

Immigrant Legalization: Assessing the Labor Market Effects

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Comprehensive Immigration Reform Likely to Include Legalization

- Approximately 11-12 million would be affected
- Potentially widespread economic effects
- Same impact as 1986 IRCA amnesty?



Main Findings

- A legalization program is unlikely to lead to dramatic changes in the labor market for most:
 - Unauthorized workers
 - Native workers
- Small gains for unauthorized workers may be attributed to legalization, but only among high-skilled workers
- We do not expect significant changes in tax revenues or public assistance expenditures



Overview

- Differences among groups
- Labor market effects
- Other economic effects
- Conclusions and recommendations



We Compared Unauthorized and Continuously Legal Immigrants

- New Immigrant Survey (NIS)
- All became legal permanent residents (LPRs) in 2003
 - Detailed work and migration histories
- Unauthorized immigrants
 - Border crossers (sample: 945)
 - Visa overstayers (sample: 1071)
- Continuously legal immigrants (sample: 2470)

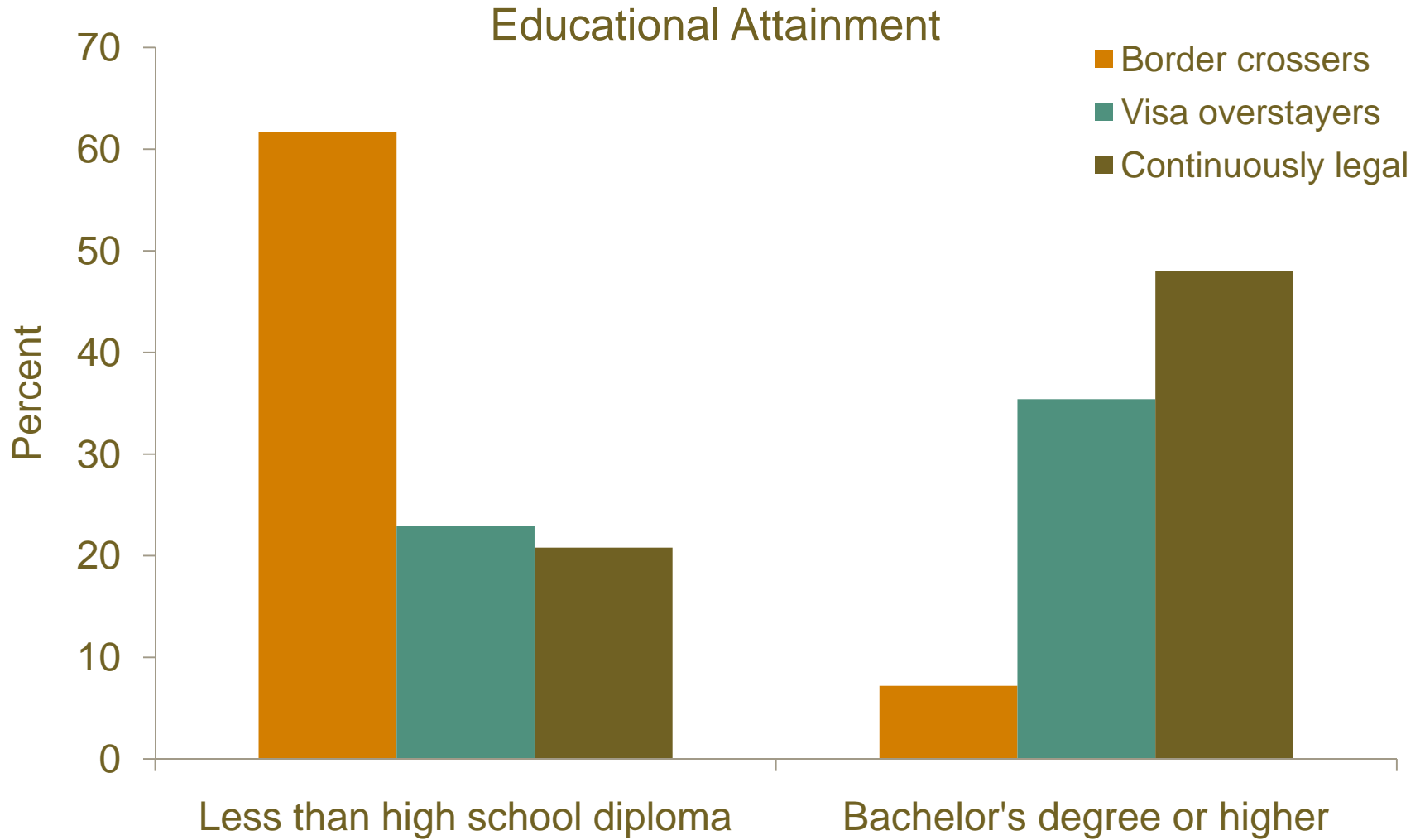


We Looked at Immigrants Working Before *and* After Legalization

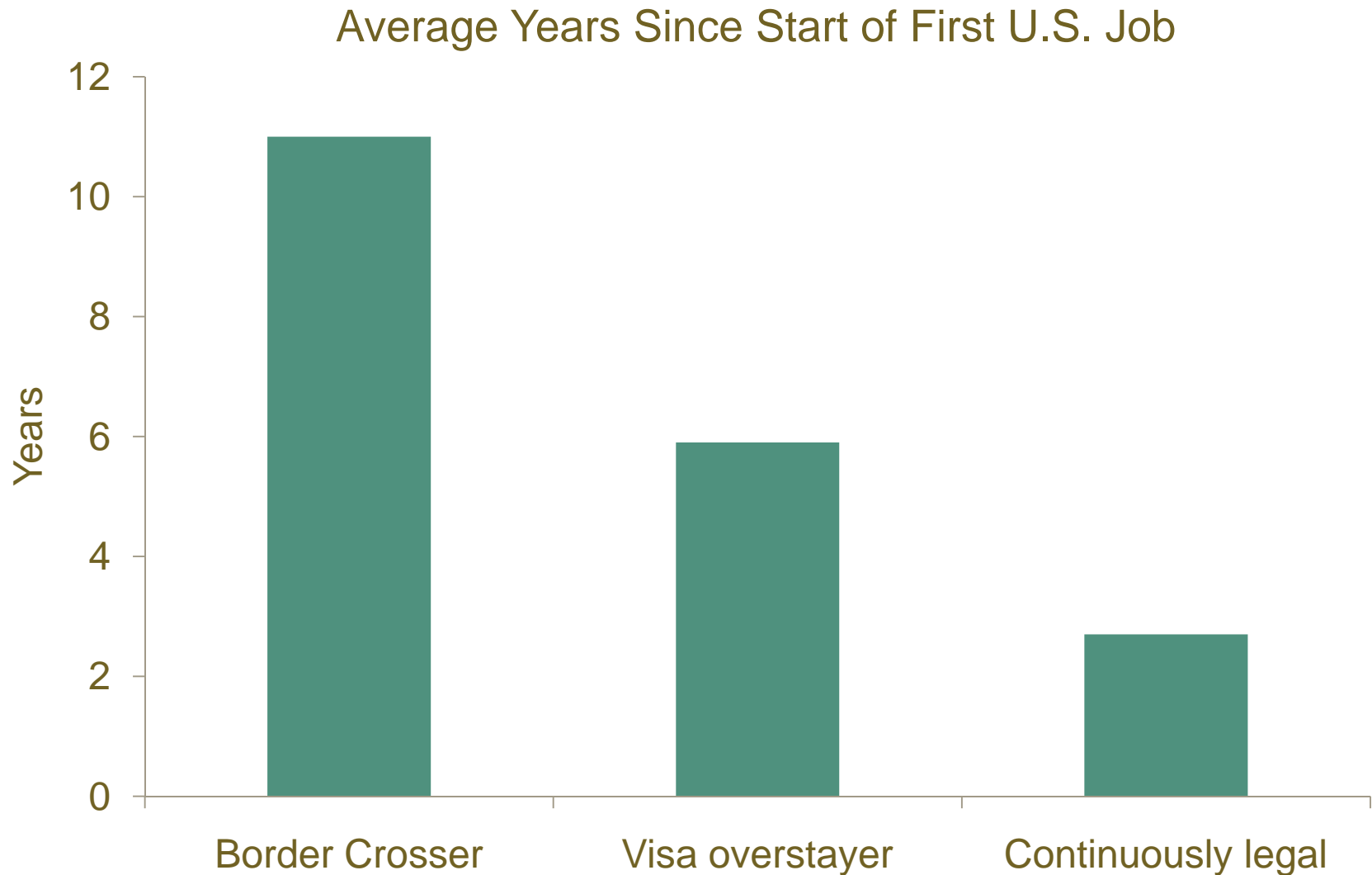
- Analyzed two labor market outcomes
 - Occupational earnings → mobility
 - Self-reported wages
- Methods
 - Compared changes among previously unauthorized workers to continuously legal workers
 - After accounting for differences in individual factors, remaining differences attributed to legalization



Low Levels of Education Among Border Crossers



Border Crossers Have Worked Longest in U.S.



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Many Newly Legalized Workers Remain in Low-Skill Jobs

- Many low-skilled unauthorized workers remain in same occupations
- Those that change occupations remain in low-skill occupations
 - Former dishwashers work in food service
 - Former child care workers become maids and housekeepers

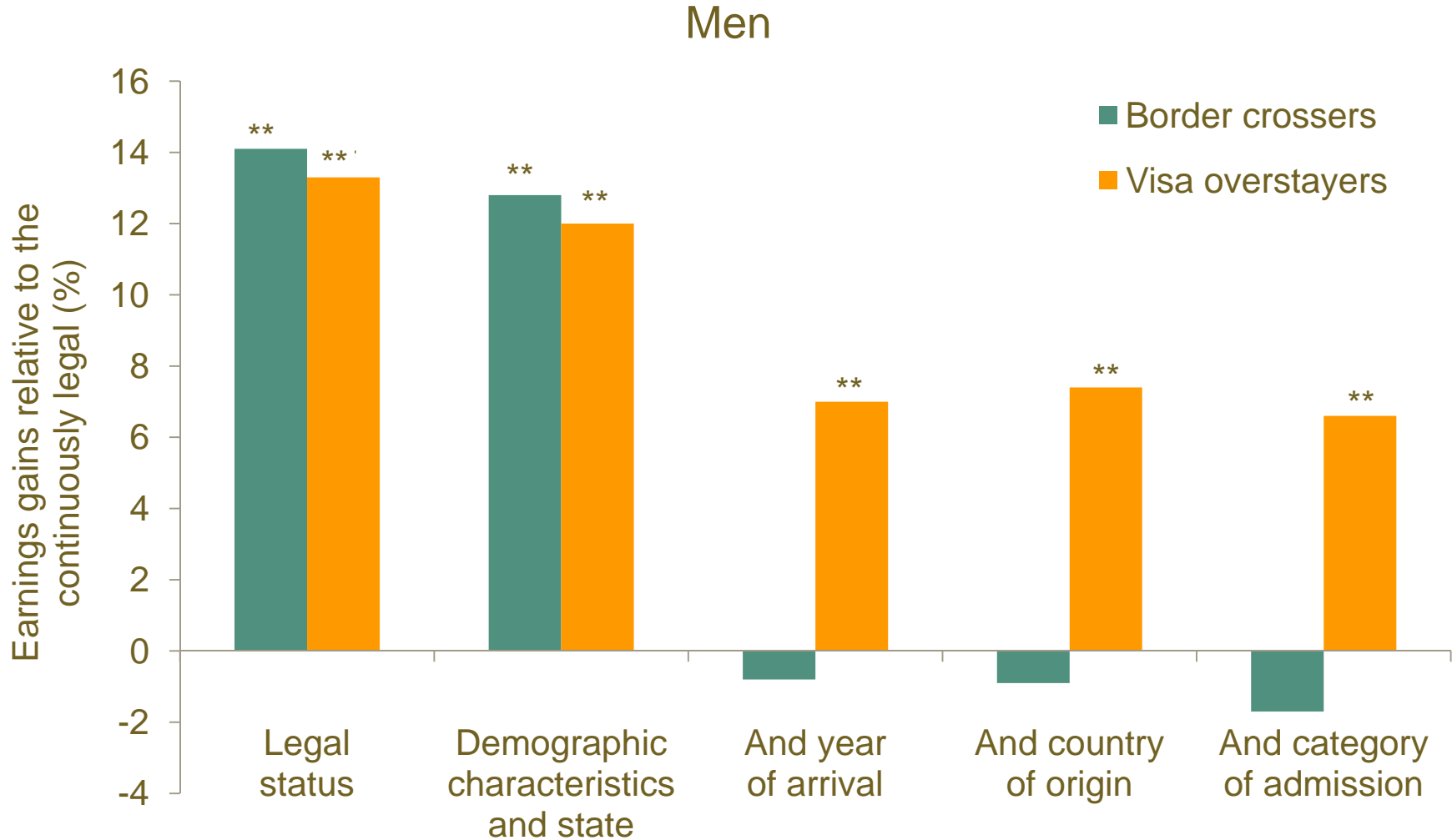


Earnings Increase After Legalization...

Median Annual Occupational Earnings

	Border crosser	Visa overstayer	Continuously legal
1 st U.S. job	\$15,200	\$19,700	\$23,900
Post-LPR job	\$18,300	\$23,400	\$25,600
Increase	\$3,100	\$3,700	\$1,700

...But Time in U.S. Is Key Factor



** Indicates statistically significant at the 1% level



Occupational Mobility Related to Education Level

- Upward mobility (relative to the continuously legal) is related to educational attainment rather than legal status group
 - 9.1% for border crossers with B.A. or more
 - 10.5% for visa overstayers with B.A. or more
- No evidence of gains attributable to legalization for workers with less than a B.A.



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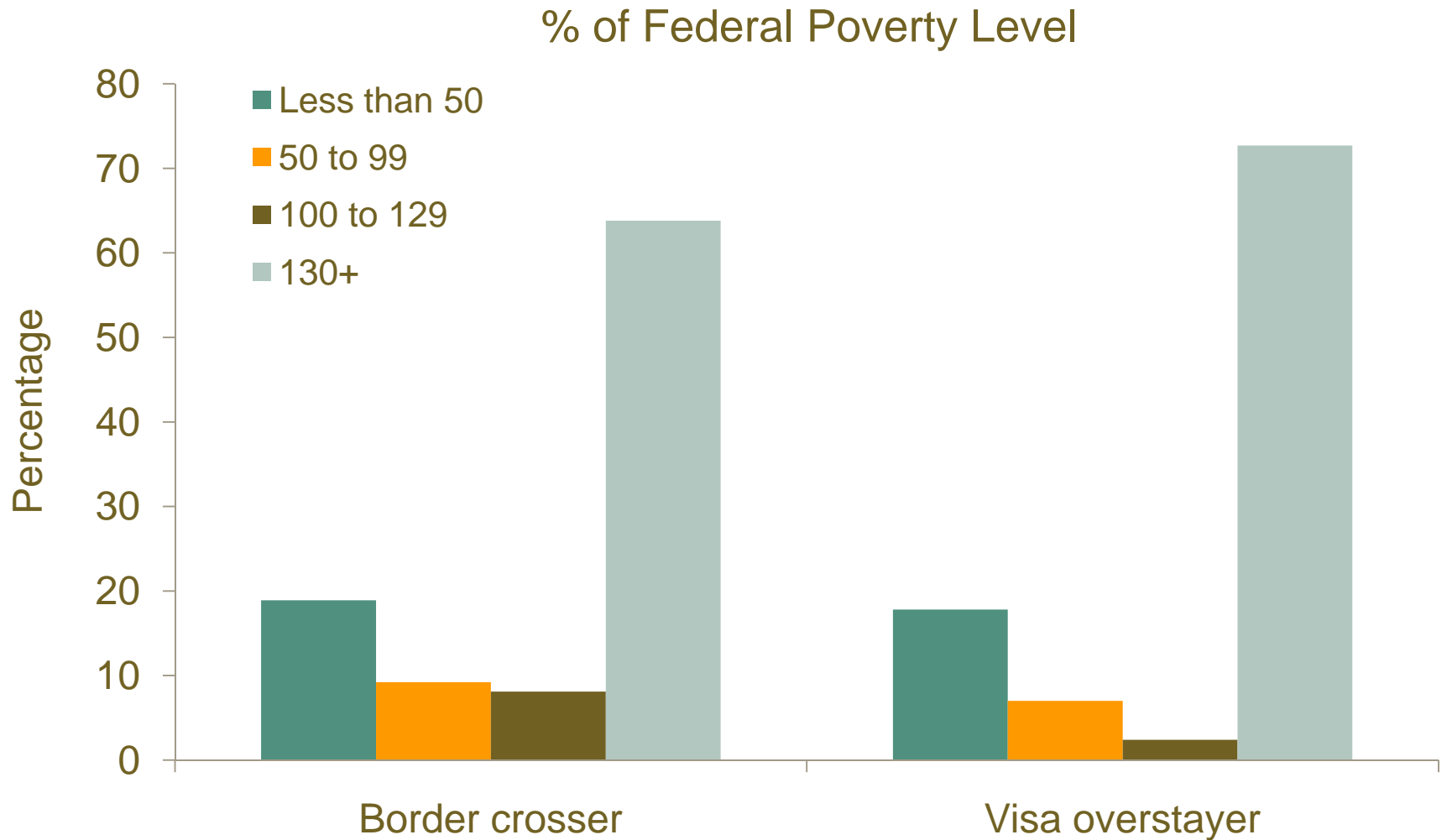


In Short Term, No Impact on Natives' Wages

- Research on immigrants effects on natives' wages finds
 - Mostly small impacts
 - Negative impact mainly among lower skilled
 - Perhaps positive effects for higher skilled
- Our legalization findings suggest little short term impact
 - Lower skilled do not show greater upward occupational mobility
 - Higher skilled do move up



Although Many New LPR Families Live in Poverty...



... Effects of Legalization on Social Programs Likely to Vary

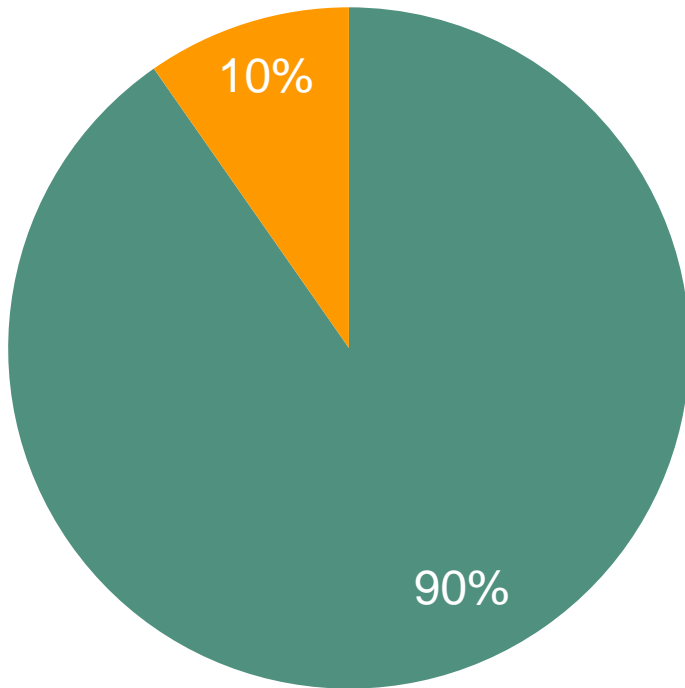
- Increase in TANF unlikely in short term
 - 5 year wait for LPRs
- EITC might see effects
 - Newly legalized may meet SSN requirement



Majority of Formerly Unauthorized Paid Taxes Before Becoming LPRs

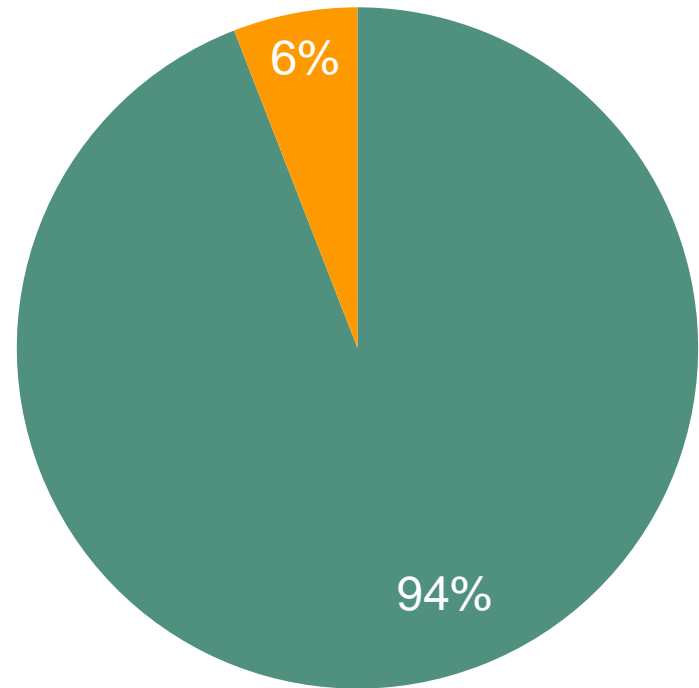
Border Crossers Required to File (80%)

■ Filed ■ Did not file



Visa Overstayers Required to File (82%)

■ Filed ■ Did not file



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Conclusions

- Minimal short-term impact on labor market outcomes for immigrants or native-born due to legalization
 - Low-skilled unauthorized workers do not improve occupations or wages
 - High-skilled unauthorized workers gain
- Ineffective employer sanctions of low-skill workers
- Little short-term change to most public assistance programs and tax revenues
- Legalization may lead to more investment in community and children's education



Recommendations

- Current employer sanctions are ineffective
 - Reliable and accurate verification system needed
- Comprehensive immigration reform should promote English fluency
- States should prepare to advocate for their fair share of any federally funded impact grants



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Reference Slides

- Why Didn't We Find Large Gains in Employment Outcomes?
- Recent Research Predicts Large Effects from Legalization



Why Didn't We Find Large Gains in Employment Outcomes?

- After IRCA, large gains observed
- Post-LPR interview too soon to tell?
 - No more likely to be looking for work
 - No more likely to invest in education
- Isolating the effects of policy change
 - Challenge of appropriate comparison group
- Employer sanctions different today
 - No longer binding for low skill
 - Still true threat for higher skill



Recent Research Predicts Large Effects from Legalization

- Large economic growth expected (Hinojosa-Ojeda)
 - Rely on results from previous research based on the experiences of IRCA
- Gains for newly legal immigrants expected (Pastor et al)
 - Unlike our NIS data, need to predict which workers are *likely* to be unauthorized
 - Estimated legalization effect may be due to other factors



Notes on the use of these slides

These slides were created to accompany a presentation. They do not include full documentation of sources, data samples, methods, and interpretations. To avoid misinterpretations, please contact:

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Thank you for your interest in this work.

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