

Immigration's Impact on the Workforce

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Report Focus

New Foreign Immigrant Inflows into Massachusetts, 2000–2005: An Assess- ment Of Their Size, Characteristics, and Impacts on State Population and Labor Force Growth

Introduction

During the 1990s, Massachusetts, as well as Connecticut, Rhode Island, New Jersey, New York, and Pennsylvania, were overwhelmingly dependent on new foreign immigration to generate population and labor force growth. All of the state's population and resident labor force growth during the 1990s was generated by new foreign arrivals coming from an increasingly diverse array of countries. The educational attainment levels and English-speaking proficiencies of these new immigrants also varied widely, and played important roles in determining their success in the state's and nation's labor markets.

The definition of a "foreign born" person in this paper describes individuals born outside of the 50 states and the District of Columbia. In accord with this definition, persons born in one of the territories of the United States (U.S. Virgin Islands, Puerto Rico, Guam) are considered to be "foreign-born." A person who emigrates from Puerto Rico adds to the population of both the state and the nation in the same manner as an immigrant from Brazil, Canada, Haiti, or India. The definition of a "new immigrant" depends on the time period being analyzed. When the analysis is focused on the 2000–2005 period, a "new immigrant" is defined as a person

who arrived in the U.S. between 2000 and the time of the 2004 American Community Surveys or the 2005 Current Population Surveys (CPS).

Immigration and Population Growth

Between 1980 and 1990, the resident population of Massachusetts increased from 5.737 million to 6.016 million, a rise of nearly 280,000 or 5%. Slightly over 285,000 new immigrants were living in Massachusetts at the time of the 1990 Census, accounting for all (103%) of the net growth in the state's resident population over the 1980s. Between 1990 and 2000, the state's population increased by just under one-third of a million persons. New immigrants again arrived in increasingly large numbers. At the time of the 2000 Census, there were slightly over 350,000 new immigrants residing in the state. These new arrivals over the decade again accounted for all of the growth in the state's population. The national origins of these new immigrants were highly diverse. There were 83 different countries (territories) that sent 500 or more immigrants to the state between 1990 and 2000. The five countries (territories) sending the largest number of new immigrants were Puerto Rico, Brazil, the Dominican Republic, China, and India. None of the top ten sending countries was an English-speaking country although some of the more highly educated immigrants from these countries had learned English in their home countries.

Since 2000, population growth in the state first slowed considerably, then the overall population declined modestly over the past two years. Between July 2000 and July 2001, the state gained an additional 33,000 residents, but population growth slowed considerably over the following two years, falling slightly below 6,000 over the July 2002–July

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2003 period. Over the following two years, the state's population is estimated to have declined, falling by 10,183 and 8,639 over the July 2003–04 and July 2004–05 periods. Over the entire five-year period, July 1, 2000 to July 1, 2005, the state's resident population grew by only 36,611, representing a growth rate of less than .6%. In comparison, the U.S. population grew by nearly 15 million or by 5.3% over the same period. Thus, Massachusetts captured only .25% of the nation's population growth over the past five years, ranking 3rd lowest among the 50 states on its population growth rate over this period.

Between July 2000 and July 2005, the number of births in Massachusetts outpaced the number of deaths by nearly 124,000. Births exceeded deaths by a fairly uniform 25,000 each year. The natural increase in the resident population, however, was more than offset by high and rising levels of net out-migration to other states. Over the entire five-year period, the number of domestic out-migrants exceeded in-migrants by nearly 233,000. In the absence of continued high levels of foreign immigration, the state's population would have declined between 2000 and 2005. Over this period, net international migration into Massachusetts was estimated to be just under 154,000.

U.S. Census Bureau projections of the state population and the components of that growth for the 2005-2015 period indicate that the state will continue to be overwhelmingly dependent on foreign immigration for its population growth. The degree of success in assimilating these new immigrants into the labor markets of the state and boosting their productivity and earnings will have a major influence on the labor market performance of the state and the real wages and earnings of Bay State workers.

National Origins of New Immigrants

For the state, the set of nations accounting for the largest share of new immigrants in 2003-2004 was South America. Just under 19% of all new immigrants had migrated from a South American country, with Brazil accounting for the lion's share. The next three largest groups of new immigrants came from East Asia (China, Japan, Vietnam, Thailand), the Caribbean (Dominican Republic, Haiti, Jamaica), and South Asia (India, Nepal). Only 9% of new immigrants in Massachusetts came from Europe including Russia. These European countries and Canada had dominated immigration in the state in the 1800s and the first half of the 20th century.

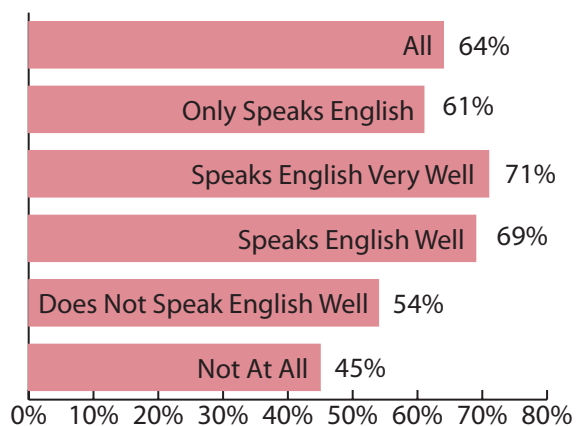
In Massachusetts, more than 1 of every 7 new immigrants had arrived from Brazil while in the U.S. less than 2% of the new immigrants hailed from Brazil. Mexico, which is by far

the dominant source of new immigrants in the U.S., does not even make the top 20 list in Massachusetts. Only 1,200 Mexican immigrants arriving in the U.S. since 2000 were living in Massachusetts. The other countries (territories) making the top five list in Massachusetts were Puerto Rico, India, China, and the Dominican Republic. Not one European country made the top ten list in Massachusetts, and only two made the list of the top twenty (Russia and Poland). Only 1 of the top 20 countries (Canada) was an English-speaking country. These findings have important consequences for the English-speaking proficiencies of these new immigrant arrivals.

Demographic Characteristics

Women accounted for a majority (55%) of all new immigrants in the state while males comprised a slight majority of new immigrants in the nation. The male share of new immigrants in the state was higher in 2003 than it was in 2004. The higher share of women among new immigrants in Massachusetts is partly related to differences in the national origins of immigrants between the state and the nation. A much higher share of Mexican immigrants, especially labor force participants, are male, but our state attracts very few Mexican immigrants. An overwhelming share (85%) of new immigrants in Massachusetts during 2004 were of working-age, i.e., 16 and older, and relatively few were teenagers (4%). Two-thirds of these new immigrants were in the prime working-age group (20-44 years old). This age distribution tends to raise the share of new immigrants who will be active participants in the state's civilian labor force. Only six percent of the new immigrants were 55 and older. The new immigrants in Massachusetts were about evenly divided into three race-ethnic groups: Asian, Hispanic, and white, non-Hispanic, with each group accounting for somewhere between 28% and 31% of new immigrants in the state. Another 8% of the immigrants were black, primarily reflecting immigration from several of the Caribbean nations.

Chart 1: Employment Rates Among the Foreign Born Populations of Massachusetts by English-Speaking Proficiency, 2004



Educational Attainment and English-Speaking Proficiencies

The human capital characteristics of immigrants play a critical role in determining their labor market success, especially their access to professional, managerial and technical occupations, their weekly earnings, and their annual earnings. Slightly under one of every five new immigrants in the state lacked a high school diploma from their home country or from the U.S. A majority of these new immigrants had completed at least one year of post-secondary education, and nearly 4 of 10 held a Bachelor's or higher degree in 2004. New immigrants in Massachusetts were only one-half as likely as their national counterparts to lack a high school education (19% vs. 36%), and they were much more likely to have obtained a Bachelor's or more advanced academic degree (39% vs. 27%). Differences in the mix of new immigrants by national origin between our state and the nation play a key role in influencing this outcome. Very high fractions of Mexican and Central American immigrants lack high school diplomas. They loom large in the U.S. immigrant population but are much less represented in the ranks of the new immigrant population in Massachusetts.

Nearly 1 of 5 members of the state's foreign born population (both new and old) reported that they only spoke English while another third claimed that they spoke English very well. On the other end of the spectrum, approximately one of four immigrants indicated that they either could not speak English at all or could not speak it well. Not surprisingly, new immigrants reported a much higher incidence of English-speaking difficulties than their established counterparts. Just under 40% of the newer immigrant arrivals reported that they either could not speak English or speak it well versus only 20% of their established immigrant counterparts.

The English-speaking proficiencies of new immigrants is closely though far from perfectly linked with their educational attainment. In 2004, approximately two-thirds of all new immigrants with 12 or fewer years of schooling could not speak English well or speak it at all. The share of new immigrants with such severe English-speaking difficulties fell to 27% among those with 1-3 years of post-secondary schooling, to 18% for those with a bachelor's degree, and to a low of 10% among those with a Master's or more advanced degree. Well educated immigrants with limited English-speaking skills face very serious problems in obtaining jobs in the professional/managerial ranks and will earn considerably less than their more proficient English-speaking peers over this entire working lives.

Labor Force Behavior

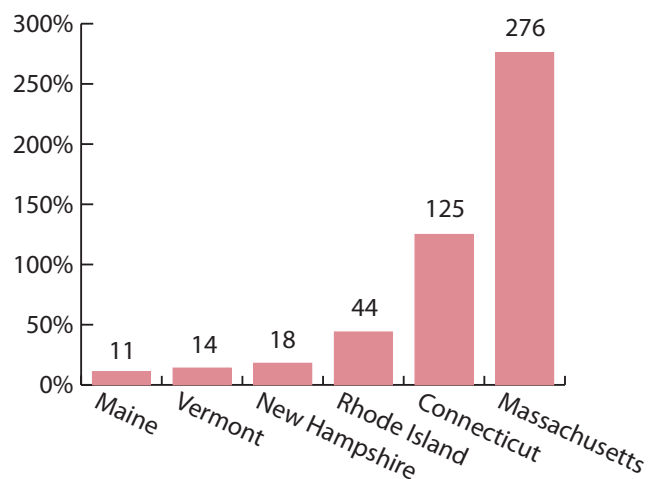
Of the approximately 147,000 new immigrants of working-age residing in Massachusetts at the time of the 2004 ACS survey, somewhat over 96,000 were actively participating in the labor force. These new immigrants faced a relatively high unemployment rate (9.7%), yielding an employment/population (E/P) ratio of 59%. In other words 59 of every 100 new immigrants in Massachusetts were employed in 2004, an employment rate basically identical to that of new immigrants across the nation.

Flows of new immigrants into Massachusetts were indispensable to labor force growth during the 1990s. All of the increase in the state's male resident labor force and nearly all of the growth in the female labor force in the 1990s was attributable to new immigrants. Between 2000 and 2005, according to CPS estimates, the resident labor force of the state grew by only 43,000 or a little more than 1%. Since 2002, the resident labor force of the state as measured by the LAUS methodology has actually declined. Yet, over this five year period, the number of new immigrants who were active in the civilian labor force grew by nearly 121,000. Thus, new immigrants accounted for well over 100% of the growth in the state's labor force between 2000 and 2005. Unfortunately, a growing number of these new immigrant arrivals appear to be undocumented. The number of native born persons and established immigrants (those arriving in the U.S. prior to 2000) in the state's labor force must have declined by at least 77,000 over this five year period.

Job Characteristics

The overwhelming share of the jobs held by new immigrants were private sector, wage and salary positions, with new immigrant workers under-represented in government jobs and among the self-employed. Slightly more than 90% of all of new immigrants employed in Massachusetts in

Chart 2: Share of Resident Labor Force Growth Due to New Foreign Immigration in Each New England State, 2000–2005



2003–2004 were working in the private sector versus 84% of established immigrants and 75% of the native-born. Not all wage and salary jobs held by new immigrants will appear on the official payrolls of non-farm employers as reported to the Massachusetts Division of Unemployment Assistance or the U.S. Bureau of Labor Statistics. Anecdotal evidence and field research has revealed that a number of these new immigrant workers appear to be employed as contract workers or work in the informal labor market, frequently paid in cash on a daily or weekly basis. The likelihood of an immigrant worker being self-employed, i.e., becoming an entrepreneur, a business owner, or a self-employed professional, technical or craft worker, has been found to be positively linked with the length of stay in the U.S.

While new immigrant workers were employed in every industrial sector, their share was markedly higher than that of the native-born workers in four sectors: accommodation and food services (16.3%), retail trade (12.5%), construction (9.7%), and administrative support and waste management (8.6%), including temporary help industries. These four industrial sectors in Massachusetts accounted for nearly one-half of all employed new immigrants in the state. Approximately 10% of new immigrants were working in manufacturing industries in the state. New immigrants found jobs in the state’s manufacturing sector at a time when manufacturing jobs losses in the state were quite substantial amounting to 76,000 between 2001 and 2004. Established immigrants were even more heavily over-represented in the state’s manufacturing sector. In Massachusetts as was true for the nation, new immigrants were over-represented in the state’s construction sector. In the state, approximately 10 out of 100 employed immigrants were working in the construction

sector compared to 5% of established immigrants and 6% of native-born workers. New immigrant workers were substantially under-represented in finance and insurance, real estate, and public administration.

Findings clearly revealed that new immigrants are employed in every major occupational group, defying the claims of some labor market and media analysts that new immigrants are only taking jobs that American workers will not perform. While new immigrants in the aggregate were somewhat under-represented in professional occupations, they tended to obtain an above average share of jobs in a few professional specialties, including computer and mathematical science occupations and life/physical/social science occupations.

Workforce Development Implications

The employment rates and earnings of all immigrants in Massachusetts in recent years were positively associated with their years of formal schooling and their English-speaking proficiencies. Efforts to improve both the formal schooling and English-speaking proficiencies of legal immigrants should be promoted to bolster future labor force and employment growth. Upgrading the English-speaking proficiencies of well-educated immigrants should also boost their access to more highly skilled professional, managerial, and technical occupations and improve their long-term earnings prospects. Both joblessness and mal-employment problems are severe among college-educated immigrants with limited English speaking proficiencies.

There is an important gap in our existing knowledge base with respect to the delivery of employment and training services to immigrants and the effectiveness of one-stop care centers, WIA-funded employment and training programs, and adult basic education programs in increasing the employability and earnings of immigrant adults who participate in such programs. A similar information gap exists at the national level as well. In fact, a number of existing workforce development information systems, including the U.S. Department of Labor’s WIASRD reporting system, do not require states to report any information on the nativity status of program participants.

Table 1: Educational Attainment of Working-Age New Immigrants (16 and Older) in Massachusetts and the U.S. in 2004

Group	Massachusetts		U.S.	
	Number	Percent	Number	Percent
1-12 Years of School, No Diploma	27,539	18.7%	1,853,637	35.8%
High School Diploma	41,283	28.1%	1,162,110	22.4%
Some College	21,225	14.4%	781,797	15.1%
Bachelor’s Degree	30,525	20.8%	827,977	16.0%
Master’s or Higher Degree	26,423	18.0%	555,791	10.7%
Total	146,995	100.0%	5,181,312	100.0%

Source: 2004 American Community Survey (ACS), U.S. Census Bureau, tabulations by authors.

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