
Immigrants Increasingly Occupy the Bottom of the Labor Market

Context

California's labor market has been undergoing changes much like those in the national labor market. The new jobs created by the California economy are increasingly filled by workers who have attended college. While the number of jobs filled by workers lacking a high school diploma remained unchanged between 1970 and 1990, the California economy created 6.9 million new jobs, 85 percent of which went to workers with at least some college (see Figure 5.1). Clearly, the economic opportunities of workers are becoming increasingly differentiated by education. These trends (even more marked in the rest of the nation) suggest that the pool of low-skill jobs is shrinking, belying the widespread belief that California's past 20 to 30 years of "economic restructuring" expanded the number of jobs for less-educated workers.¹

Question

What role do immigrants play in California's labor force?

Immigrants have contributed disproportionately to the growth of the state's labor force.

In contrast to the 1960s, when immigrants contributed only 10 percent of new entrants to California's labor force, the 1980s saw them contribute the majority—54 percent (see Figure 5.2). Outside California, immigrants represented a much smaller share of labor market growth—only 17 percent. Indeed, while

¹As we indicate in the discussion that follows, these trends do not mean there are no longer jobs opening for workers with a high school education or less. The labor market is dynamic, with older, less-educated workers retiring, and adult workers upgrading their education and moving into new jobs. The jobs they leave are then filled by younger, less-educated, and often immigrant workers.

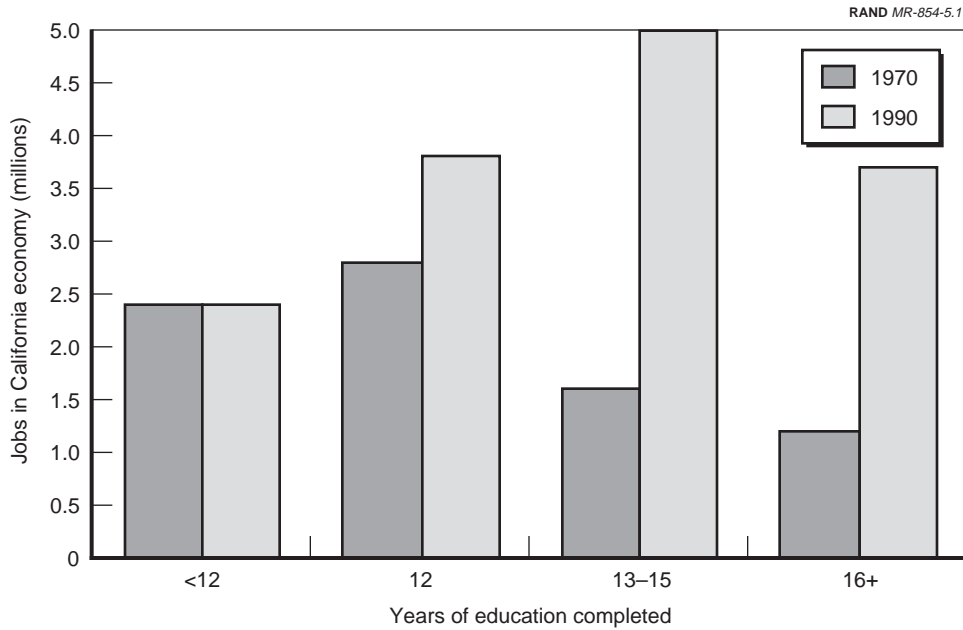


Figure 5.1—California’s New Jobs Are Filled Primarily by Workers with at Least Some College Education

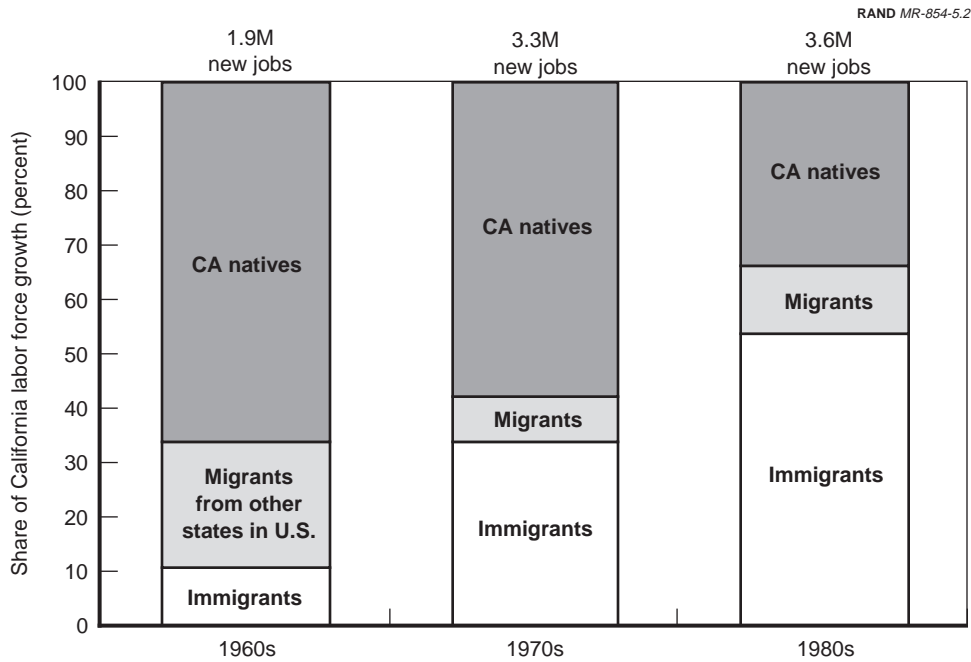


Figure 5.2—Immigrants Are Now Responsible for the Majority of California’s Labor Force Growth

immigrants increased their share of California's labor force from 10 to 26 percent from 1970 to 1990, their share increased merely one percentage point—from 6 to 7 percent—in the rest of the country. Moreover, despite the fact that total employment in California failed to grow during the 1990–94 recession, immigrants continued to join the state's labor force at about the same rate as in the 1980s. Immigrants are now California's primary source of new labor.

Immigrants are replacing natives as the primary source of less-educated labor in California.

As older native workers retire and younger native adults enter the labor force with one or more years of college, immigrants are increasingly filling jobs that require less schooling. Figure 5.3 shows that immigrants filled 15 percent of the state's 2.4 million jobs held by workers without a high school diploma in 1970. By 1990, they filled 60 percent of those jobs, the total number of which has remained the same. They also filled about 67 percent of the 1 million new jobs taken by workers with only a high school diploma, but only about 20 percent of the 5.9 million new jobs taken by workers with one or more years of college.

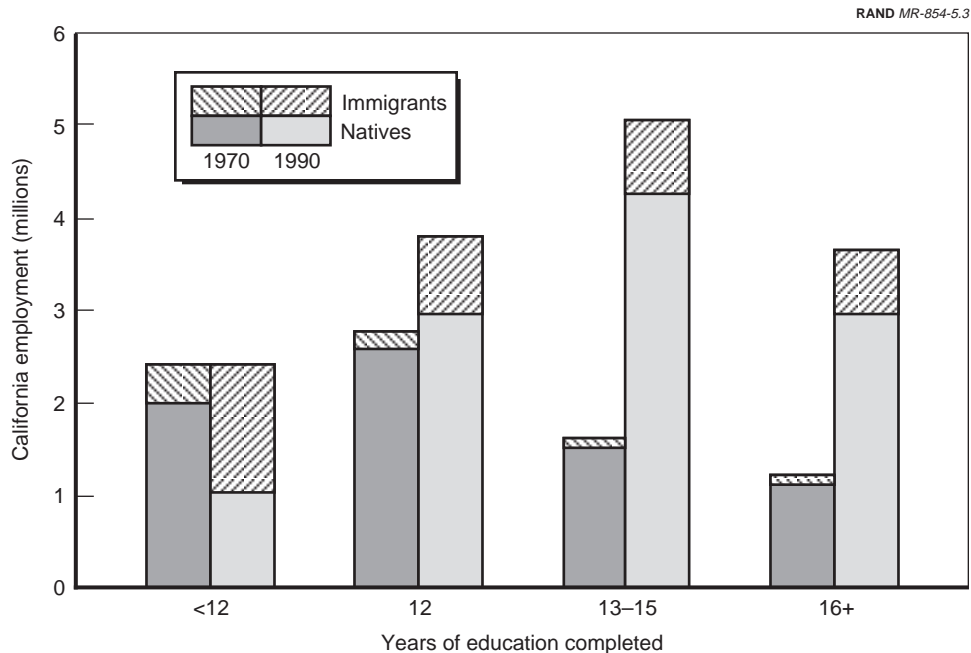


Figure 5.3—Immigrants Are Now the Primary Source of Labor for California Jobs Requiring Less Than a High School Education

This outcome is largely a by-product of the increasing educational differential between California’s immigrants and its natives. The gap in average educational levels between immigrants and natives increased from 1.8 years in 1970 to 2.6 years in 1990. Indeed, the failure of California’s economy to create new low-skill jobs suggests that, within the next decade, few jobs will be available for new labor force entrants—native and foreign-born alike—who lack some postsecondary schooling.

Although all occupations now depend more on immigrant labor than they did in 1960, as Figure 5.4 shows, this dependence has been most striking at the lower end of the skill spectrum. For example, the immigrants’ share of all executive, professional, and technical positions in California doubled between 1960 and 1990, but their share of operative, laborer, and other service jobs quintupled. Moreover, immigrants are less likely than natives to work in occupations requiring proficiency in English, such as sales and clerical positions. In the professional and technical fields, immigrants are more likely than natives to hold jobs in the scientific areas (e.g., engineering, health, computers) and less likely to hold jobs requiring certification in the United States (e.g., lawyers, teachers).

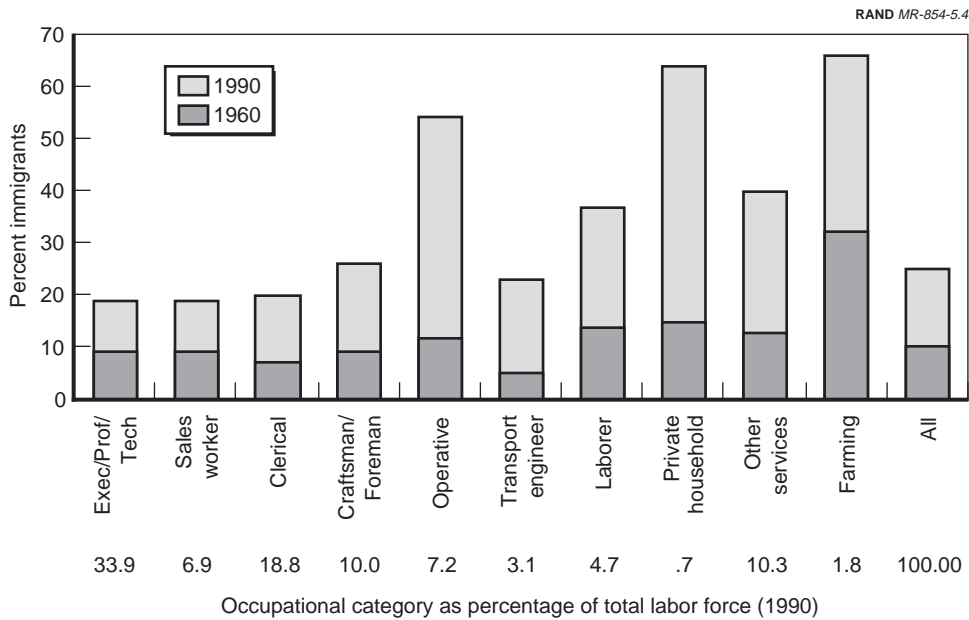


Figure 5.4—Occupations Requiring the Fewest Skills Have Become More Dependent on California’s Immigrant Labor

The Short Story

California's economy has become progressively more reliant on immigrants overall, especially for filling low-skill jobs. However, since the number of such jobs in the state has not increased over the past 25 years (and has declined by 50 percent in the rest of the nation), the employment and earning prospects of Californians who lack the postsecondary schooling required for higher-skill jobs are narrowing.