

IMMIGRANTS AND THE LABOR MARKET

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▶ **Immigrants constitute a sizeable and growing share of the labor force.**

In 2009, immigrants accounted for 17% of the U.S. labor force, up from just over 5% in 1970. In California, immigrants accounted for nearly 37% of the labor force, up from 11% in 1970.

▶ **Immigrants are now less likely to be unemployed than native-born workers.**

In 2009, 10% of immigrants in California reported being unemployed and seeking work, compared to 11% of native-born workers. Among workers without high school diplomas, immigrants are half as likely to be unemployed as natives (12% vs. 23%). Immigrant men are less likely than native-born men to be out of the labor force (9% vs. 15%), but immigrant women are more likely than native-born women to be out of the labor force (33% vs. 25%). In the hard-hit construction sector, the unemployment rate among immigrants was 15% compared to 19% for native-born workers. Among less-educated construction workers the disparity is even wider: 17% unemployment for immigrants vs. 30% for native-born.

▶ **Immigrant workers' education levels tend to be at either extreme.**

Most immigrant labor market participants are either college educated or have not completed high school. In California, 26% of immigrants in the labor market have bachelor's degrees, compared with 35% of natives, and 35% of immigrants in the labor market do not have high school diplomas, compared with 7% of natives. Compared with the rest of the nation, immigrants without high school diplomas make up a larger share of California's total labor force: 13% in California versus 4% for the rest of the U.S.

▶ **Immigrants' education levels vary widely between employment sectors.**

The manufacturing sector was the largest employer of immigrants in California in 2009 (15%). Thirty percent of immigrants without high school diplomas were employed in the construction and manufacturing sectors. By contrast, 36% of college-educated immigrants worked in two main service industries: professional, scientific and technical services and health care and social assistance.

▶ **On average, immigrants earn less than native-born workers.**

Nationwide, the hourly wages of immigrants are 12% lower than the hourly wages of American-born workers. In California, the wage gap is much larger (26%). But for immigrants in California with college degrees the wage gap is much smaller (8%) than for those with high school diplomas or less (27%). On average, immigrant workers' wages do not catch up to native-born workers' wages over time. But they tend to grow at a faster rate initially, increasing as much as 9% more quickly than comparable native-born workers' wages over the first 10-15 years after migration.

▶ **Immigrants are unlikely to drive down the wages of most Americans.**

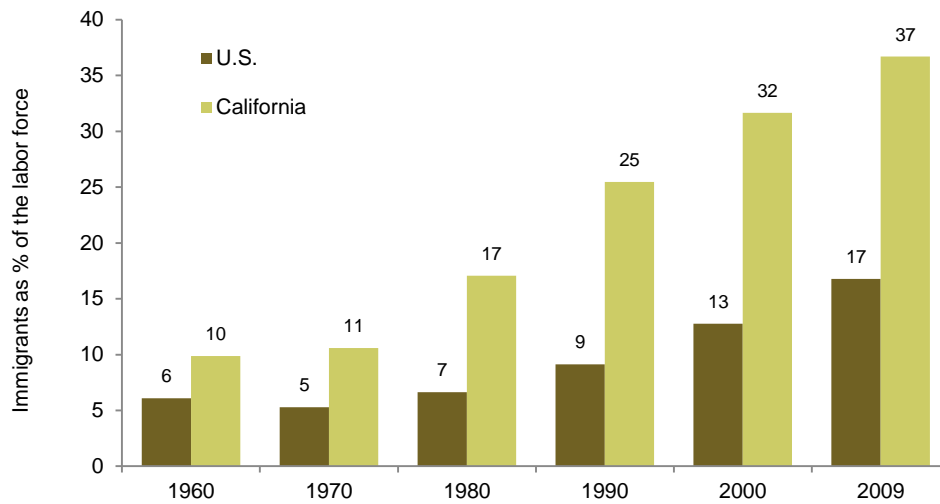
Although debate remains, the vast majority of economic studies find that immigration has little or no effect on the wages of the average American worker. A recent PPIC study estimates that in California, immigration between 1990 and 2004 caused a 4% real wage increase for the average native-born worker. Most agree that low-wage native-born workers face the most competition with immigrants because, on average, these populations have similar skills; yet most studies that focus on the impact of immigration on low-wage workers find zero or very small adverse effects on wages.

▶ **Most Californians believe immigrants are a benefit to the labor market.**

In a PPIC poll in September 2010, 54% of respondents said that immigrants today are a benefit to California because of their hard work and job skills. This is down slightly from 58% in an August 2009 poll.



Immigrants in the labor force, 1960–2009



Source: Authors’ calculations from U.S. Census Bureau data.

Immigrants in California industries, 2009

| Industry | Number (000s) | | Percent | | Ratio of immigrant to native |
|--|---------------|--------------|-------------|-------------|------------------------------|
| | Immigrant | Native | Immigrant | Native | |
| Manufacturing | 768 | 775 | 14.7% | 8.8% | 99.0% |
| Professional, scientific, and technical services | 667 | 1,149 | 12.7 | 13.1 | 58.0 |
| Health and social services | 583 | 1,061 | 11.1 | 12.1 | 55.0 |
| Entertainment, accommodations, food services | 562 | 619 | 10.7 | 7.0 | 90.7 |
| Retail trade | 480 | 932 | 9.2 | 10.6 | 51.5 |
| Construction | 443 | 576 | 8.5 | 6.5 | 76.9 |
| Other services | 367 | 383 | 7.0 | 4.3 | 95.9 |
| Finance, insurance, real estate | 261 | 680 | 5.0 | 7.7 | 38.4 |
| Transportation and warehousing | 232 | 357 | 4.4 | 4.1 | 64.9 |
| Education services | 216 | 840 | 4.1 | 9.6 | 25.7 |
| Agriculture, forestry, fishing | 214 | 88 | 4.1 | 1.0 | 242.2 |
| Wholesale trade | 205 | 278 | 3.9 | 3.2 | 73.7 |
| Public administration | 118 | 536 | 2.2 | 6.1 | 22.0 |
| Information and communications | 93 | 324 | 1.8 | 3.7 | 28.6 |
| Utilities | 19 | 97 | 0.4 | 1.1 | 20.1 |
| Active duty military | 10 | 79 | 0.2 | 0.9 | 12.5 |
| Mining | 4 | 22 | 0.1 | 0.2 | 16.1 |
| Total | 5,240 | 8,797 | 100% | 100% | 59.6% |

Source: Authors’ calculations from U.S. Census Bureau data.

Sources: U.S. Census Bureau. G. Peri, “How Immigrants Affect California Employment and Wages” (PPIC, 2007). PPIC Statewide Survey, September 2009 and 2010.

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