

A CRUCIAL PIECE OF THE PUZZLE

Demographic Change and Why Immigrants are Needed to Fill America's Less-Skilled Labor Gap

MARCH 2014



THE PARTNERSHIP FOR A NEW AMERICAN ECONOMY

brings together more than 500 Republican, Democratic and Independent mayors and business leaders who support sensible immigration reforms that will help create jobs for Americans today.

To learn more, visit: www.renewoureconomy.org



REPORT AUTHORED BY:

FRANK D. BEAN
University of California, Irvine

JAMES D. BACHMEIER
Temple University

SUSAN K. BROWN
University of California, Irvine

In affiliation with the Center for Research on Immigration, Population
and public Policy at the University of California, Irvine.

A CRUCIAL PIECE OF THE PUZZLE:

**Demographic Change and Why Immigrants are Needed
to Fill America's Less-Skilled Labor Gap**

**REPORT PREPARED FOR
PARTNERSHIP FOR A NEW AMERICAN ECONOMY**

MARCH 2014

COPYRIGHT 2014 PARTNERSHIP FOR A NEW AMERICAN ECONOMY

EXECUTIVE SUMMARY

Workers filling less-skilled jobs have always been a crucial part of our economy—taking on roles powering our factories, serving up food in restaurants, and tilling our farms. Although our need for these less-skilled workers has remained strong over the last several decades, dramatic changes in the composition of the American population have left a large and growing shortage of U.S.-born individuals willing and able to fill certain critical less-skilled positions. This report aims to quantify the decline in the number of less-skilled, U.S.-born Americans in the U.S. working-age population and provide policymakers with insight into the large workforce gap that is looming in the future.

Much has been written about the increasing need for a college education in today's economy. Less attention, however, is paid to the fact that our need for less skilled workers—which this report defines as those with a high school diploma or below—remains strong.¹ In 1990, 45.7 million less-skilled individuals had jobs in the U.S. economy. By 2010, that number was virtually unchanged—despite the fact the Great Recession had had a negative impact on U.S. employment overall. And the Bureau of Labor Statistics has reported that although the number of jobs requiring a bachelor's degree or above will grow at a faster rate than lower-skilled employment in the coming years, less-skilled employment will still account for the majority of U.S. job growth. Between 2010 and 2020, BLS projects that 63 percent of new America jobs will require a high school education or below—far more than any other category.²

Demographic shifts in the U.S. population over the last two decades, however, have made it increasingly difficult for the U.S. workforce to fill many of these jobs. Aging baby boomers and declining fertility rates have driven up the average age of American workers, decreasing the pool of Americans interested in less-skilled—and potentially labor-intensive—jobs. During the same period, vastly more U.S.-born residents have pursued a higher education, a development that's allowed more Americans to do work requiring specialized training. In this report, we use data from the U.S. Census and American Community Survey to show that these trends have led to a dramatic decrease in the number of less-skilled, U.S.-born potential workers employers have to draw from—a gap that could have been even greater if not for the contributions already being made by immigrants and their children, and one that could be filled by U.S. immigration policy that better meets the demands of the U.S. labor market.

KEY FINDINGS:

America has a declining number of young workers willing and able to work less-skilled jobs.

Between 1990 and 2010, the number of less-skilled, young U.S.-born Americans (aged 25-44) declined by almost 12.3 million. This was caused by both increased education—the percentage of working-age adults with more than a high school education jumped from less than 47 percent to more than 56 percent during this period—and by decreasing fertility rates. By the mid-1970s, fertility rates were roughly half of what they were during the post WWII Baby Boom.

The decline in the less-skilled, young population has been particularly pronounced among women.

Almost two thirds of the decline in the number of young, less-skilled, U.S.-born individuals can be explained by a decrease in the number of less-skilled women in America. Between 1990 and 2010, the number of women in that group fell by 8 million people. This was in large part because of dramatic gains in female educational attainment: While just 44.9 percent of US-born women of working age had at least some college education in 1990, by 2010 that figure had surged to 58.7 percent.

The demand for less-skilled workers is strong and growing.

According to the U.S. Census, between 1990 and 2010, the number of jobs for less-skilled workers in the U.S. economy remained constant at 45.7 million.³ And in the coming years, less-skilled employment is expected to grow: The Bureau of Labor Statistics estimates that 63 percent of the new jobs created between 2008 and 2018 will require a high school degree or less.

Second generation immigrants have helped offset some of these labor gaps.

Between 1995 and 2010, while the number of less-skilled, young, American-born individuals overall declined, the number of second-generation immigrants in that category grew by more than 680,000.

We do not admit a sufficient number of immigrants to offset the looming workforce deficit of less-skilled workers.

Between 1990 and 2010, when the number of young, U.S.-born, less-skilled individuals declined by almost 12.3 million, only 3.9 million young immigrants arrived in the country to replace them.⁴

This decline in the number of less-skilled workers represents a real and growing threat to U.S. economic growth. To some extent, the recent economic downturn has insulated employers from the full impact of these labor issues because it led some businesses to scale back their workforce and pushed some college-educated workers to seek employment in roles that would not typically require college degrees.⁵ But even during the worst of the recession, employers in some industries and some parts of the country had trouble filling less-skilled positions. And as the economy continues to improve, the declining number of native-born, workers willing to fill less-skilled jobs could prove particularly problematic, hindering the ability of our economy to expand and add more jobs at all skill levels.

As Congress takes on the issue of immigration reform, these demographic changes should be top of mind. To help employers answer current—and especially future—workforce needs, it is imperative that the U.S. design a flexible immigration system that will allow businesses to hire needed less-skilled immigrant workers when no equivalent U.S.-born workers are available. Today's broken immigration system makes that task very difficult.⁶ As our findings make clear, however, solving that challenge is more important than ever.

INTRODUCTION

As the president of the Kiawah Island Golf Resort, one of the country's premier golfing venues, Roger Warren has experienced first-hand how the less-skilled labor market has changed in recent years. Back in the late 1990s, Warren says his resort often had plenty of local, less-skilled workers to choose from, many of them eager to work as housekeepers, cooks, and servers. In the last 15 years, however, as his resort has expanded, the picture has changed dramatically. Kiawah advertises every year for the 150 jobs it needs to fill during the high season that runs from April to September, but often receives fewer than 10 applications. Even during the Great Recession, there was no uptick of interest in the available positions. "I expected it to be easier to fill jobs with unemployed American workers," Warren explains.^{7,8}

Warren's story is not an uncommon one. Many employers across the country have struggled in recent decades to find enough local, less-skilled workers to fill available positions. This has a powerful effect on businesses across the country. Farmers in Georgia and Washington State leave crops in the field because they don't have the laborers to harvest them.^{9,10} Restaurants in Western North Dakota close early because they don't have enough wait staff.¹¹ Many of these businesses turn to immigrants to fill such available positions. But that decision can open employers to criticism, with some observers arguing that U.S.-born talent would fill such jobs if businesses only offered higher wages or tried harder to locate American workers.

This report shows why such criticism is often misplaced—and based on an incomplete picture of the U.S. labor market. In the past two and a half decades, employers have seen the pool of potential U.S.-born workers who could be classified as less skilled begin to dwindle, especially among the younger population. Today, there are more than 12 million fewer such residents in the country than there were in 1990. This study explores some of the demographic changes that led to this dramatic decline, and explains why this gap in the U.S.-born workforce will grow larger in the future.

In light of this gap, the foreign-born workers who have filled less-skilled jobs in recent years have played a critical role supporting American businesses and fueling U.S. economic growth. This phenomenon can be seen at Kiawah Island Golf Resort. Since the late 1990s, Warren says his resort has used the H-2B visa for temporary, seasonal employees to hire the 150 workers it needs each year during the high season. With a full complement of employees, Kiawah has been able to expand its dining options and amenities for guests in recent years, creating more jobs for U.S.-born workers in the process, including some that required specialized skills or expertise.

QUANTIFYING AMERICA'S LESS-SKILLED WORKER GAP

As the U.S. continues to experience both an increase in educational attainment and a decrease in the birth rate, the country will increasingly lack enough U.S.-born, less-skilled workers to sustain economic growth. How dramatic is the hole in America's less-skilled labor force? To understand this, we examined U.S. Census and American Community Survey data, looking at how the less-skilled population has fared in the decades since 1970. For purposes of this study, less-skilled is defined as individuals with a high-school diploma or less. Working age is defined as individuals ages 25 to 64.

What we found was telling. From 1990 to 2010, a period when many baby boomers were still in the workforce, the size of the U.S.-born, working-age population as a whole grew by 0.4 percent annually. While that percentage itself didn't keep pace with America's economic growth at the time, it was robust compared to what we observed in the less-skilled population during the same period. Instead of growing from 1990 to 2010, the number of U.S.-born, less-skilled individuals of working age actually shrunk—dropping annually by an average of 0.6 percent.

While this drop was notable, it was even more dramatic among the younger segment of the working-age population, a group we define as ages 25-44. This group is important to examine because it provides insight into what the U.S. workforce might look like in the future: As baby boomers retire, these workers will step in to replace them. Young Americans are also most likely to compete with less-skilled immigrants for jobs in physically intense fields like farm labor or construction. Between 1990 and 2010, the population of young, U.S.-born residents at all skill levels shrunk by roughly 1 percent. This loss of potential workers was especially notable in the less-skilled end of the spectrum: The young, less-skilled, U.S.-born population eroded at almost double the overall rate, dropping by almost 2 percent. (These declines can be seen in Figure 1.)

This phenomenon is not a new one. While our work focuses most closely on the period between 1990 and 2010, a similar decline was occurring in the less-skilled population as early as 1970. As the Figure 2 shows, when considering average annual population growth rates between 1970 and 2010, the less-skilled, U.S.-born working age population was shrinking while the equivalent U.S.-born group at all skill levels was *still expanding*. This is true for both the younger workers and the working-age population as a whole.

FIGURE 1:
Annual Percentage Growth Rates in the Working-Age Native-Born Population, by Gender, Selected Decades, Age Groups and Skill Levels, 1970-2010

Decades	Males	Females	Both
ALL SKILL LEVELS, WORKING AGE POPULATION (AGES 25-64)			
1970-2010	1.2	1.1	1.2
1970-1990	2.0	1.9	2.0
1990-2010	0.5	0.3	0.4
LESS-SKILLED, WORKING-AGE POPULATION (AGES 25-44)			
1970-2010	0.1	-0.5	-0.2
1970-1990	0.2	0.1	0.1
1990-2010	0.0	-1.1	-0.6
ALL SKILL LEVELS, YOUNGER WORKERS (AGES 25-44)			
1970-2010	1.0	0.9	0.9
1970-1990	2.9	2.9	2.9
1990-2010	-0.9	-1.1	-1.0
LESS-SKILLED, YOUNGER WORKERS (AGES 25-44)			
1970-2010	0.0	-1.0	-0.5
1970-1990	1.2	0.6	0.9
1990-2010	-1.2	-2.6	-1.9

The percentages described above, while small on their face, lead over time to real and dramatic declines in the number of potential workers available to employers such as the hotels, restaurants, and farms dependent upon less skilled labor. By 2010, employers had roughly 7.3 million fewer less-skilled, U.S.-born potential workers to choose from than they would have had in 1990. Looking at just the younger population, the decline reached almost 12.3 million, a massive loss of potential employees.

This shift in the American population of potential workers had real implications for the U.S. labor market. Between 1990 and 2010, while the population of less-skilled, U.S.-born residents was notably dropping, the number of less-skilled jobs in the U.S. economy remained constant. According to U.S. Census and American Community Survey data, the U.S. had 45.7 million less-skilled jobs in its economy in 1990, judging by the number of people with that education level who held jobs. In 2010, the number was still roughly 45.7 million. This was despite the fact that job numbers were still somewhat depressed in 2010 due to the recent Great Recession—making it likely for at least some of the years between 1990 and 2010 even more workers were needed.

As we discuss more later, this steady stream of jobs coupled with declining numbers of U.S.-born, less-skilled workers implies that in recent years immigrants have played a critical role filling positions in our economy. With the help of foreign-born labor, the U.S. has avoided major labor shortages so far. But our figures indicate the U.S.-born labor gap will likely grow much larger in the coming years. When that happens, immigrants will play an even greater role keeping businesses fully staffed and helping to power U.S. economic growth. (Complete data showing the ages, nativity, and gender of less-skilled workers from 1970 to 2010 can be found in the Appendix.)

FIGURE 2:
Change in the Size of the Less-Skilled, U.S.-Born Population, Ages 25-64, 1990-2010

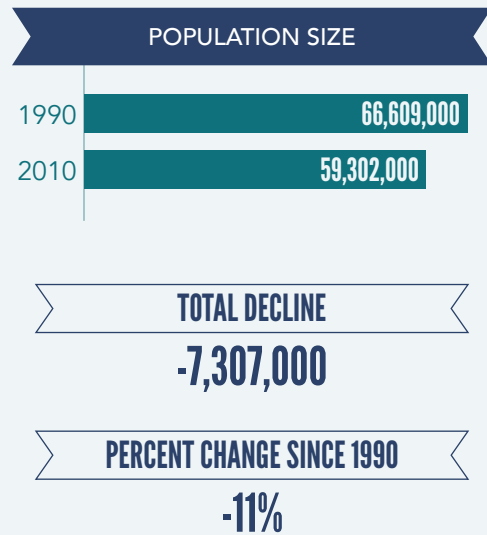
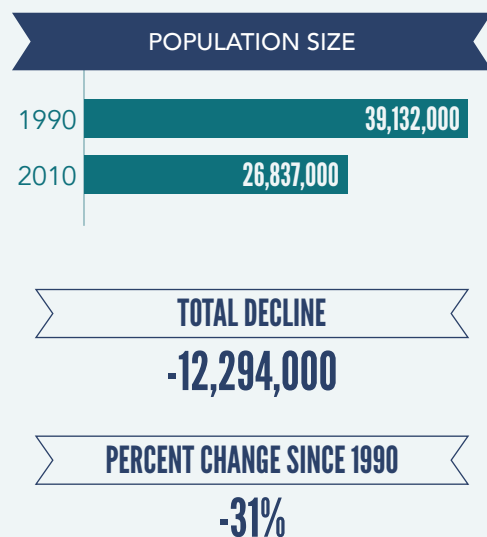


FIGURE 3:
Change in the Size of the Less-Skilled, U.S.-Born Population, Ages 25-44, 1990-2010



RISING EDUCATION LEVELS AND POPULATION GROWTH

The 7.3 million person decline in the population of less-skilled, U.S.-born residents that occurred during the 20-year period studied in this report didn't happen in a vacuum. As discussed above, an increasing share of the U.S.-born population sought out education beyond high school during this period. This opened up many more higher-skill jobs to individuals who previously would have taken up less-skilled work. Trends in population growth and fertility patterns, especially while Baby Boomers remained in the workforce, played a role as well.

To better understand the current labor picture, we estimated the impact of each of these variables on the declines documented in the report. First, we turn to the impact of increased education levels. This is the number of additional people we would have expected to be in the less-skilled category in 2010 if the U.S. population had not become more educated in the years after 1990. Between 1990 and 2010, rising education levels caused the number of less-skilled, U.S.-born individuals in the entire working-age population to drop by more than 12.7 million people. Among the younger population, it resulted in a more than 5.2 million person decrease.¹²

But as discussed in the previous section, dropping fertility rates also played a role in the decline in the number of less-skilled, U.S.-born residents available to employers, and it is those two factors together that yield the total number of less-skilled workers figures detailed in Section II. Because of Baby Boomers, however, this factor is more complex, adding only to the size of the decline only among the younger of the two age groups we examine in our report. The Baby Boom Generation, which many demographers describe as individuals born between 1946 and 1964, were ages 26 to 44 in 1990—or in the prime of their working years. Today, that generation is ranges in age from 49 to 67. In other words, many Baby Boomers today are still in “the working-age population” as we define it here. In fact, the oldest Baby Boomers didn't turn 65 until 2011, leaving the working-age population altogether.

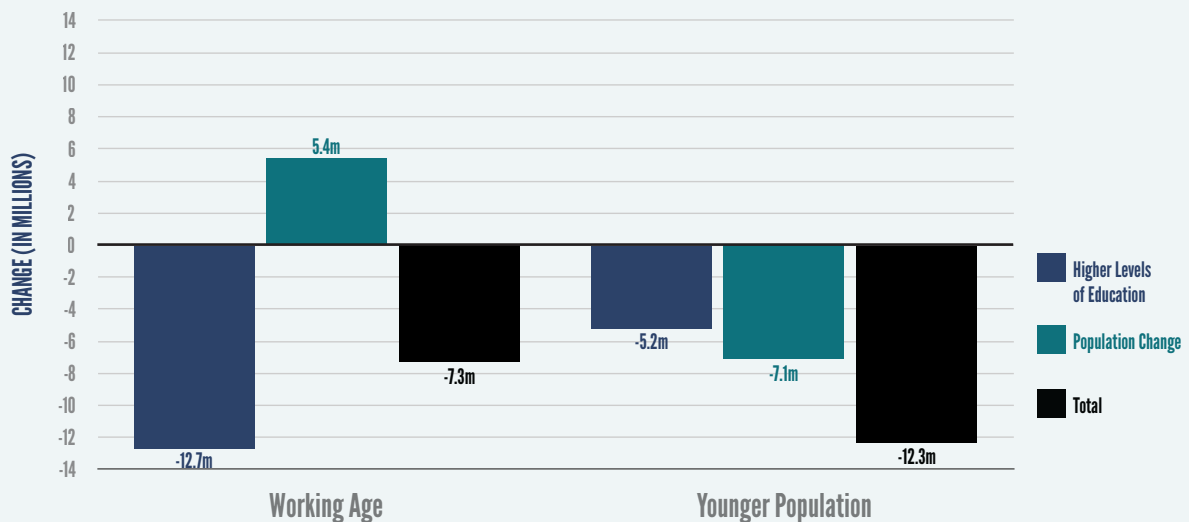
Because Baby Boomers make up a particularly large U.S. generation, their presence in the working-age population during the 1990 to 2010 period helped to counteract the impact of rapidly rising education levels among that group. The same could not be said for the younger population we study, those aged 25 to 44. By 2010 Baby Boomers had entirely aged out of this group of younger workers, leaving a considerably smaller generation behind. For the younger generation then, rising education levels took a large number of U.S.-

born individuals out of the workforce compared to 20 years before; a rapidly shrinking young population only compounded that trend.

To better understand these concepts, it's useful to look more closely at our specific estimates on the effect of rising education levels and fertility trends-- or "population change," as we call it here—on the two age groups studied. From 1990 to 2010, more than 12.7 million less-skilled individuals in the broader working-age population (ages 25 to 64) moved out of the less-skilled labor market as they attained higher education levels. At the same time, however, the presence of Baby Boomers in the working-age population caused some overall population growth, resulting in an estimated 5.4 million individuals being *added* to the workforce compared to generations before. Together, this resulted in a decline of 7.3 million people (5.4 million – 12.7 million). Among the younger generation, these factors combined to produce a particularly notable shortage of potential less-skilled workers. While more than 5.2 million individuals were lost from this group due to rising levels of education, a shrinking population removed almost 7.1 million more. Together, these two factors resulted in an almost 12.3 million person decrease in the number of U.S.-born, less-skilled, younger individuals from which employers could hire.

The effect of fertility trends on this younger generation of workers in many ways spells a troubling trend for U.S. employers. Few demographers predict a notable uptick in American fertility rates in the coming years. This means the dramatic decline in the number of younger, less-skilled, non-immigrant workers isn't likely to rebound any time soon. Kevin Andrew, Chief Operating Officer of Dulcich Farms, in McFarland, California, knows the challenges this can present to everyday business operations. Ten years ago, Andrew, who runs one of California's major table grapes farms, says he often got calls from labor contractors looking to place available farmworkers—many of them young, healthy individuals capable of arduous, physical work. "Now," Andrew says, "The roles are reversed." With the area facing major farmworker shortages, Andrew is often pestering labor contractors, as he desperately searches for the workers he needs. His pleas, however, often come up short. "We just can't find the workers we need," Andrew says, "I could easily use another 500 people."

FIGURE 4:
How Rising Education Levels and Fertility Patterns Contributed to the Changing in Size of the US-Born, Less-Skilled Population (1990 - 2010)



THE ROLE OF WOMEN

The declines in the number of less-skilled, U.S.-born workers were dramatic when considering the entire population. When isolated by gender, however, the data reflect an important shift in the role of women in American society over the last two and a half decades. Our research found that the drop in the number of U.S.-born, less-skilled women from 1990 to 2010 was much more dramatic than it was for the comparable group of men. Between 1990 and 2010, the number of women in the U.S.-born, less-skilled, working-age population dropped by 7 million. This figure was 25 times larger than the corresponding drop for men. Among the younger population, the decline in the number of women in the U.S.-born less-skilled population was even more dramatic: There were more than 8 million fewer young, less-skilled U.S.-born women in 2010 than there were in 1990.

A major factor contributing to this development was rising education levels among the U.S.-born female population. Over the last several decades, the share of American women seeking higher education has increased dramatically. In 1990 for instance, just 44.9 percent of U.S.-born women of working age had at least some college education. By 2010, that figure had reached 58.7 percent. Today, a higher share of U.S.-born, working-age women have at least some college education than the corresponding population of men. These trends added dramatically to the declines documented in this report. Between 1990 and 2010, we estimate that more than 4.3 million U.S.-born women left the younger, less-skilled working population because they acquired a higher level of education—a figure almost five times greater than the corresponding decline among men. Looking at the working population as a whole, almost 9.5 million women left the less-skilled population for this reason, making the effect of rising education almost three times greater among women in this age group than it was among their male counterparts.

This increase in female educational attainment also makes it likely that the U.S.-born, less-skilled workforce decline could be more dramatic in the future than the numbers detailed here suggest. Changes in education levels are in many ways self-reinforcing: Children born to parents who have earned a college education are more likely to reach the same—if not a greater—level of academic attainment as well. That would suggest that in the future, rising education levels could continue to further erode the U.S.-born, less-skilled workforce. From 1990 to 2006, the percentage of children born to college-educated mothers grew from 41 percent to 54 percent.¹³ What's more, since 1990, the birthrate among college-educated women has increased, while the birthrate among less educated women has continued to decline.¹⁴

Anecdotally, employers that rely on female, less-skilled workers often have felt this decline acutely. In 2005 when Miguel Zabudovsky started Slate NYC, a business in the female-dominated laundry and housecleaning industry, he found that almost all the people applying for the manual-labor positions at his company were foreign-born. Today, his business employs 30 employees, mostly as housecleaners and pressers—and fills many critical roles with immigrants. “I didn’t have a preference in terms of the nationality or the background of the people we hired,” Zabudovsky says, “but for many of our jobs, I couldn’t have hired an American-born worker if I’d wanted to.”¹⁵

FIGURE 5:
Factors Contributing to the Decline in the U.S.-Born, Less-Skilled Population by Gender and Age Group, 1990 to 2010

Factor	Number of Male Workers Lost or Gained	Number of Female Workers Lost or Gained
WORKING-AGE POPULATION (AGES 25-64)		
Higher Levels of Education	↓ 3,235,000	↓ 9,482,000
Population Change	↑ 2,963,000	↑ 2,447,000
TOTAL	↓ 272,000	↓ 7,035,000
YOUNGER, WORKING-AGE POPULATION (AGES 25-44)		
Higher Levels of Education	↓ 872,000	↓ 4,338,000
Population Change	↓ 3,215,000	↓ 3,869,000
TOTAL	↓ 4,087,000	↓ 8,207,000

HOW IMMIGRANTS ARE FILLING THE WORKFORCE GAP

Dan Studebaker, the owner of Studebaker Nurseries in Carlisle, Ohio, knows full well the challenges of finding enough U.S.-born less-skilled workers to fill jobs at his business. About a decade ago, when he was dependent on just local labor to fill the dozens of harvesting and planting jobs at his nursery during the high season, he suffered major workforce attrition. “It was unsustainable,” he says, explaining he would offer jobs to hundreds of locals, only to see his workforce “dwindle down” over the course of the season. Eventually, even finding locals to offer work was becoming difficult. Local labor, he says, “was starting to dry up.”

So in 2005, he began using the H-2A program, which allows farm owners to bring in temporary, foreign-born agricultural labor. Last year, the vast majority of the 70 seasonal jobs at his nursery were filled through the program; Studebaker says it would be difficult to imagine his business surviving without it. Today his nursery is thriving, earning \$7 million in sales last year.¹⁶

In today’s economy, as the U.S.-born, less-skilled workforce continues to decline, many businesses like Studebaker Nurseries have turned to immigrants to fill workforce gaps. Our numbers suggest that immigrants have played a valuable role powering the economy in recent years. Even with the recent recession, the amount of less-skilled work being done in the country has remained fairly constant since 1990.¹⁷ Because this was happening while the U.S.-born, less-skilled workforce was shrinking rapidly, some other form of labor must have stepped up to fill these available positions. That gap was filled predominately by immigrants.¹⁸

To better understand the role immigrants have played filling America’s workforce gaps, it is useful to look at decade-by-decade changes in the less-skilled population present in the United States, both for the U.S.-born and foreign-born populations. From 1990 to 2010, cumulatively more foreign-born residents of working age arrived than the size of the workforce decline. While that would seem to indicate that an adequate number of immigrants have arrived in the U.S., the story is much different among the younger, less-skilled group. That population is important to study because it often fills manual-labor and physically intensive jobs.

Our figures show that among younger workers, not nearly enough immigrants arrived to offset the steep labor declines experienced among the U.S.-born, less-skilled portion of the population. From 1990 to 2010, a period when the number of young, less-skilled, U.S.-born potential workers declined by almost 12.3 million, only 3.9 million young, less-skilled immigrants arrived to replace them. With Baby Boomers retiring at a rate of 10,000 people per day, this figure provides insight into the large-scale shortage of less-skilled workers the U.S. is likely to face in the coming decade. It also indicates that employers reliant upon young, less-skilled workers such as large industrial farms or construction companies are already starting to experience major workforce shortages.

FIGURE 6:
Education Trends by Place of Birth for Less-Skilled Male Population, Ages 25-44 (Millions)

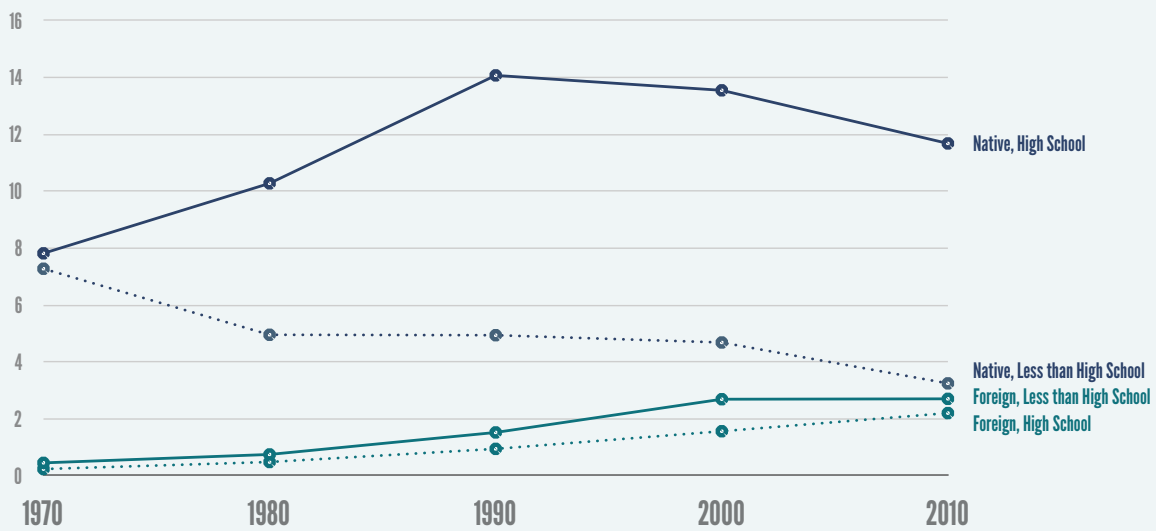
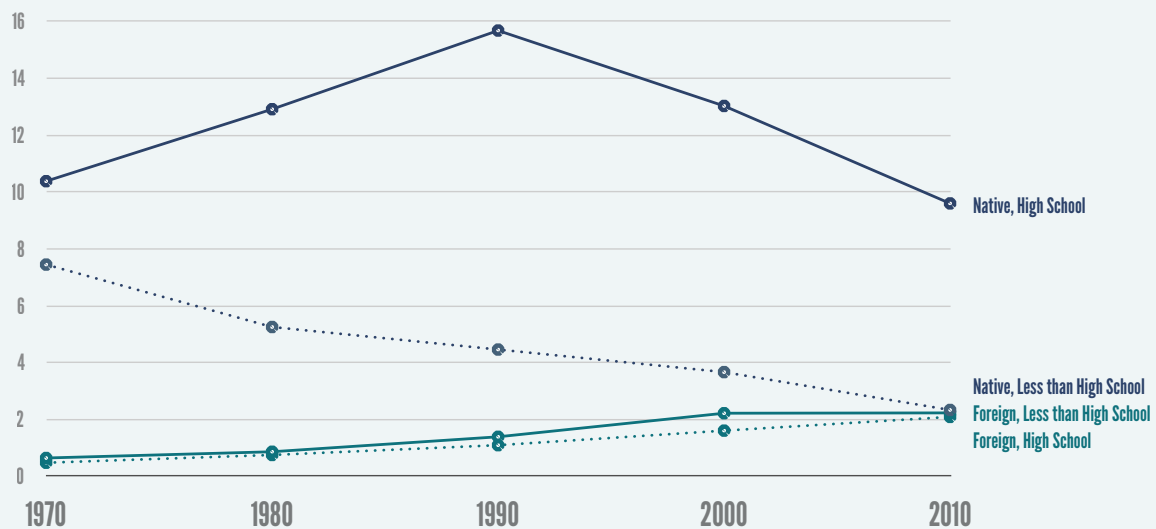


FIGURE 7:
Education Trends by Place of Birth for Less-Skilled Female Population, Ages 25-44 (Millions)



Jason Berry, the owner of Berry Farms in Vidalia, Georgia, recently was forced to grapple with how critical less-skilled immigrants had become to running his business. In 2011, the state of Georgia passed a restrictive immigration law that caused many immigrant farm laborers to avoid the state. The following harvest season, Berry says he became so desperate for less-skilled workers he began advertising on the local radio and offering \$50 signing bonuses to any locals willing to working his fields. He received far fewer applications than he needed, and between the hot Georgia sun and the grueling, physical work, he estimates as many as 90 percent of the locals who came out quit within three days of beginning the job. That left Berry with only about half the

FIGURE 8A:
Change in the Population of Native- and Foreign-Born Men with a High School Degree or Less, Age 25-64 (Millions)

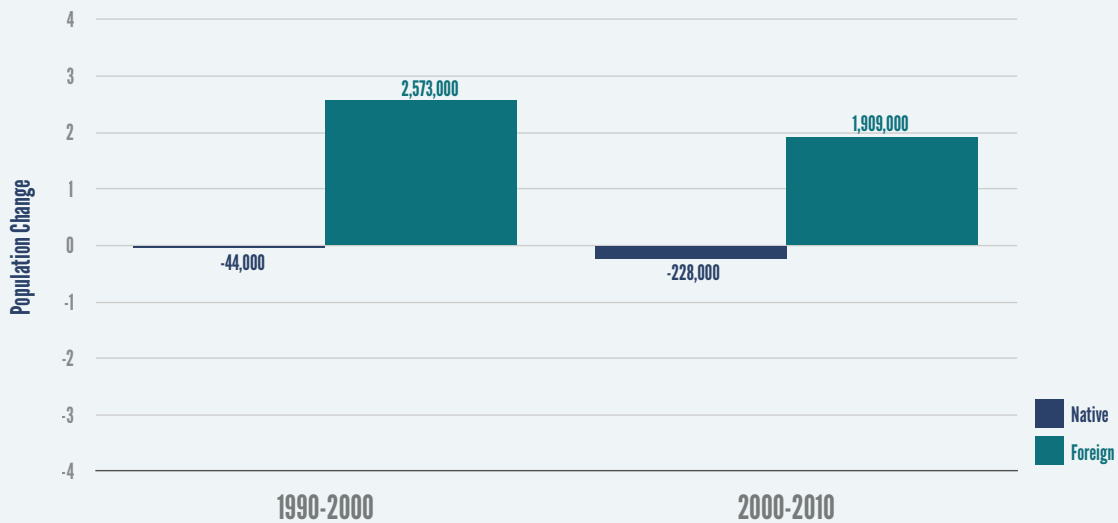


FIGURE 8B:
Change in the Population of Native- and Foreign-Born Men with a High School Degree or Less, Age 25-44 (Millions)

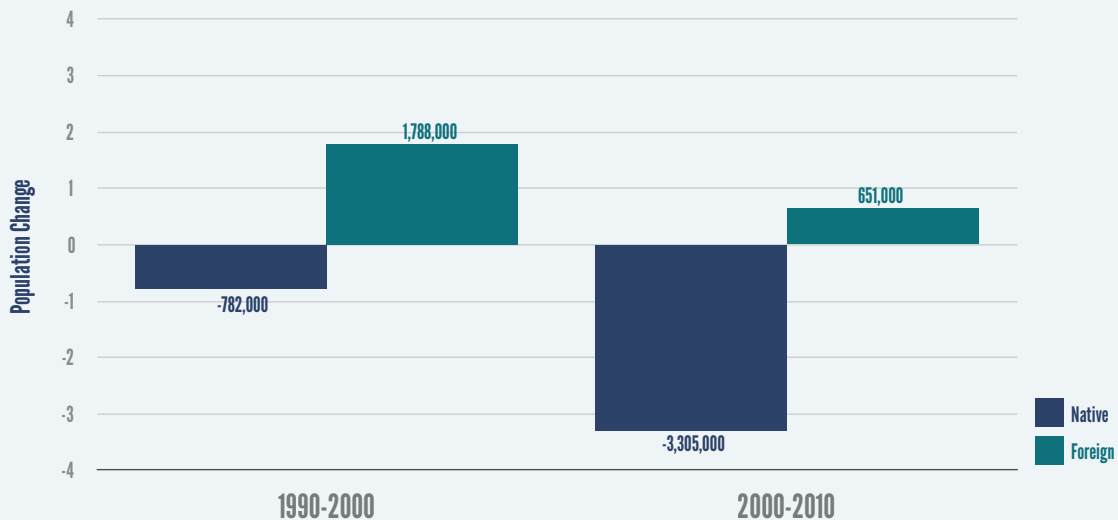


FIGURE 9A:
Change in the Population of Native- and Foreign-Born Women with a High School Degree or Less, Age 25-64 (Millions)

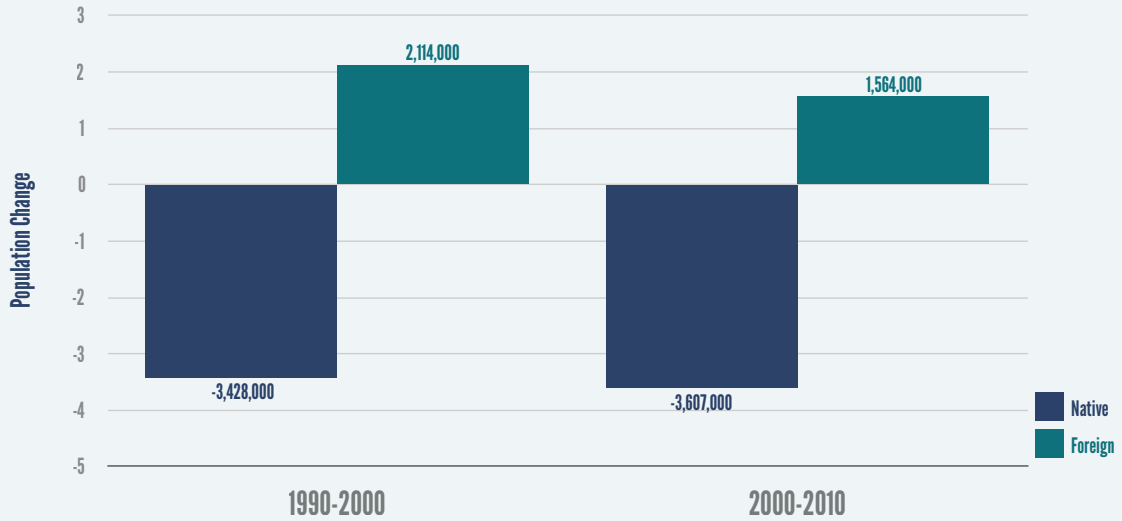


FIGURE 9B:
Change in the Population of Native- and Foreign-Born Women with a High School Degree or Less, Age 25-44 (Millions)

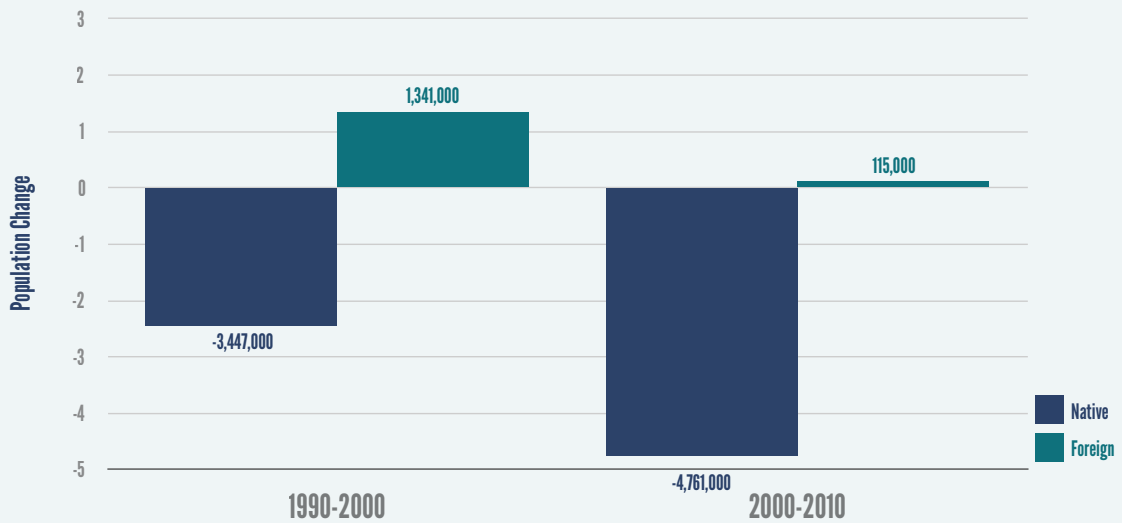


FIGURE 10:
Increase in the U.S.-Born Less-Skilled Working-Age and Workforce Populations
Owing to 2nd-Generation Growth, by Gender, 1995-2010



workers he needed during the peak of the blueberry harvest, causing many of his berries to over ripen. Large portions of his onion crop rotted in the fields.

Berry says the crop losses were so great at one of his farms, he worried he would be forced to shutter it. If that had happened, it would have been a blow not just to Berry's own finances, but on those of other U.S.-born workers as well: Berry employs 15 people at his farms year round, many of them doing back-office jobs like compliance with organic regulations. Berry estimates 75 percent of those workers were born in America. "I was really anxious at the time," Berry says, "If we'd gone under, all sorts of people in this area would have been effected."¹⁹

Interestingly, the declines documented in this report would have been even larger if not for the children of immigrants. By 2010 the native-born children of immigrants who came to the United States before about 1975 had become adults and were therefore included in the native-born groups examined here. And in recent years, as the number of native-born, less-skilled Americans overall was declining, the number of second-generation immigrants in that category surged: Between 1995 and 2010 the number of young, less-skilled, second-generation immigrants grew by 682,000 people.²⁰ In other words, the more than 7.3-million person decline documented in this report would have been almost 8 million were it not for immigration itself. The workforce gap among younger workers would have exceeded 13 million.

CONCLUSION

Since at least 1990 the U.S. has been experiencing a dramatic decline in the number of less-skilled, U.S.-born Americans of working age. This group shrunk by more than 7.3 million people from 1990 to 2010. Among young workers, the decline was even larger, reaching almost 12.3 million. Although immigrants have played a vital role filling some of these labor gaps, a shortage remains in the younger less-skilled segment of the population. Immigration levels have not kept pace with the declines in the younger, U.S.-born, less-skilled population, and our current broken immigration system may make it difficult for employers to recruit the workers they need in the future.

Having enough less-skilled immigrants to fill such job vacancies is crucial for U.S. job growth overall. A study by the Partnership for a New American Economy analyzing North Carolina farm data found that for every 3.0 to 4.6 immigrant farm workers, one additional American job is created.²¹ Without industries like agriculture being fully staffed—by immigrants or natives—valuable growth opportunities are lost. The same could be said for a variety of other industries—from theme parks to landscaping.

Although this report deals with the period from 1990 to 2010, there is ample evidence that in the coming years, America's ongoing demographic challenges will cause less-skilled worker shortages to worsen. The U.S. population older than age 65 is expected to more than double in the coming decades, climbing from 43.1 million in 2012 to 92.0 million by 2060.²² As many of those older Americans leave the workforce, fertility rates are also projected to decline, making it more difficult for the labor market to replenish itself. While in 2012, the average U.S. woman was expected to have 2.0 children during her lifetime, by 2060, the U.S. Census Bureau estimates that it will fall to 1.91—well below replacement levels.²³ In recent years, the fertility rate of less-educated women has also dropped while it has risen for more educated mothers.²⁴ If that pattern continues into future decades, the less-skilled population could find it particularly challenging to replace workers as they retire.

These demographic realities mean that any reform of the U.S. immigration system needs to address America's very real need to recruit additional less-skilled workers. As this report shows, America would need more than 8 million additional young, less-skilled immigrants to fully replace the 12.3 million individuals who were "lost" from the younger U.S.-born, less-skilled population between 1990 and 2010. The bipartisan bill passed recently by the U.S. Senate provides one possible approach toward addressing the problem: It creates a guest worker program that would allow U.S. employers to bring in up to 200,000 less-skilled workers a year during times of high labor need. Conversations in the U.S. House of Representatives have contemplated a creating a guest-worker program of a similar magnitude.

Those legislative efforts, however, both contemplate the admission of far fewer less-skilled workers per year than the workforce gaps outlined in this report. The efforts still take the important step though of allowing employers and businesses in parts of the country most in need of less-skilled workers to continue running—and even expanding—their operations. Less-skilled workers, from those on the assembly lines to those in restaurants, have long been the backbone of the U.S. economy. And projected job growth in fields like home health care and other health care occupations mean that those workers—many of which have post-secondary training or education—will be very much in need in the future. Immigration reform could be a critical step towards ensuring there are enough workers to fill the jobs of tomorrow, and that American businesses will have the talent they need to grow and thrive in the future.

ENDNOTES

1. Although our report defines less-skilled as those with a high-school degree or below, the immigration bill passed by the U.S. Senate (S. 744) and the current conversations in the U.S. House regarding less-skilled visa programs define less-skilled in terms of the typical minimum requirements for jobs instead of the highest degree earned. Congress is focused on creation of a visa classification that would cover most occupations not presently covered by the H-1B visa for specialty occupations, looking to include individuals with a high-school degree or below in addition to those with post-secondary training, experience and certification as well as those with two-year vocational degrees. A predicate to visa availability under either the Senate bill or House legislation is a showing by the employer that U.S. workers are not readily available in sufficient numbers to fill open positions in the occupation.
2. Bureau of Labor Statistics, U.S. Department of Labor, "Occupational Outlook Handbook, 2012-13 Edition, Projections Overview," (2012). See charts 7 and 8. Available here: <http://www.bls.gov/ooh/about/projections-overview.htm>.
3. This number is estimated using data on the number of jobs held by people with high school educations or less in the years discussed.
4. From 1990 to 2010, of course, the less-skilled, U.S.-born workers who were younger in 1990 (ages 25-44 at that time) became older, aging into the 45-64 cohort by 2010. Many of them were still doing less-skilled work in 2010, although many probably had found less physically demanding jobs as they became older. In any event, there were 12.3 million fewer younger (ages 25-44), less-skilled, U.S.-born individuals by 2010, not 12.3 million fewer less-skilled individuals of all ages. However, by 2030, the older, less-skilled, U.S.-born members of the population (who were ages 45-64 in 2010) will have aged out of the working-age population altogether, likely exacerbating some of the workforce gaps described here.
5. Catherine Rampell, "College Graduates Fare Well in Jobs Market, Even Through Recession," *The New York Times* (May 3, 2013). Available here: <http://www.nytimes.com/2013/05/04/business/college-graduates-fare-well-in-jobs-market-even-through-recession.html?pagewanted=all&r=0>.
6. Stuart Anderson, "America's Incoherent Immigration System," *Cato Journal*, Vol. 32, No. 1 (Winter 2012). Available here: <http://object.cato.org/sites/cato.org/files/serials/files/cato-journal/2012/1/cj32n1-6.pdf>.
7. Roger Warren, Telephone Interview, (Oct. 10, 2012).
8. Roger Warren, Email Exchange, (July 17, 2013).
9. Alfonso Serrano, "Bitter Harvest: U.S. Farmers Blame Billion Dollar Losses on Immigration Laws," *Time* (Sept. 21, 2012). Available here: <http://business.time.com/2012/09/21/bitter-harvest-u-s-farmers-blame-billion-dollar-losses-on-immigration-laws/>.
10. Gary W. Black, Georgia Department of Agriculture, "Report on Agricultural Labor," (Jan. 2012). Available here: http://agr.georgia.gov/Data/Sites/1/media/ag_administration/legislation/AgLaborReport.pdf.
11. Ray Suarez, "North Dakota Boom Town Suffers Growing Pains Trying to Keep up with Demand," PBS Newshour (Aug. 7, 2012). Available here: http://www.pbs.org/newshour/bb/business/july-dec12/boomtown_08-07.html.

12. The figures presented in this section quantifying the number of people who left the less-skilled workforce due to increased education or population growth are estimates. These estimates were calculated using overall population growth as a baseline. In reality, however, the US-born, less-skilled population experienced declining birth rates in both absolute and relative terms as compared to the population as a whole during this period.

That discrepancy makes it likely that the estimates presented here are somewhat inflated. In other words, it is highly likely that even fewer people were added to the less-skilled, U.S.-born population due to population growth during the period examined. The number of people who left the workforce due to increased educational attainment also is likely somewhat overstated. This does not affect our figures on the overall size of the declines for the younger and working-age populations. Those figures were calculated using U.S. Census Data and are not estimates.

13. Pew Research Center, "The New Demography of American Motherhood," (Aug. 19, 2010). Available here: <http://pewsocialtrends.org/files/2010/10/754-new-demography-of-motherhood.pdf>.
14. Pew Research Center, "Long Term Trend Accelerates Since Recession: Record Share of New Mothers are College Educated," (May 10, 2013). Available here: http://www.pewsocialtrends.org/files/2013/05/fertilityeducation_final.pdf.
15. Miguel Zabudovsky, Telephone Interview (July 18, 2013).
16. Dan Studebaker, Telephone Interview, (June 5, 2013).
17. We know this because studies have shown the share of less-skilled work being done in America at that time remained fairly constant. See: Francisco J. Buera and Joseph P. Kaboski, 2012, "The Rise of the Service Economy," *American Economic Review* 102(6): 2540-2569 and Rebecca Blank, 2009, "Economic Change and the Structure of Opportunity for Less-Skilled Workers." In M. Cancian and S. Danziger (eds.), *Changing Poverty, Changing Policies*. New York: Russell Sage Foundation.
18. One question concerns the possibility that persons with college educations are filling a large number of jobs previously filled by those with high school diplomas or less. This seems unlikely to have a dramatic effect on the numbers given the ease with which the labor market in recent decades has absorbed substantial increases in college graduates and the fact that the unemployment rate among those with college degrees or higher has remained largely unaffected by the Great Recession.
19. Jason Berry, Telephone Interview (August 7, 2012).
20. Unlike the ACS, which distinguishes only between U.S.- and foreign-born persons, the Current Population Survey (CPS) allows one to distinguish between first- (immigrants), second- (children of immigrants), and third-and-later generation immigrants. The tabulations here are of the second-generation population between the ages of 25-55 by level of educational attainment and sex for the years 1995 and 2010 in the CPS. While clear majorities of second-generation adults receive education beyond high school, non-trivial shares either do not complete or do not advance beyond high school and thus join what we have referred to here as the less-skilled workforce. Our analysis considers the 1995 to 2010 period because CPS data allowing for such second-generation persons to be identified have only become available starting in 1995.
21. Michael A. Clemens, Partnership for a New American Economy & the Center for Global Development, "International Harvest: A Case Study of How Foreign Workers Help American Farms Grow Crops—and the Economy," (2013). Available here: <http://www.renewoureconomy.org/wp-content/uploads/2013/07/nc-agr-report-05-20131.pdf>.
22. U.S. Census Bureau, "U.S. Census Bureau Projections Show a Slower Growing, Older, More Diverse Nation a Half Century from Now," [Press Release, 2012]. Available here: <http://www.census.gov/newsroom/releases/archives/population/cb12-243.html>.
23. D'Vera Cohen, Pew Research Social & Demographic Trend, "Census Bureau Lowers U.S. Growth Forecast, Mainly due to Reduced Immigration and Births," Dec. 14, 2012. Available here: <http://www.pewsocialtrends.org/2012/12/14/census-bureau-lowers-u-s-growth-forecast-mainly-due-to-reduced-immigration-and-births/>.
24. See footnote 13.

APPENDIX

Appendix 1: Working Age Population in the United States (Thousands) by Age, Sex, Nativity and Level of Educational Attainment, 1970-2010

	MEN					WOMEN				
	< H.S.	H.S.	Some College	B.A.+	Total	< H.S.	H.S.	Some College	B.A.+	Total
1970										
U.S. Born	17,283	12,674	4,707	6,062	40,725	17,707	17,122	4,781	3,896	43,506
25-34	3,186	4,374	1,727	2,205	11,492	3,354	5,558	1,589	1,483	11,983
35-44	4,092	3,446	1,212	1,815	10,564	4,079	4,811	1,212	977	11,079
45-54	4,964	3,156	1,101	1,306	10,527	5,057	4,396	1,137	790	11,380
55-64	5,040	1,698	668	736	8,143	5,217	2,358	843	647	9,064
Foreign-Born	1,152	469	251	407	2,279	1,454	816	287	217	2,774
25-34	198	124	88	147	558	286	234	98	89	706
35-44	253	111	61	116	540	343	229	79	57	708
45-54	270	120	55	78	523	318	201	65	42	626
55-64	430	114	47	67	657	507	152	46	29	734
1980										
U.S. Born	12,577	16,574	8,616	10,581	48,348	13,329	21,777	8,667	7,342	51,115
25-34	2,441	6,029	4,087	4,474	17,030	2,558	7,445	3,871	3,561	17,435
35-44	2,515	4,252	2,030	2,766	11,563	2,681	5,456	2,046	1,772	11,955
45-54	3,455	3,355	1,396	1,993	10,199	3,536	4,717	1,482	1,139	10,875
55-64	4,167	2,939	1,103	1,348	9,556	4,554	4,159	1,268	869	10,850
Foreign-Born	1,360	797	559	901	3,617	1,630	1,269	636	607	4,142
25-34	408	279	259	340	1,287	436	384	252	264	1,335
35-44	340	204	138	291	973	413	352	176	183	1,124
45-54	317	165	91	167	740	410	295	122	97	925
55-64	295	149	70	103	618	371	238	86	63	759

Appendix 1: Working Age Population in the United States (Thousands) by Age, Sex, Nativity and Level of Educational Attainment, 1970-2010 (Continued)

	MEN					WOMEN					
	< H.S.	H.S.	Some College	B.A.+	Total	< H.S.	H.S.	Some College	B.A.+	Total	
1990											
U.S. Born	10,083	21,216	10,956	14,131	56,385	9,876	25,435	11,217	11,892	58,421	
25-34	2,858	8,079	3,969	4,408	19,313	2,426	8,396	4,318	4,431	19,571	
35-44	2,083	5,999	3,666	4,960	16,708	2,019	7,271	3,585	4,201	17,077	
45-54	2,260	4,046	2,040	2,869	11,216	2,343	5,252	2,007	2,060	11,663	
55-64	2,881	3,092	1,281	1,894	9,148	3,088	4,515	1,307	1,200	10,111	
Foreign-Born	2,320	1,335	930	1,620	6,206	2,393	1,748	1,003	1,234	6,378	
25-34	879	568	373	553	2,373	714	584	363	461	2,122	
35-44	643	376	290	549	1,858	661	496	308	426	1,890	
45-54	442	233	167	344	1,186	525	383	206	239	1,353	
55-64	356	158	100	174	788	493	285	127	108	1,013	
2000											
U.S. Born	8,547	22,708	13,926	16,946	62,126	7,474	24,409	15,400	16,758	64,041	
25-34	2,133	5,995	3,825	4,259	16,212	1,649	5,501	4,278	4,901	16,329	
35-44	2,552	7,557	4,352	4,936	19,396	2,003	7,514	5,127	5,189	19,833	
45-54	1,909	5,424	3,850	5,009	16,193	1,776	6,483	3,989	4,568	16,816	
55-64	1,952	3,731	1,899	2,742	10,325	2,047	4,911	2,006	2,100	11,063	
Foreign-Born	3,956	2,273	1,504	2,818	10,550	3,672	2,583	1,691	2,538	10,484	
25-34	1,457	833	496	868	3,654	1,099	793	543	875	3,309	
35-44	1,233	731	511	924	3,399	1,106	799	566	821	3,292	
45-54	784	456	337	662	2,240	840	590	371	556	2,356	
55-64	482	252	160	364	1,258	627	401	212	286	1,527	
2010											
U.S. Born	6,692	24,335	16,292	19,356	66,674	5,194	23,082	18,642	21,644	68,562	
25-34	1,728	5,824	4,350	4,601	16,502	1,204	4,552	4,802	5,960	16,517	
35-44	1,520	5,860	4,023	4,791	16,193	1,115	5,035	4,652	5,616	16,418	
45-54	1,957	7,366	4,236	4,992	18,551	1,461	7,079	5,208	5,422	19,170	
55-64	1,487	5,285	3,683	4,973	15,428	1,414	6,417	3,981	4,645	16,457	
Foreign-Born	4,500	3,638	2,143	3,915	14,196	4,092	3,727	2,516	4,130	14,465	
25-34	1,316	1,078	598	1,001	3,992	1,010	948	706	1,210	3,874	
35-44	1,388	1,124	634	1,206	4,352	1,206	1,127	738	1,308	4,379	
45-54	1,091	893	568	1,012	3,563	1,021	966	665	989	3,641	
55-64	706	543	343	696	2,288	855	686	406	623	2,570	



LEARN MORE AT
WWW.RENEWOURECONOMY.ORG