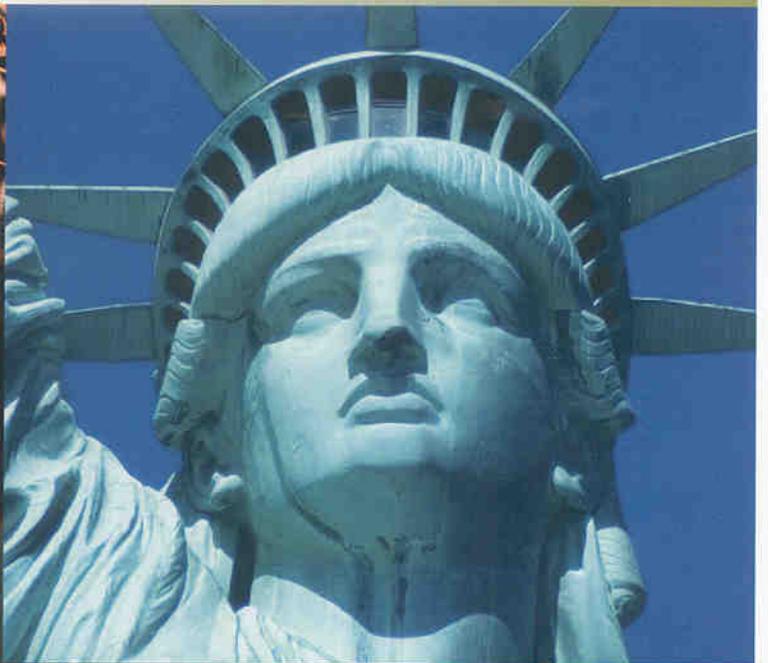


*Developing innovative strategies for workforce challenges*



# IMMIGRATION AND THE GATEWAY CITIES REGION: *An Analysis*



---

# Immigration and the Regional Economy

Presented by:

**The Gateway Cities Partnership, Inc.**

For:

**IMMIGRATION AND THE GATEWAY CITIES REGION:  
An Analysis**

**May 22, 2003**

---



## Authors

*Immigration and the Regional Economy* was prepared for the Gateway Cities Partnership, Inc. by the USC Center for Economic Development, School of Policy, Planning, and Development, University of Southern California.

The report was prepared under the guidance of Leonard Mitchell, Esq., Director, USC Center for Economic Development. Deepak Bahl, Associate Director and Dion Jackson, Project Manager directed the project and were responsible for the overall project design, coordination, and management.

Meredith Drake-Reitan, Research Assistant, key author and contributor, was responsible for data analysis and report writing. Other co-contributors to the report include the following graduate students:

- Chaitanya Kumar Gupta, Research Assistant
- Vanessa Luna, Research Assistant
- Michael Vanderbeek, Research Assistant
- Navin Vutha, Research Assistant
- Daniel Weinheimer, Research Assistant
- Ying Zhou, Research Assistant



## Acknowledgements

The Project Team acknowledges help and guidance from the following individuals:

- Mark Hanson, Research Manager/Analyst, RAND
- Shannon Kimball, Research Assistant, USC School of Policy, Planning, and Development

We would also like to thank members of the Gateway Cities Partnership for providing us with information and generous assistance required for successful completion of this report.



## Preface

Since its first conference in 2001 the Gateway Cities Partnership has set about defining the key issues that affect the region. In 2001 the Partnership's report "**Gateway Cities: A Profile at the Start of the 21<sup>st</sup> Century**" benchmarked a wide variety of key data sets that every decision maker in the region must be aware of and take into account when making policy. In 2002 the Partnership's report focused on "**The Education Gap in the Gateway Cities Region**" acknowledging one of the key factors affecting economic development in the Gateway Cities Region. Both reports served as springboards for a number of important and lauded initiatives that the Partnership has undertaken. No less is expected of "**Immigration and the Regional Economy**".

Immigration is an issue often on the minds and tongues of people all across the United States. Is it good? Is it bad? What is the effect on society, the economy? Is it a security risk? This report does not pretend to answer these or many other questions about immigration, because at the end of the day, these are questions that everyone must answer for themselves. What this report, and this conference, strive to do however, is provide good, easily understood data, that will make it easier for everyone to come to informed conclusions on immigration and how it affects this region of the United States.

Looking at the broader picture, it is fair to say that as the Gateway Cities Region goes, so goes California. Our majority non-white demographic will one day be California's. California itself has often been described as a bell weather state for America. It is not stretching credibility therefore to say that what is happening in the Gateway Cities Region today, will sooner or later, take place in very many other parts of the country. Certainly this is already true in the South East and in some of our larger cities all across America. Therefore, what happens here in the next several years will have crucial national implications.

It is important that this information be available widely in our region and throughout the state. This report will be available as a download from the Gateway Cities Partnership website at [www.gatewaycities.org](http://www.gatewaycities.org). On behalf of the board of the Gateway Cities Partnership I invite you to tell your friends and colleagues about this report and urge them to download and read it.

Richard Hollingsworth  
President/CEO  
Gateway Cities Partnership, Inc.



# Table of Contents

<b>Executive Summary</b> .....	i
<b>I. Introduction</b> .....	1
Background.....	1
Terminology and Organization of the Paper.....	2
Defining the Foreign-Born Immigrant Populations.....	3
Economic and Labor Related Terms Used in this Report.....	3
Data Sources Underlying Analysis of the Immigrant Population and Economic Growth.....	4
<b>II. Overall Profile of Immigration</b> .....	6
United States.....	6
California.....	9
<b>III. Immigrants in the Gateway Cities Region</b> .....	14
Foreign-Born Population Trends.....	14
<b>IV. Contributions to Regional Labor Force</b> .....	17
Foreign-Born Labor Force Trends.....	17
Gender Composition and Impacts on Male and Female Labor Force Growth.....	18
Contributions to Civilian Labor Force by Age Group.....	19
<b>V. Structure of Jobs Held by Immigrant Workers</b> .....	20
Distribution by Class of Worker.....	20
Distribution of Employed Immigrants by Major Industrial Sector.....	21
Occupations of the Region’s Immigrant Workers.....	23
Adverse Affects of Immigration on Some Low-Skilled Workers.....	25
<b>VI. Educational Attainment and Earnings</b> .....	26
Educational Attainment Trends.....	26
High Schools.....	29
Community Colleges and California State University (CSU).....	30
Education Pays.....	31
Immigrant and Native Educational Attainment and Earnings.....	32
Immigrant and Native Income by Age.....	34
<b>VII. Immigrants and Public Services</b> .....	36
<b>VIII. Bibliography and References</b> .....	38



## *List of Tables*

<b>Table 1</b>	1990 Public Use Microdata Areas (PUMAs) in Los Angeles County.....	5
<b>Table 2</b>	A Profile of Foreign Born Population in the Gateway Cities Region.....	13
<b>Table 3</b>	1990 Population of Gateway Cities Region by Nativity and Year of Entry.....	15
<b>Table 4</b>	1990 Working-Age Population (16 and Older) as Percent of the Total Civilian, Non-Institutional Population in the Gateway Cities Region by Nativity.....	17
<b>Table 5</b>	1990 Civilian Labor Force, Civilian Labor Force Participation Rates, and Unemployment Rates of the Working-Age Population in the Gateway Cities Region by Nativity.....	18
<b>Table 6</b>	1990 Gender Distribution in the Gateway Cities Region by Nativity.....	18
<b>Table 7</b>	1990 Civilian Labor Force, Labor Force Participation, and Unemployment Rates of Immigrants in the Gateway Cities Region by Gender.....	19
<b>Table 8</b>	1990 Civilian Labor Force in the Gateway Cities Region by Nativity and Age.....	19
<b>Table 9</b>	1990 Share Class of Worker in the Gateway Cities Region by Nativity.....	20
<b>Table 10</b>	1990 Share of Workers in the Gateway Cities Region by Industry and Nativity.....	23
<b>Table 11</b>	1990 Share of Educational Attainment in the Gateway Cities Region by Nativity.....	27



## *List of Figures*

<b>Figure 1</b>	Map of the Gateway Cities Region.....	2
<b>Figure 2</b>	Percent of Persons Who Are Foreign Born, U.S. by State.....	7
<b>Figure 3</b>	Major Destinations of Immigrants Who Entered, 1985-90.....	10
<b>Figure 4</b>	Race/Ethnicity Comparison for USA, California, and Gateway Cities, 1990 and 2000.....	12
<b>Figure 5</b>	Foreign-Born Population by Place of Origin, 1990.....	16
<b>Figure 6</b>	Gateway Cities Region - Shares of Employment by Industry, 1991 to 1999.....	22
<b>Figure 7</b>	1990 Occupations in the Gateway Cities Region by Industry and Nativity.....	24
<b>Figure 8</b>	Foreign-Born Population (Aged 25 and Over with Less than High School Education) by Place of Origin, 1990.....	28
<b>Figure 9</b>	Gateway Cities Region: Educational Attainment and Income Profile of Foreign-Born Labor Force, 1990.....	33
<b>Figure 10</b>	Gateway Cities - Educational Attainment and Income Profile of Native-Born Labor Force, 1990.....	33
<b>Figure 11</b>	Gateway Cities Region - Income by Age of Foreign-Born Labor Force, 1990.....	35
<b>Figure 12</b>	Gateway Cities Region - Income by Age of Native Born Labor Force, 1990.....	35



## Executive Summary

This report is devoted to an identification and analysis of the role that foreign immigration plays in the economy of the Gateway Cities Region, (the Region). Authors looked at the Region's overall population, its labor force and employed population, the structure of jobs held by immigrant workers, their educational attainment, earnings and impact on public services. Much of this analysis was also compared to trends evident in the State of California and to a certain extent, the United States. The main findings of the research are summarized below:

1. The foreign-born and new foreign-born are more likely to live in the Western Region of the United States. In 2002, 23.1 percent of the foreign-born population lived in the Northeast, 10.6 percent of the foreign-born population lived in the Midwest, 28.2 percent in the South, and 38.1 percent in the West. The foreign-born from both Latin America (40.6 percent) and Asia (44.6 percent) were more likely to live in the West than in any other region of the United States.
2. The effects of immigration in California are felt more sharply than in other states. As a result Gateway Cities Region is much more ethnically diverse than California and the rest of the country. In 2000, minorities (77.3 percent of the population) were the majority in the Gateway Cities Region. Hispanics accounted for 57.0 percent of the Region's population.
3. In 2000, almost one out of every ten U.S. residents was born in a foreign country; one out of every four California residents was an immigrant; and one out of every three Gateway Cities Region residents was foreign-born.
4. The foreign-born population of the Gateway Cities Region increased by 21.1 percent, between 1990 and 2000, from 495,884 to 600,465. Almost 77 percent of the Gateway Cities Region's population growth in the 1990s was due to the



- increase in the foreign-born population. In the same period, California's foreign-born population increased by only 37.2 percent, while the nation experienced a record increase of 57.4 percent in foreign-born population.
5. In 1990, immigrants comprised slightly more than 30 percent of the Region's civilian labor force.
  6. Immigrants in the Gateway Cities Region had higher labor force participation rate than native-born workers. More than half (58.9 percent) of immigrants were active in the civilian labor force, compared to 42.6 percent of the native born population.
  7. The Region's immigrant population was more likely to be of working age than the native born population.
  8. In 1990, there were close to 150,000 immigrants with some college, an associate's degree, and a bachelor's degree or higher in the Gateway Cities Region's labor force, many of whom occupied technical, scientific, and professional occupations.
  9. Immigrant workers in the Gateway Cities Region overwhelmingly supply their labor to firms in the private sector of the economy.
  10. Immigrants in the Gateway Cities Region are more likely than their native counterparts to be employed in their own business.
  11. Immigrant workers in the Region are over represented in blue-collar and service related industries and are under represented in transportation related, finance, insurance, real estate and professional services. Immigrants are also significantly under represented in the public sector.



12. Immigrant workers in the Region tend to be under-represented at the upper end of the occupational distribution, especially in management/executive, professional, high level sales and administrative positions where college degrees, stronger English proficiencies, informal job networks and longer U.S. work experience may play a role in hiring decisions. The foreign-born are much more likely to work as assemblers, fabricators or operators.
  
13. The majority of the population in the Gateway Cities Region has only a high school diploma. The native born are significantly more likely than immigrants to have a high school diploma. In addition, the native born population is significantly more likely to have had some college education. However, immigrant labor force participants had the same share of graduates with a bachelor's degree or higher as their native born counterparts.
  
14. Earnings for the native born workers were higher than foreign-born workers with similar educational background in the Gateway Cities Region. In addition, foreign-born workers in the Region earn less than their native counterparts in their respective age groups. Earnings advantage for the natives as compared with the earnings of immigrants may be due to better English skills, knowledge of the labor market, and understanding of employers' expectations among the native born.



## I. Introduction

The Gateway Cities Partnership is pleased to present the following report, *Immigration and the Regional Economy* that has been developed by the USC Center for Economic Development. The information contained in this report can be used to inform business leaders, human resource professionals, educators, workforce trainers, and public sector leaders about the issue of immigration in the Gateway Cities Region, (the Region). Findings will describe the significant impact of immigration in the Region's economy, particularly highlighting the effects of the foreign-born on the area's population and labor force, as well as their role as consumers of education, health care and public services. The report is intended to serve as a guide for current and future debates. It does not weigh the economic, social, and political benefits, or costs of new foreign immigration, nor advocate for any particular set of immigration policies

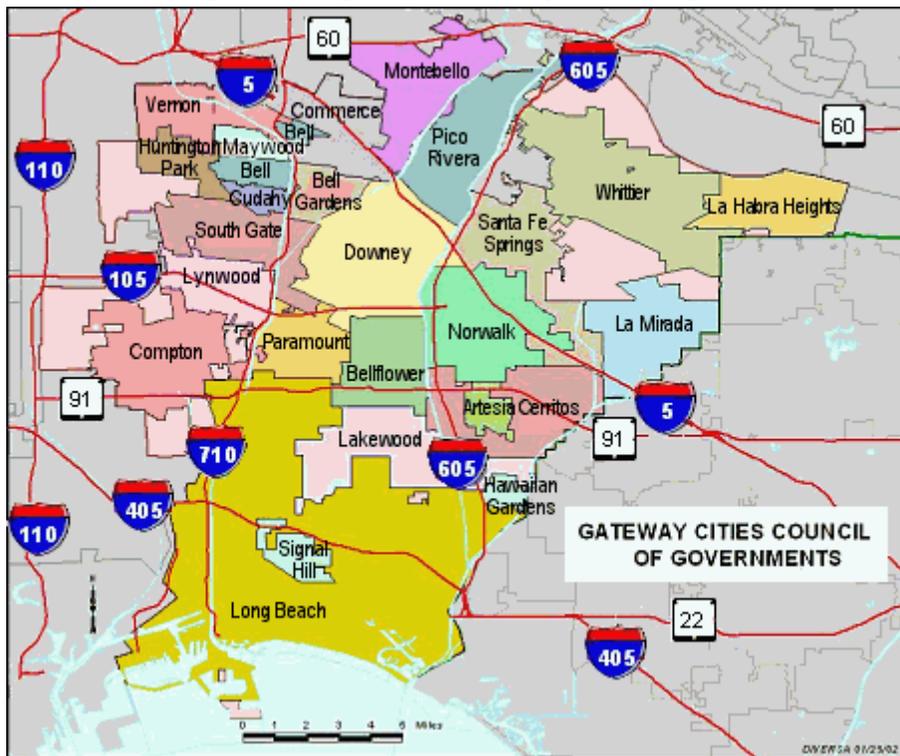
### Background

Located on the southeastern border of Los Angeles County, the Gateway Cities Region covers more than 200 square miles and extends from coastal Long Beach to the foothill communities of the north. The Region is home to an ethnically diverse and cosmopolitan population of about 1.7 million and is a hub for technology, tourism, transportation and international trade industries that are drawn to the Region's unique physical, technological, and educational resources.<sup>1</sup> The Gateway Cities Region comprises 5 percent of the land area of Los Angeles County, or about 0.1 percent of the State of California, and includes 27 cities (see Figure 1): Artesia, Avalon, Bell, Bellflower, Bell Gardens, Cerritos, Commerce, Compton, Cudahy, Downey, Hawaiian Gardens, Huntington Park, La Habra Heights, Lakewood, La Mirada, Long Beach, Lynwood, Maywood, Montebello, Norwalk, Paramount, Pico Rivera, Santa Fe Springs, Signal Hill, South Gate, Vernon, Whittier. The Region also includes a number of unincorporated areas of Los Angeles County.

---

<sup>1</sup> Gateway Cities Council of Government web page: [http://www.gatewaycog.org/region\\_overview.html](http://www.gatewaycog.org/region_overview.html)

Figure 1: Map of the Gateway Cities Region



Source: Gateway Cities Council of Governments. <http://www.gatewaycog.org/>

### Terminology and Organization of the Paper

A number of academic and professional papers provided source material for this report, including, *Immigration in a Changing Economy, California's Experience*, written by K.F. McCarthy and G. Vernez for the RAND National Defense Research Institute's Center for Research on Immigration Policy and *Education Attainment and Metropolitan Growth*, written by Paul Gottlieb and Michael Fogarty for the Milken Institute. In addition, a recent paper prepared for the National Business Roundtable by Northeastern University's Center for Labor Market Studies, *Immigrant Workers and the Great American Job Machine: The Contributions of New Foreign Immigration to National and Regional Labor Force Growth in the 1990s*<sup>2</sup> was used as a model for much of the labor force analysis. The report begins with a broad description of immigration in the United States and California, then focuses on the contributions of immigrants to the economy of the Gateway Cities Region, including an analysis of labor force participation

---

<sup>2</sup> Andrew Sum, Neeta Fogg, Paul Harrington, et. al. *Immigrant Workers and the Great American Job Machine: The Contributions of New Foreign Immigration to National and Regional Labor Force Growth in the 1990s*. Center for Labor Market Studies, Northeastern University. November 2002.



rates, the structure of jobs held by immigrant workers, their educational attainment, earnings and impact on health care and public services.

### Defining the Foreign-Born Immigrant Populations

The U.S. Census Bureau classifies the resident population of the United States in two ways: the native born and the foreign-born. The foreign-born are persons who were not U.S. citizens at birth. Natives are considered those who were born in the United States, or those born abroad of at least one parent who is a U.S. citizen. The Census' definition of the native born population also includes persons born in island territories, such as residents of Puerto Rico, Guam, the U.S. Virgin Islands, and the Northern Marianas. For the purpose of this report, new foreign immigrants include those who have moved to the United States within the last 10 years. Also, the term "foreign-born" and "immigrant" are used interchangeably in this report, regardless of any legal classifications from government entities such as the Immigration and Naturalization Service.

### Economic and Labor Related Terms Used in this Report

The following categories have been used to evaluate the contributions of immigrants to labor and economic conditions:

- The employed consists of persons who worked for pay in the period before the survey. The term the employed also includes persons who had a job, but were temporarily absent due to short-term factors, such as a vacation or temporary illness.
- The unemployed consists of those who did not work during the preceding period but actively looked for work.
- Persons who are considered out of the labor force include working age persons who were neither employed nor unemployed. For example, students, the disabled, homemakers and retirees.

The civilian labor force combines the number of employed and unemployed persons. The U.S. Census and the U.S. Bureau of Labor Statistics use this information to determine a number of labor force activity measures including:

- The civilian labor force participation rate is the fraction of the civilian population that is either employed or looking for work. The civilian labor force participation rate excludes those in the armed forces, the institutionalized population, and those under the age of 16.



- The unemployment rate compares in a ratio, the number of persons who are looking for work to the total civilian labor force.

#### Data Sources Underlying Analysis of the Immigrant Population and Economic Growth

The most current national, state and county data has been collected from the Annual Demographic Supplement to the March 2002 Current Population Survey (CPS) and from the 1990 and 2000 Census of Population and Housing. Demographic analysis of immigration in the Gateway Cities Region posed a number of challenging obstacles, due to the limited amount of data available about foreign-born populations at the local level. The ability to thoroughly analyze the contribution of the foreign-born population is possible through the utilization of Microdata files. Microdata files “contain records for a sample of housing units with information on the characteristics of each unit and each person in it.”<sup>3</sup> Microdata files permit analysts to prepare very detailed tabulations, while preserving the confidentiality of any individual Census respondent. The Census Bureau displays Microdata files in Public Use Microdata Areas (PUMA). Unfortunately, as of this report’s publication date, PUMA data from the 2000 Census has not been published. Therefore, the findings appearing in this report are collected from Microdata files in twelve 1990 Public Use Microdata Areas (PUMA) that correspond closely to the Gateway Cities Region.

---

<sup>3</sup> U.S. Census Bureau, Decennial Management Division Glossary, October 2002



Table 1: 1990 Public Use Microdata Areas (PUMAs) in Los Angeles County

<u>PUMA</u>	<u>Population</u>	<u>Description</u>
5600	127,934	Huntington Park, Florence-Graham* and Walnut Park
5700	148,229	Lynwood and South Gate
6406	139,685	Bell Gardens, Bell, Commerce, Cudahy, Maywood, and Vernon
6407	144,089	Compton, East Compton*, and Willowbrook*
6410	103,653	Diamond Bar, La Habra Heights, and Rowland Heights
6413	159,220	Whittier, Hacienda Heights*, and West Whittier-Los Nietos*
6414	118,741	Montebello and Pico Rivera
6415	114,853	La Mirada, Santa Fe Springs, East La Mirada*, and South Whittier*
6416	163,405	Artesia, Cerritos, and Norwalk
6417	139,113	Downey and Paramount
6418	149,011	Bellflower, Hawaiian Gardens, and Lakewood
6600	429,433	Long Beach
	<b>1,937,366</b>	<b>Total</b>

\* Indicates unincorporated areas of Los Angeles County, defined here by the names used by the LA County Office of Regional Planning.

The City of Avalon is excluded from the above list of PUMA areas because of its unique geography, limited population and industry. The city of Signal Hill has also been excluded from our analysis because it is incorporated in another PUMA area that includes the cities of San Pedro and Torrance; areas that share very little, demographically or economically, with the Gateway Cities. It is also important to note that the 1990 Census population figures based on cities used in Table 2, do not tally with these PUMA population numbers because the underlying PUMA geography includes a number of unincorporated areas of Los Angeles County.



## II. Overall Profile of Immigration

### United States

Census Bureau director Kenneth Prewitt reported that preliminary 2000 census data shows that at the national level, immigrants speak English sooner, get educated quicker and buy homes earlier than ever before.<sup>4</sup> In the past, the language barrier took three generations to overcome. Due to the widespread use of English today, immigrants often have a basic understanding of the language when they arrive, leading to the accelerated pace of English acquisition. A few immigrant groups are achieving higher levels of college graduates and graduate degrees than the Anglo population. For example, foreign immigrants that have become naturalized citizens are five percent more likely than natives to have a graduate degree. The data also shows that homeownership rates of recent immigrants and natives are converging.

Immigration was a major factor in overall U.S. population growth in the last decade. According to the U.S. Census, immigrants made up just over 11 percent of the total U.S population in 2000. In 1960, immigrants only constituted 5.4 percent of the population, and in 1990, after the largest wave of immigration in the nation's history, 7.9 percent. Yet, in the last decade over 11 million new immigrants entered the United States, more than the total immigrant population in 1960.

Immigrants are most highly concentrated in just a few areas of the country. Historically, immigrants to America tend to settle near their port of entry. The foreign-born from both Latin America and Asia are more likely to live in the West (over 40 percent) than in any other region of the United States. The foreign-born from Central America (including Mexico), who represent more than two-thirds of the foreign-born from Latin America, were concentrated in the West (54.7 percent) and the South (30.1 percent). In comparison, the Latin American foreign-born from the Caribbean and from South America were concentrated in the Northeast (50.5 percent and 45.5 percent, respectively) and the South (44.4 percent and 36.0 percent, respectively)<sup>5</sup>

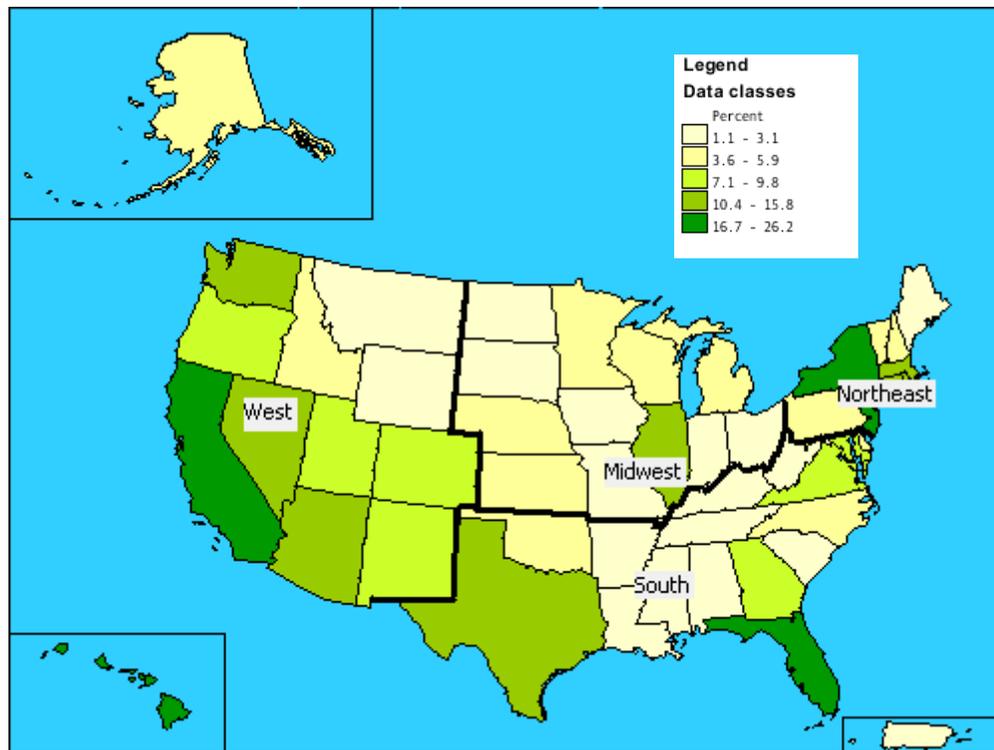
---

<sup>4</sup> "Census finds immigrants blending in faster, easier," USA Today, December 27, 2000

<sup>5</sup> U.S. Census. (February 2003). *Profile of the Foreign-Born Population in the United States: March 2002*. Current Population Reports Special Studies.

As Latin American and Asian immigration have outpaced European immigration, the Western and Southern Regions have experienced larger shares of new immigrants. In 2002, 38.1 percent of the foreign-born population lived in the West, 28.2 percent in the South, 23.1 percent in the Northeast, and 10.6 percent in the Midwest. Figure 2 shows the percent of foreign-born residing in each state as of the 2000 census.

**Figure 2: Percent of Persons Who Are Foreign Born, U.S. by State**



Source: U.S. Census 2000, American Factfinder

The foreign-born are more likely to be younger than their native born counterparts. In 2000, 80.4 percent of the foreign-born were 18 to 64 years of age, whereas 59.9 percent of the natives were in this age group. More importantly, whereas 44.7 percent of the foreign-born were ages 25 to 44, the prime working age, only 27.4 percent of the native population were in this age group. Among the foreign-born, 24.6 percent were 45 to 64 years old, compared with 23.0 percent of natives.



Relatively few foreign-born were less than 18 years of age (9.4 percent), compared with the native population (27.9 percent). The small proportion of foreign-born in the youngest age group occurred because most of the children of foreign-born parents are natives.

Each of these trends holds tremendous benefits for an aging America. Because immigrants are young and of working age, they support the economy with their labor, replacing a retiring native population. Immigrants from Latin America are generally poor and unskilled; their arrival maintains and expands the supply of low-wage labor, a major component of the national economy. At the same time, the expansion of the labor force increases the benefits available for social security. A 1998 study conducted by the National Immigration Forum and the Cato Institute estimates that “the total net benefit (taxes paid over benefits received) to the Social Security system in today’s dollars from continuing levels of immigration is nearly \$500 billion for the 1998-2022 period”. A 1997 study conducted by the National Academy of Sciences determined that since many immigrants are young and begin working at an early age, immigrants contribute roughly \$1,800 per person more in taxes than they receive in benefits.

Most immigrants settle in urban areas, areas that have experienced a loss in their natural populations due to urban flight. New arrivals to these areas continue to maintain the businesses and factories in these areas, many which would have been forced to downsize or close. Therefore, immigrants revitalize areas that were poised for an economic decline. A 1998 study conducted by the National Immigration Forum and the Cato Institute found that immigrant households and businesses provide \$162 billion per year in tax revenue to federal, state and local governments.

Immigrants also account for the sharp increase in housing demand. Alan Greenspan told Congress on November 13, 2003 that, “ the underlying demand for new housing units has received support from an expanding population, in part resulting from high levels of immigration”. Immigrants that arrived in the U.S in the late 1980’s and early 1990’s have the most impact on demand for new housing units, generally because it takes new immigrant families an average of 10-11 years to save enough money for a down payment.



Immigrants affect the housing market in several ways. First, newly arrived immigrants increase the demand for affordable housing at the low-end. Second, immigrants tend to equate homeownership with achieving the American Dream. This may explain why immigrants tend to save more of their money for a down payment for their homes than native born. In addition, the children of immigrants tend to have higher homeownership rates than native born. Third, larger shares of foreign-born first-time homebuyers purchase more expensive homes than their counterpart native-born first time homebuyers. For these reasons, it is expected that the present-day swell of immigrants to the United States will continue to drive the demand for housing.

Finally, immigrants add to the overall birth rate. Consequently, this will further increase the labor force, taxable income, investment in urban neighborhoods, and demand for housing.

### California

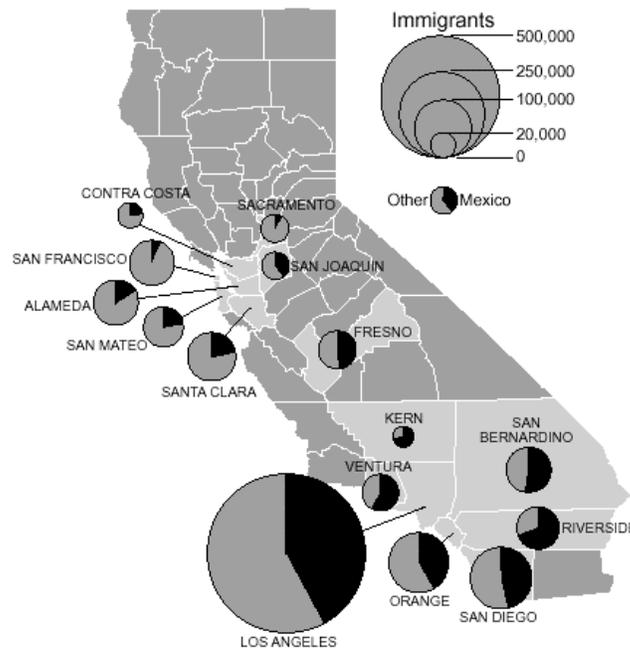
According to the RAND report by McCarthy and Vernez (1997), immigration led to a rapid growth of the California economy between 1960 and 1990. Their study found a statistically significant positive association between the industry growth rate and its dependence on immigrant labor. The analysis suggests that, “on average, for every increase of five percentage points in the share of immigrants in a California industry’s workforce (relative to the share for the industry’s workforce in the rest of the country), total employment in that industry grew one percentage point faster in California than in rest of the country” (McCarthy and Vernez, 1997). One of the reasons cited for this positive effect on the state’s employment growth is the lower cost of immigrant versus native labor. Native Californians have consistently earned more than immigrants, regardless of their education level. In addition, the state’s immigrant wages for workers with a high school diploma or less have been declining relative to California natives and other immigrants and natives elsewhere in the nation. Although, the results are mixed for higher-educated workers, earnings for California immigrants have generally been lower than those of natives. Comparatively lower wages add to the competitive advantage for employers in California. Just like the state, the Gateway Cities Region with a large immigrant base and lower wages, exhibits a considerable competitive advantage over other regions. Lower immigrant earnings may imply lower productivity level of immigrants compared to natives. This is a myth.

In fact, employers prefer hiring immigrants to other workers because they are motivated, hard working, and demonstrate a stronger work ethic. The RAND report points out that the value added per manufacturing employee in California is higher than in the rest of the nation and the state has managed to maintain its productivity advantage despite a lower level of capital investment per worker (McCarthy and Vernez, 1997).

The number of foreign-born residents in California doubled during the 1970's and then doubled again in the 1980's. As the numbers increased, the composition of Asian and Latin Americans, who now constitute the majority of all recent immigrants, also shifted. Immigrants constitute a much larger fraction of California population than any other state. Thus, the effects of immigration in California are felt more sharply than in any other state in the rest of the nation.

Immigrants have historically showed a tendency of clustering together. The study finds that more Mexican origin immigrants locate in Southern California than in Northern California, and the opposite is true for Asian immigrants (Figure 3).

Figure 3: Major Destinations of Immigrants Who Entered, 1985-90



Source: Clark Regional Studies, 1996



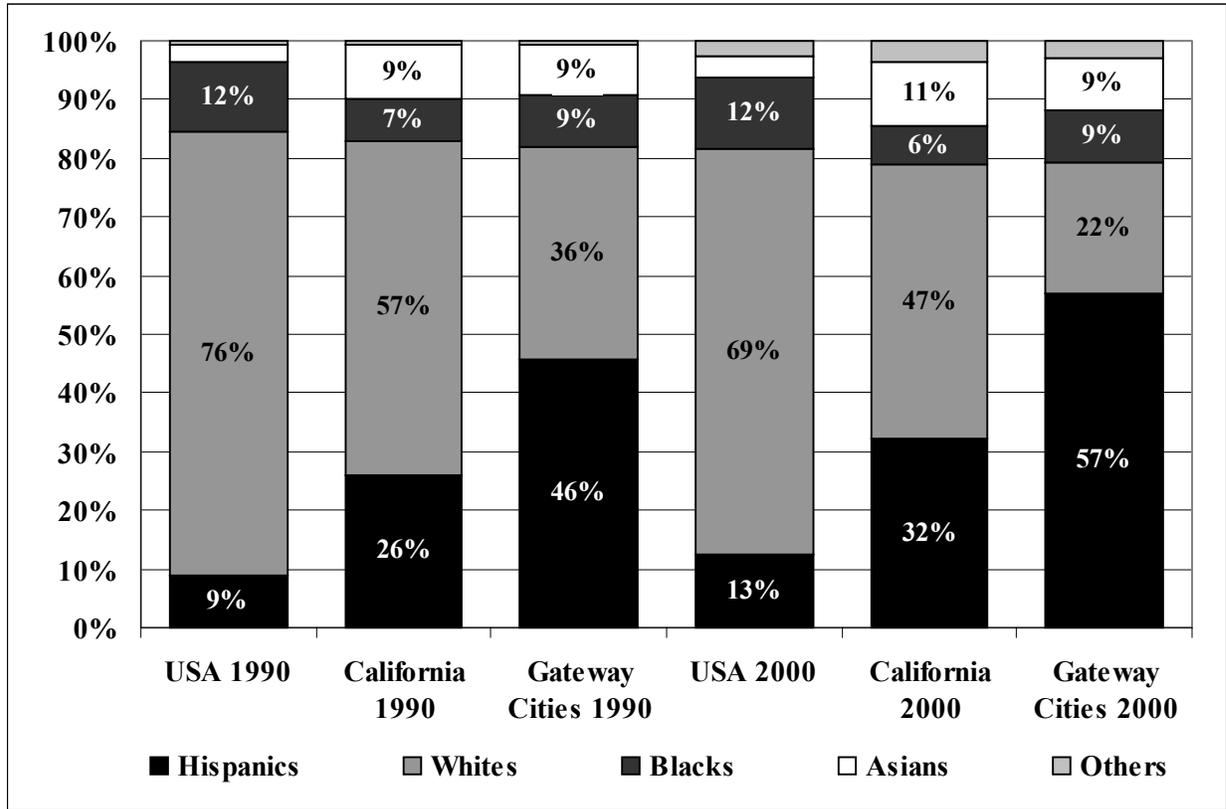
California has become much more ethnically diverse than the United States as a whole (Figure 4). In 1970, minorities made up roughly 20 percent of the population in both California and the United States as a whole. The rate at which minorities were growing in California was higher than in the other states in the succeeding years. In 2000, minorities were around 30.9 percent of the U.S. population but were more than half (53.3 percent) of California's population. In California, the share of Hispanics increased from 25.8 percent in 1990 to 32.4 percent in 2000. During the same period, the share of non-Hispanic Whites declined from 57.2 percent to 46.7 percent.

Gateway Cities Region is much more ethnically diverse than California and the rest of the country. Minorities (77.3 percent of the population) were the majority in the Gateway Cities Region. In 2000, Hispanics accounted for 57.0 percent of the Region's population. The share of non-Hispanic Blacks and non-Hispanic Asians was 9.0 percent each, respectively. Share of Hispanics increased from 45.6 percent in 1990 to 57.0 percent in 2000, and during the same period, share of non-Hispanic Whites declined from 36.1 percent to 22.3 percent.

Immigration Acts from the early 1950s have led to a larger inflow of Asians and other ethnic groups, whose impact will be felt for a number of years, even if the present levels of immigration into the state slows. We discuss foreign-born population trends in the next section.



Figure 4: Race/Ethnicity Comparison for USA, California, and Gateway Cities, 1990 and 2000



Source: 1990 and 2000 U.S. Census

Table 2: A Profile of Foreign Born Population in the Gateway Cities Region

Geography	Census 1990			Census 2000			Change from 1990-2000			
	Total Population [1]	Foreign Born [2]	Foreign born as % of Total [3]=[2]/[1]	Total Population [4]	Foreign Born [5]	Foreign born as % of Total [6]=[5]/[4]	Total Population ([4]-[1])/[1]	Foreign Born ([5]-[2])/[2]	*Shift in Share [6]-[3]	% Change in Share ([6]-[3])/[3]
<b>United States</b>	248,709,873	19,767,316	7.9%	281,421,906	31,107,889	11.1%	13.2%	57.4%	3.1%	39.1%
<b>California</b>	29,760,021	6,458,825	21.7%	33,871,648	8,864,255	26.2%	13.8%	37.2%	4.5%	20.6%
<b>Los Angeles County</b>	8,863,164	2,895,066	32.7%	9,519,338	3,449,444	36.2%	7.4%	19.1%	3.6%	10.9%
<b>Gateway Cities</b>	<b>1,584,861</b>	<b>495,884</b>	<b>31.3%</b>	<b>1,720,659</b>	<b>600,465</b>	<b>34.9%</b>	<b>8.6%</b>	<b>21.1%</b>	<b>3.6%</b>	<b>11.5%</b>
<i>Gateway Cities</i>										
Artesia	15,464	5,873	38.0%	16,380	7,508	45.8%	5.9%	27.8%	7.9%	20.7%
Avalon	2,918	741	25.4%	3,127	782	25.0%	7.2%	5.5%	-0.4%	-1.5%
Bell	34,365	22,068	64.2%	36,664	19,530	53.3%	6.7%	-11.5%	-10.9%	-17.1%
Bellflower	61,815	11,741	19.0%	72,878	20,679	28.4%	17.9%	76.1%	9.4%	49.4%
Bell Gardens	42,355	22,068	52.1%	44,054	22,216	50.4%	4.0%	0.7%	-1.7%	-3.2%
Cerritos	53,240	19,350	36.3%	51,488	23,455	45.6%	-3.3%	21.2%	9.2%	25.3%
Commerce	12,135	4,807	39.6%	12,568	4,886	38.9%	3.6%	1.6%	-0.7%	-1.9%
Compton	90,454	24,239	26.8%	93,493	29,281	31.3%	3.4%	20.8%	4.5%	16.9%
Cudahy	22,817	12,603	55.2%	24,208	12,862	53.1%	6.1%	2.1%	-2.1%	-3.8%
Downey	91,444	23,712	25.9%	107,323	37,925	35.3%	17.4%	59.9%	9.4%	36.3%
Hawaiian Gardens	13,639	5,701	41.8%	14,779	6,805	46.0%	8.4%	19.4%	4.2%	10.2%
Huntington Park	56,065	33,299	59.4%	61,348	34,328	56.0%	9.4%	3.1%	-3.4%	-5.8%
La Habra Heights	6,226	640	10.3%	5,712	1,193	20.9%	-8.3%	86.4%	10.6%	103.2%
Lakewood	73,557	9,519	12.9%	79,345	15,125	19.1%	7.9%	58.9%	6.1%	47.3%
La Mirada	40,452	6,418	15.9%	46,783	10,626	22.7%	15.7%	65.6%	6.8%	43.2%
Long Beach	429,433	104,150	24.3%	461,522	132,168	28.6%	7.5%	26.9%	4.4%	18.1%
Lynwood	61,945	27,216	43.9%	69,845	30,475	43.6%	12.8%	12.0%	-0.3%	-0.7%
Maywood	27,850	16,181	58.1%	28,083	15,490	55.2%	0.8%	-4.3%	-2.9%	-5.1%
Montebello	59,564	23,255	39.0%	62,150	23,520	37.8%	4.3%	1.1%	-1.2%	-3.1%
Norwalk	94,279	26,635	28.3%	103,298	37,581	36.4%	9.6%	41.1%	8.1%	28.8%
Paramount	47,669	17,901	37.6%	55,266	22,461	40.6%	15.9%	25.5%	3.1%	8.2%
Pico Rivera	59,177	17,336	29.3%	63,428	21,383	33.7%	7.2%	23.3%	4.4%	15.1%
Santa Fe Springs	15,520	3,726	24.0%	17,438	4,629	26.5%	12.4%	24.2%	2.5%	10.6%
Signal Hill	8,371	1,684	20.1%	9,333	2,691	28.8%	11.5%	59.8%	8.7%	43.3%
South gate	86,284	42,540	49.3%	96,375	47,556	49.3%	11.7%	11.8%	0.0%	0.1%
Vernon	152	46	30.3%	91	9	9.9%	-40.1%	-80.4%	-20.4%	-67.3%
Whittier	77,671	12,435	16.0%	83,680	15,301	18.3%	7.7%	23.0%	2.3%	14.2%

Source: 1990 and 2000 Census. Note: \*Shift (in percentage points) is the difference between the percent shares of foreign born in the total population in 1990 and 2000 for the respective geographies.



### **III. Immigrants in the Gateway Cities Region**

#### Foreign-Born Population Trends

In 2000, Gateway Cities Region had a population of 1,720,659, accounting for 18.1 percent of Los Angeles County's population.<sup>6</sup> (See Table 2 on preceding page).

California's population grew by 13.8 percent between 1990 and 2000. During the same period, population of the Gateway Cities Region increased by 8.6 percent, from 1.58 million to 1.72 million. The population growth rate for the Region was a little faster than Los Angeles County (7.4 percent) but much slower than the state and the nation (Table 3). The dynamics of population growth can be broken down into three components: natural increase (excess of births over deaths), net domestic migration, and net immigration. Los Angeles County experienced a major demographic change during the 1990s with a net domestic out-migration (1.5 million). The net domestic out-migration was largely due to the severe recession that occurred from 1990 to 1993 and the accompanying structural economic adjustments. The extent of net domestic out-migration was the largest in Los Angeles County's history. During the 1990s, natural increase (1.07 million) was the largest contributor to the population growth, partly due to higher birth rates among foreign-born population. Net immigration (nearly one million) during the 1990s was the other major element contributing to population growth.<sup>7</sup>

The foreign-born population of the Gateway Cities Region increased by 21.1 percent, between 1990 and 2000, from 495,884 to 600,465. Almost 77 percent of the Gateway Cities Region's population growth in the 1990s was due to the increase in foreign-born population. In the same period, California's foreign-born population increased by 37.2 percent and the nation experienced a record increase of 57.4 percent in foreign-born population.

In 2000, almost one out of three (34.9 percent) Gateway Cities Region residents was born in a foreign country, which is an increase from 31.3 percent in 1990. Nationally, foreign-born residents reached the historical high of 31.1 million in 2000 accounting for 11.1 percent of the

---

<sup>6</sup> 2000 Census, Department of Commerce



U.S. population while in California one out of every four (26.9 percent) resident was born abroad.

Cities within the Gateway Cities Region show significant variation in their foreign-born population. In 2000, 16 out of the 27 cities had more than one-third of its population foreign-born. Five cities: Bell, Bell Gardens, Cudahy, Huntington Park, and Maywood had over a half of their population foreign-born. Except for Bell, Maywood and Vernon, all cities in the Region have increased their foreign-born population between 1990 and 2000.

Based on the PUMA data described in Table 1, Section I, there were a total of 1,939,811 persons in the Gateway Region in 1990. Of this group, 624,565, or a little over 32 percent, were foreign-born individuals (Table 3). PUMA areas that include the cities of Bell Gardens, Bell, Commerce, Cudahy, Maywood, Vernon and Huntington Park had the highest share of immigrants, at 53.8 and 53.7 percent respectively. The PUMA area representing Bellflower, Hawaiian Gardens and Lakewood, at 18.1 percent, showed the smallest percentage of immigrants. The vast majority (15.6 percent) of immigrants came to the Gateway Cities Region during the 1980s.

Table 3: 1990 Population of Gateway Cities Region by Nativity and Year of Entry

<i>PUMA</i>	<i>1990 Population Born in the US</i>	<i>- Foreign-Born-</i>				<i>Total Foreign Born</i>
		<i>Between 1980 &amp; 1990</i>	<i>Between 1970 &amp; 1979</i>	<i>Between 1960 &amp; 1969</i>	<i>Before 1959</i>	
CA 5600	46.26	25.13	20.77	5.74	2.09	53.74
CA 5700	51.63	23.41	17.76	5.26	1.95	48.37
CA 6406	46.12	26.62	19.16	6.28	1.82	53.88
CA 6407	72.13	14.82	10.51	1.86	0.68	27.87
CA 6410	71.78	14.41	7.90	3.90	2.01	28.22
CA 6413	75.77	9.75	7.42	3.79	3.27	24.23
CA 6414	64.13	14.40	10.25	5.92	5.31	35.87
CA 6415	79.01	8.41	5.74	4.27	2.57	20.99
CA 6416	67.49	14.33	10.57	4.90	2.72	32.51

<sup>7</sup> California Department of Finance, Updated E-6 Revised Historical Population Estimates and Components of Change, July 1, 1990-1999.

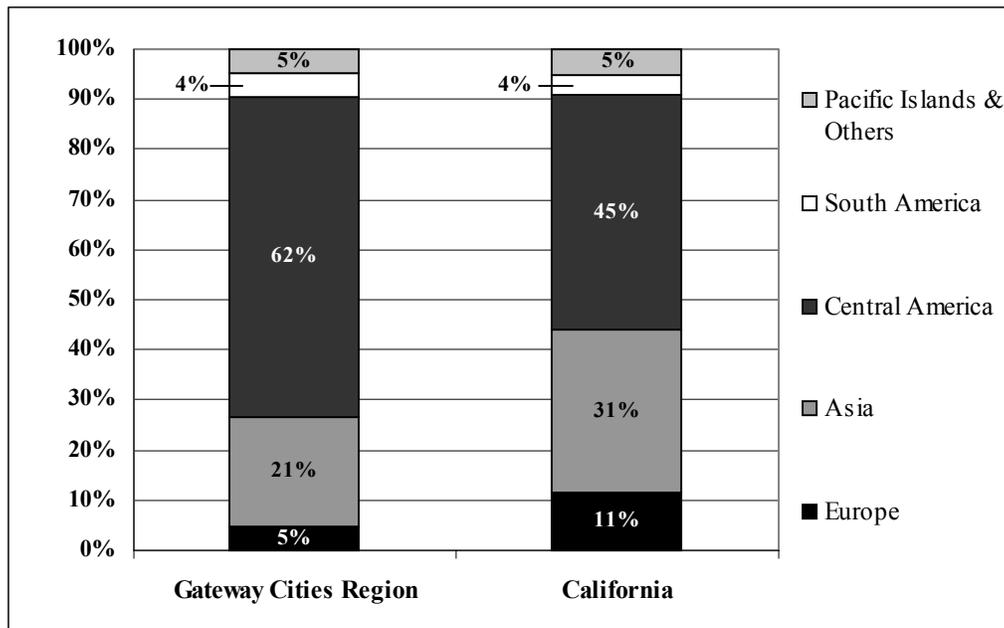


CA 6417	68.02	14.38	10.19	4.19	3.23	31.98
CA 6418	81.90	8.69	5.58	1.85	1.98	18.10
CA 6600	74.59	14.91	6.82	1.91	1.77	25.41
Total	67.80	15.62	10.46	3.79	2.33	32.20

Source: U.S. Census. PUMS 1990 5% State

Gateway Cities Region immigrants differ in terms of national origins (Figure 5). The Region has experienced a rapid influx of immigrants from Mexico during the 1980s and 1990s. With a predominantly Hispanic population in the Region, it is not surprising that 62 percent of the immigrants have come from Central America. Central American (Mexican) immigrants are clearly the dominant foreign-born population in California. They constitute almost 45 percent of the state’s immigrants and are four times more numerous than Europeans. Gateway Cities Region has a smaller share of immigrants (21 percent) from Asia compared to the state (31 percent).

Figure 5: Foreign-Born Population by Place of Origin, 1990



Source: Source: U.S. Census. PUMS 1990 5% State



## IV. Contributions to Regional Labor Force

### Foreign-Born Labor Force Trends

Immigrants have been a key demographic force in the Region's labor force and its employed population during the last few decades. The impact of foreign immigration on the growth of the Gateway Cities Region's civilian labor force is dependent on the number of foreign immigrants, the share of the immigrant population that is of working age, and the civilian labor force participation rate of these immigrants.

As mentioned previously, in 1990, there were a total of 1,939,811 persons, 624,565 or 32 percent of whom were foreign born in the Gateway Cities Region. However, while immigrants make up only 32 percent of the Region's residents, they made significant contributions to the working-age population of the Region. While, only 65.7 percent of the native born population was of working age in 1990, more than 88 percent of the foreign born population was of working age (Table 4). In addition, immigrants in the Gateway Cities Region had higher labor force participation rate than native-born workers. More than half (58.9) of immigrants were active in the civilian labor force, compared to 42.6 percent of the native born population. However, immigrants were more likely to be unemployed than their native born counterparts (Table 5).

Table 4: 1990 Working-Age Population (16 and Older) as Percent of the Total Civilian, Non-Institutional Population in the Gateway Cities Region by Nativity

<i>Population Variable</i>	<i>Total Population</i>	<i>Native Born</i>	<i>Foreign Born</i>
Civilian Non-institutional Population (a)	1,928,117	1,305,211	622,906
Working Age Population (b)	1,406,443	857,727	548,716
Percent of Population that is Working-Age	72.9%	65.7%	88.1%

Source: U.S. Census. PUMS 1990 5% State

Notes: (a) Excludes members of the armed forces and inmates of institutions, including jails, nursing homes and prisons.

(b) Excludes persons under the age of 16.



**Table 5: 1990 Civilian Labor Force, Civilian Labor Force Participation Rates, and Unemployment Rates of the Working-Age Population in the Gateway Cities Region by Nativity**

<b>Labor Force Activity Measure (a)</b>	<b>Total Population</b>	<b>Native Born</b>	<b>Foreign Born</b>
Civilian Labor Force	922,514	555,871	366,643
Civilian labor force participation rate	47.8	42.6	58.9
Unemployment rate	7.8	6.9	9.1

Source: U.S. Census. PUMS 1990 5% State

While immigrants contributed only 10 percent to California’s labor force in the 1960s, by the 1980s immigrants were 54 percent of the state’s labor force. Immigrants represented a much smaller share of labor market growth—only 17 percent outside California during this period. While immigrant’s share of California’s labor force increased by merely one percentage point in the rest of the country from 1970 to 1990, their share increased from 10 to 26 percent in California. Moreover, immigrants continued to join the state’s labor force at about the same rate as in the 1980s despite the fact that total employment in California failed to grow during the 1990–94 recession.

**Gender Composition and Impacts on Male and Female Labor Force Growth**

The impacts of foreign immigration on the Region’s labor force growth can be expected to vary across gender groups for several reasons. Recent studies have suggested that new immigrant communities frequently consist of young men who emigrate from their country of origin to seek economic opportunity in the United States (Suro and Singer, 2002). Therefore, it may be expected to find the working-age population of immigrants containing a higher proportion of men than is found among the native-born population. In the Gateway Cities Region, there are slightly more males than females in the foreign born population (Table 6). Among the native born population this trend is reversed.

**Table 6: 1990 Gender Distribution in the Gateway Cities Region by Nativity**

<b>Gender</b>	<b>Total Population</b>	<b>Native Born</b>	<b>Foreign Born</b>
Female	50.34	50.96	49.05
Male	49.66	49.04	50.95
Total	100%	100%	100%

Source: U.S. Census. PUMS 1990 5% State



Analysis of the contributions of immigrants to the labor force among men and women reveal a number of economically significant findings. In 1990, the male civilian labor force participation rate among immigrants was almost one and a half times that of immigrant women (Table 7).

Table 7: 1990 Civilian Labor Force, Labor Force Participation, and Unemployment Rates of Immigrants in the Gateway Cities Region by Gender

<b>Labor Force Activity Measure</b>	<b>Total Foreign Born</b>	<b>Men</b>	<b>Women</b>
Civilian labor force	366,643	227,342	139,301
Civilian labor force participation rate	58.9	71.8	45.5
Unemployment rate	9.1	8.0	10.9

Source: U.S. Census. PUMS 1990 5% State

#### Contributions to Civilian Labor Force by Age Group

The Gateway Cities Region population is younger than residents of other parts of Los Angeles County and California. There were significant differences by age group in the contribution of immigrants to the Gateway Cities Region's labor force. The Region's immigrant population was more likely to be of working age than the native born population. Immigrants are more concentrated in prime working age groups, such as ages 25-34 and 35-44, and are characterized by high rates of labor force participation (Table 8).

Table 8: 1990 Civilian Labor Force in the Gateway Cities Region by Nativity and Age

<b>Age</b>	<b>Total Population</b>	<b>Native Born</b>	<b>Foreign Born</b>
16 - 24	21.1	20.1	22.8
25 - 34	26.0	23.6	29.7
35 - 44	19.1	17.5	21.7
45 - 54	12.5	12.7	12.2
55 - 64	9.3	11.1	6.6
65 or more	12.0	15.2	7.0
Total	100%	100%	100%

Source: U.S. Census. PUMS 1990 5% State



## V. Structure of Jobs Held by Immigrant Workers

The preceding section has identified the presence and demographic characteristics of immigrants in the Gateway Cities Region’s labor market. A complete understanding of the role of immigrant labor also requires an analysis of the characteristics of the jobs performed by immigrant workers and how their jobs compare to those held by native born workers. Jobs can be classified a number of ways, by class of worker, by the industry of the employer or by the occupational categories based on job duties and skills.

### Distribution by Class of Worker

Employed persons may work in the private sector (including both profit and non profit), for the government or for themselves. Others may work without pay in a family business.

Analysis of the distribution of native and foreign born workers by class of worker can shed light on the extent to which these workers depend on the private or public sector for their employment and the degree of entrepreneurship among workers, as represented by the extent of self-employment among them.

Table 9: 1990 Share Class of Worker in the Gateway Cities Region by Nativity

<i>Class of Worker</i>	<i>Total Employed</i>	<i>Native Born</i>	<i>Foreign Born</i>
Private Sector	77.9	75.5	82.4
Government Sector	13.8	17.0	7.8
Self Employed	7.6	7.0	8.8
Without Pay in Family Business	0.6	0.5	0.9
Total	100%	100%	100%

Source: U.S. Census. PUMS 1990 5% State

The share of native-born workers who were involved in the private sector was lower than that of their foreign-born counterparts. About three quarters of all native-born workers were employed as wage and salary workers in the private sector, compared to 82.4 percent of all foreign-born workers (Table 9). Immigrant labor clearly met important employment needs in the Region’s private sector. The high concentration of foreign-born workers in the private sector is offset by their low share of employment in the government sector. The foreign-born represent slightly



higher levels of self-employment than their native born counterparts. Self-employment is often used as a measure of the degree of the entrepreneurial ability of workers and a strategy for increasing the employment of others.

Evidence on the class of worker employed in the Gateway Cities Region reveals that immigrant workers overwhelmingly supply their labor to firms in the private sector of the economy. A lack of citizenship, permanent residency status, lower levels of proficiency in English, and a lack of work experience in the U.S. reduce the likelihood of obtaining employment in the government sector. However, immigrants are more likely than their native counterparts to be employed in their own business.

#### Distribution of Employed Immigrants by Major Industrial Sector

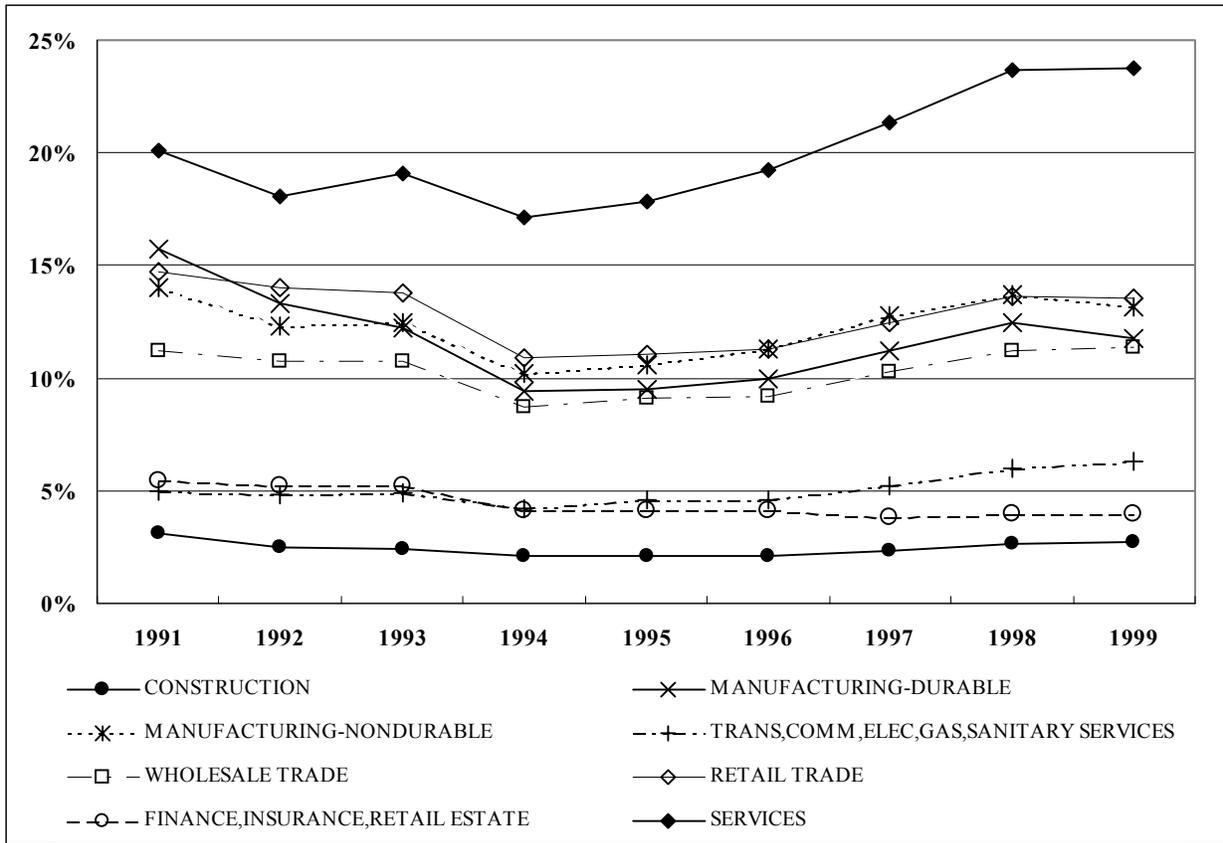
Employment in the Gateway Cities Region grew 7.8% between 1991 and 1999, from 1,079,052 to 1,162,920 jobs. By 1999, the Region accounted for 28.7% of all jobs in Los Angeles County. The California Employment Development Department data for 1999 show that the three leading sectors of non-farm employment in the Gateway Cities Region are manufacturing (24.9 percent of jobs), services (23.8 percent), and retail trade (13.6 percent). In contrast, data for Los Angeles County show the service sector contributing the most jobs (33.1 percent), followed by manufacturing at 15.9 percent of employment, and retail trade (15.4 percent).

Employment patterns in the Gateway Cities Region parallel those in the rest of California and the nation. For example, the share of manufacturing jobs declined from 29.8 percent in 1991 to 24.9 percent in 1999, while service sector jobs increased from 18 percent to 23.8 percent during the same period in the Gateway Cities Region (Figure 6).

The eliminated manufacturing jobs are usually high-wage positions that help create significant indirect employment. The new service sector jobs generally pay considerably less, and support fewer additional (indirect) jobs. Manufacturing jobs paid an average of \$38,925 per year, 19 percent more than service sector jobs in the Gateway Cities Region. Average annual payroll per employee in the Region ranged from \$21,771 for retail trade jobs, to \$66,652 in the finance, insurance, and real estate sector (USC Center for Economic Development, 2001).



Figure 6: Gateway Cities Region - Shares of Employment by Industry, 1991 to 1999



Source: California Employment Development Department, 2000

PUMA data on the employers of workers and the types of products or services they produce can be used to describe the input of workers in various industrial categories. Table 10 assigns all workers, native and foreign-born workers into one of ten major industrial sectors.

The economy of the Gateway Cities Region shows a strong dependence on manufacturing and wholesale/retail trade with 26.9 and 23.3 percent of the total employed workers serving in these areas, respectively. Historically, the Gateway Cities Region has been the manufacturing center of Southern California (USC Center for Economic Development, 2001). Manufacturing employment drove the region’s economy providing high wage jobs supporting trade and services in the region.



Immigrant workers are over represented in blue-collar and service related industries and are under represented in transportation related, finance, insurance, real estate and professional services. In manufacturing, the foreign-born population is 7.8 percentage points higher than the native born. In wholesale and retail trade the foreign-born is 1.6 percentage points higher (Table 10). As described previously, they are significantly under represented in the public sector. The native born population is twice as likely to hold positions as teachers, administrators and be members of the armed forces.

Table 10: 1990 Share of Workers in the Gateway Cities Region by Industry and Nativity

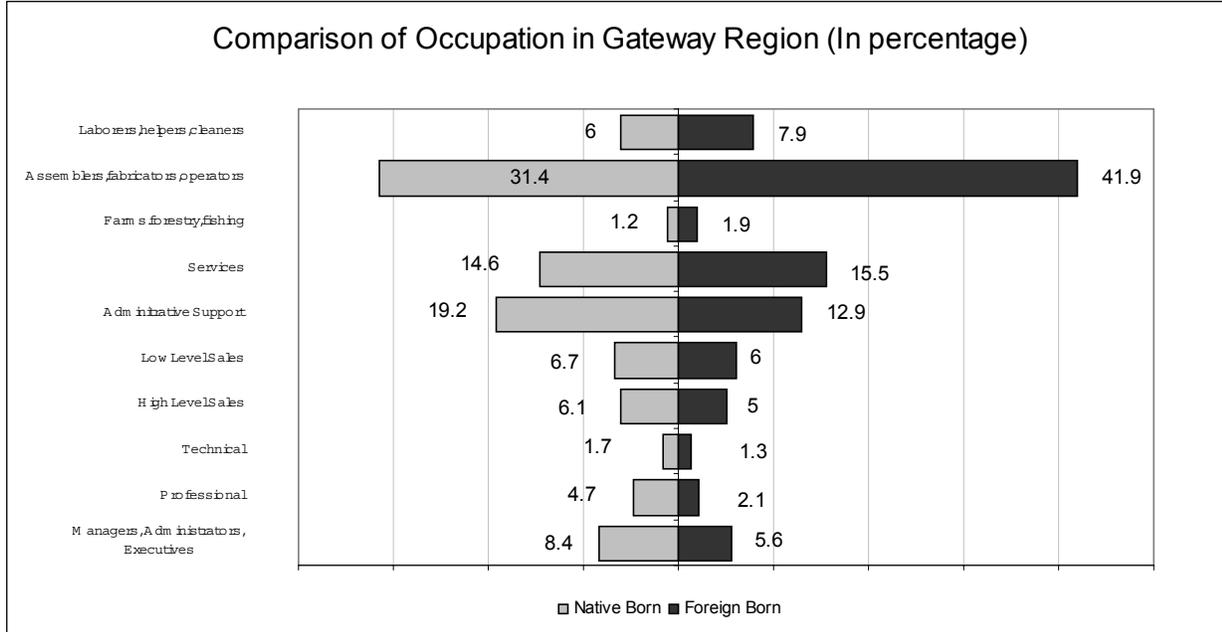
<i>Major Industry</i>	<i>Total Employed</i>	<i>Native Born</i>	<i>Foreign Born</i>
Agriculture, Forestry, Fishing, Mining	1.5	1.3	1.8
Construction	5.8	5.7	6.2
Manufacturing	26.9	24.7	32.5
Transportation & Utilities	6.9	7.5	5.4
Wholesale and Retail Trade	23.3	22.9	24.5
Finance, Insurance, Real Estate	5.3	5.6	4.4
Business/repair services	5.9	5.8	5.9
Personal Services & Entertainment	4.8	4.7	5.2
Professional Services	7.3	7.6	6.3
Public Administration	12.4	14.1	7.8
Total	100%	100%	100%

Source: U.S. Census. PUMS 1990 5% State

#### Occupations of the Region's Immigrant Workers

At the upper end of the occupational distribution, immigrant workers tend to be under-represented, especially in management/executive, professional, high level sales and administrative positions where college degrees, stronger English proficiencies, informal job networks and longer U.S. work experience may play a role in hiring decisions. Nearly 38.4 percent of native-born workers were employed in these positions versus only 25.5 percent of all foreign workers. However, the foreign-born are much more likely, (10.5 percentage points higher than native born) to work as assemblers, fabricators or operators (Figure 7).

Figure 7: 1990 Occupations in the Gateway Cities Region by Industry and Nativity



Source: U.S. Census. PUMS 1990 5% State

The trends seen in the Gateway Cities Region are mirrored in California. With a wide variation across the spectrum of skilled jobs, immigrants are now California’s primary source of labor force growth. 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, medical) and less likely to hold jobs requiring certification in the United States (e.g., lawyers, teachers). 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.

The employment and earning prospects of Californians who lack the postsecondary schooling required for high-skill jobs are decreasing since the number of low-skill jobs in the state has not increased over the past 25 years.



### Adverse Affects of Immigration on Some Low-Skilled Workers

According to McCarthy and Vernez, in 1990, approximately 130,000-200,000 California native workers were unemployed due to immigration. This estimate represents about 1 to 1.5 percent of all California natives of working age, and 3 to 5 percent of those either unemployed or not in the work force. For every 20 to 30 additional immigrants one fewer native worker was employed (McCarthy and Vernez, 1997).

The group most displaced by immigrant workers is high school dropouts. For each level of education attained the amount of displacement shrinks.

Net migration of U.S. workers to California has fallen about 30 percent from the late-1960s through late 1980s. Migration flows differ by education level. In the late-1980s for every 1,000 Californians without a high school credential, a net of 2.4 left the state annually. This is compared to Californians with a college degree, where six college educated workers from other states moved into California. These migration patterns indicate that the California labor market is more attractive to the college educated and less attractive to those who are less educated.

Earnings for immigrants have either declined more rapidly or increased less rapidly than those of natives. This is due in part because nearly half the total of resident immigrants in California today have arrived after 1980. Within this group those with less education earn the lower wages (McCarthy and Vernez, 1997).

The data discussed demonstrates that native Californians with a high school education or less have seen a reduction in earnings and employment. This is due in large part to the restructuring of the state's economy from manufacturing to service.



## VI. Educational Attainment and Earnings

### Educational Attainment Trends

Due to global competition, it is increasingly difficult for companies to compete on a low-skill, low-cost basis. Educational attainment, or the stock of human capital, is a crucial instrument of economic development policy because more educated workers bring a wealth of new ideas, access to new markets, and productivity growth (Gottlieb and Fogarty, 2000). In their paper from the Milken Institute, Gottlieb and Fogarty suggest that educational attainment contributes to employment growth and per capita income. They found that the ten most educated metropolitan areas in 1980 had an average real per capita income 12 percent above the U.S. average (Gottlieb and Fogarty, 2000).

In California, between 1970 and 1990, approximately 5.9 million new jobs were created for those having at least some college education, while no new jobs were created for workers who did not have a high school diploma. National statistics also bear out this correlation of educational level to economic opportunity, and show that jobs requiring low skills are increasingly uncommon. Immigrants, currently occupy the lion's share of low-skill positions in the economy of the state of California, holding two thirds of the new jobs taken by workers with no more than a high school education versus only one-fifth of the new jobs given to workers with some college. Between 1970 and 1990, the share of the overall state workforce constituted by immigrants grew from 10 percent to 26 percent. This is much larger than the 1 percent (from 6 percent to 7 percent) increase seen in the rest of the United States. In addition, the share of jobs requiring less than a high school education occupied by immigrants quadrupled (from 15 percent to 60 percent) in this same twenty year period, while the difference in educational level between immigrants and native Californians went from 1.8 years to 2.6 years. In short, although the total number of immigrants living in California increased 260 percent over the past three decades, the number of immigrants holding high-skills jobs increased only 100 percent, while the number holding low-skills jobs increased by 500 percent. This discrepancy is clearly related to the educational levels of immigrant and native populations, respectively, and, combined with the fact that there has been a 0 percent increase in the number of these low-skills jobs created over the same time period, this statistic clearly indicates that the economic opportunities for Californians



– particularly immigrants – lacking post-secondary education will be increasingly limited in the near future (McCarthy and Vernez, 1997).

Table 11 below describes the educational attainment of the total, native born and foreign-born populations in the Gateway Cities Region. The majority of all population groups (excluding children in school who have less than a high school diploma) in the Gateway Cities Region have only a high school diploma. The native born are significantly more likely than immigrants to have a high school diploma. In addition, the native born population is significantly more likely to have had some college education. Immigrant labor force participants had the same share of graduates with a bachelor's degree or higher as their native born counterparts. In 1990, there were close to 150,000 immigrants with some college, an associate's degree, and a bachelor's degree or higher in the Gateway Cities Region's labor force, many of whom occupied technical, scientific, and professional occupations.

Table 11: 1990 Share of Educational Attainment in the Gateway Cities Region by Nativity

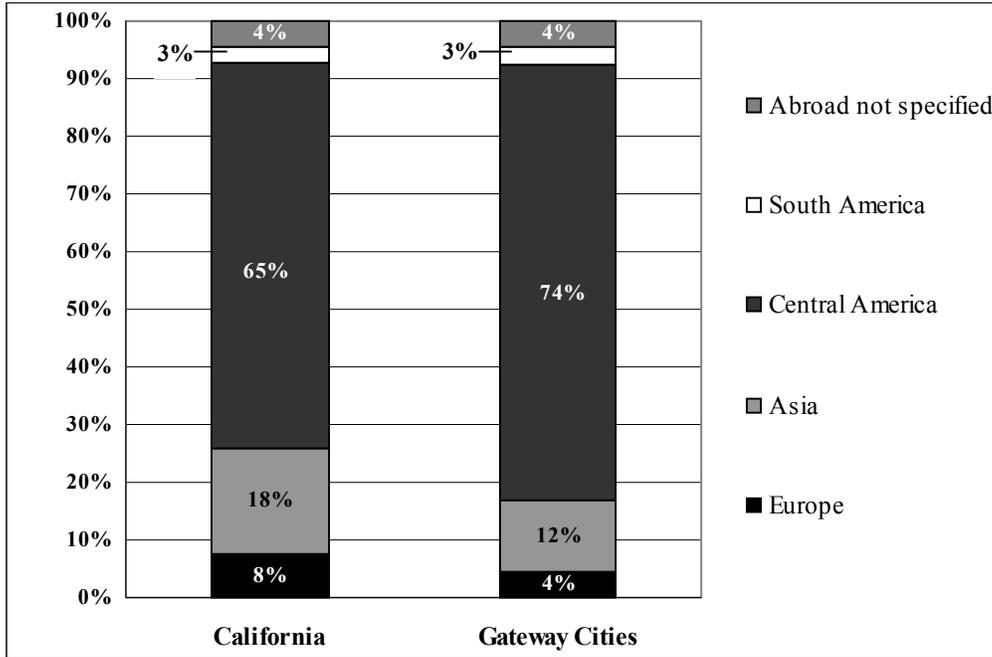
<i><b>Educational Attainment</b></i>	<i><b>Total Population</b></i>	<i><b>Native Born</b></i>	<i><b>Foreign Born</b></i>
Less than High School	48.6	43.8	58.2
High School Diploma	19.1	20.9	15.4
Some college	16.1	18.7	10.7
Associate's Degree	5.5	5.8	4.9
Bachelor's Degree or higher	7.2	10.8	10.8
Total	100%	100%	100%

Source: U.S. Census. PUMS 1990 5% State

Gateway Cities Region immigrants have a disproportionately low educational attainment level. About 58 percent of the foreign-born had a less than high school education. The Region's immigrant's educational attainment level differs in terms of national origin. Three-quarters of the immigrants aged 25 and above with less than high school education are from Central America in the Gateway Cities Region (Figure 8). Approximately 12 percent of the immigrants are from Asia followed by Europe (4 percent), and South America (3 percent).



Figure 8: Foreign-Born Population (Aged 25 and Over with Less than High School Education) by Place of Origin, 1990



Source: U.S. Census. PUMS 1990 5% State

The success of immigrants increasingly depends upon their educational attainment and skills level. The disproportionate increase in immigrants with less than high school education has led to the loss of educational advantage California’s labor force has traditionally held over the rest of the country. Recent statistics of graduation rates and college enrollment patterns in the Gateway Cities Region also show a disturbing trend. Attrition rates in the Gateway Cities Region high schools are among the highest in Los Angeles County. Regularly admitted freshmen in California State University campuses in and around the region show an alarmingly high rate of unpreparedness and thus a need for remediation. Statistics indicate that an area directly benefits from a highly educated workforce as the level of income a person earns is directly related to the amount of education he or she has achieved. For instance, median earnings of a college graduate (bachelor’s degree) is more than twice that of a person with some high school, no diploma. It is evident that the Gateway Cities Region's future and economic prosperity is directly linked to the education and earning potential of its citizens.



In a recent report, *Education Gap in the Gateway Cities* (2001), the Center assessed educational attainment trends and highlighted gaps at the high school and community college level in the Gateway Cities Region. Although we were not able to isolate immigrants and native populations, results from the analysis are informative and relevant to Gateway Cities Region's economy. Following are the key findings from the study:

### High Schools

- Gateway Cities Region high school enrollment accounts for one-fifth of all enrollment in Los Angeles County. High school enrollment in the Region increased at a faster pace than Los Angeles County but at a slower rate than the state. The majority of high school students in the Region are of Hispanic origin, accounting for 61 percent of all students enrolled in high school.
- General performance level of the high schools has declined compared to previous year. Based on Academic Performance Index (API) scores, out of the 180 high schools in the county, the Gateway Cities Region has just 3 schools within the top 50. The majority of high schools do not even fall within the top half of the rankings. Nine schools within the Region have been categorized as under-performing over the last few years.
- A predominantly Hispanic student population and a diverse immigrant base contributes to a large population of English Learners (EL); students who have been determined to lack the clearly defined English language skills of listening comprehension, speaking, reading, and writing necessary to succeed in the school's regular instructional programs. The percentage share of EL students enrolled in the Gateway Cities Region exceeds both county and state figures.
- Both the One-Year Dropout Rate and the 4-Year Derived Rates in the Gateway Cities Region are lower than those for the county and the state. However, rates vary considerably when considered at the school district level and in terms of ethnicity. The One-Year Dropout Rate for Hispanics was 6 times that of Whites and Asians. A disproportionately high drop out rate combined with a large Hispanic base, results in a high number of student dropouts in the cities overall.
- The attrition rate in the Gateway Cities Region is higher than that of California. The high attrition rate of many school districts in the Region is cause for serious concern. For



example, Compton and Los Angeles school districts have 53 percent attrition rates, more than double the state average. Such high attrition rates contribute to the region's overall lack of educational attainment and skills base, eventually affecting the economic vitality of the area.

- 11 out of 100 students enrolled in 12th grade dropped out or failed before completing high school education in the Gateway Cities Region. In addition, an average of 72 out of 100 12th grade high school students do not meet University of California (UC)/California State University (CSU) eligibility criteria in the region. The education gap is real - eligibility rates for UC/CSU in the Region are lower than county or state averages. Between racial/ethnic groups, Hispanics and Blacks have far lower eligibility levels compared to Asians and Whites. Again, proportionately fewer Hispanics are likely to pursue higher education.
- In the Gateway Cities Region, only 42 percent of the total high school graduates pursued higher education in community colleges or UC/CSU schools. Approximately a quarter of all high school graduates pursue community college education in the Region, a rate that is much lower than the state average (31 percent). Less than one in five of the graduating seniors in the Gateway Cities Region attended a UC/CSU school.

#### Community Colleges and California State University (CSU)

- Student enrollment in the Gateway Cities Region community colleges increased at a phenomenal pace, more than three times the state average from Fall 1997 to Fall 2001. The majority of the students, as in high schools, are of Hispanic origin.
- It appears that the demand for Associate degrees is increasing in the Gateway Cities Region and there is a convergence between the percentage share of students obtaining these degrees in the Region and California. Similarly, the gap between the Gateway Cities Region's share of students pursuing Certificates and the state's share has narrowed. Interdisciplinary Study seems to be the preferred choice of Associate degree in the Gateway Cities Region and in the state.
- In Fall 2000, 53 percent of incoming freshmen in California State University Long Beach (CSULB) were unprepared to read and write at the college level, compared to 46 percent statewide. In mathematics, 52 percent of the regularly admitted freshmen were unprepared, compared to 45 percent statewide.



- The number of students failing placement tests in CSULB is alarming. In 2001, 78.6 percent of all students taking the Entry-Level Mathematics Test failed and 68 percent of all students taking the English Placement Test failed.
- CSU Dominguez Hills and CSU Los Angeles are two campuses with highest proportion of unprepared students; more than 90 percent of regularly admitted freshmen need remediation.
- The transfer rate for community colleges system-wide is 34.2 percent. Community colleges in the Gateway Cities Region perform poorly with respect to transfer rates. Ranking the college with the lowest transfer rate at a one (1) and the college with the highest transfer rate at 108, the Gateway Cities Region colleges rank in the following order: Rio Hondo (11), Compton (23), L.A. Trade Tech (26), Long Beach (40), Cerritos (41), and East L.A. (43). Transfer rates may not accurately reflect the performance of community colleges since their value to the community also resides in their effectiveness at providing high quality technical and vocational training.

#### Education Pays

- To a large extent, education of an individual determines the wage that he or she is able to earn. The more educated a person is, the higher the probability of earning a higher salary. A professional degree holder earns 3.75 times more than a person with some high school and no diploma. In fact, there is a "diploma premium" attached to each advanced educational level. The additional earnings associated with a professional degree represent a nearly 73 percent increase over the average earnings for those with a bachelor's degree and a 178 percent premium over the earnings of high school graduates. The Gateway Cities Region exhibits lower median household income and per capita income than both the county and the state. This may be a reflection of the underlying skills level of its population.
- According to a California Employment Development Department forecast, eight out of the top 15 occupations with greatest absolute job growth in Los Angeles County require short-term on-the-job training. The occupations that require short-term on-the-job training are not among the highest paying jobs. Jobs in information technology are not only the fastest growing occupations but also among the highest paid. A key difference between low and higher paying jobs is the education and training level - an educated workforce is prosperous and has a positive multiplier effect. Higher incomes translate into higher disposable



incomes, resulting in the creation of dynamic, vibrant, and sustainable communities. The training, therefore, should be focused towards preparing the workforce of the future to meet requirements of the new job market, one that is dominated by information and technology.

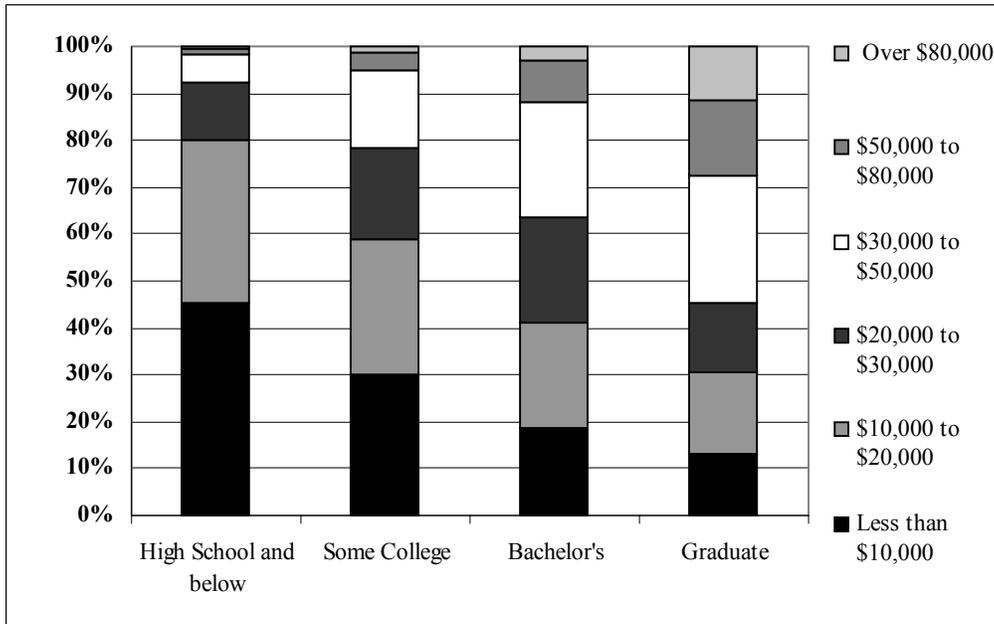
### Immigrant and Native Educational Attainment and Earnings

Earnings for the native born workers were higher than foreign-born workers with similar educational background in the Gateway Cities Region in 1990 (Figure 9 and 10). Earnings advantage for the natives as compared with the earnings of immigrants may be due to better English skills, knowledge of the labor market, and understanding of employers' expectations among the native born. The trends seen in the Gateway Cities Region are mirrored in California.

- Approximately 80 percent of the immigrant workers with an educational attainment level of high school or below earned less than \$20,000, in contrast to 61 percent of the native born.
- More than one-third (35 percent) of the native born population with a bachelor's degree earned in the \$30,000 to \$50,000 income range compared to only 25 percent of the foreign-born population with similar qualifications.
- Roughly 43 percent of the immigrant's with graduate degrees (Master's, Professional, and Doctorate's) earned in the \$30,000 to \$80,000 income range in the Gateway Cities Region, in contrast to 59 percent of the native born population with similar qualifications.

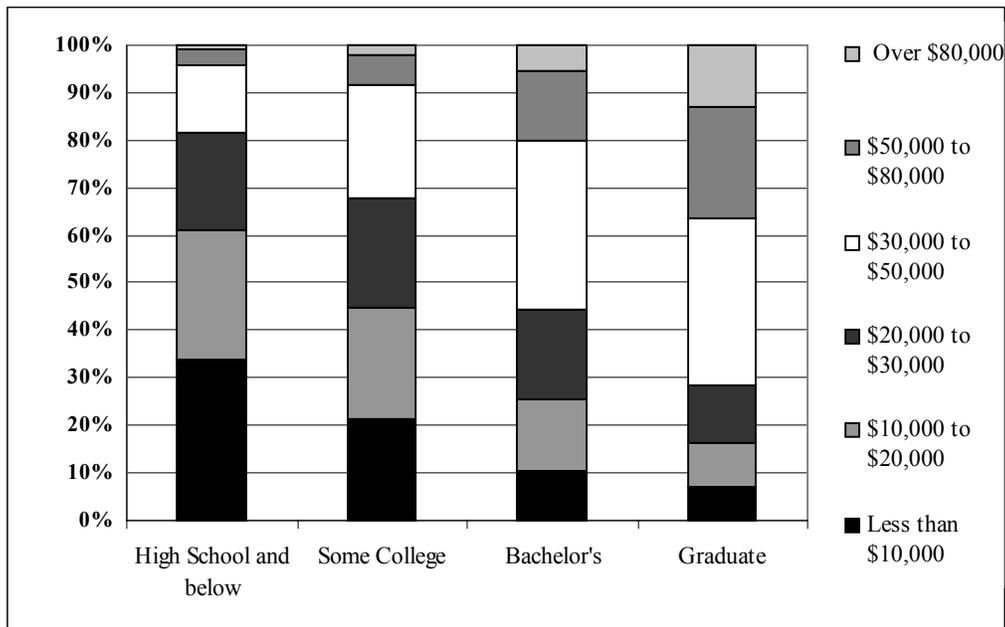


**Figure 9: Gateway Cities Region: Educational Attainment and Income Profile of Foreign-Born Labor Force, 1990**



Source: U.S. Census. PUMS 1990 5% State

**Figure 10: Gateway Cities Region - Educational Attainment and Income Profile of Native-Born Labor Force, 1990**



Source: U.S. Census. PUMS 1990 5% State



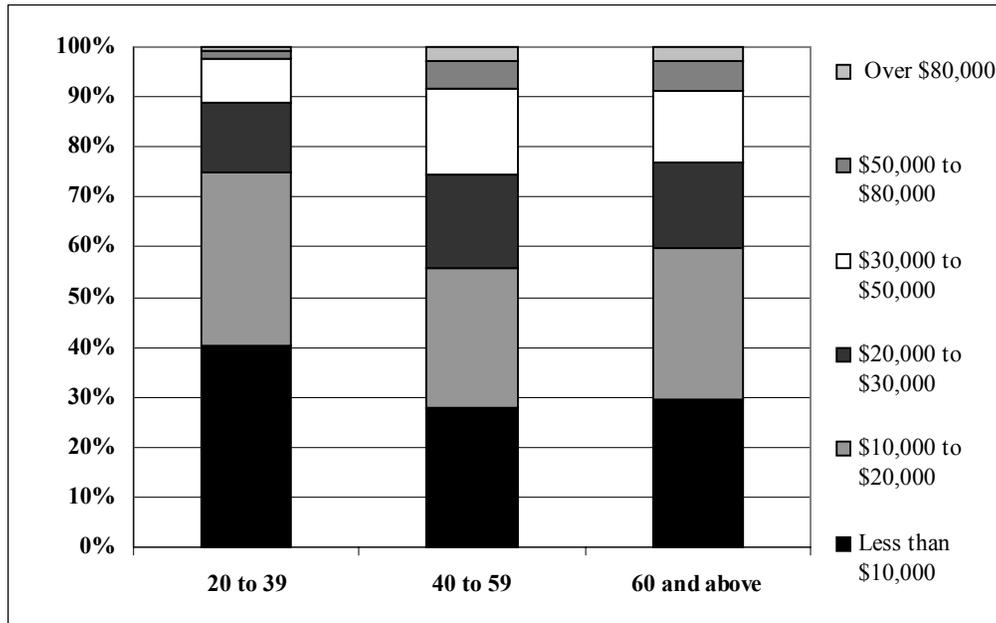
### Immigrant and Native Income by Age

Foreign-born workers in the Gateway Cities Region earned less than their native counterparts in their respective age groups in 1990.

- In the 20 to 39 years age group, 75 percent of immigrant workers earned less than \$20,000, in contrast to 53 percent of the native born (Figure 11 and 12).
- In the 40 to 59 years age group, approximately 42 percent of the native born workers earned in the \$30,000 to \$80,000 range compared to only 23 percent of the foreign-born.
- Similarly, in the 60 and above age group, roughly one-third (35 percent) of the native workers earned in the \$30,000 to \$80,000 range compared to only 20 percent immigrant workers.

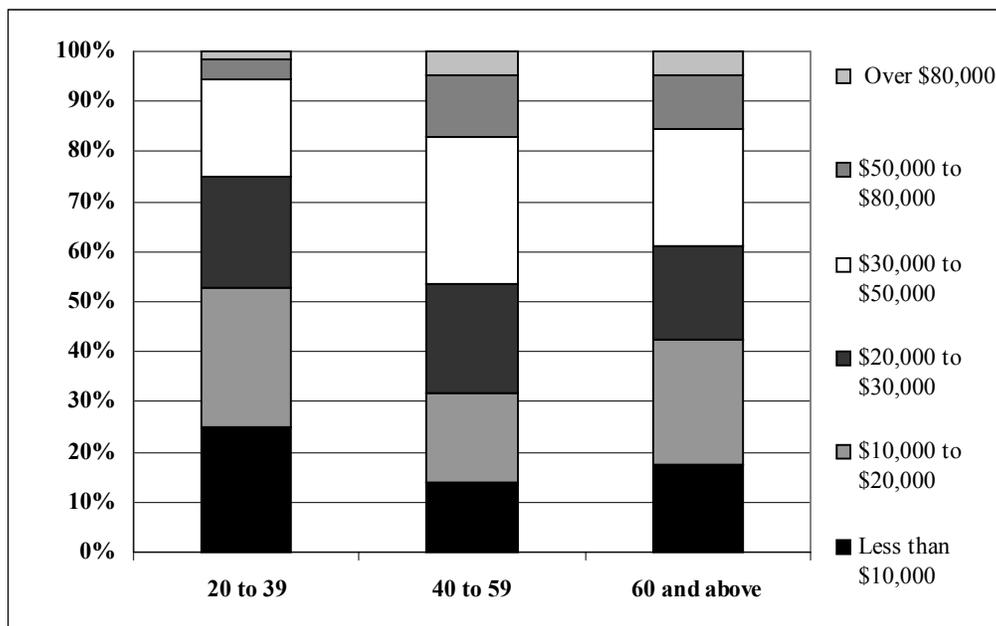


**Figure 11: Gateway Cities Region - Income by Age of Foreign-Born Labor Force, 1990**



Source: U.S. Census. PUMS 1990 5% State

**Figure 12: Gateway Cities Region - Income by Age of Native Born Labor Force, 1990**



Source: U.S. Census. PUMS 1990 5% State

## VII. Immigrants and Public Services

Increased demand for public services in California are caused, in part, by immigrants. For example, immigration has led to an increase in primary and secondary school enrollment in California for two main reasons. First, immigrant families tend to have more children than native families, and, second, there are many young immigrants in California (McCarthy and Vernez, 1997). Increases in school enrollment lead to a greater demand on California resources because schools are funded primarily through state and local taxes. The number of high school graduates is expected to increase as well over the next 10 years. Finally, the racial/ethnic makeup of high school graduates will change: two-thirds of the graduates will be either Asian or Hispanic.

Refugees—who are more likely than other immigrants to use public services—also contribute to an increased demand for public services in California. According to McCarthy and Vernez, almost half of the refugees to the U.S. (44 percent) reside in California. In addition, California has more elderly immigrants than other states. This group is more likely than native elderly to use state funded public services such as Medicaid and SSI (Supplemental Security Insurance). However, elderly immigrants are less likely to participate in federally funded programs such as Medicare and to receive Social Security benefits.

Except for these two groups, McCarthy and Vernez found that immigrants in general are no more likely than natives to use public services. Moreover, compared to native families of the same income, immigrant families who earn less than \$16,000 per year are less likely to use AFDC, to receive food stamps, or to be on Medicaid. However, children from low-income immigrant families are more likely than children from native families to be in school breakfast and lunch programs. Some of the key findings from the RAND report are:

- Immigration is the main cause of an increase in enrollment in primary and secondary schools. These schools are primarily funded through state and local taxes. This has placed increased demand on state and local governments.



- The racial/ethnic make up of high school graduates will undergo a transformation: two-thirds of the graduates will be either Asian or Hispanic.
- Refugees use more public services than other immigrants because they are legally eligible for more benefits. California is home to a disproportionate amount of refugees, 44 percent, and thus must shoulder more costs.
- California has a growing elderly immigrant population. Elderly immigrants are more likely than elderly natives to use “safety net” programs like Medicaid and SSI. These funds come from the state, increasing demands on California. However, elderly immigrants are less likely to use federally funded aid like Medicare and SSI.
- Immigrants who are not elderly or who don’t have refugee status are no more likely than natives to use public services. For families that make less than \$16,000/yr, immigrants are less likely to use AFDC, receive food stamps, and to be on Medicaid than natives. This same group is more likely to have children in school breakfast and lunch programs, reflecting larger family size, larger number of children, and lower incomes in immigrant families.
- As a state, California disproportionately bears the cost of public services used by immigrants.
  - California has more immigrants per capita than other states.
  - California has more refugees than other states.
  - California immigrants have lower incomes and larger families than immigrants in other states.
  - California has more elderly immigrants, more young immigrants and more children of immigrants.

However, while immigrants may initially be a net drain on the public sector, a 1998 study conducted by the National Immigration Forum and the Cato Institute suggested that over time immigrants become net contributors (American Immigration Law Foundation). The study found that because of the high number of immigrants in the workforce, immigrant households and businesses provide \$162 billion per year in tax revenue to federal, state and local governments (American Immigration Law Foundation).



## VIII. Bibliography and References

\_\_\_\_\_. (November 2002). *The Melting Pot Keeps Housing Hot*. BusinessWeek online. <http://www.businessweek.com>

American Immigration. (n.d.). *Citizenship and Naturalization-Employment Opportunities*, Vol. 4 Grolier Educational publishers.

American Immigration Law Foundation. (2001). U.S. Benefits from Foreign-Born. Immigration Policy Reports. Available: [www.aifl.org/polrep/2001/pr0004.htm](http://www.aifl.org/polrep/2001/pr0004.htm)

American Immigration Law Foundation. (n.d.). *U.S. Benefits from Foreign-Born. Population Survey Supports the Contributions of Immigrants*. Immigration Policy Reports. <http://www.aifl.org/polrep/2001/pr0004.htm>

Clark, William A.V. (February 1999). *Immigration and California Communities*. Center for Immigration Studies. (Retrieved from [www.cis.org](http://www.cis.org))

Downs, Anthony. (October 2001). *Immigration Fuels Economy*. National Real Estate Investor. [www.nreionline.com/ar/real\\_estate\\_immigration\\_fuels\\_economy/](http://www.nreionline.com/ar/real_estate_immigration_fuels_economy/)

Gottlieb, P.D. and Fogarty, M. (2000, January). *Educational Attainment and Metropolitan Growth*. Milken Institute Award for Distinguished Economic Research. Milken Institute. Case Western Reserve University.

McCarthy, K. F. and Vernez, G. (1997). *Immigration in a Changing Economy, California's Experience*. Center for Research on Immigration Policy. National Defense Research Institute. Santa Monica

Myers, D. and Pitkin, John. (2001). *Demographic Futures for California*. Population Dynamics Group, School of Policy, Planning, and Development. University of Southern California. Los Angeles, CA

Pastor, Manuel Jr. (June 2001). *Widening the Winner's Circle from Global Trade in Southern California*. Latin American and Latino Studies Center for Justice, Tolerance, and Community. University of California, Santa Cruz. [www.pacificcouncil.org](http://www.pacificcouncil.org)

RAND publications, Chapter 4, "Immigrants Increasingly Occupy the Bottom of the Labor Market". Retrieved from <http://www.rand.org/publications/MR/MR854.1/MR854.1.chap5.pdf>

RAND publications, Chapter 8, "Immigrants Have Contributed to the Increased Demand for Public Services". Retrieved from <http://www.rand.org/publications/MR/MR854.1/MR854.1.chap8.pdf>



Suro, R. and Singer, A. (July 2002). *Latino Growth in Metropolitan American: Changing Patterns, New Locations*. Center for Urban and Metropolitan Policy. Brookings Institution and the Pew Hispanic Center, Washington, D.C.

Sum, Andrew; Neeta Fogg, et.al. (November 2002). *Immigrant Workers and the Great American Job Machine: The Contributions of New Foreign Immigration to National and Regional Labor Force Growth in the 1990s*. Center for Labor Market Studies, Northeastern University

U.S.C. Center for Economic Development. (February 9, 2001). *Gateway Cities: A Profile at the Start of the 21<sup>st</sup> Century*.

U.S. Census. (December 2001). *Profile of the Foreign-Born Population in the United States: 2000*. Current Population Reports Special Studies. <http://www.census.gov/prod/2002pubs/p23-206.pdf>

U.S. Census. (June 2002). *Number of Foreign-Born Up 57 Percent Since 1990, According to Census 2000*. United States Department of Commerce News. <http://www.census.gov/Press-Release/www/2002/cb02cn117.html>

U.S. Census. (February 2003). *Profile of the Foreign-Born Population in the United States: March 2002*. Current Population Reports Special Studies. <http://www.census.gov/prod/2003pubs/p20-539.pdf>

Ungar, S. J., (1995) *Fresh Blood: The New American Immigrants*, Simon and Schuster, New York