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New Patterns of Immigrant Settlement in California

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with research support from Eric Schiff

Supported with funding from The Ford Foundation and from the Research Foundation of The City University of New York

July 2009

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Summary

California has been a crucible for immigrant-related issues in the United States for decades due to the overwhelming share of U.S. immigrants who choose to live in the state. However, in the late 1990s, the popularity of California among immigrants began to decline for the first time in nearly 100 years.

As fewer immigrants locate to California and to other traditionally immigrant-rich areas, more are choosing to live in states and cities with little history of immigration. One consequence of this demographic change is a rise in immigration-focused local legislation in those new settlement areas. In the first half of 2008 alone, more than 1,200 state bills related to immigration were proposed across the country. Immigration is no longer an issue limited to an isolated handful of states or a handful of cities; it affects many areas across the country.

In light of this demographic shift and associated policy responses, and to provide context for the immigration debates being waged nationwide and locally, this study examines immigration in detail using U.S. Census data from 1990–2007.

We find that the decline in California's share of the nation's immigrant population is driven partly by out-migration of established immigrants to other states, but mostly by the settlement of new immigrant arrivals into different states. California has experienced a net out-migration of both established immigrants and native-born persons to other states, but the flow of established immigrants is relatively small. In contrast, California's share of new immigrant arrivals to the United States has fallen sharply, from 35 percent of new arrivals in the late 1980s to only 19 percent in 2004–2007.

Although new immigrants to the United States and to California are not markedly different from their predecessors, it appears that some of the socioeconomic considerations related to their migration choices have changed. Social factors such as residence near co-ethnics explain a large portion of immigrant concentration in California, but these have waned in importance. At the same time, economic factors have remained consistent in explaining where immigrants tend to locate. For those concerned with the integration of immigrants, the decline in clustering of immigrants along social dimensions may be good news. The relevance of economic opportunity in immigrants' location decisions may also bode well for their economic integration. On the other hand, in areas with few immigrants and little experience incorporating immigrants into social and economic life, the settlement of immigrants away from co-ethnics may lead to increasing isolation for these groups and new challenges for the communities they settle in.

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Acknowledgments

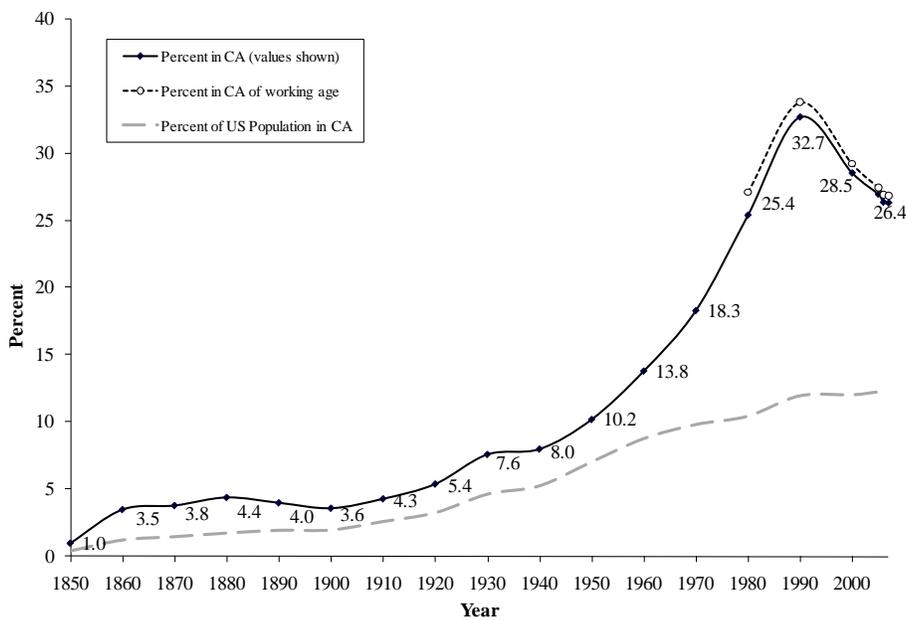
Eric Schiff provided excellent research support for this project. The author acknowledges the helpful reviews of Hans Johnson, Laura Hill, Audrey Singer, and Randy Capps, as well as input from Dylan Conger, Hector Cordero-Guzman, Jason Fitchener, seminar participants at the Association for Public Policy Analysis and Management 2008 Fall Conference, and at the American Economic Association 2009 Annual Meeting.

Introduction

By 2007, an estimated 38 million immigrants resided in the United States. About 26 percent of those lived in California. For 90 years, the popularity of California as a destination for immigrants steadily increased. But in the 1990s, for the first time since the early 1900s, California’s draw for immigrants began to wane.

The rapid immigrant growth over most of the state’s history has helped shape its demographic and economic makeup, and has fueled fierce debate, as epitomized by Proposition 187 in 1994 and Proposition 227 in 1998.¹ The marked turnaround in growth in the 1990s raises a host of questions. Among them are: why did the decline occur and what does it mean for California’s future?

Figure 1. Percent of U.S. Immigrants Living in California, 1850–2007



SOURCE: Passel and Zimmerman (2001), US Census Bureau (1999), author's calculations from Census data.

California has a unique history with immigration, in terms of the number of immigrants who choose to live in the state and because of its consequent policy experience with immigrant-related issues. However, the decline in popularity of the state as an immigrant destination is not unique; other leading immigrant destination states have experienced this decline as well.

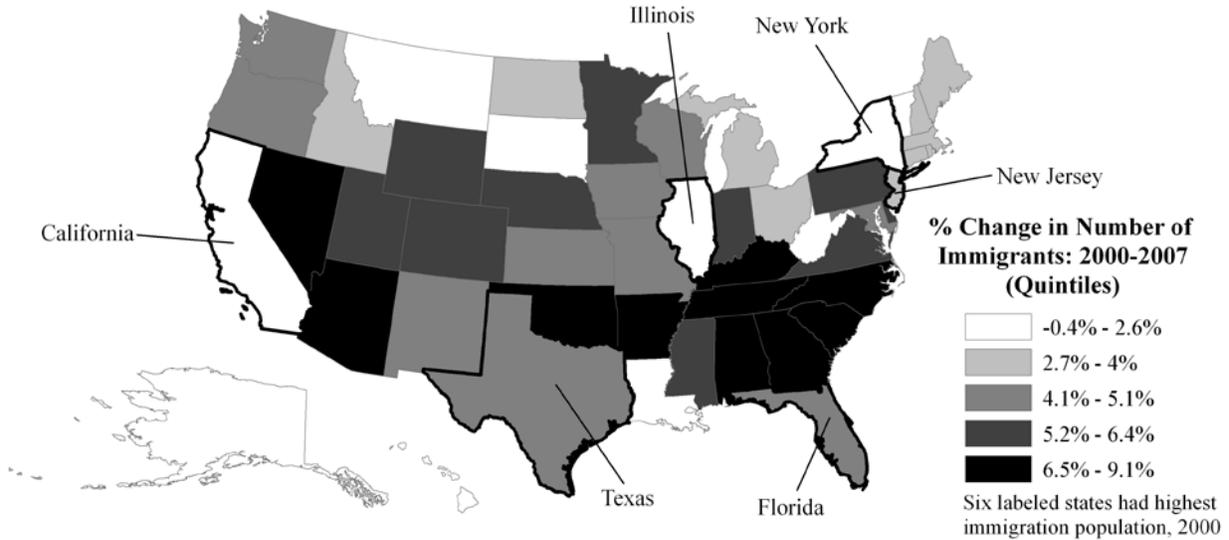
As Map 1 shows, the states with the largest concentration of immigrants in 2000 experienced some of the smallest increases in the number of immigrants from 2000–2007.² California, New York, Illinois, Texas, Florida, and New Jersey have the largest immigrant

¹ Proposition 187 was a broad-ranging measure dealing with immigrants in California that empowered all law enforcement agents to enforce federal immigration law and imposed restrictions on public benefits for immigrants. Proposition 227 eliminated bilingual education.

² This map counts only immigrants of working age, 18–64. See Singer (2004) for a similar map with all immigrants included for 1990–2000.

populations, but higher growth is found in new immigrant destination states. The same is true for immigration during the 1990–2000 period.

Map 1. Percent Change in Number of Immigrants, 2000–2007



SOURCE: Authors' calculations from IPUMS Decennial Census data.

NOTE: Includes only immigrants aged 18-64. Shading represents quintiles of the percentage change.

The dispersion of immigrants across the United States is a relatively new phenomenon, and has been noted by many researchers. In 1990, 74 percent of all immigrants of working age in the United States lived in six states. California alone was home to nearly 33 percent of them. This concentration had increased consistently over the previous 100 years of immigration history in the United States.³ For the first time, in the late 1990s, the percent of immigrants living in the top six states declined, falling to 69 percent in 2000 and to 66 percent in 2007. Although these decreases seem small against the backdrop of nearly 100 years of increasing concentration, the trend reversal is striking. California continues to be home to the largest number of immigrants and has the highest concentration of immigrants (the ratio of immigrants to total population), but California ranked 40th in the nation in percentage change in the number of immigrants from 1990 to 2000 and 43rd from 2000 to 2007. Between 1980 and 1990, California's working-age immigrant population grew 9.5 percent per year. This growth was down to 4.4 percent per year between 1990 and 2000 and to 2 percent per year between 2000 and 2007.

Throughout this report, an immigrant is defined as a person born outside the United States and its territories and either a naturalized American or non-citizen. The documentation status of immigrants is a particularly heated aspect of the debate about immigration nationally and locally. There are no comprehensive data that allow researchers to identify the documentation status of immigrants at the individual level, so this study will consider all immigrants

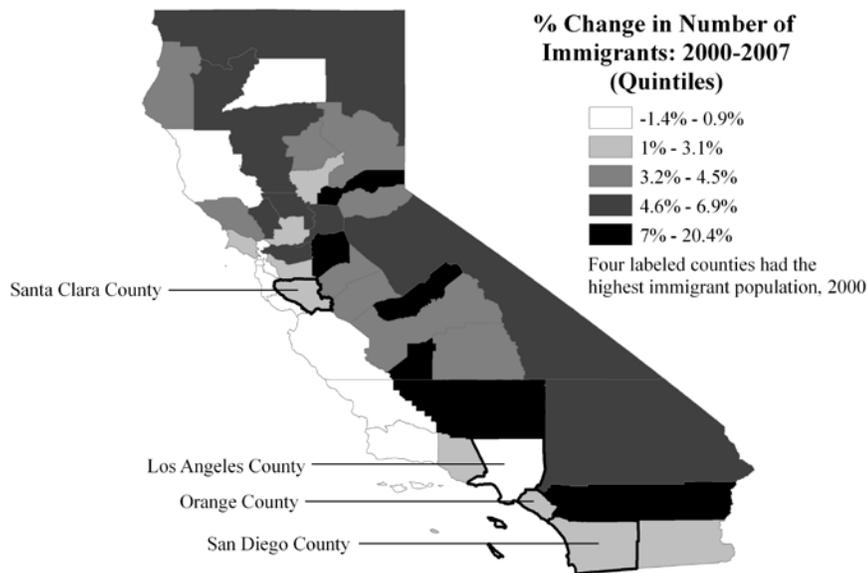
³ Passel and Zimmerman (2001).

regardless of legal status. It has been argued that state and local policies aimed at illegal immigrants have spillover effects on all immigrants.⁴

This demographic change in the United States overall raises important questions about how we understand the movement of population and how that movement contributes to the socioeconomic characteristics of different areas. The academic literature on migration is well developed, but it has yet to fully analyze this recent pattern. For California in particular, the decline in popularity of the state as an immigrant destination is not well understood. Have newly arrived immigrants simply decided to live in new places? Have established immigrants migrated away from California? And if so, are the same factors driving immigrants to new places affecting the location decisions of native-born California residents?

These questions can be asked not only of immigrant settlement patterns between California and other states, but also of patterns within California. Within the state, Los Angeles County dominates in number and concentration of immigrants. With nearly 2.3 million immigrants in 1990 and 2.9 million in 2007, Los Angeles County has more than triple the number of immigrants of any other county. However, the county experienced very little growth in immigrant population over this same period, especially compared to other counties. Between 1990 and 2006, the number of immigrants in Los Angeles County increased an average of just 1.9 percent per year, compared to rates as high as 12.6 percent annually in Riverside County and 10.5 percent in Kern County. Map 2 shows that the California counties with the largest immigrant populations experienced relatively low growth in immigrant population between 1990–2000 and 2000–2007.⁵

Map 2. Percent Change in Number of Immigrants, 2000–2007



SOURCE: Authors' calculations from IPUMS Decennial Census data.
NOTE: Includes only immigrants aged 18–64.

⁴ Singer et al (2008).

⁵ Census data allow us to identify 42 county groups in California. Small counties such as Sierra, Plumas and Nevada are grouped together because there is not enough information to accurately break out these counties individually.

Looking specifically at metropolitan areas within the state, we see that the Los Angeles Metropolitan Statistical Area (MSA)⁶ dominates all other state MSAs in terms of immigrant population. The Los Angeles MSA was home to 2.7 million immigrants of working age in 1990 and 3.7 million in 2007; this is about three times the size of the immigrant population in any other MSA. The San Francisco-Oakland MSA is the second largest, with about 629,000 in 1990 and 1.1 million in 2007.

Table 1. Changes in immigrant population in California MSAs, 1990–2007

MSA name	Number of immigrants			Percent of MSA population			Percent change	
	1990	2000	2007	1990	2000	2007	1990–2000	2000–2007
Bakersfield	48,246	84,365	129,227	15.7	23.7	28.7	74.9	53.2
Chico	8,031	10,998	13,774	7.6	9.3	10.0	36.9	25.2
Fresno	84,787	151,247	191,570	22.1	29.1	31.3	78.4	26.7
Los Angeles-Long Beach	2,693,286	3,493,571	3,654,601	37.7	46.0	45.6	29.7	4.6
Merced	25,458	38,174	49,491	25.8	33.0	34.7	49.9	29.6
Modesto	39,984	65,045	80,409	18.6	25.0	25.8	62.7	23.6
Redding	2,530	4,629	4,694	3.0	5.0	4.3	83.0	1.4
Riverside-San Bernardino	271,754	490,946	761,629	18.3	26.8	31.3	80.7	55.1
Sacramento	101,296	170,761	245,361	11.1	17.4	21.0	68.6	43.7
Salinas-Seaside-Monterey	57,542	62,833	64,319	28.3	40.0	39.1	9.2	2.4
San Diego	325,728	473,439	521,239	21.3	27.9	28.8	45.3	10.1
San Francisco-Oakland-Vallejo	628,890	967,173	1,078,199	23.9	32.6	35.4	53.8	11.5
San Jose	273,524	470,193	530,580	27.8	43.1	47.7	71.9	12.8
Santa Barbara-Santa Maria-Lompoc	47,123	66,564	68,661	20.6	27.9	29.0	41.3	3.2
Santa Cruz	25,257	39,623	37,710	17.6	24.1	23.2	56.9	-4.8
Santa Rosa-Petaluma	25,530	48,578	61,592	10.8	17.3	20.9	90.3	26.8
Stockton	54,521	86,697	130,597	19.8	27.3	32.8	59.0	50.6
Ventura-Oxnard-Simi Valley	87,987	125,388	150,836	21.3	27.6	30.6	42.5	20.3
Visalia-Tulare-Porterville	40,252	64,482	82,602	23.6	31.4	33.9	60.2	28.1
Yuba City	10,825	18,125	21,126	15.3	22.9	21.4	67.4	16.6
California MSAs	4,852,551	6,932,831	7,878,217	27.5%	35.5%	36.8%	42.9%	13.6%

SOURCE: Author's calculations from IPUMS Decennial Census and American Community Survey data.

NOTE: Includes only immigrants aged 18-64.

San Diego, Riverside-San Bernardino, and San Jose MSAs are the next largest, but have only roughly half as many immigrants as the San Francisco-Oakland MSA. Despite the dominance of a few MSAs in terms of immigrant population, the MSAs that experienced the largest changes in immigrant population over the period were not those with a history of attracting many immigrants (Table 1).

⁶ There are 23 Metropolitan Statistical Areas (MSA) defined for California, which identify roughly the various centers of population and economic activity in the state. An MSA is defined around a population center and may be comprised of single or multiple counties. Although they do not cover all of the land of the state, the population in MSAs in California comprises at least 95% of the total state population over 1990-2006. For this reason, the trends for California's MSAs mimic the trends described above for California counties.

The changing settlement patterns of immigrants have occurred at the same time as some immigrant-related developments in policymaking at the state and local level. In 2007, 1,562 immigration-related bills were introduced by state policymakers across the United States, about three times the number introduced in 2006. 240 of the bills introduced in 2007 were enacted. In the first half of 2008 alone, 1,267 bills were introduced and at least 175 signed into law.⁷ This new legislation has covered a broad range of issues, including employment eligibility, human trafficking, public benefits, and driving licenses. There is a lot of variation in the nature of these laws and ordinances: some are extremely restrictive while others are more accommodating. For example, Oklahoma's HB 1804 makes it a felony to harbor or shelter illegal immigrants and requires state and local law enforcement to enforce federal immigration laws. In contrast, California's AB 976 prohibits landlords from asking about, or taking any action based on, a tenant's immigration status. At the local level, it is likely that thousands of ordinances were proposed, although we are not aware of a source that has collected comprehensive information on them.

Many state and local governments have taken policy action in response to the downloading of immigrant-related issues and costs from the federal to the state and local level.⁸ The federal government controls the number of immigrants legally allowed to enter the country each year, and to some extent controls the number of illegal immigrants through border control measures, arrests, and deportations. State and local governments, however, have no direct power to regulate the number of immigrants who choose to settle within their borders. Thus, both the benefits and the costs of changes in immigrant populations accrue to local areas, but are largely out of the control of local governments. In the absence of federal immigration reform to assist local areas that receive large immigrant inflows, they have been left to deal with many of the challenges and costs on their own. This has led to frustration at the local level, and a few lawsuits against the federal government. The policy levers that state and local governments can exercise range from those that deflect immigrants, such as enforcing zoning, licensing, and housing codes,⁹ and those that accommodate immigrants, such as establishing day labor sites and expanding bilingual education programs. This wide variety of responses is seen clearly in the range of state laws enacted in 2007 and 2008.¹⁰

Previous studies have shown that changes in immigrant population, rather than its size, drive tensions at the local level.¹¹ There are a variety of reasons. In non-gateway cities and states, the arrival of immigrants is a relatively new phenomenon. Since immigrants have historically settled in a very few number of places, there are a vast number of non-traditional immigrant destinations across the country that are ripe for tension. Indeed, the flurry of local legislation attempting to regulate immigration over the last few years reflects the potential for tension and conflict related to immigrant-driven demographic change.

⁷ Statistics in this paragraph are given in National Conference of State Legislatures January 31 and July 28 2008 reports on state legislation. The NCSL uses a comprehensive methodology for identifying all state legislation related to immigration. We are unaware of such a comprehensive methodology for local ordinances on the same subject.

⁸ Singer et al (2008), p. 157.

⁹ Light (2007).

¹⁰ While the effect and effectiveness of these policies with regard to immigrants is of great interest, not enough time has passed in order to fully identify the effects. We are planning future studies to carry out an evaluation of these policy changes.

¹¹ Hopkins (2007), Singer et al (2008).

There is some evidence that areas with a long history of immigration become better at incorporating new immigrants. They may have established government services or community organizations offering assistance to immigrants.¹² In addition, ethnic enclaves have developed in many gateway cities that may both draw future immigrants and help them to become integrated, in particular by providing job opportunities. It may also be that over the long run, industries adapt to changes in population: the arrival of a large number of low skilled workers, for example, may induce a manufacturing firm to hire from the large pool of workers instead of investing in relatively more expensive machines that would otherwise replace workers.¹³ Lastly, it may be that as fears about socioeconomic changes caused by the arrival of new immigrants are not realized, residents become less concerned.

Much of state regulation of immigration deals specifically with issues related to undocumented immigrants, including regulation of public benefits to illegal immigrants and restrictions on employment or housing. In California in 2007–2008, 17 immigration-related laws were enacted and 15 resolutions were passed; nearly all of these laws and resolutions could be categorized as supportive of immigrants and immigration.¹⁴ The same could be said of the six bills enacted in New York. The more accommodating nature of these bills may be evidence of these states' long history of immigration. States with new immigrant growth tended to have a mix of legislative response to immigration issues.

The legislative surge relating to immigration issues begs the question of whether these new immigration patterns are related to the socioeconomic characteristics of immigrants or to the social and economic conditions in areas across the country. Immigrants have historically been clustered geographically, but they have also clustered around some socioeconomic characteristics. For example, immigrants in California are more likely to be Mexican, whereas immigrants in Florida are more likely to be Cuban. Similarly, the San Francisco Bay area has tended to attract more highly educated immigrants, whereas the labor demand in other areas of the state attracts less educated immigrant workers. These dimensions of immigrant clustering affect local policy toward immigrants—for example, whether bilingual education programs or day labor centers are expanded—and they affect the demand for government-provided services and infrastructure. Thus, not only the fact that we experience new settlement trends is of interest, but also who is leaving, arriving, and staying becomes a concern. For example, if highly skilled new immigrants to the United States find California—or specific cities in California—less attractive, this trend may exacerbate the state's problem of recruiting enough skilled workers.¹⁵ Also, understanding the selectivity of migration may help policymakers estimate future funding needs for programs, services, and infrastructure.

Immigrant destination choice is also related to the success of immigrants themselves. We commonly frame the success of immigrants by their social and economic adaption to their destination of choice, commonly called assimilation. Historically, assimilation policies were often called “Americanization” and largely referred to language learning, civic participation, naturalization, and acceptance of American cultural values (however defined). But full immigrant assimilation also includes improving their economic outcomes with increased time

¹² Ramakrishnan and Lewis (2005).

¹³ Lewis (2005).

¹⁴ For additional detail on these bills, see Technical Appendix A.

¹⁵ Reed (2008).

spent in the United States and incorporation into social networks not related to becoming Americanized. Federal, state, and local policies aim to affect immigrant assimilation, for example, making bilingual education programs, job training, and migrant worker assistance services available. Local offices of immigrant affairs have long provided¹⁶ services to promote civic learning and to guide immigrants through the naturalization process. Recently, immigrant assimilation of this sort was a goal of former President George W. Bush's Task Force on New Americans. Because the assimilation of immigrants is tied to their destination area and the reasons they choose to reside there, we explore the reasons behind immigrants' changing settlement patterns. This may indicate prospects for immigrant assimilation and policies that might enhance assimilation.

We first examine the trend of immigrants locating to states other than California. Next, we look within the state at trends in the historically immigrant-rich areas and in new growth areas. Last, we provide an analysis of the underlying factors behind the change in immigrant location choices and a discussion of the consequences.

¹⁶ California Senate Bill 1094 called for establishment of an Office of Immigrant Affairs. Other states and localities have similar offices with similar names.

California's Popularity Decline

Although California's popularity as a destination among immigrants has declined since the late 1990s, the state is still home to the largest immigrant population in the country and that population has continued to grow. But this growth in immigrant population in the state is much smaller than in the past and is much smaller compared to most states in the country.

Table 2 shows the changes in immigrant population across states and groups of states during the period 1990–2007.

Table 2. Changes in immigrant population, 1990–2007

State	Number of immigrants			Percent change			Percent of U.S. immigrants		
	1990	2000	2007	1990–2000	2000–2007	2000–2007 on 10 year basis	1990	2000	2007
Total in U.S.	14,589,626	24,292,460	30,121,594	67	24	34	-	-	-
Top Immigrant states - Total	10,778,377	16,770,500	19,897,845	56	19	27	73.9	69.0	66.1
California	4,933,152	7,101,428	8,083,580	44	14	20	33.8	29.2	26.8
New York	2,073,332	2,991,581	3,296,533	44	10	15	14.2	12.3	10.9
Texas	1,189,892	2,345,295	3,131,882	97	34	48	8.2	9.7	10.4
Florida	1,142,859	1,960,036	2,559,827	72	31	44	7.8	8.1	8.5
Illinois	720,573	1,214,660	1,429,508	69	18	25	4.9	5.0	4.7
New Jersey	718,569	1,157,500	1,396,515	61	21	29	4.9	4.8	4.6
Select high growth states - Total	612,086	1,874,039	2,800,509	206	49	71	4.2	7.7	9.3
Arizona	199,473	507,084	784,769	154	55	78	1.4	2.1	2.6
Georgia	135,717	473,757	710,728	249	50	71	0.9	2.0	2.4
Colorado	107,796	288,427	391,970	168	36	51	0.7	1.2	1.3
North Carolina	88,311	348,962	505,699	295	45	64	0.6	1.4	1.7
Nevada	80,789	255,809	407,343	217	59	85	0.6	1.1	1.4

SOURCE: Author's calculations from IPUMS Decennial Census and American Community Survey data.

NOTE: Includes only immigrants aged 18-64.

First, we note that the number of immigrants living in the United States increased by about 10 million from 1990 to 2000 and by about 6 million from 2000 to 2007. A large fraction of the immigrant population lives in the historically popular destination states of California, New York, Texas, Florida, Illinois, and New Jersey. The United States and these six immigrant gateway states have seen increases in immigrant population from 1990–2007, but at a slower rate at the end of that period than at the beginning. In California, the immigrant population grew 44 percent from 1990 to 2000 but only 20 percent from 2000 to 2007 (on a 10-year basis). Only eight states – Alaska, Hawaii, Louisiana, Maine, Montana, New York, Vermont, and West

Virginia—have lower immigrant population growth rates than California from 2000 to 2007. Since 1990, the share of immigrants choosing states with smaller immigrant populations and short histories of receiving immigrants has increased. In Arizona, Georgia, Colorado, North Carolina, and Nevada, immigrant populations grew at very high rates.¹⁷ Although the growth rates in these states declined from 1990–2000 compared to 2000–2007, as they did nationally, in four of them rates are nevertheless about double the rates of growth of the traditional states. The share of immigrants choosing California fell by about 7 percent from 1990 to 2007 while the number choosing the new destination states rose about 5 percent over the same time frame. Indeed, the decline in the percentage of new immigrants choosing the six gateway states is driven largely by the California’s decline.

Changes in the immigrant population of California occur by various means. New arrival immigrants move into the state directly from other countries; domestic (or internal) immigrants may also relocate from other states or to other states. In addition, some immigrants may also leave the United States entirely. No nationally representative dataset is able to measure the outflow of immigrants from the United States accurately, so we do not consider the out-migration of immigrants from the United States in this report.¹⁸

Measuring Migration

The 1990 and 2000 Censuses and the American Community Surveys from 2005 to 2007 provide snapshots of the population of states, counties, and MSAs. Looking at differences among these snapshots, we can estimate changes in population and demography. Because the Census asks the year of arrival for immigrants, we can estimate how much of the population change was due to new arrival immigrants.

From this cross-sectional analysis we cannot estimate how much of the change was due to domestic migration, but these datasets also allow study of migration at the individual level for a few distinct periods. In the 1990 and 2000 Censuses, data were gathered on where respondents were living five years before. And in the American Community Surveys for 2005 to 2007, data were gathered on where respondents were living one year before. From this, we can estimate the number of people that moved between states or MSAs over the 1985–1990, 1995–2000, and 2004–2007 periods, allowing us to estimate the number of domestic in-migrants and out-migrants to a given area. Subtracting the number of out-migrants from the number of in-migrants gives the net internal migration of immigrants (or native-born) to the state or MSA. The components of net internal migration are partly net figures already, as any intermediate moves within the period are not measured.

Despite the drawbacks of measuring migration only within three- to five-year periods, the advantage of this Census data is the ability to break down migration statistics by individual

¹⁷ These new destination states are defined as being in the top 10 for growth and the top 25 for the number of immigrants. This definition gets around the problem of places with very few immigrants having very high growth rates because of the way growth rates are calculated rather than because there is a substantive change.

¹⁸ Various estimates suggest that up to 50 percent of immigrants to the United States eventually leave the country (Jasso and Rosenzweig (1982), Borjas and Bratsberg, (1996)). Some immigrants leave the country permanently, and some leave temporarily and return. The Census records the year of migration for immigrants, but does not ask whether this stay is the first or not. Our estimates do not consider out-migration and may be affected by immigrants who have had multiple stays in the United States. Changes in death rates also affect the growth in California’s immigrant population, but given the relatively young average age of immigrants, changes in death rates are unlikely to affect overall estimates.

socioeconomic characteristics.¹⁹ In particular, we are first interested in decomposing net internal migration into migration of native-born persons and migration of immigrants. As explained above, the stalling of growth of immigrant populations in historical immigrant destination states and MSAs may be caused by a decrease in new immigrant arrivals, an out-migration of previous immigrants, or both. In addition, changes in the concentration of immigrants, measured as a ratio of immigrants to total population, can also be caused by differential net internal migration of the native-born. So we proceed by first examining the number of new arrival immigrants and the net internal migration of the native- and foreign-born.

We focus on persons of working age, because economic reasons tend to dominate migration decisions and because we are particularly interested in examining the effect of local labor market changes on migration patterns. (See Technical Appendix A for background information on the determinants of location choice.) Most analysis in this report is restricted to persons aged 18–64 who do not reside in institutions—the working age population. In parts of the analysis, we further restrict our attention to persons who report participation in the labor market (whether currently employed or unemployed).

We first examine whether the changes in immigrant population in California are driven by changes among newly arrived immigrants or among previous cohorts of immigrants. Table 3 shows that over these three periods, California’s growth in immigration population comes almost entirely from new arrivals.²⁰

Table 3. Components of migration in California

Years	Population change due to				Change on a per-year basis				California share of national new immigrant arrivals
	Net internal migration			New immigrant arrivals	Net internal migration			New immigrant arrivals	
	Net internal migration =	Native born +	Immigrant		Net internal migration =	Native born +	Immigrant		
1985–1990	120,714	81,333	39,381	942,795	24,143	16,267	7,876	188,559	34.9%
1995–2000	-407,162	-249,205	-157,957	906,935	-81,432	-49,841	-31,591	181,387	21.0
2004–2007	-388,374	-288,747	-99,627	698,836	-129,458	-96,249	-33,209	232,945	19.3

SOURCE: Author’s calculations from IPUMS Decennial Census and American Community Survey data.

NOTE: Includes immigrants aged 23–64 as of 1990, 2000, or 2007, so as to count only persons of working age during the entire migration period.

On an annual basis, the number of new immigrants to California was large and relatively steady during the periods 1985–1990, 1995–2000, and 2004–2007.²¹ However, California experienced an increase in the domestic out-migration of immigrants from 1995 to 2000 and

¹⁹ We construct the 2004–2007 migration period by linking one-year migration information across the three cross-sections of data. For this reason, we cannot track individual characteristics of 2004–2007 migrants, only aggregate or group characteristics.

²⁰ To view these migration trends relative to the state population, see Technical Appendix Table A1.

²¹ For the comparison of the 2004–2007 period to earlier periods, it is necessary to consider the population change on a per-year basis. Statistics from 1985–1990 and 1995–2000 are divided by five and 2004–2007 statistics are divided by three. Given the available data, this is the best comparison that we can do. However, the shorter migration period of 2004–2007 may induce some bias. For example, we see a rise in new immigrant arrivals in 2004–2007 on a per-year basis. It could be that the rate of new immigrants who arrived between 1995–1998 was just as high but declined when the last two years of the period were measured. A comparison of new immigrants to California in the 2002–2007 and 1995–2000 periods from the CPS suggests that indeed, the number of new immigrants fell when these full five-year migration periods are analyzed. Other limitations of the CPS data, however, prevent us from using it for the full analysis in this report.

from 2004 to 2007. During 1985–1990, more internal immigrants moved into the state than moved out, but during the latter two periods the opposite was true. Were it not for the increasing outflow of immigrants from California, the state would have seen a slightly larger growth in the immigrant population, because the inflow of new international immigrants remained roughly the same during the 1985–1990 and 1995–2000 periods. Although on a per-year basis the inflow of new immigrants to California increased from the 1995–2000 period to the 2004–2007 period, the percentage of all new immigrants who chose California continued to decline. In all periods, the number of newly arrived immigrants to California far outweighed the number of net migrants. So it is clear that the trends among new arrival immigrants drive the trends in overall immigrant population for the state.

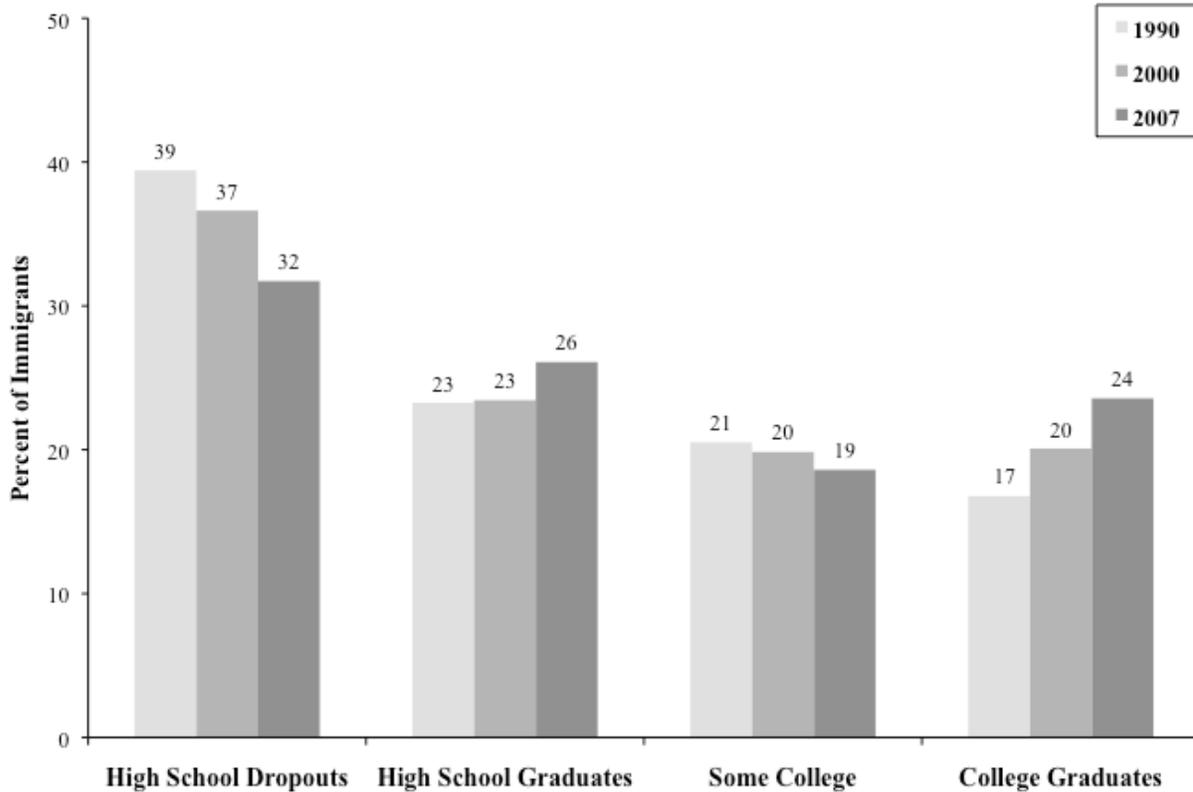
Comparing internal migration of immigrants to migration of native-born, we find that native-born net outmigration increased even more rapidly.²² In addition, we find that California’s experience is unique among the immigrant gateway states, in that native-born outmigration mirrored that of immigrants, but did not accelerate as quickly.²³ In California and other traditional immigrant gateway states, the decline in new arrivals drives most of the change in immigrant populations. In the new growth states, changes in immigrant populations are driven mostly by new arrivals as well, but are amplified by net increases due to internal migration of previous immigrants. In both groups of states, the trend among new immigrants is generally mirrored by the trend among domestic migrants. This marks a change from the recent past, where the flow of native-born domestic migrants tended to move in the opposite direction from the migration of immigrants. It also points to potential commonality in the reasons for migration between immigrants and the native-born.

In light of the declining popularity of California with new and previous immigrants, we next examine whether there is any evidence that the trend is driven by the choices of immigrants with certain socioeconomic characteristics. Who is it that California is no longer attracting? Are highly skilled immigrants choosing other states? Figure 2 shows the education distribution of California’s immigrants.

²² This is a notable change from studies of migration over earlier periods that tend to find net domestic migrants move in the opposite direction from new immigrants (Frey and Liaw, 1998, and Bartel, 1989). However, Passel and Zimmerman (2001) find a similar pattern for California during 1990–1995.

²³ Technical Appendix Table A2 presents migration patterns for the six top immigrant states and the top new growth states. Technical Appendix Table A3 gives statistics for all states.

Figure 2. California's Immigrant Education Distribution, 1990-2007



SOURCE: Author's calculations from IPUMS Decennial Census and American Community Survey data.
NOTE: Includes only immigrants aged 18-64.

The share of immigrants who had not completed high school fell from 39 percent in 1990 to 37 percent in 2000 and to 32 percent in 2007. Conversely, immigrants with a bachelor's degree or higher increased from 17 percent in 1990 to 20 percent in 2000 and to 24 percent in 2007.

The shift in education distribution of immigrants can be explained primarily by changes in the education level of new immigrants. To show this, we decompose the components of migration in California along the education dimension.

Table 4. Components of migration in California by education

		Per year basis				
Years	Education	Net internal migration of			New immigrant arrivals	Percent of all new immigrants
		Net internal migration =	Native born +	Immigrant		
1985–1990	< High school	-4,562	-4,605	42	77,588	41
	High school	-6,272	-6,797	524	42,110	22
	Some college	1,606	-520	2,127	32,179	17
	College graduate	33,371	28,188	5,183	36,682	19
	<i>Total</i>	<i>24,143</i>	<i>16,267</i>	<i>7,876</i>	<i>188,559</i>	
1995–2000	< High school	-25,806	-5,917	-19,889	61,315	34
	High school	-34,470	-24,071	-10,398	39,312	22
	Some college	-35,936	-31,016	-4,920	27,519	15
	College graduate	14,779	11,163	3,615	53,242	29
	<i>Total</i>	<i>-81,432</i>	<i>-49,841</i>	<i>-31,591</i>	<i>181,387</i>	
2004–2007	< High school	-22,728	-6,147	-16,581	69,181	30
	High school	-43,509	-29,182	-14,327	51,427	22
	Some college	-47,928	-41,438	-6,490	30,149	13
	College graduate	-15,293	-19,482	4,189	82,188	35
	<i>Total</i>	<i>-129,458</i>	<i>-96,249</i>	<i>-33,209</i>	<i>232,945</i>	

SOURCE: Author’s calculations from IPUMS Decennial Census and American Community Survey data.

NOTES: Includes immigrants aged 23–64 as of 1990, 2000, or 2007, so as to count only persons of working age over the entire migration period.

Table 4 shows that there has been a net outflow of individuals with less than a high school diploma from California in all three periods. This outflow is composed mostly of native-born persons from 1985 to 1990 but then largely of immigrants during the 1995–2000 and 2004–2007 periods. At the other end of the education spectrum, California saw a net increase in college-educated persons – both native-born and immigrant domestic migrants – during the 1985–1990 and 1995–2000 periods. Even with a net loss in college-educated native-born migrants during 2004–2007, California still had a net increase in college-educated immigrants who moved within the United States from 2004 to 2007. Combining this in-migration of college-educated immigrants and out-migration of high school dropout immigrants produces an overall increase in education among immigrant domestic migrants to California. Newly arriving immigrants, who drive the trends for immigrants overall, are increasingly likely to have a college degree over these three time periods and decreasingly likely to have less than a high school diploma. This is the first time in recent California history that the proportion of new highly educated immigrants exceeded that of less educated immigrants.

California’s new immigrant arrivals appear to look different now in terms of education level. Changes in the educational composition of California’s immigrants may forecast changes in resource needs for the state, for example bilingual education. But education is only one characteristic of new immigrants. Understanding the new trends in immigrant settlement – and the implications for the state – requires a look at additional socioeconomic dimensions.

Changes in the Composition of California's New Immigrant Arrivals

As shown above, new immigrants to California have higher levels of education, on average, in 2007 than in 2000 or 1990. We next explore whether this trend is unique to California, consider characteristics of new immigrants in addition to their education levels, describe the socioeconomic characteristics of new immigrants to California relative to new immigrants in other parts of the country, and examine how these characteristics have changed over time.

Historically, immigrants have not been spread out evenly across the United States, but rather have tended to cluster in a relatively small number of cities and states and often locate near other immigrants with similar socioeconomic characteristics. For example, both Florida and California are popular immigrant destination states, but Florida is much more likely to attract Cuban immigrants than California is, and California is a more likely destination for Mexican immigrants than Cuban ones. Over time, however, this clustering has declined, and markedly so for California. We use statistical models that relate an immigrant's individual characteristics to the choice of living in California relative to other states in each of the years 1990, 2000, and 2007.²⁴ These models reveal how immigrants' socioeconomic characteristics, on average, are related to their choice of living in California rather than other states. For each year, we estimate the likelihood of new immigrants choosing to live in the state given a large set of characteristics, such as age, education, ethnicity²⁵, gender, marital status, English fluency, employment, wage level, industry of employment, housing costs, and homeownership.²⁶

The models also show that although new immigrants to California look very different from those moving to other states, in socioeconomic terms this disparity has declined since 1990.²⁷ Figure 3 shows the estimated probability that an immigrant chose to live in California in 1990, 2000, or 2007, and shows how that probability changes across immigrants' characteristics. (The chart displays only a handful of characteristics included in the statistical model; for full results see Technical Appendix Table A4.) A typical immigrant was about 37 percent more likely to choose California than other states in 1990 ("Average" column). This probability declined to about 18 percent in 2007. If an immigrant had less than a high school degree, he or she was even more likely to choose the state (comparing the column "Less than High School" to the horizontal line). While less educated new immigrants are more likely to live in California than other states, this clustering of less educated new immigrants in California has declined over time. An immigrant with less than a high school degree was about 40 percent more likely to choose California in 1990. By 2007, this was down to 23 percent. Conversely, college-educated new immigrants were less likely to choose California, but the difference decreased over time ("College Degree" column).

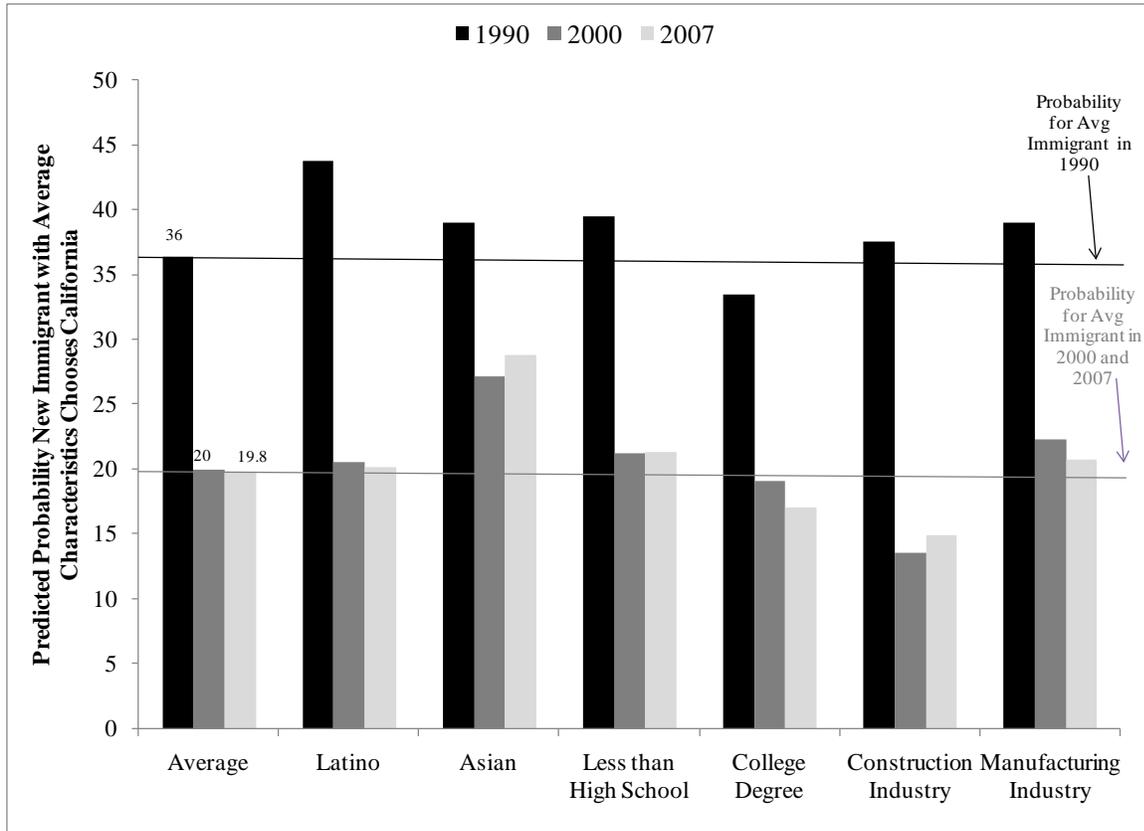
²⁴ These are simple linear probability models. Probit estimates are similar.

²⁵ Throughout this report we define ethnicity variables based on self-reported "race" categories given in the Census samples. They are as follows: Latino, non-Latino White, non-Latino Black, and Asian. All others are included in a final "other" category.

²⁶ Technical Appendix B provides more detail on some of these variables.

²⁷ See Technical Appendix Table A4 for detailed regression results.

Figure 3. Predicted Probability of Living in California for New Immigrants with Selected Characteristics



SOURCE: Author’s calculations from IPUMS Decennial Census and American Community Survey data.

NOTES: Includes only immigrants aged 18-64 with 0-5 years in the United States. Bars represent predicted probability from linear probability model described in text. “Average” is the predicted probability at the average value of explanatory continuous variables and taking account of the distribution across categorical variables. All other bars use these average values except for the characteristic listed. By comparing the bar to the horizontal lines for 1990 or for 2000 and 2007, one can estimate the percentage point difference in predicted probability for each factor compared to the average predicted probability in that year.

Another notable feature of the immigrant clustering in California is its ethnic dimension. A new Latino or Asian immigrant was more likely to live in California than other states in 1990, Latinos roughly 20 percent more likely, and Asians 14 percent more likely. But this overrepresentation has declined over time. By 2007, a Latino new immigrant was only 5 percent more likely to live in California and an Asian new immigrant 13 percent. To see this graphically, we compare immigrants who are either Latino or Asian to all immigrants. The probability of choosing California was still high, but declined markedly over time, especially for Latinos. Compared to average, a Latino immigrant was about 7 percent more likely to choose California than other states in 1990. By 2007, a Latino immigrant was no more or less likely than an average immigrant to choose California. This trend for Latino immigrants in particular stands in contrast to the state’s history of attracting a large percentage of new Latino immigrants.

New immigrants to California cluster not only by education and ethnicity, but also along some economic dimensions. In 1990, new immigrants to California were much more likely to be

employed in agriculture, construction, manufacturing, and in some service industries than were new immigrants to other states. Each of these industries, except manufacturing, employed a larger fraction of the labor force in California than in other states (see Technical Appendix C). The predominance of these industries is likely a draw for new immigrants, but the industry composition of employment in the state is also affected by the employment of new immigrants. The likelihood of new immigrants employed in construction and manufacturing industries to choose California over other states in 1990 is shown in the height of the darkest bars in the Figure 3 Construction and Manufacturing columns. For new immigrants in construction, by 2000, they were more likely to live outside California (shown in the fall of predicted probability in the Figure 3 Construction column). Note that this coincides with an overall drop in the share of Californians working in construction. In manufacturing, by 2007, new immigrants in California were about as likely to work in this industry as were immigrants in other states. We see similar declines in new immigrants in California working in business services, despite an increase in the percent of the California economy employed in business services (Technical Appendix C). Thus, changes in California's industry composition cannot be the only draw for new immigrants to the state.

In summary, in 1990, 2000, and 2007, we find significant clustering of new immigrants in California along social and economic dimensions. New immigrants with less than a high school degree or Latino new immigrants are more likely to live in California than other states, and those with a college degree are less likely. However, the degree of this clustering has declined over time. The changes in characteristics of the new immigrants to California along ethnic and education dimensions in particular stand in contrast to a long historical trend of immigration to the state.

Choices within California

Although the large inflow of new immigrants to California continues, more new immigrants to the United States are choosing to live in other states. Similarly, it appears that as immigrant populations grow in new destination states, they are also growing in new areas of this state. Nationally, new immigrants who chose California were like new immigrants to other states along socioeconomic dimensions after 2000 than they were before 2000. In this section we examine whether the same can be said for trends among new immigrants to different areas within California.

Within California, Los Angeles County receives the most new immigrants but also has the largest outflow of immigrants to other counties or states. Table 6 shows the components of population change in some of the major counties in the state.²⁸ Four counties always rank at the top based on immigrant population since 1990: Los Angeles, Orange, San Diego, and Santa Clara. In all of these historically immigrant-rich counties except Santa Clara, the number of new immigrants fell from the 1985–1990 period to the 1995–2000 period and rebounded in the 2004–2007 period, on a per-year basis.²⁹ However, in all the gateway counties, the number of new arrivals was vastly larger than the increase from internal migration. This is consistent with the nationwide trend that in gateway areas, new immigrant arrivals drive the change in immigrant population.

Most of California's gateway counties experienced a net outmigration due to internal relocation since 1985. In all gateway counties except Santa Clara, net outmigration accelerated from 1985 to 2007. Over the latter two migration periods we measure, the outmigration is not just of native-born but also of immigrants. To some extent this mirrors the slowing of new immigrant arrivals to these areas. This finding runs counter to research on earlier periods arguing that primarily native-born persons respond to immigrant influxes by relocating.³⁰ It suggests that the factors underlying the changes in settlement patterns for immigrants are common factors to the location decisions for native-born individuals.

²⁸ See Technical Appendix Table A6 for statistics on all counties in California.

²⁹ For the comparison of 2004–2007 to earlier periods, it is necessary to consider the population change on a per year basis; 1985–1990 and 1995–2000 changes are divided by 5, and 2004–2007 divided by 3. Given the available data, this is the best comparison that we can do. However, the shorter migration period of 2004–2007 may induce some bias.

³⁰ Frey and Liaw (1998), for example.

Table 6. Components of migration in California counties

1985–1990					1995–2000				2004–2007			
County	Net internal migration of:			New immigrant arrivals	Net internal migration of:			New immigrant arrivals	Net internal migration of:			New immigrant arrivals
	Net internal migration =	Native born +	Immigrant		Net internal migration =	Native born +	Immigrant		Net internal migration =	Native born +	Immigrant	
<i>Top immigrant destinations</i>												
Los Angeles	-283,810	-225,756	-58,054	440,861	-306,646	-149,416	-157,230	319,314	-294,952	-159,689	-135,263	220,417
Orange	-23,968	-32,454	8,486	92,385	-31,250	-19,955	-11,295	84,720	-57,614	-36,616	-20,998	63,990
San Diego	43,327	31,107	12,220	62,647	-33,456	-27,578	-5,878	58,845	-68,085	-60,240	-7,845	57,687
Santa Clara	-41,565	-42,747	1,182	59,234	-51,025	-50,587	-438	95,280	-16,397	-20,973	4,576	67,659
<i>Top growing immigrant destinations</i>												
Alameda	-19,763	-25,915	6,152	36,257	-4,975	-22,136	17,161	59,450	-13,265	-10,369	-2,896	42,720
San Bernardino	119,517	92,104	27,413	24,103	-2,358	-14,525	12,167	23,161	23,546	-513	24,059	21,831
Riverside	131,698	103,769	27,929	21,067	48,212	36,798	11,414	24,017	103,959	53,288	50,671	25,142
Sacramento	41,928	36,247	5,681	12,003	5,547	1,086	4,461	23,903	1,327	1,443	-116	23,294
Kern	11,636	10,315	1,321	8,089	-12,934	-10,037	-2,897	8,244	16,776	9,137	7,639	8,628

SOURCE: Author's calculations from IPUMS Decennial Census and American Community Survey data.

NOTES: Includes immigrants aged 23–64 as of 1990, 2000, or 2007, so as to count only persons of working age over the entire migration period.

Alameda, San Bernardino, Riverside, Kern and Sacramento Counties are fastest growing in the state in terms of immigrant population.³¹ There are two distinct patterns of growth, shown in the bottom panel of Table 6.³² In Alameda and Sacramento counties, growth in immigration comes predominantly from growth in new immigrant arrivals. These areas might thus be deemed new immigrant gateways. In San Bernardino and Riverside Counties, however, more of the growth comes from internal migration of older arrival immigrants. During the 1985–1990 and 2004–2007 periods, more immigrants moved into San Bernardino and Riverside from domestic locations than from other countries. These counties are adjacent to Los Angeles County, and the previous inflow of immigrants was due primarily to immigrants relocating from Los Angeles.³³ These findings indicate that Los Angeles continues to function as a gateway for immigrants who subsequently move elsewhere, especially to nearby inland counties. Kern County’s migration pattern lies in between the two, with little growth in new immigrant arrivals, but a significant inflow of older arrival immigrants only from 2004–2007.

Just as immigration increases to new destination states have spurred legislation, so have the increases in local areas within California with little history of immigration. For example, San Bernardino County has made national news with a proposal for restrictive ordinances to regulate immigration.³⁴ Such action could be sparked simply by overall growth of the immigrant population in areas with little history of incorporating immigrants, but could also be related to particular socioeconomic changes driven by new immigrant arrivals.

Figure 4 shows the education distribution of immigrants in six state MSAs. In 1990, 42 percent of the immigrant population of the Los Angeles MSA had not finished high school, but by 2000 that ratio was down to 39 percent and to only 32 percent by 2007. Many MSAs in the state experienced increases in average education but none at as high a rate as Los Angeles. Similarly, most MSAs in the state—even new growth areas like Sacramento—experienced an increase in the percent of immigrants who had a college degree. Not surprisingly, given the nature of their industries, the San Francisco and San Jose MSAs have the highest fraction of immigrants with college degrees, 35 percent and 45 percent in 2007, respectively, up from 26 percent and 29 percent in 1990.³⁵

Unlike new-growth states across the country, many of which experienced an increase in the fraction of immigrants with less than a high school diploma, new-growth MSAs in California saw declines in the share of these immigrants, similar to the trend for the state overall.

³¹ As noted previously for high growth states, we define high immigrant growth counties as the top 10 in terms of growth over 1990–2000 and at least in the top 20 in terms of number of immigrants as of 1990.

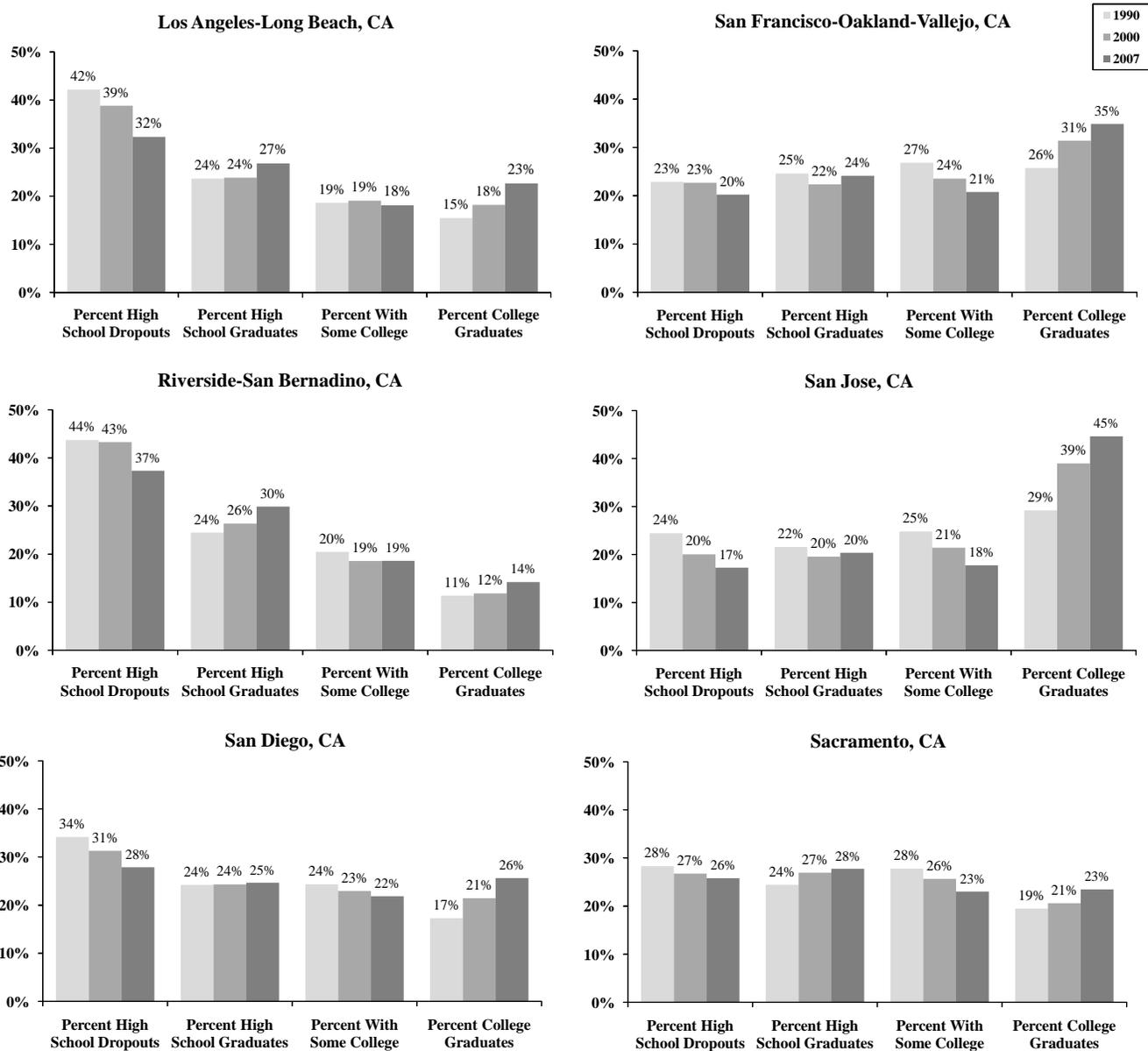
³² To view these migration statistics as rates per number of residents, so as to compare the changes across areas of different size, see Technical Appendix Table A7.

³³ Results available upon request.

³⁴ Chang, Cindy, “California City Council Rejects Anti-Immigration Legislation,” *New York Times*, May 16, 2006. National Public Radio, Morning Edition, “California Town Aims to Bar Illegal Immigrants from Renting,” May 12, 2006, accessed 1/22/09 at: <http://www.npr.org/templates/story/story.php?storyId=5400392>.

³⁵ Santa Clara County has a high proportion of its workforce employed in manufacturing relative to other counties and San Francisco city-county has a high proportion employed in retail trade, finance, and professional services. See Technical Appendix C.

Figure 4. California MSAs Immigrant Education Distribution



SOURCE: Authors' calculations from IPUMS Decennial Census and American Community Survey data.

NOTE: Includes only immigrants aged 18-64.

As in the previous section, we examine changes in socioeconomic characteristics of immigrants across California in a multidimensional manner, rather than by examining education levels alone. Earlier, we used statistical models to describe the characteristics of new immigrants who choose California relative to those choosing other states. Since Los Angeles County accounts for about half of all immigrants in the state, and because the decline in immigration to Los Angeles drives the decline in the overall state immigrant population, we will examine the choice of Los Angeles over all other areas in the state. As above, we estimate

how new immigrants' characteristics are related to the likelihood of choosing to live in Los Angeles compared to that of living elsewhere in the state.

The models corroborate the findings on education distribution discussed above.³⁶ Latino new immigrants were 11 percent more likely to live in the Los Angeles MSA in 1990, but only 6 percent more likely in 2007. New immigrants who decide to live in Los Angeles are more likely to lack a high school diploma, but that is less so over time. New immigrants in Los Angeles earn less in wages than other new immigrants in the state, after controlling for individual characteristics related to earnings potential, moving from about 1 percent less in 1990 to 6 percent less in 2000 and 2007.

When we examined California overall, we found evidence that the industry of employment for immigrants who choose the state has changed from 1990 to 2007. In particular, the likelihood of immigrants who work in construction and manufacturing choosing California declined. However, when looking within the state at the choice of Los Angeles over other areas, we find the strongest clustering of new immigrants in Los Angeles in service industries. The draw of the entertainment and hospitality service industry in the Los Angeles MSA increases over the period of study. Similarly, the likelihood of new immigrants in the finance, insurance, and real estate industry in Los Angeles has increased sharply relative to other areas in the state. New immigrants who work in construction are less likely to live in Los Angeles in 2000 and 2007, and we also see declines among immigrants who work in the manufacturing industry. The decline in new immigrants who work in manufacturing is consistent with the overall decline in the percent of the Los Angeles workforce in manufacturing from 1990 to 2007, but there was no similar decline in the overall percent of the Los Angeles workforce employed in service industries or construction.³⁷

Immigrants' location decisions are not only dependent on their characteristics but also on the conditions of the different geographic areas they have to choose from. In the next section, we combine the analysis of the characteristics of new immigrants to California and the characteristics of the locations they choose from in order to uncover some of the factors behind these immigrants' settlement decisions.

³⁶ See Technical Appendix Table A8 for regression results. As before, we execute a linear probability model of living in the Los Angeles MSA relative to elsewhere in the state.

³⁷ See Technical Appendix C for details.

Have New Immigrants' Preferences Changed?

Immigrants choose specific destinations for a host of reasons. Research has shown the primary reason behind immigrant location choice is social ties, with economic factors a distant second. However, in light of new settlement patterns and changes in the characteristics of immigrants choosing California, the importance of these factors may have changed.

Immigrants to the United States and residents who consider relocating within the country weigh many factors. There are a number of theories of migration and location choice, which give varying weight to determinants that fall roughly into the economic, social, and institutional categories.³⁸ Social factors for migration, in particular the concentration of co-ethnics in a locality, have been found to be the strongest predictor of immigrant location choice. This measure is very broad, but is used as a proxy for social ties to a particular location, for job opportunities arising from social connections, and for other associated informational or social benefits.

Previous research finds that economic costs and benefits are also significant factors in immigrant location choice, but are second to social factors. Among measures used to analyze the economic draw of a locale are job opportunity, wage level, employment rate, and housing prices. Individual-level characteristics such as education, work skills, and occupational status also factor into location choice since they are strongly tied to economic opportunity. The relative importance of these economic factors is difficult to gauge. For example, the draw of high wages often coincides with high housing prices, which otherwise may be undesirable. Thus, a number of economic factors may work together in complex ways. The distance to one's home country is related to the cost of a given location, not simply economic cost but also psychic costs. This factor is thus interpreted as both an economic and social factor and will be included in the statistical models here.

Some institutional factors that are postulated to affect migration include state welfare benefit generosity, border crossing locations, and broad changes in United States immigration policy. Analysis of these factors is limited by other economic and social changes that coincide; however, we are able to include a measure of state welfare benefit generosity.

The model estimates the probability that a new immigrant to the United States chooses an MSA based on its social, economic, and institutional characteristics. To do this parsimoniously, I use a multinomial framework, where individuals choose among MSAs as a function of individual and MSA characteristics.³⁹ To incorporate differences across immigrants, the models are estimated separately by ethnicity. To examine changes in the importance of the factors over time, the models are also estimated separately by year. Details on some of the more technical aspects of this location choice model and full regression statistics are available in Technical Appendix D.

We focus on Latino and Asian immigrants only in these models; further detail on immigrant ethnicity cannot be estimated due to limited sample size. The statistical models require a large sample of individuals in order to estimate the effects we are interested in accurately. By

³⁸ For further detail on the theory and findings of research on immigration location choice, see Technical Appendix A.

³⁹ In particular, I use the conditional logit model of McFadden (1973). The probability $P(i,j)$ that individual i chooses location j is a function of MSA characteristics Z and individual characteristics X .

looking at only these two groups, we cover roughly 70 percent of the new immigrant population. New Latino immigrants make up 43 percent of new immigrants from 2002 to 2007 and new Asian immigrants constitute 30 percent. We find that the trends in location choice vary between Latinos and Asian immigrants, so the results for each group are discussed separately.

Have Latino Immigrant Preferences Changed?

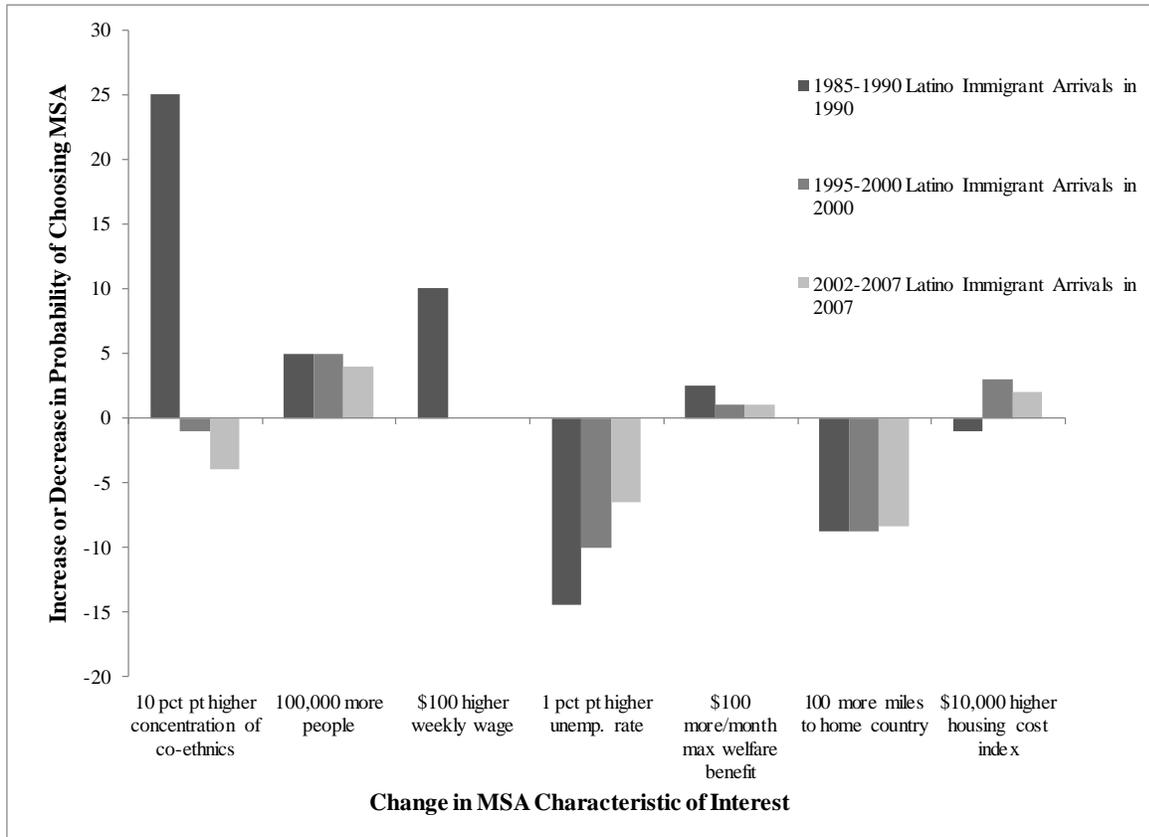
First we examine the determinants of location choice among new Latino immigrants. In Figure 5, we see that in 1990, having co-ethnics in an MSA was a very strong draw for new immigrants. The percent of the MSA population of the same ethnicity is used to measure the presence of co-ethnics in these models. A 10-point higher fraction of Latino immigrants in an MSA was related to a 25- percent higher chance that new Latino immigrants would choose that MSA. Similarly, increasing distance from the home country was a deterrent. However, these factors have declined in their importance over time.⁴⁰ By 2000, new Latino immigrants were not strongly influenced by proximity to others of the same ethnicity. In fact, a 10-point higher share of Latino immigrants in an MSA made it slightly less likely that new Latino immigrants would locate there. This marks a turnaround in the determinant which has historically predominated immigrants' location decisions. Social factors are still very important in the location choice of new Latino immigrants – overall, a large percent of new Latino immigrants choose Los Angeles, for example – but in comparing two areas with different concentrations of co-ethnics, the relevance of this factor has faded.

We find little evidence that new Latino immigrants choose MSAs within states that have more generous welfare benefits. An additional \$100 per year in TANF or AFDC benefits in an area was related to a 2.5-percent higher chance that a new immigrant would choose that location in 1990, and to only a 1-percent chance in 2000 or 2007.⁴¹ This relationship is difficult to identify, since state welfare generosity is related to other economic and social conditions that might attract immigrants.

⁴⁰ To view the summary statistics on these explanatory variables, see Technical Appendix Table D2. The increase in average percent of Latinos across MSAs over time does not explain the fall in the coefficient estimates. Also, average distance to home country has declined, so if anything we would expect the coefficient on distance to home country to increase over time.

⁴¹ An \$100 per year increase is about a 1-percent increase at the average benefit level across states. See Technical Appendix Table D2.

Figure 5. Importance of Factors in Latino New Immigrant Location Choice



SOURCE: Authors' calculations from IPUMS Decennial Census and American Community Survey data.

NOTE: Includes immigrants aged 23-64 as of 1990, 2000, or 2007, so as to count only persons of working age over the entire migration period, and immigrants with 0-5 years residence in the United States. Bars represent estimated effect on probability of choosing an MSA given the changes in covariates listed on the x-axis. Only statistically significant results at the 1-percent level are shown. Full model statistics are presented in Technical Appendix Table D1.

Looking at economic determinants of location choice among new Latino immigrants, we find evidence that new immigrants are drawn to MSAs that have jobs available – the unemployment rate was an important indicator over all periods. The higher the unemployment rate, the less likely a new Latino immigrant is to choose an MSA. For a 1-percent higher unemployment rate in an MSA, a Latino immigrant in 1990 was 15 percent less likely to choose that location. By 2007, this was down to about 6.5 percent, although still statistically significant. New Latino immigrants are drawn to MSAs with high average wages, but only in 1990.

As noted, it is difficult to predict the effect of higher wages or higher housing prices on location decisions. We might expect that immigrants would choose an MSA with a low cost of housing, holding everything else constant. However, labor market conditions, especially wages, are related to housing market conditions and are a very strong draw. The correlation of these variables makes it hard to separately identify the draw of low-cost housing, and this probably explains the relatively small effects.⁴²

⁴² Excluding housing or wages from the model has little or no effect on other estimated coefficients.

Have Asian Immigrants' Preferences Changed?

In contrast to the results for new Latino immigrants, changes in the draw of social factors for new Asian immigrants are mixed. Over time, new Asian immigrants are less likely to choose a destination due to proximity to their home countries. Because the average distance for an Asian immigrant to his or her home country is farther than for a Latino immigrant, the decrease in probability due to distance to home country is much smaller. Asian immigrants are increasingly likely to choose an MSA because of the presence of other Asian immigrants there.

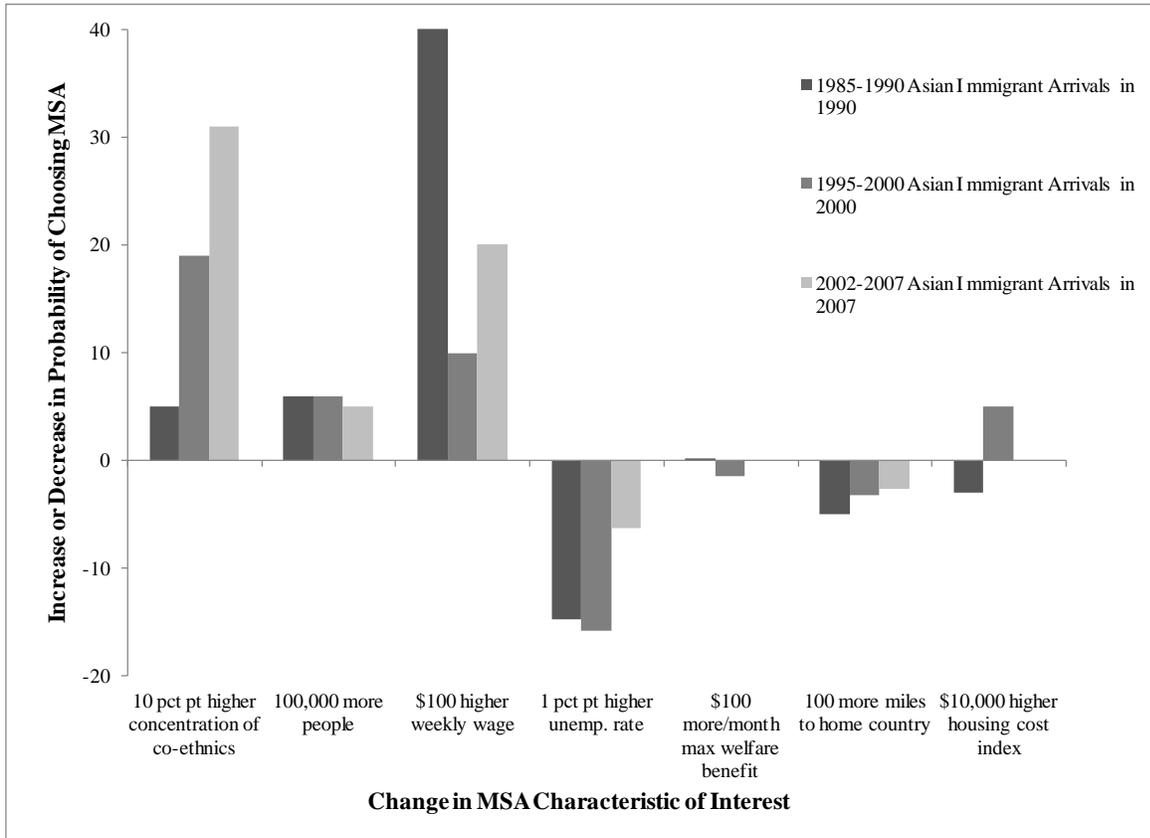
Here again, we find no evidence that Asian immigrants choose their destinations because of generosity of welfare programs. The change in probability of choosing an MSA because the area offers \$100 more in welfare benefits is estimated at zero or nearly zero in all years.

Economic factors are a similarly strong draw for new Asian immigrants. Asian immigrants were 20 percent more likely to choose an MSA because it had \$100 higher weekly wages, all else equal, in 2007. This estimate for Asians is stronger than for Latino immigrants, where statistically significant effects of higher MSA wages were found only in 1990. New Asian immigrants were strongly deterred from choosing an MSA with higher unemployment rates.⁴³ The size of the estimates is consistent with the size estimated for Latino immigrants, although both show evidence that this factor has declined somewhat in importance over time.

Last, the difficulty in estimating the effect of housing prices on immigrant location choice is evident here as well. It is unclear from the estimates whether new Asian immigrants are consistently drawn to MSAs with higher housing prices or lower ones. We expect that this is likely driven by the relationship of local area wages and housing prices.

⁴³ Additional testing reveals that the deterrent effect of the unemployment rate increases as the rate increases.

Figure 6. Importance of Factors in Asian New Immigrant Location Choice



SOURCE: Authors' calculations from IPUMS Decennial Census and American Community Survey data.

NOTE: Includes immigrants aged 23-64 as of 1990, 2000, or 2007, so as to count only persons of working age over the entire migration period, and immigrants with 0-5 years residence in the United States. Bars represent estimated effect on probability of choosing an MSA given the changes in covariates listed on the x-axis. Only statistically significant results at the 1-percent level are shown. Full model statistics are presented in Technical Appendix Table D1.

Taken together, this simple model leads to some striking conclusions. The first is the decline in social factors as a driver of location choice. We still observe a great amount of clustering of immigrants along ethnic and home country lines, but the evidence here suggests this factor may play less of a role over time. Indeed, it reflects the dispersion of immigrants to new destination areas. Second, we find no proof that welfare programs are a prominent factor in the location choice of new immigrants. On the other hand, there is evidence that economic factors have played a strong and consistent role in the location decisions of new immigrants. For both new Latino and Asian immigrants, higher average wage has a positive effect on the probability of choosing an MSA and unemployment rate has a negative one.

These changes may be interpreted in different ways with regard to the assimilation of new immigrants. New trends in immigrant location choices to new destinations that have little history of immigration present challenges to local areas. The social adaption of immigrants may be slowed because they are less likely to choose areas simply because of the availability of immigrant networks that help to facilitate assimilation. However, the long-term success and broad assimilation of immigrants is also related to economic progress. The economic oppor-

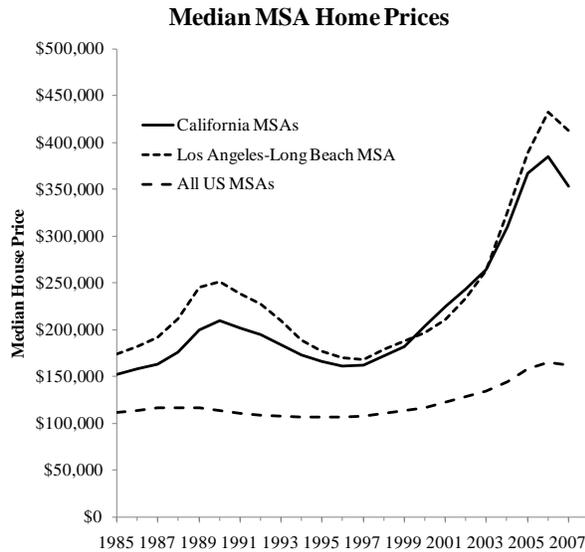
tunity that new destinations present may spur faster economic assimilation and long-term success of new immigrants.

Economic motivations for location choice may mitigate the challenges to new destination areas. To the extent that economic opportunity leads to economic success, new immigrants motivated increasingly by economic opportunity are more likely to contribute to, rather than tax the system.

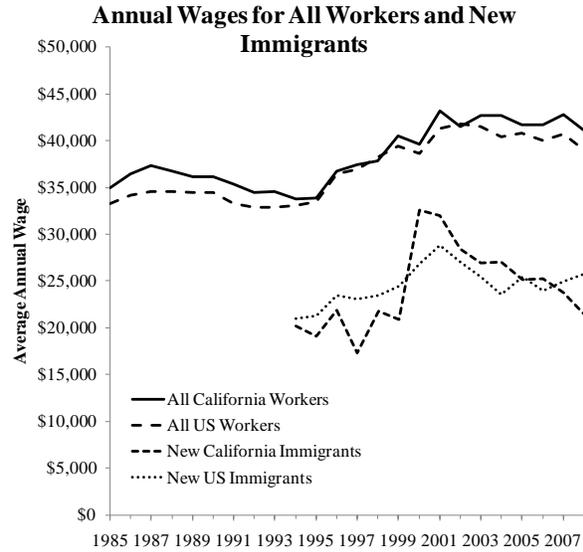
In California, the recent decline in the popularity among new immigrants of the state itself and of the Los Angeles region in particular may be understood better in light of the preferences of new immigrants. Proximity to Mexico and to large Latino and Asian immigrant populations have historically driven continued flow of new immigrants to the state. The decline in importance of these factors explains a good portion of the decline in the state's popularity. But we also find that economic opportunities are consistently a strong factor behind immigrant location choice. Additional results suggest that the location decisions of highly educated Latino and Asian new immigrants are even more strongly related to economic conditions in MSAs.⁴⁴ Thus, the state's ability to attract a highly skilled immigrants for its workforce is linked to economic conditions in other places.

⁴⁴ See Technical Appendix Figures D1 and D2.

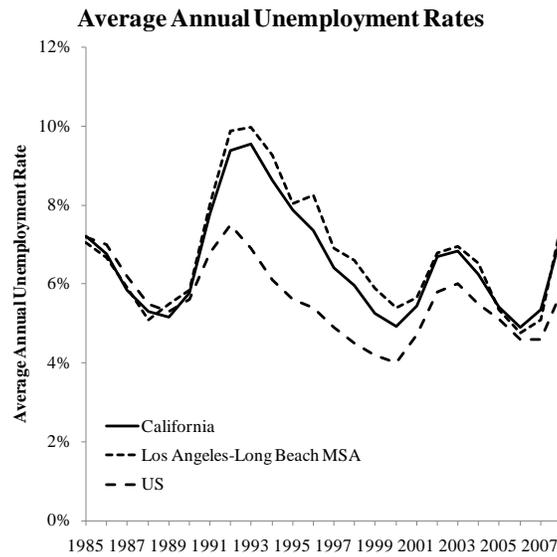
Figure 7. Trends in Unemployment, Wages, and Housing Prices in California and the United States



SOURCES: OFHEO Housing Price Index, US Census Bureau.
 NOTES: Median house prices represent average across MSAs; 1999 dollars.



SOURCE: Current Population Survey (US Census, Bureau of Labor Statistics).
 NOTES: 18-64 year-old males only; immigration status not available prior to 1994; 1999 dollars.



SOURCE: Bureau of Labor Statistics.
 NOTE: Average annual unemployment rates are not seasonally adjusted.

With the decline of social factors as a draw for immigrants, the state's economic condition has increasing importance for drawing immigrants, and drawing highly educated immigrants in particular. The current economic crisis will have an impact on the number and characteristics of immigrants who choose to come to the United States and who choose to live in California. The recent upturn in unemployment rates is seen in the third panel of Figure 7. The California and Los Angeles unemployment rates have increased more quickly in the last year. To the extent that the economic decline is more pronounced in California than in other areas,

the state will likely be disadvantaged in attracting immigrants in the future. However, the first two panels of Figure 7, showing median housing prices and wage rates, are not definitive in predicting how California's draw for new immigrants might change. Even with the economic downturn, California has a higher average wage than the rest of the United States, a draw, and the state's markedly higher housing prices, a deterrent, have started to decrease.

Conclusion

Although California is still home to more immigrants than any other state, its popularity for immigrants began to wane for the first time after 1990. California's 44-percent immigrant growth rate from 1990 to 2000 was far exceeded by growth rates of more than 200 percent in states such as Georgia and North Carolina. Within California, the number of immigrants in Los Angeles County increased an average of just 1.9 percent per year during the 1990–2007 period, compared to rates as high as 12.6 percent per year in Riverside County and 10.5 percent in Kern County.

In this report, we find that most of the change is driven by the changing location choice of new arrival immigrants rather than those of previous immigrants. Within California there is also a significant shift of immigrants to new destinations within the state, although the traditional immigrant gateway cities of Los Angeles and San Francisco still serve as jumping off points for new immigrants. Thus, programs to facilitate new immigrant assimilation in gateway areas are likely to continue to have a large population to serve.

The trend towards settlement in new destinations is also driven in many areas by the internal migration of native-born persons, suggesting that determinants of location choice are increasingly common to both groups. Some researchers have shown that in the recent past, native-born persons tended to leave areas with high in-migration of immigrants. We find a reversal of this trend. In addition, our findings suggest that immigrant inflows are not responsible for initiating native-born outflows. Thus, it may be that the level of competition between native-born and immigrants has been overstated.

New Latino immigrant arrivals to the United States were much less likely to choose to live in California in 2007 than they were in 1990; new immigrants employed in construction, manufacturing, and some service industries also prefer other states. New immigrants choosing California over other states were slightly more educated in 2007 than in 1990.

We find that changes in the composition of new immigrants are related to the factors by which they make their decisions on where to settle. Social factors, historically the principal determinant, have waned in importance for Latino immigrants in particular. New Latino immigrants are much less likely to choose cities because of the presence of co-ethnics. These social factors are still the primary explanation for location choice, but economic factors are a strong second. This explains the decision of many immigrants to live in new destinations that have a less established immigrant social network but have growing economic opportunities. The established immigrant networks in California have less attraction for the newest immigrants to the United States, and this explains most of the decline in the state's popularity.

The waning importance of social factors in new immigrants' location decisions may signal the assimilation of immigrants. For those concerned with the integration of immigrants, the decline in clustering of immigrants along social lines and the increasing importance of economic factors may be good news. On the other hand, in areas with few immigrants and little experience incorporating immigrants into social and economic life, the settlement of immigrants away from co-ethnics raises new challenges.

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