

Immigration and the California Economy

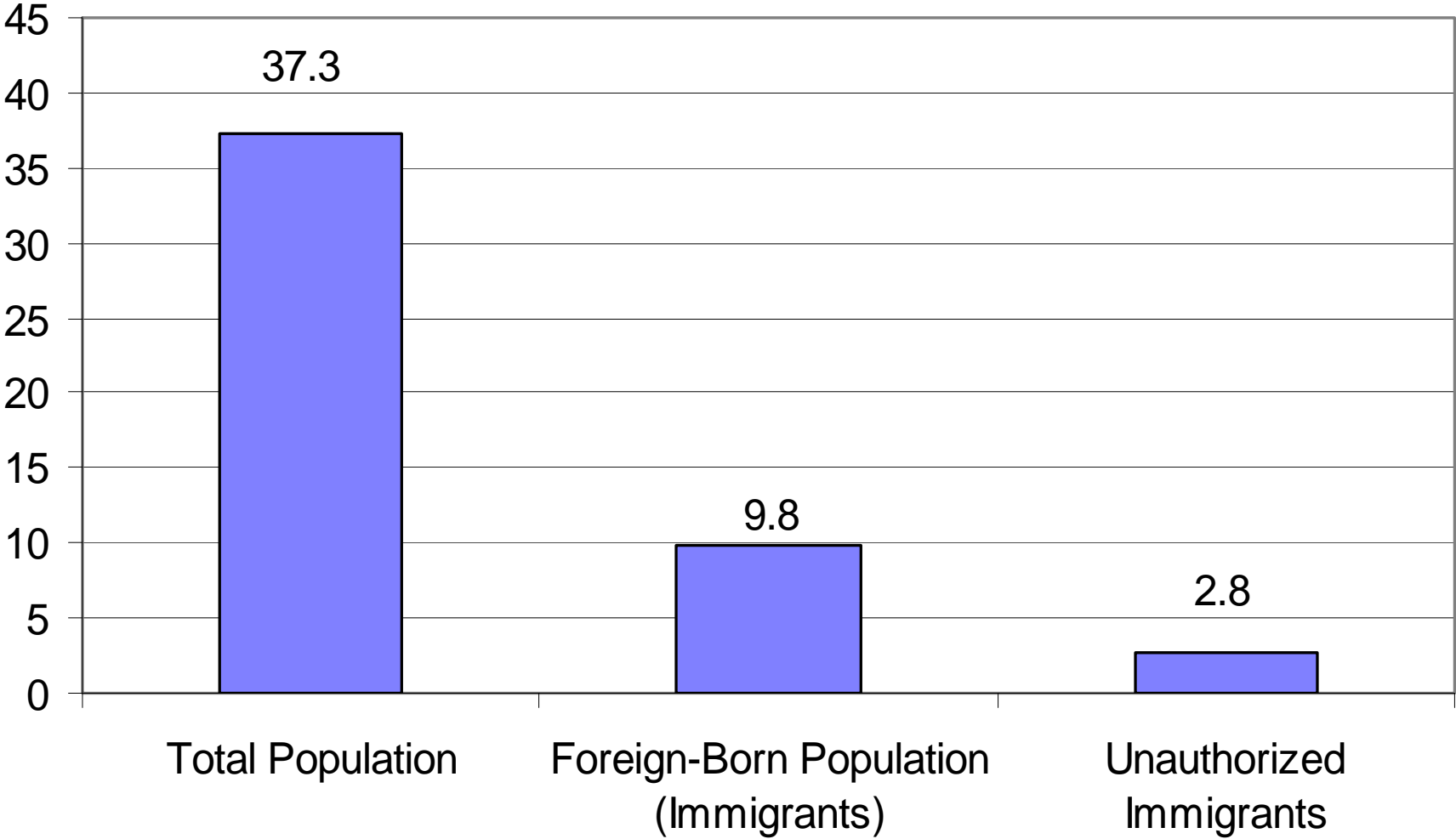
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California Economy

Senate Select Committee on
Immigration and the Economy

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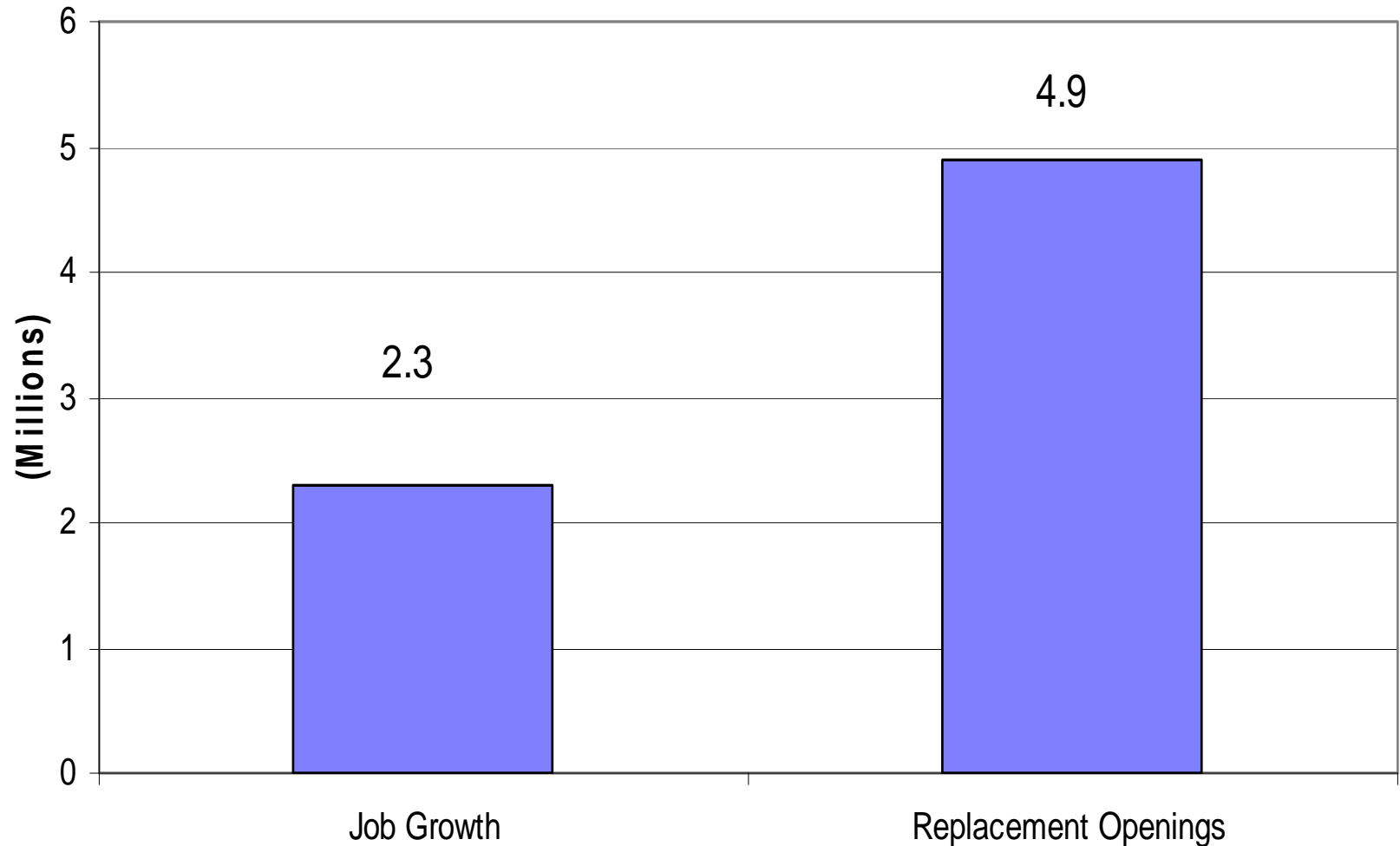
CA Population in 2006 (Millions)



California Needs Workers at all Skill Levels

- 2.3 million more jobs in the next ten years
- A tidal wave of baby boomer retirements is about to begin creating nearly 5 million replacement job openings at all skill levels
- Immigration will be one source of new workers but California faces a major challenge of upgrading the skills of students and existing workers.
- We need both!!!

California Job Openings 2007-2017

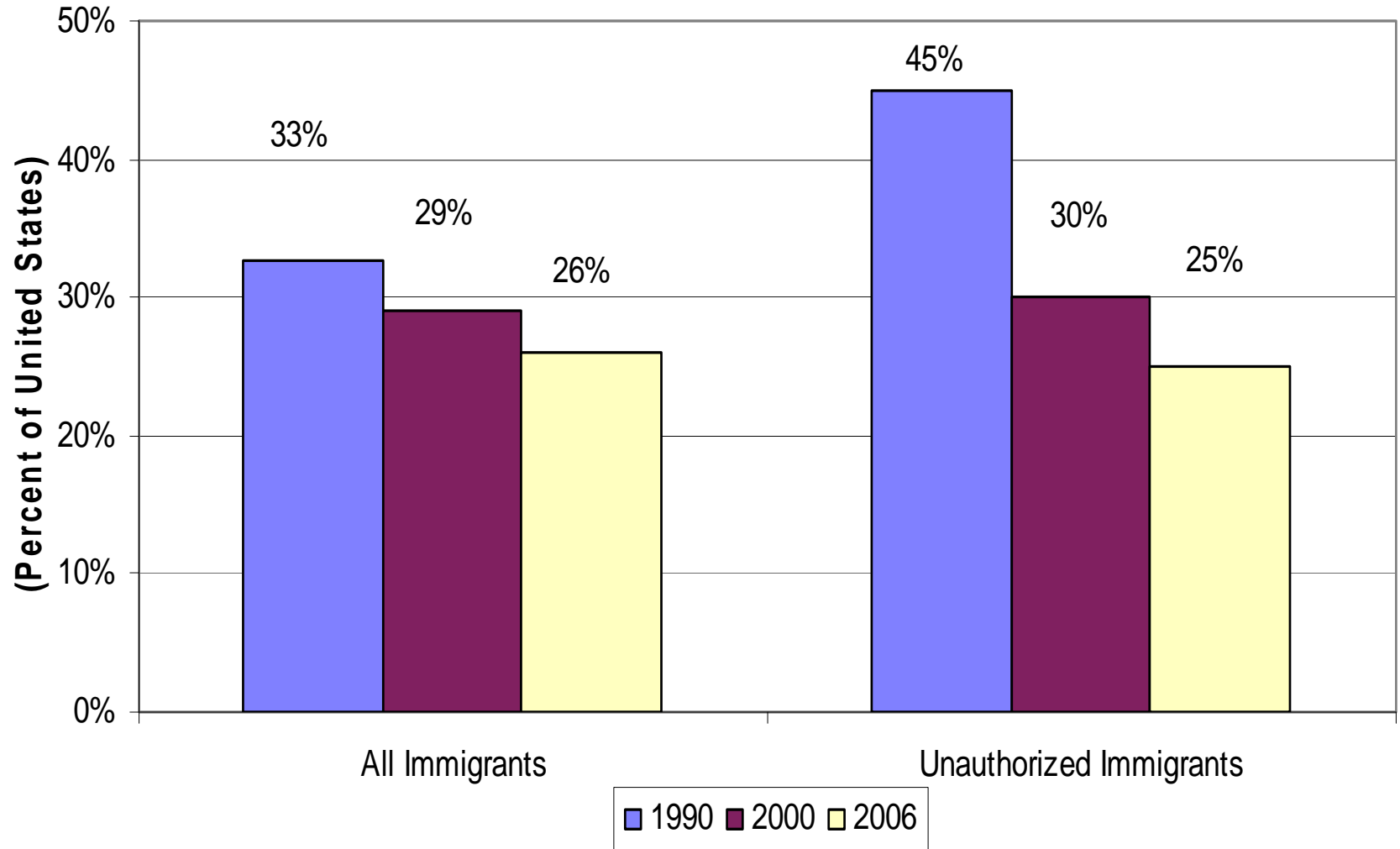


The Impact of Immigration on the California Economy

Immigration Flows Follow Jobs

- California's share of immigrants is falling as the economy slows
- Unauthorized immigrant flows tied to U.S. and state job growth
- The demand for immigrant workers varies by skill level—more skilled workers are needed even as construction declines reduce demand for immigrant construction workers
- Education of immigrants is rising

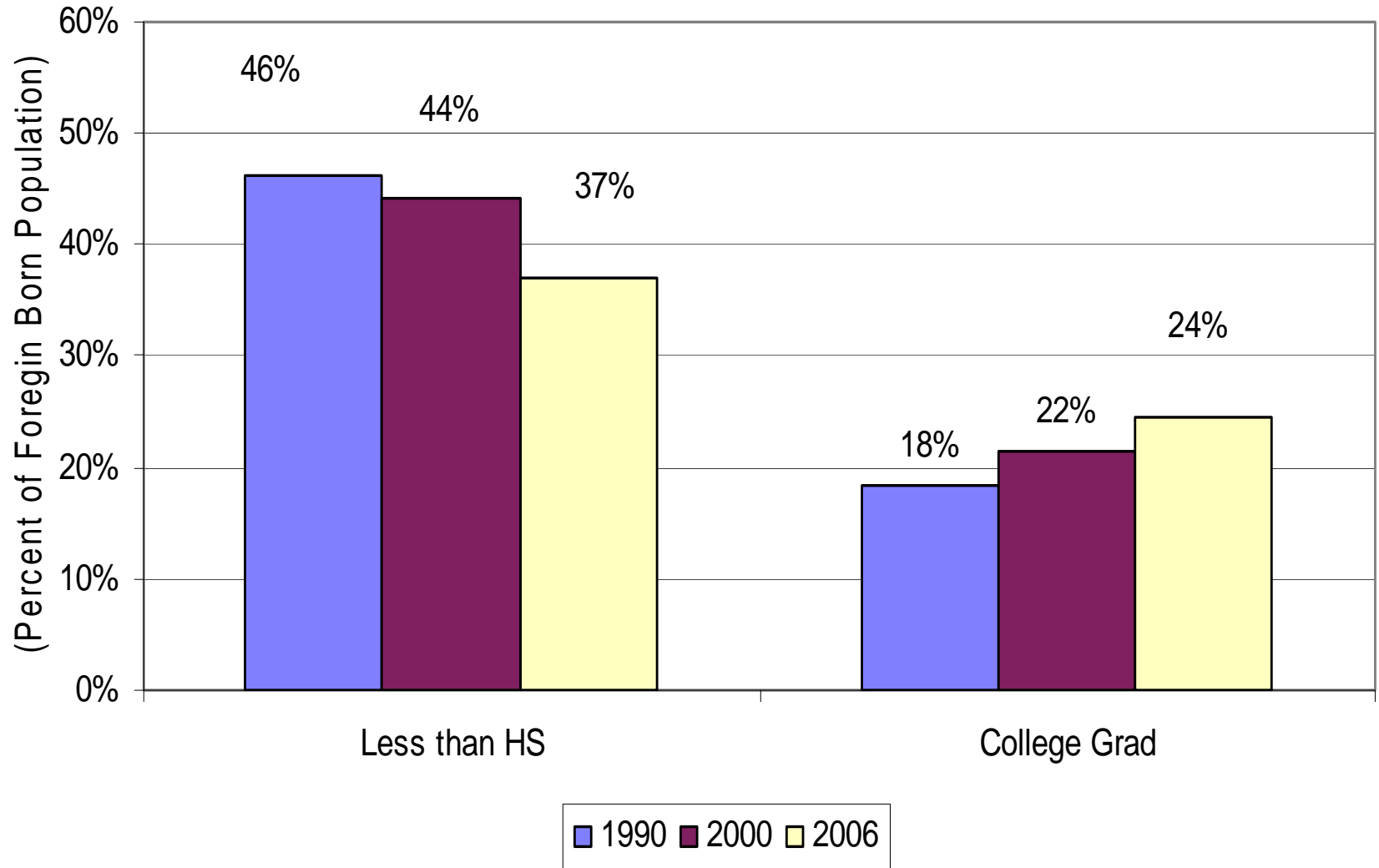
CA Immigrant Share is Falling



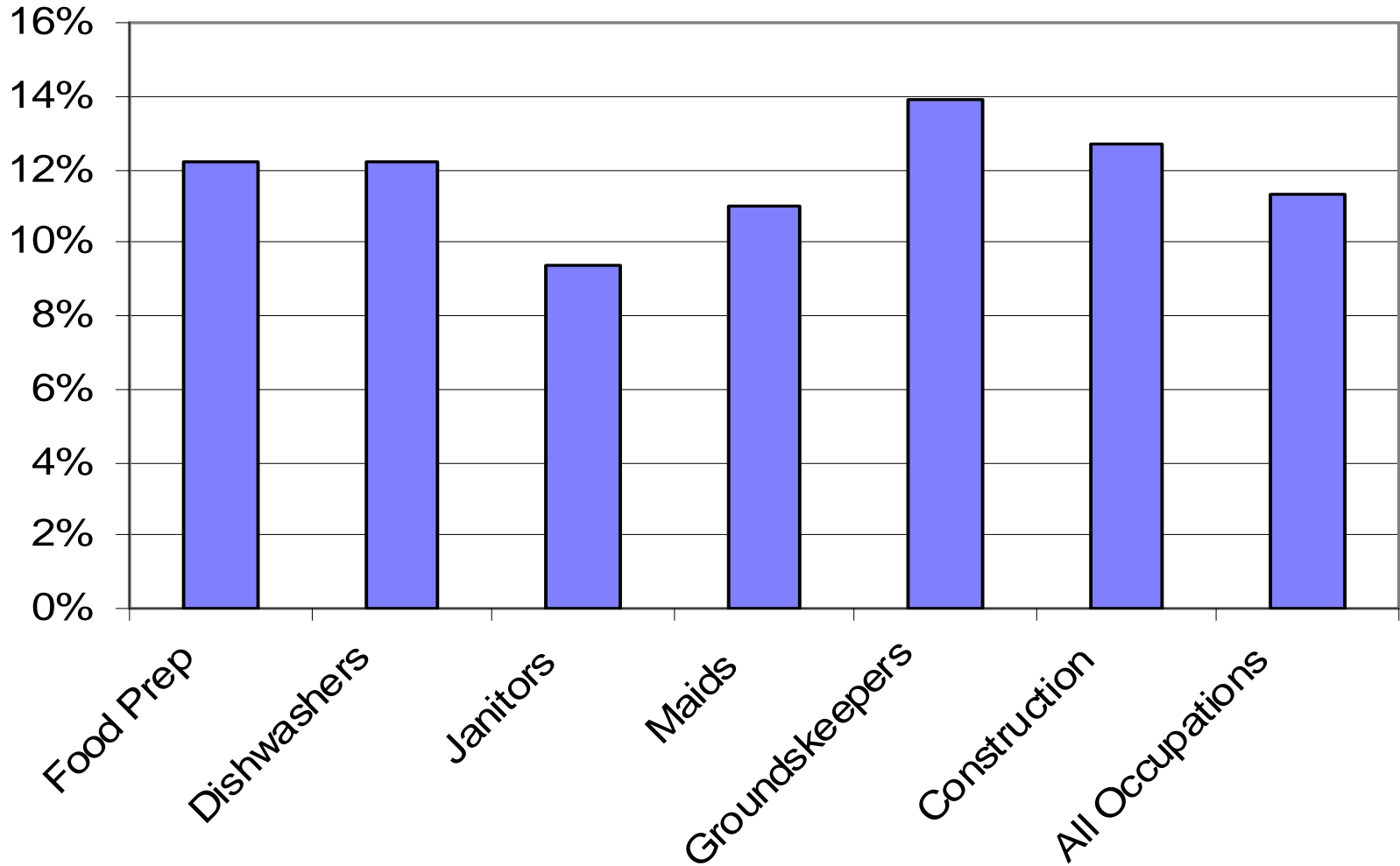
Strong Case that Unauthorized Immigrants are New CA Low-Wage Workforce

- CA has high share of unauthorized immigrants but not a high share of jobs where they work
- CA poverty rate about average
- The number of immigrants in poverty fell between 2000 and 2006
- No evidence that immigration affects long-term unemployment rates

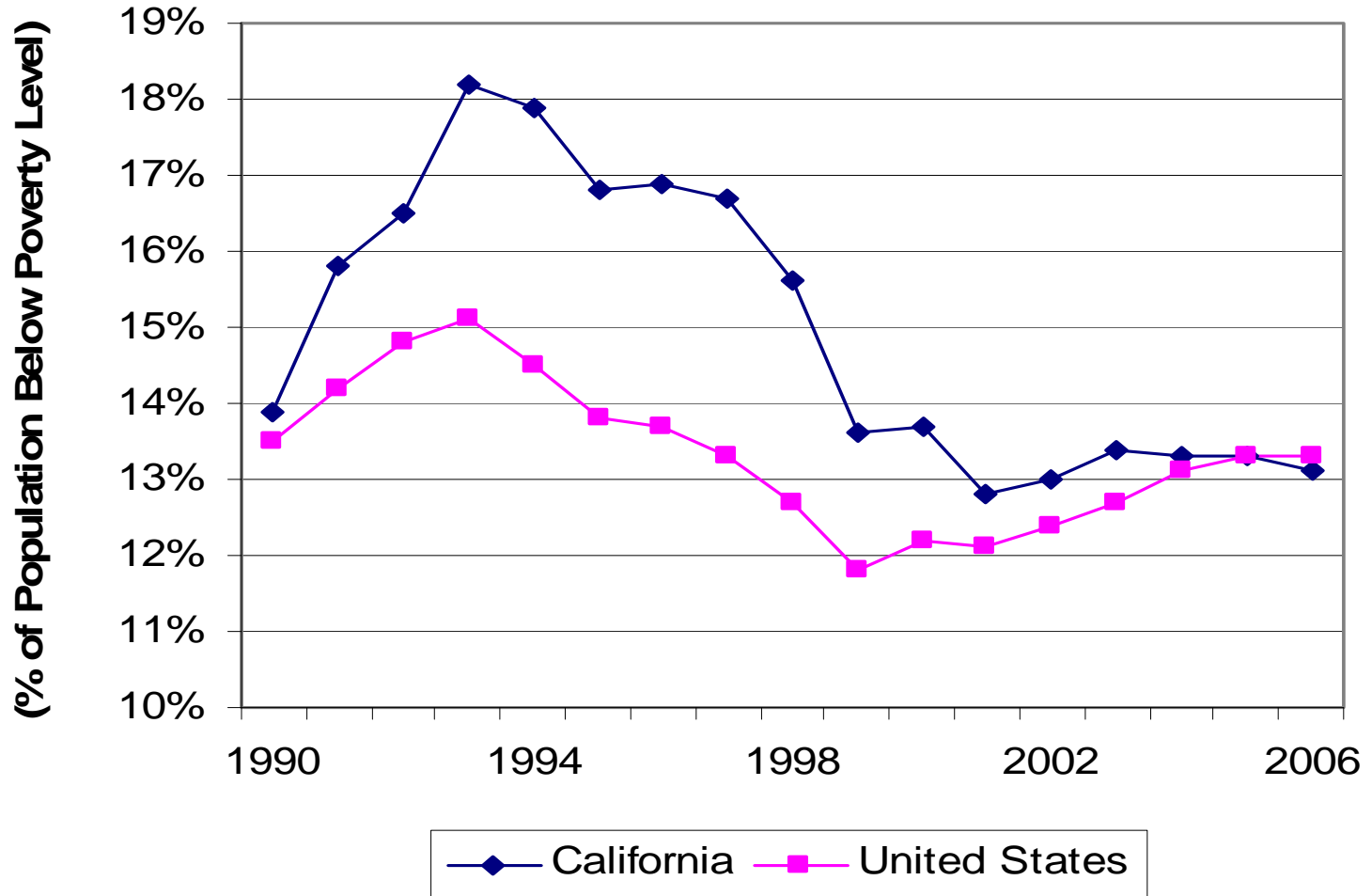
Education of CA Immigrants



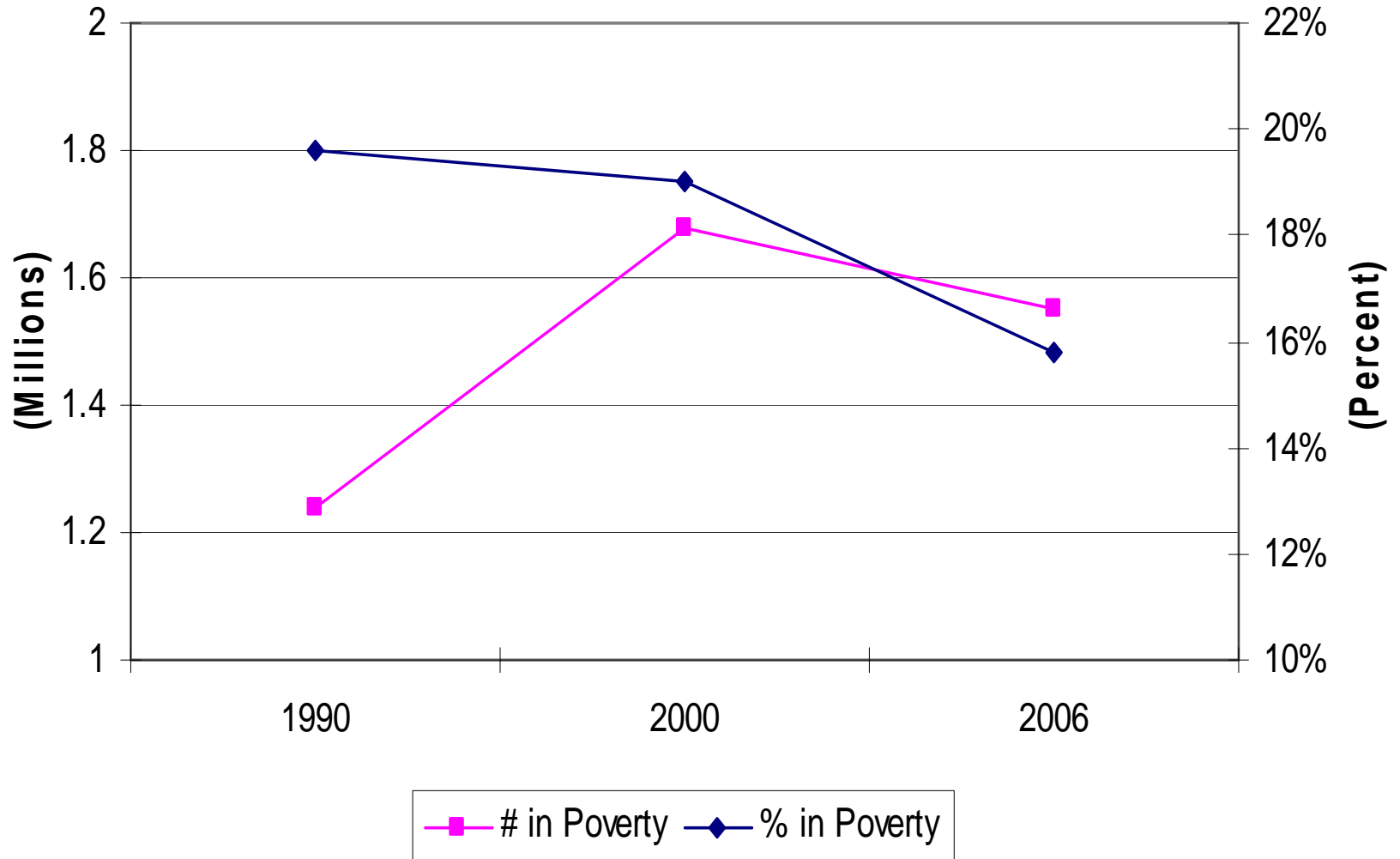
CA Share of Jobs (2006)



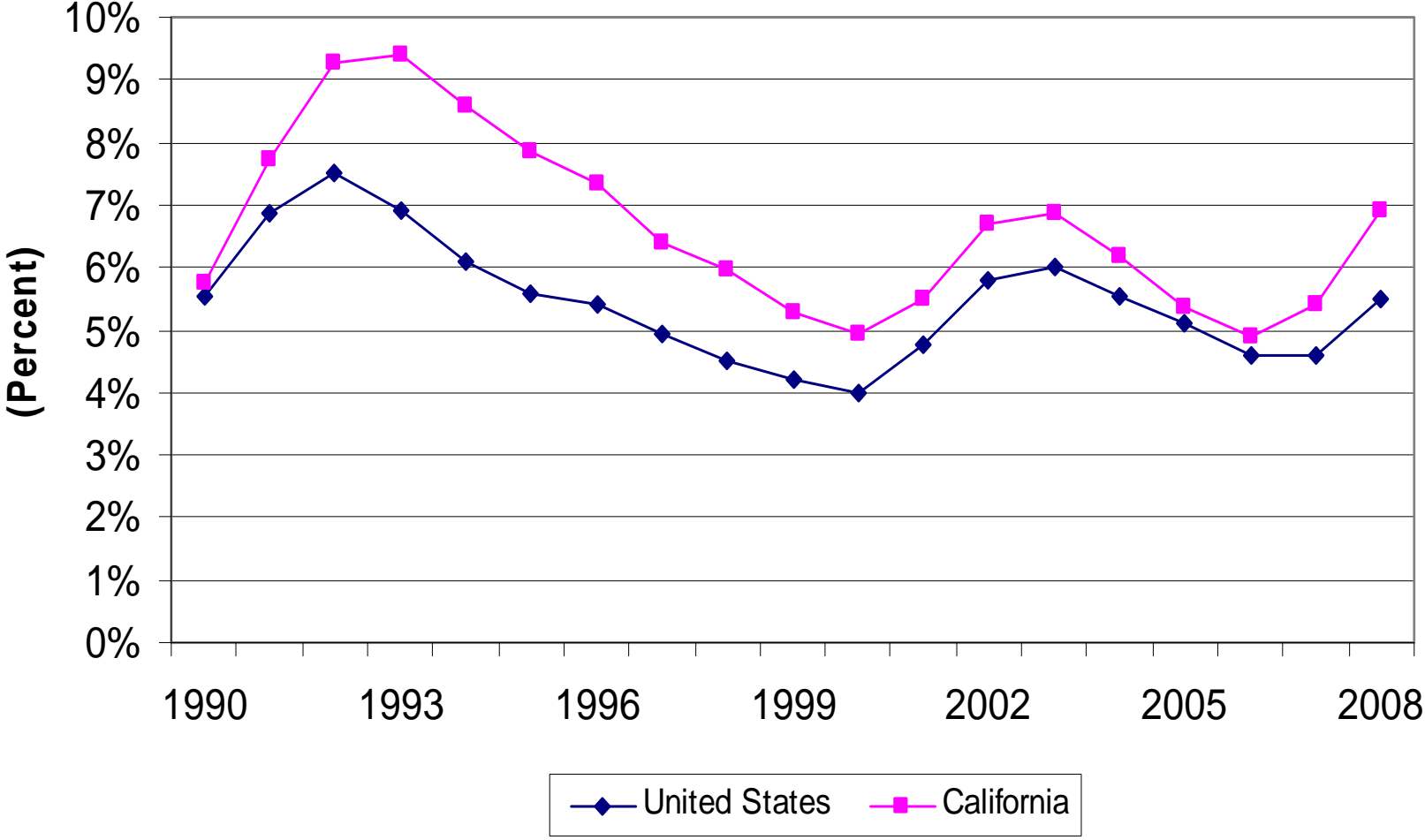
Poverty Rate



CA Immigrants in Poverty



Unemployment Rate



Immigrants fit into and support the overall California economy but what about the impact on individual residents. Does anyone get hurt?

Does Anyone Get Hurt?

- The PPIC presentation will cover these issues
- There are many economic trends where we benefit overall but certain people are hurt
- If we restrict immigration, should we stop foreign trade.

What is the fiscal impact of unauthorized immigration?

Fiscal Impact of Unauthorized Immigration

- Unauthorized immigration has changed who holds low-wage jobs but not the number of low-income families
- Low-income families generally do not pay enough in taxes to cover the cost of the public services they use

Fiscal Impact—Page 2

- All residents pay most taxes because they are paid at the point of purchase—sales taxes, gas taxes, tobacco and alcohol taxes, property taxes, utility taxes, tolls and fees
- Low-income households do not pay much, if any, in income taxes

Fiscal Impact—Page 3

- It is possible that some employers do not pay Social Security and Medicare taxes for residents who work “off the books”.
- On the other hand, people using fake Social Security numbers have taxes withheld but get no benefits

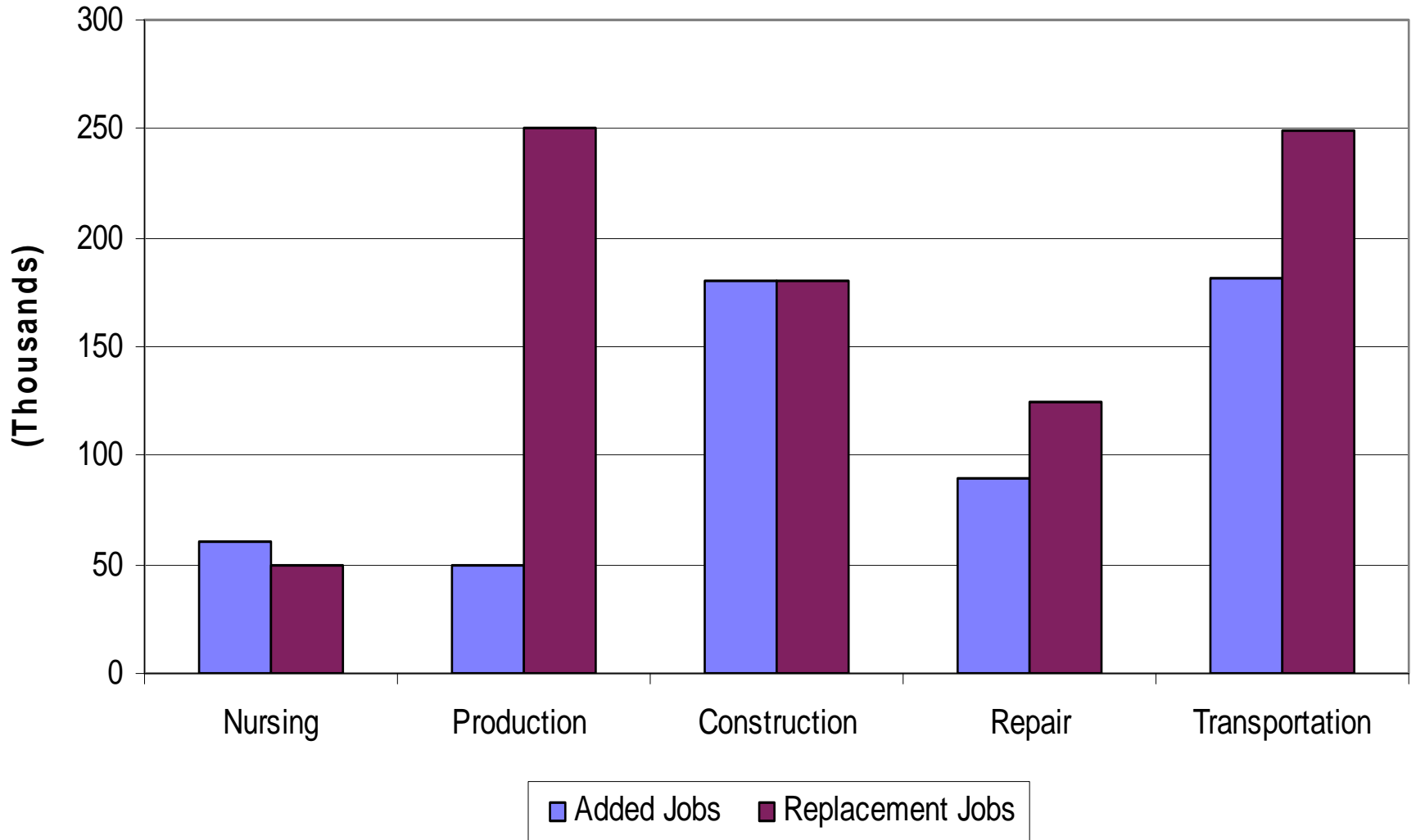
Fiscal Impact—Page 4

- Low-income families do create costs that are paid by other residents, particularly for education but that is true for any low-income family.
- The National Academy of Science study pointed out that education is normally treated as an investment with long-term payoffs, not just a “cost”.

Immigration Conflicts and Public Policy

Is There a Win-Win Agenda?

CA Job Openings in Next Ten Years



Moving From “Taking Jobs Away” to “Needing More Workers”

- We need more skilled workers in the next 10 years and also more low-wage workers.
- There is an opportunity to focus on the needs and hopes that can be addressed by skill-building efforts open to ALL.
- Local efforts can focus on partnerships built around local new AND replacement job needs and opportunities

Ideas for a Common Workforce Agenda

- Everyone finishes a good high school education
- Everyone who can benefit gets specialized training after high school
- Assistance for workers hurt by globalization
- More pre-school opportunities

Ideas for a Common Workforce Agenda

- Promote English learning programs
- Focus on workforce opportunities created by retirements and replacement needs
- Promote career technical education for both students AND existing workers
- Create more legal pathways for low-skilled immigrants