Race/Ethnicity, Educational–Occupational Mismatch, and Immigrant Wealth Accumulation

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September 2010

Word Count: 10,064 (1,270 references)

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ABSTRACT

Immigrants' integration into American society has occupied the interest of both scholars and the general public throughout the nation's history. This article focuses on wealth accumulation as an indicator of economic integration and assesses how race/ethnicity and education–occupation mismatch (i.e., over/underqualification) affect the wealth accumulation of a unique sample of immigrants – legal permanent residents (LPR). Using data from the 2003 New Immigrant Survey, this article joins the recent sociological revival of interest in the social implications of education–occupation mismatch (Vaisey 2006). Results suggest that race/ethnicity affects the wealth accumulation of LPR immigrants, revealing a Latino/nonLatino divide for LPR immigrants' financial well-being. Moreover, the relationship between education–occupation mismatch and wealth accumulation depends on whether immigrants have more or less education than their same-occupation coworkers. This article discusses the implications of these findings for immigrants' wealth accumulation and for the growing population of LPR immigrants living in the United States.

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INTRODUCTION

Immigrants' integration into American society has occupied the interest of both scholars and the general public throughout the nation's history. When compared to their historic predecessors, contemporary immigrants represent substantial diversity both in terms of the number of source countries they arrive from and the variation in their job skills, education, life experience, culture, and other traits and characteristics. Because of this diversity, immigrant integration is a complicated process involving many facets of American life. One way to assess contemporary immigrant integration is to examine immigrants' economic integration or financial well-being. This is an important aspect of immigrants' incorporation into U.S. society for many reasons, including that for many immigrants, the opportunity to improve their financial well-being serves as the necessary motivation to migrate to the United States (Portes and Rumbaut 2006). In this paper, I join with a handful of scholars who have moved beyond using income as an indicator of economic integration and have begun to examine wealth accumulation. This approach is advantageous because a focus on wealth attainment as an indicator of economic integration adheres more closely to the meaning and theoretical significance of financial well-being (Oliver and Shapiro 2006). Moreover, wealth attainment allows scholars to assess not only the financial benefits of asset ownership, but also the social processes that contribute to immigrant wealth accumulation.

Upon arrival – and throughout their time in the United States – immigrants' well-being or their life chances are affected by two powerful stratifying forces: race/ethnicity and educational attainment. Race/ethnicity may never have mattered prior to migration, but upon arrival

immigrants' racial/ethnic status plays an important role in shaping opportunities to improve life chances. Educational attainment affects immigrants' life chances due to its close relationship to job opportunities in the United States. Yet, immigrants' overall educational attainment may not readily transfer to the U.S. labor market. For highly educated immigrants, their education is typically devalued upon migration (e.g., Chiswick 1978, 1999; Zeng and Xie 2004). Because of this devaluation, highly educated immigrants may experience mismatch between their educational attainment and their occupation after arrival. This may result in overqualification, in which immigrants work in occupations that require *less* education than they possess.[1] In contrast, less educated immigrants may find themselves in occupations in which they are underqualified, possessing fewer years of education than the job requires. This may be due to these immigrants finding employment where the quantity or quality of their education may have little or no importance (Butcher 1994).

Mismatch between immigrants' educational and occupational attainment (i.e., over/underqualification) has implications for immigrants' well-being in the United States. This article builds on previous sociological research that examines how educational–occupational mismatch affects job satisfaction, liberal attitudes, and adherence to an achievement ideology (Berg 1970; Burris 1983; Tsang, Rumberger, and Levin 1991; Vaisey 2006). Educational–occupational mismatch may also have other implications. Here, I focus on wealth accumulation as an indicator of financial well-being and assesses how race/ethnicity and educational–occupational mismatch affect the wealth accumulation of a unique sample of immigrants – legal permanent residents (LPR).

[1] I follow Vaisey (2006) and use the term "overqualification" as it is interchangeable with "overeducation", "overschooling", "overtraining", and/or "underemployment", but is the least normatively charged.

In this article, I briefly discuss the prevalence of LPR immigrants in the United States before establishing that a racial/ethnic hierarchy in the United States structures immigrants' opportunities for wealth accumulation. I then examine how educational–occupational mismatch – within specific occupations – affects immigrants' financial well-being in the United States. Using the New Immigrant Survey (Jasso et al. 2006), a 2003 dataset of LPR immigrants that contains detailed educational, occupational, and financial information, I examined how race/ethnicity affects the wealth accumulation of LPR immigrants. Moreover, I considered whether the relationship between education–occupation mismatch and wealth accumulation depends on immigrants having more or less education than their same-occupation coworkers.

CONCEPTUAL FRAMEWORK

Legal Permanent Residents

Immigrants living in the United States with LPR status are a relatively small, but important subpopulation. As of January 1, 2006, approximately 12 million LPR immigrants lived in the United States (Rytina 2009). This population reflects an increased number of LPR admissions in recent years. An average of 425,000 and 625,000 immigrants received LPR status per year in the 1970s and 1980s, respectively, which increased to approximately 1 million per year in the last two decades (Yearbook of Immigration Statistics 2008). There is also considerable variation by country of origin. In 2006, five countries (Mexico, Philippines, India, China, Dominican Republic) contributed 43 percent of the LPR population, with approximately 27 percent migrating from Mexico (Rytina 2009).

Despite increases in the number of immigrants admitted to LPR status over time, the population of LPR immigrants living in the United States remains relatively stable due to return migration (for estimates, see Ahmed and Robinson 1994) and naturalization. LPR immigrants

satisfy the residency requirement for naturalization after five consecutive years of living in the United States, three if an LPR immigrant marries a U.S. citizen. As of January 1, 2006, 8.2 million (68 percent) of the LPR immigrant population were eligible for naturalization (Rytina 2009). The proportion of LPR immigrants who naturalized within 10 years of receiving LPR status has also increased over time from approximately one-third of those eligible in the 1970s and 1980s to one-half for the 1995 cohort (Baker 2007). In this way, naturalization helps offset the increase in the LPR immigrant population: As more immigrants attain LPR status, more immigrants are eligible to naturalize. Indeed, 20.6 million immigrants obtained LPR status between 1980 and 2005 with 73 percent eventually gaining citizenship (Rytina 2009). Thus, while the number of LPR immigrants remains a relatively small fraction of the total U.S. population, many immigrants have transitioned from LPR status to citizenship over time.

Race/Ethnicity

Race/ethnicity is a powerful stratifying force in the United States. Contemporary racial/ethnic groups reflect a dynamic sociohistorical process of racial formation, whereby racial categories are created, adopted, transformed, and dissolved over time (Omi and Winant 1994). This process leads to some racial categories being fluid over time while others have had more rigid boundaries. For instance, immigrants from the first part of the 20th century were predominantly of European origin, but "old" immigrants (e.g., British, French, German, Norwegian, Swedish) considered "new" immigrants (e.g., Irish, Jewish, Italian, Polish, Greek) to be a different and nonwhite race (Hirschman 2005). Over time, ethnic distinctions among European immigrants faded (Alba 1990). Descendents are now grouped – and generally group themselves – into a white racial category (Alba 1990; Perlmann and Waldinger 1997). Several

events and social processes contributed to this amalgamation. For one, legislation in the 1920s severely restricted European immigration (Bernard 1981; Hirschman 2005). Additionally, Hirschman (2005:601) suggests several explanations for the socioeconomic assimilation of white ethnic groups, including "rising levels of education of the second generation, the expansion of occupational opportunities, declines in residential segregation, unionization, the nation-building experience of two world wars, and the growing presence of African American workers who filled the bottom rungs of employment in industrial cities (Alba and Nee 2003: chapter 3; Lieberson 1980)". Intermarriage also contributed to the assimilation of old and new European immigrants over time (Alba 1990; Hirschman 2005; Perlmann and Waldinger 1997). Last, new immigrants socially distanced themselves from blacks, which helped them attain "whiteness" (Allen 1994; Brodkin 1998; Ignatiev 1995; Jacobson 1998; Roediger 1991).

Since racial formation is socially and historically defined, both racial statuses and racial meanings constantly change (Omi and Winant 1994). Immigrants are inserted into a cross-section of this dynamic process; therefore, their U.S. racial status derives from a temporally-specific intersection of the current social structure and cultural representation of race/ethnicity. Prior to migration, race/ethnicity may not have played any role in the lives of immigrants. After arrival, however, immigrants encounter a "comprehensive racialized social structure" that organizes and redistributes resources along racial lines (Omi and Winant 1994:60). Because of this racial/ethnic structuring of U.S. society, immigrants' life chances depend on how well their native-born racial/ethnic counterparts fare in American society. Indeed, due to deeply rooted and highly institutionalized racial/ethnic inequality in the United States (Omi and Winant 1994), contemporary immigrants face a racial situation comparable to that of their predecessors one

hundred years ago: The ease or difficulty of their American experience depends on the lightness or darkness of their skin. Indeed, nonwhite immigrants may experience the greatest challenges for integration into the white middle class mainstream (Portes and Rumbaut 2001). Unlike their historic predecessors, however, it is unclear whether contemporary immigrants may be able to employ the same strategies for incorporation. For example, there is currently no indication of a drastic break from current immigration policy as there was in the 1920s. Also, recent research reports decreased intermarriage rates in the 1990s between native-born whites and racial/ethnic minority immigrants, which suggests that marital assimilation may be more muted than it was for European immigrants in the early part of the twentieth century (Qian and Lichter 2007; see also Sassler 2005). Insofar as intermarriage reflects greater or lesser social distance between racial/ethnic groups, it appears that social distance increased between whites and both foreign-born Latinos and Asians, remained rigidly unchanged between white and black immigrants, and decreased between the native-born and foreign-born within racial/ethnic groups in the 1990s (Qian and Lichter 2007).

Racial formation provides a useful conceptual framework for understanding changes in racial/ethnic statuses over time and implications of the racial/ethnic hierarchy for contemporary immigrants. Yet, how race/ethnicity affects life chances *among* immigrants merits further discussion. Recent work offers a new theoretical perspective for understanding how race/ethnicity and nativity status affect the U.S. social structure (Hao 2007). Dominance-differentiation theory argues that race/ethnicity is a primary stratifying process, one that sorts members of society into groups along racial/ethnic lines. Nativity, however, operates as a secondary stratifying process that divides immigrants and natives within racial/ethnic groups. It

is this second sorting process that has implications for racial/ethnic stratification among contemporary LPR immigrants in the United States.

Factors that contribute to the secondary sorting process include self-selection and heterogeneity in skills, education, life experiences, culture, and so on. These factors within the immigrant population may contribute to vertical differentiation within racial/ethnic groups (Hao 2007). If there is enough vertical differentiation *within* racial/ethnic groups, it may contribute to the blurring, blending, or breaking of racial/ethnic boundaries *between* groups. In addition to self-selection and immigrant heterogeneity, immigrants' (relatively) recent arrival to the United States has implications for within-racial/ethnic group variation. By virtue of their more recent arrival, immigrants avoid the legacy of historical racialized state policies (Oliver and Shapiro 2006) as well as the "intergenerational consequences of historical slavery, Jim Crow laws, redlining, and overt personal and institutional discrimination" (Hao 2007:44). Moreover, ethnic enclaves – which can be viewed as voluntary segregation – may benefit immigrants after arrival (Bean, Van Hook, and Fossett 1999). This spatial autonomy may insulate immigrants from some forms of discrimination and/or other disadvantages associated with either their racial/ethnic or nativity status while they familiarize themselves with U.S. society, improve their English language proficiency, and/or gain work skills before moving – in spatial, labor market, etc. terms – out of the enclave. In sum, immigrants are a unique population; therefore, while the racial/ethnic hierarchy in the United States will certainly affect immigrant life chances, boundaries between racial/ethnic immigrant groups may be more permeable than those between native-born groups.

Immigrant Educational Attainment

Defining Over/underqualification

The conceptualization and operationalization of education–occupation mismatch or over/underqualification has been the subject of much debate. Despite this lack of consensus, results for the effects of over/underqualification on wages and income as well as a wide spectrum of social outcomes are relatively robust (Hartog 2000). In general, there are three methods for analyzing education–occupation mismatch: job analysis (Rumberger 1981), self-assessment (Duncan and Hoffman 1981), and realized matches (Verdugo and Verdugo 1989). This latter method has also been called the "statistical approach" and is appropriate for self-reported educational attainment and occupational information. It is the method used in this article.

The first step in the realized matches approach is to establish an occupation-specific reference level of education with a summary measure, such as the mean (e.g., Groot 1996; Verdugo and Verdugo 1989), mode (e.g., Cohn and Khan 1995; Kiker, Santos, and Mendes de Oliveira 1997) or median (Slonimczyk 2008). In using the mean and median, the reference amount of education is expanded – typically plus/minus one standard deviation – to increase the size of this group. This technique has met with criticism (e.g., Cohn and Khan 1995; Hartog 2000), which is avoided by using modal education (the technique used in this article). Individuals with educational attainment that matches the occupation-specific modal value are considered "adequately" educated/qualified while individuals with more (or less) education than the modal value are overqualified (or underqualified). Since these measures are occupation-specific, comparisons are made *within* occupations.

Over/underqualification is strongly related to total educational attainment. Highly educated individuals are likely to be overqualified because there are relatively few jobs that

require more education than they have. The specialization required by advanced degrees further contributes to the likelihood of overqualification. For instance, lawyers in the United States typically complete three years of training beyond a bachelors degree. There is a much greater chance that lawyers are working in jobs below their educational attainment (overqualified) than working in jobs that require more education than they completed (underqualified). In contrast, individuals with lower educational attainment are more likely to be underqualified for their occupation since there are comparatively fewer opportunities to work in occupations that require fewer years of education than they possess. Surprisingly, no research examines the close relationship between total educational attainment and the likelihood of over- and underqualification. Addressing this relationship is important, particularly for a population like LPR immigrants that may have a unique distribution of educational attainment. I return to this issue below.

Immigrants and Over/underqualification

Immigrants and the native-born alike may be over/underqualified in their occupations; however, two unique processes that contribute to *how* immigrants in particular become either over- or underqualified in the United States merit closer attention.

Overqualification

Immigrant overqualification likely results from the lack of international transferability of job skills and educational credentials (e.g., Chiswick 1978), which mainly affects immigrants with greater educational attainment (Chiswick and Miller 2008; Friedberg 2000). Due to the devaluation of their foreign educational attainment, more highly educated immigrants may be disproportionately located in occupations that require *less* education than they have attained. A number of factors contribute to this devaluation in the United States. For one, certain occupations

– doctors, dentists, and lawyers – generally do not directly transfer to the host country labor market (Basran and Zong 1998; Grant and Nadin 2007). Immigrants who wish to continue practicing in these fields in the United States must re-accredit and/or re-license according to U.S. standards. Another factor is discrimination. Employers may perceive foreign education to be less valuable than U.S. education. They may therefore prefer U.S. educated applicants, to the detriment of (foreign educated) immigrant applicants (Chiswick 1978; Butcher 1994). A final factor is the lack of U.S. experience, particularly the completion of additional schooling in the United States. Foreign educated immigrants are generally disadvantaged in English language proficiency relative to immigrants with U.S. education (Espenshade and Fu 1997), which may prevent immigrants from attaining jobs commensurate with their educational attainment. Colleges and universities also provide a number of resources (e.g., job fairs, mock interviews, resume help, access to alumni networks) to students – both foreign- and native-born – that are unavailable for immigrants without U.S. college or postgraduate education.

Underqualification

While immigrants with lower educational attainment may experience devaluation of their educational credentials, immigrant underqualification results from different processes than those leading to overqualification. For one, some employers may prefer to hire less educated immigrants. Immigrants with lower levels of educational attainment may be likely to find employment in occupations where the quantity or quality of their education may have little or no importance (Butcher 1994). Next, social networks play a valuable role in helping immigrants find employment (e.g., Aguilera 2002, 2003; Aguilera and Massey 2003). Such networks may be especially valuable for immigrants without the formal educational requirements for a given occupation (for rich detail on an immigrant occupational network, see Hagan 1994). Last, recent

work suggests self-selection may contribute to underqualification (Chiswick and Miller 2008). These authors argue that immigrants possess unmeasured attributes such as motivation, work ethic, and/or other abilities. These skills and abilities may compensate for a lack of formal schooling and enable underqualified immigrants to work in occupations for which they lack the formal educational credentials. Indeed, Chiswick and Miller (2008) argue that it is these unmeasured traits that explain why the wage penalty for underqualification is smaller for immigrants than it is for similarly-underqualified native-born Americans.

The Social Implications of Educational–Occupational Mismatch

Economics has been the dominant disciplinary perspective within the study of over/underqualification. This has several ramifications, the most important of which has been a concentration on wages and income. Yet, there is reason to believe that the implications of over/underqualification are not confined to traditional economic outcomes. Previous sociological work focuses on job satisfaction (Berg 1970; Burris 1983; Kalleberg and Sorensen 1973; Tsang et al. 1991), achievement ideology (Burris 1983; Vaisey 2006), and liberal political attitudes (Burris 1983; Vaisey 2006). In short, the relatively limited sociological research suggests that there is much fertile ground for sociological inquiry into the implications of over/underqualification in the social world.

How over/underqualification affects wages and income is relatively straightforward. An exact education–occupation match (i.e., adequate qualification) reflects the best pairing between workers' educational attainment and the job's educational requirement. This results in the greatest returns (i.e., wages) in the labor force. Indeed, the rate of return for an exact education-occupational match is substantially higher than the rate of return for total educational attainment when over/underqualification is not taken into account (e.g., Sicherman 1991; Chiswick and

Miller 2008). In contrast, overqualified workers experience a discounted return to any education that is *beyond* that required for a given occupation (e.g., Cohn and Kahn 1995; Sicherman 1991; Chiswick and Miller 2008). In this way, overqualified workers earn more than their peers with an education–occupation match, but their additional education is not rewarded at the same rate (Sicherman 1991; Chiswick and Miller 2008). Underqualified workers, on the other hand, receive a lower wage than their adequately (or even overqualified) educated coworkers.

How over/underqualification affects social outcomes is less straightforward. Though sociologists made several important early contributions to the education–occupation mismatch literature, a theoretical framework for understanding how over/underqualification contributes to social outcomes has only recently been developed (Vaisey 2006). This framework is grounded in Pierre Bourdieu's concept of habitus (Bourdieu 1990) and draws on research in the sociology of education literature that operationalizes habitus as occupational aspirations (Dumais 2002; McClelland 1990). Occupational aspirations develop from several influences including past experiences as well as current actions and observations (McClelland 1990). One important past experience is educational attainment. Individuals may develop a set of expectations about their future job during their time in school as they cultivate personal interests, take classes, choose majors, and work toward completion of educational degrees. Indeed, this may be particularly relevant for more highly educated individuals as more time in the educational system may condition individuals to expect greater rewards from employment (Mortimer 1979). These occupational expectations may include a number of dimensions of employment beyond expected salary, work hours, prestige, and perks to include relationships with colleagues, level of challenge, and most importantly, a work identity (Vaisey 2006; see Akerlof and Kranton 2005; also Sayer 2005, chapter 2).

A mismatch between educational and occupational attainment may have implications for occupational expectations. Individuals who are over/underqualified in their occupations may be failing to meet – or exceeding – their occupational aspirations, which may result in "subjective problems for actors" (Vaisey 2006:837; see also Bourdieu 1990, chapter 3; Sayer 2005, chapter 2). In short, if workers' job realities fall short of their expectations, they may experience cognitive dissonance and dissatisfaction (Burris 1983; Vaisey 2006). This highlights the importance of status consistency. Individuals seek agreement between their various social statuses; therefore, any inequality between educational and occupational attainment may lead to social and cognitive discomfort (Festinger 1957; Vaisey 2006). This is particularly salient for overqualified individuals: Advanced education may contribute to feelings of frustration and dissatisfaction if workers have heightened expectations stemming from their greater educational attainment. In contrast, if individuals are underqualified for their occupation, they have overachieved occupationally and may not experience any negative ramifications from their status inconsistency.

How education–occupation mismatch affects wealth accumulation is less clear than it is for income. For income, over/underqualification directly affects the return to education (i.e., wages). Since income is strongly related to wealth accumulation, over/underqualification will affect wealth attainment through this path. Yet, wealth accumulation offers a broader and more complicated perspective of financial resources as it reflects saving and expenditure patterns. Just as individuals alter their job satisfaction or achievement ideology to reflect the match between their educational and occupational attainment, status inconsistencies may shape how individuals save or spend their money. In short, a focus on wealth accumulation reveals potential indirect

ramifications of education–occupation mismatch that extend beyond the labor market and affect individuals' interaction with the social world.

Immigrants, Over/underqualification, and Wealth Accumulation

Previous sociological research documents that individuals attempt to compensate for status inconsistency by adjusting their attitudes and behaviors. This research focuses on work-related outcomes, but individuals may seek status consistency outside of the work place as well, perhaps by placing more value on status-conferring characteristics that are external to their working lives, such as family, leisure, and nonwork activities (Burris 1983). In addition, individuals may engage in financial behaviors that reflect their over/underqualified status, which may result in distinct patterns of wealth accumulation. In this way, wealth accumulation provides unique insight into potential repercussions of education–occupation status inconsistency outside of the labor force.

Overqualification and Immigrant Wealth Accumulation

Overqualified immigrants may engage in specific financial behaviors in an attempt to bridge the status inconsistency between their educational attainment and their occupational achievement. This effort to create status equilibrium may take one of two (not mutually exclusive) forms. For one, immigrants may accrue school-related debt as they pursue additional education, training, or professional accreditation in the United States. These immigrants may work and attend school concurrently to mitigate some of their expenses, but they may also sacrifice wages or work hours to achieve additional schooling. Immigrants may not be eligible for certain federal loans and/or grants; therefore, they may use private school loans or credit card debt to pay for unmet schooling needs. In this scenario, overqualified immigrants are taking on debt and devoting finite financial resources toward schooling, which limits opportunities to

purchase assets that improve financial well-being and contribute to wealth accumulation. While school-related expenses certainly lower immigrants' net worth in the short-term, educational investment has the potential to result in greater wealth accumulation over time.

Alternatively, overqualified immigrants may use consumption to compensate for their status inconsistency. This may be an attempt to purchase status consistency, but it may also reflect efforts to maintain a lifestyle consistent with their educational attainment and/or pre-migration occupation. This idea is not new. Veblen ([1899] 1994:102) argued that it is more difficult to reduce expenditures below an accustomed level when confronted with fewer financial resources than it is to increase consumption to correspond with an improved financial situation. Veblen also characterized the challenge of changing one's standard of living as akin to the difficulty in breaking a habit ([1899] 1994:106). In this way, overqualified immigrants may pursue a lifestyle and engage in consumption habits commensurate with their previous occupation in their source country or, perhaps, an equivalent position in the United States. Consumption patterns may be funded with current income, which may allow immigrants to live within their means; however, credit cards and other debt instruments – such as lines of credit attached to mortgages – may also provide the financial resources to purchase status consistency. Debt accumulated in this way harms wealth accumulation just as schooling-related expenses do, but whereas the latter can be viewed as an investment, the former may simply be conspicuous consumption.

Underqualification and Immigrant Wealth Accumulation

In contrast, underqualified immigrants may have surpassed their occupational expectations. In this way, status inconsistency is a positive outcome. This achievement stems from skills and abilities that compensate for immigrants' lack of formal educational attainment, characteristics so valuable that they may also positively affect financial behaviors and improve wealth accumulation. For example, underqualified immigrants may work harder, commit themselves more, and go to greater lengths to economically succeed in the United States. Underqualified immigrants may also engage in a variety of financial behaviors that uniquely distinguish their wealth accumulation from that of other immigrants. For example, these immigrants may save for a larger downpayment on a house, which will reduce the mortgage and may reduce the interest rate. Underqualified immigrants may also open – and aggressively contribute to – a savings or checking account soon after arrival in the United States. Furthermore, underqualified immigrants may continue consumption patterns they employed in their home country: If they spend money in similar ways as they did prior to migration and earn higher wages in the United States, they will realize substantial savings. The ability to save and invest in this way is certainly a function of higher income earned in the United States, but the financial discipline to save and invest the additional income perhaps reflects some of the same traits that are associated with their occupational success.

Yet, why would this occupational success not translate into increased spending and other harmful financial behaviors? Indeed, Veblen argues that increasing conspicuous consumption is relatively easy – especially when compared to reducing it ([1899] 1994:103). As mentioned above, however, a standard of living becomes habitual. Moreover, Veblen offers that if there is *not* an increase in consumption following an increase in financial resources, then this may

suggest that the rate of monetary increase may be outpacing that of expenditures. Additionally, individuals may be postponing consumption (i.e., saving) in order to make a larger, "spectacular" purchase at a later date (Veblen [1899] 1994:110). Both of these situations may result in underqualified immigrants accumulating wealth. In sum, the same traits immigrants use to overcome their lack of educational credentials in the labor force may also be used to financially succeed in U.S. society, resulting in wealth advantage for underqualified immigrants.

HYPOTHESES

The conceptual framework suggests several hypotheses that will guide the analyses. These hypotheses set expectations for how race/ethnicity structures U.S. society and then how over/underqualification produces divergent patterns of immigrant wealth accumulation.

First, since race/ethnicity plays such an important role in determining access to resources and opportunities in the United States, race/ethnicity will differentially affect immigrants' life chances and influence wealth accumulation. Research on racial formation establishes that there is a racial/ethnic hierarchy in the United States with whites at the top and racial/ethnic minorities below. This stratification is evident in the wealth literature where the importance of race/ethnicity for wealth inequality is well documented. The largest wealth inequality is in the black/white contrast (Conley 1999; Oliver and Shapiro 2006) followed by the Latino/white and Asian/white contrasts (Campbell and Kaufman 2006). Therefore, I offer the following hypothesis that captures racial/ethnic stratification in wealth accumulation:

Hypothesis 1: Racial/ethnic minorities will accumulate less wealth than whites.

Corollary 1a: Wealth inequality will be largest between whites and blacks.

Corollary 1b: There will be less wealth inequality between whites and Latinos.

Corollary 1c: The smallest wealth inequality will be between whites and Asians.

Overqualified immigrants experience status inconsistency from a lack of skill transferability as their educational attainment and work experience from their countries of origin generally do not directly transfer to the U.S. labor market. This devaluation creates status inconsistency between immigrants' educational attainment and their actual U.S. occupation and/or future occupational aspirations. Overqualified immigrants may attempt to compensate for their educational and occupational status inconsistency through financial behaviors. This may include taking on debt from going back to school and/or engaging in consumption behaviors. Both actions will lead overqualified immigrants to accumulate lower levels of wealth than their adequately qualified same-occupation coworkers, though educational pursuits at least have the potential for greater future financial gains. Therefore, I expect that:

Hypothesis 2: Compared to adequately qualified immigrants within the same occupation, overqualified immigrants will be negatively associated with wealth accumulation.

Corollary 2a: Racial/ethnic variation will conform to Hypothesis 1.

A different process affects the wealth attainment of underqualified immigrants. These immigrants are likely self-selected on unobservable traits like work ethic, motivation, and other abilities that offset the lack of occupation-specific educational attainment. Underqualified immigrants use these skills to bridge the gap between a job's formal educational requirements and their personal educational attainment. These immigrants also experience status inconsistency, but they are in a situation in which they have occupationally overachieved. Underqualified immigrants may use these same unobserved skills to financially succeed in U.S. society by engaging in a variety of financial behaviors that lead to a positive wealth accumulation trajectory. Therefore, I expect that:

Hypothesis 3: Compared to adequately qualified immigrants within the same occupation, underqualified immigrants will be positively associated with wealth accumulation.

Corollary 3a: Racial/ethnic variation will conform to Hypothesis 1.

DATA AND METHODS

Data

To explore the relationship between immigrant over/underqualification and wealth accumulation, I use a relatively new dataset, the New Immigrant Survey (NIS). The NIS is a multi-cohort prospective-retrospective panel that is nationally representative of immigrants gaining legal permanent resident (LPR) status in 2003. The data contain 8,573 new immigrants in the adult sample, who were at least eighteen years of age at LPR receipt. The NIS sample is stratified by four visa classes of admission: spouses of US citizens (20% of sample), employment (20%), diversity lottery (17%), and a residual category that includes refugees and asylees, spouses of legal permanent residents, and adult children (43%).[2] For the purposes of this study, the data are very valuable as they contain detailed information on immigrants' demographic and economic attributes including educational attainment, occupation, and assets and debts.

The analytical sample includes immigrants currently living in the United States who are participating in the labor force. Immigrants reporting a racial/ethnic status of Native American or Pacific Islander are excluded. With these restrictions, the analytical sample size is 6,608.

Outcome Variable

The NIS contains detailed information on immigrants' asset and debt holdings, both in the United States and abroad. The outcome variable is net worth (standardized and logged),

[2] The diversity lottery is designed to create possibilities for immigration from countries where less than 50,000 individuals have immigrated to the United States in the past 5 years. Importantly, there are eligibility requirements for the diversity lottery as recipients must have the equivalent of a high school degree or two years work experience in an occupation requiring at least two years of training (Jasso et al. 2000).

measured as the US$2003 value of assets less debts.[3] Assets include the value of financial investments, such as checking and savings accounts, bonds, stocks, and Individual Retirement Accounts (IRAs). Also included are the value of non-financial holdings, such as homes, automobiles, real estate, and other valuable possessions. The value of these assets is weighed against total debts, such as those from credit cards, hospital bills, mortgages, and liens.

Explanatory Variables

The construction of the over/underqualification variables has been a source of considerable debate in the literature. The measures are occupation-specific; therefore, the first step is to calculate a summary measure of educational attainment within immigrants' occupations.[4] I calculate the modal value of educational attainment for each occupational category (Cohn and Kahn 1995; Kiker et al. 1997).[5] The advantage of the mode, as opposed to the mean or median, is that it provides a measure of the typical amount of education for each occupation. It also eliminates the need to impose arbitrary thresholds – such as plus/minus 1 standard deviation (Verdugo and Verdugo 1989) – that are needed when using the mean or median to divide the adequately qualified from the over/underqualified. With the modal specification, immigrants with an exact match between their educational attainment (in years) and the occupation-specific modal value of education are considered adequately educated/qualified for that occupation. For over/underqualified immigrants, I include two continuous variables that measure the number of years that an immigrant is over- or underqualified relative to the modal amount of education for their particular occupation.[6] For

[3] To correct skew in the NIS wealth data, I add a constant to the net worth variable to eliminate negative values and then take the natural log.
[4] The NIS uses the 2003 Census 4-digit occupational codes. If respondents do not report current occupation information, I use the occupational code from their first job after arrival.
[5] Appendix Table A contains the 2003 Census 4-digit occupational categories and the modal educational attainment value.
[6] Adequately qualified immigrants have a value of zero for both the over- and underqualified variables.

example, if the modal occupation-specific education value in a given occupation is 12, immigrants with 12 years of educational attainment (i.e., an exact education–occupation match) are adequately qualified. Immigrants with 16 years of education are overqualified by 4 years while immigrants with 8 years of education are underqualified by 4 years. Last, I include a measure of total educational attainment, in years.[7]

Next, race/ethnicity is measured with a series of 4 dichotomous variables: nonLatino white (reference), nonLatino Asian, nonLatino black, and Latino.[8] Finally, I include interactions between race/ethnicity and the education variables.

Control Variables

The NIS includes extensive demographic information and questions about immigrants' American experience. Unless noted, variables are measured at the time of the interview. I include several variables that capture the process through which immigrants qualify for LPR status. First, I use a dichotomous variable to control for how immigrants applied for LPR status: adjustment of status or new arrival (reference category). Second, I include a series of dichotomous variables that account for LPR recipients' class of admission: employment preference (reference category), family preference, students, refugees, and a residual category of asylees and legalization immigrants.[9]

The amount of time spent in the United States is an important factor for immigrants' well-being. The NIS contains detailed migration history that allows for the creation of an accurate measure of immigrants' U.S. duration. Traditionally, immigrant scholars calculate U.S. duration by subtracting immigrants' current age from their age at arrival. This yields a measure

[7] In supplemental analyses, I experimented with breaking total educational attainment into years of foreign and U.S. education. Results were equivalent to those presented in this article.
[8] For the rest of the article, I drop "nonLatino" and use white, black, and Asian.
[9] These variables also account for the stratified sample design in the NIS.

that is subject to measurement error if immigrants leave the United States for extended periods of time or if they spent time in the United States prior to LPR receipt. The NIS solves this problem by recording immigrants' destination country and the date of arrival for all movements beginning with the first time immigrants leave their country of birth.[10] This is valuable in two ways. First, it allows for an accurate count of the time an immigrant spent in the United States. Second, it identifies "fake" new arrivals. These immigrants apply for LPR status as new arrivals, but have lived – or are currently living – in the United States. With the traditional method, the sometimes substantial U.S. experience of these immigrants would have not been observed. The measure of U.S. duration used in this article is a sum of the total number of months (adjusted to years) an immigrant has spent in the United States.

The NIS includes a number of variables that assess English language proficiency. I include two variables that identify whether immigrants self-report that they are native English speakers or speak English "very well" or "well". The reference category is immigrants reporting that they speak English "not well" or "not at all".[11]

I include a number of demographic and economic variables that account for immigrants' personal characteristics. I include age and its square, a dichotomous variable for gender (1=female), and a dichotomous variable for marital status (1=married). I include a series of dichotomous variables that account for immigrant's current employment status: employed (reference category), unemployed, on leave, and a residual category.[12] I include the log of household income. Region of residence is a series of dichotomous variables that identify:

[10] Immigrants must live in a given destination country for at least 90 days to be recorded in the migration history module.

[11] In supplemental analyses, I experimented with alternative measures of English language proficiency. I examined immigrants' self-assessment of how well they understand spoken English and an assessment of respondents' English language ability by the interviewer. Results were similar to those presented in this article.

[12] The residual category includes immigrants who are currently volunteering and looking for work and those who have just arrived to the United States. A small number of immigrants report that they are currently employed, but do not specify the particular labor force activity.

northeastern (reference category), south, midwest, and west.[13] Last, I include three dichotomous variables that capture immigrants' remittance behaviors during the past calendar year: no remittances (reference category), less than $500, and more than $500.

Analytical Strategy

Estimation

I use median regression – a specific type of quantile regression – to analyze net worth (Koenker and Bassett Jr. 1978). Since its introduction by Koenker and Bassett (1978), quantile regression has become more commonplace with increasing computer power. Quantile regression provides a more complete assessment of the effects of covariates across the distribution of net worth (at specified quantiles), which may reveal unique features of the data. The principle advantages of quantile regression include the absence of a distributional assumption and robustness to outliers (Hao and Naimen 2007; Koenker 2005). This latter strength is particularly important when analyzing net worth, since it is heavily right-skewed. Logging net worth helps make the skewed distribution more symmetrical, but even with this transformation, there may still be a number of outliers and residuals may not be normally distributed. These OLS assumption violations may lead to distorted and inefficient estimates; however, the resistance of quantile regression to outliers ensures that estimates from median regression are unbiased and efficient, even in the presence of unusual observations.

Specification

I estimate two sets of models: an additive and multiplicative model that analyze the relationship between the education variables and wealth accumulation as well as how this relationship differs by race/ethnicity. The general equation used to estimate the

[13] These regions are created using U.S. Census designated boundaries.

over/underqualification coefficients has been used to examine financial (Sicherman 1991; Cohn and Kahn 1995) and nonfinancial (Tsang et al. 1991; Vaisey 2006) outcomes and is as follows:

$$Y_i = \beta X_i + \alpha E_i^a + \tau E_i^o + \delta E_i^u + \varepsilon_i$$

where logged wealth (Y) is regressed on a vector of explanatory and control variables (X) and a series of education variables. E^a represents an estimate of an immigrants' total educational attainment, in years. E^o represents the number of years of education above the occupation-specific modal education; this value is zero if immigrants' education is equal to or less than the mode. E^u is the number of years of education below the occupation-specific mode; likewise, this value is zero for adequately- or overqualified immigrants. When accounting for both over- and underqualification, the coefficient for total educational attainment (α) reflects immigrants' education that is actually used by the job (Chiswick and Miller 2008; Vaisey 2006), such as, an immigrant with 14 years of educational attainment working in an occupation where the modal value of educational attainment is 14. For the other parameters in the equation, τ is the coefficient for overqualification (additional years of education beyond adequate qualification) and δ is the coefficient for the number of years of underqualification. For example, immigrants with 14 years of education who work in occupations with a modal value of 12 are considered overqualified; however, if they worked in occupations with a modal value of 16, they are underqualified.

The interpretation of over- and underqualification depends on the sign and magnitude of the three education coefficients. The conceptual framework in this article suggests that – relative to adequately educated immigrants *in the same occupation* – overqualification would harm wealth accumulation (τ is negative) while underqualification may be beneficial (δ is positive). This is because an overqualified (underqualified) immigrant would accumulate less (more)

wealth than an adequately educated immigrant. Adequate qualification provides evidence of a match between educational and occupational attainment, which leads to social consonance and status consistency (Vaisey 2006). Overqualified immigrants have educational attainments in excess of occupation-specific norms, which leads to dissonance and discontent (Vaisey 2006). This is reflected here in lower wealth accumulation. In contrast, surpassing expectations (greater occupational attainment than educational attainment) corresponds with a positive reaction, leading to higher levels of wealth accumulation.

Sensitivity Tests

With this specification, the model assumes immigrants' education matches that which is adequate for their specific occupation, when $E^o = E^u = 0$. This requirement may be too restrictive. Indeed, other research has used arbitrary cutoffs to relax the assumption of an exact match. Some of these cutoffs include plus/minus one standard deviation around the occupation-specific mean educational attainment (e.g., Verdugo and Verdugo 1989), while others have used one or two years of education in either direction as a buffer (e.g., Tsang et al. 1991; Vaisey 2006). Results are largely robust to these varying specifications (see Hartog 2000). In this article, I use the modal value of occupation-specific educational attainment, which provides a conservative estimate of the effect of over- and underqualification as it is the most common educational value within an occupation. Other values – such as the mean or median – more narrowly define adequate qualification.

Nevertheless, I conducted several sensitivity tests with multiple specifications of adequate and over/underqualification. For all supplemental analyses, I used the above equation and the control variables described in the text. I first used deviations from the mean (e.g., Chiswick and Miller 2008; Quinn and Rubb 2005) and the median (Slonimczyk 2008). Then I

expanded the definition of adequate qualification – an exact education–occupation match – by 0.5, 1.0, and 1.5 standard deviations (median absolute deviation for the median).[14] For the mode, I used a buffer for mismatch of more than plus/minus 2 years of over/underqualification (Tsang et al. 1991; Vaisey 2006). These specifications drastically changed the size of the adequate qualification category. For instance, the supplemental specification for modal education increased the percent of the sample that is adequately qualified by 150 percent, from 20 to 50 percent of sample (see Table 1 below). Consistent with previous research (e.g., Chiswick and Miller 2008; Hartog 2000), results are largely robust to these alternative specifications. While coefficients were slightly different across the various specifications, the patterns presented in this article were unchanged with two exceptions. Estimates for over/underqualification – for both the mean and median specifications – were not significant when the definition of adequate qualification spanned plus/minus 1.5 standard deviations. This is to be expected since the relative size of the over/underqualified groups would be drastically reduced by this expansive specification.

RESULTS

Descriptive Results

Summary Measures

Table 1 reports means and standard deviations for the explanatory and outcome variables. Descriptive statistics for the control variables are displayed in Appendix Table B. Table 1 demonstrates substantial racial/ethnic variation for years of educational attainment. White and Asian LPR immigrants are the most highly educated, followed by black LPR immigrants. Latino LPR immigrants attain the lowest amount of education, on average. For years of over- and

[14] Note that beginning with Verdugo and Verdugo (1989) the standard in the literature for defining adequate education with the mean value is plus/minus 1.0 standard deviations.

underqualification, Latino LPR immigrants merit particular attention as they are highly underqualified when compared to other racial/ethnic groups. At an average of 2.61 years of underqualification, Latinos are more underqualified than white immigrants (who have the highest average number of years of overqualification) are overqualified.

To provide more insight into the distribution of over/underqualification, Table 1 includes two categorical operationalizations of the over/underqualification variables. Immigrants with an exact match between their personal education and the occupation-specific modal value are labeled "adequate". Looking to the first set of categorical variables, most immigrants are overqualified with overqualification most prevalent among white immigrants. Latinos present the opposite pattern: underqualification is most common and the prevalence is almost twice as high as among Asian LPR immigrants, the racial/ethnic group with the next highest proportion of underqualification.

The next set of categorical variables uses a deviation of 3 or more years of immigrants' educational attainment around the occupation-specific modal value. With this alternative categorization, most immigrants are adequately educated. Thus, most immigrants work in occupations where their educational attainment is not too far from the occupation-specific modal amount of education. Racial/ethnic variation remains, however, suggesting a Latino/nonLatino divide.

Last, racial/ethnic wealth inequality is apparent among LPR immigrants (see bottom of Table 1). Asians and whites have the highest average wealth attainment, which is substantially more than the average wealth for black and Latino LPR immigrants. Median values of net worth illustrate that many LPR immigrants have little or no net worth.[15] Despite the low values for

[15] The median value of logged net worth is invariant by race/ethnicity at 6.90.

median wealth and relatively little variation by racial/ethnic group, the ordering of the median values conforms to the racial/ethnic hierarchy in the United States.

Stratifying by Educational Attainment

Table 2 illustrates that adequate/over/underqualification status depends on total educational attainment. Previous research ignores this relationship, but Table 2 clearly shows that the distribution of adequate/over/underqualification is not uniform within meaningful categories of educational attainment. In the top panel, most LPR immigrants are overqualified among those with at least a college education and very few are underqualified. With the +/- 3 years definition of adequate qualification, no immigrants are underqualified. The opposite pattern is apparent for LPR immigrants with a high school or less education (bottom panel). Few immigrants are overqualified (especially with the broader definition of adequate education) and most immigrants are underqualified. Together, these two panels provide further insight into the distribution of over/underqualification among LPR immigrants and highlight how these statuses vary with total educational attainment.

Median Regression Results

Table 3 presents results from median regression (Appendix Table C contains results for the control variables). Model 1 provides some evidence for Hypothesis 1 by confirming the well-documented racial/ethnic wealth inequality in the United States: racial/ethnic minority LPR immigrants are associated with less wealth than are white LPR immigrants.[16] Black immigrants are associated with the largest wealth inequality [–$1,995] and Latino immigrants [–$1,197] the smallest relative to white immigrants.[17] Asian immigrants [–$1,596] fall in between blacks and Latinos. The coefficients in Model 1 are quite small; however, the racial/ethnic hierarchy among

[16] Tests for the equality of coefficients (unrounded) indicate that the coefficients for the racial/ethnic groups are significantly different from each other.

[17] I use an antilog or exponential transformation to express logged wealth values as whole dollars.

LPR immigrants generally reflects the larger racial/ethnic structure in the United States. Moreover, as Table 1 identified, the median wealth value for LPR immigrants is almost zero. In this way, even small racial/ethnic inequalities in wealth could have substantial repercussions for immigrants' financial resources and overall well-being.

Next, the education variables are occupation-specific measures. Therefore, coefficients represent the change in wealth for each year of adequate-, over-, or underqualification within a particular occupation. More specifically, the coefficient for years of educational attainment indicates that immigrants with an exact education-occupation match (e.g., possess 12 years of education and work in an occupation with a modal value of 12 years of education) are associated with an increase in wealth of $1,099 [b=0.001] per year of education. Similarly, each year of education *below* the modal occupation-specific value (i.e., underqualification) is associated with an equivalent financial benefit [b=0.001]. In this way, underqualified immigrants are associated with an identical level of financial well-being as adequately qualified immigrants within the same occupation and are not financially penalized – in terms of wealth accumulation – for possessing less formal education than their coworkers. This provides support for Hypothesis 3. In contrast, overqualified immigrants have a different relationship with wealth accumulation. Overqualified immigrants are associated with the same return for each year of education up to the occupation-specific modal value of education as immigrants with an exact education-occupation match, but education *beyond* that value is negatively associated with wealth accumulation, resulting in a financial penalty of $998 [b=–0.001] per year of education above that which is adequate for the job. This provides support for Hypothesis 2 and suggests that the financial well-being of overqualified immigrants is below that of adequately qualified immigrants working in the same occupation. In sum, these results provide evidence that

immigrants' financial well-being depends on how well their educational attainment corresponds to that of their specific occupation.

One of the advantages of quantile regression is the ability to examine the effects of variables across the conditional wealth distribution. This is done by changing the quantile value and graphing the results. Figure 1 begins with the median results (as displayed in Table 3) and graphs the coefficients for total education and both over- and underqualification by deciles. This graph provides visual evidence of the wealth gains associated with educational attainment within specific occupations, but there are stark differences in the wealth accumulation trajectories of over- and underqualified immigrants. The coefficients for total educational attainment and underqualification are virtually equivalent across the conditional wealth distribution; however, for the overqualified, the wealth penalty persists until the last decile.[18] This suggests that while wealth accumulation for the underqualified matches that of the adequately qualified within specific occupations, overqualification is associated with relative financial harm. This is not to say that overqualified immigrants have more debts than assets, rather, they are not experiencing a wealth advantage associated with their relatively greater educational attainment (when compared to their same-occupation peers). In short, the wealth advantage associated with occupation-specific adequate qualification and underqualification is not limited to the conditional median of the wealth distribution, but actually increases as immigrants' financial resources increase. Similarly, the wealth disadvantage of overqualification persists among wealthier immigrants (above the median), but not for the wealthiest immigrants (90^{th} percentile).

Model 2 presents interactions between the education and race/ethnicity variables, which allow the relationship between the education variables and wealth accumulation to vary by racial/ethnic group. Since the variable for total educational attainment is grand mean-centered,

[18] In the 9^{th} decile, the coefficient for years of overqualification is not statistically significant.

the coefficients for race/ethnicity in this model represent immigrants with the sample average level of educational attainment (13.33 years). With the interaction terms included, ordering of the racial/ethnic wealth inequality differs from that presented in Model 1. Among immigrants with the average level of educational attainment, there is no racial wealth inequality between white and Asian nor between white and black LPR immigrants. These groups are also associated with equivalent values for occupation-specific adequate- [$3,203], under- [$3,203], and overqualification [–$2,994]. These null findings for both black and Asian LPR immigrants in Model 2 could reflect the relative parity with white LPR immigrants in educational attainment – as well as over- and underqualification – identified in Table 1. This conclusion must be cautiously considered for black LPR immigrants because of the comparatively small sample for this racial group in the NIS. The null finding for Asians is in line with other research that examines the influence of educational attainment on various socioeconomic outcomes for Asians and Asian immigrants in particular (e.g. Hirschman and Wong 1981, 1984; Sakamoto and Furuichi 2002; Zeng and Xie 2004).

In contrast to these groups, Latinos comprise the only racial/ethnic group that experiences a different pattern of wealth accumulation when compared to white LPR immigrants. Among immigrants with the average level of education attainment, Latino immigrants are associated with a substantial wealth advantage [$32,810; b=0.032] over similarly-educated white LPR immigrants. For occupation-specific adequate education, Latinos are associated with a positive – but lower – return [0.003 + –0.003], leading to a rate of increase for Latino LPR immigrants of only $516 per year of education.[19] The wealth advantage of same-occupation underqualification [$413] is similarly dampened for Latino LPR immigrants [0.003 + –0.003]. In contrast to these financial disadvantages, Latino LPR immigrants experience a lower wealth penalty associated

[19] Coefficients appear equivalent due to rounding.

with same-occupation overqualification [–$413] when compared to white LPR immigrants [–0.003 + 0.003].

Why are Latino LPR immigrants associated with a pattern of wealth accumulation different from that of their immigrant peers? The descriptive results provide some insight by highlighting the unique distribution of educational attainment among Latino LPR immigrants. These immigrants possess lower educational attainment, on average, than other LPR immigrants (see Table 1) and are disproportionately concentrated among those with a high school or less education (see Table 2). As such, Latino LPR immigrants are more likely to be underqualified within any given occupation. Beyond their educational attainment, other factors may contribute to this unique pattern of wealth accumulation. For one, Latino immigrants may be enmeshed in social networks that provide access to a different segment of occupations (for an example, see Hagan 1994). Additionally, Latino immigrants may possess valuable skills (e.g., carpentry, mechanical, plumbing) while lacking the formal education of U.S.-trained trade positions. Indeed, Portes and Rumbaut (2006) provide an example of this situation by documenting a mechanic who migrated from Mexico. Despite lacking formal education, this skilled mechanic operated a successful shop in the United States while also employing several other Latino immigrants. In short, Latino LPR immigrants' relatively lower levels of educational attainment are closely related to their greater likelihood of being underqualified; therefore, they may be concentrated in occupations with a less educated workforce. Social networks and valuable skills may also provide additional insight into the unique educational and occupational characteristics of Latino LPR immigrants and indicate why this is the only racial/ethnic minority group associated with a pattern of wealth accumulation that differs from that of white LPR immigrants.

DISCUSSION

This article joins the renewed sociological interest in the implications of individuals' status as over- or underqualified workers. Sociologists contributed some of the initial work on education–occupation mismatch in the examination of various social outcomes such as job satisfaction, achievement ideology, and liberal political attitudes as well as an alternative methodological approach to the measurement of over- and underqualification. This early sociological research was abandoned until the revival in Vaisey (2006), leaving economists to dominate the literature with their (largely) singular focus on labor market outcomes (i.e., wages and income). In this article, I continue this recent sociological interest in the overqualification literature and make three contributions. First, I build on recent work in economics that provides the first insight into the effects of overqualification among immigrants (Chiswick and Miller 2008) by examining a unique population of immigrants living in the United States – legal permanent residents. Second, this article considers race/ethnicity. Due to their recent arrival, immigrants are sheltered from some of the historical institutions that produced – and continue to produce – racial/ethnic stratification in the United States; however, contemporary immigrants may still be subject to current discriminatory practices and confront racial/ethnic realities in the United States that contribute to inequality between groups. Third, this article adds to the relatively sparse sociological literature that examines the ramifications of overqualification *outside* the labor force by looking at patterns of wealth accumulation.

This article devotes considerable attention to the descriptive exploration of the relationship between total educational attainment and adequate/over/underqualification. Previous research has failed to acknowledge the low likelihood of both underqualification among highly educated individuals and overqualification among the less educated. This close correspondence

is even more important when examining how education–occupation mismatch varies by race/ethnicity. Given racial/ethnic variation in educational attainment, some racial/ethnic groups (e.g., blacks, Latinos) may be disproportionately located among jobs requiring less education. Others (e.g., Asians, whites) will be more likely to work in occupations that require more education. These descriptive results foreshadow the regression results – in part – by highlighting the unique distribution of educational attainment among Latino LPR immigrants.

Regression results provide evidence that occupation-specific over- and underqualification are associated with divergent patterns of wealth accumulation among LPR immigrants that also differ by race/ethnicity. Overqualification is associated with wealth disadvantage, which suggests that immigrants may be attempting to financially compensate for the inequality between their educational and occupational attainment. This inequality or status inconsistency is due to the lack of transferability of immigrants' source country human capital to the United States, which primarily affects more highly educated immigrants. In contrast, underqualification is associated with wealth advantage. Immigrants with less education than that required by their occupation may be positively selected on a number of traits and characteristics that offset their lack of formal educational attainment. For these immigrants, status inconsistency is a positive outcome – one that is associated with greater occupational attainment and wealth accumulation.

The story differs, however, when examining contrasts between racial/ethnic groups. Accounting for interactions between total educational attainment, over/underqualification, and race/ethnicity reveals a Latino/nonLatino contrast in wealth accumulation. Latino LPR immigrants are associated with a different pattern of wealth accumulation, which perhaps reflects both their unique distribution of educational attainment and their disproportionate concentration in occupations with less education. There are no differences in the wealth accumulation patterns

of Asian, black, and white immigrants. A small sample size cautions against drawing strong conclusions regarding black LPR immigrants. However, socioeconomic equality between Asians and whites – both immigrant and native-born – when accounting for education is well-documented elsewhere (e.g. Hirschman and Wong 1981, 1984; Sakamoto and Furuichi 2002; Zeng and Xie 2004). This finding provides evidence that educational attainment is an equalizer of wealth inequality, resulting in financial parity between Asian and white LPR immigrants.

Contributions and Implications

This article makes three broad contributions that improve scholars' understanding of how both immigrants' racial/ethnic status and educational attainment affect financial well-being in the United States. First, greater *within*-racial/ethnic group variation has the potential to blur, blend, and ultimately break down boundaries *between*-racial/ethnic groups (Hao 2007). Though this article focuses on LPR immigrants, evidence suggests that accounting for the intersections of race/ethnicity and educational attainment leads to financial equality between Asian, black, and white LPR immigrants. This article cannot provide a comparison with the native-born; however, the results do provide evidence of relative equality in financial well-being among LPR immigrants, with the exception of Latinos. Therefore, while inequalities with native-born racial/ethnic groups may remain, it appears that racial/ethnic stratification is less evident among LPR immigrants.

Second, this article offers an integrated framework that illustrates the social processes that lead to immigrants' education–occupation mismatch in the United States and then how this mismatch affects social outcomes, in this case wealth accumulation. By incorporating the ideas of skill transferability and self-selection (Chiswick and Miller 2008) with Vaisey's (2006) use of habitus (Bourdieu 1990) and occupational aspirations (Demais 2002; McClelland 1990), this

integrated framework provides insight into how immigration leads to education–occupation mismatch as well as the social implications of this mismatch. In short, this contribution moves the overqualification literature forward by providing a framework to understand the social repercussions of status inconsistency among immigrants.

Last, this article explores a new outcome – wealth accumulation – that is important beyond the study of immigrants, as it expands the limited number of social outcomes analyzed within the overqualification literature. Many immigrants move to the United States to improve their financial well-being (Portes and Rumbaut 2006); wealth accumulation provides insight into the financial resources available to immigrants above and beyond their wages and income and offers a more comprehensive measure of financial well-being. Because of its focus on immigrant wealth accumulation, this article also broadens sociology's influence in the overqualification literature by contributing insight into the social implications of overqualification.

Limitations and Future Research

The main limitation of this article is its focus on LPR immigrants. While this is an important subpopulation within the United States in terms of its actual size as well as the number of LPR immigrants that transition into citizenship, it is still a relatively small population when compared to the native-born. Indeed, the lack of a native-born reference group is both a weakness and strength of the New Immigrant Survey. The trade-off for a lack of comparability with the native-born and insight into assimilation processes is the depth and breadth of the information on the (LPR) immigrant experience. Another limitation is the relatively small sample size for black immigrants. African and Caribbean immigrants contribute fewer immigrants to the total immigration flow to the United States; therefore, the sample size in the NIS is representative of the U.S immigration stream. Last, when untransformed from the log

scale, most of the reported results range between $412 and $3,203. Coefficient size increases with higher values of quantile regression (e.g., 7th, 8th, or 9th decile), but there is an inverse relationship between the increasing quantile values and data density. Though the results suggest a relatively low level of wealth inequality, it is important to keep in mind essential characteristics of LPR immigrants, including – among others – the expense of migration and/or a relatively short duration in the United States. Moreover, results in this article reflect immigrants' financial well-being shortly after receipt of LPR status; this is a rather narrow time period in which to observe wealth accumulation. Perhaps most important to keep in mind is that even small financial inequalities may have larger implications for long-term financial well-being. For example, $1,000 could be the difference between making a house down payment or continuing to rent (for more detail on how small financial differences can lead to larger wealth inequalities, see Conley 1999, chapter 1). Therefore, despite the relatively small size of the coefficients, these results could have important implications for subsequent wealth accumulation.

Conclusion

The opportunity to improve financial well-being continues to draw immigrants to the United States. If present trends persist, LPR immigrants and those who naturalize from LPR status will continue to constitute a growing subpopulation of U.S. society. LPR immigrants merit further scholarly attention not only because of the size of the subpopulation and growth over time, but also because of the unique traits and characteristics they bring with them to the United States. Yet, LPR immigrants' transition into U.S. society is often not seamless. Upon arrival, immigrants are inserted into a racial/ethnic hierarchy, but race/ethnicity does not affect immigrant life chances alone. Race/ethnicity and education are two dimensions of the U.S. social stratification system that structure immigrants' access to opportunities to improve their life

chances and achieve upward mobility. This article encourages scholars to consider the joint influence of both race/ethnicity and education for immigrant outcomes in the United States, particularly financial well-being or wealth accumulation. Indeed, wealth accumulation provides a new perspective on immigrants' overall well-being in the United States both for its broader representation of immigrants' financial resources and its close relationship to race/ethnicity and educational attainment. Scholars should continue to examine how racial/ethnic realities and other important stratifying factors shape the U.S. experience of LPR immigrants as well as look beyond traditional indicators of well-being to provide fresh insight into the immigrant experience.

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TABLES AND FIGURES

Table 1. Means and Standard Deviations for Explanatory Variables and Net Worth

	Total	Asian	Black	Latino	White
Educational Attainment					
Years	13.33	14.61	13.43	10.62	15.20
	(4.75)	(4.41)	(4.11)	(4.79)	(3.75)
Years overqualified	1.71	1.89	1.95	0.97	2.35
	(2.43)	(2.43)	(2.44)	(1.99)	(2.68)
Years underqualified	1.39	0.97	0.99	2.61	0.55
	(2.64)	(2.08)	(2.48)	(3.33)	(1.51)
Qualification Status					
+/- 1 year[a]					
Adequate	0.20	0.20	0.25	0.19	0.18
Over	0.47	0.52	0.53	0.28	0.61
Under	0.33	0.28	0.23	0.53	0.21
+/- 3 years[b]					
Adequate	0.50	0.54	0.53	0.43	0.52
Over	0.30	0.32	0.34	0.17	0.41
Under	0.21	0.14	0.13	0.41	0.07
Race/ethnicity					
Asian	0.31	—	—	—	—
Black	0.14	—	—	—	—
Latino	0.32	—	—	—	—
White	0.24	—	—	—	—
Wealth[c]					
Net worth	66.32	93.54	35.70	39.01	85.06
	(356.92)	(474.59)	(227.73)	(158.48)	(421.20)
Median value	0.70	1.00	0.00	1.00	2.14
Log net worth	6.94	6.96	6.92	6.93	6.96
	(0.17)	(0.24)	(0.12)	(0.10)	(0.18)
N	6608	2050	905	2094	1558

[a] Over/underqualified have at least one more/less year of education.

[b] Over/underqualified have at least three more/less years of education.

[c] US$2003, in thousands.

Note: Standard deviations in parentheses. Some columns do not add to 1.00 due to rounding. One respondent has missing information for race/ethnicity.

Table 2. The Distribution of Adequate/Over/Underqualification by Educational Attainment and Race/Ethnicity

	Total	Asian	Black	Latino	White
College or above					
+/- 1 year[a]					
Adequate	0.14	0.21	0.06	0.08	0.11
Over	0.81	0.75	0.91	0.85	0.83
Under	0.05	0.04	0.02	0.07	0.06
+/- 3 years[b]					
Adequate	0.36	0.47	0.17	0.24	0.33
Over	0.64	0.53	0.83	0.76	0.67
Under	0.00	0.00	0.00	0.00	0.00
N	2386	1005	286	335	759
High school or below					
+/- 1 year[a]					
Adequate	0.34	0.31	0.53	0.26	0.48
Over	0.01	0.00	0.01	0.01	0.01
Under	0.65	0.68	0.46	0.73	0.51
+/- 3 years[b]					
Adequate	0.54	0.55	0.71	0.41	0.79
Over	0.01	0.00	0.00	0.01	0.00
Under	0.46	0.44	0.29	0.58	0.20
N	2856	616	386	1440	414

[a] Over/underqualified have at least one more/less year of education.

[b] Over/underqualified have at least three more/less years of education.

Note: Some columns do not add to 1.00 due to rounding.

Table 3. Median Regression Estimates of Race/Ethnicity, Educational Attainment, and Over/Underqualification on Logged Net Worth

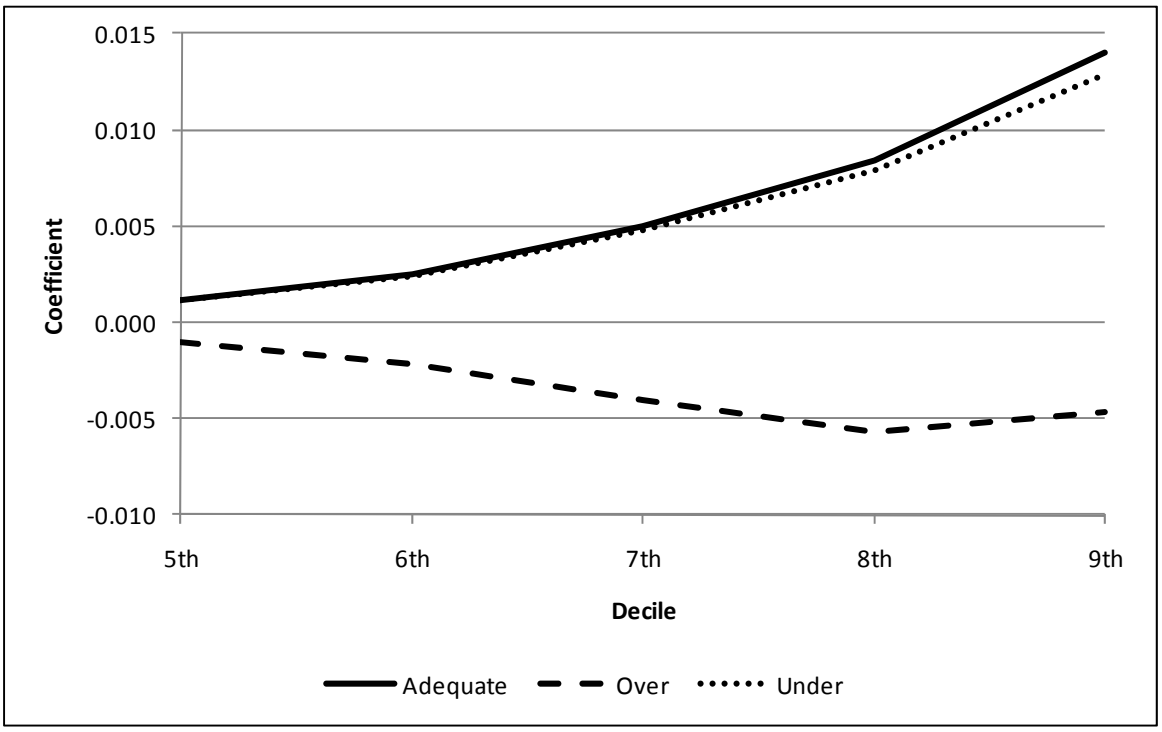
	Model 1			Model 2		
Race/Ethnicity (ref=white)						
Asian	-0.002	***	(0.001)	0.005		(0.009)
Black	-0.002	*	(0.001)	-0.010		(0.016)
Latino	-0.001	***	(0.001)	0.032	***	(0.006)
Educational Attainment						
Years[a]	0.001	***	(0.000)	0.003	***	(0.001)
Years overqualified	-0.001	***	(0.000)	-0.003	***	(0.001)
Years underqualified	0.001	***	(0.000)	0.003	***	(0.001)
*Race/Ethnicity * Educational Attainment*						
Years						
Asian[a]	—			-0.001		(0.001)
Black[a]	—			0.001		(0.001)
Latino[a]	—			-0.003	***	(0.001)
Years overqualified						
Asian	—			0.001		(0.001)
Black	—			-0.001		(0.001)
Latino	—			0.003	***	(0.001)
Years underqualified						
Asian	—			-0.001		(0.001)
Black	—			0.001		(0.001)
Latino	—			-0.003	***	(0.001)

* $p < .05$; *** $p < .001$, two-tailed

[a] Grand-mean centered.

Note: Standard errors in parentheses. Models control for all variables discussed in the text and displayed in Appendix Table C.

Figure 1. Quantile Regression Coefficients by Deciles for Log of Net Worth



APPENDIX

Table A. Census 4-digit (2003) Occupational Codes and Categories with Modal Educational Attainment for NIS Sample

4-digit Code	Occupational Category	N	Education[a]
10 - 430	Executive, administrative, and managerial	283	16
500 - 950	Management-related	118	18
1000 - 1240	Mathematical and computer scientists	439	16
1300 - 1530	Engineers, architects, and surveyors	104	18
1540 - 1560	Engineering and related technicians	13	17
1600 - 1760	Life and physical scientists	58	18
1800 - 1860	Social scientists and related workers	12	18
1900 - 1960	Life, physical, and social science technicians	8	16
2000 - 2060	Counselors; social and religious workers	81	16
2100 - 2150	Lawyers, judges, and legal support workers	11	16
2200 - 2340	Teachers	115	18
2400 - 2550	Education, training, and library workers	22	18
2600 - 2760	Entertainers and performers; sports and related workers	53	17
2800 - 2960	Media and communication workers	25	16
3000 - 3260	Health diagnosis and treating practitioners	193	16
3300 - 3650	Health care technical and support	193	12
3700 - 3950	Protective service	37	12
4000 - 4160	Food preparations and serving-related	523	12
4200 - 4250	Cleaning and building service	466	12
4300 - 4430	Entertainment attendants and related workers	12	12
4500 - 4650	Personal care and service workers	184	12
4700 - 4960	Sales and related workers	514	12
5000 - 5930	Office and administrative support workers	397	12
6000 - 6130	Farming, fishing, and forestry	62	6
6200 - 6940	Construction trades and extraction workers	337	12
7000 - 7620	Installation, maintenance, and repair workers	141	12
7700 - 7750	Production and operating workers	92	12
7800 - 7850	Food preparation	50	11
7900 - 8960	Setter, operators, and tenders	383	12
9000 - 9750	Transportation and material moving workers	346	12
	Unemployed	1336	12

[a] Modal value from New Immigrant Survey.

Table B. Means and Standard Deviations for Control Variables

	Mean		Mean	SD
Class of Admission		Years of U.S. residence	5.39	6.21
Employment preference	0.23	Years of U.S. residence (log)	0.57	1.78
Family preference	0.32	Employment Status		
Diversity lottery	0.19	Employed	0.74	
Refugee/asylee	0.07	Unemployed	0.23	
Student	0.10	On leave	0.01	
Legalization/other	0.09	Other	0.01	
English language proficiency		Age	36.83	10.90
Native speaker	0.05	Household income[a]	27,833	103,490
Very well/well	0.53	Household income[a] (log)	6.33	4.79
Not well/not at all	0.42	Female	0.44	
Remittances		Married	0.67	
None	0.81	Region of residence		
Less than $500	0.07	Northeast	0.33	
More than $500	0.12	Midwest	0.13	
Adjusted to LPR status	0.54	South	0.23	
		West	0.32	

[a] US$2003.

Note: SD signifies standard deviation.

Table C. Median Regression Estimates of Control Variables Logged Net Worth (from Table 3)

	Model 1			Model 2		
Class of Admission (ref=employment preference)						
Family preference	-0.006	***	(0.001)	-0.003	**	(0.001)
Diversity lottery	-0.008	***	(0.001)	-0.005	***	(0.001)
Refugee/asylee	-0.008	***	(0.001)	-0.005	***	(0.001)
Student	-0.007	***	(0.001)	-0.004	***	(0.001)
Legalization/other	-0.007	***	(0.001)	-0.004	***	(0.001)
English Language Proficiency (ref=not well/not at all)						
Native-speaker	0.002	**	(0.001)	0.002	**	(0.001)
Very well/well	0.001	**	(0.000)	0.001	*	(0.000)
U.S. Experience						
Adjusted to LPR status	0.001	***	(0.000)	0.001	***	(0.000)
Years of U.S. residency, logged[a]	0.000	*	(0.000)	0.000		(0.000)
Remittances (ref=none)						
Less than $500	0.000		(0.001)	0.000		(0.001)
More than $500	0.010	***	(0.002)	0.011	***	(0.003)
Employment Status (ref=employed)						
Unemployed	0.001	**	(0.000)	0.001	**	(0.000)
On leave	-0.002		(0.001)	-0.002	*	(0.001)
Other	0.001		(0.001)	0.002		(0.001)
Age[a]	0.000	**	(0.000)	0.000	**	(0.000)
Age, squared[a]	0.000	**	(0.000)	0.000	**	(0.000)
Female	-0.001	*	(0.000)	-0.001	**	(0.000)
Married	0.001	***	(0.000)	0.001	***	(0.000)
Income, logged[a]	0.001	***	(0.000)	0.001	***	(0.000)
Region of Residence (ref=Northeast)						
Midwest	0.002	*	(0.001)	0.002	**	(0.001)
South	0.001		(0.000)	0.001		(0.000)
West	0.001	***	(0.000)	0.001	**	(0.000)
Intercept	6.909	***		6.898	***	

* $p < .05$; ** $p < .01$; *** $p < .001$, two-tailed

[a] Grand-mean centered.

Note : Standard errors in parentheses.