

US and California Policies toward Low-Skilled Migrants

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Abstract

The federal government controls the admission of foreigners and their right-to-work in the US, and relies on immigrants and their employers and families to help newcomers to integrate into the US labor market and society. Federal employment and training programs administered by DOL target jobless workers, and eligibility to participate is divided into three major categories:

- programs open to all workers,
- programs for which eligibility depends on why the worker is jobless, and
- programs for workers with particular characteristics, such as being veterans or disabled, young and poor, or 55 and older and poor.

The eight million unauthorized foreign workers in the US, including two million in California, are generally not eligible to participate in federally funded employment and training programs.

Introduction

The US government has immigration and labor law policies, but not federal integration policies. US government policies determine who can enter the US and what foreigners can do inside US borders, and the federal government establishes and enforces labor laws that set minimum labor market standards and create mandatory work-related benefit programs including social security pensions, unemployment insurance, and workers compensation for workplace injuries and disabilities.

Most social safety net programs associated with the integration of adult immigrants are left to states. For example, the federal government provides grants to states that can be

used to provide cash welfare assistance to poor residents, for job training and retraining, and to provide health care to poor residents. States can elect to spend more than these federal grant funds by expanding eligibility and using state funds to cover the additional costs, as with California's decision to provide health care at no cost to unauthorized foreigners under 27.

The result is diversity in immigrant integration policies across states and cities. Most states and cities follow the federal government's laissez faire approach to immigrant integration, denying eligibility to most legal immigrants until they have worked in the US at least 10 years or 40 quarters or become naturalized citizens after five years in the US.¹ Other states and cities have offices of immigrant integration and special programs targeted at poor immigrants, including unauthorized foreigners.

Some integration policies are general, while others are immigrant-specific. The two most important immigrant-integration programs are full employment and minimum wages, and they benefit all low-skilled workers. Full employment encourages employers to hire and train low-skilled workers, while minimum wages erect a wage floor for all workers.

In Fall 2019, the US unemployment rate hit a 50-year low of 3.5 percent, encouraging employers to relax hiring standards in order to find workers and benefitting all workers, including US ex-offenders as well as migrants with limited English and few skills. The federal minimum wage has been \$7.25 since July 24, 2009, but California's minimum wage of \$12 an hour in 2019 is 65 percent higher; the state's minimum wage is headed for \$15 an hour by 2022 for employers with 26 or more employees.

California's median income in 2018 was \$75,300, meaning that half of the state's households had higher incomes and half had lower incomes. California also has high housing prices, a median \$550,000 in mid-2019, so that a \$12 an hour minimum wage may be insufficient to achieve an above-poverty level income. Some five million California residents, including 1.5 million children, lived in households with below poverty level incomes, or less than \$25,465 for a family of four in 2018.

California has 58 counties, and the poverty rates for the 40 counties for which data are available ranged from six to 23 percent. Five of the eight counties with poverty rates above 20 percent are in the San Joaquin Valley, including the three counties with the highest farm sales, Kern, Tulare, and Fresno.

¹ Eligibility for federally funded employment and training programs often requires legal status as well as satisfaction of income and asset tests

California requires all employers to provide workers with unemployment insurance, while federal law does exempt smaller employers, and California has more extensive regulations to protect workers injured on the job. Employers pay unemployment insurance on behalf of unauthorized workers, who are not eligible for UI benefits, but the health care costs of unauthorized workers who are injured at work are covered, and workers unable to work in the future may receive compensation.

California is more generous with cash welfare assistance for poor residents than required by federal law, and has elected to provide poor unauthorized foreigners under 27 with health care at no cost. An extensive community college system with 114 campuses offers a wide range of college prep and vocational or career technical education classes to 2.1 million full and part time students at little or no cost.

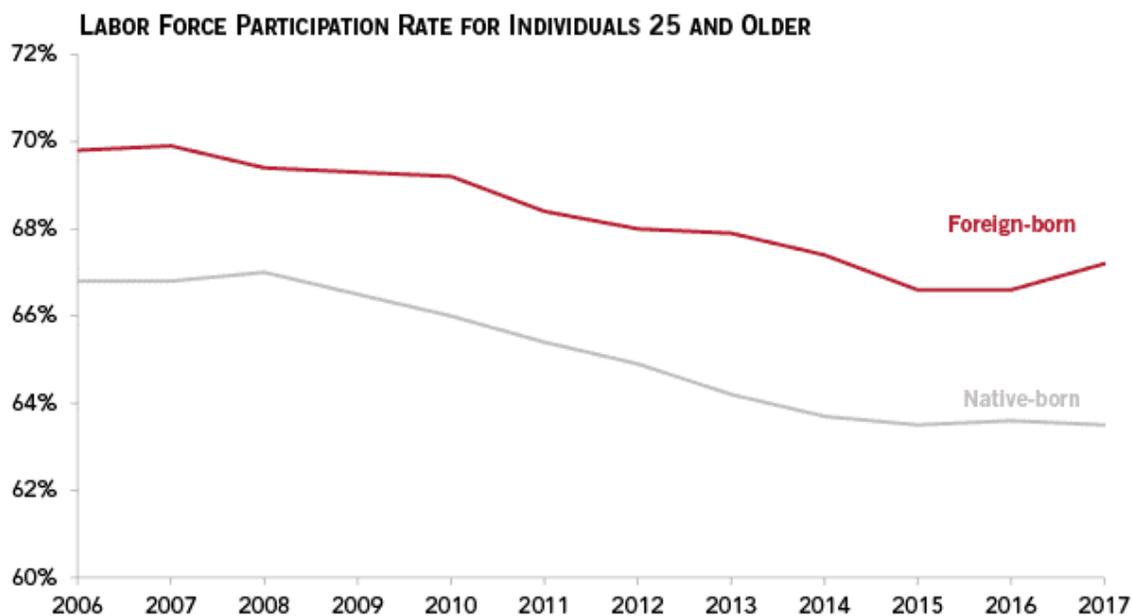
The US immigrant integration system offers jobs to newcomers that pay at least the minimum wage. A limited social safety net is associated with all US jobs: minimum wages, benefit programs financed by payroll taxes that include pensions (Social Security and Medicare), unemployment insurance, and workers compensation. California goes beyond federal minimum requirements and offers low-skilled adult newcomers access to free or low-cost education and training services, some federally funded and some supported by state funds.

Foreign-Born Workers

The US had 28.2 million foreign-born workers in its 162-million strong US labor force in 2018, making foreign-born workers 17.4 percent of US workers. Foreign-born men have higher labor force participation rates than US-born men, 78 percent compared to 67 percent in 2018, while foreign-born women have a lower participation rate, 54 percent compared to 58 percent for US-born women.² About half of foreign-born workers were Hispanic, and a quarter were Asians.

Figure 1. Foreign-born adults have higher labor force participation rates

² The gap in labor force participation was especially large for foreign-born women with children under 18, only 61 percent compared to 75 percent of US-born women with children under 18 were employed or looking for work. For women with children under three, the gap was even larger, 45 percent of foreign-born women and 66 percent of US-born women with small children were in the labor force.



Source: [BLS. 2019. Foreign-born Workers 2018.](#)

The unemployment rate of foreign-born workers in 2018 averaged 3.5 percent, compared to 4.0 percent for the US-born; the unemployment rate of foreign-born men was even lower at 3.0 percent. For all racial and ethnic groups, foreign-born workers had lower unemployment rates than similar US-born workers. For example, 3.8 percent of foreign-born Hispanics were jobless in 2018, compared to 5.5 percent of US-born Hispanics.

Over 21 percent of foreign-born workers in the US did not complete high school, compared with four percent of all US-born workers. About 37 percent of foreign-born workers, and 41 percent of US-born workers, had college degrees. Foreign-born Hispanics with less than a high school education were much more likely to be in the labor force than similar US-born Hispanics: 63 percent of foreign-born Hispanics without high school diplomas were in the labor force in 2018, compared to 46 percent of US-born Hispanics.

The foreign-born are concentrated in particular occupations, often agriculture, construction and services. Two percent of foreign-born men, compared to 0.8 percent of US-born men, were in farming. Similarly, 16 percent of foreign-born men, compared to 8.3 percent of US-born men, were in construction occupations. Among women, 10 percent of foreign-born women, compared to two percent of US-born women, were in cleaning and maintenance occupations.

The median earnings of foreign-born workers, \$758 a week, were 20 percent lower than for US-born workers, \$910 a week. The gap in earnings was larger for foreign-born men

than for foreign-born women, who earned 84 percent as much as US-born women. Similarly, the earnings gap was larger for older workers: foreign-born workers 55 and older earned 75 percent as much as similar US-born workers, while foreign-born workers 25-34 earned 92 percent as much as similar US-born workers.

The gap between the earnings of foreign-born and US-born workers reverses as education rises. Foreign-born workers with less than a high-school education earned an average \$535 a week in 2018, compared to \$578 a week for similar US-born workers. However, foreign-born workers with college degrees averaged \$1,362 a week, four percent more than the \$1,309 a week for college-educated US-born workers.

Employment and Job-Training Programs

The US has at least 43 employment and job-training programs, and most are not operated by the Department of Labor. The GAO (2019) noted that the 43 federally funded employment and training program spent a total of \$14 billion in FY17 to provide services to 10 million people. A Council of Economic Advisors report concluded that “government job-training programs appear to be largely ineffective and fail to produce sufficient benefits for workers to justify the costs.” (CEA, 2019).

The CEA conclude that most government employment and job-training programs did not generate sufficient data to evaluate their effects accurately. The CEA specifically criticized the Job Corps training program for poor youth, programs intended to help formerly incarcerated people find jobs, and trade adjustment assistance programs for workers displaced by increased imports, as not generating sufficient benefits to justify their costs. The exception was apprenticeships, where a 2012 study found that those who completed apprenticeships earned \$240,000 more than similar nonparticipants over their lifetimes.

Figure 2. GAO: 43 federally funded employment and training programs in 2017

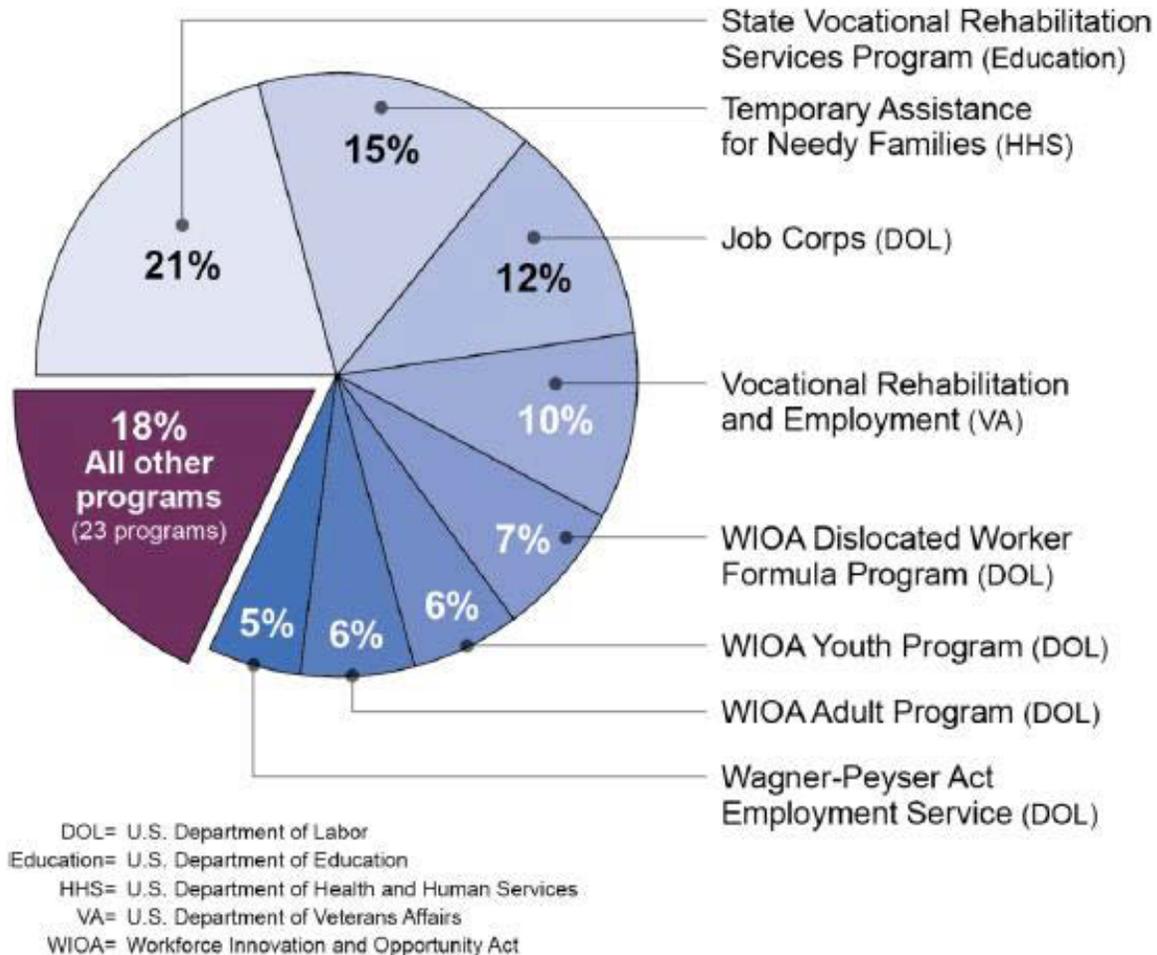
Figure 2: Federally Funded Employment and Training Programs, by Agency, Fiscal Year 2017

Department of Labor (19 programs) <ul style="list-style-type: none">• Disabled Veterans' Outreach Program• H-1B Job Training Grants• Homeless Veterans' Reintegration Project• Indian and Native American Program• Job Corps• Local Veterans' Employment Representative Program• National Farmworker Jobs Program• Reentry Employment Opportunities• Registered Apprenticeship• Senior Community Service Employment Program• Trade Adjustment Assistance for Workers• Transition Assistance Program• Wagner-Peyser Act Employment Service• WIOA Adult Program• WIOA Dislocated Worker Formula Program• WIOA National Dislocated Worker Grants• WIOA Youth Program• Women in Apprenticeship and Nontraditional Occupations• YouthBuild	Department of Health and Human Services (7 programs) <ul style="list-style-type: none">• Community Services Block Grant• Native Employment Works• Refugee and Entrant Assistance - Discretionary Grants• Refugee and Entrant Assistance - Targeted Assistance Grants• Refugee and Entrant Assistance State/Replacement Designee Administered Programs• Refugee and Entrant Assistance - Voluntary Agencies Matching Grant Program• Temporary Assistance for Needy Families
Department of Education (7 programs) <ul style="list-style-type: none">• American Indian Vocational Rehabilitation Services• Career and Technical Education - Basic Grants to States• Native American Career and Technical Education Program• Native Hawaiian Career and Technical Education Program• State Supported Employment Services Program• State Vocational Rehabilitation Services Program• Tribally Controlled Postsecondary Career and Technical Institutions Program	Department of the Interior (3 programs) <ul style="list-style-type: none">• Job Placement and Training Program• Tribal Technical Colleges• Youth Partnership Programs^a
	Department of Defense (2 programs) <ul style="list-style-type: none">• National Guard Youth Challenge Program• Job Training, Employment Skills Training, Apprenticeships, and Internships^a
	Department of Veterans Affairs (2 programs) <ul style="list-style-type: none">• Compensated Work Therapy^a• Vocational Rehabilitation and Employment
	Department of Agriculture (1 program) <ul style="list-style-type: none">• Supplemental Nutrition Assistance Program Employment and Training
	Department of Justice (1 program) <ul style="list-style-type: none">• Second Chance Act Technology-Based Career Training Program for Incarcerated Adults and Juveniles
	Environmental Protection Agency (1 program) <ul style="list-style-type: none">• Environmental Workforce Development and Job Training Cooperative Agreements

The largest programs by spending were not administered by DOL. State vocational rehabilitation grants administered by the Department of Education were over 20 percent of federal spending on employment and training in FY17, followed by 15 percent of employment and training program spending for temporary assistance to needy families, a program administered by HHS. The largest DOL programs were Job Corps and the Dislocated Worker Formula Program.

Figure 3. GAO: 8 programs accounted for over 80% of spending in FY17

Figure 3: Eight Programs Accounted for Majority of Federal Employment and Training Obligations, Fiscal Year 2017



DOL offers a range of job-matching and skills-enhancement assistance to adults (www.doleta.gov/programs). Most are accessed via one of the 2,500 American Job Centers or One-Stop Career Centers that are operated by state and local workforce development boards that include government, employer, and worker representatives.³ Worker eligibility for One-Stop services depends on individual characteristics and reasons for unemployment (CRS, 2019).

There is a distinction between earned and other job-related benefits. The major earned benefits are Social Security and unemployment insurance (UI). Social Security is a federal program that provides benefits to qualifying disabled and retired workers; eligibility normally requires legal status and at least 10 years or 40 quarters of covered

³ The AJC/One-Stop system was created by the Workforce Investment Act of 1998.

employment. UI is a federal-state program that provides benefits to workers who lost their jobs involuntarily and are seeking another job. UI benefits aim to replace a portion of lost earnings, generally for up to 26 weeks. The duration and level of benefits varies by state. Total US expenditures on UI were \$27 billion in FY19, plus almost \$4 billion for administrative expenses (CRS, 2018, p2). Since eligible workers are entitled to UI benefits that averaged \$357 a week in January 2019, states borrow from the federal government to make payments when unemployment rates are high and can raise taxes on employers to replenish their UI reserves.

Unauthorized workers are generally not eligible for UI benefits, even if their employers make payments on their behalf. Employers of legal H-2A guest workers do not have to pay the 0.7 percent of wages that all other employers pay to administer the UI program and, in most southeastern states, employers of H-2A workers are also exempt from the state UI taxes that finance benefits to jobless workers. In California, employers must pay the state UI tax on the wages paid to H-2A guest workers.

The major employment and training programs administered by DOL are authorized under the Workforce Innovation and Opportunity Act of 2014 and include both national programs that make grants to states and targeted grants, such as the grants to entities that serve farm workers and Native Americans. Some WIOA programs are funded by federal formula funding to states, which allocate funds to local entities to provide job-search assistance, career counseling, and job training, often by issuing vouchers to applicants that they can use at community colleges or other training providers.

The Adult Education and Family Literacy Act provides formula grants to states to fund educational services for adults seeking below high-school level education and English-language instruction. Most of these federal grant funds are passed through to school districts and community colleges.

Some DOL job-related assistance programs make eligibility contingent on how a person lost his or her job. For example, dislocated worker programs serve those who were laid off from a job that they are unlikely to return to, making them eligible for job-search and retraining assistance. If the job loss was due to increased imports, the worker may be eligible for trade adjustment assistance, which provides more benefits, including wage subsidies for workers 50 and older whose new jobs pay less than their old jobs.

DOL also funds employment and training programs that depend on personal characteristics. Eligibility for vocational rehabilitation is limited to persons with disabilities, eligibility for the Job Corps is restricted to those with low-incomes and who are aged 16 to 24, and the Senior Community Service Employment Program is for those

55 or older with a low income who seek part-time work. There are also special programs for veterans of the armed forces.

Table 1. Eligibility Criteria for Federal Job Training Programs

Table 2. Eligibility Criteria for Employment and Training Programs Available Through the American Job Center Network

Programs Available to All Jobseekers	
<ul style="list-style-type: none"> • All jobseekers are eligible for job search assistance and training benefits under the Adult Activities provisions of the Workforce Innovation and Opportunity Act (WIOA) and basic education and English literacy courses through the Adult Education and Family Literacy Act (AEFLA). • All jobseekers are eligible for job matching and other employment services, under the Wagner-Peyser Act. Recipients of unemployment insurance are required to receive these services. 	
Programs Targeted by Circumstance of Job Loss	
<ul style="list-style-type: none"> • Workers who were (1) involuntarily terminated, (2) well-attached to the labor force, and (3) unlikely to return to their previous occupation or industry are eligible for job search assistance and training benefits under the Dislocated Worker provisions of WIOA. • Workers whose job loss is attributable to foreign trade may be eligible for training and other benefits through the Trade Adjustment Assistance program. 	
Programs Targeted by Jobseeker Characteristics	
<ul style="list-style-type: none"> • Individuals with disabilities may be eligible for customized services (including training) through state vocational rehabilitation programs. • Disadvantaged youth may be eligible for services under the Youth Activities provisions of WIOA or placement in the residential Job Corps program. • Individuals age 55 or over may be eligible for subsidized part-time employment through the Community Service Employment for Older Americans program. • Veterans are eligible for job search assistance and other services through programs funded by the Jobs for Veterans State Grants. 	

Federal expenditures on employment and training programs were \$14 billion in FY19, and ranged from \$3.5 billion for vocational rehabilitation to \$845 million for adult education and training to \$400 million for subsidized employment for seniors.

Table 2. FY19 funding for major employment and training programs

Program	Description	FY2019 Appropriation (in millions)
National Programs Available to All Jobseekers		
Adult Employment and Training Activities	Provides job search assistance and training (including occupational skills training and on-the-job training). Training is conducted through a voucher system that allows individuals to attend training at eligible training providers.	\$846

Employment Services under the Wagner-Peyser Act	Provides non-training services to job seekers and employers, including career counseling, job search workshops, labor market information, job listings, applicant screening, and referrals to job openings.	\$663 ^a
Basic Education under the Adult Education and Family Literacy Act	Provides educational services at the secondary level and below as well as English language training.	\$642 ^b

National Programs Targeted by Circumstances of Job Loss

Dislocated Worker Employment and Training Activities	Provides employment services and training subsidies to workers who have involuntarily lost their jobs and demonstrated a specified level of labor force attachment.	\$1,262 ^c
Trade Adjustment Assistance	Provides reemployment services, training services, income support payments, and other benefits to workers whose job loss was attributable to international trade.	\$790 ^d

National Programs Targeted by Jobseekers Characteristics

Vocational Rehabilitation	Provides customized counseling, training benefits, and other employment-related services to individuals with disabilities.	\$3,522 ^d
Job Corps	Through primarily residential programs, provides disadvantaged youth with the skills needed to obtain and hold a job, enter the Armed Forces, or enroll in advanced training or higher education.	\$1,719
Youth Activities	Provides funding for training and related services to certain youth who are in school or out of school. A youth is eligible for services funded by this program if the individual is between the ages of 14 and 21 (or 24 for out-of-school youth) and meets other statutory criteria.	\$903
Community Service Employment for Older Americans (Title V of Older Americans Act)	Provides funding for subsidized employment in a variety of community-service jobs. To be eligible, a participant must be unemployed, age 55 or over, and demonstrate limited potential to enter unsubsidized employment.	\$400
Jobs for Veterans State Grants	Provides state personnel positions that provide employment-related services to veterans and outreach to local employers.	\$180

Conclusions

The US and California have integration-through-work policies for low-skilled adult immigrants. Newcomers are expected to quickly find jobs and become self-supporting with the help of the relatives who sponsored their admission or the US employers who hire them. Unauthorized newcomers have very limited access to the social safety net, but can often find jobs using false work authorization documents.

Newcomers to the US who arrive as adults have access to a variety of public programs that allow them to improve their English and to enhance their skills, and may have access to employer-supported English and skills training programs as well. The major challenge for many newcomers is to find enough time to learn English and new skills while working often long hours in low-skilled jobs that may require lengthy commutes from low-cost housing.

Some low-skilled migrants are able to achieve the American dream of upward mobility in their lifetimes, but for many low-skilled migrants, upward mobility in the US follows in the second and third generations, as children educated in US schools fare far better economically than their parents. Many migrants acknowledge such inter-generational mobility, asserting that they are sacrificing by working long hours in low-skilled US jobs in order for their children to achieve upward mobility.

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