

Economic and Labor Market Trends

Demetra Smith Nightingale and Michael Fix

SUMMARY

A number of economic and labor market trends in the United States over the past 30 years affect the well-being of workers and their families. This article describes key changes taking place and the implications for social and economic policies designed to help low-income working families and their children, particularly those families that include immigrants. Important conclusions that emerge include the following:

- ▶ **Diversity.** The workforce, like the population, is more diverse than in past decades, as more workers and their families are of mixed ethnicities and more workers have families that include both immigrant and non-immigrant members.
- ▶ **Demand for Low-Skilled Labor.** Although demand for high-skilled workers continues to increase, two-thirds of all jobs in the U.S. labor market do not require high skills or education, and the demand for low-skilled workers also is expected to continue over the next decade.
- ▶ **Skills Gap.** Those with strong technical skills and college educations receive higher wages;

and those with fewer skills and education are relegated to the secondary labor market where wages and job security are low and few employee benefits are offered.

- ▶ **Working Poor.** Over 2 million persons are in poverty even though at least one person in their family works full time, year round.

The authors conclude that policies to help low-wage workers with families need to focus on more work supplementation strategies, improved access to supports, more targeted education and training services, and proposals extending some form of legal status to undocumented workers. Without a commitment to such policies, working poverty is likely to continue, and children in immigrant families, in particular, are likely to stay poor, even with working parents.

Demetra Smith Nightingale, Ph.D., is a principal research scientist in the Institute for Policy Studies at Johns Hopkins University.

Michael Fix, J.D., directs the Immigration Studies Program at the Urban Institute.

A number of economic and labor market trends in the United States over the past 30 years have altered the characteristics of the workforce and have had an impact on the well-being of workers and their families. Low-income workers in particular have been affected by some of the macro-economic trends, such as the shift in the industrial base of the nation from one centered on manufacturing to one focused more on services and, especially since the 1990s, to one defined by technology and communication. Because of economic restructuring, the gap between wages paid to those with high levels of education and skills and those with low levels of education and skills has widened.

Meanwhile, the United States has experienced a shift in the ethnicity and national origins of its population, and therefore its workforce, as well as a continuing shift in family structure. The past two decades have seen a high and sustained inflow of immigrants and an increase in the proportion of the population with limited English proficiency. A significant share of the immigrant population possesses educational deficiencies and limited work skills, which means they generally enter the low-wage segment of the labor market. At the same time, the trend toward more single-parent households, at least in the non-immigrant population, continues to redefine family issues for low-wage workers, their employers, and public policy.

This article describes key changes taking place in the economy and in the workforce that affect low-income families.¹ The implications of these broad and intermingled trends are discussed, along with social and economic policies designed to help low-income working families, particularly those that include immigrants.

Trends in the Economy and Employment

Despite the slow-down and recession in 2001 and 2002, the U.S. economy is extremely strong. The long period of economic growth in the 1990s—with strong job growth, high productivity, and low inflation—brought unemployment to historically low levels. More people, even those with relatively limited labor market experience, worked in the 1990s, and poverty rates showed a slight decline even for single mothers and their children. These trends reinforce the importance of a strong

economy to the employment and income of low-skilled workers, including those who are immigrants.

Increased Employment Rates

During the 1990s, sustained growth and strong demand for workers resulted in an increase in employment and labor force participation even by groups that had low employment in the past. For example, between 1993 and 2000, the employment of single mothers increased from 59% to 75%.² Some of that increase was undoubtedly due to major changes in the nation's welfare policies which limited the number of years any family could receive federal welfare benefits and added strong requirements that welfare recipients work as a condition of their receipt of payments. Much research suggests that the strong economy was at least as important as welfare reform in explaining this upward trend in employment, particularly of mothers.³ In fact, single mothers' employment gains appear to have continued even during the recession, as their employment rate dropped only two percentage points, suggesting that their entry into the job market may be sustained.⁴

Other groups of workers also benefited from the strong economy in the 1990s, as further testimony to the importance of a strong economy to helping individuals with low incomes. By 2000, for example, there was some indication that for the first time in several years the employment rate of African-American men had begun to increase.⁵

Widening Wage Gap

While employment has been increasing, the wage gap based on skills and education has been widening. Those with strong technical skills and college educations receive higher wages; and those with fewer skills and education are relegated to the secondary labor market where wages and job security are low and few employee benefits are offered.

The industrial shift from a manufacturing-based economy to a services-based economy has had particularly negative effects on the wages of individuals with limited education, and especially of minority men. Since 1973, for example, the real wages (that is, wages adjusted for inflation) of men without a high school diploma or a General Equivalency Diploma (GED) declined by about 25%.⁶ In the United States, only those with more than four years of college have seen their real earnings

increase over this time period, attesting to the high premium paid for high-skilled and educated workers.⁷

Among immigrant workers themselves, the robust economy of the late 1990s also appears to have produced stronger employment than wage gains. Immigrant unemployment rates—especially those of Hispanic males—fell faster than natives, but immigrant wage rates grew more slowly: Natives’ median wages rose more than 50% faster than did immigrants’ median wages.⁸

Trends in the Demand for High-Skilled and Low-Skilled Workers

While demand is increasing for both high-skilled and low-skilled workers, the underlying changes in labor market structure that have been occurring since the 1970s have significant implications for workers’ opportunities for advancement.

Demand for High-Skilled Workers

Technological change is occurring in every sector of the economy. There is an increasing demand for high-skilled workers, especially those with technological and computer skills such as computer programmers and other technical positions. But even some manufacturing jobs, retail sales positions, office administrative staff, and other jobs prefer or require some knowledge of computers.⁹

Demand for Low-Skilled Workers

Recognizing that there is an increasing demand for high-tech skills, however, it is important to also acknowledge that there continues to be a high number of low-skilled jobs in the U.S. economy. In fact, according to occupational analysis from the U.S. Bureau of Labor Statistics, about two-thirds of all U.S. jobs today do not require any formal education or experience (that is, they can be considered “low-skilled jobs”). The Bureau also projects that two-thirds of all new jobs over the next 10 years will require limited skills and education.¹⁰ (See Box 1.)

Many of the jobs in demand, listed in Box 1, pay low wages and are in the services and retail sectors where high proportions of the workers are female. Yet the implications for all low-wage workers are quite important. While employers report that they are having difficulty filling their high-skill positions—and even import foreign workers to fill some unmet needs—they also

Box 1

Top 20 Occupations between 2000 and 2010

Occupations with the largest projected increase in number of jobs nationwide between 2000 and 2010, based on data from the Bureau of Labor Statistics, U.S. Department of Labor:

- ▶ Food preparation and serving workers
- ▶ Customer service representatives
- ▶ Registered nurses
- ▶ Retail salespersons
- ▶ Computer support specialists
- ▶ Cashiers
- ▶ Office clerks
- ▶ Security guards
- ▶ Computer software engineers, applications
- ▶ Waiters and waitresses
- ▶ General and operations managers
- ▶ Truck drivers, heavy and tractor-trailer
- ▶ Nursing aides, orderlies, and attendants
- ▶ Janitors and cleaners, except maids and housekeepers
- ▶ Postsecondary teachers
- ▶ Teacher assistants
- ▶ Home health aides
- ▶ Laborers
- ▶ Computer software engineers, systems
- ▶ Landscaping and groundskeeping workers

continue to require many low-skilled workers.

There is some optimism regarding opportunities for economic advancement for some low-skilled workers. Occupations traditionally considered “men’s jobs,” such as machinists, truck drivers, construction workers, and equipment operators and repairers, are expected to grow over the next decade and many of these occupations pay higher than average wages. Unionized jobs in these areas offer the best chance for wage progression. Good jobs in demand for persons without college include the following:¹¹

- ▶ Sound technicians; electronics repairers; aircraft, auto and truck mechanics (require postsecondary training).

Box 2

Changing Workforce Reflects Five Central Trends

Five trends in recent decades, particularly the ongoing effects of immigration, are central to understanding the changing demographic characteristics of the U.S. workforce:

- ▶ **High Sustained Immigration Flows since 1970.** During the 1980s and 1990s, roughly 24 million immigrants entered the United States, with flows in each decade exceeding any prior decade in U.S. history.
- ▶ **Immigrants Dispersing to New States.** Prior to 1990, six major destination states (CA, NY, TX, FL, IL and NJ) accounted for three-quarters of the nation's immigrant population.^a But during the 1990s, 22 “new growth” states, most of which are located in the Rocky Mountain region, the Midwest and the Southeast, saw their immigrant populations grow three times faster than the nation as a whole.
- ▶ **Growth in the Limited English Proficient (LEP) Population.** Along with immigration, there was both substantial growth and

increased dispersal of the LEP population between 1990 and 2000.^a Nationwide, the LEP population grew by 52% from 14.0 to 21.3 million during the decade. According to the Census, almost half (46%) of all foreign-born workers are LEP.

- ▶ **Rise in Undocumented Immigration.** Between 1990 and 2002 the undocumented population tripled from 3.0 to 9.3 million persons. The share that the undocumented represent of the total immigrant population doubled from 13% to 27%.^b Census data indicate that the flow of those undocumented has continued since the terrorist attacks on September 11, 2001, if at somewhat diminished levels.^a Of the 17.9 million foreign-born workers in the United States, 5.2 million, or 29%, are undocumented.
- ▶ **Rise in Latino Immigration.** In contrast with earlier waves of immigrants, who tended to be from Europe or Canada, by the 1990s, nearly 80% of legal immigrants were from Asia or Latin America. Mexicans are the largest group of immigrants, making up about 30% of all documented and undocumented immigrants.^c

^a Capps, R., Fix, M., and Passel, J. *A profile of the low wage immigrant workforce*. Immigrant families and workers, brief no. 4. Washington, DC: Urban Institute, 2003.

^b Fix, M., and Passel, J. *U.S. immigration, trends and implications for schools*. Washington, DC: Urban Institute, 2003.

^c See the article by Hernandez in this journal issue.

- ▶ First-line managers and supervisors; building and transportation inspectors (require postsecondary training).
- ▶ Plant operators, precision repairers; heating, ventilation, and air conditioning mechanics; police and patrol officers (require long-term on-the-job training, 12 months or more).
- ▶ Equipment installation, operation, and repair; sales representatives (require moderate-term on-the-job training, 1 to 12 months).
- ▶ Mail carriers, sorters and clerks; procurement clerks; sailors and fishers (require short-term on-the-job training, 1 month or less).

Impact of Recessions

In general, recessions affect low-skilled low-wage work-

ers more severely than high-skilled high-wage workers. Women generally have lower job loss rates than men, and while the gender difference has diminished in recent years, it remains most pronounced for workers with the lowest education levels. Differences in job loss between men and women during a recession can be partly attributed to the industries in which they are most likely to work. Goods-producing industries, where men are more highly concentrated, lose more jobs during a recession; service-producing industries, where women—especially those at the low end of the job market—are more concentrated, tend to fare better in recessions than other industries.¹²

Aside from gender differences, studies confirm that younger workers with low wages, low skills, and less education face much higher job loss rates than older, more educated workers. Specifically, workers without a

high school diploma had job loss rates about twice that of workers with a college degree or more in all years between 1981 and 1995.¹³

Trends in the Workforce

One of the most significant demographic occurrences in the late twentieth and early twenty-first century is related to the changing characteristics of the U.S. population and, therefore, the workforce. (See Box 2). The share of minorities in both has gradually increased, with a particularly noticeable increase in Hispanics. Moreover, one of every two new entrants to the labor market in the 1990s was an immigrant.¹⁴ It is estimated that the foreign-born population will reach 40 million by 2010. (See the article by Hernandez in this journal issue.) A second important demographic trend relates to family structure and labor force participation by mothers. The percent of children living in single-parent households and the percent of mothers of school-age children who work have both steadily increased since the 1960s.¹⁵

Growing Immigration and Diversity

The workforce, like the population, is more diverse than in past decades, as more workers and their families are of mixed ethnicities, and more workers have families that include both immigrant and non-immigrant members. A June 2003 U.S. Census Bureau report found that the Hispanic population had reached 38.8 million persons and had grown by 9.8% between 2000 and 2002, compared to a rate of growth for the entire population of 2.5%. This makes Hispanics the largest minority population in the nation, slightly larger than the African American population of 38.3 million persons.¹⁶ Given that the average age of Hispanics in the United States is lower than other population groups, one can expect that their share of the workforce will continue to increase over the next decade. (See Figure 1.) The Census Bureau further finds that about half of the increase in the Hispanic or Latino population is attributable to immigration.

Although immigrants represent roughly 11% of the total U.S. population, they make up a larger share of the U.S. labor force (about 14%), and an even larger share of the low-wage labor market (20%). Immigrants, then, are substantially over-represented among workers who are

paid the least and are most in need of training to improve their skills and earnings. Almost half of all foreign-born workers have limited proficiency with English, and 45% have less than a high school education.¹⁷ Almost one in five immigrant workers has less than a ninth-grade education and immigrants compose three-fourths of all U.S. workers with such low levels of education. Many immigrants enter the United States with sufficient education and skills to obtain relatively high wages, nevertheless, many work in the low-wage labor market. Nearly half (48%) of all immigrant workers earned less than 200% of the minimum wage, compared with 32% of native workers.¹⁸ About two-thirds (62%) of low-wage immigrant workers are limited English proficient (LEP);¹⁹ and another 40% are undocumented.²⁰

Growing Number of Working Mothers and Single-Parent Households

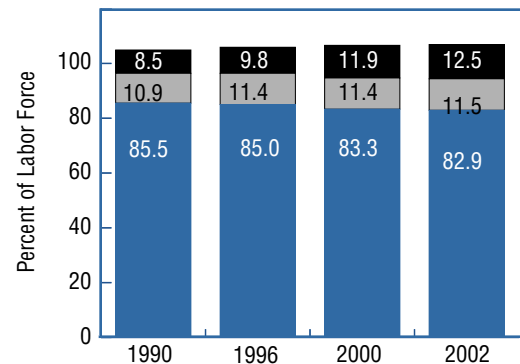
Another important workforce trend in the United States relates to the increase in the percentage of mothers

Figure 1

Distribution of the U.S. Workforce by Race and Hispanic Origin, 1990-2002

KEY:

- Hispanic/Latino
- African American
- White



Source: U.S. Department of Labor, Bureau of Labor Statistics. *Table A-2: Employment status of the civilian noninstitutional population 16 years and over by sex, 1991 to date.* Household data, historical. Accessed online in October 2003 at <ftp://ftp.bls.gov/pub/suppl/empstat.cpseea2.txt>. Note: Percentages do not total to 100% because Hispanic/Latino individuals may report being of any race.

Census Bureau data indicate that nearly one-quarter of all families with children and at least one full-time worker are still poor.

who work. By 2000, 79% of mothers with school-age children worked outside the home, compared to 64% in 1980.²¹ While more women are in the labor force and women's employment opportunities have expanded in the past several decades, their labor market outcomes continue to lag behind men. For example, in 2000, women earned, on average, about 76% of what men earned per week.²²

In 1960, about 20% of all children under age 18 lived with one parent, and by 2002, over 27% of children were in single-parent families.²³ The incidence of single-parent households is high for all racial and ethnic groups, but is particularly high for African Americans. In 2002, about half of all African American children lived in single-parent households, compared to 30% of Hispanic children, and 22% of white children. About 85% of the nearly 20 million children in single parent households in 2002 lived with their mothers, 2% lived with their fathers and the rest lived with another relative or foster parents.

Working Poor Problem Is Getting Worse

The experience under welfare reform in the past five years, based mainly on making welfare temporary and emphasizing work instead, provides an example of the resiliency of workers and the ability of the U.S. economy to absorb new workers. It also provides an example of the problem of poverty among workers. By 2002, there were only about half as many families with children on welfare as there had been in 1996. Over two-thirds of the 1.5 million parents (mainly mothers) who left welfare worked in the following year. However, their earnings are low (averaging between \$6 and \$8 an hour), and about half of them and their families remain poor even though they work. Furthermore, of those who work, only about one-third have health insurance, about the same share that reports having difficulty "making ends meet" and "having enough to eat."²⁴

Though minority men, immigrants, single mothers, and even former welfare recipients worked more in the last years of the 1990s, and poverty rates showed a slight

decline, various groups remained poor. This is in large part due to their limited schooling at a time when the demand for higher education is growing. Research has found that the increased labor force participation by single mothers, including those leaving welfare, did not necessarily mean families with children were better off in terms of income, poverty, or well-being. Poverty rates would likely be even higher if it were not for some public supplement policies such as the earned income tax credit (EITC).²⁵

Poverty among Low-Wage Workers

Census Bureau data indicate that nearly one-quarter of all families with children and at least one full-time worker are still poor. In fact, the Census data show that 2.6 million workers in 2001 were living below the poverty level (for a poverty rate of 2.6%). Another 6.3 million who worked less than full time were also poor (for a poverty rate of 12.4%).²⁶ Further, the poverty rate for African American and Hispanic workers was more than twice that for white non-Hispanic workers. (See Figure 2.)

Those at the low end of the labor market may not receive some common employee benefits. For example, employer-sponsored health insurance covers between 65% and 70% of all persons under the age of 65 (depending on the year), but this still means that over 39 million are without health insurance.²⁷ About half of those without health insurance are workers.²⁸ While recent national legislation has expanded the availability of Medicaid coverage to poor children, in some states budget deficits have led to new restrictions on eligibility, reduced benefits, and increased co-payments for beneficiaries.²⁹

Immigrants face additional barriers to benefits. Many, especially among the approximately 4.5 million legal immigrants who arrived after the enactment of the 1996 welfare reform law, are effectively barred from receiving federal means-tested public benefits until they become citizens.³⁰ In fact, the number of post-enactment legal immigrants is now approaching the number of legal immigrants who arrived before

welfare reform. The programs from which many are barred not only include cash transfer programs, such as Temporary Assistance for Needy Families (TANF) and Supplemental Security Income (SSI), they also extend to benefits that could be considered work supports, such as training (through TANF); the Food Stamp Program; Medicaid; and the State Children's Health Insurance Program (SCHIP).

Following welfare reform, steep declines have been documented in non-citizens' use of TANF and food stamps, even among refugees and citizen children in mixed-status families—populations that were protected by the 1996 curbs.³¹ Particularly steep reductions in immigrants' use of benefits occurred within many of the “new growth” states mentioned earlier (in Box 2) that had the least generous safety nets to begin with.³²

Less steep declines for legal immigrants occurred in Medicaid. In fact, a recent Urban Institute report documents the fact that the rates of insurance among citizen children in mixed status families actually rose between 1999 and 2002—in part the result of expanded outreach to immigrant communities and improved coverage in the SCHIP program.³³ Increases in coverage for citizen children in mixed status families were entirely ascribable to increased public coverage as employer-based coverage fell during the period.

The Feminization of Poverty

The combination of lagging wages for women and single-parent households has meant that many women and children are poor—a phenomenon often referred to as the feminization of poverty. In fact, single-parent families have the highest poverty rate of all family types. Families with children headed by a single woman have poverty rates two and one-half times higher than two-parent families with children: 34% compared to 14%. The poverty rates for families with two or more children are even higher, again, especially for families headed by a woman. About 8% of two-parent households with two or more children were below poverty in 2000, compared to a poverty rate of over 42% for single female-headed households with children.³⁴

Poverty among Minority and Immigrant Children

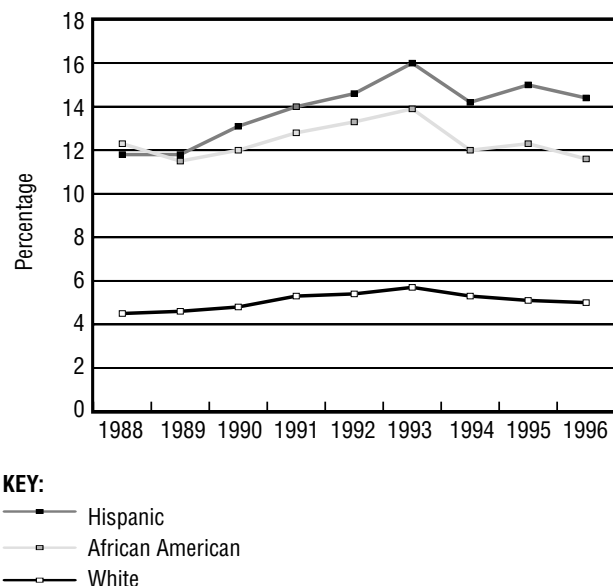
Children under 18 years of age have the highest poverty rates of any age group. According to the latest data from the U.S. Census Bureau, 16.7% of children were

poor in 2002, compared to 10.6% of persons between the ages of 18 and 64. Poverty rates for minority and immigrant children are more than double the rates for white non-Hispanic children.

It is important to note the high poverty rate for immigrant children is a relatively recent phenomenon. In 1970, poverty rates among children in grades K–12 were roughly equivalent for white non-Hispanics (10%) and all children of immigrants (12%), with foreign-born immigrant children having somewhat higher rates (17%). But by 2002, 23% of the children of immigrants—and 29% of children who are immigrants themselves—lived in families with incomes below poverty.³⁵ According to the National Survey of America's Families, in 2002, children of immigrants remained much more likely than children of natives to be uninsured (18.0% versus 7.5%), and to live in a family worried about affording food (39.2% versus 27.0%).³⁶ Rising poverty rates among

Figure 2

Poverty Rate for Persons in the Labor Force for More than 27 Weeks, by Race



KEY:

- Hispanic
- - - □ - - African American
- White

Source: Based on data from the U.S. Department of Labor, Bureau of Labor Statistics, 1988 to 1996.

the children of immigrants over recent decades are associated with increased migration flows from Latin America and Mexico.³⁷

High rates of child poverty are generally attributed to the high incidence of single-parent families and low employment of parents. Research has found that it has become more difficult for families to maintain adequate income with a single worker, and that having two adults raises both the number of hours that can be worked and household incomes.³⁸ Some of the support for recent national policies aimed at encouraging both work and marriage can be traced to this body of economic research. For example, one recent study found that the “poverty rate among families with children could be lowered by 71% if the poor [parents] completed high school, worked full-time, married, and had no more than two children.”³⁹ Marriage rates are higher for persons with relatively more education, and because married couple households increasingly have two wage-earners, their combined income is greater.

Policies promoting increased work and marriage, however, would likely have less effect on immigrant families’ poverty levels, in large part because they tend to have higher employment rates and more intact families than other poor families.⁴⁰ The National Survey of America’s Families reveals that 80% of the children of immigrants live in two-parent families versus 70% of the children of natives.⁴¹ Nevertheless, children in two-parent immigrant families are twice as likely to be low income as children in two-parent native families: 44% versus 22%.

Conclusion and Challenges

Two important conclusions emerge from the combined results of the demographic shifts in the U.S. workforce, the high rates of immigration, and the changes in the underlying structure of the job market.

One important conclusion is that work alone is not sufficient to ensure that families have incomes high enough to keep them out of poverty. Wages paid to workers with limited education have not kept pace with inflation over the past 30 years, which means that the average median income for low-educated workers has actually declined since 1973.

A second important conclusion is that while the incidence of single-parent families and non-employment by parents contributes to high poverty rates for many children, this pattern does not hold for immigrant families who have higher rates of employment and higher incidences of intact two-parent families, yet remain in poverty. Policies for low-income families, such as those in national welfare reforms that emphasize employment and stable marriage as primary routes out of poverty, should, therefore, be sensitive to the new demographic profile of workers which increasingly consists of immigrants. In addition, policies should also address the needs of persons with limited skills and limited English proficiency.

These conclusions suggest a number of implications for policymakers, including more work supplementation strategies, improved access to support, more targeted education and training services, and consideration of proposals that would regularize the status of undocumented workers.

More Work Supplementation Strategies

Work alone is not adequate to move families and children out of poverty. If poverty alleviation is a policy goal, then more work supplementation strategies are needed. The EITC helps many full-time workers’ incomes rise above the poverty level, but millions of workers are still poor. Living wage initiatives, wage supplements, and stronger worker supports, including child care and parental leave, as well as assistance in acquiring additional skills and making career changes, are needed. Social benefits such as health insurance and housing subsidies would also help more working families live above poverty. Low-wage workers, in particular, usually are not in jobs that offer health insurance, annual leave, and other benefits. Public policies can be improved to fill the gap in worker benefits not provided by employers. These types of initiatives are consistent with and reinforce “work first” policies as they are centered on employment, supporting workers’ efforts to retain and upgrade their employability.

Improved Access to Supports

Low-wage immigrant workers face additional barriers as their access to means-tested work supports has been restricted. Proposals have been advanced that would give the states the option to extend Medicaid and

...immigrant families...have higher rates of employment and higher incidences of intact two-parent families, yet remain in poverty.

SCHIP to some legal immigrants who have arrived after 1996. The proposed changes would permit states to share the costs of serving these populations with the federal government, rather than shouldering the full fiscal burden themselves or denying services altogether. Perhaps the most prominent proposal is the Immigrant Child Health and Improvement Act that may be taken up as part of TANF's delayed reauthorization.

Beyond legal non-citizens' restricted eligibility for federal benefits, immigrants—especially those with limited English skills—do not appear to be taking advantage of the income supports provided by the EITC. The 1999 National Survey of Immigrant Families indicates that only 2% of poor immigrant families (that is, those living under 100% of the official federal poverty level) with a full-time worker received the EITC, as compared to 31% of their poor native counterparts.⁴²

More Targeted Education and Training Services

The benefits that accrue as a result of education and skills are clear. The nation's workforce development system is being revamped to make job training and employment services more accessible to all workers. For example, new One-Stop Career Centers feature computer and Web-based services to improve job matching and career development opportunities. Federal funding for the workforce development system, however, has been stagnant for the past decade and can serve only a small portion of workers. Moreover, due to the rising number of immigrants in the labor force and the limited education and language skills that many bring, greater targeting of training services to newcomer populations may make sense. In some instances, reform may require changing the incentives of states and of employment and training providers so they are more willing to address the training needs of immigrant workers who do not speak English and have low levels of education and literacy. In addition, policies should continue to address the need for further education, lifelong learning, Web-based instructional programs, and employer partnerships to help upgrade skills of entry-level workers.

Proposals Concerning Undocumented Workers

Finally, as we have seen, a high and rising share of the low-wage immigrant labor force is undocumented. With an undocumented immigrant population approaching 10 million, proposals have been advanced by both the Congress and the Administration to extend some form of legal status to illegal workers. The proposals advanced to date fall into two broad categories. One proposal advanced by the Bush Administration would create a large guest worker program that would provide undocumented immigrants who are working in the United States with renewable temporary visas. A central premise of the program—similar to the Bracero program introduced during World War II—is that workers would return to their sending countries after a specified term of work, hence no special route to legal status, citizenship, or social integration is provided.

Another set of proposals are, for the most part, employment based, but extend the possibility of an “earned amnesty” to the worker beneficiaries. One prominent proposal with substantial bipartisan support is the “Agjobs” bill, which is restricted to undocumented agricultural workers. The proposed bill requires extensive farm work following the grant of temporary resident status, and maintains the worker in provisional status for at least six years.

None of the current proposals offers illegal immigrants what now appear to be the comparatively generous terms of the 1986 Immigration Reform and Control Act. This act included legalization programs that (1) did not make future work a condition of receipt; (2) placed the beneficiaries on a comparatively rapid track to legal status, citizenship, and integration; and (3) expressly took into account state and local fiscal impacts.

In general, most of the expected job growth over the next ten years is likely to occur in jobs that do not require any more skill than they have for the past ten years, and the wages paid to workers in low-skilled jobs are likely to remain low.⁴³ Without active policies to improve

the skills and education level of workers in the United States, today's low-wage workers are likely to remain in the secondary (that is, low-wage, low-skilled) labor market. If the trend since 1973 is any indication, this could also mean further deterioration of real earnings.

The situation is even more discouraging for immigrant workers who face additional barriers to economic advancement. Many legal immigrants arriving after the enactment of welfare reform (now almost half the legal immigrant population) are barred not just from cash

transfer programs, but from support programs such as food stamps and public health insurance coverage.

In summary, to increase the incomes of workers and their families, policymakers will need to expand the focus on career development, lifelong education and skills training, and support programs for working families. Without such a commitment, the trends in the labor market over the past two decades strongly suggest that working poverty will continue, and children in immigrant families, in particular, are likely to stay poor, even with working parents.

ENDNOTES

1. Opinions expressed in this article are those of the authors and do not represent official positions of the institutions with which they are affiliated. Research assistance was provided by Aubrey Winterbottom, Johns Hopkins University.
2. Lerman, R.I. *Single mothers retain nearly all their employment and wage gains in the current economic slow down*. Single parents' earnings monitor series no. 3. Washington, DC: Urban Institute, January 2003.
3. Blank, R.M., and Schmidt, L. Work, wages, and welfare. In *The new world of welfare*. R. Blank and R. Haskins, eds. Washington, DC: Brookings Institution Press, 2001, pp. 70–102.
4. See note 2, Lerman.
5. U.S. Department of Labor, Bureau of Labor Statistics. Labor force statistics from the Current Population Survey. Series ID LNU0230028. Accessed online December 8, 2003, at <http://stats.bls.gov/cpshome.htm>.
6. Burtless, G. *A future of lousy jobs? The changing structure of U.S. wages*. Washington, DC: Brookings Institution Press, 1990.
7. The influx of immigrant workers may have contributed to the decline in earnings of low-skilled workers. While research has generally found a weak relationship between immigration and the wages and employment of natives, recent studies have found more significant impacts on the wages of high school dropouts. See *The new Americans: Economic, demographic, and fiscal effects of immigration*. J.P. Smith and B. Edmonston, eds. Washington, DC: National Academy Press, 1997; and Borjas, G.A. The labor demand curve is downward sloping: Reexamining the impact of immigration on the labor market. NBER Working Paper 9755. Cambridge, MA: National Bureau of Economic Research, 2003.

8. Fix, M., Zimmermann, W., and Passel, J. *The integration of immigrant families in the United States*. Washington, DC: Urban Institute, 2001.
9. Hipple, S., and Kosanovich, K. Computer and internet use at work in 2001. *Monthly Labor Review* (February 2003) 126(2):26–35.
10. Hecker, D.E. Occupational employment projections to 2010. *Monthly Labor Review* (November 2001) 124(11):57–84. See also Nightingale, D.S., and Lee, E. *Low-wage and low-skill occupations: Identifying the best option for welfare recipients*. Discussion paper. Washington, DC: Urban Institute, 1999.
11. See note 10, Nightingale and Lee.
12. Nightingale, D.S., Vroman, W., Mikelson, K.S., et al. *The employment safety net for families in a declining economy: Policy issues and options*. Washington, DC: Urban Institute, March 2001.
13. Farber, H.S. *The changing face of job loss in the United States, 1981-1995*. Brookings papers on economic activity. Washington, DC: Brookings Institution Press, 1997. See also Smith, D.M., and Woodbury, S.A. Low-wage labor markets: The business cycle and regional differences. In *The low-wage labor market: Challenges and opportunities for self-sufficiency*. Nightingale, D.S., and Kaye, K., eds. Washington, DC: Urban Institute, 1999.
14. Sum, A., Fogg, N., and Harrington, P. *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, MA: Northeastern University, Center for Labor Market Studies, August 2002.
15. These statistics, and most of the subsequent statistics on children and maternal employment, are taken from U.S. Department of Commerce, Census Bureau. Table CH-1: Living arrangement of children under 18 years old: 1960 to present. Accessed online in October 2003 at <http://www.census.gov/population/socdemo/hh-fam/tabCH-1.xls>.
16. U.S. Census Bureau. *Hispanic population reaches all-time high of 38.7 million, new Census Bureau estimates show*. Press release CB03-100. Washington, DC: US Department of Commerce, Census Bureau, June 18, 2003.
17. Capps, R., Fix, M., Passel, J.S., et al. *A profile of the low-wage immigrant workforce*. Immigrant families and workers: Facts and perspectives, brief no. 4. Washington, DC: Urban Institute, 2003.
18. See note 17, Capps, et al.
19. Capps, R., Passel, J., and Fix, M. *The new neighbors: A users' guide to data on immigrants in U.S. communities*. Washington DC: Urban Institute, 2003.
20. Two-thirds of undocumented workers earn less than twice the minimum wage, compared to one-third of all U.S. workers. See note 17, Capps, et al.
21. U.S. Bureau of Labor Statistics. *Report on the American workforce*. Washington, DC: USBLS, 2001, Table 6: Labor force participation rates of women by presence and age of children, March 1980-2000.
22. Institute for Women's Policy Research. *The gender wage ratio: Women's and men's earnings*. IWPR publication #C350. Washington, DC: IWPR, October 2001.
23. See note 15, U.S. Department of Commerce.
24. Loprest, P.J. Making the transition from welfare to work: Successes but continuing concerns. In *Welfare reform: The next act*. A. Weil and K. Finegold, eds. Washington, DC: Urban Institute, 2002.
25. The earned income tax credit (EITC) is a refundable credit for low-income persons, primarily workers with children. For a family with two children and income of about \$14,000 the credit can be as high as \$4,000, and above that income, the credit gradually phases out for families with annual incomes of about \$35,000. See Joint Committee on Taxation. *Study of the overall state and federal tax system and recommendations for simplification*. Washington, DC: U.S. Government Printing Office, April 2001.
26. These statistics are taken from U.S. Census Bureau. *Poverty in the United States: 2002*. Document no. P-60-222. Washington, DC: US Census Bureau, September 2003; and U.S. Census Bureau. *Income in the United States: 2002*. Document no. P-60-221. Washington, DC: U.S. Census Bureau, September 2003.
27. Holahan, J., and Wang, M. Changes in health insurance coverage during the economic downturn: 2000-2002. *Health Affairs* (January 2004) 10:1377.
28. U.S. Census Bureau. *Health insurance coverage in the United States: 2002*. Washington, DC: U.S. Census Bureau, September 30, 2003.
29. Smith, V., Ramesh, R., Gifford, K., et al. *States respond to fiscal pressure: A 50-state update of state Medicaid spending growth and cost containment actions*. Washington, DC: Kaiser Commission on Medicaid and the Uninsured, January 2004.
30. Fix, M., and Haskins, R. *Welfare benefits for noncitizens*. Welfare reform and beyond, policy brief no. 15. Washington, DC: Brookings Institution Press, 2002.
31. See note 30, Fix and Haskins, 2002.
32. Zimmermann, W., and Tumlin, K.C. *Patchwork policies: State assistance for immigrants under welfare reform*. Assessing the new federalism, occasional paper no. 24. Washington, DC: Urban Institute, 1999. See Box 2 for a description of “new growth” states.
33. Capps, R., Kenney, G., and Fix, M. *Health insurance coverage of children in mixed status immigrant families*. Assessing the new federalism, snapshot 3. Washington, DC: Urban Institute, 2003.
34. See note 26, U.S. Census Bureau, Poverty in the United States: 2002, September 2003, Table POV04: Families by age of householder, number of children, and family structure.
35. Fix, M., and Passel, J. *U.S. immigration, trends and implications for schools*. Washington, DC: Urban Institute, 2003.
36. Capps, R., Fix, M., and Reardon-Anderson, J. A portrait of children in immigrant working families. Washington, DC: Urban Institute, forthcoming.
37. See note 35, Fix and Passel, 2003.
38. Wertheimer, R. *Poor families in 2001: Parents working less and children continue to lag behind*. Washington, DC: ChildTrends, May 2003.
39. Haskins, R., and Sawhill, I.V. *Work and marriage: The way to end poverty and welfare*. Welfare reform and beyond, policy brief no. 28. Washington DC: Brookings Institution Press, September 2003.
40. Reardon-Anderson, J., Capps, R., and Fix, M. *The health and well-being of children in immigrant families*. Assessing the new federalism, survey brief B-52. Washington, DC: Urban Institute, 2002.
41. See note 40, Reardon-Anderson, et al.
42. See note 36, Capps, et al. Low relative use levels can be partially explained by the presence of undocumented immigrants in some of these low-income families.
43. See note 10, Nightingale and Lee.