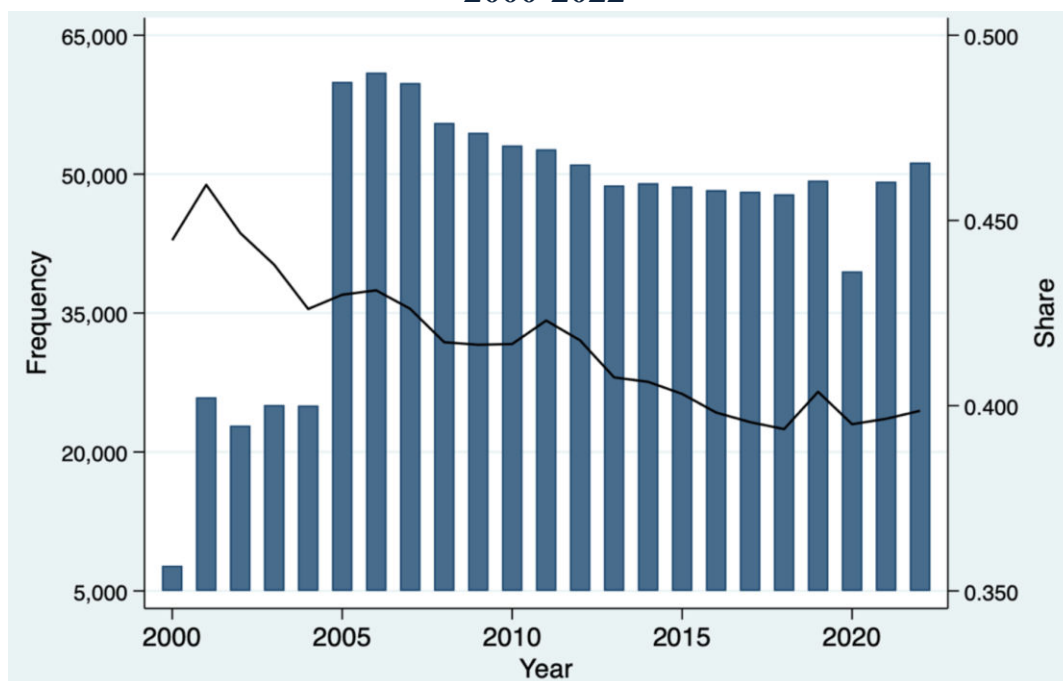
Figure 2. Hispanics in Self-Employment in the U.S.: 2000-2022



Notes: Data from the American Community Survey. The bars represent the number of self-employed Hispanics in the sample while the line shows their share among the self-employed.

Information regarding the schooling levels of the self-employed varies by source. Data from the American Community Survey (Figure 3) shows that there has been somewhat of a decline in the self-employment rates among individuals without a college degree. In other words, the self-employed in America in recent years were more likely to have at least some college education, as 60% did in 2022. Since having a college degree usually grants individuals access to good salaried jobs, the pattern could indicate that new business formation is associated with more lucrative opportunities than subsistence self-employment.

Figure 3. Self-Employment Among the Non-College Educated in the U.S.: 2000-2022



Notes: Data from the American Community Survey. The bars represent the number of self-employed individuals with at most 12 years of completed schooling, while the line shows their share relative to all the self-employed in the sample.

Conclusions

Entrepreneurship is normally touted as an engine of economic growth. To design policies to encourage workers to open businesses, it is necessary to know who is more likely to become self-employed and why. In the U.S., the last two decades have witnessed a decline in the self-employment probabilities among the native-born, but the opposite has been observed for immigrants. Evidence has shown that occupational choices and employment probabilities can be persistent across borders (Gutierrez-Li, 2025), which suggests that there is room for immigration policies to play a role. In recent weeks, President Trump announced proposed creating a "gold visa", which would replace the existing EB-5 program that allows individuals to eventually obtain permanent residency (a green card) based on investments in the U.S. This idea has brought new light to an area of the immigration system that has not been prioritized by the country before:

entrepreneurship. Unlike other developed countries, the U.S. does not have a streamlined immigrant entrepreneurship visa. The legal routes to come to the country prioritize family reunification as opposed to skills or economic considerations. The patterns described in this paper (that immigrants are more likely to become entrepreneurs in the U.S., that the average schooling levels of the self-employed have risen, and that Hispanics are more likely to engage in self-employment activities than non-Hispanics) suggest that policies aimed at fostering entrepreneurship in the U.S. should take into account nativity status, educational levels, and ethnicity.

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Latinos in the United States and Internal Migration

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Introduction

It is not uncommon for our collective imagination to pair the presence of Latinos with international migration. Yet, internal migration is another important determinant of the well-being of Latinos in the United States. On the one hand, internal migration is often associated with economic mobility and economic efficiency, as it allows labor to locate where it is the most efficient. In addition, internal migration allows households with similar demand for public goods to gather around a spatial equilibrium (See Jia *et al* 2023 for an overview).

But internal migration does not come without costs. *Prima facie*, internal migration is associated with the monetary costs from moving. Migrating costs are usually increasing as the distance between the source and host community increases (Hanson and McIntosh, 2016). But these are not the only costs associated with migration. Leaving one's community can also be costly, as one leaves behind established communities and loved ones (Lozano and Lopez, 2013). Hence the decision to migrate often weighs the benefits from migrating with the costs, and the person migrates if the benefits exceed the costs.

Yet, for Latinos migration might have other costs. Some argue that Latinos have a stronger sense of community building, and value being close to family and loved ones (Gonzales, 1998). Alternatively, for those who were foreign born, undocumented or in mixed-status families, the set of potential host communities is diminished due to bills such as 287(g) agreements and similar omnibus laws restricting employment of undocumented immigrants (Amuedo-Dorantes and Lozano, 2019).

In this essay, I am interested in estimating differences in the frequency of internal migration between Latinos and non-Latinos, as well as exploring the role that different demographic subgroups play in any of these differences. In addition, in this essay I am interested in learning which counties in the United States are Latinos more likely to move to and which counties are Latinos more likely to migrate from. The data in this essay highlights that, to properly understand differences between these groups, it is important to desegregate the data into different demographic characteristics.

The data in this essay show that Latinos and non-Latinos have different frequencies and patterns of internal migration. Latinos are less likely to migrate within the United States than non-Latinos are. These differences are the largest among younger workers with little education and who are foreign born, which supports the idea that mobility constraints (either monetary or legal) are limiting the mobility of these households. In addition, these constraints would impose labor market costs if these households cannot relocate where the demand for their labor is largest. A second result that the data in this paper suggest is that intercounty migration tends to be focused among the counties hosting America's largest metropolitan areas, making internal migration mostly an urban phenomenon. In fact, the short number of counties that Latinos migrate to and from suggest that ethnic enclaves play an important role in their migration decisions.

Data

The data in this paper is the collapsed collection of the 2016-2024 American Community Survey available at www.ipums.org (Ruggles et al., 2024). The sample is restricted to all heads of household. There are not any further restrictions to the data. These data provide two questions that allows the researcher to follow households across county migrations. The first variable asks the respondent the state of residence one year ago, and the second question asks the respondent the county of residence one year ago. Using these two variables I am able to track migrations across counties and moving home between countries.

Desegregated Analysis

In this paper I divide migrations into four different categories: the first group is those who stayed in the same house, the second group is those who migrated within county lines, the third group those who migrated to a different county, and the last group those who migrated from abroad. In Table 1, I present the proportion of Latinos and non-Latinos who reported a move during the last year. The data shows that while Latinos were more likely to move between 2016-2024, these differences were driven mostly by households moving within county lines or moving from abroad. In fact, during this period, Latinos were less likely to move across county lines. Lower inter-county migration for Latinos can potentially reflect either moving constraints and lost labor market opportunities.

Table 1. Proportion of Households who Reported Moving

	(1)	(2)
	Non-Latinos	Latinos
Did not move houses	0.865 (0.0001)	0.852 (0.0004)
Moved within same county	0.074 (0.0001)	0.087 (0.0003)
Moved different county	0.056 (0.0001)	0.051 (0.0002)
Moved from above	0.005 (0.0000)	0.009 (0.0001)
Annual Weighted Count (divided by 8)	83,047,104	13,122,230
Number of Observations	6,734,492	818,502

Source: All head of households in the 2016-2024 American Community Survey.

Next, I look at the counties where Latinos and non-Latinos are most likely to move to and from. While there are some common counties, there are also some important differences between these demographic groups. The top five counties to which non-Latinos migrated to during the sample period were: Maricopa (Phoenix), Los Angeles, Harris (Houston), Cook (Chicago), and King (Seattle). In contrast, the top five counties for Latinos were, in order: Harris, Los Angeles, Maricopa, Bexar (San Antonio), and Riverside counties.

Alternatively, what are the source counties Latinos and non-Latinos are more likely to leave when moving to a different county? The differences here might again be informative. The top five source counties for non-Latinos are: Los Angeles, Cook, New York, King, and Harris. The top five source counties for Latinos are: Los Angeles, Harris, Dallas, San Diego, and Orange (CA).

Table 2 shows the proportion of Latinos and non-Latinos who moved across county lines for different education categories. The data in this table shows that among the group with the least education, Latinos are slightly less likely to move to a different county. Yet, among those workers with a high school degree or more, Latino are more likely to move across counties than non-Latinos.

Table 2. Proportion of Households Moving Across Counties, by Education

	(1)	(2)
	Non-Latinos	Latinos
Less than High School	0.031 (0.0003) 362,593	0.026 (0.0004) 182,258
High School Graduates	0.040 (0.0001) 2,182,806	0.045 (0.0004) 281,033
Some College	0.054 (0.0002) 1,563,348	0.060 (0.0006) 174,538
College Graduates	0.073 (0.0002) 2,625,745	0.083 (0.0006) 180,673

Source: All head of households in the 2016-2024 American Community Survey.

Table 3 shows proportion of inter-county migrants for three different age categories. Here there are consistent differences between non-Latinos and Latinos, with the former group being more likely to move across counties for all age categories. Interestingly, the difference is largest among youngest

workers. If migrations are associated with positive productivity shocks, these differences have some important labor market implications if younger workers accrue the benefits from these early migrations. This is the case, for example, if younger workers find a better match after the migration or they learn through local knowledge spillovers and other economies of scale. (Topel and Ward, 1992)

Table 3. Proportion of Households Moving Across Counties, by Age Categories

	(1)	(2)
	Non-Latinos	Latinos
Less than 35 years of age	0.135 (0.0003) 1,137,770	0.098 (0.0006) 215,117
35 – 54-year-olds	0.045 (0.0001) 2,102,023	0.038 (0.0003) 345,407
55+ years of age	0.028 (0.0001) 3,494,699	0.024 (0.0003) 257,978

Source: All head of households in the 2016-2024 American Community Survey.

Finally, Table 4 shows the proportion of inter-county movers for U.S. born and foreign born. Here, again, there are important differences between Latinos and non-Latinos. Among those who were born in the U.S., Latinos are more likely to move to a different county than non-Latinos. These differences reverse in sign for the foreign born. Among the foreign born, Latinos are almost half as likely to migrate to a different county as non-Latinos. These differences suggest that foreign born Latinos value living ethnic enclaves with little mobility (Funkhouser, 2000) or that they face more moving constraints, like for example, through more restrictive local immigration laws (Amuedo-Dorantes and Lozano, 2019).

Table 4. Proportion of Households Moving Across Counties, by Age Categories

	(1)	(2)
	Non-Latinos	Latinos
Not Foreign Born	0.055 (0.0001) 6,110,143	0.066 (0.0004) 436,541
Foreign Born	0.063	0.036

(0.0003)

(0.0003)

624,349

381,961

Summary

The data in this essay shows that, when disaggregating the data, there are important differences observed on the frequency that Latinos and non-Latinos migrate within the United States. Internal migration is important to the extent that it allows workers to move to the place where they are most productive. These benefits are especially accrued on migrations that happen early in life.

In the case of Latinos living in the United States, it is precisely younger heads of households, born abroad, with less formal who have the lowest frequency of migrating. Anti-immigrant sentiments and bills such as 287(g) covenants may be driving these differences.

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The Growth of Hispanic Entrepreneurship and Undocumented Immigrants

Chunbei Wang and Le Wang, Virginia Tech

In the late 1990s and early 2000s, Mexican Americans were found to have significantly lower rates of business ownership compared to non-Hispanic whites, with only four to five percent of Mexican American men being self-employed—roughly half the rate of their non-Hispanic white counterparts. This group was often compared with black Americans, who similarly experienced lower self-employment rates compared to whites. The relatively low rates of business ownership among these minority groups were seen as a significant obstacle to economic advancement and poverty reduction, leading researchers to probe into the causes behind these trends. Low levels of education and insufficient wealth were frequently pinpointed as major barriers. Despite these ongoing challenges faced by both Hispanics and black Americans, the past two decades have witnessed a divergence in business ownership rates between the two, indicating a changing landscape of entrepreneurial activity among minority groups.

A notable trend observed in the past two decades is the substantial growth of self-employed Hispanics, driven mainly by Hispanic immigrants. This trend diverges sharply from the static or declining self-employment rates observed among other demographic groups, such as black Americans or non-Hispanic whites. Figure 1 shows the trends in self-employment rates for four demographic groups from 1994 to 2018 using data from the Current Population Survey (CPS) – Annual Social and Economic (ASEC) supplement: native-born non-Hispanic Whites, native-born Blacks, native-born Hispanics, and Hispanic immigrants. Self-employment rate among native-born whites saw a decline of over 20 percent, dropping from 9.9 percent in 1994 to 7.6 percent in 2018. Similarly, the rate among native-born Hispanics also fell, from 5.1 percent to 4.0 percent. Meanwhile, the self-employment rate among native-born black Americans has stayed relatively flat, maintaining around a 3 percent rate throughout this period. In stark contrast, Hispanic immigrants experienced a significant increase in self-employment, with their rate nearly doubling from 4.4 percent to 7.9 percent, highlighting a dynamic shift towards entrepreneurship within this community.

The paper seeks to fill a significant gap in the existing literature by delving into the underexplored reasons behind this increase, paying special attention to the role played by the undocumented segment of the Hispanic population. Applying Borjas' (2017) residual method to differentiate undocumented immigrants from their documented counterparts in the CPS-ASEC sample, this approach enables a detailed examination of self-employment trends across legal statuses. Figure 2 examines the self-employment trends by legal status and gender among Hispanic immigrants. While all groups show some increase in self-employment rates, the increase is most substantial among undocumented male Hispanic immigrants – an increase from around 3 percent to over 10 percent. This pattern shows that the nearly doubled self-employment rate among Hispanic immigrants during this period is primarily driven by their male undocumented population, highlighting the significant contribution of undocumented immigrants to the rise in Hispanic entrepreneurship.

We then investigate the causes of increased self-employment among undocumented male Hispanic immigrants. The 9/11 terrorist attacks heralded a period of intensified immigration enforcement in

the United States. In the wake of these events, federal efforts to crack down on immigration and increase workplace raids gained significant attention, with the Immigration and Customs Enforcement (ICE) established in 2003 to spearhead interior immigration enforcement efforts. From its inception, ICE's budget expanded significantly, along with a substantial increase in the workforce dedicated to enforcement and removal operations. Concurrently, at state and local levels, there was a notable shift towards more rigorous immigration enforcement strategies, such as the implementation of employment verification systems (E-Verify) and the adoption of 287(g) agreements, which delegated ICE enforcement duties to local law enforcement agencies. This tightening of immigration policies has been linked to worsening employment opportunities for Hispanic and Mexican immigrants, a demographic that constitutes a large portion of the undocumented immigrant population, thus exacerbating their challenges in the job market.

The shift in policy landscape, by adversely affecting the job market prospects of undocumented immigrants, has pushed many into self-employment as a viable means of sustaining their livelihood. This study investigates the influence of these policy changes, utilizing 9/11 as a natural experiment, on the trends in self-employment among male undocumented Hispanic immigrants in comparison to control groups. These control groups consist of less-educated, native-born non-Hispanic whites and black Americans, examined through a difference-in-differences and an event-study analysis before and after the 9/11 event. The model includes a variety of controls that may also affect the likelihood of self-employment. These include demographic variables like age, education, time since migration, and marital status, alongside geographic factors such as living in metropolitan areas and the density of Hispanic populations, which indicate the presence of ethnic enclaves. Additionally, state-year unemployment rates are included to account for the impact of business cycles on self-employment trends. Year and state fixed effects are also included to account for overarching national trends and time-invariant characteristics of each state. The inclusion of control groups helps to adjust for state-specific trends that could affect all groups, like changes in business regulations or market demand, Figure 3 presents the event study results showing that self-employment rate of male undocumented Hispanic immigrants indeed diverged from the less-educated whites after 9/11. This trend suggests that immigration enforcement has been a key factor driving the divergence in self-employment rates.

Considering the extensive timeframe of the study, susceptible to various external influences, the analysis broadens to assess additional potential determinants such as business cycles (via state unemployment rates), state-level immigration policies (through E-verify implementation), the emergence of the gig economy (indicated by Uber's introduction in metropolitan areas), and the rapid Hispanic population growth (reflected by the proportion of Hispanics in metropolitan areas). We evaluate whether the difference-in-differences estimates are affected when we incrementally integrate interaction terms of these variables with the treatment group into the model as controls. A reduction in estimates would suggest these factors significantly contribute to the observed increase in self-employment rates. However, the analysis reveals that these variables hold limited explanatory power.

The findings further indicate that the post-9/11 rise in self-employment has predominantly occurred among the least-skilled undocumented Hispanic immigrants, who have increasingly moved towards low-skill occupations. This trend underscores the premise that stricter immigration policies have

pushed many within this group to embrace self-employment not as an avenue for entrepreneurial exploration but as a crucial means of securing their livelihood. In sum, the observed increase in self-employment among undocumented Hispanic immigrants underscores a shift towards necessity entrepreneurship, driven by adverse labor market conditions and policy constraints. This phenomenon raises important questions about the quality and sustainability of these entrepreneurial ventures, emphasizing the need for a nuanced understanding of the motivations behind self-employment in this community. The study suggests that for many undocumented Hispanic immigrants, entrepreneurship is not merely a route to economic prosperity but a vital means of circumventing barriers to formal employment and achieving a semblance of economic stability.

This research offers critical insights into the dynamics of self-employment among undocumented Hispanic immigrants, revealing a complex landscape shaped by external pressures and internal resilience. The significant role of undocumented immigrants in the burgeoning trend of Hispanic entrepreneurship underscores the intersection of immigration policy, economic opportunity, and entrepreneurial activity.

Reference:

Chunbei Wang and Le Wang, 2024, “The Growth of Hispanic Entrepreneurship and Undocumented Immigrants.” Working Paper.

Figure 1: Self-Employment Trends by Racial and Ethnic Groups

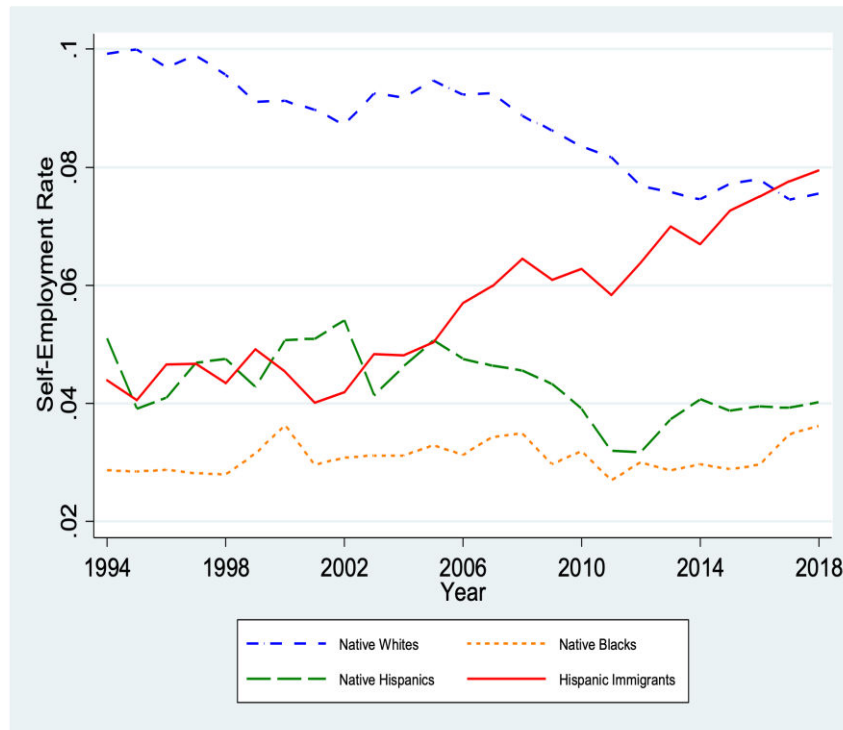


Figure 2: Hispanic Immigrants 'Self-Employment Trends by Legal Status and Gender

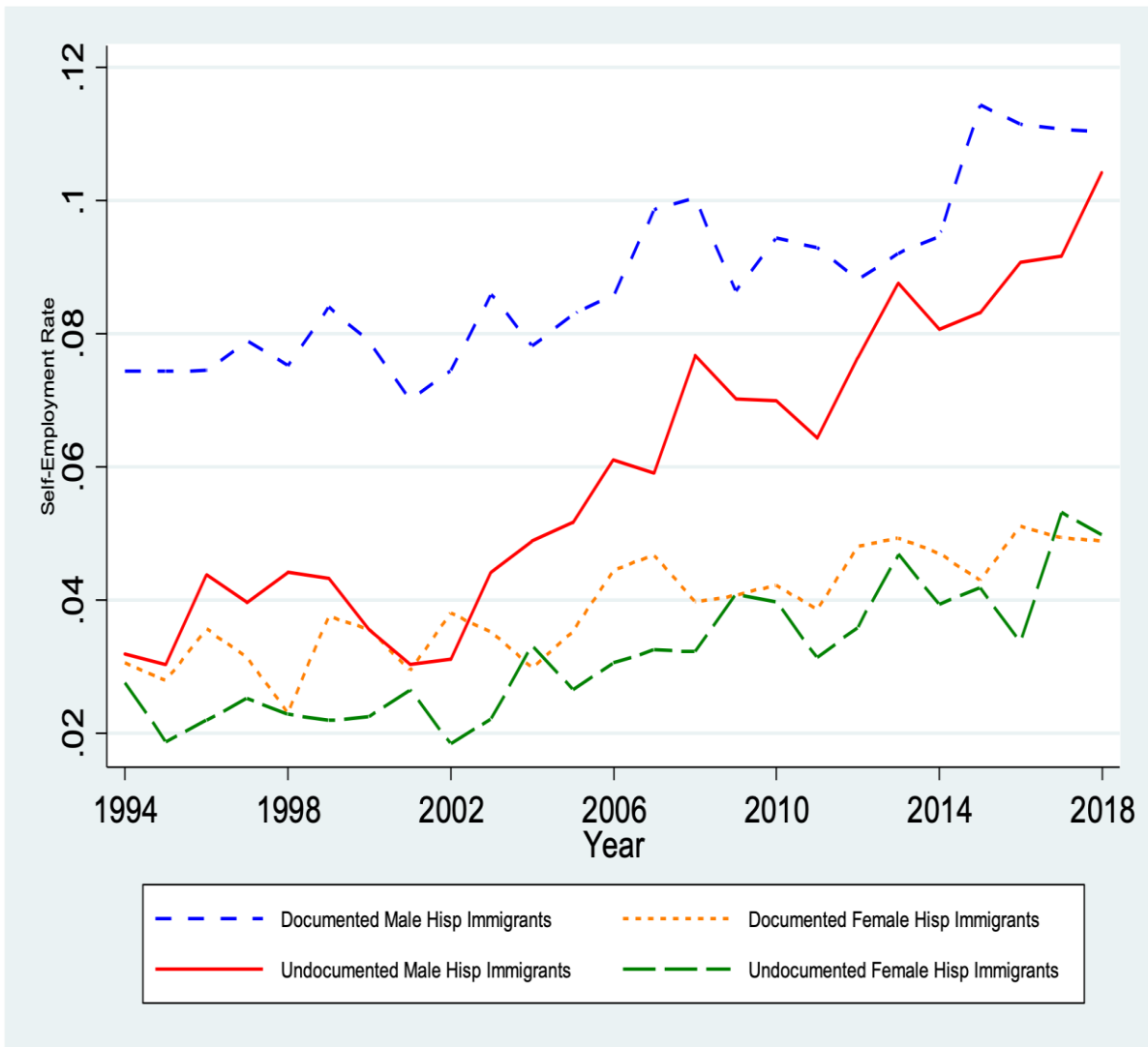
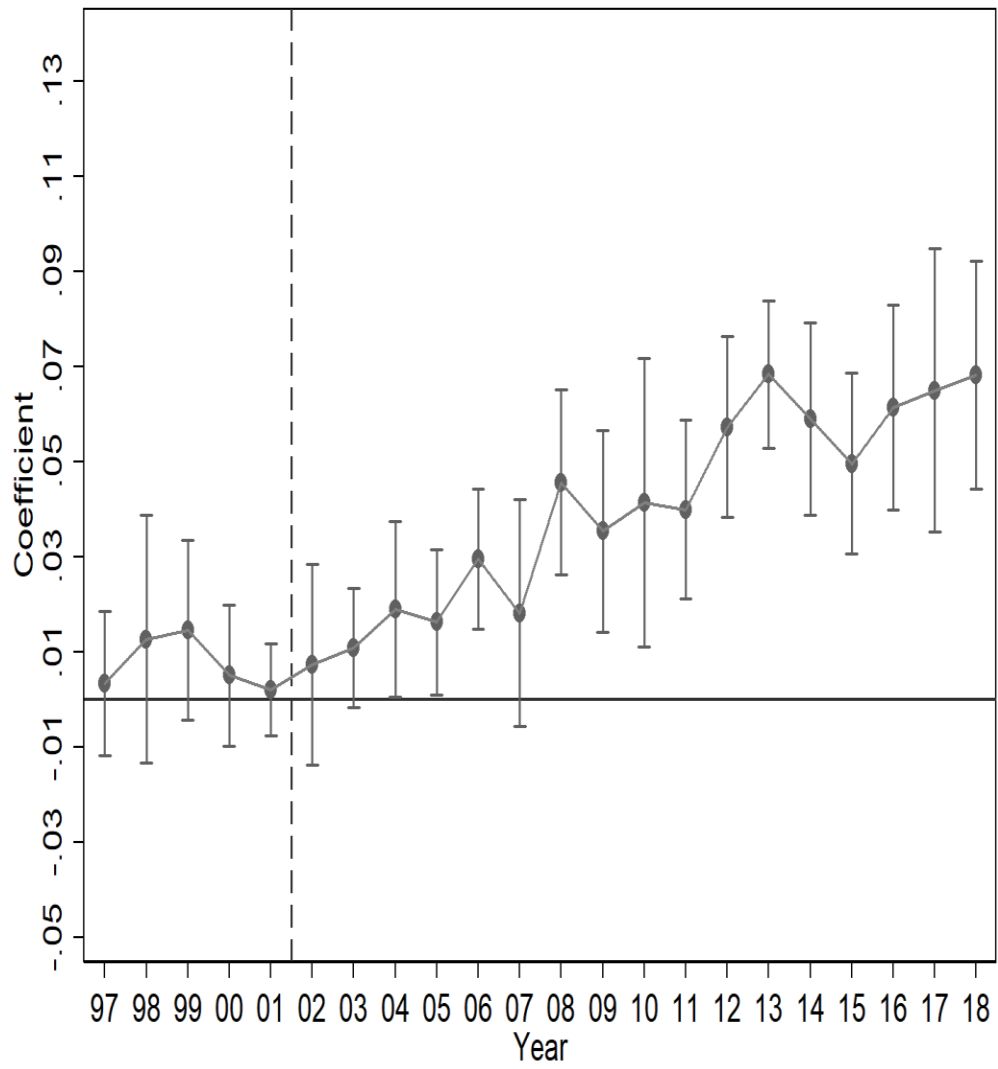


Figure 3. Event Study Plot Using Less-Educated Whites as Control Group



An Educational Portrait of Young Adult Hispanics in the US: Trends over the Past 20 Years

Camila Morales and Daniel Vargas, University of Texas at Dallas

As of 2023, Hispanics in the US make up roughly 20 percent of the population nationwide and are among the fastest-growing demographic groups in the country. Population growth among Hispanics has exceeded that of other groups for at least the past two decades with, a 3.7 percent growth rate from 2002-2003 and a steady 2 percent growth rate since 2012 (US Census Bureau, 2024). Latinos also make up a meaningful share of the labor force with nearly 1 in 5 of the workforce being of Hispanic descent (U.S. Bureau of Labor Statistics, 2021).¹ Their growing prominence and meaningful participation in the labor market underscore the importance of addressing barriers to economic mobility, of which educational attainment is a key factor (Chetty et al., 2020).

A well-established literature demonstrates that educational attainment and achievement lead to improved economic and non-economic outcomes, with disparities evident at both the high school and college margins (see Oreopoulos and Salvanos, 2011; Altonji, Bloom, and Meghir, 2012; and Lovenheim and Smith, 2023 for comprehensive reviews). For example, relative to high school dropouts, individuals with a high school diploma have higher earnings, experience lower unemployment rates, are less likely to be incarcerated, and report having better health (e.g., McDaniel and Kuehn, 2013; McFarland, et al., 2018). Perhaps equally importantly, high school completion is a fundamental stepping stone for post-secondary enrollment, serving as a critical gateway for further education opportunities and improved economic outcomes. Indeed, studies document meaningful earnings gains from college enrollment and degree attainment (Dale and Krueger, 2002, 2014; Smith, Goodman, and Hurwitz, 2020; Zimmerman, 2014), often larger for low-income and racial minority students, though returns vary significantly by institution quality (Andrews, Li, and Lovenheim, 2016). For these reasons, it is particularly concerning that Hispanics have historically had among the lowest high school degree completion rates and highest high school dropout rates nationwide (Heckman and Lafontaine, 2010). This essay begins to explore whether high school degree attainment continues to be a barrier for further investment in educational opportunities among US Hispanics. Have there been improvements in the high school completion rate over the past decades?

In this essay, we present a long-term trend analysis of the high school completion rates of Latinos in the US over the last 20 years. Drawing upon data from the American Community Surveys from 2000 through 2022, and focusing on the population of young US Hispanics aged 25-29, we document the likelihood of attaining at least a high school-level education and decompose these patterns across key demographic characteristics, including sex/gender, age of arrival in the US, and country of birth. In contrast to the sluggish growth in high school completion rates among Hispanics from the 1970s through the 1990s (Heckman and Lafontaine, 2010), we observe large and significant gains in the percentage of Hispanics with a high school degree from 2000 to 2022,

¹We use Hispanic and Latino interchangeably throughout this essay.

narrowing the Hispanic-white gap in high school completion by roughly 75 percent. Both men and women have experienced these gains and are largely driven by Hispanic immigrants and those born in Mexico and the Caribbean.

High School Completion Rates among US Hispanics

The percentage of US Hispanics with a high school degree increased rapidly from 2000 to 2020, reflecting impressive progress in educational attainment within this population. Specifically, there was a 49 percent increase in the proportion of Hispanics with a high school-level education, rising from 59 percent in 2000 to nearly 88 percent by 2020. This substantial gain has resulted in narrower disparities in educational attainment between US Hispanics and those of other racial-ethnic backgrounds. For example, the Hispanic-Black gap in high school completion rates, which stood at approximately 26 percentage points in 2000, had practically closed 20 years later, while the Hispanic-white gap narrowed by 76 percent. Despite these meaningful gains, there is an indication that this upward trend may have stalled following the onset of the COVID-19 pandemic.

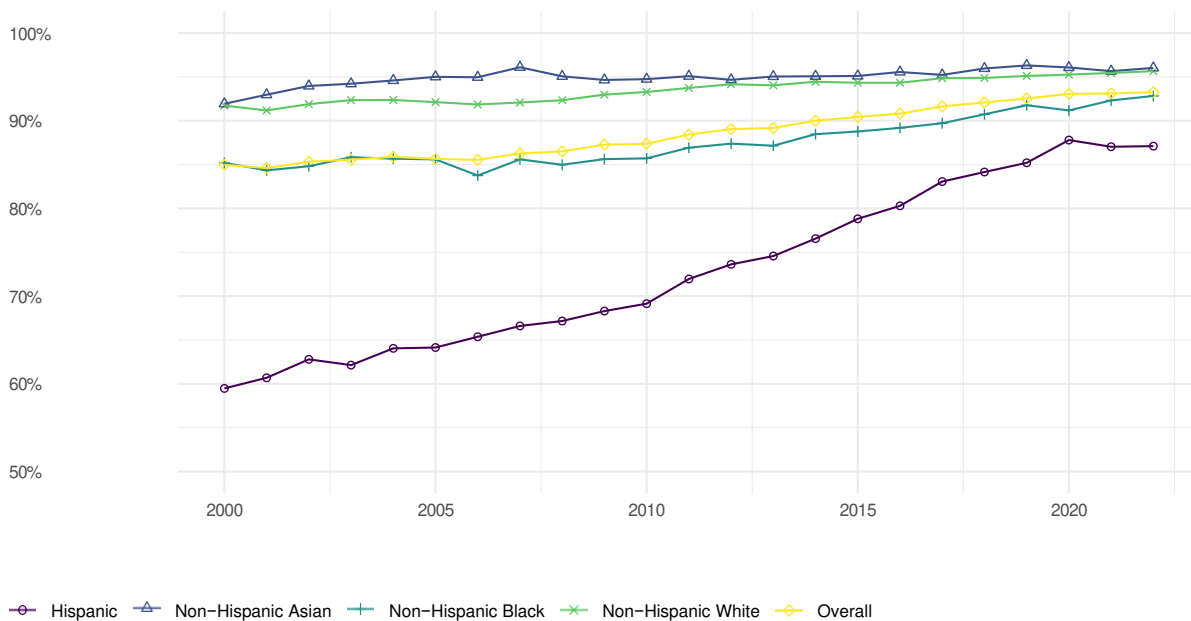


Figure 1: Percentage of Young Adults with a High School Degree, by Race-Ethnicity (2000 – 2022)

The percentage of 25–29-year-olds from the four largest race and ethnic groups who achieved a high school diploma from 2000 to 2022. Totals were weighted by person-specific weights from the American Community Survey. Data was obtained from IPUMS. Individuals of other groups, such as Native Americans, Two or More Races, and Three or More Races, are not shown separately though they are included in the calculation of the “overall” measure.

The changes illustrated in Figure 1 likely mask substantial heterogeneity across the US Latino population along multiple demographic dimensions. For example, evidence shows distinct patterns in educational attainment between men and women tracing back to the massive inflow of women in higher education and the labor force in the 1960s (Bauman, 2016). Moreover, roughly 45 percent of adult Latinos in the US are immigrants (Funk and Lopez, 2022), indicating that some of the changes

in educational attainment reflect both gains across cohorts and compositional differences in the Latino immigrant population over time. Motivated by these factors, we now turn our attention to trends in high school completion rates for the US Hispanic population stratified by sex and other immigration-related characteristics.

Differences in High School Completion Rates by Demographic and Immigration-Related Characteristics

We first explore trends in the percentage of high school completion between men and women stratified by race and ethnicity. The overall patterns mirror those of the pooled sample, with a notable rapid increase in the percentage of young Hispanics with a high school degree. In 2000, Latinos had the lowest proportion of young adults with a high school level education: roughly 56 percent among men and 63 percent among women. In stark contrast, all other groups – both men and women – had high school completion rates of over 80 percent. By 2020, the percentage of young Hispanic men with a high school degree had risen sharply to 86 percent, while for young Hispanic women, it reached 90 percent. Despite these impressive gains, US Latinos continue to have lower high school completion rates compared to other race-ethnic groups across both men and women.

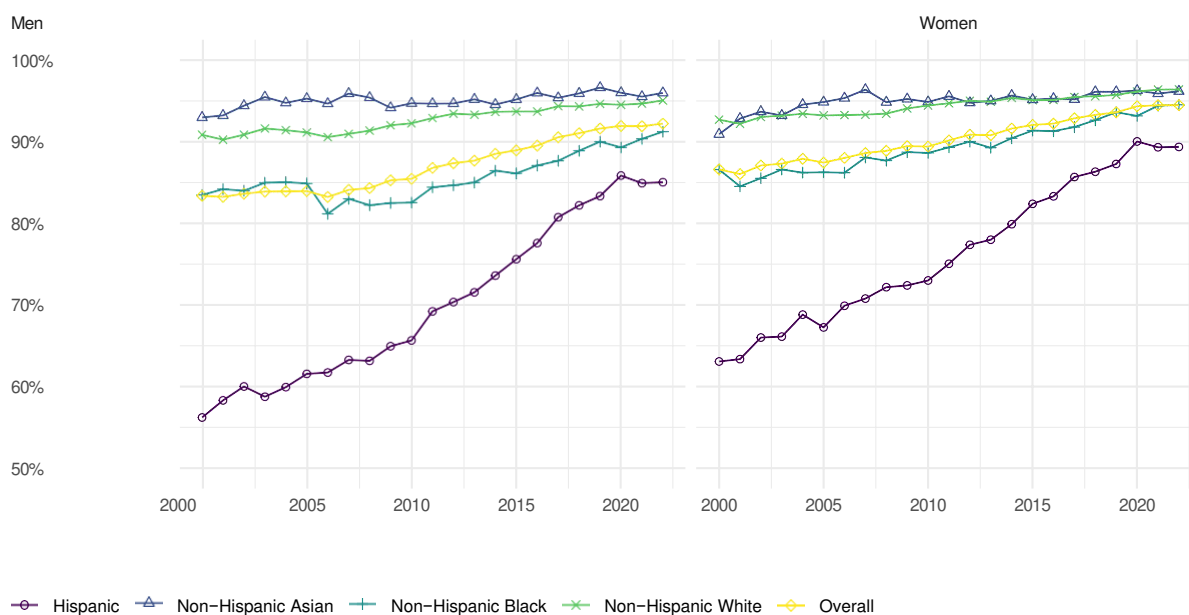


Figure 2: Percentage of Young Adults with a High School Degree, by Race-Ethnicity and Sex (2000 – 2022)

The percentage of 25–29-year-olds from the four largest race and ethnic groups who achieved a high school diploma from 2000 to 2022. The left panel shows the sub-sample of men, and the right panel shows the sub-sample of women. Totals were weighted by person-specific weights from the American Community Survey. Data was obtained from IPUMS. Individuals of other groups, such as Native Americans, Two or More Races, and Three or More Races, are not shown separately though they are included in the calculation of the “overall” measure.

Next, we explore disparities in high school completion rates among the Latino population in the US stratified by two immigration-related characteristics—age of arrival in the US and place of birth.

These enable us to examine which groups of US Hispanics are likely to drive the large surge in high school-level educational attainment observed over the past 20 years, while implicitly comparing differences between US-born and foreign-born Latinos. These summary statistics are illustrated in Figure 3 where Panel (a) shows differences by place of birth and Panel (b) illustrates trends by age of arrival. In both figures, data are also reported for US-born Latinos as a reference.

As illustrated in Panel (a), Latinos across four of the largest regions and those born in the US experienced increases in high school completion rates between 2000 and 2022. The largest gains were experienced by Hispanics born in Mexico for whom the percentage of immigrants with a high school-level education nearly doubled from roughly 40 percent in 2000 to 76 percent by 2022. The second and third largest gains were observed among Latino immigrants born in the Caribbean and South American countries, respectively. Despite modest gains over time, Latino immigrants born in Central American countries represent the group with the lowest high school completion rates today at around 60 percent, comparable to that of the overall Latino population in 2000.

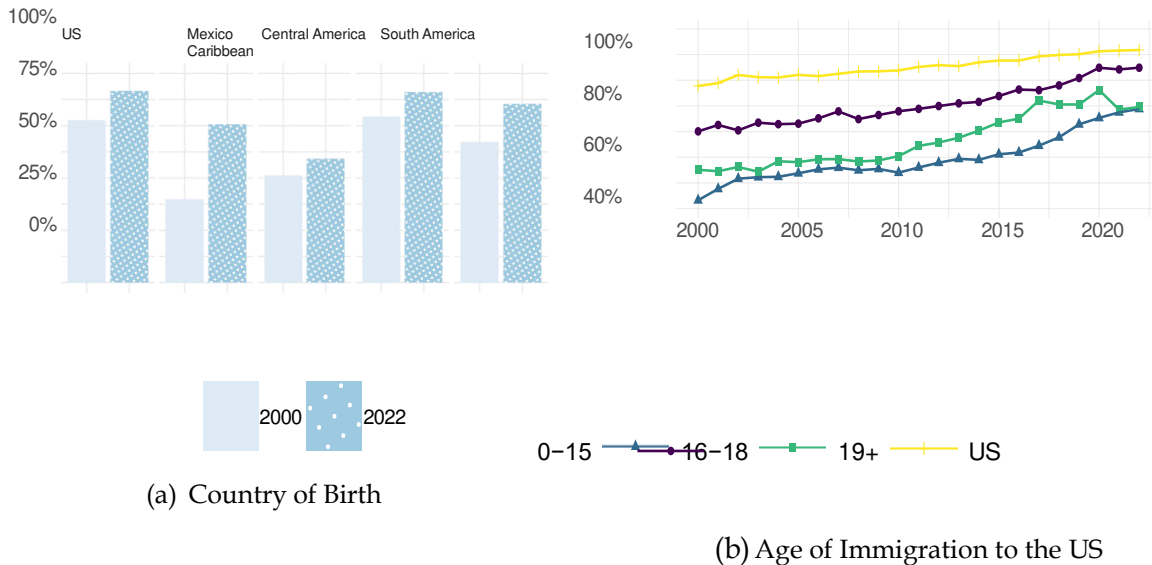


Figure 3: Percentage of US Hispanics with a High School Degree by Immigration-Related Characteristics (2000-2022)

Panel (a) shows the percentage of Hispanics aged 25-29 who attained a high school diploma by place of birth, for select regions and the US. Panel (b) shows the percentage of Hispanics aged 25-29 who attained a high school diploma stratified by the age at which they immigrated to the US. Age of arrival was constructed from the difference between year of birth and year of immigration. Totals were weighted by person-specific weights from the American Current Survey. Data was obtained from IPUMS.

As constructed, the gains observed in Panel (a) capture changes in both human capital investments of Latino immigrants who arrived as children and completed a high school degree in the US, as well as compositional changes among Hispanic immigrants whose high school-level educational investments were largely made in their home country. We further explore these differences by assessing the trends in high school completion by age of arrival, splitting the sample along two key dimensions: the youngest age for compulsory schooling laws (16 years old) and the modal high school graduation age (18 years old) (National Center for Education Statistics, 2018). Consequently, we plot the trends in high school completion rates among those who arrive between ages 0 to 15, those who arrive between ages 16 to 18, and those who arrive after age 19. For comparison, we also plot the high school completion rates of US-born Hispanics.

As depicted in Panel (b), Hispanics born in the US have a higher high school completion rate compared to Hispanic immigrants, irrespective of the age of arrival of the latter. However, on average, foreign-born Latinos have seen a faster increase in the share of high school level education over the sample period. Compare, for example, the trends in high school completion rates between Latinos born in the US and those who arrived as young children aged 0 to 15: the latter experienced an increase in high school completion rates of nearly 41 percent between 2000 and 2022, approximately double the growth observed among US-born Hispanics over the same period. Indeed, among the Hispanic immigrant population, the highest percentage of high school-level education corresponds to those who arrived in the country as children and therefore have the longest exposure to US-based education.

In contrast, we observe the lowest high school completion rates among those who immigrated to the US between the ages of 16 and 18. These youth are young enough to enroll in US high schools upon arrival, but they are not subject to compulsory schooling laws in multiple states.² In 2000, among this population, the percentage of young Hispanics with a high school degree was approximately 33 percent, with very few changes during the following decade. Starting in 2010, this group experienced a rapid increase in high school completion rates, reaching 69 percent by 2022.

US Hispanic immigrants who arrived in the country aged 19 and older have similar, albeit slightly higher, high school completion rates to those who arrived between ages 16-18 from 2000 to 2010. Notably, this is an immigrant population who very likely arrived in the US having completed high school level education in their home country. Therefore, for this group, the trend increases observed between 2010 and 2022 more clearly indicate changes in the composition of newly arrived immigrants by educational attainment.

Concluding Remarks

Historically, Latinos in the US have continuously had among the lowest high school degree attainment rates compared to other race-ethnic groups. This is concerning given that high school-level education is a fundamental steppingstone into further educational investments and access to improved economic and social mobility in the US. In this essay, we explore changes in the high school completion rate among young Hispanics in the US over the past two decades. We document

substantial gains in the percentage of Latinos with at least a high school degree, surging to nearly 90 percent by 2020 and narrowing disparities between Hispanics and other race-ethnic groups in the US. This improvement was evident among men, women, and Latinos whose immigration experiences vary by age of arrival and place of birth. Despite these improvements in educational attainment over time, US Hispanics continue to have the lowest percentage of young adults with a high school degree underscoring the need to invest in efforts that facilitate educational investments among this population.

²As of 2020, 17 states have a minimum compulsory schooling age of 16, including traditional and new-immigrant destination states such as North Carolina, New York, Florida, Georgia, among others (National Center for Education Statistics, 2022).

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