The Hardest Hit: Post-COVID Unemployment in Immigrant-Dense Industries

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Executive Summary

This brief explores the Covid-19 pandemic's influence on employment in industries with various concentrations of legally resident and unauthorized workers. Snapshots of the nation and of the Northeast (the region of the country that was initially the hardest hit by the virus) reveal that industries in which certain types of immigrants were disproportionately represented experienced some of the sharpest increases in unemployment in the immediate aftermath of the March "shutdown" due to Covid-19. The brief highlights, specifically, the following:

1. Unauthorized immigrants were disproportionately represented in industries such as construction, personal services, professional and business services, and leisure and hospitality

2. Several of these industries saw the greatest losses to employment as a result of Covid-19 related business closures

3. The industries in which immigrants are disproportionately represented experienced the most acute increases in unemployment in the Northeast

These findings suggest that, as with the Great Recession, the most vulnerable classes of immigrants in the United States (especially the undocumented) are likely to be hit disproportionately hard by the economic fallout from Covid-19 due to their concentration in industries that have been severely impacted. Such migrants – and therefore their families including their children, most of whom are U.S. born–thus far have largely been excluded from the myriad relief efforts made by the federal government. The findings of this analysis point to the need for greater inclusion in future government aid packages in order to provide relief to these disadvantaged populations.

Introduction

Policy makers have been confronted with two devastating aspects of the coronavirus pandemic on American residents: (1) the impact on individuals' health and the nation's health care system, and (2) historic increases in unemployment. These impacts are not felt equally throughout society as communities of color and essential workers in front-line industries have been disproportionately impacted by Covid-19 (Adhikari et al. 2020; Kochhar 2020). The foreign-born population in the U.S. – and certain types of foreign-born residents in particular – may be especially vulnerable to this kind of "double-disadvantage" owing to disproportionate social and economic disadvantages coupled with heavy concentration in the industries most impacted by the pandemic.

Specifically, only naturalized U.S. citizens and Lawful Permanent Residents (LPRs) were eligible for relief under the CARES Act, which provided one-time cash payments to eligible Americans. The Act excluded an estimated 15.4 million residents, including 5.2 million LPRs and U.S. citizens (most of them children) who filed a tax return with or were listed as a dependent of a non-LPR (Chishti and Bolter 2020). Debate in congress will likely ensue over whether such American residents will be covered by future relief efforts. The objective of this brief is to inform such debates. Toward that end, we present a snapshot of the employment rates in various industries in which immigrants – and unauthorized immigrants in particular – are concentrated, before and after the mid-March shutdown of normal American life.

Approach, Analysis & Results

Using multiple sources of survey data from the U.S. Census Bureau and "statistical matching" techniques[1], we first estimated the industrial distributions of various types of workers, including U.S. natives, foreign-born naturalized U.S. citizens, lawful permanent residents, and non-LPRs (overwhelmingly unauthorized immigrants). This allowed us to identify industries in which these types of workers are over- or under-represented, both nationally, and in the Northeast region of the country.

We then estimate unemployment rates for each industry from January to May 2020 using the Current Population Survey (CPS), the government's official source for unemployment statistics. We combine the January and February samples to generate "pre-shutdown" unemployment rates and combine April and May samples for "post-shutdown" rates. We measure change in unemployment as the percentage point difference in unemployment between the pre- and post-shutdown rates.

Foreign born workers make up 17% of the labor force (ages 18 and up) in the United States, and about 5% of all workers are unauthorized immigrants (Passel and Cohn 2018). However, the foreign born, and unauthorized immigrants specifically, are not equally represented in all industries. Table 1 shows the distribution of unauthorized workers across industries in both the US and in the Northeast region. Unauthorized immigrants are overrepresented—that is, their share of workers in an industry exceeds their share in the overall labor force—in industries such as agriculture, construction, personal services, professional and business services, and leisure and hospitality. The degree of over-representation of unauthorized immigrants in certain industries in the Northeast is largely the same as it is nationwide. Thus, the region, which bore the initial brunt of the pandemic, may serve as a barometer of sorts of how subsequent outbreaks may impact other areas of the country.

Next, we examine the change in unemployment resulting from the pandemic, for all workers and for those in industries where unauthorized immigrants are most disproportionately represented. In the entire labor force, unemployment increased by about 10 percentage points over the January to May 2020 time period.

Table 1. Distribution of Unauthorized Workers Across Industries

Industry (descending order by relative size of non-LPR population)	Percent of Industry That is Non-LPR	
	US	Northeast
All Industries	3.9%	4.0%
Agriculture	11.9%	5.9%
Construction	9.7%	8.4%
Personal and Other Services	6.5%	7.7%
Professional and Business Services	5.4%	5.5%
Leisure and Hospitality	4.9%	5.6%
Manufacturing	4.1%	3.5%
Information	4.0%	4.0%
Wholesale Trade	3.9%	4.1%
Mining, Quarrying, and Oil and Gas Extraction	3.3%	3.2%
Education and Social Assistance	2.6%	2.9%
Retail Trade	2.4%	2.8%
Transportation and Utilities	2.2%	2.7%
Financial Activities	2.2%	2.7%
Health Services	1.7%	2.3%
Public Administration	1.2%	1.6%

Figure 1: Change in Unemployment for Industries with the Highest Concentration of Undocumented Workers during January to May 2020 COVID-19 Shutdown

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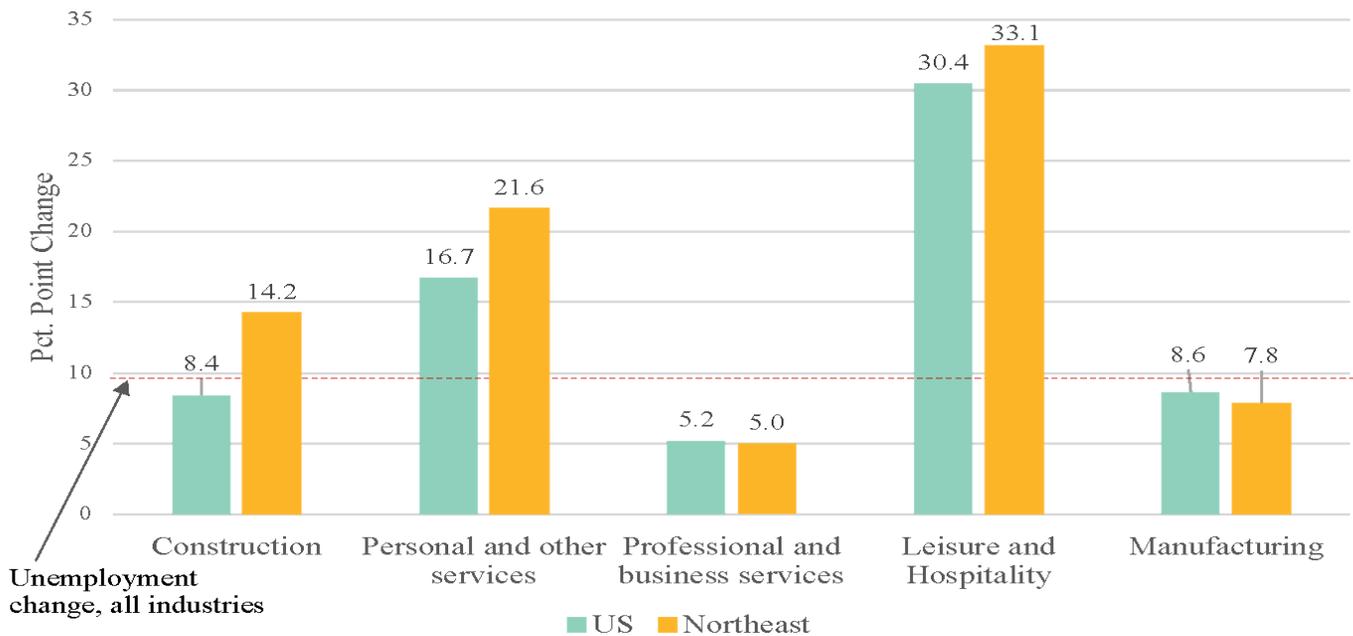
In Figure 1, we show industry-specific changes in unemployment for industries with the largest shares of unauthorized workers. The changes in unemployment for industries in Figure 1 ranged from an increase of 5 percentage points in professional and business services to an increase of 30 percentage points in the leisure and hospitality industry. Unemployment in personal and other services also experienced an above-average increase at the national level, increasing by 16.7 percentage points relative to the 10 percentage point increase across all industries.

Turning to the Northeast region of the US, we see a general pattern of unemployment change that resembles the national trend. However, the magnitude of increase to unemployment was greater in several industries where unauthorized workers comprise a relatively large share. For example, in the Northeast, unemployment increased more steeply in construction, personal and other services, and in leisure and hospitality relative to the nation as a whole.

Conclusions & Policy Recommendations

Immigrants – especially the unauthorized – are disproportionately represented in industries such as construction, personal services, professional and business services, and leisure and hospitality. A snapshot of employment rates before and after the coronavirus pandemic precipitated the massive economic slowdown of the economy in Spring 2020 indicates that these industries experienced especially sharp increases in unemployment, both nationally and most acutely in the northeast, which bore the brunt of the initial outbreak in the U.S. in March 2020. Such evidence fuels concerns that the most vulnerable foreign-born residents in the U.S. are disproportionately impacted by the pandemic, an impact likely exacerbated by the exclusion of such migrants from government relief efforts such as the CARES Act.

Ten million unauthorized residents of the US were ineligible for benefits under the CARES Act (Chisti and Bolter 2020). This exclusion, however, was not limited to unauthorized immigrants. It has also been estimated that more than five million US-born and naturalized citizens and LPRs who are the spouses and children of non-LPRs were also excluded from CARES payments (Chisti and Bolter 2020). Such families face myriad challenges to safely navigating life amidst the pandemic, challenges that may be exacerbated by the lack of a federal safety net for families with non-LPR members. The empirical snapshot provided in this brief implies that lawmakers should consider the inclusion of non-LPRs and their families in future relief packages in order to help some of the nation's most vulnerable families recover more quickly in the wake of the pandemic than would otherwise be possible in the absence of federal or state government support.

Note

Statistical matching – sometimes called "data fusion" – refers to a class of statistical methods for pooling multiple sources of data using established statistical guidelines in order to prevent biased analyses. The particular method that we used to generate estimates of the legal status distribution in different industries is known as "combined sample multiple imputation" or CSMI. Statistical matching provides analysts with a way to leverage strengths of various surveys by combining them. The method is useful when there exists data from a small sample which contains rich information, and data from a much larger sample which lacks that information. CSMI treats the information in the larger sample as missing, and uses standard multiple imputation techniques to "fill it in" using probabilistic models estimated from the smaller sample. Once the missing information has been imputed in the larger sample, the "fused" sample can then be used to provide more precise estimates of interest than would otherwise be feasible with the small sample alone. In our application of the method, we pool the 2014 Survey of Income and Program Participation (SIPP) with the 2018 American Community Survey (ACS). The SIPP is a relatively small sample (approximately 10,000 foreign-born respondents), but includes valuable information about migrants' visa status. The ACS is a massive federal survey, but lacks the legal status information in the SIPP. Space limitations preclude a more detailed description of the method applied to generate the estimates reported in Table 1, but interested readers should consult Capps et al. (2018), Rässler (2004), Rendall et al. (2013), and Van Hook et al. (2015), for a detailed introduction to the methodology.

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