A Dead-End Street: Female Immigrants and Child Care

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Abstract
[Excerpt] Over the past few decades, two highly significant, yet distinctly different influences have affected the U.S. labor market: the mass movement of adult women with young children into the labor force and an upsurge in mass immigration that includes a disproportionate number of unskilled and poorly-educated women from the Third World. Among these are many who have entered illegally. Estimates of the number of unskilled domestic workers residing illegally in the United States range between 50,000 and 150,000.

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Over the past few decades, two highly significant, yet distinctly different influences have affected the U.S. labor market: the mass movement of adult women with young children into the labor force and an upsurge in mass immigration that includes a disproportionate number of unskilled and poorly-educated women from the Third World. Among these are many who have entered illegally. Estimates of the number of unskilled domestic workers residing illegally in the United States range between 50,000 and 150,000.

A Symbiotic Relationship

Despite the unplanned nature of these two separate trends, a symbiotic relationship has evolved. The unprecedented demand for child care has been met by undocumented immigrant women who lack the education and English language skills necessary to qualify for higher-paying jobs. Foreign domestic workers help make it possible for many parents to use in-home child care. While in-home care is particularly attractive for families with very young children, it is the most expensive form of care. Three percent of all children under age five are cared for by in-home caregivers.

Undocumented workers can find jobs only if the employer is willing to violate a whole range of labor and immigration laws, and risk being fined and required to pay back taxes and penalties on that worker. Parents employing undocumented workers are unlikely to claim the child care tax credits to which they are entitled because they cannot provide a social security number and proof of having withheld taxes. People employing undocumented workers are responsible for paying social security taxes even if the worker has no social security number. To do so, however, may place the worker at risk of deportation. The controversy surrounding Zoë Baird's nomination for Attorney General revealed that use of undocumented child care workers is widespread, and the risk of being caught is low because the laws are widely ignored and rarely enforced.

Few Work Visas Granted

Under the Immigration Act of 1990, child care workers are classified as unskilled. Unskilled workers generally must wait anywhere between five and 20 years to get an employment-based visa, known as a Petition for Alien Employee, that legalizes their status. Employers must make the request for such a visa from their state Department of Labor. The employer is then required to advertise the job. If it is determined that no U.S. citizen is able or willing to fill this job, the Department of Labor certifies that only an immigrant can fill it. The Immigration Act of 1990 has reduced the number of unskilled immigrants who can legally enter the country from 50,000 to 10,000 a year. This makes it increasingly difficult for an unskilled immigrant to get authorization to remain in the United States legally. The situation is further complicated by an agreement between the INS and state Departments of Labor in which the INS is notified when a Petition for Alien Employee is filed.

Underground Economy

The parents want a full- or part-time child care provider; the undocumented immigrant wants a job. A market arises to meet these needs, but it is not a legitimate market. Parents frequently benefit by paying lower wages for these services, and by employing the provider for more hours than a competitive market would allow.

The demand for in-home child care permits the female immigrant to survive for a period of time, but also makes her vulnerable to exploitation by the employer who can threaten deportation. Often the caregiver's quality of life—or lack thereof—is viewed as being unimportant. If she has a family of her own, the family can survive only by applying for food stamps, public housing, and subsidized school meal programs, all of which may also be illegal. If she or a family member gets sick, they will probably seek help from a municipal or county hospital emergency room. Taxpayers actually pay the costs, for health services, WIC, school lunch programs, Head Start, federal housing, and Social Service Block Grant monies, which may far exceed any individual benefits received by the provider and the household.

New Solutions Needed

Like any other industry, in-home child care ultimately must be able to compete for workers while following the same laws as the rest of society. This may require the establishment of new organizations, both government-run and private, to match job applicants with households that need child care workers, as well as to become a labor market intermediary. The establishment of this intermediary department or organization could assist with job certification programs and bureaucratic paper work. Additionally, public policies could include the consolidation of programs in the public schools, training and certification programs and even revising tax systems to provide more deductions for child care. There needs to be further investigation of a

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employee during the year, at a rate of 6.2%. Either Form 940 or Form 940EZ must be used. Most household employers will qualify to file the simpler form—the 940EZ. Even though the FUTA return is filed on an annual basis, the tax is generally required to be paid quarterly. However, no deposit is required until the amount due exceeds $100. Employers subject to FUTA may also be required to pay state unemployment taxes, most of which can be credited against federal FUTA.

Child and Dependent Care Credit

Employers of household workers may be eligible to claim a credit on their federal income tax returns for a portion of the expenses related to a household employee if the expense is incurred in caring for a child under the age of 13 or a disabled spouse or other dependent. In order to be eligible for the credit, the employer should request that the employee provide Form W-10, Dependent Care Provider’s Identification and Certification.

In addition to state unemployment taxes, there may also be state requirements with respect to workers’ compensation insurance which may apply to household employees. A few states require disability insurance as well.

Simplification Possibilities

There are many ways that tax rules could be simplified for household workers. It is desirable to ensure that such workers take advantage of the Social Security system when they retire, and it is also desirable for the economy that household workers file federal and state income tax returns and pay taxes on that income.

The House Ways and Means Committee agreed on May 11, 1993 that the threshold for imposing Social Security taxes on domestic workers should be raised from the current $50 per quarter to $1,800 annually in 1994. This amount would be indexed for inflation. The threshold would also be adjusted retroactively all the way back to 1950 to exempt some employers of domestic help from prior compliance violations.

Furthermore, the law should also be changed to exclude those who are age 18 or under from being subject to FICA. Young people should become accustomed to reporting the income that they earn on an income tax return and paying any income tax due on that income, rather than having to pay self-employment tax at a rate of over 15% on earnings from employment such as babysitting.

The federal government currently has a program of tenancy for individual taxpayers who have not filed their individual income tax returns so that these people can join the taxpaying public without being subject to exorbitant penalties. A similar program needs to be developed for employers of domestics who want to get current on these filings.

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certification procedure to protect both workers and employers as well as the children themselves from incompetence, danger, and exploitation. Government funding may be required for some of these costs, but the investment would pay for itself by bringing thousands of workers on to the tax rolls. Wages for all child care workers in the U.S.—whether in-home, family day care, or center-based—are scandalously low. This adversely affects the quality of care and education available to the nation’s youngest citizens.

Maintaining the status quo will not resolve the problem of child care for families that need in-home care. Immigration should not be seen as a realistic alternative. The use of illegal immigrants is a form of worker exploitation. It is also unlikely that the number of unskilled legal immigrants will be increased. The only alternative is to make the jobs more attractive to citizen workers. What is morally and legally wrong cannot be politically and economically correct.

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