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ABSTRACT

Immigrants compose an increasingly large share of the U.S. labor force and growing share of low-wage workers. Immigrants' hourly wages are lower on average than those for natives. Immigrant workers are much more likely than native workers to drop out of high school. Three-fourths of all U.S. workers with less than a ninth grade education are immigrants. Nearly two-thirds of low-wage immigrant workers do not speak English proficiently, and most of these workers have little formal education. Two of every five low-wage immigrant workers are undocumented. While the low-wage native labor force is mainly female, men dominate the low-wage immigrant labor force. Even though they are less likely to participate in the labor force, female immigrant workers are better educated and more likely to be in the country legally than male immigrants. Foreign-born women earn substantially lower wages than foreign-born men and native women. Although immigrants dominate a few low-wage occupations, such as farming and private household work, immigrants in these occupations represent a small share of all immigrant workers. There are more foreign-born workers in low-skilled manufacturing and services. (SM)

Immigrant Families and Workers

FACTS AND PERSPECTIVES

BRIEF NO. 4

A PROFILE OF THE LOW-WAGE IMMIGRANT WORKFORCE

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KEY FINDINGS:

- Immigrants compose an increasingly large share of the U.S. labor force and a growing share of low-wage workers. Immigrants are 11 percent of all U.S. residents, but 14 percent of all workers and 20 percent of low-wage workers.
- Immigrants' hourly wages are lower on average than those for natives, and nearly half earn less than 200 percent of the minimum wage—versus one-third of native workers.
- Immigrant workers are much more likely than natives to drop out of high school (30 versus 8 percent), and are far more likely to have less than a ninth-grade education (18 versus 1 percent).
- Three-fourths of all U.S. workers with less than a ninth-grade education are immigrants.
- Nearly two-thirds of low-wage immigrant workers do not speak English proficiently, and most of these workers have had little formal education.
- Two of every five low-wage immigrant workers are undocumented. Labor force participation is higher among undocumented men than among men who are legal immigrants or U.S. citizens.
- While the low-wage native labor force is mainly female (59 percent), men dominate the low-wage immigrant labor force (56 percent).
- Even though they are less likely to participate in the labor force, female immigrant workers are better educated and more likely to be in the United States legally than male immigrants.
- Foreign-born women earn substantially lower wages than either foreign-born men or native women.
- Although immigrants dominate a few low-wage occupations—farming and private household workers—immigrants in these occupations represent a small share of all low-wage foreign-born workers.

During the 1990s, one out of every two new workers was an immigrant.¹ While many immigrants speak English well and enter the United States with strong academic credentials and skills, many others do not. Like other low-skilled workers, few of these immigrants enjoy the benefits of employer-provided training programs, most of which are geared to managers or highly skilled workers.² Low-wage immigrant workers have also been outside the reach of government-sponsored job training programs that concentrate on getting welfare recipients into the labor market and have often underserved persons with limited English skills.³

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¹ Andrew Sum, Neeta Fogg, and Paul Harrington, "Immigrant Workers and the Great American Job Machine: The Contributions of New Foreign Immigration to National and Regional Labor Force Growth in the 1990s," Boston: Northeastern University, Center for Labor Market Studies, August 2002.

² Amanda L. Ahlstrand, Laurie I. Bassi, and Daniel P. McMurrer, *Workplace Education for Low-Wage Workers*, Alexandria, VA: American Society for Training and Development, March 2001.

³ Karen, Tumlin and Wendy Zimmermann, *Immigrants and TANF: A Look at Immigrant Welfare Recipients in Three Cities, Assessing the New Federalism Occasional Paper No. 69*, Washington, DC: The Urban Institute, 2003.

Nearly half of all immigrant workers earned less than 200 percent of the minimum wage, compared with 32 percent of native workers.

The nation's workforce development and training policies are now being reconsidered as employers look for more ways to raise workers' skills.⁴ Further, the reauthorization of the 1998 Workforce Investment Act (WIA)—the largest source of federal funding for job training, adult basic education, and English as a second language (ESL) instruction—would give states and providers more incentives to serve limited English proficient (LEP) populations and encourage programs to combine adult education, ESL, and job-training services if proposals now on the table are adopted.⁵ The results provided here shed light on the need for policies that move in these directions.

APPROACH AND DATA

Our study examines the size of the low-wage immigrant labor force, as well as the educational attainment, English language ability, legal status, and gender of low-wage immigrant workers. The data come from the March 2002 Supplement to the Current Population Survey (CPS).⁶ We define "workers" as people ages 18 to 64 who: are in the civilian workforce; report positive wage and salary earnings for 2001; and have worked at least 25 weeks (i.e., at least some hours over the course of six months) or 700 hours (i.e., full-time equivalent for 20 weeks) during 2001. We define the workforce as broadly as possible but exclude students and other casual part-time workers. Using other definitions of the labor force does not substantially affect the overall results.

We define the low-wage labor force as workers earning less than 200 percent of their state's prevailing minimum wage. Data on workers earning less than the minimum wage are also included.⁷

IMMIGRANT SHARES OF THE TOTAL AND LOW-WAGE LABOR FORCE

The share of immigrant workers has risen rapidly due to high immigration levels over the past two decades. While immigrants represent roughly 11 percent of the total U.S. population, they make up 14 percent of the U.S. labor force and 20 percent of the nation's low-wage labor force. By our definition, there were 125.3 million workers in the United States in 2002, 17.9 million of whom were foreign-born. There were 43.1 million low-wage workers, 8.6 million of whom were foreign-born. Two million immigrant workers earned less than the minimum wage.

Immigrants are substantially overrepresented among workers who are paid the least and are most in need of training to improve their skills and earnings. Nearly half (48 percent) of all immigrant workers earned less than 200 percent of the minimum wage, compared with 32 percent of native workers. The average low-wage immigrant worker earned \$14,400 in 2001.

⁴ See, for example, National Association of Manufacturers, *Keeping America Competitive: How a Talent Shortage Threatens U.S. Manufacturing*, Washington, DC, 2003.

⁵ See National Immigration Law Center, "House Passes Welfare Investment Act Reauthorization Bill; Includes Some Improvements for Limited English Proficient Persons." Washington, DC, May 2003.

⁶ We use the CPS rather than the Census because we had assigned legal status to CPS respondents, allowing us to distinguish naturalized citizens, legal noncitizen immigrants, and the undocumented among the foreign-born labor force. For a discussion of the underlying methodology, see Jeffrey S. Passel and Rebecca Clark, "Immigrants in New York: Their Legal Status, Incomes, and Taxes," *Research Report*, Washington, DC: The Urban Institute, 1998.

⁷ In 2001, the federal minimum wage was \$5.15. Alaska, California, Connecticut, Delaware, the District of Columbia, Hawaii, Massachusetts, Oregon, Rhode Island, Vermont, and Washington set their minimum wages above the federal standard.

EDUCATIONAL ATTAINMENT

A key barrier to participation in WIA and employer-provided training programs is lack of formal schooling, as most of these programs are geared towards enrollees with at least a ninth-grade education. Eighteen percent of the immigrant labor force has less than a ninth-grade education (Table 1). Another 12 percent of immigrant workers have completed the ninth grade but not high school. In all, 30 percent of immigrant workers (versus only 8 percent of native workers) have not finished high school.

Among *low-wage* immigrant workers, nearly half (45 percent) have less than a high school education and over a quarter (28 percent) have not completed the ninth grade.

Overall, 5.3 million immigrant workers do not have a high school diploma, accounting for 39 percent of all U.S. workers who have not completed high school. The 3.3 million immigrant workers who have not completed the ninth grade represent about 75 percent of all workers with so little education.⁸

Overall, 5.3 million immigrant workers do not have a high school diploma, accounting for 39 percent of all workers who have not completed high school.

LIMITED ENGLISH PROFICIENCY

Almost half (46 percent) of all foreign-born workers are “limited English proficient” (LEP), according to data from Census 2000.⁹ Nearly three-quarters (73 percent) of LEP workers speak Spanish. Much smaller shares speak other languages, led by Chinese (4 percent), Vietnamese (4 percent), and Korean (2 percent). While time in the United States and work experience reduce the share of workers who are LEP, 29 percent of workers who have been in the country for 20 years or more can still be considered LEP. In general, limited English skills are closely associated with low-wage work, but nearly two-thirds (62 percent) of low-wage immigrant workers are LEP, compared with only 2 percent of low-wage natives. The vast majority of all LEP workers—84 percent—are foreign-born.

TABLE 1. Educational Distribution of Immigrant and Native Workers, 2002

| Educational Attainment | All Workers | | Low-Wage Workers ^a | |
|------------------------|--------------|--------|-------------------------------|--------|
| | Foreign-Born | Native | Foreign-Born | Native |
| Less than 9th grade | 18% | 1% | 28% | 2% |
| 9th to 12th grade | 12 | 7 | 17 | 13 |
| High school diploma | 25 | 32 | 29 | 41 |
| Some college | 17 | 31 | 15 | 33 |
| Bachelor's or higher | 28 | 29 | 11 | 11 |

Source: Urban Institute tabulations from modified March 2002 Current Population Survey.

^aWorkers earning less than 200 percent of state minimum wage.

⁸ There are 8.3 million native-born workers without a high school diploma, 1.1 million of whom have not completed the ninth grade.

⁹ In this section, we use data from the Census 2000 1 percent Public Use Microdata Sample (PUMS). The CPS, our principal data source for most analyses, does not collect information on English proficiency of workers. A person is “limited English proficient” if he/she reports *speaking* a language other than English at home and does not *speak* English “very well.” The Census does not collect data on English literacy.

Almost half of all foreign-born workers are “limited English proficient,” according to data from Census 2000.

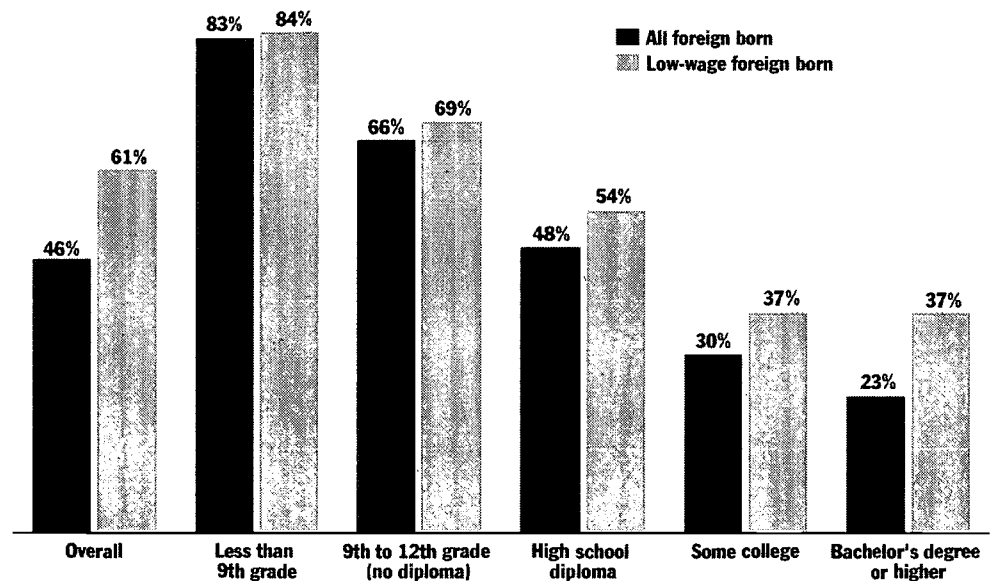
Not surprisingly, limited English proficiency and limited education go hand in hand. Nationwide, 28 percent of the overall U.S. labor force with less than a high-school education is LEP, though almost all of these LEP workers are foreign-born. Eighty-three percent of immigrant workers with less than a ninth-grade education, and 66 percent who complete the ninth grade but not high school, are LEP. That said, 23 percent of immigrant workers with a bachelor’s degree or beyond are also LEP (figure 1), and 37 percent of low-wage workers with some college or a college degree are LEP.

LEGAL STATUS

Immigrants’ legal status helps determine access to job-training and work-support programs. Indeed, eligibility for most government-sponsored programs is restricted to legal immigrants under federal law. Legal status is also associated with limited English language skills and low education levels: undocumented immigrants are more likely to lack English proficiency and a ninth-grade education.¹⁰

FIGURE 1. LEP Status by Educational Attainment among Foreign-born Workers, 2000

Share who are Limited English Proficient



Source: Urban Institute tabulations from Census 2000 1-percent Public Use Microdata Sample.

¹⁰ Randy Capps, Michael Fix, Leighton Ku, Chris Furguele, and Daniel Perez-Lopez. “How Are Immigrants Faring After Welfare Reform? Preliminary Evidence from Los Angeles and New York City.” Washington, D.C.: U.S. Department of Health and Human Services, Assistant Secretary for Policy Evaluation, 2002.

Of the 17.9 million foreign-born workers in the United States, some 12.7 million are here legally. Thirty-four percent of immigrant workers are naturalized citizens, 34 percent are legal immigrants (including refugees), and 29 percent are undocumented. Compared to the workforce in general, the low-wage labor force has a higher share of undocumented immigrants and a lower share of naturalized citizens. Of the 8.6 million low-wage immigrant workers, 3.4 million (40 percent) are undocumented. Less than a quarter (23 percent) are naturalized citizens.

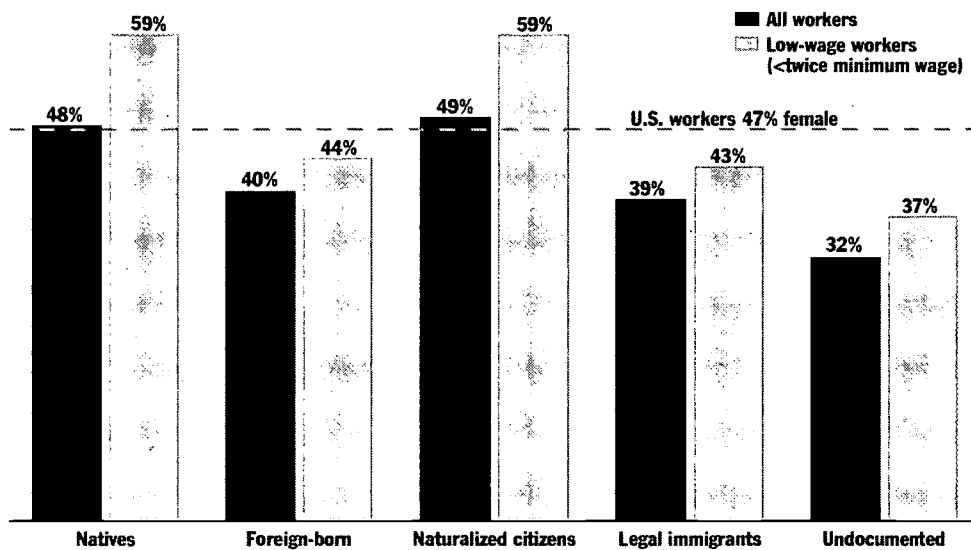
Compared to the workforce in general, the low-wage labor force has a higher share of undocumented immigrants and a lower share of naturalized citizens.

GENDER COMPOSITION

A striking feature of the immigrant labor force is how few foreign-born women join it, compared with native women. Overall, women make up about half (48 percent) of the native workforce, but only 40 percent of the immigrant workforce. In the low-wage labor force, a clear majority (59 percent) of natives are female, compared with only 44 percent of low-wage foreign-born workers (figure 2).

FIGURE 2. Female Shares of Citizen and Noncitizen Workers, 2002

Percent Female within Category



Source: Urban Institute tabulations from Census 2000 1-percent Public Use Microdata Sample.

Immigrants make up one in nine U.S. residents, one in seven U.S. workers, and one in five low-wage workers.

Gender differences are even more pronounced among undocumented workers. Only 32 percent of all undocumented workers and 37 percent of low-wage undocumented workers are women. This differential reflects very high labor-force participation among undocumented men and relatively low labor participation among undocumented women.¹¹ Female immigrants—especially undocumented women—participate at lower rates because they are far more likely to be married, and because they have more children on average than native-born women.¹² In short, undocumented men come to the U.S. mainly to work, while many undocumented women come to be with their families.

Although they have lower labor-force participation, immigrant women who do take low-wage jobs are better educated than their male counterparts. More than three-fourths (76 percent) of female low-wage immigrant workers hold at least a high school diploma, compared with 66 percent of male low-wage immigrant workers. They are also more likely to be proficient in English than foreign-born male workers: 59 versus 50 percent.

Even though immigrant women are more likely to be in the United States legally, hold high school diplomas, and speak English, their earnings trail those of immigrant men. Thirteen percent of immigrant women earn less than the minimum wage, compared with 9 percent of foreign-born men and native women (table 2). Forty percent of immigrant women earn

TABLE 2. Wage Levels and Income of Workers, by Nativity and Sex, 2002

| Wage Level | Foreign-Born Workers | | Native Workers | |
|-----------------------------|----------------------|-----------------|-----------------|-----------------|
| | Female | Male | Female | Male |
| Less than minimum | 13% | 9% | 9% | 6% |
| 100–200% of minimum | 40 | 36 | 31 | 20 |
| >200% of minimum | 47 | 55 | 61 | 75 |
| Mean Annual Earnings | \$26,700 | \$38,400 | \$29,700 | \$47,500 |

Source: Urban Institute tabulations from modified March 2002 Current Population Survey.

¹¹ Undocumented men are more likely to be in the labor force because they are less likely to be in school, disabled, or retired than working-age men who are native-born, naturalized citizens, or legal immigrants.

¹² According to the June 2000 fertility supplement to the CPS, 37 percent of native-born women age 18 to 44 were never married, compared with only 27 percent of foreign-born women. Thirty-eight percent of native-born women 18 to 44 never had a child, compared with 31 percent of foreign-born women.

from 100 to 200 percent of the minimum wage, compared with 36 percent of foreign-born men and 31 percent of native women. Clearly, many legally present, comparatively well-educated immigrant women in the labor force could benefit from training and other avenues to higher earnings.

OCCUPATIONS

Immigrant workers represent an especially large share of the total U.S. labor force in two major occupation groups: private household services (42 percent are immigrants), and farming, forestry, and fishing (37 percent). Looking only at low-wage immigrant workers, the share is even higher (44 percent in each) (table 3). Workers in these two occupations are the least well paid and the most likely to be foreign-born of all major occupational groups tracked by the Census. Even so, only 6 percent of all immigrant workers and 10 percent of low-wage immigrant workers hold jobs in these occupations.

The other occupation groups with significant shares of low-wage immigrant workers include service occupations (except protective services); precision production, crafts and repair; machine operators and assemblers; and administrative support. In those occupational categories, wages are usually higher and worker-training opportunities more plentiful.

While immigrants dominate a few low-wage occupations—farming and private household workers—the immigrants working in those occupations represent a relatively small share of all immigrant workers.

TABLE 3. Immigrant Shares and Earnings in Selected Occupations, 2002

| Occupation Group | Percent Foreign-Born | | Mean Earnings of Foreign-Born Workers |
|---|----------------------|------------------|---------------------------------------|
| | All Workers | Low-Wage Workers | |
| All occupations | 14% | 20% | \$33,700 |
| Private household | 42 | 44 | 13,000 |
| Farming, fishing, and forestry | 37 | 44 | 15,500 |
| Machine operators and assemblers | 22 | 34 | 21,500 |
| Administrative support, incl. clerical | 9 | 10 | 27,400 |
| Service, except protective | 23 | 24 | 17,800 |
| Precision production, craft, and repair | 17 | 30 | 29,400 |

Source: Urban Institute tabulations from modified March 2002 Current Population Survey.



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SUMMARY

Immigrants make up one in nine U.S. residents, one in seven U.S. workers, and one in five low-wage workers. Immigrants are overrepresented among both low-wage and less educated U.S. workers. Since so many immigrants work and so many hold low-wage jobs, they could potentially benefit from post-as well as pre-employment services.

Unfortunately, most publicly funded training programs assume that participants have ninth-grade levels of literacy, numeracy, and basic English skills, and most privately funded training programs are geared to skilled workers and managers. To fill the gap, Congress should consider revamping the Workforce Investment Act, and employers should tailor their job-training programs to serve LEP populations, build language assessment capacity, and combine job training with English language, basic education, and literacy instruction.

Female workers are of particular concern. Compared to native women, fewer immigrant women participate in the labor force. Immigrant women who work are better educated and more likely to enjoy legal status than foreign-born men,

but earn less than either foreign-born men or native women. Thus, raising the incomes of immigrant families requires targeting education, training, and other post-employment services toward women who work—or want to—in these families.

While immigrants dominate a few low-wage occupations—farming and private household workers—the immigrants working in those occupations represent a relatively small share of all immigrant workers. Overall, there are far more foreign-born workers in such occupations as low-skilled manufacturing and services, so expanding training opportunities in these economic sectors should help large numbers of immigrant workers.

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