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## Learning from Legalization

### The Experience of IRCA-Era Mexicans in Los Angeles County

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CSII

CENTER FOR THE STUDY OF  
IMMIGRANT INTEGRATION



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## Summary

Los Angeles County has a powerful interest in understanding how immigrant populations are progressing over time and showing signs of integration. This includes the question of how legalization of undocumented immigrants might improve the social and economic status of these immigrants and potentially reduce disparities between them and native-born populations. This report examines social and economic progress of a group of Mexican immigrants who are highly representative of those immigrants who legalized their status under the Immigration Reform and Control Act of 1986 (IRCA). The Act included an “amnesty” program for persons who had lived in the U.S. since 1982 and met certain other requirements.

This study tracks the progress of Mexican immigrants residing in Los Angeles County who arrived in the 1975–1981 period. A large portion of these persons became legalized, and their subsequent experience in gaining education, buying homes and raising their earning power are important indicators of how L.A. County might benefit or not from future legalization efforts.

Following are selected highlights from the report.

- The Mexican immigrants who arrived in Los Angeles County in the 1975–1981 period (“IRCA-Era” Mexicans) made substantial gains in high school attainment, and closed the gap with native-born whites somewhat. IRCA-Era Mexicans aged 25–34 had a high school attainment level of 21.5 percent, by the 2006–2008, some 33.2 percent of this group had a high school degree or its equivalent.
- As a result of education gains, gaps between the Mexicans and native-born whites declined. In 1990 the high school attainment rate of IRCA-Era Mexicans was one fifth of the rate of whites; by 2006–2008, the Mexican attainment rate rose to one third of the white rate.
- Poverty rates among the IRCA-Era Mexicans fell steeply over an 18-year period, in the 9–10 percentage point range depending on the age cohort.
- Falling poverty among the IRCA-Era Mexicans cut the gap between them and whites for most persons. The Mexicans aged 25–34 years in 1990 had a poverty rate five times that of native-born whites. By the 2006–2008 period, the rate for IRCA-Era Mexicans was 2.8 times that of whites.
- Home ownership rates of the IRCA-Era Mexicans rose dramatically, more than doubling for each age group analyzed. As a result, the IRCA-Era Mexicans erased much of the gap in home ownership between them and native-born whites.
- The income of these “IRCA-Era” immigrants rose over the study period, but not enough to close the gap with native-born whites

“IRCA-Era” Mexicans in this report are Mexican immigrants who arrived in the U.S. in the 1975–1981 period: the years just prior to 1982, a date by which applicants for the regular legalization program of IRCA had to be in the U.S.

# Introduction

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The successful integration of immigrant communities is a critical issue for Los Angeles County. Immigrant integration has been defined variously as a “process of economic mobility and social inclusion of newcomers,”<sup>1</sup> and as “improved economic mobility for, enhanced civic participation by, and receiving society openness to immigrants.”<sup>2</sup> This goal is obviously important for a county like Los Angeles where the foreign born are more than a third of the population.

Los Angeles County is home to a large undocumented population that represents as many as one of six foreign-born persons.<sup>3</sup> The integration potential of unauthorized immigrants hinges largely on whether they can obtain legal permission to work, get job training and education, and participate in credit and financial markets, etc., on an equal footing with legal residents and natives.

Studies have documented improvements in wages and economic status gained by persons who legalized their status via the Immigration Reform and Control Act. A survey conducted for the U.S. Department of Labor, for example, found that workers who legalized under IRCA had an average hourly wage increase of 15 percent after four to five years.<sup>4</sup> Another analysis of Mexican males who legalized via IRCA reported that nearly 39 percent had gone into higher-paying occupations within a few years.<sup>5</sup>

Other researchers argue that socioeconomic improvements of legalized immigrants are small. One analysis looked at immigrants receiving legal status and compared those who were originally unauthorized border crossers, persons who overstayed a legal visa, and immigrants that had been continuously legal. The study found that the wages and occupation improvement of the formerly undocumented immigrants to be small, especially for immigrants with low levels of education.<sup>6</sup>

The existing analyses have had a national- or state-level focus. But few studies have looked at whether immigrant legalization is associated with reduction in social and economic disparities that define large urban areas in the United States. This latter issue is a serious concern for those who care about the health and viability of a great metropolis like Los Angeles. Findings would illuminate how the area might fare under a new legalization program.

Immigrants from Mexico are the majority of undocumented residents nationally, representing about 57 percent of unauthorized residents in 2006<sup>7</sup> and 70 percent of undocumented immigrants present in 1988

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<sup>1</sup> Fix, et al., 2007, *An Analytic Framework for Developing an Immigrant Integration Strategy for Los Angeles County*, Washington, DC: Migration Policy Institute.

<sup>2</sup> Pastor, Manuel and Ortiz, Rhonda, 2009, *Immigrant Integration in Los Angeles: Strategic Directions for Funders*, Los Angeles, CA: University of Southern California, Program for Environmental and Regional Equity.

<sup>3</sup> Capps, Randy et al., 2002, *How Are Immigrants Faring After Welfare Reform? Preliminary Evidence from Los Angeles and New York City*, Washington, DC: The Urban Institute.

<sup>4</sup> Smith, et al., 1996, *Characteristics and Labor Market Behavior of the Legalized Population Five Years Following Legalization*, Washington, DC: Bureau of International Labor Affairs, U.S. Department of Labor, May 1996: p. 43.

<sup>5</sup> Sherrie A. Kossoudji and Cobb Clark, Deborah A., 2000, “IRCA’s Impact on the Occupational Concentration and Mobility of Newly Legalized Mexican Men,” *Journal of Population Economics* 13, no.1, February 2000: 81-98.

<sup>6</sup> Hill, et al., 2010, *Immigrant Legalization: Assessing the Labor Market Effects*, Public Policy Institute of California, available at [http://www.ppic.org/content/pubs/report/R\\_410LHR.pdf](http://www.ppic.org/content/pubs/report/R_410LHR.pdf).

<sup>7</sup> Passel, Jeffrey, 2007, *Unauthorized Migrants in the United States: Estimates, Methods, and Characteristics*, Paris: Organization for Economic Cooperation and Development, OECD Social, Employment and Migration Working Papers DELSA/ELSA/WD/SEM(2007)12.

(just as the IRCA applicants began to attain legal status).<sup>8</sup> Mexicans are likely to be a higher portion of the undocumented in Los Angeles County, given the county's history as a destination for immigrants from that country. Persons from Mexico were 69.8 percent of applicants for the main legalization program.<sup>9</sup>

Because Mexicans were the majority of IRCA applicants, and because a large percentage of Mexicans present as of 1982 went through legalization, these immigrants are an excellent proxy for understanding the effects of legalization. This study tracks the progress of “IRCA-Era” Mexicans in Los Angeles County, defining them as persons born in Mexico, who came to the U.S. in the 1975–1981 period (i.e., the years leading up to the cutoff for legalization eligibility under IRCA), and who are residents of Los Angeles County.

The analysis uses a cohort-type methodology that follows a group of immigrants over time across the 1990, 2000 and 2006–2008 time periods.<sup>10</sup> Understanding immigrant integration by tracking the migrants by their period of entry over time periods is a well-established technique,<sup>11</sup> as is proxying a legal status population by using survey records of persons who are likely to have that status.<sup>12</sup>

### **The Value-Added of This Analysis**

Research has shown that attaining legal status boosts the wages and economic well-being of previously unauthorized immigrants. But little investigation has been done to show the extent to which immigrant legalization can help ameliorate the large socioeconomic gaps that exist in a region—like Los Angeles County—that includes many undocumented immigrants.

<sup>8</sup> Passel, Jeffrey S. and Woodrow, Karen A., 1990, “Post-IRCA Undocumented Immigration to the United States: An Assessment Based on the June 1988 CPS” in *Undocumented Migration to the United States: IRCA and the Experience of the 1980s*, Eds. Frank D. Bean, Barry Edmonston and Jeffrey S. Passel, Washington DC: The Urban Institute Press.

<sup>9</sup> U.S. Bureau of the Census, 1990, *Statistical Abstract of the United States: 1990* (110th edition) Washington, DC.

<sup>10</sup> The cohorts tracked in this report are artificial, because the census and American Community Survey do not identify individuals across surveys. Between the 1990 and 2000 census, those individuals aged 25–34 in 1990 are not exactly the same as those 35–44 ten years later. Between the two survey periods, mortality, in-migration and out-migration change the nature of the population somewhat. But the use of artificial cohorts has a long and respected history in immigration studies.

<sup>11</sup> Myers, Dowell, 2007, *Immigrants and Boomers: Forging a New Social Contract for the future of America* New York: Russell Sage Foundation.

<sup>12</sup> Clark, et al., 1994, *Fiscal Impacts of Undocumented Aliens: Selected Estimates for Seven States*, Washington, DC: The Urban Institute.

# Methodology

## Sources of Data

This report uses data from the 1990 and 2000 censuses and the American Community Survey for years 2006, 2007 and 2008. The ACS data for 2006–2008 are combined and re-weighted to provide a larger and more reliable sample. These surveys do not ask respondents to report their current or previous immigration status, but as described above, many or most of the Mexican immigrants residing in Los Angeles County prior to the 1982 cutoff date for IRCA were likely to be undocumented.

## Methodology Snapshot

Population	Immigrants who arrived in the U.S. during the 1980s and who reside in Los Angeles County, California
Integration Measures	Education, income, labor force and home ownership
“Cohort” Analysis	Assess socioeconomic levels of 1980s immigrants in 1990, in 2000 and in 2006–2008 period
Data Source	U.S. Census Bureau surveys
Other controls	Track specific age group

## Variables

The following variables and universes are used in the report:

- High school completion: Based on persons 25 years or older a high school diploma/GED or higher level of education.
- Labor force participation: Based on persons 16 years and older in the civilian labor force.
- Poverty: Based on persons of all ages for whom poverty status is determined.
- Home ownership: Based on individuals living in housing units owned free and clear and in mortgaged housing units.
- Family income: Includes persons in families; all dollar amounts in this report are expressed in 2008 amounts.

## Definition of “IRCA-Era” Mexicans

These are defined as foreign-born persons born in Mexico who entered the U.S. in the 1975–1981 period (the years immediately prior to the January 1, 1982 cutoff date for the main legalization program of IRCA).

Three age groups of Mexican immigrants are tracked, based on their age in 1990: persons 16–24, 25–34 and 35–44 years. Persons in these age categories were about 80 percent of all IRCA applicants.<sup>13</sup>

<sup>13</sup> Ibid. U.S. Bureau of the Census, 1990.

## Geography

Los Angeles County is the place of residence of all persons included in the study.

## Limitations of the Analysis

Since 1990 (the first data point in this report) there has been more out-migration of native-born persons (especially whites) than of other populations in L.A. County. Between April 1, 2000 and July 1, 2009, for example, Los Angeles County experienced negative domestic migration of 1.1 million natives versus a net international migration of 651,000. Thus the average characteristics of native-born whites, who are the benchmark against which immigrants are compared, may have changed more dramatically than in the case of immigrants.

## Labor Force Measurement Issues

Readers of this report will note that the IRCA-Era Mexicans show a decline in their labor force participation rate between 1990 and 2000, and a subsequent rise to the 2006–2008 period. This trend involves not only the IRCA-Era Mexicans but other immigrant groups and native-born whites as well. Indeed, the nation, the state of California and Los Angeles County as a whole had a drop in labor force participation from 1990 to 2000, and an increase between 2000 and the 2006–2008 period, as seen in the table below. In another report by the same author, *Measures of Immigrant Integration in Los Angeles County*, we explain why the 2000 dip is likely an artifact of changing survey techniques.

**Labor Force Participation Rates (%)**

	1990	2000	2006–2008
<b>U.S.</b>	64.9	63.7	65.1
<b>California</b>	66.6	62.2	64.6
<b>L.A. County</b>	67.1	60.5	64.8

Note: Based on civilian labor force

Source: 1990 and 2000 decennial census; 2006–2008 American Community Survey

Using the 2006–2008 combined ACS records means that persons across a 12-year age span are included in the last time period of this analysis. For example, a 25 year old in 1990 is 41 in 2006, 42 in 2007 and 43 in 2008. A 34 year old in 1990 is 50 in 2006, 51 in 2007 and 52 in 2008. Thus the 25–34 year old cohort of 1990 includes persons as young as 41 and as old as 52 in the 2006–2008 ACS records. But any person selected from the 2006–2008 ACS records was indeed between 25 and 34 years of age in 1990.

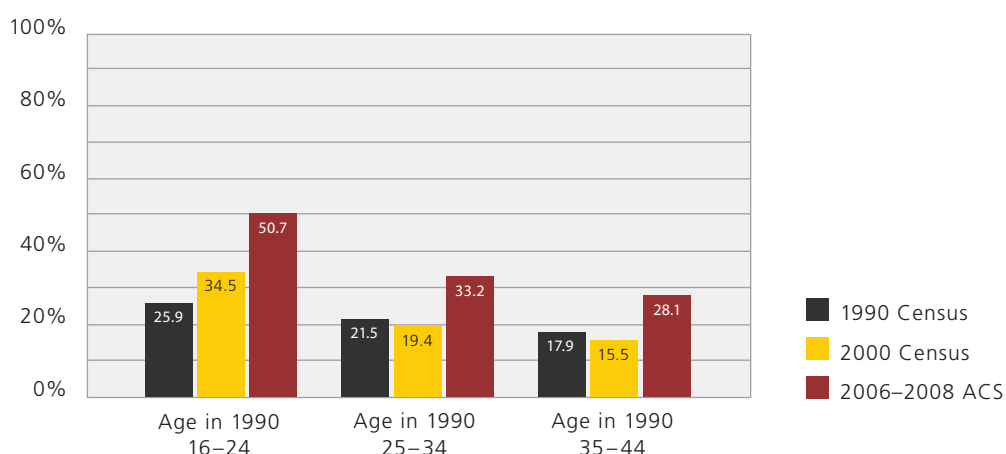
# Findings

## High School Completion: Progress over Time

### High school attainment rises among all age groups

Each of the age cohorts had a clear increase in high school attainment. Some 22 percent of “IRCA-Era” Mexican immigrants aged 25–34 years of age in 1990 had a high school degree, but by the time of the 2006–2008 survey, this group reported a 33 percent graduation rate. The increase in high school completion among persons aged 16–24 in 1990 is sharp, but much of this is to be expected because many of these persons had not yet had time to graduate high school at the time of the 1990 census.

Percentage of High School Completion of IRCA-Era Mexican Immigrants, by Age Cohort over Time

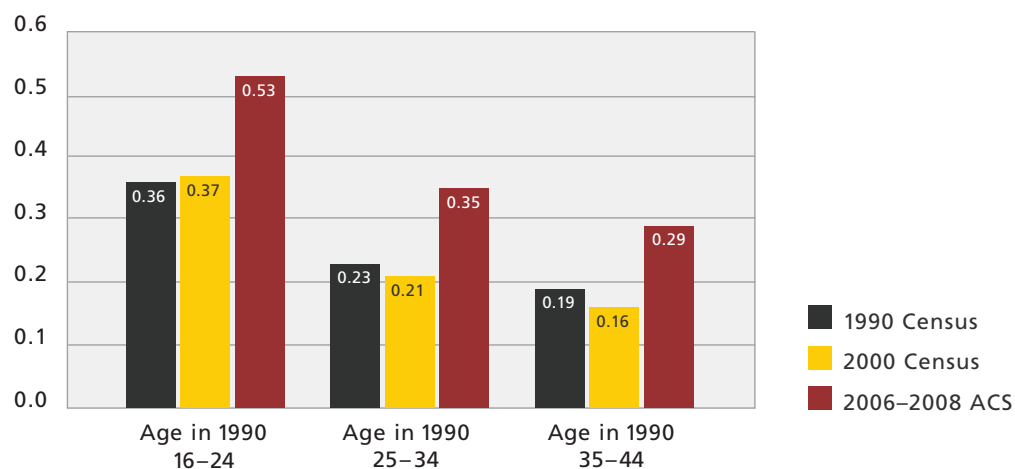


## High School Completion: Progress in Integration

### Gains made in comparison to native-born whites

The “IRCA-Era” Mexican immigrants substantially cut into the disparity between themselves and native-born whites. Using persons aged 25–34 in 1990 as an example, their high school graduation rate was less than a quarter that of native-born whites in 1990, but by 2006–2008 it had risen to over a third of the native-born white rate.

High School Completion: Ratio of IRCA-Era Mexicans to Native-Born Whites, by Age Cohort over Time

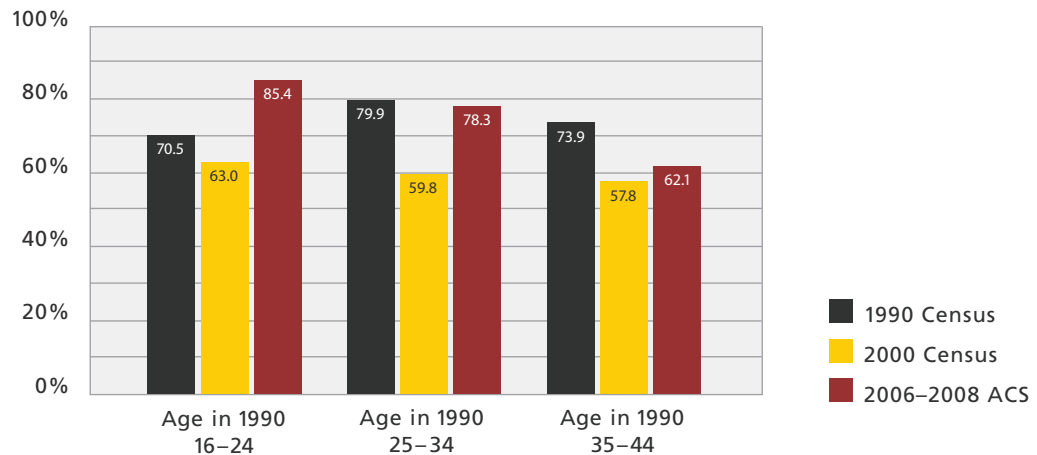


## Labor Force Participation: Progress over Time

### Mixed picture in labor force participation rates

The percent of “IRCA-Era” Mexicans in the labor force moved in different directions depending on the age cohort. The youngest persons moved increasingly in the labor force, perhaps as to be expected, with the oldest cohort falling out, perhaps also to be expected as retirement neared for the oldest in this group.

Percentage of Labor Force Participation of IRCA-Era Mexican Immigrants, by Age Cohort

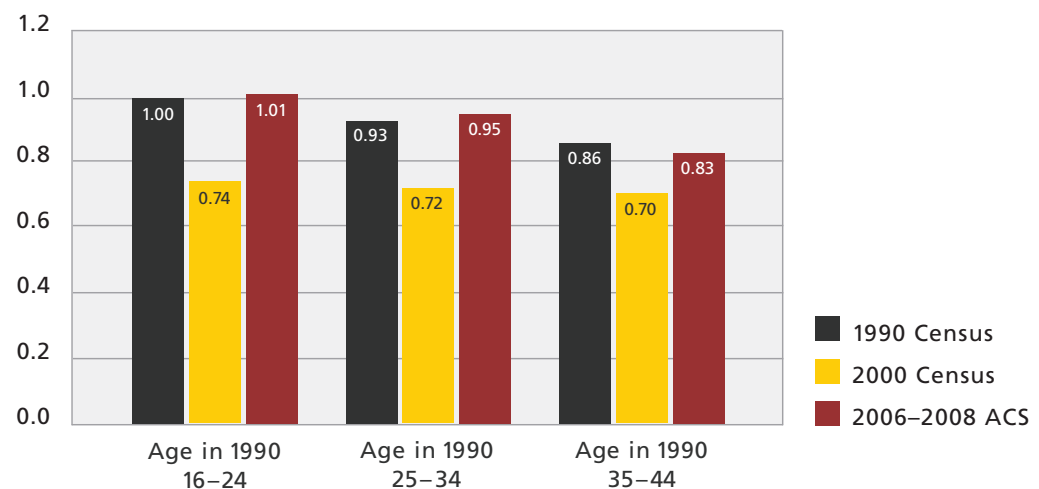


## Labor Force Participation: Progress in Integration

### Most “IRCA-Era” Mexican immigrants maintained rates close to those of native-born whites

The two younger cohorts of immigrants slightly increased their labor force participation rates against those of whites. The oldest group saw its labor force participation rate fall only slightly against whites between 1990 and 2006-2008.

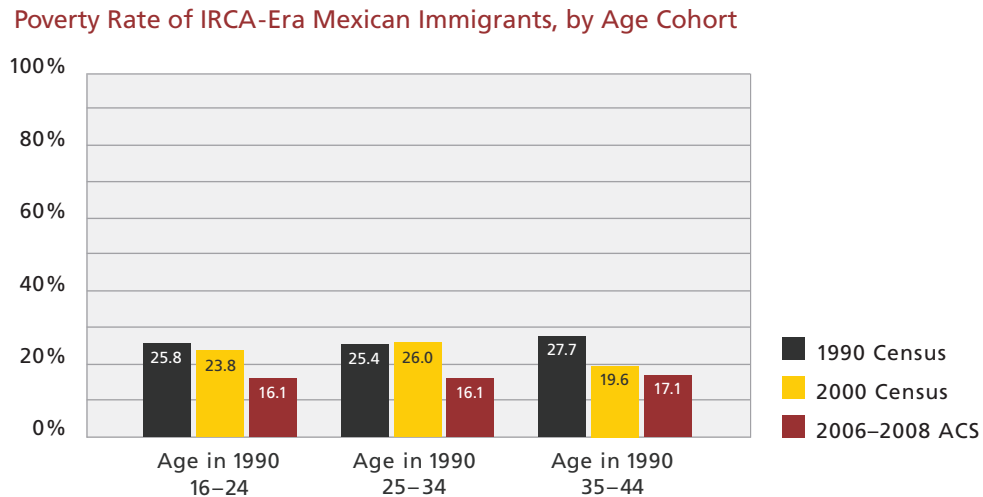
Labor Force Participation: Ratio of IRCA-Era Mexicans to Native-Born Whites, by Age Cohort



## Poverty: Progress over Time

### Sharp poverty declines among the Mexican arrivals of 1975–1981

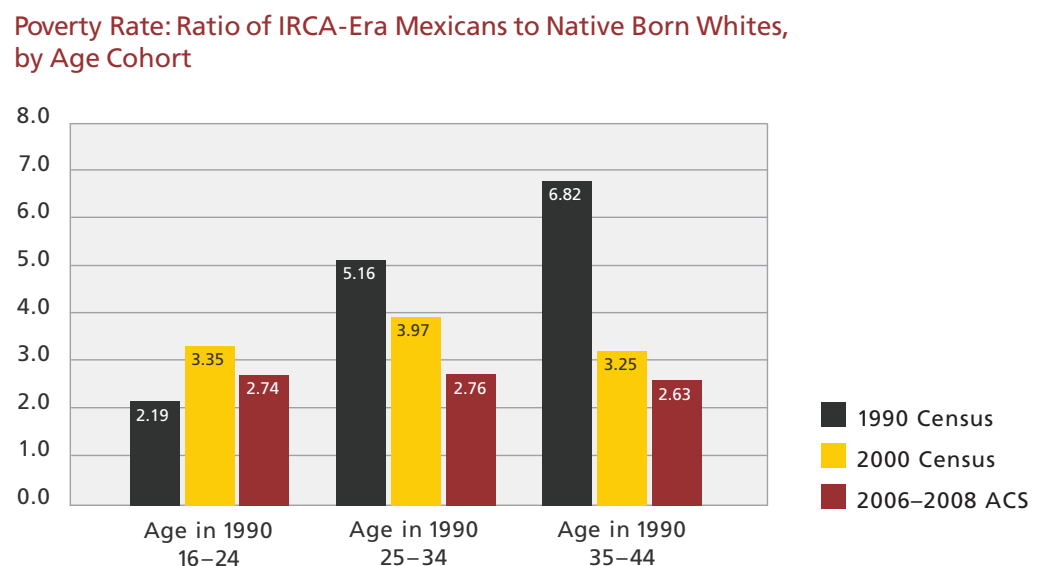
The Mexican immigrants who arrived in the 1975–1981 period had steep declines in their poverty rate between 1990 and 2006–2008, in the 9–10 percentage point range depending on the age cohort.



## Poverty: Progress in Integration

### Most “IRCA-Era” Mexican immigrants substantially narrow poverty gap with native-born whites

Falling poverty rates among the Mexican immigrants who arrived in the 1975–1981 period meant that many of them narrowed the gap between themselves and native-born whites. For persons aged 25–34 in 1990, their poverty rate was five times the rate for native-born whites in 1990 but only 2.76 times the white rate by 2006–2008. The youngest group of “IRCA-Era” Mexicans lost ground against native-born whites.

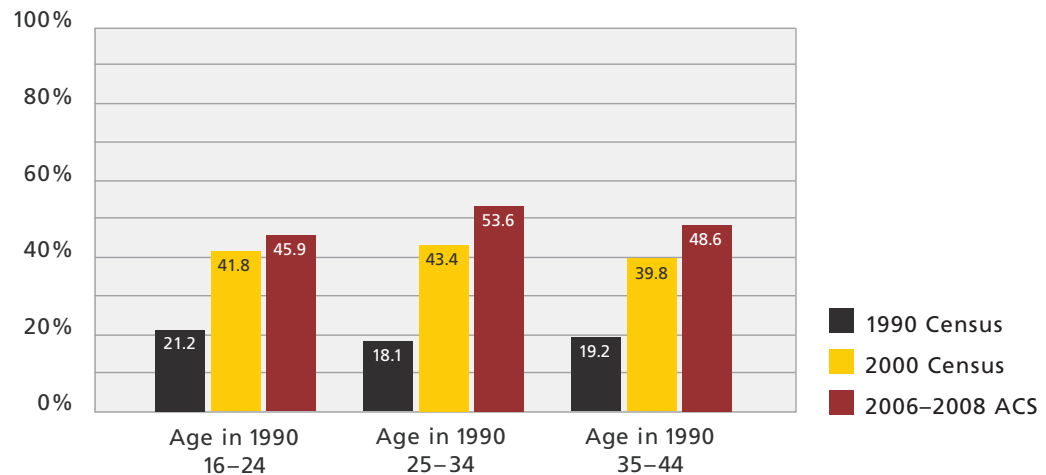


## Home Ownership: Progress over Time

### Home ownership jumps among the “IRCA-Era” Mexicans

Homeownership among Mexican immigrants who arrived in the 1975–1981 period more than doubled for each age cohort. The sharpest increase was among the oldest cohort, whose homeownership rate rose from 19 percent in 1990 to 49 percent in 2006–2008.

Percentage of Home Ownership of IRCA-Era Mexican Immigrants,  
by Age Cohort

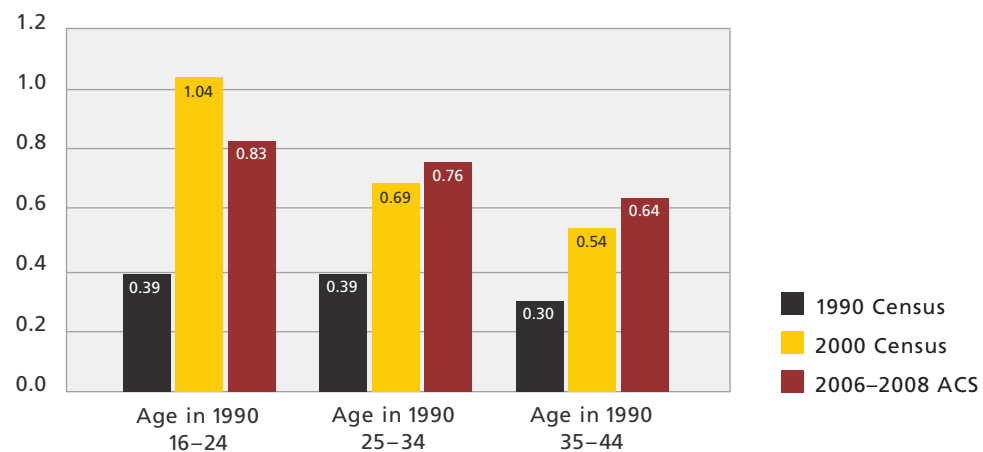


## Home Ownership: Progress in Integration

### Homeownership gap with whites narrows substantially

The Mexican immigrants of 1975–1981 made large strides in narrowing the gap in homeownership between themselves and native-born whites. The ratio of Mexican to native-born white homeownership was less than .40 for each age cohort in 1990, but by 2006–2008 it was .64 in the case of the oldest age cohort and .83 in the case of the youngest.

Home Ownership: Ratio of IRCA-Era Mexicans to Native-Born Whites,  
by Age Cohort

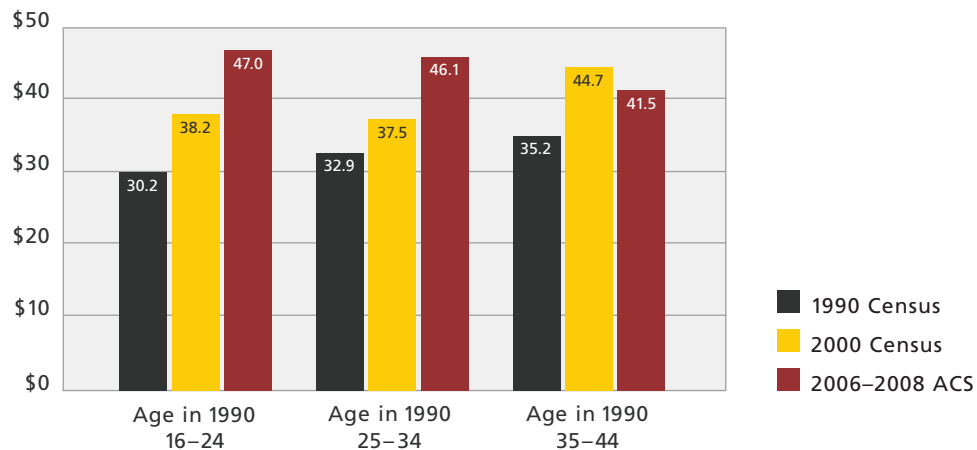


## Income: Progress over Time

### Median family incomes of Mexican immigrants who arrived prior to IRCA grow substantially

The “IRCA-Era” Mexicans had notable increases in median family incomes over time in Los Angeles County. Median family income rose by 40 percent from \$32,861 to \$46,096 for those immigrants aged 25–34 in 1990.

Family Income of IRCA-Era Mexican Immigrants,  
by Age Cohort (dollars in thousands)



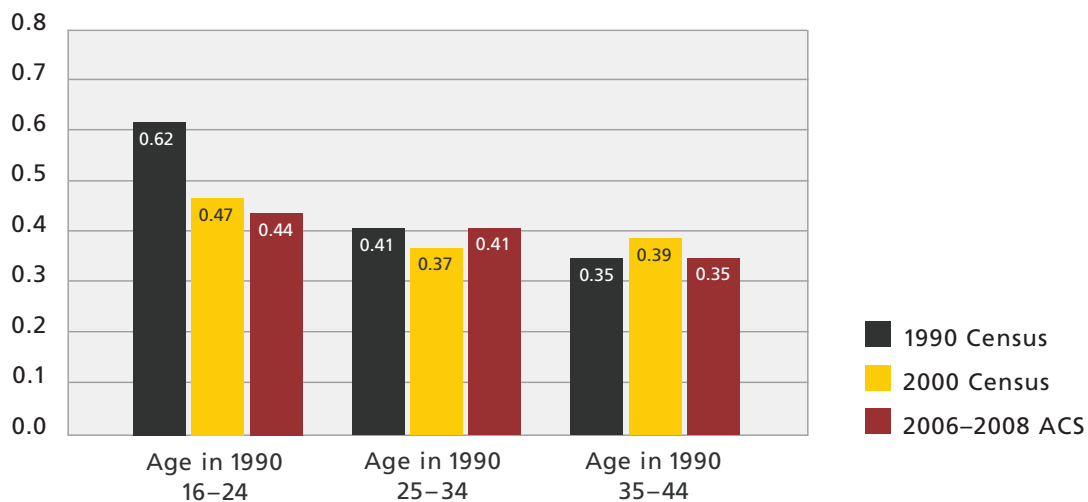
Note: All amounts are 2008 inflation-adjusted dollars.

## Income: Progress in Integration

### Despite income growth, gaps widen or remain flat

The median family incomes of the youngest Mexican immigrants of the 1975–1981 period fell against those of comparably aged native-born whites, while income gaps between the two older age cohorts and whites remained unchanged between 1990 and 2006–2008.

Family Income: Ratio of IRCA-Era Mexicans to Native-Born Whites,  
by Age Cohort



Note: All amounts are 2008 inflation-adjusted dollars.

## Discussion

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This report looks at five measures of integration and finds that in four of the five cases the majority of the IRCA-Era Mexicans either made progress against native-born whites (in high school completion, poverty rate, and homeownership) or maintained an already-high measure (labor force participation). These are positive findings, suggesting that legalization can be associated with improved socioeconomic standing.

The findings on overall improvement in education, homeownership and poverty level are especially important given the characteristics of the IRCA-Era Mexican immigrants. On average, Mexican immigrants to the United States have low levels of education and ability to speak English, yet by 2006–2008 well over forty percent of the IRCA-Era Mexicans owned their home.

The findings also suggest that immigrant-receiving metropolitan areas seeking to reduce social and economic disparities would do well to look at legalization as a strategy for promoting regional growth and well-being. A regional planner, advocate or other resident of a metropolitan area heavily impacted by immigration might look at legalization purely in terms of its economic development merits.<sup>14</sup> The income trends reported in this analysis are less positive, and point to some of the limitations of legalization. The youngest Mexican immigrants actually lost ground against the natives (i.e., those persons who were 16–24 in 1990) in terms of their median family income levels. The older age groups had no change over time against native whites, and their incomes remained well below the levels of the whites. The economic mobility offered by legalization is tempered by the limited opportunities of low-skill workers, regardless of their nativity or legal status. The majority of IRCA-Era Mexicans, despite improvements over time, still lacked a high school degree by the 2006–2008 period.

The youngest group of IRCA-Era Mexicans also lost ground against native whites in their poverty measure. The poverty rate of the youngest Mexicans was 2.2 times that of the native white rate in 1990, but was 2.7 times by 2006–2008. The poverty measure is based on income, of course, but the older Mexican age groups improved their poverty status vis-à-vis native whites even while their median income level was stagnant compared to the whites. It is beyond the scope of this report to examine causes of the weak performance of the younger IRCA-Era Mexicans, but possible issues to consider include the younger persons entering a different labor market than their older compatriots (even though we may assume that, on average, the younger Mexicans would have had some of their education here in the U.S.)

The flat or declining (compared to whites) income trends of the IRCA-Era immigrants in Los Angeles County suggest that legalization is not an end game in itself. The IRCA-Era immigrants face the plight of low-skill workers and would benefit from the policies supportive of such workers regardless of nativity or immigration status. These include access to job training and adult education (including English-language instruction for immigrants), safety net programs such as food stamps and rehabilitative services for disabled workers, and the presence of strong institutions capable of delivering information, training and assistance to groups that have been hindered from achieving mainstream economic success.

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<sup>14</sup> Compared to other investments needed to improve competitiveness and prosperity, legalization may be one of the cheaper interventions. For one thing, the majority of its implementation costs would likely be born by the federal government.

**Rob Paral and Associates help service organizations, charitable foundations and other institutions understand the populations they serve and the impact of their programs.**

Our recent immigration-related projects include:

- Assessing the extent of services to immigrants in Illinois community colleges for the Illinois Coalition for Immigrant and Refugee Rights
- Developing measures of immigrant civic engagement for The Carnegie Corporation of New York
- Producing a three-part series of briefings on immigration and unemployment for the Washington, DC-based American Immigration Council

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