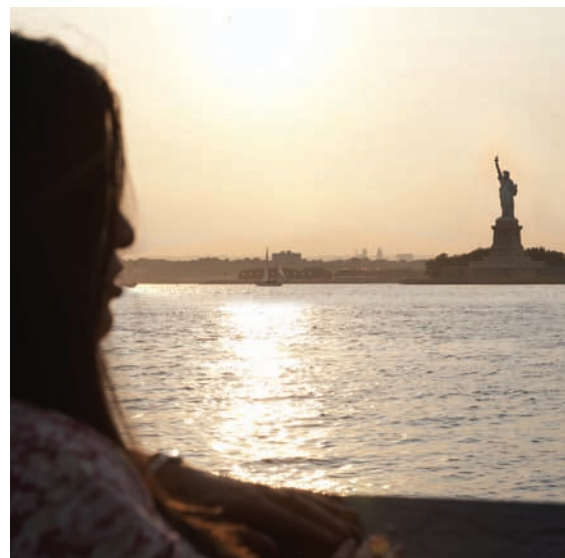


**PPIC**PUBLIC POLICY
INSTITUTE OF CALIFORNIA

Immigrant Legalization

Assessing the Labor Market Effects

Laura E. Hill • Magnus Lofstrom • Joseph M. Hayes



AP PHOTO/SILVANA XIMENA

SUMMARY

Nearly 12 million unauthorized immigrants live in the United States. California is home to about 2.7 million of these immigrants, who make up almost 10 percent of the state's labor force.¹ Currently, legislators in Washington, D.C., are considering a comprehensive reform of federal immigration policies that could include the legalization of unauthorized immigrants. Many observers believe that a legalization program could have a significant economic impact.

Our research suggests otherwise. This report finds that legalizing most currently unauthorized immigrants would not lead to dramatic changes in the labor market, either for unauthorized immigrants or for native workers. We also find little evidence to support the view that such a step would have significant effects on the broader economy, particularly on tax revenues or public assistance programs.

Specifically, we find that legalization is not likely to increase the occupational mobility or wages of most unauthorized immigrants, at least in the short run. This is especially true for low-skill workers, for whom any improvement is likely to be small at best. For immigrants who cross the border without documentation, employment outcomes do improve over time, but none of this progress is attributable to gaining legal status.

For those who gain legal status after overstaying a temporary visa, the outlook is slightly better. In these cases, we do see some upward occupational mobility that may be related to acquiring legal status. However, this mobility is specifically attributable to skill level: Highly

skilled immigrants, regardless of how they arrived in the United States, exhibit occupational improvements after gaining legal status.

What does this mean for the larger labor market? Given that the labor market returns associated with legalization are small, at least in the short term, we argue that a legalization program is not likely to significantly affect the employment outcomes of native workers. In particular, the lack of upward occupational mobility among low-skill unauthorized workers suggests that legalization will not lead to much, if any, increase in labor market competition with low-skill natives.

We consider legalization's effects on the broader economy in light of likely changes in tax revenues and the expenditures of public assistance programs. We find that the vast majority of unauthorized immigrants report filing federal tax returns before acquiring legal status. Therefore, we expect any increase in tax revenues—deriving from either increased filing rates or improved wages—to be small.

In addition, we expect that there would be little short-term change in the expenditures of public assistance programs. The eligibility rules for most of these programs would probably prohibit an increase in their use, at least in the short run, by even the poorest of newly legalized immigrants.

Nonetheless, California should be prepared for any future legalization program. After the legalization of nearly 3 million unauthorized immigrants in 1986, individual states received federal impact grants to help offset the state's costs associated with the newly legalized immigrants. If English-language proficiency becomes a requirement in a new legalization program, the costs of providing classes could be significant. We suggest that California lobby vigorously for any future impact grants to offset any related expenditures.

Please visit the report's publication page
<http://www.ppic.org/main/publication.asp?i=869>
to find related resources.

Introduction

Recent estimates suggest that the United States is home to approximately 12 million unauthorized immigrants, 2.7 million of whom reside in California (Passel and Cohn, 2009). The general public is deeply—and often vociferously—concerned about the effects these immigrants may have on the economy and, in particular, on labor markets and public assistance programs. Policymakers continue to face difficult decisions about whether and how to legalize some of these immigrants, and to weigh the costs and benefits of doing so.

An important factor for policymakers' consideration is the effect of legalization on employment outcomes. The last major overhaul of immigration law, the Immigration Reform and Control Act (IRCA) of 1986, included a number of approaches similar to those under consideration today. IRCA legalized nearly 3 million immigrants, but it also imposed sanctions for employers who knowingly hired immigrants who were not authorized to work. Studies that followed the immigrants legalized under IRCA found that their occupational prospects and wages improved by the early 1990s, approximately four years after gaining legal status. A new legalization program could reshape the occupational prospects for millions of unauthorized immigrants and, perhaps, for native workers as well. It could also involve a number of consequences for the general economy.

In this report, we seek to determine whether the experiences of the IRCA legalization would be predictive of a new legalization program today. We use data from a more recent era (2003–2004) and examine outcomes for *all* formerly unauthorized immigrants, not just those from Mexico and Central America. We analyze how acquiring Legal Permanent Residence (LPR) status (commonly referred to as a “green card”) affects the employment outcomes of individuals who previously worked illegally in the United States. Using data from the New Immigrant Survey (NIS), a representative sample of new LPRs from 2003, we examine the employment outcomes of immigrants who resided and worked in the United States before

A note on terminology

In this report, we refer to immigrants in the United States without proper documentation as “unauthorized” immigrants. Why use this term rather than “undocumented” or “illegal” immigrants?

First, for precision. Many immigrants live and work in the United States without proper legal authority. However, many of these immigrants *do* have documents. For instance, tourist visas permit entry but not residency or work. And student visas permit residency but do not always allow work. In addition, some immigrants obtain fraudulent work documents, such as false Social Security numbers. For these reasons, “undocumented” is not an entirely accurate description of many immigrants' situations.

Second, for neutrality. The terms “illegal” and “undocumented” are often politicized. By relying on “unauthorized,” we wish to move past old debates over language and push the public discussion about immigration into more objective, accurate, and—we hope—fruitful territory.

acquiring LPR status. We also examine whether outcomes differ between workers who crossed the border illegally (“crossers”) and workers who overstayed a temporary visa or violated employment restrictions (“overstayers”), by comparing their outcomes to those of immigrant workers who were never unauthorized before acquiring LPR status (“continuously legal”).

Finally, we consider the wider economic impact of legalization, including its effects on the jobs and wages of native workers. We consider the possibility of increased tax revenue as well as potential increases in the use and cost of public assistance. Any legislation would certainly address eligibility

**Policymakers continue to face difficult decisions
about whether and how to legalize
some of these immigrants, and to weigh the
costs and benefits of doing so.**

requirements for an array of public assistance programs, but it might also require a minimum level of English-language proficiency. Following the passage of IRCA, the federal government offered grants to help state governments provide health and education services to the formerly unauthorized, and more recent immigration reform proposals have considered similar grants. California should lobby for a fair share of such funding—a share that should be based on the potential size of the legalizing population.

Of course, there are many non-economic reasons to implement comprehensive immigration reform that includes legalization. Indeed, employment outcomes should not be the only—and perhaps not even the most important—consideration in weighing the potential benefits of a legalization program. Legalization could, for example, encourage active citizenship, including participation in and connection to the community; bring people out of the shadows; and prevent deportations that can separate families, including those with U.S.-born children.

Does Legalization Change Employment Outcomes?

Immigrants without LPR status or temporary work visas might have more limited employment options than those who are legally permitted to work. They might accept jobs that do not fully use their skills, which could depress their wages. Their jobs might be less stable or more dangerous, and they might be more subject to wage fraud. We might expect that newly legalized immigrants could find jobs where earnings are higher and conditions are better, either within the same occupation or in a new one. Indeed, research that followed immigrants given amnesty under IRCA found that their employment outcomes did improve after legalization.

In this study, we provide additional evidence on the relationship between legalization and employment outcomes. Specifically, we examine outcomes for immigrants who were granted LPR status in 2003, even though these immigrants gained their legal status not through a legalization program but rather through the standard immigra-

tion channels already in existence. We compare outcomes for the three legal categories defined above: crossers, overstayers, and the continuously legal.²

To learn whether acquiring LPR status leads to improvements in employment outcomes, we use immigrants' self-reported occupation and wages. We begin with each immigrant's first job after entering and living in this country (and before acquiring LPR status). We then examine the job each immigrant held at the time of the interview (after acquiring LPR status).

Unauthorized Immigrants in the NIS

The NIS seeks to provide a nationally representative dataset of immigrants who have recently gained LPR status. It gathers detailed information on each respondent's migration and employment history, educational attainment, English-language ability, entry visa, marital and family status, and other demographic characteristics. This information allows us to trace the history of each respondent's time in the United States, including any time that he or she may have lived or worked in this country before acquiring legal status. Since we expect LPR status to have different employment effects on immigrants with different prior legal statuses, educational levels, and language skills, these data provide us with an excellent opportunity to answer our research questions.

The NIS does not focus solely on unauthorized immigrants; nor was it designed to be a representative sample of the unauthorized immigrant population. Rather, it focuses on the records of all foreign-born persons who gained LPR status between May and November 2003. The surveyed group includes respondents who violated immigration laws as well as those whose tenure in this country has been entirely legal. We find that the unauthorized portion of the NIS sample and other estimates of the unauthorized immigrant population are quite similar.³

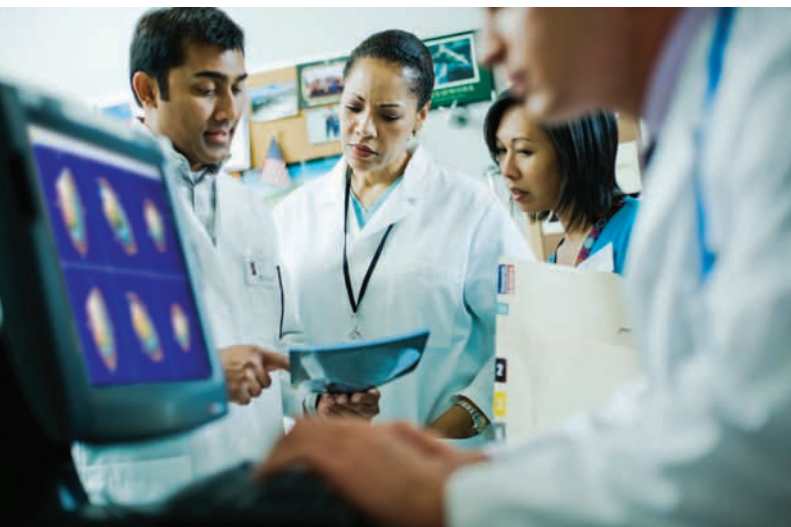
In our analysis we focus on respondents who reported their occupations in both the pre-LPR period and at the time of the interview. Roughly half of these 4,486 respondents were continuously legal, and the remainder were fairly evenly split between crossers and overstayers (see Table 1).

Table 1. A breakdown of variables by pre-LPR legal status reveals significant differences

Variable	Crosser	Overstayer	Continuously legal
Demographic trait			
Share of sample (%)	25.9	27.6	46.4
Female (%)	36.8	45.8	44.4
Married (%)	67.8	80.7	75.5
Mean number of children	2.3	1.6	1.2
Mean age at NIS interview	35.8	37.1	35.0
Mean age at first job during last U.S. trip	24.8	31.2	32.3
Mean duration of pre-LPR job (years)	3.8	2.5	1.4
Mean time elapsed since start of pre-LPR job (years)	11.0	5.9	2.7
Country of origin (%)			
Mexico	38.5	16.4	3.0
Other Latin America and Caribbean	50.1	29.0	18.5
East Asia, South Asia, and Pacific	4.5	18.0	38.8
Sub-Saharan Africa	0.8	8.3	8.2
Europe and Central Asia	2.5	18.7	22.1
Middle East and North Africa	1.0	5.4	5.0
All other	2.6	4.1	4.4
Admission class^a (%)			
Spouse of citizen	33.1	53.0	30.4
Child of citizen (younger than age 21, unmarried)	1.6	1.7	1.9
Parent of citizen	2.5	4.3	1.9
Child of citizen (age 21 plus and/or married)	1.7	1.4	0.9
Spouse of LPR	3.3	0.8	0.9
Sibling of citizen	0.9	2.1	7.3
Employment preference	3.6	11.4	21.0
Diversity lottery	0.7	4.8	14.3
Refugee/asylee	8.2	11.5	8.6
Legalization	37.3	3.6	0.5
Other	7.1	5.5	12.3
Helped by a relative to get current job (%)	18.3	11.1	18.7
Current employer is a relative (%)	2.3	3.2	3.9
Human capital			
Years of education	9.5	13.7	14.3
Years of education in the United States	1.3	1.0	0.9
Less than high school diploma (%)	61.7	22.9	20.8
High school diploma (%)	22.6	28.7	21.1
Some college (%)	8.6	12.9	10.2
Bachelor's degree or higher (%)	7.2	35.4	48.0
Excellent English (%)	14.4	31.1	28.8
Very good English (%)	7.9	8.8	7.7
Good English (%)	32.8	29.0	26.8
Number of observations	945	1,071	2,470

SOURCE: Authors' calculations from the New Immigrant Survey.

^aClass of immigrant admission refers to the way the immigrant acquires LPR status (family sponsored, employment preference, etc.). For more on this, see Monger and Rytina (2009).



TIM PANNELL/CORBIS

Most of the differences in earnings among immigrants who have not yet received green cards are explained by skills and demographics rather than legal status.

These numbers are comparable to estimates of mode of entry among the total population of unauthorized immigrants in the nation, which suggest that approximately 50 percent crossed the border illegally, 45 percent overstayed a visa, and the remainder violated the terms of a border crossing card (Pew Hispanic Center, 2006). The average crosser was age 25 when starting his or her first job in this country, compared to age 31 for overstayers and age 32 for the continuously legal. Nearly 90 percent of crossers and nearly 50 percent of overstayers came from Mexico or other Latin American countries, whereas the continuously legal were more likely to have come from Asia and Europe.

Although large portions of each group were admitted as the spouse or other relative of a U.S. citizen, there are differences in the other classes of admission. For example, 21 percent of the continuously legal acquired legal status through employment preferences, whereas the same is true for only 11 percent of overstayers and 4 percent of crossers. But perhaps most striking are the differences in formal education. Crossers have an average of 9.5 years of formal education, overstayers have 13.7 years, and the continuously legal have 14.3 years. These figures are reflected in the breakdown of educational levels—61.7 percent of crossers lack a high school diploma, whereas 48 percent

of the continuously legal have a bachelor's degree or higher. In addition, crossers are more likely to be men, to have more children, and to report lower levels of proficiency in English than their counterparts.

Occupational Mobility

To arrive at a better understanding of the relationship between immigrant status and the labor market, we begin our analysis by comparing the occupational mobility of unauthorized workers (crossers and overstayers) to the mobility of immigrants with no unauthorized immigration history (the continuously legal). Of course, it is possible that immigrants sort themselves into these three groups through personal decisions and characteristics we cannot observe, but which affect their earnings in the period before acquiring LPR status, after earning LPR status, or both.

In an effort to control for these unobservable factors, we consider the role of characteristics that we *can* observe (and which might serve as proxies for those that we cannot observe)—for instance, the immigrant's demographic characteristics, country of origin, year of entry into the United States, and the relationship or situation that made LPR status possible. For example, we might expect that social networks play an important role in employment outcomes. We cannot directly observe these networks, but we can discern whether an immigrant works for a relative, had help from a relative in finding his or her current job, or was sponsored by a family member for admission to LPR status.

Our occupational mobility findings rely on earnings that we impute from the 2000 census, using the gender-specific median earnings of foreign-born individuals in each occupation (referred to as “occupational earnings”). We measure occupational mobility in this way because imputed earnings allow us to evaluate occupational change in an easily understood metric. We first compare earnings differences observed across the three groups of immigrants at the time of their first U.S. jobs. We next compare the differences in earnings growth between their first U.S. jobs and the jobs held when they were interviewed some time after earning LPR status. We then factor in the observable characteristics listed in Table 1.⁴

First U.S. Job

We expect average pre-LPR earnings from employment to be linked to the legal right to work. And, indeed, we find that unauthorized immigrants earned much less than those who were continuously legal. Figure 1 shows these substantial differences in unadjusted earnings. Among men, crossers were paid 31 percent less and overstayers 13 percent less than their continuously legal counterparts. Among women, the respective differences were 28 percent and 10 percent.

Although differences in occupational earnings may be due to legal status, other factors play a significant role. Adjusting for demographic characteristics (age, marital status, number of children, and educational attainment), we find that the U.S. state of residence, year of arrival, and country of origin explain most of the differences in earnings between crossers and the continuously legal.⁵ Factoring in the way these immigrants ultimately received their green cards (e.g., family sponsorship or employment) explains even more of the pre-LPR differences. In short, most of the differences in occupational earnings before immigrants receive their green cards are explained by skill and demographic factors rather than by legal status. The “adjusted” occupational earnings in Figure 1 show that among men, only 12 percent of the difference in

occupational earnings at the first U.S. job between the continuously legal and crossers, and only 10 percent of the difference between the continuously legal and overstayers, remain unexplained. For women, the respective figures are 8 percent and 7 percent.

Although differences in occupational earnings may be due to legal status, other factors play a significant role.

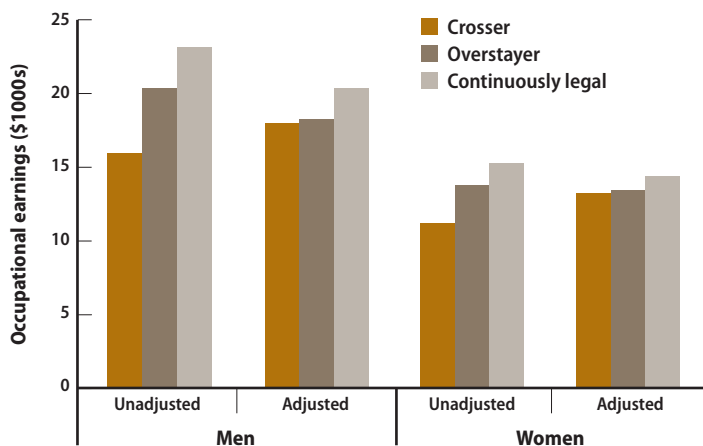
Occupational Mobility to Post-LPR Job

Because we can observe immigrants before and after they achieve LPR status, we can measure occupational mobility by comparing the occupational earnings from an immigrant’s first job with those from the job held at the time of the interview (soon after an immigrant gained LPR status).⁶ This comparison reveals that the occupational earnings of all three groups of immigrants increased (Table 2). Overstayers increased their occupational earnings by nearly \$3,700, the largest dollar amount of all three groups, but crossers increased their occupational earnings by a greater percentage (21%). The continuously legal still earned more than either group in the post-LPR job, but they had the smallest gains, both in dollars and in percentage gains.

The higher rate of occupational earnings growth found among the two formerly unauthorized groups may be due to their change in legal status, but other factors may also play a role, as was the case in the earnings differences prior to gaining LPR status. We again consider other possible factors, such as demographic characteristics (for example, educational attainment and English-language skills), U.S. state of residence, country of origin, class of immigrant admission, use of social networks in finding employment, and time spent in the United States.⁷

Accounting for variations in demographic factors and state of residence across the three groups does not greatly diminish the gap in occupational earnings growth between

Figure 1. Personal characteristics and other factors explain much of the occupational earnings difference in first U.S. jobs



SOURCE: Authors' calculations from the New Immigrant Survey and the 2000 census.

Table 2. Median annual occupational earnings increase more for formerly unauthorized immigrants

	Crosser	Overstayer	Continuously legal
First U.S. job	\$15,160	\$19,727	\$23,913
Job at post-LPR interview	\$18,272	\$23,418	\$25,613
Change	\$3,112	\$3,692	\$1,700

SOURCE: Authors' calculations from the New Immigrant Survey and the 2000 census.

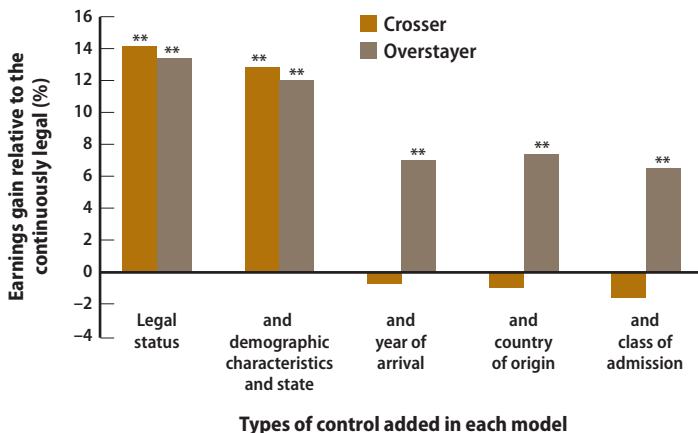
the two formerly unauthorized groups and those who were continuously legal (Figure 2 shows the results for men). The gap remains around 12 percent after adding these factors. However, once we also consider year of arrival, the gains of crossers relative to the continuously legal disappear, whereas many of the gains for overstayers remain (about 7%). Adding measures of country of origin and class of admission does not change the size of this gap. The results fail to reveal greater occupational earnings growth among either female crossers or female overstayers than for their continuously legal counterparts.⁸

We conclude from this analysis that former crossers make great gains in their post-LPR jobs relative to their first U.S. jobs (and relative to the continuously legal) mainly because they have been in the United States longer on average (11 years since their first U.S. job versus nearly 3 years; see Table 1) and have worked longer in their pre-

LPR occupations. This longer time in the United States may have allowed them to gain valuable labor market experience, which leads to higher occupational earnings. Restricting the sample to all immigrants who have lived in the United States for only 5 years or less also shows that crossers do not experience occupational mobility attributable to gaining legal status.⁹ In sum, for crossers, the occupational mobility gains from legalization are negligible; for overstayers, the gains are positive but relatively small.

Why, then, are overstayers able to make gains after being granted legal status, while crossers apparently are not? The most likely explanation is that immigrants who enter the United States without documentation generally have many fewer years of schooling and lower self-reported English-language skills. Over 60 percent of crossers do not have a high school diploma, compared to 23 percent of overstayers and 21 percent of the continuously legal (see Table 1). Only 14 percent of crossers report excellent English-language ability, compared to 31 percent of overstayers. Lack of legal status might hinder earnings opportunities for overstayers—the more highly skilled group—but not for the less skilled (who generally start with a lower base of earnings in their first job). Possible reasons might include difference in hiring practices for skilled and unskilled jobs, different opportunities for advancement with skilled and unskilled jobs, or different obstacles to exiting one occupation and entering another.

How important is education in explaining differences in occupational mobility between crossers and overstayers? To answer this question, we construct a test where we consider the role of educational attainment more explicitly for both types of formerly unauthorized LPRs. We find that educational attainment is more important than type

Figure 2. Year of arrival in the United States explains occupational earnings gains for crossers (results for men)

SOURCE: Authors' calculations from the New Immigrant Survey and the 2000 census.

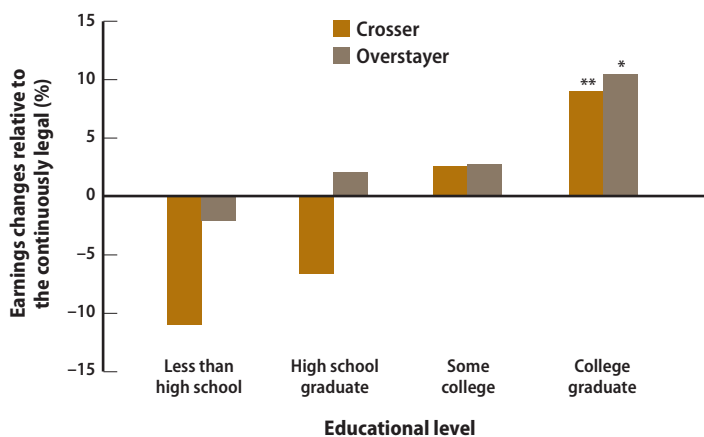
** Indicates statistically significantly different growth at the 1% level.

of unauthorized experience in explaining occupational and earnings changes after achieving LPR status. Whether they are crossers or overstayers, immigrants with less than a high school education demonstrate no statistically reliable occupational mobility relative to the gains experienced by the continuously legal (Figure 3).¹⁰ The same is true for high school graduates in both groups. And although we find that those in both unauthorized groups with “some college experience” are more occupationally mobile than the continuously legal, the evidence is not statistically reliable. However, we do find that the earnings gains for those with at least a college degree compare favorably to the continuously legal: 9 percent for crossers and nearly 11 percent for overstayers.

Wage Growth

As we have seen, earnings imputed from reported occupations indicate that high skill is associated with upward occupational mobility for the formerly unauthorized. But does a crosser or an overstayer earn more after legalization if he or she remains in the same occupation? For example, LPR status might allow an immigrant working as an unauthorized housecleaner in a private home to find work as a unionized hotel maid.

Figure 3. A college degree is more important than former legal status in predicting occupational earnings gains



SOURCE: Authors' calculations from the New Immigrant Survey and the 2000 census.

* Indicates statistically significantly different growth at the 5% level.

** Indicates statistically significantly different growth at the 1% level.

To answer this question, we turn to the self-reported wage data of the NIS cohort. We find no statistically reliable association between prior legal status and self-reported wages at the first U.S. job.¹¹ And when we estimate wage growth between the first U.S. job and the post-LPR job, we do not find a relationship between being a crosser or overstayer and wage growth, relative to the continuously legal.¹²

The potential for recall bias is greater among crossers than among the continuously legal, because the time between their first U.S. job and their self-reports was, on average, 11 and 3 years, respectively. We therefore conducted another test of wage growth within occupations. Restricting our analysis to immigrants in low-skill occupations (reducing our sample size to approximately 500), we compared reported wages at the time of the post-LPR interview, which should not be subject to recall bias. We found that crossers and overstayers in low-skill occupations earn no more than—and therefore did not gain relative to—the continuously legal in these same low-skill occupations. Thus, we conclude that low-skill unauthorized immigrants do not make wage gains within their low-skill occupations after earning LPR status.¹³

Jobs, Job Conditions, and Job Searches

Although we are only able to observe the new LPRs for a relatively short time, we know that some changed occupations after their first U.S. job. However, many crossers report being employed as low-skill workers, such as maids, dishwashers, and construction laborers (Table 3). Two occupations stand out in terms of job exits for crossers: dishwashing and child care. In fact, no crossers who were dishwashers before earning LPR status remained in that occupation after earning LPR status.¹⁴ Former dishwashers were most likely to move to other jobs in the food service industry, and former child care workers were most likely to transition to jobs as maids and housekeepers. Although these low-skill workers seldom moved into higher-paying jobs, it is possible that benefits or other nonfinancial aspects of the jobs improved.¹⁵

Many overstayers also worked in very low-skill occupations in their first U.S. jobs. The highest rates of exit were

Table 3. Crossers are the most likely to change occupations

Occupation	Crosser				Overstayer				Continuously legal			
	Rank	% in first U.S. job	% in different job at LPR interview	% in job post-LPR	Rank	% in first U.S. job	% in different job at LPR interview	% in job post-LPR	Rank	% in first U.S. job	% in different job at LPR interview	% in job post-LPR
Maids and housekeepers	1	7.4	57.7	7.2	2	4.4	55.6	3.4	4	3.4	22.5	2.9
Agricultural workers	2	7.3	71.9	2.7								
Janitors and building cleaners	3	6.0	75.5	5.5	3	3.7	73.9	2.2	5	3.3	39.7	3.6
Dishwashers	4	5.2	100.0	0.5								
Child care workers	5	5.1	86.7	1.6	7	3.0	55.7	2.2				
Cooks	6	4.4	71.8	5.0	4	3.4	47.3	3.1				
Construction laborers	7	4.1	68.1	3.0	8	2.3	71.9	1.7				
Cashiers	8	3.7	77.8	2.7	1	5.9	76.1	2.7	1	5.9	34.6	5.0
Grounds maintenance workers	9	3.5	63.5	2.4	10	2.0	86.1	0.3				
Sewing machine operators	10	2.5	73.0	1.0								
Retail salespersons					5	3.3	63.1	3.6	8	2.4	37.9	2.5
Waiters and waitresses					6	3.3	66.7	2.6	3	3.4	49.0	2.1
Nursing, psychiatric, and home health aides					9	2.0	42.9	3.0	7	2.5	39.4	2.8
Computer software engineers									2	3.9	27.2	4.3
Postsecondary teachers									6	3.0	63.0	1.7
Registered nurses									9	2.4	20.1	2.4
Stock clerks and order fillers									10	2.3	47.7	1.7
Totals		49.2	74.3	31.5		33.2	64.4	24.8		32.6	37.6	29.1

SOURCE: Authors' calculations from the New Immigrant Survey.

among those working as grounds maintenance laborers, cashiers, and janitors or building cleaners. Grounds maintenance laborers who changed jobs generally moved on to work as painters, inspectors, or welding operators. Cashiers who changed jobs became retail salespersons, receptionists, or health care aides. In contrast, the top ten occupations among continuously legal immigrants include some very highly skilled jobs, such as software engineers, postsecond-

ary school teachers, and registered nurses, both before and after earning LPR status. Rates of job exit for this group are low (over 60% in the top ten occupations were in the same occupation before and after earning LPR status).

Although we observe no improvements in occupations or earnings for crossers, it is possible that job conditions or the nonfinancial aspects of their jobs might improve after legalization. Ideally, we would like to be able to measure

differences between benefits in the first U.S. jobs and post-LPR jobs, but we are able to compare benefits only at the jobs held by members of the three legal status groups at the time they were interviewed. The few measures available in the NIS data do not suggest a systematic association of legal status with job quality as measured by benefits. A higher percentage of crossers than of the continuously legal were offered insurance through their jobs (75% versus 65%), but there were no real differences in the percentage who were offered paid vacation or long-term disability coverage (see Table 4).

Previous research suggests that some job conditions improve with legalization in ways that we cannot measure in this study. For example, Gass Kandilov and Kandilov (2009) found that legal agricultural workers are more likely than unauthorized agricultural workers to receive health care coverage and bonuses. And a study of low-skill laborers in three major metropolitan areas by Bernhardt et al. (2009) found that rates of workers experiencing minimum wage violations in the previous week were highest among unauthorized immigrant women (47%) and lowest among native workers of both sexes (approximately 18%).

Perhaps it takes newly legalized immigrants some time to get a better job. To examine this possibility, we look at several questions in the NIS about whether immigrants

are looking for work and whether that work is the same or different from the type of work in which they are currently engaged. We find that the continuously legal are the most likely to respond that they are looking for another job (30%) and that crossers are the least likely (23%; see Table 5). Among those who are looking for work, crossers or overstayers report looking for a “different kind of work” in slightly higher percentages (61% and 58% for crossers and overstayers, respectively, and 52% for the continuously legal, although the differences are not statistically significant). This may mean that crossers who are looking for work are less satisfied with their current occupations than are the continuously legal.

It is possible that improvement in occupation depends on increased training and improvement in English-language skills. At the time of the interview, which ranged from 4 to 13 months after gaining LPR status, the two groups of formerly unauthorized immigrants were no more likely to be enrolled in school than were the continuously legal (Table 6). A more detailed analysis that considers the role of other important predictive factors also indicates no differences by legal status.¹⁶ It is possible that school enrollment among post-LPR crossers and overstayers would increase over time. But since these crossers and overstayers

Table 4. Benefits on the job do not differ much by former legal status

Benefit	Crosser	Overstayer	Continuously legal
Insurance through job (%)	74.8	78.8	65.3
Paid vacation (%)	61.0	63.3	59.2
Long-term disability coverage (%)	38.6	43.1	40.7

SOURCE: Authors' calculations from the New Immigrant Survey.

Table 5. Among those looking for another job, crossers are slightly more likely to be seeking other kinds of work

	Crosser	Overstayer	Continuously legal
Looking for another job (%)	22.6	28.1	30.2
Of those looking, seeking a different kind of work (%)	61.4	57.9	52.1

SOURCE: Authors' calculations from the New Immigrant Survey.

Table 6. School enrollment is low among all groups

	Crosser	Overstayer	Continuously legal
Enrolled in English classes (%)	10.9	13.2	14.0
Enrolled in other classes (%)	8.1	11.6	10.5
Enrolled in English or other classes (%)	16.5	21.4	21.0

SOURCE: Authors' calculations from the New Immigrant Survey.

should have anticipated their acquisition of LPR status well in advance (because they had a pending application), they might have invested in U.S. education already.

Thus, it appears that job conditions do not improve markedly for immigrants after legalization, at least in the ways that we can measure and in the short term. In the long term, improvements may be found as immigrants

It appears that job conditions do not improve markedly for immigrants after legalization.

change jobs and gain skills. However, in the 4 to 13 months after becoming LPRs, most immigrants are not looking for work, nor are they investing in education that would help them qualify for better jobs.

What Do These Findings Suggest for a Legalization Program?

Only a small proportion of upward occupational mobility can be attributed to legalization and only for formerly unauthorized immigrants with higher levels of education. Further, self-reported wage growth does not appear to be associated with legalization. This casts doubt on the idea that a legalization program would, in fact, lead to improved occupations and higher wages for unauthorized immigrants. Our findings differ from those of earlier research on the effects of IRCA (which granted amnesty

to nearly 3 million unauthorized immigrants). In exploring these differences, we first discuss the magnitude of the IRCA results, and we then consider the effects of a longer time frame for observing gains, the challenges of designing research that can isolate the effect of legalization, and the role of employer sanctions.

Results from IRCA

Prior research found greater gains to becoming legal after working in the United States without proper documentation than we do in this study. This research followed immigrants who were legalized as a result of IRCA in 1986 for four years, as reported in the Legalized Population Survey (1992). Estimates using these survey data find earnings gains for men of 15 percentage points (Rivera-Batiz, 1999), 9 percentage points (Amuedo-Dorantes, Bansak, and Rafael, 2007), and 6 percentage points (Kossoudji and Cobb-Clark, 2002). Studies comparing the earnings of unauthorized agricultural workers to the earnings of agricultural workers with LPR status find differences of 4 percent (Pena, 2010) and 5 percent (Gass Kandilov and Kandilov, 2009). Although these studies considered different variables, they typically factored in time spent in the United States, education, and English-language skills.

Time Horizon

Studies conducted after the IRCA legalization relied on data collected for about four years after the formerly unauthorized acquired legal status. We measure occupational mobility (using imputed earnings) and self-reported wages soon after LPR status was granted. Although employment outcomes may improve as more time passes

after legalization, our research with the sample at hand does not suggest that they will. Most of the occupational earnings and wage differences between previously unauthorized and continuously legal immigrants at the time of their first job are explained by skill-level differences.¹⁷ Although we observe some change between the first U.S. job and the current job, we find that the formerly unauthorized were not any more likely than the continuously legal to be looking for new jobs or new types of jobs. We also find that the formerly unauthorized were no more likely than the continuously legal to be building English-language or other skills outside the workforce (through schooling).

Isolating the Effect of Legalization

To measure the effect of legalization on occupation and wage growth, we need to distinguish growth that is due to the policy change from growth that is due to change in the economy or other factors unrelated to legalization. Researchers attempt to separate these issues not by measuring absolute wage growth of the group expected to experience the policy change but by comparing the wage growth for that group to that for a presumably similar group not expected to experience the policy change. The difference can be thought of as the growth attributed to the policy change.

In our research, we compare crossers and overstayers to the continuously legal immigrants who acquired LPR status at the same time as our sample but who were authorized to work in this country before receiving their green cards. We expect that the two groups of formerly unauthorized workers and the continuously legal would have experienced general growth in the economy in the same way and thus we seek to attribute remaining changes in occupational mobility and wages experienced by crossers and overstayers to legalization.

It is also true that no matter how targeted policy changes are designed to be, they rarely affect only the group they were intended to help. In our study, the continuously legal group might not provide us with a perfect comparison, because its members may have also experienced gains in occupational mobility after acquiring LPR status. For

example, if they were able to change employers after transitioning from an H1-B visa to LPR status, their occupational mobility and wages may rise. However, the NIS data do not indicate any increase in the wages of our continuously legal sample after acquiring LPR status (once we account for such factors as number of years in the United States).¹⁸

In previous research on the IRCA era, attributing the wage growth of the previously unauthorized to legalization

Although employment outcomes may improve as more time passes after legalization, our research does not suggest that they will.

may have been even more challenging. IRCA legalized nearly 3 million low-skill workers and, in doing so, dramatically increased the supply of workers who were both low-skill and legal. At the same time, new employer sanctions against the hiring of unauthorized workers were toughened. Each of these actions could have affected both the targeted group (the formerly unauthorized) and the likely comparison groups: (1) the low-skill workers who were legal before and after IRCA and (2) the low-skill immigrant workers who remained unauthorized after IRCA.

Comparing the wages of formerly unauthorized low-skill workers to those of low-skill workers who were legal workers both before and after IRCA might make wage growth appear greater than it is. Because IRCA legalized so many immigrants, the supply of legal low-skill workers may have increased sufficiently that the wages of the group that was legal before IRCA might have actually fallen after IRCA. Thus, the gap between the two groups appears smaller, but this is in part because the wages of one group have fallen while the wages of the other have risen. Not all of the convergence between groups can be attributed to growth in the wages of the formerly unauthorized. Similarly, the introduction of sanctions against the hiring of

unauthorized workers makes employers less willing to pay unauthorized workers as much as they would receive in the absence of sanctions. This means that these workers are an inappropriate comparison group, because the *relatively* higher wages of previously unauthorized workers at least partly represent the worsening conditions for unauthorized workers. In both instances, the result would be an overestimation of the effect of legalization. An alternative approach of using a group not affected by the amnesty may seem like a reasonable strategy. However, such a group may be differentially affected by changes in the economy or other relevant factors that may change over time.

Not surprisingly, the results of previous studies are sensitive to the choice of comparison group, as seen in the wide range of relative gains reported above. The study that compares earnings for unauthorized immigrants after legalization to, arguably, the most appropriate group (relatively young Latino men with limited labor market experience) finds the smallest effects of legalization on wages (Kossoudji and Cobb-Clark, 2002). However, even this

**No matter how targeted policy changes
are designed to be, they rarely affect
only the group they were intended to help.**

group may have been negatively affected by IRCA (Bansak and Raphael, 2001), and the downward pressure on the comparison group may thus lead to overstating the benefits of acquiring legal status.

Strength of Employer Sanctions

We also consider earnings gains separately for crossers and overstayers, which is not the case in those studies finding larger gains in earnings (Rivera-Batiz, 1999; Amuedo-Dorantes, Bansak, and Raphael, 2007). Immediately following IRCA's implementation, employers of all types were probably concerned about the employer sanctions that were part of the legislation. In the current era, employers of the

highly skilled are more likely than employers of low-skill workers to worry about employment law violations. This should have different effects on the wages and job opportunities for high-skill (mostly overstayers) and low-skill (mostly crossers) unauthorized workers.

Employers of low-skill workers probably correctly assess the very low probability that they will ever be caught or fined for having hired unauthorized workers. The relatively ineffective sanctions mean that employers do not pay low-skill laborers differently because of their legal status. In the period immediately following IRCA, employers likely expected that the newly approved employer sanctions for hiring unauthorized workers would have teeth. That does not appear to be the case now. Indeed, because we find that there are no real differences in occupational mobility or reported wages between low-skill unauthorized immigrants (who are primarily crossers) and low-skill continuously legal immigrants, it appears that employers correctly assess the odds of being sanctioned for hiring undocumented workers as low and pay all low-skill workers the same low rates.

Employers of high-skill workers might be more likely to be caught if they violate employment law. The cost of the fines and of losing a trained employee because of employment law violations might be too great for such employers, and they might avoid hiring unauthorized workers in the first place. After a high-skill unauthorized immigrant gains legal status, he or she could successfully apply for jobs that were formerly closed off. Because our study separates high-skill workers (mostly overstayers) from low-skill workers (mostly crossers), we may be in a position to observe an effect of employer sanctions on the occupational mobility and reported wages of unauthorized overstayers after they become legal.

Legalization Today

Our findings are more in line with the more conservative estimates of occupational and wage gains estimated in the earlier studies of IRCA. We believe that the job prospects of formerly unauthorized immigrants with higher levels of skill and education would improve under a legalization

program. These higher-skilled immigrants are more likely to be overstayers than crossers. However, recent studies estimate that the group with the greatest expected earnings growth—those with a bachelor’s degree or higher—constitute a relatively small share of the unauthorized immigrant population, just 15 percent in 2008 (Passel and Cohn, 2009).

It seems unlikely that the employment outcomes of low-skill unauthorized immigrants will improve unless they are able to improve their skill levels.¹⁹ Nearly half of the unauthorized immigrants in this country do not have a high school education. In 2008, 29 percent were estimated to have less than a ninth grade education, and an additional 18 percent had some high school education but did not graduate (Passel and Cohn, 2009). We believe that the earnings of low-skill workers do not improve after legalization partly because the threat of employer sanctions is ineffective. If the threat were effective, employers would value low-skill legal workers more than low-skill unauthorized workers, but that does not appear to be the case. Another critical factor to consider will be the role of the economy. This particular sample of crossers and overstayers was granted LPR status in 2003, during an economic boom. Should legalization occur in 2010 (or even thereafter, depending on the duration of the currently depressed economy), employment and wage gains are likely to be even smaller. Thus, we believe that unless low-skill unauthorized immigrants can increase their skill levels, they are unlikely to see any improvement in their employment outcomes. However, employment outcomes should not be the only consideration, or perhaps even the most important consideration, in weighing the potential benefits of a legalization program.

How Might Legalization Affect the Larger Economy?

Many believe that legalizing 12 million unauthorized immigrants will profoundly affect not only the immigrants and their families but also the general economy of this nation. In this section, we consider the effects of legalization on three



AP PHOTO/MARCIO JOSE SANCHEZ

Legalization alone is unlikely to improve employment outcomes for low-skill workers.

areas: native workers’ wages, public assistance programs, and tax revenues. It is also worth noting that newly legalized immigrants may invest more in their U.S. communities than they did before earning legal status. Legal immigrants are less likely to move within the United States than are unauthorized immigrants (Passel and Cohn, 2009). After legalizing through IRCA, Mexican immigrants were less likely to send money to Mexico, and if they did remit they sent less than when they were unauthorized (Amuedo-Dorantes and Mazzolari, forthcoming 2010).

Labor Market Outcomes for Natives

Previous research has suggested that the impact of immigration on native workers is linked to their skill level. Most research points toward a negligible effect on native high-skill workers (Borjas, 2003; Orrenius and Zavodny, 2007), whereas low-skill U.S. workers may suffer in competition with low-skill immigrants (Borjas, 2003; Orrenius and Zavodny, 2007; Peri, 2007). Because we find little change in occupations or wages after legalizing, we do not believe that the legalization of immigrants would affect the wages of natives. In the short term, we do not expect that a legalization program would increase competition with either

natives or previously legal low-skill immigrants, nor do we expect shortages in occupations that currently employ a high proportion of these workers. In the longer term, if formerly unauthorized low-skill immigrants improve their skills and can compete with low-skill natives, it is possible that wages for the latter two groups might decline. However, we do not observe widespread investments in education by the formerly unauthorized, at least in the short term.

Public Assistance Programs

In almost all cases, unauthorized immigrant adults are ineligible for public assistance, including such programs as Food Stamps and Temporary Assistance for Needy Families (TANF). Yet there is concern among some of the public and policymakers that unauthorized immigrants are finding a way to receive benefits through these programs. In California, there is a movement to place an initiative on the ballot that would strip benefits from the citizen children of unauthorized immigrants (Watanabe, 2009).

In the 1990s, there was public concern that recent immigrants, especially those legalized under IRCA, were relying heavily on public assistance through programs such as Aid to Families with Dependent Children. In fact, states did receive State Legalization Impact Assistance Grants (SLIAG) from the federal government to help defer the costs of newly legalized immigrants. However, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 specifically denied benefits to immigrants who have had LPR status for fewer than five years.²⁰ Family sponsors of new LPR immigrants had to “deem” part of their income toward support of the new immigrants, effectively raising the incomes of the new LPRs.

The rules barring welfare receipt for recent immigrants are still in place and would probably be included in any new legislation that provides a pathway to legalization for the currently unauthorized. Means-tested federal benefit programs for which new LPRs and unauthorized immigrants are ineligible include Food Stamps (now called the Supplemental Nutrition Assistance Program or SNAP), Supplemental Security Income, TANF, and Medicaid. The only exceptions for unauthorized immigrants are for

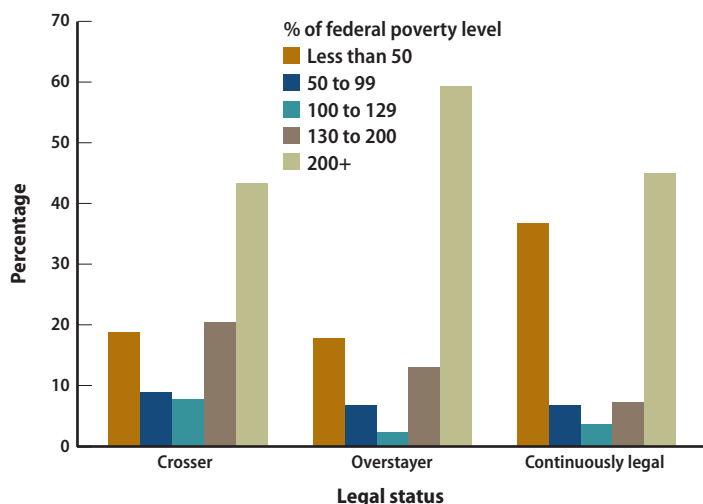
pregnant women—who can receive Medicaid—and children under age 18. Citizen children are eligible for benefits. States may choose to use their own funding under these programs to assist some types of immigrants ineligible under federal law. In California, for example, the children of unauthorized immigrants can receive assistance through CalWORKs, the state version of TANF.

Thus, almost all new LPRs or immigrants who receive legal status through a legalization program would remain ineligible for federal public assistance in the short run, with the possible exception of the Earned Income Tax Credit (EITC). However, here we consider the family incomes of the newly legalized and compare them to the approximate TANF and SNAP eligibility rates at those levels of income in U.S. households to demonstrate the gap between eligibility and potential need. There are two important caveats. First, TANF eligibility is not determined by poverty alone but rather by a complex series of calculations that measure different types of income and assets. Second, our measure of poverty is imperfect. We consider only the income of married or partnered adults. We do not include income from children or other co-resident family members, assistance from outside the household, or a few other, less common sources of income that are not reported in the NIS.

We find high rates of poverty among our sample of NIS adults who were working both before and after earning LPR status. Using 2004 data, Passel (2009) estimated that only 21 percent of unauthorized adults were living in poverty. However, using our measures, we find that roughly a quarter of overstayers and crossers and 44 percent of the continuously legal were living in poverty, as depicted by the orange and dark blue bars in Figure 4. Most of those who are poor are concentrated below 50 percent of the federal poverty level. However, in the case of the continuously legal, it is likely that the NIS estimates do not accurately reflect the economic conditions of their families.²¹

Former overstayers are most likely to have family incomes above 200 percent of the poverty threshold, with nearly 60 percent of them having incomes this high, compared to 43 percent of former crossers. We find that a major-

Figure 4. Many new LPR families live in poverty



SOURCE: Authors' calculations from the New Immigrant Survey and the 2000 Census.

ity in all groups have family incomes above 130 percent of the poverty threshold (an approximation for Food Stamp eligibility): 64 percent of crossers, 73 percent of overstayers, and 60 percent of the continuously legal.

Although these measures are inexact, few families with incomes in excess of 130 percent of the poverty level qualify for TANF or SNAP (Food Stamps). Rangarajan, Castner, and Clark (2005) reported that only 8 percent of these families were eligible for TANF and 4 percent were eligible for SNAP, using estimates from household models of program participation (Table 7). At the other end of the spectrum, families with incomes below 50 percent of the

Table 7. Many new LPR families would receive public assistance if their immigration status allowed it

Household income as a percentage of the federal poverty level	Percentage of U.S. households eligible	
	TANF	SNAP
Less than 50	83	76
50 to 99	33	74
100 to 129	16	54
130 to 200	8	4

SOURCE: Rangarajan, Castner, and Clark (2005).

poverty level were very likely to be eligible for TANF (83%) and SNAP (76%).

Recall that the vast majority of newly legalized immigrants would not be eligible for TANF or SNAP in their first five years, regardless of their poverty status or need. And NIS data suggest that there is little or no evidence that immigrants who are ineligible are finding ways to circumvent the system and receive benefits. We find that only 3.9 percent receive Food Stamps, although a larger number are probably eligible, based on their status as former refugees or through eligible children.

It seems likely that the only benefit most new legalized immigrants would be eligible for would be EITC, which can be claimed on federal tax returns by low-income workers. The aim of the EITC is to increase work participation and work effort while also alleviating poverty for working-poor families. Immigrants currently filing federal tax returns with Tax Payer Identification numbers or invalid Social Security numbers are not eligible for EITC. However, a high percentage of unauthorized immigrants work, and many live in poverty (Figure 4), and so, at the time of legalization and receiving a valid Social Security number, newly legalized immigrants could file for EITC (Camarota, 2001).

Tax Receipts

Unauthorized immigrants pay a variety of taxes, although probably at different rates than legal immigrants and natives. The unauthorized pay sales taxes and income taxes and contribute to Social Security (which they cannot claim); it is estimated that as of 2002, they have paid hundreds of billions of dollars to Social Security (Chairman of the Council of Economic Advisors, 2005). The NIS data indicate that a substantial share of unauthorized immigrants report filing federal taxes in the year before earning LPR status. It should be noted that our estimates rely on the self-reports of a group who may feel an incentive to overreport compliance with federal law. However, given that 26 percent of immigrants in our sample reported having crossed the border without documentation (Table 1), it seems likely that interviewees felt comfortable in the interview and would have accurately reporting their tax-paying behavior. This

Our estimates suggest that 87 percent of former crossers and 91 percent of overstayers filed federal tax returns in 2002.

group of unauthorized immigrants may also be more likely to have filed federal taxes than unauthorized immigrants who were not just a year away from becoming LPRs. Thus, our estimates may overstate the tax-paying rates of the general population of unauthorized immigrants.

Our estimates suggest that 87 percent of former crossers and 91 percent of overstayers filed federal tax returns in 2002 (Table 8). Only 59 percent of continuously legal immigrants filed taxes in 2002, but this lower percentage is due in part to the much lower percentage that were required to do so. In estimating whether a family was required to file a federal tax return in 2002, we consider family structure, gross income, and the tax-filing thresholds in 2002.²² We find that both groups of formerly unauthorized immigrants appear to file federal taxes at rates higher than those who are required to (i.e., many earned less than the minimum 2002 tax filing threshold for their family size and composition but filed federal tax returns anyway).

Once we control for who is required to file taxes, we find that tax payment rates increase very slightly. The continuously legal were the least likely to report having filed tax returns in 2002 after controlling for whether or not their income met the tax-filing threshold, and overstayers were the most likely, at 94 percent. It seems likely that income tax revenues at the state and federal levels would increase

after legalization, but this would result from increased compliance (which is already high) rather than from substantial increases in earnings. For this reason, we expect that any overall increase in tax revenues would be small.

Conclusion

Legalization of the estimated 12 million unauthorized immigrants residing in the United States would lead to both economic benefits and costs for the nation. Some arguments for comprehensive immigration reform suggest that legalizing immigrants will help end the current recession. This seems unlikely. Our research suggests that earlier findings from the IRCA era may overstate anticipated earnings from a new reform, at least in the short run.

We do expect occupational mobility to improve for formerly unauthorized immigrants with higher skill levels. When compared to the continuously legal, their occupational earnings growth was about 9 to 10 percent. These higher-skill unauthorized immigrants are more likely to be overstayers than crossers, but unauthorized immigrants with college degrees are found in both groups. Lower-skill unauthorized immigrants are not likely to experience strong occupational mobility as a result of a legalization program (although their occupational earnings grow over time in the United States). It will be important that any new legislation give legalized immigrants incentives to improve their skills, especially in English.

The majority of studies investigating the effect of legalizing immigrants on natives' earnings suggest that the effects are slightly negative for workers with low skill

Table 8. Most unauthorized immigrants filed 2002 federal tax returns

	Crosser	Overstayer	Continuously legal
Required to file (%)	80.3	82.1	58.0
Filed federal taxes (%)	87.0	90.5	58.5
Filing as a % of required (%)	90.3	94.1	85.0

SOURCE: Authors' calculations from the New Immigrant Survey.

levels. Since we find no improvements in occupational mobility or wages for the lowest skill levels in the short run, we do not expect that legalizing immigrants would place any increased pressure on the wages of low-skill natives or low-skill legal immigrants. Tax revenues may increase, although many unauthorized immigrants already file federal and state tax returns and pay sales and payroll taxes. We found that about 90 percent of unauthorized immigrants filed federal tax returns in the year before gaining LPR status. We expect that increases in tax revenues resulting from increased earnings among the formerly unauthorized would be modest.

Although we find that only 4 to 5 percent of formerly unauthorized immigrants participate in SNAP, their low income levels suggest that a higher percentage are actually eligible. We note that EITC filing may increase. One question that often arises is whether the currently unauthorized will use Food Stamps and other public assistance programs in greater proportion if they become legal. This will depend largely on how legislation is written. Currently, new LPRs are barred from receiving TANF in many states, although some states, such as California, do provide benefits to the children of new immigrants (including the children of the unauthorized). Signature gatherers have been working recently to place an initiative on the ballot to deny these benefits in California. Massachusetts is considering reducing some types of health care coverage for those holding LPR status for less than five years (Goodnough, 2009).

How benefits will be used by newly legalized immigrants may depend more on legislation determining their eligibility than on their incomes and assets. The federal and

state governments will need to weigh the cost of providing benefits against the benefit of providing them. In planning for comprehensive immigration reform, it will be important to weigh the need to require that newly legalized immigrants become self-sufficient members of society against the evidently low levels of resources available within their families. The costs of not ensuring minimum levels of well-being will ultimately be borne by the children of the formerly unauthorized, many of whom are already U.S. citizens.

Finally, after IRCA, the federal government provided states with funding through SLIAG to help state and local governments provide public assistance (including education) to the formerly unauthorized. Research has shown that states such as California, with large numbers of immigrants, are likely to disproportionately bear the costs of immigration, while the federal government retains most of the benefits (National Research Council, 1997). It is imperative that California be prepared to meet the new resource demands of a legalization program, especially if the legislation requires that legalized immigrants increase their English-language proficiency. Educational capacity will need to be increased at both the state and local levels. Gonzalez (2007a) provides evidence that the provision of public and free ESL (English as a second language) courses is either insufficient to meet demand or carried out at the expense of other public programs in communities throughout the state. Now especially, during this period of severe budget constraints, California should be prepared to lobby for its fair share of whatever federal grants might become available as a part of any future comprehensive immigration reform. ●

Technical appendices to this report
are available on the PPIC website:
http://www.ppic.org/content/pubs/other/410LHR_appendix.pdf

Notes

¹ Passel and Cohn (2009).

² Data are from the New Immigrant Survey, described in Technical Appendix A, available—along with all other technical appendices—on the PPIC website.

³ Technical Appendix C compares the unauthorized portion of the NIS sample with other estimates of the unauthorized immigrant population.

⁴ See Technical Appendix B for a discussion of our methodology.

⁵ For the full model, see Technical Appendix Table B1.

⁶ Interviews were typically conducted 4 months, but in some cases as much as 13 months, after acquiring LPR status.

⁷ See Technical Appendix Table B2.

⁸ Results are shown in Technical Appendix Table B2.

⁹ See Technical Appendix Table B3.

¹⁰ See Technical Appendix Table B4 for the full results. As in the previous models, we control for the full complement of explanatory variables.

¹¹ We use this new measure to estimate the same models as for occupational mobility, and we use the same explanatory factors. See Technical Appendix Table B6.

¹² See Technical Appendix Table B7.

¹³ See Technical Appendix Table B8 for the full results.

¹⁴ Sample sizes within each occupation are small, and thus these results are not statistically significant.

¹⁵ See Technical Appendix Table B5 for our analysis of pre- and post-LPR occupational earnings for those working in the lowest-skill occupations before receiving LPR status.

¹⁶ See Technical Appendix Table B10.

¹⁷ These analyses are shown in Technical Appendix Tables B1 and B6.

¹⁸ See Technical Appendix B for a brief discussion of the potential gains from adjusting from temporary legal status to LPR status.

¹⁹ This situation is similar to that of low-skill workers in general, who face limited job opportunities in an increasingly skill-intensive economy. High school dropouts earn substantially less than workers with at least some college education. Rouse and Kemple (2009) report that dropouts earn 46 percent less than workers with some college education (but who do not have a college degree)—a dramatic increase from the 12 percent earnings gap observed in 1984.

²⁰ Important exceptions include refugees and asylees for nearly all programs, and for SNAP children under age 18 are covered.

²¹ In contrast to the two formerly unauthorized groups, continuously legal families were more likely to either not state the amount of their income or report their income in foreign currency, which makes their income appear lower. This information appears in a separate section of the NIS that asks about sources of income rather than in the section that asks about employment and wages. In addition, although their average family size was smaller and they were less likely to be married than the other groups, the spouses of continuously legal immigrants who were married were less likely to work.

²² We estimated tax-filing requirements by totaling the income of individuals and their spouses or partners and considered the presence of children. See Internal Revenue Service (2003) for 2002 requirements. Recall that income is reported separately from wages in the NIS.

References

Amuedo-Dorantes, Catalina, Cynthia Bansak, and Steven Raphael. 2007. "Gender Differences in the Labor Market: Impact of IRCA's Amnesty Provisions." *American Economic Review* 97 (2): 412–16.

Amuedo-Dorantes, Catalina, and Francesca Mazzolari. Forthcoming 2010. "Remittances to Latin America from Migrants in the United States: Assessing the Impact of Amnesty Programs." *Journal of Development Economics* 91 (2): 323–35.

Assistant Secretary for Planning and Evaluation, Department of Health and Human Services. 2009. "Summary of Immigrant Eligibility Restrictions Under Current Law, As of 2/25/09." Available at <http://aspe.hhs.gov/hsp/immigration/restrictions-sum.shtml>.

- Bansak, Cynthia, and Steven Raphael. 2001. "Immigration Reform and the Earnings of Latino Workers: Do Employer Sanctions Cause Discrimination?" *Industrial and Labor Relations Review* 54 (2).
- Bernhardt, Annette, Ruth Milkman, Nik Theodore, Douglas Heckathorn, Mirabai Auer, James DeFilippis, Ana Luz González, Victor Narro, Jason Perelshteyn, Diana Polson, and Michael Spiller. 2009. *Broken Laws, Unprotected Workers: Violations of Employment and Labor Laws in America's Cities*. Available at www.nelp.org/page/-/brokenlaws/BrokenLawsReport2009.pdf?nocdn=1.
- Borjas, George J. 2003. "The Labor Demand Curve Is Downward Sloping: Reexamining the Impact of Immigration on the Labor Market." *Quarterly Journal of Economics* 118 (4): 1335–74.
- Camarota, Steven A. 2001. "Immigration from Mexico: Assessing the Impact on the United States." Center for Immigration Studies. Available at www.cis.org/articles/2001/mexico/toc.html.
- Chairman of the Council of Economic Advisors. 2005. *Economic Report of the President, 2005*. Washington, D.C.: U.S. Government Printing Office.
- Department of Health and Human Services. 2003. "2003 HHS Poverty Guidelines." *Federal Register* 68 (26): 6456–58.
- Gass Kandilov, Amy, and Ivan Kandilov. 2009. "The Effect of Legalization on Wages and Health Insurance: Evidence from the National Agricultural Workers Survey." Working paper, Dept. of Agricultural and Resource Economics, North Carolina State University.
- Gonzalez, Arturo. 2007a. *California's Commitment to Adult English Learners: Caught Between Funding and Need*. San Francisco: Public Policy Institute of California.
- Gonzalez, Arturo. 2007b. "Day Labor in the Golden State." *California Economic Policy* 3 (3).
- Goodnough, Abby. 2009. "Massachusetts Cuts Back Immigrants' Health Care." *New York Times*, September 1.
- Internal Revenue Service. 2003. "2002 Tax Changes: Individuals." Available at www.irs.gov/newsroom/article/0,,id=105145,00.html.
- Kossoudji, Sherrie A., and Deborah A. Cobb-Clark. 2002. "Coming out of the Shadows: Learning about Legal Status and Wages from the Legalized Population." *Journal of Labor Economics*, 20 (3): 598–628.
- Monger, Randall, and Nancy Rytina. 2009. *U.S. Legal Permanent Residents: 2008*. Annual Flow Report. Washington, D.C.: Office of Immigration Statistics, Department of Homeland Security.
- National Research Council. 1997. *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration*, ed. James P. Smith and Barry Edmonston. Washington, D.C: National Academy Press.
- Orrenius, Pia M., and Madeline Zavodny. 2007. "Does Immigration Affect Wages? A Look at Occupation-Level Evidence." *Labour Economics* 14: 757–73.
- Passel, Jeffrey. 2009. Unpublished tabulations from March CPS. Pew Hispanic Center.
- Passel, Jeffrey, and D'Vera Cohn. 2009. *A Portrait of Unauthorized Immigrants in the United States*. Pew Hispanic Center. Available at <http://pewhispanic.org/files/reports/107.pdf>.
- Pena, Anita Alves. 2010. "Legalization and Immigrants in U.S. Agriculture." *B.E. Journal of Economic Analysis & Policy* 10 (1): Article 7. DOI: 10.2202/1935-1682.2250. Available at www.bepress.com/bejeap/vol10/iss1/art7.
- Peri, Giovanni. 2007. "How Immigrants Affect California Employment and Wages." *California Counts* 8 (3). Public Policy Institute of California.
- Pew Hispanic Center. 2006. "Modes of Entry for the Unauthorized Migrant Population." Fact Sheet. Available at <http://pewhispanic.org/files/factsheets/19.pdf>.
- Rangarajan, Anu, Laura Castner, and Melissa A. Clark. 2005. "Public Assistance Use Among Two-Parent Families: An Analysis of TANF and Food Stamp Program Eligibility and Participation." U.S. Department of Health and Human Services. Available at <http://aspe.hhs.gov/hsp/05/2parent-part/report.pdf>.
- Rivera-Batiz, Francisco. 1999. "Undocumented Workers in the Labor Market: An Analysis of the Earnings of Legal and Illegal Mexican Immigrants in the United States." *Journal of Population Economics* 12 (1): 91–116.
- Rouse, Cecilia Elena, and James J. Kemple. 2009. "Introducing the Issue." *The Future of Children* 19 (1): 3–15.
- Watanabe, Teresa. 2009. "Activists Push Ballot Initiative to End State Benefits for Illegal Immigrants and Their U.S.-Born Children." *Los Angeles Times*, July 13.

About the Authors



Laura E. Hill is a research fellow at the Public Policy Institute of California. Her research interests include immigrants, immigration, race and ethnicity, and youth. She has been a research associate at The SPHERE Institute and a National Institute of Aging postdoctoral fellow. She holds a Ph.D. in demography from the University of California, Berkeley.



Magnus Lofstrom is a research fellow at the Public Policy Institute of California. He also holds appointments as a research fellow at the Institute for the Study of Labor (IZA) at the University of Bonn and as a research associate at the Center for Comparative Immigration Studies at the University of California, San Diego. His research expertise includes immigration, self-employment, and education. Before joining PPIC, he was an assistant professor of economics at the University of Texas, Dallas. He has also served as a researcher and has taught at IZA and at the University of California, Irvine. He received his Ph.D. in economics from the University of California, San Diego.



Joseph M. Hayes is a research associate at the Public Policy Institute of California, where he studies migration and population change throughout the state. He has studied migration in the Central Valley, the families of newly arrived immigrants to California, and the state's prison population. He holds an M.S. in agricultural economics from the University of Wisconsin, Madison.

Acknowledgments

The authors are grateful to Randy Capps, Hans Johnson, Eric Larsen, Deborah Reed, and Ellen Hanak for their thoughtful comments during the development of this project, and to Martin Guzi, Sherrie Kossoudji, and Lindsay Lowell, as well as participants in meetings of the Population Association of America, the Western Economic Association International, the Institute of the Study of Labor, and the Association for Public Policy Analysis and Management.

Board of Directors

WALTER B. HEWLETT, CHAIR
Director
Center for Computer Assisted Research
in the Humanities

MARK BALDASSARE
President and CEO
Public Policy Institute of California

RUBEN BARRALES
President and CEO
San Diego Chamber of Commerce

JOHN E. BRYSON
Retired Chairman and CEO
Edison International

GARY K. HART
Former State Senator and
Secretary of Education
State of California

ROBERT M. HERTZBERG
Partner
Mayer Brown LLP

DONNA LUCAS
Chief Executive Officer
Lucas Public Affairs

DAVID MAS MASUMOTO
Author and farmer

STEVEN A. MERKSAMER
Senior Partner
Nielsen, Merksamer, Parrinello, Mueller &
Naylor, LLP

CONSTANCE L. RICE
Co-Director
The Advancement Project

THOMAS C. SUTTON
Retired Chairman and CEO
Pacific Life Insurance Company

CAROL WHITESIDE
President Emeritus
Great Valley Center

PPIC is a private operating foundation. It does not take or support positions on any ballot measures or on any local, state, or federal legislation, nor does it endorse, support, or oppose any political parties or candidates for public office.

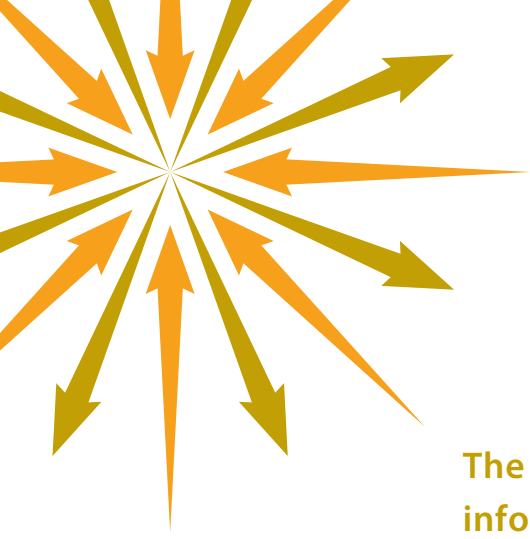
Copyright © 2010 by Public Policy Institute of California. All rights reserved. San Francisco, CA

Short sections of text, not to exceed three paragraphs, may be quoted without written permission provided that full attribution is given to the source and the above copyright notice is included.

Research publications reflect the views of the authors and not necessarily those of the staff, officers, or the Board of Directors of the Public Policy Institute of California.

Library of Congress Cataloging-in-Publication Data are available for this publication.

ISBN 978-1-58213-137-5



The Public Policy Institute of California is dedicated to informing and improving public policy in California through independent, objective, nonpartisan research.

Additional resources related to immigration policy are available at www.ppic.org.



PPIC

PUBLIC POLICY
INSTITUTE OF CALIFORNIA

PUBLIC POLICY INSTITUTE OF CALIFORNIA
500 Washington Street, Suite 600 • San Francisco, California 94111
Telephone 415.291.4400 • Fax 415.291.4401

PPIC SACRAMENTO CENTER
Senator Office Building • 1121 L Street, Suite 801 • Sacramento, California 95814
Telephone 916.440.1120 • Fax 916.440.1121

