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The Role of Immigrants in the U.S. Labor Market: An Update

Abstract

[Excerpt] People born in other countries are a growing presence in the U.S. labor force. In 1994, 1 in 10 people in the U.S. labor force was born elsewhere, but in 2009, 1 in 7 was foreign born. About 40 percent of the foreign-born labor force in 2009 was from Mexico and Central America, and more than 25 percent was from Asia.

This document updates the Congressional Budget Office's (CBO's) November 2005 paper *The Role of Immigrants in the U.S. Labor Market*. That earlier report included data through 2004; this update, the first of several on various aspects of immigration, incorporates data through 2009. It focuses on the growing number of foreign-born workers, the countries from which they have come, their educational attainment, the types of jobs they hold, and their earnings. In keeping with CBO's mandate to provide objective, nonpartisan analysis, this report makes no recommendations.

Keywords

labor force, labor market, foreign-born workers, Congressional Budget Office, immigrants, immigration

Comments

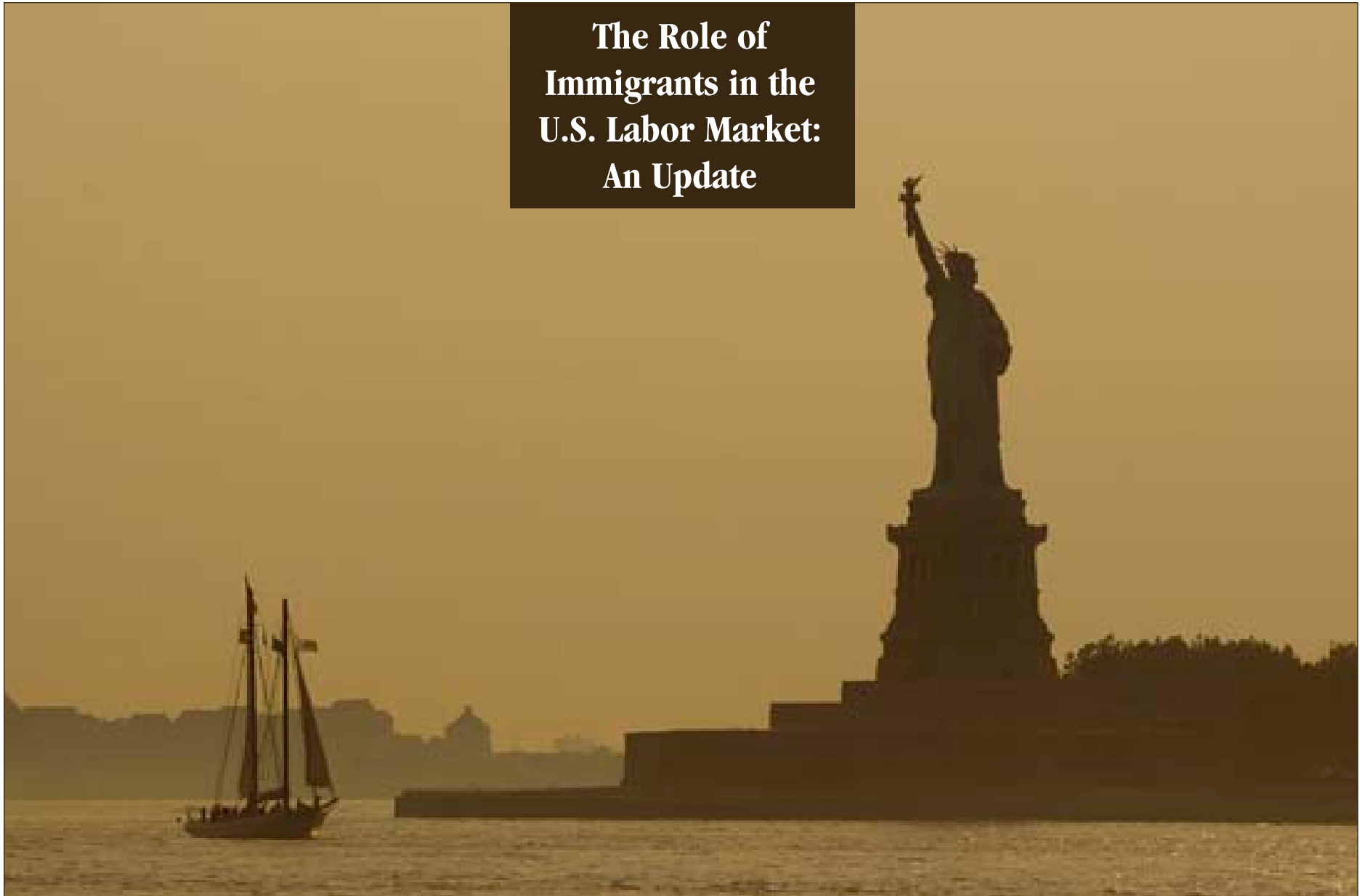
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**The Role of
Immigrants in the
U.S. Labor Market:
An Update**





CBO

The Role of Immigrants in the U.S. Labor Market: An Update

July 2010

Notes

Unless otherwise noted, all years referred to are calendar years.

Numbers in the text and tables may not add up to totals because of rounding.



Preface

People born in other countries are a growing presence in the U.S. labor force. In 1994, 1 in 10 people in the U.S. labor force was born elsewhere, but in 2009, 1 in 7 was foreign born. About 40 percent of the foreign-born labor force in 2009 was from Mexico and Central America, and more than 25 percent was from Asia.

This document updates the Congressional Budget Office's (CBO's) November 2005 paper *The Role of Immigrants in the U.S. Labor Market*. That earlier report included data through 2004; this update, the first of several on various aspects of immigration, incorporates data through 2009. It focuses on the growing number of foreign-born workers, the countries from which they have come, their educational attainment, the types of jobs they hold, and their earnings. In keeping with CBO's mandate to provide objective, nonpartisan analysis, this report makes no recommendations.

Nabeel Alsalam of CBO's Health and Human Resources Division wrote the report. Sarah Axeen provided research assistance. The report benefited from the comments of Gregory Acs, Melissa Merrell, Jonathan Morancy, David Rafferty, Jonathan Schwabish, and Bruce Vavrichek.

John Skeen edited the report, and Sherry Snyder and Kate Kelly proofread it. Maureen Costantino and Jeanine Rees prepared the report for publication, and Maureen Costantino designed the cover. Monte Ruffin produced the printed copies, and Simone Thomas produced the electronic version for CBO's Web site (www.cbo.gov).

Douglas W. Elmendorf
Director

July 2010

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The Role of Immigrants in the U.S. Labor Market: An Update

People born in other countries represent a substantial and growing segment of the U.S. labor force—that is, people with a job or looking for one. In 2009, 24 million members of the labor force—more than one in seven—were foreign born, up from 21 million in 2004. However, the growth of the foreign-born labor force was much slower between 2004 and 2009 than between 1994 and 2004. In that earlier period, the size of the foreign-born labor force grew at an average annual rate of more than 5 percent, whereas from 2004 to 2009, the rate was about 2 percent. As a share of the total, the foreign-born labor force grew from 10.0 percent in 1994 to 14.5 percent in 2004 and to 15.5 percent in 2009.

Among members of the foreign-born labor force in the United States in 2009, about half came to this country before 1994. In 2009, 40 percent of the foreign-born labor force was from Mexico and Central America, and more than 25 percent was from Asia.

In 2009, over half of the foreign-born workers from Mexico and Central America did not have a high school diploma or GED credential, as compared with just 6 percent of native-born workers. In contrast, nearly half of the foreign-born workers from places other than Mexico and Central America had at least a

bachelor's degree, as compared with 35 percent of native-born workers.

Over time, participants in the U.S. labor force from Mexico and Central America have become more educated. In 2009, they had completed an average of 9.8 years of schooling—up from 9.5 years in 2004; 55 percent lacked a high school diploma or GED credential—down from 59 percent in 2004; and among 16- to 24-year-olds, 50 percent were not in school and were not high school graduates—down from 60 percent in 2004. Nevertheless, those born in Mexico and Central America are constituting an increasingly large share of the least educated portions of the labor force. For example, in 2009 they made up 64 percent of labor force participants with at most an 8th grade education—a figure that was 58 percent in 2004.

To a considerable extent, educational attainment determines the role of foreign-born workers in the labor market. In 2009, 70 percent of workers born in Mexico and Central America were employed in occupations that have minimal educational requirements, such as construction laborer and dishwasher; only 23 percent of native-born workers held such jobs. On average, the weekly earnings of men from Mexico and Central America who

worked full time were just over half those of native-born men; women from Mexico and Central America earned about three-fifths of the average weekly earnings of native-born women.

Foreign-born workers who came to the United States from places other than Mexico and Central America were employed in a much broader range of occupations. They were more than twice as likely as native-born workers to be in fields such as computer and mathematical sciences, which generally require at least a college education. Their average weekly earnings were similar to those of native-born men and women.

The information on immigration in this report comes from the Current Population Survey, a survey of U.S. households conducted monthly by the Census Bureau. The survey asks respondents where they and their parents were born. Those who were born in another country are asked when they came to the United States to stay and if they have become a U.S. citizen by naturalization. They are not asked about their legal immigration status.

Table 1.**Size and Growth of the U.S. Labor Force, by Birthplace, 1994, 2004, and 2009**

	Number (Millions)			Change (Millions)			Average Annual Growth Rate (Percentage)		
	1994	2004	2009	1994-	2004-	1994-	1994-	2004-	1994-
				2004	2009	2009	2004	2009	2009
Total Labor Force	131.1	147.4	154.1	16.3	6.7	23.1	1.2	0.9	1.1
Native born	118.1	126.0	130.2	7.8	4.3	12.1	0.6	0.7	0.7
Foreign born	12.9	21.4	23.9	8.5	2.5	11.0	5.2	2.2	4.2
Mexico and Central America	4.6	8.3	9.6	3.7	1.3	5.0	6.1	2.9	5.0
Rest of world	8.3	13.1	14.3	4.8	1.2	6.0	4.7	1.8	3.7

Source: Congressional Budget Office based on monthly data from Census Bureau, Current Population Surveys, Outgoing Rotation Groups, 1994, 2004, and 2009.

Note: Changes are calculated from unrounded data and then rounded.

In 2009, 24 million members of the labor force were foreign born, up from 21 million in 2004 and 13 million in 1994. Between 1994 and 2004, both the native-born and foreign-born labor forces increased by about 8 million. That relationship was different between 2004 and 2009: Over that period, the native-born labor force grew by 4.3 million, while the foreign-born labor force grew by only 2.5 million.

Although the growth of the foreign-born labor force slowed appreciably from the 1994–2004 period to the 2004–2009 period, it still was considerably faster than the growth of the native-born labor force. The average annual growth of the foreign-born labor force slowed from about 5.2 percent to about 2.2 percent between the two periods. In contrast, that rate for the native-born labor force was less than 1 percent in each of the two periods.

The composition of the foreign-born labor force also changed between 1994 and 2009. Although workers from Mexico and Central America constituted a minority in the foreign-born labor force during that period, their number grew at a faster rate than did the number of workers from the rest of the world. The total size of the foreign-born labor force increased by 11 million. Of that number, 5 million were from Mexico and Central America, and 6 million were from the rest of the world—corresponding to average annual growth rates of 5.0 percent and 3.7 percent, respectively. As a result, the share of the foreign-born labor force from Mexico and Central America increased from 36 percent in 1994 to 40 percent in 2009.

Table 2.**Composition and Educational Attainment of the U.S. Labor Force, by Birthplace, 2009**

	Number (Millions)	Percentage of Labor Force	Percentage of Foreign-Born Labor Force	Average Years of Education Completed
Total Labor Force	154.1	100.0	n.a.	13.7
Native born	130.2	84.5	n.a.	13.9
Foreign born	23.9	15.5	100.0	12.5
Mexico and Central America	9.6	6.3	40.3	9.8
Mexico	7.7	5.0	32.0	9.7
El Salvador	0.9	0.6	3.6	9.9
Guatemala	0.5	0.3	2.1	8.9
Honduras	0.3	0.2	1.4	9.9
Nicaragua, Panama, Costa Rica, Belize, Other from Central America	0.3	0.2	1.2	13.1
Rest of World	14.3	9.3	59.7	14.3
Asia	6.3	4.1	26.2	14.8
Philippines	1.1	0.7	4.7	14.9
India	1.1	0.7	4.7	16.3
China and Hong Kong	0.9	0.6	3.9	14.8
Vietnam	0.6	0.4	2.7	12.9
Korea	0.5	0.3	2.2	14.9
Other from Asia	1.9	1.2	8.0	14.5
Canada and Europe	2.8	1.8	11.8	14.7
Canada	0.3	0.2	1.5	15.2
Great Britain	0.4	0.3	1.6	15.2
Poland	0.3	0.2	1.4	13.8
Other from Europe	1.8	1.1	7.3	14.6

Continued

More than one in seven participants in the labor force (15.5 percent) were foreign born in 2009. Of the foreign born, 40 percent came from Mexico and Central America, and more than one-quarter came from Asia.

Native-born participants in the labor force had completed an average of 13.9 years of schooling. Foreign-born participants had completed an average of 12.5 years, although that figure varied greatly by country of origin. For example, the average member of the labor force who was born in Mexico or Central America had completed 9.8 years of school, whereas the average Asian-born labor force participant had completed 14.8 years, and the average participant from Canada and Europe, 14.7 years.

Table 2. **Continued**
Composition and Educational Attainment of the U.S. Labor Force, by Birthplace, 2009

	Number (Millions)	Percentage of Labor Force	Percentage of Foreign-Born Labor Force	Average Years of Education Completed
Rest of World (continued)				
Caribbean	2.2	1.4	9.3	13.1
Cuba	0.6	0.4	2.6	13.5
Dominican Republic	0.5	0.3	2.2	12.2
Jamaica	0.4	0.3	1.9	13.2
Haiti	0.3	0.2	1.4	13.1
Other from Caribbean	0.3	0.2	1.3	13.5
South America	1.7	1.1	7.0	13.5
Colombia	0.4	0.3	1.7	13.6
Other from South America	1.3	0.8	5.3	13.4
Other Regions	1.3	0.8	5.3	14.2
Africa	1.1	0.7	4.5	14.3
Oceania	0.1	0.1	0.6	13.3
Rest from other regions	0	0	0.2	13.5

Source: Congressional Budget Office based on monthly data from Census Bureau, Current Population Surveys, Outgoing Rotation Groups, 2009.

Note: n.a. = not applicable.

Table 3.**Geographic Distribution of the U.S. Labor Force, by Birthplace, 1994, 2004, and 2009**

	Number (Millions)				Percentage of the Labor Force			
	Cal.	N.Y., Fla., Tex., N.J., Ill.	Rest of Country	Total	Cal.	N.Y., Fla., Tex., N.J., Ill.	Rest of Country	Total
Distribution in 2009								
Total Labor Force	18	42	94	154	100	100	100	100
Native born	12	33	86	130	66	78	91	84
Foreign born	6	9	8	24	34	22	9	16
Mexico and Central America	3	3	3	10	19	8	3	6
Rest of world	3	6	5	14	15	15	6	9
Distribution in 2004								
Total Labor Force	18	39	90	147	100	100	100	100
Native born	12	31	83	126	68	79	92	85
Foreign born	6	8	8	21	32	21	8	15
Mexico and Central America	3	3	3	8	17	7	3	6
Rest of world	3	6	5	13	15	14	5	9
Distribution in 1994								
Total Labor Force	15	35	81	131	100	100	100	100
Native born	11	30	77	118	72	85	96	90
Foreign born	4	5	3	13	28	15	4	10
Mexico and Central America	2	2	1	5	16	4	1	4
Rest of world	2	4	3	8	11	11	3	6

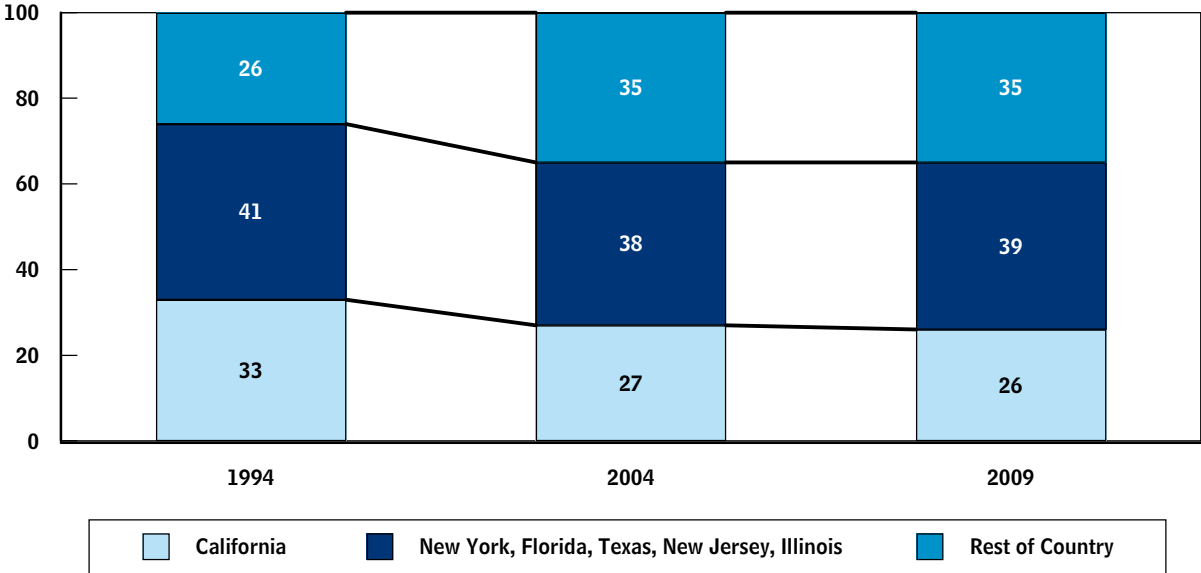
Source: Congressional Budget Office based on monthly data from Census Bureau, Current Population Surveys, Outgoing Rotation Groups, 1994, 2004, and 2009.

The foreign-born labor force is disproportionately located in certain states, and in those states, its members make up a substantial share of the total labor force. In 2009, 6 million of the 24 million foreign-born members of the labor force resided in California alone, and another 9 million lived in just five additional states—New York, Florida, Texas, New Jersey, and Illinois. A third of the labor force in California was foreign born, as was over a fifth of the labor force in the other five states. By comparison, in the remaining 44 states, the foreign born made up less than 10 percent of the labor force.

The composition of the foreign-born labor force differs among states. In California, those born in Mexico and Central America accounted for a majority of the foreign-born labor force in 2009. In the rest of the country, those born in Mexico and Central America represented about one-third of the foreign-born labor force.

Figure 1.
Geographic Distribution of the Foreign-Born Labor Force, 1994, 2004, and 2009

(Percent)



Source: Congressional Budget Office based on monthly data from Census Bureau, Current Population Surveys, Outgoing Rotation Groups, 2009.

Between 1994 and 2004, the foreign-born labor force became somewhat less geographically concentrated. The proportion of the foreign-born labor force that was in California fell from 33 percent to 27 percent, and the proportion in New York, Florida, Texas, New Jersey, and Illinois together fell from 41 percent to 38 percent. From 2004 to 2009, the proportion in those six states remained about the same.

Table 4.**Educational Attainment of the U.S. Labor Force Age 25 and Older, by Birthplace, 2009**

(Percent)

	8th Grade or Less	9th to 12th Grade and No Diploma	High School Diploma or GED ^a	Some College or an Associate's Degree	Bachelor's Degree	Graduate Courses or Graduate Degree	All Levels of Educational Attainment
Distribution of Educational Attainment							
Total Labor Force	3	6	29	28	22	12	100
Native born	1	5	30	30	23	12	100
Foreign born	16	11	25	17	19	12	100
Mexico and Central America	34	21	27	11	5	2	100
Rest of world	4	5	23	21	28	19	100
Share of Educational Attainment Group							
Total Labor Force	100	100	100	100	100	100	100
Native born	23	69	86	90	86	83	83
Foreign born	77	31	14	10	14	17	17
Mexico and Central America	64	23	6	3	2	1	6
Rest of world	13	8	8	7	13	16	10

Source: Congressional Budget Office based on monthly data from Census Bureau, Current Population Surveys, Outgoing Rotation Groups, 2009.

- a. States award high school completion credentials to people who have not completed the requirements for a regular high school diploma but have passed the GED tests.

Although the foreign born represented only 17 percent of the labor force age 25 and older in 2009, they accounted for 77 percent of the members with no more than an 8th grade education. Over half (55 percent) of Mexican- and Central American-born participants in the labor force lacked a high school diploma or GED credential, compared with 9 percent of those born in other parts of the world and 6 percent of the native born. At the other end of the distribution, just 7 percent of those from Mexico and Central America had at least a bachelor's degree, compared with almost half (47 percent) of those born in other parts of the world and 35 percent of the native born.

Table 5.**Selected Characteristics of the U.S. Population and Labor Force, by Birthplace, 2009**

	Population Ages 16 to 24			Labor Force Age 25 and Older				
	Percentage Enrolled in School or College	Percentage Not Enrolled Who Are Not High School Graduates	Average Years of Education Completed	Average Age	Percentage Who Are Men	Percentage Who Are Citizens	Percentage Who Came to Stay in U.S. at Age 15 or Younger	Percentage Who Came to Stay in U.S. Before 1994
Total	58	19	13.8	44	54	91	n.a.	n.a.
Native born	59	16	14.1	45	52	100	n.a.	n.a.
Foreign born	46	38	12.6	43	59	45	22	55
Mexico and Central America	28	50	9.7	40	67	28	23	54
Rest of world	62	18	14.4	45	54	56	21	55

Source: Congressional Budget Office based on monthly data from Census Bureau, Current Population Surveys, Outgoing Rotation Groups, 2009.

Note: n.a. = not applicable.

School enrollment rates among foreign-born youth suggest that gaps in educational attainment (as shown in Table 4) are not likely to close in the near future. In 2009, among people ages 16 to 24, those born in Mexico and Central America were less than half as likely to be in school as those born in this country or in other parts of the world. Furthermore, 50 percent of those young people born in Mexico and Central America who were not enrolled in school had not finished high school, compared with about 16 percent of such people born in this country and 18 percent born in other parts of the world.

Only a small fraction of foreign-born labor force participants are likely to have received some part of their elementary and secondary education in the United States, because among the foreign born age 25 and older in the labor force in 2009, only 22 percent came to the United States to stay at age 15 or younger.

The proportion of the foreign-born labor force who are naturalized citizens varies by country of origin. In 2009, fewer than 3 in 10 members of the labor force born in Mexico and Central America were naturalized citizens, as compared with 56 percent of those born in other countries. The Mexican- and Central American-born labor force is also disproportionately male (men made up 67 percent of it in 2009) when compared with the members of the labor force born in other countries (of which men constituted 54 percent) and the native-born labor force (of which men constituted 52 percent).

Table 6.
Labor Force Status of Men and Women, by Birthplace, 2009

	Men			Women		
	Percentage in the Labor Force	Percentage Employed	Unemployment Rate	Percentage in the Labor Force	Percentage Employed	Unemployment Rate
Age 16 and Older						
Total	72	65	10.3	59	54	8.1
Native born	70	63	10.4	60	55	7.9
Foreign born	80	73	9.9	55	50	9.1
Mexico and Central America	87	77	11.4	52	46	12.1
Rest of world	75	69	8.6	57	53	7.7
Ages 16 to 24						
Total	58	47	20.1	55	47	14.9
Native born	58	46	20.8	56	48	14.7
Foreign born	65	56	14.5	46	38	16.9
Mexico and Central America	78	67	13.5	44	36	18.4
Rest of world	52	44	16.1	47	40	15.8
Ages 25 to 34						
Total	90	80	10.8	75	69	8.4
Native born	90	80	11.0	78	72	8.3
Foreign born	91	82	10.0	60	55	8.8
Mexico and Central America	94	83	11.6	52	47	10.7
Rest of world	88	81	8.1	67	62	7.6
Ages 35 to 44						
Total	92	84	8.8	76	70	7.2
Native born	91	83	8.7	78	72	6.8
Foreign born	94	86	9.0	68	62	8.9
Mexico and Central America	96	87	10.0	60	53	11.1
Rest of world	93	85	8.1	73	68	7.7

Continued

Among men age 16 and older, those born in Mexico and Central America are much more likely to participate in the labor force—that is, to have a job or to be looking for one—than are those born in other parts of the world and those born in this country. Because of their high rate of participation in the labor force, they are also much more likely to be employed, even though they have a relatively high unemployment rate. In 2009, 77 percent of men born in Mexico and Central America were employed, compared with 69 percent of those born in other parts of the world and 63 percent of the native born.

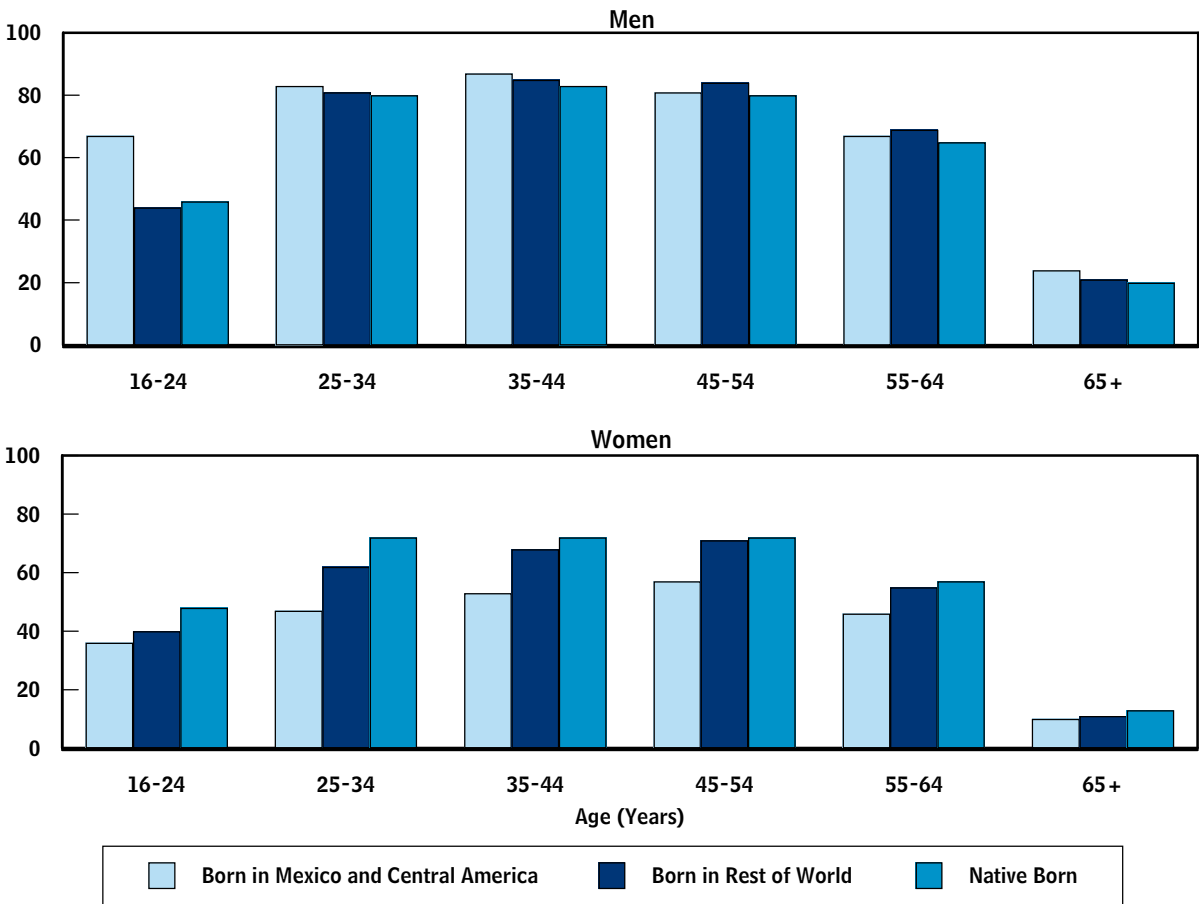
Even though the economy in 2009 was far weaker than in 2004, with overall labor force participation and employment lower and unemployment markedly higher, the pattern of employment rates noted above was quite similar in those years.

Table 6. **Continued**
Labor Force Status of Men and Women, by Birthplace, 2009

	Men			Women		
	Percentage in the Labor Force	Percentage Employed	Unemployment Rate	Percentage in the Labor Force	Percentage Employed	Unemployment Rate
Ages 45 to 54						
Total	87	80	8.2	76	71	6.2
Native born	87	80	8.0	77	72	5.8
Foreign born	92	83	9.2	72	66	8.4
Mexico and Central America	92	81	11.4	65	57	12.9
Rest of world	92	84	8.0	76	71	6.6
Ages 55 to 64						
Total	70	65	7.1	60	56	6.0
Native born	69	65	6.7	60	57	5.8
Foreign born	75	68	9.5	57	53	7.5
Mexico and Central America	76	67	12.1	51	46	9.9
Rest of world	75	69	8.4	60	55	6.8
Age 65 and Older						
Total	22	20	6.9	14	13	6.3
Native born	22	20	6.6	14	13	6.2
Foreign born	23	21	9.1	12	11	7.3
Mexico and Central America	27	24	14.1	12	10	13.8
Rest of world	23	21	7.7	12	11	5.9

Source: Congressional Budget Office based on monthly data from Census Bureau, Current Population Surveys, Outgoing Rotation Groups, 2009.

Figure 2.
Percentage of Men and Women Employed, by Birthplace and Age, 2009

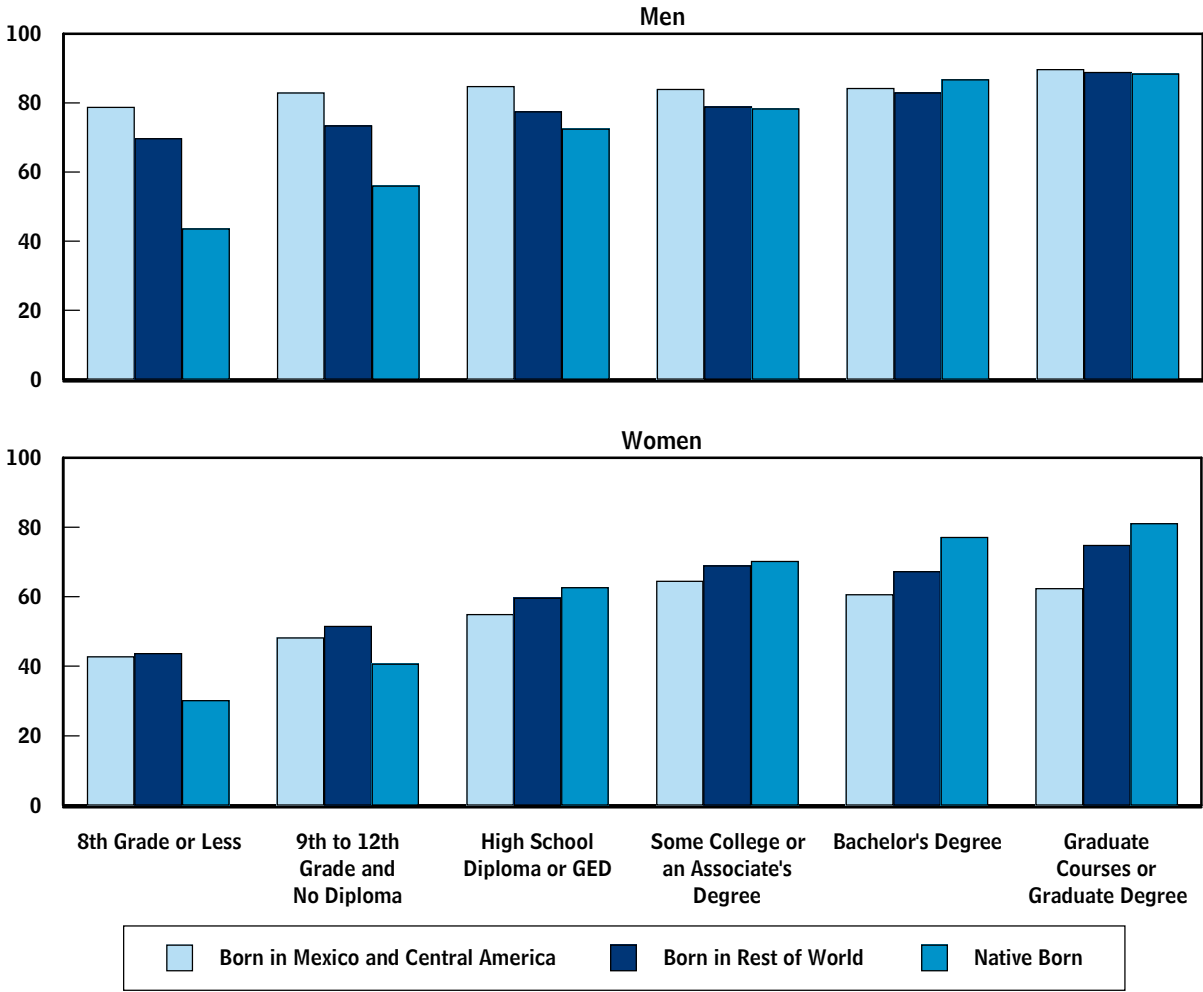


Differences in the percentage of men (by birthplace) who are employed are more pronounced among 16- to 24-year-olds than among older groups. In 2009, among men that age, two-thirds of those born in Mexico and Central America were employed, whereas fewer than half of those from other parts of the world and those born in this country had a job. In other age groups, men from Mexico and Central America were slightly more likely to be employed than native-born men. Among women, the patterns are reversed: In all age groups, those from Mexico and Central America were less likely to be employed than their counterparts born in this country or those from other parts of the world.

Source: Congressional Budget Office based on monthly data from Census Bureau, Current Population Surveys, Outgoing Rotation Groups, 2009.

Figure 3.

Percentage of Men and Women Employed, Ages 25 to 64, by Birthplace and Educational Attainment, 2009



The employment rates of native-born men and women rise steadily with education. However, that relationship is absent or weaker for foreign-born men and women. In fact, foreign-born men and women with lower levels of education are significantly more likely to be employed than their native-born counterparts. In contrast, foreign-born women who have completed high school or higher levels of education are less likely to be employed than their native-born counterparts.

Source: Congressional Budget Office based on monthly data from Census Bureau, Current Population Surveys, Outgoing Rotation Groups, 2009.

Table 7.**Occupations of Workers Ages 25 to 64, by Birthplace, 2009**

(Percent)

Occupational Group	All Workers	Native-Born Workers	Foreign-Born Workers		
			Foreign-Born Workers	All Mexico and Central America	Rest of World
Construction and Extraction	5.5	4.9	8.8	17.0	3.7
Production	5.8	5.2	8.7	12.8	6.0
Building and Grounds Cleaning and Maintenance	3.8	2.8	8.5	15.1	4.4
Sales and Related	10.2	10.5	8.4	5.9	9.9
Management	12.1	12.9	8.2	3.7	11.0
Office and Administrative Support	12.8	13.8	7.8	5.5	9.2
Transportation and Material Moving	5.8	5.5	7.5	10.6	5.6
Food Preparation and Serving Related	3.9	3.2	7.4	11.6	4.8
Health Care Practitioner and Technical	6.0	6.1	5.4	1.1	8.1
Personal Care and Service	3.3	3.0	4.5	2.9	5.5
Computer and Mathematical Science	2.8	2.6	3.6	0.4	5.6
Education, Training, and Library	6.4	7.0	3.4	1.3	4.7
Installation, Maintenance, and Repair	3.7	3.8	3.1	3.5	2.8
Business and Financial Operations	4.7	5.0	3.1	1.0	4.3
Health Care Support	2.3	2.2	2.7	1.2	3.8
Architecture and Engineering	2.1	2.1	2.1	0.4	3.2
Farming, Fishing, and Forestry	0.6	0.4	1.6	3.9	0.2
Life, Physical, and Social Science	1.0	1.0	1.4	0.3	2.1
Arts, Design, Entertainment, Sports, and Media	1.9	2.1	1.3	0.6	1.8
Community and Social Service	1.8	1.9	1.0	0.5	1.3
Protective Service	2.2	2.5	1.0	0.5	1.3
Legal	1.3	1.5	0.5	0.2	0.7
Total	100.0	100.0	100.0	100.0	100.0

Almost half (45 percent) of all workers born in Mexico and Central America are in 3 of 22 occupational groups: construction and extraction; building and grounds cleaning and maintenance; and production. (Extraction work includes operating oil and gas derricks and rotary drills, mining machinery, and rock splitters; production jobs range from machinist and welder to butcher and baker and also include operators of dry-cleaning, sewing, and packaging machines as well as inspectors and production-line supervisors.) About 13 percent of native-born workers and 14 percent of those from other parts of the world are in those occupations. People born in other parts of the world work in a broader range of occupations, although they are more likely than either native-born workers or workers from Mexico and Central America to be in occupational groups such as computer and mathematical sciences; life, physical, and social sciences; personal care and service; and health care support.

Source: Congressional Budget Office based on monthly data from Census Bureau, Current Population Surveys, Outgoing Rotation Groups, 2009.

Note: Occupational groups—as defined in the 2002 census and derived from the 2000 Standard Occupational Classification System—are ordered by the percentage of foreign-born workers employed in them.

Table 8.

Percentage of Workers Ages 25 to 64 in Occupations Grouped by the Average Education Level of Workers in Those Occupations, by Birthplace, 2009

	Education Level of Occupational Group			All Occupational Groups
	Low	Middle	High	
All Workers				
Native Born	23	49	29	100
Foreign Born				
Mexico and Central America	70	26	4	100
Rest of world	28	41	31	100
Men				
Native Born	30	44	26	100
Foreign Born				
Mexico and Central America	76	21	3	100
Rest of world	31	38	31	100
Women				
Native Born	14	54	32	100
Foreign Born				
Mexico and Central America	58	36	6	100
Rest of world	24	45	31	100
Memorandum:				
Average Number of Years of School Completed by Native-Born Workers in the Group	12.3	13.8	16.2	n.a.
Range of the Average Number of Years of School Completed by Native-Born Workers Across Occupations in the Group	10.5 to 12.7	12.8 to 15.0	15.1 to 18.0	n.a.

Source: Congressional Budget Office based on monthly data from Census Bureau, Current Population Surveys, Outgoing Rotation Groups, 2009.

Notes: Occupations are ordered by the average number of years of school completed by native-born workers in them and then divided into the groups "low," "middle," and "high"—which, respectively, constitute about a quarter, a half, and a quarter of all workers. Examples of positions attracting the foreign born in relatively large numbers and filled by people with a low level of education include agricultural worker, dishwasher, maid, helper on construction sites, hand packager, cook, grounds maintenance worker, painter, and construction worker; with a middle level of education, food service manager; and with a high level, registered nurse, computer programmer, accountant, auditor, college teacher, physician and surgeon, and computer software engineer.
n.a. = not applicable.

Many workers born in Mexico and Central America are employed in occupations that require little formal education. In 2009, 70 percent of workers from Mexico and Central America were in occupations filled by people with a relatively low average level of education, but only 23 percent of native-born workers were in such jobs. In particular, relatively large percentages of workers from Mexico and Central America hold farm, construction, and food service jobs that require little formal education.

In contrast, foreign-born workers from other parts of the world hold jobs filled by people with a high average level of education at rates similar to or somewhat higher than those for native-born workers. For example, in 2009, 31 percent of foreign-born workers from places other than Mexico and Central America were employed in such occupations, compared with 29 percent of native-born workers and only 4 percent of workers from Mexico and Central America.

Table 9.**Distribution of Workers Ages 25 to 64, by Industry and Birthplace, 2009**

(Percent)

Major Industry Groups and Selected Subgroups	All Workers	Native-Born Workers	Foreign-Born Workers		
			All Foreign-Born Workers	Mexico and Central America	Rest of World
Education and Health Services	23.5	24.6	18.2	8.9	24.2
Manufacturing	11.0	10.7	12.7	15.0	11.2
Computer and electronic products	1.0	0.9	1.6	0.6	2.2
Furniture and fixtures manufacturing	0.4	0.4	0.4	0.8	0.2
Food manufacturing	1.2	0.9	2.2	3.8	1.1
Textile, apparel, and leather manufacturing	0.5	0.3	1.0	1.4	0.8
Rest of manufacturing	8.0	8.2	7.5	8.4	6.9
Professional and Business Services	11.1	10.9	12.1	11.8	12.3
Administrative and support services	3.8	3.4	5.9	9.7	3.5
Services to buildings and dwellings	0.9	0.7	2.2	3.6	1.3
Landscaping services	0.8	0.6	1.9	4.5	0.3
Rest of administrative and support services	2.0	2.1	1.7	1.6	1.8
Rest of professional and business services	7.3	7.5	6.3	2.1	8.9
Leisure and Hospitality	7.0	6.0	11.8	15.3	9.5
Accommodation	1.0	0.8	2.1	2.2	2.0
Food services and drinking places	4.1	3.4	8.1	12.1	5.6
Rest of leisure and hospitality	1.8	1.9	1.6	1.1	1.9
Construction	7.3	6.8	9.7	17.1	5.1
Retail Trade	9.9	10.0	9.4	8.1	10.3
Other Services	4.8	4.4	6.9	7.5	6.5
Personal and laundry services	1.6	1.4	2.5	1.5	3.1
Private households	0.5	0.3	1.7	2.6	1.1
Rest of other services	2.7	2.7	2.7	3.5	2.3

Continued

Workers from Mexico and Central America are also heavily concentrated in certain industries. In 2009, just over half (53 percent) of those workers ages 25 to 64 were employed in the following seven sectors: construction; food services and drinking places; retail trade; landscaping; agriculture; food manufacturing; and services to buildings and dwellings. Only 14 percent of workers born in the United States and 15 percent of workers born in other parts of the world were employed in those industries. In contrast, over half of both native-born workers and workers who emigrated from other regions of the world were employed in education and health services, manufacturing, professional and business services, and retail trade.

Table 9.**Continued**

Distribution of Workers Ages 25 to 64, by Industry and Birthplace, 2009

(Percent)

Major Industry Groups and Selected Subgroups	All Workers	Native-Born Workers	Foreign-Born Workers		
			All Foreign-Born Workers	Mexico and Central America	Rest of World
Transportation and Utilities	5.6	5.6	5.3	4.1	6.0
Financial Activities	7.2	7.6	4.9	2.5	6.5
Wholesale Trade	2.9	3.0	2.7	3.3	2.4
Public Administration	5.4	6.0	2.4	1.1	3.3
Agriculture	1.2	1.1	1.8	4.2	0.4
Information	2.4	2.5	1.6	0.7	2.2
Mining	0.5	0.6	0.3	0.4	0.2
Forestry, Logging, Fishing, Hunting	0.1	0.2	0.1	0.1	0.1
Total	100.0	100.0	100.0	100.0	100.0

Source: Congressional Budget Office based on monthly data from Census Bureau, Current Population Surveys, Outgoing Rotation Groups, 2009.

Note: Major industry groups—as defined in the 2002 census and derived from the 2002 North American Industry Classification System—are ordered by the percentage of total foreign-born workers employed in them.

Table 10.

Average Weekly Earnings of Full-Time Workers Ages 25 to 64, by Educational Attainment, Birthplace, and Parents' Birthplace, 2009

	8th Grade or Less	9th to 12th Grade and No Diploma	High School Diploma or GED ^a	Some College or an Associate's Degree	Bachelor's Degree	Graduate Courses or Graduate Degree	All Levels of Educational Attainment
Average Weekly Earnings (Dollars)							
<i>Men</i>							
All Men	520	610	810	950	1,350	1,650	1,050
Native born	600	650	840	960	1,370	1,660	1,090
Parents native born	610	650	840	960	1,370	1,660	1,090
Parent from Mexico or Central America ^b	530	640	740	830	1,250	1,610	850
Parents from rest of world	c	790	830	950	1,400	1,690	1,220
Foreign born	510	530	690	820	1,230	1,590	870
Mexico and Central America	500	510	650	750	990	1,390	610
Rest of world	540	630	730	850	1,270	1,600	1,090
<i>Women</i>							
All Women	400	440	610	720	1,020	1,270	820
Native born	460	460	620	720	1,020	1,270	830
Parents native born	480	470	620	720	1,020	1,260	830
Parent from Mexico or Central America ^b	380	440	620	650	980	1,320	720
Parents from rest of world	c	410	660	780	1,030	1,330	950
Foreign born	380	390	550	690	1,010	1,280	760
Mexico and Central America	370	380	490	620	850	1,170	500
Rest of world	420	410	590	700	1,020	1,280	870

Continued

Foreign-born workers from Mexico and Central America earn less than native-born workers. In 2009, the average weekly earnings of men born in Mexico and Central America working full time were 56 percent of those of native born men (\$610 as compared with \$1,090). Part of that difference is attributable to their lower education levels: The difference is smaller when the comparisons are made among workers with similar levels of education. For example, among men with a high school diploma or GED credential and no additional schooling, those born in Mexico and Central America earned 78 percent as much as those who were native born (an average of \$650 as compared with \$840).

The patterns were similar for women from Mexico and Central America: Their average earnings were 60 percent of the earnings of native-born women (\$500 as compared with \$830), but among those with a high school diploma or GED credential, the figure was 78 percent (\$490 as compared with \$620).

Among people with the same educational attainment, the average weekly earnings of people born in other parts of the world were generally somewhat lower than the earnings of their native-born counterparts. However, on average, they earned the same or more because larger percentages had a bachelor's degree or more education (see Table 4 on page 7).

(Continued)

Table 10. **Continued**
Average Weekly Earnings of Full-Time Workers Ages 25 to 64, by Educational Attainment, Birthplace, and Parents' Birthplace, 2009

	8th Grade or Less	9th to 12th Grade and No Diploma	High School Diploma or GED ^a	Some College or an Associate's Degree	Bachelor's Degree	Graduate Courses or Graduate Degree	All Levels of Educational Attainment
Average Weekly Earnings of Workers as a Percentage of the Average Earnings of Native-Born Workers with Native-Born Parents							
<i>Men</i>							
Native Born							
Parent from Mexico or Central America ^b	86	98	88	86	91	97	78
Parents from rest of world	c	c	99	99	102	102	112
Foreign Born							
Mexico or Central America	82	79	78	78	73	84	56
Rest of world	88	96	87	88	92	96	100
<i>Women</i>							
Native Born							
Parent from Mexico or Central America ^b	78	95	99	91	96	105	86
Parents from rest of world	71	89	106	108	101	106	115
Foreign Born							
Mexico or Central America	78	82	78	87	83	93	60
Rest of world	87	89	95	98	100	102	104

Source: Congressional Budget Office based on monthly data from Census Bureau, Current Population Surveys, Outgoing Rotation Groups, 2009.

- a. States award high school completion credentials to people who have not completed the requirements for a regular high school diploma but have passed the GED tests.
- b. Those with one parent from Mexico or Central America and one from another part of the world are classified as having a parent from Mexico or Central America.
- c. The distribution of values renders the estimate statistically unreliable.

(Continued)

Native-born workers with foreign-born parents are likely to earn substantially more than their parents at comparable stages in their life. Nevertheless, those whose parents are from Mexico and Central America earn substantially less than native-born workers with native-born parents. For example, in 2009, native-born men with parents born in Mexico and Central America earned an average of \$850 per week, whereas foreign-born men from Mexico and Central America earned \$610 per week. However, native-born men with native-born parents earned an average of \$1,090 per week.

Table 11.

Differences in Average Weekly Earnings Between Foreign- and Native-Born Full-Time Workers Ages 25 to 64, Adjusted for Educational Attainment and Experience, 2009

(Percentage difference from native-born workers with native-born parents)

	Men			Women		
	Unadjusted	Adjusted for Educational Attainment	Adjusted for Educational Attainment and Experience	Unadjusted	Adjusted for Educational Attainment	Adjusted for Educational Attainment and Experience
Native Born						
Parent from Mexico or Central America	-22	-10	-9	-14	-4	-2
Parents from rest of world	12	1	4	15	5	6
Foreign-Born						
Parent from Mexico or Central America	-44	-23	-21	-40	-16	-14
Parents from rest of world	0	-10	-6	4	-2	-1

Source: Congressional Budget Office based on monthly data from Census Bureau, Current Population Surveys, Outgoing Rotation Groups, 2009.

Note: When adjusting the differences in average weekly earnings for educational attainment, CBO calculated what the average earnings of all foreign-born workers would have been if the distribution of educational attainment of foreign-born workers were the same as the distribution among native-born workers with native-born parents. CBO then compared that hypothetical average with the average earnings of all native-born workers with native-born parents. When adjusting for educational attainment and experience, CBO followed a similar procedure but calculated what the average earnings of all foreign-born workers would have been if the distribution of educational attainment and potential experience (defined as a worker's age minus 18 for high school graduates and minus 22 for college graduates) of foreign-born workers were the same as the distribution among native-born workers with native-born parents.

- a. Those with one parent from Mexico or Central America and one from another part of the world are classified as having a parent from Mexico or Central America.

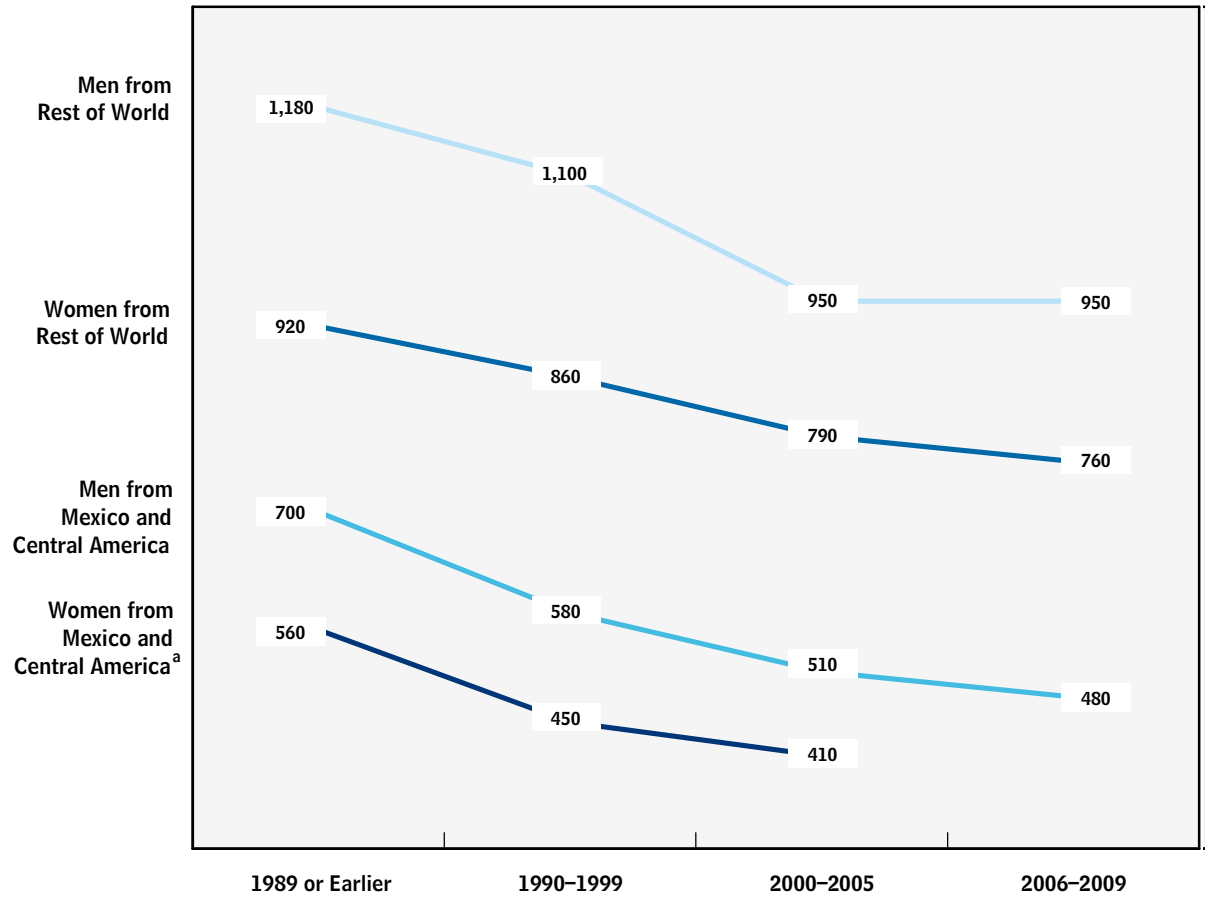
Although differences in education and experience account for some of the difference in workers' earnings, a significant gap remains between the earnings of native-born workers with native-born parents and the earnings of workers born in Mexico and Central America, even after adjusting for those differences. For example, in 2009, men born in Mexico or Central America earned 44 percent less, on average, than native-born men with native-born parents. If they had had the same level of education and experience as native-born men with native-born parents, they would still have earned 21 percent less, CBO estimates. Among women, the gap in earnings was 40 percent in 2009; after all adjustment to account for the effects of differences in education and experience, the gap was still 14 percent.

Foreign-born workers from the rest of the world earn slightly more than their native-born counterparts, but that advantage more than disappears once differing levels of education are taken into account.

Figure 4.

Average Weekly Earnings of Full-Time Foreign-Born Workers Ages 25 to 64, by When They Came to the United States to Stay, 2009

(Dollars)



Source: Congressional Budget Office based on monthly data from Census Bureau, Current Population Surveys, Outgoing Rotation Groups, 2009.

a. The sample of women from Mexico and Central America arriving since 2006 is too small to produce a reliable estimate of their earnings.

The length of time that foreign-born workers have been in the United States influences their earnings. Foreign-born workers who came to the United States many years ago generally earn more than those who arrived more recently. For example, among men employed full time, those from Mexico and Central America who came to this country between 2006 and 2009 earned an average of about \$480 per week, compared with \$700 for those who arrived before 1990.

There are several possible explanations for the relationship between the length of time since people arrived in the United States and their earnings. Workers who have been in the United States longer may have acquired more of the skills that are valued in the U.S. labor market than have individuals who came to this country more recently. In addition, those who have been in the United States longer are more likely to be naturalized citizens, which may open up more job opportunities for them. Finally, those who came earlier may be systematically different from those who came more recently; they may, for instance, be more fluent in English or may be less likely to live in an immigrant enclave.

Workers who came to the United States longer ago are older, on average, than those who came more recently, and, typically, with age comes more experience and higher earnings. However, age differences alone account for only a small part of the positive relationship between time of entry and earnings.

Table 12.**Selected Characteristics of Workers Ages 25 to 64, by Birthplace and Parents' Birthplace, 2009**

	Men				Women			
	Number (Thousands)	Average Years of Education Completed	Average Age	Average Years of Potential Labor Market Experience	Number (Thousands)	Average Years of Education Completed	Average Age	Average Years of Potential Labor Market Experience
All Workers	61,500	13.8	43	23	54,700	14.1	43	23
Foreign Born								
Parent from Mexico or Central America ^a	5,000	9.7	39	22	2,500	10.1	41	23
Parents from rest of world	6,300	14.5	43	23	5,400	14.4	44	23
Native Born								
Parents native born	47,200	14.1	44	24	44,400	14.3	44	24
Parent from Mexico or Central America ^a	900	12.9	36	17	700	13.3	37	18
Parents from rest of world	2,000	14.9	42	21	1,700	15.1	41	21

Source: Congressional Budget Office based on monthly data from Census Bureau, Current Population Surveys, Outgoing Rotation Groups, 2009.

- a. Those with one parent from Mexico or Central America and one from another part of the world are classified as having a parent from Mexico or Central America.

Although foreign-born workers are likely to earn substantially less than native-born workers during their careers, the earnings gap is much smaller for foreign-born workers' children (as shown in Table 11). In large part, the progress by the members of that second generation results from their additional years of education. For instance, in 2009, male workers born in Mexico and Central America averaged 9.7 years of schooling, whereas U.S.-born male workers with a parent born in Mexico and Central America averaged 12.9 years of schooling. Although that increase is substantial, that second generation still had less education than the average of 14.1 years for native-born men with native-born parents.