Testimony
United States Senate Committee on the Judiciary
FIELD HEARING--Comprehensive Immigration Reform: Examining the Need for a Guest Worker Program
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Mr. Ronald Bird
Chief Economist and Director, Office of Economic Policy and Analysis , Department of Labor
STATEMENT OF
RONALD BIRD, Ph.D., CHIEF ECONOMIST,
OFFICE OF THE ASSISTANT SECRETARY FOR POLICY
U.S. DEPARTMENT OF LABOR

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Chairman Specter and members of the Committee: My name is Ronald Bird and I am the Chief Economist in the Office of the Assistant Secretary for Policy at the U.S. Department of Labor. I am here today in response to your request for information regarding demographics of the U.S. labor force and how that may impact immigration policies you are considering. I have prepared a series of tables and charts which have been provided to you and which I will briefly summarize and explain. I will be pleased to answer any questions that you may have regarding this information

The American labor force is large, diverse and dynamic. At 151 million in May 2006, the U. S. labor force was the third largest among the nations of the world – behind only China and India. The U.S. is also the world's third most populous nation –at an estimated 298 million. Table 1 compares the labor force of the U.S with other selected nations. The data reflects estimates published in the CIA World Factbook.

The U.S. labor market is strong. Unemployment in May 2006 was a low 4.6% (the lowest since July 2001), and we have enjoyed 33 consecutive months of job growth with payroll employment growing by over 5.3 million since the post-recession turnaround in 2003. Unemployment today is below historical averages. Since 1948 the unemployment rate has averaged 5.6%. Figure 1 shows average annual unemployment rates from 1948 through 2005. It is notable that the recession-related unemployment peaks have declined steadily since the 1980s.

Unemployment varies across a number of demographic characteristics. In 2005, on average, the unemployment rate for teens (age 16-19) was 16.6%. For men age 20 and older the unemployment rate in 2005 averaged 4.4%, and for women age 20 and older the average unemployment rate was 4.6%. Unemployment rates varied across racial categories in 2005: Whites, 4.4%; Blacks, 10.0%, and Asian 4.0%. For workers of Hispanic ethnicity the unemployment rate in 2005 averaged 6.0%.

The U.S. labor force grew significantly over the past half century. Between 1948 and 2005 the labor force increased from 60.6 million to 149.3 million – a 146% increase that saw 88.7 million new workers absorbed into the economy. Labor force growth averaged 2.4 million per year in the 1970's, declined to 1.4 million per year since 1990, and is projected to average 1.4 million per year for 2006 through 2014.

The percentage rate of growth of the labor force has varied notably over the period. Figure 2 shows annual average labor force growth from 1949 through 2005. The annual rate of labor force growth trended upward in the 1960s and 70s. The 1.1% average annual labor force growth rate of the 1950s increased to 1.7% in the 1960s and to 2.7% in the 1970s. This remarkable increase in the annual rate of labor force growth reflected two major components – native population growth as the post-war baby boom generation matured and increased labor force participation of women. The annual average labor force growth rate slowed to 1.7% in the 1980s, as population growth slowed but the labor force participation of women continued to boost the labor force into the 1990s.

Since 1995 labor force growth has averaged 1.2% annually – comparable to the 1.1% annual growth rate of the 1950's. The unusually large labor force growth shown in Figure 2 for the year 2000 (2.3%) reflects an adjustment for revised population controls on the monthly survey data following the results of the 2000 Census. The increase in labor force for 2000 includes a "catch-up" component to offset underestimates of the total level in several prior years. The annual labor force growth in 2005 was 1.3%. BLS projections for 2006 through 2014 forecast continuing declines in the rate of labor force growth (1.1% in 2006 and 0.8% by 2014).

Figure 3 shows the labor force by male and female components over the past half century. In 1948, women comprised just 28.6% of the labor force. The labor force participation rate for women was 32.7% -- on average less than one in three women sought work in the civilian labor market in 1948. By 1980, the female labor force participation rate had risen to 51.5% and women comprised 42.5% of the labor force. Women's labor force participation rate increased further in the 1980s and by 1995 their labor force participation rate was 58.9% and they comprised 46.0% of the labor force. Since 1995, the increase in women's labor force participation rate has slowed: In 2005, the female labor force participation rate was 59.3% and women comprised 46.4% of the labor force – proportions little changed from 1995.

The increase in labor force participation of women over the past half-century has had a major impact on the U.S. labor market. If the female labor force participation rate had remained at the 1948 level over the past half century, the labor force today would be only 118.2 million – 31 million less than 2005's average labor force of 149.3.

Immigrants are a significant and growing component of the U.S. labor force. In 2005, the 22.0 million foreign born workers comprised 14.8% of the U.S. labor force. Foreign born workers included 13.3 million men and 8.8 million women on average in 2005. The foreign born labor force component has increased by 1.8 million since 2002.

The 32.6 million foreign born civilian population age 16 and over comprised 14.4% of the total U.S. population age 16 and older in 2005. The labor force participation rate for foreign born workers, 67.7% was higher than the 65.8% native labor force participation rate. The unemployment rate for foreign born workers was 4.6% in 2005, compared to an average unemployment rate of 5.2% for native workers.

The demographic characteristics of the foreign-born labor force differ in many respects from those of the native born. Men made up a larger proportion of the foreign-born labor force (60 percent) in 2005 than they did of the native-born labor force (52 percent).

The proportion of the foreign-born labor force made up of 25- to 54-year olds was higher (76%) than for the native-born labor force (68%). Figure 4 shows native and foreign born shares of the workforce by age cohorts in 2005. Foreign-born workers accounted for 11.1% of the age 16 to 24 labor force, 18.8% of 25 to 34 age group, 17.1% of the 35 to 44 age group, 13.0% of the 45 to 54 age group, 12.0% of the 55 to 64 group, and 10.7% of the age 65 or older labor force.

Persons of Hispanic ethnicity comprised 49 percent of the foreign-born labor force in 2005, and 22 percent was Asian. These proportions compare to 7 and 1 percent, respectively, of the native-born labor force. One out of 5 of the foreign-born labor force was white, compared with nearly 4 out of 5 of the native-born labor force.

In terms of educational attainment, 28 percent of the foreign-born labor force 25 years old and over had not completed high school in 2005, compared with about 7 percent of the native-born labor force. About equal proportions of both the foreign and native born had a bachelor's degree and higher (31 and 33 percent, respectively).

The foreign-born labor force has increased by 1.8 million since 2002. Foreign-born workers accounted for 39.6% of the 4.5 million increase in the labor force from 2002-2005. The projected 1.0% labor force growth for 2004 - 2014 will be below the average labor force growth rate of the 1950s and well below the 2.7% average annual labor force growth rate of the 1970s. Recent and projected labor force growth includes the effects of both native population growth and growth from immigration. At 39.6% of labor force growth since 2002, immigrant workers comprise an important component of overall labor force growth and of our capacity to maintain growing national output.

I hope that this summary of labor market information is helpful to your deliberations. I will be pleased to address your questions.