

Five Facts About Undocumented Workers in the United States

Background

More than 15% of U.S. workers were born in other countries. While two-thirds of foreign-born workers have authorization to work in the U.S., 5.2% of the American labor force is undocumented.¹ In fact, the influx of undocumented immigrants accounted for about half of the growth in the labor force over the last decade.² The largest share of undocumented immigrants is of Latin American origin; in 2005, 56% of undocumented immigrants came from Mexico alone.³

The strong participation of undocumented workers in the U.S. labor market is undeniable. Possibly numbering 7.8 million workers, their presence is a clear illustration of the imbalance between the nation's immigration system and current economic realities.⁴ The facts below challenge some common myths about undocumented immigrants.

1. Undocumented Workers and U.S. Workers

Although immigration's effect on the labor market is largely neutral, a vulnerable second-class workforce is emerging.

Concerns about the impact of immigrants on the U.S. labor market are not new. From the mid-20th century to the present, scholars have investigated if and how immigration affects the wages and employment of native-born workers. Potential effects of undocumented immigration are difficult to measure; nevertheless, economists have studied various geographical areas and time periods to try to capture economic reactions to different types of immigrants. Although there is no absolute consensus, many studies reveal that immigration has little to no negative impact on native-born

workers.⁵ Even for workers who are thought to compete directly with immigrants – workers with the lowest educational levels, for example – the most extreme estimates reveal only minor, if any, wage declines due to increased immigration.⁶ Workers whose wages suffer the most from undocumented immigration appear to be other foreign-born workers.⁷ In contrast, certain evidence suggests that some workers' wages benefit from immigration; one national study found that a doubled immigrant labor force between 1990 and 2004 boosted the wages of native-born high school graduates and college graduates by 0.7% to 3.4%.⁸

Most employers and economists agree that undocumented immigrants fill important gaps in the U.S. labor market. As native-

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born workers become better educated and more mobile,⁹ the productivity of undocumented immigrants in low-wage jobs creates positive spillover effects in the economy.¹⁰ Yet, despite these positive impacts, the fact that undocumented workers are easily exploited relegates them to a separate second-class workforce. The economic incentives that drive

employers to hire and take advantage of undocumented immigrants lower the floor on health, safety, and wage protections for all workers. Empowering undocumented workers through legalization would enable all workers to compete on a level playing field while ensuring that the workforce responds to important demands in the economy.

2. Undocumented Workers and Language

Most immigrants make learning English a priority.

In a survey published in 2006, 57% of foreign-born Latino* immigrants said they believe that “immigrants have to speak English to say they are part of American society.”¹¹ Regardless of their level of education or income, a majority of Hispanics agree that immigrants should speak English.¹² In fact, more than half (52%) of foreign-born Latinos living in the U.S. speak both English and Spanish. Hispanic immigrants also value teaching English to their children. According to the survey, 96% of foreign-born Latinos believe that teaching English to children of immigrants is “very important.”¹³

Immigrants especially recognize the importance of English on the job. All Latinos are more likely to use English in the workplace than at home. At work, 29% of Hispanic immigrants speak only or

mostly English and 24% speak English and Spanish equally. This means that English is used on the job in some capacity by more than half of Latino immigrants.¹⁴

Native Spanish-speakers dominate English as a Second Language (ESL) classes throughout the country. The desire to learn English is so pervasive in the immigrant community that, nationwide, ESL programs for adults are overbooked and overcrowded. In 2006, 57.4% of ESL providers throughout the U.S. reported having waiting lists for prospective students. The wait times ranged from three weeks to three years.¹⁵ In high-demand areas such as New York City, providers have replaced waiting lists with a lottery system that turns away three out of every four people.¹⁶ The overwhelming demand for ESL resources confirms that learning English is a priority for most immigrants in the U.S.

* The terms “Hispanic” and “Latino” are used interchangeably by the U.S. Census Bureau and throughout this document to identify persons of Mexican, Puerto Rican, Cuban, Central and South American, Dominican, and Spanish descent; they may be of any race.

3. Undocumented Workers and Taxes

All immigrants, regardless of their legal status, pay taxes in various forms.

Like other Americans, undocumented immigrants pay sales tax on their purchases and property tax on their homes. The majority of undocumented immigrants also pay income tax using Individual Taxpayer Identification Numbers (ITINs) or false Social Security numbers. These documents put workers “on the books,” which means their employers must make required deductions from their pay. An estimated three-quarters of undocumented immigrants pay payroll taxes.¹⁷ Each year, taxpayers who use incorrect or false Social Security numbers (the majority of them undocumented immigrants¹⁸) contribute approximately \$7 billion to Social Security and \$1.5 billion to Medicare.¹⁹ Immigrants’ contributions to these programs are collected by the federal government to help meet its goals.²⁰

Even though undocumented workers contribute to tax revenues on the local, state, and national

levels, these individuals are ineligible for most government benefits.²¹ Especially notable is the fact that while these workers were educated in their countries of origin rather than in the U.S., the U.S. economy reaps the rewards of their work. On average, all immigrants will pay \$80,000 more in taxes per capita than they use in government benefits over their lifetime (in 1996 dollars).²² These facts led the President’s Council of Economic Advisers to declare in June 2007 that “the long-run impact of immigration on public budgets is likely to be positive.”²³

Undocumented immigration also produces a net benefit at the state level. For example, approximately 13.9% of the nation’s undocumented immigrants live in Texas. In 2006, the Texas Comptroller reported that undocumented immigrants paid about \$424.7 million more in state revenues – including sales tax and school property tax – than they used in state services, including education and health care.²⁴

4. Undocumented Workers in the U.S. Labor Market

Most undocumented immigrants hold low-wage jobs where they risk mistreatment by their employers.

Despite their high workforce participation rates,²⁵ most undocumented immigrants find themselves overrepresented in low-wage jobs that offer few employment-based benefits. In 2005, for instance, more than 1.5 million undocumented immigrants worked as maids and housekeepers.²⁶ At 2006 levels, these workers – regardless of immigration status – earned \$355 per week,

compared to the overall median weekly earnings of U.S. workers, \$671 per week.²⁷ Even for undocumented workers who are able to maintain their jobs year-round, such low median weekly earnings translate into poverty-level incomes.²⁸ Unlike other low-income families in the U.S., undocumented families are not eligible for the Earned Income Tax Credit, which gives qualified individuals a refund after they file their tax returns.²⁹

Coupled with inadequate pay and scant benefits, vulnerability to employer abuse erodes the quality of work and quality of life for undocumented workers. Undocumented workers fear employer retaliation, even deportation, if they complain about substandard wages or dangerous working conditions. Although federal labor laws technically protect all workers – regardless of their legal status – unscrupulous employers use immigration status as leverage to deny labor rights to undocumented workers, including the right to organize freely. Employers may threaten to “discover” the immigration status of their

workers, or even to call for an immigration raid at their workplace when workers attempt to stand up for their rights.³⁰ One powerful de facto workplace weapon is the Social Security “no-match” letter. A recent survey found that 21% of workers who had received “no-match” letters were fired as a consequence of their union activities by employers who used the letters – usually incorrectly – to justify job termination.³¹ A 2002 Supreme Court case further weakened the voice of undocumented workers by denying back pay to undocumented employees who are illegally fired for union-organizing activities.³²

5. Undocumented Workers and Paths to the U.S.

Reforming outdated options for legal entry into the U.S. is in the best interest of all workers.

U.S. immigration policy has a history of welcoming workers for their labor, but excluding them from legal protections and recognition in American society.³³ Today’s immigration system is no exception. Despite employers’ demands for immigrant labor and public acknowledgment of the essential role that immigrants play in the workforce, current law is not in tune with the economic realities that are driving the migration process. Federal law provides only 5,000 permanent visas each year to “unskilled” workers, a category that covers most of today’s necessary workers. Temporary work visas and family-based avenues for entry are also extremely restrictive; it is not unusual for a Mexican resident to wait seven to nine years for a visa.³⁴ Millions of immigrants who would prefer to work in the U.S. legally face unreasonable obstacles to entry.

Reforming the ways in which job-seeking immigrants may enter the U.S. is of great

importance for native-born workers. Today, more than ever before, equal access to labor rights is crucial for the well-being of all workers. Recent reports reveal that federal enforcement of basic labor laws – including minimum wage laws and overtime pay requirements – has declined significantly over the last three decades. At the same time, the volume of employer violations appears to have increased.³⁵ Workplace fatalities are disproportionately high for Hispanic workers,³⁶ and it is likely that many injuries to undocumented workers go unreported. Undocumented workers are reluctant to join their peers in arguing for fair wages and working conditions because they fear exposure of their legal status. The consequence of their vulnerability is a divided labor force; thus, intimidation and discrimination against undocumented workers negatively impact all workers. Given these trends, it is in no worker’s interest to allow a significant segment of the labor force to endure exploitation on the job. Only when all workers are legally present will the rights of all workers be upheld.

Endnotes

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