



The role of assets in improving college attainment among Hispanic immigrant youth in the U.S.

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ABSTRACT

Despite the importance of higher education, Hispanic immigrant youth still have far lower college attainment rate than whites in the U.S. Existing studies show the significant role of household assets on educational attainment even after controlling for income. Thus, this study examines the role of homeownership and school savings on Hispanic immigrant youth's college attendance and graduation. Findings show that homeownership is a significant positive predictor of Hispanic immigrant youth's college attendance and graduation, but parent school savings is not a significant predictor. Policy and practice implications discussed.

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1. Introduction

Researchers at Georgetown University's Center on Education and the Workforce have found that colleges and universities will not be able to produce enough graduates to meet the growing demand for college educated workers (Carnevale, Smith, & Strohl, 2010). Carnevale et al. (2010) forecast that 63% of all jobs will require at least some college by 2018 and that there will be a shortage of 300,000 college graduates per year through 2018. Hispanic immigrant youth may play an important role in meeting this shortage (Tienda, 2009). In this paper we use the term Hispanic immigrant in a very general sense to refer to people in the U.S. who represent immigrants and their descendants from Spanish-speaking countries. In addition, the terms "foreign-born Hispanic" and "first-generation Hispanic immigrant" as well as "U.S.-born Hispanic" and "second-generation or later immigrant Hispanic immigrants" are used interchangeably in this paper. For more information on the diverse populations encompassed by the term Hispanic see Oboler (1995).

Hispanic immigrant youth have become the fastest growing population in schools, accounting for 19.8% of the U.S. school population in 2005–2006 (Fry, 2007). By 2050, the percent of Hispanic school aged children could rise to as high as 31% of the total school population (Fry & Gonzales, 2008). The rapidly growing number of Hispanic immigrant

youth has implications for the future labor force and the demand for education in the U.S. According to Tienda (2009), when it comes to the significant relationships between education and future economic and social position, Hispanic immigrant youth's academic success may not only impact individual well-being in the U.S., but also the future of the U.S.

Despite the stake the U.S. has in improving Hispanic immigrant youth's college attendance and graduation rates, large gaps exist between them and their white counterparts. In general, Hispanic immigrants experience low to average academic outcomes and school attainment. In regard to college attendance, while 49% of white high school graduates are enrolled in U.S. colleges or universities in 2008, only 36.7% of Hispanic students are enrolled in higher education (National Center for Education Statistics, 2009). According to a recent report by the National Center for Education Statistics (2010a), college graduation rates among ethnic/racial groups are still widening. In 2009, college graduation rates of whites and Hispanics are 37%, and 12%, respectively. The Hispanic-white gap has doubled over the past 30 years, rising from 14% in 1971 to 25% in 2009. Non-Hispanic whites are almost twice as likely as U.S.-born Hispanic immigrants, and over three times as likely as foreign-born Hispanic immigrant youth, to receive a bachelors' degree (Tienda, 2009).

Practically speaking, low rates of school attainment affect immigrant youth's future occupational achievement and eventual socioeconomic position in the host country. For example, the earning gap between those who have college degrees and those who do not has widened considerably across the past three decades. The U.S. Department of Labor (2009) reports that people who had a college degree in 1975

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earned 1.5 times as much as people who only had a high school diploma while in 2008, they earned almost double. In particular, in 2007, while Hispanic immigrants with a high school diploma earned on average \$30,000, those with a college degree earned approximately \$50,000 (National Center for Education Statistics, 2010a).

Child Development Accounts (CDAs) have been proposed as a potentially novel and promising mechanisms for narrowing the educational gap between low-income and high-income youth as well as racial/ethnic minority and white youth (Boshara, 2003; Goldberg & Cohen, 2000; Sherraden, 1991). An example of a CDA policy is the America Saving for Personal Investment, Retirement, and Education (ASPIRE) Act. ASPIRE would create “KIDS Accounts,” or a savings account for every newborn, with an initial \$500 deposit, along with opportunities for financial education. Children living in households with incomes below the national median would be eligible for an additional contribution of up to \$500 at birth and a savings incentive of \$500 per year in matching funds for amounts saved in accounts. When account holders turn 18, they would be permitted to make tax-free withdrawals for costs associated with post-secondary education, first-time home purchase, and retirement security. However, it is desirable to conduct advance tests of large scale youth's savings policies like the ASPIRE act prior to passing them into legislation. Since a National CDA program does not currently exist in the U.S., researchers have used other types of assets (e.g., homeownership, parents' savings, and children's savings) to act as a type of advance test of CDA policies (see e.g., “Identifying Citation”; Nam & Huang, 2009; Williams Shanks & Destin, 2009; Zhan & Sherraden, 2010).

In this study, we examine the relationship between assets (i.e., homeownership and parents' school savings) and Hispanic immigrant youth's college attendance and graduation. First we ask, “Does homeownership have a significant positive effect on college attendance and graduation among Hispanic immigrant youth?” Previous studies show that homeownership is a significant positive predictor of youth's college attainment (Boehm & Schlottmann, 1999; Harkness & Newman, 2002; Kane, 1994). For example, Harkness and Newman (2002) find that youth growing up in families with incomes less than 150% of the federal poverty line but lived in an owned home are more likely to graduate high school and to attend college. Youth of homeowners are also more likely to graduate from college. For example, Boehm and Schlottmann (1999), find that homeownership is significantly related to high school completion, college attendance, as well as college graduation.

The second research question we examine is, “Does school savings have a significant positive effect on college attendance and graduation among Hispanic immigrant youth?” This is in line with previous research that examines black and white youth (see e.g., Elliott & Beverly, 2011a; 2011b). For example, Elliott and Beverly (2011b) find that parental school savings for youth is not significantly related to youth's four-year college attendance. The sample for this study is restricted to youth who expect to graduate from a four-year college prior to graduating high school. In another study, Elliott & Beverly (2011a) examine the role of parental school savings for youth on their college progress (i.e., currently enrolled in college or already graduated). They find that parental school savings has a significant positive effect on youth's college progress. The different findings between the two studies may be due to the different samples used and different measures of college attainment used.

2. Review of research

2.1. Traditional predictors of Hispanic youth's educational attainment

Previous studies have identified a number of factors that affect college attendance and graduation among Hispanic youth, such as youth's gender (Harvey & Anderson, 2005), country of origin (Bohon, Johnson, & Corman, 2006), and parental socioeconomic status (SES)—usually measured as parent's education level, income, and employment

(Perreira, Harris, & Lee, 2006; Portes & Rumbaut, 1996; Suarez-Orozco, Suarez-Orozco, & Todorova, 2008; Vernez & Abrahamse, 1996).

With respect to gender, Harvey and Anderson (2005) find that Hispanic female youth are more likely than male youth to attend college. For example, 60% of all Hispanic graduates from a four-year college were female in 2004. In addition, in 2009, approximately 39.5% of 25 to 29 year old Hispanic females completed at least some college, in contrast to only 30% of Hispanic males (National Center for Education Statistics, 2010b). Looking at country of origin, youth of Cuban origin tend to have a relatively higher level of academic achievement than other subgroups. In contrast, youth of Mexican origin, the largest Hispanic immigrant group, have the lowest academic achievement of any Hispanic immigrant group (Bohon et al., 2006).

A substantial amount of research has also focused on the association between parents' SES and college education (Ganderton & Santos, 1995; O'Connor, 2009; Perreira et al., 2006; Rumbaut & Portes, 2001; Suarez-Orozco et al., 2008; Vernez & Abrahamse, 1996). Most of this research suggests that higher SES is associated with better educational outcomes. For example, Ganderton and Santos (1995) examine the effect of household SES status on Hispanic youth's college attendance and graduation using an empirical model based on Beker (1975) human capital theory. They find that SES is a strong predictor of both college attendance and graduation. Recently, using the National Educational Longitudinal Survey (NELS) 1988–2000 data set (N = 11,437), O'Connor (2009) also finds SES has a significantly positive impact on four-year college attendance for all major racial/ethnic groups, whites, blacks, and Hispanics.

2.2. Assets and educational outcomes

While there is a sizable body of research that demonstrates the positive association between SES and college attendance as well as graduation among Hispanic immigrant populations in the U.S., researchers have generally ignored assets as a predictor. However, over the last 10 years there has been a growing amount of evidence that suggests household assets are an important predictor of youth's educational outcomes. While it is beyond the scope of this article to provide a comprehensive review of the research in this area, a comprehensive review already exists (see, Elliott, 2009). Briefly, Conley (1999) finds that net worth is positively related to college graduation among young adults. In a later study, Conley (2001) finds that the relationship between net worth and college graduation is significant at $p\text{-value} < .1$. Haveman and Wilson (2007) also find that net worth is significantly related to college graduation. Zhan and Sherraden (2009) examine both liquid assets (such as savings, stocks, and bonds) and non-liquid assets (such as a home or business). They find both are significantly related to college graduation. Nam and Huang's (2009) study is the only study that finds that neither net worth nor liquid assets are significantly associated with college graduation. This may be because their sample size is much smaller than the other studies.

We find three studies including Hispanic youth that examine the role between assets and college outcomes (Charles, Roscigno, & Torres, 2007; Jez, 2008; Zhan & Sherraden, 2010). Using the NELS data (N = 13,699), Charles et al. (2007) find that parents' savings for college expenses has a significant positive influence on youth's two-year and four-year college attendance. In contrast, amount of parent's savings is only significant with four-year college attendance. With respect to Hispanic youth, they make a distinction between U.S. born and foreign-born Hispanic youth in the U.S. After controlling for parental investments, such as college savings and amount of savings, foreign-born Hispanic immigrant youth are significantly more likely to go to both two-year and four-year colleges than their white counterparts. For U.S.-born Hispanic youth, even after controlling for family background and college savings, Hispanic youth are significantly less likely to attend a four-year college than their white peers.

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