



Culprit or Scapegoat? **Immigration's Effect on** **Employment and Wages**

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DISCLAIMER

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Introduction



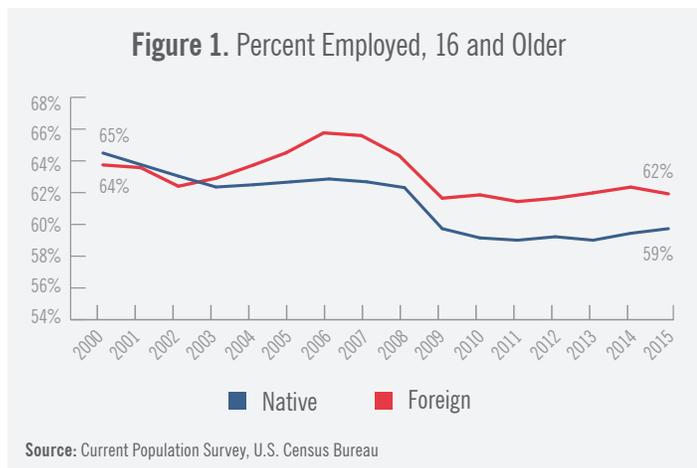
Over the past several decades, native-born Americans have become increasingly detached from the labor force, with declining rates of employment and labor force participation. Seeking explanations, many attempt to blame these trends on immigration itself, under the notion that immigrants both displace native-born workers and drive down their wages. Although superficially appealing, these arguments are ultimately overly simplistic and misguided, as they ignore several other factors driving these trends.

Our research suggests that declining native-born labor force participation is largely due to the various options native-born individuals tend to have at their disposal to pursue non-labor force activities—namely retirement, disability, and school enrollment, rather than any direct competition from immigrants. Additionally, native- and foreign-born individuals tend to work in different

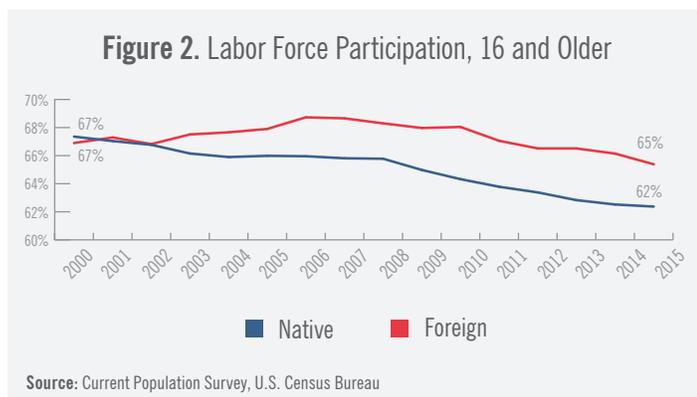
industries. A majority of the predominantly foreign-born industries are composed of lesser-skill, lower-wage occupations, some of which have seen strong employment growth in recent years, and have even suffered from labor shortages. Given that native-born workers tend to have overall higher levels of skills and educational attainment than immigrants, it is unclear that a sufficient number of workers would flock to these positions in the absence of immigration. Indeed, research indicates that immigrants play a vital role in supplementing the labor force, filling jobs that would otherwise remain vacant or disappear. Finally, with regard to wages, it is true that immigrant-heavy industries do tend to pay considerably less than native-born industries. However, this is largely because the majority of occupations in these industries have lower educational and skill requirements—not because of immigration itself.

Labor Market Participation Trends

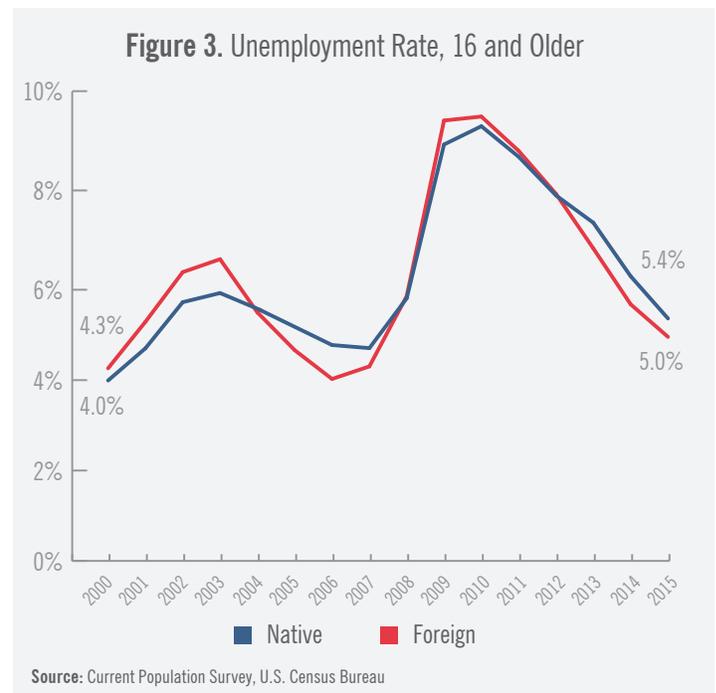
American workers are becoming increasingly detached from the labor market. Between 2000 and 2015, the percentage of the population age 16 and older holding a formal job decreased from 65 to 60 percent. These declines have been particularly pronounced among native-born individuals, who realized a six percentage point drop in employment over this period—from 65 percent to 59 percent. Meanwhile, foreign-born workers saw just a two percentage point decrease—from 64 percent to 62 percent (Figure 1).¹



The same holds true for labor force participation, which includes both individuals who are employed and those who are actively seeking work.² Between 2000 and 2015, native-born individuals realized a five percentage point drop in labor force participation, from 67 to 62 percent, while the foreign-born population saw a two percentage point decrease, from 67 to 65 percent (Figure 2).³



However, despite this divergence, *unemployment* between native- and foreign-born individuals has remained steady within a few tenths of a percentage point. Unemployment is determined by counting those who are out of work but have actively sought employment within the last four weeks.⁴ In 2000, native-born unemployment stood at 4 percent, compared to 4.3 percent for the foreign-born. By 2015, native-born unemployment had increased to 5.4 percent, compared to 5.0 percent for the foreign-born (Figure 3).



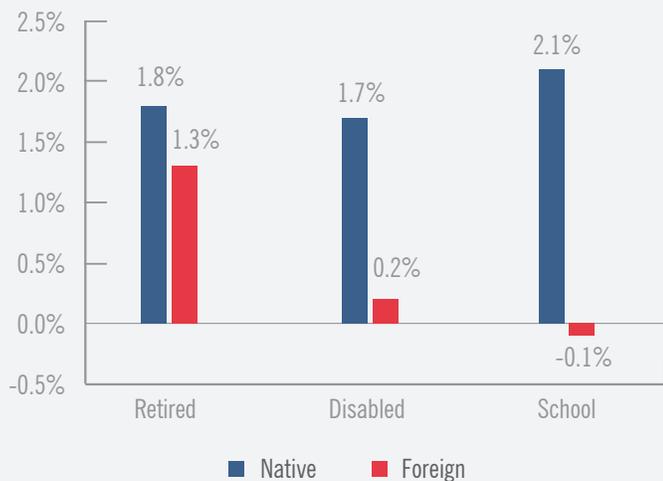
Native-Born Options: Retirement, Schooling, Disability

If immigration were the root cause of declining native-born employment, one would expect the foreign-born population to have a significantly lower unemployment rate, which is not the case. Rather, declining native-born employment is due to the fact that many of these individuals have exited the labor force to retire, enroll in school, or enter disability. Recent research by George Borjas has found that foreign-born men—particularly

undocumented immigrants—have a far higher propensity to work than their native-born counterparts.⁶ Indeed, foreign-born individuals often lack many options and choices that are available to native-born Americans. As shown below, immigrants tend to have far lower savings, are less likely to qualify for federal disability programs, and face barriers to higher education enrollment.

Between 2000 and 2015, disability and retirement increased by 1.7 and 1.8 percentage points, respectively, among the native-born population, while school enrollment rose by 2.1 percentage points. Meanwhile, these changes were less significant among the foreign-born population. Although retirement increased by 1.3 percentage points—largely the result of an aging population—disability and school enrollment remained essentially flat, increasing by just 0.2 and -0.1 percentage points, respectively (Figure 4).⁷

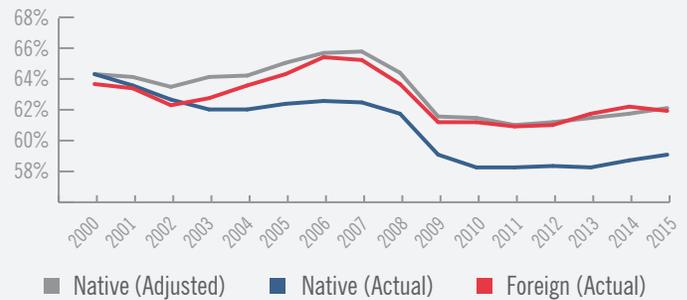
Figure 4. Percentage Point Change in Retirement, Disability and School Enrollment, Native- and Foreign-Born, 2000-2015



Source: Current Population Survey, U.S. Census Bureau

Ultimately, if native-born individuals exhibited the same change in rates of retirement, school enrollment and disability as foreign-born persons over the last 15 years, the native-born employment rate would be almost identical to the foreign-born rate.

Figure 5. Foreign-Born and Native-Born Employment Rate



Source: Current Population Survey, U.S. Census Bureau

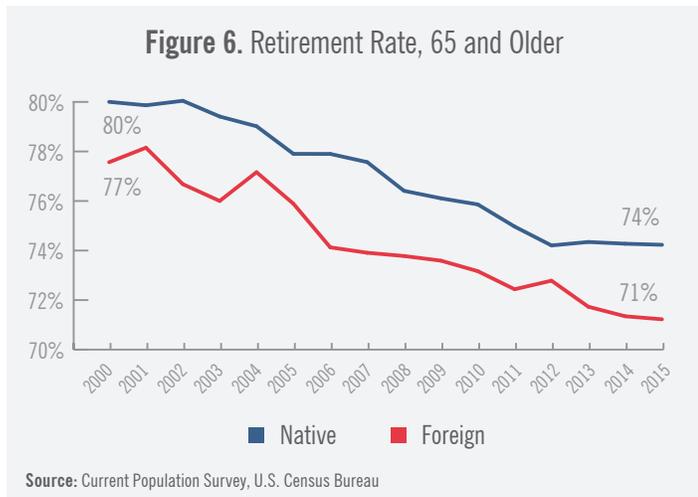
Figure 5 displays the foreign- and native-born employment rates, as well as an “adjusted” native-born employment rate, which assumes an identical rate of change in retirement, disability, and schooling among foreign- and native-born individuals. In this adjusted scenario, the unemployment rates for both demographics are left unchanged, as are the rates of change among individuals leaving the labor force for other reasons.

Under the adjusted rate, native-born employment decreases by 2.4 percentage points—from 64.7 to 62.3 percent—between 2000 and 2015. This is very close to the decrease in actual foreign-born employment that occurred over this time—it dropped by 1.9 percentage points, from 64 to 62.1 percent—and suggests that changes in school enrollment, disability, and retirement accounted for the vast majority of the decline in native-born employment.⁸

RETIREMENT

The retirement rate has increased over the past 15 years, a trend due almost entirely to the aging of both the native- and foreign-born populations. Between 2000 and 2015, the portion of adults in retirement increased from 15.6 to 17.2 percent of the adult population, and the percentage of the adult population age 65 and older increased from 15.6 to 18.5 percent. However, older Americans have also increasingly decided to delay retirement in recent years. Between 2000 and 2015, the percent of retired older Americans (age 65 and older) decreased from 79 to 74 percent of the older population.

Older foreign-born individuals have been consistently less likely to retire over the past 15 years than their native-born counterparts, although the retirement rate for both of these groups has dropped by around 6 percentage points since 2000.⁹



It is unsurprising that foreign-born workers are less likely to enter retirement. The immigrant population tends to have far less in savings and is less likely to qualify for full Social Security benefits. At the median, married immigrant couples ages 65 to 74 have 43 percent less comprehensive wealth than their native-born counterparts, at around \$685,000 compared to around \$1.2 million.¹⁰ Similarly, the median native-born married couple in this age cohort has around ten times more in financial assets than the median immigrant couple, at around \$112,000 compared to \$11,000.¹¹

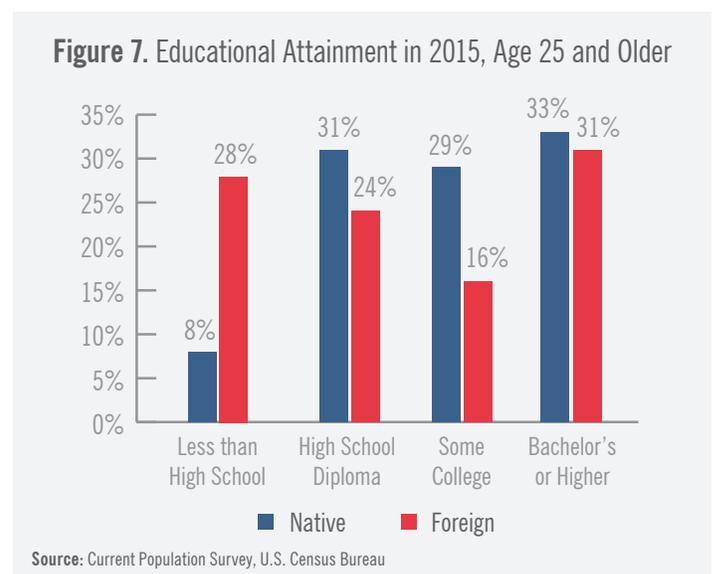
Immigrants also tend to accrue less in Social Security benefits over the course of their lives. Eligibility requirements stipulate that workers must have at least 40 quarters of covered earnings in order to qualify for Social Security. This is more difficult to attain for those who have spent fewer years in the country, as well as for those who have spent time working off the books. Moreover, Social Security benefits are calculated based on workers' 35 highest-earning years. This means that foreign-born workers are likely to receive a lower benefit relative to native-born workers even if they earn the same annual salary, as they are more likely to have

spent fewer years in the U.S. labor force. Even those who have contributed to Social Security may find that they are ineligible for benefits if they do not meet minimum working year requirements.¹² Similarly, those without lawful status are unable to claim any payments made into the system while unauthorized. The Social Security Administration estimated that in 2010, Social Security payroll taxes collected from undocumented workers exceeded benefits paid by \$12 billion.¹³

SCHOOL ENROLLMENT

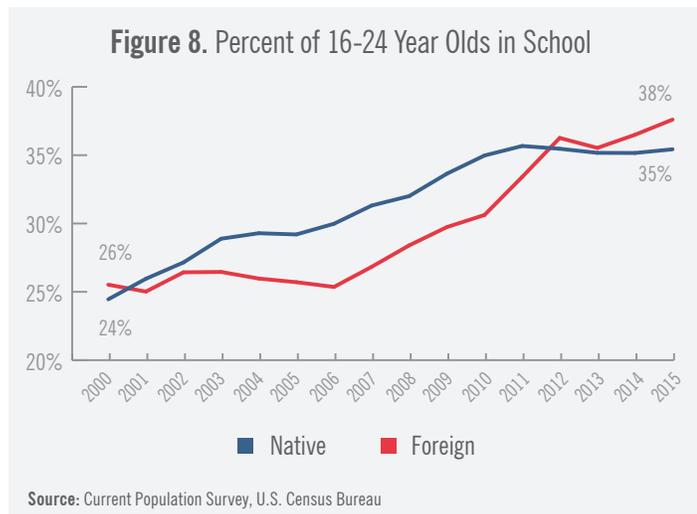
Between 2000 and 2015, school enrollment increased from 4.6 to 6.3 percent among the general adult population. This trend was driven by native-born individuals, who realized a 2.1 percentage point increase in enrollment over this period. Among the foreign-born, enrollment decreased slightly, by 0.1 percentage points.¹⁴

These disparities should come as little surprise; native-born Americans tend to have higher levels of degree attainment overall. 62 percent of the native-born workforce age 25 and older has completed at least some college, compared to 47 percent of the foreign-born labor force. Similarly, 8 percent of native-born workers hold less than a high school diploma, compared to 28 percent of foreign-born individuals (Figure 7).¹⁵



One possible reason for these discrepancies is that immigrants can face significant obstacles to education enrollment, including proficiency in English. Additionally, the quality and quantity of the schooling foreign-born individuals receive in their home country may affect their decision to enroll in high school or to pursue higher education in the United States. Research from the American Council on Education indicates that postsecondary attainment can be difficult for Hispanic immigrants in particular, due to residency, legal status, and language barriers.¹⁶

However, in contrast with the general immigrant population, education enrollment among young foreign-born individuals (16-24 year olds) has seen large increases over the past 15 years. Between 2000 and 2015, foreign-born enrollment in this age group increased by 12 percentage points, from 26 to 38 percent, barely outpacing native-born enrollment, which increased by 11 percentage points, from 24 to 35 percent (Figure 8).¹⁷



This trend can be explained by several factors. For one, international student enrollment at U.S. universities has exploded over the past decade, with student visa issuance almost tripling between 2003 and 2013, from around 660,000 to 1.67 million.¹⁸ At the same time, the unauthorized population has been tapering off in recent years, decreasing from 12.2 million to 11.3 million between 2006 and 2013.¹⁹ The decline in unauthorized

immigrants—who are less likely to enroll in higher education—coupled with the increase in student visas could be a driving force behind the increase in foreign-born enrollment. Furthermore, as evidenced by Figure 8, much of the increase in foreign-born enrollment occurred during the Great Recession, which led to heavy job losses and increased school enrollment among young Americans in general.

Finally, the more recent enrollment increases among foreign-born individuals could be in part driven by the Deferred Action for Childhood Arrivals program (DACA), which was created by executive action in June 2012. DACA offers protection from deportation for unauthorized immigrants who entered the United States before age 16 and allows them to obtain work authorization and a Social Security number.²⁰ Some states even grant these individuals the right to obtain state ID cards and driver’s licenses.²¹ These benefits can assist in post-secondary school enrollment and attendance, allowing them to work to pay for tuition and drive to classes. Additionally, over the last 15 years, 20 states have passed legislation or policy changes to offer in-state college tuition to unauthorized immigrants who reside in the state.²²

DISABILITY CLAIMS

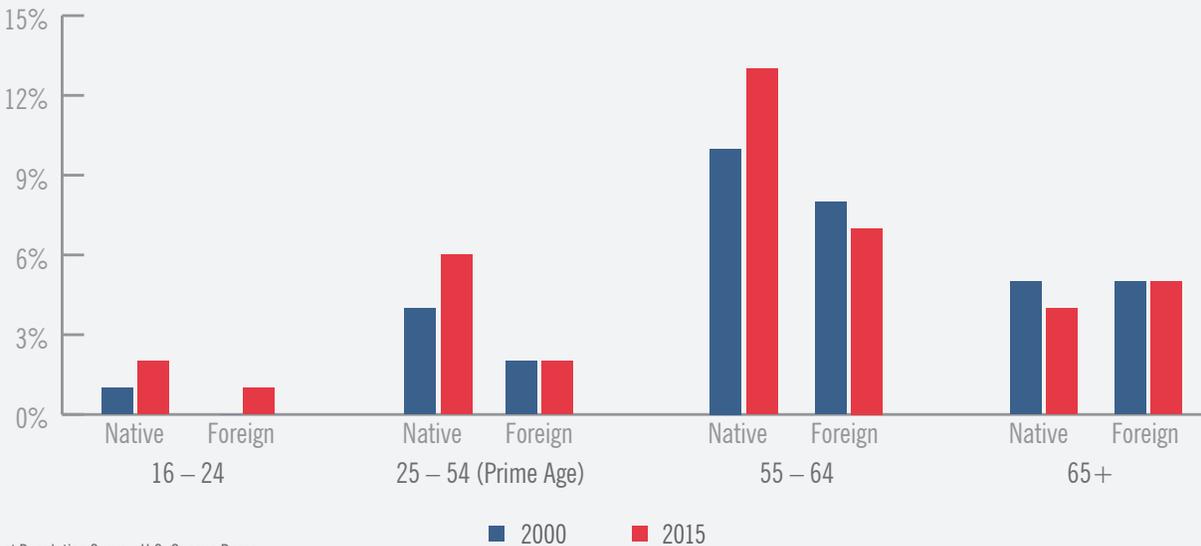
Native-born individuals are also far more likely to exit the labor force due to a disability, a trend that has increased in recent years. Among individuals age 16 and older, the rate of disability increased from 4 percent to 6 percent among native-born individuals between 2000 and 2015, while remaining flat among the foreign-born population, at 3 percent.

Older individuals are more likely to become disabled than younger individuals. Between 2000 and 2015, the disability rate increased by 3 percentage points among 55-64 year-old native-born Americans, from around 10 to 13 percent, while decreasing among foreign-born individuals, from 8 to 7 percent.²³

One explanation for this trend is that native-born Americans are more likely to qualify for two federal disability programs: Social Security Disability Insurance (SSDI), and Supplemental Security Income (SSI). SSDI pays claims to disabled workers using funds

collected through payroll taxes. SSDI benefits are limited to workers who have banked enough work credit-hours, a threshold that increases with age and usually amounts to about 25 percent of their lives or five out of the last ten years.²⁴ Foreign-born workers may be less likely to meet credit-hour minimums due to shorter times spent in the U.S. labor market. SSI is a benefit provided to *low-income* individuals with a disability and is more restrictive than SSDI with regard to immigrant eligibility. In general, only U.S. citizens and lawful permanent residents are eligible for SSI, although exceptions are made for certain non-citizens, such as asylees, refugees, and individuals who were granted temporary legal status under the Immigration Reform and Control Act of 1986.^{25,26} That said, the vast majority of non-citizens are still unable to qualify for SSI, which could be a contributing factor to the lower rates of disability among foreign-born workers.^{27,28}

Figure 9. Disability Rate by Age, 2000 and 2015



Source: Current Population Survey, U.S. Census Bureau

Industry and Occupational Differences Between Native- and Foreign-Born Workers



Not only are foreign-born individuals less likely to exit the workforce, but a sizable percentage also work in different industries than native-born workers, industries which tend to be composed of lesser-skilled, lower-wage occupations.²⁹

Table 1 displays seven industries that collectively employ close to half of the foreign-born workforce—but just over a quarter of native-born workers (herein referred to as “foreign-born industries”).³⁰

Table 1. Foreign-Born Industries, 2015

Industries	Native-Born	Foreign-Born
Building and Grounds Cleaning and Maintenance	2.9%	8.4%
Computer and Mathematical	2.7%	4.3%
Construction and Extraction	4.4%	9.0%
Farming, Fishing, and Forestry	0.5%	1.8%
Food Preparation and Serving	5.1%	7.1%
Production	5.3%	7.9%
Transportation and Material Moving	5.9%	7.5%
Total	26.7%	46.1%

Source: Current Population Survey, U.S. Census Bureau

Table 2 shows seven industries that employ over half of the native-born workforce, but just around a third of foreign-born workers (herein referred to as “native-born industries”).

Table 2. Native-Born Industries, 2015		
Industries	Native-Born	Foreign-Born
Business and Financial Operations	5.0%	3.5%
Community and Social Services	1.9%	0.9%
Education, Training, and Library	6.5%	3.5%
Management	12.1%	8.1%
Office and Administrative Support	12.8%	8.0%
Protective Service	2.3%	0.9%
Sales and Related	10.9%	8.6%
Total	51.6%	33.6%

Source: Current Population Survey, U.S. Census Bureau

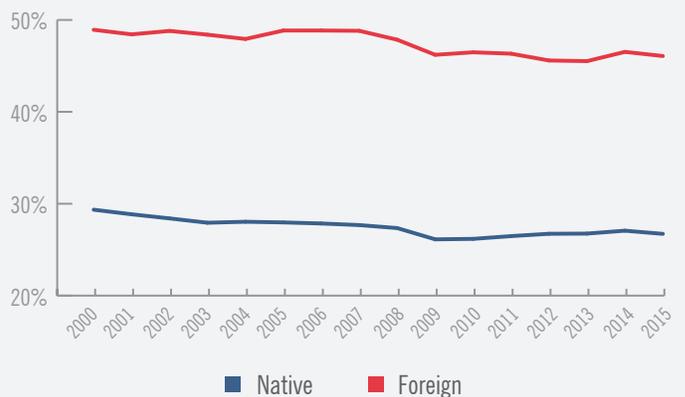
In general, foreign-born workers are twice as likely to work in construction and extraction, and they are over three times as likely to be employed in farming, fishing, and forestry. On the other hand, native-born workers tend to work disproportionately in an office environment, whether in sales, management, or in administrative positions.

These trends have remained relatively constant since 2000.

Figure 10 plots native- and foreign-born employment in the foreign-born industries. Between 2000 and 2015, foreign-born employment in these occupations declined modestly, from 49 to 46 percent, while native-born employment decreased by just two percentage points, from 29 to 27 percent.

Similarly, Figure 11 displays employment over time in the native-born industries and finds a similar pattern. Between 2000 and 2015, both native- and foreign-born employment in these industries remained flat, at 52 and 34 percent, respectively.

Figure 10. Employment in Foreign-Born Industries, 2000–2015



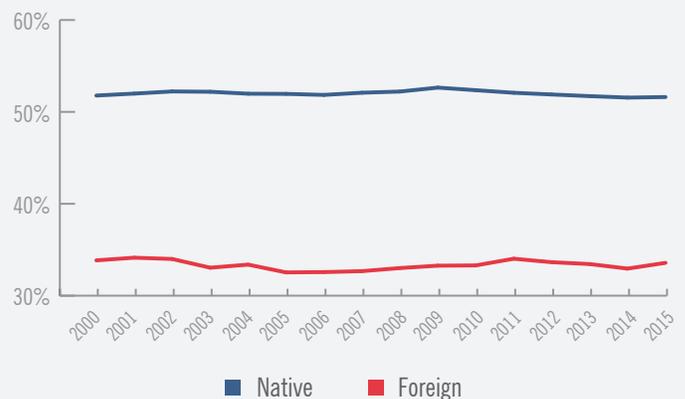
Source: Current Population Survey, U.S. Census Bureau

Industry Job Growth Over Time

As a whole, the native-born industries have seen slightly larger increases in employment since 2000—at around 0.5 percent annual growth, compared to 0.1 percent growth in the foreign-born industries. However, job creation has varied greatly by industry, with each uniquely affected by the global financial crisis.

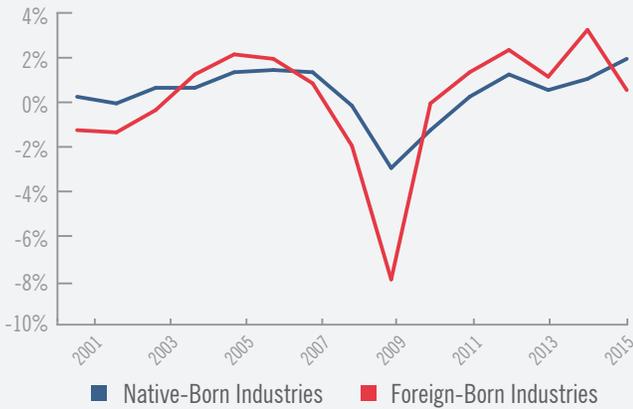
Prior to the Great Recession, the native-born industries enjoyed slightly higher rates of annual employment growth, at around 0.8 percent per year between 2000 and 2007, compared to 0.5 percent for the foreign-born industries. However, the foreign-born industries suffered far steeper employment losses during the

Figure 11. Employment in Native-Born Industries, 2000–2015



Source: Current Population Survey, U.S. Census Bureau

Figure 12. Year-on-Year Percent Change in Employment in Foreign- and Native-Born Industries, 2000-2015



Source: Current Population Survey, U.S. Census Bureau

Great Recession. Between 2008 and 2009, foreign-born industry employment decreased by 7.9 percent, compared to a 2.9 percent decrease in the native-born industries. However, since 2011, both the foreign- and native-born industries have bounced back, with a 1.9 percent annual growth rate for the foreign-born industries, and a slightly lower 1.2 percent annual growth rate in the native-born industries between 2011 and 2015.³¹

The steeper foreign-born industry job losses during the Great Recession could be because these occupations are generally of the lesser-skilled variety. Research indicates that lesser-skilled jobs tend to have lower turnover costs (such as those for hiring and training), which means that they are less expensive to shed in tough economic times. According to research from the Center on Wage and Employment Dynamics at the University of California at Berkeley, turnover costs for “professional and managerial employees” can be up to 250 percent greater than turnover costs for “blue collar and manual labor workers.”³² Similarly, research from the Center for American Progress has found that turnover costs among workers earning \$30,000 or less annually stand at around 16.1 percent of their annual salary, compared to 20.4 percent for those who earn \$75,000 or less.³³ In a similar vein, the relatively stronger post-recession performance among the foreign-born industries could be driven by the same cyclical forces.

Because these industries suffered relatively steeper job losses during the Great Recession, they may have also experienced stronger job growth as the economy recovered.

Tables 3 and 4 display an industry-level breakdown of annual job growth from 2000 to 2015 in the foreign- and native-born industries and better illuminate the above trends. The relatively steeper job losses in the foreign-born industries during the Great Recession can also be explained by the housing crash—which rocked the construction industry—as well as a decline in manufacturing, which led to job declines in production occupations.^{34,35} Employment in construction and extraction production occupations decreased by 9 percent per year between 2008 and 2010, while production occupations decreased by 5.6 percent annually. In contrast, foreign-born industries as a whole saw a 4.1 percent average annual decline over this period.³⁶

Table 3. Annual Job Growth in Foreign-Born Industries, 2000–2015

Industries	2000-2007	2008-2010	2011-2015
Building and Grounds Cleaning and Maintenance	1.5%	-1.1%	1.0%
Computer and Mathematical	0.5%	-2.0%	4.9%
Construction and Extraction	3.3%	-9.0%	1.8%
Farming, Fishing and Forestry	-2.8%	-0.1%	1.8%
Food Preparation and Serving	2.0%	-1.1%	1.3%
Production	-2.8%	-5.6%	1.1%
Transportation and Material Moving	0.3%	-3.7%	2.3%
Total	0.5%	-4.1%	1.9%

Source: Current Population Survey, U.S. Census Bureau

With regard to native-born industries, office and administrative support, sales, and management occupations saw the largest annual employment declines during the Great Recession. Management was the only one of the three to see robust employment growth in the years since. From 2011 to 2015, employment in management occupations grew by 2.7 percent annually, compared to 0.2 percent for office and administrative support, and 0.6 percent for sales occupations. In 2015 alone, employment in management occupations expanded by 4.9 percent, and was in part responsible for the strong employment gains for native-born industries in 2015 (Figure 12).³⁷

Table 4. Annual Job Growth in Native-Born Industries, 2000–2015			
Industries	2000-2007	2008-2010	2011-2015
Business and Financial Operations	2.1%	-2.2%	2.9%
Community and Social Services	2.4%	1.0%	2.5%
Education, Training, and Library	2.3%	0.1%	0.8%
Management	1.1%	-2.7%	2.7%
Office and Administrative Support	-0.7%	-3.2%	0.2%
Protective Service	2.5%	3.9%	-0.8%
Sales and Related	0.9%	-2.8%	0.6%
Total	0.8%	-2.1%	1.2%

Source: Current Population Survey, U.S. Census Bureau

A common refrain from immigration skeptics is that immigrants displace native-born workers and stunt employment growth in industries that disproportionately employ foreign-born workers. However, the data indicate otherwise. Not only have the foreign-born industries seen stronger employment growth than their native-born counterparts since 2011, but several key foreign-born

industries continue to be plagued by labor shortages. Recent surveys suggest that 86 percent of construction firms report challenges filling hourly and salaried positions and most expect this trend to continue in the near future.³⁸ While the construction market has recovered significantly since the economic downturn of 2007, industry leaders report over 675,000 fewer available workers in residential construction alone.³⁹ Similar shortages plague the agriculture industry. From 2002 to 2014, the number of field and crop workers decreased by 20 percent as the industry lost 146,000 full-time equivalent workers, resulting in significant labor shortages.⁴⁰ Worker shortages have contributed to declining revenues in the labor-intensive production of fruit and vegetables, which have lost over \$3 billion a year.⁴¹ Contributing to these losses are the declining number of immigrants entering the country from Mexico, who comprise a majority of farm workers in the United States.⁴² Between 2007 and 2014, the number of Mexican immigrants living in the United States has declined from 12.8 million to 11.7 million, the result of 1 million fewer undocumented workers entering the country and growing numbers of immigrants returning to Mexico.⁴³

Strong employment growth and labor shortages call into question the belief that limiting immigration creates more opportunities for native-born workers, especially when one considers that the native- and foreign-born unemployment rates have remained very close over the past 15 years. Rather, the trends indicate that foreign-born workers play a valuable role in plugging labor shortages.

Indeed, the existing research strongly favors the conclusion that immigration has little to no negative impact on employment. Rather, the belief that immigration is the cause of declining employment rests on an often-referenced but ultimately erroneous belief that economies produce and sustain a fixed number of jobs—that every job taken by an immigrant must equate to an unemployed native-born worker. Known as the “lump of labor fallacy,” this theory has been largely discredited by a significant body of economic research. In fact, textbook economics indicates that immigration can actually

spur job creation, as population growth boosts aggregate demand, leading to economic growth and employment opportunities.

Indeed, Longhi, Nijkamp, and Poot addressed these issues in their 2010 analysis of *Joint Impacts of Immigration on Wages and Employment* and found that immigration can benefit the economy at large by raising productivity and the rate of return on capital.⁴⁴ Overall, they found immigration to have a very small effect on the employment of native-born workers, accounting for a .011 percent loss of employment for every 1 percent increase in immigrant workers. Similarly, Michael Greenstone and Adam Looney of the Brookings Institution have found that immigrants complement native-born workers and increase their productivity.⁴⁵ A paper by Harry Holzer of Georgetown University echoes this belief, and a study from the San Francisco Federal Reserve Board found no evidence that immigrants displace U.S. workers.^{46,47}

Wages Based Largely on Skill-Requirements, not Presence of Immigrants

Occupations in predominantly foreign-born industries tend to be lesser-skilled, generally carrying lower educational requirements

and therefore a lower prevailing wage than occupations in native-born industries. This could be another driving factor behind labor shortages in foreign-born industries. Given that native-born individuals tend to have higher levels of educational attainment and a greater ability to opt-out of the labor force, they could be less willing to take an available position in a lesser-skilled industry that might pay less.

Table 5 displays the median annual salaries in the foreign- and native-born industries, showing wide discrepancies between the two. Five of the seven foreign-born industries have a median annual salary of under \$40,000, compared to just three of the native-born industries. Similarly, the average of the seven median annual salaries in the native-born industries stands at around \$50,000 annually, compared to just \$36,000 for the foreign-born industries.⁴⁸

Another common refrain among those calling for lower immigration levels is that immigration increases the supply of cheap labor, which leads to lower wages in the foreign-born industries. However, the academic research contends that this effect is small and limited to lesser-skilled workers—if it exists at all. In fact, Ottaviano and Peri analyzed the long-run effects of immigration on U.S. wages, and found it to be slightly positive for native-born workers (+0.6

Table 5. Median Annual Salary, Foreign- and Native-Born Industries, 2015

Foreign-Born Industries		Native-Born Industries	
Building and Grounds Cleaning and Maintenance	\$23,860	Business and Financial Operations	\$65,710
Construction and Extraction	\$42,280	Community and Social Services	\$42,010
Computer and Mathematical	\$81,430	Education, Training, Library	\$47,220
Farming, Fishing, and Forestry	\$21,760	Management	\$98,560
Food Preparation and Serving	\$19,580	Office and Administrative Support	\$33,200
Production	\$32,250	Protective Service	\$37,730
Transportation and Material Moving	\$30,090	Sales and Related	\$25,660
Average of Median Values	\$35,893	Average of Median Values	\$50,013

Source: National Occupational Employment and Wage Estimates, Bureau of Labor Statistics

percent overall). However, their research noted that there could potentially be negative long-run effects on native-born workers with low educational attainment, ranging from -2.1 percent to +1.7 percent.⁴⁹ Earlier research by Peri and Sparber estimated that immigration leads to a 0.2 percent reduction in the wages of lesser-skilled native-born workers.⁵⁰ Similarly, Card found that immigrants' impacts on wages were small, and that technology, institutional changes, and the overall macroeconomic environment have a much more significant impact on wage growth than immigration.⁵¹

An alternative explanation for lower wages in the foreign-born industries is the simple fact that a majority of these occupations tend to be lesser-skilled, requiring lower levels of education (which is a proxy for skills). As stated previously, foreign-born workers tend to have less educational attainment, and high-skill jobs can pay a high premium.

Tables 6 and 7 display the entry-level education requirements among all of the occupations within the native- and foreign-born industries, and show that the foreign-born industries have far lower educational requirements. In total, 90 percent of the occupations in the foreign-born industries require only a High School diploma or less, compared to 40 percent of occupations in the native-born industries. Conversely, 54 percent of native-born industry

occupations require a bachelor's degree or higher, compared to just 6 percent of foreign-born occupations. Notably, the vast majority of occupations requiring a bachelor's degree or higher in the foreign-born industries come from a sole industry—computer and mathematical occupations.⁵²

Similarly, foreign-born industries generally require a lower level of English language proficiency compared to their native-born counterparts. The Occupational Information Network (O*Net) is a Department of Labor database that analyzes the skills demanded by hundreds of occupations, rating them on a scale of importance from zero to 100. A zero means that the given skill is unimportant for that occupation, and a 100 means that it is vital. Table 8 uses O*Net to look at the average importance of written and spoken language skills in the foreign- and native-born industries, specifically “oral and written comprehension” (the ability to understand spoken and written language), and “oral and written expression” (the ability to communicate through spoken language and writing). As evidenced by the table, these four skills are far more important for the native-born industries, which score an average of around 20 points higher than the foreign-born industries. This is particularly true for “written expression,” which scores a 68 for native-born industries, versus a 43 for foreign-born ones.⁵³

Table 6. Education Requirements, Native-Born Industries

Industries	None	High School Diploma	Some College	Bachelor's	Master's, Doctoral or Professional Degree
Business and Financial Operations	3%	6%	3%	88%	0%
Community and Social Services	0%	11%	0%	50%	39%
Education, Training, and Library	0%	2%	5%	29%	65%
Management	0%	21%	3%	71%	6%
Office and Administrative Support	2%	89%	5%	4%	0%
Protective Service	9%	73%	14%	5%	0%
Sales and Related	32%	55%	0%	14%	0%
Native-Born Industries	4%	36%	4%	34%	20%

Source: Employment Projections Program, Bureau of Labor Statistics

Table 7. Education Requirements, Foreign-Born Industries

Industries	None	High School Diploma	Some College	Bachelor's	Master's, Doctoral or Professional Degree
Building and Grounds Cleaning and Maintenance	50%	50%	0%	0%	0%
Computer and Mathematical	0%	0%	16%	68%	16%
Construction and Extraction	45%	55%	0%	0%	0%
Farming, Fishing and Forestry	47%	47%	0%	7%	0%
Food Preparation and Serving	83%	11%	6%	0%	0%
Production	15%	83%	2%	0%	0%
Transportation and Material Moving	33%	56%	10%	2%	0%
Foreign-Born Industries	31%	59%	4%	5%	1%

Source: Employment Projections Program, Bureau of Labor Statistics

Ultimately, the disparate skill requirements in the foreign- and native-born industries call into question the assumption that immigration itself is the cause of low wages. Rather, these discrepancies stem from the fact that occupations in the foreign-born industries tend to require lower levels of educational attainment and education-related skills (such as written expression and comprehension), which means that they command a lower wage than their native-born counterparts.

Immigration: Culprit or Scapegoat?

With employment down among native-born individuals, and foreign-born industries characterized by low wages, it is easy to see why many Americans view immigration as an economic ailment. However, this view suffers from the error of assuming that correlation equals causation. Immigration is not the cause of declining native-born employment simply because foreign-born individuals are more likely to be employed. Rather, declining employment can be attributed to the alternatives to work that native-born individuals have at their disposal—namely retirement, disability insurance, and school enrollment. Similarly, foreign-born industries carry low wages not principally because they employ

immigrants, but because they have lower educational requirements and therefore attract immigrants who also have overall lower education levels. In the absence of immigration, it is unlikely that these positions would be filled by native-born workers, who tend to have higher levels of educational attainment, and can more easily retire or return to school. Indeed, many of these lesser-skilled industries are already suffering from labor shortages, despite a reduction in native-born employment. In the absence of immigration, this problem would likely be exacerbated, hindering economic growth and doing little to improve native-born employment.

Ultimately, immigration can be a vital ingredient for a dynamic American economy. Immigrants do not harm the native-born workforce—they complement and enhance it.

Table 8. Oral and Writing Skills Required in Foreign- and Native-Born Industries

	Native-Born	Foreign-Born
Oral Comprehension	75	59
Oral Expression	77	56
Written Comprehension	72	50
Written Expression	68	43

Source: Occupational Information Network. (O*Net), U.S. Department of Labor

Appendix: Data Sources

The data in this report came primarily from three sources: the U.S. Census Bureau's Current Population Survey (CPS), The U.S. Bureau of Labor Statistics (BLS), and the Occupational Information Network (O*Net).

The CPS provided data regarding labor force participation, age and citizenship, which were accessed through DataFerrett, the Census Bureau's data analysis and extraction tool. Annual numbers represent the average of the 12 months in each year. Levels of employment, unemployment, disability, and retirement were derived via the PEMLR variable, and school enrollment was derived via the PENLFACT variable. These two variables were cross-tabulated with PRTAGE—which looks at the age of the respondent—and PRCITSHIP—which looks at citizenship status. In addition, the CPS provided data on industry-level employment broken down by foreign- and native-born workers, although this was accessed via the BLS. Finally, educational attainment by foreign- and native-born populations was provided via the 2015 CPS Economic Supplement.

The BLS provided industry-level wage data through its National Occupational Employment and Wage Estimates and provided entry-level education requirements through its Employment Projections Program. Finally, O*Net provided data on industry-level skill requirements.

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