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- Employment is more sensitive to economic fluctuation for immigrants than for U.S.-born workers.
- Immigrants suffered greater job losses than natives during the recession, but have enjoyed greater employment growth during the recovery.
- Despite employment growth, neither group has made up the ground lost during the recession.

# Hit Hard but Bouncing Back

## The Employment of Immigrants during the Great Recession and the Recovery

María E. Enchautegui

Immigrants are a growing share of the U.S. workforce. In 2011, 15.8 percent of all employed persons in the United States were foreign born.<sup>1</sup> The Great Recession and the sluggish recovery that followed have brought much discussion about immigrants, their incorporation into U.S. society and the economy, and their role in the global competitiveness. How immigrants fared during the Great Recession and the recovery could tell story of disadvantage or a story of resiliency, as well as shed light on the process of immigrant integration.

Immigrants face various challenges that make them vulnerable during economic downturns. A large share of immigrants have low levels of education, many lack English-language skills, and the recent arrivals are just learning the ropes of the U.S. labor market. Employers may invest less in immigrant workers, especially undocumented immigrants, and let them go quickly in the economic downturn.

On the other hand, immigrants have strong employment networks, which can help in navigating a tough labor market. The immigration experience, selecting in favor of the most motivated and willing to take risks, may also give immigrants an edge in weathering economic adversity. During the downturn immigration slows down, giving respite to immigrants competing for fewer jobs.<sup>2</sup>

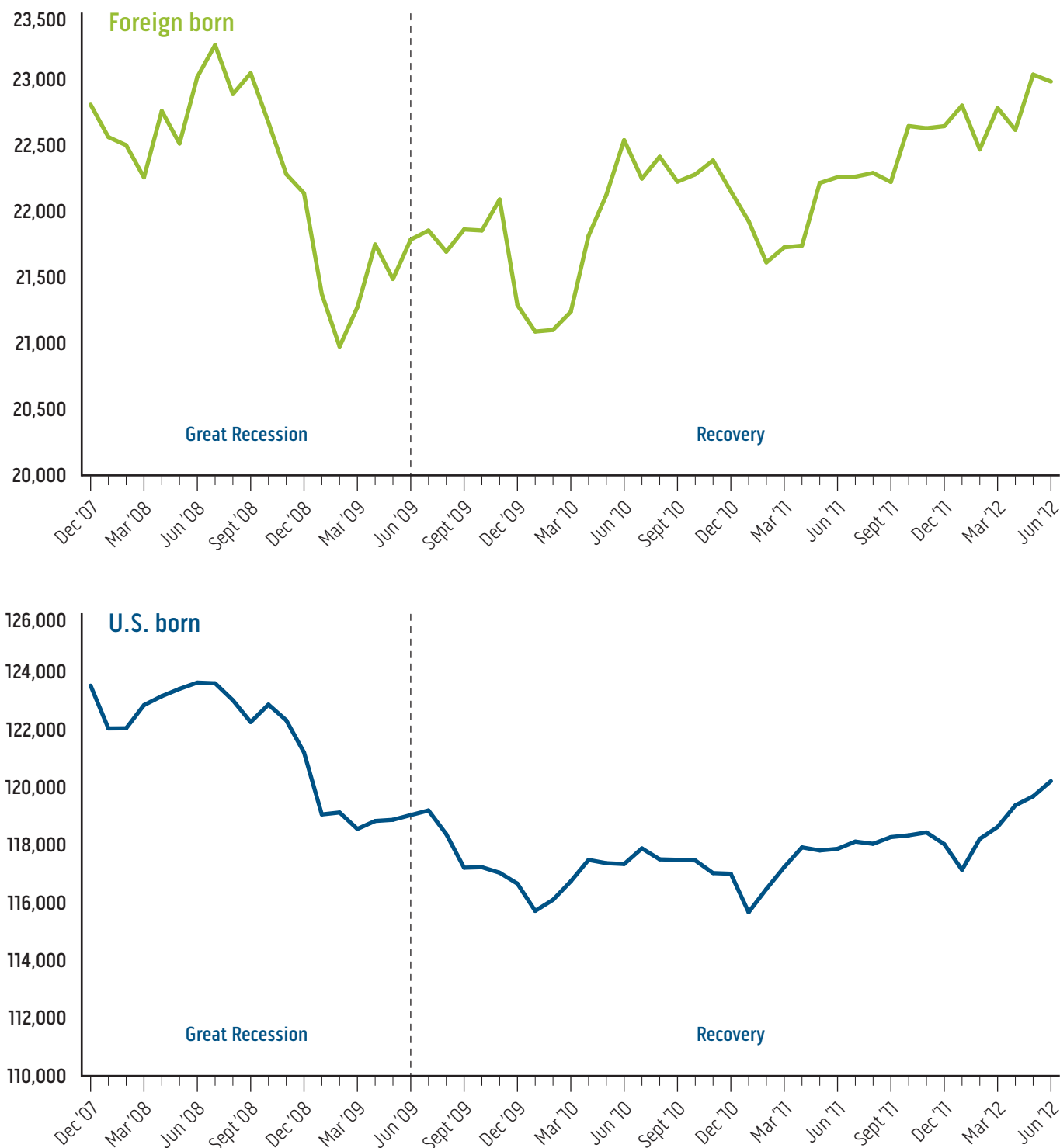
Self-employment, higher among foreign-born than U.S.-born workers, could also be a protective factor.

Historically, employment for immigrants is more sensitive to economic ups and downs than for U.S.-born workers.<sup>3</sup> During recessions, immigrants' employment and wages suffer compared to those of natives; during recoveries, immigrants have traditionally enjoyed large employment gains.

It has yet to be investigated if those patterns hold this time around. The Great Recession has been the deepest and longest economic downturn since the Great Depression.<sup>4</sup> Job losses were more abrupt and severe than in prior recessions.<sup>5</sup> Unemployment spread among the young and the old, the less educated and the better educated, and across all regions of the United States. The construction

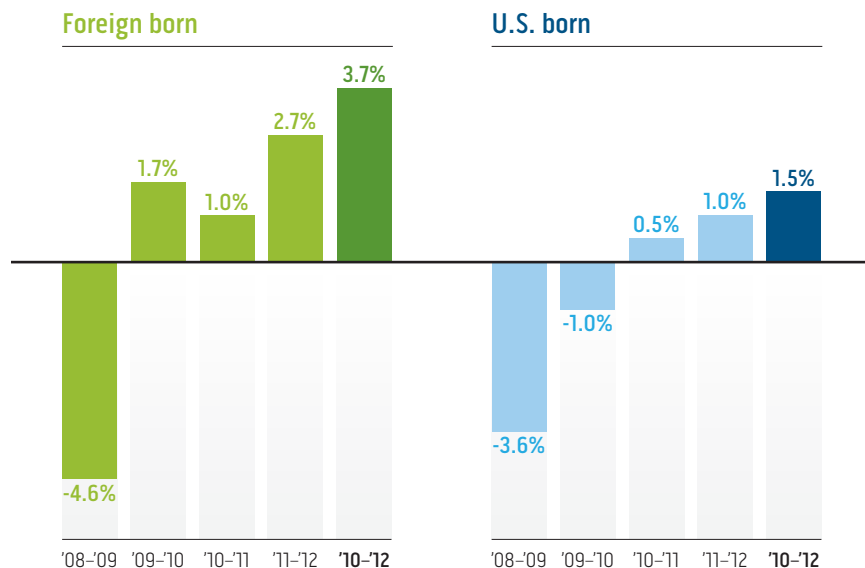
With an employment gain of 3.7 percent between 2010 and 2012, immigrants saw solid gains in comparison to the weak employment growth of 1.5 percent for natives.

**Figure 1. Monthly Employment of Foreign-Born and U.S.-Born Workers, December 2007 to June 2012 (in thousands)**



Source: Current Population Survey, Bureau of Labor Statistics, "Labor Force Characteristics of Foreign-Born Workers" reports. Data for 2012 are tabulations by the author based on Current Population Surveys, January 2012 to June 2012.

**Figure 2. Employment Changes for Foreign-Born and U.S.-Born Workers, 16 Years Old and Over, 2007–2012**

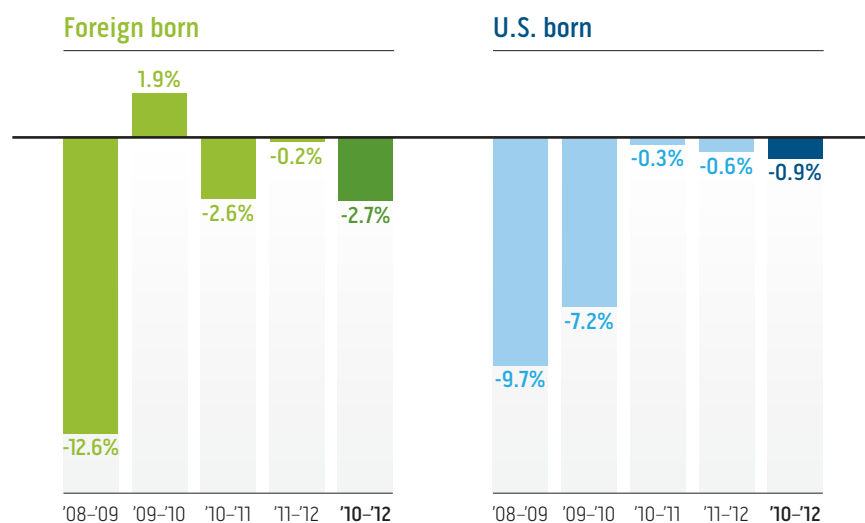


Source: Data for 2008 through 2011 are based on the Current Population Survey annual average from the Bureau of Labor Statistics, "Labor Force Characteristics of Foreign-Born Workers." Data for 2012 are tabulations by the author based on Current Population Surveys, January 2012 to June 2012.

industry, an important employment niche for immigrants, was the hardest hit, with employment declining by 19 percent.<sup>6</sup> The housing crisis meant a sharp decline in Americans' wealth, especially for Latinos, of which 38 percent are foreign born.<sup>7</sup> The recovery has been weak, with unemployment rates still well above the pre-recession years.

Using data on employment from the Current Population Survey from 2007 through June 2012,<sup>8</sup> this brief assesses the impact of the Great Recession and the recovery on immigrants, comparing their experiences to those of natives. The findings indicate that although immigrants initially suffered greater job losses, percentagewise, than U.S.-born workers, immigrants have enjoyed greater employment growth than natives during the recovery. Despite this employment growth, however, by mid-2012 neither group of workers has made up the ground lost during the recession.

**Figure 3. Employment Changes for Foreign-Born and U.S.-Born Workers, No High School Diploma, 25 Years Old and Over, 2008–2012**



Source: Data for 2008 through 2011 are based on the Current Population Survey annual average from the Bureau of Labor Statistics, "Labor Force Characteristics of Foreign-Born Workers." Data for 2012 are tabulations by the author based on Current Population Surveys, January 2012 to June 2012.

### Changes in Employment: All Workers

The Great Recession and the recovery look different for foreign-born and U.S.-born workers. Figure 1 shows monthly employment figures for foreign-born and U.S.-born workers. The figure starts plotting employment at the beginning of the Great Recession in December 2007 and the vertical line in each figure marks the official end of the Great Recession in June 2009.

Employment shows more fluctuations for immigrants than for U.S.-born workers. Immigrants also show deeper declines in employment than native workers. The lowest employment point for immigrants was in February 2009, well within the Great Recession, while the lowest employment point for natives was on January 2011, 20 months after the official end of the recession. After a severe drop from September 2008 up to February 2009, the employment of immigrants started to recover before showing another deep decline in the early months of

2010.<sup>9</sup> Between July and December 2009, when the employment of immigrants was recovering, the employment of U.S.-born workers was still showing sharp declines.

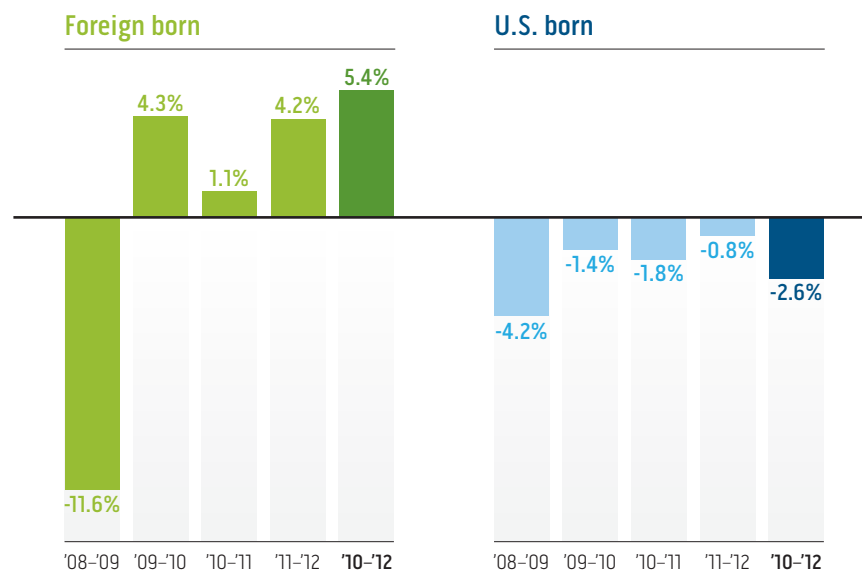
Immigrants were hit harder by the recession than U.S.-born workers. During the recession years of 2008 and 2009, immigrant employment declined by 4.6 percent while the employment of natives declined by 3.6 percent (figure 2).

During the recovery period, immigrants' employment growth was stronger than that of natives. With an employment gain of 3.7 percent between 2010 and 2012, immigrants saw solid gains in comparison to the weak employment growth of 1.5 percent for natives. Not only was immigrants' employment recovery stronger than that of natives, but immigrants also recovered faster, showing gains early in the recovery period. Between 2009 and 2010 the employment of immigrants grew by 362,000, while U.S.-born workers lost over 1 million jobs.

### Employment Changes by Educational Level

Patterns of employment growth vary by education. Among immigrants and natives alike, the largest employment losses during the recession occurred among workers with less than a high school diploma. In this educational category, foreign-born workers experienced larger employment declines than natives, relative to their initial employment situation. For instance, figure 3 shows that between 2008 and 2009 for workers age 25 and older with no high school diploma, immigrants lost 12.6 percent of their employment while natives lost 9.7 percent. The recovery did not bring much good news to high school dropouts, as immigrants and natives, for the most part, continued losing employment after 2009. The large employment losses for immigrants with low levels of education are even more striking, considering that the population with no high school

**Figure 4. Employment Changes for Foreign-Born and U.S.-Born Workers, High School Diploma, No College, 25 Years Old and Over, 2008–2012**



Source: Data for 2008 through 2011 are based on the Current Population Survey annual average from the Bureau of Labor Statistics, "Labor Force Characteristics of Foreign-Born Workers." Data for 2012 are tabulations by the author based on Current Population Surveys, January 2012 to June 2012.

diploma is growing among immigrants but declining among the U.S. born.<sup>10</sup>

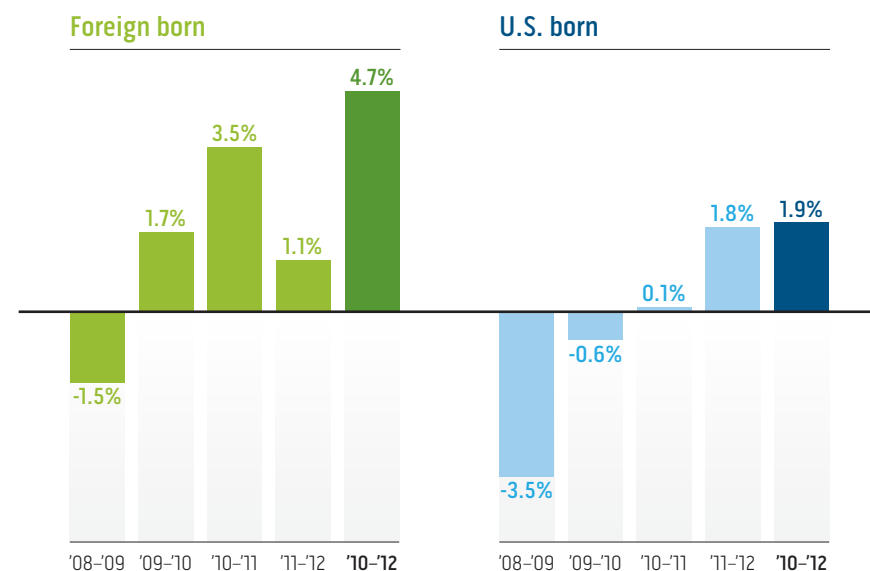
Among workers with a high school diploma but no college education, changes in employment during the recovery period are quite distinct between immigrants and the U.S. born. As seen in figure 4, employment for immigrants in this education category grew every year between 2009 and 2012. By contrast, U.S.-born workers with high school diplomas but no additional schooling lost employment every year since 2008. During the recovery period, immigrants at this education level increased their employment by 5.4 percent while natives' employment declined by 2.6 percent.

The educational group "associate degrees—some college education (but not a bachelor's degree)" is the only category where U.S.-born workers lost a larger share of employment than foreign-born workers

during the recession. Employment among native workers with that level of education declined by 3.5 percent as compared with a loss of 1.5 percent among foreign-born workers (see figure 5). During the recovery between 2010 and 2012, the employment of foreign-born workers with associate degrees and some college education grew by 4.7 percent and the employment of U.S.-born workers with similar levels of education grew by only 1.9 percent.

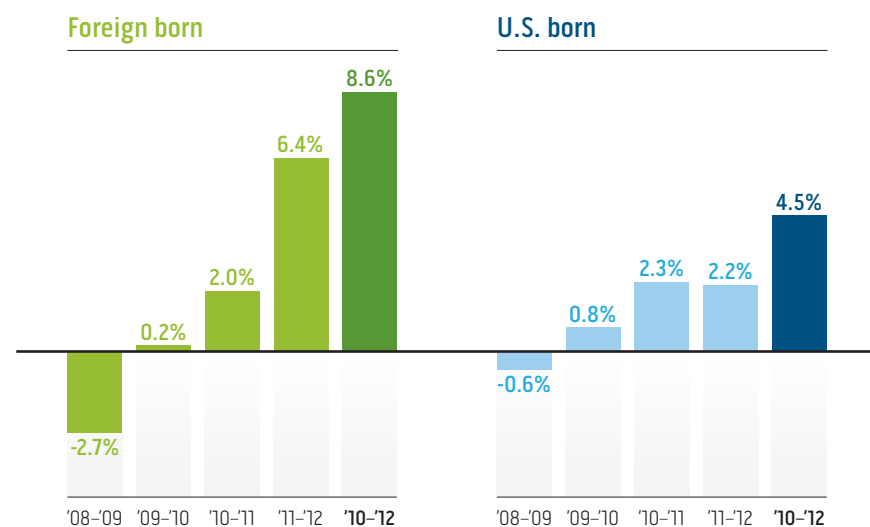
Figure 6 shows employment changes during the recession for workers with a bachelor's degree or more. Employment for U.S.-born workers with at least a bachelor's degree declined by only 0.6 percent, while for immigrants the decline was 2.7 percent. During the recovery period of 2010 to 2012, immigrants and natives with bachelor's degrees or more education experienced employment gains every year, but the growth

**Figure 5. Employment Changes for Foreign-Born and U.S.-Born Workers, Some College/Associate Degrees, 25 Years Old and Over, 2008–2012**



Source: Data for 2008 through 2011 are based on the Current Population Survey annual average from the Bureau of Labor Statistics, "Labor Force Characteristics of Foreign-Born Workers." Data for 2012 are tabulations by the author based on Current Population Surveys, January 2012 to June 2012.

**Figure 6. Employment Changes for Foreign-Born and U.S.-Born Workers, Bachelor's Degree and Higher, 25 Years Old and Over, 2008–2012**



Source: Data for 2008 through 2011 are based on the Current Population Survey annual average from the Bureau of Labor Statistics, "Labor Force Characteristics of Foreign-Born Workers." Data for 2012 are tabulations by the author based on Current Population Surveys, January 2012 to June 2012.

was higher for immigrants. In 2011–2012, college-educated immigrants enjoyed employment growth of 6.4 percent, far larger than the 2.2 percent growth for similarly educated U.S.-born workers. During all the years of recovery combined, workers with a college degree experienced larger employment gains than workers in the other educational categories. During the recovery period, the employment of immigrants with a college degree or higher grew by a whopping 8.6 percent, the largest employment growth during the recovery among the four educational categories and the two nativity groups. The employment of U.S.-born workers with bachelor's degrees grew by 4.5 percent.

### Where Do Workers Stand in 2012?

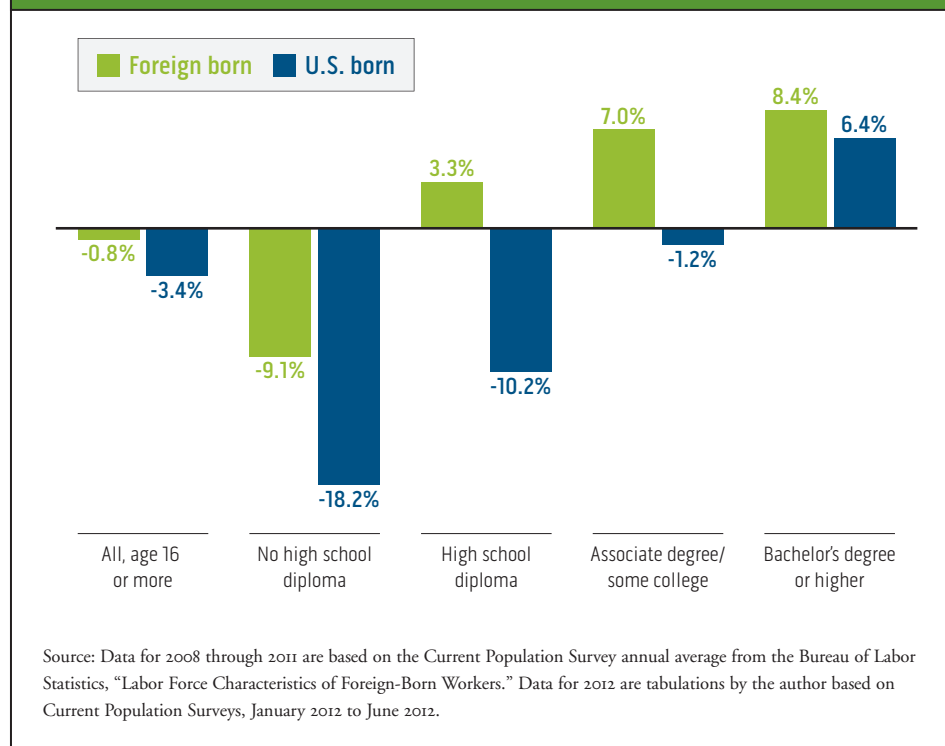
Despite recent employment growth, workers have not made up the ground they lost during the recession. Immigrants made the most progress, but still by June 2012 their employment was slightly below the 2007 level (figure 7). Among U.S.-born workers, it was 3.4 percent lower. U.S.-born workers (ages 25 and older) with up to a high school diploma have lost the most ground. Their employment levels in 2012 were 10.2 to 18.2 percent lower than before their recession. Foreign-born workers (ages 25 and older) with a high school diploma or more education recovered the most ground, ending with more employment in 2012 than in 2007. In 2012, employment for these workers was between 3.3 and 8.4 percent higher than in 2007. Among U.S.-born workers, only those with a bachelor's degree or more had recovered by 2012.

### Discussion

Immigrants were hit hard by the recession but bounced back. Although immigrants suffered greater job losses, percentagewise, than U.S.-born workers at the start of the Great Recession, immigrants have enjoyed greater employment growth than natives during the recovery. These patterns are consistent with prior research

Where the experiences of immigrants and natives converge is in the dire employment situation for workers with no high school diploma.

**Figure 7. Change in Employment by Nativity and Education, 2007–2012**



showing that the labor market outcomes of immigrants are more sensitive to economic fluctuations than the outcomes of native workers. Nevertheless, 30 months after the official end of the Great Recession, employment for immigrants and natives remains lower than before the recession. Patterns of job loss and recovery vary by educational attainment. Immigrants with high school diplomas, some college education, associate degrees, and bachelor's degrees have surpassed their pre-recession employment level. Among natives, only workers with bachelor's degrees have recovered.

Where the experiences of immigrants and natives converge is in the dire employment situation for workers with no high school diploma. Employment losses for these workers, immigrants and natives alike, were large, and neither group is even close to its pre-recession employment level. The substantial and sustained losses for less-educated native

workers are mitigated by the shrinking portion of the native workforce without high school diplomas. That is not the case for immigrants. The number of immigrants with no high school diploma is growing.

Considering the multiple disadvantages faced by many immigrants, such as limited English-language fluency, recent arrival, low levels of education, and undocumented status, their good employment performance during the recovery is significant and noteworthy. It calls for a better understanding of immigrants' resiliency factors during periods of economic distress.

A better understanding of federal, state, and local policies' effect on immigrants' economic outcomes is also needed. Citizenship and English-language education, funding for centers serving new Americans, and local immigration enforcement could affect immigrants' ability to weather economic crises.

Policies not specific to immigrants are also relevant in determining immigrants' employment trajectory during the business cycle. Publicly funded job training, youth employment and work-related support programs, state Unemployment Insurance eligibility rules, and government assistance to small businesses are not immigrant-specific policies but have repercussions for the employment of immigrants. Future research should document those diverse policies and assess their effects on immigrants' employment outcomes.

Finally, this brief focused on employment changes. Certainly, employment is an important outcome in assessing performance across the business cycle, but it is not the only outcome to consider. It will also be necessary to investigate if other labor market outcomes such as wages and working conditions were compromised in achieving these employment gains. ■



## Notes

Thanks to Greg Acs for his comments on earlier versions of this brief.

1. The terms “immigrant” and “foreign born,” and “native” and “U.S. born,” are used interchangeably.
2. Pia Orrenius and Madeline Zavodny, “Immigrants’ Employment Outcomes during the Business Cycle,” IZA Working Paper 5354, December 2010.
3. Orrenius and Zavodny, “Immigrants Employment Outcomes”; Bernt Bratsberg, Erling Barth, and Raaum Oddbjørn, “Local Unemployment and the Relative Wages of Immigrants: Evidence from the Current Population Surveys,” *Review of Economics and Statistics* 88, no. 2 (2006): 243–63; George Borjas, “Wage Trends among Disadvantaged Minorities,” in Rebecca M. Blank, Sheldon H. Danziger, and Robert F. Schoeni, eds., *Working and Poor: How Economic and Policy Changes Are Affecting Low-Wage Workers* (New York: Russell Sage Foundation, 2006), 59–76.
4. Federal Reserve Bank of Minneapolis, “The Recession and Recovery in Perspective,” September 7, 2012, [http://www.minneapolisfed.org/publications\\_papers/studies/recession\\_perspective/index.cfm](http://www.minneapolisfed.org/publications_papers/studies/recession_perspective/index.cfm).
5. Pamela Loprest, *What to Do about the New Unemployment* (Washington, DC: The Urban Institute, 2011).
6. Adam Hadi, “Construction Employment Peaks before the Recession and Falls Sharply throughout It,” *Monthly Labor Review* (April 2011): 24–27.
7. Rakesh Kochhar, Richard Fry, and Paul Taylor, *Wealth Gap Rises to Record High between Whites, Blacks, and Hispanics* (Washington, DC: Pew Research Center, 2011).
8. Comparability across years could be affected by updates to population controls in the CPS. The annual updates are introduced in January. In addition, the 2010 population controls were introduced in the CPS starting in January 2012. However, in the aggregate, the effect of the new population controls on annual employment levels is small. For instance, the annual 2011 employment level with the 2010 population controls would have been 140,080,000 instead of 139,869,000, a ratio of 1.001. The ratio for the 2007 employment figure was 1.0009. See Bureau of Labor Statistics, Labor Force and Employment Estimates Smoothed for Population Adjustments, 1990–1999 and 2000–2011, <http://www.bls.gov/cps/cps12adj.pdf>.
9. Immigrants’ employment growth during 2009 was also noticed by Rakesh Kochhar, “After the Great Recession: Foreign Born Gain Jobs; Native Born Lose Jobs” (Washington, DC: Pew Research Center, 2010).
10. In 2007 the noninstitutionalized population age 25 and over was 17,177,000 for the U.S. born and 9,456,000 for immigrants. It was 16,046,000 for the U.S. born and 9,620,000 for the foreign born in 2011.

## About the Author

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## Unemployment and Recovery Project

This brief is part of the Unemployment and Recovery project, an Urban Institute initiative to assess unemployment’s effect on individuals, families, and communities; gauge government policies’ effectiveness; and recommend policy changes to boost job creation, improve workers’ job prospects, and support out-of-work Americans.

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