

Earnings and Occupational Trajectories of Newly Legalized Immigrants

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Recent estimates suggest the United States is home to approximately 12 million illegal immigrants.^{1,2} The impact of these immigrants on the economy is of ongoing concern to Americans. Policymakers continue to face difficult decisions about whether and how to legalize some of these immigrants. Central to their decision making is weighing the costs and benefits of legalization to immigrants, their families, and the economy should they be eligible to work legally and reside here permanently.

Past research suggests that illegal immigrants granted amnesty earn more as a result of their changing legal status.³ Should some form of legalization occur, this action could reshape labor force outcomes for millions of undocumented immigrants. In this research, we aim to estimate any changes in earnings and occupations among formerly illegal immigrants after earning their legal permanent residence (LPR). While we cannot perfectly predict the size of any potential gains for the current 12 million undocumented immigrants should legalization become an option for them, we can approximate changes that occur shortly after LPR status is attained for the undocumented that currently have a pathway to earning Green Cards.

The New Immigrant Survey (NIS), a cohort of over 8000 immigrants granted LPR status in 2003, gathered employment and migration histories allowing us to divide 2003

¹ Hoefler, Michael, Nancy Rytina, and Bryan C. Baker. "Estimates of the Unauthorized Immigrant Population Residing in the United States: January 2007," Population Estimates, Office of Immigration Statistics, Department of Homeland Security, September 2008.

² Pew Hispanic Center, Fact Sheet: Estimates of the Unauthorized Migration Population for States Based on the March 2005 CPS, Washington, DC, April 26, 2006.

³ Kossoudji, Sherrie A. and Deborah A. Cobb-Clark. "Coming out of the Shadow: Learning about Legal Status and Wages from the Legalized Population," Journal of Labor Economics, 2002, vol. 20, no. 3.

LPRs into those here legally or illegally prior to earning LPR status.⁴ Our earlier research found that 20 percent had been illegal border crossers, 22 percent had violated the terms of a temporary visa, and 21 percent had held legal temporary visas prior to becoming LPRs. The remainder, 38 percent were new to the United States at the time of earning LPR status.⁵

We will use measures of occupations and wages for these immigrants in their first U.S. jobs and immediately after earning green cards. We can thus measure gains for the undocumented relative to the documented in earning LPR status. In addition, we plan to discuss whether the sometimes very lengthy process of becoming a LPR hinders progress among new immigrants. We also expect to discuss the implications for tax revenues, social program participation, and employment in low-wage and low-skill sectors of employment changes post-legalization.

At the time of interview (approximately four months after earning LPR status), over 5,000 of the NIS 2003 cohort had jobs. Over 2,000 of these were formerly illegal and over 1,000 had prior legal experience before earning LPR status. Nearly all have valid observations for occupations, and approximately 75 percent have sufficient earnings details to compute wages. Most of these formerly illegal and former temporary visa holders also had a first U.S. job prior to earning legal permanent residence, allowing us to compute occupation and wage trajectories. For over 90 percent with jobs at these two points in time, we can compute occupational trajectories, and wage trajectories can be

⁴ Massey, Douglas and Nolan Malone, "Pathways to Legal Immigration," *Population Research and Policy Review*, Vol. 21, No. 6, December 2002.

⁵ Hayes, Joseph M. and Laura E. Hill, "Immigrant Pathways to Legal Permanent Residence: Now and Under a Merit-Based System," Public Policy Institute of California, *California Counts*, Vol. 9, No 4, June 2008.

computed for over half. We are currently examining difference between those not reporting earnings in sufficient detail to compute wages and those who do.

Our research will improve on past studies by in a number of ways. First, we will use more recent data. Second, we can distinguish among different kinds of illegal workers (those who were illegal border crossers, tourist visa overstayers, and other types of visa abusers). We will also use improved comparison group from which to measure occupation and earnings progress for illegal immigrants: immigrants with temporary legal status prior to earning permanent residence. Prior research matched young men of the same ethnicity, age, and labor market experience to the amnestied population. An ideal comparison group, the undocumented without a current pathway to legal status, is not available.

The NIS sample of formerly illegal immigrants has some obvious selection concerns, namely that the formerly illegal who had a pathway to LPR status may not be representative of the population currently illegal immigrants, some of whom may not have a pathway to LPR status in the absence of a formal legalization program. Where possible, we will compare our NIS sample of formerly illegal immigrants to other samples which may be relevant, including the Legalized Population Survey (1987/88 and 1992) and the population estimated to be illegal using the Census and ACS (see Pew Hispanic Center, 2006). We may also attempt to estimate the proportion of the approximately 12 million undocumented who have a pathway to legalization in the absence of a formal legalization program (that is they have a citizen or legal permanent

resident relative who may sponsor them). Family accounted for the majority of formerly undocumented who legalized in 2003.⁶

We expect these research findings to be informative to ongoing policy debates about the costs and benefits of legalizing a proportion of the estimated 12 million undocumented immigrants living and working in the United States.

⁶ Ibid.