

Comparing Income, Education and Job Data for Immigrants vs. Those Born in U.S.

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Immigration continues to be one of the central policy issues confronting the U.S. government. This debate encompasses legal and unauthorized immigration, skilled and unskilled immigration, temporary and permanent immigration, family-based and skill-based immigration, and myriad similar policy choices.

Among the several issues surrounding immigration, one is purely fiscal in nature. If the average immigrant is unskilled and earns a low wage, the tax contribution, either through income or sales taxes, of such an immigrant is likely to be low. Moreover, in states where public services are fairly easily accessible, this immigrant may be able to draw a decent share of public services. This difference between what this immigrant may contribute as tax dollars and what the immigrant may draw in terms of public services is likely to be a net fiscal burden on the government (potentially at both the state and the federal levels). On the other hand, if one considers a highly skilled legal immigrant, who will be earning a high wage and who may be less dependent on public services, there may be a net fiscal gain for the government.¹

Of course, this fiscal issue alone cannot determine immigration policy, but a greater knowledge about its impact weighed against other factors—like the need of individual industries for workers who may not be available domestically—can inform sensible immigration policy. Knowledge of individual economic characteristics of immigrants, like education levels, unemployment rates, wages, etc., is a first step in shedding more light on how the current immigrant pool compares with the native population and also on how

future immigration may contribute to the U.S. economy.

Accordingly, this article focuses first on a comparison of the native and the foreign-born U.S. population in terms of economic characteristics at the national level. Then, we will present the comparisons at the state level for the top-five and the bottom-five states ranked by their immigrant population.

The Data

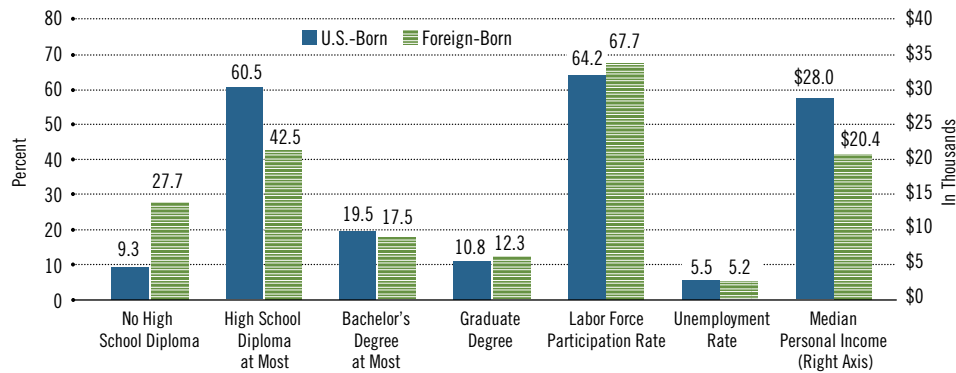
We used data on the foreign-born population living in the U.S. in 2015 as a proxy for current and past immigration flows. These data, which are collected by the American Community Survey, include authorized and unauthorized immigrants; however, it is well-documented that unauthorized immigrants are undercounted in census surveys.² Therefore, our calculations may underestimate the extent of unskilled and low-income immigration.

Before beginning our comparison task, we had to account for the fact that immigrant populations in general exhibit an age distribution that is significantly different from that of native populations. In particular, we noted that migration at a young age is relatively uncommon; children rarely migrate by themselves, and newborns cannot be, by definition, foreign-born. The difference in the age distribution is reflected in the data: Whereas over 30 percent of the native population is under 22 years old, only about 10 percent of the foreign-born population is in this age range. Thus, to make these two populations comparable, we restricted the dataset to include only individuals who are 22 years or older in all calculations.³

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FIGURE 1

U.S.-Born vs. Foreign-Born



SOURCE: 2015 ACS, accessed via IPUMS USA.

NOTE: Population under 22 years old is excluded. Educational attainment categories are exhaustive and mutually exclusive.

Comparing the Two Populations

The U.S. immigrant pool is diverse in terms of both country of origin and skill level.⁴ On the one hand, one would expect that a large fraction of the unauthorized immigrants would not have higher academic degrees. On the other hand, casual observation of U.S. Ph.D. programs, especially in the STEM (science-technology-engineering-mathematics) fields, suggests that a large fraction of students in such programs are from abroad. (Although international students reside in the U.S. on a temporary basis, they could potentially

become naturalized citizens. They would still be counted as foreign-born in our data.)

The first four sets of bars in Figure 1 show the diverse educational attainment of immigrants and the native-born. For example, 27.7 percent of foreign-born do not have a high school diploma vs. 9.3 percent for the native population. On the other hand, 12.3 percent of the foreign-born have graduate degrees, as opposed to 10.8 percent of the natives.

It is worth noting that, at 90.8 percent, the natives have a higher high-school graduation rate, far outweighing the foreign-born rate of 72.3 percent. (These rates include

those who have gone on to receive college degrees.) This discrepancy can reflect various factors, including the fact that the U.S. provides an easier access to reasonably priced education in public schools compared with many developing nations, from where lower-skilled immigrants may come. Another factor lies in the self-selection process of immigration. The foreign-born population in the U.S. mainly contains individuals who found it profitable to leave their home country, and one would expect that unskilled individuals have a lower opportunity cost associated with migration.

Among the other variables reported in Figure 1, labor force participation and unemployment rates are not that different between the natives and the foreign-born, reflecting that labor market distress does not seem to be substantially higher for immigrants compared with natives. On the other hand, the median personal incomes of the two groups are starkly different, with a much higher median level of income per person for natives (\$28,000), compared with the foreign-born (\$20,400). This contrast, however, is consistent with the difference in education levels between natives and the foreign-born.

TABLE 1

Native and Foreign-Born Populations by State

	Foreign-Born Share	Highest Educational Attainment								Labor Force Participation Rate		Unemployment Rate		Median Income		
		No High School Diploma		High School Diploma		Bachelor's Degree		Graduate Degree		Native	Foreign-Born	Native	Foreign-Born	Native	Foreign-Born	
		Native	Foreign-Born	Native	Foreign-Born	Native	Foreign-Born	Native	Foreign-Born							
United States	17.9	9.3	27.7	60.5	42.5	19.5	17.5	10.8	12.3	64.2	67.7	5.5	5.2	\$28,000	\$20,400	
TOP 5 BY FOREIGN-BORN SHARE																
California	36.8	8.0	33.1	58.3	39.2	21.9	17.3	11.9	10.4	65.8	65.2	6.7	5.5	\$30,000	\$20,000	
New York	29.7	8.8	25.2	54.2	44.1	21.8	17.8	15.2	12.9	65.4	66.6	5.7	5.9	\$30,930	\$21,000	
New Jersey	28.5	7.1	19.3	55.4	43.0	24.4	22.7	13.0	15.0	66.9	70.4	5.9	5.4	\$35,000	\$25,000	
Nevada	26.5	8.8	29.1	66.7	51.3	15.7	13.8	8.8	5.7	63.4	68.7	8.1	6.6	\$27,000	\$21,300	
Florida	25.7	9.2	21.4	62.3	51.7	18.6	17.2	9.9	9.7	58.3	64.0	6.4	5.9	\$25,000	\$18,200	
BOTTOM 5 BY FOREIGN-BORN SHARE																
North Dakota	4.5	6.2	13.7	64.1	55.7	22.8	21.3	6.9	9.3	70.0	81.6	2.8	1.2	\$34,000	\$32,000	
South Dakota	4.1	8.0	35.3	64.1	47.4	20.8	13.0	7.0	4.3	68.2	79.5	4.0	1.6	\$28,000	\$23,000	
Mississippi	3.3	15.5	27.6	64.2	45.2	12.9	17.6	7.4	9.6	59.1	60.0	7.6	6.0	\$20,000	\$15,000	
Montana	3.3	6.8	9.2	64.9	60.5	18.8	16.0	9.5	14.3	63.4	61.4	3.6	3.3	\$25,600	\$20,800	
West Virginia	2.6	13.7	7.8	67.2	48.7	11.9	19.9	7.2	23.5	54.0	62.9	6.0	5.3	\$22,000	\$20,000	

SOURCE: 2015 ACS, accessed via IPUMS USA.

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Top Five and Bottom Five States

Although the national level comparison is useful, given the wide differences in immigrant concentration across U.S. states, we now focus on the top five and bottom five host states for immigrants in the U.S. to see whether there are any appreciable differences in terms of characteristics of immigrants in these states. The results are reported in Table 1.

California, which has the largest share of foreign-born in its population (at 36.8 percent), shows a rate of 33.1 percent of its foreign-born population without a high school diploma, compared with 8 percent for its native population. At the other end of the educational spectrum, 10.4 percent of the foreign-born living in California hold a graduate degree, whereas 11.9 percent of the U.S.-born California residents do.


The state with the smallest share of foreign-born is West Virginia (at 2.6 percent of its population). The proportion of foreign-born in West Virginia without a high school diploma is 7.8 percent, which is actually lower than the rate for the natives in West Virginia, which is 13.7 percent. Even more striking, 23.5 percent of the foreign-born in West Virginia have graduate degrees, compared with 7.2 percent for the natives.

Among other interesting comparisons, a closer look at the median income levels of the top five host states reveals that native income exceeds foreign-born income by

\$5,700 (Nevada) to \$10,000 (California and New Jersey). For the bottom five states, this difference ranges between \$2,000 (North Dakota and West Virginia) to \$5,000 (South Dakota and Mississippi).

Conclusion

Our discussion can be summarized into two main points. First, at the national level, the foreign-born present some interesting contrasts with natives, especially in terms of educational attainment at lower and higher levels of the academic spectrum. At the state level, interesting contrasts emerge, where the largest host states of the foreign-born seem to show larger income and educational attainment differences between the foreign-born and the natives.

Although immigration policy is decided at the national (federal) level, sensible policy has to consider potentially disparate effects on states. A look at characteristics of the foreign-born population at the national and the state levels can complement such immigration policy discussions. 

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ENDNOTES

- ¹ In a recent New York Times article, Harvard economist George Borjas discussed the impact of immigration on government budgets. He argued that, on aggregate, immigrants are a fiscal burden, creating an annual fiscal shortfall somewhere in the range of \$43 billion to \$299 billion, depending on different available estimates. See Borjas.
- ² The estimated undercount of unauthorized immigrants in the American Community Survey is believed to be between 10 and 20 percent.
- ³ We chose 22 years old as a threshold because it is the typical college graduation age in the U.S.
- ⁴ In an earlier Regional Economist article, we discussed the different countries of origin of the foreign-born population. See Bandyopadhyay and Guerrero.

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