

Illinois Immigrants: Fueling Prosperity in a Changing Economy



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Executive Summary

Immigrants Make It Possible for Illinois to Redefine Itself

The state of Illinois has undergone dramatic social and economic changes throughout much of its 188-year history, and since the 19th Century immigrants have enabled the state to continually redefine itself. Immigrant labor linked the Eastern Seaboard with the Gulf of Mexico via the Illinois and Michigan Canal in 1848. Immigrants workers rebuilt Chicago after the fire of 1871 and transformed it into both the continent's industrial powerhouse and "The City of the Century" in Donald Miller's memorable phrase.

As the 20th Century developed, immigrants of the 1880-1920 period and their children pushed Chicago past its boundaries into a metropolitan region and, increasingly, "world city." In other parts of the state, immigrants and their descendants contributed to the industrialization of Peoria and Moline, and the agricultural strength seen in countless areas. The 1980s and 1990s saw the rise of research- and knowledge-based industries as well as a service economy. Immigrants have been prominent in precisely these expanding sectors.

In recent years immigrants have continued to help Illinois re-shape and re-define itself. The population is becoming more ethnically diverse, and continues to spread beyond the confines of older urban areas into new suburban and exurban regions. Importantly, the state competes as never before with a global set of competitors, and Illinois employers like Motorola, Hyatt and the Northwestern University Medical Center successfully compete by hiring local talent but also by recruiting from abroad.

In this report we lay out key statistics about the changing Illinois economy and the role that immigrants play in maximizing economic growth in the New Illinois. We derive the data from new U.S. Census Bureau information for the year 2005 that permit us to look at transformation during the first decade of the 21st economy. We focus on immigrants as workers and homeowners because these are key measures of the success and potential of the newest Illinoisans.

Findings

The Illinois economy is rapidly changing, and immigrants play a key role in fueling growth.

Native Workers Are Declining in Number

The issue of immigration and its impact on the Illinois labor force is complex and nuanced in many ways. But among all the statistics about productivity, investment, markets and other measures of economic health, one fact outshines all others in its importance for our economic well being: **The number of native-born workers in Illinois is shrinking.**

Immigrants Drive Illinois Labor Force Growth		
	Change in Illinois Labor Force: 2000- 2005	Pct. Change
Total	158,314	2.7%
Native Born	-35,740	-0.7%
Foreign Born	194,054	23.4%

Source: Tabulations of Census Bureau data by Rob Paral and Associates

The addition of immigrants permits the state to maintain workforce growth.

Illinois has the fifth largest economy in the United States, and on its own the state's economy is larger than that of most nations. Yet the state is losing native-born workers at an amazingly fast pace. In just a five year period, 2000-2005, the number of native-born workers fell by almost 36,000 persons. To put this in perspective, 36,000 is almost as large as the labor force of Evanston, one of the state's larger municipalities.

Few national, regional or local economies can be expected to maintain growth and stay on a robust trajectory if the basic pool of available workers is shrinking. Yet that is exactly the situation facing the state of Illinois, as its native labor pool increasingly ages out of its working years and migrates to other parts of the nation.

Among states facing loss of native workers, however, Illinois has a special advantage. The state is one of the primary destinations of immigrants coming to the United States, and the immigrant arrivals permit the state to maintain and actually grow its labor force. While the state lost almost 36,000 native workers in the last five years, it received 194,000 new immigrant workers. The immigrant entries into the workforce actually permitted Illinois to grow its workforce by about 3 percent over this period.

As native workers shrink in numbers, and as immigrants enter the labor force, the immigrant workers play an increasingly large role in the labor market. In the year 2000, immigrants were only 14 percent of workers in Illinois, but by 2005 they were 17 percent or one of every six workers.

Immigrants Are a Fast-Growing Portion of the Illinois Labor Force

	2000	2005
Native Born	14.4%	17.3%
Foreign Born	85.6%	82.7%

One of six
Illinois workers
is an immigrant.

Source: Tabulations of Census Bureau data by Rob Paral and Associates

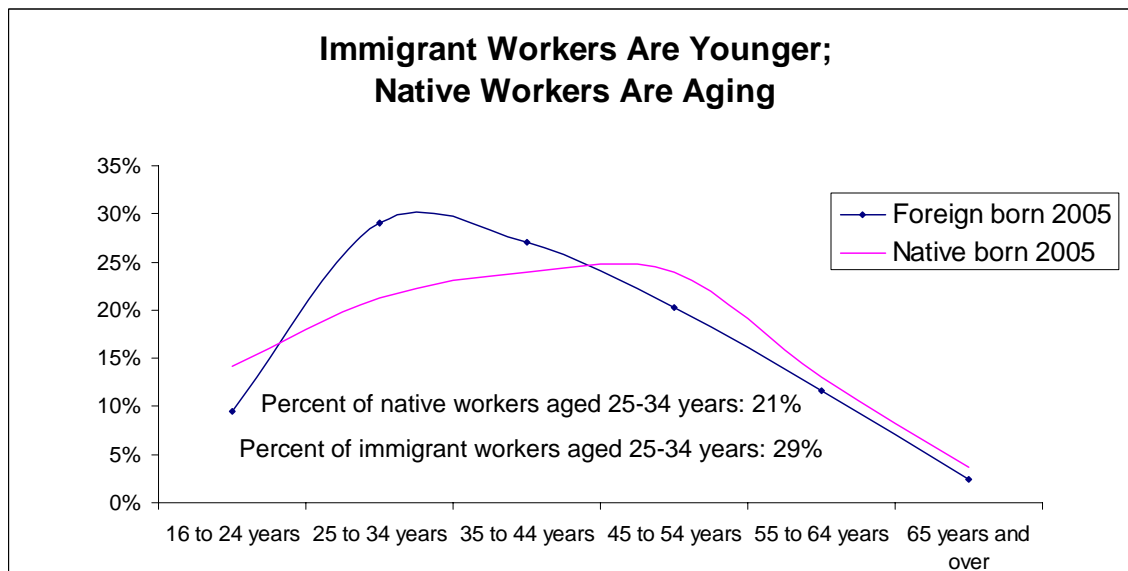
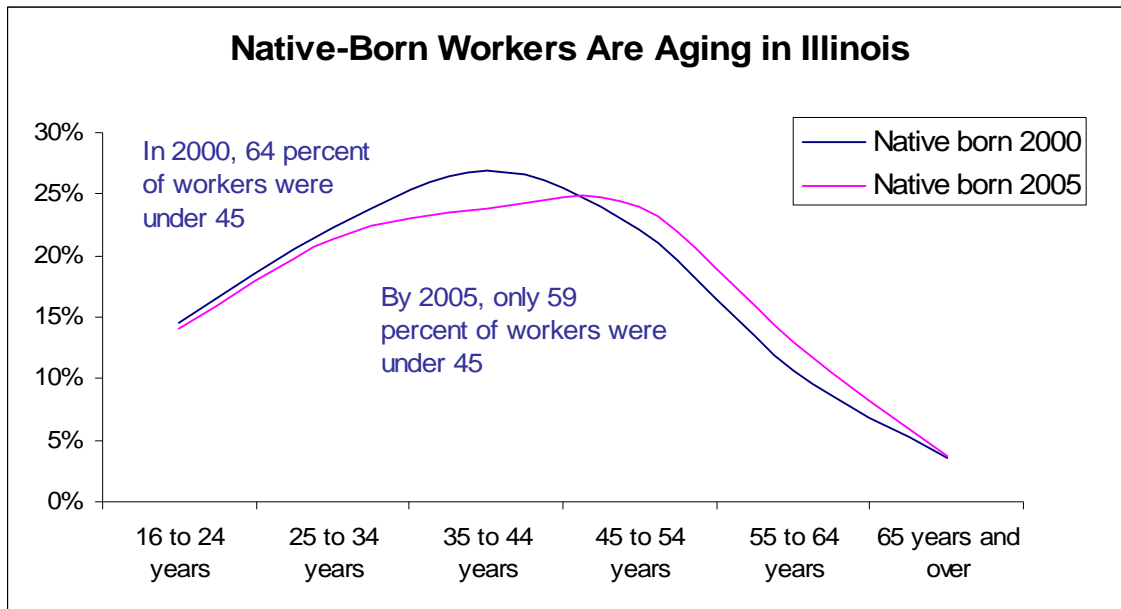
Native Workers Are Aging

The native worker population in Illinois is growing slowly due to out-migration of the state's residents to other parts of the U.S. and to low birth rates of among natives. The effect of these phenomena is to raise the average age of the state's workers. In other words, native workers in Illinois are not only declining in number, but they are getting older.

Relatively advanced age is an asset in many situations, given the experience and maturity that comes with age, but large numbers of jobs require young workers for their physical capabilities. A young workforce is also needed to make sure that employers can count on a worker "pipeline" that ensures adequate numbers of new entrants into the labor market and the eventual replenishment of those workers at higher age echelons.

The remarkable aging and numeric decline of native workers in Illinois raises an interesting fact about the role of immigrants in the state's economy. Persons opposed to immigration often raise the specter of immigrants taking away jobs. In Illinois, however, the story is not that immigrants promote native job reductions but rather that natives promote immigrant workforce growth. In other words, the native population fosters immigration through its demographic inability to supply sufficient workers to avoid decline in the labor force. As seen in the graph below, in only a five-year period the

percent of native workers in the state who are below 45 years of age fell from 64 to 59 percent. The following graph shows that immigrant workers are younger than native workers, keeping the “worker pipeline” fully supplied for employers.



Major Shifts Are Occurring in the Types of Jobs Available in Illinois

We live in a historical era where large-scale social and economic trends often develop over a few years rather than decades. Shifts in the kinds of jobs available in Illinois are no different. In just a recent five-year period (2000-2005), Illinois lost substantial numbers of jobs that once defined the state, such as manufacturing production occupations, which fell in number by 65,000, and office jobs including administrative support, which declined by 55,000. These sectors have been losing workers for decades, but the speed with which the state is shifting away from them is dramatic. In the place of these occupations, over the same period the state picked up 53,000 jobs in food preparation, 43,000 jobs in construction, and 35,000 jobs in sales.

These shifts highlight a larger pattern in which job creation is largely occurring among occupations requiring low or high levels of skills, but where few jobs are being created that require mid-level training or education. For example the U.S. Department of Labor predicts that the majority of jobs being created in the United States require only short-term on-the-job training. At the other extreme, USDOL reports strong growth among jobs requiring advanced training such as college and post-graduate education.

The table below shows major job sectors in Illinois that have either added or lost at least 10,000 workers in the last five years. A scan of this table shows that many of the jobs being created are in high-skill areas such as management, health diagnosing (e.g. physicians), and health support (e.g. nurses), but large numbers of the new jobs are at the other extreme, and require little formal education or certification, such as food preparation jobs (e.g. cooks) and personal care.

Job Growth and Decline in Illinois: 2000-2005

	growth	pct growth
Management	19,876	3.6%
Computer and mathematical	-15,547	-10.0%
Health diagnosing and treating practitioners and te	20,662	10.8%
Health technologists and technicians	15,492	20.7%
Healthcare support	17,245	17.7%
Protective service	16,128	14.0%
Food preparation and serving related	52,689	20.6%
Building and grounds cleaning and maintenance	27,363	15.8%
Personal care and service	32,393	21.0%
Sales and related	35,440	5.5%
Office and administrative support	-54,526	-5.8%
Construction and extraction	42,580	15.5%
Installation, maintenance, and repair	-14,495	-7.0%
Production	-64,506	-12.3%
Transportation and material moving	18,084	4.7%
Total	158,314	2.7%

Note: Includes sectors with change of +/- 10,000 jobs

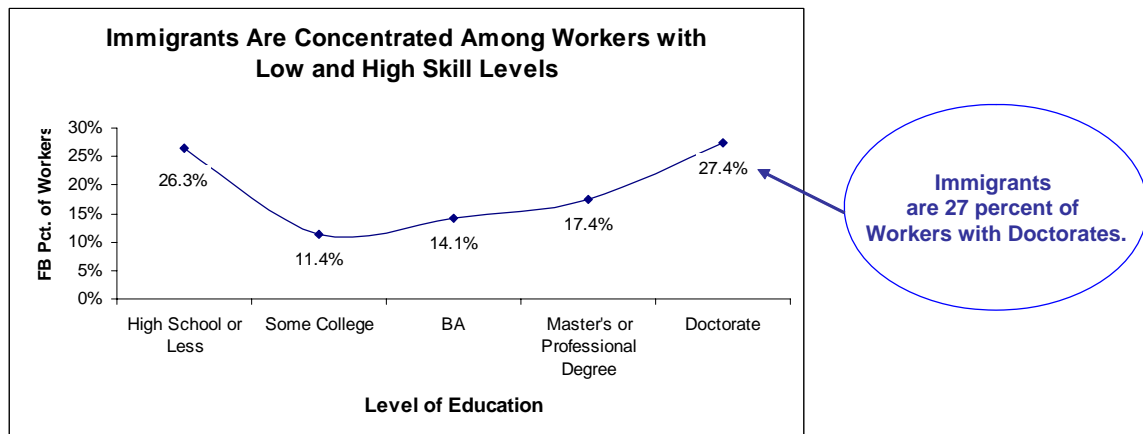
Immigrants Fill Job Needs at High and Low Ends

The fact that Illinois' economy is bifurcating into both high- and low-skill jobs is a dilemma for the state. Few would argue that we should channel native workers into the burgeoning number of low-skill jobs. Yet moving natives into high-skilled jobs takes reforms to our educational systems that have been slow to happen.

And make no mistake about it, there are serious shortages of native workers for the highest paid positions. This explains why 30 percent of physicians in metro Chicago are foreign born: the medical school pipelines in the United States do not produce enough doctors, and experts have warned of shortages nationwide of physicians. Similarly, there are over a quarter of a million open nursing positions in the U.S., but the U.S. system of nursing education is overburdened, and many potential nursing candidates need remedial education that delays and often blocks their attainment of an R.N. degree.

Clearly policymakers need to address the need to raise salaries in the lowest-paid jobs and to provide more opportunities for natives to access high-skill jobs. But the economy does not have the luxury of waiting for these policy initiatives to come to fruition. Thus Illinois is able to staff its entire spectrum of jobs with a combination of native and immigrant workers.

The graph below shows how immigrant workers fill gaps that native workers are unavailable for. As seen in the graph below, immigrants are concentrated among the lowest and highest skill levels, and do not work as often in jobs requiring mid-level skills: jobs that most native workers are prepared for.



The table below ranks occupations in Illinois that have a high proportion of immigrant workers. A look at the table shows that immigrants are a large presence in precisely the high- and low-skill occupations that we have been discussing. Among generally low-skill occupations, immigrants are 37 percent of building maintenance workers, 27 percent of food preparation workers, and 22 percent of farming/fishing/forestry workers, a category that includes landscaping jobs. Among high-skilled jobs in the table below,

immigrants are 25 percent of computer and mathematical workers, 19 percent of architectural and engineering workers, and 19 percent of health diagnosing workers.

Immigrants Are Critical Portion of Numerous Occupations in Illinois

	Immigrant Percent of Workers
Production	38.3%
Building and grounds cleaning and maintenance	37.0%
Food preparation and serving related	26.6%
Construction and extraction	25.8%
Computer and mathematical	24.7%
Farming, fishing, and forestry	21.8%
Transportation and material moving	21.3%
Architecture and engineering	19.3%
Personal care and service	19.1%
Life, physical, and social science	18.9%
Health diagnosing and treating practitioners and technical	18.8%
Installation, maintenance, and repair	18.0%
Health technologists and technicians	14.0%
Management	12.3%
Healthcare support	12.2%
Sales and related	11.1%
Financial specialists	10.8%
Education, training, and library	10.3%
Office and administrative support	9.9%
Business operations specialists	9.6%
Community and social services	8.7%
Arts, design, entertainment, sports, and media	7.2%
Protective service	4.6%
Legal	4.6%
All Illinois Occupations	17.3%

Source: Tabulations of Census Bureau data by Rob Paral and Associates

Immigrants Are a Large Portion of College Grads Entering the Labor Force

Popular notions of immigration conflate the image of immigrants with low-wage workers. This does a disservice to the role that immigration plays in providing highly educated college graduates. In fact, 38 percent of all college graduates entering the Illinois labor force are foreign born. In other words, for every 100 native-born persons entering the Illinois job market with a college degree, there are 62 immigrants.

It is important to describe how many of these foreign-born college graduates enter the Illinois labor market. Some of them came to the U.S. as children and grew up in the American K-12 educational system and then went to college perhaps at the University of Illinois, Northern Illinois University, or some other school.

But a large portion of highly educated immigrants entering the Illinois labor market are specifically recruited due to labor shortages. Many immigrant engineers at Motorola as well as immigrants in hotel managerial jobs and other positions have been admitted as temporary immigrants under the H-1B program. Significantly, employers have to sponsor these temporary immigrants (the individuals do not simply come on their own) and more importantly, the immigrants have been admitted because the U.S. Department of Labor certifies that they fill a labor shortage.

**Immigrants Are 38 Percent of College Graduates
Entering Illinois Labor Force**

Net Increase in College Graduates: 2000-2005	Increase in Immigrant College Graduates: 2000- 2005	Immigrant Percent of New College Graduates
160,853	61,553	38.3%

Immigrants Are a Large Part of Advancing Job Sectors

We have already shown that immigrants play a large role in the types of jobs that represent to two extremes of the labor market: high and low skill jobs. But the critical role of immigrants is even more obvious when we isolate those sectors of the job market that are rapidly growing. We find that immigrants are important not only to certain job sectors, many of which – like manufacturing production -- have existed for a long time, but immigrants are critical to the kinds of jobs that represent the future of Illinois. These are jobs in construction, health care and services.

The table below lists the job sectors that have experienced a net growth of workers in Illinois in the last five years. Immigrants are a major portion of the new jobs added to the economy in nearly every sector. For example, immigrants were 27.7 percent of all net job creation in the health diagnosing sector. In some sectors, immigrants represent more than 100 percent of new workers. This means that the loss of native workers in the category was so great that the category would have contracted absent the availability of immigrant workers.

Immigrants Are a Large Portion of Growth in Advancing Illinois Job Sectors

	Job Creation	Immigrant Portion of New Workers
Food preparation and serving related	52,689	42.4%
Construction and extraction	42,580	77.4%
Sales and related	35,440	21.7%
Personal care and service	32,393	48.1%
Building and grounds cleaning and maintenance	27,363	72.4%
Health diagnosing and treating practitioners and technical	20,662	27.7%
Management	19,876	101.2%
Transportation and material moving	18,084	99.8%
Healthcare support	17,245	15.5%
Protective service	16,128	3.1%
Health technologists and technicians	15,492	24.6%
Education, training, and library	8,298	112.5%
Financial specialists	7,738	13.7%
Legal	6,269	5.5%
Community and social services	3,235	50.0%
Farming, fishing, and forestry	568	123.9%
Total Jobs Created in These Industries	324,060	50.1%

Note: percentages over 100 mean that there was a net decline of native workers in the industry.

Source: Tabulations of Census Bureau data by Rob Paral and Associates

For Example,
Immigrants were 27.7 percent of
Net New
Health Diagnosing Workers
Over the Last Five Years

Immigrants Fuel Consumption, Particularly in the Housing Market

Immigrants Drive the Homeownership Surge in Illinois

Immigrant workers are visible to many of us as co-workers and as the staff we interact with in service and retail industries. But while the role of immigrants in the labor force is somewhat obvious (and quantifiable with census data), the fact that immigrants are consumers as well as producers is less known. In part this is due to the fact that we do not have government surveys on who shops in stores, who buys cars, who invests in the stock market, etc. There is, however, a powerful indicator available about the extent to which immigrants propel the economy as consumers and investors within the housing market.

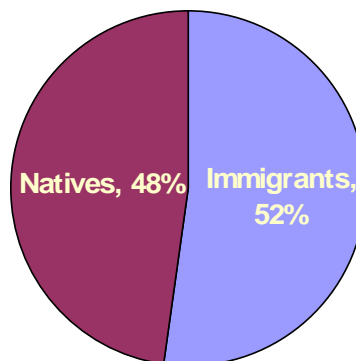
Immigrants Drive the Homeownership Expansion

	Change in Homeowners: 2000-2005	Immigrant Percent of New Homeowners
Chicago	30,596	56.5%
Suburban Cook	42,702	80.9%
7 Collar counties	145,959	42.8%
Metro Chicago	219,257	52.2%
94 Downstate counties	63,993	7.9%
Statewide	502,507	46.5%

Source: Tabulations of Census Bureau data by Rob Paral and Associates

80 Percent of the
Increase in Homeownership
in
Suburban Cook County
Is Due to Immigrants.

Immigrants Are Majority of Net New Homeowners in Metro Chicago: 2000-2005



Many economic and business analysts have commented on the large extent to which homebuilding and new home construction has underpinned the national economic expansion of recent years. Lost in the analysis, however is the fact that immigrants are a critical part of the demand side in the housing market and form a large portion of recent homebuyers.

In the city of Chicago and in suburban Cook County, new immigrant homeowners are responsible for the majority of new homeownership over the last five years. Even in the collar counties of the region, which are not usually associated with immigrant homeownership, foreign-born persons comprised more than 40 percent of the net growth in home ownership rates. Statewide, there was a net increase of 119,000 new immigrant homeowners in Illinois between 2000 and 2005.

The surge of immigrant homebuying shows that immigrants are interested in sinking roots in this state, and their investment strengthens the state's banking and credit industries by infusing new purchasing power into the market.

Conclusion

Modern immigration has profound effects on the economy and labor force of states like Illinois that receive large numbers of immigrants. As this report shows, immigrants fuel the state's prosperity by supplying much-needed workers in both low- and high-skill positions. Immigrants are also responsible for a disproportionately large share of housing market growth.

The fact that immigration and immigrants have reached such a critical mass at this point in our state's history means that Illinois policymakers need to re-think their attitudes toward immigration and its meaning for our state. Primarily, Illinois policymakers need to realize that **immigration policy is economic development policy**. The numbers of immigrants allowed to enter and the way in which they are welcomed and supported has increasingly significant impacts not only on the immigrants but on the larger state economy and native population.

Some the steps that are needed most urgently at the present time are:

Federal policies: The U.S. Congress and the Presidency need to provide legal channels of immigration that provide sufficient workers to promote economic growth, and recognize that without immigration, Illinois would have a shrinking workforce. Legal immigration policy needs to recognize the need for workers in both low- and high-skilled jobs, and the fact that immigrant workers have close family members that should be able to be with the worker here in the U.S.

State policies: Washington has never shown serious interest in supporting the incorporation of immigrants at the state and local levels. The federal government provides minimal support for English-language classes, citizenship classes, and other programs that help immigrants to integrate economically, socially and civically. Educational opportunities in the areas of language acquisition and naturalization need to be provided along with other practices such as immigrant welcoming centers, translation and interpretation of government materials and information, and eligibility for basic state programs in areas such as health care.

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Rob Paral is Principal of Rob Paral and Associates. He is a Research Fellow with the American Immigration Law Foundation in Washington, DC and with the Institute for Latino Studies at Notre Dame University. He is also affiliated with The Institute for Metropolitan Affairs at Roosevelt University in Chicago. Mr. Paral was formerly the Research Director of the Latino Institute in Chicago and was a Senior Research Associate with the National Association of Latino Elected and Appointed Officials.

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