

Central Americans in the U.S. Labor Market: Recent Trends and Policy Impacts

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Disclaimer: These views do not represent the views of the Federal Reserve Bank of Dallas or the Federal Reserve System



Overview



- Changes in
 - Volume, composition of Central American immigration
 - Environment into which they are migrating
- Two examples of effects of immigration policy on labor market outcomes
 - State-level mandatory E-Verify
 - Temporary Protected Status
- Conclusions and recommendations

Central American Immigrant Population Fast-Growing

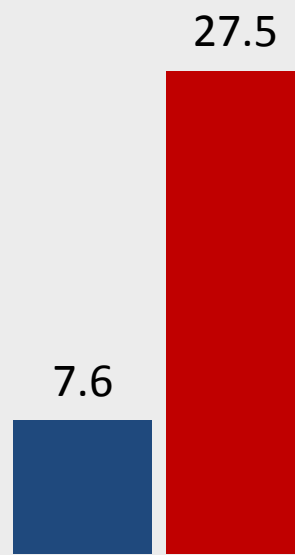


■ Central American ■ Mexican

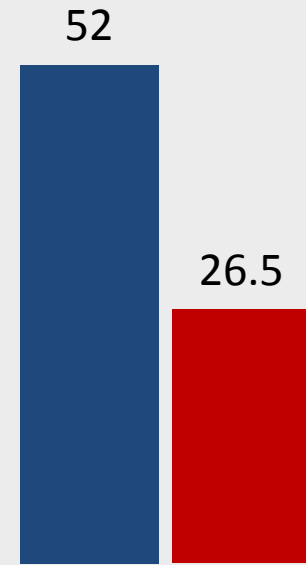
Population (millions)



Foreign born share (%)

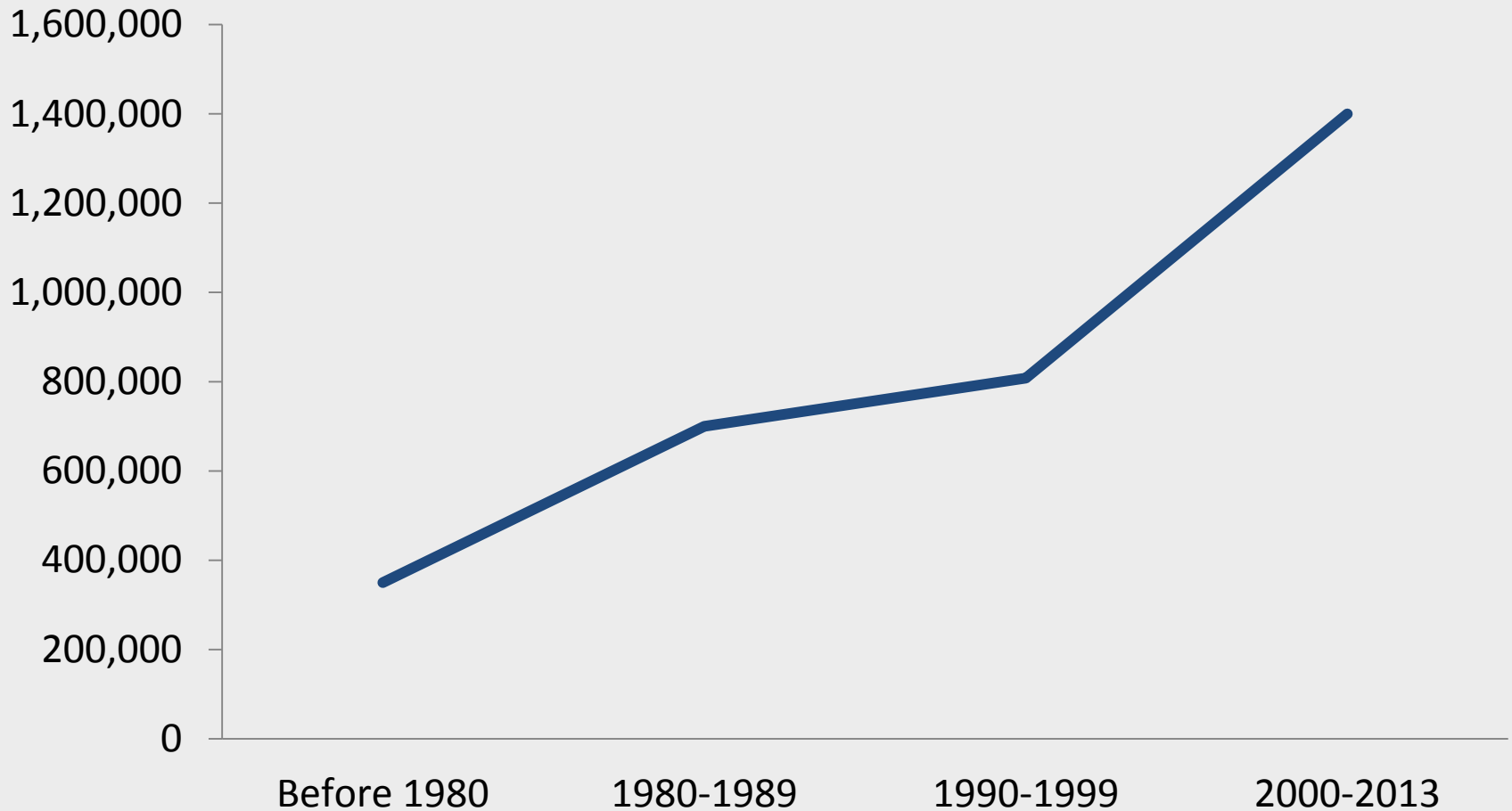


Population growth since 2000 (%)



Sources: 2000 Census; 2013 American Community Survey.

Central American Immigration Picks Up After 2000



Source: 2013 American Community Survey.

Major policy changes -1-



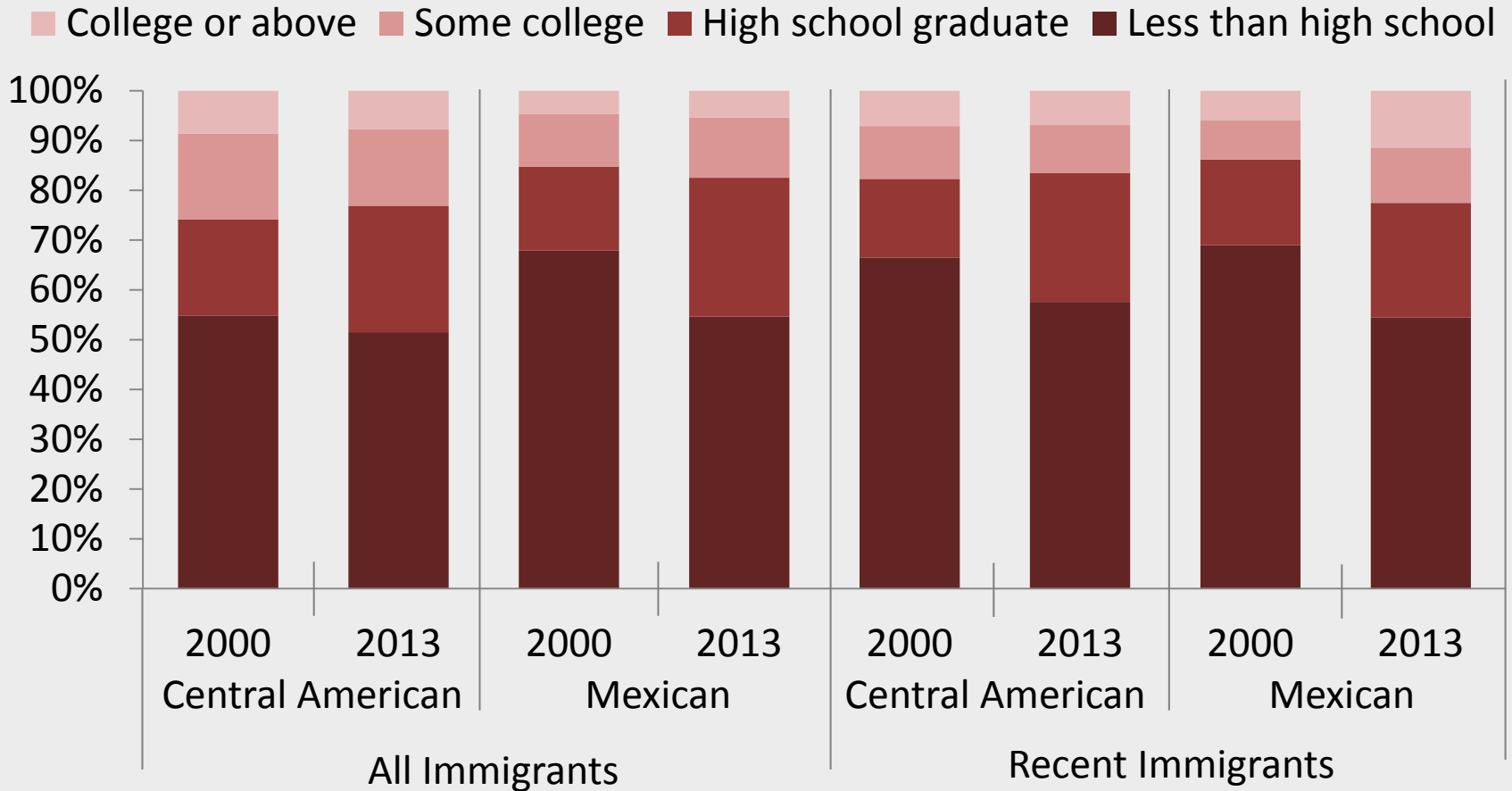
- IRCA 1986
 - Made hiring unauthorized workers illegal
- Border crackdowns 1993, 1994...
- IIRIRA 1996
 - Basic Pilot (E-Verify), expedited removal, re-entry bars, 287(g), and more
- Additional border strategies
 - Lateral, interior repatriation; zero tolerance; Secure Fence Act

Major policy changes -2-



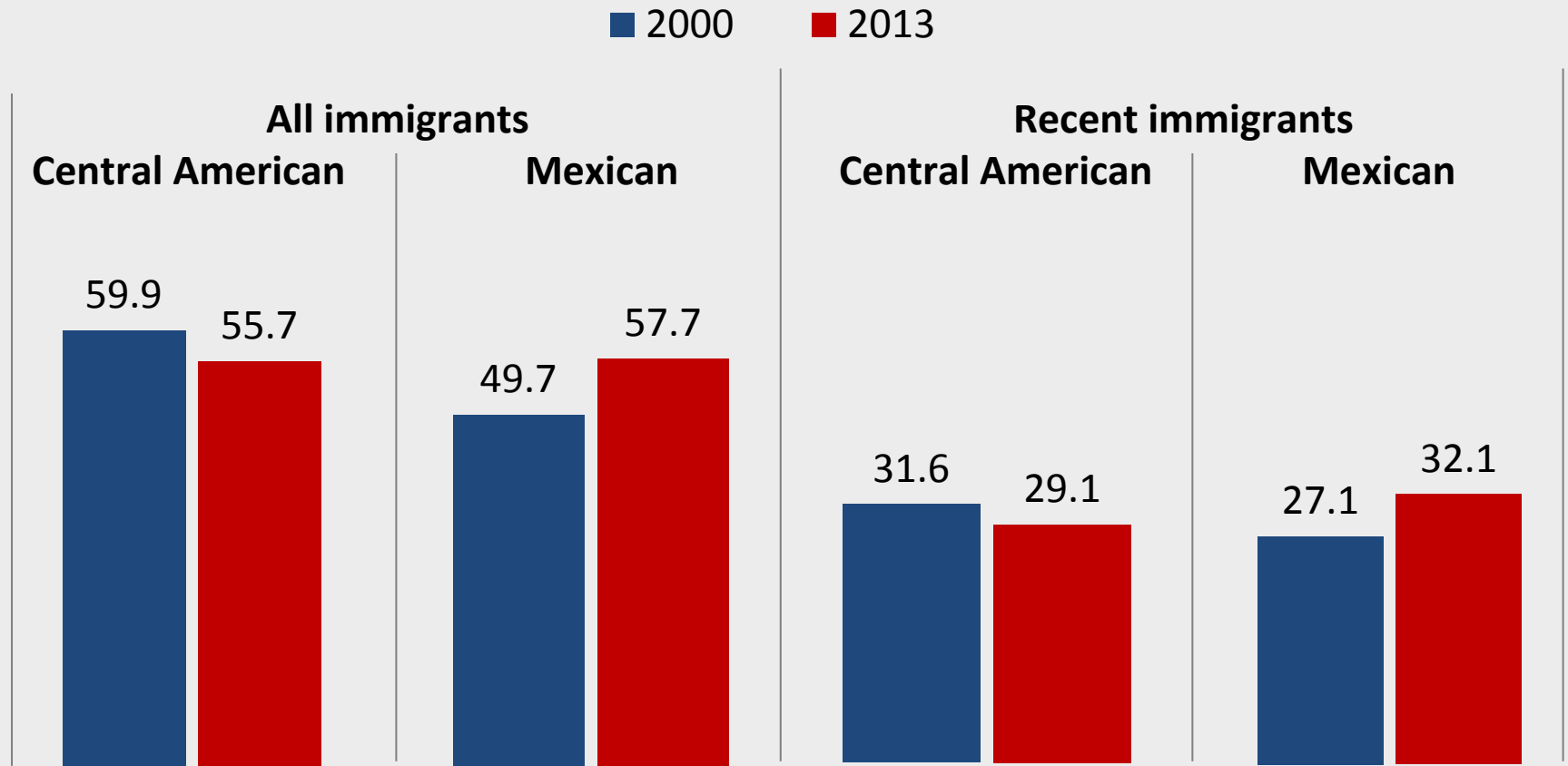
- State laws 2007-2011
 - Mandatory E-Verify (LAWA, others)
- Secure Communities 2008-2014
- E-Verify for federal contractors 2009
- Deferred Action for Childhood Arrivals (DACA)
 - Deferred Action for Parents of Americans (DAPA)

Educational Characteristics of the Hispanic Immigrant Workforce



Note: Recent immigrants arrived in the U.S. in the prior five years. Data for men ages 25-54.
 Sources: 2000 Census; 2013 American Community Survey.

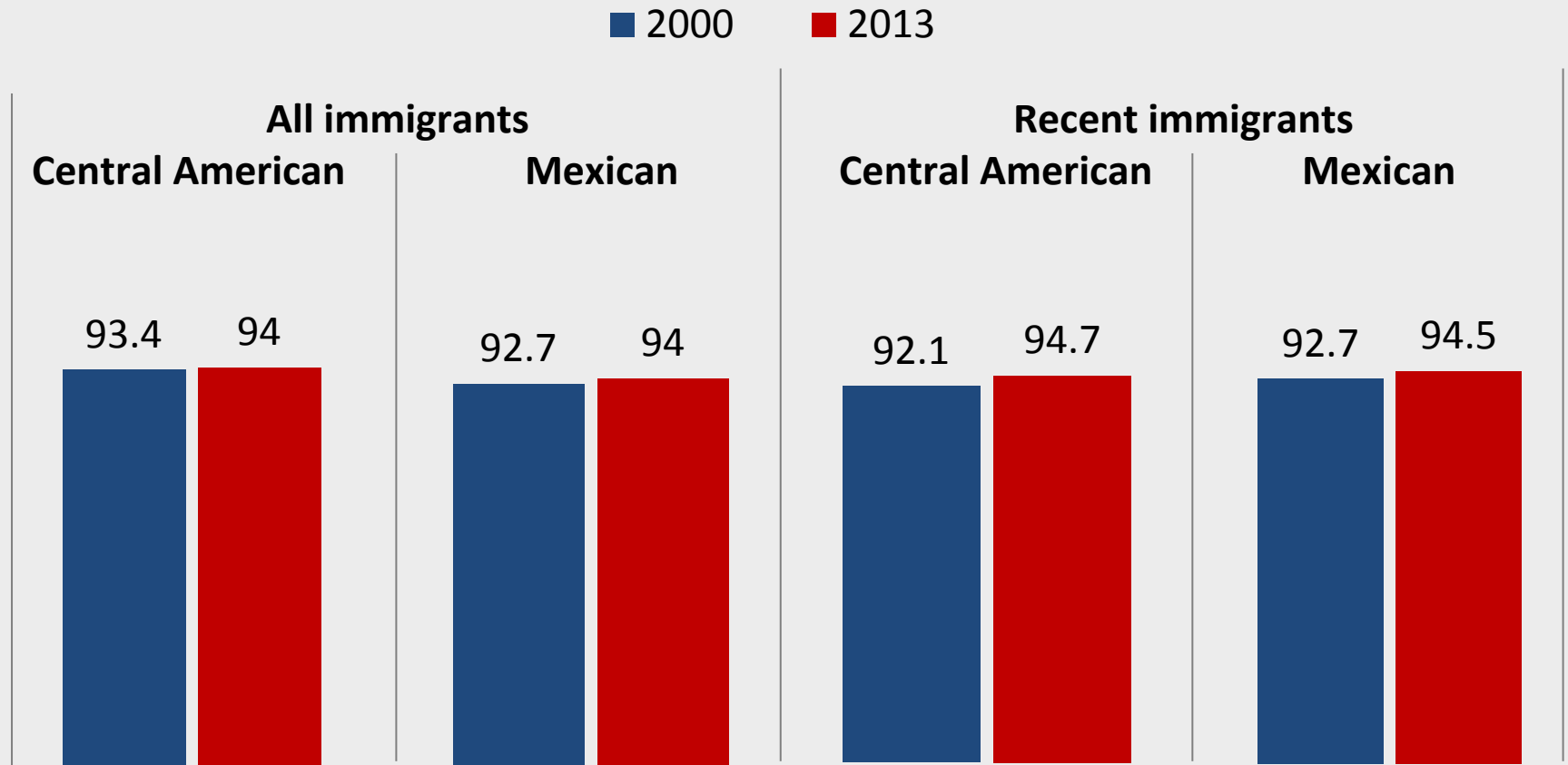
Hispanic Immigrant Workforce: Speaks English Well (%)



Notes: Recent immigrants arrived in the U.S. in the prior five years. Data based on men ages 16-54.

Sources: 2000 Census; 2013 American Community Survey.

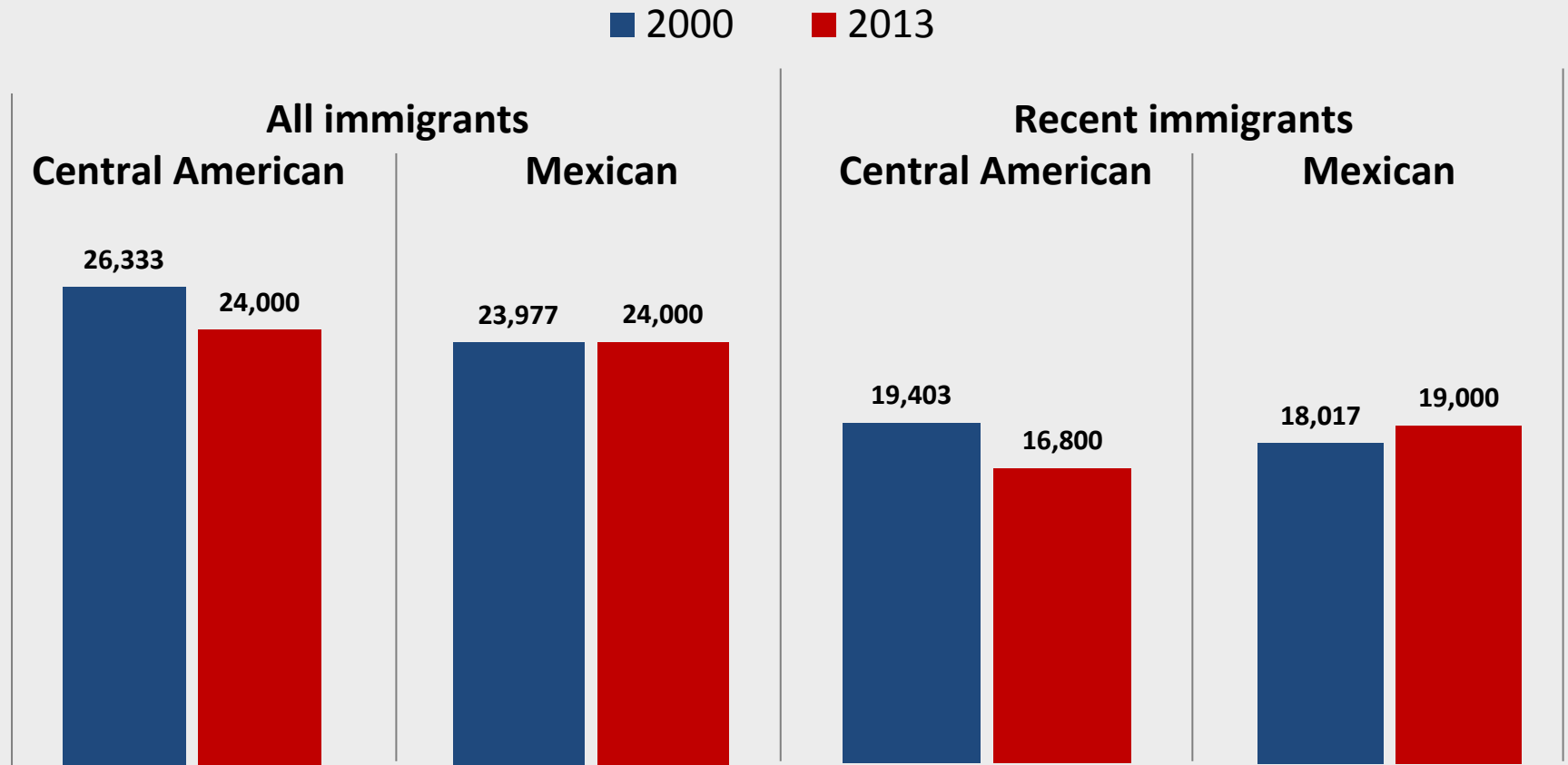
Hispanic Immigrant Workforce: Employed (%)



Notes: Recent immigrants arrived in the U.S. in the prior five years. Data based on men ages 16-54.

Sources: 2000 Census; 2013 American Community Survey.

Hispanic Immigrant Workforce: Median Wage (\$)



Notes: Recent immigrants arrived in the U.S. in the prior five years. Data based on men ages 16-54. Wages are adjusted for inflation and expressed in 2013 dollars.

Sources: 2000 Census; 2013 American Community Survey.

State-level E-Verify Mandates



- 7 states mandate electronic verification of work authorization
 - Targets unauthorized
- Should affect demand for labor, maybe supply
 - Employment and turnover should fall, wages may also fall
- Empirical investigation uses CPS data, compares E-Verify states over time to non-EVerify states
 - Likely unauthorized workers

Effect of E-Verify Mandates on Labor Market Outcomes



	Unauthorized Central American Immigrants	Unauthorized Mexican Immigrants	Naturalized Hispanic Immigrants	U.S.-Born Hispanics
Employed	-0.073***	0.006	0.036	-0.019
Employed, wage & salary	-0.058	0.014	0.087***	-0.022
Self-employed	-0.015	-0.008	-0.048**	0.001
Unemployed	0.014	-0.008	-0.029	0.047**
In labor force	-0.059**	-0.001	0.008	0.029
Real hourly earnings	0.034	-0.075***	0.065***	0.090***
Switched employers	-0.030**	-0.004	-0.018*	0.008*

*p<0.1; **p<0.05; ***p<0.01

Temporary Protected Status



- Established as part of 1990 Immigration Act
 - Granted to migrants from countries in turmoil; 340,000 currently from 11 countries
 - Beneficiaries often unauthorized, get work permit and temporary status
 - El Salvadorans given TPS in 2001, extended 10 times since
- Empirical work compares TPS-eligible cohort with non-TPS using ACS data
 - Mexican immigrants are control group

Effect of TPS on Labor Market Outcomes of Immigrants from El Salvador



	LESS-EDUCATED		MORE-EDUCATED	
	Men	Women	Men	Women
Employed	-0.060*	0.173***	0.101	-0.046
Unemployed	0.060***	-0.024	0.029	0.055
In labor force	-0.0002	0.149***	0.131*	0.009
Usual weekly hours	0.346	5.564**	4.182	5.300
Annual weeks worked	0.905	7.485***	7.656*	-1.716
Real weekly earnings	0.131***	0.033	0.191	0.477**

*p<0.1; **p<0.05; ***p<0.01

Conclusions



- Central American immigrants are both more plentiful and vulnerable
 - E-Verify has large adverse effects on immigrant employment, participation
 - TPS is helpful, boosting labor market outcomes
 - Implications for DACA, DAPA
- A comprehensive immigration reform could bring people in legally, regularize those already present

