

New England **Immigrants** and the Labor Market



In recent years, New England has seen many people leave the region for other parts of the country. Birth rates have been lower than for the nation, and few residents of other states have moved in. Fortunately, population tallies have been kept from declining overall by growing numbers of immigrants. The new arrivals are playing an increasingly important role in New England's labor force.

To aide policymakers in assessing immigrants' contributions to New England's economy and society, a November 2008 research report from the New England Public Policy Center provides a comprehensive overview of the size, composition, and characteristics of the foreign-born population.¹ The report's findings on the labor market behavior of New England's immigrants are of particular interest.



Labor-Force Participation and Unemployment

With an age structure heavily skewed towards working-age years, the region's growing immigrant population has become its key source of labor supply. During the 1990s, their numbers in the civilian labor force grew by 181,000, while the numbers of natives declined by 1,700. Thus foreign-born workers were responsible for the entire net growth of the region's labor force in that decade. Between 2000 and 2006, New England's outflow of native workers reversed, but immigrants still continued to account for the majority—58 percent—of labor-force growth during that period. (See “Labor-Force Growth.”) The impact of immigrants on the labor force depends not only on the number of working-age foreign-born individuals, but also on their labor-force participation rate—the share of people in a certain population who are either employed or unemployed and actively seeking work. In 2006, immigrants and natives aged 25 and over had virtually equal rates of labor-force participation in New England. (See “Labor-

Force Participation Rates of Immigrants and Natives in New England, 2006.”)

This apparent equality masks significant variations across gender, especially among immigrants. Immigrant men are significantly more likely than immigrant women to participate in the labor force—79 percent of them do, compared with 60 percent of their female counterparts.

The labor-force participation rates of

immigrant men are also significantly higher than those of native men, whereas immigrant women are *less* likely than native women to be employed or seeking work. These discrepancies likely result from both cultural and demographic conditions. Foreign-born men who migrate in search of employment are likely to actively seek work once they are in the country. The women who accompany them, however, often do not. Potential

Labor-Force Growth

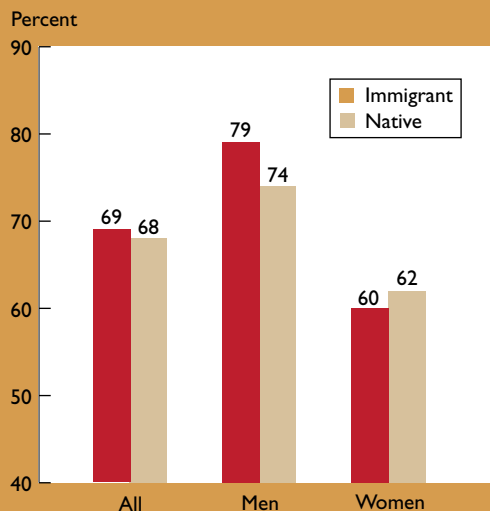
Civilian labor force members aged 16 and over

	1990–2000		2000–2006	
	New England	United States	New England	United States
Labor force growth:				
Native	-1,700	8,716,500	183,400	7,231,300
Immigrant	181,000	5,726,500	253,900	6,295,000
Total	179,300	14,443,000	438,600	13,546,100
Immigrants' share of net growth (percent)	101	40	58	46

Sources: 1990 and 2000 Public Use Microdata, Census of Population and Housing; 2006 American Community Survey.

Labor-Force Participation Rates of Immigrants and Natives in New England, 2006

(population aged 25 and over)



Source: Public Use Microdata, 2006 American Community Survey.
Notes: The labor force participation rate is defined as the percent of the population aged 25 and over that is in the civilian labor force.

explanations for the lower labor-force participation of immigrant women, especially from developing or highly religious countries, include low educational attainment, high child-bearing rates, and religious and cultural views that emphasize women's primary roles as wives and mothers.

Immigrants' attachment to the labor force is strongly correlated with their education and English proficiency. In New England, 78 percent of immigrants with graduate degrees participate in the labor force, compared with only 54 percent of immigrant high school dropouts. The differences by English proficiency are smaller, with 72 percent of immigrants proficient in English participating in the labor force, compared with 66 percent of those with limited English skills. (See "Immigrants' Labor-Force Participation Rates.")

When they do participate in the labor force, the region's immigrants are somewhat less successful at finding jobs than native workers. The higher unemployment rate among immigrants, however, is entirely

driven by the labor-market performance of immigrant women. Their unemployment rate exceeds that of native women by more than one percentage point, as their lower education levels and English skills impede their ability to compete for employment. (See "Unemployment Rates of Immigrants and Natives in New England, 2006," page 15.)

Industries

The largest shares of both native and foreign-born workers in New England are employed in manufacturing, health services, and professional and business services. (See "Employment of Immigrants and Natives by Industry in New England.") Forty-four percent of New England's immigrants and 38 percent of its natives work in these three sectors. At the same time, immigrants in the region are more likely than natives to work in manufacturing; accommodation and food services; construction; and other services, including personal services like dry cleaning, barber shops, and nail salons. In fact, although immigrants comprise 14 per-

cent of all civilian employees, they account for 19 percent of manufacturing employment and 31 percent of employment in accommodation and food services.

In contrast, native workers are more likely to be employed in industries like financial services, retail trade, information- and data-related services, and educational services. In fact, natives are almost 60 percent more likely to work in educational services. Most teaching jobs, especially in elementary and secondary schools, require English proficiency and familiarity with cultural and social customs, which immigrant workers often lack.

Occupations

Differences between immigrants' and natives' employment choices are especially apparent at the occupation level, often within the same industry. The occupational breakdown of New England's immigrants largely reflects the bimodal distribution of their educational attainment: a higher share of immigrants lack a high school diploma compared with natives, and yet a higher share hold a graduate degree as well. Thus, immigrants are more likely than natives to hold highly skilled professional occupations that require graduate training, but they are also more likely to be employed in low-skilled and low-paid positions. Within the health-care and social assistance industry,

Immigrants' Labor-Force Participation Rates

Percent of population aged 25 and over that is in the civilian labor force

	New England	United States
Educational attainment:		
Less than high school	53.6	59.1
High school degree	69.6	68.3
Some college	75.9	72.2
College degree	74.7	74.5
Advanced degree	77.9	78.9
English proficiency:		
Speaks English only or speaks it very well	71.5	72.3
Speaks English less than very well or not at all	66.0	64.6

Source: Public Use Microdata, 2006 American Community Survey.

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for example, immigrants are twice as likely as native workers to be employed as physicians and surgeons and, at the same time, twice as likely to work as home health aides.

A closer examination of the most popular occupations among immigrants and natives highlights this point. The occupations that immigrants are most likely to hold are primarily a collection of very low-skilled jobs (housekeepers, janitors, health

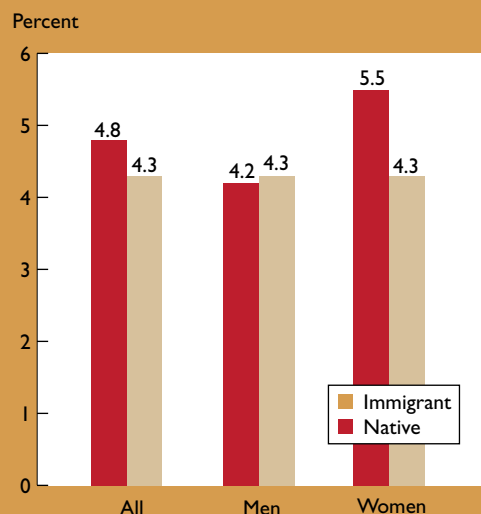
aides) and very highly skilled positions (software engineers, college professors), with hardly any medium-skilled occupations in between. In contrast, natives are more likely to work as administrative professionals, registered nurses, elementary school teachers, accountants, and other jobs that span more skill and education levels and provide a more certain path to the middle class.

Median Earnings

The larger concentration of immigrants in low-skilled industries and occupations is in turn reflected in their lower earnings relative to native workers. In New England, the median annual earnings of both male and female immigrant workers are only 80 percent as high as those of their native counterparts. (See "Median Annual Earnings, 2006.")

Unemployment Rates of Immigrants and Natives in New England, 2006

(population aged 25 and over)



Source: Public Use Microdata, 2006 American Community Survey.

Employment of Immigrants and Natives by Industry in New England

Percent of civilian employed population aged 16 years and over

Industry	Immigrants (%)	Natives (%)
Manufacturing	16.6	11.9
Health care and social assistance	15.2	14.7
Professional and business services	12.0	11.0
Accommodation and food services	9.8	3.5
Retail trade	8.3	10.0
Construction	7.8	7.4
Financial activities	7.1	8.9
Educational services	6.8	10.7
Other services	6.0	4.1
Transportation and utilities	3.1	4.2
Wholesale trade	2.1	3.4
Government	2.0	4.8
Information	1.8	2.9
Arts, entertainment, and recreation	1.2	1.8
Agriculture, natural resources, & mining	0.3	0.8

Source: Public Use Microdata, 2006 American Community Survey.

The relative earnings of immigrants and natives vary widely within the region, however. In southern New England, immigrant male workers are substantially less well paid than native males. In Connecticut and Massachusetts, immigrant men earn only three-quarters of natives' median pay; in Rhode Island, this ratio is even lower, at two-thirds. That is consistent with the nation as a whole, where immigrant men earn 70 cents for every dollar earned by a native male worker. In the three northern New England states, by contrast, immigrant male workers earn on a par with or slightly higher than native men. This parity in wages likely reflects their stronger educational backgrounds as well as their longer tenures in the United States and their national origins. More than one-fifth of immigrants in northern New England hail from Canada and benefit from stronger cultural and economic ties and lower language barriers than their immigrant counterparts in the region's three southern states.

Similar intraregional earning patterns persist for female workers, albeit to a lesser degree. In southern New England, female

immigrants are paid substantially less than female native workers. In the northern states, they still earn less than female natives, but the gap is much smaller.



New England has an interest in fostering immigrants' economic potential and long-term commitment to the region. Large numbers of well-trained working-age immigrants can replenish the regional workforce and can fill the increasingly specialized positions offered by local employers, including those vacated by retiring baby boomers. In doing so, foreign-born workers also help expand the tax base needed to support the growing elderly population. The cultural, linguistic, and economic connections that some immigrants maintain with their homelands has the added potential to give the region an edge in the global economy.

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Median Annual Earnings, 2006

Employees aged 16 years and over, with earnings, employed full-time and year-round

	Male immigrants	Male natives	Ratio of immigrant to native earnings	Female immigrants	Female natives	Ratio of immigrant to native earnings
Connecticut	41,269	55,458	0.74	36,173	42,483	0.85
Maine	41,274	40,086	1.03	28,126	30,433	0.92
Massachusetts	41,406	54,339	0.76	31,670	41,411	0.76
New Hampshire	48,163	48,259	1.00	29,387	35,022	0.84
Rhode Island	32,805	48,847	0.67	25,637	36,797	0.70
Vermont	42,114	40,030	1.05	27,983	31,867	0.88
New England	40,635	50,794	0.80	32,000	39,619	0.81
United States	31,749	45,252	0.70	28,085	33,573	0.84

Source: 2006 American Community Survey.

Endnote

¹ Antoniya Owens, "Profile of New England's Immigrants" (New England Public Policy Center Research Report no. 08-2, Federal Reserve Bank of Boston, November 2008), <http://www.bos.frb.org/economic/neppc/researchreports/2008/rr0802.htm>.

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